

Semi-annual report
June 30, 2016

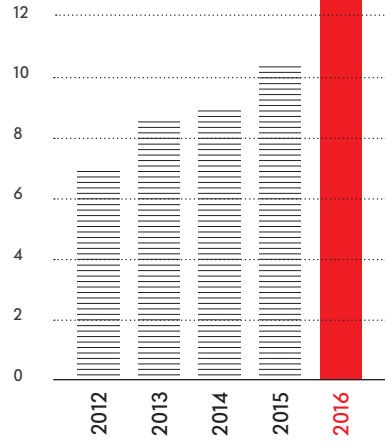


mobilezone[®]
better be clever

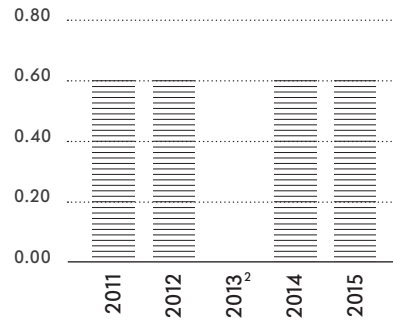
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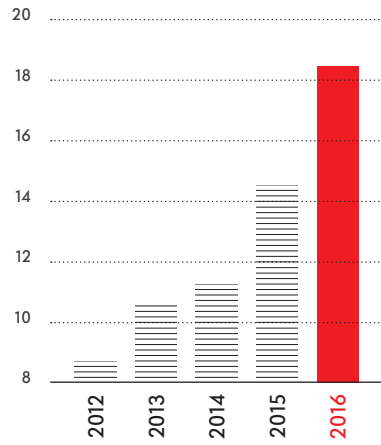
Net profit (CHF million)¹



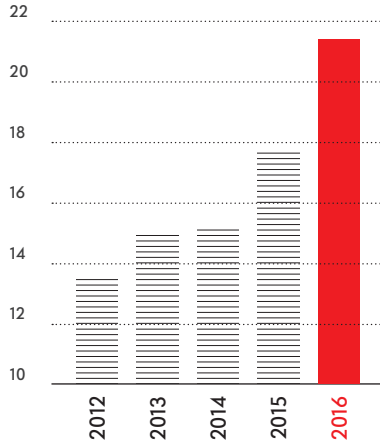
Dividend (CHF)



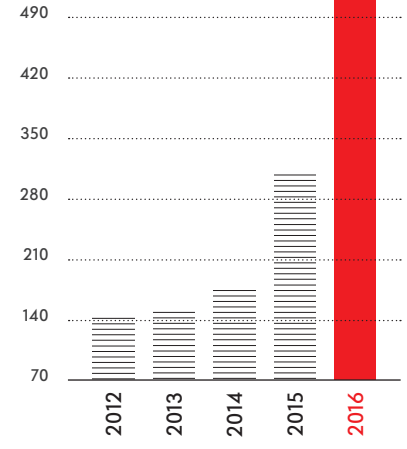
EBIT (CHF million)¹



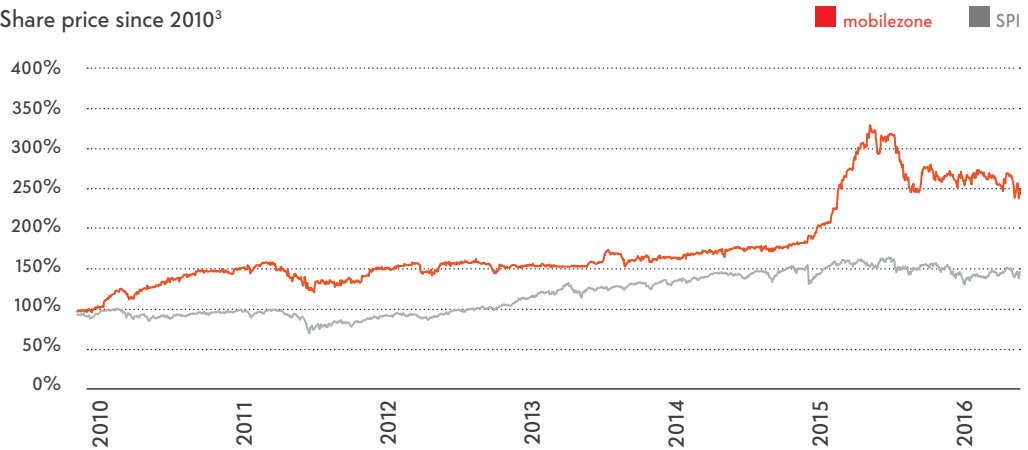
EBITDA (CHF million)¹



Net sales (CHF million)¹



Share price since 2010³



¹ January 1 to June 30

² instead 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.

³ Dividend reinvested

Key figures

Group

(CHF 000 or as indicated)	01. – 06.2016	%	01. – 06.2015	%
Net sales	523 361		305 234	
Gross profit	66 173	12.6 ¹	59 061	19.3 ¹
Operating profit (EBITDA)	21 214	4.1 ¹	17 818	5.8 ¹
Operating profit (EBIT)	18 261	3.5 ¹	14 298	4.7 ¹
Net profit	12 319	2.4 ¹	10 516	3.4 ¹
	30.06.2016		30.06.2015	
Total assets	197 599		137 717	
Net cash & cash equivalents	–68 105		–75 585	
Shareholders' equity	–20 395	–10.3 ²	–29 319	–21.3 ²
Net cash from operating activities	30 724		6 053	
Investments in property, plant & equipment and intangible assets	3 068		3 274	
Number of full-time employees as of June 30	880		899	
Number of shops as of June 30				
Switzerland	128		128	
Germany	44		43	

Data per share

(CHF or as indicated)	2016	2015
Number of shares issued of June 30	32 195 697	32 195 697
Weighted average number of shares outstanding	32 194 240	32 195 697
Earnings per share – undiluted/diluted	0.38 / 0.38	0.33 / 0.33
Equity per share as of June 30	–0.63	–0.91
Payout per share	0.60	0.60
Share price (highest / lowest)	14.65 / 12.35	17.55 / 10.50
Share price as of June 30	12.60	17.10

¹ in percent of net sales. ² in percent of the balance sheet total

mobilezone increases its operating profit in the first six months by 28 percent to CHF 18.3 million

Dear Shareholders

In the first six months of 2016, mobilezone increased its sales by 71 percent to CHF 523 million (2015: CHF 305 million) and achieved an operating profit (EBIT) of CHF 18.3 million (2015: CHF 14.3 million), which corresponds to a growth rate of 27.7 percent. Based on a pro-forma consolidation of the company einsAmobile in the previous year as of January 1, 2015, sales in the first half of 2015 totaled CHF 445 million compared to CHF 523 million in the first six months of the current year.

As a result of financing of bank loans for the acquisition of einsAmobile, financial expenses rose in the first six months of 2016 from CHF 567 thousand to CHF 742 thousand. The company's tax expense grew by CHF 2.0 million to CHF 5.3 million due to the higher earnings before taxes and the higher tax burden in Germany and Switzerland. The net profit rose by CHF 1.8 million, or 17.2 percent, to CHF 12.3 million. In the same period of the previous year, the pro-forma profit amounted to CHF 11.2 million.

Earnings per share were increased from CHF 0.33 to CHF 0.38 in the first half of 2016. As of August 17, 2016, the mobilezone share price amounted to CHF 13.75 compared to CHF 14.35 at the end of December 2015.

Segment Trade with very strong growth in sales and increased profit

The segment Trade includes the activities in all shops throughout Switzerland, in the online business, in the B2B sector, and since April 2015 also the activities of einsAmobile in Germany.

The market environment both in the retail business and in the B2B sector in Switzerland remains very demanding and challenging. In the recent months, it has become clear that the business strategies of mobilezone and Salt differ too widely to continue offering customers attractive Salt products. Therefore, mobilezone focuses on its partners Swisscom, Sunrise, UPC and TalkTalk and no longer offers any Salt products.

A new shop fitting concept with a completely new design was introduced in the mobilezone shops in Oftringen, Solothurn and Wil in the second half of 2015 and, in 2016, four additional locations (Lucerne Railway Station, Bern Waaghaus, Hinwil and Geneva Rue de Carouge) have already been opened or remodeled based on that new shop concept. This new concept will be implemented in four more locations (Spreitenbach, Emmen, Zug and Zurich Löwenstrasse) by the end of the year.

In particular, the online business but also the wholesale business in Germany showed record results in the first six months of 2016, both in terms of sales as well as operating profit. Specifically in Germany in the first half of the year, 90,000 (previous year: 50,000) mobile 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 82 percent, from CHF 268 million to CHF 489 million. The wholesale portion of this total amounts to CHF 309 million (previous year: CHF 118 million). The previous year's pro-forma sales amounted to CHF 408 million. EBIT increased from CHF 9.2 million to CHF 12.9 million, realizing a growth rate of 39.8 percent. This positive development is primarily due to the results in Germany.



Urs T. Fischer



Markus Bernhard

Segment Service Providing reports a slight decline in profitability

Sales in the segment Service Providing decreased from CHF 36.8 million to CHF 34.3 million, or a drop of 7.0 percent. EBIT decreased by 12.5 percent to CHF 3.1 million.

TalkTalk's sales and EBIT are slightly below the previous year's figures. The share of mobile customers of TalkTalk's total sales amounts to 33.5 percent (previous year: 19.5 percent). In mobile telephony, the number of customers grew in the past six months by 4,000 to 36,000.

The order volume in the repair business in Switzerland and Austria decreased overall by 14 percent in the first six months of 2016. Nevertheless, the repair business reports a slight positive overall operating profit, which is, however, below the previous year's figure. For the second half of 2016, mobilezone expects a stable order volume and an improved profitability.

General Meeting in April 2016

The General Meeting newly elected Andreas M. Blaser to the Board of Directors. In addition, the General Meeting decided to distribute a dividend in the amount of CHF 0.60 per share, which was paid out on April 14, 2016. As before, mobilezone will continue to pursue a dividend policy that allows shareholders to profit from an attractive dividend yield.

Outlook for the second half of 2016

Regarding the full year 2016, mobilezone remains confident. In the second half of the year, mobilezone expects the launch of a new iPhone model. As experience has shown, this will lead to an increase in the number of contracts – provided the good availability of the new models. Additional online activities will support the company on its chosen path. In the last years, results in the second half of the year have always been considerably stronger than those in the first half of the year.

Regensdorf, August 17, 2016



Urs T. Fischer
Chairman of the Board of Directors



Markus Bernhard
Chief Executive Officer

Constantly new and surprising offerings and innovative products

In our market environment, companies need to be dynamic and flexible to succeed. Thanks to our close customer proximity, we know the needs of our clients and continuously and quickly adapt our services and offers accordingly. The first six months of 2016 were exciting and a lot has happened – both in our 128 mobilezone shops as well as online.

In the current fiscal year, we are focusing on optimizing our online business. An important step in this direction is the new online shop deinhandy.ch, which was launched in the middle of May.

There, customers find the mobile phone and tariff plan that is suitable for them. In addition, in the fall of this year, our web platform mobilezone.ch will present an online shop with a new design and a larger selection. We want to offer our customers a complete shopping experience covering all needs – regardless of where the customer is at the moment, whether in one of our numerous shops or online on our portals.

At our locations in Bern, Hinwil and Geneva, we remodeled our shops in line with our new shop fitting concept. In addition, we opened a new shop in prime location at the railway station in Lucerne. Moreover, we opened the first Swisscom shop-in-shop in the mobilezone shop in Zurich Bellevue. By the end of the year, a total of eleven shops will feature the new shop concept.

Regarding manufacturers' products, in the first six months 2016, the new models Samsung Galaxy S7, including the Gear VR, as well as the iPhone SE caught our customers' interest, both in the shops and online. And then, there was the European Football Championships – what does that have to do with mobilezone? We kept our fingers crossed especially for one Swiss football player. For the exceptionally talented Breel Embolo is mobilezone's new brand ambassador! We are very much looking forward to working with this popular football professional.

Consolidated income statement

January 1 to June 30 (CHF 000)	2016	2015
Net sales	523 361	305 234
Cost of goods and materials	-457 188	-246 173
Gross profit	66 173	59 061
Other operating income	164	229
Personnel costs	-29 891	-29 562
Other operating costs	-15 232	-11 910
Operating profit before depreciation (EBITDA)	21 214	17 818
Depreciation of property, plant & equipment	-2 190	-1 962
Amortization of intangible assets	-763	-1 558
Operating profit (EBIT)	18 261	14 298
Financial income	76	66
Financial expense	-742	-567
Profit before taxes (EBT)	17 595	13 797
Income tax expense	-5 276	- 3 281
Net profit	12 319	10 516
	CHF	CHF
Earnings per share	0.38	0.33
Earnings per share – diluted	0.38	0.33

Consolidated balance sheet

(CHF 000)	30.06.2016	31.12.2015
Assets		
Property, plant & equipment	10 847	10 540
Intangible assets	905	1 200
Other accounts receivable	481	461
Deferred tax assets	119	124
Fixed assets	12 352	12 325
Inventories	53 991	46 120
Trade accounts receivable	63 632	54 872
Other accounts receivable	10 320	5 383
Accruals	32 835	29 386
Cash & cash equivalents	24 469	14 282
Current assets	185 247	150 043
Total assets	197 599	162 368
Liabilities and shareholders' equity		
Share capital	322	322
Capital reserves	8 800	8 813
Retained earnings	-29 517	-21 277
Shareholders' equity	-20 395	-12 142
Bank loan	41 640	49 800
Other liabilities	7 146	14 239
Accrued liabilities	756	717
Deferred income tax liabilities	2'121	2 359
Long-term liabilities	51 663	67 115
Trade accounts payable	71 720	28 464
Current income tax liabilities	17 240	16 038
Other liabilities	13 053	21 395
Bank loan	50 934	29 750
Deferral	13 384	11 748
Current liabilities	166 331	107 395
Total Liabilities and shareholders' equity	197 599	162 368

Consolidated statement of cash flows

January 1 to June 30 (CHF 000)	2016	2015
Net profit before income taxes	17 595	13 797
Adjustments to reconcile profit before tax to net cash flow:		
Non-cash transactions		
Interest income / expense	666	501
Depreciation and amortization	2 953	3 520
Changes of provisions, net	-39	207
Profit from disposals of fixed assets	-10	-117
Working capital adjustments		
Trade accounts receivable	-8 826	7 603
Other accounts receivable and accruals	-8 322	-5 914
Inventories	-7 652	-8 038
Trade accounts payable	43 404	87
Other accounts payable and deferrals	-4 602	-2 161
Income taxes paid	-4 443	-3 432
Net cash from operating activities	30 724	6 053
Acquisitions of		
Property, plant & equipment	-2 600	-2 554
Intangible assets	-468	-720
Securities in fixed assets	-10	-3
Acquisition of subsidiaries less cash & cash equivalents	-7 221	-39 934
Adjustment purchase price acquisition of subsidiaries	-3 625	0
Proceeds from disposals of		
Property, plant & equipment	119	219
Interest received	76	66
Net cash from investing activities	-13 729	-42 926
Issuance of bank loan	17 000	57 000
Amortization of bank loan	-4 000	-4 000
Interest paid	-742	-567
Purchase of treasury shares	-1 079	-12 075
Sale of treasury shares	1 066	11 001
Dividends paid	-19 278	-19 317
Net cash from financing activities	-7 033	32 042
Effect of foreign currency translation	225	-497
Net increase/decrease in cash & cash equivalents	10 187	-5 328
Cash & cash equivalents at January 1	14 282	13 008
Cash & cash equivalents at June 30	24 469	7 680

Consolidated statement of changes in shareholders' equity

Movement of shareholders' equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total
At December 31, 2014	358	-35 839	9 904	57 687	32 110
Net profit				10 516	10 516
Capital reduction	-36	35 839		-35 803	0
Purchase of treasury shares		-12 075			-12 075
Sale of treasury shares		11 001			11 001
Dividends paid				-19 317	-19 317
Profit of treasury shares		1 074	-1 074		0
Acquisitions				-51 350	-51 350
Foreign currency differences				-204	-204
At June 30, 2015	322	0	8 830	-38 471	-29 319
At December 31, 2015	322	0	8 813	-21 277	-12 142
Net profit				12 319	12 319
Purchase of treasury shares		-1 079			-1 079
Sale of treasury shares		1 066			1 066
Dividends paid				-19 278	-19 278
Profit of treasury shares		13	-13		0
Acquisitions				-1 251	-1 251
Foreign currency differences				-30	-30
At June 30, 2016	322	0	8 800	-29 517	-20 395

As of June 30, 2016, mobilezone holding ag holds no treasury shares (2015: 0).

In June 2015, the 3,577,299 shares obtained from the share buyback program of April 2014, were destroyed by capital reduction, in accordance with the resolution of the annual General Meeting of April 9, 2015.

Segment information

Income statement of January 1, to June 30 (CHF 000)	Total mobilezone Group		Trade		Service Providing		Unallocated/ Elimination	
	2016	2015	2016	2015	2016	2015	2016	2015
Net sales with third parties	523 361	305 234	489 107	268 412	34 254	36 822	0	0
Net sales with other segments	0	0	953	782	2 071	2 323	-3 024	-3 105
Net sales	523 361	305 234	490 060	269 194	36 325	39 145	-3 024	-3 105
Cost of goods and materials	-457 188	-246 173	-437 869	-226 956	-22 455	-22 718	3 136	3 501
Gross profit	66 173	59 061	52 191	42 238	13 870	16 427	112	396
Other operating income	164	229	484	448	10	51	-330	-270
Personnel costs	-29 891	-29 562	-21 431	-20 021	-7 512	-8 619	-948	-922
Other operating costs	-15 232	-11 910	-16 561	-11 846	-2 162	-2 463	3 491	2 399
Operating profit (EBITDA)	21 214	17 818	14 683	10 819	4 206	5 396	2 325	1 603
Depreciation of property, plant & equipment	-2 190	-1 962	-1 751	-1 554	-423	-376	-16	-32
Amortization of intangible assets	-763	-1 558	-55	-53	-708	-1 505	0	0
Operating profit (EBIT)	18 261	14 298	12 877	9 212	3 075	3 515	2 309	1 571
Statement of financial position (CHF 000)								
Fixed assets	12 352	12 836	8 907	8 235	3 211	4 260	234	341
Current assets	185 247	124 881	162 926	120 155	29 910	28 302	-7 589	-23 576
Total assets	197 599	137 717	171 833	128 390	33 121	32 562	-7 355	-23 235
Liabilities	217 994	167 036	230 865	183 120	12 658	13 204	-25 529	-29 288
Investments in property, plant & equipment and intangible assets	3 068	3 274	2 130	2 128	869	1 081	69	65

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. The segment Service Providing consists of TalkTalk AG, mobiletouch ag and mobiletouch austria gmbh.

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/Eliminations 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 consolidated semi-annual financial statements of the Group have been prepared in accordance with all existing guidelines of Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated semi-annual financial statements of mobilezone provide a true and accurate picture of its assets, financials and earnings situation (True and Fair View) in accordance with the principles of Swiss GAAP FER and comply with Swiss law. They have been prepared on a historical acquisition cost basis, except for derivative financial instruments and securities; these latter are listed at fair market value.

The Group consolidated semi-annual financial statements are based on the affiliated companies' 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 2015 annual report for the year ending December 31, 2015.

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	CH-Regensdorf	CHF	2 950	100%	Trade	V ¹
mobilezone business ag	CH-Urnäsch	CHF	100	100%	Trade	V ¹
mobilezone service ag ⁴	CH-Urnäsch	CHF	100	100%	Trade	V ¹
einsAmobile GmbH ³	D-Obertshausen	EUR	50	100%	Trade	V ¹
einsAmobile Management GmbH ³	D-Obertshausen	EUR	25	100%	Trade	V ¹
Mister Mobile GmbH ³	D-Obertshausen	EUR	25	75%	Trade	A ²
TalkTalk AG	CH-Zug	CHF	100	100%	Service	V ¹
mobiletouch ag	CH-Zweidlen	CHF	100	100%	Service	V ¹
mobiletouch austria gmbH	A-Wien	EUR	35	100%	Service	V ¹

¹F: fully consolidated

²A: Acquisition cost

³since april 2015

⁴in November 2015, mobilezone trade ag was renamed mobilezone service ag.

At the end of March 2015, the companies einsAmobile GmbH, einsAmobile Management GmbH and Mister Mobile GmbH were acquired. The companies are specialized in brokering mobile contracts and in the sale and distribution of hardware. The purchase contract contains a variable component (earn-out), depending on the results of the einsAmobile. Future changes of the variable component of the purchase price will be offset over "Goodwill" against shareholders' equity. During the reporting period, a purchase price adjustment of CHF 1.3 million took place. In April 2016, an earn-out payment for the year 2015 of CHF 10.8 million was made.

3 Goodwill

Goodwill refers to the difference between purchase price and the actual value of the acquired net asset; it arises in the acquisition of subsidiaries. Goodwill is offset against shareholders' equity (profit reserve) at the time of acquisition. When a subsidiary is sold, acquired goodwill that had at an earlier time been offset against shareholders' equity, is taken into account at historical cost to determine the profit or loss affecting net income. The effects of a theoretical capitalization of goodwill with scheduled amortization, as well as possible value adjustments to the statement of financial position and the income statement over a useful life of 5 years would affect shareholders' equity and profit or loss as follows:

Theoretical effect on balance sheet (CHF 000)	30.06.2016	30.06.2015
Shareholders' equity acc. to balance sheet	-20 395	-29 319
Capitalization of net book value goodwill	51 881	64 286
Shareholders' equity incl. net book value goodwill	31 486	34 967
Theoretical effect on net profit (CHF 000)	2016	2015
Net profit acc. to income statement	12 319	10 516
Amortization of goodwill	-8 649	-5 724
Net profit after amortization of goodwill	3 670	4 792

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.

Contingent liabilities

Per June 30, 2016, trade accounts receivable in the amount of CHF 48,503,000 (December 31, 2015: CHF 40,610,000) are pledged for a credit line at a bank. There are no other contingent liabilities subject to reporting requirements.

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 17, 2016.

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