



Com Hem An operator in change

Anders Nilsson, CEO
Mikael Larsson, CFO

Key growth drivers

Continued progress in Q2

1

Increased customer satisfaction

- A very low churn increase of 0.4 p.p during a quarter with price changes reaching 50% of the customer base reflects a rapid and positive development in customer satisfaction.

2

Drive DTV penetration with Superior DTV product

- Digital TV grew by 2,000 to 627,000 RGUs, TiVo penetration reaches 33.0% with 204,000 RGUs.

3

Leverage network and speed advantage

- Broadband subscriber base grew by 8,000 net additions to a record high of 637,000 RGUs.

4

Capitalize on unique bundle opportunity

- Steady increase of bundles, now representing 50.9% of customer base (50.7% in Q1).

5

Leverage B2B opportunity

- Continued transformation of Phonera with focus on higher margin on-net sales and SME. OnNet B2B customers grew by 3 000 during quarter.

Guidance

- To grow revenue of the overall business in the mid-single digits year-on-year.

Well positioned for growth



Yield growth ahead

Improving financial flexibility

1

Revenue growth increases underlying EBITDA

2

CAPEX stable, declining as% of revenue

3

Reduced interest expenses. Will come down from 4.5% to approx. 3.5% after the refinancing in Q4 2015

4

No taxes to be paid until tax losses fully utilized (2.85 bn SEK per 30 June)



Cashflow growth is outperforming EBITDA growth, which gives possibility to increase debt and still be within target leverage. This results in more room for shareholder remuneration in cash and/or buybacks

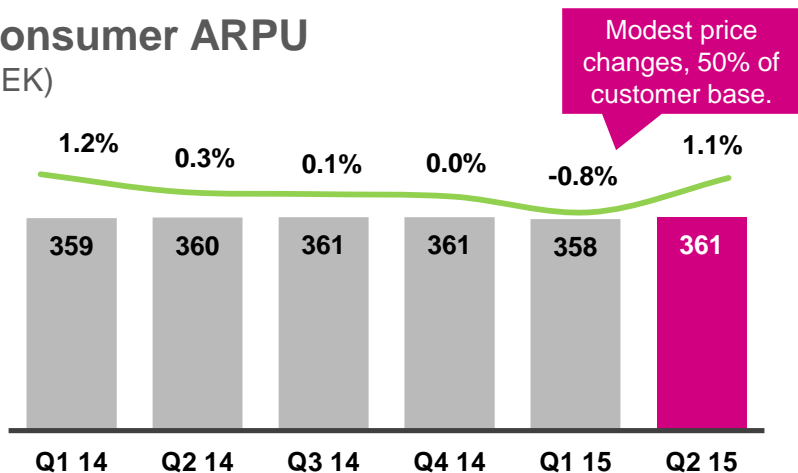
Guidance

- The underlying EBITDA margin is expected to soften slightly due to a shift in business mix.
- Capital expenditures as a percentage of revenue is expected to decline to a level that is more in line with the industry average.
- Target leverage of 3.5x to 4.0x LTM underlying EBITDA.

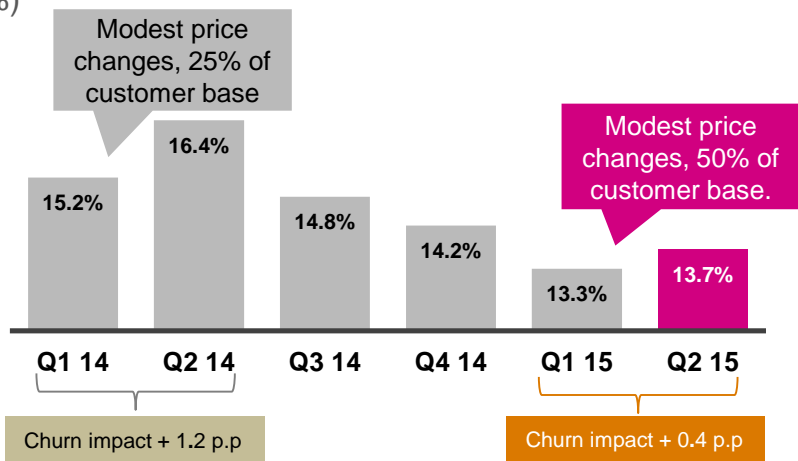
Increased customer satisfaction enhances pricing power

Recent price changes unveil stronger pricing potential than expected

Consumer ARPU (SEK)



Customer churn (%)



- ▶ Reduction of discounts to increase ARPU implemented during Q2, affecting approximately half the customer base
- ▶ Full ARPU increase will be visible during H2 as price changes were rolled out gradually during Q2
- ▶ Only modest churn increase (0.4 p.p) as a result of our focus on customer satisfaction. Resulting in all time lowest churn at 13.3%
- ▶ Discount reductions and modest price rises will give us the opportunity for an enhanced growth strategy going forward; price and volume vs volume only.

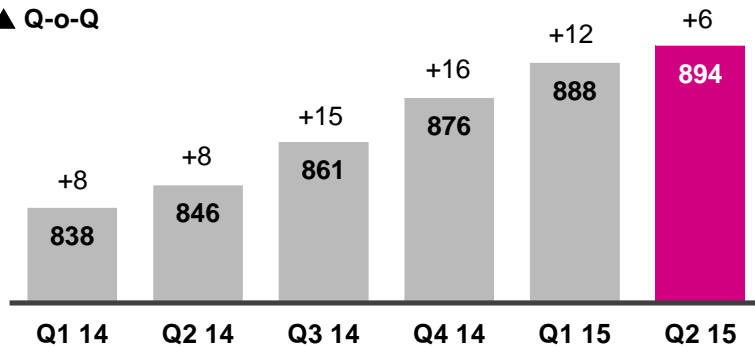
Shifting towards a more balanced growth

From volume to a combination of volume and price-led growth

Unique consumer subscribers

(000')

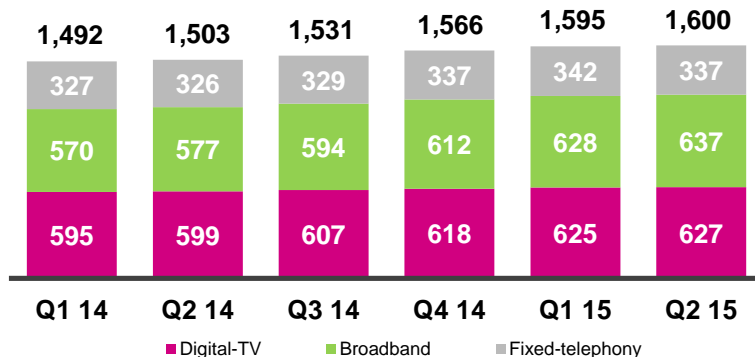
▲ Q-o-Q



RGUs per quarter

(000')

▲ Q-o-Q



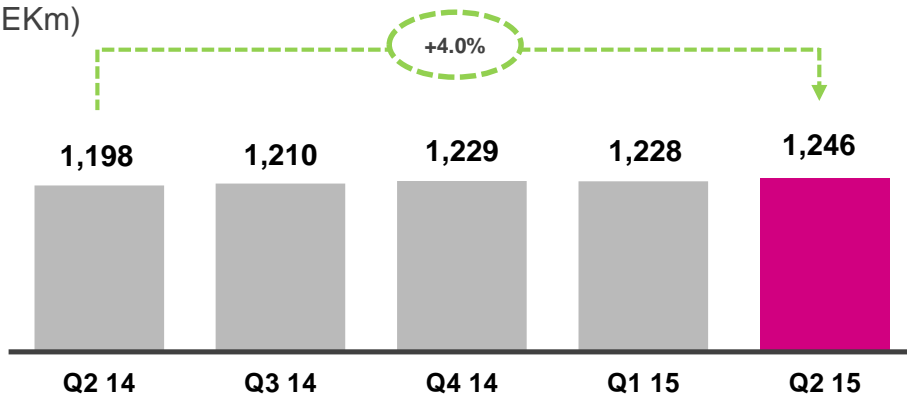
- ▶ We changed the way we grow the company - from volume to a combination of volume and price-led growth
- ▶ We will continue to grow volumes, but at a lower pace than previous quarters
- ▶ Unique consumer subscribers grew by 6,000 during the quarter
- ▶ Total consumer RGUs increased by 5,000 for the quarter to 1,600 000 RGUs
- ▶ Broadband grew by 8,000 RGUs to yet another all time high of 637,000 customers

Continued revenue growth

Revenue growth of 4.0% Y-o-Y and 1.5% Q-o-Q

Revenue Q-o-Q

(SEKm)



(SEKm)	Q2 15	Q2 14	Change	Q1 15
Consumer revenue	936	877	58 +6.6%	914
Landlord revenue	175	196	(21) (10.9%)	179
B2B revenue	77	70	7 +10.7%	77
Other revenue	58	55	4 +6.7%	58
Total revenue	1,246	1,198	48 +4.0%	1,228

- ▶ Increase in consumer revenue driven by growth in broadband and TiVo subscribers, improved broadband tier mix and price increases with gradual impact during Q2
- ▶ Landlord revenue decrease due to contract renegotiations, lower index pricing and 2014 one-off of customer migrations to B2B
- ▶ B2B OnNet shows good growth, revenue up SEK 9m Y-o-Y. However, decline in low margin OffNet SoHo legacy business



TV



Sweden's richest TV offering...



	bredbands bolaget	BOXER	Canal Digital	Telia	VIASAT	com hem
Catch Up	38	15	18	68	23	100 🇩🇪
SVOD	0	9	2 + SVT Play	11	9 + viaplay	22 🇩🇪
TVOD	2	2	2	2	2	2 🇩🇪
<hr/>						
TVE Channels	-	39	40	67	35	120 🇩🇪
TVE Catch up	-	0	18	16	0	94 🇩🇪
TVE SVOD	-	8	2	6	2	15 🇩🇪

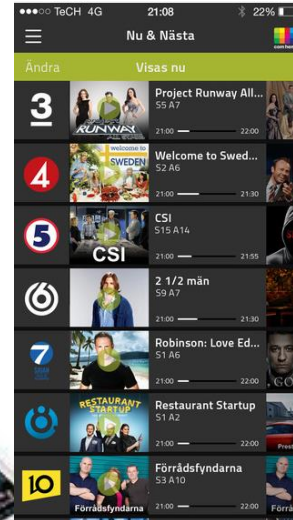
Com Hem is embracing OTT as an opportunity as opposed to threat by integrating the most popular OTT services in its platform



Com Hem Play

The full TiVo experience on any platform anywhere

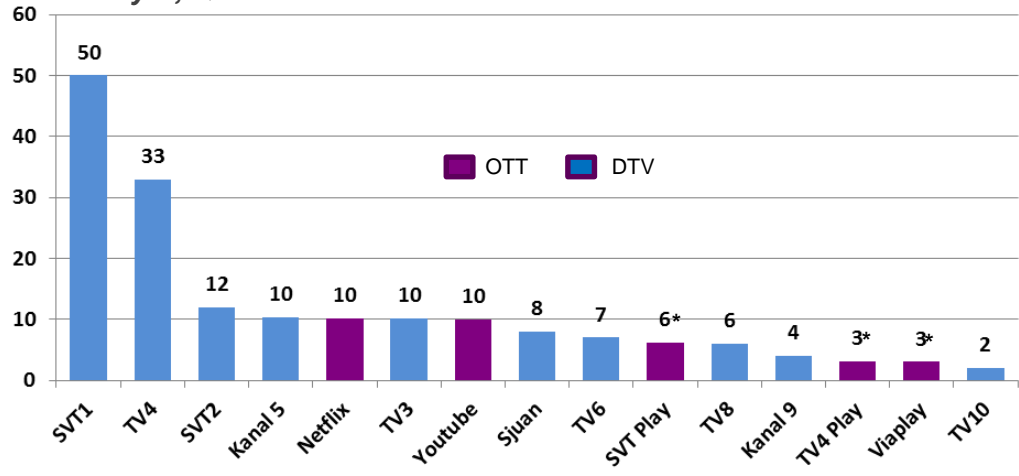
- ▶ Launched September 2015 (updated version of TiVoToGo)
- ▶ Updated user interface with easier navigation
- ▶ One-Click consumption
- ▶ Pause function for linear TV
- ▶ TV Guide with “on air & coming up next” navigation
- ▶ Part of the Com Hem TiVo experience, included in the Mid, Plus and Max subscriptions.
- ▶ Gives the customer the full TiVo experience available on all platforms (iOS, Android, webb) and devices.



Embracing OTT as an opportunity

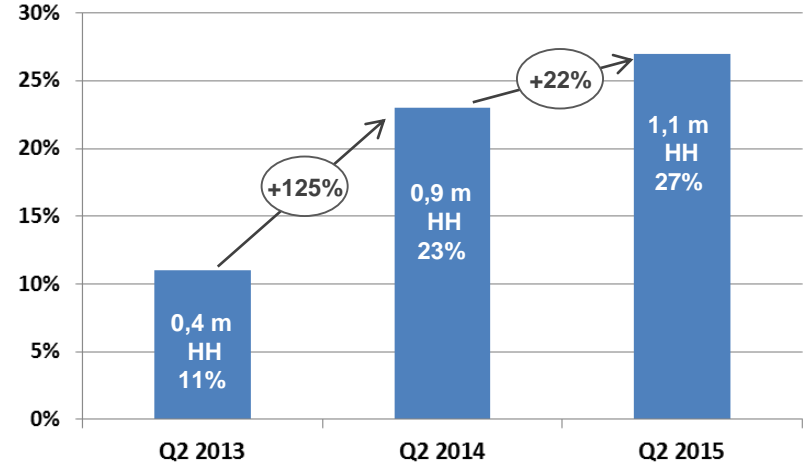
SVOD growth is slowing down, most viewed OTT services on CH platform

Viewing time (min) among consumers per TV channel/OTT service, 15-74 yrs, Q1 2015



- ▶ Com Hem acts as an aggregator that offers different packages with the most popular channels viewed
- ▶ However SVOD growth pace is slowing down after a period of rapid growth
 - Average growth pace +5% QoQ in 2015 compared to +21% in 2014

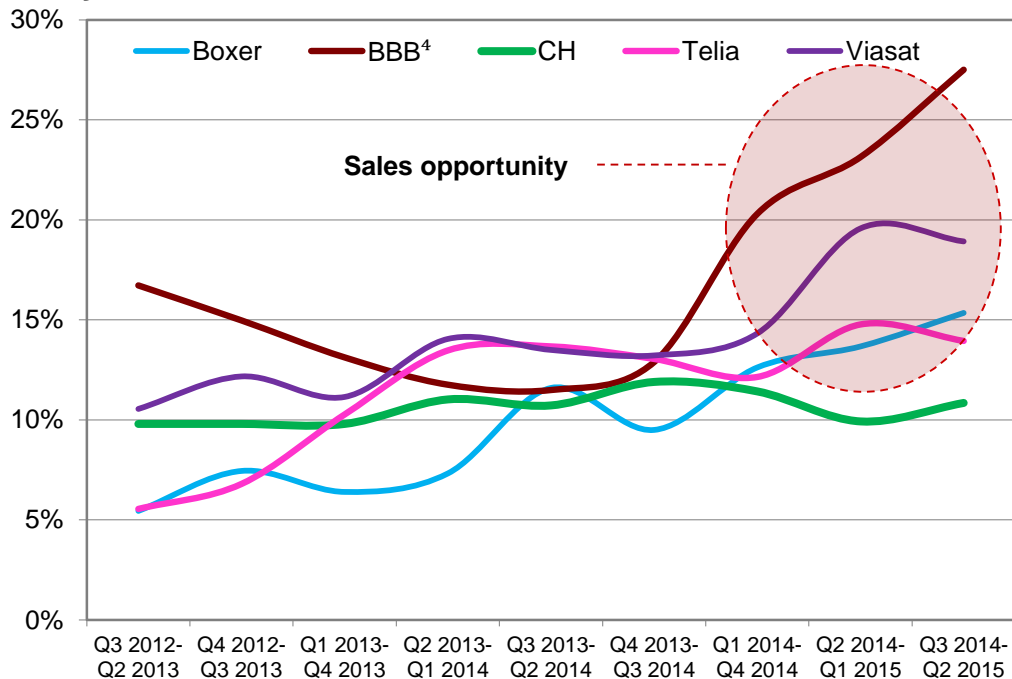
Household penetration SVOD subscriptions



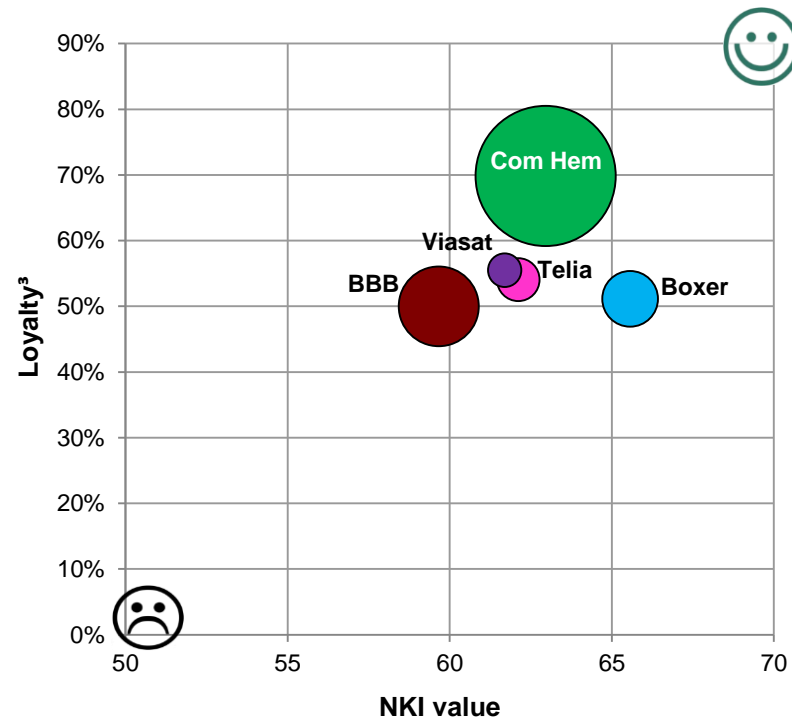
Low churn risk for Com Hem

...while increasing among competitors

Share of TV customers planning to cancel subs within one year, CH universe



Loyalty/satisfaction matrix², Q2 2015



- Com Hem holds the lowest risk among all operators at approx 10%.
- HHs planning to churn say they plan to switch operator, not leave the DTV market.



Broadband

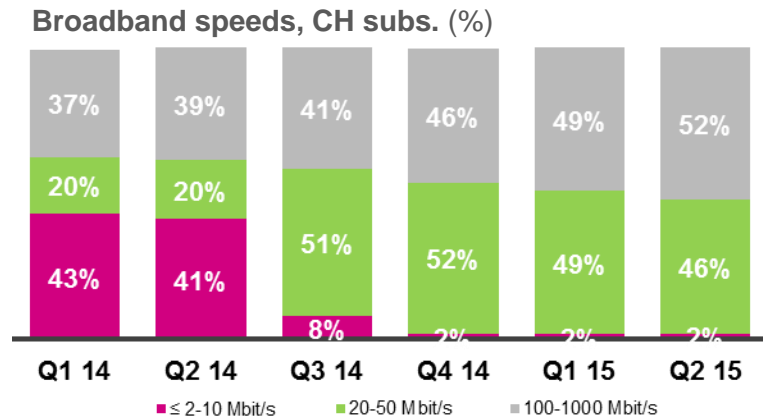


com hem

Sweden's fastest broadband

Superior infrastructure vs. competition in terms of capacity and speed

- ▶ Well connected market with 88% broadband penetration in Sweden, HH 15-74 yrs old
- ▶ Over 1.9 million HH's connected, enabling us to offer our services to 40% of Swedish HH's
- ▶ Com Hem is the leading supplier of high-speed internet access in Sweden, according to Netflix speed index
 - Operates on Docsis 3.0
 - Offering up to 500 Mbit/s to appr. 1.7 million HH's
 - Scalable and able to cope with increasing data demand with modest capex investment including 1 Gbps upgrade
- ▶ 76% of new customers choose speeds of 100 Mbit/s and above in Q2
- ▶ LAN overbuild largely completed given the largest landlords are already connected.



Broadband price comparison, Sept 2015 (SEK/month)

	com hem	Telia	broadbands bolaget	TELE2
1 Gbit	889	999	899	
500 Mbit	599		599	
250 Mbit	429	499	399	
100 Mbit	349	379	369	
60 Mbit		419	439	409
50 Mbit	299			
30 Mbit		359		339
24 Mbit			389	309
8/10 Mbit		329		279
2 Mbit		269		259

■ Fiber, limited overlap with CH network

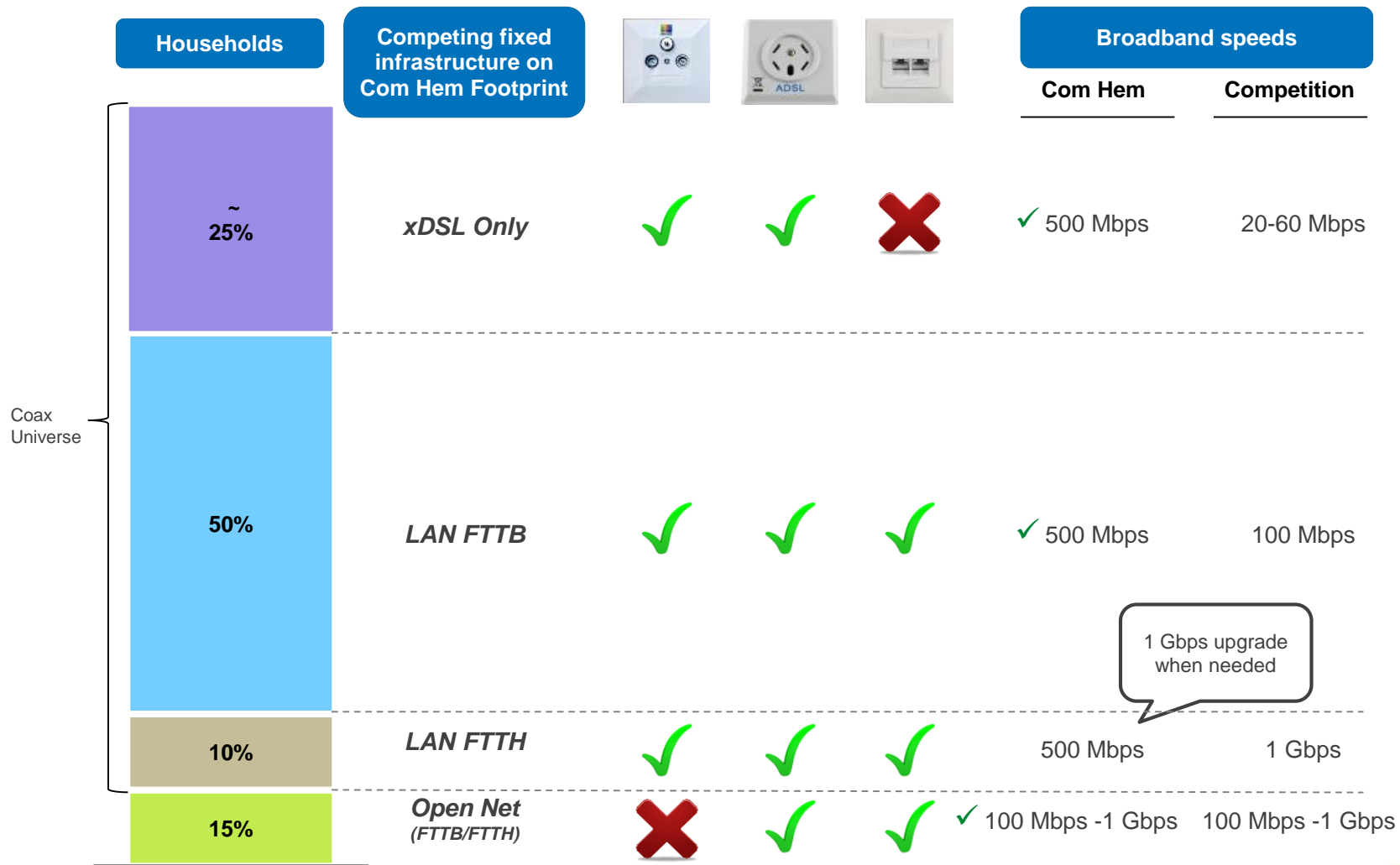
■ ADSL, available on CH network

Source: Company websites, 2015-09-13. List prices.



Understanding Com Hem's network advantage

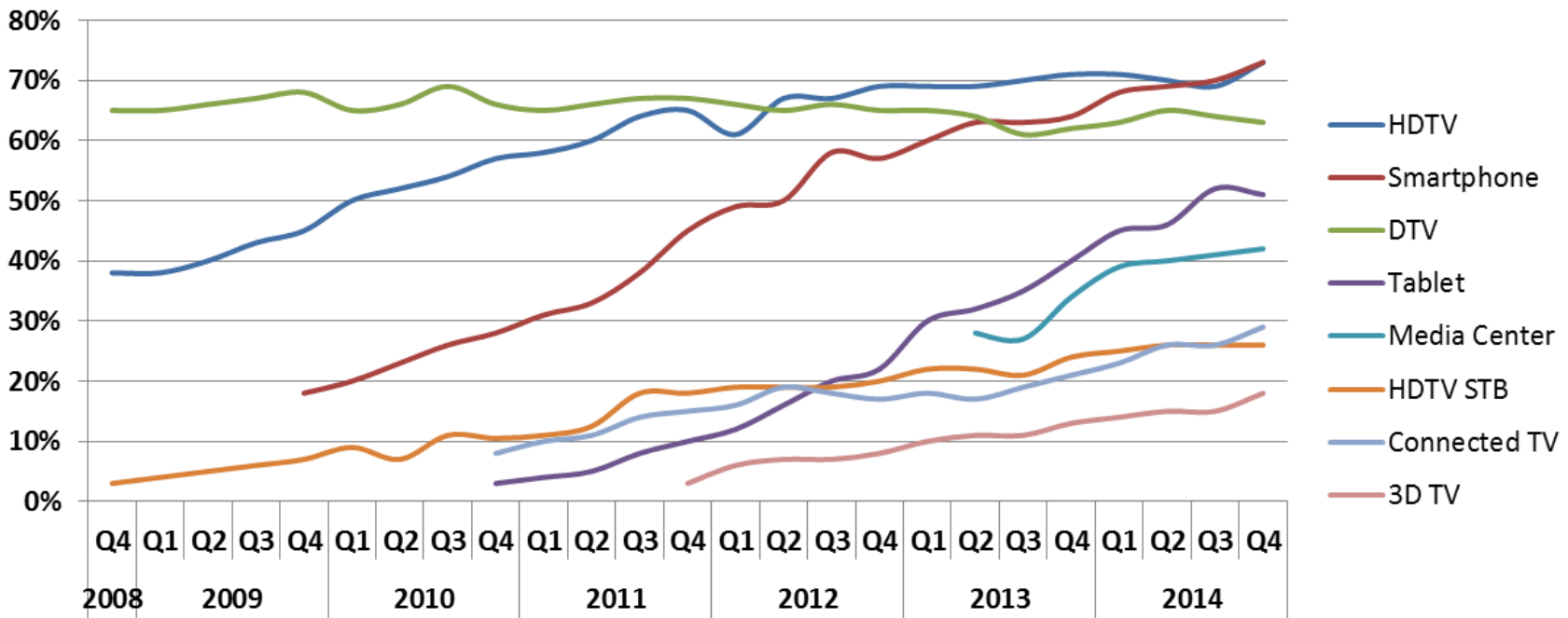
Sweden's no.1 superfast network & Europe's fastest cable network



Mobile and connected devices flooding the market

Increasing demand for high speed broadband services

Consumer device penetration and infrastructure development, Sweden

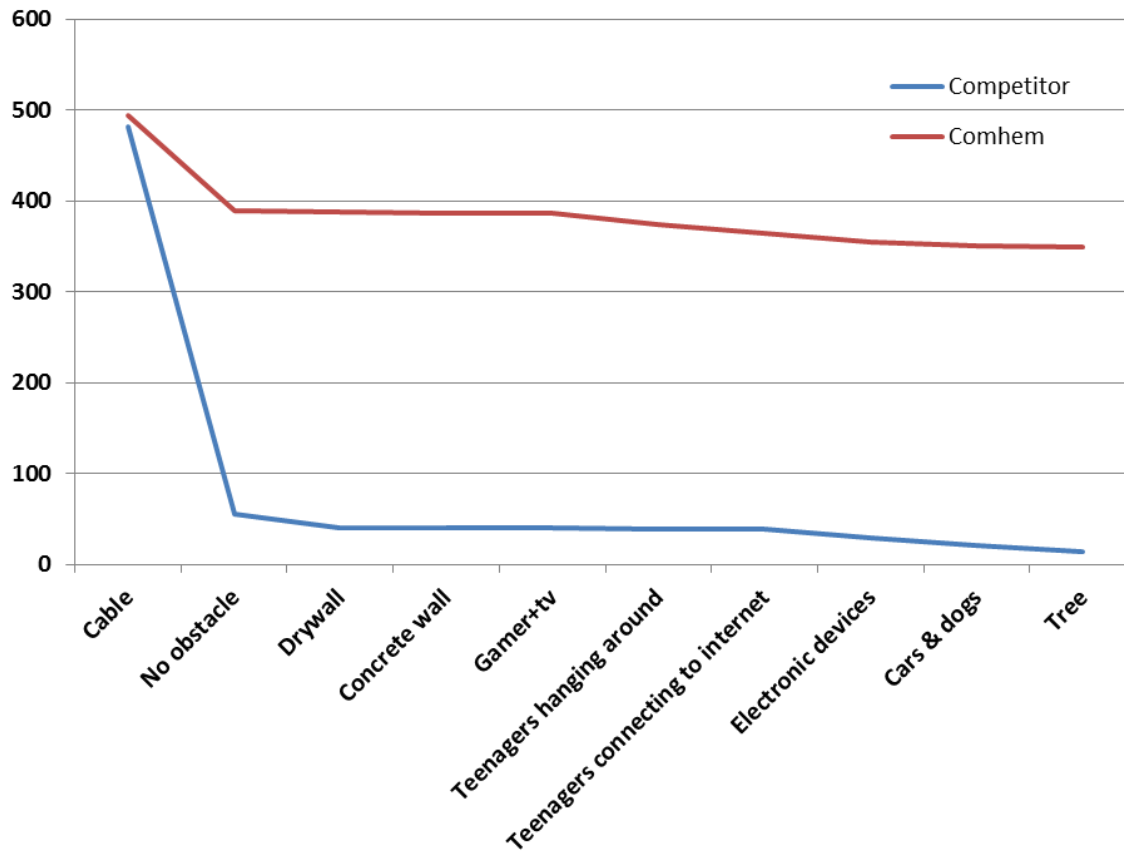


The best experience for the connected home

3

Superior wifi experience with Com Hem's new router

Wifi router download speed (Mb/s)



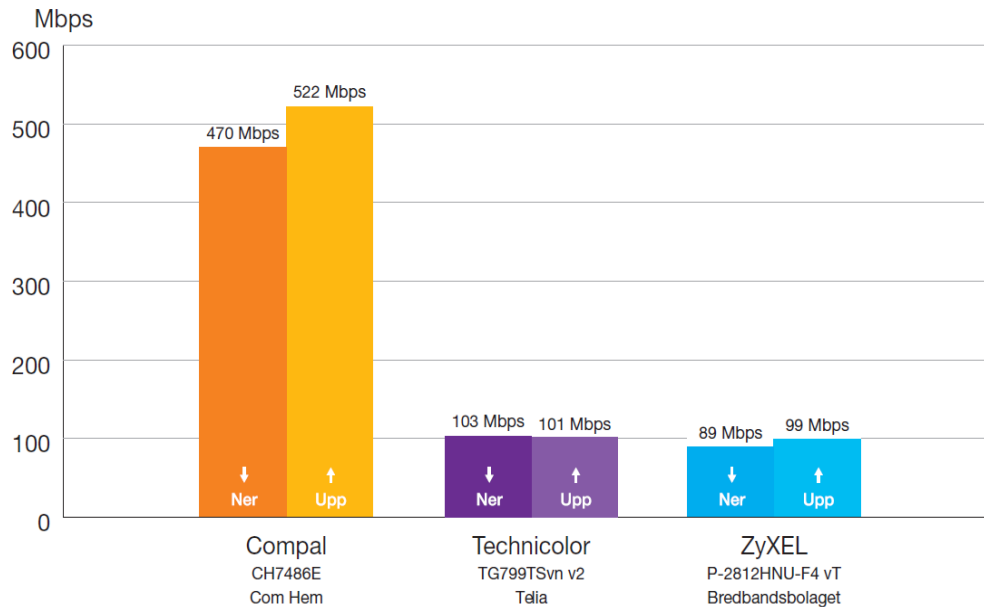
- ▶ A download test made by Com Hem shows that Com Hem's new router (Compal) has a competitive advantage according to a competitor's best router when getting the most out of your Wifi
- ▶ Com Hem's router is the only one in Sweden that offers two frequencies (2.4 and 5), resulting in little disturbance when exposed by different obstacles

The best experience for the connected home cont.

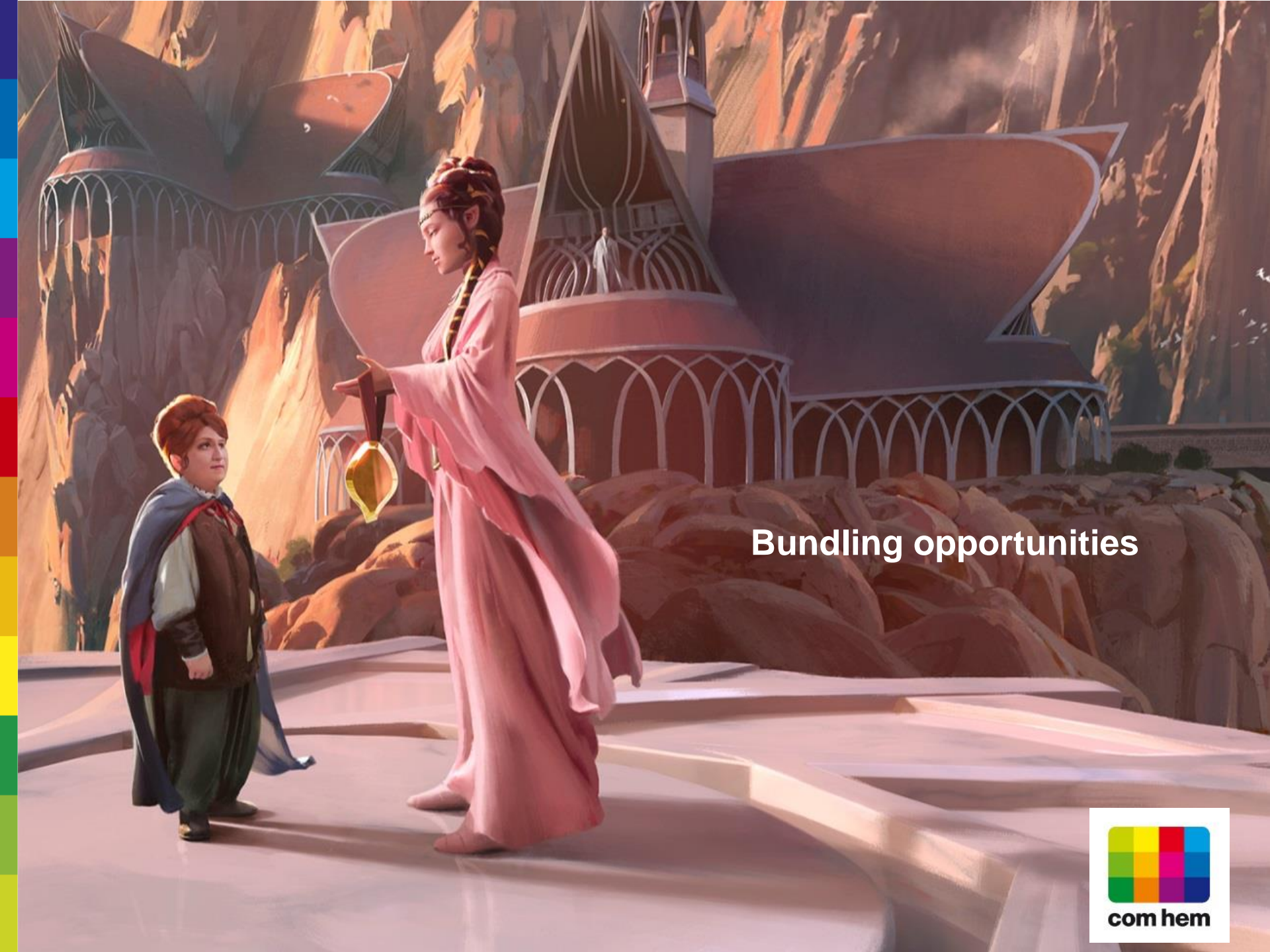
3

Four times faster Wifi upstream & downstream than competition

Highest measured upstream and downstream speeds (Mbps)



- ▶ Another test made by a independent 3rd party, Excentis, in Holland also shows that Com Hem's new router (Compal) delivers up to four times faster Wifi than competition (27th of January 2015)

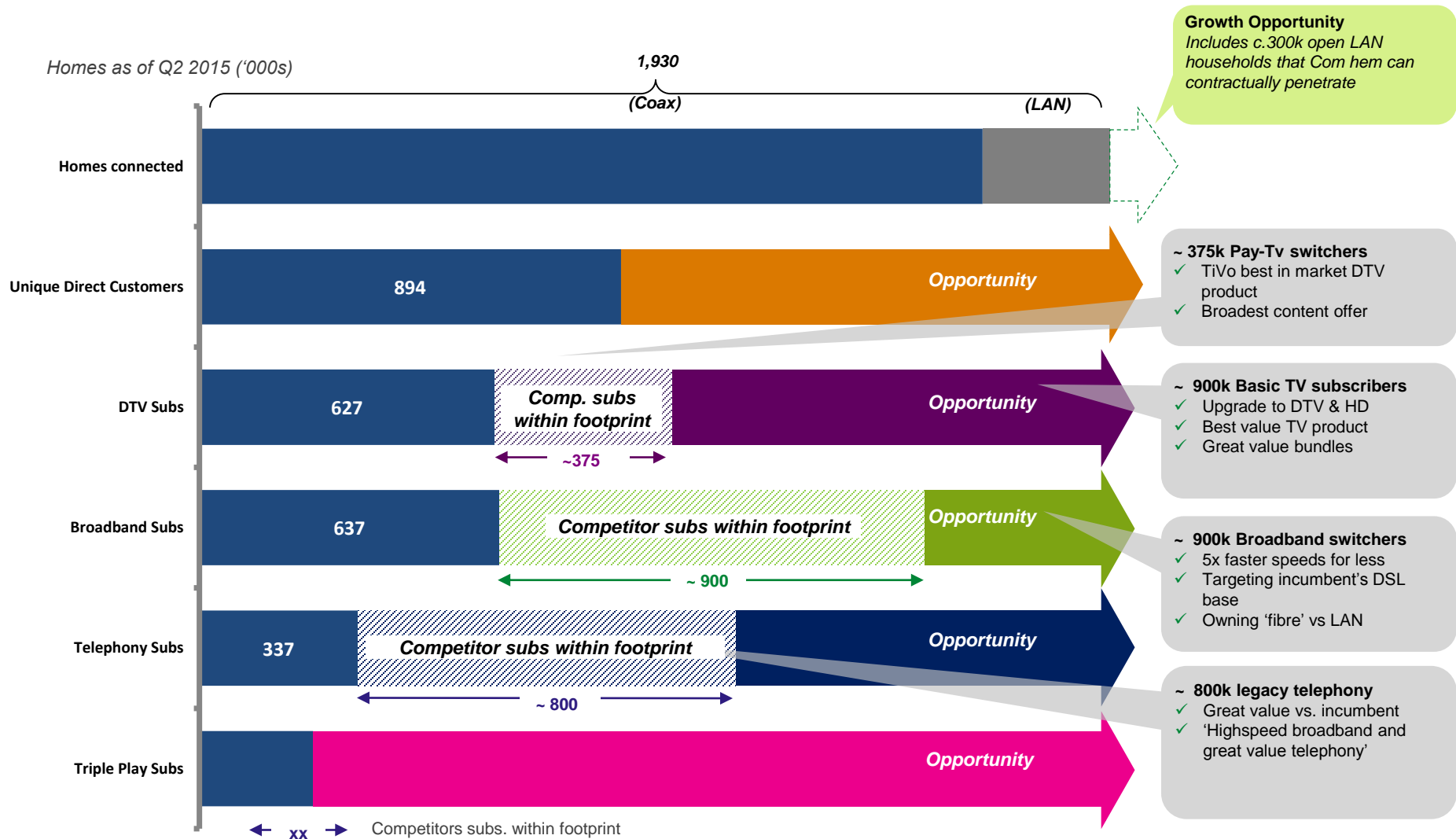


Bundling opportunities



Significant growth opportunities

Targeting prospects within our network with a clear competitive advantage

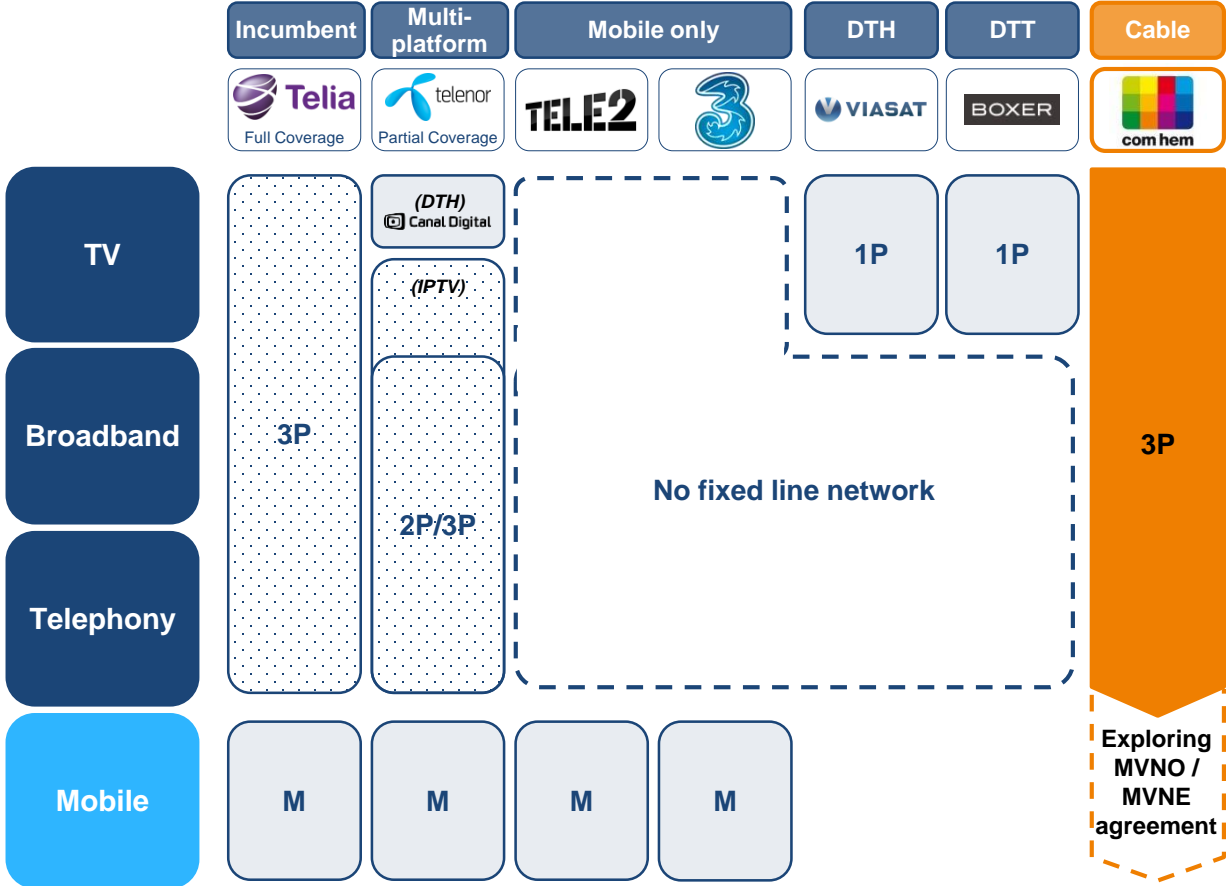


Source: Company information



Market wide open for bundling opportunities

Key players do not have the network or the incentive to bundle



Com Hem is the only player focused on driving triple play subscriptions

Source: PTS, publicly available reports of respective companies

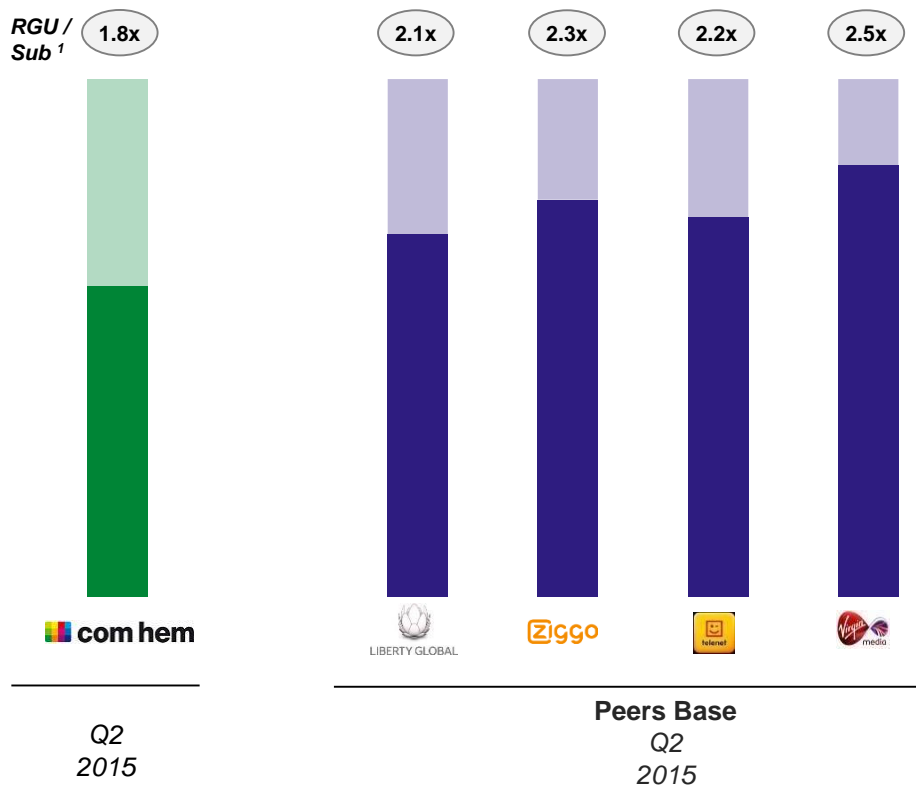


Triple play penetration lower than peers

Bundling push still to come, a great opportunity for Com Hem

Com Hem's bundle penetration is low compared to peers and take rate in gross adds

As of Q2 2015



Take-up in bundling will improve blended ARPU and is expected to drive down churn

Source: Filings of the respective companies

1) RGUs calculated as the sum of DTV, broadband and telephony RGUs divided by unique subscribers





B2B



Unexplored Business to Business opportunity

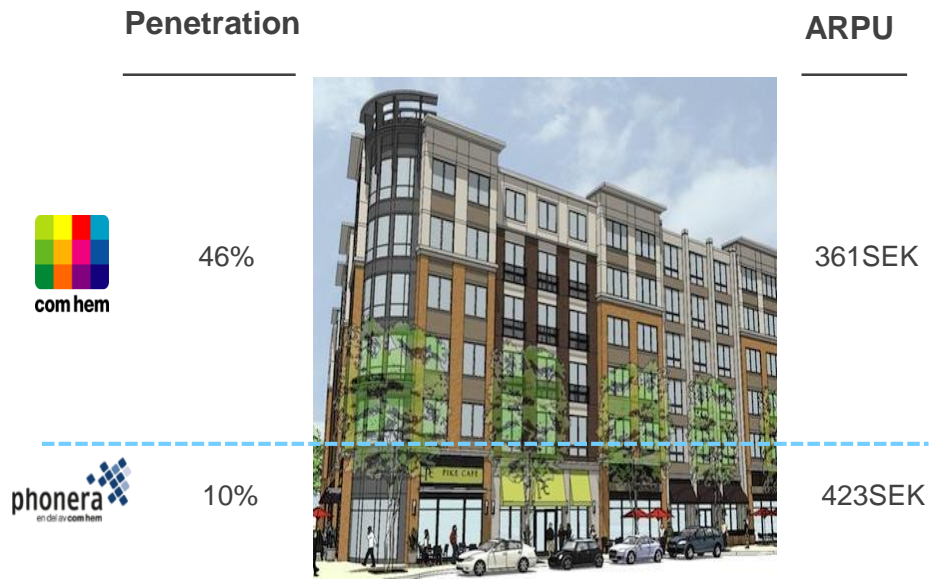
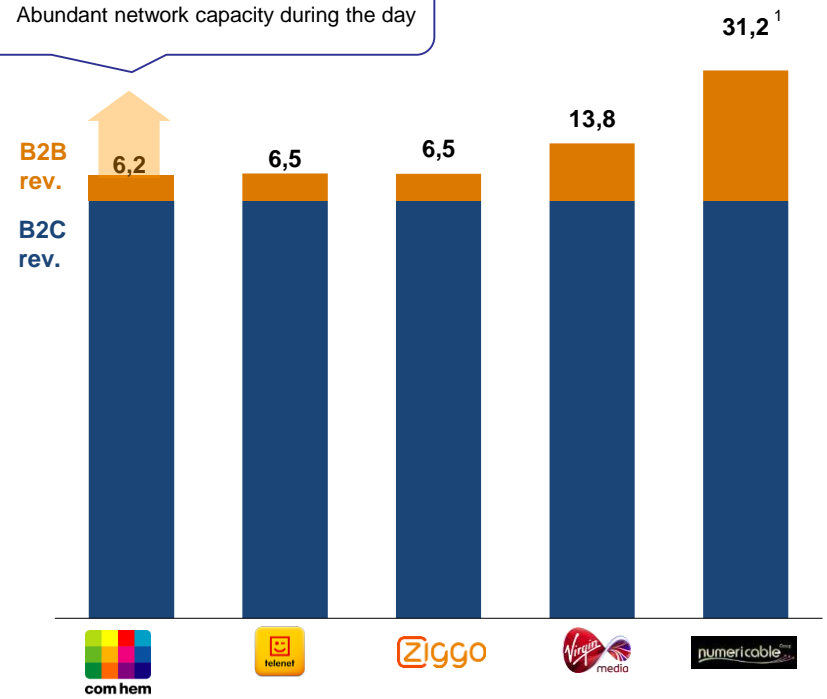
Through Phonera, Com Hem leverage on existing infrastructure in MDUs

- 130 000 Potential customers in Com Hem Universe can be reached through Phonera.
- Phoneras entry tier typically delivers twice the speed at half the price compared to competition.

B2B as next source of cable growth

B2B revenues / B2C revenues, H1 2015 (%)

- ✓ No / low cost to connect
- ✓ Abundant network capacity during the day



The attractive fixed and mobile B2B market is Com Hem's next target source of growth fuelled by the acquisition of the successful B2B operator Phonera

Source: Public filings of respective companies
 1) Includes Wholesale

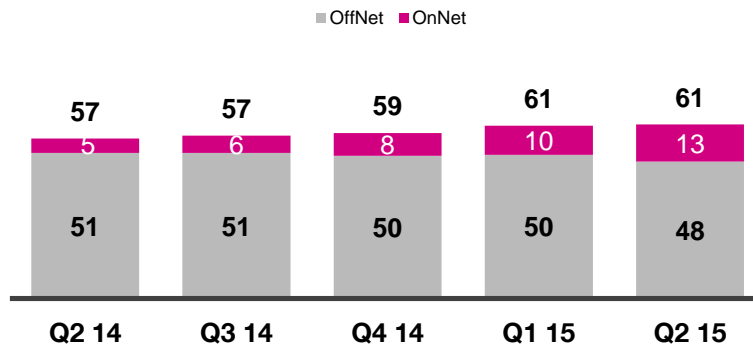


Continued positive trend in B2B

Focused sales activity drives OnNet customers

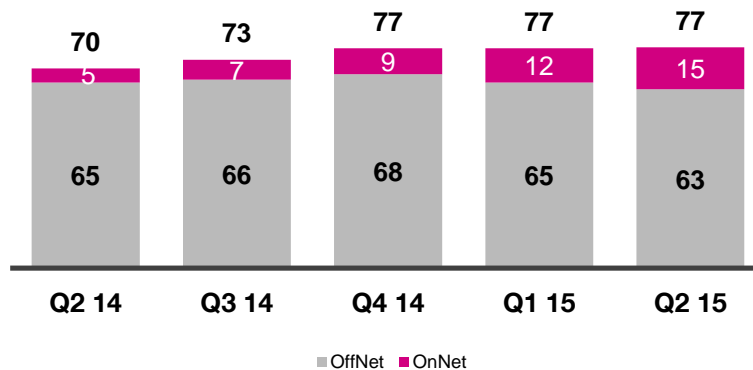
Unique B2B Subscribers

(000')



B2B Revenue

(SEKm)



- ▶ Strong OnNet revenue growth, from SEK 2m in Q1 2014 to SEK 12m
- ▶ OnNet SoHo adding +2,000 unique subscribers (2,000 in Q4)
- ▶ Substantial growth opportunity as we target the potential of 130,000 connected SoHo businesses
- ▶ OnNet margin substantially higher than OffNet margin translates to higher profitability and cash flow
- ▶ Phonera/Com Hem was awarded Best Mobile Switchboard in August 2015 according to the magazine Mobil





Financials



Continued positive net result

Strong improvement in EBITDA and reduced financial expenses

(SEKm)	Q2 15	Q2 14	Change	Q1 15	
Revenue	1,246	1,198	48	+4.0%	1,228
Production costs	(367)	(348)	(19)		(354)
Gross profit	879	850	29	+3.4%	873
<i>Gross margin</i>	70.6%	70.9%	(0.4)p.p.		71.1%
Operating costs*	(296)	(284)	(12)		(297)
Underlying EBITDA	583	566	17	+3.1%	577
<i>Underlying EBITDA margin</i>	46.8%	47.2%	(0.4)p.p.		47.0%
Non-recurring items	(12)	(149)	138		(39)
EBITDA	571	417	154	+36.9%	538
<i>EBITDA margin</i>	45.8%	34.8%	+11.0p.p.		43.8%
Depreciation and amortization	(389)	(357)	(32)		(376)
EBIT	182	60	121	+200.8%	161
<i>EBIT margin</i>	14.6%	5.0%	+9.5p.p.		13.1%
Net financial expenses	(126)	(983)	857		(110)
Taxes	(13)	204	(217)		(11)
Net result for the period	42	(718)	761	n/m	40

* Excluding non-recurring items, depreciation and amortization

- ▶ Slight pressure on gross margin and underlying EBITDA margin due to change in revenue mix
- ▶ Improved EBITDA margin due to lower non-recurring items vs. Q2 last year
- ▶ Continued positive net result explained by higher EBITDA and lower interest expenses following last year's balance sheet transformation

Strong improvement in operating cashflow

Significant improvement in cash generated from operating activities

(SEKm)	Q2 15	Q2 14	Change		Q1 15
Underlying EBITDA	583	566	17	+3.1%	577
Non-recurring items and operating currency loss	(3)	(145)			(39)
Change in net working capital	(69)	31			(13)
Interest payments on borrowings etc.	(139)	(522)			(52)
Adjustments for non-cash items	0	1			1
Net cash from operating activities	372	(69)	441	n/m	474
Gross capital expenditure	(250)	(239)			(263)
Capital expenditure funded by financial leasing	15	-			-
Acquisition of Phonera	-	(11)			-
Net cash used in investing activities	(235)	(248)	13	-5.4%	(263)
Borrowings	100	4,800			-
Amortization of borrowings	(8)	(6,252)			(7)
Shareholder remuneration	(400)	-			-
Payment of borrowing costs	-	(56)			(11)
New share issue	-	5,672			-
Other financial activities	(1)	5			(21)
Cash flow from financing activities	(309)	4,169	(4,479)	-107.4%	(40)
Net cash generated (used)	(173)	3,852	(4,024)	-104.5%	171
Cash Balance BoP	888	789			716
Cash balance EoP	715	4,640	(3,926)	-84.6%	888

- ▶ Interest payments reduced by more than 70% and lower non-recurring items
- ▶ Total paid shareholder remuneration of 400 mSEK during the quarter

Capital Structure

(SEKm)	Pro-forma refinancing June 30, 2015	Actual June 30, 2015
Senior bank debt		
Term Loans	5,795	3,975
RCF	1,350	1,350
Finance leases	67	67
Total senior bank debt	7,212	5,392
Bond instruments		
Senior Secured Notes @ 5.25%	2,500	2,500
Senior Notes @ 10.75%	-	1,720
Gross debt	9,712	9,612
Cash balance EoP	-715	-715
Net debt	8,997*	8,897
Unutilized bank facilities and cash	1,265	1,585
Leverage		
Net Debt / Underlying EBITDA	3.8x	3.8x
Loan to value**	39%	39%
Average interest cost	3.5%	4.5%

- ▶ New senior bank debt of SEK 1 bn from DnB provided at attractive terms with four years maturity
- ▶ Following the intended early redemption of EUR bond in November, the group's average interest cost will be at approximately 3.5% (down from 4.5% in Q2)

Leverage and financing policy



- ▶ Solid financial position with:
 - ▶ Leverage in line with European peers, target range of 3.5-4.0x Net-Debt/Underlying EBITDA
 - ▶ Well capitalized with SEK 1,3bn in cash and unutilized credit facilities.
 - ▶ Average interest rate on debt portfolio of 3.5% after refinancing
- ▶ S&P BB- with positive outlook since June 2015
- ▶ Healthy mix between bank and bond financing.
- ▶ Strong support from Nordic as well as European banks. Building up recognition in SEK bond market.
- ▶ Will continue to work to extend our average debt maturity, currently at 3.7 years.
- ▶ Mix of fixed and floating interest rates on debt, currently 45% fixed before refinancing of EUR bond.

Shareholder remuneration

Redemption programme

- ▶ SEK 65m was paid to shareholders May 11, 2015 for a total of 886,221 shares that were applied for redemption

Buy-Back programme

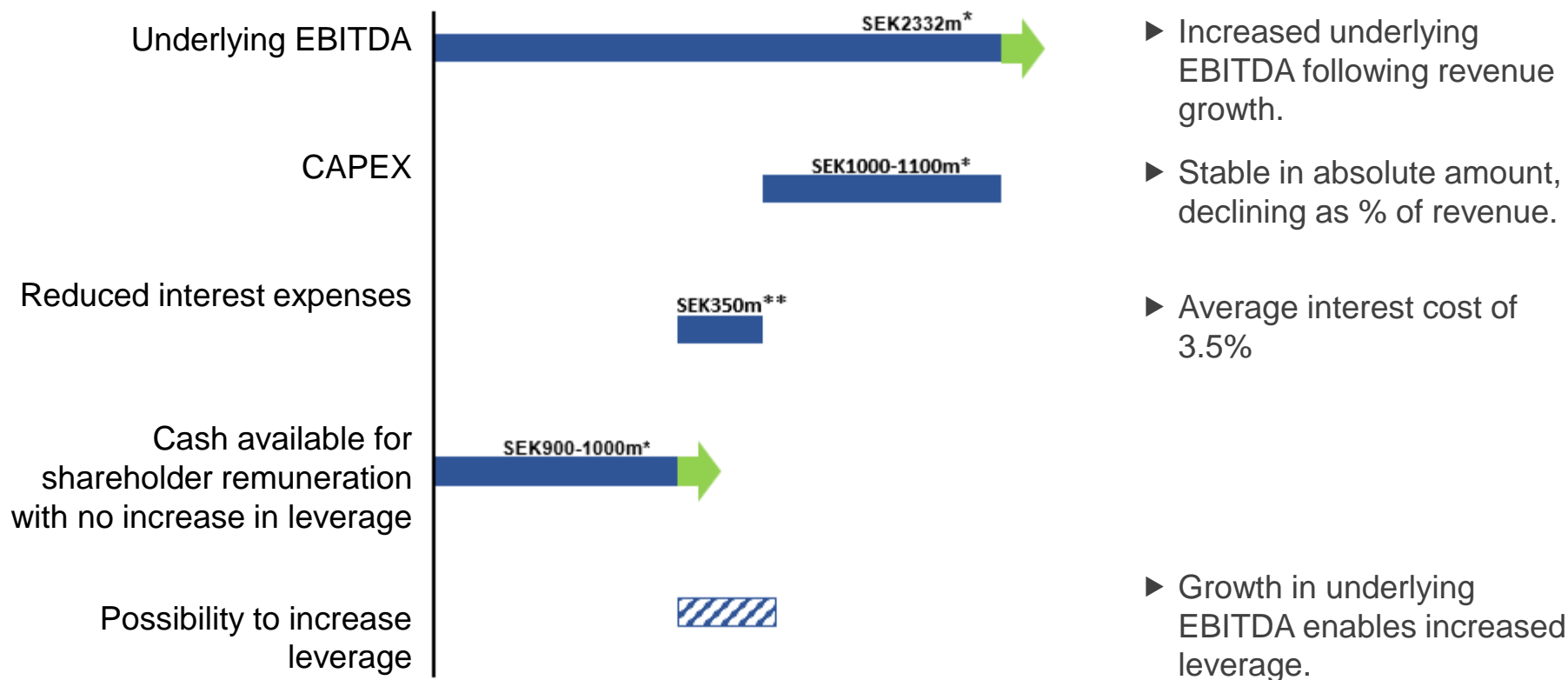
- ▶ AGM decided to extend this year's buy-back programme to up to SEK 1,500m (previously up to SEK 1,000m) including the SEK 65m already spent on the one-time redemption programme

Cash dividend

- ▶ SEK 1 per share in cash dividend
 - ▶ A total of SEK 412m in shareholder remuneration in Q2 consisting of cash dividend (SEK 1 per share) as well as share buybacks. As per 11th of September, shares for an additional SEK 207m had been bought back.
 - ▶ Leverage ratio to be kept within target of 3.5-4.0x underlying EBITDA



Yield growth in Com Hem



- ▶ Increased underlying EBITDA following revenue growth.
- ▶ Stable in absolute amount, declining as % of revenue.
- ▶ Average interest cost of 3.5%
- ▶ Growth in underlying EBITDA enables increased leverage.

▶ Market Cap August 31st – SEK 14,600m

▶ Attractive yield available for cash dividend and/or share buy backs

Summary & outlook

Key growth drivers – continued progress in Q2

- 1 Increased customer satisfaction**
 - A very low churn increase of 0.4 p.p during a quarter with price changes reaching 50% of the customer base reflects a rapid and positive development in customer satisfaction.
- 2 Drive DTV penetration with Superior DTV product**
 - Digital TV grew by 2,000 to 627,000 RGUs, TiVo penetration reaches 33.0% with 204,000 RGUs.
- 3 Leverage network and speed advantage**
 - Broadband subscriber base grew by 8,000 net additions to a record high of 637,000 RGUs.
- 4 Capitalize on unique bundle opportunity**
 - Steady increase of bundles, now representing 50.9% of customer base (50.7% in Q1).
- 5 Leverage B2B opportunity**
 - Continued transformation of Phonera with focus on higher margin on-net sales and SME. OnNet B2B customers grew by 3 000 during quarter.

Well positioned for growth

Yield growth ahead – improving financial flexibility

- 1 Revenue growth increases underlying EBITDA**
- 2 CAPEX stable, declining as% of revenue**
- 3 Reduced interest expenses. Will come down from 4.5% to approx. 3.5% after the refinancing in Q4 2015**
- 4 No taxes to be paid until tax losses fully utilized (2.85 bn SEK per 30 June)**

Cashflow growth is outperforming EBITDA growth, which gives possibility to increase debt and still be within target leverage. This results in more room for shareholder remuneration in cash and/or buybacks



Appendix



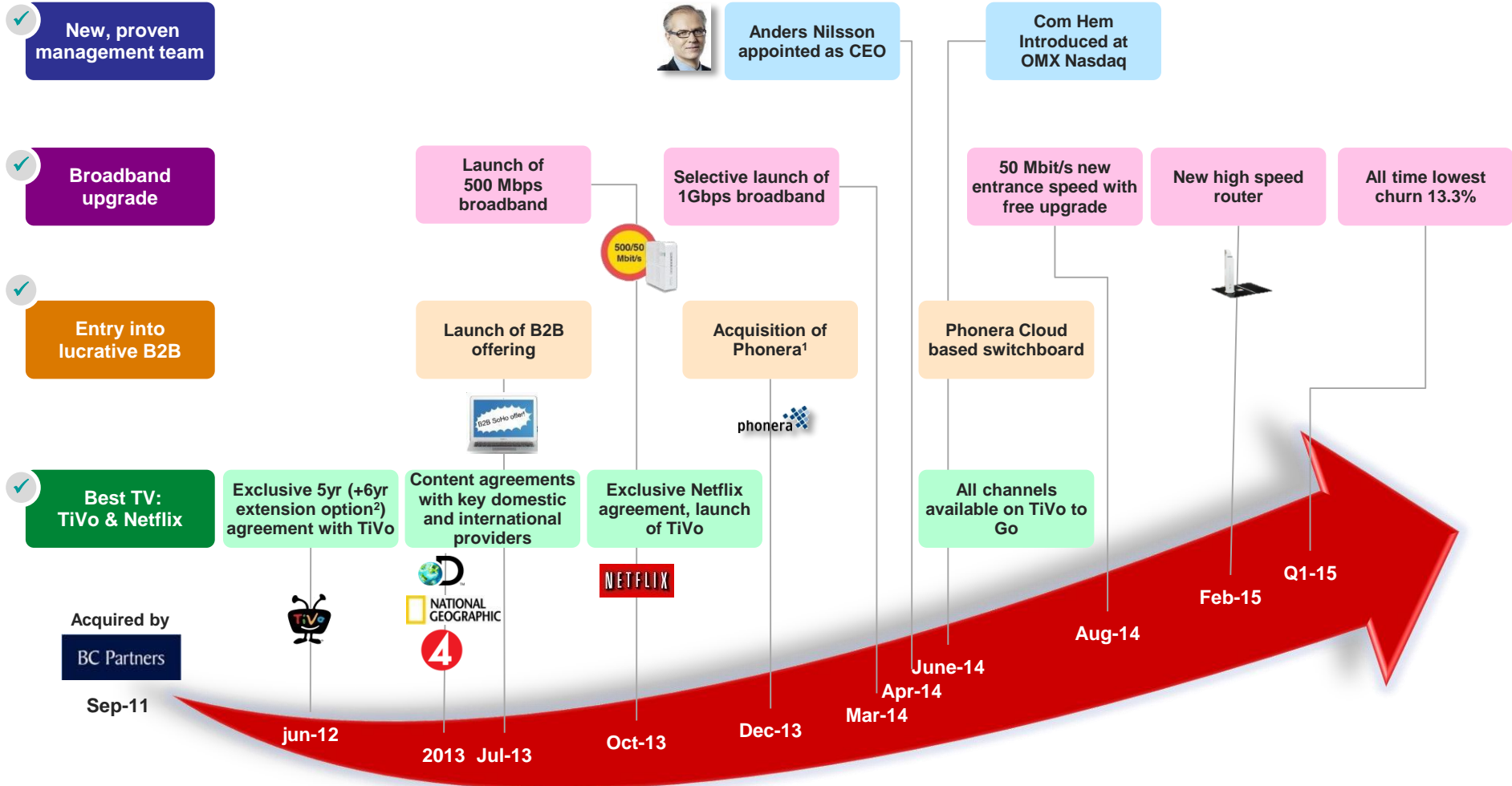
com hem

About Com Hem

- ▶ Founded in 1983
- ▶ Leading supplier of digital television, high-speed broadband and fixed telephony in Sweden
 - One of Swedens richest and most aggregated TV offerings, exclusive supplier of Tivo and Netflix
 - Offering up to 500 MB/s to appr. 1.7 million households
 - Leading supplier of high-speed internet access in Sweden, according to Netflix speed index
 - 76% of new customers choose speeds of 100 Mbit/s and above in Q2
- ▶ Over 1.9 million households connected, enabling us to offer our range of digital services to 40% of Swedish households
- ▶ 894.000 households subscribing to our broadband, DTV and telephony services as of Q2 2015
- ▶ 1200 employees
- ▶ New management in place

Business transformation

Sep 2011-present



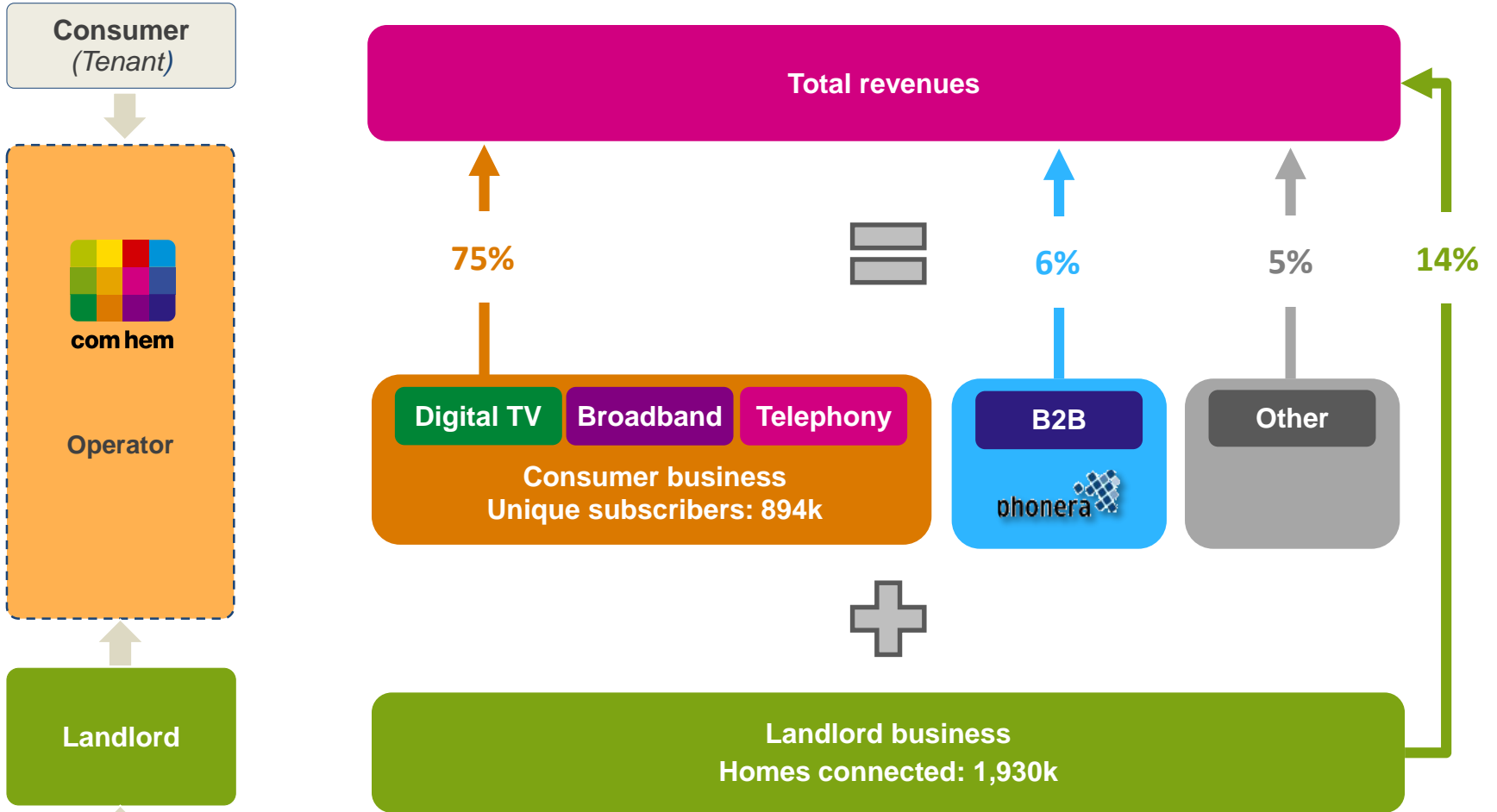
1) Acquisition announced on December 20th 2013, completed on March 31st 2014
 2) Extension option at Com Hem's discretion



Com Hem

Business model

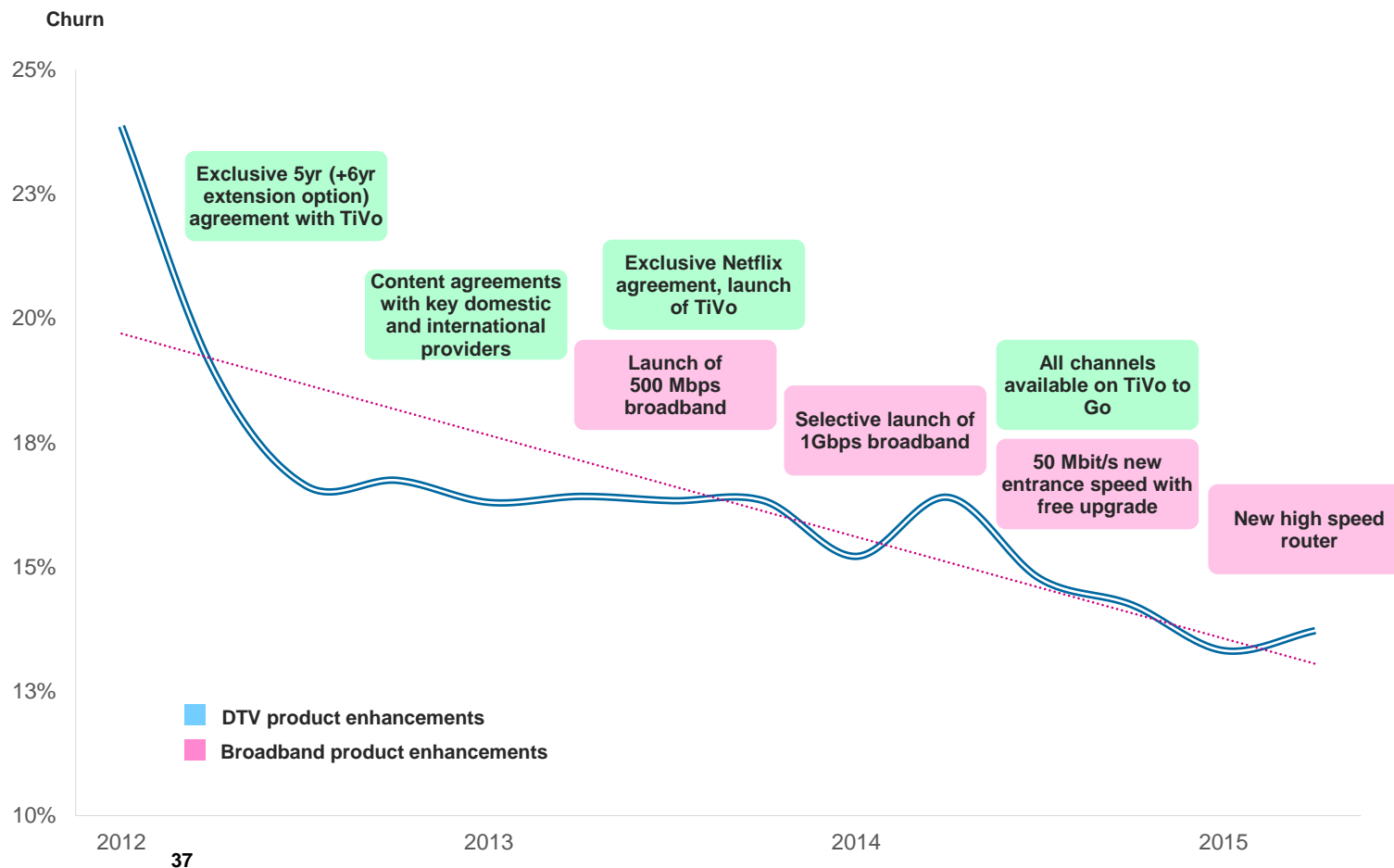
Financial metrics as of H1 2015



Strong correlation between satisfied customers and churn

Significant product improvements and customer focus pays off

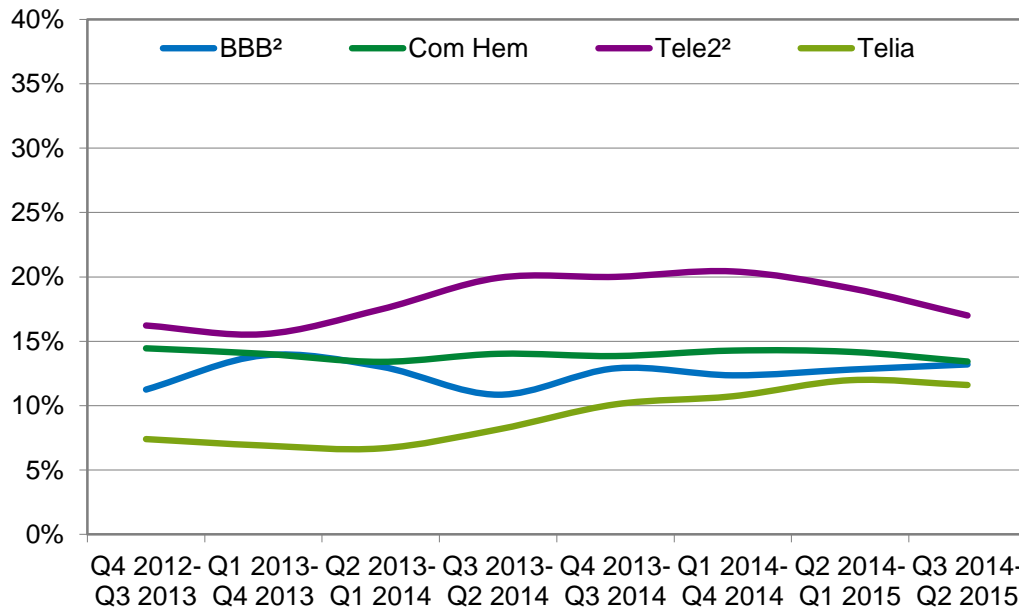
Customer Experience/Customer Service → satisfied customers → Churn falls over time



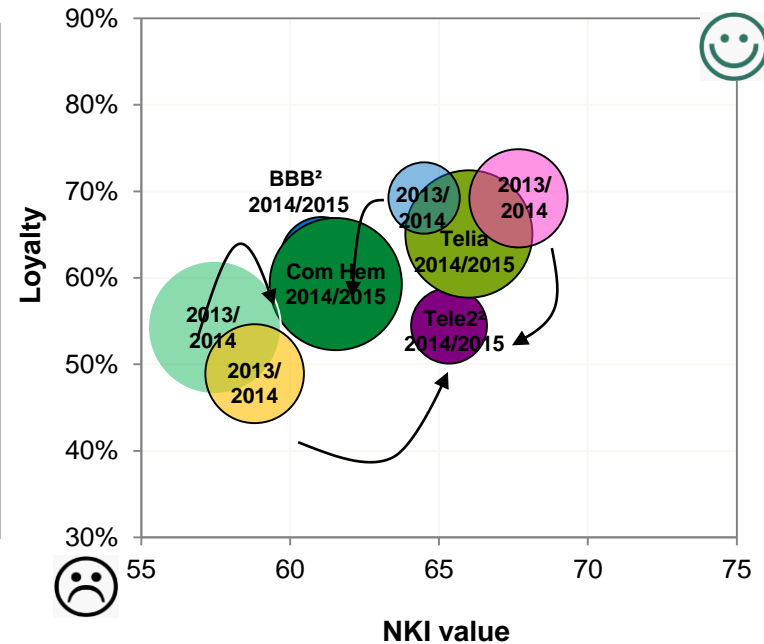
Low churn risk for Com Hem relative competitors

Share of fixed telephony customers planning to cancel subs. within one year, CH universe

Risk of churn, 4 quarters SMA¹

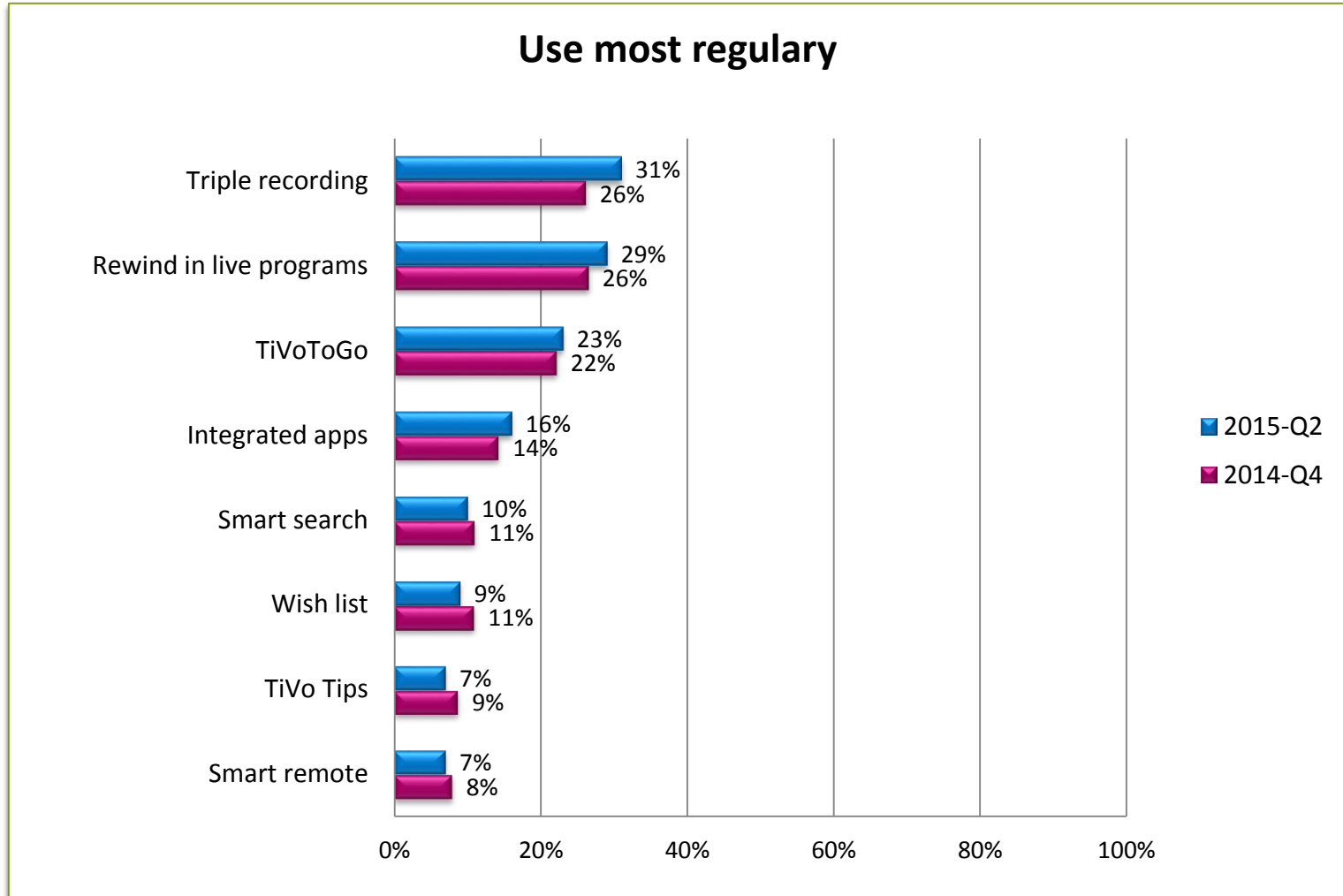


Loyalty/satisfaction matrix³, Average 4 quarters

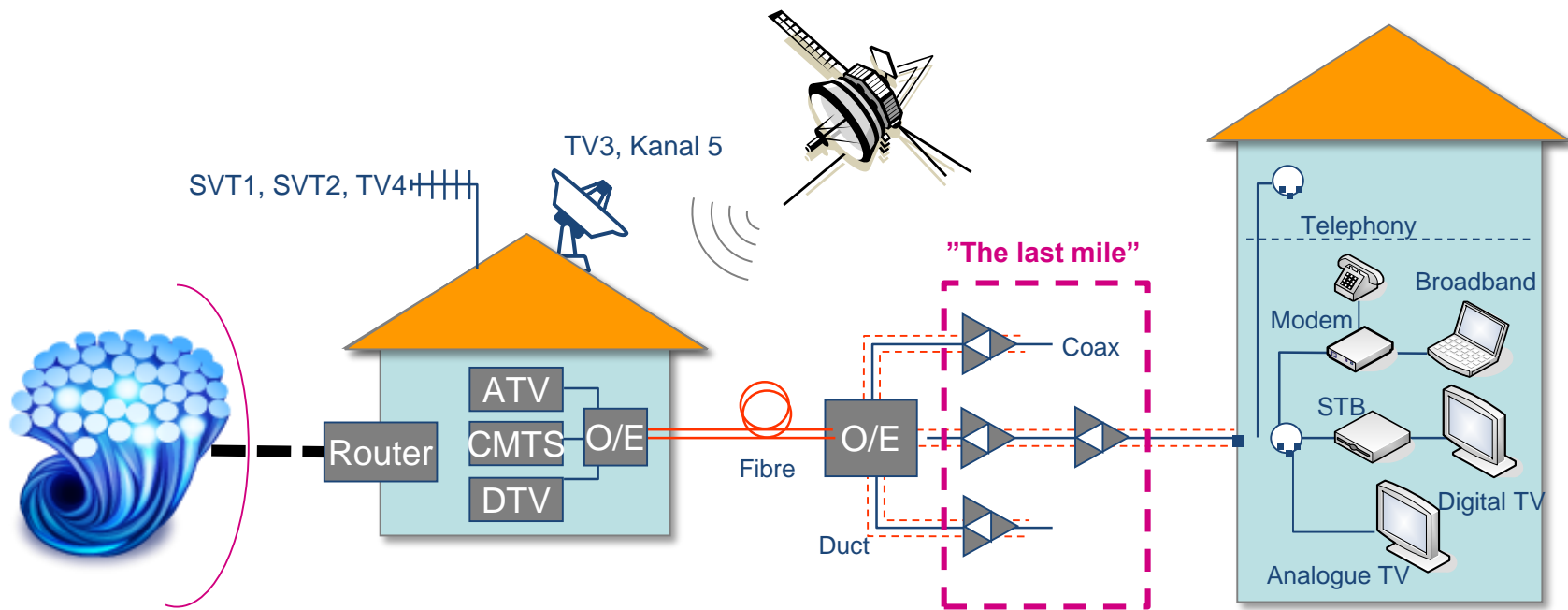


- Risk of churn: CH slightly lower in Q2 2015 (-20% YOY), long term risk however stable, 13% in the SMA scale (Q3 2014-Q2 2015).
 - Other op's (SMA): Telia's trend of increasing churn risk decelerated. Tele2 churn risk continues to decline, still highest among ops.
- Loyalty/satisfaction: CH strengthens its position, whereas BBB and Telia receive lower NKI and loyalty scores.

TiVo's most popular functions



The hybrid-fiber-coax (HFC) network



Backbone

- Wavelength leased (Swedish Transport Administration)

Local Headend

- Equipment owned
- Colocation leased

HFC network

- Coax and equipment owned
- Last mile owned
- Fibre and ducts leased

In-house network

- Wiring owned by Landlord
- Upgraded by Com Hem
- Equipment in basement owned

Fully-invested and upgraded network

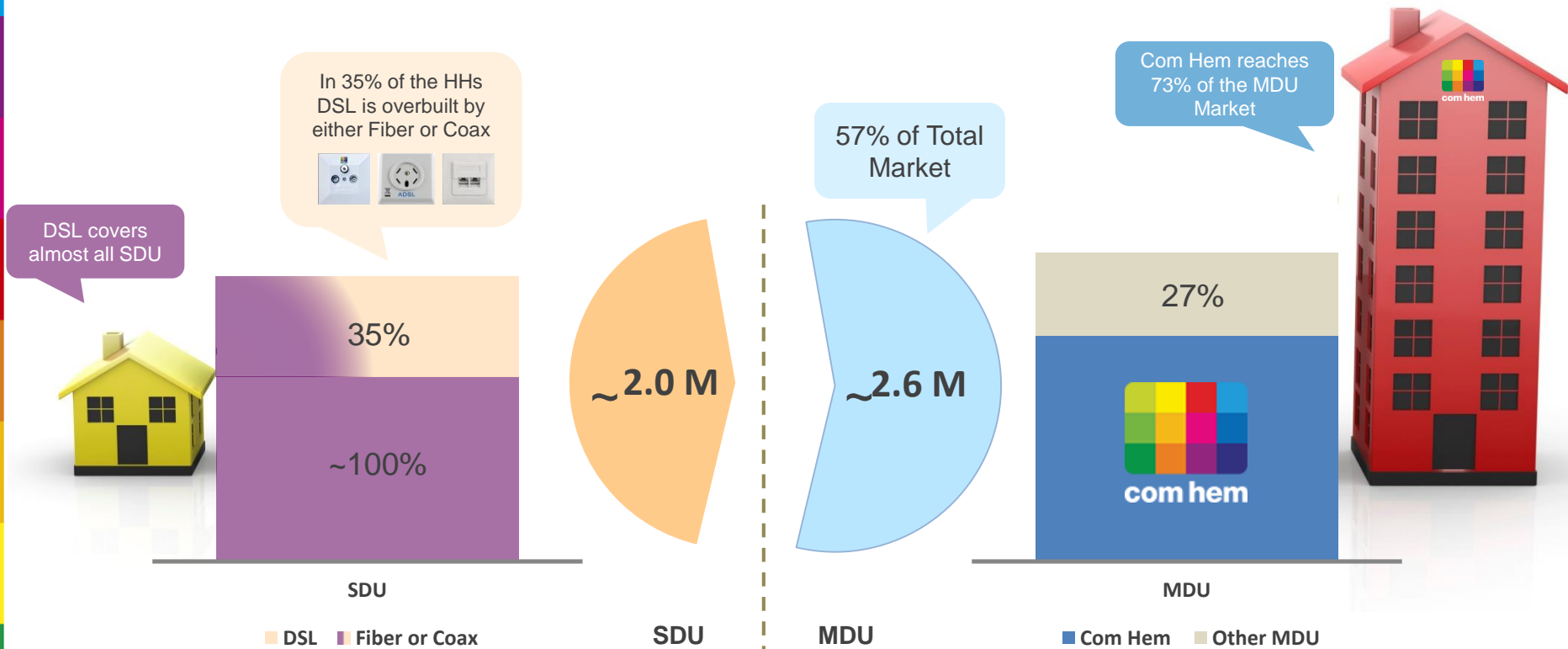
- ✓ 99% of all homes connected to national backbone
- ✓ Core network entirely IP based, 10×10 Gbit/s
- ✓ Parallel, non-conflicting services
- ✓ Redundant systems in p layout and backbone

Highly cost efficient operation

- ✓ High proportion of network elements leased
- ✓ All active equipment are owned by Com Hem
- ✓ Future capex predominantly success-based

4.6 Million households in MDU and SDU market

Com Hem reaches 40%





Thank you!

For questions please contact:

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