COM HEM

Q1 2018 INTERIM REPORT

APRIL 17, 2018

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SUMMARY

COM HEM GROUP ON TRACK FOR FULL YEAR GUIDANCE

SUMMARY OF Q1 2018

Price adjustments implemented successfully for both Com Hem and Boxer during the quarter

- Largest price increase in Com Hem History, churn and net adds in-line with expectations

Financial growth in-line with guidance

- Group revenue growth of 1.6% with a growth of 4.0% in the Com Hem Segment offset by a 5.9% decline in the Boxer segment
- Group underlying EBITDA growth of 3.6% with a growth of 5.2 % in the Com Hem Segment offset by a 8.1% decline in the Boxer segment
- Shareholder remuneration of SEK 740m in the quarter

Continued progress on footprint expansion

- Group now connected to 2.9m addressable households

Boxer operational results show large year-on-year improvement

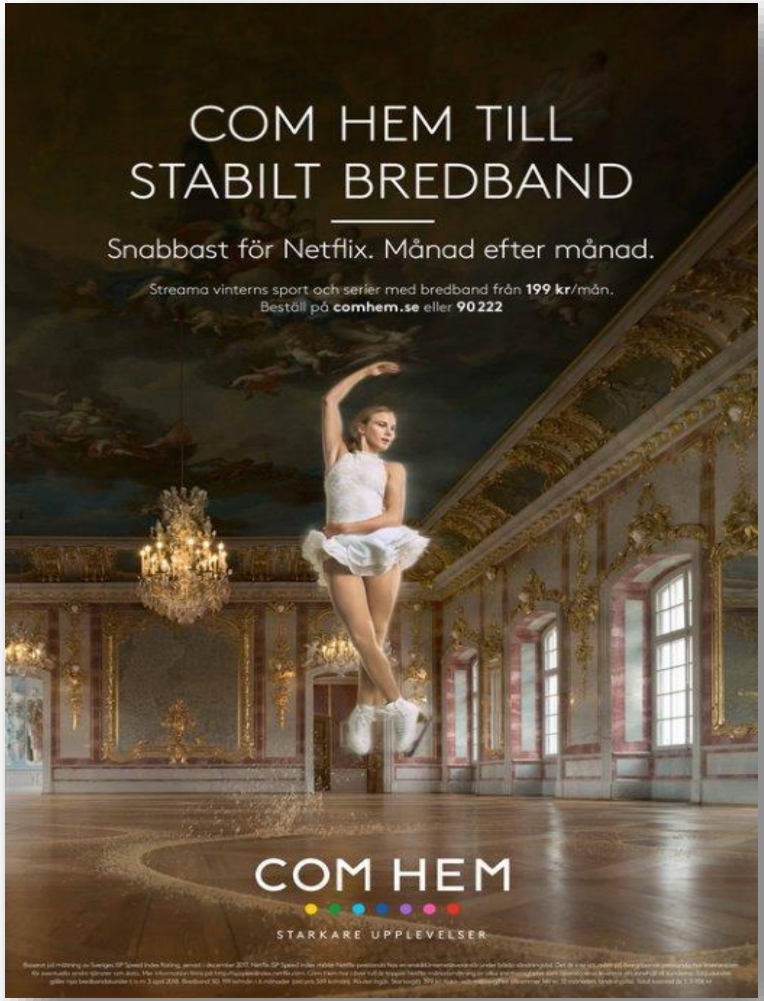
- Decline in unique customers and RGUs almost half compared to Q1 2017
- RGU neutrality in February

Next two generations TV-products launched

- Award winning Tv Hub launched
- ComBo – our first boxless TV-subscription

On track to DOCSIS 3.1

- Network upgrades ongoing – 1+ Gbit/s expected H2



LOOKING FORWARD

OUTLOOK FOR THE GROUP

- Will see positive effects of pricing in Q2
- Boxer churn expected to normalize in Q2
- Ramp up sales of Tv Hub throughout the year
- Continue development of our boxless TV-subscription ComBo
- Continue network upgrade rollout – 1+ Gbit/s speeds in H2
- Complete system integration of Boxer in Q2 2018
- Continue to execute more-for-more strategy, adding value to our customers
- Preparing the company for the merger with Tele2

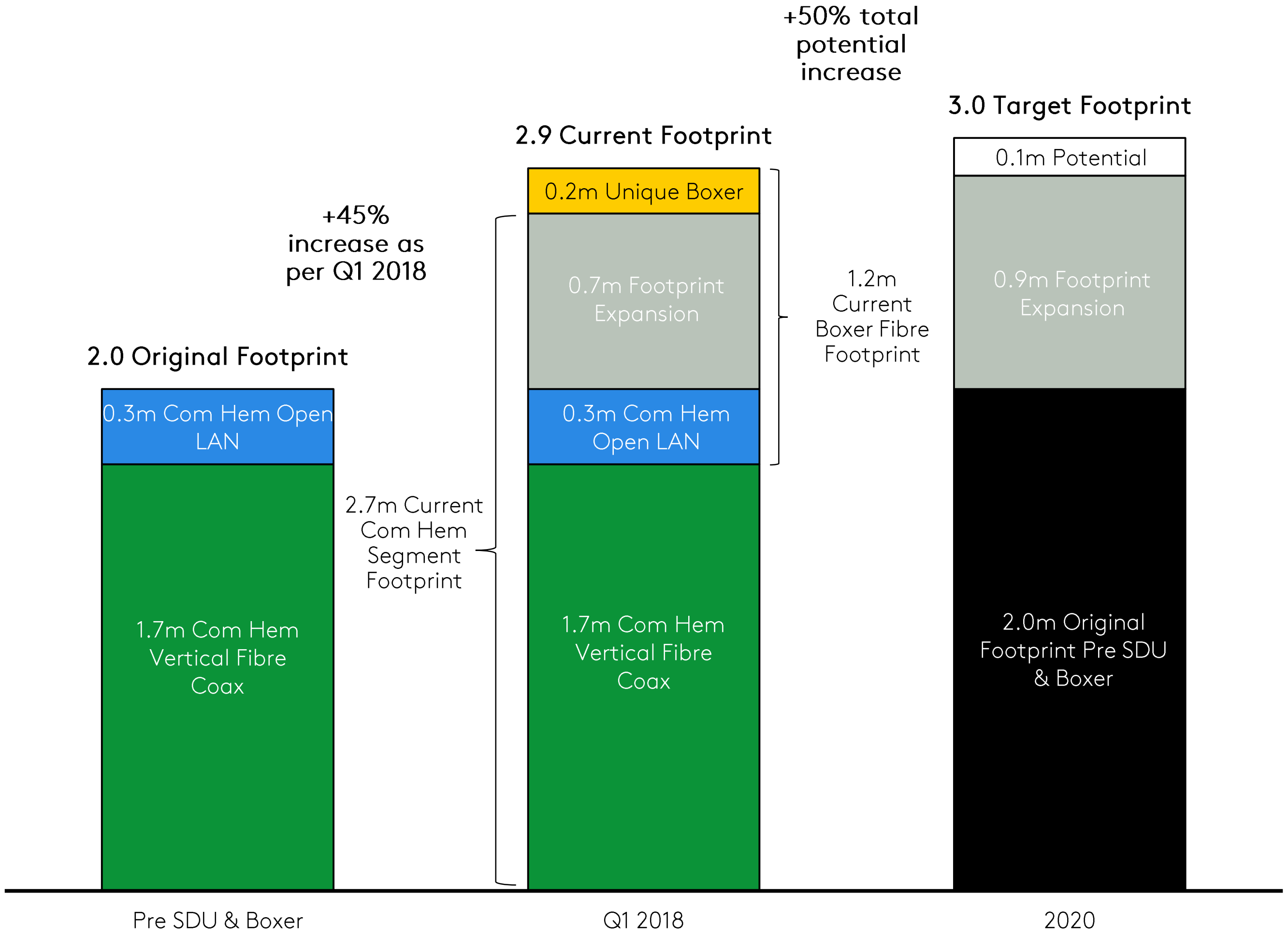
COM HEM TO SOMEONE WHO LISTENS

	REITERATING FINANCIAL GUIDANCE FOR THE GROUP – 2018 AND MID-TERM
Underlying EBITDA	We aim to deliver mid-single digit underlying EBITDA growth for the entire Group annually. We expect growth to be skewed toward the Com Hem Segment in 2018 as we continue necessary efforts to execute on the turnaround of Boxer
CAPEX	We expect Capex for the entire Group to be in the range of SEK 1.0-1.1bn annually
Leverage target	We aim to maintain our leverage within the interval of 3.5-4.0x underlying EBITDA LTM

OPERATIONAL UPDATE

REACHING 2.9M ADDRESSABLE HOUSEHOLDS

THE COM HEM GROUP AIMS TO REACH OVER 3.0 MILLION HOUSEHOLDS



MAKING PROGRESS TOWARD 3.0M TARGET

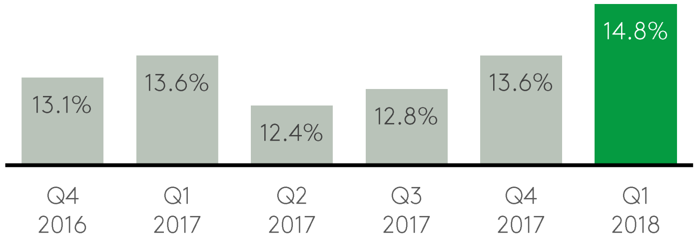
- The Group is now connected to 2.9 million addressable households
- Boxer's fibre footprint increased from 1,100,000 to 1,200,000 addressable households including roughly 200,000 which do not overlap with the Com Hem Segment
- We are well on track to reach our target of at least 3.0m households, which constitutes an increase of 50% from before the SDU expansion and the Boxer acquisition

** Numbers refer to "Addressable Households" which are defined as households connected to our FibreCoax and FibreLAN networks, or third party open networks, or passed by fibre in networks unbundled by the Group.*

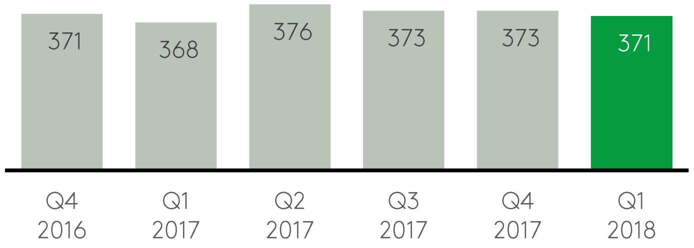
OPERATIONAL HIGHLIGHTS

COM HEM SEGMENT

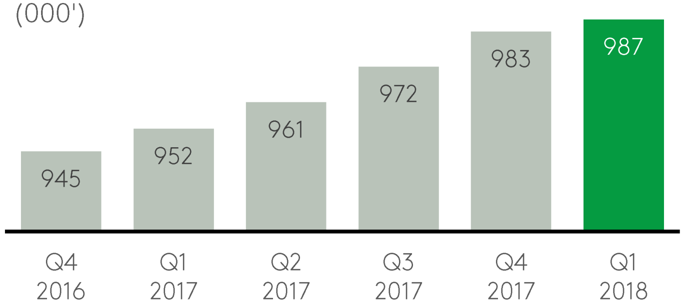
Consumer churn
(%)



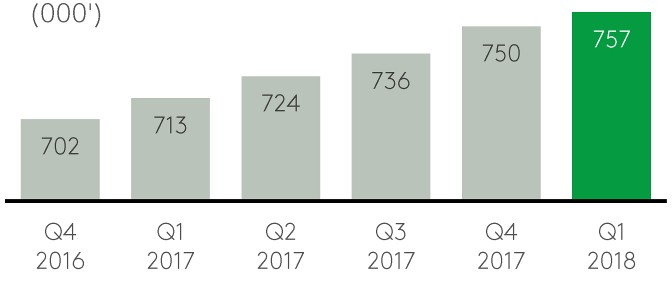
Consumer ARPU
(SEK)



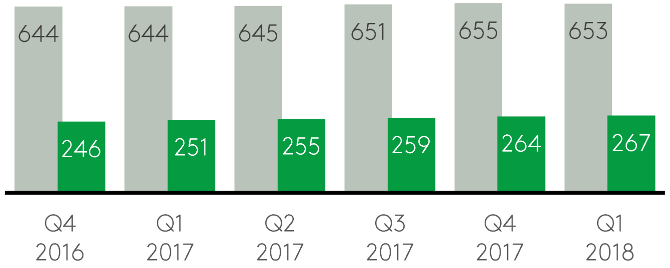
Unique consumer subscribers
(000')



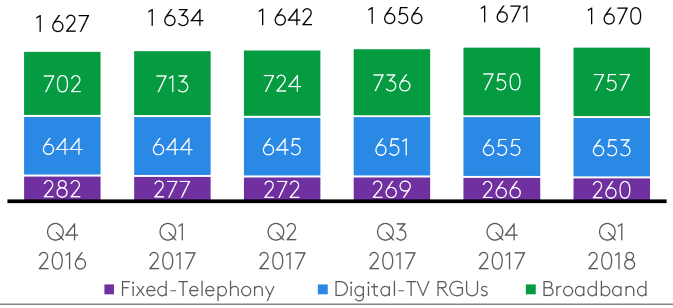
Broadband RGUs
(000')



DTV and TiVo RGUs
(000')



Total RGUs
(000')



COM HEM SEGMENT OPERATIONAL HIGHLIGHTS:

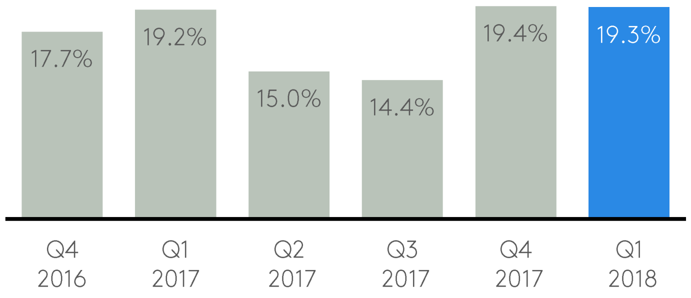
- Churn up 1.2 p.p. to 14.8%
  - Driven by increased scale of price adjustments and phasing of landlord contract churn
  - Price adjustment impact in-line with expectations, partial effect in Q2 2018 due to new binding period process
  - Expected to decrease in Q2 2018
- ARPU down SEK 2 to SEK 371
  - Similar decline as in Q1 2017
  - Seasonal effect and fixed-line telephony drag
  - Expected to increase in Q2 2018 on price adjustments
- Volumes impacted by same drivers as churn
  - Unique consumer subscribers up 4,000 to a record high 987,000
  - Broadband RGUs up 7,000 to record high 757,000
  - DTV RGUs down 1,000
- Average broadband speed of 154 Mbit/s in the customer base

OPERATIONAL HIGHLIGHTS

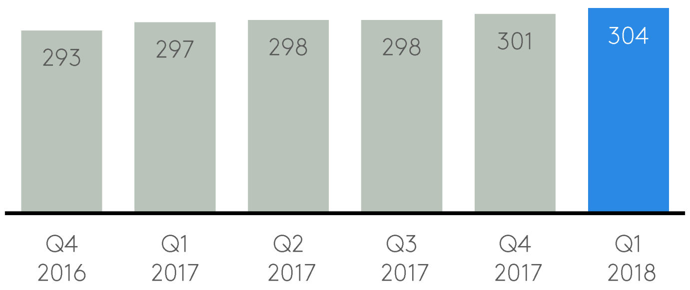
BOXER SEGMENT

BOXER

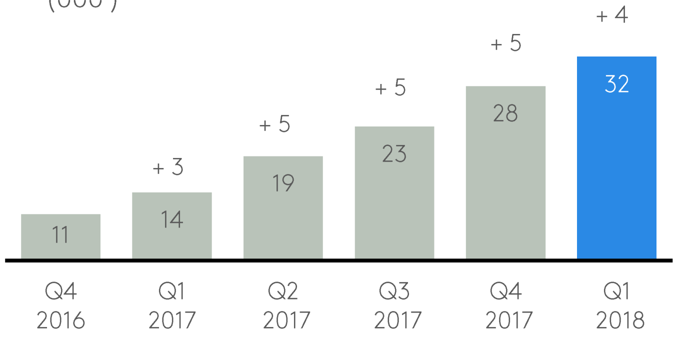
Consumer churn
(%)



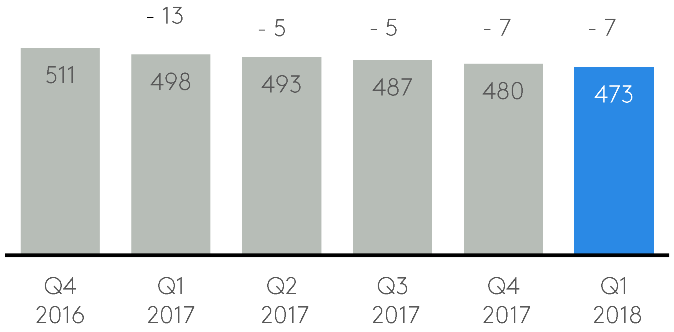
Consumer ARPU
(SEK)



Broadband RGUs
(000')



Total RGUs
(000')



BOXER SEGMENT OPERATIONAL HIGHLIGHTS:

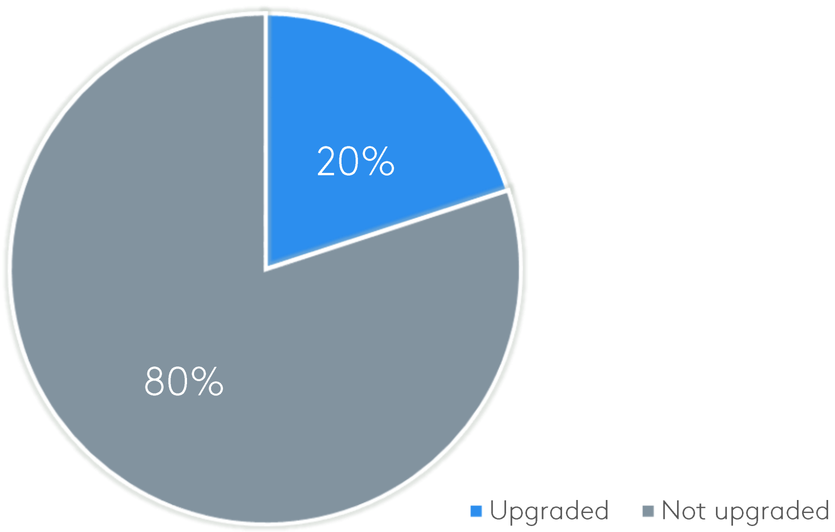
- Churn down 0.1 p.p to 19.3%
  - Impacted by price adjustments, in-line with expectations
  - Expected to decrease in Q2 2018
- ARPU up SEK 3 to SEK 304
  - Record high due to price adjustments on digital TV - majority of effect in Q1 and growing dual base (DTV and Broadband)
- Great YoY improvement in volumes
  - Decline in RGUs of 7,000, almost half compared to Q1 2017
  - Decline in unique customers of 9,000 almost half compared to Q1 2017
  - Broadband RGUs up 4,000 to 32,000

** From Q1 2017 consumer churn is calculated according to the same method as the Com Hem Segment*

BROADBAND LEADERSHIP EXTENDED

NETWORK UPGRADE ROLLOUT UNDER WAY TO UNLOCK 1GBIT/S+ SPEEDS

Networks upgraded to CCAP/DOCSIS 3.1 (%)



- DOCSIS 3.1 enable Com Hem to extend its broadband leadership in Sweden;
  - Downstream speeds faster than 1 Gbit/s
  - Doubling of network capacity
  - Even lower fault rates through simplified infrastructure
- 20% of households already upgraded and on track to rollout 1+ Gbit/s across our network in 2018

NEW LAN ROUTER LAUNCHED WITH TEST WINNING WIFI FOR SDU AND OPEN LAN CUSTOMERS

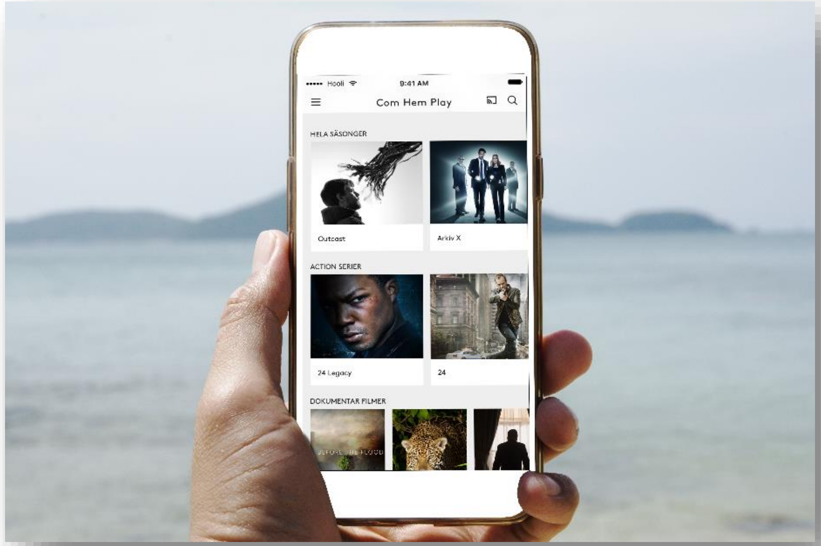
- Com Hem now offers both MDU and SDU customers the fastest WiFi speeds and the best WiFi range bundled with broadband
- New LAN router outperforms Telia and Telenor's top routers in terms of both speed and range
  - 34% faster average speed than nearest competitor
  - Significantly better range than nearest competitor (148% faster at 16 meter range)
- Com Hem's Coax router also remains faster and with better range than the competition

TV TRANSFORMATION CONTINUING

AWARD WINNING TV HUB LAUNCHED FOR COM HEM, BOXER TO FOLLOW SOON

- Tv Hub launched offering the best modern way to watch TV ever;
  - Linear, on demand and OTT integrated in one service
  - Support for content in 4K / HDR quality
  - Voice control simplifying search and navigation
  - Dedicated buttons for Netflix, SVT Play and TV4 Play
- Metro awarded it 4 stars saying "The dream of all kinds of entertainment in one single unit, just became more real"
- Winner of prestigious Red Dot Award for hardware product design

COMBO TV SERVICE LAUNCHED AS FIRST STEP TOWARDS HAVING A BOXLESS PROPOSITION

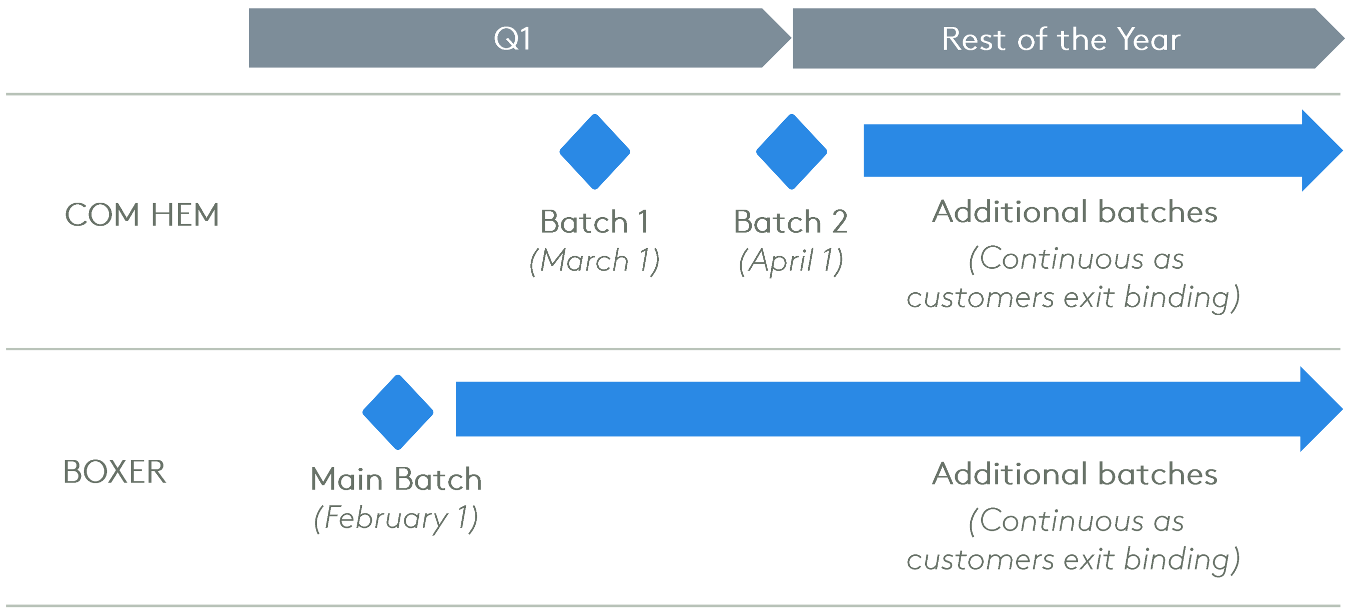


- ComBo launched as a first step towards a boxless TV-proposition;
  - Available standalone for Com Hem broadband customers via Com Hem Play app or as an add-on to existing TV packages
  - 49 SEK / month for new and existing customers
- High quality content at launch with more to follow as rights are cleared;
  - Scripted drama and comedy series like 24, The X-Files and South Park
  - Award winning documentaries including Before the Flood and One strange Rock
  - Thousands of first pay window movies to rent

2018 PRICING PLAN COMPLETED SUCCESSFULLY

COM HEM AND BOXER CONTINUING THE SUCCESSFUL MORE-FOR-MORE PRICING STRATEGY

PHASING OF PRICING ACTIVITY IN 2018

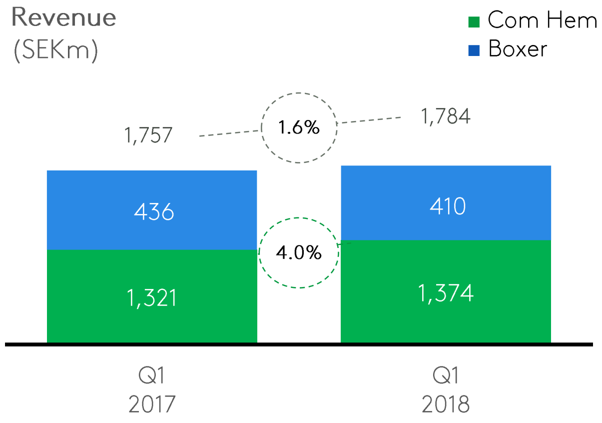


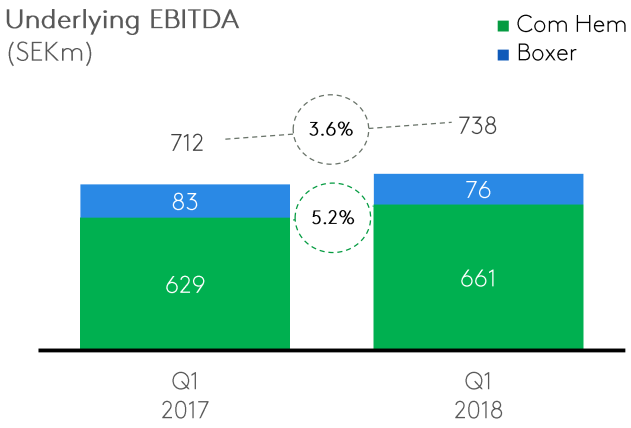
- More-for-more strategy successfully underpinned Com Hem and Boxer price adjustments;
  - Investments in network ongoing to increase speeds and capacity
  - Additional content and premium channels for our TV customers and investment in TVE services
  - Connecting the Boxer customer base to fiber networks
- Com Hem price adjustment significantly larger than last year with increased number of customers in scope
  - Majority of price adjustments completed on 1 March and 1 April, with mop up batches throughout the year
  - Churn and net adds in-line with expectations, part of the pricing effect to land in Q2 2018 due to timing differences vs 2017
  - Full impact of price adjustment on revenue will be seen in Q2 2018
- Boxer completed one main TV pricing batch on 1 February with mop up batches throughout the year
  - Majority of TV customers included in price adjustment across the year with main batch on February 1
  - Full impact on ARPU seen in Q1 2018
  - Broadband excluded from the price adjustment

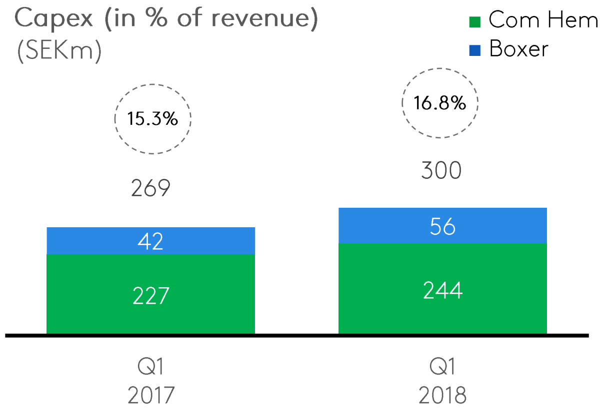
FINANCIAL PERFORMANCE

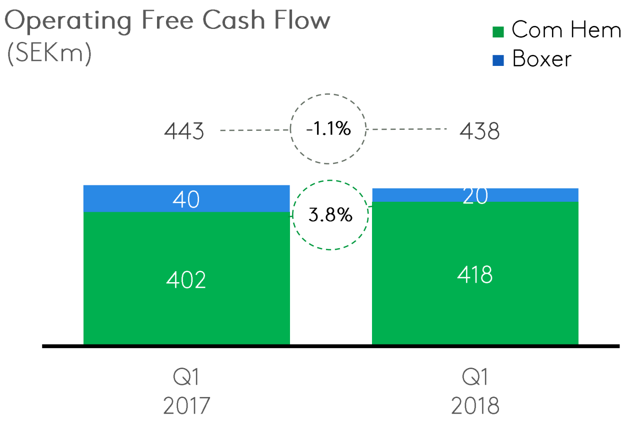
FIRST QUARTER FINANCIAL HIGHLIGHTS

COM HEM GROUP









OUTCOME Q1 2018

- Com Hem segment revenue grew by 4.0% to SEK 1,374m, as a result of continued broadband and DTV volume and price growth
- Boxer revenue decline continued due to DTT churn leading to Group revenue growth of 1.6% to SEK 1,784m for the quarter
- Underlying EBITDA growth of 5.2% for the Com Hem Segment and 3.6% for the Group explained by lower operating costs
- Slightly higher capex spend compared to Q1 2017 explained by higher capex for TV CPEs and Boxer system integration
- Com Hem segment OFCF growth of 3.8% explained by stable growth in underlying EBITDA
- Slightly lower OFCF for the group as Boxer reported temporarily higher capex due to system integration compared to Q1 last year

STABLE GROWTH WITH FLAT OPERATING COSTS

COM HEM SEGMENT

(SEKm)	Q1 2018	Q1 2017	Change	FY 2017
Network operator	212	196	8.2%	842
Consumer	1,093	1,044	4.7%	4,287
B2B	66	74	(10.6%)	280
Other	4	8	(51.7%)	22
Total revenue	**1,374**	**1,321**	**4.0%**	**5,431**
Production costs	(420)	(396)	(6.1%)	(1,649)
Gross profit	**954**	**925**	**3.1%**	**3,782**
Gross margin	*69.4%*	*70.0%*		*69.6%*
Operating costs*	(293)	(296)	1.0%	(1,179)
Underlying EBITDA	**661**	**629**	**5.2%**	**2,603**
Underlying EBITDA margin	*48.1%*	*47.6%*		*47.9%*
Capex				
Network related	(75)	(81)	7.3%	(386)
CPEs and capitalized sales commissions	(110)	(85)	(30.5%)	(337)
Product & IT development	(50)	(52)	4.3%	(211)
Other capex	(7)	(9)	19.6%	(18)
Total capex	**(244)**	**(227)**	**(7.5%)**	**(963)**
Operating Free Cash Flow	**418**	**402**	**3.8%**	**1,640**

** Excluding items affecting comparability, write-downs and depreciation and amortisation*

OUTCOME Q1 2018

- 4.7% growth in consumer revenue driven by growth in broadband and DTV RGUs, improved broadband tier mix as well as price
- Increase in network operator revenue of 8.2% as a result of network expansion (fibre installation revenue and iTUX communication operator revenue) fully offsetting decrease in landlord revenue caused by price pressure
- B2B revenue decline of 10.6% caused by continued decline in lower margin OffNet legacy business not being fully offset by OnNet revenue growth
- Expansion in third party infrastructure puts slight pressure on gross margin, fully compensated by stable operating costs leading to an underlying EBITDA margin of 48.1%
- Capex on a higher level than Q1 2017 explained by higher TV CPE investments

REMAINING SYNERGIES TO BE REALIZED IN H2 2018

BOXER SEGMENT

(SEKm)	Q1 2018	Q1 2017	Change	FY 2017
Revenue	**410**	**436**	**(5.9%)**	**1,705**
Production costs	(267)	(274)	2.6%	(1,087)
Gross profit	**143**	**161**	**(11.6%)**	**617**
Gross margin	*34.9%*	*36.9%*		*36.2%*
Operating costs*	(67)	(79)	15.2%	(294)
Underlying EBITDA	**76**	**83**	**(8.1%)**	**323**
Underlying EBITDA margin	*18.6%*	*19.0%*		*19.0%*
Capex				
CPEs and capatalised sales commissions	(31)	(36)	13.8%	(118)
Integration capex Boxer	(25)	(6)	n/m	(58)
Total capex	**(56)**	**(42)**	**(32.3%)**	**(175)**
Operating Free Cash Flow	**20**	**40**	**(50.5%)**	**148**

BOXER

OUTCOME Q1 2018

- Continued pressure on Boxer revenue and subscriber base, growth within fibre based services is not fully offsetting DTT revenue decline
- Lower operating costs than Q1 last year compensating for lower gross profit, underlying EBITDA SEK 7m lower
- Remaining synergies of around 25m on annual basis to be realized from H2 when system integration completed
- Capex of SEK 56m in Q1 including SEK 25m relating to system integration
- SEK 20m lower OFCF explained by the temporary peak in capex due to system integration

** Excluding items affecting comparability, write-downs and depreciation and amortisation*

CONSOLIDATED PROFIT AND LOSS STATEMENT

COM HEM GROUP

(SEKm)	Q1 2018	Q1 2017	Change	FY 2017
Revenue	1,784	1,757	**1.6%**	7,136
Production costs	(687)	(670)	(2.5%)	(2,737)
Gross profit	1,097	1,087	**1.0%**	4,399
Gross margin	*61.5%*	*61.9%*		*61.7%*
Operating costs*	(359)	(375)	4.1%	(1,473)
Underlying EBITDA	738	712	**3.6%**	2,926
Underlying EBITDA margin	*41.3%*	*40.5%*		*41.0%*
One-off items**	(36)	(5)	n/m	(71)
EBITDA	702	707	**(0.7%)**	2,855
Depreciation and amortization	(480)	(475)	(1.0%)	(1,943)
EBIT	222	232	**(4.2%)**	912
Net financial expenses	(80)	(78)	(2.7%)	(319)
Taxes	(32)	(34)	6.3%	(132)
Net result for the period	110	120	**(8.1%)**	461

OUTCOME Q1 2018

- Revenue growth of 1.6% translating into underlying EBITDA growth of 3.6% for the group as operating costs were reduced
- Increased one-off items in Q1 2018, mainly due to redundancies (SEK 14m) and advisory costs associated with the Tele2 merger (SEK 11m)
- Slight increase in depreciation and amortisation explained by higher customer acquisition capex in previous quarters
- Slight decline in EBIT and net result explained by higher items affecting comparability than in Q1 2017

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

*** Items affecting comparability, Operating currency loss/gains and disposals*

CASH FLOW AND CAPITAL STRUCTURE

COM HEM GROUP

(SEKm)	Q1 2018	Q1 2017	Change	FY 2017
Underlying EBITDA	738	712	3.6%	2,926
Capex	(300)	(269)	(11.4%)	(1,138)
Operating Free Cash Flow	**438**	**443**	**(1.1%)**	**1,788**
Change in net working capital	(37)	(41)	8.8%	(15)
Taxes paid	(14)	(31)	54.3%	(31)
Interest on Loans and Notes	(110)	(52)	n/m	(213)
Equity Free Cash Flow*	**276**	**319**	**(13.4%)**	**1,528**
EqFCF per outstanding share	1.6	1.7	(5.9%)	8.5 SEK
Dividend	(530)	(366)	(44.7%)	(725)
Share buy-backs	(209)	(221)	5.2%	(764)
Total shareholder remuneration	**(740)**	**(587)**	**(25.9%)**	**(1,489)**
Change in Loans and Notes	198	96	n/m	283
Other items	(43)	(32)	(32.6%)	(203)
Net cash generated/used	**(308)**	**(205)**	**(50.4%)**	**120**
Cash balance EoP	282	265	6.5%	590
Cash and unutilised bank facilities	1,182	1,565		1,690
Net Debt	10,994	10,626		10,488
Leverage (Net debt/Underlying EBITDA LTM)	**3.7x**	**3.7x**		**3.6x**

OUTCOME Q1 2018

- Underlying EBITDA growth of 3.6% offset by higher investments, leading to SEK 5m lower operating free cash flow for the quarter
- Equity free cash flow SEK 43m lower, explained by timing in interest payments on senior notes (SEK 59m higher in this quarter)
- Shareholder remuneration of SEK 740m in the quarter; SEK 3 per share in cash dividend (with another SEK 3 per share to be paid in early Q3) and share buy-backs of SEK 209m until programme completed in March
- Leverage at 3.7x net debt/underlying EBITDA LTM, well within our target range of 3.5-4.0x
- Well capitalised with close to SEK 1.2bn in cash and unutilised credit facilities at the end of March
- Maturity on all bank facilities (SEK 8,175m) extended by 18 months to December 2020, all other terms and conditions unchanged

** Underlying EBITDA less capex, interest, taxes and change in net working capital*