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Harri Koponen
Lars Nilsson

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LARS TORSTENSSON: Good morning everyone and a warm welcome to the third quarter 2009

conference call. My name is Lars Torstensson and together with me today I have our CEO Harri Koponen and CFO Lars Nilsson; also our information manager, Pernilla Oldmark.

I would also like to take the opportunity to welcome everyone that has joined us via the web. As always, please remember that you can send your questions on line.

Today we have an exciting agenda. We are going to start off with our CEO presenting his review of the quarter, handing over to Lars Nilsson for the financial review of the quarter as well. Then we are going to end up with some concluding remarks and, as always, open up the conference call for Q&A from both the web and the telephone conference.

Without any further delay, I would like to hand over to our CEO Mr Harri Koponen, thank you.

HARRI KOPONEN: Thank you, Lars. Welcome to this conference call and I am happy to present the strong results from Tele2. Again Tele2 delivered a very solid quarter with all regions performing now well. In the Nordic regions Tele2 showed a strong customer intake both in the prepaid as well as in the postpaid segments. In the quarter we launched seven new regions in Russia, our total operations added 1.1 million new customers. We are keeping the momentum on rollouts according to our plan or even better. In Central Europe we are gaining market share and we are taking this opportunity to leverage our best deal position in the countries, to create a solid platform for the future growth. Our Western European operations delivered a strong result. The Netherlands is the strongest contributor, making up two-thirds of the regional total contribution.

If we go region by region and our Nordic market first. We had a strong customer intake in Sweden welcoming 107,000 Smarts mobile customers to our networks. The intake was driven by both segments adding 57,000 new prepaid customers to

our mobile internet and another 50,000 postpaid customers. I strongly believe that our best deal position will lead to new contracts as the market is getting more and more price sensitive in the times of economic turmoil.

We can already see this trend in the third quarter with big contract wins and renewals like Karlstad's Municipality, Neulion(?) and Maklarsamfundet here in Sweden.

If we then move to the market area of Russia. Our Russian operations continued to deliver a strong net intake and good margins in the old regions at the same time. We had a record high net intake in the third quarter with not only the new regions performing but also the old regions adding 359,000 new customers. The role of new regions is becoming more -- more efficient machinery and we are fine tuning it more and more. With 1.1 million new customers during the quarter I would say that our distribution strategy is proven and it is working well.

When we go to the Russian footprint, this chart shows you our footprint in Russia. The regions highlighted in dark blue are the regions that we have commercially launched from 2003 until the second quarter of 2009. The regions highlighted in yellow or orange are ones that we have launched during the Q3, and the green ones are the regions that are going to be launched in the first half of 2010.

We added seven new regions during the third quarter and this takes us up to 25 fully operational regions. We now have a solid experience in rolling out green field operations in Russia. We are therefore confident that all regions will be launched by the first half of 2010. We will continue to selectively look for acquisitions in the Russian region and Federation when and where it fits to our corporate DNA and our numbers.

When we look closer at the Russia numbers, as I earlier said, it is not only the new regions that are performing, I am also proud to say that we have a strong net intake in the old regions as well, as you can see from this chart. Our strategy is that we will certainly improve the operational contribution of our matured regions to support

the rollout of these commercial networks in our new regions. Right now it is working very well, this plan.

Then we go to our more mature region, West. If you are not the biggest, not the richest player in the market you have to be both faster and smarter than the incumbent. In the Netherlands we are working hard to be creative and launch new products in a smart way. The VDSL, which stands for Very High Digital Subscriber Line, business is an excellent example of this, which has been launched in Holland and it is working well. We also successfully change our MVNO, which stands for mobile virtual network operator host, to the T-Mobile during the quarter and that transit went well also.

Our operations in the business segment are the gold standard for the group and we are leveraging our expertise in the Netherlands and the rest of the group. We currently have 7% market share of the corporate segment in the Netherlands and we are the clear alternative to the incumbent. This marks the potential for the segment going forward and for the whole rest of the group because we are using these resources in other parts of the group as well. I feel confident saying that we are investing for the future considering it's a proven track record.

Then we will move to our central market area. We have a solid net intake with Croatia back on track, adding 70,000 new customers. The Baltic region is still struggling from the economic turmoil but we have a strong position and we have been gaining market share and as part of this tough GDP hits we have been able to kind of keep our momentum growing.

A few words about the economic development. As we said earlier, tough times never last but tough companies do. That's why we have new targets for the group. The EBITDA hurdle at 20% is maintained. We have now added that we are targeting an EBITDA margin for our mobile operations on our own infrastructure in the mid 30s. The return on capital employed target for the group is 20% and Lars will tell you more on where we stand on this later in this presentation.

Then we are going to the deal that we presented to you on the capital markets day, the strategy is very simple: Tele2 always offers the best deal to our customers. We are creating this position through price leadership, by having best in class control, we are benchmarking this against other operators and ourselves to continuously make sure that we really are best in class in this cost matter.

The second component is expected quality and our quality network has been rewarded during the year by several independent magazines and organisations, not only in Sweden but also elsewhere, including Holland and large remarks came from Latvia a few days ago when the independent regulator actually said that our network was the best in the country.

On top of this we believe that we have to offer a standardised product portfolio with products that are easy to sell, easy to use and easy to buy.

With these words, I will now hand over to our CFO, Lars. So, please, Lars, you can now present the fantastic numbers.

LARS NILSSON:

Good morning, everyone, this is Lars Nilsson talking to you and I hope that this result which I will talk about also represents the best deal for you as shareholders. We are very satisfied and proud of the result where we generated growth for the quarter in revenues by some 3% and an EBITDA growth of 6% so we end up in almost 2.4 billion EBITDA in absolute terms and 24.3% as a margin. Compared with last year we continue to grow the margin.

Only some positive one-off items of SEK160 million led us to an EBIT of SEK1.6 billion and a normalised EBIT margin of almost 15%, also an improvement compared with last year.

The financial items for the period as well as taxes for the period was, as you can see, positive and I will try to explain this in the coming slides. But this led us to a net result of almost SEK2.2 billion. Quite a change compared with last year.

Then our net result for this continued operation, you see a negative result of almost SEK500 million and that's related -- most of this is related to the discontinued

operation in France where, as you know and as we reported, we took a hit on goodwill. Going forward we expect we should close the deal in France and, of course, that will give us positive cash of course of some €50 million.

If we then look at the year to date results, I can just repeat that we are increasing the EBITDA margin of 24% and an EBITDA growth in absolute terms of 16%. EBIT, normalised EBIT now of 14.4% so that's also, I think, a major improvement. When it comes to the financial items I think it is better to look at them from the year to date numbers. You can see a cost of SEK376 million. Most of this is net interest expenses of SEK349 million. The currency effect in our investment you will see in the comprehensive income, so please look at the comprehensive income. So I think that this result, year to date, represents the underlying business here.

Taxes, only SEK179 million as a loss for the period -- or as a cost for the year but I will explain that in the next slide. In the slide that is coming up now. There you can see that we have -- when it comes to income taxes as well as the cash flow, we have some one-off or extraordinary items which I have to explain for you. As you see in the first quarter we had a tax cost of SEK196 million related to the old Sec(?) tax dispute. In this quarter, Q3 of this year, we actually posted some positive result and most of this is driven to deferred tax assets in Luxembourg. So all in all year to date we have a positive tax income of SEK666 million net. So you can see the normal underlying tax cost is minus SEK845 million, that leads us to a reported number of minus 179. Going forward you should more focus on what we report here as normal.

The same applies also for the cash flow for taxes. That we have normal tax payments of some SEK390 million or roughly SEK100 million per quarter. And you know we had some one-off tax payments in the first quarter of next year. We will keep you updated on these one-off items going forward of course.

Currency development, what has happened with our currencies. If you look at the balance sheet you see that the krona has strengthened against the Euro and Euro pegged investments with 6% year to date and 11% against ruble. If you look at the

income statement you can see that the year to date average -- we still have a stronger Euro of 14% and then ruble has lost some 6%.

On the next slide you can just see -- in order to see what kind of exposure we have in foreign currencies you will see what kind of investment we have. Of course as a consequence of us building or adding more regions in Russia, of course the exposure to ruble will gradually come up. For Euro you see the result of, among other stuff, us actually having sold the France operation and taking the goodwill hit from that.

Cash flows. Not only strong income statement but also strong cash flow for Q3. All in all from operations we generated some SEK2.6 billion, which we have used of course for CAPEX, a CAPEX of SEK1.1 billion which gives us a cash flow after CAPEX of SEK1.5 billion, and just some small MNA activities. So all in all we generate SEK1.3 billion for the quarter and year to date we have generated, after acquisitions, SEK2.8 billion. That will lead us down to a quite strong balance sheet where you see that we gradually continue to strengthen the balance sheet and our net debt to EBITDA is close of 0.5. Return on capital employed, as we talked about during the capital market day, we have a target and the target is 20% and we are now in the range of 18% but you can see here the trend from 2007, so it is going in the right direction but the goal going forward is 20%.

Then a little bit about the numbers. Net intake, here you can see the net intake per segment and, of course, a very strong growth in mobile for the quarter driven by Russia, not only the new regions but also old regions. Quite flat on fixed broadband, you hardly can see it on the graph actually. And then we have the continued trend of losing fixed telephony customers.

On this slide you can see the breakdown on -- we can look at group customer stock and you also can see there that we are all the time growing an absolute number with mobile customers and you can also see a breakdown of the mobile customers stock. There you see that, of course, we grow in pre-paid quite a lot and that's driven from Russia but you can also see small, small red bar there related to mobile

internet. Mobile internet growth, of course, in percent is still quite a small number of customers if we look at the total.

Net sales, the trend continues and mobile -- if you compare mobile fixed broadband and fixed telephony, mobile is now 75% of revenue and that will continue to grow going forward. EBITDA, all businesses are now showing positive margins and we are, as we mentioned before, about 24% and we have positive development more or less all over the place. If we then continue to mobile there you can see that overall mobile EBITDA now is some 25.8% for the quarter and a quite stable margin.

What I would like to draw your attention to is what has happened with the Swedish mobile margins, and we got a lot of questions of course about the development. If you look at this slide you can see that the yellow line here represents the number you see in the report with a margin drop from Q3 2008 where we were at 35.4% to 30.6% in this quarter, i.e. a drop of 4.8%. But please be aware that the margin is sort of temporarily negatively affected by increased costs for hardware and that is mainly handset phones related to our postpaid customers.

In our accounts we, I would say prudently, take the costs for the hardware up front and then report the revenue when we get the instalment fees from the customer. So that we take the cost up front and report the revenue in the coming 12 to 24 months, depending on the length of the contract with the postpaid customer. If I perform the -- match the cost for the hardware with instalments we get from the customers, the margin development would have been at what you can see on the red line. So the red line actually represents the underlying development and there you see -- of course you see still that the margins go down a little bit but it's not as dramatic as you can see on the yellow line.

The underlying margin development is also negatively affected by reduced mobile termination rates. So if you remember when we had the capital market days we talked about 35% EBITDA margin for Sweden, you can see that we are not that far from this margin.

On the next slide you can also see the underlying ARPU development for our biggest markets, Sweden and Russia, and a relatively strong development in Sweden despite the economic environment and you should be aware that in the Swedish markets ARPU development has been affected by the fact we are taking on more mobile internet customers. Russia is quite flat and this is the ARPU in Swedish krona, and please remember that the Swedish krona has strengthened against the ruble so it's even better now when you compare it in local currency. Fixed broadband. We continue strong development. We are now at 20% and this development is, of course, mainly driven from Sweden but a big contributor is of course West, i.e. Netherlands and Austria. Fixed telephony continued to show a very strong margin. We are now up at 29% and it is still a very, very important cash contributor for Tele2.

Finally - or almost finally - we look at the EBIT. What you can see there is quite stable, 14-14.5%. For this quarter, we have quarterly written down surplus of some SEK73 million, 300 million on an annual basis. That is now written off so on an annual basis we will improve the EBIT result with some SEK300 million just as a consequence of this.

Finally, CAPEX. I think it is stable. Nothing to report and we have given you our forecast for the rest of the year.

That was the financials.

HARRI KOPONEN: Thank you, Lars. So good numbers and we are still keeping our eye on these numbers. We want to kind of improve ourselves even further. When will now go into the concluding remarks.

Going forward the strategy is simple, as I said earlier, that Tele2 always offers the best deal to our customers and as Lars promised that we try to offer the best deal to the shareholders. So those are two key groups for us as the management to keep happy, and also employees. They are coming the third important group.

We said that we launched seven new regions during the third quarter and we now have 25 fully operational regions in Russia and we are confident that we will launch all the regions by end of the first half in 2010. Then we have put aggressive goals to ourselves as a group. We are targeting a long term mobile EBITDA on our own mobile infrastructure in the margin of mid 30s, and what is key for us going forward is that we will be the mobile challenger that makes the life tough and sometimes unpleasant to the incumbents and brings the best deals to our customers, and that we try to deliver the value, quality and enjoyment to our customers so that they can really come in bigger volumes to our customer networks. I hope that this will lead to even better results.

So there is a lot of work to do, we are not getting too complacent and happy here, and we are now looking forward to getting your comments or questions. So, Lars.

LARS TORSTENSSON: That concludes our formal presentation regarding the results for the third quarter 2009. Now we will be happy to take any questions you might have so, Operator, let's start with the first question.

OPERATOR: The first question comes from the line of Mr Nick Delfas from Morgan Stanley, please go ahead, sir.

NICK DELFAS: Thanks very much. Thanks for the slide 27 on the margins, that was quite interesting. I guess if you are netting off the handset revenues, the subsidies, then the revenue trend would also be different. Could you give us what the revenue trend would be if you accounted for the handset subsidies in a net fashion as you were showing with the margin? Thanks.

HARRI KOPONEN: One thing before Lars answers the question that I want to clarify, we don't subsidise the terminals. The only thing we perhaps subsidise is the interest rate that we don't

take back but it is instalment fees what we are collecting from the customer so we get the money back from the customer, it takes a few years.

LARS TORSTENSSON: When it comes to the margin calculation for slide 27 and the red line, we have made an adjustment also for the revenue trend to be able to calculate the correct underlying EBITDA margin, of course. But if you would like to have the absolute numbers I think that Lars Nilsson could maybe enlighten you there.

LARS NILSSON: I can just give you some details. The revenue from the handsets here, or from handsets and other equipment and also the expenses, is somewhere in the range of 100-200 million per quarter. So that is the kind of range you should talk about. So on average some SEK150 million.

NICK DELFAS: And last year it was presumably much less than that?

LARS NILSSON: Not much less but it was less.

NICK DELFAS: Okay, thanks very much.

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

OPERATOR: The next question comes from the line of Mr Andrew Lee from Citi. Please go ahead, sir.

ANDREW LEE: Good morning, everyone. Just two questions. One on net debt. Your net debt is very low this quarter, do you think this is a sustainable base that can be further reduced into the fourth quarter with the French disposal and, if so, what does that do to your capital return strategy for this year and next. Should we be expecting an

uplift there? Just as an additional question to that, could you give us what your net debt target is for the medium term?

Secondly, on Russian mobile, MTS this week was talking up mobile data growth, an increased penetration of mobile broadband. Do you feel more pressure now to start thinking about a 3G or future 4G licence and, if so, do you think it's possible for Tele2 to get a 4G licence in Russia? Thank you.

HARRI KOPONEN: I will answer that last question and then I will answer partly the first question. Lars can be more precise but we have a clear dividend policy. We said progressively increase ordinary dividends. That is what we are guiding(?) to the people to know and last year we increased the dividend by around 11%. So we can't go beyond those lines because that is board mandate to us as a management. But now, Lars, you can explain the numbers a little bit, the capabilities.

LARS NILSSON: It is correct, as you see we have even felt the strength in our balance sheet and then if we get the proceeds from France it will be even better. But I can just refer to what Harri said, that we have a dividend policy and we also have a capital structure policy that we have said over time, in the medium term, we should be in line -- we should have a structure in line with the market, with our competitors in the markets we operate in but short term we are more prudent than that.

When we issue the full report in February next year the board will, of course, give their proposal for the dividend.

HARRI KOPONEN: The last part of the question is concerning the 2G, 2.5G, 3G, 4G licences. First of all this is a federal matter. The Federal Government will issue the licences whenever they want to do it, they are not yet there with 4G licences; 3G licences are. In our existing regions they have a mobile data 2.5G network so we are calling it the EDGE(?). All these new regions have EDGE capability and we are having some data customers and there are validated services in part it is creating but I

don't feel the pressure right now. We first have to make a solid performance in the voice side because there's a huge demand even in the voice side, the second seam(?) penetrates. And what we are focusing on moving the second seam in voice to be number one seam. So that's our current focus.

ANDREW LEE: Okay, thank you. Can I just follow up, just quickly, on your comments on dividend. Clearly that's an ordinary dividend policy and does not necessarily rule out a special, for example?

HARRI KOPONEN: Ordinary dividends, as I said.

LARS TORSTENSSON: It is a board decision, as you know, Andrew, and this is very much a Q4 topic and it will be addressed in the fourth quarter. But your assessment is right, if you look at the net debt profile of our company it is coming down, and as well this is compared to 2008 EBITDA so of course when we shift the base to 2009 the financial profile of the company is going to look even stronger. So we look forward to being able to answer that in the fourth quarter.

ANDREW LEE: Okay, thank you.

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

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

PETER-KURT NIELSEN: Thank you. A few questions, please. If I may return to the cost of acquiring new subscribers as you have just illustrated them to us, how does the acquisition cost actually report them for a mobile internet subscriber in Sweden and how does that compare to the cost of acquiring a voice subscriber as such.

My second question, ARPU in Russia has clearly been coming down, diluted by the currency but also by the launching of new regions, I presume. I know it is early days but is it possible -- do you have a feel for what the average spend is in the new regions compared to your old regions and the subscribers there.

Finally, you have obviously had a good quarter in the Dutch business, particularly in the broadband side, would you say that the broadband market and the fixed market in the Netherlands remains benign? Thank you.

HARRI KOPONEN: All that remains a good market for us and that is why we had this very high speed digital subscriber line service launched and it seems to be almost the only one in the market who is now gaining some share there. So we get that momentum going on and then I think that we have not commented anything about the subscriber -- the customer. We are not having a subscriber acquisition cost, we are having a customer acquisition cost, that is what we guided in the capital markets day. But we are not giving any guidelines.

LARS TORSTENSSON: Lars Nilsson could answer the acquisition cost and I can follow up then when it comes to also in the regions but Lars first.

LARS NILSSON: You have got me wrong about what we have talked about as Swedish mobile, here on the yellow and the red line. This just refers to the equipment which mainly still is mostly handsets which we actually -- the customer buys them on instalments and we take the cost up front. But of course the major part of this different between the yellow and the red line represents buy handsets not really for mobile internet.

LARS TORSTENSSON: So the cost for acquiring the postpaid mobile internet customer is relatively lower than acquiring a customer opting for a postpaid voice subscription. But when it comes to handset numbers we keep them to ourselves due to the fact that it's an important catalyst for us when we talk to the retailers.

HARRI KOPONEN: May I just be totally clear that we don't subsidise this hardware, we just sell them on instalments.

PETER-KURT NIELSEN: I understand that.

LARS TORSTENSSON: Then when it comes to the regions or the new regions being launched, it's a good question that you're having when it comes to the average ARPU level in the new regions. What we do when launching a new region is that we offer new customers a subsidised offering or an offering with a high discount. They always pay for the service so we never get away Sim cards but they always pay. What we've seen as a result of this strategy is that if they pay a fair amount on the subscription for the first month or so, the potential earning is quite low but it means of course that the first month of ARPU might be lower than the average ARPU of the group in Russia. So it is correct, the ARPU level for the first month or maybe even two months is a little bit lower but it usually catches up quite fast. That means the potential for earning is lower and after a few months on the promotion price they come up to a normalised level. That is why we feel certain that we will be able to grow ARPU, despite the fact that we are launching in new regions.

HARRI KOPONEN: I have to correct myself, we are actually also recovering the interest costs in this.

LARS TORSTENSSON: Does that answer your question, Peter-Kurt?

PETER-KURT NIELSEN: Yes, thank you very much.

LARS TORSTENSSON: Thank you. In that case, Operator, let's have the next question.

OPERATOR: The next question comes from the line of Mr Ulrich Rathe of Société Générale.
Please go ahead, sir.

ULRICH RATHE: Thank you. It's a follow up to some degree on what Peter-Kurt Nielsen asked. In Russia, could you comment on the sort of relative of the net ads in the new regions. So I assume you had something like 600,000 or so in the last month of quarter alone which would then probably have a relatively minor impact on the ARPU. So I was just wondering, what do you think is going to happen in fourth quarter? That would be my first question.
My second question is on Swedish mobile, would you say you are currently taking share in postpaid?
My last question is, in the Netherlands when you look at this very strong margin there, how sustainable is that or asked another way, what is the main driver? Is it mainly scale or is it low on marketing expenses or it is underlying cost cuts, what is driving the margin at this point and how sustainable do you think that is? Thank you.

HARRI KOPONEN: The first one, the Netherlands, it is now quite a sustainable model for us. It's not -- we are investing the customers there, we have a good mix of the corporate clients, the VDSL clients and then also this mobile MVNO contract has helped our margins. So it is a combination of the activities and cost cutting but we are actively actually investing also for the future in Holland.
Then the other questions --

LARS TORSTENSSON: Yes, I think just on the MVNO in Holland, the lion share of the effect is going to come in the fourth quarter from the new contract as well. Ulrich, when it comes to the development in the fourth quarter, when it comes to new regions, I'm sorry I don't know I really understood your question there.

LARS NILSSON: Will you give a guidance in the --

HARRI KOPONEN: We will not give a guidance.

LARS TORSTENSSON: No, I think it was another question. Ulrich, could you just repeat it?

ULRICH RATHE: All right, let's put it another way. How much of the Russian net ads were actually in the last month of the quarter?

LARS TORSTENSSON: We don't break it up on a quarterly level but we have around 260,000 in the first month and then we have the 89 figure saying 400 in the second month. So maybe that helps you.

ULRICH RATHE: It does, thank you. Then on Sweden, do you think you are taking share in postpaid?

HARRI KOPONEN: Let's wait, the incumbents are also replying the numbers but we are gaining now in our system.

LARS TORSTENSSON: Yes, exactly. We think that we are taking share at least from number 3 and number 4 in the market.

HARRI KOPONEN: You have to remember that in our numbers, there is nothing M to M in our numbers so when you get the other numbers, you know, we don't have a M to M, that is machine to machine kind of things, in our numbers there.

LARS TORSTENSSON: Ulrich, does that answer your question?

ULRICH RATHE: Thank you so much. Thank you.

LARS TORSTENSSON: Thank you. In that case, Operator, can we please have the next question.

OPERATOR: The next question comes from the line of Mr Stefan Pettersson from Nordea.
Please go ahead, sir.

STEFAN PETTERSSON: Yes, hello, moving to another subject here, on page 29 you showed the development of the fixed broadband margin and for the first time you managed to come in over your target 20% EBITDA margin level. Given the improvement in Holland and also in Germany, do you feel that this is a level that you are comfortable in maintaining going forward?

HARRI KOPONEN: That is our aim, yes. I always try to improve. Even from that, if the target is 20% it doesn't mean that we stop there.

STEFAN PETTERSSON: Then again to the ARPU level in Russia, in local currencies I believe that you improved the ARPU level and you also state that you have raised prices in some regions. Can you develop this a little bit further and do you see further potential to raise prices?

LARS TORSTENSSON: Stefan, it Lars Torstensson here. When it comes to raising prices it's very much a day to day event when it comes to Russia so it is hard to talk about any trends and it is very important for us to always provide the best deal when it comes to the Russian market. So if it is possible to raise prices of course we do that but we would never jeopardise our perceived price leadership.

STEFAN PETTERSSON: Okay, thank you.

LARS TORSTENSSON: Okay, Operator, can we have the next question, please.

OPERATOR: The next question comes from the line of Mr Jan Dworsky from Handelsbanken.
Please go ahead, sir.

JAN DWORSKY: Thank you. I would like to come back to the strengths and the opportunity for you to expand your footprint through acquisitions or new licences. Could you discuss it in terms of the hurdle rates for return requirements for new business and whether you, based on what you are seeing now, believe it is more likely to find opportunities within Russia or within the CIS countries?

HARRI KOPONEN: In this acquisition and merger MNA activities we never comment in public on what we are doing. We know that there is an interest from our side selectively looking at areas where we can increase our footprint in certain regions but we can't speculate and kind of think what to do next but if there's opportunity we will do it. Right now in this quarter we actually acquired the maturity -- the total ownership of Esequé(?). We still have one region left where we have minority shareholder. So we are doing both internal consolidation and also looking at possible new licences or opportunities in certain regions in Russia, not everywhere.

LARS NILSSON: Overall, when it comes to acquisitions and also expanding the footprint we have the hurdle for the group, as you know. It should be in line with the return on capital employed of 20% and also on the EBITDA margin of mid 30s. So I think we have quite clear rules for the game.

JAN DWORSKY: Okay, thank you.

LARS TORSTENSSON: Thank you. Okay, Operator, could we have the next question, please.

OPERATOR: The next question comes from the line of Mr Nick Delfas from Morgan Stanley.
Please go ahead.

NICK DELFAS: Yes, sorry, one follow up question on mobile broadband. So most of your postpaid net ads in the quarter in Sweden were mobile broadband, I think it is 43,000 out of 48,000. What are you seeing in your network right now in terms of congestion and how much do you think it is going to cost you to continue to meet that need?

HARRI KOPONEN: No congestion. Actually we had last week the big campaign where all the managers and directors, even me, we were having this Mermaid(?) test where our network is in so good shape that we believe that there is no bottleneck right now and we have a room in the existing network to grow quite a lot so that we don't feel today any strangulation in this regard.

NICK DELFAS: Okay, thanks.

LARS TORSTENSSON: Okay, Operator, we have a few questions from the web as well. The first one is,

"Best guess, when do you believe the costs for handsets will not be a burden for our Swedish mobile operators any more?"

We have said that we longer term have an ambition for all operations to be at the mid 30% level and that is a generous statement, but maybe Lars Nilsson could elaborate.

LARS NILSSON: Let me give you best guess, but as you understand over time this will even out so it will still be a burden, I would say, for next year. That means that the yellow line will be below the red line, so that I can tell you. But over time this will even out.

LARS TORSTENSSON: Then,

“When it comes to Q4 and potential Christmas campaigns in Sweden, if we expect EBITDA margin target to go below 30%?”

HARRI KOPONEN: No, we shouldn't give that kind of forecast for Q4.

LARS TORSTENSSON: Then we have another question as well,

“When do we expect losses in new regions to accelerate from current quarterly levels?”

When it comes to that specific question, we have given guidance for this year when it comes to the operational cost for the new regions, despite the fact that we increased the rollout pace to 14 new regions we have not changed the operational expenditure guidance so there you have all the numbers that I think you need. Then for next year we have divided the Russian market area up into two parts. The old regions should evolve -- continue to evolve from low 40s to high 40s over the next -- sorry, low 40s to mid 40s over the next coming 2 years and then the commercially launched new regions should be EBITDA break even within 2 years. Hopefully that will be enough for you to be able to model the expectations for the Russian operations as a whole.

LARS NILSSON: And we can refer to the EBITDA margin we gave on the capital markets day as well, where we had a forecast for these coming two years.

LARS TORSTENSSON: Exactly. Then we have also a questions from Yukos Brumilon(?) at Ram(?). An update on the progress with Network Norway.

HARRI KOPONEN: Still work in progress. As I said, I am not happy with the situation. We tried to work out the situation there. We have not yet started the massive rollout either but we are now in a situation where we tried to kind get fully in a consensus of how to move forward.

LARS TORSTENSSON: When it comes to CAPEX expectations for Norway, we have not updated the market on that. So as long as we are not rolling out the network we are not ready to give any guidance on capital expenditure.

Then it comes to also question around net intake in Croatia, we added 70,000 new customers in Croatia, is that a level that we consider to be sustainable?

HARRI KOPONEN: You know, it depends on what the competitors are doing. As you remember last quarter our competitors launched this kind of free launch for everybody and we didn't go and match up -- we thought it is better that we will stay out of that kind of unhealthy competition and it looks to be the right conclusion because now when they went out and the market came back to the normal situation we would be able to immediately attract the customers. The other big thing here in Croatia is that we will quickly launch our own regions to shut down the national roaming as quickly as possible.

LARS TORSTENSSON: That's going to be key for us to do --

HARRI KOPONEN: To get the profitability.

LARS TORSTENSSON: Exactly. Okay, so, Operator, is there any more questions?

OPERATOR: There are no further questions.

LARS TORSTENSSON: Okay, thank you very much. In that case, I would like to just inform you that we will release our results for the fourth quarter 2009 on 9 February and also we all here at Tele2 would like to thank you for participating in today's press and analyst conference call and we look forward to have discussions with you during the fourth

quarter and also look forward to talk to you once again on 9 February. Thank you very much and goodbye.