COM HEM

Q2 2018 INTERIM REPORT

JULY 11, 2018

DISCLAIMER

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including words such as “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will”, “could” or “should” or, in each case, their negative or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding, or based upon, our Management’s current intentions, beliefs or expectations concerning, among other things, our future results of operations, financial condition, liquidity, prospects, growth, strategies, potential acquisitions, or developments in the industry in which we operate.

Forward-looking statements are based upon assumptions and estimates about future events or circumstances, and are subject to risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will materialise. Accordingly, our actual results may differ materially from those expressed or implied thereby.

Unless otherwise specified, forward-looking statements herein speak only as of the date of this presentation. We undertake no obligation, and do not intend, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above. Readers are cautioned not to place undue reliance on any forward-looking statements.

TABLE OF CONTENT

SUMMARY

COM HEM GROUP ON TRACK FOR FULL YEAR GUIDANCE

SUMMARY OF Q2 2018

ARPU increase for both Com Hem and Boxer following successful price adjustments

- Com Hem consumer ARPU up SEK 8 sequentially to SEK 378 – in-line with previous years
- Com Hem consumer churn declined by 2.0 percentage points sequentially to 12.8%
- Boxer consumer ARPU up SEK 5 sequentially to SEK 309
- Boxer consumer churn declined by 2.7 percentage points sequentially to 16.6%

Steady volume growth in spite of higher YoY churn and competitor activity

- Com Hem added 5,000 subscribers and 8,000 broadband RGUs – affected by phasing of price adjustment related churn and signs of competitors introducing convergent offers
- Boxer broadband net adds of 4,000 – in line with previous quarters
- Boxer subscriber and RGU decline of 7,000 and 6,000, respectively – in-line with previous quarters

Financial growth in-line with guidance

- Group revenue growth of 1.1% with a growth of 3.5% in the Com Hem Segment offset by a 6.2% decline in the Boxer Segment
- Group underlying EBITDA growth of 3.8% with a growth of 4.0% in the Com Hem Segment and 1.8% in the Boxer Segment
- Group operating free cash flow increase of 20.5%
- The final dividend payment of SEK 3.00 per share was distributed to shareholders in early July

Boxer integration completed

- Boxer systems integrated with the remaining SEK 25m of annual synergies to be realized from Q3 onward

Commercial update

- TV Hub launched for Com Hem and Boxer
- New coax router launched enabling launch of 1+ Gbit/s speeds in H2 2018
- Com Hem Smart launched - a digital platform for tenants and housing associations in apartments

LOOKING FORWARD

OUTLOOK FOR THE GROUP

- Continue to execute more-for-more strategy, adding value to our customers
- TV Hub now available to both brands and all infrastructures
- TV strategy now focusing on further development of our boxless TV-subscription
- Continue network upgrade rollout – 1+ Gbit/s speeds enabled in H2 2018
- Preparing the company for the merger with Tele2 – on track to close in Q4

COM HEM TO SOMEONE WHO LISTENS

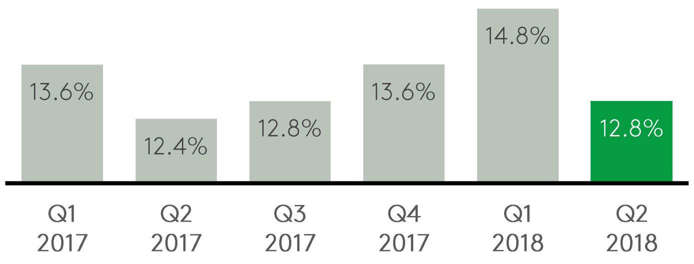
	REITERATING FINANCIAL GUIDANCE FOR THE GROUP – 2018 AND MID-TERM
Underlying EBITDA	We aim to deliver mid-single digit underlying EBITDA growth for the entire Group annually. We expect growth to be skewed toward the Com Hem Segment in 2018 as we continue necessary efforts to execute on the turnaround 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

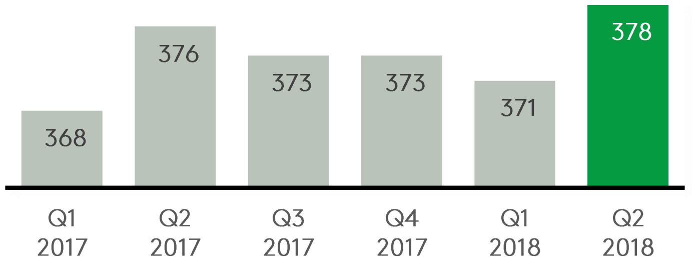
OPERATIONAL HIGHLIGHTS

COM HEM SEGMENT

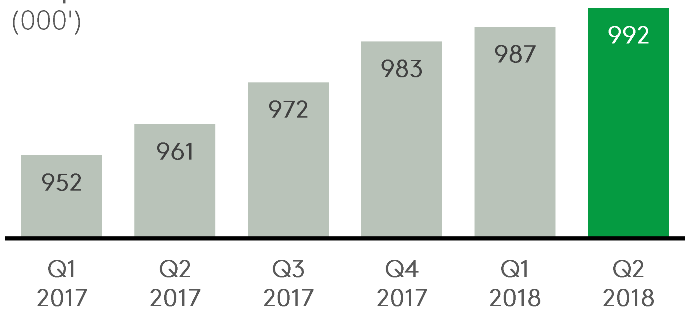
Consumer Churn
(%)



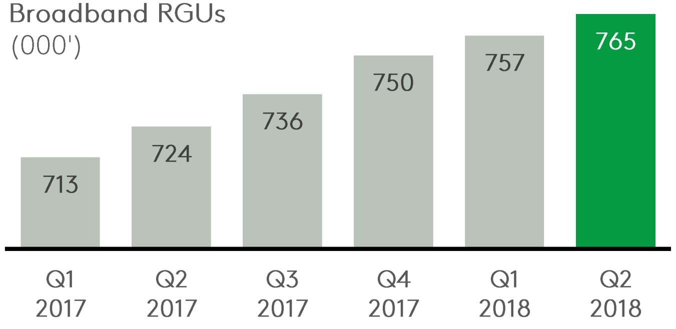
Consumer ARPU
(SEK)



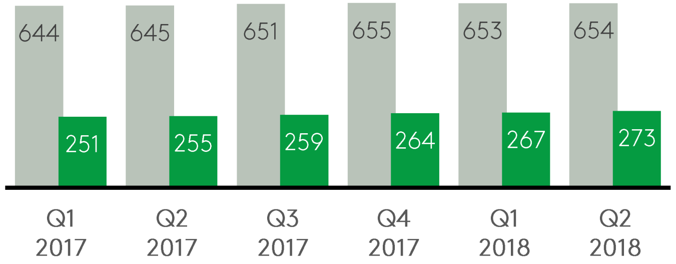
Unique Consumer Subscribers
(000')



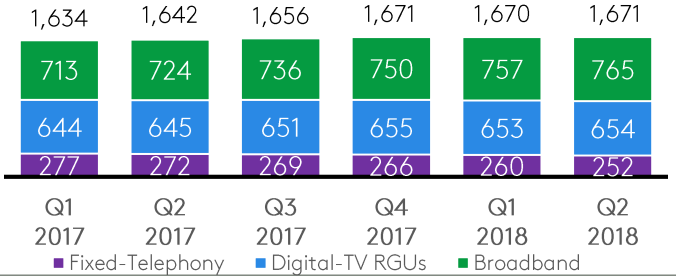
Broadband RGUs
(000')



DTV RGUs & High-End STBs*
(000')



Total RGUs
(000')



COM HEM SEGMENT OPERATIONAL HIGHLIGHTS:

- Churn down 2.0 p.p. to 12.8%
  - Down from Q1 peak but slightly higher YoY due to small lagging effect from price adjustment
- ARPU up SEK 8 to SEK 378
  - Driven by benefit from Q1 price adjustment
- Steady volume growth in spite of temporary headwinds
  - Some impact from increased competitor activity
  - Improved growth sequentially but lower YoY due to higher churn
  - Unique consumer subscribers up 5,000 to a record high 992,000
  - Broadband RGUs up 8,000 to record high 765,000
  - DTV RGUs up 1,000 to 654,000
  - High-end STBs* increased by 7,000 driven by launch of the new TV Hub

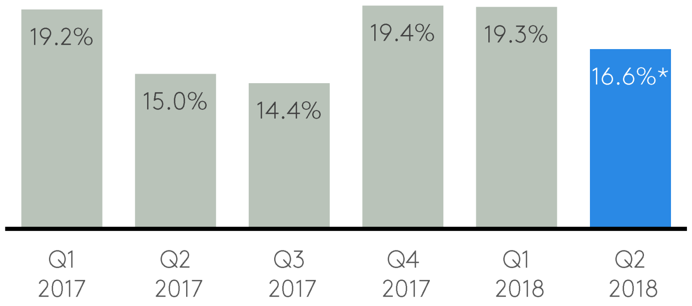
** Refers to customers with either a TiVo or a TV Hub set top box*

OPERATIONAL HIGHLIGHTS

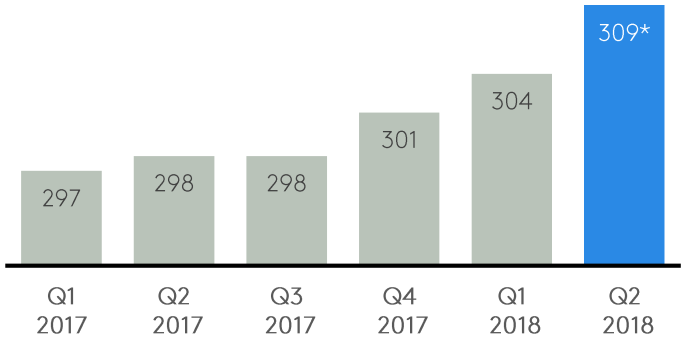
BOXER SEGMENT

BOXER

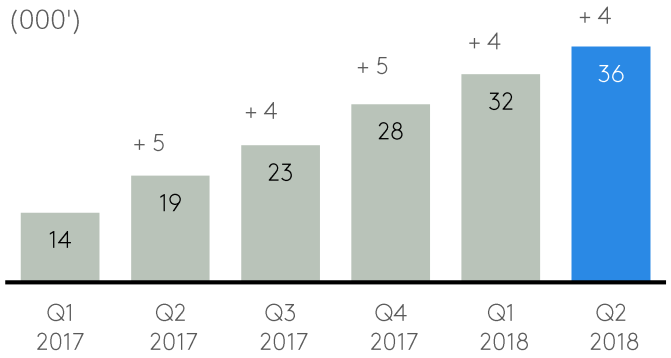
Consumer Churn
(%)



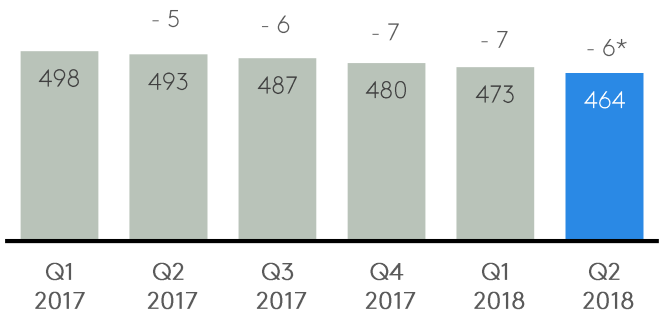
Consumer ARPU
(SEK)



Broadband RGUs
(000')



Total RGUs
(000')



BOXER SEGMENT OPERATIONAL HIGHLIGHTS:

- Churn down 2.7 p.p to 16.6%
  - Still at high levels partly due to Q1 price adjustments
- ARPU up SEK 5 to SEK 309
  - Driven by price adjustments on digital TV and growing dual base (DTV and broadband)
- Volume growth in-line with previous quarters
  - Decline in RGUs of 6,000, in-line with previous quarters
  - Decline in unique customers of 7,000, showing steady improvement
  - Broadband RGUs up 4,000 to 36,000, in-line with previous quarters

** Opening balance for Q2'18 adjusted due to database cleaning in connection to system migration of Boxer customer base. Q2'18 KPIs calculated based on adjusted opening balance.*

TV HUB LAUNCHED FOR COM HEM AND BOXER

TV HUB INCLUDED IN COM HEM MARKETING IN MAY 2018

TV HUB LAUNCHED FOR BOXER MID-JUNE 2018

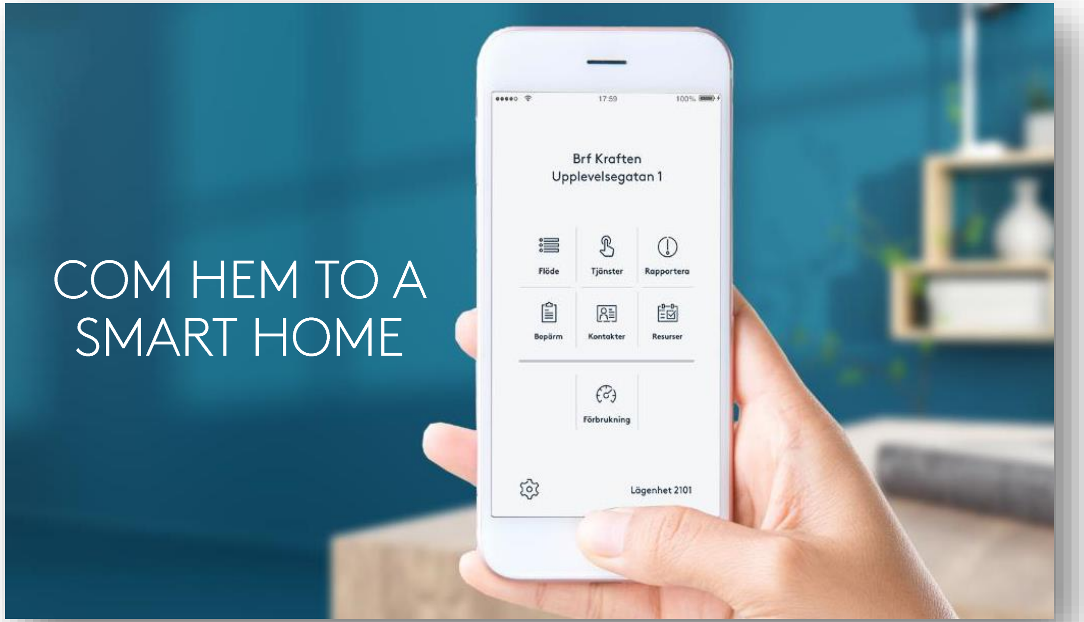
- TV Hub launched for both brands offering the best modern way to watch TV ever;
  - TV Hub soft launched for Com Hem mid April followed by marketing launch on 3 May
  - Boxer launched the TV Hub on 14 June, available across the DTT network
  - Boxer TV Hub has the same great features as Com Hem: on demand content, apps, voice control and support for 4K content
- Strong initial interest from prospects and existing customers of both brands, expected to grow as awareness increases
- Early usage data shows customers are engaging with the new features and content, enriching their TV viewing experience

BROADBAND AND LANDLORD SERVICES ENHANCED

NEW COAX ROUTER LAUNCHED ENABLING LAUNCH OF 1+ GBIT/S SPEEDS IN H2 2018

- Docsis 3.1 router launched for Com Hem enabling speeds of 1+ Gbit/s in H2 2018
- Outperforms Telia and Telenor's top routers in terms of both speed and range;
  - 29% faster average speed than nearest competitor
  - Significantly better range than nearest competitor (400% faster at 16 meter range)
- Included as standard for new customers buying 100 Mbit/s and above

COM HEM SMART LAUNCHED - A DIGITAL PLATFORM FOR TENANTS AND HOUSING ASSOCIATIONS

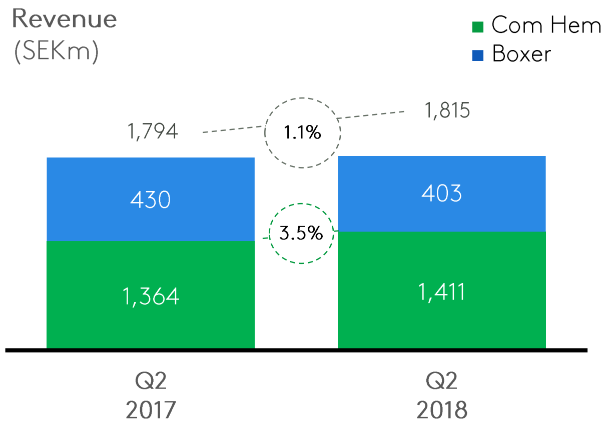


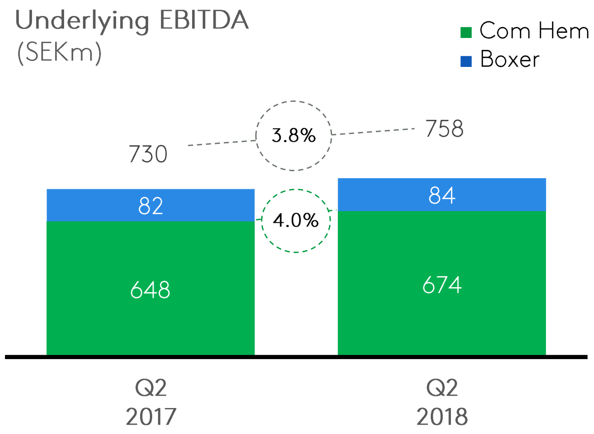
- Com Hem Smart is a user-friendly app for smartphones, where the users have control over large parts of their home and daily life
- Services in Com Hem Smart include;
  - Instant communication between tenants and the landlord
  - Simple booking of common resources, enabling a sharing economy among neighbors
  - Quick and easy support for administration, information sharing and building maintenance
  - Possibility to monitor services for smart buildings and homes

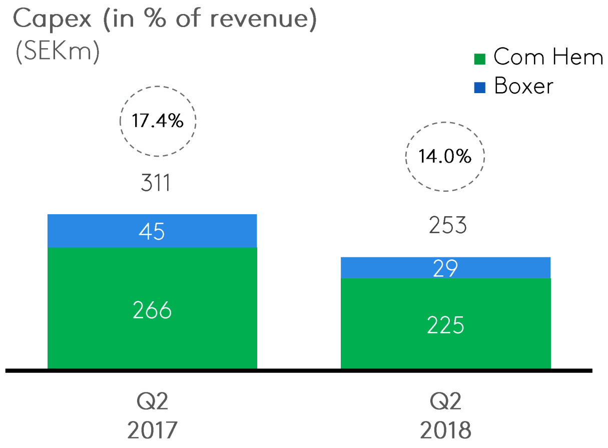
FINANCIAL PERFORMANCE

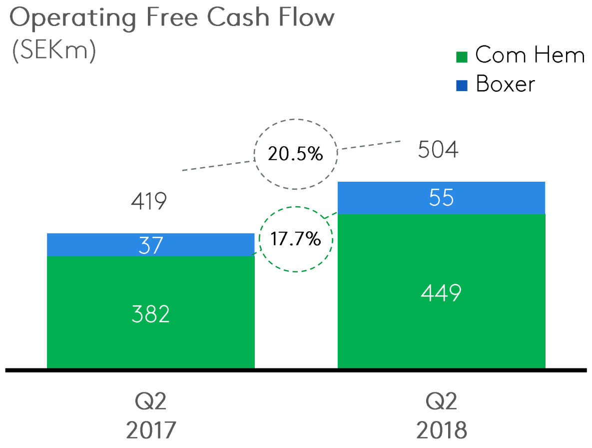
SECOND QUARTER FINANCIAL HIGHLIGHTS

COM HEM GROUP









OUTCOME Q2 2018

- Com Hem Segment revenue grew by 3.5% to SEK 1,411m, 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 1.1% to SEK 1,815m for the quarter
- Underlying EBITDA growth of 4.0% for the Com Hem Segment and 3.8% for the Group explained by slightly lower cost base while revenue growing
- Lower capex spend compared to Q2 2017, maintaining guidance of SEK 1.0-11bln for full year
- Operating free cash flow above SEK 0.5bln in the quarter, YoY growth of 20.5% for the Group

STABLE GROWTH

COM HEM SEGMENT

(SEKm)	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change
Network operator	216	213	1.5%	428	409	4.7%
Consumer	1,121	1,074	4.3%	2,214	2,118	4.5%
B2B	69	71	(3.3%)	135	145	(7.1%)
Other	6	6	(5.2%)	9	14	(31.2%)
Total revenue	**1,411**	**1,364**	**3.5%**	**2,785**	**2,685**	**3.7%**
Production costs	(426)	(413)	3.1%	(845)	(809)	4.5%
Gross profit	**986**	**951**	**3.6%**	**1,940**	**1,876**	**3.4%**
Gross margin	*69.8%*	*69.7%*		*69.6%*	*69.9%*	
Operating costs*	(312)	(304)	(2.7%)	(605)	(600)	0.8%
Underlying EBITDA	**674**	**648**	**4.0%**	**1,335**	**1,277**	**4.6%**
Underlying EBITDA margin	*47.7%*	*47.5%*		*47.9%*	*47.5%*	
Capex						
Network related	(84)	(103)	(18.8%)	(160)	(184)	(13.1%)
CPEs and capitalized sales commissions	(77)	(97)	(20.0%)	(188)	(181)	3.6%
Product & IT development	(57)	(61)	(6.7%)	(107)	(113)	(5.6%)
Other capex	(7)	(5)	26.6%	(14)	(14)	(2.5%)
Total capex	**(225)**	**(266)**	**(15.5%)**	**(469)**	**(493)**	**(4.9%)**
Operating Free Cash Flow	**449**	**382**	**17.7%**	**867**	**784**	**10.6%**

OUTCOME Q2 2018

- 4.3% 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 1.5% as a result of network expansion (fibre installation revenue and iTUX communication operator revenue)
- B2B revenue decline of 3.3% caused by continued decline in lower margin OffNet legacy business not being fully offset by OnNet revenue growth of 31.7%
- Underlying EBITDA growth of 4.0% with gross margin as well as underlying EBITDA margin stable compared to last year. Q2 operating costs temporarily slightly up
- Capex on a lower level than Q2 2017 as network related capex is temporarily low and lower level of investments in CPEs
- Operating free cash flow growth of 17.7% for the quarter and 10.6% for H1

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

REMAINING SYNERGIES TO BE REALIZED IN H2 2018

BOXER SEGMENT

BOXER

(SEKm)	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change
Revenue	403	430	(6.2%)	813	866	(6.1%)
Production costs	(258)	(275)	(6.2%)	(525)	(550)	(4.4%)
Gross profit	145	155	(6.2%)	288	316	(8.9%)
Gross margin	*36.0%*	*36.0%*		*35.4%*	*36.5%*	
Operating costs*	(61)	(73)	15.3%	(128)	(151)	15.2%
Underlying EBITDA	84	82	1.8%	160	165	(3.2%)
Underlying EBITDA margin	*20.8%*	*19.2%*		*19.7%*	*19.1%*	
Capex						
CPEs and capatalised sales commissions	(21)	(34)	(37.3%)	(52)	(70)	(25.1%)
Integration capex Boxer	(7)	(12)	(36.2%)	(32)	(18)	80.1%
Total capex	(29)	(45)	(37.0%)	(85)	(88)	(3.5%)
Operating Free Cash Flow	55	37	49.3%	75	78	(2.8%)

OUTCOME Q2 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 Q2 last year is fully compensating for the lower gross profit, leading to underlying EBITDA returning to growth
- Remaining synergies of around SEK 25m on annual basis to be realized from H2 when system integration now completed. Will offset continued pressure on gross profit from loss of revenue
- Capex materially lower due to less need of buying CPEs and Boxer system integration completed during the quarter
- Operating free cash flow growth of 49.3% for the quarter

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

CONSOLIDATED PROFIT AND LOSS STATEMENT

COM HEM GROUP

(SEKm)	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change
Revenue	1,815	1,794	1.1%	3,599	3,551	1.3%
Production costs	(684)	(688)	(0.6%)	(1,371)	(1,358)	0.9%
Gross profit	1,131	1,106	2.2%	2,228	2,193	1.6%
Gross margin	*62.3%*	*61.7%*		*61.9%*	*61.7%*	
Operating costs*	(373)	(376)	(0.8%)	(733)	(751)	(2.4%)
Underlying EBITDA	758	730	3.8%	1,495	1,442	3.7%
Underlying EBITDA margin	*41.8%*	*40.7%*		*41.5%*	*40.6%*	
One-off items**	(65)	(23)	n/m	(101)	(28)	n/m
EBITDA	693	707	(2.1%)	1,394	1,414	(1.4%)
Depreciation and amortization	(478)	(485)	(1.4%)	(958)	(960)	(0.2%)
EBIT	214	222	(3.6%)	436	454	(3.9%)
Net financial expenses	(120)	(139)	(14.0%)	(223)	(230)	(3.0%)
Taxes	11	(31)	n/m	(21)	(65)	(68.0%)
Net result for the period	105	52	n/m	192	158	21.2%

OUTCOME Q2 2018

- Revenue growth of 1.1% translating into underlying EBITDA growth of 3.8%, as the cost base for the Group is slightly lower compared to last year, resulting in underlying EBITDA margin expansion
- Increased one-off items, mainly due to costs associated with the Tele2 merger (SEK 26m in Q2 and SEK 38m in H1) as well as restructuring and operating currency losses
- Average blended interest rate of 2.4% compared to 2.5% in Q2 2017
- Net financial expenses include SEK -41m (SEL -59m in Q2 2017) of effects from revaluation of incentive programs
- Taxes include positive one-time effect of SEK 39m related to reduced tax rate in Sweden from 2019
- Net result increased by 102% to SEK 105m due to effects of revaluation of warrant program and a positive one-time adjustment of deferred taxes in Q2 2018

** 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)	Q2 2018	Q2 2017	Change	H1 2018	H1 2017	Change
Underlying EBITDA	758	730	3.8%	1,495	1,442	3.7%
Capex	(253)	(311)	(18.7%)	(553)	(581)	(4.7%)
Operating Free Cash Flow	**504**	**419**	**20.5%**	**942**	**861**	**9.4%**
Change in net working capital	26	(130)	n/m	(11)	(170)	(93.6%)
Taxes paid	(43)	-	n/a	(57)	(31)	82.7%
Interest on Loans and Notes	(96)	(93)	3.1%	(206)	(145)	42.2%
Equity Free Cash Flow*	**392**	**196**	**99.9%**	**668**	**515**	**29.7%**
EqFCF per outstanding share	2.2	1.1	n/m	3.8	2.8	33.0%
Dividend	-	-	n/a	(530)	(366)	44.7%
Share buy-backs	-	(189)	n/m	(209)	(410)	(48.9%)
Total shareholder remuneration	**-**	**(189)**	**n/m**	**(740)**	**(776)**	**(4.7%)**
Change in Loans and Notes	(1)	146	n/m	197	242	(18.6%)
Repurchase of warrants	(166)	(94)	76.8%	(166)	(94)	76.8%
Other items	(96)	(29)	n/m	(139)	(61)	n/m
Net cash generated/used	**128**	**31**	**n/m**	**(180)**	**(174)**	**3.2%**
Cash balance EoP	410	295	38.9%	410	295	38.9%
Cash and unutilised bank facilities	1,310	1,445		1,310	1,445	
Net Debt	10,865	10,742		10,865	10,742	
Leverage (Net debt/Underlying EBITDA LTM)	**3.6x**	**3.7x**		**3.6x**	**3.7x**	

OUTCOME Q2 2018

- Underlying EBITDA growth of 3.8% and lower capex than Q2 2017 leading to operating free cash flow growth of 20.5%
- Equity free cash flow doubled to SEK 392m, explained by better operating free cash flow contribution of SEK 85m and a positive change in net working capital for the quarter
- Leverage at 3.6x net debt/underlying EBITDA LTM, well within our target range of 3.5-4.0x
- Well capitalised with SEK 1.3bn in cash and unutilised credit facilities at the end of June

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