



Half-year results for 2020:

Robust business – EBITDA outlook for 2020 confirmed

- Group net revenue slightly below previous year; operating result (EBITDA) practically stable
- Demand remains high for bundled offerings
- Corporate business segment grows in solutions business
- Fastweb sees growth in revenue, EBITDA and customer base
- High investment in the networks
- Outlook for 2020: EBITDA and capital expenditure unchanged; revenue slightly lower at around CHF 11.0 billion, mainly as a result of COVID-19
- [The key figures at a glance](#)

CEO Urs Schaeppi considers the first half of 2020 to be positive: “We achieved a practically stable operating result in a demanding market environment. Thanks to well-developed networks, attractive products, and good customer service, we have a high level of customer satisfaction. The strong price pressure continues. At the same time, some areas of our business came under pressure due to the temporary lockdown, for example, roaming, sales in shops and the solutions business for business customers. The great importance of a reliable and well-developed network was clearly demonstrated by the sometimes massive increase in use as a result of COVID-19. Our investments remain high, both in further expanding mobile telephony with 5G and in doubling fibre-optic coverage (FTTH) by the end of 2025. Fastweb developed favourably: our subsidiary in Italy continued to grow in the residential and business customer segments”.

[Video Urs Schaeppi](#)

Price pressure in Swiss core business, growth at Fastweb

Group revenue of CHF 5,443 million is CHF 152 million (-2.7%) lower than the previous year after currency adjustments. In its saturated Swiss core business, Swisscom generated revenue of CHF 4,096 million (-3.9%). The CHF 165 million decline in revenue at Swisscom Switzerland is mainly driven by ongoing price pressure and the impact of COVID-19; roaming accounts for around a quarter of this decline (CHF 41 million). Business in Italy developed positively: Fastweb reported year-on-year revenue growth of EUR 56 million (+5.3%).

The decline in core business was largely offset by improved efficiency. Consolidated operating income before depreciation and amortisation (EBITDA) totalled CHF 2,208 million, which was CHF 32 million below the previous year. EBITDA fell by 1.2% in the core Swiss business, while that of Fastweb increased by 4.6% (in EUR). The bottom line is a solid net profit of CHF 736 million, CHF 44 million or 5.6% below the previous year, mainly as a result of the lower EBITDA.

High investment in the network

Swisscom continuously invests in the quality, coverage and performance of the network infrastructure, further consolidating its technology leadership. At CHF 1,075 million, Group-wide capital expenditure remained high during the first half of the year.



Broadband expansion on track

As at the end of June 2020, Swisscom had connected more than 4.1 million, or over 77% of homes and businesses in Switzerland to its ultra-fast broadband service (speeds in excess of 80 Mbps). Some 2.8 million or 53% of homes and businesses benefit from fast connections with bandwidths of more than 200 Mbps. Of these, more than 1.6 million have been upgraded to FTTH. Swisscom intends to make ultra-fast broadband available in every Swiss municipality by the end of 2021, even in remote locations.

Swisscom has also set itself ambitious expansion targets up to 2025, with the claim of offering all customers the best network in Switzerland everywhere and at all times. By the end of 2025, FTTH coverage is set to double compared to 2019, reaching to up to 60%. Swisscom also wants to make more convergent use of its network technologies.

Expansion of the mobile communications network is at risk

In the first half of 2020, Swisscom came out on top in numerous mobile network tests. The basis for this is good network coverage. As at the end of June 2020, Swisscom covered 99% of the Swiss population with its 4G/LTE network. 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 and transmit data more efficiently and quickly, it is essential to renew existing antennas and build new ones with 5G+.

Due to 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. The great importance of modern and very efficient networks has become very clear in recent months. The volume of data transmitted is constantly growing and good conditions for rapid expansion are more important than ever.

inOne continues to grow

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

inOne as a key driver of convergence

At the end of June 2020, Swisscom had 2.39 million inOne customers in the private customer segment. inOne accounts for 68% of all mobile subscriptions and 72% of fixed network broadband connections in the private customer segment, while 45% of customers use a combined offer.

High dynamics in fixed and mobile networks

The markets for broadband and TV are saturated and driven strongly by promotional offerings. The number of fixed broadband connections and TV lines declined slightly in the first half of the year. The downward trend in traditional fixed-line telephony is slowing due to the migration to IP, which is now complete: at the end of June 2020, Swisscom had 1.56 million fixed-line phone connections, equivalent to a decrease of 30,000 connections in the first half of 2020.



The number of postpaid lines in mobile communications rose by 61,000 compared to the end of June 2019, and by 12,000 in the first half of the year, while the number of prepaid lines fell by 81,000 in the first half of the year. Swisscom had 6.26 million mobile lines as at the end of June 2020.

COVID-19 measures generated a lot of positive customer feedback

Swisscom has made the lockdown period easier for its customers with various free offers. Over one million customers benefited from increased bandwidth or data volume. Swisscom also waived roaming charges of up to CHF 200 for 70,000 customers who were stuck abroad. To this end, several hundred business customers with thousands of employees were equipped with free home office solutions and Swisscom TV customers were provided with free pay channels from Teleclub.

[Chart: Impact of Covid-19 on sales channels](#)

Business customers: fierce competition and increasing 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 8.0% year-on-year to CHF 868 million. Swisscom has a strong position as a full service provider and customer satisfaction remains high. Demand for cloud, security and IoT solutions continued to grow. Revenue in the solutions business picked up by CHF 14 million (+2.7%) in the first half of 2020.

Fastweb sees growth in revenue, EBITDA and customer base

Fastweb increased its revenue in all segments in the first half of the year. Despite market saturation and strong competition, the number of its mobile customers rose by 18.1% year-on-year to 1.83 million, in no small part thanks to its 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 June 2020, Fastweb had 2.69 million (+3.5%) broadband customers. The corporate business segment is also developing well and growing: revenue was up by EUR 19 million (+4.6%).

Fastweb's overall revenue increased to EUR 1,105 million (+5.3%). Operating income before depreciation and amortisation (EBITDA) rose by 4.6% to EUR 365 million.

Unchanged outlook for 2020 for EBITDA and capital expenditure

Swisscom continues to expect EBITDA of around CHF 4.3 billion and capital expenditure of some CHF 2.3 billion for 2020. Mainly as a result of Covid-19, Swisscom expects net revenue to be slightly lower at around CHF 11.0 billion (previously around CHF 11.1 billion) due to the reduction in roaming volume. If business continues as planned, Swisscom intends to propose to the 2021 Annual General Meeting payment of an unchanged dividend of CHF 22 per share for the 2020 financial year.



Key figures at a glance

	1.1.- 30.06.2019	1.1.- 30.06.2020	Change (adjusted*)
Net revenue (in CHF million)	5,663	5,443	-3.9% (-2.7%)
Operating income before depreciation and amortisation, EBITDA (in CHF million)	2,240	2,208	-1.4% (-0.9%)
Operating income, EBIT (in CHF million)	1,007	983	-2.4%
Net income (in CHF million)	780	736	-5.6%
Swisscom TV connections in Switzerland (as at 30 June in thousands)	1,529	1,551	1.4%
Retail broadband access lines in Switzerland (as at 30 June in thousands)	2,050	2,048	-0.1%
Mobile access lines in Switzerland (as at 30 June in thousands)	6,368	6,264	-1.6%
Fastweb broadband connections (as at 30 June in thousands)	2,600	2,692	3.5%
Fastweb mobile lines (as at 30 June in thousands)	1,549	1,830	18.1%
Capital expenditure (in CHF million)	1,297	1,075	-17.1%
Of which capital expenditure Switzerland (in CHF million)	961	779	-18.9%
Group employees (FTEs as at 30 June)	19,564	18,984	-3.0%
Of which employees in Switzerland (FTEs as at 30 June)	16,871	16,119	-4.5%

* 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 30 June 2020.

Detailed interim report:

<http://www.swisscom.ch/q2-report-2020>



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Press release

Related documents:

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

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