



FIRST QUARTER

April 22, 2021

Solid quarter with disciplined focus and delivery

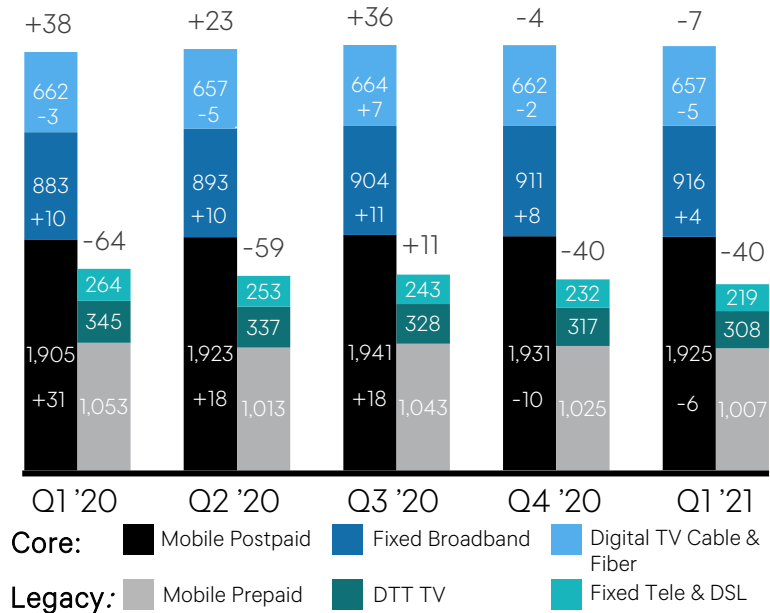
SEK (YoY growth)	Q1 21	<h3>The Group</h3> <ul style="list-style-type: none"> – Roughly flat EUSR growth excluding pandemic impact – Underlying EBITDAaL growth of 6% driven by strong growth in the Baltics and cost reduction in Sweden – Acquired 100 MHz in the Swedish 3.5 GHz spectrum auction through Net4Mobility – Extraordinary dividend of SEK 3.00 proposed 	<h3>Sweden B2C</h3> <ul style="list-style-type: none"> – Continued growth in postpaid and broadband despite pandemic – Initiated price adjustments on mobile postpaid and broadband – Pandemic impact remains on roaming and prepaid sales
EUSR	4.7bn (-1%)		
Underlying EBITDAaL	2.3bn (6%)		
Capex ex. spectrum and leases	0.7bn		
EFCF	0.8bn		
		<h3>Sweden B2B</h3> <ul style="list-style-type: none"> – Positive mobile net intake driven by improvements in both Large and Small segment – Price pressure and roaming remains a drag on service revenue – New price plans launched in Small segment to boost sales 	<h3>The Baltics</h3> <ul style="list-style-type: none"> – Strong performance in all markets despite headwinds from the pandemic driven by ASPU growth and higher equipment sales – Pandemic impact remains primarily on roaming

SWEDEN

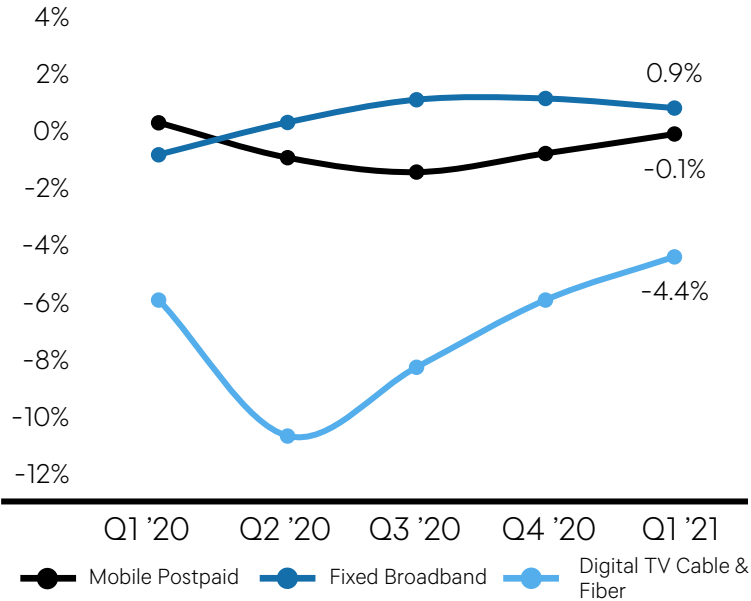
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Sweden Consumer

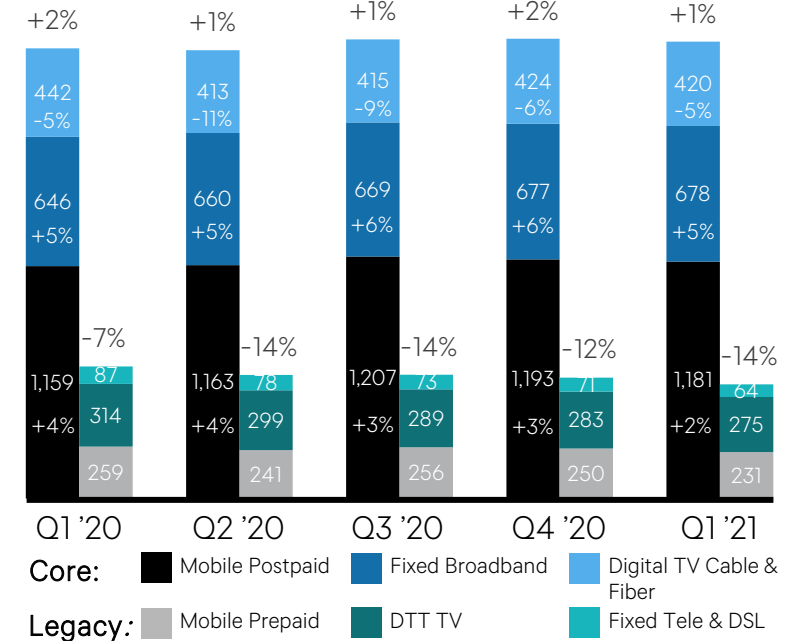
RGUs & net intake - core and legacy services (thousand)



ASPU year-on-year growth (%)



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

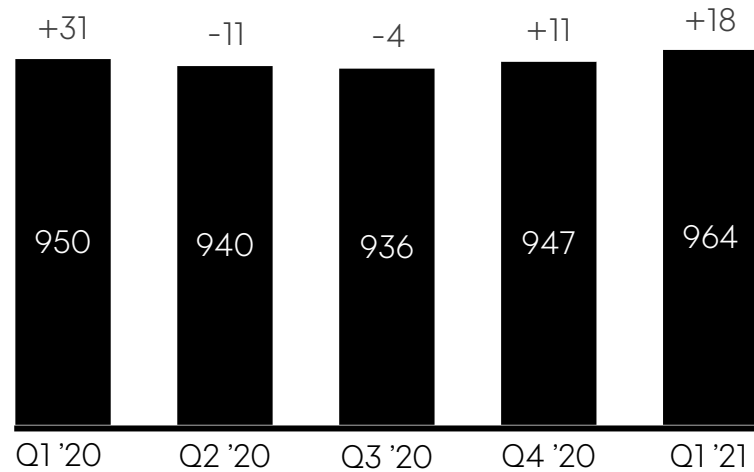


Q1 highlights

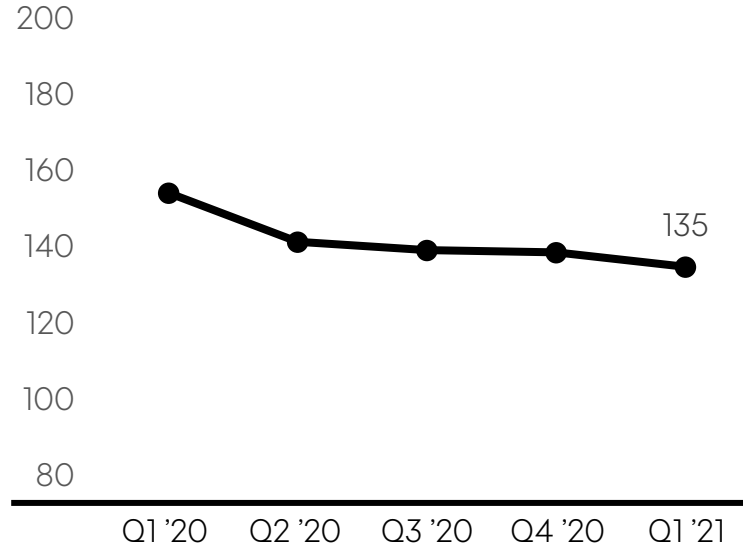
- Mobile postpaid net intake was affected by lower activity in physical channels due to COVID-19 restrictions
- Fixed broadband ASPU growth supported by backbook price adjustments last year, while mobile postpaid pricing was offset by roaming headwinds
- Digital TV end-user service revenue remains under pressure, but trends are starting to stabilize
- Total end-user service revenue declined by 2%, primarily due to negative impact from the pandemic

Sweden Business

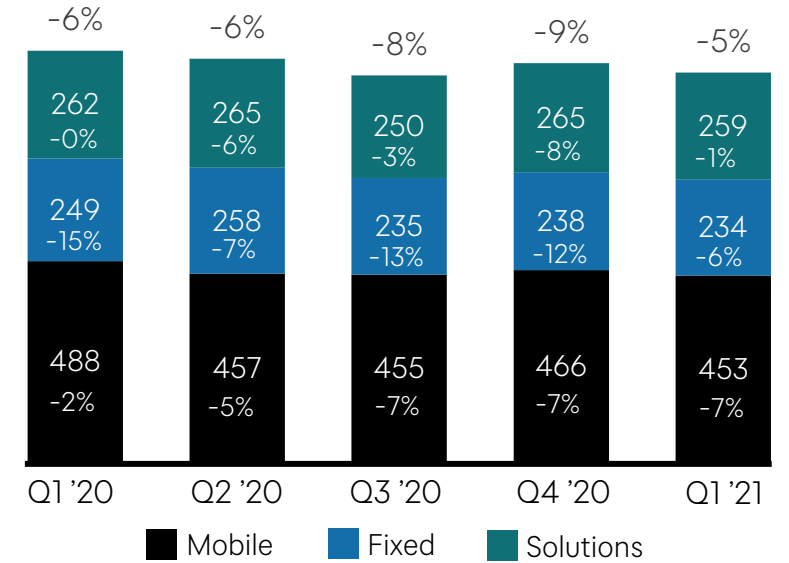
Mobile RGUs & net intake
(thousand)



Mobile ASPU
(SEK)



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

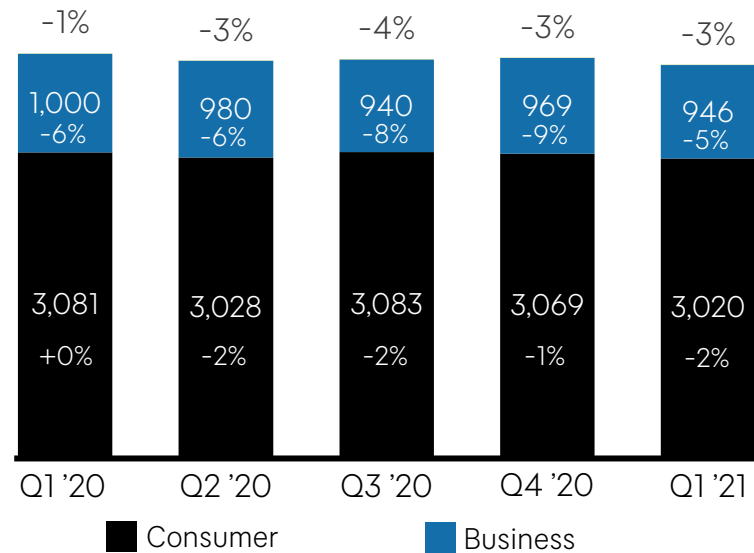


Q1 highlights

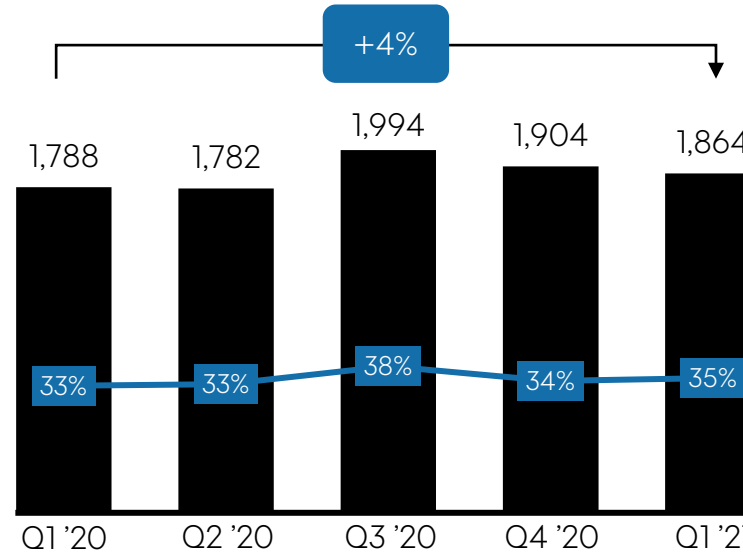
- Mobile net intake of 18,000 driven by implementation of new contracts within Large Enterprise and improvements in the Small segment
- Mobile ASPU declined due to continued price pressure and lower international roaming revenue
- Total end-user service revenue continued to decline due to price pressure, loss of roaming revenue and decline in legacy fixed services

Sweden overview

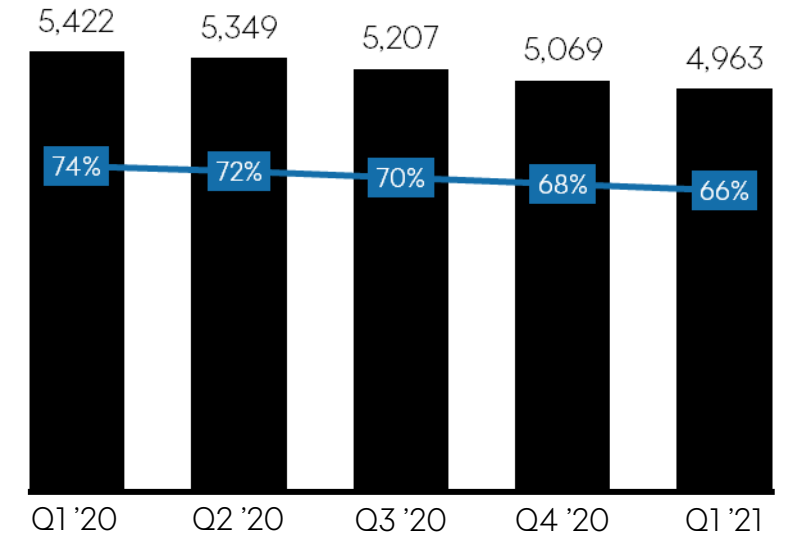
End-user service revenue
(SEK million, year-on-year growth %)



Underlying EBITDAaL and margin
(SEK million)



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



Q1 highlights

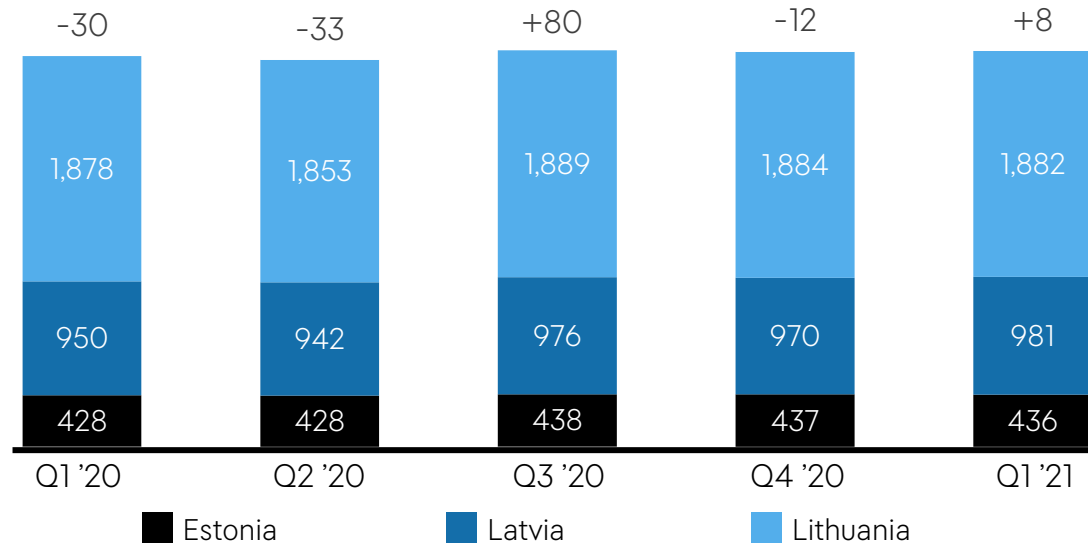
- Total end-user service revenue decreased by 3%, driven by pandemic headwinds and continued decline in B2B
- Underlying EBITDAaL increased by 4%, driven by structural cost savings related to the business transformation program, lower commercial spend and bad debt provisions of approximately SEK 25 million in Q1 2020
- Continued strong cash conversion of 66% LTM but slightly lower compared to Q1 2020 as network and IT spend ramps up from previously low levels

BALTICS

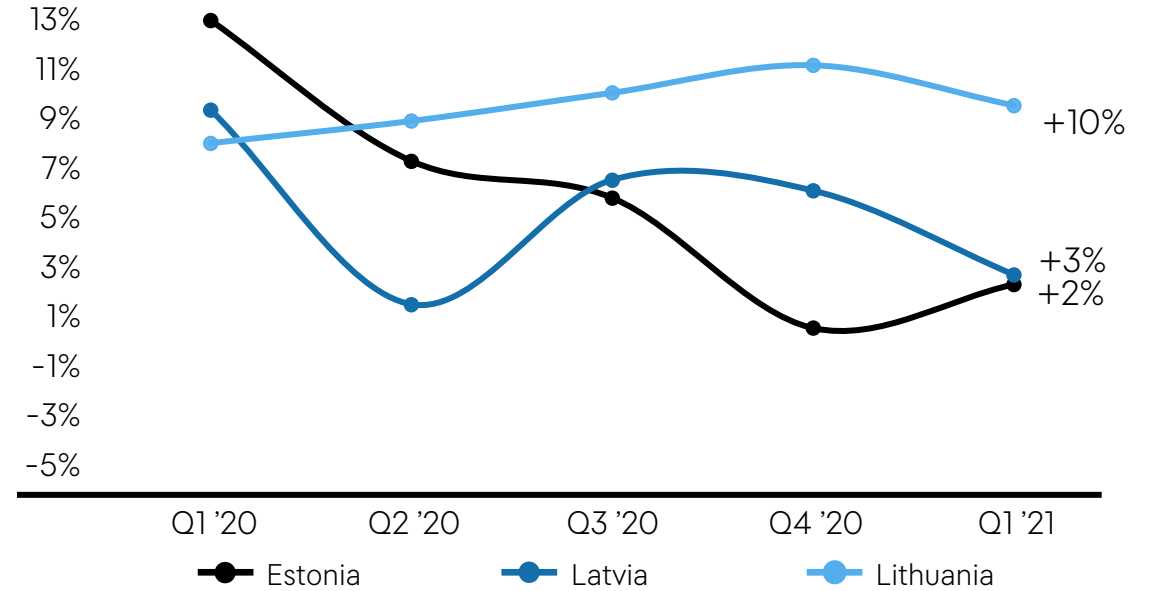
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Baltics – Operational highlights

RGUs & net intake – mobile services
(thousand)



Mobile ASPU year-on-year growth
(%)

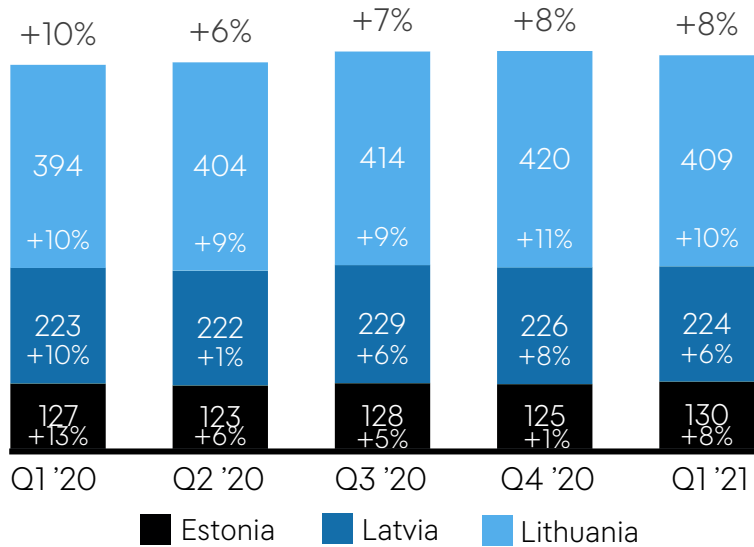


Q1 highlights

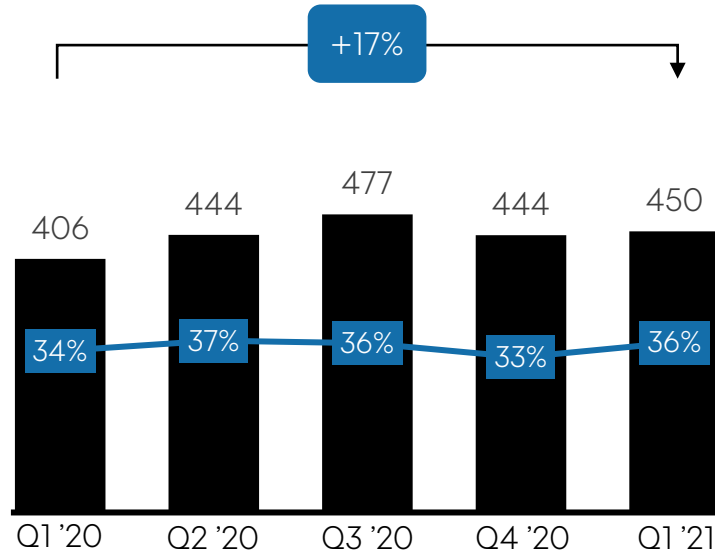
- Positive net intake was driven by strong mobile postpaid growth in Latvia
- Continued strong ASPU growth in all markets despite lower roaming revenue, supported by more-for-more price adjustments

Baltics – Financials

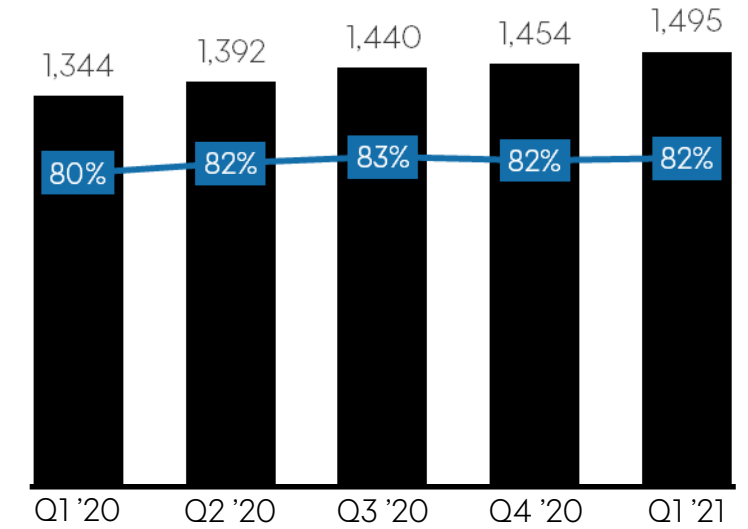
End-user service revenue
(SEK million, year-on-year organic growth %)



Underlying EBITDAaL and margin
(SEK million)



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



Q1 highlights

- Continued strong end-user service revenue growth of 8% driven by ASPU growth, despite pandemic headwinds
- Underlying EBITDAaL increased by 17% driven by higher end-user service revenue, equipment sales and bad debt provisions of approximately SEK 10 million in Q1 2020
- Continued strong cash conversion of 82% LTM due to strong performance and low capex spend in between investment cycles

FINANCIAL OVERVIEW

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Revenue breakdown

SEK million excl roaming ¹	Q1 2021	Q1 2020	YoY abs	YoY % (organic)
Mobile	1,404	1,391	13	1%
Postpaid	1,173	1,134	40	3%
Prepaid	230	257	-27	-10%
Fixed	1,437	1,489	-52	-3%
Fixed Broadband	678	646	32	5%
Digital TV	695	755	-60	-8%
Cable & Fiber	420	442	-22	-5%
DTT	275	314	-39	-12%
Fixed telephony & DSL	64	87	-19	-27%
Landlord & Other	170	175	-5	-3%
Sweden Consumer	3,011	3,055	-44	-1.4%
Sweden Business	941	977	-36	-4%
Baltics	751	719	32	10%
EuS revenue ex. Roaming	4,703	4,751	-48	-0.2%
Outbound roaming revenue	27	74	-47	-63%
EuS revenue	4,730	4,825	-95	-1.2%
Operator revenue	557	599	-42	-6%
Equipment revenue	1,263	1,157	107	11%
Revenue	6,550	6,581	30	0.5%

Comments

- Continued strong momentum in mobile postpaid (ex roaming), driven by both volume growth and price adjustments during last year
- Slight decline in Sweden B2C EUSR (ex roaming), due to non-roaming related pandemic headwinds mainly in mobile prepaid and continued decline in legacy services
- Sweden B2B EUSR declined, primarily driven by mobile price pressure, decline in legacy fixed services
- Total EUSR excluding roaming roughly flat as decline in Sweden was offset by growth in the Baltics
- Total EUSR loss due to roaming of SEK 47m with SEK 17m in Sweden B2B, SEK 17m in Sweden consumer and SEK 13m in the Baltics

¹ Headwinds from the pandemic also include less activity within mobile prepaid and loss of premium end-user service revenue within Digital TV from previous quarters, not reflected in this table.

Group results

SEK million		Q1 2021	Q1 2020
Revenue		6,550	6,581
Underlying EBITDA	1	2,630	2,501
Margin (%)		40%	38%
Items affecting comparability	2	-69	-39
D&A		-1,372	-1,315
Impairment		0	0
Associated companies & JVs		13	0
Operating profit	3	1,202	1,148
Net interest and other financial items		-130	-158
Income tax		-205	-195
Net profit, continuing operations		867	794
Net profit, discontinued operations		-2	386
Net profit, total operations		865	1,180

Comments

- Underlying EBITDA increased by 6% organically as growth in the Baltics, opex reduction related to the business transformation program, lower commercial spend in Sweden and bad debt provisions in Q1 2020 offset decline in Sweden EUSR and pandemic impact
- Items affecting comparability was primarily driven by restructuring cost related to the business transformation program in Sweden
- Operating profit increased by roughly SEK 50 million driven by growth in underlying EBITDA

Group cash flow

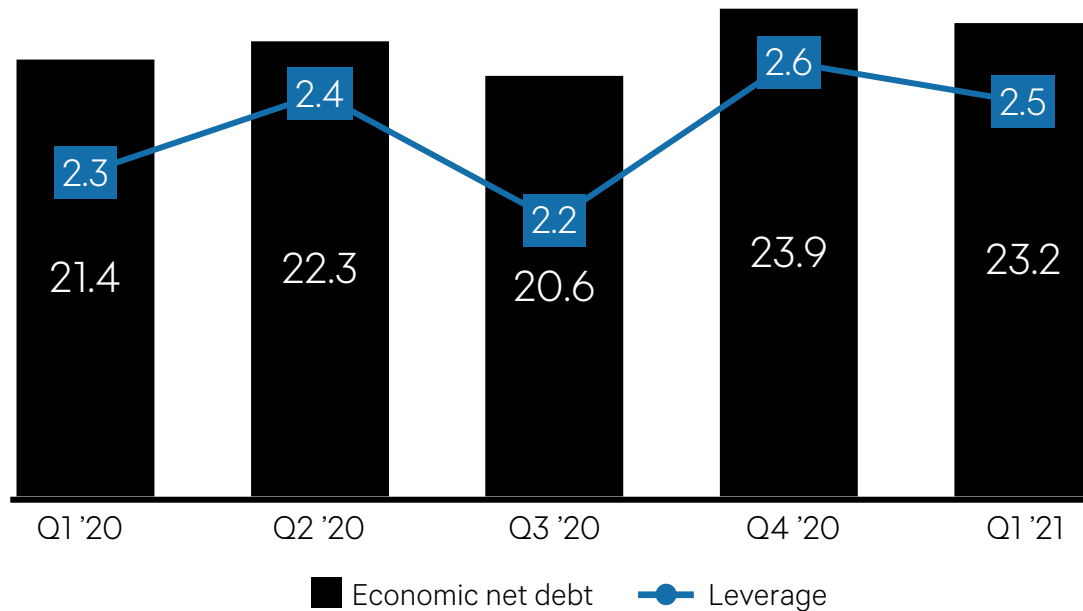
SEK million	Q1 2021	Q1 2020
Continuing operations		
Underlying EBITDA	2,630	2,501
Items affecting comparability	-69	-39
Amortization of lease liabilities	-381	-372
Capex paid	1 -1,086	-599
Changes in working capital	-26	92
Net financial items paid	-104	-102
Taxes paid	2 -161	-209
Other cash items	17	15
Equity free cash flow	3 820	1,285
Equity free cash flow LTM / share (SEK)	6.26	7.45
Total operations		
Equity free cash flow, continuing operations	820	1,285
Equity free cash flow, discontinued operations	0	-3
Equity free cash flow	820	1,282

Comments

- 1 Capex paid includes a SEK 333 million payment for the 100 MHz that Tele2 bought in the 3.5 GHz spectrum auction in January 2021
- 2 Taxes paid included repaid preliminary tax in Sweden in the quarter
- 3 Equity free cash flow from continuing operations decreased by roughly 500 million mainly due to higher capex paid

Leverage at 2.5x

Economic net debt to underlying EBITDAaL*
(SEK billion)



Comments

- Economic net debt decreased by SEK 0.8bn compared to Q4 2020 driven by cash generation in the quarter
- Leverage of 2.5x was in the lower end of the target range of 2.5-3.0x ahead of dividend payout
- Proposed ordinary dividend of SEK 6.00 per share (SEK 4.1bn), a 9% increase compared to the previous year to be paid out in April and October, 2021
- Proposed extraordinary dividend of SEK 3.00 per share (SEK 2.1bn), to be paid out in July, 2021

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

Business transformation program update

	Benefits in Q1 2021	Run rate Q1 2021	Target 2021*	Target 2022*
Opex Reduction (SEK million)	70	300	~500	>1,000

Comments

- Annualized run-rate at end of Q1 2021 of SEK 300 million (SEK 250m as of Q4 2020). Savings of 70 million filters through in Q1 2021
- Cost reductions in Q1 2021 coming from efficiency improvements within the Technology and IT organizations
- 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...

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Key priorities going forward

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

Sweden B2C: Consolidate premium brands in Q2 2021 and continue execution of more-for-more strategy

Sweden B2B: Utilize new portfolio to drive sales in Small segment and optimize profitability in Large Enterprise

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

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

Explore opportunities to improve efficiency in our infrastructure portfolio and new ways to optimize value chain

Capital Markets Day on May 25, 2021



THANK YOU!

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