

Nordic Telecoms Vie for Central Asia

By [The Moscow Times](#)

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Tele2, Sweden's second-biggest phone company, is looking for acquisitions in Central Asia, a move set to intensify competition with TeliaSonera.

Former Soviet countries in the vicinity of Kazakhstan "can always be of interest," chief financial officer Lars Nilsson said in an interview at a conference organized by Morgan Stanley in Barcelona. "It's important the market is not too small."

Tele2, based in Stockholm, acquired a majority stake in NEO, then Kazakhstan's third-largest wireless operator, in March 2010. The company, which specializes in discount phone services, gets more than a quarter of its revenue in Russia, where it has more than 20 million customers. Larger rival TeliaSonera is the biggest operator in Kazakhstan with its Kcell unit, and operates in five nearby former Soviet countries.

Target markets need at least 1 million potential customers for Tele2 to make an investment worthwhile, Nilsson said. Tele2 has more than 1 million Kazakh customers and expects to reach as many as 2.5 million by the end of next year.

TeliaSonera operates in Azerbaijan, Georgia, Moldova, Tajikistan and Uzbekistan. It has sought to increase its stake in partially owned companies and is currently investing more in Kcell.

☒ Telenor, the Nordic region's largest phone company, has focused on the Indian subcontinent and Southeast Asia for its emerging markets efforts. The Norway-based company hasn't ruled out consolidation for its Uninor unit in India, chief financial officer Richard Olav Aa said Wednesday in Barcelona.

Aa said he expects that Indian authorities will create more transparent rules for mergers and acquisitions within the next three years, and the company would be able to engage in mergers if it meets its 2013 break-even goal. Telenor has targeted break-even on earnings before interest, taxes, depreciation and amortization in 2013.

Tele2 hasn't seen any direct effects from the European debt crisis as its markets including Scandinavia, the Baltic states and Russia have so far been less affected by the economic slowdown and because of its position in the low-price segment, Nilsson said.

The company's Norwegian operations will probably become profitable by 2014, Nilsson said, adding that the acquisition of Network Norway was a "major step" in consolidating the local market. There's currently no need to make any disposals, he said.

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