

Tele2 AB – Full Year Report 2007
Tuesday, 11th February 2008
07:00 Hrs UK Time
Chaired by Mr Lars-Johan Jarnheimer

Mr Lars-Johan Jarnheimer

Thank you, operator, and very welcome to everyone who has called in to participate. With me today I have my CFO, Lars Nilsson, our Head of IR, Lars Torstensson and myself; and we will discuss the results of the fourth quarter 2007, and you can also follow the presentation on our website, www.tele2.com.

Although Tele2 has changed in many ways, our mission is still the same. We are in millions of customers' confidence by offering affordable and user-friendly products and services. We are world-class in operating cost-efficient mobile networks.

2007: of course an eventful year. This has been an exciting year definitely, dominated by the successful realignment of Tele2. Tele2 and our shareholders will reap the harvest of this change in the coming years with further improved profitability and enhanced shareholder value. We have narrowed our geographical focus to become a more profitable company by focus on our efforts in the markets where we have scale.

We have focused on what we see as core business, mobile services based on our own infrastructure, and that will lead to higher profitability. We launched our new demanding targets, the financial hurdles – one of which requires all operations to achieve an everyday margin of at least 20%, and that will then of course create value for our shareholders. Maybe I should also reemphasise here that this 20% is not a target for any operation. This 20% is the short- to mid-term hurdle to be able to continue their operation.

Q4 in summary, we continued investment in mobile operations and we completed a lot of divestments like Italy, Spain, Belgium, Hungary. I think through 2007 we have been more active in M&A field than many investment banks, so I think we could be pretty proud for what we have achieved here. We also acquired Telecom Eurasia in Krasnodar region. Tele2 was also awarded 17 new regional licences. Tele2 Croatia signed a new national roaming agreement with significantly improved terms, and was also awarded 900MHz GSM frequencies in '07. And also Tele2 Norway mobile infrastructure JV was allocated a 3G licence.

So on the Q4 2007 I will let Lars Nilsson go through these financials more into detail later on, but let me then touch up on the prime areas for our operation, the mobile and broadband which showed a significant growth during the year.

And we can also see an improvement in EBITDA on these areas while we are moving into product ranges with more or, I would say, higher EBITDA and higher profit opportunities. The proposed dividend from the board is SEK3.15 as the regular dividend; and then it's also proposed special dividend of SEK4.70. And the Board is also asking the AGM for authorisation of a share buyback up to 10% of the share capital.

Let me then move on to the operational shift here. We have said it before, but it's important to emphasise that our core business in mobile services on our own infrastructure, complemented by broadband services, at the end of 2007 mobile services represented 56% of the revenue and 84% of the EBITDA. We know that we are world-class in operating cost-efficient mobile networks and will continue to focus on management and financial resources in this area.

Mobile telephony in '04(?). Yes, our core service, mobile telephony; great revenues but, as I say, great things and they grew the revenue by 19% and the EBITDA of 34% in the quarter. We will continue to focus in this area through investment and expansion. Important also to continue to develop the new services by constantly listening to our customers.

In France we increased our activity in the fourth quarter, and very much of that was triggered by a negotiation with Orange to be able to have access and signing of a new MVNO agreement. That new agreement will be effective as of 1st January and I think I dare to say that we will see an improvement in the French operation already as of the first quarter.

Another thing which has affected the French operation in the fourth quarter was that we established a white label distribute through Casino, a nationwide distribution or retail chain in France, which now is up running and we are looking forward to results on that cooperation.

Moving on to Sweden, where we still have a nice revenue growth and maintain an EBITDA level above 35%. The Swedish operation continued to deliver solid growth, with revenue expanding by 10% and EBITDA more here of 35. I'm happy to see that we could keep our indicative range of 35-40% for the year despite the impressive growth, especially in the mobile broadband. The Q4 '07 performance strengthened our belief that the mobile broadband is the long-awaited blockbuster for data services. The Swedish operation dominated the mobile broadband market in the quarter and we added 48,000 new customers; and I think it's impressive to see when we leverage on the strong brand name, when we are committed and we are really pushing something, we see immediate results.

At the end of the fourth quarter '07 we had close to 100,000 mobile broadband customers in Sweden. In '08 we made sure that we will lead this new market and, based on a strong acceleration in new customers, we believe that the coming years will be key for our success.

Mobile in Norway, in Norway we are currently providing for a migration of the customer base to the new MVNO agreement with NetCom. We have seen some activity on the customer base from our current host. As we already have indicated, we believe that the new agreement, effective as of second quarter '08, will significantly improve underlying profitability of the Norwegian operation, and we also see a quite substantial revenue growth in the Norwegian operation.

Mobile Russia, the intake 550,000 net. I would like to start this slide by saying that we feel comfortable regarding the guidance that we have given regarding our existing operation in Russia: up to 11 million customers and an EBITDA more in between 35-40

medium term. Longer-term ARPU of about USD10. Russia is the main growth driver. Tele2 is the largest operator in 6 out of the 17 regions in the footprint where we are operating.

We ended the year on a high note. Several new regional licences implies great challenges ahead but we have the right experience to tackle it. We will come back with more information when we go through our business plan, and hopefully we can present that in the Q1 '08 report.

Baltics and Croatia, the Baltic operation developed well despite changes in interconnect, etc. and we pushed strongly into corporate segment and we have, to some extent, impacted the profitability, I would say especially in Lithuania. The economic development in the region is always hard to predict but Tele2 is currently experiencing some slowdown in the Baltics.

Croatia is showing some improving signs. We have negotiated a new roaming agreement and also received 900MHz frequencies, which will help us to deploy the network. And we believe that it will help make the build-out more efficient.

Broadband services in nine countries, good revenue growth. Austria is going well but I would say the mobile broadband is taking the lion's share of the market and it seems like it continues to do so. The netline(?) has taken several important corporate customers, including the police force here during the quarter and that looks very exciting.

Broadband Q4, Germany is still being weighted heavily by costs. We will continue to take action going forward to minimise this impact. Overall it's important that profitability improves in '08 for this service area, that's for sure.

Fixed telephony operation continued to deliver robust result and we strove to maximise value by being cost-conscious. Our EBITDA margin within fixed telephony was a strong 18% in the quarter despite the revenue decline of 17% year-on-year as the market in is a structural decline.

So in summary, we seek to further align the scale and scope of our organisation's support areas and operation with the best profitability. We focus our management and financial resources in our core businesses definitely. I mentioned before, our core operations are profitable and this development will continue in '08. We continue to generate strong cash flow. Our goal is to create long-term shareholder value.

That finalised my prepared comments and I would now like to hand over to Mr Lars Nilsson. Please go ahead.

Mr Lars Nilsson

Good morning, everyone. The Group's financial performance continued to reflect the ongoing realignment process as you can see when we report our numbers. But we've focused on mobile and broadband services going forward. We have experienced the continued growth in mobile and broadband sales, as you can see, and decline in fixed line services is expected to continue. So I think we move over to the next slide.

As you can see in the report, we have used three different definitions when we talk about our result. First of all we have the discontinued operations and that, you know, is the business we have sold, the business of significant size, that's Spain, Italy and France – the fixed operation in France. So these are discontinued operations.

Then we have the rest is hence continued operations, but then in order to see the underlying performance we have also the definition of continued operation less divested operation. And that is really the like-for-like comparisons, and I think these are the most important numbers if you should measure our underlying performance.

And in the numbers where you have the divested operations, the only business which we're not close to the deal is for MVNO Austria. All other deals are now closed.

So here you can see on the slide, you can see that we have a revenue growth of Q4 of some 7.4% and 8.6% for full year; and an EBITDA growth of 4% for the quarter and 15% for the full year. EBIT decreased compared to Q4 last year, which will bring me to the next slide, where you will see some one-off items.

In the P&L you now have in front of you, you have the definition 'continuing operation' and if you look for the EBITDA number, the difference between the like-for-like operations and the EBITDA here is only the MVNO business in Austria. And that we hope this is finalised, the deal is finalised and closed in the first quarter this year.

And then we're coming down the one-offs, the one-offs for the quarter. You can see we have posted SEK324 million. SEK200 million derives from the Telia dispute, which I think has been mentioned already in February 2007; and then we also had a wage tax dispute in the Netherlands where we actually lost a court case. We had to take a hit of SEK124 million. So total: SEK324 million.

Sale of operations, we posted SEK88 million loss mainly derived from our Seed(?) 3G, the deal which was closed in May. But when you look at the discontinued operations, there you can actually see a positive result of some SEK139 million. So the loss here on sale of operations is actually offset by this amount.

Taxes, yes. For the full year taxes, the taxes full year SEK1,061 million. There you know that almost SEK900 million is one-off due to the fact that we had to write down deferred taxes in Germany.

I think we move to the next slide. Yes, the cash flow. Capital expenditures is fairly flat versus last year. In Q4 we closed the sale of Italy and Spain and of course that has resulted in a positive result from sold shares. You see there a negative change in working capital, but there you should bear in mind that from the business. We have not sold any business we are running right now. We actually have a positive change in working capital of some SEK200 million.

And capex from continuing operations is SEK1.2 billion for the quarter and SEK4.3 billion fully year. So going forward, on the existing business on the existing footprint, the 2007 capex was SEK4.3 billion.

Here cash flow for the quarter from realignment process, you can actually see that we have a negative cash flow of SEK1.3 billion. We bought minority shares in Versatel. We now own almost 99% of its shares. We also made an investment in Russia, the joint venture mobile operation in Norway, and also Tele2 Seed(?) in Sweden. So 1.3 negative cash flow effect for the quarter.

And on the next slide you see the proceeds from our divestments: total amount posted 2007 is SEK13.2 billion, and of course Italy and Spain is then SEK6.7 billion and we received the money in Q4 as you know.

So that will lead us down to the balance sheet – Lars Torstensson, thank you. There you can see that we have the net debt has really decreased, decreased a lot, and this is just in line with the plan you have all seen before. And then you can see it's a first step to align the Company to the new situation. The Board has proposed first of all that dividend, a normal dividend of SEK3.15 and also a special extra dividend of SEK4.70 per share; and also ask for authorisation for purchase up to 10% of outstanding shares.

Just a short summary the overall trends, the trends also described by Lars-Johan. You can see that the customer intake over the last four quarters has been fairly stable, of course driven by our mobile operation. Fixed line has continued to decline, but we are seeing a somewhat slower pace. And revenue is, as Lars-Johan mentioned, before the mobile telephony now represents 56% of revenue and it's growing all the time. And of course the strong development in Russia/Eastern Europe assets that has been very important now for this new revenue profile.

EBITDA following the same trends. 84% of the EBITDA profit derives from mobile. Fixed line has stayed fairly flat over the quarter, while broadband is still a concern; and of course we have to definitely focus in the broadband area to improve the profits going forward.

Finally, EBIT the same trend as the previous slide, so there of course you see that when it comes to broadband, as you know, we have quite big investments and as a consequence of that also high depreciation levels. So there you see, yes you see the contribution or the split between our different segments.

So I think now you would like to come in with your questions.

Mr Lars-Johan Jarnheimer

Thank you, Lars. I think, as you said, it concludes our comments on the results of the fourth quarter and operator, can we have our first questions please?

Questions and Answers

Peter Kurt Nielsen – Cheuvreux, London

Thanks very much. Peter Kurt Nielsen from Cheuvreux in London. A couple of questions if I may please. Firstly, on the Board's request for authorisation to purchase up to 10% of own shares, does the Board currently intend to use such an authorisation if the AGM

should approve it? And second question, could you talk a bit about what's going on in the Swedish fixed line business? We seem to have dropped a bit in profitability. And third question please: could you give us anything on your outlook for earnings in 2006? Thank you.

Mr Lars-Johan Jarnheimer

If we start with the third question and very good. We are not giving any guidance there. I think it was two years ago we made that elaboration based on your question and I'm not going into that again. I think though that we might come up with some kind of rough guidance after the first quarter. That is what we are aiming for. Then we will know a little bit better. As we said before, we have renegotiated both the agreement in France; we have a new agreement in place in the Norwegian market. There are a lot of things to happen which will hopefully stabilise the profitability in many countries. When it comes to the purchase or the buyback of us to 10%, that is something I would like to hand over to you, Lars. But before that, I'll just say when it comes to the Swedish operation and the fixed line there, I think one thing that we have been very successful in selling to the corporate markets and that has had some effect. I don't know, Lars, if you want to add anything else there.

Mr Lars Nilsson

I think that on the fixed and broadband side we are seeing some effects from some additional push on the fixed broadband side as well, which have had some effect in the quarter. As you can see if you compare the sequential term(?) there has been a fair amount of fluctuation between the different quarters. And it might not be the best explanation, but there of course Group costs that might hit one quarter, might not appear in the other one as well. So I would say that in the fourth quarter you probably had a larger amount of those kind of common costs that have been distributed on the Swedish operations that might not appear again in the first quarter.

Okay.

Mr Lars-Johan Jarnheimer

Lars?

Mr Lars Nilsson

Yes, when it comes to the mandate of buying back shares, I mean we have presently a mandate of 5% and now the Board will ask for the AGM to increase the mandate up to 10%. But then of course it's up to the Board to use it or not to use it, and also when to use it. So I don't think we can make any other comments about that.

Perfect, thank you.

Anders Wennberg – RAM, Stockholm

Hello, Anders Wennberg from RAM. I wonder if you can comment a little bit on the increasing losses in the MVNO businesses. I see there is a funny one in Austria but the

other operations in like France and Switzerland seems to have increasing losses and has still fell in the customer intake. And also I see that you are losing customers in the Dutch MVNO business. Do you see this being a long-term report(?) to the Company and what are you going to do to turn these operations around? Thanks.

Mr Lars Nilsson

Yes, I can start with Austria. As you know, we are in the process of selling the business and we are actually just waiting for the permission to close the deal. So I mean we have actually, when we have had some kind of cleaning-up activities we have found some costs which actually also can be linked to earlier years. So I think the result you see from Austria is more or less, the major part of that is the one-off. But we have, as you know, sold the business and we are just waiting for us to close the deal. So that's Austria.

Mr Lars-Johan Jarnheimer

If I can take France then, Anders, and as I mentioned before, there are a lot of things which has affected the French operation in the fourth quarter. Number one was that we needed to meet some hurdles, both when it comes to traffic volumes and also intake and customer base. And to be able – or let me explain it this way – based on the traffic in the fourth quarter and the customer base and the intake, and a lot of other parameters, the new agreement was constructed which is effective as of 1st January. And we felt that it was good for us then to push it. And on top of that we established this white label with Casino. The only thing if it gives you any confidence, Anders, is that that result for France will improve in the first quarter definitely. But when it comes to the MVNOs, we have the financial hurdles in place and we are monitoring it very tight. When it comes to Switzerland, yes that is then where we have rollout plans and we have started to take on some customers there and we are constantly evaluating these operations and, as we have said before, if we see the trend that they not will meet the hurdles there, we will exist. That's for sure. And I don't know, Lars?

Mr Lars Nilsson

Yes, just to emphasise once again, we went through it in the third quarter also our relationship to our wholesale in Norway, it's of course that we have a negative relationship when it comes to us being successful in the market. We have volume hurdles that, if passed, increases the overall wholesale price on the total base, which means that if we are successful in Norway, we get a higher cost for the wholesale minute. This will of course change as we move to the new host as of 1st April, just to emphasise that as well.

Okay, thank you. If I may also on the broadband Central Europe, I understand the ADSL product in Poland is fairly new, so you are actually still launching new ADSL products. And in terms of Germany 159 million in the EBITDA loss and you took in 16,000 customers. That also appears like a bit of a worry from a profitability standpoint. What's the game plan here, is it – any light in terms of a sales process?

Mr Lars-Johan Jarnheimer

I don't () just to call () here, but I think we are as concerned as you are. I mean, what they have said also is that we might also see opportunity in the environment there but we are

doing everything we can to minimise the losses during certain circumstances we see in Germany. I don't know if anybody else would like to add anything here. No.

Mr Lars Nilsson

The only thing is when it comes to Poland is of course that it's a resold product and that should be seen as a complement to the fixed line service. So it is not the similar situation as in Germany.

Okay, thanks.

John-Marco Bonacina – Euromobiliare, Milan

Yes, John-Marco Bonacina from Euromobiliare. I had a question about the buyback. That was already answered, I think.

Justine Dimovic – Exane, Paris

Good morning, Justine Dimovic from Exane. I just have one question. It's about what you mentioned in the press release regarding Russia, the fact that the licence process has been challenged in court. Could you give us an update on when we should expect you to be able to start the rollout in the new regions? Is it depending on the outcome of the court decision? Thank you.

Mr Lars-Johan Jarnheimer

I think when it comes to the plan there for the new regions, we have said that we will come back in the first quarter. There are still uncertainties regarding the process here. That's the only thing I can say, I think.

Mr Lars Nilsson

To get back on that, Justine, we are still going through the current business plan and we will come back in the first quarter when it comes to the new licences in Russia.

Thank you.

Lena Osterberg – SEB, Stockholm

Yes, I just had a question regarding the new agreements in Norway and France. I was wondering if you could specify a little bit more where you see margins going in those businesses in the medium term with the help of new agreements. And then a second question on the share buyback, if you could just specify over which period how technically you are going to do it.

Mr Lars-Johan Jarnheimer

I will say the only thing I can say when it comes to France is that, I mean, it's new structure of the agreement which will decrease the losses the way, given the existing consumer pattern going forward. That's for sure. But I mean, if you ask us about the

fourth quarter of course we are not happy and we are in France to make money and we are there to enhance the shareholder value. We think though that we have an impressive customer base in France, close to half a million, and most of these are on post-paid. So we definitely have an asset in France. And if it doesn't meet our hurdles, we will definitely look into an exit from France. That I think we can say. But the new agreement, we hope that we will see the improvement already as of the first quarter or Q2. The second question was related to...?

Mr Lars Nilsson

That was Norway, and there we expect low double-digit margins in the short term.

Do you think that both these operations will be able to meet your previously long-term stated margin targets for MVNO businesses of around 15-20% margins?

Mr Lars-Johan Jarnheimer

I think definitely when it comes to Norway. I think the new agreement we have in place, and also the joint venture is going forward. It look very good, I would say. And we are – even if we are a strong brand name in France, I mean in Norway we are stronger than McDonald's and we are clear the number two player there. So I have, based on what I know and the way forward in Norway, I have no reason to doubt that we couldn't meet the hurdles there. And then I mean, in parallel we are building out the network there and in the end of the day we hope to get that traffic on our own network. In France I would say that we, with the new agreement, we need then to evaluate that going forward, and we are putting a lot of effort into it and what we saw in the fourth quarter is hopefully something we won't see again.

Mr Lars Nilsson

And I think when it comes to Norway, I can repeat what we have earlier said, that there will be also big pressure on the margin for the first quarter this year. So I mean, we will start to grow the profit Q2 and going forward. And then the low double-digit EBITDA is then, as we said, a medium-term target.

Mr Lars-Johan Jarnheimer

Okay, Lena. Final question.

Oh sorry, yes. I had a question about the share buyback.

Mr Lars-Johan Jarnheimer

Okay, Mr Nilsson?

Mr Lars Nilsson

The question please?

Oh sorry, it concerns the share buyback that you announced. Over which period and how will you do it technically?

Mr Lars Nilsson

Well I think I can refer to the earlier answer. First of all, this is a proposal from the Board and, as you know, we have the AGM in May. And how to use it and when to use it, I mean that's up to the Board to decide, and I don't think we will disclose that in advance. Okay?

Mr Lars-Johan Jarnheimer

Next question.

James Britton – Lehman Brothers, London

Thanks, it's James Britton from Lehman Brothers. Just a follow-up first on the buyback: can we expect you to get the buyback underway because you've obviously got authority to do 5% buyback ahead of the AGM? So can we expect management to make use of that authority? Second question is obviously on use of cash there's been a lot of focus on shareholder distribution, but can you just give us some comments on your plans for capital investment, particularly in Norway and Russia where there's obviously scope for a big increase in capex in 2008? So obviously guidance on revenues and EBITDA I understand you're reluctant to give, but on capital investment hopefully you can give us some help. And thirdly, can you just clarify the adjustments for all of us on non-recurring items in the quarter in Russia and Austria, which we should be adding back to your clean EBITDA of 1.56 billion? Thank you.

Mr Lars-Johan Jarnheimer

() question and I will let Mr Lars Nilsson...

Mr Lars Nilsson

I can – I will start with the first one and I'm not sure if that will be so much clear, but I mean it's regarding your question about the share buyback mandate. It's true that the Company now has a buyback mandate of 5% and that the Board has proposed to increase the mandate up to 10%. How the Company will use it and when they will use it is nothing we will talk about in advance or can give you any guidance upon. When it comes to the adjustments, your last question, what we said in the report was that there were some one-off costs in Russia, central costs, and I mean the underlying margin for the quarter is somewhat close to 33%. The one-offs you saw and we talked about in Austria, you can actually read about it mentioned in the report. So I think you can also, if you look at the report on page 6, you can see some one-off corrections for... The biggest one is in mobile but you also see that in broadband and fixed telephony. Then the second question was actually about capex, and you saw that the underlying like-for-like capex in 2007 was 4.1 billion and, as earlier stated, we will come back with the investment plan for Russia when we have reviewed and made up the plans for the new regions. So I think this is too early for us to say something about what will happen there. Norway, Norway is as you know a joint venture and there actually we own 50% of a company, and so this is actually our –

this company who made the investments. So that will be some kind of, you can say, off balance sheet structure, exactly the same structure as we have for the 3G operation in Sweden.

Thanks very much. Can I just ask quickly why you are unwilling to clarify whether you want to buy back shares ahead of the AGM?

Mr Lars-Johan Jarnheimer

Once again, the Board has taken the decision to ask for this mandate and then they will...so I mean, that's the information we can give you. This is up to the Board to decide when – if and when.

Okay, so we can exclude any buyback before the AGM?

Mr Lars-Johan Jarnheimer

This is – I repeat my answer – it's up to the Board to decide if and when they will use the mandate.

Mr Lars-Johan Jarnheimer

Okay, we can take the next question.

Saroop Purewal - Morgan Stanley, London

Hi, this is Saroop Purewal here from Morgan Stanley. I've just got a couple of questions, firstly on Baltics, can you just help me work out what the Croatian losses will be going forward? I think they're running at around 250 million a year, and I know you've got your new roaming agreement with T-Mobile. And also the Baltics, i.e. Baltics excluding Croatia, the margin fell in the fourth quarter, and I just want to understand kind of an annualised number going forward.

Mr Lars-Johan Jarnheimer

Okay, when it comes to the Baltic region, we have said that in the quarter we was effectively in Estonia by lowered interconnect in the quarter. Interconnect rate came down by 33% in the quarter. However, if you look at the underlying performance except interconnect, I mean the Estonian business is to continue running in the same way as it has been during the year. The same when it comes to especially Lithuania. The strong push that we've had on the SME and the corporate side has resulted in a good success when it comes to net adds, which has been predominantly corporate users, which of course is associated with slightly higher costs. When it comes to the economic development, the only thing we're seeing currently is it's a slowdown. We don't know if it's going to continue in 2008 or not but as we said, I think the run rate in Q3 and Q4 is probably more applicable to the coming 2008 than Q1 and Q2 in 2007 was, which was extraordinarily strong growth in those two quarters. When it comes to Croatia...

Mr Lars Nilsson

Yes, when it comes to Croatia, as you can see, as you know, there are...the focus now is to get in new customers and we increased the number of customers during the quarter and we are now almost half a million customers. And going forward I think it's very important that you recognise the new roaming agreement which will get in place in May/June next year, and so... This year, sorry. This year, I'm still in 2007 – so in 2008. And so there we will still show a negative result also in 2008. I think that's for sure, but we hope for significant improvements for second half of the year and the focus is, as I said before, now to build the customer base and also too, in the courses(?) way build out our network.

Okay, thank you.

Joakim Johansson – Six News, Gothenburg

Yes, hello. Joakim Johansson from Six News. I wonder if you plan to divest any more operations in the coming quarters. Thank you.

Mr Lars Nilsson

We never comment on the specific transactions. We like to communicate with press releases we have finalised a current transaction. So I mean we never comment on any future M&A activity at all. I'm sorry about that. Operator, could we have the last question as well?

Andrew Lee – Citigroup, London

Good morning, gentlemen. Just two questions on Swedish mobile data if I may. Firstly, can you give us any kind of number for growth rates going forward in that business. And secondly, switched mobile data's impacts on EBITDA: could you give us a feel for what that was this year and how you expect that impact to move going forward. Thank you.

Mr Lars-Johan Jarnheimer

Andrew, could you just repeat the last part of your question there?

The last part was just on the EBITDA impact from Swedish mobile data, specifically what was it this year and how do you expect that impact to change going forward?

Mr Lars-Johan Jarnheimer

If I start with the overall mobile and the guidance we have been giving before is that if we gain market shares, we think that the EBITDA level will trend against the 35. If we remain on the same level, we still believe that it will trend against the 40s. I think the impact going forward on the broadband will of course be higher this year because we are convinced that we have an opportunity to really grab market share here. But the guidance we have given remains still the same, I would say.

Mr Lars Nilsson

Just to maybe help you out a little bit, I mean the acquisition cost when it comes to mobile broadband has been somewhere between SEK1,300-1,500 per customer. We have up until

this date only promoted the low-end service, which is the 384kb per second with a 5GB limitation to it. Our ambition is of course to segment the market a little bit in 2008. But as we mentioned in the report, and we said it before, is that we consider the coming year to be crucial when it comes to the development of mobile broadband which means that we think that the market is most likely going to saturate over the coming years so it means that we need to make sure that we take our fair share of that market. So as we have said in the report as well, you can expect us to be active in the market with multiple offerings and hopefully the cost that I just mentioned can help you out a little bit when it comes to the cost. Then when it comes to the cost associated with the SU-nat joint venture, the joint venture which we have with the Swedish incumbent, the cost associated with that, which is based on a fixed administrative cost as well as costs associated with data traffic and voice traffic over the 3G network, that we do not disclose for competitive reasons. I'm sorry about that.

Thank you very much.

Closing Comments

Mr Lars-Johan Jarnheimer

Okay, we will release our results for the first quarter 2008 on April 23rd and we, of course, look forward to keep you updated on developments on the Group's operations over the next three months. Once again, I would like to thank you all for participating in today's conference call and for your continued interest in and support of Tele2. If there are any further issues that you wish to discuss with Lars Torstensson, Lars Nilsson or myself, we are able to deal with these on a one-to-one basis, and feel free to contact us and our IR team directly. Thank you very much and goodbye.