

# COM HEM REPORTS FIRST QUARTER RESULTS 2016

## First quarter summary

- Revenue totalled SEK 1,276m (1,228), up 3.9%.
- Underlying EBITDA increased by 4.6% to SEK 603m (577).
- Operating free cash flow increased by 25.5% reaching SEK 394m (314) as a result of improved Underlying EBITDA and lower investments compared to Q1 last year.
- Net result for the period more than doubled and amounted to SEK 95m (40).
- Earnings per share increased to SEK 0.49 (0.19).
- In the quarter Com Hem repurchased another 1.7% of the total number of shares for SEK 256m, and has acquired 6.4% of the total number of shares for SEK 967m since last AGM.
- Our consumer growth continues steadily:
  - The number of unique consumer subscribers rose 9,000 to a total of 920,000.
  - Consumer churn rate lower than expected at 13.9%, a 1.0 p.p. increase over Q4 2015, following price adjustments executed in the first quarter.
  - Continued strong volume growth in broadband, up 11,000 to 669,000 RGUs.
  - Digital-TV RGU's totalled 635,000, affected by price adjustments in the quarter, with a continued growth in the number of TiVo customers which increased to 228,000 (penetration rate of 36%).
- Within B2B, continued growth of 1,000 OnNet customers to a total of 17,000.
- SDU trials proceeding as planned with first actual deliveries to customers in the first quarter.

## Comment from Anders Nilsson, CEO, Com Hem

The increased customer satisfaction we saw during 2015, after product improvements, such as the introduction of Com Hem Play and extensive investments in the quality of our broadband services, paired with improvements in our service levels, have made it possible to implement price adjustments. Despite our price rise activity carried out in the first quarter 2016, our customer base grew by 9,000 customers in the quarter with strong broadband growth of 11,000. The price rise activity led to DTV subscribers remaining flat in the quarter, while our TiVo base grew by 5,000 customers reaching 36% of our total DTV base.

Price rises had a limited impact on Q1 consumer ARPU, with the bulk of pricing implemented on March 1 and a minor part on April 1, driving an increase of ARPU of SEK 1 to SEK 364 (Q4 2015 SEK 363). The full effect of the price rise will be seen in the second quarter revenue. In total, over half of our customers were affected by this year's price rise programme which on average was somewhat larger than 2015. We continued to focus on the elimination of discounts, rather than raising frontbook prices, and left the prices of our most popular broadband and TiVo services unchanged.

Consumer churn was significantly better than our expectations at 13.9% for the quarter, only one percentage point higher than the record low churn of 12.9% we recorded for both Q3 and Q4 2015.



Underlying consumer churn trends are positive, and we expect to return to our prior underlying trend rate from Q2 and onwards.

Demand for our high speed broadband continued to be strong in the quarter, with more than 90% of new subscribers choosing speeds of 100 Mbit/s and above. This brought average speeds in the base up to 125 Mbit/s, compared to 100 Mbit/s a year ago.

The Bredbandskollen report published in February showed that Com Hem's fibreCoax infrastructure delivered the fastest average download speed in 2015 – beating all other infrastructures in Sweden. We also continue to lead other measures of broadband speed including Netflix Speed Index and Google Video Index.

Our focus for the coming quarters will be to use our new brand to shift the perception of Com Hem, and effectively communicate the scale of the transformation that Com Hem has undergone over the past few years. Our rebranding will drive additional marketing costs of approximately SEK 20m in the second quarter of 2016. We continue to invest in our broadband network and CPE to ensure our continued category leadership, and to increase customer satisfaction. Driving awareness and usage of Com Hem Play among all our eligible TV customers will be a central component of our 2016 marketing activity.

We are continuing our trials in the SDU market. We aim at making a decision during the second half of the year whether we will add this investment opportunity as another growth pillar of Com Hem, in addition to the ones we have been executing on over the past few years.

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

You will find the complete report with tables in the attached PDF or at:

<http://www.comhemgroup.se/en/investors/financial-reports-presentations/>

#### **Conference call on April 19**

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.

**Link to webcast:** [http://cloud.magneetto.com/comhem/2016\\_0419\\_Q1/view](http://cloud.magneetto.com/comhem/2016_0419_Q1/view)

#### **Conference call dial-in numbers:**

Sweden: +46 8 5052 0114

UK: +44 20 7 1620 177

USA: +1 334 323 6203

To ensure that you are connected to the conference call, please dial in 10 minutes ahead of the conference call to register your attendance.

#### **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 April 19, 2016.

### **About Com Hem**

Com Hem offers broadband, TV, play and telephony services to Swedish households and companies. Approximately 40 percent of the country's households are connected to Com Hem's network, making Com Hem an important driver of digital Sweden. We offer broadband speeds of up to 1 Gbit /s and a wide range of channels via digital TV at home or mobile via Com Hem Play. The company was founded in 1983 and has approximately 1,200 employees including about 700 within customer service. Com Hem is headquartered in Stockholm and operates through three subsidiaries; Com Hem AB, Phonera Företag AB and iTUX Communication AB. In 2015, Group sales totaled SEK 5,000 million. Since 2014 the Com Hem share is listed on Nasdaq Stockholm. [www.comhemgroup.se](http://www.comhemgroup.se).