

THIRD QUARTER

October 19, 2021



Strong quarter with solid EUSR growth

SEK (YoY growth)	Q3 21	YTD	The Group <ul style="list-style-type: none"> – EUSR growth of 2% driven by both Sweden and the Baltics – Underlying EBITDAaL growth of 5% driven by EUSR growth and cost savings – T-Mobile Netherlands divestment announced – Dividends of SEK 9.00 paid YTD as of October 	Sweden B2C <ul style="list-style-type: none"> – EUSR growth supported by price adjustments in mobile postpaid and broadband and slight tailwind from roaming – Net intake turned positive in the quarter – 5G launched on Comviq to further strengthen its position as a leading brand in the mid-tier segment
EUSR	4.9bn (2%)	14.4bn (1%)		
Underlying EBITDAaL	2.6bn (5%)	7.3bn (6%)		
Capex ex. spectrum and leases	0.7bn	2.1bn		
EFCF	1.9bn	4.0bn		
			Sweden B2B <ul style="list-style-type: none"> – EUSR growth, driven by mobile and solutions. On track to achieve trend shift with less revenue decline FY21 and stabilization FY22 – Mobile driven by improvement in SME intake, IoT growth and profitability focus in Large/Public – Solutions activity is picking up after pandemic lull 	The Baltics <ul style="list-style-type: none"> – Continued strong EUSR and underlying EBITDAaL growth in all markets – ASPU growth driven by successful upselling in addition to price adjustments and slight tailwind from roaming – Pilot for fiber build launched in Lithuania

SWEDEN

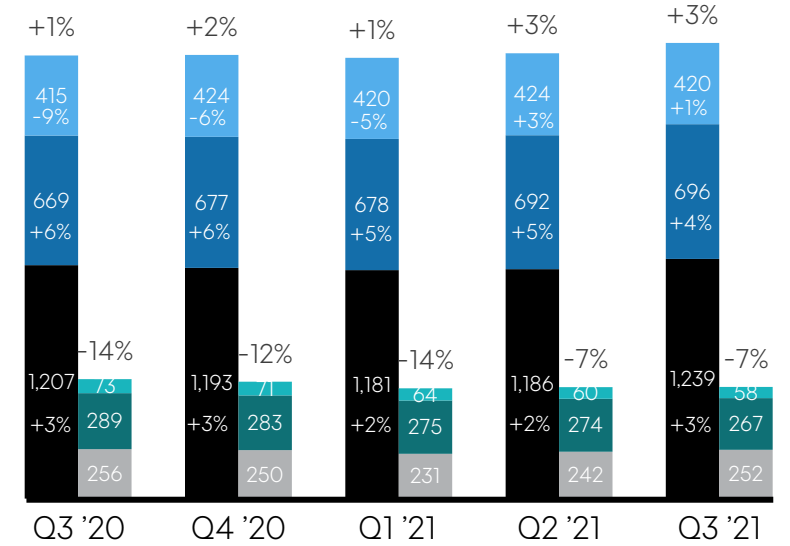
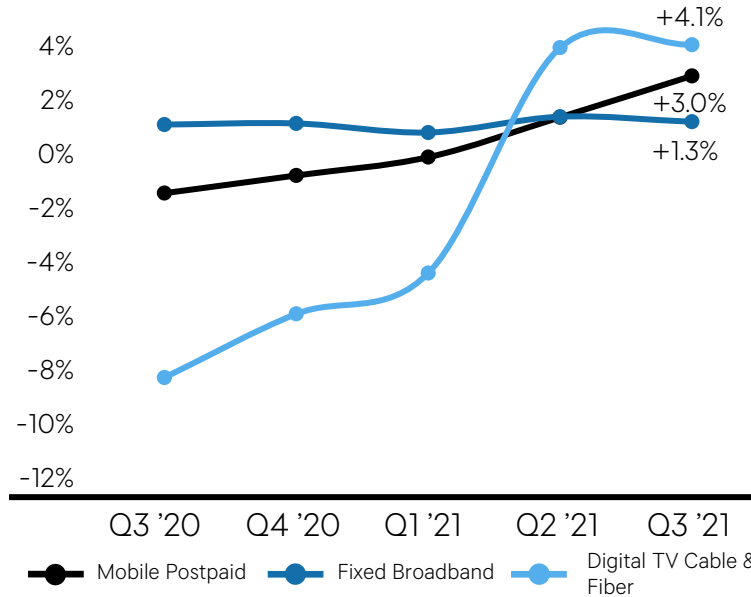
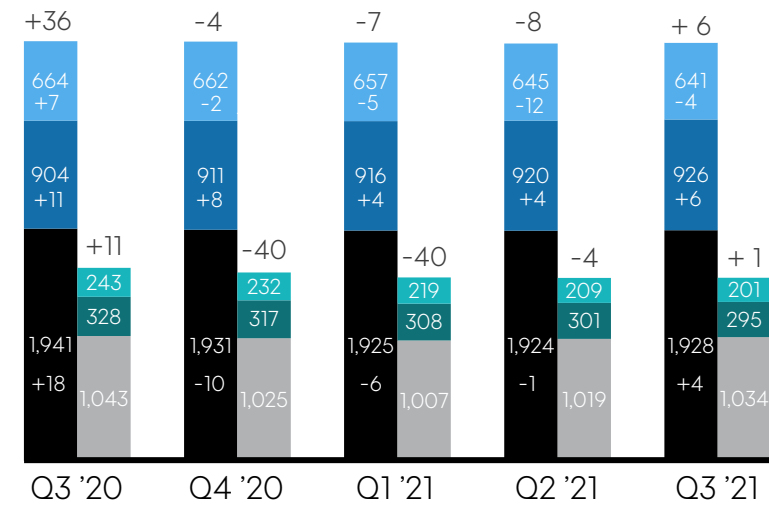


Sweden Consumer

RGUs & net intake - core and legacy services (thousand)*

ASPU year-on-year growth (%)*

End-user service revenue (SEK million, year-on-year growth %)



Core: Mobile Postpaid, Fixed Broadband, Digital TV Cable & Fiber
Legacy: Mobile Prepaid, DTT TV, Fixed Tele & DSL

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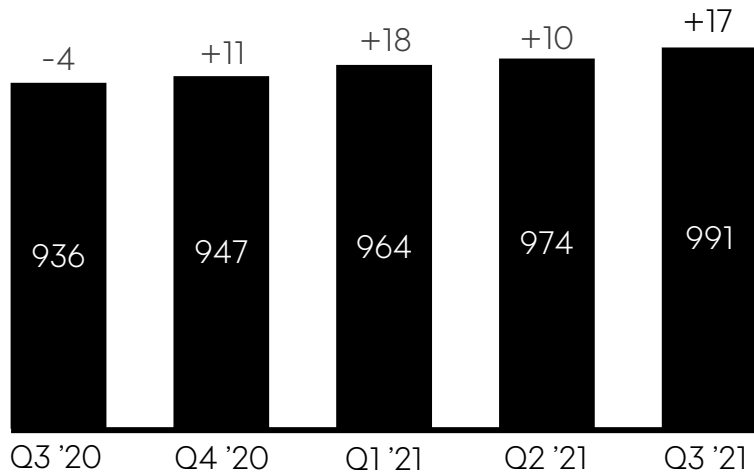
Q3 highlights

- Total net intake turned positive for the first time in several quarters with postpaid sales starting to pick up as the pandemic eases
- Price adjustments done in previous quarters continue to support ASPU growth for both mobile postpaid and fixed broadband
- Digital TV cable & fiber EUSR and ASPU supported by unwinding pandemic effects and growing contribution from Comhem Play+
- Total end-user service revenue increased by 1% driven by ASPU growth in core services and pandemic recovery

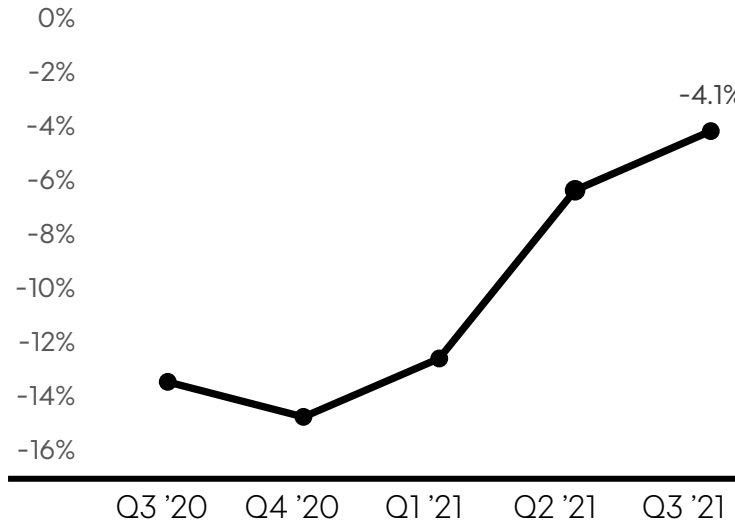
*Net intake and ASPU for fixed broadband and digital TV cable & fiber affected by removal of 9,300 TV RGUs and 1,800 broadband RGUs in Q2 2021 due to a database adjustment of non-active customers (ASPU effect +0.7/+0.1pp for TV/BB in Q3 2021).

Sweden Business

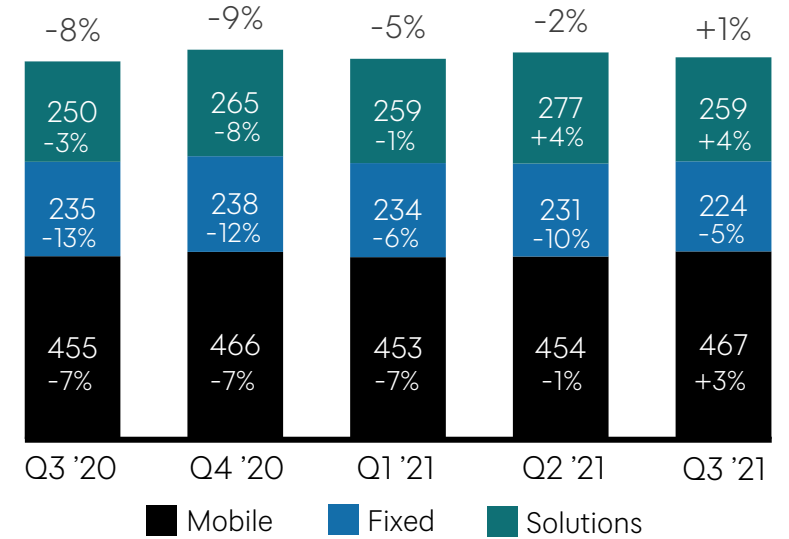
Mobile RGUs & net intake
(thousand)



Mobile ASPU year-on-year growth
(%)*



End-user service revenue
(SEK million, year-on-year growth %)



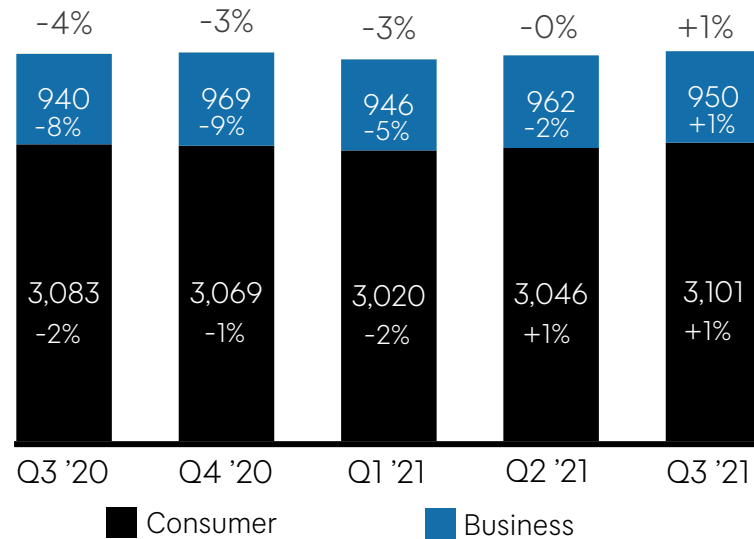
Q3 highlights

- Strong mobile net intake of 17,000 driven by improvement in all segments
- The mobile ASPU trend is starting to improve due to better SME volume, and profitability focus in Large Private and Public
- EUSR in solutions continued to grow as activity is picking up after pandemic lull
- EUSR showing positive development driven by strong mobile net intake, continued IoT growth, and pickup in solutions sales

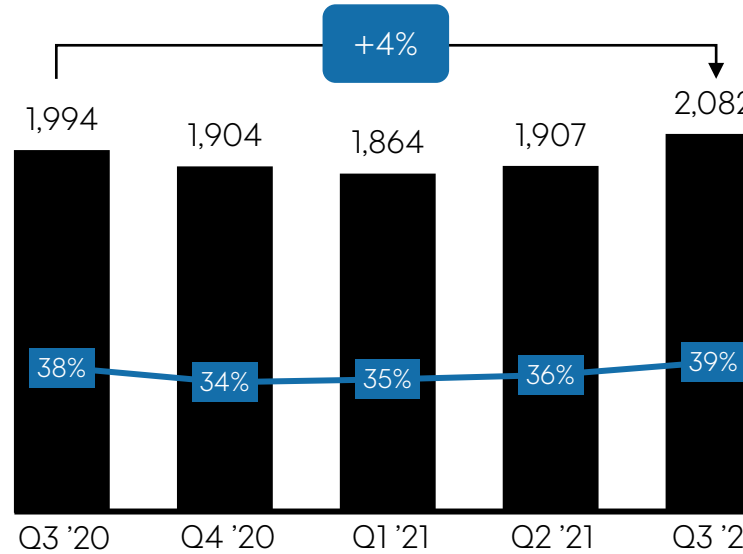
*Excluding IoT

Sweden overview

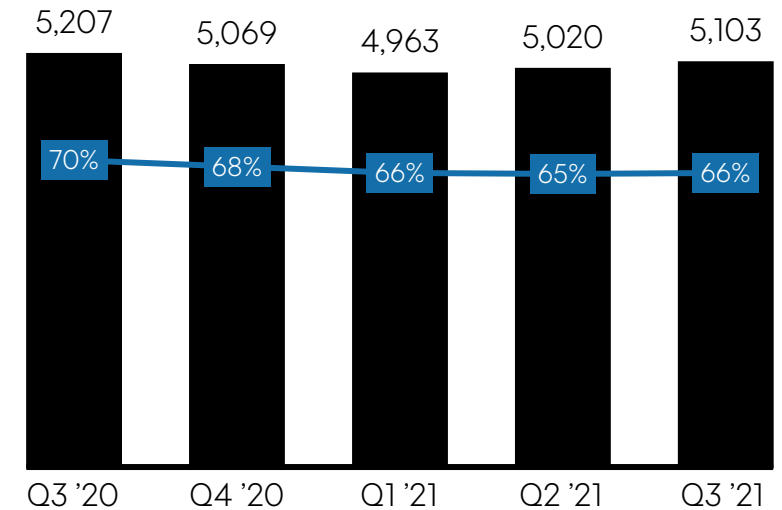
End-user service revenue
(SEK million, year-on-year growth %)



Underlying EBITDAaL and margin
(SEK million)



Operating cash flow and cash conversion, rolling 12m (SEK million)



Q3 highlights

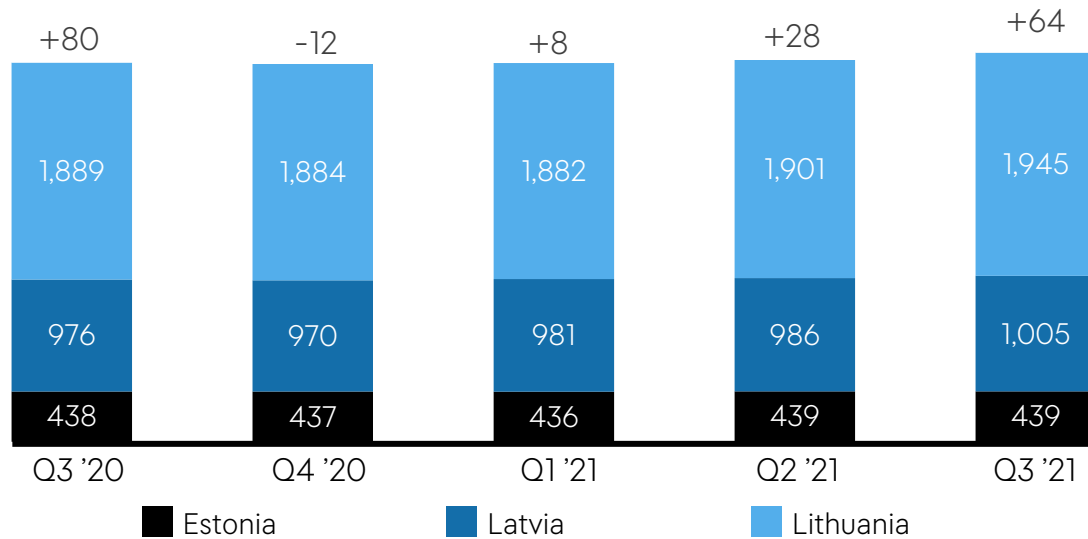
- Easing of pandemic impact along with operational improvements led to EUSR growth in both B2C and B2B
- Underlying EBITDAaL increased by 4%, driven by EUSR growth, wholesale revenue growth and structural cost savings related to the business transformation program
- Continued strong cash conversion of 66% LTM, slightly lower than previous periods as planned network and IT spend ramps up from previously low levels

BALTICS

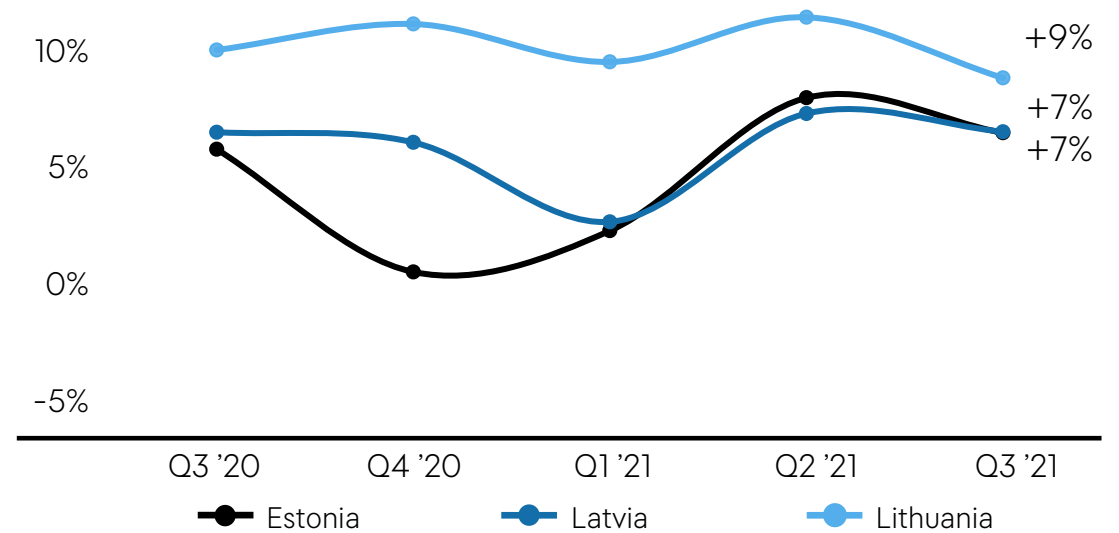


Baltics – Operational highlights

RGUs & net intake – mobile services
(thousand)



Mobile ASPU year-on-year growth
(%)

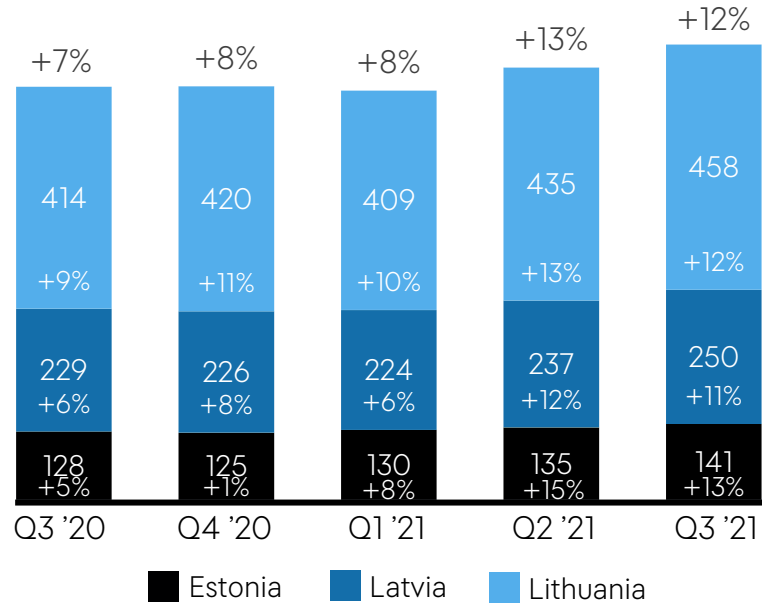


Q3 highlights

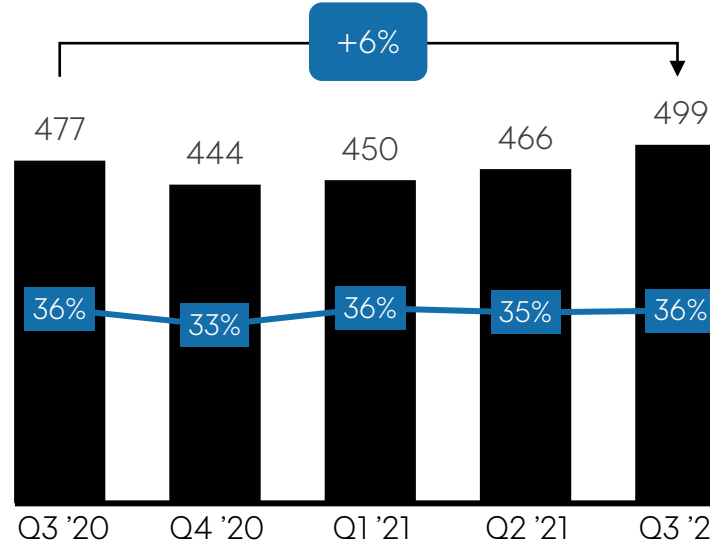
- Positive net intake was driven by strong mobile postpaid growth in Lithuania and Latvia
- Continued strong ASPU growth in all markets supported by more-for-more price adjustments, successful upselling and slight recovery of roaming revenue

Baltics – Financials

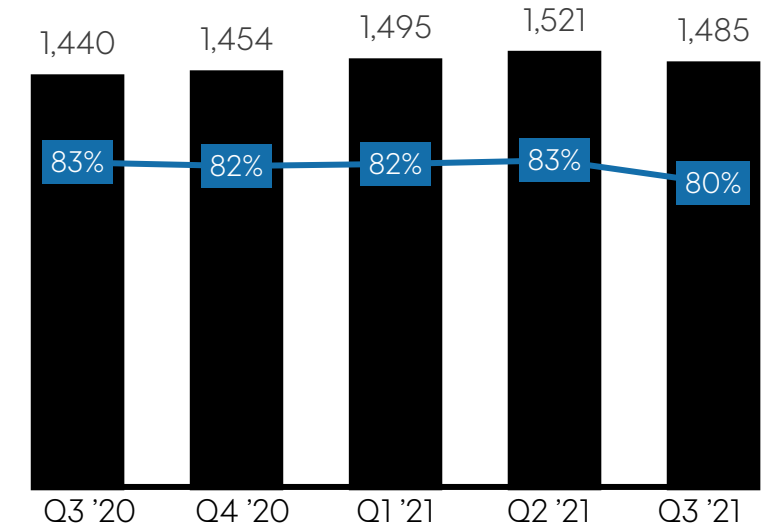
End-user service revenue
(SEK million, year-on-year organic growth %)



Underlying EBITDAaL and margin
(SEK million)



Operating cash flow and cash conversion, rolling 12m (SEK million)



Q3 highlights

- Continued strong end-user service revenue growth of 12% driven by both ASPU and volume growth
- Underlying EBITDAaL increased by 6% driven by higher end-user service revenue
- Continued strong cash conversion of 80% LTM due to strong performance and low capex spend ahead of 5G roll-out. Network capex increased somewhat due to investments into modernization of the core network in preparation for 5G

FINANCIAL OVERVIEW

Revenue breakdown

SEK million excl roaming		Q3 2021	Q3 2020	YoY abs	YoY % (organic)
Mobile		1,461	1,450	11	1%
Postpaid	1	1,212	1,197	15	1%
Prepaid		249	254	-5	-2%
Fixed		1,442	1,447	-5	0%
Fixed Broadband		696	669	27	4%
Digital TV		687	704	-17	-2%
Cable & Fiber		420	415	5	1%
DTT		267	289	-22	-8%
Fixed telephony & DSL		58	73	-15	-21%
Landlord & Other		169	174	-5	-3%
Sweden Consumer	2	3,072	3,071	1	0.0%
Sweden Business	3	943	936	7	1%
Baltics		826	757	69	11%
EuS revenue ex. Roaming	4	4,841	4,764	77	1.9%
Outbound roaming revenue		59	30	29	100%
EuS revenue		4,900	4,793	107	2.5%
Operator revenue		605	573	32	6%
Equipment revenue		1,134	1,178	-44	-3%
Revenue		6,639	6,543	96	1.8%

Comments

- 1 Mobile postpaid grew by 1% ex roaming driven by price adjustments, offsetting negative volume growth
- 2 Flat EUSR growth for Sweden B2C (ex roaming) as growth in core services offset decline in legacy services
- 3 Sweden B2B EUSR (ex roaming) turned to growth as continued strong mobile volume growth, improving ASPU trends and growth in solutions offset the decline in fixed legacy services
- 4 Total EUSR for the group (ex roaming) grew by 2%, as Sweden turned to growth and the Baltics continued to perform strongly

Group results

SEK million		Q3 2021	Q3 2020
Revenue		6,639	6,543
Underlying EBITDA	1	2,894	2,782
Margin (%)		43.6%	42.5%
Items affecting comparability	2	-75	40
D&A	3	-1,523	-1,310
Impairment		0	0
Associated companies & JVs	4	78	24
Operating profit		1,374	1,535
Net interest and other financial items		-116	-128
Income tax		-220	-271
Net profit, continuing operations		1,038	1,136
Net profit, discontinued operations		83	79
Net profit, total operations		1,121	1,215

Comments

- Underlying EBITDA increased by 4% organically, driven by end-user service revenue growth, cost savings related to the business transformation program and less headwinds related to the pandemic
- Items affecting comparability of SEK -75 (40) million was mainly driven by restructuring cost related to the business transformation program in Sweden
- D&A increased due to depreciation of the Com Hem brand following brand merger with the Tele2 in Q2 2021
- Result from associated companies & JVs of SEK 78 (24) million was mainly driven by better results from the 25% stake in T-Mobile Netherlands

Group cash flow

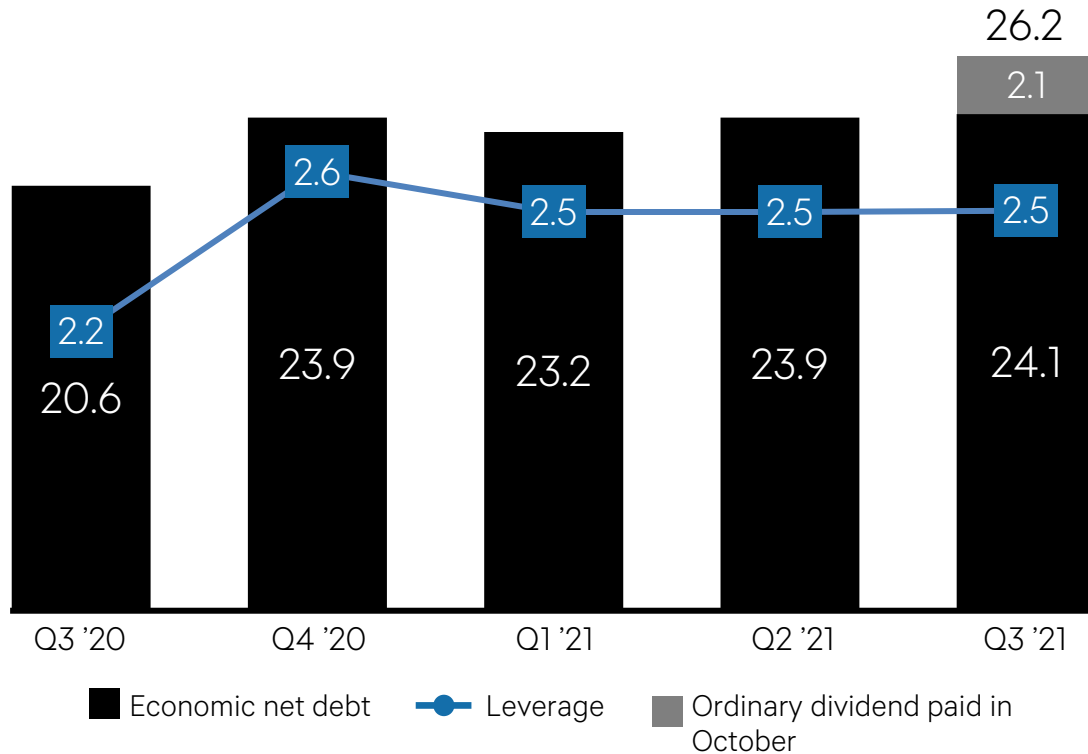
SEK million	Q3 2021	Q3 2020
Continuing operations		
Underlying EBITDA	2,894	2,782
Items affecting comparability	-75	40
Amortization of lease liabilities	-258	-262
Capex paid	-617	-648
Changes in working capital	186	80
Net financial items paid	-44	-70
Taxes paid	-206	-236
Other cash items	24	29
Equity free cash flow	1,903	1,713
Equity free cash flow LTM	4,864	5,153
Equity free cash flow LTM / share (SEK)	7.0	7.4
Total operations		
Equity free cash flow, continuing operations	1,903	1,713
Equity free cash flow, discontinued operations	28	24
Equity free cash flow	1,931	1,738

Comments

- Changes in working capital was seasonally strong in the quarter and positively affected by external handset financing in the Baltics
- Net financial items paid of SEK -44 (-70) million declined compared to last year due to slightly lower interest on the debt portfolio
- Equity free cash flow from continuing operations over the last twelve months amounted to SEK 4.9 billion, equivalent to roughly SEK 7.0 per share

Leverage at 2.5x

Economic net debt to underlying EBITDAaL*
(SEK billion)



Comments

- Economic net debt increased by SEK 0.1bn compared to Q2 2021 as the SEK 2.1bn payment of the extraordinary dividend in July was partially offset by cash generation
- Leverage of 2.5x was in the lower end of the target range of 2.5-3.0x ahead of the second tranche of dividend payment in October
- Second tranche of ordinary dividend of SEK 3.00 per share (SEK 2.1bn), paid on October 8
- Adjusted for the second tranche of the ordinary dividend, leverage would have been ~2.7x

Economic net debt = Net debt excluding lease liabilities
*Underlying EBITDAaL for total operations at the time of reporting

Business transformation program update

	Realized in Q3 2021	Annualized run-rate Q3 2021	Target 2021*	Target 2022*
Opex Reduction (SEK million)	90	425	~500	>1,000

Comments

- Annualized run-rate at end of Q3 2021 of SEK 425 million (SEK 350m as of Q2 2021)
- Savings of 90 million realized in Q3 2021 with SEK 55 million net effect on underlying EBITDAaL growth (SEK 35 million realized in Q3 2020)
- Cost reductions in Q3 2021 coming from efficiency improvements within the technology and IT organizations and commercial functions
- Target of at least SEK 1bn annual run-rate remains on track with roughly half expected by the end of 2021 and the rest by the end of 2022

TO CONCLUDE...



Key priorities going forward

Sweden

Ramp up roll-out of nationwide 5G and continue Remote-PHY roll-out

Continue execution of the business transformation program to deliver at least SEK 1bn in opex reduction by the end of 2022

Sweden B2C

Execute on phase 2 of FMC with the rebranded Tele2

Sweden B2B

Continue execution of segmented market approach to improve volume in SME, focus on profitability in Public and Large segment, and reach stabilization in 2022

Baltics

Build on current momentum, prepare for 5G and develop FMC capabilities



THANK YOU!



TELE2

