



Press Release  
2013-03-27

## **Tele2 AB sells Tele2 Russia to VTB Group in a cash transaction comprising USD 2.4 billion (approximately SEK 15.6 billion) in equity value and USD 1.15 billion (approximately SEK 7.5 billion) in net debt**

**Stockholm – Tele2 AB has agreed to sell Tele2 Russia to VTB Group in a cash transaction comprising USD 2.4 billion (approximately SEK 15.6 billion) in equity value and USD 1.15 billion (approximately SEK 7.5 billion) in net debt, equivalent to an EBITDA multiple of 4.9 based on FY 2012 results. The sale of Tele2 Russia is expected to close shortly.**

Mats Granryd, President and CEO of Tele2 AB, comments: "We have built a very successful Russian mobile business of almost 23 million subscribers, skilled employees and strong profitability, through selective acquisitions and organic growth under a strong brand over the last 12 years. This transaction crystalizes that success. We wish VTB Group well in continuing to build a mobile operator in a significantly developing market. Tele2 AB will carry on investing in and seizing opportunities that surging mobile data usage is creating in our core markets: Sweden, the Netherlands, Norway and Kazakhstan."

Andrey L. Kostin, President and Chairman of VTB Group, commented: "We believe that Tele2 Russia is a good financial investment which will be growing faster than the market. The company has a solid track record of growth and profitability in Russia, and a strong regional position as the 4th Russian mobile operator with almost 23 million subscribers. VTB plans to cooperate with financial and strategic partners in order to further develop its investment."

Tele2 Russia had net sales in 2012 of SEK 12,984 million and an EBITDA result of SEK 4,744 million. The customer base amounted to 22.7 million at the end of 2012. The operations have approximately 3,500 employees.

### **Transaction Highlights**

- Tele2 AB sells Tele2 Russia to VTB Group in a cash transaction comprising USD 2.4 billion (approximately SEK 15.6 billion) in equity value and USD 1.15 billion (approximately SEK 7.5 billion) in net debt, equivalent to an EBITDA multiple of 4.9 based on FY 2012 results.
- The transaction is estimated to result in a capital gain excluding reversal of exchange rate differences previously reported in Other comprehensive income amounting to approximately SEK 15.6 billion and will affect the results for Q2 2013.
- Completion of the transaction is expected shortly.



Tele2 AB will maintain its focus on Europe and Eurasia. Tele2 AB will strive to excel within its core assets, customer relationships and mobile access and innovate within products, price and packaging. The company must maintain its position as cost leader and innovator and have the organizational agility to react quickly to changes in market conditions.

## Shareholder Remuneration and Capital Structure

After completion of the transaction the Board of Tele2 AB intends to propose to distribute SEK 12.5 billion, equivalent to SEK 28 per share, to shareholders as redemption of shares, also expected to be completed shortly after closing of the transaction.

Tele2 AB will maintain its established dividend policy most recently described in its Q4 2012 report. After the sale of Tele2 Russia, Tele2 AB will also keep its balance sheet targets of a net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term to allow for an efficient capital structure.

## Financial Guidance

Tele2 AB makes the following revised guidance to that provided in Q4 2012 to give improved clarity on the expected longer term performance of Tele2 AB - proforma for the transaction:

- Tele2 expects to achieve a compounded annual revenue growth for the group of between 5 - 7 percent until year 2015, reaching at least SEK 35.6 billion.
- Tele2 expects to achieve a compounded annual EBITDA growth for the group of between 10 – 12 percent until year 2015, reaching at least SEK 8.3 billion.
- Each operation in the group should return at least 20 (previously 24) percent on capital employed (ROCE).
- Positive operational development over the next 3 years will be driven by predominantly strong mobile development in Sweden, the Netherlands, Norway and Kazakhstan.

## Press and analyst conference

Tele2 AB will host a press and analyst conference with the possibility to join through conference call and webcast, March 27, 2013, at 18:45 CET, for members of the journalist and investment community to discuss the transaction. Details are as follows:

Venue:

Grand Hotel, The Carl Larsson Room

Wifi will be available

Refreshments 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.

Dial-in numbers:

Sweden: +46 (0)8 505 564 74

UK: +44 (0)203 364 5374

US: +1 855 753 2230



A webcast link will be available on [www.tele2.com](http://www.tele2.com)

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**TELE2 IS ONE OF EUROPE'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING CUSTOMERS WITH WHAT THEY NEED FOR LESS.** We have 38 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. 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 2012, we had net sales of SEK 43.7 billion and reported an operating profit (EBITDA) of SEK 11 billion