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# PRESENTATION OF THE FOURTH QUARTER AND FULL-YEAR 2017

9 FEBRUARY 2018

# AGENDA

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- A** Operating Companies' Performance in Q4 2017
- B** Kinnevik's Financial Position
- C** Review of Full-Year 2017
- D** 2018 Priorities

## TODAY'S PRESENTERS

**Georgi Ganev**

*Chief Executive Officer*

**Joakim Andersson**

*Chief Financial Officer*

**Torun Litzén**

*Director Corporate Communications*

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SECTION A

# OPERATING COMPANIES' PERFORMANCE IN Q4 2017

# Q4 2017 HIGHLIGHTS: STRONG PERFORMANCE IN OUR LISTED E-COMMERCE AND COMMUNICATION ASSETS DROVE NAV UP 6 PERCENT

## OPERATING COMPANIES' PERFORMANCE

- **E-Commerce:** Continued investments and market share gains resulted in strong growth for Zalando, and GFG delivered stable growth and improved profitability
- **Communication:** Millicom reported continued positive growth in Latin America driven by the accelerated transition to high-speed data services. High demand for mobile data drove business momentum for Tele2, and continued focus on customer satisfaction resulted in strong volume growth for Com Hem
- **Entertainment:** Investments in products and services drove record sales and strong growth for MTG
- **Financial Services:** Strengthened customer offerings drove growth in Bayport and Betterment, while BIMA secured a significant investment from a world leading strategic partner
- **Healthcare:** Enthusiastic consumer response to Babylon's launch of the first ever digital general practitioner in partnership with the NHS, whilst Livongo continued to rapidly scale member adoption across an expanding client base

## INVESTMENT MANAGEMENT ACTIVITIES

- **Total investments of SEK 116m** in the fourth quarter, whereof SEK 106m into BIMA
- Net investments amounted to SEK 113m in the quarter

## FINANCIAL POSITION

- **Net Asset Value of SEK 90.6bn** (SEK 329 per share) per 31 December 2017. Up SEK 5.0bn or 6% during the fourth quarter, led by a SEK 2.1bn increase in Zalando and a SEK 1.1bn increase in Tele2
- **Net debt position of SEK 1.1bn** per 31 December 2017, corresponding to a leverage of 1%

## 2017 DIVIDEND RECOMMENDATION

- Kinnevik's Board of Directors recommends an **ordinary dividend of SEK 8.25 per share** for 2017, a yearly increase of 3.1%, and equivalent to a dividend yield of 3.0%
- The Annual General Meeting will be held on 21 May 2018

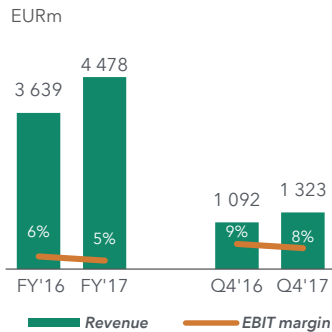
## EVENTS AFTER THE REPORTING PERIOD

- **On 10 January 2018, Tele2 and Com Hem** announced that their Boards of Directors has agreed to merge the two companies to create a leading integrated operator
- **On 1 February 2018, MTG** announced that it has agreed to combine its Nordic businesses with TDC Group, creating a fully convergent media and communications provider

# STRONG QUARTER FOR OUR LARGE PUBLIC COMPANIES DRIVEN BY CONTINUED BUSINESS MOMENTUM



DELIVERED ON FULL YEAR GUIDANCE

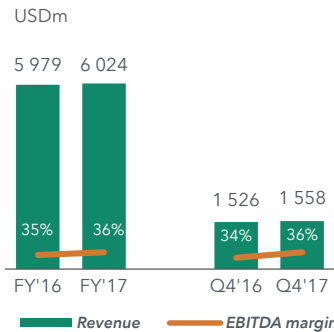


- Revenues of EUR 1,323-1,345m in Q4, corresponding to 21.2-23.2% growth, according to preliminary figures released on 17 January
- Adjusted EBIT of EUR 107-120 in Q4, corresponding to a margin of 8.1-8.9%
- Full year revenue growth of 23.1-23.7% and an adjusted EBIT margin of EUR 4.7-4.9%, in line with guidance
- Detailed financial results for the fourth quarter and full year 2017 to be published on 1 March 2018

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



CONTINUED REVENUE GROWTH DRIVEN BY HIGH-SPEED DATA SERVICES

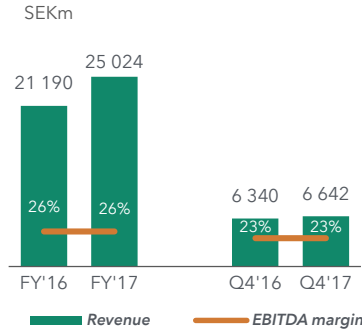


- Revenues of USD 1,558m, organic service revenue growth of 2%, up 4 percentage points from Q4 2016 led by Latin America
- EBITDA margin of 36%, with organic EBITDA growth of 7%
- 3.5 million 4G customers added during 2017, exceeding the target of 3.0 million
- 1.3 million new HFC homes passed during the full year
- Board of Directors recommends a dividend of USD 2.64 per share

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



STRONG ORGANIC BUSINESS MOMENTUM

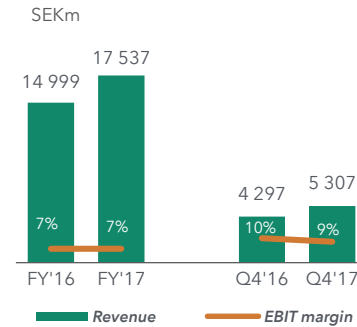


- Revenues of SEK 6,642m, corresponding to 5% growth, with mobile end-user service revenue growth of 5% on a like for like basis, or 8% including the Netherlands
- EBITDA margin of 23% for the quarter, with Tele2 exceeding full year 2017 EBITDA guidance
- Full year free cash flow amounted to SEK 2.5bn, fully covering the dividend recommended by the Board of SEK 4.00 per share for 2017

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



RECORD SALES, STRONG GROWTH AND INCREASING PROFITS

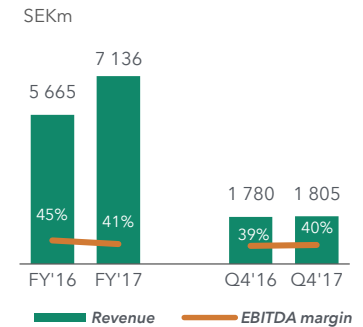


- Revenues of SEK 5,307m, corresponding to 10% organic growth, with contributions from both Nordic and International Entertainment, as well as MTGx
- EBIT margin of 9% despite continued content and digital investments, M&A costs and write-downs
- MTGx reported 71% organic growth and its first ever quarterly operating profit
- Board of Directors recommends a dividend of SEK 12.50 per share

Note: Excludes discontinued operations, comprising the Czech Republic, the Baltics and Africa (excluding Trace), and items affecting comparability.



CUSTOMER FOCUS DROVE STRONG VOLUME GROWTH



- Revenues of SEK 1,805m, corresponding to 1.4% revenue growth, with 4.2% growth for the Com Hem segment
- 40% underlying EBITDA margin
- Continued focus on customer satisfaction resulted in strong volume growth in the Com Hem segment
- Board of Directors recommends to increase the dividend by 50% to SEK 6.00 per share alongside the buyback program which ends no later than 20 March 2018

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

# CREATING A LEADING INTEGRATED CONNECTIVITY PROVIDER IN SWEDEN...

## TELE2

## COM HEM

## TELE2 + COM HEM

### KEY FINANCIAL METRICS, SWEDEN LTM<sup>1</sup>

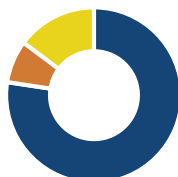
Net sales	15.7
EBITDA	4.3
OCF <sup>2</sup>	3.4

Net sales	7.1
EBITDA	2.9
OCF <sup>2</sup>	1.8

Net sales	22.8
EBITDA	7.2
OCF <sup>2</sup>	5.2

### REVENUE SPLIT, SWEDEN LTM<sup>1,3</sup>

- Mobile
- Broadband
- Digital TV
- Boxer
- Other



### GEOGRAPHIC EBITDA SPLIT, LTM<sup>1</sup>

- Sweden
- Baltics
- Other



- On 10 January 2018, Tele2 and Com Hem announced that their Boards of Directors has agreed to merge the two companies to create a leading integrated operator
- The combined company will be better positioned to capitalise on the rapidly increasing consumption of fixed and mobile data in Sweden
- As the largest shareholder of both Tele2 and Com Hem, Kinnevik supports the combination, which is expected to be completed during the second half of 2018 subject to shareholder and competition approvals
- Com Hem's shareholders will receive SEK 37.02 in cash plus 1.0374 B shares in Tele2 for each share in Com Hem. Hence, Kinnevik is expected to become the largest shareholder in the combined company with 27.3% of the shares, and receive a cash consideration of c. SEK 1.3bn
- Synergies of around SEK 900m is expected to be achieved over five years

### PRO FORMA MARKET SHARES

<b>#2</b>	<b>#2</b>	<b>#1</b>
MOBILE	FIXED BROADBAND	DIGITAL TV

<sup>1</sup> LTM refers to the period 1 Oct 2016 - 30 Sep 2017.

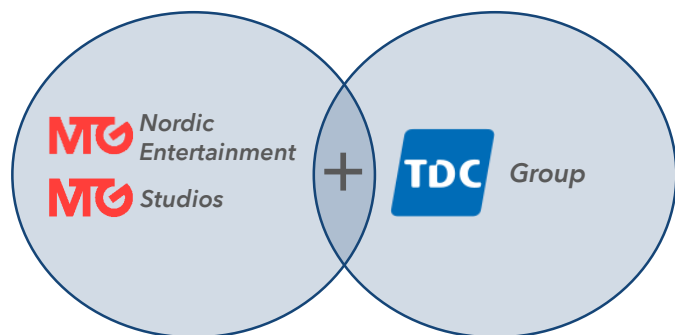
<sup>2</sup> For Tele2 OCF is defined as EBITDA - Capex. For Com Hem OCF is defined as Underlying EBITDA - Capex.

<sup>3</sup> Business revenue splits based on external sales for Tele2 and Com Hem, including both B2C and B2B. Tele2 B2B revenue included in Mobile, Broadband and Other, Com Hem B2B revenue included in Other.

Source: Company information

# ...AND A FULLY CONVERGED TMT POWERHOUSE WITH A NORDIC REACH

## NEW COMPANY



Europe's first fully convergent media & communications provider



Pure play global digital entertainer

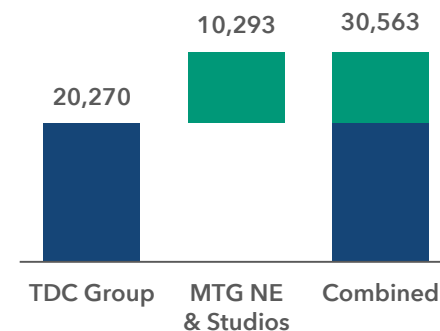


Ability to reach all 10 million Nordic households on high quality networks

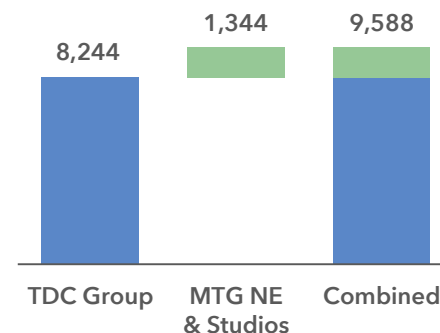
- On 1 February 2018, MTG announced that it has agreed to combine its Nordic businesses with TDC Group, creating a fully convergent media and communications provider
- The remaining MTG will be a pure play global digital entertainment company focused on esports, online gaming and digital video content
- As the largest shareholder of MTG, Kinnevik supports the combination, which is expected to be completed during the second half of 2018 subject to shareholder and relevant regulatory approvals
- As consideration, MTG will receive 308.9 million newly issued shares in TDC Group and SEK 3.3bn in cash. MTG intends to distribute all the received TDC Group shares to its shareholders, hence Kinnevik is expected to own 5.6% of TDC Group
- Annual synergies of approximately SEK 790 million are expected to be gradually realised over 3 years

## COMBINED FINANCIAL PROFILE<sup>1</sup>

### 2017 Revenue (DKK m)



### 2017 EBITDA (DKK m)



<sup>1</sup> MTG Nordics's figures are converted to DKK using a SEK/DKK exchange rate of 0.76.  
Source: Company information

# GROWTH REMAINS A KEY PRIORITY FOR OUR PRIVATE COMPANIES



- 9.5 million active customers at the end of Q3 2017 (11% growth<sup>1</sup>)
- Q3 2017 revenues of EUR 256m (21% growth<sup>1</sup>), NMV of EUR 265m (22% growth<sup>1</sup>) and an adjusted EBITDA<sup>2</sup> of EUR -33m, corresponding to a -13% margin, an improvement of 2.8 percentage points compared to Q3 2016
- The financial position remains strong with a pro forma cash balance of EUR 273m at the end of the quarter



- 10.4 million responses in December 2017 (6% growth on a per-listing basis)
- Announced the acquisition of the online classifieds and real estate brokerage businesses of HDFC, India's largest mortgage lender. The acquisition will further the company's focus on participating more deeply in transactions by facilitating real estate sales as a broker



- Over 315,000 customers at the end of Q4 2017 (51% growth)
- Assets under management of USD 12.4bn at the end of Q4 2017 (83% growth)
- Launched a Charitable Giving service, enabling customers to donate shares from their accounts to charities on Betterment's platform
- Also launched an Investment Review feature that provides customers with additional analyses on their financial planning



- 6.2 million active customers in 14 countries at the end of Q4 2017 (13% growth excluding discontinued products)
- Announced a USD 107m financing round led by global insurance company Allianz with a USD 97m investment and with participation from Kinnevik



- 1.3 million registrations at the end of Q4 2017 (more than doubled compared to the beginning of the year)
- The digital general practitioner service in collaboration with the NHS, "GP at hand", launched and attracted at peak close to a thousand registrations a day
- Babylon received an approximate USD 750,000 grant by the Gates Foundation to support and further scale its service in Rwanda



- Close to 54,000 members at the end of Q4 2017 (around 2.5 times more compared to the beginning of the year)
- The company signed or expanded contracts with five of the largest health insurance plans in the US
- Launched a research collaboration with global pharmaceutical company Eli Lilly, reinforcing its leading position in diabetes

<sup>1</sup> Pro forma growth; includes Kanui and Tricae 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



# BIMA SUCCESSFULLY CLOSED A USD 107M ROUND WITH ALLIANZ BECOMING A CORE SHAREHOLDER



## TRANSACTION HIGHLIGHTS

- **BIMA successfully closed a fundraising round of USD 107m** in December 2017, whereof USD 30m in primary
- **Allianz, the global insurance company, invested USD 97m** in total, resulting in a 33% shareholding and three board seats
- **Kinnevik participated pro rata** in the transaction to maintain lead shareholder position, corresponding to an investment of USD 12.7m (SEK 106m)
- **The transaction valued BIMA at USD 260m**, implying a SEK 114m, or 78%, uplift versus Kinnevik's recorded fair value per 30 September 2017
- Allianz is one of the world's leading insurers with a strong, well-established brand across emerging markets, which will **provide BIMA with operational value in addition to a stable source of capital**

## OWNERSHIP STRUCTURE

SHAREHOLDER	OWNERSHIP
Kinnevik	34%
Allianz	33%
Millicom	12%
Axiata	10%
Digicel	3%
Others	8%

## BIMA FROM ALLIANZ' PERSPECTIVE

- Opportunity to invest in an industry disruptor and young dynamic team without industry legacy
- BIMA is a growth opportunity in a slow growing industry
- Ability to leverage BIMA's partnerships with mobile operators
- Enables Allianz to expand presence in emerging markets and to the mass market segment
- Opportunity to partner with BIMA locally where there is geographical overlap

## BIMA AT A GLANCE



25+ MILLION REGISTERED USERS



14 COUNTRIES



500,000 NEW CUSTOMERS A MONTH



DIRECT REACH TO 1.3 BILLION CUSTOMERS



3 CONTINENTS



75% CUSTOMERS ACCESSING INSURANCE FOR THE FIRST TIME











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SECTION B

# KINNEVIK'S FINANCIAL POSITION

# NO MATERIAL CHANGES TO THE VALUATION OF THE PRIVATE PORTFOLIO

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

Company	Q1 2017	Q2 2017	Q3 2017		Q4 2017			Method	
	Fair Value	Fair Value	Net Invested	Change	Fair Value	Net Invested	Change		Fair Value
 GLOBAL FASHION GROUP	5 437	5 188	-	(205)	4 983	-	256	5 239	EV/LTM Revenue - 1.3x
	1 519	1 480	-	18	1 498	-	(140)	1 358	DCF
 FINANCIAL SERVICES	1 180	1 115	-	(36)	1 079	-	3	1 082	LTV, Sep 2017
	580	548	527	(14)	1 061	-	3	1 064	LTV, Jul 2017
	430	406	-	(13)	393	106	307	806	LTV, Dec 2017
 HOME AND LIVING	433	439	-	6	445	-	34	479	EV/LTM Revenue - 1.3x
	291	371	-	-	371	-	4	375	LTV, Apr 2017
	78	184	-	(93)	91	-	127	218	EV/LTM Revenue - 1.1x
 TECHNOLOGIES	199	197	-	(2)	195	-	-	195	DCF
	112	105	-	(3)	102	1	2	105	LTV, Mar 2017
<i>Other</i>	1 895	1 279	(83)	(69)	1 126	6	(371)	761	Mixed
<b>TOTAL</b>	<b>12 154</b>	<b>11 312</b>	<b>444</b>	<b>(411)</b>	<b>11 344</b>	<b>113</b>	<b>225</b>	<b>11 682</b>	

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

## NAV development

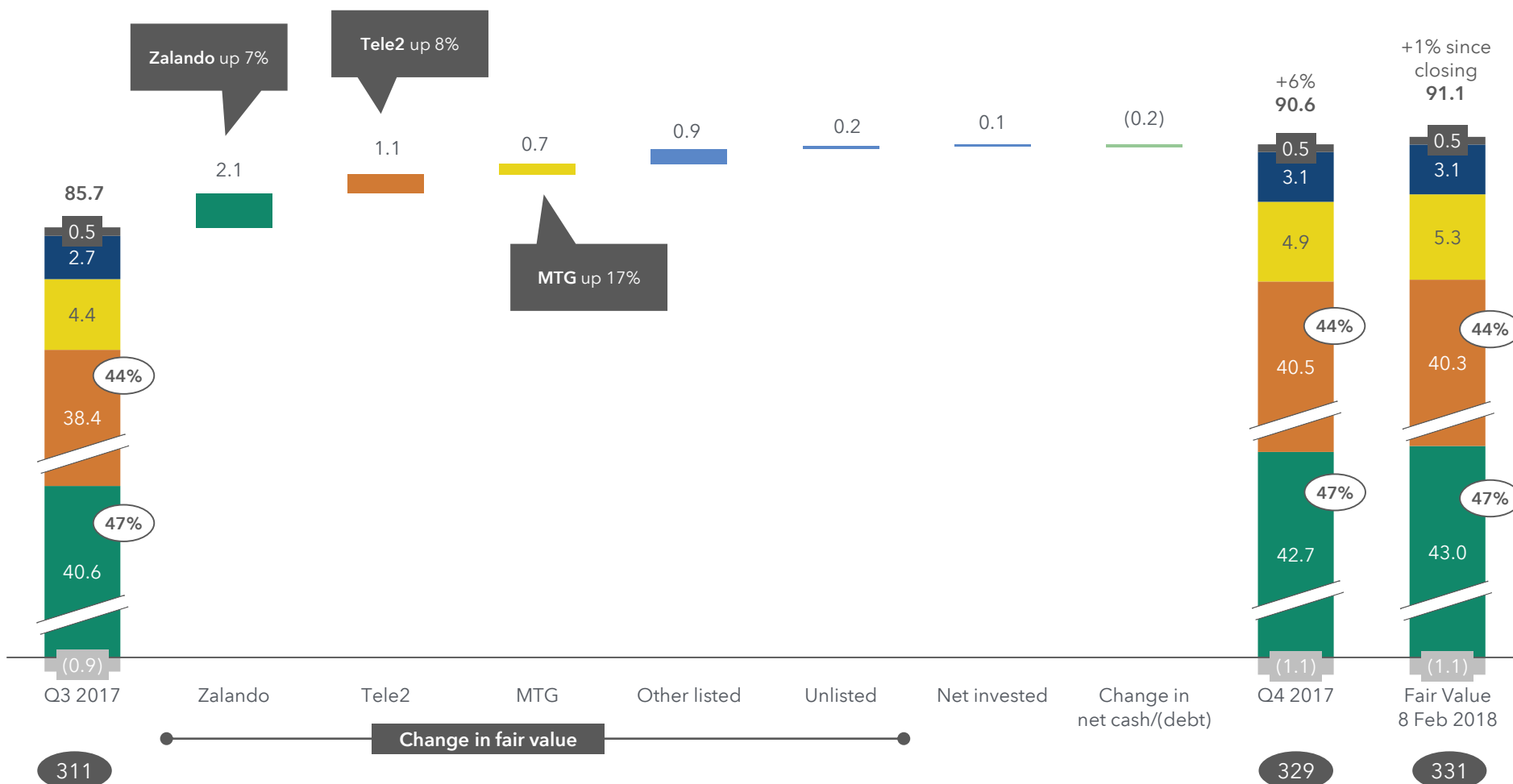
(SEKbn)

■ 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	Q4 2017
BIMA	106
Other	10
<b>Total</b>	<b>116</b>

Divestments	Q4 2017
Other	3
<b>Total</b>	<b>3</b>

Net Investments (Divestments)	
Total Q4 2017	113
Full Year 2017	(506)

## FINANCIAL POSITION (SEKM)

Net Cash / (Debt) Per 30 September 2017	(878)
Net Investments	(113)
Operating Expenses	(52)
Net Financial Expenses	(19)
Net Cash / (Debt) Per 31 December 2017	(1 062)

## TOTAL SHAREHOLDER RETURN



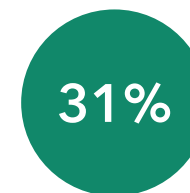
Past 30 years



Past 10 years



Past 5 years



Past 12 months

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SECTION C

# REVIEW OF FULL-YEAR 2017

# 2017 HIGHLIGHTS: WE HAVE CONTINUED TO EXECUTE OUR FOCUSED STRATEGY FOR VALUE CREATION

1

## GREW AND PROTECTED VALUE IN OUR LARGE LISTED COMPANIES

- **Zalando** contributed SEK 6.9bn to our NAV in 2017, delivering on their full year guidance regarding both growth and profitability, and with a share price gain of 22% for the full year
- **Millicom** contributed SEK 7.0bn to our NAV (including dividend paid) and continued to successfully execute its two-fold business reconfiguration strategy as reflected in the share price gain of 42%
- Through the **investment in Com Hem** in April 2017, and the **Tele2/Com Hem and MTG Nordic/TDC Group transactions** announced in January 2018, we acknowledge the TMT convergence trends and increase the ambitions for these companies

2

## DROVE SUSTAINABLE GROWTH IN OUR PRIVATE ASSETS

- **Global Fashion Group** showed strong revenue growth and made significant progress on its path to profitability. In January 2018, GFG appointed new leadership to further strengthen the capabilities and execution of its plan
- **Betterment** grew its assets under management and customer base significantly during the year, driven by continuous product innovations and further developments of its platform
- Kinnevik **implemented tailored Sustainability Roadmaps** in all investee companies during the year, as well as assessed sustainability performance and set key priorities for 2018

3

## MAINTAINED HIGH INVESTMENT MANAGEMENT ACTIVITY

- We made new investments in **Com Hem** and **Livongo**, and increased ownership in **Betterment**, **Babylon** and **BIMA**, showcasing our strategy to support the companies we believe in over time and in multiple investment rounds
- We exited a number of companies, including our full ownership in **Rocket Internet** and **Lazada**

## WE DELIVERED ON OUR FINANCIAL TARGETS

**Annual total shareholder return of 31%** for 2017, and 21% over the last five years

**Leverage of 1% or less** throughout the year

**Annual dividend growth of 3%** or SEK 0.25 per share year on year

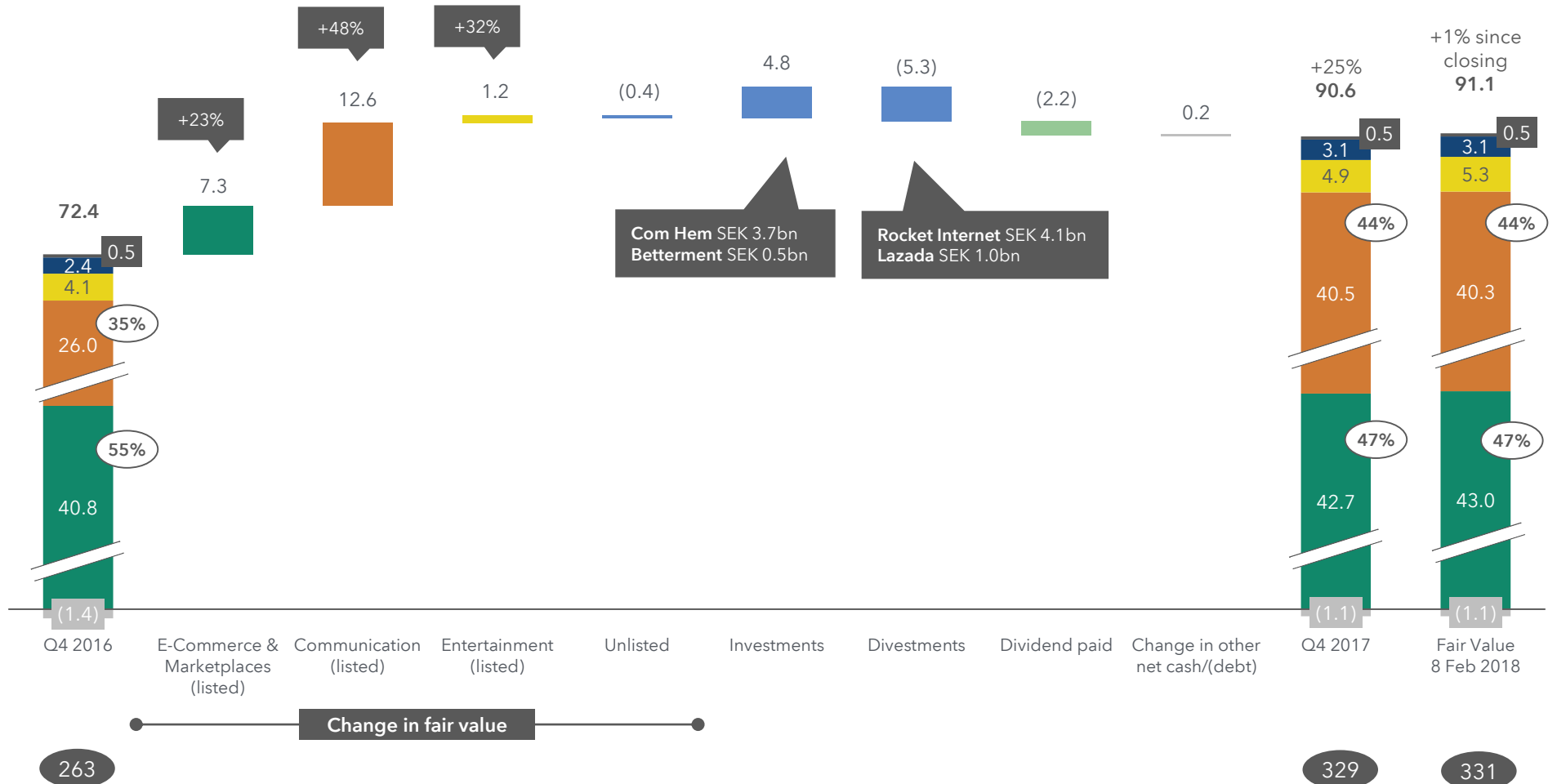
# FULL YEAR NAV DEVELOPMENT DRIVEN BY STRONG PERFORMANCE IN LISTED E-COMMERCE AND COMMUNICATION ASSETS

## NAV development (SEKbn)

■ E-Commerce & Marketplaces  
■ Communication  
■ Entertainment

■ Financial Services  
■ Healthcare & Other  
■ Net Cash

% Share of Portfolio Value  
● NAV Per Share (SEK)





# RECOMMENDED DIVIDEND OF SEK 8.25 PER SHARE

## UNCHANGED FINANCIAL TARGETS

### Attractive returns

Kinnevik's objective is to generate a long-term total return for our shareholders in excess of the cost of capital. We aim to deliver an annual total shareholder return of 12-15% over the business cycle

### Low leverage

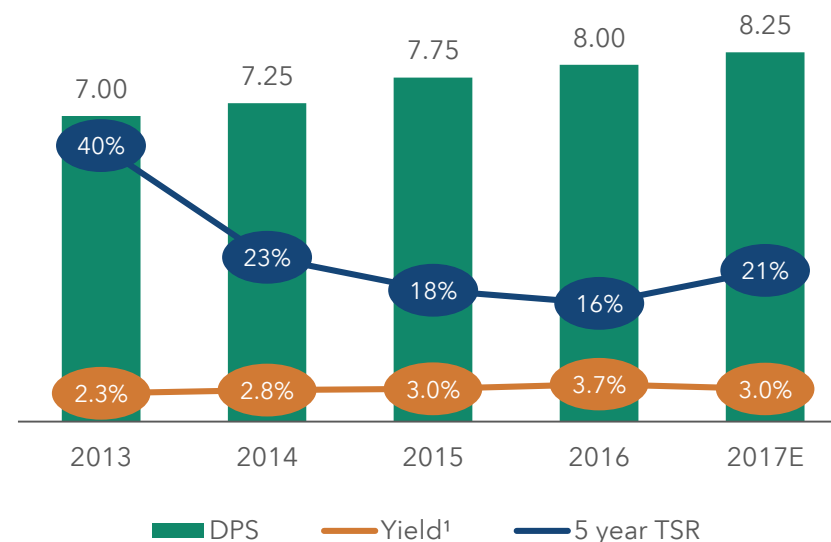
Given the nature of Kinnevik's investments our goal is to carry low leverage in the parent company, not exceeding 10% of portfolio value

### Increasing shareholder remuneration

Kinnevik aims to pay an annual dividend growing in line with dividends received from its investee companies and the cash flow generated from its investment activities

## DIVIDEND PROPOSAL

- Kinnevik's Board of Directors recommends an ordinary dividend per share of **SEK 8.25** for 2017
- The proposed dividend correspond to a **dividend yield of 3.0%**, a **growth of 3.1%** and **SEK 2.3bn** in total dividends paid
- Including the recommended dividend for 2017, Kinnevik has over the last 5 years paid **SEK 10.6bn** in ordinary cash dividends



<sup>1</sup> As per closing share price on 31 December each year

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SECTION D

# 2018 PRIORITIES

# 2018 KEY PRIORITIES

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## INTENSIFY ACTIVE OWNERSHIP

Already a core pillar of Kinnevik's strategy, active ownership is key to building successful businesses. Continued focus on creating value in our large listed companies.

## ACCELERATE PRIVATE PORTFOLIO

Select and accelerate the winners in our current private portfolio and invest in a number of new winners in the coming years.

## INCREASE NORDIC FOCUS

Around 25% of our assets are based in the Nordics and we will be increasing our efforts to identify new investments in the region.



BUILDING THE BUSINESSES THAT PROVIDE  
MORE AND BETTER CHOICE