

## **PRESS RELEASE**

# **Updated financial framework for Tele2, post the proposed merger with Com Hem**

**Stockholm - Tele2 AB, (Tele2), (NASDAQ OMX Stockholm: TEL2 A and TEL2 B): The Board of Directors of Tele2 has decided, in agreement with the Board of Directors of Com Hem, to update the preliminary financial framework announced in January for the combined company of Tele2 and Com Hem, by introducing new and more specific policies for financial leverage and shareholder remuneration.**

The merger will combine two highly cash generative businesses with clear synergies to create a leading connectivity provider in the Baltic Sea region. The Board of Directors of Tele2 has, since the January announcement of the preliminary financial framework, developed an updated and more specific financial framework, based on further analysis and dialogue with the companies' shareholders.

The new financial leverage target and shareholder remuneration framework are as follows:

- Enlarged Tele2 will seek to operate within a net debt/EBITDA range of between 2.5-3.0x and maintain investment grade credit metrics
- Enlarged Tele2's policy will aim to maintain target leverage by distributing capital to shareholders through:
  - An ordinary dividend of at least 80 percent of equity free cash flow; and
  - Extraordinary dividends and/or share repurchases, based on remaining equity free cash flow, proceeds from asset sales and re-leveraging of EBITDA growth

Based on this policy, Enlarged Tele2 is expected to distribute in excess of 100 percent of equity free cash flow to shareholders, through a combination of dividends and share repurchases. Tele2 and Com Hem believe that the prospects for cash returns to shareholders of the combined group, under this policy, are stronger than what could be expected for holders of Tele2 or Com Hem on a stand-alone basis.

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2018-04-23

The merger process is developing according to plan and is, as previously announced, expected to close in the second half of 2018.

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**TELE2'S MISSION IS TO FEARLESSLY LIBERATE PEOPLE TO LIVE A MORE CONNECTED LIFE.** We believe the connected life is a better life, and so our aim is to make connectivity increasingly accessible to our customers, no matter where or when they need it. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 offers mobile services, fixed broadband and telephony, data network services, content services and global IoT solutions. Every day our 17 million customers across 8 countries enjoy a fast and wireless experience through our award winning networks. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2017, Tele2 had net sales of SEK 25 billion and reported an EBITDA of SEK 6.4 billion. For definitions of measures, please see the last pages of the Annual Report 2017. Follow @Tele2group on Twitter for the latest updates.

**TELE2**