

Mobile termination charges to sink to the European levels

Swisscom is further reducing its mobile termination charges: on 1 October 2010 they will fall from CHF 0.14 to CHF 0.08 per minute, and from the beginning of 2011 to CHF 0.07 per minute, which amounts to a reduction of 50% and brings them to the European level. Swisscom has also reached an agreement with fixed network providers VTX and Verizon and with mobile providers Sunrise and Orange.

Fixed network provider VTX filed a complaint against Swisscom with the Federal Communications Commission (ComCom) in February 2010, demanding a reduction in mobile termination (MT) charges. Verizon also demanded lower MT charges. Swisscom consequently entered into negotiations with fixed network providers VTX and Verizon and the two mobile providers Sunrise and Orange regarding a reduction in MT charges. MT charges are the fees charged by providers for routing calls through their network.

Swisscom continues to charge the lowest MT fees

Following these negotiations Swisscom has decided to cut MT charges from CHF 0.14 to CHF 0.08 per minute from 1 October 2010. On 1 January 2011, the charges will be reduced again to CHF 0.07 per minute. This brings Swisscom's new MT charges down to the European level. Sunrise and Orange are also reducing their charges from CHF 0.17 to CHF 0.10 from 1 October 2010, and to CHF 0.0875 per minute as of 1 January 2011. Swisscom has for some years had the lowest termination fees among Swiss mobile providers and therefore makes net payments to its competitors Sunrise and Orange.

Following the reduction in MT charges, Swisscom will also cut prices for residential and business customers. The future prices are currently being worked out. Telecoms prices have already fallen considerably over recent years. Swisscom customers have benefited from cuts totalling several hundred million Swiss francs, and prices in mobile telephony (by volume) have been eroded by some 8% in the first six months of 2010 alone. According to the latest comparison by the Federal Statistical Office, text messaging is the only sector in Switzerland where prices are below the EU average.

Lowering the MT charges will reduce Swisscom's annual revenue by around CHF 80 million. Because the fees charged by other mobile providers will also decrease, it will have virtually no impact on operating income (EBITDA). Swisscom's financial outlook for fiscal year 2010 remains unchanged.

Current telecommunications regulations prove their effectiveness

The reduction in MT charges is a consequence of the regulations currently in force in the telecommunications market. Termination charges are negotiated with the other telecoms providers. If the other providers are not satisfied with the outcome of the negotiations, they can file a complaint with ComCom.

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