



20.10.2010

Tele2 Russia reports Q3 2010 operating results: subscriber base grows by 4.4 mn

Moscow – Tele2, European mobile operator, has reported Q3 operating results. It managed to exhibit impressive growth in operating revenue and considerable increase in new additions.

In Q3 2010 the company showed a solid growth of key financials:

- Operating revenue grew 39% over Q3 2009 to 11.428 million rubles ;
- EBITDA in Russia rose 66% year-on year to 4.240 million rubles ;
- EBITDA in mature regions went up 41% year-on year to 4.469 million rubles ;
- EBITDA margin in Russia was 37% , up 6 percentage points compared to the same period last year;
- EBITDA margin in mature regions was 48% , up to 8 percentage points compared with Q3 2009.

Indicator (mn rub)	3Q10	3Q09	Change
Operating revenue	11.428	8.215	39%
EBITDA	4.240	2.559	66%
EBITDA margin	37%	31%	6%

Over the period, Tele2 has improved its operating results:

- The subscriber base expanded by 4.4 million people over the last 12 months from October 1, 2009 to September 30, 2010. The number of subscribers increased by 1.17 million in Q3 2010 (for comparison: the subscriber base growth in Q3 of the last year amounted to 1.100 million people), including 674 thousand residents of new regions;
- ARPU increased 3% over the same period;
- MoU grew 7% compared to Q3 last year.

Indicator	3Q10	3Q09	Change
Subscriber base	17,682,306	13,302,568	24.8%
ARPU (rub)	219	212	3%
MoU (min)	229	215	7%

Important events in Q3 2010:

- Tele2 Russia's operations in Kaliningrad passed the EBITDA break-even point in 7 months, and in Tomsk in 13 months, after the commercial launch of the network in the respective region;
- Tele2 Russia launched emergency roaming in regions affected by wildfires;
- Cooperation agreements were signed with X5 RETAIL GROUP and Euroset;
- Tele2's subscriber base in Saint Petersburg and the Leningrad Region hit the 2 million milestone.



Dmitry Strashnov, Tele2 Russia CEO:

“Tele2 Russia continues to follow its strategy, whereby the strengthening of its footholds in new markets are supported by improvement of its financial performance in mature regions. Tele2 Russia holds the fourth position by market share.

We expect our future growth to be supported both by the general revival of the Russian economy and by well-thought-out strategy and tactics of Tele2 Russia. Among other things, we anticipate continued growth of our subscriber base which will be achieved by bringing in those who could not afford to use a mobile phone before as well as by expanding social and demographic mix in our subscriber base and targeting new customers with higher income levels.

Within the next six months we plan to launch offers for corporate customers in the new regions and update the existing offers in those regions where our company is already represented in the corporate market segment.

As for the strategic vision, the best scenario for our future development would be to obtain an LTE license and build an LTE network, which would not only serve the interests of Tele2 Russia, but would also meet the society’s need to close the “digital gap” between the capital and the regions, the megacities and the small towns.”