SECOND QUARTER 2018

July 18, 2018

Tele2 AB

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Group highlights – Q2 2018

SEK billion	**Q2 2018**	**% change reported**	**% change LFL**
Revenue	6.5	6%	5%
Mobile end-user service revenue	3.6	6%	5%
Adjusted EBITDA	1.8	13%	12%
Operating cash flow, rolling 12m	4.7	20%	

Comments

- RLAH adjusted EBITDA impact for the Group of SEK -55m in Q2
- SEK 4.1bn rolling 12m OCF including Netherlands, up 38%
- Updated terminology:
  - Revenue (Net sales)
  - Adjusted EBITDA (EBITDA)
  - Operating profit/loss (EBIT)
  - No change in accounting principle

LFL is constant currencies
Operating cash flow = adjusted EBITDA - CAPEX

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Delivering on our long term strategy

Baltic Sea Challenger

- Resilient Swedish B2C and B2B despite headwinds
- Baltics MEUSR up 7% and adjusted EBITDA up 10% LFL
- Rolling 12m operating cash flow up 5% to SEK 4.5bn

Investment Markets

- Kazakhstan MEUSR growth of 20% LFL, driving continued margin expansion
- Croatia MEUSR up 13% LFL, driving strong growth in adjusted EBITDA
- Accumulated repayments on Kazakhstan shareholder loan reach SEK 0.6bn

Positively Fearless Brands

- Tele2 Sweden and Comviq claim top spots in ServiceScore consumer survey
- Tele2 Lithuania Flying House campaign nominated for Cannes Lions Award
- Tele2 Estonia proactively ends unsolicited telemarketing

Transaction Update

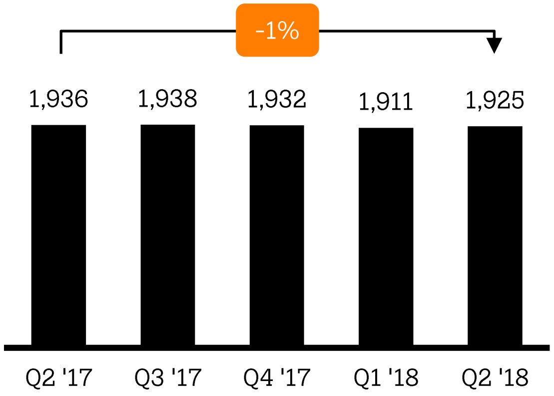
- PCAOB re-audit completed and Tele2/Com Hem merger documents submitted
- Dutch merger regulatory process enters Phase II, as expected
- Both transactions expected to close in Q4

LFL is constant currencies

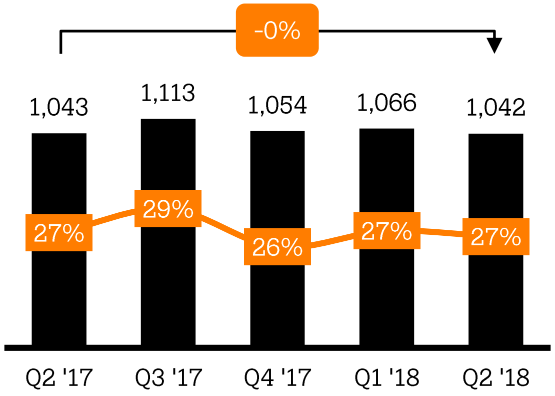
Baltic Sea Challenger

Sweden – Financials

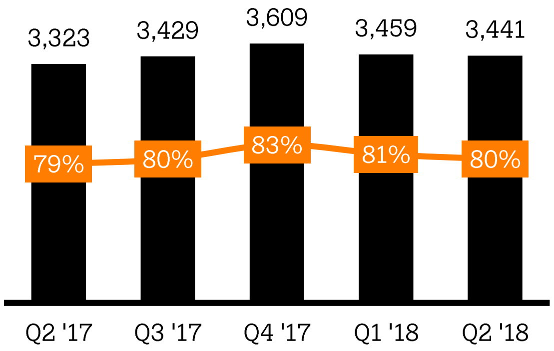
Mobile end-user service revenue
(SEK million)



Adjusted EBITDA and margin
(SEK million)



OCF and cash conversion, rolling 12m
(SEK million)

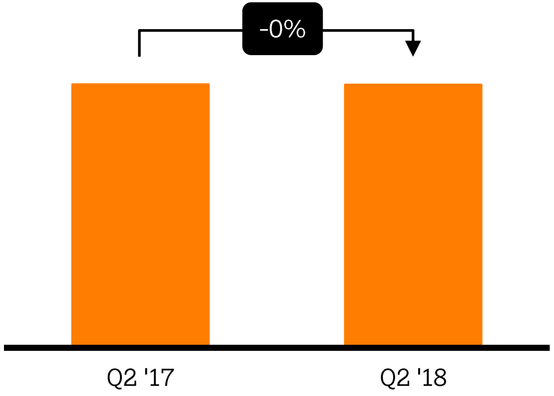


Q2 highlights

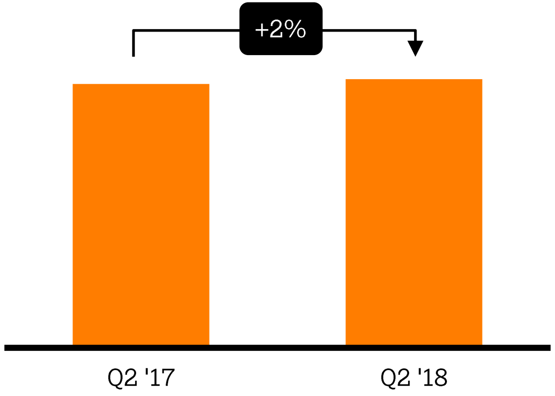
- MEUSR growth of 1% excluding the effect of RLAH, driven by both B2C and B2B
- Adjusted EBITDA flat despite decline in legacy fixed line business and RLAH impact of SEK -37m, driven by good cost control
- Rolling 12m OCF sustained at SEK 3.4bn, and excellent cash conversion of 80%

Sweden B2C – Resilient in a vibrant market

Mobile end-user service revenue growth



Postpaid ASPU*



Campaigns

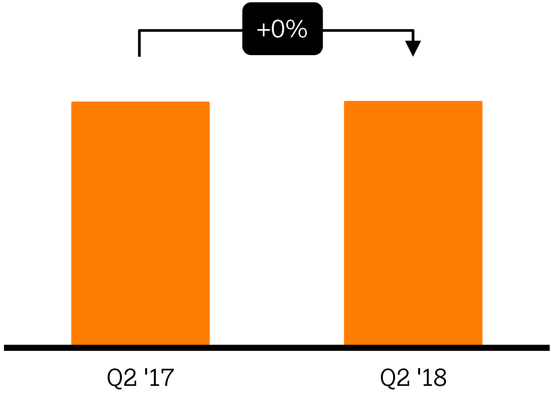
Q2 highlights

- MEUSR growth of 1% excluding the impact of RLAH, driven by both Comviq postpaid and Tele2 small screen
- Continued postpaid ASPU growth especially within Tele2
- Comviq NPS reached a new high, while Tele2 NPS remains stable
- Targeted summer campaigns successfully addressing tough price competition in the price fighter segment

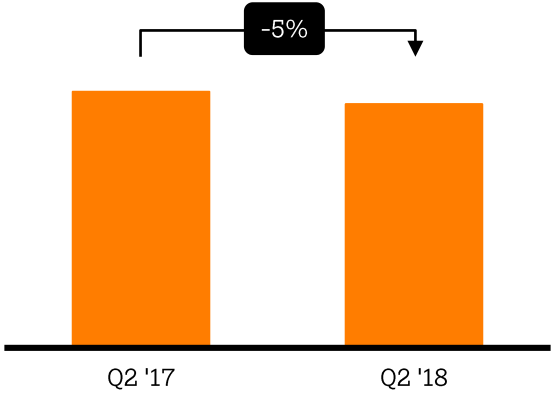
* Small screen

Sweden B2B – Continued recovery

Revenue



Service revenue



Customer successes in the quarter

Göteborgs Stad

Uppsala kommun

Epiroc

GETINGE

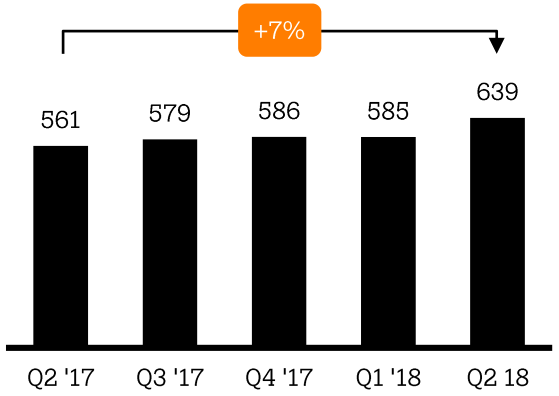
Riksidrottsförbundet

Q2 highlights

- Stable revenues despite continued price competition in the large enterprise segment, supported by growth in equipment sales
- Service revenue decline due to RLAH and price erosion of legacy fixed line partly offset by growth in MEUSR of 1%
- Significant contract wins including new contracts with City of Gothenburg, Uppsala Municipality, Epiroc, Getinge and Swedish Sports Federation

Baltics – Financials

Mobile end-user service revenue
(SEK million)



Adjusted EBITDA and margin
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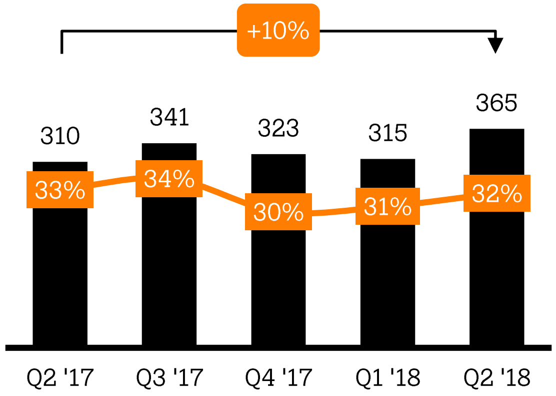

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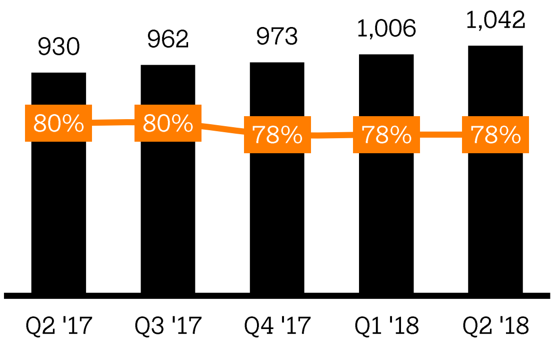
(SEK million)



Q2 highlights

- MEUSR driven by strong growth in Lithuania (12% LFL) and Latvia (10% LFL)
- Double-digit EBITDA growth driven by growth in service revenue and continued cost discipline
- Rolling 12m OCF growth of 12% and continued high cash flow conversion at 78%

LFL Adjusted for local currency and M&A

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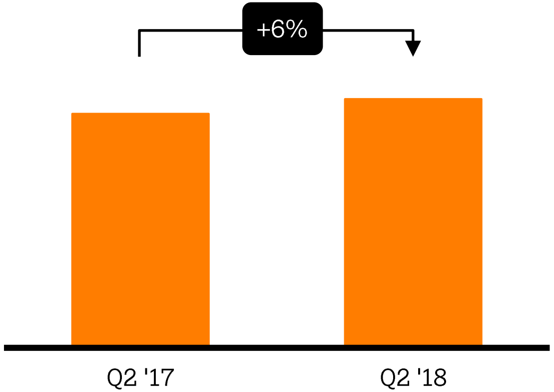
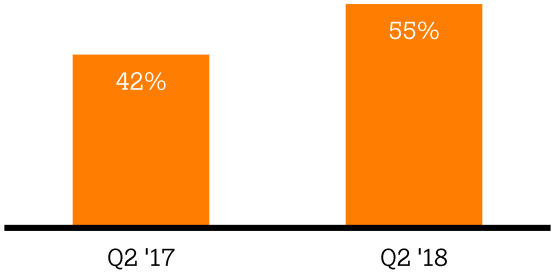
Baltics – Excellent growth

ASPU development



4G smartphone penetration



Brand campaigns

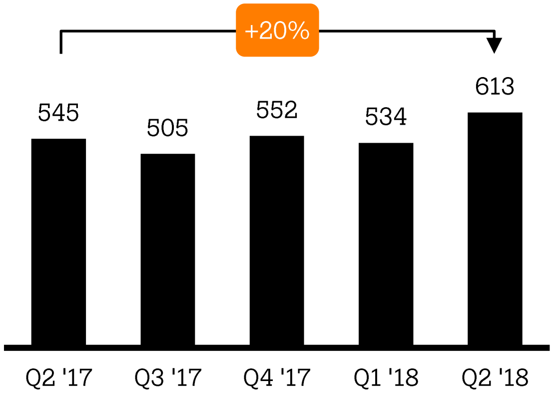
Q2 highlights

- ASPU growth continues from monetization of increased data consumption and from prepaid to postpaid migration
- Rising smartphone penetration drives data growth and trade up to larger data buckets
- Network quality recognized with Tele2 Lithuania Flying House Campaign receiving Cannes Lions Awards nomination and Tele2 Latvia being named by the regulator as offering the highest internet speeds in the country
- Tele2 Estonia was the leader in ending unsolicited telemarketing to improve customer trust and satisfaction going forward

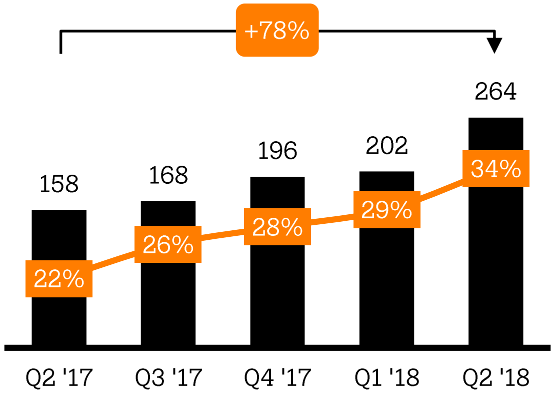
Investment Markets

Kazakhstan – Financials

Mobile end-user service revenue
(SEK million)



Adjusted EBITDA and margin
(SEK million)



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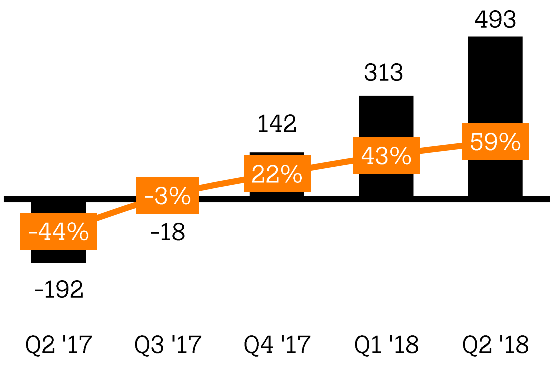

Q2 highlights

- MEUSR growth of 20% LFL driven by strong ASPU growth and larger customer base
- Adjusted EBITDA margin of 34% driven by MEUSR growth and improved operational efficiency
- Cash generation continues to improve, KZT 15bn (SEK ~385m) repayment of shareholder loan in the quarter, taking accumulated re-payments to SEK ~600m

LFL Adjusted for local currency and M&A

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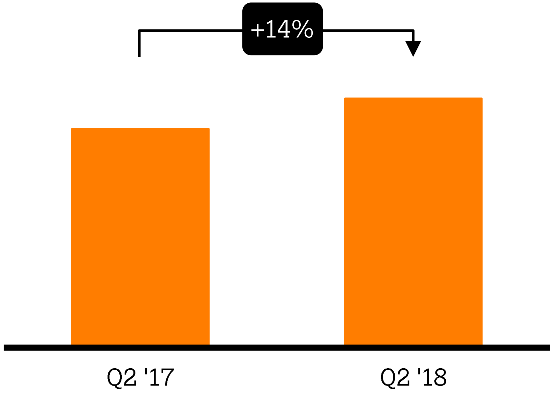
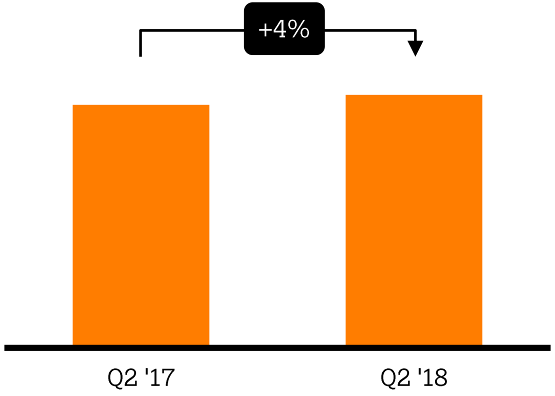
Kazakhstan – Continued positive momentum

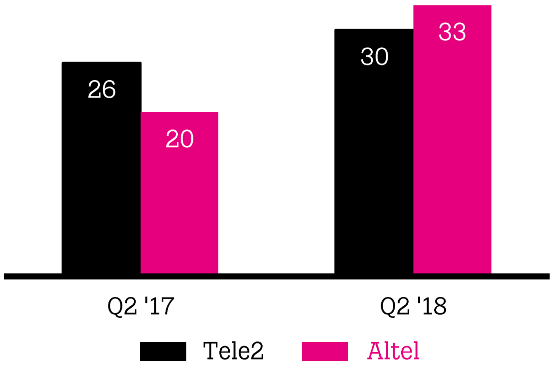
ASPU development



Customer base



Net Promoter Score



Q2 highlights

- ASPU growth driven by new tariffs supporting monetization of increased data consumption
- Strong customer satisfaction drives positive net adds despite increased competition
- NPS progress underpinned by improvements in network quality perception, distribution and great value-for-money propositions

Financial Overview

Group results Q2 2018

SEK million		Q2 2018	Q2 2017
Revenue	1	6,491	6,152
Adjusted EBITDA	2	**1,789**	**1,581**
Adjusted EBITDA margin (%)		27.6%	25.7%
Items affecting comparability	3	-130	-66
D&A		-619	-621
JVs and associated companies		0	1
Operating profit		**1,040**	**895**
Interest income/expenses		-92	-79
Other financial items	4	-82	-94
Taxes		-196	-192
Net profit, continuing operations		**670**	**530**
Discontinued operations		-227	-290
Non-controlling interests		-32	19
Net profit, equity holders of parent		**411**	**259**

Comments

1. Revenue growth of 6% includes FX tailwind of 1%
2. Adjusted EBITDA growth of 13%, with Kazakhstan as the main contributor, includes FX tailwind of 1%
3. Items affecting comparability mainly reflect transaction costs for Com Hem merger
4. SEK 54m increase in Kazakhstan earn-out obligation to SEK 558m

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Group cash flow Q2 2018

SEK million		Q2 2018	Q2 2017
Adjusted EBITDA, continuing operations		1,789	1,581
Adjusted EBITDA, discontinued operations	1	61	-30
Financial items paid/received		-116	-145
Taxes paid	2	-280	-133
Changes in working capital	3	-115	415
CapEx paid	4	-675	-854
Other cash items	5	-153	-14
Free cash flow		**511**	**820**
Of which free cash flow, discontinued operations		-163	-152
Of which free cash flow, continuing operations		**674**	**972**

Comments

1. Discontinued operations reflecting mainly the Netherlands
2. Higher tax payments due to YoY timing differences
3. Working capital affected by YoY timing differences and higher inventories to support increased equipment revenues
4. Lower CapEx paid related to Kazakhstan and Netherlands
5. Includes items affecting comparability e.g. transaction costs

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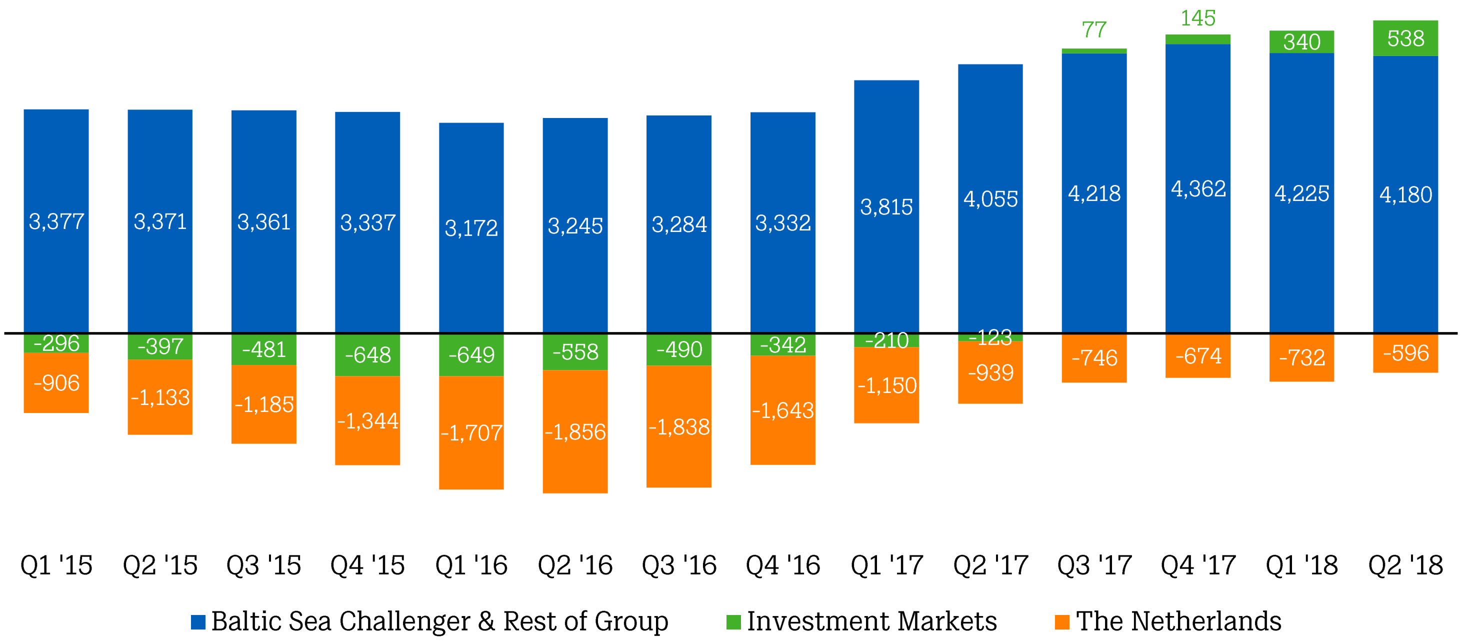
Operating cash flow

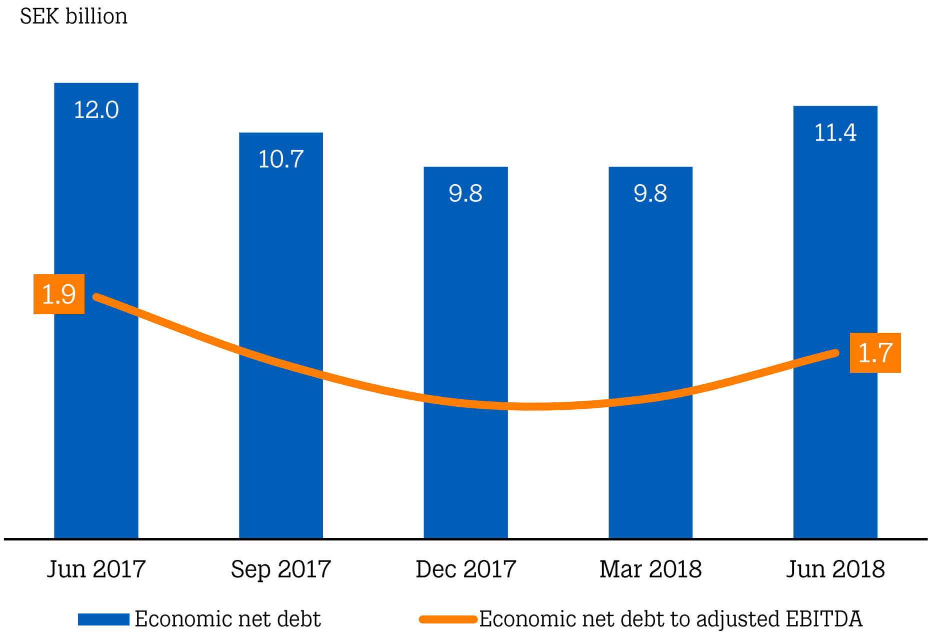
Rolling 12 months, SEK million

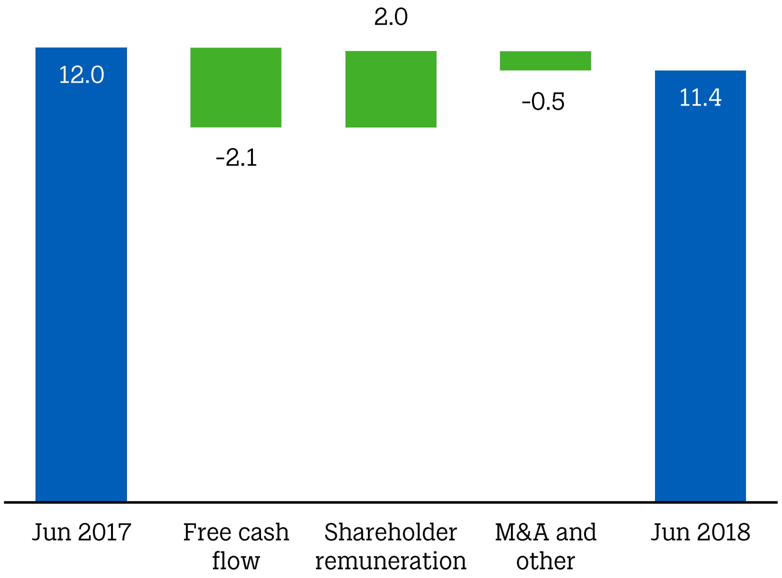


Netherlands includes intercompany adjustments

Debt position and financial leverage

Total operations, Economic net debt to adjusted EBITDA rolling 12 months





Economic net debt excludes liabilities to Kazakhtelecom, loan guaranteed by Kazakhtelecom and liability for earn-out obligation in Kazakhstan

Financial guidance 2018 – Upgraded

Mobile end-user service revenue	Adjusted EBITDA (SEK billion)	CAPEX (SEK billion excluding spectrum)
Mid-single digit % growth*	**6.8 – 7.1**	**2.1 – 2.4**

* Based on continuing operations in constant currencies

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Merger with Com Hem

Transaction update

Merger process activities

Completed activities	• Completion of PCAOB audit • Announcement by Kinnevik of pro-competitive measures • Submission of merger documents to the SEC and Finansinspektionen
Planned in H2	• Filing with the European Commission • EGMs following review and approval of merger documents • Closing expected in Q4

To conclude...

Key priorities moving forward

- Fearlessly liberate people to live a more connected life
- Growth from continued data monetization
- Return Sweden to growth despite headwinds
- Further leverage our momentum in Baltics, Croatia and Kazakhstan
- Prepare to close mergers in both Netherlands and Sweden
- Operational excellence to remain a high priority

Positively Fearless Brands	Connecting Things our Customers Love	1 Digital First Customer Experience	Winning Cost Structure

Tele2's Way2Win

Our Purpose

We fearlessly liberate people to live a more connected life

Where We Play

- Baltic Sea Challenger
- Investment Markets
- IoT
- Cash Generators

How We Win

- Positively Fearless Brands
- Connecting Things our Customers Love
- Digital First Customer Experience
- Winning Cost Structure

Responsible Challenger

Winning People & Culture

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THE BEGINNING

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