

Event: Tele2 Presentation of Fourth Quarter 2009

Date: 9 February 2010

Speakers: Lars Torstensson
Harri Koponen
Lars Nilsson

Call Duration: 00:50:50

LARS TORSTENSSON: Good morning everyone and a warm welcome to this Fourth Quarter Full Year 2009 Conference Call. My name is Lars Torstensson and together with me today I have our CEO Harri Koponen and our CFO Lars Nilsson.

I would also like to welcome everyone who have joined us via the web over www.tele2.com, but without any further delay I would like to give the telephone to Harri Koponen. Please begin, Harri.

HARRI KOPONEN: Good morning or good afternoon or good early, late, night, wherever you are. If you can go to slide number 3, we can start from the highlights of this Q4 report. Tele2 delivered yet another solid result in the quarter. As a matter of fact, our company has never generated a better operational result, so I'm happy to present the strong quarter with the solid performance actually in all regions. In the Nordic regions, Tele2 Sweden has once again returned to the positive revenue growth, mainly because of our increased focus on this postpaid segment; what we have been talking of several times during the last year.

In Russia we have turned our operations into a very efficient machine when it comes to building and launching these new regions. In the quarter we launched altogether ten new regions and our total operations added more than 1.1 million customers, new customers. So we are keeping the momentum and the rollout is actually even better than what we had planned.

As long as the economy remains weak we will focus on maintaining market share and cash flow contribution in Central Europe - so that has been focused on there - and our Western European operations delivered yet another solid result with all countries contributing a good EBITDA contribution, and we had a really strong performance in The Netherlands and in Austria.

If we now move then to slide number 4 and we go market area by market area. As I stated earlier, Tele2 Sweden has once again returned to positive revenue growth; we had a solid net intake in Sweden, adding 51,000 Smart Mobile postpaid customers to our networks, of which 15,000 were mobile internet customers. As the

market leader in the prepaid segments for voice, Tele2 Sweden has now also secured the number one position in the prepaid mobile internet segment, which is very important for us.

Going forward we will continue our push in the postpaid segment, and at the same time we very closely monitor so that we are progressing according to the plan because we have said that our aim is really to kind of start to show the positive results also towards the end of the year in a money way.

Then if we move to slide number 5: Market Area Russia. Our Russian operations continue to perform. In this quarter we delivered a record high EBITDA margin of 45% in our mature regions, mainly driven by focusing more and more on customer retention and stimulating usage. At the same time we have a strong net intake especially in our new regions - those ten that were launched - and the Q4 result has proved that we can balance improved profitability, have more mature regions and at the same time very aggressively launch new mobile services in our new regions. The rollout of new regions is becoming a very efficient machinery and we are fine tuning it more and more as we go on, and with more than 1.1 million new customers during the quarter I would just like to say that our distribution strategy is working and it's well proven.

If we move then to slide number 6. As I said earlier, it's not only the new regions that are performing, I'm proud that we have also a strong net intake in our old regions. It is important to have that mix in our back. Our strategy is that we should improve the operational contribution of our mature regions to support the rollout of the commercial networks of our new regions. That is kind of keeping the balance, the growth and profitability at the same time.

If we then move to slide number 7. This slide actually shows how we moved our focus during the evolution of our operations in Russia. The next step in our new regions is to move position from newcomer to challenger; as a challenger we focus on ARPU development and customer retention activities beyond our strong focus on

customer acquisition. The Q4 result has proved that we delivered great results throughout all these three stages, which is important.

Then if we move to the Market Area West, slide number 8. We won some important contracts in the Dutch corporate segment during the quarter. Some of them are renewals which should also show our dedicated work to get satisfied customers and we also got some good new ones. During the quarter we also switched from NBNO(?), which is the mobile virtual network operator host, which enabled us to offer a full portfolio of mobile services in the Netherlands. We launched a combination package called "Internet Home & Away", where we combined fixed internet and low part(?) internet in the one package, which is kind of a new innovation in the marketplace.

Then if we move over to slide number 9, our Market Area Central. In the bordered region, in the (inaudible) the focus is on maintaining our market share. The market is still struggling from economic turmoil and we are now creating a strong operational platform from which we can leverage on when the economic situation gets better, and we can start to see some early signs of at least the flattening and improvement. In the quarter Tele2 Lithuania launched a mobile internet service, and we can see early signs of good interest towards that service. The financial situation in the region creates opportunities for Tele2 as the price leader, as more and more customers renew their telecom providers, both private and corporate customers. So it creates opportunities for us for further growth. As I said, the main focus there is the cash flow.

Then if we move to the number 10 slide. The market share position is a foundation upon which we build the best deal position. As you know, Tele2 always provides the best deal; that's our promise to the marketplace everywhere where we operate. And to be able to promise this to our customers, we have to make sure that we are the perceived price leader and that at the same time we deliver the expected quality. This is my top priority promise for the 2010 year.

And now I'm happy to hand over to our CFO Lars Nilsson. He goes through with the numbers. Lars.

LARS NILSSON: Yes, thank you. Good morning everyone. I will just spend some minutes going through the finances more in detail.

I go to slide 12, where you see the income statement for this quarter, Q4. It's a solid result. You can see there in the accounts, for example, from the EBIT level we are now up to 13% for the quarter, to be compared with 12% for the same quarter 2008. Financial items is quite low as you can see, and that reflects the fact that in this quarter made a (inaudible) resolving an old dispute, and that's helped the financial items a little bit, plus it's SEK 60 million. But otherwise there's nothing extraordinary in the quarter.

So we can go on to slide 13 where we have the full year result. Here you can see that now for 2009 compared with full year 2008, we were almost up SEK 1 billion in EBITDA, raising a record margin of 23.4%, and this is also reflected down in the EBIT, a normalised EBIT of 14% compared with 11.7% last year.

Financial items are just according to plan, I would say, and taxes I will come back to. Then we have some more or less (inaudible) here when it comes to discontinued operations. That leads us to a record result of 4.6 billion for 2009.

So that takes us to slide number 14. Now and then it's a little bit complicated maybe for you to follow what has happened in the tax area, but here you can see when it comes to taxes in the income statement we had during this year some one-offs; all in all a positive result of 686 million. Most of that is actually that we have recognised deferred tax assets. But if you look at what we call "normal tax cost" for operations that has reached 1.1 billion for the year, with around 22% in taxes.

Within the guidance for this year, 2010, it's 20%. Taxes is not only something for the income statement, it also affects the cash flow and for the year we have paid almost 900 million in taxes where we have some one-offs, as we talked about, especially in the first quarter where we had to pay some old taxes from the year

2000. But in ongoing terms the normal tax is 472 million, and the guidance for this year, 2010, is 700 million in cash flow for ordinary tax.

Then we can go to slide number 15. Nothing spectacular with our currencies, but it's worthwhile to see that when you compare the different years that the euro is down compared with 2008, it strengthened, and the rouble is down 9% and if we just look at the fixing rates it is minus 5% for euro and minus 9% for rouble.

Page number 16. That's just for your information. There you can see where we have our net equity in a way in the currencies we are dealing with.

So we can go on to slide number 17, cash flow, very solid. I repeat the word "solid" but as you can see for the quarter from operating activities 2.7 billion, whereas some 350 million from the Tiller(?) dispute, which you can see has been changed into working capital. Then we had a CAPEX of some 1 billion, leading us to a cash flow after CAPEX of 1.7 billion.

We also got the proceeds from France, which is in this quarter, and so all in all the net acquisition and sale of shares is some plus 300 million.

And if we go to page 18 we can see the full year effect, where we actually generated 9.1 billion in cash before CAPEX, and you can see that we released quite a lot of cash by taking down the working capital. I would say that is sustainable, so to say, so we shouldn't expect any negative effects this year. CAPEX 4.3 million, a little bit lower than we had in our guidance, and that leaves us a cash flow after CAPEX of 4.8 billion. Yes.

And we are so proud of our cash flow and achievements there, so we have a special slide, slide 19, where you can see the development for the group.

So then we go to slide 20. Of course, with a strong cash flow it is also helpful for the capital structure. So you can see that we have a very, very strong balance sheet and hardly any debts when we are at the end of this year or end of 2009.

Page 21, return capital employed is very important for us, and that is actually how we measure our operations. There you can see that we are now on the level of 18%, something like that - 18%/17% - and this is in line with our plans. And you

know that our overall target for our operations is about 20%. In capital employed we have also these assets, as you know, goodwill and deferred tax assets.

Then we go to page 22. This is just to show you overall the development when it comes to net intake from Q3 2008 and onwards. You can see that in this quarter we added some 900,000 customers in the mobile segment, and of course mainly driven from Russia.

On page 23 you see a breakdown of our customer stock and of course we continue to grow in prepaid voice and that is just mirroring what's going on in Russia; and the fixed telephony is slightly -- it's of course coming down, but this is according to the plan and our expectations.

So we go to page 24, and there you can see the development when it comes to sales. And that just takes us to page 25 where you see the group EBITDA, which is on a healthy level for the quarter. There is a small negative sign there of something called "other", but this is mainly driven by some one-off costs we are taking in order to clean up the structure I would say. So this is just a temporary effect for the quarter.

Page 26: a strong mobile EBITDA, as you can see, 25% for this quarter. Also, if you compare that with Q4 2008 you can see that we make definitely more money out of the mobile segment.

We can go to the next page. In Q3, last quarter, we tried to shed some light on what's actually going on with the Swedish mobile margin, so we gave you some share numbers in order to describe what really would happen there, really, what would happen if we really have a better matching with the costs for our instalments for the handsets. So the yellow one, the yellow line is what you see in the report but I would say that the red line more is a better reflection on what is actually going on. As you know, we have this target of 35% for the Swedish operation and we are not that far from reaching that.

Okay, page 28: MoU and ARPU development for our -- you can say the most important mobile markets. What you can see if you look at Sweden, the MoU is

turning a little bit upwards. The ARPU is coming down a little bit. It's driven by, of course, the increase in the number of customers in mobile internet but also I would say driven a little bit from more a softer business segment.

When it comes to Russia we are really happy to see that of course the MoU are going up, but if you look at the ARPU. This is ARPU how you see that in our report converted into Swedish krona, but in local currency, actually, the ARPU is following the trend of MoU, so it's up between 4% and 5%, which I think is a very, very good sign.

Then we go to page 29. It's not only mobile where we're making money, which is the contributor. We also have the fixed broadband operation. It continues to show a good result, and if you compare Q4 2008 with what we reached this quarter you can see an improvement in that area, of course driven from the market area of the West Netherlands and Austria.

Fixed telephony, we have on slide 30: still a very, very important profit contributor. The margin is a little bit down but still on 26% and you can see in absolute terms that it's an important contributor.

This will lead us to page 31 and the EBIT development. Here you can also see that in a way all our business areas are, first of all, showing profit and, as I said before, this negative number on the business "other", that's a temporary thing.

Slide 32, my final slide, CAPEX. As you know, we didn't really reach our forecast. It was a little bit under that, and I think that is related more to smart investment and not really to delays. We have a forecast for CAPEX this year in line with between 4.6 and 4.8 billion.

So that will lead me to Harri.

HARRI KOPONEN: Yes, if we can go to that slide number 34. So 2010 will be the year when we pushed our limits again a little bit further; investing in both newly acquired licences and the next generation mobile technologies called "Long Term Evolution" and so-called HSBA networks in the Nordic markets.

It's not just about investing, it's also important that we keep our focus on our existing operations and we have, therefore, set up the demanding targets for core mobile operations to meet or beat and EBITDA margin of 35%, which is important internally to us to kind of have set some targets and reached those. And I have said before, that we have to deliver the best deal to our customers and all our shareholders and stakeholders. It's important that everybody gets the best deal out of this. And so now I will conclude and I will give the last word to Lars Torstensson.

LARS TORSTENSSON: Thank you, Harri. That concludes our formal presentation regarding the result for the Fourth Quarter Full Year 2009.

Now we will be happy to take any questions you may have. So, operator, let's start with the first question.

OPERATOR: The first question comes from Mr Stefan Pettersson from Nordea. Please go ahead, sir.

STEFAN PETTERSSON: Yes, hello. I would like to talk a bit about Russia and focus on the old regions where you reported a very solid 45% EBITDA margin. Going forward, with the focus of defending your position, rather than growing your market share, do you expect an improvement in subscriber intake in the old regions, in Russia, in the coming quarters compared to what we saw this quarter?

HARRI KOPONEN: Well, we are expecting that Russia, old regions, if they are holding the ground and keeping this kind of a customer intake this way we are happy. We are not looking this kind of same numbers for the new regions because they're defenders. So we hope that they are growing but not that speed of the new regions.

LARS NILSSON: Because we are tracking around 300,000 per quarter when it comes to the old regions, which we see as a good success for us.

STEFAN PETTERSSON: Yes, what I'm coming back to is that you have a guidance of -- an EBITDA margin in the old regions of 40% to 45%, and this quarter you delivered 45%. Isn't it a conservative guidance to keep the reins 40% to 45%?

HARRI KOPONEN: No, we don't think so. First of all, if we have a guidance between 40% to 45% we should sort of have a sustainable result within this band. So this 40% to 45% is our forecast.

STEFAN PETTERSSON: Okay. Also, looking at Croatia, here you reported a net loss of subscribers and despite this the EBITDA turned more negative quarter-on-quarter and you still aim for an EBITDA break even, second half 2010. When should we start to see sequential improvement then?

HARRI KOPONEN: Firstly, Stefan, I would just like to take the opportunity to remind that, as you know very well, we have the three month inactivity policy which did affect Croatia negatively, especially on the prepaid side, with visitors coming to Croatia in July/August turning off in the fourth quarter. Croatia still has great success in the postpaid segment, And when we're looking at how the year has begun, when it comes to Croatia, we have no doubts that we're going to make the target that we've set in the second half of 2010. So we expect to have like numbers from the operations in 2010.

STEFAN PETTERSSON: Okay. Thank you.

OPERATOR: The next question comes from Mr Nick Delfas from Morgan Stanley. Please go ahead, sir.

NICK DELFAS: Yes, hi, it's just a quick question. It's not strictly speaking on the results but on Kazakhstan. I just wanted to clarify: the guidance I think doesn't include Kazakhstan CAPEX. You've given a range already for 2010 to 2013 of 2.4 to 2.6. Should we be expecting that to be frontend loaded and, similarly, maybe a bit early but have you got any comments on the EBITDA losses you're expecting for 2010?

HARRI KOPONEN: Well, when it comes to Kazakhstan, first of all, we have to close the business and then we can get our hands completely around the company. Of course we have certain views on it but I would not like to get them before we have a -- when we are coming back to this topic when we have really looked and when we have calculated what needs to be done because this company needs to be -- a certain type of re-launch and reposition of the Tele2 culture and that will take some time, but we have not given that guidance to these numbers.

LARS NILSSON: It might seem like a boring answer to you, Nick, but we expect to close the transaction late this month and we will get back to you with clarification on our view on the Kazakhstan business as of that. I mean the latest when we report the Q1 numbers.

NICK DELFAS: Okay. Thanks very much.

OPERATOR: The next question comes from Mr Peter-Kurt Nielsen from Cheuvreux, London. Please go ahead, sir.

PETER NIELSEN: Thank you. A couple of questions please: firstly, you're showing in Swedish mobile broadband was up quite strongly in this quarter. I was just wondering what is behind that? Is it a positive pricing effect or is it simply some of the free campaigns which are running out? A bit more on that would be appreciated. Thank you.

And secondly, I know it's not included in your CAPEX numbers but could you tell us how much you intend to spend on the rollout of LC 4G in Norway and Sweden now that you have selected vendors; I was thinking in 2010 and 2011?

Then finally, a question for Lars if I may: you have given some guidance on the tax rate for 2010 and also on paid taxes impact on the cash flow statement. Would you say that this year of paid tax of book tax will be about equal for 2010 as it was in 2009? Thank you.

HARRI KOPONEN: The first answer; I will answer first and then Lars can answer the LPE, money that's spent there. First is that Sweden's revenues are up, actually. The company is now making more revenues and that was affecting many of the results.

LARS NILSSON: Just to follow up on Harri there, we have talked about this before. We have had a lot of discussions with you guys regarding the success of our postpaid push in the Swedish market. We believe that we are doing quite well when it comes to attracting postpaid customers in the Swedish market. The first sign of success is of course that the revenue profile of the company is changing, and that we're returning to growth here, and the second stage we hope of course - and we believe that it's going to come through in 2010 - is that we're going to start seeing some kind of -- some recovery in the EBITDA margin of the Swedish operations.

PETER NIELSEN: So it's mainly the makes. You're having more contract broadband as opposed to prepaid broadband success. That's raising the ARPU, yes?

HARRI KOPONEN: It's a change in mix. But still I would like to emphasise that, of course, as a market leader in prepay we're making very good margins. I mean we're still at 30%(?) margin, so we're happy about that. But the explanation behind the good performance when it comes to revenues is of course the push in postpaid. I'm going to hand over to Lars Nilsson regarding the Long Term Evolution question.

LARS NILSSON: As you know, we are just in the starting phase here when it comes to LT and we will start to rollout this year and this will be a continuous exercise for a couple of years. So this year will not be so affected by investment actually. Overall, we can say that the investment in the LT network - and that will be LT plus 2G - should be less than half of the investment we made in our 3G network.

HARRI KOPONEN: And then we go on to taxes, Pieter. I'm not sure if we understand this question correctly there but, as we said, there's 20% tax in income statement and paid tax is going to be around SEK 700 million. Was there any additional question on that?

PETER NIELSEN: Yes, my question was - you can probably figure out why I'm asking - whether this year of the book tax and paid taxes, whether this year will remain relatively constant in 2010 versus 2009? You can probably figure out my question.

HARRI KOPONEN: Can you repeat what tax?

PETER NIELSEN: You're guiding for lower paid taxes in 2010 versus 2009 on broadly the same book tax rate. So I'm saying: are you in effect expecting a lower net income in 2010 versus 2009? That's the sort of way I'm drifting it.

HARRI KOPONEN: Well, it's a good question, Pieter, but we have no guidance for net income, so that one you have to figure out yourself. I'm sorry about that. It's a boring answer but --

LARS NILSSON: Maybe I can also add: as you can see in our -- when we talk about taxes that sort of the normal -- the tax for normal taxes was 472 million in 2009 and now we have a forecast of 700 million. So, I don't know where you draw this conclusion, but I think it's -- 20% is the tax rate that we expect in the income statement and 700 in cash flow.

PETER NIELSEN: Okay. Thank you.

OPERATOR: The next question comes from Mr Andrew Lee from Citigroup. Please go ahead, sir.

ANDREW LEE: Good morning, guys. A couple of questions on Russian mobile: firstly, we've seen big spend announcements on network from MTS and Vimpelcom over the coming years. Please could you give us an update on your plans for an engine network in Russia? Do you need one and can you get one? And then secondly, just on the new regions, I wonder if you can tell us what is the ARPU uplift of a new region subscriber following the end of the promotional period at launch; how long are those promotional periods lasting and what kind of churn are you seeing when the promotions are over? Thank you.

HARRI KOPONEN: Russia: our strategy has been that we are 2G and 2½G provider. Actually, our existing new network is 2½G capable and so we're offering this kind of a lower data connectivity to customers. When it comes to the 3G, basically we don't have any preview and it's not too bad to think that, you know, we might want to kind of move to the 4G if we can. And here you have to kind of think that there's no 4G licences available today. We are participating now in certain auctions, the beauty(?) contests, relate to the 2.6G area and we assume that those results are coming out quite soon, and according to the Ministry those seem to be tech neutral. So that was our expectation, so we might see something happening and starting from that end. But, as I said, officially the long-term Evolution is not started yet in Russia, but of course we are interested to kind of participate in that discussion because it's fits perfectly to our strategy.

LARS NILSSON: We believe - just to follow up on Harri there - that we're going to get a lot of clarification on the licences in all different parts of the spectrum, our frequency space. So there's going to be a lot of announcements of course and we hope to participate in many of them. Then when it comes to development then how long are the promotional offerings in the different regions? We have not clarified that. However, I mean of course that's a significant pick up when we end the promotion period, but I'm sorry for not sharing that with you. When it comes to churn though we see a positive development in churn when it comes to the old regions, and interestingly enough the churn level in the new regions do not deviate significantly from the old, which is a very happy development for us of course.

Then on top of that - just to share some more information with you, Andrew - is that we have done our own research - take it for what it is - but calling around in our old regions and have realised that currently we -- asking the question: who is your preferred operator? And we have now clearly come out as number one when it comes to preferred operator, which is also one of the underlying reasons for the ARPU growth in Russia which is currently 4%. That is a sign that we are becoming the primary SIM and it's no longer the secondary SIM in many of the old regions which is a positive development of course.

ANDREW LEE: Okay. Thank you. Can I just follow up just to clarify that you do think that a 4G licence, another NGM(?) licence or a new 4G licence, will become available in Russia over the coming year?

HARRI KOPONEN: As I said, we are not here to make decisions on behalf of the Russian Federation. We have to respect the Russian Federation and their rules of engagement of the Russian telecommunication authorities, and we are now moving to the speed that they are setting and we try to kind of work with them. We are ready from our part to move but, first of all, the Russian Federation Ministry have to kind of issue this kind of statement that -- what happens in this LT space.

We have now started from this so-called former YMax licences, where the Ministry has stated that they might be tech neutral. So that has been where this discussion has started but officially there is no Long Term Evolution licences available. So we have to move at the speed that the Russian Federation sets here and then respect those decisions that the Ministry is making.

ANDREW LEE: Okay. Thank you.

OPERATOR: The next question comes from Mr Yuri Foratis(?) from Associo(?) General. Please go ahead, sir.

YURI FORATIS: Thank you. One question from my side please on the Swedish mobile business. Now that you are starting to gain traction with your postpaid push, how do you see the competitive response panning out? I mean, arguably what has happened so far is that you pushed and sort of tried to establish or strengthen your position materially in that segment where you weren't very strong before, and now you're gaining traction. How do you anticipate Telenor Attilio(?) to react to that and on what timescale?

HARRI KOPONEN: Basically, this has been an ongoing battle so that we are just coming into the space where they have been strong all the time, and they have been fighting fiercely amongst themselves. With the different types of ways, what we are doing now we are revisiting our handset strategy: what are the right handsets that these customers they really want? And asking a lot of questions concerning how they would like to use the networks and what are the packages that they are interested in. So that's the development we are doing and we have not kind of tried to react when the competitors are doing something. We have not been participating so eagerly in this postpaid segment earlier, but now we have been focusing and it

starts to pay off. And of course, we expect that the competition stays tough. It will not get easier.

LARS NILSSON: As you know, we are not carrying the iPhone so we are of course focusing predominantly on the customer base which is not interested in carrying that kind of handset. If you look at the three major competitors in the Swedish market, that is the only phone they really have been pushing in the market in the fourth quarter. So it's of course a big differential between them and us, and we are trying to focus on providing all iPhone equivalents that are available out there to make a difference in the market.

YURI FORATIS: Thank you.

OPERATOR: The next question comes from Mr James Britton from Nomura. Please go ahead, sir.

JAMES BRITTON: Thank you. Thank you very much. I've got a couple of questions for Lars Nilsson, please. Lars, can you just clarify what is the organic revenue growth for the group as a whole in the fourth quarter, so that would be on a local currency or constant currency basis, and excluding any M&A.

And secondly, the CAPEX in Q4 came in materially below the guidance that you stood by at the end of October. So can you just explain what was driving this, was it price or was it deferral of projects or even cancellation of some projects?

LARS NILSSON: If I answer first the last question. This was -- you can say it came out a little bit lower but, as I said during the presentation, it was actually not that we delayed or cancelled any projects, it was more about actually that the outcome was a little bit better and as you know we have negotiated a lot with our suppliers, so we have a

very good price I would say on the equipment. So it's not the delay. I think that's important to state. It's not a delay. So I think this is sustainable savings in a way. When it comes to the (inaudible) the frequent question you get for organic growth for the whole group, we actually have to divide it into different businesses because as you know, for example, the fixed business is coming down, as you know, and you have to in a way look at each and every market to really determine the revenue growth.

JAMES BRITTON: Okay. So for mobile as a whole; can you just perhaps give the organic growth for mobile as a whole and obviously we can work out the remainder?

LARS NILSSON: I think in a way when doing this you have to sort of take this market by market, and as you know we have the growth; for example, a small growth in Sweden; we have talked about a development in Russia and now you also know that we have some tougher times in the Baltic countries where (inaudible) is more under pressure.

HARRI KOPONEN: James, I can do it this way, just to help out, because I guess this is where I can do some difference. I make sure that mobile our core seven markets you get the growth rate year-over-year in local currencies. And I'll send that out to all analysts so you get that today?

JAMES BRITTON: Okay. Great. Thank you very much.

OPERATOR: The next question comes from Mr Jacob Bluestone from Merrill Lynch. Please go ahead, sir.

JACOB BLUESTONE: Oh hi there. Two questions please: firstly, on Russia where you've obviously got very good momentum, I was just wondering could you possibly update us on your

and the board's thinking of how you see the balance between continuing to grow the business organically, versus crystallizing value through a sale?

And then secondly, could you possibly just give a little bit more detail on what the negatives in the other EBITDA line were, where you had a sort of extra 60 million of costs? Thanks.

HARRI KOPONEN: The last question -- Lars will explain the other and I will explain the Russian. So basically, that question was how we are doing in investing. We don't have a ...

JACOB BLUESTONE: Sorry?

HARRI KOPONEN: So basically, organic growth is now happening and we see that it's continuing. We have a momentum and we are not having any ideas of kind of selling or something. We are focusing on our business, making sure that all the regions where we are -- we try to kind of make sure that we are becoming, as quickly as possible, the defender position; moving those newcomers to the challengers and then quickly moving from the challenging the defender and then moving the defender's position. That's our strategy and it seems to be working. But at the same time, being very humble in the way that -- you know, being very true and honest to our value promise of the best deal; keep the prices below the competition; providing the expected quality and focusing on our own doings, not focusing on what the other people are doing. I think that's our strategy in Russia.

Is this something that you were looking or ...?

JACOB BLUESTONE: Well, I guess -- I mean, it's sort of on the right lines. I guess the way I'm thinking about it is: when you did your realignment process a few years ago I guess you always had a price tag for some of your businesses in mind and it depended a little bit what sort of prices you could get. Obviously now that valuations have - to a large extent - recovered, the price that you could probably get would be higher than it

would have been some time ago, and I guess it's known that some of the other operators have potentially expressed some interest in you, in your Russian assets, sorry (overspeaking)

HARRI KOPONEN: I can tell you that the board and the management is very aligned; we are focusing on growing our assets. We are not talking those kinds of things that you are referring to.

JACOB BLUESTONE: Okay. No, that's quite clear, and in terms of the others?

LARS NILSSON: Okay, in terms of the others. As we said in the report that we have some extraordinary items, and this is about you know we are in a -- it sort of finished up with a realignment process so we had to take some write downs in some of our businesses which -- especially in the Luxembourg business, and we also had some value added tax; all value added tax cases we had to clean up as well. And I would say for 2010 the result of the other operations should be -- it should not be about minus SEK100 million.

JACOB BLUESTONE: That's very helpful. Thank you.

OPERATOR: The next question comes from Miss Leana Osterberg from Carnegie. Please go ahead, ma'am.

LEANA OSTERBERG: Yes, thank you. Just a few questions: one on Convex(?). I was wondering how would you work forward to address the loss of the prepaid side because apparently you seem to be getting traction a little bit now on the postpaid side, but what can you do to stop the customers from churning out on prepaid? Then also, Lars, was it correct that you said hopefully you will see a recovery of margins in the Swedish

mobile business during 2010? Because you guided for 30%, so are you now more optimistic that you think you will see a recovery?

And then, second question: for fixed telephony the margin was down this quarter and I was just wondering why because I can't really find an explanation in the report. Is this sort of a one off or a new trend for lower margin given lower volumes, or if you expect that margin can come back up to the levels we've seen recently? And also, for Norway, you say now that the new EBITDA margin targets for your mobile infrastructure based operations should be 35%. What market share do you think you will need in Norway to be able to lift margins to 35%?

HARRI KOPONEN: I will answer the first one and the last one and then Lars can answer the middle question.

Well, when it comes to Convex we had a number one in a prepaid and there's a sort of seasonality in the prepaid market. We have this very tough inactivity policy that we have across the whole company, they're having the same. We are not trying to get rid of our prepaid customers. They're just part of the business, that some people are coming and going and then it's, as I said, lots of unrelated things. Prepaid, that's the way we have been looking. So that's one thing.

And when it comes to Norway, Norway we are now actually building our own network and when we have that done and then we have all (break in audio) coming back to this guidance: what is the market share and all that stuff.

LARS NILSSON: Just back to the prepaid base ...

LEANA OSTERBERG: You keep breaking up and it's hard to hear you.

LARS NILSSON: It seems like somebody -- I don't know if you have -- if you could mute your phone or if it's something that is breaking through all the time, but I'll try to speak as clearly as I can. When it comes to the postpaid or the prepaid segment, we are continuing

to be the market leader and continue to expand the market share. However, the segment as such is declining, but I think we are moving our positions forward. As you know, Leana, we are still doing very well in the prepaid segment with a 50% ... so we're very happy with that development. However, we need to evolve with the customer base and that's why we're pushing ahead with the postpaid programme. But back again to what I said, we don't see it as any extraordinary event that we are churning out customers in the fourth quarter as an effect of our three month inactivity policy. On the contrary, if we looked at the trend in the prepaid we were very happy with what we are currently achieving there.

Then the cost of fixed telephony, I'm going to refer to the former CEO of Tele2. He usually said that there is always some volatility in the fixed line segment; when it's slightly lower you need to take that into consideration and when it's a little bit on the higher end that could also be seen as a one-off, more or less. I think that -- more than that you saw in the fourth quarter fixed line. It's probably a level where we're going to be able to recover from so don't see it as a new trend. On the contrary, I think you should look at the average trend over the year to get the better view on it because we do have some volatility in the fixed line segment.

LEANA OSTERBERG: Can I just ask you on Convex because I think you said during the call that you hope margins should recover during 2010. Is that what you're aiming for or is it the 20% margin for the full year?

HARRI KOPONEN: We have said trending towards the 30, so that means that we should not be at 30. We should be close to 30 but we should be above 30, so to speak. But we think that, as we said before, the postpaid programme is working according to our plan, meaning that one of the first signs of success is of course that we're returning to revenue growth; the next sign is that we're going to see recovery of the operation performance and that means that the EBITDA margin will stabilise and then also recover. So we feel good about the current performance of the postpaid push.

LEANA OSTERBERG: Okay. Thank you.

OPERATOR: The next question comes from Mr Pieter Nilson from Chevron, London. Please go ahead, sir.

PIETER NILSON: Thank you. Just a follow up on the Dutch market. When your video(?) cell rollout is completed by the end of the first half of 2010, where will you be in terms of coverage, sort of, pubs or households, however you prefer to measure it? Thank you.

HARRI KOPONEN: Pieter, we haven't said that we're going to -- well, finalising a video cell rollout. Currently we cover around 10% of our customer base, so the customers that we can reach with our own network. We see this as a premium product and if we see success of the product set we will continue to roll it out selectively. But it's important for us to show to the Dutch market that we are in the forefront when it comes to technology development on that and it was also important for us to show, especially both to the cable industry as well as to the incumbent, that we are a -- we can be the primary provider of robust services to the consumer segment. So you have to see it as something we have done very selectively up until now. If it proves to be successful we'll continue but we will not set down our foot here and say that we're going to build X or Y amount of the population of the Dutch market.

PIETER NILSON: Okay. It does say in the report you do expect to be completed by the end of the first half, but I accept that. Okay. Thank you.

HARRI KOPONEN: Yes.

OPERATOR: I remind you that if you want to ask a question you will have to press 01 on your telephone keypad.

HARRI KOPONEN: Okay, operator, I think that we could end our Fourth Quarter 2009 Conference Call. I would also like to take the opportunity to inform you that we will release our first quarter 2010 report on 21 April, and I would also take the opportunity to thank everyone for participating in today's press and analysts' conference call. Me and my team will be available to do any follow ups, if you have any more questions during the day or in the coming weeks. We will follow up also on the questions that have not been answered today on the conference call.

But thank you very much for participating and have a good day.