

FIRST QUARTER 2017

April 24, 2017

Tele2 AB

TELE2

Group highlights – Q1 2017

<i>SEK billion</i>	Q1 2017	% Change Reported	% Change LFL
Mobile end-user service revenue	3.7	+19%	+10%
Net sales	7.9	+22%	+3%
EBITDA	1.7	+41%	+28%

Tele2's 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



Delivering on our long term strategy



Baltic Sea Challenger

- Sweden mobile end-user service revenue up 5% and Baltics up 12%
- Sweden EBITDA up 10% and Baltics up 16%
- Operating cash flow grew by 16% in Sweden and Baltics



Investment Markets

- Netherlands mobile end-user service revenue up 40%
- Dutch data and voice on-loading at 87% and 40% respectively
- Kazakhstan mobile end-user service revenue up 14%



Challenger Cost Structure

- Kazakhstan JV delivering EBITDA margin of 19%
- First TDC synergies materializing
- Challenger program well on track for SEK 1 billion per annum benefits



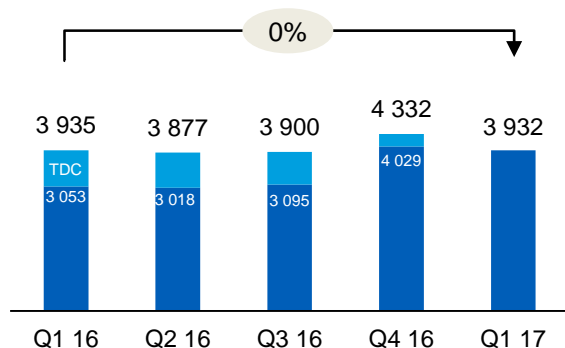
Winning People & Culture

- TDC Sweden now co-located with Tele2
- Jon James appointed CEO of Tele2 Netherlands

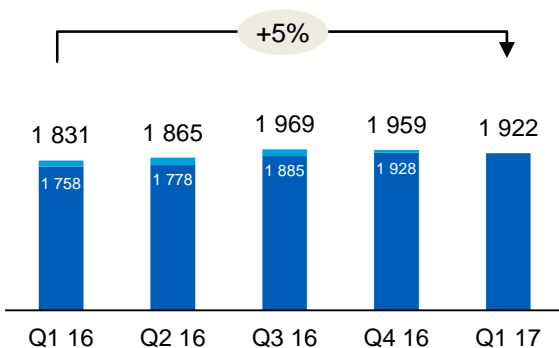
Baltic Sea Challenger

Sweden – Financials

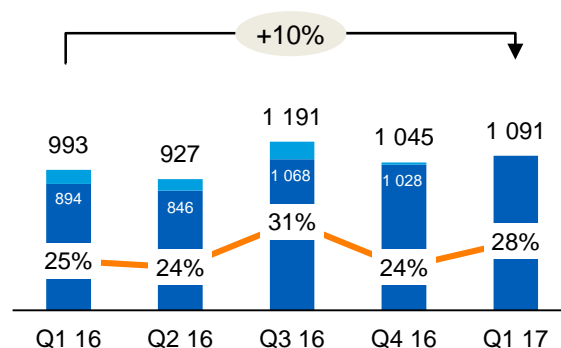
Net sales, LFL
(SEK million)



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



EBITDA and EBITDA margin,
LFL (SEK million)

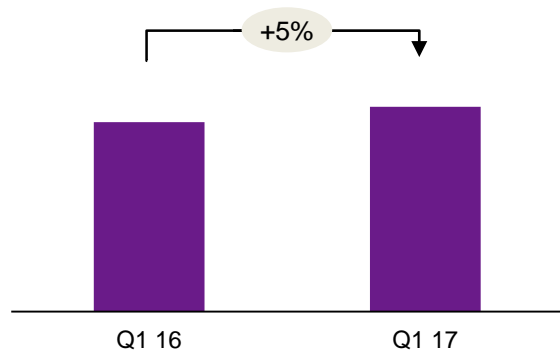


Q1 Highlights

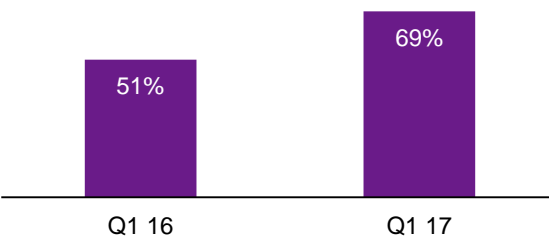
- Net sales flat as strong mobile growth is offset by a decline in fixed business
- Mobile end-user service revenue growth driven by prepaid to postpaid migration, larger data buckets and growth in large enterprise
- Modest sales and marketing activities in the quarter, ahead of the launch of new Tele2 commercial proposition in Q2
- EBITDA growth driven by higher service revenues, lower expansion costs, benefits from Challenger Program as well as TDC synergies

Sweden Consumer – Momentum continues

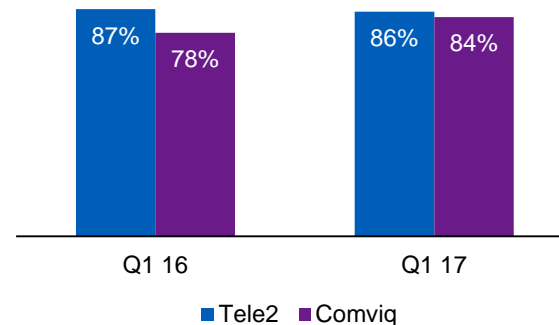
Consumer mobile end-user service revenue



Share of postpaid sales with bundle >3GB



Customer satisfaction (Tele2 Media & Insight)

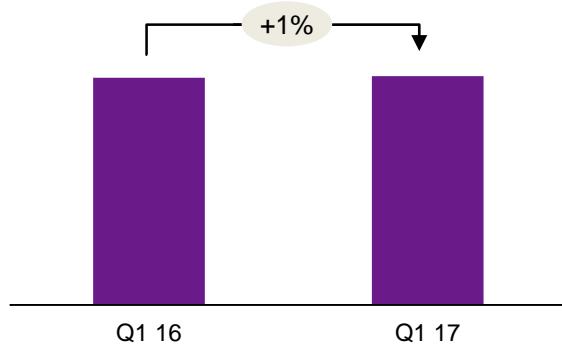


Q1 Highlights

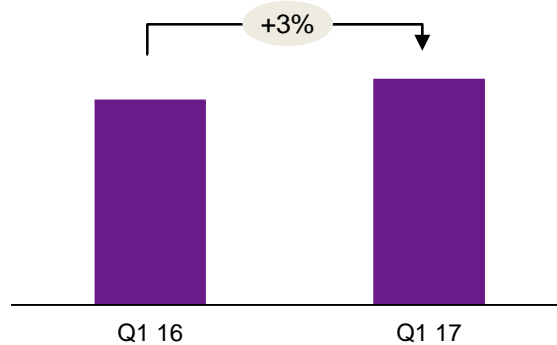
- Consumer mobile end-user service revenue up 5%, driven by 12% growth in consumer postpaid due to migration to higher ASPU products
- Tele2 and Comviq customers increasingly taking larger data buckets
- Strong trend in Comviq customer satisfaction, while Tele2 is stable
- New Tele2 commercial propositions launched on April 21st

Sweden B2B – Synergies materializing

B2B net sales, LFL
(SEK million)



B2B Large net sales, LFL
(SEK million)



Integration synergies

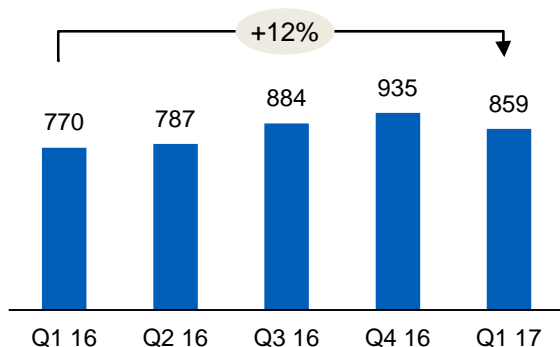


Q1 Highlights

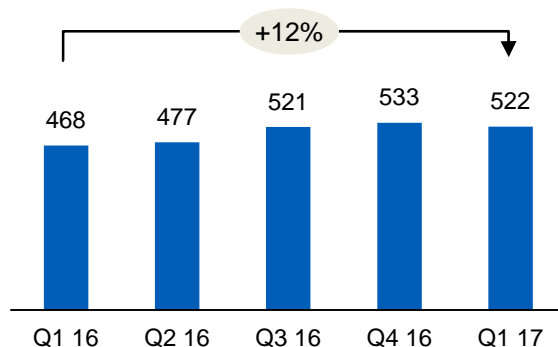
- B2B sales stable in both Tele2 Business segment and former TDC Sweden
- B2B Large net sales up due to 8% growth of mobile end-user service revenue, partly offset by lower fixed telephony
- First TDC synergies materializing, mainly driven by migration of the MVNO traffic, which is to be finalized during Q2

Baltics – Financials

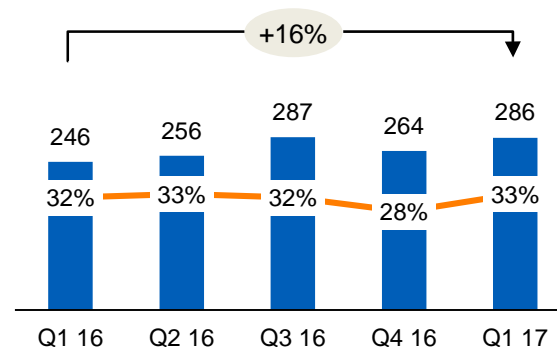
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA and EBITDA margin
(SEK million)

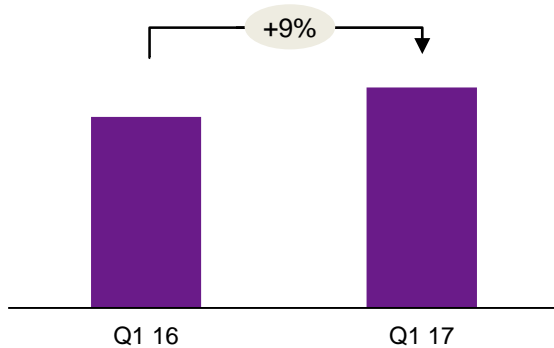


Q1 Highlights

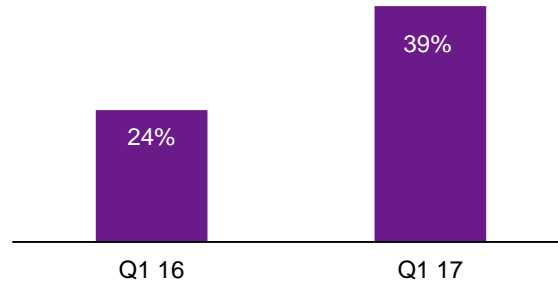
- Net sales growth driven by increase in both mobile end-user service revenue and equipment sales
- Mobile end-user service revenue growth continues due to prepaid to postpaid migration, data monetization and growth in mobile broadband
- Strong EBITDA performance driven by higher service revenue and Challenger Program benefits

Baltics – Data monetization continues

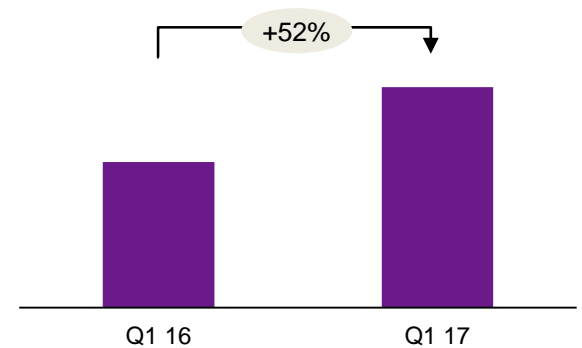
ASPU development



Share of 4G capable smartphones in base



MBB end-user service revenue



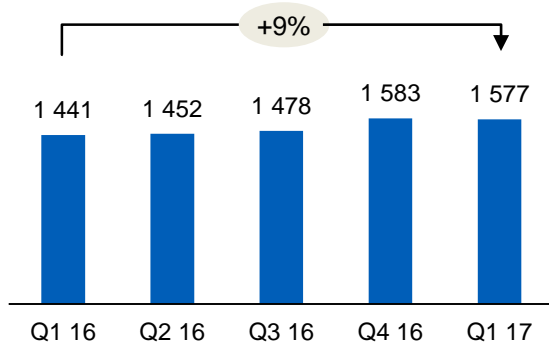
Q1 Highlights

- Strong ASPU growth driven by increasing postpaid share and migration to larger buckets
- Continued strong increase in smartphone penetration, with room for further growth
- Mobile broadband growth as a result of investments in previous quarters

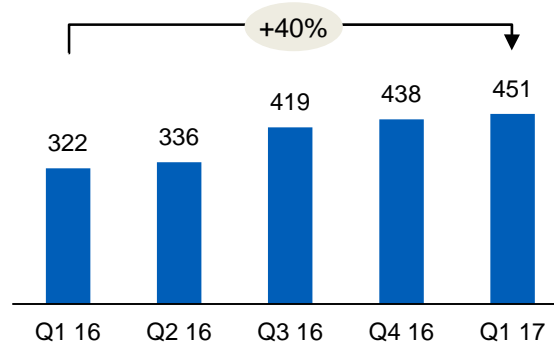
Investment Markets

Netherlands – Financials

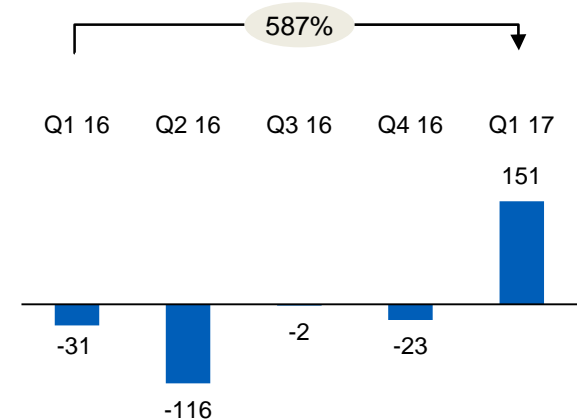
Net sales
(SEK million)



Mobile end-user service
revenue (SEK million)



EBITDA
(SEK million)



Q1 Highlights

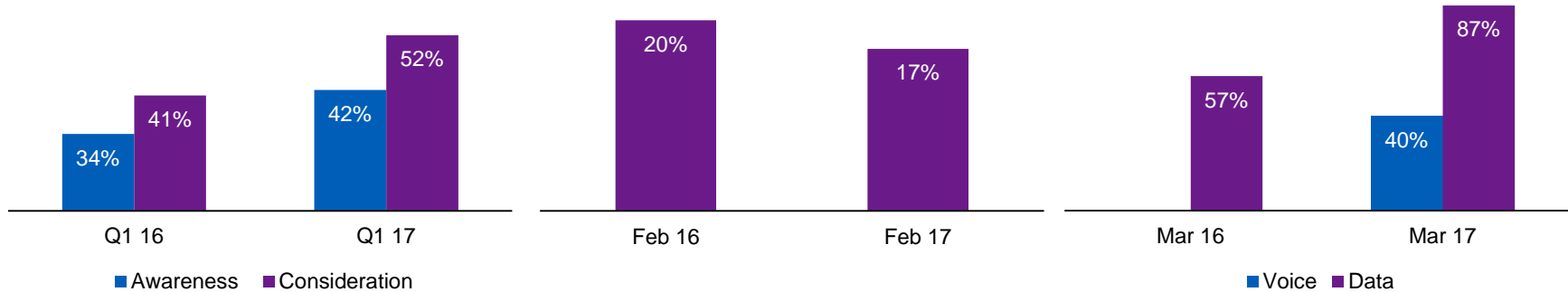
- Net sales up due to strong mobile momentum, partly offset by continued decline in fixed broadband and telephony
- Mobile end-user service revenue increase driven by >20% increase in customer base and ASPU growth of >10%
- EBITDA positively impacted by higher mobile service revenues, lower mobile expansion costs and reduction in NRA costs
- Improved cash contribution from fixed broadband driven by a disciplined investment focus
- Non-recurring item of SEK 95 million compared to SEK 73 million in Q1 2016

Netherlands – Momentum despite pressure

Spontaneous brand awareness & brand consideration (Memo2)

Share of total new postpaid (GfK)

Usage on own network

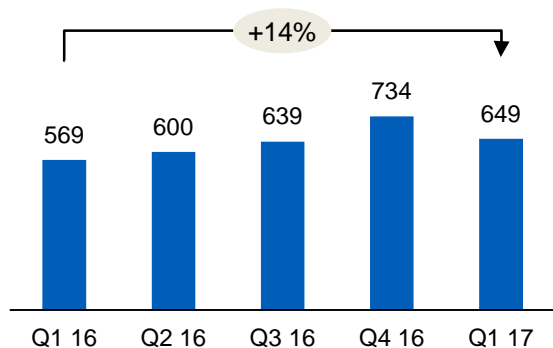


Q1 Highlights

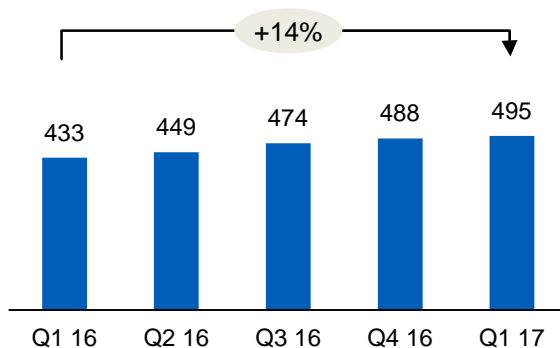
- Maintaining a decent market share of new postpaid contracts, despite increased price competition
- Good progress in data on-loading driven by network rollout at 99.5% outdoor and 91% indoor population coverage
- 403k active VoLTE customers following iPhone activation at the end of January
- Mobile net intake of 16k, including a -24k one-time clean-up

Kazakhstan – Financials

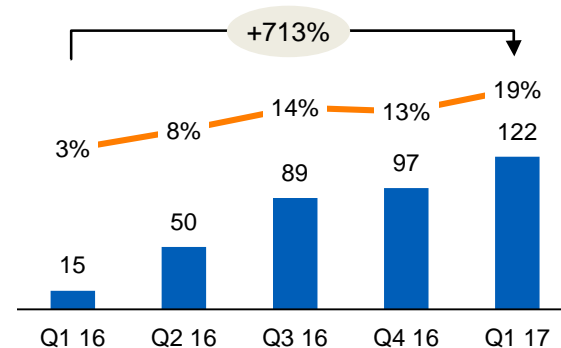
Net sales, LFL
(SEK million)



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



EBITDA and EBITDA margin, LFL
(SEK million)

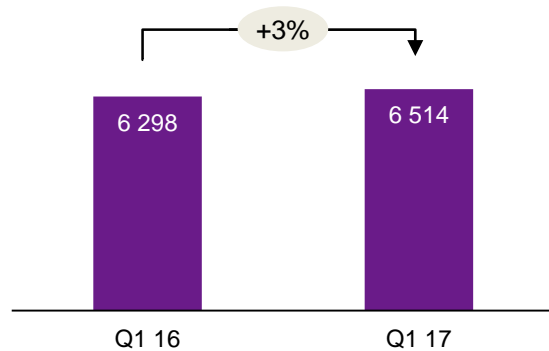


Q1 Highlights

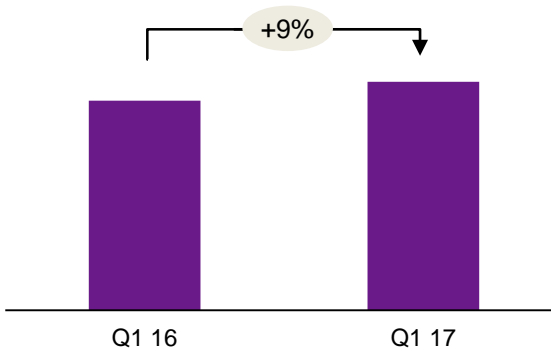
- Net sales up due to strong mobile momentum
- Mobile end-user service revenue growth driven by increased customer base and higher ASPU
- Positive EBITDA development driven by revenue growth, improved operating leverage and JV synergies

Kazakhstan – Continued strong performance

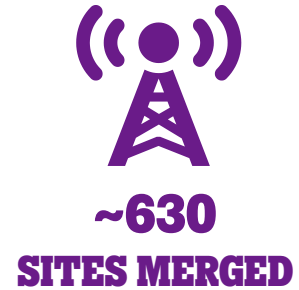
Customer base, LFL
(thousands)



ASPU development, LFL



Integration



Q1 Highlights

- Customer base continues to grow year-on-year
- Strong ASPU driven by continued focus on improving data monetization
- ~630 base station sites merged as network integration continues throughout 2017

Challenger program on track

	Baseline	2016 actual	2018 target
Simplify % of products harmonized on shared platforms	30%	40%	60%
Discipline % of spend strategically sourced & procured	40%	75%	80%
Consolidate % of reduction in IT OpEx as share of revenue	0%	5%	20%
Transform % of staff in Shared Operations	12%	18%	25%

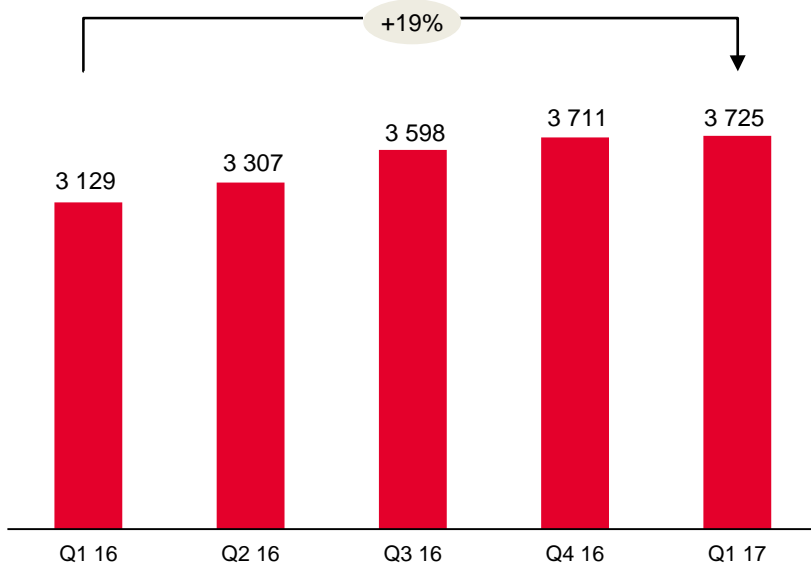
Key progress areas since inception

- New revenue streams
- Sales & marketing efficiency
- Network & IT consolidation
- Customer service optimization
- Procurement scope increase
- Administration efficiency

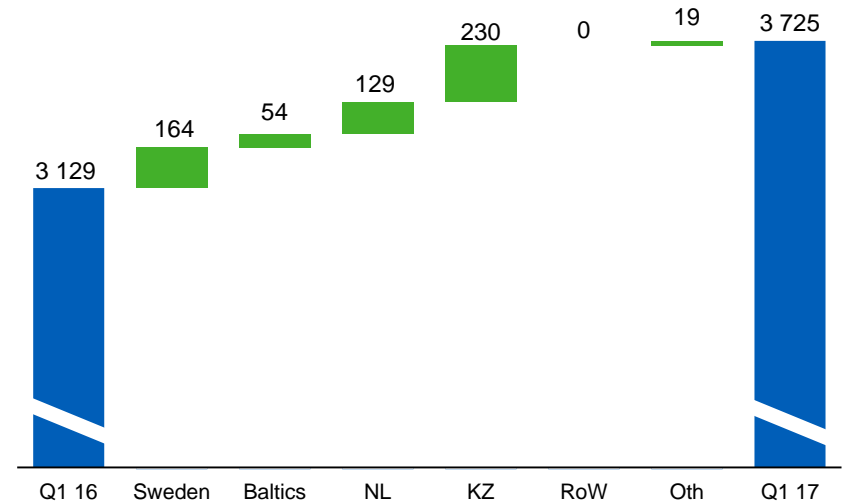
Financial Overview

Mobile end-user service revenue

Tele2 Group
(SEK million)

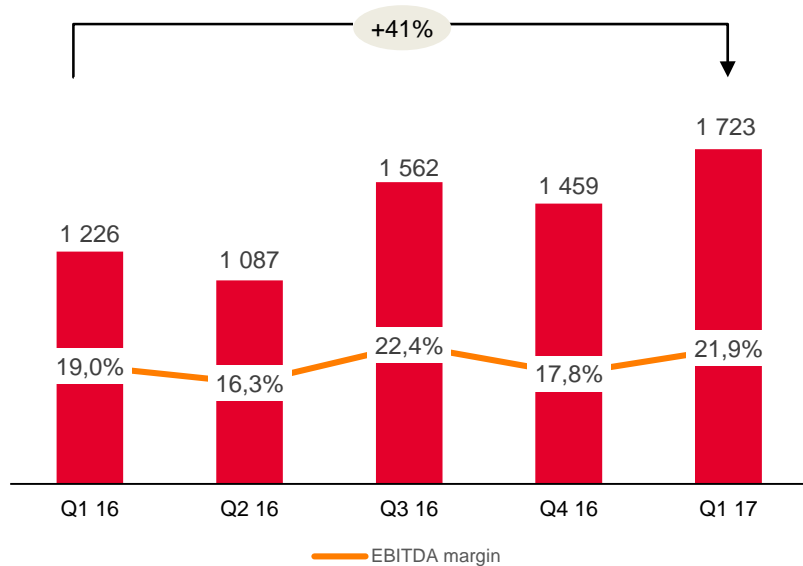


Development per market
(SEK million)

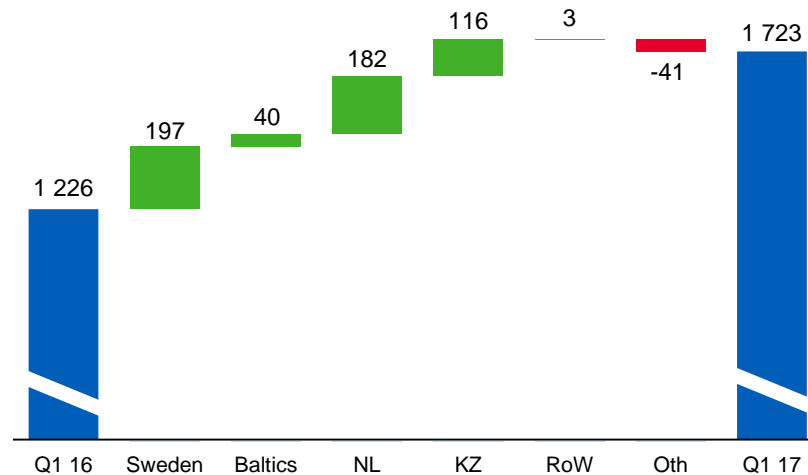


EBITDA

Tele2 Group (SEK million)

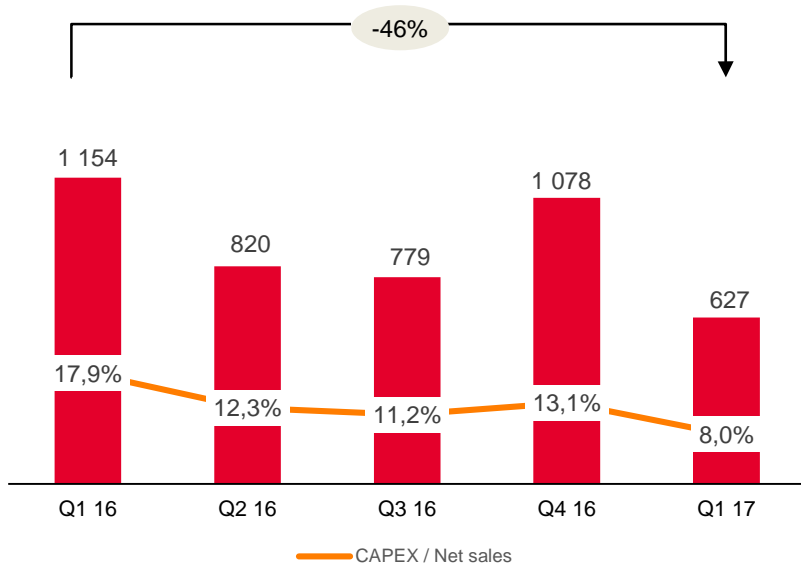


Development per market (SEK million)

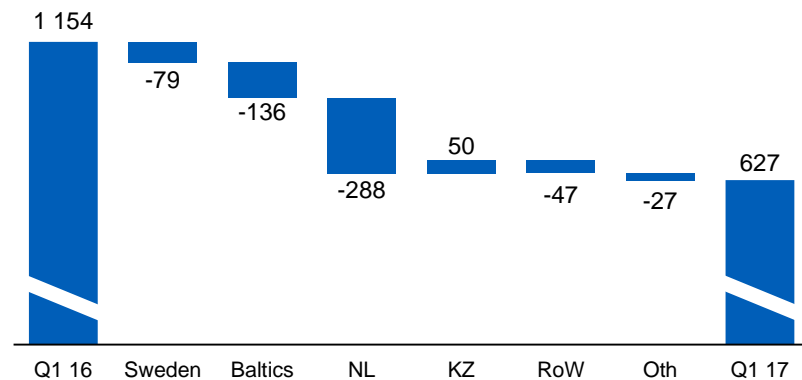


CAPEX

Tele2 Group (SEK million)



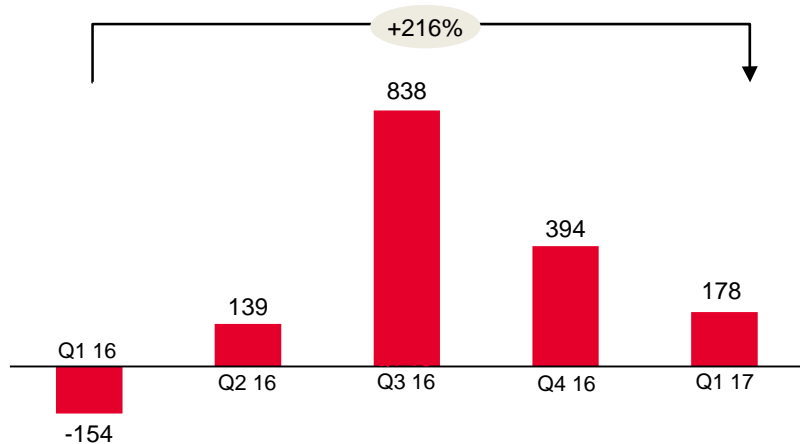
Development per market (SEK million)



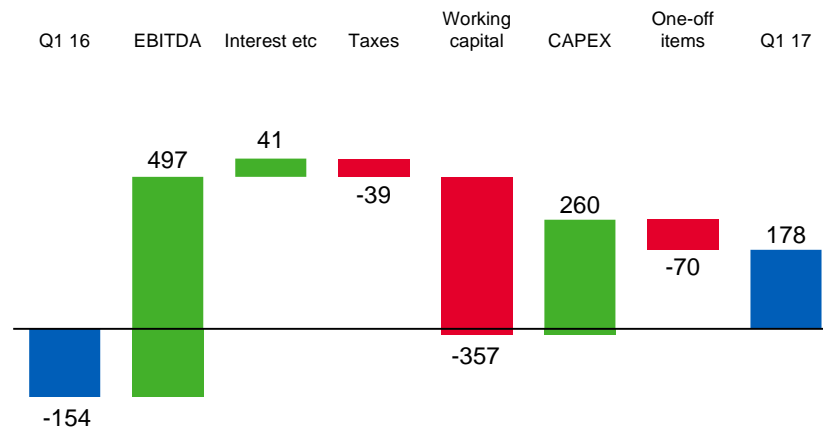
Free cash flow

Total operations

Tele2 Group
(SEK million)

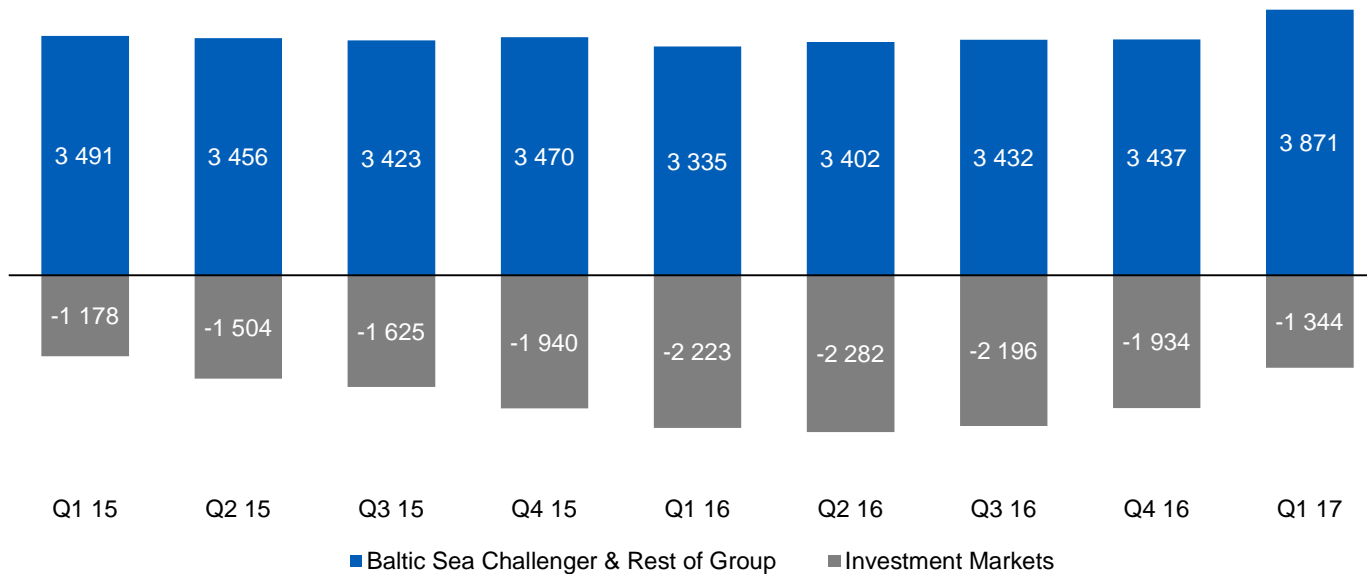


Development
(SEK million)



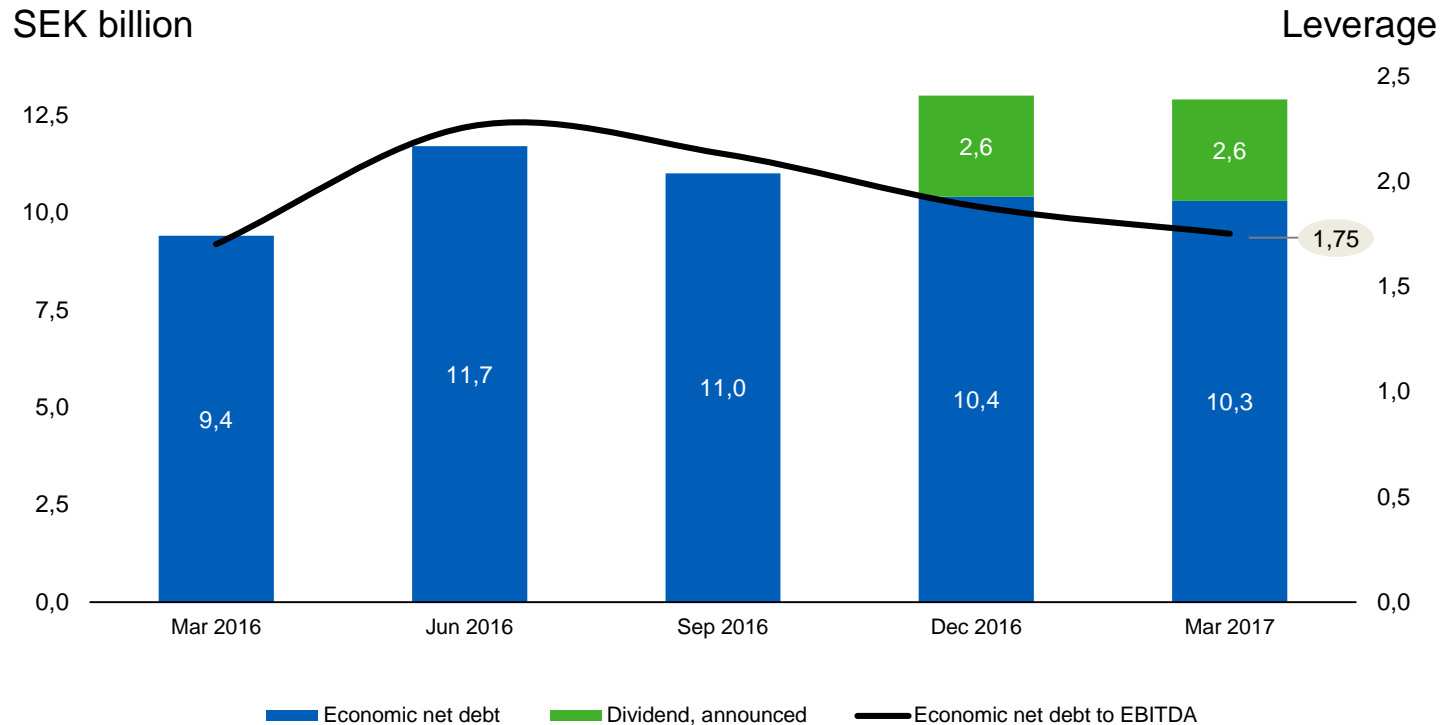
Operating cash flow

EBITDA less CAPEX 12 m rolling, SEK million



Debt position and financial leverage

Economic net debt to EBITDA 12 m rolling



Financial guidance 2017 - Reconfirmed

Mobile end-user service revenue	Mid-single digit % growth*
Net sales (SEK billion)	31 – 32
EBITDA (SEK billion)	5.9 – 6.2
CAPEX (SEK billion)	3.8 – 4.1

Summary

Key priorities moving forward

- Become the customer champion of connectivity
- Growth from continued data monetization, despite RLAH
- Sustain momentum in Sweden and Baltics
- Further leverage our challenger strategy in Netherlands and Kazakhstan
- Execute on Challenger and synergy programs



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**THE
END**

TELE2