

Fastweb continues to invest in fibre-optic expansion

Fastweb will continue to invest in fibre-optic expansion in Italy over the coming years in order to expand its own infrastructure and increase competitiveness. Like Swisscom in Switzerland, Fastweb is focusing on rolling out fibre-to-the-street (FTTS) to complement its existing FTTH network.

Fastweb is the only provider in Italy to offer superfast fixed-line broadband, and with its modern fibre-optic network has already rolled out fibre to-the-home (FTTH) to around two million households in Italy's urban areas. Fastweb's fibre-optic network is fundamental to the company's growth, as Italy, like other countries, is seeing ever-increasing demand for high bandwidth for Internet browsing. With this in mind, Fastweb is continuing to expand its own network infrastructure, primarily by extending fibre-optic networks as far as street cabinets (fibre-to-the-street, FTTS).

FTTS is an efficient new hybrid technology that allows fibre-optic cables to be run closer to homes while also making more efficient use of existing copper cables. This enables bandwidth speeds of up to 100 Mbps to be achieved, and with innovations over the next three to four years, speeds are set to increase to as high as 400 Mbps. Such speeds were previously only possible with FTTH technology. Swisscom demonstrated the potential of FTTS in Riggisberg in June of this year.

Fastweb plans to invest some EUR 130 million in FTTS expansion by the end of 2013 and thus significantly expand its own fibre-optic infrastructure. It also intends to invest a total of around EUR 400 million by 2016 in the further expansion of Italy's FTTS infrastructure in order to provide superfast broadband to around 20% of Italy's homes. Swisscom's Board of Directors supports Fastweb's plans and today approved the funds required for the first stage of expansion.

In Swisscom's eyes, this investment makes sense as it will help boost growth at Fastweb. In locations where Fastweb operates its own infrastructure, it commands a higher market share and higher margins. Fastweb's modern network is the key unique selling point behind the marked growth in its residential and business customer base. The number of residential customers rose by 5% in the first



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half of 2012 despite a stagnating market. In the business customer market, Fastweb is constantly increasing its market share and is currently the clear No. 2 with a 21% share, while the gap between it and the market leader is steadily narrowing. Customers in this market have always relied on high bandwidth and quality, and Fastweb is the only company apart from Telecom Italia that is in a position to deliver this.

The additional investments will not affect Swisscom's dividend payout policy or the CHF 2.2 billion of investment scheduled for this year. In 2012 alone Swisscom is investing around CHF 1.7 billion in expanding Switzerland's infrastructure, some CHF 400 million more than in 2010. It reckons on investing a similar amount in Switzerland over the next few years. Swisscom invests around three times more per inhabitant compared with similar companies in Europe in order to further enhance performance and service quality. This is this reason why Switzerland boasts one of the world's best telecoms infrastructures.

Berne, 13 September 2012