

H1 2017

Com Hem Sweden AB
(publ) Group

INTERIM REPORT
JANUARY-JUNE 2017

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DELIVERING STRONG KPIs AS GROWTH INITIATIVES BUILD MOMENTUM

JANUARY-JUNE 2017 SUMMARY

Revenue saw a strong increase of 37.9% to SEK 3,551m while organic¹⁾ revenue rose by 4.3% to SEK 2,685m.

Operating profit (EBIT) rose by 14.5% to SEK 464m.

Underlying EBITDA saw a strong increase of 19.2% to SEK 1,452m and organic¹⁾ underlying EBITDA rose by 5.7% to SEK 1,288m.

Cash flow from operating activities decreased by 3.4% to SEK 1,046m due to timing in interest payments and a negative change in working capital which is expected to be partially reversed in H2 2017.

Operating free cash flow increased by 7.4% to SEK 871m and organic¹⁾ operating free cash flow fell by 2.0% to SEK 795m due to temporarily low capex level in Q2 2016.

Net result rose by 80.7% to SEK 200m.

Earnings per share: SEK 333 (184).

Record KPIs in the Com Hem segment consumer business, comparisons between Q2 and Q1 2017:

- Record high consumer ARPU of SEK 376 (SEK 368 in Q1 2017).
- Record low consumer churn of 12.4% (13.6% in Q1 2017).
- Unique consumer subscribers rose by 8,000 to record high 961,000.
- Strong volume growth in broadband, up 11,000 to record high 724,000 RGUs.
- Digital TV RGUs totalled 645,000, with a continued growth of 4,000 TiVo customers (penetration rate of 40%).

Major improvements across all KPIs for the Boxer Segment, comparisons between Q2 and Q1 2017:

- Consumer churn rate dropped by 4.2 percentage points sequentially to 15.0%, the lowest level since Q3 2015.
- Consumer ARPU rose by SEK 1 to SEK 298, a record high.
- Broadband-led marketing campaign and network expansion launched in Q1 already improving performance.
- 5,000 broadband RGUs were added in the quarter.
- Decline in unique consumers slowed down to -8,000 compared to -16,000 in the first quarter.
- Decline in RGUs slowed down to -5,000 compared to -13,000 in the first quarter.
- Boxer's fibre footprint is now at 900,000 addressable households including roughly 200,000 which do not overlap with the Com Hem Segment.

Now reaching 2.6m addressable households:

- Added 200,000 households in Q2 resulting in 600,000 addressable SDU households including 200,000 unique to Boxer.
- The Group now has a total footprint of 2.6m addressable households which represents a 30% footprint expansion since one year ago.
- On track to reach three million addressable households by 2020 for the entire Group.
- New build trials were carried out during the period.

Financial key metrics²⁾

	JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2016
Revenue, SEKm	3,551	2,576	37.9%	5,665
Operating profit (EBIT), SEKm	464	405	14.5%	866
EBITDA, SEKm	1,424	1,198	18.9%	2,533
Underlying EBITDA, SEKm	1,452	1,218	19.2%	2,562
Underlying EBITDA margin, %	40.9	47.3	-6.4 p.p.	45.2
Net result for the period, SEKm	200	110	80.7%	192
Earnings per share, SEK	333	184	80.7%	320
Capex, SEKm	581	407	42.5%	893
Capex as % of revenue	16.3	15.8	0.5 p.p.	15.8
Cash flow from operating activities, SEKm	1,046	1,084	-3.4%	2,193
Operating free cash flow, SEKm	871	811	7.4%	1,669
Net debt at end of period, SEKm	10,766	9,038	19.1%	10,341
Net debt/Underlying EBITDA LTM, multiple	3.7x	3.8x	0.0x	3.7x

¹⁾ Excluding Boxer.

²⁾ See page 18 for definitions of financial key metrics and Alternative Performance Measures (APM).

The figures in this report refer to the first six months of 2017 unless otherwise stated. Figures in brackets refer to the corresponding period last year.

GROUP FINANCIAL OVERVIEW

Financial summary, SEKm	JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2016
Revenue	3,551	2,576	37.9%	5,665
Operating expenses	-3,087	-2,170	42.2%	-4,798
Operating profit (EBIT)	464	405	14.5%	866
Net financial income and expenses	-208	-261	-20.4%	-615
Income taxes	-56	-34	68.0%	-59
Net result for the period	200	110	80.7%	192

Comparisons between first six months of 2017 and first six months of 2016, unless otherwise stated. Boxer is consolidated from September 30, 2016, affecting comparables with previous periods.

Total revenue

Total revenue for the Group rose by 37.9% compared to the first six months in 2016 and amounted to SEK 3,551m. Organic revenue growth, excluding Boxer which was included in the Group in the fourth quarter 2016, was 4.3%. Organic revenue growth is explained by continued good growth in Com Hem's consumer business which grew by 5.0% driven by both price and volume.

Operating expenses

Operating expenses amounted to SEK 3,087m, up 42.2% compared to the first six months 2016. The increase is explained by Boxer being consolidated into the Group from the fourth quarter 2016, and by higher variable costs within the Com Hem Segment as a result of volume driven revenue growth, partly offset by savings in fixed costs.

Operating profit (EBIT)

Operating profit for the first six months increased by 14.5% and amounted to SEK 464m as a result of revenue growth.

Net financial income and expenses

Net financial income and expenses were improved by 20.4% or SEK 53m for the first six months due to lower Group net interest income and expenses on intercompany liabilities and receivables to the parent company Com Hem Holding AB. The positive change is also a result of a reduced blended interest rate on the Group's external debt portfolio following a number of refinancing activities with extended debt maturities. Average blended interest rate on the Group's external debt portfolio was 2.5% for the first six months compared to 2.9% for the corresponding period 2016, which resulted in lower interest expenses despite an increase in net debt of approximately SEK 1.7bn mainly explained by the Boxer acquisition.

Income taxes

The Group recognised a tax expense of SEK 56m for the first six months.

The Group's taxable profit will be offset against previously recognised tax losses carry forwards, which had a remaining balance of approximately SEK 0.7bn at the end of the period.

Net result for the period

Net result for the first six months increased by 80.7% compared to the first six months in 2016 and amounted to SEK 200m.

Reconciliation between operating profit (EBIT) and underlying EBITDA, SEKm	JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2016
Operating profit (EBIT)	464	405	14.5%	866
Amortisation & depreciation per function				
- Cost of services sold	485	414	17.1%	867
- Selling expenses	466	367	26.8%	779
- Administrative expenses	10	11	-13.0%	22
Total amortisation & depreciation	960	793	21.2%	1,667
EBITDA	1,424	1,198	18.9%	2,533
EBITDA margin, %	40.1	46.5	-6.4 p.p.	44.7
Disposals	5	3	62.5%	4
Operating currency loss/gains	-2	-2	-6.5%	7
Items affecting comparability	24	20	23.1%	17
Underlying EBITDA	1,452	1,218	19.2%	2,562
Underlying EBITDA margin, %	40.9	47.3	-6.4 p.p.	45.2

Comparisons between first six months of 2017 and first six months of 2016, unless otherwise stated.

Underlying EBITDA

For the first six months, underlying EBITDA rose by 19.2% reaching SEK 1,452m and the underlying EBITDA margin was 40.9%. The increase in underlying EBITDA is explained by Boxer being consolidated into the Group from September 30, 2016 combined with revenue growth within the Com Hem Segment. Excluding Boxer, the organic increase in underlying EBITDA was 5.7% for the first six months.

EBITDA

EBITDA rose by 18.9% reaching SEK 1,424m for the first six months. Items affecting comparability includes a SEK 22m positive effect from revaluation of pension debt following closure of the plan for new entrance in Q1, offset by a negative SEK 29m relating to integration of B2B and other items of negative SEK 17m for the first six months.

Amortisation and depreciation

Amortisation and depreciation rose by SEK 167m to SEK 960m for the first six months. The increase is explained by Boxer being included in the Group from September 30, 2016 as well as higher amortisation and depreciation on product- and IT-development projects (cost of services sold) and CPEs (cost of services sold) within the Com Hem Segment.

Operating free cash flow, SEKm	JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2016
Underlying EBITDA	1,452	1,218	19.2%	2,562
Capital expenditure¹⁾				
Network related	-184	-126	46,3%	-273
CPEs and capitalised sales commissions	-251	-169	48,4%	-388
Product- and IT-development	-113	-101	12,5%	-208
Integration of Boxer	-18	-	n/m	-
Other capex	-14	-12	21,4%	-24
Total capital expenditure	-581	-407	42,5%	-893
Operating free cash flow	871	811	7,4%	1,669
Interest payments	-145	-55	164,3%	-278
Income tax paid	-31	-	n/m	-
Change in working capital	-168	-63	168,5%	53
Equity free cash flow	527	694	-24,0%	1,444

¹⁾ Capital expenditure has been reclassified from the second quarter 2017, for comparison purposes the historically reported numbers have been reclassified.

Comparisons between first six months of 2017 and first six months of 2016, unless otherwise stated.

Capital expenditure (Capex)

For the first six months capital expenditure amounted to SEK 581m, corresponding to 16.3% of revenue. The increase compared to the corresponding period in 2016 is due to Boxer being included in the Group, a low investment level during the first half of 2016 as well as increased focus on network investments and higher sales volumes in 2017.

Operating free cash flow

Operating free cash flow reached SEK 871m for the first six months. The increase of 7.4% compared to the corresponding period in 2016 is due to a higher underlying EBITDA contribution partly offset by higher capex level in 2017.

Equity free cash flow

Equity free cash flow decreased to SEK 527m for the first six months, negatively affected by a change in working capital

(negative SEK 168m for the first six months) and by higher interest payments (SEK 90m higher for the first six months compared to the corresponding period in 2016). Both items are explained by timing between periods.

Liquidity

At the end of the period the Group's total available funds amounted to SEK 1,421m (SEK 1,854m at December 31, 2016), of which cash was SEK 271m (SEK 454m at December 31, 2016) and unutilised credit facilities was SEK 1,150m (SEK 1,400m at December 31, 2016).

Net debt

At the end of the period the Group's net debt amounted to SEK 10,766m (SEK 10,341m at December 31, 2016). Net debt/underlying EBITDA LTM was a multiple of 3.7x (3.7x at December 31, 2016).

	JUN 30	DEC 31
Net debt, SEKm	2017	2016
Non-current interest-bearing liabilities	10,940	10,180
Add back of capitalised borrowing costs	85	98
Non-current interest-bearing liabilities, nominal value	11,025	10,278
Current interest-bearing liabilities	12	517
Cash and cash equivalents	-271	-454
Net debt	10,766	10,341

CREDIT FACILITIES

June 30, 2017, SEKm	Maturity date	Interest base/coupon	Total credit	Utilised amount	Unutilised amount
Bank loans					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	850	1,150
Incremental Facilities	Jun 26, 2019	Floating	2,675	2,675	-
Bond loans					
SEK 1,750m 2016/2021 Notes	Jun 23, 2021	Fixed 3.625%	1,750	1,750	-
SEK 2,250m 2016/2022 Notes	Feb 25, 2022	Fixed 3.50%	2,250	2,250	-
Total¹⁾			12,175	11,025	1,150

¹⁾ In addition to the above credit facilities Com Hem holds interest-bearing financial lease liabilities totalling SEK 12m.

Financing

At the end of the first six months the Group's total credit facilities, including the two outstanding bonds, amounted to SEK 12,175m.

One short-term bank loan of SEK 500m was extended in the period, after which all bank debt now matures June 26, 2019.

The average interest rate on the credit facilities was 2.5% in the first six months of 2017, and at the end of the period the average remaining term to maturity was approximately 3 years.

Loan conditions

The loan facilities with credit institutions are conditional on the Group continually satisfying a predetermined financial key metric (the covenant), which is consolidated net debt in relation to consolidated underlying EBITDA LTM.

In addition, there are provisions and limitations in the loan agreements for the credit facilities with credit institutions and the bond loans regarding further debt gearing, guarantee commitments and pledging, material changes to operating activities, as well as acquisitions and divestments. The conditions were met with a solid margin in the period.

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

Operational key metrics ¹⁾	2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Addressable footprint, thousands	1,988	2,045	2,196	2,265	2,324	2,382
Unique consumer subscribers, thousands	920	926	934	945	952	961
Consumer churn as % of unique consumer subscribers, %	13.9	13.1	12.7	13.1	13.6	12.4
Consumer RGUs thousands						
Broadband	669	679	689	702	713	724
Digital TV	635	636	640	644	644	645
- of which TiVo customers	228	233	239	246	251	255
Fixed telephony	314	300	294	282	277	272
Total consumer RGUs	1,619	1,615	1,623	1,627	1,634	1,642
Unique B2B subscribers, thousands						
OnNet	17	18	19	20	22	22
OffNet	45	42	40	38	33	30
Total unique B2B subscribers	62	61	59	58	54	53
ARPU, SEK						
Consumer	364	369	371	371	368	376
B2B	430	436	436	454	448	445

¹⁾ For the quarter, and on the last date of each quarter.

Comparison between second quarter 2017 and second quarter 2016, unless otherwise stated.

Addressable footprint

In the quarter, the Com Hem addressable footprint increased by 58,000 homes to 2,382,000 at the end of the period, of which approximately 700,000 are also reached by Boxer. The increase is mainly a result of our expansion into the SDU market where we at the end of June had added some 400,000 addressable households in the Com Hem Segment and an additional approximately 200,000 households unique to Boxer since the start of the expansion programme through the addition of open LANs as well as unbundled Skanova fibre.

Unique consumer subscribers

The number of unique consumer subscribers continued to increase in the quarter, up 8,000 to 961,000. The increase was mainly a result of strong growth in broadband subscribers.

Consumer churn rate

The churn rate, expressed as the percentage of consumer subscribers, was all-time low 12.4% in the second quarter, which is a decrease of 1.2 p.p compared to the first quarter. The decrease was expected following the pricing activities in the first quarter and is following the underlying trend of slightly reduced churn over time as a result of focus on customer satisfaction.

Consumer RGUs

The number of consumer RGUs was 1,642,000 at the end of the second quarter, an increase of 8,000 compared to previous quarter, caused by strong growth in broadband RGUs offset by continued decline in fixed-telephony RGUs.

The number of broadband RGUs rose by 11,000 in the quarter to an all time high of 724,000. Close to 90% of the entire broadband base do now subscribe to a 100 Mbit/s or higher service resulting in an average speed across the base of 138 Mbit/s.

The number of digital TV RGUs increased by 1,000 during the

quarter to a total of 645,000 RGUs. During the quarter the number of TiVo customers grew by 4,000 to 255,000, corresponding to 40% of the total digital TV base.

The number of fixed-line telephony RGUs was 272,000, down 5,000 compared with the preceding quarter, which is in line with the underlying trend in the market.

Consumer ARPU

Consumer ARPU amounted to all-time high SEK 376, up 2.3% from SEK 368 in the preceding quarter explained by the pricing activities in the first quarter and changed tier mix for broadband and digital TV.

Unique B2B subscribers

The number of unique B2B subscribers was 53,000 at the end of the quarter with a continued growth of the high margin OnNet subscribers by 1,000, offset by a decline in the legacy OffNet business of 2,000 subscribers.

B2B ARPU

B2B ARPU was SEK 445 in the quarter, compared to SEK 448 in the preceding quarter.

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

Financial summary, SEKm	JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2016
Revenue external				
Consumer	2,118	2,016	5.0%	4,093
- of which Digital TV	941	921	2.2%	1,855
- of which Broadband	1,012	905	11.8%	1,862
- of which Fixed Telephony	104	136	-23.7%	253
Network operator	409	383	6.8%	777
B2B	145	161	-9.9%	317
Other revenue	14	16	-13.1%	31
Revenue	2,685	2,576	4.3%	5,218
Underlying EBITDA	1,288	1,218	5.7%	2,485
Underlying EBITDA margin, %	48.0	47.3	0.7 p.p.	47.6
Total capital expenditure	-493	-407	21.0%	-851
Operating free cash flow	795	811	-2.0%	1,633

Comparison between first six months of 2017 and first six months of 2016, unless otherwise stated.

Revenue

Revenue for the first six months rose by 4.3% compared to the same period last year and amounted to SEK 2,685m. The increase is mainly a result of a continued strong growth in consumer services, driven by volume as well as price.

Consumer Services

Revenue from consumer services rose by 5.0% to a total of SEK 2,118m for the first six months. The increase is driven by increased revenue from broadband and digital TV, partly offset by decreased revenue from fixed telephony.

Revenue from broadband services, which rose by 11.8% for the first six months, is attributable to RGU growth, an improved speed mix, and price adjustments implemented in the first quarter.

Revenue from digital TV, which rose by 2.2% for the first six months, is attributable to RGU growth, a higher proportion of customers with TiVo packages, and price adjustments implemented in the first quarter.

Revenue from fixed telephony decreased by SEK 32m for the first six months. The decrease is mainly explained by a structural decline in fixed telephony variable usage.

Network Operator Services

Revenue from network operator services increased by 6.8% and amounted to SEK 409m for the first six months. The increase was attributable to higher revenue from network expansion including SDU connection fees and growth in communication operator revenue from iTUX. The increase was partly offset by a continued decline in landlord revenue within MDUs due to price pressure.

Business to Business

Revenue from B2B services declined by SEK 16m to SEK 145m for the first six months, which is explained by lower revenue from the lower margin legacy OffNet business where all main functions have now been integrated into Com Hem resulting in cost savings.

For the first six months, OnNet revenue grew by 21.2% and amounted to SEK 57m.

Items affecting comparability of SEK 29m was recognised for the first six months due to the integration while underlying EBITDA as well as operating free cash flow increased compared to the same period in 2016.

Underlying EBITDA

Underlying EBITDA rose by 5.7% for the Com Hem Segment reaching SEK 1,288m and the underlying EBITDA margin was 48.0% for the first six months. The increase in underlying EBITDA is explained by revenue growth, partly with somewhat lower margin as proportion of revenue with lower gross margin within third party infrastructure increases. The decline in gross margin was offset by savings in other operating expenses.

Capital expenditure (Capex)

For the first six months, capital expenditure amounted to SEK 493m, 18.4% of revenue. The increase compared to the corresponding period in 2016 is due to a low investment level during the first half of 2016 as well as increased focus on network investments and higher sales volumes in 2017.

Operating free cash flow

Operating free cash flow decreased by 2.0% or SEK 16m reaching SEK 795m as a result of the higher capital expenditure in the first six months compared to same period last year, partly offset by an increase in underlying EBITDA.

SEGMENT BOXER

OVERVIEW PER OPERATING SEGMENT

Operational key metrics ¹⁾	2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Unique consumer subscribers, thousands	529	516	508	495	479	471
Consumer churn as % of unique consumer subscribers, % ²⁾	16.1	16.3	15.7	17.7	19.2	15.0
Consumer RGUs, thousands	536	525	520	511	498	493
- of which Digital TV	n/a	n/a	n/a	493	476	467
- of which Broadband	n/a	n/a	n/a	11	14	19
- of which Fixed Telephony	n/a	n/a	n/a	7	8	8
Average revenue per user (ARPU), SEK	283	289	293	293	297	298

¹⁾Boxer was acquired on September 30, 2016 when controlling influence of operations was obtained and the entity was consolidated from that date. Figures relating to quarters before the acquisition date are included for comparability purposes.

²⁾Consumer churn as % of unique consumer subscribers, % calculated according to Com Hem Segment method from Q1 2017

Comparison between Q2 and Q1 2017

Addressable fibre footprint

In the first half of 2017 Boxer's fibre footprint has expanded to include almost all of the Com Hem Segment's current addressable SDU footprint. At the end of the second quarter, Boxer had around 900,000 addressable fibre households (MDUs and SDUs) out of which about 200,000 SDU households did not overlap with Com Hem's footprint.

Unique consumer subscribers

The number of unique consumer subscribers continued to decrease by 8,000 in the second quarter, to a total of 471,000 at the end of the period. The decline is explained by the structural decline within the Digital Terrestrial Television network ("DTT") distribution, which is partly offset against a growing number of broadband and IPTV subscribers as Boxer subscribers getting access to fibre broadband.

Consumer churn rate

The churn rate, expressed as the percentage of consumer subscribers, was 15.0% in the second quarter, a decline of 4.2 p.p. from 19.2% in the first quarter. The improvement is mainly explained

by Boxer now being able to offer larger part of its customer base an attractive fibre subscription paired with maintaining its DTT TV subscription or IPTV. The consumer churn level in Boxer is still somewhat elevated due to a channel redistribution in certain areas which continued in the second quarter following the migration from the 700 Mhz band. The migration from the 700 Mhz band is based on a Government decision (February 27, 2014) that some of the frequencies currently used for television broadcasting shall be reserved for telecommunication services, including mobile broadband. This means that the 700 Mhz band must be vacated no later than October 31, 2017.

Consumer RGUs

The number of consumer RGUs was 493,000 a decrease of 5,000 compared to previous quarter, which is a slowdown from the decrease of 13,000 RGUs in the first quarter. The decline of 9,000 DTV RGUs in the second quarter was partly offset against an increase of 5,000 broadband RGUs.

Consumer ARPU

ARPU was SEK 298 for the second quarter, which is an increase of SEK 1 compared to the preceding quarter.

Financial summary, SEKm	APR-JUN/Q2	JAN-MAR/Q1	JAN-JUN/6 MONTHS
	2017	2017	2017
Revenue external			
Consumer	430	436	866
Revenue	430	436	866
Underlying EBITDA	82	82	164
Underlying EBITDA margin, %	19.0	18.9	18.9
Total capital expenditure	-45	-42	-88
Operating free cash flow	36	40	76

Comparison between quarter on quarter due to Boxer was acquired September 30, 2016

Revenue

Revenue for the second quarter amounted to SEK 430m, a decrease of SEK 6m compared to the first quarter, explained by a decreasing number of DTV subscribers only partly offset by increasing number of broadband subscribers and improved consumer ARPU.

Underlying EBITDA

Boxer's underlying EBITDA amounted to SEK 82m for the quarter and SEK 164m for the first six months. During the beginning of 2017 about half of the expected synergies of approximately SEK 50m annually relating to integration with Com Hem has been realised. In the period, Boxer continued to purchase administrative services from its previous owner, services that over the coming quarters will

be migrated to Com Hem with remaining synergies to be realised.

Boxer is expected to add approximately SEK 300m to the Com Hem Group's underlying EBITDA in 2017, including the effect from synergies.

Capital expenditure (Capex)

For the quarter, capital expenditure amounted to SEK 45m, of which investments in CPEs and sales commissions amounted to SEK 34m and SEK 12m relating to system integration. CPE investments were temporarily affected by the ongoing 700 Mhz band migration causing new CPE's being purchased for some existing customers.

Operating free cash flow

Operating free cash flow amounted to SEK 36m in the quarter and SEK 76m in the first six months. Boxer is expected to add approximately SEK 200m in operating free cash flow to the Group in 2017 (excluding capex related to the integration).

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	JAN-JUN / 6 MONTHS		JAN-DEC
	2017	2016	2016
Revenue	3,551	2,576	5,665
Cost of services sold	-2,004	-1,282	-2,964
Gross profit	1,547	1,294	2,701
Selling expenses	-942	-744	-1,557
Administrative expenses	-148	-145	-291
Other operating income and expenses	7	0	13
Operating profit	464	405	866
Financial income and expenses	-208	-261	-615
Result after financial items	256	144	251
Income taxes	-56	-34	-59
Net result for the period	200	110	192
Average number of outstanding shares, thousands	600	600	600
Basic earnings per share, SEK	333	184	320
Average number of outstanding shares, diluted, thousands	600	600	600
Diluted earnings per share, SEK	333	184	320

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	JAN-JUN / 6 MONTHS		JAN-DEC
	2017	2016	2016
Net result for the period	200	110	192
Other comprehensive income			
<i>Items that will not be reclassified to net profit or loss</i>			
Revaluation of defined-benefit pension obligations	-6	-65	-59
Tax on items that will not be reclassified to profit or loss	1	14	13
Other comprehensive income for the period, net of tax	-5	-50	-46
Total comprehensive income for the period	195	60	146

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	JUN 30 2017	JUN 30 2016	DEC 31 2016
ASSETS			
Non-current assets			
Intangible assets	16,407	15,128	16,765
Property, plant and equipment	1,537	1,465	1,564
Receivables from Group companies	3,712	1,597	2,780
Total non-current assets	21,655	18,190	21,109
Current assets			
Receivables from Group companies	260	650	279
Other current assets	528	351	456
Cash and cash equivalents	271	622	454
Total current assets	1,059	1,623	1,189
TOTAL ASSETS	22,714	19,812	22,297
EQUITY AND LIABILITIES			
Equity	1,614	106	412
Non-current liabilities			
Non-current interest-bearing liabilities	10,940	9,541	10,180
Non-current liabilities to Group companies	7,156	8,023	8,087
Other non-current liabilities	347	246	382
Deferred tax liabilities	732	280	677
Total non-current liabilities	19,174	18,090	19,327
Current liabilities			
Current interest-bearing liabilities	12	23	517
Other current liabilities	1,914	1,593	2,041
Total current liabilities	1,926	1,616	2,558
TOTAL EQUITY AND LIABILITIES	22,714	19,812	22,297
Number of outstanding shares, at end of period, thousands	600	600	600
Equity per share, SEK	2,690	177	687

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	JUN 30 2017	JUN 30 2016	DEC 31 2016
Opening equity	412	45	45
Merger profit	1,004	-	-
Comprehensive income for the period			
Net result for the period	200	110	192
Other comprehensive income for the period	-5	-50	-46
Total comprehensive income for the period	195	60	146
Transactions with the owners			
Shareholder's contribution	3	1	4
Group contribution, net of tax	-	-	217
Total transactions with the owners	3	1	221
Closing equity	1,614	106	412

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2016
Operating activities			
Result after financial items	256	144	251
Adjustments for non-cash items	990	1,002	1,888
Income taxes paid	-31	-	-
Cash flow from operating activities before changes in working capital	1,214	1,146	2,139
Change in working capital	-168	-63	53
Cash flow from operating activities	1,046	1,084	2,193
Investing activities			
Acquisition of subsidiary	-	-	-1,375
Acquisition of intangible assets	-258	-177	-396
Acquisition of property, plant and equipment	-322	-231	-497
Loans to Group companies	-890	-637	-1,187
Divestment of fixed assets	3	1	2
Cash flow from investing activities	-1,468	-1,044	-3,453
Financing activities			
Borrowings	1,700	2,300	6,600
Amortisation of borrowings	-1,458	-2,413	-5,578
Payment of borrowing costs	-3	-18	-63
Received Group contribution	-	-	42
Cash flow from financing activities	239	-131	1,001
Net change in cash and cash equivalents	-183	-91	-259
Cash and cash equivalents at beginning of period	454	713	713
Cash and cash equivalents at end of period	271	622	454

ADJUSTMENT FOR NON-CASH ITEMS

SEKm	JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2016
Amortisation & depreciation	960	793	1,667
Unrealised exchange-rate differences	0	3	1
Capital gain/loss on sale/disposal of non-current assets	3	3	3
Change in capitalised borrowing costs and discounts	16	16	60
Change in accrued interest expenses	-11	87	17
Interest not settled with cash, Group companies	50	95	133
Change in provisions	-32	5	2
Other profit/loss items not settled with cash	3	1	4
Total	990	1,002	1,888

PARENT COMPANY CONDENSED FINANCIAL REPORTS

INCOME STATEMENT SEKm	JAN-JUN / 6 MONTHS		JAN-DEC
	2017	2016	2016
Revenue	7	4	6
Administrative expenses	-8	-5	-6
Other operating income and expenses	0	0	0
Operating profit/loss	0	-1	0
Financial income and expenses	657	-159	-46
Result after financial items	657	-160	-46
Income taxes ¹⁾	-249	-	10
Net result for the period	407	-160	-36

¹⁾ The Parent Company's taxable profit will be offset by Group contributions by the end of the year.

STATEMENT OF COMPREHENSIVE INCOME SEKm	JAN-JUN / 6 MONTHS		JAN-DEC
	2017	2016	2016
Net result for the period	407	-160	-36
Other comprehensive income	-	-	-
Comprehensive income for the period	407	-160	-36

BALANCE SHEET SEKm	JUN 30	JUN 30	DEC 31
	2017	2016	2016
ASSETS			
Financial assets	20,470	18,185	20,458
Deferred tax assets	2	283	231
Current assets	8	3	2
Current receivables from Group companies	703	607	650
Cash and bank balances	-	177	-
TOTAL ASSETS	21,183	19,256	21,341
EQUITY AND LIABILITIES			
Restricted equity	1	1	1
Unrestricted equity	1,976	1,561	1,902
Non-current interest-bearing liabilities	10,935	9,528	10,177
Provisions	10	3	4
Non-current liabilities to Group companies	7,156	8,028	8,087
Current liabilities to Group companies	1,051	-	598
Current interest-bearing liabilities	-	-	500
Other current liabilities	55	134	72
TOTAL EQUITY AND LIABILITIES	21,183	19,256	21,341

OTHER INFORMATION

Com Hem Sweden AB (publ) is a Swedish limited liability company (Corp. ID. No. 556859-4187), with its registered office in Stockholm, Sweden and is a wholly owned subsidiary to Com Hem Holding AB (Corp. ID. No. 556858-6613). The shares in the parent company Com Hem Holding AB are listed on Nasdaq Stockholm, Large Cap.

Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and described in the Group's 2016 Annual Report. The Group's functional currency is the Swedish krona (SEK), which is also the presentation currency of the Group. All amounts have been rounded to the nearest million (SEKm), unless otherwise stated. New or amended IFRSs that became effective on January 1, 2017 had no material effect on the consolidated financial statements. The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. Condensed financial statements for the Parent Company have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. Disclosures in accordance with IAS 34.16A are incorporated in the financial statements and its accompanying notes or in other parts of this interim report.

Alternative Performance Measures (APM)

The Group applies the guidelines issued by ESMA (European Securities and Markets Authority) on APMs, published July 3, 2016. An APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs presented in these interim financial statements should not be considered as a substitute for measures of performance in accordance with IFRS and may not be comparable to similarly titled measures by other companies. The APMs presented in the interim report have been reconciled to the most directly reconcilable line items in the financial statements and appears in the sections Group financial overview and overview per operating segment.

Adjustments

Certain financial information and other amounts and percentages presented in this report have been rounded and therefore the tables may not tally. The abbreviation "n/m" ("not meaningful") is used in this report if the information is not relevant and "n/a" ("not available") is used if the information is not available.

Fair value of financial instruments

The fair value of the Group's financial assets and liabilities are estimated to be equal to the carrying amounts except for outstanding notes. Fair value of derivatives as of June 30, 2017 amounted to SEK - m (0).

Related parties

For information regarding related parties, see the Annual report 2016, page 54. No significant changes or transactions have occurred during the year, in excess of loans to the parent company Com Hem Holding AB.

Risks and uncertainties

The Group and the Parent Company have identified a number of operational and financial risks. Operational risks include increased competition, changes to laws and regulations, the ability to retain

and attract key employees, substitution from fixed to mobile telephony, technological advances, the ability to retain and attract customers, programme content and risks associated with suppliers. Financial risks include refinancing, liquidity, credit, interest rate, and currency risks. For a detailed description of the significant risk factors for the Group's future development, see the Group's 2016 Annual Report. The Group believes that the risk environment has not materially changed from the description in the 2016 Annual Report.

Operating segment

The Group operates in a single market, Sweden and is divided in two operating segments, Com Hem and Boxer. The division is based on the Group's management structure and infrastructure for delivery of services and structure for internal reporting, which is controlled by the Group's CEO, who has been identified as its chief operating decision-maker.

The operating segment Com Hem offers services to consumers (digital TV, broadband and fixed telephony), B2B (broadband and telephony) and landlords (basic TV offering) via FibreCoax, unbundled Skanova fibre and LAN. The services to consumers and landlords are mainly delivered to multi-dwelling unit buildings. The B2B services are mainly delivered to Small (SoHo) and Medium Sized Enterprises (SMEs). The infrastructure that is the basis for enabling delivery of services to customers is the same for all services in the operating segment. Expenses for distribution (fibre, ducting, etc.) and for operation and servicing of the services are collective. Customers connect to services through a single point in their home.

The operating segment Boxer offers services (digital TV and broadband) to consumers in the SDU market through the Swedish Digital Terrestrial Television network provided by Teracom.

The operating segment information is based on the same accounting principles as for the Group, IFRS. The pricing of inter company transactions is determined on a commercial basis.

Performances and the business' earnings are evaluated based on a number of established key ratios, of which the principal key ratios in the income statement are total revenue, operating profit/loss (EBIT) and underlying EBITDA (EBITDA before disposals excluding items affecting comparability and operating currency gains/losses).

Operating segment assets comprise of intangible assets, property, plant and equipment, inventories and current receivables. Operating segment liabilities comprise of non-current liabilities and provisions.

Capital expenditure includes intangible assets and property, plant and equipment but excludes the effect of goodwill, intangible assets and property, plant and equipment through acquisitions which are presented separately.

SEKm	JAN-JUN/6 MONTHS 2017			JAN-JUN/ 6 MONTHS 2016
	Com Hem	Boxer	The Group	The Group ¹⁾
Revenue external	2,685	866	3,551	2,576
Total revenue	2,685	866	3,551	2,576
Operating profit (EBIT)	440	23	464	405
Amortisation & depreciation	826	135	960	793
Disposals	4	2	5	3
Operating currency loss/gains	-3	1	-2	-2
Items affecting comparability	21	3	24	20
Underlying EBITDA	1,288	164	1,452	1,218
Net financial income and expenses			-208	-261
Income taxes			-56	-34
Net result for the period			200	110
Capex	-493	-88	581	407

1) Boxer was acquired on September 30, 2016.

SEKm	JUN 30, 2017			JUN 30, 2016	
	Com Hem	Boxer	Elimina- tions	The Group	The Group
Operating segment assets	20,326	2,121	-4	22,443	19,190
-of which goodwill	10,899	421	-	11,321	10,899
-of which customer relationships	2,233	1,320	-	3,553	2,813
Other unallocated assets				271	622
Total assets				22,714	19,812
Operating segment liabilities	2,065	889	-4	2,950	1,989
Other unallocated liabilities				18,150	17,717
Total liabilities				21,100	19,706

Business Combinations 2017

No business combinations has been done during 2017.

Business Combinations 2016

Boxer TV-Access AB ("Boxer")

The acquisition of Boxer TV-Access AB was completed on September 30, 2016 and controlling influence of operations was obtained and the entity was consolidated from that date. Boxer is the pay TV operator in the Digital Terrestrial Television network ("DTT") in Sweden. The Com Hem SDU expansion programme will enable Boxer to sell market leading bundled broadband- and TV-services to its customer base.

The acquisition has been recognised by applying the purchase method, and the table below states the fair value of the acquired assets and liabilities. The acquisition was funded through external borrowings and own cash. No equity instruments were issued in conjunction with the acquisition.

SEKm	Carrying amounts in the Group
Intangible assets	1,552
Property, plant and equipment	153
Other current assets	167
Cash and cash equivalents	258
Deferred tax liabilities	-305
Non-current liabilities	-141
Other current liabilities	-472
Net identifiable assets	1,212
Goodwill	421
Purchase price (Paid in cash)	1,633
Less cash in acquired business	-258
Net effect on Group's cash	1,375

The recognised fair value of intangible assets was SEK 1,973m of which customer relationships SEK 1,427m, trademark SEK 101m, goodwill SEK 421m and other SEK 24m. The goodwill recognised for the acquisition relates to future revenue from new customers, increased revenue from existing customers through continued growth of the number of services sold per customer, undocumented know-how and technology. No portion of the goodwill amount is expected to be tax deductible.

An existing long-term fixed price transmission network access contract has been measured to a negative fair value of SEK 174m, which will be released over the contract term, ending March 31, 2020. Lower annual price levels will apply as from April 1, 2020 which was negotiated as part of the transaction.

The total consideration for Boxer amounted to SEK 1,633m and the total net cash outflow was SEK 1,375m after deducting acquired cash and cash equivalents of SEK 258m. Acquisition related expenses were SEK 11m and have been recognised as other operating expenses in the income statement.

Boxer is reported as a separate operating segment and contributed with SEK 446m to consolidated revenue and SEK 3m to operating profit in the fourth quarter 2016.

If the acquisition had been conducted on January 1, 2016, management estimates that the contribution to consolidated revenue would have been SEK 1,833m and the contribution to operating profit would have been SEK 57m, in the financial year 2016.

Incentive programmes in the parent company Com Hem Holding AB

In the parent company Com Hem Holding AB there are four incentive programmes, three long-term share-savings incentive programmes "LTIP 2015", "LTIP 2016" and "LTIP 2017" and a programme comprising a total of 2,474,546 issued and paid warrants. Employees in Com Hem Sweden AB (publ) with subsidiaries participates in all four programmes.

Mergers

In January 2017 the Board resolved to merge the parent company, NorCell Sweden Holding 2 AB (publ) and the wholly owned subsidiary Com Hem Communications AB into Com Hem Sweden AB (publ), the mergers were registered at the Swedish Companies Registration Office April 24, 2017.

Events after the end of the reporting period

No subsequent events to be reported.

Auditor's report

This interim report has not been reviewed by the company's auditors.

Disclosure

Com Hem Sweden AB (publ) discloses the information provided in this interim report pursuant to the terms and conditions for the Group's outstanding Notes and Rule book for Issuers on Nasdaq Stockholm. The information was submitted for publication, through the agency of the contact person set out below at 7.30 a.m. CET July 11, 2017.

Fredrik Hallstan, Head of PR

OTHER INFORMATION

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Board's assurance

The Board of Directors and the CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes the material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm July 11, 2017

Andrew Barron
Chairman of the Board

Mikael Larsson
Board member

Anders Nilsson
Board member and CEO

Christina Källenfors
Board member

INDUSTRY TERMS

Addressable footprint Number of households connected to our FibreCoax and FibreLAN networks, third party open networks, and connected and/or passed by fibre in networks unbundled by the Group.

ARPU Average monthly revenue per user for the referenced period. ARPU is calculated by dividing the monthly revenue for the respective period by the average number of unique consumer subscribers for that period. The average number of unique consumer subscribers is calculated as the number of unique consumer subscribers on the first day in the respective period plus the number of unique consumer subscribers on the last day of the respective period, divided by two.

Churn The voluntary or involuntary discontinuance of services by a subscriber. From Q4 2016 cancellations are excluded.

RGUs Revenue generating units, which refer to each subscriber receiving basic or digital TV, broadband or telephony services from Com Hem, Boxer or Phonera. A customer who has all three services is counted as three RGUs but one unique subscriber.

SME Small and medium enterprises. Refers to offices with 10-99 employees.

SoHo Single office/Home office. Refers to offices with 1-9 employees.

Unique consumer subscribers Unique consumer subscribers represent the number of individual end-users who have subscribed for one or more of the Com Hem Group's digital services (digital TV, broadband and fixed telephony). Com Hem refers to the end-users receiving services directly through our own, third-party or unbundled networks as unique subscribers, even if the billing relationship for that end-user is with the end-user's landlord or housing association.

FINANCIAL KEY METRICS AND ALTERNATIVE PERFORMANCE MEASURES (APM)

IFRS-MEASURE

Earnings per share Net result for the period attributable to owners of the Parent Company divided by the average number of shares outstanding.

ALTERNATIVE PERFORMANCE MEASURES

An alternative performance measure is understood as a financial measure other than a financial measure defined or specified in the applicable financial reporting framework. The alternative performance measures presented are a complement to financial measures defined in IFRS and are used by management to evaluate ongoing operations and control activities. Alternative performance measures presented in these interim financial statements should not be considered as a substitute for measures of performance in accordance with IFRS and may not be comparable to similarly titled measures by other companies. For more information regarding the purpose with presented APMs please visit <http://www.comhemgroup.se/en/investors/definitions/>.

Capital expenditure (Capex) Capital expenditure in intangible assets and property, plant and equipment, including capital expenditure financed by leasing.

EBITDA EBIT excluding amortisation and depreciation.

EBITDA-marginal EBITDA as a percentage of revenue.

Equity/assets ratio Equity as a percentage of total assets.

Equity free cash flow Underlying EBITDA less Capex, interest on bank debt and notes, taxes and change in net working capital.

Equity per share Equity divided by the total number of outstanding shares.

Items affecting comparability Items of temporary nature such as staff costs related to restructuring and transaction costs related to acquisitions.

Net debt Interest-bearing liabilities, excluding borrowing costs, less cash and cash equivalents.

Net debt/Underlying EBITDA Net debt at the end of the period indicated divided by underlying EBITDA LTM.

Operating free cash flow (OFCF) Underlying EBITDA less capital expenditure.

Operating profit (EBIT) Revenue less operating expenses.

Underlying EBITDA EBITDA before disposals excluding items affecting comparability and operating currency gains/losses.

Underlying EBITDA margin Underlying EBITDA as a percentage of revenue.

OTHER MEASURES

Consumer ARPU Consumer ARPU is calculated by dividing all digital TV, broadband, fixed telephony and other revenue that can be allocated to each consumer service for the period in question, by the average number of total unique consumer subscribers for the respective period, and further by the number of months in the period. The average number of subscribers is calculated as the number of unique consumer subscribers on the first day in the respective period plus the number of unique consumer subscribers on the last day of the respective period, divided by two.

B2B ARPU B2B ARPU is calculated by dividing all broadband, fixed telephony and other revenue that can be allocated to each B2B service for the period in question, by the average number of total unique B2B subscribers for the respective period, and further by the number of months in the period. The average number of subscribers is calculated as the number of B2B subscribers on the first day in the respective period plus the number of unique B2B subscribers on the last day of the respective period, divided by two.