

TELE2 UPDATE

December 9, 2016

TELE2

Agenda

Registration and lunch

Introduction

Allison Kirkby

Sweden

Samuel Skott, Francois Mairey

Q&A

Break

Baltics

Guillaume van Gaver, Petras Masiulis, Ervins Kampans

IoT

Rami Avidan, Ingrid Wistrand

Closing

Allison Kirkby, Lars Nordmark

Q&A

Mingle

Today's presenters



Allison Kirkby
President & CEO



Lars Nordmark
Group CFO



Samuel Skott
CEO Sweden



Guillaume van Gaver
EVP International



Francois Mairey
CTIO Shared
Operations



Petras Masiulis
CEO Lithuania &
Head of the Baltics



Ervins Kampans
CTIO Estonia



Rami Avidan
Managing Director
Tele2 IoT



Ingrid Wistrand
Managing Director
Tele2 IoT

This is Tele2



Fearless Brands

Award winning campaigns

**I WANNA
BE ON
TINDER
TILL I'M
MARRIED**

With the latest 4G network
for a ridiculously low price

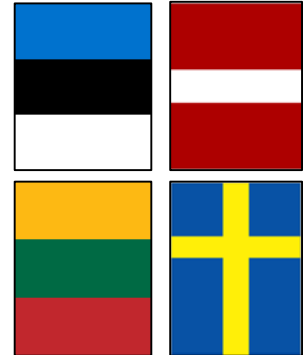
BECAUSE YOU CAN

Check out at **TELE2**



Baltic Sea Strength

ROCE >25%

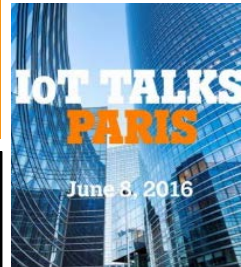
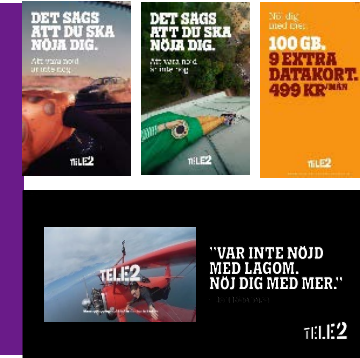


Mobility First



Connectivity Innovator

Top 20 MNO in Global IoT



High Growth Investment Markets

World's first 4G only MNO



ACTION
BE PROACTIVE AND ALWAYS
PROVIDE THE SOLUTION.

QUALITY
ALWAYS MEET
CUSTOMER EXPECTATIONS.

CHALLENGE
ALWAYS ACT AS A
CHALLENGER.

FLEXIBLE
LOVE CHANGE. ALWAYS
LEARN. ALWAYS FAST.

COST CONSCIOUS
BE SMART AND ALWAYS
HAVE THE LOWEST COST.

OPEN
BE HUMBLE, HONEST AND
ALWAYS STRAIGHT FORWARD.

The Tele2 Way

Best in Class Employee Engagement

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 play



Mobile access



Our current footprint



Residential and Business



IoT

How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

The Tele2 Way

Responsible Challenger

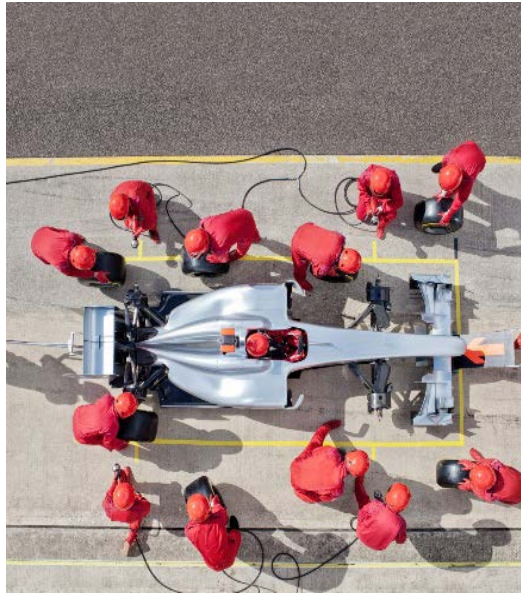
Our goals

**Profitable
Growth**



Return to 20% ROCE

**Engaged
Employees**



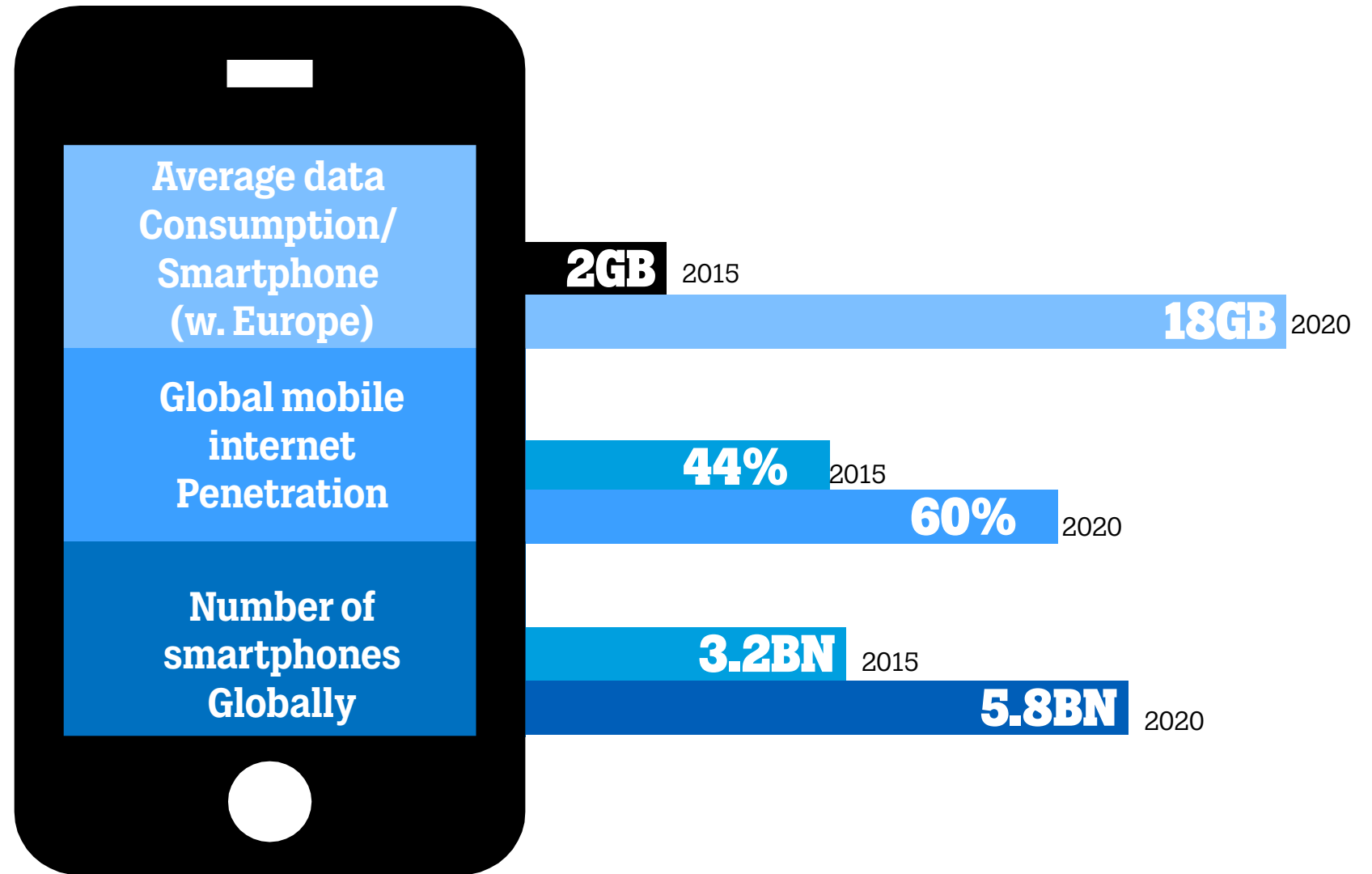
**Engagement Index
~85%**

**Happiest
Customers**

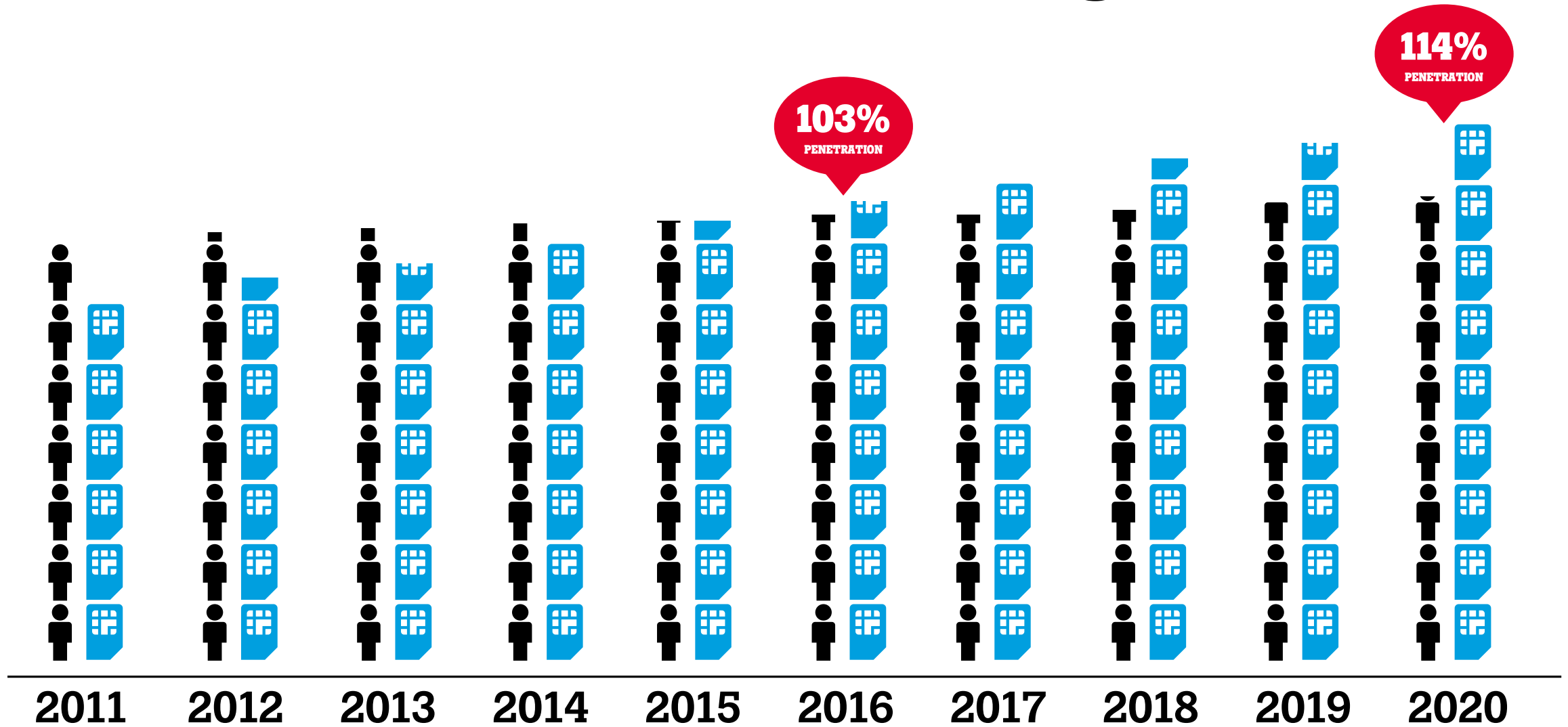


NPS above 50%

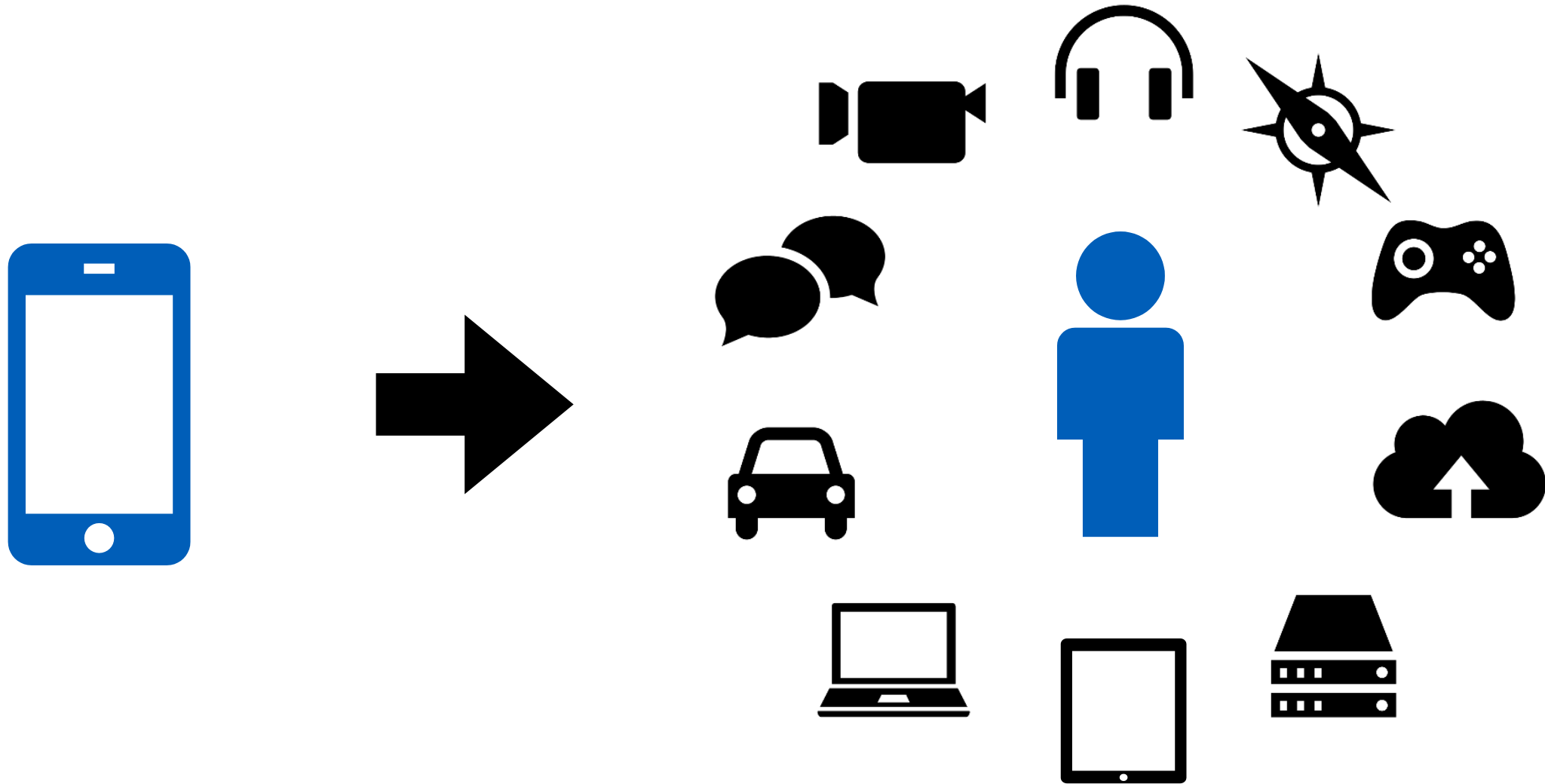
We are more mobile than ever before



Mobile connections continue to grow

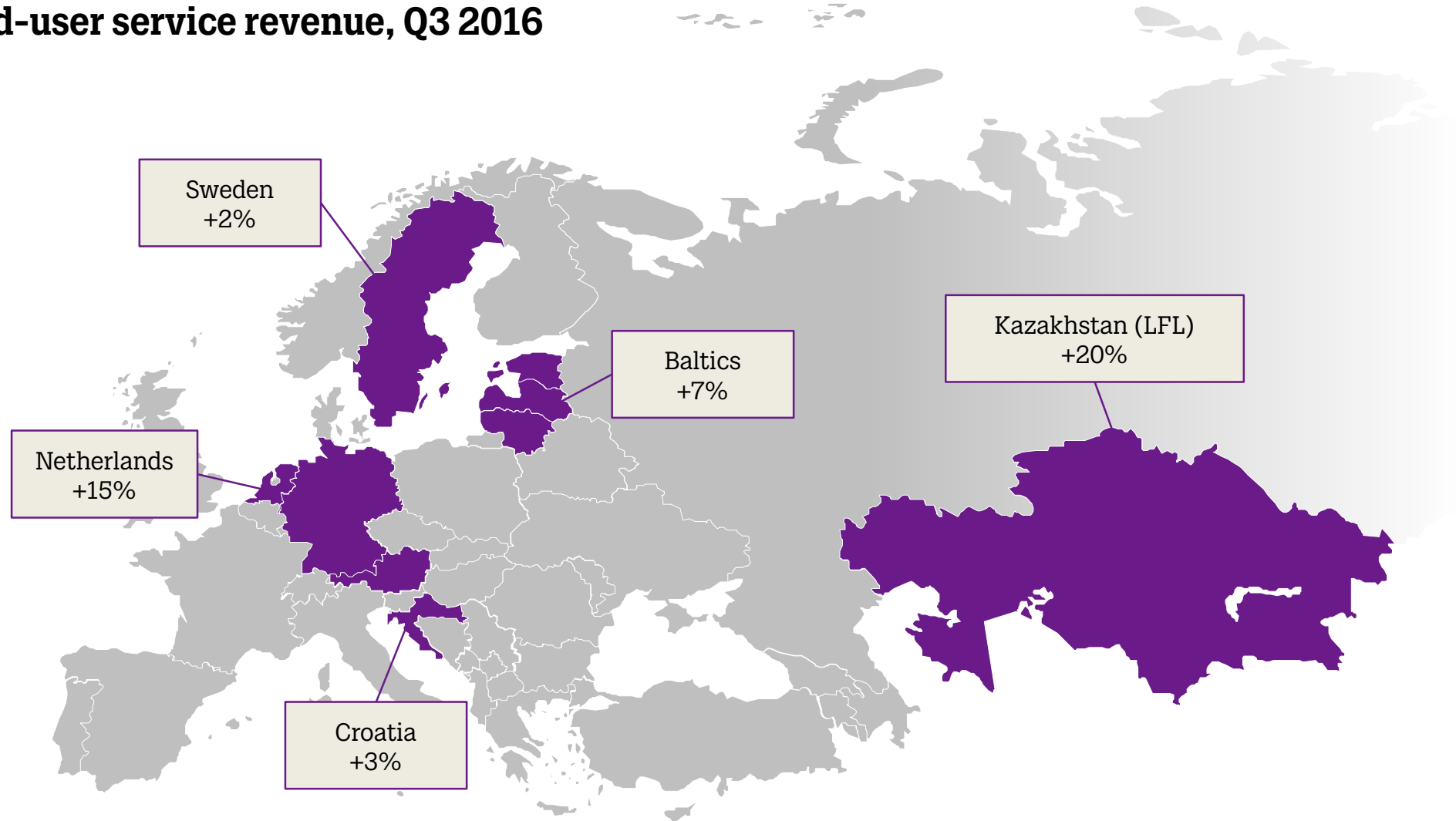


...as we connect more of the things we love



Market year-on-year development

Mobile end-user service revenue, Q3 2016



Where we focus

Market	Country	Focus	Cash Flow*
Established	Sweden	Data monetization	Strong
	Baltics	Data monetization	Strong
Investment	Kazakhstan	Integration	Funded by JV partner
	Netherlands	Customer growth	Negative



Sweden

Baltics

IoT

SWEDEN

Samuel Skott, CEO Tele2 Sweden

Francois Mairey, CTIO Shared Operations

TELE2

Tele2 Sweden

Clear #2

24%

Mobile market share

31%

EBITDA margin Q3 16 YTD

#2

Market position in both B2C and B2B, including TDC

Award-winning network

Fantastic spectrum portfolio



Award winning 4G coverage

Unique brand portfolio

TELE2



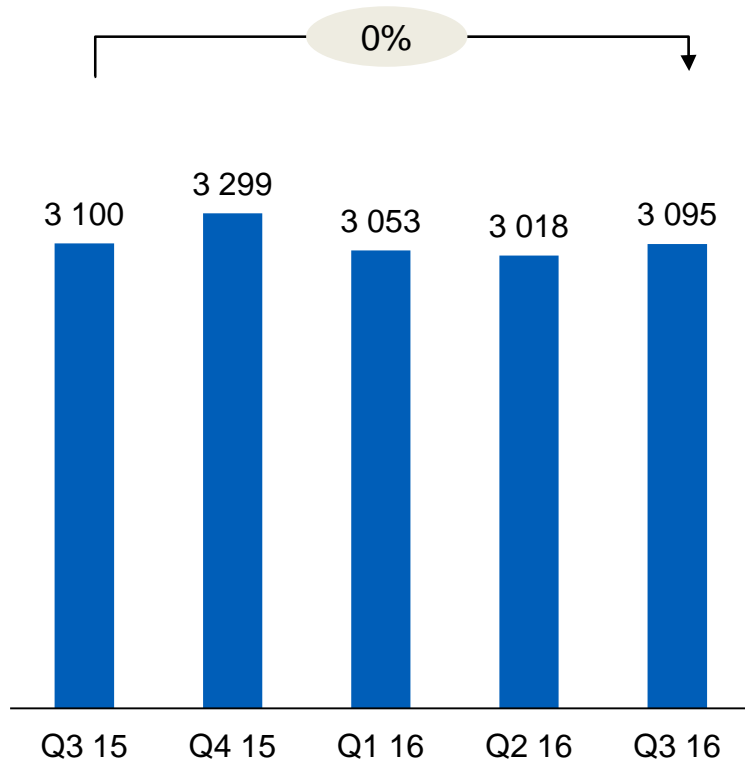
COMVIQ

Highly engaged employees

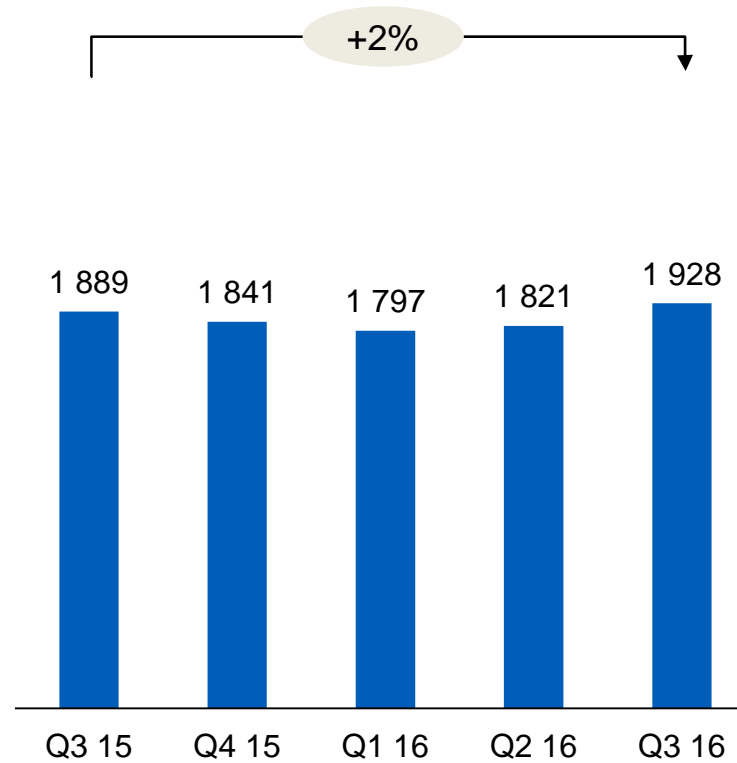


Sweden momentum is back

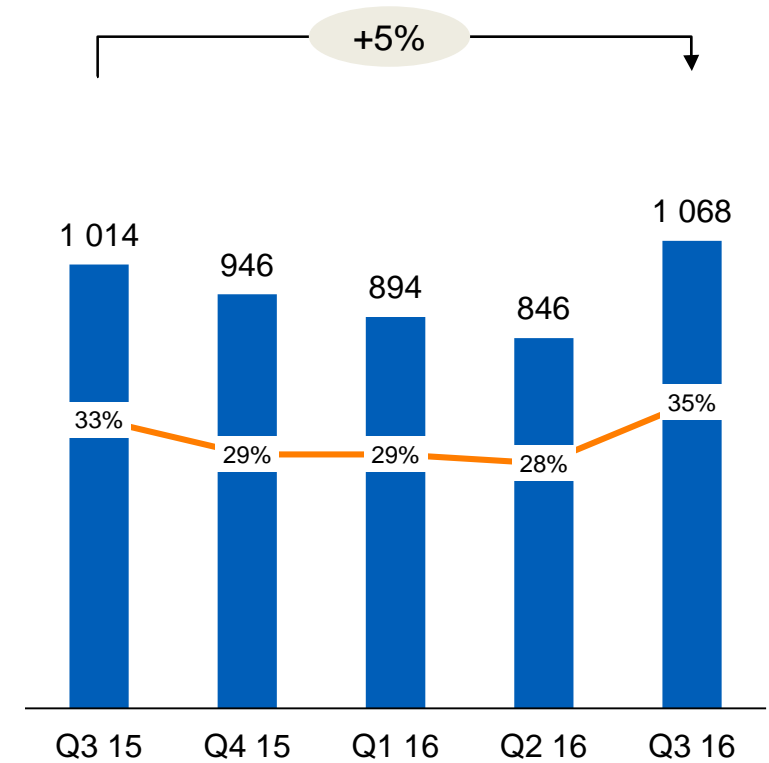
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

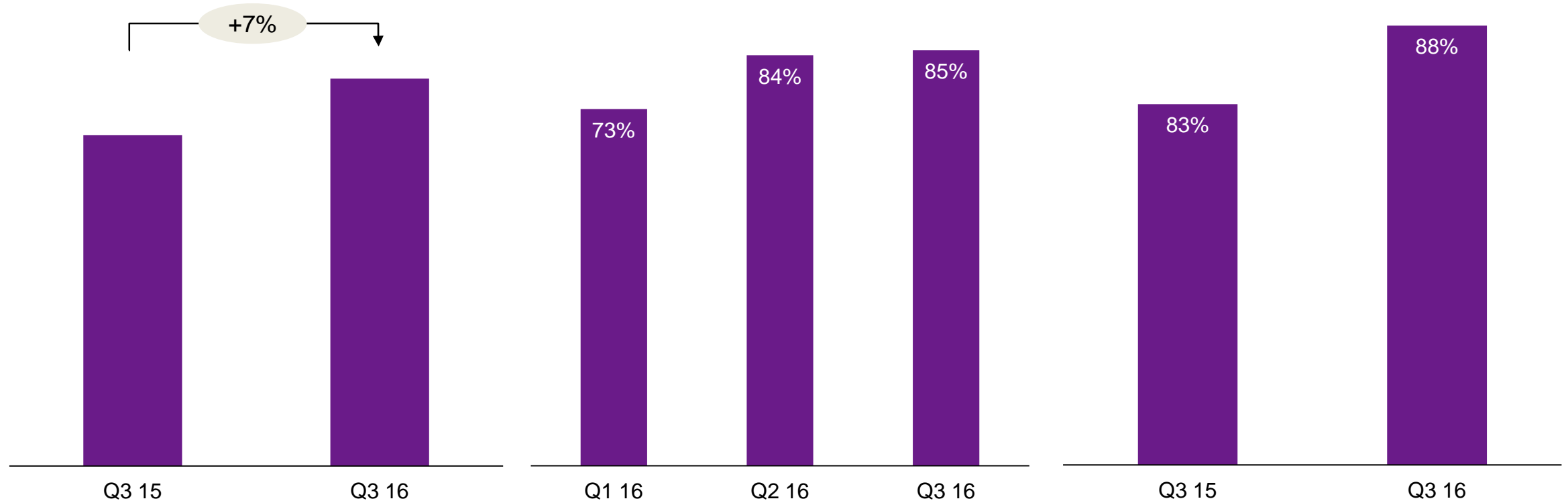


Sweden – Improving trends

Consumer postpaid mobile end-user service revenue

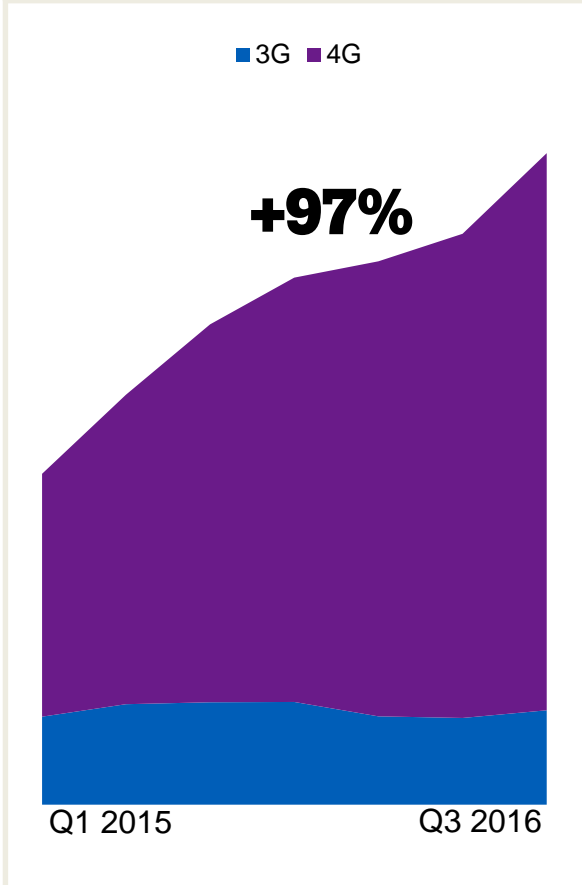
Share of sales with bundle >0.5GB

Geographic coverage 2G/4G

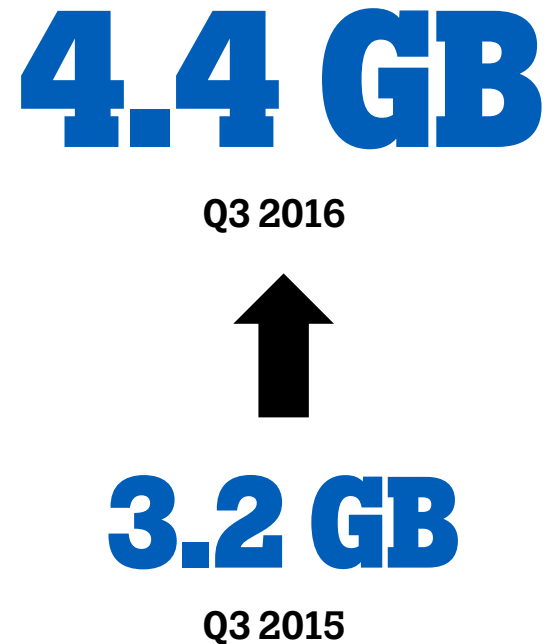


Data usage continues to grow, driven by 4G

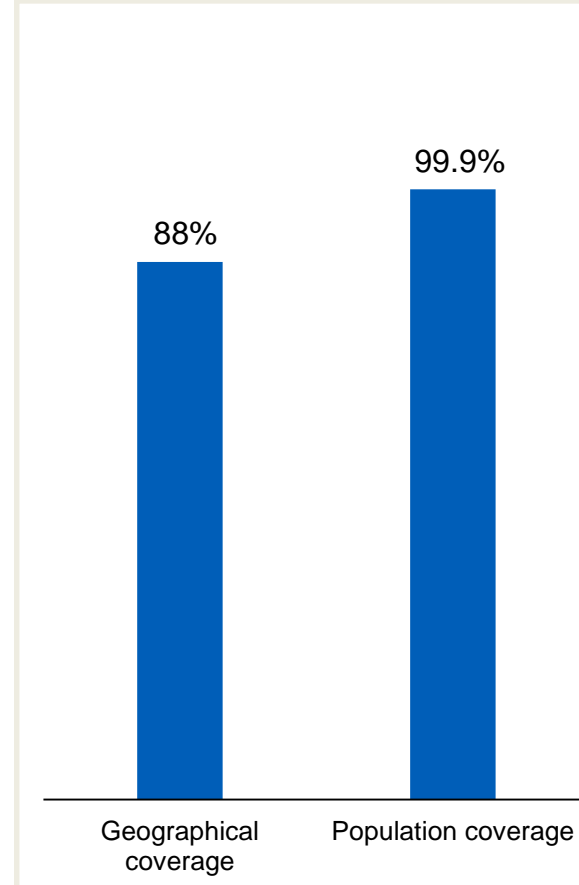
Data consumption



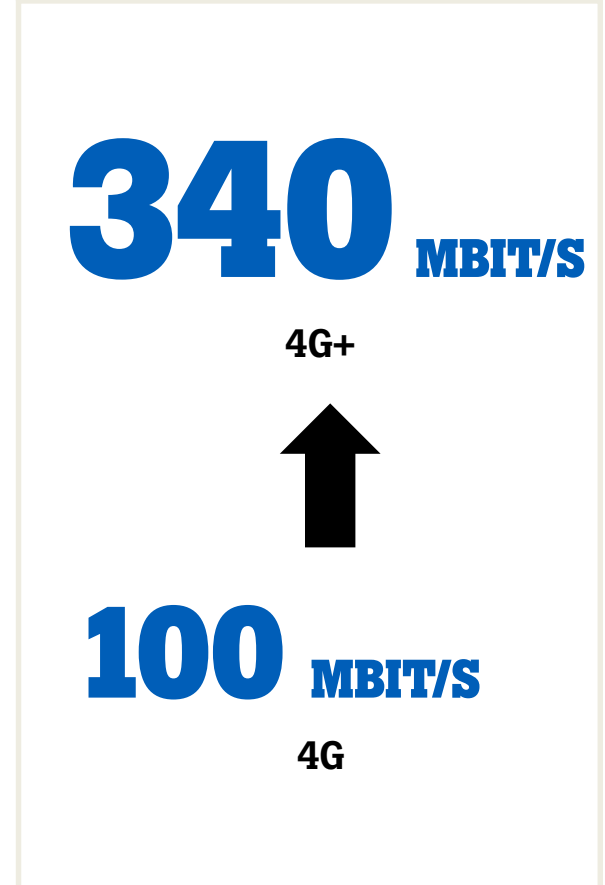
Average data consumption per user



Network coverage

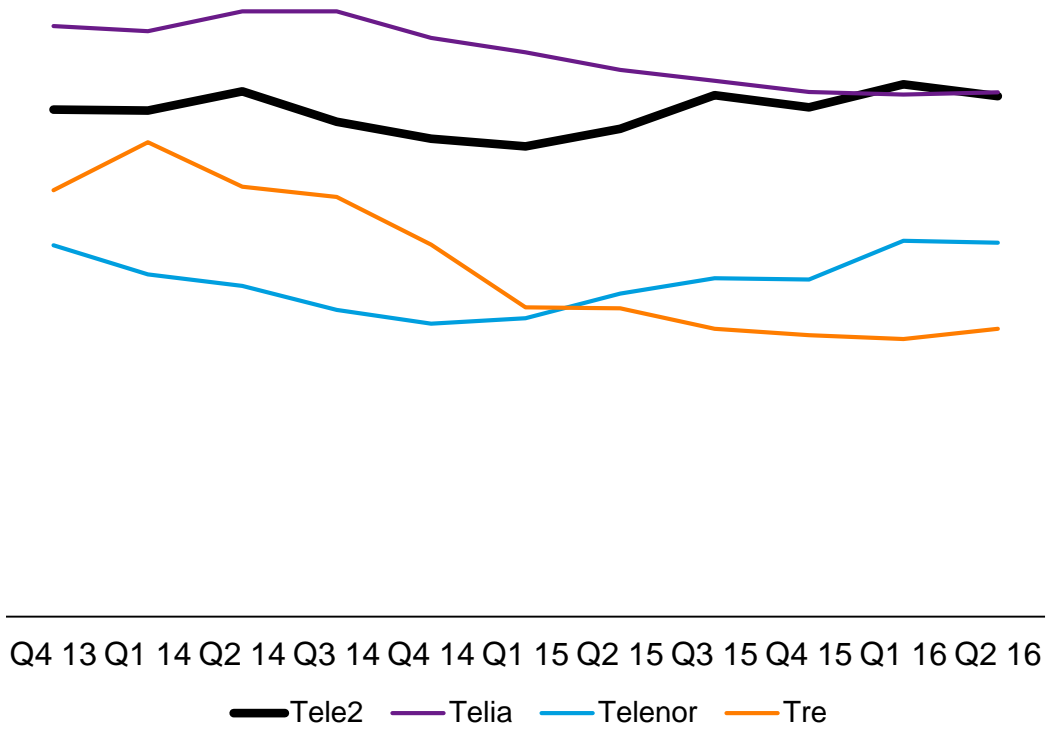


4G+ activated

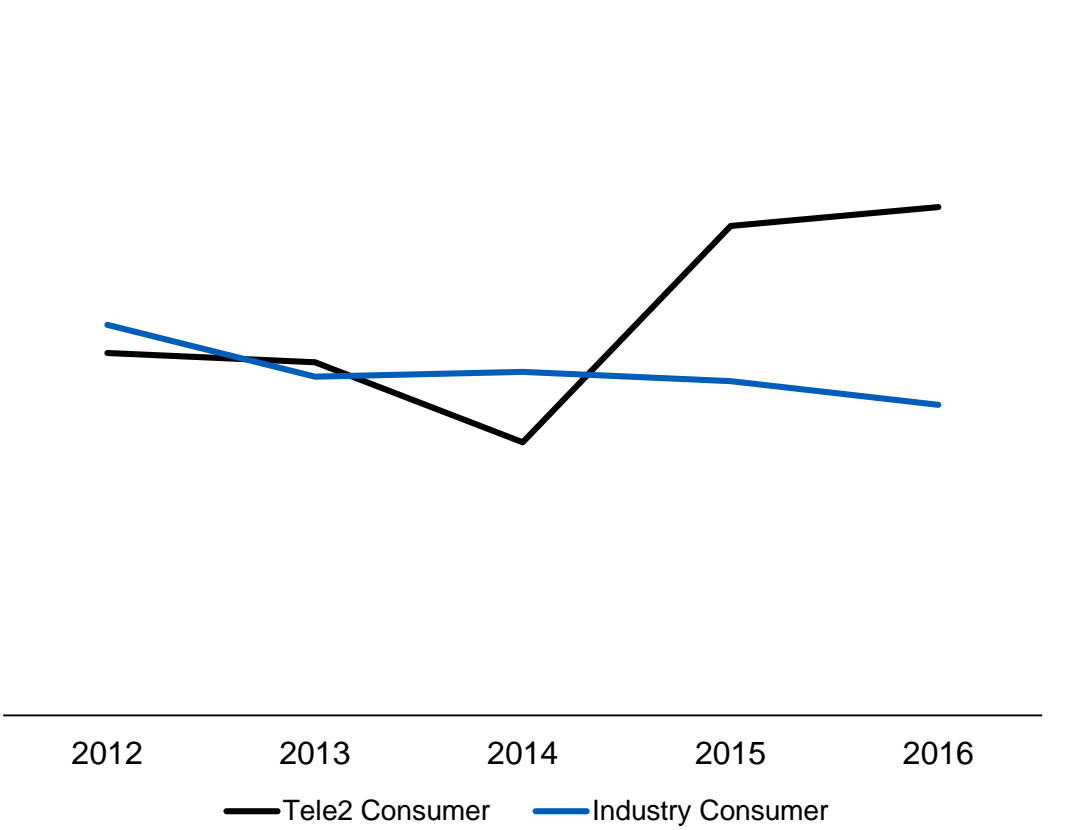


Becoming customer champions

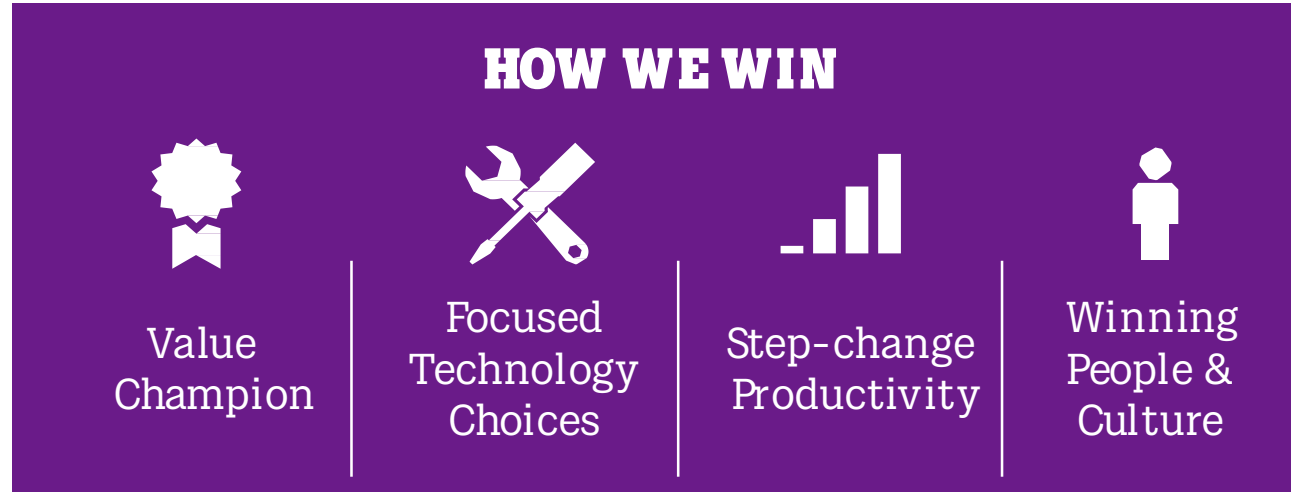
Delighted customers
(%), rolling average (4 quarters)



Customer satisfaction
SKI development 2012-2016



Key focus areas



Dual Brand Strategy

World Class Network

Challenger Program

High Engagement

VALUE CHAMPION



Combination accelerates Tele2's B2B strategy

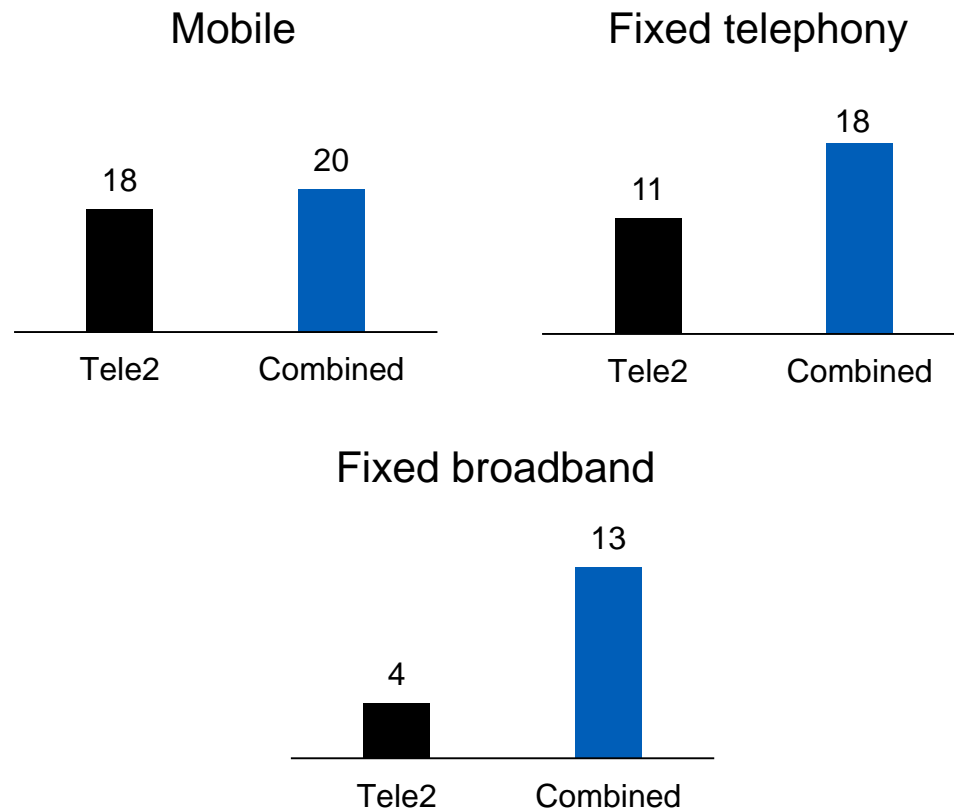
TELE2

+



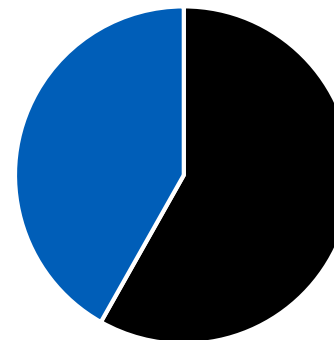
TDC significantly strengthens our B2B position...

B2B market shares, % (2015)

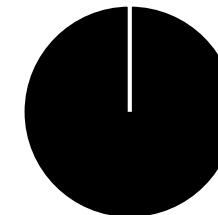


Common business areas

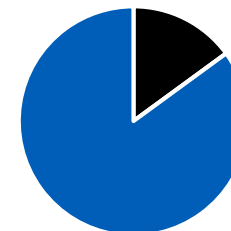
Unified Communications



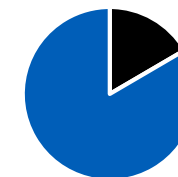
SME



Networking



Direct



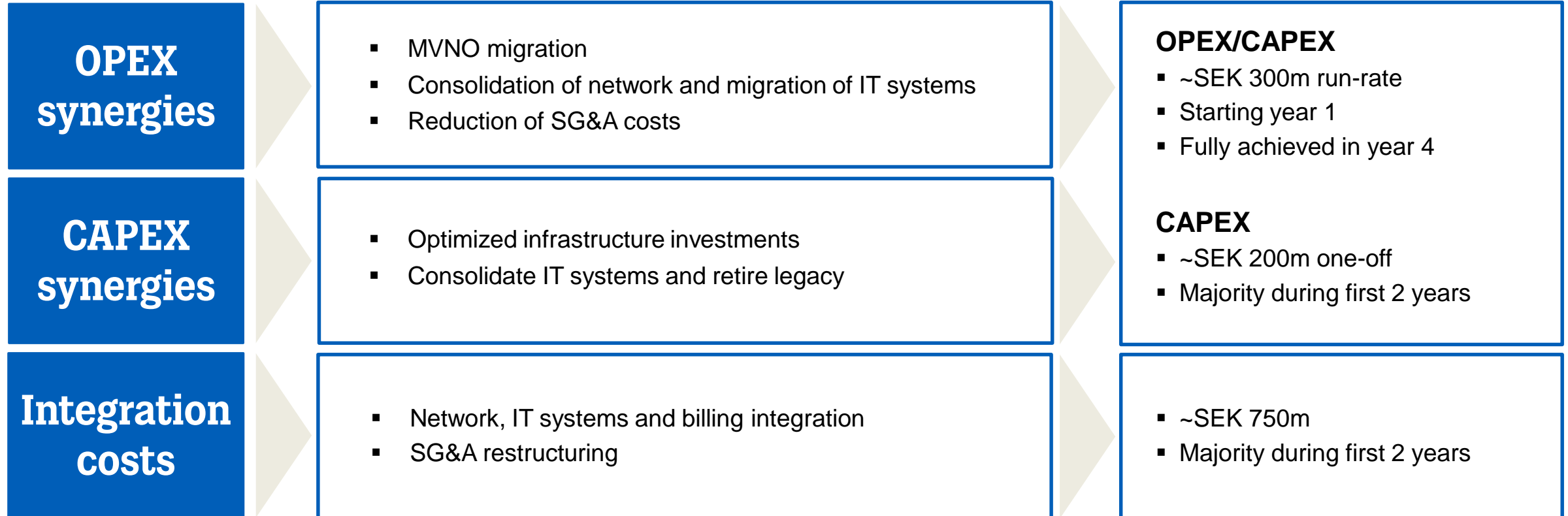
■ Tele2 ■ TDC

...and makes us a turnkey supplier

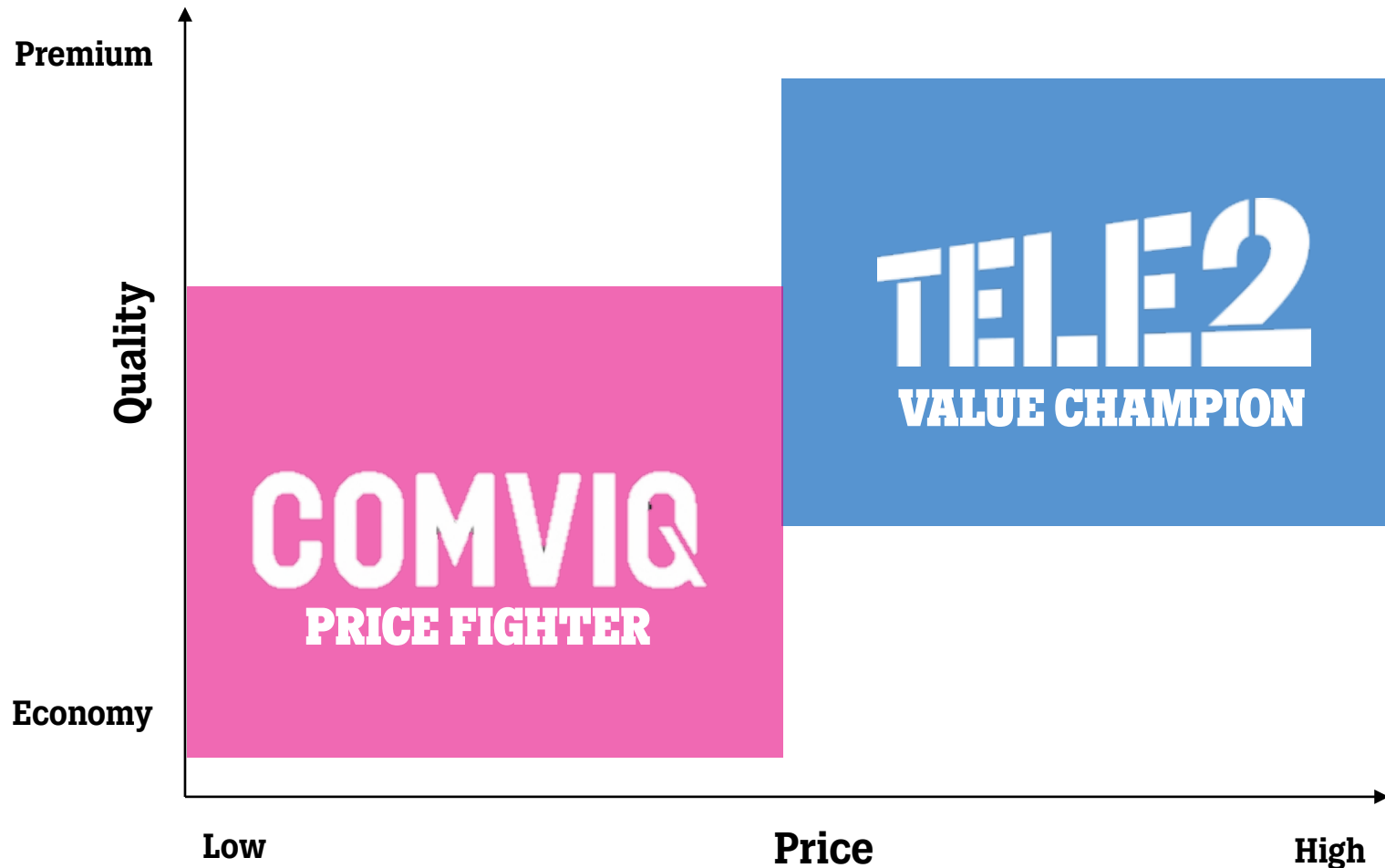


	Positioning	Customer segment	Product offering
TELE2	Price leader, Flexible & world class Mobile Network	Strong overall B2B position with increasing LE footprint	Connectivity, and Mobility focus
TDC	A leader in integrated B2B solutions	Well established in Enterprise & Public Sector	Strength in growth areas, CaaS, PBX, Security
	Overall strengthened B2B position	Enhanced Go-to-market expertise	Broader and more comprehensive portfolio

While unlocking significant synergies

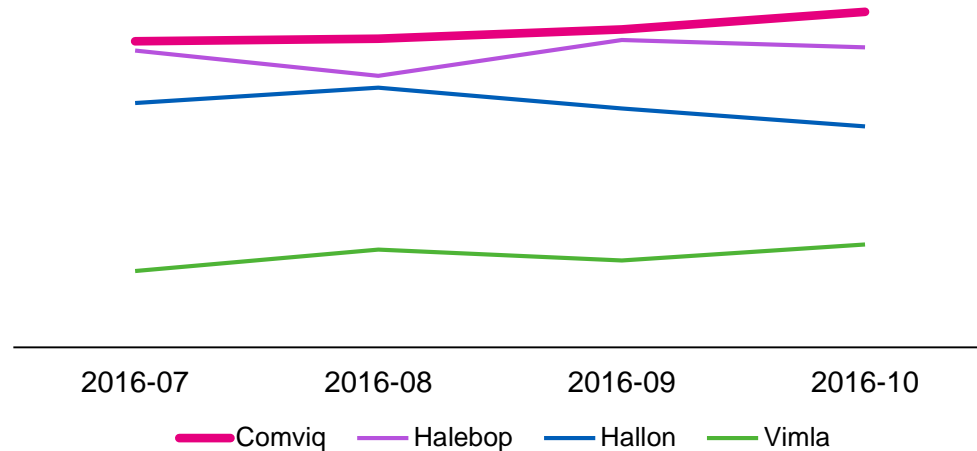


Unique dual brand strength in the consumer segment

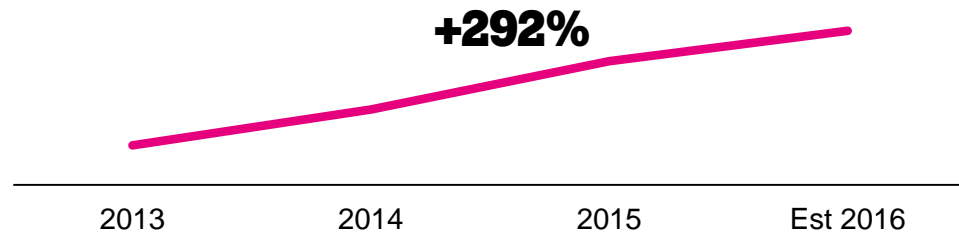


With Comviq brand well positioned and delivering customer growth

Total Consideration (Comviq target group)

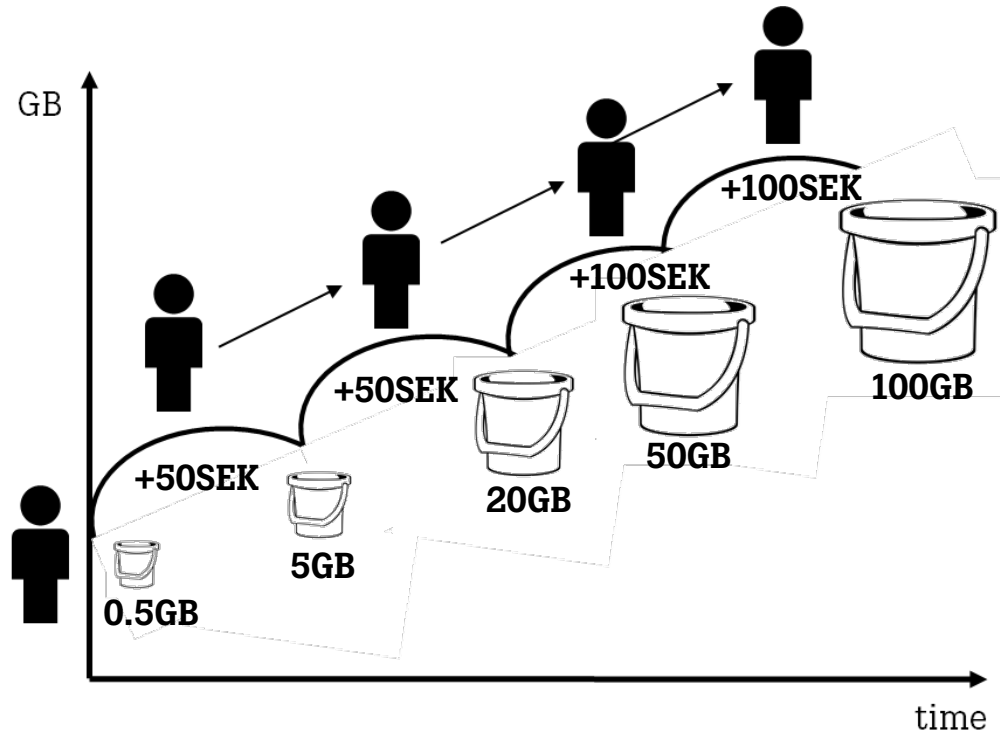


Postpaid customer stock development

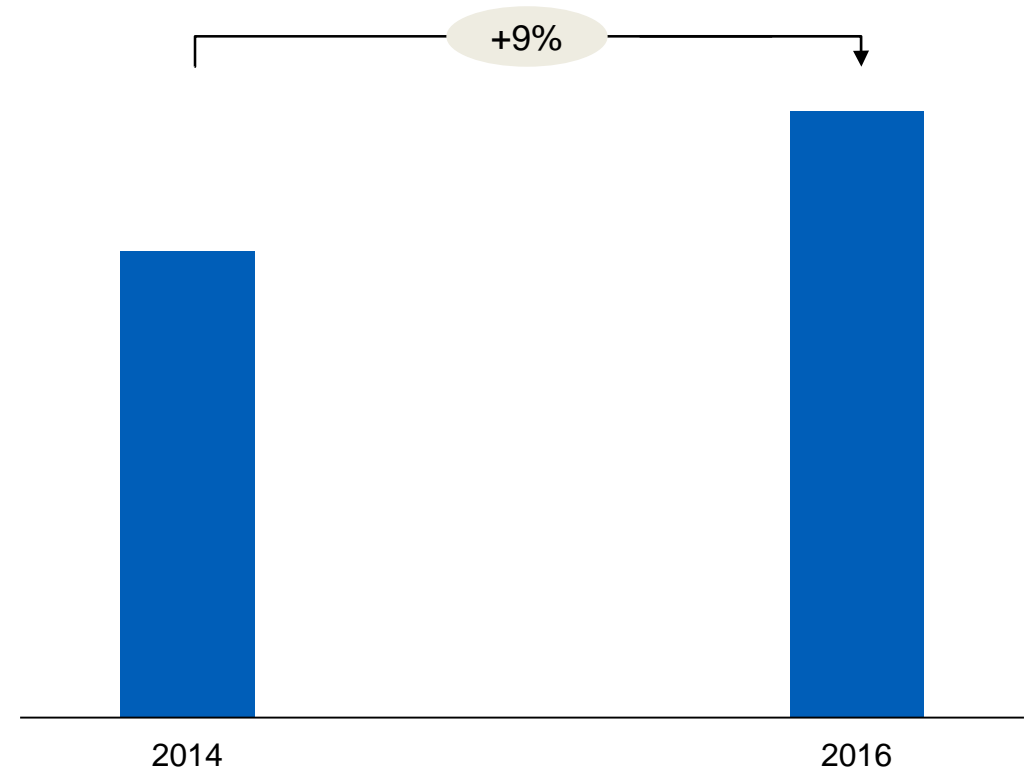


And Tele2 driving increased data and ASPU

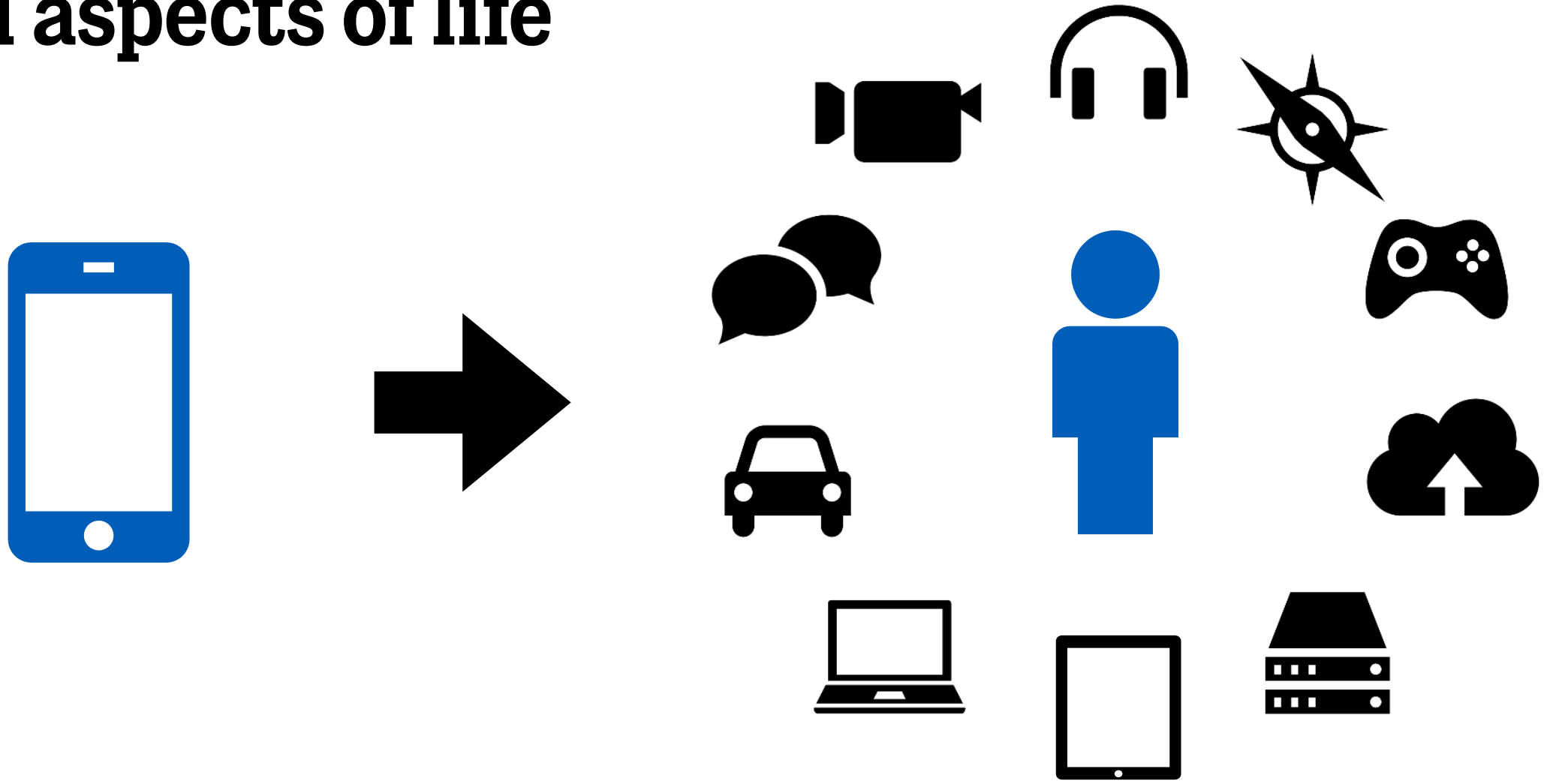
Upgrades to larger buckets



Tele2 ASPU Development



Connectivity is expanding into more devices and aspects of life



Tele2 taking the lead as it moves towards a unique position

**MAXA
UPPKOPPLINGEN
ÖVERALLT.**

MBB-router
1495 KR



Mini-router
849 KR

Car-Fi
699 KR

Nöj dig
med mer.

**100 GB.
9 EXTRA
DATAKORT.
499 KR/MÅN**

Fria samtal, SMS och
MMS inom Sverige.

TELE2

The natural leader and enthusiast of connectivity

1

No binding periods

2

Most data for the buck

3

Connectivity for you and all your things made simple

**BE CONTENT
WITH MORE!**

**THE FIRST CAMPAIGN
ON THE TELE2 JOURNEY**

**ENTER THE MIND
OF A STRANGER.**

**YOUR OWN ISN'T
BIG ENOUGH.**



TELE2



**JOEL
KINNAMAN**
WHEN SWEDEN
ISN'T BIG ENOUGH.

TELE2



CRISTINA STENBECK

**WHEN
OWNING COMPANIES
ISN'T ENOUGH.**

TELE2

FOCUSED TECHNOLOGY CHOICES

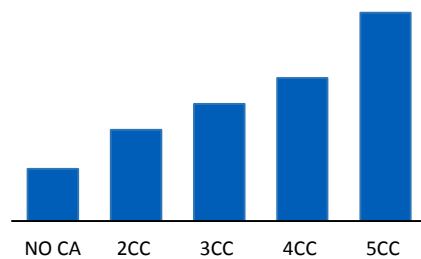


We have a world class network

4G+ activated on ~1 500 sites



June, 2016: 4G+ (Carrier Aggregation) activated



September, 2016: Towards higher speeds with 3CC CA activated

4G along railroads and in subway

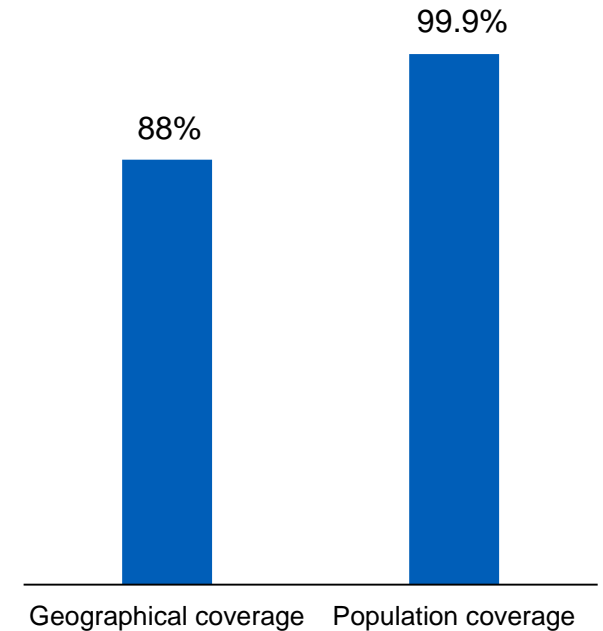


July, 2016: LTE 900 MHz activated on 160 sites along the railroads

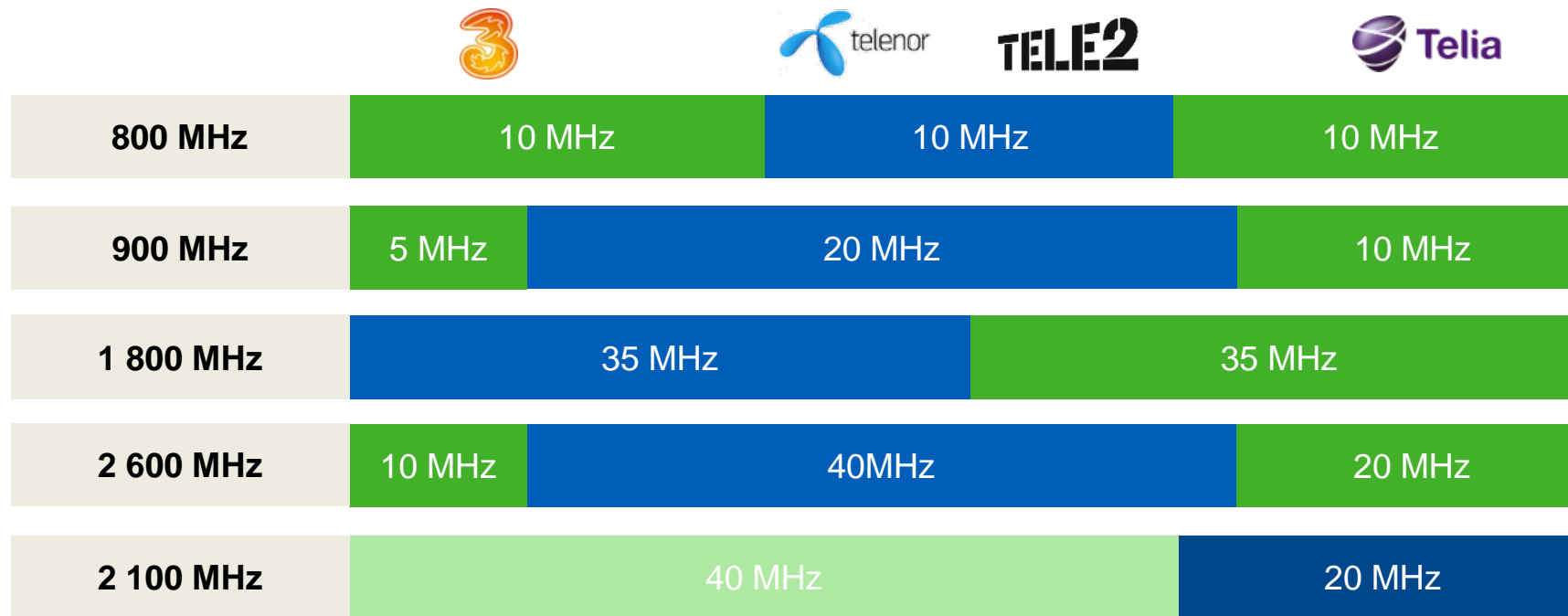


Indoor 4G coverage will reach 100% in 2017

Vast 4G coverage



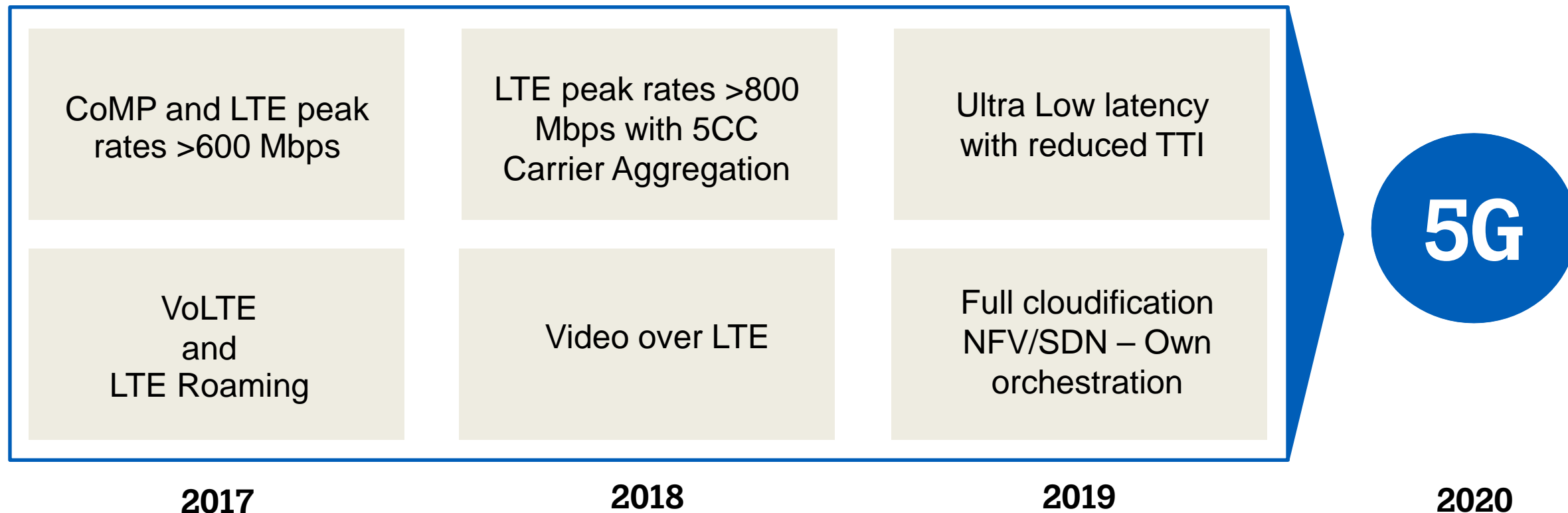
And a fantastic spectrum portfolio



Net4Mobility	3GIS
SUNAB	Own networks

Telia 2G/4G and 3G900;
"3" 4G and 3G900

We are well positioned for the shift to 5G



Note: CoMP - Coordinated Multi Point function, NFV - Network Function Virtualization, SDN - Software Defined Network, TTI - Transmit Time Interval

STEP-CHANGE PRODUCTIVITY



Cost consciousness is one of our key values

COST CONSCIOUS

Be smart and always have
the lowest cost



**Group operating
model**



**Efficient
organization**

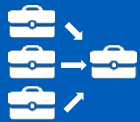


Network sharing



**Challenger
program**

Swedish Challenger program delivering benefits and is on track



Simplify

Key progress

- Simplification of product portfolio ongoing. By end of 2016, **35% of residential Products closed** since start of Program

Focus going forward

- Aggressively push **simplification and digitization** of product portfolio further



Discipline

- **Strategic sourcing progressing.** Improvements within e.g. facility management, logistics, external staffing, servers, devices

- Intensified focus on improving **return on marketing investments** through **digitization and analytics**



Consolidate

- **Consolidated NW&IT and Finance** organizations into Shared Operations enabling economies of scale

- **Leverage scale** from consolidated organization



Transform

- **Optimization of resources** within Sales and Marketing
- **Back office and Administration** resources transferred to **outsourcing partner in India**

- Leverage command center hub in Riga to **optimize cost and quality** within Customer Service and BPO

WINNING PEOPLE & CULTURE



We have highly engaged employees aligned to our values

KPI	Tele2	Benchmark*
Engagement index	83	84
Leadership index	83	80
Tele2Way Index	Top decile**	

Tele2 Values

ACTION

Be proactive and always provide the solution.

COST CONSCIOUS

Be smart and always have the lowest cost.

FLEXIBLE

Love change. Always lean. Always fast.

QUALITY

Always meet customer expectations.

CHALLENGE

Always act as a challenger.

OPEN

Be humble, honest and always straightforward.

Source: My Voice survey, November 2016

Note: *Benchmark - set of high performing companies in the service industry in representative geographies, representing top 10%

** OHI at Tele2 survey, October 2015

We have a foundation set for growth

Clear #2

24%

Mobile market share

31%

EBITDA margin Q3 16 YTD

#2

Market position in both B2C and B2B, including TDC

Award-winning network

Fantastic spectrum portfolio



Award winning 4G coverage

Unique brand portfolio

TELE2



COMVIQ

Highly engaged employees



Key priorities

- Further strengthen our dual brand strategy
- Integrate TDC and realize synergies
- Create a unique challenger in B2B Large Enterprise
- Execute on the Challenger Program
- Prepare for 5G



Value
Champion



Focused
Technology
Choices



Step-Change
Productivity



Winning
People &
Culture

Q&A

BREAK

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BALTICS

Guillaume van Gaver, EVP International

Petras Masiulis, CEO Lithuania & Head of the Baltics

Ervins Kampans, CTIO Estonia

TELE2

Tele2 Baltics

Brands

TELE2



Market share

Lithuania **#1** **40%**

Latvia **#2** **30%**

Estonia **#3** **25%**

Network

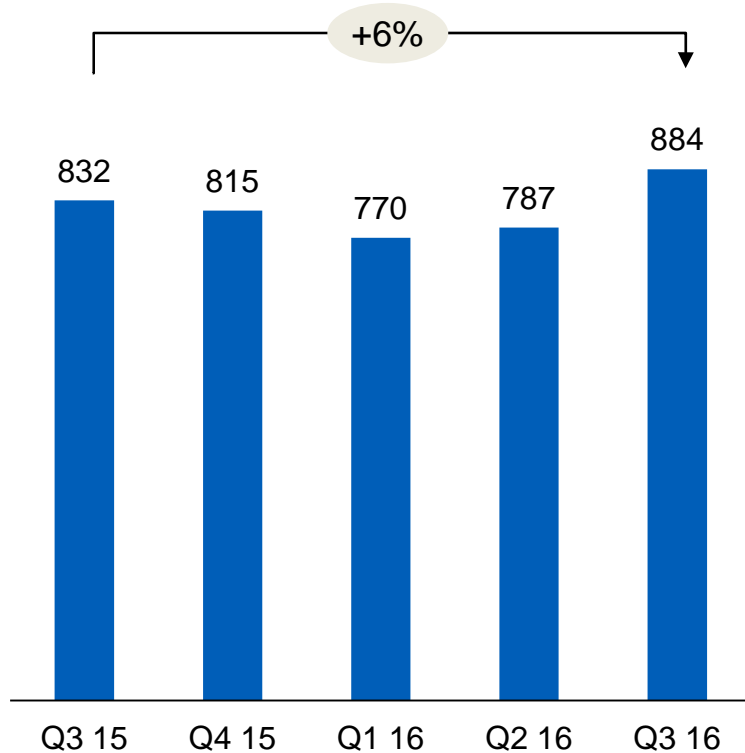
Strong spectrum portfolio



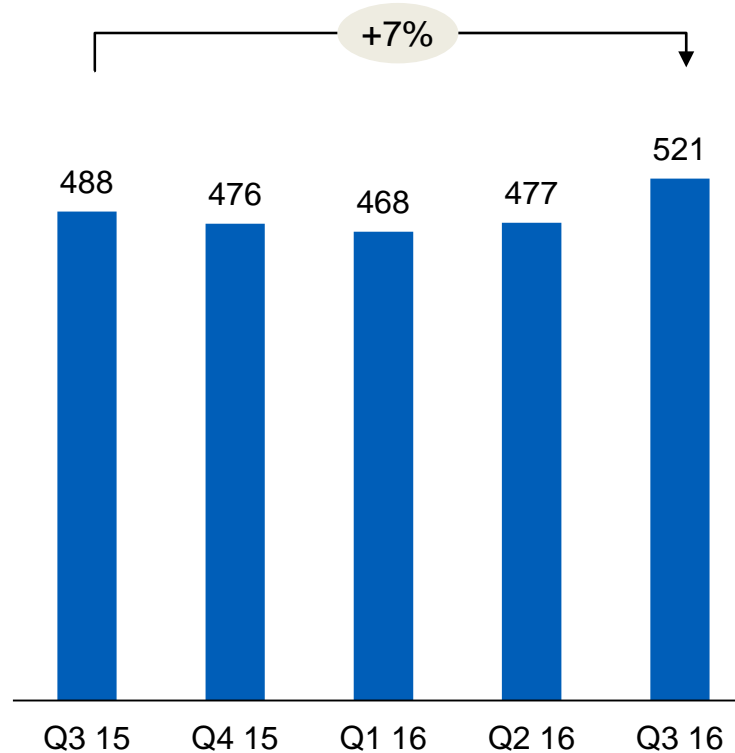
Leading position in 4G availability

Continued strong performance

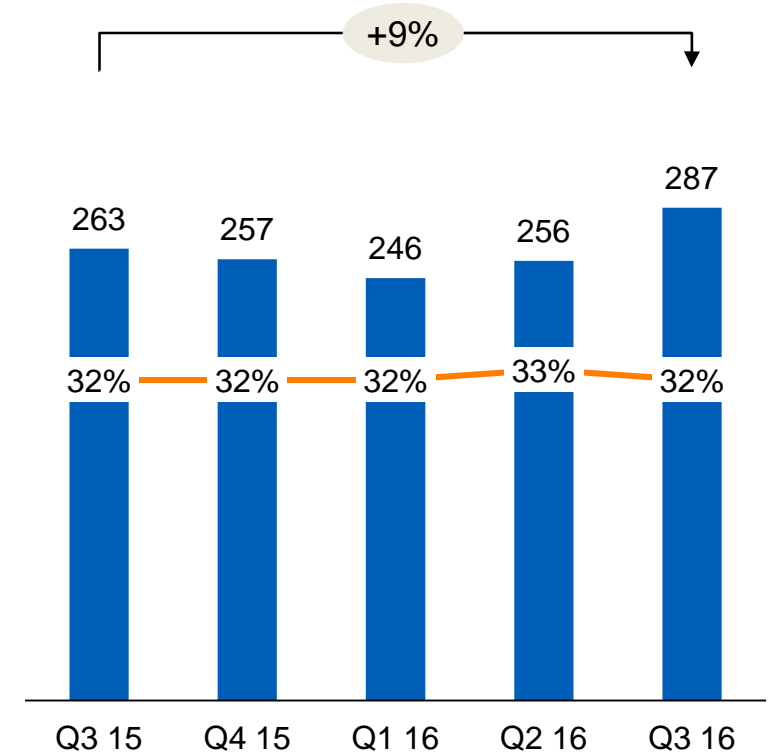
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

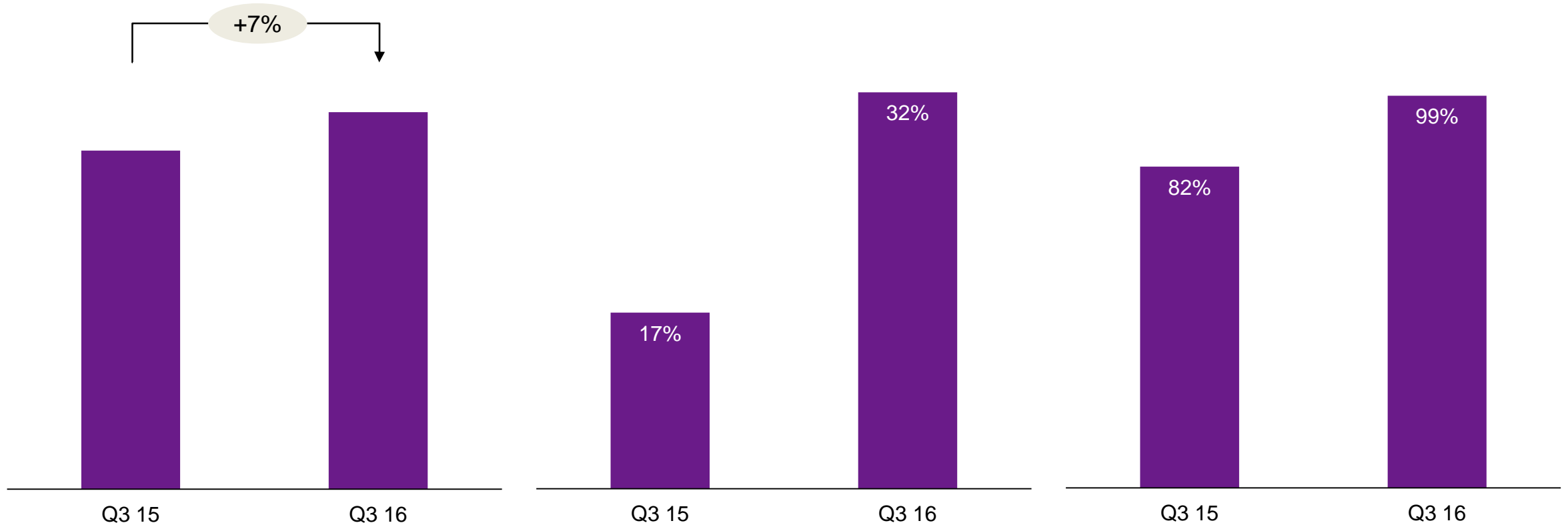


Driven by data monetization

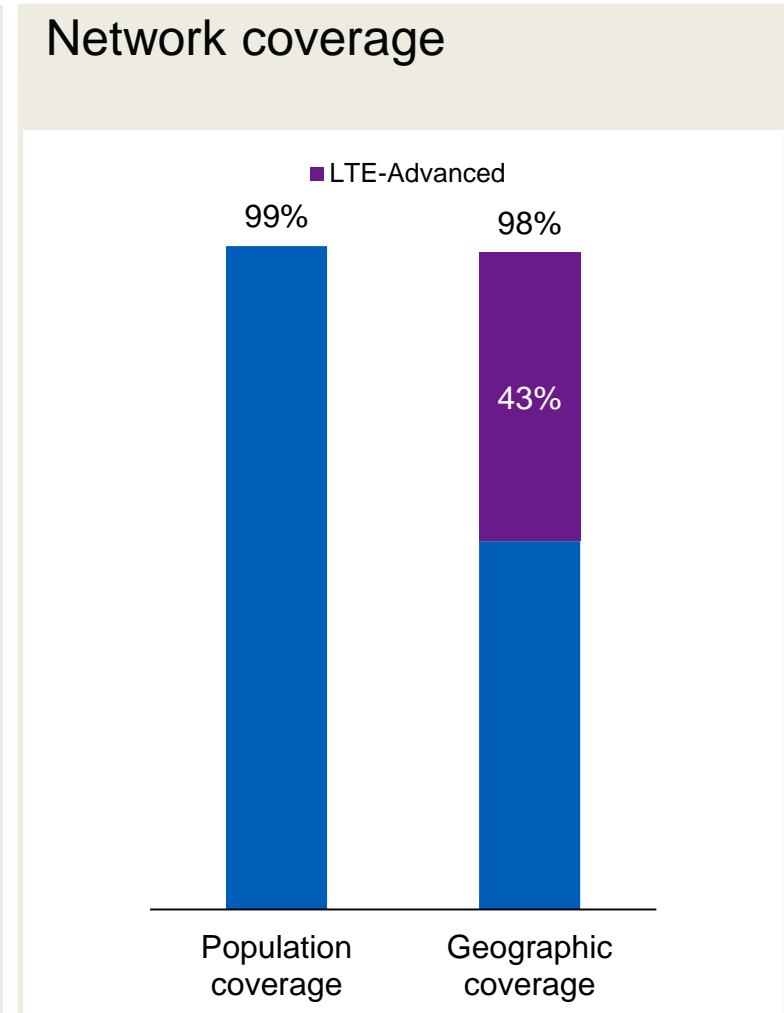
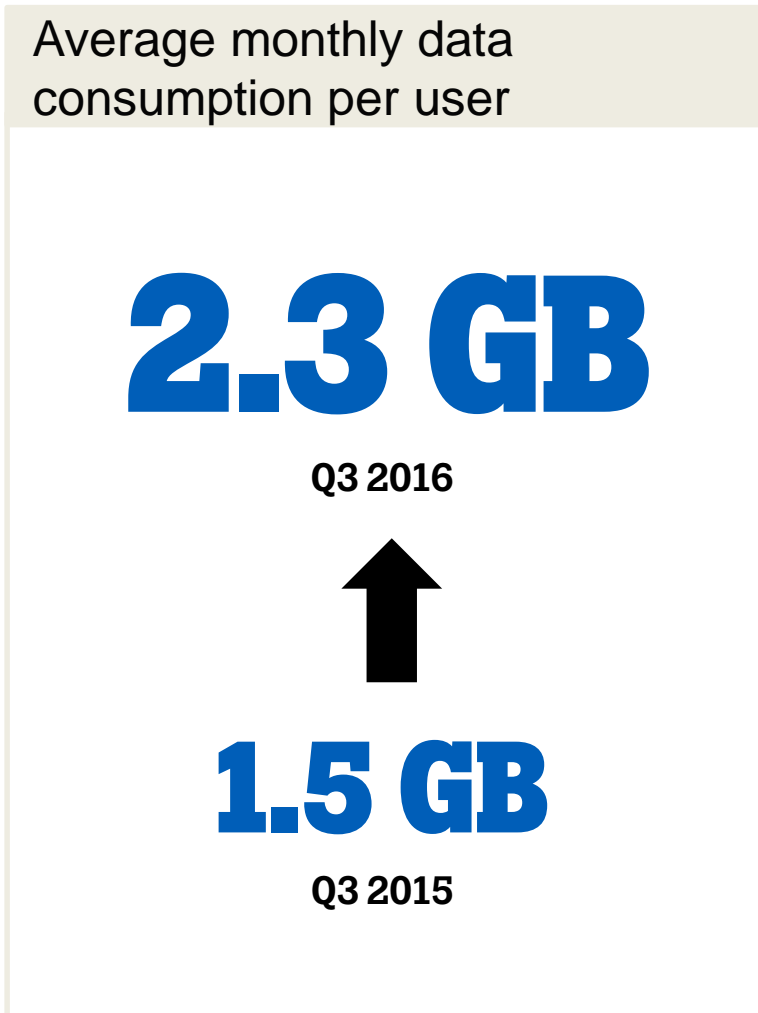
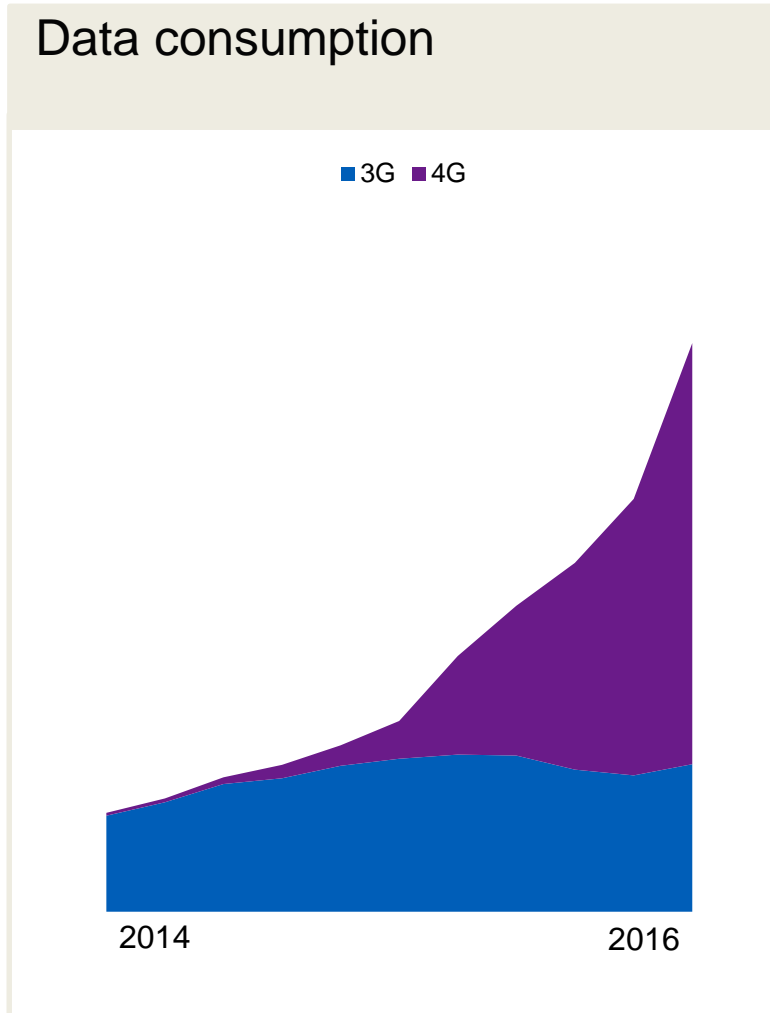
ASPU development

Share of 4G capable smartphones in base

4G population coverage

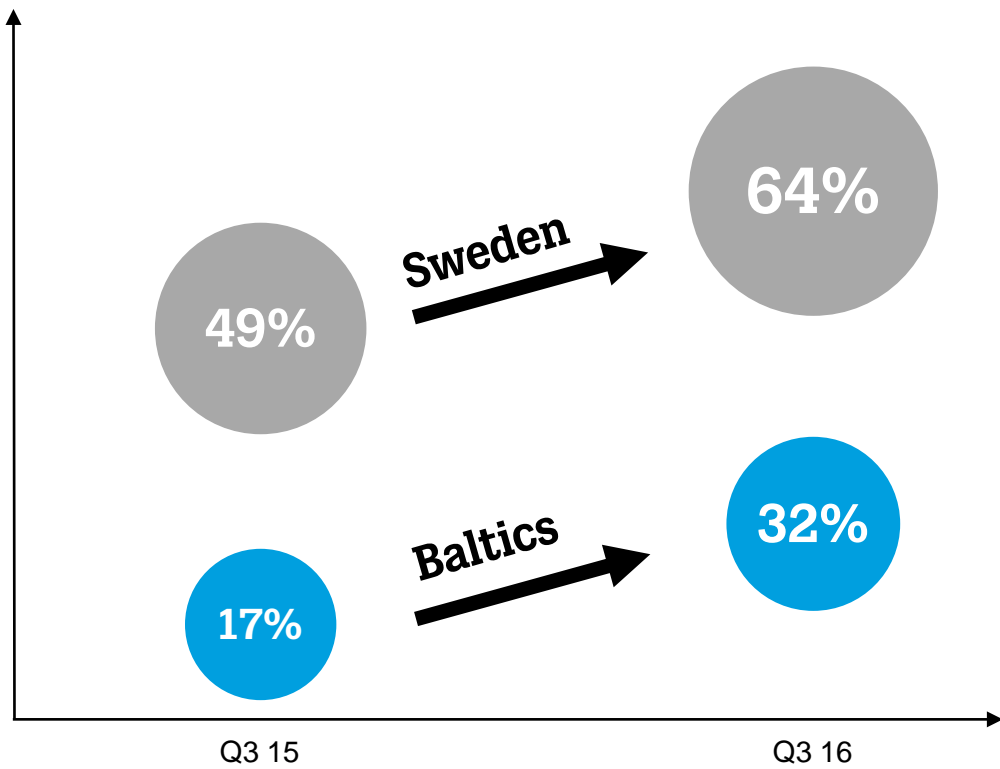


Data growth driven by transition from 3G to 4G

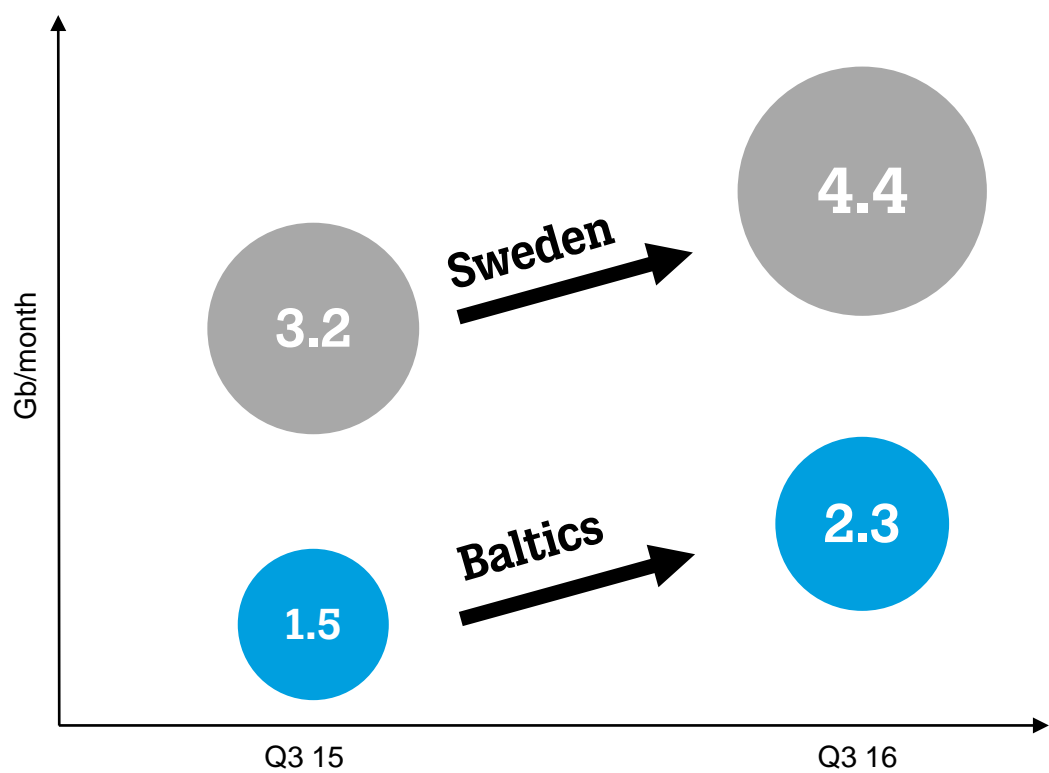


Further data monetization potential

Share of 4G capable smartphones in base



Data usage per customer



Key focus areas

HOW WE WIN



Value
Champion



Focused
Technology
Choices



Step-change
Productivity



Winning
People &
Culture

Price Fighter to Value
Champion

High Quality Network

Shared Service Center

High Engagement

VALUE CHAMPION



Move from Price Fighter to Value Champion

Lithuania

Old

New

Latvia

Old

New

Estonia

Old

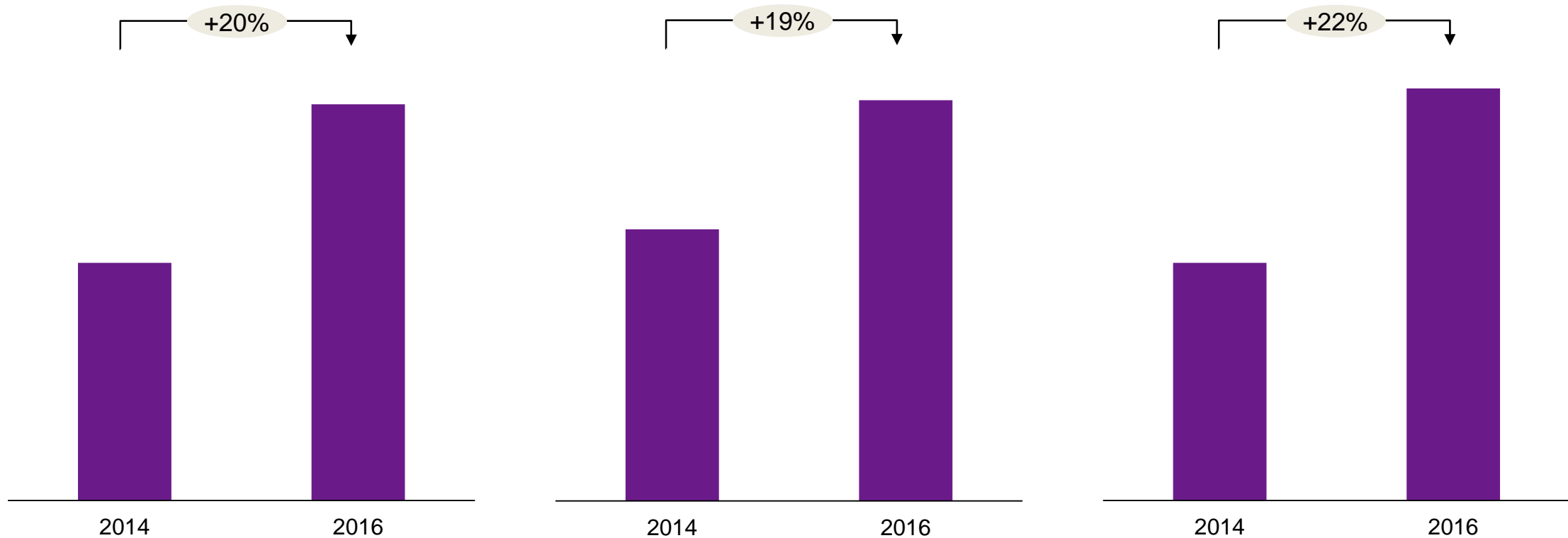
New

Leading to improved quality perception

Network coverage

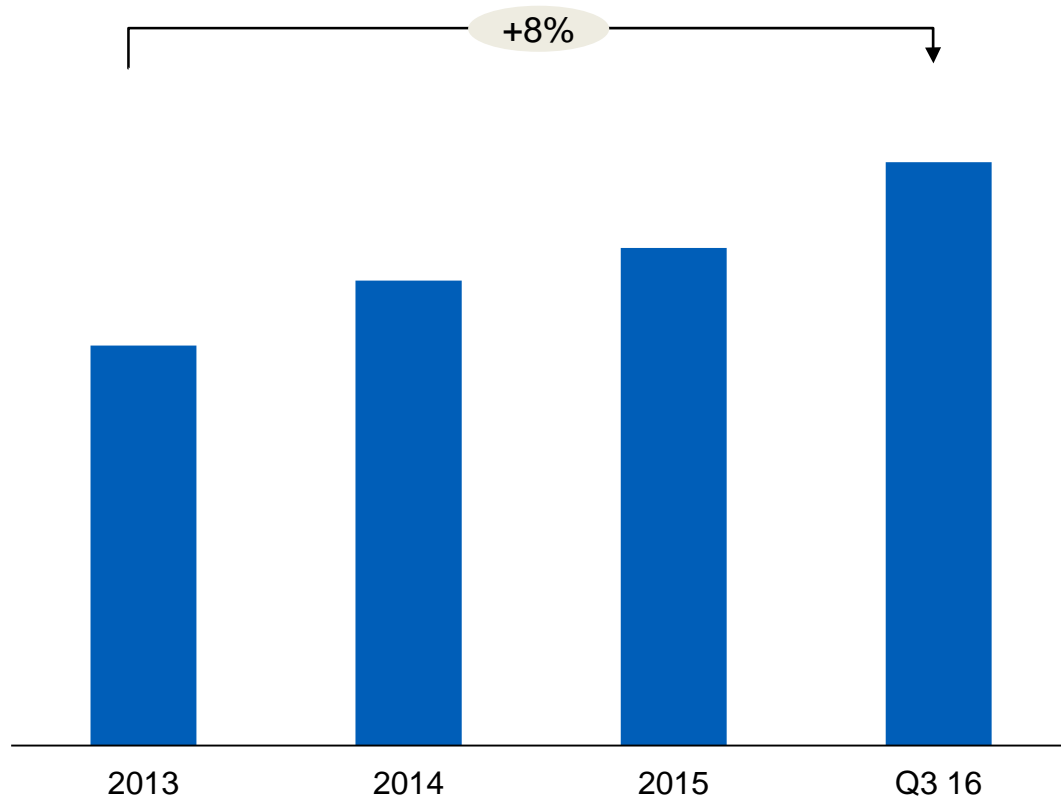
Voice

Internet

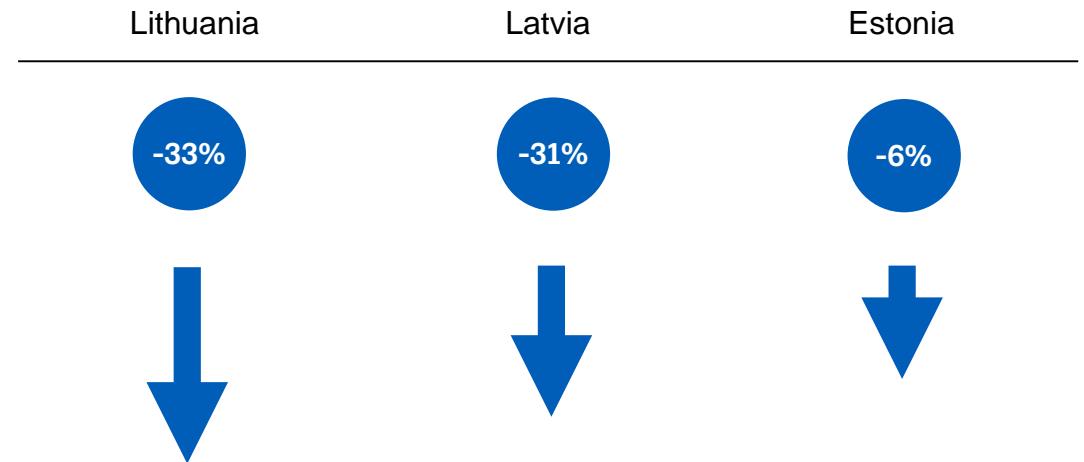


And growth in Postpaid customer base

Baltic postpaid customer growth

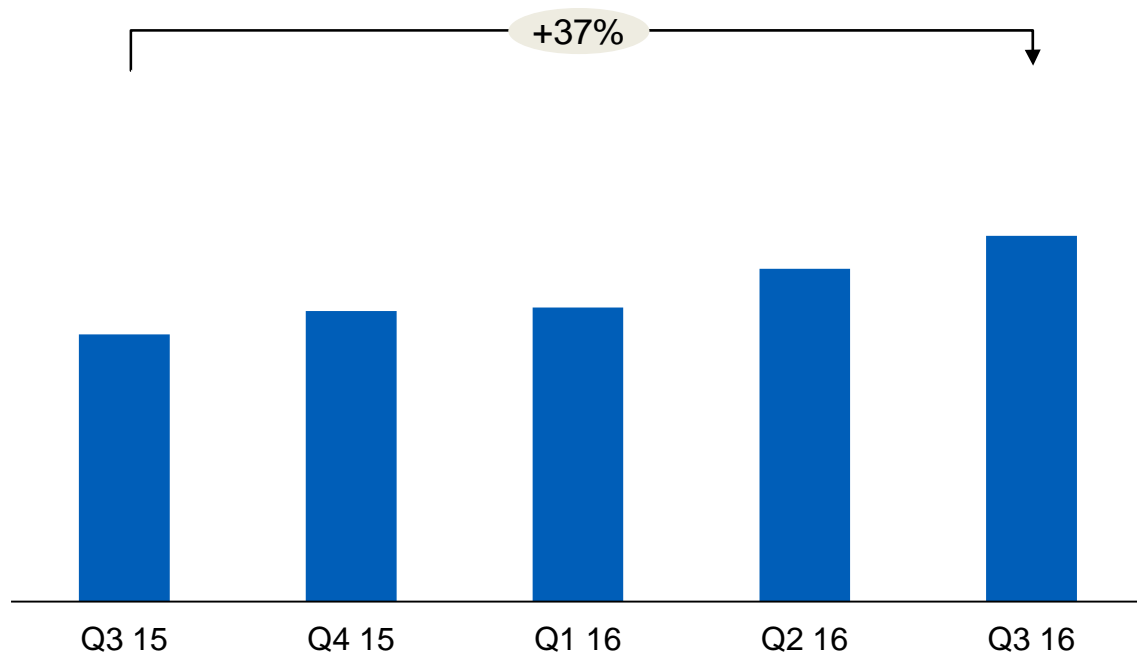


Churn reduction
(Q3 2016 vs. Q3 2015)

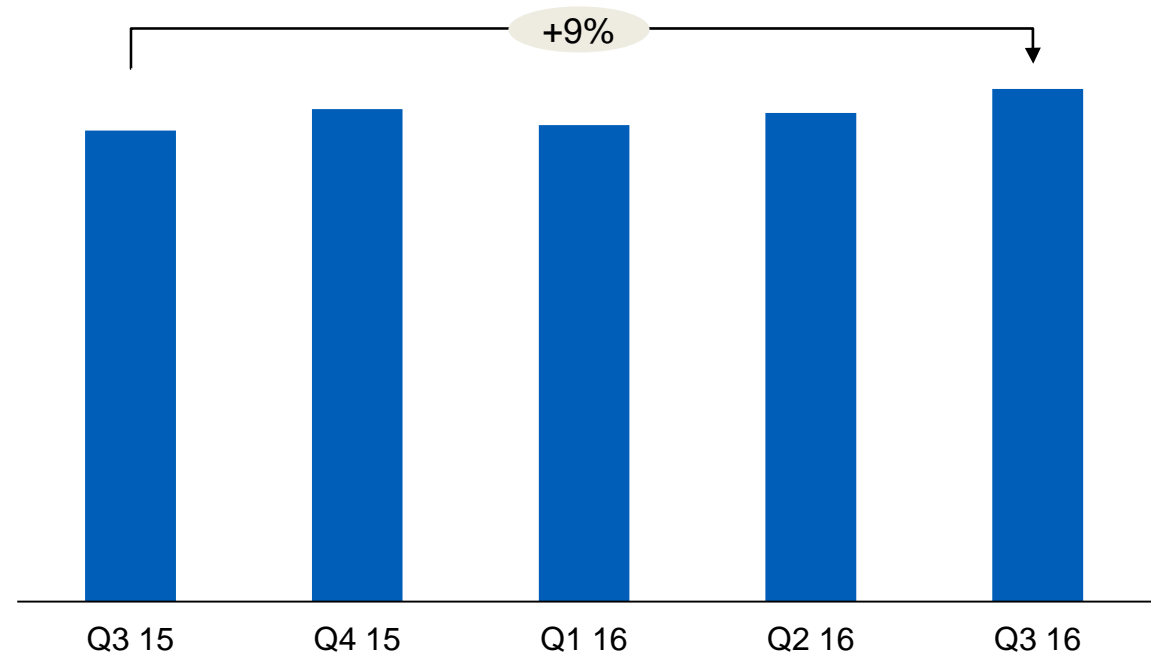


Value Champion enables growth in all segments

Mobile broadband Net sales



B2B Net sales



FOCUSED TECHNOLOGY CHOICES



Strong frequency portfolio

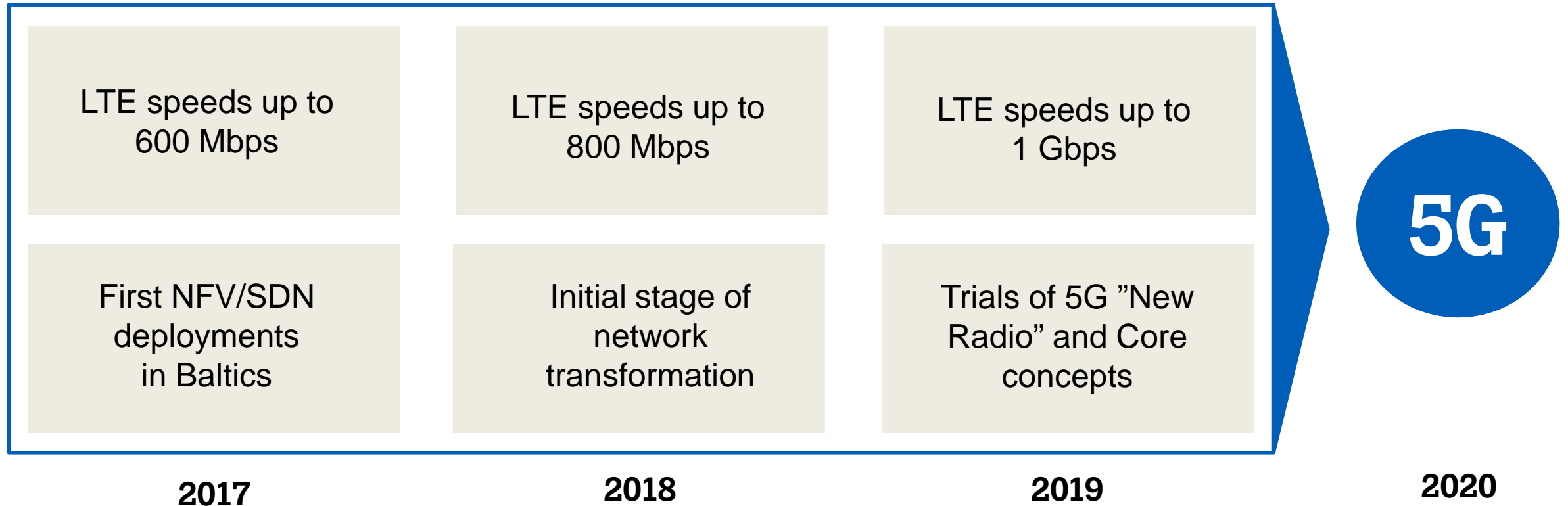


Successfully secured 900 MHz and 1 800 MHz licenses in Lithuania

Technology neutrality granted for 450 MHz in Estonia

- 2G
- 3G
- LTE

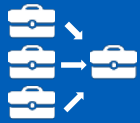
LTE is just at its beginning



STEP-CHANGE PRODUCTIVITY



Strong operational discipline



Simplify

- Baltics products move to **Group** product platform
- **50% of products closed** since start of Program



Discipline

- **Data analytics** and optimized marketing spend driving improved ROI



Consolidate

- **Consolidated Baltic NW&IT and Finance** organizations into Shared Operations enabling economies of scale



Transform

- **Centralized approach** to International wholesale leveraging scale and optimizing efficiency

Focus going forward

- Aggressively push **simplification and digitization** of product portfolio further
- Intensified focus on improving **return on marketing investments** through **digitization and analytics**
- **Leverage scale** from consolidated organization
- Leverage command center hub in Riga to **optimize cost and quality** within Customer Service and BPO

Our SSC in Riga has been a Group enabler to cost and quality transformation



IT

45%

of FTEs in SSC Riga*

Consolidated IT factory, taking advantage of the **scale and skill benefit** of co-locating our IT personnel across the Group



Finance

20%

of FTEs in SSC Riga*

During the **last 12 months** we have moved **20% of our finance organization** from high cost markets to Riga

Network
Operations**100 FTE**

Consolidation of NOC supporting most of our markets

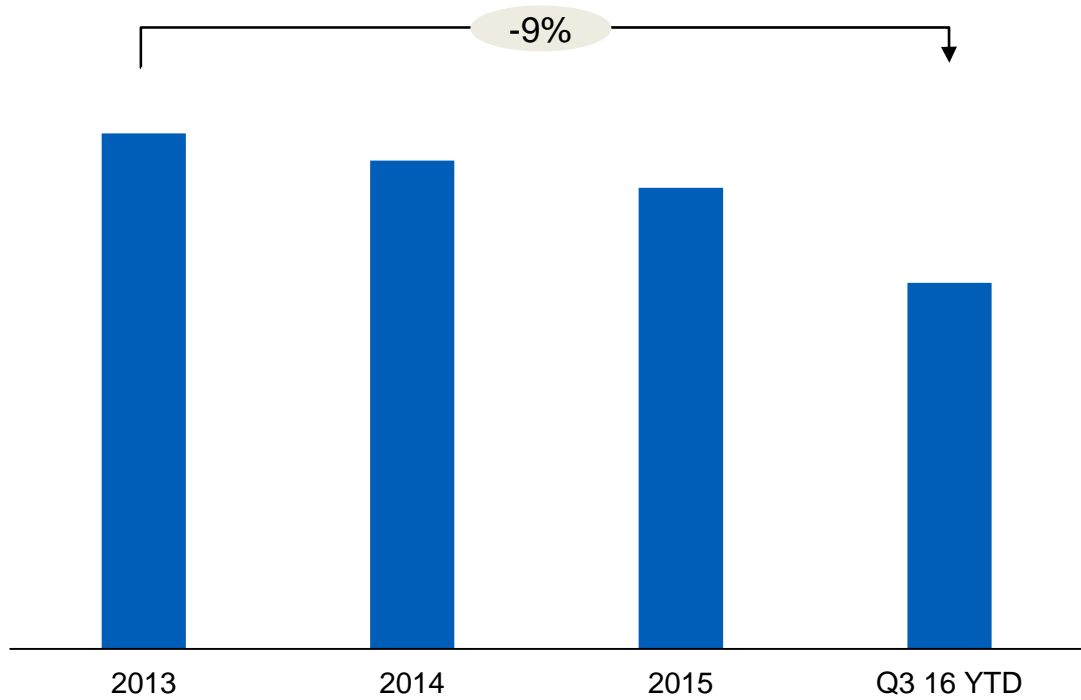
Customer
Service**85%**

Call center end-user satisfaction

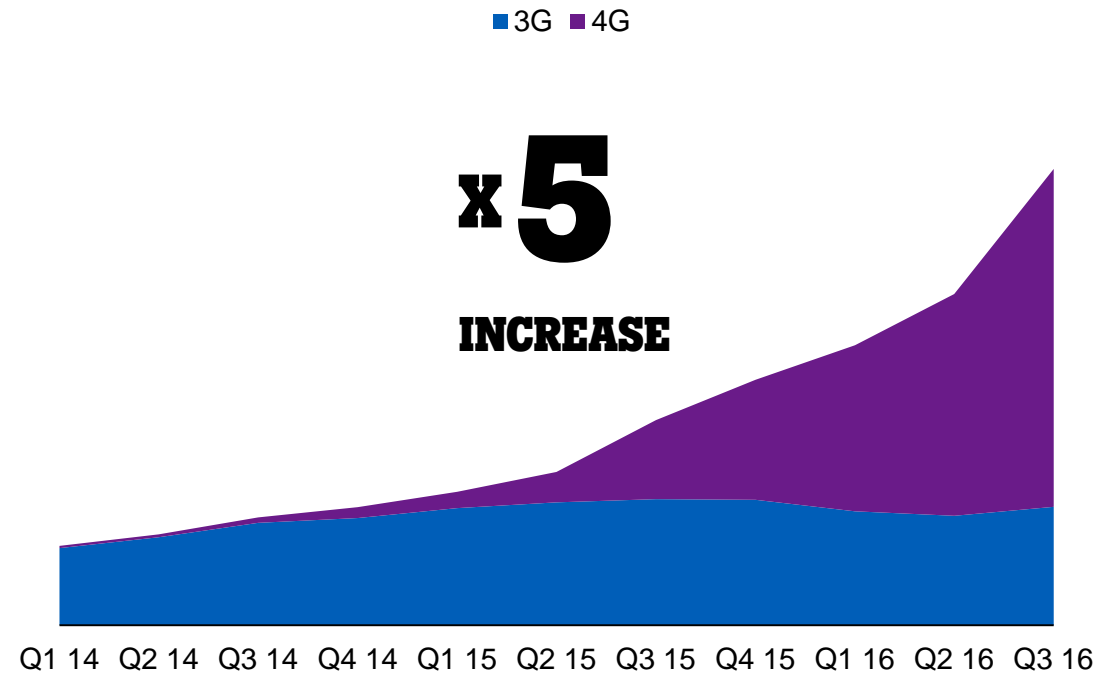
Exceptional performance in customer service contact satisfaction level in the Baltics in Q3 2016

Costs kept under control despite data growth

Network costs as % of Net sales



Data consumption 3G vs. 4G



WINNING PEOPLE & CULTURE



We have highly engaged employees

KPI	Tele2	Benchmark*
Engagement index	89	84
Leadership index	90	80
Tele2Way Index	Top decile**	



Petras Masiulis
CEO Lithuania & Head of the Baltics



Valdis Vancovics
CEO Latvia



Argo Virkebau
CEO Estonia

Source: My Voice survey, November 2016

Note: *Benchmark - set of high performing companies in the service industry in representative geographies, representing top 10%

** OHI at Tele2 survey, October 2015

Key priorities

- Data monetization to continue
- Mobile broadband and B2B are growth opportunities
- Execute on Challenger Program
- Well positioned for 5G



Value
Champion



Focused
Technology
Choices



Step-Change
Productivity



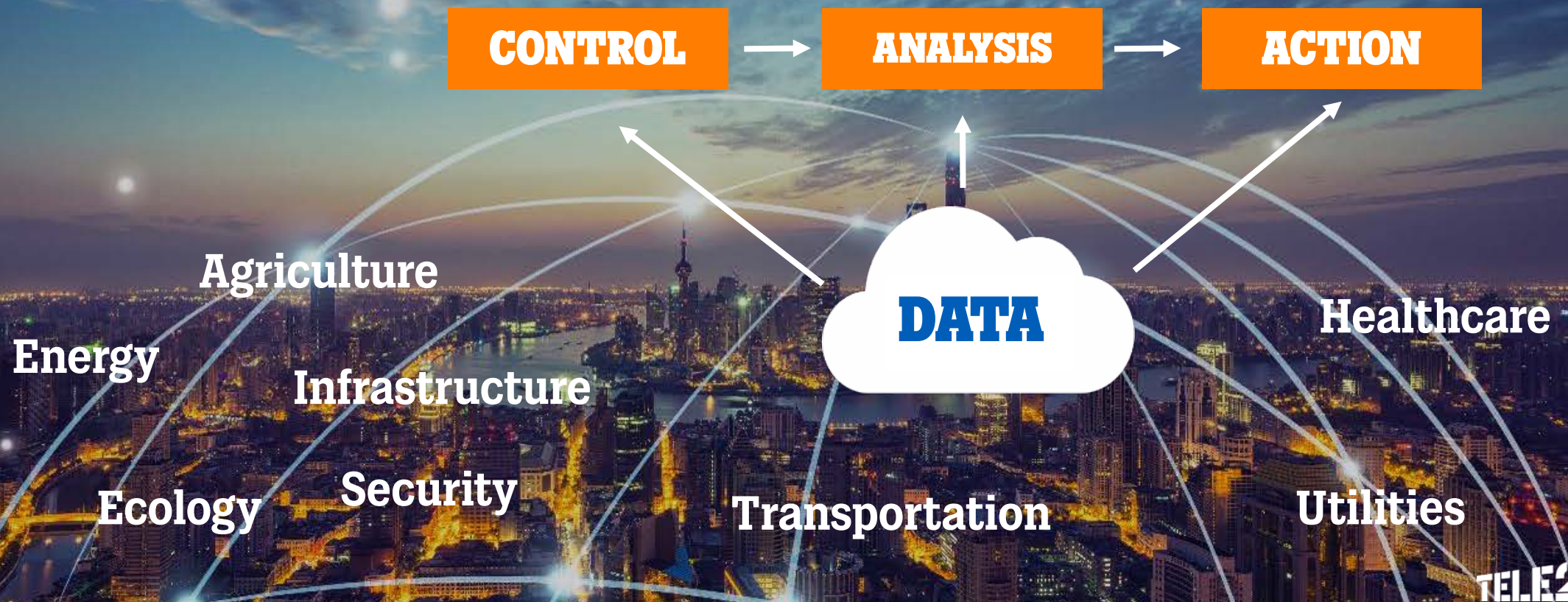
Winning
People &
Culture

IOT

Rami Avidan & Ingrid Wistrand
Managing Directors, Tele2 IoT

TELE2

Internet of Things is about enabling automated, informed, real-time decision making



IoT model differs from traditional mobile telecom services

10-15 K

Average number of connections for a customer

2-3 MB

Average monthly data usage per connection

0.5-1 YEAR

Average sales cycle for an IoT opportunity

7-8 YEARS

Long end-product lifecycles resulting in stable revenues

< 2 EURO

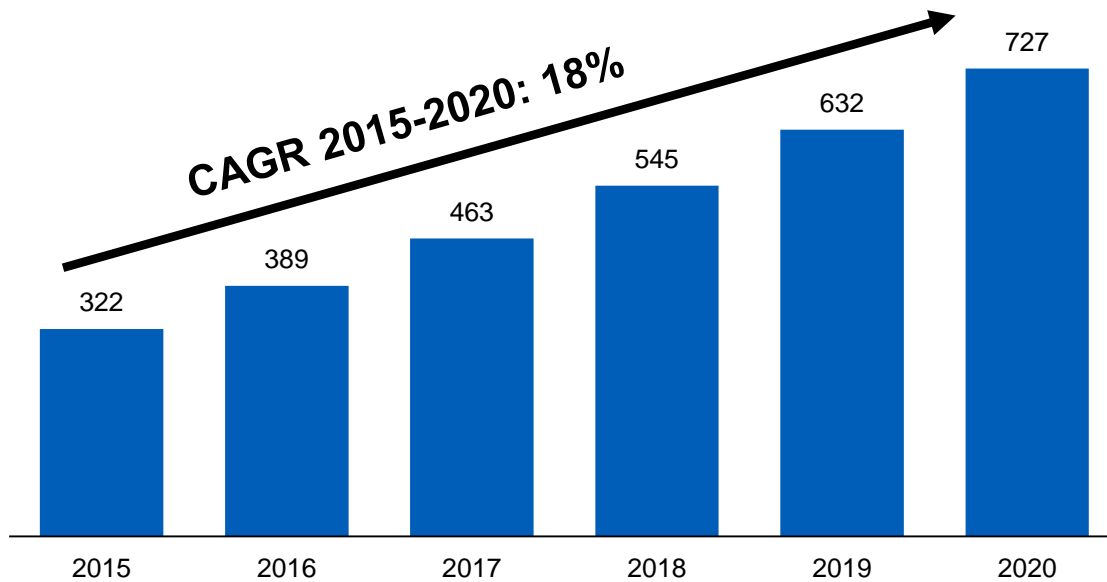
ARPU per connection and month,
generated through long-term subscriptions

B2B2B2B2C

Complex solutions involving multiple layers

IoT has enormous growth potential

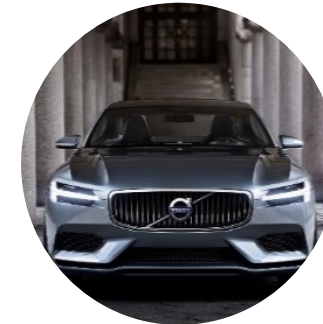
Global IoT Revenue
(SEK billion)



2020



**Billions of
connected devices**

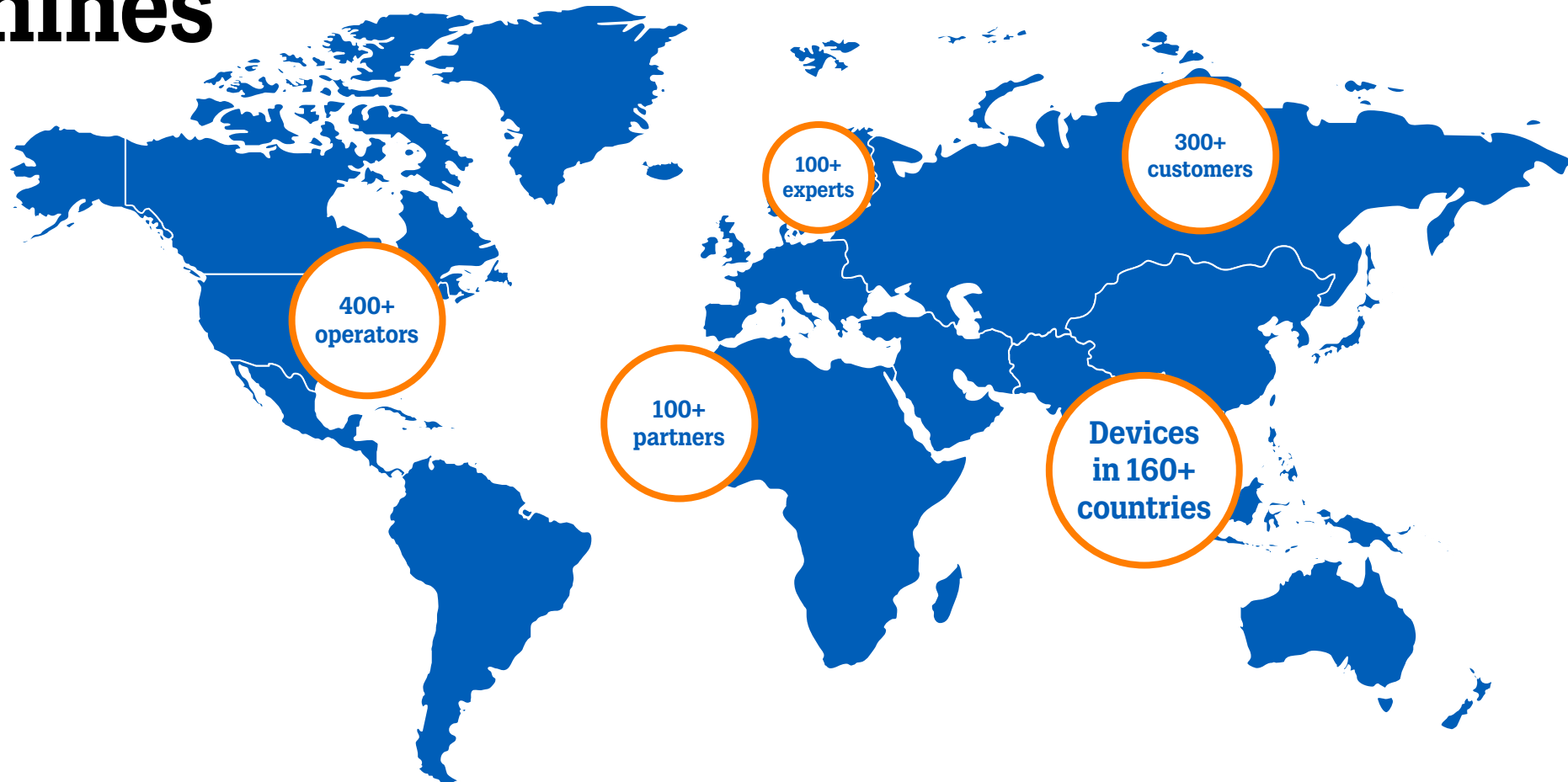


**90% of all cars
will be connected**



**10 million
IoT developers**

We have set-up a global IoT business enabling communication between devices and machines



Tele2 IoT – one of the top 20 IoT operators globally

Machina Research

Strategy Report

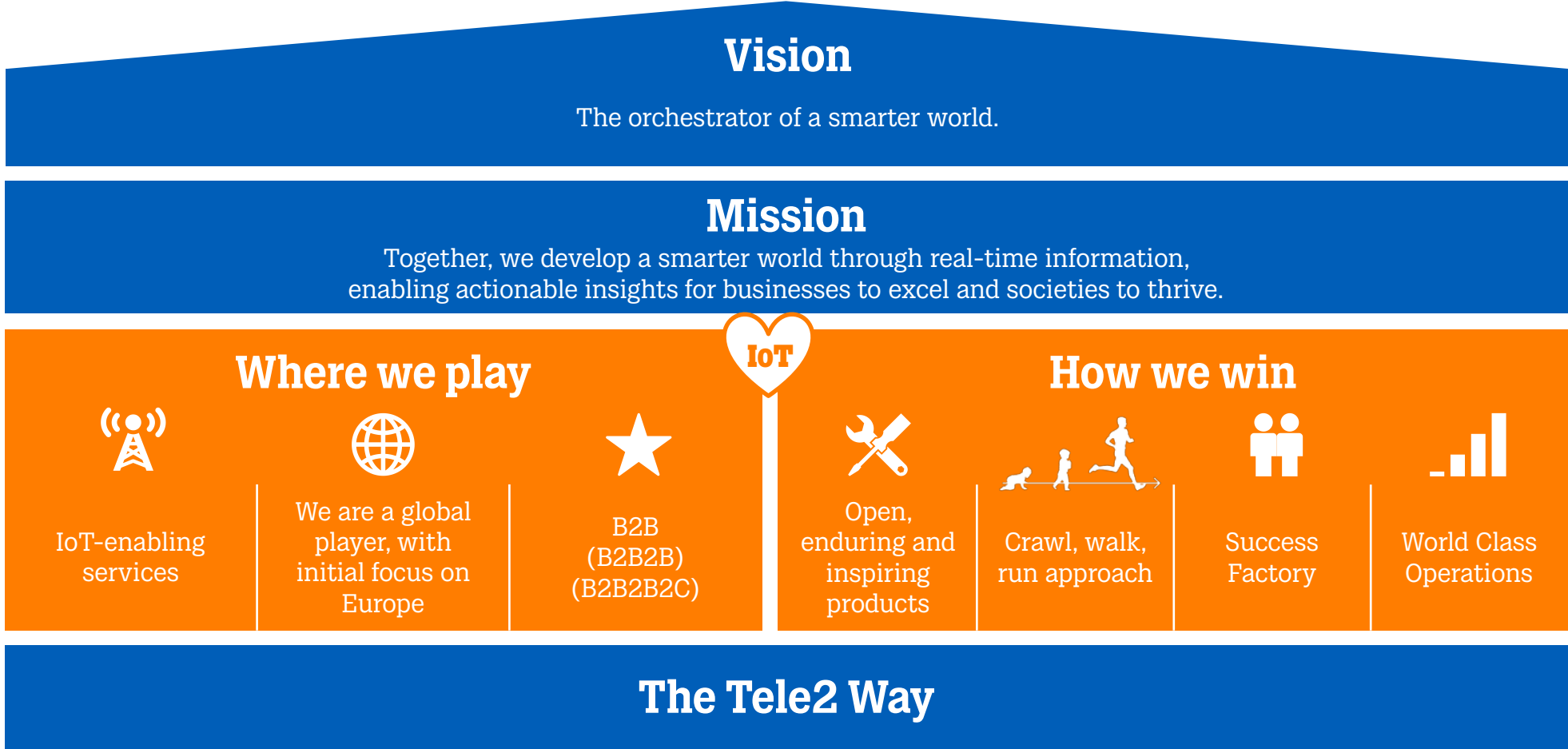
Internet of Things (IoT)
Communications Service Provider
Benchmarking 2016

Godfrey Chua, Principal Analyst
Matt Hatton, Founder & CEO

September 2016

There is absolutely room in the market for a CSP taking such an approach and the contrast with other operators is noteworthy in itself; Tele2 ‘zigs’ while the CSP community ‘zags’.

Tele2's Way2Win in IoT



Vision

The orchestrator of a smarter world.

GO TO MARKET ORCHESTRATION



DATA ORCHESTRATION



Tele2 IoT key differentiating factors

How we win



Open,
enduring and
inspiring
products



Crawl, walk,
run approach



Success
Factory



World Class
Operations

Unified and Smarter
Connectivity

Customer-driven
Business Models

Go-To-Market & Product
Partners

Quality of service

Customer case: TELE2 +

Battery challenges become an opportunity



Remote monitoring
globally



From commodity to
higher values

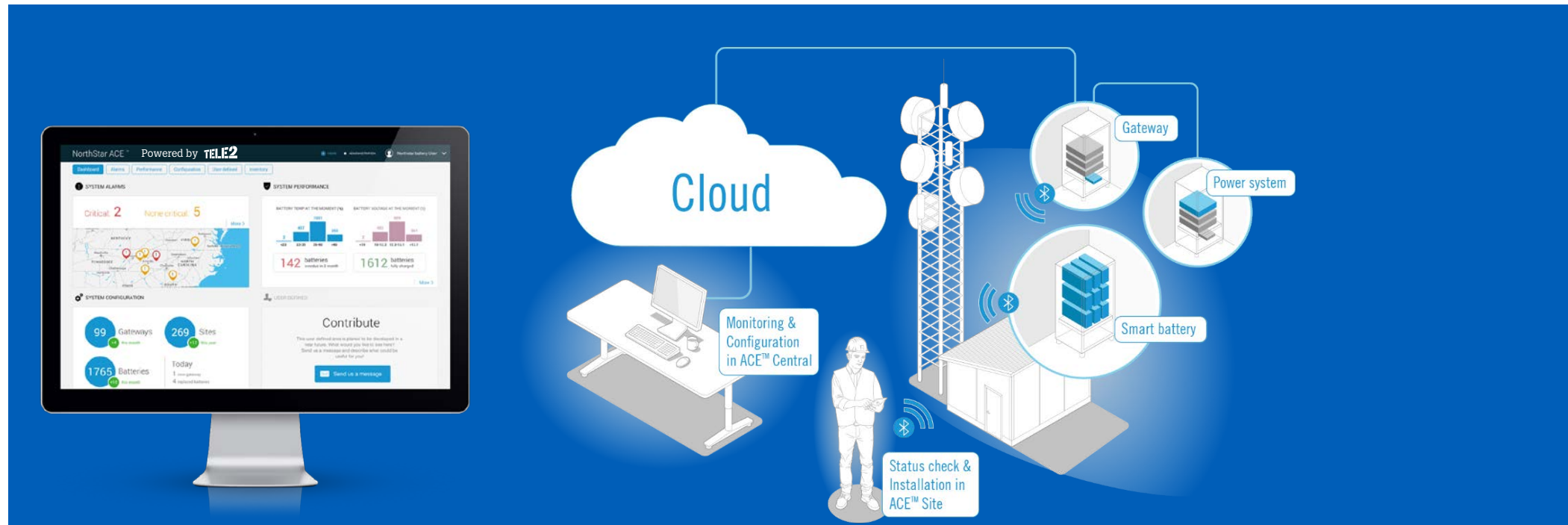


Improved
battery ROI



Smart batteries
need smart partners

Solution Architecture



TO WRAP IoT UP...

To wrap IoT up...

IOT MARKET OPPORTUNITY

TELE2 IOT IN THE TOP 20

HORIZONTAL MARKET POSITION

**GO TO MARKET AND DATA
ORCHESTRATION**

IOT LOVE

IOT TEAM EXCELLENCE

2SUM IT UP

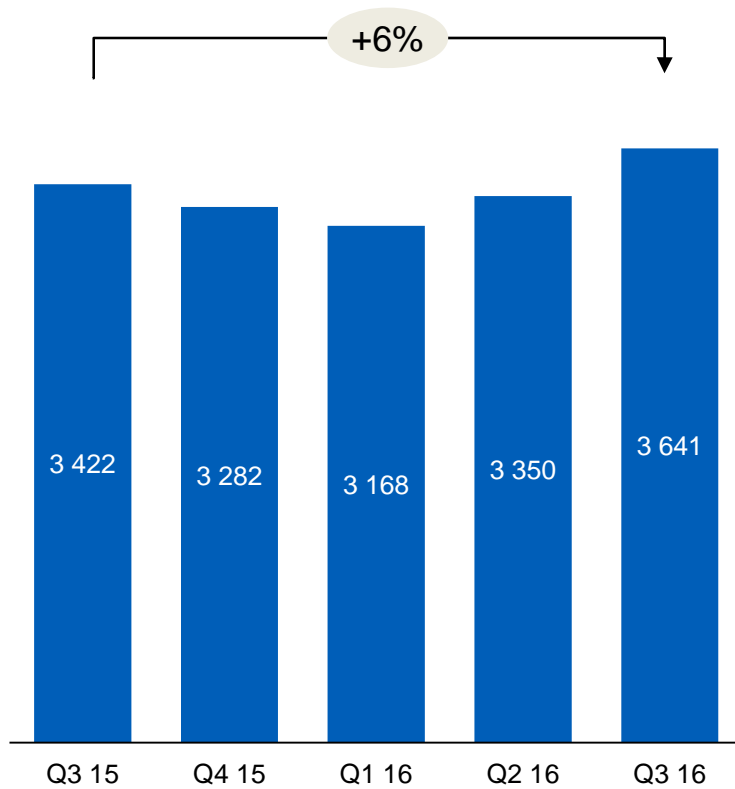
Lars Nordmark, Group CFO

Allison Kirkby, President and CEO

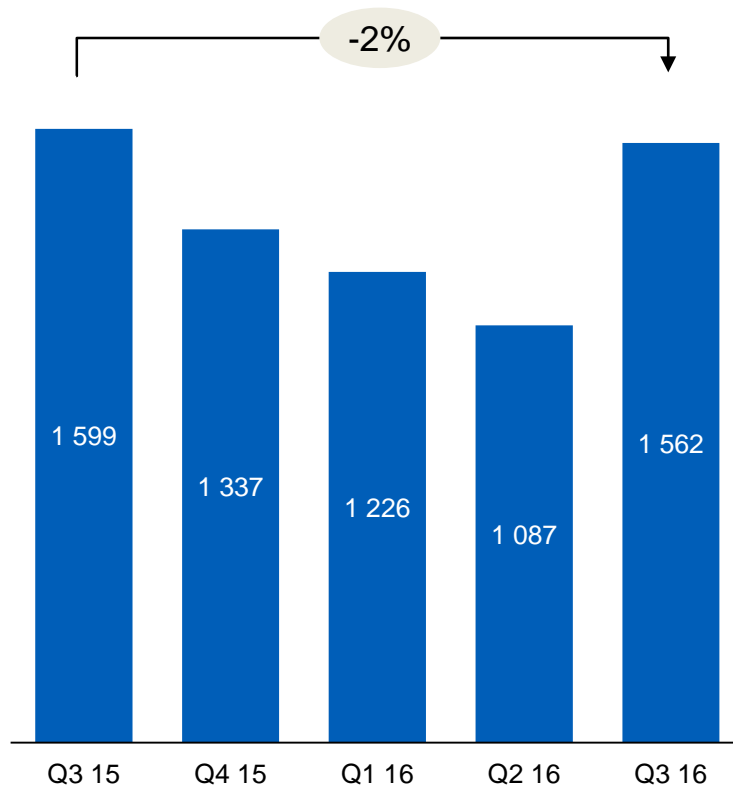
TELE2

Strong Q3 Group performance

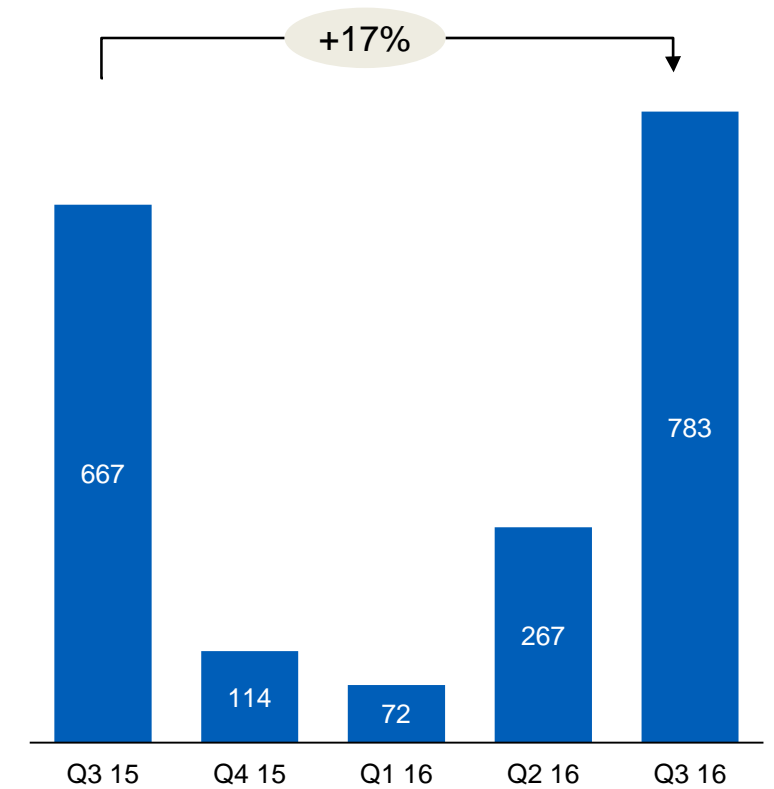
Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)



EBITDA - CAPEX
(SEK million)

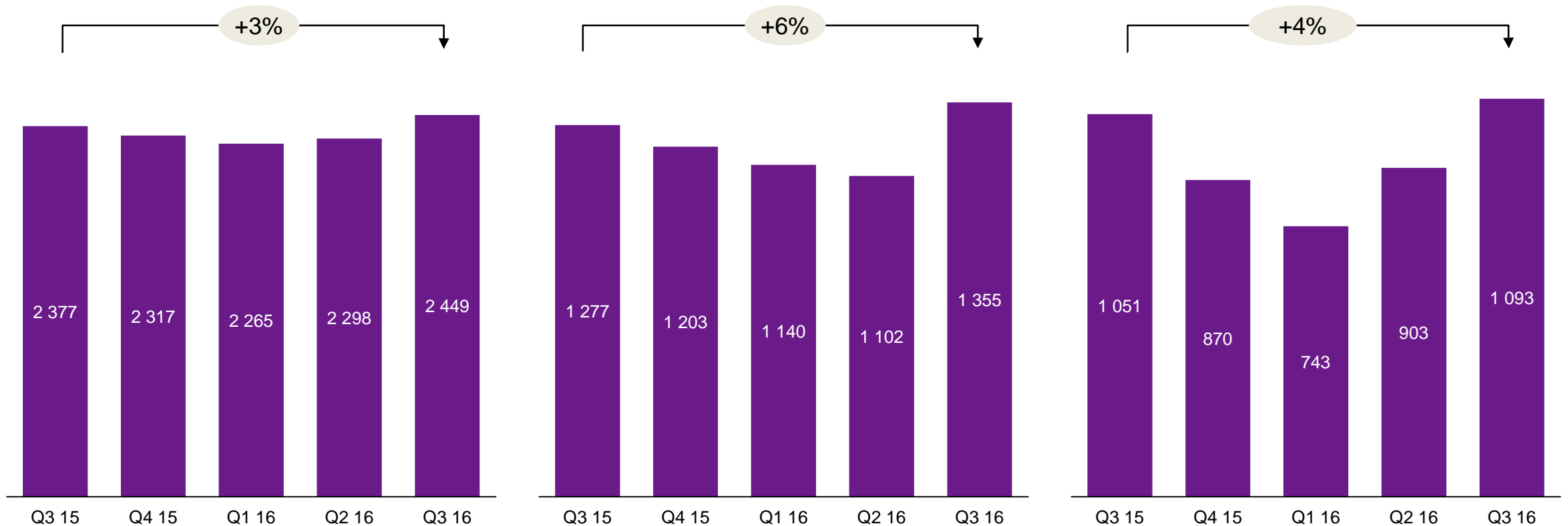


Solid Q3 for Established markets

Mobile end-user service
revenue (SEK million)

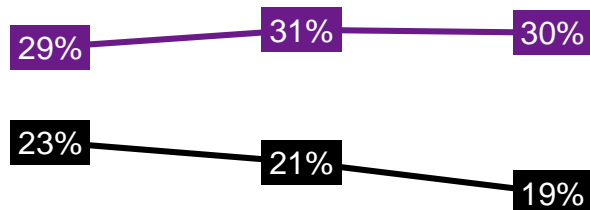
EBITDA
(SEK million)

EBITDA - CAPEX
(SEK million)

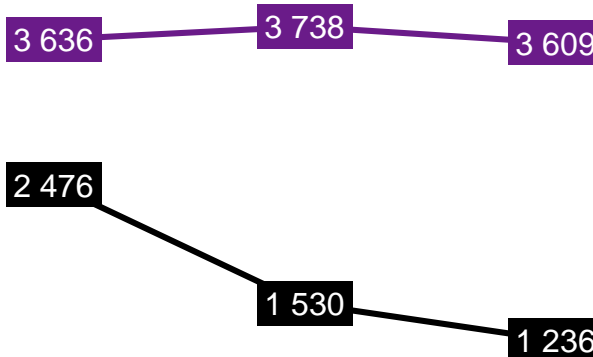


Our Established markets have strong financials

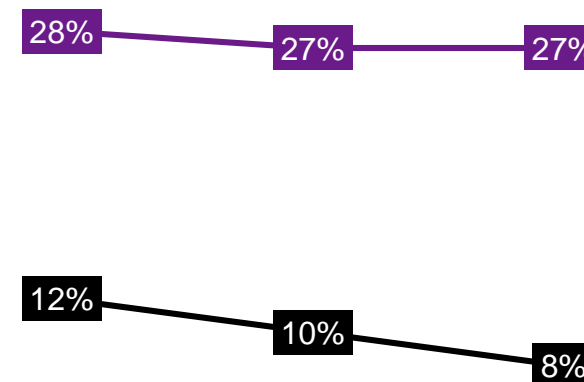
EBITDA margin



EBITDA - CAPEX
(SEK million)



Normalized ROCE*



2014 2015 Q3 16 LTM

— Established — Group

2014 2015 Q3 16 LTM

— Established — Group

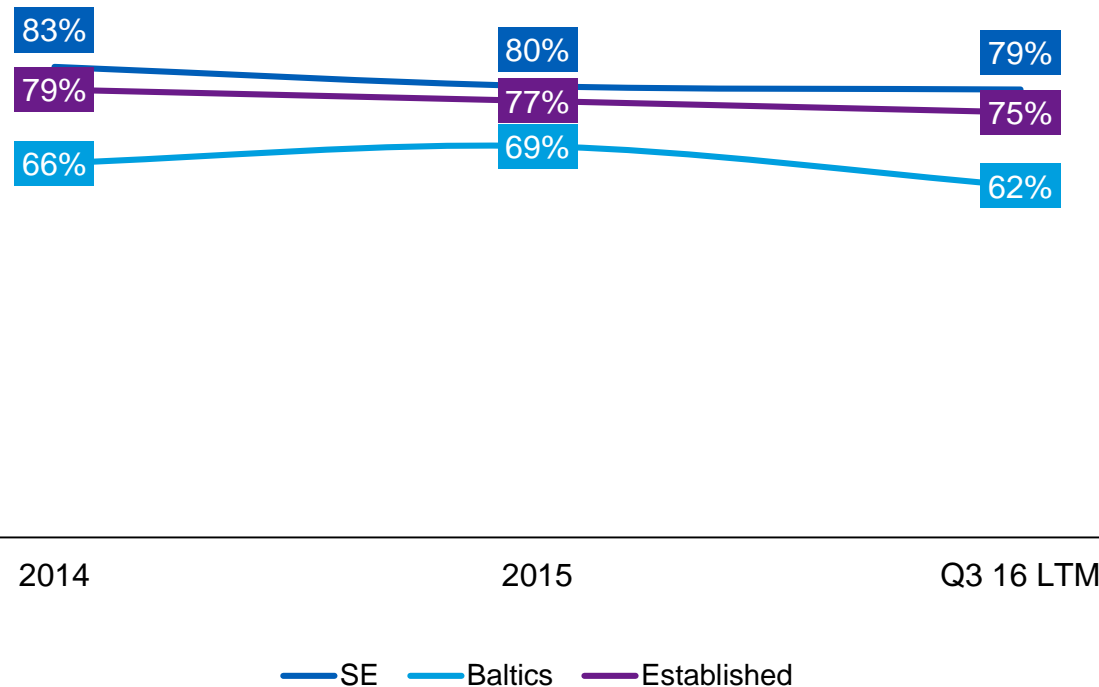
2014 2015 Q3 16 LTM

— Established — Group

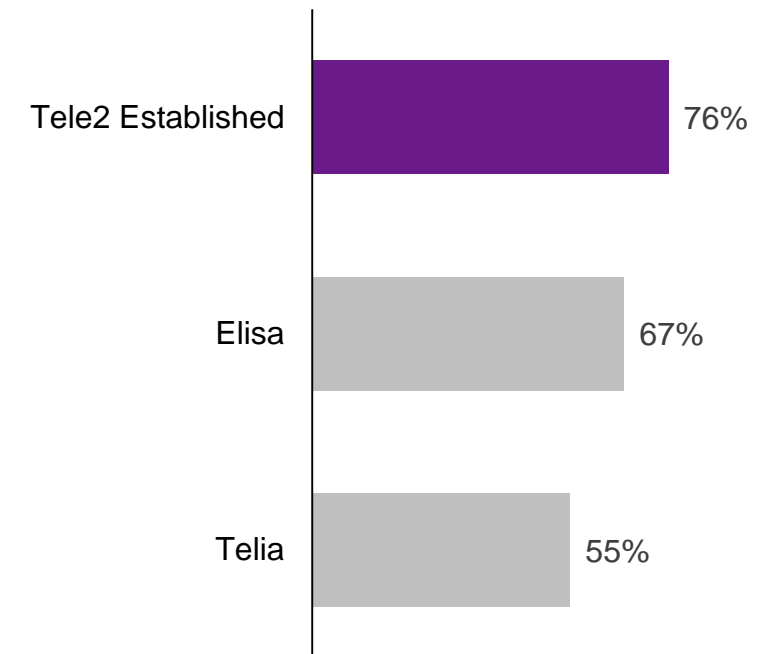
Note: Established markets defined as Sweden and Baltics,
LTM – last 12 months,
*Excluding one-off items

Cash generation in Established markets

Cash conversion rate development



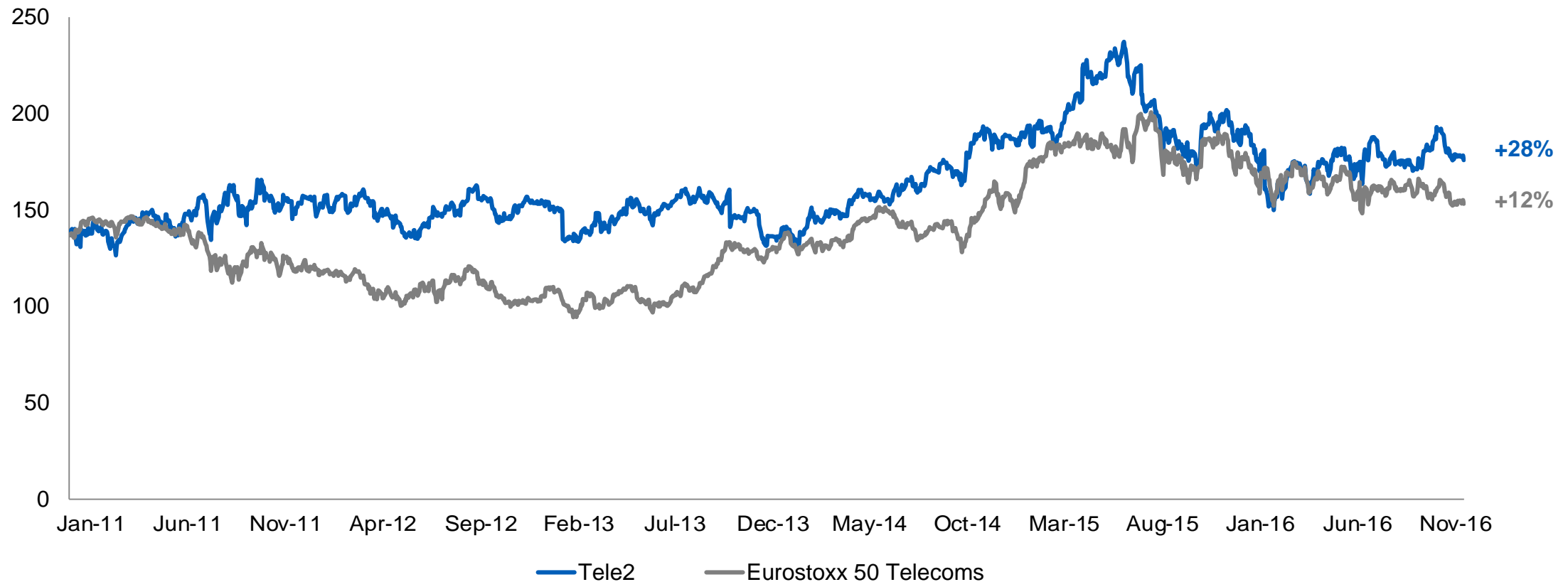
Cash conversion rate, peer comparison



Note: European operations, unless stated otherwise.
Q3 2016 YTD, constant currency
Source: Interim reports

Tele2 has outperformed

Tele2 vs peers - Total Shareholder Return including dividend reinvested in the stock



Financial guidance 2016

Mobile end-user service revenue	Mid-single digit % growth*
Net sales (SEK billion)	26 – 27
EBITDA (SEK billion)	4.6 – 5.0
CAPEX (SEK billion)	3.7 – 4.1

REASONS2

BELIEVE

Our proof points



Fearless Brands

Award winning campaigns

**I WANNA
BE ON
TINDER
TILL I'M
MARRIED**

With the latest 4G network
for a ridiculously low price

BECAUSE YOU CAN

Check out at **TELE2**



Baltic Sea Strength

ROCE >25%

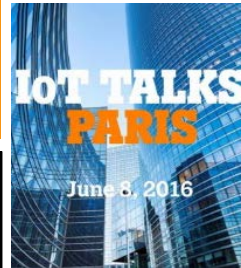
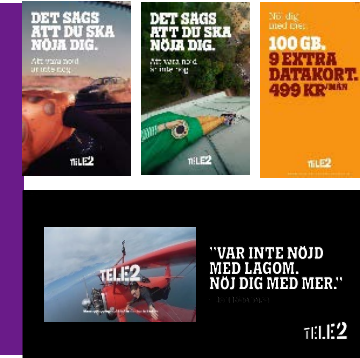


Mobility First



Connectivity Innovator

Top 20 MNO in Global IoT



High Growth Investment Markets

World's first 4G only MNO



ACTION
BE PROACTIVE AND ALWAYS
PROVIDE THE SOLUTION.

QUALITY
ALWAYS MEET
CUSTOMER EXPECTATIONS.

CHALLENGE
ALWAYS ACT AS A
CHALLENGER.

FLEXIBLE
LOVE CHANGE. ALWAYS
LEARN. ALWAYS FAST.

COST CONSCIOUS
BE SMART AND ALWAYS
HAVE THE LOWEST COST.

OPEN
BE HUMBLE, HONEST AND
ALWAYS STRAIGHT FORWARD.

The Tele2 Way

Best in Class Employee Engagement

Our 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 play



Mobile access



Our current footprint



Residential and Business



IoT

How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

The Tele2 Way

Responsible Challenger

Q&A

TELE2

THE
BEGINNING

Forward looking statements

Statements made in this document relating to the future, including future performance and other trend projections, are forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements, due to many factors, many of which are outside of Tele2's control.