



SDU EXPANSION PROGRAMME AND ACQUISITION OF BOXER SWEDEN

JUNE 8, 2016

SDU EXPANSION PROGRAMME – OUR NEXT GROWTH DRIVER

Following a successful SDU trial, Com Hem has decided to enter into the SDU fibre market:

- The programme aims to reach additional 800,000 SDUs via fibre (homes passed) over the coming years
- We will deploy a combination of expansion approaches;
 - ‘Unbundled’ fibre
 - Using third party open LAN networks in SDU areas
 - Modest expansions of Com Hem’s own fibre coax network

The SDU market will become the next major growth pillar for Com Hem turning the company into a true national operator in broadband- and TV-services.

To accelerate our SDU expansion program we have signed an agreement to acquire Boxer Sweden, with a view to upgrading a significant proportion of its customers onto our SDU fibre offering over time



OUR FIBRE TRIAL

WHAT WE TESTED

- Technical, operational and commercial trial of SDU fibre, both fibre unbundling and Open LAN expansion in SDU areas
 - Unbundled 24 Skanova exchanges in the Stockholm area, reaching 'new' fibre sales and switchers
 - Expansion into new Open LAN nodes in the SDU market
- Different pricing models, and different sales channels including telemarketing, direct mail & door-to-door

KEY FINDINGS

- Significant demand for Com Hem in fibre areas, both from 'new to fibre' and switchers
- Attractive economics
- Competition more limited than existing MDU Open LANs
- High quality Customer Experience is achievable
- Unbundled processes are slow due to high end-consumer demand for fibre to the home

NU KAN DU OCKSÅ FÅ COM HEM I DIN FIBER

Com Hem är en av de leverantörer som du kan välja på till din fiber och till skillnad mot många andra har vi en komplett service - med fantastiska tjänster inom bredband, tv & play.

- Vi har utbyggda tv-tjänster stort sett alla dörnar och har Sveriges största utbud av tv & play
- Vi utvecklar ständigt våra nät och har redan idag Sveriges snabbaste bredband
- Du får ett samråd på enbart 15 minuter vilket gör dina kommande lösningsförslag
- Rättigt bra kundservice med långa öppettider
- 50 års erfarenhet av underhållning och över 1,7 miljarder kunder

COM HEM

Björk 010-332 38 55 för mer information och ett nytt nät att utvärdera

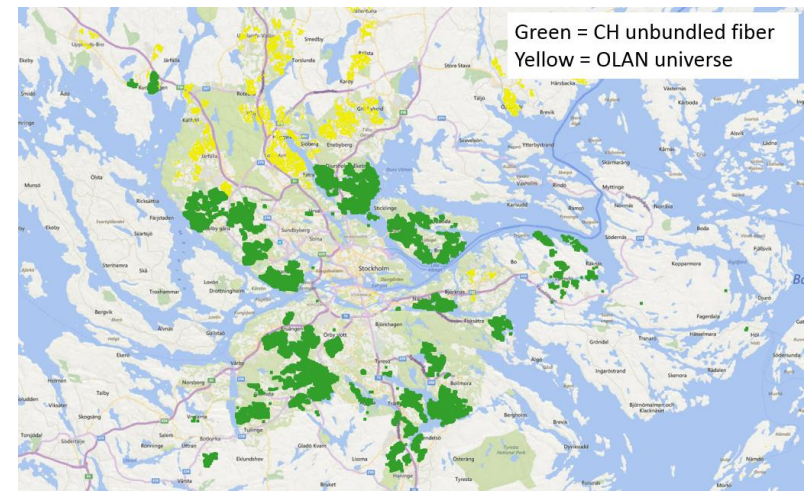
COM HEM TILL EN STARKARE FIBERUPPLEVELSE

Sveriges snabbaste bredband och största utbud av tv & play

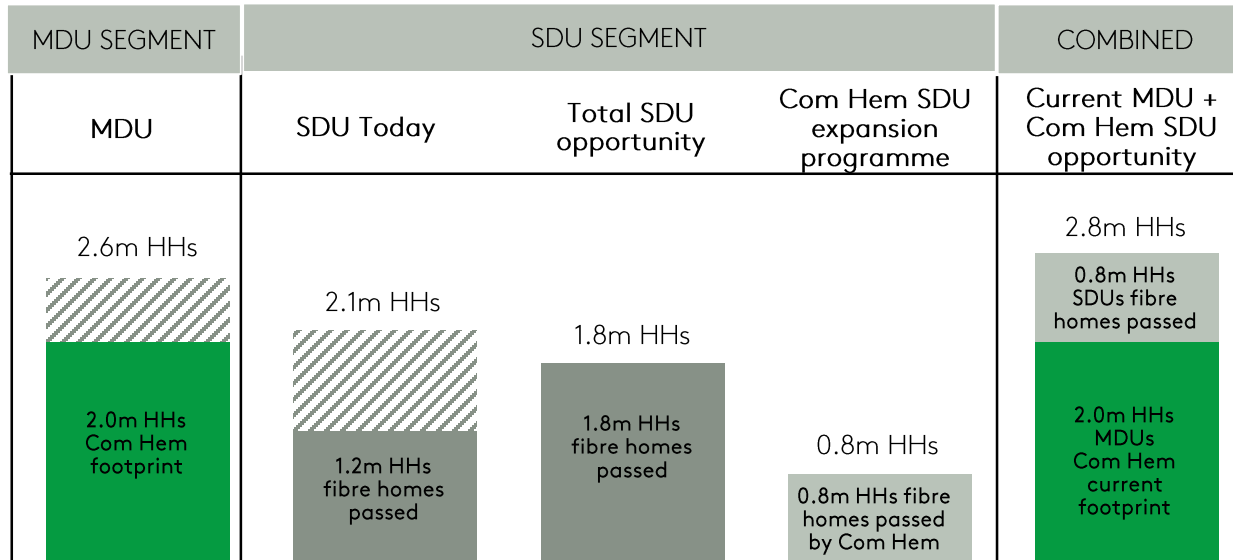
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COM HEM SDU TRIAL



EXPANDING INTO THE SDU MARKET



- In the SDU universe, 1.2m households currently have access or can connect to fibre (homes passed*)
- We anticipate the number of SDU homes passed by fibre to grow to 1.8m as a result of build programmes from operators and city networks
- We expect to be able to economically reach approximately 800,000 SDUs over the coming years, through unbundling fibre, Open LANs and modest network expansion

BOXER TRANSACTION RATIONALE



ACQUISITION OF BOXER SWEDEN

- Boxer is the pay TV operator in the digital terrestrial network, with approximately 500k DTV customers mainly located in the SDU market
- The total consideration for the Boxer Sweden transaction is SEK 1,550m (based on balance sheet as per 31 March), payable in cash at closing
- Enterprise Value of SEK 1,330m, representing an estimated 2016 Underlying EBITDA multiple of 4.4x
- The acquisition will be financed by a new three year credit facility with Swedbank AB (publ) of SEK 800m and existing unutilised credit facilities

EFFECTS OF THE ACQUISITION

- The acquisition of Boxer accelerates our expansion into the SDU market. Boxer's customer base is primarily in the SDU market, and part of it will migrate to fibre over the coming years—a significant acceleration opportunity for Com Hem
- Com Hem becomes a national operator for broadband and DTV
- The combined group will have approximately 1.1 million DTV subscribers
- For 2017, the acquisition is expected to add approximately SEK 300m to the Com Hem Group's Underlying EBITDA

TIMELINE AND EXPECTED CLOSING

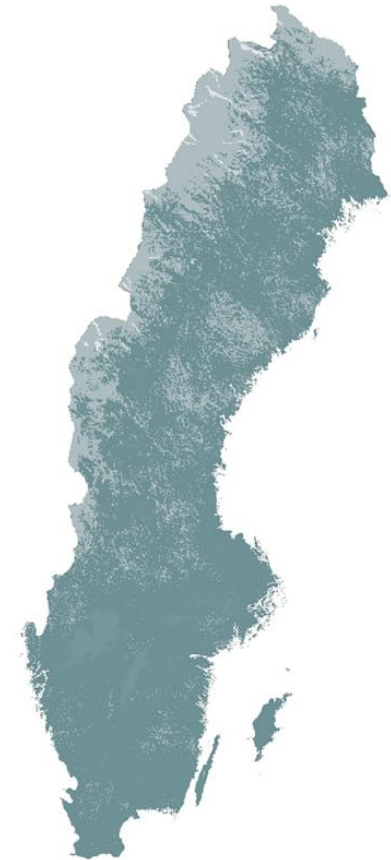
- Government approval
- Approval from Swedish competition authorities
- Completion expected during H2 2016, from which date Boxer Sweden will be consolidated into the Com Hem Group

ABOUT BOXER SWEDEN (1/2)



- Boxer Sweden is owned by the state owned Teracom Boxer Group, the operator of the DTT infrastructure
- Boxer is the provider of digital pay TV in Sweden through the DTT platform
- Majority of Boxer customers are situated in SDUs, and main competitors are DTH providers (Viasat and Canal Digital) and IPTV (Bredbandsbolaget and Telia)
- DTV packages priced from SEK 269 to SEK 379 a month, primarily focused on flexible packages for the customer
- Cost for DTT distribution will be reduced following more efficient use of frequencies currently underway

DTT COVERAGE IN SWEDEN



ABOUT BOXER SWEDEN (2/2)



- Pressure on Boxer revenue, ARPU and subscriber base partly as a consequence of the ongoing fibre build-out in the SDU market
- As the Com Hem SDU expansion programme overbuilds Boxer households, customers will be offered bundled broadband and TV services

COST STRUCTURE

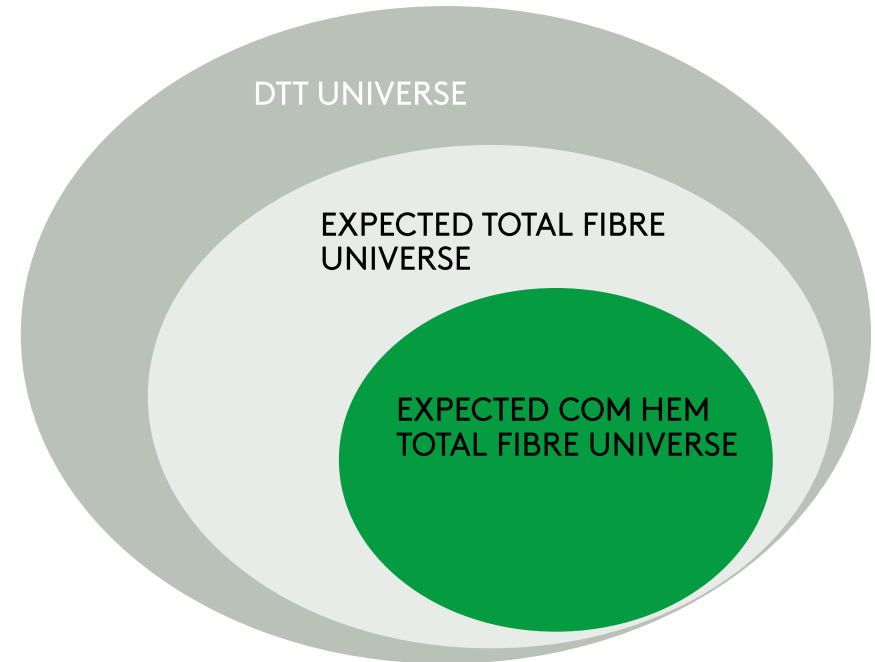
- Two main cost items in the business:
 - DTT distribution cost paid to Teracom Boxer Group. A negotiated reduction over the coming 10 years will allow for sustainable profitability for the DTT business
 - Content costs are variable and depending on the number of subscribers and mix, similar to the Com Hem business
- Transitional services agreement signed with seller, services to be migrated over to Com Hem over the coming years
- We expect that the acquisition of Boxer will on an annual basis add:
 - Approximately SEK 300m of additional Underlying EBITDA to the Com Hem Group (adjusted to Com Hem's accounting principles and including synergies of at least SEK 50m)
 - Operating Free Cash Flow** as per Com Hem definition expected around SEK 200m annually

Boxer	Unit	2013	2014	2015
Operational KPIs				
Unique subscribers	(000)	573	561	541
Subscriber ARPU*	SEK	284	288	282
FTEs	#	44	48	42
Financial Overview				
Revenue	SEKm	1,978	1,970	1,877

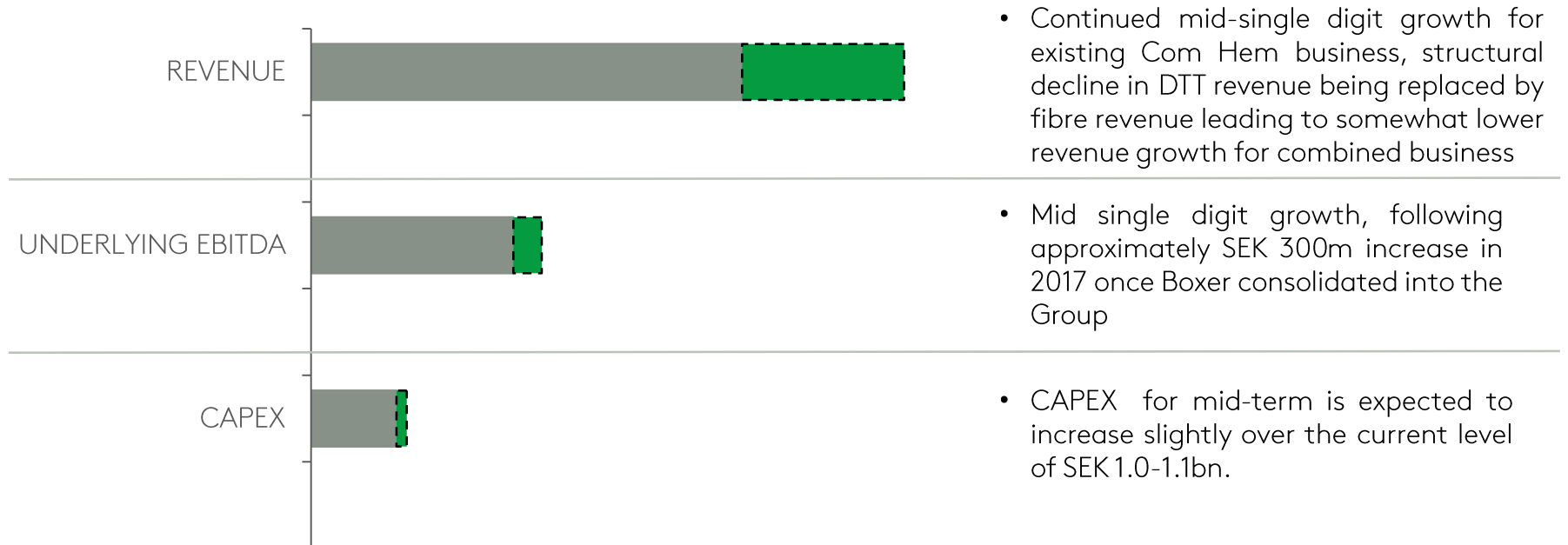
COM HEM AND BOXER



- A long term agreement with Teracom Boxer Group for distribution over DTT will enable us to continue to operate a profitable digital-TV business via DTT, regardless of the increasing overlap with fibre infrastructure
- Fibre will not overlap the entire DTT universe; we expect to be able to operate a sustainable DTT business in the long-term
- As the Com Hem SDU program overbuilds the Boxer customer base, the Com Hem SDU expansion programme will enable the combined business to sell market leading bundled broadband and TV services to its customer base



ESTIMATED FINANCIAL EFFECTS ON THE GROUP FOLLOWING THE ACQUISITION



- Continued mid-single digit growth for existing Com Hem business, structural decline in DTT revenue being replaced by fibre revenue leading to somewhat lower revenue growth for combined business

- Mid single digit growth, following approximately SEK 300m increase in 2017 once Boxer consolidated into the Group

- CAPEX for mid-term is expected to increase slightly over the current level of SEK 1.0-1.1bn.

- The acquisition will be financed by a new three year credit facility with Swedbank AB (publ) of SEK 800m and existing unutilised credit facilities
- Adjusted for the acquisition, Com Hem's net debt/Underlying EBITDA LTM would have been 3.9x at the end of March 2016 versus reported 3.8x
- Com Hem remains committed to its financial leverage target of 3.5-4.0 times net debt to Underlying EBITDA as well as to its shareholder remuneration programme.

SUMMARY

SDU EXPANSION PROGRAMME – OUR NEXT GROWTH DRIVER

- By committing to expansion into the SDU market, we add an additional growth driver to our existing business plan
- The programme aims to reach additional 800,000 SDUs via fibre (homes passed) over the coming years
- As part of the programme, we are acquiring Boxer to accelerate our SDU expansion program

ACQUISITION OF BOXER

- Boxer's customer base is primarily in the SDU market, and part of it will migrate to fibre over the coming years – a significant acceleration opportunity for Com Hem
- Com Hem becomes a national operator for broadband and DTV
- Enterprise Value of SEK 1,330m, representing an estimated 2016 Underlying EBITDA multiple of 4.4x
- The Boxer business is expected to contribute at least SEK 300m in Underlying EBITDA on an annual basis going forward for the Group

ESTIMATED FINANCIAL EFFECTS ON THE GROUP

- Guidance for 2016 remains unchanged
- Com Hem remains committed to its financial leverage target of 3.5-4.0 times net debt to Underlying EBITDA as well as to its shareholder remuneration programme.

Q&A