

# PRESENTATION OF SECOND QUARTER 2016

22 JULY 2016

# Q2 2016 HIGHLIGHTS: SOLID OPERATIONAL PERFORMANCE

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## OPERATING COMPANIES PERFORMANCE

- E-Commerce: Sustained growth above peers and significantly improved profitability
- Communication: Mobile data adoption drives growth, improved cash flow generation in Millicom
- Entertainment: Digital sales supports growth as video consumption moves online
- Financial services: Strong performance for Betterment in an uncertain economic climate

## INVESTMENT MANAGEMENT ACTIVITIES

- Total investments of SEK 534m in the second quarter, all into existing companies
- EUR 50m second tranche of pre-funding to Global Fashion Group during the second quarter. Total funding round, signed on 7 July, upsized to EUR 330m due to strong shareholder interest with Kinnevik's final participation amounting to EUR 161m
- Divestment of 3.8% stake in Lazada to Alibaba for USD 57m completed in April
- Announcement by Tele2 of a rights issue of approximately SEK 3bn to finance the acquisition of TDC Sweden with expected completion in Q4 2016. Kinnevik has committed to subscribe pro rata corresponding to approximately SEK 900m

## KINNEVIK FINANCIAL POSITION

- Net Asset Value of SEK 64.6bn (SEK 235 per share), down 1.7% or SEK 1.1bn pro forma for dividends paid, driven by:
  - 1% or SEK 0.8bn decrease in value of the listed investee companies, after dividends received
  - 2% or SEK 0.3bn decrease in value of the unlisted investee companies
- Net cash position of SEK 0.4bn at the end of the quarter
- SEK 7.1bn returned to shareholders in Q2 (ordinary dividend of SEK 7.75 per share and redemption program of SEK 18.00 per share)
- New 5 year credit facility, amounting to SEK 3bn, agreed in July

SECTION A

OPERATING COMPANIES PERFORMANCE

# STRONG MOMENTUM IN OUR PUBLIC COMPANIES



- Revenues of EUR 909-924m in the second quarter, corresponding to 24-26% growth according to preliminary figures
- Expected adjusted EBIT margin of 7.5-9.5%
- Reiterates full-year guidance of revenue growth at the upper end of the 20-25% growth corridor and increases full-year adjusted EBIT margin guidance to 4.0-5.5%



- Revenues of USD 1,572m, organic service revenue growth of 2%
- Adjusted EBITDA margin of 36%, up 1.4 percentage points
- Mobile data revenue up 26% and cable revenue up 8%, with footprint target increased from 10 to 12 million homes by 2018
- Partnership with Netflix in Latin America announced during the quarter, further strengthening Millicom's customer proposition



- Net sales of SEK 6,668m in the quarter with EBITDA margin of 16%
- Mobile end-user service revenue grew 2% like for like
- EBITDA declined as a result of the mobile investment in the Netherlands and lower EBITDA in Sweden, driven by increased sales and marketing spend
- Announced the acquisition of TDC Sweden which will strengthen Tele2's position in the Swedish B2B segment



- Larger portfolio companies delivered continued strong GVM growth of 36% and revenue growth of 34% in Q1 2016
- Adjusted EBITDA improved on average by 23% y/y, adjusted EBITDA margin improvement of 16 percentage points
- Africa Internet Group (AIG) raised more than 400 MEUR over the first six months of 2016 in multiple rounds from investors including Orange, CDC, MTN and AXA to accelerate the growth of the company and seize development opportunities

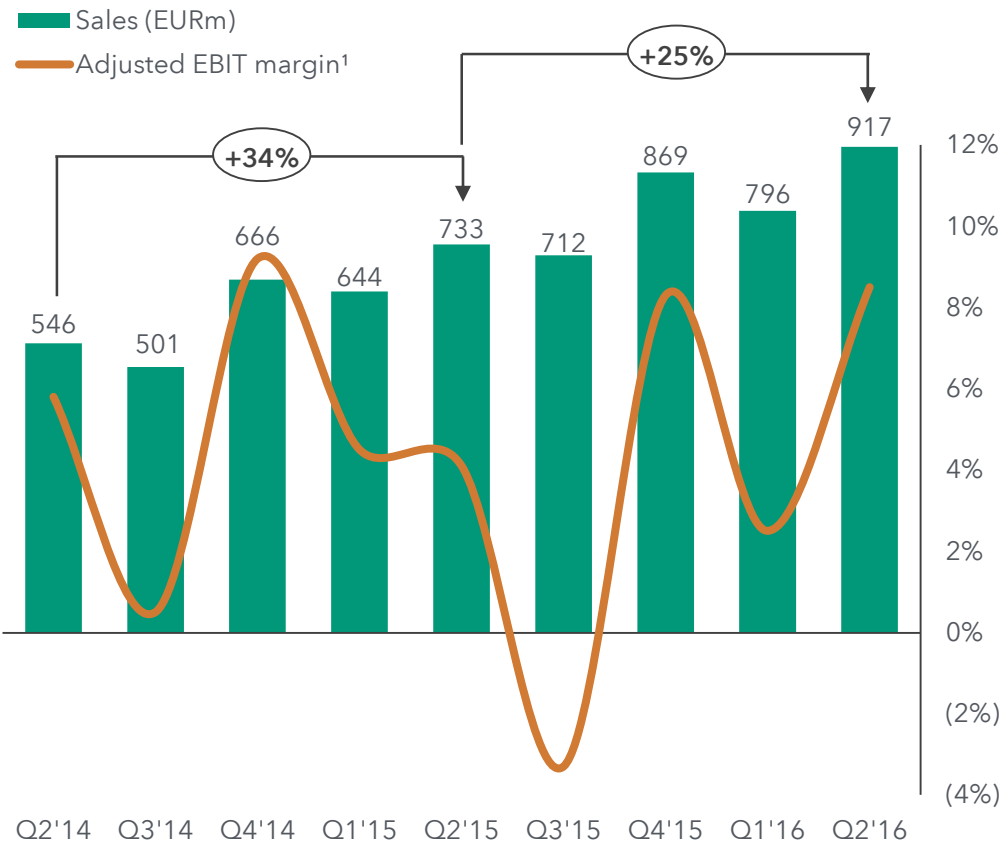


- Net sales of SEK 4,328m in the quarter, corresponding to a 4% growth at constant FX
- EBIT margin before non-recurring items of 11%
- Nordic and International entertainment both delivered organic sales growth, with Bulgaria leading the way with +20% growth
- More original products commissioned for Viaplay; Viafree, the Rio Olympics and the world's first dedicated eSports TV channel



- Net sales for continuing operations amounted to SEK 1,019 in the quarter, gross margin of 18%
- Continued focus on profitability, Nelly improved its EBITDA by more than SEK 10m and Gymgrossisten increased its EBITDA-margin to around 7%
- Sale of Tretti to WhiteAway for SEK 250m announced in June, freeing up capital for investments and enabling new partnerships

## FINANCIAL PERFORMANCE



## STRATEGY EXECUTION

### Higher customer satisfaction

- Broader product assortment, more brands
- Improved mobile platform
- Increased convenience

### Deeper and more developed brand relations

- Joint campaigns
- Increased number of brand stores
- Strong partnerships, e.g. Adidas

### Scaled logistics footprint

- Stronger footprint with further logistic build-outs

### Scaled technology team

- Build-up and expansion of tech team
- Opened two international tech hubs
- M&A supporting the platform

<sup>1</sup> EBIT adjusted for share based compensation  
Source: Company information. Q2 guidance updated 2016-07-19, figures represent mid-point of preliminary range

# BUILDING STRATEGIC PARTNERSHIPS

## ZALANDO PARTNERS WITH ADIDAS FOR SAME DAY DELIVERY



- Pilot offering same-day, free deliveries from Adidas' store in Berlin
- Accessing brands' own inventory improves delivery speed and availability, and lowers working capital needs
- Sharing inventory allows better efficiency and flexibility to changing customer demand patterns

## MILlicom PARTNERS WITH NETFLIX IN LATIN AMERICA



- Prepaid Netflix subscriptions and app preloads on Android smartphones for select Tigo customers
- Partnership is in line with Millicom's mission to support its customers' digital lifestyles, entertainment being a key element
- Netflix benefits from marketing exposure and potential revenue sharing post free access period

## TELE2 PARTNERS WITH SISTEER AND IBM ON IOT INITIATIVES



- Partnership with Sisteer, France's leading alternative connectivity reseller, to strengthen presence in the strategically important French IoT market
  - Has generated three-year contact with fleet mgmt service provider 1-Fleet Alliance
- Partnership with IBM to fast-track implementation of new IoT projects and business models across Europe

## MTG SIGNS TV DISTRIBUTION AGREEMENT WITH TELENOR



- Agreement for distribution of MTG's TV channels on Telenor's networks across the Nordic region
- Awards broader content for MTG's subscribers and higher reach for advertisers
- Viasat and Viaplay become available for Telenor customers

# CREATING VALUE THROUGH CONSOLIDATION

## TELE2 TO ACQUIRE TDC SWEDEN



- Tele2 announced on 21 June it will acquire TDC Sweden at an Enterprise Value of SEK 2.9 billion. The transaction is expected to close in Q4 2016
- The transaction strengthens Tele2's position in the strategically important B2B segment in Sweden, allowing it to offer a more comprehensive product portfolio. Tele2's share of the Swedish B2B market expected to increase from 12% to 17%<sup>1</sup>
- Estimated annual synergies of SEK 300 million, additional one-off capex synergies of SEK 200 million and one-off integration costs of SEK 750m
- The transaction is financed through an equity issue with preferential rights to existing shareholders, totaling approximately SEK 3 billion
  - Kinnevik has committed to subscribe for its pro rata share

## QLIRO DIVESTS TRETTI



- Qliro Group announced on 15 June it will sell Tretti to WhiteAway for SEK 250 million, corresponding to an enterprise value of SEK 180 million. The transaction is expected to close in Q3 2016
- WhiteAway Group including Tretti will, through long-standing contracts, become the largest external partner for Qliro Financial Services and CDON Marketplace
- Since being acquired by Qliro Group in 2011, Tretti has established a leading position on the online white goods market in Sweden and grown net sales by ~70%
- The transaction is in line with Qliro Group's strategy as it simplifies Group structure, frees up capital and enables new significant partnership agreements

<sup>1</sup> SEB Equity Research 22 June 2016

# CONTINUED GROWTH AND IMPROVED OPERATIONAL METRICS IN OUR PRIVATE COMPANIES



- 18.7m customers (77% growth y/y)
- GMV of EUR 387m in Q1 2016 (35% growth y/y) and net revenues of EUR 230m (26% growth y/y)
- Adjusted EBITDA<sup>1</sup> of EUR -54m, corresponding to a -23% margin (-41% margin in Q1 2015)
- EBITDA margin improvement driven by higher automation of warehouses, investments in logistics infrastructure and higher marketing efficiency



- 7.9m responses<sup>2</sup> in June 2016 (82% growth y/y on a per-listing basis)
- Continued focus on monetisation across core verticals, resulting in a further increase in revenue growth q/q and y/y
- User experience enhancements, including expansion of payment and delivery options across verticals, resulting in all-time high engagement metrics



- 172,000 customers (100% growth y/y)
- Assets under management USD 4.9bn (110% growth y/y)
- 401(k) business line now has 175+ plan sponsors and the Registered Investment Advisor (RIA) business line has 250+ firms on the platform



- 11.8m active users (13% growth y/y<sup>3</sup>) in 15 countries
- 24 million registered subscribers since inception
- Continue to build on its partnership model with MNOs and a first partnership with Airtel was launched in Uganda



- 1.9m customers (41% growth y/y)
- GMV of EUR 66.5m in Q1 2016 (10% growth y/y) and net revenues of EUR 56.6m (9% growth y/y)
- Adjusted EBITDA<sup>1</sup> of EUR -6.2m, corresponding to a -11% margin (-36% in Q1 2015)
- EBITDA margin improvement driven by reduced marketing spend and further strengthened customer loyalty



- Nearly 250,000 registered users. Thousands of interactions per day, awarding babylon sector leading user ratings
- Successful launch of AI clinical triage in Q2 to add to Consultations, Monitoring, Test and Referral services
- Broadening partnerships with Governments in UK and Rwanda, 100+ UK corporates now offer babylon as an employee benefit

<sup>1</sup> Excluding share based compensation

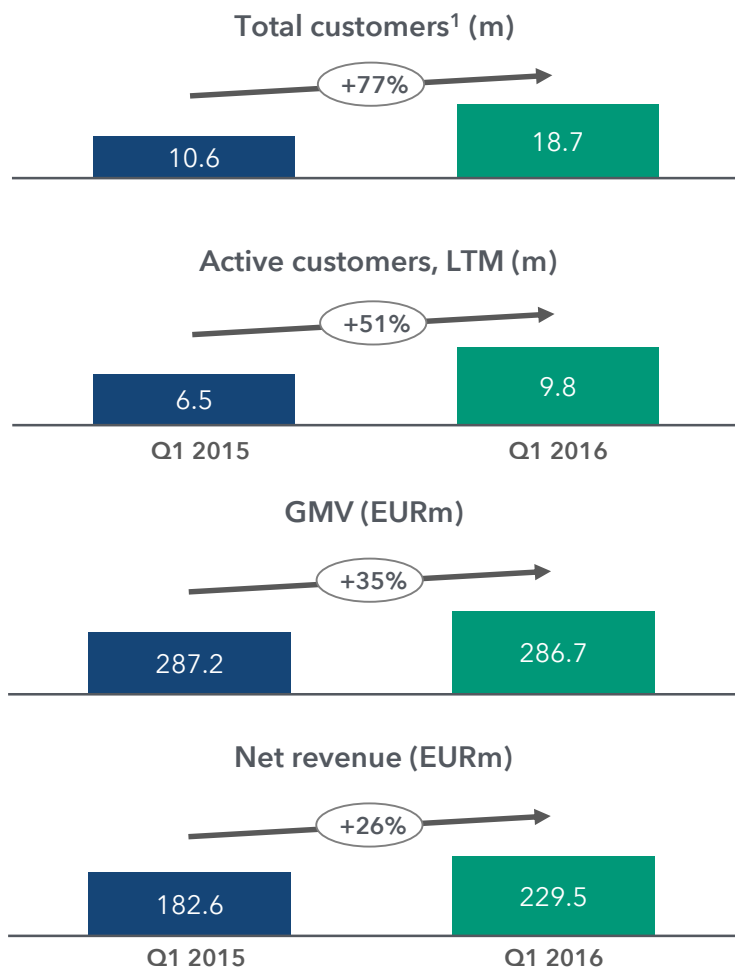
<sup>2</sup> Excluding responses made directly through manually dialed phone calls

<sup>3</sup> Excluding discontinued products

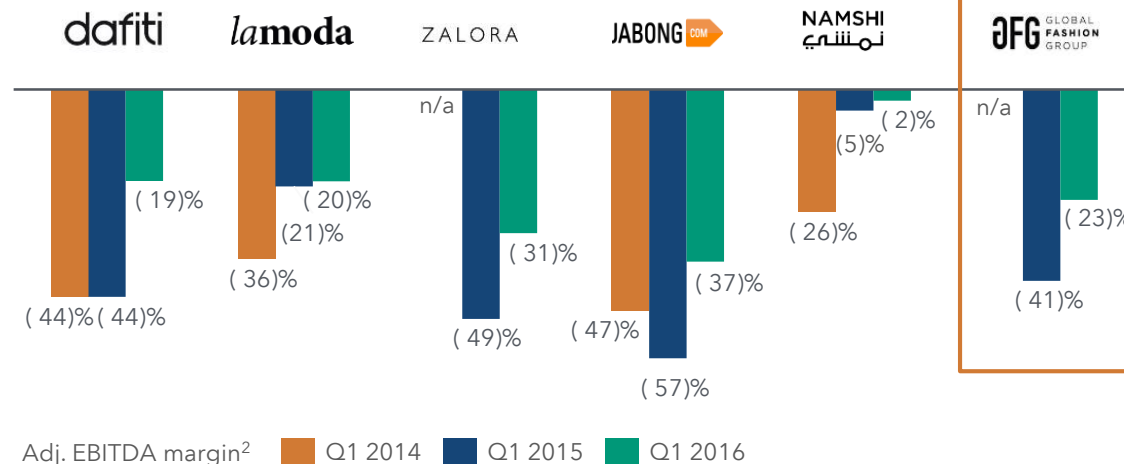


# GLOBAL FASHION GROUP CONTINUES TO DELIVER GROWTH AND IMPROVED PROFITABILITY

## STRONG PERFORMANCE ACROSS KPIS



## IMPROVED PROFITABILITY



## OPERATIONAL UPDATE

### Partnerships

- GFG is making further brand acquisitions by leveraging its global scale
- More than 5 000 partners on the marketplace platform

### Marketplaces

- Marketplace launched in key South American markets in the quarter
- Marketplace growing rapidly, reducing overall inventory risk and strengthening profitability

### Operations

- Further automation of warehouses, investments in logistics infrastructure, improved gross margins and higher marketing efficiency driving better profitability

<sup>1</sup> Number of customers that have made at least one order at any time before end of period

<sup>2</sup> Excluding share based compensation

Source: GFG

# QUIKR IS BUILDING A LEADING POSITION IN BROAD-BASED INDIAN CLASSIFIEDS

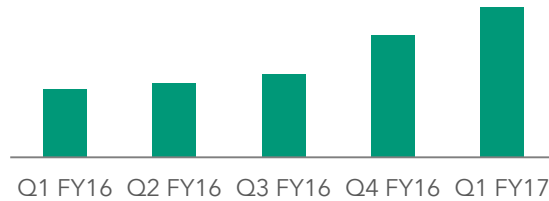


## CLEAR STRATEGY AND EXECUTION...

- Creating deep, customised experiences in each of five large categories
- Focused on end-transactions and creating facilitation tools (delivery, payments, inspections etc.)
- Strong product innovation culture with localisation at core
- Increasing focus on monetisation, led by SME clients, resulting in 3x y/y increase

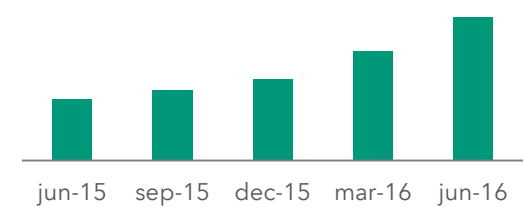
## ... DRIVING ENGAGEMENT...

Responses per listing

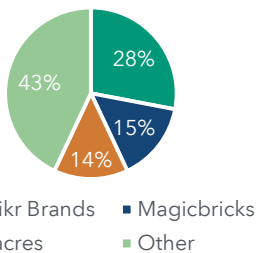


## ... RESULTING IN GROWING MONETISATION

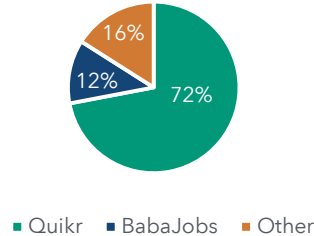
Trailing 12-month cash inflow



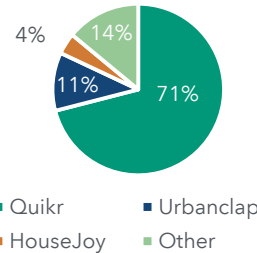
### HOMES



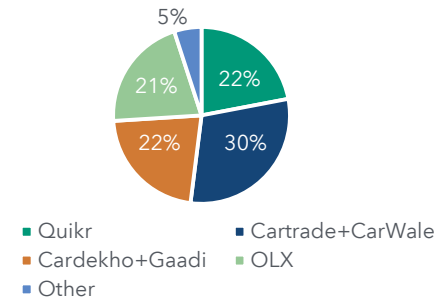
### BLUE COLLAR JOBS



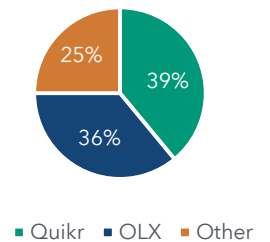
### SERVICES



### CARS



### GOODS



### Market Share<sup>1</sup>

### Active Listings<sup>2</sup>

**Quikr Brands: 0.7m**  
 • Magicbricks: 0.7m  
 • 99acres: 0.6m

**Quikr: 0.8m**  
 • BabaJobs: 0.1m

**Quikr: 0.3m**  
 • Competitors in selective mkt, don't have listings format

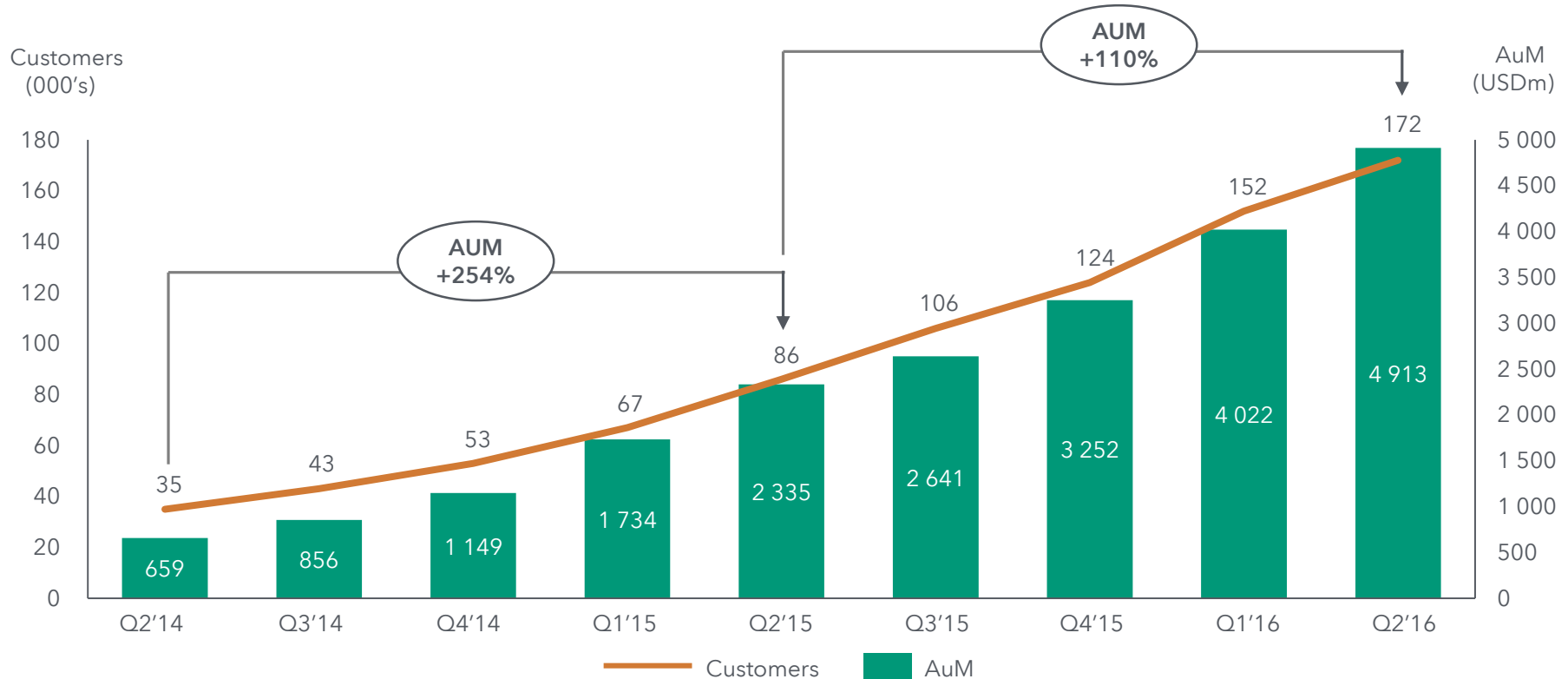
**Quikr: 0.09m**  
 • Cartrade+CarWale: 0.10m  
 • OLX: 0.08m  
 • Cardekho+Gaadi: 0.06m

**Quikr: 0.7m**  
 • OLX: 0.7m

<sup>1</sup> Market shares based on average of monthly Visits per Similarweb and Comscore in last fully reported quarter (Q1CY16)

<sup>2</sup> Active Listings as of Apr-16. The data for Homes, Cars and Goods are for metro cities.

# BETTERMENT CONTINUES TO EFFICIENTLY SCALE ITS CUSTOMER BASE



- With 20,000 customers added in Q2 2016, Betterment now serves around 172,000 customers across the U.S., an increase of 13% q/q
- Nearly USD 1bn of assets added in Q2, a growth of 22% q/q. In July, total assets under management exceeded USD 5bn
- Betterment for Business, the new 401(k) business line, continues to expand and now serves more than 175 plan sponsors
- Betterment Institutional, the RIA (Registered Investment Advisor) business line, is growing faster than expected and now serves over 250 RIAs and their clients

SECTION B

INVESTMENT MANAGEMENT ACTIVITIES

# INVESTMENTS FOCUSED ON EXISTING PORTFOLIO COMPANIES

## INVESTMENTS



- EUR 330m funding round with Kinnevik investing EUR 161m out of a total commitment of up to EUR 200m
- Post funding round including outstanding convertibles, Kinnevik will hold a 35% leadership stake in GFG
- EUR 100m pre-funding provided, whereof EUR 50m in Q2



- EUR 24m funding round to finance Westwing's ongoing operations, with EUR 6m participation by Kinnevik
- Investment made into convertible equity instruments which will convert upon the occurrence of certain pre-defined events



- SEK 3 billion rights issue to finance acquisition of TDC Sweden
- Kinnevik committed to subscribe for its pro rata share, corresponding to SEK 0.9bn
- Transaction expected to be completed in Q4

## DIVESTMENTS



- Kinnevik divested a 3.8% stake in Lazada for a gross consideration of USD 57m to Alibaba
- The transaction is structured in a two-step process which allows Kinnevik to maintain exposure to additional value creation

<sup>1</sup> Investments committed in Q2 but to be paid in H2 2016

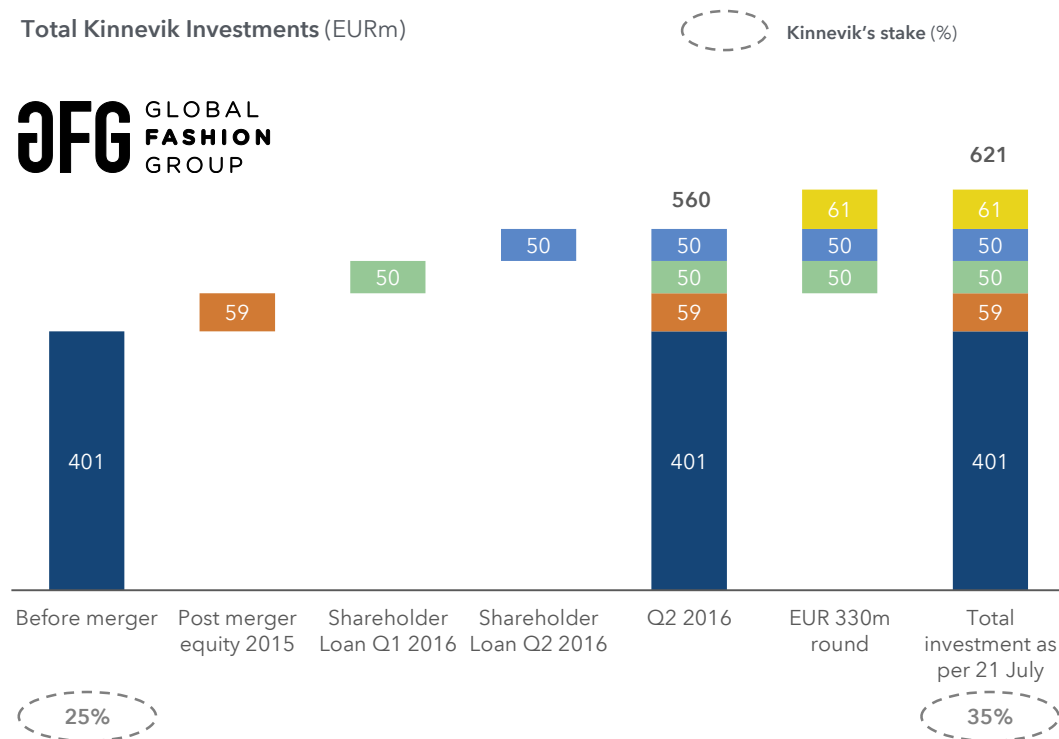
# KINNEVIK INVESTING A TOTAL OF EUR 161M OF EUR 330M ROUND IN GFG, INCREASING STAKE TO 35%

## GFG FUNDING ROUND SIGNED

- In April, Kinnevik underwrote EUR 200m of a minimum EUR 300m capital increase at a pre money valuation of EUR 700m (c.30% discount to reported NAV valuation in Q1)
- Due to high demand the total amount was increased to EUR 330m with Kinnevik getting scaled back to EUR 161m
- Kinnevik together with a number of other investors pre-funded with convertible shareholder loans during the first and second quarter of 2016 where Kinnevik participated with a total of EUR 100m whereof EUR 50m in the second quarter
- The EUR 59m Kinnevik invested in 2015, as part of a EUR 150m financing round, has been converted at the EUR 700m pre-money valuation applied in the 2016 capital increase
- Kinnevik's ownership is increased from 25% to 35% since the merger
- The financing will provide GFG the necessary capital to continue to execute its strategy of building its leading position in emerging markets online fashion
- Closing expected during the third quarter

## STRENGTHENED POSITION AS LEAD SHAREHOLDER

Total Kinnevik Investments (EURm)

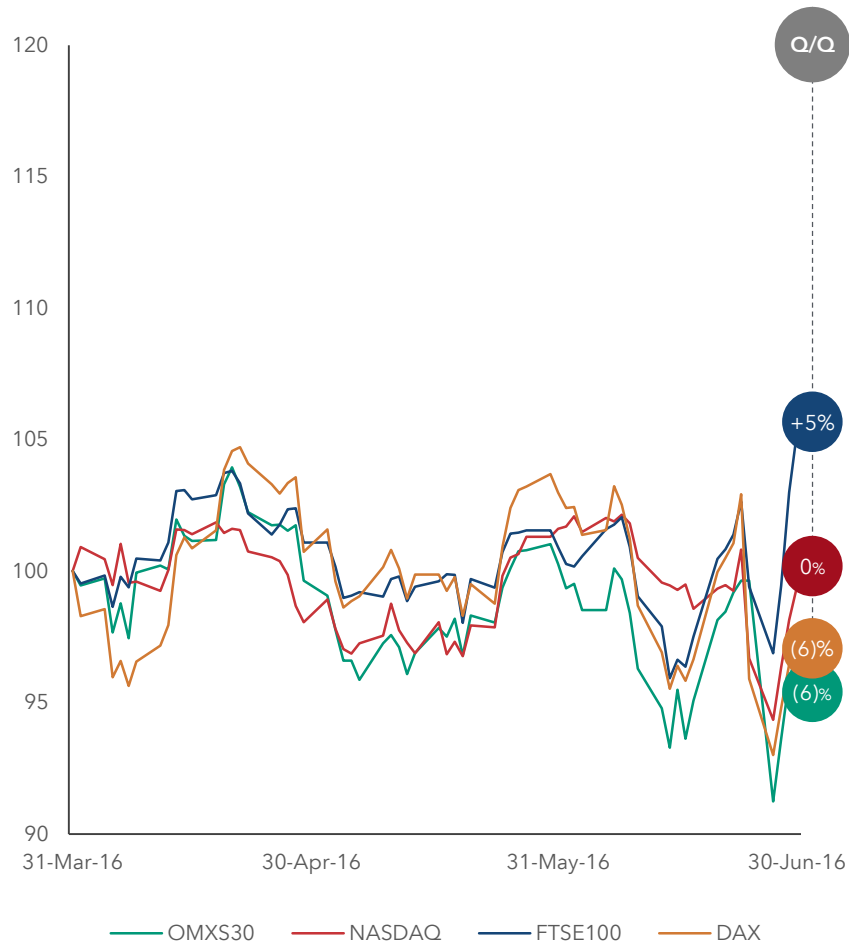


SECTION C

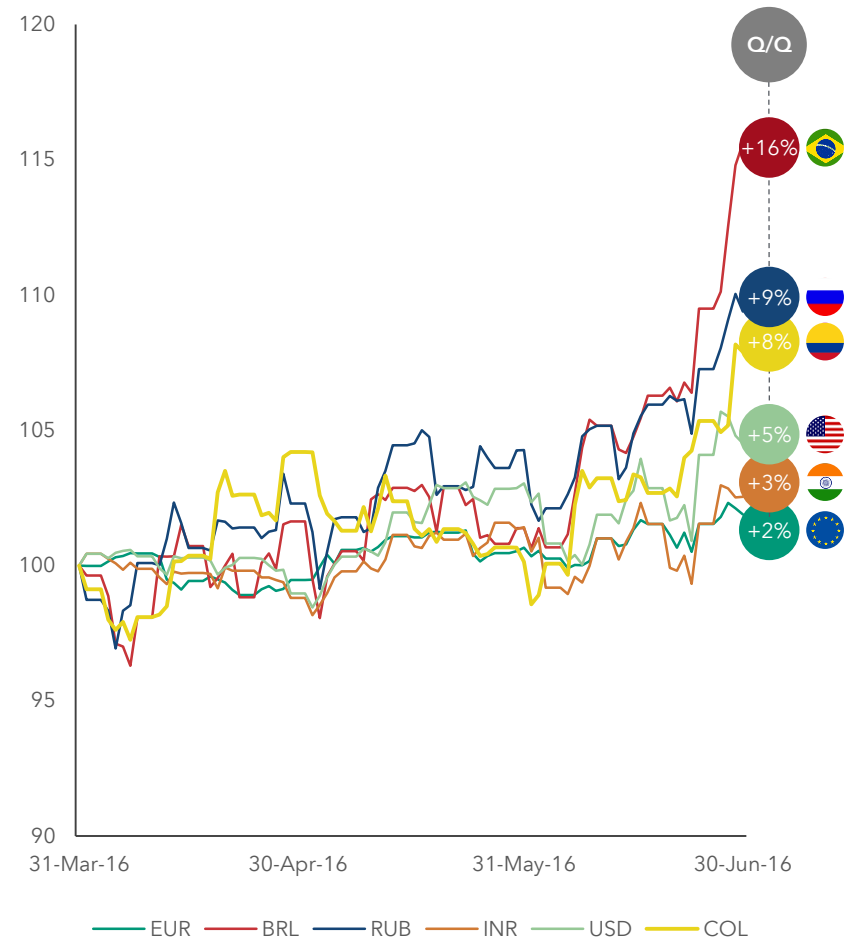
Q2 CAPITAL MARKETS ENVIRONMENT

# VOLATILE EQUITY MARKETS AND WEAKENING KRONA DURING THE SECOND QUARTER OF 2016

## DEVELOPMENT OF KEY EQUITY INDEXES



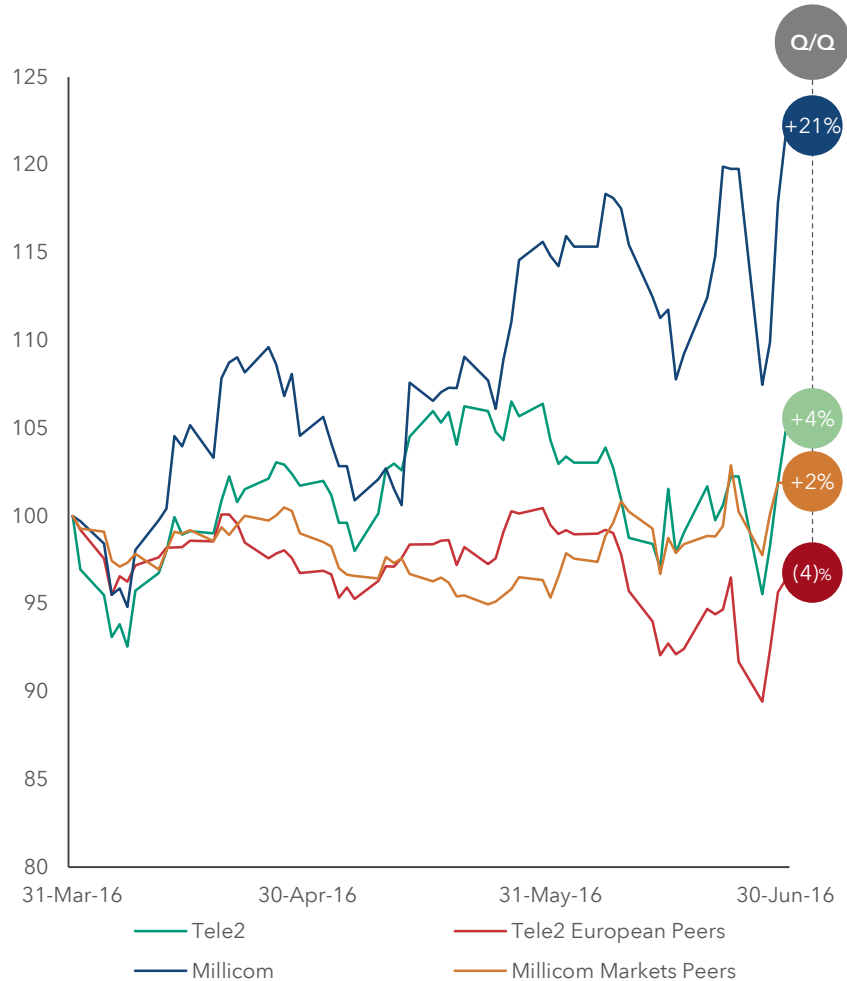
## DEVELOPMENT OF KEY CURRENCIES (VS SEK)





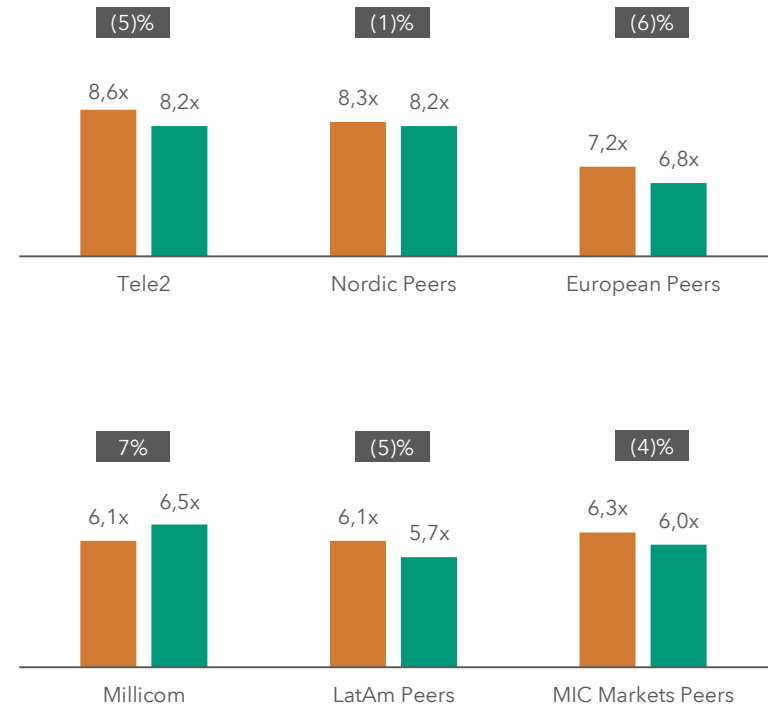
# OUR COMMUNICATIONS COMPANIES OUTPERFORMED PEERS

## MILlicom AND TELE2 OUTPERFORMED PEERS IN Q2...



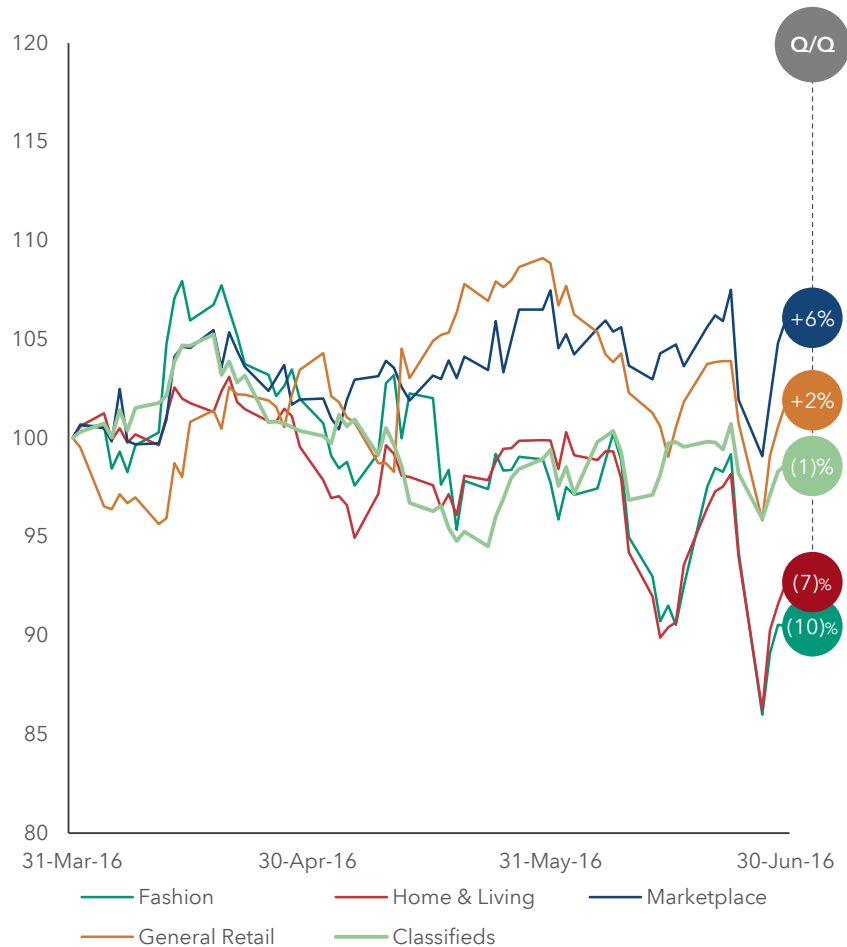
## ...IN A MARKET WITH CONTRACTING MULTIPLES

■ EV/EBITDA NTM Q1 2016  
■ EV/EBITDA NTM Q2 2016

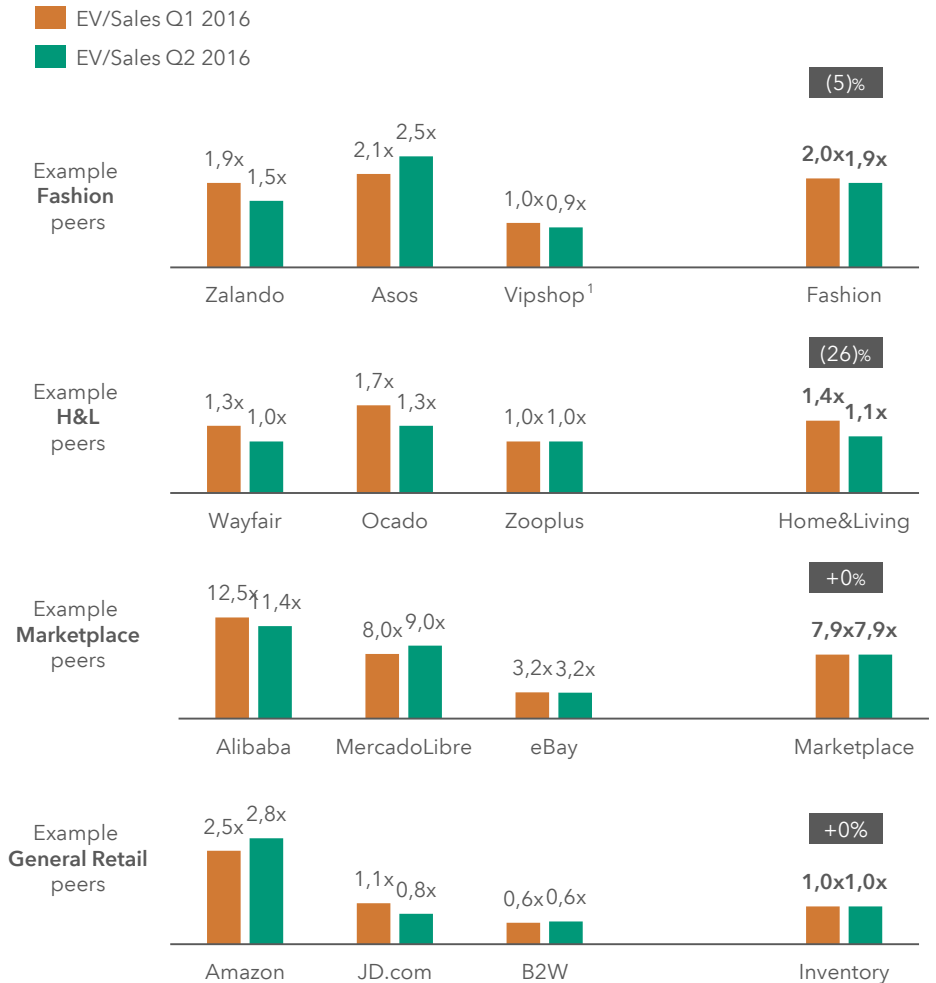


# MIXED DEVELOPMENT FOR LISTED E-COMMERCE PEERS

## PRICE DEVELOPMENT FOR LISTED PEERS ...



## ... REFLECTED IN TRAILING REVENUE MULTIPLES












<sup>1</sup> Not included in Fashion average  
 Note: Equally-weighted share price development with index value 100 per 2016-03-31  
 Source: FactSet as of 2016-07-01

SECTION D

KINNEVIK FINANCIAL POSITION

# CONTINUED CONSERVATIVE VALUATION OF UNLISTED ASSETS

## Fair value, Kinnevik's stake (SEKm)

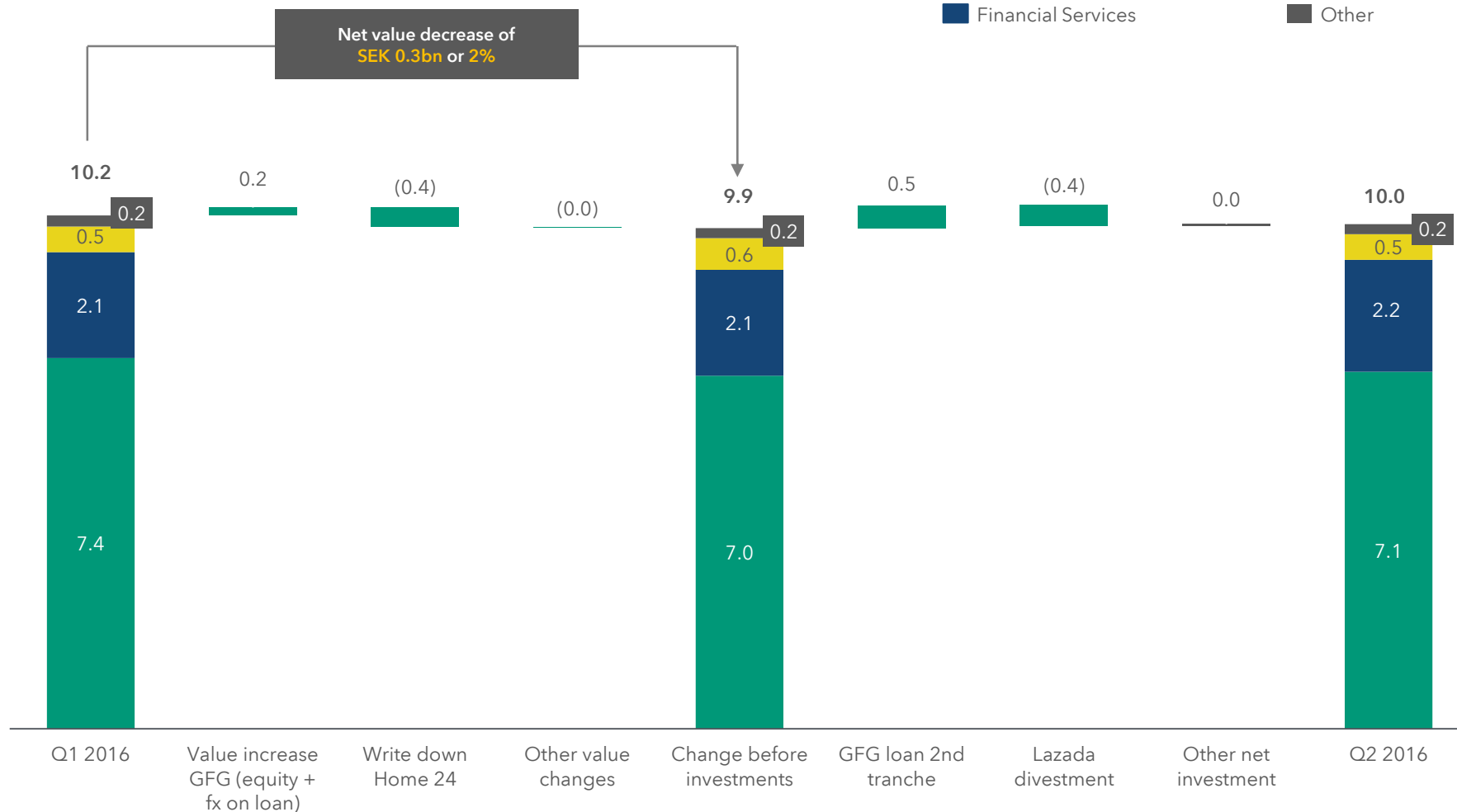
	Q4 2015	Q1 2016		Q2 2016			Comments	
	Fair Value	Net Invested	Change	Fair Value	Net Invested	Change		Fair Value
 <b>OFG</b> GLOBAL FASHION GROUP	4,067	469	(1,537)	2,999	456	159	3,614	EV/LTM Revenue - 1.1x (Including loans valued at accrued acquisition value)
 <b>home24</b>	801	-	(309)	492	-	(396)	96	EV/LTM Revenue - 0.7x (Change in Q2 mainly driven by liquidation preferences)
 <b>WESTWING</b> HOME AND LIVING	387	-	3	390	58	(33)	415	EV/LTM Revenue - 1.0x (Multiple driven)
<b>LAZADA</b>	520	-	533	1,053	(415)	21	659	LTV at partial exit (Currency driven)
 <b>LINIO</b>	135	132	(35)	232	-	(20)	212	EV/LTM Revenue - 1.4x (Increasing share of marketplace driving higher multiple)
 <b>Quikr</b>	1,519	-	(58)	1,461	-	66	1,527	LTV, July 2015 (Currencies driving Q2 change)
 <b>Saltside</b> TECH LOGISTICS	195	-	-	195	-	-	195	At cost
 <b>BAYPORT</b> FINANCIAL SERVICES	1,278	-	(207)	1,071	-	49	1,120	LTV, Feb 2016 (Currencies driving Q2 change)
 <b>Betterment</b>	-	538	(11)	527	-	24	551	LTV, Mar 2016 (Currencies driving Q2 change)
 <b>BIMA</b>	351	-	39	390	-	17	407	DCF
Other	1,439	12	(79)	1,372	(20)	(140)	1,212	Mixed
<b>TOTAL</b>	<b>10,692</b>	<b>1,151</b>	<b>(1,661)</b>	<b>10,182</b>	<b>79</b>	<b>(253)</b>	<b>10,008</b>	

# WITH LARGELY UNCHANGED VALUATIONS IN THE QUARTER

## Unlisted assets by segment

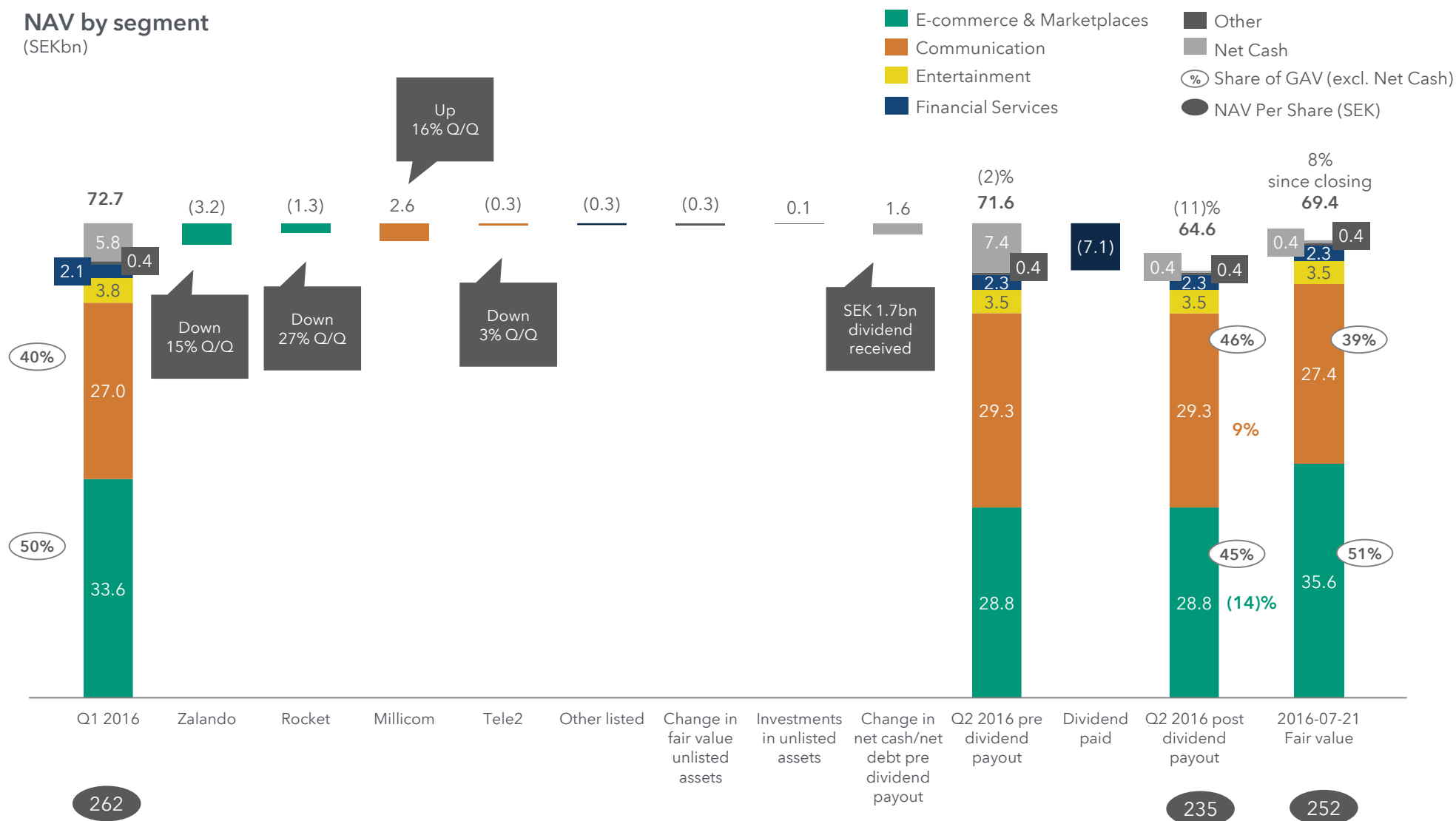
(SEKbn)

■ E-Commerce & Marketplaces    ■ Entertainment  
■ Financial Services    ■ Other



# PRO FORMA FOR DIVIDEND, NAV DOWN BY 2% - DECLINE IN E-COMMERCE MULTIPLES PARTIALLY OFFSET BY MILLICOM

NAV by segment  
(SEKbn)



# CONTINUED STRONG BALANCE SHEET IN LINE WITH FINANCIAL TARGETS

1

## INVESTMENT ACTIVITY Q2 (SEK<sub>M</sub>)

Investments	Q2 2016
GFG loan 2 <sup>nd</sup> tranche	456
Westwing	58
Other	20
<b>Total</b>	<b>530</b>
Divestments	Q2 2016
Lazada	415
Other	40
<b>Total</b>	<b>455</b>
Net Investments	2016
Total Q2	79
Total H1	1 229

2

## FINANCIAL POSITION (SEK<sub>M</sub>)

<b>Net Cash</b> (31 March 2016)	<b>5 831</b>
Net Investments	-79
Operating Expenses	-50
Net Financial Expenses	32
Dividends Net incl. share redemption program	-5 381
<b>Net Cash</b> (30 June 2016)	<b>354</b>
Committed Unpaid Investments	
GFG	575
BIMA	62
Tele2 Rights Issue	900
<b>Total</b>	<b>1 537</b>

Guidance 2016:  
Net Investments SEK 2-3bn

SECTION E

# SUMMARY CONSIDERATIONS



# WE REMAIN FOCUSED ON DELIVERING ON OUR 3x3 2016 PRIORITIES

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## OPERATING COMPANIES

- Drive innovation, growth and consolidation ✓
- New talent and new partnerships ✓
- Execute on our GRC and CR promise ✓

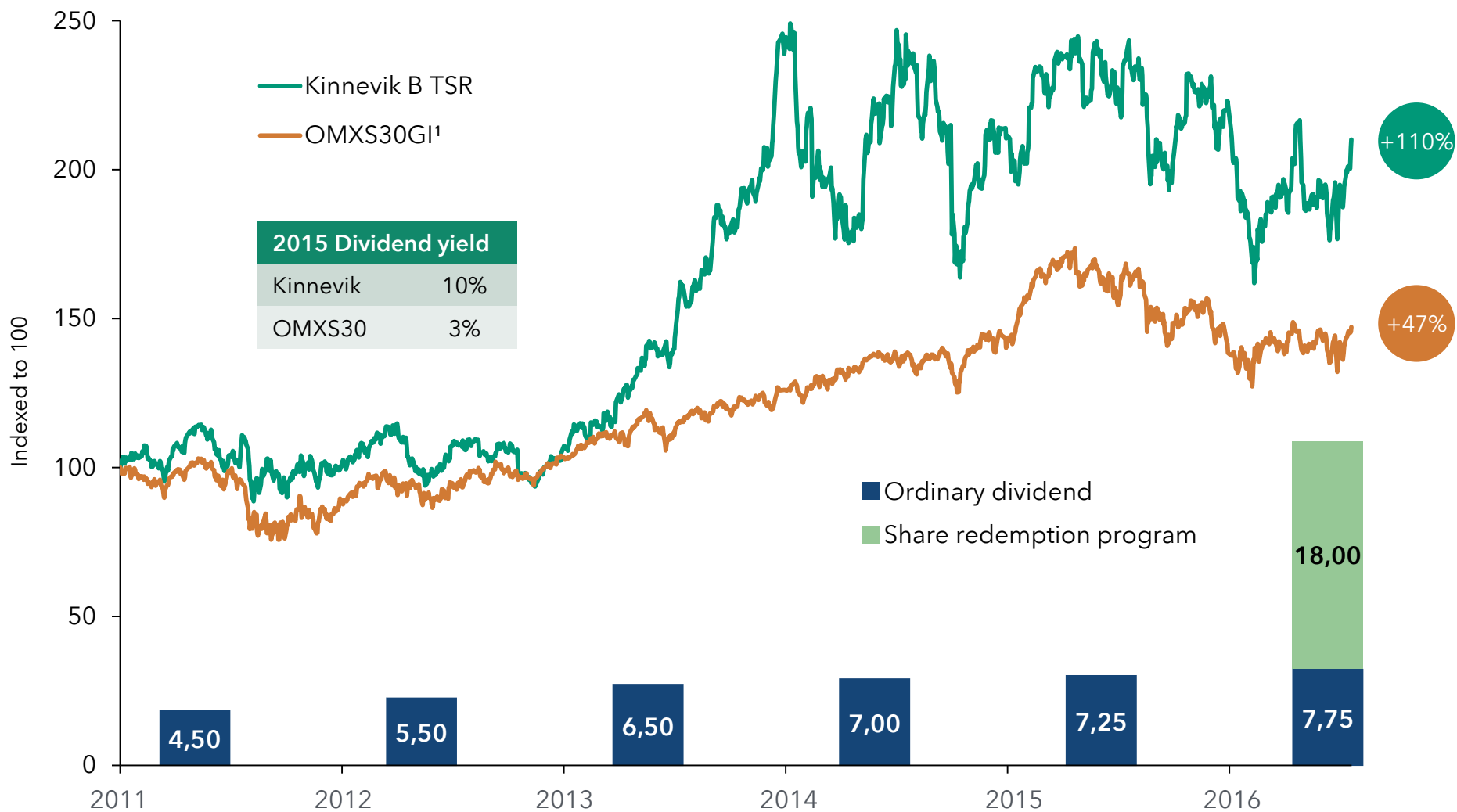
## INVESTMENT ACTIVITIES

- Increased commitment to priority companies ✓
- Build presence in sectors of focus through new investments ✓
- Continued pruning of portfolio ✓

## KINNEVIK

- Completion of team build-up ✓
- Maintenance of strong balance sheet ✓
- Continue shareholder value creation ✓

# TURNING PRIORITIES INTO SHAREHOLDER VALUE



<sup>1</sup> Market weighted total return index