



2023

Interim Report
January–June

swisscom

KPIs

In CHF million, except where indicated	30.06.2023	30.06.2022	Change	
Revenue and results¹				
Revenue	5,450	5,467	−0.3%	
Operating income before depreciation and amortisation (EBITDA)	2,303	2,191	5.1%	
EBITDA as % of revenue	42.3	40.1		
EBITDA after lease expense (EBITDAaL)	2,160	2,045	5.6%	
Operating income (EBIT)	1,115	999	11.6%	
Net income	848	785	8.0%	
Earnings per share	16.37	15.13	8.2%	
Balance sheet and cash flows¹				
Equity	10,927	10,418	4.9%	
Equity ratio	43.9	42.4		
Capital expenditure	1,113	1,053	5.7%	
Operating free cash flow proxy	1,047	992	5.5%	
Free cash flow	462	293	57.7%	
Net debt	8,108	8,538	−5.0%	
Operational data				
Fixed telephony access lines in Switzerland	in thousand	1,271	1,369	−7.2%
Broadband access lines retail in Switzerland	in thousand	2,012	2,026	−0.7%
TV access lines in Switzerland	in thousand	1,549	1,582	−2.1%
Mobile access lines in Switzerland	in thousand	6,195	6,157	0.6%
Access lines wholesale in Switzerland	in thousand	682	692	−1.4%
Broadband access lines retail in Italy	in thousand	2,631	2,712	−3.0%
Broadband access lines wholesale in Italy	in thousand	532	386	37.8%
Mobile access lines in Italy	in thousand	3,343	2,805	19.2%
Swisscom share				
Number of issued shares	in thousand	51,802	51,802	−%
Market capitalisation		28,895	27,320	5.8%
Closing price	CHF	557.80	527.40	5.8%
Employees				
Full-time equivalent employees	number	19,497	19,067	2.3%
Average number of full-time equivalent employees	number	19,283	19,015	1.4%

¹ Swisscom uses various alternative performance measures. The definitions and the reconciliation to the values in accordance with IFRS are set out in the interim report on pages 23 and 24.

Financial review

Summary

Group revenue decreased by 0.3% year-on-year to CHF 5,450 million. Operating income before depreciation and amortisation (EBITDA) rose by 5.1% to CHF 2,303 million. The reported revenue and EBITDA development was influenced by the performance of the euro (EUR) as a result of the substantial share attributable to the Italian subsidiary Fastweb. The EUR average exchange rate fell by 3.7% in the first half of 2023 compared to the same period of the previous year. This resulted in negative exchange differences on Group revenue of CHF 47 million and on EBITDA of CHF 15 million. Based on a constant EUR exchange rate, revenue in the first half of 2023 rose by 0.5% or CHF 30 million. Swisscom Switzerland's revenue fell slightly by 0.6%. Fastweb achieved an increase in revenue of 4.3% (in EUR).

EBITDA development was influenced not only by currency effects, but also primarily by the recognition of provisions for legal proceedings of CHF 82 million in prior year (2023: CHF 3 million). Without one-off items and with a constant EUR exchange rate, this resulted in an increase in EBITDA of CHF 48 million (+2.1%). Swisscom Switzerland and Fastweb both contributed to this, with CHF 16 million and CHF 8 million respectively. The other operating segments recorded a decrease of CHF 28 million. The largest effect on Group EBITDA resulted from the reconciliation of pension costs. As the interest rate relevant for IFRS measurement has increased, the IFRS pension costs for the full year 2023 will decrease by around CHF 90 million compared to the previous year. The positive reconciliation effect in the first half of 2023 was CHF 49 million. Consolidated net income rose by 8.0% year-on-year to total CHF 848 million. The increase in operating income was partly offset by a deterioration in the financial result.

The Group's capital expenditure rose by 5.7% in a year-on-year comparison to CHF 1,113 million. Capital expenditure in the Swiss core business rose by 8.7%, while it fell by 0.7% at Fastweb (in EUR). The operating free cash flow proxy rose by 5.5% year-on-year to CHF 1,047 million. The higher EBITDA was compensated for in part by the increase in capital expenditure. Free cash flow increased by CHF 169 million to CHF 462 million mainly due to lower income tax payments. The decrease in income tax payments is due to the different timing of due dates. Net debt decreased by 5.0% to CHF 8,108 million year-on-year. The number of Swisscom employees increased by 2.3% to 19,497 FTEs. In Switzerland, headcount increased by 0.3% to 15,929 FTEs.

The financial outlook for the 2023 financial year remains unchanged. Swisscom expects revenue of CHF 11.1 to 11.2 billion, EBITDA of CHF 4.6 to 4.7 billion and capital expenditure of around CHF 2.3 billion for 2023. Subject to achievement of its targets, Swisscom plans to propose payment of an unchanged dividend of CHF 22 per share for the 2023 financial year at the 2024 Annual General Meeting.

Segment results

In CHF million	2 nd quarter 2023	2 nd quarter 2022	Change	1 st half-year 2023	1 st half-year 2022	Change
Revenue¹						
Residential Customers	1,099	1,108	−0.8%	2,235	2,239	−0.2%
Business Customers	763	766	−0.4%	1,535	1,557	−1.4%
Wholesale	136	136	−%	270	269	0.4%
Infrastructure & Support Functions	19	18	5.6%	38	36	5.6%
Intersegment elimination	(17)	(17)	−%	(34)	(34)	−%
Swisscom Switzerland	2,000	2,011	−0.5%	4,044	4,067	−0.6%
Fastweb	617	615	0.3%	1,236	1,230	0.5%
Other Operating Segments	258	259	−0.4%	501	500	0.2%
Intersegment elimination	(172)	(172)	−%	(331)	(330)	0.3%
Total revenue	2,703	2,713	−0.4%	5,450	5,467	−0.3%
Operating income before depreciation and amortisation (EBITDA)¹						
Residential Customers	741	730	1.5%	1,489	1,476	0.9%
Business Customers	334	339	−1.5%	679	691	−1.7%
Wholesale	86	74	16.2%	166	155	7.1%
Infrastructure & Support Functions	(247)	(326)	−24.2%	(478)	(575)	−16.9%
Intersegment elimination	(1)	1	−%	–	1	−100.0%
Swisscom Switzerland	913	818	11.6%	1,856	1,748	6.2%
Fastweb	206	222	−7.2%	393	413	−4.8%
Other Operating Segments	21	41	−48.8%	55	83	−33.7%
Reconciliation pension cost ²	10	(15)	−%	19	(30)	−%
Intersegment elimination	(11)	(12)	−8.3%	(20)	(23)	−13.0%
Total EBITDA	1,139	1,054	8.1%	2,303	2,191	5.1%

1 Swisscom has changed the revenue recognition for roaming contracts with minimum guarantees as of 1 January 2023 and made adjustments to the financial management. The previous year's figures have been adjusted accordingly. For further information, see notes 1 and 2 to the interim financial statements.

2 Operating income of segments includes ordinary employer contributions as pension fund expense. The difference to the pension cost according to IAS 19 is recognised as a reconciliation item.

Swisscom's reporting focuses on the operating divisions Swisscom Switzerland and Fastweb. The other business divisions are grouped together under Other Operating Segments. Swisscom Switzerland comprises the customer segments Residential Customers, Business Customers and Wholesale, along with the Infrastructure & Support Functions business division. Fastweb is a telecommunications provider for residential and business customers in Italy. Other Operating Segments primarily comprises Swisscom Directories Ltd (localsearch), Swisscom Broadcast Ltd (radio transmitters) and cabled Ltd (network construction and maintenance).

The Infrastructure & Support Functions business division does not charge any network costs or management fees to other segments for its services. The remaining services between the segments are charged at market prices. Network costs in Switzerland are budgeted, monitored and controlled by the Infrastructure & Support Functions segment, which is managed as a cost centre. For this reason, no revenue is credited to the Infrastructure & Support Functions segment within the segment reporting, with the exception of the rental and administration of buildings and vehicles. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Swisscom Switzerland

In CHF million, except where indicated	2 nd quarter 2023	2 nd quarter 2022	Change	1 st half-year 2023	1 st half-year 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
Telecom services	1,341	1,357	-1.2%	2,689	2,722	-1.2%
IT services	292	285	2.5%	583	574	1.6%
Merchandise	175	185	-5.4%	392	407	-3.7%
Wholesale	132	133	-0.8%	263	263	-%
Revenue other	44	34	29.4%	86	69	24.6%
External revenue	1,984	1,994	-0.5%	4,013	4,035	-0.5%
Intersegment revenue	16	17	-5.9%	31	32	-3.1%
Revenue	2,000	2,011	-0.5%	4,044	4,067	-0.6%
Direct costs	(393)	(400)	-1.8%	(816)	(820)	-0.5%
Indirect costs	(694)	(793)	-12.5%	(1,372)	(1,499)	-8.5%
Operating expense	(1,087)	(1,193)	-8.9%	(2,188)	(2,319)	-5.6%
EBITDA	913	818	11.6%	1,856	1,748	6.2%
Margin as % of revenue	45.7	40.7		45.9	43.0	
Operating free cash flow proxy						
EBITDA	913	818	11.6%	1,856	1,748	6.2%
Lease expense	(55)	(55)	-%	(111)	(111)	-%
EBITDA after lease expense (EBITDAaL)	858	763	12.5%	1,745	1,637	6.6%
Capital expenditure	(427)	(391)	9.2%	(821)	(755)	8.7%
Operating free cash flow proxy	431	372	15.9%	924	882	4.8%
Operational data in thousand and headcount						
Fixed telephony access lines				1,271	1,369	-7.2%
Broadband access lines retail				2,012	2,026	-0.7%
TV access lines				1,549	1,582	-2.1%
Mobile access lines				6,195	6,157	0.6%
Access lines wholesale				682	692	-1.4%
Full-time equivalent employees				13,054	12,927	1.0%

Swisscom Switzerland's revenue decreased slightly by 0.6% or CHF 23 million to CHF 4,044 million. Revenue from telecoms services decreased by 1.2% or CHF 33 million to CHF 2,689 million. Of the decrease, CHF 25 million (-3.1%) is attributable to the Business Customers segment; revenue from telecoms services in the Residential Customers segment remained almost stable at CHF 1,919 million (-0.4%). In contrast, revenue from IT services with business customers rose by 1.6% to CHF 583 million. Market saturation is reflected in fewer connections and declining subscriber bases for broadband retail (-0.7%) and TV (-2.1%). Fixed network telephony (-7.2%) is significantly affected by its substitution with mobile telephony. In mobile telephony, the number of subscribers increased slightly (+0.6%), while the customer structure changed due to an increase in postpaid lines (+164,000) and a similarly strong decrease in prepaid connections (-126,000). The share of secondary and third-party brands in the Residential Customers segment rose from 25% to 30%.

The operating expense decreased by 5.6% or CHF 131 million. Direct costs fell slightly by 0.5% to CHF 816 million. The costs for subscriber acquisition and retention increased, while the costs for purchasing services and merchandise decreased. Indirect costs fell by CHF 127 million (-8.5%) and were influenced primarily by non-recurring items in connection with provisions for legal proceedings. In the first half of 2023, provisions for legal proceedings of CHF 10 million (net) were reversed with an effect on EBITDA. In the same period of the previous year, provisions of CHF 82 million had been recognised with an effect on EBITDA. Excluding these items, indirect costs fell by CHF 35 million (-2.5%). In telecommunications, cost savings of CHF 40 million were realised through efficiency improvement measures and optimised network maintenance. In the area of IT services, indirect costs rose by CHF 5 million. Headcount increased year-on-year by 1.0% to 13,054 FTEs. The increase can be attributed primarily to the acquisition of Asept Business Software AG in the current financial year. Operating income before depreciation and amortisation (EBITDA) was up by 6.2% or CHF 108 million to CHF 1,856 million. Without the non-recurring items mentioned, it increased by 0.9% or CHF 16 million. The decline in revenue from telecoms services was more

than compensated for thanks to ongoing cost-cutting measures. Capital expenditure increased by 8.7% or CHF 66 million to CHF 821 million mainly due to the expansion and upgrading of transport networks. Swisscom plans to increase fibre-optic coverage (FTTH) to around 55% by the end of 2025, and to 70–80% by 2030.

Fastweb

In EUR million, except where indicated	2 nd quarter 2023	2 nd quarter 2022	Change	1 st half-year 2023	1 st half-year 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
Residential customers	291	287	1.4%	580	572	1.4%
Corporate customers	266	250	6.4%	527	497	6.0%
Wholesale	70	64	9.4%	141	126	11.9%
External revenue	627	601	4.3%	1,248	1,195	4.4%
Intersegment revenue	1	3	–66.7%	3	4	–25.0%
Revenue	628	604	4.0%	1,251	1,199	4.3%
Operating expense	(418)	(386)	8.3%	(853)	(796)	7.2%
EBITDA	210	218	–3.7%	398	403	–1.2%
Margin as % of revenue	33.4	36.1		31.8	33.6	
Operating free cash flow proxy						
EBITDA	210	218	–3.7%	398	403	–1.2%
Lease expense	(14)	(15)	–6.7%	(27)	(29)	–6.9%
EBITDA after lease expense (EBITDAaL)	196	203	–3.4%	371	374	–0.8%
Capital expenditure	(144)	(142)	1.4%	(297)	(299)	–0.7%
Operating free cash flow proxy	52	61	–14.8%	74	75	–1.3%
Operational data in thousand and headcount						
Broadband access lines retail				2,631	2,712	–3.0%
Broadband access lines wholesale				532	386	37.8%
Mobile access lines				3,343	2,805	19.2%
Full-time equivalent employees				3,117	2,880	8.2%

Fastweb's revenue rose year-on-year by 4.3% or EUR 52 million to EUR 1,251 million. Competition remained fierce. The customer base in the fixed-network business (end-customer and wholesale) grew by 2.1% overall to 3.16 million. Although this fell by 3.0% to 2.63 million in the end-customer business as a result of the value strategy pursued by Fastweb and due to the challenging market environment, the number of ultra-fast broadband connections provided by Fastweb to other operators rose to 532,000 (+37.8%). Among end customers, the share of ultra-fast broadband connections increased by 3 percentage points to 88%. The number of mobile access lines increased by 538,000 (+19.2%) to 3.34 million, with bundled offerings continuing to play an important role here. 42% of broadband customers used a bundled offering combining fixed network and mobile. Revenue from residential customers increased by 1.4% or EUR 8 million to EUR 580 million, mainly as a result of the greater mobile customer base. Revenue from business customers increased by 6.0% or EUR 30 million to EUR 527 million, driven by the strong market position in the area of public administration. Revenue from wholesale business increased by 11.9% or EUR 15 million to EUR 141 million due to the higher number of subscribers.

Operating expense and operating income before depreciation and amortisation (EBITDA) increased due to revenue growth and were influenced by the recognition of provisions for legal proceedings in the amount of EUR 13 million in the first half of 2023. Without this effect, operating expense rose by EUR 44 million (+5.5%) and EBITDA by 2.0% or EUR 8 million to EUR 411 million. Capital expenditure fell by 0.7% to EUR 297 million due to a decrease in customer-driven investment. Headcount increased by 8.2% or 237 FTEs to 3,117 FTEs as the company took on external staff and the growth created a need for more personnel.

Other Operating Segments

In CHF million, except where indicated	2 nd quarter 2023	2 nd quarter 2022	Change	1 st half-year 2023	1 st half-year 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
External revenue	104	106	-1.9%	204	206	-1.0%
Intersegment revenue	154	153	0.7%	297	294	1.0%
Revenue	258	259	-0.4%	501	500	0.2%
Operating expense	(237)	(218)	8.7%	(446)	(417)	7.0%
EBITDA	21	41	-48.8%	55	83	-33.7%
Margin as % of revenue	8.1	15.8		11.0	16.6	
Operating free cash flow proxy						
EBITDA	21	41	-48.8%	55	83	-33.7%
Lease expense	(3)	(2)	50.0%	(5)	(5)	-%
EBITDA after lease expense (EBITDAaL)	18	39	-53.8%	50	78	-35.9%
Capital expenditure	(10)	(8)	25.0%	(18)	(14)	28.6%
Operating free cash flow proxy	8	31	-74.2%	32	64	-50.0%
Headcount						
Full-time equivalent employees				3,326	3,260	2.0%

Revenue in Other Operating Segments remained almost stable year-on-year at CHF 501 million (+0.2%). Operating income before depreciation and amortisation (EBITDA) fell by 33.7% or CHF 28 million to CHF 55 million due primarily to one-off charges in connection with customer projects and lower operating income from localsearch (advertising and directory platform business for Swiss SMEs). Accordingly, the profit margin fell to 11.0% (prior year: 16.6%). Headcount increased by 2.0% or 66 FTEs to 3,326 FTEs, partly as the result of an acquisition in the previous year.

Depreciation and amortisation, non-operating results

In CHF million, except where indicated	2 nd quarter 2023	2 nd quarter 2022	Change	1 st half-year 2023	1 st half-year 2022	Change
Operating income before depreciation and amortisation (EBITDA)	1,139	1,054	8.1%	2,303	2,191	5.1%
Depreciation and amortisation of property, plant and equipment and intangible assets	(531)	(536)	-0.9%	(1,056)	(1,058)	-0.2%
Depreciation of right-of-use assets	(66)	(68)	-2.9%	(132)	(134)	-1.5%
Operating income (EBIT)	542	450	20.4%	1,115	999	11.6%
Net interest expense on financial assets and liabilities	(19)	(18)	5.6%	(33)	(33)	-%
Interest expense on lease liabilities	(9)	(11)	-18.2%	(21)	(22)	-4.5%
Other financial result	(6)	14	-%	(10)	42	-%
Result of equity-accounted investees	-	-	-%	-	(1)	-100.0%
Income before income taxes	508	435	16.8%	1,051	985	6.7%
Income tax expense	(102)	(97)	5.2%	(203)	(200)	1.5%
Net income	406	338	20.1%	848	785	8.0%
Attributable to equity holders of Swisscom Ltd	406	337	20.5%	848	784	8.2%
Attributable to non-controlling interests	-	1	-100.0%	-	1	-100.0%
Earnings per share (in CHF)	7.84	6.51	20.4%	16.37	15.13	8.2%

Net income rose by 8.0% to CHF 848 million. The increase in operating income was partly offset by the deterioration in the financial result. The financial result decreased mainly due to positive effects of CHF 62 million from the valuation of interest rate swaps at market value in the previous year. Income tax expense was CHF 203 million (prior year: CHF 200 million), corresponding to an effective income tax rate of 19.3% (prior year: 20.3%).

Cash flows

In CHF million	1 st half-year 2023	1 st half-year 2022	Change
Operating income before depreciation and amortisation (EBITDA)	2,303	2,191	112
Lease expense	(143)	(146)	3
EBITDA after lease expense (EBITDAaL)	2,160	2,045	115
Capital expenditure	(1,113)	(1,053)	(60)
Operating free cash flow proxy	1,047	992	55
Change in net working capital	(346)	(354)	8
Change in net defined benefit liabilities	(17)	33	(50)
Net interest payments on financial assets and liabilities	(23)	(17)	(6)
Income taxes paid	(201)	(344)	143
Other operating cash flows	2	(17)	19
Free cash flow	462	293	169
Net expenditures for company acquisitions and disposals	(56)	(65)	9
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	-
Other changes ¹	-	80	(80)
Decrease in net debt	(734)	(832)	98

¹ Includes foreign currency effects, fair value adjustments and non-cash changes in net debt positions.

The operating free cash flow proxy rose by CHF 55 million to CHF 1,047 million. The better operating income before depreciation and amortisation (EBITDA) was partly offset by the higher volume of investment. Free cash flow increased by CHF 169 million to CHF 462 million mainly due to lower income tax payments. The decrease in income tax payments is due to the different timing of due dates. A total net amount of EUR 56 million was incurred for company acquisitions and disposals in the first half of 2023 (prior year: CHF 65 million). In the second quarter of 2023, an unchanged dividend per share of CHF 22 was paid, representing a total dividend payment of CHF 1,140 million.

Net asset position

In CHF million, except where indicated	30.06.2023	31.12.2022	Change
Property, plant and equipment	10,903	10,811	0.9%
Intangible assets	1,792	1,741	2.9%
Goodwill	5,199	5,172	0.5%
Right-of-use assets	2,001	1,992	0.5%
Trade receivables	2,213	2,255	-1.9%
Receivables from finance leases	95	131	-27.5%
Trade payables	(1,498)	(1,674)	-10.5%
Provisions	(1,239)	(1,159)	6.9%
Deferred gain on sale and leaseback of real estate	(83)	(85)	-2.4%
Other operating assets and liabilities, net	(10)	(218)	-95.4%
Net operating assets	19,373	18,966	2.1%
Net debt	(8,108)	(7,374)	10.0%
Defined benefit assets and liabilities, net	(10)	(11)	-9.1%
Income tax assets and liabilities, net	(837)	(829)	1.0%
Equity-accounted investees and other financial assets	509	419	21.5%
Equity	10,927	11,171	-2.2%
Equity ratio in %	43.9	45.4	

Net operating assets rose by CHF 0.4 billion (+2.1%) compared with year-end 2022. Equity decreased by 2.2% to CHF 10.9 billion. Net income of CHF 848 million was offset by the dividend payment of CHF 1,140 million. On 28 March 2023, the Annual General Meeting of Swisscom Ltd approved the payment of an unchanged dividend of CHF 22 gross per share. The dividend was paid out on 3 April 2023. The equity ratio fell from 45.4% to 43.9% versus the end of 2022.

Net debt

Net debt consists of financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments and derivative financial instruments.

In CHF million	30.06.2023	31.12.2022
Debenture bonds	4,850	4,886
Bank loans	1,283	512
Private placements	323	322
Other financial liabilities	283	282
Lease liabilities	1,891	1,911
Total financial liabilities	8,630	7,913
Cash and cash equivalents	(126)	(121)
Other financial assets	(396)	(418)
Net debt	8,108	7,374

In the first quarter of 2023, Swisscom raised a green bond of CHF 150 million with a coupon of 1.875% and a maturity of 7.5 years, as well as a privately placed bond of CHF 50 million with a coupon of 2.19% and a maturity of 30 years. Swisscom repaid a CHF 250 million bond upon maturity in the second quarter of 2023.

In recent years, Swisscom has taken advantage of favourable capital market conditions with a view to optimising the interest and maturity structure of the Group's financial liabilities. As at 30 June 2023, the average interest rate on net financial liabilities was 1.2%, the average residual term to maturity was 4.5 years, and the share of fixed-interest-bearing financial liabilities was 74%. Swisscom also has two guaranteed lines of credit totalling CHF 2.2 billion, which have not been used.

Outlook

Key figures or as noted	2022 reported	2023 outlook ⁴
Revenue		
Swisscom Group	CHF 11,051 million ¹	CHF 11.1–11.2 billion
Switzerland ³	CHF 8,558 million	~ CHF 8.6 billion
Fastweb	EUR 2,482 million	EUR 2.5–2.6 billion
Operating income before depreciation and amortisation (EBITDA)		
Swisscom Group	CHF 4,406 million	CHF 4.6–4.7 billion ²
Switzerland ³	CHF 3,549 million	CHF 3.7–3.8 billion
Fastweb	EUR 854 million	~ EUR 0.9 billion
Capital expenditure		
Swisscom Group	CHF 2,309 million	~CHF 2.3 billion
Switzerland ³	CHF 1,690 million	~ CHF 1.7 billion
Fastweb	EUR 616 million	~ EUR 0.6 billion

¹ Restated. For further information, see note 1 to the interim financial statements.

² EBITDA after lease expense (EBITDAaL) 2022: CHF 4,120 million; EBITDaL guidance 2023: CHF 4.3–4.4 billion.

³ Swisscom w/o Fastweb.

⁴ Exchange rate CHF/EUR 1.00 (2022: CHF/EUR 1.00).

The financial outlook for the 2023 financial year remains unchanged. Swisscom expects revenue of CHF 11.1 to 11.2 billion, EBITDA of around CHF 4.6 to 4.7 billion and capital expenditure of around CHF 2.3 billion for 2023. Subject to achievement of its targets, Swisscom plans to propose payment of an unchanged dividend of CHF 22 per share for the 2023 financial year at the 2024 Annual General Meeting.

Consolidated interim financial statements

Consolidated statement of comprehensive income (unaudited)

In CHF million, except for per share amounts	Note	2 nd quarter 2023	2 nd quarter 2022	1 st half-year 2023	1 st half-year 2022
Income statement					
Revenue	2	2,703	2,713	5,450	5,467
Direct costs	3	(627)	(616)	(1,288)	(1,245)
Personnel expense	3	(670)	(676)	(1,350)	(1,373)
Other operating expense	3	(461)	(565)	(867)	(1,002)
Capitalised self-constructed assets and other income	3	194	198	358	344
Operating income before depreciation and amortisation		1,139	1,054	2,303	2,191
Depreciation and amortisation of property, plant and equipment and intangible assets		(531)	(536)	(1,056)	(1,058)
Depreciation of right-of-use assets		(66)	(68)	(132)	(134)
Operating income		542	450	1,115	999
Financial income	6	3	30	11	67
Financial expense	6	(37)	(45)	(75)	(80)
Result of equity-accounted investees		–	–	–	(1)
Income before income taxes		508	435	1,051	985
Income tax expense		(102)	(97)	(203)	(200)
Net income		406	338	848	785
Other comprehensive income					
Actuarial gains and losses from defined benefit pension plans		(8)	17	(15)	30
Change in fair value of equity instruments		13	–	75	2
Items that will not be reclassified to income statement		5	17	60	32
Foreign currency translation adjustments of foreign subsidiaries		(37)	(63)	(13)	(75)
Change in cash flow hedges		(2)	3	1	5
Items that are or may be reclassified subsequently to income statement		(39)	(60)	(12)	(70)
Other comprehensive income		(34)	(43)	48	(38)
Comprehensive income					
Net income		406	338	848	785
Other comprehensive income		(34)	(43)	48	(38)
Comprehensive income		372	295	896	747
Share of net income and comprehensive income					
Equity holders of Swisscom Ltd		406	337	848	784
Non-controlling interests		–	1	–	1
Net income		406	338	848	785
Equity holders of Swisscom Ltd		372	294	896	746
Non-controlling interests		–	1	–	1
Comprehensive income		372	295	896	747
Earnings per share					
Basic and diluted earnings per share (in CHF)		7.84	6.51	16.37	15.13

Consolidated balance sheet (unaudited)

In CHF million	Note	30.06.2023	31.12.2022
Assets			
Cash and cash equivalents		126	121
Trade receivables	7	2,213	2,255
Receivables from finance leases		10	53
Other operating assets	7	1,455	1,353
Other financial assets		56	64
Current income tax assets		7	2
Total current assets		3,867	3,848
Property, plant and equipment		10,903	10,811
Intangible assets		1,792	1,741
Goodwill		5,199	5,172
Right-of-use assets		2,001	1,992
Equity-accounted investees		26	26
Receivables from finance leases		85	78
Other financial assets		823	747
Net defined benefit assets		11	11
Deferred tax assets		187	194
Total non-current assets		21,027	20,772
Total assets		24,894	24,620
Liabilities and equity			
Financial liabilities	5	1,078	547
Lease liabilities		222	232
Trade payables	7	1,498	1,674
Other operating liabilities	7	1,465	1,571
Provisions	8	154	88
Current income tax liabilities		154	194
Total current liabilities		4,571	4,306
Financial liabilities	5	5,661	5,455
Lease liabilities		1,669	1,679
Net defined benefit liabilities		21	22
Provisions	8	1,085	1,071
Deferred gain on sale and leaseback of real estate		83	85
Deferred tax liabilities		877	831
Total non-current liabilities		9,396	9,143
Total liabilities		13,967	13,449
Share capital		52	52
Capital reserves		136	136
Retained earnings		12,710	12,942
Foreign currency translation adjustments		(1,973)	(1,960)
Hedging reserves		(1)	(2)
Equity attributable to equity-holders of Swisscom Ltd		10,924	11,168
Non-controlling interests		3	3
Total equity		10,927	11,171
Total liabilities and equity		24,894	24,620

Consolidated statement of cash flows (unaudited)

In CHF million	Note	1 st half-year 2023	1 st half-year 2022
Net income		848	785
Income tax expense		203	200
Result of equity-accounted investees		–	1
Financial income	6	(11)	(67)
Financial expense	6	75	80
Depreciation and amortisation of property, plant and equipment and intangible assets		1,056	1,058
Depreciation of right-of-use assets		132	134
Gain on sale of property, plant and equipment		(4)	(3)
Loss on sale of property, plant and equipment		1	3
Expense for share-based payments		1	1
Revenue from finance leases		(37)	(35)
Proceeds from finance lease receivables		74	30
Change in deferred gain from the sale and leaseback of real estate		(2)	(3)
Change in operating assets and liabilities	7	(332)	(408)
Change in provisions		(12)	57
Change in net defined benefit liabilities		(17)	33
Interest received		2	4
Interest payments on financial liabilities		(25)	(21)
Interest payments on lease liabilities		(21)	(22)
Dividends received		1	1
Income taxes paid		(201)	(344)
Cash flow from operating activities		1,731	1,484
Purchase of property, plant and equipment and intangible assets		(1,104)	(1,047)
Sale of property, plant and equipment and intangible assets		6	4
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(58)	(64)
Proceeds from sale of subsidiaries, net of cash and cash equivalents acquired		3	–
Acquisition of equity-accounted investees		(1)	(1)
Purchase of other financial assets		(13)	(86)
Proceeds from other financial assets		16	51
Other cash flows from investing activities		(6)	(7)
Cash flow used in investing activities		(1,157)	(1,150)
Issuance of financial liabilities	5	988	695
Repayment of financial liabilities	5	(250)	(31)
Repayment of lease liabilities		(163)	(141)
Dividends paid to equity holders of Swisscom Ltd		(1,140)	(1,140)
Dividends paid to non-controlling interests		(1)	(2)
Other cash flows from financing activities		(2)	38
Cash flow used in financing activities		(568)	(581)
Net increase (net decrease) in cash and cash equivalents		6	(247)
Cash and cash equivalents at 1 January		121	401
Foreign currency translation adjustments in respect of cash and cash equivalents		(1)	(7)
Cash and cash equivalents at the end of financial period		126	147

Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Foreign currency translation adjustments	Hedge reserves	Equity attributable to equity holders of Swisscom	Non-controlling interests	Total equity
Balance at 1 January 2022	52	136	12,485	(1,864)	2	10,811	2	10,813
Net income	–	–	784	–	–	784	1	785
Other comprehensive income	–	–	32	(75)	5	(38)	–	(38)
Comprehensive income	–	–	816	(75)	5	746	1	747
Dividends paid	–	–	(1,140)	–	–	(1,140)	(2)	(1,142)
Other changes	–	–	1	–	–	1	(1)	–
Balance at 30 June 2022	52	136	12,162	(1,939)	7	10,418	–	10,418
Balance at 1 January 2023	52	136	12,942	(1,960)	(2)	11,168	3	11,171
Net income	–	–	848	–	–	848	–	848
Other comprehensive income	–	–	60	(13)	1	48	–	48
Comprehensive income	–	–	908	(13)	1	896	–	896
Dividends paid	–	–	(1,140)	–	–	(1,140)	–	(1,140)
Other changes	–	–	–	–	–	–	–	–
Balance at 30 June 2023	52	136	12,710	(1,973)	(1)	10,924	3	10,927

Notes to the interim financial statements

About this report

General disclosures

The Swisscom Group (hereinafter referred to as 'Swisscom') provides telecommunications services, and is active primarily in Switzerland and Italy. The unaudited consolidated financial statements as at 30 June 2023 cover Swisscom Ltd, as parent company, and its subsidiaries. Swisscom Ltd is a public limited company with special status under Swiss law and has its registered office in Ittigen (Bern). The address is: Swisscom Ltd, Alte Tiefenastrasse 6, 3048 Worblaufen. Swisscom is listed on the SIX Swiss Exchange. The number of issued shares is unchanged from the prior year and totals 51,801,943. The shares have a nominal value of CHF 1 and are fully paid-up. Each share entitles the holder to one vote. The majority shareholder of Swisscom Ltd is the Swiss Confederation ('Confederation'). The Confederation is obligated by current law to hold the majority of the capital and voting rights. The Board of Directors of Swisscom approved the issuance of these consolidated interim financial statements on 2 August 2023. To date, no material events after the reporting date have occurred.

Basis of preparation

The consolidated interim financial statements for the six months to 30 June 2023 have been prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements for the financial year ending 31 December 2022.

In preparing the consolidated interim financial statements, management is required to make accounting estimates and assumptions. Adjustments are made for changes in estimates and assumptions during the reporting period in which the original estimates and assumptions changed.

Swisscom operates in business areas where the provision of services is not subject to any major seasonal or cyclical fluctuations during the financial year. Income taxes are calculated on the basis of an estimate of the expected income tax rate for the full year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 0.979 was used as the closing rate (31 December 2022: CHF/EUR 0.985) and 0.988 as the average rate for the period (prior year: CHF/EUR 1.026).

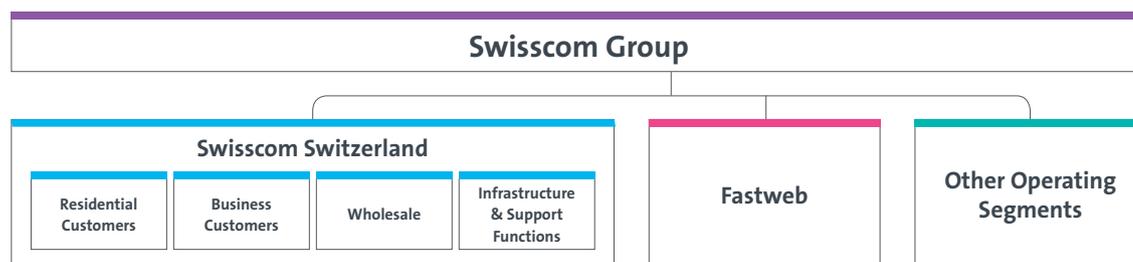
1 Accounting policies

The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2022 consolidated financial statements and the amendments described below.

As of 1 January 2023, Swisscom adopted various amendments to the existing International Financial Reporting Standards (IFRS) and interpretations, none of which have a material impact on the results or the financial position of the Group. From 2023, Swisscom will take into account other factors, such as market conditions and other entity-specific factors, in addition to contractually agreed prices, when determining the fair value for revenue and cost recognition of individual roaming contracts that contain minimum guarantees. The prior year's comparatives have been restated accordingly. The change reduced revenue and direct costs for the first six months of 2022 by CHF 27 million in each case (CHF 61 million each for the full year).

2 Segment information

General disclosures



Reporting is divided into the segments Residential Customers, Business Customers, Wholesale and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments.

For its services, the Infrastructure & Support Functions segment does not charge any network costs or management fees to other segments. The remaining services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Segment expense encompasses the direct and indirect costs, which include personnel expense, other operating costs less capitalised costs of self-constructed assets and other income. Pension cost includes ordinary employer contributions. The difference between the ordinary employer contributions and the pension cost as provided for under IAS 19 is reported in the column 'Eliminations'. In the first six months of 2023, the Eliminations segment result includes income of CHF 19 million (prior year: expenses of CHF 30 million) as a pension cost reconciliation item in accordance with IAS 19.

Leases between the segments are not recognised in the balance sheet in accordance with IFRS 16. The reported lease expense of the segments comprises depreciation and interest on right-of-use assets excluding depreciation on indefeasible rights of use (IRU) of CHF 10 million (prior year: CHF 10 million) as well as the accounting for the rental of buildings between segments. The lease expense of assets of low value is presented as direct costs.

Capital expenditure consists of the purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU). In general, IRUs are paid in full at the beginning of the use and are classified as leases under IFRS 16. From an economic point of view, IRU payments will be considered as capital expenditure in the segment information. Capital expenditure in the first six months of 2023 includes IRU payments of CHF 9 million (prior year: CHF 6 million).

Changes in segment reporting

Swisscom has reallocated various areas within Swisscom Switzerland to the segments as of 1 January 2023. The adjustments lead to cost shifts between the segments of Swisscom Switzerland. The changes have no effect on the reporting of revenue. The previous year's figures for Swisscom Switzerland were adjusted as follows:

In CHF million	Reported	Adjustment	Restated
Operating income before depreciation and amortisation (EBITDA) Swisscom Switzerland			
Financial year 2022			
Residential Customers	2,975	4	2,979
Business Customers	1,384	(3)	1,381
Wholesale	291	(2)	289
Infrastructure & Support Functions	(1,166)	1	(1,165)
Intersegment elimination	(1)	–	(1)
EBITDA Swisscom Switzerland	3,483	–	3,483

Segment information 2023

1.01.–30.06.2023, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	2,227	573	–	–	2,800
Corporate customers	1,514	520	204	–	2,238
Wholesale customers	272	140	–	–	412
External revenue	4,013	1,233	204	–	5,450
Intersegment revenue	31	3	297	(331)	–
Revenue	4,044	1,236	501	(331)	5,450
Direct costs	(816)	(469)	(40)	37	(1,288)
Indirect costs	(1,372)	(374)	(406)	293	(1,859)
Operating income before depreciation and amortisation (EBITDA)	1,856	393	55	(1)	2,303
Depreciation and amortisation of property, plant and equipment and intangible assets					(1,056)
Depreciation of right-of-use assets					(132)
Operating income (EBIT)					1,115
Financial income					11
Financial expense					(75)
Result of equity-accounted investees					–
Income before income taxes					1,051
Income tax expense					(203)
Net income					848
EBITDA	1,856	393	55	(1)	2,303
Lease expense	(111)	(27)	(5)	–	(143)
EBITDA after lease expense (EBITDAal)	1,745	366	50	(1)	2,160
Capital expenditure	(821)	(293)	(18)	19	(1,113)
Operating free cash flow proxy	924	73	32	18	1,047

Segment information Swisscom Switzerland 2023

1.01.–30.06.2023, in CHF million	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	995	406	–	–	–	1,401
Mobile	924	364	–	–	–	1,288
Telecom services	1,919	770	–	–	–	2,689
IT services	–	583	–	–	–	583
Merchandise	233	159	–	–	–	392
Wholesale	–	–	263	–	–	263
Revenue other	75	2	–	9	–	86
External revenue	2,227	1,514	263	9	–	4,013
Intersegment revenue	8	21	7	29	(34)	31
Revenue	2,235	1,535	270	38	(34)	4,044
Direct costs	(429)	(358)	(104)	(4)	79	(816)
Indirect costs	(317)	(498)	–	(512)	(45)	(1,372)
Operating income before depreciation and amortisation (EBITDA)	1,489	679	166	(478)	–	1,856
Capital expenditure	(15)	(23)	–	(783)	–	(821)

Segment information 2022

1.01.–30.06.2022, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	2,231	587	–	–	2,818
Corporate customers	1,532	510	206	–	2,248
Wholesale customers	272	129	–	–	401
External revenue	4,035	1,226	206	–	5,467
Intersegment revenue	32	4	294	(330)	–
Revenue	4,067	1,230	500	(330)	5,467
Direct costs	(820)	(426)	(34)	35	(1,245)
Indirect costs	(1,499)	(391)	(383)	242	(2,031)
Operating income before depreciation and amortisation (EBITDA)	1,748	413	83	(53)	2,191
Depreciation and amortisation of property, plant and equipment and intangible assets					(1,058)
Depreciation of right-of-use assets					(134)
Operating income (EBIT)					999
Financial income					67
Financial expense					(80)
Result of equity-accounted investees					(1)
Income before income taxes					985
Income tax expense					(200)
Net income					785
EBITDA	1,748	413	83	(53)	2,191
Lease expense	(111)	(30)	(5)	–	(146)
EBITDA after lease expense (EBITDAal)	1,637	383	78	(53)	2,045
Capital expenditure	(755)	(306)	(14)	22	(1,053)
Operating free cash flow proxy	882	77	64	(31)	992

Segment information Swisscom Switzerland 2022

1.01.–30.06.2022, in CHF million, restated	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	1,005	421	–	–	–	1,426
Mobile	922	374	–	–	–	1,296
Telecom services	1,927	795	–	–	–	2,722
IT services	–	574	–	–	–	574
Merchandise	244	163	–	–	–	407
Wholesale	–	–	263	–	–	263
Revenue other	60	–	–	9	–	69
External revenue	2,231	1,532	263	9	–	4,035
Intersegment revenue	8	25	6	27	(34)	32
Revenue	2,239	1,557	269	36	(34)	4,067
Direct costs	(423)	(371)	(104)	(4)	82	(820)
Indirect costs	(340)	(495)	(10)	(607)	(47)	(1,499)
Operating income before depreciation and amortisation (EBITDA)	1,476	691	155	(575)	1	1,748
Capital expenditure	(17)	(22)	–	(717)	1	(755)

3 Operating costs

Direct costs

In CHF million	1.1.–30.6.2023	1.1.–30.6.2022
Customer premises equipment and merchandise	480	451
Services purchased	357	356
Costs to obtain a contract	106	99
Costs to fulfill a contract	43	48
Network access costs of swiss subsidiaries	104	104
Network access costs of foreign subsidiaries	198	187
Total direct costs	1,288	1,245

Indirect costs

In CHF million	1.1.–30.6.2023	1.1.–30.6.2022
Salary and social security expenses	1,318	1,346
Other personnel expense	32	27
Total personnel expense	1,350	1,373
Information technology cost	128	130
Maintenance expense	114	143
Energy costs	75	72
Advertising and selling expenses	78	101
Consultancy expenses and freelance workforce	46	59
Call centre services purchased	61	66
Administration expense	20	25
Allowances for receivables and contract assets	35	30
Miscellaneous operating expenses	310	376
Total other operating expense	867	1,002
Capitalised self-constructed tangible and intangible assets	(261)	(237)
Own work for capitalised contract costs	(27)	(32)
Gain on sale of property, plant and equipment	(4)	(3)
Miscellaneous income	(66)	(72)
Total capitalised self-constructed assets and other income	(358)	(344)
Total indirect costs	1,859	2,031

Capitalised self-constructed tangible and intangible assets include personnel costs for the manufacturing of technical installations, the construction of network infrastructure and the development of software for internal use.

4 Dividend

On 28 March 2023, the Annual General Meeting of Swisscom Ltd approved the payment of an unchanged gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 3 April 2023.

5 Financial liabilities

In CHF million	Carrying amount 1.01.2023	Issuance	Repayment	Other changes ¹	Carrying amount 30.06.2023	Fair Value
Financial liabilities						
Bank loans	512	780	–	(9)	1,283	1,280
Debenture bonds	4,886	200	(250)	14	4,850	4,539
Private placements	322	–	–	1	323	310
Derivative financial instruments	129	–	–	(3)	126	126
Other financial liabilities	153	8	–	(4)	157	158
Total financial liabilities	6,002	988	(250)	(1)	6,739	6,413

¹ Interest expense, interest payments, non-cash changes and foreign currency translation adjustments.

In the first quarter of 2023, Swisscom raised a green bond of CHF 150 million with a coupon of 1.875% and a maturity of 7.5 years, as well as a privately placed bond of CHF 50 million with a coupon of 2.19% and a maturity of 30 years. The funds received were used to repay existing debt. Swisscom repaid a CHF 250 million bond upon maturity in the second quarter of 2023.

Swisscom has two confirmed lines of credit amounting to CHF 1,000 million maturing in 2028 and CHF 1,200 million maturing in 2028. As of 30 June 2023, none of these lines of credit had been drawn down, as in the prior year.

6 Financial result

In CHF million	1.1.–30.6.2023	1.1.–30.6.2022
Interest income on financial assets	3	2
Change in fair value of interest rate swaps	–	62
Other financial income	8	3
Total financial income	11	67
Interest expense on financial liabilities	(36)	(35)
Interest expense on lease liabilities	(21)	(22)
Change in fair value of interest rate swaps	(3)	–
Present-value adjustments and interest on provisions	(5)	(11)
Other financial expense	(10)	(12)
Total financial expense	(75)	(80)
Financial income and financial expense, net	(64)	(13)
Interest expense on lease liabilities	(21)	(22)
Net interest expense on financial assets and liabilities	(33)	(33)

7 Net current operating assets

Operating assets and liabilities changed as follows in the first six months of 2023:

In CHF million	1.01.2023	Operational changes	Other changes ¹	30.06.2023
Trade receivables	2,255	(43)	1	2,213
Other operating assets	1,353	96	6	1,455
Trade payables	(1,674)	164	12	(1,498)
Other operating liabilities	(1,571)	115	(9)	(1,465)
Total operating assets and liabilities, net	363	332	10	705

1 Foreign currency translation and adjustments from acquisition and sale of subsidiaries.

Other operating assets and liabilities

In CHF million	30.06.2023	31.12.2022
Other operating assets		
Contract assets	175	178
Contract costs	281	278
Inventories	177	162
Prepaid expenses	609	514
Other operating assets	213	221
Total other operating assets	1,455	1,353
Other operating liabilities		
Contract liabilities	989	1,084
Accruals for variable performance-related bonus	68	149
Other operating liabilities	408	338
Total other operating liabilities	1,465	1,571

8 Provisions and contingent liabilities

Provisions

Provisions changed as follows in the first six months of 2023:

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Termination benefits	Others	Total
Balance at 1 January 2023	658	283	31	187	1,159
Additions to provisions	–	13	–	35	48
Adjustments recognised under property, plant and equipment	87	–	–	–	87
Interest and present-value adjustments	7	(2)	–	–	5
Release of unused provisions	–	(20)	–	(6)	(26)
Use of provisions	(12)	–	(7)	(15)	(34)
Balance at 30 June 2023	740	274	24	201	1,239
Thereof current provisions	–	62	20	72	154
Thereof non-current provisions	740	212	4	129	1,085

In accordance with the Telecommunications Act, Swisscom provides access services (incl. interconnection) to other telecommunications service providers in Switzerland. In previous years, several telecommunications service providers demanded ComCom to reduce the prices charged to them by Swisscom for regulated network access services. The Competition Commission (COMCO) has also launched various investigations against Swisscom in the past.

In the past, Swisscom recognised provisions for regulatory and antitrust proceedings on the basis of legal assessments. As a result of the reassessment of these proceedings, provisions of CHF 10 million were set up in the first half of 2023 and provisions of CHF 20 million were reversed. Any payments to be made will depend upon the date on which legally binding decrees and decisions are issued, and could probably occur within five years.

Contingent liabilities for regulatory and competition law proceedings

With regard to the contingent liabilities reported in the 2022 consolidated financial statements in connection with regulatory and antitrust proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and, as before, has therefore not recognised any provisions for this in the consolidated financial statements as at 30 June 2023.

Alternative performance measures

Swisscom uses key indicators defined in the International Financial Reporting Standards (IFRS) throughout its entire financial reporting, as well as selected alternative performance measures (APMs). These alternative measures provide useful information on the Group's financial situation and are used for financial management and control purposes. As these measures are not defined under IFRS, the calculation may differ from the published APMs of other companies. For this reason, comparability across companies may be limited. The key alternative performance measures used at Swisscom for the interim financial reporting as at 30 June 2023 are defined as follows:

Key performance measure	Swisscom definition
Adjustments	Significant items that, due to their exceptional nature, cannot be considered part of the Swisscom Group's ongoing performance, such as termination benefits and significant positions in connection with legal cases or other non-recurring items. In addition, the application of changes in the IFRS accounting principles and standards can have an impact on comparability with the previous year if these principles are not applied retrospectively.
At constant exchange rates	Key performance measures considering currency effects (figures for 2023 are translated at the 2022 exchange rate to calculate the currency effect).
Operating income before depreciation and amortisation (EBITDA)	Operating income before depreciation, amortisation and impairment losses of property, plant and equipment, intangible assets and right-of-use assets, financial expense and financial income, result of equity-accounted investees and income tax expense.
Operating income (EBIT)	Operating income before financial expense and financial income, result of equity accounted investees and income tax expense.
Capital expenditure	Purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU) which are classified as leases under IFRS 16. In general, IRUs are paid in full at the beginning of use.
Operating free cash flow proxy	Operating income before depreciation and amortisation (EBITDA) less capital expenditure in property, plant and equipment, intangible assets and payments for indefeasible rights of use (IRU) and lease expense. Lease expense includes interest expense on lease liabilities and depreciation of rights of use excl. depreciation of indefeasible rights of use (IRU) and impairment losses on right-of-use assets.
Free cash flow	Cash flows from operating and investing activities excl. cash flows from the purchase and sale of subsidiaries and purchase of and proceeds from equity-accounted investees and other financial assets.
Net debt	Financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments and derivative financial instruments.

Reconciliation of alternative performance measures

In CHF million	1.1.–30.6.2023	1.1.–30.6.2022	Change reported	Change at constant exchange rates
Revenue				
Revenue	5,450	5,467	–0.3%	0.5%
Operating income before depreciation and amortisation (EBITDA)				
EBITDA	2,303	2,191	5.1%	5.8%
(Release) additions of provisions for legal proceedings in Switzerland	(10)	82		
Additions of provisions for legal proceedings in Italy	13	–		
EBITDA adjusted	2,306	2,273	1.5%	2.1%
Capital expenditure				
Capital expenditure in property, plant and equipment and intangible assets	1,104	1,047	5.4%	6.6%
Payments for indefeasible rights of use (IRU)	9	6	50.0%	
Capital expenditure	1,113	1,053	5.7%	6.8%

In CHF million	1.1.–30.6.2023	1.1.–30.6.2022	Change reported
Operating free cash flow proxy			
Cash flow from operating activities	1,731	1,484	247
Capital expenditure	(1,113)	(1,053)	(60)
Depreciation of right-of-use assets	(132)	(134)	2
Depreciation of indefeasible rights of use (IRU)	10	10	–
Change in deferred gain from the sale and leaseback of real estate	2	3	(1)
Change in operating assets and liabilities	332	408	(76)
Change in provisions	12	(57)	69
Change in net defined benefit liabilities	17	(33)	50
Gain on sale of property, plant and equipment	4	3	1
Loss on sale of property, plant and equipment	(1)	(3)	2
Expense for share-based payments	(1)	(1)	–
Revenue from finance leases	37	35	2
Proceeds from finance leases	(74)	(30)	(44)
Interest received	(2)	(4)	2
Interest payments on financial liabilities	25	21	4
Dividends received	(1)	(1)	–
Income taxes paid	201	344	(143)
Operating free cash flow proxy	1,047	992	55

Free cash flow			
Cash flow from operating activities	1,731	1,484	247
Cash flow used in investing activities	(1,157)	(1,150)	(7)
Repayment of lease liabilities	(163)	(141)	(22)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	58	64	(6)
Proceeds from equity-accounted investees	(3)	–	(3)
Acquisition of equity-accounted investees	1	1	–
Purchase of other financial assets	13	86	(73)
Proceeds from other financial assets	(16)	(51)	35
Other cash flows from financing activities	(2)	–	(2)
Free cash flow	462	293	169

Further information

Share information

Swisscom share performance indicators

31.12.2022–30.06.2023

Closing price as at 31 December 2022, in CHF¹

Closing price as at 30 June 2023, in CHF¹

Year high in CHF¹

Year low in CHF¹

Total volume of traded shares

Total turnover in CHF million

Daily average of traded shares

Daily average in CHF million

SIX Swiss Exchange
506.60
557.80
619.40
509.80
10,934,570
6,265.58
88,182
50.53

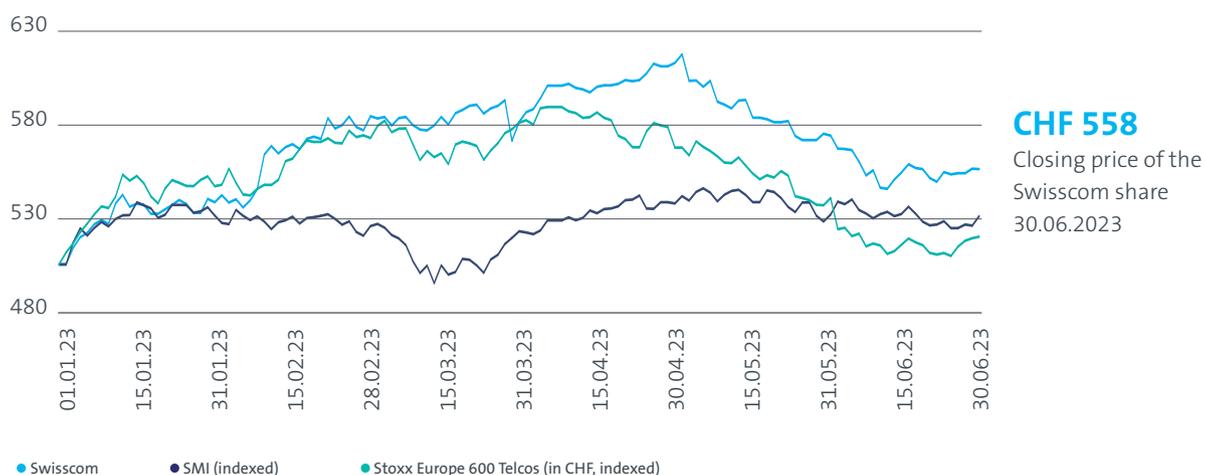
Source: Bloomberg

1 paid prices

Share performance

Share performance since 1 January 2023

in CHF



Financial calendar

- 2 November 2023 2023 Third Quarter Results
- 9 February 2024 2023 Annual Results and Annual Report

Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange under the symbol SCMN (Securities No. 874251). In the United States, they are traded in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over The Counter, Level 1) under the symbol SCMWY (Pink Sheet No. 69769).

Quarterly review 2022 and 2023

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Income statement										
Revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703			5,450
Direct costs	(629)	(616)	(661)	(720)	(2,626)	(661)	(627)			(1,288)
Personnel expense	(697)	(676)	(650)	(682)	(2,705)	(680)	(670)			(1,350)
Other operating expense	(437)	(565)	(404)	(576)	(1,982)	(406)	(461)			(867)
Capitalised self-constructed assets and other income	146	198	153	171	668	164	194			358
Operating income (EBITDA)	1,137	1,054	1,150	1,065	4,406	1,164	1,139			2,303
Depreciation and amortisation	(522)	(536)	(525)	(521)	(2,104)	(525)	(531)			(1,056)
Depreciation of right-of-use assets	(66)	(68)	(67)	(61)	(262)	(66)	(66)			(132)
Operating income (EBIT)	549	450	558	483	2,040	573	542			1,115
Net interest expense on financial assets and liabilities	(15)	(18)	(13)	(11)	(57)	(14)	(19)			(33)
Interest expense on lease liabilities	(11)	(11)	(11)	(11)	(44)	(12)	(9)			(21)
Other financial result	28	14	(10)	(3)	29	(4)	(6)			(10)
Equity-accounted investees	(1)	–	(1)	(3)	(5)	–	–			–
Income before income taxes	550	435	523	455	1,963	543	508			1,051
Income tax expense	(103)	(97)	(94)	(66)	(360)	(101)	(102)			(203)
Net income	447	338	429	389	1,603	442	406			848
Attributable to equity holders of Swisscom Ltd	447	337	429	389	1,602	442	406			848
Attributable to non-controlling interests	–	1	–	–	1	–	–			–
Earnings per share (in CHF)	8.63	6.51	8.28	7.51	30.93	8.53	7.84			16.37
Revenue										
Swisscom Switzerland	2,056	2,011	2,039	2,103	8,209	2,044	2,000			4,044
Fastweb	615	615	588	675	2,493	619	617			1,236
Other Operating Segments	241	259	259	279	1,038	243	258			501
Intersegment elimination	(158)	(172)	(174)	(185)	(689)	(159)	(172)			(331)
Total revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703			5,450
Operating income before depreciation and amortisation (EBITDA)										
Swisscom Switzerland	930	818	917	818	3,483	943	913			1,856
Fastweb	191	222	220	224	857	187	206			393
Other Operating Segments	42	41	39	38	160	34	21			55
Reconciliation pension cost	(15)	(15)	(15)	(8)	(53)	9	10			19
Elimination	(11)	(12)	(11)	(7)	(41)	(9)	(11)			(20)
Total EBITDA	1,137	1,054	1,150	1,065	4,406	1,164	1,139			2,303
Capital expenditure										
Swisscom Switzerland	364	391	406	537	1,698	394	427			821
Fastweb	163	143	147	166	619	152	141			293
Other Operating Segments	6	8	8	12	34	8	10			18
Intersegment elimination	(11)	(11)	(13)	(7)	(42)	(9)	(10)			(19)
Total capital expenditure	522	531	548	708	2,309	545	568			1,113

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Operating free cash flow proxy										
Operating income (EBITDA)	1,137	1,054	1,150	1,065	4,406	1,164	1,139			2,303
Lease expense	(72)	(74)	(73)	(67)	(286)	(73)	(70)			(143)
EBITDA after lease expense (EBITDAaL)	1,065	980	1,077	998	4,120	1,091	1,069			2,160
Capital expenditure	(522)	(531)	(548)	(708)	(2,309)	(545)	(568)			(1,113)
Operating free cash flow proxy	543	449	529	290	1,811	546	501			1,047
Free cash flow										
Free cash flow	63	230	687	369	1,349	209	253			462
Net debt										
Net debt	7,680	8,538	7,704	7,374	7,374	7,171	8,108			8,108
Full-time equivalent employees										
Swisscom Switzerland	12,999	12,927	12,870	12,822	12,822	12,841	13,054			13,054
Fastweb	2,737	2,880	2,915	3,039	3,039	3,087	3,117			3,117
Other Operating Segments	3,273	3,260	3,248	3,296	3,296	3,324	3,326			3,326
Total personnel expense	19,009	19,067	19,033	19,157	19,157	19,252	19,497			19,497
Information by geographical regions										
Revenue in Switzerland	2,141	2,100	2,126	2,199	8,566	2,129	2,088			4,217
Revenue in other countries	613	613	586	673	2,485	618	615			1,233
Total revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703			5,450
Operating income (EBITDA) in Switzerland	941	829	925	839	3,534	975	933			1,908
Operating income (EBITDA) in other countries	196	225	225	226	872	189	206			395
Total EBITDA	1,137	1,054	1,150	1,065	4,406	1,164	1,139			2,303
Capital expenditure in Switzerland	359	387	401	541	1,688	392	427			819
Capital expenditure in other countries	163	144	148	166	621	153	141			294
Total capital expenditure	522	531	549	707	2,309	545	568			1,113
Headcount in Switzerland	15,987	15,874	15,786	15,750	15,750	15,755	15,929			15,929
Headcount in other countries	3,022	3,193	3,247	3,407	3,407	3,497	3,568			3,568
Total headcount (ful-time equivalent)	19,009	19,067	19,033	19,157	19,157	19,252	19,497			19,497
Fastweb, in EUR million										
Residential customers	285	287	284	289	1,145	289	291			580
Corporate customers	247	250	239	279	1,015	261	266			527
Wholesale	62	64	78	111	315	71	70			141
External revenue	594	601	601	679	2,475	621	627			1,248
Intersegment revenue	1	3	2	1	7	2	1			3
Revenue	595	604	603	680	2,482	623	628			1,251
Operating income (EBITDA)	185	218	225	226	854	188	210			398
Margin as % of revenue	31.1	36.1	37.3	33.2	34.4	30.2	33.4			31.8
Lease expense	(14)	(15)	(14)	(14)	(57)	(13)	(14)			(27)
EBITDA after lease expense (EBITDAaL)	171	203	211	212	797	175	196			371
Capital expenditure	(157)	(142)	(150)	(167)	(616)	(153)	(144)			(297)
Operating free cash flow proxy	14	61	61	45	181	22	52			74
Broadband access lines in thousand	2,731	2,712	2,696	2,683	2,683	2,662	2,631			2,631
Broadband access lines wholesale in thousand	363	386	418	458	458	498	532			532
Mobile access lines in thousand	2,649	2,805	2,937	3,087	3,087	3,231	3,343			3,343

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Swisscom Switzerland										
Revenue and results										
Residential Customers	965	962	970	964	3,861	960	959			1,919
Business Customers	400	395	399	394	1,588	388	382			770
Revenue telecoms services	1,365	1,357	1,369	1,358	5,449	1,348	1,341			2,689
IT services	289	285	281	297	1,152	291	292			583
Merchandise	222	185	204	249	860	217	175			392
Wholesale	130	133	142	135	540	131	132			263
Revenue other	35	34	29	50	148	42	44			86
External revenue	2,041	1,994	2,025	2,089	8,149	2,029	1,984			4,013
Intersegment revenue	15	17	14	14	60	15	16			31
Revenue	2,056	2,011	2,039	2,103	8,209	2,044	2,000			4,044
Revenue										
Residential Customers	1,131	1,108	1,131	1,157	4,527	1,136	1,099			2,235
Business Customers	791	766	764	808	3,129	772	763			1,535
Wholesale	133	136	144	138	551	134	136			270
Infrastructure & Support Functions	18	18	18	17	71	19	19			38
Intersegment elimination	(17)	(17)	(18)	(17)	(69)	(17)	(17)			(34)
Revenue	2,056	2,011	2,039	2,103	8,209	2,044	2,000			4,044
EBITDA										
Residential Customers	746	730	757	746	2,979	748	741			1,489
Business Customers	352	339	360	330	1,381	345	334			679
Wholesale	81	74	54	80	289	80	86			166
Infrastructure & Support Functions	(249)	(326)	(254)	(336)	(1,165)	(231)	(247)			(478)
Intersegment elimination	–	1	–	(2)	(1)	1	(1)			–
EBITDA	930	818	917	818	3,483	943	913			1,856
Margin as % of revenue	45.2	40.7	45.0	38.9	42.4	46.1	45.7			45.9
Lease expense	(56)	(55)	(56)	(51)	(218)	(56)	(55)			(111)
EBITDA after lease expense (EBITDAaL)	874	763	861	767	3,265	887	858			1,745
Capital expenditure	(364)	(391)	(406)	(537)	(1,698)	(394)	(427)			(821)
Operating free cash flow proxy	510	372	455	230	1,567	493	431			924
Operational data in thousand										
Residential Customers	1,139	1,121	1,103	1,082	1,082	1,058	1,041			1,041
Business Customers	260	248	248	240	240	234	230			230
Fixed telephony access lines	1,399	1,369	1,351	1,322	1,322	1,292	1,271			1,271
Broadband access lines retail										
Residential Customers	1,736	1,733	1,734	1,736	1,736	1,727	1,724			1,724
Business Customers	294	293	293	291	291	290	288			288
Broadband access lines retail	2,030	2,026	2,027	2,027	2,027	2,017	2,012			2,012
TV access lines										
Residential Customers	1,517	1,513	1,508	1,503	1,503	1,491	1,483			1,483
Business Customers	69	69	68	68	68	67	66			66
TV access lines	1,586	1,582	1,576	1,571	1,571	1,558	1,549			1,549
Mobile access lines Postpaid										
Residential Customers	3,136	3,169	3,226	3,275	3,275	3,288	3,313			3,313
Business Customers	1,879	1,883	1,874	1,871	1,871	1,888	1,903			1,903
Mobile access lines Postpaid	5,015	5,052	5,100	5,146	5,146	5,176	5,216			5,216
Prepaid Residential Customers	1,136	1,105	1,066	1,027	1,027	1,001	979			979
Mobile access lines	6,151	6,157	6,166	6,173	6,173	6,177	6,195			6,195
Access lines wholesale	703	692	691	679	679	688	682			682

Forward-looking statements

This Interim Report is published in German and English. The German version is binding.

This interim report contains forward-looking statements. In this Interim Report, such forward-looking statements include, without limitation, statements relating to our financial position, results of operations and business and certain of our strategic plans and objectives.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.