

Semi-annual report

June 30, 2018



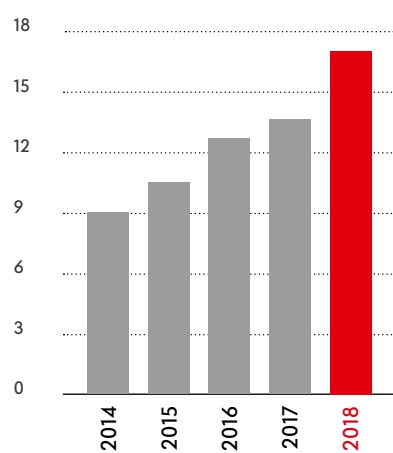
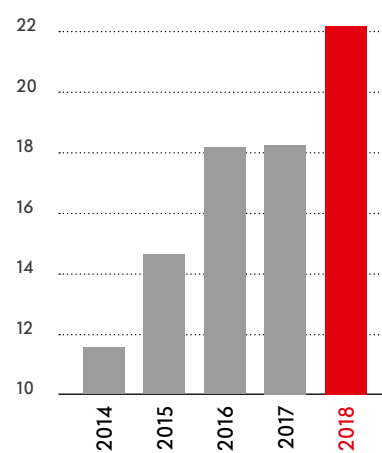
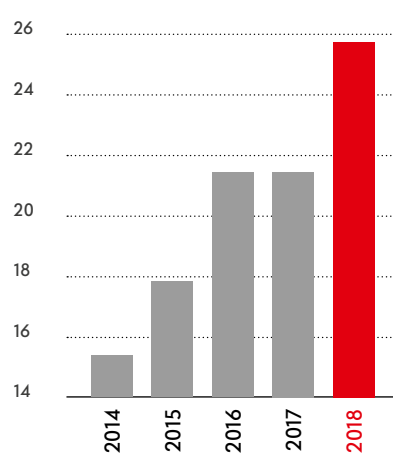
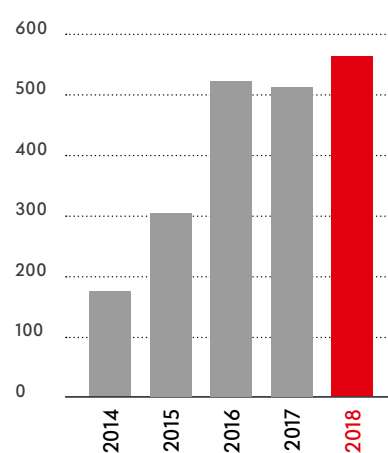
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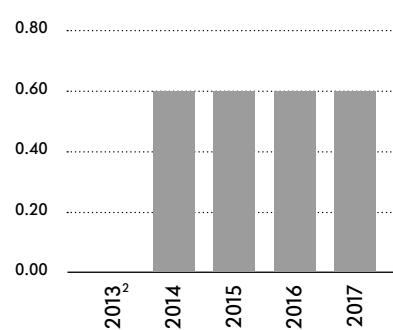
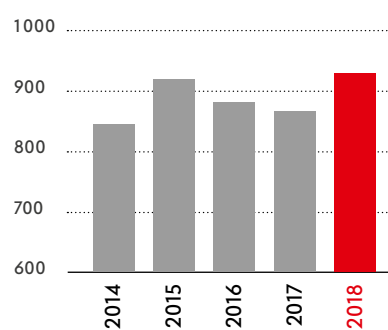
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Net profit (CHF million)¹EBIT (CHF million)¹EBITDA (CHF million)¹Net sales (CHF million)¹

Dividend (CHF)

Number of employees³¹January 1 to June 30²Instead of distributing a dividend, the General Meeting decided on a share buyback program in the amount of 10 percent of the outstanding shares at a fixed price of CHF 10.00 for the purpose of capital reduction.³2018: as of June 30, previous years: as of December 31

Key figures

Group

(CHF 000 or as indicated)	Jan. – June 2018	%	Jan. – June 2017	%
Net sales	560 588		512 584	
Gross profit	75 249	13.4 ¹	65 262	12.7 ¹
Operating profit (EBITDA)	25 815	4.6 ¹	21 210	4.1 ¹
Operating profit (EBIT)	22 966	4.1 ¹	18 373	3.6 ¹
Net profit	16'802	3.0 ¹	13 656	2.7 ¹
	June 30 2018		June 30 2017	
Total assets	296 472		251 088	
Net debt	–105 060		–108 047	
Shareholders' equity	11 781	3.9 ²	–9 049	–3.6 ²
Net debt-to-EBITDA ratio	1.73		1.99	
Cash flow from operative activities before change in net current assets and taxes	25 724		20 725	
Investments in property, plant & equipment and intangible assets	3 509		4 707	
Number of full-time employees as of June 30	922		873	
Number of shops as of June 30				
Switzerland	123		127	
Germany	65		56	

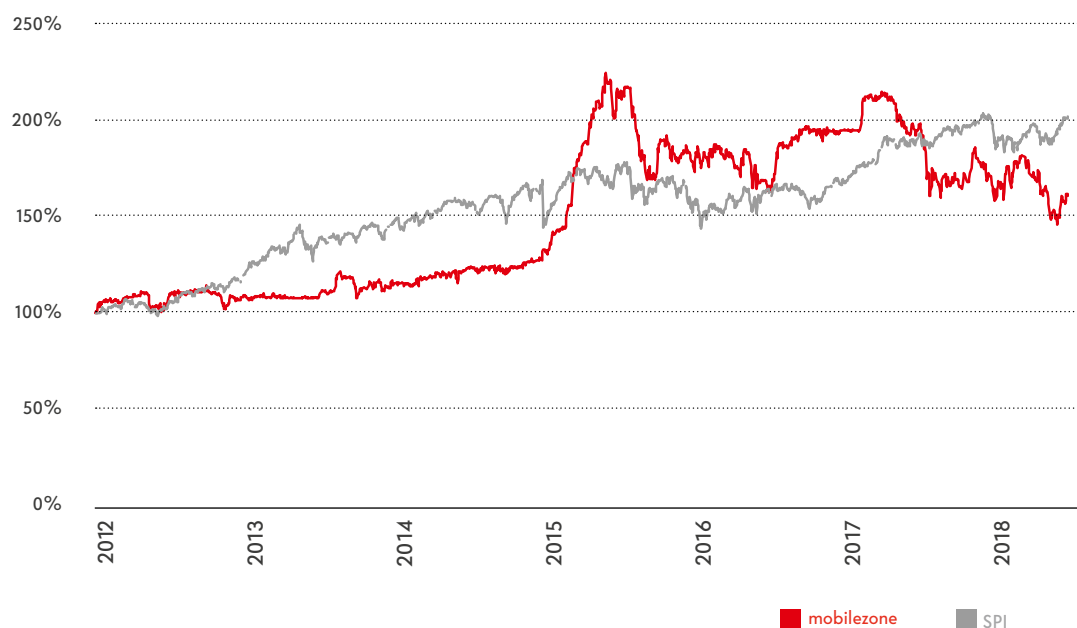
¹ In percent of net sales. ² In percent of total assets.

Share price development

Information per share

(CHF or as indication)	2018	2017
Number of shares issued of June 30 (number)	40 781 213	32 195 697
Weighted average number of shares outstanding	36 634 558	32 186 627
Earnings per share	0.46	0.42
Equity per share as of June 30	0.29	-0.28
Payout per share	0.60	0.60
Share price (highest / lowest)	12.30 / 9.79	15.90 / 14.05
Share price as of June 30	10.02	14.10

Share price since 2012¹



¹Dividend reinvested

mobilezone reports increase in sales and profit in the first half of 2018



Urs T. Fischer



Markus Bernhard

Dear Shareholders,

mobilezone finished the first half of 2018 with an EBIT increase of 25 percent to CHF 23.0 million and an EBIT margin of 4.1 percent (2017: 3.6 percent) and confirmed the previously announced expectations (EBIT CHF 55 million – CHF 60 million) for fiscal year 2018.

In the first six months of 2018 sales grew by CHF 48 million to CHF 561 million.

Net financial expenditures fell by CHF 58 thousand to CHF 889 thousand. Bank interest rose from CHF 1,097 thousand to CHF 1,479 thousand as a result of higher bank loans at the end of April 2017.

The tax expense amounted to CHF 5.3 million, an increase of CHF 1.5 million over the previous year's figure. As a result of the higher profit contribution from Germany, the tax rate rose from 21.6 percent to 23.9 percent.

Consolidated profit grew by 23 percent to CHF 16.8 million (2017: CHF 13.7 million).

Earnings per share increased in the first half of 2018 from CHF 0.42 to CHF 0.46. The share price on August 21, 2018, was CHF 10.42 compared to CHF 12.85 at the end of December 2017.

As of June 30, 2018, mobilezone's balance sheet shows cash and cash equivalents in the amount of CHF 65 million (12/31/2017: CHF 88 million). The bank loans total CHF 170 million compared to CHF 158 million at the end of December 2017. Net current assets amount to CHF 5 million compared to CHF 11 million at the end of 2017.

Successful integration of TPHCom

The integration and the performance of TPHCom are in line with expectations. For the fiscal year as a whole, the company expects EBIT to amount to EUR 11 million (+/- EUR 1 million).

Segment Trade increases EBIT and return on sales

The segment Trade includes activities in the company's branch network extending throughout Switzerland, in the online business, in the B2B sector as well as the activities in Germany to which the business activities of TPHCom have been added starting January 1, 2018.

Starting in mid-September, after a hiatus of about two years, mobilezone will again offer the entire range of Salt products to its customers in Switzerland. The amount this additional business will generate is difficult to estimate.

The further development of the retail business in Switzerland is the company's top priority. For example, in the first half of 2018 sales of services (data transfer, setting up smartphones, and other services) in the mobilezone shops grew to CHF 1.3 million; this represents a threefold increase over the previous year's figure.

As of the end of June, mobilezone operated 123 shops in Switzerland. For the second half of 2018 a slight reduction to about 120 shops is expected.

The online business in Germany confirmed the positive results of the previous year, both in sales and operating result. In particular, more than 104,000 (2017: 100,000) mobile phone contracts were concluded online in Germany.

Sales in the segment Trade grew by 9.3 percent from CHF 469 million to CHF 513 million.

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The wholesale portion of this total amounts to CHF 246 million (2017: CHF 302 million). The drop in wholesale sales by CHF 56 million is balanced by TPHCom's initial sales of CHF 109 million. EBIT rose from CHF 12.4 million to CHF 17.8 million, which represents a return on sales of 3.5 percent (2017: 2.6 percent).

Segment Service Providing reports increase in sales and reduced profitability

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

Sales in the segment Service Providing grew by 11 percent from CHF 43.3 million to CHF 47.9 million. However, after having doubled in the previous year, EBIT dropped from CHF 6.2 million to CHF 4.5 million.

In the first half of 2018 the profitability of the repair and services business in Switzerland and Austria was below the record result of the previous year, but it is still regarded as positive.

As expected, TalkTalk's sales and EBIT also came in below last year's figures. In particular, mobile telephony could not fully make up for the loss of fixed-line customers. The share of mobile phone customers of TalkTalk's total sales rose to 55.0 percent (2017: 47.5 percent). In the area of postpaid SIM cards the number of customers grew in the past six months to 24,800 (12/31/17: 24,200).

Capital increase March 2018

The capital increase of 8,585,516 shares decided by the extraordinary General Meeting on March 9, 2018, was concluded at the end of March 2018. As a result, there are now 40,781,213 registered shares outstanding.

General Meeting April 2018

The General Meeting on April 5, 2018, decided to distribute a dividend in the amount of CHF 0.60 per share; the dividend was paid out on April 12, 2018.

We are very satisfied with the course of the company's business in the first half of 2018. The previously announced EBIT goal for fiscal year 2018 in the amount of CHF 55 million - CHF 60 million is confirmed accordingly. In addition to the profitability of the trade activities in Germany, other important success factors are the further development and growing profitability of mobilezone's retail business in Switzerland.

Regensdorf, August 21, 2018



Urs T. Fischer
Chairman of the Board of Directors



Markus Bernhard
Chief Executive Officer

Expanding the range of offers

Mobile devices

Mobile subscriptions

Digital TV

Internet

Accessories

Repairs

In the future mobilezone wants to connect customers even more firmly with its wide range of offers. mobilezone offers mobile devices, mobile phone subscriptions, digital TV, Internet, accessories, and repairs. All these offers are continuously communicated to existing and potential customers by means of various forms of advertising.

Expansion of online presence

Customers also find mobilezone's offers on the company's online platforms on which a further increase in the number of visitors and rising online purchases were recorded. Thanks to further investments in the expansion of the online portals even more growth is expected in the future. New features are expected to contribute to this growth, among these new developments are personal consultation in the mobilezone Live Chat and the option for customers to contact mobilezone via WhatsApp. Here, mobilezone's experienced customer service staff will be available to answer customer questions and provide information in real time. These are just a few examples of mobilezone's efforts to adapt its offers flexibly and dynamically to customers' changing needs. To showcase mobilezone's broad competencies in all areas related to telecommunications for customers online as well, the company is continuously expanding its presence on social media channels and publishes specially prepared posts on the mobilezone blog.

Optimizing the network of retail outlets

The company also continues to invest in its brick-and-mortar shops. In addition to optimizing and remodeling more shops, mobilezone is preparing a pilot project that will be implemented for the first time in September in Lugano. In this heavily frequented shop mobilezone will offer for the first time devices that have been refurbished. With this, mobilezone is expanding its product range and appeals to a new target group.

Product offers

Of the manufacturers, Samsung and Huawei launched major new models in the first half 2018: the smartphones Samsung Galaxy S9 and S9+ as well as Huawei P20, P20 Pro, and P20 Lite. Here, customers could benefit from mobilezone's pre-order service. By pre-ordering customers were offered the option to order the device they desired already before the official start of sales. Nokia introduced another hot new mobile phone, the curved Nokia 8110.

In second half of the year two major product launches are expected. At the end of August Samsung will launch a new Galaxy Note, and in September Apple will present its new models.

Company headquarters

In fall 2018 employees of mobilezone in Regensdorf (head office) and of TalkTalk in Zug will move together into the new company headquarters in Rotkreuz. With this move into the first wooden high-rise building in Switzerland all workplaces will be located on one floor. This will make it possible to use shared resources even more effectively.

Consolidated income statement

January 1 to June 30 (CHF 000)	2018	2017
Net sales	560 588	512 584
Cost of goods and materials	-485 339	-447 322
Gross profit	75 249	65 262
Other operating income	327	34
Personnel costs	-32 032	-29 125
Other operating costs	-17 729	-14 961
Operating profit before depreciation (EBITDA)	25 815	21 210
Depreciation of property, plant & equipment	-1 734	-2 087
Amortization of intangible assets	-1 115	-750
Operating profit (EBIT)	22 966	18 373
Financial income	590	150
Financial expense	-1 479	-1 097
Profit before taxes (EBT)	22 077	17 426
Income tax expense	-5 275	-3 770
Net profit	16 802	13 656
	CHF	CHF
Earnings per share	0.46	0.42
Earnings per share – diluted	0.46	0.42

Consolidated balance sheet

(CHF 000)	June 30 2018	Dec. 31 2017
Assets		
Property, plant & equipment	8 860	9 388
Intangible assets	12 666	11 230
Other accounts receivable	440	427
Deferred tax assets	3 542	53
Fixed assets	25 508	21 098
Inventories	100 235	80 591
Trade accounts receivable	64 860	68 173
Other accounts receivable	10 954	9 174
Accruals	29 973	35 726
Cash & cash equivalents	64 942	87 878
Current assets	270 964	281 542
Total assets	296 472	302 640
Liabilities and shareholders' equity		
Share capital	408	322
Treasury shares	-1 761	-735
Capital reserves	8 910	8 898
Goodwill offset	-171 801	-104 889
Retained earnings	176 025	105 381
Shareholders' equity	11 781	8 977
Bank loan	16 320	20 480
Deferred income tax liabilities	2 895	2 895
Long-term liabilities	19 215	23 375
Trade accounts payable	84 806	93 759
Current income tax liabilities	4 659	5 253
Other liabilities	3 567	20 623
Bank loan	153 682	137 598
Deferral	18 762	13 055
Current liabilities	265 476	270 288
Total Liabilities and shareholders' equity	296 472	302 640

Consolidated statement of cash flows

January 1 to June 30 (CHF 000)	2018	2017
Net profit before income taxes	22 077	17 426
Adjustments to reconcile profit before tax to net cash flow		
Non-cash transactions		
Interest income / expense	889	947
Depreciation and amortization	2 849	2 837
Changes of provisions, net	-85	-478
Profit from disposals of fixed assets	-6	-7
Cash flow from operative activities before change in net current assets and taxes	25 724	20 725
Working capital adjustments		
Trade accounts receivable	6 512	11 869
Other accounts receivable and accruals	4 310	-18 236
Inventories	-19 769	-29 930
Trade accounts payable	-30 533	41 999
Other accounts payable and deferrals	-11 766	-4 088
Income taxes paid	-4 565	-24 161
Cash flow from change in net current assets	-55 811	-22 547
Cash flow from operative activities after change in net current assets and taxes	-30 087	-1 822
Acquisitions of		
Property, plant & equipment	-1 006	-3 972
Intangible assets	-2 503	-735
Acquisition of subsidiaries less cash & cash equivalents	-53 750	-15 705
Proceeds from disposals of		
Property, plant & equipment	7	268
Dividends received	46	28
Interest received	44	122
Net cash from investing activities	-57 162	-19 994
Issuance of bank loan	29 684	62 781
Amortization of bank loan	-16 920	-4 000
Interest paid	-1 479	-1 097
Purchase of treasury shares	-2 336	-291
Sale of treasury shares	1 322	302
Capital increase	79 037	0
Dividends paid	-24 392	-19 305
Net cash from financing activities	64 916	38 390
Effect of foreign currency translation	-603	1 305
Net increase in cash & cash equivalents	-22 936	17 879
Cash & cash equivalents at January 1	87 878	27 033
Cash & cash equivalents at June 30	64 942	44 912

Consolidated statement of changes in shareholders' equity

Movement of shareholders' equity (CHF 000)	Share capita	Treasury shares	Capital reserve	Goodwill offset	Retained earnings	Total
At December 31, 2016	322	0	8 874	-99 726	87 236	-3 294
Net profit					13 656	13 656
Purchase of treasury shares		-291				-291
Sale of treasury shares		302				302
Dividends paid					-19 305	-19 305
Profit of treasury shares		-11	11			0
Acquisitions				-471		-471
Foreign currency differences					354	354
At June 30, 2017	322	0	8 885	-100 197	81 941	-9 049
At December 31, 2017	322	-735	8 898	-104 889	105 381	8 977
Net profit					16 802	16 802
Capital increase	86				78 951	79 037
Purchase of treasury shares		-2 336				-2 336
Sale of treasury shares		1 322				1 322
Dividends paid					-24 392	-24 392
Profit of treasury shares		-12	12			0
Acquisitions				-66 912		-66 912
Foreign currency differences					-717	- 717
At June 30, 2018	408	-1 761	8 910	-171 801	176 025	11 781

As of June 30, 2018, mobilezone holding ag holds 158,075 (2017: none) treasury shares.

At the extraordinary General Meeting of mobilezone holding ag on March 9, 2018, the shareholders approved a capital increase in the amount of CHF 85,855.16 through the issuance of 8,585,516 registered shares at a nominal value of CHF 0.01. The capital increase was carried out by means of a rights issue. Existing shareholders were granted a subscription right for each registered share they held after close of the market on March 14, 2018. These subscription rights gave their holders the right to subscribe for 4 new registered shares at a subscription price of CHF 9.50. The proceeds from the capital increase amounted to CHF 81.6 million minus transaction costs of CHF 2.6 million.

Segment information

Income statement of January 1, to June 30 (CHF 000)	Total mobilezone Group		Trade		Service Providing		Unallocated/ Elimination	
	2018	2017	2018	2017	2018	2017	2018	2017
Net sales with third parties	560 588	512 584	512 696	469 286	47 892	43 298	0	0
Net sales with other segments	0	0	2 132	1 961	1 566	1 680	-3 698	-3 641
Net sales	560 588	512 584	514 828	471 247	49 458	44 978	-3 698	-3 641
Cost of goods and materials	-485 339	-447 322	-454 992	-422 409	-34 468	-28 772	4 121	3 859
Gross profit	75 249	65 262	59 836	48 838	14 990	16 206	423	218
Other operating income	327	34	579	360	46	4	-298	-330
Personnel costs	-32 032	-29 125	-23 252	-21 040	-7 774	-7 118	-1 006	-967
Other operating costs	-17 729	-14 961	-17 385	-13 928	-1 917	-1 977	1 573	944
Operating profit (EBITDA)	25 815	21 210	19 778	14 230	5 345	7 115	692	-135
Depreciation of property, plant & equipment	-1 734	-2 087	-1 566	-1 794	-141	-285	-27	-8
Amortization of intangible assets	-1 115	-750	-415	-72	-700	-678	0	0
Operating profit (EBIT)	22 966	18 373	17 797	12 364	4 504	6 152	665	-143
Statement of financial position (CHF 000)								
Fixed assets	25 508	17 894	22 524	14 719	2 859	3 143	125	32
Current assets	270 964	233 194	239 524	217 199	28 169	28 355	3 271	-12 360
Total assets	296 472	251 088	262 048	231 918	31 028	31 498	3 396	-12 328
Liabilities	284 691	260 137	363 727	278 425	19 302	14 540	-98 338	-32 828
Investments in property, plant & equipment and intangible assets	3 509	4 707	2 805	3 699	633	1 008	71	0

The management of mobilezone Group is the main decision-maker and determines the business activities. The mobilezone Group has two reportable segments, which correspond to the management structure of the Group. The segment Trade consists of mobilezone ag, mobilezone business ag, mobilezone service ag, einsAmobile GmbH, and einsAmobile Management GmbH, and TPHCom GmbH. The segment Service Providing consists of TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbH. As of January 1, 2017, mobilezone business ag merged with mobilezone service ag (absorption). As of January 1, 2018, mobilezone ag merged with mobilezone business ag (absorption).

The mobilezone Group monitors performance based on the segment's operating profit before interests and taxes (EBIT). The total assets of each segment comprise all assets of the segment. Internal reporting of the mobilezone Group is based on the Swiss GAAP FER.

The segment Trade operates in Switzerland and in Germany, the segment Service Providing in Switzerland and in Austria.

The item Unallocated/Elimination comprises transactions between the segments and the holding company as well as the result of the holding company. Within the assets and liabilities, loans between Group companies are eliminated.

Notes to the consolidated semi-annual report

1 Important principles of Group accounting

The Group's consolidated semi-annual financial statements have been prepared in accordance with the guidelines of Swiss GAAP FER 31 (Complementary Recommendation for Listed Companies), which allow certain simplifications in recognition and disclosure as compared to the preparation of annual financial statements. The consolidated semi-annual financial statements of mobilezone provide a true and fair picture of its asset, financial, and earnings situation (true and fair view) in accordance with the principles of Swiss GAAP FER and comply with Swiss law. The consolidated semi-annual financial statements of mobilezone have been prepared on a historical cost basis, except for derivative financial instruments and securities; these latter are listed at fair market value.

The consolidated semi-annual financial statements are based on the subsidiaries' unaudited separate financial statements that have been prepared on the basis of uniform guidelines. The uniform balance sheet date is June 30. The reporting currency is the Swiss franc (CHF).

The unaudited semi-annual financial statements do not include all the information and disclosures that are required in the consolidated annual report. Therefore, these statements should be read in connection with the Group's 2017 annual report for the year ending December 31, 2017.

2 Scope of consolidation

The consolidated financial statements of mobilezone include the financial statements of mobilezone holding ag and all subsidiaries it controls directly or indirectly by majority of votes or other means. mobilezone holding ag currently holds shares in the following companies:

Company	Corporate headquarters	Currency	Equity capital (000)	Shares in the company	Segment	Consolidation
mobilezone ag ³	CH-Regensdorf	CHF	2 850	100%	Trade	F ¹
mobilezone business ag ³	CH-Urnäsch	CHF	100	100%	Trade	F ¹
einsAmobile GmbH	D-Obertshausen	EUR	50	100%	Trade	F ¹
einsAmobile Management GmbH	D-Obertshausen	EUR	25	100%	Trade	F ¹
Mister Mobile GmbH	D-Obertshausen	EUR	25	75%	Trade	A ²
TalkTalk AG	CH-Zug	CHF	100	100%	Service	F ¹
mobiletouch ag	CH-Zweidlen	CHF	100	100%	Service	F ¹
mobiletouch austria gmbH	A-Wien	EUR	35	100%	Service	F ¹

¹F: fully consolidated

²A: Acquisition cost

³As of January 1, 2018, mobilezone ag merged with mobilezone business ag (absorption).

At the end of March 2015 the companies einsAmobile GmbH, einsAmobile Management GmbH, and Mister Mobile GmbH were acquired. The companies specialize in brokering mobile phone contracts and in the sale and distribution of hardware. The purchase agreement includes a variable component (earn-out) that depends on einsAmobile's results achieved. Changes in the variable part of the purchase price were offset against shareholders' equity as goodwill, for the last time in 2017. In April 2018 the last earn-out payment for fiscal year 2017 was paid in the amount of CHF 11.8 million.

In January 2018 the company TPHCom GmbH was acquired. TPHCom GmbH is a distribution company that is active in marketing service contracts (mobile phone and fixed-line contracts) and related hardware in the telecommunications market. Net cash outflow amounted to CHF 42 million. A goodwill in the amount of CHF 66.9 million resulted from the acquisition and was offset against shareholder's equity.

3 Goodwill

Goodwill is offset against shareholders' equity at the time of acquisition. The resulting effects on shareholders' equity and profit or loss over a useful life of 5 years are documented below.

Theoretical effect on balance sheet (CHF 000)	June 30 2018	June 30 2017
Shareholders' equity acc. to balance sheet	11 781	–9 049
Capitalization of net book value goodwill	90 150	41 524
Shareholders' equity incl. net book value goodwill	101 931	32 475
<hr/>		
Theoretical effect on net profit (CHF 000)	2018	2017
Net profit acc. to income statement	16 802	13 656
Amortization of goodwill	– 14 560	–8 701
Net profit after amortization of goodwill	2 242	4 955

4 Seasonality

The business of the segment Trade shows seasonal fluctuations due to the Christmas sales. Consolidated sales and results of the first half year are thus usually lower than those of the second half of the year.

5 Contingent liabilities

As of June 30, 2018, trade accounts receivable in the amount of CHF 40.4 million (12/31/17: CHF 49.2 million) and inventories in the amount of CHF 74.5 million (12/31/17: CHF 52.6 million) were pledged for a credit line at a bank. There are no other contingent liabilities subject to reporting requirements.

6 Events following the balance sheet date

The company knows of no events following the balance sheet date that significantly affect the semi-annual report.

The Board of Directors approved this report on August 21, 2018.

Companies

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