

Renens, 7 April 2016

2015 Full Year Results: A Turnaround Year Hampered by Past Mismanagement and Merciless Competitive Pressure

Key Facts & Figures

Salt Mobile SA Consolidated (CHF Mio.)	2015	2014	Var.	Var. %
Total Revenue	1'284.8	1'316.1	-31.3	-2.4 %
Adjusted EBITDA	412.5	433.8	-21.3	-4.9 %
<i>As percentage of revenue</i>	32.1%	33.0%		
Free Cash Flow	147.5	59.5	+87.9	+147.7%
Total Number of Subscribers, in '000	2'024	2'166	-142	-6.6%
Postpay Subscribers, in '000	1'151	1'155	-4	-0.4%
Mobile ARPU, in CHF	35.9	39.6	-3.6	-9.2%
Full Time Employees at end of period (incl. affiliates, excl. apprentices/trainees)	833	893		

- Revenue decreased by CHF 31.3 million, or -2.4%, primarily driven by a decrease in ARPU and a negative subscriber base effect as a result of a very high churn level during most 2015 and in 2014.
- Adjusted EBITDA decreased by CHF 21.3 million, impacted by:
 - Higher indirect operating expenses, mainly driven by (i) an increase in bad debt, a direct consequence of the mismanaged 2014 IT transformation and (ii) lax credit scoring procedures inherited from previous management (that have been corrected during 2015);
 - Partly offset by lower commercial expenses.
- Free Cash Flow significantly improved as a result from the improvement in Working Capital as well as a better discipline in Capex and commercial spending.
- In 2015, the Company performed organisational changes with a focus on in-sourcing core functions. While people left Salt in support functions (mostly through voluntary programs), positions were created with a strong focus on reinforcing network teams. The major reorganisation phase at Salt Mobile SA is now completed.

Press Release

2015: A Turnaround Year at Salt.

Following the takeover of Salt by NJJ in February 2015, the company was subjected to a complete overhaul. This turnaround has started to yield positive results both internally and externally:

- The appointment of a new CEO and a new management team that are fully focused on profitable growth and on breaking the silo culture by effectively working together;
- The launch of a new portfolio of post-pay offers consisting of 5 price plans that are (i) easy to understand, (ii) easy to sell and (iii) easy to bill. These new offers have had a positive effect in new subscribers' connections starting in the fall 2015;
- A new channel strategy aimed at cost efficiency and streamlining. Salt restarted its investment in direct and online distribution whilst re-examining all indirect distribution relationships with a view in keeping only the most profitable ones;
- A program of insourcing IT and Network functions. Salt believes that a Telco operator has to fully operate its network and IT divisions.
- An entirely new marketing approach, based on a small dedicated team and the end of outsourcing.

Market environment

2015 was another year of fierce competitive environment. Since 2001, the market shares in the Swiss mobile market are broadly unchanged with a dominant incumbent operator holding 60%+ market share. Such dominance is prevalent in all segments of the market but especially pronounced in the BtoB segment.

In this environment, Salt has embarked on a relentless strategy to bring better mobile offers with the highest quality of service to the Swiss consumers. For too long a time the Swiss consumers have been paying the "the price of the monopoly". All the Salt Plus offers bring transparency and attractive tariffs to the Swiss mobile subscribers.

On the regulatory front, Salt will also pursue its efforts to bring down fixnet termination rates and leased lines prices towards a cost-oriented level. In the upcoming revision of the telecommunications act ("Fernmeldegesetz"), Salt is requesting a stronger regulation of the fixed access network by ways of access to generalist products whose bandwidth is > 30 Mbps on a non-discriminatory basis and at cost-oriented prices, instead of more power to the Regulator. Finally, in order to ensure non-discrimination, Salt is requesting the implementation of a strict functional separation explicitly laid in the new law.

More information:

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twitter.com/Saltmobile, youtube.com/saltswiss

About Salt Mobile SA: Salt is personal, simple, sincere and efficient. The magazine "Connect" rated Salt's mobile network already for the second time as "very good". With Plus, Salt offers the best flat rate subscription with full 4G+ speed in Switzerland. Salt customers can surf on the fastest available Internet connection, including 4G+, at up to 300 Mbit/s – with no surcharges. Salt Mobile SA in figures: 2.024 million customers (as at 31/12/2015) – more than 80 Salt Stores – 4G coverage of 94% of the population of Switzerland. Salt Mobile SA is fully owned by NJJ.