

## **PRESS RELEASE**

# **Tele2 acquires TDC Sweden and strengthens its position in the Swedish B2B market**

**Stockholm – Tele2 Group (Tele2), (NASDAQ OMX Stockholm Exchange: TEL2 A and TEL2 B) today announced that it will acquire TDC Sweden at an Enterprise Value of SEK 2.9 billion (the “Transaction”). This acquisition will allow Tele2 to become a stronger player in the strategically important B2B segment in its home market.**

TDC Sweden is a highly successful provider of B2B services in Sweden, serving both the public sector and many Swedish blue chip customers with their entire end-to-end connectivity and communication needs. TDC Sweden has a strong position in attractive product segments, and a solid track record of profitable growth, delivering net sales in 2015 of SEK 3.4 billion and an EBITDA of SEK 0.4 billion. The operations had 809 full time employees at the end of 2015.

As a result of the acquisition of TDC Sweden, Tele2 intends to create a stronger customer champion in the Swedish B2B segment. Together, TDC Sweden and Tele2 will be a challenger, offering a more comprehensive product portfolio to Swedish business customers. The combined operations will be well positioned to capture growth trends in the industry such as from data growth, managed services and migration to cloud platforms.

Allison Kirkby, President and CEO of Tele2 AB, comments: “The acquisition of TDC Sweden is consistent with our strategy to be champions of customer value for both consumers and businesses. This deal is a unique opportunity for Tele2 to build scale and expand its range of services in the B2B market, it is hugely complementary to our existing Swedish business, and it allows us to meet the global trend of large B2B customers demanding a wider range of communication & network services. For our shareholders, the combination of Tele2 and TDC Sweden unlocks significant value creation from synergies.”

Samuel Skott, Executive Vice President, CEO Tele2 Sweden, comments: “Combining Tele2’s and TDC Sweden’s individually powerful operations will create an even stronger B2B communications provider on the Swedish market. Tele2 has traditionally been strong in mobile telephony and fixed telephony while TDC Sweden is further ahead in network as a service, unified communications and hardware. The unique complementary profiles of the two companies will enable us to provide our customers with even greater value going forward.”

In conjunction with the Transaction, Tele2 proposes to undertake an equity issue with preferential rights to existing shareholders to a total amount of approximately SEK 3 billion (the “Rights Issue”). The Rights Issue is subject to the approval of an Extraordinary General Meeting. The Transaction is not conditional on equity financing, as Tele2 has available funds

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and existing credit facilities in place to finance the Transaction. The Rights Issue is proposed in order to maintain the Company's financial strength, is fully underwritten and has the support of Tele2's largest shareholder Kinnevik. The Rights Issue is expected to be completed by the fourth quarter of 2016.

The Transaction is subject to regulatory approval by the relevant competition authorities. Closing is expected by the fourth quarter 2016.

Tele2 estimates annualized run rate OPEX and CAPEX synergies to amount to approximately SEK 300 million, with additional one-off capex synergies estimated to amount to SEK 200 million. Positive effects of cross-selling are also expected. Preliminary estimates for the integration costs and other one-off costs required to achieve synergies amount to approximately SEK 750 million.

### **The Transaction**

Tele2 will acquire the entire Swedish operations of TDC Sweden at an Enterprise Value of SEK 2.9 billion.

### **Financing**

The Transaction is not conditional on equity financing, as Tele2 has available funds and existing credit facilities in place to finance the Transaction. In conjunction with the Transaction Tele2 intends to undertake an equity issue with preferential rights to existing shareholders to a total amount of approximately SEK 3 billion to maintain the Company's financial strength. The largest shareholder in Tele2, Kinnevik (representing 30.04% of the total number of shares and 47.58% of the number of votes in Tele2), has committed to subscribe for its pro rata share of the Rights Issue and Nordea Bank AB (publ), has entered into a standby underwriting commitment, subject to customary conditions, for the remaining portion of the Rights Issue. The Rights Issue is expected to be completed by the fourth quarter of 2016.

### **Extraordinary General Meeting**

In order to resolve on the Rights Issue, an Extraordinary General Meeting will be held prior to the Rights Issue which is expected to be completed by the end of 2016. More details will follow and the notice for the Extraordinary General Meeting will be published separately and will be made available at [www.tele2.com](http://www.tele2.com)

### **Press and analyst conference**

A press and analysts' conference will be held in Myntkabinettet, Slottsbacken 6, Stockholm, at 12:00 CET (11:00 UK time/06:00 NY time) on 21 June, 2016. The conference will be held in English and also made available as a webcast on [www.tele2.com](http://www.tele2.com)

Refreshments and a light lunch will be served.

### **Dial-in information:**

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

The logo for Tele2, featuring the word "TELE2" in a bold, black, sans-serif font. The "2" is significantly larger and more prominent than the other characters.

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**Confirmation code:** 5417211 / ask for Tele2

**Dial-in numbers:**

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*The information is of such character, which Tele2 AB (publ) shall disclose in accordance with the Securities Market Act (2007:528) and/or the law on Trading with Financial Instruments (1991:980). The information was distributed for disclosure at 07:00 CET on 21 June 2016.*

**For more information, please contact:**

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**TELE2 IS ONE OF EUROPE'S FASTEST GROWING TELECOM OPERATORS, ALWAYS PROVIDING CUSTOMERS WITH WHAT THEY NEED FOR LESS.** We have 16 million customers in 9 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, content services and global M2M/IoT solutions. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2015, we had net sales of SEK 27 billion and reported an operating profit (EBITDA) of SEK 5.8 billion.

**TELE2**