COM HEM

INTERIM REPORT
Q3 2018

COM HEM

INTERIM REPORT JANUARY-SEPTEMBER 2018

LAST QUARTER AS COM HEM: TRIPLED SHAREHOLDER VALUE SINCE LISTING

THIRD QUARTER SUMMARY 2018

Revenue declined by 0.2% to SEK 1,777m for the Group driven by a 7.0% decline in Boxer revenue. The Com Hem Segment grew 1.9% with good growth in Com Hem Consumer of 3.7%, slightly offset by a 7.5% decline in Network Operator revenue caused by timing of low-margin fibre connection fee revenue.

Operating profit (EBIT) of SEK 275m increased by 7.8% compared to SEK 255m in the previous year.

EBITDA increased by a moderate 0.3% to SEK 749m explained by higher items affecting comparability mainly related to the merger with Tele2.

Underlying EBITDA increased by 4.2% to SEK 795m for the Group, with Com Hem Segment increasing by 4.5% to SEK 706m.

Cash flow from operating activities decreased by SEK 375m to SEK 493m due to temporarily negative change in working capital.

Operating free cash flow increased by 17.3% to SEK 614m for the Group due to lower capex and growth in underlying EBITDA.

Net result increased by 9.2% to SEK 150m.

Earnings per share: SEK 0.85 (0.76).

Com Hem Segment operational update:
- Unique consumer subscribers rose by 7,000 to record high 999,000.
- Continued growth in broadband, up 8,000 to record high 774,000 RGUs.
- Digital TV RGUs increased by 1,000 to 655,000.
- Consumer ARPU decreased to SEK 375 (SEK 378 in Q2 2018).
- Consumer churn reached record low of 12.4% down 0.4 percentage points compared to previous quarter.

Boxer Segment operational update:
- Consumer churn declined to 16.4% (16.6% in Q2 2018).
- Consumer ARPU decreased to SEK 306 (SEK 309 in Q2 2018).
- 5,000 broadband RGUs were added in the quarter.
- Decline in unique consumers of -6,000 compared to –7,000 in Q2 2018.
- Decline in RGUs of -4,000 compared to -6,000 in Q2 2018.

Reached our goal of 3m addressable households:
- Group footprint now at ~3 million addressable households reaching our target two years ahead of plan.
- Boxer's fibre footprint is now at 1,270,000 addressable households including roughly 170,000 which do not overlap with the Com Hem Segment.

Leverage
- The Group leverage ratio was 3.7x LTM underlying EBITDA (3.6x in Q2 2018).

Tele2 merger update: During the quarter, we received approval from our shareholders and in beginning of October the European Commission gave clearance to proceed with the merger which is expected to be finalised on November 5. The last day of trading for the Com Hem share will be November 1.

Financial key metrics[1]

	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
	2018	2017	Change	2018	2017	Change	2017
Revenue, SEKm	1,777	1,780	-0.2%	5,376	5,331	0.8%	7,136
Operating profit (EBIT), SEKm	275	255	7.8%	711	709	0.3%	912
EBITDA, SEKm	749	747	0.3%	2,144	2,161	-0.8%	2,855
EBITDA margin,%	42.2	42.0	0.2 p.p.	39.9	40.5	-0.7 p.p.	40.0
Underlying EBITDA, SEKm	795	762	4.2%	2,290	2,204	3.9%	2,926
Underlying EBITDA margin, %	44.7	42.8	1.9 p.p.	42.6	41.3	1.3 p.p.	41.0
Net result for the period, SEKm	150	137	9.2%	342	295	15.6%	371
Earnings per share, SEK	0.85	0.76	11.2%	1.93	1.63	18.3%	2.04
Capex, SEKm	180	238	-24.4%	733	819	-10.5%	1,138
Capex as % of revenue	10.1	13.4	-3.2 p.p.	13.6	15.4	-1.7 p.p.	16.0
Cash flow from operating activities, SEKm	493	868	n/m	1,579	1,903	-17.0%	2,557
Operating free cash flow, SEKm	614	524	17.3%	1,557	1,385	12.4%	1,788
Net debt at end of period, SEKm	11,089	10,719	3.4%	11,089	10,719	3.4%	10,488
Net debt/Underlying EBITDA LTM, multiple	3.7x	3.7x	-0.1x	3.7x	3.7x	-0.1x	3.6x

[1] See page 22 for definitions of financial key metrics and Alternative Performance Measures (APM).
The figures in this report refer to the third quarter of 2018 unless otherwise stated. Figures in brackets refer to the corresponding period last year.

COM HEM

LAST QUARTER AS COM HEM

We saw improvements in operational KPIs as churn reached a record low in the Com Hem Segment and broadband sales picked up in Boxer. A milestone was passed in broadband with the commercial launch of 1.2 Gbit/s speeds, extending our speed leadership. The TV Hub is getting traction with high-end STB penetration now at 42% of the Com Hem Segment DTV base. The Boxer synergies are now fully realized following completion of the system integration in Q2.

In the quarter, we saw continued growth in Com Hem Segment Consumer revenue, up 3.7% on the back of an increase in unique customers and higher ARPU compared to Q3 2017. However, given the slowdown in the fibre buildout in Sweden, the revenue from fibre connection fees declined and resulted in a decline of 7.5% in the network operator business which took total Com Hem Segment revenue growth to 1.9% in the quarter. Since the fibre connection revenue comes at a very low margin, this did not affect underlying EBITDA which grew by 4.5% in the Com Hem Segment. The Group revenue decline of 0.2% was driven by a 7.0% decline in the Boxer Segment. However, given the margin expansion in both segments, underlying EBITDA grew by 4.2% for the Group which is in-line with guidance, and operating free cash flow grew by 17.3% due to lower capex in the quarter.

Reduced churn and improving volumes in the Com Hem Segment

Consumer churn reached a record low level of 12.4% in the Com Hem Segment in the quarter. Declining churn and a growing customer base after five consecutive years of annual price adjustments confirms to us that the more-for-more strategy works. The customer base grew by 7,000 subscribers, broadband RGUs increased by 8,000, digital TV RGUs increased by 1,000, while the fixed telephony RGUs declined by 10,000 due to fixed telephony price adjustments during the quarter. The net intake of unique subscribers improved slightly in the quarter after a few quarters of lower net adds than previous years, which results in slightly lower consumer revenue growth despite higher year-on-year consumer ARPU, up SEK 3 year-on-year to SEK 375.

There are a few factors contributing to lower customer intake year to date compared to the previous years, some temporary and some structural. Our annual price adjustment in Q1 2018 was larger than in previous years, leading to higher year-on-year churn in Q1 and Q2. In addition, warm summer weather had an adverse effect on demand and resulted in lower gross customer intake in Q2 and Q3. The increased focus on bundled fixed and mobile offers by some of our competitors is a structural change in the market. While this is a headwind for Com Hem standalone today as it reduces the market churn pool, we believe that it will be beneficial when we combine with Tele2. We see this burgeoning market for bundled fixed and mobile services as an early sign of a structural change that will drive growth and stability in the Swedish telecom market. Very soon there will be three players in the Swedish converged telecom market, all running the more-for-more strategy by adding value to customer propositions to increase customer satisfaction. This is a tried and true concept in the fixed market where we have managed to reduce consumer churn and grow revenue as happier customers stay longer and are willing to buy more services and pay more for improved services.

Service upgrades to future-proof our core business

During the quarter, we passed a milestone by commercially launching speeds of 1.2 Gbit/s in parts of our network now upgraded to DOCSIS 3.1, surpassing the speed of our fibre competitors. After the entire coax network has been upgraded to DOCSIS 3.1 we have a pipeline of further upgrades which will secure market leading broadband speeds while allowing us to meet the rapidly increasing consumer demand for capacity. Another big step for the Com Hem Group this year was last quarter's launch of the TV Hub. While these two upgrades are significant on their own, they are even more powerful together and will be increasingly so in a converged market. The TV Hub not only helps us meet customer demand for a mix of linear and on-demand content delivered over a modern platform, but also drives the demand for network speed and capacity by facilitating the increasing demand for video streaming which boosts demand for higher broadband speeds. After the merger with Tele2, we will be able to take this one step further as we develop our app-based TV service and combine it with the mobile offering of Tele2 to drive demand for data usage on the mobile network. This is yet another step in the more-for-more strategy as it will help us retain and add customers while giving us further pricing power.

Boxer synergies fully realized

The final integration of Boxer was concluded in Q2 2018 and now all functions are run centrally for both brands. This resulted in a margin improvement in Q3 2018 as we have now fully realized the SEK 50 million of annual synergies. We continue to see pressure on the top-line in Boxer due to the structural decline in the DTT market. The new commercial offers which were introduced in the previous quarter, aimed at the lower end of the market, helped us

grow broadband subscriptions by 5,000 to 41,000. However, as DTT churn remains high and volume growth comes from lower-ARPU broadband subscriptions, pressure on revenue continues with ARPU down SEK 3 compared to Q2 2018 to SEK 306. This is in-line with our long-term strategy of using the Boxer brand to drive volume growth at the lower end of the market while managing a declining DTT customer base. Once DTT churn comes down to a sustainable level along with a growing broadband and IPTV customer base in the SDU market, leading to an equilibrium, we can run the Com Hem playbook and monetize customer satisfaction by lowering churn and increasing ARPU through bundling and up-selling.

Strong cash flow growth for the Group

The Com Hem Group revenue declined by 0.2% to SEK 1,777m explained by a 7.0% decline in Boxer while Com Hem Segment revenue grew by 1.9%. Within the Com Hem Segment we see continued growth in Consumer revenue which increased by 3.7%, and we finally turned B2B into growth, up 0.7%. This was partially offset by Network Operator revenue which declined by 7.5% due to timing of low-margin fibre connection revenue. We expect Network Operator revenue to remain a headwind through 1H19. However, since this is low-margin revenue, we do not expect this to have an effect on underlying EBITDA growth. Underlying EBITDA increased by 4.2% to SEK 795m for the Group with a 4.5% growth in the Com Hem Segment and 1.9% growth in Boxer. The underlying EBITDA margin reached a six-year-high for the Com Hem Segment as we see sustainable benefits from restructuring done earlier in the year. The Boxer Segment had a record high underlying EBITDA margin as synergies are now fully realized. Group EBITDA increased by 0.3% to SEK 749m. Group capex amounted to SEK 180m in the quarter, SEK 58m lower than SEK 238m in Q3 2017 due to timing of investments in network and capex related to the Boxer integration in Q3 2017. Growth in underlying EBITDA and lower capex resulted in a 17.3% growth in operating free cash flow. The Group ended the quarter with a leverage ratio of 3.7x LTM underlying EBITDA which is within our target of 3.5-4.0x.

Tripled shareholder value since listing

Since this is the last quarter for Com Hem as a standalone entity before we merge with Tele2, I would like to thank everyone who has followed Com Hem over the last few years. Since the IPO, our strategy has been to focus on several growth drivers to increase value for our shareholders. I would like to take this opportunity to look at what we have achieved. Since Q2 2014, the Com Hem Segment unique customer base has grown by 18% to almost 1 million customers and consumer churn has declined by 4 percentage points. Broadband RGUs have increased by 39% organically and the average speed in the customer base has increased by 130%. Com Hem Segment DTV RGUs have grown by 9% and penetration of high-end set top boxes has increased from 17% to 42%. The Group has increased its footprint by 50% by adding 1 million addressable households in the SDU market and Boxer has been fully integrated into Com Hem. Because of these operational achievements we have been able to almost triple the shareholder value and deliver a total shareholder return of 197% between the IPO and the 2018 EGM. During the same period, the OMX Stockholm 30 index had a return of 39% and the Stoxx 600 Europe Telecom index had a return of -3%. We believe that no other investment in any publicly traded European telecom company during this period would have offered a greater return.

The beginning of a new era

During the quarter, we received approval from our shareholders and in beginning of October the European competition authorities gave clearance to proceed with the merger which is expected to be finalized on November 5. We are very excited to enter the next chapter in the Com Hem story as part of Tele2 and we hope that you will join us for the next leg of the journey. In addition to continuing efforts to increase customer satisfaction and create sustainable growth we will now start working on the integration of the two businesses to ensure that our combined talent, assets, products and brands reach their full potential. Our focus will now be to make sure that the combined company serves the best interest of our customers, employees, shareholders and society as a whole.

Anders Nilsson
CEO

FINANCIAL GUIDANCE - UNCHANGED

	FINANCIAL GUIDANCE FOR THE GROUP - 2018 AND MID-TERM
Underlying EBITDA	We aim to deliver mid-single digit underlying EBITDA growth for the entire Group annually. We expect growth to be skewed toward the Com Hem Segment in 2018 as we continue necessary efforts to execute on the turnaround of Boxer
Capex	We expect Capex for the entire Group to be in the range of SEK 1.0-1.1bn annually
Leverage target	We aim to maintain our leverage within the interval of 3.5-4.0x underlying EBITDA LTM

GROUP FINANCIAL OVERVIEW

	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
Financial summary, SEKm	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2017**
Revenue	1,777	1,780	-0.2%	5,376	5,331	0.8%	7,136
Operating expenses	-1,502	-1,525	-1.5%	-4,664	-4,622	0.9%	-6,224
Operating profit (EBIT)	275	255	7.8%	711	709	0.3%	912
Net financial income and expenses	-80	-79	1.3%	-304	-309	-1.9%	-409
Income taxes	-45	-39	16.2%	-66	-104	-36.6%	-132
Net result for the period	**150**	**137**	**9.2%**	**342**	**295**	**15.6%**	**371**

Comparisons between third quarter of 2018 and third quarter of 2017, unless otherwise stated.

Total revenue

Total revenue for the Group declined by 0.2% compared to the third quarter in 2017 and amounted to SEK 1,777m driven by a 7.0% decline in Boxer Segment revenue explained by continued high churn for DTT customers. Com Hem Segment revenue grew by 1.9%, explained by continued growth in Com Hem's consumer business which grew by 3.7% driven by both price and volume, and a turnaround in B2B which grew by 0.7%. This was partially offset by a 7.5% decline in Network Operator revenue due to timing of low-margin fibre connection revenue.

For the first nine months Group revenue increased to SEK 5,376m corresponding to a growth of 0.8% compared to the same period last year, with the Com Hem segment growing by 3.1% to SEK 4,168m.

Operating expenses

Operating expenses declined by 1.5% to SEK 1,502m for the third quarter and increased by 0.9% to SEK 4,664m for the first nine months. The decline in the quarter is a result of lower depreciation & amortisation offsetting a higher level of items affecting comparability.

Items affecting comparability totalled SEK 46m for the third quarter (SEK 13m in Q3 2017) and included SEK 7m of costs for redundancies and SEK 23m of costs related to the ongoing merger with Tele2 of which SEK 16m related to retention incentives to management and key employees of Com Hem and transaction costs of SEK 7m.

Operating profit (EBIT)

Operating profit for the third quarter increased by 7.8%, or SEK 20m, and amounted to SEK 275m as a result of lower depreciation & amortisation offsetting a higher level of items affecting comparability.

For the first nine months, operating profit amounted to SEK 711m, an increase of 0.3% compared to the same period in 2017. Excluding items affecting comparability, operating profit increased by 12.5% for the first nine months.

Net financial income and expenses

Net financial income and expenses increased by SEK 1m for the third quarter, and decreased by SEK 5m for the first nine months. Average blended interest rate was 2.5% for the first nine months as well as for the corresponding period last year.

Income taxes

The Group recognised a tax expense of SEK 45m for the third quarter, an increase of 16.2% compared to the third quarter 2017 due to higher taxable income.

For the first nine months the Group recognised a tax expense of SEK 66m, which includes a one-time adjustment of deferred taxes of SEK 39m explained by lower tax rate in Sweden effective January 1, 2019 (down from 22.0% to 21.4%) and January 1, 2021 (further reduction from 21.4% to 20.6%) as enacted by the Swedish Government in June.

Net result for the period

Net result for the quarter increased by 9.2% compared to the third quarter in 2017 and amounted to SEK 150m.

For the first nine months, net result totalled SEK 342m, up 15.6% compared to the same period in 2017 mainly due to the SEK 39m one-time adjustment of deferred taxes.

Reconciliation between operating profit (EBIT) and underlying EBITDA, SEKm	JUL-SEP/Q3 2018	2017	Change	JAN-SEP/9 MONTHS 2018	2017	Change	JAN-DEC 2017
Operating profit (EBIT)	**275**	**255**	**7.8%**	**711**	**709**	**0.3%**	**912**
Amortisation & depreciation per function							
- Cost of services sold	225	249	-9.7%	691	734	-5.9%	978
- Selling expenses	244	237	2.7%	726	703	3.2%	945
- Administrative expenses	5	5	2.9%	16	15	4.0%	20
Total amortisation & depreciation	**474**	**492**	**-3.6%**	**1,433**	**1,452**	**-1.4%**	**1,943**
EBITDA	**749**	**747**	**0.3%**	**2,144**	**2,161**	**-0.8%**	**2,855**
EBITDA margin, %	42.2	42.0	0.2 p.p.	39.9	40.5	-0.7 p.p.	40.0
Losses from disposals of non-current assets	0	5	-97.6%	6	11	-45.2%	16
Exchange gains/losses on trade receivables/liabilities	-1	-3	-73.1%	12	-5	n/m	-7
Items affecting comparability	46	13	n/m	128	37	n/m	62
Underlying EBITDA	**795**	**762**	**4.2%**	**2,290**	**2,204**	**3.9%**	**2,926**
Underlying EBITDA margin, %	44.7	42.8	1.9 p.p.	42.6	41.3	1.3 p.p.	41.0

Comparisons between third quarter of 2018 and third quarter of 2017, unless otherwise stated.

Underlying EBITDA

Underlying EBITDA for the Group increased by 4.2% for the third quarter to SEK 795m and the underlying EBITDA margin was 44.7%. The margin expansion was mainly driven by lower operating cost due to restructuring in the Com Hem Segment in Q4 2017 and Q1 2018 as well as realisation of the final synergies in the Boxer Segment which was completed in Q2 2018. For the first nine months, underlying EBITDA rose by 3.9% to SEK 2,290m and the underlying EBITDA margin was 42.6%.

EBITDA

EBITDA increased by 0.3% to SEK 749m for the third quarter and declined by 0.8% to SEK 2,144m for the first nine months due to a higher level of items affecting comparability for redundancies and costs in connection with the merger with Tele2.

Amortisation and depreciation

Amortisation and depreciation decreased by SEK 18m to SEK 474m for the quarter, and by SEK 19m to SEK 1,433m for the first nine months because of lower capex level.

Operating free cash flow, SEKm	JUL-SEP/Q3 2018	2017	Change	JAN-SEP/9 MONTHS 2018	2017	Change	JAN-DEC 2017
Underlying EBITDA	**795**	**762**	**4.2%**	**2,290**	**2,204**	**3.9%**	**2,926**
Capital expenditure							
Network related	-54	-84	-35.7%	-214	-269	-20.2%	-398
CPEs and capitalised sales commissions	-71	-95	-25.0%	-311	-346	-10.0%	-454
Product- and IT-development	-50	-44	12.3%	-157	-158	-0.6%	-211
Integration of Boxer	-	-13	n/m	-32	-31	4.2%	-58
Other capex	-5	-1	n/m	-18	-15	19.4%	-18
Total capital expenditure	**-180**	**-238**	**-24.4%**	**-733**	**-819**	**-10.5%**	**-1,138**
Operating free cash flow	**614**	**524**	**17.3%**	**1,557**	**1,385**	**12.4%**	**1,788**
Change in working capital	-166	162	n/m	-176	-8	n/m	-15
Interest payments	-32	-36	-11.4%	-238	-181	31.6%	-213
Income tax paid	-43	-	n/m	-100	-31	n/m	-31
Equity free cash flow	**374**	**650**	**-42.5%**	**1,042**	**1,165**	**-10.5%**	**1,528**

Comparisons between third quarter of 2018 and third quarter of 2017, unless otherwise stated.

Capital expenditure (Capex)
Group capex amounted to SEK 180m in the quarter (10.1% of revenue), a decrease of SEK 58m compared to Q3 2017 due to timing of investments in network and CPEs and capex related to the Boxer integration in Q3 2017. For the first nine months capital expenditure amounted to SEK 733m, corresponding to 13.6% of revenue.

Operating free cash flow
Operating free cash flow increased by 17.3% to SEK 614m for the third quarter as a result of continued growth of underlying EBITDA in combination with lower capex compared to last year. For the first nine months operating free cash flow increased by 12.4% to SEK 1,557m.

Equity free cash flow
Equity free cash flow decreased by 42.5% to SEK 374m for the third quarter and 10.5% to SEK 1,042m for the first nine months. The decline for both periods is explained by a negative change in working capital in the third quarter partially explained by timing of CPE purchases.

Liquidity
At the end of the quarter the Group's total available funds amounted to SEK 1,086m (SEK 1,690m at December 31, 2017), of which cash was SEK 236m (SEK 590m at December 31, 2017) and unutilised credit facilities was SEK 850m (SEK 1,100m at December 31, 2017).

Net debt
At the end of the quarter the Group's net debt amounted to SEK 11,089m (SEK 10,488m at December 31, 2017). Net debt/ underlying EBITDA LTM was a multiple of 3.7x (3.6x at December 31, 2017), which is in line with the target leverage of 3.5-4.0x.

	SEP 30		DEC 31
Net debt, SEKm	**2018**	**2017**	**2017**
Non-current interest-bearing liabilities	**10,473**	**10,097**	**10,104**
Add back of capitalised borrowing costs	52	78	71
Non-current interest-bearing liabilities, nominal value	**10,525**	**10,175**	**10,175**
Current interest-bearing liabilities	800	908	903
Cash and cash equivalents	-236	-364	-590
Net debt	**11,089**	**10,719**	**10,488**

CREDIT FACILITIES

September 30, 2018, SEKm	Maturity date	Interest base/coupon	Total credit	Utilised amount	Unutilised amount
Bank facilities and commercial papers					
Facility A	Dec 31, 2020	Floating	3,500	3,500	-
Revolving credit facility	Dec 31, 2020	Floating	2,000	350	1,650
Commercial papers	short-term	Fixed	n/a	800	-800
Incremental facilities	Dec 31, 2020	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	-
Total			**12,175**	**11,325**	**850**

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

The Group has, through its wholly owned subsidiary Com Hem Sweden AB (publ), issued commercial papers and, at the end of the quarter, the total outstanding amount was SEK 800m, which is short term funding fully backed up by undrawn amount on the Revolving credit facility.

The average blended interest rate on the credit facilities was 2.5% in the quarter. In April, Com Hem agreed with its lenders to extend the term of all bank facilities by 18 months, from June 26, 2019, to December 31, 2020. After extending its bank facilities, the average remaining term to maturity for all of the Group's credit facilities was approximately 2.5 years as at September 30, 2018.

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 at the end of the quarter.

The loan agreements for the bank facilities and the bond loans includes change of control clauses that will be triggered at closing of the merger with Tele2.

Shareholder remuneration

The cash dividend of SEK 6.00 per share resolved at the AGM on March 21, 2018, totalling SEK 1,061m , was paid out on two occassions on March 28, 2018 and July 5, 2018.

In the first quarter Com Hem repurchased 1,469,719 shares for a total amount of SEK 199m. No further share repurchases will be made.

Share capital and the number of registered shares

As of September 30, 2018 the number of registered shares and votes in Com Hem amounted to 177,470,814, of which 642,604 were treasury shares.

In accordance with the resolution at the annual general meeting held in March 2018, Com Hem did in April execute a reduction of the share capital by way of cancelling 4,300,000 treasury shares, and simultaneously for the purpose of restoring the share capital, executed a bonus issue corresponding to the amount with which the share capital was reduced. In June, 64,460 shares in total were allocated to the participants in Long Term Incentive Plan 2015 upon settlement of the program.

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
Year 2017	6,976,716	110.33	770
First quarter 2018	1,469,719	135.08	199
Total shares repurchased	**30,765,847**	**85.58**	**2,633**

Change in number of shares in 2018	No. of registered shares	No. of outstanding shares
December 31, 2017	**181,770,814**	**178,233,469**
Share repurchases first quarter 2018	-	-1,469,719
Cancellation treasury shares April 11, 2018	-4,300,000	-
Settlement of LTIP 2015	-	64,460
September 30, 2018	**177,470,814**	**176,828,210**

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

	2017			2018		
Operational key metrics[1]	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Addressable footprint, thousands	**2,382**	**2,457**	**2,628**	**2,688**	**2,786**	**2,823**
Unique consumer subscribers, thousands	961	972	983	987	992	999
Consumer churn as % of unique consumer subscribers, %	12.4	12.8	13.6	14.8	12.8	12.4
Consumer RGUs thousands						
Broadband	724	736	750	757	765	774
Digital TV	645	651	655	653	654	655
- of which high-end set top boxes	*255*	*259*	*264*	*267*	*273*	*278*
Fixed telephony	272	269	266	260	252	242
Total consumer RGUs	**1,642**	**1,656**	**1,671**	**1,670**	**1,672**	**1,671**
Unique B2B subscribers, thousands						
OnNet	22	23	24	24	25	25
OffNet	30	28	25	24	22	22
Total unique B2B subscribers	**53**	**51**	**49**	**48**	**46**	**47**
ARPU, SEK						
Consumer	376	373	373	371	378	375
B2B	445	425	463	455	487	473

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

Comparison between third quarter 2018 and third quarter 2017, unless otherwise stated.

Addressable footprint
In the third quarter, the Com Hem addressable footprint increased by 37,000 homes to 2,823,000 at the end of the period, of which approximately 1,100,000 are also reached by Boxer. The increase is mainly a result of our expansion into the SDU market where we at the end of September had added some 800,000 addressable households in the Com Hem Segment and an additional approximately 170,000 households unique to Boxer since the start of the expansion programme through the addition of open LANs as well as unbundled Telia fibre.

Unique consumer subscribers
The number of unique consumer subscribers continued to increase in the quarter, up 7,000 to 999,000.

Consumer churn rate
The churn rate, expressed as the percentage of consumer subscribers, reached an all time low of 12.4% in the third quarter compared to 12.8% in the second quarter. The decrease was expected as churn in the second quarter was elevated following price adjustments in the first quarter.

Consumer RGUs
The number of consumer RGUs was 1,671,000 at the end of the third quarter, with a continued increase in digital-TV and broadband RGU's in the quarter offset by declining fixed-telephony RGUs.

The number of broadband RGUs rose by 8,000 in the quarter to an all time high of 774,000. Close to 90% of the entire broadband base now subscribe to a 100 Mbit/s or higher service resulting in an average speed across the base of 158 Mbit/s.

The number of digital TV RGUs increased by 1,000 during the quarter to a total of 655,000 RGUs, with the number of customers with a high-end set top box (TiVo or TV hub) grew by 5,000 to 278,000, corresponding to 42% of the total digital TV base.

The number of fixed-line telephony RGUs was 242,000, down 10,000 compared with the preceding quarter, which is both due to the underlying decline in the market and smaller pricing activities in the telephony subscriber base during the third quarter.

Consumer ARPU
Consumer ARPU amounted to SEK 375, a decrease of SEK 3 compared to the preceding quarter which is in-line with the trend from the preceding year as increased ARPU in the second quarter from price adjustments unwinds throughout the year.

Unique B2B subscribers
The number of unique B2B subscribers was 47,000 at the end of the quarter with a continued growth of the high margin OnNet subscribers by 400, while legacy OffNet subscribers remained roughly flat.

B2B ARPU
B2B ARPU was SEK 473 in the quarter, compared to SEK 487 in the preceding quarter explained by lower revenue from variable fees during the summer.

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
Financial summary, SEKm	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**	**2017**
Revenue external							
Consumer	1,118	1,078	3.7%	3,332	3,196	4.2%	4,287
- of which Digital TV	*475*	*472*	*0.4%*	*1,424*	*1,414*	*0.8%*	*1,886*
- of which Broadband	*576*	*528*	*9.1%*	*1,700*	*1,541*	*10.3%*	*2,079*
- of which Fixed Telephony	*42*	*47*	*-12.0%*	*129*	*151*	*-14.3%*	*199*
Network operator	194	209	-7.5%	622	618	0.6%	842
B2B	66	66	0.7%	201	210	-4.6%	280
Other revenue	5	4	25.5%	14	17	-19.3%	22
Revenue	**1,383**	**1,357**	**1.9%**	**4,168**	**4,042**	**3.1%**	**5,431**
Underlying EBITDA	**706**	**676**	**4.5%**	**2,042**	**1,953**	**4.6%**	**2,603**
Underlying EBITDA margin, %	51.1	49.8	1.3 p.p.	49.0	48.3	0.7 p.p.	47.9
Total capital expenditure	-172	-204	-15.9%	-640	-697	-8.2%	-963
Operating free cash flow	**535**	**472**	**13.4%**	**1,402**	**1,256**	**11.6%**	**1,640**

Comparison between third quarter 2018 and third quarter 2017, unless otherwise stated.

Revenue
Revenue for the Com Hem Segment rose by 1.9% in the third quarter compared to the same period last year and amounted to SEK 1,383m. For the first nine months revenue rose by 3.1% to SEK 4,168m. The increase in the quarter is a result of a continued growth in consumer services, driven by volume and price, as well as a turnaround in B2B which grew by 0.7%, partially offset by a 7.5% decline in the Network operator revenue due to timing of low-margin fibre connection revenue.

Consumer Services
Revenue from consumer services rose by 3.7% to a total of SEK 1,118m in the third quarter. The increase is driven by increased revenue from primarily broadband and to some extent digital TV, partly offset by decreased revenue from fixed telephony.

Revenue from broadband services, which rose by 9.1% in 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 0.4% for the quarter, is attributable to both volume and price adjustments implemented in the first quarter.

Revenue from fixed telephony decreased by SEK 5m in the quarter. The decrease is mainly explained by a structural decline in fixed telephony.

Network Operator Services
Revenue from network operator services decreased by 7.5% and amounted to SEK 194m in the third quarter. The decrease was attributable to timing of revenue from fibre connection fees and continued decline in landlord revenue within MDUs due to price pressure, partially offset by growth in communication operator revenue from iTUX.

Business to Business
Revenue from B2B services increased by 0.7% to SEK 66m in the third quarter, as the growth in OnNet revenue offset the decline in low margin legacy OffNet revenue. For the quarter, OnNet revenue grew by 28.4% and amounted to SEK 39m, while OffNet revenue declined by 22.9% to SEK 27m.

Underlying EBITDA
Underlying EBITDA rose by 4.5% for the Com Hem Segment reaching SEK 706m. The underlying EBITDA margin reached a six-year-high of 51.1% in the third quarter mainly due to lower operating cost from restructuring done in Q4 2017 and Q1 2018. In the first nine months, underlying EBITDA rose by 4.6% reaching SEK 2,042m. The increase in underlying EBITDA is explained by revenue growth as well as margin expansion.

Capital expenditure (Capex)
For the quarter, capital expenditure amounted to SEK 172m, corresponding to 12.4% of revenue. In the first nine months, capital expenditure amounted to SEK 640m, 15.4% of revenue. The decrease compared to the third quarter 2017 is due to temporarily lower network related capex in the quarter.

Operating free cash flow
Operating free cash flow increased by 13.4% reaching SEK 535m in the third quarter. The increase is due to higher underlying EBITDA contribution and lower investments compared to last year. In the first nine months, operating free cash flow increased by 11.6% reaching SEK 1,402m.

SEGMENT BOXER

OVERVIEW PER OPERATING SEGMENT

Operational key metrics	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 APR1[1]	2018 Q2	2018 Q3
Unique consumer subscribers, thousands	471	463	451	442	436	429	422
Consumer churn as % of unique consumer subscribers, %	15.0	14.4	19.4	19.3	n/a	16.6	16.4
Consumer RGUs, thousands	493	487	480	473	470	464	459
- of which Digital TV	*467*	*456*	*443*	*432*	*429*	*420*	*411*
- of which Broadband	*19*	*23*	*28*	*32*	*32*	*36*	*41*
- of which Fixed Telephony	*8*	*8*	*8*	*9*	*9*	*9*	*8*
Average revenue per user (ARPU), SEK	298	298	301	304	n/a	309	306

[1] Opening balance for Q2 2018 adjusted due to database cleaning in connection to system migration of Boxer customer base.

Addressable fibre footprint
Since the beginning 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 September, Boxer had around 1,270,000 addressable fibre households (MDUs and SDUs) out of which about 170,000 SDU households did not overlap with Com Hem's footprint.

Unique consumer subscribers
The number of unique consumer subscribers continued to decrease by 6,000 in the third quarter, to a total of 422,000 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 by a growing number of broadband and IPTV subscribers as Boxer subscribers gain access to fibre broadband.

Consumer churn rate
The churn rate, expressed as the percentage of consumer subscribers, was 16.4% in the third quarter, a decline from 16.6% in the second quarter. The continued high churn rate in the quarter is due to the ongoing fibre buildout in the SDU market where Boxer has most of its customers.

Consumer RGUs
The number of consumer RGUs was 459,000 at the end of the period, a decrease of 4,000 in the third quarter, compared to a decrease of 6,000 in the second quarter. The decline of 9,000 DTV RGUs in the third quarter was partly offset by an increase of 5,000 broadband RGUs.

Consumer ARPU
ARPU was SEK 306 in the third quarter, which is a decrease of SEK 3 compared to the preceding quarter, mainly explained by churn of DTT subscribers and an increase of lower-ARPU broadband subscribers.

Financial summary, SEKm	JUL-SEP/Q3 2018	JUL-SEP/Q3 2017	JUL-SEP/Q3 Change	JAN-SEP/9 MONTHS 2018	JAN-SEP/9 MONTHS 2017	JAN-SEP/9 MONTHS Change	JAN-DEC 2017
Revenue external							
Consumer	394	424	-7.0%	1,208	1,290	-6.4%	1,705
Revenue	**394**	**424**	**-7.0%**	**1,208**	**1,290**	**-6.4%**	**1,705**
Underlying EBITDA	**88**	**86**	**1.9%**	**248**	**252**	**-1.4%**	**323**
Underlying EBITDA margin, %	22.3	20.4	2.0 p.p.	20.5	19.5	1.0 p.p.	19.0
Total capital expenditure	-9	-34	-75.0%	-93	-122	-23.5%	-175
Operating free cash flow	**79**	**52**	**52.3%**	**155**	**130**	**19.4%**	**148**

Revenue
Revenue for the third quarter amounted to SEK 394m, a 7.0% decrease compared to the same quarter previous year, explained by a decreasing number of DTV subscribers only partly offset by increasing number of broadband subscribers. For the first nine-months, revenue decreased by 6.4% to SEK 1,208m.

Underlying EBITDA
Boxer's underlying EBITDA amounted to SEK 88m in the quarter, an increase of 1.9% compared to same quarter last year driven by synergies following completion of the system integration in the second quarter. In the first nine months, underlying EBITDA decreased by 1.4% to SEK 248m because of a decline in revenue.

Capital expenditure (Capex)
For the quarter, capital expenditure amounted to SEK 9m, a decline of SEK 26m compared to the same period last year due to lower sales in the quarter and system integration capex in the third quarter of 2017. In the first nine months, capital expenditure amounted to SEK 93m, of which SEK 32m related to system integration.

Operating free cash flow
Operating free cash flow increased by 52.3% reaching SEK 79m in the third quarter. The increase is due to higher underlying EBITDA contribution and lower investments compared to last year. In the first nine months, operating free cash flow increased by 19.4% to SEK 155m.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	JUL-SEP/Q3 2018	JUL-SEP/Q3 2017	JAN-SEP/9 MONTHS 2018	JAN-SEP/9 MONTHS 2017	JAN-DEC 2017
Revenue	1,777	1,780	5,376	5,331	7,136
Cost of services sold	-971	-1,001	-2,961	-3,005	-4,039
Gross profit	**806**	**779**	**2,415**	**2,327**	**3,097**
Selling expenses	-448	-443	-1,399	-1,386	-1,867
Administrative expenses	-95	-82	-312	-240	-330
Other operating income and expenses	13	1	7	8	11
Operating profit	**275**	**255**	**711**	**709**	**912**
Financial income and expenses	-80	-79	-304	-309	-409
Result after financial items	**195**	**176**	**407**	**399**	**503**
Income taxes	-45	-39	-66	-104	-132
Net result for the period	**150**	**137**	**342**	**295**	**371**
Average number of outstanding shares, thousands	176,764	180,067	176,976	181,066	181,215
Basic earnings per share, SEK	0.85	0.76	1.93	1.63	2.04
Average number of outstanding shares, diluted, thousands	176,764	180,242	177,067	181,219	181,887
Diluted earnings per share, SEK	0.85	0.76	1.93	1.63	2.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	JUL-SEP/Q3 2018	JUL-SEP/Q3 2017	JAN-SEP/9 MONTHS 2018	JAN-SEP/9 MONTHS 2017	JAN-DEC 2017
Net result for the period	**150**	**137**	**342**	**295**	**371**
Other comprehensive income					
Items that will not be reclassified to net profit or loss					
Revaluation of defined-benefit pension obligations	19	18	-7	12	-4
Tax on items that will not be reclassified to profit or loss	-4	-4	0	-3	1
Other comprehensive income for the period, net of tax	**15**	**14**	**-7**	**9**	**-3**
Total comprehensive income for the period	**164**	**151**	**334**	**305**	**367**

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CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	SEP 30 2018	SEP 30 2017	DEC 31 2017
ASSETS			
Non-current assets			
Intangible assets	15,421	16,188	16,014
Property, plant and equipment	1,378	1,497	1,493
Financial assets	6	-	-
Total non-current assets	**16,805**	**17,685**	**17,508**
Current assets			
Other current assets	610	520	518
Cash and cash equivalents	236	364	590
Total current assets	**847**	**884**	**1,108**
TOTAL ASSETS	**17,651**	**18,569**	**18,616**
EQUITY AND LIABILITIES			
Equity	**3,296**	**4,318**	**4,273**
Non-current liabilities			
Non-current interest-bearing liabilities	10,473	10,097	10,104
Other non-current liabilities	286	318	325
Deferred tax liabilities	633	730	755
Total non-current liabilities	**11,391**	**11,146**	**11,185**
Current liabilities			
Current interest-bearing liabilities	800	908	903
Other current liabilities	2,164	2,196	2,255
Total current liabilities	**2,964**	**3,105**	**3,158**
TOTAL EQUITY AND LIABILITIES	**17,651**	**18,569**	**18,616**
Number of outstanding shares, at end of period, thousands	176,828	179,124	178,233
Equity per share, SEK	19	24	24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	SEP 30 2018	SEP 30 2017	DEC 31 2017
Opening equity according to adopted balance sheet	**4,273**	**5,501**	**5,501**
Adjustment on initial application of IFRS 9	-2	-	-
Adjusted opening equity as of Jan 1, 2018	**4,271**	**5,501**	**5,501**
Comprehensive income for the period			
Net result for the period	342	295	371
Other comprehensive income for the period	-7	9	-3
Total comprehensive income for the period	**334**	**305**	**367**
Reclassification of cash settled share-based programs to liabilities	-38	-109	-109
Transactions with the owners			
Repurchases of shares	-199	-660	-770
Dividend	-1,061	-725	-725
Share-based remuneration	-12	6	9
Total transactions with the owners	**-1,271**	**-1,379**	**-1,486**
Closing equity	**3,296**	**4,318**	**4,273**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	JUL-SEP/Q3		JAN-SEP/9MONTHS		JAN-DEC
SEKm	2018	**2017**	2018	**2017**	**2017**
Operating activities					
Result after financial items	195	176	407	399	503
Adjustment for non-cash items	507	530	1,448	1,543	2,101
Income taxes paid	-43	-	-100	-31	-31
Cash flow from operating activities before changes in working capital	**659**	**706**	**1,755**	**1,911**	**2,572**
Change in working capital	-166	162	-176	-8	-15
Cash flow from operating activities	**493**	**868**	**1,579**	**1,903**	**2,557**
Investing activities					
Acquisition of intangible assets	-98	-96	-360	-354	-502
Acquisition of property, plant and equipment	-83	-142	-373	-465	-636
Investments in financial assets	-6	-	-6	-	-
Divestment of fixed assets	-	2	0	4	5
Cash flow from investing activities	**-186**	**-237**	**-739**	**-815**	**-1,134**
Financing activities					
Repurchases of shares	-	-249	-209	-659	-764
Repurchase of warrants	-	-	-166	-94	-94
Dividend	-530	-359	-1,061	-725	-725
Borrowings	450	1,000	750	2,700	3,050
Amortisation of borrowings	-400	-954	-503	-2,412	-2,767
Payment of borrowing costs	-	-	-5	-3	-4
Cash flow from financing activities	**-480**	**-562**	**-1,193**	**-1,193**	**-1,303**
Net change in cash and cash equivalents	-174	69	-354	-105	120
Cash and cash equivalents at beginning of period	410	295	590	470	470
Cash and cash equivalents at end of period	**236**	**364**	**236**	**364**	**590**

ADJUSTMENT FOR NON-CASH ITEMS

	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
SEKm	2018	**2017**	2018	**2017**	**2017**
Depreciation/amortisation	474	492	1,433	1,452	1,943
Unrealised exchange-rate differences	-2	0	0	0	0
Capital gain/loss on sale/disposal of non-current assets	0	4	6	7	12
Change in capitalised borrowing costs and discounts	8	7	23	23	31
Change in accrued interest expenses	38	33	-32	22	57
Change in provisions	-10	-7	-33	-38	-42
Other profit/loss items not settled with cash	-1	1	51	76	101
Total	**507**	**530**	**1,448**	**1,543**	**2,101**

PARENT COMPANY CONDENSED FINANCIAL REPORTS

INCOME STATEMENT	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
SEKm	2018	**2017**	2018	**2017**	**2017**
Revenue	5	3	10	10	16
Administrative expenses	-13	-13	-54	-28	-44
Other operating income and expenses	0	0	0	0	0
Operating profit/loss	**-8**	**-10**	**-44**	**-18**	**-28**
Financial income and expenses	9	23	-22	0	171
Result after financial items	**1**	**12**	**-66**	**-17**	**143**
Income taxes	0	-	0	0	-51
Net result for the period	**1**	**12**	**-66**	**-17**	**92**

STATEMENT OF COMPREHENSIVE INCOME	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
SEKm	2018	**2017**	2018	**2017**	**2017**
Net result for the period	1	12	-66	-17	92
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	**1**	**12**	**-66**	**-17**	**92**

BALANCE SHEET	SEP 30	SEP 30	DEC 31
SEKm	2018	**2017**	**2017**
ASSETS			
Financial assets	4,180	10,100	10,160
Deferred tax assets	1	53	1
Current assets	1	7	182
Cash and bank balances	12	14	13
TOTAL ASSETS	**4,194**	**10,174**	**10,356**
EQUITY AND LIABILITIES			
Restricted equity	207	207	207
Unrestricted equity	3,931	5,261	5,276
Provisions	4	2	4
Non-current liabilities to Group companies	-	4,337	4,470
Current liabilities to Group companies	-	260	260
Other current liabilities	53	107	140
TOTAL EQUITY AND LIABILITIES	**4,194**	**10,174**	**10,356**

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 shares 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 2017 Annual Report and in appendix 1 to the interim report as of June 30, 2018. The Group and its subsidiaries' 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. 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.

Changes in accounting policies 2018

The Group has adopted IFRS 9 Financial instruments and IFRS 15 Revenue from Contracts with Customers as of January 1, 2018. The effects of the new standards are stated below.

IFRS 9 contains new requirements for the classification and measurement of financial instruments, introducing an impairment model that is based on expected credit losses instead of losses occurred, and changes of principles for hedge accounting with the purpose among other things as simplification and increasing the consistency with the company's internal risk management strategy. The standard replaces IAS 39 Financial instruments: Recognition and measurement.

The new impairment model results in earlier recognition of credit losses in connection to collection of mainly account receivables and other receivables. A provision is made for all receivables (not only the ones that objectively indicate need for impairment) corresponding to credit losses expected to occur within the remaining period. IFRS 9 has been applied from January 1, 2018, and has resulted in an increase of the credit loss allowance of SEK 2m and a corresponding adjustment of equity including tax effect.

IFRS 15 is a comprehensive standard for determining the amount of revenue to be recorded and when these revenues are to be recorded. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes from 2018. The introduction of IFRS 15 has not had any effects on the Group's financial statements in addition to increased disclosure requirements. See table disaggregation of revenue below.

New IFRS not yet applied

IFRS 16 Leases will replace the existing IFRSs related to accounting of leases, such as IAS 17 Leases and IFRIC 4 Determining whether an agreement contains a lease. The Group will apply the new standard from January 1, 2019.

IFRS 16 mostly affects lessees and the central effect is that all leasing agreements that today are accounted for as operating lease agreements shall be accounted in a similar way as financial lease agreements provided that they meet the requirements to be reported as a lease in accordance with IFRS 16. The standard provides a single lessee accounting model for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This means that for operating leases an asset and liability will have to be recognised, including recognition of depreciation, amortisation and interest, in comparison with today when there is no recognition for a leased asset and related liability, and the rental expense recognized as a straight-line expense. The Group has completed the initial assessment of the potential effects on the financial statements, but has not yet finalised the more detailed analysis. The most significant impact identified so far is that the Group will need to report new assets and liabilities for its operational leasing agreements relating to infrastructure, which will effect, among other things, the key ratios EBITDA and capex.

Alternative Performance Measures (APM)

The Group applies the guidelines issued by ESMA (European Securities and Markets Authority) on APMs. 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. At the end of the quarter the carrying amount for the notes amounts to SEK 3,966m and the fair value was SEK 4,101m.

Related parties

For information regarding related parties, see the Group's Annual report 2017, page 63. 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) occured in April at market value totalling SEK 137m. 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, network and IT infrastructure, the ability to retain and attract customers, programme content, risks associated with suppliers, corruption and unethical business practices, environment risks and risks associated with responsible procurement. 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 2017 Annual Report. The Group believes that the risk environment has not materially changed from the description in the 2017 Annual Report.

Disaggregation of revenue

Revenue by customer category, SEKm	JUL-SEP Q3 2018 Com Hem	Boxer	The Group	JUL-SEP Q3 2017 Com Hem	Boxer	The Group	JAN-SEP/9 MONTHS 2018 Com Hem	Boxer	The Group	JAN-SEP/9 MONTHS 2017 Com Hem	Boxer	The Group
Revenue external												
Consumer	1,118	394	1,512	1,078	424	1,502	3,332	1,208	4,540	3,196	1,290	4,486
- of which Digital TV	*475*	*368*	*843*	*472*	*408*	*881*	*1,424*	*1,137*	*2,561*	*1,414*	*1,252*	*2,666*
- of which Broadband	*576*	*25*	*602*	*528*	*15*	*543*	*1,700*	*68*	*1,768*	*1,541*	*36*	*1,577*
- of which Fixed Telephony	*42*	*1*	*43*	*47*	*1*	*48*	*129*	*2*	*132*	*151*	*2*	*153*
Network operator	194	-	194	209	-	209	622	-	622	618	-	618
B2B	66	-	66	66	-	66	201	-	201	210	-	210
Other revenue	5	-	5	4	-	4	14	-	14	17	-	17
Revenue	**1,383**	**394**	**1,777**	**1,357**	**424**	**1,780**	**4,168**	**1,208**	**5,376**	**4,042**	**1,290**	**5,331**

The Group's revenue from contracts with customers are typically based on subscription-based services for broadband, digital TV and telephony with a binding period of 12-24 months.

Subscription prices and related fees are based on the types of service selected, whether the services are sold as a bundled service or on an individual basis, and the equipment necessary to receive the service. In most cases the Group leases the hardware equipment to the subscriber but certain customer equipment may be purchased either from the company or from third-party retailers. The timing of revenue recognition is primarily over time (monthly subscription fees) and less than 5% of total revenue is recognised at a point in time, which amongst others include up front billing charges as well as hardware sales that are not directly linked to a subscription.

All services are provided to customers in one geographic region, Sweden, and are divided into the two operating segments Com Hem and Boxer.

Revenue are disaggregated by customer category (Consumer, Network operator and B2B) and for the Consumer category also by service offering.

The Com Hem Segment Consumer category comprises broadband, digital TV and fixed-line telephony services to primarily subscribers in MDUs. The Boxer Segment Consumer category comprises digital TV, broadband and fixed-line telephony services to primarily subscribers in SDUs.

The Network operator category includes the operations of Com Hem's landlord business, which charge landlord subscription fees for basic TV services to households connected to the FibreCoax. The Network operator category also include the Group's communication operator iTUX. iTUX mainly charge a monthly transmission fee to service providers that have active subscribers on the networks where iTUX act as a communication operator on behalf of different landlords and network owners. The Network operator category also includes revenue from landlords and households for connecting properties to new fibre networks.

The B2B category comprises broadband, fixed-line telephony and mobile telephony services mainly to Small (SoHo) and Medium Sized Enterprises (SMEs). The B2B business also includes a set of business services including web hosting, e-mail and security and multi-line telephony services.

Other revenue comprise amongst others of collection fees.

Operating segments

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 Telia 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 as well as open networks.

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 (Earnings before net financial income and expenses, income taxes, depreciation and amortisation, and before losses from disposals of non-current assets excluding exchange gains/losses on trade receivables/liabilities and items affecting comparability).

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

	JUL-SEP Q3 2018			JUL-SEP Q3 2017			JAN-SEP/9 MONTHS 2018			JAN-SEP/9 MONTHS 2017		
SEKm	Com Hem	Boxer	The Group	Com Hem	Boxer	The Group	Com Hem	Boxer	The Group	Com Hem	Boxer	The Group
Revenue external	**1,383**	**394**	**1,777**	**1,357**	**424**	**1,780**	**4,168**	**1,208**	**5,376**	**4,042**	**1,290**	**5,331**
Operating profit (EBIT)	**265**	**10**	**275**	**239**	**16**	**255**	**690**	**21**	**711**	**668**	**40**	**709**
Net financial income and expenses			-80			-79			-304			-309
Income taxes			-45			-39			-66			-104
Net result for the period			**150**			**137**			**342**			**295**
Operating profit (EBIT)	**265**	**10**	**275**	**239**	**16**	**255**	**690**	**21**	**711**	**668**	**40**	**709**
Amortisation & depreciation	409	65	474	421	71	492	1,230	202	1,433	1,246	206	1,452
Losses from disposals of non-current assets	0	-	0	5	-	5	6	0	6	9	2	11
Exchange gains/losses on trade receivables/liabilities	-1	0	-1	-2	-0	-3	11	1	12	-5	1	-5
Items affecting comparability	33	13	46	13	-0	13	105	23	128	34	3	37
Underlying EBITDA	**706**	**88**	**795**	**676**	**86**	**762**	**2,042**	**248**	**2,290**	**1,953**	**252**	**2,204**
CAPEX	**-172**	**-9**	**-180**	**-204**	**-34**	**-238**	**-640**	**-93**	**-733**	**-697**	**-122**	**-819**
Operating free cash flow	**535**	**79**	**614**	**472**	**52**	**524**	**1,402**	**155**	**1,557**	**1,256**	**130**	**1,385**

	SEP 30,2018				SEP 30, 2017			
SEKm	Com Hem	Boxer	Eliminations	The Group	Com Hem	Boxer	Eliminations	The Group
Operating segment assets	**15,506**	**1,909**	**-**	**17,415**	**16,131**	**2,079**	**-6**	**18,204**
-of which goodwill	*10,899*	*421*	-	11,321	*10,899*	*421*	-	11,321
-of which customer relationships	*1,498*	*1,142*	-	2,639	*2,086*	*1,285*	-	3,371
Other unallocated assets				236				364
Total assets				**17,651**				**18,569**
Operating segment liabilities	2,294	659	-	2,953	2,166	915	-6	3,076
Other unallocated liabilities				11,402				11,175
Total liabilities				**14,355**				**14,251**

Items affecting comparability

	JUL-SEP Q3		JAN-SEP/9 MONTHS		JAN-DEC
SEKm	**2018**	**2017**	**2018**	**2017**	**2017**
Redundancy related to reorganisation	-7	-11	-27	-33	-37
Transaction costs related to the merger with Tele2	-7	-	-25	-	-5
Retention incentives related to Tele2 merger	-16	-	-34	-	-
Personnel costs related to warrants	-	-	-10	-	-
B2B integration costs	-	-	-	-14	-29
Pension debt, closure of plan	-	-	-	22	22
Other costs	-15	-2	-31	-12	-13
Total	**-46**	**-13**	**-128**	**-37**	**-62**

Business Combinations

No business combinations have occurred during 2017 or 2018.

Changes in share capital and share repurchases

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 were managed by credit institutions that made their trading decisions regarding Com Hem's shares independently of, and without influence by, Com Hem with regard to the timing of the repurchases.

Change in no. of shares	Total no. of shares
No. of registered shares, December 31, 2017	**181,770,814**
Cancellation of shares	-4,300,000
No. of registered shares, September 30, 2018	**177,470,814**
Repurchased shares held by Com Hem	-642,604
Total no. of outstanding shares, September 30, 2018	**176,828,210**

Incentive programmes

The Group had at the beginning of the year a warrant programme established for executive management, key employees and Board members. The programme originally comprised a total of 2,474,546 issued and paid warrants with maturity in June 2018. In accordance with a mandate from the AGM, Com Hem in April repurchased the warrants for a total of SEK 166m.

At the beginning of the year the Group also had three long-term share-saving incentive programmes "LTIP 2015", "LTIP 2016" and "LTIP 2017". LTIP 2015 matured in May 2018 and in June 64,460 shares in total were allocated to the participants upon settlement of the program. As of September 30 there are two programmes remaining, LTIP 2016 comprising 218,469 shares and LTIP 2017 comprising 207,826 shares. For more information regarding LTIP and the warrant programme see the Group's Annual Report 2017 and appendix 1 in the interim report as of June 30, 2018 regarding restatements.

Largest shareholders

Com Hem Holding AB (publ) has one shareholder holding more than 10% of the number of outstanding shares and votes at the end of the period. Kinnevik through its subsidiary Kinnevik Sweden Holding AB is the Company's single largest shareholder controlling 19.2% of the outstanding shares and votes as of September 30, 2018.

As of September 30, 2018	No. of shares	Capital/votes, %[1]
Kinnevik	33,911,671	19.2
MFS Investment Management	17,738,286	10.0
Capital Group	14,281,000	8.1
Norges Bank	11,221,014	6.3
Adelphi Capital LLP	7,445,947	4.2
Vanguard	4,485,263	2.5
Tower House Partners LLP	4,188,935	2.4
BNP Paribas Asset Management	3,023,339	1.7
Syquant Capital	2,785,080	1.6
DJE Kapital	2,698,840	1.5
Total 10 largest shareholders	**101,779,375**	**57.6**
Other shareholders	75,048,835	42.4
Total no. of outstanding shares	**176,828,210**	**100.0**

Source: CMi2i/Modular/Euroclear as of September 30, 2018.

[1] 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" unless verified.

Events after the end of the reporting period
On October 8, 2018 the European Commission approved the merger of Com Hem Holding AB and Tele2 AB.

On October 10, 2018 Nasdaq Stockholm approved the application by Com Hem Holding AB to delist the share from the stock exchange with the last trading day being November 1, 2018.

Preliminary timetable for closing of the merger with Tele2:

November 1, 2018 - Last day of trading in the Com Hem share on Nasdaq Stockholm

November 2, 2018 - The Swedish Companies Registration Office grants authorization to implement the merger plan and Tele2 applies for registration of the merger with the Swedish Companies Registration Office

November 5, 2018 - The Swedish Companies Registration Office registers the merger and Com Hem is dissolved. Admission to trading of the newly issued Tele2 shares on Nasdaq Stockholm

November 7, 2018 - Com Hem shareholders receive the Tele2 shares i.e. the non-cash consideration

November 7- 8, 2018 - Com Hem shareholders receive the cash consideration

November 9-12, 2018 - Com Hem shareholders receive cash from the sale of fractional shares

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

Stockholm October 18, 2018
Com Hem Holding AB (publ)

Anders Nilsson
Chief Executive Officer

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 October 18, 2018.

Fredrik Hallstan, Head of PR

INDUSTRY TERMS

Addressable households 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-margin 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, commercial papers 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 losses from disposals of non-current assets excluding Items affecting comparability and exchange gains/losses on trade receivables/liabilities.

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

	2016	2017				2018		
Group	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Revenue, SEKm	1,780	1,757	1,794	1,780	1,805	1,784	1,815	1,777
Operating profit (EBIT), SEKm	228	232	222	255	203	222	214	275
Operating margin (EBIT margin), %	12.8	13.2	12.4	14.3	11.2	12.4	11.8	15.5
EBITDA, SEKm	701	707	707	747	693	702	693	749
EBITDA margin, %	39.4	40.2	39.4	42.0	38.4	39.3	38.2	42.2
Underlying EBITDA, SEKm	696	712	730	762	722	738	758	795
Underlying EBITDA margin, %	39.1	40.5	40.7	42.8	40.0	41.3	41.8	44.7
Capex, SEKm	305	269	311	238	320	300	253	180
Capex as % of revenue	17.2	15.3	17.4	13.4	17.7	16.8	14.0	10.1
Cash flow from operating activities	565	557	478	868	654	533	553	493
Operating free cash flow, SEKm	390	443	419	524	402	438	504	614
Equity/assets ratio, %	29	24	23	23	23	17	17	19
Net debt at end of period, SEKm	10,326	10,626	10,742	10,719	10,488	10,994	10,865	11,089
Net debt/underlying EBITDA LTM, multiple[1]	3.7x	3.7x	3.7x	3.7x	3.6x	3.7x	3.6x	3.7x
Earnings per share, SEK	0.18	0.58	0.28	0.76	0.42	0.49	0.60	0.85
Equity per share, SEK	30	25	24	24	24	17	18	19

[1] See page 22 for definitions of financial key metrics and Alternative Performance Measures (APM).

OTHER INFORMATION

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Financial information
All financial information is published on 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 third quarter results for analysts and investors via a webcast teleconference in English on Thursday, October 18, 2018 at 11:00 a.m CET.

To participate, use the following link:
https://comhemgroup.videosync.fi/2018-10-16-q3

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

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COM HEM

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