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## Tele2 reports 1Q14 results

### Moscow – Tele2 Russia, an alternative mobile operator, has reported consolidated 1Q14 financial and operating results.

In 1Q14, the company has continued showing a steady growth of key financials:

- Operating revenue increased 1% compared to 1Q13 and totaled RUB15.5 billion;
- All-Russia EBITDA equaled RUB6.1 billion, having added 8% against the same period last year. EBITDA margin totaled 39.1%, which exceeds the last year's figure by 270 bps;
- Investment in IT infrastructure and technical development totaled RUB1.1 billion in 1Q14.

Indicator (bn rubles)	Q1 2013	Q1 2014	Change
Operating revenue	15.4	15.5	1%
EBITDA	5.6	6.1	8%
EBITDA margin,%	36.4%	39.1%	270 bps
CAPEX	1.5	1.1	(25%)
Free cash flow (FCF)	2.3	2.4	5%

Tele2 Russia has improved its key operating results in 1Q14:

- Subscriber base added 3% compared to 1Q13 bringing a total number of Russian clients up to 23 656 thou people ;
- Ruble-denominated average revenue per user (ARPU) increased 3% compared to the same period last year and totaled RUB219;
- Minutes of use (MoU) totaled 261 on average in Russia, the number gained 1% compared to 1Q13.

Indicator	Q1 2013	Q1 2014	Change
Subscriber base, mn	22.8	23.7	3%
ARPU (rubles)	225	219	(3%)
MoU (minutes)	259	261	1%

### Mikhail Noskov, CEO at Tele2 Russia:

"First quarter of 2014 has become a transition period prior to the start as a new federal operator. Over ten years the company has used a business model based on 2G capacities. Now Tele2 is entering a new phase of active growth connected with the development of new technologies and a launch of operations in new regions.



In the first quarter we focused on preparations for integration of Rostelecom's mobile assets by having frozen investment into development of an old business model. It has influenced revenue growth rates which came as no surprise."