



# PRESENTATION OF THE THIRD QUARTER OF 2019

24 October 2019

## *Today's Agenda*

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- A** Pivoting Our Portfolio Towards Growth
- B** Operating Companies' Performance
- C** Kinnevik's Financial Position
- D** Key Priorities

## *Today's Presenters*

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**Georgi Ganev**  
*Chief Executive Officer*

**Joakim Andersson**  
*Chief Financial Officer*

**Torun Litzén**  
*Director Corporate Communications*

# SOLID NAV DEVELOPMENT DRIVEN BY CONTINUED STRONG TRADING IN ZALANDO AND TELE2, AS WELL AS BY THE GROUND-BREAKING FUNDRAISE IN BABYLON

NAV 30 SEPTEMBER 2019

SEK **92.0**bn

CHANGE IN NAV Q/Q

**3%**

1 YEAR TSR

**(3)%**

5 YEAR TSR

**5%**

## Key Strategic Highlights

- **Completed a sell-down of a 5% stake in Zalando.** Gross proceeds for Kinnevik amounted to SEK 5.9bn and Kinnevik's ownership stake in the company is 26% following the sale
- **Announced the intention to distribute Kinnevik's entire Millicom shareholding to our shareholders.** The transaction delivers an extraordinary distribution of value to Kinnevik's shareholders of c. SEK 18.1bn, or SEK 65 per share<sup>1</sup>
- **Amended our shareholder remuneration policy** to cease paying ordinary cash dividends in favor of paying out excess capital generated by our investment activities in the form of extraordinary dividends

## Investment Management

- **Total investments of SEK 2,108m during the quarter**, whereof
  - SEK 825m in connection with Livongo's IPO, increasing our ownership stake to 14%
  - SEK 726m for a 10% ownership stake in VillageMD, a leading US based provider of primary care
  - SEK 296m in Babylon's funding round, bringing our ownership stake to 16% on a fully diluted basis

## Financial Position

- **Net asset value of SEK 92.0bn (SEK 334 per share), up SEK 3.0bn or 3% during the quarter**, primarily driven by positive share price development in Zalando and Tele2, furthered by an upward revision of the fair value of Babylon, and partially offset by weaker share price performance in Global Fashion Group and Millicom
- **Net debt position decreased by SEK 4.9bn to SEK 0.8bn**, mainly as a consequence of the share sale in Zalando and the extraordinary dividend from Tele2, resulting in **leverage of 0.9% of Portfolio Value** by the end of the quarter

## Organisation

- **Kinnevik has appointed Erika Söderberg Johnson as Chief Financial Officer.** She will assume her position at the latest on 6 April 2020

<sup>1</sup> Based on the closing price of Millicom SDRs as at 23 October 2019.

SECTION A

PIVOTING OUR PORTFOLIO TOWARDS GROWTH



# WE HAVE TAKEN TWO, AND ANNOUNCED A THIRD STEP TOWARDS OUR OBJECTIVE TO PIVOT OUR PORTFOLIO TOWARDS GROWTH CAPITAL

## Recent Announcements

*Evolving Our Portfolio*



### *Sell-Down in Zalando*

Strengthens our financial position

Reduces portfolio concentration  
created by Zalando's success

We remain Zalando's largest owner,  
and Zalando remains core to our strategy




### *Distribution of Our Millicom Stake*

Significant distribution of value

Shareholders are provided the  
option to hold Millicom directly

Portfolio step-change towards  
Growth and Venture capital



### *Shareholder Remuneration Policy*

In tune with our portfolio composition

Dividends received deployed into  
the winners in our private portfolio

Aim to deliver cash returns as we  
release capital in successful exits

# OVER THE NEXT YEARS WE WILL MAINTAIN OUR PACE AND INVEST OUR CAPITAL SYSTEMATICALLY INTO THE LEADING BUSINESSES OF TOMORROW

## *Our Capital Allocation Framework 2020-23*

*Sectors, Geographies, Stages & Companies*

### **International Growth**

*1-2 New Investments p.a.  
80% of First Round Capital*

### **Nordic Venture**

*1-2 New Investments p.a.  
20% of First Round Capital*

### **Three Focus Sectors**

*Evenly Distributed Capital  
Sector Heads & Operating Partners*

### **New & Follow-Ons**

*1/3 in First Round Investments  
2/3 in Follow-On Investments*

### **Target of 30 Companies**

*More Even Distribution of Value  
Recurring Exits at Attractive Terms*

### **Aim for 15-25% Stakes**

*Not Looking for Illiquid Control  
Looking for Influence Over Outcomes*

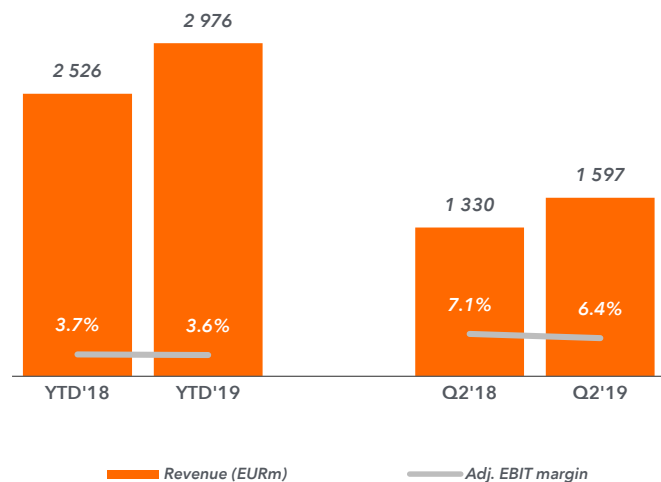
SECTION B

OPERATING COMPANIES' PERFORMANCE

# SOLID QUARTER FOR OUR TWO CENTRAL PLATFORMS

## Zalando

A Quarter of Strong Profitable Growth

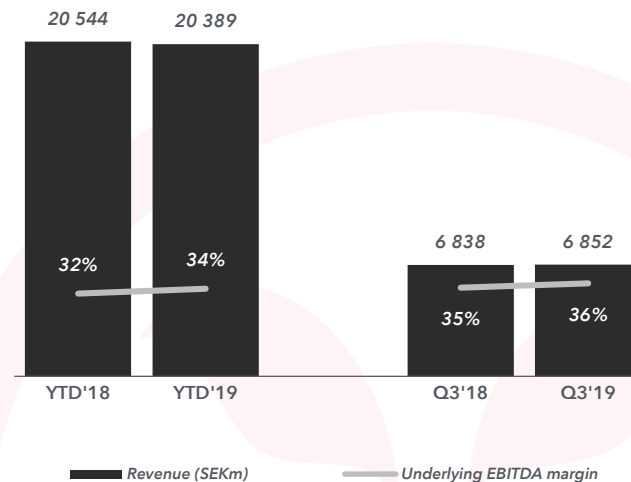


- Zalando reported Q2 2019 **revenue and GMV growth of 20% and 24% respectively** with an **adjusted EBIT margin of 6.4%**
- The company had its **strongest ever Q2 active customer growth (15%)** and **fastest site visit growth since 2013 (34%)**, contributing to the profitable growth in the quarter
- **Full-year profitability outlook was raised**, with adjusted EBIT expected to come in at the upper half of the initial EUR 175-225m range
- Zalando reports its Q3 2019 results on 31 October 2019

Note: EBIT adjusted for share-based compensation.

## Tele2

On Track to Deliver on Full-Year Guidance



- **Revenues of SEK 6.9bn** and **end-user service revenue of SEK 5.1bn** in Q3 2019, both flat compared to Q3 2018 on an organic basis
- **Underlying EBITDA grew organically by 5% for the Group** and 4% in Sweden, driven by synergies from the Com Hem merger
- **The company realized an additional SEK 150m of synergies** from the Com Hem integration and raised its year-end runrate target to SEK 750m
- **On track to deliver on full-year guidance** with improving trends in the Sweden Consumer segment and continued execution in the Baltics

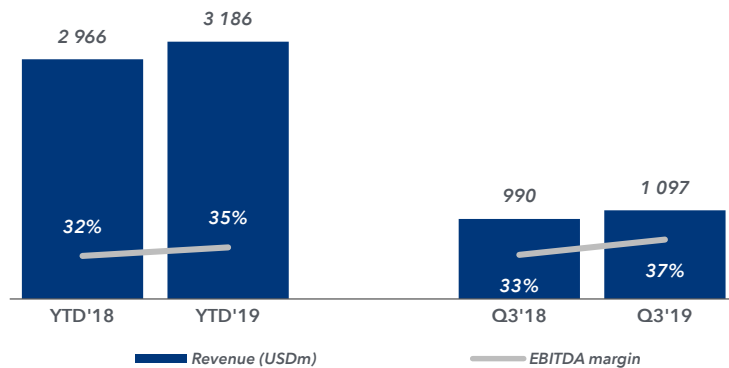
Note: Underlying EBITDA excluding IFRS 16. Figures include Com Hem and are presented on a like-for-like basis. Discontinued operations include Tele2 Netherlands, Kazakhstan and Croatia.



# THE DISTRIBUTION OF MILLICOM MARKS THE END OF AN ERA AND DELIVERS AN EXTRAORDINARY DISTRIBUTION OF VALUE OF SEK 18BN TO OUR SHAREHOLDERS

## Financial Development

Strengthening its Leadership in Central America



- Millicom reported **Latin American organic service revenue growth of 1%**, and sustained cash flow growth with OCF (EBITDA less capex) up 10% organically during the quarter
- **A record 99,000 subscribers were added to its fixed footprint**, and the company also added 858,000 4G data customers
- The company **strengthened its position in Panama** by closing the acquisition of Cable Onda, the largest mobile operator in the country
- **Millicom revised its outlook** for full year organic Latin American service revenue growth from 3-5% to slightly above 2%

## Kinnevik's Share Distribution

An Extraordinary Dividend of SEK 18bn

- **Kinnevik has announced an intention to distribute its entire Millicom shareholding to its shareholders**
- Kinnevik currently holds 37.8 million Millicom shares, equivalent to 37.2% of the company on a fully diluted basis
- **The transaction delivers an extraordinary distribution of value** to Kinnevik's shareholders of SEK 18.1bn in total, or SEK 65 per share<sup>1</sup>, corresponding to just under 8x Kinnevik's 2019 dividend
- **The distribution reinforces Kinnevik's growth strategy** and is a material step towards increasing our portfolio's share of capital invested in private growth companies
- **Founded by Kinnevik 30 years ago**, Millicom has yielded significant dividends and returns to Kinnevik and its shareholders over the years
- **Kinnevik's shareholders are provided the option** to directly participate in Millicom's continued shareholder value creation and dividend yield
- The distribution is subject to shareholder approval at the Extraordinary General Meeting on 7 November 2019

**Note:** Millicom figures are presented on an IFRS basis and do not include fully consolidated results from the Guatemala and Honduras joint ventures.

<sup>1</sup> Based on the closing price of Millicom's SDR as at 23 October 2019.

# MILESTONE TRANSACTIONS IN TWO OF OUR HIGH-GROWTH HEALTHCARE COMPANIES

## Selected Q3 2019 Investments

### Overview & Updates



#### #1 Digital Chronic Care Manager in the US

USD 88m invested in connection with Livongo's IPO

- Livongo is a **US based consumer digital health company** that empowers people with chronic conditions to live better and healthier lives
- ▶ Since our first investment in March 2017, **Livongo has increased its product suite from one to five chronic conditions**, its member base has grown from **20,000 to 200,000** and **number of clients have increased from 110 to over 720**
- ▶ The **capital raised in the IPO, total gross proceeds of over USD 400m**, will be used to increase investments in data science, expand to further conditions organically or through M&A, widen go to market channels and explore international markets



#### Leading Global Telemedicine Provider

USD 50m invested in Babylon's funding round

- Babylon is a **digital healthcare service company based in the UK**
- ▶ Since our first investment in January 2016, **Babylon has created a unique end-to-end platform that has the capability to provide AI-driven health services and virtual medical consultations**, complemented by traditional face-to-face consultations
- ▶ The funding round of USD 400m (first close) **enables Babylon to further deliver on its growth and innovation strategy** and the proceeds will support the advancement of its suite of products and pioneering AI technology while increasing its global footprint, particularly in the US

**We will continue to support our strong performing companies as they continue to grow and require additional capital**

# KINNEVIK HAS INVESTED USD 75M IN VILLAGEMD, A LEADING US BASED PROVIDER OF PRIMARY CARE



## Investment Overview

### Description

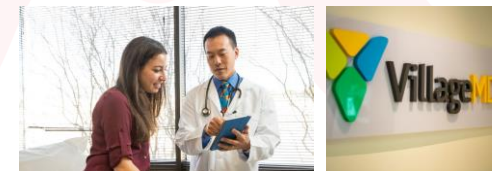
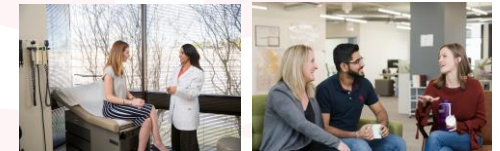
- VillageMD is a **leading US based provider of primary care** and a **pioneer in the delivery of value-based care**
- The company transforms the healthcare experience for consumers **by enabling primary care physicians to operate higher quality, risk-bearing clinical models**

### Case Validity

- US healthcare has to a large extent **bypassed traditional primary care, which has fuelled a cost explosion**. VillageMD is putting the primary care doctors back in charge
- Studies have shown that a **primary care led healthcare model keeps patients healthier** and reduces cost by, for example, lowering emergency visits and avoidable surgeries
- VillageMD has grown to **serve more than 2,500 physicians, cares for approximately 500,000 lives and oversees over USD 3.0bn** in total medical spend
- **The company reports best-in-market outcomes and proven results** from their technology, operational and clinical support capabilities
- VillageMD has **entered into a partnership with Walgreens** to launch state-of-the art primary care clinics next to Walgreens stores starting in the Houston area by end of 2019

### Strategic Fit

- **A challenger transforming the healthcare industry** away from fee-for-service to a value-based, consumer centric, primary care led model focused on providing better care at lower cost
- **Complementary to our existing healthcare portfolio** given the company's ability to influence a population's entire healthcare spend which provides insight and partnership opportunities
- VillageMD today has **robust growth stage financials**



# OUR GROWTH COMPANIES CONTINUED TO FOCUS ON GROWTH, STRATEGIC PARTNERSHIPS AND PRODUCT INNOVATION



- **Revenue growth of 156%** in Q2 2019 and the company **enrolled 193,000 diabetes members** in the quarter, an increase of 140%
- **Livongo successfully completed its IPO end of July**, valuing the business at a pre-money equity value of USD 2.8bn
- **The company was awarded its largest contract in the company's history**, adding USD 50-60m revenues over the coming two years



- **Net Merchandise Value growth of 23%** in Q2 2019 and **revenue growth of 17%**
- **12 million active customers** at the end of Q2 2019, an increase of 15%
- **Marketplace represented 19% of NMV**, up from 14% in Q2 2018, cementing GFG's position as the strategic partner of choice



- **Over 60,000 registered patients for "GP at hand"**, Babylon's digital GP service in collaboration with the NHS
- **Pulse**, the healthcare app designed for Prudential's members in Asia, launched in Malaysia over the summer
- **Babylon closed the largest ever funding round in digital health globally of up to USD 500m**, with a USD 400m first close finalized in August



- **Annualised cash revenue growth of just under 60%** based on H1 of the company's financial year
- **Over 50% of Quikr's revenue is now generated from commissions** on transactions taking place on its platform, rather than classifieds listing fees
- **The company has extended its transactional offering into new business lines**, including offline used goods franchisee stores in smaller towns



- **Over 465,000 customers** at the end of Q3 2019 (21% growth) and **assets under management of USD 19.5bn** (28% growth)
- **In Q3, the company introduced a cash management platform, Betterment Everyday**. The product consists of two accounts: Everyday Savings, a high-yield savings vehicle, and Everyday Checking, which is expected to launch by the end of 2019
- **Betterment for Advisors won the 2019 Wealth Management Industry Award** for Outstanding Achievement in Digital Advisors (Robo)



- **5.2 million active customers** at the end of September 2019, representing a growth of 2%
- In Q2 2019, BIMA announced **partnerships with mobile wallet providers bKash and Pi Pay in Bangladesh and Cambodia**, strengthening its mobile money channel and customer reach



- **Net revenue growth of 13%** in Q2 2019 and **LTM net revenue growth of 23%**, partially fuelled by MatHem's acquisition of Fruktbudet
- MatHem announced that **Johan Lagercrantz will assume the role of CEO in December**

SECTION C

# KINNEVIK'S FINANCIAL POSITION

# WE WILL CEASE TO PAY ORDINARY DIVIDENDS AND INSTEAD RE-INVEST IN OUR PRIVATE PORTFOLIO TO GENERATE SIGNIFICANT CASH RETURNS OVER TIME

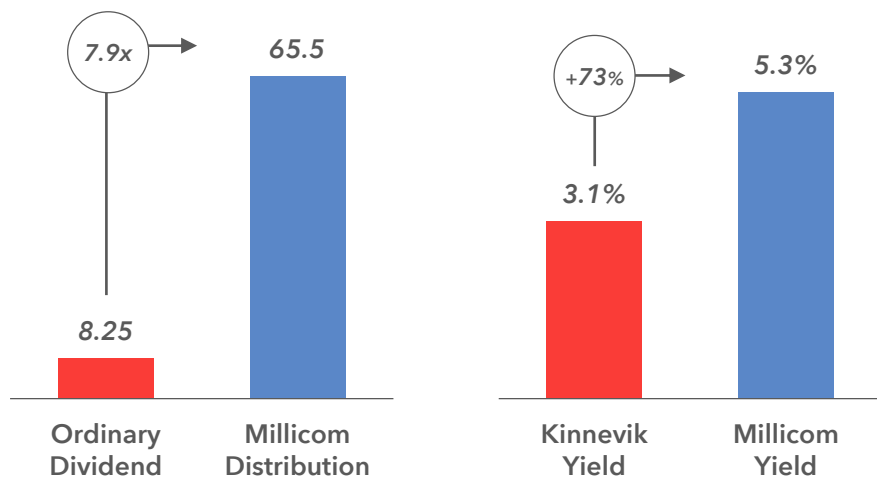
## Shareholder Remuneration

### Our Amended Policy

*“Kinnevik generates shareholder returns primarily through capital appreciation, and will seek to **return excess capital** generated by its investments to shareholders through extra dividends”*

### Rationale

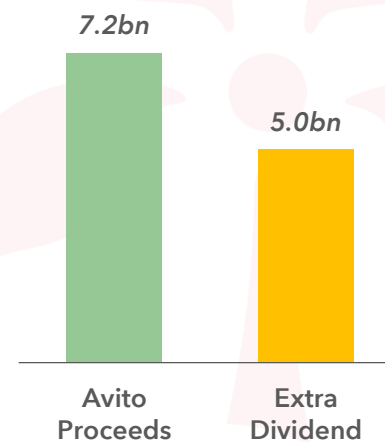
The distribution of Millicom corresponds to just under 8x our dividend in 2019, and shareholders may elect to retain Millicom shares with a high dividend yield



### Excess Capital

Prudent capital reallocation and efficient and optimized capital structure

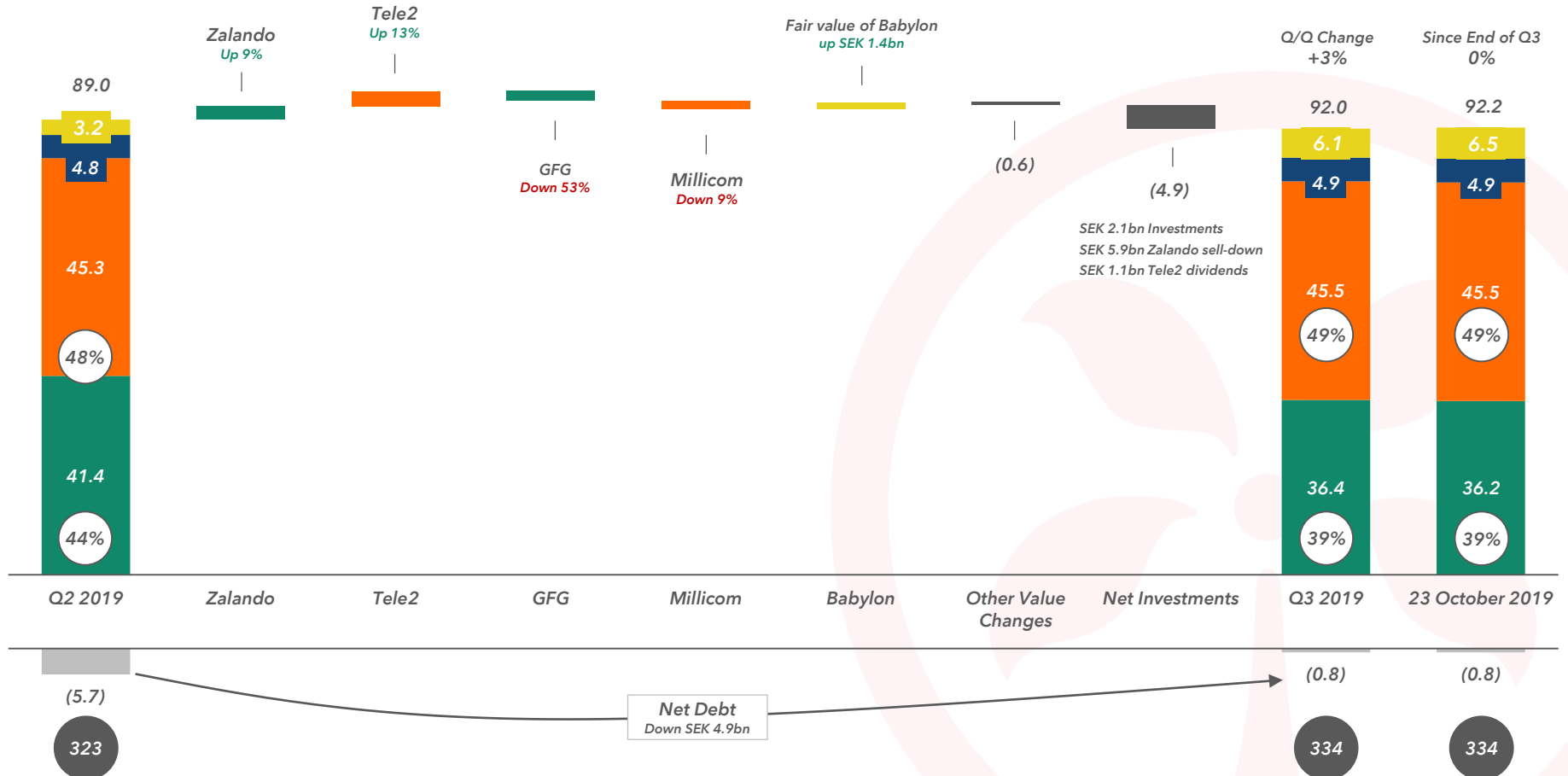
Financial position and net investment forecasts evaluated at liquidity events to determine cash distributions



# SOLID NET ASSET VALUE DEVELOPMENT DRIVEN BY CONTINUED STRONG TRADING IN ZALANDO AND TELE2, PARTIALLY OFFSET BY MILLICOM AND GFG

## NAV Development (SEKbn)

• E-Commerce & Marketplaces, • TMT, • Financial Services, • Healthcare & Other, • Net Debt, • NAV Per Share



# STRONG BALANCE SHEET IN LINE WITH FINANCIAL TARGETS

## Investment Activity

SEKm

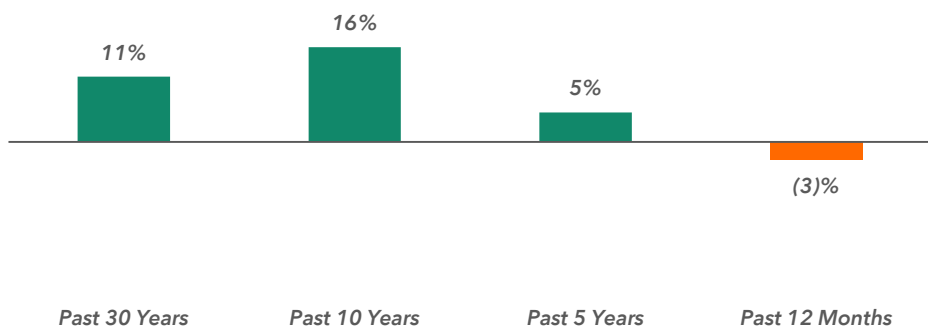
Company	Amount
Livongo	825
VillageMD	726
Babylon	296
Quikr	147
TravelPerk	98
Other	16
<b>Investments</b>	<b>2,108</b>
Zalando	5,876
Other	32
<b>Divestments</b>	<b>5,908</b>
<b>Net Investments</b>	<b>(3,800)</b>

## Financial Position

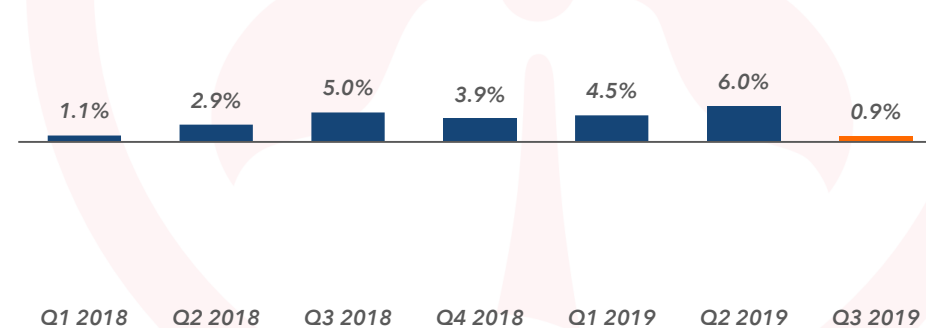
SEKm

Item	Amount
Net Cash / (Debt) Per 30 June 2019	(5,679)
Net Divestments	3,800
Dividend Received	1,126
Operating Expenses, Interest & Other	(72)
Net Cash / (Debt) Per 30 September 2019	(825)
<b>Leverage</b>	<b>0.9%</b>

## Total Shareholder Return



## Leverage Over Time





SECTION D

# KEY PRIORITIES

## KINNEVIK HAS THREE CLEAR PRIORITIES GOING FORWARD

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*1*  
Continue to Evolve the  
Portfolio Towards a  
Higher Proportion of  
Growth Companies

*2*  
Strengthen Our  
Portfolio Balance  
Across Sectors, Stages  
and Time to Liquidity

*3*  
Reallocate Capital  
More Dynamically  
Through Attractive  
Exits as Our Young  
Portfolio Matures



BUILDING THE BUSINESSES THAT PROVIDE  
MORE AND BETTER CHOICE