



## PRESS-RELEASE

### TELE2 AB: RESULTS FOR THE THIRD QUARTER 2007 AND FOR JANUARY – SEPTEMBER 2007

**October, 25, 2007. TELE2 AB («TELE2»), Europe's leading alternative telecom operator, today announced consolidated results for the third quarter 2007 and for January – September 2007.**

Mobile telephony TELE2 Russia continued to combine strong customer growth and high profitability in **Q3 2007**.

Operating revenue reached USD 192 million, an increase by 62 percent. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) reached USD 64 (29.8 - in Q3 2006) million, which corresponds to an EBITDA margin of 33 (25 - in Q3 2006) percent.

The customer base grew by 647,000 (711,000 - in Q3 2006) not counting customers of TELE2-Irkutsk (ZAO Korporacia Severnaya Korona), sold on August, 2007. ARPU (Average Revenue Per User) was USD 8.15 in Q3 2007 (USD 7.56 - in Q3 2006).

In August, TELE2 Russia signed a 10-year national roaming agreement with Vimpelcom and announced the sale of its Irkutsk operations to Vimpelcom. In October 2007, TELE2 Russia also announced the acquisition of Telecom Eurasia in the Krasnodar region from ZAO SMARTS. Initially, the focus in Krasnodar will be on developing the infrastructure to fully exploit the mobile opportunity in the region. After the acquisition, the Russian organization is present in 17 regions with a population coverage of 41 million.

The results of TELE2 Russia for **January - September 2007** are the following: operating revenue for this period is USD 529 mln (USD 266 mln for the same period in 2006), EBITDA is USD 167 mln (USD 43.6 mln for the same period in 2006), and EBITDA margin is 32% (16% for the same period in 2006). The customer base grew up by 45% up to 7 996 000 customers (on September, 30, 2007).

**Carl-Magnus Stenberg, TELE2 Russia CEO and President**, says that "TELE2's ambition, going forward, is to expand its Russian footprint into new regions, both through licenses as well as through acquisitions. TELE2 also sees an opportunity to expand into the corporate field. The initial focus will be on the SME segment, an area which is showing promising signs for TELE2".

#### The main results of TELE2 AB are following:

- The realignment of TELE2 continued in the quarter, with a number of announcements concentrating the geographic footprint towards Eastern Europe and the Nordic region, focusing on infrastructure based operations
- Operating revenue in Q3 2007 amounted to USD 1 587 (1 602<sup>1</sup>) million, or USD 1 565 (1 457) million less divested companies an increase of 7 percent
- EBITDA in Q3 2007 increased by 8.5 percent to USD 268 (241) million excluding one-off items of USD 0 (6.3) million, or increased by 15 percent to USD 267.6 (231.8) million less divested companies
- EBIT in Q3 2007 increased by 13 percent to USD 123.8 (110) million excluding one-off items of USD -35 (-351) million related to impairment of goodwill and other assets, as well as to gains/losses from divestments. Including one-off items EBIT amounted to USD 88.58 (-214.5) million
- Net profit/loss for Q3 2007 amounted to USD -20 (-257.3) million affected by a write-down of tax assets amounting to USD -87 million
- Earnings per share, after dilution, for Q3 2007 amounted to USD -0.037 (-0.571)

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<sup>1</sup>. The figure in parenthesis is for the same period in 2006



- Operating revenue for the first nine months grew by 3 percent to USD 4 795 (4 647) million
- Net profit/loss for the first nine months amounted to USD -19.5 (-182.3) million
- Earnings per share after dilution for the first nine months amounted to USD -0.011 (-0.376)

**Lars-Johan Jarnheimer, President and CEO of TELE2 AB comments:**

"TELE2 is running faster than ever. The realignment of TELE2 continued in the quarter with a number of announcements that concentrated our geographic footprint towards Eastern Europe and the Nordic region, but also important announcements of increased investments in countries including Russia and Norway. Our realignment process has thus far mostly been visualized in the form of divestments of operations that we believe would not have met our internal financial targets. Concentrating our geographic footprint is only one leg of the process. The other leg is about securing our future success by investing and expanding in markets where we see great opportunities both for growth and enhanced profitability. We will focus on and develop our core businesses in order to stay best in class.

The number of corporate customers is rising and corporate sales represent 18 percent of group revenue. In addition to our already solid corporate customer base in Austria, the Netherlands and Sweden, we are stepping up our efforts in the SME segment in the Baltic countries and Russia, and we see great opportunities also in other countries.

Mobile telephony continued to deliver robust growth and profitability improvement in the quarter. Revenues grew by 17 percent and EBITDA improved by 29 percent compared to Q3 2006, with a net customer intake of 866,000. Once again, Russia was the biggest growth contributor although Sweden had a very strong quarter adding 100,000 new mobile customers. In Sweden, we are finally seeing a clear pick-up in mobile broadband and 3G services during the past two quarters. At the end of Q3 2007 we had 45,000 mobile broadband customers in Sweden. We intend to continue our push into the fourth quarter.

TELE2 now offers Broadband services in nine countries. Our continuing broadband operations, excluding Spain and Italy generated revenue growth of 8 percent, driven mainly by our services on own infrastructure. We see the broadband product as a good complement to our core mobile operations.

We still believe in the potential for fixed telephony and we strive to maximize value through broadband cross-selling and cost consciousness. Despite a revenue decline of 27 percent year-on-year as the market is in a structural decline, our EBITDA margin within fixed telephony remained stable at 13 percent in the quarter."

**Further information can be obtained from:**

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**TELE2 in brief**

TELE2 is Europe's leading alternative telecom operator. TELE2's mission is to provide cheap and simple telecoms for everyone. TELE2 offers fixed and mobile telephony, broadband, data network services and cable TV. TELE2 always strives to offer the market's best prices and this policy allows making telecoms accessible to everyone. We have 25 million customers in 17 countries.

TELE2 has been delivering GSM mobile services in Russia since 2003. Today TELE2 is now operating 16 regional networks in Russia covering St. Petersburg, the Leningrad region as well as Kemerovo, Omsk, Rostov, Smolensk, Nizhny Novgorod, Chelyabinsk, Kursk, Belgorod, Voronezh, Murmansk, Lipetsk, Novgorod, Arkhangelsk regions, Udmurtia Republic and Komi Republic. Aggregated population of these regions is about 35 millions. TELE2 Russia has 7 996 000 customers (on September, 30, 2007).