H1 2018

Com Hem Sweden AB (publ) Group

INTERIM REPORT JANUARY-JUNE 2018

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JANUARY-JUNE 2018 SUMMARY

Revenue increased by 1.3% to SEK 3,599m for the Group, with Com Hem Segment increasing by 3.7% to SEK 2,785m.

Operating profit (EBIT) of SEK 474m increased by 2.1% compared to SEK 464m in the previous year.

EBITDA increased by 0.5% to SEK 1,432m.

Underlying EBITDA increased by 3.7% to SEK 1,505m for the Group, with Com Hem Segment increasing by 4.6% to SEK 1,347m.

Cash flow from operating activities increased by 6.6% to SEK 1,115m.

Operating free cash flow increased by 9.3% to SEK 952m for the Group due to lower capex and growth in underlying EBITDA.

Net result increased by SEK 66m to SEK 266m.

Earnings per share: SEK 443 (333).

Com Hem Segment operational update:
- Unique consumer subscribers rose by 5,000 to record high 992,000.
- Continued growth in broadband, up 8,000 to record high 765,000 RGUs.
- Digital TV RGUs increased by 1,000 to 654,000.
- Consumer ARPU increased to SEK 378 (SEK 371 in Q1 2018), due to price adjustments.
- Consumer churn of 12.8% down 2.0 percentage points compared to last quarter.

Boxer Segment operational update:
- Consumer churn declined to 16.6% (19.3% in Q1 2018).
- Consumer ARPU increased to SEK 309 (SEK 304 in Q1 2018) mainly due to price adjustments.
- 4,000 broadband RGUs were added in the quarter.
- Decline in unique consumers of -7,000 compared to –9,000 in Q1 2018.
- Decline in RGUs of -6,000 compared to -7,000 in Q1 2018.

Leverage:
- The Group leverage ratio was 3.6x LTM underlying EBITDA (3.7x in Q1 2018).

Financial key metrics[1]

	JAN-JUN / 6 MONTHS			JAN-DEC
	2018	2017	Change	2017
Revenue, SEKm	3,599	3,551	1.3%	7,136
Operating profit (EBIT), SEKm	474	464	2.1%	940
EBITDA, SEKm	1,432	1,424	0.5%	2,882
EBITDA margin,%	39.8	40.1	-0.3 p.p.	40.4
Underlying EBITDA, SEKm	1,505	1,452	3.7%	2,942
Underlying EBITDA margin, %	41.8	40.9	0.9 p.p.	41.2
Net result for the period, SEKm	266	200	33.2%	414
Earnings per share, SEK	443	333	33.2%	690
Capex, SEKm	553	581	-4.7%	1,138
Capex as % of revenue	15.4	16.3	-1.0 p.p.	16.0
Cash flow from operating activities, SEKm	1,115	1,046	6.6%	2,571
Operating free cash flow, SEKm	952	871	9.3%	1,803
Net debt at end of period, SEKm	10,877	10,766	1.0%	10,501
Net debt/Underlying EBITDA LTM, multiple	3.6x	3.7x	-0.1x	3.6x

[1] See page 18 for definitions of financial key metrics and Alternative Performance Measures (APM).
The figures in this report refer to the first six months of 2018 unless otherwise stated. Figures in brackets refer to the corresponding period last year.

GROUP FINANCIAL OVERVIEW

	JAN-JUN / 6 MONTHS			JAN-DEC
Financial summary, SEKm	2018	**2017**	**Change**	**2017**
Revenue	3,599	3,551	1.3%	7,136
Operating expenses	-3,125	-3,087	1.2%	-6,196
Operating profit (EBIT)	474	464	2.1%	940
Net financial income and expenses	-189	-208	-9.2%	-407
Income taxes	-19	-56	-66.0%	-119
Net result for the period	**266**	**200**	**33.2%**	**414**

Comparisons between first six months of 2018 and first six months of 2017, unless otherwise stated.

Total revenue
Total revenue for the Group rose by 1.3% compared to the first six months in 2017 and amounted to SEK 3,599m. Com Hem Segment revenue grew 3.7%, explained by continued good growth in Com Hem's consumer business which grew by 4.5% driven by both price and volume. Boxer Segment revenue declined by 6.1% explained by continued high churn for DTT customers.

Operating expenses
Operating expenses amounted to SEK 3,125m, up 1.2% compared to the first six months in 2017. The increase for both periods is mainly explained by higher items affecting comparability and higher operational exchange rate losses. Items affecting comparability amounted to 55 MSEK for the first six months (24 MSEK corresponding period 2017). The increase is mainly explained by a retention bonus attributable to the ongoing merger with Tele2 to the Group Management and key employees in Com Hem.

Operating profit (EBIT)
Operating profit for the first six months grew by 2.1%, or SEK 10m, and amounted to SEK 474m.

Net financial income and expenses
Net financial income and expenses decreased by SEK 19m for the first six months due to reduced internal interest expenses to the parent company Com Hem Holding AB due to amortization of internal loans. The average interest rate on the Group's external liabilities was 2.4% for the first six months, compared with 2.5% for the corresponding period last year.

Income taxes
The Group recognised a tax expense of SEK 19m for the first six months, 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.

The Group's taxable profit was offset against remaining tax losses carry forwards in the first quarter and at the end of March the Group had utilized all tax losses carry forwards.

Net result for the period
Net result for the period increased by 33.2% compared to the first six months in 2017 and amounted to SEK 266m, mainly explained by the one-time adjustment of deffered taxes.

	JAN-JUN / 6 MONTHS			JAN-DEC
Reconciliation between operating profit (EBIT) and underlying EBITDA, SEKm	2018	**2017**	**Change**	**2017**
Operating profit (EBIT)	**474**	**464**	**2.1%**	**940**
Amortisation & depreciation per function				
- Cost of services sold	466	485	-3.9%	978
- Selling expenses	482	466	3.5%	945
- Administrative expenses	10	10	4.6%	20
Total amortisation & depreciation	**958**	**960**	**-0.2%**	**1,943**
EBITDA	**1,432**	**1,424**	**0.5%**	**2,882**
EBITDA margin, %	39.8	40.1	-0.3 p.p.	40.4
Disposals	6	5	6.1%	16
Operating currency loss/gains	12	-2	n/m	-7
Items affecting comparability	55	24	127.9%	50
Underlying EBITDA	**1,505**	**1,452**	**3.7%**	**2,942**
Underlying EBITDA margin, %	41.8	40.9	0.9 p.p.	41.2

Comparisons between first six months of 2018 and first six months of 2017, unless otherwise stated.

Underlying EBITDA
Underlying EBITDA for the Group increased by 3.7% for the first six months to SEK 1,505m and the underlying EBITDA margin was 41.8%.

EBITDA
EBITDA increased by 0.5% to SEK 1,432m for the first six months.

Amortisation and depreciation
Amortisation and depreciation decreased by SEK 2m to SEK 958m for the first six months.

	JAN-JUN / 6 MONTHS			JAN-DEC
Operating free cash flow, SEKm	**2018**	**2017**	**Change**	**2017**
Underlying EBITDA	**1,505**	**1,452**	**3.7%**	**2,942**
Capital expenditure				
Network related	-160	-184	-13.1%	-398
CPEs and capitalised sales commissions	-240	-251	-4.4%	-454
Product- and IT-development	-107	-113	-5.6%	-211
Integration of Boxer	-32	-18	80.1%	-58
Other capex	-14	-14	-2.5%	-18
Total capital expenditure	**-553**	**-581**	**-4.7%**	**-1,138**
Operating free cash flow	**952**	**871**	**9.3%**	**1,803**

Comparisons between first six months of 2018 and first six months of 2017, unless otherwise stated.

Capital expenditure (Capex)

For the first six months, capital expenditure amounted to SEK 553m, corresponding to 15.4% of revenue. The decrease compared to the same period last year is due to temporarily lower network related capex and lower investments in CPEs and capitalised sales commissions.

Operating free cash flow

Operating free cash flow increased to SEK 952m for the first six months as a result of continued growth of underlying EBITDA in combination with lower capex compared to last year.

Liquidity

At the end of the period, the Group's total available funds amounted to SEK 1,298m (SEK 1,677m at December 31, 2017), of which cash was SEK 398m (SEK 577m at December 31, 2017) and unutilised credit facilities was SEK 900m (SEK 1,100m at December 31, 2017).

Net debt

At the end of June the Group's net debt amounted to SEK 10,877m (SEK 10,501m at December 31, 2017). Net debt/underlying EBITDA LTM was a multiple of 3.6x (3.6x at December 31, 2017), which is in line with the target leverage of 3.5-4.0x.

	JUN 30		DEC 31
Net debt, SEKm	**2018**	**2017**	**2017**
Non-current interest-bearing liabilities	**10,115**	**10,940**	**10,104**
Add back of capitalised borrowing costs	60	85	71
Non-current interest-bearing liabilities, nominal value	**10,175**	**11,025**	**10,175**
Current interest-bearing liabilities	1,100	12	903
Cash and cash equivalents	-398	-271	-577
Net debt	**10,877**	**10,766**	**10,501**

CREDIT FACILITIES

June 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	-	2,000
Commercial papers	short-term	Fixed	n/a	1,100	-1,100
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**	**11,275**	**900**

Financing

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

Com Hem Sweden AB (publ), has issued commercial papers of SEK 1,100m in total, 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 2.4% 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 3 years as per June 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.

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

	2017				2018	
Operational key metrics[1]	Q1	Q2	Q3	Q4	Q1	Q2
Addressable footprint, thousands	**2,324**	**2,382**	**2,457**	**2,628**	**2,688**	**2,786**
Unique consumer subscribers, thousands	952	961	972	983	987	992
Consumer churn as % of unique consumer subscribers, %	13.6	12.4	12.8	13.6	14.8	12.8
Consumer RGUs thousands						
Broadband	713	724	736	750	757	765
Digital TV	644	645	651	655	653	654
- of which high-end set top boxes	*251*	*255*	*259*	*264*	*267*	*273*
Fixed telephony	277	272	269	266	260	252
Total consumer RGUs	**1,634**	**1,642**	**1,656**	**1,671**	**1,670**	**1,672**
Unique B2B subscribers, thousands						
OnNet	22	22	23	24	24	25
OffNet	33	30	28	25	24	22
Total unique B2B subscribers	**54**	**53**	**51**	**49**	**48**	**46**
ARPU, SEK						
Consumer	368	376	373	373	371	378
B2B	448	445	425	463	455	487

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

Comparisons between first six months of 2018 and first six months of 2017, unless otherwise stated.

Addressable footprint
In the second quarter, the Com Hem addressable footprint increased by 98,000 homes to 2,786,000 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 June had added some 800,000 addressable households in the Com Hem Segment and an additional approximately 150,000 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 second quarter, up 5,000 to 992,000, explained by strong growth in broadband RGUs.

Consumer churn rate
The churn rate, expressed as the percentage of consumer subscribers, was 12.8% in the second quarter compared to 14.8% for the first quarter. The decrease was expected following the pricing activities in the first quarter.

Consumer RGUs
The number of consumer RGUs was 1,672,000 at the end of the second quarter, with a continued increase in 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 765,000. Close to 90% of the entire broadband base do now subscribe to a 100 Mbit/s or higher service resulting in an average speed across the base of 154 Mbit/s.

The number of digital TV RGUs increased by 1,000 during the second quarter to a total of 654,000 RGUs, with the number of customers with a high-end set top box (TiVo or TV hub) grew by 7,000 to 273,000, corresponding to 42% of the total digital TV base.

The number of fixed telephony RGUs was 252,000, down 8,000 compared with the preceding quarter, which is due to the underlying decline in the market, as well as smaller price adjustment activities aimed at the telephone base during the second quarter.

Consumer ARPU
Consumer ARPU amounted to SEK 378, an increase of SEK 8 compared to the preceding quarter explained by the pricing activities in the first quarter.

Unique B2B subscribers
The number of unique B2B subscribers was 46,000 at the end of the quarter with a continued growth of the high margin OnNet subscribers by 500, offset by a decline in the legacy OffNet business of 2,000 subscribers.

B2B ARPU
B2B ARPU was SEK 487 in the quarter, compared to SEK 455 in the preceding quarter explained by higher ARPU in the growing OnNet subscriber base.

SEGMENT COM HEM

OVERVIEW PER OPERATING SEGMENT

	JAN-JUN / 6 MONTHS			JAN-DEC
Financial summary, SEKm	2018	**2017**	**Change**	**2017**
Revenue external				
Consumer	2,214	2,118	4.5%	4,287
- of which Digital TV	*950*	*941*	*0.9%*	*1,886*
- of which Broadband	*1,123*	*1,012*	*11.0%*	*2,079*
- of which Fixed Telephony	*88*	*104*	*-15.4%*	*199*
Network operator	428	409	4.7%	842
B2B	135	145	-7.1%	280
Other revenue	9	14	-31.2%	22
Revenue	**2,785**	**2,685**	**3.7%**	**5,431**
Underlying EBITDA	**1,347**	**1,288**	**4.6%**	**2,622**
Underlying EBITDA margin, %	48.3	48.0	0.4 p.p.	48.3
Total capital expenditure	-469	-493	-4.9%	-963
Operating free cash flow	**878**	**795**	**10.4%**	**1,659**

Comparisons between first six months of 2018 and first six months of 2017, unless otherwise stated.

Revenue
Revenue for the Com Hem Segment rose by 3.7% compared to the same period last year and amounted to SEK 2,785m. The increase is mainly the result of a continued growth in consumer services, driven by volume and price, as well as growth in the Network operator services relating to higher revenue from network expansion.

Consumer Services
Revenue from consumer services rose by 4.5% to a total of SEK 2,214m for the first six months. 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 11.0% for the first six months, is attributable to RGU growth, an improved speed mix and price adjustments implemented in the first quarter.

Revenue from digital TV, which rose by 0.9% for the first six months, is attributable to both volume and price adjustments implemented in the first quarter.

Revenue from fixed telephony decreased by SEK 16m for the first six months. The decrease is mainly explained by a structural decline in fixed telephony.

Network Operator Services
Revenue from network operator services increased by 4.7% and amounted to SEK 428m for the first six months. The increase was attributable to higher revenue from network expansion and growth in communication operator revenue from iTUX. The increase was partly offset by a continued decline in landlord revenue due to price pressure.

Business to Business
Revenue from B2B services declined by SEK 10m to SEK 135m for the first six months, which is explained by declining revenue from the lower margin legacy OffNet business.

Underlying EBITDA
Underlying EBITDA rose by 4.6% for the Com Hem Segment reaching SEK 1,347m and the underlying EBITDA margin was 48.3% for the first six months. The increase in underlying EBITDA is explained by revenue growth, partly with somewhat lower margin as proportion of revenue with lower gross margin within third party infrastructure increases, as well as savings in operating costs.

Capital expenditure (Capex)
For the first six months, capital expenditure amounted to SEK 469m, corresponding to 16.8% of revenue. The decrease compared to the same period 2017 is due to temporarily lower network related capex and lower investments in CPEs and capitalised sales commissions.

Operating free cash flow
Operating free cash flow increased by 10.4% reaching SEK 878m in the first six months. The increase is due to higher underlying EBITDA contribution and lower investments compared to last year.

SEGMENT BOXER

OVERVIEW PER OPERATING SEGMENT

Operational key metrics	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 APR 1[1]	2018 Q2
Unique consumer subscribers, thousands	479	471	463	451	442	436	429
Consumer churn as % of unique consumer subscribers, % [2]	19.2	15.0	14.4	19.4	19.3	n/a	16.6
Consumer RGUs, thousands	498	493	487	480	473	470	464
- of which Digital TV	*476*	*467*	*456*	*443*	*432*	*429*	*420*
- of which Broadband	*14*	*19*	*23*	*28*	*32*	*32*	*36*
- of which Fixed Telephony	*8*	*8*	*8*	*8*	*9*	*9*	*9*
Average revenue per user (ARPU), SEK	297	298	298	301	304	n/a	309

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

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

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 June, Boxer had around 1,250,000 addressable fibre households (MDUs and SDUs) out of which about 150,000 SDU households did not overlap with Com Hem's footprint.

Unique consumer subscribers
In the second quarter Boxer's customer base was migrated to Com Hem's IT systems which has resulted in a database cleaning of 6,000 unique consumer subscribers and 3,000 consumer RGUs. Q2 2018 KPIs have been calculated based on adjusted opening balance on April 1.

The number of unique consumer subscribers continued to decrease by 7,000 in the second quarter, to a total of 429,000 at the end of the period. The decline is explained by the structural decline within the Digital Terrestrial Television network ("DTT") distribution, which is partly offset against a growing number of broadband and IPTV subscribers as Boxer subscribers get access to fibre broadband.

Consumer churn rate
The churn rate, expressed as the percentage of consumer subscribers, was 16.6% in the second quarter a decline from 19.3% in the first quarter. The continued high churn rate in the quarter is partly due to price adjustments implemented in the first quarter.

Consumer RGUs
The number of consumer RGUs was 464,000 at the end of the period, a decrease of 6,000 in the second quarter, compared to a decrease of 7,000 in the first quarter. The decline of 10,000 DTV RGUs in the second quarter was partly offset against an increase of 4,000 broadband RGUs.

Consumer ARPU
ARPU was SEK 309 for the second quarter, which is an increase of SEK 5 compared to the preceding quarter, mainly explained by more customers subscribing to two services (broadband and DTV) and price adjustments implemented in the first quarter.

Financial summary, SEKm	JAN-JUN / 6 MONTHS 2018	JAN-JUN / 6 MONTHS 2017	Change	JAN-DEC 2017
Revenue external				
Consumer	813	866	-6.1%	1,705
Revenue	**813**	**866**	**-6.1%**	**1,705**
Underlying EBITDA	**159**	**164**	**-3.1%**	**319**
Underlying EBITDA margin, %	19.5	18.9	0.6 p.p.	18.7
Total capital expenditure	-85	-88	-3.5%	-175
Operating free cash flow	**74**	**76**	**-2.6%**	**144**

Revenue
Revenue for the first six months amounted to SEK 813m, a 6.1% decrease compared to the same period previous year, explained by a decreasing number of DTV subscribers only partly offset by increasing number of broadband subscribers.

Underlying EBITDA
Boxer's underlying EBITDA amounted to SEK 159m for the first six months, a decline of 3.1% compared to same period last year. The decline is due to the revenue loss in DTV which is only partly offset by an increase in broadband revenue and savings in operating costs. In the beginning of 2017, half of the expected synergies of approximately SEK 50m annually relating to integration with Com Hem were realised, with the remaining synergies to be realised from H2 2018 when all IT systems now being integrated.

Capital expenditure (Capex)
For the first six months, capital expenditure amounted to SEK 85m, of which investments in CPEs and sales commissions amounted to SEK 53m and SEK 32m related to finalising system integration.

Operating free cash flow
Operating free cash flow decreased by 2.6% reaching SEK 74m in the first six months.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEKm	JAN-JUN / 6 MONTHS 2018	JAN-JUN / 6 MONTHS 2017	JAN-DEC 2017
Revenue	3,599	3,551	7,136
Cost of services sold	-1,990	-2,004	-4,039
Gross profit	**1,609**	**1,547**	**3,097**
Selling expenses	-951	-942	-1,867
Administrative expenses	-180	-148	-302
Other operating income and expenses	-5	7	11
Operating profit	**474**	**464**	**940**
Financial income and expenses	-189	-208	-407
Result after financial items	**285**	**256**	**532**
Income taxes	-19	-56	-119
Net result for the period	**266**	**200**	**414**
Average number of outstanding shares, thousands	600	600	600
Basic earnings per share, SEK	443	333	690
Average number of outstanding shares, diluted, thousands	600	600	600
Diluted earnings per share, SEK	443	333	690

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	JAN-JUN / 6 MONTHS 2018	JAN-JUN / 6 MONTHS 2017	JAN-DEC 2017
Net result for the period	**266**	**200**	**414**
Other comprehensive income			
Items that will not be reclassified to net profit or loss			
Revaluation of defined-benefit pension obligations	-26	-6	-4
Tax on items that will not be reclassified to profit or loss	4	1	1
Other comprehensive income for the period, net of tax	**-22**	**-5**	**-3**
Total comprehensive income for the period	**244**	**195**	**410**

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	JUN 30 2018	JUN 30 2017	DEC 31 2017
ASSETS			
Non-current assets			
Intangible assets	15,645	16,407	16,014
Property, plant and equipment	1,448	1,537	1,493
Non-current receivables Group companies	-	3,712	4,470
Total non-current assets	**17,093**	**21,655**	**21,977**
Current assets			
Receivables from Group companies	272	260	260
Other current assets	535	528	515
Cash and cash equivalents	398	271	577
Total current assets	**1,205**	**1,059**	**1,352**
TOTAL ASSETS	**18,298**	**22,714**	**23,330**
EQUITY AND LIABILITIES			
Equity	**1,946**	**1,614**	**1,699**
Non-current liabilities			
Non-current interest-bearing liabilities	10,115	10,940	10,104
Non-current liabilities to Group companies	1,883	7,156	7,249
Other non-current liabilities	313	347	324
Deferred tax liabilities	671	732	756
Total non-current liabilities	**12,983**	**19,174**	**18,434**
Current liabilities			
Current interest-bearing liabilities	1,100	12	903
Current liabilities to Group companies	173	-	177
Other current liabilities	2,097	1,914	2,117
Total current liabilities	**3,370**	**1,926**	**3,197**
TOTAL EQUITY AND LIABILITIES	**18,298**	**22,714**	**23,330**
Number of outstanding shares, at end of period, thousands	600	600	600
Equity per share, SEK	3,243	2,690	2,832

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	JUN 30 2018	JUN 30 2017	DEC 31 2017
Opening equity according to adopted balance sheet	**1,699**	**412**	**412**
Adjustment on initial application of IFRS 9	-2	-	-
Adjusted opening equity as of Jan 1, 2018	**1,697**	**412**	**412**
Merger profit		1,004	1,004
Comprehensive income for the period			
Net result for the period	266	200	414
Other comprehensive income for the period	-22	-5	-3
Total comprehensive income for the period	**244**	**195**	**410**
Transactions with the owners			
Shareholder's contribution	5	3	7
Group contribution, net of tax	-	-	-135
Total transactions with the owners	**5**	**3**	**-127**
Closing equity	**1,946**	**1,614**	**1,699**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	JAN-JUN / 6MONTHS		JAN-DEC
SEKm	2018	**2017**	**2017**
Operating activities			
Result after financial items	285	256	532
Adjustments for non-cash items	920	990	2,096
Income taxes paid	-57	-31	-31
Cash flow from operating activities before changes in working capital	**1,148**	**1,214**	**2,597**
Change in working capital	-32	-168	-26
Cash flow from operating activities	**1,115**	**1,046**	**2,571**
Investing activities			
Acquisition of intangible assets	-263	-258	-502
Acquisition of property, plant and equipment	-291	-322	-636
Loans to Group companies	-	-890	-1,594
Divestment of fixed assets	0	3	5
Cash flow from investing activities	**-553**	**-1,468**	**-2,728**
Financing activities			
Borrowings	300	1,700	3,050
Amortisation of external borrowings	-115	-1,458	-2,767
Amortisation of internal borrowings	-921	-	-
Payment of borrowing costs	-5	-3	-4
Cash flow from financing activities	**-741**	**239**	**279**
Net change in cash and cash equivalents	-179	-183	123
Cash and cash equivalents at beginning of period	577	454	454
Cash and cash equivalents at end of period	**398**	**271**	**577**

ADJUSTMENT FOR NON-CASH ITEMS

	JAN-JUN / 6 MONTHS		JAN-DEC
SEKm	2018	**2017**	**2017**
Depreciation/amortisation	958	960	1,943
Unrealised exchange-rate differences	2	0	0
Capital gain/loss on sale/disposal of non-current assets	6	3	12
Change in capitalised borrowing costs and discounts	15	16	31
Change in accrued interest expenses	-70	-11	57
Interest not settled with cash, Group companies	30	50	89
Change in provisions	-26	-32	-43
Other profit/loss items not settled with cash	5	3	7
Total	**920**	**990**	**2,096**

PARENT COMPANY CONDENSED FINANCIAL REPORTS

INCOME STATEMENT	JAN-JUN / 6 MONTHS		JAN-DEC
SEKm	2018	**2017**	**2017**
Revenue	3	7	11
Administrative expenses	-6	-8	-15
Other operating income and expenses	0	0	0
Operating profit/loss	**-3**	**0**	**-3**
Financial income and expenses	1,125	657	615
Result after financial items	**1,121**	**657**	**612**
Income taxes	0	-249	-213
Net result for the period	**1,121**	**407**	**399**

STATEMENT OF COMPREHENSIVE INCOME	JAN-JUN / 6 MONTHS		JAN-DEC
SEKm	2018	**2017**	**2017**
Net result for the period	1,121	407	399
Other comprehensive income	-	-	-
Comprehensive income for the period	**1,121**	**407**	**399**

BALANCE SHEET	JUN 30	JUN 30	DEC 31
SEKm	2018	**2017**	**2017**
ASSETS			
Financial assets	16,440	20,470	21,129
Deferred tax assets	39	2	39
Current assets	3	8	3
Current receivables from Group companies	558	703	956
Cash and bank balances	-	-	-
TOTAL ASSETS	**17,040**	**21,183**	**22,126**
EQUITY AND LIABILITIES			
Restricted equity	1	1	1
Unrestricted equity	3,089	1,976	1,967
Non-current interest-bearing liabilities	10,114	10,935	10,102
Provisions	13	10	10
Non-current liabilities to Group companies	1,883	7,156	7,249
Current liabilities to Group companies	784	1,051	1,771
Current interest-bearing liabilities	1,100	-	900
Other current liabilities	57	55	125
TOTAL EQUITY AND LIABILITIES	**17,040**	**21,183**	**22,126**

OTHER INFORMATION

Com Hem Sweden AB (publ) is a Swedish limited liability company (Corp. ID. No. 556859-4195), with its registered office in Stockholm, Sweden and is a wholly owned subsidiary to Com Hem Holding AB (Corp. ID. No. 556858-6613). The shares in the parent company Com Hem Holding AB are listed on Nasdaq Stockholm, Large Cap.

Accounting policies

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and described in the Group's 2017 Annual Report. The Group and each of it 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 will 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 reported and when these revenues are to be reported. 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 also 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. The carrying amount for the notes amounts to SEK 3,963m and the fair value was SEK 4,108m.

Related parties

For information regarding related parties, see the Group's Annual report 2017, page 49. No significant changes or transactions have occurred during the year, in excess of amortization of loans to the parent company Com Hem Holding AB.

Risks and uncertainties

The Group and the Parent Company have identified a number of operational and financial risks. Operational risks include increased competition, changes to laws and regulations, the ability to retain and attract key employees, substitution from fixed to mobile telephony, technological advances, 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	JAN-JUN/6 MONTHS 2018 Com Hem	Boxer	The Group	JAN-JUN/6 MONTHS 2017 Com Hem	Boxer	The Group
Revenue external						
Consumer	2,214	813	3,027	2,118	866	2,984
- of which Digital TV	*950*	*769*	*1,719*	*941*	*844*	*1,785*
- of which Broadband	*1,123*	*43*	*1,166*	*1,012*	*21*	*1,034*
- of which Fixed Telephony	*88*	*2*	*89*	*104*	*1*	*105*
Network operator	428	-	428	409	-	409
B2B	135	-	135	145	-	145
Other revenue	9	-	9	14	-	14
Revenue	**2,785**	**813**	**3,599**	**2,685**	**866**	**3,551**

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

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

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

	JAN-JUN/6 MONTHS 2018			JAN-JUN/6 MONTHS 2017		
SEKm	Com Hem	Boxer	The Group	Com Hem	Boxer	The Group
Revenue external	**2,785**	**813**	**3,599**	**2,685**	**866**	**3,551**
Operating profit (EBIT)	**467**	**6**	**474**	**440**	**23**	**464**
Net financial income and expenses			-189			-208
Income taxes			-19			-56
Net result for the period			**266**			**200**
Operating profit (EBIT)	**467**	**6**	**474**	**440**	**23**	**464**
Amortisation & depreciation	821	137	958	826	135	960
Disposals	3	3	6	4	2	5
Operating currency loss/gains	11	1	12	-3	1	-2
Items affecting comparability	45	11	55	21	3	24
Underlying EBITDA	**1,347**	**159**	**1,505**	**1,288**	**164**	**1,452**
CAPEX	**-469**	**-85**	**-553**	**-493**	**-88**	**-581**
Operating free cash flow	**878**	**74**	**952**	**795**	**76**	**871**

	JUN 30,2018				JUN 30, 2017			
SEKm	Com Hem	Boxer	Eliminations	The Group	Com Hem	Boxer	Eliminations	The Group
Operating segment assets	**15,965**	**1,950**	**-15**	**17,900**	**20,326**	**2,121**	**-4**	**22,443**
-of which goodwill	*10,899*	*421*	-	11,321	*10,899*	*421*	-	11,321
-of which customer relationships	*1,645*	*1,178*	-	2,822	*2,233*	*1,320*	-	3,553
Other unallocated assets				398				271
Total assets				**18,298**				**22,714**
Operating segment liabilities	2,402	818	-15	3,205	2,065	889	-4	2,950
Other unallocated liabilities				13,147				18,150
Total liabilities				**16,352**				**21,100**

Business Combinations
No business combinations have occurred during 2017 or 2018.

Incentive programmes in the parent company Com Hem Holding AB
In the parent company Com Hem Holding AB there are two long-term share-savings incentive programmes "LTIP 2016" and "LTIP 2017". Employees in Com Hem Sweden AB (publ) with subsidiaries participates in both programmes.

Events after the end of the reporting period
No subsequent event to be reported.

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

Disclosure
Com Hem Sweden AB (publ) discloses the information provided in this interim report pursuant to the terms and conditions for the Group's outstanding Notes and Rule book for Issuers on Nasdaq Stockholm. The information was submitted for publication, through the agency of the contact person set out below at 7.30 a.m. CET July 11, 2018.

Fredrik Hallstan, Head of PR

OTHER INFORMATION

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Board's assurance

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

Stockholm, July 11, 2018

Andrew Barron
Chairman

Mikael Larsson
Board member

Anders Nilsson
Board member and
Chief Executive Officer

Christina Källenfors
Board member

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-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, 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 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.