

# SWEDEN B2B GETS STRONGER

June 21<sup>st</sup>, 2016

Tele2 AB

**TELE2**

# Disclaimer

## Forward-looking statements

This presentation contains certain forward-looking statements that reflect the Company's current views or expectations with respect to future events and financial and operational performance. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company cannot give any assurances that such statements will materialize. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

The forward-looking statements included in this presentation apply only to the date of the presentation. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Company and the Group or persons acting on the Company's behalf is subject to the reservations in or referred to in this section.

# Tele2's Way2Win

## Vision

We will be champions of customer value in everything we do

## Mission

We are challengers, fast-movers and will always offer our customers what they need for less

### Where we play



Mobile access



Our current footprint



Residential and Business



IoT

### How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

## Responsible Challenger

## The Tele2 Way

# Transaction terms

## Acquisition of TDC Sweden

- Acquisition price of SEK 2.9 billion
- EV / 2015 EBITDA multiple 7.2x before synergies
- EV / 2015 EBITDA multiple ~4.3x after synergies (pro forma)

## Financing

- Funds and existing credit facilities available to finance the transaction
- Fully guaranteed rights issue planned for H2 2016 to maintain financial strength
  - Supported by Kinnevik
  - Rights issue standby underwriting commitment from Nordea Bank AB for the remaining portion

## Timetable

- Closing subject to EU regulatory approval
- Rights issue expected to be completed during H2 2016
- Completion expected Q4 2016

# TDC is one of Sweden's largest providers of B2B services

## Key highlights

- Strong position with significant potential for future growth
- Successful go-to-market approach
- Attractive customer base including public sector and many Swedish blue chip customers
- State-of-the art network providing nation-wide coverage
- Track record of profitable growth
- Highly experienced and dedicated team

## Selected customers



# Strategic Rationale

**Highly complementary business**

**Combination accelerates Tele2's B2B strategy**

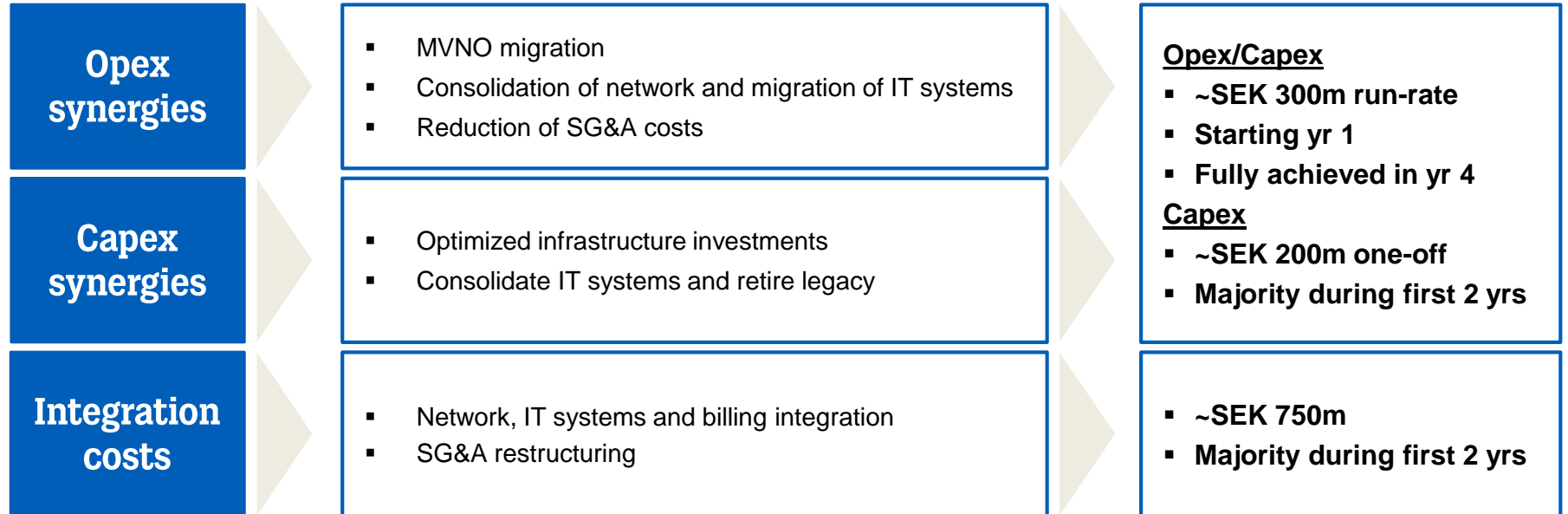
**Unlocks significant synergies**

**Value accretive and fully funded**

# Combination accelerates Tele2's B2B strategy

	Positioning	Customer segment	Product offering
TELE2	Price leadership, flexible customer champion	Strong B2B position with increasing LE footprint	Connectivity and Voice focus
TDC	A leader in integrated B2B solutions	Well established in Enterprise & Public Sector	Strength in growth areas, CaaS, PBX, Security
	Overall strengthened B2B position	Enhanced Go-to-market expertise	Broader and more comprehensive portfolio

# Unlocking significant synergies





# Value accretive and fully funded

## Significant value accretion

- Significant synergies
- Operating cash flow accretive from year 2
- EPS and EFCF per share accretive from year 1 (ex. integration costs)

## Equity financing to maintain financial strength

- Funds and existing credit facilities available to finance the acquisition
- Plan to raise approximately SEK 3bn in a fully guaranteed rights issue
- Rights issue expected to be completed before the end of 2016

## Shareholder support

- Tele2's largest shareholder, Kinnevik, has committed to subscribe for its rights
- Nordea Bank AB has entered into a standby underwriting commitment for the remaining portion

# Conclusions

**Unique opportunity to strengthen Tele2 Sweden**

**Strong strategic rationale through**

- Highly complementary business
- Combination accelerates Tele2's B2B strategy
- Unlocking significant synergies

**Value accretive**

**Fully funded with majority shareholder support**

**Closing expected in Q4 2016**

# Q&A

**TELE2**

# THE BEGINNING

TELE2

# APPENDIX

TELE2

# Financial profile of combination

	Entity	2014	2015
Revenue (SEK million)	Tele2 Sweden	12 641	12 631
	TDC	3 046	3 401
	<b>Combined</b>	<b>15 687</b>	<b>16 032</b>
EBITDA (SEK million)	Tele2 Sweden	3 612	3 844
	TDC	384	402
	<b>Combined</b>	<b>3 996</b>	<b>4 246</b>
Capex (SEK million)	Tele2 Sweden	622	784
	TDC	254	276
	<b>Combined</b>	<b>876</b>	<b>1 060</b>