



Q1 2014 Presentation

Investor and Analyst Conference Call

May 2, 2014

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 materialize. 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.

Leadership Change



Anders Nilsson
New CEO



Jon James
New COO

Welcome to our new CEO Anders Nilsson and COO Jon James

Agenda

Business Strategy and Operational Results

Anders Nilsson

Financial Results

Joachim Jaginder

Closing Remarks & Questions

Appendix

First Quarter Highlights

- ❖ Com Hem reached all time high numbers of Homes Connected in Q1 2014, as expansion outside coax footprint continues
- ❖ Penetration of TiVo subscribers of digital TV base already above 12% after two quarters of TiVo sales, outperforming international TiVo peers
- ❖ Continued growth in broadband revenue and RGUs during the quarter, adding 12,000 subscribers in Q1 2014
- ❖ Selective launch of 1 Gbps broadband services, available for LAN households since March 2014

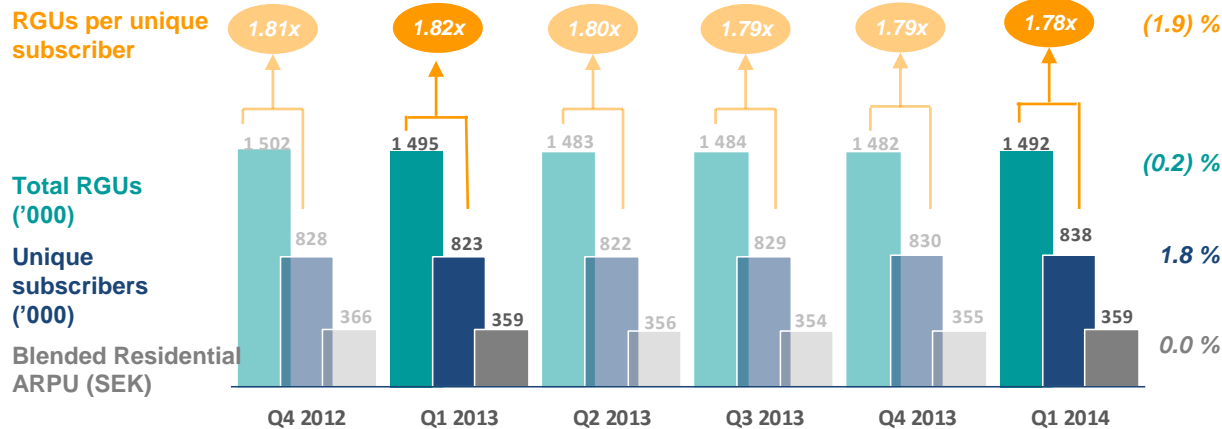
- ❖ For the second consecutive quarter, a 0.9% top-line revenue growth versus previous quarter
- ❖ 1% increase in Blended Residential ARPU for Q1 2014 compared to Q4 2013
- ❖ Underlying EBITDA margin remains flat at 48.5% compared to both Q4 2013 and Q1 2013
- ❖ Success-driven STB Capex drives increase in investment compared with Q1 2013

- ❖ Phonera acquisition completed as of March 31, 2014
- ❖ New Com Hem management team in place

Quarterly Development - Subscribers and RGUs

Services and ARPU per unique subscriber

Change Q1 2014 vs. Q1 2013



Development

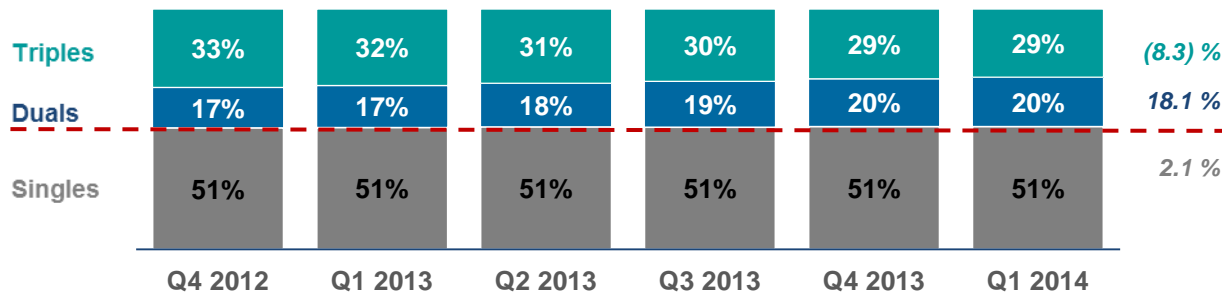
Comments

- First quarter with significant growth in *Total RGUs* since Q4 2011 supported by growth in Broadband RGUs
- Increase in unique subscribers of 15k y-o-y and 8k q-o-q driven by broadband RGU growth
- 1% increase in Blended Residential ARPU for Q1 2014 compared to Q4 2013
- Bundles remain flat compared with previous quarter



Duals and Triples

(%) Change Q1 2014 vs. Q1 2013



Going forward

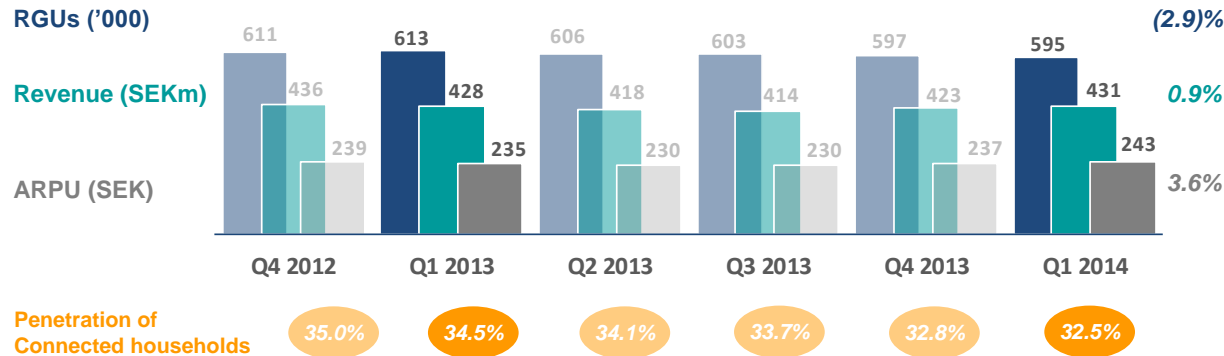
Strategy

- Focus on bundles to drive future growth
- We intend to be deliberate in our execution on bundle strategy
- Remains a central opportunity

Quarterly Development – Digital TV

Revenue, RGU and ARPU

Change Q1 2014 vs. Q1 2013



Development

Comments

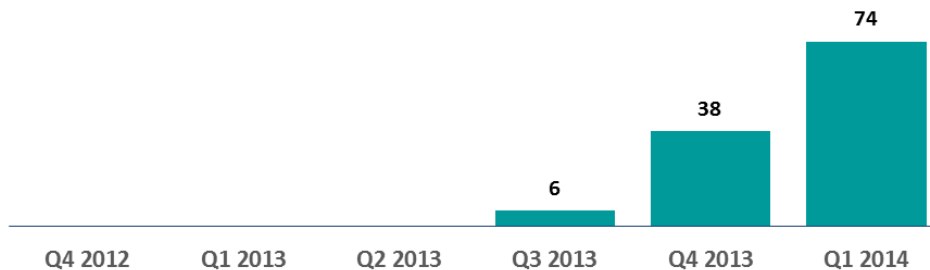
- Negative RGU development has flattened out as TiVo take up and has started to offset churners
- Slight increase in revenue in both Q1 2014 vs Q1 2013 and q-o-q due to better tier mix
- ARPU growth due to better tier mix mainly from both new and migrating customers that move to the TiVo packages
- Over 12% of DTV base has a TiVo subscription



TiVo subscriber base, EoP

('000)

TiVo Subscriptions



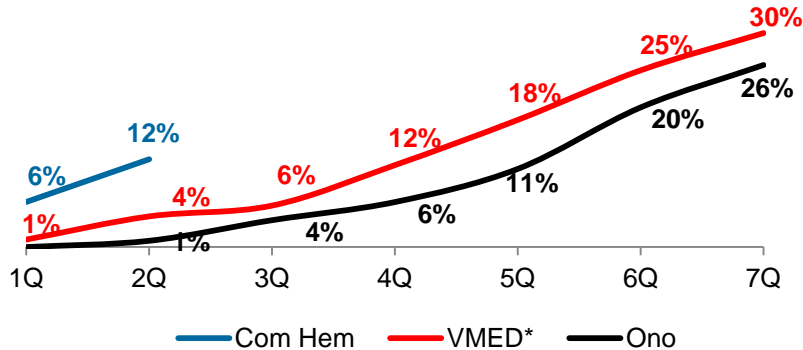
Going forward

Strategy

- Grow TiVo from multiple segments, higher-end migrators and switchers plus analogue upgraders
- Maintain financial discipline in rollout of TiVo STBs

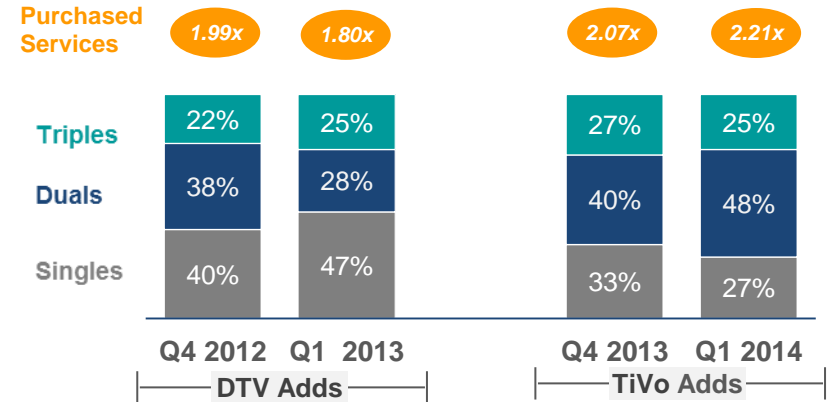
Quarterly Development – Digital TV (cont.)

TiVo Penetration of DTV base after launch



* To get comparable quarterly figures, Virgin Media first quarter of TiVo sales includes four months of TiVo sales (launch in December 2011)

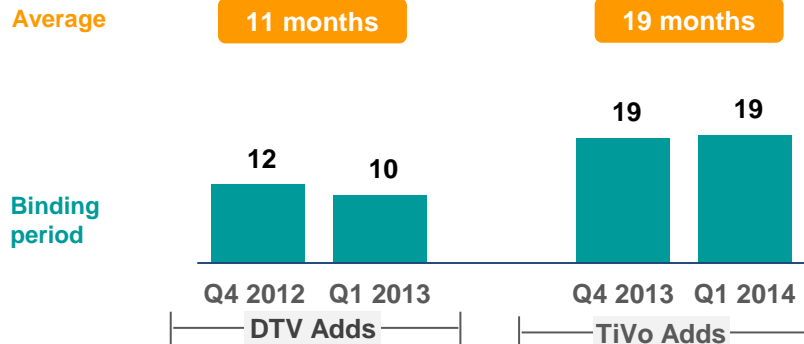
Increased cross-sell for adds after cancellation**



** Adds after cancellations (gross adds less cancellations) for the quarter

Longer binding periods

(months)



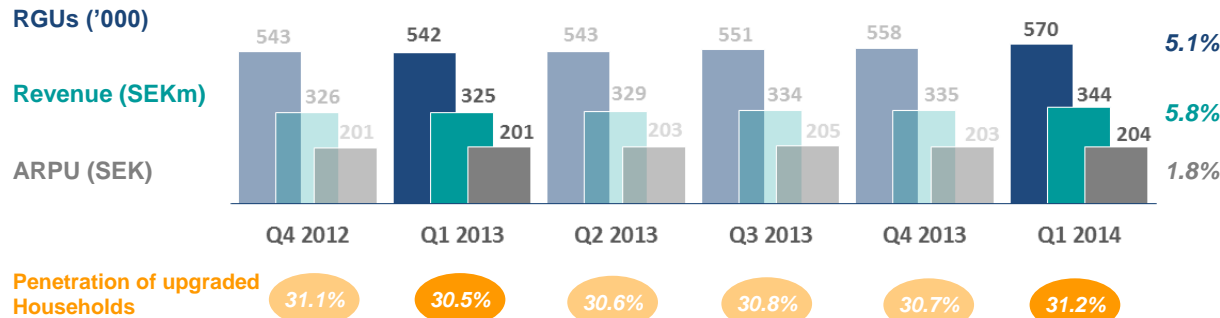
TiVo milestones after six months

- ✓ Sold 74,000 TiVo subscriptions since launch
- ✓ 12% TiVo DTV penetration after two full quarters of TiVo sales
- ✓ Proven cross-selling and bundling opportunities with TiVo
- ✓ Securing DTV base with longer binding periods for TiVo adds

Quarterly Development - High-Speed Broadband

Revenue, RGU and ARPU

Change Q1 2014 vs. Q1 2013



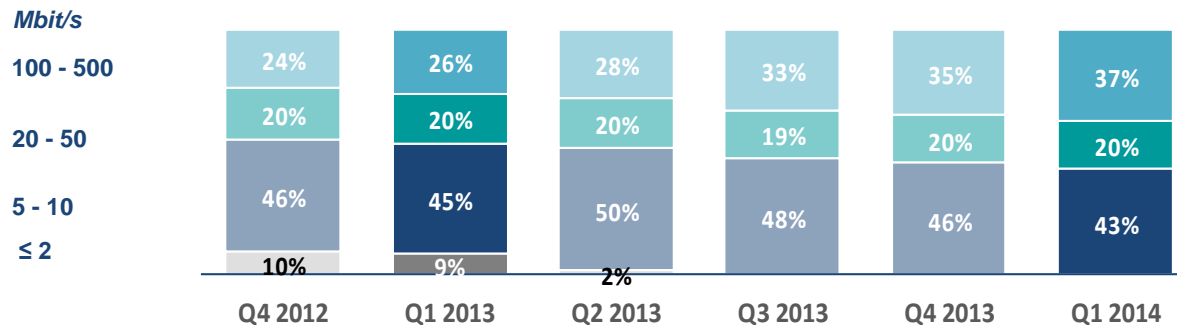
Development

Comments

- **Revenue increase due to:**
 - Record RGU increase of 12K for a quarter, resulting in new all time high subscriber base at the end of the quarter
 - Increased ARPU due to better tier mix
- **Continued increasing demand for higher speeds:**
 - 37% of customer base subscribed for 100 – 500 Mbit/s services, as of March 31, 2014



Increasing demand for higher broadband speeds



Going forward

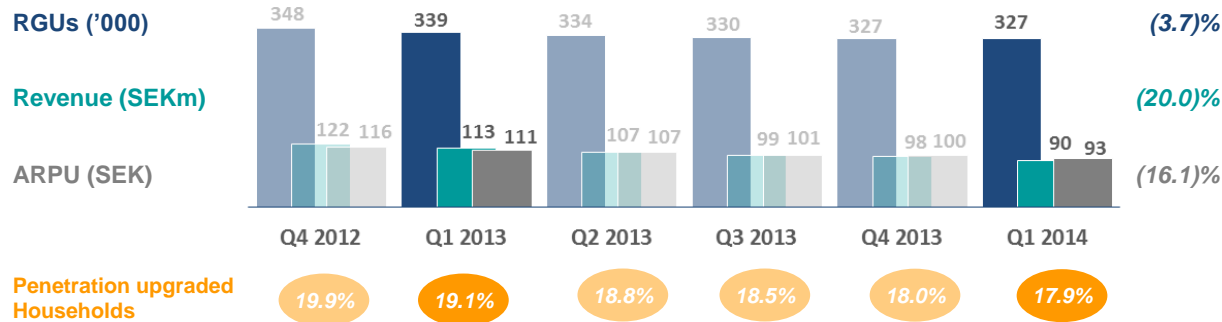
Strategy

- **Continue to grow broadband subscribers and revenues with speed leadership and targeted speed upgrades**

Quarterly Development – Fixed Telephony

Revenue, RGU and ARPU

Change Q1 2014 vs. Q1 2013



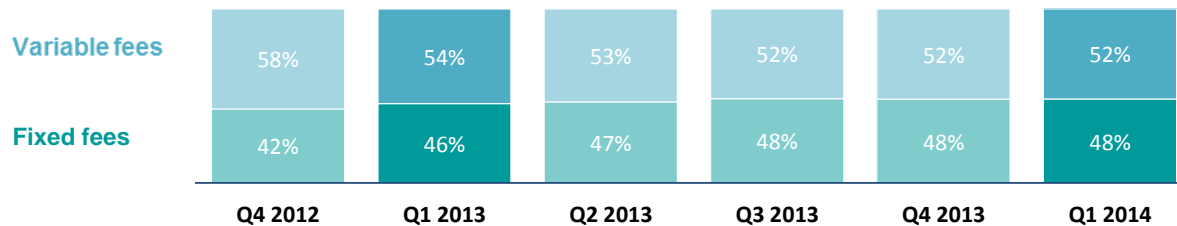
Development

Comments

- No decline in Fixed Telephony subscriber base for the first quarter since Q4 2011
- Current telephony usage and variable fees are declining as a result of changing consumer behaviour (fixed to mobile substitution)



Breakdown Telephony ARPU



Going forward

Strategy

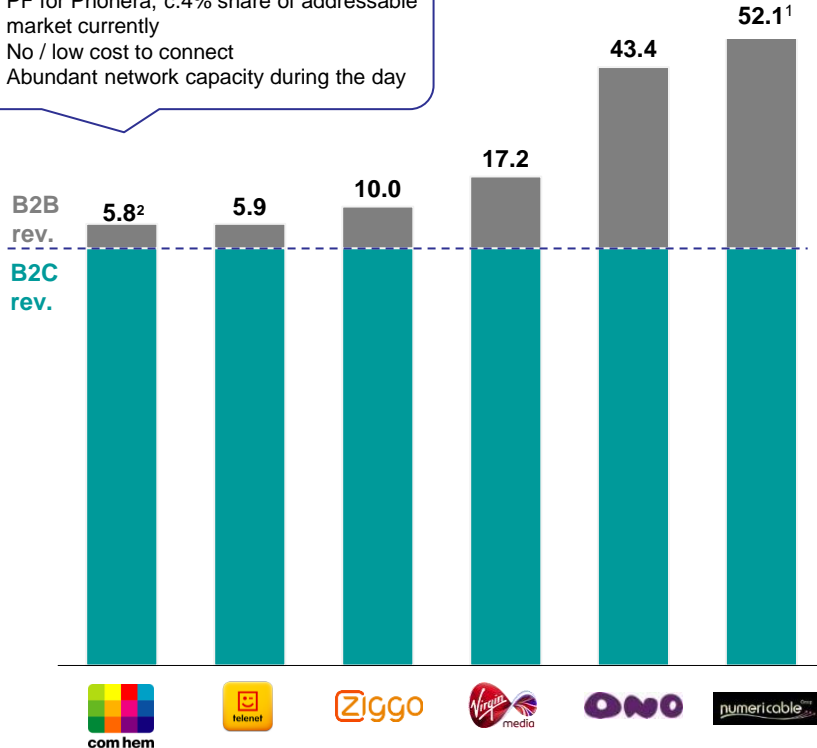
- Using dual/triple bundling plus more attractive telco offers to improve trend rates in telco revenues

Significant Growth Opportunity in B2B - to be monetised through Phonera acquisition

B2B as next source of cable growth

B2B revenues / B2C revenues, 2013 (%)

- ✓ PF for Phonera, c.4% share of addressable market currently
- ✓ No / low cost to connect
- ✓ Abundant network capacity during the day



Complementary product portfolio

	com hem	phonera	com hem + phonera
Broadband	✓	✓	✓
Fixed telephony	VoIP only	✓	✓
Mobile	✗	✓	✓

Up-and-running operations with sufficient scale

	com hem	phonera	com hem + phonera
Sales force ³	12	52	64
RGUs ('000s)	2	72	74
Revenue 2013 (SEKm)	2	258	260
EBITDA 2013 (SEKm)	NA	60	60 ⁴

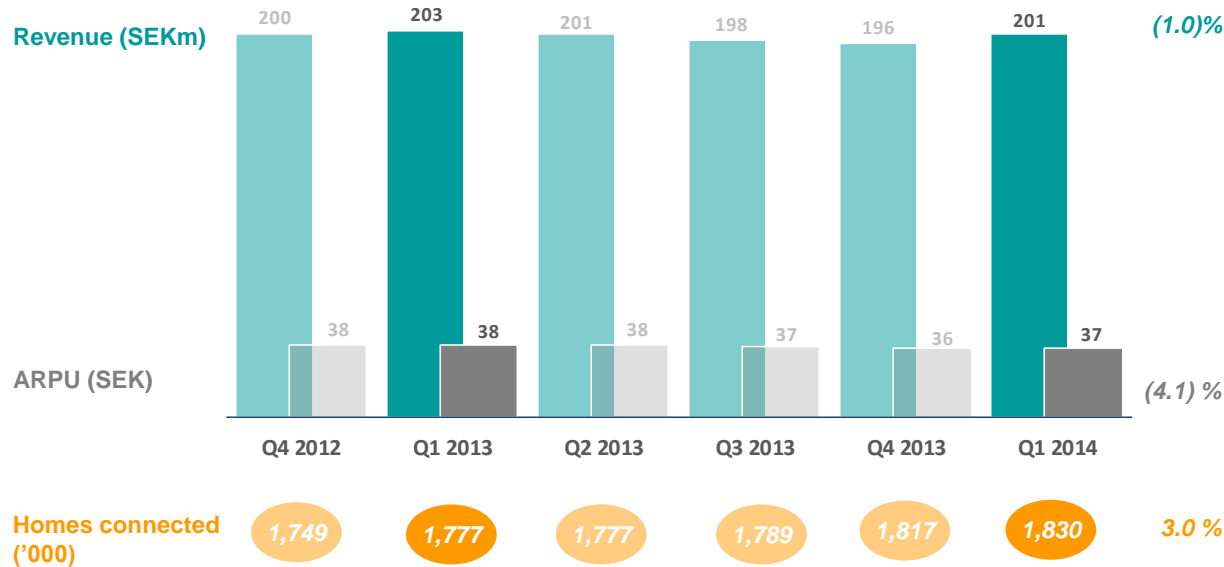
Source: Public filings of respective companies

- 1) Includes Wholesale revenue
- 2) Pro forma for Phonera acquisition
- 3) Excludes telemarketing representatives as outsourced (25 for Com Hem and 42 for Phonera)
- 4) Phonera EBITDA only

Quarterly Development - Landlord

Revenue and ARPU

Change Q1 2014 vs. Q1 2013



Development

Comments

- **Continued increase in homes connected** as the expansion outside the coax footprint continues
 - Almost 100K Open LAN households now connected
- **ARPU decrease vs. Q1 2013**
 - Increase in Open LAN with no basic TV services dilutes ARPU
 - Contract renegotiations partly offset by price index increases in 2014
- **Revenue increase vs. Q4 2013**
 - Mainly due to price index increases



Going forward

Strategy

- **Market strengths of coax proposition to defend both revenues and volume**

Com Hem's six strategic priorities

- 1 **Grow DTV Subscribers and ARPU with TiVo**
- 2 **Continue to Grow Broadband subscribers and ARPU**
- 3 **Increase Penetration of Dual & Triple Play Customer (Incl. Telephony)**
- 4 **Improve Customer Satisfaction (NPS) and Customer Churn**
- 5 **Growing B2B Segment**
- 6 **Increase Homes Connected and Upsell from Analogue to DTV**

Sustained Profitable Growth

Agenda

Business Strategy and Operational Results

Anders Nilsson

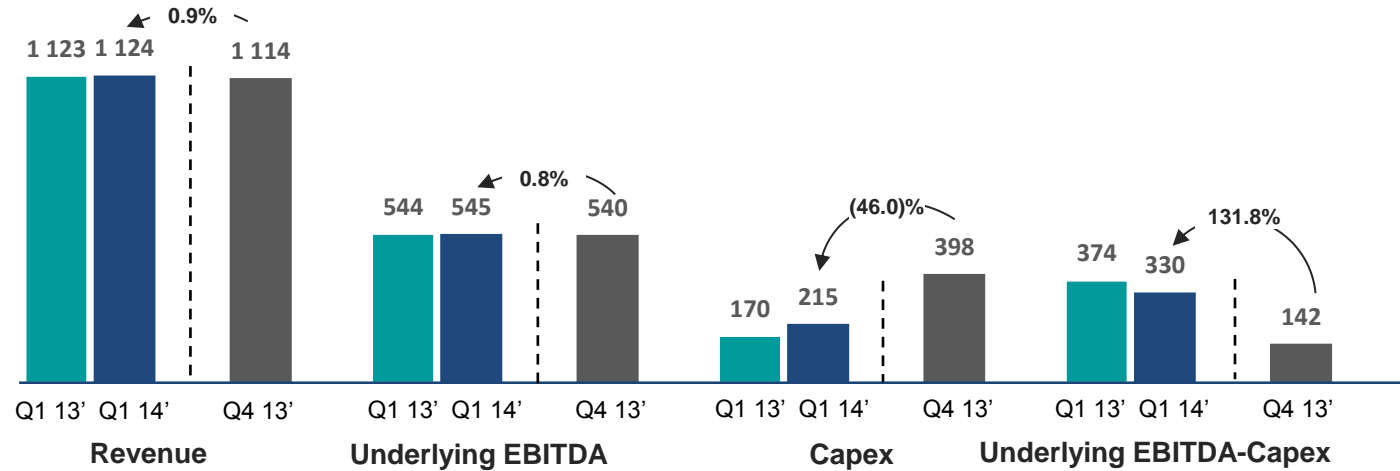
Financial Results

Joachim Jaginder

Closing Remarks & Questions

Appendix

Financial Overview



Financial highlights – first quarter

Revenue

- Revenue increase of 0.9% q-o-q and flat against Q1 2013

Underlying EBITDA

- Underlying EBITDA increase of 0.8% q-o-q and flat development compared with Q1 2013

Capex

- Capex decrease of 46.0% q-o-q and increase of 25.9% compared with Q1 2013 driven by success-based TiVo Capex

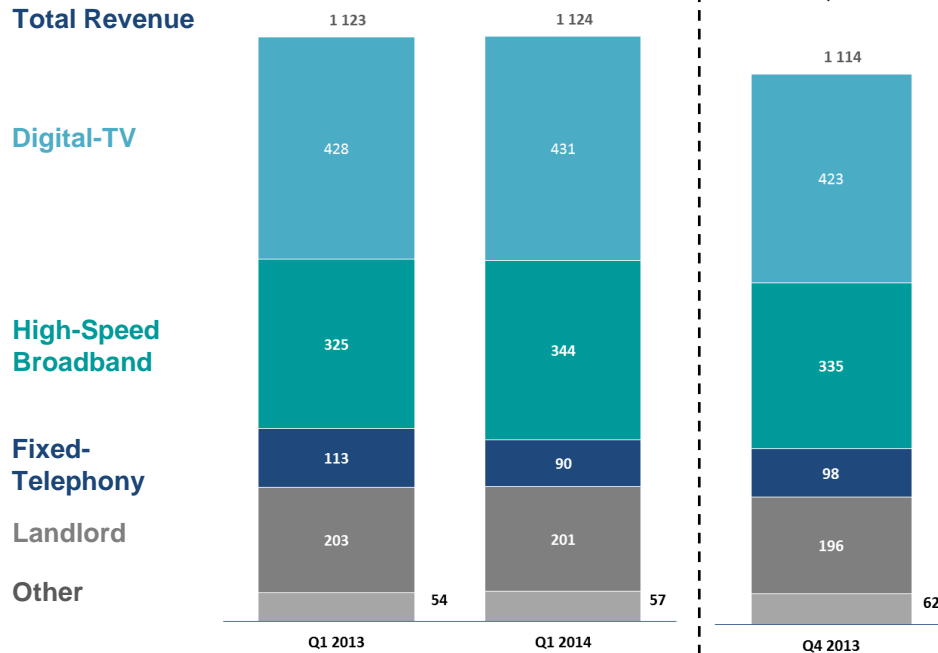
Underlying EBITDA – Capex

- Increase of 131.8% q-o-q, but an decrease of 11.7% compared with Q1 2013 due to increased success-based TiVo STB capex

Revenue Development

Revenue, y-o-y

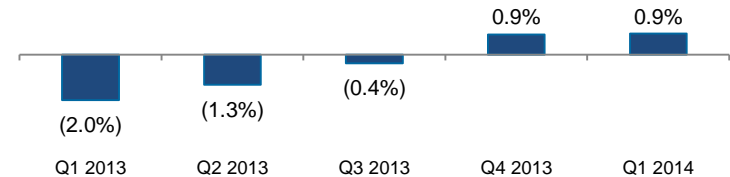
(SEKm)



MSEK

Revenue	Q1 2013	Q1 2014	Change		Q4 2013
Digital-TV	428	431	4	0.9%	423
High-Speed Broadband	325	344	19	5.8%	335
Fixed-Telephony	113	90	(23)	(20.0%)	98
Landlord	203	201	(2)	(1.0%)	196
Other	54	57	3	5.4%	62
Total Revenue	1 123	1 124	1	0.1%	1 114

Revenue growth, q-o-q



Development y-o-y and q-o-q

Comments

- **Revenue growth, q-o-q**
 - Top-line growth for the second consecutive quarter of 0.9%
 - DTV revenue up for the second quarter in a row
 - Continued strong momentum in Broadband
 - Higher Landlord revenue mainly due to price index increases
 - Decline in Other revenue due to timing
- **Stable revenue development y-o-y as increase in DTV, Broadband and Other revenues are offset by declining Fixed Telephony and Landlord revenues**
 - DTV revenue increase due to DTV ARPU increase of SEK 8 to SEK 243, mainly due to improved tier mix as a result of the TiVo launch
 - High-Speed Broadband revenue increase as a result of both increased ARPU of SEK 4 to SEK 204 and increase in subscriber base
 - Decreased Fixed-Telephony revenue due to lower ARPU and RGUs
 - Decreased landlord revenue due to price renegotiations, partly offset by price index increases

Cost Base

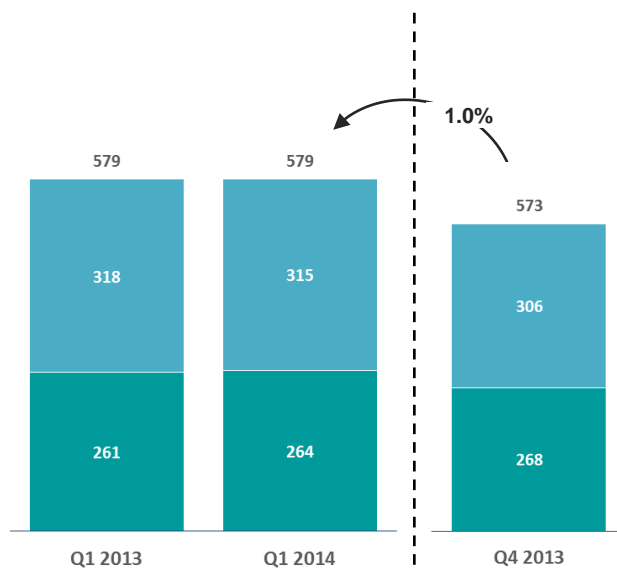
Production and Operating costs

(SEKm)

Total costs

Production costs

Operating costs



SEKm	Q1 2013	Q1 2014	Change	Q4 2013
Content	(161)	(157)	4	(155)
Fibre & ducting	(61)	(66)	(5)	(65)
Other production costs	(96)	(92)	3	(86)
Production Costs	(318)	(315)	2	(306)
Marketing & sales costs	(42)	(45)	(3)	(43)
Staff*	(167)	(170)	(3)	(169)
Other operating costs	(52)	(49)	3	(56)
Operating Costs	(261)	(264)	(3)	(268)
Total Costs	(579)	(579)	(1)	(573)

* Includes outsourcing, consultancy and employee costs.

Development q-o-q

Q1 2014 vs. Q4 2013

- Slight increase in Cost base, q-o-q due to:
 - Higher content costs from shift in DTV tier mix
 - Other production costs increase mainly related to growth initiatives such as TiVo, SP business (TiVo license fees, transmissions costs) and timing differences
 - Partly offset by lower other operating costs due to lower bad debt, barter costs and general cost savings

Development y-o-y

Q1 2014 vs. Q1 2013

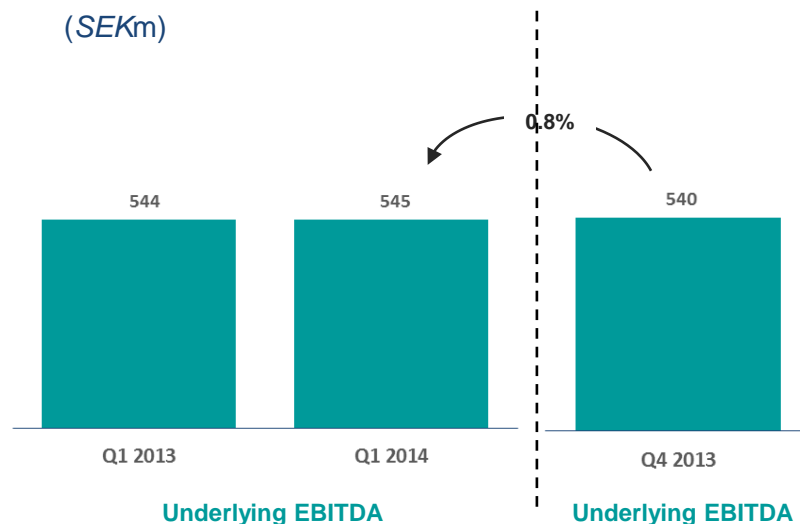
- Cost base remains stable y-o-y as decrease in production costs offsets increase in operating costs
 - Decreasing **production costs** due to:
 - Lower content costs from lower DTV base, and other production costs mainly from lower telephony usage
 - Partly offset by index increases for fibre and ducting
 - Increasing **operating costs** due to:
 - Higher marketing and staff related costs relating to new growth initiatives such as TiVo, B2B and service provider business
 - Partly offset by lower other operating costs

EBITDA Growth During First Quarter

Revenue & EBITDA

SEKm	Q1 2013	Q1 2014	Q4 2013
Total Revenue	1 123	1 124	1 114
Total costs	(579)	(579)	(573)
Underlying EBITDA*	544	545	540
Underlying EBITDA margin	48.5%	48.5%	48.5%

Underlying EBITDA development



Development

Comments

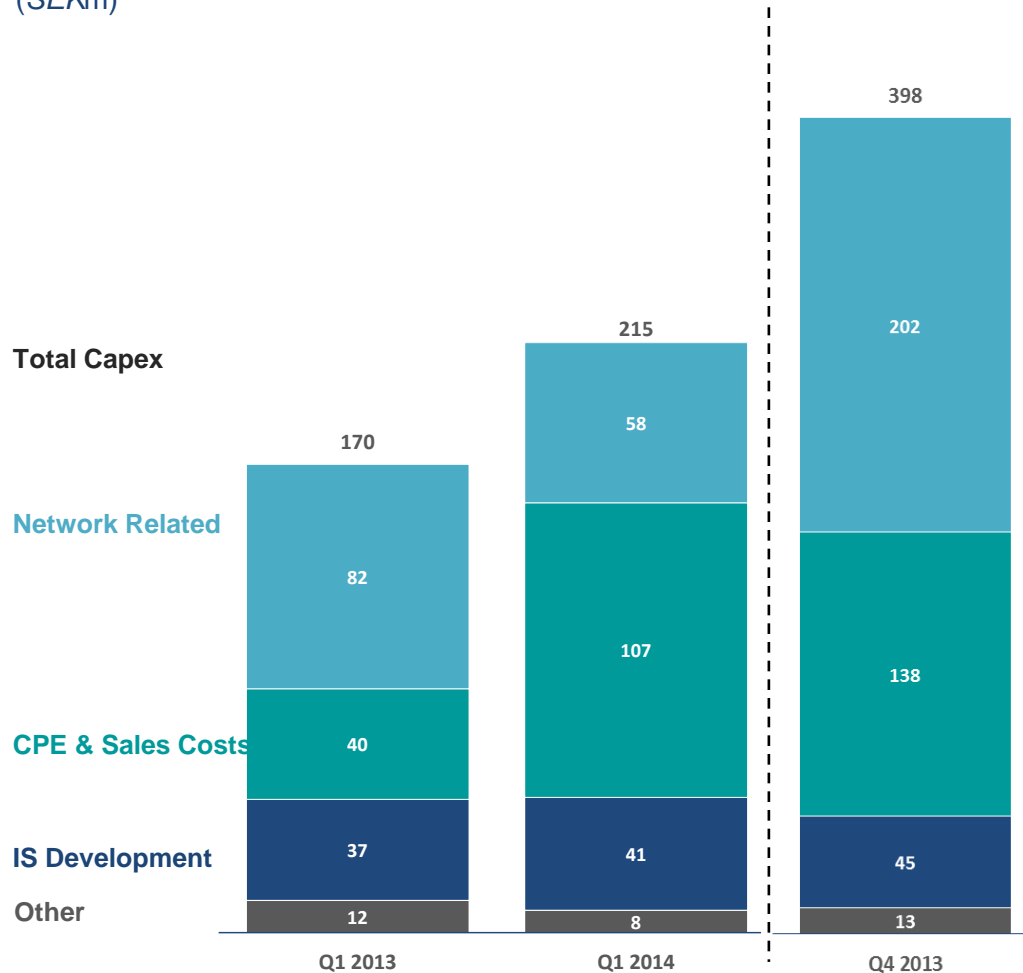
- **Underlying EBITDA development**
 - Revenue in line with last year and increasing compared with Q4 2013
 - Underlying EBITDA margin remains stable at 48.5%

* For a definition of Underlying EBITDA, please refer to "Non-IFRS Financial Measures" in Appendix, historically reported as "Reported Underlying EBITDA"

Capital Expenditures

Capex development

(SEKm)



Development q-o-q

Q1 2014 vs. Q4 2013

- **Decreased Capex q-o-q due to:**
 - Lower investment in the TiVo platform
 - Lower volumes of purchased TiVo STBs
 - Slightly lower IS development and Other Capex

Development y-o-y

Q1 2014 vs. Q1 2013

- **Increased Capex spending y-o-y**
 - Higher CPE Capex due to investment in TiVo STBs
 - Higher Capitalization of sales costs
 - Increased CPE & Sales costs offset by lower Network Related Capex from lower investment in the TiVo platform and investment in Open Networks

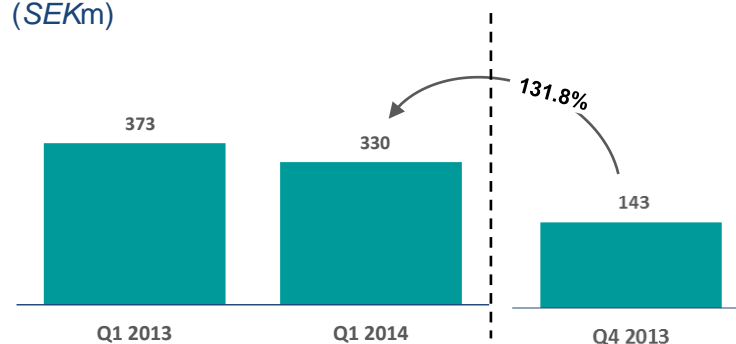
Cash Flow Generation

Underlying EBITDA – Capex

SEKm	Q1 2013	Q1 2014	Change	Q4 2013	
Underlying EBITDA*	544	545	1	(0.1%)	540
Gross capex	(170)	(215)	(44)		(398)
Underlying EBITDA - Capex	374	330	(44)	11.7%	142

Underlying EBITDA – Capex

(SEKm)

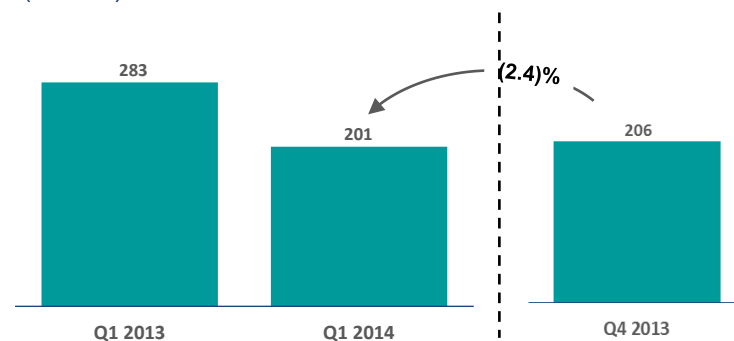


Operating free cash flow

SEKm	Q1 2013	Q1 2014	Change	Q4 2013	
Underlying EBITDA*	544	545	(1)	0.1%	540
One-off items**	(40)	(56)	16		(73)
Adjustment for items not included in cash flow***	3	0	2		4
Change in net working capital	(63)	(73)	10		103
Gross capex	(170)	(215)	44		(398)
Capex funded by leasing	10	-	10		30
Operating free cash flow	283	201	81	(28.8%)	206

Operating free cash flow

(SEKm)



* For a definition of Underlying EBITDA and Operating free cash flow, please refer to "Non-IFRS Financial Measures" in Appendix

** Includes change in pension provisions, change in other provisions and other items not included in the cash flow

Financial Position as of March 31, 2014*

Cash net debt table

As of March 31, 2014	SEKm	EURm
Term Loan A (SEK)	1 146	128
Term Loan B (SEK/EUR)	3 935	440
Capex Facility	300	34
Incremental Facility**	500	56
Bank Debt	5 882	657
Senior Secured Notes (SEK)	3 492	390
Senior Notes (EUR)	2 569	287
Bank & Notes Debt	11 943	1 335
Cash and Cash Equivalents**	(789)	(88)
Net Cashpay Debt	11 154	1 246

Leverage***

As of March 31, 2014	
Leverage Bank Debt	2.6x
Leverage Bank & Notes Debt	5.3x
Leverage Net Cashpay Debt	4.9x

Liquidity position

Available funds as of March 31, 2014	SEKm	EURm
Capex Facility	450	50
Revolving Facility	445	50
Committed and Undrawn Amount	895	100
Unrestricted Cash and Cash Equivalents**	604	67
Cash Balance & Available Funds	1 499	168

* The exchange rate 8.948 is used to convert EUR debt to SEK debt.

** SEK 185 m of the outstanding indebtedness under the Incremental Facility is currently held on restricted bank accounts and can only be used for potential investments, hence is the restricted cash of SEK 185 m not included when calculating Available Funds.

*** Debt to LTM Underlying EBITDA incl. LTM Pro Forma Phonera

Closing Remarks and Questions



Agenda

Business Strategy and Operational Results

Anders Nilsson

Financial Results

Joachim Jaginder

Closing Remarks & Questions

Appendix

Revenue to Underlying EBITDA

First Quarter

SEKm	Q1 2013	Q1 2014	Deviation	Change %
Pay Television	428	431	4	
High-Speed Broadband	325	344	19	
Fixed-Telephony	113	90	(23)	
Landlord	203	201	(2)	
Other	54	57	3	
Revenue	1 123	1 124	1	0.1%
Content	(161)	(157)	4	
Fibre & ducting	(61)	(66)	(5)	
Other production costs	(96)	(92)	3	
Production costs	(318)	(315)	2	0.7%
Gross Profit	805	808	3	0.4%
Gross Profit Margin	71.7%	71.9%	0.2%	
Marketing & sales costs	(42)	(45)	(3)	
Staff	(167)	(170)	(3)	
Other operating costs	(52)	(49)	3	
Operating costs	(261)	(264)	(3)	(1.1%)
Reported Underlying EBITDA*	544	545	1	0.1%
Reported Underlying EBITDA Margin	48.5%	48.5%	0.0%	

* For a definition of Underlying EBITDA and Underlying EBITDA margin, please refer to "Non-IFRS Financial Measures" in Appendix

Cash Flow after Debt Service

First Quarter

SEKm	Q1 2013	Q1 2014	Deviation	Change %
Reported Underlying EBITDA*	544	545	1	0.1%
One-off items	(40)	(56)	(16)	
Adjustment for items not included in cash flow**	3	0	(2)	
Change in net working capital	(63)	(73)	(10)	
Gross capex	(170)	(215)	(44)	
Capex funded by leasing	10	-	10	
Operating free cash flow	283	201	(81)	(28.8%)
Interest payments on borrowings	(55)	(95)	(40)	
Amortization of borrowings	(140)	(147)	(7)	
Change in intercompany loans	-	-	-	
Cash flow after debt service	87	(42)	(129)	147.7%

* For a definition of Reported Underlying EBITDA, please refer to "Non-IFRS Financial Measures" in Appendix

** Includes change in pension provisions, change in other provisions and other items not included in the cash flow

Balance Sheet

As of

Assets	March 31, 2013	March 31, 2014
--------	----------------	----------------

(SEKm)

Non-current assets		
Intangible assets	16 401	16 353
Property, plant and equipment	1 374	1 465
Other non-current assets	6	6
Total non-current assets	17 781	17 824

Current assets		
Current assets	259	612
Cash and cash equivalents	741	789
Total assets	18 781	19 225

As of

	March 31, 2013	March 31, 2014
--	----------------	----------------

(SEKm)

Total Equity	11	(919)
---------------------	-----------	--------------

Non-current liabilities		
Non-current interest bearing liabilities	15 330	17 056
Other non-current liabilities	1 249	897
Total non-current liabilities	16 579	17 953

Non-current liabilities		
Current interest bearing liabilities	360	331
Current liabilities	1 831	1 859
Total non-current liabilities	2 191	2 190

Total equity & liabilities	18 781	19 225
---------------------------------------	---------------	---------------

Capitalization Table as of March 31, 2014

Total Net Debt NorCell Group	As of		As of	
	March 31, 2014		December 31, 2013	
<i>As of March 31, 2014</i>	mSEK	mEUR*	mSEK	mEUR**
Term Loan A (SEK)	1 146	128	1 275	143
Term Loan B1 (SEK)	1 216	136	1 216	136
Term Loan B2 (EUR)	2 719	304	2 718	304
Capex Facility	300	34	300	34
Incremental Facility	500	56	500	56
Bank Debt	5 882	657	6 008	672
Senior Secured Notes (SEK)	3 492	390	3 492	391
Senior Notes (EUR)	2 569	287	2 567	287
Bank & Notes Debt	11 943	1 335	12 068	1 349
Cash and Cash Equivalents (SEK)	(789)	(88)	(1 122)	(125)
Net Cashpay Debt	11 154	1 246	10 946	1 224
Finance Leases (SEK)	62	7	81	9
Other financial indebtedness	14	2		
Intercompany PIK Loan (EUR)	2 485	278	2 483	278
Accrued Interest Intercompany PIK Loan (EUR)	105	12	26	3
Unamortized Transaction Costs (SEK/EUR)	(442)	(49)	(468)	(52)
Total External Net Debt NorCell Group	13 377	1 495	13 069	1 461

Total Net Debt NorCell 1B AB (publ)	As of		As of	
	March 31, 2014		December 31, 2013	
<i>As of March 31, 2014</i>	mSEK	mEUR*	mSEK	mEUR**
Senior PIK Notes (EUR)	2 531	283	2 530	283
OID Senior PIK Notes, gross (EUR)	(46)	(5)	(46)	(5)
Accrued Interest Senior PIK Notes (EUR)	105	12	26	3
Unamortized Transaction Costs Senior PIK Notes (SEK/EUR)	(22)	(3)	(25)	(3)
Total External Debt	2 567	287	2 484	278
Cash and Cash Equivalents (SEK)	(0)	(0)	(0)	(0)
Total External Net Debt NorCell 1B AB (publ)	2 567	287	2 484	278

* The exchange rate 8.984 is used to convert EUR debt into SEK as of March 31, 2014.

** The exchange rate 8.943 is used to convert EUR debt into SEK as of December 31, 2013

Presentation of Consolidated Financial Data

Presentation of Financial Information

This Presentation presents the following financial information, which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

- The unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2014 and 2013,

Non-IFRS Financial Measures

The following financial measures included in this presentation are not measures of financial performance or liquidity under IFRS:

- EBITDA is defined as net profit/(loss) for the period before income taxes, net financial items and depreciation and amortization. Depreciation and amortization are recorded under costs of sales and services (depreciation and amortization on fixed tangible and intangible assets related to production), selling expenses (depreciation and amortization on fixed tangible and intangible assets related to the sales function) and administrative expenses (depreciation and amortization on fixed tangible and intangible assets related to administrative functions).
- Underlying EBITDA is EBITDA before non-recurring costs, disposals and operating currency gains/(losses).
- Reported Underlying EBITDA is calculated as Underlying EBITDA, respectively, as a percentage of revenue.
- Operating free cash flow is calculated as Underlying EBITDA less non-recurring cost, less disposals, plus currency loss/gain, plus total adjustments for items not included in cash flow, less change in net working capital, less capital expenditures in fixed tangible and intangible assets not funded by leasing.
- Operating Free Cash Flow margin is calculated as Operating Free Cash Flow as a percentage of revenue.
- Net working capital consists of inventories, trade receivables, prepaid expenses and accrued income, plus other receivables, less trade payables, other current liabilities, as well as accrued expenses and deferred income. Financial items included in these line items in the balance sheet are excluded from the net working capital calculation.

The non-IFRS financial measures presented herein are not recognized measures of financial performance under IFRS but measures used by Management to monitor the underlying performance of the business and operations. In particular, the non-IFRS financial measures should not be viewed as substitutes for profit/(loss) for the period, profit/(loss) after financial items, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with IFRS. The non-IFRS financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet the Group's cash requirements and may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of future results.

These non-IFRS measures have been presented in this Presentation because they are considered to be important supplemental measures of Com Hem's performance, and Management believes that they are widely used by investors comparing performance between companies. Since not all companies compute these or other non-IFRS financial measures in the same way, the manner in which Management has chosen to compute the non-IFRS financial measures presented herein may not be comparable with similarly defined terms used by other companies.