



PRESS-RELEASE

26.07.2007. TELE2 AB, Europe's leading alternative telecom operator, announced its consolidated results for the second quarter 2007 and first half of 2007.

TELE2 Russia demonstrated impressive growth once again with the following results **for the first half of 2007**. TELE2 Russia operating revenue in H1 2007 increased more than twice as compared to H1 2006 and amounts to SEK 2,313 million. EBITDA for H1 2007 reached SEK 711 million (SEK 95 million in H1 2006) and EBIT SEK 450 million (SEK - 21 million in H1 2006). This corresponds to EBITDA-margin of 31 percent in comparison with 9 percent in H1 2006.

The figures for Q2 2007 also show significant growth of TELE2's business in Russia. Net customer intake between April and June 2007 was 839 000 (715 000 new customers in Q2 2006). Operating revenue increased by 122 percent to SEK 1,261 million and EBITDA increased to SEK 414 million (SEK 73 million in Q2 2006). This corresponds to EBITDA-margin 33 percent (13 percent in Q2 2006).

The total subscription base of TELE2 Russia according to Interim Report January – June 2007 is 7 936 000 customers (4 627 000 customers in H1 2006). ARPU for Russia has reached USD 8 (USD 5.8 in H1 2006). As it was announced before, in mid-term period ARPU level should be capable of exceeding USD 10 and be able to increase the customer base up to 11 million people.

Carl-Magnus Stenberg, CEO of TELE2 Russia noticed with great satisfaction that “despite tough competition, TELE2 Russia distinguishes with excellent growth of all figures. This really proves that our strategy “to provide very simple, clear and cheap telecoms for everyone” is working absolutely right and performing in effective way. The convincing proof for that is our current ARPU growth. Moreover we're planning to reach ARPU level of USD 10 in the future. Continued growth in minutes of in excess of decreasing tariffs and growing interest for value added services are the main drivers behind ARPU growth.”

The main TELE2 AB results include the following:

→ for Q2 2007, in comparison with Q2 2006:

Operating revenue for Q2 2007 grew by 6 percent to SEK 13,110 (12,386 in Q2 2006) million; EBITDA in Q2 2007 increased by 40 percent to SEK 1,737 (1,237 in Q2 2006) million. EBIT in Q2 2007 increased by 110 percent to SEK 604 (288 in Q2 2006) million excluding one-off items of SEK -520 (52) million related to the sale of Alpha Telecom and Calling Card Company (C3) operations. Including one-off items EBIT decreased by 75 percent to SEK 84 (340 in Q2 2006) million. Net profit/loss from continuing operations for Q2 2007 amounted to SEK 108 million excluding one-off items of SEK -520 (52) million

→ for H1 2007, in comparison with H1 2006:

Operating revenue for H1 2007 grew by 5 percent to SEK 25,947million. Net profit/loss for H1 2007 amounted to SEK 190 (279 in H1 2006) excluding, and SEK -330 (331 in H1 2006) million including, one-off items of SEK -520 (52) million

Lars-Johan Jarnheimer, President and CEO of Tele2 AB noticed in his comments that Tele2's realignment process remains on track and is proving successful. These quarterly results prove that we really are on the right track. Our focus on core business in mobile and broadband services is showing key results. EBITDA grew 40 percent, compared to Q2 2006. However, we're aiming even higher. Therefore we have introduced a financial hurdle to keep us on our toes. We have set a minimum EBITDA target of 20 percent for each of Tele2's geographies, and they must stride over this hurdle in the medium term. This is a sign of our dedication, focus and concentration. Russia has once again proved star qualities with an EBITDA margin at a record-high 33 percent. Competition is tough in the Russian mobile services market, but we are certain of our ability to master the current situation.



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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 29 million customers in 21 countries (according to Interim Report January-June 2007).

TELE2 has been delivering GSM mobile services in Russia since 2003. Today TELE2 is operating 17 regional networks in Russia covering St. Petersburg, the Leningrad region as well as Kemerovo, Omsk, Irkutsk, 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 38 millions. TELE2 Russia has 7 936 000 customers (on June, 30, 2007). According to Interim Report January – June 2007 operational revenue of TELE2 Russia exceeded SEK 1.2 billion.