



## PRESS-RELEASE

### TELE2 INTERIM REPORT JANUARY – MARCH 2008

**Moscow, April 23, 2008 - TELE2 AB ("TELE2") (OMX Nordic Exchange: TEL2 A and TEL2 B), today announced its consolidated results for the first quarter 2008.**

Our mobile operations in Russia continue to impress. We are – step by step – reaching our communicated goals regarding this market area. New challenges lie ahead with the build-out based on the new licenses that TELE2 was awarded in 2007.

Customer net intake amounted to 319,000 in **Q1 2008** (578,000 – in Q1 2007). At present TELE2 subscribers in Russia include 8 879 000 people (as of March 31, 2008). Operating revenue in Q1 2008 reached USD237 million (USD138 million in Q1 2007). The EBITDA reached USD82 million (USD39 million in Q1 2007). The EBITDA margin improved to 35 percent during the Q1 2008 (29 percent during Q1 2007), mainly driven by scale effects in the 17 operational regions. ARPU amounted to USD8,9 in Q1 2008 (USD 7,3 in Q1 2007). The increased usage was driven by improved network quality together with strong economic development.

**Lars-Johan Jarnheimer, TELE2 AB President and CEO, comments:** «We will make a strong push in our Russian business, and plan to double the number of regions in the coming years. This will increase the population under TELE2 coverage by 50 percent in Russia. It is a truly demanding task, and if successful, will result in great rewards. TELE2 Russia will continue to look for possibilities to expand its operations in Russia and CIS countries through new licenses as well as complementary acquisitions».

#### **The main results of TELE2 AB in Q1 2008 are following:**

- ➔ Operating revenue amounted to USD 1 651 million in Q1 2008 (USD 1 363 million in Q1 2007), an increase by 9 percent. Operating revenue was negatively impacted by a nonrecurring charge of USD 9,7 million from the Austrian operations
- ➔ EBITDA increased by 13 percent to USD 281 million in Q1 2008 (USD 222 million in Q1 2007). EBITDA was negatively impacted by a nonrecurring charge of USD 9,7 million from the Austrian operations
- ➔ EBIT amounted to USD 125 million in Q1 2008 (USD 96 million in Q1 2007)
- ➔ Net profit amounted to USD 119 million in Q1 2008 (USD 43 million in Q1 2007)
- ➔ Earnings per share amounted to USD 0,26 in Q1 2008 (USD 0,11 in Q1 2007)
- ➔ TELE2's net debt amounted to USD 829 million in Q1 2008 (USD 2 299 million in Q1 2007), a decrease by 69 percent.

**Lars-Johan Jarnheimer, TELE2 AB President and CEO, comments:** «The hard work of the realignment process continues to show result, providing us more space to maneuver. The environment for corporate transactions is affected by the current credit turmoil. Nevertheless, we are certain that our dedication, focus and concentration will show results. Hence, we feel assured that the realignment process will develop according to plan.

**Mobile operations** once again delivered a solid operational performance. We had a robust customer intake in Russia, Croatia and the Baltic. Russia improved its EBITDA margin to 35 percent, a new record level. The Baltic managed to improve the overall EBITDA margin to 35 percent, despite a challenging economical environment. Croatia delivered a strong customer intake of 46,000 and despite continued losses, the future prospects of the operations look increasingly more promising. The Swedish mobile operations saw a some-



what slower net intake of customers due to seasonality. We are confident about the continued growth in new customers, especially in mobile broadband.

Our **fixed broadband operations** added 66,000 customers during the quarter and generated a revenue growth of 11 percent, driven mainly by services on our own infrastructure. We consider our fixed broadband product as a good complement to our core operations in mobile. However, it is important to emphasize that the fixed broadband business must improve its profitability and meet the operational hurdles set by the management.

**Fixed telephony operations** continued to deliver robust results and profitability. The EBITDA margin was a solid 20 percent in the quarter. Even though we are well aware of the long term prospects of fixed line services, good cash flows remain to be generated in this area».

**Further information can be obtained from:**

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**TELE2 in brief**

**TELE2**

TELE2 is Europe's leading alternative telecom operator. TELE2's mission is to provide cheap and simple telecoms for everyone in Europe. TELE2 always strives to offer the market's best prices. We have 25 million customers in 15 countries. TELE2 offers fixed and mobile telephony, broadband, data network services and cable TV. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. TELE2 has been listed on OMX Nordic Exchange Stockholm since 1996. In 2007, we had operating revenue of SEK 43.4 billion and reported an operating profit (EBITDA) of SEK 6.6 billion.

The company has been operating in Russia since 2003. Now "TELE2 Russia" provides GSM mobile telecom services in 16 regions: Saint-Petersburg and Leningrad region, as well as in Arkhangelsk, Murmansk, Novgorod, Kemerovo, Rostov, Omsk, Nizhny Novgorod, Smolensk, Kursk, Voronezh, Belgorod, Lipetsk, Chelyabinsk regions, in Republic of Udmurtia and Republic of Komi, and also a cellular telecom network in Krasnodar Krai belongs to the company. Besides the company has licenses for GSM mobile telecom services in 17 regions of the RF. The total number of citizens on the territories where TELE2 has licenses exceeds 60 million people. At present TELE2 subscribers in Russia include 8 879 000 people (as of March 31, 2008).