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Ratos, Nomura and Teracom to apply for Swedish open UMTS mobile licence

Ratos, Nomura and Teracom have formed a consortium to apply for a UMTS third-generation mobile telephony licence in Sweden.

The consortium intends to create an open network, selling network capacity to third-party operators with the aim of increasing the range and number of service and content providers when UMTS is launched in Sweden.

The consortium is well positioned to ensure a rapid roll-out of a UMTS network in both thinly and densely populated areas. The consortium has also initiated a co-operation with Ericsson for operation and maintenance of the network.

Open network

In line with the consortium's business concept a number of different service and content providers will be offered capacity on the UMTS network. The consortium has already been holding discussions with a number of Swedish and international service and content providers who are interested in obtaining capacity on the network.

In order to ensure the openness of the network, the current consortium members, consisting of Ratos, Teracom and Nomura will retain a majority of the equity with Ratos having the largest stake and Teracom holding under 20%. The consortium has reserved a minority of the equity for those providers who would also like to participate in the network operating company.

Capacity for rapid expansion

The newly formed consortium will be well placed to build out a UMTS network with a wide coverage both quickly and cost effectively. One prerequisite to this is the infrastructure, including masts, which is currently already available through Teracom.

- "Since we have been offering wireless broadband services for some time, this investment in UMTS is a natural step for Teracom," says Teracom's president, Valdemar Persson. "Our nationwide infrastructure for radio, television and various information and telecom services will be extremely useful in this project."

Financial and technical competence

In addition to sector knowledge, Ratos brings to the consortium the financial and strategic expertise that a business project of this size can be expected to require.

- "We have previously invested in the telecom sector through Telia Overseas, and take a very positive view of the opportunities offered by UMTS," says Arne Karlsson, President of Ratos. "Participating in the build-up and development of a new, major market player is well in line with Ratos' private equity strategy which is based on investing in medium-sized and large unlisted companies with good potential for growth in value."

Nomura International plc has made significant investments in public and private companies in the telecommunications sector, and was the only financial sector bidder in the third generation mobile licence auction in the United Kingdom.

- "At Nomura we have dedicated major resources to building knowledge and contacts across the telecoms sector", says Percy Marchant of Nomura's Asset Investment Group. "This enables us to bring real commercial value to the companies we invest in, as well as our financial strength."

Co-operation with Ericsson

The consortium has initiated a co-operation with Ericsson in the operation and maintenance of the UMTS infrastructure. This will enable the consortium to provide a service which combines its nationwide network operating and maintenance capacity with Ericsson's competence and experience in mobile telephony.

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Ratos, one of Sweden's oldest and largest private equity companies, is listed on the Stockholm Stock Exchange. Ratos' business concept is to maximize shareholder value through the professional and responsible management of its investments, including an active involvement in the governance of its portfolio companies. The net asset value of Ratos' investments exceeds SEK 9bn. The company's current holdings include Telia Overseas, Telelogic, Scandic Hotels, Esselte, Capona, Camfil, Dahl, Superfos, DataVis and Air Cargo Express.

www.ratos.se

Teracom is a leading network operator for transmitting and broadcasting radio and TV, and telecom and information services. Moreover the company offers leasing-in services in masts and other facilities as well as consultancy and servicing services. The Teracom Group also consists of a number of subsidiaries and associated companies which offer complementary products and services. Sales amounts to over 1.5 billion SEK and the Group has 800 employees.

www.teracom.se

Nomura International plc is the wholly owned European subsidiary of The Nomura Securities Co. Ltd., one of the world's largest investment banks with shareholders' equity of US\$13.4 billion. The Asset Investment Group undertakes proprietary investment across a range of asset classes on a global basis, including private equity. It only invests where it believes it has a high level of understanding of the industries and markets involved, and focusses particularly on the telecoms and technology sectors.

www.nomura.co.uk

Further information regarding the Swedish UMTS applications can be found on the site of The National Post and Telecom Agency : www.pts.se