

# COM HEM EXPANDS INTO THE SDU MARKET AND ACQUIRES BOXER SWEDEN

- Com Hem enters the SDU market and expects to reach additional 800,000 SDUs via fibre (homes passed) over the coming years
- Com Hem acquires Boxer TV-Access AB for an enterprise value of SEK 1,330m, representing an estimated 2016 Underlying EBITDA multiple of 4.4x<sup>1</sup>
- The acquisition is expected to generate approximately SEK 300m in additional Underlying EBITDA to the Com Hem Group
- Boxer's approximately 500,000 DTV customer base is primarily situated in the SDU market, and will get access to fibre over the coming years – a significant acceleration opportunity for Com Hem
- The acquisition is conditional on approval by the Government of Sweden and the Swedish Competition Authority

Com Hem Holding AB (publ) with subsidiaries ("Com Hem") has following successful trials started its expansion into the single dwelling unit ("SDU") market in Sweden. To boost this expansion Com Hem has entered into an agreement to acquire Boxer TV-Access AB ("Boxer"), the pay TV operator in the digital terrestrial television ("DTT") network in Sweden, a wholly-owned subsidiary of Teracom Boxer Group AB ("Teracom") for an enterprise value of SEK 1,330m (the "Enterprise Value").

Com Hem's trials in the SDU market have been successful. A significant rollout to fibre-based networks beyond the coax footprint has begun and is estimated to add 800,000 SDU households via fibre (homes passed) over the coming years. The Com Hem SDU expansion programme is done by a combination of techniques including unbundling fibre, using third party open LAN networks and to a smaller extent building out Com Hem's own fibre coax network. Our ambition is that the SDU market will become the next major growth pillar for Com Hem turning the company into a true national operator in broadband- and TV-services.

Boxer is the pay TV operator in the DTT network in Sweden with approximately 500,000 subscribers predominantly in the SDU market. The fibre expansion in the 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

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<sup>1</sup>Underlying EBITDA rolling twelve months estimated at SEK 300m as per Com Hem accounting principles

opportunity for Com Hem to accelerate its reach in the SDU market. The Boxer brand will be included in the acquisition and continue to operate as part of the Com Hem Group.

The total consideration for the Boxer transaction is SEK 1,550m (based on balance sheet as per March 31, 2016), payable in cash at closing. Including Boxer's net cash position of approximately SEK 220m (as per March 31, 2016), the acquisition is expected to impact Com Hem's net debt position by approximately SEK 1,330m. The acquisition will be financed by a new three year SEK 800m credit facility with Swedbank AB (publ) and existing unutilised credit facilities.

Com Hem expects that the acquisition of Boxer will on an annual basis add approximately SEK 300m of additional Underlying EBITDA to the Com Hem Group (adjusted to Com Hem's accounting principles and including synergies of at least SEK 50m), and an annual Operating Free Cash Flow<sup>2</sup> of approximately SEK 200m. The Enterprise Value represents a multiple of 4.4x estimated Underlying EBITDA rolling twelve months (adjusted for Com Hem's accounting principles). Adjusted for the acquisition, Com Hem's net debt/Underlying EBITDA LTM multiple would have been 3.9x as per March 31, 2016 versus 3.8x reported. Com Hem expects restructuring charges of approximately SEK 75m as part of the transaction.

The Com Hem SDU expansion programme will not affect previously announced financial guidance for 2016, with the exception that Boxer will be consolidated into the group as of completion of the transaction.

Beyond 2016, revenue guidance for the existing Com Hem business remains unchanged at mid-single digit annual growth for the mid-term, while Boxer DTT revenue will result in somewhat slower annual revenue growth for the combined group compared to previously communicated mid-term guidance. For 2017, the Boxer acquisition is expected to add approximately SEK 300m of Underlying EBITDA and will strengthen the combined Group's Underlying EBITDA growth which is thereafter expected to continue growing mid-single digit over the mid-term. Capex is for the mid-term expected to increase slightly over the current level of SEK 1.0-1.1bn.

Com Hem remains committed to its financial leverage target of 3.5-4.0x net debt to Underlying EBITDA as well as to its shareholder remuneration programme.

The acquisition is conditional on approval by the Government of Sweden and the Swedish Competition Authority and is expected to close in the second half of 2016.

Nordea (financial), Delphi (legal), and Deloitte (accounting, tax) acted as advisers to Com Hem in connection with the acquisition.

## **Notes to the editors:**

*Telephone conference June 8*

Management will host a conference call for the financial community at 10:00 am CET today.

The presentation will be held in English and the presentation material can be accessed on [www.comhemgroup.com](http://www.comhemgroup.com). An on-demand version is also available after the presentation. Link to webcast: [http://cloud.magneetto.com/comhem/2016\\_0608\\_ac/view](http://cloud.magneetto.com/comhem/2016_0608_ac/view)

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<sup>2</sup> Defined as Underlying EBITDA less capex



Conference call dial-in numbers:

Sweden: +46 8 50 52 01 14

UK: +44 207 16 20 177

USA: +1 646 934 67 95

To ensure that you are connected to the conference call, please dial in 10 minutes ahead of the conference call to register your attendance.

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Com Hem Holding AB discloses the information provided herein pursuant to the Swedish Securities Markets Act (2007:528) and/or the Swedish Financial Instruments Trading Act (1991:980). The information was submitted for publication at 08:00 CET on June 8, 2016.

**About Com Hem**

Com Hem offers broadband, TV, play and telephony services to Swedish households and companies. Approximately 40% of the country's households are connected to Com Hem's network, making Com Hem an important driver of digital Sweden. We offer broadband speeds of up to 1 Gbit/s and a wide range of channels via digital TV at home or mobile via Com Hem Play. The company was founded in 1983 and has approximately 1,200 employees including about 700 within customer service. Com Hem is headquartered in Stockholm and operates through three subsidiaries; Com Hem AB, Phonera Företag AB and iTUX Communication AB. In 2015, Group sales totaled SEK 5,000 million. Since 2014 the Com Hem share is listed on Nasdaq Stockholm. [www.comhemgroup.se](http://www.comhemgroup.se).

**About Boxer**

Boxer offers TV, broadband and telephony services in Sweden. The bulk of the approximately 500,000 customers receive their TV offering through the Swedish digital terrestrial network, and Boxer enjoys a high brand recognition as well as preference of choice in the SDU market. As part of the pay TV offering, approximately 40 channels are included through various channel packages. Boxer also offers live TV and on demand services through apps for smartphones and tablets. Boxer's broadband and telephony offering rely on fibre infrastructure. Boxer is a part of Teracom Boxer Group, owned by the Swedish state, with pay TV and network operations in Sweden and Denmark. The digital terrestrial network in Sweden is operated by Teracom AB, which also is part of Teracom Boxer Group, and Boxer purchases transmission capacity from Teracom. Boxer was



founded in 1999, employs approximately 40 employees focused mainly on sales, marketing and customer service, and had revenue of SEK 1,877m in 2015. The headquarters is in Stockholm. [www.boxer.se](http://www.boxer.se).

#### **About Teracom Boxer Group**

Teracom Boxer Group is one of the leading media operators in the Nordic region offering pay TV, television and radio broadcasting and connection services. Teracom Boxer Group has approximately 700 employees and consists of the marketing companies Teracom Sweden, Boxer Sweden, Teracom Denmark and Boxer Denmark. The pay TV business is operated in Sweden and Denmark via the Boxer companies under the brand name Boxer. Teracom Boxer Group owns and operates the digital terrestrial networks in Sweden and Denmark, with broadcasts covering 99.8% of households in both countries today. Teracom Boxer Group is wholly owned by the Swedish state and had revenue of SEK 3,966m in 2014. The headquarters is in Stockholm. [www.teracomboxergroup.com](http://www.teracomboxergroup.com).