

# SECOND QUARTER

July 19, 2022



**TELE2**  
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# Strong quarter with solid top- and bottom-line growth

SEK (YoY growth*)	Q2 22	YTD	The Group	Sweden B2C
EUSR	5.0bn (+3%)	9.9bn (+3%)	<ul style="list-style-type: none"> <li>– EUSR growth of 3% during the quarter driven by the Baltics and Sweden B2B</li> <li>– Underlying EBITDAaL growth of 3% driven by EUSR growth and continued execution of the Business Transformation Program</li> <li>– First tranche of the ordinary dividend and extraordinary dividend from T-Mobile Netherlands transaction paid</li> </ul>	<ul style="list-style-type: none"> <li>– Strong mobile postpaid net intake</li> <li>– Continued growth in fixed broadband primarily driven by volume growth</li> <li>– Flat growth in digital TV cable and fiber on the back of solid performance for Tele2 Play+, ahead of the new Viaplay deal coming into effect</li> </ul>
Underlying EBITDAaL	2.5bn (+3%)	4.9bn (+5%)		
Capex ex. spectrum and leases	0.7bn	1.4bn	Sweden B2B	The Baltics
EFCF	0.7bn	1.7bn	<ul style="list-style-type: none"> <li>– Solid end-user service revenue growth driven by strong development in mobile</li> <li>– Mobile ASPU trend stabilized</li> <li>– Strong mobile net intake in the quarter driven by both the SME and large segment</li> <li>– Disruption in supply chain hampers some solutions activity</li> </ul>	<ul style="list-style-type: none"> <li>– Continued strong EUSR growth in all markets driven by ASPU and volume growth and slight tailwind from roaming</li> <li>– Strong underlying EBITDAaL growth despite increased costs driven by higher inflation rates</li> </ul>

\*Organic growth rate

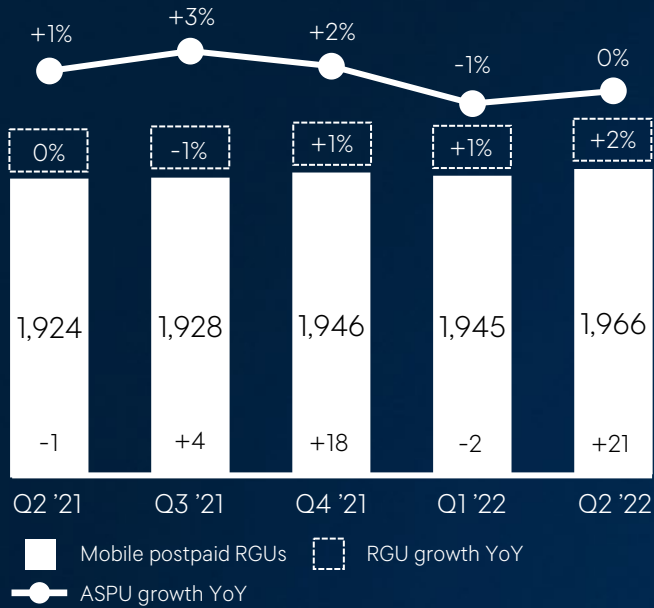
SWEDEN



# Sweden Consumer

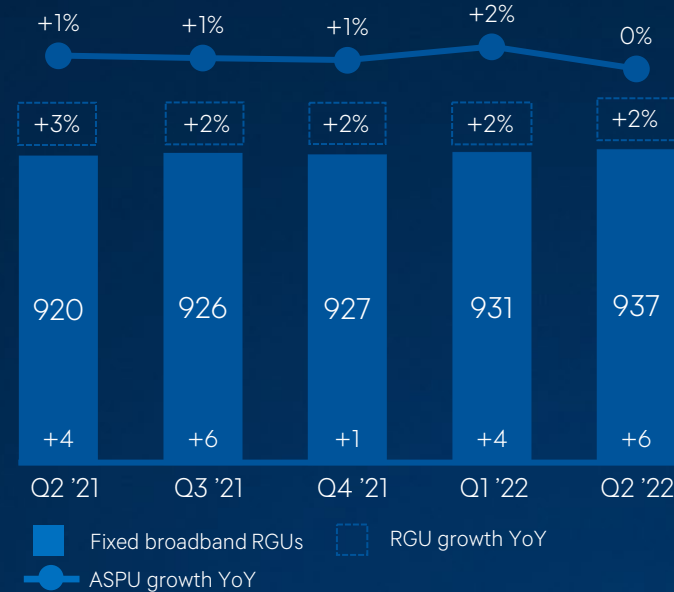
## Mobile postpaid RGU & ASPU

Thousand QoQ and YoY growth %



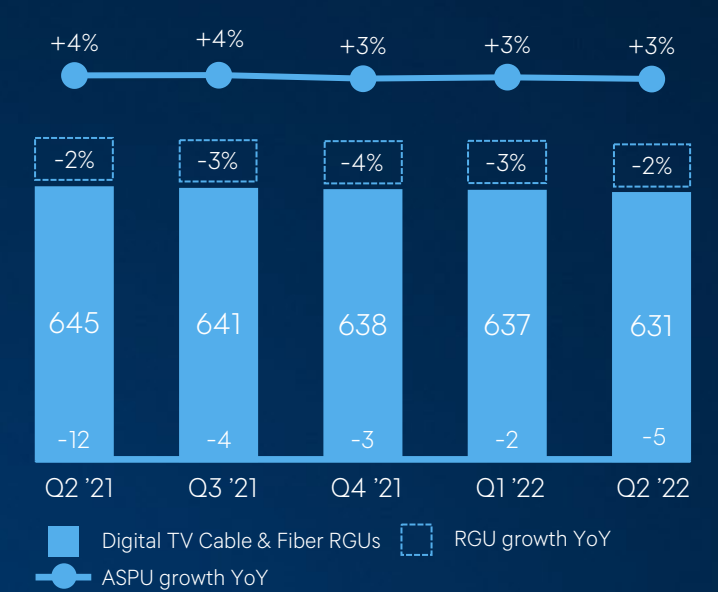
## Fixed broadband RGU & ASPU

Thousand QoQ and YoY growth %



## Digital TV Cable & Fiber RGU & ASPU

Thousand QoQ and YoY growth %



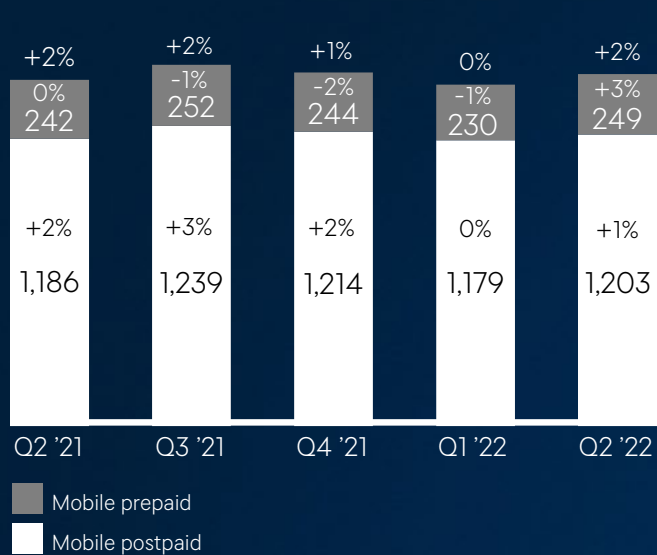
## Q2 highlights

- Mobile postpaid net intake was positive with 21,000 RGUs driven by FMC-bundling and Comviq
- Continued volume growth for fixed broadband
- ASPU continued to grow within digital TV cable and fiber supported by a growing contribution from Tele2 Play+

# Sweden consumer

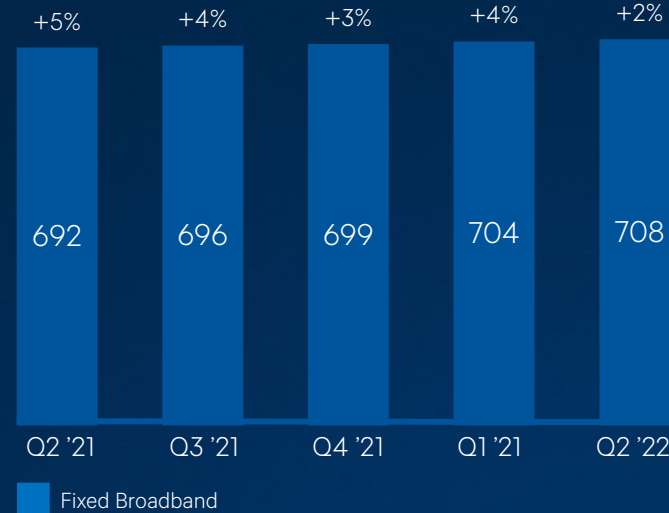
## Mobile EUSR

SEK million, YoY growth %



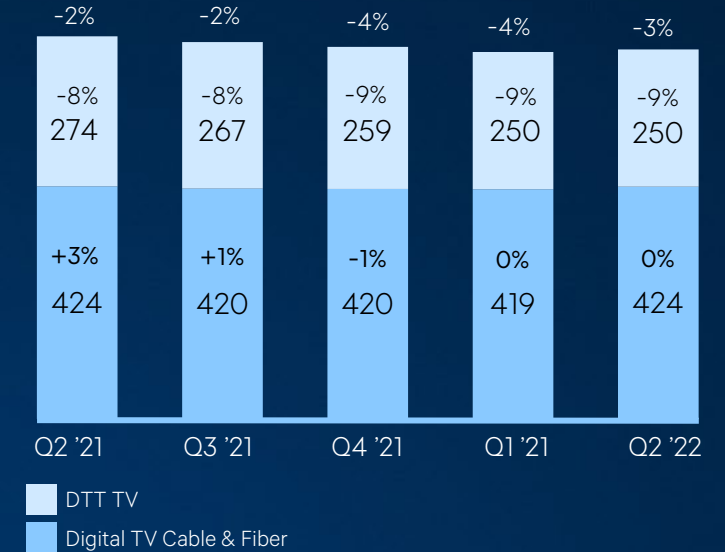
## Fixed broadband EUSR

SEK million, YoY growth %



## Digital TV EUSR

SEK million, YoY growth %



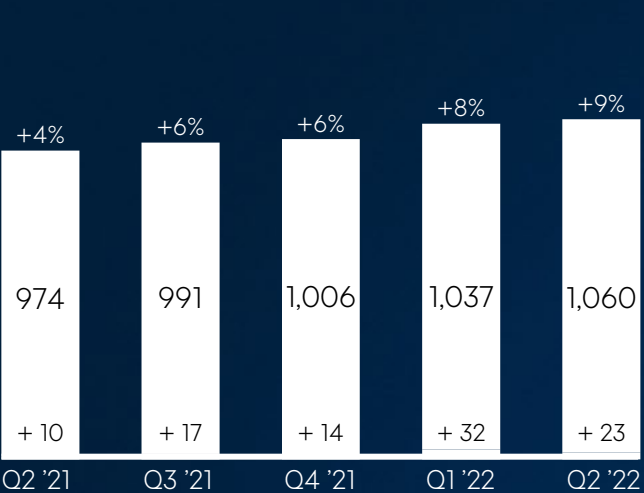
## Q2 highlights

- End-user service revenue for mobile grew by 2% in the quarter driven by both postpaid and prepaid
- End-user service revenue for fixed broadband continued to increase by 2% driven by both ASPU and volume growth
- End-user service revenue for digital TV declined by 3% driven by volume decline in both the cable and fiber and legacy DTT segment

# Sweden business

## Mobile RGU & net intake

Thousand QoQ and YoY growth %



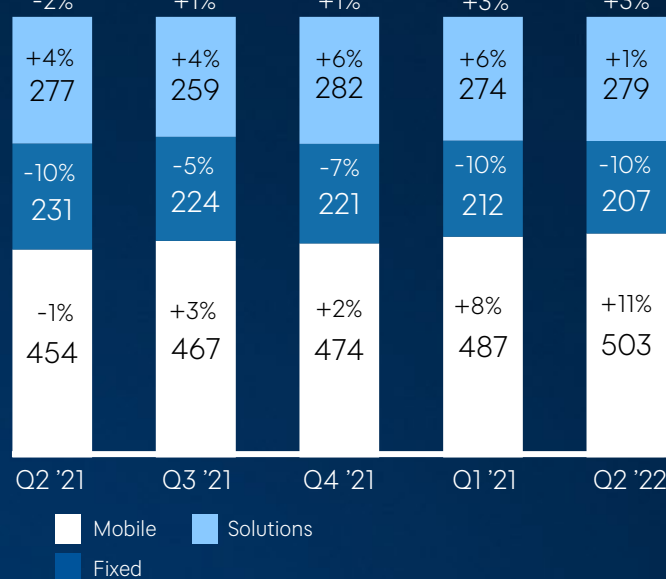
## Mobile ASPU

YoY growth %



## End-user service revenue

SEK million, YoY growth %



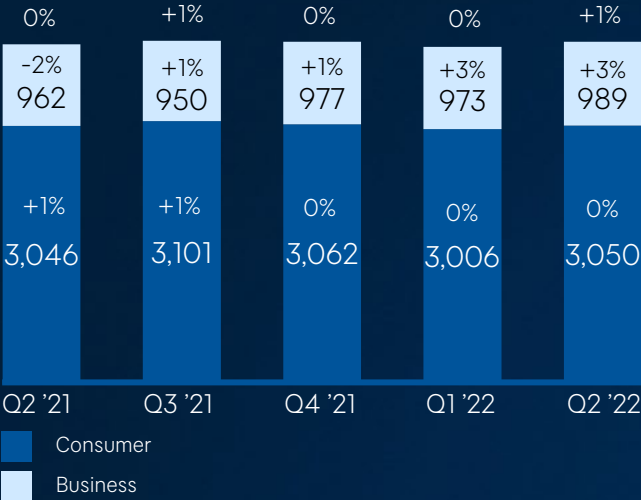
## Q2 highlights

- Continued strong net intake within mobile of 23,000 RGUs driven by better net intake in both the SME and large segment
- Mobile ASPU trend stabilized driven by SME volume mix and larger focus on profitability within large private and public
- Strong end-user service revenue growth in the mobile business was able to fully compensate the continued decline in legacy fixed services

# Sweden financials

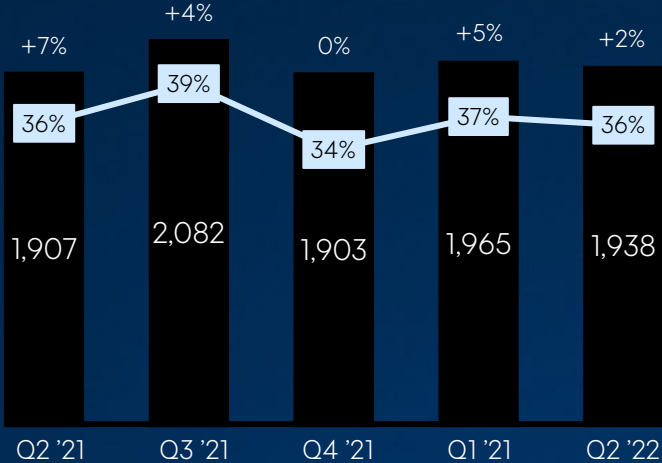
## End-user service revenue

SEK million, YoY growth %



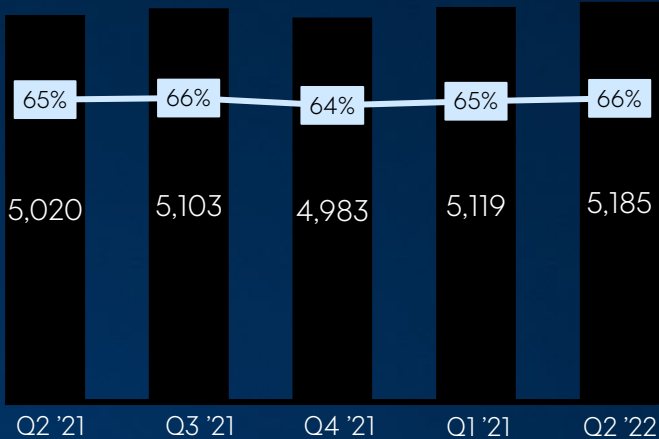
## Underlying EBITDAaL & margin

SEK million, YoY growth %



## Operating cash flow and cash conversion, rolling 12m, SEK million

rolling 12m, SEK million



## Q2 highlights

- End-user service revenue was +1% year-on-year as growth in Sweden B2B, fixed broadband and mobile in Sweden B2C and roaming compensated the continued decline in legacy services
- Underlying EBITDAaL increased by 2% driven by slight increase in end-user service revenue and continued execution of the Business Transformation Program
- Cash conversion remains strong at 66% driven by continued growth in underlying EBITDAaL

Cash conversion = operating cash flow / underlying EBITDAaL



# BALTICS

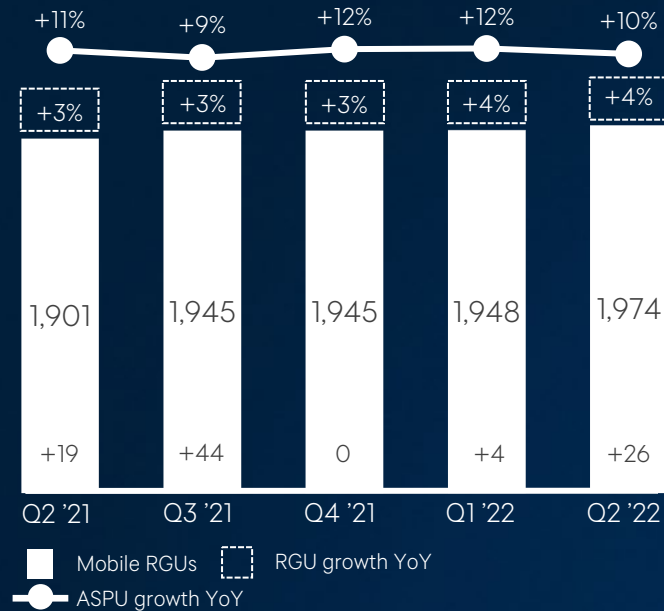




# Baltics operational highlights

## Lithuania – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



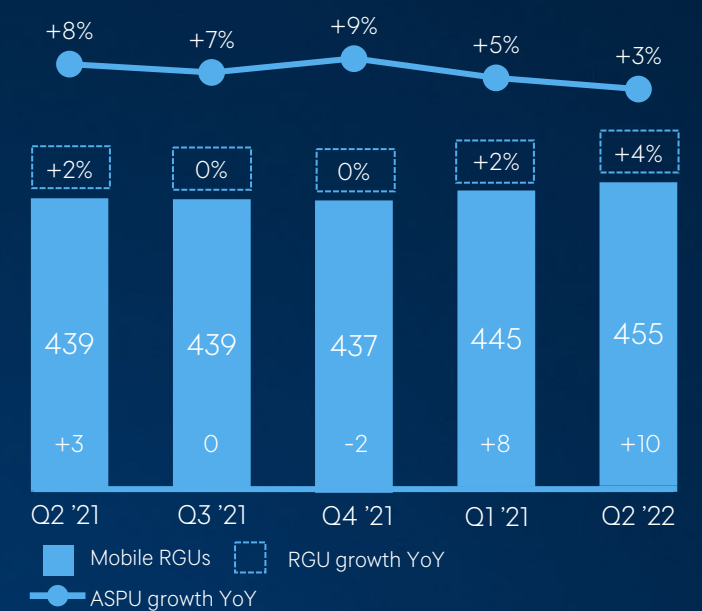
## Latvia – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



## Estonia – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



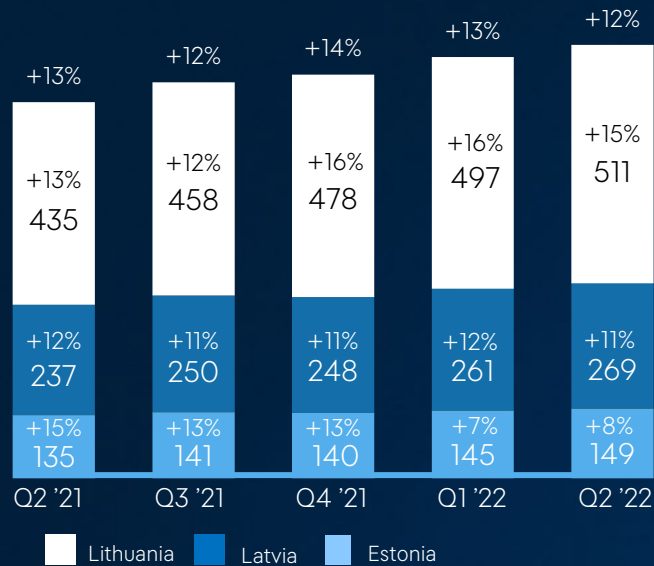
## Q2 highlights

- Continued strong ASPU growth across all markets driven by more-for-more price adjustments and slight tailwind from roaming
- Continued strong mobile RGU growth in all markets, primarily driven by mobile postpaid

# Baltics financials

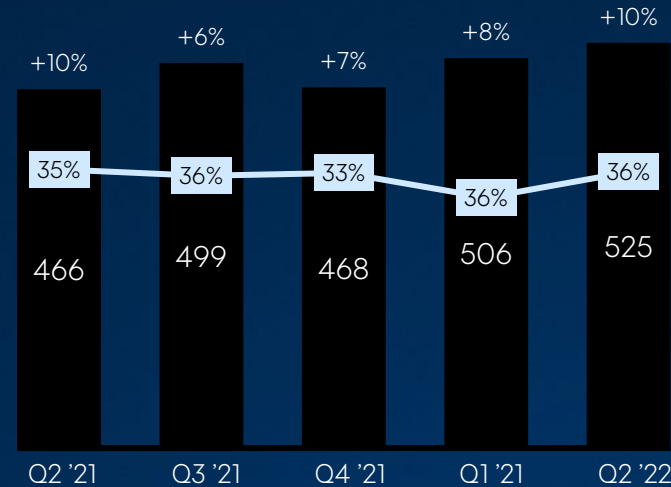
## End-user service revenue

SEK million, YoY growth %



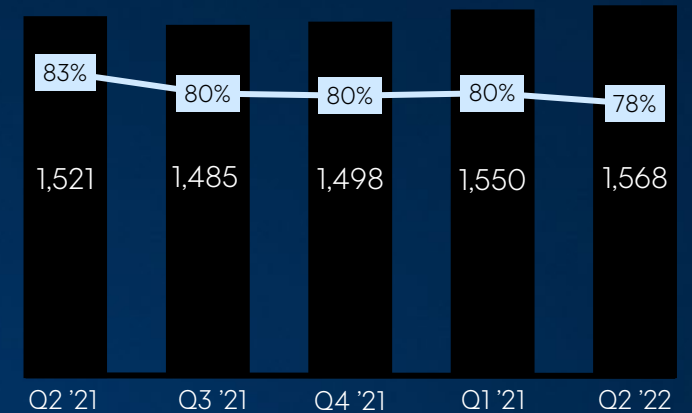
## Underlying EBITDAaL & margin

SEK million, YoY growth %



## Operating cash flow and cash conversion, rolling 12m, SEK million

rolling 12m, SEK million



## Q2 highlights

- Continued strong end-user service revenue growth of 12% driven by both ASPU and volume growth in all markets
- Underlying EBITDAaL increased by 10% driven by higher end-user service revenue, offsetting pressure from rising inflation rates
- Continued strong cash conversion of 78% due to strong underlying EBITDAaL growth

Organic growth rate  
Cash conversion = operating cash flow / underlying EBITDAaL

# FINANCIAL OVERVIEW

# Group results

SEK million		Q2 2022	Q2 2021
Revenue		6,820	6,572
<b>Underlying EBITDA</b>	<b>1</b>	<b>2,790</b>	<b>2,686</b>
Margin (%)		40.9%	40.9%
Items affecting comparability		-88	-121
D&A		-1,560	-1,526
Impairment		0	0
Associated companies & JVs	<b>2</b>	-1	22
<b>Operating profit</b>		<b>1,140</b>	<b>1,062</b>
Net interest and other financial items		-118	-90
Income tax	<b>3</b>	-175	173
<b>Net profit, continuing operations</b>		<b>847</b>	<b>1,146</b>
Net profit, discontinued operations	<b>4</b>	1	222
<b>Net profit, total operations</b>		<b>847</b>	<b>1,367</b>

## Comments

- 1 Underlying EBITDA grew by 3% in the quarter driven by end-user service revenue growth and cost savings related to the Business Transformation Program, partly offset by headwinds related to higher inflation
- 2 Associated companies and JVs decreased compared to Q2 2021 driven by the divestment of T-Mobile Netherlands
- 3 Income tax decreased compared to Q2 2021 as income tax in Q2 2021 included the release of a provision yielding a positive non-cash effect of SEK 350 million
- 4 Net profit, discontinued operations decreased compared to Q2 2021 as net profit from discontinued operations in Q2 2021 included a settled dispute from previously divested operations of SEK 226 million

# Group cash flow

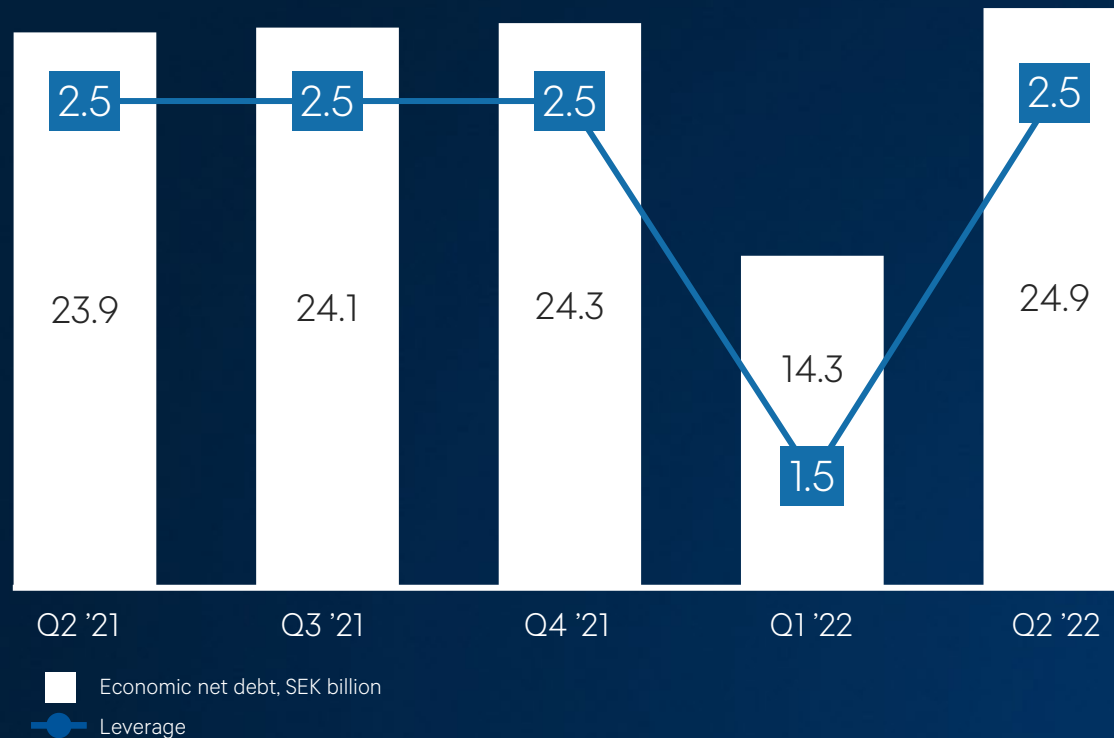
SEK million		Q2 2022	Q2 2021
Underlying EBITDA		2,790	2,686
Items affecting comparability		-88	-121
Amortization of lease liabilities		-275	-270
Capex paid	1	-855	-652
Changes in working capital	2	-323	80
Net financial items paid		-162	-175
Taxes paid	3	-379	-304
Other cash items		42	25
<b>Equity free cash flow, continuing operations</b>		<b>750</b>	<b>1,269</b>
Equity free cash flow, discontinued operations		0	-3
<b>Equity free cash flow, total operations</b>		<b>750</b>	<b>1,267</b>
<b>Continuing operations</b>			
Equity free cash flow LTM	4	5,331	4,674
Equity free cash flow LTM / share (SEK)		7.7	6.8

## Comments

- 1 Capex paid increased compared to last year driven by spectrum payments and higher network capex
- 2 Changes in working was negatively impacted by higher inventory levels and temporarily lower levels of external handset financing
- 3 Taxes paid increased compared to Q2 2021 driven by improved operational performance
- 4 Equity free cash flow from continuing operations over the last twelve month remains strong and amounted to SEK 5,3 billion, equivalent to SEK 7.7 per share

# Leverage at 2.5x

## Economic net debt to underlying EBITDAaL



## Comments

- Economic net debt increased by SEK 0.7 billion compared to end of 2021 as cash generation did not fully offset the first tranche of the ordinary dividend and the extraordinary dividend from the T-Mobile Netherlands transaction
- Leverage of 2.5x remains in the lower part of the target range of 2.5-3.0x
- Second tranche of the ordinary dividend of SEK 3.35 per share to be paid in October

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

# Business Transformation Program update

	Realized in Q2 2022	Annualized run-rate Q2 2022	Annualized run-rate target H1 2023
Opex Reduction <i>SEK million</i>	155	650	>1,000

## Comments

- Continued optimization primarily within the technology and IT organization lead to cost reductions in Q2 2022
- Annualized run-rate at end of Q2 2022 of SEK 650 million (SEK 500m at the end of 2021)
- Savings of 155 million realized in Q2 2022 with SEK 75 million net effect on underlying EBITDAaL (SEK 80 million realized in Q2 2021)
- Target of at least SEK 1bn in annual run-rate to end of H1 2023

# Key priorities going forward

## Sweden

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

Execute on Business Transformation program to achieve at least SEK 1bn in annualized run-rate savings by end of H1 2023

## Sweden B2C

Execute on phase 2 of FMC with the rebranded Tele2

Continue balancing value and volume to drive long-term sustainable growth

Execute on new TV partnership with Viaplay

## Sweden B2B

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

## Baltics

Build on current momentum and start the roll-out of 5G



THANK YOU!



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