

Tele2

Re-rated, but a bit more to give

- Solid Q1 across the board, acceleration in the right segments
- Minor revisions on EBITDAaL, but we upgrade '26e FCF by 5%...
-which represents a ~9% yield, keeping us as BUYers

Strong trends in the Swedish Consumer division

Tele2 delivered a solid Q1, exceeding ABGSCe, consensus and its own expectations with 2% und. EBITDAaL growth on higher-than-expected end-user service revenue. Guidance was kept unchanged, but we raise our EBITDAaL slightly to the top of the '24 range on EUSR and EBITDAaL on the encouraging trends, especially in Swedish Consumer service revenue, where we highlight accelerated Mobile Postpaid growth to 7% alongside Fixed Broadband growth of 9% in Q1. With further price increases early 2024, supporting from the latter part of Q1, we expect Q2 and onwards will benefit from full pricing effects and therefore maintain a healthy EUSR growth. With good drop-through, alongside an increased effect from the efficiency programme, we expect underlying EBITDAaL growth to accelerate in Q2 and stay at ~3% in H2'24e before further accelerating to 4% in '25e.

Awaiting clarity on Freya's potential implications

Pending regulatory approval, we await any tangible announcements regarding how Freya's entry might affect Tele2 strategically, and continue to believe that this could potentially include an accelerated efficiency programme. On timing, we believe a potential announcement is at least unlikely to come before the AGM (three proposed Board members related to Freya), and before the second tranche gets regulatory approval.

Re-rating has come far, but yield remain attractive enough

Tele2 is up 12% over the last month, outperforming peers significantly, and is now down at a '24e dividend yield of 7.1% vs Telia's 7.8%, on our estimates. As such, the re-rating has come far, and the valuation upside is more limited now, but we argue that the post-'25 outlook with normalised capex levels remain too attractive at a 9% FCF yield. We keep BUY and raise our target price to SEK 110 on 5% higher '26e FCF.

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SEKm	2022	2023	2024e	2025e	2026e
Sales	28,102	29,099	29,792	30,605	31,409
EBITDA	11,101	11,616	11,948	12,662	13,171
EBITDA margin (%)	39.5	39.9	40.1	41.4	41.9
EBIT adj.	6,890	5,734	6,255	6,647	7,017
EBIT adj. margin (%)	24.5	19.7	21.0	21.7	22.3
Pretax profit	5,907	4,577	4,924	5,520	5,925
EPS	8.02	5.36	5.68	6.30	6.76
EPS adj.	10.58	7.60	7.76	8.13	8.56
Sales growth (%)	4.9	3.5	2.4	2.7	2.6
EPS growth (%)	29.1	-33.1	5.9	10.9	7.3

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY



HOLD



SELL



Telecom Operators

Estimate changes (%)

	2024e	2025e	2026e
Sales	0.6	0.7	0.7
EBIT	1.0	4.8	5.5
EPS	2.6	5.9	6.8

Source: ABG Sundal Collier

TEL2.B-SE/TEL2B SS

Share price (SEK)	10/4/2024	99.00
Target price	(105.0)	110.0

MCap (SEKm)	64,221
MCap (EURm)	5,491
No. of shares (m)	692.8
Free float (%)	87.0
Av. daily volume (k)	2,640

Next event

AGM 15 May 2024

Performance



	2024e	2025e	2026e
P/E (x)	17.4	15.7	14.6
P/E adj. (x)	12.8	12.2	11.6
P/BVPS (x)	3.11	3.17	3.20
EV/EBITDA (x)	8.3	7.8	7.4
EV/EBIT adj. (x)	15.8	14.9	13.9
EV/sales (x)	3.32	3.23	3.11
ROE adj. (%)	25.4	27.2	29.0
Dividend yield (%)	7.1	7.2	7.9
FCF yield (%)	8.7	8.9	10.8
Le. adj. FCF yld. (%)	6.8	6.9	8.7
Net IB debt/EBITDA (x)	2.6	2.4	2.3
Le. adj. ND/EBITDA (x)	2.3	2.3	2.1

Company description

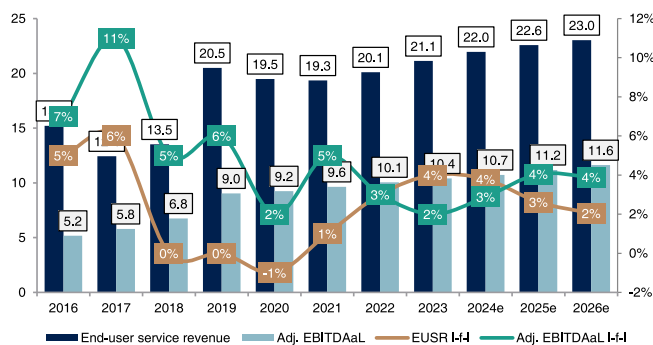
Tele2 was founded in 1993 based on the Swedish mobile operator Comviq and later launched a fixed reseller business, of which the majority has since been sold. In Nov 2018, Tele2 completed a merger with Com Hem, and the combined company is the second-largest mobile operator, number two in fixed broadband,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

[Sustainability information](#)

Risks

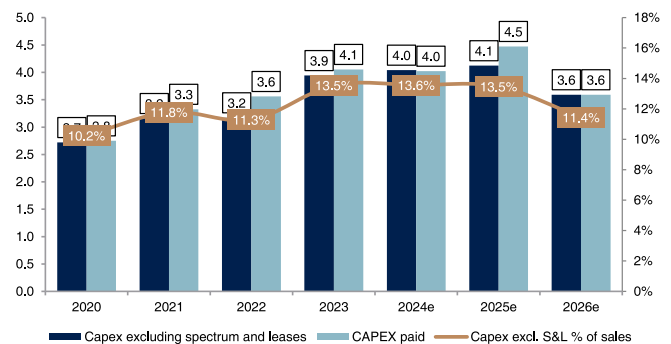
The merger with Com Hem and the sale of Tele2's operations in Kazakhstan and the Netherlands will markedly reduce the operational risks in Tele2. It has further shifted the weight of operations towards the home market Sweden and the Baltics, and the Com Hem merger protects the new integrated Tele2 against 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.

End-user service revenue and underlying EBITDAaL (SEKbn)



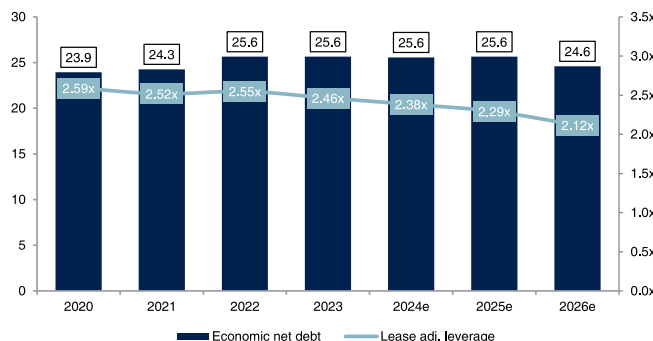
Source: ABG Sundal Collier, company data

Capex (SEKm)



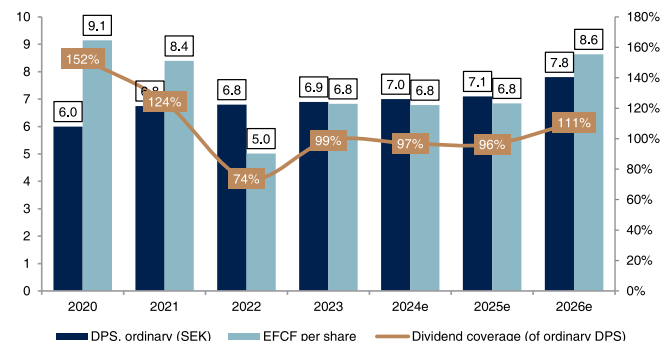
Source: ABG Sundal Collier, company data

Leverage (SEKbn)



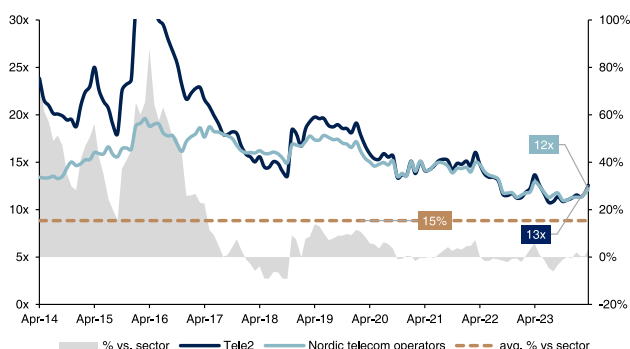
Source: ABG Sundal Collier, company data

Dividend coverage



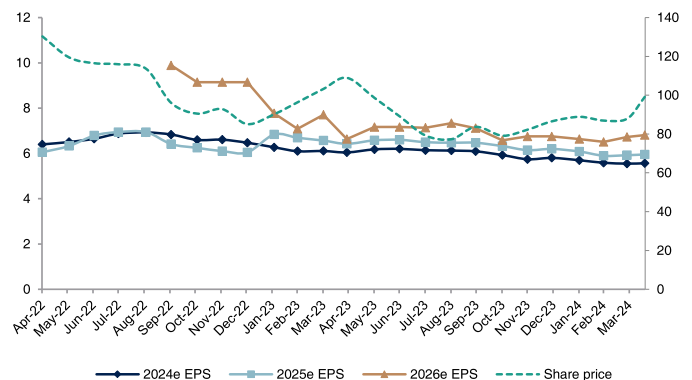
Source: ABG Sundal Collier, company data

Cons NTM EV/(EBITDA-capex)



Source: Factset

Consensus '24e-'26e EPS



Source: Factset

Estimate changes

P&L (SEKm)	Old estimates			New estimates			Estimate changes		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Revenue	29,619	30,380	31,193	29,792	30,605	31,409	1%	1%	1%
<i>of which end-user service revenue</i>	21,758	22,246	22,691	21,967	22,577	23,038	1%	1%	2%
Underlying EBITDA	12,209	12,686	13,133	12,264	12,767	13,251	0%	1%	1%
Leasing payments	-1,551	-1,599	-1,647	-1,536	-1,583	-1,631	-1%	-1%	-1%
Underlying EBITDAaL	10,658	11,087	11,486	10,728	11,183	11,620	1%	1%	1%
EBITDA	12,009	12,486	12,933	11,948	12,662	13,171	-1%	1%	2%
Capex ex. spectrum & leases	-3,995	-4,071	-3,679	-4,041	-4,122	-3,592	1%	1%	-2%
D&A	-6,130	-6,243	-6,360	-6,009	-6,120	-6,234	-2%	-2%	-2%
EBIT	5,879	6,243	6,574	5,939	6,542	6,937	1%	5%	6%
Net financial items	-1,028	-1,030	-1,026	-1,015	-1,022	-1,012	-1%	-1%	-1%
PTP	4,851	5,212	5,548	4,924	5,520	5,925	2%	6%	7%
Tax	-999	-1,074	-1,143	-997	-1,137	-1,221	0%	6%	7%
Net profit from disc. ops.	0	0	0	24	0	0	-	-	-
Total profit	3,852	4,138	4,405	3,950	4,383	4,704	3%	6%	7%
DPS	7.00	7.10	7.50	7.00	7.10	7.80	0%	0%	4%
Growth y-o-y	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Revenue	1.8%	2.6%	2.7%	2.4%	2.7%	2.6%	0.6 pp.	0.2 pp.	0.0 pp.
<i>of which end-user service revenue</i>	3.0%	2.2%	2.0%	4.0%	2.8%	2.0%	1.0 pp.	0.5 pp.	0.0 pp.
<i>organic</i>	3.0%	2.1%	2.0%	3.8%	2.6%	2.0%	0.8 pp.	0.5 pp.	0.0 pp.
Underlying EBITDAaL	2.4%	4.0%	3.6%	3.1%	4.2%	3.9%	0.7 pp.	0.2 pp.	0.3 pp.
<i>organic</i>	2.4%	3.9%	3.6%	2.9%	4.1%	3.9%	0.5 pp.	0.1 pp.	0.3 pp.
Margins/ratios	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Underlying EBITDA	41.2%	41.8%	42.1%	41.2%	41.7%	42.2%	-0.1 pp.	0.0 pp.	0.1 pp.
Underlying EBITDAaL	36.0%	36.5%	36.8%	36.0%	36.5%	37.0%	0.0 pp.	0.0 pp.	0.2 pp.
EBIT	19.8%	20.5%	21.1%	19.9%	21.4%	22.1%	0.1 pp.	0.8 pp.	1.0 pp.
Core capex/sales	13.5%	13.4%	11.8%	13.6%	13.5%	11.4%	0.1 pp.	0.1 pp.	-0.4 pp.
Balance sheet	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Net debt	30,080	30,260	29,462	29,858	29,965	28,903	-1%	-1%	-2%
Economic net debt (lease adj. ND)	25,674	25,744	24,872	25,569	25,643	24,597	0%	0%	-1%
Leverage	2.46x	2.39x	2.24x	2.43x	2.35x	2.18x	-0.03x	-0.04x	-0.06x
Lease adj. leverage	2.41x	2.32x	2.17x	2.38x	2.29x	2.12x	-0.03x	-0.03x	-0.05x
Regional breakdown	Old estimates			New estimates			Estimate changes		
End-user service revenue	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Sweden	16,862	17,115	17,413	17,112	17,455	17,757	1%	2%	2%
Lithuania	2,674	2,811	2,895	2,705	2,854	2,945	1%	2%	2%
Latvia	1,507	1,585	1,634	1,451	1,532	1,586	-4%	-3%	-3%
Estonia	716	735	749	715	736	750	0%	0%	0%
Total end-user service revenue	21,758	22,246	22,691	21,983	22,577	23,038	1%	1%	2%
Underlying EBITDAaL	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Sweden	7,955	8,240	8,514	7,959	8,303	8,657	0%	1%	2%
Lithuania	1,666	1,750	1,816	1,720	1,791	1,823	3%	2%	0%
Latvia	832	895	956	849	891	944	2%	0%	-1%
Estonia	204	202	201	202	198	196	-1%	-2%	-2%
Total underlying EBITDAaL	10,658	11,087	11,486	10,729	11,183	11,620	1%	1%	1%
Cash flow	Old estimates			New estimates			Estimate changes		
Underlying EBITDA	12,209	12,686	13,133	12,264	12,767	13,251	0%	1%	1%
Change in working capital	10	91	64	12	91	64	-	-	-
Interest paid net	-1,028	-1,030	-1,026	-944	-1,022	-1,012	-8%	-1%	-1%
Income taxes paid	-999	-1,074	-1,143	-1,004	-1,137	-1,221	0%	6%	7%
Other items net	-200	-200	-200	-287	-105	-80	nm	nm	nm
OCF	9,991	10,472	10,829	10,041	10,593	11,003	0%	1%	2%
Cash capex	-3,995	-4,423	-3,679	-4,022	-4,474	-3,592	1%	1%	-2%
Repayment of leasing liabilities	-1,337	-1,388	-1,441	-1,329	-1,385	-1,438	-1%	0%	0%
Equity FCF	4,660	4,662	5,708	4,690	4,735	5,972	1%	2%	5%
Equity FCF metrics	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Margin	16%	15%	18%	16%	15%	19%	0.0 pp.	0.1 pp.	0.7 pp.
y-o-y	-1%	0%	22%	-1%	1%	26%	0.7 pp.	0.9 pp.	3.7 pp.
% of adj. EBITDA	38%	37%	43%	38%	37%	45%	0.1 pp.	0.3 pp.	1.6 pp.
% of net income	121%	113%	130%	119%	108%	127%	-2.2 pp.	-4.6 pp.	-2.6 pp.

Source: ABG Sundal Collier, company data

Detailed estimates

P&L and capex	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Revenue	6,744	6,820	7,084	7,454	7,009	7,153	7,253	7,684	7,152	7,322	7,443	7,876	26,789	28,102	29,099	29,792	30,605	31,409
of which end-user service revenue	4,881	4,969	5,110	5,136	5,113	5,254	5,397	5,365	5,340	5,481	5,576	5,570	19,348	20,096	21,129	21,967	22,577	23,038
Underlying EBITDA	2,798	2,790	2,974	2,833	2,853	2,882	3,150	2,999	2,928	2,999	3,247	3,090	10,900	11,395	11,884	12,264	12,767	13,251
Leasing payments	-327	-327	-331	-350	-361	-370	-369	-375	-378	-389	-384	-385	-1,261	-1,335	-1,475	-1,536	-1,583	-1,631
Underlying EBITDAaL	2,471	2,463	2,643	2,483	2,492	2,512	2,781	2,624	2,550	2,610	2,864	2,704	9,639	10,060	10,409	10,728	11,183	11,620
Adjusting items	-46	-88	-85	-75	-68	-76	-44	-80	-186	-50	-40	-40	-383	-294	-268	-316	-105	-80
EBITDA	2,752	2,702	2,889	2,758	2,785	2,806	3,106	2,919	2,742	2,949	3,207	3,050	10,517	11,101	11,616	11,948	12,662	13,171
Core capex	-670	-737	-587	-1,177	-1,063	-888	-860	-1,131	-1,015	-925	-899	-1,202	-3,158	-3,171	-3,942	-4,041	-4,122	-3,592
D&A	-1,520	-1,560	-1,539	-1,557	-1,520	-1,563	-1,552	-1,515	-1,492	-1,499	-1,506	-1,513	-5,952	-6,176	-6,150	-6,009	-6,120	-6,234
EBIT	2,903	1,140	1,350	1,203	1,264	1,243	1,554	1,405	1,250	1,450	1,702	1,537	4,787	6,596	5,466	5,939	6,542	6,937
Net financial items	-230	-119	-159	-181	-213	-157	-259	-260	-252	-242	-267	-254	-479	-689	-889	-1,015	-1,022	-1,012
PTP	2,673	1,021	1,191	1,022	1,051	1,086	1,295	1,145	998	1,208	1,435	1,283	4,308	5,907	4,577	4,924	5,520	5,925
Tax	-201	-175	-191	-127	-201	-198	-234	-214	-188	-249	-296	-264	-347	-694	-847	-997	-1,137	-1,221
Net profit cont. ops.	2,471	847	1,000	895	850	888	1,061	932	809	959	1,139	1,019	3,961	5,213	3,731	3,926	4,383	4,704
Net profit disc. ops.	3	1	-6	363	-1	-1	1	4	24	0	0	0	346	361	3	24	0	0
Total profit	2,474	848	994	1,258	849	887	1,062	936	833	959	1,139	1,019	4,307	5,574	3,734	3,950	4,383	4,704
Growth y-o-y	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Revenue	6%	4%	7%	6%	4%	5%	2%	3%	2%	2%	3%	2%	1%	5%	4%	2%	3%	3%
of which end-user service revenue	3%	3%	4%	5%	5%	6%	6%	4%	4%	4%	3%	4%	-1%	4%	5%	4%	3%	2%
organic	3%	3%	4%	3%	4%	4%	3%	3%	4%	4%	4%	4%	1%	3%	4%	4%	3%	2%
Underlying EBITDAaL	7%	4%	2%	5%	1%	2%	5%	6%	2%	4%	3%	3%	4%	4%	3%	3%	4%	4%
organic	6%	3%	2%	3%	0%	3%	4%	4%	2%	4%	3%	3%	5%	3%	2%	3%	4%	4%
Margins/ratios	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Adj. EBITDA	41.5%	40.9%	42.0%	38.0%	40.7%	40.3%	43.4%	39.0%	40.9%	41.0%	43.6%	39.2%	40.7%	40.5%	40.8%	41.2%	41.7%	42.2%
Adj. EBITDAaL	36.6%	36.1%	37.3%	33.3%	35.6%	35.1%	38.3%	34.1%	35.7%	35.7%	38.5%	34.3%	36.0%	35.8%	35.8%	36.0%	36.5%	37.0%
EBIT	43.0%	16.7%	19.1%	16.1%	18.0%	17.4%	21.4%	18.3%	17.5%	19.8%	22.9%	19.5%	17.9%	23.5%	18.8%	19.9%	21.4%	22.1%
Core capex/sales	9.9%	10.8%	8.3%	15.8%	15.2%	12.4%	11.9%	14.7%	14.2%	12.6%	12.1%	15.3%	11.8%	11.3%	13.5%	13.6%	13.5%	11.4%
Regional breakdown	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
End-user service revenue	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Sweden	3,978	4,039	4,113	4,097	4,036	4,114	4,192	4,191	4,198	4,259	4,333	4,322	16,061	16,227	16,533	17,112	17,455	17,757
Lithuania	496	511	543	562	577	618	658	654	647	678	682	698	1,780	2,112	2,507	2,705	2,854	2,945
Latvia	261	269	299	313	334	348	365	348	342	362	376	371	960	1,142	1,395	1,451	1,532	1,586
Estonia	145	149	157	162	166	175	183	173	168	182	185	179	547	613	697	715	736	750
Total end-user service revenue	4,880	4,968	5,112	5,134	5,113	5,255	5,398	5,366	5,355	5,481	5,576	5,570	19,348	20,094	21,132	21,983	22,577	23,038
Underlying EBITDAaL	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Sweden	1,965	1,938	2,092	1,895	1,886	1,846	2,078	1,958	1,899	1,909	2,138	2,014	7,756	7,890	7,768	7,959	8,303	8,657
Lithuania	305	317	326	358	360	399	429	409	404	434	447	434	1,112	1,306	1,597	1,720	1,791	1,823
Latvia	154	160	172	181	196	213	218	207	199	217	223	209	592	667	834	849	891	944
Estonia	47	48	53	48	50	54	56	50	49	50	55	47	179	196	210	202	198	196
Total underlying EBITDAaL	2,471	2,463	2,643	2,482	2,492	2,512	2,781	2,624	2,551	2,610	2,864	2,704	9,639	10,059	10,409	10,729	11,183	11,620
CAPEX excl. spectrum & leases	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Sweden	-610	-627	-483	-929	-880	-724	-714	-927	-844	-774	-732	-996	-2,773	-2,649	-3,245	-3,346	-3,434	-2,882
Lithuania	-29	-50	-43	-111	-85	-60	-67	-97	-87	-68	-68	-91	-175	-233	-309	-314	-321	-314
Latvia	-11	-26	-36	-81	-44	-56	-53	-66	-45	-47	-62	-79	-105	-154	-219	-233	-228	-247
Estonia	-20	-35	-25	-56	-54	-48	-26	-41	-39	-36	-37	-36	-105	-136	-169	-148	-139	-150
Total capex ex. spectrum & leases	-670	-738	-587	-1,177	-1,063	-888	-860	-1,131	-1,015	-925	-899	-1,202	-3,158	-3,172	-3,942	-4,041	-4,122	-3,592
Cash flow	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023e	2024e	2025e	2026e
Underlying EBITDA	2,798	2,790	2,974	2,833	2,853	2,882	3,150	2,999	2,928	2,999	3,247	3,090	10,900	11,395	11,884	12,264	12,767	13,251
Change in working capital	-224	-323	-200	-634	58	158	185	-302	297	6	-31	-260	762	-1,381	86	12	91	64
Interest paid net	-108	-162	-49	-70	-191	-220	-122	-65	-181	-242	-267	-254	-379	-389	-835	-944	-1,022	-1,012
Income taxes paid	-389	-379	-254	-193	-254	-408	-259	32	-195	-249	-296	-264	-703	-1,215	-986	-1,004	-1,137	-1,221
Other items net	-32	-46	-35	-49	-35	-54	1	-395	-157	-50	-40	-40	-283	-162	-136	-287	-105	-80
OCF	2,045	1,880	2,436	1,887	2,431	2,358	2,955	2,269	2,692	2,464	2,614	2,271	10,297	8,248	10,013	10,041	10,593	11,003
Cash capex	-753	-855	-807	-1,145	-926	-889	-766	-1,473	-996	-925	-899	-1,202	-3,326	-3,560	-4,054	-4,022	-4,474	-3,592
Lease amortisation	-382	-275	-281	-288	-386	-293	-295	-266	-405	-309	-308	-307	-1,185	-1,226	-1,240	-1,329	-1,385	-1,438
Equity FCF	910	750	1,348	454	1,119	1,176	1,894	530	1,291	1,230	1,407	763	5,786	3,462	4,719	4,690	4,735	5,972
Equity FCF metrics	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Margin	13%	11%	19%	6%	16%	16%	26%	7%	18%	17%	19%	10%	22%	12%	16%	16%	15%	19%
y-o-y	11%	-41%	-30%	-74%	23%	57%	41%	17%	15%	5%	-26%	44%	19%	-40%	36%	-1%	1%	26%
% of adj. EBITDA	33%	27%	45%	16%	39%	41%	60%	18%	44%	41%	43%	25%	53%	30%	40%	38%	37%	45%
% of net income	37%	88%	136%	36%	132%	133%	178%	57%	155%	128%	123%	75%	134%	62%	126%	119%	108%	127%
Balance sheet	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24e	Q3'24e	Q4'24e	2021	2022	2023	2024e	2025e	2026e
Net debt	19,474	30,035	28,731	31,108	29,601	30,813	28,758	29,968	28,485	29,641	28,235	29,858	29,681	31,108	29,968	29,858	29,965	28,903
Economic net debt (lease adj. ND)	14,294	24,938	23,740	25,647	24,597	25,855	23,893	25,648	24,446	25,716	24,380	25,569	24,268	25,647	25,648	25,569	25,643	24,597
Leverage	1.76x	2.69x	2.55x	2.73x	2.59x	2.67x	2.45x	2.52x	2.38x	2.45x	2.32x	2.43x	2.72x	2.73x	2.52x	2.43x	2.35x	2.18x
Lease adj. leverage	1.46x	2.52x	2.39x	2.55x	2.44x	2.55x	2.33x	2.46x	2.34x	2.43x	2.29x	2.38x	2.52x	2.55x	2.46x	2.38x	2.29x	2.12x

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	29,792	30,605	31,409
COGS	-18,508	-15,266	-16,427	-15,098	-15,870	-16,887	-17,288	-16,706	-16,916	-17,029
Gross profit	11,539	11,106	10,776	11,456	10,919	11,215	11,811	13,086	13,689	14,380
Other operating items	-4,810	-4,148	-1,178	873	-402	-114	-195	-1,138	-1,027	-1,209
EBITDA	6,729	6,958	9,598	12,329	10,517	11,101	11,616	11,948	12,662	13,171
Depreciation and amortisation	-2,783	-2,471	-4,022	-4,065	-4,392	-4,452	-4,505	-4,509	-4,620	-4,734
of which leasing depreciation	0	0	-1,185	-1,182	-1,197	-1,231	-1,299	-1,360	-1,382	-1,404
EBITA	3,138	4,426	5,478	8,575	6,346	8,320	7,111	7,439	8,042	8,437
EO Items	931	207	-711	1,844	-383	-294	-268	-316	-105	-80
Impairment and PPA amortisation	-76	-314	-1,668	-1,204	-1,560	-1,724	-1,645	-1,500	-1,500	-1,500
EBIT	3,062	4,112	3,810	7,371	4,787	6,596	5,466	5,939	6,542	6,937
Net financial items	-644	-673	-444	-518	-479	-689	-889	-1,015	-1,022	-1,012
Pretax profit	2,418	3,439	3,366	6,853	4,308	5,907	4,577	4,924	5,520	5,925
Tax	-275	-1,845	-936	379	-347	-694	-847	-997	-1,137	-1,221
Net profit	2,143	1,594	2,430	7,232	3,961	5,213	3,730	3,927	4,383	4,704
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	-1,556	59	2,703	175	346	361	3	24	0	0
Net profit to shareholders	587	1,653	5,133	7,407	4,307	5,574	3,733	3,951	4,383	4,704
EPS	1.16	2.40	7.43	10.69	6.21	8.02	5.36	5.68	6.30	6.76
EPS adj.	-0.34	2.47	9.91	9.72	8.79	10.58	7.60	7.76	8.13	8.56
Total extraordinary items after tax	825	96	-513	1,946	-352	-259	-218	-252	-83	-64
Leasing payments	0	0	-1,185	-1,182	-1,197	-1,231	-1,299	-1,360	-1,382	-1,404
<i>Tax rate (%)</i>	<i>11.4</i>	<i>53.6</i>	<i>27.8</i>	<i>-5.5</i>	<i>8.1</i>	<i>11.7</i>	<i>18.5</i>	<i>20.2</i>	<i>20.6</i>	<i>20.6</i>
<i>Gross margin (%)</i>	<i>38.4</i>	<i>42.1</i>	<i>39.6</i>	<i>43.1</i>	<i>40.8</i>	<i>39.9</i>	<i>40.6</i>	<i>43.9</i>	<i>44.7</i>	<i>45.8</i>
<i>EBITDA margin (%)</i>	<i>22.4</i>	<i>26.4</i>	<i>35.3</i>	<i>46.4</i>	<i>39.3</i>	<i>39.5</i>	<i>39.9</i>	<i>40.1</i>	<i>41.4</i>	<i>41.9</i>
<i>EBITA margin (%)</i>	<i>10.4</i>	<i>16.8</i>	<i>20.1</i>	<i>32.3</i>	<i>23.7</i>	<i>29.6</i>	<i>24.4</i>	<i>25.0</i>	<i>26.3</i>	<i>26.9</i>
<i>EBIT margin (%)</i>	<i>10.2</i>	<i>15.6</i>	<i>14.0</i>	<i>27.8</i>	<i>17.9</i>	<i>23.5</i>	<i>18.8</i>	<i>19.9</i>	<i>21.4</i>	<i>22.1</i>
<i>Pre-tax margin (%)</i>	<i>8.0</i>	<i>13.0</i>	<i>12.4</i>	<i>25.8</i>	<i>16.1</i>	<i>21.0</i>	<i>15.7</i>	<i>16.5</i>	<i>18.0</i>	<i>18.9</i>
<i>Net margin (%)</i>	<i>7.1</i>	<i>6.0</i>	<i>8.9</i>	<i>27.2</i>	<i>14.8</i>	<i>18.6</i>	<i>12.8</i>	<i>13.2</i>	<i>14.3</i>	<i>15.0</i>
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>6.2</i>	<i>-12.2</i>	<i>3.2</i>	<i>-2.4</i>	<i>0.9</i>	<i>4.9</i>	<i>3.5</i>	<i>2.4</i>	<i>2.7</i>	<i>2.6</i>
<i>EBITDA growth (%)</i>	<i>26.2</i>	<i>3.4</i>	<i>37.9</i>	<i>28.5</i>	<i>-14.7</i>	<i>5.6</i>	<i>4.6</i>	<i>2.9</i>	<i>6.0</i>	<i>4.0</i>
<i>EBITA growth (%)</i>	<i>-364.6</i>	<i>41.0</i>	<i>23.8</i>	<i>56.5</i>	<i>-26.0</i>	<i>31.1</i>	<i>-14.5</i>	<i>4.6</i>	<i>8.1</i>	<i>4.9</i>
<i>EBIT growth (%)</i>	<i>-351.2</i>	<i>34.3</i>	<i>-7.3</i>	<i>93.5</i>	<i>-35.1</i>	<i>37.8</i>	<i>-17.1</i>	<i>8.7</i>	<i>10.1</i>	<i>6.0</i>
<i>Net profit growth (%)</i>	<i>-199.0</i>	<i>-25.6</i>	<i>52.4</i>	<i>197.6</i>	<i>-45.2</i>	<i>31.6</i>	<i>-28.4</i>	<i>5.3</i>	<i>11.6</i>	<i>7.3</i>
<i>EPS growth (%)</i>	<i>-125.9</i>	<i>106.4</i>	<i>210.0</i>	<i>44.0</i>	<i>-41.9</i>	<i>29.1</i>	<i>-33.1</i>	<i>5.9</i>	<i>10.9</i>	<i>7.3</i>
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>3.3</i>	<i>6.2</i>	<i>14.4</i>	<i>21.9</i>	<i>13.5</i>	<i>20.3</i>	<i>16.1</i>	<i>17.6</i>	<i>20.0</i>	<i>21.8</i>
<i>ROE adj. (%)</i>	<i>-0.9</i>	<i>7.0</i>	<i>20.6</i>	<i>19.7</i>	<i>19.5</i>	<i>27.6</i>	<i>24.1</i>	<i>25.4</i>	<i>27.2</i>	<i>29.0</i>
<i>ROCE (%)</i>	<i>9.1</i>	<i>7.9</i>	<i>5.7</i>	<i>11.1</i>	<i>7.4</i>	<i>10.7</i>	<i>9.9</i>	<i>10.8</i>	<i>11.7</i>	<i>12.5</i>
<i>ROCE adj. (%)</i>	<i>6.2</i>	<i>8.1</i>	<i>9.3</i>	<i>10.1</i>	<i>10.4</i>	<i>14.1</i>	<i>13.3</i>	<i>14.0</i>	<i>14.5</i>	<i>15.3</i>
<i>ROIC (%)</i>	<i>9.8</i>	<i>4.4</i>	<i>6.0</i>	<i>14.0</i>	<i>9.3</i>	<i>12.5</i>	<i>10.7</i>	<i>11.2</i>	<i>12.1</i>	<i>12.9</i>
<i>ROIC adj. (%)</i>	<i>6.9</i>	<i>4.2</i>	<i>6.8</i>	<i>11.0</i>	<i>9.9</i>	<i>12.9</i>	<i>11.1</i>	<i>11.7</i>	<i>12.2</i>	<i>13.0</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
<i>EBITDA adj.</i>	<i>5,798</i>	<i>6,751</i>	<i>10,309</i>	<i>10,485</i>	<i>10,900</i>	<i>11,395</i>	<i>11,884</i>	<i>12,264</i>	<i>12,767</i>	<i>13,251</i>
<i>EBITDA adj. margin (%)</i>	<i>19.3</i>	<i>25.6</i>	<i>37.9</i>	<i>39.5</i>	<i>40.7</i>	<i>40.5</i>	<i>40.8</i>	<i>41.2</i>	<i>41.7</i>	<i>42.2</i>
<i>EBITDA lease adj.</i>	<i>5,798</i>	<i>6,751</i>	<i>9,124</i>	<i>9,303</i>	<i>9,703</i>	<i>10,164</i>	<i>10,585</i>	<i>10,904</i>	<i>11,385</i>	<i>11,847</i>
<i>EBITDA lease adj. margin (%)</i>	<i>19.3</i>	<i>25.6</i>	<i>33.5</i>	<i>35.0</i>	<i>36.2</i>	<i>36.2</i>	<i>36.4</i>	<i>36.6</i>	<i>37.2</i>	<i>37.7</i>
<i>EBITA adj.</i>	<i>2,207</i>	<i>4,219</i>	<i>6,189</i>	<i>6,731</i>	<i>6,729</i>	<i>8,614</i>	<i>7,379</i>	<i>7,755</i>	<i>8,147</i>	<i>8,517</i>
<i>EBITA adj. margin (%)</i>	<i>7.3</i>	<i>16.0</i>	<i>22.8</i>	<i>25.3</i>	<i>25.1</i>	<i>30.7</i>	<i>25.4</i>	<i>26.0</i>	<i>26.6</i>	<i>27.1</i>
<i>EBIT adj.</i>	<i>2,131</i>	<i>3,905</i>	<i>4,990</i>	<i>5,527</i>	<i>5,169</i>	<i>6,890</i>	<i>5,734</i>	<i>6,255</i>	<i>6,647</i>	<i>7,017</i>
<i>EBIT adj. margin (%)</i>	<i>7.1</i>	<i>14.8</i>	<i>18.3</i>	<i>20.8</i>	<i>19.3</i>	<i>24.5</i>	<i>19.7</i>	<i>21.0</i>	<i>21.7</i>	<i>22.3</i>
<i>Pretax profit Adj.</i>	<i>1,563</i>	<i>3,546</i>	<i>5,745</i>	<i>6,213</i>	<i>6,250</i>	<i>7,925</i>	<i>6,490</i>	<i>6,740</i>	<i>7,125</i>	<i>7,505</i>
<i>Net profit Adj.</i>	<i>1,394</i>	<i>1,812</i>	<i>4,611</i>	<i>6,491</i>	<i>5,873</i>	<i>7,197</i>	<i>5,594</i>	<i>5,680</i>	<i>5,967</i>	<i>6,269</i>
<i>Net profit to shareholders adj.</i>	<i>-162</i>	<i>1,871</i>	<i>7,314</i>	<i>6,666</i>	<i>6,219</i>	<i>7,558</i>	<i>5,597</i>	<i>5,704</i>	<i>5,967</i>	<i>6,269</i>
<i>Net adj. margin (%)</i>	<i>4.6</i>	<i>6.9</i>	<i>17.0</i>	<i>24.4</i>	<i>21.9</i>	<i>25.6</i>	<i>19.2</i>	<i>19.1</i>	<i>19.5</i>	<i>20.0</i>

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	11,948	12,662	13,171
Net financial items	-644	-673	-444	-518	-479	-689	-889	-1,015	-1,022	-1,012
Paid tax	-484	-643	-687	-915	-703	-1,215	-986	-1,004	-1,137	-1,221
Non-cash items	-161	571	1,392	-1,787	100	132	132	29	0	0
Cash flow before change in WC	5,439	6,213	9,859	9,109	9,435	9,329	9,873	9,958	10,503	10,938
Change in working capital	293	-1,053	-142	-292	862	-1,081	140	83	91	64

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	5,732	5,160	9,717	8,817	10,297	8,248	10,013	10,041	10,593	11,003
Capex tangible fixed assets	-2,229	-2,383	-2,525	-1,928	-2,329	-2,648	-2,765	-2,816	-3,132	-2,514
Capex intangible fixed assets	-984	-1,021	-1,082	-822	-997	-912	-1,289	-1,206	-1,342	-1,078
Acquisitions and Disposals	661	-6,405	4,310	2,097	302	8,976	55	-1	0	0
Free cash flow	3,180	-4,648	10,420	8,164	7,273	13,664	6,014	6,018	6,120	7,410
Dividend paid	-2,629	-2,013	-7,153	-6,198	-6,206	-2,315	-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	-1,329	-1,385	-1,438
Other non-cash items	-568	-14,193	-5,329	458	-93	-11,071	1,680	-564	-33	16
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	5,517	30,158	29,744	29,651	29,695	29,905	29,898	29,997	29,997	29,997
Other intangible assets	4,106	19,604	18,397	17,269	15,806	13,835	12,683	11,761	11,203	10,167
Tangible fixed assets	8,577	9,192	7,900	7,540	7,825	8,220	8,986	9,389	9,683	9,481
Right-of-use asset	0	0	5,713	5,349	5,408	5,422	4,216	4,164	4,200	4,217
Total other fixed assets	2,496	1,769	8,444	8,494	1,433	1,679	1,963	1,950	1,950	1,950
Fixed assets	20,696	60,723	70,197	68,303	60,167	59,061	57,746	57,261	57,032	55,812
Inventories	687	670	710	824	769	1,254	824	1,256	1,165	1,101
Receivables	6,901	6,824	5,715	5,174	4,978	6,015	5,771	5,819	5,819	5,819
Other current assets	10,054	14,022	2,714	140	7,458	210	84	85	85	85
Cash and liquid assets	802	404	448	970	880	1,116	1,634	3,007	2,900	3,962
Total assets	39,140	82,644	79,784	75,411	74,251	67,656	66,059	67,429	67,002	66,780
Shareholders equity	17,013	36,334	34,805	32,751	31,142	23,683	22,780	22,175	21,716	21,510
Minority	-99	28	0	0	0	0	0	0	0	0
Total equity	16,914	36,362	34,805	32,751	31,142	23,683	22,780	22,175	21,716	21,510
Long-term debt	11,513	23,238	27,752	27,234	24,042	25,559	23,377	25,665	25,665	25,665
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	5,461	4,320	4,289	4,322	4,305
Total other long-term liabilities	1,200	4,204	4,360	4,311	4,120	3,807	3,938	3,923	3,923	3,923
Short-term debt	796	6,763	5,066	4,881	2,991	3,124	5,170	4,913	4,913	4,913
Accounts payable	3,417	4,044	3,189	2,840	3,040	2,966	3,194	3,201	3,201	3,201
Other current liabilities	5,300	8,032	4,611	3,394	3,502	3,057	3,280	3,263	3,263	3,263
Total liabilities and equity	39,140	82,644	79,784	75,411	74,251	67,656	66,059	67,429	67,002	66,780
Net IB debt	10,733	28,583	31,614	30,408	30,810	32,071	30,189	30,851	30,990	29,912
Net IB debt excl. pension debt	10,733	28,583	31,614	30,408	30,810	32,071	30,189	30,851	30,990	29,912
Net IB debt excl. leasing	10,733	28,583	31,614	30,408	25,396	26,610	25,869	26,562	26,668	25,607
Capital employed	29,223	66,364	67,623	64,867	63,590	57,827	55,647	57,042	56,616	56,393
Capital invested	27,647	64,945	66,419	63,160	61,952	55,754	52,969	53,026	52,707	51,422
Working capital	8,925	9,441	1,339	-95	6,664	1,457	205	697	606	542
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	50,087	68,321	68,428	68,568	68,652	68,812	68,928	68,919	68,919	68,919
Net IB debt adj.	10,474	28,881	30,816	29,269	29,681	31,108	29,968	29,858	29,965	28,903
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	-	-	-	-	-	-	-	-	-	-
EV	60,462	97,217	92,260	90,819	98,327	99,914	98,890	98,771	98,878	97,816
Total assets turnover (%)	75.5	43.3	33.5	34.2	35.8	39.6	43.5	44.6	45.5	47.0
Working capital/sales (%)	15.7	34.8	19.8	2.3	12.3	14.4	2.9	1.5	2.1	1.8
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	63.5	78.6	90.8	92.8	98.9	135.4	132.5	139.1	142.7	139.1
Net debt / market cap (%)	21.6	42.0	46.4	44.6	45.1	46.9	44.1	45.1	45.3	43.7
Equity ratio (%)	43.2	44.0	43.6	43.4	41.9	35.0	34.5	32.9	32.4	32.2
Net IB debt adj. / equity (%)	61.9	79.4	88.5	89.4	95.3	131.4	131.6	134.6	138.0	134.4
Current ratio	1.94	1.16	0.75	0.64	1.48	0.94	0.71	0.89	0.88	0.96
EBITDA/net interest	22.0	21.2	21.1	26.3	24.0	19.2	12.0	11.6	12.4	13.0
Net IB debt/EBITDA (x)	1.6	4.1	3.3	2.5	2.9	2.9	2.6	2.6	2.4	2.3
Net IB debt/EBITDA lease adj. (x)	1.7	4.1	2.7	2.6	2.5	2.5	2.4	2.3	2.3	2.1
Interest coverage	10.3	12.8	11.4	17.5	13.9	13.7	6.8	6.6	7.2	7.7

Source: ABG Sundal Collier, Company Data

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

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	3.36	6.81	6.90	7.00	7.10	7.80
Reported earnings per share	1.17	3.19	7.47	13.89	6.25	8.07	5.40	5.71	6.34	6.80

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	5.68	6.30	6.76
Dividend per share	4.00	10.40	9.00	9.00	19.75	6.80	6.90	7.00	7.10	7.80
EPS adj.	-0.34	2.47	9.91	9.72	8.79	10.58	7.60	7.76	8.13	8.56
BVPS	33.63	52.65	50.35	47.29	44.91	34.07	32.72	31.85	31.19	30.90
BVPS adj.	14.61	-19.46	-19.29	-20.46	-20.71	-28.86	-28.44	-28.13	-27.99	-26.80
Net IB debt/share	20.70	41.85	44.58	42.26	42.80	44.75	43.04	42.89	43.04	41.52
Share price	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
Market cap. (m)	49,773	68,013	68,105	68,174	68,301	68,410	68,472	68,472	68,472	68,472
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	85.3	41.3	13.3	9.3	15.9	12.3	18.5	17.4	15.7	14.6
EV/sales (x)	2.01	3.69	3.39	3.42	3.67	3.56	3.40	3.32	3.23	3.11
EV/EBITDA (x)	9.0	14.0	9.6	7.4	9.3	9.0	8.5	8.3	7.8	7.4
EV/EBITA (x)	19.3	22.0	16.8	10.6	15.5	12.0	13.9	13.3	12.3	11.6
EV/EBIT (x)	19.7	23.6	24.2	12.3	20.5	15.1	18.1	16.6	15.1	14.1
Dividend yield (%)	4.0	10.5	9.1	9.1	3.4	6.9	7.0	7.1	7.2	7.9
FCF yield (%)	6.4	-9.2	15.2	15.3	10.6	19.9	8.7	8.7	8.9	10.8
Le. adj. FCF yld. (%)	6.4	-9.2	13.6	13.2	8.9	18.1	6.9	6.8	6.9	8.7
P/BVPS (x)	2.94	1.88	1.97	2.09	2.20	2.91	3.03	3.11	3.17	3.20
P/BVPS adj. (x)	6.74	-5.06	-5.11	-4.81	-4.76	-3.41	-3.46	-3.50	-3.51	-3.67
P/E adj. (x)	-293.7	40.1	10.0	10.2	11.3	9.4	13.0	12.8	12.2	11.6
EV/EBITDA adj. (x)	10.4	14.4	8.9	8.7	9.0	8.8	8.3	8.1	7.7	7.4
EV/EBITA adj. (x)	27.4	23.0	14.9	13.5	14.6	11.6	13.4	12.7	12.1	11.5
EV/EBIT adj. (x)	28.4	24.9	18.5	16.4	19.0	14.5	17.2	15.8	14.9	13.9
EV/CE (x)	2.1	1.5	1.4	1.4	1.5	1.7	1.8	1.7	1.7	1.7
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	10.7	12.9	13.3	10.4	12.4	12.7	13.9	13.5	14.6	11.4
Capex/depreciation	1.2	1.4	1.3	1.0	1.0	1.1	1.3	1.3	1.4	1.1
Capex tangibles / tangible fixed assets	26.0	25.9	32.0	25.6	29.8	32.2	30.8	30.0	32.3	26.5
Capex intangibles / definite intangibles	24.0	5.2	5.9	4.8	6.3	6.6	10.2	10.3	12.0	10.6
Depreciation on intang / def. intang	9	4	5	6	8	9	10	11	12	13
Depreciation on tangibles / tangibles	27.98	18.03	23.95	24.23	25.19	23.94	21.41	20.12	20.06	21.07

Source: ABG Sundal Collier, Company Data

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Stock price, company ratings and target price history

Company: Tele2

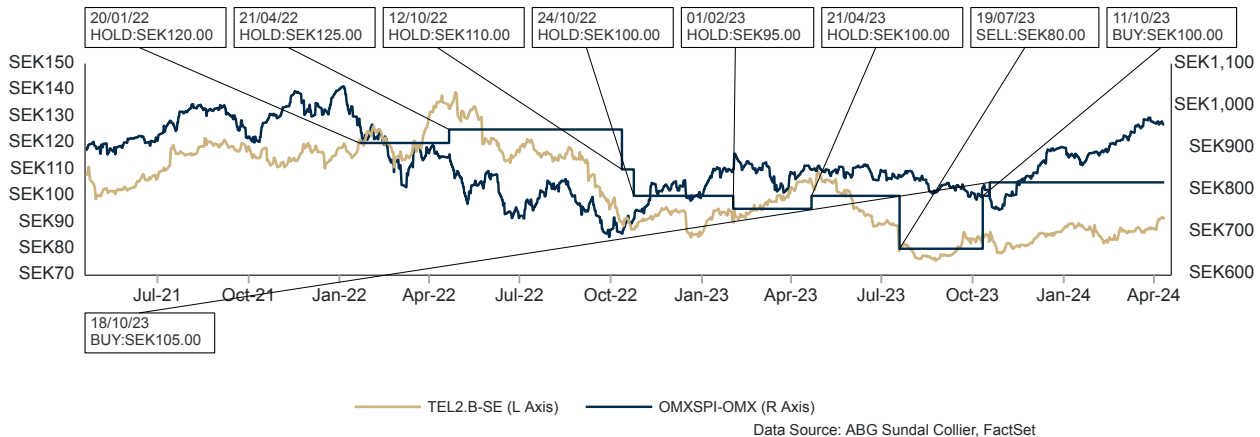
Currency: SEK

Current Recommendation: BUY

Date: 10/4/2024

Current Target price: 110.0

Current Share price: 99.00



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