



Ad hoc announcement pursuant to Art. 53 LR

## Half-year results for 2021: Swisscom increases revenue and operating income

- Group revenue and EBITDA rise
- **80% of broadband customers use inOne bundled offering**
- Business customer segment grows in the solutions business
- Fastweb sees growth in revenue, EBITDA and customer base
- High investment in the networks
- **Net income up due to business activity and non-recurring items**
- EBITDA outlook for 2021 raised
- [Key figures at a glance](#)

‘Swisscom impressed in the first half of 2021 with a good market performance and a strong operating result,’ says CEO Urs Schaeppi with satisfaction. ‘Our products are proving popular. As many as than 80% of our broadband customers use the attractive inOne bundled offering. I am particularly pleased that we won various mobile network tests as well as the test by PCTipp, which confirms that we provide a top service. We also made gains in the business customer market with our cloud and security solutions. The expansion of mobile communications remains a challenge. While usage by customers continues to rise sharply, expansion is still blocked in many places. There is a risk of data congestion. With the support of politicians and authorities, we must succeed in increasing the pace of expansion. Our Fastweb subsidiary performed well again, seeing growth in revenue, operating income and customer base.’

### Price pressure in Swiss core business, growth at Fastweb

Group revenue rose by 2.6% to CHF 5,583 million. In the Swiss core business, revenue increased slightly by 0.5% to CHF 4,103 million as a result of the IT solutions business with business customers and a higher number of smartphones sold. However, ongoing competition and price pressure continued to result in declining revenue from telecommunications services, which decreased by 3.1% to CHF 2,759 million. Business in Italy continued to develop positively: Fastweb reported year-on-year revenue growth of EUR 76 million (+6.9%).

Consolidated operating income before depreciation and amortisation (EBITDA) was up on the previous year by 4.9% at CHF 2,317 million, which includes positive non-recurring items posted. On a like-for-like basis and at constant exchange rates, the increase was 2.7%. In the Swiss core business, the decline was offset by ongoing efficiency improvements. EBITDA rose by 2.1% on a like-for-like basis; at Fastweb it increased by 5.2% (in EUR). In overall terms, Swisscom generated net income of CHF 1,046 million, up a massive 42.1% on the prior-year level, primarily due to non-recurring items in EBITDA and in the financial result. 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 led to an upward revaluation of the shareholding, as recognised in the income statement, of CHF 169 million in the first quarter of 2021. In addition, the sale of the stake in Belgacom International Carrier Services resulted in a gain of CHF 38 million.

EBITDA for the second quarter of 2021 also included one-off income from the adjustment of pension liabilities (CHF +60 million) and the recognition of provisions (CHF -22 million).

Network infrastructure: Technology leader thanks to high level of investment

Swisscom continuously invests in the quality, coverage and performance of the network infrastructure, further consolidating its technology leadership. At CHF 1,083 million, Group-wide capital expenditure in the first half of the year was slightly above the year before (+0.7%).

*Broadband expansion in the fixed network on course*

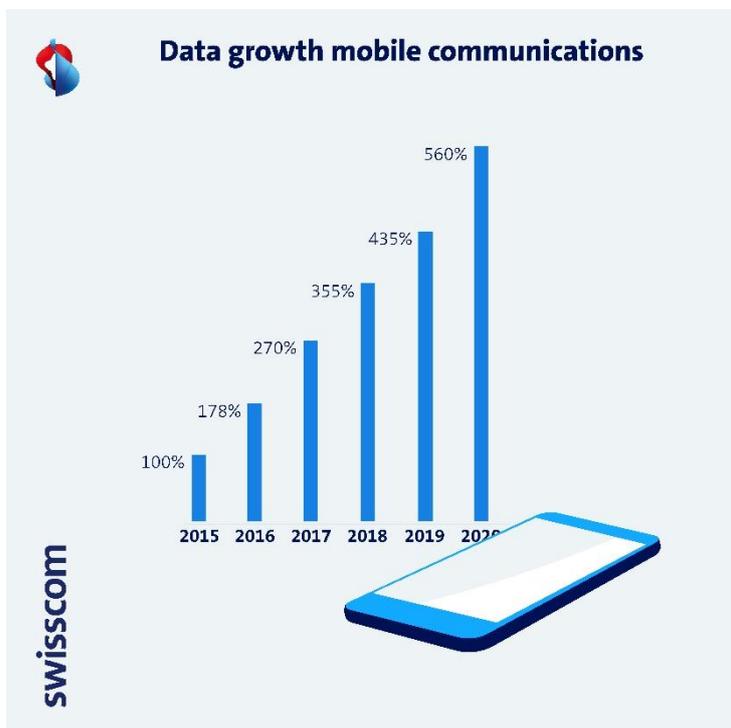
As at the end of June 2021, Swisscom had connected over 4.6 million or 86% of homes and businesses in Switzerland to its ultra-fast broadband service (speeds in excess of 80 Mbps). Over 3.6 million or 68% of homes and offices benefit from fast connections with bandwidths exceeding 200 Mbps. Of these, more than 1.8 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.

It has also 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 up to 60%.

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

In the first half of 2021, Swisscom came out on top in numerous mobile network tests. The basis for this is good network coverage. As at the end of June 2021, Swisscom covered 99% of the Swiss population with its 4G/LTE network. Swisscom currently supplies 98% of the Swiss population with a basic version of 5G. At the end of June 2021, Swisscom had 1,558 antennas in 693 locations with full 5G+.

In order to be able to secure this high network quality, a rapid expansion of the fifth generation of mobile communications is required. 4G was introduced when data usage was 200 times lower and only a third of today's devices were in use, according to a May 2021 study on mobile data usage by research institute Sotomo. However, mobile network expansion has stalled in many places, and the creation of urgently needed capacity for both 4G and 5G continues to be delayed. This is despite the fact that the Federal Office for the Environment has provided clarity for the licensing authorities with its enforcement recommendation on protection against non-ionising radiation.



**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 June 2021, Swisscom had 2.48 million inOne customers in the residential customer segment. inOne accounts for 68% of all mobile subscriptions and 80% of fixed network broadband connections in the residential customer segment (+8 percentage points), while 46% of customers use a combined offer.

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 June was 2.03 million, while 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 89,000 (+19,000 in the second quarter), of which 86,000 were attributable to secondary and third-party brands such as Wingo and M-Budget Mobile. The number of prepaid lines fell by 184,000 year-on-year (-27,000 in the second quarter). Swisscom had 6.17 million mobile lines as at the end of June 2021.

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

The market for business customers is still dominated by high price pressure and new technologies. Revenue from telecommunications services fell by 4.4% year-on-year to CHF 830 million. Swisscom



has a strong position as a full service provider and customer satisfaction remains high. Demand for cloud, security and IoT solutions as well as business applications continued to grow. In addition, Swisscom was ranked as the leader among security providers in Switzerland in the annual study by the independent market research institute ISG and is also far ahead in cloud solutions. Revenue in the solutions business rose by CHF 20 million (+3.8%) in the first half of 2021.

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 19.6% year-on-year to 2.19 million, in no small part thanks to its attractive mobile telephony offerings with even more services. 36% 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: as at the end of June 2021, Fastweb had 2.77 million (+3.0%) broadband customers. The corporate business segment is also developing well and growing: revenue was up by EUR 46 million (+10.6%). The Wholesale division is also increasing with revenue up by EUR 18 million (+17%). The number of ultrabroadband lines provided to other operators now reaches 224,000 (+70%).

Fastweb's overall revenue increased to EUR 1,181 million (+6.9%). Operating income before depreciation and amortisation (EBITDA) rose by 5.2% to EUR 384 million.

EBITDA outlook for 2021 raised

The financial outlook for 2021 in terms of net revenue and capital expenditure remains unchanged. Swisscom expects net revenue of around CHF 11.3 billion and capital expenditure of CHF 2.2 billion to CHF 2.3 billion. For EBITDA, the forecast has been increased by about CHF 100 million to between CHF 4.4 billion and CHF 4.5 billion and takes into account the ongoing business performance as well as the non-recurring items in post-employment benefits and in provisions recognised in the second quarter of 2021. If business develops 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

	1.1.- 30.06.2021	1.1.- 30.06.2020	Change adjusted*
Net revenue (in CHF million)	5,583	5,443	2.6% 2.0%*
Operating income before depreciation and amortisation, EBITDA (in CHF million)	2,317	2,208	4.9% 2.7%*
Operating income, EBIT (in CHF million)	1,089	983	10.8%



Net income (in CHF million)	1,046	736	42.1%
Swisscom TV connections in Switzerland (as at 30 June in thousands)	1,582	1,584	-0.1%
Retail broadband access lines in Switzerland (as at 30 June in thousands)	2,027	2,048	-1.0%
Mobile access lines in Switzerland (as at 30 June in thousands)	6,169	6,264	-1.5%
Fastweb broadband connections (as at 30 June in thousands)	2,774	2,692	3.0%
Fastweb mobile lines (as at 30 June in thousands)	2,188	1,830	19.6%
Capital expenditure (in CHF million)	1,083	1,075	0.7%
Of which capital expenditure in Switzerland (in CHF million)	752	779	-3.5%
Group employees (FTEs as at 30 June)	19,110	18,984	0.7%
Of which employees in Switzerland (FTEs as at 30 June)	15,964	16,119	-1.0%

\* 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 30 June 2021.

Detailed interim report:

<https://www.swisscom.ch/q2-report-2021>

Related documents:

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

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**Press Release**

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