A STRONGER CUSTOMER CHAMPION IN THE NETHERLANDS

December 15th, 2017
Tele2 AB

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Disclaimer

Forward-looking statements

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Our Way2Win

Our Purpose

We fearlessly liberate people to live a more connected life

Where We Play

- Baltic Sea Challenger
- Investment Markets
- IoT
- Cash Generators

How We Win

- Positively Fearless Brands
- Connecting Things our Customers Love
- Digital First Customer Experience
- Challenger Cost Structure

Responsible Challenger

Winning People & Culture

Transaction highlights

Key terms	• Tele2 and T-Mobile to merge operations in the Netherlands • Ownership of 25% for Tele2 and 75% for Deutsche Telekom • Tele2 to receive EUR 190 million at closing • Combined entity financed through intercompany loan receivable from Deutsche Telekom of EUR 1.1 billion
Timeline and regulatory	• Subject to regulatory approval • Business as usual and continued investment in the period until closing • Expected closing in H2 2018
Value implications	• Significant synergies with an estimated NPV of more than EUR 1 billion • Improved cash flow and risk profile for the Tele2 Group • Opportunity to crystallize significant long-term value

Strategic rationale

A stronger customer champion	• Uniting two mobile players with complementary brands, distribution, technologies and customer bases • Strengthening competition and innovation for consumers and businesses • Building a sustainable integrated competitor to the FMC duopoly
Scale & investment capacity	• Secure scale for future investments in new technologies, spectrum and products • Ability to accelerate 5G readiness
Synergies	• Cost synergies include network optimization and SG&A • Revenue opportunity through accelerated 5G launch and a stronger competitor to the Dutch duopoly
Tele2 Group	• Crystallizing value in the Netherlands • Sharing investments in future technologies and spectrum • Reducing risk profile and cash flow volatility for the Tele2 Group

Complementary businesses

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Fun Rebel	Brand	Quality network
Online strength	Distribution	Extensive shop network
4G only	Technologies	2G, 3G & 4G
Mobile & fixed	Network	Primarily mobile
Consumer & B2B	Customers	Primarily consumer

Creating a stronger customer champion

Ability to challenge converged duopoly

Strong customer growth momentum

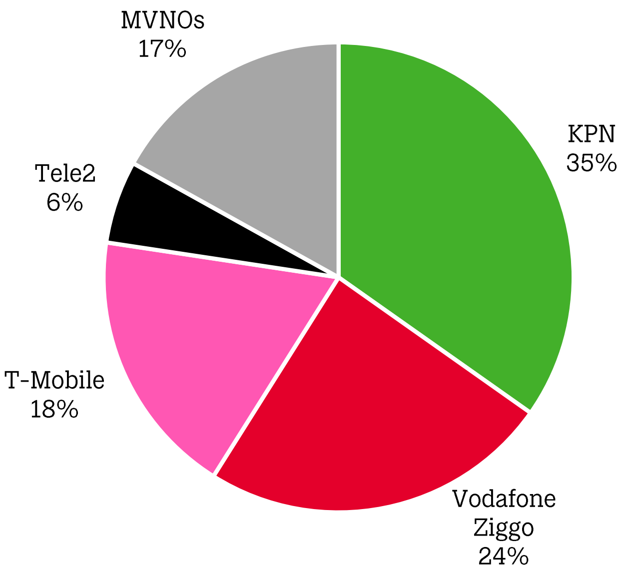
Disruptive product positioning

Scale to invest and ability to accelerate 5G

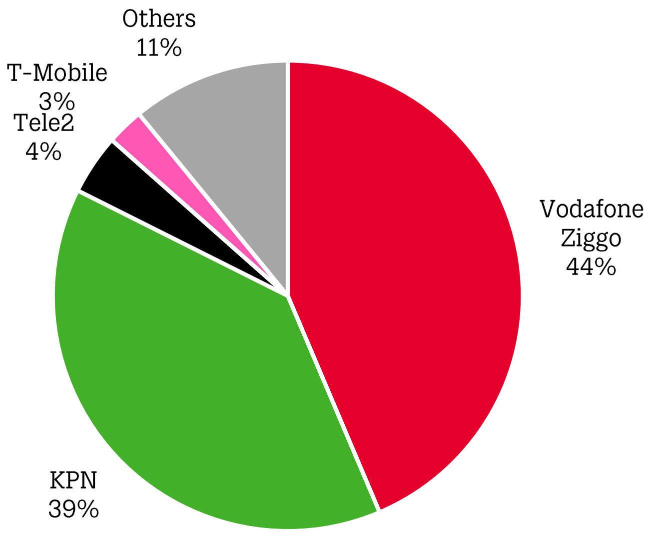
Strengthened financial profile

Opportunity to challenge FMC duopoly

Mobile customers, 30 Sep 2017



Broadband access lines, 30 Sep 2017

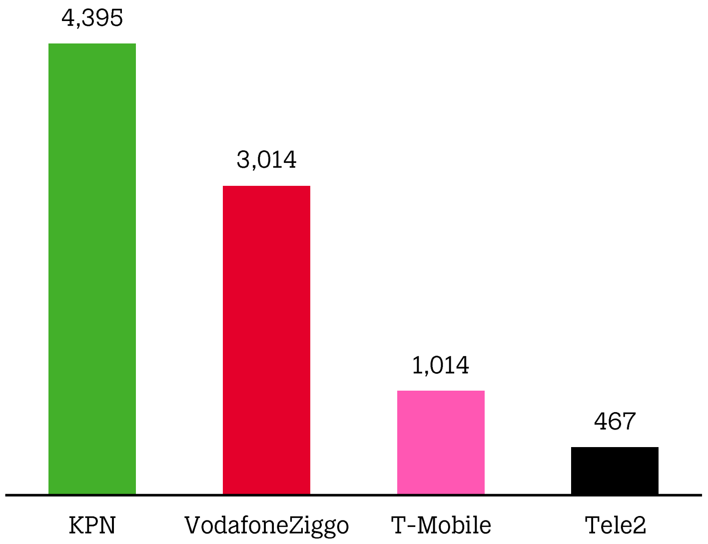


Source: tp:research Nov 2017

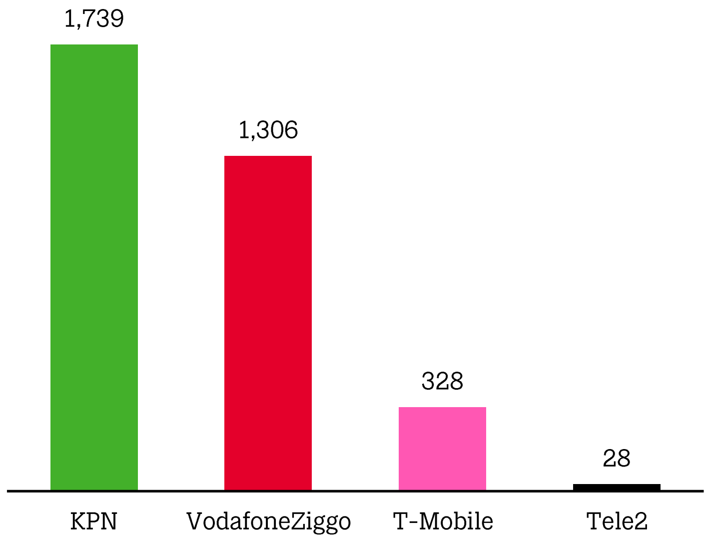
Creating a strong #3 FMC player

EUR million

Total mobile and fixed revenue Jan-Sep 2017



EBITDA Jan-Sep 2017



 Source: Q3 2017 reports

Targeting synergies with NPV of EUR >1 bn

Opex & capex	• Migration to a single world-class RAN • Integration of IT systems • Optimization of go-to-market functions • Lower administrative costs • Full run-rate opex and capex synergies of EUR 150 million within 3 years
Revenue opportunity	• Significant strengthening of the consumer fixed and B2B opportunity • Improved customer offering, capacity and quality
Integration	• Integration cost approximately EUR 150 million in first three years

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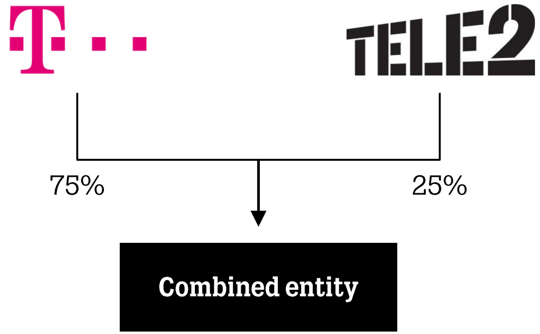
Structure



Towers	
	• Deutsche Telekom to retain towers in separate entity • Tower carve-out EUR ~35 million EBITDA impact for combined company

Additional terms

• Amendments to the national roaming and network sharing agreements

Contingency

• Break fee of EUR 25 million, should the transaction not be approved by the relevant authorities

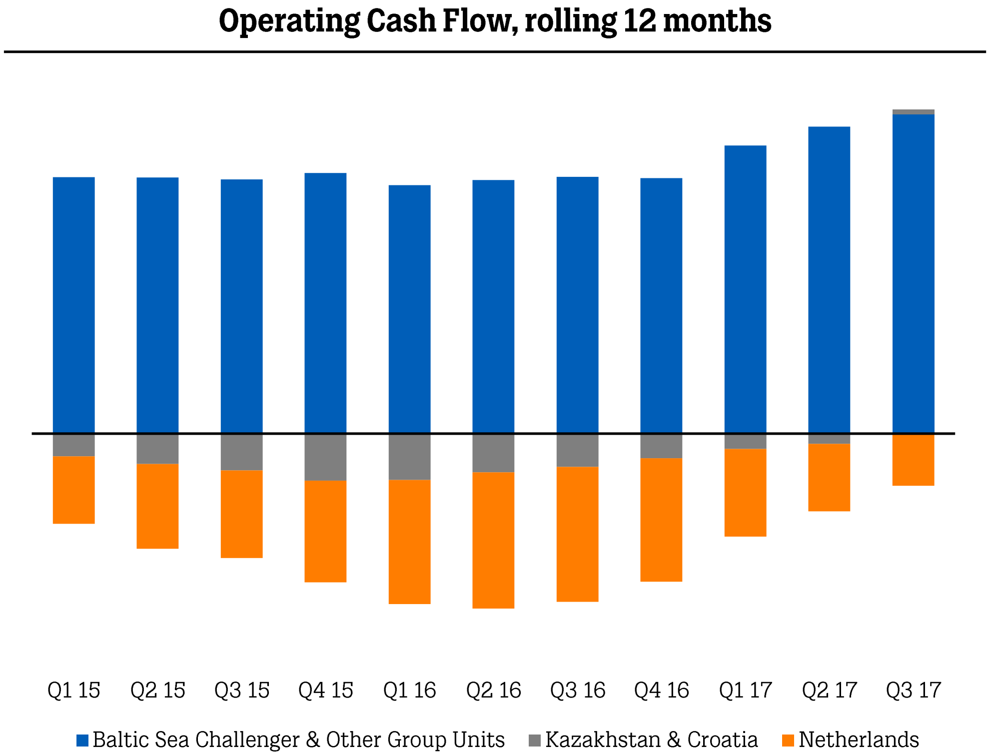
EUR million, YTD September 2017

	Tele2	T-Mobile
Revenue	467	1,014
EBITDA	28	328
CAPEX	67	125
Mobile customers, millions	1.2	3.9
Spectrum, MHz	65	165
Retail branded stores	16	124

Governance

Governance structure	• Deutsche Telekom to have management control • Tele2 to be represented at Supervisory Board
Financial structure	• Net debt for combined entity expected to start at EUR 1.1 billion • Dividend policy 70% of Free Cash Flow when net debt / EBITDA goes below 2.5x
Exit provisions	• Exit provisions in place including a three-year lock-up

Tele2 Group looking forward



Crystallizing value in investment markets

Reduced cash flow volatility and risk profile

Exposure to a stronger Dutch business through equity stake in combined entity

Further strengthening of the Tele2 Group balance sheet

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QUESTIONS

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