

SECOND QUARTER 2016

July 21, 2016

Tele2 AB

TELE2

Delivering on our long term strategy



Value Champion

- Sweden Consumer Postpaid and B2B Large both up mid single digits
- Netherlands customer intake up significantly
- TDC Sweden acquisition announced



Focused Technology Choices

- Tele2 Sweden awarded best 4G coverage amongst all Nordic operators
- Swedish 4G geographic coverage reaches 87%
- Netherlands and Baltics 4G LTE population coverage now above 97%



Step-Change Productivity

- Kazakhstan JV synergy plan progressing well
- Baltic region margin expands to 32.5%
- Challenger program on track for SEK1bn per annum benefits



Winning People & Culture

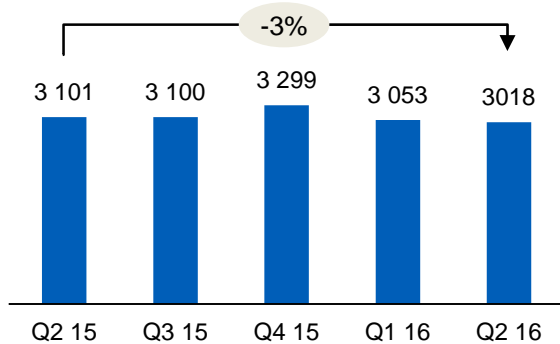
- Dutch marketing team awarded for best advertising and best campaign
- New LT members appointed - Guillaume van Gaver (EVP International), Richard Peers (Chief People and Change Officer)

Group highlights – Q2 2016

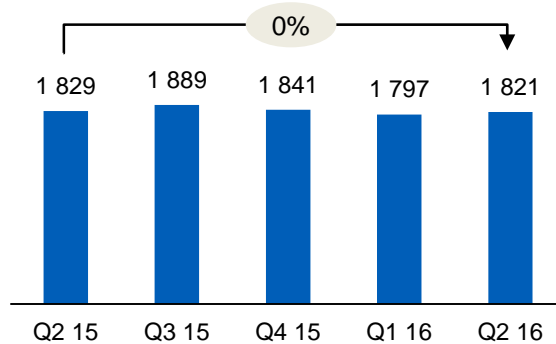
	Q2 2016	% Change Reported	% Change LFL
Mobile end-user service revenue (SEK billion)	3.35	+1%	+2%
Net sales (SEK billion)	6.67	+1%	+1%
EBITDA (SEK billion)	1.09	-22%	-21%

Sweden – Financials

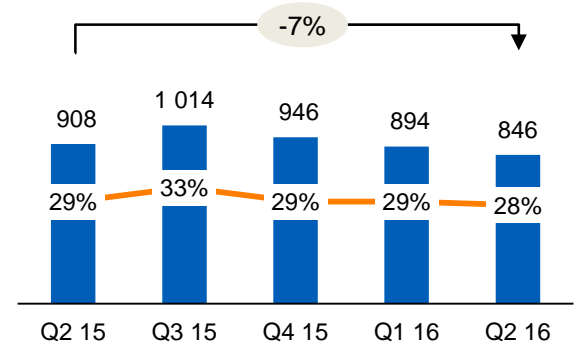
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

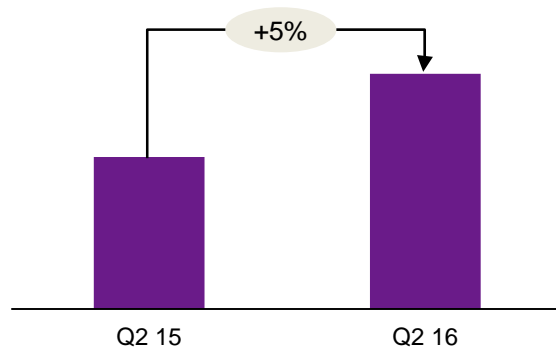


Q2 Highlights

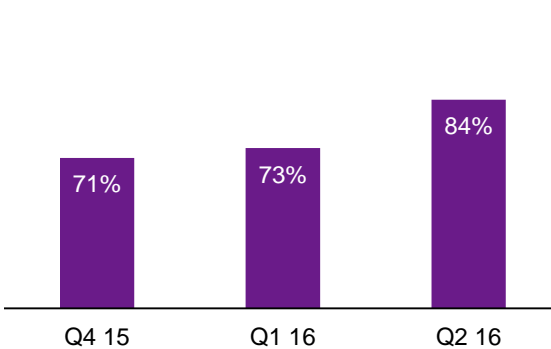
- Net sales declined mainly due to lower fixed telephony and lower operator revenues
- Mobile end-user service revenue up 1.5%, excluding non-recurring items, driven by growth in consumer and B2B large enterprise
- EBITDA impacted by investment into sales & marketing activities and non-recurring items of SEK 51 million

Sweden – Improving trends

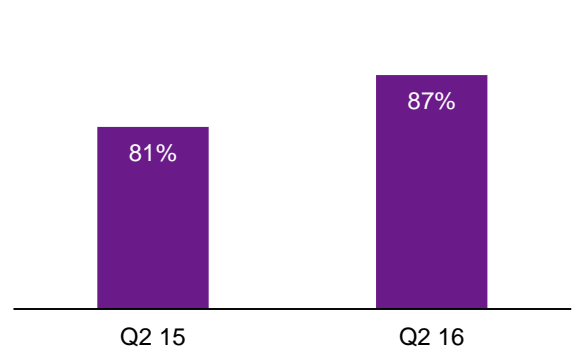
Consumer postpaid end-user services revenue



Share of sales with bundle >0.5GB



Geographic coverage 2G/4G

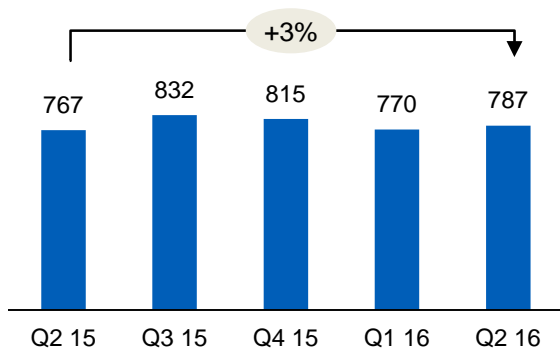


Q2 Highlights

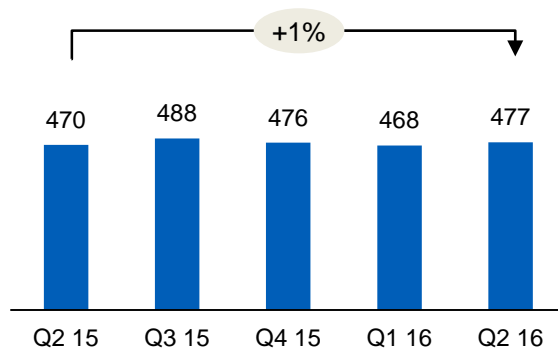
- Consumer postpaid mobile end-user service revenue up 5% mainly driven by Comviq market share development
- Tele2 increasingly taking share of premium value buckets
- Significant improvement in geographic 4G coverage, currently at 87% and on track towards 90% target
- Sweden awarded best 4G coverage among Nordic operators by OpenSignal

Baltics – Financials

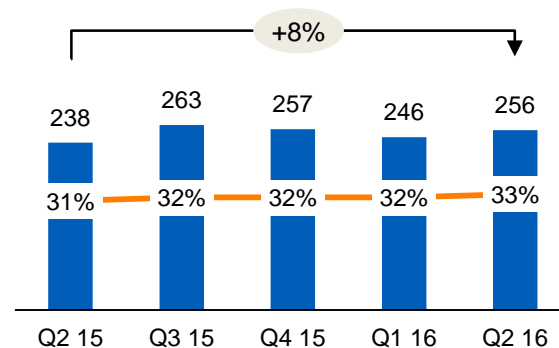
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

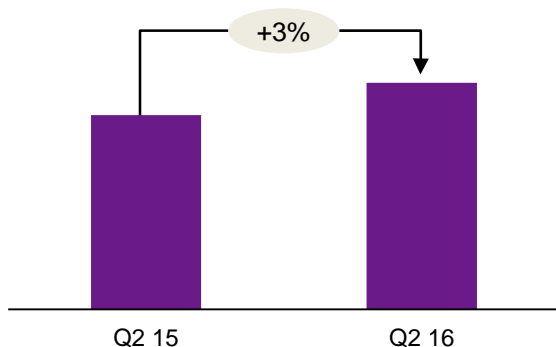


Q2 Highlights

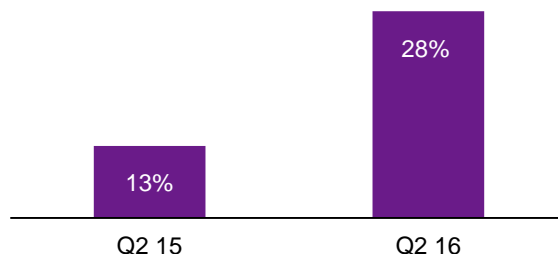
- Net sales driven by continued demand for data services and increased equipment sales
- Mobile end-user service revenue hampered by new roaming regulation, underlying is up 4%
- Strong EBITDA improvement as data monetization flows through to the bottom line

Baltics – Data monetization continues

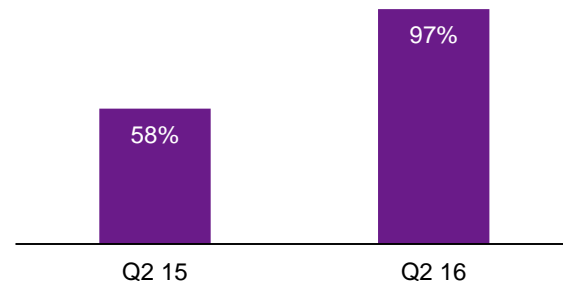
ASPU development



Share of 4G capable smartphones in base



4G population coverage

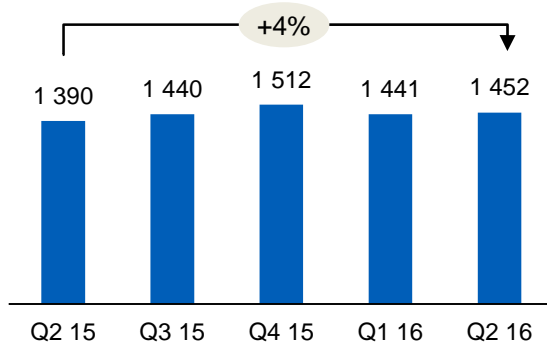


Q2 Highlights

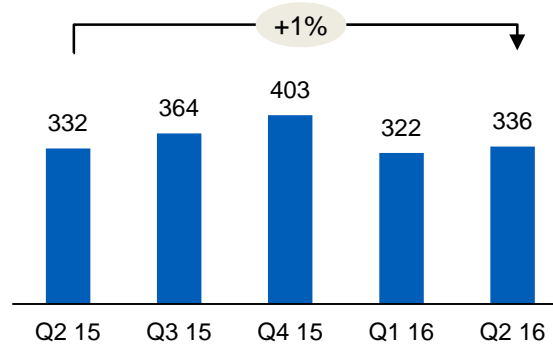
- Strong data monetization driven by prepaid to postpaid transition and data centric pricing
- Data consumption stimulated by an increasing rate of 4G handset penetration
- 4G population coverage now at a solid 97%

Netherlands – Financials

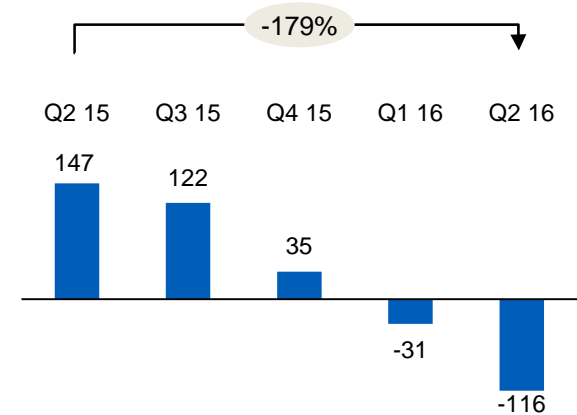
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)

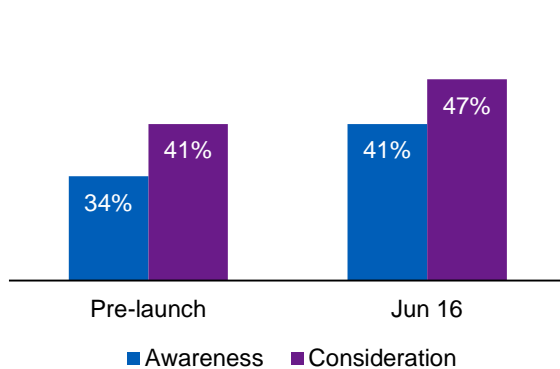


Q2 Highlights

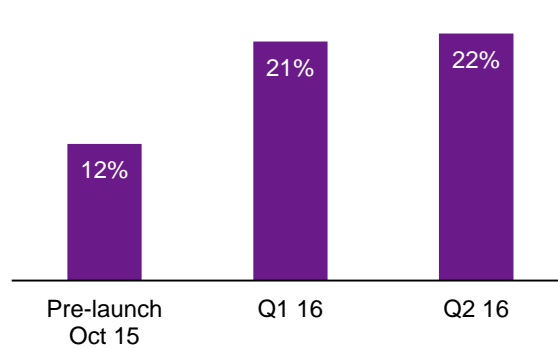
- Net sales up primarily due to increasing mobile momentum, offset by declines in fixed
- Mobile end-user service revenue driven by significant net intake (57k) as a result of our competitive MNO launch propositions
- EBITDA development in line with expectations as a result of investments related to mobile launch and decline in fixed

Netherlands – Continuing momentum

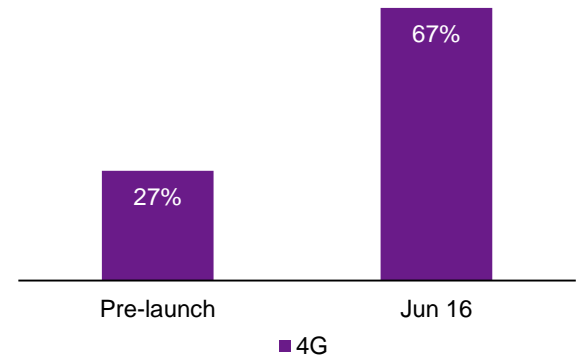
Spontaneous brand awareness & brand consideration (Memo2)



Share of total new postpaid (GfK)



Data usage on own network

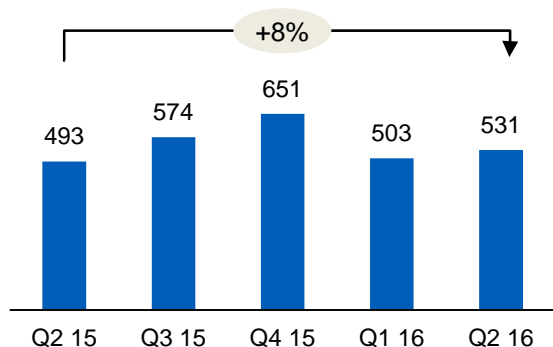


Q2 Highlights

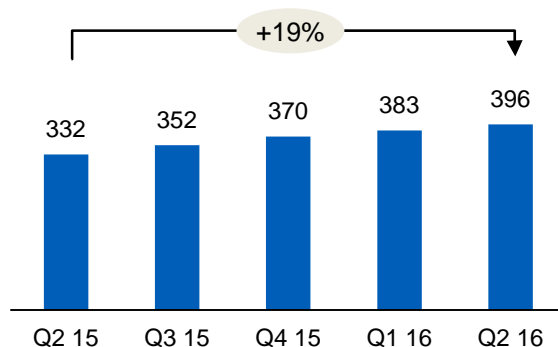
- "Fun Rebel Campaign" awarded best advertising campaign of the year by SAN Excellence
- Brand Awareness and Consideration remain at high levels driving mobile net intake to its highest levels since 2013
- Continuing to take a strong market share of new postpaid contracts
- Good progress in data on-loading driven by continued network rollout now at 97% outdoor and 81% indoor coverage

Kazakhstan – Financials

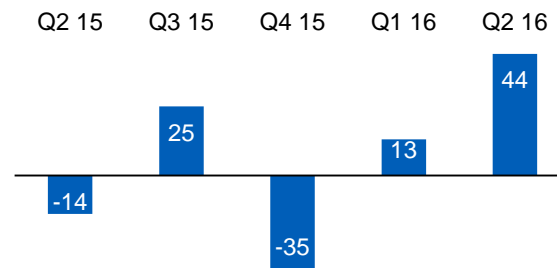
Net sales, LFL
(SEK million)



Mobile end-user service
revenue, LFL (SEK million)



EBITDA, LFL
(SEK million)



Q2 Highlights

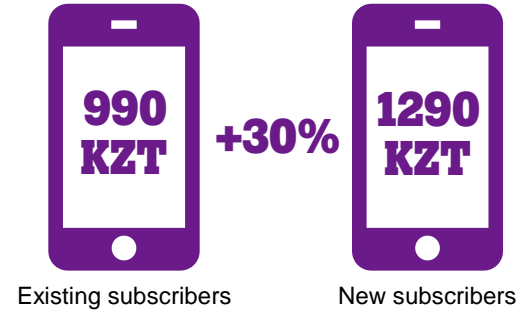
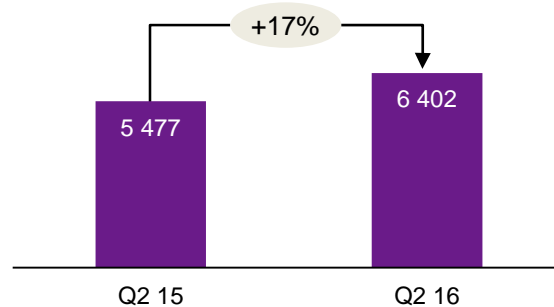
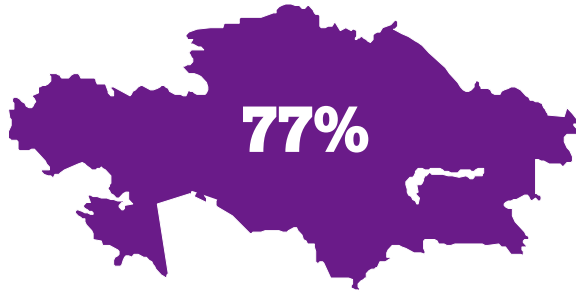
- Net sales growth driven by increase in customer base offset by lower handset sales
- Continued double digit growth in mobile end-user service revenue with a solid net intake of 104k customers
- EBITDA developing positively from improved operating leverage and higher pricing

Kazakhstan – Strong performance

4G Competitive advantage

Customer base, LFL
(thousands)

Main bundle offer development
(Tele2 brand)



Q2 Highlights

- 4G competitive advantage continues to be a key driver of data consumption
- Solid customer base increase due to strong price leadership positions of both Tele2 and Altel
- Tele2 implemented new price propositions in the market as of May
- JV integration plan progressing well

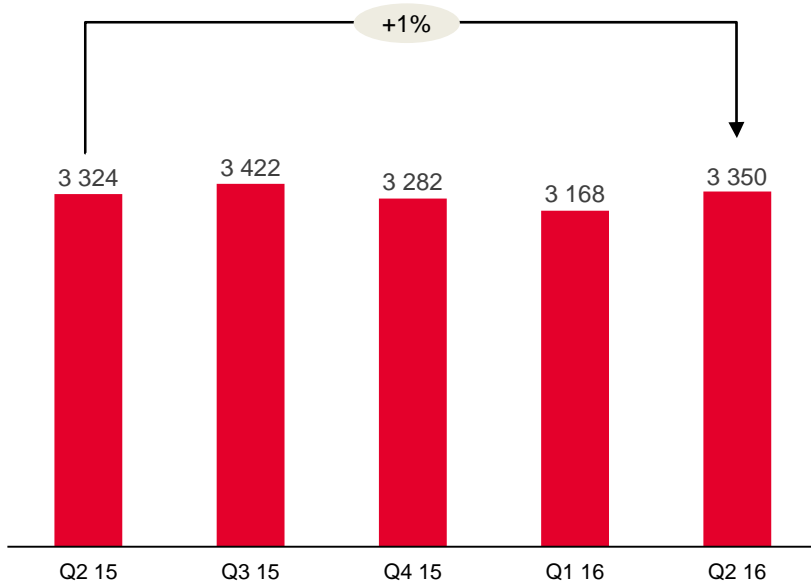
Challenger program on track

	Baseline	2016 target	2018 target	Key progress areas in the quarter
Simplify % of products harmonized on shared platforms	30%	40%	60%	<ul style="list-style-type: none"> Product simplification initiative progressing with 700 products closed year-to-date
Discipline % of spend strategically sourced & procured	40%	75%	80%	<ul style="list-style-type: none"> Strategic sourcing progressed in several new areas, including handset procurement, network services and support agreements
Consolidate % of reduction in IT OpEx as share of revenue	0%	5%	20%	<ul style="list-style-type: none"> 275 FTEs transferred from Netherlands to Shared Operations
Transform % of staff in Shared Operations	12%	18%	25%	<ul style="list-style-type: none"> 100 FTEs outsourced to Indian partner

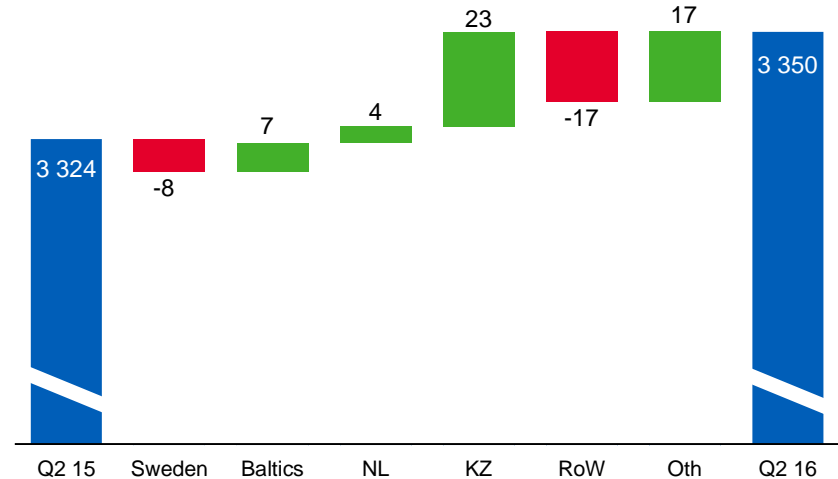
Financial Overview

Mobile end-user service revenue

Tele2 Group
(SEK million)

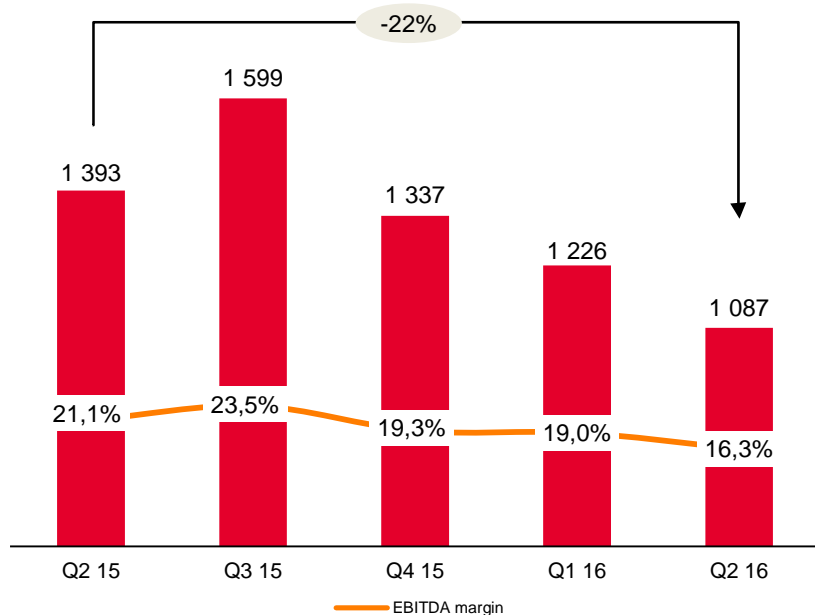


Development per market
(SEK million)

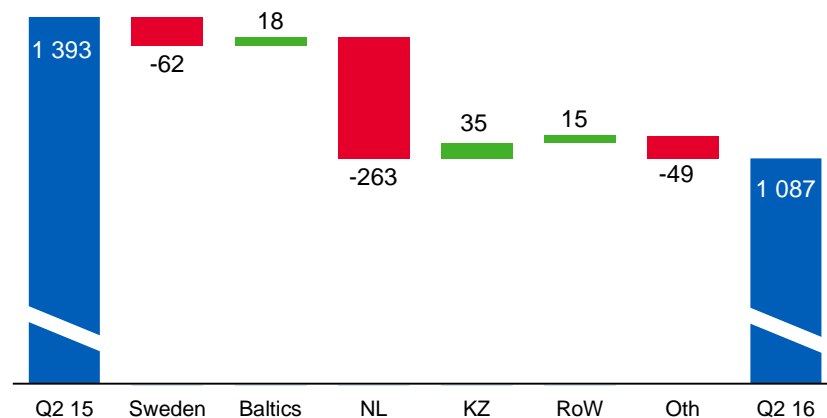


EBITDA

Tele2 Group
(SEK million)

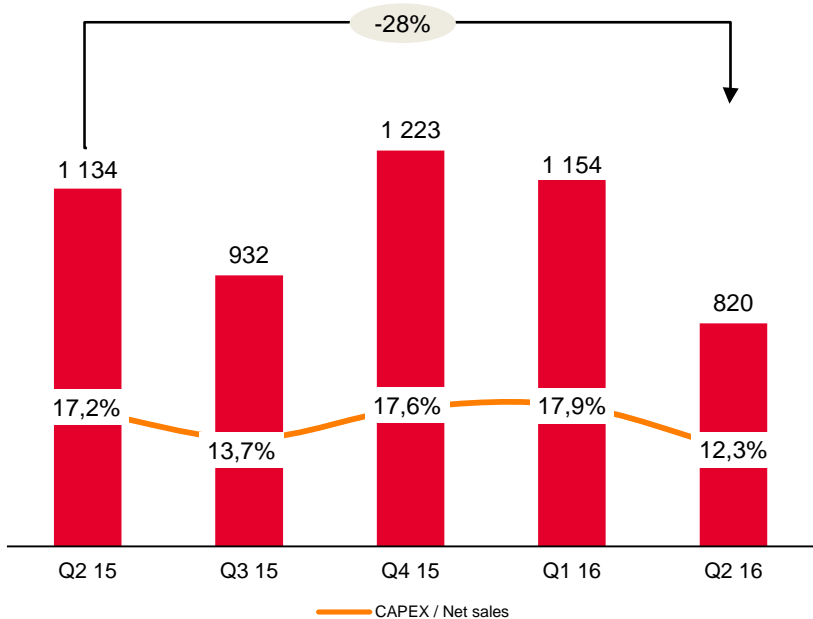


Development per market
(SEK million)

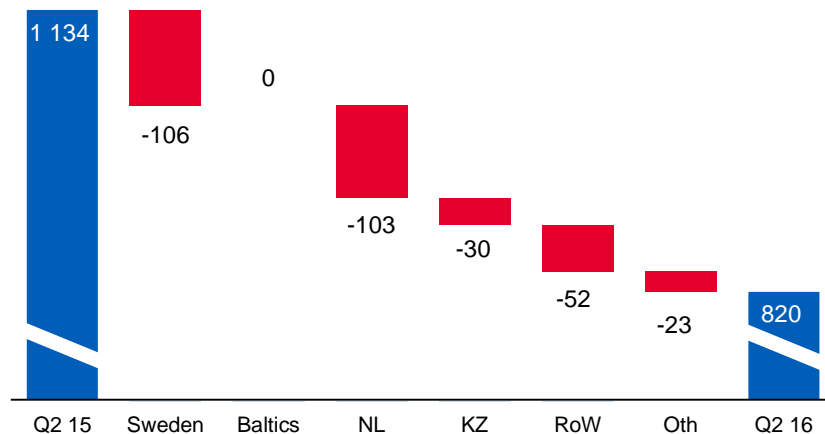


CAPEX

Tele2 Group (SEK million)



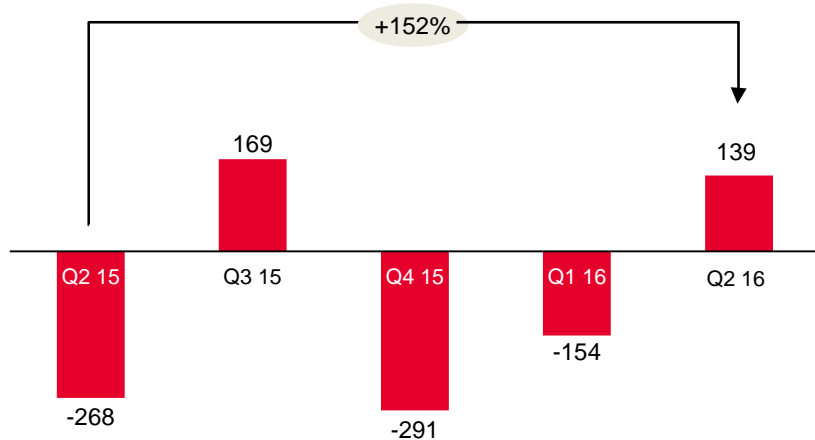
Development per market (SEK million)



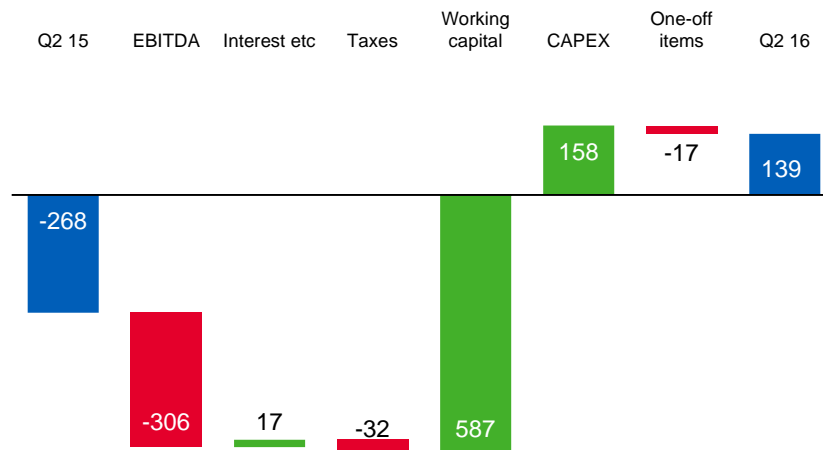
Free cash flow

Total operations

Tele2 Group (SEK million)

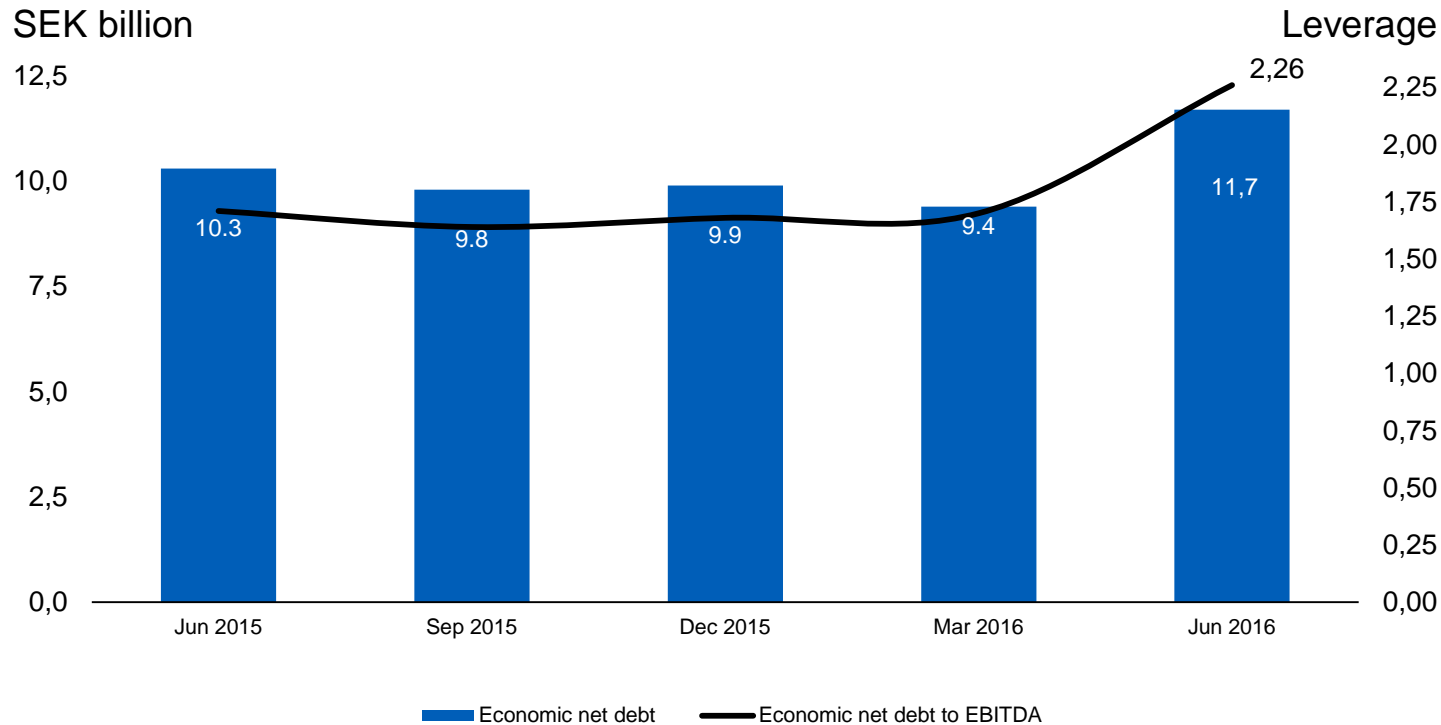


Development (SEK million)



Debt position and financial leverage

Economic net debt to EBITDA 12 m rolling



Where we play – Our portfolio

Market	Country	Focus	Cash Flow*
Established	Sweden	Data monetization	Strong
	Baltics	Data monetization	Strong
Investment	Kazakhstan	Integration	Funded by JV partner
	Netherlands	Customer growth	Negative

* Defined as EBITDA – Capex

Financial guidance 2016

Mobile end-user service revenue	Mid-single digit % growth*
Net sales (SEK billion)	26 – 27
EBITDA (SEK billion)	4.6 – 5.0
CAPEX (SEK billion)	3.7 – 4.1

Summary

Key priorities moving forward

- Sustain momentum in Sweden
- Continue to monetize 4G investments
- Successfully integrate Altel in Kazakhstan
- Execute on Challenger Program
- Prepare for closing of TDC



Focused
Technology
Choices



Value
Champion



Step-Change
Productivity



Winning
People &
Culture

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

**THE
END**

TELE2