

## Press release

Renens, 23.05.2019

### Salt – 2019 Q1 financial results

- Good momentum in core brand during Q1 coupled with strong momentum on Fiber: +9'000 mobile postpaid net adds whilst inflow value (in terms of net recurring charge) increased by 12.1% YoY
- Net loss of -17'000 Coop Mobile postpaid customers following contract termination in January 2019, effect to fade out going forward
- **Total revenue** (excl. MTR) of CHF 230.2m, down 1.2% YoY; up 1.8% YoY excl. Coop and UPC
- **EBITDA** of CHF 104.7m, down 7.2% YoY; down 1.2% excl. Coop and UPC; **EBITDA margin** of 42.6% due to higher commercial acts in both mobile and fixed-line coupled with increased investments to support future growth
- **Free Cash Flow** of CHF 11.9m (up from CHF 5.6m YoY) despite high level of investments in business growth and network upgrade
- Long-term strategic partnership with Cellnex to support growth and strengthen financial profile
- 3-Party (SFN, Sunrise and Salt) program in place to accelerate FTTH exploitation and integration through SFN

CHF m	Q1'19	Q1'18	YoY	Rebased YoY (1)
Operating Revenue, excl. Incoming	202.6	205.3	-1.3%	+2.1%
Incoming Revenue	15.5	19.0	-18.5%	-17.8%
Equipment Revenue	27.5	27.7	-0.5%	-0.5%
<b>Total Revenue</b>	<b>245.7</b>	252.0	-2.5%	+0.3%
<i>Total Revenue excl. Incoming</i>	<i>230.2</i>	<i>233.0</i>	<i>-1.2%</i>	<i>+1.8%</i>
Adjusted EBITDA	105.4	115.9	-9.1%	-3.3%
<i>as % of Revenue</i>	<i>42.9%</i>	<i>46.0%</i>		
EBITDA	104.7	112.8	-7.2%	-1.2%
<i>as % of Revenue</i>	<i>42.6%</i>	<i>44.8%</i>		
Capex	(36.9)	(51.7)		
Cash Capex	(54.1)	(52.0)		
Free Cash Flow	11.9	5.6		

Note: Figures are presented at Salt level, excl. IFRS 15 and IFRS 16

1 Excluding the impact of the loss of UPC MVNO & Coop Exit. Estimated impact on revenue CHF7.1m and EBITDA CHF6.7m

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**Pascal Grieder, CEO at Salt**, commented: *"We are pleased with the strong momentum in our core business. With the portfolio revamp in mobile and further product improvements in fiber we have further strengthened our position of offering the best value for money in the market. Our investments in quality have also paid off as we now provide the fastest internet, the best service and have the happiest broadband customers in Switzerland."*

### **Good momentum in underlying business**

Salt reports good momentum in the underlying business and further improvements in products and services are well received by the customers. However, the impact on the key figures from the discontinued cooperations with Coop Mobile and UPC could not immediately be offset.

The postpaid mobile customer base stood at 1,228,000 customers, down 8,900 during the quarter, but up 9'000 excluding Coop Mobile customers. Impact of churn backlog on Q2 will be far below Q1 and is then expected to fade out.

Total revenue (excl. MTR) was down 1.2% year over year (YoY) to CHF 230.2m and EBITDA decreased by 7.2% YoY to CHF 104.7m driven by the negative impact of Coop Mobile and UPC as well as higher commercial activities, both in mobile and fixed-line and investment into operations to support growth.

Excluding Coop Mobile and UPC impact total revenue (excl. MTR) was up 1.8% YoY and despite revenue trends, EBITDA down 1.2% YoY due to the aforementioned investments. The combined negative impact of Coop Mobile and UPC was CHF 7.1m on revenue and CHF 6.7m on EBITDA.

Free Cash Flow generation increased to CHF 11.9m from CHF 5.6m in the same period last year despite a continued high level of investments into business growth and the network infrastructure with Cash Capex of 54.1m.

### **Continuous investments into service proposition and mobile network**

In March, Salt presented a fully revamped mobile portfolio, featuring the first flat rate for Europe as well as the first affordable proposition for the "World".

Moreover, substantial improvements were reached in the 2018 Connect Mobile Network test; Salt network was rated "very good" with 902 of 1000 possible points, up from 845 in 2017. This was confirmed by a "very good" rating in the 2019 Chip Swiss network test. Furthermore, Salt's mobile support hotline was ranked first in the annual Connect Mobile Hotline test.

The spectrum Salt secured in the auction in January for a total of CHF 94.5m will enable the operator to further reinforce its mobile network in collaboration with its European infrastructure partner Nokia and launch 5G services in the second half of the year.

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### **Fiber product enhancements and footprint extension**

Since its successful launch in March 2018, Salt Fiber was continuously improved both in terms of content and service. Further TV content was added, including HD channels, international packages and Disney Cinema.

The product was confirmed as fastest internet on the market according to the nPerf annual barometer of fixed internet connections for Switzerland. Furthermore, a study published by Exane BNP Paribas Research confirms Salt Fiber clients are the happiest among Swiss broadband customers. With a Net Promoter Score (NPS) of +25, Salt Fiber achieves the highest score among Swiss broadband providers in 2019.

Since the launch, the number of households eligible for our product was increased by more than 100,000 and, just recently, Swiss Fiber Net, Sunrise and Salt have agreed on a program to further accelerate the FTTH exploitation and integration through SFN.

### **Strategic Partnership with Cellnex**

In May, Salt also announced to have entered into an agreement with Cellnex regarding the sale of a 90% equity interest in the company owning Salt's passive mobile infrastructure – "Salt TowerCo" – for an upfront cash consideration of CHF 0.8 billion (EUR 0.7 billion equivalent). Salt TowerCo comprises 2,800 towers and rooftops throughout Switzerland. As part of the contemplated transaction, Salt and Cellnex will be entering into a long-term service contract regarding the provision of hosting services over mobile telecom infrastructure as well as the construction of new sites through a build-to-suit program. Thanks to this partnership, Salt will be able to be more efficient in terms of sites acquisitions and asset management while benefitting from the solid experience of a leading actor on the European telecommunication infrastructure market, and strengthen its financial profile.

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About Salt: Salt is a Swiss telecommunications provider which owns and operates an extensive, high-quality mobile telecommunications network. Thanks to its ultrafast broadband solution called Salt Fiber, Salt provides a unique triple play service, which for the first time in Switzerland takes full advantage of the optical fiber technology by means of symmetrical data transmission rates of up to 10 Gbit/s. Salt Fiber can be combined in a gainful way with Salt's powerful Plus flat rate subscriptions - a revolutionary and straight forward portfolio.

Salt in figures: 1,228,000 postpaid customers (as of 31.03.2019), 102 Salt Stores and 4G coverage of 98% of Switzerland's population.