Operator: This is Premiere Global Services, please stand by, we’re about to begin. Good day ladies and gentlemen and welcome to today’s Tele2 Q4 Results Conference Call. For your information today’s conference is being recorded. At this time for opening remarks I would like to turn the call over to your host today, Mr Lars-Johan Jarnheimer. Please go ahead Mr Jarnheimer.

Lars-Johan Jarnheimer: Thank you operator and welcome to everyone who has called in today to participate in our conference call to discuss the results of the fourth quarter. I will follow the presentation which is available at our homepage, www.tele2.com, there you will have the slides I’m going to follow for the presentation.

So I will start with the Q4 results and discuss I would say primarily three major achievements we have made during the third quarter, first of all as the mobile revenue in Q4 increased by 28% to close to 5.2 billion and it is of course then primarily driven by Russia and the Baltics. We also saw that finally we got a nice intake on broadband and primarily there on the direct access. We added a total of 253,000 new broadband customers. The third achievement is that the fixed telephony, the EBITDA margin remained 13% in the fourth quarter but the most interesting part here is that we have managed to leverage out the churn in the fixed line subscriber base and it remained I would say more or less flat, at least we can say it has stabilised dramatically.

On the following page which says “Concentration of Scale and Scope”, today Tele2 is represented in 22 countries. We are mobile in 14, broadband in 12 and fixed in 15 countries.
Tomorrow we will continue the strategic review to create geographic concentration. We will focus on the mobile success and we will use the fixed line base to cross-sell broadband. We are also committed to create the necessary scale in operations that we believe in.

When it comes to the shift in the revenue mix I think the trend is very clear. If we compared Q4 2005 with Q4 2006 we can see a clear shift into mobile primarily where we went from 33% in ’05 to 42% in ’06. The same goes for the broadband, we increased that as a part of the total revenue from 12% up to 17%. At the same time we shrunk the revenue from fixed line telephony from 55% down to 41%.

Talking a little bit about the excellent performance in mobile telephony, we see that the total revenue for 2006 was above SEK 19 billion. We had a net customer intake of more than 4 million and an EBITDA close to SEK 4 billion. We have a very strong position in the mobile and I’m happy to say that we were able to increase the revenue by 28% in the fourth quarter. Russia and the Baltics is developing very well and the total customer base for these market areas is now in excess of 10 million. I think it’s also worth mentioning that we have been very successful in the more mature markets in the Baltics where we have gradually moved in and broadened the scope into the corporate market.

The next bullet point I would say is that we continue to evaluate the MVNO business and I would also add to clear up any confusion that new MVNOs are for the moment not on the agenda. I think it was some kind of misinterpretation this morning that we were supposed to start up an MVNO in Spain. It is not on the agenda, as simple and clear as that.

When it comes to Tele2 and the net adds in Russia we can clearly see a very healthy trend. The last three quarters we took on 9% of the net adds in Russia, in the third quarter 14%, in the fourth quarter 19% so we have built a clear momentum there and we also had a record net intake of close to 1 million customers. I think though that the first quarter will based on seasonal patterns
be considerably lower. Revenue improved by 161% to close to SEK 1 billion. Despite this record high customer intake the EBITDA margin ended up at 27% in the fourth quarter.

Moving on to the broadband business I think the fourth quarter we added a total of 253,000 new broadband customers, a 66% increase on a sequential basis. Broadband is being evaluated market by market and scale is more important than the regulatory environment when it comes to this area, but I think the conclusion is that as you well know that we were struggling in the beginning of the year to get all the processes aligned so that we could have a smooth and healthy intake. I think based on the intake in the fourth quarter I dare to say that the processes today are in that shape so the marketing machine can work and we can add on a substantial amount of customers. Part of that intake, roughly 40,000 is still on indirect access but I would say the indirect access is just an interim solution and I would say they are very much in the waiting line to become a direct access customer. The way it works is that we try to utilise the economical scales when it comes to marketing and then sometimes we get on customers where we don’t have the coverage yet but we will get the coverage later, and I think you can figure that out clearly when it comes to the intake on the indirect access. So today the company as I say the lion’s share is direct access and the footprint is increasing.

Moving into fixed line, the rates of decline in the customer base is slowing down and the fixed line retail revenues were down 1% which represents a lower sequential rate of decrease compared to the third quarter of 2006. Churn is better managed, I think the learnings we have taken here through the drop we saw at the beginning of the year start to have an impact. The fixed telephony EBITDA margin is solid at 13% and we also view that the cross-selling from the fixed line is very important and also worth mentioning is that the sale process for broadband is more like the CPS sales process than the mobile process.

To summarise the fourth quarter before I let my head of IR, Mr Lars Torstensson continue I will just summarise on the excellent developments in mobile telephony with a revenue growth of 28%
in the fourth quarter, a strong learning curve in broadband direct access with net adds of 253,000
and that the churn management in fixed line telephony leading to a more stable decline in the
customer base. The financial comment on 2007 is that our previous outlook for 2007 remains
unchanged. We said then that we expect significantly higher EBITDA and higher organic growth
compared to 2006, so with a lack of formal CFO I will now hand over to Lars Torstensson to go
through the financials.

Lars Torstensson: Thank you Lars-Johan. We at the current stage don’t have a CFO that can
present our financial report or the financial figures. I’m going to guide you through the latter part
of the presentation. Let’s take a look at the financial overview for Q4 once again. When you look
at this revenue result represents sales driven more and more by mobile and mobile based
infrastructure. To some extent revenue growth in the company is also driven by broadband and
especially broadband based on direct access and local loop unbundling. As you know fixed line
is in a decline and has taken down the total growth profile of the company. When you look at the
EBITDA, EBITDA is driven in the company mainly once again by mobile and mobile based
infrastructure. We still see good operational cash flow coming from the fixed line side and we are
pleased with the stability that we’ve seen on the EBITDA when it comes to fixed line services.
The strong intake in broadband and then especially direct access customers, 211,000 in total in
the fourth quarter is weighing on the operational results of the company but still when you look at
the total intake, 253,000 customers with the lion’s share coming from mobile customers the result
on the EBITDA is still impressive.

The next page takes a look at discontinued operations and discontinued operations for Tele2 is
the French operations. It’s important to notice here that in France the focus is on maintaining a
good broadband intake while waiting for EU clearance of the sale of the entity to SFR. EBITDA is
therefore affected negatively by a marketing push in France to add on broadband subscribers.
The net customer intake is negative but that is only made up of lots of fixed line customers. It’s
also worth mentioning here when it comes to the transaction that it’s going to be closed in March,
the first quarter, the deal together with SFR is that we have a positive currency effect in the third quarter of SEK 500 million from the transaction. Because the transaction now is going to be closed in the first quarter we had to reverse that in the third quarter and now we’re going to have positive affected sales in the first quarter of about SEK 500 million.

If you take the next slide we take a closer look at revenue per segment. Once again it’s very visible that the strength is coming from the mobile segment and also from direct access. The broadband resale side is showing fairly flattish development but that’s mainly because we are using that based to transfer into direct access when that is viable.

If you go to the next page and take a closer look at the ARPU development, we’re seeing a similar trend that we’ve seen before in the third quarter with a dilutive effect in all the different service areas. Mobile is being affected by more and more customers coming from Russia, however it’s important to note here that the ARPU development in Russia is still strong. We have gone from about SEK 50 in the third quarter per month in revenue per user to SEK 55 in the fourth quarter. Fixed line is affected by fixed to mobile migration. In broadband retail higher value customers are moving to direct access products and as you all know in direct access we have a lot of business customers coming from our infrastructure operations in Austria, Spain and the Netherlands which are being diluted by more consumers moving to broadband services. Overall the group is seeing ARPU coming down compared to the same period last year but that is mainly driven by a strong growth in the customer base.

If we take a look at the next slide, EBITDA and net intake per segment, there’s always a seasonal effect of course especially in mobile and direct access when it comes to profitability in the operations. But still it is worth mentioning that Russia was extremely strong despite a very high intake of customers and presented an EBITDA margin for the fourth quarter of 27%. The strong push in broadband is of course having some effect because of Opex spending, that is seen most clearly in the direct access and LLUB parts and maybe to give better clarity on that one we should
move to the next page where we break out the additional Opex costs that can be tracked back to
the strong intake of direct access customers and to some extent broadband retail. Because of
our larger base and a better way of managing the customer intake we are seeing also that
acquisition costs are coming down both sequentially as well as compared to last year.

Moving on to the next slide and let’s focus on our infrastructure based business here and look at
mobile services. We saw a very strong increase, up 28% once again mainly driven by the Baltic
and Russia market area. We had some negative EBITDA impact from our operations in France
and of course our new infrastructure based start-up in Croatia.

If you take a look at the next page and look at Russia specifically, we have mentioned it many
times but still Russian sales were impressive, 161% growth year over year, strong customer
intake and as I mentioned before ARPU is developing very nicely. We are able to combine strong
growth with maintained profitability or even increased profitability.

Next slide looking at just the Baltic area and Croatia, EBITDA growth for the region was 12%.
Together with Russia we now have more than 10 million customers. Just to clarify this here the
fourth quarter in 2005 was the first quarter we had Croatia as part of the region and that is why
the fourth quarter in 2005 was slightly higher as an effect of that which makes the seasonal effect
of the fourth quarter in the region disappear a little bit, and at the same time we have had some
bad debt provisioning in the fourth quarter of 2006 which affected the EBITDA by about
SEK 20 million. We still have a delay when it comes to the Croatian network roll out which has
kept the roaming costs at a high level and we have highlighted that to some extent in the fourth
quarter here. If we go forward and look at Swedish mobile sales which were flattish but here
everything is about defending market share. We saw subscriber acquisition costs rise at the end
of the fourth quarter as an effect of more intense marketing campaigns but we still think that we
were able to maintain a decent profitability and combine that with positive net debt as well. It’s
worth noting here that we added 40,000 cost base customers, net customers in the fourth quarter but as I said stable development for the Swedish mobile operations are key here going forward.

The next slide looks at the Nordic region excluding Sweden, we now have about 400,000 customers in Norway and we’re seeing the development in Denmark being stable. The next slide takes a look at our Southern European operations, the MVNO operations which are still fairly heavily in loss when it comes to the operations but still we have a very strong customer base there of more than 400,000 mobile users which is of course an attractive characteristic and also makes us the largest MVNO in the French market. The next slide looking at the UK and Benelux, we are seeing stabilisation when it comes to net intake and sales are developing fairly much according to the plans we have for that region.

The last slide I’m going to show you is the net debt slide as well, no big changes here. We made a few smaller transactions or we acquired some companies in the fourth quarter which took assets up a little bit but otherwise there’s been no major developments on this side. However it is worth noting that the net debt is still excluding the effects that will happen in the first quarter now with the proceeds from the SFR transaction of SEK 3.3 billion.

So that concludes our comments on the results for the fourth quarter 2006. Operator, now we will be happy to take any questions you may have. Thank you.

Operator: Thank you. The question and answer session will be conducted electronically. If you’d like to ask a question, please do so by pressing the * key followed by the digit 1 on your touchtone telephone. If you are using a phone with a mute function, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, please press *1 on your touchtone telephone to ask a question. If you find that your question has been answered you may remove yourself by pressing *2. We’ll pause for just a moment to give everybody an opportunity to signal for questions.
We'll take our first question now from Anders Wennberg from RAM. Please go ahead sir.

Anders Wennberg: Hello, Anders Wennberg from RAM. I have a couple of questions regarding the ARPU development in mobile infrastructure. First on Comviq I notice that the ARPU is up a little bit explained to last year. Can you please explain what will happen or do you expect happening with ARPU for 2007 given that you have a bias towards post pay customers and also how it works with the subsidies of handsets so that customers are forced to pay anything extra. If you could just go through the detail a little the handset subsidy effect and cost. Secondly on Russia we've had a very nice tight ARPU for the last couple of quarters. Can you explain a little bit how the Russian ARPU has been impacted by the pace reform and the changed shift in usage patterns in Russia among the consumers and also your network build-out, how that has affected ARPU and what you expect for '07?

Lars-Johan Jarnheimer: Thank you very much. Let me then start off with Comviq, it's right that we see a small increase in ARPU and I think that is very much reflecting that we are more aggressive and also more successful when it comes to being on post paid customers. I don't think we have seen the full effect yet, if I may guess, so I would say based on if we're going to continue with this post pay subscription and pushing that, that will contribute at least to stabilise the ARPU development in Sweden and when that impact increases in time.

When it comes to the subsidies I think the fourth quarter we saw a more aggressive market, the Christmas sale was more intensive than before. On the question related to the subsidies of handsets there is a mix of people who are paying per month and people paying I would say a higher charge, but I can come back maybe later to you to give more detailed information there, but I don't think it has any significant impact.
When it comes to Russia and ARPU development I think a couple of components have clearly affected the ARPU. Number one was of course that the price increase we made when the CPP was introduced in July. The second thing is then that our coverage is of course expanding which means in Russia which is a clear multi-SIM market that our SIM cards remain in their customers handsets for a longer time. I hope we can see that continue going forward and the only question mark is of course the customers we are getting in now, are they contributing to higher ARPU and that is probably too early to say. So I think the ARPU development, we hope to see it based on the facts I’ve given to increase somewhat. Anything to add there Lars?

Lars Torstensson: Maybe just a few things that could be interesting for you to know as well. In February we went from per 10 second billing to per minute billing. We have not communicated what kind of impact that will have but there of course are some hopes that that kind of a tariff plan could have a slight positive effect of course. The other thing is that when it comes to subsidies and how we break that down, if we take a higher subscriber acquisition cost we always book that in the month when we took that customer on and then we periodicised the high subscription fee over the length of the contract, that can also be worth noting.

Lars-Johan Jarnheimer: Ok, next question?

Operator: Thank you. We have a question now from Andreas Ekstrom from Handelsbanken. Please go ahead.

Andreas Ekstrom: Thank you. I had a question on the margin in the direct access business, I think it was minus 5% this quarter but that can be explained by the higher subscriber intake, but looking during 2007, what are your expectations for a more sustainable margin in that business model and maybe looking at 2008 also?
Lars-Johan Jarnheimer: I think that we will as we have said continue to push for dial-up access and I think the intake will of course be affected then for the costs to bring on these customers will be affected on the growth. I do believe that...in the fourth quarter as well as at the end of the third quarter we have taken some acquisitions costs for customers not being up running yet, but that's when we have these significant ramp-ups in the fourth quarter, some of the costs are actually then on the fourth quarter but they won't start generating money before the I would say the quarter to follow.

Andreas Ekstrom: I can try to work it out but if you were to stop adding subscribers what kind of EBITDA margin would you have in that business today?

Lars-Johan Jarnheimer: It's a very good question and maybe we should disclose that because we are not embarrassed for it, but when I do that I would like to do it with everybody at the same time. I don't know whether Mr Torstensson can give you a more diplomatic answer to that question than I can.

Lars Torstensson: The only thing that can maybe be added to that answer is as we said, if we reach sufficient scale in a specific country we can have gross margins of up to 60% but that means also that we have to reach that critical mass to be able to reach that. Then when it comes to what kind of EBITDA margin we would have after any customers, having said that still I think there is still work to be done to reach the critical mass that is needed to show higher EBITDA margins. I think that we are probably when it comes to 2007 there is a need for us to be clear when it comes to what kind of a business case we have when it comes to direct access and LLUB and explain to you in a better way what kind of profitability we can generate in that case. It's not clear today but we're definitely going to do something about it going forward.

Andreas Ekstrom: Ok, thank you.
Operator: Thank you. We now have a question from Erth Pers from Canegie. Please go ahead sir.

Erth Pers: Thank you. I’d like to ask a question which I think was asked by somebody at last quarter’s conference call. If you would not be taken in subscribers in France in the mobile business in France today, in order words zero net adds, would you then be at EBITDA break-even or EBITDA profitable? Thank you.

Lars-Johan Jarnheimer: Yes, for sure and I think even double digits.

Erth Pers: Ok, but it seems that your growth is costing you quite a bit.

Lars-Johan Jarnheimer: I think one thing that needs to be added and I have not had a chance to dig into it but I know that in the fourth quarter in France we cleaned up a lot of bad debt which was related to…it always takes time to learn the processes and all that is cleaned out both when it comes to the customer base and financially, so it hasn’t impacted and from the top of my head I think it was more than SEK 20 million.

Erth Pers: Ok, thank you.

Operator: Thank you. We will take a question now from Will Milner from Aurette Research. Please go ahead.

Will Milner: Thanks a lot. It sounds like you’re being a lot more aggressive in putting in place hurdles for the direct access and LLUB operations. I just wondered if you could expand on what EBITDA margins you’re looking to achieve in those businesses and I guess more importantly what timeframe you’re looking to achieve those in?
Lars-Johan Jarnheimer: It's a fairly new business to us and normally when we give guidance on this in this area I would like to be quite sure. I think a couple of things which is important when it comes to the direct access is as we said before to reach the critical mass, but given that we have the critical mass, having an optimal utilisation in the countries we pinpoint I think timeframe and all these kind of…if you don’t hang me afterwards but definitely you need to go up to 10-15.

Lars Torstensson: As you know the infrastructure based business is more capital intensive than the retail business and therefore we make it a viable business plan there is a need for us to get higher levels of EBITDA to be able to get back cash on that investment, so the way in which we look up it is that there should be of course, if we are successful and reach the scale it is necessary for that particular business to show higher EBITDA margins to defend the higher investment so to speak if that helps you a little bit.

Will Milner: A little. Are you saying it needs to be higher than 10-15% but you’re not prepared to give a timeframe in which you’re hoping to reach that?

Lars Torstensson: I would say that the timeframe for us now is probably shorter than we usually have said before. We would like to see the broadband operations to start performing now so to speak. It’s not going to become operational free cash flow positive at once but we would like to see that it’s on the right trajectory to reach that. Everything comes down to us reaching critical mass. If you’re not able to do that it’s quite interesting.

Lars-Johan Jarnheimer: If we don’t believe we’re going to reach the critical mass then they will be on our list.

Will Milner: Ok. Can I just quickly follow up then on the critical mass and how you define that?
Lars-Johan Jarnheimer:  I would say it varies from country to country and structure network and a lot of parameters, but I would say you need to reach above 10% of the market.

Lars Torstensson:   Another way of following it, instead of looking at maybe a share of the total market you could also look at how the EBITDA margin has developed for that specific service. Critical mass as I see it could also be defined as us reaching the margin that we’re talking about. If we can do that with 10% market share or if we need more than that, that we will see but still we need to prove to the market that if these businesses are viable we need to reach higher EBITDA levels to defend the investments.

Will Milner:  Thanks.

Operator:  Thank you. As a reminder if you’d like to ask a question, please press *1 on your telephone keypad now. We now have a question from Jacob Bluestone from HSBC London. Please go ahead.

Jacob Bluestone:   Thank you. I just had a few questions. The first one, I was wondering if you could comment on the paper that came out in the Dutch market from Opta basically saying that sub-loop unbundling wasn’t a particularly viable business model and I was just wondering if that was something you’d been looking at as a sort of long term evolution of unbundled local loop. Secondly I was wondering could you possibly give us some sort of feel about where you think margins might ultimately end up in the Russian business or perhaps if you’ve got some idea about the split between fixed and variable costs so we can make some of our own estimates? Thanks.

Lars-Johan Jarnheimer:   When it comes to the Russian business it’s simple to answer. I think many of our regions, we have regions today who perform an EBITDA which is about 50% and some are still below zero. What we believe is that we will be able to reach levels which are reached in the
Baltics, it means that we are targeting at least 35-40% EBITDA margin in the Russia market. The other question regarding the Dutch market, I didn’t get that fully.

Jacob Bluestone: Opta published a paper, it was actually Analysis who published it but they had done an investigation for Opta looking at unbundling the street side cabinet and obviously with KPN’s all IP network and the sell-off of the local exchanges the idea of that being a long term evolution for unbundled local loop, so I guess my question was: were you looking at sub-loop unbundling, KPN are having discussions with some of the unbundlers regarding wholesaling some of their VDSL services so if you could maybe share any discussions you’ve had with either of the regulators or indeed with KPN?

Lars-Johan Jarnheimer: We have a discussion with KPN here regarding this matter and I think we have had quite fruitful discussions and as you rightly say that they want to pull out of a lot of stations which is on the high street so that they can free up that cash, and to do that they actually need to provide a location somewhere else, so they need to have on the train so to speak to conduct this. I am not that negative when it comes to these discussions and I would say it’s nothing I’m sleepless for right now.

Jacob Bluestone: Ok, that’s very helpful, thank you.

Operator: Thank you. As a final reminder if you’d like to ask a question, please press *1 on your telephone keypad now. We have a question now from Andreas Joelsson from SEB Enskilda. Please go ahead.

Andreas Joelsson: Good afternoon. You mentioned that if you had units that could not get a critical mass it would be on a list. I wonder, do you have names on such a list already today and if so when do you believe you can share that list with us?
Lars-Johan Jarnheimer: That is part of the strategic review we announced in the Q3 report. What I said then was that based on my experience these processes take at least six months which means that we will be able to disclose at least one market or company before the end of the first quarter. I will not promise that but I think it would be good if we can do so. Then the other markets we have looked up on and potentially going to pull out of will then pop in some of them in the second quarter, so the list I’m referring to is the list, our intention is to pull out of the market. Our objective to run this company is to create shareholder value and we really need to pinpoint and concentrate and dominate where we have the best returns, and I think it was clear in the Q3 statement that we will go for a concentration geographically more into prioritised mobiles and be really good on broadband in markets we believe in and in markets where we see that we can generate a solid profit – it’s simple.

Andreas Joelsson: Perfect, thanks.

Operator: Thank you. It appears that there are no further questions at this time. Mr Jarnheimer, I’d like to turn the conference back over to you for any additional or closing remarks.

Lars-Johan Jarnheimer: Thank you very much. I’m very happy because we have to rush for another meeting at 4 p.m. Thank you operator. We will release the results for the first quarter 2007 on April 25th and we look forward to keep you updated on the development of the group’s operations over the next three months. Once again I would like to thank you all for participating in today’s conference call and for your continued interest in Tele2. If there are any further issues that you wish to discuss with Lars or myself we are able to deal with these on a one-to-one basis, feel free to contact us directly, but please not in the following hour. So thank you very much and goodbye.

Operator: That will conclude today’s conference call ladies and gentlemen. Thank you for your participation and have a good day. You may now disconnect.