SECOND QUARTER 2016

July 21, 2016
Tele2 AB
Delivering on our long term strategy

Value Champion

- Sweden Consumer Postpaid and B2B Large both up mid single digits
- Netherlands customer intake up significantly
- TDC Sweden acquisition announced

Focused Technology Choices

- Tele2 Sweden awarded best 4G coverage amongst all Nordic operators
- Swedish 4G geographic coverage reaches 87%
- Netherlands and Baltics 4G LTE population coverage now above 97%

Step-Change Productivity

- Kazakhstan JV synergy plan progressing well
- Baltic region margin expands to 32.5%
- Challenger program on track for SEK1bn per annum benefits

Winning People & Culture

- Dutch marketing team awarded for best advertising and best campaign
- New LT members appointed - Guillaume van Gaver (EVP International), Richard Peers (Chief People and Change Officer)
## Group highlights – Q2 2016

<table>
<thead>
<tr>
<th>Mobile end-user service revenue (SEK billion)</th>
<th>Q2 2016</th>
<th>% Change Reported</th>
<th>% Change LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.35</td>
<td>+1%</td>
<td>+2%</td>
</tr>
</tbody>
</table>

| Net sales (SEK billion)                     | 6.67    | +1%               | +1%          |

| EBITDA (SEK billion)                        | 1.09    | -22%              | -21%         |

LFL is constant currencies and pro forma for Altel
Sweden – Financials

Net sales (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015 Q2</th>
<th>2015 Q3</th>
<th>2015 Q4</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,101</td>
<td>3,100</td>
<td>3,299</td>
<td>3,053</td>
<td>3,018</td>
</tr>
</tbody>
</table>

Mobile end-user service revenue (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015 Q2</th>
<th>2015 Q3</th>
<th>2015 Q4</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,829</td>
<td>1,889</td>
<td>1,841</td>
<td>1,797</td>
<td>1,821</td>
</tr>
</tbody>
</table>

EBITDA and EBITDA margin (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2015 Q2</th>
<th>2015 Q3</th>
<th>2015 Q4</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>908</td>
<td>1,014</td>
<td>946</td>
<td>894</td>
<td>846</td>
</tr>
<tr>
<td>Margin</td>
<td>29%</td>
<td>33%</td>
<td>29%</td>
<td>29%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Q2 Highlights

- Net sales declined mainly due to lower fixed telephony and lower operator revenues
- Mobile end-user service revenue up 1.5%, excluding non-recurring items, driven by growth in consumer and B2B large enterprise
- EBITDA impacted by investment into sales & marketing activities and non-recurring items of SEK 51 million
Sweden – Improving trends

**Consumer postpaid end-user services revenue**

- +5%

**Share of sales with bundle >0.5GB**

- Q2 15: 71%
- Q2 16: 73%
- Q2 16: 84%

**Geographic coverage 2G/4G**

- Q2 15: 81%
- Q2 16: 87%

**Q2 Highlights**

- Consumer postpaid mobile end-user service revenue up 5% mainly driven by Comviq market share development
- Tele2 increasingly taking share of premium value buckets
- Significant improvement in geographic 4G coverage, currently at 87% and on track towards 90% target
- Sweden awarded best 4G coverage among Nordic operators by OpenSignal
Baltics – Financials

Net sales (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 15</td>
<td>767</td>
</tr>
<tr>
<td>Q3 15</td>
<td>832</td>
</tr>
<tr>
<td>Q4 15</td>
<td>815</td>
</tr>
<tr>
<td>Q1 16</td>
<td>770</td>
</tr>
<tr>
<td>Q2 16</td>
<td>787</td>
</tr>
</tbody>
</table>

Mobile end-user service revenue (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Mobile end-user service revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 15</td>
<td>470</td>
</tr>
<tr>
<td>Q3 15</td>
<td>488</td>
</tr>
<tr>
<td>Q4 15</td>
<td>476</td>
</tr>
<tr>
<td>Q1 16</td>
<td>468</td>
</tr>
<tr>
<td>Q2 16</td>
<td>477</td>
</tr>
</tbody>
</table>

EBITDA and EBITDA margin (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBITDA</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 15</td>
<td>238</td>
<td>31%</td>
</tr>
<tr>
<td>Q3 15</td>
<td>263</td>
<td>32%</td>
</tr>
<tr>
<td>Q4 15</td>
<td>257</td>
<td>32%</td>
</tr>
<tr>
<td>Q1 16</td>
<td>246</td>
<td>32%</td>
</tr>
<tr>
<td>Q2 16</td>
<td>256</td>
<td>33%</td>
</tr>
</tbody>
</table>

Q2 Highlights

- Net sales driven by continued demand for data services and increased equipment sales
- Mobile end-user service revenue hampered by new roaming regulation, underlying is up 4%
- Strong EBITDA improvement as data monetization flows through to the bottom line
Baltics – Data monetization continues

Q2 Highlights

- Strong data monetization driven by prepaid to postpaid transition and data centric pricing
- Data consumption stimulated by an increasing rate of 4G handset penetration
- 4G population coverage now at a solid 97%

ASPU development

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of 4G capable smartphones in base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4G population coverage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>+3%</td>
<td>13%</td>
<td>28%</td>
</tr>
<tr>
<td>58%</td>
<td>97%</td>
<td></td>
</tr>
</tbody>
</table>
**Q2 Highlights**

- Net sales up primarily due to increasing mobile momentum, offset by declines in fixed
- Mobile end-user service revenue driven by significant net intake (57k) as a result of our competitive MNO launch propositions
- EBITDA development in line with expectations as a result of investments related to mobile launch and decline in fixed
Netherlands – Continuing momentum

Spontaneous brand awareness & brand consideration (Memo2)

Share of total new postpaid (GfK)

Data usage on own network

Q2 Highlights

- "Fun Rebel Campaign" awarded best advertising campaign of the year by SAN Excellence
- Brand Awareness and Consideration remain at high levels driving mobile net intake to its highest levels since 2013
- Continuing to take a strong market share of new postpaid contracts
- Good progress in data on-loading driven by continued network rollout now at 97% outdoor and 81% indoor coverage
Kazakhstan – Financials

Net sales, LFL (SEK million)

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

EBITDA, LFL (SEK million)

Q2 Highlights

- Net sales growth driven by increase in customer base offset by lower handset sales
- Continued double digit growth in mobile end-user service revenue with a solid net intake of 104k customers
- EBITDA developing positively from improved operating leverage and higher pricing

LFL is constant currency and pro forma for Altel
Kazakhstan – Strong performance

4G Competitive advantage

Q2 Highlights

- 4G competitive advantage continues to be a key driver of data consumption
- Solid customer base increase due to strong price leadership positions of both Tele2 and Altel
- Tele2 implemented new price propositions in the market as of May
- JV integration plan progressing well

Customer base, LFL (thousands)

<table>
<thead>
<tr>
<th></th>
<th>Q2 15</th>
<th>Q2 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing subscribers</td>
<td>5,477</td>
<td>6,402</td>
</tr>
<tr>
<td>New subscribers</td>
<td>990 KZT (+17%)</td>
<td>1,290 KZT (+30%)</td>
</tr>
</tbody>
</table>

Main bundle offer development (Tele2 brand)

LFL is pro forma for Altel
# Challenger program on track

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>2016 target</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplify</td>
<td>30%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Discipline</td>
<td>40%</td>
<td>75%</td>
<td>80%</td>
</tr>
<tr>
<td>Consolidate</td>
<td>0%</td>
<td>5%</td>
<td>20%</td>
</tr>
<tr>
<td>Transform</td>
<td>12%</td>
<td>18%</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Key progress areas in the quarter

- **Product simplification initiative progressing with 700 products closed year-to-date**
- **Strategic sourcing progressed in several new areas, including handset procurement, network services and support agreements**
- **275 FTEs transferred from Netherlands to Shared Operations**
- **100 FTEs outsourced to Indian partner**
Financial Overview
Mobile end-user service revenue

Tele2 Group (SEK million)

Q2 15: 3,324
Q3 15: 3,422
Q4 15: 3,282
Q1 16: 3,168
Q2 16: 3,350

Development per market (SEK million)

Q2 15: 3,324
Sweden: -8
Baltics: 7
NL: 4
KZ: 23
RoW: -17
Oth: 17
Q2 16: 3,350
### EBITDA

#### Tele2 Group

**EBITDA (SEK million)**

- **Q2 15:** SEK 1,393, 21.1%
- **Q3 15:** SEK 1,599, 23.5%
- **Q4 15:** SEK 1,337, 19.3%
- **Q1 16:** SEK 1,226, 19.0%
- **Q2 16:** SEK 1,087, 16.3%

**Changes:**

- **-22%**

#### Development per market

**EBITDA margin**

- **Q2 15:** 0.00%
- **Q3 15:** 10.00%
- **Q4 15:** 20.00%
- **Q1 16:** 30.00%
- **Q2 16:** 40.00%

**Development per market (SEK million)**

- **Sweden:** SEK -62
- **Baltics:** SEK 18
- **NL:** SEK 35
- **KZ:** SEK 15
- **RoW:** SEK -49
- **Other:** SEK 1,087

**Q2 16:** SEK 1,087
CAPEX

Tele2 Group
(SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CAPEX (SEK million)</th>
<th>CAPEX / Net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 15</td>
<td>1,134</td>
<td>17.2%</td>
</tr>
<tr>
<td>Q3 15</td>
<td>932</td>
<td>13.7%</td>
</tr>
<tr>
<td>Q4 15</td>
<td>1,223</td>
<td>17.6%</td>
</tr>
<tr>
<td>Q1 16</td>
<td>1,154</td>
<td>17.9%</td>
</tr>
<tr>
<td>Q2 16</td>
<td>820</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

Development per market
(SEK million)

<table>
<thead>
<tr>
<th>Market</th>
<th>CAPEX (SEK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>-106</td>
</tr>
<tr>
<td>Baltics</td>
<td>0</td>
</tr>
<tr>
<td>NL</td>
<td>-103</td>
</tr>
<tr>
<td>KZ</td>
<td>-30</td>
</tr>
<tr>
<td>RoW</td>
<td>-52</td>
</tr>
<tr>
<td>Oth</td>
<td>-23</td>
</tr>
<tr>
<td>Q2 16</td>
<td>820</td>
</tr>
</tbody>
</table>

CAPEX / Net sales

-28%
Free cash flow

Total operations

Tele2 Group
(SEK million)

Q2 15  Q3 15  Q4 15  Q1 16  Q2 16

Q2 15  Q3 15  Q4 15  Q1 16  Q2 16

Development
(SEK million)

Q2 15  EBITDA  Interest etc  Taxes  Working capital  CAPEX  One-off items  Q2 16

Free cash flow = Cash flow from operating activities and CAPEX paid
Debt position and financial leverage

Economic net debt to EBITDA 12 m rolling

Economic net debt is defined as net debt excluding liabilities from Kazakhtelecom and liabilities guaranteed by Kazakhtelecom.
### Where we play – Our portfolio

<table>
<thead>
<tr>
<th>Market</th>
<th>Country</th>
<th>Focus</th>
<th>Cash Flow*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>Sweden</td>
<td>Data monetization</td>
<td>Strong</td>
</tr>
<tr>
<td></td>
<td>Baltics</td>
<td>Data monetization</td>
<td>Strong</td>
</tr>
<tr>
<td>Investment</td>
<td>Kazakhstan</td>
<td>Integration</td>
<td>Funded by JV partner</td>
</tr>
<tr>
<td></td>
<td>Netherlands</td>
<td>Customer growth</td>
<td>Negative</td>
</tr>
</tbody>
</table>
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

* Based on LFL which is constant currencies and pro forma for Altel
Summary
Key priorities moving forward

- Sustain momentum in Sweden
- Continue to monetize 4G investments
- Successfully integrate Altel in Kazakhstan
- Execute on Challenger Program
- Prepare for closing of TDC
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**
THE END