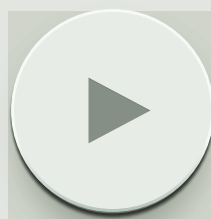


# COM HEM



INTERIM REPORT  
Q2 2017



# INTERIM REPORT

## Q2 2017

### DELIVERING STRONG KPIs AS GROWTH INITIATIVES BUILD MOMENTUM

#### SECOND QUARTER SUMMARY 2017

**Revenue** saw a strong increase of 38.1% to SEK 1,794m while organic<sup>1)</sup> revenue rose by 5.0% to SEK 1,364m.

**Operating profit (EBIT)** rose by 16.0% to SEK 222m.

**Underlying EBITDA** saw a strong increase of 20.3% to SEK 730m and organic<sup>1)</sup> underlying EBITDA rose by 6.7% to SEK 648m.

**Cash flow from operating activities** decreased by 13.6% to SEK 478m 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 modestly by 2.3% to SEK 419m and organic<sup>1)</sup> operating free cash flow fell by 6.7% to SEK 382m due to temporarily low capex level in Q2 2016.

**Net result** rose by 33.9% to SEK 110m.

**Earnings per share:** SEK 0.61 (0.43).

**Record KPIs in the Com Hem Segment consumer business:**

- 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 RGU's 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:**

- 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 in the quarter. We expect to incur up to SEK 50m in capex related to new build trials in 2017 in addition to previous capex guidance.

**Shareholder remuneration:** Com Hem repurchased shares for SEK 189m in the quarter, representing 0.9% of total registered shares as of June 30, while maintaining the leverage ratio at 3.7x.

#### Financial key metrics<sup>2)</sup>

	APR-JUN / Q2			JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2017	2016	Change	2016
Revenue, SEKm	1,794	1,300	38.1%	3,551	2,576	37.9%	5,665
Operating profit (EBIT), SEKm	222	192	16.0%	454	396	14.5%	851
EBITDA, SEKm	707	589	20.2%	1,414	1,189	19.0%	2,518
Underlying EBITDA, SEKm	730	607	20.3%	1,442	1,210	19.1%	2,547
Underlying EBITDA margin, %	40.7	46.7	-6.0 p.p.	40.6	47.0	-6.4 p.p.	45.0
Net result for the period, SEKm	110	82	33.9%	230	177	29.8%	317
Earnings per share, SEK	0.61	0.43	42.1%	1.26	0.91	37.6%	1.66
Capex, SEKm	311	198	57.5%	581	407	42.5%	893
Capex as % of revenue	17.4	15.2	2.1 p.p.	16.3	15.8	0.5 p.p.	15.8
Cash flow from operating activities, SEKm	478	554	-13.6%	1,035	1,071	-3.4%	2,216
Operating free cash flow, SEKm	419	409	2.3%	861	803	7.3%	1,655
Net debt at end of period, SEKm	10,742	9,026	19.0%	10,742	9,026	19.0%	10,326
Net debt/Underlying EBITDA LTM, multiple	3.7x	3.8x	0.0x	3.7x	3.8x	0.0x	3.7x

<sup>1)</sup> Excluding Boxer.

<sup>2)</sup> See page 22 for definitions of financial key metrics and Alternative Performance Measures (APM).

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

# DELIVERING STRONG KPIs AS GROWTH INITIATIVES BUILD MOMENTUM

Midway through the year we see great performance across operational KPIs as a result of growth initiatives started in the first quarter. Following price adjustments in Q1, the Com Hem Segment recorded an all-time high consumer ARPU of SEK 376 while consumer churn dropped to record low 12.4%. Boxer consumer churn dropped significantly to 15.0% as a result of a successful marketing campaign and network expansion launched in the first quarter. The Group made further progress towards the 3.0m footprint expansion goal, now reaching 2.6m addressable households.

” The Com Hem Group showed strong operational momentum with good performance across all KPIs. This translated into solid financial performance as revenue and underlying EBITDA for the Group grew in-line with guidance. In the Com Hem Segment, record consumer ARPU and churn in the quarter following our annual price adjustments give us confidence in our strategy to focus on customer satisfaction. For Boxer we see initial signs that the repositioning from a TV-centric to a broadband-led operator is getting traction, resulting in a slowdown of the RGU decline, as broadband sales grow while DTT churn is significantly reduced.

### Record ARPU and churn following price adjustments in the Com Hem Segment

Price adjustments implemented in the previous quarter drove a sequential consumer ARPU increase of SEK 8 (2.3%) to a record

high of SEK 376 while consumer churn declined from 13.6% in the first quarter to 12.4%, a record low. Our customer base grew by 8,000 in the segment and the number of RGUs increased by 8,000 with very strong growth in broadband, up 11,000 RGUs, modest growth in DTV, up 1,000 RGUs, and continued decline in telephony, down 5,000. Our TiVo base grew by 4,000 customers, now at 40% of our DTV base.

### Integration of B2B completed

Integration of our B2B business concluded in the quarter with all operations now integrated into Com Hem. As expected, we saw a decline in revenue, down 11.7% (SEK 9m) compared to Q2 2016, as we continue to focus on the OnNet broadband business, which grew by 20.8% during the quarter. We continue efforts to improve the mix between high margin OnNet business and low margin OffNet business while utilising synergies from the integration. As a result, we expect pressure on revenue throughout 2017 while underlying EBITDA and operating free cash flow continue to improve.

### Addressable households reaching 2.6m

We made continued progress in our network expansion programme with 200,000 addressable households added in the quarter to a total of 600,000 since the start of the expansion, 200,000 of which are unique to Boxer. Since one year ago the Group has expanded its footprint by 30% from 2.0m to 2.6m addressable households. In the first quarter we upgraded the footprint expansion target from 2.8m to 3.0m households by 2020, which constitutes an increase of 50% from before the SDU expansion and the Boxer acquisition.

In addition, we made progress on the new build project where fibre was deployed in selected trial areas during the quarter. Given high competition to deploy fibre in attractive areas, we need more time to further evaluate the feasibility of scaling up





new build with attractive payback beyond the trials and expect to announce a decision later in 2017.

### Significant consumer churn reduction in the Boxer Segment

As a result of the change in operational focus resulting in the fibre footprint expansion and the marketing campaign launched in the first quarter to reposition Boxer from a TV-centric to a broad-band-led operator, we are seeing promising development across all KPIs. Consumer churn for Boxer dropped by 4.2 percentage points sequentially to 15.0%, the lowest level since Q3 2015, and the decline in unique consumers slowed down to -8,000 compared to -16,000 in the first quarter. We begin to see momentum in the RGU development with 5,000 broadband RGUs added and total RGU decline slowing materially to -5,000 compared to -13,000 in the first quarter. It is fair to say that the positive reaction in the customer base has been faster and stronger than anticipated.

We have expanded Boxer's fibre footprint to 900,000 addressable households including almost all of the Com Hem Segment's current fibre footprint as well as 200,000 SDU households unique to Boxer. The integration process which is about halfway done is progressing according to plan and continues to release cost synergies to offset pressure on the top line.

### Operational momentum resulting in strong financial performance

The Com Hem Group increased revenue by 38.1% to SEK 1,794m and underlying EBITDA by 20.3% to SEK 730m. Organic revenue grew by 5.0% compared to Q2 2016 as growth in the consumer business (5.4%) and network operator business (11.5%) offset a decline in B2B (-11.7%). The increase in network operator revenue was largely due to connection fee revenue from the SDU expansion and increased revenue in iTUX. Underlying EBITDA grew by 6.7% for the Com Hem Segment to SEK 648m, with a margin of 47.5%.

Group capex amounted to SEK 311m in the quarter compared to SEK 198m in Q2 2016. Since capex was significantly below the normal quarterly run rate in the first half of 2016 and Boxer was not consolidated into the Group until Q4 2016, capex was higher year-on-year in Q2 2017. In addition, capex was slightly higher than the normalised run rate in the quarter due to increased focus on net-

work expansion as well as high sales volumes. Because of higher capex during the quarter, operating free cash flow increased by a modest 2.3% to SEK 419m.

We are on track for our full year Group guidance of SEK 1.0-1.1bn in regular capex plus an additional SEK 50m for the Boxer integration. In addition, we expect to invest up to SEK 50m related to new build trials (SEK 13m incurred to date) which will be on top of the original capex guidance.

During the quarter, the Group repurchased shares for SEK 189m, representing 0.9% of total registered shares as of June 30, while maintaining the leverage ratio at 3.7x. The second dividend payment of SEK 2.00 is scheduled for September 29. Com Hem currently repurchases shares for some SEK 70m per month which, along with the cash dividend, could result in total shareholder remuneration of more than SEK 1.5bn in 2017, representing a total yield of 7.2% at July 10 close price.

### Looking ahead

We started this year setting out some ambitious but achievable goals. This quarter we saw clear signs that the initiatives set in motion in previous periods are already producing concrete benefits. While we execute on our current growth drivers we also look to the future for further opportunities as we prepare the company to operate in a converged market. This continues to be a year of operational focus as we execute on initiatives to improve customer satisfaction in the core cable business, set up the Boxer business to capitalise on the fibration of the SDU market and make headway toward our goal to connect 3.0m addressable households by 2020.

Anders Nilsson  
CEO

## FINANCIAL GUIDANCE

### GUIDANCE FOR THE GROUP - UPDATED CAPEX GUIDANCE FOR 2017

<b>Revenue</b>	We aim to deliver mid-single digit revenue growth for the Com Hem Segment annually. Including Boxer, the Group expects a growth rate of 25-30% for 2017
<b>Underlying EBITDA</b>	We aim to deliver mid-single digit underlying EBITDA growth for the Com Hem Segment annually. In 2017, Boxer is expected to add ~SEK 300m of underlying EBITDA to the Group. Thereafter we aim to deliver mid-single digit underlying EBITDA growth for the entire Group annually
<b>CAPEX</b>	We expect capex to be in the range of SEK 1.0-1.1bn annually including Boxer. In 2017, we will also incur some SEK 50m in capex for integration of Boxer and up to SEK 50m for new build trials
<b>Leverage target</b>	We aim to maintain our leverage within the interval of 3.5-4.0x underlying EBITDA LTM

# GROUP FINANCIAL OVERVIEW

Financial summary, SEKm	APR-JUN/Q2			JAN-JUN/6 MONTHS			JAN-DEC
	2017	2016	Change	2017	2016	Change	2016
Revenue	1,794	1,300	38.1%	3,551	2,576	37.9%	5,665
Operating expenses	-1,572	-1,108	41.9%	-3,097	-2,179	42.1%	-4,813
Operating profit (EBIT)	222	192	16.0%	454	396	14.5%	851
Net financial income and expenses	-81	-84	-4.0%	-159	-167	-4.9%	-440
Income taxes	-31	-25	24.2%	-65	-52	24.8%	-94
<b>Net result for the period</b>	<b>110</b>	<b>82</b>	<b>33.9%</b>	<b>230</b>	<b>177</b>	<b>29.8%</b>	<b>317</b>

Comparisons between second quarter of 2017 and second quarter 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 38.1% compared to the second quarter in 2016 and amounted to SEK 1,794m. Organic revenue growth, excluding Boxer which was included in the Group in the fourth quarter 2016, was 5.0%. Organic revenue growth is explained by continued good growth in Com Hem's consumer business which grew by 5.4% driven by both price and volume. For the first six months Group revenue amounted to SEK 3,551m corresponding to a growth of 37.9% compared to the same period last year, with an organic revenue growth of 4.3%.

## Operating expenses

Operating expenses amounted to SEK 1,572m, up 41.9% compared to the second quarter 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 second quarter increased by 16.0% and amounted to SEK 222m as a result of revenue growth. For the first six months, operating profit amounted to SEK 454m, an increase of 14.5% compared to the same period in 2016.

## Net financial income and expenses

Net financial income and expenses were improved by 4.0% or SEK 3m for the second quarter, and by SEK 8m for the first six months. The positive change is a result of a reduced blended interest rate on the Group's debt portfolio following a number of refinancing activities with extended debt maturities. Average blended interest rate 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 31m for the quarter and SEK 65m 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 0.9bn at the end of the quarter.

## Net result for the period

Net result for the quarter increased by 33.9% compared to the second quarter in 2016 and amounted to SEK 110m. For the first six months, net result totalled SEK 230m, up 29.8% compared to the same period in 2016.

Reconciliation between operating profit (EBIT) and underlying EBITDA, SEKm	APR-JUN/Q2			JAN-JUN/6 MONTHS			JAN-DEC
	2017	2016	Change	2017	2016	Change	2016
<b>Operating profit (EBIT)</b>	<b>222</b>	<b>192</b>	<b>16.0%</b>	<b>454</b>	<b>396</b>	<b>14.5%</b>	<b>851</b>
Amortisation & Depreciation per function							
- Cost of services sold	247	209	18.1%	485	414	17.1%	867
- Selling expenses	233	183	27.8%	466	367	26.8%	779
- Administrative expenses	5	5	-8.6%	10	11	-13.0%	22
<b>Total amortisation &amp; depreciation</b>	<b>485</b>	<b>397</b>	<b>22.2%</b>	<b>960</b>	<b>793</b>	<b>21.2%</b>	<b>1,667</b>
<b>EBITDA</b>	<b>707</b>	<b>589</b>	<b>20.2%</b>	<b>1,414</b>	<b>1,189</b>	<b>19.0%</b>	<b>2,518</b>
EBITDA margin, %	39.4	45.3	-5.9 p.p.	39.8	46.2	-6.3 p.p.	44.5
Disposals	2	3	-28.1%	5	3	62.5%	4
Operating currency loss/gains	-1	-1	7.2%	-2	-2	-5.0%	7
Items affecting comparability	21	16	34.1%	24	20	20.1%	18
<b>Underlying EBITDA</b>	<b>730</b>	<b>607</b>	<b>20.3%</b>	<b>1,442</b>	<b>1,210</b>	<b>19.1%</b>	<b>2,547</b>
Underlying EBITDA margin, %	40.7	46.7	-6.0 p.p.	40.6	47.0	-6.4 p.p.	45.0

Comparisons between second quarter of 2017 and second quarter of 2016, unless otherwise stated.

### Underlying EBITDA

For the second quarter, underlying EBITDA rose by 20.3% reaching SEK 730m and the underlying EBITDA margin was 40.7%. For the first six months, underlying EBITDA rose by 19.1% to SEK 1,442m and the underlying EBITDA margin was 40.6%. The increase in underlying EBITDA for the second quarter as well as the first six months, 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 6.7% for the second quarter and 5.5% for the first six months.

### EBITDA

EBITDA rose by 20.2% reaching SEK 707m for the quarter, and by 19.0% to SEK 1,414m 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 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 88m to SEK 485m for the quarter, and by SEK 167m to SEK 960m for the first six months. The increase for both periods 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	APR-JUN/Q2			JAN-JUN/6 MONTHS			JAN-DEC
	2017	2016	Change	2017	2016	Change	2016
<b>Underlying EBITDA</b>	<b>730</b>	<b>607</b>	<b>20.3%</b>	<b>1,442</b>	<b>1,210</b>	<b>19.1%</b>	<b>2,547</b>
<b>Capital expenditure<sup>1)</sup></b>							
Network related	-103	-65	58.8%	-184	-126	46.3%	-273
CPEs and capitalised sales commissions	-130	-68	91.3%	-251	-169	48.4%	-388
Product- and IT-development	-61	-60	2.6%	-113	-101	12.5%	-208
Integration of Boxer	-12	-	n/m	-18	-	n/m	-
Other capex	-5	-5	1.6%	-14	-12	21.4%	-24
<b>Total capital expenditure</b>	<b>-311</b>	<b>-198</b>	<b>57.5%</b>	<b>-581</b>	<b>-407</b>	<b>42.5%</b>	<b>-893</b>
<b>Operating free cash flow</b>	<b>419</b>	<b>409</b>	<b>2.3%</b>	<b>861</b>	<b>803</b>	<b>7.3%</b>	<b>1,655</b>
Interest payments	-93	-20	n/m	-145	-55	164.3%	-278
Income tax paid	-	-	n/m	-31	-	n/m	-
Change in working capital	-130	-23	n/m	-170	-66	158.9%	48
<b>Equity free cash flow</b>	<b>196</b>	<b>366</b>	<b>-46.5%</b>	<b>515</b>	<b>682</b>	<b>-24.6%</b>	<b>1,424</b>

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

Comparisons between second quarter of 2017 and second quarter of 2016, unless otherwise stated.

## Capital expenditure (Capex)

For the quarter, capital expenditure amounted to SEK 311m, corresponding to 17.4% of revenue. For the first six months capital expenditure amounted to SEK 581m, corresponding to 16.3% of revenue. The increase compared to the corresponding periods 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 419m for the quarter and SEK 861m for the first six months. The modest increase of 2.3% for the second quarter (7.3% for the first six months) compared to the corresponding period in 2016 is due to that the higher underlying EBITDA has been partly offset by higher capex in 2017.

## Equity free cash flow

Equity free cash flow decreased to SEK 196m for the second quarter and to SEK 515m for the first six months, negatively affected

by a change in working capital (negative SEK 130m for the second quarter and negative SEK 170m for the first six months) and by higher interest payments (SEK 73m higher for the quarter and SEK 90m higher for the first six months compared to the corresponding periods in 2016). Both items are explained by timing between quarters.

## Liquidity

At the end of the quarter the Group's total available funds amounted to SEK 1,445m (SEK 1,870m at December 31, 2016), of which cash was SEK 295m (SEK 470m 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 quarter the Group's net debt amounted to SEK 10,742m (SEK 10,326m at December 31, 2016). Net debt/underlying EBITDA LTM was a multiple of 3.7x (3.7x at December 31, 2016), which is in line with the target leverage of 3.5-4.0x.

	JUN 30		DEC 31
	2017	2016	2016
Net debt, SEKm			
Non-current interest-bearing liabilities	10,940	9,541	10,180
Add back of capitalised borrowing costs	85	97	98
Non-current interest-bearing liabilities, nominal value	11,025	9,637	10,278
Current interest-bearing liabilities	12	23	517
Cash and cash equivalents	-295	-634	-470
Net debt	10,742	9,026	10,326

## CREDIT FACILITIES

June 30, 2017, SEKm	Maturity date	Interest base/coupon	Total credit	Utilised amount	Unutilised amount
<b>Bank loans</b>					
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	-
<b>Bond loans</b>					
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	-
<b>Total<sup>1)</sup></b>			<b>12,175</b>	<b>11,025</b>	<b>1,150</b>

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

## Financing

At the end of the quarter 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 quarter, after which all bank debt now matures June 26, 2019.

The average interest rate on the credit facilities was 2.5% in the quarter, and at the end of the quarter 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 quarter.

## Shareholder remuneration

Up until 2016 the majority of shareholder remuneration was made through share buybacks. For 2017, the AGM resolved on a change to the mix of the shareholder remuneration by increasing the cash dividend from SEK 1.50 per share to SEK 4.00 per share to be paid out on two occasions (the first was paid out on March 30, 2017, and the second will be paid out on September 29, 2017).

## Share repurchases

The 2017 AGM which was held on March 23, 2017 authorised the Board to, until the next AGM, on one or more occasions resolve on repurchases of own shares to the extent that the holding at any time does not exceed a tenth of the total number of registered shares.

On March 23, 2017 the Board resolved to initiate such a repurchase programme where shares for a total amount of up to SEK 250m may be repurchased in the period from and including March 24, 2017, to and including July 10, 2017.

In the quarter Com Hem repurchased 1,644,999 shares for a total amount of SEK 189m.

Share repurchases	No of shares	Average price per share, SEK	SEKm
Year 2015	10,531,344	73.71	776
Year 2016	11,788,068	75.37	888
First quarter 2017	2,381,638	96.00	229
Second quarter 2017	1,644,999	114.83	189
After the reporting period	178,520	117.88	21
<b>Total shares repurchased</b>	<b>26,524,569</b>	<b>79.30</b>	<b>2,103</b>

## Share capital and the number of registered shares

In accordance with the resolution at the 2017 AGM, Com Hem has in April executed a further reduction of the share capital by way of cancelling 5,071,161 treasury shares. Simultaneously, and for the purpose of restoring the share capital, Com Hem has executed a bonus issue corresponding to the amount with which the share capital was reduced. The reduction and the increase of the share capital has been registered by the Swedish Companies Registration Office and the shares were cancelled on April 20, 2017. At the end of the quarter, the number of registered shares and votes in Com Hem amounted to 183,879,479, of which 2,695,931 were treasury shares. The share capital amounted to SEK 208,998,231 and the quota value was therefore SEK 1.14 per share.

178,520 shares were repurchased after the reporting period. As of July 10, 2017, 2,874,451 shares were treasury shares, and the number of outstanding shares and votes in Com Hem therefore amounted to 181,005,028.

Change in number of shares in 2017	No. of registered shares	No. of outstanding shares
December 31, 2016	188,950,640	185,210,185
Share repurchases first quarter 2017	-	-2,381,638
Cancellation treasury shares April 20, 2017	-5,071,161	-
Share repurchases second quarter 2017	-	-1,644,999
<b>June 30, 2017</b>	<b>183,879,479</b>	<b>181,183,548</b>
Repurchases after reporting period	-	-178,520
<b>July 10, 2017</b>	<b>183,879,479</b>	<b>181,005,028</b>



# SEGMENT COM HEM

## OVERVIEW PER OPERATING SEGMENT

Operational key metrics <sup>1)</sup>	2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2
<b>Addressable footprint, thousands</b>	<b>1,988</b>	<b>2,045</b>	<b>2,196</b>	<b>2,265</b>	<b>2,324</b>	<b>2,382</b>
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
<b>Consumer RGUs thousands</b>						
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
<b>Total consumer RGUs</b>	<b>1,619</b>	<b>1,615</b>	<b>1,623</b>	<b>1,627</b>	<b>1,634</b>	<b>1,642</b>
<b>Unique B2B subscribers, thousands</b>						
OnNet	17	18	19	20	22	22
OffNet	45	42	40	38	33	30
<b>Total unique B2B subscribers</b>	<b>62</b>	<b>61</b>	<b>59</b>	<b>58</b>	<b>54</b>	<b>53</b>
<b>ARPU, SEK</b>						
Consumer	364	369	371	371	368	376
B2B	430	436	436	454	448	445

<sup>1)</sup> 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	APR-JUN / Q2			JAN-JUN / 6 MONTHS			JAN-DEC
	2017	2016	Change	2017	2016	Change	2016
<b>Revenue external</b>							
Consumer	1,074	1,020	5.4%	2,118	2,016	5.0%	4,093
- of which Digital TV	475	465	2.1%	941	921	2.2%	1,855
- of which Broadband	518	462	12.1%	1,012	905	11.8%	1,862
- of which Fixed Telephony	51	66	-22.9%	104	136	-23.7%	253
Network operator	213	191	11.5%	409	383	6.8%	777
B2B	71	80	-11.7%	145	161	-9.9%	317
Other revenue	6	8	-28.7%	14	16	-13.1%	31
<b>Revenue</b>	<b>1,364</b>	<b>1,300</b>	<b>5.0%</b>	<b>2,685</b>	<b>2,576</b>	<b>4.3%</b>	<b>5,218</b>
<b>Underlying EBITDA</b>	<b>648</b>	<b>607</b>	<b>6.7%</b>	<b>1,277</b>	<b>1,210</b>	<b>5.5%</b>	<b>2,470</b>
Underlying EBITDA margin, %	47.5	46.7	0.8 p.p.	47.5	47.0	0.6 p.p.	47.3
Total capital expenditure	-266	-198	34.6%	-493	-407	21.0%	-851
<b>Operating free cash flow</b>	<b>382</b>	<b>409</b>	<b>-6.7%</b>	<b>784</b>	<b>803</b>	<b>-2.4%</b>	<b>1,618</b>

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

### Revenue

Revenue for the second quarter rose by 5.0% compared to the same period last year and amounted to SEK 1,364m. For the first six months revenue rose by 4.3% 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 5.4% to a total of SEK 1,074m for the second quarter. 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 12.1% for the quarter, is attributable to RGU growth, an improved speed mix, and price adjustments implemented in the first quarter.

Revenue from digital TV, which rose by 2.1% for the quarter, 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 15m for the quarter. The decrease is mainly explained by a structural decline in fixed telephony variable usage.

### Network Operator Services

Revenue from network operator services increased by 11.5% and amounted to SEK 213m for the second quarter. 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 9m to SEK 71m for the second quarter, 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 quarter, OnNet revenue grew by 20.8% and amounted to SEK 29m.

Items affecting comparability of SEK 16m was recognised in the quarter (29m for the first six months) due to the integration while

underlying EBITDA as well as operating free cash flow increased compared to the same periods in 2016.

### Underlying EBITDA

Underlying EBITDA rose by 6.7% for the Com Hem Segment reaching SEK 648m and the underlying EBITDA margin was 47.5% in the second quarter. For the first six months, underlying EBITDA rose by 5.5% reaching SEK 1,277m. 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 quarter, capital expenditure amounted to SEK 266m, corresponding to 19.5% of revenue. For the first six months, capital expenditure amounted to SEK 493m, 18.4% of revenue. The increase compared to the corresponding periods 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 6.7% or SEK 28m reaching SEK 382m as a result of the higher capital expenditure in the second quarter compared to same period last year, partly offset by an increase in underlying EBITDA. For the first six months operating free cash flow decreased by 2.4% reaching SEK 784m.

# SEGMENT BOXER

## OVERVIEW PER OPERATING SEGMENT

Operational key metrics <sup>1)</sup>	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, % <sup>2)</sup>	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

<sup>1)</sup>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.

<sup>2)</sup>Consumer churn as % of unique consumer subscribers, % calculated according to Com Hem Segment method from 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 get 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 a 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 RGU's 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
<b>Revenue external</b>			
Consumer	430	436	866
<b>Revenue</b>	<b>430</b>	<b>436</b>	<b>866</b>
<b>Underlying EBITDA</b>	<b>82</b>	<b>83</b>	<b>165</b>
Underlying EBITDA margin, %	19.2	19.0	19.1
Total capital expenditure	-45	-42	-88
<b>Operating free cash flow</b>	<b>37</b>	<b>40</b>	<b>78</b>

### 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 165m for the first six months. In the beginning of 2017, half of the expected synergies of approximately SEK 50m annually relating to integration with Com Hem have 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 37m in the quarter and SEK 78m 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	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
Revenue	1,794	1,300	3,551	2,576	5,665
Cost of services sold	-1,018	-642	-2,004	-1,282	-2,964
<b>Gross profit</b>	<b>777</b>	<b>657</b>	<b>1,547</b>	<b>1,293</b>	<b>2,701</b>
Selling expenses	-470	-381	-942	-744	-1,557
Administrative expenses	-86	-80	-158	-153	-305
Other operating income and expenses	1	-5	7	0	12
<b>Operating profit</b>	<b>222</b>	<b>192</b>	<b>454</b>	<b>396</b>	<b>851</b>
Financial income and expenses	-81	-84	-159	-167	-440
<b>Result after financial items</b>	<b>142</b>	<b>108</b>	<b>295</b>	<b>229</b>	<b>411</b>
Income taxes	-31	-25	-65	-52	-94
<b>Net result for the period</b>	<b>110</b>	<b>82</b>	<b>230</b>	<b>177</b>	<b>317</b>
Average number of outstanding shares, thousands	181,889	192,847	183,067	193,959	191,077
Basic earnings per share, SEK	0.61	0.43	1.26	0.91	1.66
Average number of outstanding shares, diluted, thousands	183,199	192,937	184,289	194,050	191,223
Diluted earnings per share, SEK	0.60	0.43	1.25	0.91	1.66

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
<b>Net result for the period</b>	<b>110</b>	<b>82</b>	<b>230</b>	<b>177</b>	<b>317</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to net profit or loss</i>					
Revaluation of defined-benefit pension obligations	-16	-38	-6	-65	-59
Tax on items that will not be reclassified to profit or loss	4	8	1	14	13
<b>Other comprehensive income for the period, net of tax</b>	<b>-13</b>	<b>-30</b>	<b>-5</b>	<b>-50</b>	<b>-46</b>
<b>Total comprehensive income for the period</b>	<b>98</b>	<b>53</b>	<b>225</b>	<b>127</b>	<b>271</b>

# CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	JUN 30 2017	JUN 30 2016	DEC 31 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	16,407	15,128	16,765
Property, plant and equipment	1,537	1,465	1,564
Financial assets	-	0	-
<b>Total non-current assets</b>	<b>17,943</b>	<b>16,593</b>	<b>18,329</b>
<b>Current assets</b>			
Other current assets	530	352	458
Cash and cash equivalents	295	634	470
<b>Total current assets</b>	<b>825</b>	<b>986</b>	<b>927</b>
<b>TOTAL ASSETS</b>	<b>18,769</b>	<b>17,579</b>	<b>19,256</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>4,852</b>	<b>5,890</b>	<b>5,501</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	10,940	9,541	10,180
Other non-current liabilities	348	246	384
Deferred tax liabilities	688	272	624
<b>Total non-current liabilities</b>	<b>11,976</b>	<b>10,059</b>	<b>11,188</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	12	23	517
Other current liabilities	1,928	1,606	2,050
<b>Total current liabilities</b>	<b>1,940</b>	<b>1,629</b>	<b>2,567</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,769</b>	<b>17,579</b>	<b>19,256</b>
Number of outstanding shares, at end of period, thousands	181,184	192,157	185,210
Equity per share, SEK	27	31	30

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	JUN 30 2017	JUN 30 2016	DEC 31 2016
<b>Opening equity</b>	<b>5,501</b>	<b>6,403</b>	<b>6,403</b>
<b>Comprehensive income for the period</b>			
Net result for the period	230	177	317
Other comprehensive income for the period	-5	-50	-46
<b>Total comprehensive income for the period</b>	<b>225</b>	<b>127</b>	<b>271</b>
<b>Transactions with the owners</b>			
Repurchases of shares	-418	-351	-888
Repurchases of warrants	-94	-	-
Dividend	-366	-289	-289
Share-based remuneration	4	1	4
<b>Total transactions with the owners</b>	<b>-874</b>	<b>-639</b>	<b>-1,173</b>
<b>Closing equity</b>	<b>4,852</b>	<b>5,890</b>	<b>5,501</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
<b>Operating activities</b>					
Result after financial items	142	108	295	229	411
Adjustments for non-cash items	466	469	941	907	1,757
Income taxes paid	-	-	-31	-	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>608</b>	<b>577</b>	<b>1,205</b>	<b>1,137</b>	<b>2,168</b>
Change in working capital	-130	-23	-170	-66	48
<b>Cash flow from operating activities</b>	<b>478</b>	<b>554</b>	<b>1,035</b>	<b>1,071</b>	<b>2,216</b>
<b>Investing activities</b>					
Acquisition of subsidiary	-	-	-	-	-1,375
Acquisition of intangible assets	-134	-91	-258	-177	-396
Acquisition of property, plant and equipment	-178	-107	-322	-231	-497
Divestment of fixed assets	2	1	3	1	2
<b>Cash flow from investing activities</b>	<b>-309</b>	<b>-197</b>	<b>-578</b>	<b>-407</b>	<b>-2,266</b>
<b>Financing activities</b>					
Repurchases of shares	-189	-88	-410	-353	-894
Repurchase of warrants	-94	-	-94	-	-
Dividend	-	-289	-366	-289	-289
Borrowings	1,250	2,300	1,700	2,300	6,600
Amortisation of borrowings	-1,104	-2,306	-1,458	-2,413	-5,578
Payment of borrowing costs	-2	-18	-3	-18	-63
<b>Cash flow from financing activities</b>	<b>-139</b>	<b>-401</b>	<b>-631</b>	<b>-774</b>	<b>-224</b>
Net change in cash and cash equivalents	31	-44	-174	-109	-274
Cash and cash equivalents at beginning of period	265	679	470	743	743
<b>Cash and cash equivalents at end of period</b>	<b>295</b>	<b>634</b>	<b>295</b>	<b>634</b>	<b>470</b>

## ADJUSTMENT FOR NON-CASH ITEMS

SEKm	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
Depreciation/amortisation	485	397	960	793	1,667
Unrealised exchange-rate differences	0	4	0	3	1
Capital gain/loss on sale/disposal of non-current assets	0	3	3	3	3
Change in capitalised borrowing costs and discounts	8	9	16	16	60
Change in accrued interest expenses	-24	51	-11	87	17
Change in provisions	-5	-	-31	-	4
Other profit/loss items not settled with cash	2	4	4	7	4
<b>Total</b>	<b>466</b>	<b>469</b>	<b>941</b>	<b>907</b>	<b>1,757</b>

# PARENT COMPANY CONDENSED FINANCIAL REPORTS

INCOME STATEMENT SEKm	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
Revenue	3	3	7	5	13
Administrative expenses	-7	-7	-14	-13	-27
Other operating income and expenses	0	-1	0	-1	-1
<b>Operating profit/loss</b>	<b>-4</b>	<b>-4</b>	<b>-8</b>	<b>-9</b>	<b>-14</b>
Financial income and expenses	23	39	49	80	-114
<b>Result after financial items</b>	<b>19</b>	<b>35</b>	<b>42</b>	<b>71</b>	<b>-128</b>
Income taxes <sup>1)</sup>	-	-	0	0	28
<b>Net result for the period</b>	<b>19</b>	<b>35</b>	<b>41</b>	<b>71</b>	<b>-100</b>

<sup>1)</sup> The Parent Company's taxable profit will be offset by a Group contribution to subsidiaries at year-end.

STATEMENT OF COMPREHENSIVE INCOME SEKm	APR-JUN/Q2		JAN-JUN/6 MONTHS		JAN-DEC
	2017	2016	2017	2016	2016
Net result for the period	19	35	41	71	-100
Other comprehensive income	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>19</b>	<b>35</b>	<b>41</b>	<b>71</b>	<b>-100</b>

BALANCE SHEET SEKm	JUN 30	JUN 30	DEC 31
	2017	2016	2016
<b>ASSETS</b>			
Financial assets	10,053	9,868	9,966
Deferred tax assets	53	25	53
Current assets	6	2	6
Cash and bank balances	24	12	15
<b>TOTAL ASSETS</b>	<b>10,136</b>	<b>9,907</b>	<b>10,041</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	209	213	209
Unrestricted equity	5,935	7,474	6,777
Provisions	2	1	2
Non-current liabilities to Group companies	3,712	1,596	2,780
Current liabilities to Group companies	260	607	260
Other current liabilities	18	16	13
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,136</b>	<b>9,907</b>	<b>10,041</b>

## OTHER INFORMATION

Com Hem Holding AB (publ) is a Swedish limited liability company (Corp. ID. No. 556858-6613), with its registered office in Stockholm, Sweden. Com Hem's share is 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 Group's Annual report 2016, page 69. There have been no significant transactions during the year, in excess of paid dividend and repurchase of warrants. Repurchase of warrants from related parties (board members and executive management) was made in April at market value totalling SEK 79m. For more information regarding the repurchase of warrants see section "Incentive programmes" below.

### 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	APR-JUN Q2 2017			APR-JUN Q2 2016	JAN-JUN/6 MONTHS 2017			JAN-JUN/ 6 MONTHS 2016
	Com Hem	Boxer	The Group	The Group <sup>1)</sup>	Com Hem	Boxer	The Group	The Group <sup>1)</sup>
Revenue external	1,364	430	1,794	1,300	2,685	866	3,551	2,576
<b>Total revenue</b>	<b>1,364</b>	<b>430</b>	<b>1,794</b>	<b>1,300</b>	<b>2,685</b>	<b>866</b>	<b>3,551</b>	<b>2,576</b>
<b>Operating profit (EBIT)</b>	<b>209</b>	<b>13</b>	<b>222</b>	<b>192</b>	<b>429</b>	<b>25</b>	<b>454</b>	<b>396</b>
Amortisation & depreciation	416	69	485	397	826	135	960	793
Disposals	2	-	2	3	4	2	5	3
Operating currency loss/gains	-1	1	-1	-1	-3	1	-2	-2
Items affecting comparability	22	-1	21	16	21	3	24	20
<b>Underlying EBITDA</b>	<b>648</b>	<b>82</b>	<b>730</b>	<b>607</b>	<b>1,277</b>	<b>165</b>	<b>1,442</b>	<b>1,210</b>
Net financial income and expenses			-81	-84			-159	-167
Income taxes			-31	-25			-65	-52
<b>Net result for the period</b>			<b>110</b>	<b>82</b>			<b>230</b>	<b>177</b>
CAPEX	-266	-45	-311	-198	-493	-88	-581	-407

<sup>1)</sup> Boxer was acquired on September 30, 2016.

SEKm	JUN 30, 2017			JUN 30, 2016	
	Com Hem	Boxer	Elimina- tions	The Group	The Group
<b>Operating segment assets</b>	<b>16,358</b>	<b>2,121</b>	<b>-6</b>	<b>18,473</b>	<b>16,945</b>
-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				295	634
<b>Total assets</b>				<b>18,769</b>	<b>17,579</b>
Operating segment liabilities	2,030	889	-6	2,913	1,994
Other unallocated liabilities				11,003	9,695
<b>Total liabilities</b>				<b>13,916</b>	<b>11,689</b>

## 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
<b>Net identifiable assets</b>	<b>1,212</b>
Goodwill	421
<b>Purchase price (Paid in cash)</b>	<b>1,633</b>
Less cash in acquired business	-258
<b>Net effect on Group's cash</b>	<b>1,375</b>

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.

### Changes in share capital and share repurchases

At the Annual General Meeting on May 19, 2016 and at the Annual General Meeting on March 23, 2017 the Board of Directors was given the mandate to until the end of the next Annual General Meeting, on one or more occasions, resolve on buy backs of shares to such extent that the Company's holding at any time does not exceed a tenth of the total number of shares in the Company. The buy backs were carried out in accordance with the Market Abuse Regulation (EU) No 596/2014 ("MAR") and the Commission Delegated Regulation (EU) 2016/1052 (the "Safe Harbour Regulation"). The buy backs are managed by credit institutions that make their trading decisions regarding Com Hem's shares independently of, and without influence by, Com Hem with regard to the timing of the repurchases.

In accordance with the resolution at the 2017 AGM, Com Hem has in April executed a further reduction of the share capital by way of cancelling 5,071,161 treasury shares. Simultaneously, and for the purpose of restoring the share capital, Com Hem has executed a bonus issue corresponding to the amount with which the share capital was reduced. The reduction and the increase of the share capital has been registered by the Swedish Companies Registration Office and the shares were cancelled on April 20, 2017. Hence, the number of registered shares and votes in Com Hem amounts to 183,879,479.

Change in no. of shares	Total no. of shares
No. of registered shares, December 31, 2016	188,950,640
Cancellation of shares	-5,071,161
<b>Total no. of registered shares, June 30, 2017</b>	<b>183,879,479</b>
Repurchased shares held by Com Hem	-2,695,931
<b>Total no. of outstanding shares, June 30, 2017</b>	<b>181,183,548</b>

### Incentive programmes

The Group had at the beginning of the year two warrant programmes established for executive management, key employees and Board members. The programmes originally comprised a total of 2,474,546 issued and paid warrants for each programme. The first programme had a maturity in June 2017 and the second programme has a maturity to June 2018. In accordance with the resolution by the 2017 AGM, Com Hem in April repurchased the warrants with maturity in June 2017 for a total of SEK 94m.

The Group also has three long-term share-saving incentive programmes "LTIP 2015", "LTIP 2016" and "LTIP 2017". LTIP 2015 comprising 164,050 shares, LTIP 2016 comprising 230,543 shares and LTIP 2017 comprising 222,673 shares. LTIP 2017 was resolved by the Annual General Meeting 2017 and has similar conditions as LTIP 2015 and LTIP 2016. For more information regarding LTIP and the other incentive programmes see the Group's Annual Report 2016.

### Largest shareholders

On April 27, 2017 Kinnevik acquired all shares that NorCell S.à.r.l. (indirectly controlled by funds managed by BC Partners LLP) held in Com Hem Holding AB (publ). Kinnevik is from that day the Company's single largest shareholder and controlled 18.7% of the outstanding shares and votes as at June 30, 2017. Com Hem Holding AB (publ) had a total of 1,922 shareholders as at June 30, 2017.

As per June 30, 2017	No. of shares	Capital/votes, % <sup>1)</sup>
Kinnevik	33,911,671	18.7
MFS Investment Management	19,040,640	10.5
Capital Group	15,115,000	8.3
Norges Bank	10,193,745	5.6
Adelphi Capital LLP	9,346,840	5.2
DJE Investment	3,371,195	1.9
Vanguard	3,323,830	1.8
Putnam	2,916,780	1.6
T. Rowe Price	2,891,573	1.6
Pictet Asset Management	1,944,118	1.1
<b>Total 10 largest shareholders</b>	<b>102,055,392</b>	<b>56.3</b>
Other shareholders	79 128 156	43.7
<b>Total no. of outstanding shares</b>	<b>181 183 548</b>	<b>100.0</b>

Source: Holdings/Euroclear as per June 30, 2017.

<sup>1)</sup> The participating interest has been adjusted for the Parent Company's holdings of treasury shares. The ten largest public shareholders are listed above. Holdings with depositories are reported as "other shareholders."

## Events after the end of the reporting period

During the period from July 1 to July 10, 2017 an additional 178,520 shares were repurchased for an amount of SEK 21m. Com Hem had 2,874,451 treasury shares as of July 10, 2017 corresponding to 1.6% of the total number of registered shares.

In accordance with the resolution at the 2017 AGM, Com Hem has in July executed a further reduction of the share capital by way of cancelling 2,108,665 treasury shares. The reduction of the share capital is expected to be registered by the Swedish Companies Registration Office in the end of July 2017. The number of registered shares and votes in Com Hem will amount to 181,770,814 after registration of the reduction of shares.

## Disclosure

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 person set out below at 7.30 a.m. CET July 11, 2017.

Fredrik Hallstan, Head of PR

**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

Monica Caneman  
Board member

Thomas Ekman  
Board member

Eva Lindqvist  
Board member

Marianne Bohlin  
Employee representative

Tomas Kadura  
Employee representative

Anders Nilsson  
Board member and CEO

**Review report**

Com Hem Holding AB, Corp. id. 556858-6613

**Introduction**

We have reviewed the condensed interim financial information (the interim report) of Com Hem Holding AB as of June 30, 2017 and the six-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit

conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm July 11, 2017

KPMG AB

Tomas Gerhardsson  
Authorized Public Accountant

# 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.

# THE GROUP'S FINANCIAL KEY METRICS AND ALTERNATIVE PERFORMANCE MEASURES PER QUARTER

Group	2015		2016				2017	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenue, SEKm	1,255	1,271	1,276	1,300	1,309	1,780	1,757	1,794
Operating profit (EBIT), SEKm	192	190	205	192	227	228	232	222
Operating margin (EBIT margin), %	15.3	14.9	16.0	14.7	17.4	12.8	13.2	12.4
EBITDA, SEKm	580	581	600	589	629	701	707	707
EBITDA margin, %	46.2	45.7	47.0	45.3	48.0	39.4	40.2	39.4
Underlying EBITDA, SEKm	590	595	603	607	642	696	712	730
Underlying EBITDA margin, %	47.0	46.8	47.3	46.7	49.0	39.1	40.5	40.7
Capex, SEKm	219	259	210	198	180	305	269	311
Capex as % of revenue	17.4	20.4	16.4	15.2	13.8	17.2	15.3	17.4
Cash flow from operating activities	620	304	517	554	580	565	557	478
Operating free cash flow, SEKm	372	336	394	409	461	390	443	419
Equity/assets ratio, %	37	35	35	34	29	29	27	26
Net debt at end of period, SEKm	8,815	9,030	8,988	9,026	10,292	10,326	10,626	10,742
Net debt/underlying EBITDA LTM, multiple <sup>1)</sup>	3.8x	3.8x	3.8x	3.8x	3.7x	3.7x	3.7x	3.7x
Earnings per share, SEK	0.25	-0.21	0.49	0.43	0.56	0.18	0.65	0.61
Equity per share, SEK	33	33	32	31	30	30	28	27

<sup>1)</sup> See page 22 for definitions of financial key metrics and Alternative Performance Measures (APM).

<sup>2)</sup> Boxer is consolidated from September 30, 2016 affecting comparables with previous periods.

## OTHER INFORMATION

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### Financial information

All financial information is published on [www.comhemgroup.com](http://www.comhemgroup.com) directly after release.

You are welcome to subscribe to our press releases and financial statements via e-mail. Subscribe here: <http://www.comhemgroup.se/en/investors/subscribe/>

### Webcast teleconference

Com Hem will present the second quarter results for analysts and investors via a webcast teleconference in English on Tuesday, July 11, 2017 at 10:00 a.m CET.

To participate, use the following link:  
[http://cloud.magneetto.com/comhem/2017\\_0711\\_q2/view](http://cloud.magneetto.com/comhem/2017_0711_q2/view)

### Alternatively, use one of the following dial-in numbers:

Sweden: +46 8 5052 0110  
 UK: +44 20 7162 0077  
 US: +1 646 851 2407

### Financial calendar

Interim Report January-September October 17, 2017  
 Year-end Report January-December 2017 January 23, 2018