

# Record sales and increased consolidated profit

## Dear Shareholders

### mobilezone has increased its operating profit by 20 percent to CHF 48.5 million

In fiscal year 2016 mobilezone achieved record sales of CHF 1,088 million, an increase of 27 percent over the previous year's figure. Based on a pro-forma consolidation in the previous year of the company einsAmobile as of January 1, 2015, sales for fiscal year 2015 totaled CHF 997 million compared to CHF 1,088 million in fiscal year 2016.

This very positive development is reflected in the 20 percent increase in operating profit (EBIT) to CHF 48.5 million (2015: CHF 40.4 million). Financial expenses rose by CHF 0.4 million to CHF 1.8 million. The company's tax expense amounted to CHF 10.7 million (2015: CHF 8.6 million). Consolidated profit was increased by 17 percent to CHF 36.1 million (2015: CHF 30.8 million). In 2015 the pro-forma profit amounted to CHF 32 million.

Earnings per share were increased in the reporting year from CHF 0.96 to CHF 1.12. As of March 6, 2017, the mobilezone share price was CHF 14.55 compared to CHF 14.35 at the end of December 2015.

As of December 31, 2016, mobilezone's balance sheet shows cash and cash equivalents totalling CHF 27.0 million (2015: CHF 14.3 million). At the end of the year, net current assets amounted to CHF 27.2 million (2015: CHF 42.6 million). In the mobilezone holding ag individual financial statements, shareholders' equity amounts to CHF 54.7 million (2015: CHF 58.5 million).

The two business segments Trade and Service Providing have contributed to the positive result of fiscal year 2016.

### Segment Trade reports significant increase in sales and higher profitability

The segment Trade includes activities in the company's branch network extending throughout Switzerland, in the online business, in the B2B sector, and since April 2015 also the activities of the einsAmobile in Germany.

The market environment in the retail business in Switzerland remains very demanding and challenging. In the first six months of fiscal year 2016 it became clear that the business strategies of mobilezone and Salt differ too widely to continue offering our customers attractive Salt products. Therefore, mobilezone focuses on its partners Swisscom, Sunrise, UPC, and TalkTalk and does no longer offer any Salt products since July 2016.

A new shop concept with a completely new design was introduced in the mobilezone shops at Lucerne's central station as well as in Bern Waaghaus, Hinwil, Geneva Rue de Carouge, Spreitenbach, Emmencenter, Zug Metalli, and Zurich Löwenstrasse. In November 2016 a new shop was opened at the Zurich central station (Shopville). In the current year several other shops will be remodeled in line with the new concept.

Above all the online business but also the wholesale business in Germany showed record results both in terms of sales as well as operating profit. In particular, in Germany more than 200,000 (2015: 150,000) mobile phone contracts were concluded online. With the launch of deinhandy.ch in May 2016, mobilezone took an important step in Switzerland toward applying its successful experience in Germany to the Swiss market.

The segment Trade achieved an increase in sales of 29 percent, from CHF 785 million to CHF 1,012 million. The share of wholesale sales amounts to CHF 618 million (2015: CHF 422 million). EBIT rose from CHF 27.8 million to CHF 40.6 million, an increase of 46 percent. This positive development is primarily driven by the strong results in Germany.



Urs T. Fischer



Markus Bernhard

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### **Segment Service Providing reports increased profitability**

The segment Service Providing includes the company's own TalkTalk mobile and fixed-line offers as well as the service business in Switzerland and Austria.

Sales in the segment Service Providing grew from CHF 73.6 million to CHF 75.5 million, an increase of 2.6 percent. EBIT rose by 6.6 percent to CHF 8.1 million.

The profitability of the repair business in Switzerland and Austria developed very positively in the second half of fiscal year 2016 despite a decrease in the overall order volume by a total of 6 percent.

TalkTalk's sales and EBIT came in slightly below the previous year's figures. Since summer 2014, mobilezone has been focusing its customer acquisition efforts regarding TalkTalk products on mobile offers. The share of mobile phone customers of TalkTalk's total sales amounts to 37.5 percent (2015: 17.5 percent). In the area of mobile telephony the number of customers grew to 39,000 (2015: 32,000).

### **Dividend proposal to the General Meeting**

A dividend of CHF 0.60 will be proposed to the General Meeting on April 6, 2017. If this proposal is approved, the dividend of CHF 0.60 per registered share, less 35 percent Swiss withholding tax (anticipatory tax), will be paid out on April 13, 2017. Starting on April 11, 2017, the shares will be traded ex-dividend. Based on the share price at balance sheet date of CHF 14.50 (2015: CHF 14.35), this proposed dividend represents a dividend yield of 4.1 percent and an overall performance in the reporting year of 5.2 percent.

### **Change in Group management**

In November 2016 mobilezone Group announced that the Group management will be expanded from three to five members by adding competent, younger persons from within the company's own ranks. Effective January 1, 2017, Murat Ayhan, Akin Erdem, and Roger Wassmer are new members of the Group management. Werner Waldburger has left the Group management at his own request and will continue to be available to mobilezone in the area Business Steering Schweiz.

In summary, mobilezone has achieved a very positive result in fiscal year 2016, and we are convinced that the company will be able to continue on this positive course in 2017. Additional Omnichannel and online efforts will further support this positive development. At this point we wish to thank especially our employees; with their daily commitment they have made a successful fiscal year possible. Finally, we want to take this opportunity to thank you sincerely for your loyalty and your confidence in our company.

Regensdorf, March 7 2017



Urs T. Fischer  
Chairman of the Board of Directors



Markus Bernhard  
Chief Executive Officer