

SECOND QUARTER 2015

July 21st, 2015

Tele2 AB

TELE2

Highlights from the quarter



Value
Champion

- Positive net intake across the Group.



Focused
Technology
Choices

- 4G network in the Netherlands now at 80 percent population coverage.



Step-Change
Productivity

- Challenger program is now delivering results.



Winning People
& Culture

- Scored in the 91st percentile overall in the FTSE4Good index.

Monetization of data continues

Year-on-year growth, Tele2 Group

**Mobile end-user service
revenue**



+7%

Mobile EBITDA



+2%

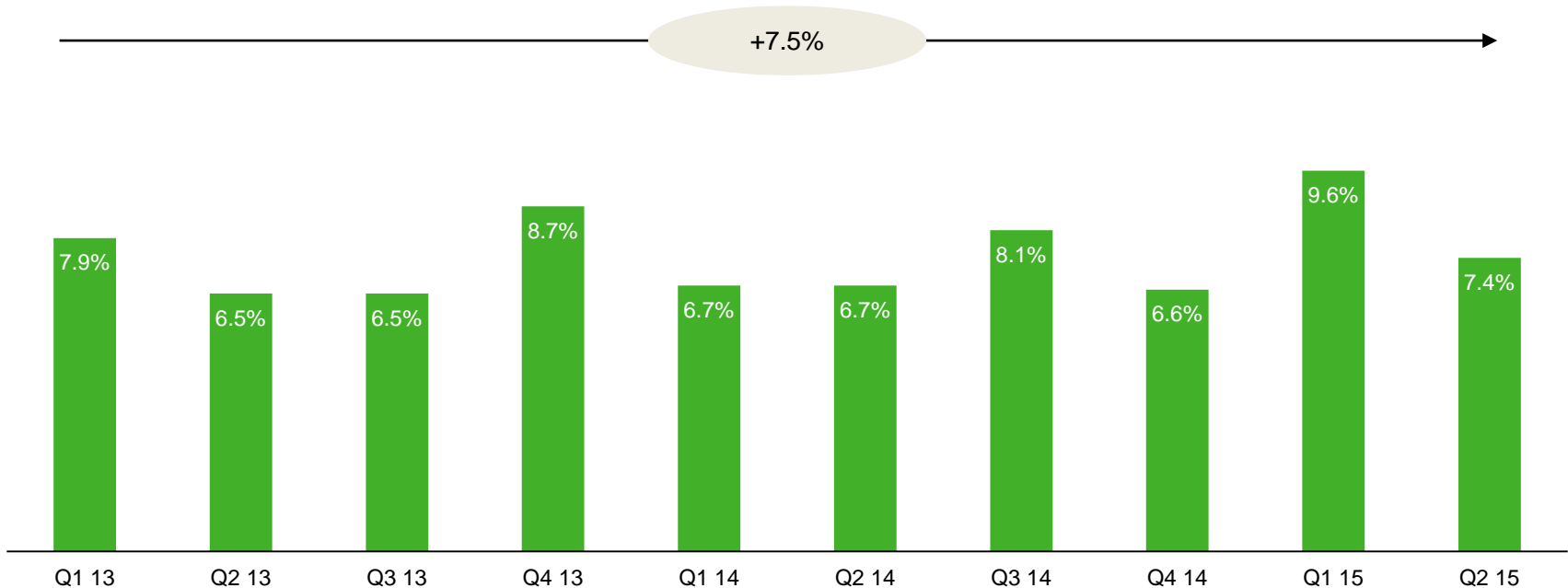
**Average data usage
per mobile subscriber**



~55%

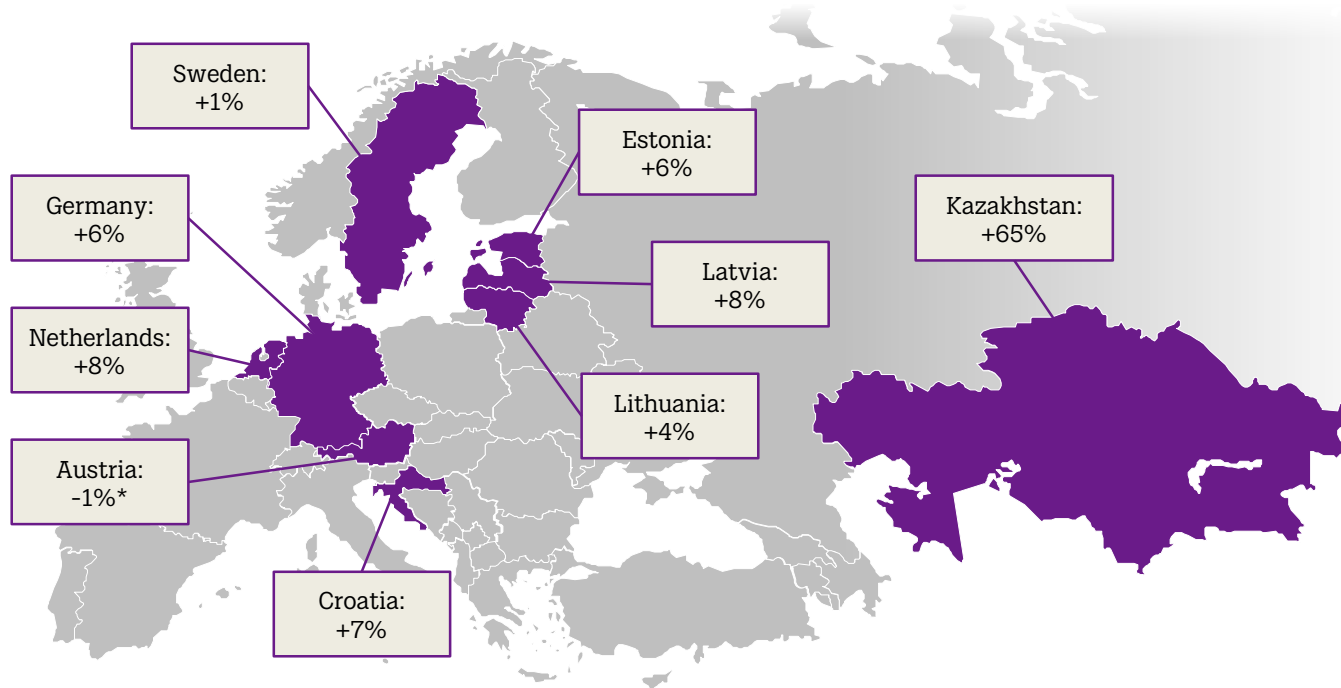
Continuous momentum in mobile end-user service revenue

Year-on-year growth for mobile end-user service revenue, Tele2 Group

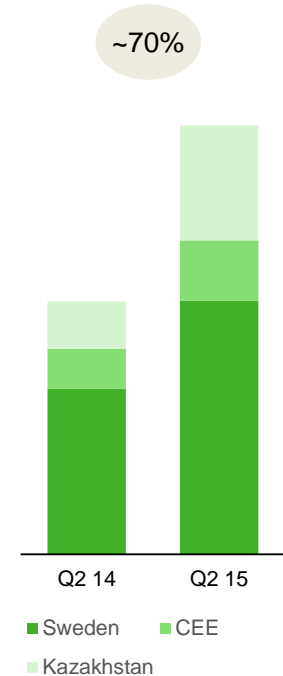


Market year-on-year development

Mobile end-user service revenue

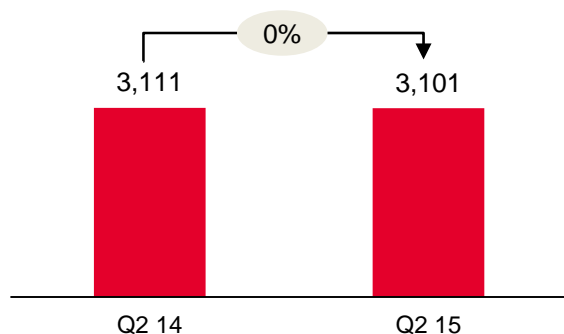


Data growth (MNO networks)

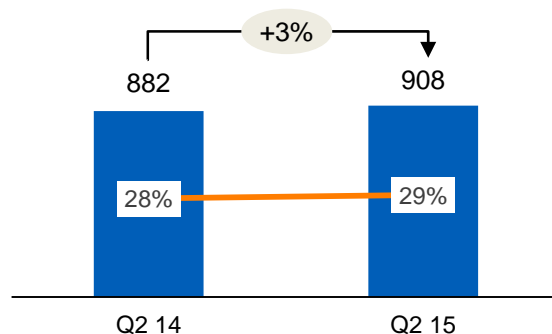


Tele2 Sweden

Net sales
(SEK million)



EBITDA and EBITDA margin
(SEK million)



Mobile net intake
(thousands)

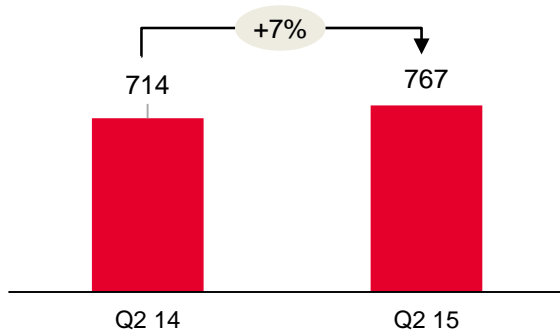


Q2 Highlights

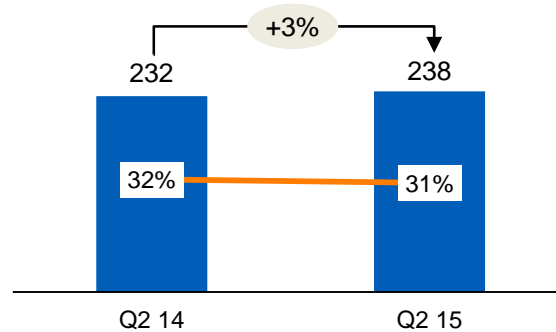
- **Overall:** Strong customer intake and reduced churn for both Tele2 and Comviq. Particularly strong progress from prepaid to postpaid conversion in Comviq, is moderating our growth from previous periods.
- **Consumer:** Our dual brand strategy has developed according to plan and the segment showed a continued growth driven by high demand for mobile data. Tele2.0 has continued to perform well resulting in both lower churn and higher ASPU as well as a positive effect on brand consideration and NPS. Comviq's positive momentum this quarter reflects its position as a modern price fighter.
- **Business:** A solid quarter with a strong order intake, primarily driven by the Large Enterprise segment where Tele2 Sweden was awarded several large contracts, among others for example Göteborgs Stad.

Tele2 Baltics

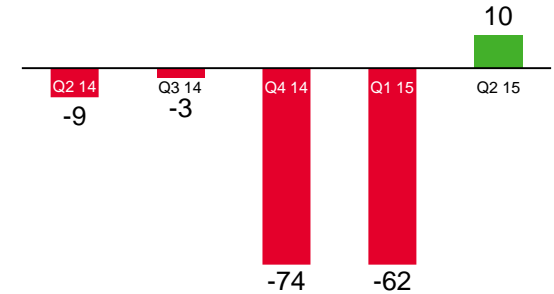
Net sales
(SEK million)



EBITDA and EBITDA margin
(SEK million)



Mobile net intake
(thousands)

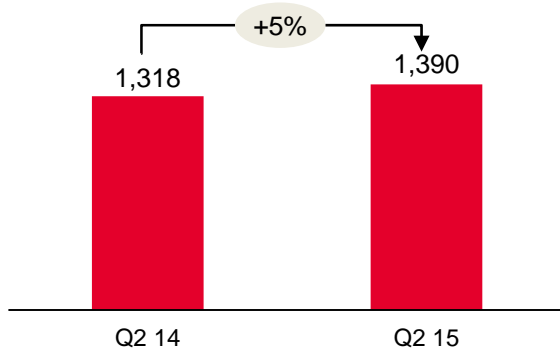


Q2 Highlights

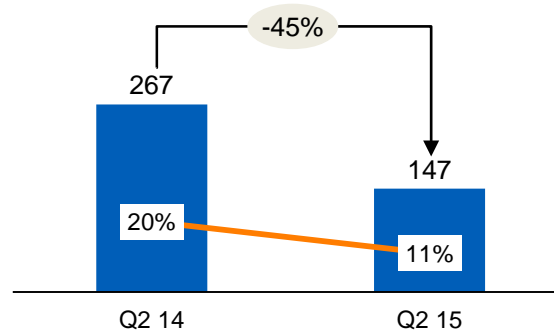
- Mobile end user service revenue grew by +6% driven by increasing data usage and new data focused pricing model.
- 80% LTE population coverage in Lithuania. All Baltic countries on track for 90% coverage by year end.
- Well positioned for Value Champion launch.

Tele2 Netherlands

Net sales
(SEK million)

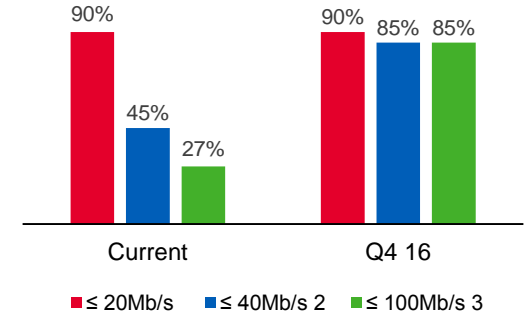


EBITDA and EBITDA margin
(SEK million)



VULA

Broadband speed/Population coverage

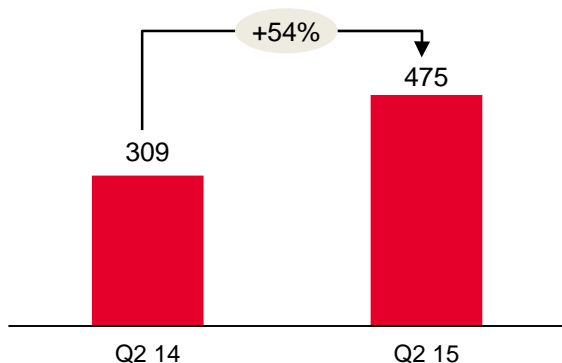


Q2 Highlights

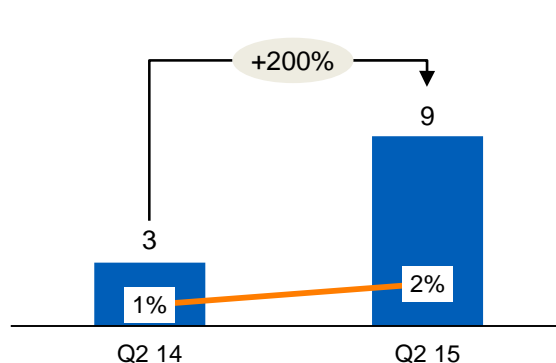
- 15th consecutive quarter of growth in the mobile customer base.
- EBITDA is heavily impacted by decline in fixed business and investment in mobile
- Signed deal with incumbent to re-sell their full suite of broadband services – VULA
- Transfer of customers onto our 4G network is progressing according to plan. Now at 80% population coverage and first VoLTE test completed successfully.

Tele2 Kazakhstan

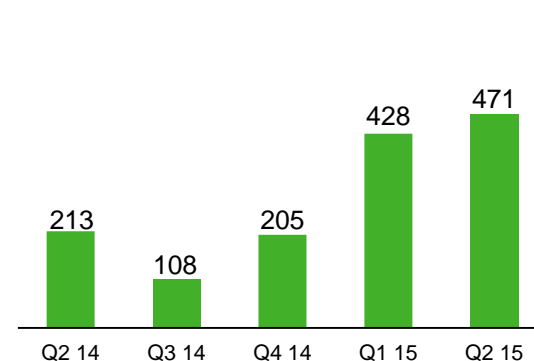
Net sales
(SEK million)



EBITDA and EBITDA margin
(SEK million)



Mobile net intake
(thousands)



Q2 Highlights

- Despite tough price competition in the market, net intake was +471,000.
- Quality of new subscribers remains high and we have increased Voice traffic by 124% and Data by 195% in Q2 YoY.
- Network rollout on track.

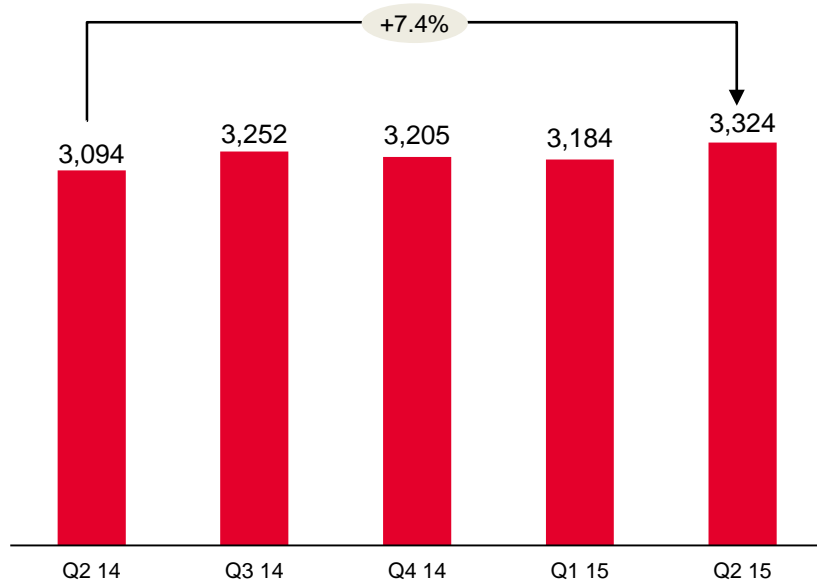
Financial Overview

Financial highlights

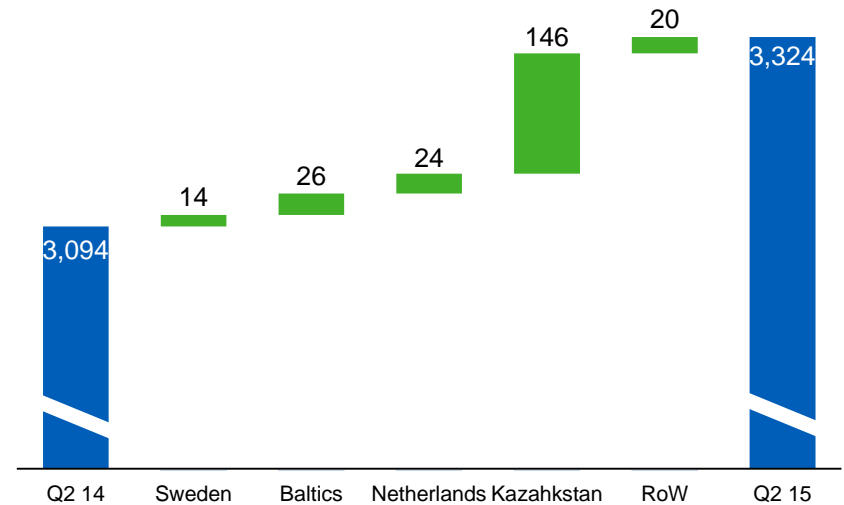
	Q2 2014	Q2 2015	Trend
Net sales (SEK billion)	6.34	6.61	+4%
Mobile end-user service revenue (SEK billion)	3.09	3.32	+7%
EBITDA (SEK billion)	1.47	1.39	-5%
CAPEX (SEK billion)	0.85	1.13	+33%

Mobile end-user service revenue

Tele2 Group
(SEK million)

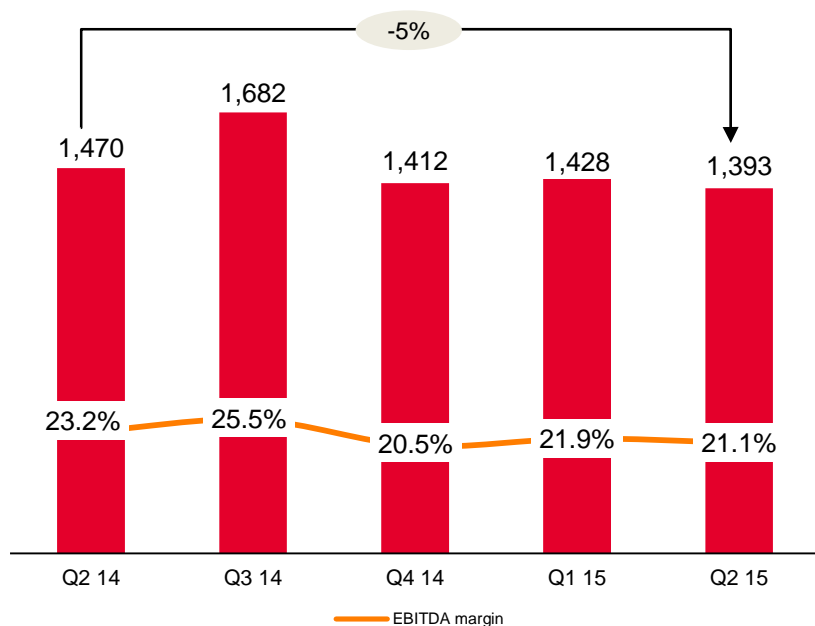


Development per market
(SEK million)

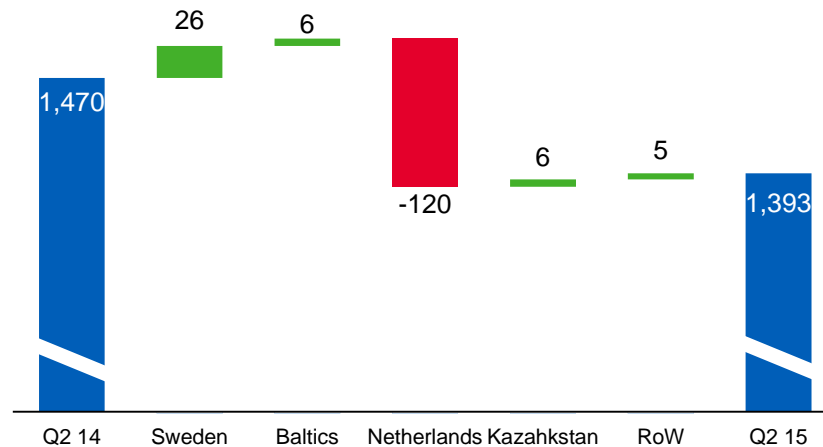


EBITDA

Tele2 Group
(SEK million)

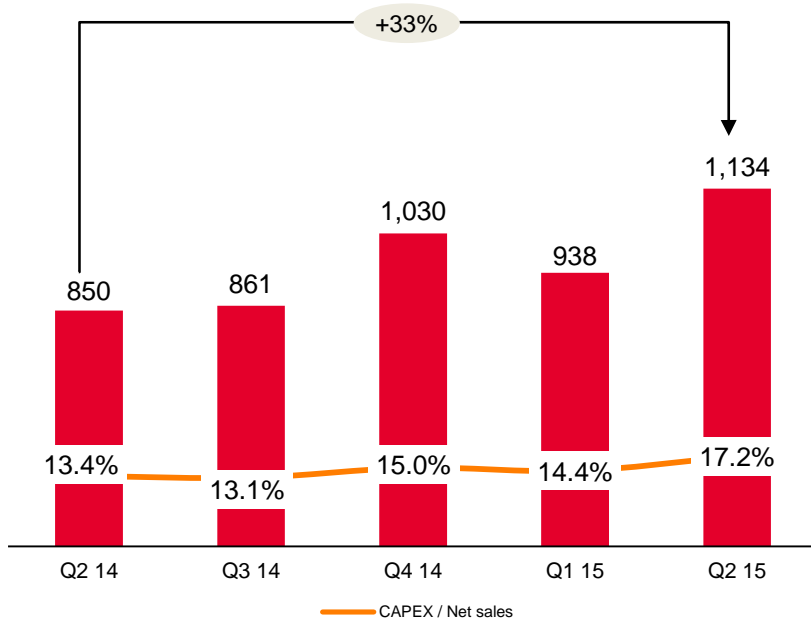


Development per market
(SEK million)

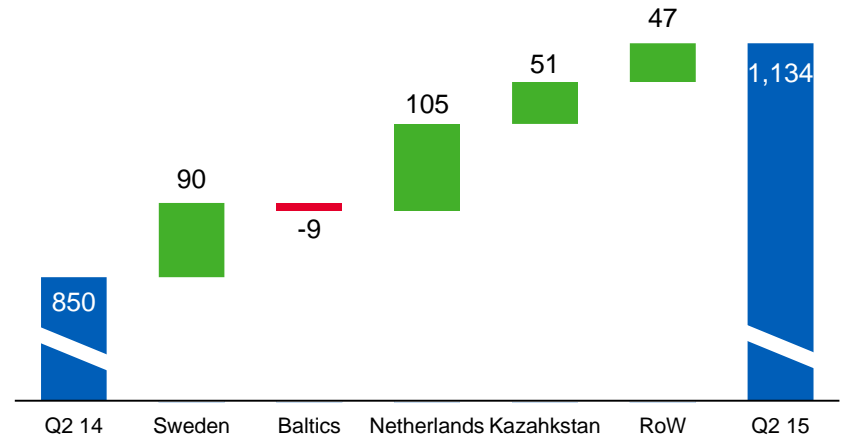


CAPEX

Tele2 Group
(SEK million)



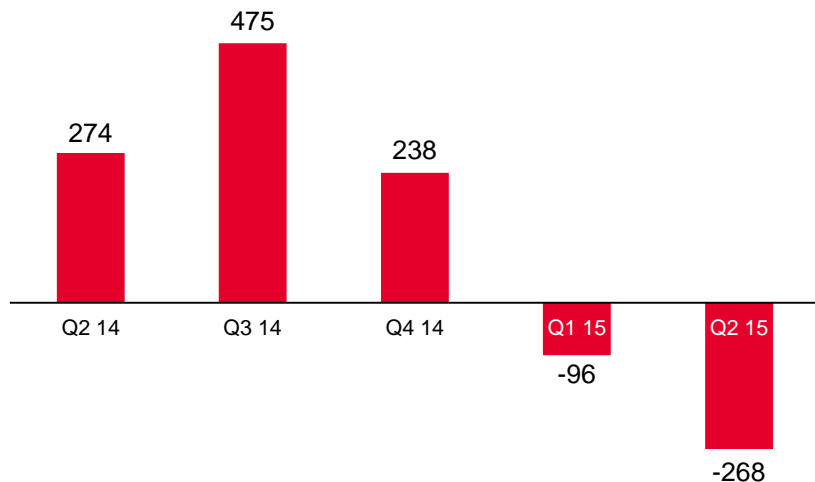
Development per market
(SEK million)



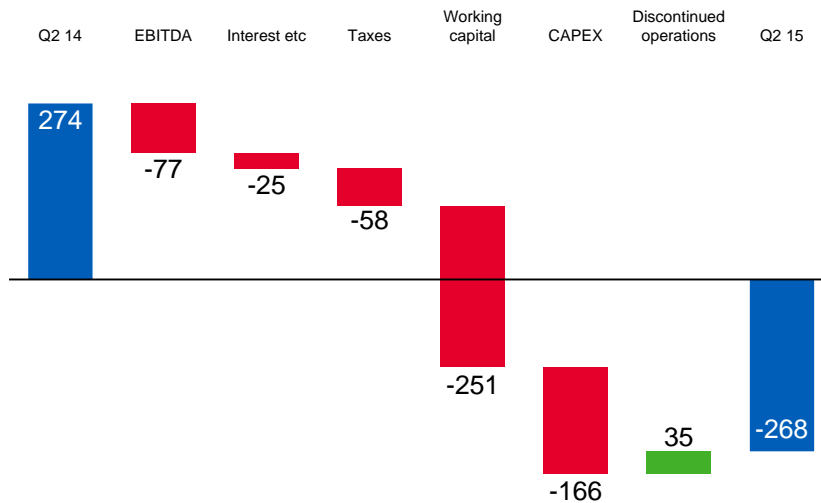
Free cash flow

Total operations

Tele2 Group
(SEK million)



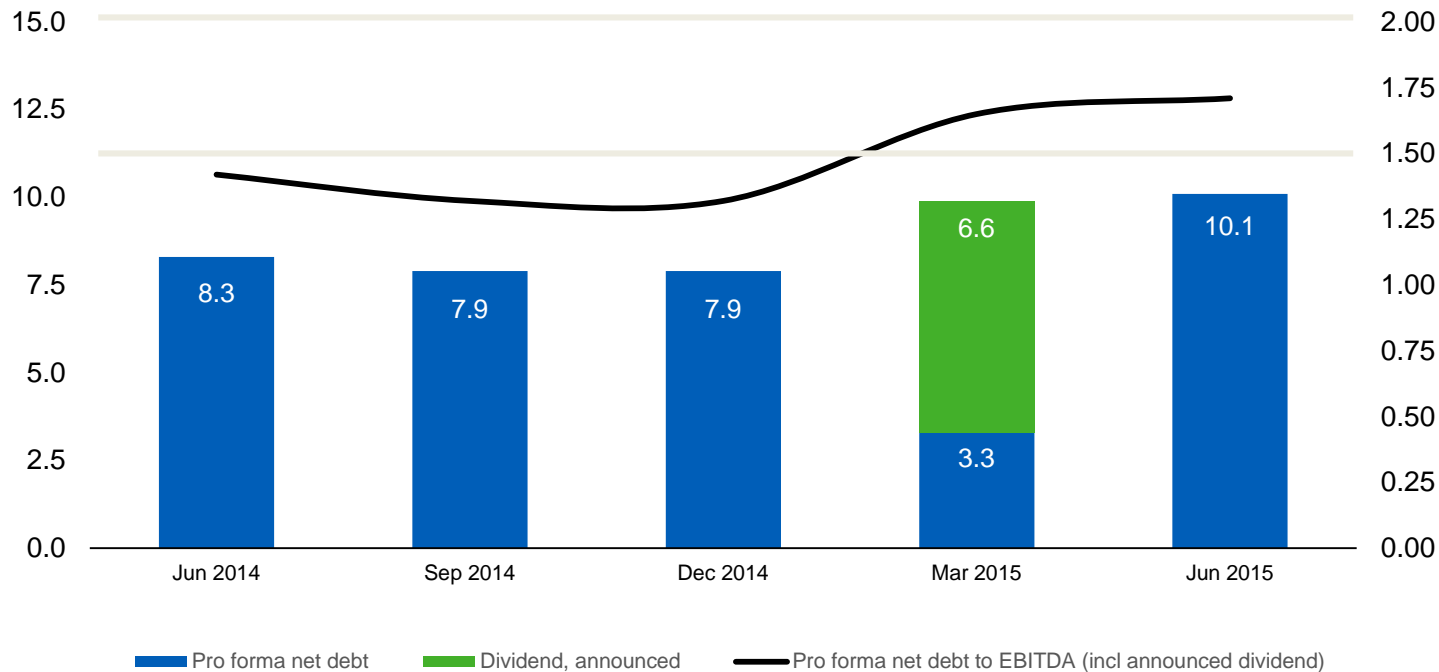
Development
(SEK million)



Debt position and ratio

Pro forma net debt / EBITDA 12 m rolling

SEK billion / Ratio



CHALLENGER PROGRAM

Step-change productivity

TELE2

How we will deliver SEK 1 Bn in productivity improvements

Simplify

Discipline

Consolidate

Transform

Simplify

60% of products harmonized on shared platforms

Discipline

80% of spend strategically sourced & procured

Consolidate

20% reduction in IT OpEx as share of revenue

Transform

25% of staff in shared operations

Challenger is starting to deliver

– simplification for our customers

Simplify

Discipline

Consolidate

Transform

Product Simplification

- Currently 8,300 products
- Plan to close >20%

Product Harmonization

- 4,000 products in scope for harmonization
- Plan to double amount of harmonized products

Challenger is starting to deliver

– driving discipline

Simplify

Discipline

Consolidate

Transform

SMS A2P

- New, improved & consolidated partnerships
- Monetizing B2C SMS in entire footprint

Return on Marketing Investment

- Improved marketing analytics
- More efficient marketing channels in Austria Q2 2015

Online

- Tools and processes to collect & analyze online data
- Implementation started in the Netherlands and Sweden

Challenger is starting to deliver

– consolidating technology

Simplify

Discipline

Consolidate

Transform

NOC Consolidation

- Consolidated network operations
- Relocation to Riga has started

Workplace Optimization

- Roll-out new group-wide IT purchasing platform
- Implementation completed in Latvia

Challenger is starting to deliver

– transforming our operations

Simplify

Discipline

Consolidate

Transform

Finance Shared Operations

- Finance Shared Service Center in Riga est. Q3 2015
- Partner in India
- Relocation from Sweden to Riga & India H2 2015

Customer Service

- Optimization of non customer-facing back office tasks
- Transfer from Sweden to partner in India H2 2015

Germany

- Restructuring our German business to align to our strategy
- Started in Q2

A multi-year investment program that will realize significant benefits

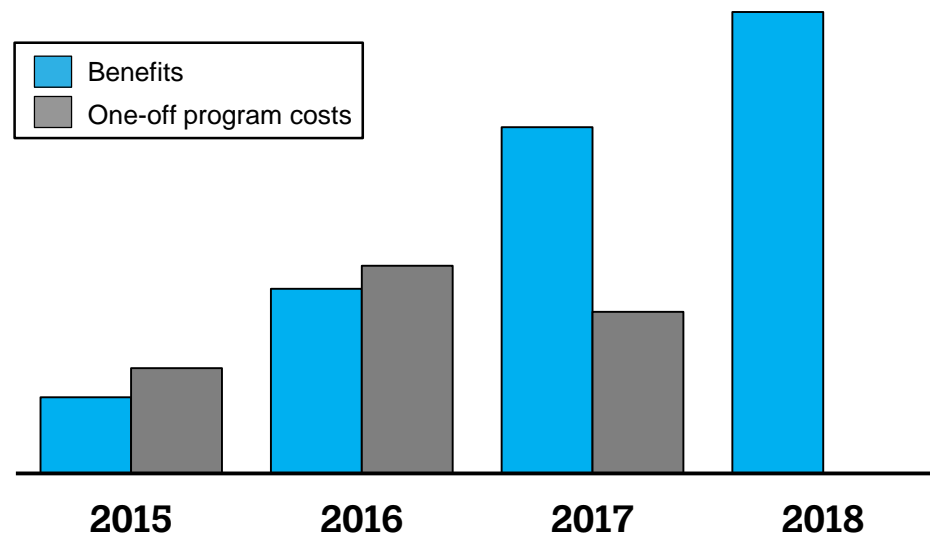
Simplify

Discipline

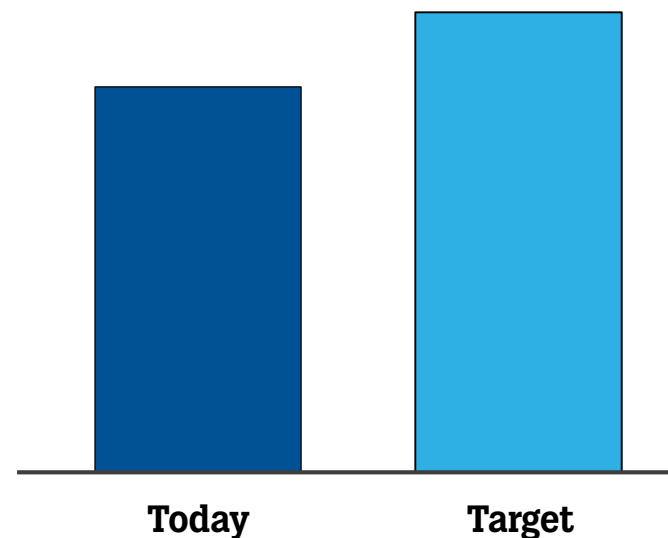
Consolidate

Transform

Ramp-up of costs and benefits over 4 years

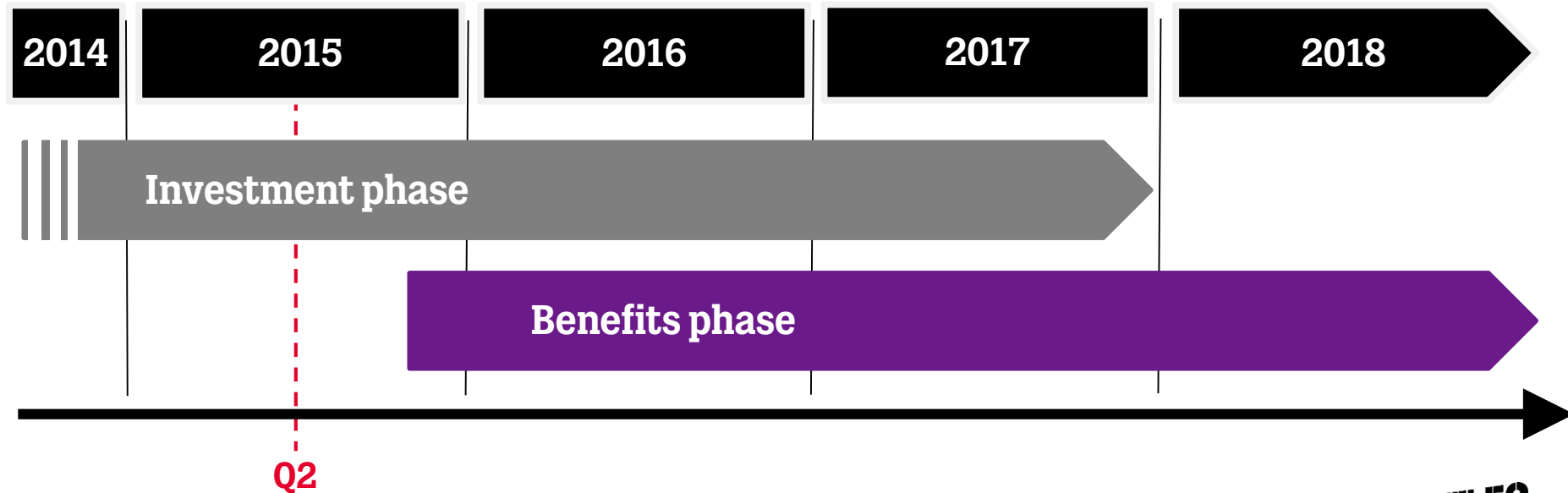


Productivity improvement: SEK 1 Bn



Momentum is building

More than 30 initiatives have kicked off since December. We will report quarterly on progress.



Q2 2015 Summary

Q2 2015 in short and key priorities moving forward

- Continued focus on Data monetization
- Getting ready for 4G launch in Netherlands and the Baltics
- Executing on the Challenger Program



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 focus



Mobile access is our core business



Europe and Eurasia are our markets



Residential and Business

How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

The Tele2 Way

**THE
END**

TELE2