

FIRST QUARTER 2016

April 21st, 2016

Tele2 AB

TELE2

Delivering on our long term strategy



Value Champion

- Mid-single digit mobile end-user service revenue growth
- Sweden Consumer continues to grow
- Strong performance in the Baltic region



Focused Technology Choices

- 4G available across our footprint
- 4G customer base significantly increased in Netherlands
- VoLTE switched on



Step-Change Productivity

- Challenger program on track
- Kazakhstan JV synergy plan progressing well
- Virtualization and cloudification of Network & IT underway



Winning People & Culture

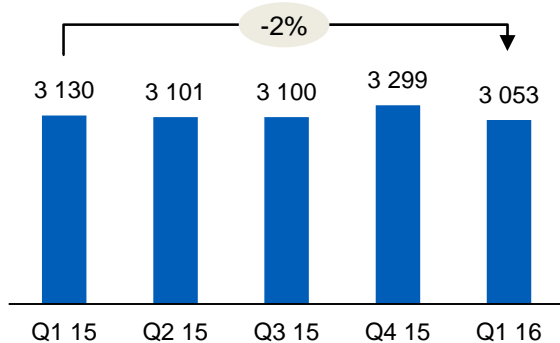
- 1000 new Altel employees embracing the Tele2 Way
- Welcome Lars Nordmark, Group CFO

Group highlights – Q1 2016

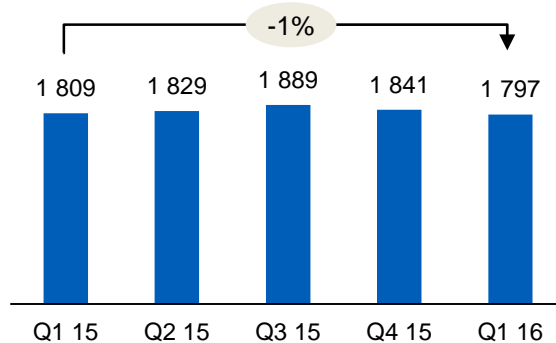
	Q1 2016	% Change Reported	% Change LFL
Mobile end-user service revenue (SEK billion)	3.17	-1%	+4%
Net sales (SEK billion)	6.45	-1%	+2%
EBITDA (SEK billion)	1.23	-14%	-14%

Sweden – Financials

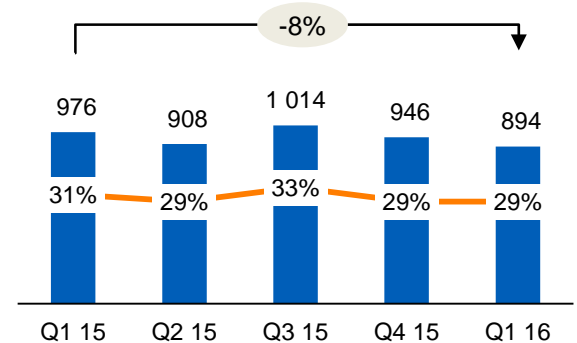
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

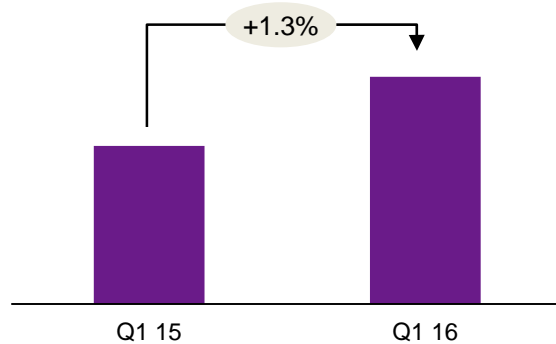


Q1 Highlights

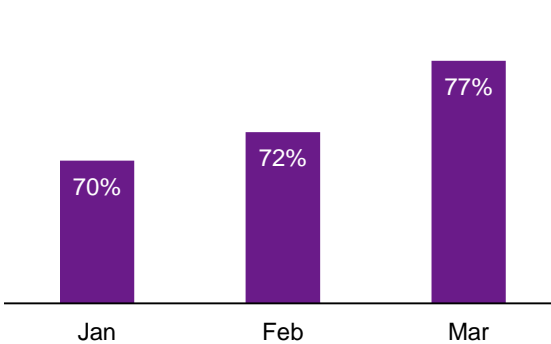
- Net sales declined mainly due to lower fixed revenues and lower handset sales
- Mobile end-user service revenue continued to be impacted primarily by price pressure in B2B SME segment
- EBITDA impacted by investment into sales and marketing activities

Sweden – Continuing growth in Consumer

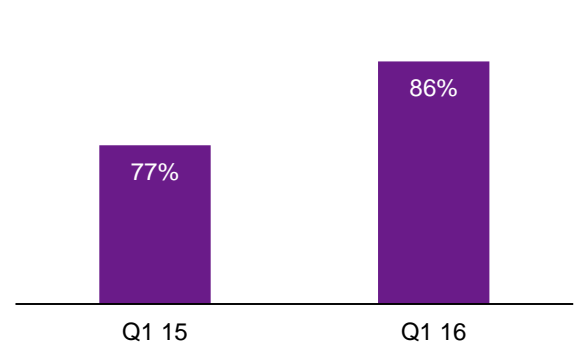
Consumer postpaid end-user services revenue



Share of Tele2 intake with bundle >0.5GB



Geographic coverage 2G/4G

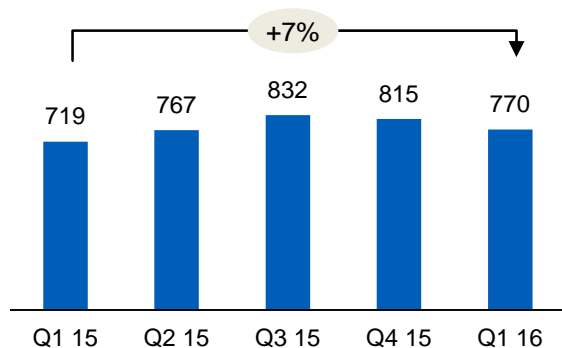


Q1 Highlights

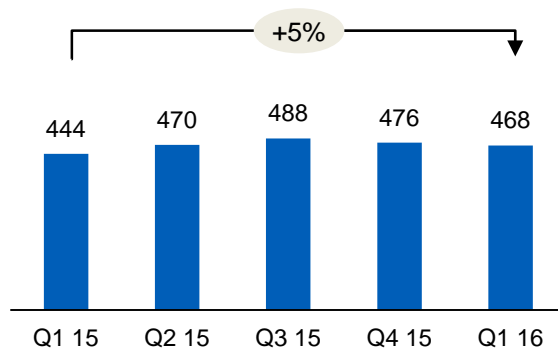
- Total Consumer grew 3% driven by strength in prepaid and successful execution of our dual brand strategy
- Tele2 customer intake continues to develop in the higher value buckets
- Geographic 2G/4G coverage now at 86%, on track towards 90% target
- Customer satisfaction (CSAT) has increased to best-in-class levels, 85%

Baltics – Financials

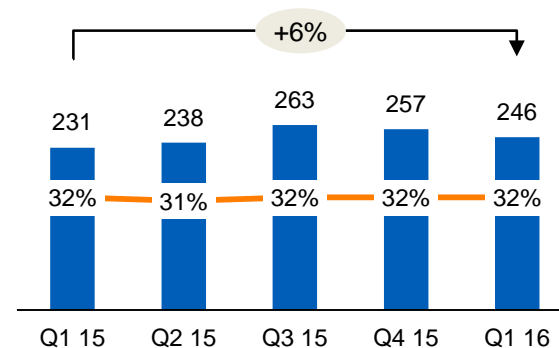
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

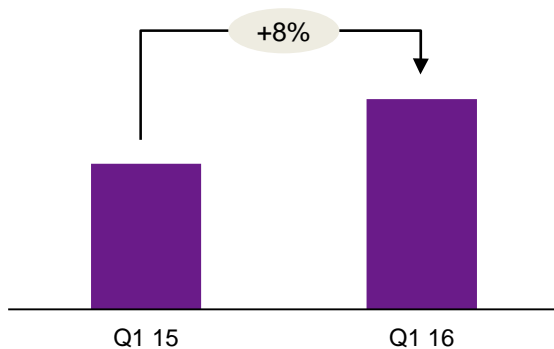


Q1 Highlights

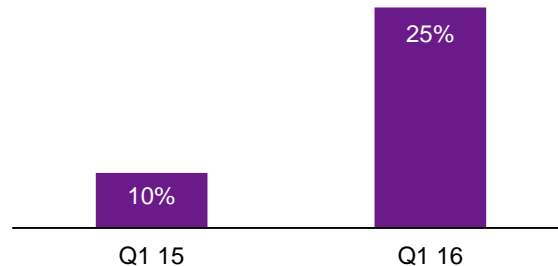
- Net sales and mobile end-user service revenue growth driven by continued positive data monetization
- Revenue growth is filtering through to strong EBITDA development
- Lithuania is particularly strong, mobile end-user service revenue up 8% and EBITDA up 14%

Baltics – Strong performance

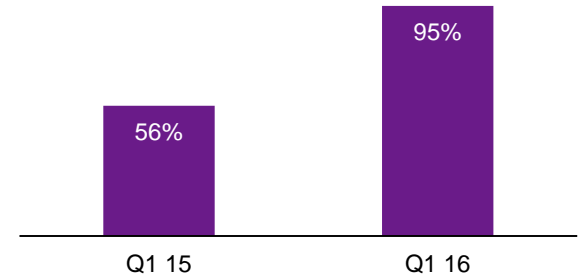
ASPU development



Share of 4G capable smartphones in base



4G population coverage

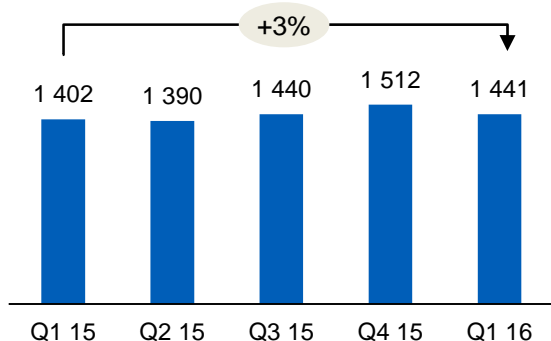


Q1 Highlights

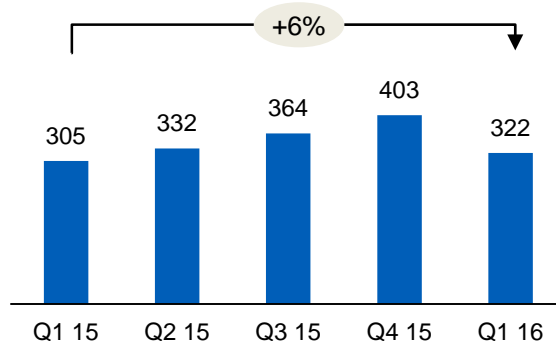
- Strong data monetization driven by prepaid to postpaid transition, increasing penetration of 4G handsets, and data centric pricing
- Population coverage continues to expand
- Successfully acquired 900/1800 Mhz spectrum band license in Lithuania

Netherlands – Financials

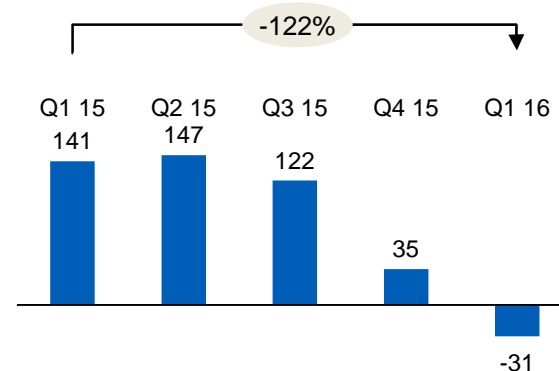
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)

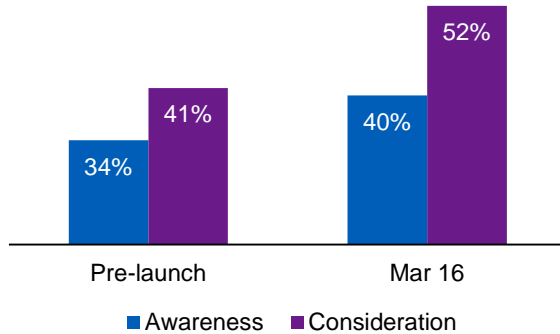


Q1 Highlights

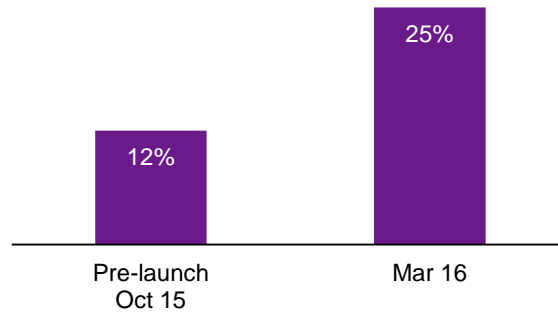
- Mobile end-user service revenue growth reflects improved intake building through the quarter
- Momentum was stronger in March after the launch of the iPhone and new SIM-only propositions
- EBITDA impacted as expected by costs associated with mobile growth and network rollout partly offset by property one-off (+SEK 73M)

Netherlands – Gaining momentum

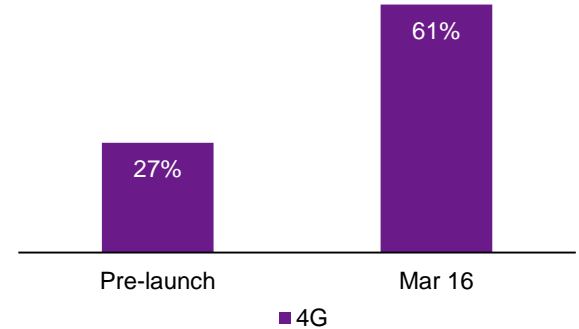
Spontaneous brand awareness
& Brand consideration (Memo2)



Share of total postpaid new
(GfK)



Data usage on own network

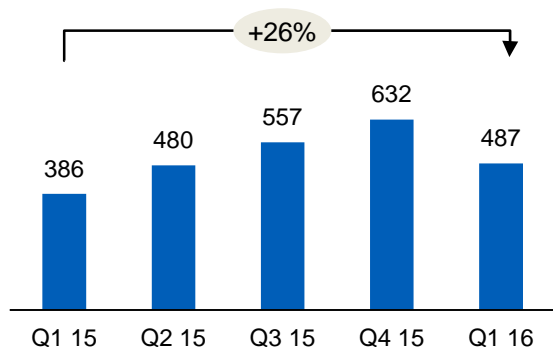


Q1 Highlights

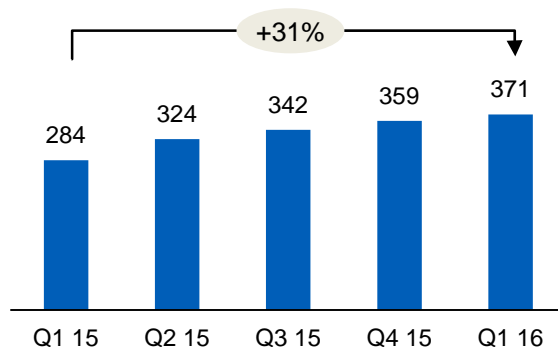
- Brand Awareness and Consideration are trending positively since launch
- Significant increase in share of total postpaid new contracts
- Good progress in data on-loading driven by strong network coverage of 97% outdoor and 78% indoor
- At the end of the quarter the first customers started to use VoLTE, making Tele2 the first 4G-only operator in the world

Kazakhstan – Financials

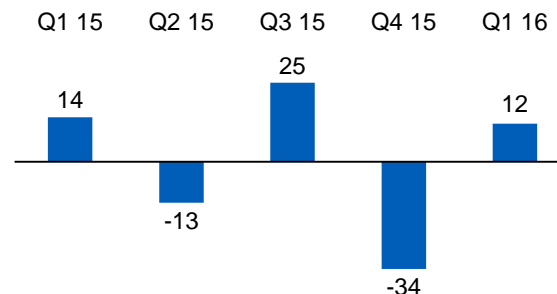
Net sales, LFL
(SEK million)



Mobile end-user service
revenue, LFL (SEK million)



EBITDA, LFL
(SEK million)

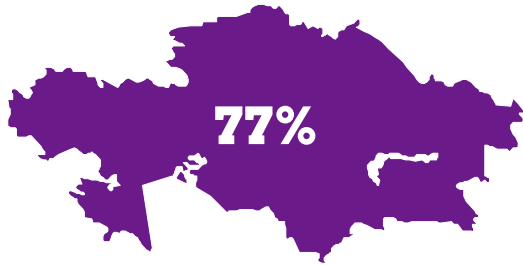


Q1 Highlights

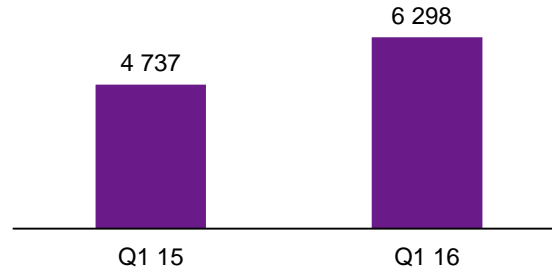
- JV in place since Feb 29th, integration on track
- Mobile end-user service revenue growth due to higher customer base
- Net sales growth lower than service revenue due to lower handset sales
- EBITDA impacted by business expansion costs and translation impacts on payables

Kazakhstan – JV integration progressing

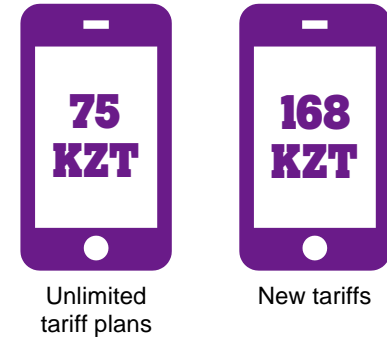
4G coverage Tele2 customers



Customer base, LFL
(thousands)



Average Price/GB development



Q1 Highlights

- National roaming agreement between Altel and Tele2 in place, 4G and greater coverage now available for the combined customer base
- Customer base increase due to strong price leadership positions of both Tele2 and Altel
- Pricing discipline going forward, new price plans for Altel in place since early April

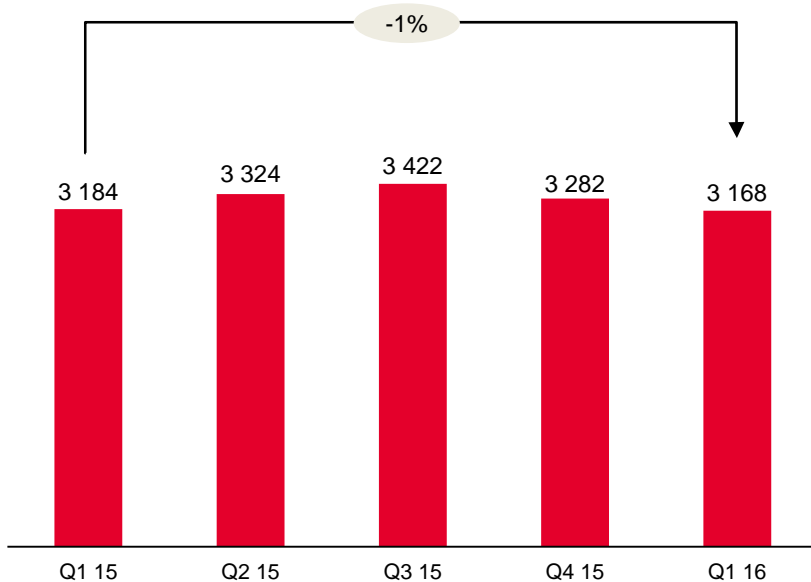
Challenger Program progressing

	Baseline	2016 target	2018 target	Progress in the quarter
Simplify % of products harmonized on shared platforms	30%	40%	60%	<ul style="list-style-type: none"> Good progress in Estonia and Croatia on product portfolio simplification
Discipline % of spend strategically sourced & procured	40%	75%	80%	<ul style="list-style-type: none"> Handset Optimization Program is delivering campaign benefits as well as working capital improvements
Consolidate % of reduction in IT OpEx as share of revenue	0%	5%	20%	<ul style="list-style-type: none"> Virtualization and cloudification of network & IT announced
Transform % of staff in Shared Operations	12%	18%	25%	<ul style="list-style-type: none"> Germany restructuring flowing through New organization model enabling more economies of scale

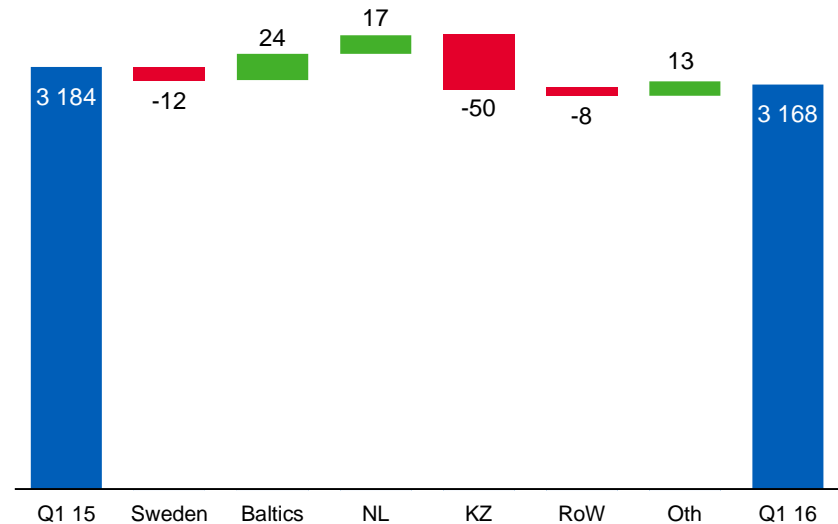
Financial Overview

Mobile end-user service revenue

Tele2 Group
(SEK million)

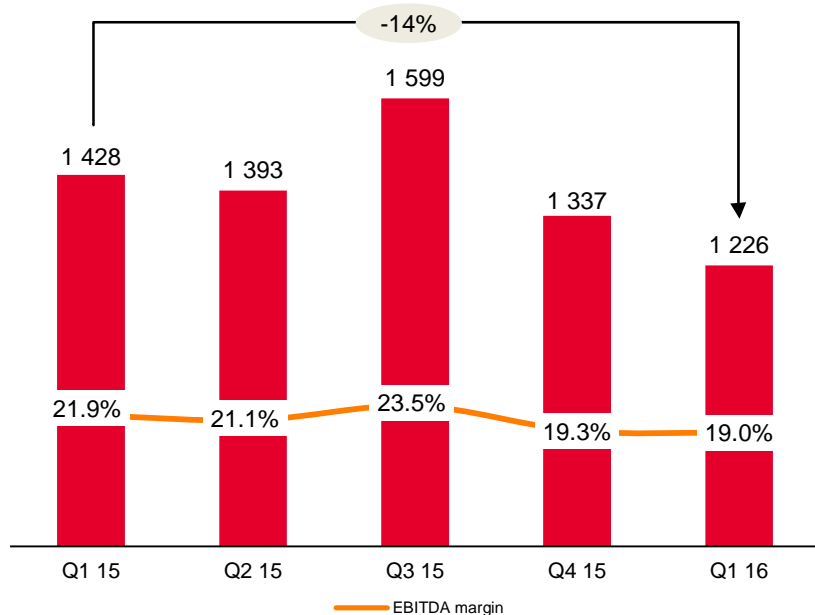


Development per market
(SEK million)

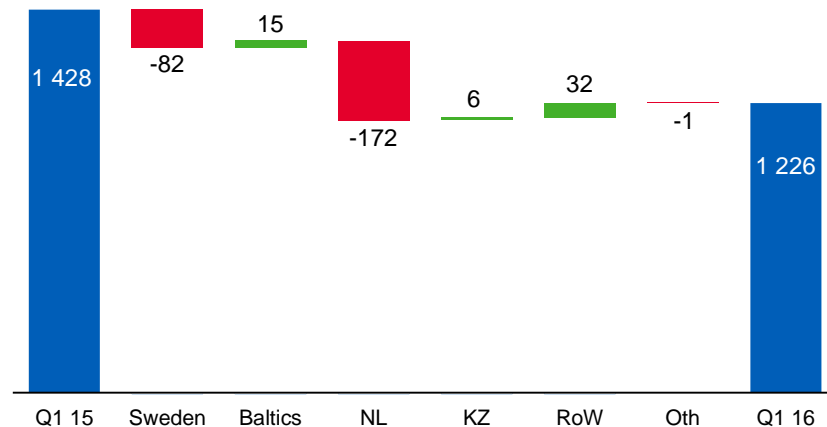


EBITDA

Tele2 Group
(SEK million)

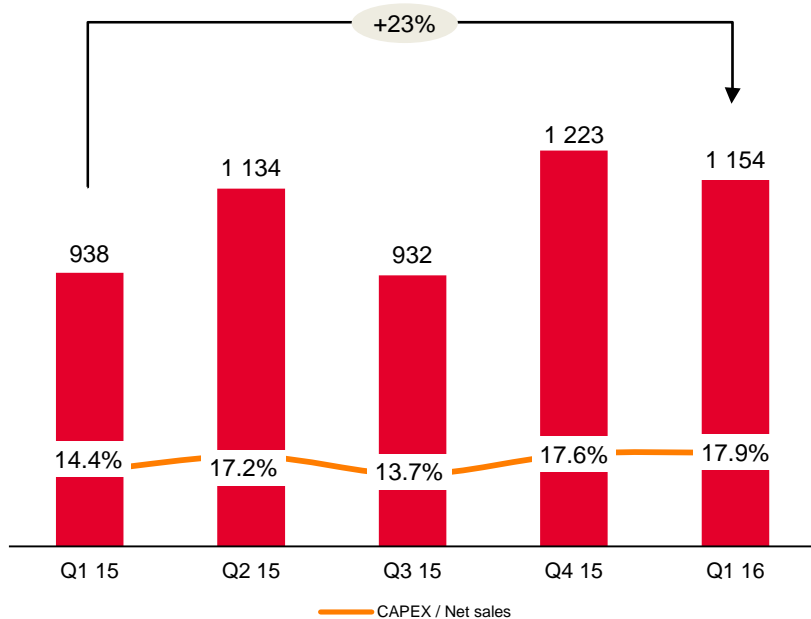


Development per market
(SEK million)

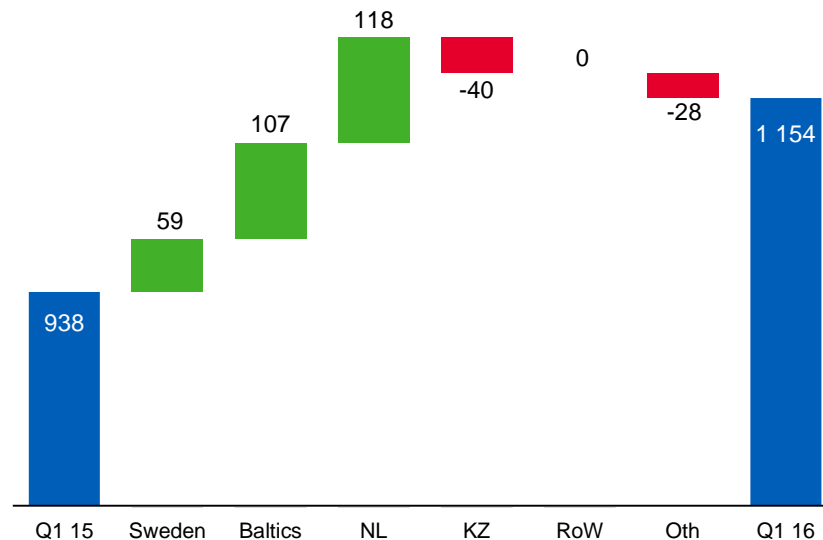


CAPEX

Tele2 Group
(SEK million)



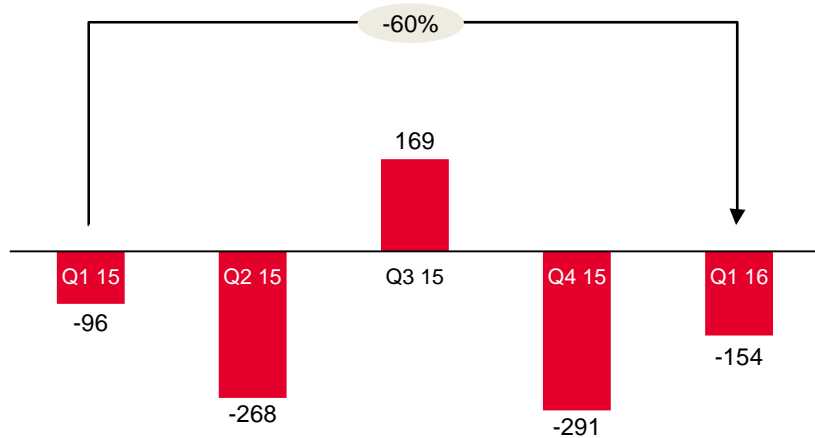
Development per market
(SEK million)



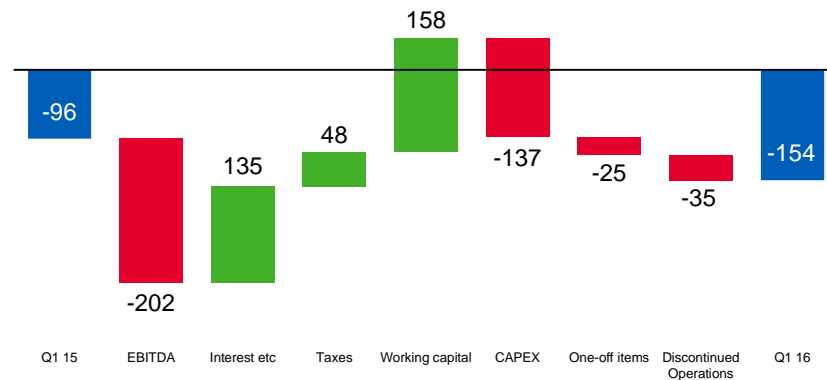
Free cash flow

Total operations

Tele2 Group
(SEK million)

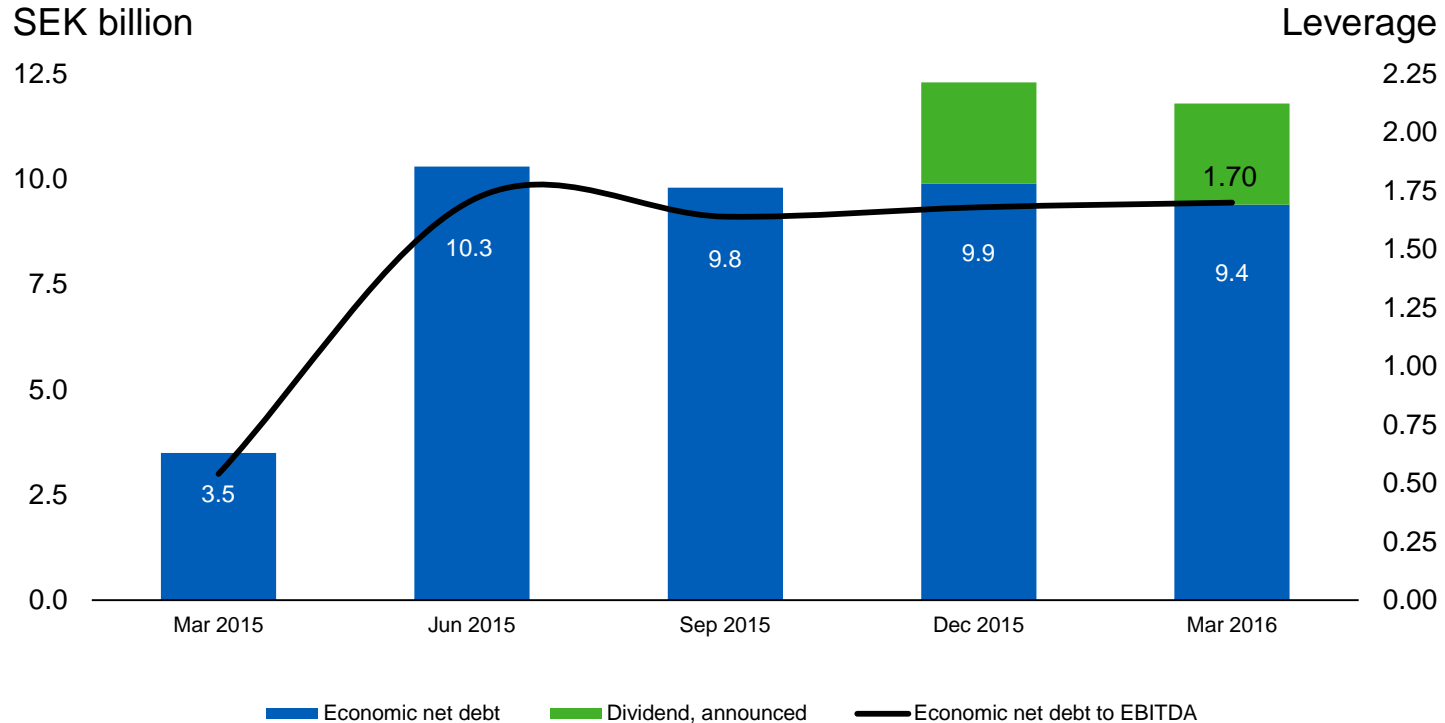


Development
(SEK million)



Debt position and financial leverage

Economic net debt to EBITDA 12 m rolling



Financial guidance 2016

Mobile end-user service revenue	Mid-single digit % growth
Net sales (SEK billion)	26 – 27
EBITDA (SEK billion)	4.6 – 5.0
CAPEX (SEK billion)	3.7 – 4.1

Summary

Key priorities moving forward

- Regain momentum in Sweden
- Commercialize and monetize 4G investments in Baltics/Croatia
- Accelerate growth in Netherlands
- Successful integration of Altel and pricing discipline
- Execute on Challenger Program



Focused
Technology
Choices



Value
Champion



Step-Change
Productivity



Winning
People &
Culture

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



M2M & IoT

How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

Responsible Challenger

The Tele2 Way

**THE
END**

TELE2