



Financial results for the first quarter of 2019:

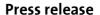
Swisscom presents solid results – over 250,000 customers sign up for the latest inOne mobile offering

- Compared with the prior-year period: revenue practically stable, EBITDA slightly higher
- Bundled offerings still in demand: inOne mobile go launch a success
- Corporate business facing fierce competition
- Fastweb growing among residential and business customers
- Sustained high investment in networks
- Outlook for full-year 2019 unchanged
- The key figures at a glance

CEO Urs Schaeppi is upbeat about the course of business in the first three months of 2019: "Swisscom has reported solid results in a challenging market environment, with revenue and EBITDA both on a par with the previous year. In just five weeks, we managed to sign up over 250,000 customers for our latest inOne mobile offering." Given the ongoing rise in data volumes, the need for investment remains high. At the same time, the market is being driven by falling prices and promotions. "This makes it all the more important for us to gear our services and offerings specifically to customer requirements," adds Urs Schaeppi. "With that in mind, at the end of March we launched a range of new offerings, doing away with roaming in 39 countries within Europe. Our customers can now enjoy unlimited calling, texting and surfing when travelling abroad to those countries. Our 5G network has been live since mid-April. Our aim is to cover the whole of Switzerland with 5G by the end of the year. And, starting in May, we will be offering the first commercially available 5G smartphone in collaboration with Oppo Reno. What's more, our subsidiary Fastweb developed very positively as it recorded further growth in both the Business Customers segment and the Residential Customers segment."

Declining Swiss core business, growth at Fastweb

Group revenue was CHF 2,860 million, down slightly year-on-year (-0.9%) and almost on a par with the prior-year level (-0.2%) on the basis of constant exchange rates. In its saturated Swiss core business, Swisscom generated revenue of CHF 2,163 million (-1.9%) The CHF 52 million decline in revenue from telecommunications services can be largely attributed to persistent price pressure in various segments and to the downward trend in the number of connections in fixed-line telephony. Business in Italy continued to develop positively, with Fastweb reporting revenue growth of EUR 22 million, a year-on-year increase of 4.5%.





Consolidated operating income before depreciation and amortisation (EBITDA) totalled CHF 1,119 million, up 5.8% from the previous year. The year-on-year comparison is affected by the application of new requirements for the recognition of leases (IFRS 16). On a like-for-like basis, the rise is 1.4%. In the Swiss core business, EBITDA contracted by 0.6%. The decline resulting from lower revenue was largely offset by ongoing cost-cutting measures. At Fastweb, by contrast, EBITDA was up 6.1% in local currency. In overall terms, Swisscom generated slightly higher net income than in the previous year, at CHF 383 million (+1.1%).

Network infrastructure: sustained high investment, 5G for the whole of Switzerland

Swisscom continuously invests in the quality, coverage and performance of its network infrastructure, reinforcing its position at the cutting edge of technology. At CHF 518 million, group-wide capital expenditure remained high.

Broadband expansion on course

Investments in broadband networks are being stepped up. While Swisscom has connected 66% of all Swiss homes and offices with ultra-fast broadband speeds in excess of 80 Mbps, more than 37% of all homes and offices enjoy connections with superior bandwidths of more than 200 Mbps. Swisscom aims to connect all Swiss municipalities and 90% of Swiss homes and offices with ultra-fast broadband by end of 2021.

Switch to IP – the final sprint

The switch to IP technology is proceeding as planned. The migration in the residential and SME mass market is largely complete, and all remaining customers have been notified of the date of their migration. The switch to IP should be completed in full by the end of 2019. Work on decommissioning the old infrastructure has already begun in various regions.

Broadband on the mobile network – winner of mobile network tests, 5G in operation Hot on the heels of winning the Connect network test in February, Swisscom took first place in the CHIP mobile network test for the fourth time in succession. Alongside its overall victory, Swisscom was awarded top marks in the categories "mobile Internet" and "LTE network". The expansion continues. At the end of March 2019, Swisscom's 4G/LTE network covered 99% of the population nationwide. 95% of the Swiss population can already surf at speeds of up to 300 Mbps, 72% at speeds of up to 500 Mbps, and 27% at speeds of 700 Mbps.

In addition, Swisscom rolled out its 5G network on 17 April 2019 and is one of the first providers worldwide to offer fully standardised 5G networks. All of Switzerland should

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be covered by the end of the year – from cities to the countryside and mountain areas. Starting in May, Swisscom will be offering the first commercially available 5G smartphone in collaboration with Oppo Reno.

Top product inOne continues to gain ground

The number of TV and broadband connections remains high, and demand for bundled offerings continues to rise. Residential customers in particular appreciate the modular, flexible inOne subscription.

More customers opt for inOne

Swisscom had a total of 2.48 million inOne customers at the end of March, with the latest mobile offering inOne alone registering over 250,000 customers in the first five weeks after its launch. In the Residential Customers segment, inOne accounts for 57% of mobile subscriptions and 60% of fixed-line broadband connections.

Growth in TV thanks to bundled offering

The markets for broadband and TV are saturated and driven strongly by promotional offerings. The number of fixed-line broadband connections fell slightly by 3,000 or 0.1% to 2.03 million in the first quarter, while TV connections increased by 4,000 or 0.3% to 1.52 million during the same period.

The downtrend in traditional fixed-line telephony is slowing: at the end of March, Swisscom had 1.60 million fixed-line phone connections in the Residential Customers segment, equivalent to a decrease of 40,000 connections in the first quarter of 2019.

Increased demand for mobile data usage and roaming

In a saturated market, the number of postpaid lines grew by 61,000 year-on-year, while the number of prepaid lines fell by 134,000. Swisscom had 6.38 million mobile access lines as at the end of March 2019. The use of mobile data services is still increasing. In the first three months of 2019, 18% more mobile data traffic was transmitted than in the prior-year period. The increase in roaming data volumes was much higher at 50%. This was due to further price reductions and additional inclusive services with the newly launched inOne Mobile subscription. A large number of customers phone, surf and send SMS messages within Europe without incurring any additional costs.

Corporate business: fierce competition and stable demand for ICT solutions
The market for corporate customers remains challenging: price pressure has intensified further and the switch to IP is fully under way. Revenue from telecommunications services fell year-on-year as a result by 8,5% or CHF 22 million to CHF 238 million.

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Demand for cloud IT outsourcing and security as well as for IoT services remained stable. Volumes in connection with the operation of workplace systems contracted. Revenue in the merchandise business offset the decline in the solutions business. These revenues increased by CHF 5 million or 1.6% overall.

Fastweb growing among residential and business customers

Fastweb performed well in the first quarter. Its fixed-line broadband business developed positively, with the number of broadband customers increasing to 2.58 million (+3.7% year-on-year). The company registered further growth to around 1.5 million mobile phone customers (+28% year-on-year) in a saturated and fiercely contested market. Fastweb is placing a stronger focus on convergence; 31% of subscribers already use a bundled offering combining fixed network and mobile services. The company's corporate business segment also continued to grow, with revenue up a substantial EUR 22 million (+12.2%).

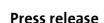
Overall, Fastweb increased revenue by EUR 514 million (+4.5%). Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to EUR 157 million (+6,1%)

Financial outlook remains unchanged

For 2019, Swisscom expects net revenue of around CHF 11.4 billion, EBITDA in excess of CHF 4.3 billion and capital expenditure of around CHF 2.3 billion. The CHF 196 million spent on 5G mobile radio frequencies is not included in the capital expenditure forecast. Subject to achieving its targets, Swisscom will propose payment of an unchanged, attractive dividend of CHF 22 per share for the 2019 financial year at the 2020 Annual General Meeting.

Key figures at a glance

	1.1 31.03.2018	1.1 31.03.2019	Change (adjusted*)
Net revenue (in CHF millions)	2,885	2,860	-0.9% (-0.2%)
Operating income before depreciation and amortisation, EBITDA (in CHF millions)	1,058	1,119	5.8% (1.4%)
Operating income, EBIT (in CHF millions)	518	505	-2.5%





Net income (in CHF millions)	379	383	1.1%
Swisscom TV connections in Switzerland (on 31 March, in thousands)	1,492	1,523	2.1%
Retail broadband connections Switzerland (on 31 March, in thousands)	2,025	2,030	0.2%
Mobile access lines in Switzerland (on 31 March, in thousands)	6,451	6,378	-1.1%
Fastweb broadband connections (on 31 March, in thousands)	2,483	2,575	3.7%
Fastweb mobile access lines (on 31 March, in thousands)	1,185	1,517	28.0%
Capital expenditure (in CHF millions)	501	518	3.4%
Of which capital expenditure Switzerland (in CHF millions)	315	357	13.3%
Group employees (FTEs on 31 March)	20,326	19,719	-3.0%
Of which employees in Switzerland (FTEs on 31 March)	17,611	17,035	-3.3%

^{*} On a like-for-like basis and at constant exchange rates

Detailed interim report:

http://www.swisscom.ch/q1-report-2019

Related documents:

http://www.swisscom.ch/ir

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