

# Tele2 Expects Slower Growth

By [The Moscow Times](#)

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STOCKHOLM—Tele2 warned of slower growth in Sweden and Russia this year after the Nordic and emerging-markets telecom group reported lower-than-expected fourth-quarter earnings.

The company's core profits fell 7 percent in the fourth quarter and 2 percent for the full year, showing that Tele2 is not immune from problems in the European telecom sector.

Telecom companies in Europe have been struggling with slower growth, tough competition and regulatory pressures. Sweden, though, has been relatively robust due to tech-savvy Scandinavians' fixation with smartphones.

Tele2 forecast slower revenue growth this year in Swedish mobile operations, with revenues at 10.1 billion to 10.3 billion kronor (about \$1.6 billion) and core profit roughly flat.

Margins in Russia, now Tele2's largest market, were also down in the quarter as the company fought for market share.

The company said it would continue to focus on expanding its customer base in Russia and would keep spending more on marketing.

But as its Russian operations mature, growth in that market is also slowing. Tele2 expects Russian revenues to hit 13.7 billion to 13.8 billion kronor in 2013.

Revenues from Russia totaled 13 billion in 2012 and 11.5 billion in 2011. Core profit is predicted to be 4.8 billion to 4.9 billion kronor, up from 4.7 billion in 2012 and 4.5 billion in 2011.

Tele2's fourth-quarter earnings before interest, tax, depreciation and amortization were 2.7 billion Swedish kronor (\$428 million). That is below the Reuters forecast of 3 billion kronor and last year's earnings, which were 2.9 billion kronor.

The company's chief executive said the Russian Communications and Press Ministry is mulling fees for technical neutrality, which refers to the extent the regulator will designate specific technologies in creating standards for the telecommunications sector.

Tele2 also said it has a 10 percent market share in Russia and wants to grow, but not at any cost. The company said its data services there are not growing as fast as those of competitors MTS, Beeline and MegaFon.

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