

# FIRST QUARTER 2015

April 21<sup>st</sup>, 2015

Tele2 AB

**TELE2**

# Highlights from the quarter



## Value Champion

- Data monetization continues in Sweden following launch of Tele2.0.
- Substantial increase in GB data offer, driving increased ASPU.



## Focused Technology Choices

- 4G network in the Netherlands now at 70 percent population coverage.
- Network swap project announced in Croatia.



## Step-Change Productivity

- The Challenger Program will ramp up over the next 3 years and is expected to deliver full benefits of SEK 1 billion per annum from 2018 onwards.



## Winning People & Culture

- Transparency International Sweden ranked Tele2 number one out of the largest Sweden based companies for transparency in corporate reporting.

# Monetization of data continues

Year-on-year growth, Tele2 Group

Mobile end-user service  
revenue



**+10%**

Mobile EBITDA



**+10%**

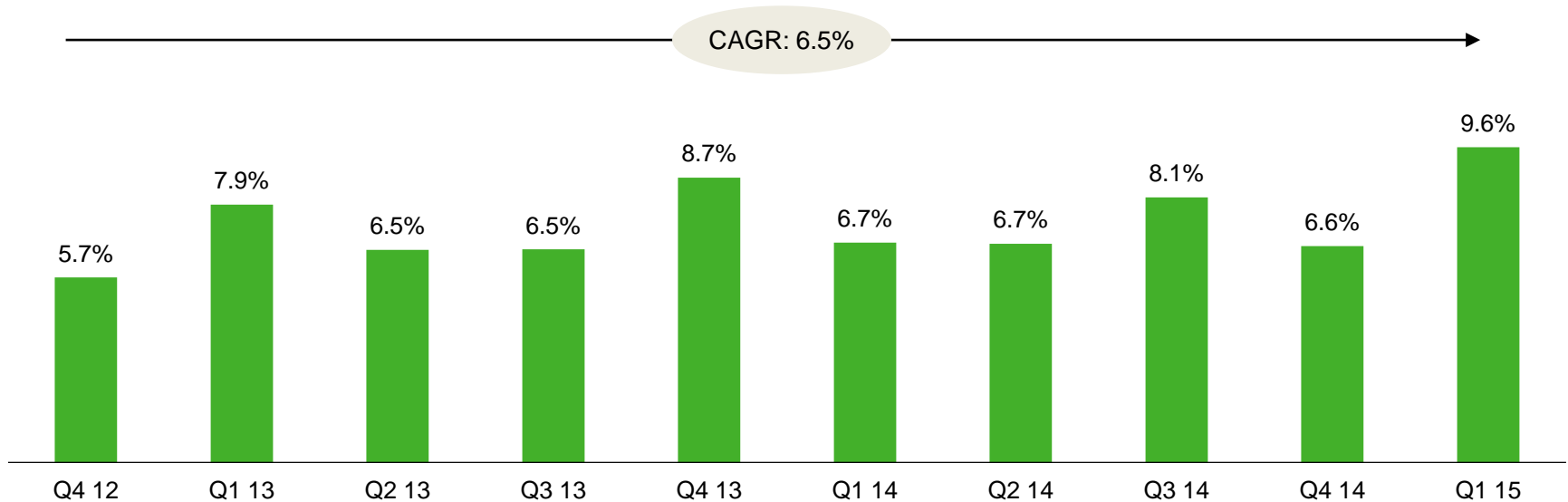
Average data usage  
per subscriber



**~40%**

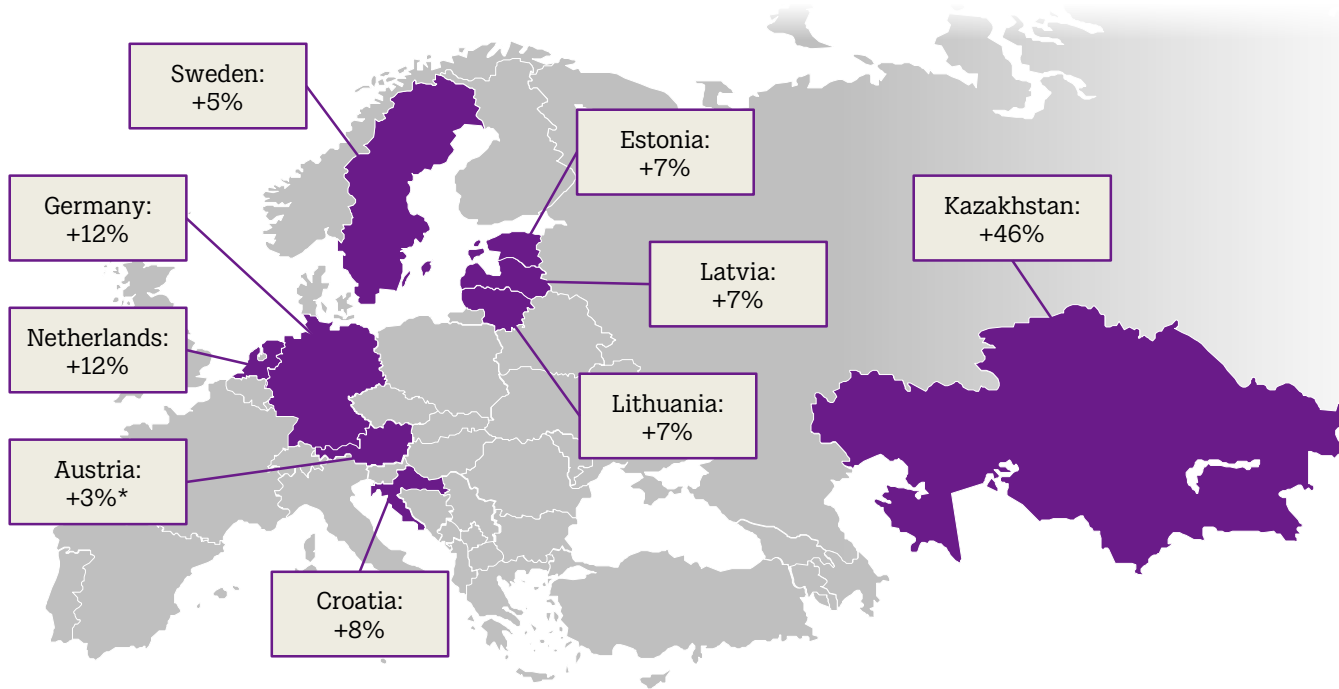
# Continuous momentum in mobile end-user service revenue

Year-on-year growth for mobile end-user service revenue, Tele2 Group

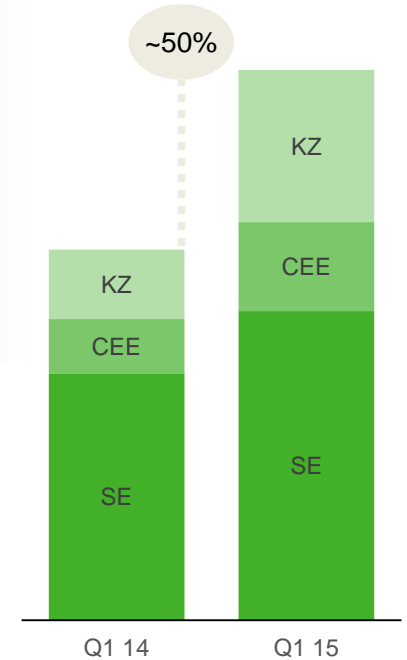


# Market year-on-year development

## Mobile end-user service revenue

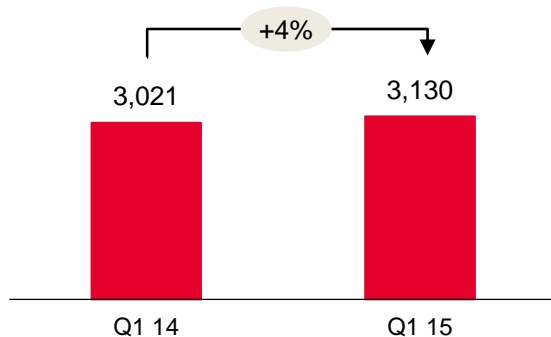


## Data growth (MNO networks)

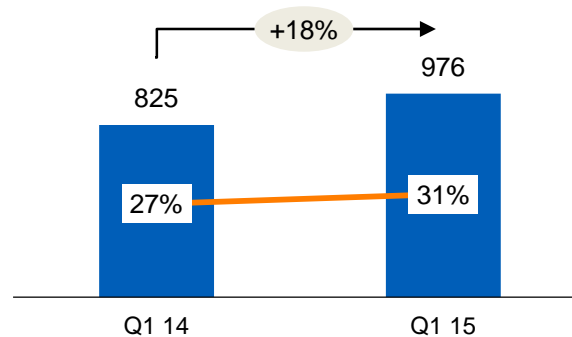


# Tele2 Sweden

Net sales  
(SEK million)



EBITDA and EBITDA margin  
(SEK million)



Strong mobile YoY development

**+5%**

Mobile end-user  
service revenue

**+20%**

Mobile  
EBITDA

## Q1 Highlights

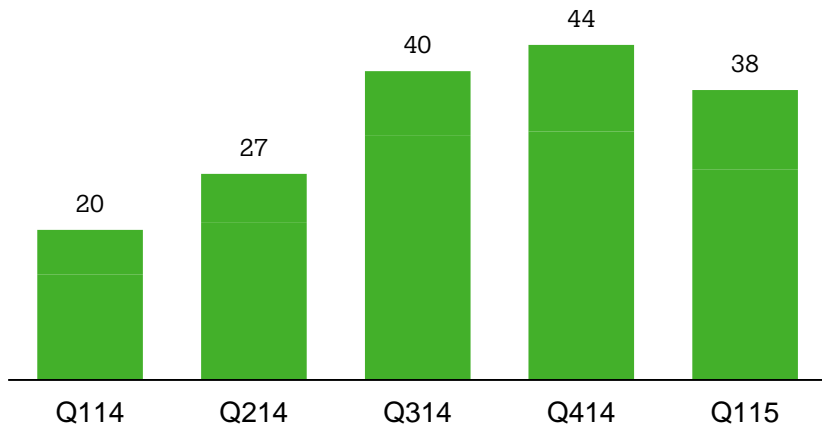
- **Overall:** During the quarter Tele2 Sweden launched 'Big Buckets' to give customers better value and encourage further data usage. Early signs indicate a positive development in terms of ASPU and customer satisfaction.
- **Consumer:** We are utilizing our dual-brand strategy and early signs show good development in consideration and NPS in our target groups along with strong development in customer satisfaction..
- **Business:** Strong mobile revenue growth of three percent, driven by the Large Enterprise segment. New contracts were signed with Husqvarna and HiFab, and existing contracts with Kriminalvården and Volvo were expanded.

# Increasing ASPU

Top-ups continue in our customer base...

## Top-up development Tele2 Residential

(Revenue, SEK million)



...which together with 'Big Buckets' continue to drive ASPU growth

## Intake mix

Tele2 Residential Postpaid (small screen)

**>5GB: 30%**

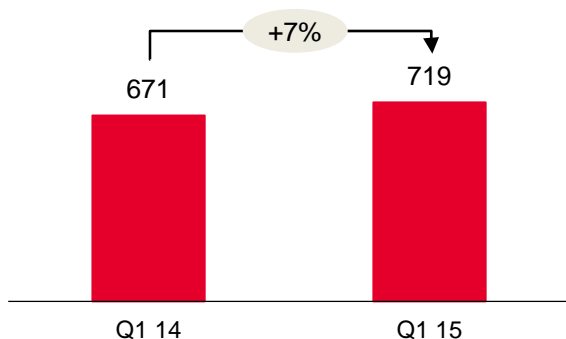
## ASPU development

Tele2 Residential Postpaid (small screen)

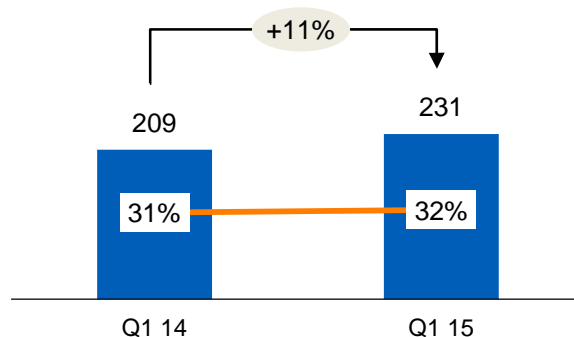
**+15%**

# Tele2 Baltics

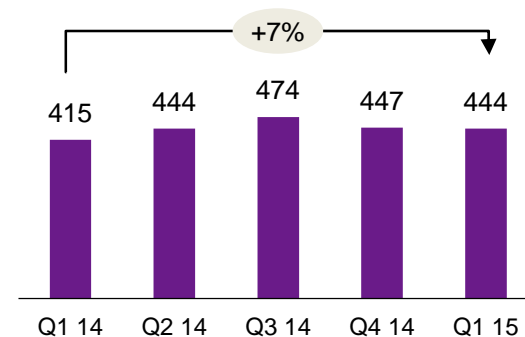
Net sales  
(SEK million)



EBITDA and EBITDA margin  
(SEK million)



Mobile end-user service revenue  
(SEK million)



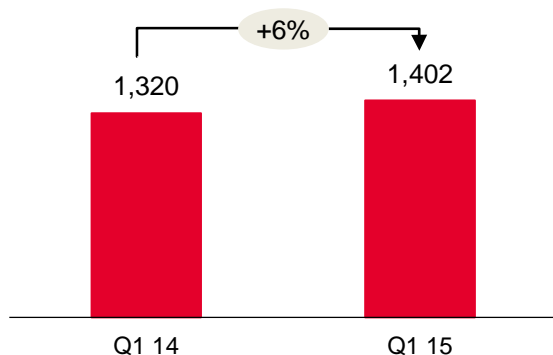
## Q1 Highlights

- Revenue decline stopped in the quarter, with strong mobile end-user service revenue development at 7 percent.
- As the first player in the market, Tele2 Latvia has launched a pan-Baltic unlimited voice and SMS tariff.
- 4G network launched in Lithuania, with a current 70 percent population coverage, complementing our existing network.
- Tele2 Estonia successfully continued the expansion into the international data carrier market with new important customer intake.
- Continued focus on aggressive LTE rollout in all countries.

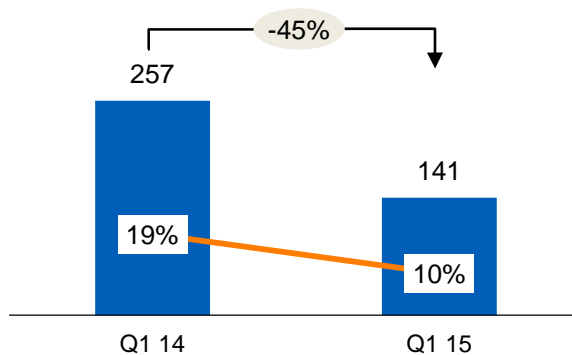


# Tele2 Netherlands

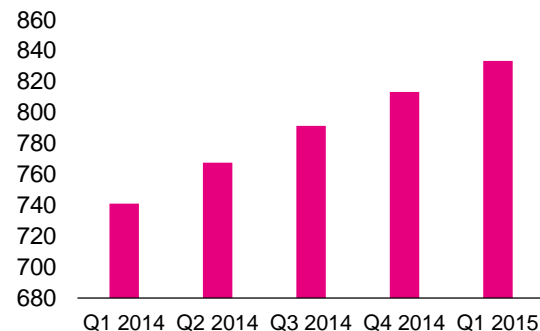
Net sales  
(SEK million)



EBITDA and EBITDA margin  
(SEK million)



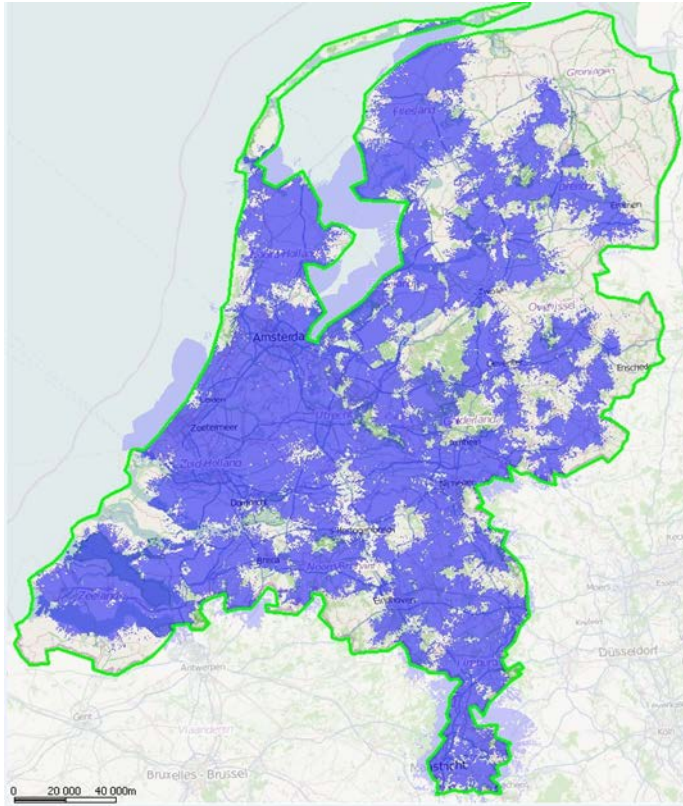
Mobile customers Tele2 NL  
(Thousands)



## Q1 Highlights

- 14<sup>th</sup> consecutive quarter of growth in the mobile customer base.
- 4G network opened on the 1<sup>st</sup> of January meeting the obligations of the 4G license. Tele2 now provides extensive coverage in the Randstad area (including Amsterdam, Rotterdam, The Hague and Utrecht).
- Commenced the transfer of customers onto our 4G network, following a thorough period of positive customer network testing.
- EBITDA was impacted by expansion, network and increased national roaming costs.

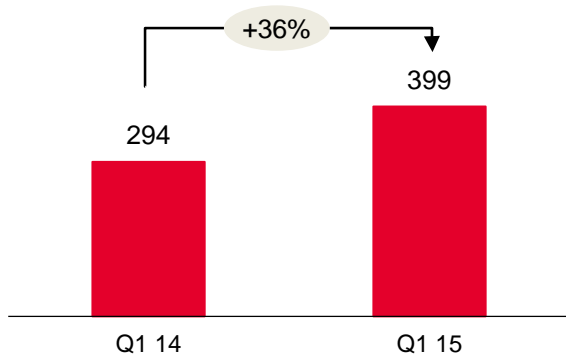
# Tele2 outdoor 4G coverage, April 1<sup>st</sup> 2015



- Transfer of existing customers onto the 4G network well underway.
- Current outdoor population coverage estimated to be over 70%.
- Remain on-track for nationwide outdoor population coverage by Q1 2016.

# Tele2 Kazakhstan

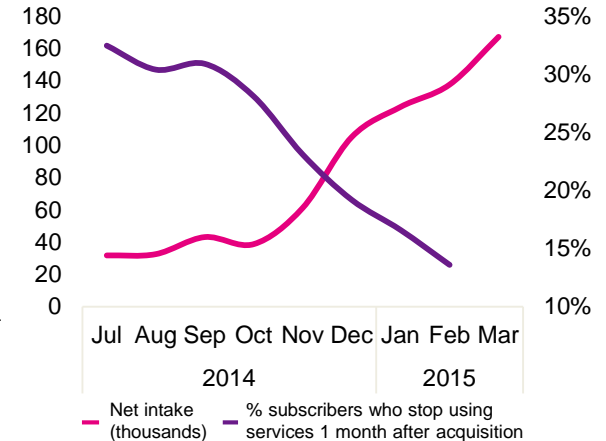
Net sales  
(SEK million)



EBITDA and EBITDA margin  
(SEK million)



Customer development



## Q1 Highlights

- Highly competitive situation with both Tele2 and Altel offering bucket tariff plans at much lower prices than K-Cell or Beeline.
- Despite the competitiveness of the market. Tele2 has created a positive momentum – our bucket tariff plan, improved distribution and brand awareness are yielding results.
- Net intake very strong at 429,000. Positive monthly net intake trend since October 2014.

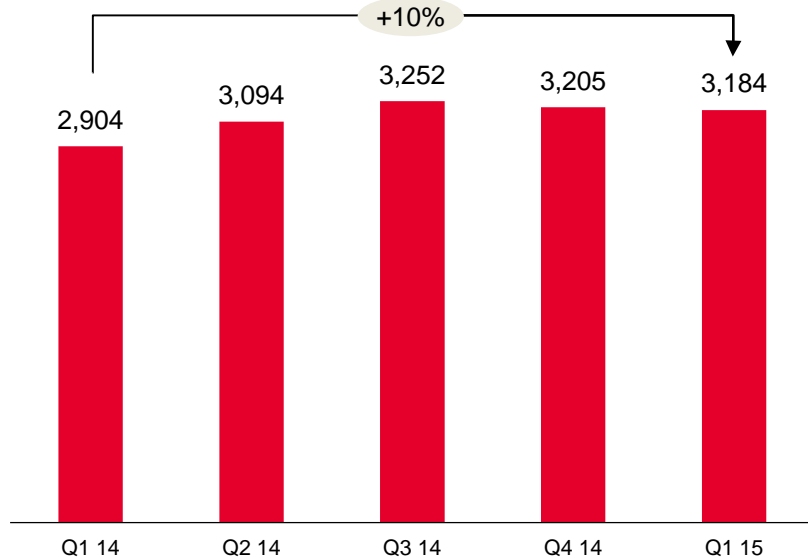
# Financial Overview

# Financial highlights

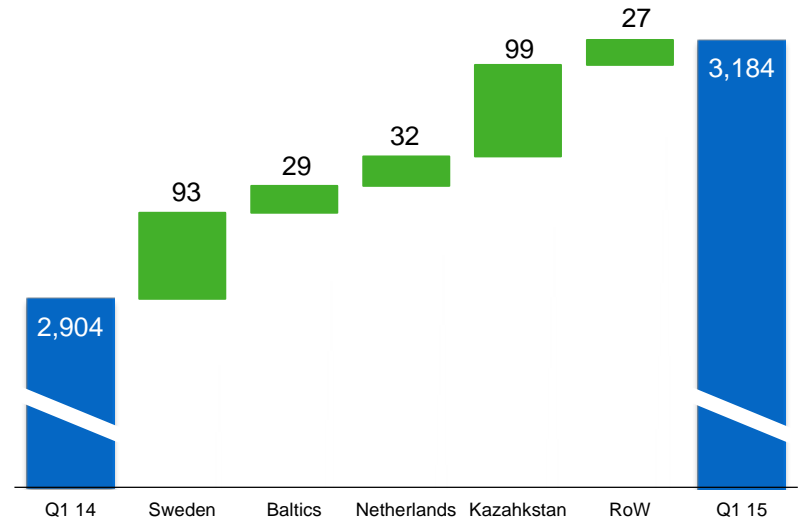
	Q1 2014	Q1 2015	Trend
Net sales (SEK billion)	6.15	6.51	+6%
Mobile end-user service revenue (SEK billion)	2.90	3.18	+10%
EBITDA (SEK billion)	1.36	1.43	+5%
CAPEX (SEK billion)	0.71	0.94	+32%

# Mobile end-user service revenue

Tele2 Group  
(SEK million)

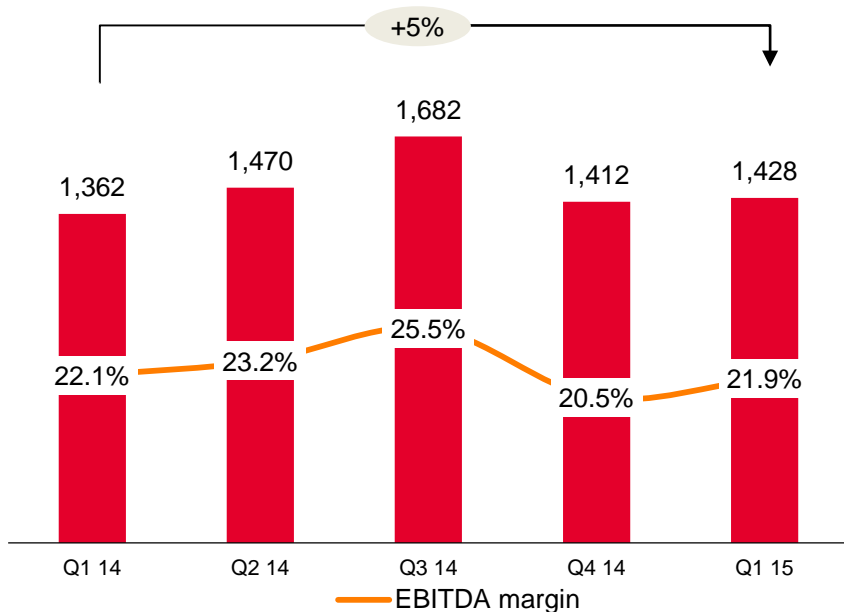


Development per market  
(SEK million)

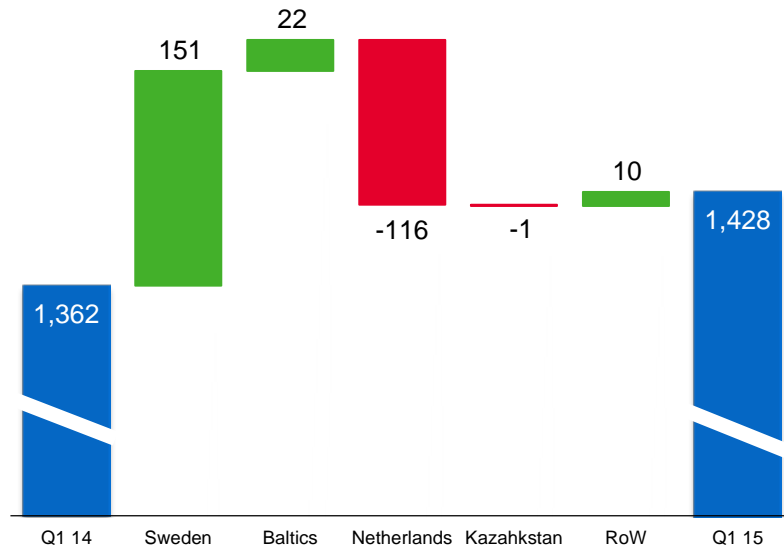


# EBITDA

Tele2 Group  
(SEK million)

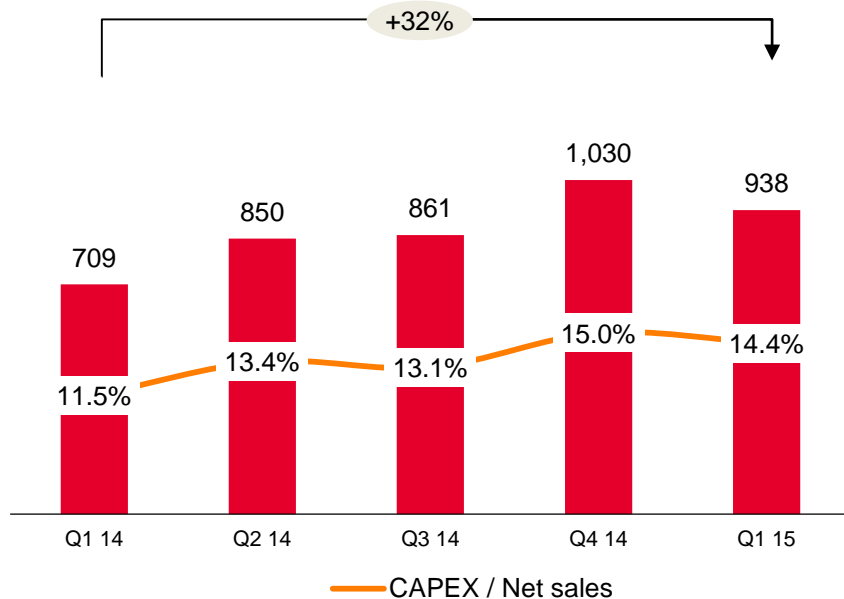


Development per market  
(SEK million)

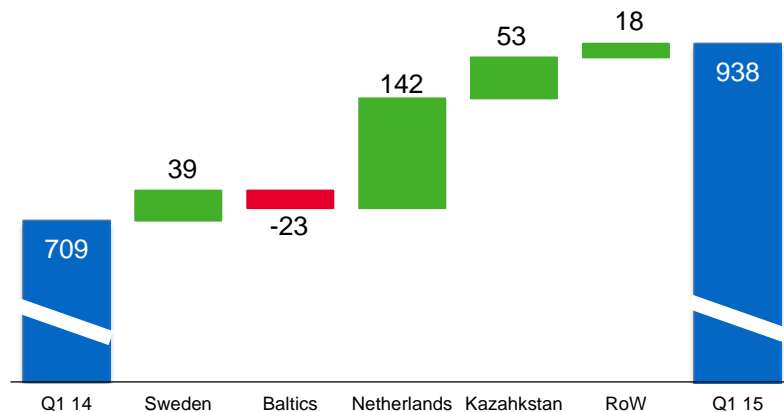


# CAPEX

## Tele2 Group (SEK million)



## Development per market (SEK million)

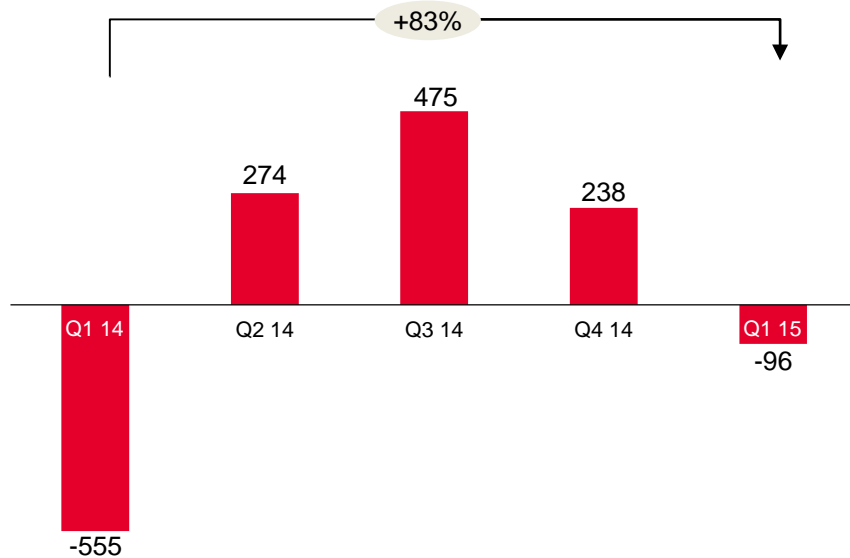




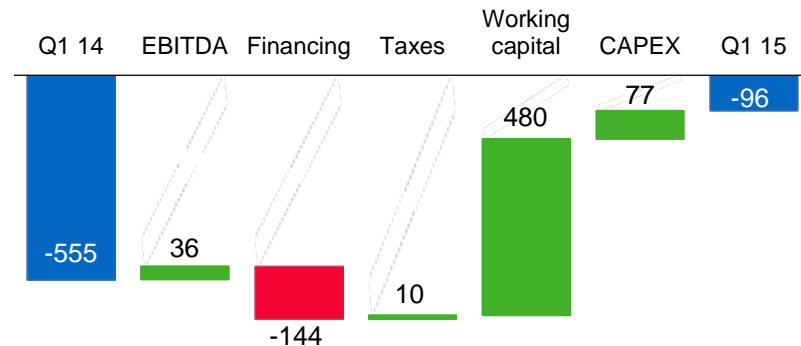
# Free cash flow

Total operations

Tele2 Group  
(SEK million)



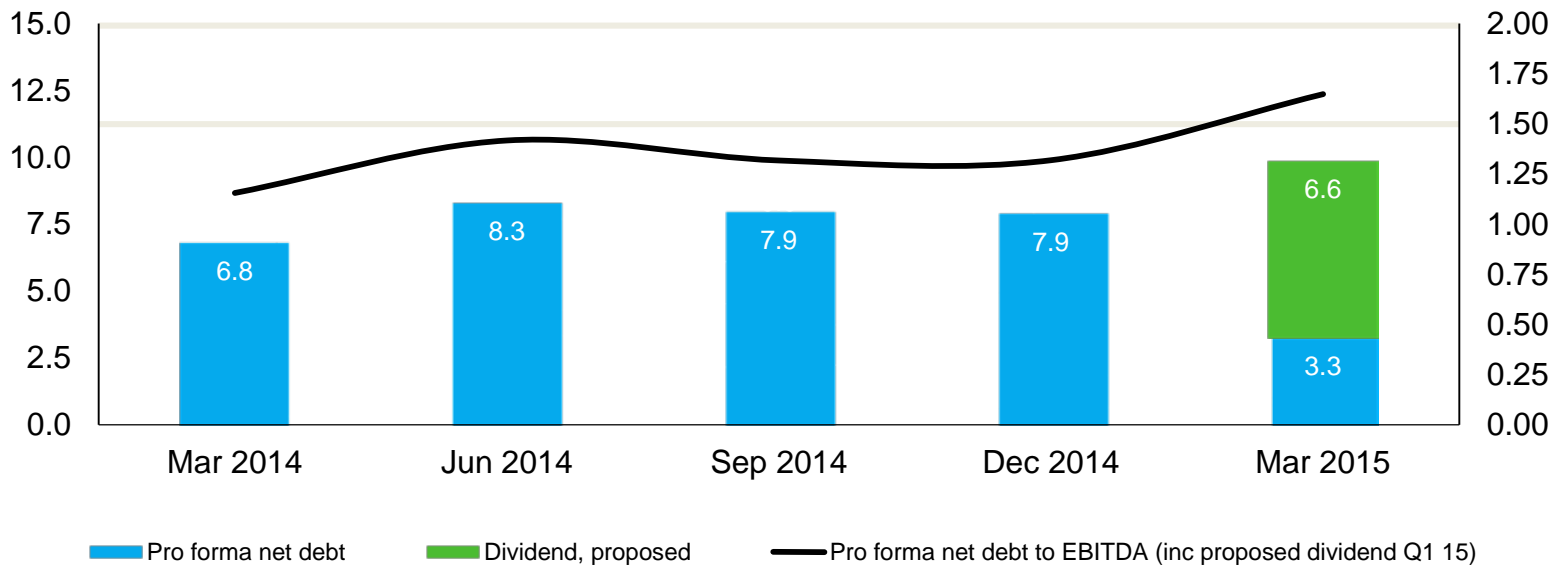
Development  
(SEK million)



# Debt position and ratio

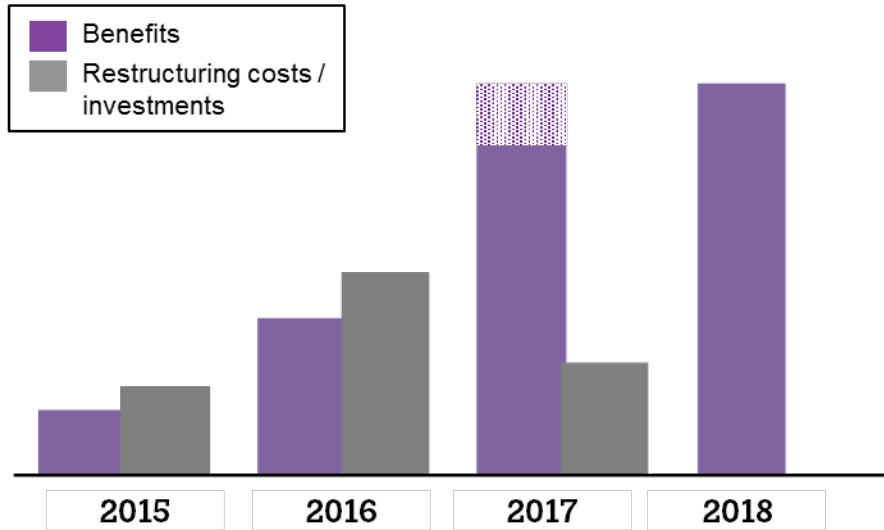
Pro forma net debt / EBITDA 12 m rolling

SEK billion / Ratio

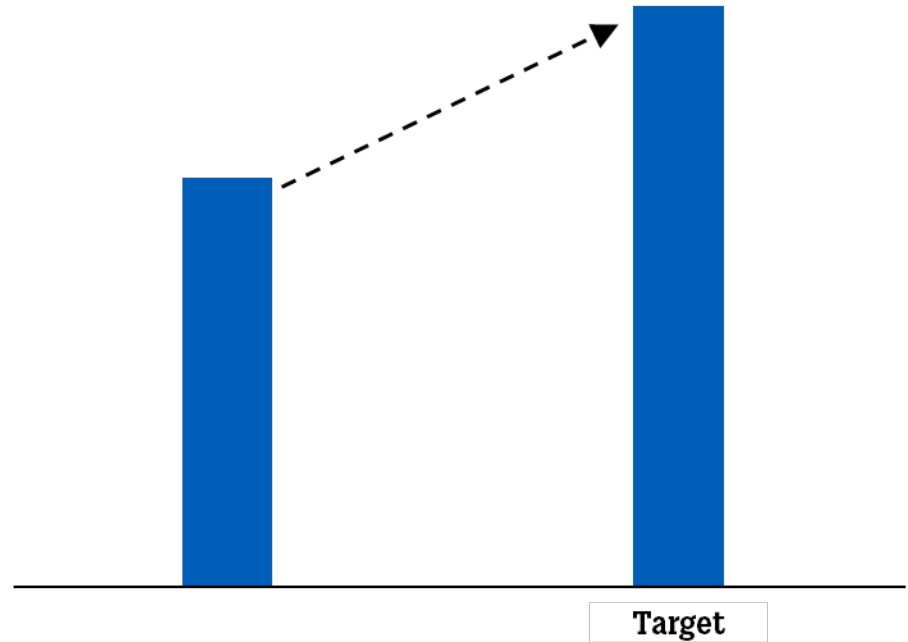


# The Challenger Program

Ramp-up of indicative\* costs and benefits over 4 years



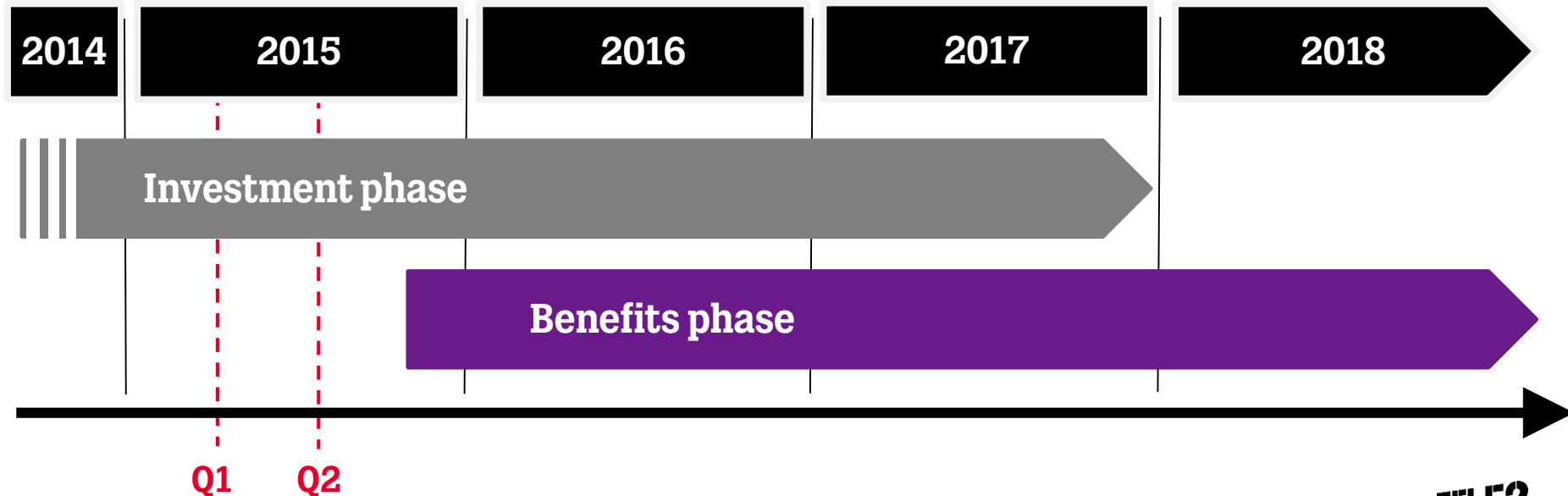
Productivity improvement: 1 BSEK (5%)



\*Indicative program benefits and costs. Analysis phase will identify and validate total Opex, Capex and Revenue benefits. Baseline: Forecast FY 2014

# Momentum is building up

We will come back to the market with more details at Q2 reporting on July 21<sup>st</sup> 2015. From then on we will report on progress quarterly until full benefits have been realized



# Q1 2015 Summary

# Q1 2015 in short and key priorities moving forward

- Continued data monetization
- Getting ready for 4G launch in Netherlands and Baltics
- Executing on the Challenger Program



Focused  
Technology  
Choices



Value  
Champion



Step-Change  
Productivity



Winning People  
& Culture

# 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 focus



Mobile access is our core business



Europe and Eurasia are our markets



Residential and Business

### How we win



Focused Technology Choices



Value Champion



Step-Change Productivity



Winning People & Culture

## The Tele2 Way

**THE  
END**

**TELE2**