



Q3 2014 Results

Com Hem
Stockholm, November 4, 2014

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Today's agenda



Third quarter in brief

Increased customer intake – delivering on the plan

Q3

Financial performance and refinancing

A strong set of numbers and second step of refinancing



Broadband strategy and way forward

Demand for higher broadband speeds drives revenue growth

Third quarter in brief and operational development

Anders Nilsson, CEO

Increased customer intake

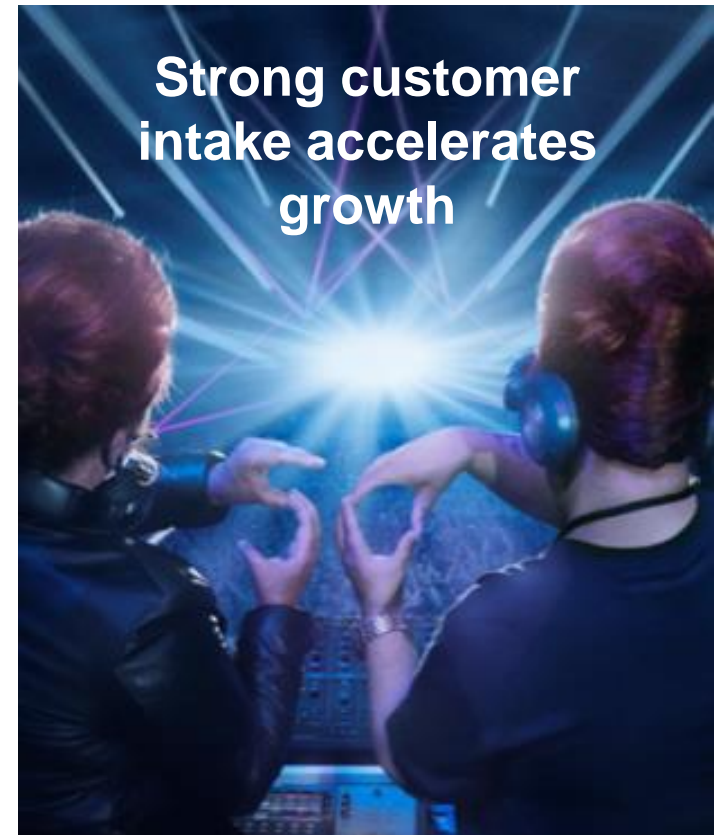
Delivering on the plan

▶ Key metrics show good progress

- Increased pace of organic growth
- Strong broadband net additions
- Accelerating DTV growth
- Reduced churn

▶ Second step of refinancing underway

- Leverage reduced
- Average interest rate significantly lower



Good progress on our growth drivers

Leverage our network and speed advantage

Broadband subscriber base grew by 17,000 net additions, highest intake since 2007, to 594,000 RGUs - all-time high

Drive DTV penetration with Superior DTV product

Digital TV grew for the second quarter by 8,000 to 607,000 RGUs, TiVo penetration reached 22%

Increased customer satisfaction

Unique consumer subscriber base grew by 15,000, Churn decreased from 16.4% to 14.8%

Capitalize on unique bundle opportunity

Marketing shifts to bundled propositions over the coming quarters

Leverage B2B opportunity

Increased focus on business segment through Phonera's sales activities in Com Hem's network

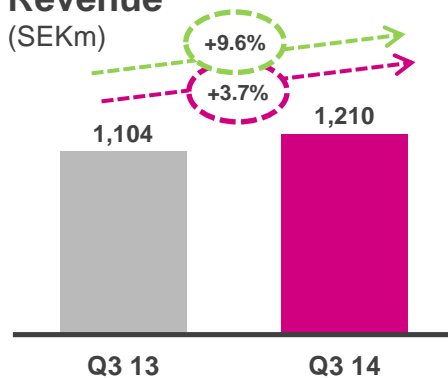
Improve financial flexibility

First two steps of refinancing completed, lowering leverage from 6.4x to 3.9x, average interest down from 8.4% to 5.0%

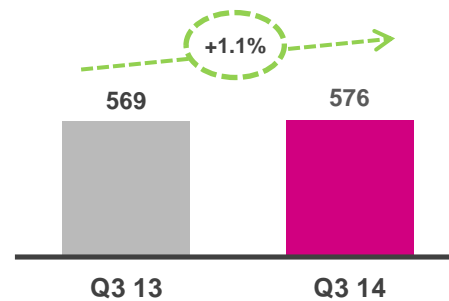
Third quarter financial highlights

Continued strong revenue growth

Revenue
(SEKm)

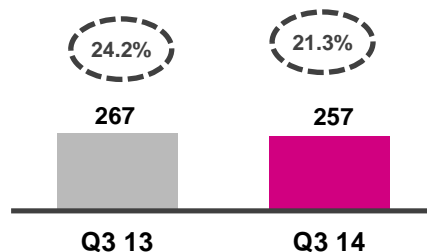


Underlying EBITDA
(SEKm)

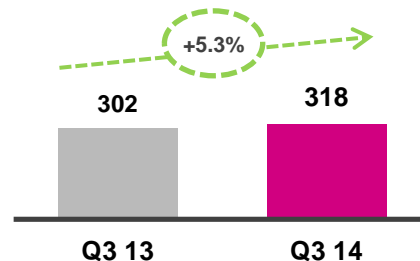


- ▶ Accelerated revenue growth (8.1 % in Q2)
- ▶ Increased momentum in organic growth (2.3% in Q2)
- ▶ Underlying EBITDA margin lower Y-o-Y, but higher Q-o-Q (47.2% in Q2)
- ▶ Capex decreased with 3.6% due to lower investments in TiVo boxes
- ▶ OFCF increased due to lower capex and higher underlying EBITDA contribution

Capex (% of revenue)
(SEKm)



Operational Free Cash Flow
(SEKm)



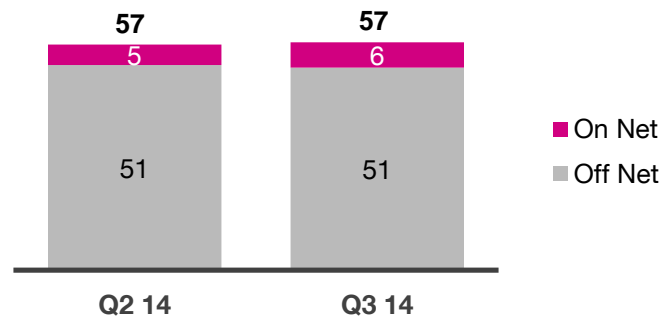
--- Total growth --- Organic growth

B2B On Net growth

Supports overall revenue growth and gross profit

Unique B2B Subscribers

(000's)

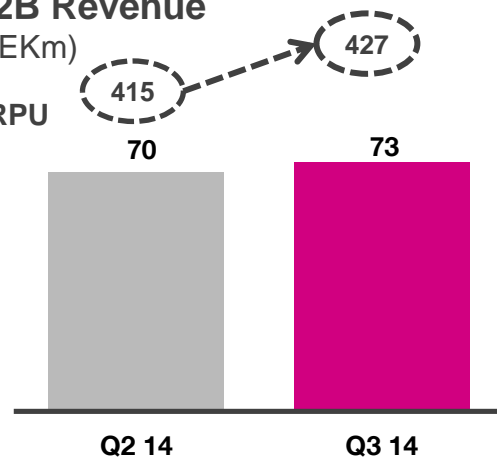


- ▶ Integration of Phonera's services
On Net commenced during the quarter
- ▶ On Net margin substantially higher than Off Net margin
- ▶ Growth in unique subscribers, driven by On Net and in ARPU
- ▶ Driving revenue and gross profit growth

B2B Revenue

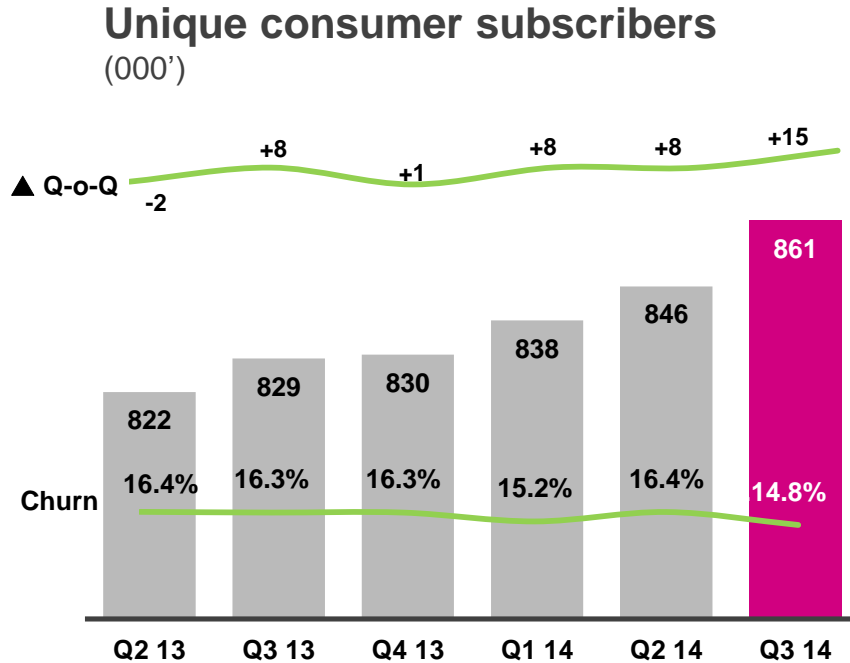
(SEKm)

ARPU



Consumer business

Accelerated customer intake and rapid churn reduction



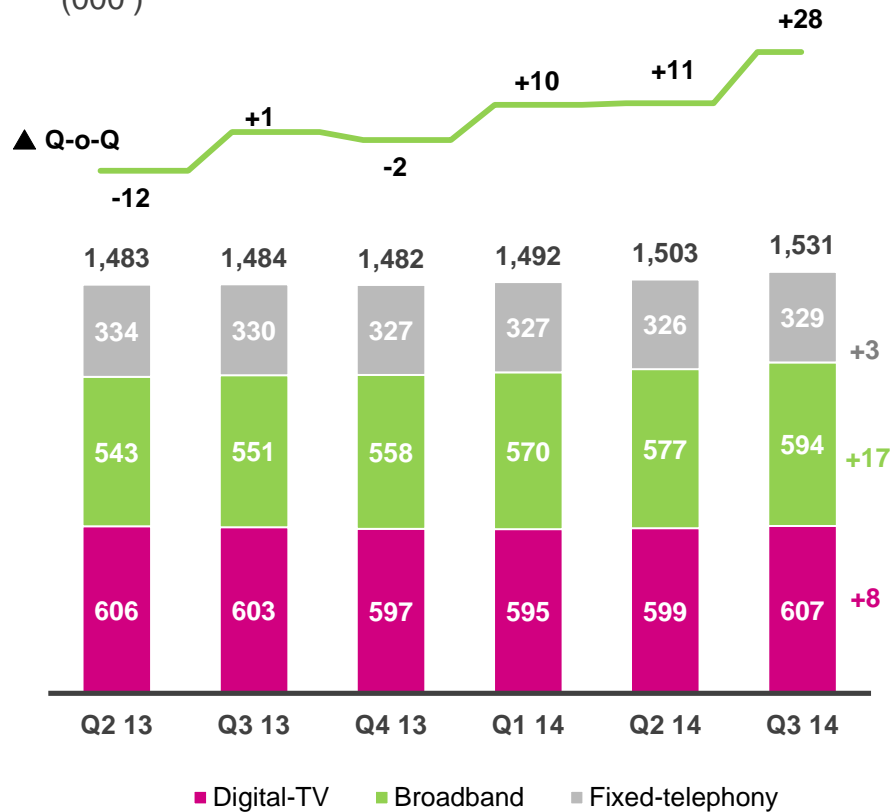
- ▶ Our unique consumer subscriber base grew by 15,000 to 861,000
- ▶ Increased momentum in customer intake, supported by market leading broadband and DTV-services
- ▶ Churn decreased with 10% (or 1.6 p.p.) to 14.8% as a result of increased focus on customer satisfaction

Consumer business

Growth of net additions in all product areas

Consumer RGUs per service

(000')



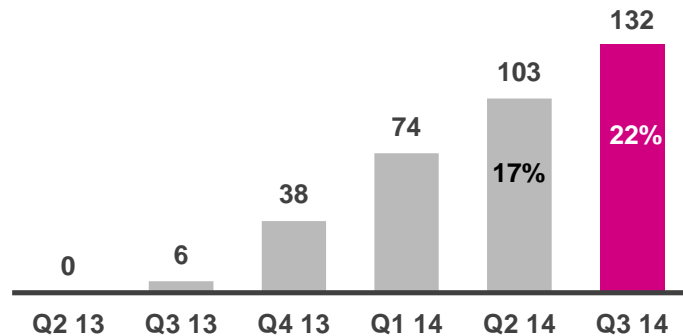
- ▶ Strong growth in total consumer RGUs by 28,000 compared with 11,000 in Q2
- ▶ All-time high in broadband RGUs, an increase of 17,000 compared with 7,000 in Q2, highest intake since 2007
- ▶ DTV increased by 8,000 compared with 4,000 in Q2
- ▶ Fixed telephony grew for the first quarter since 2011 with 3,000 RGUs

Growth in key consumer metrics

Improved broadband mix and accelerating TiVo sales

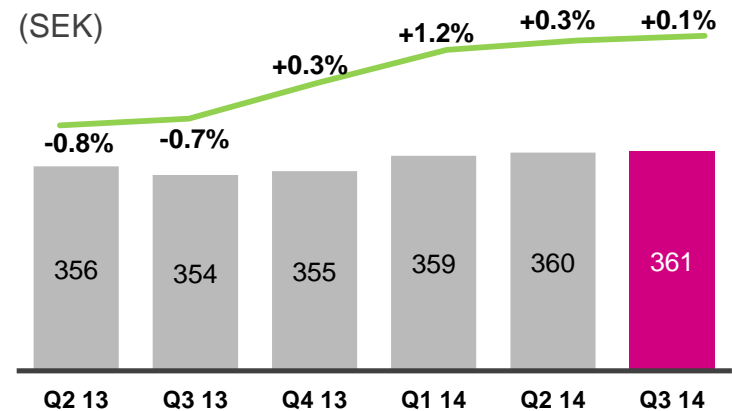
TiVo Customers

(000')



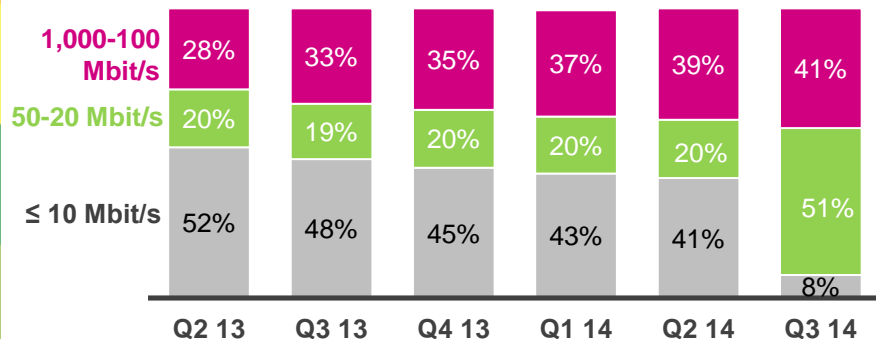
Consumer ARPU

(SEK)



Broadband speeds

(%)



- ▶ TiVo customers grew by 29,000 in Q3, a 22% penetration
- ▶ 65% of new customers took 100 Mbit/s and above in Q3
- ▶ Continued ARPU increase of SEK 1

Q3 Financial performance & Refinancing

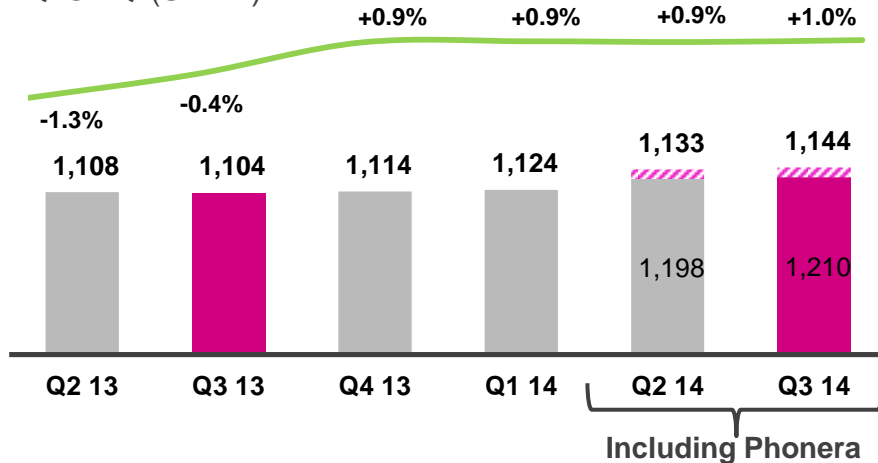
Daniel Johansson, Head of Financial Control

Strong overall revenue growth

Supported by momentum in our consumer and B2B Business

Revenue and organic revenue growth

Q-o-Q (SEKm)



(SEKm)	Q3 14	Q3 13	Change	Q2 14
Consumer revenue	889	847	41 +4.9%	877
Landlord revenue	192	198	(6) -3.1%	196
B2B revenue	73	1	72 n/m	70
Other revenue	57	58	(1) -1.2%	55
Total revenue	1,210	1,104	106 +9.6%	1,198
- Of which Com Hem	1,144	1,104	41 +3.7%	1,133
- Of which Phonera	66	-	66 +6.0%	65

- ▶ Consumer revenue increase driven by broadband RGUs and improved broadband and DTV tier mix
- ▶ Landlord decrease of 3.1% due to contract renegotiations and migration of customers to B2B
- ▶ B2B increase to SEK 73m of which Phonera contributed with SEK 66m
- ▶ Other revenue stable with further increase of iTUX revenue, however lower barter revenue

Lower interest expenses increase net result

Due to refinancing and reduced debt

SEKm	Q3 14	Q3 13	Change		Q2 14
Revenue	1,210	1,104	106	+9.6%	1,198
Production costs	(343)	(304)	(40)		(348)
Gross profit*	867	800	67	+8.4%	850
Gross margin	71.6%	72.5%	-0.8 p.p.		70.9%
Operating costs*	(291)	(231)	(60)		284
Underlying EBITDA	576	569	7	+1.1%	566
Underlying EBITDA margin	47.6%	51.6%	-4.0 p.p.		47.2%
Non-recurring items	(7)	(33)	26		(142)
Operating currency loss/gain	(5)	1	(6)		(3)
Write-downs	0	-	0		(4)
Depreciation and amortization	(364)	(334)	(30)		(357)
EBIT	200	203	(3)	-1.5%	60
EBIT margin	16.5%	18.4%	-1.9 p.p.		5.0%
Net financial items	(190)	(308)	117		(983)
Taxes	(2)	23	(25)		204
Net result for the period	7	(82)	89	+108.7%	(718)

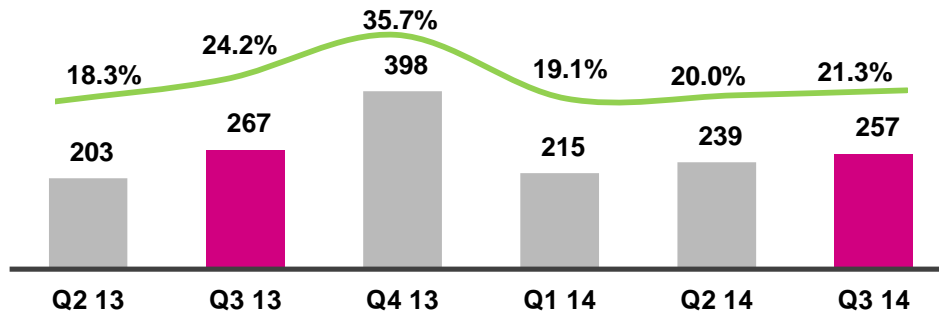
- ▶ Overall revenue growth supported by continued momentum in the consumer and B2B business
- ▶ Slight pressure on gross margin due to including Phonera
- ▶ Decrease in underlying EBITDA margin due to including Phonera, and Q3 2013 margin exceptional high given low level of marketing and sales activities
- ▶ EBIT slightly lower due to higher amortization on capitalized sales costs offset by lower non-recurring items
- ▶ Higher net result for the period thanks to savings in interest expenses due to refinancing of debt

* Excluding non-recurring items , depreciation and amortization

Capex down 3.6%

Lower investments in TiVo boxes during the quarter

Capex and capex as percentage of revenue Q-o-Q
(SEKm)



(SEKm)	Q3 14	Q3 13	Change	Q2 14
Network related	73	75	(2)	75
CPE & sales costs	141	154	(12)	112
IS development	30	29	1	39
Other capex	12	9	4	12
Total capex	257	267	(9) -3.6%	239

- ▶ Network related capex in line with preceding quarter
- ▶ CPE capex decrease due to lower investment in TiVo boxes inventory compared with Q3 2013
- ▶ Higher success-based capitalized sales costs due to increased sales and up-sell activities
- ▶ IS development in line with previous year
- ▶ Other capex increase due to investments done by Phonera

Increased cash flow generation

Underlying business growth transforms into increased EFCF

SEKm	Q3 14	Q3 13	Change	
Underlying EBITDA	576	569	7	+1.1%
Non-recurring items and operating currency loss/gain	(12)	(32)		
Change in net working capital	(68)	(3)		
Interest payments on borrowings etc.	(12)	(98)		
One-off refinancing payments*	(453)	-		
Adjustments for non-cash items	3	(1)		
Net cash from operating activities	34	435	(401)	-92.2%
Gross capital expenditures	(257)	(267)		
Capital expenditures funded by financial leases	-	2		
Divestment of financial assets	6	0		
Net cash used in investing activities	(251)	(265)	14	+5.2%
New share issue (Over-allotment option)	567	-		
Borrowings	-	500		
Amortization of borrowings	(4,047)	(146)		
Payment of borrowing costs	(6)	(15)		
Other financial activities	(28)	-		
Cash flow from financing activities	(3,514)	339	(3,854)	n/m
Net Cash generated (used)	(3,732)	510	(4,241)	n/m
Cash Balance BoP	4,640	658		
Cash balance EoP	909	1,168	(259)	-22.2%

- ▶ Change in NWC negatively affected by paid IPO-costs of SEK 27m
- ▶ One-off refinancing payments includes redemption premiums and interest on notes redeemed
- ▶ Excluding one-off costs for refinancing and paid IPO costs net cash from operating activities grew with SEK 80m
- ▶ Cash outflow from financing activities mainly relates to redemption of 35% Senior Notes and 100% of Senior PIK notes

* Redemption premiums of SEK 266m, paid interest on redeemed Senior Notes of SEK 24m and paid PIK interest on redeemed Senior PIK Notes of SEK 164m

Step II of financial transformation underway

Average interest rate expected to continue to fall from current 6.7% to 5.0%

Pre-IPO		Financial position end of Q3 September 30, 2014		STEP II - Refinancing PF September 30, 2014 post NewSSN ***	
	SEKm		SEKm		SEKm
Senior bank debt		Senior bank debt		Senior bank debt	
Term Loans incl. Capex facility	6,252	Term Loans	3,500	Term Loans	3,500
Incremental facility	-	Incremental facility	-	Incremental facility	375
RCF	-	RCF	450	RCF	1,350
Finance leases	51	Finance leases	45	Finance leases	45
Total senior bank debt	6,303	Total senior bank debt	3,995	Total senior bank debt	5,270
Bond instruments		Bond instruments		Bond instruments	
Senior Secured Notes @9.25%	3,492	Senior Secured Notes @9.25%	3,492	New Senior Secured Notes, @5.25%	2,500
Senior Notes* @10.75%	2,640	Senior Notes* @10.75%	1,713	Senior Notes** @ 10.75%	1,713
Senior PIK Notes* @12.40%	2,791	Senior PIK Notes	-	Senior PIK Notes	-
Gross Debt	15,226	Gross Debt	9,200	Gross Debt	9,483
Cash Balance EoP	(789)	Cash Balance EoP	(909)	Cash Balance EoP	(754)
Net Debt	14,437	Net Debt	8,291	Net Debt	8,729
Leverage	6.4x	Leverage	3.7x	Pro forma leverage	3.9x
Average interest cost approx.	8.4%	Average interest cost approx.	6.7%	Average interest cost approx.	5.0%

* The exchange rate 9.197 is used to convert EUR debt to SEK debt as of Pre-IPO and June 30, 2014.

** The exchange rate 9.182 is used to convert EUR debt to SEK debt as of September 30, 2014.

*** Pro forma calculations as if 9,25% Senior Secured Notes were redeemed financed by issuance of new notes and drawn credit facilities as well as all IPO-costs paid as of September 30, 2014

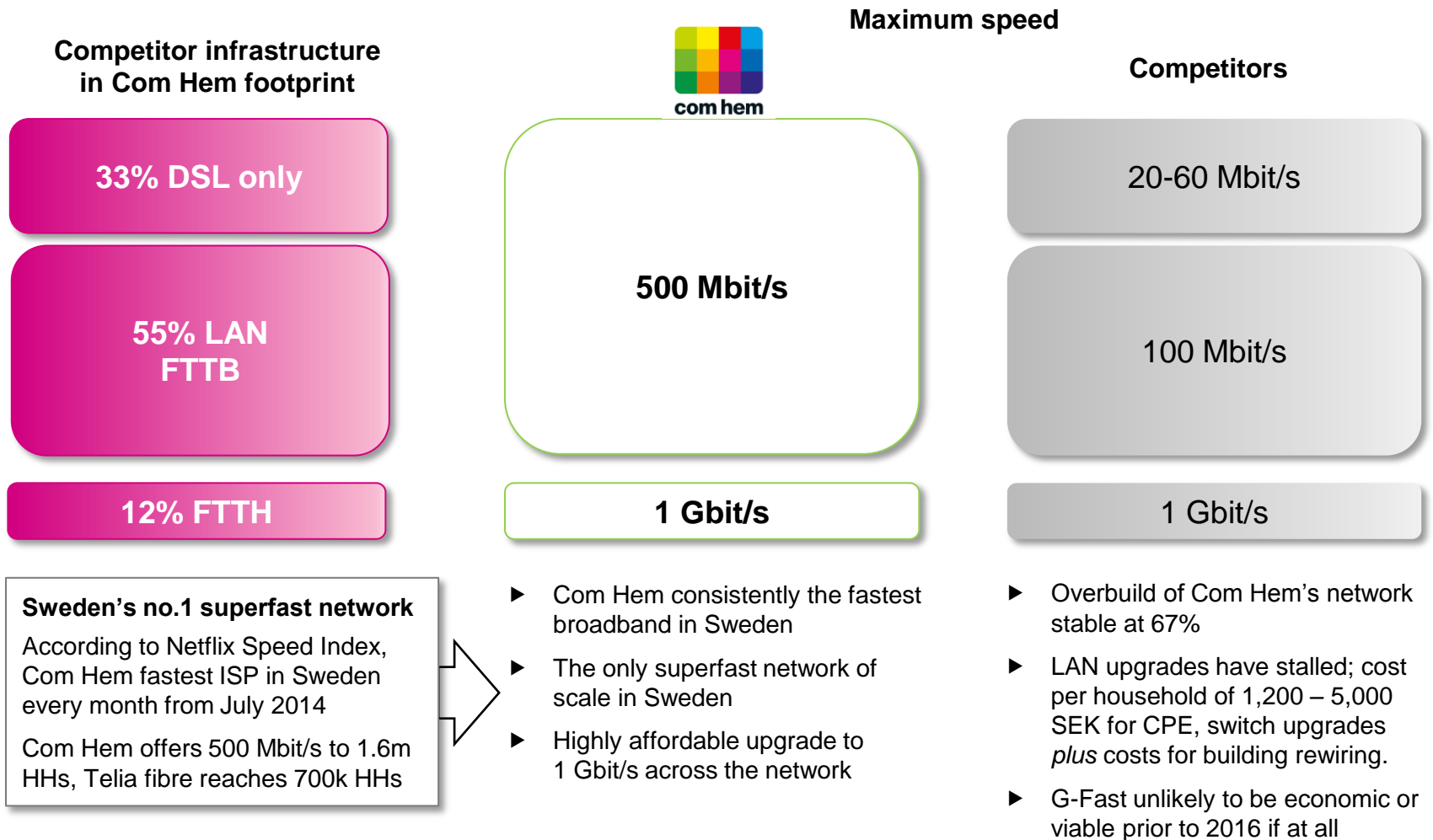


Broadband strategy

Jon James, COO

Understanding Com Hem's network advantage

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



Taking our unique network advantage to market

Over 200,000 broadband customers now upgraded

The upgrade

200,000 customers on <50 Mbit/s upgraded to 24 Mbit/s (DOCSIS 2.0) or 50 Mbit/s (DOCSIS 3.0)

July

Customer marketing

Customer letters inviting DOCSIS 2.0 customers to upgrade to a DOCSIS 3.0 modem free (plus P&P)

August

Prospect marketing

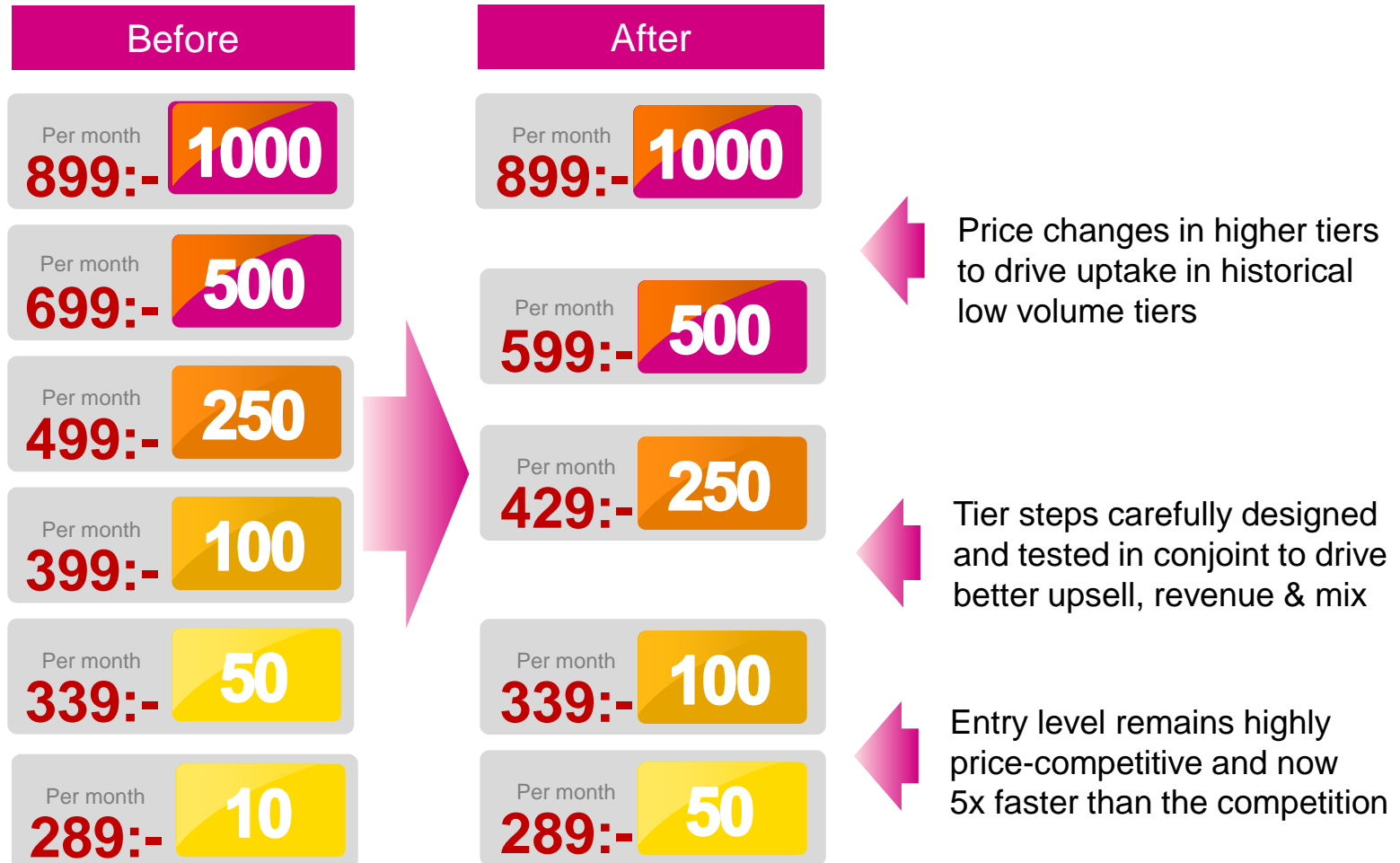
From 27th August, TV-led campaign shouting '5x' faster, customer upgrade plus our new proposition

September



Taking our unique network advantage to market

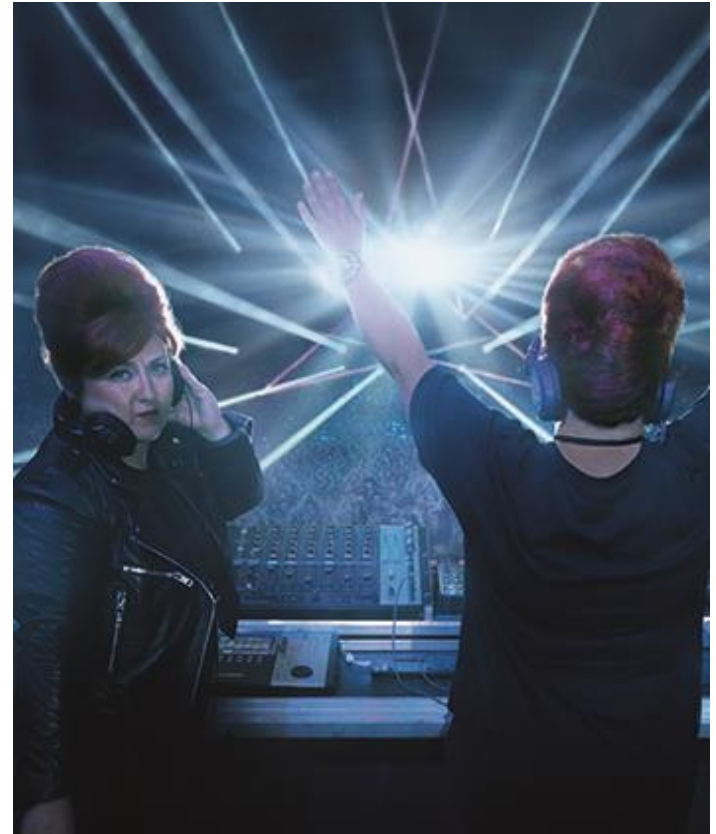
New portfolio strengthens competitive advantage and drives mix



Upgrade is delivering ahead of plan

Successfully driving mix, volumes and customer satisfaction

- ▶ Immediate volume effect in sales
- ▶ Mix of new customers taking 100 Mbit/s and above rose 5% post launch, and growing
- ▶ Our average base speed increased from 64 Mbit/s to 84 Mbit/s in 4 months from June
- ▶ 33% of eligible customers have now requested a free modem
- ▶ An investment in our customer base, driving major change in our competitive position and multiple upsides including NPS, churn, price



Executing on our plan

Next step to encourage customers to buy bundles as standard

- ▶ Campaign launched on 4 Nov highlighting our strengths in broadband and TV
 - Get TiVo, the only TV solution with Netflix integrated
 - And the fastest broadband in Sweden according to Netflix
 - With 6 months free Netflix when you take 100 Mbit/s & Tivo Mellan (or above)
- ▶ Minimum ongoing price of SEK 599 in return for one-off Netflix investment of < one month ARPU
- ▶ Using bundles to encourage customers to take more, high tier products



com hem

Vi bjuder på Netflix i 6 månader

När du beställer både TiVo och Bredband, gäller även dig som redan är kund.

- Bredband**
Det snabbaste i Sverige enligt Netflix!*
- TiVo**
Gör dig den bästa tv-upplevelsen!
- NETFLIX**
Vi bjuder på Netflix i 6 månader.

Ring 90 222 eller besök comhem.se

*Baserat på data från 6 januari 2015. Netflix är en av de mest använda tv-tjänsterna i världen. **Baserat på data från 6 januari 2015. Netflix är en av de mest använda tv-tjänsterna i världen. ***Baserat på data från 6 januari 2015. Netflix är en av de mest använda tv-tjänsterna i världen. ****Baserat på data från 6 januari 2015. Netflix är en av de mest använda tv-tjänsterna i världen. *****Baserat på data från 6 januari 2015. Netflix är en av de mest använda tv-tjänsterna i världen. *****

Conclusions and way forward

- ▶ **Continued execution of the IPO plan**
- ▶ **Our growth initiatives:**
 - Leading TV and broadband offerings
 - Increased customer satisfaction
 - Introduce bundles of leading TV and broadband products
 - B2B gearing up for On-Net growth going forward
- ▶ **The significantly reduced cost of debt translates to high cash generation**



Q&A

Year-End results published on February 10, 2015