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LARS TORSTENSSON: Good morning, everyone, and welcome to Tele2's first quarter 2014 conference call. My name is Lars Torstensson and together with me today I have Mats Granryd, President and CEO, and also Lars Nilsson, CFO for the company. As you know, it's possible to join via telephone conference or through our website, tele2.com. After we have finalised the presentation we will have a Q&A session as well, but, without any further delay, I would like to invite Mats Granryd to open up the conference call.

MATS GRANRYD: Thank you very much, Lars. Good morning, everyone. It's a pleasure to talk to you over the phone. So, let me start with going through the first quarter for Tele2 financial review. We came in slightly about SEK 7 billion, just shy of SEK 1.4 billion on EBITDA margin of 19% and just shy of SEK 1 billion of spending on CAPEX. This has resulted in us underscoring the financial guidance for 2014 as stable and unchanged. Highlights, we would say, is revenue growth is up 3% for the Group, the end-user service revenue that is, and we've also managed to attract 68,000 new customers in the quarter. Looking at the next line, as I said, 3% up for the Group. In Sweden we grew with 3.2% the end-user service revenue. Netherlands grew with almost 40%, or 38.6%. Kazakhstan up 10.8% and Norway has a decline of 10%, or 10.2%, and that is due to lower ARPU and higher price competition in that market.

If we look at significant events in the quarter, in Sweden we have decided to build out our 2G and 4G networks to cover not only 70% of the geography of Sweden, but push that up to 90% in the coming two years. We believe that quality in areas that is not populated that much is going to be really important in the future going into a more data centric world. In the Netherlands' network rollout we have achieved

several important milestones and I will go through them in greater detail later on. In Norway we have initiated in the quarter a strategic review following the auction process. We have engaged ABG as our financial advisor in that process. And in Kazakhstan we have achieved a first EBITDA positive quarter and we've also a positive net intake on customer base, and those two are really important for us. In Estonia we have acquired two new mobile licenses, one in 800 MHz and one in 2.1 MHz band. So, those are the significant events that we would like to highlight in the quarter.

Moving that on to each country. Sweden, (inaudible), as I said, grew with 3.2%. The end-user service revenue, overall we had a decline -- slight decline of 1.9%. EBITDA stable. To the far right there I think is a really interesting graph and that is the report from OpenSignal that are rating all the 4G networks on the globe. And they are measuring in two parameters, one is the speed and the other is time on LTE network, i.e. basically coverage. And on speed we came out as top five I believe, or top seven or so, but on time on LTE we were at the -- at the top. We were the best LTE network in all the planet, which we're very proud of, obviously. On the other highlights, 56% of our customers stock on pre-paid are now on bucket price price plans, and I believe we're leading that transition. That is something we're very proud of. 86% of all handsets sold are smartphones and are 4G enabled and that is, of course, another -- underpinning the huge interest in the growth of data. The business is progressing also nicely with several activities such as ARPU growing with 6% year on year. We have also on Comviq side launched 200 new pick-up locations and also a -- very stable and good customer operations results in the quarter.

Moving then on to Netherlands. As I said, we grew with 38.6% on the mobile side. EBITDA has come down slightly. Honestly quite -- somewhat less a decline than what we anticipated. If you remember, in the fourth quarter I said that that was an anomaly. We would not be at that level.

We are investing heavily in marketing, pushing out the new brand platform into the market and we are spending money to gain a better traction in the market, and that's why you see a decline in the EBITDA. And we will continue to be aggressive in the market when it comes to marketing. Net debts, nine quarters -- nine consecutive quarters in a row where we are outperforming the market. We are eagerly anticipating the other operators' results in the first quarter to see if we will be ten quarters in a row, but we're happy with the SEK 47,000 net intake that we manage to attract in the quarter. And, as I said, we are -- have reached several significant milestones in the quarter on our MNO projects. We have a very good and working relationship with T-Mobile. Those sites are being launched.

We have a lot of sites now in the pipeline that is -- are being ready for services or closed to be ready for service. We have done VoLTE tests and we have done CS fallback, circuit switched fallback, which is an important feature for our customers to be able to use voice once we are on an LTE network solely. And I think we are the first operator to have done that on a rolling network. So, we're doing CS fallback obviously then on T-Mobile's network. So, a lot of bits and pieces are falling into place. On the IT side we have HLR and we have a new CRM system up and running as well. So, bits and pieces are coming to place in the MNO rollout. Also, on the consumer broadband side we continue to push out more channels and a more richer experience with higher speed HBO and other channels with HD quality. So, we're happy to see that the decline of revenue and decline of customers has stopped and we're much more in a flat dish(?) environment there.

Moving then on to Norway, as I said we had a minus 10% end-user service revenue growth in the quarter in the year on year due to high priced competition. The margin is slightly up from fourth quarter and the highlights I would say is two things. One is that OneCall is growing very nicely and now is the third biggest operator in Norway and we also have initiated the strategic review following the auction process, as we have described before.

Moving on to Kazakhstan, 1.7%, as you say, (inaudible). If you would like to look at constant currency we will be at 13.9% and if we just look at end-user service revenue, in constant currency, we have a growth of 23.5%, so we're certainly growing that market. We can see a nice trend on EBITDA and that will continue. We're not going to go back into negative territory EBITDA. You can see the strong net intake and this is something that I'm happy to tell everyone. In the fourth quarter we were quite clear that that is one of the milestones that we have to achieve, a positive net intake of customers. And you can see in January we had minus 49,000, February minus 1,000 and in March plus 70,000, getting us to a positive 20,000 for the quarter. And, of course, these growth trends are continuing in the second quarter as well. The good thing is that these customers who now are attracting are spending money on our network. They're not just for (inaudible) and that is something we're very proud of.

All right, moving then on to Croatia. Despite a declining market we managed to attract 6,000 new customers and we have a revenue market share now about 20%. I'm happy with the progress in Croatia. We have won awards there as well. I feel that we can continue to grow that business now. It's a revitalisation of the Croatian business work, which is very encouraging to see. Lithuania is a tough market right now with intense price competition, but, despite that, we managed to attract 18,000 new customers and, at the same time, improve EBITDA up to 36%, the EBITDA margin. So, Lithuania, the house is certainly in order.

Moving on to Estonia -- to Latvia, sorry, also a very high price competition in the market and to a lot of transition customers transitioning away from pre-paid into post-paid, post-paid we lost 39,000 customers. We have an EBITDA of 29%, so that is still something we need to work on to get back on track onto growth trajectory in Latvia. Estonia, a little bit of a similar situation, however lower numbers. We're minus 5,000 customers attracted. We won, as I said, 800 and 2.1 GHz frequency bands and we have also a new management team in place. A slight improvement

on EBITDA. Latvia and Estonia are doing okay. We now need to make sure that they continue to push up both margins and growth in those two countries.

Moving then on to Austria and Germany. Austria, we have initiated a growth programme and that's -- we -- that's why -- one of the reasons why you see that the EBITDA is taking a toll for the worse. We are in it -- we are investing into marketing activities. We are augmenting speed and we're doing different types of character set-ups to try to find growth in the Austrian market. In Germany, 20,000 net intakes on the mobile side and I think this is the first quarter in many years, in many quarters, where we actually see a top line that is growing. So, that is encouraging. And you can see also that the EBITDA is coming up, even though from low levels. So, by and large, Germany and Austria I would say okay. Austria needs to show that the growth programme is yielding results. Germany, the investments that we have done in previous quarters are now starting to yield results, so we're happy with that. So, with those words I would like to hand over to Mr Lars Nilsson.

LARS NILSSON:

Good morning, everyone. Just a short review of the numbers and the P&L. We start with the P&L and what I think is worth I mention is if you look at the result we have some one-offs. Then, of course, the positive one-off when we sold our fixed call non-operation and part of our fixed broadband operation in Sweden and resulted in earnings of SEK 267 million. And then we also have a write down of some assets in Kazakhstan as a consequence of the devaluation of 20%, which took place in this quarter. But, overall, a normalised EBIT of 8.6%, SEK 612 million. If we then look at the depreciation, really nothing which sticks out. We are hovering around 11% depreciation on the level. Nothing extraordinary this period. When you look at the financial items you should bear in mind that this is -- there we are showing, sort of -- we are taking away discontinued operation. That means that in the interest net you don't have the cost for our ruble(?) bonds, which we had in Q1 last year, otherwise it's just in line with what you can expect.

Taxes, we have external(?) tax of SEK 237 million, but paid out is SEK 125 million. And as we talked about loss here, you remember the change in Swedish tax legislation regarding group internal loans and that affected us. Clearly you can see that in Luxembourg we had a tax cost of SEK 76 million for this period, but no cash flow effect. This amount -- this number will be roughly SEK 225 million for the full year, but, once again, no tax -- no cash flow effect at all. The cash flow I think we should immediately take the company without Russia and there you can see for the first quarter cash flow from operating activities of roughly SEK 500 million, but they're all sort of facing(?) in these numbers. So, the change in working capital minus SEK 700 million will be back -- we will be back when we close for Q2. So, I expect an improvement there of SEK 600 million for Q2. CAPEX stayed SEK 1.1 billion and in the cash flow statement you also see the results of selling the Swedish broadband operation. So, all in all, SEK 212 million for the quarter, but temporary effect in working capital of SEK 600 million.

You can also see that we continue to growth the balance sheet with handsets sold on the (inaudible), but not so much for this quarter, 47 million compared with 100 million for the same period as last year. Finally, the balance sheet, you can see that if we include the dividends which will -- I duly approved and paid out in May, we are at 1.5 on account of net EBITDA ratio. And, also, when you compare numbers here, if you look at the March -- the Q1 last year when we see the net of SEK 15.8 billion, bear in mind that in these numbers you have the Russian bonds of some SEK 5.3 billion, otherwise you may be -- can be confused when you look at the interest net. So, the house is in order with net EBITDA of 1.5. By that I'll leave the word to Mats.

MATS GRANRYD: All right. Thank you very much, Lars. So, one slide on conclusion then. We're happy to see the end-user service revenue increasing and is increasing fast in Netherlands and Kazakhstan and at a steady rate in Sweden, as I have described.

The positive net intake in Kazakhstan is something that we are happy and proud of for delivering on that promise and that trend is expected to continue in coming quarters. And also the continued operational performance in Croatia is also very encouraging. So, all this has led us to have an unchanged guidance for 2014. On - - priorities for us is a continued focus on MNO rollout in the Netherlands and in Kazakhstan, obviously, and we do want to continue to cement the -- our data position in Sweden with 58% of our customer base on post-paid being a bucket price price band and that we'll continue to push for what we believe in a data centric world and will gear the company up to be profitable just on data. And then in Norway we will continue to have the strategic review following the auction process. That is the summary and priorities.

I would just like to -- before we move into Lars Torstensson and the Q&A, I would like to take a second to thank Mr Lars Nilsson, our faithful CFO for seven years, and wish you all the best in the future. You have done a tremendous job, not only as a personal friend, but also great contribution to Tele2. And Allison Kirkby will be taking over as of 1 May this year, so just a couple of weeks away. Thank you very much, Lars.

LARS NILSSON: Thank you, Mats.

MATS GRANRYD: So, over to Mr Lars Torstensson.

LARS TORSTENNSON: Yes, thank you, Lars and Mats, for the presentation. We shall soon open up for Q&A. I would also just like to remind you that you can answer -- or ask questions online as well, if you feel more comfortable than that. You can do it through the link that is available on the web page and there is an area where you can click for, "Ask a question", in that case and please do that. We will take care of those as well

during this conference call. But let's start the Q&A session. So, Operator, do we have any questions?

OPERATOR: Ladies and gentlemen, if you have a question for the speakers please press 01 on your telephone keypad and it'll then direct you. After you're announced please ask your question. Our first question comes from Mr Stefan Gauffin from Nordea. Please go ahead, sir.

STEFAN GAUFFIN: Yes, hello. First of all, I would also like to wish Lars Nilsson good luck with his future endeavours and then I -- and then I have a couple of questions. The first one relates to the mobile operation in Sweden. I know last year you had some extra costs for the billing system. I wonder if those costs -- extra costs are out of the way and this is the correct run rate going forward? Secondly, I would like to look upon the Swedish broadband operation. When the fibre transaction in Sweden was announced it was stated that it affected 125,000 fixed broadband subscribers and 75,000 B2B subscribers, i.e. summing up to 200,000. Now, this -- in the report it stated that it has 385,000 subscribers. So, just to understand, what's the difference? And if I calculate an ARPU now I get a very, very high ARPU for the subscriber base, so just what kind of customers do you have in the fixed broadband base in Sweden? And looking at the sales trend, it seems like it's -- the negative sales trend is accelerating. Am I correct?

LARS TORSTENSSON: Okay, thank you, Stefan, for those questions. We have billing system for last year and (inaudible) I think, also when it comes to the transaction I would obviously look at last year for that one and we can then tell much more of what type of customers we have in the B2B base and accelerated the -- or revenue trends in Sweden, if that is true on the B2B side as well. But, Lars, would you like to start with billing (inaudible)?

LARS NILSSON: Yes, yes. If we're talking about the billing system or, in a way, the icing coat for the Swedish operation, as you know we are in a transformation movement and we are, more or less as we speak, implementing a new billing system for our post-paid mobile customers. The cost savings of this exercise you will see next year and there we expect sort of savings around SEK 30 million. Then, of course, we also see upsides with having a much, much better system, which can help us also in business intelligence, but in real money it's around SEK 30 million.

STEFAN GAUFFIN: So, (several inaudible words) still not been taken out yet? (overspeaking)

LARS NILSSON: No, no. This year we'll see how to take some -- how to (several inaudible words) since we are running two businesses.

LARS TORSTENSSON: Yes. And then when it comes to subscriber numbers for the ... we need to -- I'm going to try, Stefan, during this conference call, to get back to you on that one. We're trying to find out what is the difference between what we reported in Q4 and what we then announced now on the Q1. So, bear with us. We might be able to answer that during the conference call as we move on. Then across to the broadband base, the customer based broadband for you, Mats.

MATS GRANRYD: Yes. So, I mean, it's -- if you just look generally on the business to business side in Sweden, the pick-up of smartphones has been -- and also the devices, the "bring your own device" trend, has continued to strengthen the position. And one of the reasons why we have a 6% ARPU uplift year over year in the SME segment is the increase of data. And this is something that we have foreseen and that's the reason why we are so eager to push people onto bucket price price plans as well, to get the more transparent way of dealing individuals. So, I think it is a trend that is now

starting to manifest itself into numbers. We have, in certain instances, both on the SME side, but also on the private side, or the consumer side, started, on the mobile broadband side, to increase prices and, you know, to a small extent, we are doing that and we see no -- as of now at least, no customer -- negative customer trends in that. We are, of course, very mindful of making sure that we continuously look at the customer feedback on it, but I think there is an acceptance for the power of LTE and the meticulous(?) courage.

If you remember the slide I showed you on -- the OpenSignal report also shows that we have a absolutely -- an outstanding network where you would enjoy LTE -- good speeds on LTE in a very, very wide territory in Sweden.

LARS TORSTENSSON: I can also say, Stefan, also on the broadband side, of course, after selling the cable and fibre asset, which was consumer orientated, we kept the business to business division intact and, of course, that affects the average ARPU to a very large extent. I mean, the company that we are managing the (several inaudible), of course, are much higher per count, so to speak, it's much higher than consumer ARPU. So, of course, there's a high concentration of business capitals now in the broadband (inaudible).

STEFAN GAUFFIN: Yes, can I just follow up there? You said the cost saving of the billing side, does that take into consideration the extra cost that you have this year, or will the cost saving, if you compare 2014 and 2015, be even larger?

LARS NILSSON: The cost saving, as we see it right now, between this year and next year is SEK 30 million I'm talking about.

STEFAN GAUFFIN: Okay, thank you.

MATS GRANRYD: Thank you, Stefan.

LARS TORSTENSSON: Stefan, you had a question regarding the revenue trends in business to business.

I mean, we've been discussing this, a lot of course, when it comes to our business to business teams developing. I think that when it comes to the way it has been managed, I mean, it's a long sale cycle. There's a lot of interesting stuff in the business to business funnel, but, of course, that can lead to some choppiness in the revenue trends as such. We do believe that we have a good traction at mid-segment. We can do better in the larger enterprise, but, as with larger enterprise, you have also more (several inaudible words) what takes time, but we think that we are doing okay. I don't know what to say, Mats.

MATS GRANRYD: No, you're absolutely right. The same cycles shouldn't be underestimated. We have a very good product. We cannot sort of blame it on any deficiencies in what we we're offering. It is merely a cycle thing, so we are -- we're standing committed to make it an even better success in the business to business side. We believe in that area and we believe Tele2 business has a -- has a good future. We need more time to prove that though.

LARS TORSTENSSON: Okay, thank you, Stefan. Operator, can we have the next question please?

OPERATOR: The next question comes from Mr Barry Zeitoune from Berenberg. Please go ahead, sir.

BARRY ZEITOUNE: Hi, good morning. I'll also kick off by wishing Lars all the best for the future. So, I've got three questions. The first is on your guidance. If I look at the headline EBITDA that you're going for, it's implying that it should be flat year on year, yet if I look at the EBITDA delivered in Q1 it's minus 7% headline year on year. So, you

know, if I -- if I take into account the fact that you're probably going to have a higher Q3 as well, because of seasonality, it still implies that you need about SEK 100 million of quarterly sequential swing versus, at least, SEK 100 million versus what you've delivered in Q1. So, can you give us a feel for where you expect the improvement in EBITDA in the coming quarters to come versus what you've delivered in Q1 and your confidence around that?

My second question is on German mobile. We're seeing, you know, very strong growth there at the moment and you seem very happy to continue pushing it. I was wondering whether you could talk about the opportunity there in the context of the current consolidation that's going on in Germany, and what you see as a potential for MVNO remedies and the potential for that business.

And my third question is on the branding in Sweden and Norway. In recent quarters you've mentioned Comviq as doing particularly well in Sweden and it's interesting that this quarter you're mentioning OneCall as doing particularly well in Norway. Now, obviously while that's very good, the other side of it suggest that the Tele2 brand in both markets is underperforming. And if I think back to your strategy day about a year and a half ago you were talking about, you know, having a low cost brand, such as OneCall and Comviq, as attacker brands and then using the Tele2 more premium brand. And while it feels that the attacker brands are doing very well, the premium brand strategy doesn't seem to be doing as well. So, I was just wondering, you know, what is your thinking around the Tele2 brand and, you know, how you're reinventing it as a premium brand and how that journey is going? Thank you.

LARS TORSTENSSON: Thanks, Barry. I'm going to start with the guidance and Mats is going to come with the German mobile and branding. But just to walk through how we view it regarding reaching our guidance, we do see further improvements, of course, in Sweden, and I explain why.

In Q1 we have spent a fair amount of effort on renewing the old Maxi campaign, which has been quite cumbersome. On top of that we do take additional charges in the quarter and also going forward through common cost that is associated with the sale of the fixed broadband operations. So, Sweden have the potential -- definitely the potential of coming back. We have, of course, improvements in Kazakhstan as Kazakhstani (inaudible) scale, and it's doing that quite significantly currently. And then, of course, we should see some better environment in the Baltic region as well that could be supportive. And I also think that, even though Austria is a quite small market, I mean, we do -- we're doing some active growth initiatives in the Austrian market, but, as we said in the conference call, we believe that that should pay off and we should not have that as a permanent event of course. And, so, that's -- you have further improvement.

One should also remember that if you take the Dutch mobile operations, we do -- have spent -- we have reignited the brand recently and that has also led to additional marketing expenses and (inaudible) should not maybe be as deep(?) EBITDA losses as it was in Q1. So, we see several areas where we feel comfortable with improvements going forward and we see no issues in our guidance as such. But, Mats, if you would like to continue with (overspeaking)

MATS GRANRYD: Now on the German side, I think we started this adventure mid last year and we had one idea on how to approach the market. We have changed that slightly and doing more direct marketing and direct sales now and that has improved the situation fairly dramatically. I don't want to exaggerate our size in German, but the consolidation in the market might be beneficial for us due to fewer players if that happens, but, of course, there will be most likely remedies from their sources for -- that we could maybe benefit from. So, we're not ruling out, you know, more aggression in the German market side, even though we are also very mindful of the

fact the German market is a huge market and we are a fairly small player there. So, whatever we do we're going to be very mindful of how to approach that.

When it comes to the branding, it's really interesting that you do that analysis, Barry.

I think that why we highlighted Comviq and OneCall is that we're doing new stuff there. As you rightly said, both OneCall and Comviq are a low cost brand, very much focussed on being online. Comviq, then we have an innovative way of coupling a physical presence with an online offering, which is going very well for us.

That is our cushion, if you would like, to more price aggression from other companies. Why we highlighted OneCall is because that is the stellar(?) brand name in Norway. Tele2 has been the dwarf continuously after our acquisition of Network Norway. So, OneCall is our flagship brand, if you would, in Norway.

Comviq is also going from being literally nothing to be something. If you remember a year ago, or so, we had a haemorrhaging on subscriber from the pre-paid Comviq out to other operators and we had to reinvigorate the brand, which we did, and we have now, almost, a (inaudible) churn. I think we have a positive net reporting into the Comviq brand.

When it comes to Tele2 then in Sweden, we are -- in the Netherlands we have launched the new platform called Value Champion and that will, of course, spill over to many other markets going forward, Sweden as well. So, we're starting in advance and now we're going to continue up into Sweden. So, I'm sure we're going to talk more about that in coming quarters and then you can ask me the same question, but in reverse. Thank you.

BARRY ZEITOUNE: Okay, perfect. Thank you very much.

LARS TORSTENSSON: Okay, thanks, Barry, I appreciate the question. And, Operator, do we have another question please?

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

TERENCE TSUI: Thanks. Good morning, everyone. I've got a couple of questions on Sweden please. In the press release you mentioned that the mobile market was characterised by a slow start, but competition intensified later in the quarter, with an increased focus on price. This is a little bit against what Teleo(?) reported a couple of days ago, so I was just wondering if you can give us a bit -- more anecdotes about where the pricing competition was particularly centred towards the end of the quarter? And, secondly, in Sweden, I'm also interested in the continued migrations to bucket plans, because, in the past, you mentioned that it had a bit of extra mobile terminationary(?) costs, because people were calling and people outside of -- outside of the Tele2 network. So, maybe if you can give us a number for Q1 as well that would be quite helpful. And then just finally, I'm interested in the thoughts behind your 2G and 4G network expansion. Is this an opportunity or do you see further opportunity to potentially target some of Teleo's legacy fixed revenues and encourage migration from fixed to mobile even further? Thank you.

LARS TORSTENSSON: Thank you, Terence. We have some discussions on price competition in the -- in the Swedish market and then the termination development, the bill and outgoing, incoming for Sweden. That one we probably have to check up as well. And then the last question, Mats, you took it, I didn't, so I guess you are up for answering all three then.

MATS GRANRYD: Okay. No -- hi, Terence. You know, the pricing in Sweden is -- it is a continuous price pressure in Sweden. I think all the major brands now have launched their sub-brands, low costs brands which are following our suit of Comviq and Tele2. We just -- we feel the price pressure. It's not that much greater than previous quarters. We

don't see a price war around the corner, but it is a continuous pressure, and, as I said, in the mobile fixed -- sorry, the mobile broadband side we are increasing prices and that has gone well. So, we need to be mindful of how much can we increase prices without losing customer attraction, losing the price leadership position. Remember, we are the low cost brand and we can never be jeopardising that position.

And then you talked about the bucket pricing and the income versus outgoing. I would think (overspeaking) we need to check that, but I'm pretty sure that it has flattened out the way that we predicted. If you remember, the more -- the more customers that are on bucket price plans across all operators in Sweden the more this will level off and we believe that has continued, but we need to check that for you. And then 2G, 4G is building out to 90% geography coverage and I think you said it absolutely right, this is the way for us to go after the big incumbents in Sweden and we're getting fairly tired of being always dwarfed with an inferior network coverage, even though we feel that we have an extraordinary coverage where people are living, but now we need to go after geography as well.

LARS TORSTENSSON: You know, Terence, just because you mentioned the Teleo scenario, which is talking about the pricing, it should be mentioned that they -- it is quite aggressive currently with the main brand, so they are offering a further 199 offer, which they are driving quite hard currently. It's interesting to see that (inaudible) is talking about better pricing trends while they are currently driving it with a -- quite a aggressive offer. It might be short term, but it should be mentioned a bit. But, Terence, let us get back to you on termination development. I will take that and write you an email on it.

TERENCE TSUI: Great, thank you.

LARS TORSTENSSON: Thank you.

MATS GRANRYD: Thank you.

LARS TORSTENSSON: So, Operator, can we have the next question please?

OPERATOR: The next question comes from Mr Andreas Olsson from SEB. Please go ahead, sir.

ANDREAS OLSSON: Good morning, all. Also a question on Sweden. If you can give us any sort of guidance on how much the retention costs affected the EBITDA in Q1 and, secondly, overall in Kazakhstan, it feels that you are a little bit more confident. Do you see that -- the new model with the distributors are working and, if so, do you think you can be even more aggressive on the marketing side for the coming quarters, given that you have an increased confidence?

LARS TORSTENSSON: So, Andreas, just to follow up on the retention question, is that related to the Maxi campaign or is it just general?

ANDREAS OLSSON: No, to the campaign two years ago.

LARS TORSTENSSON: Yes, okay. And then marketing (several inaudible words) pushing CAPEX on. I think that when it comes to a specific cost associated with retention and the Maxi campaign it's something that we need -- also need to check up. I'm sorry about that. We don't have it at hand. But when it comes to CAPEX though, Mats, how do we look for it?

MATS GRANRYD: Well, I think that you have interpreted our voices correctly. We feel more confident now. We delivered what we said, a positive net intake and, as you saw, 70,000

positive in March and that trend continues, obviously, in April and onwards. As you know, we have changed the commission structure. That has not really helped us get in more customers, but it has helped us get in the right customers, i.e. the customers that are willing to pay for our network and then has eliminated fraud, if you would like. So, you know, we are more bullish. We have the house in order in Kazakhstan. We are -- have changed the way that we do marketing as well, going from being nationwide to be more regional and more specific, and that has also helped the situation. You know, customer intake is really important in Kazakhstan. Having customers that are spending on our network is really important, so we monitor, every day, the number of -- the number of customers that are active on a 1-day basis, on a 30-day basis, on a 90-day basis, etc. And we would continue to see those numbers convert into good EBITDA. So, the first quarter positive EBITDA and that will continue, obviously, going forward.

LARS TORSTENSSON: Very good. I would like to get back to Stefan's (inaudible) question on the press release that was sent out on (inaudible) and the number of customers that we have reported today that came out of the sale of the Swedish fixed broadband operations. The difference there is both are correct, but it's just that we are defining different -- if it's -- the growth that we have, the SEK 200,000 that we announced, we have a relationship with -- through invoices. So, they were unique customers that were invoiced.

Then we had some double counting, so to speak, because some customers have both a broadband connection, a TV connection and a VoIP connection, and one would need them to take out of our reporting systems and they are accounted for as the customer if they have telephony and customers of TV. So, there is some double counting. But the SEK 200,000 was that we had a direct relationship with -- through invoices and they could have multiple invoices, so to speak. I hope that helps a

little bit at least, Stefan, when understanding the figures. So, Operator, can we have the next question please?

OPERATOR: Next question comes from Mr Jakob Bluestone from Credit Suisse. Please go ahead sir.

JAKOB BLUESTONE: Hi, there. First of all, if I can also say thank you to Lars Nilsson for the last seven years. I've got three questions please. Firstly, I mean, on the Dutch market. In your presentation you talked about end-user service revenue growing fast in the Netherlands, but when I look at the service revenue growth in the Netherlands, I mean, it seems to have slowed quite a bit from the rate at which you were adding revenues previously. And, as far as I can work out, you know, you're only adding EUR 1 million revenue per quarter, you know. So, from about EUR 30 million to EUR 31 million. This is a EUR 5 billion market, so, you know, you still seem to be, you know, quite sub-skill and a long way from, you know, incrementally adding skill. Is your expectation that we should see a ramp-up in the rate at which you're adding service revenue growth? Secondly, and slightly related, there have been reports about problems getting LTE off the ground commercially. Is this something which is delaying the launch of your network?

And then, thirdly, the ... slightly standard question perhaps, but the revenue and EBITDA growth, adjusting for currency, deteriorated in most of your assets compared to the growth rates from last quarter. You know, do you -- do you need to own all these assets? Thank you.

LARS TORSTENSSON: Thank you, Jakob. A lot of good questions. The first one, the end-user service revenue trend for the Dutch operations, which have slowed, but would reaccelerate again, and then the network rollout, how do we look up on that one. And the last one was on, generally, revenue trends throughout the markets adjusted for

currency, if -- how we look upon that. But, Lars, would you like to step in here and take the Netherlands to begin with?

LARS NILSSON: Am I only talking about end-user service revenues? Are you then talking about mobile or is that --

JAKOB BLUESTONE: Yes. So, looking at the ... I'm looking at the -- in your spread sheet you report -- you report at SEK 273 million of mobile end service revenues, which is about EUR 31 million, and last quarter it was SEK 261 million, so it's growing by about EUR 1 million per quarter, whereas if I go back, you know, a year ago, you were adding three or four times as much incremental revenue per quarter.

LARS NILSSON: Yes. I mean, it's fair to say that we have seen quarter over quarter the (inaudible) come down a little bit, but I think also related to your question is when -- if you will accelerate the growth going forward and, of course, you know that mobile is very important for us and of course we have ambitions to grow in mobile and in -- sort of in connection with us rolling out the network. So, of course, we do have to see a good (inaudible) going forward.

LARS TORSTENSSON: Okay. Then we take the rollout of the network map.

MATS GRANRYD: Yes. I think the -- you know, on the end-user side there I think it's also important to remember that there is a balance between how much money do we want to spend in the market versus how much money do we get back in on new customers. So, there is always a balance and adding SEK 47,000 I think we were down a little bit from last quarter, where we had maybe around SEK 60,000 I think, but still it is -- it's analysis and it's a (inaudible). I don't think you should draw any big conclusions on the quarter being up or down from that perspective. Our projective is quite clear.

We want to grow in the mobile domain and we're going to do it lightly. We're not going to destroy the market.

On the MNO side it is going well. It's going according to plan. Some areas are -- we are ahead and some areas we're slightly behind, but, by and large, we are very much on track on our internal plans. And what we highlighted this quarter is the CS fallback, they tried on VoLTE, the HLR that we have implemented and CRM systems. So, both on the IT side as well as the network build out. They cannot run a network without an IT system and that is equally, if not more, complicated, to get. And then also equally important, I would argue, is the relationship with T-Mobile is going very, very well for us. So, there is no clouds on the horizon from that perspective.

LARS TORSTENSSON: Okay. And the next one is more general revenue trends in the company. If you look at, overall, the market, any concerns that -- I mean, yes, they can see that it's not necessarily -- I mean, we have some deterioration, but it doesn't show any concern looking forward.

MATS GRANRYD: No, I think the 3% end-user service revenue growth that we had in the quarter is on a sustainable level. I don't see that we should go down below that. It's going to maybe fluctuate a little bit, up and down, for a quarter, but we will see a continual growth. And the reason for that is that we are -- I believe we have geared the company to be very much data driven, very pro-data, how we are gearing all the (inaudible) schemes etc have to be profitable in a world of data. Where we're not completely happy this quarter, I would argue, is Austria, where you can see a fairly big deteriorate on EBITDA and that needs to be proven then with the growth programme that we had on track. I think going forward for us we do need to see this filtering through of the top line growth down into a bottom line growth as well.

Just growing a customer base and growing top line without having a better EBITDA is not where we want to be. So, that's going to be the focus going forward.

JAKOB BLUESTONE: Thank you.

LARS TORSTENSSON: Thanks, Jakob. Operator, do we have any other questions?

OPERATOR: Yes, the next question comes from Mr Thomas Heath from Handelsbanken. Please go ahead, sir.

THOMAS HEATH: Thank you. Thomas Heath here with a few questions and thank Lars for all these years. Firstly on Norway, you mentioned OneCall is the third largest operator in Norway. How do you view this business? Is it a possibility that you would divest one of the brands in appealing Norway? Are you looking at that type of option given that you separate out OneCall and Tele2? Second question, in Germany you are growing on the mobile side. Just wondering what type of subscriber base you think you could reach sort of long term as this is a bit of a niche offering? And then, thirdly, on the Netherlands, you mention a wish to grow slowly without destroying the market. I'm just wondering are you convinced this is the right way to do it. Don't you need to get scale(?) quite fast if we compare, say, three in Sweden and Italy and France? They can take quite a long time if you do it cautiously. Thank you.

LARS TORSTENSSON: Yes, we'll probably have to check the transcript later on, Thomas, but I think that Mats said that we would like to grow, but we would like to do it without destroying the market, but slowly. I'd want to check very carefully for it. I'm not sure if that is in our plan to grow slowly. But then, Mats, when it comes to our strategic review any problems on that one and then when it comes to (inaudible).

MATS GRANRYD: Yes, in Germany right?

LARS TORSTENSSON: In Germany.

MATS GRANRYD: So, in all, we -- as you all know, we initiated the strategic review and we have engaged ABG as financial advisors in Norway and I think that's the long and short of comments in Norway. We're happy with the performance in the operations, which is really important for us. We do not feel stressed or pushed against the wall here. We're going to take the time necessary to make sure that we maximise shareholder value in this -- in this strategic review. So, I think I'll stop there on Norway. Sorry for not being more explicit on that one.

On Germany you're absolutely right. This is a niche activity that we are doing and we have never tried to portray it in any other light. We had 20,000 customers in the quarter. I would think, by and large, that that is roughly where we will be per quarter. We're going to go up and down a little bit, but we do want to find a growth - a growth business in Germany. We believe Germany is a good market, a huge market, it's a complicated market, with the consolidation. And everyone who has been part of the telecom industry for years, you know that perseverance is many times a very good word. You need to stay put and you need to work through the issues and there might be something good coming out on the potential consolidation with remedies from the sources that we good maybe use. So, that's the niche thing. And then in the Netherlands growing is important and not slowly, but growing without destroying the market is important for us. And, you know, we have (inaudible) almost quarter of a million customers now. So, a year ago we were half a million or so, so we have grown substantially and we're going to continue to grow. We -- as I've said, we are outperforming the market for nine quarters in a row. I think that is a very good proof point of our ambition in the Netherlands.

THOMAS HEATH: Thank you. That's very clear. One follow-up, if I may, on Norway, and not on the strategic review, could you say anything about how much roaming fees you're paying now as we're nearing renegotiation? Thank you.

LARS TORSTENSSON: I'm sorry, Thomas. That one we're going to keep for the negotiation process as you said. So, we're looking forward to a successful negotiation with our -- with our partners. But thank you, Thomas, for those questions, and, Operator, do we have another question please?

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

ANDREW LEE: Yes, good morning, everyone. I had -- I did have two questions on Norway. I'll ask them and just see which of the two, you know, that you can answer. I know you don't really want to say much more on the strategic review in Norway, but I wonder if you could just talk about the timing deadline here? I mean, should we think about the deadline for that decision to be when you lose your spectrum or should we expect an announcement before then? And then, secondly, just more generally in Norway and the consolidation opportunities in Norway, do you think there needs to be three networks in this market? Could we see consolidation from three to two with maybe an MVNO third player? Do you think this would be realistic in the regulator's eyes?

LARS TORSTENSSON: Thanks, Andrew. So, even though you're not referring to strategic review, it is the strategic review you're referring to, but I will let Mats do something to work with (several inaudible words).

MATS GRANRYD: Thank you very much for that, Lars. I can only repeat what I've said a couple of times now, that we are -- we have initiated a strategic review in Norway and we are reviewing our business there. We don't feel pressed or stressed. We have several options and we are evaluating them, seeing what creates the best shareholder value and I think I will actually stop there. Sorry for that.

LARS TORSTENSSON: Andrew, would you like to follow up with anything else?

ANDREW LEE: No. So, you can't comment at all about whether you think it's even possible for the market to consolidate and whether or not you'd want to and whether you'd want to be able -- be active in that consolidation? You can't say whether you think that's even realistic?

LARS TORSTENSSON: We would like to refrain from speculating on the -- on the -- on the competition authorities and the regulators' (inaudible) behalf, so to speak, so we refrain from speculating any further on Norway as such.

ANDREW LEE: Understood. Thanks very much and best of luck for the future, Lars.

LARS TORSTENSSON: Thanks. Sorry about that (overspeaking) operator, can we have the next question please?

OPERATOR: The next question comes from Mr Dominique Clairmond from HSBC. Please go ahead, sir.

DOMINIQUE CLAIRMOND: Yes, thank you. Well, I spare you any further questions on Norway then, and just ask about Austria maybe and just wondering why the Hutchison, you know, offer is not interesting for you. I mean, it looks like two or three others have signed

that contract and just wondering why you think -- or why you haven't done so, so far. And then maybe a follow-up on Germany. Now, in a scenario where a remedy on the merger were a type of a co-investment model where MVNOs pay money up front to Telefónica and get a better wholesale rate in return, would you consider that, i.e. would you, you know, commit more CAPEX or capital up front to Germany at all or is that out of the question for you? Thank you.

LARS TORSTENSSON: Thanks, Dominique. MVNO in Austria and co-invest with Telefónica in Germany.

MATS GRANRYD: Yes, and Norway, I hope you respect the silence in Norway and we're not trying to play games. We just want to avoid speculation. So, on Austria, you know the price level in Austria is -- continues. Even though it's gone up a little bit it's still very, very low. So, I think we are staying put with our business to business and residential on the fixed side offering. Obviously we're going to continue to evaluate if any other interesting stuff pops up, but, as of now, that's the strategy.

In Germany I think it could be of interest to have a upfront payment maybe, but it needs to be a -- obviously a business decision, if it makes sense from a financial perspective. Germany is a good market and we have a very strong team in Germany, but it's also a very complicated market, a huge market, so I think one needs to be a -- we need to have a grown-up discussion on exactly how to handle Germany going forward. And, in the meantime, as some of your previous questions alluded to, it is a nice niche thing that we have created, that, for the first time in many, many quarters, are helping to have a growth on our top line, and that is something that we're proud of. So, even a niche thing, it can be beneficial for us. Perseverance, as I said before, is a -- it's a virtue in the world of telecom as well.

DOMINIQUE CLAIRMOND: All right, fair enough. Thank you.

MATS GRANRYD: Thank you.

LARS TORSTENSSON: Thanks, Dominique. We are running out of time, but I would also like just to mention one of the questions that we received online and it's regarding how LTE helps us in our Swedish 4G network. And we don't want to necessarily talk about the absolute amount of handsets that we're seeing, but, of course, the trend is very, very good and with the -- it's a positive trend from that perspective. Otherwise we would like to keep the amount of handsets to ourselves, but the trend is definitely very, very strong. Operator, do we have a last question from the conference call?

OPERATOR: The last question comes from Ms Lena Österberg from Carnegie. Please go ahead, madam.

LENA ÖSTERBERG: Yes, good morning. I would like to go back a little bit to the Swedish mobile business. The costs that you had for keeping the ... sort of retaining the 45 customers, was that mainly taken in this quarter or should we see some of that spilling over into Q2 as well, or now we'll see margins trend up? And then, Lars, I will not say "thank you" until you answer my question on practice in Luxembourg. I didn't really get that on that slide, the taxes that you had included in this quarter. Will that continue for the rest of the year? Or how long and what is it exactly related to?

LARS NILSSON: Madam, (several inaudible words). No, the taxes -- we have talked about this before, the tax situation and the effect of the changed legislation in Sweden, as you know, with this group internal loan and because we have sort of (several inaudible words) through our offshore entity. And what you see right now is that we have interest income in Luxembourg and last year it was SEK 368 million net. This quarter it was SEK 78 million and for the full year I said that we expect SEK 225

million. Okay? The taxes here which we report will not -- may have any kind of cash flow effect, but we have referred tax (several inaudible words) it.

LENA ÖSTERBERG: Okay, thank you.

LARS NILSSON: Interest income in Luxembourg.

LENA ÖSTERBERG: Okay, thank you, and best of luck. Thank you so much for all the years.

LARS NILSSON: Thank you.

LARS TORSTENSSON: Okay, that's -- we still have -- sorry, no, we still have one last question.

LENA ÖSTERBERG: Sorry, could you ask the question, on the Swedish mobile, if you expect the margins now to trend up, because you're taking all the retention costs?

LARS TORSTENSSON: Yes. We do -- I mean, we have still some retention costs we will be taking in April, for example, the Maxi campaign, but after that we should see that one being out the door, so to speak, so there should be some improvements coming from that.

LENA ÖSTERBERG: Thank you.

LARS TORSTENSSON: And then the absolute last question, so we don't forget our friends online as well, we have on the Netherlands, and I'm going to read it out. We could give (several inaudible words) strategy for the Netherlands. You keep adding mobile customers, but is this at the cost of low ARPU? And the other one is, we've got a broadband strategy, how do we handle the competitive pressure from KPN and Siegel(?). So, Mats, if you would like to answer.

MATS GRANRYD: Two very good questions. The strategy is obviously to gain as much height in mobile customers as possible, but you are right, whoever wrote that question, ARPU is going down a little bit in the Netherlands, which we need to be mindful of. So, it is -- it is a slightly tougher market than before, but very much in line with what we had anticipated.

And that goes for your next question on the KPN and Vodafone and price pressure and how they are reacting in the market. Also very much in line with what we had anticipated the market to react. We need to, of course -- to continue to watch carefully to see what UPC and Siegel are doing. Great respect for both of those two companies. And if they turn(?) mobile then what we need to understand exactly what they're going to do with that. Otherwise the market, by and large, is progressing in the way that we thought it would. Prices are coming down, but coming down on a fairly slow level and KPN is pushing out 4G and doing it very successfully, which is something that we're happy for. They're ploughing, they're educating the market, they're educating consumers and customers in a good way. So, once we are ready we will have an easier ride to push out our message.

LARS TORSTENSSON: Then, of course, our broadband strategy, I think -- yes, we do have a good plan now on how --

MATS GRANRYD: Yes, I was going to say that. The broadband, I don't know if you remember, but a couple of quarters ago I was very negative on our fixed offering, that it would only continue to decrease, but we have put a lot of emphasis into trying to figure out exactly why we're losing customers and it is really not that complicated. It is a mixture of too poor content -- to poor -- too poor content on the TV side, too few channels and not enough HD channels coupled with two low speeds. So, I think what we have done is that we have, in selectable parts, augmented ADSL to DDSL,

so we have taken care of the speed thing. And then we have also pushed in more channels, 11 new channels. We have more HD channels as well in part of that offering.

And those simple things have really turned a corner of us becoming more stable. It's -- I don't think it's going to grow, but it's not going to continue down as of now.

LARS TORSTENSSON: No, and we also have multiplatform effects, which is not very important.

MATS GRANRYD: Yes.

LARS TORSTENSSON: Thank you very much, Mats, and thank you very much, Lars. That concludes today's conference call. We look forward to speak to you throughout the Q2 of course and meet with you and have good discussions around Tele2 and the progress of our company. If we do not do that we look forward to talk to you again at least 16 July when we report our Q2 report. So, I think, yes, that is what we're looking forward to next time. But, without any further delay, we would like to wish you a great weekend and hope to speak soon. Thank you very much and goodbye.