

# 2021

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**Interim Report**  
January–September

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**swisscom**

# KPIs

In CHF million, except where indicated		30.09.2021	30.09.2020	Change
<b>Net revenue and results <sup>1</sup></b>				
Net revenue		8,343	8,201	1.7%
Operating income before depreciation and amortisation (EBITDA)		3,465	3,356	3.2%
EBITDA as % of net revenue	%	41.5	40.9	
EBITDA after lease expense (EBITDA AL)		3,239	3,130	3.5%
Operating income (EBIT)		1,640	1,523	7.7%
Net income		1,536	1,166	31.7%
Earnings per share	CHF	29.63	22.57	31.3%
<b>Balance sheet and cash flows <sup>1</sup></b>				
Equity		10,541	8,617	22.3%
Equity ratio	%	43.0	35.7	
Operating free cash flow proxy		1,634	1,498	9.1%
Capital expenditure		1,605	1,632	–1.7%
Net debt		6,040	6,625	–8.8%
<b>Operational data</b>				
Fixed telephony access lines in Switzerland	in thousand	1,441	1,546	–6.8%
Broadband access lines retail in Switzerland	in thousand	2,030	2,045	–0.7%
TV access lines in Switzerland	in thousand	1,585	1,586	–0.1%
Mobile access lines in Switzerland	in thousand	6,190	6,253	–1.0%
Revenue generating units (RGU) Switzerland	in thousand	11,246	11,430	–1.6%
Broadband access lines wholesale in Switzerland	in thousand	588	543	8.3%
Broadband access lines in Italy	in thousand	2,768	2,704	2.4%
Mobile access lines in Italy	in thousand	2,316	1,889	22.6%
<b>Swisscom share</b>				
Number of issued shares	in thousand	51,802	51,802	–%
Market capitalisation		27,838	25,310	10.0%
Closing price	CHF	537.40	488.60	10.0%
<b>Employees</b>				
Full-time equivalent employees	number	19,172	19,026	0.8%
Average number of full-time equivalent employees	number	19,102	19,074	0.1%

<sup>1</sup> Swisscom uses various alternative performance measures. The definitions and the reconciliation to the values in accordance with IFRS are set out in the interim report on pages 25 and 26.

# Business performance

## Summary

Swisscom's net revenue was up by 1.7% or CHF 142 million to CHF 8,343 million, while operating income before depreciation and amortisation (EBITDA) increased by 3.2% or CHF 109 million to CHF 3,465 million. Adjustments to pension liabilities and provisions affected EBITDA. On a like-for-like basis and at constant exchange rates, revenue increased by 1.3% and EBITDA by 2.7%. The consolidated net income of CHF 1,536 million is significantly higher than the previous year (+31.7% or CHF 370 million) 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 resulted in an upward revaluation recognised in the income statement of CHF 169 million. In addition, the sale of the stake in Belgacom International Carrier Services resulted in a gain of CHF 38 million. EBITDA also includes one-off income of CHF 60 million from the adjustment of pension liabilities and the additions to provisions for legal proceedings of CHF 52 million.

In the Swiss core business activity, net revenue increased by 0.3% or CHF 20 million to CHF 6,150 million. Revenue from the solutions business with corporate customers increased by 4.5% or CHF 35 million. By contrast, ongoing competitive and price pressure caused revenue from telecom services to decline 3.3% to CHF 4,122 million. EBITDA in the Swiss core business activity remained stable (–0.1%) at CHF 2,676 million. On a like-for-like basis, the increase is 1.8%. The decline in revenue from telecom services and the higher costs of subscriber acquisition and retention were offset thanks to ongoing efficiency improvements. Revenue at Italian subsidiary Fastweb increased by 4.8% or EUR 81 million to EUR 1,755 million, with all customer segments reporting revenue growth. In the broadband business, Fastweb's customer base grew by 2.4% to 2.8 million over the course of the year, and in mobile communications by 22.6% to 2.3 million. EBITDA at Fastweb rose in local currency by 6.0% or EUR 34 million to EUR 602 million, as a result of the growth in revenue.

Swisscom's capital expenditure decreased by 1.7% or CHF 27 million to CHF 1,605 million. Capital expenditure in the Swiss core business activity declined by 5.1% or CHF 61 million to CHF 1,125 million. Capital expenditure in broadband and mobile communications networks remained stable overall, while capital expenditure in other infrastructure declined. Fastweb posted an increase in capital expenditure, up 7.1% or EUR 29 million to EUR 439 million, as a result of higher customer-driven investments and higher capital expenditure in network infrastructure.

The operating free cash flow proxy increased by 9.1% or CHF 136 million to CHF 1,634 million, which was mainly attributable to better operating income before depreciation and amortisation (EBITDA). Net debt fell by 8.8% or CHF 585 million compared to the previous year and stood at CHF 6,040 million. The number of employees at Swisscom increased by 0.8% or 146 FTEs to 19,172 FTEs. In Switzerland, headcount decreased by 0.7% or 113 FTEs to 16,006 FTEs.

The Swiss Competition Commission (COMCO) opened an investigation into Swisscom's optical fibre network in December 2020 and ordered precautionary measures against Swisscom. At the end of September 2021, the Federal Administrative Court confirmed the precautionary measures of December 2020, which partly question the network architecture of Swisscom. Until the situation has been cleared up, Swisscom is only building network elements that comply with the P2P (point-to-point) network architecture (e.g. feeder into the house). In addition, the impact of the decision on Swisscom's fibre-optic roll-out strategy and on the fibre-optic partnership with Salt will be reviewed.

The financial outlook for fiscal 2021 will be adjusted in terms of net revenue and capital expenditure. The adjustment takes into account the current status of the review of the fibre-optic partnership with Salt as well as the exchange rate development. Swisscom now expects net revenue of around CHF 11.2 billion (previously around CHF 11.3 billion) and capital expenditure of around CHF 2.3 billion (previously CHF 2.2 billion to CHF 2.3 billion). The expectation for EBITDA remains unchanged at between CHF 4.4 billion and CHF 4.5 billion. If business develops as planned, Swisscom will propose to the 2022 Annual General Meeting that the dividend for the 2021 financial year remain unchanged at CHF 22 per share.

## Segment results

In CHF million	3. quarter 2021	3. quarter 2020	Change	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
<b>Net revenue</b>						
Residential Customers	1,150	1,138	1.1%	3,423	3,376	1.4%
Business Customers	748	758	–1.3%	2,285	2,315	–1.3%
Wholesale <sup>1</sup>	266	278	–4.3%	739	727	1.7%
Infrastructure & Support Functions	18	21	–14.3%	57	63	–9.5%
Intersegment elimination	(135)	(149)	–9.4%	(354)	(351)	0.9%
<b>Swisscom Switzerland</b>	<b>2,047</b>	<b>2,046</b>	<b>–%</b>	<b>6,150</b>	<b>6,130</b>	<b>0.3%</b>
Fastweb	621	613	1.3%	1,914	1,792	6.8%
Other Operating Segments	265	268	–1.1%	770	755	2.0%
Intersegment elimination	(173)	(169)	2.4%	(491)	(476)	3.2%
<b>Net revenue</b>	<b>2,760</b>	<b>2,758</b>	<b>0.1%</b>	<b>8,343</b>	<b>8,201</b>	<b>1.7%</b>
<b>Operating income before depreciation and amortisation (EBITDA)</b>						
Residential Customers	703	683	2.9%	2,108	2,069	1.9%
Business Customers	323	340	–5.0%	988	1,016	–2.8%
Wholesale	136	134	1.5%	398	391	1.8%
Infrastructure & Support Functions	(282)	(258)	9.3%	(817)	(797)	2.5%
Intersegment elimination	(1)	(1)	–%	(1)	–	–%
<b>Swisscom Switzerland</b>	<b>879</b>	<b>898</b>	<b>–2.1%</b>	<b>2,676</b>	<b>2,679</b>	<b>–0.1%</b>
Fastweb	236	219	7.8%	656	608	7.9%
Other Operating Segments	53	56	–5.4%	136	138	–1.4%
Reconciliation pension cost <sup>2</sup>	(11)	(16)	–31.3%	25	(47)	–153.2%
Elimination	(9)	(9)	–%	(28)	(22)	27.3%
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>1,148</b>	<b>1,148</b>	<b>–%</b>	<b>3,465</b>	<b>3,356</b>	<b>3.2%</b>

1 Including intersegment recharges of services performed by other network providers.

2 Operating income of segments includes ordinary employer contributions as pension fund expense. The difference to the pension cost according to IAS 19 is recognised as a reconciliation item.

As of 1 January 2021, Swisscom amended its organisational structure in Switzerland and the segment formerly known as IT, Network & Infrastructure was renamed Infrastructure & Support Functions. The departments with overlapping functions were merged organisationally at Swisscom Switzerland. As a result, Group Headquarters is no longer reported separately in the segment reporting. In addition, Swisscom has transferred various areas among the segments of Swisscom Switzerland and the Other Operating Segments as of 1 January 2021. The prior year's figures were restated accordingly. Further information can be found in Note 2 in the notes to the consolidated interim financial statements.

Reporting is divided into the segments Residential Customers, Business Customers, Wholesale, and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments. The Infrastructure & Support Functions segment does not charge network costs or management fees to other segments. Any other services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

## Swisscom Switzerland

In CHF million, except where indicated	3. quarter 2021	3. quarter 2020	Change	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
<b>Net revenue and results</b>						
Telecom services	1,363	1,413	–3.5%	4,122	4,261	–3.3%
Solutions business	274	259	5.8%	821	786	4.5%
Merchandise	181	176	2.8%	567	526	7.8%
Wholesale	166	168	–1.2%	498	490	1.6%
Revenue other	48	17	–%	102	23	343.5%
<b>Revenue from external customers</b>	<b>2,032</b>	<b>2,033</b>	<b>–%</b>	<b>6,110</b>	<b>6,086</b>	<b>0.4%</b>
Intersegment revenue	15	13	15.4%	40	44	–9.1%
<b>Net revenue</b>	<b>2,047</b>	<b>2,046</b>	<b>–%</b>	<b>6,150</b>	<b>6,130</b>	<b>0.3%</b>
Direct costs	(454)	(432)	5.1%	(1,321)	(1,251)	5.6%
Indirect costs	(714)	(716)	–0.3%	(2,153)	(2,200)	–2.1%
<b>Segment expenses</b>	<b>(1,168)</b>	<b>(1,148)</b>	<b>1.7%</b>	<b>(3,474)</b>	<b>(3,451)</b>	<b>0.7%</b>
<b>Segment result before depreciation and amortisation (EBITDA)</b>	<b>879</b>	<b>898</b>	<b>–2.1%</b>	<b>2,676</b>	<b>2,679</b>	<b>–0.1%</b>
Margin as % of net revenue	42.9	43.9		43.5	43.7	
Lease expense	(57)	(58)	–1.7%	(174)	(175)	–0.6%
Depreciation and amortisation	(363)	(373)	–2.7%	(1,120)	(1,139)	–1.7%
<b>Segment result</b>	<b>459</b>	<b>467</b>	<b>–1.7%</b>	<b>1,382</b>	<b>1,365</b>	<b>1.2%</b>
<b>Operating free cash flow proxy</b>						
Segment result before depreciation and amortisation (EBITDA)	879	898	–2.1%	2,676	2,679	–0.1%
Lease expense	(57)	(58)	–1.7%	(174)	(175)	–0.6%
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>822</b>	<b>840</b>	<b>–2.1%</b>	<b>2,502</b>	<b>2,504</b>	<b>–0.1%</b>
Capital expenditure	(372)	(410)	–9.3%	(1,125)	(1,186)	–5.1%
<b>Operating free cash flow proxy</b>	<b>450</b>	<b>430</b>	<b>4.7%</b>	<b>1,377</b>	<b>1,318</b>	<b>4.5%</b>
<b>Operational data in thousand and headcount</b>						
Fixed telephony access lines				1,441	1,546	–6.8%
Broadband access lines retail				2,030	2,045	–0.7%
TV access lines				1,585	1,586	–0.1%
Mobile access lines				6,190	6,253	–1.0%
Revenue generating units (RGU)				11,246	11,430	–1.6%
Broadband access lines wholesale				588	543	8.3%
Full-time equivalent employees				12,963	12,876	0.7%

Swisscom Switzerland's net revenue increased by 0.3% or CHF 20 million to CHF 6,150 million. Revenue from the solutions business rose by 4.5% or CHF 35 million to CHF 821 million. By contrast, ongoing competitive and price pressure caused revenue from telecom services to decline. Revenue from telecom services decreased by 3.3% or CHF 139 million to CHF 4,122 million. Of this decline, CHF 78 million (–2.6%) was attributable to the Residential Customers segment and CHF 61 million (–4.7%) to the Business Customers segment. The market is showing signs of saturation and competitive pressure in the area of mobile communications and fixed-network services. The subscriber base in mobile communications declined by 1.0% or 63,000 year-on-year to 6.19 million. The number of postpaid lines increased by 101,000 year-on-year, while the number of prepaid lines decreased by 164,000. The number of broadband connections fell by 0.7% or 15,000 to 2.03 million within the space of a year. However, the number of inOne customers continues to increase. At the end of September 2021, the Residential Customers segment recorded 2.50 million inOne customers. In this segment, inOne accounts for 67% of postpaid mobile lines and 81% of broadband connections. The number of TV connections remained stable at 1.59 million (–0.1%). The number of fixed telephony access lines fell year-on-year by 6.8% or 105,000 to 1.44 million.

Segment expenses rose by 0.7% or CHF 23 million to CHF 3,474 million. Direct costs increased by 5.6% or CHF 70 million to CHF 1,321 million. In addition to higher costs for merchandise, costs for acquiring and retaining customers also rose. Indirect costs decreased by 2.1% or CHF 47 million to CHF 2,153 million. In the first nine months of 2021, indirect costs are impacted by a CHF 52 million increase in provisions for litigation. On a like-

for-like basis, indirect costs fell by 4.5% or CHF 99 million. This was chiefly due to ongoing efficiency improvements. Headcount rose as a result of the acquisitions of Webtiser and JLS Digital by 0.7% or 87 FTEs to 12,963 FTEs. The segment result before depreciation and amortisation remained nearly stable at CHF 2,676 million (–0.1%), with an increase of 1.8% on a like-for-like basis. The decline in revenue from telecom services and the higher costs of subscriber acquisition and retention were offset thanks to ongoing efficiency improvements. Capital expenditure fell by 5.1% or CHF 61 million to CHF 1,125 million. Capital expenditure in the expansion of broadband networks and mobile communications networks remained stable, while capital expenditure in other infrastructure declined. As at the end of September 2021, 88% of all Swiss homes and offices were connected with ultra-fast broadband exceeding 80 Mbps. 71% of all homes and offices benefited from fast connections at over 200 Mbps.

The Swiss Competition Commission (COMCO) opened an investigation into Swisscom's optical fibre network in December 2020 and ordered precautionary measures against Swisscom. At the end of September 2021, the Federal Administrative Court confirmed the precautionary measures of December 2020. Until the situation has been cleared up, Swisscom is only building network elements that comply with the P2P network architecture (e.g. feeder into the house). In addition, the impact of the decision on Swisscom's fibre-optic roll-out strategy and on the fibre-optic partnership with Salt will be reviewed.

## Fastweb

In EUR million, except where indicated	3. quarter 2021	3. quarter 2020	Change	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
<b>Net revenue and results</b>						
Residential customers	282	282	–%	856	844	1.4%
Corporate customers	231	226	2.2%	712	661	7.7%
Wholesale	60	59	1.7%	182	164	11.0%
<b>Revenue from external customers</b>	<b>573</b>	<b>567</b>	<b>1.1%</b>	<b>1,750</b>	<b>1,669</b>	<b>4.9%</b>
Intersegment revenue	1	2	–50.0%	5	5	–%
<b>Net revenue</b>	<b>574</b>	<b>569</b>	<b>0.9%</b>	<b>1,755</b>	<b>1,674</b>	<b>4.8%</b>
Segment expenses	(356)	(366)	–2.7%	(1,153)	(1,106)	4.2%
<b>Segment result before depreciation and amortisation (EBITDA)</b>	<b>218</b>	<b>203</b>	<b>7.4%</b>	<b>602</b>	<b>568</b>	<b>6.0%</b>
Margin as % of net revenue	38.0	35.7		34.3	33.9	
Lease expense	(13)	(13)	–%	(40)	(39)	2.6%
Depreciation and amortisation	(147)	(146)	0.7%	(440)	(432)	1.9%
<b>Segment result</b>	<b>58</b>	<b>44</b>	<b>31.8%</b>	<b>122</b>	<b>97</b>	<b>25.8%</b>
<b>Operating free cash flow proxy</b>						
Segment result before depreciation and amortisation (EBITDA)	218	203	7.4%	602	568	6.0%
Lease expense	(13)	(13)	–%	(40)	(39)	2.6%
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>205</b>	<b>190</b>	<b>7.9%</b>	<b>562</b>	<b>529</b>	<b>6.2%</b>
Capital expenditure	(138)	(134)	3.0%	(439)	(410)	7.1%
<b>Operating free cash flow proxy</b>	<b>67</b>	<b>56</b>	<b>19.6%</b>	<b>123</b>	<b>119</b>	<b>3.4%</b>
<b>Operational data in thousand and headcount</b>						
Broadband access lines				2,768	2,704	2.4%
Mobile access lines				2,316	1,889	22.6%
Full-time equivalent employees				2,741	2,634	4.1%

Fastweb's net revenue rose year-on-year by 4.8% or EUR 81 million to EUR 1,755 million. Despite persistently challenging market conditions, Fastweb's broadband customer base grew by 2.4% or 64,000 year-on-year to 2.77 million. Fastweb is also growing in the fiercely competitive mobile telephony market. The number of mobile access lines increased by 22.6% or 427,000 year-on-year to 2.32 million. Bundled offers continue to play an important role. 37% of broadband customers use a bundled offering combining fixed network and mobile. Residential customer revenue rose by 1.4% or EUR 12 million to EUR 856 million as a result of customer growth. Fastweb is also growing in the business customer market. Revenue from business customers was up by 7.7% or EUR 51 million to EUR 712 million driven by higher revenue from public administrations. Revenue from wholesale business increased by 11.0% or EUR 18 million to EUR 182 million.

The segment result before depreciation and amortisation was 6.0% or EUR 34 million higher at EUR 602 million on the back of the growth in revenue. Capital expenditure increased by 7.1% or EUR 29 million year-on-year to EUR 439 million due to higher customer-driven investments and increased capital expenditure in network infrastructure. Fastweb's headcount increased by 4.1% or 107 FTEs year-on-year to 2,741 FTEs, mainly as a result of an acquisition and the need for more personnel due to growth.

## Other Operating Segments

In CHF million, except where indicated	3. quarter 2021	3. quarter 2020	Change	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
<b>Net revenue and results</b>						
Revenue from external customers	110	114	–3.5%	326	329	–0.9%
Intersegment revenue	155	154	0.6%	444	426	4.2%
<b>Net revenue</b>	<b>265</b>	<b>268</b>	<b>–1.1%</b>	<b>770</b>	<b>755</b>	<b>2.0%</b>
Segment expenses	(212)	(212)	–%	(634)	(617)	2.8%
<b>Segment result before depreciation and amortisation (EBITDA)</b>	<b>53</b>	<b>56</b>	<b>–5.4%</b>	<b>136</b>	<b>138</b>	<b>–1.4%</b>
Margin as % of net revenue	20.0	20.9		17.7	18.3	
Lease expense	(3)	(3)	–%	(9)	(9)	–%
Depreciation and amortisation	(13)	(16)	–18.8%	(40)	(46)	–13.0%
<b>Segment result</b>	<b>37</b>	<b>37</b>	<b>–%</b>	<b>87</b>	<b>83</b>	<b>4.8%</b>
<b>Operating free cash flow proxy</b>						
Segment result before depreciation and amortisation (EBITDA)	53	56	–5.4%	136	138	–1.4%
Lease expense	(3)	(3)	–%	(9)	(9)	–%
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>50</b>	<b>53</b>	<b>–5.7%</b>	<b>127</b>	<b>129</b>	<b>–1.6%</b>
Capital expenditure	(10)	(12)	–16.7%	(29)	(30)	–3.3%
<b>Operating free cash flow proxy</b>	<b>40</b>	<b>41</b>	<b>–2.4%</b>	<b>98</b>	<b>99</b>	<b>–1.0%</b>
<b>Headcount</b>						
Full-time equivalent employees				3,468	3,516	–1.4%

The net revenue of the Other Operating Segments rose year-on-year by 2.0% or CHF 15 million to CHF 770 million. This was due to higher sales from construction services provided by cablex. The segment result before depreciation and amortisation decreased by CHF 2 million or 1.4% to CHF 136 million and the profit margin declined accordingly to 17.7% (prior year: 18.3%). Headcount declined by 1.4% or 48 FTEs to 3,468 FTEs.

## Depreciation and amortisation, non-operating results

In CHF million, except where indicated	3. quarter 2021	3. quarter 2020	Change	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>1,148</b>	<b>1,148</b>	<b>–%</b>	<b>3,465</b>	<b>3,356</b>	<b>3.2%</b>
Depreciation and amortisation of property, plant and equipment and intangible assets	(527)	(538)	–2.0%	(1,614)	(1,616)	–0.1%
Depreciation of right-of-use assets	(70)	(70)	–%	(211)	(217)	–2.8%
<b>Operating income (EBIT)</b>	<b>551</b>	<b>540</b>	<b>2.0%</b>	<b>1,640</b>	<b>1,523</b>	<b>7.7%</b>
Net interest expense on financial assets and liabilities	(13)	(20)	–35.0%	(46)	(50)	–8.0%
Interest expense on lease liabilities	(11)	(12)	–8.3%	(33)	(34)	–2.9%
Other financial result	–	23	–%	217	(29)	–848.3%
Result of equity-accounted investees	(1)	1	–%	(5)	4	–225.0%
<b>Income before income taxes</b>	<b>526</b>	<b>532</b>	<b>–1.1%</b>	<b>1,773</b>	<b>1,414</b>	<b>25.4%</b>
Income tax expense	(36)	(102)	–64.7%	(237)	(248)	–4.4%
<b>Net income</b>	<b>490</b>	<b>430</b>	<b>14.0%</b>	<b>1,536</b>	<b>1,166</b>	<b>31.7%</b>
Attributable to equity holders of Swisscom Ltd	490	431	13.7%	1,535	1,169	31.3%
Attributable to non-controlling interests	–	(1)	–%	1	(3)	–133.3%
Earnings per share (in CHF)	9.46	8.32	13.7%	29.63	22.57	31.3%

Net income increased by 31.7% or CHF 370 million to CHF 1,536 million, mainly as a result of non-recurring items in EBITDA and the financial result. EBITDA for the second quarter of 2021 includes one-off income from the adjustment of pension liabilities in the amount of CHF 60 million. In addition, provisions have been set aside for legal proceedings; CHF 22 million in the second quarter of 2021 and CHF 30 million in the third quarter of 2021. The non-recurring items in the financial result originate from the first quarter of 2021. As part of its strategic partnership with TIM, Fastweb transferred its stake in FlashFiber as a capital contribution to the newly established fibre-optic company FiberCop. This resulted in an upward revaluation of the participation recognised in the income statement of CHF 169 million. In addition, Swisscom realised a gain of CHF 38 million on the sale of its investment in Belgacom International Carrier Services. Income tax expense stood at CHF 237 million (previous year CHF 248 million), which corresponds to an effective income tax rate of 13.4% (previous year 17.5%). The tax expense in 2021 was positively impacted by the low taxation of income from participations as well as the capitalisation of deferred tax assets in connection with a change in Italian tax laws.



## Cash flows

In CHF million	1.01.–30.09. 2021	1.01.–30.09. 2020	Change
Operating income before depreciation and amortisation (EBITDA)	3,465	3,356	109
Lease expense	(226)	(226)	–
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>3,239</b>	<b>3,130</b>	<b>109</b>
Capital expenditure	(1,605)	(1,632)	27
<b>Operating free cash flow proxy</b>	<b>1,634</b>	<b>1,498</b>	<b>136</b>
Change in net working capital	(89)	(62)	(27)
Change in net defined benefit liabilities	(22)	46	(68)
Net interest payments on financial assets and liabilities	(56)	(59)	3
Income taxes paid	(283)	(174)	(109)
Other operating cash flow	(8)	18	(26)
<b>Free cash flow</b>	<b>1,176</b>	<b>1,267</b>	<b>(91)</b>
Net proceeds (net expenditures) for company acquisitions and disposals	109	(45)	154
Other cash flows from investing activities, net	(1)	(3)	2
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	–
Other changes	34	54	(20)
<b>Decrease in net debt</b>	<b>178</b>	<b>133</b>	<b>45</b>

The operating free cash flow proxy increased by 9.1% or CHF 136 million to CHF 1,634 million mainly due to the higher operating income before depreciation and amortisation (EBITDA). Free cash flow, on the other hand, decreased by 7.2% or CHF 91 million to CHF 1,176 million compared to the prior year. The decrease is mainly due to higher income taxes paid, which increased by CHF 109 million to CHF 283 million compared to the previous year. During the first nine months of 2020, tax payments related to measures implemented by the authorities in connection with Covid-19 were deferred. The change in the net defined benefit liabilities includes a one-off adjustment of CHF 60 million as a result of a plan amendment in the first half of 2021, which was recognised in EBITDA. In 2021, net cash inflows from acquisitions and disposals included the selling price of CHF 126 million from the sale of the participation in Belgacom International Carrier Services. In the second quarter of 2021, an unchanged dividend per share of CHF 22 was paid, representing a total dividend payment of CHF 1,140 million.

## Net asset position

In CHF million, except where indicated	30.09.2021	31.12.2020	Change
Property, plant and equipment	10,733	10,725	0.1%
Intangible assets	1,698	1,745	–2.7%
Goodwill	5,163	5,162	–%
Right-of-use assets	2,106	2,138	–1.5%
Trade receivables	2,351	2,132	10.3%
Trade payables	(1,467)	(1,525)	–3.8%
Provisions	(1,220)	(1,216)	0.3%
Deferred gain on sale and leaseback of real estate	(96)	(106)	–9.4%
Other operating assets and liabilities, net	(430)	(240)	79.2%
<b>Net operating assets</b>	<b>18,838</b>	<b>18,815</b>	<b>0.1%</b>
Net debt	(6,040)	(6,218)	–2.9%
Lease liabilities	(1,959)	(1,988)	–1.5%
Net defined benefit liabilities	(11)	(795)	–98.6%
Income tax assets and liabilities, net	(741)	(643)	15.2%
Equity-accounted investees and other non-current financial assets	454	320	41.9%
<b>Equity</b>	<b>10,541</b>	<b>9,491</b>	<b>11.1%</b>
Equity ratio in %	43.0	39.1	

Net operating assets were virtually unchanged at CHF 18,838 million (+0.1%) compared with year-end 2020. Defined benefit obligations decreased by CHF 784 million to CHF 11 million as a result of an adjustment to the pension plan, a positive return on plan assets and a higher discount rate. The increase in equity by 11.1% or CHF 1,050 million to CHF 10,541 million was attributable to net income of CHF 1,536 million and other comprehensive income of CHF 652 million recognised directly in equity, minus the dividend payment of CHF 1,140 million. Correspondingly, the equity ratio rose from 39.1% to 43.0%.

## Net debt

Net debt is presented both with and without classification of leases as financial liabilities. For credit rating purposes, rating agencies include lease liabilities in the calculation of net debt.

In CHF million, except where indicated	30.09.2021	31.12.2020	Change
Debenture bonds	5,647	6,110	–7.6%
Bank loans	643	484	32.9%
Private placements	150	151	–0.7%
Other financial liabilities	241	297	–18.9%
<b>Total financial liabilities</b>	<b>6,681</b>	<b>7,042</b>	<b>–5.1%</b>
Cash and cash equivalents	(265)	(340)	–22.1%
Listed debt instruments	(290)	(271)	7.0%
Derivative financial instruments for financing	(58)	(79)	–26.6%
Other current financial assets	(28)	(134)	–79.1%
<b>Net debt</b>	<b>6,040</b>	<b>6,218</b>	<b>–2.9%</b>
Lease liabilities	1,959	1,988	–1.5%
<b>Net debt incl. lease liabilities</b>	<b>7,999</b>	<b>8,206</b>	<b>–2.5%</b>

In the previous year, Swisscom became the first listed company in Switzerland to issue a green bond in EUR. The first green bond issue in CHF followed in the second quarter of 2021. The nominal amount was CHF 100 million, with a coupon of 0.25% maturing in 2033. Swisscom repaid a EUR 500 million bond upon maturity in the third quarter of 2021. In recent years, Swisscom has taken advantage of favourable capital market conditions with a view to optimising the interest and maturity structure of the Group's financial liabilities. As at 30 September 2021, the average interest expense on financial liabilities was 0.84%, the average residual term to maturity was 6.0 years, and the share of the Group's variable interest-bearing financial liabilities was 17%.

## Outlook

In CHF million or in CHF billion	2020 reported	2021 outlook previously <sup>1</sup>	2021 outlook adjusted <sup>2</sup>
<b>Net revenue</b>			
<b>Swisscom Group</b>	<b>CHF 11,100 mn</b>	<b>~ CHF 11.3 bn</b>	<b>~ CHF 11.2 bn</b>
Swisscom w/o Fastweb			~ CHF 8.6 bn
Fastweb			~ EUR 2.4 bn
<b>Operating income before depreciation and amortisation (EBITDA)</b>			
<b>Swisscom Group</b>	<b>CHF 4,382 mn</b>	<b>CHF 4.4–4.5 bn</b>	<b>CHF 4.4–4.5 bn <sup>3</sup></b>
Swisscom w/o Fastweb			CHF 3.5–3.6 bn
Fastweb			~ EUR 0.8 bn
<b>Capital expenditure</b>			
<b>Swisscom Group</b>	<b>CHF 2,229 mn</b>	<b>CHF 2.2–2.3 bn</b>	<b>~ CHF 2.3 bn</b>
Swisscom w/o Fastweb			> CHF 1.6 bn
Fastweb			~ EUR 0.6 bn

<sup>1</sup> Communicated on 5 August 2021.

<sup>2</sup> Exchange rate CHF/EUR 1.08 (2020: CHF/EUR 1.07).

<sup>3</sup> 2021 outlook for EBITDA after lease expense CHF 4.1–4.2 bn.

The financial outlook for fiscal 2021 will be adjusted in terms of net revenue and capital expenditure. The adjustment takes into account the current status of the review of the fibre-optic partnership with Salt as well as the exchange rate development. Swisscom now expects net revenue of around CHF 11.2 billion (previously around CHF 11.3 billion) and capital expenditure of around CHF 2.3 billion (previously CHF 2.2 billion to CHF 2.3 billion). The expectation for EBITDA remains unchanged at between CHF 4.4 billion and CHF 4.5 billion. If business develops as planned, Swisscom will propose to the 2022 Annual General Meeting that the dividend for the 2021 financial year remain unchanged at CHF 22 per share.

# Consolidated interim financial statements

## Consolidated statement of comprehensive income (unaudited)

In CHF million, except for per share amounts	Note	3. quarter 2021	3. quarter 2020	1.01.–30.09. 2021	1.01.–30.09. 2020
<b>Income statement</b>					
<b>Net revenue</b>	2	<b>2,760</b>	<b>2,758</b>	<b>8,343</b>	<b>8,201</b>
Direct costs	3	(681)	(656)	(2,031)	(1,906)
Personnel expense	3	(636)	(637)	(1,963)	(2,016)
Other operating expense	3	(463)	(441)	(1,329)	(1,264)
Capitalised self-constructed assets and other income	3	168	124	445	341
<b>Operating income before depreciation and amortisation</b>		<b>1,148</b>	<b>1,148</b>	<b>3,465</b>	<b>3,356</b>
Depreciation and amortisation of property, plant and equipment and intangible assets		(527)	(538)	(1,614)	(1,616)
Depreciation of right-of-use assets		(70)	(70)	(211)	(217)
<b>Operating income</b>		<b>551</b>	<b>540</b>	<b>1,640</b>	<b>1,523</b>
Financial income	6	9	33	267	43
Financial expense	6	(33)	(42)	(129)	(156)
Result of equity-accounted investees		(1)	1	(5)	4
<b>Income before income taxes</b>		<b>526</b>	<b>532</b>	<b>1,773</b>	<b>1,414</b>
Income tax expense		(36)	(102)	(237)	(248)
<b>Net income</b>		<b>490</b>	<b>430</b>	<b>1,536</b>	<b>1,166</b>
<b>Other comprehensive income</b>					
Actuarial gains and losses from defined benefit pension plans		10	(75)	626	(265)
Change in fair value of equity instruments		7	(1)	7	(5)
<b>Items that will not be reclassified to income statement</b>		<b>17</b>	<b>(76)</b>	<b>633</b>	<b>(270)</b>
Foreign currency translation adjustments of foreign subsidiaries		(27)	19	22	(8)
Change in cash flow hedges		–	6	(3)	(4)
<b>Items that are or may be reclassified subsequently to income statement</b>		<b>(27)</b>	<b>25</b>	<b>19</b>	<b>(12)</b>
<b>Other comprehensive income</b>		<b>(10)</b>	<b>(51)</b>	<b>652</b>	<b>(282)</b>
<b>Comprehensive income</b>					
Net income		490	430	1,536	1,166
Other comprehensive income		(10)	(51)	652	(282)
<b>Comprehensive income</b>		<b>480</b>	<b>379</b>	<b>2,188</b>	<b>884</b>
<b>Share of net income and comprehensive income</b>					
Equity holders of Swisscom Ltd		490	431	1,535	1,169
Non-controlling interests		–	(1)	1	(3)
<b>Net income</b>		<b>490</b>	<b>430</b>	<b>1,536</b>	<b>1,166</b>
Equity holders of Swisscom Ltd		481	379	2,188	886
Non-controlling interests		(1)	–	–	(2)
<b>Comprehensive income</b>		<b>480</b>	<b>379</b>	<b>2,188</b>	<b>884</b>
<b>Earnings per share</b>					
<b>Basic and diluted earnings per share (in CHF)</b>		<b>9.46</b>	<b>8.32</b>	<b>29.63</b>	<b>22.57</b>

## Consolidated balance sheet (unaudited)

In CHF million	Note	30.09.2021	31.12.2020
<b>Assets</b>			
Cash and cash equivalents		265	340
Trade receivables	7	2,351	2,132
Other operating assets	7	1,125	1,029
Other financial assets		69	170
Current income tax assets		10	4
<b>Total current assets</b>		<b>3,820</b>	<b>3,675</b>
Property, plant and equipment		10,733	10,725
Intangible assets		1,698	1,745
Goodwill		5,163	5,162
Right-of-use assets		2,106	2,138
Equity-accounted investees		42	155
Other financial assets		719	479
Net defined benefit assets		11	–
Deferred tax assets		202	183
<b>Total non-current assets</b>		<b>20,674</b>	<b>20,587</b>
<b>Total assets</b>		<b>24,494</b>	<b>24,262</b>
<b>Liabilities and equity</b>			
Financial liabilities	5	670	792
Lease liabilities		208	226
Trade payables	7	1,467	1,525
Other operating liabilities	7	1,555	1,269
Provisions	8	142	144
Current income tax liabilities		197	186
<b>Total current liabilities</b>		<b>4,239</b>	<b>4,142</b>
Financial liabilities	5	6,011	6,250
Lease liabilities		1,751	1,762
Net defined benefit liabilities		22	795
Provisions	8	1,078	1,072
Deferred gain on sale and leaseback of real estate		96	106
Deferred tax liabilities		756	644
<b>Total non-current liabilities</b>		<b>9,714</b>	<b>10,629</b>
<b>Total liabilities</b>		<b>13,953</b>	<b>14,771</b>
Share capital		52	52
Capital reserves		136	136
Retained earnings		12,114	11,085
Foreign currency translation adjustments		(1,769)	(1,791)
Hedge reserves		5	8
<b>Equity attributable to equity-holders of Swisscom Ltd</b>		<b>10,538</b>	<b>9,490</b>
Non-controlling interests		3	1
<b>Total equity</b>		<b>10,541</b>	<b>9,491</b>
<b>Total liabilities and equity</b>		<b>24,494</b>	<b>24,262</b>

## Consolidated statement of cash flows (unaudited)

In CHF million	Note	1.01.–30.09. 2021	1.01.–30.09. 2020
Net income		1,536	1,166
Income tax expense		237	248
Result of equity-accounted investees		5	(4)
Financial income	6	(267)	(43)
Financial expense	6	129	156
Depreciation and amortisation of property, plant and equipment and intangible assets		1,614	1,616
Depreciation of right-of-use assets		211	217
Gain on sale of property, plant and equipment		(5)	(8)
Expense for share-based payments		1	1
Revenue from finance leases		(71)	(49)
Change in deferred gain from the sale and leaseback of real estate		(9)	(9)
Change in operating assets and liabilities	7	(92)	(26)
Change in provisions		12	(27)
Change in net defined benefit liabilities		(22)	46
Interest received		12	23
Interest payments on financial liabilities		(68)	(82)
Interest payments on lease liabilities		(33)	(34)
Dividends received		1	15
Income taxes paid		(283)	(174)
<b>Cash flow from operating activities</b>		<b>2,908</b>	<b>3,032</b>
Purchase of property, plant and equipment and intangible assets		(1,594)	(1,621)
Sale of property, plant and equipment and intangible assets		10	13
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(25)	(30)
Expenses for shareholdings accounted for using the equity method		(1)	(15)
Proceeds from equity-accounted investees		135	–
Proceeds from finance leases		71	56
Purchase of other financial assets		(13)	(122)
Proceeds from other financial assets		112	13
Other cash flows from investing activities		(11)	–
<b>Cash flow used in investing activities</b>		<b>(1,316)</b>	<b>(1,706)</b>
Issuance of financial liabilities	5	324	781
Repayment of financial liabilities	5	(631)	(832)
Repayment of lease liabilities		(208)	(207)
Dividends paid to equity holders of Swisscom Ltd		(1,140)	(1,140)
Dividends paid to non-controlling interests		(1)	(1)
Other cash flows from financing activities		(12)	(8)
<b>Cash flow used in financing activities</b>		<b>(1,668)</b>	<b>(1,407)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(76)</b>	<b>(81)</b>
Cash and cash equivalents at 1 January		340	328
Foreign currency translation adjustments in respect of cash and cash equivalents		1	–
<b>Cash and cash equivalents at the end of period</b>		<b>265</b>	<b>247</b>

## Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Foreign currency translation adjustments	Hedge reserves	Equity attributable to equity holders of Swisscom	Non-controlling interests	Total equity
<b>Balance at 1 January 2020</b>	<b>52</b>	<b>136</b>	<b>10,454</b>	<b>(1,781)</b>	<b>11</b>	<b>8,872</b>	<b>3</b>	<b>8,875</b>
Net income	—	—	1,169	—	—	1,169	(3)	1,166
Other comprehensive income	—	—	(270)	(8)	(4)	(282)	—	(282)
<b>Comprehensive income</b>	<b>—</b>	<b>—</b>	<b>899</b>	<b>(8)</b>	<b>(4)</b>	<b>887</b>	<b>(3)</b>	<b>884</b>
Dividends paid	—	—	(1,140)	—	—	(1,140)	(1)	(1,141)
Other changes	—	—	—	—	—	—	(1)	(1)
<b>Balance at 30 September 2020</b>	<b>52</b>	<b>136</b>	<b>10,213</b>	<b>(1,789)</b>	<b>7</b>	<b>8,619</b>	<b>(2)</b>	<b>8,617</b>
<b>Balance at 1 January 2021</b>	<b>52</b>	<b>136</b>	<b>11,085</b>	<b>(1,791)</b>	<b>8</b>	<b>9,490</b>	<b>1</b>	<b>9,491</b>
Net income	—	—	1,535	—	—	1,535	1	1,536
Other comprehensive income	—	—	633	22	(3)	652	—	652
<b>Comprehensive income</b>	<b>—</b>	<b>—</b>	<b>2,168</b>	<b>22</b>	<b>(3)</b>	<b>2,187</b>	<b>1</b>	<b>2,188</b>
Dividends paid	—	—	(1,140)	—	—	(1,140)	(1)	(1,141)
Other changes	—	—	1	—	—	1	2	3
<b>Balance at 30 September 2021</b>	<b>52</b>	<b>136</b>	<b>12,114</b>	<b>(1,769)</b>	<b>5</b>	<b>10,538</b>	<b>3</b>	<b>10,541</b>

# Notes to the interim financial statements

## About this report

### General information

The Swisscom Group (hereinafter referred to as 'Swisscom') provides telecommunication services, and is active primarily in Switzerland and Italy. The unaudited consolidated financial statements as at 30 September 2021 cover Swisscom Ltd, as parent company, and its subsidiaries. Swisscom Ltd is a limited-liability company incorporated in accordance with Swiss law under a private statute, and has its registered office in Ittigen (Berne). Its address is: Swisscom Ltd, Alte Tiefenastrasse 6, 3048 Worblaufen. Swisscom is listed on the SIX Swiss Exchange. The number of issued shares is unchanged from the prior year and totals 51,801,943. The shares have a nominal value of CHF 1 and are fully paid-up. Each share entitles the holder to one vote. The majority shareholder of Swisscom Ltd is the Swiss Confederation ('Confederation'). The Confederation is required by current law to hold the majority of the capital and voting rights. The Board of Directors of Swisscom approved the issuance of these consolidated interim financial statements on 27 October 2021. As of this date, no material events after the reporting date have occurred.

### Basis of preparation

The consolidated interim financial statements for the nine months to 30 September 2021 were prepared in accordance with International Accounting Standard 'IAS 34 Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2020. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2020 consolidated financial statements and the revised accounting principles adopted on 1 January 2021.

In preparing the consolidated interim financial statements, management is required to make accounting estimates and assumptions. Adjustments are made for changes in estimates and assumptions during the reporting period in which the original estimates and assumptions changed.

Swisscom operates in business areas where the provision of services is not subject to any major seasonal or cyclical fluctuations during the financial year. Income taxes are calculated on the basis of an estimate of the expected income tax rate for the full year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.083 was used as the end-of-period rate (31 December 2020: CHF/EUR 1.080) and 1.09 as the average rate for the period (prior year: CHF/EUR 1.07).

## 1 Changes in accounting principles

As of 1 January 2021, Swisscom adopted various amendments to the existing International Financial Reporting Standards (IFRS) and Interpretations, none of which have a material impact on the consolidated financial statements of Swisscom.



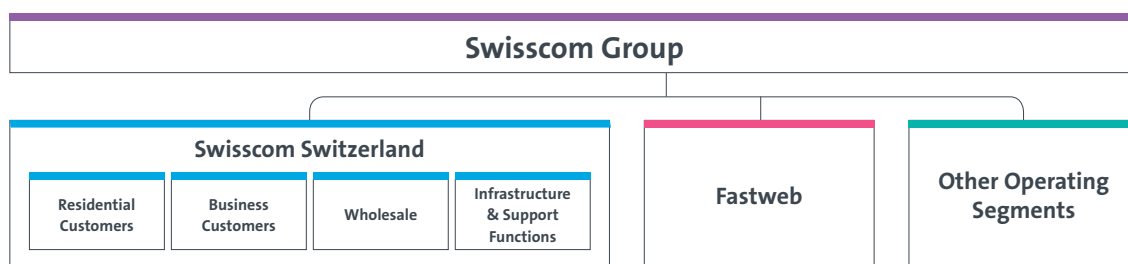
## 2 Segment information

### Changes in segment reporting

As of 1 January 2021, Swisscom amended its organisational structure in Switzerland and the segment formerly known as IT, Network & Infrastructure was renamed Infrastructure & Support Functions. The departments with overlapping functions were merged organisationally at Swisscom Switzerland. As a result, Group Headquarters is no longer reported separately in the segment reporting. In addition, Swisscom has transferred various areas among the segments of Swisscom Switzerland and the Other Operating Segments as of 1 January 2021. The prior year's figures were restated as follows:

In CHF million	Reported	Adjustment	Restated
<b>Net revenue</b>			
<b>2020 financial year</b>			
Residential Customers	4,564	(4)	4,560
Business Customers	3,100	–	3,100
Wholesale	976	–	976
Infrastructure & Support Functions (previously IT, Network & Infrastructure)	85	(2)	83
Elimination	(450)	(19)	(469)
<b>Swisscom Switzerland</b>	<b>8,275</b>	<b>(25)</b>	<b>8,250</b>
Fastweb	2,470	–	2,470
Other Operating Segments	1,020	(6)	1,014
Elimination	(665)	31	(634)
<b>Total net revenue</b>	<b>11,100</b>	<b>–</b>	<b>11,100</b>
<b>Segment result</b>			
<b>2020 financial year</b>			
Residential Customers	2,586	(2)	2,584
Business Customers	1,235	3	1,238
Wholesale	523	–	523
Infrastructure & Support Functions (previously IT, Network & Infrastructure)	(2,556)	(64)	(2,620)
<b>Swisscom Switzerland</b>	<b>1,788</b>	<b>(63)</b>	<b>1,725</b>
Fastweb	166	–	166
Other Operating Segments	111	(1)	110
Group Headquarters	(64)	64	–
Elimination	(99)	–	(99)
<b>Total segment result</b>	<b>1,902</b>	<b>–</b>	<b>1,902</b>

## General information



Reporting is divided into the segments Residential Customers, Business Customers, Wholesale, and Infrastructure & Support Functions, which are grouped under Swisscom Switzerland, as well as Fastweb and Other Operating Segments.

The Infrastructure & Support Functions segment does not charge network costs or management fees to other segments. Any other services between the segments are charged at market prices. The results of the Residential Customers, Business Customers and Wholesale segments thus correspond to a contribution margin before network costs.

Segment expense encompasses the direct and indirect costs, which include personnel expense, other operating costs less capitalised costs of self-constructed assets and other income. Pension cost includes ordinary employer contributions. The difference between the ordinary employer contributions and the pension cost as provided for under IAS 19 is reported in the column 'Eliminations'. In the first nine months of 2021, a gain of CHF 25 million is disclosed under 'Eliminations' as a pension cost reconciliation item in accordance with IAS 19 (prior year: expense of CHF 47 million).

Leases between the segments are not recognised in the balance sheet in accordance with IFRS 16. The reported lease expense of the segments comprises depreciation and interest on leases excluding depreciation of indefeasible rights of use (IRU) of CHF 18 million (prior year: CHF 18 million) and the accounting for the rental of buildings between segments. In addition, the leasing expenses of the previous year's segments do not include allowances on right-of-use assets amounting to CHF 7 million. The lease expense of assets of low value is presented as direct costs.

Capital expenditure consists of the purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU). In general, IRUs are paid in full at the beginning of the use and are classified as leases under IFRS 16. From an economic point of view, IRU payments will be considered as capital expenditure in the segment information. Capital expenditure in the first nine months of 2021 includes IRU payments of CHF 11 million (prior year: CHF 11 million).

Swisscom Switzerland sells some mobile handsets on a subsidised basis in a bundled offering with a mobile communications contract. As a result of the reallocation of revenue over the pre-delivered components (mobile handset), revenue is recognised earlier than the date of invoicing. This results in contract assets deriving from this business being recognised. In the segment reporting of Swisscom Switzerland, the recognition and dissolution of these contract assets is reported as other revenue. The amounts invoiced are reported under revenue from telecommunications services or merchandise.

## Segment information 2021

1.01.–30.09.2021, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	3,366	934	–	–	4,300
Corporate customers	2,246	776	326	–	3,348
Wholesale customers	498	197	–	–	695
<b>Net revenue from external customers</b>	<b>6,110</b>	<b>1,907</b>	<b>326</b>	<b>–</b>	<b>8,343</b>
Net revenue from other segments	40	7	444	(491)	–
<b>Net revenue</b>	<b>6,150</b>	<b>1,914</b>	<b>770</b>	<b>(491)</b>	<b>8,343</b>
Direct costs	(1,321)	(702)	(56)	48	(2,031)
Indirect costs	(2,153)	(556)	(578)	440	(2,847)
<b>Segment result before depreciation and amortisation</b>	<b>2,676</b>	<b>656</b>	<b>136</b>	<b>(3)</b>	<b>3,465</b>
Lease expense	(174)	(43)	(9)	–	(226)
Depreciation, amortisation and impairment losses	(1,120)	(480)	(40)	8	(1,632)
<b>Segment result</b>	<b>1,382</b>	<b>133</b>	<b>87</b>	<b>5</b>	<b>1,607</b>
Interest expense on lease liabilities					33
<b>Operating income</b>					<b>1,640</b>
Financial income and financial expense, net					138
Result of equity-accounted investees					(5)
<b>Income before income taxes</b>					<b>1,773</b>
Income tax expense					(237)
<b>Net income</b>					<b>1,536</b>
Segment result before depreciation and amortisation	2,676	656	136	(3)	3,465
Lease expense	(174)	(43)	(9)	–	(226)
Capital expenditure	(1,125)	(479)	(29)	28	(1,605)
<b>Operating free cash flow proxy</b>	<b>1,377</b>	<b>134</b>	<b>98</b>	<b>25</b>	<b>1,634</b>

## Segment information Swisscom Switzerland 2021

1.01.–30.09.2021, in CHF million	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	1,491	652	–	–	–	2,143
Mobile	1,396	537	–	–	–	1,933
Revenue other	–	46	–	–	–	46
<b>Telecom services</b>	<b>2,887</b>	<b>1,235</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,122</b>
Solutions business	–	821	–	–	–	821
Merchandise	399	168	–	–	–	567
Wholesale	–	–	498	–	–	498
Revenue other	80	6	–	16	–	102
<b>Net revenue from external customers</b>	<b>3,366</b>	<b>2,230</b>	<b>498</b>	<b>16</b>	<b>–</b>	<b>6,110</b>
Net revenue from other segments	57	55	241	41	(354)	40
<b>Net revenue</b>	<b>3,423</b>	<b>2,285</b>	<b>739</b>	<b>57</b>	<b>(354)</b>	<b>6,150</b>
Direct costs	(821)	(599)	(326)	(5)	430	(1,321)
Indirect costs	(494)	(698)	(15)	(869)	(77)	(2,153)
<b>Segment result before depreciation and amortisation</b>	<b>2,108</b>	<b>988</b>	<b>398</b>	<b>(817)</b>	<b>(1)</b>	<b>2,676</b>
Lease expense	(30)	(24)	–	(120)	–	(174)
Depreciation, amortisation and impairment losses	(39)	(50)	–	(1,032)	1	(1,120)
<b>Segment result</b>	<b>2,039</b>	<b>914</b>	<b>398</b>	<b>(1,969)</b>	<b>–</b>	<b>1,382</b>
Capital expenditure	(16)	(30)	–	(1,079)	–	(1,125)

## Segment information 2020

1.01.–30.09.2020, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	3,320	903	–	–	4,223
Corporate customers	2,276	707	329	–	3,312
Wholesale customers	490	176	–	–	666
<b>Net revenue from external customers</b>	<b>6,086</b>	<b>1,786</b>	<b>329</b>	<b>–</b>	<b>8,201</b>
Net revenue from other segments	44	6	426	(476)	–
<b>Net revenue</b>	<b>6,130</b>	<b>1,792</b>	<b>755</b>	<b>(476)</b>	<b>8,201</b>
Direct costs	(1,251)	(648)	(51)	44	(1,906)
Indirect costs	(2,200)	(536)	(566)	363	(2,939)
<b>Segment result before depreciation and amortisation</b>	<b>2,679</b>	<b>608</b>	<b>138</b>	<b>(69)</b>	<b>3,356</b>
Lease expense	(175)	(42)	(9)	–	(226)
Depreciation, amortisation and impairment losses	(1,139)	(462)	(46)	6	(1,641)
<b>Segment result</b>	<b>1,365</b>	<b>104</b>	<b>83</b>	<b>(63)</b>	<b>1,489</b>
Interest expense on lease liabilities					34
<b>Operating income</b>					<b>1,523</b>
Financial income and financial expense, net					(113)
Result of equity-accounted investees					4
<b>Income before income taxes</b>					<b>1,414</b>
Income tax expense					(248)
<b>Net income</b>					<b>1,166</b>
Segment result before depreciation and amortisation	2,679	608	138	(69)	3,356
Lease expense	(175)	(42)	(9)	–	(226)
Capital expenditure	(1,186)	(439)	(30)	23	(1,632)
<b>Operating free cash flow proxy</b>	<b>1,318</b>	<b>127</b>	<b>99</b>	<b>(46)</b>	<b>1,498</b>

## Segment information Swisscom Switzerland 2020

1.01.–30.09.2020, in CHF million, restated	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	1,505	676	–	–	–	2,181
Mobile	1,460	575	–	–	–	2,035
Revenue other	–	45	–	–	–	45
<b>Telecom services</b>	<b>2,965</b>	<b>1,296</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,261</b>
Solutions business	–	786	–	–	–	786
Merchandise	355	171	–	–	–	526
Wholesale	–	–	490	–	–	490
Revenue other	–	6	–	17	–	23
<b>Net revenue from external customers</b>	<b>3,320</b>	<b>2,259</b>	<b>490</b>	<b>17</b>	<b>–</b>	<b>6,086</b>
Net revenue from other segments	56	56	237	46	(351)	44
<b>Net revenue</b>	<b>3,376</b>	<b>2,315</b>	<b>727</b>	<b>63</b>	<b>(351)</b>	<b>6,130</b>
Direct costs	(750)	(594)	(324)	(7)	424	(1,251)
Indirect costs	(557)	(705)	(12)	(853)	(73)	(2,200)
<b>Segment result before depreciation and amortisation</b>	<b>2,069</b>	<b>1,016</b>	<b>391</b>	<b>(797)</b>	<b>–</b>	<b>2,679</b>
Lease expense	(33)	(25)	–	(117)	–	(175)
Depreciation, amortisation and impairment losses	(54)	(57)	–	(1,028)	–	(1,139)
<b>Segment result</b>	<b>1,982</b>	<b>934</b>	<b>391</b>	<b>(1,942)</b>	<b>–</b>	<b>1,365</b>
Capital expenditure	(19)	(27)	–	(1,140)	–	(1,186)

### 3 Operating costs

#### Direct costs

In CHF million	1.01.–30.09.2021	1.01.–30.09.2020
Customer premises equipment and merchandise	731	664
Services purchased	528	455
Costs to obtain a contract	161	206
Costs to fulfill a contract	28	26
Network access costs of swiss subsidiaries	260	258
Network access costs of foreign subsidiaries	323	297
<b>Total direct costs</b>	<b>2,031</b>	<b>1,906</b>

#### Indirect costs

In CHF million	1.01.–30.09.2021	1.01.–30.09.2020
Salary and social security expenses	1,911	1,974
Other personnel expense	52	42
<b>Total personnel expense</b>	<b>1,963</b>	<b>2,016</b>
Information technology cost	184	179
Maintenance expense	200	181
Energy costs	91	87
Advertising and selling expenses	132	123
Consultancy expenses and freelance workforce	88	95
Administration expense	43	44
Allowances for receivables	54	70
Miscellaneous operating expenses	537	485
<b>Total other operating expense</b>	<b>1,329</b>	<b>1,264</b>
Capitalised self-constructed tangible and intangible assets	(320)	(268)
Own work for capitalised contract costs	(44)	(26)
Gain on sale of property, plant and equipment	(5)	(8)
Miscellaneous income	(76)	(39)
<b>Total capitalised self-constructed assets and other income</b>	<b>(445)</b>	<b>(341)</b>
<b>Total indirect costs</b>	<b>2,847</b>	<b>2,939</b>

Capitalised self-constructed tangible and intangible assets include personnel costs for the manufacturing of technical installations, the construction of network infrastructure and the development of software for internal use.

### 4 Dividends

On 31 March 2021, the Annual General Meeting of Swisscom Ltd approved the payment of an unchanged gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 8 April 2021.

## 5 Financial liabilities

In CHF million	Carrying amount 01.01.2021	Issuance	Repayment	Other changes <sup>1</sup>	Carrying amount 30.09.2021	Fair Value
<b>Financial liabilities</b>						
Bank loans	484	223	(57)	(7)	643	674
Debenture bonds	6,110	100	(544)	(19)	5,647	5,820
Private placements	151	–	–	(1)	150	156
Derivative financial instruments	90	–	–	(32)	58	58
Other financial liabilities	207	1	(30)	5	183	192
<b>Total financial liabilities</b>	<b>7,042</b>	<b>324</b>	<b>(631)</b>	<b>(54)</b>	<b>6,681</b>	<b>6,900</b>

1 Interest expenses, interest payments, non-cash changes in lease liabilities and foreign currency translation adjustments.

In the second quarter of 2021, Swisscom issued a debenture bond for CHF 100 million. It has a coupon of 0.25% and matures in 2033. The funds received were used to repay existing debt. Swisscom repaid a EUR 500 million (CHF 544 million) bond upon maturity in the third quarter of 2021. Swisscom has two confirmed lines of credit totalling CHF 2.2 billion, which had not been used as at 30 September 2021.

## 6 Financial result

In CHF million	1.01.–30.09.2021	1.01.–30.09.2020
Interest income on financial assets	2	5
Foreign exchange gains	19	5
Change in fair value of interest rate swaps	22	–
Other financial income	224	33
<b>Total financial income</b>	<b>267</b>	<b>43</b>
Interest expense on financial liabilities	(48)	(55)
Interest expense on lease liabilities	(33)	(34)
Interest expense on net defined benefit liabilities	(1)	(1)
Present-value adjustments on provisions	(30)	(36)
Change in fair value of interest rate swaps	–	(14)
Other financial expense	(17)	(16)
<b>Total financial expense</b>	<b>(129)</b>	<b>(156)</b>
<b>Financial income and financial expense, net</b>	<b>138</b>	<b>(113)</b>
Interest expense on lease liabilities	(33)	(34)
Net interest expense on financial assets and liabilities	(46)	(50)

As part of its strategic partnership with TIM, Fastweb transferred its stake in Flash Fiber as a capital contribution to the newly established fibre-optic company FiberCop. For contributing its 20% stake to Flash Fiber, Fastweb has received a 4.5% stake in FiberCop. The transaction was completed in March 2021. The fair value of the FiberCop investment is EUR 210 million (CHF 232 million). The transaction resulted in a gain on the Flash Fiber participation of CHF 169 million, which was recognised in the income statement in the first quarter of 2021. In addition, in the first quarter of 2021, Swisscom sold its holding in Belgacom International Carrier Services (BICS) for a sale price of EUR 115 million (CHF 126 million). Swisscom realised a gain of CHF 38 million from the sale of BICS.

## 7 Net current operating assets

Operating assets and liabilities changed as follows in the first nine months of 2021:

In CHF million	31.12.2020	Operational changes	Other changes <sup>1</sup>	30.09.2021
Trade receivables	2,132	217	2	2,351
Other operating assets	1,029	96	—	1,125
Trade payables	(1,525)	62	(4)	(1,467)
Other operating liabilities	(1,269)	(283)	(3)	(1,555)
<b>Total operating assets and liabilities, net</b>	<b>367</b>	<b>92</b>	<b>(5)</b>	<b>454</b>

1 Foreign currency translation and adjustments from acquisition and sale of subsidiaries.

## Other operating assets and liabilities

In CHF million	30.09.2021	31.12.2020
<b>Other operating assets</b>		
Contract assets	186	153
Contract costs	242	224
Inventories	121	120
Prepaid expenses	432	349
Other operating assets	144	183
<b>Total other operating assets</b>	<b>1,125</b>	<b>1,029</b>
<b>Other operating liabilities</b>		
Contract liabilities	1,004	737
Accruals for variable performance-related bonus	111	160
Other operating liabilities	440	372
<b>Total other operating liabilities</b>	<b>1,555</b>	<b>1,269</b>

## 8 Provisions and contingent liabilities

### Provisions

Provisions changed as follows in the first nine months of 2021:

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Termination benefits	Others	Total
<b>Balance at 1 January 2021</b>	<b>741</b>	<b>233</b>	<b>63</b>	<b>179</b>	<b>1,216</b>
Additions to provisions	—	60	1	26	87
Adjustments recognised under property, plant and equipment	(38)	—	—	—	(38)
Present-value adjustments	3	27	—	—	30
Release of unused provisions	—	—	—	(20)	(20)
Use of provisions	(7)	(8)	(16)	(24)	(55)
<b>Balance at 30 September 2021</b>	<b>699</b>	<b>312</b>	<b>48</b>	<b>161</b>	<b>1,220</b>
Thereof current provisions	—	40	44	58	142
Thereof non-current provisions	699	272	4	103	1,078

In accordance with the revised Telecommunications Act, Swisscom provides access services (incl. interconnection) to other telecommunication service providers in Switzerland. In February 2020, a provider of telecommunications services requested from the Federal Communications Commission (ComCom) that the interest on recovery claims from access-related proceedings should be based on the weighted average cost of capital (WACC). In June 2021, ComCom confirmed this interest rate regulation. Swisscom filed an appeal against this ruling with the Federal Administrative Court in the third quarter of 2021.

In its investigation as to the invitation to tender for the corporate network of the Swiss Post in 2008, COMCO reached the conclusion in November 2015 that Swisscom has a dominant position on the market for broadband access for business clients. As a result of this conduct, which was judged to be unlawful under competition law, COMCO imposed a penalty of CHF 8 million. Swisscom has challenged COMCO's rulings concerning the invitation to tender for the corporate network of Swiss Post in the Federal Administrative Court. In June 2021, the Federal Administrative Court largely confirmed COMCO's ruling and ordered Swisscom to pay a fine of CHF 7 million. As a result of the legally binding decision on abuse of a market-dominant position, claims could be asserted against Swisscom under civil law.

In December 2019, the Federal Supreme Court dismissed a complaint by Swisscom in the COMCO proceedings for abuse of market dominant in ADSL services in the last instance and affirmed the penalty. As a result of the legally binding determination of market abuse, civil law claims were filed by telecommunications service providers in the second quarter of 2020. Negotiations in respect of these civil claims took place in the second quarter of 2021. The civil proceedings have not yet been concluded.

COMCO opened an investigation into Swisscom's optical fibre network in December 2020 and ordered precautionary measures against Swisscom. In its ruling of 30 September 2021, the Federal Administrative Court confirmed the precautionary measures ordered by COMCO on 16 December 2020 and dismissed Swisscom's appeal.

In the past, Swisscom recognised provisions for regulatory and antitrust proceedings on the basis of legal assessments. Due to a reassessment of these proceedings, provisions of CHF 34 million were recognised in the third quarter of 2021. Any payments to be made will depend upon the date on which legally binding decrees and decisions are issued, and could probably occur within five years.

### Contingent liabilities for regulatory and antitrust proceedings

With regard to the contingent liabilities reported in the 2020 consolidated financial statements in connection with regulatory and antitrust proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and has therefore, as before, not recognised any provisions for this in the consolidated financial statements as at 30 September 2021.

## 9 Defined benefit plans

The majority of employees in Switzerland are insured under the Swisscom pension plan against the risks of old age, death and disability. The pension plan is implemented by the comPlan foundation. The supreme governing body of the pension fund is the Foundation Council, which is made up of an equal number of representatives from the employees and the employer. The pension fund rules, together with the legal provisions concerning occupational pension plans, constitute the formal regulatory framework of the pension plan.

The Foundation Board of comPlan approved various changes to the pension plan in the second quarter of 2021. The main changes include a reduction in conversion rates, compensatory measures to cushion pension cuts and a reduction in entitlements for current spouse's and partner's pensions. The various measures resulted in a gain of CHF 60 million, which was recognised as a reduction of pension liabilities in the second quarter of 2021. This was based on a remeasurement of the net defined benefit obligation using the current fair values of plan assets at the inception of the plan amendment and current actuarial assumptions, taking into account the risk-sharing characteristics.



# Alternative performance measures

Swisscom uses key indicators defined in the International Financial Reporting Standards (IFRS) throughout its financial reporting, as well as selected alternative performance measures (APMs). These alternative measures provide useful information on the Group's financial situation and are used for financial management and control purposes. As these measures are not defined under IFRS, the calculation may differ from the published APMs of other companies. For this reason, comparability across companies may be limited. The key alternative performance measures used at Swisscom for the interim financial reporting as at 30 September 2021 are defined as follows:

Key performance measure	Swisscom definition
<b>Adjustments</b>	Significant items that, due to their exceptional nature, cannot be considered part of the Swisscom Group's ongoing performance, such as termination benefits and significant positions in connection with legal cases or other non-recurring items. In addition, the application of changes in the IFRS accounting principles and standards can have an impact on comparability with the previous year if these principles are not applied retrospectively.
<b>At constant exchange rates</b>	Key performance measures considering currency effects (figures for 2021 are translated at the 2020 exchange rate to calculate the currency effect).
<b>Operating income before depreciation and amortisation (EBITDA)</b>	Operating income before depreciation, amortisation and impairment losses of property, plant and equipment, intangible assets and right-of-use assets, financial expense and financial income, result of equity-accounted investees and income tax expense.
<b>Operating income (EBIT)</b>	Operating income before financial expense and financial income, result of equity-accounted investees and income tax expense.
<b>Capital expenditure</b>	Purchase of property, plant and equipment and intangible assets and payments for indefeasible rights of use (IRU) which are classified as leases under IFRS 16. In general, IRUs are paid in full at the beginning of use.
<b>Operating free cash flow proxy</b>	Operating income before depreciation and amortisation (EBITDA) minus capital expenditure in property, plant and equipment, intangible assets and payments for indefeasible rights of use (IRU) and lease expense. Lease expense includes interest expenses on lease liabilities and depreciation of rights of use excluding depreciation of indefeasible rights of use (IRU) and impairment losses on right-of-use assets.
<b>Free cash flow</b>	Cash flows from operating and investing activities excl. cash flows from the purchase and sale of subsidiaries and purchase of and proceeds from equity-accounted investees and other financial assets.
<b>Net debt</b>	Financial liabilities less cash and cash equivalents, listed debt instruments, certificates of deposit, derivative financial instruments held for hedging financial liabilities and other current financial assets.
<b>Net debt incl. lease liabilities</b>	Net debt incl. lease liabilities.

## Reconciliation of alternative performance measures

In CHF million	1.01.–30.09.2021	1.01.–30.09.2020	Change reported	Change at constant exchange rates
<b>Net revenue</b>				
<b>Net revenue</b>	<b>8,343</b>	<b>8,201</b>	<b>1.7%</b>	<b>1.3%</b>
<b>Operating income before depreciation and amortisation (EBITDA)</b>				
<b>EBITDA</b>	<b>3,465</b>	<b>3,356</b>	<b>3.2%</b>	<b>2.9%</b>
Gain from change in pension plan	(60)	–		
Additions to provisions for legal proceedings in Switzerland	52	–	–	
<b>EBITDA adjusted</b>	<b>3,457</b>	<b>3,356</b>	<b>3.0%</b>	<b>2.7%</b>
<b>Capital expenditure</b>				
Capital expenditure in property, plant and equipment and intangible assets	1,594	1,621	–1.7%	–2.2%
Payments for indefeasible rights of use (IRU)	11	11	–%	
<b>Capital expenditure</b>	<b>1,605</b>	<b>1,632</b>	<b>–1.7%</b>	<b>–2.2%</b>

In CHF million	1.01.–30.09.2021	1.01.–30.09.2020	Change reported
<b>Operating free cash flow proxy</b>			
Cash flow from operating activities	2,908	3,032	(124)
Capital expenditure	(1,605)	(1,632)	27
Depreciation of right-of-use assets	(211)	(217)	6
Depreciation of indefeasible rights of use (IRU)	18	18	–
Impairment losses of right-of-use assets	–	7	(7)
Change in deferred gain from the sale and leaseback of real estate	9	9	–
Change in operating assets and liabilities	92	26	66
Change in provisions	(12)	27	(39)
Change in net defined benefit liabilities	22	(46)	68
Gain on sale of property, plant and equipment	5	8	(3)
Expense for share-based payments	(1)	(1)	–
Revenue from finance leases	71	49	22
Interest received	(12)	(23)	11
Interest payments on financial liabilities	68	82	(14)
Dividends received	(1)	(15)	14
Income taxes paid	283	174	109
<b>Operating free cash flow proxy</b>	<b>1,634</b>	<b>1,498</b>	<b>136</b>
<b>Free cash flow</b>			
Cash flow from operating activities	2,908	3,032	(124)
Cash flow used in investing activities	(1,316)	(1,706)	390
Repayment of lease liabilities	(208)	(207)	(1)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	25	30	(5)
Proceeds from equity-accounted investees	(135)	–	(135)
Expenses for shareholdings accounted for using the equity method	1	15	(14)
Purchase of other financial assets	13	122	(109)
Proceeds from other financial assets	(112)	(19)	(93)
<b>Free cash flow</b>	<b>1,176</b>	<b>1,267</b>	<b>(91)</b>

# Further information

## Share information

### Swisscom share performance indicators

1.01.–30.09.2021	SIX Swiss Exchange
Closing price as at 31 December 2020, in CHF <sup>1</sup>	477.10
Closing price as at 30 September 2021 in CHF <sup>1</sup>	537.40
Year high in CHF <sup>1</sup>	562.40
Year low in CHF <sup>1</sup>	456.30
Total volume of traded shares	23,481,750
Total turnover in CHF million	11,771.38
Daily average of traded shares	123,588
Daily average in CHF million	61.95

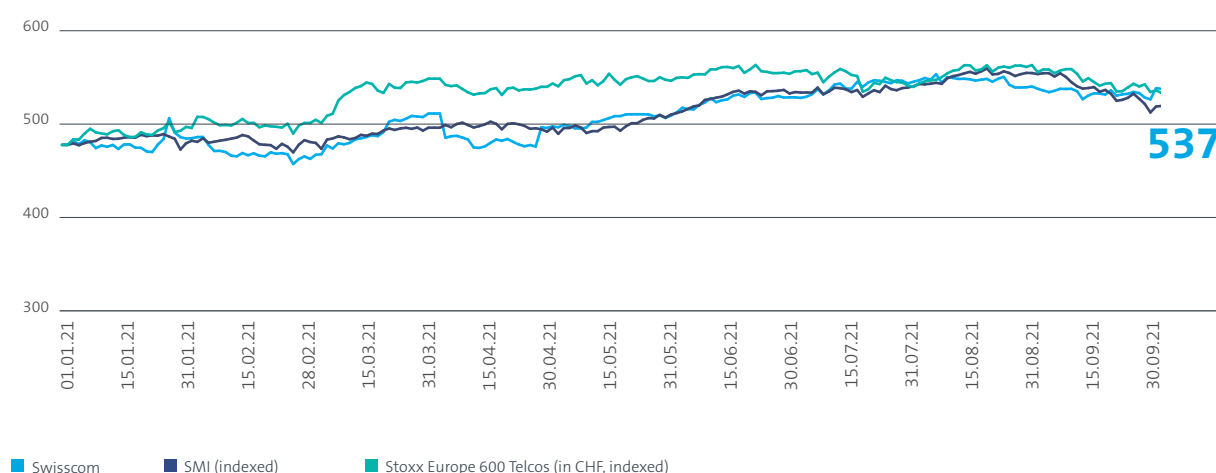
Source: Bloomberg

1 paid prices

## Share performance

### Share performance since 1 January 2021

in CHF



## Financial calendar

- 3 February 2022 2021 Annual Results and Annual Report
- 28 April 2022 2022 First-Quarter Results
- 4 August 2022 2022 Second-Quarter Results
- 27 October 2022 2022 Third-Quarter Results

## Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange under the symbol SCMN (Securities No. 874251). In the United States, they are traded in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over The Counter, Level 1) under the symbol SCMWY (Pink Sheet No. 69769).

## Quarterly review 2020 and 2021

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2020	1. quarter	2. quarter	3. quarter	4. quarter	2021
<b>Income statement</b>										
<b>Net revenue</b>	<b>2,737</b>	<b>2,706</b>	<b>2,758</b>	<b>2,899</b>	<b>11,100</b>	<b>2,803</b>	<b>2,780</b>	<b>2,760</b>		<b>8,343</b>
Direct costs	(626)	(624)	(656)	(763)	(2,669)	(680)	(670)	(681)		(2,031)
Personnel expense	(700)	(679)	(637)	(701)	(2,717)	(716)	(611)	(636)		(1,963)
Other operating expense	(407)	(416)	(441)	(534)	(1,798)	(422)	(444)	(463)		(1,329)
Capitalised self-constructed assets and other income	107	110	124	125	466	139	138	168		445
<b>Operating income (EBITDA)</b>	<b>1,111</b>	<b>1,097</b>	<b>1,148</b>	<b>1,026</b>	<b>4,382</b>	<b>1,124</b>	<b>1,193</b>	<b>1,148</b>		<b>3,465</b>
Depreciation and amortisation	(537)	(541)	(538)	(533)	(2,149)	(538)	(549)	(527)		(1,614)
Depreciation of right-of-use assets	(70)	(77)	(70)	(69)	(286)	(70)	(71)	(70)		(211)
<b>Operating income (EBIT)</b>	<b>504</b>	<b>479</b>	<b>540</b>	<b>424</b>	<b>1,947</b>	<b>516</b>	<b>573</b>	<b>551</b>		<b>1,640</b>
Net interest expense on financial assets and liabilities	(12)	(18)	(20)	(19)	(69)	(17)	(16)	(13)		(46)
Interest expense on lease liabilities	(11)	(11)	(12)	(11)	(45)	(11)	(11)	(11)		(33)
Other financial result	(14)	(38)	23	(9)	(38)	252	(35)	–		217
Equity-accounted investees	1	2	1	–	4	–	(4)	(1)		(5)
<b>Income before income taxes</b>	<b>468</b>	<b>414</b>	<b>532</b>	<b>385</b>	<b>1,799</b>	<b>740</b>	<b>507</b>	<b>526</b>		<b>1,773</b>
Income tax expense	(74)	(72)	(102)	(23)	(271)	(102)	(99)	(36)		(237)
<b>Net income</b>	<b>394</b>	<b>342</b>	<b>430</b>	<b>362</b>	<b>1,528</b>	<b>638</b>	<b>408</b>	<b>490</b>		<b>1,536</b>
Attributable to equity holders of Swisscom Ltd	395	343	431	361	1,530	638	407	490		1,535
Attributable to non-controlling interests	(1)	(1)	(1)	1	(2)	–	1	–		1
Earnings per share (in CHF)	7.63	6.62	8.32	6.97	29.54	12.32	7.86	9.46		29.63
<b>Net revenue</b>										
Swisscom Switzerland	2,065	2,019	2,046	2,120	8,250	2,080	2,023	2,047		6,150
Fastweb	580	599	613	678	2,470	634	659	621		1,914
Other Operating Segments	241	246	268	259	1,014	240	265	265		770
Intersegment elimination	(149)	(158)	(169)	(158)	(634)	(151)	(167)	(173)		(491)
<b>Total net revenue</b>	<b>2,737</b>	<b>2,706</b>	<b>2,758</b>	<b>2,899</b>	<b>11,100</b>	<b>2,803</b>	<b>2,780</b>	<b>2,760</b>		<b>8,343</b>
<b>Operating income before depreciation and amortisation (EBITDA)</b>										
Swisscom Switzerland	909	872	898	787	3,466	916	881	879		2,676
Fastweb	181	208	219	232	840	195	225	236		656
Other Operating Segments	42	40	56	46	184	34	49	53		136
Reconciliation pension cost	(15)	(16)	(16)	(18)	(65)	(13)	49	(11)		25
Elimination	(6)	(7)	(9)	(21)	(43)	(8)	(11)	(9)		(28)
<b>Total EBITDA</b>	<b>1,111</b>	<b>1,097</b>	<b>1,148</b>	<b>1,026</b>	<b>4,382</b>	<b>1,124</b>	<b>1,193</b>	<b>1,148</b>		<b>3,465</b>
<b>Capital expenditure</b>										
Swisscom Switzerland	367	409	410	413	1,599	371	382	372		1,125
Fastweb	148	146	145	190	629	168	162	149		479
Other Operating Segments	7	11	12	14	44	9	10	10		29
Intersegment elimination	(6)	(7)	(10)	(20)	(43)	(8)	(11)	(9)		(28)
<b>Total capital expenditure</b>	<b>516</b>	<b>559</b>	<b>557</b>	<b>597</b>	<b>2,229</b>	<b>540</b>	<b>543</b>	<b>522</b>		<b>1,605</b>

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2020	1. quarter	2. quarter	3. quarter	4. quarter	2021
<b>Operating free cash flow proxy</b>										
Operating income (EBITDA)	1,111	1,097	1,148	1,026	4,382	1,124	1,193	1,148		3,465
Lease expense	(75)	(75)	(76)	(74)	(300)	(75)	(76)	(75)		(226)
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>1,036</b>	<b>1,022</b>	<b>1,072</b>	<b>952</b>	<b>4,082</b>	<b>1,049</b>	<b>1,117</b>	<b>1,073</b>		<b>3,239</b>
Capital expenditure	(516)	(559)	(557)	(597)	(2,229)	(540)	(543)	(522)		(1,605)
<b>Operating free cash flow proxy</b>	<b>520</b>	<b>463</b>	<b>515</b>	<b>355</b>	<b>1,853</b>	<b>509</b>	<b>574</b>	<b>551</b>		<b>1,634</b>
<b>Net debt</b>										
Net debt	6,552	7,171	6,625	6,218	6,218	5,849	6,626	6,040		6,040
Net debt incl. lease liabilities.	8,528	9,129	8,622	8,206	8,206	7,825	8,569	7,999		7,999
<b>Full-time equivalent employees</b>										
Swisscom Switzerland	13,056	12,857	12,876	12,845	12,845	12,830	12,867	12,963		12,963
Fastweb	2,515	2,605	2,634	2,703	2,703	2,733	2,750	2,741		2,741
Other Operating Segments	3,539	3,522	3,516	3,514	3,514	3,514	3,493	3,468		3,468
<b>Total personnel expense</b>	<b>19,110</b>	<b>18,984</b>	<b>19,026</b>	<b>19,062</b>	<b>19,062</b>	<b>19,077</b>	<b>19,110</b>	<b>19,172</b>		<b>19,172</b>
<b>Information by geographical regions</b>										
Net revenue in Switzerland	2,155	2,106	2,140	2,213	8,614	2,164	2,115	2,134		6,413
Net revenue in other countries	582	600	618	686	2,486	639	665	626		1,930
<b>Total net revenue</b>	<b>2,737</b>	<b>2,706</b>	<b>2,758</b>	<b>2,899</b>	<b>11,100</b>	<b>2,803</b>	<b>2,780</b>	<b>2,760</b>		<b>8,343</b>
EBITDA Switzerland	924	890	922	786	3,522	927	962	907		2,796
EBITDA other countries	187	207	226	240	860	197	231	241		669
<b>Total EBITDA</b>	<b>1,111</b>	<b>1,097</b>	<b>1,148</b>	<b>1,026</b>	<b>4,382</b>	<b>1,124</b>	<b>1,193</b>	<b>1,148</b>		<b>3,465</b>
Capital expenditure in Switzerland	367	412	412	405	1,596	371	381	372		1,124
Capital expenditure in other countries	149	147	145	192	633	169	162	150		481
<b>Total capital expenditure</b>	<b>516</b>	<b>559</b>	<b>557</b>	<b>597</b>	<b>2,229</b>	<b>540</b>	<b>543</b>	<b>522</b>		<b>1,605</b>
Headcount in Switzerland	16,357	16,119	16,119	16,048	16,048	15,975	15,964	16,006		16,006
Headcount in other countries	2,753	2,865	2,907	3,014	3,014	3,102	3,146	3,166		3,166
<b>Total headcount (full-time equivalent)</b>	<b>19,110</b>	<b>18,984</b>	<b>19,026</b>	<b>19,062</b>	<b>19,062</b>	<b>19,077</b>	<b>19,110</b>	<b>19,172</b>		<b>19,172</b>
<b>Fastweb, in EUR million</b>										
Residential customers	280	282	282	289	1,133	286	288	282		856
Corporate customers	211	224	226	246	907	237	244	231		712
Wholesale	50	55	59	93	257	56	66	60		182
<b>Revenue from external customers</b>	<b>541</b>	<b>561</b>	<b>567</b>	<b>628</b>	<b>2,297</b>	<b>579</b>	<b>598</b>	<b>573</b>		<b>1,750</b>
Segment result (EBITDA)	170	195	203	216	784	179	205	218		602
Margin as % of net revenue	31.3	34.7	35.7	34.3	34.0	30.8	34.2	38.0		34.3
Lease expense	(13)	(13)	(13)	(13)	(52)	(14)	(13)	(13)		(40)
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>157</b>	<b>182</b>	<b>190</b>	<b>203</b>	<b>732</b>	<b>165</b>	<b>192</b>	<b>205</b>		<b>562</b>
Capital expenditure	(138)	(138)	(134)	(177)	(587)	(154)	(147)	(138)		(439)
<b>Operating free cash flow proxy</b>	<b>19</b>	<b>44</b>	<b>56</b>	<b>26</b>	<b>145</b>	<b>11</b>	<b>45</b>	<b>67</b>		<b>123</b>
Broadband access lines in thousand	2,659	2,692	2,704	2,747	2,747	2,765	2,774	2,768		2,768
Mobile access lines in thousand	1,779	1,830	1,889	1,961	1,961	2,066	2,188	2,316		2,316

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2020	1. quarter	2. quarter	3. quarter	4. quarter	2021
<b>Swisscom Switzerland</b>										
<b>Revenue and results</b>										
Residential Customers	497	478	485	474	1,934	465	463	468		1,396
Business Customers	196	189	190	186	761	182	179	176		537
<b>Revenue wireless</b>	<b>693</b>	<b>667</b>	<b>675</b>	<b>660</b>	<b>2,695</b>	<b>647</b>	<b>642</b>	<b>644</b>		<b>1,933</b>
Residential Customers	505	500	500	507	2,012	503	498	490		1,491
Business Customers	226	227	223	223	899	223	215	214		652
<b>Revenue fixed-line</b>	<b>731</b>	<b>727</b>	<b>723</b>	<b>730</b>	<b>2,911</b>	<b>726</b>	<b>713</b>	<b>704</b>		<b>2,143</b>
Other revenue Business Customers	15	15	15	16	61	15	16	15		46
<b>Total revenue telecoms services</b>	<b>1,439</b>	<b>1,409</b>	<b>1,413</b>	<b>1,406</b>	<b>5,667</b>	<b>1,388</b>	<b>1,371</b>	<b>1,363</b>		<b>4,122</b>
Solutions business	267	260	259	272	1,058	273	274	274		821
Merchandise	175	175	176	233	759	212	174	181		567
Wholesale	164	158	168	171	661	173	159	166		498
Revenue other	5	1	17	25	48	21	33	48		102
<b>Total revenue from external customers</b>	<b>2,050</b>	<b>2,003</b>	<b>2,033</b>	<b>2,107</b>	<b>8,193</b>	<b>2,067</b>	<b>2,011</b>	<b>2,032</b>		<b>6,110</b>
Residential Customers	1,120	1,080	1,120	1,164	4,484	1,130	1,105	1,131		3,366
Business Customers	760	760	739	767	3,026	759	741	730		2,230
Wholesale	164	158	168	171	661	173	159	166		498
Infrastructure & Support Functions	6	5	6	5	22	5	6	5		16
<b>Total revenue from external customers</b>	<b>2,050</b>	<b>2,003</b>	<b>2,033</b>	<b>2,107</b>	<b>8,193</b>	<b>2,067</b>	<b>2,011</b>	<b>2,032</b>		<b>6,110</b>
<b>Segment result before depreciation and amortisation (EBITDA)</b>										
Residential Customers	703	683	683	629	2,698	699	706	703		2,108
Business Customers	337	339	340	332	1,348	338	327	323		988
Wholesale	132	125	134	133	524	138	124	136		398
Infrastructure & Support Functions	(262)	(277)	(258)	(307)	(1,104)	(259)	(276)	(282)		(817)
Intersegment elimination	(1)	2	(1)	–	–	–	–	(1)		(1)
<b>Segment result (EBITDA)</b>	<b>909</b>	<b>872</b>	<b>898</b>	<b>787</b>	<b>3,466</b>	<b>916</b>	<b>881</b>	<b>879</b>		<b>2,676</b>
Margin as % of net revenue	44.0	43.2	43.9	37.1	42.0	44.0	43.5	42.9		43.5
Lease expense	(59)	(58)	(58)	(57)	(232)	(58)	(59)	(57)		(174)
<b>EBITDA after lease expense (EBITDA AL)</b>	<b>850</b>	<b>814</b>	<b>840</b>	<b>730</b>	<b>3,234</b>	<b>858</b>	<b>822</b>	<b>822</b>		<b>2,502</b>
Capital expenditure	(367)	(409)	(410)	(413)	(1,599)	(371)	(382)	(372)		(1,125)
<b>Operating free cash flow proxy</b>	<b>483</b>	<b>405</b>	<b>430</b>	<b>317</b>	<b>1,635</b>	<b>487</b>	<b>440</b>	<b>450</b>		<b>1,377</b>
<b>Operational data in thousand</b>										
<b>Access lines</b>										
Residential Customers	1,291	1,276	1,257	1,235	1,235	1,207	1,188	1,171		1,171
Business Customers	291	288	289	288	288	284	283	270		270
<b>Fixed telephony access lines</b>	<b>1,582</b>	<b>1,564</b>	<b>1,546</b>	<b>1,523</b>	<b>1,523</b>	<b>1,491</b>	<b>1,471</b>	<b>1,441</b>		<b>1,441</b>
Residential Customers	1,754	1,750	1,747	1,746	1,746	1,733	1,733	1,736		1,736
Business Customers	299	298	298	297	297	295	294	294		294
<b>Broadband access lines retail</b>	<b>2,053</b>	<b>2,048</b>	<b>2,045</b>	<b>2,043</b>	<b>2,043</b>	<b>2,028</b>	<b>2,027</b>	<b>2,030</b>		<b>2,030</b>
Residential Customers	1,518	1,516	1,518	1,519	1,519	1,512	1,513	1,516		1,516
Business Customers	68	68	68	69	69	69	69	69		69
<b>Swisscom TV access lines</b>	<b>1,586</b>	<b>1,584</b>	<b>1,586</b>	<b>1,588</b>	<b>1,588</b>	<b>1,581</b>	<b>1,582</b>	<b>1,585</b>		<b>1,585</b>
Postpaid Residential Customers	2,931	2,933	2,962	2,991	2,991	2,990	3,016	3,063		3,063
Postpaid Business Customers	1,842	1,850	1,859	1,861	1,861	1,863	1,856	1,859		1,859
<b>Mobile access lines Postpaid</b>	<b>4,773</b>	<b>4,783</b>	<b>4,821</b>	<b>4,852</b>	<b>4,852</b>	<b>4,853</b>	<b>4,872</b>	<b>4,922</b>		<b>4,922</b>
Prepaid Residential Customers	1,526	1,481	1,432	1,372	1,372	1,324	1,297	1,268		1,268
<b>Mobile access lines</b>	<b>6,299</b>	<b>6,264</b>	<b>6,253</b>	<b>6,224</b>	<b>6,224</b>	<b>6,177</b>	<b>6,169</b>	<b>6,190</b>		<b>6,190</b>
RGU Residential Customers	9,020	8,956	8,916	8,863	8,863	8,766	8,747	8,754		8,754
RGU Business Customers	2,500	2,504	2,514	2,515	2,515	2,511	2,502	2,492		2,492
<b>Revenue generating units (RGU)</b>	<b>11,520</b>	<b>11,460</b>	<b>11,430</b>	<b>11,378</b>	<b>11,378</b>	<b>11,277</b>	<b>11,249</b>	<b>11,246</b>		<b>11,246</b>
Broadband access lines wholesale	525	533	543	555	555	567	581	588		588
Unbundled fixed access lines	66	63	59	56	56	52	49	44		44

## Forward-looking statements

This Interim Report is published in German and English. The German version is binding.

This interim report contains forward-looking statements. In this Interim Report, such forward-looking statements include, without limitation, statements relating to our financial position, results of operations and business and certain of our strategic plans and objectives.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

