

# COM HEM TODAY CLOSED THE BOXER ACQUISITION

- Following approval by the State of Sweden and the Competition Authority, Com Hem has today closed the Boxer acquisition and the company will be consolidated into Com Hem's financial statements as from September 30, 2016.
- Com Hem acquires Boxer TV-Access AB for an enterprise value of SEK 1,330m, representing an estimated 2016 Underlying EBITDA<sup>1</sup> multiple of 4.4x.
- The acquisition is expected to generate approximately SEK 300m in additional Underlying EBITDA for the first 12 months to the Com Hem Group and approximately SEK 200m in Operating Free Cash Flow<sup>2</sup>.
- The total preliminary purchase consideration of SEK 1,631m, including estimated net cash position of SEK 301m as of today, has been financed by the new SEK 800m incremental facility signed in June together with existing unutilized credit facilities and cash.
- Boxer's approximately 500,000 DTT customer base is primarily situated in the SDU market, and to large extent they will get access to fibre over the coming years. As part of the Com Hem Group, Boxer will be able to sell fibre based broadband and TV services to its customers.
- The acquisition implies a significant additional opportunity for Com Hem to convert homes passed to homes connected in the SDU market.
- Com Hem expects to reach 800,000 SDUs homes passed via fibre over the coming years which is an increase of 40% of the current addressable footprint.

## Appendix

In June 2016, Com Hem (publ) entered into an agreement through its wholly-owned subsidiary Com Hem Communications AB (together "Com Hem") to acquire Boxer TV-Access AB ("Boxer"), the pay TV operator in the digital terrestrial television ("DTT") network in Sweden, from the government-owned company Teracom Boxer Group AB ("Teracom"). The acquisition was conditional on approval by the State of Sweden and the Swedish Competition Authority. Both parties have approved the acquisition.

The acquisition will be completed on September 30, 2016 which means that Boxer Sweden will be consolidated into the Com Hem Group from September 30, 2016.

### The Acquisition

Boxer is the pay TV operator in the DTT network in Sweden with approximately 500,000 subscribers predominantly in the single dwelling unit ("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 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 preliminary purchase consideration for the Boxer transaction is SEK 1,631m (based on estimated balance sheet as per September 30, 2016). Including Boxer's estimated net cash position of SEK 301m (as per September 30, 2016), the acquisition will impact Com Hem's net debt position by approximately SEK 1,330m. The acquisition has been financed by a new three year SEK 800m credit facility signed in June together with cash and existing unutilized credit facilities.

Com Hem expects that the acquisition of Boxer will generate approximately SEK 300m of additional Underlying EBITDA for the first 12 months to the Com Hem Group (adjusted to Com Hem's accounting principles and including synergies), and approximately SEK 200m in Operating Free Cash Flow. 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<sup>3</sup> LTM multiple would have been 3.9x as per June 30, 2016 versus 3.8x reported. Com Hem expects restructuring charges of approximately SEK 75m as part of the transaction.

### Expansion into the SDU Market

Com Hem has started its expansion into the SDU market in Sweden. The acquisition of Boxer TV Access AB will boost this expansion.

A significant rollout to fibrebased networks beyond the coax footprint has begun and is estimated to add 800,000 SDU households homes passed via fibre 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 building out Com Hem's own fibre 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.

The Com Hem SDU expansion programme will not affect previously announced financial guidance for 2016, with the exception that Boxer will be consolidated as of September 30, 2016.

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. During the first 12 months, 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<sup>4</sup> is expected to increase slightly over the current level of SEK 1.0-1.1bn for the mid-term.

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.



Com Hem has previously announced the acquisition of Boxer on June 8, 2016, the approval of the acquisition by the State of Sweden on September 1, 2016, and the approval of the acquisition by the Swedish Competition Authority on September 22, 2016.

Management looks forward to providing further details about the acquisition on the third quarter 2016 conference call on October 18 at 10.00 CET.

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**About Com Hem**

Com Hem offers broadband, TV, play and telephony services to Swedish households and companies. Approximately 40 percent 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 totalled SEK 5,000 million. Since 2014 the Com Hem share is listed on Nasdaq Stockholm. [www.comhemgroup.com](http://www.comhemgroup.com).

**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).

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<sup>1</sup> Underlying EBITDA rolling twelve months estimated at SEK 300m as per Com Hem accounting principles. Underlying EBITDA is defined as EBITDA excluding non-recurring items and gains/losses related to foreign exchange rates. Underlying EBITDA shows the earnings power of the recurring operations without non-recurring items.

<sup>2</sup> Defined as Underlying EBITDA less capex. The purpose is to show the cash flow for the recurring operations that is available for shareholder remuneration, interest payments and taxes.

<sup>3</sup> Net debt at the end of the given period divided by the Underlying EBITDA on rolling twelve month basis. The purpose is to show the company's ability to pay off its debts. This shows the number of years it would take for the company to pay off the net debt if the net debt in relation to the Underlying EBITDA remained constant.

<sup>4</sup> Investments in intangible and tangible assets including investments through financial leasing. Shows how much of available resources the company invests in the business to secure the long term earning power.