

COM HEM



INTERIM REPORT
Q3 2016

INTERIM REPORT JANUARY-SEPTEMBER 2016

THE BEST QUARTER EVER

THIRD QUARTER SUMMARY 2016

Revenue totalled SEK 1,309m (1,255), up 4.3%.	Records in unique subscribers, ARPU and churn: <ul style="list-style-type: none"> Number of unique consumer subscribers rose by 8,000 to record high 934,000. Consumer churn rate at a record low of 12.7%, 0.4p.p. decrease from Q2 2016. Record high consumer ARPU of SEK 371 (369 Q2 2016). Continued strong volume growth in broadband, up 11,000 to 689,000 RGUs. Digital-TV RGU's increased by 4,000 and totalled 640,000, with a continued growth of 7,000 TiVo customers (penetration rate of 37%).
Operating profit (EBIT) increased by 18.7% to SEK 227m (192).	
Underlying EBITDA increased by 8.7% to SEK 642m (590).	
Cash flow from operating activities totalled SEK 580m (620).	
Operating free cash flow increased by 24.1% reaching SEK 461m (372) as a result of improved Underlying EBITDA and lower investments compared to Q3 last year.	
Net result for the period more than doubled and amounted to SEK 106m (51).	
Earnings per share increased to SEK 0.56 (0.25).	
In the quarter 2.0% of the share capital was repurchased for SEK 287m, leverage down to 3.7x (3.8).	
Significantly increase the dividend in 2017. Following consistently strong cash generation, the Board intends to propose a change to the mix of the shareholder remuneration to increase the cash dividend from SEK 1.50 per share to SEK 4.00 per share to be paid out semi-annually in May and October, 2017. Alongside the cash dividend we will also continue to do buybacks from time to time.	
B2B continued to grow with 1,000 unique OnNet customers to a total of 19,000.	
Expansion into the Swedish SDU market and acquisition of Boxer Sweden <ul style="list-style-type: none"> Expected to expand footprint by 40%, or 800,000 households, in coming years (addressable footprint). Added ~200k households in the SDU market since the launch of the expansion programme. Boxer adds 500,000 new DTT customers, primarily in SDUs, and is expected to add SEK 300m in Underlying EBITDA during the first 12 months after the acquisition which closed on September 30. 	
Capex guidance for 2016 lowered by SEK 150m. We lower Capex guidance for 2016 to a range of SEK 850-950m (inc. Boxer in Q4) compared to SEK 1.0-1.1bn previously as the core business now runs at a sustainably lower level. We expect to provide an updated medium-term guidance when we release our Q4 results.	

Financial key metrics¹⁾

	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
	2016	2015	Change	2016	2015	Change	2015
Revenue, SEKm	1,309	1,255	4.3%	3,885	3,729	4.2%	5,000
Operating profit (EBIT), SEKm	227	192	18.7%	624	535	16.7%	724
EBITDA, SEKm	629	580	8.5%	1,818	1,688	7.7%	2,269
Underlying EBITDA, SEKm	642	590	8.7%	1,852	1,750	5.8%	2,346
Underlying EBITDA margin, %	49.0	47.0	2.0 p.p.	47.7	46.9	0.7 p.p.	46.9
Net result for the period, SEKm	106	51	108.4%	283	133	112.8%	92
Earnings per share, SEK	0.56	0.25	122.6%	1.47	0.65	127.3%	0.45
Capex, SEKm	180	219	-17.6%	588	732	-19.7%	991
Capex as % of revenue	13.8	17.4	-3.7 p.p.	15.1	19.6	-4.5 p.p.	19.8
Cash flow from operating activities	580	620	-6.5%	1,651	1,466	12.6%	1,770
Operating free cash flow, SEKm	461	372	24.1%	1,264	1,018	24.2%	1,355
Net debt at end of period, SEKm	10,292	8,815	16.8%	10,292	8,815	16.8%	9,030
Net debt/Underlying EBITDA LTM, multiple ²⁾	3,7x	3,8x	-0,1x	3,7x	3,8x	-0,1x	3,8x

¹⁾ See page 19 for definitions of financial key metrics and Alternative Performance Measures (APM).

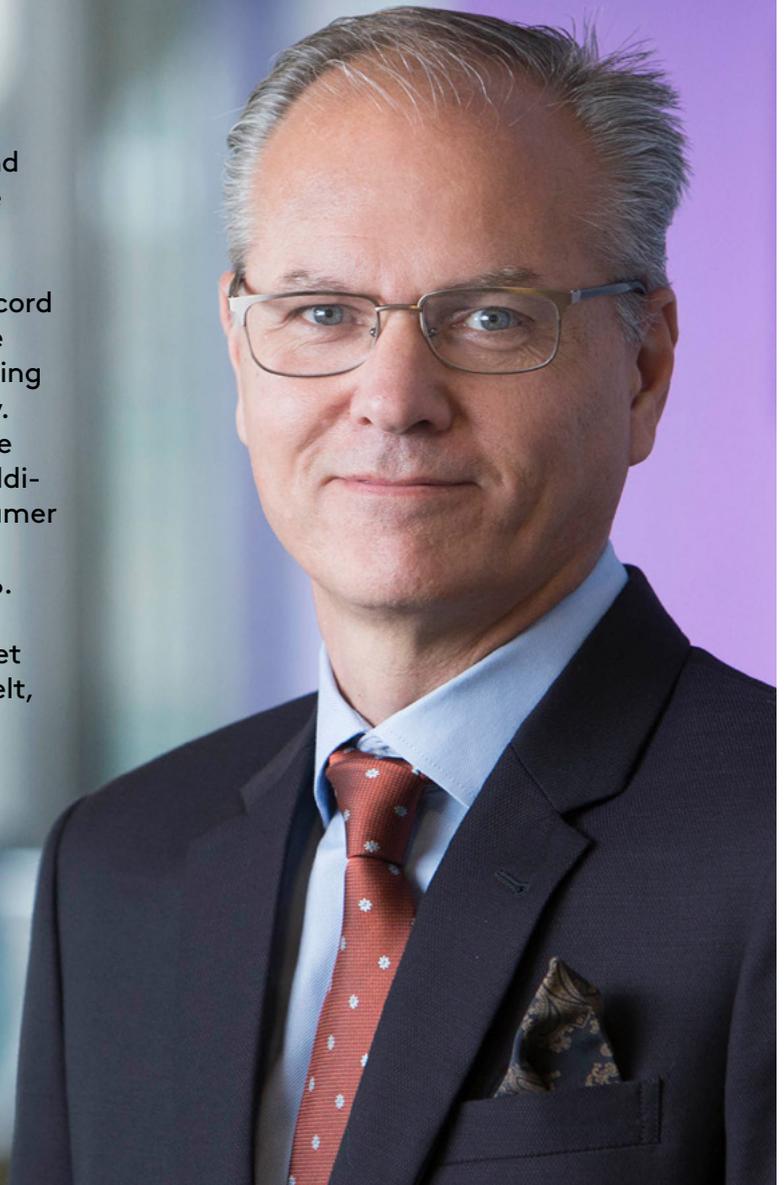
²⁾Including Boxer, see page 8.

The figures in this report refer to the third quarter of 2016 unless otherwise stated. Figures in brackets refer to the corresponding period last year.

THE BEST QUARTER EVER

The third quarter of 2016 was an eventful and exciting period for Com Hem. We closed the acquisition of Boxer, adding half a million customers into our new growth market. The seasonally strong third quarter produced record profitability in our existing businesses where we delivered records in revenue and Underlying EBITDA, and strong operating free cash flow. We are now seeing the positive effects of the rebranding campaign as we added 8,000 additional subscribers in the quarter while consumer ARPU reached a record high of SEK 371 and consumer churn fell to a record low of 12.7%.

Com Hem is in a great position with an established leading brand in the MDU market and, with the Boxer acquisition under our belt, a great opportunity to expand into the SDU market to become a true national operator in broadband and TV-services.



“Continued progress in customer satisfaction along with positive rebranding effects led to the consumer customer base growing by 8,000 and a continued strong broadband growth of 11,000 RGUs. Demand for our DTV products was strong in the quarter with RGUs increasing by 4,000. Our TiVo base grew by 7,000 customers, now at 37% of our total DTV base. The number of telephony RGUs dropped by 7,000.

Record low churn and record high ARPU

Consumer ARPU reached a record high of SEK 371 compared to SEK 369 in Q2, as a larger portion of customers now subscribe to higher tier products. Consumer churn decreased by 0.4 p.p. compared to Q2 and was 12.7% in the quarter, now 0.2 p.p. lower than the previous record low level of 12.9% in Q3 and Q4 2015.

Com Hem's fibreCoax infrastructure continues to deliver the fastest average download speed amongst our peers according

to external tests by Bredbandskollen, Netflix Speed Index and Google Video Index.

Within B2B our focus remains on growing the high-margin OnNet business, while we see a structural decline in the OffNet legacy fixed telco business. During the quarter we added 1,000 new OnNet B2B customers, and compared to last year the OnNet B2B customer base has grown by almost 30% and OnNet revenues by 55%.

Record profitability in the existing business at a sustainably lower capex level led to strong cash flow generation

Revenue grew by 4.3% compared to the third quarter 2015, driven by a 6.0% growth in our consumer business and a 1.0% growth in B2B, partly offset by a decline of 0.9% in the network operator business. Underlying EBITDA grew by 8.7% to a record high of SEK 642m, with an Underlying EBITDA margin of 49.0%. Capex amounted to SEK 180m in the quarter compared to SEK 219m in the third quarter 2015.



Capex guidance for 2016 lowered by SEK 150m

We believe that we have optimised the core business to a point where we can run a lean operation and deliver steady growth at a sustainably lower capex level. We therefore lower our capex guidance for the full year 2016 to SEK 850-950m from SEK 1.0-1.1bn previously. Together, Underlying EBITDA growth and lower capex than last year led to continued strong operating free cash flow, which grew by 24.1% to SEK 461m.

Our strong cash flow allowed us to continue executing on our share buyback program. In the quarter we repurchased shares for SEK 287m, representing 2.0% of total number of registered shares as of September 30, while remaining within our leverage target. The share repurchase programme continues with a mandate to repurchase up to SEK 200m between October 1 and November 30.

Significantly increase the dividend in 2017

Following consistently strong cash generation, the Board intends to propose a change to the mix of the shareholder remuneration to increase the cash dividend from SEK 1.50 per share to SEK 4.00 per share to be paid out semi-annually in May and October, 2017. Alongside the cash dividend we will also continue to do buybacks from time to time.

Our strong position in the MDU market and the acquisition of Boxer lays the foundation for a successful SDU expansion

In addition to maintaining the performance of our existing business, we will now focus on expanding in the SDU market which is our next growth pillar. We are confident that this will secure long-term growth in Underlying EBITDA and cash flow for the Group.

However, this will put pressure on margins as we build a new business and sell our services at lower margins. Since we are able to run the core business at a sustainably lower spending level, we now have the option to free up resources toward the SDU expansion to fuel even further growth, or operate the whole business with lower capex than previously indicated. We expect to provide updated guidance on this when we release our Q4 results.

The SDU expansion will be boosted by the acquisition of Boxer which was completed on September 30. In the 12 months following the close of the acquisition, Boxer is expected to add approximately SEK 300m of Underlying EBITDA and SEK 200m of operating free cash flow to the Com Hem Group.

With the successful acquisition of Boxer behind us, we now welcome our new customers and coworkers as we start the integration process. The next quarter and coming years will be an exciting time as we begin our transformation to become a true national operator in broadband and TV-services. We look forward to continue delivering sustainable returns in our existing business while adding additional growth as we launch into the SDU market.

Anders Nilsson
CEO

UPDATED 2016 FINANCIAL GUIDANCE

SEK 300M HIGHER UNDERLYING EBITDA AND SEK 150M LOWER CAPEX

	PREVIOUS GUIDANCE FOR COM HEM	UPDATED 2016 GUIDANCE INCLUDING BOXER IN Q4
Revenue	We aim to deliver mid-single digit revenue growth on a full year basis	Mid-single digit organic revenue growth on a full year basis. In addition, Boxer is expected to contribute approximately SEK 450m in revenue in Q4 2016
Underlying EBITDA	We aim to maintain a stable Underlying EBITDA margin for the Group, resulting in mid-single digit growth of Underlying EBITDA on a full year basis	Mid-single digit organic growth of Underlying EBITDA on a full year basis. Boxer is expected to add approximately SEK 300m of Underlying EBITDA in the first 12 months following the acquisition which was closed on September 30, 2016
CAPEX	We expect CAPEX to be in the range of SEK 1.0-1.1bn in 2016	Lowered Capex guidance for 2016 to a range of SEK 850-950m including Boxer in Q4 as the existing MDU business is run at a sustainably lower level
Leverage target	We aim to maintain our leverage within the interval of 3.5-4.0x Underlying EBITDA LTM	Unchanged

We expect to provide updated guidance on revenue and Capex for the medium-term when we release our Q4 results.

OPERATIONAL DEVELOPMENT

Operational key metrics ¹⁾	2015			2016		
	Q2	Q3	Q4	Q1	Q2	Q3
Addressable footprint, thousands	1,930	1,942	1,968	1,988	2,045	2,196
Unique consumer subscribers, thousands	894	903	911	920	926	934
Consumer RGUs per unique consumer subscriber, ratio	1.79	1.78	1.77	1.76	1.74	1.74
Consumer churn as % of unique consumer subscribers, %	13.7	12.9	12.9	13.9	13.1	12.7
Consumer RGUs thousands						
Broadband	637	648	658	669	679	689
Digital-TV	627	631	635	635	636	640
- of which TiVo customers	204	213	224	228	233	239
Fixed telephony	337	331	322	314	300	294
Total consumer RGUs	1,600	1,610	1,616	1,619	1,615	1,623
Unique B2B subscribers, thousands						
OnNet	13	14	16	17	18	19
OffNet	48	48	46	45	42	40
Total unique B2B subscribers	61	62	62	62	61	59
ARPU, SEK						
Consumer	361	363	363	364	369	371
B2B	424	415	431	430	436	436

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

Comparison between third quarter 2016 and third quarter 2015, unless otherwise stated.

Addressable footprint

In the third quarter, our addressable footprint increased by 151,000 homes to 2,196,000 at the end of the period. The increase is a result of our expansion into the SDU market where we at the end of September had added some 200,000 addressable households since the start of the expansion programme through the addition of open LANs as well as unbundling of networks.

Unique consumer subscribers

The number of unique consumer subscribers continued to increase in the third quarter, up 8,000 to 934,000. The increase was mainly a result of strong growth in broadband subscribers and the record low consumer churn.

Consumer churn rate

The churn rate, expressed as the percentage of consumer subscribers, was 12.7% in the third quarter, which is a decrease of 0.4 p.p. compared to the consumer churn of 13.1% for the second quarter 2016. The churn for the third quarter was a new record low from previous 12.9% in Q3 and Q4 2015.

Consumer RGUs

In the third quarter, the number of consumer RGUs was 1,623,000 an increase of 8,000 compared to previous quarter which is caused by a strong growth in broadband RGUs offset by continued decline in fixed-telephony RGUs.

The number of broadband RGUs rose by 11,000 in the third

quarter to an all time high of 689,000 which was in line with the growth seen in previous quarters. The proportion of new broadband subscribers who purchased broadband speeds of 100 Mbit/s or more was close to 90%.

The number of digital-TV RGUs increased by 4,000 during the quarter to a total of 640,000 RGUs. During the quarter, TiVo customers grew by 7,000 to 239,000, corresponding to 37% of the total digital-TV base.

The number of fixed-line telephony RGUs was 294,000, down 7,000 compared with the preceding quarter, which is in line with the underlying trend in the market.

Consumer ARPU

Consumer ARPU increased by SEK 2 in the quarter to SEK 371 mainly as a result of improved mix for broadband and digital-TV.

Unique B2B subscribers

The number of unique B2B subscribers was 59,000. Our high margin OnNet subscribers continued to grow by 1,000, but was offset by a decline in the legacy OffNet business of 2,000 subscribers.

B2B ARPU

B2B ARPU was SEK 436 in the third quarter, which was at the same level as the preceding quarter. ARPU staying flat was an effect of improved ARPU in OnNet.

FINANCIAL OVERVIEW

Financial summary, SEKm	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
	2016	2015	Change	2016	2015	Change	2015
Revenue							
Consumer	1,031	973	6.0%	3,048	2,877	5.9%	3,863
Network operator	193	194	-0.9%	575	591	-2.6%	786
B2B	77	76	1.0%	238	230	3.3%	311
Other revenue	8	12	-28.2%	24	31	-22.6%	40
Revenue	1,309	1,255	4.3%	3,885	3,729	4.2%	5,000
Operating expenses	-1,082	-1,064	1.7%	-3,261	-3,194	2.1%	-4,276
Operating profit (EBIT)	227	192	18.7%	624	535	16.7%	724
Net financial income and expenses	-89	-126	-29.3%	-256	-363	-29.4%	-605
Income taxes	-32	-15	119.8%	-84	-39	117.3%	-27
Net result for the period	106	51	108.4%	283	133	112.8%	92

Comparisons between third quarter of 2016 and third quarter of 2015, unless otherwise stated.

Total revenue

Total revenue for the quarter rose SEK 54m, or 4.3% to SEK 1,309m, compared with the third quarter 2015. For the first nine months, revenue rose by SEK 156m to a total of SEK 3,885m, corresponding to a growth of 4.2% compared to last year.

Consumer services

For the quarter, revenue from consumer services rose by 6.0% or SEK 58m, to a total of SEK 1,031m. For the first nine months, revenue from consumer services rose by 5.9% or SEK 171m to SEK 3,048m. The increase for the quarter as well as the first nine months was attributable to higher revenue from broadband and digital-TV services, partly offset by a decline in revenue from fixed-telephony services.

For the quarter, revenue from broadband services rose SEK 47m, or 11.0%, and amounted to SEK 472m. For the first nine months, revenue from broadband services rose by SEK 144m, or 11.7%, to a total of SEK 1,377m. The increase in broadband revenue is attributable to RGU growth, an improved speed mix due to continued strong demand for our high-speed broadband packages, and the price adjustments implemented during the first quarter of 2016.

For the quarter, revenue from digital-TV rose by SEK 22m or 5.0%, to a total of SEK 469m. For the first nine months, revenue from digital-TV rose by SEK 56m or 4.2%, to a total of SEK 1,390m. The increase in digital-TV revenue was mainly attributable to RGU growth, a higher proportion of customers with TiVo packages, and the price adjustments implemented during the first quarter of 2016.

For the quarter, revenue from fixed-line telephony decreased by SEK 15m and amounted to SEK 60m. For the first nine months, revenue from fixed-line telephony decreased by SEK 34m, to a total of SEK 196m. The decrease is mainly explained by a structural decline in fixed telephony variable usage.

Network Operator services

Revenue from network operator services declined SEK 2m and amounted to SEK 193m for the third quarter. For the first nine months, revenue from network operator services declined SEK 15m and amounted to SEK 575m. The decline was attributable to a decline in landlord revenue, partly offset by higher revenue from network expansion including communication operator revenue from iTUX.

B2B services

Revenue from B2B services rose by SEK 1m to SEK 77m for the third quarter. For the first nine months, revenue from B2B services rose by SEK 8m or 3.3% to a total of SEK 238m.

For the quarter, OnNet revenue grew by 55% and amounted to SEK 26m. The increase in the high margin OnNet revenue was partly offset by lower revenue from the lower margin OffNet legacy business, mainly due to lower variable telephony revenue.

Operating expenses

Operating expenses amounted to SEK 1,082m, up SEK 18m compared to the third quarter 2015. For the first nine months operating expenses amounted to SEK 3,261m, up SEK 67m or 2.1% compared to the same period 2015. The increase for the quarter as well as the first nine months was driven by higher variable costs as a result of volume driven revenue growth, partly offset against savings in fixed costs.

Operating profit (EBIT)

Operating profit for the third quarter increased by 18.7% and amounted to SEK 227m. For the first nine months, the increase was 16.7% resulting in an operating profit of SEK 624m.

Net financial income and expenses

Net financial income and expenses were reduced by SEK 37m or 29.3% for the third quarter, which was in line with a 29.4% decrease also for the first nine months. The positive change is a result of a reduced blended interest rate on the Group's debt, following refinancing of the EUR Senior Notes in the fourth quarter last year as well as lower market rates. Average blended interest rates was 2.9% for the first nine months compared with 4.4% for the full year 2015.

Income taxes

The Group recognised a deferred tax expense of SEK 32m for the quarter and SEK 84m for the first nine months. The taxable profit will be offset against previously recognised tax losses carry forwards, which had a remaining balance of approximately SEK 1.7bn at the end of the quarter.

Net result for the period

Net result more than doubled for the quarter as well as for the first nine months and reached SEK 106m in the third quarter and SEK 283m for the first nine months.

Reconciliation between Operating profit (EBIT) and Underlying EBITDA, SEKm	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
	2016	2015	Change	2016	2015	Change	2015
Operating profit (EBIT)	227	192	18.7%	624	535	16.7%	724
Depreciation & amortisation per function							
- Cost of services sold	214	197	8.9%	628	577	8.9%	778
- Selling expenses	182	185	-1.9%	549	557	-1.5%	742
- Administrative expenses	6	6	-8.1%	17	19	-13.1%	25
Total depreciation & amortisation	402	388	3.4%	1,194	1,154	3.5%	1,545
EBITDA	629	580	8.5%	1,818	1,688	7.7%	2,269
EBITDA margin, %	48.0	46.2	1.8 p.p.	46.8	45.3	1.5 p.p.	45.4
Disposals	0	-	n/a	3	9	-63.6%	9
Operating currency loss/gains	5	0	n/a	3	9	-68.5%	9
Items affecting comparability	8	11	-29.0%	28	44	-36.2%	58
Underlying EBITDA	642	590	8.7%	1,852	1,750	5.8%	2,346
Underlying EBITDA margin, %	49.0	47.0	2 p.p.	47.7	46.9	0.7 p.p.	46.9

Comparisons between third quarter of 2016 and third quarter of 2015, unless otherwise stated.

Underlying EBITDA

Underlying EBITDA rose by SEK 51m, or 8.7%, reaching SEK 642m and the Underlying EBITDA margin was 49.0% in a seasonally strong quarter. The increase in Underlying EBITDA was due to revenue growth with a stable gross margin, combined with reduced operating costs compared to the third quarter 2015 explained by lower marketing costs while maintaining stable staff related costs. For the first nine months, Underlying EBITDA rose by SEK 101m to SEK 1,852m and the Underlying EBITDA margin was 47.7%.

EBITDA

EBITDA rose by SEK 49m reaching SEK 629m for the quarter. For the first nine months, EBITDA rose by SEK 130m reaching SEK 1,818m.

Depreciation and amortisation

Depreciation and amortisation rose by SEK 13m to SEK 402m for the quarter. For the first nine months, depreciation and amortisation rose by SEK 40m to a total of SEK 1,194m. The increase for the quarter as well as the first nine months was explained by higher depreciation and amortisation on IT development projects (cost of services sold) and CPEs (cost of services sold), partly offset by lower amortisation of capitalised sales commissions (selling expenses).

Operating free cash flow, SEKm	JUL-SEP/Q3			JAN-SEP/9 MONTHS			JAN-DEC
	2016	2015	Change	2016	2015	Change	2015
Underlying EBITDA	642	590	8.7%	1,852	1,750	5.8%	2,346
Capital expenditure							
Network related	-62	-71	-13.3%	-209	-234	-10.8%	-332
CPEs and capitalised sales commissions	-79	-117	-33.0%	-248	-372	-33.5%	-486
IT investments	-32	-25	27.3%	-95	-91	4.2%	-128
Other capex	-8	-5	56.8%	-35	-34	4.0%	-45
Total capital expenditure	-180	-219	-17.6%	-588	-732	-19.7%	-991
Operating free cash flow	461	372	24.1%	1,264	1,018	24.2%	1,355
Interest payments	-53	-33	60.8%	-108	-217	-50.3%	-517
Change in working capital	2	74	-97.6%	-64	-8	n/a	100
Equity free cash flow	410	412	-0.5%	1,092	793	37.8%	938

Comparisons between third quarter of 2016 and third quarter of 2015, unless otherwise stated.

Capital expenditure (Capex)

For the quarter, capital expenditure amounted to SEK 180m, comprising 13.8% of total revenue. The decline of SEK 39m, compared to the third quarter 2015, was a result of lower network related investments and CPEs. For the first nine months, capital expenditure amounted to SEK 588m, comprising 15.1% of total revenue. The decline in capital expenditure compared to same periods in 2015 was mainly explained by the core MDU business now being managed at a sustainably lower capex level, why the full year guidance for 2016 has been updated, see further page 4.

Operating free cash flow

Operating free cash flow increased by SEK 90m or 24.1% in the

third quarter, reaching SEK 461m. The increase in operating free cash flow for the first nine months equalled SEK 246m or 24.2%, reaching a total of SEK 1,264m. The increase was a result of higher Underlying EBITDA contribution as well as lower investments compared with the same period in 2015.

Equity free cash flow

Equity free cash flow for the third quarter amounted to SEK 410m, which was on the same level as previous year due to less positive movement in working capital combined with increased interest payments due to timing. For the first nine months equity free cash flow increased by 37.8% to SEK 1,092m explained by higher operating free cash flow combined with lower interest payments.

FINANCIAL POSITION

Closing of the Boxer acquisition

Following necessary approvals having been obtained, the Boxer acquisition was closed on September 30, 2016. The preliminary consideration paid amounted to SEK 1,631m including cash and cash equivalents in Boxer of SEK 258m and other net debt/net cash adjustments of SEK 43m. The Enterprise value of SEK 1,330m represents a multiple of 4.3x Underlying EBITDA LTM of SEK 306m

(after recalculation to estimated Com Hem accounting principles, non-audited), resulting in the acquisition only marginally affecting Com Hem's net debt/Underlying EBITDA LTM multiple.

The acquisition was financed by a new three year SEK 800m credit facility (Incremental 7 in the table below), together with own cash and drawings under the Revolving Credit Facility.

Net debt, SEKm	2016	SEP 30		DEC 31
		2015	Change	
Non-current interest-bearing liabilities	10,538	9,477	11.2%	9,151
Add back of capitalised borrowing costs	95	132	-27.8%	95
Non-current interest-bearing liabilities, nominal value	10,633	9,609	10.7%	9,246
Current interest-bearing liabilities	20	30	-34.4%	528
Cash and cash equivalents	-361	-824	-56.2%	-743
Net debt	10,292	8,815	16.8%	9,030

Liquidity

At September 30, 2016, the Group's total available funds amounted to SEK 2,161m (SEK 1,393m at December 31, 2015), of which cash and cash equivalents was SEK 361m (SEK 743m at December 31, 2015) and unutilised credit facilities was SEK 1,800m (SEK 650m at December 31, 2015).

debt/Underlying EBITDA LTM was a multiple of 3.7x (3.8x at December 31, 2015), which is in line with the targeted leverage of 3.5-4.0x.

The increase in net debt was mainly due to funding of the Boxer acquisition. The Underlying EBITDA LTM as at September 30, 2016 includes SEK 306m relating to Boxer, see above.

Net debt

At September 30, 2016, the Group's net debt amounted to SEK 10,292m (SEK 9,030m at December 31, 2015), while net

OUTSTANDING DEBT

September 30, 2016, SEKm	Maturity date	Interest base/coupon	Total credit	Utilised amount	Unutilised amount
Bank debt					
Facility A	Jun 26, 2019	Floating	3,500	3,500	-
Revolving Credit Facility	Jun 26, 2019	Floating	2,000	200	1,800
Incremental Facility 2	Jun 26, 2019	Floating	375	375	-
Incremental Facility 4	Jun 26, 2019	Floating	1,000	1,000	-
Incremental Facility 6	Dec 31, 2017	Floating	500	500	-
Incremental Facility 7	Jun 26, 2019	Floating	800	800	-
Outstanding notes at fixed interest rates					
SEK 2,500m Senior Notes	Nov 4, 2019	Fixed 5.25%	2,500	2,500	-
SEK 1,750m Senior Notes	Jun 23, 2021	Fixed 3.625%	1,750	1,750	-
Total credit facilities¹⁾			12,425	10,625	1,800

¹⁾ In addition to the above credit facilities Com Hem holds interest-bearing financial lease liabilities totalling SEK 28m.

Financing

At September 30, 2016, the Group's total credit facilities, including the two outstanding SEK bonds and the newly committed credit facility, amounted to SEK 12,425m, with an average remaining term of 3.1 years.

SEK 2,500m Senior Notes with a coupon rate of 5.25% may be redeemed as from November 3, 2016.

Loan conditions

The loan facilities with credit institutions are conditional on the Group continually satisfying a predetermined financial key metric,

referred to as the covenant. The covenant is consolidated net debt in relation to consolidated Underlying EBITDA LTM.

In addition, there are provisions and limitations in 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 as at September 30, 2016.

Dividend and share repurchases

The AGM authorised the board to, until the next AGM, on one or more occasions, resolve on acquisition of own shares to the extent that the holding at any time does not exceed a tenth of the total number of shares.

On July 12, 2016 the board resolved to initiate such a share buyback program. Shares for a total amount of up to SEK 250m could be repurchased for the period July 13, 2016 to September 30, 2016 and for a total amount of up to SEK 200m for the period October 1, 2016 to November 30, 2016.

During the third quarter, Com Hem repurchased 3,880,079 shares for SEK 287m in total.

In accordance with the resolution at the AGM, Com Hem has on June 9, 2016 executed a reduction of the share capital by way of cancellation of all the 13,769,357 treasury shares that at the time had been repurchased (a reduction of approximately 6.7%). Simultaneously, for the purpose of restoring the share capital, Com Hem executed a bonus issue with an amount corresponding to the amount with which the share capital was reduced. As at September 30, 2016, the number of registered shares amounted to 192,874,019.

In September Com Hem applied for a cancellation of 3,923,379 repurchased shares which is expected to be registered in November.

Significantly increase the dividend in 2017

At the IPO the Board of Directors adopted a dividend policy pursuant to which Com Hem retains the flexibility to distribute excess cash to shareholders in the form of dividends or other forms of capital distribution, while operating in the medium term, within our target leverage of 3.5x to 4.0x Underlying EBIT-DA LTM. We expect to declare dividends or other forms of capital distributions in each financial year of at least 50% of equity free cash flow.

Up until 2016 the majority of shareholder remuneration has been made through buy backs. For 2017 the Board intends to propose a change to the mix of the shareholder remuneration to increase the cash dividend from SEK 1.50 per share in 2016 to SEK 4.00 per share to be paid out semi-annually in May and October, 2017. Alongside the cash dividend we will also continue to do buybacks from time to time while remaining within our target leverage of 3.5x to 4.0x Underlying EBITDA LTM.

Share repurchases	No of shares	Average price per share, SEK	SEKm
May 2015 - December 2015	9,645,123	73,73	711
January 2016 - May 2016	4,124,234	73,01	301
Cancellation June 9, 2016	-13,769,357	-	-
June 2016	716,813	70,17	50
July-September 2016	3,880,079	73,98	287
Treasury shares, September 30, 2016	4,596,892	73.48	1,350

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Revenue	1,309	1,255	3,885	3,729	5,000
Cost of services sold	-660	-620	-1,942	-1,834	-2,464
Gross profit	650	635	1,943	1,895	2,536
Selling expenses	-342	-367	-1,086	-1,137	-1,516
Administrative expenses	-72	-80	-225	-220	-295
Other operating income and expenses	-8	4	-8	-4	-1
Operating profit	227	192	624	535	724
Financial income and expenses	-89	-126	-256	-363	-605
Result after financial items	138	66	368	172	119
Income taxes	-32	-15	-84	-39	-27
Net result for the period	106	51	283	133	92
Average number of outstanding shares, thousands	190,147	203,200	192,627	205,716	204,068
Basic earnings per share, SEK	0.56	0.25	1.47	0.65	0.45
Average number of outstanding shares, diluted, thousands	190,280	203,245	192,731	205,727	204,112
Diluted earnings per share, SEK	0.56	0.25	1.47	0.65	0.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Net result for the period	106	51	283	133	92
Other comprehensive income					
<i>Items that will not be reclassified to net profit or loss</i>					
Revaluation of defined-benefit pension obligations	-28	-5	-93	35	75
Tax on items that will not be reclassified to profit or loss	6	1	20	-8	-16
Other comprehensive income for the period, net of tax	-22	-4	-72	27	58
Total comprehensive income for the period	84	47	211	161	150

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	SEP 30 2016	SEP 30 2015	DEC 31 2015
ASSETS			
Non-current assets			
Intangible assets	16,933	15,605	15,451
Property, plant and equipment	1,493	1,510	1,531
Financial assets	-	46	0
Total non-current assets	18,426	17,162	16,982
Current assets			
Other current assets	526	373	352
Cash and cash equivalents	361	824	743
Total current assets	887	1,197	1,095
TOTAL ASSETS	19,313	18,359	18,078
EQUITY AND LIABILITIES			
Equity	5,689	6,708	6,403
Non-current liabilities			
Non-current interest-bearing liabilities	10,538	9,477	9,151
Other non-current liabilities	420	212	176
Deferred tax liabilities	605	238	234
Total non-current liabilities	11,564	9,926	9,561
Current liabilities			
Current interest-bearing liabilities	20	30	528
Other current liabilities	2,040	1,694	1,585
Total current liabilities	2,060	1,724	2,113
TOTAL EQUITY AND LIABILITIES	19,313	18,359	18,078
Number of outstanding shares, at end of period, thousands	188,277	201,022	196,998
Equity per share, SEK	30	33	33

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	SEP 30 2016	SEP 30 2015	DEC 31 2015
Opening equity	6,403	7,233	7,233
Comprehensive income for the period			
Net result for the period	283	133	92
Other comprehensive income for the period	-72	27	58
Total comprehensive income for the period	211	161	150
Transactions with the owners			
Redemption of shares	-	-65	-65
Repurchase of shares and warrants	-638	-418	-713
Issue expenses, net after tax	-	4	4
Dividend	-289	-207	-207
Share-based remuneration	3	1	1
Total transactions with the owners	-925	-685	-979
Closing equity	5,689	6,708	6,403

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Operating activities					
Result after financial items	138	66	368	172	119
Adjustments for non-cash items	440	481	1,347	1,302	1,551
Cash flow from operating activities before changes in working capital	578	547	1,715	1,474	1,670
Change in working capital	2	74	-64	-8	100
Cash flow from operating activities	580	620	1,651	1,466	1,770
Investing activities					
Acquisition of subsidiary	-1,372	-	-1,372	-	-
Acquisition of intangible assets	-91	-72	-268	-287	-381
Acquisition of property, plant and equipment	-89	-147	-319	-430	-594
Divestment of property, plant and equipment	1	-	1	-	-
Divestment of financial assets	-	0	-	0	0
Cash flow from investing activities	-1,552	-219	-1,958	-717	-976
Financing activities					
Share issue expenses	-	-	-	-22	-22
Repurchases of shares and warrants	-288	-281	-641	-410	-703
Redemption of shares	-	-	-	-65	-65
Dividend	-	-	-289	-207	-207
Borrowings	1,000	-	3,300	100	2,000
Amortisation of borrowings	-7	-9	-2,420	-24	-1,749
Payment of borrowing costs	-6	-3	-24	-14	-21
Cash flow from financing activities	698	-293	-75	-642	-768
Net change in cash and cash equivalents	-273	109	-382	108	27
Cash and cash equivalents at beginning of period	634	715	743	716	716
Cash and cash equivalents at end of period	361	824	361	824	743

ADJUSTMENT FOR NON-CASH ITEMS

SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Depreciation/amortisation	402	388	1,194	1,154	1,545
Unrealised exchange-rate differences	-1	36	2	-23	-64
Capital gain/loss on sale/disposal of non-current assets	0	-	3	9	9
Change in fair value of derivatives	0	-37	0	-7	39
Change in capitalised borrowing costs and discounts	8	9	24	27	71
Change in accrued interest expenses	25	81	112	130	-66
Other profit/loss items not settled with cash	6	5	13	12	16
Total	440	481	1,347	1,302	1,551

PARENT COMPANY CONDENSED FINANCIAL REPORTS

INCOME STATEMENT SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Revenue	3	3	9	9	13
Administrative expenses	-6	-12	-19	-30	-40
Other operating income and expenses	0	1	-1	6	6
Operating profit/loss	-3	-8	-11	-16	-21
Financial income and expenses	34	252	114	873	361
Result after financial items	32	244	103	857	340
Income taxes	-	-	0	-1	4
Net result for the period	32	244	103	856	344

STATEMENT OF COMPREHENSIVE INCOME SEKm	JUL-SEP/Q3		JAN-SEP/9 MONTHS		JAN-DEC
	2016	2015	2016	2015	2015
Net result for the period	32	244	103	856	344
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	32	244	103	856	344

BALANCE SHEET SEKm	SEP 30	SEP 30	DEC 31
	2016	2015	2015
ASSETS			
Financial assets	9,915	9,920	9,771
Deferred tax assets	25	20	25
Current assets	2	2	4
Cash and bank balances	22	11	30
TOTAL ASSETS	9,964	9,952	9,830
EQUITY AND LIABILITIES			
Restricted equity	213	213	213
Unrestricted equity	7,219	8,850	8,046
Provisions	2	0	1
Non-current liabilities to Group companies	1,908	495	942
Current liabilities to Group companies	607	-	607
Other current liabilities	14	394	21
TOTAL EQUITY AND LIABILITIES	9,964	9,952	9,830

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 list.

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 2015 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, 2016 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 financial overview and financial position.

Reclassification of revenue

All revenue derived from securing our connected households, earlier reported separately as "Landlord revenue" for our vertical network as well as income from the Group's communication operator business (iTUX), previously included within "Other revenue", has from Q1 2016 been grouped together and reported on the line "Network operator revenue". In addition, billing fees related to our consumer business, which have earlier also been reported within "Other revenue", have been reported under "Consumer revenue". Consumer revenue together with reported unique consumer subscribers will now reconcile with the reported consumer ARPU as ARPU was also previously calculated on this basis. All earlier reported periods have been recalculated in accordance with the above.

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.

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 September 30, 2016 amounted to SEK - m (46).

Related parties

For information on related parties, see the Group's Annual report 2015, page 74. No significant changes or transactions have occurred

in the interim period, in excess of paid dividend.

Operating segment

The operations of the Group are integrated and constitute a single operating segment that offers bundled services to consumers (digital-TV, broadband and fixed telephony), B2B (broadband and telephony) and landlords (basic TV service), in a single market, Sweden. This is also the base of the Group's management structure and the structure for internal reporting, which is controlled by the Group's Chief Executive Officer, who has been identified as the chief operating decision maker. As such, the Group does not present any operating segment information. As a consequence of the acquisition of Boxer at September 30, 2016, the Group will, however, report two separate operating segments going forward.

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 2015 Annual Report. The Group believes that the risk environment has not materially changed from the description in the 2015 Annual Report.

Changes in share capital and share repurchases

In accordance with the resolution by the Annual General Meeting on May 19, 2016 13,769,357 own shares were cancelled in June 2016, corresponding to a reduction of the share capital of SEK 14m. In connection to the reduction of the share capital a bonus issue of SEK 14m was completed. The reduction of share capital and the bonus issue were registered at the Swedish Companies Registration office on June 9, 2016 and the shares were cancelled by Euroclear.

At the Annual General Meeting on May 19, 2016 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 was, up until July 2, 2016, carried out in accordance with the European Commission's ordinance (EC) No 2273/2003 of December 22, 2003 (the "EC ordinance"), and thereafter in accordance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 (the "New EC ordinance"). The buy backs are managed by a credit institution that makes its 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, 2015	206,643,376
Cancellation of shares	-13,769,357
Total no. of registered shares, September 30, 2016	192,874,019
Repurchased shares held by Com Hem	-4,596,892
<i>of which pending registration for reduction of share capital with cancellation of shares</i>	3,923,379
Total no. of outstanding shares, September 30, 2016	188,277,127

Incentive programmes

The Group has two incentive programmes established for executive management, key employees and Board members. The programmes comprise a total of 4,949,944 issued and paid warrants.

The Group also has two long-term share-saving incentive programmes "LTIP 2015" and "LTIP 2016". LTIP 2015 comprising a maximum of 343,000 shares and LTIP 2016 a maximum of 420,000 shares. LTIP 2016 was resolved by the Annual General Meeting 2016 and has similar conditions as the long-term share-saving incentive programme resolved by the Annual General Meeting 2015 (LTIP 2015). For more information regarding LTIP 2015 and the other incentive programmes see the Group's Annual Report 2015.

Largest shareholders

As at September 30, 2016, NorCell S.à.r.l., (indirectly controlled by funds managed by BC Partners LLP) controlled 31.3% of the outstanding shares and votes. Com Hem Holding AB (publ) had a total of 1,223 shareholders.

As per September 30, 2016	No. of shares	Capital / votes, % ¹⁾
NorCell S.à.r.l.	58,911,671	31.3
MFS Investment Management	16,777,817	8.9
Adelphi Capital LLP	10,616,235	5.6
Putnam	4,213,614	2.2
Norges Bank	3,783,965	2.0
Henderson Global Investors	3,313,374	1.8
DJE Investment	3,186,795	1.7
Vanguard	2,758,353	1.5
T. Rowe Price	2,463,379	1.3
Lazard	2,297,000	1.2
Total 10 largest shareholders	108,322,203	57.5
Other shareholders	79,954,924	42.5
Total no. of outstanding shares	188,277,127	100.0

Source: Holdings/Euroclear as per September 30, 2016.

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."

Business Combinations 2016

Boxer TV-Access AB ("Boxer")

On June 8, 2016 Com Hem through its wholly owned subsidiary Com Hem Communications AB signed an agreement to acquire all shares in Boxer TV-Access AB ("Boxer") a wholly owned subsidiary of Teracom Boxer Group AB. Boxer is the pay TV operator in the digital terrestrial television ("DTT") network in Sweden. The fibre expansion in the single dwelling unit ("SDU") market has over the last years put pressure on Boxer's customer base. The Com Hem SDU expansion programme will enable Boxer to sell market leading bundled broadband- and TV-services to its customer base. The acquisition of Boxer thereby represents a highly attractive opportunity for Com Hem to accelerate its reach in the SDU market. The Boxer brand is included in the transaction and Boxer will continue to operate as part of the Com Hem group.

At September 1, 2016 the Swedish State approved the acquisition and at September 21, 2016 the Swedish Competition Authority also resolved to approve the acquisition. Completion took place on September 30, 2016 when controlling influence of operations was obtained and the entity was consolidated from that date.

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
Non-current intangible assets	1,552
Property, plant and equipment	88
Other current assets	187
Cash and cash equivalents	258
Deferred tax liabilities	-307
Non-current liabilities	-141
Other current liabilities	-420
Net identifiable assets	1,217
Goodwill	414
Purchase price (Paid in cash)	1,631
Less cash in acquired business	-258
Net effect on Group's cash	1,372

A preliminary purchase price allocation has been prepared as at the acquisition date. The recognised fair value of intangible assets was SEK 1,966m of which customer relationships SEK 1,427m, trademark SEK 101m, goodwill SEK 414m 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 1,631m and the total net cash outflow was SEK 1,372m after deducting acquired cash and cash equivalents of SEK 258m. Acquisition-related expenses were SEK 12m and have been recognised as other operating expenses in the income statement.

Since the acquisition was completed at September 30, 2016 the acquired company has not contributed any revenue or operating profit to the Group during the reported period. Boxer will be reported as a separate operating segment from next quarter.

If the acquisition had been conducted on January 1, 2016, management estimates that the contribution to consolidated revenue would have been SEK 1,394m and the contribution to operating profit would have been SEK 150m for the first nine months 2016.

Events after the end of the reporting period

During the period from October 1 to October 17, 2016 an additional 660,000 shares were repurchased by the independent credit institute for an amount of SEK 53m in accordance with Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 (the "New EC ordinance"). Com Hem held 5,256,892 own shares as of October 17 corresponding to 2.7% of the total number of registered shares.

Auditor's report

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

Disclosure

This information is information that Com Hem Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below at 7.30 a.m. CET October 18, 2016.

Max Hellström, Head of PR

Stockholm October 18, 2016
Com Hem Holding AB (publ)

Anders Nilsson
CEO

ABOUT COM HEM

- More than 2 million Swedish homes are connected to Com Hem's network.
- A market-leading provider of broadband up to 1 Gbit/s, and the fastest download speed according to the Netflix Speed Index.
- The largest range of TV services in Sweden, with more than 80 channels.
- Since 2013, Com Hem has offered a competitive range of broadband and telephony services for B2B customers.
- The company was founded in 1983, has approximately 1,200 employees and its head office in Stockholm.
- Com Hem's share is listed on Nasdaq Stockholm, Large Cap list, under the ticker symbol COMH.
- For more information, visit www.comhemgroup.com

VISION:

The most satisfied customers in Sweden within digital-TV, broadband and fixed telephony.

Total revenue 9M2016 - SEK 3.9bn

CONSUMER

Share of revenue 9M2016

78%



We sell broadband, digital-TV and fixed telephony to households within our footprint. By the end of September 2016, we delivered 1,6 million RGUs to 934,000 customers across our footprint.

BUSINESS TO BUSINESS

Share of revenue 9M2016

6%



We have 59,000 business customers. 19,000 of these customers subscribe to our services via Com Hem's vertical network.

NETWORK OPERATOR (LANDLORD AND iTUX)

Share of revenue 9M2016

15%

Our consumer services require that we also have a contract with a landlord or a communication operator. We have contracts with over 20,000 separate landlords and 13 communication operators. Our own communication operator iTUX serves approximately 138,000 households.

Com Hem operates and maintains one of the fastest and most technologically advanced networks in the world. It gives us a competitive advantage over other industry players as we are able to use the same platform for all our services. Com Hem takes total responsibility for the customer experience – from a leading range of services and a reliable network to a fully insourced customer service.

Our goal is to convert as many as possible of our more than 2 million households – whether via the vertical or open infrastructures – into subscribers of our digital services. In 9M2016, we grew our consumer customer base by 3% or 23,000 unique consumers.

INDUSTRY TERMS

<p>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.</p>	<p>RGUs Revenue generating units, which refer to each subscriber receiving basic or digital-TV, broadband or telephony services from Com Hem. A customer who has all three services is counted as three RGUs but one unique subscriber.</p>
<p>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.</p>	<p>SME Small and medium enterprises. Refers to offices with 10-99 employees.</p>
<p>Churn The voluntary or involuntary discontinuance of services by a subscriber.</p>	<p>SoHo Single office/Home office. Refers to offices with 1-9 employees.</p>
	<p>Unique consumer subscribers Unique consumer subscribers represent the number of individual end-users who have subscribed for one or more of Com Hem's digital services (digital-TV, broadband and fixed telephony). Com Hem refers to the end-users receiving Com Hem's products and services directly through our network as unique subscribers even if the billing relationship for that end-user is with the end-user's landlord or housing association.</p>

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 depreciation and amortisation.

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, coupons to bondholders, 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.

FINANCIAL KEY METRICS AND ALTERNATIVE PERFORMANCE MEASURES PER QUARTER

Group	2014		2015			2016		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue, SEKm	1,229	1,228	1,246	1,255	1,271	1,276	1,300	1,309
Operating profit (EBIT), SEKm	159	161	182	192	190	205	192	227
Operating margin (EBIT margin), %	12.9	13.1	14.6	15.3	14.9	16.0	14.7	17.4
EBITDA, SEKm	536	538	571	580	581	600	589	629
EBITDA margin, %	43.6	43.8	45.8	46.2	45.7	47.0	45.3	48.0
Underlying EBITDA, SEKm	576	577	583	590	595	603	607	642
Underlying EBITDA margin, %	46.9	47.0	46.8	47.0	46.8	47.3	46.7	49.0
Capex, SEKm	340	263	250	219	259	210	198	180
Capex as % of revenue	27.6	21.4	20.1	17.4	20.4	16.4	15.2	13.8
Cash flow from operating activities	-59	474	372	620	304	517	554	580
Operating free cash flow, SEKm	236	314	333	372	336	394	409	461
Equity/assets ratio, %	39	39	38	37	35	35	34	29
Net debt at end of period, SEKm	8,851	8,628	8,896	8,815	9,030	8,988	9,026	10,292
Net debt/Underlying EBITDA LTM, multiple ³⁾	3.9x	3.8x	3.8x	3.8x	3.8x	3.8x	3.8x	3.7x
Earnings per share, SEK ¹⁾	-0.79	0.19	0.20	0.25	-0.21	0.49	0.43	0.56
Equity per share, SEK ¹⁾	35	35	34	33	33	32	31	30

¹⁾ In the calculation the number of shares and the average number of shares for 2014 has been adjusted for the bonus issue in June 2014.

²⁾ See page 19 for definitions of financial key metrics and Alternative Performance Measures (APM).

³⁾ Including Boxer, see page 8.

OTHER INFORMATION

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Financial information

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Webcast teleconference

Com Hem will present the third quarter results for analysts and investors via a webcast teleconference in English on Tuesday, October 18, 2016 at 10:00 a.m CET.

To participate, use the following link:
http://cloud.magneetto.com/comhem/2016_1018_q3_2016/view

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Sweden: +46 8 5052 0110
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 US: +1 646 851 2407

Financial calendar

Year-end Report January - December 2016 January 31, 2017
 Interim Report January-March April 25, 2017
 Annual General Meeting May 3, 2017
 Interim Report January-June July 11, 2017
 Interim Report January-September October 17, 2017