

FOR IMMEDIATE PUBLICATION  
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Com Hem/Co. Reg. No: 55 66 89-2070,  
Sweden's leading supplier of triple-play services today  
reports its Q1 2007 results



INTERIM REPORT JANUARY–MARCH 2007

**Com Hem obtained 59,000 new customers and raised net sales by 15 per cent to SEK 842 million in Q1 2007.**

- Net sales for Q1 2007 rose by 15% to SEK 842 million (733)
- EBITDA for Q1 2007 improved by 14% to SEK 355 million\* (311)
- The number of telephony customers rose in Q1 2007 by 22,000, the number of broadband customers by 26,000 and the number of digital TV customers by 11,000. The number of triple-play customers increased by 29,000 to 110,000
- Investments in own networks in Q1 2007 amounted to SEK 208 million (128)

\* Before none-recurring items

Q1



Photo: Urban Järén

*“We will continue to invest in customer service and will accept nothing less than also being the industry leader in that field.”*

“It is with pride that I can state that during Q1 2007 we put the final piece of the jigsaw into place with our merger with UPC Sverige AB. The final stage in the process started on 23 October last year when UPC became part of Com Hem and disappeared as a brand from the Swedish market. With this we were able to provide our telephony services to 300,000 former UPC households and provide a new broadband range with 24 Mbit/s throughout Com Hem.

This caused huge interest from our customers – much more than we’d expected, which meant that our customer service department had problems answering all the incoming calls. Though we had more people manning the phones the vast number of calls meant that the waiting times for customers became far too long, which is very unfortunate. To counteract this we have recruited 190 new employees since 23 October to our customer service department and also increased the physical capacity of our telephone exchange. Operational security, irrespective of whether it concerns our customer service or our services, is and will remain fundamental to Com Hem’s business.

We have seen continued success in marketing and we are constantly taking new shares in all service areas. We are now the third largest telephony operator in Sweden and the second largest operator in our own network. Telephony also accounted for the largest percentage of growth in the quarter with 12 per cent, while broadband services accounted for the largest increase in terms of the number of customers with a net increase of 26,000 customers.

There is also a continued interest in digital TV, not only because of the extra interest in niche channels, HDTV, PVR and the option of ordering films, watching sporting events via pay-per-view, but also the digitalisation of the analogue terrestrial network. We launched HDTV throughout Sweden in the quarter, widened our range with ten new channels and added TV3 and Kanal 5 to our digital range. With our portfolio of 139 channels and customers given the option of customising their own channel package, we currently have the market’s strongest range of TV channels. Com Hem is the only player on the market with this option concept.

Our Com Bo triple-play range is also continuing to claim successes and the number of triple-play customers rose during the quarter by 36 per cent from 81,000 to 110,000. Most of the interest today is due to price and simplicity, but in the future the services will be tied closer together, which will further increase the customer-value of triple play.

We were given the task of connecting 26,000 new households to our network during the quarter. This shows that landlords and individual households appreciate us, have a level of trust in us, our level of service, the technical standard and the capacity of our network and the services that this provides.

The sales and customer figures for Q1 are clear and show continued strong, profitable growth for Com Hem. We succeeded in providing benefit and value to our customers. There are a lot of interesting things to look forward to during the next quarter and the rest of the year. We will continue to refine our range of channels and our range of services in order to remain market leaders in triple-play, we will continue investing in our network to provide an excellent Quality of Service and we will continue to invest in customer service and will accept nothing less than also being the industry leader in that field.

Gunnar Asp  
CEO Com Hem AB

## IMPORTANT EVENTS DURING Q1

*70 000 former UPC customers got new digital TV boxes and could be offered the same digital TV packages as the rest of Com Hem*

*Com Hem's HDTV offer was launched throughout Sweden*

*The last of 190 new employees at Com Hem's customer service department started work. Waiting times returned to good levels.*

*Com Hem launched new digital TV packages with 10 new TV channels and digital versions of TV3 and Kanal 5*

- 10 January. chello.se ceased to exist as a domain at Com Hem. 50,000 former UPC email customers was given new comhem.se addresses.
- 19 January. Com Hem's HDTV offer launched throughout Sweden from initially, since December 2006, having been offered in a limited number of cities.
- 20 January. Changeover to digital TV platform introduced in Stockholm. By 19 February, 70,000 former UPC customers had swapped their old digital TV boxes for new ones.
- 29 January. Sweden's largest housing cooperative, HSB, signed a new three-year framework agreement with Com Hem for supplying services such as triple-play; TV, broadband and telephony.
- 29 January. Com Hem finalised investment in strengthening customer service with the last of the 190 new employees starting to work. Waiting times returned to good levels.
- 1 February. Kanal 5 launched into Com Hem's TV channel range. Customers that so far only had access to the channel on the analogue network could now receive it digitally.
- 25 February. New Swedish entertainment channel, Kanal 9, launched into Com Hem's analogue and digital TV channel range.
- 12 March. The terrestrial analogue network was switched off in Stockholm. Com Hem continuing to broadcast both analogue and digital TV to 900,000 households in the region.
- 26 March. Appeal revoked concerning Göteborg's municipal property company, Förvaltnings AB Framtiden's procurement of triple play-services. The procurement concerned 70,400 households and Com Hem was chosen as supplier in November 2006.
- 2 April. Com Hem's new digital TV packaging with 10 new channels and digital broadcasts of TV3 and TV6 launched. This meant the last piece of the jigsaw in the merger with UPC and the same digital TV packaging could be provided throughout Com Hem.

## NET GROWTH NUMBER OF CUSTOMERS

The number of broadband customers rose in Q1 2007 by 26,000 to 431,000, the number of digital TV customers by 11,000 to 343,000 and the number of telephony customers by 22,000 to 202,000. The number of triple-play customers continued to rise and by 31 March there were 110,000 customers for all three services: digital TV, broadband and telephony from Com Hem. This corresponds to an increase of 29,000 customers since the end of Q4 2006.

Number of households and customers (thousands)*	31 Mar 2007	31 Dec 2006	31 Mar 2006
Number of households	1 782	1 756	1 744
Number of broadband customers	431	405	335
Number of digital TV customers	343	332	298
Number of telephony customers	202	180	100
Number of triple-play customers	110	81	53
Total number of customers	976	917	733

\* The figures for all periods in the table are for the Com Hem Group, i.e. Com Hem including the former UPC. All figures are comparable between the periods.

## RESULTS

Com Hem raised net sales by 14.9 per cent to SEK 842.5 million for Q1 2007. EBITDA results improved by 14.2 per cent to SEK 355.5 million, while EBITDA margins fell by 0.2 percentage points to 42.2 per cent. This growth is

due to a strong flow of new customers for all services, but mainly for broadband and telephony.

#### FINANCIAL PERFORMANCE FOR Q1 2007 (2006)

	2007*	2006*
SEK m	Jan-Mar	Jan-Mar
<b>Net sales</b>	<b>842.5</b>	<b>733.2</b>
<b>Operating profit before depreciation (EBITDA)**</b>	<b>355.5</b>	<b>311.2</b>
Margin %	42.2%	42.4%
<b>Investments in tangible fixed assets</b>	<b>207,9</b>	<b>128,3</b>

\* The figures for all periods in the table are for the Com Hem Group, i.e. Com Hem including the former UPC. All figures are comparable between the periods.

\*\* Before none-recurring items

#### FUTURE REPORTS

Interim Report January–June 2007	23 July 2007
Interim Report January–September 2007	23 October 2007
Year-end Report January–December 2007	February 2008

#### REVIEW REPORT

The report has not been subject to an audit.

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

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#### COMPANY

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**Com Hem** is Sweden's leading supplier of triple play services - TV, Broadband and Telephony. Around 40 per cent of all Swedish homes, 1.75 million, are connected to Com Hem's network and gain access to the market's largest supply of TV channels and cost effective, high-quality and complete broadband and telephone service. Com Hem also provides landlords with interactive services for efficient information management, property maintenance and operations. The company was founded in 1983, has approximately 700 employees, its main office in Stockholm, Sweden and is owned by The Carlyle Group and Providence Equity Partners.