



Press release, July 14, 2015

# Com Hem reports second quarter results 2015

## Second quarter summary

- ▶ Revenue totaled SEK 1,246m (1,198), an increase of 4.0% over the second quarter of 2014.
- ▶ Underlying EBITDA was SEK 583m (566), an increase of 3.1% over the second quarter of 2014.
- ▶ Operating free cash flow was SEK 333m (327), an increase of 1.9% over the second quarter of 2014 due to the increase in underlying EBITDA.
- ▶ Net result for the period was SEK 42m (-718). Last year's result was affected by non-recurring costs of SEK 680m associated with the IPO and refinancing of debt.
- ▶ Earnings per share were SEK 0.20 (-6.53), an increase of SEK 6.73 over the second quarter of 2014.
- ▶ Customer growth continues despite price changes during the quarter:
  - The unique consumer subscriber base grew by 6,000 to a total of 894,000
  - Continued volume growth in broadband, increasing by 8,000 to 637,000 RGUs
  - Growth in digital television continued, increasing by 2,000 to 627,000 RGUs
  - The number of TiVo customers grew by over 14,000 to 204,000 customers (33% penetration)
  - Focus on customer satisfaction starting to pay off, consumer churn only increased with 0.4 p.p despite the price changes made in the quarter
- ▶ During the quarter Com Hem remunerated shareholders with a total of SEK 412m, including a cash dividend of SEK 207m (SEK 1 per share), completion of the share redemption program announced in Q1 resulting in that shares at a value of SEK 65m were redeemed and share repurchases of SEK 140m in accordance with the mandate given at the AGM in May.

## Comment from Anders Nilsson, CEO, Com Hem

*"Focus on customer satisfaction reflected in positive reaction to our Q2 price changes"*

Overall, the business has delivered a strong set of results during the second quarter of 2015. Revenue grew by 4.0% compared to the corresponding quarter last year with underlying EBITDA growing by 3.1% on the same basis. The leverage ratio stayed at 3.8x which is well within our target of 3.5-4.0x underlying EBITDA while remunerating shareholders by a total of SEK 412m during the quarter including a cash dividend as well as buying back shares and redemption of shares.

Our operational focus has remained on improving customer satisfaction, while shifting our balance of growth from volume towards a combination of volume and price-led growth. During Q1 and Q2, we implemented price changes - primarily discount reductions - affecting approximately half of our customer



## **com hem**

base including a 10 SEK per month list-price increase on our 50 and 100 Mbit/s broadband services. Churn impact has been lower than expected, with an increase of 0.4 p.p. for the quarter to 13.7%. During the corresponding quarter last year, churn increased by 1.2 p.p as a consequence of price changes touching roughly half the number of customers compared to our 2015 price changes. This shows an improved ability to price successfully and underlines our opportunity for further price changes going forward. Consumer ARPU rose to 361 SEK (Q1 358) with the full pricing impact on consumer ARPU from Q3 and onwards.

We continue to deliver customer growth at – as planned – a slower pace than previous quarters. Our unique consumer subscriber base increased by 6,000 to 894,000 unique consumer customers, reflecting reduced marketing and sales activity.

Our broadband business grew by 8,000 net additions, resulting in 637,000 broadband RGUs – another all-time high in Com Hem's history – with the mix of new customers on 100 Mbit/s or above rising to 76% (74% in Q1).

The digital television customer base grew by 2,000 customers and our TiVo base by over 14,000 as we focused on broadband marketing and temporarily reduced our direct sales effort focused on TiVo. Today, TiVo is a part of over 200 000 Swedish homes, representing 33% of our digital-TV customer base just 21 months after launch.

In business to business, we continue the transformation of the Phonera business to focus on higher margin OnNet sales with Phonera adding 3,000 OnNet subscribers during the quarter and growing overall revenue. As we build momentum in Phonera's OnNet business, Phonera's legacy business, notably voice telephony, continue to offset business to business top-line growth.

I am delighted by the progress we have made in the transformation that has taken place in Com Hem since our IPO in June 2014. Critically, our customers' positive response to our discount reductions is a measure of the exceptionally rapid progress we have made in improving customers' perception of Com Hem, and hence their willingness to absorb moderate price growth. As a consequence, we have increased confidence in our ability to execute on our plan for sustainable growth and thereby generate steady, strong cash flow for our shareholders.

### **Notes to the editors:**

You find the complete report with tables in the attached PDF or at:  
<http://www.comhemgroup.se/interimreport-q2-2015/>

### **Conference Call on July 14**

Management will host a conference call for the financial community at 10.00 am CET today. The presentation will be held in English and the presentation material can be accessed on [www.comhemgroup.com](http://www.comhemgroup.com). An on-demand version is also available after the presentation.

*Please use the following dial-in numbers to participate:*

Sweden: +46 8 5052 0110

UK: +44 20 7162 0077

USA: +1 334 323 6201

To ensure that you are connected to the conference call, please dial in a few minutes ahead of the conference call to register your attendance.

### **Other information**

Com Hem Holding AB's subsidiary NorCell Sweden Holding 2 AB (publ) is the reporting entity of the Senior Secured Notes. NorCell Sweden Holding 2 AB's (publ) second quarter results 2015 is as of today also available on <http://www.comhemgroup.se/en/investors/financial-reports-presentations/>

**For queries, please contact:**



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Com Hem Holding AB discloses the information provided herein pursuant to the Swedish Securities Markets Act (2007:528) and/or the Swedish Financial Instruments Trading Act (1991:980). The information was submitted for publication at 07.30 CET on July 14, 2015.

***About Com Hem***

*Com Hem is one of Sweden's leading suppliers of high-speed broadband, television and fixed-telephony. Approximately 40% 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 broadband speeds up to 500 Mbps to 1.9 million households which is more than any other operator. Since 2013 Com Hem has a competitive B2B-offer of broadband and telephony services. Com Hem was founded in 1983, has approximately 1,100 employees and its head office is in Stockholm. Operations are run through three subsidiaries; Com Hem AB, Phonera Företag AB and iTUX Communication AB. Com Hem's shares are listed on Nasdaq Stockholm. For more information, visit: [www.comhemgroup.com](http://www.comhemgroup.com).*