



Q1 INTERIM REPORT

LONDON, APRIL 19, 2016

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OPERATIONAL PERFORMANCE

ANDERS NILSSON, CEO

OPERATIONAL PERFORMANCE 1

- Continued execution on our plan

OPERATIONAL UPDATE 2

- Our new brand
- Adoption of Com Hem Play
- Broadband performance

FINANCIAL PERFORMANCE 3

- Strong cash flow generation

SUMMARY 4

KEY GROWTH DRIVERS

1 STABLE CUSTOMER SATISFACTION

- Consumer churn rate of 13.9%, 1.0 p.p. increase over Q4 2015, following well executed price rise activity in the first quarter

2 DRIVE DTV PENETRATION WITH POWERFUL DTV SERVICES

- TiVo subscribers grew by 5,000 in Q1, taking TiVo to 36% of our DTV base

3 LEVERAGE NETWORK AND SPEED ADVANTAGE

- Our broadband subscribers grew 11,000 net to another record high of 669,000 RGUs, which is the twelfth consecutive quarter of growth

4 CAPITALISE ON UNIQUE CONSUMER BUNDLE OPPORTUNITY

- Duals increasing steadily to 26% of consumer subscriber base. Triples becoming less relevant due to decreased usage of fixed telephony

5 LEVERAGE B2B OPPORTUNITY

- Continued transformation of Phonera focusing on high margin OnNet. OnNet B2B unique customers grew by 1,000 during the quarter

GUIDANCE

REVENUE

We aim to deliver mid-single-digit revenue growth on a full year basis

KEY CASH FLOW DRIVERS

1 REVENUE GROWTH TRANSLATES INTO INCREASED UNDERLYING EBITDA:

- Revenue grew by 3.9% and amounted to SEK 1,276m (SEK 1,228m in Q1 2015), translating into an Underlying EBITDA growth of 4.6% to SEK 603m (SEK 577m in Q1 2015)

2 STABLE CAPEX LEVELS FOR THE FULL YEAR

- Capex amounted to SEK 210m (SEK 263m in Q1 2015)

3 REDUCED INTEREST EXPENSES

- Q4 refinancing is expected to save the group more than SEK 100m in annual interest payments. Interest expenses at 2.8% in Q1 from 3.6% in Q4

4 NO TAXES TO BE PAID UNTIL TAX LOSSES FULLY UTILISED

- Outstanding NOL approx. SEK 2.3bn per March 31 2016

IMPROVED CASH FLOW GENERATION

Underlying Cash flow generation increased by SEK 97m or 46% to a total of SEK 308m in the first quarter

GUIDANCE

UNDERLYING EBITDA

We aim to maintain a stable Underlying EBITDA margin for the group, resulting in mid-single-digit growth of Underlying EBITDA on a full year basis

CAPEX

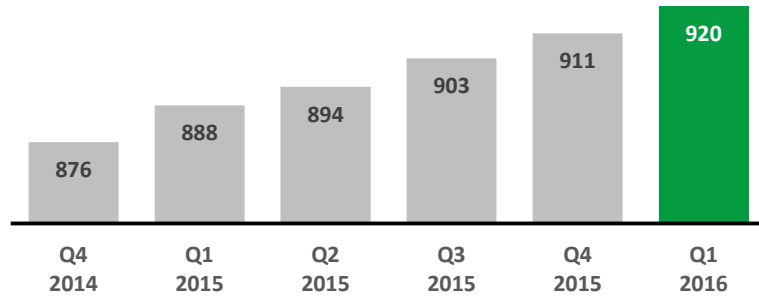
We expect CAPEX to be in the range of SEK 1.0-1.1bn in 2016

LEVERAGE TARGET – UNCHANGED

We aim to maintain our leverage within the interval of 3.5-4.0x Underlying EBITDA LTM

CONSUMERS AND RGUS CONTINUE TO GROW STEADILY

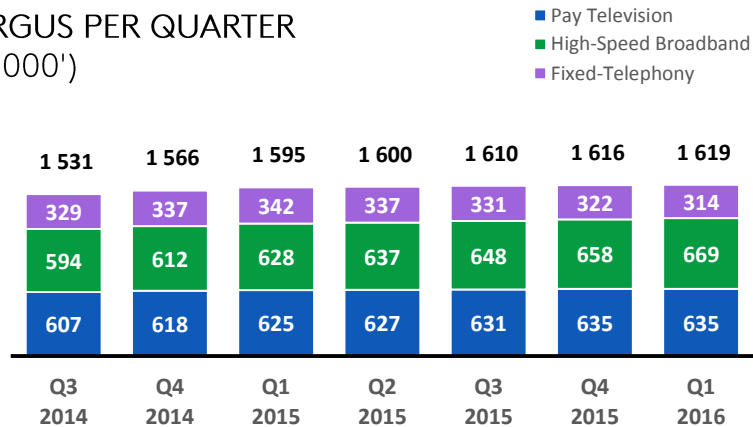
UNIQUE CONSUMER SUBSCRIBERS
(000')



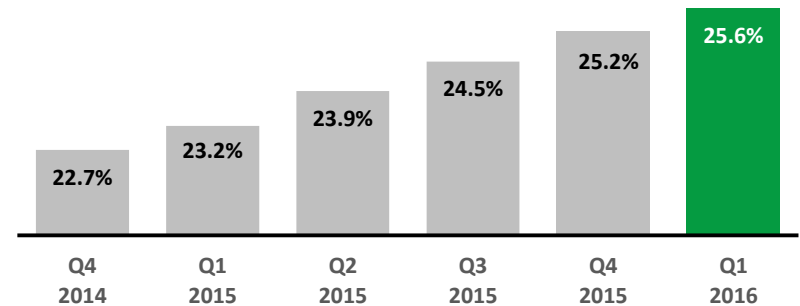
HIGHLIGHTS

- Unique consumer subscribers grew by 9,000 during the quarter to an all time high of 920,000
- Total RGUs increased by 3,000 for the quarter to 1,619,000
- Overall, volume intake is in line with our shift towards a balance of price and volume-led revenue growth
- Dual subscriptions continue to grow steadily, rose from 25% to 26%
- Our RGU per customer ratio continues to decline due to the structural decline in fixed telephony

RGUS PER QUARTER
(000')

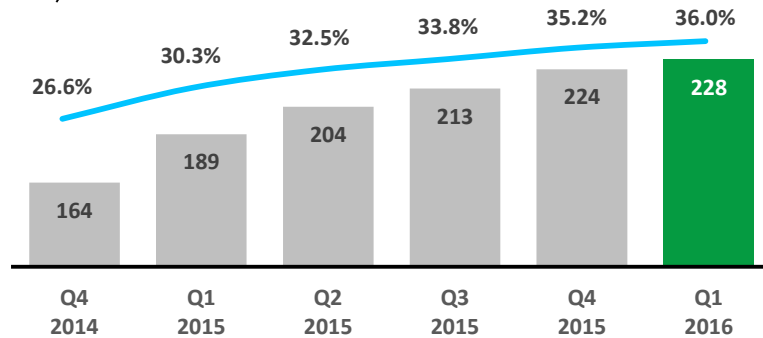


DUALS DEVELOPMENT
(%)



CONTINUED POSITIVE TREND IN OUR HIGH-END CONSUMER SERVICES

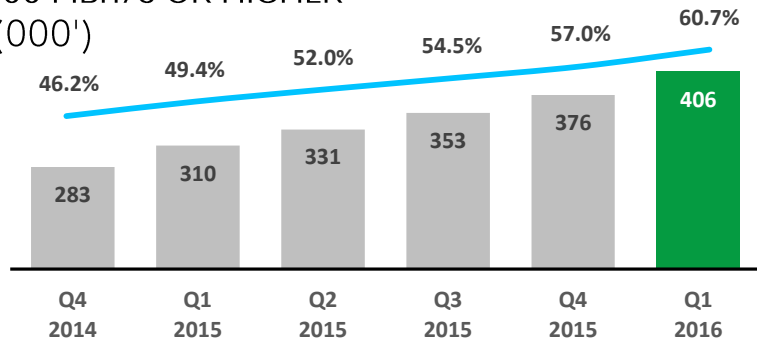
TIVO SUBSCRIBERS (000')



DIGITAL-TV

- Digital-TV RGU's remained stable at 635,000, with continued growth in the number of TiVo subscribers which increased by 5,000 to 228,000 (penetration rate of 36%)

BB SUBSCRIBERS WITH 100 MBIT/S OR HIGHER (000')

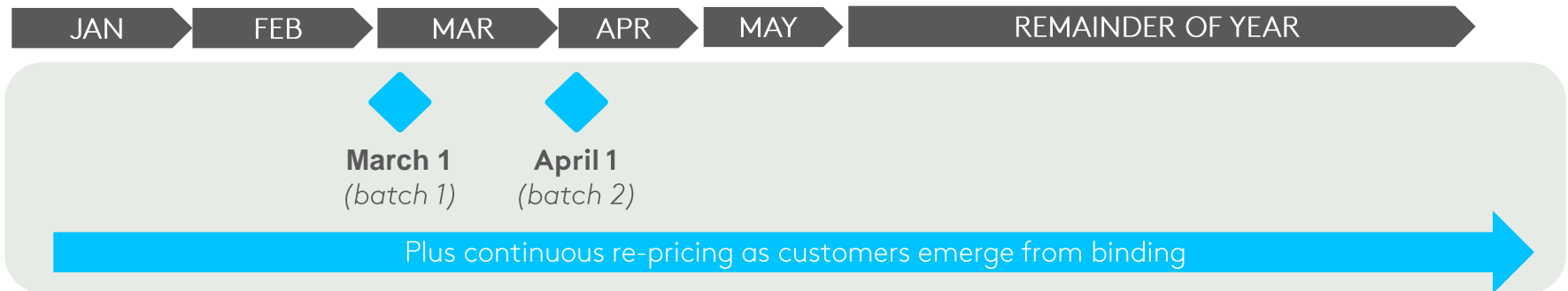


BROADBAND

- For the first time, 90% of new broadband subscribers chose speeds of 100 Mbit/s and above in Q1 (83% in Q4)
- Over 60% of the broadband base now subscribe on a 100 Mbit/s service or higher end of Q1
- Average speed per broadband subscriber in base reached 125 Mbit/s in Q1 (115 Mbit/s in Q4)

PRICE RISE 2016

“Over half of all Com Hem customers are affected by our 2016 price rise”



- Price rise started earlier; main price rise March 1, 2016 vs. April 1, 2015
- Price rise scale is somewhat larger than 2015, and a combination of frontbook and backbook/discount repricing activity

KEY CHANGES TO OUR FRONTBOOK PRICES

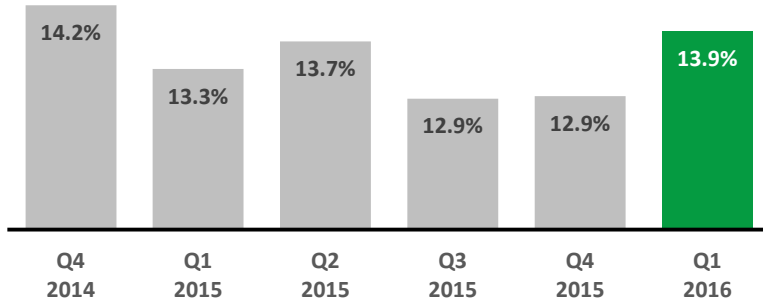
BB 50	+20* (299 → 319)
BB 250	+ 20* (429 → 449)
DTV BAS	+30 (149 → 179)
COM BO BAS	+50 (429 → 479)*

KEY RULES

- Focus on discount reduction; no changes to TiVo/100 Mbit/s
- No changes to customers in binding
- No price rise greater than 70 SEK/month for any customer

Q1 CONSUMER CHURN BETTER THAN ANTICIPATED GIVEN PRICE RISE SCALE

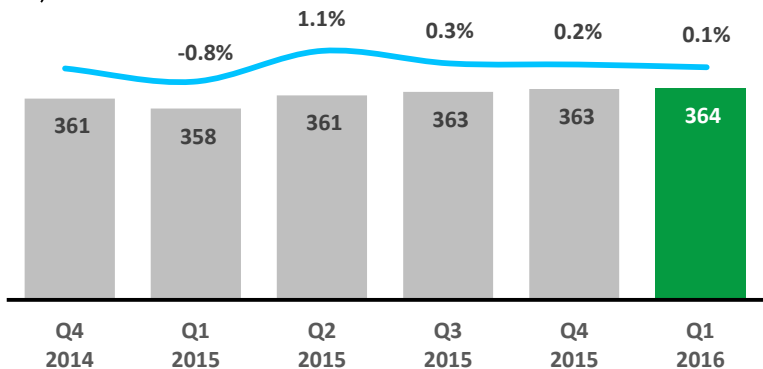
CONSUMER CHURN (%)



CONSUMER CHURN

- Churn rose to 13.9% in Q1 from 12.9% in Q4; this reflects a larger price rise in scale and scope, combined with lower underlying churn
- Underlying churn trends are positive, and we expect to return to our prior underlying trend rate from Q2 and onwards

CONSUMER ARPU (SEK)

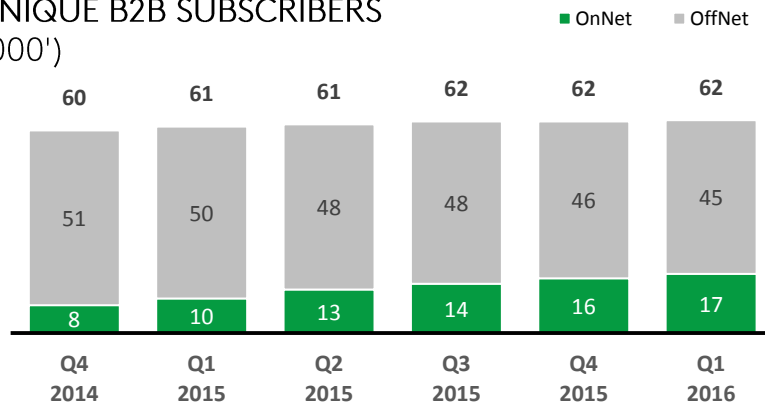


CONSUMER ARPU

- ARPU rose to 364 SEK reflecting the early impact of the price rise on March 1
- We expect ARPU to peak in Q2 as the full effect of the price rise takes effect and thereafter gradually decline primarily due to unwind of fixed telephony revenue, i.e. a typical Telco pattern

TRANSFORMATION OF B2B ONGOING

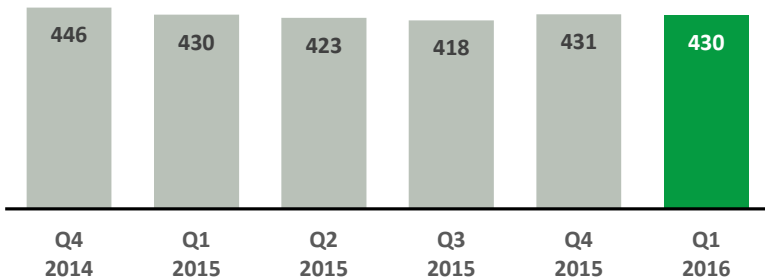
UNIQUE B2B SUBSCRIBERS
('000')



B2B SUBSCRIBERS

- Total B2B subscriber base remained stable in Q1 while OnNet customer base grew by 1,000
- The focus in our B2B business continues to be on its transformation from the declining OffNet fixed telco legacy business to the future proof OnNet business
- Transformation of operations yields lower operational costs and investments going forward

B2B ARPU
(SEK)



B2B ARPU

- B2B ARPU remained flat as the variable fees in the legacy OffNet business continue to decline, offset by an improvement in the OnNet ARPU

OPERATIONAL UPDATE

JON JAMES, COO

OPERATIONAL PERFORMANCE 1

- Continued execution on our plan

OPERATIONAL UPDATE 2

- Our new brand
- Adoption of Com Hem Play
- Broadband performance

FINANCIAL PERFORMANCE 3

- Strong cash flow generation

SUMMARY 4

OUR FIRST MAJOR REBRAND IN 8 YEARS TOOK PLACE ON APRIL 7

- The new brand is designed to signal the step change in service/product we have delivered while retaining the continuity of the Com Hem brand
- We have undertaken a comprehensive refresh of all our customer touchpoints, taking the opportunity to improve the quality of the customer experience in all channels



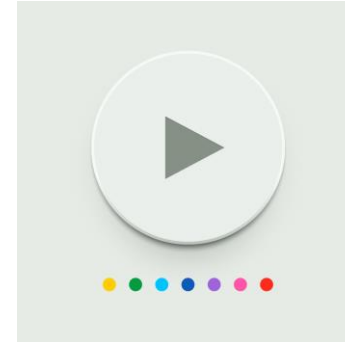
BRAND NEW CUSTOMER EXPERIENCE

- In the first half of April, our customers have seen comprehensive changes in the Com Hem look and feel
- Comprehensive redesign of our website
- A new user interface (UI) for TiVo and Com Hem Play
- New product packaging
- New retail layout



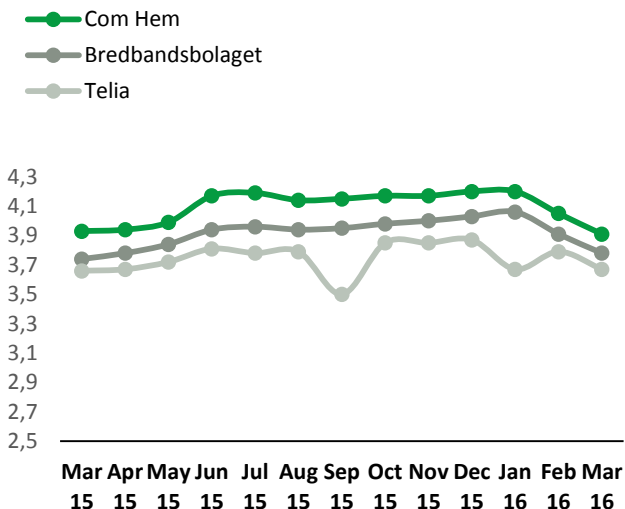
COM HEM PLAY ENGAGEMENT CONTINUES TO INCREASE

- We continue to see significant growth in engagement with Com Hem Play, our TVE service
- Compared to a year ago, the number of customers using our TV Everywhere service, Com Hem Play, increased by 48% in the first quarter and the amount of content streamed by our customers has increased close to 5 times over the same period
- We continue to evolve the service to ensure it remains one of Sweden's most comprehensive TV services
 - During the quarter we launched support for Apple TV and will shortly launch support for Chromecast
 - Both TiVo and Com Hem Play user interfaces have been updated to reflect our new brand look and feel

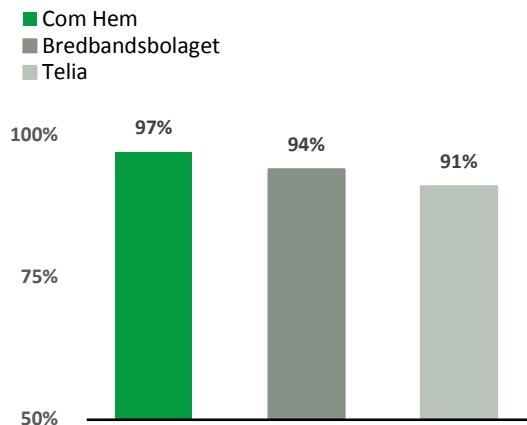


OUR BROADBAND PERFORMANCE

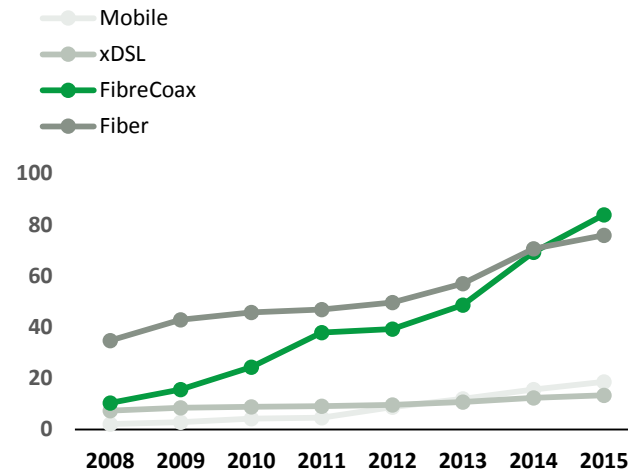
NETFLIX ISP SPEED INDEX



GOOGLE VIDEO QUALITY REPORT (MARCH 2016)



BREDBANDSKOLLEN – AVERAGE SURF SPEEDS IN SWEDEN (RECEIVING DATA)



- Com Hem has led the Netflix ISP speed index against key competitors since 2014 and against all competitors in 10 of the last 12 months
- Google Video's report on Sweden gives Com Hem the highest performance rating with a full 97% of streams delivered in HD
- For the first time, Com Hems FibreCoax infrastructure delivered the highest average download speed score according to the annual Bredbandskollen survey, published February 2016

FINANCIAL PERFORMANCE

MIKAEL LARSSON, CFO

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- Continued execution on our plan

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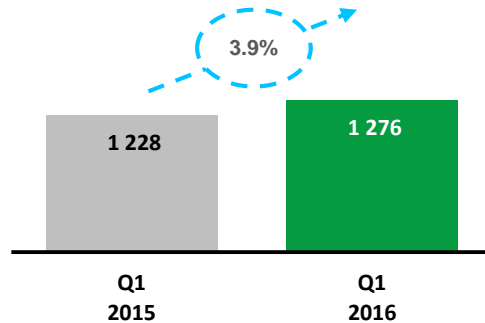
FINANCIAL PERFORMANCE 3

- Strong cash flow generation

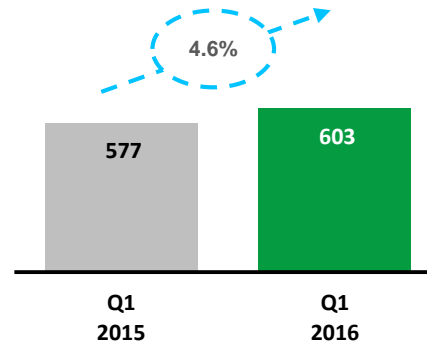
SUMMARY 4

FIRST QUARTER FINANCIAL HIGHLIGHTS

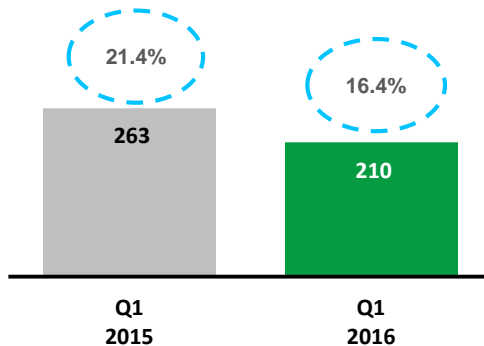
REVENUE
(SEKM)



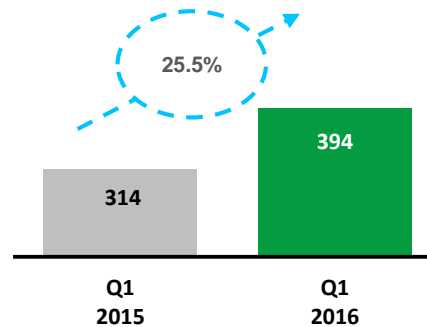
UNDERLYING EBITDA
(SEKM)



CAPEX (% OF REVENUE)
(SEKM)



OPERATING FREE CASH FLOW
(SEKM)

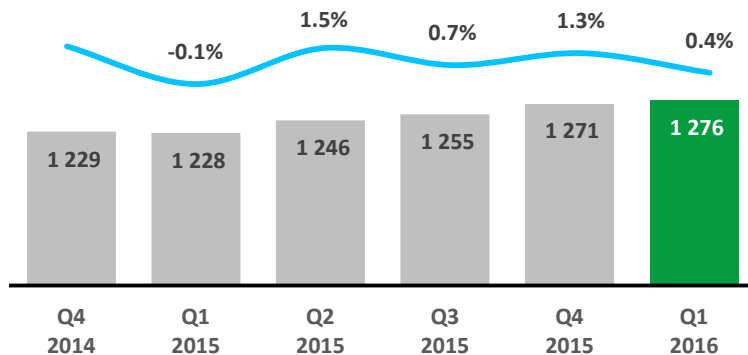


HIGHLIGHTS

- Revenue growth of 3.9% (3.4% in Q4)
- Underlying EBITDA grows in line with revenue at 4.6% (3.3% in Q4) to SEK 603m
- Lower capex compared to Q1 2015, explained by frontloaded investment cycle in 2015, while larger portion will come in H2 this year
- Continued strong increase in OCF, which grew 25.5% to SEK 394m as result of Underlying EBITDA growth and lower capex spend in the quarter

CONTINUED REVENUE GROWTH

REVENUE Q-o-Q
(SEKM)



(SEKm)	Q1 2016	Q1 2015	Change	FY 15
Consumer	997	942	5.8%	3,863
Network operator	192	199	(3.7%)	786
B2B	80	77	4.9%	311
Other	7	10	(29.9%)	40
Total revenue	1,276	1,228	3.9%	5,000

REVENUE

- Increase in consumer revenue driven by growth in broadband RGUs, continued improved broadband and DTV tier mix as well as pricing activities during Q1
- Decrease in network operator revenue (landlord and communication operator) slowing down to 3.7% (Q4 2015 5.8%). Network operator revenue expected to continue decreasing mid-single digit due to price pressure in the landlord business
- B2B revenue growth 4.9% driven by high margin OnNet business. However, partly offset by continued decline in low margin OffNet SoHo legacy business

DOUBLED NET PROFIT

(SEKm)	Q1 2016	Q1 2015	Change	2015 FY
Revenue	1,276	1,228	3.9%	5,000
Production costs	(377)	(354)		(1,466)
Gross profit	899	873	2.9%	3,534
Gross margin	70.4%	71.1%		70.7%
Operating costs*	(296)	(297)		(1,189)
Underlying EBITDA	603	577	4.6%	2,346
Underlying EBITDA margin	47.3%	47.0%		46.9%
One-off items**	(3)	(39)		(76)
EBITDA	600	538	11.6%	2,269
EBITDA margin	47.0%	43.8%		45.4%
Depreciation and amortisation	(395)	(376)		(1,545)
EBIT	205	161	26.9%	724
Net financial expenses	(83)	(110)		(605)
Taxes	(27)	(11)		(27)
Net result for the period	95	40	138.1%	92

* Excluding non-recurring items, write-downs and depreciation and amortisation

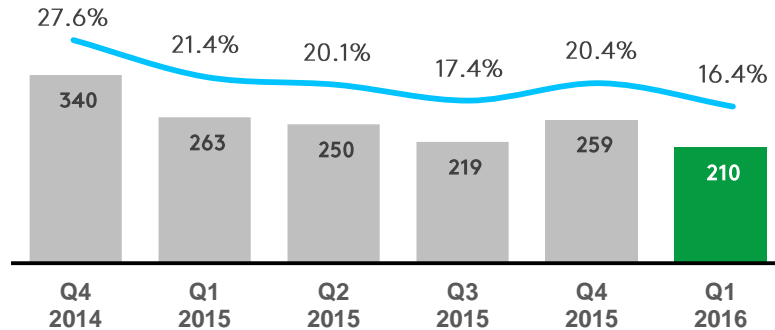
** Non recurring items, Operating currency loss/gains & disposals

P&L STATEMENT

- Steady growth of gross profit and Underlying EBITDA. Slight pressure on gross margin compensated by flat OPEX spend in the quarter
- EBITDA growth of 11.6% explained by higher Underlying EBITDA (4.6%) and lower one-offs
- Slight increase in depreciation and amortisation due to higher customer acquisition CAPEX in previous quarters
- Savings in net financial expenses of SEK 27m, or 25% on back of the Q4 2015 refinancing as well as lower market rates
- Net result more than doubled to SEK 95m as a result of higher EBITDA and lower financial expenses

2016 CAPEX SPEND MORE BACK LOADED THAN 2015

QUARTERLY CAPEX (% OF REVENUE)
(SEKM)



(SEKm)	Q1 2016	Q1 2015	Change	FY 2015
Network related	71	65	8.9%	332
CPE & sales costs	101	149	(32.1%)	486
IS development	29	35	(17.7%)	128
Other capex	9	15	(36.5%)	45
Total capex	210	263	(20.3%)	991

CAPEX

- Slightly higher network related than last year
- CPE and capitalised sales commission lower than Q1 2015, following our shift towards a balance between volume and price led growth
- 2016 guidance of total capex between SEK 1-1.1bn remains unchanged

CONTINUED STRONG CASH FLOW GENERATION

(SEKm)	Q1 2016	Q12015	Change	2015 FY
Underlying EBITDA	603	577	27	2,346
Change in net working capital	(43)	(13)	(30)	100
Interest payments on borrowings etc.	(35)	(47)	12	(598)
Other operating cash / non-cash items	(8)	(43)	35	(77)
Net cash from operating activities	517	474	43	1,770
Gross capital expenditure	(210)	(263)	53	(991)
Capex funded by leasing	0	0	0	15
Net cash used in investing activities	(210)	(263)	53	(976)
Total cash from operating activities less investments	308	211	97	795
Net change in borrowings	(107)	(7)	(99)	230
Shareholder remuneration	(266)	0	(266)	(973)
Other financial activities	(0)	(33)	32	(25)
Cash flow from financing activities	(373)	(40)	(333)	(768)
Net cash generated (used)	(65)	171	(236)	27

CASH FLOW

- Cash generated from operating activities net of investments improved by SEK 97m, explained by improved Underlying EBITDA, less one-off items and lower capex in the quarter, partly offset by a more negative movement in NWC compared to Q1 2015
- SEK 100m repaid on Revolving Credit Facility as result of improved cash management
- SEK 266m paid for share buy backs in Q1
- Total shareholder remuneration of SEK 1,238m in the form of cash dividend, share repurchases and share redemption since AGM 2015, representing 8.6% of our market capitalisation at March 31, 2016

CAPITAL STRUCTURE

(SEKm)	Mar. 31, 2015	Dec. 31, 2015
Senior bank debt		
Term Loans	5,875	5,875
RCF	1,250	1,350
Finance leases	42	48
Total senior bank debt	7,167	7,273
Bond instruments		
Senior Secured Notes @ 5.25%	2,500	2,500
Gross debt	9,667	9,773
Cash balance EoP	(679)	(743)
Net debt	8,988	9,030
Unutilized bank facilities and cash	1,429	1,393
Leverage		
Net Debt / Underlying EBITDA LTM	3.8x	3.8x
Average blended interest rate last quarter		
	2.8%	3.6%

CAPITAL STRUCTURE

- Leverage unchanged since December at 3.8x Net Debt/ Underlying EBITDA LTM, well within our target range of 3.5-4.0x
- Well capitalised with SEK 1.4bn in cash and unutilised credit facilities at the end of March
- The Group's average interest rate down to 2.8% (Q4 3.6%) following refinancing in Q4 2015 and lower market rates

SUMMARY

ANDERS NILSSON, CEO

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SUMMARY 4

SUMMARY

PROPOSAL FOR 2016 SHAREHOLDER REMUNERATION

- The Board proposes to the AGM to approve a cash dividend of SEK 1.50 per share (last year SEK 1.00), which represents an increase of 50%
- Renewal of mandate to repurchase up to 10% of the share capital



LOOKING AHEAD

- Use our new brand to shift the perception of Com Hem, and effectively communicate the scale of the transformation
- Continued investments in broadband network and CPE to ensure our continued category leadership, and to increase customer satisfaction
- Trials in the SDU market with aim at making a decision during the second half of the year whether we will add this investment opportunity as another growth pillar