SECOND QUARTER 2017

July 19th, 2017
Tele2 AB
## Group highlights – Q2 2017

<table>
<thead>
<tr>
<th></th>
<th>SEK billion</th>
<th>Q2 2017</th>
<th>% Change Reported</th>
<th>% Change LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile end-user service revenue</td>
<td></td>
<td>3.9</td>
<td>+18%</td>
<td>+12%</td>
</tr>
<tr>
<td>Net sales</td>
<td></td>
<td>8.0</td>
<td>+20%</td>
<td>+3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>1.6</td>
<td>+50%</td>
<td>+39%</td>
</tr>
</tbody>
</table>

LFL is constant currencies and pro forma for TDC Sweden
Tele2’s Way2Win

Our Purpose
We fearlessly liberate people to live a more connected life

Where We Play
- Baltic Sea
- 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

- Sweden mobile end-user service revenue up 3% and EBITDA up 12% LFL
- Baltics mobile end-user service revenue up 18% and EBITDA up 23%
- Rolling 12 m operating cash flow grew by 20% to SEK 4.3bn

- Netherlands mobile end-user service revenue up 51%
- Netherlands data and voice on-loading at 91% and 50% respectively
- Kazakhstan mobile end-user service revenue up 21% LFL

- New commercial propositions launched in all key markets
- Power 2 campaign in Sweden driving positive brand KPIs
- Netherlands new campaign off to a strong start, ~70k Unlimited customers

- TDC mobile customer migration completed
- Kazakhstan JV delivering EBITDA margin of 22%
- Challenger program ahead of plan, on track for SEK 850m benefits in 2017

LFL is constant currencies and pro forma for TDC Sweden
Operating cash flow is EBITDA - CAPEX, 12 m rolling
Baltic Sea Challenger
Sweden – Financials

### Net sales, LFL (SEK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDC</td>
<td>3,877</td>
<td>3,900</td>
<td>4,332</td>
<td>3,932</td>
<td>3,921</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDC</td>
<td>1,778</td>
<td>1,865</td>
<td>1,969</td>
<td>1,928</td>
<td>1,930</td>
</tr>
</tbody>
</table>

### EBITDA and EBITDA margin, LFL (SEK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDC</td>
<td>846</td>
<td>1,068</td>
<td>1,191</td>
<td>1,045</td>
<td>1,091</td>
</tr>
</tbody>
</table>

LFL is pro forma for TDC Sweden

**Q2 Highlights**

- Net sales growth driven by mobile, offset by declines in fixed segments
- Mobile end-user service revenue growth driven by consumer segment partly offset by declines in B2B Large
- EBITDA growth driven by higher service revenue, benefits from Challenger Program and TDC synergies
## Sweden Consumer – Momentum continues

<table>
<thead>
<tr>
<th>Consumer mobile end-user service revenue</th>
<th>Share of sales with bundle &gt;3GB</th>
<th>Customer satisfaction (Tele2 Media &amp; Insight)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 16</td>
<td>Q2 16</td>
<td>Q2 16</td>
</tr>
<tr>
<td>+8%</td>
<td>60%</td>
<td>87%</td>
</tr>
<tr>
<td>Q2 17</td>
<td>66%</td>
<td>83%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>85%</td>
</tr>
</tbody>
</table>

Q2 Highlights

- New Tele2 campaign and product portfolio launched in April with early positive consumer response
- Consumer mobile end-user service revenue up 8% (5% excl. Q2 16 non-recurring item) driven by continued success of Comviq postpaid
- Continued strong demand for more data across both brands, with 66% of customers opting for more than 3GB
- Customer satisfaction stable at high levels for both brands
### Q2 Highlights

- Net sales down slightly due to increased price competition in Large Enterprise, partly offset by growth in SME
- TDC integration and synergies ahead of plan, with SEK 53m achieved in the quarter, mainly from MVNO migration
- Significant contract wins in Q2 included three municipalities in the Skåne region, WSP Sverige AB and Postnord Sverige AB
Baltics – Financials

Net sales (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>787</td>
<td>859</td>
</tr>
<tr>
<td>Q3</td>
<td>848</td>
<td>949</td>
</tr>
</tbody>
</table>

Mobile end-user service revenue (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>477</td>
<td>522</td>
</tr>
<tr>
<td>Q3</td>
<td>521</td>
<td>564</td>
</tr>
</tbody>
</table>

EBITDA and EBITDA margin (SEK million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>256</td>
<td>286</td>
</tr>
</tbody>
</table>

Q2 Highlights

- Net sales growth driven by increase in both mobile end-user service revenue and equipment sales
- Mobile end-user service revenue growth accelerated due to data monetization, growth in mobile broadband and FX benefits
- Strong EBITDA performance driven by higher service revenue and Challenger Program benefits
Baltics — Data monetization continues

Q2 Highlights

- Strong ASPU growth driven by continued prepaid to postpaid migration and larger buckets
- Strong increase in smartphone penetration, with room for further growth
- Rapid mobile broadband growth on the back of investments in previous quarters
Investment Markets
**Netherlands – Financials**

**Net sales** (SEK million)

<table>
<thead>
<tr>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,452</td>
<td>1,478</td>
<td>1,583</td>
<td>1,577</td>
<td>1,489</td>
</tr>
</tbody>
</table>

**Mobile end-user service revenue** (SEK million)

<table>
<thead>
<tr>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>336</td>
<td>419</td>
<td>438</td>
<td>451</td>
<td>509</td>
</tr>
</tbody>
</table>

**EBITDA** (SEK million)

<table>
<thead>
<tr>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>-116</td>
<td>-2</td>
<td>-23</td>
<td>151</td>
<td>18</td>
</tr>
</tbody>
</table>

**Q2 Highlights**

- Net sales increase driven by higher mobile service revenue, offset by lower equipment sales and lower fixed revenue
- Mobile end-user service revenue growth driven by 19% increase in customer base, ASPU growth of 21% and FX benefits
- EBITDA positively impacted by higher mobile service revenue and lower expansion costs
- Fixed broadband EBITDA negatively affected by a SEK 64m provision related to a legal dispute regarding historical copper line rental fees
Spontaneous brand awareness & brand consideration (Memo 2)

Share of total new postpaid (GfK)

Usage on own network

Q2 Highlights

- New campaign and new propositions launched on May 17th contributed to strong mobile intake of 51k and a doubling of SIM only intake share.
- Unlimited proposition has ~70k subscribers within six weeks of launch.
- Data on-loading at 91% and voice on-loading at 50% with ~500k active VoLTE customers.
- Network rollout continued now at 99.6% outdoor and 91.7% indoor population coverage.
Kazakhstan – Financials

Net sales (SEK million)

Mobile end-user service revenue (SEK million)

EBITDA and EBITDA margin (SEK million)

Q2 Highlights

– Continuing strong momentum as JV executes on its integration and go-to-market strategies
– Mobile end-user service revenue growth driven by increased customer base to 6.7m customers, higher ASPU bundles and FX benefits
– EBITDA margin expanded to over 22% as revenue growth drove scale benefits alongside integration synergies
**Kazakhstan – Continued strong performance**

### Customer base (thousands)

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,402</td>
<td>6,753</td>
</tr>
</tbody>
</table>

- +5%

### ASPU development

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- +16%

### Integration

- ~1,430 sites merged

### Q2 Highlights

- Dual brand strategy driving customer growth
- Altel brand re-launched in April to strengthen its premium position in the market
- Larger data buckets are driving data monetization
- Network integration accelerated, with a further 800 base stations merged
## Challenger program on track

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>2016 actual</th>
<th>2018 target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Simplify</strong></td>
<td>% of products harmonized on shared platforms</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Discipline</strong></td>
<td>% of spend strategically sourced &amp; procured</td>
<td>40%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>Consolidate</strong></td>
<td>% of reduction in IT OpEx as share of revenue</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Transform</strong></td>
<td>% of staff in Shared Operations</td>
<td>12%</td>
<td>18%</td>
</tr>
</tbody>
</table>

### Key progress areas since inception

- New revenue streams
- Sales & marketing efficiency
- Network & IT consolidation
- Customer service optimization
- Procurement scope increase
- Administration efficiency
Financial Overview
Tele2 Group
(SEK million)

Q2 16 | Q3 16 | Q4 16 | Q1 17 | Q2 17
---|---|---|---|---
3,307 | 3,598 | 3,711 | 3,725 | 3,908

+18%

Development per market
(SEK million)

Q2 16 | Sweden | Baltics | NL | KZ | RoW | Oth | Q2 17
---|---|---|---|---|---|---|---
3,307 | 152 | 87 | 173 | 153 | 13 | 23 | 3,908

Mobile end-user service revenue
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)

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>139</td>
<td>838</td>
<td>394</td>
<td>178</td>
<td>820</td>
</tr>
</tbody>
</table>

Development
(SEK million)

<table>
<thead>
<tr>
<th></th>
<th>Q2 16</th>
<th>EBITDA</th>
<th>Interest etc.</th>
<th>Taxes</th>
<th>Working Capital</th>
<th>CAPEX</th>
<th>One-off item</th>
<th>Q2 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>139</td>
<td>544</td>
<td>-82</td>
<td>3</td>
<td>196</td>
<td>0</td>
<td>20</td>
<td>820</td>
</tr>
</tbody>
</table>

Free cash flow = Cash flow from operating activities and CAPEX paid
Operating cash flow
EBITDA less CAPEX 12 m rolling, SEK million

Q1 15  Q2 15  Q3 15  Q4 15  Q1 16  Q2 16  Q3 16  Q4 16  Q1 17  Q2 17
Baltic Sea Challenger & Rest of Group  Investment Markets
Economic net debt to EBITDA 12 m rolling

Economic net debt excludes debt and earn out liabilities related to Kazakhstan

<table>
<thead>
<tr>
<th>Month</th>
<th>Economic net debt (SEK billion)</th>
<th>Economic net debt to EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2016</td>
<td>11.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Sep 2016</td>
<td>11.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>10.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Mar 2017</td>
<td>10.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>12.0</td>
<td>1.91</td>
</tr>
</tbody>
</table>
## Financial guidance 2017 – Upgraded

<table>
<thead>
<tr>
<th>Mobile end-user service revenue</th>
<th>Mid-single digit % growth*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (SEK billion)</td>
<td>31 – 32</td>
</tr>
<tr>
<td>EBITDA (SEK billion)</td>
<td>6.2 – 6.5</td>
</tr>
<tr>
<td>CAPEX (SEK billion)</td>
<td>3.6 – 3.9</td>
</tr>
</tbody>
</table>

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

- Become the customer champion of connectivity
- Growth from continued data monetization, despite RLAH
- Sustain our Baltic Sea Challenger status and strength
- Further leverage our challenger strategy in Netherlands and Kazakhstan
- Execute on Challenger and synergy programs
Tele2’s Way2Win

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