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2016-10-04

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## **PRESS RELEASE**

# **The Board of Directors of Tele2 has decided on an approximately SEK 3 billion rights issue supported by the main shareholder**

**The Board of Directors of Tele2 AB (publ) (“Tele2” or “the Company”), (NASDAQ OMX Stockholm: TEL2 A and TEL2 B), has on October 3, 2016, resolved on the rights issue (“Rights Issue”) of approximately SEK 3 billion with preferential rights for existing shareholders, subject to the approval by an Extraordinary General Meeting, previously communicated in conjunction with the announcement of the acquisition of TDC Sweden.**

The largest shareholder in Tele2, Kinnevik (representing 30.34% of the total number of shares and 47.92% of the number of votes in Tele2)<sup>1</sup>, 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.

### **Background and rationale**

On June 21, 2016, Tele2 announced that the Group has signed a contract to acquire 100 percent of TDC Sweden, subject to regulatory approval by the relevant competition authorities, for SEK 2.9 billion on a cash and debt free basis.

TDC Sweden is a highly successful provider of business-to-business (“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. The Board of Directors of Tele2 is of the opinion that the acquisition of TDC Sweden is an important step for Tele2 since it will strengthen the position in the strategically important B2B segment in Sweden.

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. Tele2 also expects positive effects from cross-selling (which are not included in the above synergy estimates). The Company estimates the integration costs and other one-off costs required to achieve synergies to amount to approximately SEK 750 million.

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<sup>1</sup> As of August 31, 2016



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The acquisition of TDC Sweden is not conditional upon equity financing as Tele2 has available funds and existing credit facilities in place to finance the acquisition. However, in conjunction with the announcement of the acquisition of TDC Sweden, Tele2 also communicated the intention to undertake an equity issue with preferential rights for existing shareholders to maintain the Company's financial strength.

### **Terms of the Rights Issue**

Subject to the approval by an Extraordinary General Meeting on October 27, 2016, Tele2's Board of Directors has resolved on a Rights Issue of approximately SEK 3 billion before deduction of Rights Issue costs.

Tele2's existing shareholders will have a preferential right to subscribe for new Tele2 shares in the same class in proportion to the number of shares that the holder already owns (primary preferential right). The record date to determine which shareholders are entitled to subscribe with preferential right is October 31, 2016. Shares that are not subscribed for through primary preferential right will be offered to all Tele2 shareholders for subscription (subsidiary preferential right) and other investors who have subscribed for shares without any preferential right.

The increase in share capital, the number of shares to be issued and the subscription price in the Rights Issue, is expected to be announced on October 24, 2016, at the latest.

The subscription period will run from and including November 2, 2016, up to and including November 16, 2016, or such later date as decided by the Board of Directors. Trading in subscription rights is expected to be conducted at Nasdaq Stockholm during the period from and including November 2, 2016, up to and including November 14, 2016.

The resolution by the Board of Directors on the Rights Issue is subject to approval of the Extraordinary General Meeting to be held on October 27, 2016. For more information, please see the notice to attend the Extraordinary General Meeting in a separate press release.

### **Shareholder support and underwriting commitment**

The largest shareholder in Tele2, Kinnevik (representing 30.34% of the total number of shares and 47.92% of the number of votes in Tele2)<sup>2</sup>, has committed to subscribe for its pro rata share of the Rights Issue. Kinnevik has also committed to vote in favor of the Rights Issue at the Extraordinary General Meeting.

For the remaining amount, Nordea Bank AB (publ), have entered into a standby underwriting commitment, subject to customary conditions.

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<sup>2</sup> As of August 31, 2016



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#### **Indicative timetable for the Rights Issue**

<b>October 24, 2016</b>	Announcement of complete terms and conditions, including subscription price and subscription ratio
<b>October 27, 2016</b>	Extraordinary General Meeting to approve the Rights Issue resolved by the Board of Directors
<b>October 27, 2016</b>	Last day of trading in shares including right to participate in the Rights Issue
<b>October 28, 2016</b>	First day of trading in shares excluding right to participate in the Rights Issue
<b>October 31, 2016</b>	Record date for participation in the Rights Issue, i.e. holders of shares who are registered in the share register on this day will receive subscription rights for participation in the Rights Issue
<b>November 2, 2016 – November 14, 2016</b>	Trading in subscription rights
<b>November 2, 2016 – November 16, 2016</b>	Subscription period
<b>On or around November 21, 2016</b>	Press release of preliminary outcome of the Rights Issue
<b>On or around November 23, 2016</b>	Press release of final outcome of the Rights Issue

#### **Financial and legal advisors**

Nordea Bank AB (publ) is acting as financial advisor and Advokatfirman Vinge KB is acting as legal advisor in connection with the Rights Issue.

*The information was distributed for disclosure at 08:00 CET on October 4, 2016.*

#### **For more information, please contact:**

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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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**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 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. For definitions of measures, please see the last page of the Annual report 2015.

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