

## Tele2

### '25e only a bump in the cash flow road

- Strong Q4 on quality items, and raised DPS
- Lower '25e cash flow, but expect a sharp improvement in '26e
- Tele2 remains our preferred telco - keep BUY at 8% div. yield

### Long-term outlook remains intact and attractive

Tele2 ended '23 with accelerating underlying organic EBITDAaL growth to 4% in Q4, and lower capex than expected, resulting in FCF covering the paid dividends during the year. However, the elevated capex in '23 is expected to persist in '24, combined with EBITDAaL growth not yet coming up to the mid-term targeted mid-single digits in '24 and higher interest payments, bringing '24e FCF/s slightly below the proposed DPS of SEK 6.90. In addition, '25 capex is expected to remain elevated as well when Tele2 is replacing the Sunab 3G network, while the second part of the latest Swedish spectrum auction is paid (weighing on cash flow but not booked capex). Lifting our view, we estimate a sharp cash flow improvement in '26e onwards following a normalisation of capex/sales to an attractive level of below 12%. Combined with stable interest payments and 4% organic EBITDAaL growth, partly driven by the initiated strategic programme (SEK 600m annual savings), we estimate '26e FCF/s of SEK 8.2, i.e., a ~9.5% yield.

### '25e to be a bump in the (CF) road, with minor risk of div. cut

With the proposed DPS being raised y-o-y despite the temporary capex headwinds in '24e-'25e (especially '25e on paid capex), we see limited risk of a dividend cut in '24e-'25e. The leverage is hovering close to the low end of the targeted range, which should comfortably leave room for a small DPS increase in '24e-'25e on higher EBITDA, and significant DPS growth in '26e.

### Keep BUYing defensive high-yielder with valuation upside

With a div. yield above 8% on low-risk dividends, coupled with a strong outlook post '25e with significant FCF growth towards a normalised level, we reiterate BUY on Tele2. Our unchanged TP of SEK 105 corresponds to ~8% '26e FCF yield, and 12-11x '25e-'26e EV/(EBITDA-capex) adj.

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SEKm	2022	2023	2024e	2025e	2026e
Sales	28,102	29,099	29,560	30,266	31,067
EBITDA	11,101	11,616	11,986	12,428	12,870
EBITDA margin (%)	39.5	39.9	40.5	41.1	41.4
EBIT adj.	6,891	5,734	6,056	6,385	6,711
EBIT adj. margin (%)	24.5	19.7	20.5	21.1	21.6
Pretax profit	5,908	4,578	4,829	5,153	5,483
EPS	8.02	5.36	5.51	5.88	6.25
EPS adj.	10.58	7.60	7.49	7.86	8.24
Sales growth (%)	4.9	3.5	1.6	2.4	2.6
EPS growth (%)	29.1	-33.1	2.7	6.7	6.4

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY ● HOLD ○ SELL ○

### Telecom Operators

Estimate changes (%)

	2024e	2025e	2026e
Sales	0.4	0.7	0.0
EBIT	1.8	1.9	0.0
EPS	2.1	1.9	0.0

Source: ABG Sundal Collier

### TEL2.B-SE/TEL2B SS

Share price (SEK)	30/1/2024	84.60
Target price		105.0

MCap (SEKm)	59,802
MCap (EURm)	5,283
No. of shares (m)	692.8
Free float (%)	82.3
Av. daily volume (k)	3,592

### Next event

Q1 Report 18 April 2024

### Performance



— Tele2 — OMX Stockholm All Share Index

	2024e	2025e	2026e
P/E (x)	15.4	14.4	13.5
P/E adj. (x)	11.3	10.8	10.3
P/BVPS (x)	2.70	2.79	2.87
EV/EBITDA (x)	7.4	7.2	6.9
EV/EBIT adj. (x)	14.7	14.0	13.2
EV/sales (x)	3.01	2.95	2.85
ROE adj. (%)	24.8	27.0	29.1
Dividend yield (%)	8.3	8.4	8.9
FCF yield (%)	10.2	10.2	12.1
Le. adj. FCF yld. (%)	7.9	7.9	9.6
Net IB debt/EBITDA (x)	2.6	2.5	2.4
Le. adj. ND/EBITDA (x)	2.3	2.2	2.1

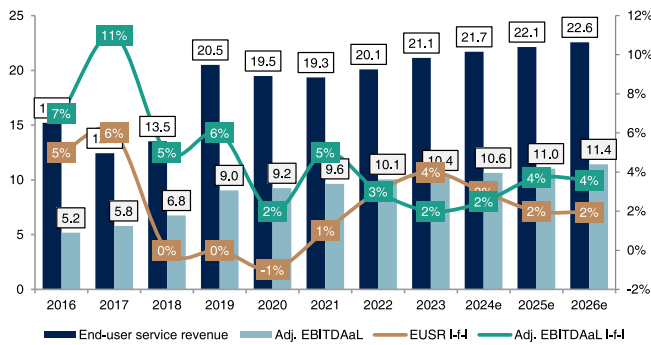
## Company description

Tele2 was founded in 1993 based on the Swedish mobile operator Comviq and later launched a fixed reseller business, of which the majority has since been sold. In Nov 2018, Tele2 completed a merger with Com Hem, and the combined company is the second-largest mobile operator, number two in fixed broadband, and the leading TV operator in Sweden. It has operations in all three Baltic countries.

## Risks

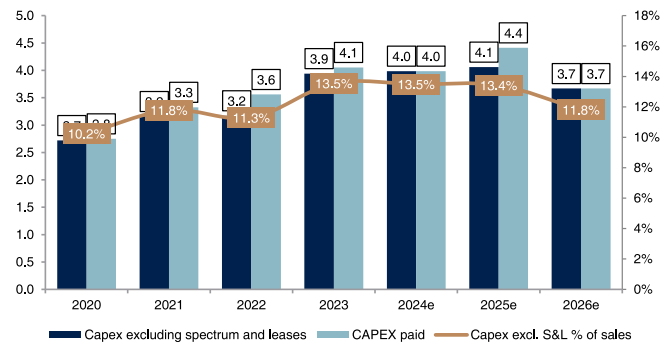
The merger with Com Hem and the sale of Tele2's operations in Kazakhstan and the Netherlands will markedly reduce the operational risks in Tele2. It has further shifted the weight of operations towards the home market Sweden and the Baltics, and the Com Hem merger protects the new integrated Tele2 against fixed and mobile convergence, which has started to make inroads into the Swedish market. The material exposure to the traditional TV market through Com Hem adds a new risk to Tele2, while the merger has increased the company's financial leverage.

### EUSR and und. EBITDAaL (SEKbn)



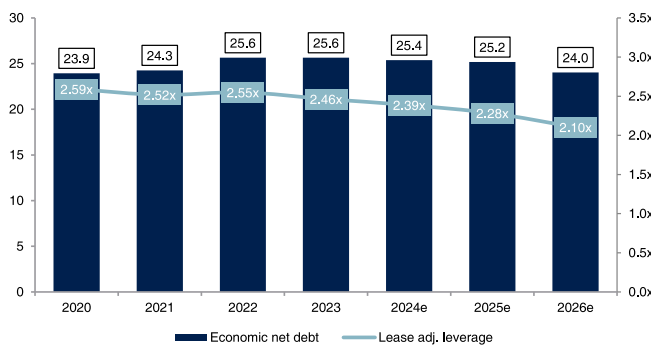
Source: ABG Sundal Collier, company data

### Capex (SEKbn)



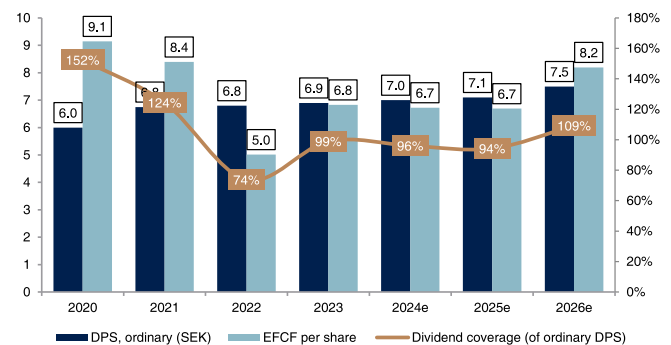
Source: ABG Sundal Collier, company data

### Leverage (SEKbn)



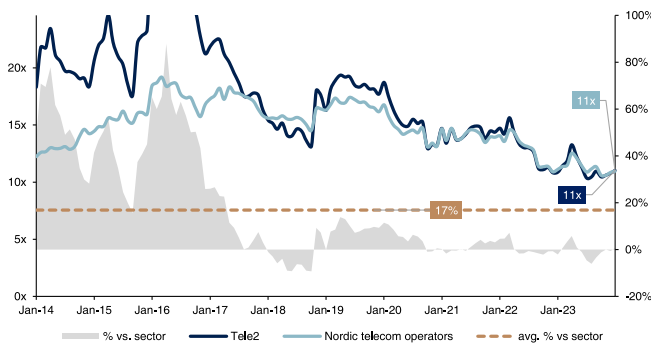
Source: ABG Sundal Collier, company data

### Dividend coverage (SEK)



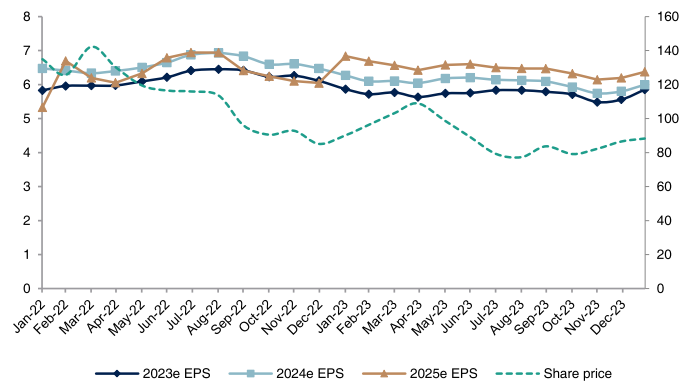
Source: ABG Sundal Collier, company data

### Consensus EV/(EBITDA-capex) vs Nordic telcos



Source: Factset

### Consensus '23e-'25e EPS



Source: Factset

## Estimate changes

P&L (SEKm)	Old estimates			New estimates			Estimate changes		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
<b>Revenue</b>	<b>29,431</b>	<b>30,046</b>		<b>29,560</b>	<b>30,266</b>	<b>31,067</b>	<b>0%</b>	<b>1%</b>	-
<i>of which end-user service revenue</i>	21,657	22,067		21,698	22,131	22,565	0%	0%	-
<b>Underlying EBITDA</b>	<b>12,222</b>	<b>12,630</b>		<b>12,186</b>	<b>12,628</b>	<b>13,070</b>	0%	0%	-
Leasing payments	-1,562	-1,610		-1,551	-1,599	-1,647	-1%	-1%	-
<b>Underlying EBITDAaL</b>	<b>10,660</b>	<b>11,020</b>		<b>10,635</b>	<b>11,029</b>	<b>11,423</b>	<b>0%</b>	<b>0%</b>	-
EBITDA	12,097	12,530		11,986	12,428	12,870	-1%	-1%	-
D&A	-6,343	-6,459		-6,130	-6,243	-6,360	-3%	-3%	-
<b>EBIT</b>	<b>5,753</b>	<b>6,070</b>		<b>5,856</b>	<b>6,185</b>	<b>6,511</b>	<b>2%</b>	<b>2%</b>	-
Net financial items	-1,023	-1,016		-1,028	-1,031	-1,028	0%	1%	-
PTP	4,730	5,054		4,829	5,153	5,483	2%	2%	-
Tax	-974	-1,041		-995	-1,062	-1,129	2%	2%	-
Net profit from disc. ops.	0	0		0	0	0	-	-	-
<b>Total profit</b>	<b>3,756</b>	<b>4,013</b>		<b>3,834</b>	<b>4,092</b>	<b>4,353</b>	<b>2%</b>	<b>2%</b>	-
<b>DPS</b>	<b>6.95</b>	<b>7.30</b>		<b>7.00</b>	<b>7.10</b>	<b>7.50</b>	<b>1%</b>	<b>-3%</b>	-
<b>Growth y-o-y</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Revenue	1.6%	2.1%		1.6%	2.4%	2.6%	0.0 pp.	0.3 pp.	-
<i>of which end-user service revenue</i>	2.4%	1.9%		2.7%	2.0%	2.0%	0.3 pp.	0.1 pp.	-
<i>organic</i>	2.9%	1.9%		3.0%	2.0%	2.0%	0.1 pp.	0.1 pp.	-
Underlying EBITDAaL	2.8%	3.4%		2.2%	3.7%	3.6%	-0.6 pp.	0.3 pp.	-
<i>organic</i>	3.3%	3.4%		2.5%	3.7%	3.6%	-0.8 pp.	0.3 pp.	-
<b>Margins/ratios</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Underlying EBITDA	41.5%	42.0%		41.2%	41.7%	42.1%	-0.3 pp.	-0.3 pp.	-
Underlying EBITDAaL	36.2%	36.7%		36.0%	36.4%	36.8%	-0.2 pp.	-0.2 pp.	-
EBIT	19.5%	20.2%		19.8%	20.4%	21.0%	0.3 pp.	0.2 pp.	-
Core capex/sales	13.1%	11.7%		13.5%	13.4%	11.8%	0.4 pp.	1.7 pp.	-
<b>Balance sheet</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>
Net debt	30,671	30,389		30,090	30,305	29,548	-2%	0%	-
Economic net debt (lease adj. ND)	25,196	24,879		25,385	25,178	24,035	1%	1%	-
<b>Leverage</b>	<b>2.51x</b>	<b>2.41x</b>		<b>2.47x</b>	<b>2.40x</b>	<b>2.26x</b>	<b>-0.04x</b>	<b>-0.01x</b>	-
<b>Lease adj. leverage</b>	<b>2.36x</b>	<b>2.26x</b>		<b>2.39x</b>	<b>2.28x</b>	<b>2.10x</b>	<b>0.02x</b>	<b>0.03x</b>	-
<b>Regional breakdown</b>	<b>Old estimates</b>			<b>New estimates</b>			<b>Estimate changes</b>		
<b>End-user service revenue</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>
Sweden	16,854	17,058		16,862	17,087	17,376	0%	0%	-
Lithuania	2,607	2,726		2,641	2,763	2,845	1%	1%	-
Latvia	1,490	1,560		1,489	1,558	1,607	0%	0%	-
Estonia	706	722		707	722	736	0%	0%	-
<b>Total end-user service revenue</b>	<b>21,657</b>	<b>22,067</b>		<b>21,698</b>	<b>22,131</b>	<b>22,565</b>	<b>0%</b>	<b>0%</b>	-
<b>Underlying EBITDAaL</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>
Sweden	7,947	8,170		7,954	8,214	8,484	0%	1%	-
Lithuania	1,652	1,730		1,653	1,731	1,796	0%	0%	-
Latvia	847	906		826	885	945	-3%	-2%	-
Estonia	214	214		202	199	198	-5%	-7%	-
<b>Total underlying EBITDAaL</b>	<b>10,660</b>	<b>11,020</b>		<b>10,635</b>	<b>11,029</b>	<b>11,423</b>	<b>0%</b>	<b>0%</b>	-
<b>CAPEX excl. spectrum &amp; leases</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>	<b>2024e</b>	<b>2025e</b>	<b>2025e</b>
Sweden	-3,200	-2,903		-3,340	-3,442	-3,049	4%	19%	-
Lithuania	-290	-301		-271	-290	-268	-6%	-4%	-
Latvia	-210	-189		-216	-198	-204	3%	5%	-
Estonia	-159	-130		-159	-130	-147	0%	0%	-
<b>Total capex ex. spectrum &amp; leases</b>	<b>-3,859</b>	<b>-3,523</b>		<b>-3,986</b>	<b>-4,060</b>	<b>-3,668</b>	<b>3%</b>	<b>15%</b>	-
<b>Cash flow</b>	<b>Old estimates</b>			<b>New estimates</b>			<b>Estimate changes</b>		
<b>Underlying EBITDA</b>	<b>12,222</b>	<b>12,630</b>		<b>12,186</b>	<b>12,628</b>	<b>13,070</b>	<b>0%</b>	<b>0%</b>	-
Change in working capital	-80	-102		10	91	64	nm	nm	nm
Interest paid net	-1,023	-1,016		-1,028	-1,031	-1,028	0%	1%	-
Income taxes paid	-974	-1,041		-995	-1,062	-1,129	2%	2%	-
Other items net	-125	-100		-200	-200	-200	nm	nm	nm
<b>OCF</b>	<b>10,020</b>	<b>10,371</b>		<b>9,974</b>	<b>10,426</b>	<b>10,777</b>	<b>0%</b>	<b>1%</b>	-
Cash capex	-3,859	-3,875		-3,986	-4,412	-3,668	3%	14%	-
Repayment of leasing liabilities	-1,351	-1,407		-1,337	-1,388	-1,441	-1%	-1%	-
<b>Equity FCF</b>	<b>4,810</b>	<b>5,089</b>		<b>4,650</b>	<b>4,626</b>	<b>5,667</b>	<b>-3%</b>	<b>-9%</b>	-
<b>Equity FCF metrics</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Margin	16%	17%		16%	15%	18%	-0.6 pp.	-1.7 pp.	-
y-o-y	6%	6%		-1%	-1%	23%	-7.9 pp.	-6.3 pp.	-
% of adj. EBITDA	39%	40%		38%	37%	43%	-1.2 pp.	-3.7 pp.	-
% of net income	128%	127%		121%	113%	130%	-6.8 pp.	-13.7 pp.	-

Source: ABG Sundal Collier, company data



Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	30,047	26,372	27,203	26,554	26,789	28,102	29,099	29,560	30,266	31,067
COGS	-18,508	-15,266	-16,427	-15,098	-15,870	-16,887	-17,288	-16,992	-17,359	-17,736
Gross profit	11,539	11,106	10,776	11,456	10,919	11,215	11,811	12,568	12,908	13,331
Other operating items	-4,810	-4,148	-1,178	873	-402	-114	-195	-582	-480	-460
<b>EBITDA</b>	<b>6,729</b>	<b>6,958</b>	<b>9,598</b>	<b>12,329</b>	<b>10,517</b>	<b>11,101</b>	<b>11,616</b>	<b>11,986</b>	<b>12,428</b>	<b>12,870</b>
Depreciation and amortisation	-2,783	-2,471	-4,022	-4,065	-4,392	-4,452	-4,505	-4,590	-4,703	-4,820
of which leasing depreciation	0	0	-1,185	-1,182	-1,197	-1,231	-1,299	-1,341	-1,363	-1,385
<b>EBITA</b>	<b>3,138</b>	<b>4,426</b>	<b>5,478</b>	<b>8,575</b>	<b>6,346</b>	<b>8,321</b>	<b>7,111</b>	<b>7,396</b>	<b>7,725</b>	<b>8,051</b>
EO Items	931	207	-711	1,844	-383	-294	-268	-200	-200	-200
Impairment and PPA amortisation	-76	-314	-1,668	-1,204	-1,560	-1,724	-1,645	-1,540	-1,540	-1,540
<b>EBIT</b>	<b>3,062</b>	<b>4,112</b>	<b>3,810</b>	<b>7,371</b>	<b>4,787</b>	<b>6,597</b>	<b>5,466</b>	<b>5,856</b>	<b>6,185</b>	<b>6,511</b>
Net financial items	-644	-673	-444	-518	-479	-689	-888	-1,028	-1,031	-1,028
<b>Pretax profit</b>	<b>2,418</b>	<b>3,439</b>	<b>3,366</b>	<b>6,853</b>	<b>4,308</b>	<b>5,908</b>	<b>4,578</b>	<b>4,829</b>	<b>5,153</b>	<b>5,483</b>
Tax	-275	-1,845	-936	379	-347	-694	-847	-995	-1,062	-1,129
<b>Net profit</b>	<b>2,143</b>	<b>1,594</b>	<b>2,430</b>	<b>7,232</b>	<b>3,961</b>	<b>5,214</b>	<b>3,731</b>	<b>3,834</b>	<b>4,092</b>	<b>4,353</b>
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	-1,556	59	2,703	175	346	361	3	0	0	0
<b>Net profit to shareholders</b>	<b>587</b>	<b>1,653</b>	<b>5,133</b>	<b>7,407</b>	<b>4,307</b>	<b>5,575</b>	<b>3,734</b>	<b>3,834</b>	<b>4,092</b>	<b>4,353</b>
EPS	1.16	2.40	7.43	10.69	6.21	8.02	5.36	5.51	5.88	6.25
EPS adj.	-0.34	2.47	9.91	9.72	8.79	10.58	7.60	7.49	7.86	8.24
Total extraordinary items after tax	825	96	-513	1,946	-352	-259	-218	-159	-159	-159
Leasing payments	0	0	-1,185	-1,182	-1,197	-1,231	-1,299	-1,341	-1,363	-1,385
Tax rate (%)	11.4	53.6	27.8	-5.5	8.1	11.7	18.5	20.6	20.6	20.6
Gross margin (%)	38.4	42.1	39.6	43.1	40.8	39.9	40.6	42.5	42.6	42.9
EBITDA margin (%)	22.4	26.4	35.3	46.4	39.3	39.5	39.9	40.5	41.1	41.4
EBITA margin (%)	10.4	16.8	20.1	32.3	23.7	29.6	24.4	25.0	25.5	25.9
EBIT margin (%)	10.2	15.6	14.0	27.8	17.9	23.5	18.8	19.8	20.4	21.0
Pre-tax margin (%)	8.0	13.0	12.4	25.8	16.1	21.0	15.7	16.3	17.0	17.6
Net margin (%)	7.1	6.0	8.9	27.2	14.8	18.6	12.8	13.0	13.5	14.0
<b>Growth Rates y-o-y</b>	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	6.2	-12.2	3.2	-2.4	0.9	4.9	3.5	1.6	2.4	2.6
EBITDA growth (%)	26.2	3.4	37.9	28.5	-14.7	5.6	4.6	3.2	3.7	3.6
EBITA growth (%)	-364.6	41.0	23.8	56.5	-26.0	31.1	-14.5	4.0	4.4	4.2
EBIT growth (%)	-351.2	34.3	-7.3	93.5	-35.1	37.8	-17.1	7.1	5.6	5.3
Net profit growth (%)	-199.0	-25.6	52.4	197.6	-45.2	31.6	-28.4	2.8	6.7	6.4
EPS growth (%)	-125.9	106.4	210.0	44.0	-41.9	29.1	-33.1	2.7	6.7	6.4
<b>Profitability</b>	-	-	-	-	-	-	-	-	-	-
ROE (%)	3.3	6.2	14.4	21.9	13.5	20.3	16.1	17.2	19.1	20.9
ROE adj. (%)	-0.9	7.0	20.6	19.7	19.5	27.6	24.1	24.8	27.0	29.1
ROCE (%)	9.1	7.9	5.7	11.1	7.4	10.7	9.9	10.8	11.4	12.1
ROCE adj. (%)	6.2	8.1	9.3	10.1	10.4	14.1	13.3	13.9	14.6	15.3
ROIC (%)	9.8	4.4	6.0	14.0	9.3	12.5	10.7	11.1	11.7	12.3
ROIC adj. (%)	6.9	4.2	6.8	11.0	9.9	12.9	11.1	11.4	12.0	12.6
<b>Adj. earnings numbers</b>	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	5,798	6,751	10,309	10,485	10,900	11,395	11,884	12,186	12,628	13,070
EBITDA adj. margin (%)	19.3	25.6	37.9	39.5	40.7	40.5	40.8	41.2	41.7	42.1
EBITDA lease adj.	5,798	6,751	9,124	9,303	9,703	10,164	10,585	10,845	11,265	11,685
EBITDA lease adj. margin (%)	19.3	25.6	33.5	35.0	36.2	36.2	36.4	36.7	37.2	37.6
EBITA adj.	2,207	4,219	6,189	6,731	6,729	8,615	7,379	7,596	7,925	8,251
EBITA adj. margin (%)	7.3	16.0	22.8	25.3	25.1	30.7	25.4	25.7	26.2	26.6
EBIT adj.	2,131	3,905	4,990	5,527	5,169	6,891	5,734	6,056	6,385	6,711
EBIT adj. margin (%)	7.1	14.8	18.3	20.8	19.3	24.5	19.7	20.5	21.1	21.6
Pretax profit Adj.	1,563	3,546	5,745	6,213	6,250	7,926	6,491	6,569	6,893	7,223
Net profit Adj.	1,394	1,812	4,611	6,491	5,873	7,198	5,596	5,533	5,791	6,053
Net profit to shareholders adj.	-162	1,871	7,314	6,666	6,219	7,559	5,599	5,533	5,791	6,053
Net adj. margin (%)	4.6	6.9	17.0	24.4	21.9	25.6	19.2	18.7	19.1	19.5

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	6,729	6,958	9,598	12,329	10,517	11,101	11,616	11,986	12,428	12,870
Net financial items	-644	-673	-444	-518	-479	-689	-888	-1,028	-1,031	-1,028
Paid tax	-484	-643	-687	-915	-703	-1,215	-987	-995	-1,062	-1,129
Non-cash items	-161	571	1,392	-1,787	100	132	132	0	0	0
Cash flow before change in WC	5,439	6,213	9,859	9,109	9,435	9,329	9,873	9,964	10,335	10,713
Change in working capital	293	-1,053	-142	-292	862	-1,081	139	10	91	64

<b>Cash Flow (SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Operating cash flow</b>	<b>5,732</b>	<b>5,160</b>	<b>9,717</b>	<b>8,817</b>	<b>10,297</b>	<b>8,248</b>	<b>10,012</b>	<b>9,974</b>	<b>10,426</b>	<b>10,777</b>
Capex tangible fixed assets	-2,229	-2,383	-2,525	-1,928	-2,329	-2,648	-2,765	-2,790	-3,088	-2,568
Capex intangible fixed assets	-984	-1,021	-1,082	-822	-997	-912	-1,288	-1,196	-1,324	-1,100
Acquisitions and Disposals	661	-6,405	4,310	2,097	302	8,976	54	0	0	0
<b>Free cash flow</b>	<b>3,180</b>	<b>-4,648</b>	<b>10,420</b>	<b>8,164</b>	<b>7,273</b>	<b>13,664</b>	<b>6,013</b>	<b>5,987</b>	<b>6,014</b>	<b>7,109</b>
Dividend paid	-2,629	-2,013	-7,153	-6,198	-6,206	-13,630	-4,703	-4,772	-4,841	-4,911
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	0	0	-1,125	-1,168	-1,185	-1,226	-1,240	-1,337	-1,388	-1,441
Other non-cash items	-568	-14,193	-5,329	458	-93	245	1,680	-385	-422	-386
<b>Balance Sheet (SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Goodwill	5,517	30,158	29,744	29,651	29,695	29,905	29,898	29,898	29,898	29,898
Other intangible assets	4,106	19,604	18,397	17,269	15,806	13,835	12,683	11,836	11,166	10,087
Tangible fixed assets	8,577	9,192	7,900	7,540	7,825	8,220	8,986	9,030	9,232	9,005
Right-of-use asset	0	0	5,713	5,349	5,408	5,422	4,216	4,597	5,043	5,486
Total other fixed assets	2,496	1,769	8,444	8,494	1,433	1,678	1,964	1,964	1,964	1,964
Fixed assets	20,696	60,723	70,197	68,303	60,167	59,060	57,746	57,324	57,303	56,439
Inventories	687	670	710	824	769	1,254	824	814	723	659
Receivables	6,901	6,824	5,715	5,174	4,978	6,015	5,771	5,771	5,771	5,771
Other current assets	10,054	14,022	2,714	140	7,458	211	84	84	84	84
Cash and liquid assets	802	404	448	970	880	1,116	1,634	1,513	1,297	2,054
<b>Total assets</b>	<b>39,140</b>	<b>82,644</b>	<b>79,784</b>	<b>75,411</b>	<b>74,251</b>	<b>67,656</b>	<b>66,059</b>	<b>65,506</b>	<b>65,178</b>	<b>65,008</b>
Shareholders equity	17,013	36,334	34,805	32,751	31,142	23,683	22,780	21,841	21,092	20,535
Minority	-99	28	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>16,914</b>	<b>36,362</b>	<b>34,805</b>	<b>32,751</b>	<b>31,142</b>	<b>23,683</b>	<b>22,780</b>	<b>21,841</b>	<b>21,092</b>	<b>20,535</b>
Long-term debt	11,513	23,238	27,752	27,234	24,042	25,559	23,377	23,377	23,377	23,377
Pension debt	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	0	0	5,414	5,460	4,320	4,704	5,127	5,513
Total other long-term liabilities	1,200	4,204	4,360	4,311	4,120	3,807	3,938	3,938	3,938	3,938
Short-term debt	796	6,763	5,066	4,881	2,991	3,124	5,170	5,170	5,170	5,170
Accounts payable	3,417	4,044	3,189	2,840	3,040	2,966	3,194	3,194	3,194	3,194
Other current liabilities	5,300	8,032	4,611	3,394	3,502	3,056	3,281	3,281	3,281	3,281
<b>Total liabilities and equity</b>	<b>39,140</b>	<b>82,644</b>	<b>79,784</b>	<b>75,411</b>	<b>74,251</b>	<b>67,656</b>	<b>66,059</b>	<b>65,506</b>	<b>65,178</b>	<b>65,008</b>
Net IB debt	10,733	28,583	31,614	30,408	30,810	32,071	30,189	30,695	31,333	30,963
Net IB debt excl. pension debt	10,733	28,583	31,614	30,408	30,810	32,071	30,189	30,695	31,333	30,963
Net IB debt excl. leasing	10,733	28,583	31,614	30,408	25,396	26,610	25,869	25,991	26,206	25,450
Capital employed	29,223	66,364	67,623	64,867	63,590	57,827	55,647	55,093	54,766	54,595
Capital invested	27,647	64,945	66,419	63,160	61,952	55,754	52,968	52,537	52,425	51,497
Working capital	8,925	9,441	1,339	-95	6,664	1,458	204	194	104	40
<b>EV breakdown</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Market cap. diluted (m)	42,802	58,384	58,475	58,595	58,667	58,803	58,902	58,902	58,902	58,902
Net IB debt adj.	10,474	28,881	30,816	29,269	29,681	31,108	29,968	30,090	30,305	29,548
Market value of minority	-99	28	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	-13	-6,983	-7,018	-7	-6	-6	-6	-6	-6
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
<b>EV</b>	<b>53,177</b>	<b>87,279</b>	<b>82,307</b>	<b>80,846</b>	<b>88,341</b>	<b>89,905</b>	<b>88,864</b>	<b>88,986</b>	<b>89,201</b>	<b>88,444</b>
Total assets turnover (%)	75.5	43.3	33.5	34.2	35.8	39.6	43.5	44.9	46.3	47.7
Working capital/sales (%)	15.7	34.8	19.8	2.3	12.3	14.4	2.9	0.7	0.5	0.2
<b>Financial risk and debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net debt/equity (%)	63.5	78.6	90.8	92.8	98.9	135.4	132.5	140.5	148.6	150.8
Net debt / market cap (%)	25.2	49.2	54.3	52.2	52.8	54.9	51.6	52.5	53.5	52.9
Equity ratio (%)	43.2	44.0	43.6	43.4	41.9	35.0	34.5	33.3	32.4	31.6
Net IB debt adj. / equity (%)	61.9	79.4	88.5	89.4	95.3	131.3	131.6	137.8	143.7	143.9
Current ratio	1.94	1.16	0.75	0.64	1.48	0.94	0.71	0.70	0.68	0.74
EBITDA/net interest	22.0	21.2	21.1	26.3	24.0	19.2	12.1	11.7	12.1	12.5
Net IB debt/EBITDA (x)	1.6	4.1	3.3	2.5	2.9	2.9	2.6	2.6	2.5	2.4
Net IB debt/EBITDA lease adj. (x)	1.7	4.1	2.7	2.6	2.5	2.5	2.4	2.3	2.2	2.1
Interest coverage	10.3	12.8	11.4	17.5	13.9	13.7	6.8	6.6	6.9	7.2

Source: ABG Sundal Collier, Company Data

<b>Share Data (SEKm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Actual shares outstanding	503	687	688	689	690	691	692	692	692	692
Actual shares outstanding (avg)	503	510	687	533	689	690	691	691	691	691

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
All additional shares	4	3	2	2	3	4	5	5	5	5
Issue month	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assumed dil. of shares from conv.	0	0	0	0	0	0	0	0	0	0
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	0	0	0	0	0	0	0	0	0	0
No. of warrants	0	0	0	0	0	0	0	0	0	0
Market value per warrant	0	0	0	0	0	0	0	0	0	0
Dilution from warrants	3	3	3	4	4	4	5	5	5	5
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	4.00	10.41	9.01	9.01	19.76	6.81	6.90	7.00	7.10	7.50
Reported earnings per share	1.17	3.19	7.47	13.89	6.25	8.07	5.40	5.55	5.92	6.30

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	503	687	688	689	690	691	692	692	692	692
Diluted shares adj.	506	690	691	693	693	695	696	696	696	696
EPS	1.16	2.40	7.43	10.69	6.21	8.02	5.36	5.51	5.88	6.25
Dividend per share	4.00	10.40	9.00	9.00	19.75	6.80	6.90	7.00	7.10	7.50
EPS adj.	-0.34	2.47	9.91	9.72	8.79	10.58	7.60	7.49	7.86	8.24
BVPS	33.63	52.65	50.35	47.29	44.91	34.07	32.72	31.37	30.29	29.49
BVPS adj.	14.61	-19.46	-19.29	-20.46	-20.71	-28.86	-28.44	-28.57	-28.69	-27.93
Net IB debt/share	20.70	41.85	44.58	42.26	42.80	44.75	43.04	43.22	43.53	42.44
Share price	84.60	84.60	84.60	84.60	84.60	84.60	84.60	84.60	84.60	84.60
Market cap. (m)	42,533	58,120	58,199	58,258	58,366	58,460	58,512	58,512	58,512	58,512
<b>Valuation</b>	-	-	-	-	-	-	-	-	-	-
P/E (x)	72.9	35.3	11.4	7.9	13.6	10.5	15.8	15.4	14.4	13.5
EV/sales (x)	1.77	3.31	3.03	3.04	3.30	3.20	3.05	3.01	2.95	2.85
EV/EBITDA (x)	7.9	12.5	8.6	6.6	8.4	8.1	7.7	7.4	7.2	6.9
EV/EBITA (x)	16.9	19.7	15.0	9.4	13.9	10.8	12.5	12.0	11.5	11.0
EV/EBIT (x)	17.4	21.2	21.6	11.0	18.5	13.6	16.3	15.2	14.4	13.6
Dividend yield (%)	4.7	12.3	10.6	10.7	23.4	8.0	8.2	8.3	8.4	8.9
FCF yield (%)	7.4	-10.7	17.8	18.0	12.4	23.3	10.2	10.2	10.2	12.1
Le. adj. FCF yld. (%)	7.4	-10.7	15.9	15.4	10.4	21.2	8.1	7.9	7.9	9.6
P/BVPS (x)	2.52	1.61	1.68	1.79	1.88	2.48	2.59	2.70	2.79	2.87
P/BVPS adj. (x)	5.76	-4.33	-4.36	-4.11	-4.06	-2.91	-2.96	-2.94	-2.93	-3.01
P/E adj. (x)	-251.0	34.3	8.5	8.7	9.6	8.0	11.1	11.3	10.8	10.3
EV/EBITDA adj. (x)	9.2	12.9	8.0	7.7	8.1	7.9	7.5	7.3	7.1	6.8
EV/EBITA adj. (x)	24.1	20.7	13.3	12.0	13.1	10.4	12.0	11.7	11.3	10.7
EV/EBIT adj. (x)	25.0	22.4	16.5	14.6	17.1	13.0	15.5	14.7	14.0	13.2
EV/CE (x)	1.8	1.3	1.2	1.2	1.4	1.6	1.6	1.6	1.6	1.6
<b>Investment ratios</b>	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	10.7	12.9	13.3	10.4	12.4	12.7	13.9	13.5	14.6	11.8
Capex/depreciation	1.2	1.4	1.3	1.0	1.0	1.1	1.3	1.2	1.3	1.1
Capex tangibles / tangible fixed assets	26.0	25.9	32.0	25.6	29.8	32.2	30.8	30.9	33.5	28.5
Capex intangibles / definite intangibles	24.0	5.2	5.9	4.8	6.3	6.6	10.2	10.1	11.9	10.9
Depreciation on intang / def. intang	9	4	5	6	8	9	10	11	12	14
Depreciation on tangibles / tangibles	27.98	18.03	23.95	24.23	25.19	23.95	21.41	21.58	21.71	22.88

Source: ABG Sundal Collier, Company Data

## Analyst Certification

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Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
<b>BUY</b>	63.07%	20%	9.01%
<b>HOLD</b>	30.11%	4%	3.77%
<b>SELL</b>	6.25%	0%	0.00%

IBC: Companies in respect of which ABG SC or an affiliate has received compensation for investment banking services within the past 12 months.

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**BUY** = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

**HOLD** = We expect this stock’s total return to be in line with the market’s expected total return within a range of 4% over the next six months.

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## Stock price, company ratings and target price history

Company: Tele2

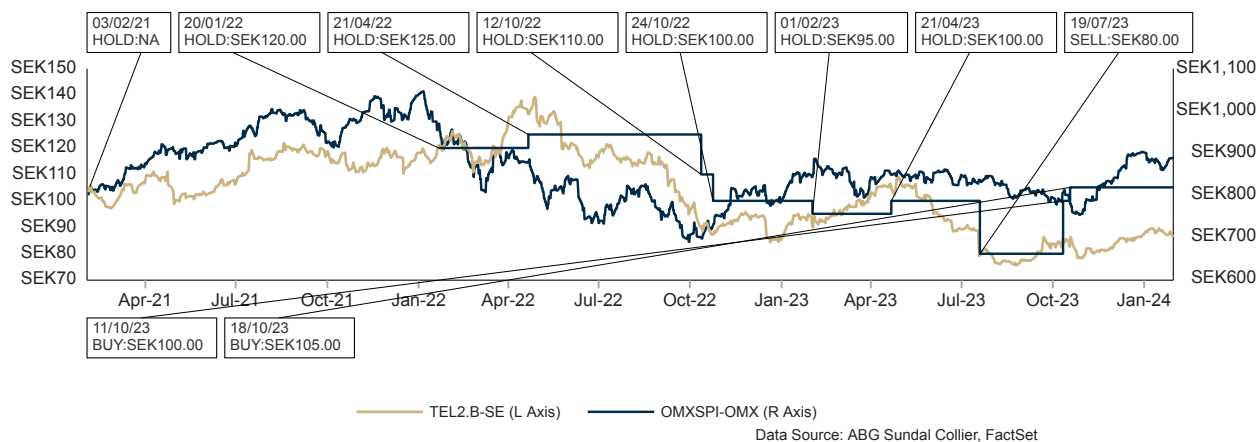
Currency: SEK

Current Recommendation: BUY

Date: 30/1/2024

Current Target price: 105.0

Current Share price: 84.60



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Production of recommendation: 1/30/2024 21:57.

All prices are as of market close on 29 January, 2024 unless otherwise noted.

For full details of recommendation and target price history for the subject company, please see company page on Research Web.

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