

FOURTH QUARTER 2014

30th of January 2015
Tele2 AB

TELE2

Q4 2014 in brief

Tele2 Group – Financial overview

Net sales (SEK billion)	EBITDA (SEK billion)	EBITDA margin (percent)	CAPEX (SEK billion)
6.88 (6.59)	1.41 (1.49)	21 (23)	1.03 (1.05)

Q4 Financial Highlights

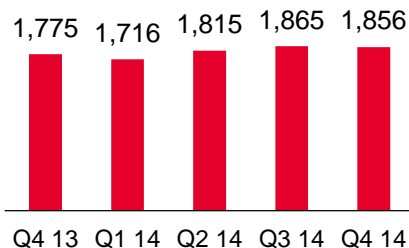
- Strong mobile end-user service revenue growth for the Group at 7%, driven by improved monetization of mobile data
- Another investment quarter, with CAPEX driven by progress in the Netherlands roll out

Mobile end-user service revenue

Sweden

(SEK million)

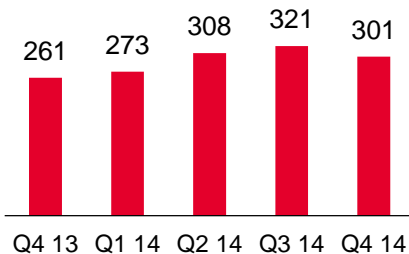
5%



Netherlands

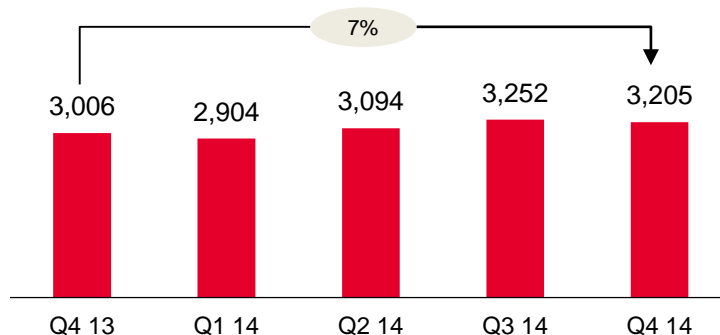
(SEK million)

15%



Tele2 Group

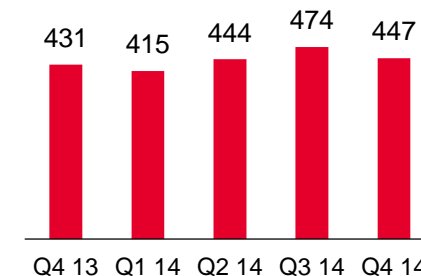
(SEK million)



Baltics

(SEK million)

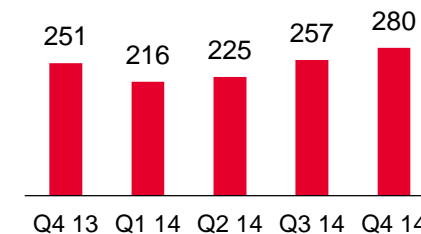
4%



Kazakhstan

(SEK million)

12%
(17%*)

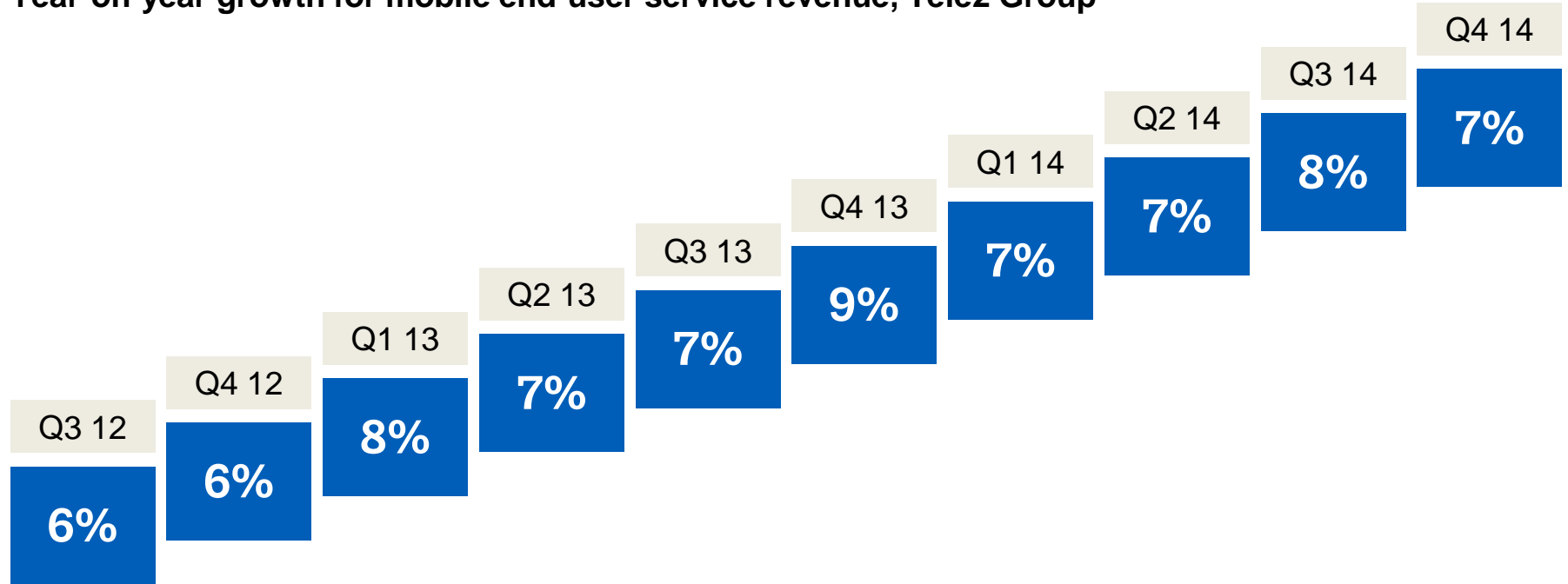


Note: Mobile end-user service revenue excludes interconnect and equipment sales.

*Kazakhstan growth adjusted for currency fluctuations mainly due to devaluation.

Momentum in mobile end-user service revenue for the last two years

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



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

Significant events in the quarter



Focused Technology Choices

- 4G network in the Netherlands opened on January 1st 2015
- 90% 4G population coverage achieved in Estonia



Value Champion

- In launching Tele2.0 in Sweden we continue to lead the market in offer-innovation which strengthens our challenger position



Step-Change Productivity

- Launch of the Challenger Program, focused on increasing productivity
- The program will build over the next 3 years and reap full benefits of SEK 1 billion per annum starting in 2018.



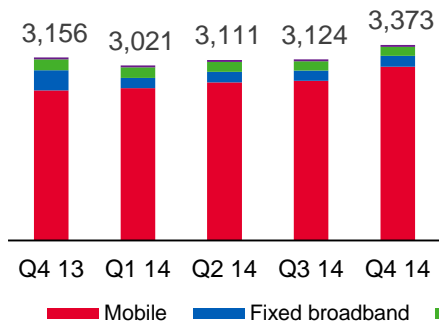
Winning People & Culture

- Completed Tele2 Way management training of top executives across the Group
- Tele2 among top three companies in terms of employee engagement*

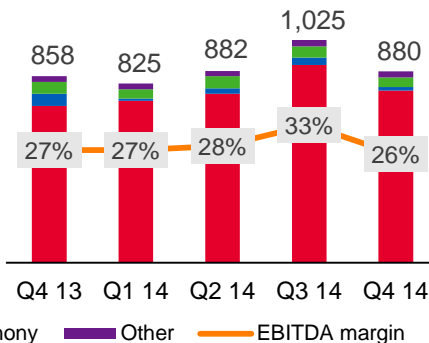
Country Performance

Tele2 Sweden

Net sales
(SEK million)



EBITDA
(SEK million)



Game changing move in the market through successful launch of Tele2.0

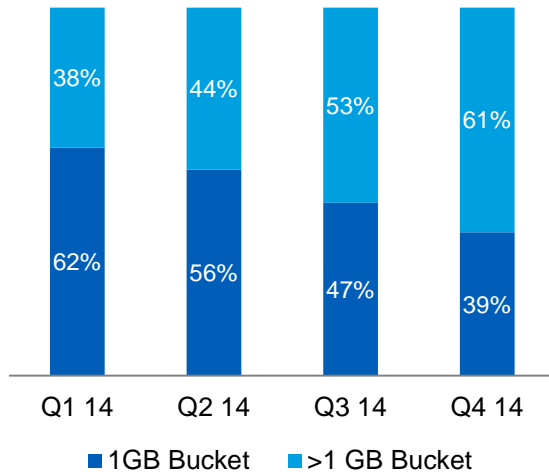


Q4 Highlights

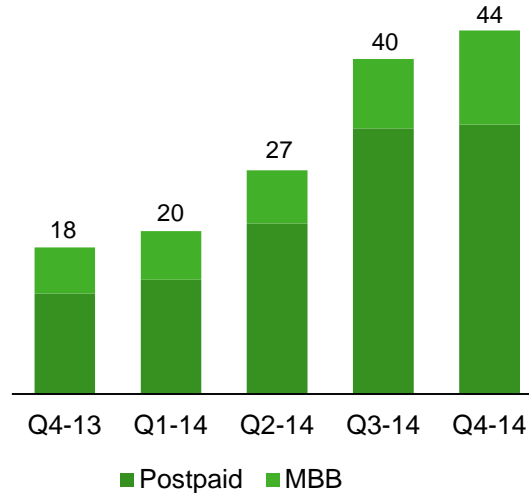
- **Overall:** The launch of Tele2.0 has led to a game changing move in the Swedish telecom market, with strong positive reactions from customers and media.
- **Consumer:** Increased ASPU over the period mainly driven by the continued strong demand for mobile data, which has been anticipated both in terms of top-ups as well as customers moving towards larger data buckets.
- **Business:** Continued strong mobile revenue growth, mainly driven by the Large Enterprise segment as well as continued strong intake within cloud PBX. Also a positive quarter in terms of market share growth and end-user experience.

Mobile data monetization continues...

Intake mix ('Volym' offer)



Top-up development Tele2 Residential (Revenue, SEK million)

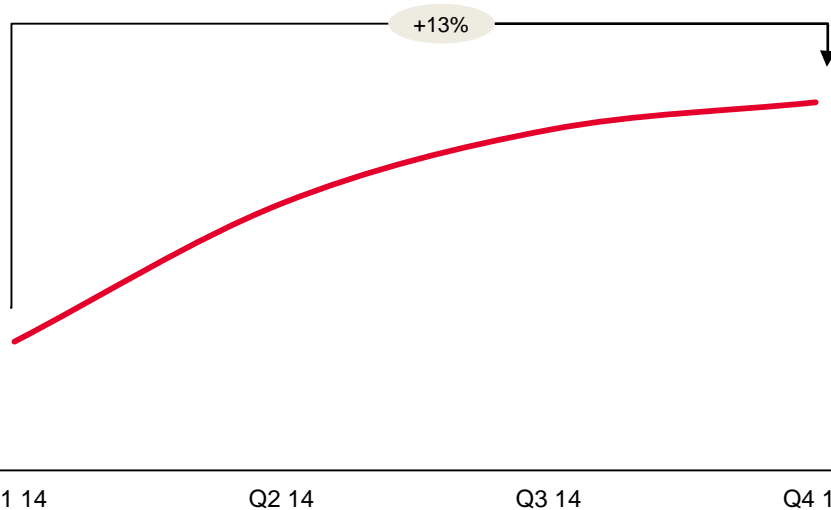


Key takeaways

- Successful shift of customers from smaller to bigger data buckets
- A majority of customers now choosing data buckets bigger than 1GB
- Revenue from top ups up ~10% Q3 vs Q4 2014 and ~150% compared to the same period last year
- 20% of all customers use up all their data
- 50% of the customers who use up all data purchase extra data packages and buy on average 2 top-ups

... and is increasing our revenue and EBITDA

ASPU development
(Postpaid residential)



Mobile development
(Q4 14 vs Q4 13)

+5%

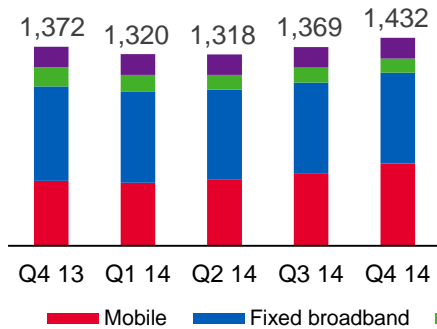
Mobile end-user
service revenue

+10%

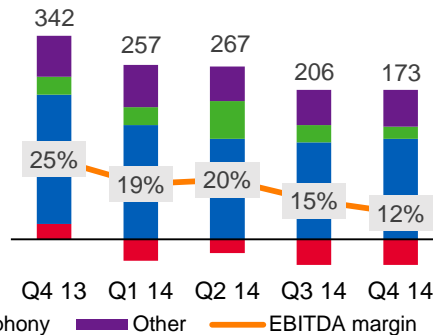
Mobile
EBITDA

Tele2 Netherlands

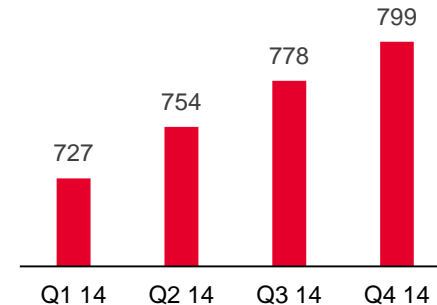
Net sales
(SEK million)



EBITDA
(SEK million)



Mobile customers
(Consumer postpaid, thousands)



Q4 Highlights

- Thirteenth consecutive quarter of continued mobile customer growth and stabilization of fixed broadband customer base.
- Upgraded the mobile SIM-only proposition, removing binding periods and allowing free movement between tariffs.
- Selected as one of the three preferred suppliers for the combined data service tender of the Dutch government, with an estimated potential of up to EUR 35 million.

Ready for take-off

4G network roll-out plan

Q1 2015

Begin new and existing customer transfer

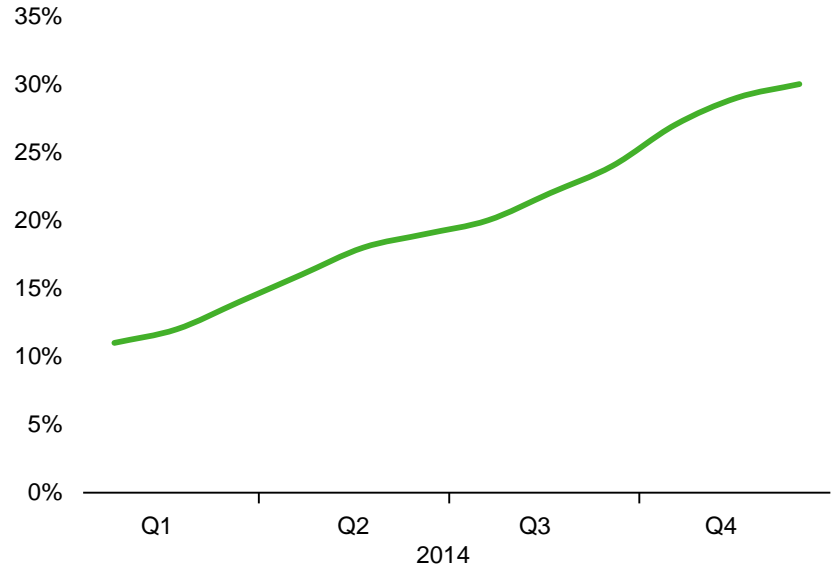
Q2 – Q4 2015

Continued roll-out of network

Q1 2016

Expected national coverage

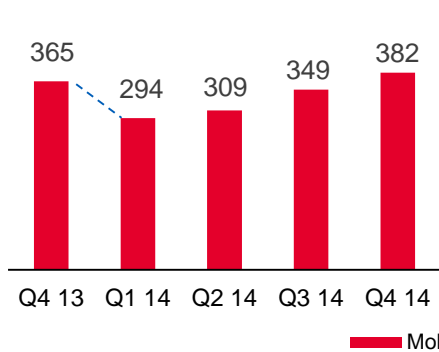
Percentage of 4G handsets in customer base



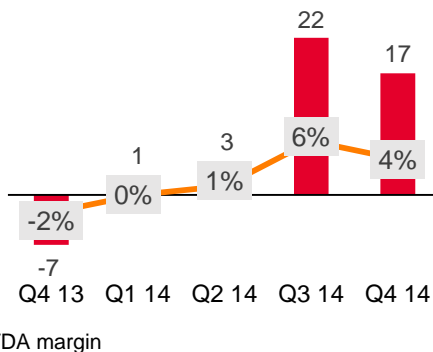
Tele2 Kazakhstan

Net sales (SEK million)

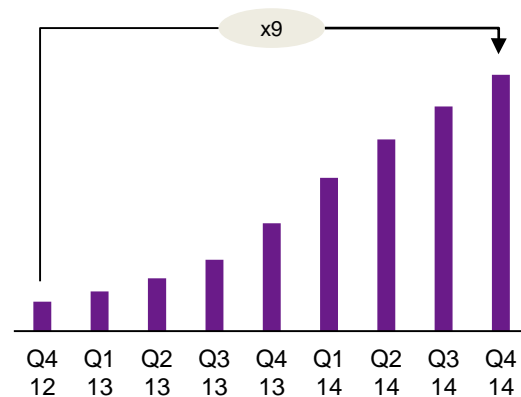
-- Interconnect cut and currency devaluation



EBITDA (SEK million)



Average usage per subscriber (MB, four quarter rolling average)

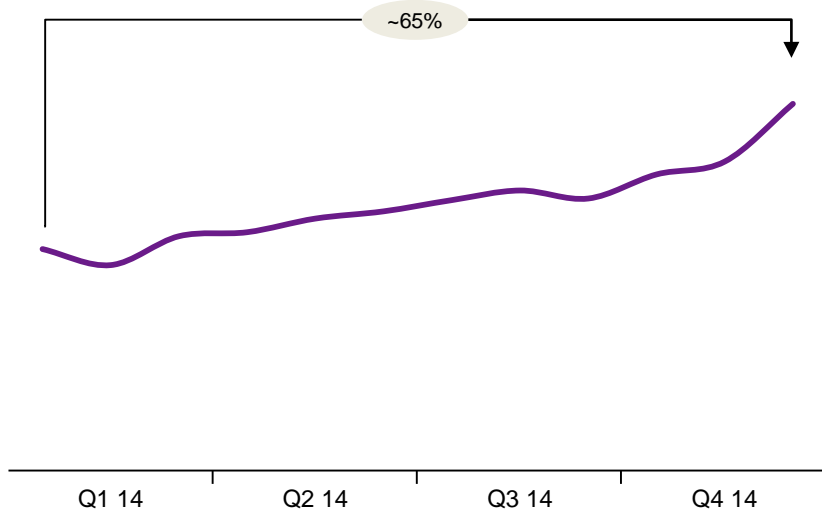


Q4 Highlights

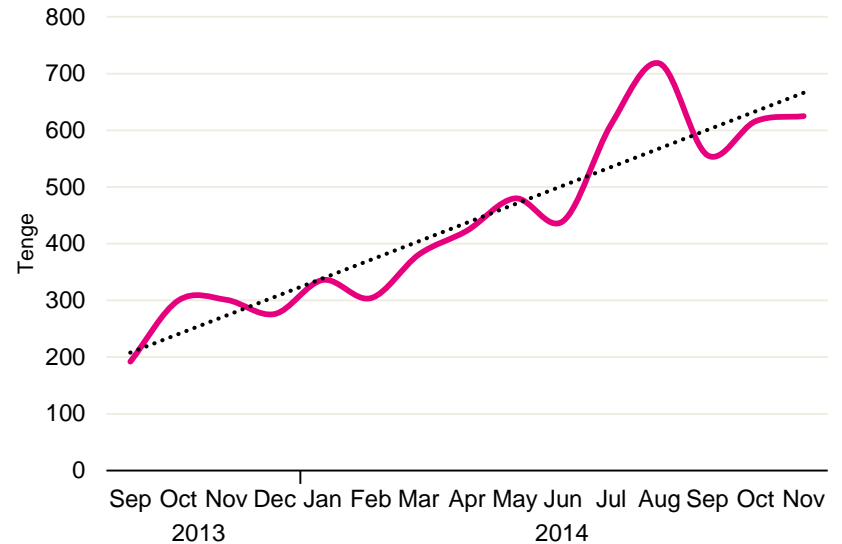
- Tele2 has secured price leadership in an increasingly competitive market, showing the highest quarterly mobile end-user service revenue so far.
- Net intake was 205,000 (-393,000) showing good acceleration at year end, with net intake for the month of December at 105,000. Total customer base at year end was 3.3 million.
- Strong traffic growth for both voice and data, voice grew by 35% and data traffic increased by 100%.
- Maintained high customer satisfaction level at 92% (world-class: 85%).

Underlying trends continue to be positive

Voice traffic development
(Minutes)

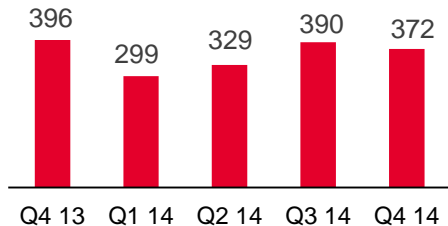


Gross intake quality index

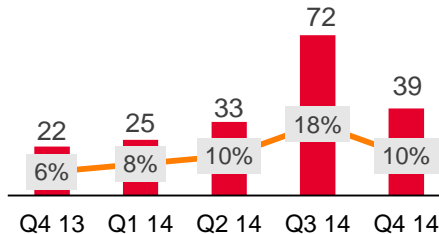


Tele2 Croatia and Tele2 Lithuania

Croatia net sales
(SEK million)



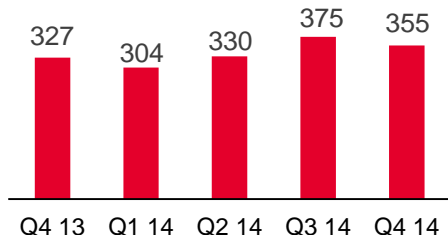
Croatia EBITDA
(SEK million)



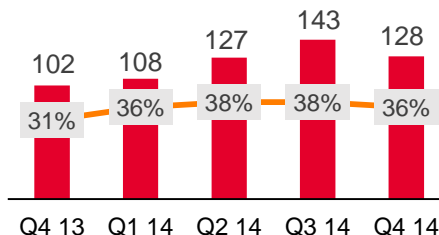
Croatia Q4 Highlights

- Secured 15 MHz additional spectrum in the 1,800 band in order to continue to improve network quality.
- Continued strong YoY EBITDA development.

Lithuania net sales
(SEK million)



Lithuania EBITDA
(SEK million)



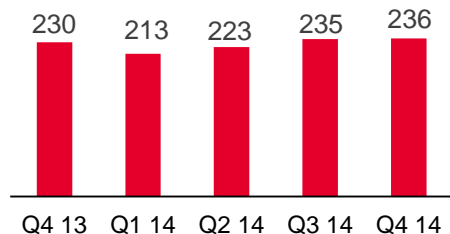
Lithuania Q4 Highlights

- Continue to be the most profitable operator with >35% EBITDA margin.
- Acquired our distributor adding 50 shops to our operations.
- Deezer music services launched.

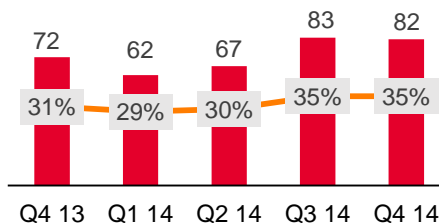
■ Mobile — EBITDA margin

Tele2 Latvia and Tele2 Estonia

Latvia net sales
(SEK million)



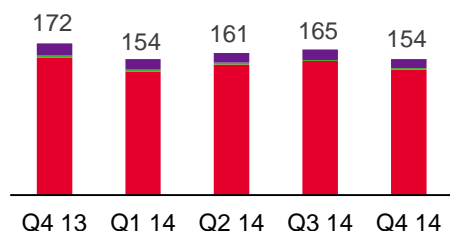
Latvia EBITDA
(SEK million)



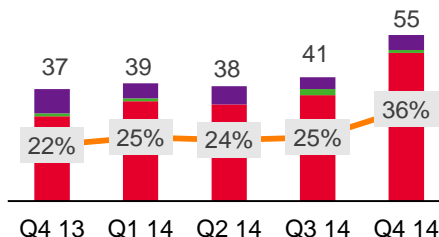
Latvia Q4 Highlights

- Strong end-user service revenue growth of 11%.
- Launch of HD Voice service.

Estonia net sales
(SEK million)



Estonia EBITDA
(SEK million)



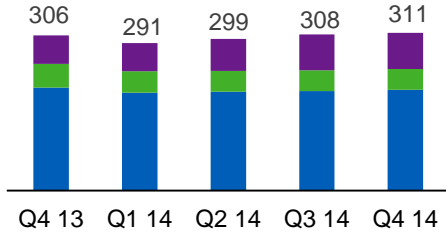
Estonia Q4 Highlights

- Sold our 2,600 MHz LTE license to EMT (TeliaSonera) with a capital gain of SEK 20 million.
- 90% 4G population coverage achieved.

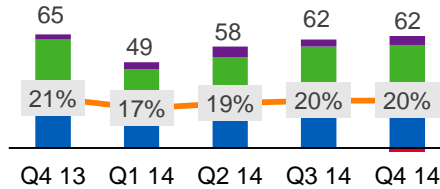
■ Mobile
 ■ Fixed telephony
 ■ Other
 — EBITDA margin

Tele2 Austria and Tele2 Germany

Austria net sales
(SEK million)



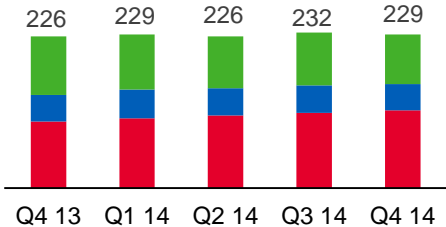
Austria EBITDA
(SEK million)



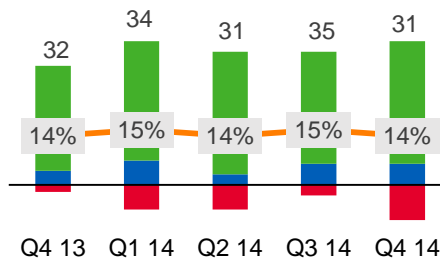
Austria Q4 Highlights

- Launch of triple-play offer (including TV) in the residential segment.
- Growth focus will concentrate on the launch of mobile B2B services based on MVNO setup.

Germany net sales
(SEK million)



Germany EBITDA
(SEK million)



Germany Q4 Highlights

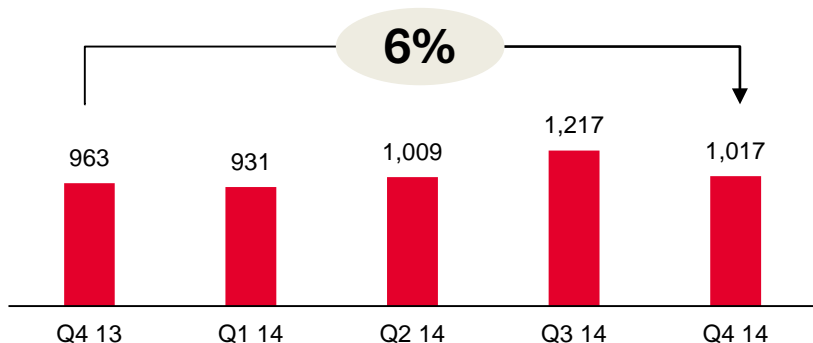
- Fixed line business continued to perform well with 36% EBITDA margin.
- Mobile net intake 9,000.

■ Mobile
 ■ Fixed broadband
 ■ Fixed telephony
 ■ Other
 — EBITDA margin

To sum it up - Data monetization is improving our EBITDA

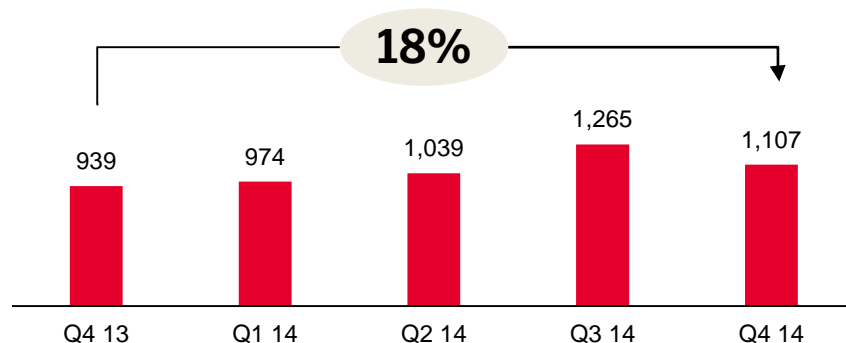
At a company level

Tele2 Group mobile EBITDA
(SEK million)



And especially on our own networks

Tele2 Group mobile EBITDA own networks only,
(excluding the Netherlands, Germany and Austria, SEK million)



Financial Overview

Group result Q4 2014

SEK million

	Q4 2014	Q4 2013	▲%
Net sales	6,876	6,585	4.4%
EBITDA	1,412	1,490	-5.2%
EBITDA margin (%)	20.5%	22.6%	-2.1%
Depreciation & associated companies	-708	-765	-7.5%
Depreciation of net sales (%)	-10.2%	-11.6%	1.3%
One-off items	31	11	
EBIT	735	736	-0.1%
Normalized EBIT	704	725	-2.9%
Normalized EBIT margin (%)	10.2%	11.0%	-0.8%
Financial items	-40	-179	
Taxes	-201	-280	
Net profit, continuing operations	494	277	78.3%
Discontinued operations	-85	-108	
Net profit	409	169	142.0%

Group result YTD December

SEK million

	FY 2014	FY 2013	▲%
Net sales	25,955	25,757	0.8%
EBITDA	5,926	5,891	0.6%
EBITDA margin (%)	22.8%	22.9%	0.0%
Depreciation & associated companies	-2,710	-2,909	-6.8%
Depreciation of net sales (%)	-10.4%	-11.2%	0.8%
One-off items	274	-434	
EBIT	3,490	2,548	37.0%
Normalized EBIT	3,216	2,982	7.8%
Normalized EBIT margin (%)	12.4%	11.6%	0.8%
Financial items	10	-551	
Taxes	-874	-1,029	
Net profit, continuing operations	2,626	968	171.3%
Discontinued operations	-415	13,622	
Net profit	2,211	14,590	-84.8%

Cash flow

SEK million

	Q4 2014	Q4 2013	FY 2014	FY 2013
OPERATING ACTIVITIES				
Cash flow from operations, excl taxes and interest	1,531	1,387	6,045	7,117
Interest paid	-58	-51	-280	-374
Taxes paid	-93	-109	-327	-479
Change in working capital	-58	293	-860	-451
Cash flow from operating activities	1,322	1,520	4,578	5,813
INVESTING ACTIVITIES				
CAPEX paid	-1,084	-1,013	-4,146	-5,241
Cash flow after paid CAPEX	238	507	432	572
Shares and other financial assets	-270	-10	439	17,235
Cash flow after investing activities	-32	497	871	17,807

Cash flow excluding Norway and Russia

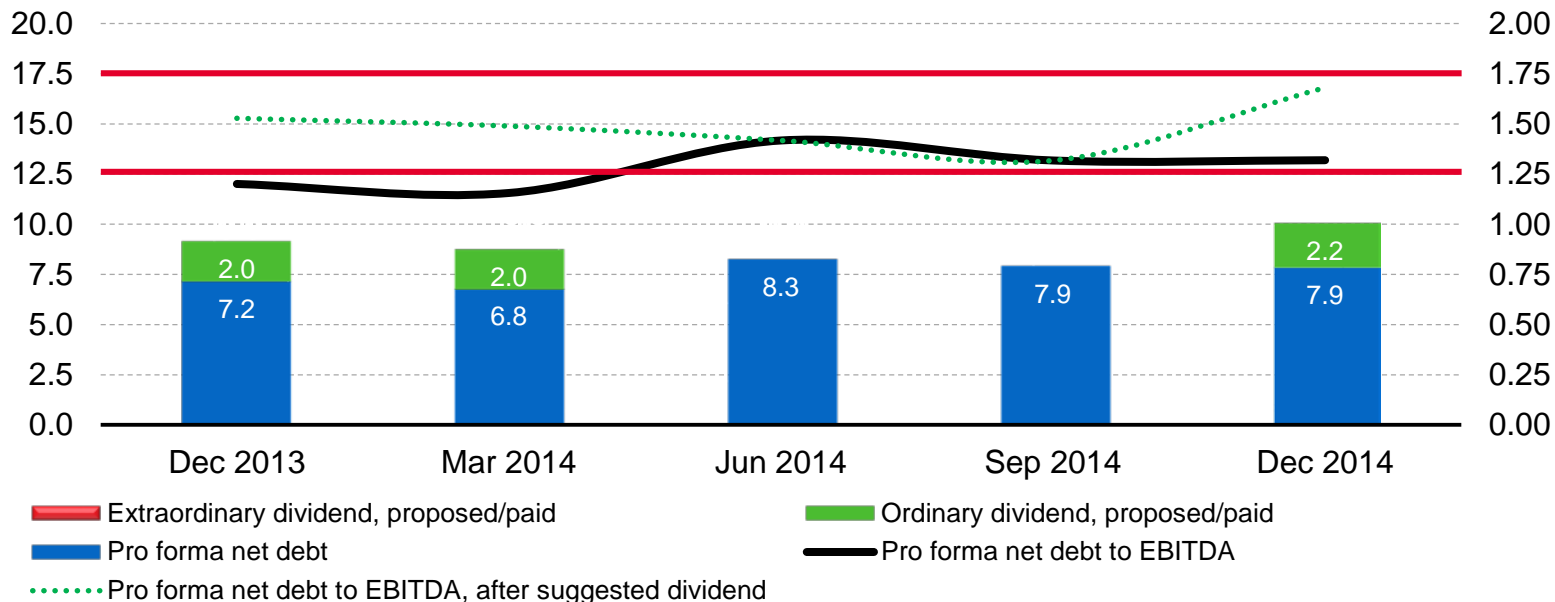
SEK million

	Q4 2014	Q4 2013	FY 2014	FY 2013
OPERATING ACTIVITIES				
Cash flow from operations, excl taxes and interest	1,526	1,415	5,989	5,832
Interest paid	-59	-52	-287	-298
Taxes paid	-93	-109	-327	-302
Change in working capital	-57	220	-714	-249
Cash flow from operating activities	1,317	1,474	4,661	4,983
INVESTING ACTIVITIES				
CAPEX paid	-1,044	-832	-3,499	-4,184
Cash flow after paid CAPEX	273	642	1,162	799
Shares and other financial assets	-269	-2	458	-11
Cash flow after investing activities	4	640	1,620	788

Debt position and ratio

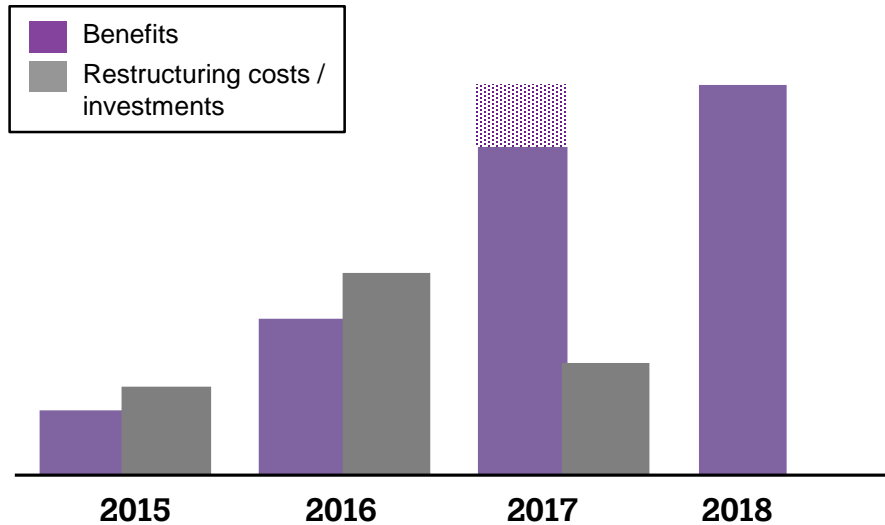
Pro forma net debt / EBITDA 12 m rolling

SEK billion / Ratio

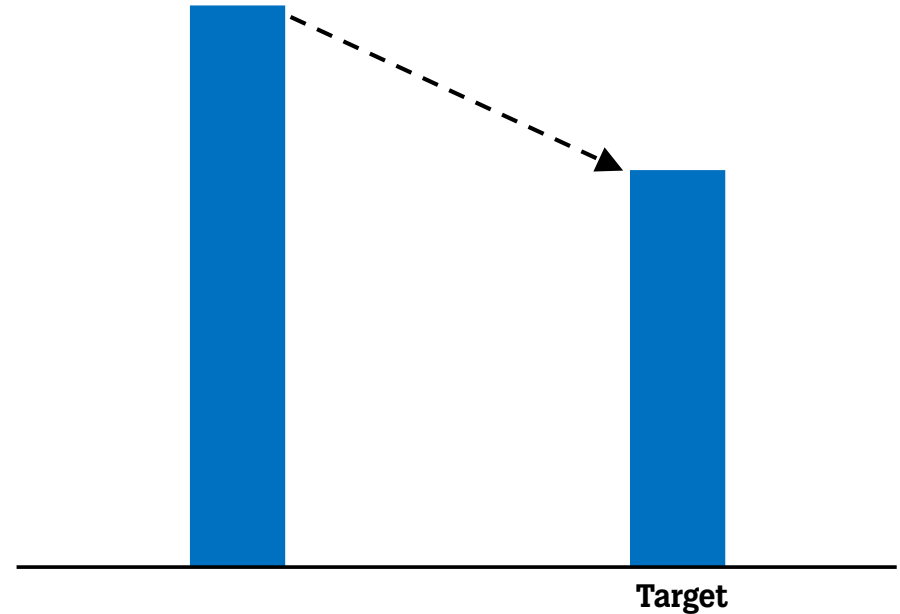


The Challenger Program

Ramp-up of *indicative* costs and benefits over 4 years

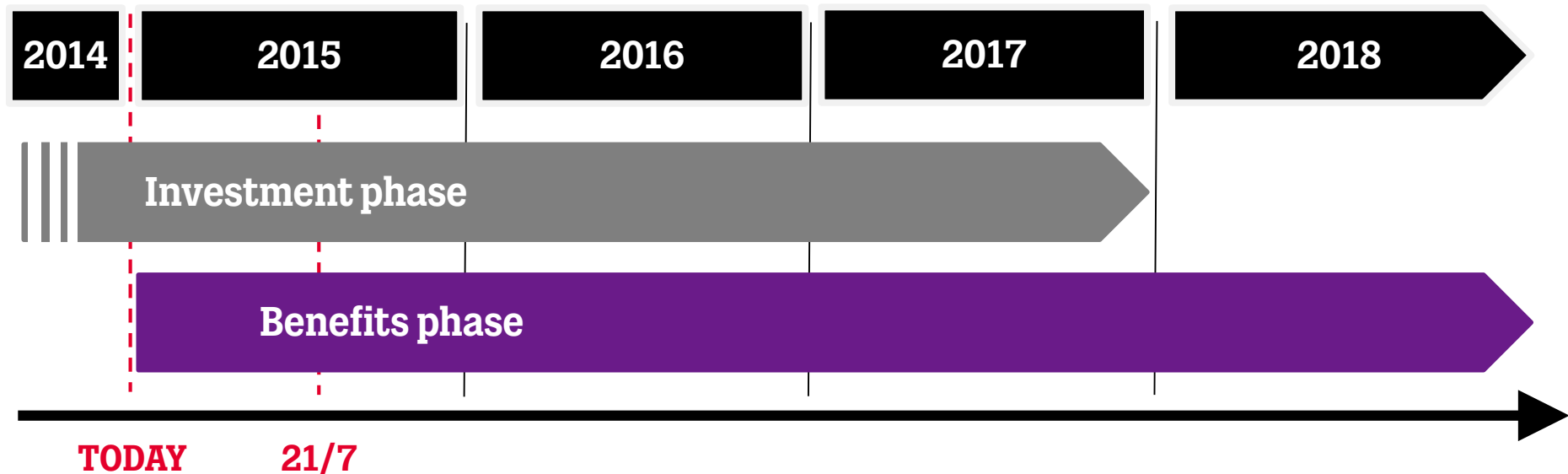


Productivity improvement: 1 BSEK (5%)



We are analyzing our ideas and estimate 3-6 months before commencing execution

We will come back with more details at Q2 reporting on 21 July 2015, and will report on progress quarterly until full benefits have been realized



Guidance

2015		2015 – 2017
Mobile end-user service revenue	EBITDA (SEK billion)	Net debt/EBITDA
Mid-single digit % growth	5.8 – 6.0	1.5 – 2.0x
Net sales (SEK billion)	CAPEX (SEK billion)	Dividend growth
25.5 – 26.5	3.8 – 4.0	10%

Conclusion

Q4 2014 in short

Summary

- Mobile data monetization continues
- Positive momentum in end-user service revenue for the 14th consecutive quarter
- Tele2.0 has led to a game changing move in the Swedish telecom market
- 4G network in the Netherlands launched
- Highest ever quarterly mobile end-user service revenue in Kazakhstan

Key priorities for 2015 to drive further data monetization



Focused Technology Choices

- Roll out of 4G network in the Netherlands



Value Champion

- Realize our ambitions for the Tele2.0 launch in Sweden



Step-Change Productivity

- The Challenger Program



Winning People & Culture

- Accelerate knowledge sharing

Q&A

**THE
END**

TELE2