

## Strong growth in revenue and operating free cash flow

### FOURTH QUARTER SUMMARY

- ▶ Revenue totaled SEK 1,229m (1,114), an increase of 10.4% over the fourth quarter of 2013, representing organic growth of 4.3%.
- ▶ Underlying EBITDA was SEK 576m (540), an increase of 6.6% over the fourth quarter of 2013.
- ▶ Operating free cash flow was SEK 236m (142), an increase of 66.1% over the fourth quarter of 2013.
- ▶ Net result for the period was SEK -164m (-422).
- ▶ Earnings per share were SEK -0.79 (-4.22). Pro forma earnings per share<sup>2)</sup> were SEK 0.63 (-2.03).
- ▶ Strong momentum in customer intake and churn reduction compared with the third quarter 2014:
  - The unique consumer subscriber base grew by 16,000 to a total of 876,000
  - Churn improvement continued, declining from 14.8% to 14.2%
  - Continued strong volume growth in broadband, increasing by 17,000 to 612,000 RGUs
  - Growth in digital television continued, increasing by 10,000 to 618,000 RGUs
  - The number of TiVo customers grew by over 32,000 to 164,000 customers (27% penetration)
  - The fixed-telephony subscriber base grew by 8,000 RGUs
- ▶ The refinancing of the SEK 3,492m Senior Secured Notes was completed on November 12, resulting in additional cash interest savings of approximately SEK 100 million per annum.
- ▶ On February 10, the Board of Directors announced a proposed capital return programme consisting of three parts:
  - A one-time share redemption programme of approximately SEK 500m
  - An annual share buy-back programme of up to SEK 1,000m
  - A dividend of SEK 1 per share
- ▶ On February 10, it was announced that Mikael Larsson has been appointed as new CFO of Com Hem and assumes his duties on June 1. Mikael Larsson has held the position as CFO of Investment AB Kinnevik since 2001.

### KEY FINANCIAL METRICS<sup>(1)</sup>

	Oct-Dec		Change	Jan-Dec		Change
	2014	2013		2014	2013	
Revenue, SEKm	1,229	1,114	10.4%	4,761	4,448	7.0%
Underlying EBITDA, SEKm	576	540	6.6%	2,262	2,200	2.8%
Underlying EBITDA margin, %	46.9%	48.5%	-1.7 p.p.	47.5%	49.5%	-2 p.p.
EBITDA, SEKm	536	453	18.3%	2,004	2,009	-0.2%
Operating profit (EBIT), SEKm	159	110	44.3%	566	657	-13.9%
Net result for the period, SEKm	-164	-422	61.2%	-1,051	-771	-36.3%
Earnings per share, SEK	-0.79	-4.22	81.3%	-6.67	-7.71	13.4%
Pro forma earnings per share <sup>(2)</sup> , SEK	0.63	-2.03	130.9%	-1.11	-3.72	70.2%
CAPEX, SEKm	340	398	-14.6%	1,051	1,038	1.2%
CAPEX as % of revenue	27.6%	35.7%	-8.1 p.p.	22.1%	23.3%	-1.3 p.p.
Operating free cash flow, SEKm	236	142	66.1%	1,211	1,162	4.2%
Net debt, SEKm	8,851	13,582	-34.8%	8,851	13,582	-34.8%
Net debt/Underlying EBITDA	3.9x	6.2x	-2.3x	3.9x	6.2x	-2.3x

(1) Please refer to page 13 for definitions.

(2) Net result for the period excluding one-off costs associated with the IPO and refinancing of debt, adjusted for income tax, divided by the number of shares after the issuance of new shares and exercise of the over-allotment option. See *Pro forma earnings per share* on page 11.

## CEO's comments

### “Strong growth in revenue and operating cash flow”

The fourth quarter of 2014 was another high quality quarter with strong results across the board.

We are particularly pleased by the continued reduction in customer churn. Down from 16.4% in the second quarter to 14.8% in the third quarter and 14.2% in the fourth quarter. The pace of improvement reflects early successes for our intensive focus on improving our customers' experience.

Significant returns were delivered on our broadband investment, with another quarter of strong volume growth and continued shifts to higher speed tiers. The number of new customers that chose 100 Mbit/s and above increased from 65% in the third quarter to 71% in the fourth quarter, which demonstrates the continued demand for higher speeds.

Similarly, accelerated growth in digital television was driven by our leading TiVo offering and TiVo penetration increased from 22% to 27%.

We also saw material progress in our business-to-business operations as the number of customers in our network grew as a consequence of focused sales activities servicing existing demand.

These improvements combined have resulted in increased momentum in revenue growth, with total revenue up 10.4%, of which the organic growth was up 4.3% compared with the corresponding quarter last year.

Underlying EBITDA increased by 6.6%. This is in line with our growth model, where the revenue growth pattern lags RGU growth by a quarter or two, and underlying EBITDA growth lags revenue growth by a quarter or two. Growing underlying EBITDA together with lower capex requirements significantly strengthened our operating free cash flow by more than 66%.

As previously communicated, we completed the second phase of reducing our cost of debt during the quarter, resulting

in considerable cash interest savings of approximately SEK 100m on an annual basis.

When considering the full year, we have reduced debt by SEK 5.7bn while the average interest rate has been reduced by 4 p.p., lowering our cash interest payments by approximately SEK 0.5bn per year going forward.

On the back of a strong operational performance and a transformed balance sheet, the Board of Directors proposes a number of measures aimed at increasing shareholder returns. This can be achieved whilst continuing to invest to deliver our operational plan and remain within our leverage target.

Going forward, our strategy and priorities remain the same. We are committed to successfully executing on our strategy for sustainable growth and hence generating steady, strong cash flow for our shareholders.

Stockholm, February 10, 2015



**Anders Nilsson**  
CEO

#### SIGNIFICANT EVENTS IN Q4

- ▶ On October 23, new Senior Secured Notes were issued of SEK 2,500m due in 2019 with a 5.25% interest coupon.
- ▶ On November 12, the SEK 3,492m Senior Secured Notes with a 9.25% interest coupon were redeemed in full and refinanced with the new Senior Secured Notes together with an incremental term loan of SEK 375m and drawing of the existing revolving facility.

#### EVENTS AFTER THE END OF Q4

- ▶ On February 10, the Board of Directors announced a proposed number of measures aimed at increasing shareholder returns:
  - A one-time share redemption programme amounting to approximately SEK 500m, to be decided at an extraordinary general meeting planned on 10 March 2015. Notice to the EGM will be announced on February 12.
  - An annual share buy-back programme of up to SEK 1,000m in the form of a buy-back mandate for the Board during the time until the next annual general meeting, to be decided at the annual general meeting on 21 May 2015.
  - A dividend of SEK 1 per share to be decided at the AGM on 21 May 2015. For further information see separate press release.
- ▶ On February 10, it was announced that Mikael Larsson has been appointed CFO of Com Hem from June 1, 2015 and will be a member of the Executive Management Team. Mikael Larsson has held the position as CFO of Investment AB Kinnevik since 2001. Mikael Larsson replaces Joachim Jaginder who has decided to leave Com Hem after 6 years, and who will hereby resign from any duties as member of the board within the Group companies. For further information see separate press release.

## Operational Development

As of and for the period ended						
Operational key metrics	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Thousands unless otherwise stated						
Homes connected	1,789	1,817	1,830	1,832	1,846	1,876
Unique consumer subscribers	829	830	838	846	861	876
Unique consumer subscribers as % of homes connected	46.4%	45.7%	45.8%	46.2%	46.6%	46.7%
Consumer RGUs per unique consumer subscriber, ratio	1.79	1.79	1.78	1.78	1.78	1.79
Consumer churn as % of unique consumer subscribers	16.3%	16.3%	15.2%	16.4%	14.8%	14.2%
<b>Consumer RGUs</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>
Digital television	603	597	595	599	607	618
-of which TiVo customers	6	38	74	103	132	164
Broadband	551	558	570	577	594	612
Fixed telephony	330	327	327	326	329	337
Total consumer RGUs	1,484	1,482	1,492	1,503	1,531	1,566
<b>ARPU, SEK</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>
Consumer	354	355	359	360	361	361
Landlord	37	36	37	35	35	33

### COMPARISON QUARTER ON QUARTER

Comparisons are between q4 2014 and q3 2014 unless stated otherwise.

#### Unique consumer subscribers

Customer intake increased for all services with particularly strong growth in broadband and digital television RGUs. The number of unique consumer subscribers increased by 16,000 to 876,000.

#### Consumer RGUs

Consumer RGUs totaled 1,566,000, an increase of 36,000. The increase was driven by growth across all services, as a result of our ability to acquire new customers to our leading broadband and digital television services, plus our success in upselling customers to subscribe to additional services.

Broadband RGUs increased by 17,000 during the quarter to 612,000. The growth during the quarter reflects the success of the upgrade of customer speed and continued strong demand for Com Hem's market-leading broadband offerings. The number of new customers that chose 100 Mbit/s and above increased from 65% to 71%, which demonstrates the continued demand for higher speeds.

During the fourth quarter digital television RGUs increased by 10,000 to 618,000, the highest number of digital television RGUs since the second quarter of 2012. The increase was attributable to higher sales of Com Hem's digital television services, supported by the TiVo service. Following the commercial launch of TiVo in October 2013, 164,000 digital television customers now subscribe to the TiVo service, which is equivalent to a penetration of 27% of the total number of digital television RGUs.

Fixed telephony RGUs continued to grow during the quarter to 337,000 telephony RGUs, an increase of 8,000 RGUs compared with the third quarter. The increase during the quarter was mainly due to strong broadband demand.

The number of RGUs per unique subscriber was 1.79 at the end of the quarter, which is a slight increase compared with the preceding quarter.

#### Consumer ARPU

Consumer ARPU was SEK 361 for the quarter, the same level as the third quarter of 2014 and an increase of SEK 6 compared with last year.

#### Consumer churn

Consumer churn for the fourth quarter was 14.2%, compared with 14.8% for the third quarter of 2014. The decrease was due to a number of factors, but primarily reflects the early impact of the initiatives taken to improve the quality of our customers' experience.

#### Homes connected

The number of homes connected was 1,876,000, an increase of 30,000 households during the quarter. The increase was attributable to additional households connected via open networks from third-party communication operators.

#### Landlord ARPU

Landlord ARPU decreased by SEK 2 compared with the third quarter of 2014, to SEK 33. The decrease was mainly due to contract renegotiations and migration of customers to B2B services during previous quarters this year.

## Financial Overview

### FOURTH QUARTER

Comparisons are between q4 2014 and q4 2013 unless stated otherwise.

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Revenue</b>				
Consumer	908	856	3,540	3,423
B2B <sup>(1)</sup>	78	1	222	2
Landlord	186	196	774	797
Other	59	61	226	227
<b>Total Revenue</b>	<b>1,229</b>	<b>1,114</b>	<b>4,761</b>	<b>4,448</b>
<b>Underlying EBITDA</b>	<b>576</b>	<b>540</b>	<b>2,262</b>	<b>2,200</b>
Underlying EBITDA margin, %	46.9%	48.5%	47.5%	49.5%
Capital expenditure	-340	-398	-1,051	-1,038
<b>Operating free cash flow</b>	<b>236</b>	<b>142</b>	<b>1,211</b>	<b>1,162</b>

(1) Note that historically Com Hem B2B revenue has been reported as Other revenue. As of q2 2014 Com Hem B2B revenue is reported as B2B revenue.

#### Revenue

Revenue increased by SEK 116m, or 10.4%, to SEK 1,229m (1,114), of which Phonera contributed SEK 68m or 6.1%. Excluding Phonera revenue, the increase in revenue was SEK 48m, or 4.3%. Revenue from consumer services increased by SEK 52m or 6.1%, to SEK 908m (856). The increase was due to higher revenue from broadband and digital television.

Broadband services revenue increased to SEK 387m (335) due to an increased number of RGUs and improved speed mix as a function of the success from the broadband upgrade campaign and continued strong demand for high-speed broadband services.

Digital television revenue increased to SEK 439m (423) as a result of new sales of TiVo as well as migration of existing digital television customers to TiVo packages. The increase in revenue from broadband and digital television services was partly offset by a decrease in fixed telephony revenue to SEK 82m (98), due to lower usage.

Revenue from B2B services was SEK 78m, compared to SEK 1m for the fourth quarter of 2013. Excluding Phonera revenue the increase was SEK 8m.

Revenue from landlord services decreased by SEK 10m or 5.2%, to SEK 186m (196). The decrease was primarily due to a reduction in ARPU mainly as a result of contract renegotiations and migration of customers to B2B services during previous quarters of 2014. Other revenue decreased by SEK 2m or 3.8%, to SEK 59m (61). The decrease was due to lower barter revenue, partly offset by higher revenue from iTUX, the Group's communication operator.

#### Underlying EBITDA

Underlying EBITDA increased by SEK 36m or 6.6%, to SEK 576m (540), and the underlying EBITDA margin was 46.9% (48.5%). The increase in underlying EBITDA was mainly due to revenue growth from consumer services as well as the contribution from the Phonera business.

The underlying EBITDA margin was lower as a consequence of the acquisition of Phonera, as services sold by Phonera outside Com Hem's network have a lower gross margin compared with services sold inside Com Hem's network, higher sales costs and a temporary investment in quality increasing customer service activities.

#### Capital expenditure (Capex)

Capital expenditure decreased by SEK 58m or 14.6%, to SEK 340m (398), representing 27.6% (35.7%) of revenue. The decrease was mainly due to lower investment in TiVo boxes due to high purchased volume during the fourth quarter of 2013 as well

as lower investments in network-related capex due to lower investments in the TiVo platform. The decrease was partly offset by higher capitalized sales costs as an effect of increased sales volumes and increased upsell activities.

#### Operating free cash flow

Operating free cash flow increased by SEK 94m or 66.1%, to SEK 236m (142). The increase was due to lower capex as well as higher underlying EBITDA contribution.

#### Operating profit (EBIT)

Operating profit (EBIT) was SEK 159m (110). The increase was due to higher underlying EBITDA and no TiVo non-recurring costs, partly offset by higher amortization of capitalized sales costs, as function of higher sales during the year and added amortization and depreciation from Phonera.

#### Net financial income and expenses

Financial income and expenses amounted to a net expense of SEK 560m (531). The increase was due to one-off costs of SEK 377m associated with the refinancing of the redeemed SEK 3,492m Senior Secured Notes. The one-off costs consist of redemption premiums of SEK 242m and unamortized borrowing costs of SEK 129m related to the repaid SEK 3,492m Senior Secured Notes with an original maturity in 2018 now expensed as one-off costs. The one-off costs were partially offset by a lower interest expense for the period compared with last year, mainly due to the decrease in the amount of outstanding debt as well as lower interest rates for the total outstanding debt.

#### Income taxes

The Group recognized a deferred tax income of SEK 237m (deferred tax expense of SEK 1m), which is mainly explained by measurement of deferred tax assets on tax losses carried forward that were not measured previously. During the quarter the Group has accounted for deferred tax assets on all tax losses carried forward, since they are expected to be used within the foreseeable future.

#### Net result for the period

The Group reported a net result of SEK -164m (-422).

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Total Revenue</b>	<b>1,229</b>	<b>1,114</b>	<b>4,761</b>	<b>4,448</b>
Operating expenses <sup>(1)</sup>	-1,071	-1,004	-4,196	-3,791
<b>Operating profit (EBIT)</b>	<b>159</b>	<b>110</b>	<b>566</b>	<b>657</b>
Net financial income and expenses	-560	-531	-2,082	-1,537
<b>Result after financial items</b>	<b>-401</b>	<b>-421</b>	<b>-1,517</b>	<b>-880</b>
Income taxes	237	-1	465	109
<b>Net result for the period</b>	<b>-164</b>	<b>-422</b>	<b>-1,051</b>	<b>-771</b>

#### Reconciliation of operating profit

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>to Underlying EBITDA</b>				
<b>Operating profit (EBIT)</b>	<b>159</b>	<b>110</b>	<b>566</b>	<b>657</b>
Depreciation and amortization	377	343	1,438	1,352
<b>EBITDA</b>	<b>536</b>	<b>453</b>	<b>2,004</b>	<b>2,009</b>
Write-downs	11	14	15	15
Operating currency loss/gain	6	1	15	-2
Non-recurring items <sup>(2)</sup>	23	72	228	178
<b>Underlying EBITDA</b>	<b>576</b>	<b>540</b>	<b>2,262</b>	<b>2,200</b>

(1) Operating expenses include cost of sales and services, selling expenses, administrative expenses and other operating income and expenses.

(2) Non-recurring items are specified in the table on page 11.

## FULL YEAR

Comparisons are between 2014 and 2013 unless stated otherwise.

### Revenue

Total revenue increased by 7.0% to SEK 4,761m (4,448). Excluding Phonera revenue, the increase in revenue was SEK 115m, or 2.6%. Revenue from consumer services increased by SEK 117m or 3.4%, to SEK 3,540m (3,423). The increase was due to higher revenue from broadband and digital television services. The increase in broadband revenue to SEK 1,461m (1,323) was driven by an increased number of RGUs and higher ARPU due to improved speed mix as a function of strong demand for Com Hem's broadband services.

Digital television revenue increased to SEK 1,737m (1,683), as a result of a better tier mix due to new sales of TiVo as well as migration of existing digital television customers to TiVo packages. The increase in revenue from digital television and broadband services was partly offset by a decrease in fixed telephony revenue to SEK 341m (417), mainly due to lower usage.

Revenue from B2B services was SEK 222m compared with SEK 2m for the full year of 2013. Phonera revenue contributed SEK 198m to the Group's aggregated B2B revenue.

Revenue from landlord services decreased by SEK 23m or 2.9%, to SEK 774m (797). The decrease was primarily due to a reduction in ARPU mainly as a result of contract renegotiations. Other revenue decreased by SEK 1m or 0.3%, to SEK 226m (227). The decrease was mainly explained by lower barter revenue, partly offset by higher revenue from iTUX, the Group's communication operator.

### Underlying EBITDA

Underlying EBITDA increased by 2.8% to SEK 2,262m (2,200), and the underlying EBITDA margin was 47.5% (49.5%). The increase in underlying EBITDA was due to the contribution from Phonera as well as growth in the consumer business.

The underlying EBITDA margin was lower as a consequence of the acquisition of Phonera, as services sold by Phonera outside Com Hem's network have a lower gross margin compared with services sold inside Com Hem's network. The lower margin is also attributable to increased marketing and sales costs to support growth in RGUs and unique subscribers.

### Capital expenditure (Capex)

Capital expenditure increased by SEK 12m or 1.2%, to SEK 1,051m (1,038), representing 22.1% (23.3%) of revenue. The increase was mainly due to higher capitalized sales costs as a consequence of increased sales volumes during the year and increased upsell activities as well as higher investments in modems due to the upgrade of customer speed, and continued strong demand for higher broadband speeds. The increase was partly offset by lower investments in network-related capex due to lower investments in the TiVo platform as well as lower investment in TiVo boxes as an effect of high purchased volume during the second half of 2013.

### Operating free cash flow

Operating free cash flow was SEK 1,211m (1,162), an increase by SEK 49m, or 4.2%, due to increased underlying EBITDA, partly offset by increased capex, as detailed in the sections Underlying EBITDA and Capital expenditure.

### Operating profit (EBIT)

Operating profit (EBIT) was SEK 566m (657). The decrease was mainly due to increased amortization of capitalized sales costs as a function of higher consumer and business-to-business sales in previous quarters. The decrease was also attributable to higher non-recurring costs of SEK 228m (178), of which SEK 107m pertained to IPO-related expenses. The increase in non-recurring costs and amortization was partly offset by lower network-related depreciation and higher underlying EBITDA.

### Net financial income and expenses

Financial income and expenses amounted to a net expense of SEK 2,082m (1,537). The increase, SEK 545m, was mainly explained by one-off costs of SEK 945m associated with the refinancing of the Senior Credit Facilities, and redemption of the Senior PIK Notes, Senior Secured Notes and 35% of the outstanding Senior Notes.

The one-off costs consist of unamortized borrowing costs of SEK 431m related to the repaid credit facilities and the redemption of the Notes with an original maturity in 2018-2019 now expensed as one-off costs, and redemption premiums of SEK 508m for the Senior PIK Notes, Senior Secured Notes and Senior Notes. The one-off costs were partially offset by a lower interest expense for the period compared with last year, mainly due to the lower amount of debt and lower interest rates for the outstanding debt.

### Income taxes

Deferred tax income was SEK 465m (109). The increase was explained by a higher loss after financial items as well as measurement of deferred tax assets on tax losses carried forward that were not measured previously. The Group has accounted for deferred tax assets on all tax losses carried forward, since they are expected to be used within the foreseeable future.

### Net result for the period

The Group reported a net result of SEK -1,051m (-771). Excluding one-off costs of SEK 107m associated with the IPO and costs related to the refinancing of debt of SEK 945m, the net result for the period was SEK 1m (-771).

### Net debt – refinancing

On May 22, 2014, Com Hem entered into a new facilities agreement with a consortium of banks. The facilities available under the 2014 Senior Facilities Agreement comprise a SEK 3,500m term facility, with the final maturity date five years from the date of its initial drawdown and a SEK 2,000m multi-currency revolving credit facility, with the final maturity date five years following the date of initial drawdown of the term facility.

The net proceeds from the issue of new shares, together with drawdowns under the 2014 Senior Facilities Agreement, have refinanced part of Com Hem's financial indebtedness.

On June 26, Com Hem refinanced the previous Senior Credit Facilities, at more attractive terms and with longer maturity. In connection with the refinancing, Com Hem terminated certain hedging contracts. On July 4, Com Hem redeemed the Senior PIK Notes in full and 35% of the amount outstanding for the Senior Notes. The over-allotment option was fully exercised on July 4, adding gross proceeds of SEK 567m. SEK 550m of the proceeds were used to repay part of the outstanding indebtedness under the revolving credit facility.

On October 23, Com Hem issued Senior Secured Notes in a total amount of SEK 2,500m due in 2019, as part of the financing of the redemption of the outstanding SEK 3,492m Senior Secured Notes due in 2018. The redemption including call premiums and transaction expenses was financed with the proceeds from the Senior Secured Notes, a new credit facility of SEK 375m, and a drawdown of the existing revolving credit facility.

At the end of the period, the Group's net debt totaled SEK 8,851m, and the net debt/underlying EBITDA LTM ratio was 3.9x. As a result of various refinancing activities, the average interest rate of debt has fallen from 8.4% at the time of the IPO to 4.8% at the end of December 31, 2014.

### Liquidity

As of December 31, 2014, the Group held SEK 716m (1,122) in cash and cash equivalents. Unutilized credit facilities amounted to SEK 595m of which an overdraft facility of SEK 125m.

## Condensed Consolidated Income Statement

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
Revenue	1,229	1,114	4,761	4,448
Cost of sales and services	-601	-550	-2,315	-2,190
<b>Gross profit</b>	<b>628</b>	<b>563</b>	<b>2,446</b>	<b>2,258</b>
Selling expenses	-388	-382	-1,491	-1,378
Administrative expenses	-68	-57	-264	-220
Other operating income and expenses	-14	-14	-126	-3
<b>Operating profit</b>	<b>159</b>	<b>110</b>	<b>566</b>	<b>657</b>
Net financial income and expenses	-560	-531	-2,082	-1,537
<b>Result after financial items</b>	<b>-401</b>	<b>-421</b>	<b>-1,517</b>	<b>-880</b>
Income taxes	237	-1	465	109
<b>Net result for the period</b>	<b>-164</b>	<b>-422</b>	<b>-1,051</b>	<b>-771</b>
Average number of shares, thousands <sup>(1)</sup>	207,530	100,013	157,483	100,013
Earnings per share, SEK <sup>(2)</sup>	-0.79	-4.22	-6.67	-7.71
Earnings per share, diluted, SEK	-0.79	-4.22	-6.67	-7.71

<sup>(1)</sup> Average number of shares in 2013 has been adjusted for the bonus issue in June 2014.

<sup>(2)</sup> Please refer to table Pro forma earnings per share on page 11.

## Consolidated Statement of Comprehensive Income

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Net result for the period</b>	<b>-164</b>	<b>-422</b>	<b>-1,051</b>	<b>-771</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to net profit or loss</i>				
Revaluation of pension obligations	-42	1	-110	59
Tax on items that will not be reclassified to profit or loss	9	0	24	-13
<b>Other comprehensive income for the period, net of tax</b>	<b>-33</b>	<b>1</b>	<b>-86</b>	<b>46</b>
<b>Total comprehensive income for the period</b>	<b>-197</b>	<b>-422</b>	<b>-1,137</b>	<b>-725</b>

## Condensed Consolidated Balance sheet

SEKm	Dec, 31	
	2014	2013
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	16,041	16,154
Property, plant and equipment	1,505	1,463
Other non-current assets	39	6
<b>Total non-current assets</b>	<b>17,585</b>	<b>17,624</b>
<b>Current assets</b>		
Other current assets	418	274
Cash and cash equivalents	716	1,122
<b>Total current assets</b>	<b>1,134</b>	<b>1,397</b>
<b>TOTAL ASSETS</b>	<b>18,720</b>	<b>19,021</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>7,233</b>	<b>2,212</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	9,391	13,857
Other non-current liabilities	236	235
Deferred tax liabilities	190	671
<b>Total non-current liabilities</b>	<b>9,817</b>	<b>14,763</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	30	308
Other current liabilities	1,640	1,738
<b>Total current liabilities</b>	<b>1,670</b>	<b>2,046</b>
<b>Total liabilities</b>	<b>11,487</b>	<b>16,809</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,720</b>	<b>19,021</b>
Number of shares, at end of period, thousands <sup>(1)</sup>	207,530	100,013
Equity per share, SEK	35	22

<sup>(1)</sup> The number of shares for 2013 has been adjusted for the bonus issue in June 2014.

## Condensed Consolidated Statement of Changes in Equity

SEKm	Dec, 31	
	2014	2013
<b>Opening equity</b>	<b>2,212</b>	<b>2,937</b>
<b>Total comprehensive income for the period</b>		
Net result for the period	-1,051	-771
Other comprehensive income for the period	-86	46
<b>Total comprehensive income for the period</b>	<b>-1,137</b>	<b>-725</b>
<b>Transactions with the owners</b>		
Redemption of shares	-5	-
New share issue	6,239	-
Issue expenses, net of tax	-87	-
Issue of warrants	10	-
<b>Total transactions with the owners</b>	<b>6,158</b>	<b>-</b>
<b>Closing equity</b>	<b>7,233</b>	<b>2,212</b>

## Condensed Consolidated Statement of Cash Flows

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Operating activities</b>				
Result after financial items	-401	-421	-1,517	-880
Adjustments for items not included in cash flow	365	476	1,876	1,931
<b>Cash flow from operating activities before changes in working capital</b>	<b>-36</b>	<b>55</b>	<b>359</b>	<b>1,051</b>
Change in working capital	-23	103	-133	-15
<b>Cash flow from operating activities</b>	<b>-59</b>	<b>158</b>	<b>227</b>	<b>1,035</b>
<b>Investing activities</b>				
Acquisition of intangible assets	-139	-202	-429	-383
Acquisition of property, plant and equipment	-172	-166	-594	-614
Acquisition of subsidiaries	-	-	-302	-8
Divestment of financial assets	0	-	6	0
<b>Cash flow from investing activities</b>	<b>-312</b>	<b>-368</b>	<b>-1,318</b>	<b>-1,005</b>
<b>Financing activities</b>				
New share issue	-	-	6,239	-
Issue expenses <sup>(1)</sup>	-53	-	-82	-
Borrowings	3,775	200	8,575	800
Amortization of borrowings	-3,498	-34	-13,945	-354
Payment of borrowing costs	-45	-1	-108	-16
Redemption of shares	-	-	-5	-
Issue of warrants	-	-	10	-
<b>Cash flow from financing activities</b>	<b>178</b>	<b>165</b>	<b>685</b>	<b>430</b>
<b>Net cash flow for the period</b>	<b>-192</b>	<b>-46</b>	<b>-406</b>	<b>460</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>909</b>	<b>1,168</b>	<b>1,122</b>	<b>662</b>
<b>Cash and cash equivalents at end of period</b>	<b>716</b>	<b>1,122</b>	<b>716</b>	<b>1,122</b>

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Adjustment for items not included in cash flow</b>				
Depreciation and amortization of assets	377	343	1,438	1,352
Unrealized exchange rate differences	63	226	188	253
Unrealized change in fair value of derivatives	-40	-61	-158	-140
Change in capitalized borrowing expenses and discounts	138	29	507	113
Change in accrued interest expense	-188	-160	-124	45
Interest not settled with cash, notes	-	78	-	285
Other	15	20	26	23
<b>Total</b>	<b>365</b>	<b>476</b>	<b>1,876</b>	<b>1,931</b>

<sup>(1)</sup> Issue expenses of a total of SEK 111m, of which SEK 82m has been paid.



## Parent Company Condensed Financial Reports

Condensed income statement SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
Revenue	2	-	8	-
Administrative expenses	-4	0	-15	0
Other operating income and expenses	0	-	-100	-
<b>Operating profit/loss</b>	<b>-2</b>	<b>-</b>	<b>-107</b>	<b>-</b>
Net financial income and expenses <sup>(1)</sup>	-139	-230	-1,373	0
<b>Result after financial items</b>	<b>-141</b>	<b>-230</b>	<b>-1,480</b>	<b>0</b>
Income taxes	-2	-	-2	-
<b>Net result for the period</b>	<b>-144</b>	<b>-230</b>	<b>-1,482</b>	<b>0</b>

<sup>(1)</sup> Includes write-down of shares in subsidiaries, following shareholders' contribution and group contribution given to subsidiaries.

Statement of comprehensive income SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
Net result for the period	-144	-230	-1,482	0
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-144</b>	<b>-230</b>	<b>-1,482</b>	<b>0</b>

Condensed balance sheet SEKm	Dec, 31	
	2014	2013
<b>ASSETS</b>		
Non-current assets	9,397	4,534
Deferred tax assets	22	-
Other current assets	9	-
Cash and bank	130	-
<b>TOTAL ASSETS</b>	<b>9,558</b>	<b>4,534</b>
<b>EQUITY AND LIABILITIES</b>		
Restricted equity	208	42
Unrestricted equity	8,685	4,175
Provisions	0	-
Current liabilities	665	317
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,558</b>	<b>4,534</b>

Pledged assets and contingent liabilities		
Pledged assets	0	-
Contingent liabilities	-	-

## Other information

### Company information

Com Hem Holding AB (publ) is a Swedish registered limited company (Corp. ID no. 556858-6613), with its registered office in Stockholm, Sweden. Com Hem's shares are listed on Nasdaq Stockholm, Large Cap list, since June 2014.

The subsidiary NorCell 1B AB (publ) was merged with Com Hem Holding AB (publ) in December 2014.

### Basis of preparation

The consolidated accounts of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU and described in the Group's 2013 Annual Report. The accounts are presented in millions of Swedish kronor (SEKm), which is also the Group's functional currency. New or amended IFRSs which became effective on January 1, 2014, have had no material effect on the consolidated financial statements. The Year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Condensed financial statements for the parent company have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

### Reclassification and presentation of revenue

As of January 1, 2014, Com Hem adopted a new methodology regarding the classification of revenue by digital service generated from landlord collective agreements. Revenue from digital television, broadband and fixed telephony services generated under such agreements was historically reported in landlord service revenue. As of January 1, 2014, revenue generated from such digital services has been reclassified to its respective underlying digital service. For comparative purposes, historical amounts have been reclassified accordingly.

In line with the Group's strategic focus on offering bundled digital services (digital television, broadband and fixed telephony) and the expansion into the B2B market with the acquisition of Phonera Företag, starting with the second quarter of 2014 revenue is presented for Consumers, B2B and Landlord services on an aggregated basis. For comparative purposes, historical amounts have been aggregated accordingly.

### Other adjustments

Certain numerical information and other amounts and percentages presented in this report may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number. As used herein, the symbol "n/m" means "not meaningful."

### Operating segment

The operations of the Group are integrated and constitute a single operating segment that offers bundled services to Consumers (digital television, broadband and fixed telephony), B2B (broadband and telephony) and Landlord (basic television service), in a single market, Sweden. This is also the base of the Group's management structure and the structure for internal reporting, which is controlled by the Group's Chief Executive Officer, who has been identified as its chief operating decision maker. As such, the Group does not present any operating segment information.

### Risks and uncertainties

The Group and the parent company have identified a number of operational and financial risks. Operational risks include increased competition, the ability to attract and retain customers, technical development, regulatory environment and substitution from fixed to mobile telephony. Financial risks include liquidity, credit, interest rate, and currency risks. For a detailed description of the risk factors considered to be most important to the Group's future progress, please see the description in the

Group's 2013 Annual Report. The Group believes that the risk environment has not materially changed from the description in the 2013 Annual Report, except for financial risks that have decreased due to the significantly reduced net debt.

As stated in the Offering Memorandum as of June 3, 2014, page 40, a government committee has reviewed the Swedish corporate and withholding tax regimes. On June 12, 2014, the government committee presented its proposal. While the changes are proposed to take effect from January 1, 2016, there is no certainty that the proposal will be adopted as law in its current state, when it would become effective or the exact impact of the proposed changes.

### Number of shares

Before the IPO and issue of new shares Com Hem had 42,195,626 shares outstanding. After the issue of new shares in connection with the IPO and the subsequent exercise of the over-allotment option on July 4, 2014, the total number of shares outstanding was 207,529,597, which was also the number of shares at year end.

Change, No of shares	Class A ordinary shares	Class B ordinary shares	Preference shares	Total, No of shares
<b>As of Jan 1, 2014</b>				
	<b>13,110,717</b>	<b>73,490</b>	<b>28,987,918</b>	<b>42,172,125</b>
New issue	10,469	7,784	5,248	23,501
Share redemption	-	-	-36,213	-36,213
Share conversion	29,038,227	-81,274	-28,956,953	-
Bonus issue	57,840,587	-	-	57,840,587
New issue, IPO	97,754,179	-	-	97,754,179
over-allotment	9,775,418	-	-	9,775,418
<b>As of Dec 31, 2014</b>	<b>207,529,597</b>	<b>-</b>	<b>-</b>	<b>207,529,597</b>

In connection to the IPO two incentive programs were established for senior executives, key employees and member of the Board of Directors. The programs comprise a total of 4,949,092 warrants issued and paid at a fair value of SEK 10m.

### Largest shareholders

Prior to the IPO, NorCell S.à.r.l., indirectly controlled by funds advised by BC Partners Limited, was the principal and majority shareholder. As of December 31, 2014, NorCell S.à.r.l. controlled 47.7% of shares, and votes and Com Hem Holding AB (publ) had 1,149 shareholders.

As of Dec 31, 2014	Number of shares	Capital/votes
NorCell S.à.r.l.	98,911,671	47.7%
MFS Investment Management	10,440,158	5.0%
Norges Bank Investment Management	6,105,383	2.9%
Saudi Arabian Monetary Agency	2,604,760	1.3%
Lazard Frères Gestion Funds	2,333,800	1.1%
Swedbank Robur Funds	1,790,061	0.9%
Nordea Funds	1,677,652	0.8%
Echiquier fonder	1,577,000	0.8%
Abu Dhabi Investment Authority	1,497,773	0.7%
HBK Master Fund L.P.	1,377,504	0.7%
<b>Total for the 10 largest shareholders</b>	<b>128,315,762</b>	<b>61.8%</b>
Other shareholders	79,213,835	38.2%
<b>Total</b>	<b>207,529,597</b>	<b>100.0%</b>

Source: SIS Ågarservice

### Nomination Committee

As per December 31, 2014, Com Hem's Nomination Committee consists of the following members:

- Pierre Stemper, (representing Norcell S.à r.l.)
- Erik Durhan (representing Nordea Funds)
- Andrew Barron (Chairman of the Board, appointed by the 2014 AGM)

The search for the remaining two representatives is ongoing and once appointed the Nomination Committee in full will be announced through a press release.

### Personnel

At year-end Com Hem had 1,167 (967) employees in total. The average number of employees in 2014 was 1,015 (844), whereof 323 (281) were women.

### Fair value of derivatives

In order to decrease the Group's interest rate risk and currency exposure, certain derivatives have been entered into. The derivatives are measured at fair value and are recognized in net profit or loss. Hedge accounting is not applied. The Group only holds level 2 instruments as described in the Group's 2013 Annual Report. Changes in the fair value of derivatives have been recognized to the amount of SEK 158m (140) in financial income, and SEK 0.5m (-0.5) has been recognized in other operating income. The Group terminated the major part of the derivatives in connection with the refinancing in June 2014.

#### Fair value of the derivatives at period end:

SEKm	Dec, 31	
	2014	2013
Derivatives (Collar)	-	-6
Derivatives (CIRS)	39	-97
Derivatives (FX contract)	-	-16
<b>Financial liabilities / assets</b>	<b>39</b>	<b>-119</b>

### Acquisition of subsidiaries

The Group completed the acquisition of Phonera Företag AB including its subsidiaries on March 31, 2014, which is also the date control exists and from when the entity is consolidated. The purchase price was SEK 311m, of which all was paid in cash. The recognized value of intangible assets was SEK 318m, of which SEK 161m was customer relationships and SEK 157m was goodwill.

The goodwill recognized for the acquisition pertains to future revenue from new customers and increased revenue from existing customers through continued growth of the number of services sold per customer. No portion of goodwill is expected to be tax deductible. Phonera contributed SEK 198m to revenue and approximately SEK 34m to operating profit (EBIT) from the acquisition date. If the acquisition had been completed as of January 1, 2014, management estimates that the contribution to the Group's consolidated revenue would have been SEK 263m, and the contribution to operating profit (EBIT) would have been approximately SEK 46m.

Acquisition of Phonera SEKm	Recognized value in the Group
Intangible assets	161
Other intangible assets	10
Other tangible assets	3
Other current assets	71
Cash and cash equivalents	9
Deferred tax liabilities	-35
Non-current liabilities	0
Current liabilities	-65
<b>Recognized assets, net</b>	<b>154</b>
Goodwill	157
<b>Purchase price</b>	<b>311</b>

On March 1, 2013, the acquisition of ÖrnSAT, ÖrnSköldsviks Satellit och kabel-TV AB, a local cable operator in ÖrnSköldsvik was completed. The purchase price was SEK 13m, as described in the Group's Annual Report for 2013.

### Non-recurring items

Non-recurring items are specified in the table below.

Non-recurring items SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
IPO-related costs	-	-	-107	-
TiVo and B2B costs	-	-53	-60	-102
Acquisition costs	-	-9	-9	-12
Redundancy costs	-21	-5	-40	-49
Other costs	-2	-5	-10	-16
<b>Total non-recurring items</b>	<b>-23</b>	<b>-72</b>	<b>-228</b>	<b>-178</b>

### Pro forma earnings per share

Earnings per share have been recalculated to adjust for the high one-off costs and the significant change in the number of shares in June and July 2014, and are presented in the table below. This in order to present meaningful financial key metrics for comparison purposes.

SEKm	Oct-Dec		Jan-Dec	
	2014	2013	2014	2013
<b>Net result for the period</b>	<b>-164</b>	<b>-422</b>	<b>-1,051</b>	<b>-771</b>
IPO-related costs	-	-	107	-
Costs related to refinancing	377	-	945	-
<b>Adjustment for one-off costs<sup>(1)</sup></b>	<b>377</b>	<b>-</b>	<b>1,053</b>	<b>-</b>
Adjustment for tax effects	-83	-	-232	-
<b>Net adjustment</b>	<b>294</b>	<b>-</b>	<b>821</b>	<b>-</b>
<b>Adjusted net result for the period</b>	<b>130</b>	<b>-422</b>	<b>-230</b>	<b>-771</b>
No. of shares	207,529,597	207,529,597	207,529,597	207,529,597
<b>Pro forma earnings per share, SEK</b>	<b>0.63</b>	<b>-2.03</b>	<b>-1.11</b>	<b>-3.72</b>

(1) One-off costs associated with IPO and refinancing of debt during the three months and the year ended December 2014.

Stockholm February 10, 2015

**Com Hem Holding AB (publ)**

Anders Nilsson  
Chief Executive Officer

# Definitions

## INDUSTRY TERMS

### ARPU

Average monthly revenue per user for the referenced period. ARPU is calculated by dividing the monthly revenue (for the service provided, in each case including the proportional allocation of the Com Bo discount) for the respective period by the average number of unique residential subscribers for that period. The average number of unique residential subscribers is calculated as the number of unique residential subscribers on the first day in the respective period plus the number of unique residential subscribers on the last day of the respective period, divided by two.

### Churn

The voluntary or involuntary discontinuance of services by a subscriber.

### Homes connected

Homes connected represent the number of residential units to which Com Hem provide basic-TV services, primarily through long-term contracts with the landlords of MDUs or services pursuant to service provider agreements with communication operators.

### RGUs

Revenue generating units, which refer to each subscriber receiving basic or digital cable television, internet access or telephony services over Com Hem's network. Thus, one subscriber who receives all three services would be counted as three RGUs.

### Unique subscribers

Unique subscribers represent the number of individual end-users who have subscribed for one or more of our digital services. Com Hem refer to the end-users receiving Com Hem's products and services directly through our network as unique subscribers even if the billing relationship for that end-user is with the end-user's landlord or housing association.

## FINANCIAL KEY METRICS

### CAPEX

Capital expenditure in fixed tangible and intangible assets, including capital expenditure funded by leasing.

### Consumer ARPU

Consumer ARPU is calculated by dividing all digital television, broadband, fixed telephony and other revenue that can be allocated to each consumer service, by the average number of total unique subscribers for the respective period, and further by the number of months in the period. The average number of total unique subscribers is calculated by aggregating the average number of unique subscribers in each month during the respective period and dividing the result by the number of months in the respective period.

### Earnings per share

Net profit or loss for the period attributable to equity holders of the parent divided by the average number of shares.

### EBIT (Operating profit)

Operating income less operating expenses.

### EBITDA

Operating profit (EBIT) less depreciation and amortization.

### Equity per share

Shareholders' equity divided by the total number of shares.

### Landlord ARPU

Landlord ARPU is calculated by dividing the revenue for the respective period by the average number of homes connected for that period and further by the number of months in the period. The average number of homes connected is calculated as the number of homes connected on the first day in the respective period plus the number of homes connected on the last day of the respective period divided by two.

### Net debt

Interest-bearing liabilities, excluding borrowing costs, less cash and cash equivalents.

### Net debt/Underlying EBITDA

Net debt at the end of the period indicated divided by underlying EBITDA for the last twelve months.

### Operating free cash flow

Underlying EBITDA less Capex.

### Underlying EBITDA

EBITDA less write downs, non-recurring costs and operating currency gains/(losses).

### Underlying EBITDA margin

Underlying EBITDA as a percentage of revenue.

## FOR QUESTIONS REGARDING THE REPORT, PLEASE CONTACT:

Tomas Kihlstrand, Interim CFO, Tel. +46 725 45 99 16

Daniel Johansson, Head of Financial Control, Tel. +46 734 39 08 41

Carolina Haglund Strömlid, Head of Investor Relations, Tel. +46 708 80 71 73

E-mail: investor.relations@comhem.com

# Com Hem

## IN BRIEF

- ▶ Com Hem is one of Sweden's leading suppliers of television, high-speed broadband and fixed-telephony.
- ▶ Approximately 40%, or 1.88 million of Sweden's households are connected to Com Hem's network, with access to the market's broadest range of television services.
- ▶ Com Hem offers attractively priced, high-quality consumer services for television, high-speed broadband and fixed-telephony and has a competitive business-to-business offer of broadband and telephony services.
- ▶ Com Hem was established in 1983 and has more than 1,100 employees, with its head office located in Stockholm.
- ▶ Operations are conducted through three subsidiaries: Com Hem AB, Phonera Företag AB and iTUX Communication AB.
- ▶ Com Hem's shares are listed on Nasdaq Stockholm, Large Cap list.

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### Q4 2014 PRESENTATION

Com Hem will host a webcast conference call for the global financial community at 10:00 am CET on Tuesday February 10, 2015. To participate, use the link at [www.comhemgroup.com](http://www.comhemgroup.com) or the following dial-in numbers:

Sweden: +46 (0)8 5052 0110  
UK: +44 (0)20 7162 0077  
US: +1 334 323 6201

### FINANCIAL CALENDAR

Annual Report 2014 (pdf version)	Week 16
Interim Report January – March 2015	May 6, 2015
Annual General Meeting, Stockholm	May 21, 2015
Interim Report January – June 2015	July 14, 2015
Interim Report January – September 2015	November 3, 2015
Year-end Report January – December 2015	February 9, 2016

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### DISCLOSURE

Com Hem Holding AB (publ) discloses the information provided in this year-end report pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 7.30 am CET on February 10, 2015.

### FINANCIAL INFORMATION

All financial information is published on [www.comhemgroup.com](http://www.comhemgroup.com) directly after release. To make it easier for you to stay up to date, subscribe to our press releases and financial reports via e-mail.



**com hem**

**Com Hem Holding AB (publ)**

Corporate identity number 556858-6613, Registered office: Stockholm  
Tel. +46 8 553 630 00, [www.comhemgroup.com](http://www.comhemgroup.com)