

TELE2 UPDATE

June 1, 2017

TELE2

Agenda

Registration and lunch

Introduction **Allison Kirkby**

Netherlands **Jon James**

Q&A

Break

Kazakhstan **Guillaume van Gaver, Roman Volodin**

Q&A

Closing **Allison Kirkby, Lars Nordmark**

Mingle

Today's presenters



Allison Kirkby
President & CEO



Lars Nordmark
Group CFO



Jon James
CEO Netherlands



Guillaume van Gaver
EVP International



Roman Volodin
CEO Kazakhstan

This is Tele2

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

ALTEL COMVIQ TELE2



Positively Fearless Brands

Successfully re-launching our brands in multiple markets

Baltic Sea Challenger Strength

ROCE >22%



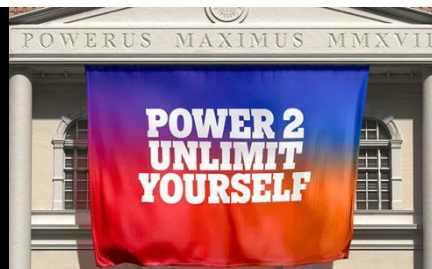
Mobility First

99% or above coverage in our core markets



Connectivity Innovator

World's 1st 4G only network



High Growth Investment Markets

Mobile EUS growing >20%



ACTION
BE PROACTIVE AND ALWAYS PROVIDE THE SOLUTION.

QUALITY
ALWAYS MEET CUSTOMER EXPECTATIONS.

CHALLENGE
ALWAYS ACT AS A CHALLENGER.

FLEXIBLE
LOVE CHANGE. ALWAYS LEAN. 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 goals

**Engaged
Employees**



**Engagement Index
~85%**

**Happiest
Customers**



NPS above 50%

**Profitable
Growth**



Return to 20% ROCE

Our 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



Challenger
Cost
Structure

Responsible Challenger



Winning People & Culture



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Winning People & Culture



Where we play – Our portfolio

Market	Country	Focus	Cash Flow*
 Baltic Sea Challenger	Sweden	Data monetization	Strong
	Baltics		
 Cash Generators	Germany	Cash Generation	Strong
	Austria		
 Investment markets	Kazakhstan	Integration	Funded by JV partner
	Netherlands	Customer growth	Negative
	Croatia		
 IoT	Global	Customer growth	Negative

Today's focus

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Winning People & Culture

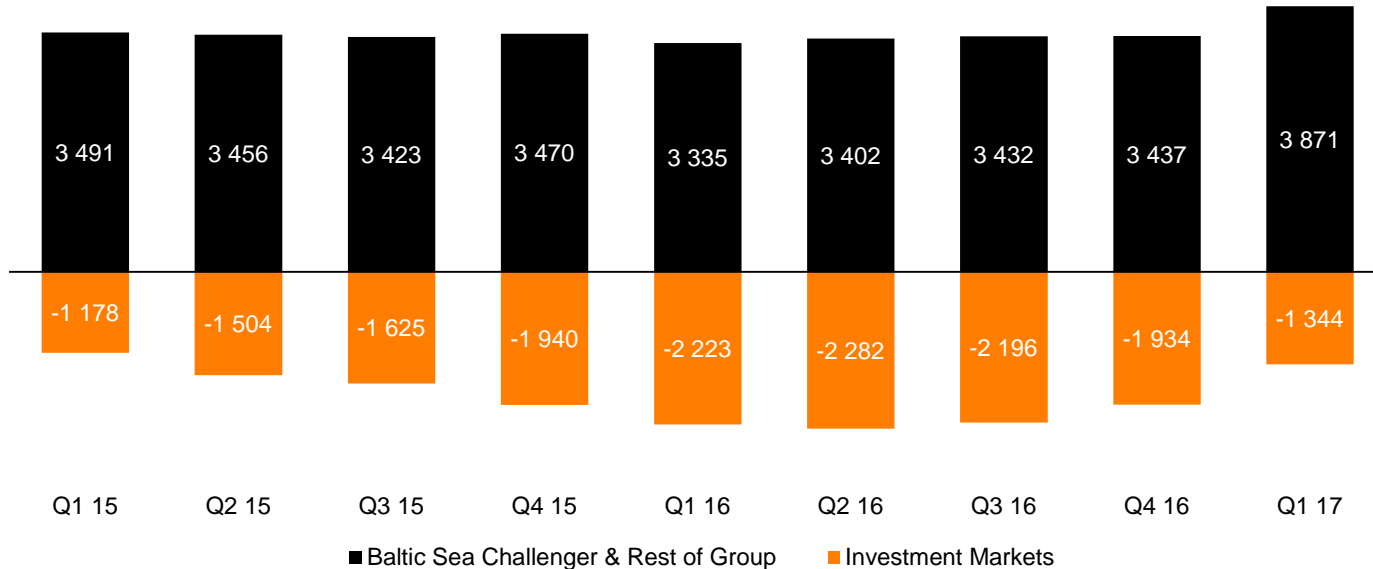


Our Way2Win is delivering – Strong start to 2017

	Q1 2017	% Change Reported	% Change LFL
Net sales (SEK billion)	7.9	+22%	+3%
Mobile end-user service revenue (SEK billion)	3.7	+19%	+10%
EBITDA (SEK billion)	1.7	+41%	+28%
12 Months Rolling Operating Cash Flow	2.5	+127%	+213%

Turning point in Investment Markets

EBITDA less CAPEX 12 m rolling, SEK million



Today's
focus

Our Key Investment Markets

**The
Netherlands**

Kazakhstan

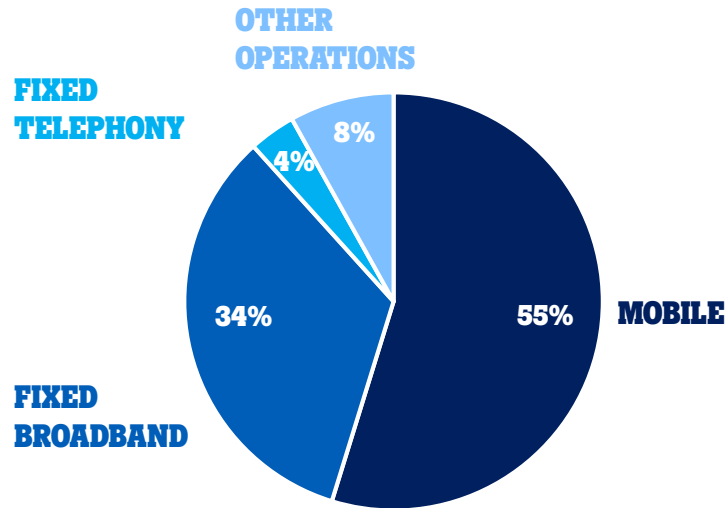
THE NETHERLANDS

Jon James, CEO Tele2 Netherlands

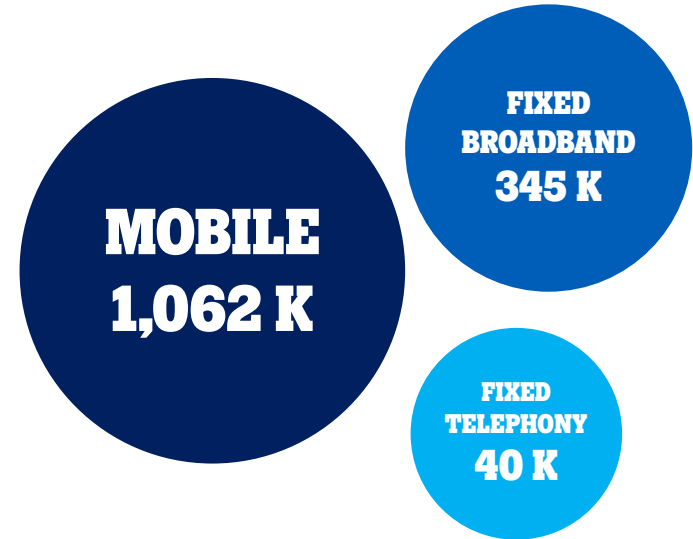
TELE2

Company profile Tele2 Netherlands

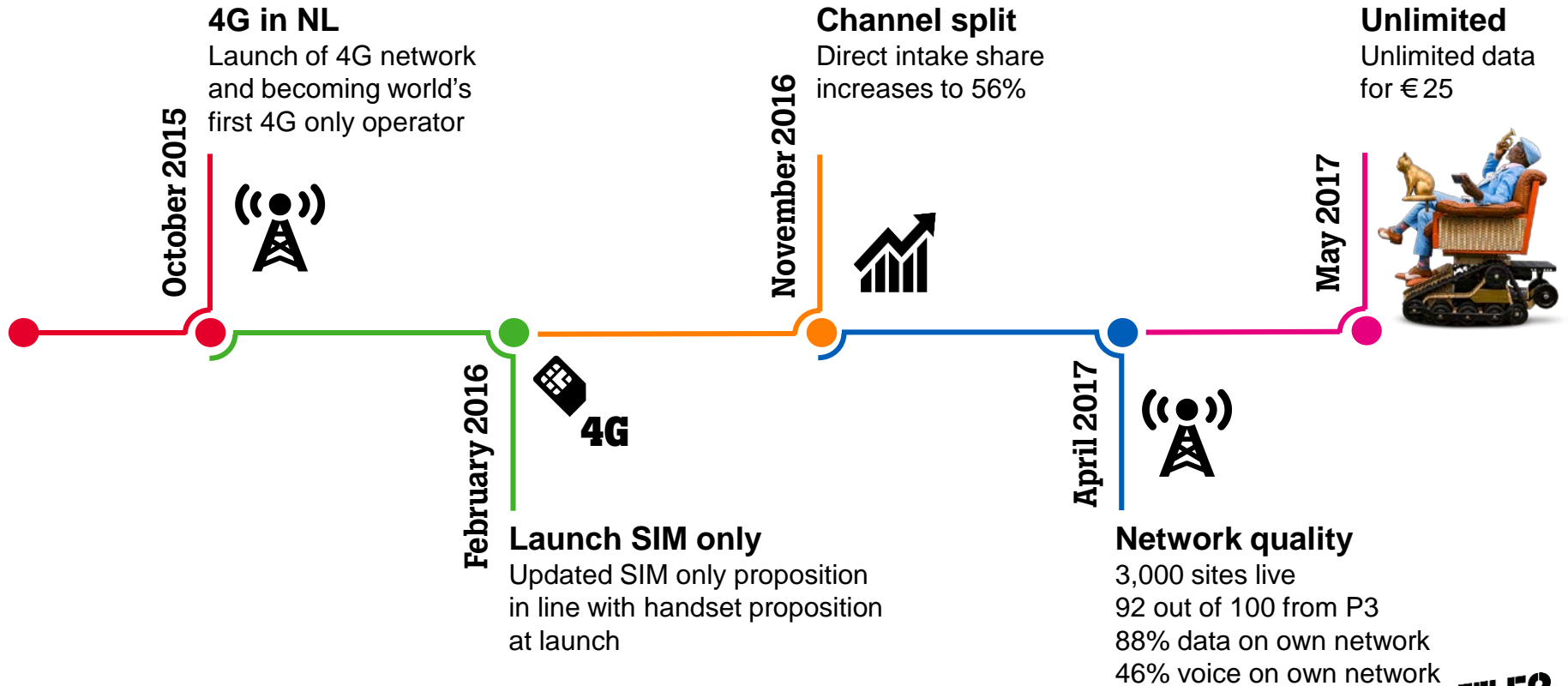
Net sales



Customers



We are ready for mobile growth

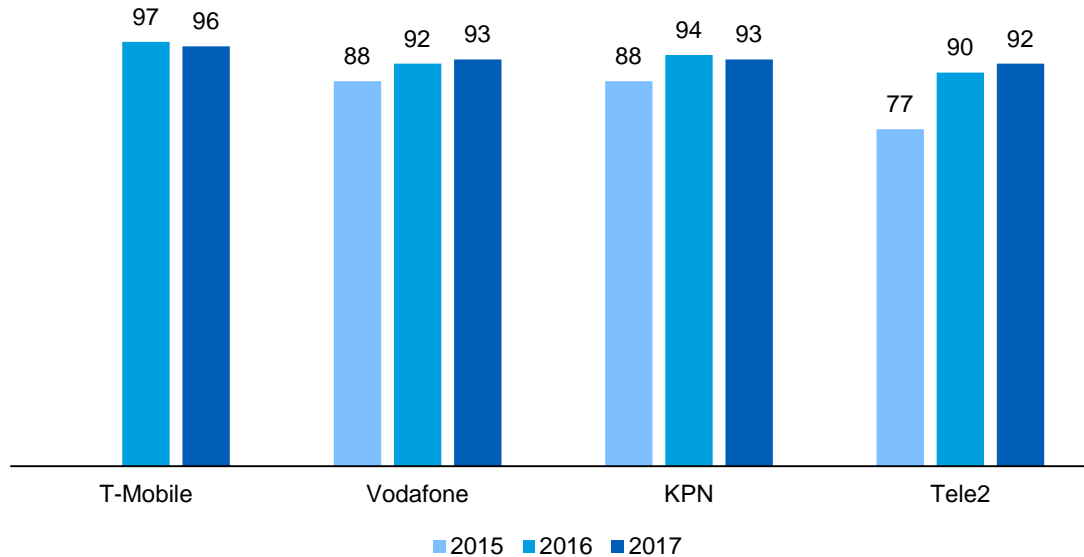




**CONNECTING
THINGS OUR
CUSTOMERS LOVE**

Our network is on a par with Dutch competition

P3 survey



Results

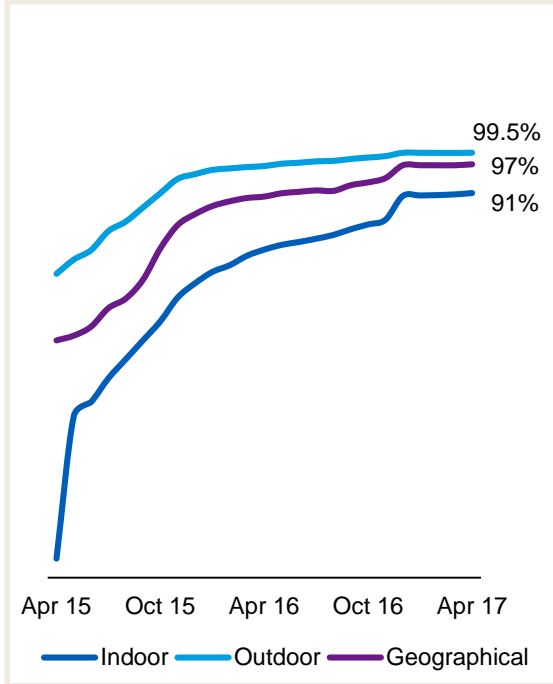
Dutch networks are among the best in the world



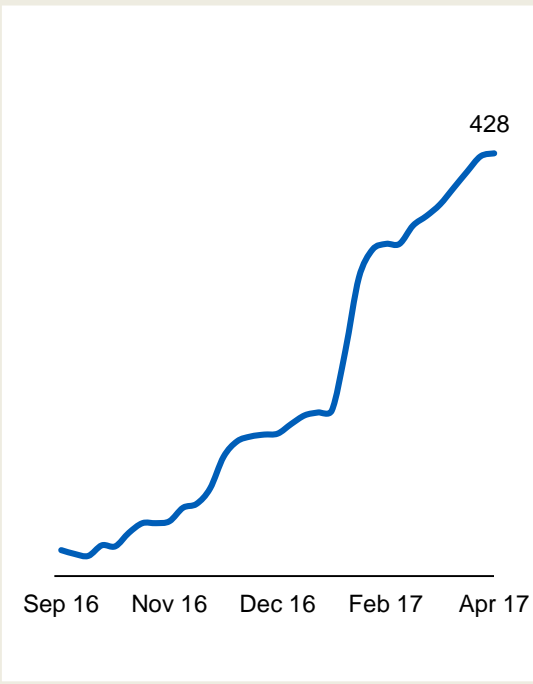
Tele2 shows biggest YoY improvement (+2%)

Now delivering the bulk of traffic on-net

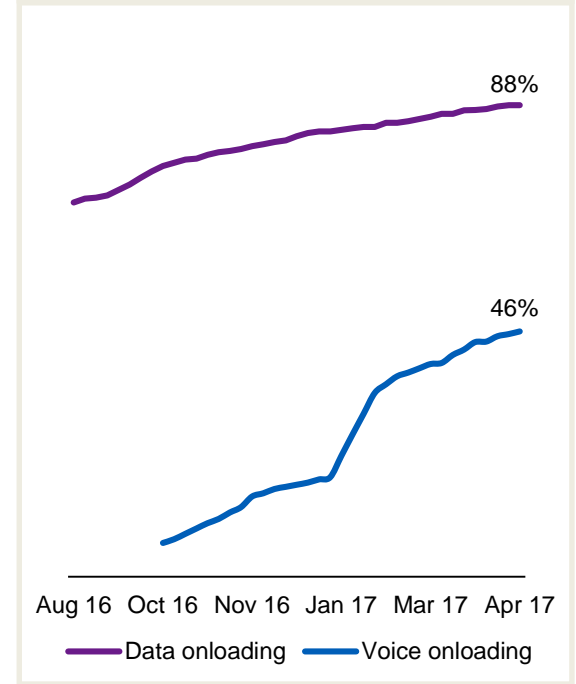
Coverage



Active VoLTE customers (thousands)



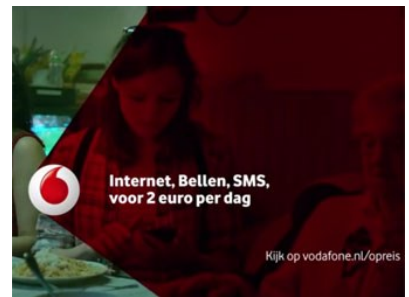
Network onloading



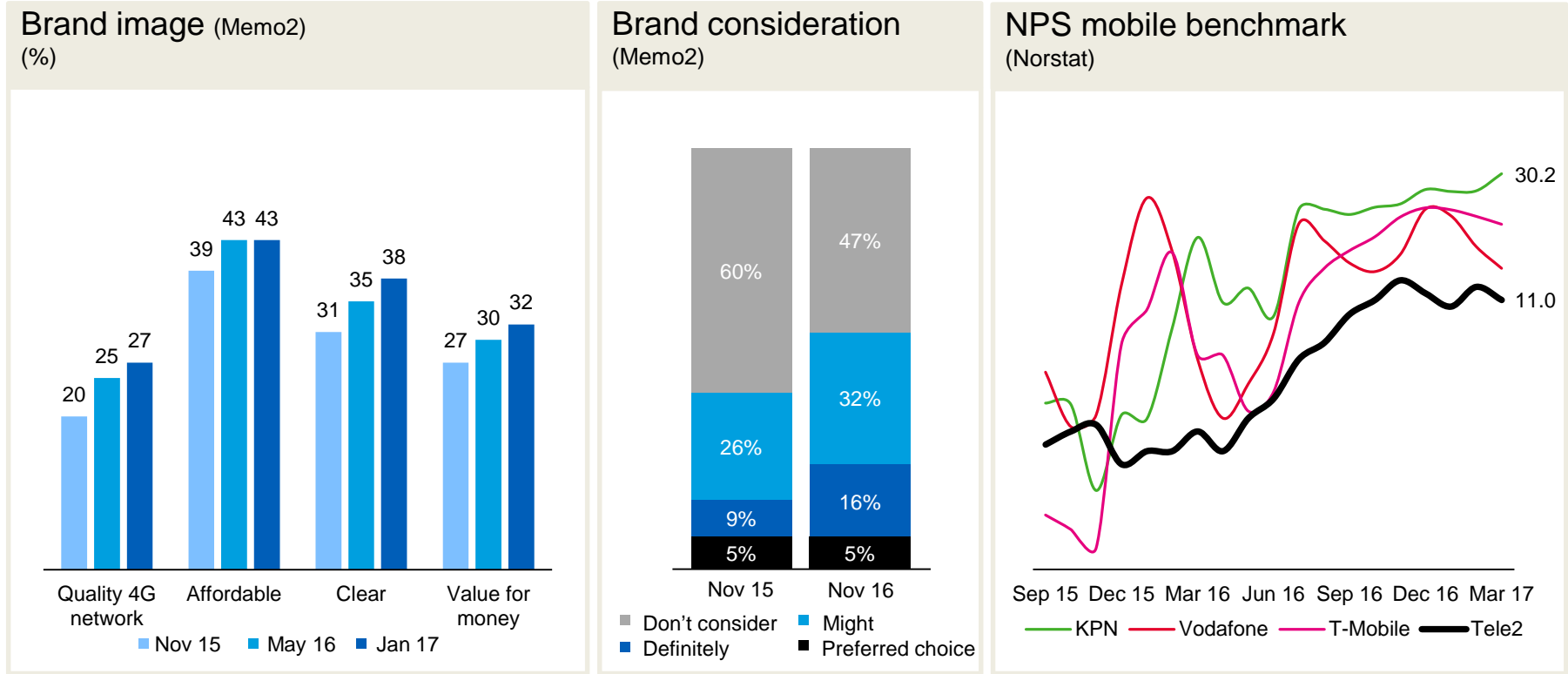


POSITIVELY FEARLESS BRANDS

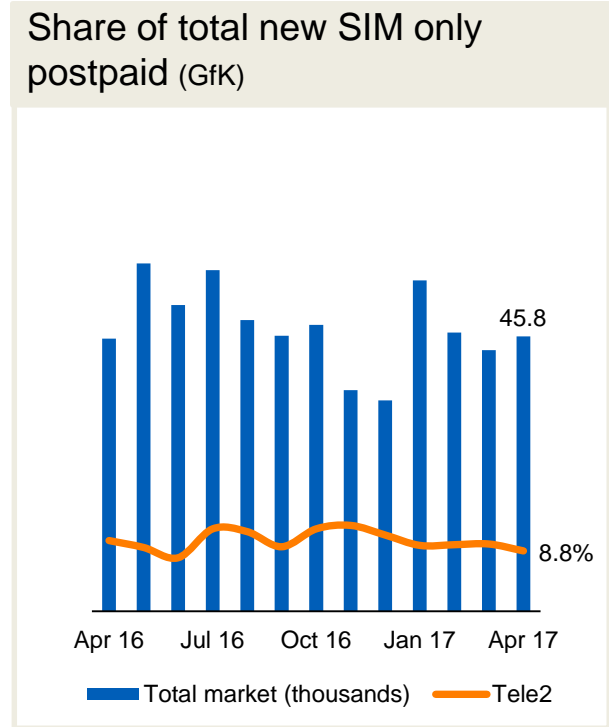
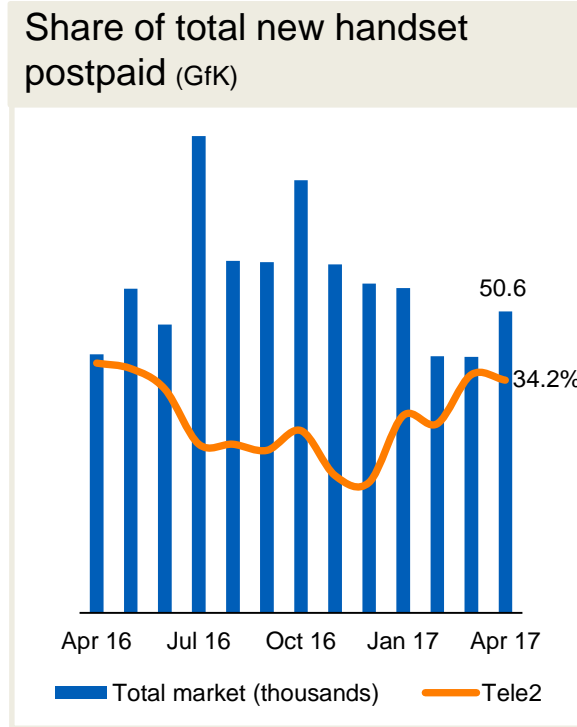
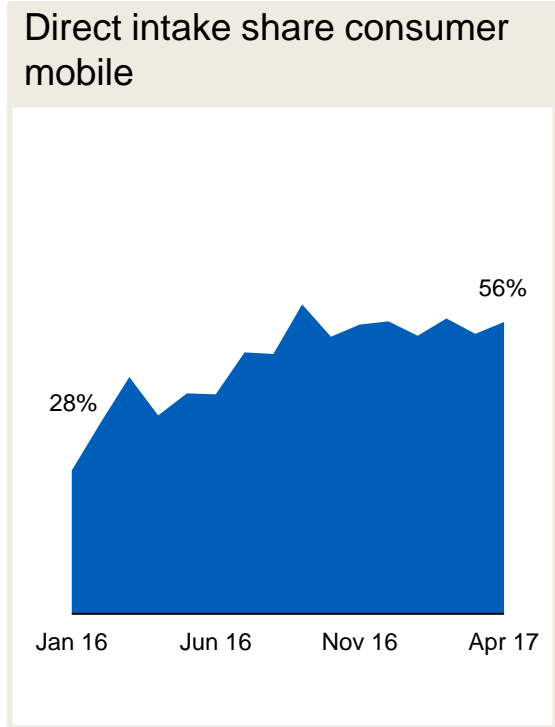
We have been steadily building a strong brand



Successfully moved from 'cheap' to Fun Rebel



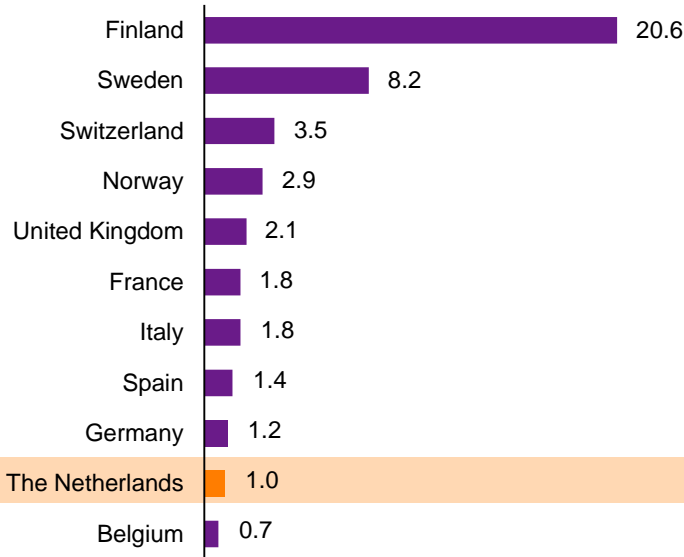
Direct channels strongly contribute to significant market share



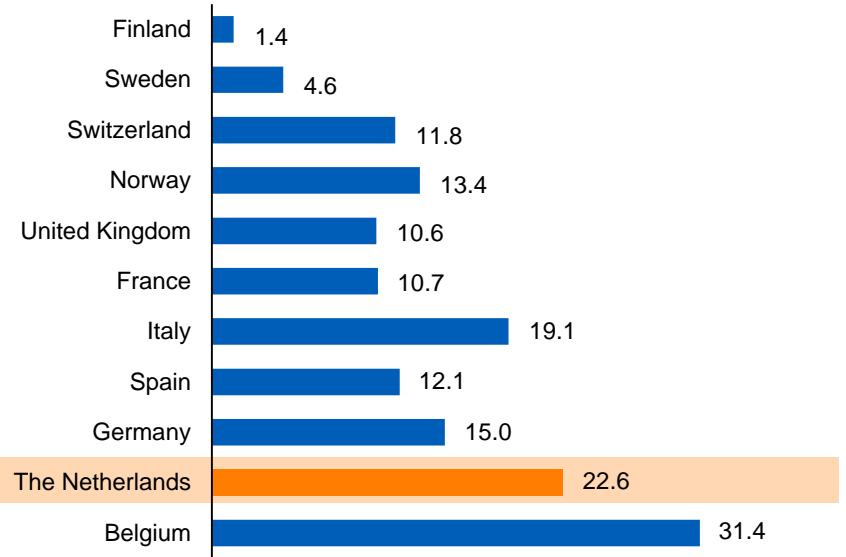
OUR NEW PROPOSITION

A major opportunity for a challenger brand

Due to low data usage in NL
(GB per SIM per month, Q1 2017)

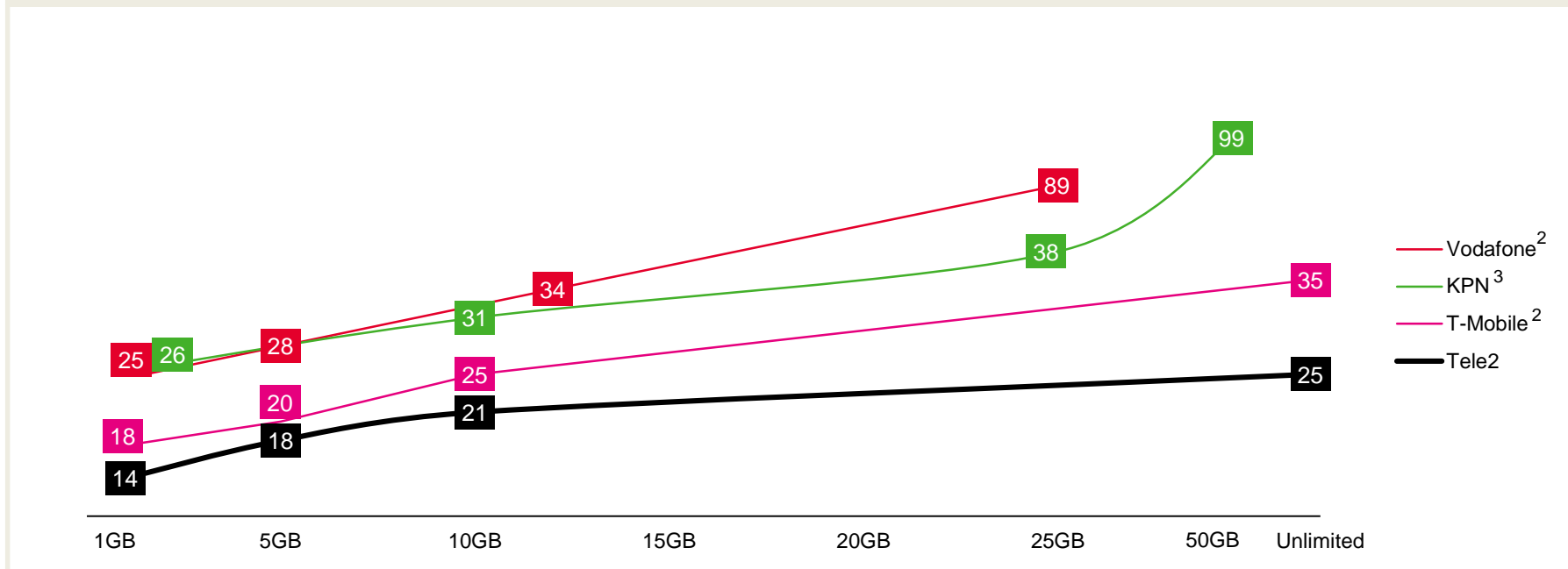


And high effective price per GB
(EUR per GB, Q1 2017)



A significant price opportunity on Mobile Only

Mobile Only - SIM only with Unlimited voice & SMS¹
24 months



¹ Prices are for mobile only - these do not include discounts associated with FMC bundles and groups

² Including free minutes from NL to EU depending on data bundle

³ Including free EU data and voice roaming, including Spotify for 25GB and 50GB bundle and United States and Canada roaming for 50GB bundle

Tele2 value vs FMC offers

Mobile



2x SIM only
Unlimited voice/SMS
Largest data bucket

€ 230

€ 208

2x SIM only
Unlimited voice/SMS
>3GB data

Broadband & TV

Approx. 60-150 Mbps

€ 63

€ 60

Total per month

€ 293

€ 268

¹ KPN Compleet with Alles-in-1 Standaard and 2x Zorgeloos Instap and 2x Zorgeloos Premium Plus, excluding promo's

² Ziggo Connect & Play Complete with 2x Vodafone Black and 2x Vodafone Red Essential, excluding promo's

Mobile



2x SIM only
Unlimited voice/SMS
Unlimited data

€ 86

2x SIM only
Unlimited voice/SMS
5GB data

Total per month

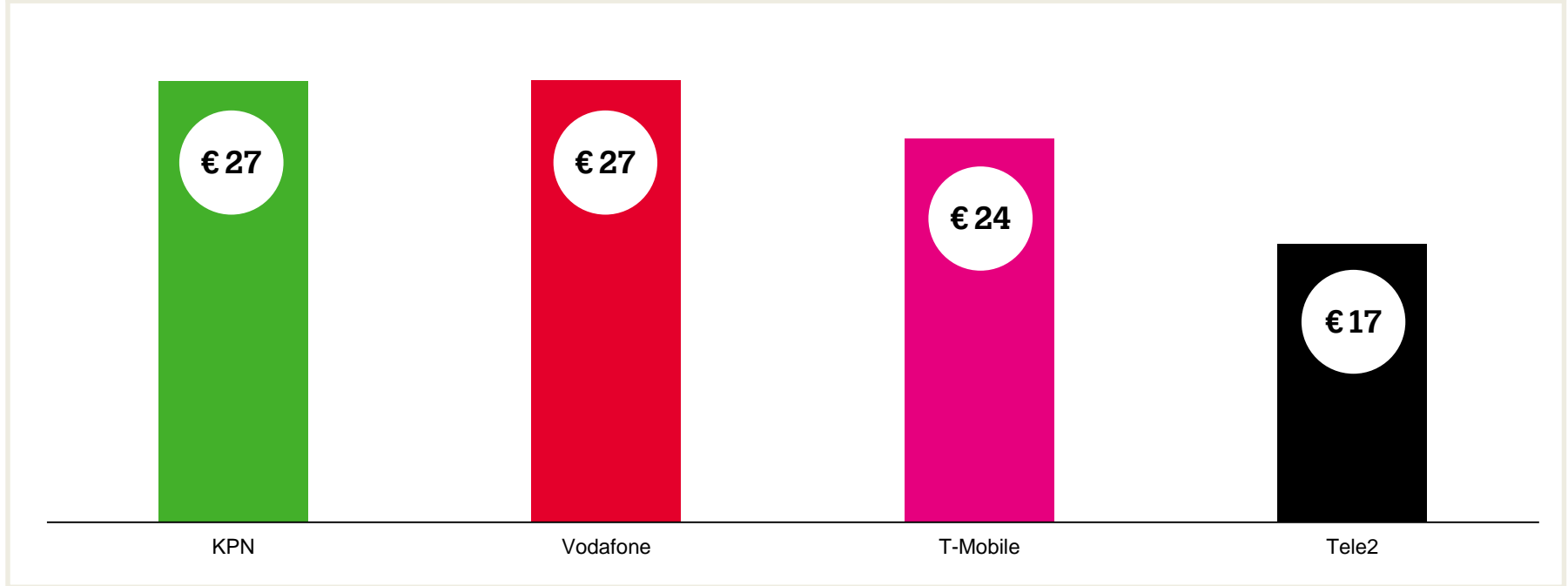
€ 86

**Money to spend on
broadband & TV**

€ 182 - € 207

Tele2 has a unique opportunity to grow ARPU

ARPU, mobile postpaid Q1 2017



Source: Company quarterly reports Q1 2017

28 Note: Includes consumer and B2B

Impact of WFT regulation

From January 1st, 2017

Display the warning where loans are available



Risks and consequences to be communicated in all channels

From May 1st, 2017

Customers to provide income details for Tele2 if subscription with a handset loan exceeds €250



Loan checked and registered at a credit registration agency BKR

Impact on consumer credit, including mortgage loan amounts

Early findings

Early impact of WFT has reduced handset demand across the market



Shift to SIM only

Early days – significant variation in MNO approaches at launch

Our new offer – shaking up the market

UNLIMITED Voice/SMS and data	€25	+ UNLIMITED Voice/SMS	Non binding	
10GB 100 Voice/SMS	€17			€1
5GB 100 Voice/SMS	€14			24 month contract
1GB 100 Voice/SMS	€10	€0		



New Knock-out commercial



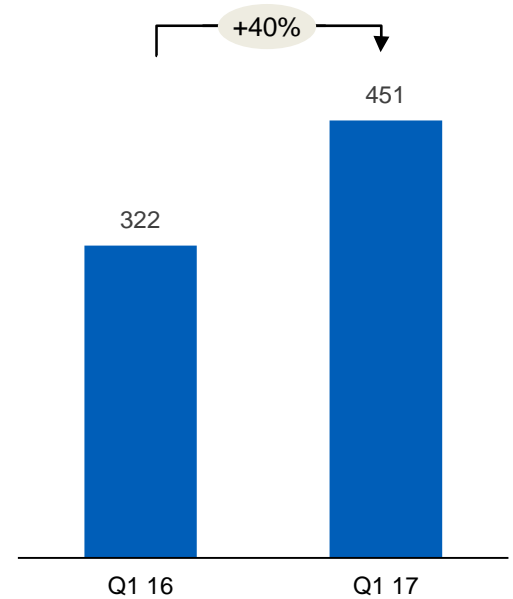
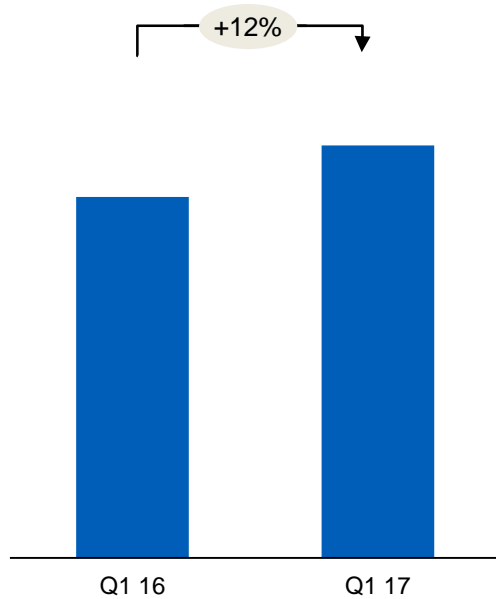
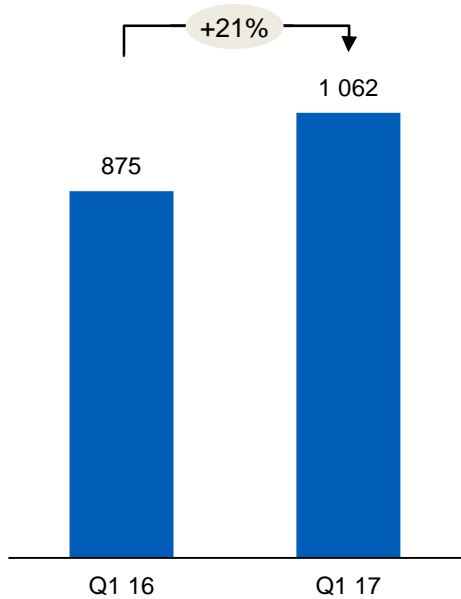
MOBILE FINANCIALS

Mobile base, ASPU and EUS revenues growing

Mobile customer base
(thousands)

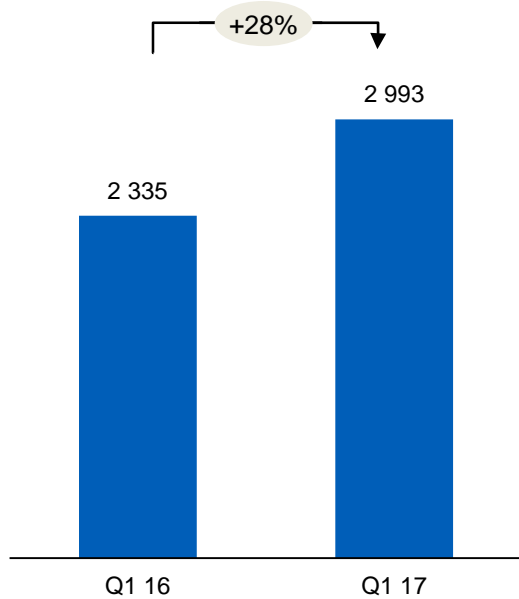
ASPU

Mobile end-user service
revenue (SEK million)

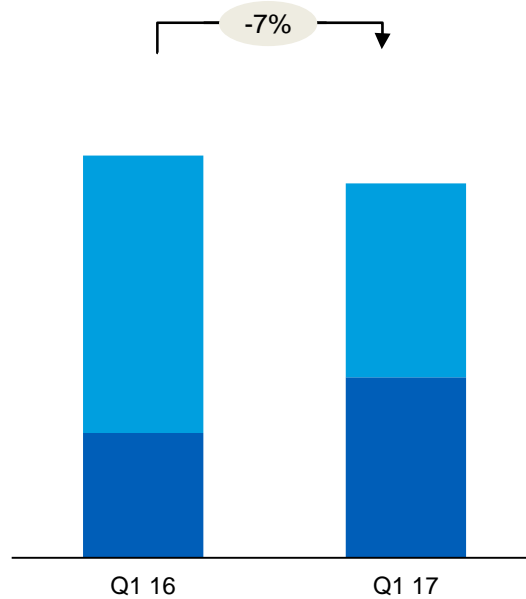


...while network costs decrease

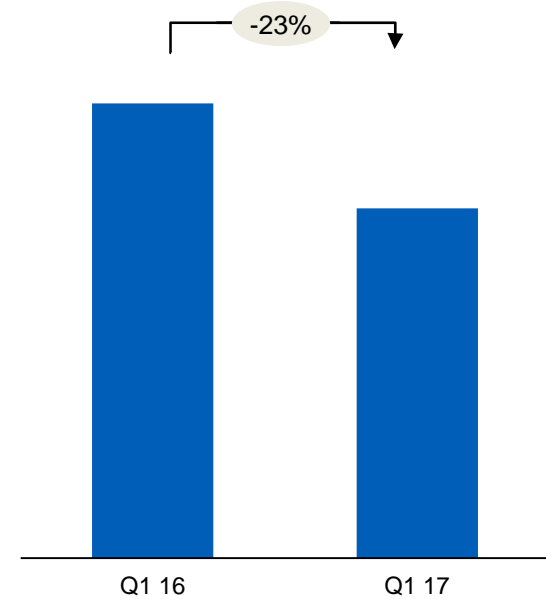
Sites on air



Network costs



Network costs per customer per month

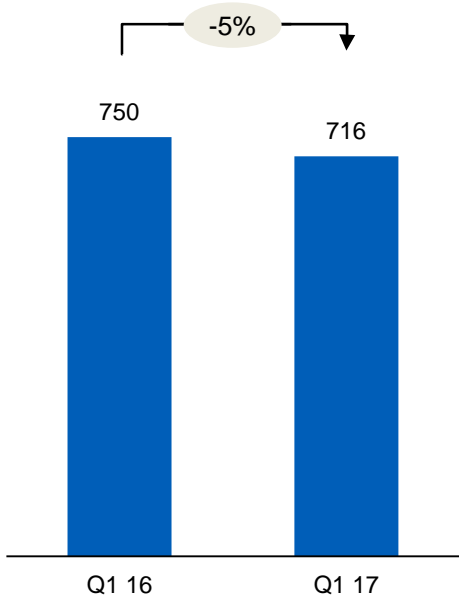


■ Fixed network costs
■ Variable network costs

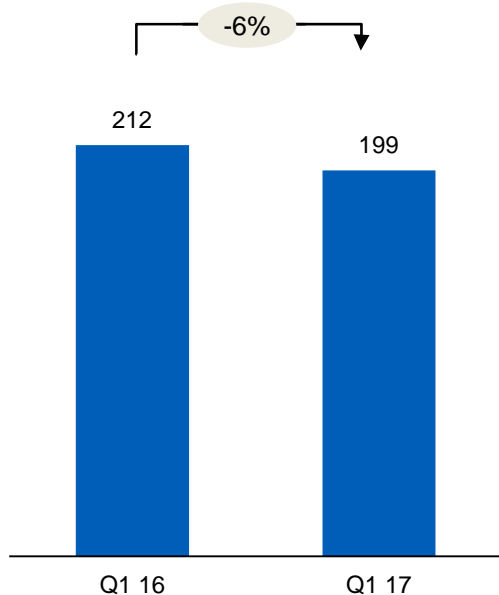
FIXED BROADBAND AND B2B

Fixed broadband and B2B contribute significant operating cash flow

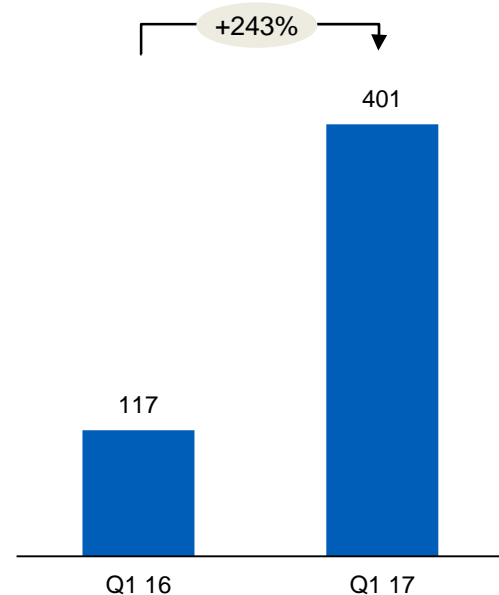
Net sales
(SEK million)



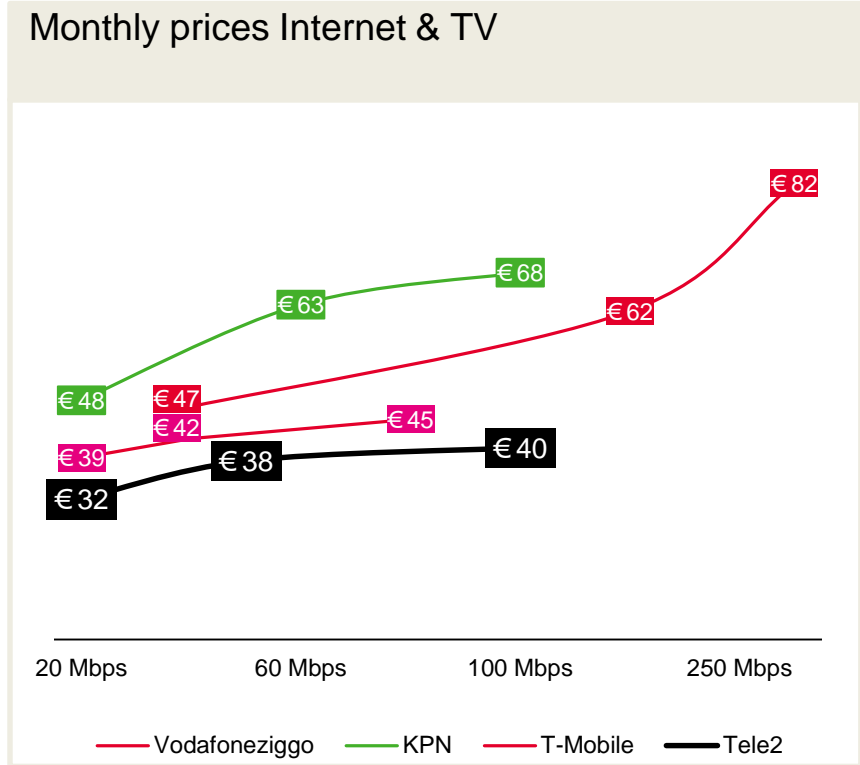
EBITDA
(SEK million)



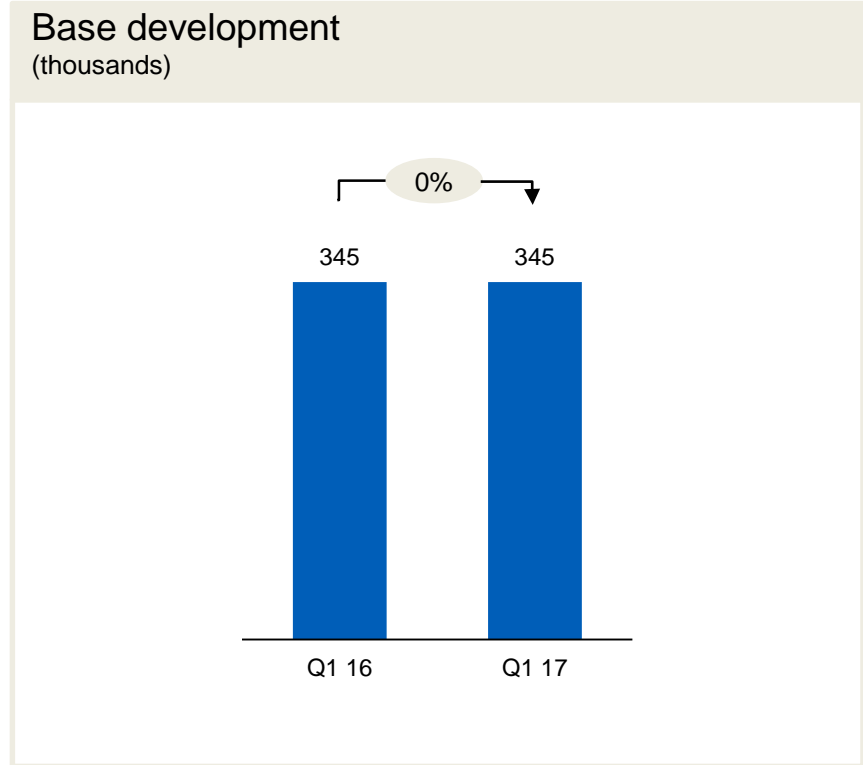
Operating cash flow, 12 m rolling
(SEK million)



Competitive pricing in fixed broadband

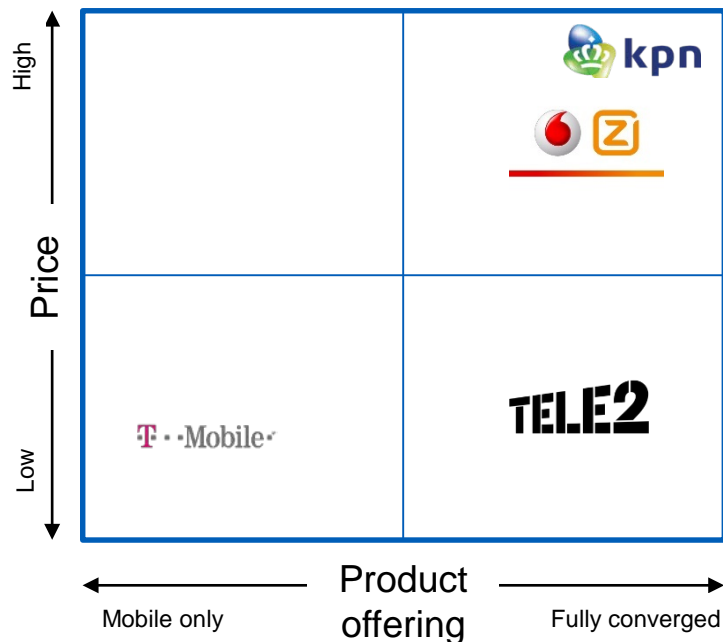


Prices do not include promos, discounts associated with FMC bundles (e.g. KPN Compleet) or VAS (FOX sports)



B2B has a strong challenger position

- **Smart follower** challenging market dominance KPN / VodafoneZiggo
- Likable brand, **Simple proposition & best price**
- Capitalising on market transition to **mobile first/FMC**
- **45% of mobile intake** sold to existing customers



- **LE: leveraging stronghold position** to cross-sell FMC
- **SME: growing** by leveraging hosted telephony momentum
- **VSE: mobile go-to-market;** extending with simplified FMC offer
- **Wholesale: maintaining solid position** in fixed

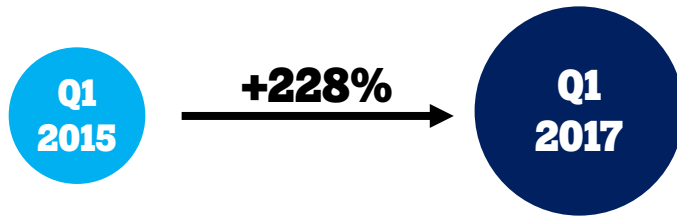
B2B has a strong challenger position

What we offer

- **Disruptive and simple FMC proposition** with **easy to use self-service** for full control by customer



Exponential growth in FMC seats



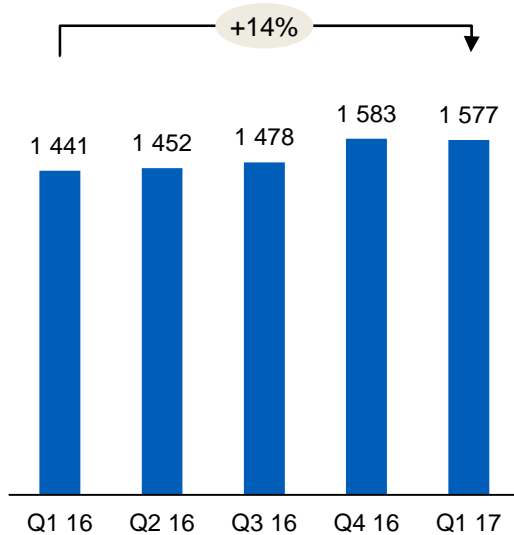
Key customers



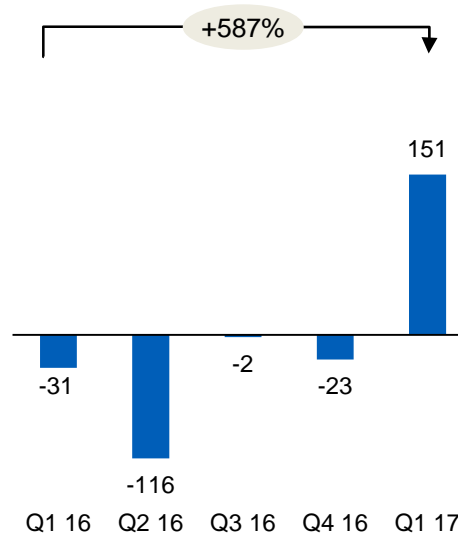
SUMMARY

Netherlands – Financials

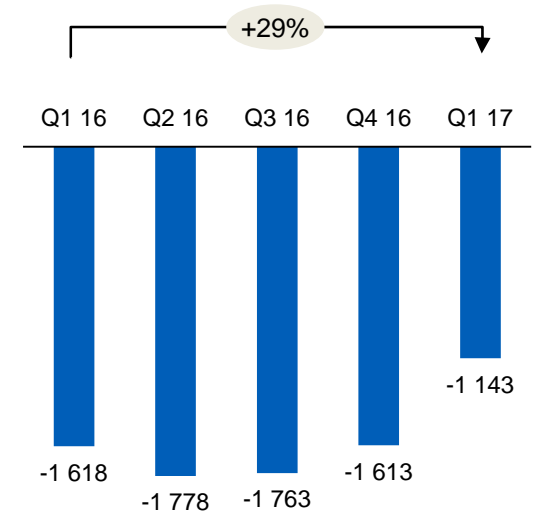
Net sales
(SEK million)



EBITDA
(SEK million)



Operating cash flow, 12 m rolling
(SEK million)



Key priorities moving forward

- Shake up the market by encouraging customers to drown themselves in data
- Create a market-leading Tele2 customer experience
- Capitalize on our distinctive brand with a unique digital identity
- Fill our outrageously fast 4G network with rapid growth in on-net data and voice
- Accelerate the end of investment cycle



Positively
Fearless
Brands



Connecting
Things our
Customers Love



Digital First
Customer
Experience



Challenger
Cost
Structure

Q&A

BREAK

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Mingle

KAZAKHSTAN

Guillaume van Gaver, EVP International
Roman Volodin, CEO Tele2 Kazakhstan

TELE2

Agenda



JV performance since inception



Dual brand strategy



Data growth supported by a great network



Digital customer journeys and offers

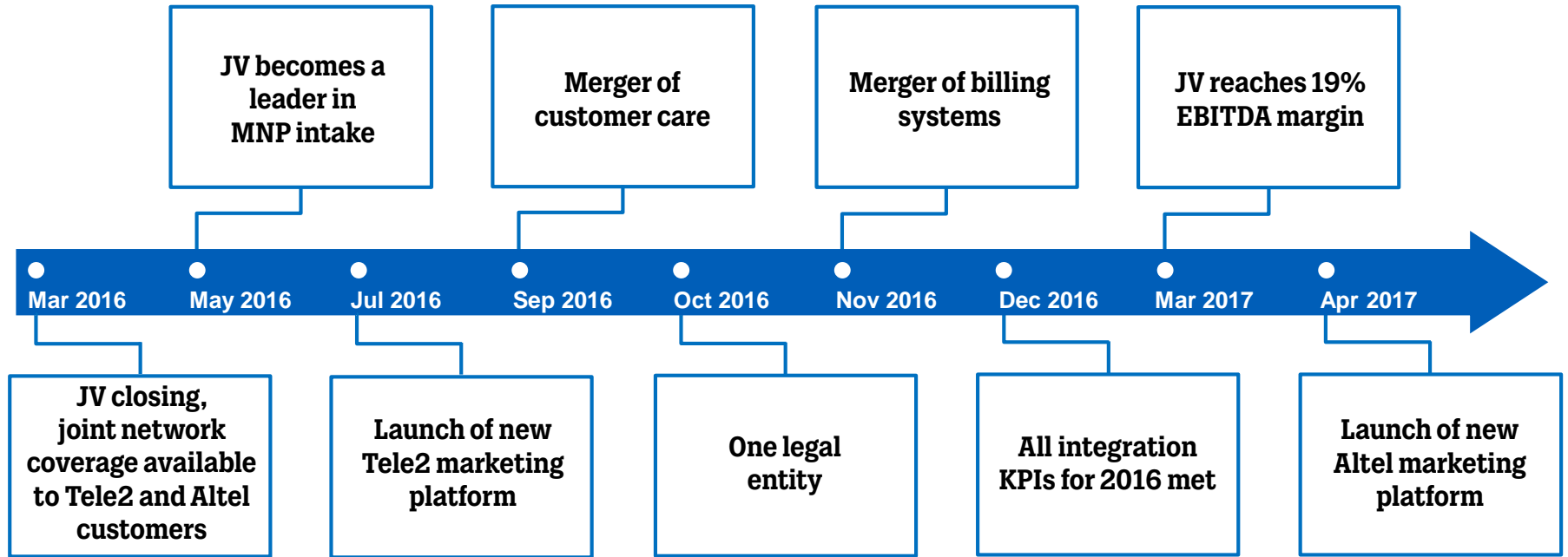


Challenger cost structure



Responsible challenger

JV Highlights



JV key achievements since Day 1

Great network

Widest 4G coverage in KZ



Dual Carrier aggregation
in key regions

~630
Sites merged
Q1 2017

Positive market development

25%
Market share
Q1 2017



15
Months
Consecutive positive
trend in MNP

Data growth potential

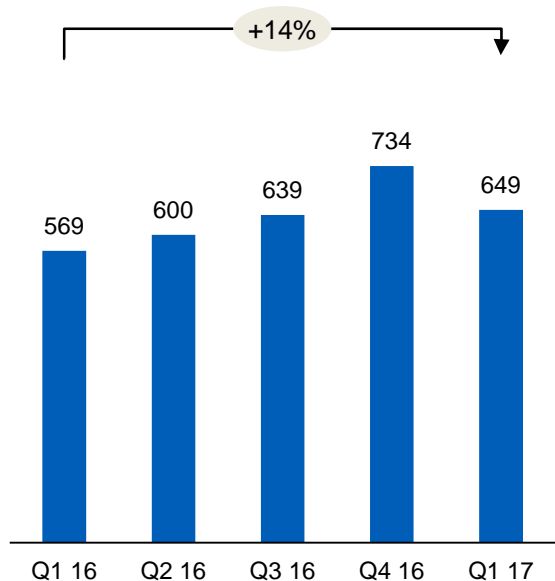
32%
of 4G devices
Q1 2017



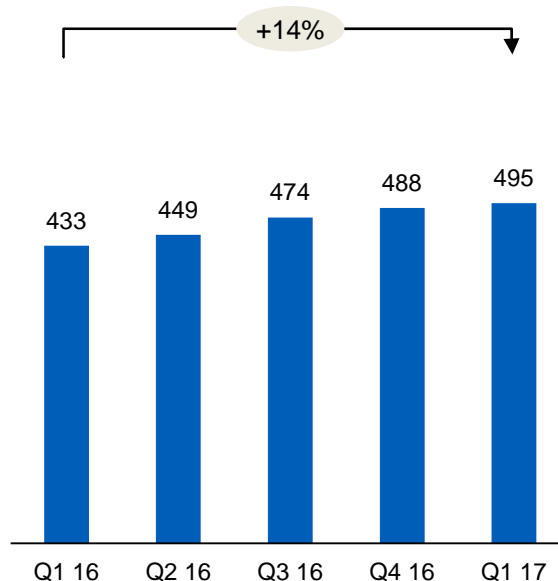
115
Petabytes of data
Q1 2017

Kazakhstan continued momentum

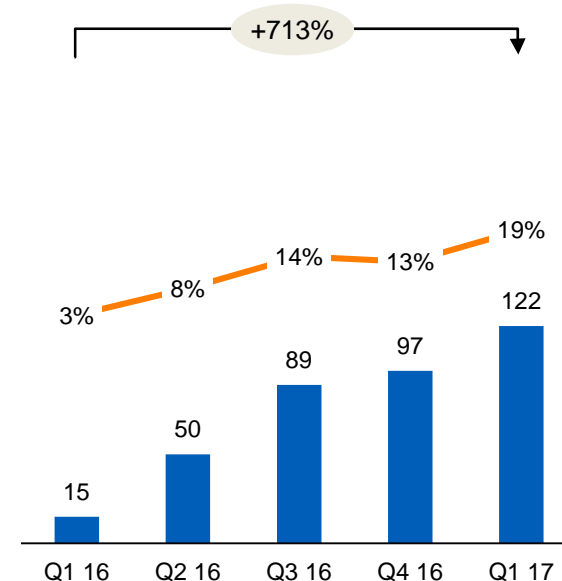
Net sales, LFL
(SEK million)



Mobile end-user service
revenue, LFL (SEK million)

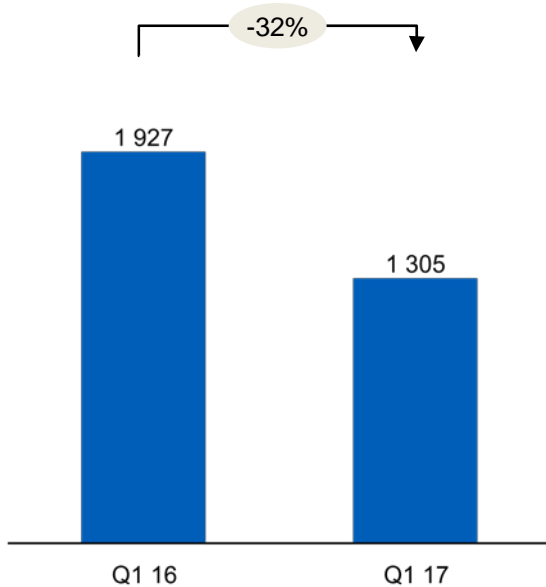


EBITDA and EBITDA margin, LFL
(SEK million)

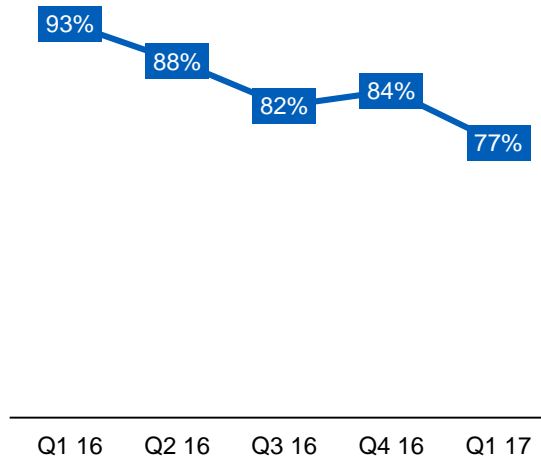


Scale and efficiency driving improvements

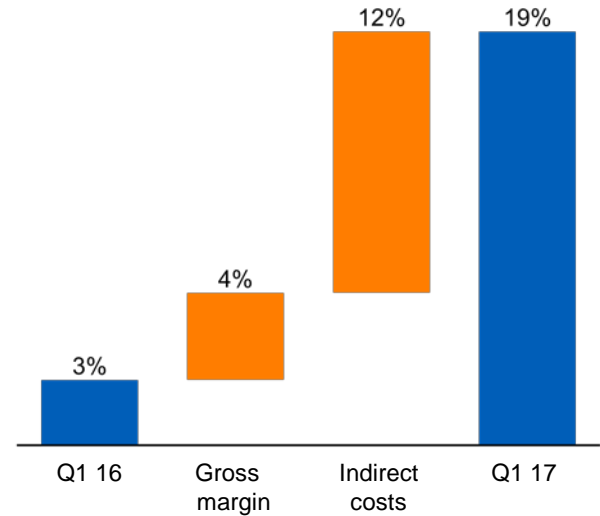
FTE reduction



Indirect costs as % of end-user service revenue



EBITDA margin development



Benefits expected to continue

Integration costs

- Network, IT and billing integration Opex
- Decommissioning of redundant sites

Integration ongoing and on track
SEK 52 million so far

Capex synergies

- Consolidation and rationalization of existing radio networks
- Rollout of common 2G/3G/4G layers
- Merged IT and billing systems

On track to 17-20% of combined spend

Opex synergies

- Reduction in SG&A costs
- Headcount optimization
- Sales channels integration and optimization

3% of combined costs so far, on track to 4-6%

Dynamic market

- After several years of decline, we expect market to grow
- Fueled by data monetization and 4G device growth

Market to stabilize to 2-3% growth

Key focus areas

How We Win



Positively
Fearless
Brands



Connecting
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Challenger
Cost
Structure

Dual Brand Strategy

Profitable data
growth supported by
great network

Increased digital offers
and journeys

Challenger Cost
Structure

Responsible Challenger



POSITIVELY FEARLESS BRANDS

Dual brand strategy: Target groups

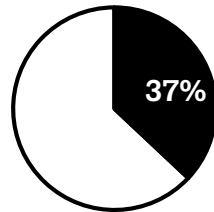
TELE2



- 15-35 years old
- Smartphone user
- Cost conscious
- Price seeker
- Urban citizen



Share of total market



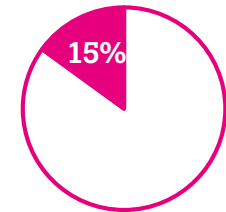
ALTEL



- 25-40 years old
- Appreciates high speed data
- Price premium payer
- Medium-high income
- Heavy data consumer



Share of total market



Dual brand strategy: Communication platforms

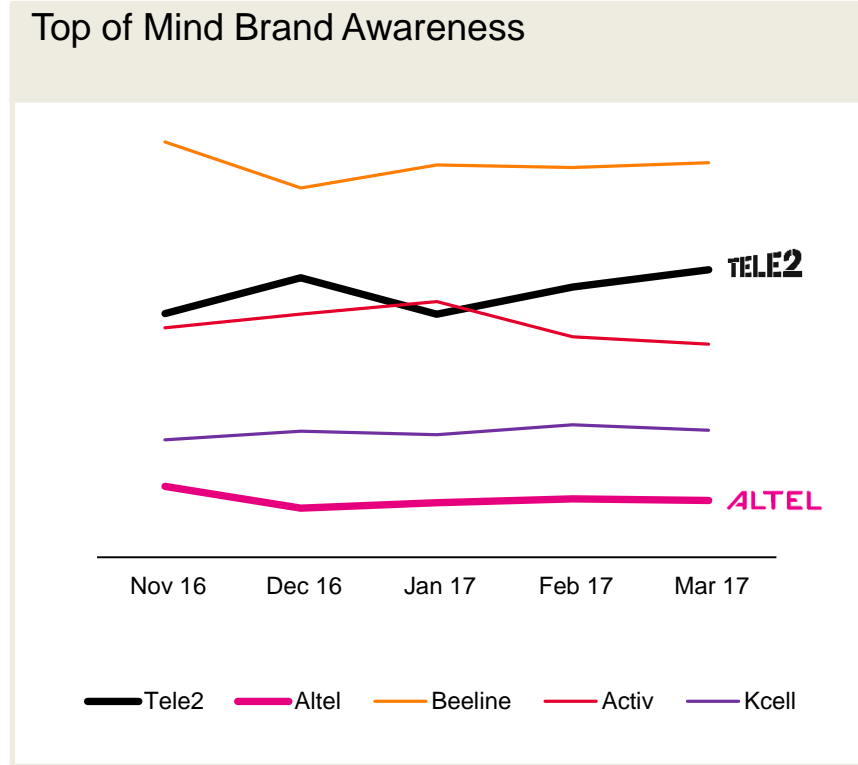
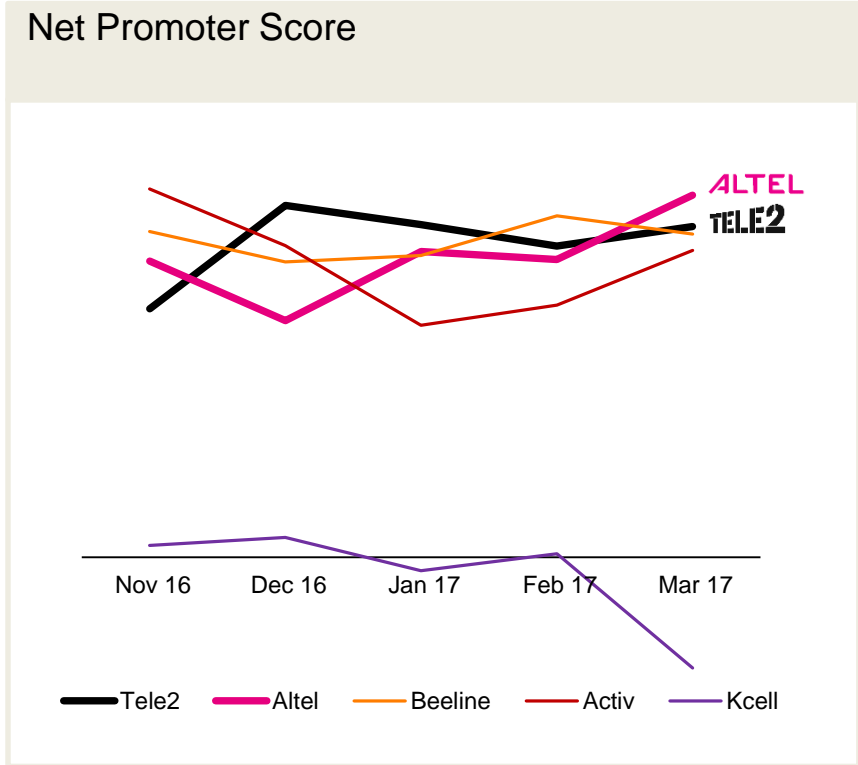
TELE2



ALTEL



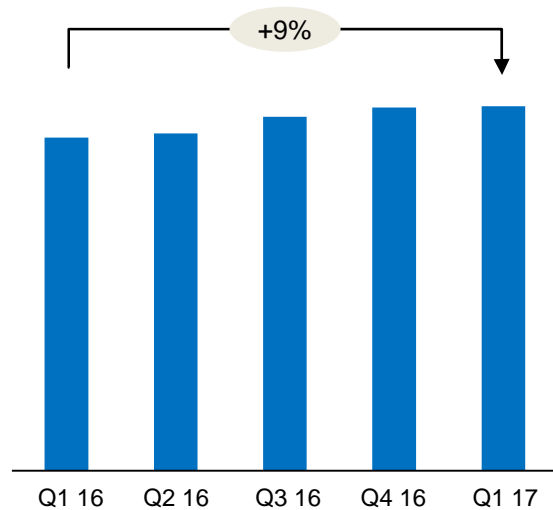
Brands well positioned for customer growth



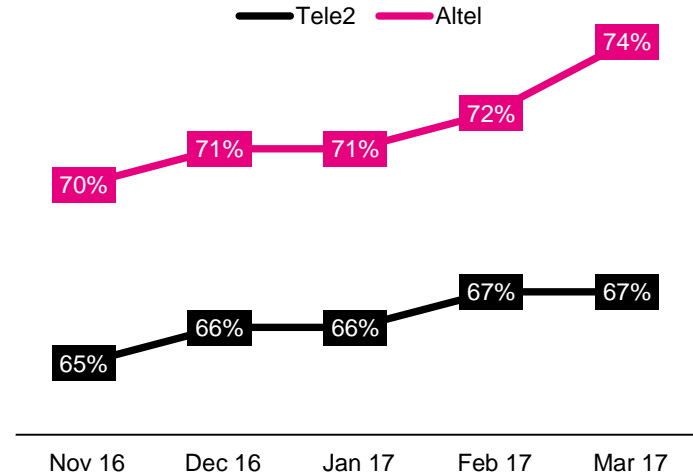
Note: Altel brand re-launch started in April, 2017
 Source: Norstat brand tracking study

More valuable customers

ASPU development



Share of bundles in customers' base



While also offering additional growth opportunities in new segments for Tele2



Growth in MBB with LTE advanced



Growth of B2B revenues in key and large accounts

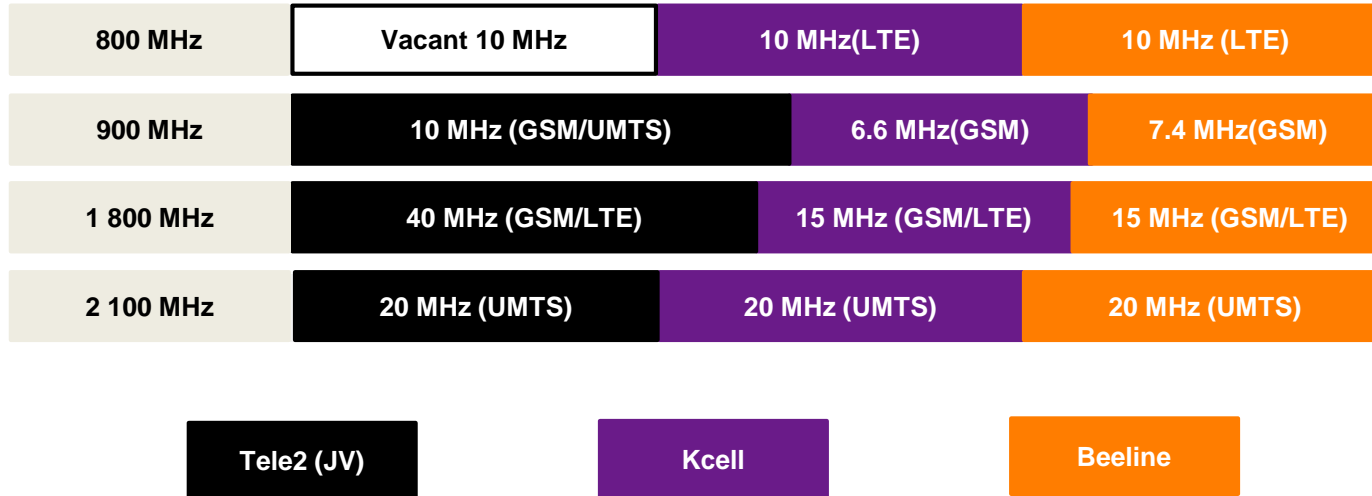


Growth in wholesale in partnership with Kazakhtelecom



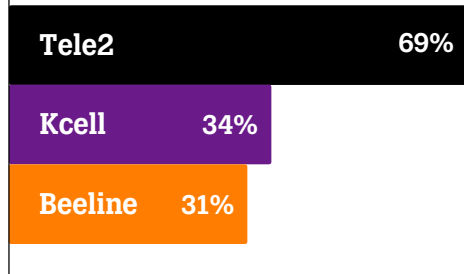
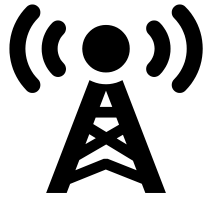
**CONNECTING
THINGS OUR
CUSTOMERS LOVE**

Kazakhstan market spectrum portfolio

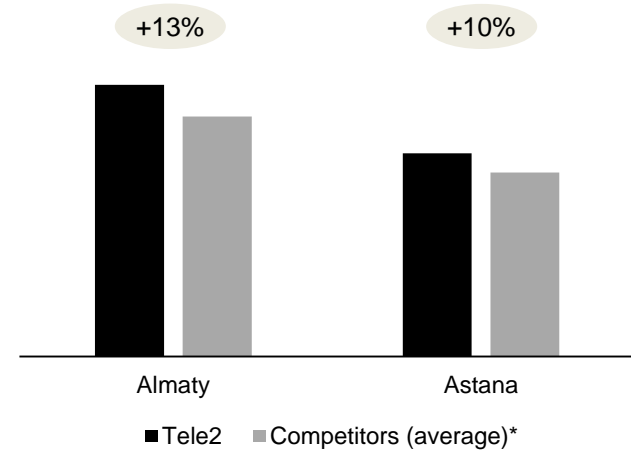


Superior data speed and 4G coverage

4G population coverage (vs. competitors)**



Speed comparison

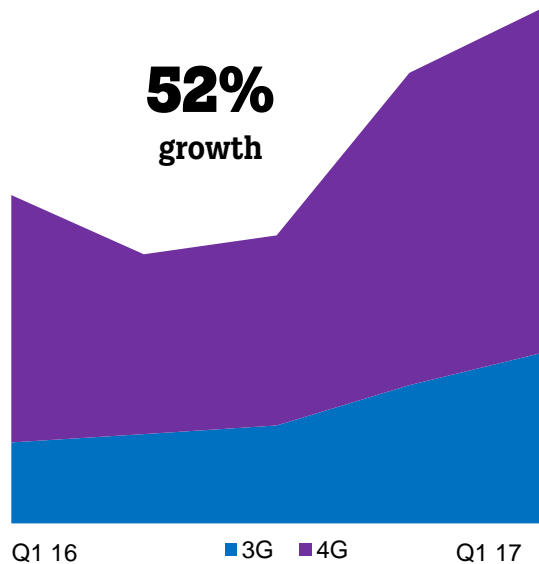


*External third-party benchmark data

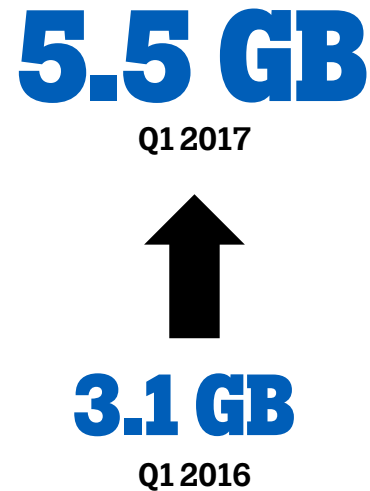
**Official reporting data & management evaluation

Data consumption driven by 4G/LTE advanced

3G/4G Data consumption

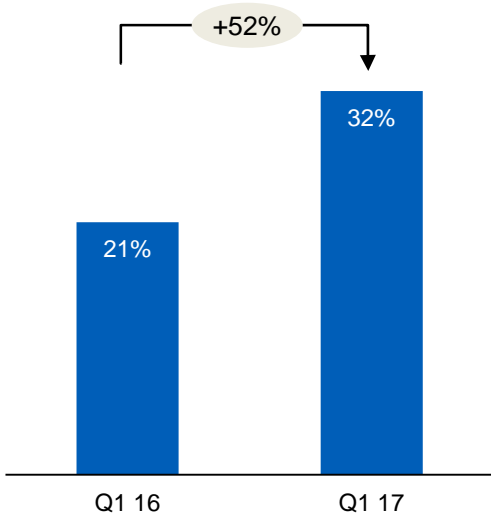


Average monthly data consumption per user*



Further room for growth in 4G enabled devices

4G capable smartphone penetration in customer base



Tele2 offering affordable 4G packages

Lower price, higher speed

1 month for free

Bundle «PROSTO Extra+»

4G unlim

DIGITAL FIRST CUSTOMER EXPERIENCE

More digital offers and customer journeys

Popular applications

Tele2 Mobile App



Selfcare application allowing customers to check balance & available traffic, activate or change tariffs & subscribe to services



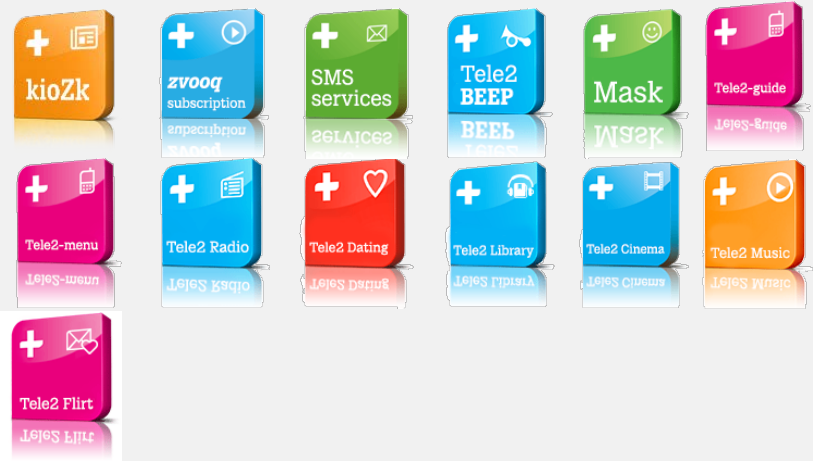
Tele2 Gudok



Ring-back tone application allowing to replace the regular beeps with a selected melody

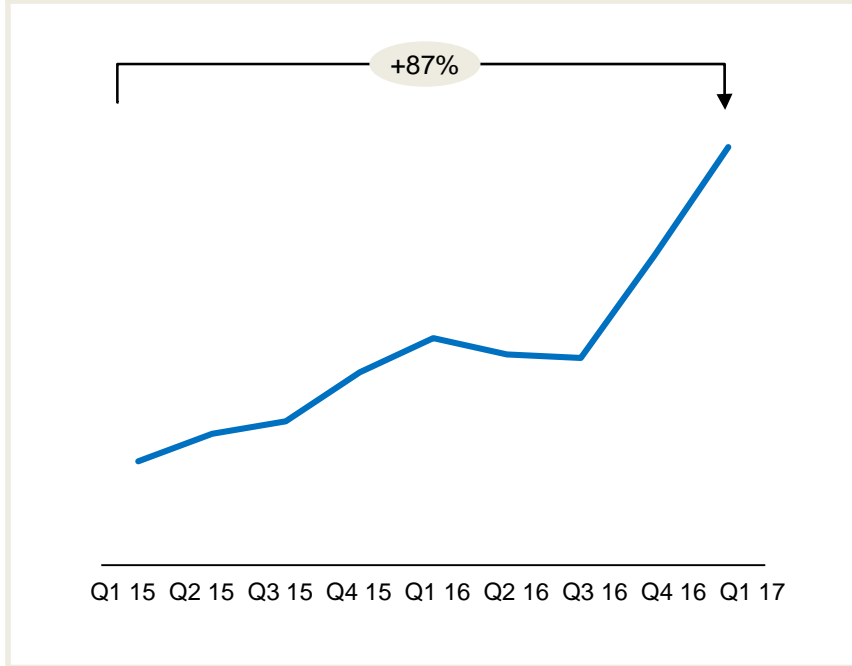


Variety of value-added services

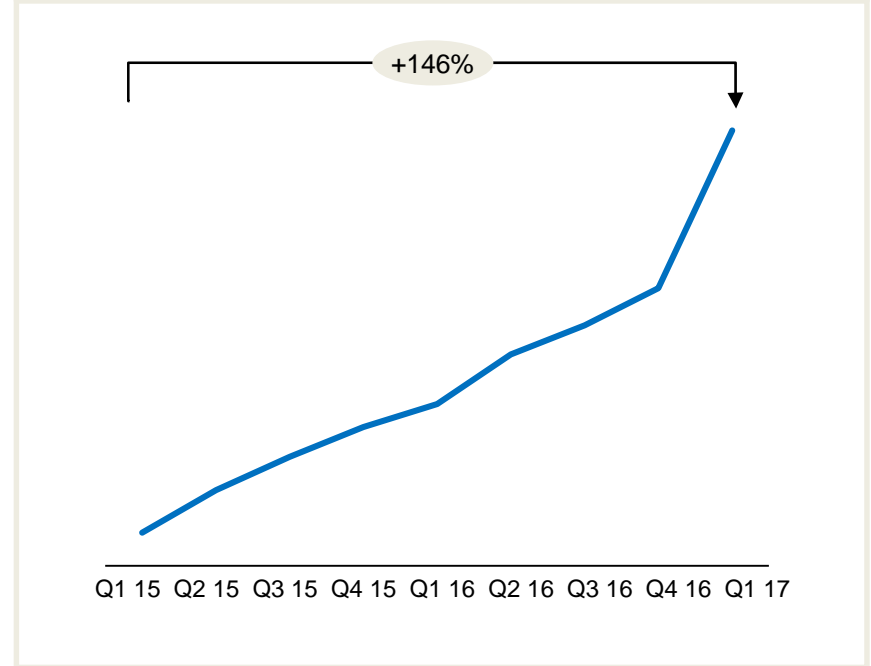


Digital experience in selfcare improving

Website users



Selfcare users (incl. mobile app)





CHALLENGER COST STRUCTURE

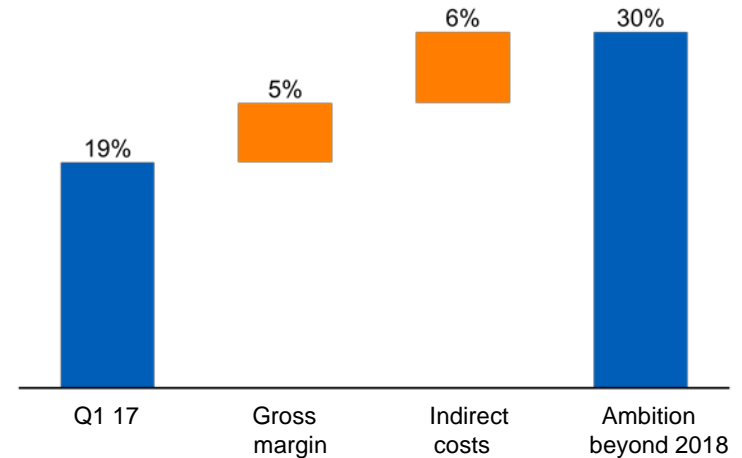
Medium term ambition

EBITDA - CAPEX breakeven



**EBITDA - CAPEX
BREAKEVEN
DURING 2018**

EBITDA margin driving factors



Benefits expected to continue

Gross margin

- Subscriber base growth
- Further data monetization and up-sale based on advanced analytics
- Monetize additional growth opportunities in under-penetrated segments

Indirect costs

- Focus on structural cost reduction
- Optimization of processes and increase efficiency of resources usage
- Network sharing opportunities
- Continued offshoring journey
- Digitalization of sales channels and customer care
- Further optimization of expansion costs

Capex

- Completion of radio network integration
- Capex-to-sales ratio to reduce in 2018
- Utilize current and upcoming technologies



RESPONSIBLE CHALLENGER

Group corporate responsibility focus areas

Responsible Challenger

Privacy and
integrity

Ethics and
compliance

Diversity

Environment
and CO2

Child
protection

Corporate responsibility focus areas in Kazakhstan

Responsible Challenger

Anti-
corruption

Code of
conduct
enforcement

Ownership
structure

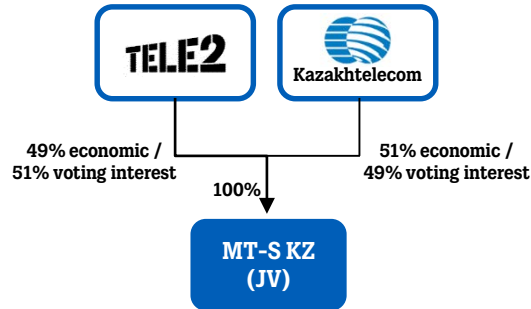
Transparency

Privacy and
integrity

Responsible action in practice

JV Creation 2015

- Due diligence of transaction
- Ultimate Beneficial Owner warranties
- Warranties of use of proceeds
- Securing management control



JV Operating 2016

- Appointment of Corporate Responsibility officer
- Implementation of Whistle Blower policy
- All employees signing Code of Conduct
- Introducing Code of Conduct for business partners
- Stringent process for handling government requests

Securing future responsibility 2017

- Publishing Annual Status Update on Corporate Responsibility
- Complete Code of Conduct training for all employees
- Working with industry and government for increased transparency of use of surveillance mechanisms
- Provision of access for ESG investors with a focus on Corporate Responsibility

SUMMARY

Key priorities moving forward

- Continue to grow by attracting new customers and data monetization
- Grow faster in under-penetrated segments
- Roll-out of 4G/LTE advanced across the country
- Improve operating leverage by pursuing scale and synergies
- Completion of network integration
- Continued focus on strong ethics and corporate governance



Positively
Fearless
Brands



Connecting
Things our
Customers Love



Digital First
Customer
Experience



Challenger
Cost
Structure

Q&A

2SUM IT UP

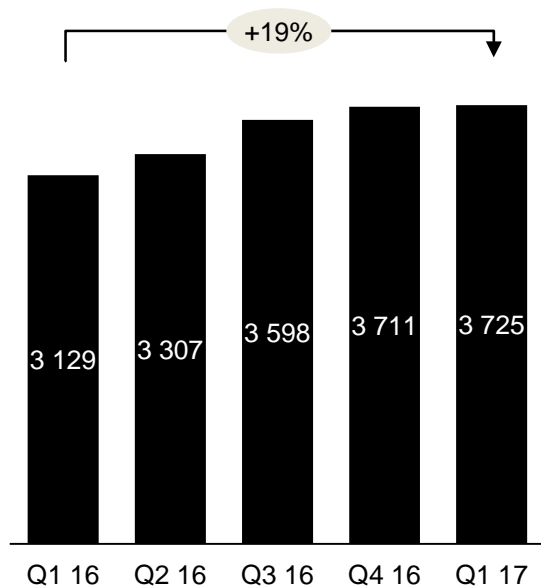
Lars Nordmark, Group CFO

Allison Kirkby, President and CEO

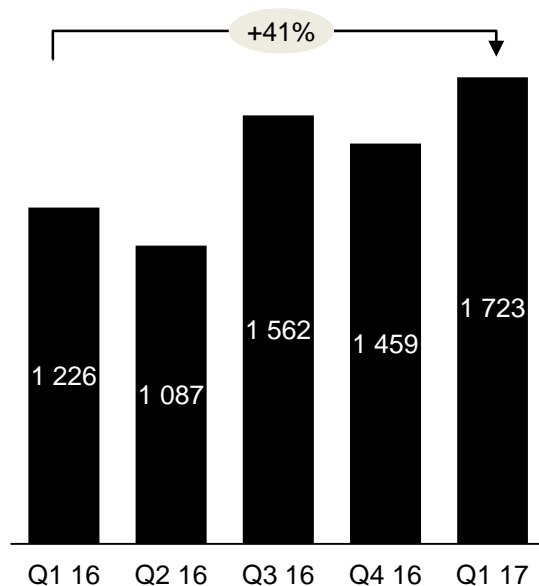
TELE2

Strong Q1 Group performance

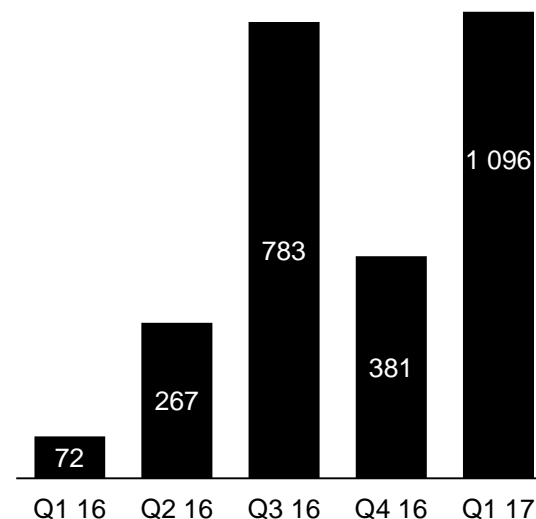
Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)

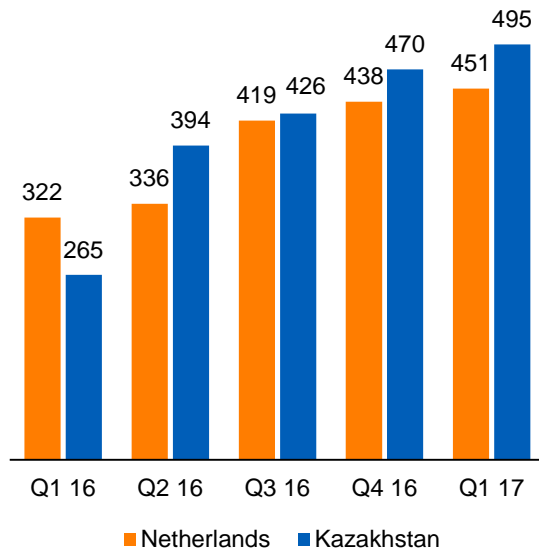


EBITDA - CAPEX
(SEK million)

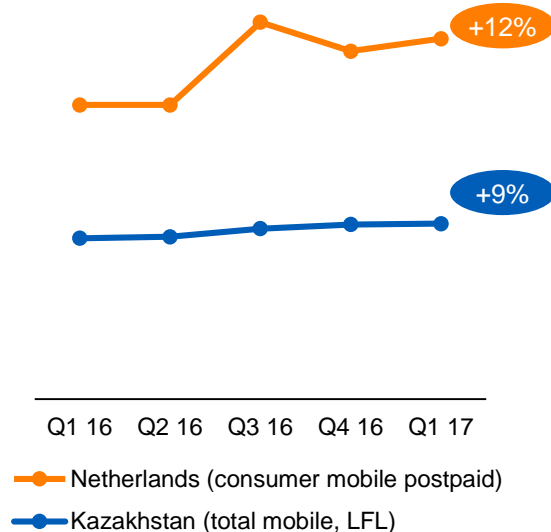


Investment markets picking up

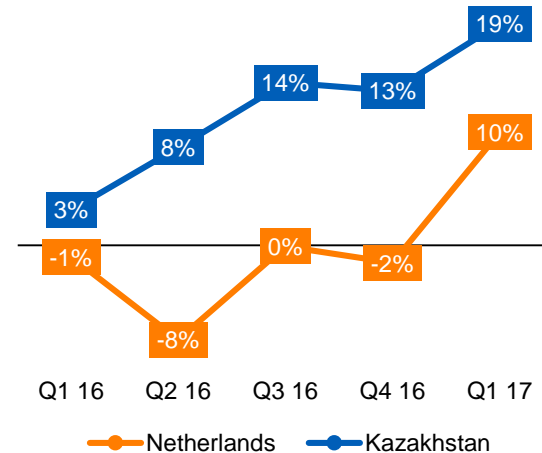
Mobile end-user service revenue (SEK million)



ASPU development

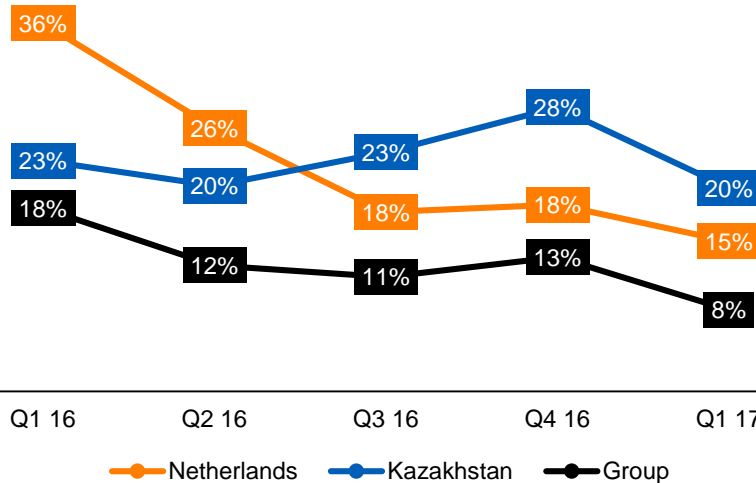


EBITDA margin

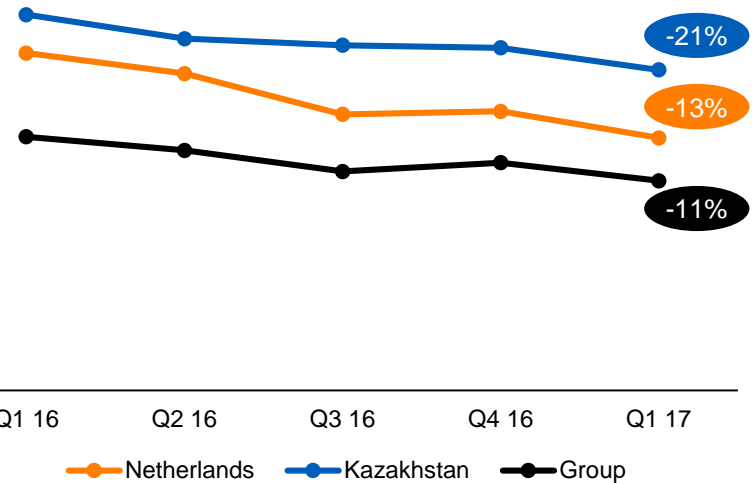


Scale and investment discipline drives value creation

CAPEX / Net sales

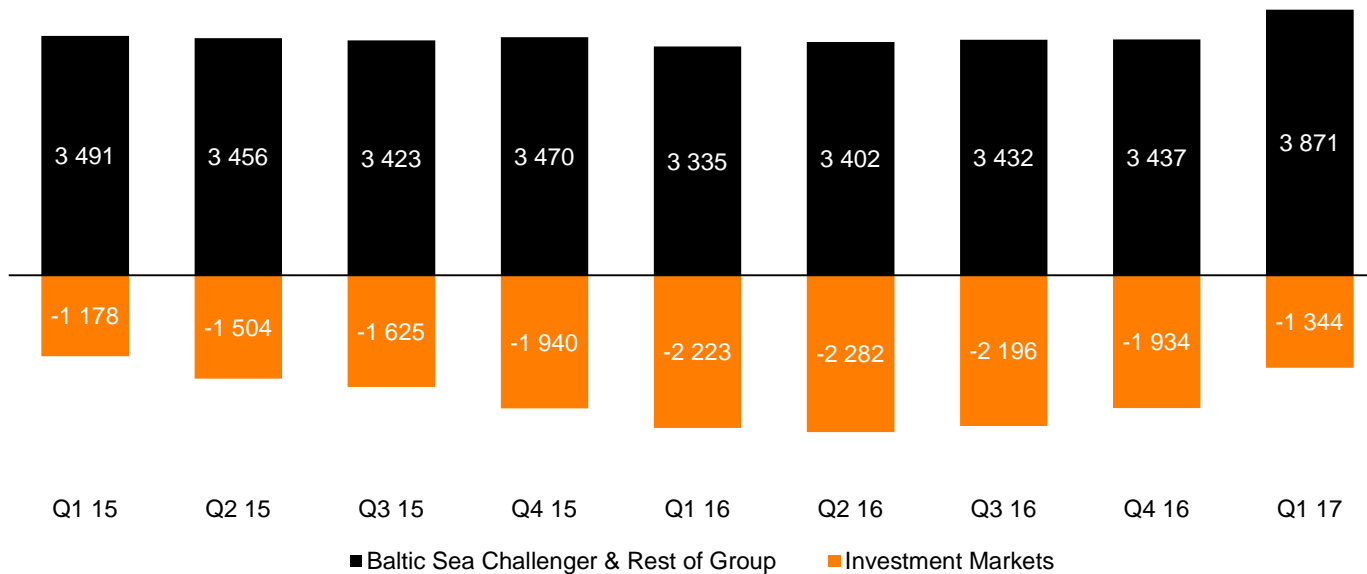


Indirect costs + CAPEX as % of Net sales
(decline y-o-y)



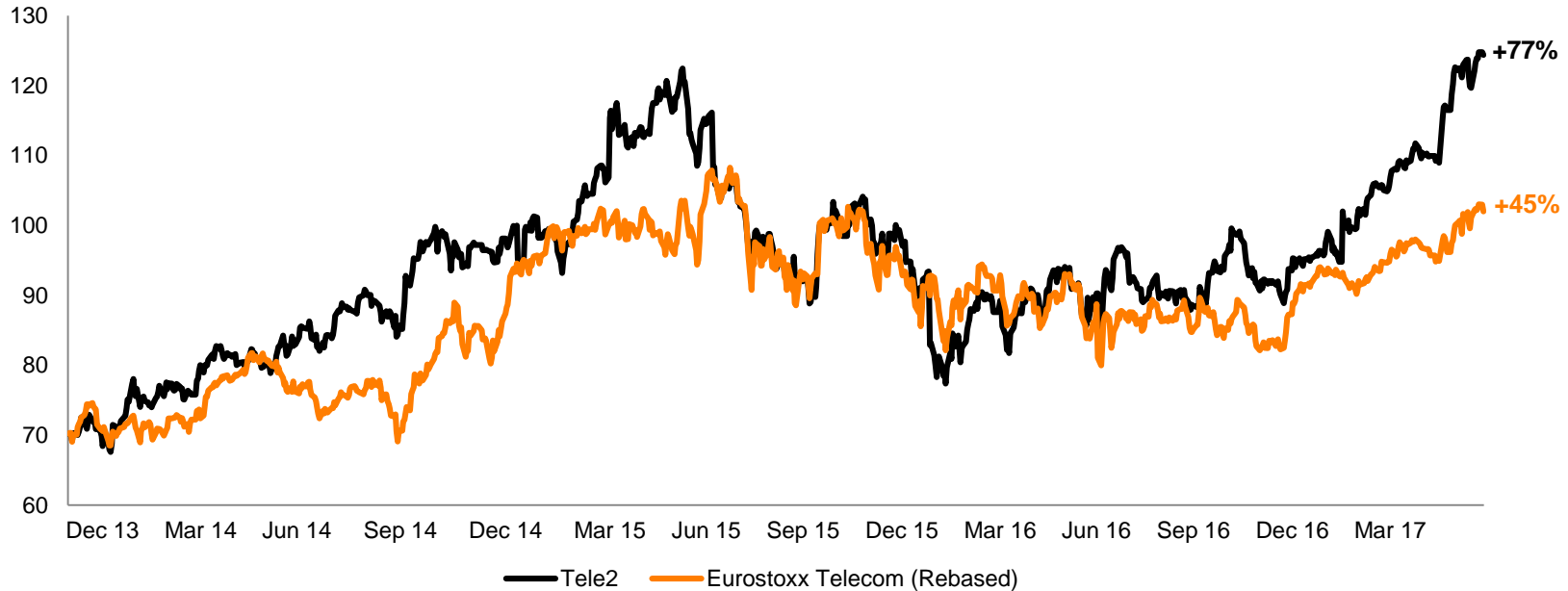
Turning point in Investment Markets

EBITDA less CAPEX 12 m rolling, SEK million



Tele2 has outperformed

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



**LOOKING 2
THE FUTURE**

Financial guidance 2017

Mobile end-user service revenue	Mid-single digit % growth*
Net sales (SEK billion)	31 – 32
EBITDA (SEK billion)	5.9 – 6.2
CAPEX (SEK billion)	3.8 – 4.1

Key priorities moving forward

- Become the customer champion of connectivity
- Growth from continued data monetization, despite RLAH
- Sustain momentum in Sweden and Baltics
- Further leverage our challenger strategy in Netherlands and Kazakhstan
- Execute on Challenger and synergy programs



Positively
Fearless
Brands



Connecting
Things our
Customers Love



Digital First
Customer
Experience



Challenger
Cost
Structure

Our 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



Challenger
Cost
Structure

Responsible Challenger

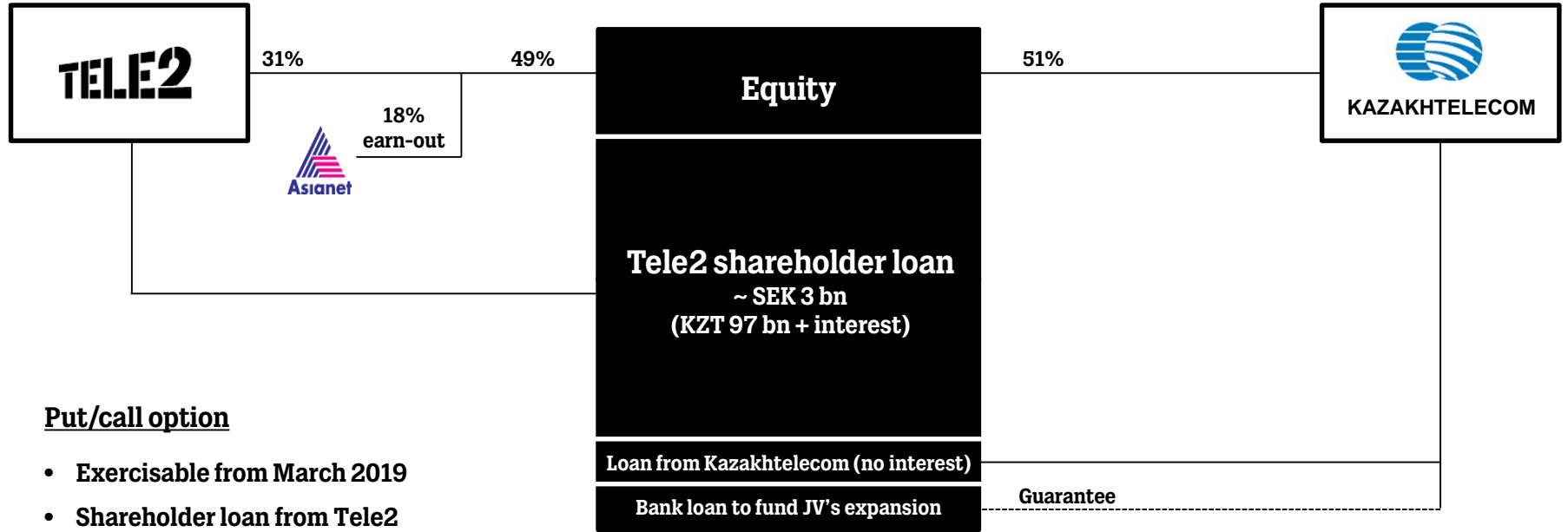


Winning People & Culture



Q&A

Tele2 Kazakhstan - Value and exit option



Put/call option

- Exercisable from March 2019
- Shareholder loan from Tele2 payable upon exit

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.