

Press release - Q2 2018

Renens, 29.08.2018

Salt pursues its Strategy of Profitable Growth

- 12,000 mobile postpaid customers added in Q2, resulting in 1,235,000 mobile postpaid subscribers overall
- Total revenue (excl. MTR) of CHF 241.5m, up +3.6% YoY
- EBITDA of CHF 122.0m, up 4.2% YoY, EBITDA margin of 46.8%
- Total cash capital expenditure in the first six months of 2018 of CHF 88.3m, up +45.1% YoY, demonstrating Salt's continued efforts to improve mobile network coverage and FTTH development
- Customer numbers in Salt Fiber are developing in line with expectations and its service hotline has been ranked #1 amongst 15 tested operators in Switzerland, Germany and Austria
- With 100 Salt branded stores by year-end and the renewed partnership with mobilezone the distribution network will be strengthened significantly
- Pascal Grieder named as CEO

Salt Mobile excl. IFRS 15, in CHF m	H1 2018	H1 2017	YoY	Q2 2018	Q2 2017	YoY
Total Revenue excl. MTR	474.5	460.0	+3.2%	241.5	233.2	+3.6%
MTR Revenue	38.0	47.8	-20.4%	19.0	23.9	-20.2%
Total Revenue	512.5	507.8	+0.9%	260.6	257.1	+1.4%
Adjusted EBITDA	239.4	222.8	+7.4%	123.5	118.2	+4.4%
as % of Revenue	46.7%	43.9%		47.4%	46.0%	
EBITDA	234.8	221.1	+6.2%	122.0	117.2	+4.2%
as % of Revenue	45.8%	43.5%		46.8%	45.6%	
Cash Capex, excl. Spectrum L.	(88.3)	(60.8)		(36.3)	(24.1)	
Cash Capex *	(88.3)	(96.0)		(36.3)	(24.1)	
Free Cash Flow, excl. Spectrum L.	59.0	126.0		53.4	102.7	
Free Cash Flow *	59.0	90.8		53.4	102.7	

* Including the last instalment of the Spectrum License of CHF 35.2m paid in January 2017

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Positive growth momentum

The significant investments in the network and the service quality over the last years are bearing fruit. In the second quarter of 2018, Salt increased mobile postpaid handset customers by 13,000 (-1,000 MBB), resulting in an above-average growth of +4.5% over the last twelve months. The annualized churn rate has decreased to 16%, the lowest level since 2015. These achievements have also been supported by the successful implementation of a new IT platform in Q1, which was a significant step in the transformation into a customer-oriented and efficient telecommunications service provider.

Strong financial performance

Total revenue increased by CHF 3.5m or +1.4% in Q2 2018 to CHF 260.6m, notably driven by equipment and other services revenue alongside positive subscriber momentum.

EBITDA increased to CHF 122.0m in Q2 2018, up +4.2% YoY. EBITDA margin reached 46.8%, up from 45.6% in Q2 2017, underpinned by management's focus on operational excellence.

The quarter resulted in positive cash flow generation of CHF 53.4m in spite of our significant investment into the launch of the fixed-line offering.

Significant infrastructure investments

In the first six months of 2018, Salt continued to invest in its network infrastructure, further improving network coverage and capacity, reaching 55% of the 4G+ population coverage with speeds of up to 500 Mbit/s. This was achieved notably thanks to the rollout of low-band frequencies and 4G+ technology, adding or upgrading 432 antennas in the 6-month period with a total of 2,506 since 2015 coupled with the continued rollout of dark fiber backhauling. Total cash capital expenditures amounted to CHF 88.3m in H1 2018, +45.1% YoY.

Salt Fiber gaining momentum

Salt Fiber, launched in late-March, is gaining momentum. The product sets new standards in the Swiss market in terms of innovation and simplicity:

- first worldwide retail introduction of a 10 Gbit/s technology and Apple TV 4K as unique set-top box
- a unique and easy to understand offer, at the most attractive price.

Customer numbers are developing in line with expectations, and connected customers are amazed with the product. The initial challenges with the activation have been solved and Salt has now also started to actively promote the product. For competitive reasons, Salt has decided to disclose no customer numbers for the time being. In a test amongst 15 operators in Switzerland, Germany and Austria, the Salt fixed-line service hotline has been ranked #1.

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Distribution significantly strengthened

Salt is working on optimizing and developing its distribution network in order to increase its market presence, enhance customer experience and improve management of subscriber acquisition and retention costs. Salt is planning to open 15 new stores in 2018, targeting 100 stores in total by the end of the year. In the quarter, 3 new store have been opened and additionally 4 since then, bringing the total number of Salt stores to 93 as of today. In addition, the Salt Plus product range will be available at mobilezone stores throughout Switzerland as of mid-September.

CEO appointment

As announced late-August, the Board of Directors of Salt appointed Pascal Grieder, 41, as CEO as of 1 September 2018. He will replace Andreas Schoenenberger, who will continue to be a member of the company's Board of Directors. Pascal is joining from McKinsey where he was Managing Partner Digital McKinsey Switzerland. Pascal will be instrumental in accelerating the company's growth momentum and will spearhead initiatives focusing on customer experience and quality.

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About Salt: Salt is a Swiss telecommunications provider which owns and operates an extensive, high-quality mobile telecommunications network infrastructure. 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: 1,235,000 postpaid customers (as of 30/06/2018), 93 Salt Stores and 4G coverage of 98% of Switzerland's population.