

**Tele2**  
**Moderators: Lars-Johan Jarnheimer & Lars Nilsson**  
**Wednesday, 25<sup>th</sup> April 2007**  
**15:00 CET**

**Operator:** This is Premier Global Services. Please stand by, we are about to begin. Good day, ladies and gentlemen, and welcome to today's Tele2 Q2 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, sir.

**Lars-Johan Jarnheimer:** Thank you, operator, and very welcome to everyone who has called in today to participate in our conference call to discuss the results for the second quarter of 2007. With me today I have Lars Nilsson, our CFO, and I will start to give you an overall picture of the operation and then after that I will let Mr Nilsson go through the financials. I will follow the presentation which is available at our homepage, [www.tele2.com](http://www.tele2.com). So, there are all the slides that I am going to follow.

I will start to give you a short update on the strategic review we announced in October last year. By that time we were present in 22 countries and we are now down to 18. We finalised one acquisition in the second quarter and that was the Alpha and the C3 operation. In the third quarter, we have now finalised the French fixed system broadband sales and also Denmark. So, the effect, or the financial effects, of these two disposals will be affecting the third quarter figures.

We have also signed an agreement when it comes to Portugal and Hungary but those deals are not finalised yet and we expect more to come before year-end. We have also put a lot of emphasis into the MVNO review during the quarter. I think the Company has a quite good view on where we think we can extract value out of the MVNO operations.

On the capital markets that we had here in the beginning of the summer, we also told the market that we have networks to help you out to judge whether you think we are going to maintain our operation and where we are going to move out. We set minimum EBITDA hurdle of 20% and that is something each operation needs to reach, short and mid term. So, I will also underline that that is not the target for the overall operation, of course; it is just for those operations who are not meeting these criteria yet. They need to have very firm plans to reach these hurdles otherwise we will actually exit those operations.

Moving into the Tele2 Q2 results, we saw an operating revenue increase by roughly 5% and, of course, the most interesting in the report is, of course, the continuous growth of the mobile revenue which increased by 25.5% to approximately SEK 5.8 billion. We also had a solid broadband intake and I think that the best thing with the broadband development in the second quarter was that we saw a turn-around in the Southern European operation and that is mainly driven by the operational results in Italy, where we still see very good development.

On the fixed telephony side, which not is the future for us but, of course, we need some focus there because it's still generating quite substantial cash flow. I think the EBITDA level in absolute terms was almost the same as it was a year ago and we delivered on the fixed telephony an EBITDA margin of 12% compared to 9% in 2007.

The strategic review is, of course - the reason for that is, of course, to be able to deliver better shareholder value and gradually move the company into more higher margin products like mobile telephony and broadband. When I say broadband, I, primarily, mean the direct access and LLUB. The indirect access on the broadband part is primarily a kind of waiting zone for customers before we take them on on the direct access. A year ago roughly 50% of the revenue was coming from the fixed telephony. That figure is today down to 37% and we also increased

the proportion of the mobile from 37% up to 44% and the same trend goes for the broadband, which represented 14% in the first half of 2006, which now represents 19%.

The reason for us running the company is, of course, to create the best profitability and on the next line you can see the EBITDA contribution where we have a nice trend on the mobile telephony, driven of course – the increase primarily comes from Russia and the Baltics, where we still see very good development. The broadband part is still affected by the launch in Germany in the second quarter. Also worth mentioning is that the fixed telephony contribution is stable.

Moving on to the mobile telephony part, as I said before, an increase – topline increase of roughly 25%, mainly driven from the Russian performance where the EBITDA margin ended up on 33% in the second quarter of 2007. We believe that this is not – this is something we can continue to improve on and the targets for the Russian operation within the existing footprint are to reach between 35% and 40%.

The fourth bullet point here – clean-up of customer base in the Nordic market, I think it is the wrong expression because it is actually – we have adopted a no kind of criteria for when we consider a customer active or not. Before we consider a customer active, twelve months – on the prepaid side, twelve months after the last top-up. Today we have reduced that down to six months and that resulted in a so-called clean-up of 759 customers. What is interesting also to mention here when it comes to the Swedish market, which delivered an EBITDA level of 38%, comparing apples to apples, we increased the number of subscribers by 46% in the quarter and that is among the highest for a year or a year and a half. So we strongly believe that we are gaining much in the Swedish market and the guidance we have been given when it comes to the Swedish operation is that if we gain market share, we do believe that the EBITDA level will be trending down to 35 short term. If we maintain at the same market share, we do believe that we can trend the EBITDA level up against the 40s.

On the broadband side, I would say we had a robust broadband intake in the second quarter, adding 221 new broadband customers and the result – the EBITDA result was then, of course, affected by the launch in Germany which took place in May. Southern Europe has turned the corner when it comes to operational performance and I think the major reason is, of course, that Italy has now turned into – they have started utilising the economical scales and they have got the critical mass and we expect that trend to continue.

On the next one we talk about the fixed line telephony, still generating an EBITDA of close to SEK 1.2 billion the first half-year. I would say that – when difficult - the future for Tele2 so I do think that the drop in customer base there, I would say was compensated in absolute terms, definitely by an increase in EBITDA margin. One of the reasons for the increase in EBITDA margin is, of course, that we are less aggressive when it comes to defend the customer base with all means. It means that the acquisition cost must meet the expected gain from each new customer we taken on.

So, summarising my initial part of the presentation, I will say we have a good development in the re-alignment process and we expect more to come before year-end. We have implemented a minimum EBITDA hurdle of 20% to each of Tele2's geographies and we should meet them definitely in medium term, otherwise we will exit. We are convinced and we are focused on concentrating on footprint. And I think the third point I want to touch upon is that I think the operational development in more or less across all the footprint was good and I think, in particular, on the mobile side and the swing we saw in Southern Europe.

With that said, I would now like to hand over to Mr Lars Nilsson. Please Lars, go ahead.

**Lars Nilsson:** Thank you, Lars-Johan. If you did not get the first slide in my presentation, you can find that in Q2 2007 and there you can see a revenue coming up for the first half of the year, which is 5.3%, and for the last quarter it was close to 6% - 5.8%. The EBITDA margin for the first half

reached 12.4% and if you look at the last quarter, it was 13.2% and you can see that we have a strong EBITDA growth compared with last year. The capex for the first half is close to 10% of revenues and we have depreciation rate around 8% of sales.

We have also prepared another financial statement where we have a sort of pro forma where we have excluded the entities we have sold, so you can see a more on-the-line performance where we have excluded Alpha, Datamatrix, Denmark, Portugal, Hungary and Tele2 Denmark, so that is the on-the-line business. And there you can see actually we have an even higher growth – revenue growth – 7.4% for the first half-year and 8.3% for the last quarter and the EBITDA margin for the last quarter was up to 13.7%, so that is the business we are running right now.

Operating revenue per segment - in the slide you see five quarters in a row and you can see that we have had a stable growth in mobile as well as in broadband. For the first half-year of 2007, we increased the revenue on mobile by 2.4 billion and that was offset by a decrease in fixed line of 2.4 billion and on top of that we add in 1.4 billion in revenues of broadband. So you really can see a shift from fixed to mobile and broadband.

Also on the next slide you see five quarters in a row and we look at EBITDA development. We have increased – as we saw on the last slide we increased revenues in mobile. That has also given us a very, very good return and the EBITDA margin for quarter 2/07 increased by 24% and for the first half it was 23%. And the fixed telephony – despite that they have lost some revenues, is still a very significant contribution to the result. On broadband you see a strong net intake. For the last three quarters we have around more than 200,000 new customers as a net intake. The EBITDA is still, as you see, negative and for this quarter we have start-up costs – also for the last quarter we have start-up costs, especially in Germany. And, as Lars-Johan mentioned, before we have a very good example how we should achieve, and that is Italy, where we have now for the first quarter – we have posted a break-even result and we expect better profits for the coming quarters.

Mobile is the star performer when it comes to growth – when it comes to not only sales growth but also earnings growth. We had a sales growth in Q2 of almost 26% and an EBITDA increased by 47% up to 1.4 billion EBITDA for the last quarter. And the margin in Q2 was 24% despite the fact that we still have losses in France and Croatia, but that is definitely offset by Baltic Russia, Sweden and – yes Baltic Russia and Sweden.

The clean-up of customers we have talked about but I think I have to say more about that. So then we should look at the different markets in mobile. We are starting with Russia and in Russia – Russia where you see a fantastic improvement – we have now 7.9 million customers and medium to long term target in the existing regions, we talked about in June and our capital market there is a target of somewhere between 10 to 11 million customers. The ARPU we posted in Q2 of SEK 56 and the long term target is \$10 and we are striving for an EBITDA margin of between 35% and 40%. In the last quarter it was 33%, so a good momentum in the Russian operation.

Another strong performer is the Baltic region - revenue growth of 18% and EBITDA of 15%. We think that we – or the objective is, of course, to maintain the strong earnings level and revenue level and we also now see positive developments and opportunities in the corporate segment.

Then we touch on the last area in mobile and that is Sweden. EBITDA margin for the last quarter was 38%, despite the fact that we actually added 46,000 new customers. And when you follow the EBITDA performance, quarter by quarter, you should bear in mind that in Q4/06 - that was the first quarter we had full – we had subsidised the handsets in our sales, so probably we have – hopefully we have reached some kind of break-even there and now we can improve further.

Yes, and then a little bit about the balance sheet. You can see that we had a net debt of SEK 17 billion at the end of June but now in July we see some SEK 4 billion as a result of the sales of the French operation fixed and the operation in Denmark. For this – so the net debt has come down and in the first half we posted one of losses in connection with sales of assets of

SEK -525 million. I would say in July we have a positive result of at least 800 million as a result of the sales in France and Denmark.

Capex illustration in the next slide – the investments for the first half is somewhere around two and a half billion and I must mention that depreciation is lower, it is 2.1 billion and when you look at the depreciation of our activities, you can see that we have a quite high depreciation on the broadband business, actually some 20% of revenue - that is the start-up cost here - and some 7% in mobile.

So then in my last slide I will just go through the tax situation. As you have seen in our report, we have a quite high tax cost in Q2 – a tax cost of SEK 330 million – but there you should bear in mind that we have a one-time effect of some SEK 228 million. The biggest part of that is the fact that we have taxed loss carried forward assets in Germany and in Germany they have reduced their corporate tax from 40% to 30% and that has given us a negative – or a tax cost of SEK 193 million. And we have also – we had to when we closed some operations – sold some operations – we had to evaluate the taxed loss carried forward in C3 and that is another cost, so calculated the one time effect is SEK 228 million. So the on-the-line tax for the period is the SEK 100 million and for the first half SEK 124 million, and that is more in line with the result here.

**Lars-Johan Jarnheimer:** Thank you, Lars, and that concludes our comments on the results for the second quarter of 2007. Now we will be happy to take any questions you may have. Operator, can I please have the first question?

**Operator:** Certainly. The question and answer session will be conducted electronically. If you would like to ask a question, please do so by pressing the star key, followed by the digit '1' on your touch-tone 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 'star 1' on your touch-tone telephone to ask a question. If you find that your question has been

answered, you may remove yourself by pressing 'star 2'. We will pause for just a moment to give everybody an opportunity to signal for questions.

We will take our first question from James Rivett from Citi. Please go ahead.

**James Rivett:** Good afternoon, gentlemen. I've got three questions if I can. You have had a great performance once again in Russia. Can you explain why your margin targets are not sort of long term closer to those of the other players in the market. Is this just conservative or is there something structural within this business that means that it is always going to have lower margins than the competitors? The second question was on Swedish mobile. You know it is very clear that you are taking market share at the high end of the market. Is there any signs out there today that your competitors are responding to this or are they just happy to watch you do what you are doing? And finally can you give us an update on the German DSL launch. You know when should we expect that and when should we expect you to reach this sort of magical 20% margin target? Is that sort of 18 months after launch as it was in Italy? Thank you.

**Lars-Johan Jarnheimer:** Thank you very much. If I may start with Russia then, we might be conservative but I am conveying the message I get from the local operational guys there. What we have seen and the explanation for the big gap there is, of course, that we start to become more and more the first choice for the customer. In the multi-sim market in Russia where the customers tend to shift course from time to time and who they call and where they are, I would say we have definitely become very much the first choice for many customers there. The targets are 35 to 40, I think that is what we have set. One of the reasons for us not being extremely high compared to the others in the Russian market, is that we have not approached the corporate market yet and I think we all have a lot to do still in the consumer market there, but I think we are – we really want to keep promises, so the first promise is that we should deliver between 35 and 40 and let's take that step first.



The second one regarding the market share – the response – I think you are right when you say that we have definitely been [*break in audio*] ...

**Operator:** Hello?

**James Rivett:** Hello?

**Operator:** Mr Rivett, your line – the lines are still open – all the lines.

**Lars-Johan Jarnheimer:** Regarding the market share, we have not seen any response yet. I think that we have to get used to penetration of more than 100% because the tendency we see is that people start to have different subscriptions for different services and that will continue. I think, based on the announcement from Telenor, it seems that they are very much focused on bringing their operation into a profitable mode, which then probably makes them a little bit calmer. But, given what I know now, I think the market will continue to be quite stable for the rest of the year. You never know but that is, at least, our judgment.

The German launch – we had what we call a ‘soft launch’ in May where we tested our system. The outcome is that we are all much better in applying the processes to start up this kind of business. We are now evaluating the customers we are getting, what kind of ARPU we get, etc., etc., and hopefully I can give you more details in the next caller results. We expect the speed of growth to increase in the third quarter. Normally back-to-school activities are quite high in Germany. The only issue there is how many customers are we able to process in the time frame of September, how big will the backlog be? That is still something which needs to be considered but the course for adding on customers will increase in the third quarter in the German market. Our hope though is that we will be able to compensate that with an improved profitability in Italy, depending on their intake. I think that covers James’ questions.

**James Rivett:** Very clear as always, thank you very much.

**Lars-Johan Jarnheimer:** Thank you.

**Operator:** Thank you. We will take our next question from Andreas Ekstrom. Please go ahead – from Carnegie. Please go ahead.

**Andreas Ekstrom:** Thank you very much. Two questions – the one on broadband and the one on the balance sheet. In previous calls you had a slide where we could see the acquisition course for broadband. In Q1 it was broadband reselling 1500 Krone and direct access 1800 Krone. That slide seems to be missing this quarter. Can you give us an update of how the trend has been in the second quarter?

**Lars Johan Jarnheimer:** It is not on purpose. Maybe we could put that in again. I think the trend for the – it has been flat compared to previous quarters and also in conjunction with that question, you also see that the ARPU came down on the broadband. The reason for that is the mix between corporate and residential. I mean half a year ago the corporate part in Versatel and Communitel in Spain represented a much bigger proportional part of the broadband. So I mean acquisition cost and ARPU goes hand in hand but, to answer your question, it has been stable.

**Andreas Ekstrom:** Okay, thank you. Second question to Mr Nilsson on the balance sheet - you said that you have now received the proceeds for the French divestment and the net debt to EBITDA is coming down and I guess it is fair to assume that you will get more proceeds from coming divestments. Have you thought anything about the balance sheet going forward – how you would like to structure that in terms of, for example, a share buyback, etc., or is it too premature to talk about that at this stage?

**Lars Nilsson:** I think it is definitely too premature because you know we are just in the middle of the re-alignment process and there can be more disposals but, of course, there could also be acquisitions so I think it is too early to raise that question but, of course, it is very important for us for the future. When we have gone through the whole process, I feel we will be given more clear guidance on that.

**Andreas Ekstrom:** Okay, thank you.

**Operator:** Thank you. We've got a question now from Ulrich Rathe from Desdner Kleinwort. Please go ahead, sir.

**Ulrich Rathe:** Thank you. Good afternoon. One question on Italy and I was just wondering whether you feel the marginal expansion you have seen there now is sustainable, i.e. whether this is a more sort of an underlying growth margin expansion or it has something to do with the subscriber development in the quarter. And then I have two just very short clarification questions. You talked about the backlog in Q3. I was just wondering are you talking about the backlog from Q2 into Q3 and, if that is the case, I was just wondering whether you have a sense of how that has shaped up now that we are already in the middle of Q3 – or whether that is just a backlog of orders you are getting towards the end in the back to school season and that you have to fulfil only in Q4. And the third sort of clarification – the second clarification question is with regard to the subscriber clean-up in the Nordic mobile market, the ARPU's you're giving here, are they on the basis of the new or the old counting, i.e. do they include these customers that you are now not counting anymore or are they including them? Thank you.

**Lars-Johan Jarnheimer:** Let's start with the last question. The ARPU now given in the report is based on the new subscriber base given after the so-called clean-up. Regarding the backlog, sometimes if you have a big sales campaign in September or let's say that you get it very concentrated in the last month of the quarter, you very often get acquisition costs in that quarter

but you will not see the customers start to generate money before the following quarter. So my experience is from previous years that when you are very aggressive – not only Tele2 is aggressive, many other players are aggressive, which builds up – half the time it builds up a backlog which is put in. I mean the customer gets active in the third quarter. I think we are much better in handling these today compared to a year ago when we saw backlog figures of maybe 40,000 to 50,000 subscribers. I just want to mention it. I do not think it is a big issue. I just want to underline it.

On Italy, I think the improvement is related to that we have reached a critical mass and we have today full strength of, I think, roughly 47% in the Italian market and we are better in taking care of the customers. The churn is stable and I would say the whole overall product works much better and the customers are more satisfied, if that is an answer enough.

**Ulrich Rathe:** Thank you very much.

**Lars-Johan Jarnheimer:** Thank you.

**Operator:** Thank you. We will take a question now from James Britton from Lehman Brothers.  
Please go ahead.

**James Britton:** Thank you very much. I've got three questions please. First of all at Comvik, can you explain why service revenue growth has pulled back slightly, given you have obviously had a strong quarter for customer growth and you have moved to permanent billing from prepaid for the full quarter, so presumably pricing has become a bit more stable. Secondly, in French Mobile, I am just wondering why you are pulling back from a customer growth strategy when you have not really reached critical scale to drive possible EBITDA at this point. And third – again just from expectations for the German launch cost – is there anything that you are willing to say just to

give us a pointer for how much you are going to be investing in that market in the second half, just so that we are not alarmed when the numbers come out for Q3 and Q4?

**Lars-Johan Jarnheimer:** If I start with the easy ones, then we start with French mobile. Why have we held back there? I think one reason is that we would like to concentrate to get the deal on the fixed and broadband finalised. That is one point. The second point is that we are right now in a negotiation with [unclear] when it comes to contract – and that is another one. So we have deliberately been quite slow in the market in the second quarter. That is the only answer I can give you.

When it comes to Germany, I think we had a discussion here earlier this morning and some analyst said that the cost before the launch in the German market has affected us roughly between SEK 40 and 50 million and then I said that maybe it will be up to – if everything goes well, we might double that. Then my CFO corrected me and he said not really, but somewhere there between SEK 50 and SEK 100 is what we have said.

So, sorry I did not understand that question but I have my very short IR manager, Mr Torstensson, probably understood it.

**Lars Tortensson:** Maybe, just to understand you correctly, you mean that if you look at the underlying growth or the growth of the Swedish Mobile asset, which was about 8% in the first quarter – it is now about 5% in the current quarter and the reasons for that – is that correct?

**James Britton:** Yes, you are absolutely right. I am sure there are a couple of factors actually supporting better growth and it has been worse. Can you explain that?

**Lars Tortensson:** Yes. There are probably a few reasons for that. I mean I daresay if you look at the quarter stats, we have had the – in the Swedish market we had a lot of days off – working days off – as well which has affected the corporate base.

**Lars-Johan Jarnheimer:** And I have another answer on that question which – you have to interpret rightly and it is probably not right, if you are leading a company to blame, but the weather has a very big impact on the mobile and I think in Sweden one out of these three months we had good weather.

**Lars Tortensson:** The third reason, James, is that the situation in the second quarter is probably just a situation in the second quarter and the third quarter is probably a bit more like the – a bit more back to normal, so to speak.

**James Britton:** Okay, so can you just confirm pricing has actually been pretty - or has stabilised a little bit in the second quarter.

**Lars-Johan Jarnheimer:** In the subsidies on handsets?

**James Britton:** No, just average pricing.

**Lars-Johan Jarnheimer:** Yes, well – yes I mean pricing has very much, yes, yes.

**James Britton:** And then finally, just can I clarify on the French mobile investment, did you say 50 to 100 million per quarter or is that for the second half?

**Lars-Johan Jarnheimer:** The German launch on broadband?

**James Britton:** Sorry, that is what I meant, yes.

**Lars-Johan Jarnheimer:** So just let me clarify that – in the second quarter in the German direct access and LLUB we lost about 60 million in the quarter. That would mean that going to the third quarter, we probably would be in the range between 50 to 100 million as a loss. Is that helpful?

**James Britton:** That is perfect, thank you.

**Operator:** Thank you. As a reminder, if you would like to ask your question, please press 'star 1' on your telephone keypad now. We will take our next question from Anders Wennberg from Ram. Please go ahead.

**Anders Wennberg:** Hello, Anders Wennberg from Ram. A few questions on broadband, if I may. First on Italy, you have improved more than the 80% a year goal, but it was a very, very small base to break even. Can you help us understand how the margin improvements have been on a quarter to quarter basis to get a feeling for how fast the mobiles are expanding. Also can you elaborate a little bit on what has been driving this? Is it better growth margins? Is it cost base and you are getting leverage around that or is it lower acquisition costs? Secondly on Germany, we talked quite a bit about the test for broadband launch in Germany. Would that imply that Germany gets a longer time to reach its 20% EBITDA margin growth you stated on the Capital Markets Day. And the third and last question – a very detailed question - how much did Victory Challenge and Louis Vuitton Cup cost in the quarter? I guess that will be going forward, but it will be quite a bit of cost than the last quarter?

**Lars-Johan Jarnheimer:** If I am rightly updated, I think we took a cost last year of 25 million and also another 25 million divided into three quarters in 2007. I think that answers that question. On account of the underlying improvements on the broadband side, I would say, to make it easy for myself, that yes it is a combination of all these factors but I think the biggest factor is that when you reach the critical mass and when you have the base structure of the network very much of

the cost to install these lines is, I would say, relates to the first customer and also, when it comes to the overhead costs – when it comes to billing system, etc., which then really generates an improved growth margin, so it is a combination of all these. And then you had a question regarding...

**Anders Wennberg:** How much has the margin improved substantially in the second quarter as compared to the first quarter?

**Lars-Johan Jarnheimer:** On broadband?

**Anders Wennberg:** Yes. In Italy.

**Lars-Johan Jarnheimer:** In Italy, we have not disclosed Italy separately but I think you can see the sequential – you can figure it out.

**Anders Wennberg:** And then on Germany and the time frame – how long?

**Lars-Johan Jarnheimer:** I think when it comes to time frame, we are not treating Germany differently than any other countries because at the end of the day it is the return on each Swedish Krone spent and it does not matter if it is done in Germany or Italy or Sweden. The only thing which is interesting is how do we get the best return.

**Anders Wennberg:** Okay, thank you.

**Operator:** Thank you. As a final reminder, if you would like to ask a question, please press 'star 1' on your telephone keypads now. We have a question now from Peter Nielsen from Cheuvreux. Please go ahead.



**Peter Nielsen:** Thank you. Peter Nielsen from Cheuvreux. At this stage, I only have one question left.

You talk about strong price inflation in the Norwegian mobile market. Would you say that this is something which you have initiated and how do you see the sort of environment there now?

Thank you.

**Lars-Johan Jarnheimer:** I think, based on that, we are changing, I would say, supplier or host in the Norwegian market. I think that Telenor definitely want to regain what they lost when they lost our contract but I would say that from our horizon it has been quite stable, I would say.

**Peter Nielsen:** Okay, thanks.

**Lars-Johan Jarnheimer:** Thank you.

**Operator:** Thank you. We've got a question now from James Britton from Lehman Brothers. Please go ahead.

**James Britton:** Thanks – just a quick one. Can you just detail what was the 3G network effects - recharged Comvik in Q2, please.

**Lars-Johan Jarnheimer:** I would – could I get back to you on that one. We do not have it in front of us right now. It should not be much different from the first quarter – the 21 million.

**James Britton:** Yes, yes.

**Lars-Johan Jarnheimer:** So, I mean we are still talking about 5% of our total traffic being on the Sweden network sales; there have not been any major changes there. So I think that the variation should not be that large from the first quarter but I will definitely get back to you on the exact number.

**James Britton:** Okay, thanks very much.

**Lars-Johan Jarnheimer:** And if no – we have one more question. Please go ahead.

**Operator:** We have a question from Soomit Datta from Newstreet Research. Please go ahead.

**Soomit Datta:** Hi, sorry, one just quick question please. On Holland, I think Versatel has signed a couple of deals or should I say some agreements or memorandums of understanding regarding use of the local exchanges in Holland and also I think on wholesale broadband access. Can you elaborate at all on those deals and, you know, if not, perhaps just give us sort of a general sense of how you think they might impact your view on the Versatel aspect going forward. Thank you.

**Lars-Johan Jarnheimer:** When it comes to the new generation network in Holland, it is nothing closed or nothing signed yet. We are still having a very fruitful discussion with KPM and, based on the statement I saw a couple of months ago that KPM is like Tele2 and I think it is nothing to be over-nervous for. I think we get the support we can expect from the regulator and I think that is the only comment I can give right now. It is nothing finalised.

**Soomit Datta:** Okay, thanks.

**Operator:** Thank you. It appears there are no further questions at this time. I would like to turn the conference back over to you for any additional or closing remarks.

**Lars-Johan Jarnheimer:** Thank you, operator. We will release our results for the third quarter 2007 on October 24<sup>th</sup> and we look forward, of course, to keep you updated on the developments of the Group's operation 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 and support of Tele2. If

there are any further issues that you wish to discuss with Lars off the phone – either Lars Nilsson or myself – we are available to deal with these on a one to one basis and feel free to contact us or our IR team directly. Thank you and goodbye and have a nice summer. Thank you.

**Operator:** That concludes today's conference, ladies and gentlemen. Thank you for your participation and have a good day. You may now disconnect.