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.

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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

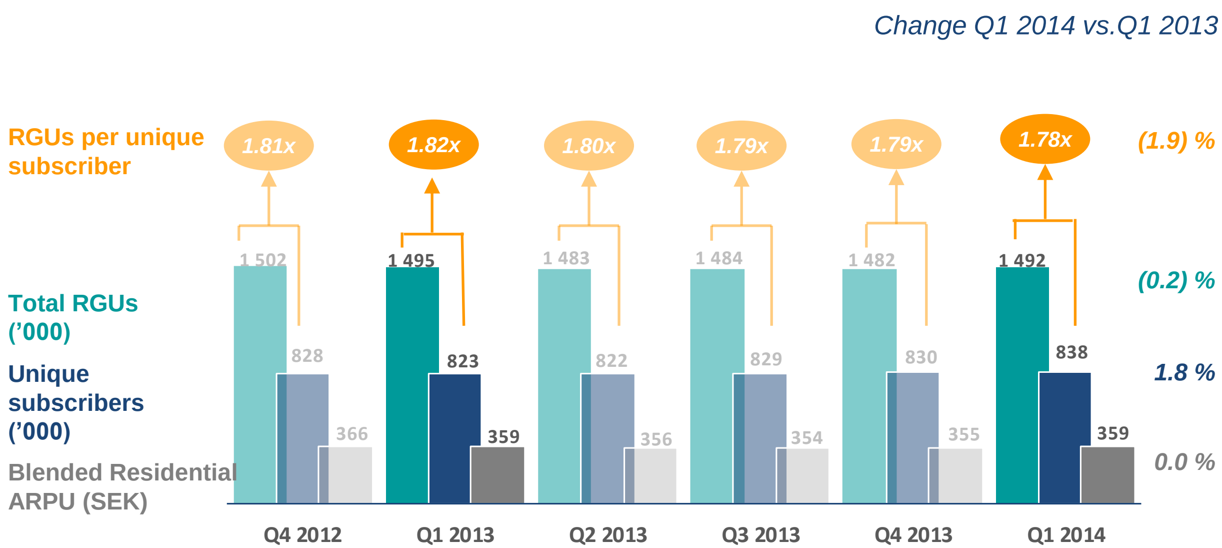
- Penetration of TiVo subscribers of digital TV base already above 12% after two quarters of TiVo sales, outperforming international TiVo peers
- Continued growth in broadband revenue and RGUs during the quarter, adding 12,000 subscribers in Q1 2014
- Selective launch of 1 Gbps broadband services, available 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

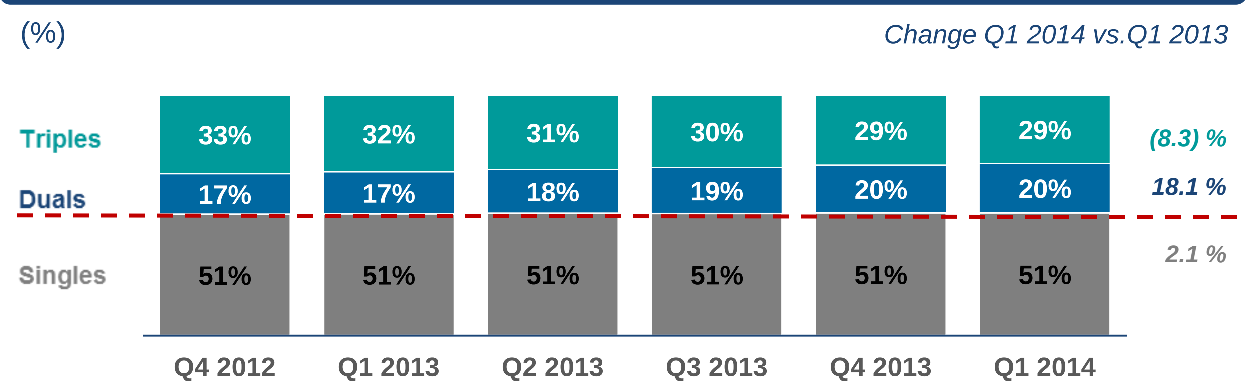
- Phonera acquisition completed as of March 31, 2014
- New Com Hem management team in place

Quarterly Development - Subscribers and RGUs

Services and ARPU per unique subscriber



Duals and Tripels



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

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

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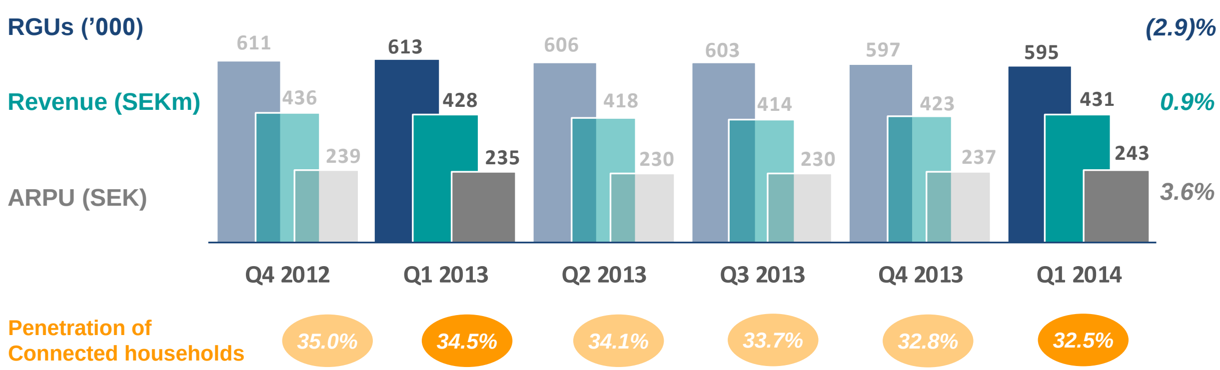
Quarterly Development – Digital TV

Revenue, RGU and ARPU

Change Q1 2014 vs.Q1 2013



TiVo subscriber base, EoP

Development

Comments

- Negative RGU development has flatten 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

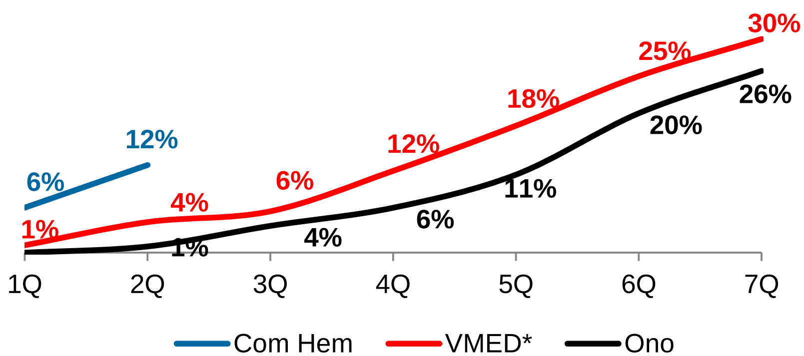
Going forward

Strategy

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

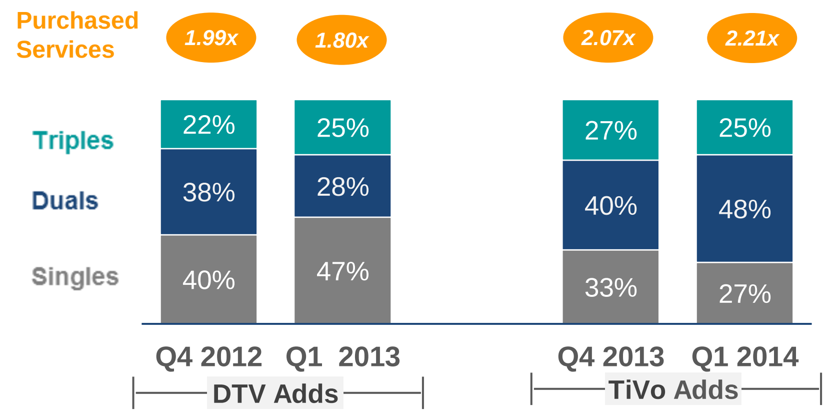
Quarterly Development – Digital TV (cont.)

TiVo Penetration of DTV base after launch



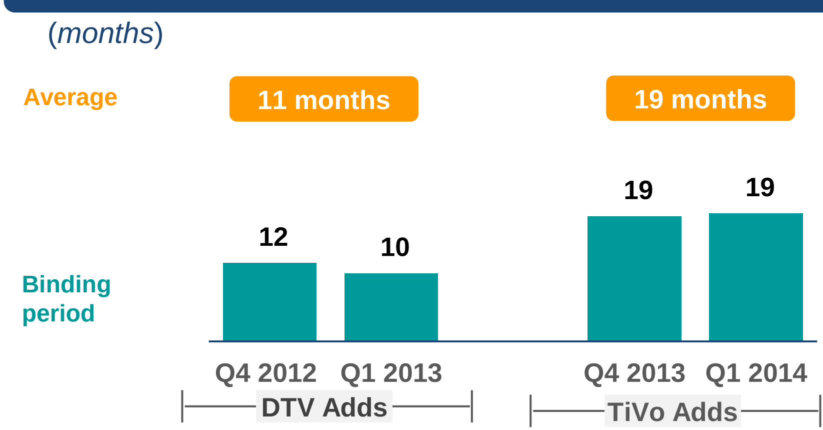
* *To get comparable quartely figures, Virgin Media first quarter of TiVo sales includes four months of TiVo sales (launch in December 2011)*

Increased cross-sell for adds after cancellation**



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

Longer binding periods



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

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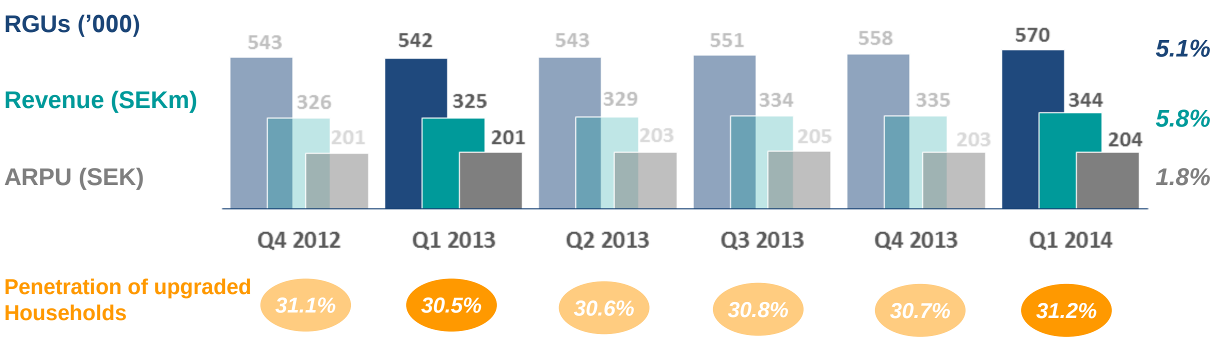
Quarterly Development - High-Speed Broadband

Revenue, RGU and ARPU

Change Q1 2014 vs.Q1 2013

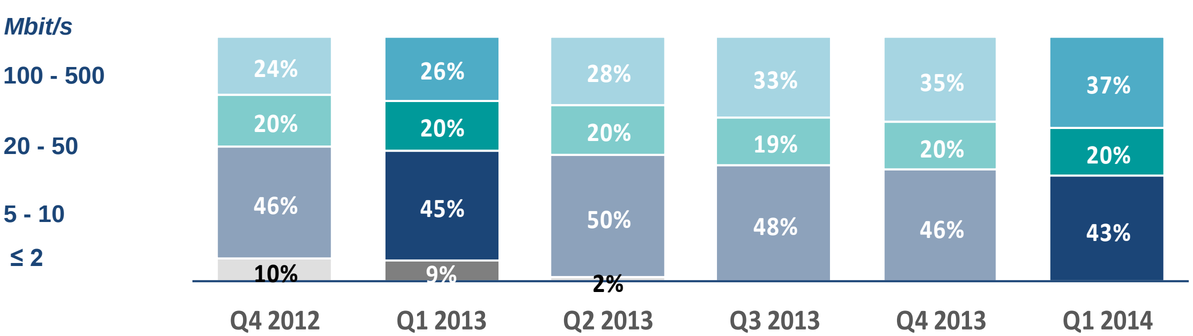


Development

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**

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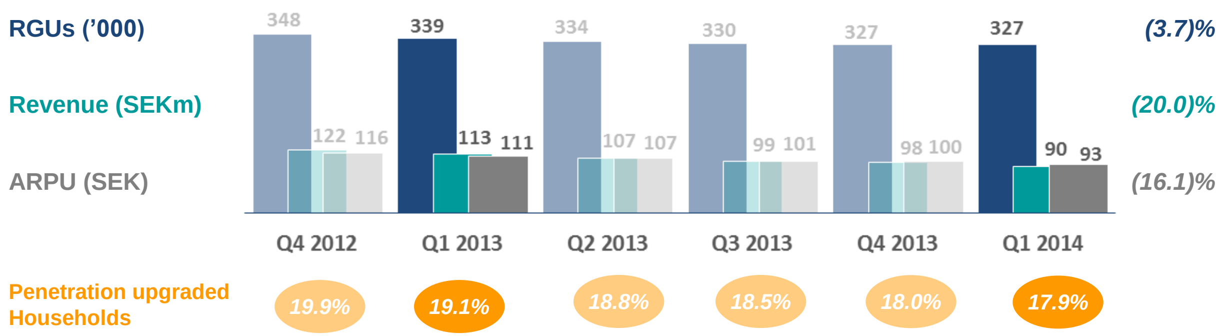
Quarterly Development – Fixed Telephony

Revenue, RGU and ARPU

Change Q1 2014 vs.Q1 2013

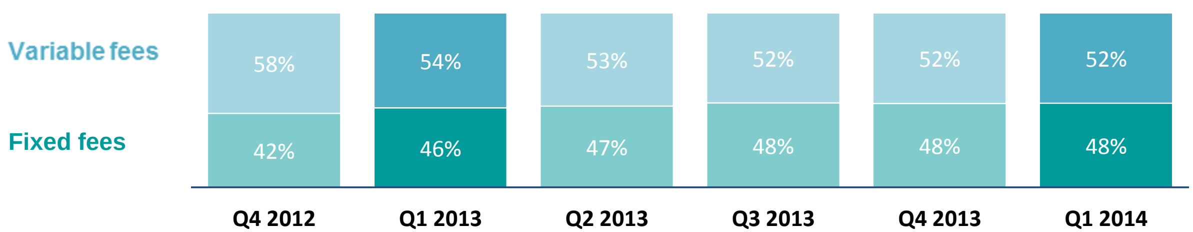


Development

Comments

- **No decline in Fixed Telephony subscriber base for the first quarter since Q4 2011**
- **Current telephony usage and variable fees 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**

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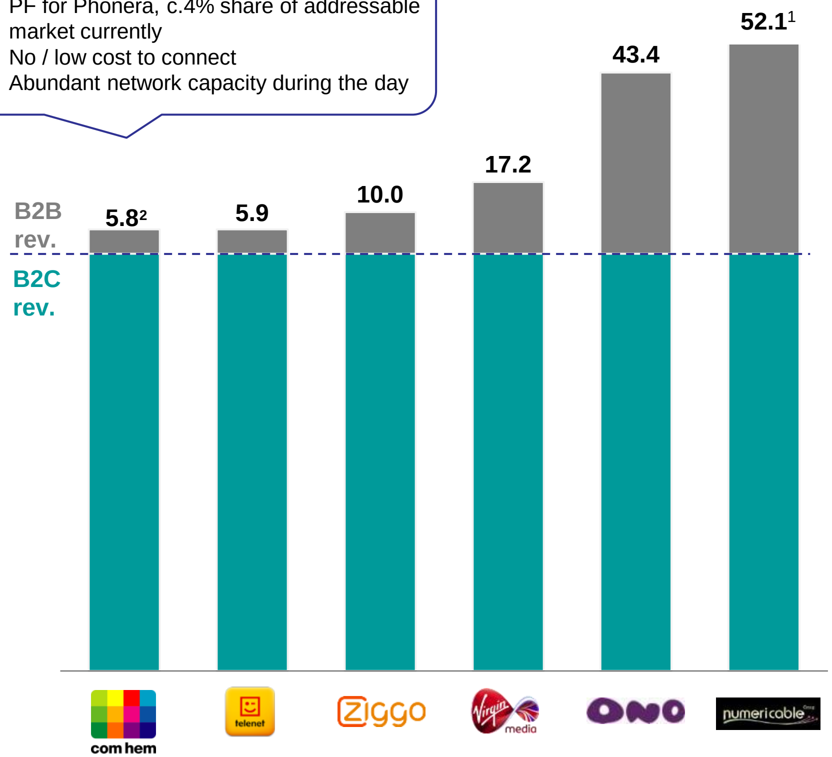
Significant Growth Opportunity in B2B
- to be monetised through Phonera acquisition

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	✘	✓	✓

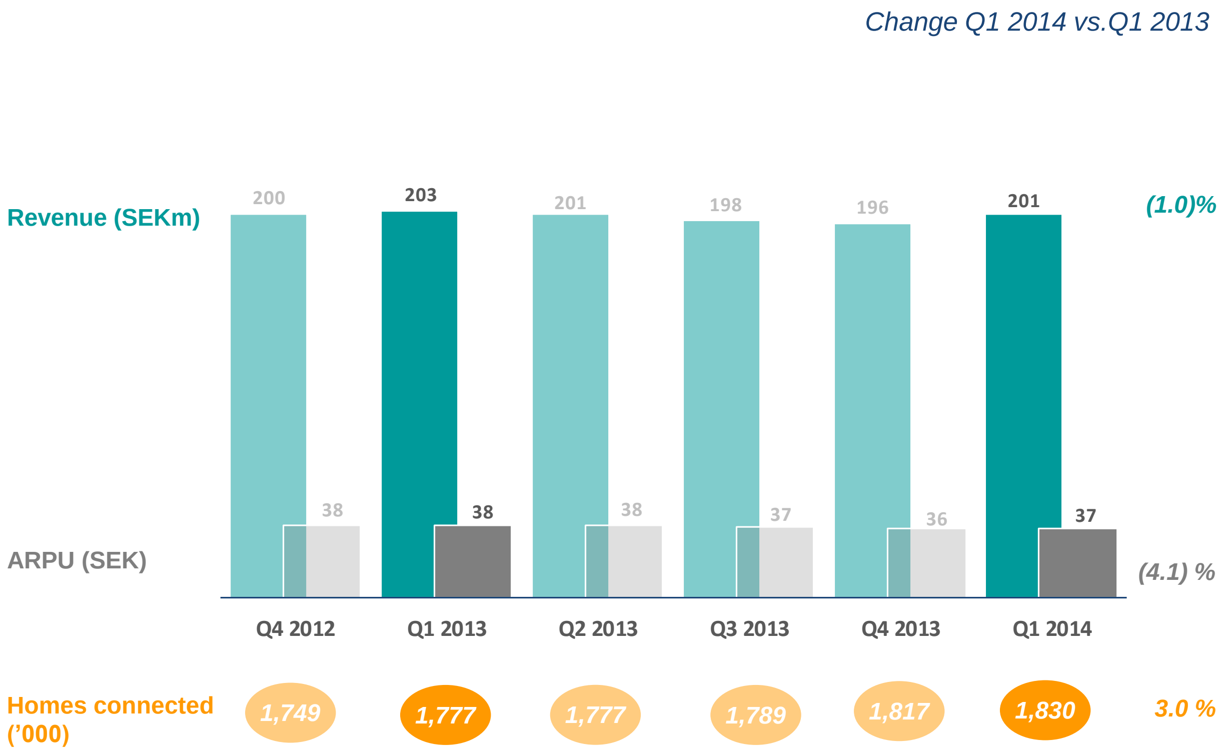
Up-and-running operations with sufficient scale

	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



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
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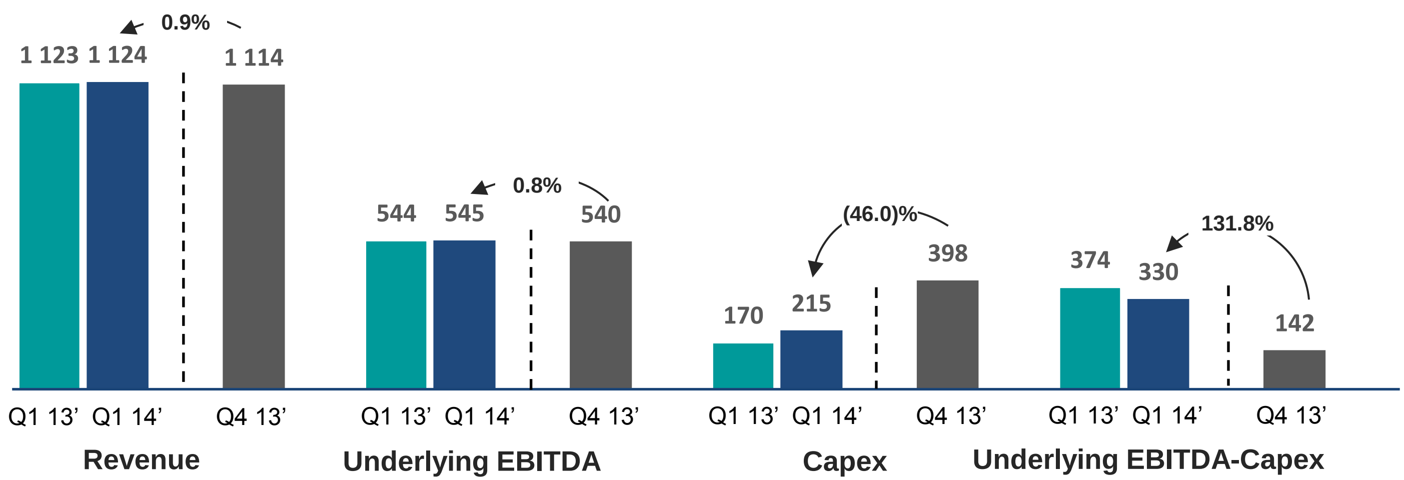
Financial Overview

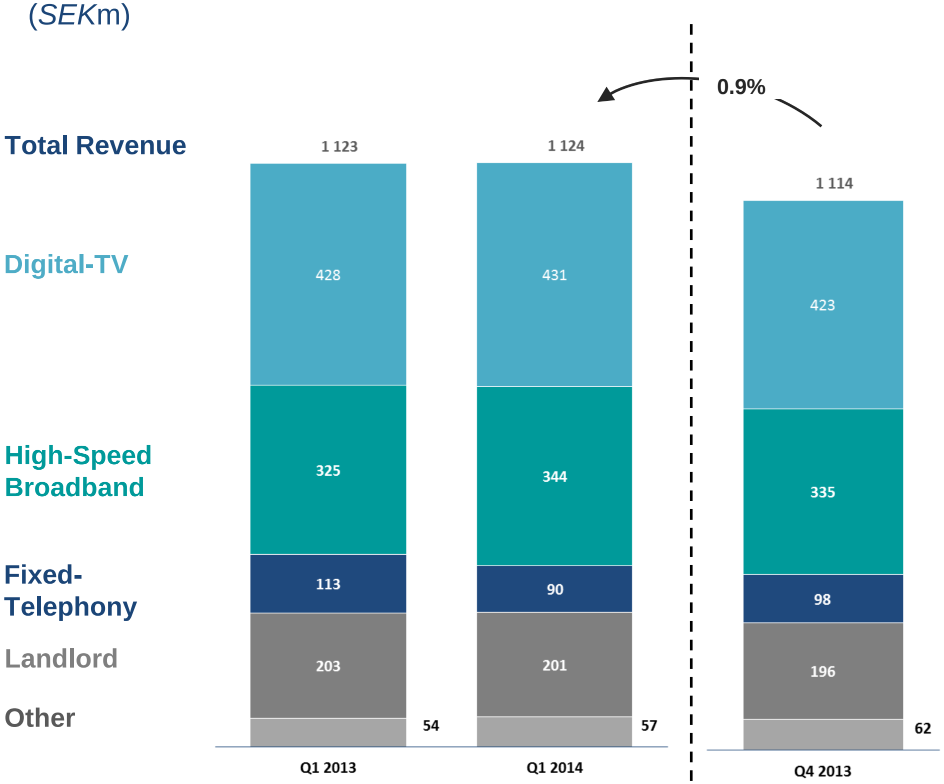


Financial highlights – first quarter	
Revenue	– Revenue increase of 0.9% q-o-q and flat against Q1 2013
Underlying EBITDA	– Underlying EBITDA increase of 0.8% q-o-q and flat development compared with Q1 2013
Capex	– Capex decrease of 46.0% q-o-q and increase of 25.9% compared with Q1 2013 driven by success-based 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

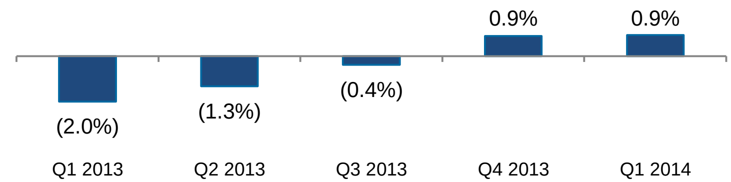
(*SEK*m)



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
  - Contiued 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

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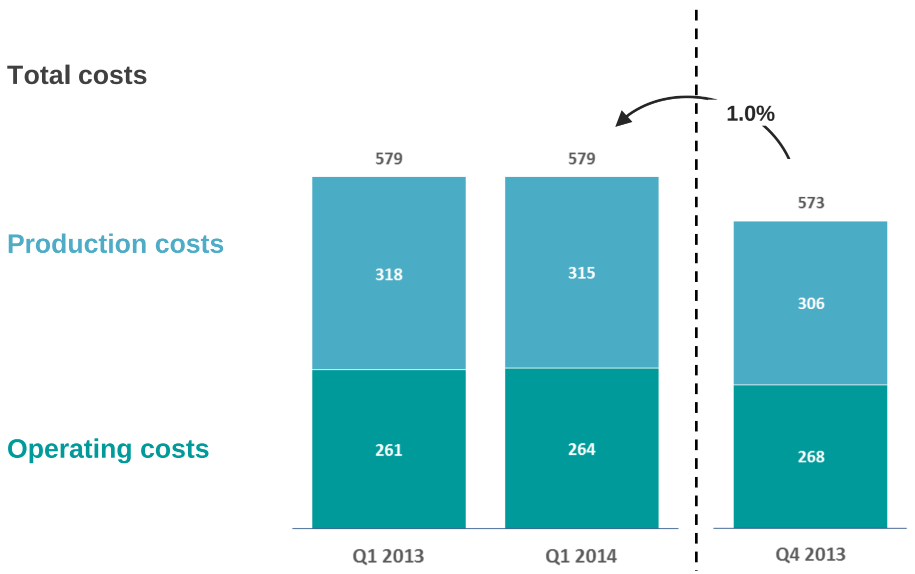
Cost Base

Production and Operating costs

(*SEK*m)



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**	**0.7%**	**(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)**	**(1.1%)**	**(268)**
Total Costs	**(579)**	**(579)**	**(1)**	**(0.1%)**	**(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

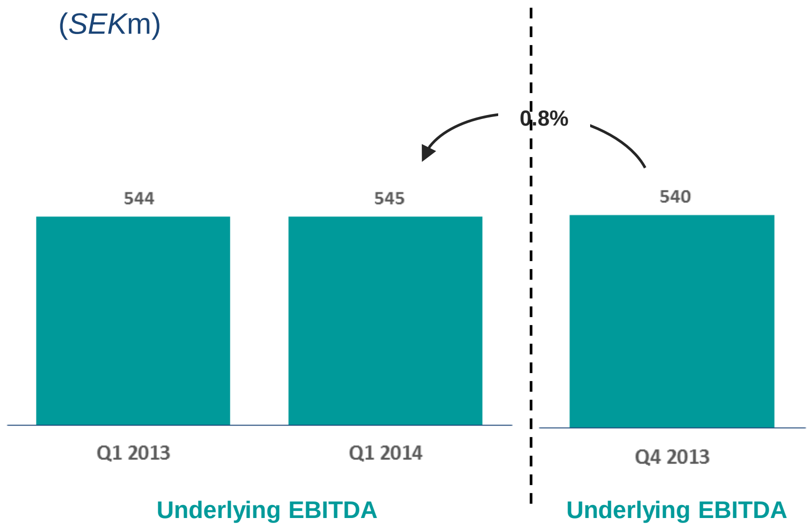
- **Cost base remains stable y-o-y as decrease in production costs offsets increase in operating costs**
  - Decreasing ***production costs*** due to:
    - Lower content costs from lower DTV base, and other production costs mainly from lower telephony usage
    - Partly offset by index increases for 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

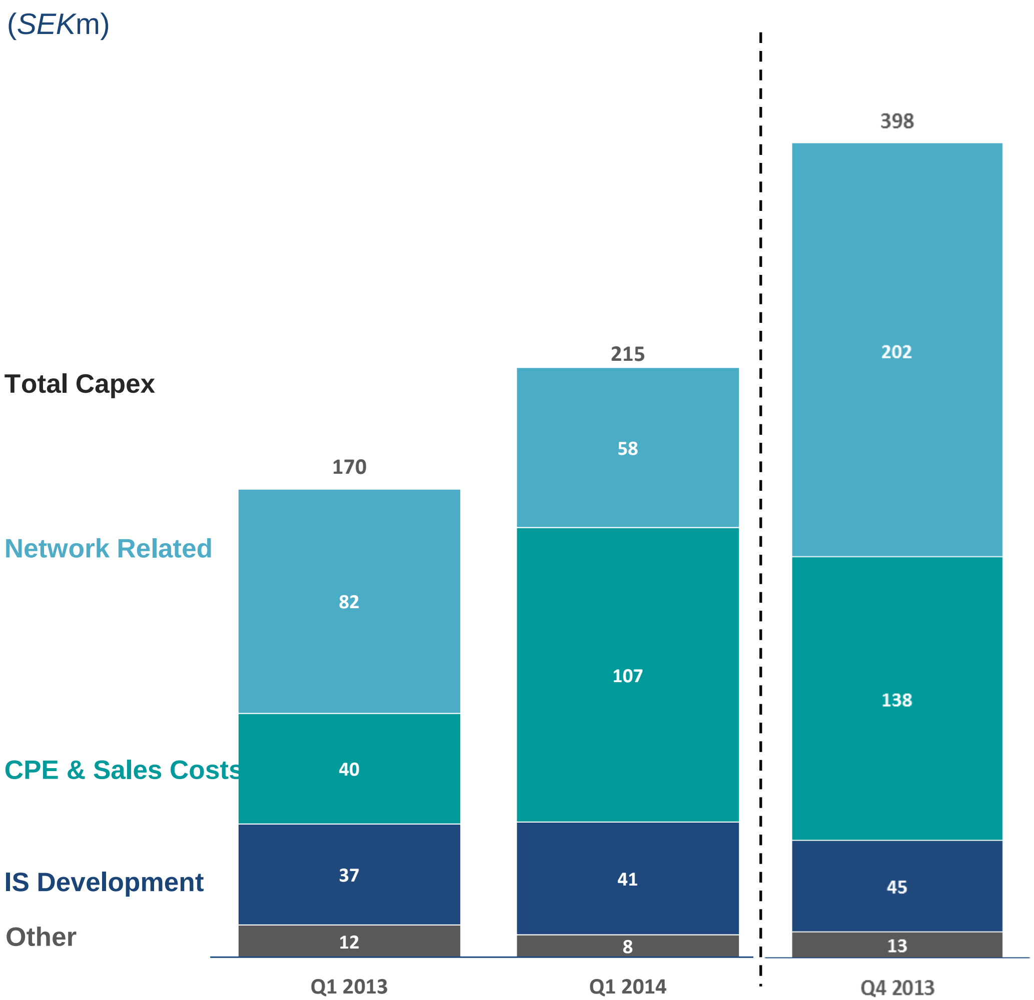
Comments

- **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



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

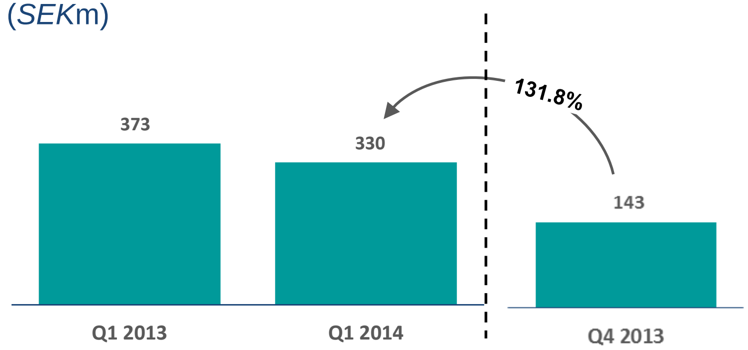
Cash Flow Generation

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)

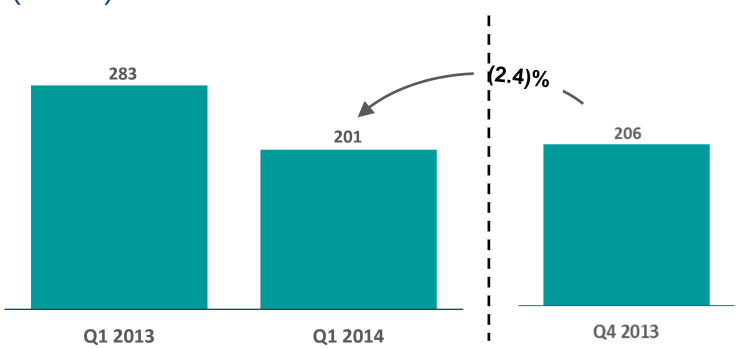


Operating free cash flow

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

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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*

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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*

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Balance Sheet

Assets	As of 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 March 31, 2014		As of December 31, 2013	
As of March 31, 2014	**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
Unamortizated 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 March 31, 2014		As of December 31, 2013	
As of March 31, 2014	**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*

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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/l(osses).
- 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.