

THIRD QUARTER 2014

23rd of October 2014
Tele2 AB

TELE2

Q3 2014 in brief

Tele2 Group – Financial overview

Net sales (SEK billion)	EBITDA (SEK billion)	EBITDA margin (percent)	CAPEX (SEK billion)
6.58 (6.50)	1.68 (1.47)	26 (23)	0.86 (0.66)

Q3 Financial Highlights

- Strong quarter with mobile end-user service revenue growth of 8%
- EBITDA year-on-year growth of 14%
- Growth in CAPEX driven by progress in the Netherlands roll out
- Growth is broad based across all markets

Mobile end-user service revenue

Sweden

(SEK million)

6%

1,767 1,775 1,716 1,815 1,865



Q3 13 Q4 13 Q1 14 Q2 14 Q3 14

Netherlands

(SEK million)

24%

259 261 273 308 321



Q3 13 Q4 13 Q1 14 Q2 14 Q3 14

Tele2 Group

(SEK million)

8%

3,008 3,006 2,904 3,094 3,252



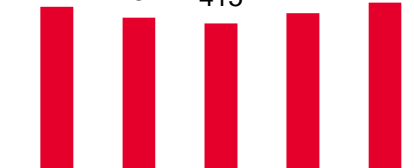
Q3 13 Q4 13 Q1 14 Q2 14 Q3 14

Baltics

(SEK million)

3%

462 431 415 444 474



Q3 13 Q4 13 Q1 14 Q2 14 Q3 14

Kazakhstan

(SEK million)

7%
(21%*)

240 251 216 225 257



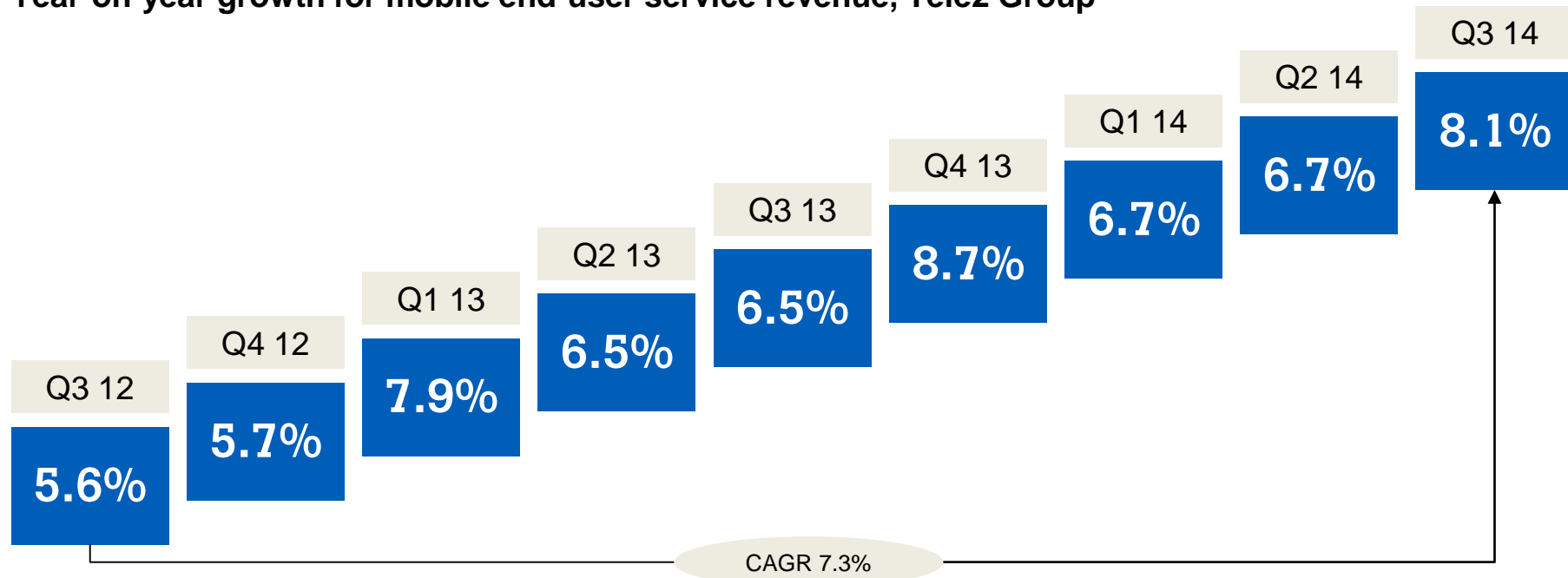
Q3 13 Q4 13 Q1 14 Q2 14 Q3 14

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



Significant events in the quarter



Strong quarter with mobile end-user service revenue growth of 6% fueled by continued strong data usage



Consumer broadband turnaround continues. The MNO roll out remains on plan, the service is currently being tested by friendly users



Positive net intake at 108,000 and EBITDA momentum continues



Continued growth and a strengthened EBITDA margin at 18%

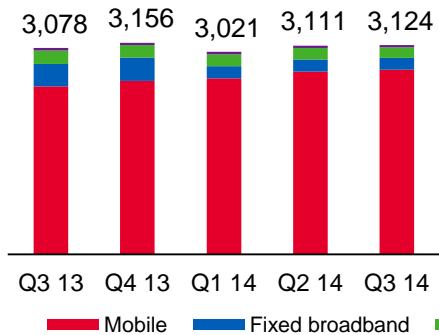


The Baltics show a trend of recovery with strengthened EBITDA margins

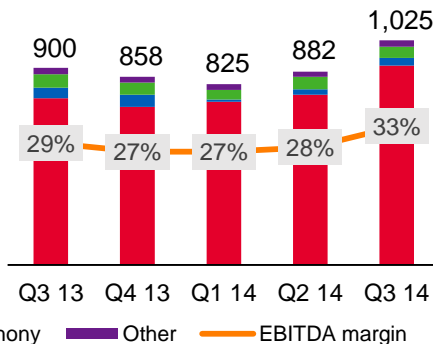
Country Performance

Tele2 Sweden

Net sales
(SEK million)



EBITDA
(SEK million)



A strong quarter with many new and extended business contracts

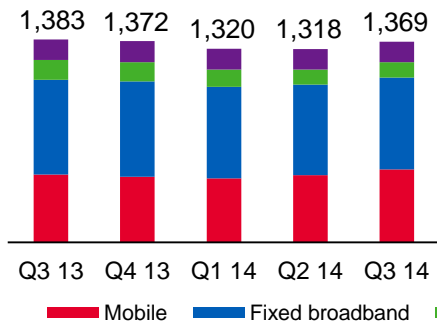


Q3 Highlights

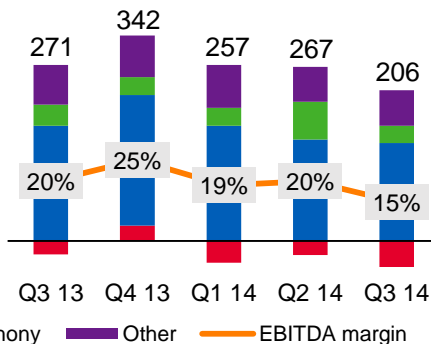
- **Mobile:** Strong net intake of 28,000 supporting the end-user service revenue growth of 6%.
- **Consumer:** 64% of postpaid handset customers are now on data bucket price plans and sales shifted towards bigger data buckets. The continued increase in sales of data top-ups during the quarter also confirms the healthy increase in data consumption.
- **Business:** Continued strong mobile revenue growth, driven by increased customer stock as well as continued strong intake within cloud PBX. Only 18 months after its launch, the PBX service is #2 in the market.

Tele2 Netherlands

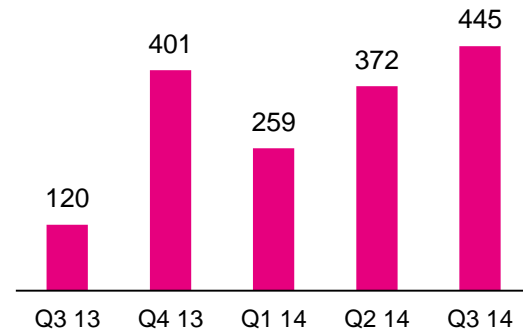
Net sales
(SEK million)



EBITDA
(SEK million)



CAPEX
(SEK million)



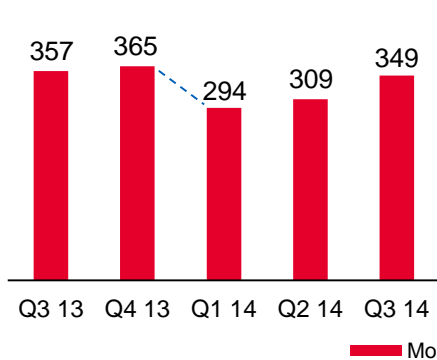
Q3 Highlights

- **Overall:** Whilst preparing for MNO launch we are managing customer intake and acquisition cost.
- **MNO:** Continued ramp-up in CAPEX, up 25% versus last quarter. Network has been validated by Samsung and friendly users are currently testing the service.
- **Consumer:** Mobile customer base was up 24,000, showing growth for the 12th consecutive quarter. The turnaround for consumer broadband continues with positive net intake for the quarter.

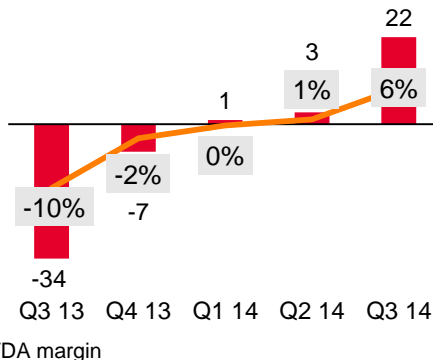
Tele2 Kazakhstan

Net sales (SEK million)

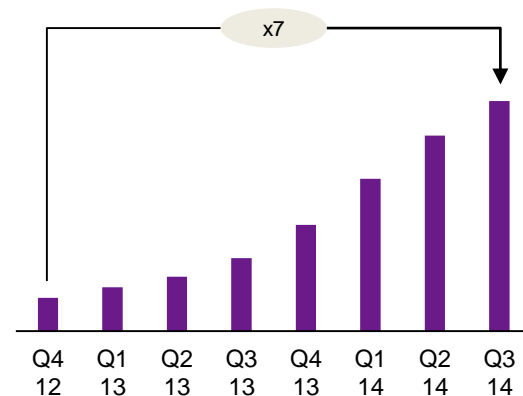
-- Interconnect cut and currency devaluation



EBITDA (SEK million)



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

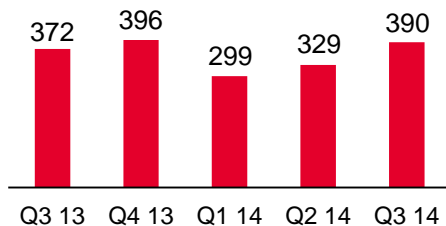


Q3 Highlights

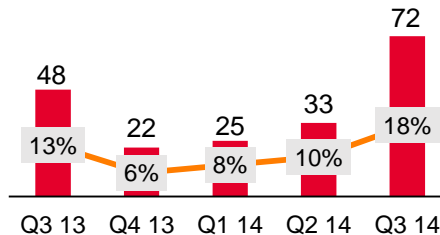
- **Overall:** Positive net intake at 108,000. In line with our stated strategy to focus on quality customers is paying off with ASPU up 27% year-on-year.
- **Data:** Steady increase on data usage during the last three years.
- **EBITDA:** Momentum continues as a result of data growth and increased operational scale.

Tele2 Croatia and Tele2 Lithuania

Croatia Net sales
(SEK million)



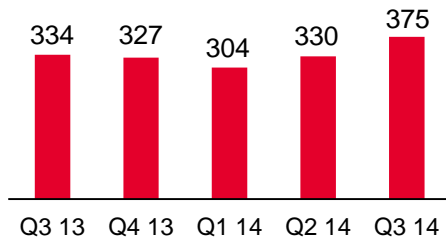
Croatia EBITDA
(SEK million)



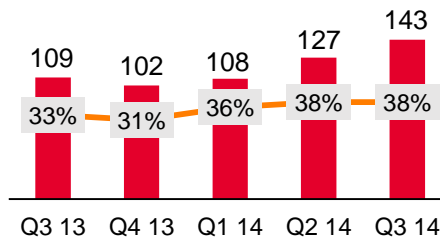
Croatia Q3 Highlights

- Continued growth achieving a net intake of 33,000 customers.
- Strong financials due to increased roaming revenues during summer and increased prices in anticipation of coming frequency fee increase.

Lithuania Net sales
(SEK million)



Lithuania EBITDA
(SEK million)



Lithuania Q3 Highlights

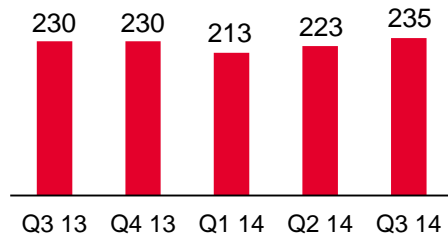
- Continued to deliver strong results driven by further efficiency improvements.
- LTE was launched.

■ Mobile — EBITDA margin

Tele2 Latvia and Tele2 Estonia

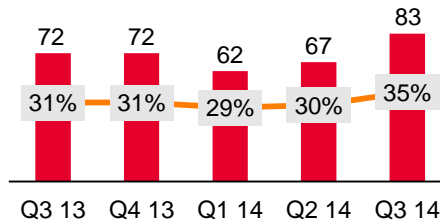
Latvia Net sales

(SEK million)



Latvia EBITDA

(SEK million)

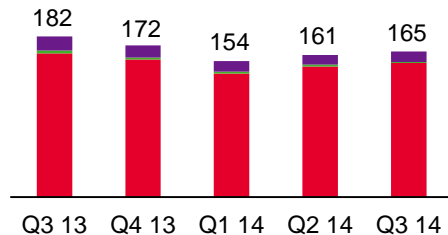


Latvia Q3 Highlights

- Launched roaming data buckets in EU countries to enable customers to use more data abroad.
- Introduced new tariff plans for data usage in the market.

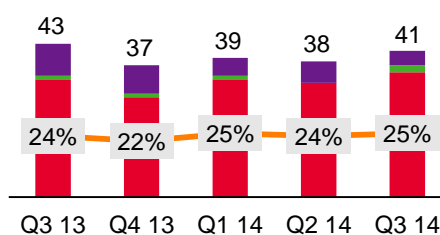
Estonia Net sales

(SEK million)



Estonia EBITDA

(SEK million)



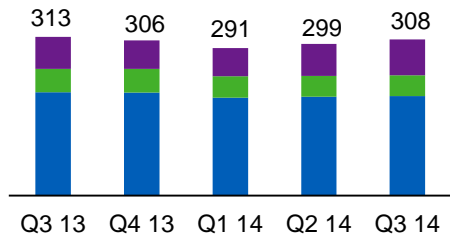
Estonia Q3 Highlights

- Improved EBITDA margin through reduced operational costs despite price pressure in the market.
- First operator in the Estonian market to launch data bucket price plans including unlimited voice and SMS.

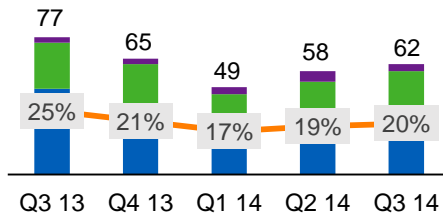
■ Mobile
 ■ Fixed telephony
 ■ Other
 — EBITDA margin

Tele2 Austria and Tele2 Germany

Austria Net sales
(SEK million)



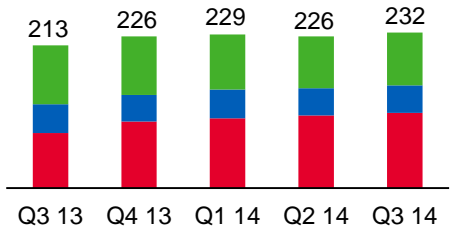
Austria EBITDA
(SEK million)



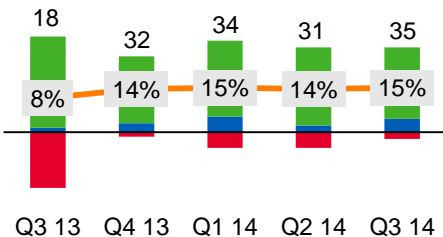
Austria Q3 Highlights

- Focus on growing B2B customer base and improving Tele2 brand awareness.
- Successful up-sell of high speed packages within the existing customer base.

Germany Net sales
(SEK million)



Germany EBITDA
(SEK million)



Germany Q3 Highlights

- Growth in mobile with a net intake of 19,000 customers.

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

Financial Overview

Group result Q3 2014

SEK million

	Q3 2014	Q3 2013	▲ %
Net sales	6,584	6,500	1.3%
EBITDA	1,682	1,471	14.3%
EBITDA margin (%)	25.5%	22.6%	2.9%
Depreciation & associated companies	-678	-724	-6.4%
Depreciation of net sales (%)	-10.3%	-11.1%	0.8%
One-off items	-	-450	
EBIT	1,004	297	238.0%
Normalized EBIT	1,004	747	34.4%
Normalized EBIT margin (%)	15.2%	11.5%	3.8%
Financial items	-46	-159	
Taxes	-232	-261	
Net profit, continuing operations	726	-123	690.2%
Discontinued operations	-103	-48	
Net profit	623	-171	464.3%

Group result YTD September

SEK million

	YTD 2014	YTD 2013	FY 2013	▲%
Net sales	19,079	19,172	25,757	-0.5%
EBITDA	4,514	4,401	5,891	2.6%
EBITDA margin (%)	23.7%	23.0%	22.9%	0.7%
Depreciation & associated companies	-2,002	-2,144	-2,909	-6.6%
Depreciation of net sales (%)	-10.4%	-11.1%	-11.2%	0.7%
One-off items	243	-445	-434	
EBIT	2,755	1,812	2,548	52.0%
Normalized EBIT	2,512	2,257	2,982	11.3%
Normalized EBIT margin (%)	13.2%	11.8%	11.6%	1.4%
Financial items	50	-372	-551	
Taxes	-673	-749	-1,029	
Net profit, continuing operations	2,132	691	968	208.5%
Discontinued operations	-330	13,730	13,622	
Net profit	1,802	14,421	14,590	-87.5%

Cash flow

SEK million

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY 2013
OPERATING ACTIVITIES					
Cash flow from operations, excl taxes and interest	1,660	1,501	4,514	5,730	7,117
Interest paid	-62	-99	-222	-323	-374
Taxes paid	-63	-31	-234	-370	-479
Change in working capital	-92	-14	-802	-744	-451
Cash flow from operating activities	1,443	1,357	3,256	4,293	5,813
INVESTING ACTIVITIES					
CAPEX paid	-968	-862	-3,062	-4,228	-5,241
Cash flow after paid CAPEX	475	495	194	65	572
Shares and other financial assets	-18	-51	709	17,245	17,235
Cash flow after investing activities	457	444	903	17,310	17,807

Cash flow excluding Norway and Russia

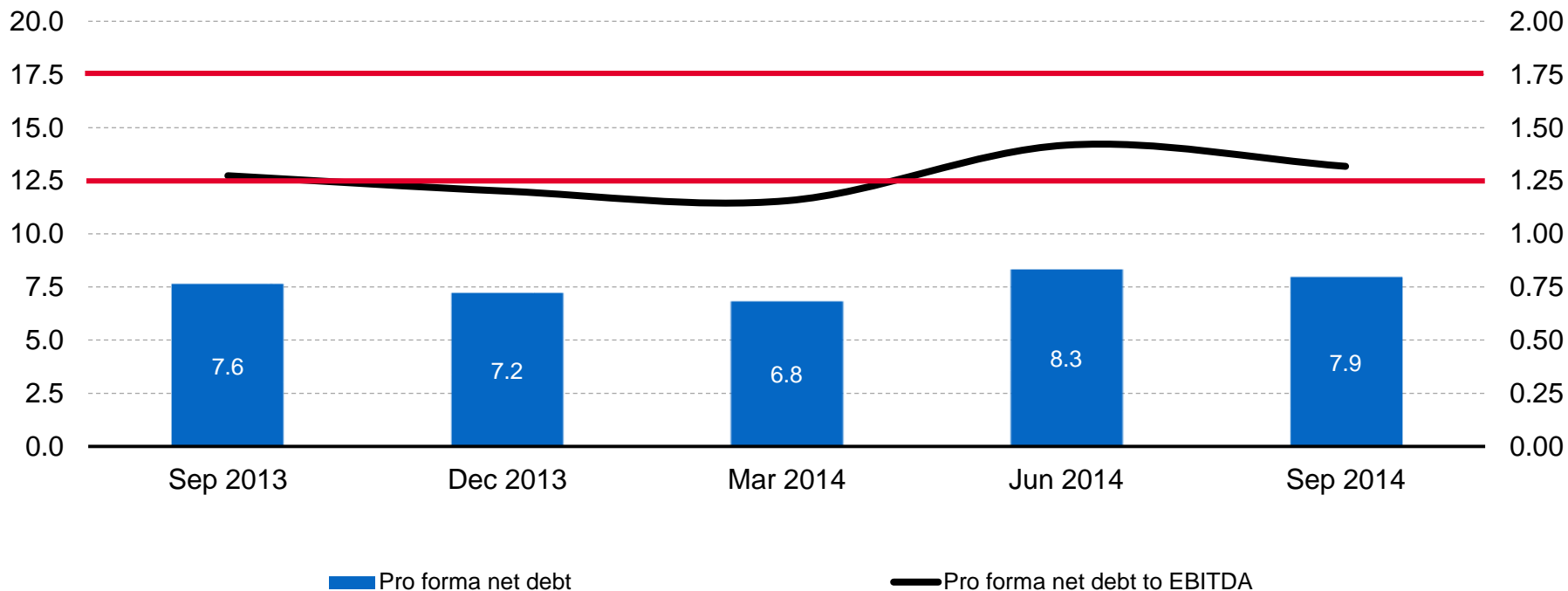
SEK million

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	FY 2013
OPERATING ACTIVITIES					
Cash flow from operations, excl taxes and interest	1,635	1,449	4,463	4,417	5,832
Interest paid	-65	-96	-228	-246	-298
Taxes paid	-63	-31	-234	-193	-302
Change in working capital	-25	11	-657	-469	-249
Cash flow from operating activities	1,482	1,333	3,344	3,509	4,983
INVESTING ACTIVITIES					
CAPEX paid	-861	-606	-2,455	-3,352	-4,184
Cash flow after paid CAPEX	621	727	889	157	799
Shares and other financial assets	-12	-3	727	-9	-11
Cash flow after investing activities	609	724	1,616	148	788

Debt position and ratio

Pro forma net debt / EBITDA 12 m rolling

SEK billion / Ratio



Guidance – 2014

Net sales
(SEK billion)

24.8 – 25.2

EBITDA
(SEK billion)

5.7 – 5.8

CAPEX
(SEK billion)

3.5 – 3.8

Conclusion

Summary and priorities

Summary

- High quality quarter with strong results delivered across the board
- Sweden particularly strong, mobile end-user service revenue growth of 6%
- The 4G roll out in the Netherlands shows continued progress and investment on track
- Focus on quality customer intake in Kazakhstan has been paying off with positive net intake

Priorities

- Constant focus on MNO roll out in the Netherlands and Kazakhstan
- Cement the position of Tele2 Sweden as the leader in mobile data services
- Reassess our cost structure in anticipation of closing the Norwegian deal

Q&A

**THE
END**

TELE2