SWEDEN B2B GETS STRONGER

June 21st, 2016
Tele2 AB
Disclaimer

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Tele2’s Way2Win

Vision
We will be champions of customer value in everything we do

Mission
We are challengers, fast-movers and will always offer our customers what they need for less

Where we play
Mobile access
Our current footprint
Residential and Business
IoT

How we win
Focused Technology Choices
Value Champion
Step-Change Productivity
Winning People & Culture

Responsible Challenger

The Tele2 Way
Transaction terms

**Acquisition of TDC Sweden**
- Acquisition price of SEK 2.9 billion
- EV / 2015 EBITDA multiple 7.2x before synergies
- EV / 2015 EBITDA multiple ~4.3x after synergies (pro forma)

**Financing**
- Funds and existing credit facilities available to finance the transaction
- Fully guaranteed rights issue planned for H2 2016 to maintain financial strength
  - Supported by Kinnevik
  - Rights issue standby underwriting commitment from Nordea Bank AB for the remaining portion

**Timetable**
- Closing subject to EU regulatory approval
- Rights issue expected to be completed during H2 2016
- Completion expected Q4 2016
TDC is one of Sweden’s largest providers of B2B services

Key highlights

- Strong position with significant potential for future growth
- Successful go-to-market approach
- Attractive customer base including public sector and many Swedish blue chip customers
- State-of-the-art network providing nation-wide coverage
- Track record of profitable growth
- Highly experienced and dedicated team

Selected customers

- DB Schenker
- Volvo
- Atlas Copco
- Landstinget Västmanland
- Mondelez International
- Scandic
- Trygg Hansa
- Nordea
- Länsförsäkringar
- Landstinget Dalarna
- Västerås Stad
- Stockholm University
Strategic Rationale

Highly complementary business

Combination accelerates Tele2’s B2B strategy

Unlocks significant synergies

Value accretive and fully funded
## Combination accelerates Tele2’s B2B strategy

<table>
<thead>
<tr>
<th>Positioning</th>
<th>Customer segment</th>
<th>Product offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price leadership, flexible customer champion</td>
<td>Strong B2B position with increasing LE footprint</td>
<td>Connectivity and Voice focus</td>
</tr>
<tr>
<td>A leader in integrated B2B solutions</td>
<td>Well established in Enterprise &amp; Public Sector</td>
<td>Strength in growth areas, CaaS, PBX, Security</td>
</tr>
<tr>
<td>Overall strengthened B2B position</td>
<td>Enhanced Go-to-market expertise</td>
<td>Broader and more comprehensive portfolio</td>
</tr>
</tbody>
</table>

**Overall strengthened B2B position**

**Enhanced Go-to-market expertise**

**Broader and more comprehensive portfolio**
Unlocking significant synergies

Opex synergies
- MVNO migration
- Consolidation of network and migration of IT systems
- Reduction of SG&A costs

Capex synergies
- Optimized infrastructure investments
- Consolidate IT systems and retire legacy

Integration costs
- Network, IT systems and billing integration
- SG&A restructuring

Opex/Capex
- ~SEK 300m run-rate
- Starting yr 1
- Fully achieved in yr 4

Capex
- ~SEK 200m one-off
- Majority during first 2 yrs

- ~SEK 750m
- Majority during first 2 yrs
Value accretive and fully funded

- Significant synergies
- Operating cash flow accretive from year 2
- EPS and EFCF per share accretive from year 1 (ex. integration costs)

Tele2’s largest shareholder, Kinnevik, has committed to subscribe for its rights

Nordea Bank AB has entered into a standby underwriting commitment for the remaining portion

- Funds and existing credit facilities available to finance the acquisition
- Plan to raise approximately SEK 3bn in a fully guaranteed rights issue
- Rights issue expected to be completed before the end of 2016
Conclusions

Unique opportunity to strengthen Tele2 Sweden

Strong strategic rationale through
- Highly complementary business
- Combination accelerates Tele2’s B2B strategy
- Unlocking significant synergies

Value accretive

Fully funded with majority shareholder support

Closing expected in Q4 2016
Q&A
APPENDIX
## Financial profile of combination

### Revenue (SEK million)

<table>
<thead>
<tr>
<th>Entity</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tele2 Sweden</td>
<td>12 641</td>
<td>12 631</td>
</tr>
<tr>
<td>TDC</td>
<td>3 046</td>
<td>3 401</td>
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<tr>
<td><strong>Combined</strong></td>
<td><strong>15 687</strong></td>
<td><strong>16 032</strong></td>
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</tbody>
</table>

### EBITDA (SEK million)

<table>
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<th>Entity</th>
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<th>2015</th>
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<tbody>
<tr>
<td>Tele2 Sweden</td>
<td>3 612</td>
<td>3 844</td>
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<tr>
<td>TDC</td>
<td>384</td>
<td>402</td>
</tr>
<tr>
<td><strong>Combined</strong></td>
<td><strong>3 996</strong></td>
<td><strong>4 246</strong></td>
</tr>
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</table>

### Capex (SEK million)

<table>
<thead>
<tr>
<th>Entity</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Tele2 Sweden</td>
<td>622</td>
<td>784</td>
</tr>
<tr>
<td>TDC</td>
<td>254</td>
<td>276</td>
</tr>
<tr>
<td><strong>Combined</strong></td>
<td><strong>876</strong></td>
<td><strong>1 060</strong></td>
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