

THIRD QUARTER 2024

October 22, 2024

TELE2

Highlights

- 3% organic growth in end-user service revenue
- 2% organic growth in underlying EBITDAaL
- Solid equity free cash flow. Leverage at 2.3x
- Launched the first Disney+ bundle in Sweden
- Ranked as one of Sweden's most gender-equal companies by Allbright in 2024
- After four years as CEO, Kjell Johnsen will be stepping down
- Jean Marc Harion has been appointed as new CEO from 10 November



Solid performance

SEK (YoY growth) ¹	Q3 24	YTD	The Group in Q3	
End-user service revenue (EUSR)	5.5bn (+2.6%)	16.3bn (+4.2%)	<ul style="list-style-type: none"> – EUSR growth of 3% with growth across operations – Underlying EBITDAaL growth of 2% driven by topline growth – Financial leverage of 2.3x following solid EFCF and ahead of the second dividend tranche 	
Underlying EBITDAaL	2.8bn (+2.0%)	8.0bn (+2.2%)	<h3>Sweden Consumer in Q3</h3> <ul style="list-style-type: none"> – EUSR growth of 1% driven by Fixed broadband at 7% and Mobile postpaid at 3% – Strong ASPU growth in Fixed broadband and solid RGU intake in Mobile postpaid 	
Capex ² to sales LTM	13.7%	–	<h3>Sweden Business in Q3</h3> <ul style="list-style-type: none"> – EUSR growth of 2% driven by Mobile at 4% – Continued solid RGU intake in Mobile – Fixed continues to stabilise 	
EFCF	1.1bn	3.6bn	<h3>The Baltics in Q3</h3> <ul style="list-style-type: none"> – Solid EUSR growth of 7% driven by ASPU and volume growth across markets – Continued volume growth in Mobile postpaid – Underlying EBITDAaL growth of 6% 	

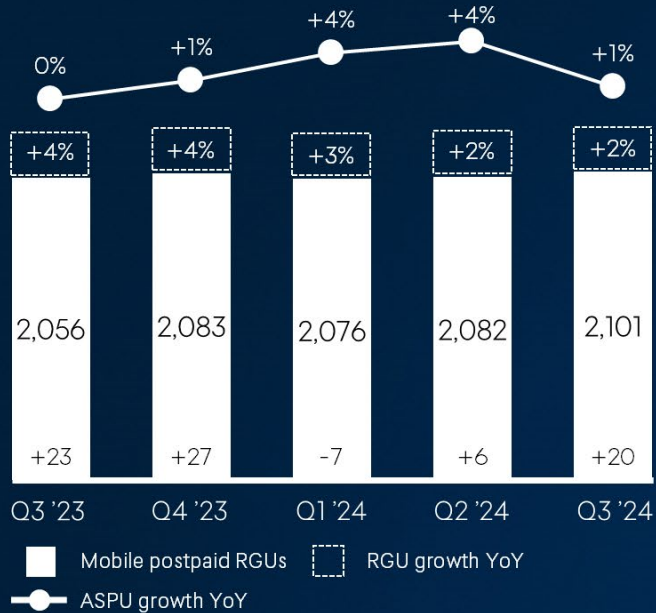
SWEDEN



Sweden Consumer: Solid value growth

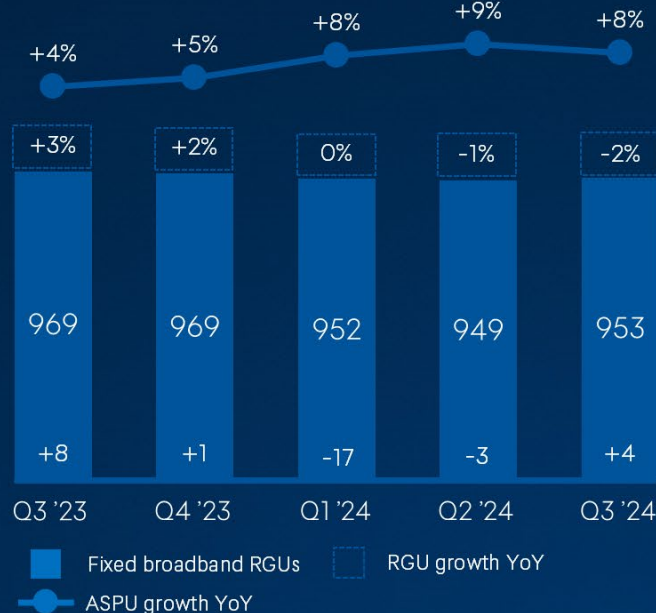
Mobile postpaid RGU & ASPU

Thousand QoQ and YoY growth %



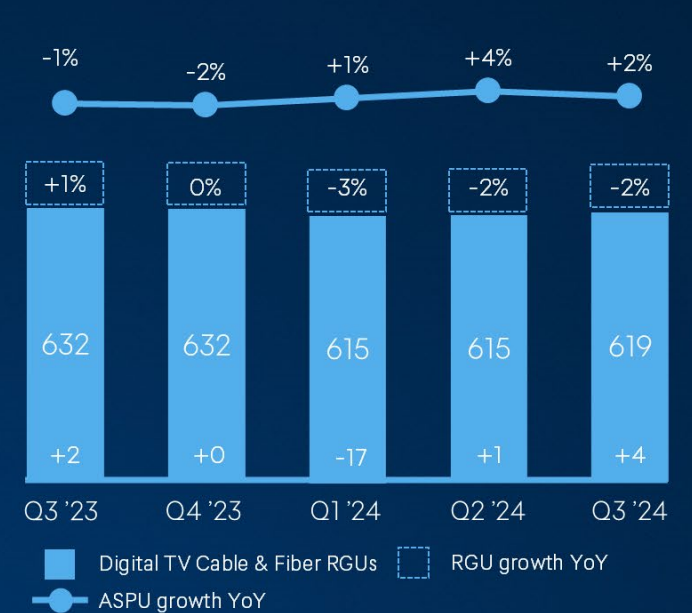
Fixed broadband RGU & ASPU

Thousand QoQ and YoY growth %



Digital TV Cable & Fiber RGU & ASPU

Thousand QoQ and YoY growth %



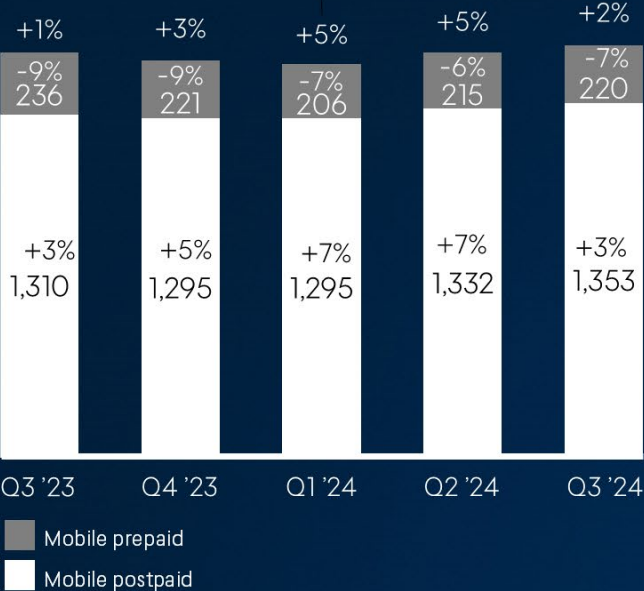
Q3 highlights

- Strong volume growth in Mobile postpaid. ASPU growth driven by price adjustments
- ASPU growth for Fixed broadband mainly driven by price adjustments. Volume growth in both single-play and FMC
- ASPU growth in Digital TV Cable and Fiber due to price adjustments and previous volume clean-up. Volume growth supported by the Disney+ launch

Sweden Consumer: Good EUSR growth in connectivity

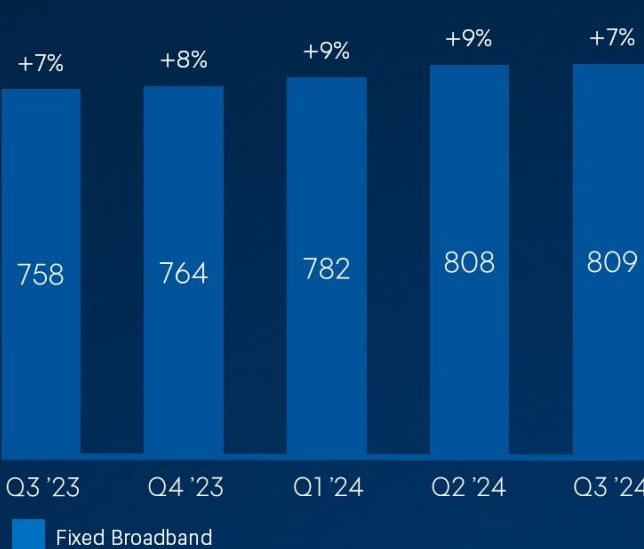
Mobile EUSR

SEK million, YoY growth %



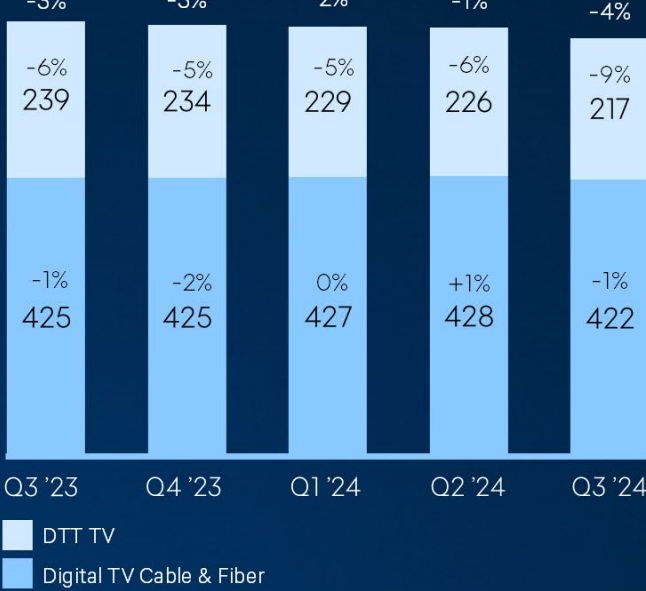
Fixed broadband EUSR

SEK million, YoY growth %



Digital TV EUSR

SEK million, YoY growth %



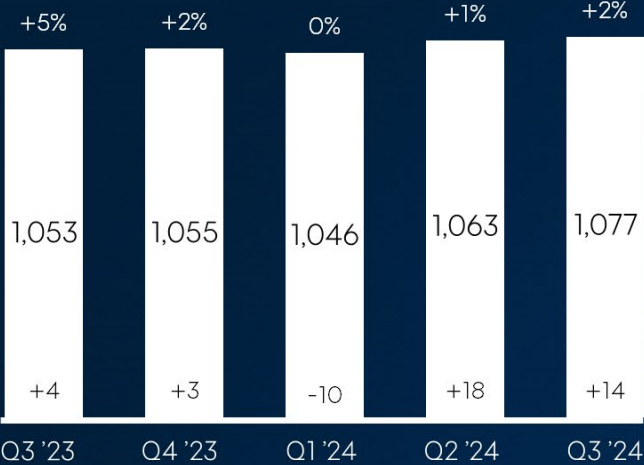
Q3 highlights

- Mobile end-user service revenue (EUSR) grew 2% due to postpaid growth offset by continued prepaid decline
- Fixed broadband EUSR grew 7% driven by strong ASPU growth
- EUSR for Digital TV declined by 4% driven by ongoing modernisation of Boxer TV services

Sweden Business: Continued topline growth

Mobile RGU & net intake

Thousand QoQ and YoY growth %



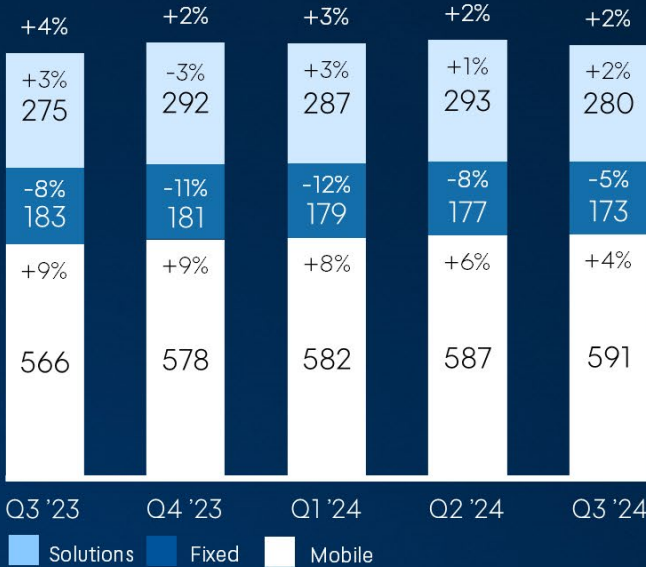
Mobile ASPU

YoY growth %



End-user service revenue

SEK million, YoY growth %



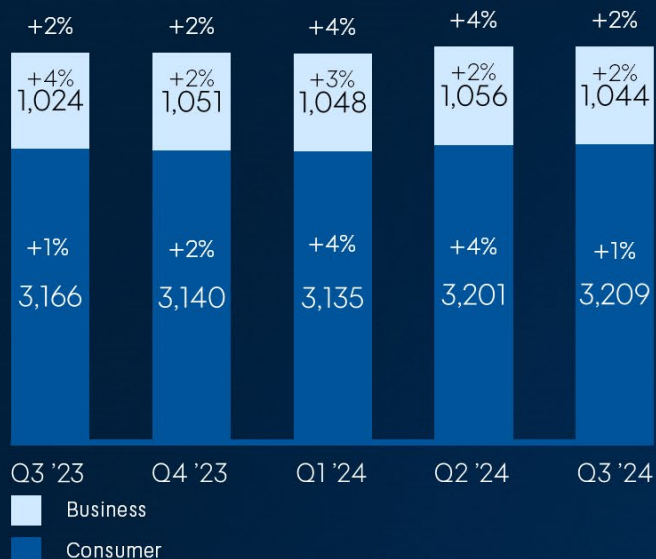
Q3 highlights

- End-user service revenue (EUSR) growth of 2% despite continued economic headwind
- EUSR growth of 4% in Mobile driven by growth across IoT, RGUs and ASPU
- EUSR growth of 2% in Solutions while Fixed continues to stabilise following the closure of the copper decommission project

Sweden financials: Continued EBITDAaL growth

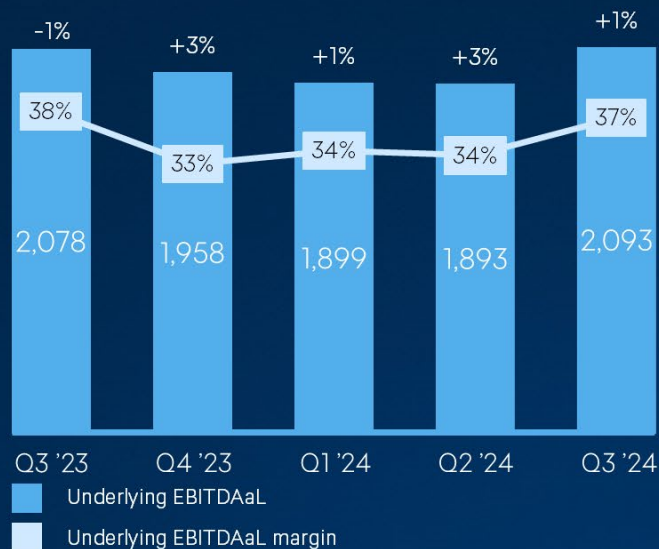
End-user service revenue

SEK million, YoY growth %



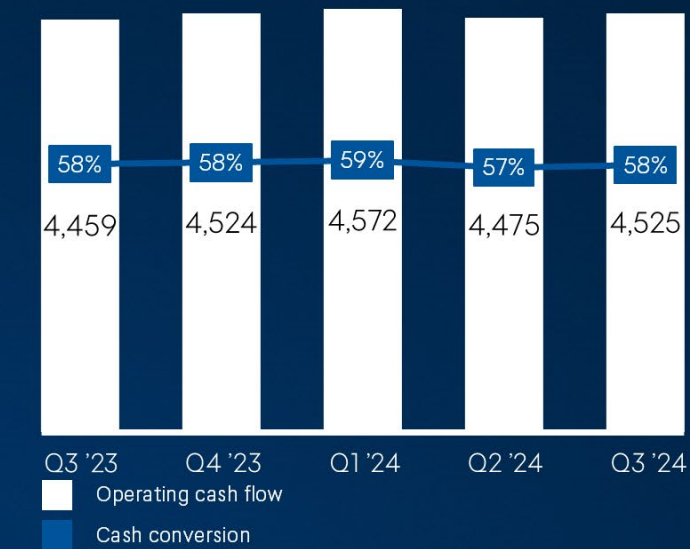
Underlying EBITDAaL & margin

SEK million, YoY growth %



Operating cash flow and cash conversion, LTM, SEK million

SEK million, LTM



Q3 highlights

- EUSR grew by 2% supported by both Business and Consumer
- Underlying EBITDAaL grew by 1% (2% adjusted for the electricity support last year)
- Cash conversion of 58% reflecting capex to sales of 15% LTM

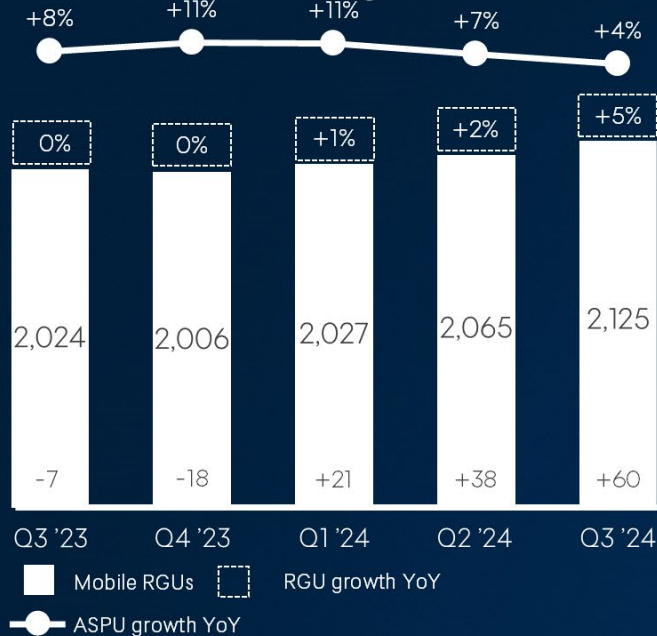
BALTICS



Baltics operational highlights: Strong overall performance

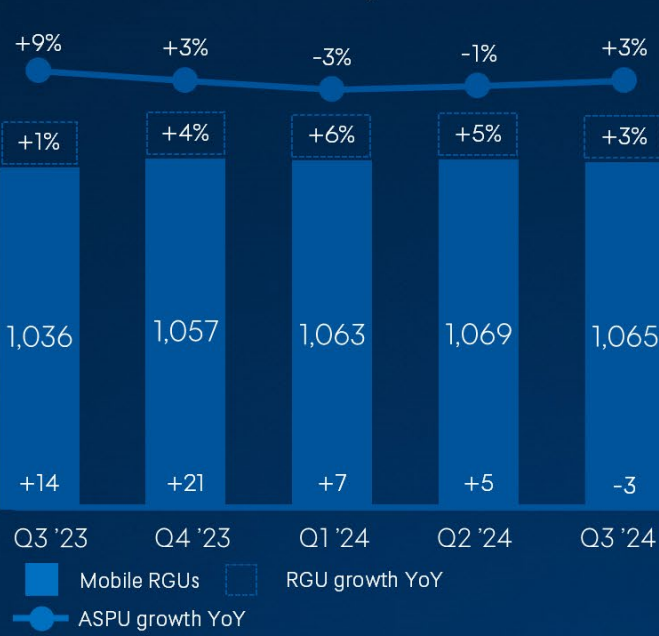
Lithuania – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



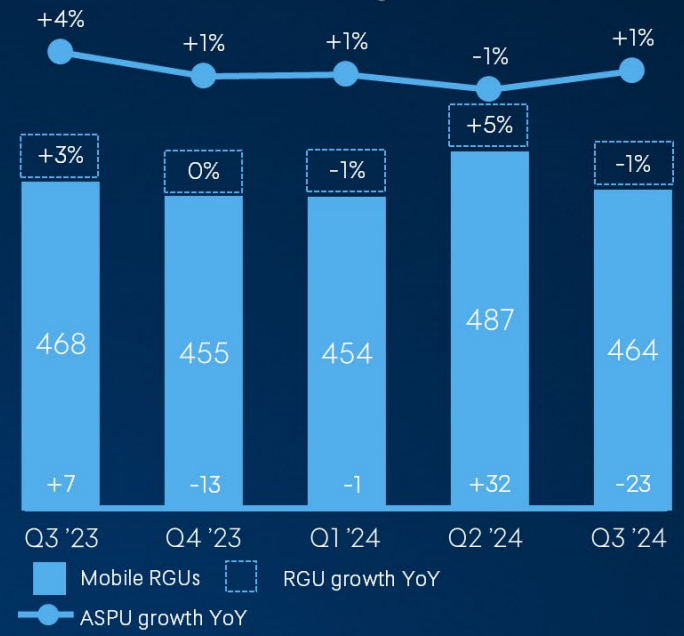
Latvia – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



Estonia – Mobile RGU & ASPU

Thousand QoQ and YoY growth %



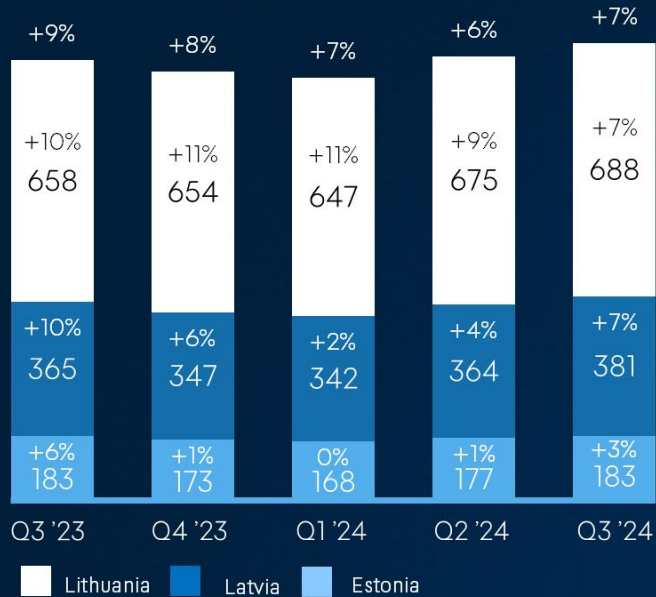
Q3 highlights

- The overall Baltic mobile postpaid customer base continued to increase driven by Lithuania and Latvia
- Blended organic ASPU growth of 3% driven by all markets through more-for-more strategy, price adjustments and prepaid to postpaid migration

Baltics financials: Sustained strong growth

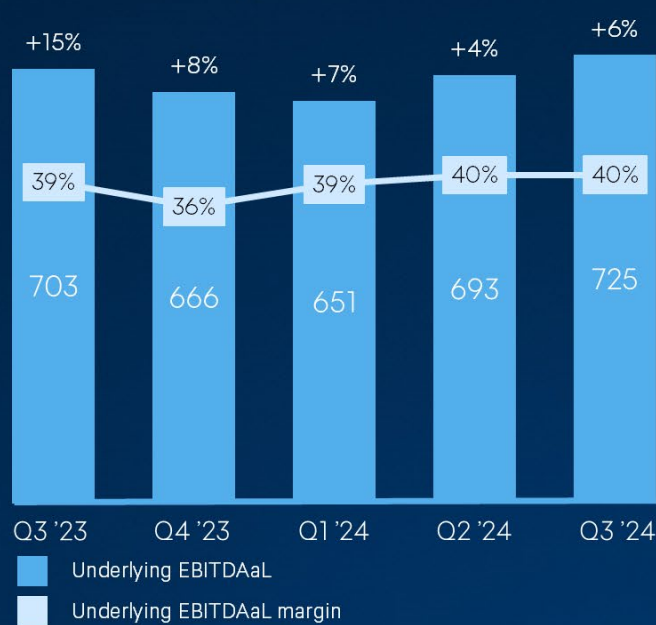
End-user service revenue

SEK million, YoY growth %



Underlying EBITDAaL & margin

SEK million, YoY growth %



Operating cash flow and cash conversion, LTM, SEK million

SEK million



Q3 highlights

- Solid EUSR growth of 7% driven by both ASPU and postpaid volume growth in Lithuania and Latvia
- Underlying EBITDAaL growth of 6% driven by Lithuania and Latvia
- Continued strong cash conversion of 73% with capex to sales at 10% LTM

FINANCIAL OVERVIEW

Group results

SEK million		Q3 2024	Q3 2023
Revenue		7,390	7,253
Underlying EBITDA		3,202	3,150
Margin (%)		43.3%	43.4%
Items affecting comparability		-68	-44
D&A	1	-1,471	-1,552
Associated companies & JVs		1	0
Operating profit		1,663	1,554
Net interest and other financial items		-272	-259
Income tax	2	-283	-234
Net profit		1,108	1,063

Comments

- 1 D&A decreased due to reduced regular depreciation and because the surplus value of the TDC acquisition has been fully amortised
- 2 Income tax increased mainly due to a pillar 2 top-up tax relating to Lithuania

Group cash flow

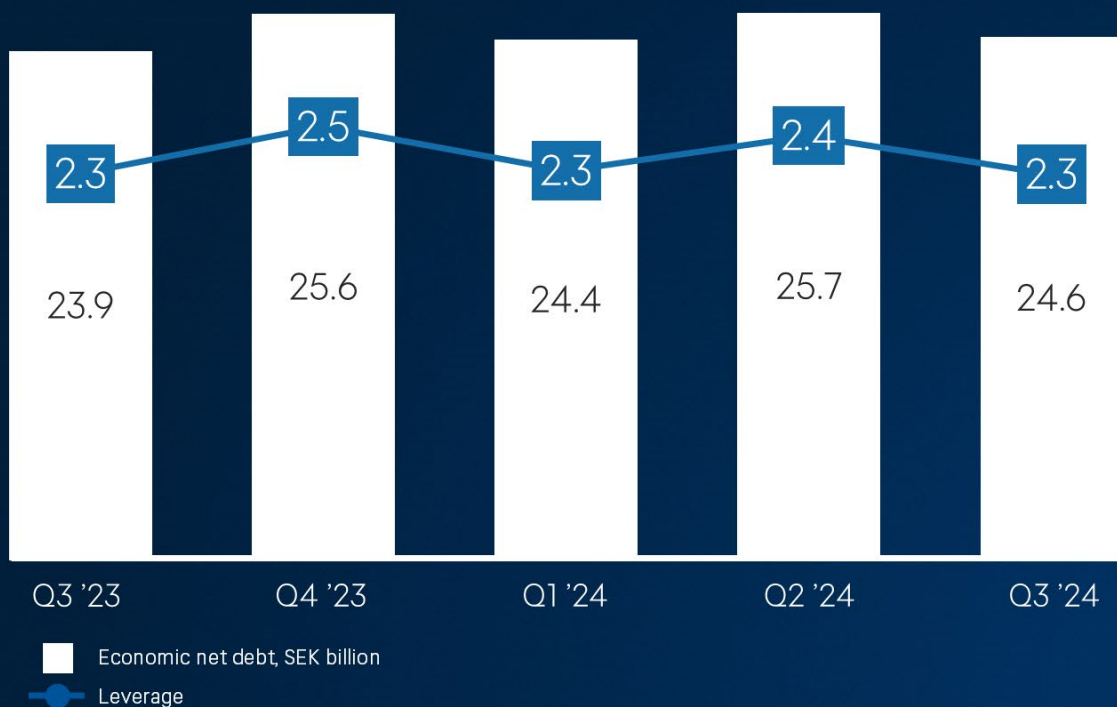
SEK million		Q3 2024	Q3 2023
Underlying EBITDA		3,202	3,150
Items affecting comparability		-68	-44
Amortization of lease liabilities		-312	-295
Capex paid	1	-921	-766
Changes in working capital	2	-270	185
Net financial items paid		-168	-122
Taxes paid	3	-387	-259
Other cash items		33	45
Equity free cash flow		1,107	1,894
Equity free cash flow LTM	4	4,101	4,643
Equity free cash flow LTM / share (SEK)		5.9	6.7

Comments

- 1 Capex increased due to timing of payments
- 2 Changes in working capital were mainly impacted by a decrease in liabilities following a temporary increase in the previous quarter
- 3 Taxes paid increased mainly as this quarter included approximately SEK 130 million of withholding tax payment, while the corresponding payment last year was made in the second quarter
- 4 Equity free cash flow over the last twelve months amounted to SEK 4.1 billion, equivalent to SEK 5.9 per share

Leverage at 2.3x

Economic net debt to underlying EBITDAaL LTM



Comments

- Economic net debt decreased by SEK 1.1 billion compared to year-end 2023, driven by the cash generated in the business, exceeding the payout of the first tranche of the ordinary dividend
- Leverage of 2.3x was below the lower end of the target range of 2.5-3.0x
- Adjusted for the second tranche (SEK 3.45 per share) of the ordinary dividend, which was paid earlier in October, pro forma leverage would have been 2.55x.

Strategy Execution Program (SEP) update

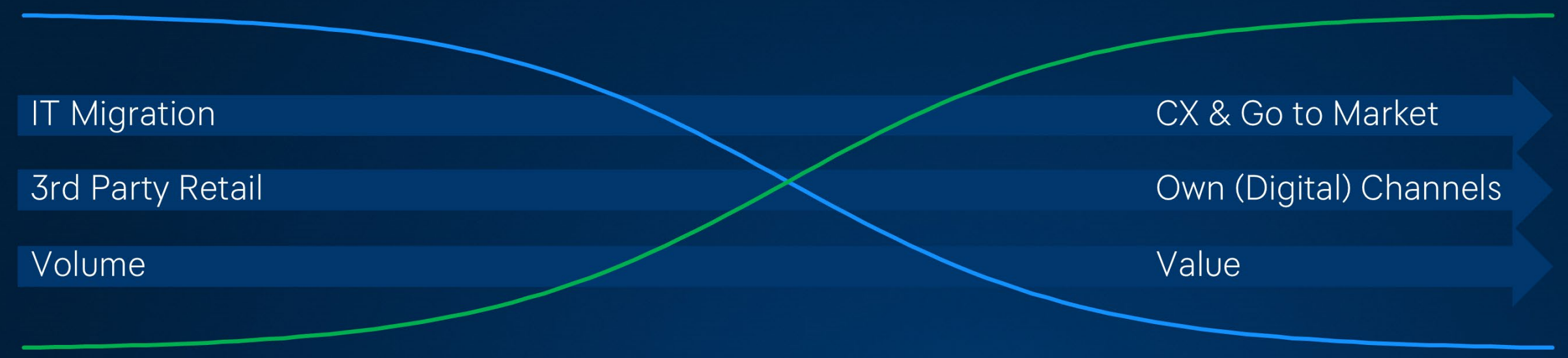
Radical improvements in customer experience and value will generate operational efficiency

	Realised in Q3 2024	Annualised run-rate Q3 2024	Annualised run-rate target YE 2026
OPEX reduction (SEK million)	55	225	600

- Q3 mainly driven by network optimisations
- SEK 55 million in savings effect on underlying EBITDAaL in Q3 YoY
- Restructuring costs of 50 million in Q3

Strategy Execution at full speed

● Legacy platforms



IT Migration

3rd Party Retail

Volume

CX & Go to Market

Own (Digital) Channels

Value

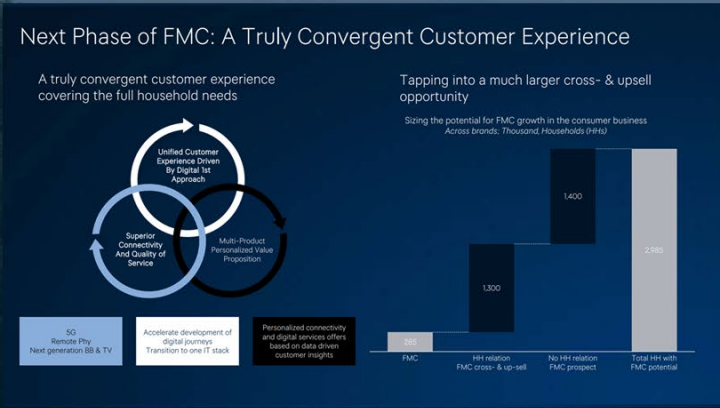
● Digital capabilities

2020

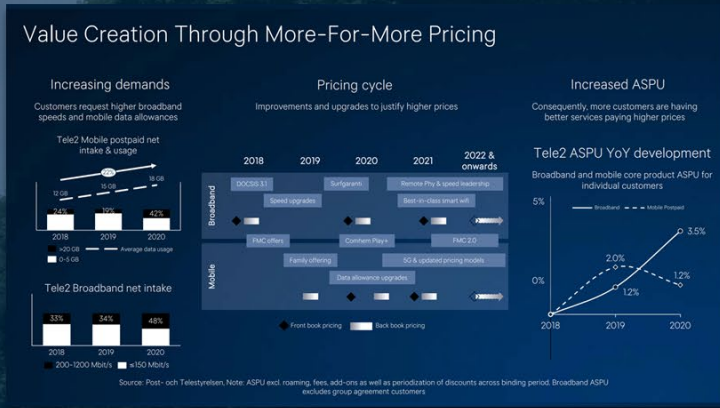
2026

Building Sustainable Consumer Growth

Recap
Capital Markets Day
2021



Capitalising on our FMC Potential



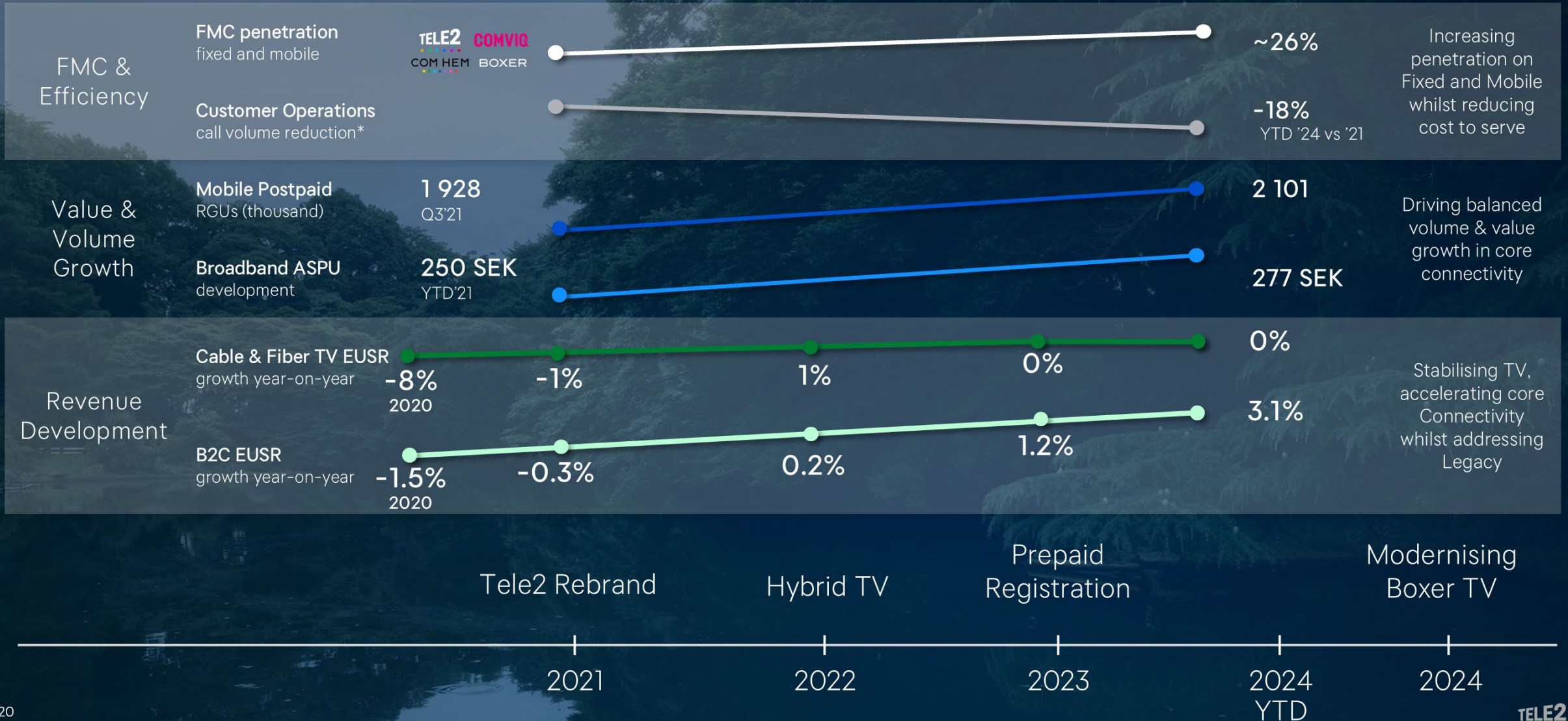
Balancing Value and Volume Growth



Modernising our TV portfolio

Tele2's leading Consumer Brands position in Sweden is the result of our relentless Customer & Innovation focus

Our Consumer Journey



Our FMC Journey

FMC IT Stack Evolution



One IT stack – Foundation for FMC capability

FMC Proposition Development

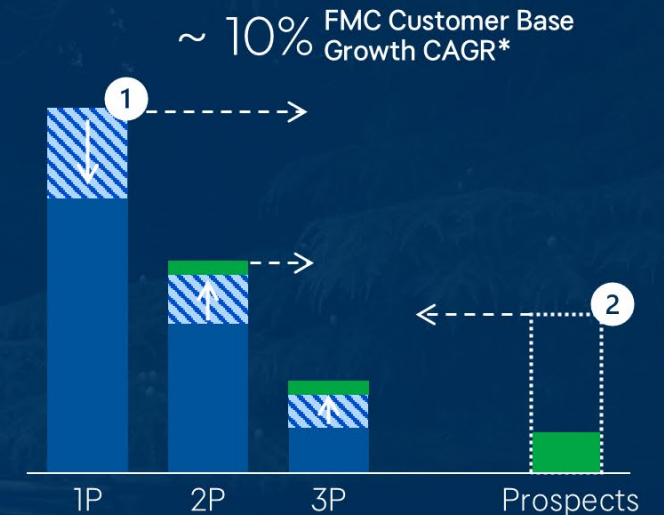


Shift from FMC cross brand to Tele2 main brand

- ✓ Churn reduction -30%
- ✓ Product hold of 3+ RGUs
- ✓ Core connectivity led FMC
- ✓ FMC share of sales of ~30%
- ✓ FMC penetration at ~26%

From Singleplay to Multiplay

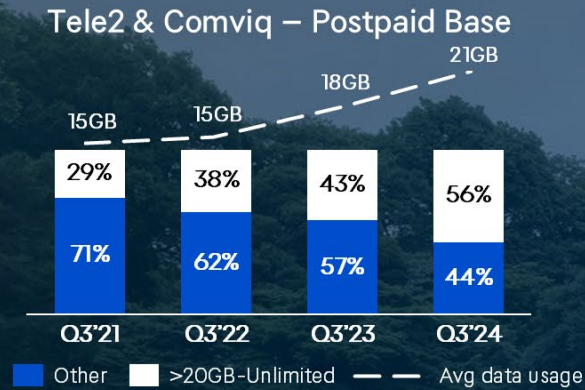
- 1 Key value pool is cross-selling to existing customer base
- 2 Further opportunity in extending multiplay prospecting



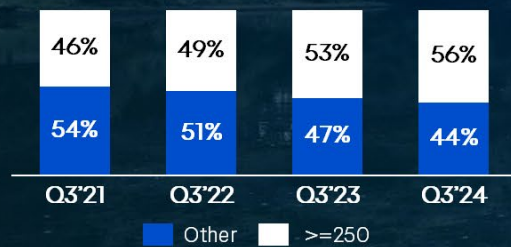
Our Connectivity Journey

Fostering continuous innovation to drive Value and Volume, alongside Annual Pricing adjustment to capture full value potential

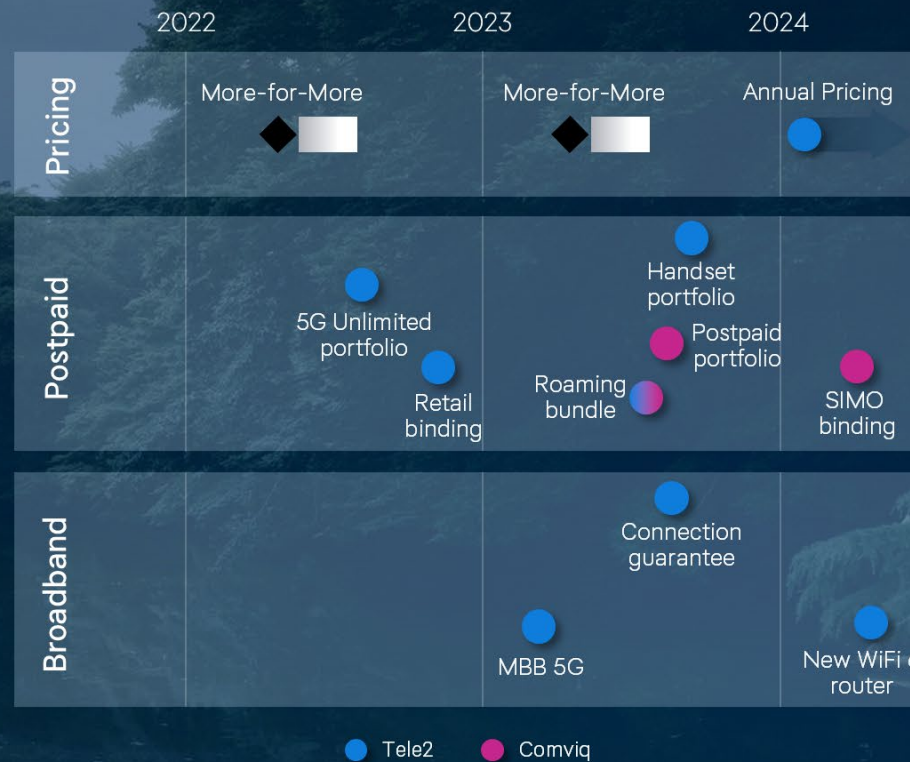
Increased Consumer Demands



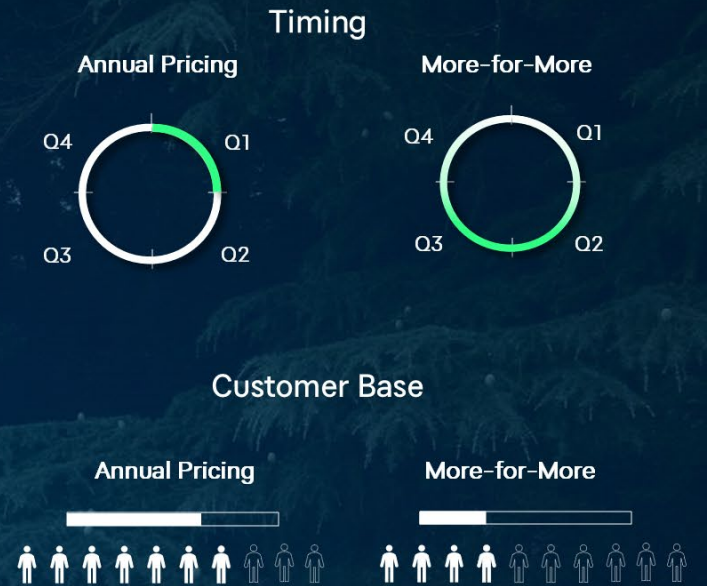
Broadband Base



Our Innovation Leadership



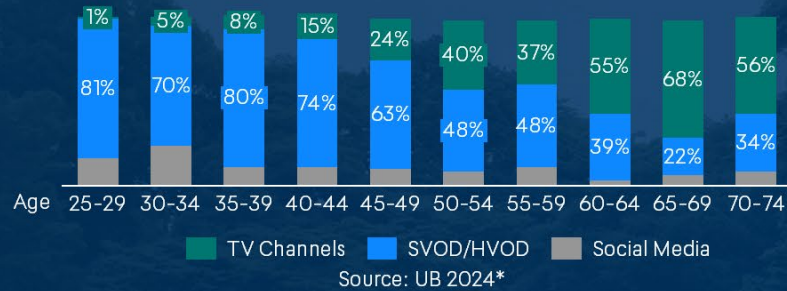
Annual Pricing – Value driven



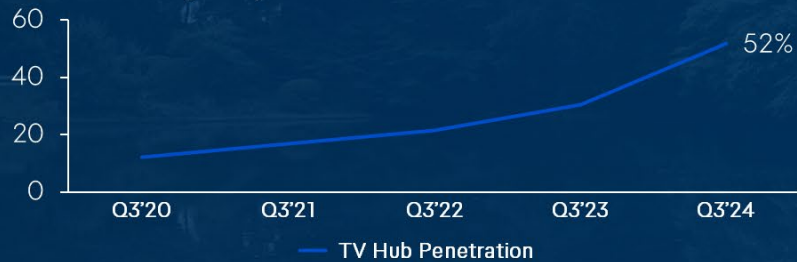
Our TV Portfolio Journey

Serving Shifting Entertainment Demand

Expanding streaming options while sustaining linear TV engagement



Majority of base with modern STBs**



Key TV Innovation Steps



Going Forward

“Customer Experience 1st”

Best FMC



- ✓ Increased household penetration
- ✓ Full multiplay and loyalty inclusion
- ✓ Digital FMC customer journey

Preferred Brands



- ✓ Brand innovation to continue
- ✓ Tele2 leading FMC household brand
- ✓ Comviq leading Mobile user brand

Value Led Connectivity



- ✓ Annual pricing to stay
- ✓ Portfolio innovation
- ✓ High speed Connectivity with 5G and Gigabit networks

Personalised CX



- ✓ Start customer journeys digitally with seamless cross-channel experiences
- ✓ Enable instant 360° customer recognition
- ✓ Provide AI generated personalised options at each touchpoint

Efficient GTM*



- ✓ Own channel and Online first
- ✓ Active handset engagement and renewal to extend customer lifetime
- ✓ Reduce cost to serve from lower CPO** and call volumes

Sustainability to Consumer



- ✓ Safe internet for families and children
- ✓ Recycled materials on CPE***
- ✓ Circular on Devices

* Go-to-Market

** Cost per Order

*** Customer Premise Equipment

Financial outlook (unchanged)

	End-user service revenue ¹	Underlying EBITDAaL ¹	Capex to sales ²
2024 guidance	3-4%	1-3%	13-14%
Mid-term outlook	Low to mid-single-digit	Mid-single-digit	10-12%

Capex to sales of 13-14% in 2025 as we finalize 5G rollout and close down 3G

