

## **PRESS RELEASE**

# **Full Year and Fourth Quarter 2014 Report**

**Stockholm - Tele2 AB, (Tele2), (NASDAQ OMX Stockholm: TEL2 A and TEL2 B) today announced its consolidated results for the full year and fourth quarter 2014.**

### **CEO comment:**

“2014 was a year where we delivered on our commitments, despite the uncertainty in Norway and the significant transition from fixed to mobile in the Netherlands. Q4 2014 was no exception and we produced our 14<sup>th</sup> consecutive quarter of mobile growth, with end-user service revenue growing 7 percent as a result of a continued ability to monetize our customers’ increasing need for mobile data. The catalyst has been LTE/4G services and a range of customer propositions that provide great value and a great experience.”

### **Financial highlights:**

#### **Strong mobile end-user service revenue growth for the Group**

Mobile end-user service revenue grew by 7 percent amounting to SEK 3,205 (3,006) million, driven by improved monetization of mobile data. Mobile strength fuelled a quarter where total net sales grew by 4 percent to 6,876 (6,585) million, and EBITDA amounted to SEK 1,412 (1,490) million. In the quarter EBITDA was impacted by marketing investments in Sweden behind Value Champion and iPhone 6 launches. Additionally, EBITDA was impacted negatively by a data center fire in Sweden and positively by a license sale in Estonia.

#### **Healthy top and bottom line progress in Tele2 Sweden**

Mobile end-user service revenue in Sweden grew by 5 percent in Q4 2014 and EBITDA increased to SEK 792 (722) million, both positively impacted by accelerated data usage in predominantly the postpaid segment. Equipment sales were strong in the quarter amounting to SEK 759 (449) million, as a result of the iPhone 6 launch, of which SEK 180 (0) million was from sales to distributors.

#### **Maintained positive customer intake within mobile for Tele2 Netherlands**

Tele2 Netherlands continued to gain market share by adding 22,000 (62,000) customers and taking the total mobile customer base to 813,000 (694,000). Mobile end-user service revenue amounted to SEK 301 (261) million, growing by 15 percent in Q4 2014.

#### **Improved customer intake for Tele2 Kazakhstan**

Customer intake increased to 205,000 (-393,000) in Q4 2014, partly because of the new commission structure and partly due to new price plans as a reaction to increased competition.

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2015-01-30

Improved quality of customer intake and increasing data consumption supported the operational development. As a result, Mobile end-user service revenue grew by 12 percent in Q4 2014, amounting to SEK 280 (251) million despite being impacted by devaluation of the local currency and increased competitive pressure. Through improved operational scale and lower interconnect levels, EBITDA amounted to SEK 17 (-7) million.

### **Sale of Tele2 Norway**

On December 1, 2014, the competition authority in Norway preliminary rejected the transaction. To be able to complete the transaction, the parties have presented a new proposal to the authority. The sale will be completed after approval by regulatory authorities, which is expected in Q1 2015.

### **Challenger program**

A group-wide program focused on increasing productivity was launched in the quarter. The program will build over the next 3 years and reap full benefits of SEK 1 billion per annum starting in 2018. The investment required will be SEK 1 billion, phased over the next 3 years. In the quarter EBIT was impacted by SEK -10 million by the program (Note 2).

### **The Board of Directors recommend a dividend for 2014 amounting to SEK 4.85**

The Board has decided to amend the progressive dividend policy to an annual 10 percent dividend growth for the coming 3 years. The Board therefore recommends an ordinary dividend of SEK 4.85 (4.40) per share in respect of the financial year 2014.

### **The full year and fourth quarter report is available on [www.tele2.com](http://www.tele2.com)**

### **Presentation full year and Q4 2014 result**

Tele2 will host a presentation with the possibility to join through a conference call, for the global financial community at 10:00 am CET (09:00 am GMT/04:00 am EST) on Friday, January 30, 2015. The presentation will be held in English and also made available as a webcast on Tele2's website: [www.tele2.com](http://www.tele2.com)

#### **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:**

United Kingdom: +442033645374

Sweden: +46850556474

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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 14 million customers in 9 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services 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 2014, we had net sales of SEK 26 billion and reported an operating profit (EBITDA) of SEK 5.9 billion.

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