



com hem

**Interim Report
as of March 31, 2015**

NorCell Sweden Holding 2 AB (publ) Group

FOR IMMEDIATE RELEASE

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IMPORTANT INFORMATION

For investors and prospective investors in NorCell Sweden Holding 2 AB (publ) Senior Notes and NorCell Sweden Holding 3 AB (publ) Senior Secured Notes, please refer to this interim report as of March 31, 2015 (the "**Interim Report**") presenting the NorCell Sweden Holding 2 AB (publ) Group's condensed consolidated financial statements for the period January 1 to March 31, 2015.

In this Interim Report, the terms "we", "our", "us", the "Company", the "Group" and "Com Hem", refer to NorCell Sweden Holding 2 AB (publ), or NorCell Sweden Holding 2 AB (publ) and its subsidiaries, as the context requires. The term "**NorCell Group**" refers to NorCell Sweden Holding 2 AB (publ) and its subsidiaries. Com Hem Holding AB is the parent company of NorCell Sweden Holding 2 AB (publ). The Com Hem Holding AB share is listed on Nasdaq Stockholm.

Certain numerical information and other amounts and percentages presented in this Interim Report may not sum due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number.

As used herein, the symbol "n/m" means "not meaningful", and "n/a" means "not applicable".

For definitions and glossary, please refer to the Group's Annual Report 2014.

This Interim Report has not been reviewed by the Company's auditors.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Interim Report contains various forward-looking statements that reflect Management's current view with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Interim Report, including, without limitation, in the section entitled "*Results of Operations and Financial Condition*", and include, among other things, statements relating to:

- The Group's strategy, outlook and growth prospects;
- the Group's operational and financial targets;
- the Group's liquidity, capital resources and capital expenditure;
- the Group's planned investments;
- the expectations as to future growth in demand for the Group's products and services;
- general economic trends and trends in the television and telecommunications industries;
- the impact of regulations on the Group and the Group's operations;
- the competitive environment in which the Group operates; and
- the outcome of legal proceedings.

Although Com Hem believes that the expectations reflected in these forward-looking statements are reasonable, Com Hem can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of, among others:

- Television, broadband and fixed-telephony penetration and other market developments;
- competition from local or international cable, telecommunications, media, production or alternative technology companies, including local area networks, satellite, Internet-protocol television, hybrid television, wireless broadband companies and OTT services;
- changes in international, national and local economic, political, business, industry and tax conditions;
- changes in underlying consumer behavior, including changes in consumer television viewing and preferences;
- changes in technology;
- changes in content prices;
- consolidation in the cable or telecommunications industry;
- the Group's ability to generate the funds needed to service the Group's debt;
- factors affecting the Group's leverage and the Group's ability to service debt;
- the effects of operating and financial restrictions in the Group's debt instruments;
- the ability to successfully develop and expand the range of products and services offered;
- the ability to retain or replace key personnel; and
- change in the Group's business strategy, development and investment plans.

These forward-looking statements speak only as of the date of this Interim Report. Com Hem expressly undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, investors and prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

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OPERATING PERFORMANCE AND KEY FINANCIAL RESULTS

The following chapter presents the operating performance and key financial results for the three months ended March 31, 2015, and March 31, 2014, unless otherwise stated. You should read this table in conjunction with "Results of Operations and Financial Condition", "Presentation of Financial and Other Information" and "Condensed Consolidated Financial Statements", which are included elsewhere in this Interim Report.

Operating Performance

The table below sets forth, as of and for each of the periods indicated, homes connected, landlord ARPU, unique consumer subscribers, total consumer RGUs, consumer RGUs per unique subscriber, consumer ARPU, consumer churn and RGUs by service.

	As of and for the three months ended March 31,		As of and for the year ended December 31,
	2015	2014	2014
	<i>(in thousands, except otherwise indicated)</i>		
Landlord Business			
Homes connected ⁽¹⁾	1,920	1,830	1,876
Landlord ARPU ⁽²⁾ (SEK).....	31	37	33
Consumer Business			
Unique consumer subscribers ⁽³⁾	888	838	876
Total consumer RGUs ⁽⁴⁾	1,595	1,492	1,566
Consumer RGUs per unique subscriber (in units).....	1.80	1.78	1.79
Consumer ARPU ^(2,5) (SEK).....	358	359	361
Consumer churn ⁽⁶⁾ (%).....	13.3	15.2	14.2
Consumer RGUs			
Digital television.....	625	595	618
- of which TiVo customers.....	189	74	164
Broadband.....	628	570	612
Fixed Telephony.....	342	327	337

- (1) Homes connected represent the number of residential units to which Com Hem provides an analogue or digital connection, primarily through long-term contracts with landlords of MDUs, but also through service provider agreements with communication operators.
- (2) ARPU is calculated by dividing the revenue for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period divided by two.
- (3) Unique consumer subscribers represent the number of individual end users who subscribed for one or more of Com Hem's upgraded digital services as of the date indicated.
- (4) Consumer RGUs (revenue generating units) relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe for two different services, thereby accounting for only one subscriber but two RGUs.
- (5) Consumer ARPU is calculated by dividing all digital television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each consumer service, by the average number of total unique subscribers for the respective period, and further by the number of months in the period. The average number of total unique subscribers is calculated by aggregating the average number of unique subscribers in each month during the respective period and dividing the result by the number of months in the respective period.
- (6) Consumer churn is defined as the voluntary or involuntary discontinuance of services by a subscriber.

Landlord Business

As of March 31, 2015 Com Hem had 1,920,000 homes connected, an increase of 44,000 households during the quarter. The increase was attributable to both adding new Open LAN networks and organic growth in existing open networks.

Landlord ARPU decreased by SEK 2 compared with the fourth quarter of 2014, to SEK 31. The decrease was mainly due to contract renegotiations, lower index pricing and migration of customers to B2B services during previous quarters 2014 and more Open LAN households where Com Hem does not provide any basic tv service and consequently do not receive any revenue categorized as landlord revenue.

Consumer Business

As of March 31, 2015 the number of unique consumer subscribers was 888,000 an increase by 12,000 compared with the end of the fourth quarter of 2014. Customer intake increased for all services with continued strong growth in broadband and digital television RGUs.

Consumer RGUs totaled 1,595,000, an increase of 28,000. The increase was driven by growth across all services, as a result of our ability to acquire new customers to our leading broadband and digital television services, plus our success in upselling customers to subscribe to additional services.

The number of RGUs per unique subscriber was 1.80 at the end of the quarter, which is a 0.1 increase for the second sequential quarter.

Consumer ARPU was SEK 358 for the quarter, a decrease compared with the preceding quarter but in line with the corresponding quarter last year. The decrease compared with the fourth quarter of 2014 was expected, as first quarter ARPU is lower as a consequence of high volume of new customers on introductory discounts as well as seasonality effects in the fixed telephony usage.

Consumer churn for the first quarter was 13.3%, compared with 14.2% for the fourth quarter of 2014. The decrease was due to a number of factors, but primarily reflects the early impact of the initiatives taken to improve the quality of our customers' experience.

Consumer RGUs

During the first quarter digital television RGUs increased by 8,000 to 625,000. The increase was attributable to higher sales of Com Hem's digital television services, supported by the TiVo service. Following the commercial launch of TiVo in October 2013, 189,000 digital television customers now subscribe to the TiVo service, which is equivalent to a penetration of 30% of the total number of digital television RGUs.

Broadband RGUs increased by 16,000 during the quarter to 628,000. The growth during the quarter reflects the success of the upgrade of customer speed and continued strong demand for Com Hem's market-leading broadband offerings. The mix of new customers on 100 Mbit/s continues to rise, reaching 74%. The average broadband speed purchased by our existing broadband base now exceeds 100 Mbit/s.

Fixed telephony RGUs continued to grow during the quarter to 342,000 telephony RGUs, an increase of 4,000 RGUs compared with the fourth quarter.

Other Major Events During the First quarter

On February 10, 2015 it was announced that Mikael Larsson has been appointed CFO of Com Hem AB and will be a member of the Executive Management Team. Mikael Larsson has held the position as CFO of Investment AB Kinnevik since 2001. Mikael Larsson replaces Joachim Jaginder who has decided to leave Com Hem after 6 years, and who will hereby resign from any duties as member of the board within the Group companies. For further information see separate press release.

Major Events After the First quarter

On May 1, Mikael Larsson joined as new CFO of Com Hem.

Key Financial Results

The table below sets forth, as of and for each of the periods indicated, revenue, underlying EBITDA, net result for the period, capital expenditure and operating free cash flow.

	For the three months ended March 31,		For the year ended
	2015	2014	December 31, 2014
	<i>(SEK in millions)</i>		<i>(SEK in millions)</i>
Revenue.....	1,228	1,124	4,761
Underlying EBITDA.....	581	545	2,267
Net result for the period.....	(37)	(255)	(1,350)
Capital Expenditures.....	263	215	1,051
Operating Free Cash Flow ⁽¹⁾	317	330	1,216

(1) Operating free cash flow is defined as underlying EBITDA less Capital Expenditure.

Revenue for the First quarter 2015

Revenue increased by SEK 104m, or 9.2%, to SEK 1,228m (1,124), of which Phonera's legacy business contributed SEK 65m or 5.8%. Excluding Phonera revenue, the increase in revenue was SEK 39m, or 3.5%. Revenue from consumer services increased by SEK 49m or 5.6%, to SEK 914m (866). The increase was due to higher revenue from broadband and digital television.

Underlying EBITDA development for the First quarter 2015

Underlying EBITDA increased by SEK 36m or 6.6%, to SEK 581m (545), and the underlying EBITDA margin was 47.3% (48.5%). The increase in underlying EBITDA was mainly due to revenue growth from consumer services as well as the contribution from the Phonera business. The underlying EBITDA margin was lower as a consequence of the acquisition of Phonera, as services sold by Phonera outside Com Hem's network have a lower gross margin compared with services sold inside Com Hem's network, as well as higher marketing and sales costs during the quarter.

Net result for the period

The Group reported a net result of SEK -37m (-255) in the three months ended March 31, 2015.

Capital Expenditure (Capex)

Capital expenditure increased by SEK 48m or 22.5%, to SEK 263m (215), representing 21.4% (19.1%) of revenue. The increase was mainly due to higher investment in broadband modems due to the broadband upgrade campaign and a continued strong demand for Com Hems market-leading high-speed broadband services as well as higher capex for the acquisition of new customers and upsell activities during the quarter.

Operating Free Cash Flow

Operating free cash flow decreased by SEK 12m or 3.8%, to SEK 317m (330). The decrease was due to higher capex for the acquisition of new customers, partly offset by higher underlying EBITDA contribution.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion and analysis of the results of operations and financial condition of the Group, based on the unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2015 and 2014, and as of and for the year ended December 31, 2014. You should read this discussion in conjunction with the condensed consolidated financial statements included elsewhere in this Interim Report.

Selected Financial Data

Condensed Consolidated Income Statement

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	<i>(SEK in millions)</i>		<i>(SEK in millions)</i>
Revenue.....	1,228	1,124	4,761
Cost of sales and services.....	(594)	(548)	(2,315)
Gross profit.....	634	576	2,446
Selling expenses.....	(390)	(361)	(1,491)
Administrative expenses.....	(65)	(63)	(256)
Other operating income and expenses.....	(8)	(5)	(26)
Operating Profit.....	170	148	672
Net financial income and expenses.....	(218)	(429)	(2,572)
Income taxes.....	10	26	550
Net loss for the period.....	(37)	(255)	(1,350)

Revenue

Revenue increased by SEK 104m, or 9.2%, to SEK 1,228m (1,124) in the three months ended March 31, 2015, of which Phonera's legacy business contributed SEK 65m or 5.8%. Excluding Phonera revenue, the increase in revenue was SEK 39m, or 3.5%.

The table below sets forth, for each of the periods indicated, revenue by service:

<u>Service</u>	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	<i>(SEK in millions)</i>		<i>(SEK in millions)</i>
Consumer.....	914	866	3,540
Landlord.....	179	201	774
B2B	77	2	222
Other.....	58	55	226
Total revenue.....	1,228	1,124	4,761

Consumer Services

Revenue from consumer services increased by SEK 49m or 5.6%, to SEK 914m (866) in the three months ended March 31, 2015. The increase was due to higher revenue from broadband and digital television. Broadband services revenue increased to SEK 394m (344) due to an increased number of RGUs and improved speed mix as a function of the success from the broadband upgrade campaign and continued strong demand for high-speed broadband services. Digital television revenue increased to SEK 442m (431) as a result of new sales of TiVo as well as migration of existing digital television customers to TiVo packages. The increase in revenue from broadband and digital television services was partly offset by a decrease in fixed telephony revenue to SEK 78m (90), due to lower usage.

Landlord Services

Revenue from landlord services decreased by SEK 22m or 11.0%, to SEK 179m (201). The decrease was primarily due to a reduction in ARPU mainly as a result of contract renegotiations, lower index pricing and migration of customers to B2B services during previous quarters of 2014.

B2B Services

Revenue from B2B services was SEK 77m, compared to SEK 2m for the first quarter of 2014. Excluding Phonera revenue for Q1 2015, the organic OnNet SoHo revenue growth was SEK 10m.

Other Revenue

Other revenue increased by SEK 3m or 4.8%, to SEK 58m (55) in the three months ended March 31, 2015. The increase was due to higher revenue from iTUX, the Group's communication operator.

Operating profit (EBIT)

Operating profit (EBIT) was SEK 170m (148) in the three months ended March 31, 2015. The increase was due to higher underlying EBITDA and no TiVo non-recurring costs, partly offset by higher amortization of capitalized sales costs, as function of higher sales during the year and added amortization and depreciation from Phonera.

Net Financial Income and Expenses

Financial income and expenses amounted to a net expense of SEK 218m (429) in the three months ended March 31, 2015. The decrease was due to lower interest expenses for the period compared with last year, mainly due to the decrease in the amount of outstanding debt as well as lower interest rates for the total outstanding debt.

Income Taxes

The Group recognized a deferred tax income of SEK 10m (26), in the three months ended March 31, 2015.

Net Result for the Period

The Group reported a net result of SEK -37m (-255) in the three months ended March 31, 2015.

Reconciliation of the Net Result for the Period to Underlying EBITDA

The table below sets forth a reconciliation of net result for the period to Underlying EBITDA for the three months ended March 31, 2015 and 2014, and for the year ended December 31, 2014.

	For the three months ended March 31,		For the year ended
	2015	2014	December 31, 2014
	<i>(SEK in millions)</i>		<i>(SEK in millions)</i>
Net result for the period	(37)	(255)	(1,350)
Income taxes.....	(10)	(26)	(550)
Net financial income and expenses.....	218	429	2,572
Operating Profit	170	148	672
Write-downs ⁽¹⁾	-	-	15
Depreciation and amortization.....	376	341	1,438
Non-recurring costs.....			
-of which TiVo and B2B launch.....	-	36	60
-of which acquisition costs ⁽²⁾	-	8	9
-of which redundancy.....	22	3	40
-of which other.....	1	7	16
Total non-recurring costs	23	55	125
Operating currency (loss)/gain.....	11	1	16
Underlying EBITDA	581	545	2,267

(1) Write-downs are related to capitalized sales costs and production facilities.

(2) Include costs for legal and advisory fees (including costs for acquiring Phonera Företag AB).

Underlying EBITDA

Underlying EBITDA increased by SEK 36m or 6.6%, to SEK 581m (545), and the underlying EBITDA margin was 47.3% (48.5%). The increase in underlying EBITDA was mainly due to revenue growth from consumer services as well as the contribution from the Phonera business. The underlying EBITDA margin was lower as a consequence of the acquisition of Phonera, as services sold by Phonera outside Com Hem's network have a lower gross margin compared with services sold inside Com Hem's network, as well as higher marketing and sales costs during the quarter.

Capital Expenditure (Capex)

Capital expenditure increased by SEK 48m or 22.5%, to SEK 263m (215), representing 21.4% (19.1%) of revenue. The increase was mainly due to higher investment in broadband modems due to the broadband upgrade campaign and a continued strong demand for Com Hems market-leading high-speed broadband services as well as higher capex for the acquisition of new customers and upsell activities during the quarter.

Operating Free Cash Flow

Operating free cash flow decreased by SEK 12m or 3.8%, to SEK 317m (330). The decrease was due to higher capex for the acquisition of new customers, partly offset by higher underlying EBITDA contribution.

Liquidity

As of March 31, 2015, the Group held SEK 799m (789) in cash and cash equivalents. Unutilized credit facilities amounted to SEK 1,095m of which a newly committed credit facility of SEK 500m.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Interim Report presents the following financial information:

The unaudited condensed consolidated financial statements of the NorCell Group as of and for the three months ended March 31, 2015 and 2014, and as of and for the year ended December 31, 2014. These accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Non-IFRS Financial Measures

The following financial measures included in this Interim Report are not measures of financial performance or liquidity under IFRS.

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.

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	<i>(SEK in millions, except percentages)</i>		
Underlying EBITDA ⁽¹⁾	581	545	2,267
Underlying EBITDA margin (in %) ⁽²⁾	47.3	48.5	47.6
Operating Free Cash Flow ⁽³⁾	317	330	1,216
Operating Free Cash Flow margin (in%) ⁽⁴⁾	25.9	29.4	25.5

(1) Underlying EBITDA is defined as net result for the period before income taxes, net financial items, disposals, depreciation and amortization, non-recurring costs and operating currency gain/(loss) ("Underlying EBITDA"). Depreciation and amortization is 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). For a reconciliation of Net Result for the Period to Underlying EBITDA, see "Results of Operations and Financial Condition - Reconciliation of the Net Result for the Period to Underlying EBITDA".

(2) Underlying EBITDA margin is calculated as Underlying EBITDA as a percentage of revenue.

(3) Operating Free Cash Flow is calculated as Underlying EBITDA, less Capital Expenditure.

(4) Operating Free Cash Flow margin is calculated as Operating Free Cash Flow as a percentage of revenue.

Selected Operational Data

These non-IFRS measures have been presented in this Interim Report because they are considered to be important supplemental measures of Com Hem's performance and believed to be widely used by investors and prospective 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 to similarly defined terms used by other companies.

	As of and for the three months ended March 31,		As of and for the year ended December 31,
	2015	2014	2014
<i>(in thousands, except otherwise indicated)</i>			
Landlord Business			
Homes connected ⁽¹⁾	1,920	1,830	1,876
Landlord ARPU ⁽²⁾ (SEK).....	31	37	33
Consumer Business			
Unique consumer subscribers ⁽³⁾	888	838	876
Total consumer RGUs ⁽⁴⁾	1,595	1,492	1,566
Consumer RGUs per unique subscriber (in units).....	1.80	1.78	1.79
Consumer ARPU ^(2,5) (SEK).....	358	359	361
Consumer churn ⁽⁶⁾ (%).....	13.3	15.2	14.2
Consumer RGUs			
Digital television.....	625	595	618
- of which TiVo customers.....	189	74	164
Broadband.....	628	570	612
Fixed Telephony.....	342	327	337

- (1) Homes connected represent the number of residential units to which Com Hem provides an analogue or digital connection, primarily through long-term contracts with landlords of MDUs, but also through service provider agreements with communication operators.
- (2) ARPU is calculated by dividing the revenue for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period divided by two.
- (3) Unique consumer subscribers represent the number of individual end users who subscribed for one or more of Com Hem's upgraded digital services as of the date indicated.
- (4) Consumer RGUs (revenue generating units) relate to sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe for two different services, thereby accounting for only one subscriber but two RGUs.
- (5) Consumer ARPU is calculated by dividing all digital television, high-speed broadband, fixed-telephony and other revenue that can be allocated to each consumer service, by the average number of total unique subscribers for the respective period, and further by the number of months in the period. The average number of total unique subscribers is calculated by aggregating the average number of unique subscribers in each month during the respective period and dividing the result by the number of months in the respective period.
- (6) Consumer churn is defined as the voluntary or involuntary discontinuance of services by a subscriber.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements present the NorCell Group as of and for the three months ended March 31, 2015 and 2014 and as of and for the year ended December 31, 2014.

Condensed Consolidated Income Statement

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	<i>(SEK in millions)</i>	<i>(SEK in millions)</i>	<i>(SEK in millions)</i>
Revenue.....	1,228	1,124	4,761
Cost of sales and services.....	(594)	(548)	(2,315)
Gross profit.....	634	576	2,446
Selling expenses.....	(390)	(361)	(1,491)
Administrative expenses.....	(65)	(63)	(256)
Other operating income and expenses.....	(8)	(5)	(26)
Operating Profit.....	170	148	672
Net financial income and expenses.....	(218)	(429)	(2,572)
Result after financial items.....	(47)	(281)	(1,900)
Income taxes.....	10	26	550
Net result for the period.....	(37)	(255)	(1,350)
Earnings per share			
Basic (SEK).....	(62)	(425)	(2,250)
Diluted (SEK).....	(62)	(425)	(2,250)

Other Comprehensive Income

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	<i>(SEK in millions)</i>	<i>(SEK in millions)</i>	<i>(SEK in millions)</i>
Net result for the period.....	(37)	(255)	(1,350)
Other comprehensive income			
Components not to be reclassified to net profit/loss			
Revaluation of pension obligations.....	-	-	(110)
Tax attributable to revaluation of pension obligations.....	-	-	24
Total other comprehensive income for the period, net of tax.....	-	-	(86)
Total comprehensive income for the period.....	(37)	(255)	(1,436)

Condensed Consolidated Balance Sheet

	As of March 31, 2015 <i>(SEK in millions)</i>	As of March 31, 2014 <i>(SEK in millions)</i>	As of December 31, 2014 <i>(SEK in millions)</i>
Non-current assets			
Intangible assets.....	15,915	16,353	16,041
Property, plant and equipment.....	1,516	1,465	1,505
Other non-current assets.....	248	6	267
Total non-current assets.....	17,680	17,824	17,813
Current assets			
Cash and cash equivalents.....	799	789	586
Total current assets.....	1,577	1,401	1,377
Total assets.....	19,256	19,225	19,190
Total equity.....			
	1,198	(919)	1,236
Non-current interest-bearing liabilities			
Non-current interest-bearing liabilities.....	15,951	17,056	15,893
- of which intercompany loans.....	6,609	5,811	6,501
Other non-current liabilities.....	239	217	236
Deferred tax liabilities.....	202	680	212
Total non-current liabilities.....	16,391	17,953	16,341
Current interest-bearing liabilities			
Current interest-bearing liabilities.....	27	331	30
Other current liabilities.....	1,640	1,859	1,584
Total current liabilities.....	1,667	2,190	1,614
Total equity and liabilities.....	19,256	19,225	19,190

	As of March 31, 2015 <i>(SEK in millions)</i>	As of March 31, 2014 <i>(SEK in millions)</i>	As of December 31, 2014 <i>(SEK in millions)</i>
Opening Total equity beginning of period.....	1,236	(664)	(664)
Net result for the period.....	(37)	(255)	(1,350)
Other comprehensive income for the period, net of tax.....	-	-	(86)
Total comprehensive income for the period.....	(37)	(255)	(1,436)
Transactions with owners of the company			
Shareholder's contribution.....	-	-	3,044
Group contribution, net of tax.....	-	-	291
Closing Total equity end of period.....	1,198	(919)	1,236

Condensed Consolidated Cash Flow Statement

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	(SEK in millions)	(SEK in millions)	(SEK in millions)
<i>Operating activities</i>			
Result after financial items.....	(47)	(281)	(1,900)
Adjustments for items not included in cash flow*.....	543	675	2,696
Change in working capital.....	(1)	(73)	(159)
Cash flow from operating activities.....	495	321	637
<i>Investing activities</i>			
Acquisition of intangible assets.....	(111)	(76)	(429)
Acquisition of property, plant and equipment.....	(152)	(139)	(594)
Acquisition of subsidiaries.....	-	(291)	(302)
Divestment of financial assets.....	-	-	6
Cash flow from investing activities.....	(263)	(507)	(1,318)
<i>Financing activities</i>			
Shareholder's contribution.....	-	-	3,044
Borrowings.....	-	-	8,575
Amortization of borrowings.....	(7)	(147)	(11,366)
Payment of borrowing costs.....	(11)	(0)	(108)
Cash flow from financing activities.....	(19)	(148)	145
Net cash flow for the period.....	213	(333)	(536)
Cash and cash equivalents at beginning of period.....	586	1,122	1,122
Cash and cash equivalents at period end.....	799	789	586

*Adjustments for items not included in cash flow,

	For the three months ended March 31,		For the year ended December 31,
	2015	2014	2014
	(SEK in millions)	(SEK in millions)	(SEK in millions)
Depreciation and amortization of assets.....	376	341	1,438
Unrealized exchange rate differences.....	(114)	5	339
Unrealized change in fair value of derivatives.....	19	(20)	(158)
Change in capitalized borrowing expenses and discounts.....	9	26	432
Change in accrued interest expense.....	71	161	(124)
Interest not settled with cash, group companies.....	180	161	743
Other profit/loss items not settled with cash.....	3	2	26
Total.....	543	675	2,696

Notes to the Condensed Consolidated Financial Statements

Note 1 Basis of Preparation

The consolidated accounts of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU and described in the Group's 2014 Annual Report. The accounts are presented in millions of Swedish kronor (SEKm), which is also the Group's functional currency. New or amended IFRSs which became effective on January 1, 2015, have had no material effect on the consolidated financial statements. The Interim Report is prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Report has been approved for issuance by the Board of Directors on May 6, 2015.

Operating Segments

The operations of the Group are integrated and constitute a single operating segment that offers bundled services to Consumers (digital-television, broadband and fixed telephony), B2B (broadband and telephony) and Landlord (basic television service), in a single market, Sweden. This is also the base of the Group's management structure and the structure for internal reporting, which is controlled by the Group's Chief Executive Officer, who has been identified as its chief operating decision maker. As such, the Group does not present any operating segment information.

Note 2 Revenue

Revenue increased by SEK 104m, or 9.2%, to SEK 1,228m (1,124), of which Phonera's legacy business contributed SEK 65m or 5.8% in the three months ended March 31, 2015. Excluding Phonera revenue, the increase in revenue was SEK 39m, or 3.5%. Revenue from consumer services increased by SEK 49m or 5.6%, to SEK 914m (866). Broadband services revenue increased to SEK 394m (344). Digital television revenue increased to SEK 442m (431). The increase in revenue from broadband and digital television services was partly offset by a decrease in fixed telephony revenue to SEK 78m (90), due to lower usage. Revenue from B2B services was SEK 77m, compared to SEK 2m for the first quarter of 2014. Revenue from landlord services decreased by SEK 22m or 11.0%, to SEK 179m (201). Other revenue increased by SEK 3m or 4.8%, to SEK 58m (55).

<u>SEK in millions</u>	For three months ended March 31,	% Change	For the three months ended March 31,
	2015		2014
Consumer.....	914	5.6	866
Landlord.....	179	(11)	201
B2B.....	77	n/m	2
Other.....	58	4.8	55
Total.....	1,228	9.2	1,124

Note 3 Operating Expenses

The Group's cost of sales and services amounted to SEK 594m (548), or 48.4% (48.8%) of total revenue in the three months ended March 31, 2015. Selling expenses amounted to SEK 390m (361), or 31.8% (32.1%) of total revenue, administrative expenses amounted to SEK 65m (63), or 5.3% (5.6%) of total revenue and the Group's net other operating income and expenses amounted to an expense of SEK 8m (5).

Note 4 Financial Income and Expenses

Financial income and expenses summarized to a net financial expense of SEK 218m (429) in the three months ended March 31, 2015. The decrease of SEK 211m was due to lower interest expenses mainly due to the decrease in the amount of outstanding debt as well as lower interest rates for the total outstanding debt.

Note 5 Income Taxes

The Group recognized a deferred tax income of SEK 10m (26) in the three months ended March 31, 2015.

Note 6 Net Result for the Period

The Group reported a net result of SEK -37m (-255) in the three months ended March 31, 2015.

Note 7 Capital Expenditure (Capex)

Capital expenditure increased by SEK 48m or 22.5%, to SEK 263m (215), representing 21.4% (19.1%) of revenue.

Note 8 Acquisition of subsidiaries

The Group completed the acquisition of Phonera Företag AB including its subsidiaries on March 31, 2014, which is also the date control exists and from when the entity is consolidated. The purchase price was SEK 311m of which all was paid in cash. The recognized value of intangible assets was SEK 318m of which SEK 161m was customer relationships and SEK 157m was goodwill.

The goodwill recognized for the acquisition pertains to future revenue from new customers and increased revenue from existing customers through continued growth of the number of services sold per customer. No portion of the goodwill is expected to be tax deductible.

<u>Acquisition of Phonera SEK in millions</u>	<u>Recognized value in the Group</u>
Intangible assets.....	161
Other intangible assets.....	10
Other tangible assets.....	3
Other current assets.....	71
Cash and cash equivalents	9
Deferred tax liabilities.....	(35)
Non-current liabilities.....	0
Current liabilities.....	(65)
Recognized assets, net.....	154
Goodwill.....	157
Purchase price.....	311

No acquisitions were made during the first quarter of 2015.

Note 9 Liquidity and Financial Position

As of March 31, 2015, the Group held SEK 799m (789) in cash and cash equivalents. Unutilized credit facilities amounted to SEK 1,095m of which a newly committed credit facility of SEK 500m.

Note 10 Fair Value of Derivative Instruments

In order to decrease the Group's interest rate risks and currency exposure, certain derivatives have been entered into. The derivatives are measured at fair value and are recognized in net profit or loss. Hedge accounting is not applied. The Group only holds level 2 instruments as described in the Group's Annual Report for 2014. Amounts of SEK -19m (20) regarding changes in fair value of derivatives have been recognized in net financial income and expenses. The Group terminated the major part of the derivatives in connection with the refinancing in June 2014.

The following table illustrates the fair value of the derivatives at period end.

<u>SEK in millions</u>	<u>As of March 31, 2015</u>	<u>As of March 31, 2014</u>	<u>As of December 31, 2014</u>
Derivatives (Collar).....	-	(6)	-
Derivatives (CIRS).....	20	(78)	39
Derivatives (FX contracts).....	-	(14)	-
Financial liabilities/assets.....	20	(98)	39

Note 11 Risks and Uncertainty Factors

The Group has identified a number of operational and financial risks. Operational risks constitutes of increasing competition, the ability to attract and keep customers, technical development, regulatory environment and substitution from fixed to mobile telephony. Financial risks include liquidity, credit, interest rate, and currency risks. For a detailed description of the significant risk factors for the Group's future development, please see the description in the Group's Annual Report for 2014. The Group believes that the risk environment has not materially changed from the description in the 2014 Annual Report.

Note 12 Events During the First quarter

On February 10, 2015 it was announced that Mikael Larsson has been appointed CFO of Com Hem AB and will be a member of the Executive Management Team. Mikael Larsson has held the position as CFO of Investment AB Kinnevik since 2001. Mikael Larsson replaces Joachim Jaginder who has decided to leave Com Hem after 6 years, and who will hereby resign from any duties as member of the board within the Group companies. For further information see separate press release.

Note 13 Subsequent Events

On May 1, Mikael Larsson joined as new CFO of Com Hem.



For further information

Analyst and investor contact

Petra von Rohr
Director IR and Corporate Communications
investor.relations@comhem.com

Press contact

press@comhem.com

Visiting address

Fleminggatan 18
SE-104 20 Stockholm, Sweden
www.comhemgroup.com

About Com Hem

Com Hem is one of Sweden's leading suppliers of television, high-speed broadband and fixed-telephony. Approximately 40%, 1.92 million, of Sweden's households are connected to Com Hem's network, with access to the market's broadest range of television services. Com Hem offers attractively priced, high-quality consumer services for television, high-speed broadband, fixed-telephony and has a competitive B2B-offer of broadband and telephony services. Com Hem was established in 1983, has approximately 1,100 employees and its head office in Stockholm. Operations are conducted through three subsidiaries; Com Hem AB, Phonera Företag AB and iTUX Communication AB. The shares of Com Hem Holding AB (publ) are listed on Nasdaq Stockholm, Large Cap list.