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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Tele2 Q2 Interim Report 2020. (Operator Instructions) For your information, the conference is being recorded.

Now I would like to hand the conference over to your speaker today, Anders Nilsson. Please go ahead, sir.

Anders Nilsson *Tele2 AB (publ) - President & CEO*

Thank you very much, Andrea. And good morning, everyone, and welcome to the Q2 2020 report call for Tele2. With me on this end, I have Mikael Larsson, our CFO; and Samuel Skott, who is the Chief Commercial Officer of Tele2. And today, we will talk about the results for the quarter and then address your questions at the end of the call.

And now please turn to Slide 2 for a brief summary of the results and highlights for the quarter. We saw a full quarter of the COVID-19 impact. The impact was largely as expected, with the main headwinds being lower international roaming, declining equipment and mobile prepaid sales, and suspension of premium sports in TV. As a result, end-user service revenue declined by 2% on a group level.

We estimate that the pandemic had a negative effect of SEK 135 million on underlying EBITDAaL on a group level in the quarter with SEK 95 million in Sweden and SEK 40 million in the Baltics. Thanks to our efforts to refocus the company to defend underlying EBITDAaL, Tele2 fared relatively well and managed to grow underlying EBITDAaL by 4%. This was done through short-term mitigation such as lowering sales and marketing spend compared to the original plan, and we were also helped by the cost synergies from last year as only a portion of them were visible in the Q2 2019 P&L.

CapEx, excluding spectrum and leases, amounted to SEK 700 million for the quarter, tracking fairly low now so far this year ahead of the 5G rollout. We took a major step to assert our position as the leading telecommunications provider as we launched Sweden's first public 5G network in the quarter. And just like back in 2010 when Tele2 was the first to launch 4G in the Swedish market, we are now taking the leadership in 5G ahead of our competitors.

In Sweden consumer, we continue to execute on the back-book price adjustments. The increases are sticking so far, and we are starting to see the effect on mobile postpaid and fixed broadband and expect the full effect in Q3 and Q4, including TV. We continue to make

progress on the FMC strategy now with 242,000 customers on FMC benefits. Our rollout of Com Hem Play+ is progressing well, and the take-up is looking good as demand for streaming increases during the pandemic.

In Sweden B2B, the market remains tough. While we are happy that bankruptcies have not materialized as of yet, we see lower order intake during the pandemic, and we see that it will be hard to get the kind of growth we expected within SME before the pandemic.

The Baltics remained resilient despite being shut down for most of the quarter. We see the impact for roaming and lower equipment and prepaid sales, but mobile broadband is performing well, and we have gotten a good response to the TV service that we launched earlier this year.

As we now have greater clarity on the impact of the pandemic and our ability to mitigate, the Board has decided to reinstate its proposal of an ordinary -- of an extraordinary dividend of SEK 3.5 per share. The Board will also call to an EGM in early September, and we expect to pay the extra dividend along with the second tranche of the ordinary dividend in October. We're also reinstating formal guidance for 2020, which you can see on the next slide.

As we continue to focus on defending underlying EBITDAaL rather than revenue growth this year, we are not guiding on end-user service revenue, but focus on underlying EBITDAaL, which we expect to be roughly flat compared to 2019. This guidance is based on the assumption that the pandemic will result in a quarterly negative impact of SEK 100 million to SEK 120 million on underlying EBITDAaL throughout the rest of the year. We are reinstating our CapEx guidance of SEK 2.5 billion to SEK 3 billion for 2020 as we will ramp up investments into 5G and Remote PHY in the second half of the year.

Our midterm guidance remains the same since our strategy beyond 2020 remains intact. From 2021 and onwards, we expect low single-digit growth in end-user service revenue, mid-single-digit growth in underlying EBITDAaL

and annual CapEx, excluding spectrum and leases, of SEK 2.8 billion to SEK 3.3 billion.

Now let's look at the performance of Sweden consumer on Slide 5. Mobile postpaid remained resilient with solid net intake of 18,000 RGUs and a 1% decline in ASPU despite a 3 percentage point headwind from roaming, supported by the initial effects from price adjustments. Fixed broadband also showed solid results in the quarter with net intake of 10,000 RGUs and slight ASPU growth supported by price adjustments. So far, we see roughly half of the total quarterly effect on off-price adjustments, and we expect the full effect in Q3 and Q4, including on TV.

The pandemic headwinds are more apparent when it comes to prepaid where we see a significant decline in net intake and on TV, where ASPU declines accelerated due to the lack of revenue from premium sports. We expect TV trends to come back toward normal levels during the second half of the year as sport return and we see effects from price adjustments. Total end-user service revenue went into decline this quarter as growth in postpaid and broadband was offset by declines in prepaid and TV.

Now let's look at B2B on the next slide. Net intake turned negative in the quarter as we see lower contract activation during the pandemic. And while we do not see bankruptcies increasing materially, order intake is down compared to the previous periods. Still, the market remains tough with price pressure in addition to headwinds from roaming, which resulted in declining mobile ASPU. This, along with the continued decline in legacy fixed services, led to decline in total end-user service revenue.

Please turn to Slide 7 for an overview of Sweden as a whole. End-user service revenue decline accelerated to negative 3%, mainly due to COVID-related headwinds in both B2C and B2B. Underlying EBITDAaL increased by 3% as the SEK 95 million impact from the pandemic was offset by mitigations and benefits from last year's cost synergies. We continue to see strong cash conversion of 72% as CapEx spend is relatively low now in between investment cycles.

Let's look at the Baltics on Slide 9. Similar to Sweden, net intake was negatively affected by the pandemic headwinds on prepaid volumes. While we saw an impact on roaming revenue, ASPU growth continued, and we see strong performance, especially in Estonia and Lithuania where we have support from earlier price adjustments. Continued growth in ASPU in all 3 countries led to growth in

end-user service revenue, which you can see on Slide 10.

End-user service revenue increased by 6% organically, which drove an 8% increase in underlying EBITDAaL despite the SEK 40 million impact from the pandemic. We are pleased to see that Estonia continues to perform strongly across the board, continuing the turnaround even during the pandemic. Continued EBITDAaL growth and low capital intensity led to strong cash flow generation of 82% in the Baltics.

And with that, I hand over to Mikael.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

Thank you, Anders, and good morning, everyone.

Please turn to Slide 12. As in previous quarter, we have on this slide reported revenue from international roaming on a separate line to show the underlying trend in each revenue bucket without the effect the pandemic is having on roaming. As we stated in Q1, international roaming represents roughly SEK 400 million in end-user service revenue and SEK 300 million in underlying EBITDA after lease for the group on an annual basis.

In Q2, roaming end-user service revenue did not come down to 0, but was at very low levels. And there is also a timing effect where roaming is usually slightly higher in Q3. On an underlying EBITDAaL level, we see roughly the full effect that will say SEK 75 million for this quarter and expect a full impact during the pandemic. At the EU roaming, which is net negative for underlying EBITDAaL, it's declining slower and likely recovering faster than non-EU roaming, which is profitable.

Sweden consumer revenue declined by 1.5% in the quarter as strong mobile postpaid growth of 6% and fixed broadband growth of 5% did not compensate for COVID-19 headwinds in mobile prepaid and digital TV and continued decline in fixed telephony and DSL as well as DTT TV.

Within B2B, mobile end-user service revenue, excluding roaming, was flat year-on-year, while fixed and solution services declined. Baltics continued to show strong growth at 9%, excluding roaming, while our small legacy business in Germany continued to decline 11% in this quarter. For the group, this led to a slight decline of 25 -- SEK 27 million in end-user service revenue in the quarter, excluding roaming.

Please turn to Slide 13. Underlying EBITDA increased 3% organically in the quarter as continued strong EBITDA development in Baltics, together with positive effects from 2019 synergies and further cost mitigating activities made in this quarter, outweighed both the negative impact from end-user service revenue decline in Sweden as well as the SEK 135 million of negative effects from the pandemic.

Looking ahead into Q3 and Q4, we expect the effect from the pandemic to be approximately SEK 100 million to SEK 120 million per quarter throughout this year. Items affecting comparability relating to our business transformation program amounted to SEK 120 million in the second quarter, including costs for store closures in June.

Operating profit increased by close to SEK 750 million compared to same quarter last year, of which SEK 452 million was explained by impairment related to Estonia in 2019 with the remainder, approximately SEK 300 million, explained by higher underlying operating profit this year.

Please turn to Slide 14, cash flow. CapEx paid increased in the quarter due to higher network investments and timing of customer equipment CapEx. Change in working capital of negative SEK 90 million is mainly explained by elevated inventory levels as a precaution during the pandemic, partly offset by a positive effect from introduction of external handset financing in Lithuania. All in all, this led to stable equity free cash flow of close to SEK 1 billion for the second quarter. Over the last 12 months, our continuing operations has generated SEK 5.3 billion in equity free cash flow or SEK 7.7 per share.

Please move to Slide 15. We closed the second quarter with leverage at 2.4x, slightly below our target range of 2.5 to 3, as we postponed



the decision on extra dividend or proceeds from Croatia. Adjusted for the extra dividend, which is now being proposed to be paid out in October, leverage would have been 2.7 end of June. With better visibility on the effects from the pandemic than we had a quarter ago, we are today confident that we can remain within our guided leverage range by the end of 2020 while paying out the proposed extraordinary dividend and the second tranche of this year's ordinary dividend.

And with that, I would like to hand back to you, Anders.

Anders Nilsson *Tele2 AB (publ) - President & CEO*

Thank you, Mikael.

Now please turn to Slide 17 for our key priorities going forward. For the duration of the pandemic, the #1 priority is to monitor the impact and calibrate our mitigating actions to defend underlying EBITDAaL and cash flow. We will look at opportunities to fast track part of our business transformation program. We will optimize our sales efforts to reduce cost and focus on sales channels where we can get the return in this environment. We will continue executing on the back-book price adjustments in Sweden B2C and expect to see the full effect in coming quarters.

While we focus on defending underlying EBITDAaL for 2020, we will continue to execute on the long-term strategy so that we can pick up where we left off once the pandemic is over. We will continue driving FMC in Sweden and address the remaining overlapping mobile and fixed customer base while preparing to execute on the next phase in the FMC strategy to grow FMC organically. We will continue steering our B2B business towards more profitable segments such as the private large enterprise sector and SME.

Our business transformation program is on track, and we will continue executing to deliver at least SEK 1 billion over 3 years. We will continue executing on our mobile-centric convergence strategy in the Baltics. And we will maintain our 5G leadership in Sweden and upgrade both our mobile and fixed networks to the next-generation technology. All this will lead to consistently growing cash flow, which we aim to distribute to shareholders.

As you know, this is my last quarter as CEO of Tele2. It's been a true honor to lead this company. And I would like to thank all of my great colleagues who have worked hard to drive this company forward and will continue to do so. I would also like to thank everyone who is listening to this call and has followed us throughout this journey. I really appreciate your support for me and your continued support for Tele2 and Kjell Morten Johnsen when he steps in on September 15.

With that, I hand over to Andrea for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We have a question on the line coming from the line of Ulrich Rathe from Jefferies.

Ulrich Rathe *Jefferies LLC, Research Division - Senior European Telecommunications Analyst*

I have 2 questions, 1 clarification, please. You mentioned again B2B price competition. Could you highlight what you see as the main drivers there in terms of which competitors, but also what you think is structurally is going on there?

The second one would be, when you talk about your cost mitigation activities, could you highlight the major buckets and also how sustainable the actions are that you're currently taking specifically to address the virus revenue shortfalls?

And my third point is just a clarification. When you talk about SEK 100 million to SEK 120 million impact throughout this year, throughout this year, does it mean this is a quarterly average, including Q1? Are you just talking about the second half at SEK 100 million to SEK 120 million per quarter?

Anders Nilsson Tele2 AB (publ) - President & CEO

So Ulrich, thank you very much for your questions. I'll do the third one. The answer is that the SEK 100 million to SEK 120 million per quarter, it's a per quarter figure, and nothing else. That's not for the whole of the second half of the year. It's per quarter.

Then when it comes to B2B, we'll go to Samuel.

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

Yes. Thank you. So on B2B, we continue to see price pressure in tenders for large enterprise, specifically in the public area, that we've seen before, and also across the board, I would say, when it comes to connectivity. It is a tough environment. And it's no major change, I would say, in regards to competitors. So it remains a tough environment, and we continue with the strategy we have to become even stronger in SME, but also to become even stronger in the private sector where the margins and the price levels are slightly better. So no major change.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

And it's Mikael here. I will then answer the second question about cost mitigating activities. We divide this into 2 different groups: the short-term mitigation activities, which we have been executing on this quarter, and these are mainly related to sales, marketing activities which we cut back on in these times, and these are short term which we expect and hope to get back on the original plan whilst the pandemic is over. So these are short term. You see them in this quarter. You will see them continue during the pandemic but then will go back to normal levels.

Then you come to the second bucket, and that is more long-term sustainable cost savings. And as we stated in the report, the -- we are now up at a run rate of SEK 100 million on an annual basis at the end of the second quarter, very limited impact in this quarter's numbers. But going forward, the annual run rate will be SEK 100 million -- is SEK 100 million. And this is related to the business transformation program, which we announced in Q4, the SEK 1-plus billion in OpEx savings to be realized over 3 years.

And there, as one example, the largest item in this quarter is that we have closed approximately 1/3 of the stores in Sweden. And then we have other long-term savings in there as well. I hope that clarifies the situation.

Ulrich Rathe Jefferies LLC, Research Division - Senior European Telecommunications Analyst

Yes. Just again on that clarification. SEK 100 million to SEK 120 million throughout the year quarterly, is it throughout? Does that mean it's a quarterly average for the full year?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

No. It means that it is SEK 100 million to SEK 120 million in Q3 and the same amount in Q4. So you should compare it to the SEK 135 million we had in Q2.

Operator

We are taking our next question from the line of Terence Tsui from Morgan Stanley.

Terence Mun-Sion Tsui Morgan Stanley, Research Division - VP

And Anders, wishing you all the best for your future endeavors as well. I had a question on TV, please. I just wondered if you can remind everyone about your view of owning premium content. I know in the past, you've been very -- seem to emphasize that you're an aggregator of content, but I'm just interested in your thoughts around the changing dynamics now that Telia has the Champions League rights. And building on that, what would cause you to change your view around ownership of premium sports in the future?

Anders Nilsson Tele2 AB (publ) - President & CEO

Terence, thank you very much for your kind words. When it comes to our TV strategy and owning content, that has not changed. It's not something we're deliberating. We don't think there is money to be made by owning premium content, and I can't really see what should happen in order for us to reevaluate that standpoint. Nothing -- I mean, by our competitors owning Champions League, that is far from enough from coming to a different conclusion that I can tell you.

We know that the part of the TV business where we historically have been strong and where we build our business is from basic and upwards. And if we look at our profitability, it comes basically from the basic services, which is underpinned now by the gross margin, for instance, in Com Hem. Even in Q2 where you see premium sports going -- revenues going down, we defend our gross profit and more. So you can clearly see where the profitability comes from in TV. So that's what I can tell you, Terence. There is no other thoughts at this point in time.

Terence Mun-Sion Tsui *Morgan Stanley, Research Division - VP*

And just as a quick follow-up on the TV element. You mentioned that you're going to be increasing prices in TV as well. Can you talk about what you've been doing on the basic TV product to kind of justify these price increases for your customers?

Samuel Skott *Tele2 AB (publ) - Executive VP & Chief Commercial Officer*

Yes. So I mean, partly, one big thing we are doing is the Com Hem Play+ push where we're giving that to all our customer base for 12 months. I think that's one of the most loyalizing actions we have done ever, to be honest. And then on top of that, with the deal we concluded that we announced a couple of months ago, we also added some really good content to the basic TV packages. So those are a couple of examples of things that we're doing to support pricing.

Operator

We are taking our next question from the line of Stefan Gauffin from DNB.

Stefan Gauffin *DNB Markets, Research Division - Analyst*

Yes, some clarifications. Last quarter, you had some costs relating to the pandemic. And this quarter, you're talking about impact on EBITDA from the pandemic. But is this costs? Or is it only a loss of service revenues like roaming, et cetera?

And then in terms of cost savings, you have already executed some long-term cost savings like the 18 stores in Sweden. Do you already have some plans to execute on in Q3? Any additional comments there would be helpful.

And then finally, there are some new MVNOs entering in Sweden, and there's competition on the family offerings for the main brands. Can you just comment on what you're seeing on the consumer mobile side?

Mikael Larsson *Tele2 AB (publ) - Executive VP & Group CFO*

Thank you, Stefan. It's Mikael here. I will start answering the first 2 questions. The effects we talked about for the pandemic, the SEK 135 million in Q2, that's -- it's the effect of underlying EBITDA of the lease. And then it can be both that we lose out on revenue, like with roaming, for example, which is partially -- which is partly that effect, both operator revenue and end-user service revenue. And it can also be that be on the cost side. So it's the EBITDA effect.

And then talking about cost savings, I will not comment specifically on what we intend to do in Q3 and onwards. We will continue to push the business transformation program, of course. And as we stated in last quarter, we'll continue to see if we can do things earlier rather than later given the situation. But we can't promise any or I will not guide specifically on what we intend to do in Q3 and Q4.

Samuel Skott *Tele2 AB (publ) - Executive VP & Chief Commercial Officer*

Okay. Stefan, Samuel here. On the consumer mobile market, one thing I can say, the introduction of MVNOs, we haven't seen anything based on that. I think that's weighted too small to have a big impact. Overall, I think there is no major changes. We have the no-frills brands, and they are competitive, but we have lived with that for quite a while. And then we have the family services that you could argue adds a little bit of volatility to the market. But it is the main brands driving it. And compared to 1 or 2 quarters ago, I would argue that the campaign, the price for those campaigns on family has actually gone up a bit. So competitive, but rational.

Operator

We are now taking our next question from the line of Maurice Patrick from Barclays.



Maurice Graham Patrick Barclays Bank PLC, Research Division - MD

This is Maurice here from Barclays. And also to Anders, from my side, good luck for the next part of the journey, and it has been great working with you.

So the question really is on bad debt. So the first quarter, you took a provision on increased expectation of bad debt, and there's obviously lots of questions as to whether that was conservative or when you might write it back. What's your current thinking on bad debt? I mean, is it increasing? Is there any change? What's your thinking in terms of whether that should be written back? Is it too conservative?

Anders Nilsson Tele2 AB (publ) - President & CEO

Maurice, first, thank you for your kind words. And I should probably not answer this question, and we have the expert of bad debt in the room. Mikael, so please.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

I'm not an expert. We -- in Q2, we -- it's probably too early to say if we were too cautious or not. So far, we have seen the number of bankruptcies in Sweden go up somewhat, but it's not driving our bad debt provisions. So we are -- have not been that affected by this market data, I would say.

But then also looking into the situation, it's probably -- if you go out of business or you lose out on revenue in March, April, it will take some time before you go out of business, and we see the bad debt effect in our books. So it's too early. We'll have to come back on it in Q3. And that was for Sweden, and the situation is very much the same in the Baltics, that it's too early.

But we are, generally speaking, somewhat more positive today than we were 1 quarter ago. But still too early to release any part of the provisions. And if they are to be released, the approximately SEK 35 million we provided in Q1, I don't think you should expect it to come in one big chunk in 1 quarter. Then it's something we will have to evaluate on a much more granular level and look at it, customer group by customer group.

Maurice Graham Patrick Barclays Bank PLC, Research Division - MD

That's super helpful. And just as a quick follow-up. I mean given what you said about pricing, i.e., you see half the impact this quarter, full impact next quarter, you did a strong EBITDA result this quarter. It feels like a flat EBITDA for the year looks pretty conservative, isn't it?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

Might be, but you should consider -- I think you should more look back to the 2019 numbers and the comparables where we had easier comparable for Q2, where we -- you had cost savings in that quarter out of the synergy program we were running. But those ones were -- we also spent a lot of money on, call it, future investments and growth in Q2 last year. When you come into Q3 and Q4 last year, you saw the full effect on the synergy program. And therefore, the year-on-year comparison in terms of percentage growth will be much more difficult for us in Q3 and Q4 this year, everything else equal.

Operator

We are now taking our next question from the line of Lena Osterberg from Carnegie.

Lena Osterberg Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst

I have some questions on the TV side. First of all, the churn rate has been elevated for a couple of quarters now. And I was wondering if you could say how much of that is related to those premium sports packages and not having the sports content? And how much is related to, as you say, your more profitable basic services?

And then on the revenue -- service revenue decline, could you also maybe give us some more detail on the fall in as how much is related to sports and the lower price on sports packages temporarily? And how much is related to not being able to implement price increases at

the beginning of the year and having to postpone that?

And then maybe also on restructuring charges, which were higher on the store closures this quarter, should we expect similar levels quarterly in Q2 -- sorry, in Q3 and Q4?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

Lena, it's Samuel here. I will answer the 2 first question. I mean we know there is a structural change in the TV market, and we've been working for that quite a while and continue. One of the big things we're doing is, of course, to drive our Com Hem Play+, which is growing very nicely, and that's our ticket to the future.

If we look at our traditional TV business, I wouldn't say that churn has actually been that impacted. We have some impact on that intake, but it's primarily to us putting down on sales as part of defending EBITDAaL. And when it comes to the service revenue decline and asset decline, that's truly a pandemic impact, and the vast majority of that is premium sports. And we expect to come back to more of the natural level in the business in Q3 and then fully in Q4 when sports are coming back now and when we are pricing. Pricing has come somewhat later on TV this year than on last year and if you look at total TV. So a fully dynamic impact, planning to come back to the normal, if you will, in Q3 and Q4.

Lena Osterberg Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst

Can I ask you then what do you view as normal because it's been fluctuating quite a lot? Is it last year's levels? Or is it the levels we saw before this drop? Where is the normal service revenue decline level for the TV business?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

Let's see what the exact new normal is, but we know, of course, that there is a structural change happening in the market, and that's what we're working with. So from our perspective, we don't chase revenue in traditional pay TV. We're chasing great cash flow, and we see in this quarter that we're actually able to defend gross margin. We actually even improved on Com Hem TV due to great cost control, but we will continue to work with good content and pricing, but also cost control. So cash flow is the most important thing. And there, we're actually holding on very good.

Lena Osterberg Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst

Okay. But say, 6% to 7% decline, as you've seen during 2019, should that -- is that a more normal level compared to the 12% drop you saw now?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

You're not going to get a number out of me, Lena. But Lena, let's remind you one thing, in '19, we didn't do as much pricing as we did in '18 or as we're going to do in '20. That's one factor.

Lena Osterberg Carnegie Investment Bank AB, Research Division - Head of Research of Sweden, Head of Technology Hardware & Equipment and Financial Analyst

Okay. So the price increase this fall will be bigger than the smaller one in '19?

Anders Nilsson Tele2 AB (publ) - President & CEO

Yes. And then the question is how much -- if there is more speed in the -- or in the migration from regular TV over to on-demand TV or spring TV, that remains to be seen. And as Samuel said, what we are trying to do here is that we both -- we run the current pay TV business for profit, and we're trying to get the growth in terms of subscribers going forward coming into the future-proof business, which is Com Hem Play+. And that's how we look at it. And at some point in time, we will have to stop looking at revenue as the guiding metric. I'd rather look at profitability and number of subscribers.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

And your second question related to restructuring charges, they were, as we said, SEK 120 million in Q2. I would say this is on the higher side if we look over time, but I will not give you any specific guidance for Q3 or Q4 because that depends on the exact activities we'll do in that quarter. What drove the number up in this quarter was the store closure. On top of that, we also do the IT migration, which adds cost to restructuring, and that will continue in Q3 and Q4, of course. So this was on the higher side if we look at quarterly average over time over these 3 years.

Operator

We are now taking our next question from the line of Johanna Ahlqvist from SEB.

Johanna Ahlqvist SEB, Research Division - Analyst

I thought we should switch to the Baltics, and just a question there. I mean it's been fantastic performance in the quarter despite any pandemic impact. So I'm just wondering how you look upon the Baltics going forward. Do you expect sort of this growth rate to continue? And I realized Lithuania showed a fantastic performance on EBITDAaL. Was there any sort of one-offs there?

And then maybe if you can comment on the Baltics. You talked before about the potential to sort of fill the fixed gap and how you look upon that. Is there any progress in that thinking?

And then my third question relates to the Dutch joint venture when -- I mean how things are running there and when you expect to get any dividend from the Netherlands?

Anders Nilsson Tele2 AB (publ) - President & CEO

Johanna, can you repeat your second question because I -- you disappeared there for a second.

Johanna Ahlqvist SEB, Research Division - Analyst

Yes. My second question, basically related to the fact that you've stated before that you're looking to potentially fill the fixed footprint, the gap, if you say so, in the Baltics. And I'm just wondering how your thinking is as of now on that.

Anders Nilsson Tele2 AB (publ) - President & CEO

Okay. Thanks, Johanna. I'll try the 2 first one, and then Mikael will do the last one on the Netherlands. So the Baltics, I mean, performed really, really well. I mean those markets are good. As we all know from -- second from the top down, there are 3 player markets. We have very good position in Lithuania and we're #1; in Latvia, we're number #2; and in Estonia, we have turned the business around in a -- or not we, the local team has turned the business around in a fantastic way, I have to say. So we have great momentum in these markets. And that's what you see, great companies performing well with great momentum. And that, I think, will continue. They do it very well. Despite that they had a proper shutdown in these markets, which we did not have in Sweden for a large part of the quarter. Hopefully, they will not be shut down again. And then I think we'll see a good run rate going forward there as well. So that's what I can tell you on the Baltics.

When it comes to becoming a fixed player, we're running our mobile-centric convergence strategy, as you know. And that's performing well. We do believe that over time, we will have to fill the fixed gap, and it's something we are looking at. But it's not something we have to go and fix immediately. And we will basically take our time and do whatever we think is the right thing to do when opportunities are right there, which I hope they will do over time. So that's nothing changed in that strategy either. But I mean, just to summarize, the Baltics are performing really well across the board, and we believe that, that will continue.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

And for the Netherlands, the company started with how they are performing. They are -- and this is the performance up until Q1. We have a time lag here since they have not published the numbers, and Deutsche Telekom has not published their report yet. It's the majority shareholder in the Netherlands. For Q1, they were growing, positive net adds in all 3 brands, both T-Mobile, Tele2 and the discount brand, Ben. I would say great commercial momentum, both top line and they're also realizing synergies as planned with -- from the merger with Tele2 last year. So no, operationally performing very well.

Coming to dividend, it's too early to tell if there will be a dividend for next year or not. And one important factor is the ongoing spectrum auction in the Netherlands, which is ongoing right now, which we cannot, of course, not comment upon. So we'll have to come back to that later. But as you know, there is a mechanism for this in the shareholders agreement. So if -- when leverage is down below a certain metric, then we will -- we are entitled to dividend, which we'll come back to.

Operator

We are now taking our next question from the line of Paul Sidney from Crédit Suisse.

Paul Sidney *Crédit Suisse AG, Research Division - Research Analyst*

Just a couple of questions, please. Firstly, just on the price increases that you've put through so far in the quarter, what has been the reaction from your customers? Have these price -- back-book price increases landed well? Just be interested to hear your thoughts on that.

And then just secondly, just sort of big picture as we increasingly look through the short-term impacts of the pandemic. Just be interesting to hear your thoughts on how you think long-term behavior will change, both in the consumer and B2B segment and maybe mobile, wire line, just very big-picture thoughts on how you think longer-term behavior will change as a result of what we've seen over the past few months.

Samuel Skott *Tele2 AB (publ) - Executive VP & Chief Commercial Officer*

Paul, Samuel here. So I can start. On pricing, I think the reaction we've had so far is exactly direction we anticipated. We see some churn. We see some just reactions that we're able to talk about and handle in a very good way, and we see some minor downspin effect. But this is all according to the plan. So, so far, everything are according to plan and according to our internal forecast of pricing.

Anders Nilsson *Tele2 AB (publ) - President & CEO*

Yes. And then when it comes to future behavior or long-term behavior, I mean that's an open question. But what we have seen so far is that, I mean, Tele2 has never ever been more important to society and our customers than during the pandemic. And that goes for all our services. And I think that going forward, this will strengthen our ability to -- and our relationship with our customers, basically. And I think if we are able to continue to do what we have done, namely to invest into the very best connectivity services and do the same thing on video, I think we have a very, very good future where we can not only find new customers, but also improve our products and services, so they are willing to pay more. That's my take.

And I don't know, Samuel, if you have any additional thoughts on this one?

Samuel Skott *Tele2 AB (publ) - Executive VP & Chief Commercial Officer*

No, I think that's definitely true. We see customers -- the connectivity, the connection has just become -- way more important. I think it's become more important through all the hours of the day. But this is just great for us because that's on our strategy to build fantastic network and services and then add a more-for-more strategy on top. So fully agree.

Paul Sidney *Crédit Suisse AG, Research Division - Research Analyst*

And just a quick follow-up. Do you think it's too much to ask to see a sort of a better environment from governments in Europe as a whole regarding sort of spectrum, et cetera, and ability to consolidate?

Anders Nilsson *Tele2 AB (publ) - President & CEO*

That's a very interesting question. That would be great if that happens, but I don't think that will happen anytime soon. Everything is regulated locally today. And I think it would be a pretty good -- big undertaking to issue spectrum across the EU, for instance. But it's a great idea, and maybe they will take it up on here.

Operator

We are now taking our next question from the line of Andrew Lee from Goldman Sachs.

Andrew J. Lee *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

And Anders, just to echo the other sentiments earlier on this call, just wanted to wish you the best for the future, and it's been great working with you over the years.

Two questions from me. The first -- or 2 buckets of questions. First, I had a couple of questions on Swedish underlying end-user revenue growth. I know it's hard to strip out the COVID impact. But in an alternate universe or if you could strip it out, we were kind of anticipating potential for revenues to inflect positively this year. If COVID hadn't happened, do you think end-user revenues would have inflected in Q3 '20? And then given COVID has happened, do the current trends make you confident of an inflection in H1 next year? Or is there something in the competitive environment making you more concerned about that outlook?

And then just second question on the cost reductions. I note that there's been a few questions on this. But just if we ask around the SEK 100 million run rate on an annual basis that you're seeing from the longer-term sustainable cost efforts you've made, what do you expect that run rate to be at the end of Q3 or by year-end? Presumably, it goes up. But if there's any kind of help you can give us as to how much, that will be very helpful.

Anders Nilsson *Tele2 AB (publ) - President & CEO*

Thank you, Andrew, and thank you and likewise, and thanks for your kind words. When it comes to inflection in revenue in Sweden, I mean, we had it set up in a very good way. I have to say, I'm very disappointed. We all are, obviously, that the pandemic happened. For many reasons, this is one -- not the most important one, but for the company, it's pretty important. I mean we had the price rises. I mean we had the volume growth already throughout last year, as you know, in Sweden. We have the price rises coming, and that was the last piece of the puzzle that was needed in order for us to tip over and start growing. And I wouldn't have been surprised if we already start growing in Q2, this quarter, if the pandemic had not happened.

So looking forward, we do not have to change strategy. We have our ambition and our midterm guidance. We -- the more-for-more strategy works. We -- and on the side note, we see that competitors are increasing prices. Happened earlier this week for some products. So it seems like the market is moving on in this more-for-more strategy, which is very helpful for us and our strategy. We are improving our products and services. That will give us pricing power going forward.

And you see that we take volume, not to the extent we have done historically, but in Q2, I mean you see still a very good volume on postpaid and you see good volume on fixed broadband. The issues we have on the revenue side now are COVID-related, and that will come back. So once the -- once we're on the other side of the pandemic and we have come into a new normal, I think we have a very good chance to go back and get the growth we are looking for and aiming at and guiding to. So that's my take. Maybe I'm the positive outgoing CEO.

Let's hear from Mikael who -- if you have a different view.

Mikael Larsson *Tele2 AB (publ) - Executive VP & Group CFO*

I agree with that view. I want to comment on the second question, the cost reductions. What we said when we launched the business transformation program was that the SEK 1-plus billion of annual cost savings over 3 years will be back-end loaded, and that has not changed. Now we move some activities to make them already this year instead of 2021 and 2022, but it will still be back-end loaded. And with that said, we will -- then the year-end target will be somewhere between the SEK 100 million we have done now and the 1/3, but it will not be 1/3 of the total program. I'm sorry, but I can't be more specific on that.

Operator

We're now taking our next question from the line of Jörgen Wetterberg from Nordea.

Jörgen Wetterberg *Nordea Markets, Research Division - Senior Analyst of Telecom and IT*

Congrats on your decision, Anders. Two questions, if I may. First one relates to kind of prepaid after COVID-19, what you foresee there and how we're tracking on a monthly basis here in the month of June. Are you seeing higher prepaid to postpaid porting rates? Are you seeing better online top-up rates? Should we expect structurally lower costs related to prepaid going forward?



And the second question related to the radio vendors. As we've seen in the U.K., there's been a shift in policy decisions, barring Huawei, and you have a launch show of Huawei here in Sweden. How do you see that going forward? Do you see any uncertainty around policy decision? Or is this fairly -- are you fairly confident that you can continue business as usual?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

So Jörgen, Samuel here, and I'll start with prepaid. So prepaid was definitely impacted by the pandemic. We can see that we lowered traffic in physical sales and things like that. We are, however, starting to see this coming back now. So that's positive. What the kind of end game will be, I think it's too early to tell, encouraging that we're seeing positive signs. And yes, online refills has gone up, but a big portion of the prepaid market is still dependent on physical channels and traffic to physical channels, and I think that will definitely remain for quite a while. So no structural changes than -- more structural changes than before to prepaid. It's been impacted. Now it's slowly coming back. And that's positive, but let's see how long it will take to come back fully.

Anders Nilsson Tele2 AB (publ) - President & CEO

Good. And first, thank you, Jörgen. And then on the radio question, yes, indeed, we have seen the development in the U.K., obviously, but the situation here is pretty different. We have a network security framework or legislation in place in some time back. And what that basically entails is that the security agencies in this country, they are to sign off on the setup of running the network. And when that is done, we are eligible to buy spectrum. And we have obviously been in close contact with these for quite some time. And we're right now undergoing the kind of process where they scrutinize our setup, and we agree on that. And once that is done, we can go and execute and buy spectrum and then build our network.

One thing that is different from the U.K. is that they are not singling out vendors or looking specifically on vendors. They're looking at the setup of how we operate the network rather than who is supplying the individual kit. Because there are security issues with every vendor, but they look very differently, and they want to cater for all of them. And that's why they have not singled out one specific vendor, in this case, Huawei as in the U.K. So that's the situation we have here. We have not heard anything else from them on this matter, and we do not expect that to change. But should it change, then we obviously have to follow suit, but that's nothing we see today.

I hope that answers your question, Jörgen.

Jörgen Wetterberg Nordea Markets, Research Division - Senior Analyst of Telecom and IT

Absolutely.

Operator

We are now taking our next question from the line of Peter Nielsen from ABG.

Peter Kurt Nielsen ABG Sundal Collier Holding ASA, Research Division - Lead Analyst

You've taken most of the questions. Just one, returning to Mikael, please, related to the OpEx savings. Sorry, Mikael, but coming into this year, you did say that the part of the SEK 1 billion savings that will come this year would be reinvested in Play+ plus Penny. And now it turns out that there would be some -- or it looks like there will be some labor break savings. If I understood your comments correctly here, Mikael, is that mainly because you have moved some of them forward, perhaps specifically the shop closures? Or is it that you are indeed holding back on the Play+ or Penny? Or is it mainly moving forward since you can now say we have a positive run rate rather than alluded to when coming into the year?

And then just before I finish up, thank you, Anders, and good luck and all the best.

Anders Nilsson Tele2 AB (publ) - President & CEO

So thank you very much, Peter. I mean what we are doing basically this year is that we are taking a part of the synergies as of last year, the cost synergies from the merger with Com Hem and using them and investing into Com Hem Play+ and Penny. And on top of that, we

are now getting new savings coming from this transformational project. That's basically what's happening.

Does that answer your question?

Peter Kurt Nielsen *ABG Sundal Collier Holding ASA, Research Division - Lead Analyst*

Okay.

Operator

We are now taking our next question from the line of Roman Arbuzov from JPMorgan.

Roman Arbuzov *JPMorgan Chase & Co, Research Division - Analyst*

Thank you very much for the opportunity, and wishing Anders luck for the next part of the journey as well from my side.

I'll stick just to one question, please. The SEK 100 million to SEK 100 million -- sorry, SEK 100 million to SEK 120 million impact related to COVID, am I right in thinking that this is basically roaming and/or is there something else? If I take your roaming guidance of SEK 400 million for the full year, it kind of meet the squares up with the -- with your SEK 100 million to SEK 120 million per quarter. And do you basically assume no improvement in the travel situation for Q3 and Q4 compared to Q2, therefore?

Mikael Larsson *Tele2 AB (publ) - Executive VP & Group CFO*

This is Mikael here. This number, the SEK 100 million to SEK 120 million per quarter for Q3 and Q4, it includes the roaming impact. It includes impact from equipment on losing out on equipment sales, mainly in the Baltics, where we have -- are more profitable on equipment sales. It's still for Q3, at least us losing out on premium sports, and it's also the effect on prepaid and variable fees within mobile. So all those factors altogether, they add up to the approximate number of SEK 100 million to SEK 120 million. That is our best estimate as of today. And then they will vary between months or quarters, but I will not go into more detail.

Operator

(Operator Instructions) We're now taking our next question from the line of Siyi He from Citigroup.

Siyi He *Citigroup Inc. Exchange Research - Research Analyst*

And before I ask my questions, congratulations, Anders, and I hope you best of luck in the next stage of your life.

And my question is really about the shareholder returns and your thinking around leverage. I think your decision today to reinstate the special dividend, which takes your leverage by the end of the year to around about 2.7x. So I'm just thinking about leverage going forward. I mean should we interpret that your decision today suggest that you would rather stay in the mid and out of your leverage target range?

Mikael Larsson *Tele2 AB (publ) - Executive VP & Group CFO*

I will try to -- it's Mikael here. I will try to answer. You should see us fluctuate within the target range in -- depending on where we are in the payment cycle of dividends. So we can go down to close to 2.5, and we can also be in the middle or slightly above the 2.7 as well. And then we monitor the situation based on that and based on any future CapEx and, of course, spectrum needs. But 2.7, that we are very comfortable with to be at.

Operator

We are now taking our next question from the line of Nick Lyall from Societe General.

Nick Lyall *Societe Generale Cross Asset Research - Equity Analyst*

And all the best, Anders, again. Just a couple of questions, if that's okay. The first one was on marketing and sales. How much was marketing and sales down for this quarter, please? Because you had the Tele2 rebranding last year in 2Q '19, and now you've got obviously COVID and less gross adds. And what do you expect for Q3 and Q4, please, in terms of a bounce back up? Presumably, you've got to push the Penny brand and the Play brand and others. So should we expect marketing and sales to rise quite sharply in Q3, please?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

It's Mikael here. I will start to answer and then Samuel and Anders can fill in. If you look at the numbers in the P&L, marketing and sales are essentially on the same level for the group as last year. And you have to include several factors there. One is that you have a time lag between when you incur the sales cost and when it's booked to P&L under IFRS. So cash and cost is not the same here in each quarter. And as you say, we have extra marketing costs in Q2 last year as well for the Tele2 brand. But there are no big variations on group level between the years.

What we -- when we say that we have cut back on sales cost and so on, it's more that -- it's versus earlier plan. And for Q3 and Q4, we don't comment specifically on what we intend to do in terms of marketing and sales ahead of each quarter, and that is for competitive reasons.

Samuel, do you want to fill in?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

No, I agree.

Operator

We are now taking our next question from the line of Steve Malcolm from Redburn.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Like everyone else, wishing you all the best, Anders, for the next stage of your life and the sailing and spending more time with the family. Good luck. I hope you have a great time.

I'll go for a quick couple, if I can. One is just on your CP and hardware costs against your marketing. I mean, if I look at Q2 this year against Q2 last year, your hardware CapEx has gone from SEK 60 million in Sweden to SEK 133 million. So it's gone up a lot, which seems counterintuitive in a relatively slow consumer quarter in terms of activity. How do we think about that spend against your overall marketing spend? I mean, did you pull back on marketing and spend more in installation in set-top boxes? It'd be great to just think about those numbers in the round.

And then just on equipment revenues, I mean, you've talked about those being weak. But in reality, your Swedish equipment revenues were up 6% year-on-year, which is kind of against the grain of everything else we're hearing in the sector. Clearly, you had a light lockdown. And in fact, the Baltic equipment revenues were also quite healthy. Just some color on why those were up this quarter. What do you expect for the rest of the year? And I guess maybe tying that into the decision to close shops, have you sort of pivoted very quickly to digital? And does that help the revenue -- the equipment revenue outlook?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

It's Mikael here. I'll start and then Sam will add and will fill in. On the hardware CapEx, you should more look -- we had a one-off timing effect last year, in last year Q2. So that was lower than usual. You should look at the Q2 this year and the H1 this year is a good approximate for the usual run rate in terms of hardware CapEx.

And then on equipment, here, we are back to what we compare with year-on-year or if it's versus earlier plan. And one factor we have to include here is that the handset, the cost per unit is going up and the revenue per unit, unfortunately, not the profit per unit. And that's driving -- inflating the numbers, both on hardware revenue and hardware cost or equipment revenue and equipment costs in P&L.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Okay. So you were selling fewer units at a higher ASP? I mean, was it just the customers...

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

We were selling fewer units than expected and planned for in H -- in Q2 this year. Yes.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

The margin didn't turn...

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

I will not comment on exactly how many units we sell and so on.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Okay. But you were expecting sales to be up more than 6% in Sweden, and it still seems like a pretty good number. I know the margin is not great, but it's kind of part of the revenue beat against consensus.

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

Yes. And you can also look at the average price per unit for handsets. We did -- yes.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Okay. So customers were at home buying iPhones, basically, were they?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

Yes. We are selling more and more expensive iPhones and less of the cheaper models.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Okay. Can I just ask one quick follow-up, just on your broadband growth. Should we assume that that's all coming off-net and that the cable base is broadly stable?

Mikael Larsson Tele2 AB (publ) - Executive VP & Group CFO

We don't comment specifically quarter-by-quarter on this. But over time, you should, of course, see us growing faster, much faster in the off-line. Yes.

Anders Nilsson Tele2 AB (publ) - President & CEO

There is one -- it's Anders here. There is one thing you should take into consideration as well when it comes to the on- and off-net when it comes to broadband. We are now introducing the Penny brand. Penny will sell broadband at a price point which is competitive to the price fighters, who we have been competing with in on-net without actually being able to take those types of customers. So there should be a structural and big opportunity over a long time to gain customers in the lower end of the market segment in our on-net footprint. That's something we're looking forward to and the reason -- one of the reasons we launched Penny.

Stephen Paul Malcolm Redburn (Europe) Limited, Research Division - Research Analyst

Okay. So you would hope Penny would sort of -- if the on-net bit is stable, it might bring some growth to on-net going forward?

Anders Nilsson Tele2 AB (publ) - President & CEO

Yes. I mean, there are, I think, 800,000, 900,000 low-end customers on-net it to brands like [Barnholt] and A3 and what have you. They are taking cheap broadband services, and they have not chosen the premium service of Com Hem. We have never had an offer which competes with these types of brands, and now we do with Penny.

Operator

We are now taking our next question from the line of Frederic Boulan from Bank of America.

Frederic Emile Alfred Boulan BofA Merrill Lynch, Research Division - Senior Analyst

And sorry for repeating myself, but Anders, wish you the very best for the next chapter. You're definitely leaving Tele2 in a great place.

Two follow-ups, if I may, one on Huawei. To answer the -- to ask the question differently, do you see them as a completely viable provider for 5G considering U.S. sanctions on semis? And if not, can you discuss a little bit what would be the cost of switching to another provider for 5G?



And then maybe a follow-up on the physical distribution comment you made. I mean you have done a pretty bold decision on closing about 1/3 of your shops. Is it something being followed by Telia and Telenor and that you think you're putting yourself in a competitive disadvantage? Or on the contrary, you think we're heading there and it's something you're happy to do?

Anders Nilsson Tele2 AB (publ) - President & CEO

Frederic, thank you very much for your kind words and thank all of you for your kind words. Much appreciated.

Let me start with the Huawei question. So I mean we have multiple vendors throughout Tele2. And we think all of them are viable until we don't think so any longer. That's how we should look upon it. And right now, we think Huawei is a viable vendor. That may change in the future, but it hasn't changed as of today. And what's going to guide us is obviously several things. It's whether we know or think that they can supply us with kits that we are happy with and what kind of rules and regulations are applied by the authorities in the countries we operate. This is simple as that. It has nothing to do with the motion. It's pure fact-based. And so that's how we run Tele2.

When it comes to the shops, Samuel?

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

Yes. So Frederic, Samuel here. I mean at Tele2, we always aim to be bold. And where we see a clear trend and know where things are going, we want to act on it. We did it when we saw the pandemic coming, and we've done the same for the stores. We see a digital transformation, more sales going digital, and that was only accelerated by the pandemic. So what we did was that we front-loaded our own transformation and did it earlier. And so far, all the sales that we have in those stores are being picked up in other channels. So it's only positive, to be honest. And what the others will do, I think they have to answer. We will just continue to try to stay ahead of the game.

Operator

We are now taking our next question from the line of Adam Fox-Rumley from HSBC.

Adam M. Fox-Rumley HSBC, Research Division - Analyst, Global Telecoms, Media and Technology Research

In the release, you mentioned a digital sales channel in the business segment. And I wondered if you could clarify whether your plans to improve that route to market to add on services or whether it's a new channel for new business, I suppose.

Samuel Skott Tele2 AB (publ) - Executive VP & Chief Commercial Officer

Yes. So in B2B, Samuel here, I mean we are working with digital channels, and this is something we've done for a long time, both in B2C and B2B. We really see it picking up in B2B as well. And not only in terms of kind of pure e-commerce, but also the way you can work with the marketing funnel, so assisted digital sales to improve your relationship also with larger customers and work with digital tools for that. So that's what we mean. So it's working with a more digital marketing funnel and then assist, of course, with human interaction as well.

Adam M. Fox-Rumley HSBC, Research Division - Analyst, Global Telecoms, Media and Technology Research

Okay. And best of luck, Anders.

Anders Nilsson Tele2 AB (publ) - President & CEO

Thank you very much.

Operator

There are no more questions on the line at the moment. Mr. Anders, please continue.

Anders Nilsson Tele2 AB (publ) - President & CEO

Thank you very much, Andrea. And a couple of things. First of all, thank you very much for spending time with us here on the call and for your interest and efforts, understanding everything we're doing here and scrutinizing it. It's very helpful and it's great. So thank you very much for that. And then secondly, thank you very much for all your kind words to me personally.

And with that, I would like to say that it's been great working with all of you, and I will miss it dearly. And I wish you all a great summer. Thank you. Bye.

Operator

This concludes the conference for today. Thank you for participating. You may all disconnect. Speakers, please stand by.

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