

COM HEM REPORTS SECOND QUARTER RESULTS 2016

Second quarter summary

- Revenue totalled SEK 1,300m (1,246 in Q2 2015), up 4.3%.
- Operating profit (EBIT) increased by 5.5% to SEK 192m (182).
- Underlying EBITDA increased by 4.1% to SEK 607m (583).
- Operating free cash flow increased by 23.0% reaching SEK 409m (333) as a result of improved Underlying EBITDA and lower investments compared to Q2 last year.
- Net result for the period almost doubled and amounted to SEK 82m (42).
- Earnings per share increased to SEK 0.43 (0.20).
- Number of unique consumer subscribers rose by 6,000 to record high 926,000.
- Consumer churn rate of 13.1%, 0.8p.p. decrease from Q1 2016.
- Record high consumer ARPU of 369 SEK.
- Continued strong volume growth in broadband, up 10,000 to 679,000 RGUs.
- Digital-TV RGU's totalled 636,000, with a continued growth of 4,000 TiVo customers (penetration rate of 37%).
- B2B continued to grow with 1,000 unique OnNet customers to a total of 18,000.
- Expansion into the Swedish SDU market and acquisition of Boxer Sweden communicated in June as next major growth driver.

Comment from Anders Nilsson, CEO, Com Hem

Customer satisfaction remains our main operational focus which in this quarter led to an increased consumer customer base growing by 6,000 and a continued strong broadband growth of 10,000 RGUs. DTV subscribers increased by 1,000 in the quarter, and our TiVo base grew by 4,000 customers reaching 37% of our total DTV base. The number of telephony subscribers dropped by 14,000 following price adjustments.

Consumer churn decreased by 0.8 p.p. compared to Q1 and was 13.1% in the quarter, now only 0.2 p.p. higher than the record low churn of 12.9% we recorded for both Q3 and Q4 2015. We expect the churn rate to continue trending downward somewhat over time as we improve customer satisfaction.

As expected, the implementation of this year's price adjustments was well received and drove a SEK 6 uptick in consumer ARPU (average monthly revenue per user) to SEK 369 in the quarter. In total, over half of our customers were affected by the price adjustments which on average were somewhat larger than 2015. We continued to focus on the elimination of discounts, rather than raising front book prices, and left the prices of our most popular broadband and TiVo services unchanged.



Demand for our high speed broadband continued to be strong in the quarter, with more than 80% of new broadband subscribers choosing speeds of 100 Mbit/s and above. This brought average speeds in the base up to 129 Mbit/s, compared to 104 Mbit/s a year ago.

Com Hem's fibreCoax infrastructure continues to deliver the fastest average download speed amongst our peers according to external tests by Bredbandskollen, Netflix Speed Index and Google Video Index.

During the quarter we have also past the milestone of 2 million connected households, by adding almost 60,000 new households during the quarter and compared to last year, we have increased our footprint with 6%, or 115,000 households.

Within B2B our focus remains on growing the high-margin OnNet business, while we see a structural decline in the OffNet legacy fixed telco business. During the quarter we added 1,000 new OnNet B2B customers, and compared to last year the OnNet B2B customer base have grown with over 40%.

Following successful trials, we did in June decide to expand into the single dwelling unit ("SDU") market in Sweden and we expect to be able to reach additional 800,000 SDUs via fibre (homes passed) over the coming years. Our ambition is to make the SDU market the next major growth pillar for Com Hem turning the company into a true national operator in broadband- and TV-services.

To boost this expansion Com Hem has entered into an agreement to acquire the Swedish digital terrestrial pay television operator Boxer TV-Access AB. The acquisition of Boxer is a significant opportunity for Com Hem and is expected to generate approximately SEK 300m in additional Underlying EBITDA and an annual operating free cash flow of approximately SEK 200m to the Com Hem Group. Boxer's approximately 500,000 DTV customer base is primarily situated in the SDU market, and will to a large extent be passed by fibre over the coming years.

We are working to obtain all necessary approvals for the Boxer transaction which is expected to close in the second half of 2016. We have already started planning the process of integration and we are confident that Boxer will be a great fit for the Com Hem portfolio.

We are very happy with our progress so far in 2016 including our new focus on the SDU market, the acquisition of Boxer, and the rebranding campaign. We firmly believe that these initiatives will lay the foundation for further success in the second half of 2016 and beyond.

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 July 12

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. An on-demand version is also available after the presentation.

Link to webcast: http://cloud.magneetto.com/comhem/2016_0711_q2/view

Conference call dial-in numbers:



Sweden: +46 (0)8 5052 0110
UK: +44 (0)20 7162 0077
USA: +1 646 851 2407

To ensure that you are connected to the conference call, please dial in 10 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 2016 is as of today available on <http://www.comhemgroup.se/en/investors/financial-reports-presentations/>

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This information is information that Com Hem Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07:30 CET on July 12, 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.