



Financial results for the first quarter of 2021:

## **Strong operating income in a difficult environment – growth at Fastweb**

- **Group revenue and operating income (EBITDA) slightly higher**
- **68% of residential customers use inOne bundled mobile offering**
- **Corporate business segment grows in the solutions business**
- **Fastweb sees growth in revenue, EBITDA and customer base**
- **Net income up due to non-recurring items in financial results**
- **Adjusted financial outlook for financial year 2021**
- [Key figures at a glance](#)

CEO Urs Schaeppi considers the first three months of 2021 to have been positive. “Swisscom has performed well and is reporting strong operating income for the first quarter of 2021. This has also happened in a highly competitive and saturated Swiss market. I was particularly pleased about winning the CHIP and Ookla mobile network tests. The expansion of the mobile network is still being blocked in many locations, however, while data volumes are constantly on the rise. In February, the Federal Office for the Environment (FOEN) presented the enforcement aids for measuring and evaluating adaptive antennas in compliance with the existing installation limit values. This is an important step toward a speedy 5G expansion, which would finally enable businesses and society to make use of the full potential offered by this technology. Our Italian subsidiary Fastweb continued to perform well, and saw growth in its revenue, operating income and customer base.”

At the same time as presenting the financial results, Swisscom also announced a new fibre-optic partnership with Salt. Thanks to this, investments are bundled, existing network capacities are used optimally and the range of services offered is further increased. Details of the press release can be found [here](#).

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

Group revenue rose by 2.4% to CHF 2,803 million. In the saturated Swiss core business, revenue rose slightly by 0.7% to CHF 2,080 million. This increase resulted from the IT solutions business with business customers and a higher number of smartphones sold. However, ongoing competition and price pressure continued to result in a decline in revenue from telecommunications services, which decreased by 3.5% to CHF 1,388 million. Business in Italy continues to develop positively: Fastweb reported year-on-year revenue growth of EUR 38 million (+7.0%).



The decline in core business for telecommunications services was offset by ongoing cost-cutting measures. Consolidated operating income before depreciation and amortisation (EBITDA) was up on the previous year by +1.2% at CHF 1,124 million. EBITDA rose by 0.8% in the core Swiss market, and that of Fastweb increased by 5.3% (in EUR).

In overall terms, Swisscom generated a net profit of CHF 638 million, up a sizable +61.9% on the prior-year due to non-recurring items in the financial results. This is mainly attributable to a shareholding that Fastweb transferred as a capital contribution to the newly-founded fibre optic network company FiberCop as part of the strategic partnership with TIM. This resulted in an upward revaluation of the investment of CHF 169 million, which was recognised in the income statement. In addition, Swisscom realised a gain of CHF 38 million on the sale of its participation in Belgacom International Carrier Services.

### **Network infrastructure: Technology leader thanks to high level of investment**

Swisscom continuously invests in the quality, coverage and performance of its network infrastructure, reinforcing its position at the cutting edge of technology. At CHF 540 million, Group-wide capital expenditure was higher than last year (+4.7%).

#### *Broadband expansion in the fixed network on course*

As at the end of 2021, Swisscom had connected around 4.5 million or 84% of homes and businesses to its ultra-fast broadband service (speeds in excess of 80 Mbps). Some 3.5 million or around 65% of homes and offices benefit from fast connections with bandwidths of more than 200 Mbps. Of these, more than 1.7 million have been upgraded to FTTH. Swisscom will make ultra-fast broadband available in every Swiss municipality by the end of 2021, and therefore provide access to the technology even in remote locations.

Swisscom has set itself an ambitious expansion target with its aspiration to offer all customers the best network in Switzerland everywhere and at all times. By the end of 2025, FTTH fibre-optic coverage is set to increase to 60%.

#### *Victory in mobile network tests, demand continues to rise and calls for rapid expansion*

Swisscom has already won two independent mobile network tests in 2021: CHIP and Ookla. As at the end of March 2021, the nationwide coverage of Swisscom's 4G/LTE network was 99%. Swisscom currently covers 96% of the Swiss population with a basic version of 5G. As at the end of March 2021, Swisscom had 1,432 antennas in 601 locations with full 5G+.



Data volumes on the mobile network increased by 30% year on year. Since 2010, the data volume has increased more than a hundredfold. Due to the more difficult conditions with regard to network expansion as well as restrictions, such as a moratorium on construction in certain 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 expansion of the mobile network is more important than ever in order to prevent data congestion on the network and to further advance the digitisation of the economy and society. The enforcement aids presented by the Federal Office for the Environment (FOEN) in February 2021 for the measurement and assessment of adaptive antennas, in compliance with the existing installation limit values, provide clarity for the licensing authorities and are an important step forward for the rapid expansion of the 5G network.

### **Convergence: inOne bundled offering remains popular**

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

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

At the end of March 2021, Swisscom's inOne customers in the residential customer segment numbered 2.47 million, of whom 1.12 million had opted for the inOne mobile go offering. inOne accounts for 68% of all postpaid mobile phone subscriptions in the residential customer segment and for 79% of fixed-line broadband connections. 46% of customers use a convergence offering that combines the mobile and fixed networks.

#### *Saturated TV market*

The markets for broadband and TV are saturated and heavily driven by promotional offerings. The number of fixed-line broadband connections at the end of March was 2.03 million and the number of TV connections was 1.58 million.

In a saturated market environment, the number of postpaid mobile lines grew year-on-year by 80,000, 65,000 of which were attributable to secondary and third-party brands such as Wingo and M-Budget Mobile. The increase in postpaid lines slowed down in the first quarter of 2021 to 1,000 lines, while the number of prepaid lines fell year-on-year by 202,000. Swisscom had a total of 6.18 million mobile access lines as at the end of March 2021.



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

The market for business customers is still dominated by price pressure and new technologies. Revenue from telecommunications services fell by 3.9% year on year to CHF 420 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 was up by 2.2% in the first quarter of 2021 to CHF 273 million.

## **Fastweb registers growth in customer base, revenue and operating income**

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 16.1% year-on-year to 2.07 million. 35% of subscribers use a bundled offering combining fixed network and mobile services. Fixed-line broadband business also developed positively, partly due to the excellent network quality: the number of its broadband customers increased by 4% to 2.77 million year-on-year. With its participation in FiberCop, a company in the fibre-optic network business, Fastweb has joined together with TIM and other telecommunications providers to achieve its goal of rolling out fibre to-the-home (FTTH) to 56% of properties in Italy by 2025. The company's corporate business segment also continued to grow, with revenue up by EUR 26 million (+12.3%). The Wholesale division is also increasing with revenue up by EUR 6 million (+12%). The number of ultrabroadband lines provided to other operators now reaches 189.000 (+56%).

Fastweb's overall revenue increased to EUR 581 million (+7.0%). Earnings before depreciation and amortisation (EBITDA) rose by 5.3% to EUR 179 million.

## **Adjusted financial outlook for the year 2021**

The financial outlook for 2021 has been adjusted compared with the year-end reporting on 4 February due to the ongoing business growth, the forecast higher euro exchange rate and the fibre-optic partnership with Salt. For 2021, Swisscom now expects net revenue of around CHF 11.3 billion, EBITDA of CHF 4.3 to 4.4 billion and capital expenditure of CHF 2.2 to 2.3 billion. If business grows as planned, Swisscom will propose to the 2022 Annual General Meeting that the dividend for the 2021 financial year should remain unchanged at CHF 22 per share.



**Key figures at a glance**

	<b>1.1.- 31.03.21</b>	<b>1.1.- 31.03.20</b>	<b>Change (adjusted*)</b>
Net revenue (in CHF million)	2,803	2,737	2.4% (1.9%)
Operating income before depreciation and amortisation, EBITDA (in CHF million)	1,124	1,111	1.2% (0.8%)
Operating income, EBIT (in CHF million)	516	504	2.4%
Net income (in CHF million)	638	394	61.9%
Swisscom TV connections in Switzerland (as at 31 March, in thousands)	1,581	1,586	-0.3%
Retail broadband connections Switzerland (as at 31 March, in thousands)	2,028	2,053	-1.2%
Mobile access lines in Switzerland (as at 31 March, in thousands)	6,177	6,299	-1.9%
Fastweb broadband connections (as at 31 March, in thousands)	2,765	2,659	4.0%
Fastweb mobile access lines (as at 31 March, in thousands)	2,066	1,779	16.1%
Capital expenditure (in CHF million)	540	516	4.7%
Of which capital expenditure in Switzerland (in CHF million)	371	367	1.1%
Group employees (FTEs as at 31 March)	19,077	19,110	-0.2%
Of which employees in Switzerland (FTEs as at 31 March)	15,975	16,357	-2.3%

\* On a comparable 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 2021.



**swisscom**

**Press release**

**Detailed interim report:**

<http://www.swisscom.ch/q1-report-2021>

**Related documents:**

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

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