

Press release

Renens, 28.08.2020

Salt – 2020 Q2 Financial Results

Continued momentum of customer base in mobile and fixed – underlying operating revenue growth offset by COVID-19 effect on roaming – growth platform further strengthened

- Continued positive trend in mobile with +7,600 postpaid net adds; Salt Home hit the 100,000 customers milestone
- Underlying operating revenue growth offset by decrease in roaming revenue due to COVID-19 pandemic; Operating Revenue (excl. Incoming) down 4.5%; EBITDA down 3.8%
- Strong free cash flow of CHF 85.0m generated
- Salt fixed hotline for the 3rd year in a row winner of the “connect” test
- New partnership with WWF Switzerland and launch of joint mobile offer “WWF Swiss”

Q2'20 Key Financials

CHF m	H1'20	H1'19	YoY	Tower Rebased YoY (1)	Q2 2020	Q2 2019	YoY	Tower Rebased YoY (1)
Operating Revenue, excl. Incoming	414.6	413.1	+0.4%	-0.9%	207.6	210.5	-1.4%	-4.5%
Incoming Revenue	35.8	31.0	+15.3%	+15.3%	18.4	15.6	+18.3%	+18.3%
Equipment Revenue	39.6	55.9	-29.3%	-29.3%	18.8	28.4	-33.8%	-33.8%
Total Revenue	490.0	500.1	-2.0%	-3.1%	244.8	254.5	-3.8%	-6.4%
Adjusted EBITDA	205.6	217.0	-5.3%	+0.6%	102.4	111.6	-8.2%	-4.1%
as % of Revenue	42.0%	43.4%			41.8%	43.9%		
EBITDA	203.3	214.6	-5.2%	+0.7%	101.0	109.9	-8.0%	-3.8%
as % of Revenue	41.5%	42.9%			41.3%	43.2%		
Cash Capex	(77.7)	(99.4)			(34.1)	(45.3)		
Free Cash Flow	135.3	61.5			85.0	49.5		

Maintained both Operating revenue (excl. Incoming) and EBITDA growth before Covid-19 negative effect

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

¹ Excluding the impact of the Tower deal: estimated impact in H1'20 on revenue +CHF5.2m and EBITDA CHF(12.8)m; estimated impact in Q2'20 on revenue CHF6.6m and EBITDA CHF(4.6)m

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Underlying growth from increasing customer base offset by COVID-19 effect on roaming

Salt continued its growth trend with an increase of 7,600 to 1,265,000 postpaid mobile customers by the end of June (versus an increase of 1,200 postpaid net adds in the same quarter last year), coupled with a growing customer base in Salt Home, which passed the 100,000 customers milestone in June. The company has now been reporting 20 consecutive quarters of positive postpaid net adds in its core brand. The B2B segment maintained its positive momentum and reported a net increase of subscribers for the 4th quarter in a row. Q2 has been the best quarter in the last 5 years in terms of net adds in the business segment.

Good underlying development of both operating revenue (excl. Incoming) and EBITDA without the effects from COVID-19 and the Tower sale.

On a like-for-like basis, Operating Revenue (excl. Incoming) in Q2 was down 4.5% YoY and EBITDA down 3.8% YoY as a consequence of the temporary COVID-19 impact on roaming revenues, offsetting the strong underlying performance of our core business.

On a reported basis, i.e. including the effect from the Tower sales and from COVID-19, Operating Revenue (excl. Incoming) in Q2 was down 1.4% to 207.6m and EBITDA decreased by 8.0% to 101.0m.

Salt also continued its strong cash generation in Q2 with a total free cash flow of CHF 85.0m.

Growth platform further strengthened

During Q2, Salt continued its transformation efforts in B2B and introduced a new “My Business Account” self-care platform for business customers designed to be the best-in-class solution in Switzerland and of which all Salt Business customers will benefit before the end of this year.

Salt’s fixed line product registered an ongoing strong momentum underpinned by continued improvements. The triple-play offer including Internet, TV and fixed line telephony (which can be combined with the Salt mobile flat rates to an attractive “4 P” offer) has recently been further upgraded, in particular with the release of a new version of the Salt TV app allowing for an even smoother and richer home entertainment experience.

Its ultrafast 10 Gbit/s technology, its state-of-the-art equipment as well as its diverse TV and video content make Salt Home a truly revolutionary product, which remains unequalled on the Swiss market to this day at this price (CHF 49.95 for the “3P”, CHF 39.95 for the “4P” version).

Overall, substantial improvements in service quality led to a reduction in customer churn rates. Most notably, for the third year in a row, the Salt Home hotline was ranked #1 in the “connect” test. This assessment demonstrates the competitiveness of the Salt Home offer, not only in terms of speed, content and price, but also with regard to service quality – thus reflecting Salt’s ambition to provide an outstanding consumer experience in every respect.

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Partnership with WWF Switzerland

In July, Salt and WWF announced their new partnership with the launch of the joint offer “WWF Swiss”, consisting of the Salt “Swiss” mobile subscription at a special rate of CHF 39.95 instead of CHF 59.95. For every subscriber, Salt supports WWF Switzerland with a contribution of CHF 10.- per month as long as the customer is subscribed to “WWF Swiss”. This will sum up to CHF 240.- per initial contract term (24 months) and, in total, to over CHF 1,000.- for an average customer life cycle. Hence, by subscribing to the offer, the customer can contribute to the activities of the environmental organisation all while making substantial savings at the same time.

Pascal Grieder, CEO at Salt, commented the results: *“Q2 was again a very eventful period, from the COVID-19 knock-on effects to the launch of our exciting new partnership with WWF Switzerland. Throughout this period, as in the first semester as a whole, Salt has again demonstrated its capacity to stay on track in turbulent times and not only to keep its high quality standard levels, but also to increase its customer base, improve its performance and produce strong results while continuously driving innovation.”*

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About Salt: Salt is a Swiss telecommunications provider which owns and operates an extensive, high-quality mobile telecommunications network. With Start, Basic, Swiss, Europe, World, Young and Surf, Salt offers a comprehensive portfolio of personal, straightforward and efficient mobile flat rate subscriptions. At up to 1 Gbps and no extra costs, Salt customers can surf on the fastest available internet connection (4G+) – without any speed limitation. Salt’s ultra-fast 4G+ network covers over 55% of the Swiss population and its 4G network covers even 99%. Thanks to its ultrafast broadband solution called Salt Home, 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 Home can be combined in a gainful way with Salt’s powerful mobile flat rate subscriptions.

Salt in figures: 1,265,000 postpaid customers (as of 30.06.2020), 103 Salt Stores and 4G coverage of 99% of Switzerland’s population.