

SECOND QUARTER 2017

July 19th, 2017

Tele2 AB

TELE2

Group highlights – Q2 2017

<i>SEK billion</i>	Q2 2017	% Change Reported	% Change LFL
Mobile end-user service revenue	3.9	+18%	+12%
Net sales	8.0	+20%	+3%
EBITDA	1.6	+50%	+39%

Tele2's Way2Win

Our Purpose

We fearlessly liberate people to live a more connected life

Where We Play



Baltic Sea
Challenger



Investment
Markets



IoT



Cash
Generators

How We Win



Positively
Fearless
Brands



Connecting
Things our
Customers
Love



Digital First
Customer
Experience



Challenger
Cost
Structure

Responsible Challenger



Winning People & Culture



Delivering on our long term strategy



Baltic Sea Challenger

- Sweden mobile end-user service revenue up 3% and EBITDA up 12% LFL
- Baltics mobile end-user service revenue up 18% and EBITDA up 23%
- Rolling 12 m operating cash flow grew by 20% to SEK 4.3bn



Investment Markets

- Netherlands mobile end-user service revenue up 51%
- Netherlands data and voice on-loading at 91% and 50% respectively
- Kazakhstan mobile end-user service revenue up 21% LFL



Positively Fearless Brands

- New commercial propositions launched in all key markets
- Power 2 campaign in Sweden driving positive brand KPIs
- Netherlands new campaign off to a strong start, ~70k Unlimited customers



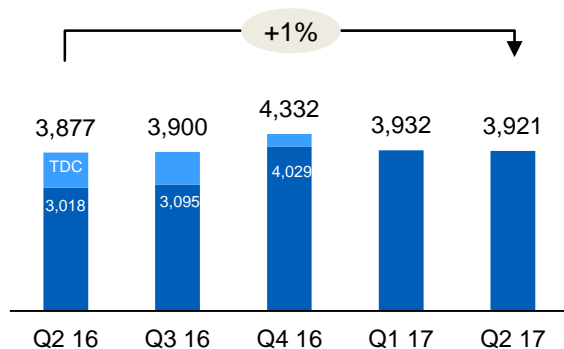
Challenger Cost Structure

- TDC mobile customer migration completed
- Kazakhstan JV delivering EBITDA margin of 22%
- Challenger program ahead of plan, on track for SEK 850m benefits in 2017

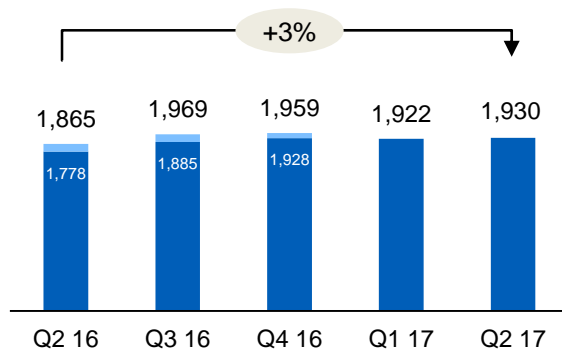
Baltic Sea Challenger

Sweden – Financials

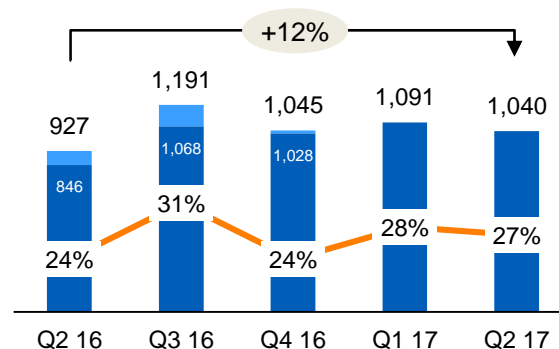
Net sales, LFL
(SEK million)



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



EBITDA and EBITDA margin,
LFL (SEK million)

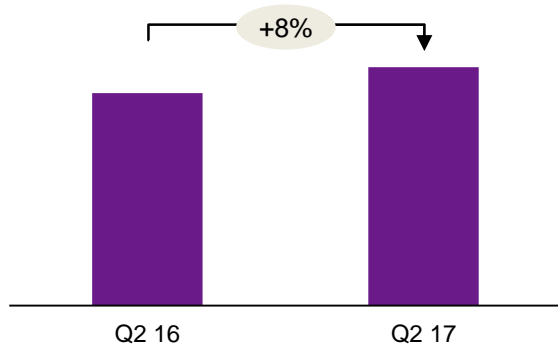


Q2 Highlights

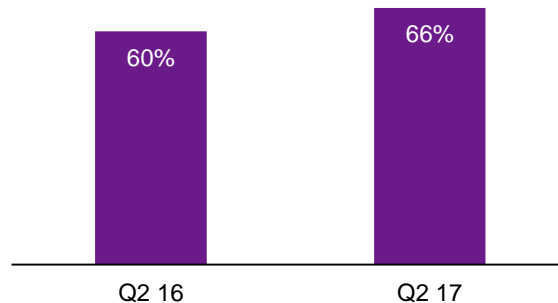
- Net sales growth driven by mobile, offset by declines in fixed segments
- Mobile end-user service revenue growth driven by consumer segment partly offset by declines in B2B Large
- EBITDA growth driven by higher service revenue, benefits from Challenger Program and TDC synergies

Sweden Consumer – Momentum continues

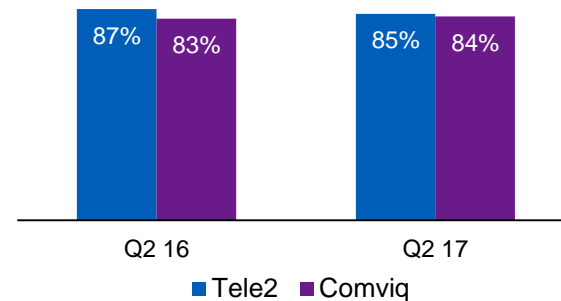
Consumer mobile end-user service revenue



Share of sales with bundle >3GB



Customer satisfaction (Tele2 Media & Insight)



Q2 Highlights

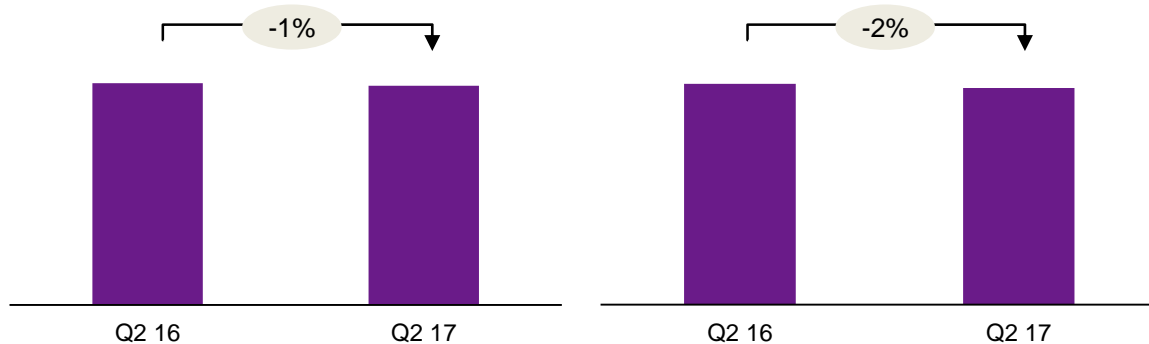
- New Tele2 campaign and product portfolio launched in April with early positive consumer response
- Consumer mobile end-user service revenue up 8% (5% excl. Q2 16 non-recurring item) driven by continued success of Comviq postpaid
- Continued strong demand for more data across both brands, with 66% of customers opting for more than 3GB
- Customer satisfaction stable at high levels for both brands

Sweden B2B – Synergies materializing

B2B net sales, LFL
(SEK million)

B2B Large net sales, LFL
(SEK million)

YTD integration synergies



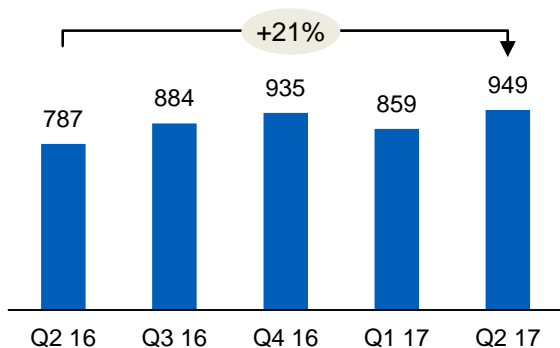
**SEK 72
MILLION**

Q2 Highlights

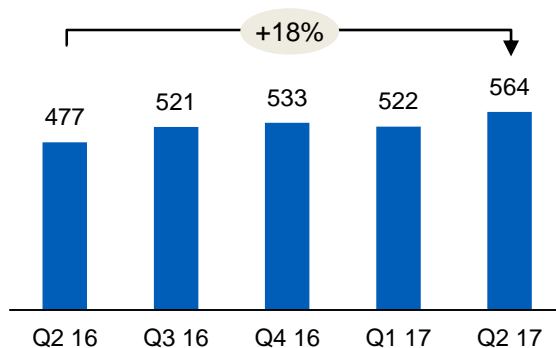
- Net sales down slightly due to increased price competition in Large Enterprise, partly offset by growth in SME
- TDC integration and synergies ahead of plan, with SEK 53m achieved in the quarter, mainly from MVNO migration
- Significant contract wins in Q2 included three municipalities in the Skåne region, WSP Sverige AB and Postnord Sverige AB

Baltics – Financials

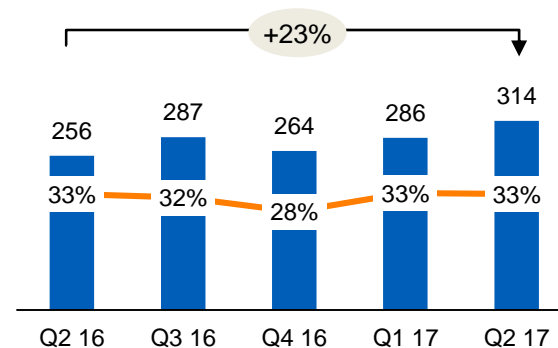
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

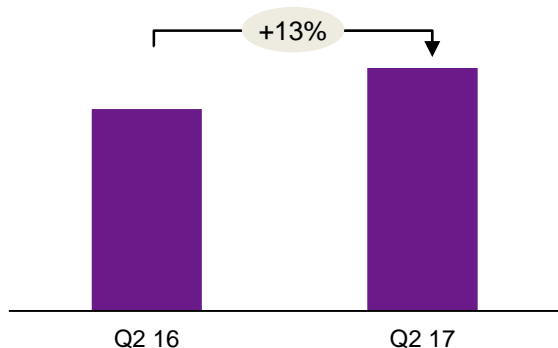


Q2 Highlights

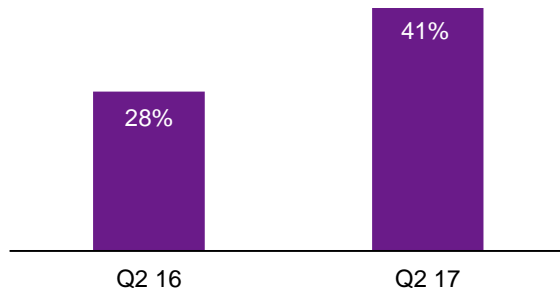
- Net sales growth driven by increase in both mobile end-user service revenue and equipment sales
- Mobile end-user service revenue growth accelerated due to data monetization, growth in mobile broadband and FX benefits
- Strong EBITDA performance driven by higher service revenue and Challenger Program benefits

Baltics – Data monetization continues

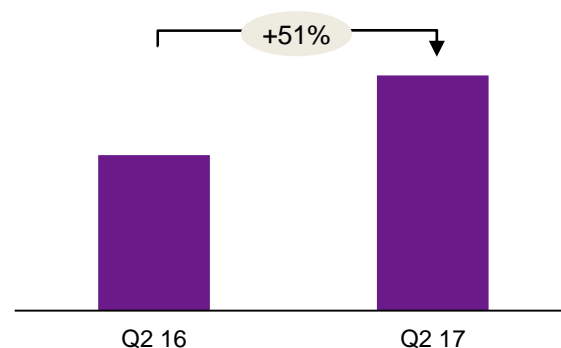
ASPU development



Share of 4G capable smartphones in base



MBB end-user service revenue



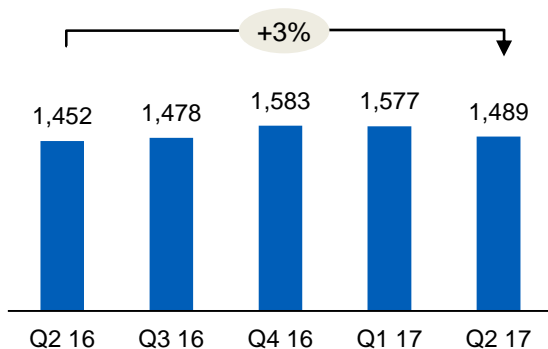
Q2 Highlights

- Strong ASPU growth driven by continued prepaid to postpaid migration and larger buckets
- Strong increase in smartphone penetration, with room for further growth
- Rapid mobile broadband growth on the back of investments in previous quarters

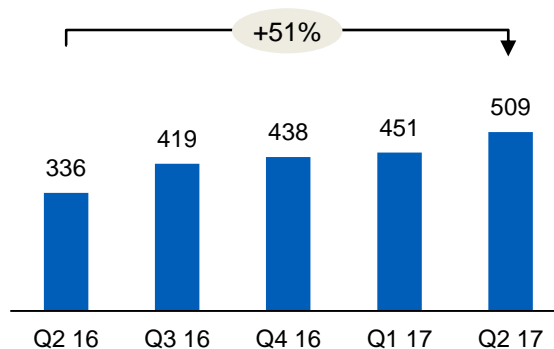
Investment Markets

Netherlands – Financials

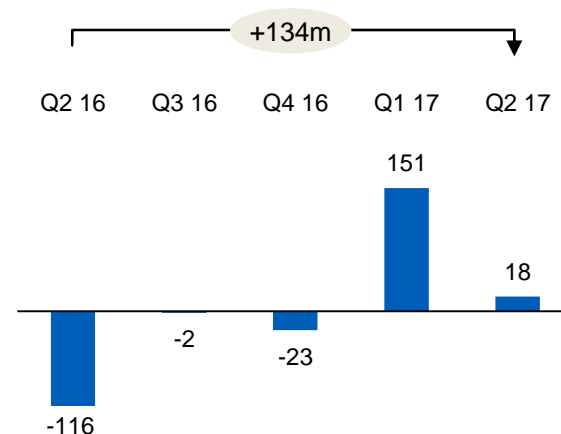
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)



Q2 Highlights

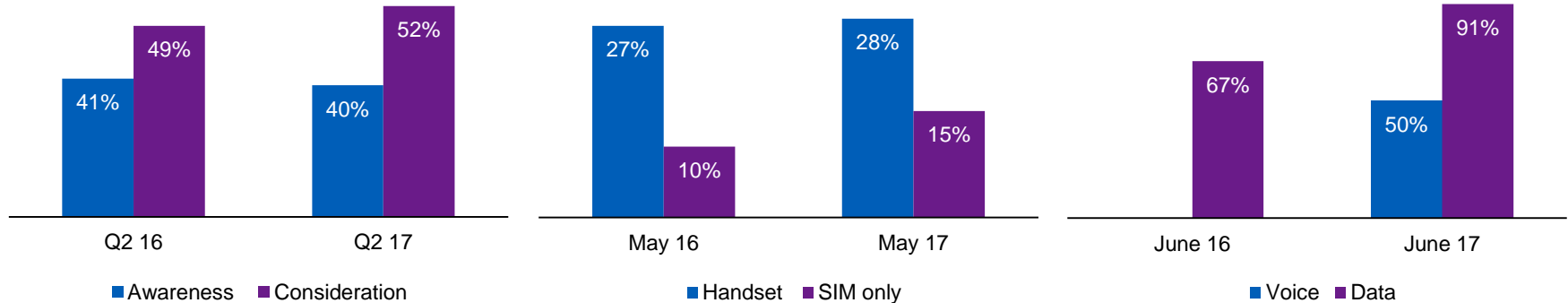
- Net sales increase driven by higher mobile service revenue, offset by lower equipment sales and lower fixed revenue
- Mobile end-user service revenue growth driven by 19% increase in customer base, ASPU growth of 21% and FX benefits
- EBITDA positively impacted by higher mobile service revenue and lower expansion costs
- Fixed broadband EBITDA negatively affected by a SEK 64m provision related to a legal dispute regarding historical copper line rental fees

Netherlands – Accelerating mobile momentum

Spontaneous brand awareness
& brand consideration (Memo2)

Share of total new postpaid
(GfK)

Usage on own network

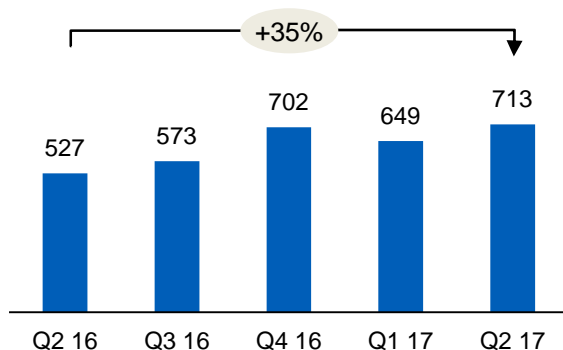


Q2 Highlights

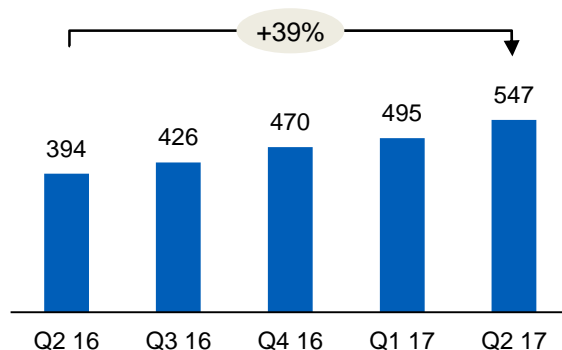
- New campaign and new propositions launched on May 17th contributed to strong mobile intake of 51k and a doubling of SIM only intake share
- Unlimited proposition has ~70k subscribers within six weeks of launch
- Data on-loading at 91% and voice on-loading at 50% with ~500k active VoLTE customers
- Network rollout continued now at 99.6% outdoor and 91.7% indoor population coverage

Kazakhstan – Financials

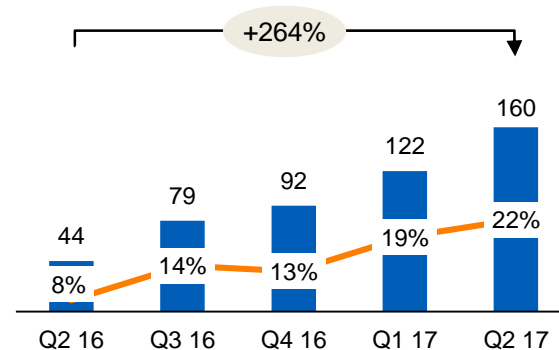
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)



Q2 Highlights

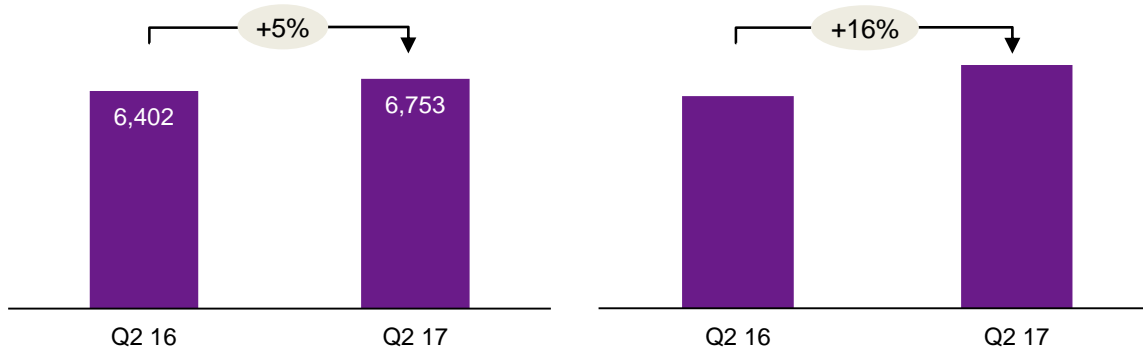
- Continuing strong momentum as JV executes on its integration and go-to-market strategies
- Mobile end-user service revenue growth driven by increased customer base to 6.7m customers, higher ASPU bundles and FX benefits
- EBITDA margin expanded to over 22% as revenue growth drove scale benefits alongside integration synergies

Kazakhstan – Continued strong performance

Customer base
(thousands)

ASPU development

Integration



**~1,430
SITES MERGED**

Q2 Highlights

- Dual brand strategy driving customer growth
- Altel brand re-launched in April to strengthen its premium position in the market
- Larger data buckets are driving data monetization
- Network integration accelerated, with a further 800 base stations merged

Challenger program on track

	Baseline	2016 actual	2018 target
Simplify % of products harmonized on shared platforms	30%	40%	60%
Discipline % of spend strategically sourced & procured	40%	75%	80%
Consolidate % of reduction in IT OpEx as share of revenue	0%	5%	20%
Transform % of staff in Shared Operations	12%	18%	25%

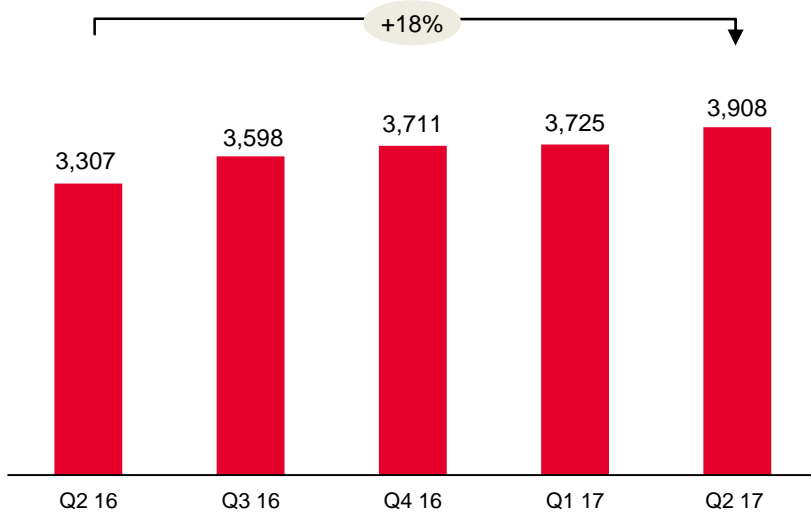
Key progress areas since inception

- New revenue streams
- Sales & marketing efficiency
- Network & IT consolidation
- Customer service optimization
- Procurement scope increase
- Administration efficiency

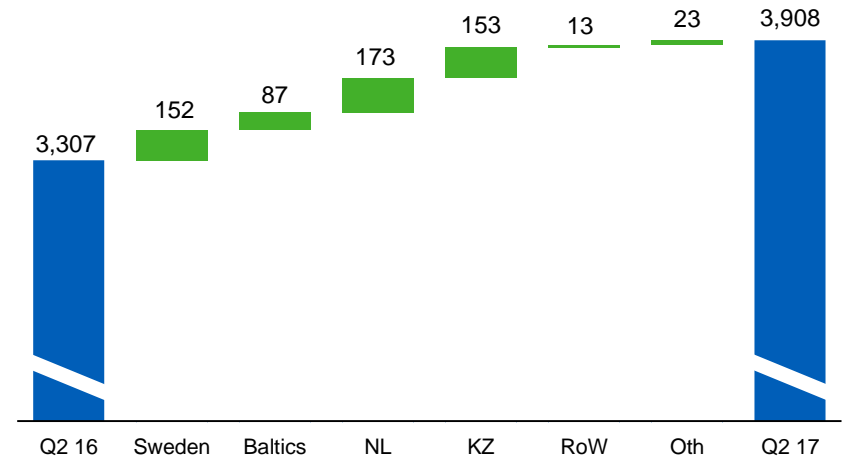
Financial Overview

Mobile end-user service revenue

Tele2 Group
(SEK million)

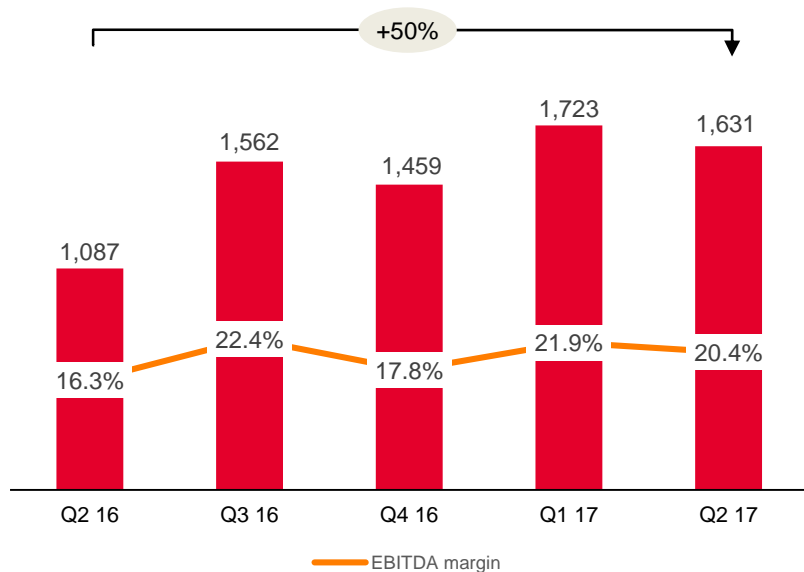


Development per market
(SEK million)

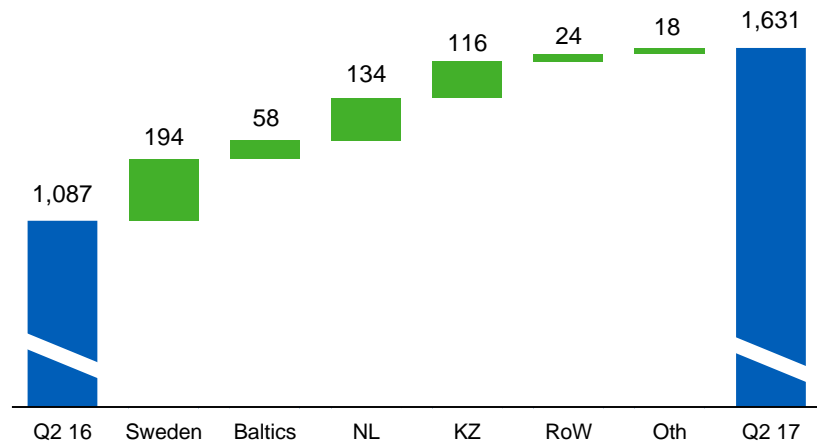


EBITDA

Tele2 Group (SEK million)

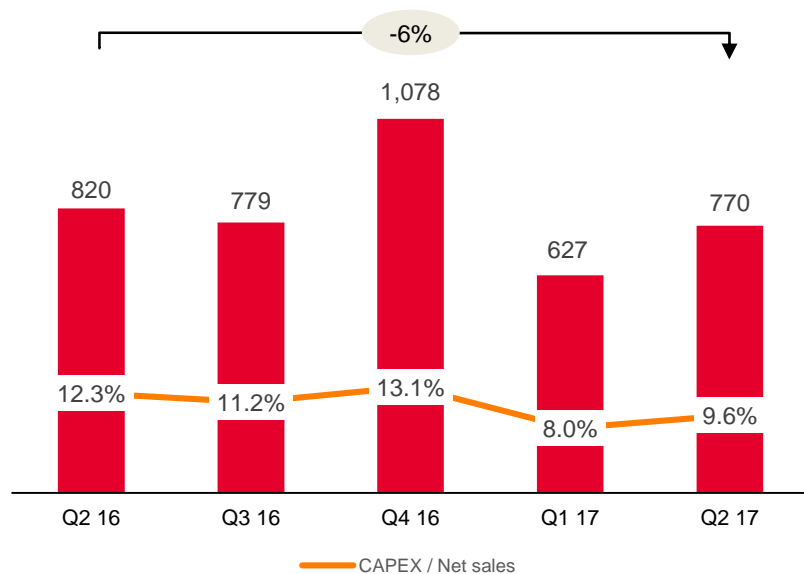


Development per market (SEK million)

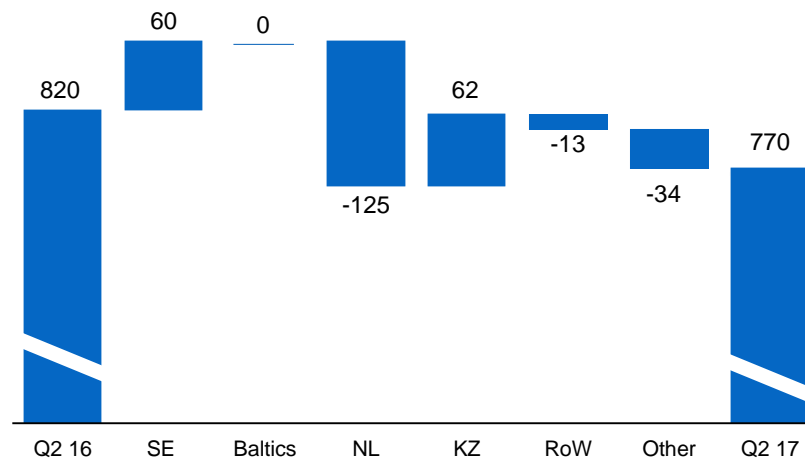


CAPEX

Tele2 Group (SEK million)



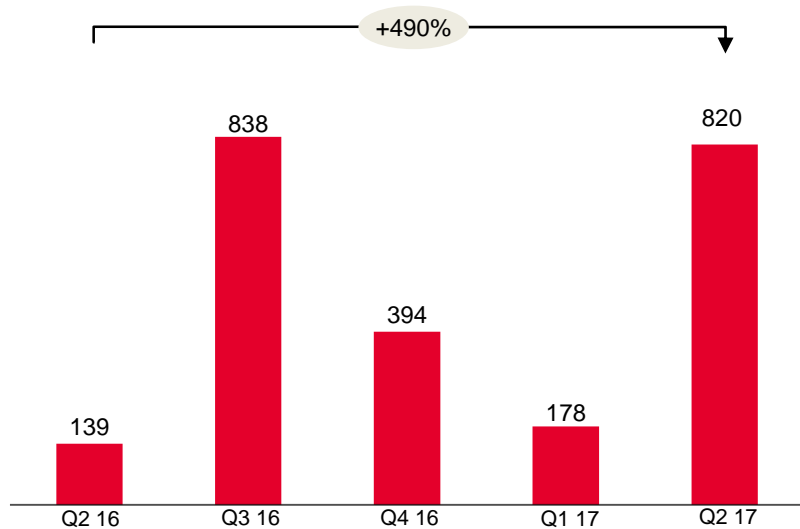
Development per market (SEK million)



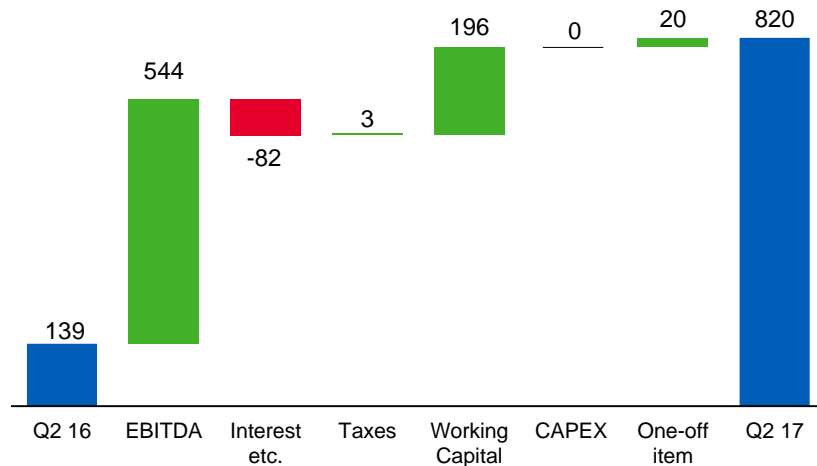
Free cash flow

Total operations

Tele2 Group
(SEK million)

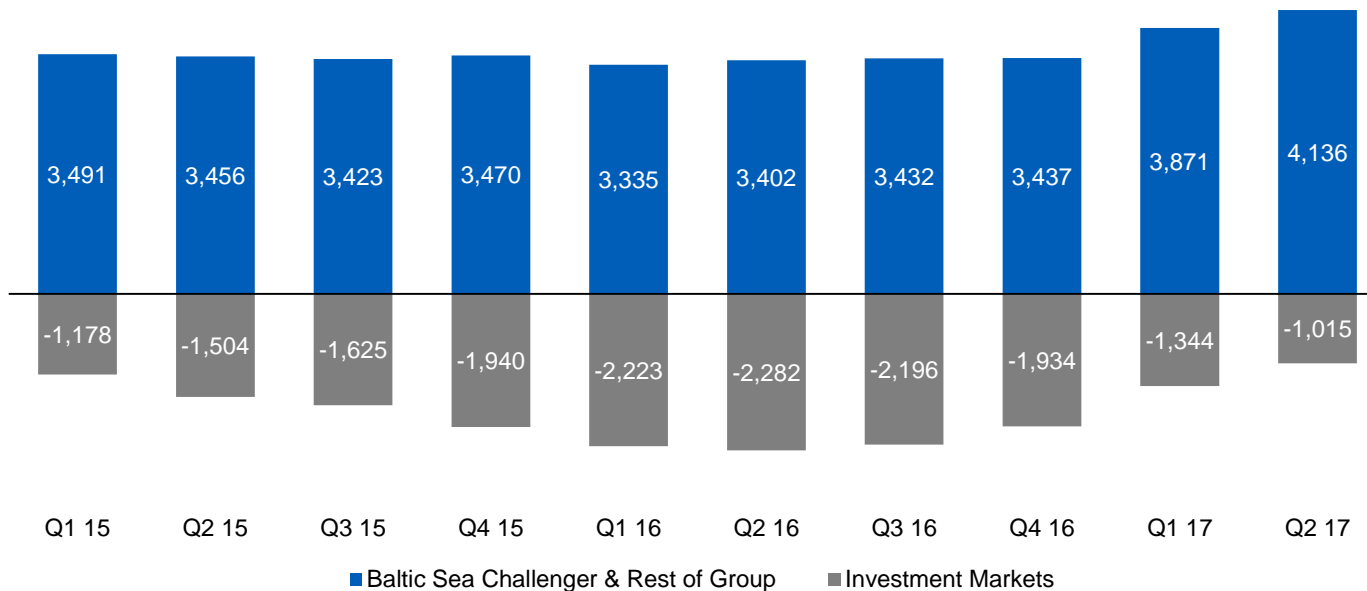


Development
(SEK million)



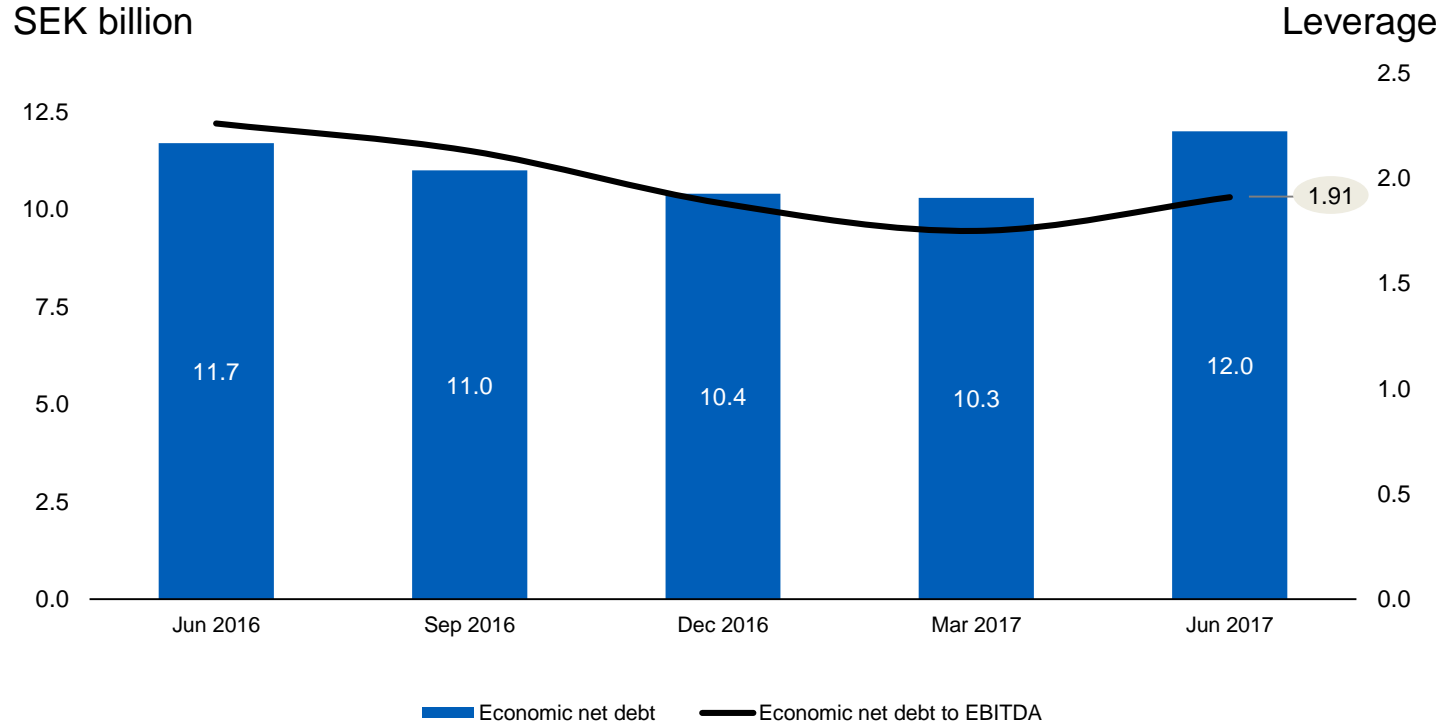
Operating cash flow

EBITDA less CAPEX 12 m rolling, SEK million



Debt position and financial leverage

Economic net debt to EBITDA 12 m rolling



Financial guidance 2017 – Upgraded

Mobile end-user service revenue	Mid-single digit % growth*
Net sales (SEK billion)	31 – 32
EBITDA (SEK billion)	6.2 – 6.5
CAPEX (SEK billion)	3.6 – 3.9

* Based on LFL which is constant currencies and pro forma for Altel and TDC Sweden

Summary

Key priorities moving forward

- Become the customer champion of connectivity
- Growth from continued data monetization, despite RLAH
- Sustain our Baltic Sea Challenger status and strength
- Further leverage our challenger strategy in Netherlands and Kazakhstan
- Execute on Challenger and synergy programs



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**THE
END**

TELE2