



Financial results for the first quarter of 2020:

## **Stable operating income despite challenging environment**

- **Group revenue in line with expectations, operating income (EBITDA) stable at CHF 1,111 million, minimal impact of COVID-19 on financial results in the first quarter**
- **Bundled offers still in demand, 68% of private customers use inOne mobile communications services**
- **Corporate business segment grows in solutions business**
- **Fastweb grows in all customer segments**
- **Ongoing high investment in networks is paying off: Four test awards in first quarter**
- **Outlook for full-year 2020 unchanged but there are uncertainties regarding the financial impact of COVID-19**
- [The key figures at a glance](#)

CEO Urs Schaeppi considers the first three months of 2020 to be positive overall: “The market environment is challenging. But Swisscom’s results are sound, given the circumstances. The demand for our bundled offerings continues. Our network is the foundation of our success. This is evident in the current COVID-19 crisis. Meetings via video conference in the home office, distance learning in the children’s room and contact with friends via telephone and FaceTime are now part of everyday life – with corresponding effects on the infrastructure. We recorded 70% more mobile phone calls in March than in the previous month. And in the fixed network, we reach peak levels every evening at prime time with TV and streaming services. Before the crisis, this only happened on Sunday evenings. Swisscom’s networks are continuing to hold their own, even at this time. Given the ongoing rise in data volumes, however, the need for investment remains high. That is why we are investing in further expanding mobile telephony with 5G and in doubling fibre-optic coverage (FTTH) by the end of 2025. Our subsidiary Fastweb continued to grow in the residential and business customers segments. COVID-19 is creating many uncertainties and will continue to shape our financial year. I am grateful and proud of what Swisscom employees are achieving in difficult conditions.”

→ [Video Urs Schaeppi](#)

### **Price-related decline in Swiss core business, growth at Fastweb**

At CHF 2,737 million, Group revenue was down year-on-year (-4.3%), but in line with expectations. In its saturated Swiss core business, Swisscom generated revenue of CHF 2,071 million (-4.4%). The CHF 72 million decline in revenue from telecommunications services can be largely attributed to persistent competitive and price pressure in various



segments. Business in Italy continued to develop positively: Fastweb reported year-on-year revenue growth of EUR 29 million (+5.6%).

The decline in core business was largely offset by ongoing cost-cutting measures. Consolidated operating income before depreciation and amortisation (EBITDA) totalled CHF 1,111 million, 0.7% below that of the previous year. EBITDA fell by 0.5% in the core Swiss market, while that of Fastweb increased by 4.9% (in EUR). In overall terms, Swisscom generated solid net profit of CHF 394 million, up 2.9% on the prior-year level due to one-time effects in income tax expense.

### **Network infrastructure: Sustained high level of capital expenditure in Switzerland's best network**

Swisscom continuously invests in the quality, coverage and performance of its network infrastructure, reinforcing its position at the cutting edge of technology. At CHF 516 million, Group-wide capital expenditure remained high.

#### *Broadband expansion on course*

As at the end of 2020, Swisscom had connected around 4 million or 76% of homes and businesses to its ultra-fast broadband service (speeds in excess of 80 Mbps). Some 2.65 million or 50% of homes and offices benefit from fast connections with bandwidths of more than 200 Mbps. Of these more than 1.57 million have been upgraded to FTTH. Swisscom wants to make ultra-fast broadband available in every Swiss municipality by the end of 2021 and thus give even remote locations access to the technology.

Swisscom has also set itself new expansion targets up to 2025, with the claim of offering all customers the best network in Switzerland everywhere and at all times. FTTH coverage is set to double in homes and businesses compared to 2019 by the end of 2025. Swisscom also wants to make more convergent use of its network technologies, with an intelligent combination of the mobile and broadband networks to ensure every customer gets precisely the service they need – whether out and about or at home.

#### *Switch to IP completed*

The switch to IP technology was completed in the residential and business customers market. Decommissioning of the old infrastructure is ongoing and scheduled for completion by the end of 2022.

#### *Broadband on the mobile network: winner of mobile network tests, expansion at risk*

Swisscom won four independent mobile network tests in the first quarter of 2020 with CHIP, PC Magazin/PCgo, Ookla and nPerf. Since the end of 2019, Swisscom has supplied 90% of the Swiss population with 5G coverage with speeds of up to 1 Gbps. In order to



exploit the potential of 5G to transmit data up to 1,000 times more efficiently and thus save energy, it is essential to renew existing antennas and build additional ones with 5G+. Due to current restrictions, such as moratoria in some cantons, the expansion of the mobile network is faltering, which means that the creation of urgently needed capacity for both 4G and 5G is also being held up. Possible consequential damage – data queues and data jams – will not be felt until some time in the future. In addition, the current situation shows how important it is to constantly develop in order to be able to react flexibly to complete changes in usage. Policy-makers and public authorities are obliged to create the conditions for network development and for a mobile communications infrastructure that will continue to be efficient in the future. This is essential for the functioning of Swiss society and the Swiss economy.

As at end-March 2020, the nationwide coverage of Swisscom's 4G/LTE network was 99%. More than 97% of the Swiss population surf at speeds of up to 300 Mbps, more than 72% at speeds of up to 500 Mbps, and some 27% at speeds of up to 700 Mbps.

### **Top product inOne continues to gain ground**

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

#### *inOne as a key driver of convergence*

At the end of March 2020, Swisscom's inOne customers in the residential customer segment numbered 2.37 million, of whom 1.05 million had opted for the mobile offering inOne mobile go. inOne accounts for 68% of all postpaid mobile phone subscriptions in the residential customer segment and for 71% of fixed-line broadband connections. 44% of customers use a convergence offering.

#### *Saturated TV market*

The markets for broadband and TV are saturated and driven strongly by promotional offerings. The number of fixed-line broadband connections at the end of March was 2.05 million, and the number of TV connections was 1.56 million.

The downward trend in traditional fixed-line telephony is slowing due to the migration of residential customers to IP, which is now complete. At the end of March 2020, Swisscom had 1.3 million fixed-line phone connections in this segment, equivalent to a decrease of 16,000 connections in the first quarter of 2020.



In a saturated market environment, the number of mobile postpaid lines grew by 66,000 year-on-year, while the number of prepaid lines fell by 145,000. Swisscom had a total of 6.30 million mobile access lines as at the end of March 2020.

### *Business customers: fierce competition and stable demand for ICT solutions*

The market for business customers is still characterised by high price pressure and new technologies. Revenue from telecommunications services fell by 8.4% year-on-year to CHF 437 million. Swisscom has a strong position as a full service provider. Its offerings meet customers' needs, and customer satisfaction remains high. Demand for cloud, security and IoT solutions continued to grow. Revenue in the solutions business picked up by CHF 10 million (+3.9%) in the first quarter of 2020.

### **Fastweb grows in all customer segments**

Fastweb had a successful first quarter and increased revenue in all segments. Despite market saturation and strong competition, the number of its mobile customers increased by 23.5% to 1.78 million year-on-year, in no small part thanks to Fastweb's attractive mobile telephony offerings with even more services. Fixed-line broadband business also developed positively, partly due to the excellent network quality: as at the end of March 2020, Fastweb had 2.66 million (+3.3%) broadband customers. The company's corporate business segment also continued to grow, with revenue up by EUR 9 million (+4.5%).

Fastweb's overall revenue increased to EUR 543 million (+5.6%). Earnings before depreciation and amortisation (EBITDA) rose by 4.9% to EUR 170 million.

### **Financial outlook remains unchanged**

For 2020, Swisscom continues to expect net revenue of around CHF 11.1 billion, EBITDA of around CHF 4.3 billion and capital expenditure of around CHF 2.3 billion.

At present it is not possible to quantify the potential financial impact of COVID-19 because

- this depends on a number of factors (such as the extent and duration of the pandemic, government measures to support the economy, customer behaviour in Switzerland and Italy, etc.) and
- there is considerable uncertainty regarding these factors.

If business develops as planned, Swisscom will propose to the 2021 Annual General Meeting that the dividend for the 2020 financial year remain unchanged at CHF 22 per share.



**Key figures at a glance**

	<b>1.1.- 31.03.2019</b>	<b>1.1.- 31.03.2020</b>	<b>Change (adjusted*)</b>
Net revenue (in CHF million)	2,860	2,737	-4.3% (-3.1%)
Operating income before depreciation and amortisation, EBITDA (in CHF million)	1,119	1,111	-0.7% (-0.3%)
Operating income, EBIT (in CHF million)	505	504	-0.2%
Net income (in CHF million)	383	394	2.9%
Swisscom TV connections in Switzerland (on 31 March, in thousands)	1,523	1,555	2.1%
Retail broadband connections Switzerland (on 31 March, in thousands)	2,057	2,053	-0.2%
Mobile access lines in Switzerland (on 31 March, in thousands)	6,378	6,299	-1.2%
Fastweb broadband connections (on 31 March, in thousands)	2,575	2,659	3.3%
Fastweb mobile access lines (on 31 March, in thousands)	1,440	1,779	23.5%
Capital expenditure (in CHF million)	518	516	-0.4%
Of which capital expenditure in Switzerland (in CHF million)	357	367	2.8%
Group employees (FTEs on 31 March)	19,719	19,110	-3.1%
Of which employees in Switzerland (FTEs on 31 March)	17,035	16,357	-4.0%

\* On a like-for-like basis and at constant exchange rates

Swisscom uses various alternative performance indices. The definition and reconciliation of values in accordance with IFRS are set out in the interim report as at 31 March 2020.

**Detailed interim report:**

<http://www.swisscom.ch/q1-report-2020>



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**Press release**

**Related documents:**

<http://www.swisscom.ch/ir>

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