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Tele2 Expects Slower Growth in Russia

By The Moscow Times

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STOCKHOLM — Nordic telecoms group Tele2 said Tuesday that it expects subscriber growth to slow in its key Russian market as it beat forecasts for fourth-quarter core profit.

Tele2 has seen strong growth in Russia in recent years as it launched in new regions and grabbed customers from more established players, but growth has been slowing in recent months due to increased competition.

Tele2 Russia's customer base grew 2.2 million in 2011, but the company said expansion would be weaker in 2012.

The company said it would have between 21.5 million and 22 million subscribers at the end of 2012 from 20.6 million at the end of 2011.

"As the Russian market matures, we intend to shift our focus from volume to value," chief executive Mats Granryd said in a statement.

However, the company forecast that profitability in Russia would be roughly unchanged this year from the 40 percent earnings before interest, tax, depreciation and amortization, or EBITDA, margin it achieved in the fourth quarter.

EBITDA for the period were 2.8 billion Swedish crowns ($415.5 million). Core profit in Russia rose 38 percent to 1.2 billion crowns.

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