

THIRD QUARTER 2017

October 19, 2017

Tele2 AB

TELE2

Group highlights – Q3 2017

<i>SEK billion</i>	Q3 2017	% Change Reported	% Change LFL
Mobile end-user service revenue	3.9	9%	7%
Net sales	7.5	13%	1%
EBITDA	1.8	21%	12%

LFL is constant currencies and pro forma for TDC Sweden
Note: All figures in this presentation exclude Tele2 Austria unless otherwise stated

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



Challenger
Cost
Structure

Responsible Challenger



Winning People & Culture



Delivering on our long term strategy



Positively Fearless Brands

- Strong uptake of new commercial propositions across the Group
- Comviq awarded strongest telecom brand in Sweden
- Tele2 wins best telecom retail chain and webshop in the Netherlands



Baltic Sea Challenger

- Baltics mobile end-user service revenue up 12%, EBITDA up 18%
- Sweden mobile end-user service revenue down 1.5%, EBITDA down 6% LFL
- Rolling 12 m operating cash flow up 22% to SEK 4.4bn



Investment Markets

- Netherlands mobile end-user service revenue up 27%
- Netherlands data and voice on-loading at 93% and 54% respectively
- Kazakhstan mobile end-user service revenue up 19%, EBITDA margin of 26%



Challenger Cost Structure

- Group EBITDA margin improved by 2% pts to 25%
- Netherlands mobile EBITDA losses reduced by 72%
- Challenger Program ahead of plan, on track for SEK >850m benefits in 2017

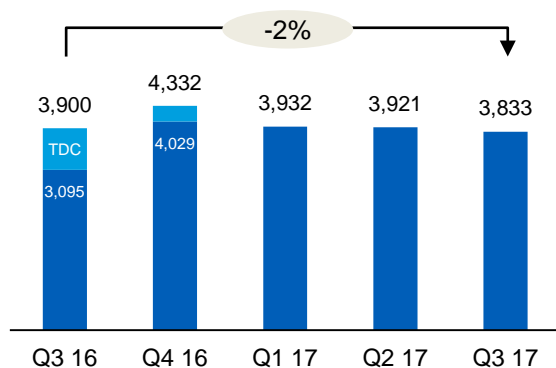
LFL is constant currencies and pro forma for TDC Sweden
Operating cash flow is EBITDA - CAPEX, 12 m rolling

Comviq awarded by Evimetrix Swedish Brand Award and Tele2 NL awarded by the ABN AMRO Retail chain of the Year and Webshop Award election

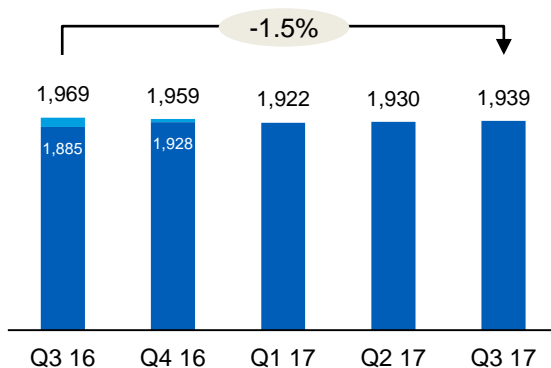
Baltic Sea Challenger

Sweden – Financials

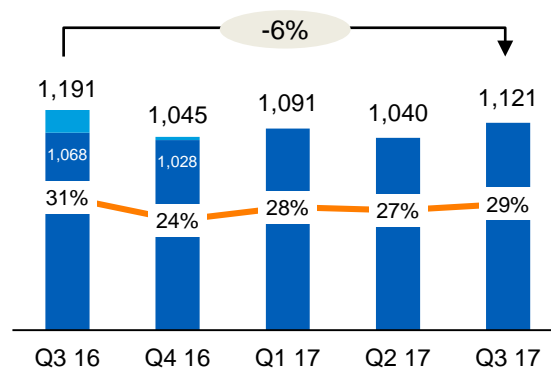
Net sales, LFL
(SEK million)



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



EBITDA and EBITDA margin,
LFL (SEK million)

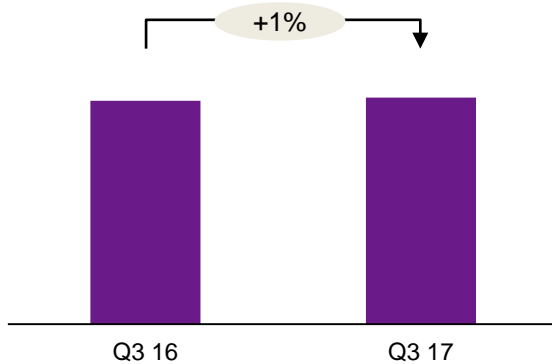


Q3 Highlights

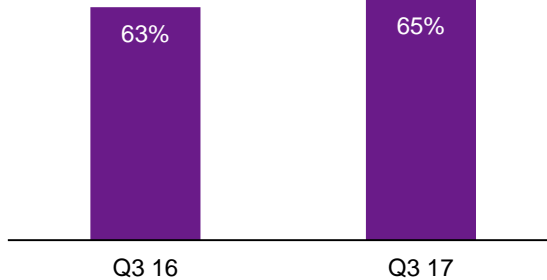
- Decrease in net sales due to Roam Like at Home (RLAH) and continued decline within fixed
- Decline in mobile end-user service revenue driven by RLAH and lower ASPU levels within B2B. Growth of 1% excluding RLAH
- EBITDA excluding RLAH flat, as Challenger and TDC synergies benefits compensate for declining fixed service revenue

Sweden Consumer – Stable despite RLAH

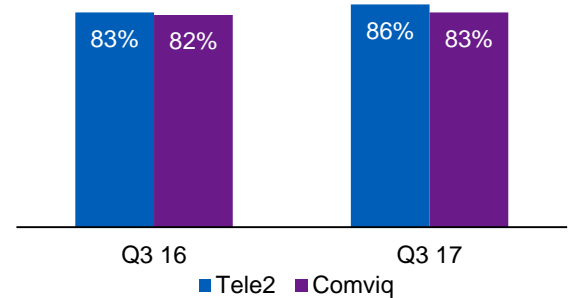
Consumer mobile end-user service revenue



Share of postpaid sales with bundle >3GB



Customer satisfaction (Tele2 Media & Insight)

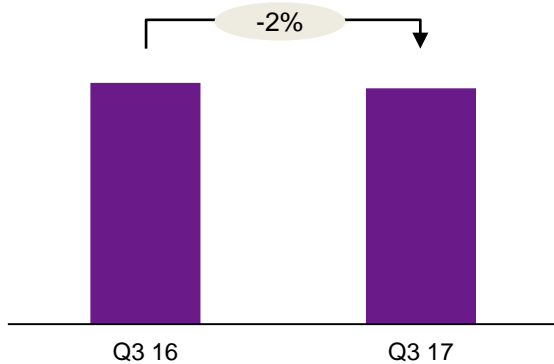


Q3 Highlights

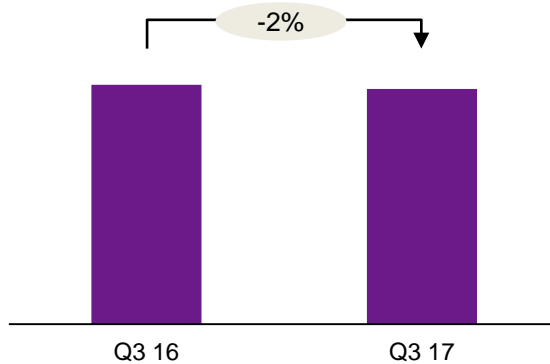
- Mobile end-user service revenue grew by 3% adjusted for RLAH
- Strong Comviq performance from continued prepaid to postpaid migration and good ASPU development in Tele2
- Comviq's 5-year postpaid anniversary promotion has fueled strong prepaid to postpaid migration
- Continued high level of customer satisfaction

Sweden B2B – Synergies ahead of plan

B2B net sales, LFL
(SEK million)



B2B Large net sales, LFL
(SEK million)



YTD integration synergies

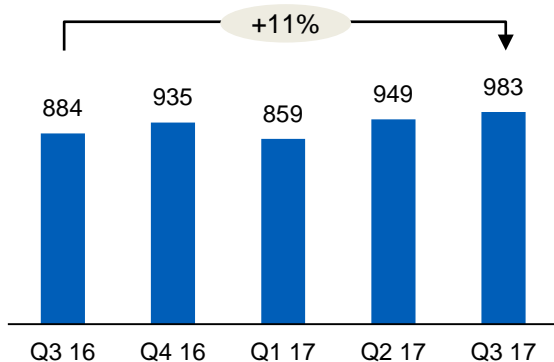
**SEK 137
MILLION**

Q3 Highlights

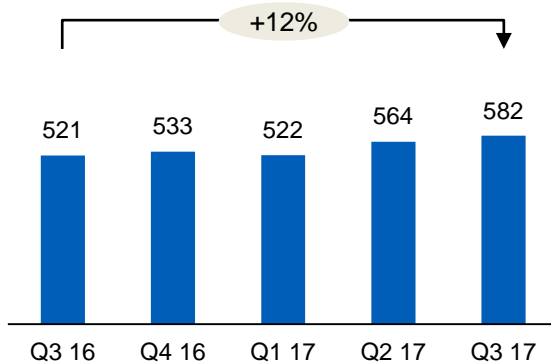
- Net sales down due to weak customer additions in previous quarters, continued price competition and decline in fixed
- TDC integration and synergies ahead of plan, with SEK 65m achieved in the quarter
- Positive progress in both new contracts and retention of large contracts in the quarter including University of Gothenburg, Attendo and Transportstyrelsen

Baltics – Financials

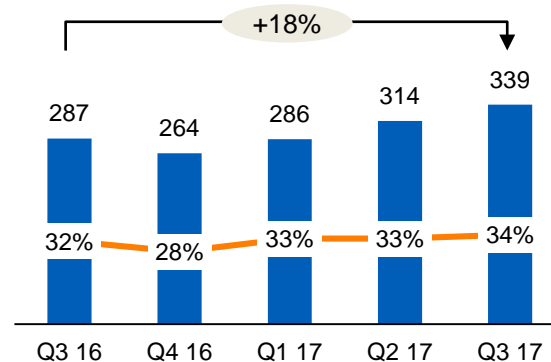
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)

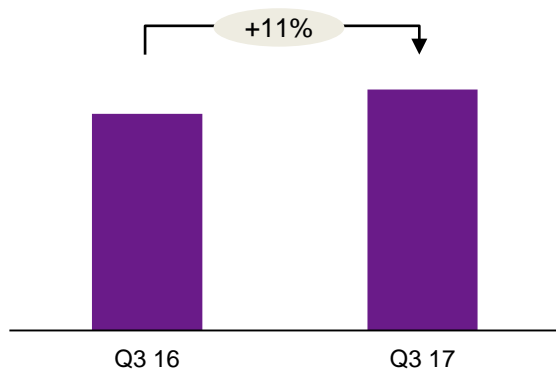


Q3 Highlights

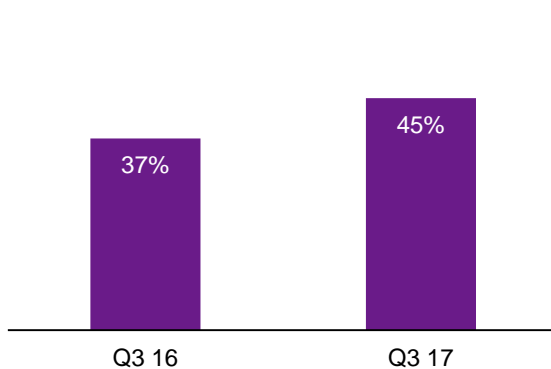
- Net sales growth driven by increase in both mobile end-user revenue and equipment sales
- Mobile end-user revenue increase driven by higher ASPU, due to successful data monetization, and growth in mobile broadband
- Strong EBITDA performance driven by higher service revenue and Challenger Program benefits

Baltics – Strong growth despite RLAH

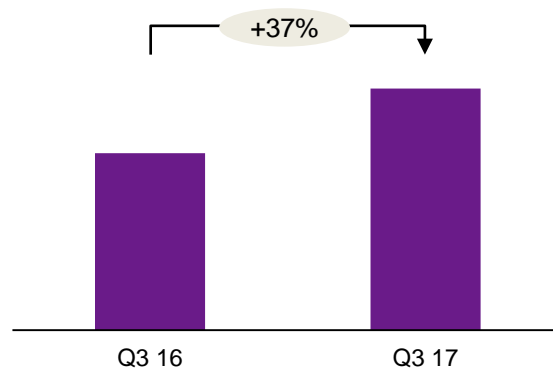
ASPU development



Share of 4G capable smartphones in base



MBB end-user service revenue



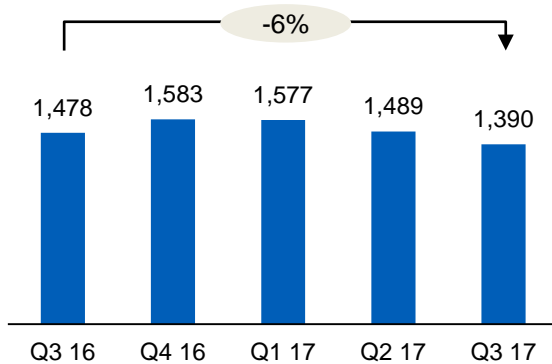
Q3 Highlights

- Higher ASPU driven by continued prepaid to postpaid migration and strong uptake of new commercial propositions
- Smartphone penetration continues to rise with room for further growth
- Prior quarter investments in mobile broadband are contributing to mobile end-user service revenue growth

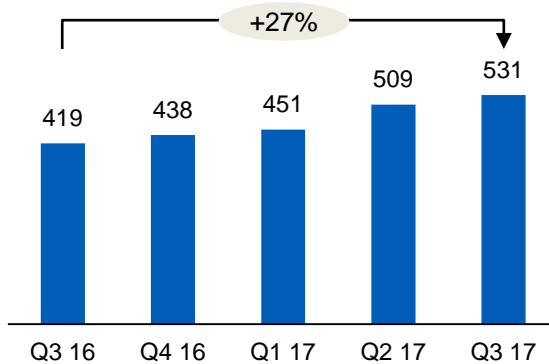
Investment Markets

Netherlands – Financials

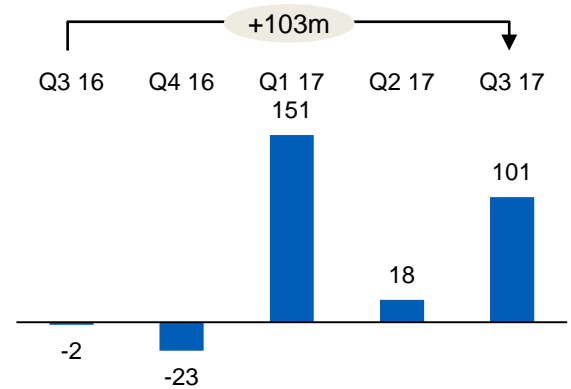
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)

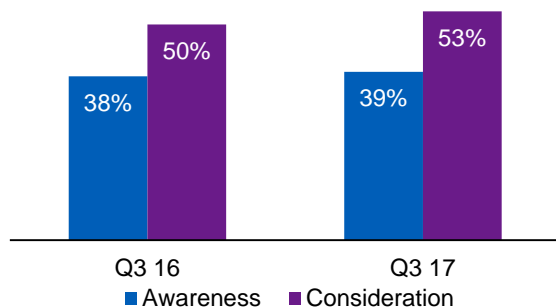


Q3 Highlights

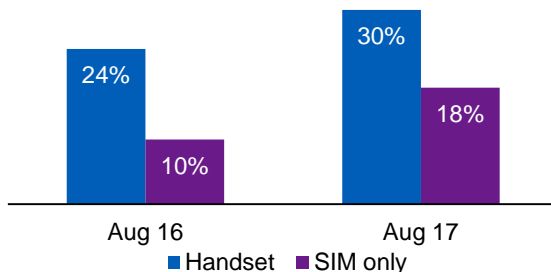
- Net sales decrease due to lower handset revenue following the new accounting rules and WFT, and lower fixed revenue
- Mobile end-user service revenue driven by 18% increase in customer base and ASPU growth of 6%
- EBITDA positively impacted by growth in mobile, lower mobile expansion costs and improved network economics

Netherlands – Strong momentum

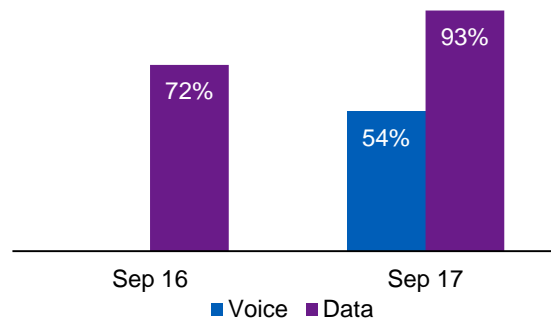
Spontaneous brand awareness & brand consideration (Memo2)



Share of total new postpaid (GfK)



Usage on own network

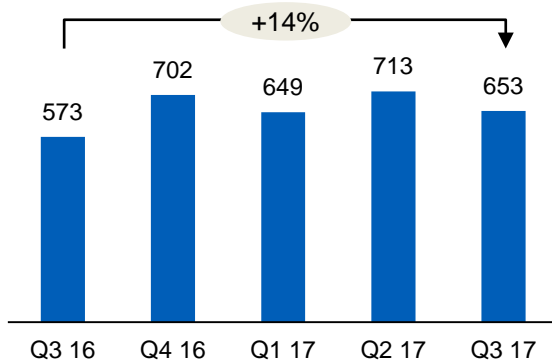


Q3 Highlights

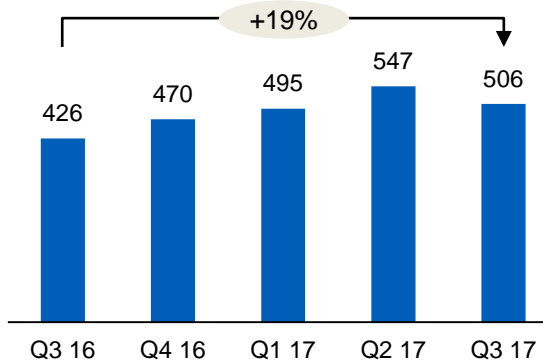
- Continuing to take >20% market share of new postpaid contracts
- Mobile customer intake grew to 57k in the quarter due to our Fun Rebel commercial propositions
- Continued progress in data on-loading driven by network roll-out and densification
- Voice on-loading at 54% with 557k active VoLTE customers

Kazakhstan – Financials

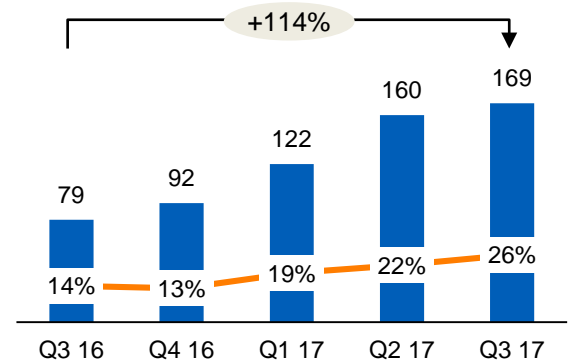
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)



Q3 Highlights


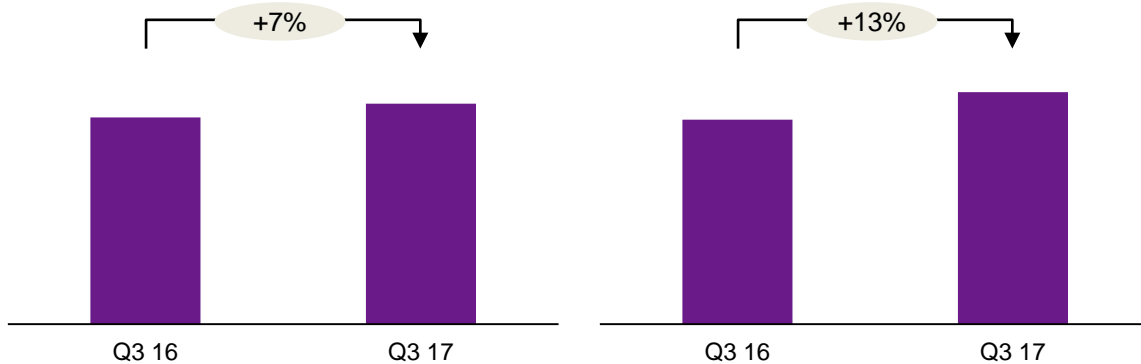
- Continued strong momentum as JV executes on integration and go-to-market strategies
- Mobile end-user service revenue growth driven by increased customer base and higher ASPU bundles
- EBITDA margin expanded to 26% from integration synergies and scale benefits

Kazakhstan – Network integration completed

Customer base
(thousand)

ASPU development

Integration



**~1,740
SITES MERGED**

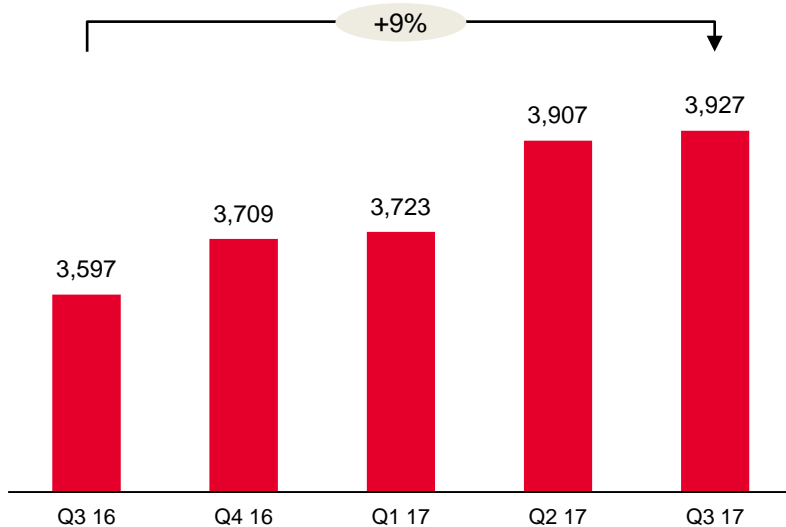
Q3 Highlights

- Customer growth driven by successful dual brand strategy and expansion of distribution network
- Positive ASPU development driven by new mobile offerings and focus on higher data bundles
- Network integration successfully completed in the quarter

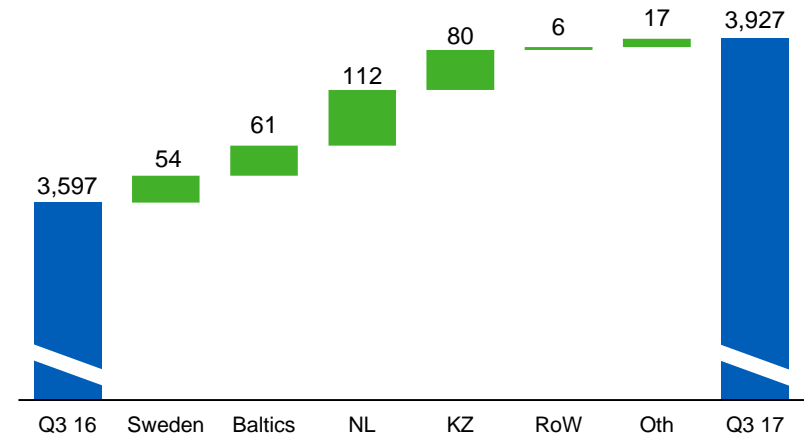
Financial Overview

Mobile end-user service revenue

Tele2 Group
(SEK million)

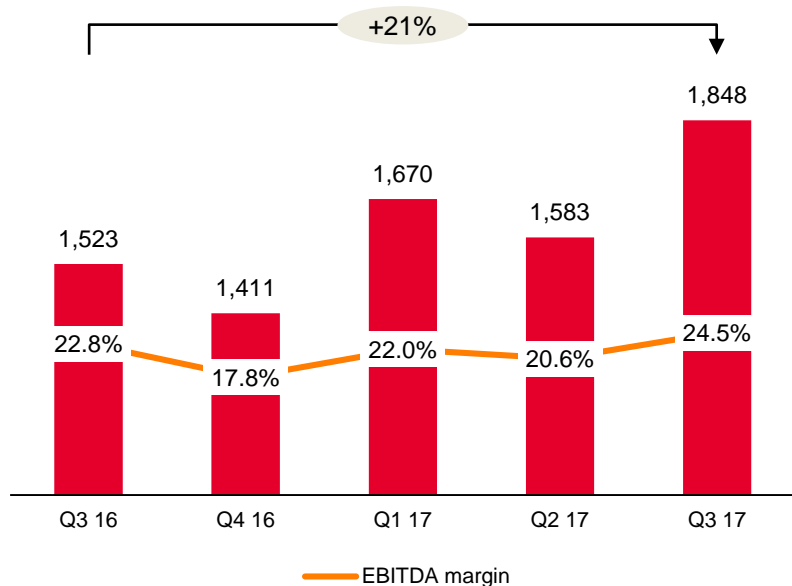


Development per market
(SEK million)

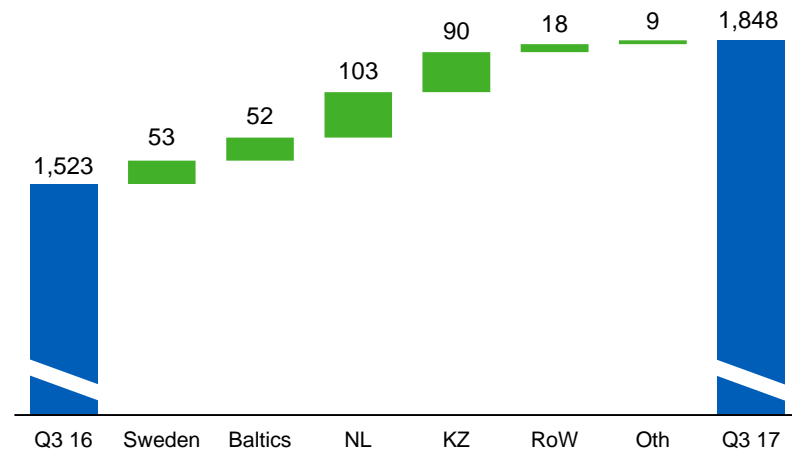


EBITDA

Tele2 Group (SEK million)

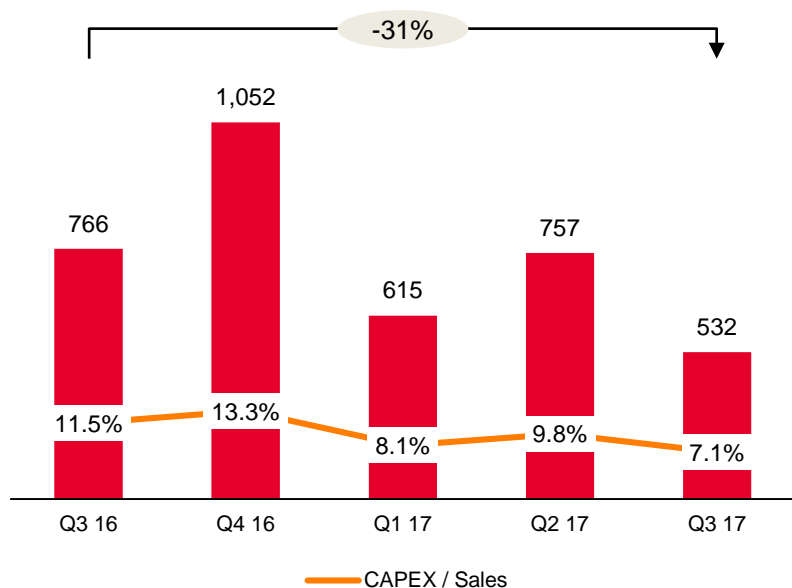


Development per market (SEK million)

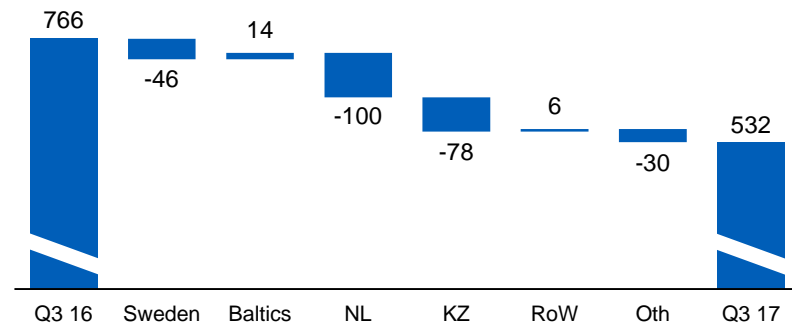


CAPEX

Tele2 Group (SEK million)



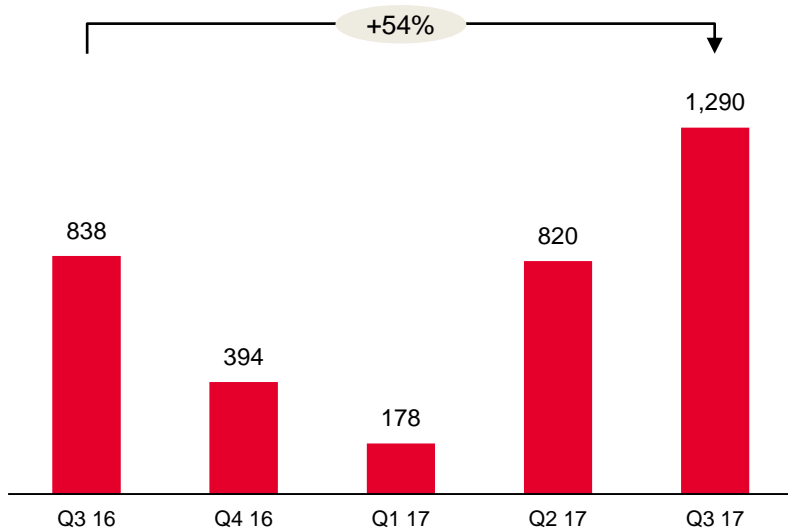
Development per market (SEK million)



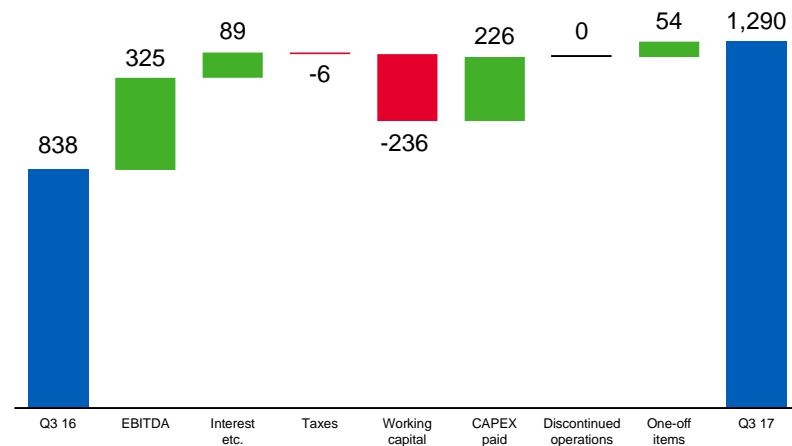
Free cash flow

Total operations

Tele2 Group
(SEK million)

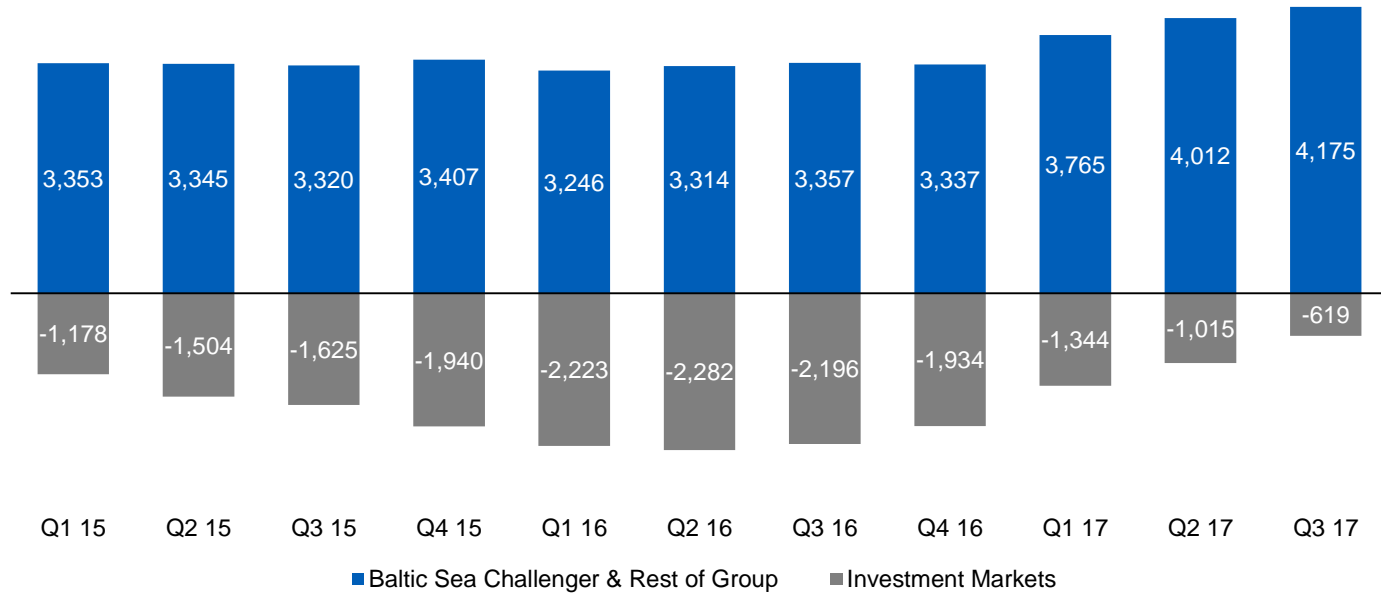


Development
(SEK million)



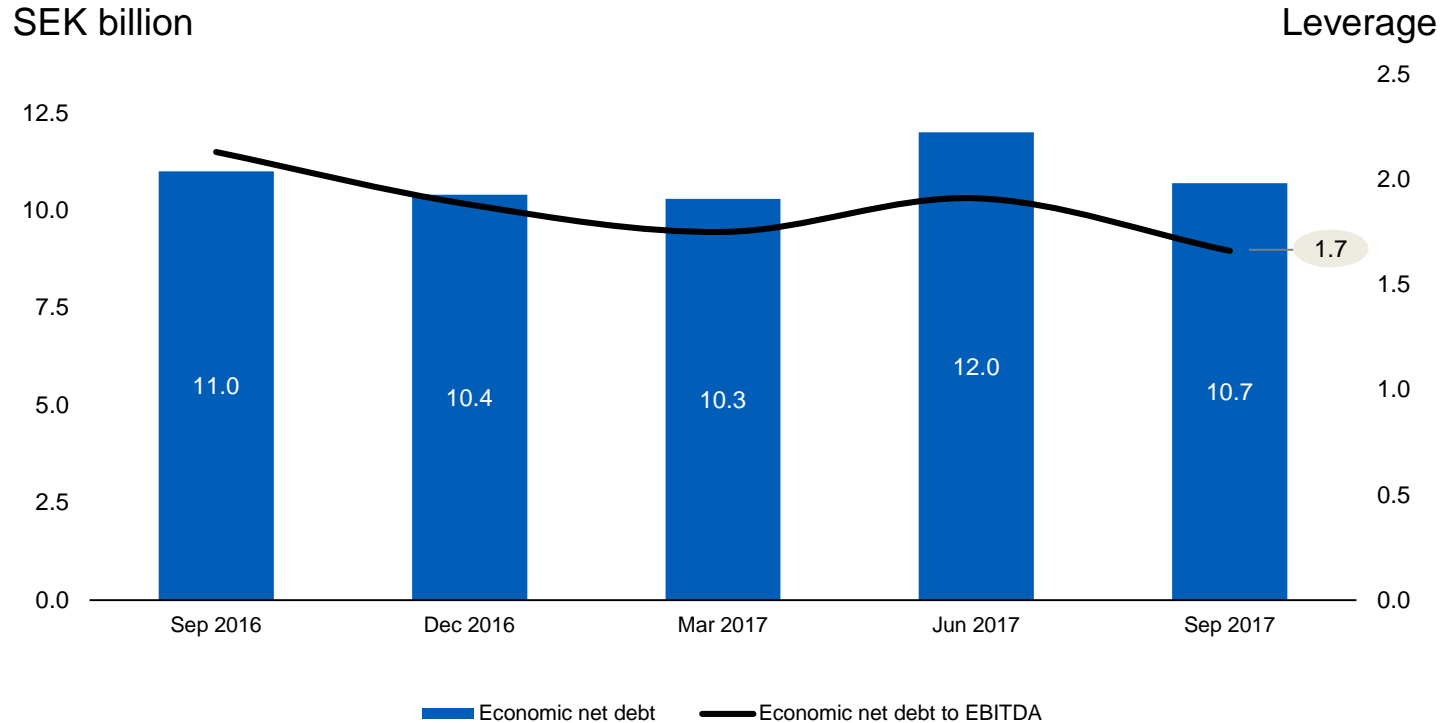
Operating cash flow

EBITDA less CAPEX 12 m rolling, SEK million



Debt position and financial leverage

Total operations, Economic net debt to EBITDA 12 m rolling



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

Challenger program ahead of plan

	Baseline	2016 actual	2018 target	Key progress areas since inception
Simplify % of products harmonized on shared platforms	30%	40%	60%	<ul style="list-style-type: none">▪ New revenue streams▪ Sales & marketing efficiency▪ Network & IT consolidation▪ Customer service optimization▪ Procurement scope increase▪ Administration efficiency
Discipline % of spend strategically sourced & procured	40%	75%	80%	
Consolidate % of reduction in IT OpEx as share of revenue	0%	5%	20%	
Transform % of staff in Shared Operations	12%	18%	25%	

Financial guidance 2017 – Upgraded

Mobile end-user service revenue	High-single digit % growth*
Net sales (SEK billion)	30 – 31
EBITDA (SEK billion)	6.4 – 6.6
CAPEX (SEK billion)	2.9 – 3.2

* Based on LFL which is constant currencies and pro forma for Altel and TDC Sweden

Summary

Key priorities moving forward

- Fearlessly liberate people to live a more connected life
- Growth from continued data monetization
- Return Sweden to growth despite RLAH
- Further leverage our momentum in Baltics, Netherlands and Kazakhstan
- Execute on Challenger and synergy programs



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**THE
END**

TELE2