

FOR IMMEDIATE PUBLICATION
MONDAY 23 JULY 2007

Com Hem/Co. Reg. No: 55 66 89-2070,
Sweden's leading supplier of triple-play services today
reports its Q2 2007 results



INTERIM REPORT JANUARY–JUNE 2007

**Com Hem obtained 50,000
new customers and raised
net sales by 14 per cent to
SEK 869 million in Q2 2007.**

- Net sales rose by 14% to SEK 869 million (763)
- EBITDA improved by 32% to SEK 401 million* (304)
- The number of telephony customers rose by 21,000, the number of broadband customers by 16,000 and the number of digital TV customers by 13,000. The number of triple-play customers increased by 15,000 to 125,000
- Investments in own networks amounted to SEK 173 million (129)

* Before none-recurring items

Q2



Photo: Urban Jörén

"At Com Hem we have never applied sales methods with hidden fees because this is foolhardy. What you may gain over the short-term you loose in trust and a long-term relationship with customers."

” The market for triple play: TV, broadband and telephony has literally exploded over the last few years. It’s not just fun, but also necessary with continued sound competition on the market. The number of IP telephony operators has doubled in a year, competition for broadband is still stiff and we are seeing how more of our competitors, even the market leaders, are becoming interested in IP TV. At Com Hem we are meeting the stiffer competition by pairing choice with simplicity. People should be given a wide variety but it should be simple to choose, simple to buy, simple to install and simple to understand what the service or services subscribed for will cost. This final point started being scrutinised by the Swedish Consumer Agency last autumn, which we welcome. At Com Hem we have never applied sales methods with hidden fees because this is foolhardy. What you may gain over the short-term you loose in trust and a long-term relationship with customers.

Since we introduced IP telephony to the Swedish market in October 2004 we have continued to challenge with quality and attractive prices. The latest figures from PTS show that this has paid off. As of December 2006, Com Hem is Sweden’s largest IP telephony operator. What PTS doesn’t show however is the underlying reason for our success on the Swedish telephony market – the combination of quality and attractive prices.

The differences between IP telephony and IP telephony are not always made clear, whether by PTS or in media reports. An important difference, sound clarity, is linked to the infrastructure the telephony operator provides. A Com Hem conversation is distributed from A to Z through controlled networks and never needs to share space with other internet traffic. Another important difference is that Com Hem’s telephony can be subscribed for separately and doesn’t need an expensive broadband subscription in place to work. In addition to the call tariff, our Small telephony costs SEK 59 per month, that’s it. I’d like to believe that it’s these two distinctive qualities that make our telephony so popular with consumers.

We are now taking the next step by investing in telephony using the new IMS (IP Multimedia Subsystem) network standard. IMS will allow us, among other things, to develop and quickly introduce new telephony services and applications, but also to enter new partnerships with more telephony operators and inter-connect partners. When we launch it in October, Com Hem will become one of the first telephony operators in Sweden with an IMS platform in commercial operation and one of the first to use IMS as a key technology for further developing VoIP services and next-generation IP telephony. This is a strategically important step that will allow us to continue providing the best telephony the market has to offer.

The final phase of the shutting down of the analogue TV networks will begin over the next quarter. To make it easy for our customers we will continue to broadcast analogue signals. Com Hem’s customers will be able to choose for themselves the most suitable time to switch over to digital TV and the opportunities that gives. We will begin live tests of broadband using the Docsis 3.0 standard, which will allow for much faster speeds than today’s 24 Mbits. This is important because broadband connection is becoming a much more central function for households’ enjoyment and entertainment services.

Q2’s sales and subscription figures show continued strong, profitable growth for Com Hem. This is proof that we are succeeding in providing both benefit and value to our customers.

Gunnar Asp
CEO Com Hem AB

IMPORTANT EVENTS DURING Q2

A new digital TV package was launched with 10 new channels: BBC Food, Disney Play-house, Mezzo, Motors TV, NASN, Silver, TV3 (digital), TV4 HD, TV6 (digital), ZTV, Viasat Explorer and Viasat Golf.

Com Hem was the only operator to receive five out of five in Expressen's major support test.

According to PTS, Com Hem is Sweden's leading IP telephony operator with a market share of 43.9 per cent.

- 2 April. Com Hem's new digital TV package with 10 channels and digital broadcasts of TV3 and TV6 was launched. With this, the final piece of the puzzle of the merger with UPC fell into place and the same digital TV package was able to be provided throughout Com Hem.
- 19 April. Com Hem's CEO Gunnar Asp was voted Telecom Leader of the Year 2006 by Nätverket för TelekomBranschen.
- 25 April. Com Hem was voted winner in Expressen newspaper's major test of support among Sweden's ten biggest broadband suppliers. Com Hem was referred to as a company in "a class of its own" and was the only operator to be given five out of five.
- 1 May. Com Hem cut the cost of 88 of its 130 optional channels. The cost was cut by 26 per cent from SEK 39 to SEK 29 per month.
- 15 May. HDTV was launched for around 330,000 households in Stockholm for former UPC customers.
- 28 May. The premier of the new TV4 HD channel was shown on Com Hem's network.
- 11 June. Com Hem announced that it had signed an agreement with Nokia Siemens Networks for the supply of an IMS platform (IP Multimedia Subsystem) – a new network architecture that among other things allows new telephony services and applications based on Internet Protocol (IP) and Session Initiation Protocol (SIP).
- 7 June. The National Post and Telecom Agency published the "Swedish telecom market 2006" report. This report showed that the number of IP-based telephony subscribers had shot up 87 per cent since 2005 and that Com Hem, with its market share of 43.9 per cent, was Sweden's leading supplier of IP telephony.
- 14 June. Sports channel NASN (North American Sports Network) was launched as part of Com Hem's digital TV range.
- 27 June. ÖrebroBostäder AB, with 22,000 households, signed a new five-year contract with Com Hem for the supply of triple play; TV, broadband and telephony.

NET GROWTH NUMBER OF CUSTOMERS

The number of broadband customers rose in Q2 2007 by 16,000 to 447,000, the number of digital TV customers by 13,000 to 356,000 and the number of telephony customers by 21,000 to 223,000. The number of triple-play customers continued to rise and by 30 June there were 125,000 customers subscribing for all three services: digital TV, broadband and telephony from Com Hem. This corresponds to an increase of 15,000 customers since the end of Q1 2007. The total number of customers rose by 45,000 to 1,140,000.

Number of households and customers (thousands)*	30 Jun 2007	31 Mar 2007	30 Jun 2006
Number of households	1 782	1 782	1 751
Number of broadband customers	447	431	358
Number of digital TV customers	356	343	307
Number of analog TV customers	114	119	116
Number of telephony customers	223	202	124
Number of triple-play customers	125	110	62
Total number of customers	1 140	1 095	905

* 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 13.9 per cent to SEK 869 million (763)* for Q2 2007. EBITDA results improved by 31.9 per cent to SEK 401 million (304), and EBITDA margins by 6.3 percentage points to 46.2 per cent (39.9). This growth is due to a strong flow of new customers for all services; digital TV, broadband and telephony and synergies between Com Hem and former UPC.

* Figures in brackets refer to the comparable period in 2006

FINANCIAL PERFORMANCE*

SEK m	2007 Q2	2006 Q2	2007 1 Jan - 30 Jun	2006 1 Jan - 30 Jun
Net sales	868,8	762,6	1 711,3	1 495,8
Operating profit before depreciation and non-recurring items (EBITDA)**	401,2	304,2	756,7	622,6
Margin %	46,2	39,9	44,2	41,6
Operating profit before depreciation (EBITDA)	357,9	177,7	689,2	454,1
Margin %	41,2	23,3	40,3	30,4
Investments in tangible fixed assets	173,3	128,8	381,5	325,2

* 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.

** None-recurring items are mainly related to the integration between Com Hem and former UPC. These include costs for consultants, personnel and IT. For 2006 some internal group costs regarding former UPC are also included.

FUTURE REPORTS

Q3 Report January–September 2007
Year-end Report January–December 2007

23 October 2007
February 2008

REVIEW REPORT

The report has not been subject to an audit.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Gunnar Asp, CEO, Com Hem, Tel: +46 (0)8 553 630 00
Pär Söderlund, acting CFO, Com Hem, Tel: +46 (0)8 553 630 00
Bernd Schmitz, acting CIO, Com Hem, Tel: +46 (0)8 553 634 40

COMPANY**Com Hem AB**

Box 191 50, 104 32 Stockholm, Sweden
Visiting address: Birger Jarlsgatan 57 B
Tel +46 8 553 630 00 Fax +46 8 660 16 40
Co. Reg. No: 55 66 89-2070 Registered office: Stockholm
www.comhem.se



Com Hem is Sweden's leading provider of triple play services – TV, broadband and telephony. Some 40% of Sweden's households, or 1.75 million, are connected to Com Hem's network and have access to the market's broadest TV offering, plus value-for-money, high-quality, complete broadband and fixed telephony services. Com Hem also offers interactive services that rationalize real estate operation, communication and maintenance for landlords. The company was incorporated in 1983, has some 700 employees and is headquartered in Stockholm, Sweden. Com Hem is owned by The Carlyle Group and Providence Equity Partners.