

Press release – Q3 2018

Renens, 23.11.2018

Salt reports **increasing customer base and strong profitability**

- 11,100 mobile postpaid handset customers added in Q3, above-average growth rate of 3,9% YoY, resulting in a total of 1,244,000 mobile postpaid subscribers; annualized postpaid churn rate remaining at a very encouraging level (16%)
- Total revenue (excl. MTR) of CHF 243.4m and EBITDA of CHF 125.4m, decline of 1,7% and 3,2% respectively, mainly due to wholesale roaming activities that benefitted from positive contract settlements in 2017
- Strong profitability level maintained with an EBITDA margin of 47.8% and a strong cash flow generation of CHF 94.5m
- Total cash capital expenditure for the 9-month period of CHF 127.2m, demonstrating Salt's continued investments into mobile and FTTH infrastructure
- Significant network upgrade planned, allowing to launch 5G in Q3 2019 and improving 3G/4G/4G+ experience
- Strategy emphasis on quality and improving customer experience as well as B2B to accelerate growth

| Salt Mobile excl. IFRS 15 and IAS 18, in CHF m | 9m 2018 | 9m 2017 | YoY | Q3 2018 | Q3 2017 | YoY |
|---|----------------|---------|--------|----------------|---------|--------|
| Total Revenue excl. MTR | 717.9 | 707.7 | +1.4% | 243.4 | 247.7 | -1.7% |
| MTR Revenue | 57.0 | 69.6 | -18.0% | 19.0 | 21.8 | -12.8% |
| Total Revenue | 774.9 | 777.2 | -0.3% | 262.4 | 269.5 | -2.6% |
| Adjusted EBITDA | 366.4 | 355.2 | +3.1% | 127.0 | 132.4 | -4.1% |
| <i>as % of Revenue</i> | 47.3% | 45.7% | | 48.4% | 49.1% | |
| EBITDA | 360.2 | 350.6 | +2.7% | 125.4 | 129.5 | -3.2% |
| <i>as % of Revenue</i> | 46.5% | 45.1% | | 47.8% | 48.1% | |
| Cash Capex, excl. Spectrum L. | (127.2) | (93.1) | | (39.0) | (32.3) | |
| Cash Capex * | (127.2) | (128.3) | | (39.0) | (32.3) | |
| Free Cash Flow, excl. Spectrum L. | 153.5 | 231.0 | | 94.5 | 105.0 | |
| Free Cash Flow * | 153.5 | 195.8 | | 94.5 | 105.0 | |

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

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Pascal Grieder, CEO of Salt, commented: *"We experienced good momentum in Q3 with a healthy increase of our customer base. In order to accelerate growth, we will further improve the customer experience and strengthen our presence in B2B, capitalizing on the world-class network that has been put in place over the past years."*

Postpaid base further increased

During the quarter, mobile postpaid handset customers increased by 11'100 (-700 MBB), resulting in an above-average growth of +3.9% YoY, to a total of 1,244,000 postpaid customers. Annualized postpaid churn rate remains at an encouragingly level (16%).

Strong financial performance

In the first 9 months, total revenue (excl. MTR) increased YoY by CHF 10.2m or +1.4% and EBITDA increased by CHF 9.6m or +2.7%. In Q3, total revenue (excl. MTR) decreased YoY by CHF 4.3m or -1.7% to CHF 243.4m and EBITDA decreased to CHF 125.4m (-3.2%) while keeping a strong EBITDA margin of 47.8%. The decrease YoY was mainly driven by wholesale roaming activities that benefitted from positive contract settlements in Q3 2017. The quarter resulted in positive free cash flow generation of CHF 94.5m.

Further network upgrade to allow for 5G launch in Q3 2019

Salt's mobile network quality was recently rated "very good" by the German magazines PCgo and PC Magazin, placing the operator among the top three networks across Austria, Germany and Switzerland. Salt will continue to invest in its infrastructure and further upgrade its radio and core network over the next years to ensure clients benefit from a world-class network all over Switzerland. The next step in the network upgrade will not only allow to improve the 3G, 4G and 4G+ technologies, but also to launch 5G in Q3 2019.

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Accelerate growth by improving customer experience

To boost growth, Salt will be placing an increased focus on quality and customer experience in order to continue delivering the best customer proposition in the market. Pascal Grieder commented: *“We already have a fantastic offer and provide the most innovative products at an unbeatable price. With our Fiber product, for instance, clients not only get an outstanding entertainment experience on the fastest internet in Switzerland, but also the opportunity to save CHF 1,000 or more per year. To accelerate growth, we will put an even stronger focus on customer satisfaction. In order to improve customer experience, the initial focus will be on systematically eliminating root causes for service requests and increasing flexibility of the service team”*. In addition, the B2B business will be strengthened by further expanding the product portfolio and improving the area coverage.

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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: 1,244,000 postpaid customers (as of 30.09.2018), 99 Salt Stores and 4G coverage of 98% of Switzerland's population.