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# PRESENTATION OF THE THIRD QUARTER OF 2017

26 OCTOBER 2017

# AGENDA

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- A** Operating Companies' Performance
- B** Kinnevik's Financial Position
- C** Summary Considerations

## TODAY'S PRESENTERS

**Joakim Andersson**

*Acting CEO, Chief Financial Officer*

**Chris Bischoff**

*Senior Investment Director*

**Torun Litzén**

*Director Corporate Communication*

# Q3 2017 HIGHLIGHTS: SOLID OPERATIONAL PERFORMANCE DRIVES NAV UP 5%

## OPERATING COMPANIES' PERFORMANCE

- **E-Commerce:** Zalando focused on growth and investments to enhance its customer proposition, and the GFG companies continued to reduce losses while maintaining healthy growth
- **Communication:** Strong business momentum driven by new commercial propositions, focus on customer satisfaction and accelerated deployment of high-speed data network
- **Entertainment:** Continued healthy growth for MTG driven by all business segments, with esport investments weighing somewhat on profitability
- **Financial Services:** Improvements to the customer offering and strategic partnerships drove asset and customer growth for Betterment
- **Healthcare:** Continued product development and partnerships drove strong user base growth

## INVESTMENT MANAGEMENT ACTIVITIES

- **Total investments of SEK 569m** in the third quarter, whereof SEK 527m (USD 65m) into Betterment, increasing our shareholding to 16%
- **Total divestments of SEK 104m** attributable in full to Glossybox
- **Dividend of SEK 350m** received from Black Earth Farming following completion of asset sale

## FINANCIAL POSITION

- **Net Asset Value of SEK 85.7bn** (SEK 311 per share), up SEK 3.8bn or 5% during the quarter, led by a SEK 1.8bn increase from Zalando and a SEK 1.5bn increase from Millicom
- **Net debt position of SEK 0.9bn** at the end of the quarter

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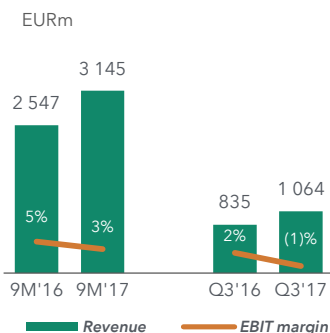
SECTION A

# OPERATING COMPANIES' PERFORMANCE

# SOLID QUARTER FOR OUR LARGE PUBLIC COMPANIES WITH CONTINUED FOCUS ON PROFITABLE GROWTH



CONTINUED STRONG GROWTH AND LAUNCH OF BEAUTY CATEGORY

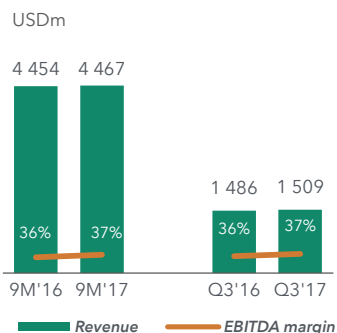


- Revenues of EUR 1,064-1,081m corresponding to 27.5-29.5% growth, according to preliminary figures released on 18 October
- Adjusted EBIT of between EUR -5 and 5m, corresponding to a margin of between -0.5 and 0.5%
- Announced launch of beauty category in spring 2018 to tap into the opportunity for beauty online shopping in Europe
- Detailed financial results for the third quarter of 2017 will be published on 7 November 2017

Note: EBIT adjusted for share-based compensation. Third quarter 2017 numbers are preliminary, figures represent bottom of preliminary range.



RETURN TO POSITIVE REVENUE GROWTH

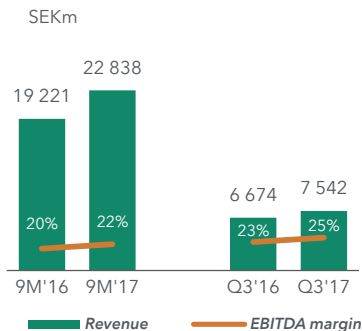


- Revenues of USD 1,509m, organic service revenue growth of 1.7% as the accelerated deployment of its high-speed data networks is starting to show results
- EBITDA margin of 37%, with organic EBITDA growth of 3.4%
- Paraguay, Bolivia and Guatemala showed strong momentum with revenue growth in the Home unit in excess of 20%
- In Colombia, Millicom continues to invest to drive sustainable and profitable growth

Note: Figures are based on full consolidation of Guatemala (55% ownership) and Honduras (66.7% ownership) and excludes discontinued operations.



NEW MOBILE OFFERINGS DROVE MOMENTUM

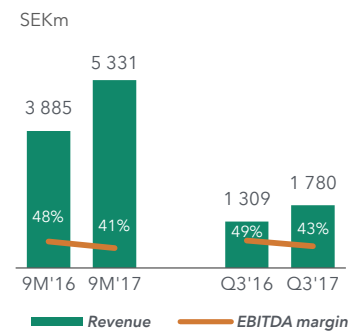


- Revenues of SEK 7,542m, corresponding to 13% growth (1% on a like-for-like basis). Mobile end-user service grew by 7% on a like-for-like basis
- EBITDA margin of 25%, with a like-for-like EBITDA growth of 12% year-on-year. Full-year EBITDA guidance was raised to SEK 6.4-6.6bn (SEK 6.2-6.5bn)
- Strong uptake of new mobile commercial propositions across Tele2's markets drove momentum, despite the negative impact of Roam Like at Home

Note: Figures refer to continuing operations. TDC Sweden is included from 31 October 2016.



INCREASED DIVIDEND ON THE BACK OF SOLID GROWTH TRAJECTORY

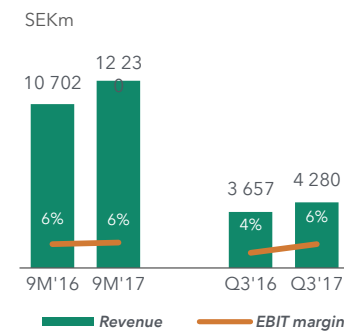


- Revenues of SEK 1,780m, corresponding to 36% revenue growth and organic revenue growth of 3.6% (excl. Boxer)
- Underlying EBITDA margin of 43%, organic underlying EBITDA margin of 50% (excl. Boxer)
- Continued focus on customer satisfaction resulted in record volumes for Com Hem segment
- Due to increased confidence in continued strong cash flow generation, 50% increase of cash dividend proposal intended

Note: EBITDA stated before disposals excluding items affecting comparability and operating currency gains/losses. Boxer is included from 30 September 2016.



STRONG SALES GROWTH AND CONTINUED DIGITAL INVESTMENTS



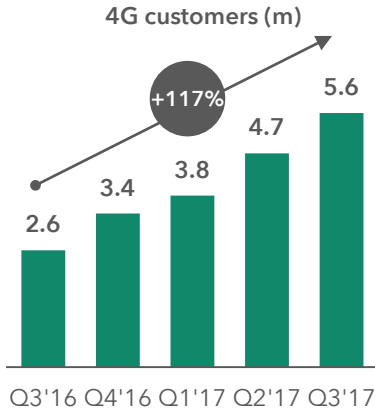
- Revenues of SEK 4,280m, corresponding to 7% organic growth driven by all four of MTG's business segments
- EBIT margin of 6% driven by strong performance in Nordic Entertainment, International Entertainment and MTG Studios
- Investments in new products weighed on profitability in MTGx. The ambition remains to deliver the first quarterly profit for MTGx in the fourth quarter 2017, but at a lower level than previously anticipated

Note: Excludes discontinued operations. EBIT is excluding non-recurring items.

# MILLICOM CONTINUES TO EXECUTE ITS STRATEGY OF A TWO-FOLD BUSINESS RECONFIGURATION

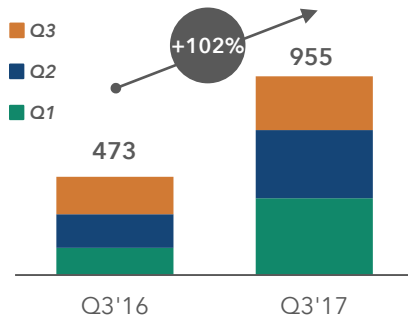
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## RAPIDLY GROW MOBILE DATA AND CABLE REVENUE IN LATIN AMERICA



- Migration to 4G significantly increases data consumption and ARPU
- With 888,000 net adds in the third quarter, and 2.2 million year-to-date, 4G customers now total 5.6 million or 18% of the total mobile customer base
- The 4G customer base is up more than 117% year-on-year, and Millicom is on track to reach over 3 million net adds in 2017

### HFC homes passed ('000) Net additions YTD



- With 955,000 new HFC homes passed year to date, a yearly increase in net additions of 102%, Millicom is well on track to deliver on its one million target for 2017
- Total HFC homes passed amount to 8.1 million, corresponding to a yearly increase of 18%, whereof 257,000 passed during the quarter
- Long-term ambition was raised in Q2 2017 to 15 million homes passed from 12 million previously

As a result of the positive momentum in the third quarter, organic service revenue is now back to growth, up 1.7% year-on-year

2

## ENHANCE OPERATIONAL AND CAPITAL EFFICIENCY

### Divesting non-core assets...

CONGO	SENEGAL	GHANA
Disposal February 2016 USD 200m	Disposal February 2017 USD 129m	JV with Airtel March 2017

### ...and actively managing the balance sheet, increasing local currency debt...

Paraguay Tower sale USD 125m April 2017	Colombia Tower sale USD 147m July 2017
Colombia Syndicated Loan USD 300m June 2017	Paraguay Term Loan PYG 367k / USD 67m July 2017
	Bolivia Term Loan USD 80m October 2017

### ...with Project Heat on track to deliver cost savings of over USD 200m

# OUR LISTED COMPANIES CONTINUE TO IMPROVE THEIR CUSTOMER OFFERINGS THROUGH PRODUCT DEVELOPMENT AND INNOVATION



## SECURING EXCLUSIVE SPORTS RIGHTS

**MTG Sport leverages its pan-Nordic reach to secure exclusive media rights to premium sports content**

- The Kontinental Hockey League until 2021 and the DKB Handball-Bundesliga until 2023
- All fights in the World Boxing Super Series in the Nordic and Baltic regions
- ATP tennis in Sweden and Norway; World Tour Masters 1000 and ATP World Tour Finals until 2019



## SEIZING OPPORTUNITIES IN A CHANGING TV MARKET

**Com Hem aims to leverage its high quality broadband network to be an aggregator of on-demand and OTT content as the shift away from traditional linear content continues**

- Focus is to add more on-demand content, integrate more OTT providers into the platform through Com Hem Play and to launch Com Hem's next generation box - the TV Hub
- By embracing the behaviour shift, Com Hem can remain relevant to its current customers and serve new customers who are on the network but do not subscribe to a traditional TV package



## INTEGRATING START-UPS ON THE PLATFORM

**Zalando integrates start-ups on its platform to provide a more inspiring and personalised fashion experience**

- The start-ups offer solutions in the areas of sizing & fitting, styles & outfits or inspirational content
- Allows start-ups to leverage Zalando's size and market reach, while Zalando can implement new products and services faster
- First partner already on board, Israeli Bllush connects social media images of top influencers to the Zalando Fashion Store



## LAUNCHING PRIVATE LOANS

**Qliro launches private loans as another step in broadening its offering of financial services to consumers**

- The process for applying for and approving private loans is completely digital
- Attractive loan terms enabled by low administrative costs
- The launch follows previous introduction of services that help consumers in their daily lives, such as the Qliro app, Qliro Click and savings accounts

# GROWTH REMAINS A KEY PRIORITY FOR OUR PRIVATE COMPANIES



- 9.2 million active customers at the end of Q2 2017 (10% growth<sup>1</sup>)
- Q2 2017 revenues of EUR 282m (16% growth<sup>1</sup>), NMV of EUR 292m (19% growth<sup>1</sup>) and adjusted EBITDA<sup>2</sup> of EUR -12m, corresponding to a -4% margin, an improvement of 6 percentage points compared to Q2 2016
- Margin improvement was driven by improved gross profit, and continued focus on technological and operational efficiency gains



- 12.4 million responses in September 2017 (75% growth on a per-listing basis)
- The roll-out of a low-cost data network in India has resulted in an uptick in traffic
- Revenue growth together with operating leverage has led to the business recording its highest gross margin to date



- Over 290,000 customers at the end of Q3 2017 (51% growth)
- Assets under management of USD 10.9bn at the end of Q3 2017 (84% growth)
- Launch of a new mobile messaging service manned by licensed financial experts to provide round the clock access to advice
- Partnership with Blackrock and Goldman Sachs to offer income and smart beta portfolio strategies to provide customers with more choice



- 6 million active customers in 15 countries at the end of Q3 2017 (23% growth excluding discontinued products)
- BIMA significantly extended its customer base in Pakistan following the merger of two local telecom companies, Warid and Mobilink, to form Jazz



- Over 1 million registrations at the end of Q3 2017
- The GP service in partnership with the NHS, branded "GP at hand", is now live in several parts of London and has seen thousands turn to Babylon to provide NHS GP services
- Several corporates were added in the quarter, now offering Babylon as a health benefit to its employees



- Over 50,000 members at the end of Q3 2017 (150% growth since the beginning of the year)
- The company continued to invest in the expansion of its product offering to include hypertension, offering people the same benefits as Livongo pioneered with diabetes

<sup>1</sup> Pro forma growth; includes Kanui and Tricac and excludes Mexico, Thailand, Vietnam, Jabong and Namshi. Revenue and NMV growth at constant currencies

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

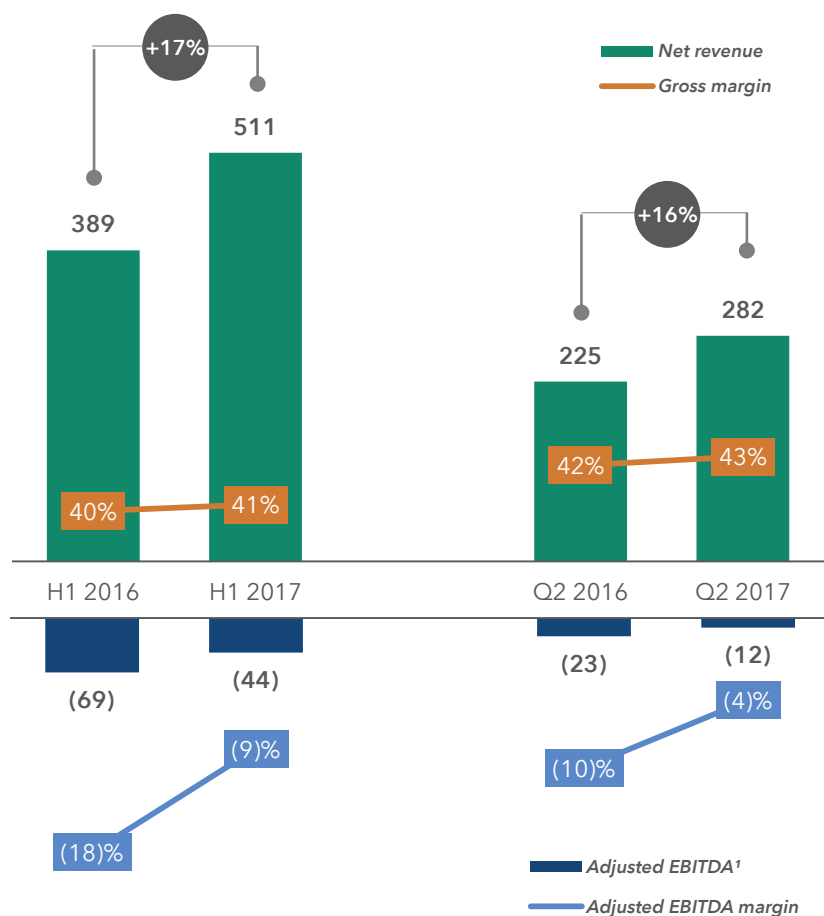
Note: All growth rates are year-on-year, unless otherwise stated

Source: Company information

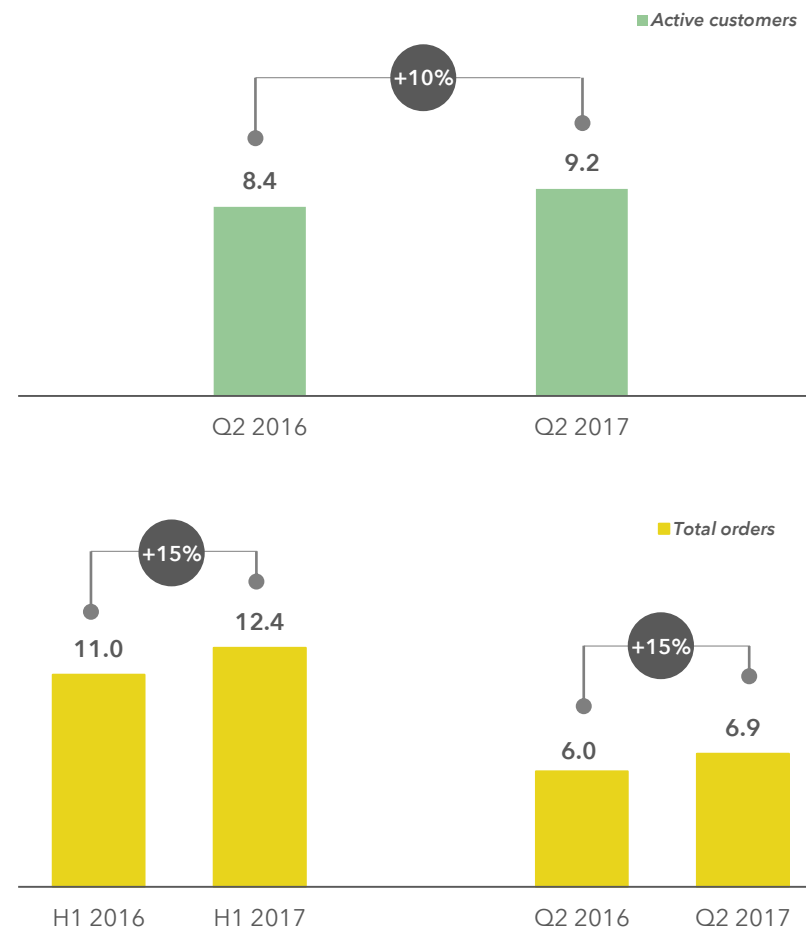


# GLOBAL FASHION GROUP IS PROGRESSING ON ITS PATH TO PROFITABILITY

## GROWTH AND MARGIN DEVELOPMENT



## OPERATIONAL KPI DEVELOPMENT



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

Note: Growth rates on a constant currency and pro forma basis; includes Kanui and Tricae and excludes Mexico, Thailand, Vietnam, Jabong and Namshi

Source: Company information

# GLOBAL FASHION GROUP'S REGIONAL BUSINESSES MAINTAINED SOLID GROWTH WHILST REDUCING LOSSES

## lamoda

SOLID GROWTH IN CHALLENGING MARKET

(EURm)	Q2 2016	Q2 2017
<b>NMV Growth</b>	<b>72</b> 50%	<b>100</b> 17%
<b>Net revenue Growth</b>	<b>74</b> 47%	<b>103</b> 19%
<b>Gross profit Margin</b> (% of Net revenue)	<b>34</b> 45%	<b>45</b> 43%

- Lamoda achieved NMV and Net revenue growth of 17% and 19% respectively, despite intense competition and unseasonably cold weather impacting the launch of the Spring Summer 17 range
- Continued focus on operational efficiency during the quarter, and roll-out of more pick up points

## dafiti

ACCELERATING GROWTH

(EURm)	Q2 2016	Q2 2017
<b>NMV Growth</b>	<b>80</b> 17%	<b>99</b> 14%
<b>Net revenue Growth</b>	<b>79</b> 14%	<b>92</b> 8%
<b>Gross profit Margin</b> (% of Net revenue)	<b>35</b> 45%	<b>42</b> 45%

- NMV and net revenue growth of 14% and 8% respectively represents an acceleration compared to the first quarter 2017
- Dafiti continued to focus on cost control, securing cost reductions in fulfilment, further optimising marketing spend and delivering additional cost savings

## ZALORA THE ICONIC

IMPROVED PROFITABILITY

(EURm)	Q2 2016	Q2 2017
<b>NMV Growth</b>	<b>74</b> 61%	<b>93</b> 25%
<b>Net revenue Growth</b>	<b>70</b> 56%	<b>86</b> 23%
<b>Gross profit Margin</b> (% of Net revenue)	<b>26</b> 37%	<b>35</b> 41%

- The gross profit margin increased by 3.6 percentage points to 40.5%
- Zalora continued to secure new international brands, with Adidas, Hollister & Co and Hugo Boss launched during the quarter
- The Iconic on-boarded 28 new retail brands and over 60 new marketplace brands
- Ayala's acquisition of 49% of Zalora Philippines was completed in August

## NAMSHI<sup>1</sup> نمشي

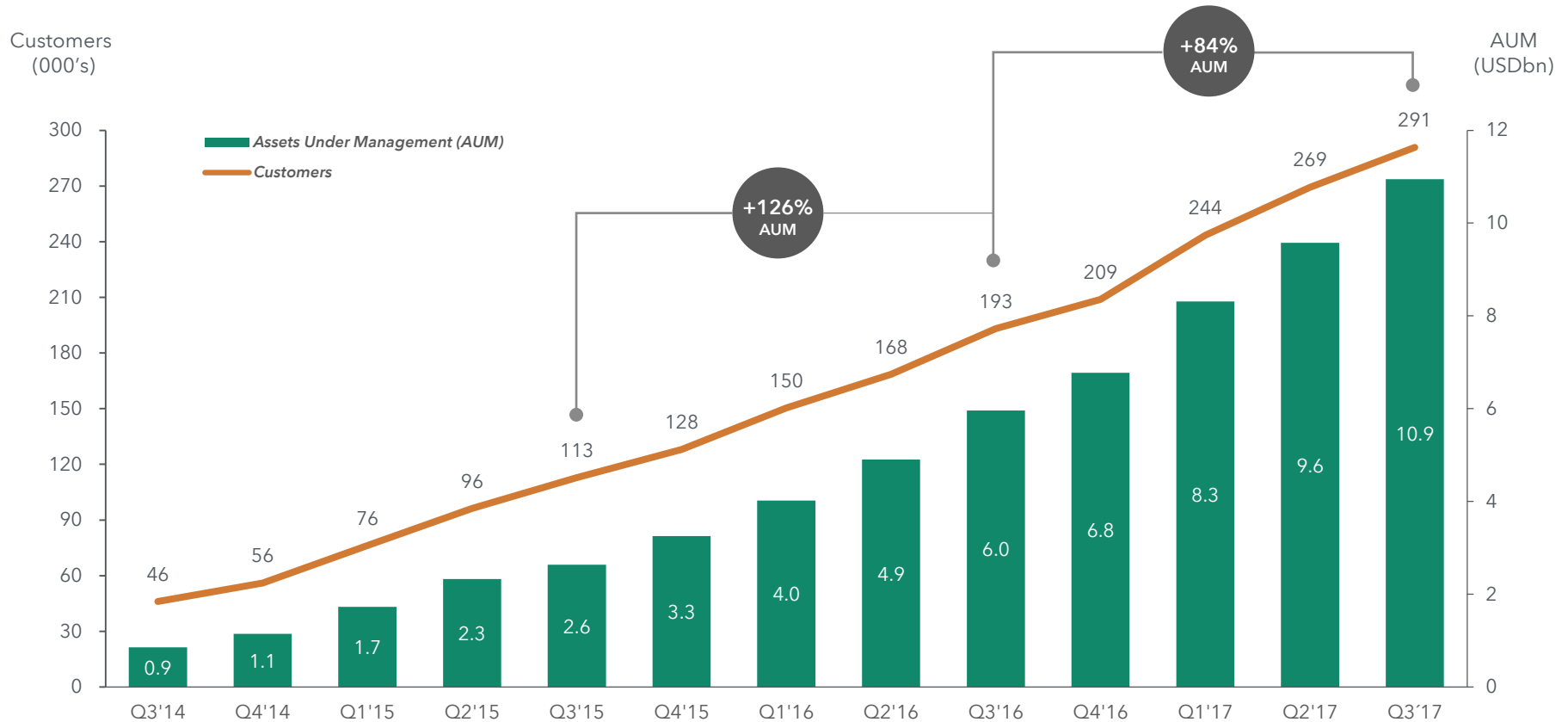
STRATEGIC PARTNERSHIP COMPLETED

(EURm)	Q2 2016	Q2 2017
<b>NMV Growth</b>	<b>33</b> 37%	<b>41</b> 20%
<b>Net revenue Growth</b>	<b>34</b> 36%	<b>44</b> 21%
<b>Gross profit Margin</b> (% of Net revenue)	<b>19</b> 54%	<b>23</b> 53%

- Net revenue and NMV growth of 20.5% and 19.5% respectively reflects the lifting of the Saudi Arabian austerity measures at the end of April
- The partnership in the Middle East with Emaar Malls acquiring 51% of Namshi was completed in August for a cash consideration of USD 151m

<sup>1</sup> Namshi not included in Group level reporting following the completion of Emaar Malls' acquisition of 51% of Namshi  
Note: Growth rates on a constant currency and pro forma basis; includes Kanui and Tricac and excludes Mexico, Thailand and Vietnam  
Source: Company information

# BETTERMENT CONTINUES TO SCALE ITS CUSTOMER BASE AND NOW HAS CLOSE TO USD 11BN IN ASSETS



- With close to 100,000 customers added in the past year, Betterment now serves over 290,000 customers across the US, a yearly increase of 51%
- Assets under management amounted to USD 10.9bn at the end of the third quarter 2017, an increase of 84% compared to the same time last year. Betterment is the first independent online financial advisor in the US to pass USD 10bn in AUM




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SECTION B

# KINNEVIK'S FINANCIAL POSITION

# CONTINUED CONSERVATIVE VALUATION OF OUR PRIVATE PORTFOLIO

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

Company	Q4 2016	Q1 2017	Q2 2017		Q3 2017			Method	
	Fair Value	Fair Value	Net Invested	Change	Fair Value	Net Invested	Change		Fair Value
 GLOBAL FASHION GROUP	5 641	5 437	-	(249)	5 188	-	(205)	4 983	EV/LTM Revenue - 1.3x
	1 535	1 519	-	(39)	1 480	-	18	1 498	DCF
 FINANCIAL SERVICES	1 201	1 180	-	(65)	1 115	-	(36)	1 079	LTV, Sep 2017
	590	580	-	(32)	548	527	(14)	1 061	LTV, Jul 2017
 HOME AND LIVING	429	433	-	6	439	-	6	445	EV/LTM Revenue - 0.9x
	464	430	-	(24)	406	-	(13)	393	LTV, Mar 2017
	154	291	70	10	371	-	-	371	LTV, Apr 2017
	292	329	-	28	357	-	(9)	348	EV/LTM Revenue - 2.5x / EV/LTM GMV 0.9x
 TECHNOLOGIES	200	199	-	(2)	197	-	(2)	195	DCF
	133	102	9	10	121	17	(10)	128	EV/LTM Revenue - 3.7x / EV/LTM GMV 0.8x
	-	112	-	(7)	105	-	(3)	102	LTV, Apr 2017
	94	78	38	68	184	-	(93)	91	EV/LTM Revenue - 0.9x
<i>Other</i>	1 558	1 464	(921)	259	801	(100)	(50)	650	Mixed
<b>TOTAL</b>	<b>12 291</b>	<b>12 154</b>	<b>(804)</b>	<b>(37)</b>	<b>11 312</b>	<b>444</b>	<b>(411)</b>	<b>11 344</b>	

# SOLID NET ASSET VALUE DEVELOPMENT DRIVEN BY LISTED E-COMMERCE AND TELCO ASSETS

## NAV development

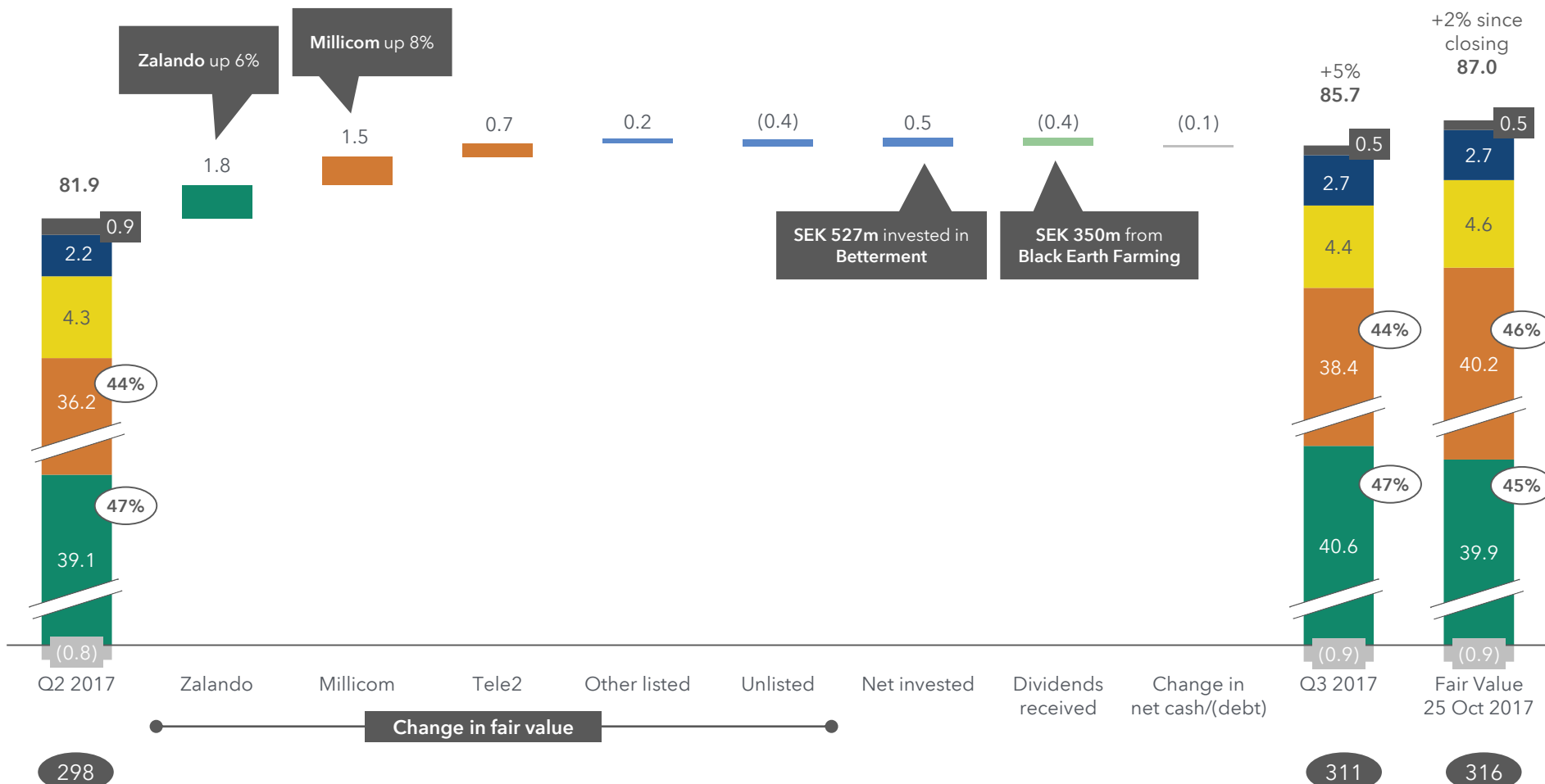
(SEKbn)

■ E-Commerce & Marketplaces  
■ Communication  
■ Entertainment

■ Financial Services  
■ Healthcare & Other  
■ Net Cash

⊖ Share of Portfolio Value

● NAV Per Share (SEK)



# MAINTAINED STRONG BALANCE SHEET IN LINE WITH FINANCIAL TARGETS

## INVESTMENT ACTIVITY (SEKM)

Investments	Q3 2017
Betterment	527
Other	42
<b>Total</b>	<b>569</b>

Divestments	Q3 2017
Glossybox	104
<b>Total</b>	<b>104</b>

Net Investments (Divestments)	
<b>Total Q3 2017</b>	<b>465</b>
<b>Total Q1-Q3 2017</b>	<b>(619)</b>

## FINANCIAL POSITION (SEKM)

<b>Net Cash / (Debt) Per 30 June 2017</b>	<b>(775)</b>
Net Investments	(465)
Dividend Received	418
Operating Expenses	(43)
Net Financial Expenses	(13)
<b>Net Cash / (Debt) Per 30 September 2017</b>	<b>(878)</b>

## TOTAL SHAREHOLDER RETURN



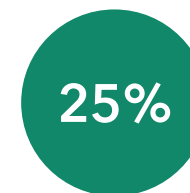
Past 30 years



Past 10 years



Past 5 years



Past 12 months

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SECTION C

# SUMMARY CONSIDERATIONS



# 2017 PRIORITIES – CONTINUED EXECUTION IN FOCUS

## GROW AND PROTECT VALUE FOR OUR LARGE PUBLIC COMPANIES

Continued support in the strategy execution of our large listed companies

## DRIVE SUSTAINABLE GROWTH FOR OUR PRIVATE ASSETS

Taking an active lead shareholder role, providing best in class GRC support

## INVEST IN SELECTED HIGH POTENTIAL NEW COMPANIES

Focused and disciplined investments into selected new high potential companies

## ATTRACT, RETAIN AND REWARD TOP TALENT

Incentive structures designed to align employees' interests with those of shareholders

## SUPPORT THE KINNEVIK CULTURE AND BRAND

Pro-active, transparent and open stakeholder management



BUILDING THE BUSINESSES THAT PROVIDE  
MORE AND BETTER CHOICE