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LAURENCE: Okay, good morning, everyone, and welcome to our Q1 2013 presentation. We are doing it live today, which is very exciting. We have a few good people here in the room as well. We are looking forward to a very thorough Q&A process. But as always, we have people joining us also via the web and telephone conference as usual, so it is possible for everyone to ask questions if you would like to. But before that we are going to have a quite big deep dive into the new Tele2, as recorded, Tele2 without Russia. So hopefully that is going to be valuable for you. And I would like to take the opportunity to invite Mats as the first presenter.

MATS: Thank you very much, Laurence. It is a pleasure to be here, and a pleasure to be live, and people sitting in the audience are good people, but equally good are the people listening; I must say that before I start.

So the first quarter. Let me go through this, and I will, as Laurence said, be much more sort of elaborative on our full growth market, so you need to bear with me.

First, on the highlights, we felt this was a solid, good quarter. Good customer intake, of 313,000 customers. Of course really we added another 114 customers(?) on, so almost 450,000 customers was added, taking the customer base to almost 16 million. EBITDA, 1.5 million, and current -- and sales, 7.3 billion. All in all, solid quarter. And as you all know, we divested Russia.

Going, then, to Sweden. The mobile service revenue growth underlying at 3.5% I think is a very good result. We also improved our EBITDA with 12% year over year, equalling a margin of 30%. We believe that will continue to improve. 12% year on year is of course from a very low level the year before, since we had the maxi campaign of 3 at that time, but 3.5% year on year growth I think shows that there is plenty of growth left in Sweden as a country.

So what have we done in Sweden? Well, first we have launched Comviq, Comviq to go(?). We now have more than a hundred service points in the convenience stores in Sweden where you can go and get your smart phone or get your subscription. You can buy it there or you can buy it online.

Residential in Sweden has done a solid revenue growth of 12% and we are rolling out even more stores, up to 45 stores now in the first quarter.

The business of Tele2 launched Tele2 Nordic launch, which is a new subscription, new tariff scheme comprising of all the Nordic countries, and by launching this, we have an after uplift of 5%, which is great.

We also launched our new mobile switch, customer operations is duly back on track, and we are now seeing above 80% service levels, where we should be.

Net corporations(?), we have launched 4G in 99% of the population coverage, and we are building that out, and IT, we are augmenting that as we speak. It is a sometimes forgotten area, but it is really important for our telephone operators to be, you know, as good as possible in the IT segment. A lot of good stuff comes from IT, and a lot of bad stuff as well, I should say, if you do not have that in order.

So just look at the development from sales first.

Underlying revenue on pre-paid has decreased year on year. The post-paid has increased significantly year over year, and then handset has pulled us down, but less than what we thought. Hence we would get the 2% service -- 2% revenue growth; taking the handset out, you would get the 3.5%. That is what I said, the underlying service revenue.

EBITDA, 4% up on GM 1. Expansion costs is 10% less than what we anticipated, which means that we will have a better EBITDA, and then other costs are slightly higher, and that is back to the IT side, where we have pushed in more money to get our IT system and infrastructure on track. All in all, a 12% increase.

I think those two things, sales and EBITDA, is the strong proof points.

Again, 4G, 99% of the population coverage, we now have ten times as many handsets active in our 4G network than what we had a year ago. Really good.

Handset sales: no Nokia on the top 10. 2/3 of all the handsets sold are Apple, and 3/4, if you add the iPhone 5, which is an LT phone, and we are now approved to be an LT operator in Sweden on 1800. We do not have much coverage on 1800, but there is coverage on LT 1800. If you add iPhone 5 as an LT phone, 75% of all handset sales are 4G enabled in Sweden as we speak.

This is one important slide. If you remember previous quarters, we have talked about the pre-paid to post-paid migration, and that is continuing. And we have been fairly poor in capturing the pre-paid leakage, I should say, when people opt for post-paid and get their subscription and a new handset. With the Comviq post-paid launch that we have done, we have managed to mitigate that, and we have reduced the churn with 24% year over year. That is a good starting point. And we believe also that the hype of getting a new handset -- I should not say it is over, but I think it is going to decline, since so many handsets are out there, so many smart phones, and, as I said, 80% of the Swedish population on post-paid already have a smart phone. So there are ample amounts of smart phones around, and we would argue that the market is more or less saturated, and that is going to help our course significantly.

So it is a good progress on the Comviq pre-paid to Comviq post-paid; we are capturing more subscribers within our own eco-system. Either they go to Comviq post-paid or they go to Tele2. 24% down.

And as I said, we launched Nordic, which gives us 4,000 minutes, 4,000 SMS and MMS, 5 gig of data, and you get, out of those 4,000 minutes, you get 1,000 minutes free within the Nordic countries. And this gives us an uplift of 5%, as I said. And then we have also launched the mobile softswitch.

Customer satisfaction, back on track, I would say. We are now up, pushing up to the 80% mark, where we need to be. 80% is the world class level, where you need to be. And you can see that we are, in all different segments, approaching 80%, and we have also added the Comviq chat function, which is also highly appreciated, a very cost effective way of having people doing their own sort of help themselves type of thing. So this is a good development. Forward looking statement in Sweden is the same, we have not changed the guidance for 2013.

Moving on to Norway, strong focus on our network build out. We have had a slow month, I should say, on subscriber growth. We have not added any customers. We have been very inactive in pushing out our message, and this is nothing strange. You know, some quarters you are more active, others you are less active, and the first quarter we were less active in the market.

We have had some headwind in Norway with termination rate cuts as well. The sales is down 160 million SEK due to termination rate cuts, and EBITDA is down with 100 million SEK, so if you add those two numbers back, we have had a decent quarter in Norway. So even without them adding back, you can see EBITDA is perfectly okay.

We have a 90% market share in Norway, and we normally punch above our weight when it comes to net(?) adds. Now, this quarter, since we did not add any, we cannot really say that we punched above our weight, but still, second quarter I am sure is going to be much better on that phenomena.

Smart phone development: very similar to Sweden, except you can see here that we have one Nokia, which is a feature phone. The rest is very similar. Almost 70% of the population that are on post-paid do have a smart phone, so slightly behind, but very similar in structure, the Swedish and the Norwegian market. As I said, strong focus on network roll out. We have now 1500 base stations on air, and we are covering roughly 70% of the population. We are going to continue to build that out. The limit is 75%, maybe 80% of the population coverage. So we are going to push out several more base stations, and the big boost is EBITDA will come when we move subscribers over from our roaming partners, NetComm and Telenor, and we will do that in a year's time, roughly, when those contracts expire. So Q2, 2014, you will see an increase, or maybe Q3, you will see an increase of EBITDA.

Now, this is an important slide for us, being future proof in Norway. If you start with looking to the right-hand corner, you can see here that the other European countries have normally split, divided their scarce spectrum resources evenly between the top three operators. Now, that has not been the case in Norway. It has been highly skewed towards number one, which has almost 50% of all the resources, spectrum resources available; then number two, and a very small portion for number three.

Now, there is a reforming going on this year of 800, 900 and 1800 megahertz, and due to good work down by our Norwegian organisation, we have government approval, the regulator in Norway has approved to have caps on how much spectrum in this new reformed environment -- that there will be caps on it. So 800 will have two times 10 MHz as maximum; on 900 you will have two times 15; and on 1800 you will have two times 20. So there will be more equilibrium between the three operators in Norway. And this is something that is important for us, going forward, to see that there is a will from the Norwegian authorities to have three mobile operators in Norway, and I think this is a first sign, a first good step in that direction.

Our brand in Norway, just one slide describing them. We have Tele2, obviously; we have One Call; we have My Call; and we have Network Norway and Tele2 Business. So Tele2 is the normal Tele2; One Call is the web based product, it is very comparable to Swedish Comviq; you have My Call, which is the migrant workers, predominantly Swedes in Norway, calling home in a cheap fashion, and then of course Network Norway and Tele2 Business is more focused on the business segment.

The way that we distribute our services is through all possible means. Tele2 are building our own stores, starting next quarter. We have retail; we have web; we sell through customer care; and One Call, as I said, that is only web. It is very similar to the Comviq approach. Very low cost, aggressive, out into the marketplace. My Call, and then Network Norway, you can see, since that is solely a business brand, we do that through dealerships, and we have plenty of dealerships in Norway. So we have tried to maximise our footprint out to the customer base in Norway.

Customer service: we are highlighting that because it is such an important piece of our offering to customers, and you can see here, we are at 80% or thereabouts in Norway. One Call has done a fantastic focus activity on this in the last quarter; Tele2 is also on the right angle of the 80%. So this is where we need to be, and we need to keep this sustained for many more quarters.

Goals for Norway is very simple. We see no reason why we would not have a 25% market share. We see no reason why we should not be a number two player in Norway. We are on good ways to get there.

Our forward looking statement in Norway: same as it has been before. We are not changing items in Norway. It is going good for us in Norway. We have a very strong management team, dedicated management team in Norway.

Moving on, then, to Netherlands, which is equally interesting. We are preparing ourselves for the roll out of 4G network, obviously. We have had a good customer intake on the mobile side, we have added 57,000 subscribers. We have had a good sales development in the mobile side as well, doubling the sales numbers year over year on the mobile side. Otherwise it is pretty flat, if you take on the fixed as well. We are under pressure on the fixed, predominantly on the residential side, and I will go through that in greater detail in a couple of slides.

First, the number of our customer base. Half of our customers are in mobile, so we have a little bit more than 500,000 customers in mobile. 1/10 is fixed telephony, and 2/5 are from fixed broadband. And where we have the problem, you can say, is the fixed broadband and fixed telephony. So that is half of the population, roughly; half of our subscriber base.

So why do we have that? Well, we are a DSL player in the Netherlands, and DSL is a shrinking technology. It is being replaced by fibre, and cable is still holding up, even though I think that has a shelf life as well that is possibly coming to an end. Fibre is the future. So we are understanding that the affair for a period of time will continue to shrink, but we need to augment our offering to the market to household residentials through our backbone, our strong fibre backbone, and we are reselling the last mile through other operators, like Rashofibre(?), like KPN, that are doing the fibre build out to households. So this is something we are focusing on, and right now, with our agreement with Rashofibre, we are covering a little bit more than 1 million households, and that has been expanding with 300,000 or 350,000 every year going forward. So we will have a good offering for the households, the residentials, on the fibre fixed broadband, which is important in the Netherlands.

Now, when we talk about business to business, it is a completely different story. Business to business, we build our own fibre. So we have a superior quality to those customers that we engage with. And as you can see, we have many different brand names throughout many different industries as well in the Netherlands, and every day, Tele2 is serving a Dutch individual, let them be on the A10, or in a hospital, or even prisons, we are there, and we do that through fibre. So fixed fibre we believe is good, and we have strategy for that, and this is also helping our course on the mobile side.

On the household, we are reselling the last mile, but we are utilising our fibre backbone.

The MVNO, then, our third leg in the Netherlands. Again, we are punching above our weight when it comes to net additions. You can see that, the last quarter -- in the fourth quarter we were the only ones who were growing, and we will see what the fourth quarter looks like from the rest, but we grew, as I said, 57,000 subscribers. Only have 2% market share, still very small, and we will see that number rise going forward. But we are doing a lot of activities right now to prepare ourselves for the 4G. We have a good frequency portfolio, a good combination between coverage and capacity, between 802.6 GHz. We have a good customer base of more than 1 million customers, half of them are mobile as we speak, and half on fixed, but we can do both cross selling and upselling. And we are the fastest growing mobile operator with almost 200,000 new customers year over year. We have a fully operational backbone, and that we are utilising on the fixed offering, strong business to business segment, and of course we are helped by very, very high, healthy price levels on the mobile side.

So what are we doing more concrete on 4G? Well, we are augmenting the team, we are employing people, we are planning our base stations, we are -- have sent out RFQs and are in the process of selecting vendors, and we are moving people from the rest of Tele2 that are experienced in 4G roll out down to the Netherlands. It is going to take many quarters before we launch a 4G service, and I am not going to tell you exactly when. It is going to be many quarters.

When we launch, we are not going to do it half baked. It is going to be a good quality product; it is going to be good coverage, good capacity, and people will understand what we are going to offer.

We have done the mistake before to offer too quickly, when the service is not good enough, and that perception is then haunting us for years, so we do not want that to happen again.

Forward looking statement in the Netherlands are the same. We have not changed that at all. So I will leave the Netherlands and move on, then, to Central Asia. Europe, Central Europe and Eurasia, starting with Germany and Austria. I think they are doing a fantastic job. Austria are improving their EBITDA, and Germany rebounding a little bit from a slow fourth quarter. A lot of activities are going on. Austria continues to do good business in the business to business segment, completely directing the silver server. So these two are small but nice properties to have.

The Baltic states, Lithuania, again, the star. 40% EBITDA, very strong customer intake of 12,000 new customers. Latvia, with a high degree of price competition, they are fighting back in a good way, having a 33% EBITDA. And then Estonia, where we had some headwind on MTR cuts, both on sales and EBITDA affecting, obviously, but they are also doing a good job.

Croatia, a very small market, with -- if you are positive, you can say that maybe we are turning the corner. We are adding 22,000 customers, growing in the net intake with almost 80% year over year, and sales are up 11%. Now, from very low levels, I know that, and I think the new management team there is really putting their best foot forward, and I hope that we will see continuous improvement in this difficult market for us.

Market share, 15%, and we are not punching above our weight in the Croatian market, which we should be, so that is what we are working on right now.

Kazakhstan, very positive story. 252,000 customers intake, and as I said, we added really up to 400,000, but we took 140,000 out due to our firm subscriber policy of being inactive for three months, then you are sort of out of our subscriber base. 3.7 million customers all in all, and you can see almost a textbook graphing on how EBITDA is developing. We are punching above our weight when it comes to net intake and we have a market share of 13%. This is now driven, I should say, from good work from the central team here on negotiating the termination rate cuts, so we have an approved and agreed flight path from previous 2010 down to today's 13, onward down to 19(?).

And this is of course helping GM 1, this is helping the EBITDA course, and this is something that we were calculating with, we could -- even though this was not really part of our forecast.

Another interesting fact is that ¼ of our revenue comes from data, so ¾ comes from voice, but ¼ comes from data. So Kazakhstan is developing rapidly as a good data nation from our perspective.

Now, customer care, again, is really important, in all countries, and also Kazakhstan, and remember, 80% is the world class level here. We are up to 94%, which is a fantastically strong result. It is not only us and our customer base that believe that we are okay; we have also had external reviews from a Russian magazine saying that we are the most affordable operator in Kazakhstan and giving the best service. That is also a proof point of us doing very well in Kazakhstan.

Forward looking statement: the same as it has been. We are not changing that. We have said previously that we will be EBITDA positive the second half of this year, and we stay behind that continuously.

With those words, I think I will then hand over to Mr Nielsen. There you go.

MR NIELSEN: Thank you, Mats. Good morning everyone. The purpose with my presentation is really to try to pencil out the Tele2 without Russia, and help you a little bit there with some of the numbers.

First of all, here, if you look at the full P&L, you can see as well is stated that we have a net sales, which is, if you take away the FX impact, roughly stable, and you should be reminded(?) that as earlier stated that we have the mobile termination cuts in Norway as well as in Estonia.

We ended up in an EBITDA more or less in the same level as the same quarter last year, and you should -- you can recognise that we actually have lower depreciations, which I will come back to.

Financial items and taxes, etc, I will talk about going forward. But the underlying business has showed a profit improvement of 34%, which I think it is worthwhile mentioning, so we are really on the right track.

Currency movements, yes, we have seen a stronger krone, which will have an impact of course on the results coming out from the Europe dominated countries as well as -- yes, it is that and maybe Norway.

Depreciation. As you will remember, last year we had some extra depreciations in connection with us winding down the GS 7 network in Sweden, as well as we have had the surplus from customer acquisition from Kazakhstan, and that is now out of the system. Then we also had some extra write downs when it comes to the Baltic swap. So we are now back, I would say, to more normal levels.

Financial items: going forward here I will just show you first what you see in the report, and then sort of the number adjusted with sort of what happened with Russia. So here you have financial items ex Russia, and there you can see interest levels in more or less the same level as last year; other financial items, if they are impacted, are this put option from Kazakhstan, and interest paid is 105 million SEK.

Same here for taxes. This is what you see in the report. If we then sort of show you the numbers without Russia, you can see that we have taxes in -- normal taxes around 200 million in the P&L, the same amount as last year, and then we had a cashflow effect of 155 million SEK, which is quite a lot. I will come back to that when I talk about working capital. But our forecast full year when it comes to cashflow for taxes is roughly 300 million SEK, so most of that, half of that is now paid in the first quarter.

Cashflow here is sort of what you see in the financial statements, but if we take away Russia, this is what we should talk about. Interest paid, yes, somewhat higher, more than double what we paid last year. Taxes paid, we paid a lot of taxes, specially for the Netherlands, which then also have impacted the working capital.

The working capital is up 400 million, and that is -- yes, I would say all of that is temporary effects, temporary effects coming from the Netherlands, from Croatia, and also from the Baltic states.

So you can also see that last year we actually also in the first quarter had sort of a little bit of a peak.

CAPEX, I have divided that into "other" and the LTE licence, which we have booked and paid in January. We stay with our forecast, that without Russia, we believe that we will invest roughly 6 billion SEK this year.

Net, quite a tricky one now, since we are in this period of changing the company. If you look at the balance sheet right now, or at the end of Q1, you can see of course that the bonds, the Russian bonds, is not in our hands any more. This is the debt maturity profile sort of on the balance sheet as at the end of March.

If we then take away the Russian bond, this is actually where you see us in the capital market. We have bonds out there for roughly 8 billion SEK(?).

This may be something that can help you to see how Tele2 will look like going forward. We had a net debt of 15.8. We will have some proceeds from Russia. We have received them; they are in the bank. They are also in Swedish krona. And B2B will also take over debt, as you know. All in all, roughly 23 billion SEK, quite a big deal. And then you know that we will propose, or the board proposes us to pay out dividends, ordinary dividends of 3.2, and on this redemption share programme, of 12.5 billion. So that will take us up to a debt level of 8.5, and if you remember, old Tele2, without Russia, roughly 6 billion in EBITDA, and that would take us to the leverage target we have, 1.5.

And, I mean, if you should try to do some kind of forecast regarding the interest net for the second half, I mean, take 8.5 times 4.5% and I think you will be quite close to the truth.

Yes. Coming back to -- if we start here, I mean, the dividend will then hopefully be paid out just after our AGM, and then when it comes to the share redemption programme, if this is approved by the AGM, you will see that we expect the date of payment is sort of mid-June, and then after that you will see Tele2 with sort of a new capital structure.

(inaudible), I am done.

LAURENCE: Back to me and the concluding remarks. Now, is Tele2 a more boring company after Russia? I would argue absolutely not. I think this is a much more exciting company, and I will try to describe why I think so. We have four graphs here, and number one, two and three is the excitement(?) giving number four, so let us start at number one, then.

We have, in the remaining ten countries, we have a product or a spectrum portfolio that is unmatched. That is truly unmatched. And in many of our properties, in many of our countries, we have a technology neutral licence, which we all know is a good thing to have. We have 4G, we have 3G, we have 2G, so we are fully stocked when it comes to spectrum. Spectrum is going to be one of the key things going forward. Absolutely critical to any operator's success.

We have a very attractive market mix, with high growth countries and more stable countries, and even the stable countries we see good growth from. Take Sweden as an example. Take Norway as another example. So we can see good growth from stable countries, from stable -- from more mature countries, and then also from high growth countries. We have a good mix between the two.

We also have a very clear position in the market. I took Sweden as an example, where we have a very clear price perception in the market. Very clear. And that is also equally important, for customers to know what is Tele2 all about. In the Netherlands, we already have that. It is already sort of well known and well understood that we are the challenger, we are doing things differently. We are more speedy; we are more aggressive in the market. So these things I consider as really exciting.

Number 2 is we are uniquely positioned, due to the high degree of spectrum we have, to capture the growth of data, and you can see the graph here: we have not done this graph, this is from -- I don't know, is it from Cisco?

MALE SPEAKER: Yes.

LAURENCE: I mean, we are just in the very, very beginning of the explosional data. It will just continue. And we can see that in the Swedish 4G network, that is now surpassing the amount of data being pushed through in the 4G network than that in the 3G network. 3G has been up and running for 12 years, or 11 years; 4G has been up and running one year. Again, 4G surpasses. So with the spectrum portfolio, the good market mix, the right position to capture this growth of data.

And at the bottom right, bottom left graph shows the maturity of the different markets, and you can see here that large parts of Europe have a very high cost and low penetration when it comes to mobile broadband. So there is plenty of opportunities for a challenger such as Tele2.

Thirdly is our cost conscious culture within Tele2. We try to be really innovative in ways of saving costs, and I would say that -- two things. One is the (inaudible) cost benchmark that is the proof point of us really -- that we all really lean in everything we do, but also the way that we do our joint venture here in Sweden, where we share our networks and we share everything with our competitors, getting the machinery to be as cost effective and cost efficient as possible.

So these three things lead then to number four, which is the average growth rate, 2013, 2014 and 2015, of 5 to 7% on the revenue side and 10 to 12 on EBITDA. I know that you do not maybe agree with this, but it is a steep target, but we certainly believe that this is within reach.

Here we have had one change on guidance as well. We are saying that we are now at least 20% on the return on capital employed, previously 24%. Otherwise all the guidance are the same.

So I feel very bullish, I feel very proud, very happy to be part of this Tele2 journey going forward.

And with those words, I think we will hand over to Mr Torstenson(?).

MR TORSTENSON: Thank you very much. I would like you to join me a little bit up here, I think, if we can stand in front of here? Is this good for everyone to see us?

So as always, it is possible to ask questions on the phone conference, and of course here, today, live, as well. It is a great opportunity to ask the questions face to face. How we do it always, Mats and (inaudible) shall repeat the question, I know that is a little bit annoying, but we have to do that so everyone can really hear the question.

But we start in the audience, and with Stefan Gopang(?).

STEFAN GOPANG: Yes, Stefan Gopang, Nordia. I have three questions. If we start on a positive note, then I am curious about the arc for development in the Netherlands. You have a very, very solid arc for development, despite the strong subscriber intake, and you make a note that you have had a good corporate subscriber intake, but could you give some indication on where you expect the arc for development to go in the coming quarters?

Then moving to Kazakhstan, there you clean the subscriber base from inactive users, and despite this, the arc is down 20% year over year and 7% quarter on quarter. What is your comment on this development?

And then Sweden. Here you have negative subscriber intake, and also lower handset sales quarter on quarter, and despite this, the EBITDA margin is below the underlying margin in Q4 where you reported an underlying margin of 31% and now only 30%. Just your comment on the cost development in Sweden.

MALE SPEAKER: Very good. So we have three questions. The first one is around Netherlands and the arc for development, and how that is expected to go forward. I think, Mats that is for you. Then we have Kazakhstan, when it comes to arc for development in that market, which is lower. I do not know if even we have Nicholas (inaudible) here today, maybe we can invite him up and give him a hand mike. And the last one is regarding margin development in the Swedish market, maybe we could do a joint effort there with Lars and Mats. But Mats, would you like to start?

MATS: Now, the Netherlands, you are right, I mean, we have had a good, solid intake on the business to business segment in the Netherlands, and also on the MVNO. We believe output is going to stay reasonably flat, no major changes that we can see as of now.

MALE SPEAKER: Then if we take Kazakhstan, Nicholas.

NICHOLAS: Yes, when we started, we launched the services and our brand in the big cities, where the purchasing power is quite big. Now we are expanding to rural areas, where the people have less money to spend. That is one of the reasons why RPU(?) has been going down. We see that stabilising now, and going forward we expect the RPU to grow. And we still believe very strongly in the guidance that we have given that come to EBITDA (inaudible).

MALE SPEAKER: Thank you, Nicholas. Then if we take Sweden and Swedish margin.

MALE SPEAKER: Yes, I can maybe start on the cost side there. We have extra cost in the IT side, where, as I said, we are augmenting the IT systems. We have a slight higher cost in the customer care side as well, and we are also doing quite a lot of activities in the Comviq side, which is sort of, you know, increasing the cost base slightly. Also I think if you compare Q4 with Q1, I think it is more relevant in a way to compare Q1 with Q1 last year.

MALE SPEAKER: But we should say that -- but we do a lot of initiatives, of course. As Mats is saying, you know, we are the largest pre-paid operator in the Swedish market, and we need to put extra emphasis on moving pre-paid customers to post-paid customers. And I think the Swedish team is doing a lot of good things here. Install concept(?), which is being rolled out swiftly. Also working a lot with the online efforts, and also when it comes to customer care for Comviq customers, and there is of course a lot of integration that needs to be done here. But I think that we do -- sometimes when you say the margin is maybe not what you expect it to be, we still feel that it is for a good cause, that we are expanding and improving our Comviq brand a lot during this quarter.

MALE SPEAKER: That is why I asked. The reason why I am not choosing to compare with Q1 2012 is that is not a good comparable quarter due to market activities. Secondly, Q4 is normally for all operators normally the seasonally weakest quarter, and hence one should expect at least similar margin in Q1.

MALE SPEAKER: No, you are correct in that sense, but still, as we have been trying to convey, we have a lot of initiative that is still running, and we believe that 2013 is still a year when we will put a lot of emphasis on pre-paid customers.

MALE SPEAKER: Yes, I think it is really important to see, you know, the last quarter of 2012, when we had the maxi campaign, which I agree with you, it is not the right quarter to compare with, but it certainly spurred a lot of activities for us. We understood that, you know, we can be vulnerable for more attacks like that. So we need to augment our Comviq brand, we need to launch the post-paid, we need to stop the bleeding from pre-paid, and as Laurence said, we have an unproportionately big amount of pre-paid customers. We have a market share of 50% or thereabouts. So we are the operator that is -- if we do not take care of our pre-paid customer base, we are going to bleed them to others, and we want to stop that, and hence we start with the Comviq post-paid. And as I showed you, we have a 24% decrease on the share.

This will continue, we will continue to bleed pre-paid customers. It is not over. But we hope that it is going to sort of level off, and we can see more stable environment going forward.

And then, again, you know, having the IT infrastructure in place to be able to be aggressive when it comes to new tariffs, innovative ways of approaching market, that is going to be the future. And we need to make sure that we have top notch IT systems. And I am sure you have met Joachim Horne(?), which is an excellent individual to drive that initiative within the company.

Now, these things take time. We have been going on with this for the past year and a half, and it is going to take another year or so until we are fully where we want to be. So be patient with us.

MALE SPEAKER: Thank you, Stefan. I see you, Liana(?), but I still have to do one from the conference call. So operator, could you give me the first question from the telephone conference.

OPERATOR: Our first question comes from Mr Akil Detanih from JP Morgan. Please go ahead.

AKIL DETANIH: Yes, hi, good morning. Just a couple of questions, please. Firstly, just following up on the earlier question on Kazakhstan, I guess what I would be interested in understanding is you seem to be saying that the RPU should stabilise relative to the Q1 level now, but on my maths, if I were to assume a stable RPU, even assuming still very good ongoing subscriber momentum, it seems quite hard for me to get to your full year revenue guidance. So I just wondered if you could explain to us whether you would accept that is a slightly changing target, or whether you think that maybe there is something wrong in the way that I am thinking about that?
Secondly, in terms of your dividend, you have been very

clear in terms of your distribution targets and outlook for this year, but I just wondered if you could help us better understand how you are thinking about the dividend outlook thereafter. Is the right way to look at it in terms of dividend yield, and what sort of growth could we expect out of that?

Then thirdly, just on Sweden mobile, just really interested in understanding what your thoughts are around the competitive dynamics in that market at the moment. Do you think it is much more stable relative to what we saw earlier last year, and do you have any particular thoughts around Telia's recent launch of family plans, and whether you would expect or want to replicate that?

Thanks a lot.

MALE SPEAKER: Thanks, Akil, those are all really good questions. So the first question is around the Kazakhstan and how to go to -- you correct me, how to come to the guidance that we have, some clarity on that one.

Dividend policy, after, we can become a smaller company, how we look upon them, on relative metrics and how they could grow forward.

And the last one, then, when it comes to the competitive environment, again, how do you look on Telia's family packages, and so on.

So I think let us start with Sweden.

MALE SPEAKER: And, all right.

MALE SPEAKER: And then we bring Nicholas up as well.

MALE SPEAKER: Okay, so Sweden, then. Well, it is a good question, and we hope and believe that there is more stability in the Swedish market. I think we have learned a lesson from last March that these types of campaigns is sort of fun for a little while, but they are very costly and very painful, and very little is being gained by being so aggressive in the market. Now, we are the price fighters, so if there will be someone coming after us, we will certainly retaliate with whatever we have, and we have -- you know, during the last year, built up a Comviq brand on both post-paid and pre-paid, and I would argue that that is the most cost effective way of operating an operation, fully online. So I got this question this morning, and if someone wants to come after us, please, feel free to do that, and we're going to have a fun time with Comviq, even though I sincerely hope that that is not going to happen.

Then you asked me about the Telia family plan. Yes, we are evaluating many different options, and if we see that that is something that our customers are looking for or wanting to have, we will certainly launch that as well.

MALE SPEAKER: So we take Nicholas.

NICHOLAS: Yes, about Kazakhstan and the revenue. First of all, the pricing environment in Kazakhstan has stabilised recently. We had a quite intense price competition last year, and we will always defend our price position, but we have seen that stabilising.

Secondly we have a lot of customers who are using more and more our services, and you saw from Mats' presentation previously that data services are growing rapidly. We have a very good network, we have very good quality data services, and we are getting users for that.

Secondly we get new customers, so we are selling more to existing customers; we are getting new customers who are using more and more the services, and that drives revenue.

When you compare our revenue first quarter this year to last quarter last year, you need to take into consideration that we had a drop in MTR, and that has a 4% impact to the revenue downwards. But it is good for us, because the revenue -- or the EBITDA is actually better. MTR decreases revenue but increases profitability, and that is good for us. But we are very confident that we can grow the revenue going forward, we can keep our costs under control, and hence also release the profitability that we have promised.

MALE SPEAKER: Very good, Nicholas, and then I give Lars the possibility to answer the dividend question.

LARS: Yes, as we stated when we announced the Russian deal, we will stick to the same dividend policy as we have before, and that means that at least 50% of net profit will be paid out for our shareholders, and we will also see in front of us a progressive growth of the dividend. And that is perfectly in line with our forecast for the future, to see where there is not only revenue growth but also profit growth. So at least 50% of net profit.

And I would also emphasise that we have been very consistent here, for if you look at what we have done in the past, with the growth of the ordinary dividend, and that is how we would like to run the company going forward.

MALE SPEAKER: Thank you Lars, and then we take Liana on the stage. Not on the stage, but in the audience. Sorry, Liana, I am not going to bring you up here.

LIANA: Thank you for taking the questions, Liana (inaudible), Carnegie. I was wondering a little bit on Holland. You wrote that you just finished, I think, the procurement process for the network, or are in progress of finishing it. So I was wondering when can we expect you to start the roll out, and then also when you showed the slide on -- that some of the European markets are far behind in terms of data maturity, that there are more attractive opportunities, you sort of hinted, I was wondering are there any other markets that you would consider going into?

Then also to sort of follow up on the Swedish competitive environment, on the mobile side, Tele2 has launched a similar subscription on sort of making pre-paid/post-paid subscription for 200 krona. What has been sort of the response to that in the market, and do you expect that that will sort of trigger further competition?

MALE SPEAKER: Well, there are three questions, then: when we will start with the roll out of the network in the Netherlands, if I understood it correctly; then also looking back at the presentation that we just held, there was a chart indicating that prices were high in data in other European markets. Is that something that we consider to be interesting? Then the last one, the latest offerings that we have the Swedish market, how we look upon the 200 Swedish krona, 195 that we have, and if that is triggering any further action in the Swedish markets, so to speak, from a competitive view.

MALE SPEAKER: Maybe I can start with the two first.

MALE SPEAKER: Yes, please do.

MALE SPEAKER: So depending on what you mean by starting the roll out, I mean, we have not finished the procurement process of vendor selection. That is important to state. The process is on going, and we are finding sites. That is the most important thing to start with. And we will, you know, put -- so we will finish the procurement process within maybe the next -- within the second quarter of this year, and then we will start with the more sort of physical roll out, if you would like. In the meantime we are finding sites, because that is normally where you have the biggest -- the bottleneck is to find sites. So that is already ongoing. Planning is being conducted as we speak. You know, where do we want to have sites; how are we going to roll out. Then we will just commence the roll out.

So that is number one. And then on the attractiveness of European markets: I think it is pretty interesting when you see the different -- the countries, you can see Germany, for instance, with their surprisingly low smart phone penetration. In Sweden we have 80%, Norway has similar, and Germany I believe it is around 30%, 35%. So there is plenty of room, we believe, to grow on 4G and on smart phones in other European countries. And of course, I mean, with such a strong balance sheet, as Lars has gone through, possibly the strongest in mobile operators in Europe, we are in a mode of trying to find if there are good opportunities elsewhere. We believe there are good opportunities, in Europe, Eastern Europe, or in

Eurasia. And, you know, we are looking at -- we stress that we are looking at spectrum, new spectrum coming out, but we are fairly picky as well, Liana. You should know that. I mean, we are being cautious with our money. We are not here to put the Tele2 flag on each and every country of Europe, but more so our understanding: is there a value that we can contribute to that market, it needs to be a decent sized market, and we have said internally that it needs to be at least 5 million people living there, with (several inaudible words), preferably as few operators as possible, and with a healthy price level for those services. And there are those countries around. So, I mean, we are being very cautious, yet we are looking at all different countries in Europe, Eastern Europe and Eurasia.

MALE SPEAKER: Then, Lars, Swedish.

LARS: Swedish, the price levels. I mean, we have been -- the good thing with the new pricing points on SIM only in the Swedish market, which has now -- we have the 245, which we have, which is a full pledged(?) offer, and then we have a 195. The good thing here is that it is more a differentiation of the market in the sense that the 195 offers much less bracket size, so it makes sense, in the same way which we have small, medium and large on the Tele2 side, Comviq is also now diversifying its offer. So you can either buy it on a weekly basis, 195 or 245, but they are all different prices on the bracket. And that is the way it should go. The problem is always when you have prices coming down with the same bracket size. Then you have an issue. That is not the case right now. Even though we would like to promote price increases if possible, which we will touch upon later on, we think for example that Telia's family packages are a very nice way forward, to include a package and slightly increase prices also on data, which is something that we think the market needs as well.

MALE SPEAKER: We welcome that initiative from Telia.

MALE SPEAKER: Yes. Okay, operator, I think we will take a question from the telephone conference.

OPERATOR: Our next question comes from Mr Laury Fitzjohn from CitiGroup. Please go ahead.

LAURY FITZJOHN: Thank you. Starting with Sweden, with the strong take up of 4G, how is this impacting individual customer RPU? I mean, are you seeing more customers trading up to larger bundles? Secondly, on Norway, can you just say how much traffic is still on the MVNO contracts? Can you migrate any more across this year, or are you now at minimum level until mid-2014?

Then lastly, on the Netherlands, can you just give us some more details around the current distribution split for your gross adds, and which channels, distribution channels you are particularly focusing on? Thanks.

MALE SPEAKER: Okay, so we have three questions, the last one being on the distribution split in the Netherlands, and then when it comes to Norway, volume transport from host contracts to our own network. And the first one. Laury, could you repeat that one? I am sorry.

LAURY FITZJOHN: Sure, just on 4G.

MALE SPEAKER: Yes, right, 4G pick up on RPU as well. I would say -- should we elaborate together on 4G pick up? I think that is a good one, and then we have volume network shift. I do not know, Lars, if you feel comfortable to talk about that one.

LARS: I can start with the 4G in Sweden. And if you look at the volume tariff plan that we have, you know, we have a small, medium and large sizes. Small I believe is 1 GB, medium is 3 GB, and large is 5 GB. We see that people trend upwards, year after -- they sort of enter into the small bracket and then they understand that, oh, I am consuming my 1 GB of data fairly quickly, and they migrate up to the mid-size, which is up to 3 GB of data. And if you look at the amount of data that a mid-size customer is consuming with the threshold of 3 GB, it is slightly more than -- slightly more than 1.5 GB per month is being consumed, but that is steadily on the rise. So I think, you know, you get customers in on the small, they realise pretty quickly that, oops, I am getting into the roof, I cannot get more data, and then they migrate up to the medium size. I think we get -- I think it is 45% of all customers are now on the mid-size, and 30% plus on the small size. Then we have the residual on the large.
So there is a trend, trending upwards. A long answer,

but...

MALE SPEAKER: Yes. Then of course you have the 4G fixed line replacement offers that we also are selling, but that is of course a separate product, not necessarily a mobile small screen offer, but it is also -- that is something that we have been able to add on top of it, as 4G has been introduced into the Swedish market. Then when it comes to distribution in the Netherlands, I think -- I mean, we have a lot of very exciting ideas on how we are going to do that when we launch our MVNO services, but currently it is not(?) based on online and third party distributions.

MALE SPEAKER: And resellers, exactly.

MALE SPEAKER: Exactly. So that is still the case, and we are happy with that. We are still doing almost 50,000 adds per quarter on that basis. But then we have a lot of new ideas when it comes to how the new M&O is going to act, but that we are going keep to ourselves.

Then when it comes to volume or agreements with our roaming partners in Norway, (inaudible) there.

MALE SPEAKER: No, I think it is important to emphasise what we have said many, many times: that you will, with the EBITDA, or the result boost in Norway, you will see when we are out of the several(?) contracts and just have one roaming partner, and then we are talking about the middle of next year, and when it looks to -- when you are talking about this year, I think it is very important that we stick to the guidance we have given you, when it comes to EBITDA levels. But then -- so of course we are gladly moving all the traffic to our own network. That is coming as we speak. And, you know, I think we are doing a great job in Norway, because the starting point is that we have the termination rates coming down, so we started on a minus result, or minus 100. But the boost you will see in sort of the second half of next year.

LAURY FITZJOHN: Right, thank you.

MALE SPEAKER: Thank you, Laury. That was good questions. Do we have a question from the audience?

ANDREAS: Yes, good morning, I am Andreas (inaudible). The question on Holland, as we heard before, RPU has increased. But can you tell us a little bit more in detail why that is, and is it only service revenues that has triggered that RPU increase, or is it also maybe equipment like handsets included in that big growth in the Netherlands?

Also if you can say something about your thoughts on partners in the Netherlands, and maybe some details on the MVNO agreement you have with T-Mobile.

And secondly just to make a CFO happy, can you tell us a little bit more on why you had the working capital development in Q1, exactly what triggered that negative issue?

MALE SPEAKER: Thanks, Andreas. Also good questions. So we are back in the Netherlands, elaborating on RPU improvement, is that a lot of equipment sales included in that RPU improvement as well? Then when it comes to our contracts or our partners, talking what we are doing when it comes to MVNO and roaming currently. And the last one, then, the CFO question, working capital breakdown. Maybe I know you are pretty ready on the working capital, so maybe you can talk on that, and me and Mats can talk about the ...

MALE SPEAKER: Actually as you saw when I compared with last year, we have sort of a temporary effect on working capital in the first quarter that you can see every year. This quarter, this negative development, it is driven first from the Netherlands, that we actually have a tax payment and also some pension funds payments, which normally are spread out through the year, but that is done now in the first quarter. And that for sure we will recover, the whole thing. The same goes for Croatia. There we have sort of roaming payments to our partners, which this year took place in the early part of the year. That we also will recover.

Then we have some negative developments in the Baltics, and most of that will also sort of temporary affect -- some minor effects, but I see that as positive, actually, because that is due to more equipment sales, and that will sort of, going forward, help us generating post-paid revenues. But once again, we see this as a temporary thing.

MALE SPEAKER: Then when it comes to RPU uplift, Mats, if there is anything we can share?

MATS: In the Netherlands, right, so maybe I can take both of the questions, in the Netherlands.

MALE SPEAKER: Please do.

MATS: The first that came in mind is the T-Mobile MVNO agreement, and that we are prolonging as we speak, and until we know exactly how to handle our infrastructure, that is the mode that we want to have. You should know that, you know, we believe we need some 3 to 4,000 base stations, or 3 to 4,000 sites, I should say, in the Netherlands, and there are currently more than 10,000 sites available for us. So back to Liana's question: we right now are getting agreements for sites. If we can find a business case that is superior to that, we will then engage in discussions with someone else to share the network. But that is not necessarily something that we need in order to make the business case. It might help us or it might not help us, but it is something we are looking into. But in the meantime we are pushing through with our own sites, and there are plenty of sites available, and we are also having the MVNO agreements for voice and the 3G activities on a rolling scheme, so that is not a problem.

On the RPU uplift, a couple of things. First, we have more and more post-paid customers in the network, from pre-paid to post-paid. I would say that is the majority of the RPU uplift. Some handsets as well, but predominantly the move from pre-paid to post-paid.

MALE SPEAKER: Okay, operator, we will take a question from the telephone conference.

OPERATOR: We have a question from Mr Peter Kurt Nielsen from Chevreux. Please go ahead.

PETER KURT NIELSEN: Thank you very much. I will take two remaining questions on the Netherlands, please, if I may. Firstly, it may be true earlier, but have you any considerations or perhaps even discussions indicating from the regulator in the Netherlands of sort of where you will be positioned when it comes to the mobile termination rates once you launch your business? And my second question, Mats, was related to your comments about the fibre market in the Netherlands, or rather the broadband market. You were fairly dismissive of the cable operators when you talked about sort of the future in favour of fibre. Why are you so, just out of interest, why are you so, so certain of that sort of relative competitiveness? Thank you.

MALE SPEAKER: Thanks, PK. So a question on fibre. Well, we believe fibre is a good bridge when it comes to the move from PSL to next generation broadband. Now I black out again. It is ... MTR, right. MTR in the Netherlands. That is a tough one.

MATS: That is a very tough one. That, Lars can take. Maybe I should start, then, with the cable. Maybe I was too dismissive. That was really not my intention. They are -- UPC and Sigma(?) are doing very good business, and as you can see, my charts, they are still having a growth in the market. Longer term, we are convinced that fibre is the way to go, but that is truly longer term. What I think we can all agree on is that the DSL is a -- somewhat of a dying technology. We try to keep it up with twin pairs and augmenting the capacity, but still, it is going to have the restriction on technology.

Cable is further out, and right now, the unlimited we can see is fibre. So maybe I was too harsh on them; that was not my intention.

MALE SPEAKER: Then termination rates. I do not know if we can be clear on that one, Lars, but if there is anything we can share?

LARS: No, I do not think -- I mean, actually the question was if we are having any specific discussions right now regarding MTRs going forward, and that, I do not think we have. But what I think is worthwhile mentioning is that all the time we have got good regulatory support from the authorities in that, and I think that we have seen in the past, and that I believe we will see in the future, of course.

MALE SPEAKER: Thank you, PK.

PETER KURT NIELSEN: Thank you.

MALE SPEAKER: And now we will take a gentleman in the audience.

MALE SPEAKER: Thank you. Two questions, if I may. Firstly, you mentioned reselling fibre in the Netherlands. How do you look on the possibility of doing that in Sweden, on the Scandinavian(?) assets? You have not done very much in that field yet, I would say.

Then secondly, on the Norway store expansion, what sort of size store network are you targeting, and could you share a little bit about SAC(?) in Norway in your current operation, how this compares, and what the sort of benefit is? Thanks.

MALE SPEAKER: So fibre in Sweden, reselling fibre. Then when it comes to distribution, in Norway, also, when it comes to what kind of process we are looking at, (inaudible) versus online.

So we start with the Sweden and fibre, Mats.

MATS: Yes, that is a very good question, and something we are looking into, because it is a -- definitely a possibility to do pretty much the same strategy in Sweden as we are doing in the Netherlands. I think I will stop there.

MALE SPEAKER: Then when it comes to the distribution network in Norway, Lars, would you like to –

LARS: Yes, I can start there. As you know, we have different brands with different strategies. Then we have -- if you look at our online brand, there we really have low distribution costs, as you can imagine, and that is also what we try to achieve in Sweden with Comviq. Then when it comes to the Tele2 brand, we have now started a journey by opening up our own stores, and right now I think we have in the plan -- is it two, three stores, something like that, and we will open them up this year, and then we will take it as it comes, and we gradually will build up.

MALE SPEAKER: That is in One Call, which is our post-paid SIM only, only online. And My Call, which is the formerly minority brand, so to speak, that is more typically what Comviq has been doing traditionally, as well, third party retailers, kiosks and so on.

Then when it comes to Network Norway, that has always been resellers, so to speak, that has been carrying that, because it is predominantly business to business. So if Tele2, more or less, wishes to be more like a value brand on the consumer post-paid.

MALE SPEAKER: Maybe I can just fill in on that question. You know, typically you get the best customers in your own store. You get the worst customer from telemarketing. And then the second to worst is through a retail of many brands. So, you know, in the Tele2 world, where we are trying to get more of a value concept, it is important for us to have our own stores, in order to show that -- to show the customers that those are the good ones, the ones we want to have.

MALE SPEAKER: Okay, thanks, Thomas. Then we move over to the teleconference. And we are a little bit limited on time, so if I may ask you to limit your questions to just one, so we can give everyone the possibility to ask questions which are on the telephone conference, currently. So, operator, can we have the next question, please.

OPERATOR: The next question comes from Mr JP Davids from Barclays. Please go ahead.

JP DAVIDS: Okay, limiting myself to one, thanks, guys. Let us stick to the Netherlands, then. You have talked about fibre and moving into that market. Maybe you can just expand on how you plan on approaching the triple play market, what sort of TV offerings you will have up your sleeve, stuff like that? I guess that is something you would have some of the Q3/12 results, trying to work on that market. Thank you.

MALE SPEAKER: Thanks, JP, I am sorry about the one question limit, but it was a good question. So it is triple play in the Netherlands based on -- well, DSL but fibre in the future.

MALE SPEAKER: Yes, I mean, we have those products today, triple play products, and of course they will become even better in a fibre environment. But I think I will not sort of divest or tell you exactly our plans on the triple play. But it is important for us to have the possibility to do triple play, and possibly quad play in the future. We do not know if that is going to happen or not, but it is good to have that in our back pocket, and we will be able to do that, since we will have this good fibre, we have the DSL, for how long that will now survive, and then also the mobile assets. So for sure, triple play is important, and it is going to continue to be important for us in the Netherlands.

MALE SPEAKER: The big question is of course how long (inaudible) TV is going to be important, with (overspeaking).

MALE SPEAKER: Exactly, yes, so fibre is the technology to make sure that over the top is working nicely.

MALE SPEAKER: Yes. Okay, thank you, JP. Operator, can we have the next question, please?

OPERATOR: Our next question comes from Mr Terence Suie from Morgan Stanley. Please go ahead.

MR TERENCE SUIE: Good morning, everyone. My one question is on Norwegian mobile. Obviously we are going to have the end of the (inaudible) agreements in mid-2014, and obviously the spectrum auction towards the end of this year. Do you see these two events as potential catalysts for you to become much more aggressive on pricing, from your side, to gain share, or do you want to act much sooner than that? Because my impression right now is that the Norwegian market is fairly benign from a pricing perspective. Thank you.

MALE SPEAKER: Thanks, Terence. That is a very good question. It is about the competitive environment, currently quite benign, new spectrum assets coming up, and us finalising the network as well. Now, Lars (inaudible) to become the Norwegian expert, but maybe he can support me.

MALE SPEAKER: No, absolutely. First of all, I do not see really a connection between the licence auction and us being price aggressive, but of course, when we are coming out of existing M&O agreements, of course we are going to have a much, much better cost structure. But then you should also be aware that we are the price leader now when it comes to the One Call brand. We have been in a position to gradually increase our market share in a nice way, and I think that will be the way for us going forward as well. But sort of a clear link between the licence auctions and us sort of being aggressive, that I cannot see.

But maybe, I think it is a good question, you know, we will for sure have more tools in our tool box; more -- a better cost structure and a more healthy spectrum portfolio. We might not decide to participate in 800, 900, and 1800. We might choose one or two of the different spectrums. But it certainly will give us a better position going forward, and you should know that we are adding 1 to 1.5% market share per year, and that is roughly the pace we think is do-able to keep the profitability up and keeping a healthy price level in the Norwegian market.

But the aim is clear: we want to be number two, and we want to have a 25% market share.

MALE SPEAKER: Yes. Operator, can we have the next question, please?

OPERATOR: Yes. Our next question comes from Mr Ulriche Rate from Jefferies. Please go ahead.

MR ULRICHE RATE: Yes, thanks very much. I have a question on Kazakhstan, the subscriber write off. It was -- I suppose, relatively substantial. You are reporting strong (inaudible) this quarter, and, you know, in one quarter, you sort of write off a lot of them. Is this sort of an admission of defeat on certain tariffs you have issued in the past, or a statement on the quality of subscribers, and how is that sort of reflected in the current underlying growth? Is there sort of a similar issue in terms of building up inactive subscribers that you might have to write off then at a later date? I am just wondering how to interpret that particular event of the first quarter. Thank you.

MALE SPEAKER: Yes, the question is around how the customer base is developing and the dynamics on how we handle our customer base. I will let you come into the camera here.

MALE SPEAKER: We naturally have our normal churn rules, which is 90 days inactive. On top of that we do have a customer base which is fairly inactive, but they still have a balance of several dollars, and according to the Kazakhstan legislation, we need to keep that balance in our systems for a couple of years. These customers have one or two transactions a year, mainly they are incoming voice mails and these type of things, and we have decided to churn out them to clean up our database. That has no impact actually to the revenue. It was increase RPU going forward if we have a little bit lower customer base, but that has no impact to the revenue, and not to the profitability either.

MALE SPEAKER: And I guess it is also not a final -- the quality of customers we are getting; it is just a natural way of doing things, right?

NICHOLAS: Absolutely not, and actually the quality of the customer base that we are getting in with our gross sales is improving, and we have implemented revenue based commission schemes through our dealers to further improve the quality of the new customer base that we get.

MALE SPEAKER: Thank you very much, Nicholas. Excellent. Operator, can we have the next question, please?

OPERATOR: Our next question comes from Mr James Brittian from Nomura. Please go ahead.

MR JAMES BRITTIAN : Okay, guys, good morning. My question relates to the CEO comments in the press release. I think the last paragraph specifically talks about additional focus on operational performance in the context of you talking about cost leadership. So I just wanted to ask, am I reading too much into that, you know, that line; should we expect additional measures on operational efficiency, or are you just simply referring to the fact that you sorted out one key (inaudible) issue and you have more time to focus on operations? What is the intended meaning? Thanks.

MALE SPEAKER: Thank you, James. We talk a lot about cost efficiencies being part of our DNA, but now we mention it more with some emphasis in the CEO world, is there a message there?

MATS: Yes, it is, and the message is that it is becoming increasingly important to show operational excellence in everything we do. You know, with more properties that are on equal sides, if we take Sweden out of the equation, we had Russia before, that was a huge entity, now Sweden, if we take Sweden out, we have more entities that are of a similar size, and we do need to perform flawlessly in our operations, and we need to do it with as cost effective operations as humanly possible.

We believe strongly that the survivor of this telecom race is the one who is the leanest, and the most nimble and agile. So I will continue to emphasise that, and we talk a lot about that in my leadership team, and of course Mr Nielsen is the chief butcher when it comes to making sure that we all keep our cost levels in perfect order, and we will continue to drive that. It is just so important for us today, and it is going to be even more important in the future.

MALE SPEAKER: Thank you, Mats. So, operator, can we have the next question, please?

OPERATOR: Our next question comes from Mr Dominique Klauman from HSBC. Please go ahead.

DOMINIQUE KLAUMAN: Yes, hi there. Let me try a new country. Austria, again. You made it clear in the previous call that you are not interested in the Austrian spectrum, but I am just wondering why that is, actually? I mean, the auction set up seems favourable; you have an existing business; macro seems reasonable. I am wondering is it the price level, the competition level in that specific market that keeps you little interested, or is it just because you are too busy with your other project at the moment, or is it something else I am missing?

MALE SPEAKER: So we discussed that before with the audience here, when it came to our interest in new markets, and there is an auction coming up in Austria where we have said we are not interested, why?

MALE SPEAKER: No, I think as you answered the question yourself, a lot of good operators, with very low price points. It is a difficult market to go in, even though, you are absolutely right, we have a business there, but it does not have the same dynamics as the Netherlands. So -- sorry, Lars, so it is not that we are busy with other stuff. I mean, we are busy with other stuff as well, but I am sure we can -- we would muster up the energy to do Austria if we would feel that we have that, you know, the things are in line. But right now we do not think so.

DOMINIQUE KLAUMAN: Okay, thank you.

MALE SPEAKER: Thank you. Operator, can we have one more question.

OPERATOR: Our next question comes from Mr Sanse Ristimakki from Merrill Lynch. Please go ahead.

SANSE RISTIMAKKI : Yes, thanks, good morning. I just wanted to ask a more general question: that given your comments about DSL as a technology, how do you see your potential of continuing as a kind of consumer broadband/voice provider in these markets, or is it more something that you see as a defensive combination as mobile, (inaudible) you become a reseller, the new regulatory regime will make it a lot more difficult to achieve your probability targets in the operations?

MALE SPEAKER: Yes, I guess it comes down to a question around how to drive strategy. Do we believe in mobile stamina, or do we need an integrated model, especially in more developed markets, if I may call it that.

MALE SPEAKER: Well, it is actually a very good question, and it might not be so easy to answer. But, you know, we are a mobile player. We see 4G as a good replacement for DSL. However, we are not naive. We understand that there will be, for sure, needs for fixed broadband to be delivered to both household, residential, as well as to businesses. And, I mean, either you are a part of the fibre roll out fully, then you are going to plough in a lot of CAPEX into rolling out fibres, it is a very lengthy investment. We have decided to -- we are a mobile operator, and we are going to do that, perfect. We are going to own our 4G, have a backbone on fibre, so we can hook up the last mile that we hope to be able to buy from the wholesale agreement.

We have opportunities in Sweden, as we got the question here earlier, and we are doing it through Rashofibre in the Netherlands as well, on the last mile, and then hooking up to our fibre. So the two strategies sort of come together in that fibre backbone. Fibre is needed for backhauling 4G, as you know, and then also then of course fibre backhauling households, residentials, all business to business.

MALE SPEAKER: Then also a question around profitability. We have not given that much on how we look upon fibre, so I think, Mats, we need to come back to you on exactly how that could look when it comes to what kind of (inaudible) we could have. It is still very early days to elaborate on that.

MALE SPEAKER: So we are out of time, so I am very sorry if there are any more questions on the teleconference, because we do not have time to take them, but I would like to thank everyone for participating in today's Q1 presentation and conference call, and please remember the second quarter will be presented 18 July, but I hope we can talk before then. So thank you very much. Bye bye.

(The teleconference concluded)