SECOND QUARTER

July 17, 2019

TELE2

Group highlights – Q2 2019

SEK billion	Q2 2019	% change organic
Revenue	6.8	-2%
End-user service revenue	5.1	-1%
Underlying EBITDA ex. IFRS 16	2.2	+3%
Capex ex. spectrum and leases	0.5	

Comments

- Organic growth of end-user service revenue of -1%, including
  - Mobile EUSR +1%
  - Fixed EUSR -5%

Organic is constant currencies and including Com Hem proforma

Tele2 is becoming a true integrated challenger

Drive FMC in Sweden B2C	— Increasing penetration of FMC bundle benefits now reaching 93k FMC-customers — FMC benefits introduced on Boxer brand — Tele2 rebranding campaign launched
Sweden B2B turnaround	— Strong volume growth but continued pressure on ASPU — Future focus to take market share in SME and further cost reduction
Build on the momentum in the Baltics	— Sustained momentum with 6% growth in end-user service revenue and 10% in underlying EBITDA excluding IFRS 16
Cost transformation	— Continued delivery on cost synergies with an impact of SEK 100m in Q2 (SEK 150m in 1H19) — Annualized run-rate of SEK 450m at the end of Q2 2019 — Year-end target raised to run-rate of SEK 600m

Growth and cost initiatives drive cash flow

1 Low-single digit end-user service revenue growth – SEK 450m of revenue synergies

Expected to be flat in 2019, which is a transition year, and low-single digit growth in the mid-term driven by strategy initiatives

2 Mid-single digit growth in underlying EBITDA excluding IFRS 16 – SEK 900m of cost synergies

Driven by front-loaded synergies in 2019 and a mix of cost reduction and revenue growth mid-term

3 Capex – Low capital intensity compared to industry over investment cycle

SEK 2.6-2.9bn in 2019, and SEK 2.8-3.3bn/year in the mid-term, excluding spectrum and leases, as we roll out 5G and Remote-PHY

4 Maintain leverage at 2.5-3.0x

Growth in underlying EBITDAaL and cash from asset sales create room to re-lever and distribute additional cash to shareholders

Shareholder Remuneration

Ordinary dividend up 10% to SEK 4.40/share (SEK 3.0bn), half paid out in Q2 2019

Extraordinary dividend of SEK 6.00/share (SEK 4.1bn) proposed to EGM

FY2018 Starting Point – proforma*

End-user service revenue: SEK 20.3bn

Underlying EBITDA excluding IFRS 16: SEK 8.8bn

Capex: SEK 2.6bn excluding spectrum and leases

Leverage: 2.8x economic net debt / underlying EBITDAaL

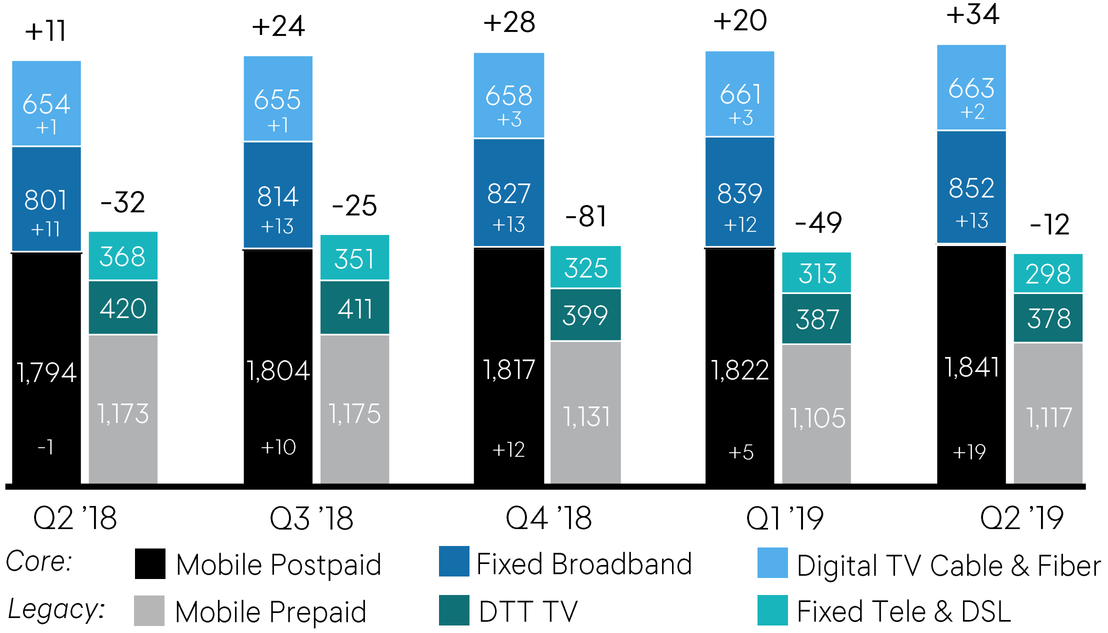
* Continuing operations including Com Hem

SWEDEN

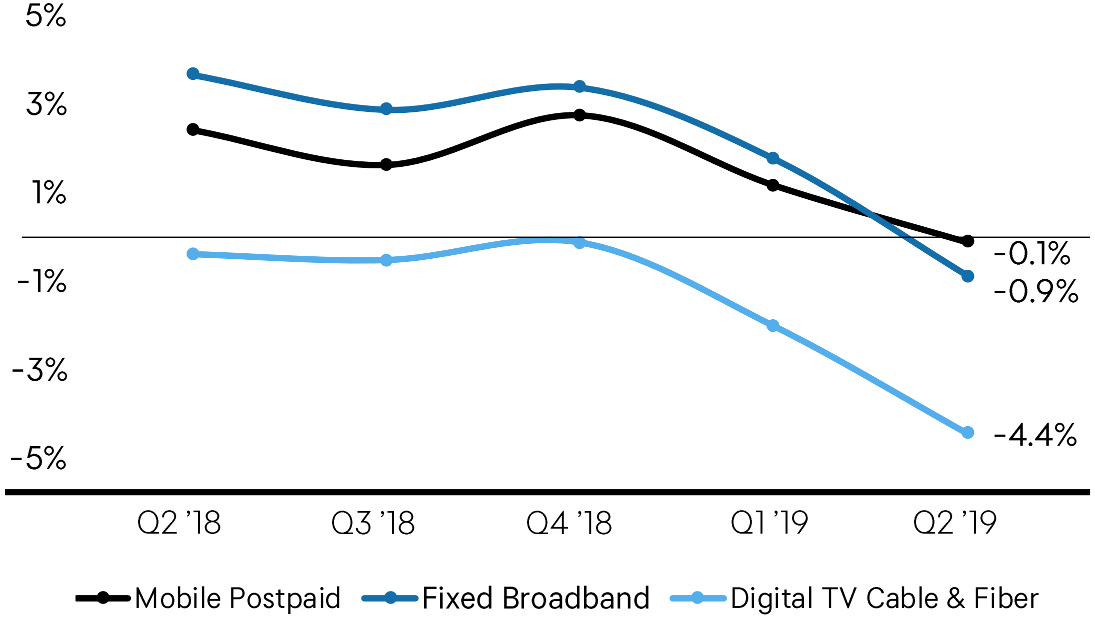
TELE2

Sweden Consumer – Operational highlights

RGUs & net adds – core and legacy services
(thousands, proforma)



ASPU year-on-year growth
(%, proforma)

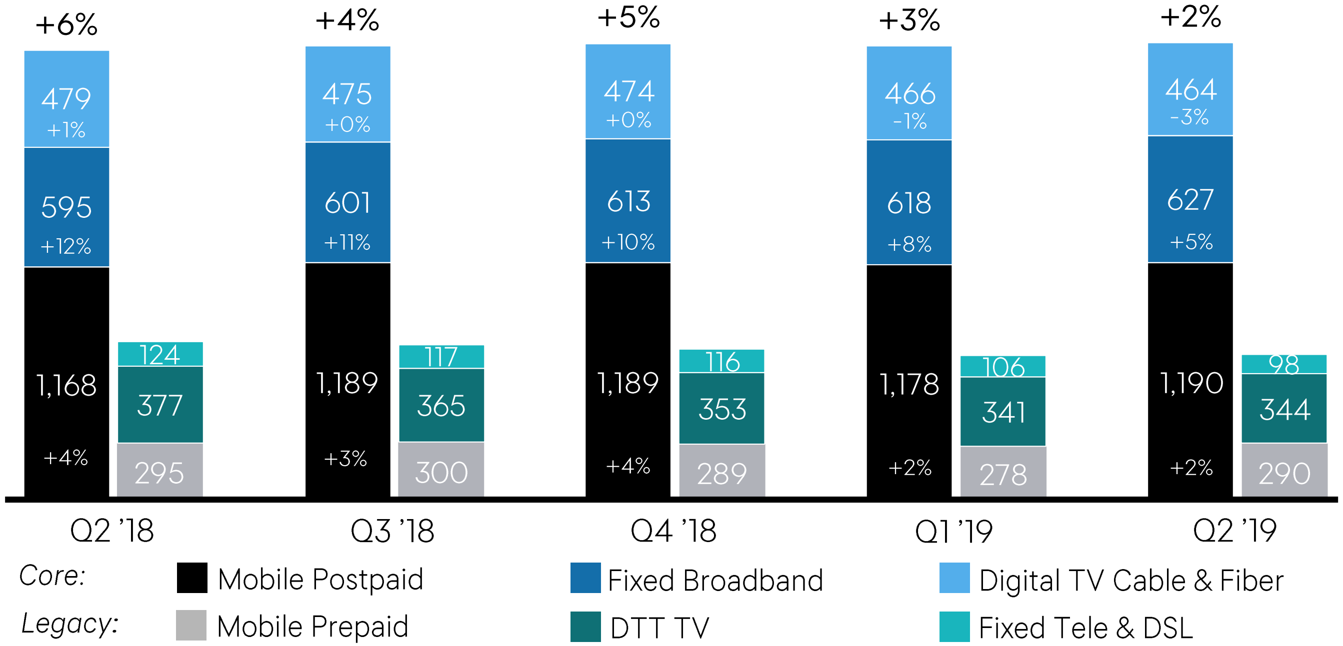


Q2 highlights

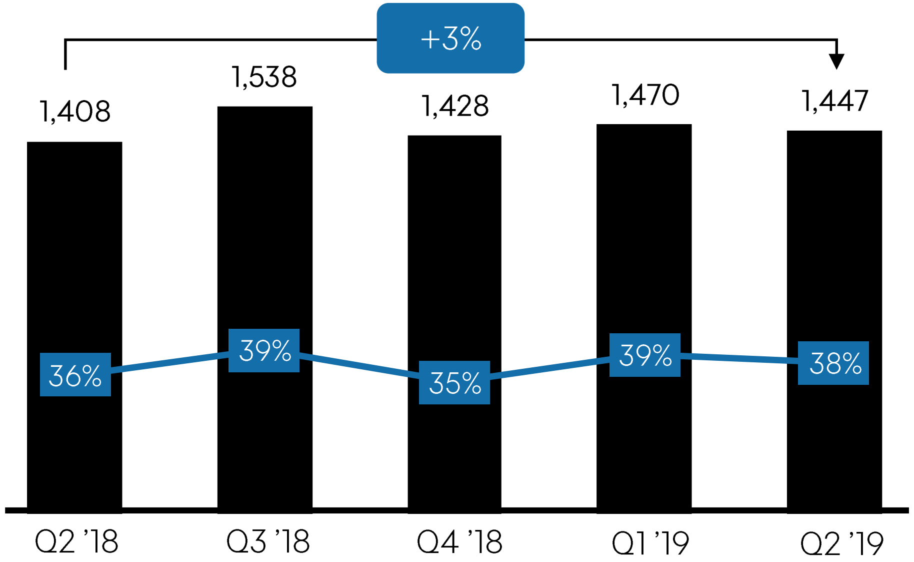
- Strong volume growth with net adds of 34k core RGUs and slower decline of legacy RGUs (-12k)
- Smaller fixed-line price increases compared to last year resulted in year-on-year declines in Fixed Broadband and Digital TV Cable & Fiber ASPU
- Volume growth, increasing FMC penetration and a successful Tele2 rebranding campaign creates future pricing power

Sweden Consumer – Financials

End-user service revenue
(SEK million, proforma, year-on-year growth %)



Underlying EBITDA ex. IFRS 16 and margin
(SEK million, proforma)

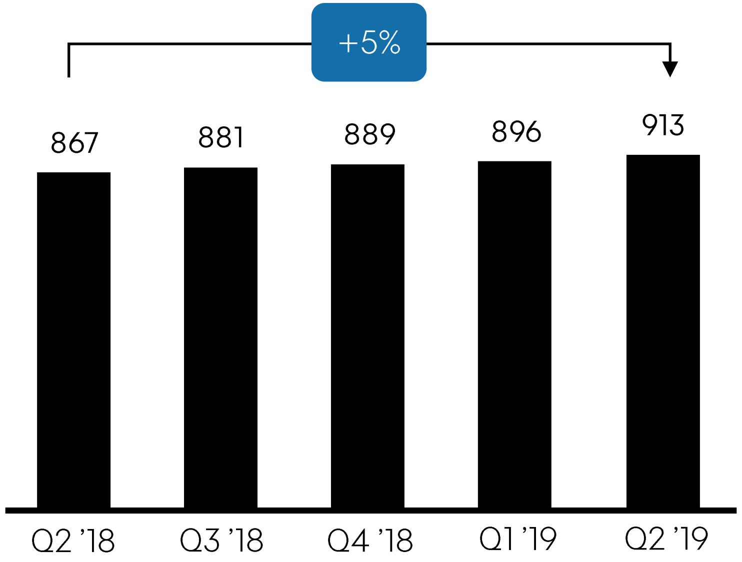


Q2 highlights

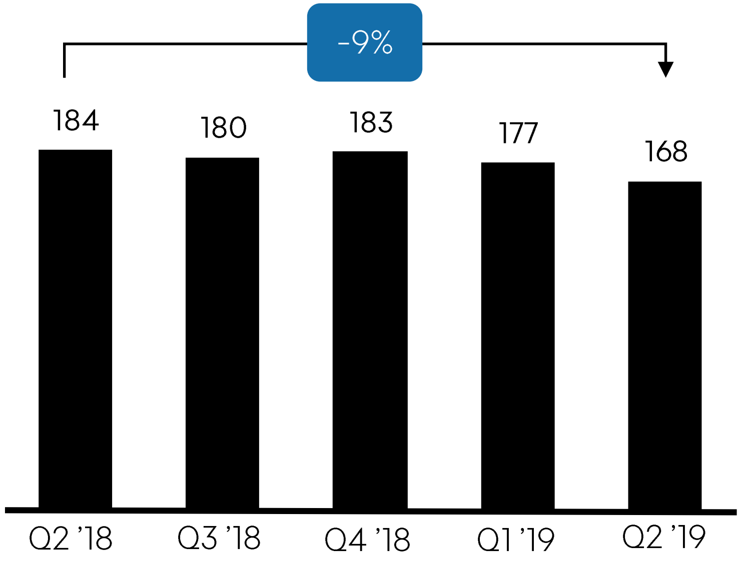
- Core end-user service revenue growth slowed down to 2% as volume growth did not compensate for lower ASPU
- Mobile end-user service revenue returned to 1% growth while fixed decline accelerated to -3% driven by smaller price increases compared to Q2 2018
- Total end-user service revenue declined by 1% as growth in core services was offset by a -8% decline in legacy services
- Underlying EBITDA excluding IFRS 16 grew by 3%, driven by synergies, partially offset by end-user service revenue decline and investment into growth initiatives

Sweden Business – Operational highlights

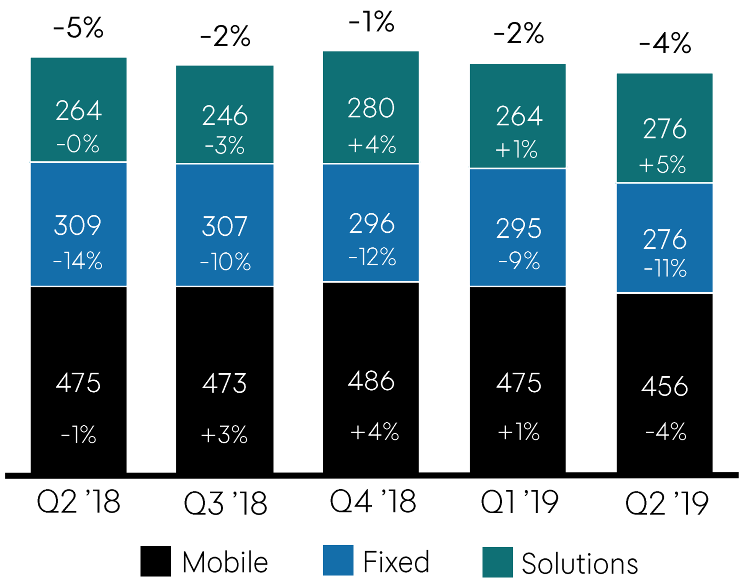
Mobile RGUs
(thousands, proforma)



Mobile ASPU
(SEK, proforma)



End-user service revenue
(SEK million, proforma, year-on-year growth %)

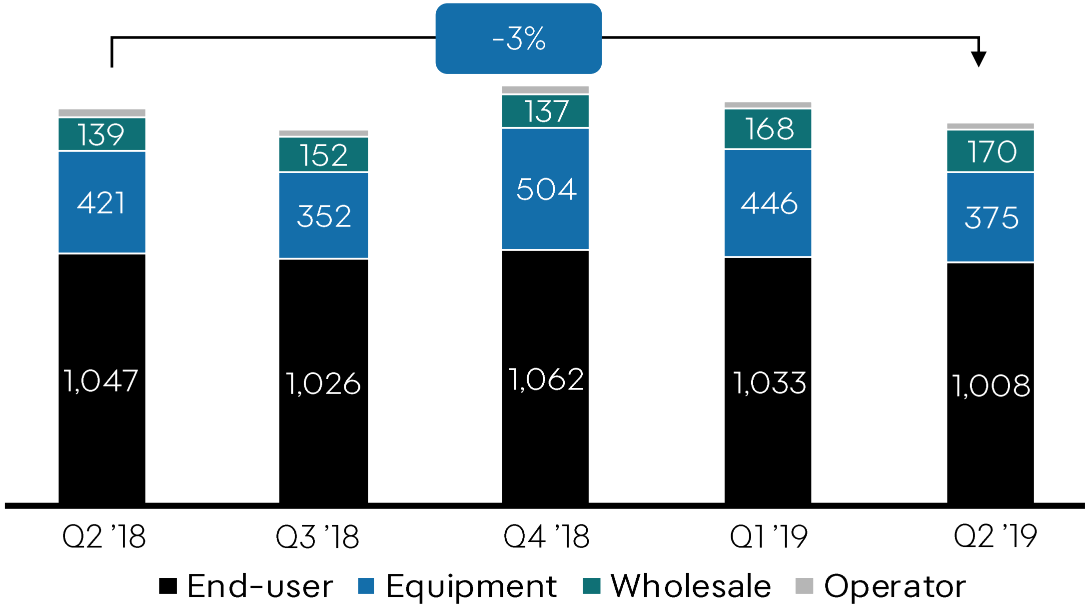


Q2 highlights

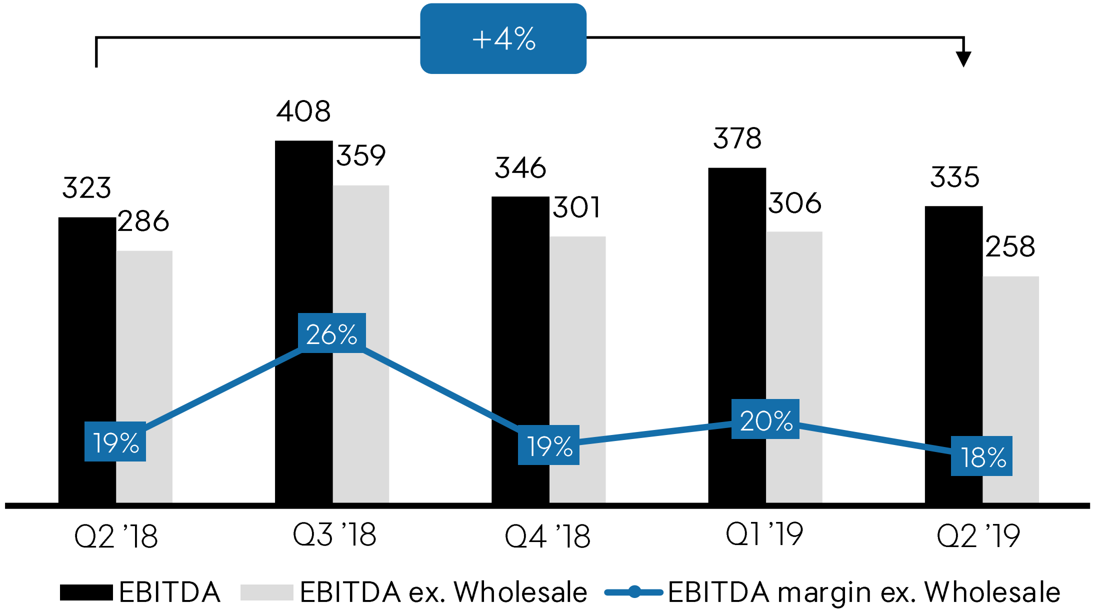
- Strong volume growth with 17k mobile RGUs added in the quarter mainly in the Large Enterprise market
- Mobile ASPU pressure continues, mainly due to price competition in key government tenders
- Mobile end-user service revenue growth turned negative as volume growth did not compensate for lower market pricing
- Strong growth in Solutions end-user service revenue with improving mix of higher-margin revenue

Sweden Business – Financials

Revenue
(SEK million, proforma)



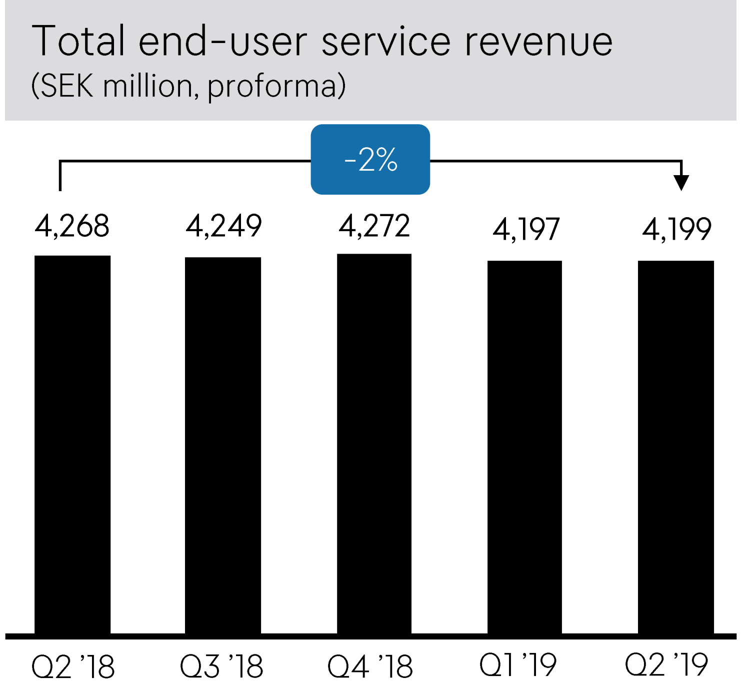
Underlying EBITDA ex. IFRS 16 and margin
(SEK million, proforma)

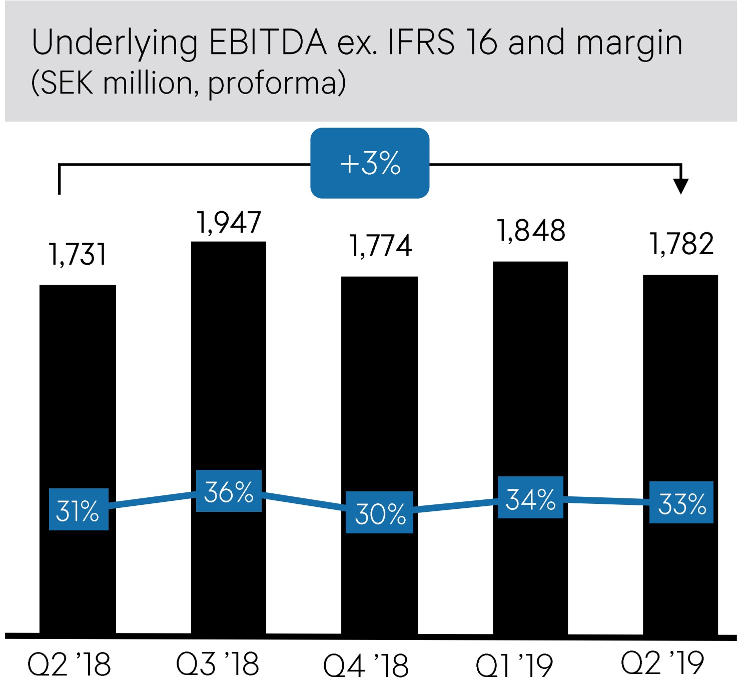


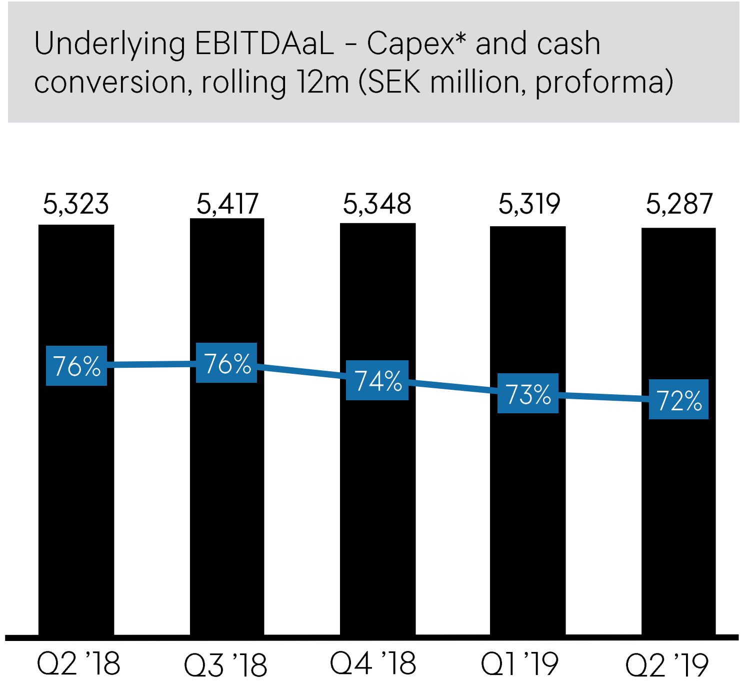
Q2 highlights

- Total revenue declined by 3%, driven by accelerated decline in end-user service revenue and equipment revenue
- Underlying EBITDA excluding IFRS 16 grew by 4%, driven by cost reduction

Sweden overview







Q2 highlights

- Total end-user service revenue decreased by 2%, driven by declines in both consumer and business
- Underlying EBITDA excluding IFRS 16 increased by 3%, driven by cost reduction, partially offset by end-user service revenue decline and reinvestment into the business
- Strong cash conversion of 72% LTM due to low capex spend in between investment cycles

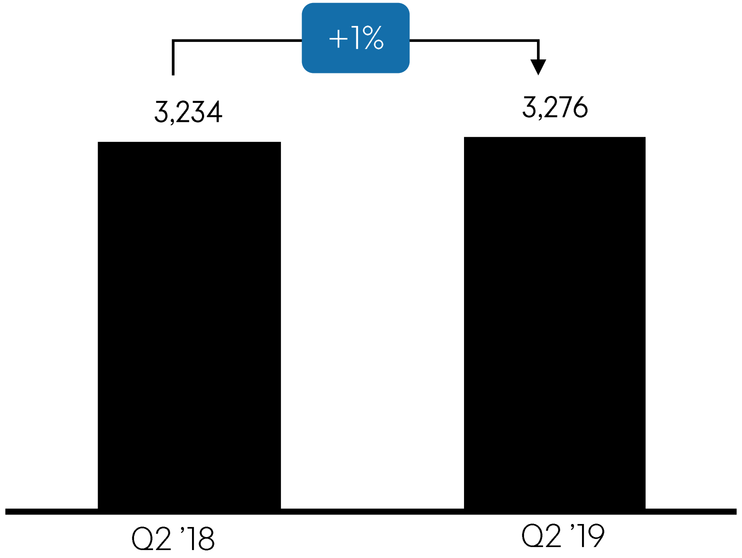
*Capex ex. spectrum and leases

Cash conversion = (Underlying EBITDAaL – Capex) / Underlying EBITDAaL

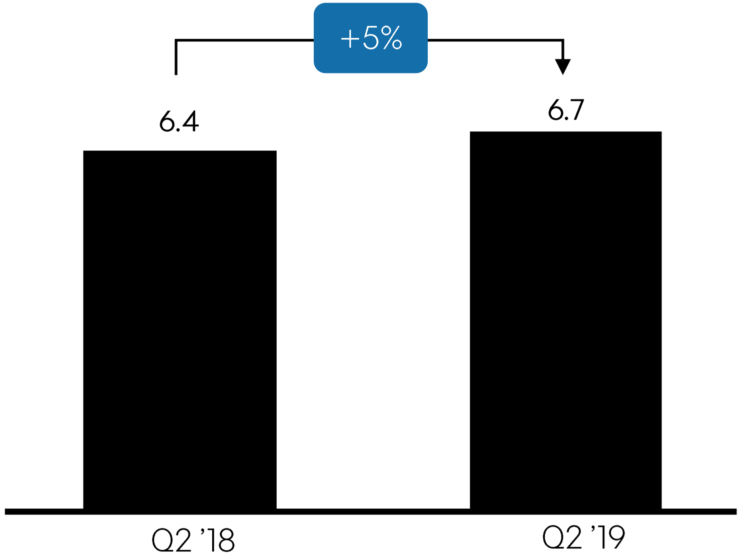
INTERNATIONAL

Baltics – Operational highlights

Mobile RGUs
(thousands)



ASPU development
(EUR)



Brand campaign

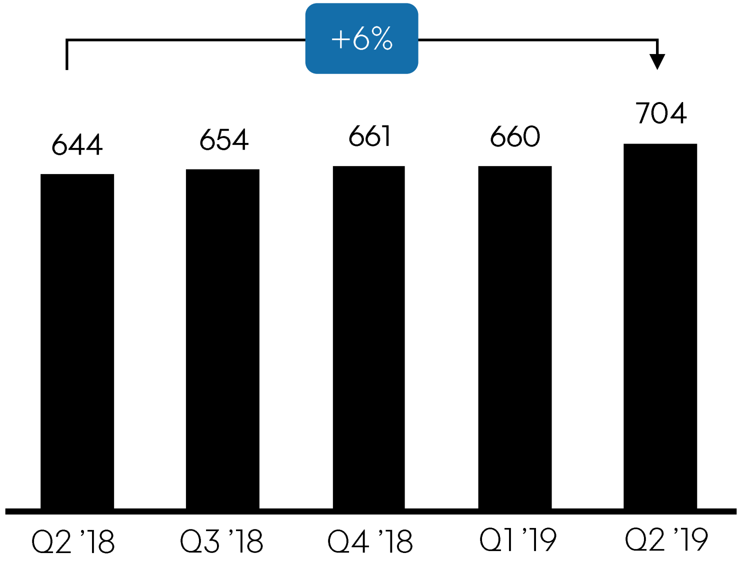
Q2 highlights

- Mobile RGUs increased by 1% with continued strong growth in Lithuania and Latvia
- Estonia saw the highest quarterly net adds since 2012, but volumes were still negative year-on-year
- ASPU growth driven by migration of customers to higher ASPU plans in Lithuania and take-up of higher data buckets in Latvia
- Estonia grew ASPU year-on-year for the second consecutive quarter

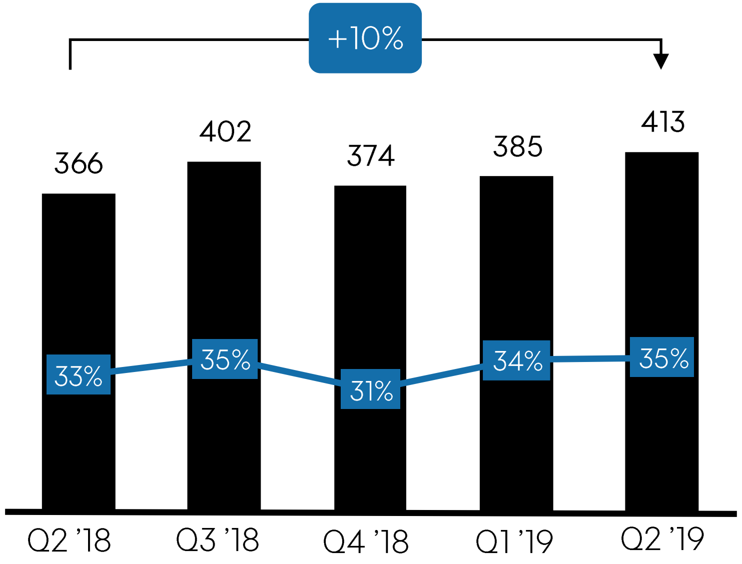
Organic Adjusted for local currency and M&A

Baltics – Financials

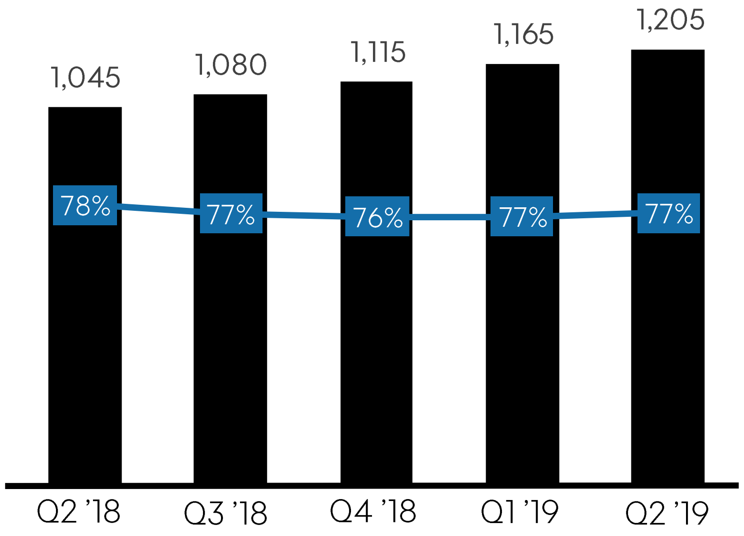
End-user service revenue
(SEK million)



Underlying EBITDA ex. IFRS 16 and margin
(SEK million)



Underlying EBITDAaL - Capex* and cash conversion, rolling 12m (SEK million)



Q2 highlights

- End-user service revenue increased by 6% driven by Lithuania and Latvia while Estonia remains a drag as decline in volumes offset growth in ASPU
- Underlying EBITDA excluding IFRS 16 grew by 10%, driven by revenue growth in Lithuania and Latvia while Estonia continued to decline
- Strong cash conversion of 77% LTM due to low capex spend in between investment cycles

Organic Adjusted for local currency and M&A

*Capex ex. spectrum and leases
Cash conversion = (Underlying EBITDAaL – Capex) / Underlying EBITDAaL

FINANCIAL OVERVIEW

Group results Q2 2019

SEK million		Q2 2019	Q2 2018
Revenue		6,794	5,113
Underlying EBITDA		**2,502**	**1,460**
Margin (%)		37%	29%
Items affecting comparability	1	-271	-129
D&A	2	-1,276	-496
Impairment	3	-452	0
JVs and associated companies	4	-73	0
Operating profit		**431**	**835**
Interest income/expenses		-121	-84
Other financial items		2	-27
Taxes		-204	-166
Net profit, continuing operations		**107**	**559**
Net profit, discontinued operations	5	2,022	-116
Net profit, total operations		**2,130**	**443**

Comments

1. Items affecting comparability includes integration cost of SEK 227m for the Com Hem merger
2. D&A includes SEK 298m amortization of surplus value from acquisitions and SEK 296m depreciation of right-of-use assets (leased assets)
3. Goodwill impairment of SEK 452m in Estonia
4. Profit from JVs and associated companies negatively impacted by amortization of surplus values from Tele2's 25% share in T-Mobile Netherlands
5. Net profit from discontinued operations impacted by capital gains of SEK 1,608m from the sale of the operation in Kazakhstan

Group cash flow Q2 2019

SEK million		Q2 2019	Q2 2018
Underlying EBITDA, continuing operations		2,502	1,460
Items affecting comp., continuing operations		-271	-129
EBITDA continuing operations		*2,231*	*1,332*
EBITDA discontinued operations	1	2,134	361
Amortization of lease liabilities		-297	-1
Capex paid		-720	-675
Changes in working capital		-84	-115
Financial items paid / received		-178	-117
Income taxes paid	2	-411	-280
Other cash items	3	-1,580	6
Equity free cash flow, total operations	4	1,095	510
Of which continuing operations		995	409
Of which discontinued operations		101	101

Comments

1. EBITDA from discontinued operations includes SEK 141m from Croatia, SEK 395m from Kazakhstan and capital gains of SEK 1,608 from the sale of the operation in Kazakhstan

2. Income taxes paid were elevated due to withholding tax related to the sale of the assets in Kazakhstan, to be repatriated

3. Other cash items includes a reversal of the capital gain in Kazakhstan. The cash proceeds from the sale are reflected in the cash flow from investing activities in the cash flow statement

4. Equity free cash flow more than doubled, driven by the merger with Com Hem and underlying cash flow generation

Synergy update

	Benefit in quarter	Run-rate (Annualized at end of quarter)	Target (Run-rate at end of year 3)
Opex synergies (SEK million)	100	450	900
Revenue synergies	Important first steps taken towards target of SEK 450m in 5 years, including FMC benefits for Boxer customers		

Drivers

- We realized additional synergies with an impact of SEK 100m in the quarter leading to a total of SEK 150m in 1H19
- Run-rate of SEK 450m already reached after six months. Upgrading year-end run-rate target to SEK 600m based on faster than expected headcount reduction
- Maintaining 3-year target of SEK 900m
- Integration costs of SEK 227m incurred in the quarter, with a total of SEK 592m incurred since the start of the integration

Financial guidance – adjusted for Croatia

	End-user service revenue *unchanged*	Underlying EBITDAaL *unchanged*	CAPEX *(SEKbn excl. spectrum and leased assets)*
Mid-term ambition	Low-single digit growth	Mid-single digit growth	2.8-3.3
2019	Around 2018 level	Mid-single digit growth*	2.6-2.9

End-user service revenue

- FMC cross-sell and monetization of customer satisfaction to drive growth in mid-term
- Ramp-up of initiatives in 2019 in a low-growth environment

Underlying EBITDAaL

- Growth in the mid-term driven by a combination of revenue growth and cost reduction
- Growth in 2019 mainly driven by cost reductions

CAPEX

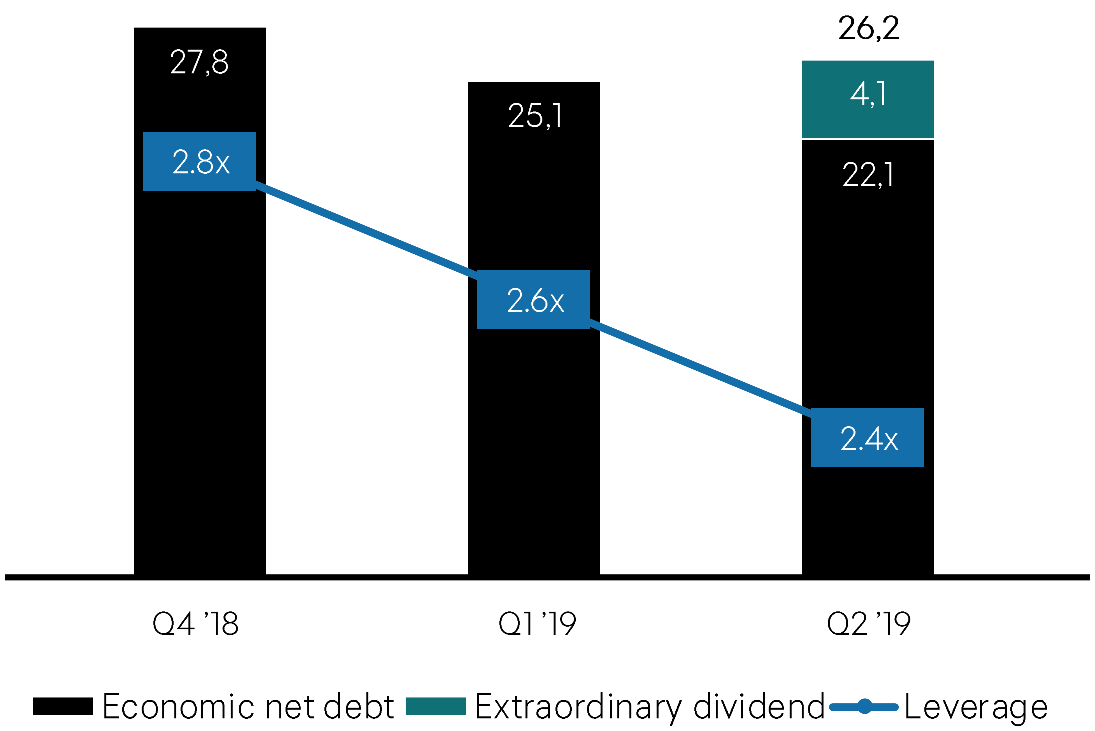
- Mid-point of range reduced by SEK 200m in the mid-term reflecting Croatia move to discontinued operations
- Mid-point of range reduced by SEK 300m in 2019 reflecting Croatia move to discontinued operations and slightly delayed start of 5G investment

Based on continuing operations in constant currencies

*Underlying EBITDA excluding IFRS 16

Leverage at 2.4x

Economic net debt to underlying EBITDAaL
(SEK billion)



Comments

- Economic net debt to underlying EBITDAaL 2.4x at end of June, down from 2.6x at end of March due to cash flow generation and proceeds from sale of Kazakhstan operations
- Temporarily below target leverage range of 2.5-3.0x before distribution of proposed extraordinary dividend of SEK 6.00 per share (SEK 4.1bn)
- Adjusted for the proposed extraordinary dividend, leverage would have been 2.8x at the end of June

Economic net debt = Net debt excluding lease liabilities. Prior to the completion of the Kazakhstan divestment, also liabilities to Kazakhtelecom, liability for earn-out obligation in Kazakhstan and loan guaranteed by Kazakhtelecom are excluded

TO CONCLUDE…

Key priorities moving forward

Reignite end-user service revenue growth in Sweden

- B2C: FMC penetration in the customer base
    - FMC benefits to be extended to all brands
    - Capitalize on positive pricing environment
- B2B: Execute on turnaround

Structural cost savings

- Cost synergy target raised to SEK 600m run-rate by year-end 2019
- Cost synergies of SEK 900m within 3 years
- Investigate further initiatives

Build on the momentum in the Baltics

Close the sale of Croatia

Distribute extraordinary dividend to shareholders

THANK YOU!

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