

SECOND QUARTER

July 14, 2021



Solid quarter with disciplined focus and delivery

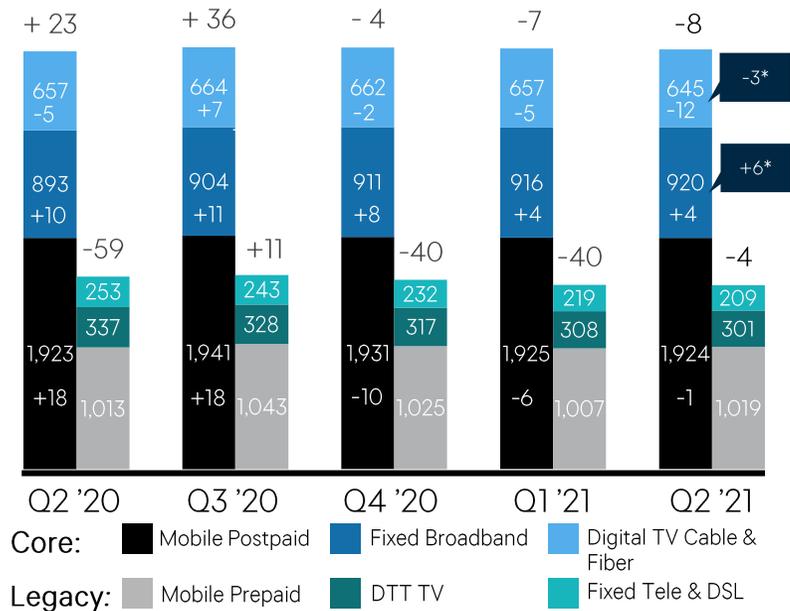
SEK (YoY growth)	Q2 21	H1 21	The Group <ul style="list-style-type: none"> – EUSR returned to 2% growth with Sweden stabilized and continued growth in the Baltics – Underlying EBITDAaL growth of 8% driven by strong growth in the Baltics, cost savings and lower commercial expenses in Sweden – Capex of SEK 0.7bn below full year run-rate ahead of peak 5G rollout – Extraordinary dividend of SEK 3.00 paid in July 	Sweden B2C <ul style="list-style-type: none"> – Premium brand consolidation successfully executed – EUSR turned to growth, supported by price adjustments on mobile postpaid and broadband – Roaming impact roughly neutral and covid impact on TV turning around
EUSR	4.8bn (2%)	9.5bn (0%)		
Underlying EBITDAaL	2.4bn (8%)	4.7bn (7%)		
Capex ex. spectrum and leases	0.7bn	1.4bn		
EFCF	1.3bn	2.1bn	Sweden B2B <ul style="list-style-type: none"> – EUSR trend shift materializing, on track to stabilization in 2022 – Roaming impact roughly neutral and solutions activity is picking up after pandemic lull – New price plans in Small segment successfully drives volume without eroding backbook ASPU levels 	The Baltics <ul style="list-style-type: none"> – Strong EUSR growth in all markets driven by both ASPU and volume growth – Roaming impact roughly neutral – Growth in underlying EBITDAaL driven by EUSR growth and recovery in equipment sales

SWEDEN

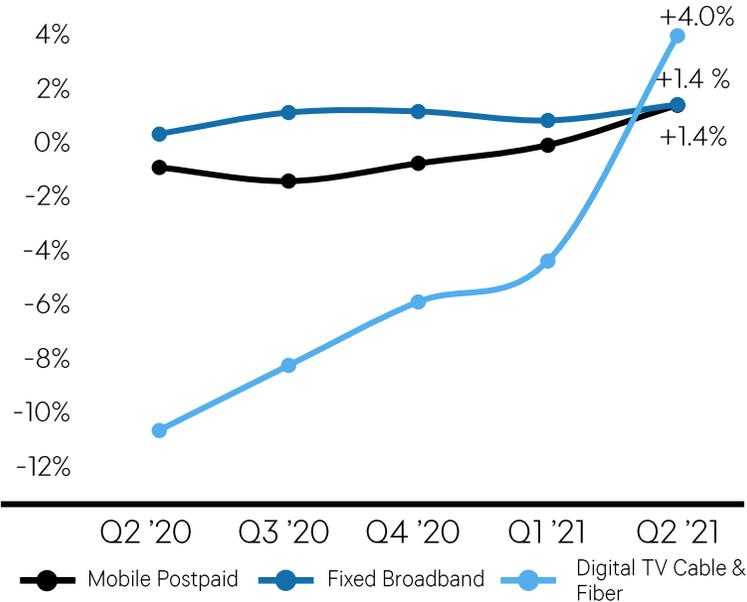


Sweden Consumer

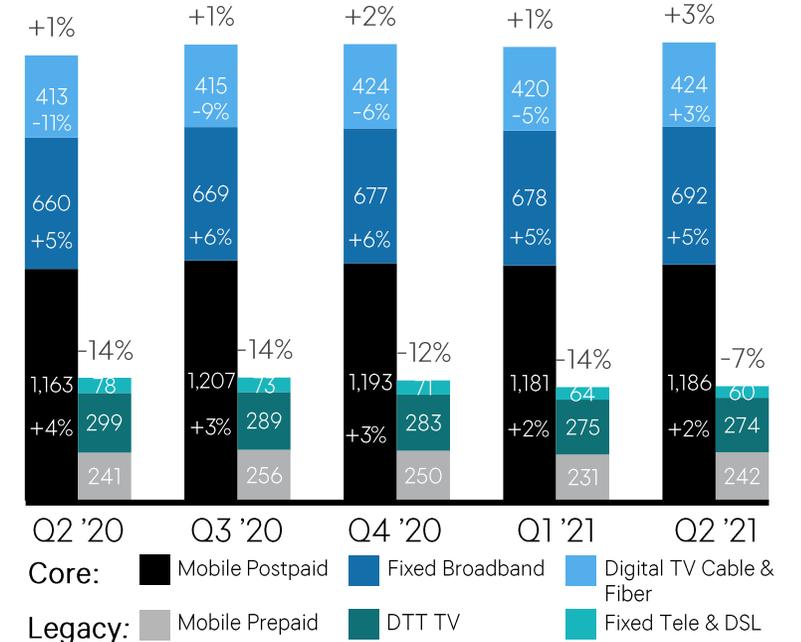
RGUs & net intake - core and legacy services (thousand)



ASPU year-on-year growth (%)*



End-user service revenue (SEK million, year-on-year growth %)



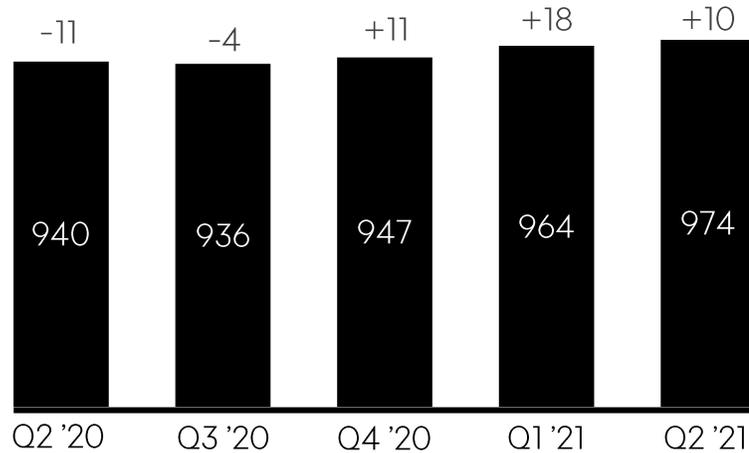
Q2 highlights

- Low market activity during the price adjustments cycle affected mobile postpaid net intake while fixed broadband net intake remained strong despite headwinds
- Successful execution of price adjustments drove ASPU growth for both fixed broadband and mobile postpaid in the quarter with full effect expected from Q3
- Digital TV end-user service revenue stabilized as the headwind from the pandemic are turning around
- Total end-user service revenue increased by 1% driven by ASPU growth in core services and pandemic recovery

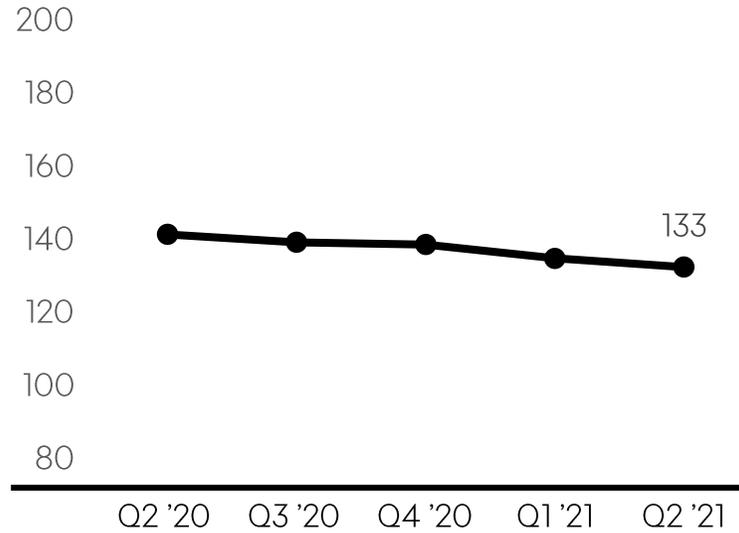
*Net intake and ASPU for fixed broadband and digital TV cable & fiber affected by removal of 9,300 TV RGUs and 1,800 broadband RGUs due to a database adjustment of non-active customers (ASPU effect +0.7/+0.2pp for TV/BB)

Sweden Business

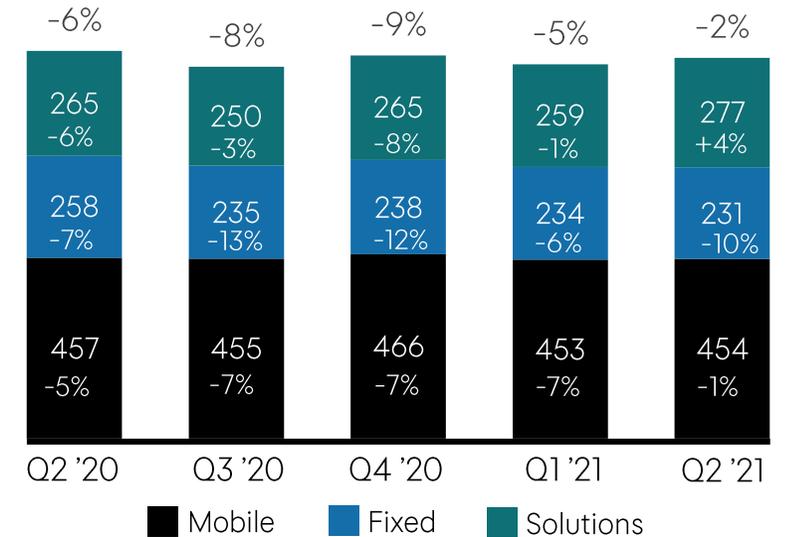
Mobile RGUs & net intake
(thousand)



Mobile ASPU
(SEK)



End-user service revenue
(SEK million, year-on-year growth %)

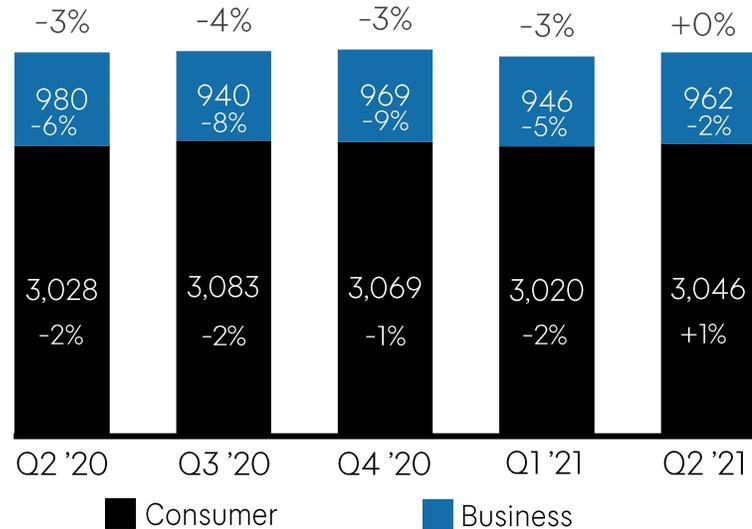


Q2 highlights

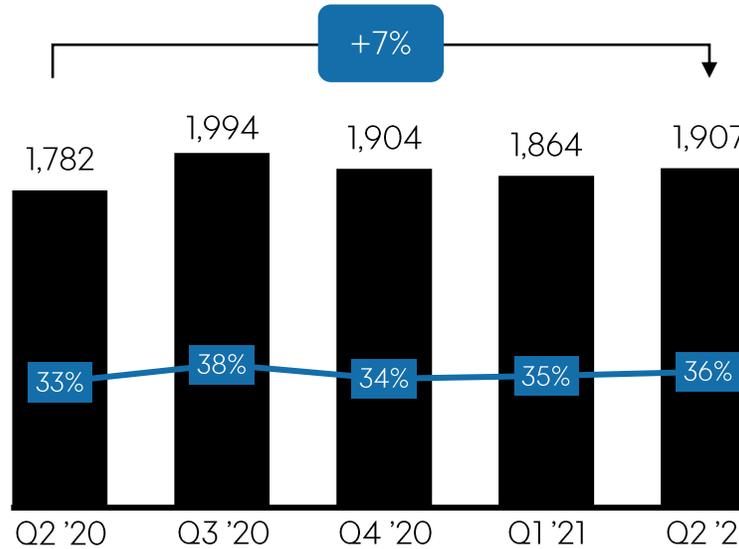
- Mobile net intake of 10,000 driven by implementation of new contracts in Large Enterprise and improved net intake in the Small segment
- Mobile ASPU decline abated somewhat, mainly due to the roaming headwind neutralizing in the quarter
- Solutions service revenue returned to growth as activity is picking up after pandemic lull
- Fixed service revenue continued to decline, offsetting improvements in mobile and solutions, resulting in total EUSR decline of 2%

Sweden overview

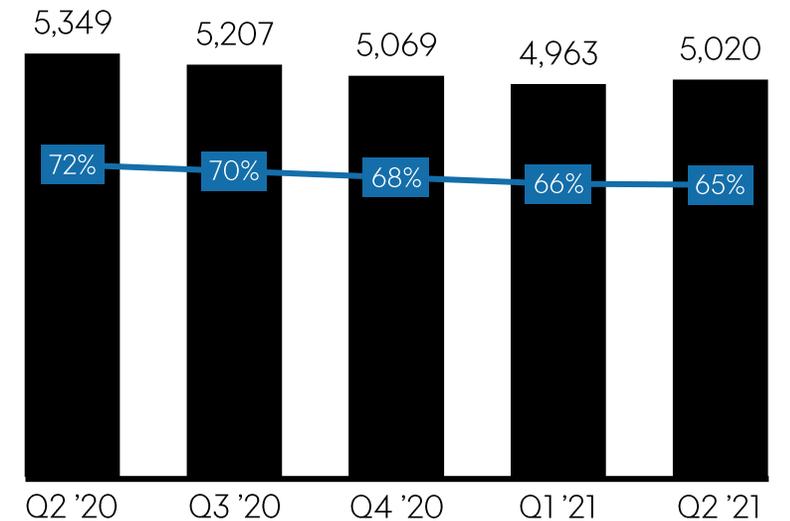
End-user service revenue
(SEK million, year-on-year growth %)



Underlying EBITDAaL and margin
(SEK million)



Operating cash flow and cash conversion, rolling 12m (SEK million)



Q2 highlights

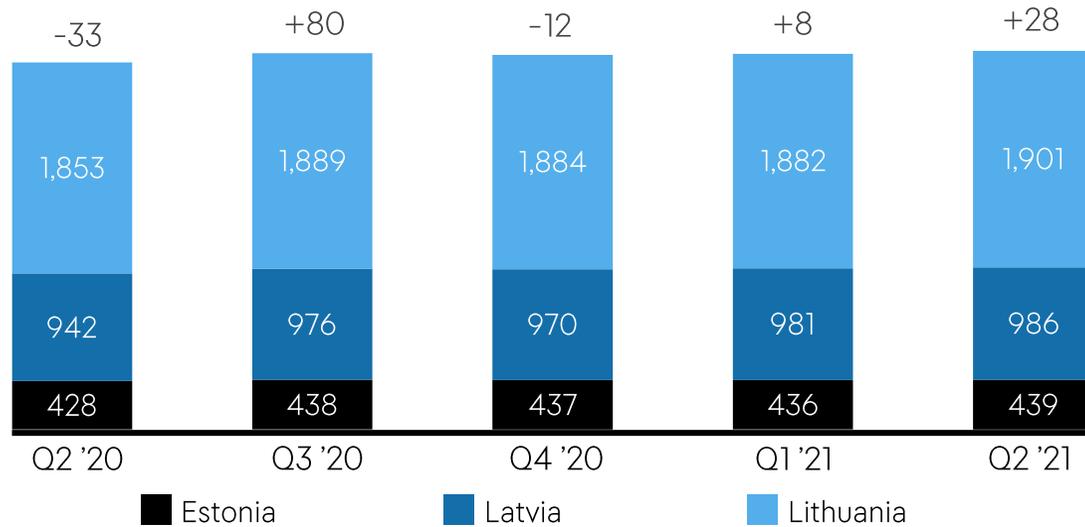
- Easing of pandemic impact along with operational improvements led to flat EUSR with growth in B2C offset by decline in B2B
- Underlying EBITDAaL increased by 7%, driven mainly by low commercial spend and structural cost savings related to the business transformation program
- Continued strong cash conversion of 65% LTM, slightly lower than previous periods as planned network and IT spend ramps up from previously low levels

BALTICS

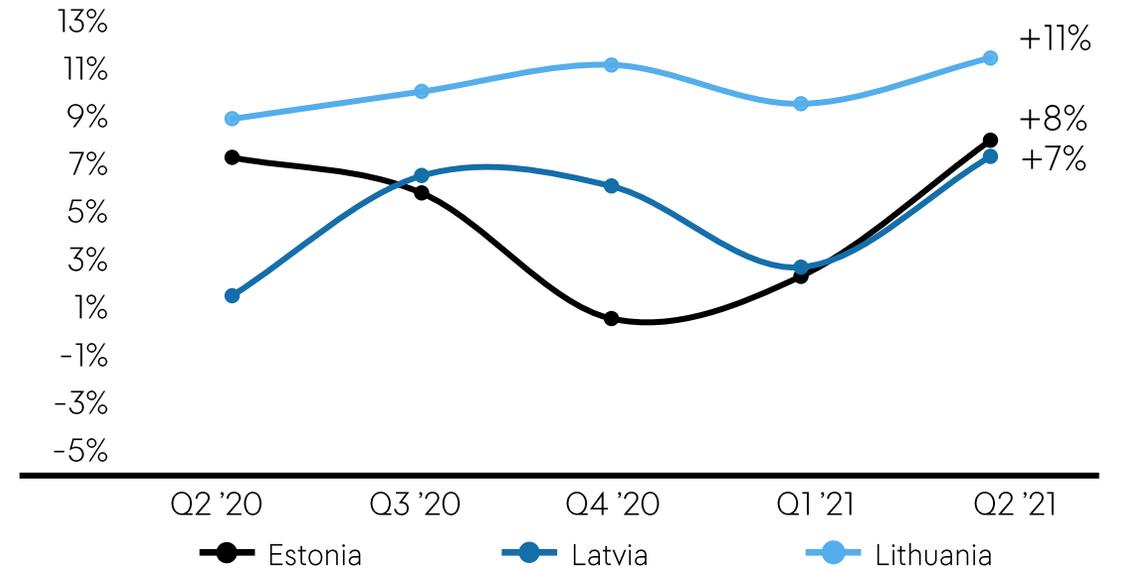


Baltics – Operational highlights

RGUs & net intake – mobile services
(thousand)



Mobile ASPU year-on-year growth
(%)

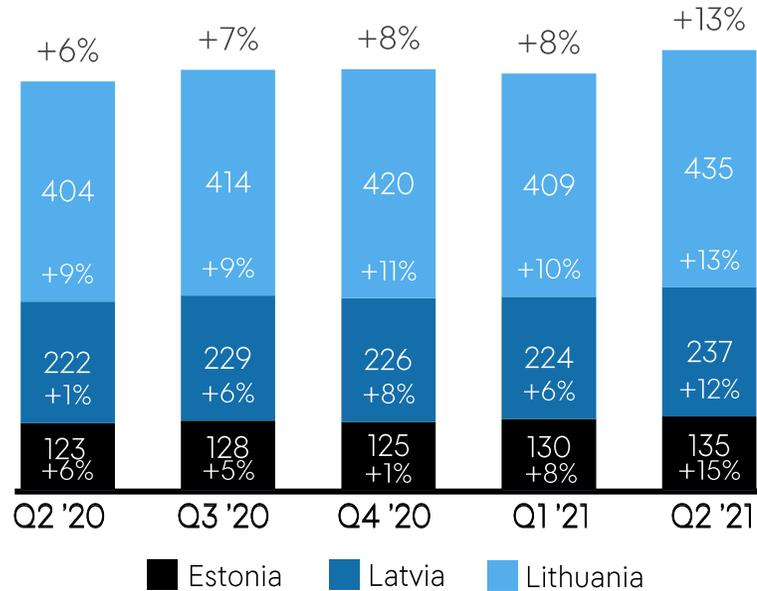


Q2 highlights

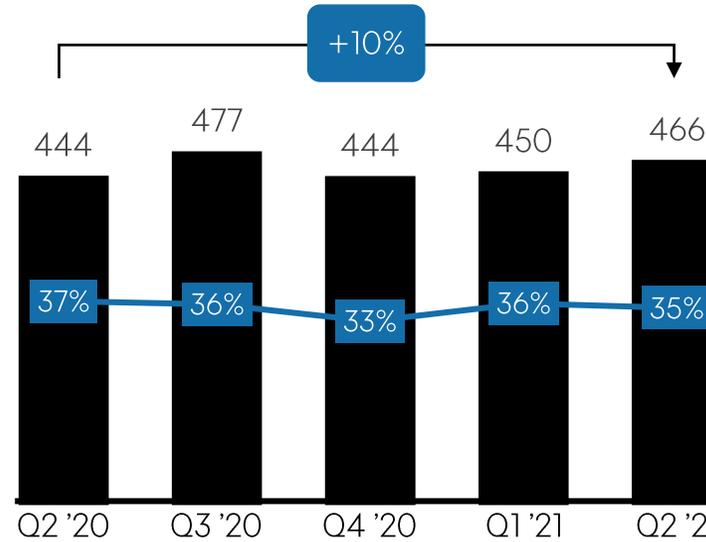
- Positive net intake was driven by strong mobile postpaid growth in Latvia and Lithuania
- Continued strong ASPU growth in all markets supported by more-for-more price adjustments and slight recovery of roaming revenue in Latvia and Estonia

Baltics – Financials

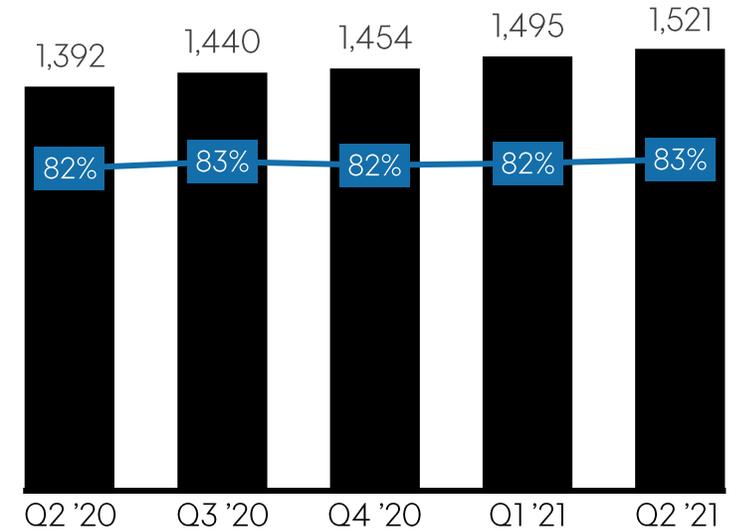
End-user service revenue
(SEK million, year-on-year organic growth %)



Underlying EBITDAaL and margin
(SEK million)



Operating cash flow and cash conversion, rolling 12m (SEK million)



Q2 highlights

- Continued strong end-user service revenue growth of 13% driven by ASPU and volume growth
- Underlying EBITDAaL increased by 10% driven by higher end-user service revenue and equipment sales
- Continued strong cash conversion of 83% LTM due to strong performance and low capex spend in between investment cycles

FINANCIAL OVERVIEW

Revenue breakdown

SEK million excl roaming		Q2 2021	Q2 2020	YoY abs	YoY % (organic)
Mobile		1,415	1,401	15	1%
Postpaid	1	1,175	1,161	14	1%
Prepaid		240	240	0	0%
Fixed		1,450	1,450	1	0%
Fixed Broadband		692	660	32	5%
Digital TV		698	712	-14	-2%
Cable & Fiber	2	424	413	11	3%
DTT		274	299	-25	-8%
Fixed telephony & DSL		60	78	-18	-23%
Landlord & Other		168	174	-6	-4%
Sweden Consumer	3	3,034	3,025	9	0.3%
Sweden Business	4	958	978	-20	-2%
Baltics		788	737	51	12%
EuS revenue ex. Roaming	5	4,780	4,740	40	1.6%
Outbound roaming revenue		35	17	18	109%
EuS revenue		4,815	4,757	57	2.0%
Operator revenue		590	576	14	-3%
Equipment revenue		1,167	1,212	-46	4%
Revenue		6,572	6,546	26	1.3%

Comments

- 1 Mobile postpaid grew by 1% ex roaming driven by price adjustments while volumes remained tepid due to low market activity
- 2 DTV cable & fiber turned to growth as pandemic headwinds are turning around
- 3 Sweden B2C (ex roaming) turned to growth driven by price adjustments in mobile postpaid and fixed broadband and turnaround of pandemic headwinds in DTV
- 4 Sweden B2B EUSR (ex roaming) declined although at a lower rate as mobile volume and ASPU trends improved, and solutions revenue started to recover
- 5 Total EUSR excluding roaming grew by 2% with Sweden flat and the Baltics growing strongly

Group results

SEK million		Q2 2021	Q2 2020
Revenue		6,572	6,546
Underlying EBITDA	1	2,686	2,541
Margin (%)		40.9%	38.8%
Items affecting comparability	2	-121	-120
D&A	3	-1,526	-1,322
Impairment		0	0
Associated companies & JVs		22	32
Operating profit		1,062	1,132
Net interest and other financial items	4	-90	-118
Income tax	4	173	-187
Net profit, continuing operations		1,146	826
Net profit, discontinued operations		222	68
Net profit, total operations		1,367	895

Comments

- Underlying EBITDA increased by 7% organically, driven by strong performance in the Baltics, transformational cost savings and lower commercial expenses in Sweden
- Items affecting comparability of SEK -121 (-120) million was mainly driven by restructuring cost related to the business transformation program in Sweden
- D&A increased mainly due to depreciation of the Com Hem brand following brand merger with the Tele2, as well as impairment related to IT transformation
- The release of a provision related to a tax dispute in Sweden resulted in a positive non-cash effect of SEK 21 million on net interest and SEK 350 million on income tax

Group cash flow

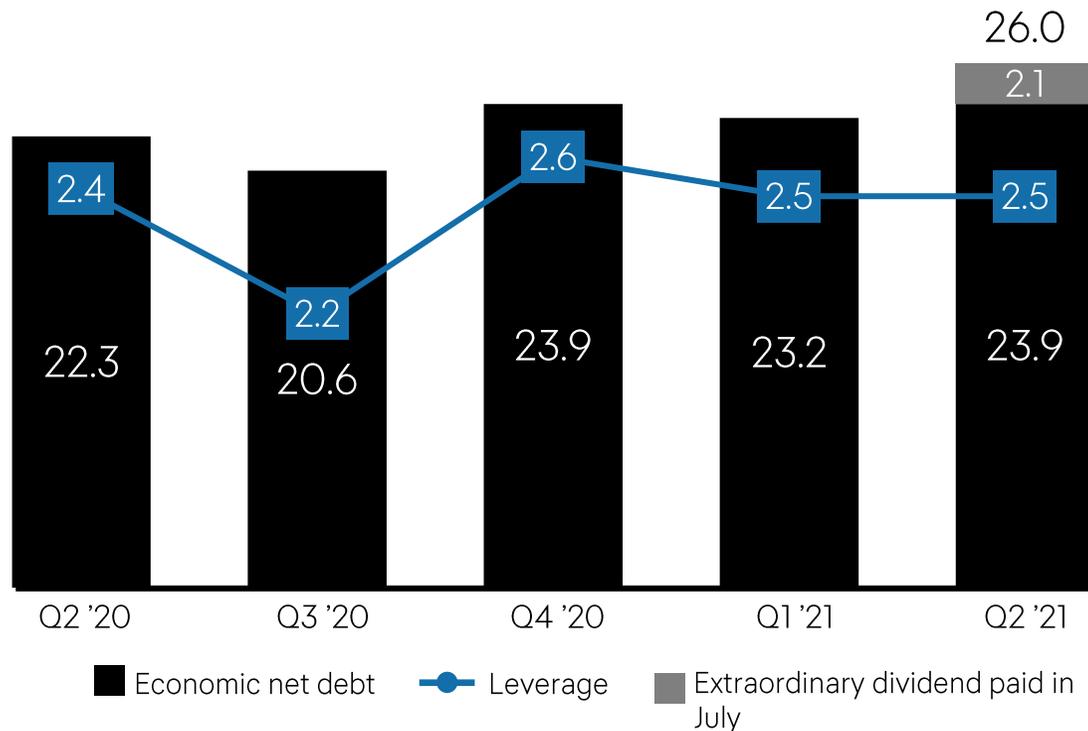
SEK million	Q2 2021	Q2 2020
Continuing operations		
Underlying EBITDA	2,686	2,541
Items affecting comparability	-121	-120
Amortization of lease liabilities	-270	-262
Capex paid	1 -652	-728
Changes in working capital	2 80	-95
Net financial items paid	-175	-210
Taxes paid	3 -304	-216
Other cash items	25	17
Equity free cash flow	1,269	929
Equity free cash flow LTM / share (SEK)	4 6.75	7.45
Total operations		
Equity free cash flow, continuing operations	1,269	929
Equity free cash flow, discontinued operations	-3	45
Equity free cash flow	1,267	974

Comments

- 1 Capex paid decreased compared to Q2 2020 due to timing of customer equipment capex in Q2 2020
- 2 Changes in working capital was positive in the quarter mainly due to external handset financing in the Baltics
- 3 Taxes paid were affected by timing of withholding tax on intercompany dividend from the Baltics
- 4 Equity free cash flow from continuing operations over the last twelve months amounted to SEK 4.7 billion, equivalent to roughly SEK 6.8 per share

Leverage at 2.5x

Economic net debt to underlying EBITDAaL*
(SEK billion)



Comments

- Economic net debt increased by SEK 0.8bn compared to Q1 2021 as the first tranche of the ordinary dividend was paid in during the quarter
- Leverage of 2.5x was in the lower end of the target range of 2.5–3.0x ahead of extraordinary dividend payment in July. Adjusted for the extraordinary dividend payment leverage would have been 2.7x.
- Extraordinary dividend of SEK 3.00 per share (SEK 2.1bn), approved at EGM and paid on July 5
- Second tranche of the ordinary dividend (SEK 3.00 per share, SEK 2.1 bn) to be paid in October

Economic net debt = Net debt excluding lease liabilities
*Underlying EBITDAaL for total operations at the time of reporting

Business transformation program update

	Realized in Q2 2021	Run rate Q2 2021	Target 2021*	Target 2022*
Opex Reduction (SEK million)	80	350	~500	>1,000

Comments

- Annualized run-rate at end of Q2 2021 of SEK 350 million (SEK 300m as of Q1 2021).
- Savings of 80 million realized in Q2 2021 with SEK 70 million net effect on underlying EBITDAaL growth (SEK 10 million realized in Q2 2020)
- Cost reductions in Q2 2021 coming from efficiency improvements within the technology and IT organizations, commercial and support functions
- Target of at least SEK 1bn annual run-rate remains on track with roughly half expected by the end of 2021 and the rest by the end of 2022

Updated financial guidance

	End-user service revenue	Underlying EBITDAaL	Capex ¹
2021	Flat to low-single digit growth	Mid-single digit growth	2.8-3.3bn
Mid-term	Low-single digit growth	Mid-single digit growth	2.8-3.3bn

Comments

- End-user service revenue and Underlying EBITDAaL guidance for 2021 raised as negative effects from the pandemic start to abate
- Capex guidance for 2021 maintained as we expect to ramp up 5G rollout during H2

TO CONCLUDE...



Key priorities going forward

Sweden:

Ramp up roll-out of nationwide 5G and Remote-PHY

Continue execution of the business transformation program to deliver at least SEK 1bn in opex reduction by the end of 2022

Sweden B2C:

Execute on phase 2 of FMC with the rebranded Tele2

Sweden B2B:

Utilize new portfolio to drive sales in Small segment and optimize profitability in Large Enterprise

Baltics:

Build on current momentum, prepare for 5G and develop FMC capabilities

Strengthen the Group Leadership Team through the appointment of Charlotte Hansson as CFO and Hendrik de Groot as CCO



THANK YOU!



TELE2

