

2022

Interim Report
January–March



swisscom

KPIs

In CHF million, except where indicated		31.03.2022	31.03.2021	Change
Net revenue and results ¹				
Net revenue		2,768	2,803	–1.2%
Operating income before depreciation and amortisation (EBITDA)		1,137	1,124	1.2%
EBITDA as % of net revenue	%	41.1	40.1	
EBITDA after lease expense (EBITDA AL)		1,065	1,049	1.5%
Operating income (EBIT)		549	516	6.4%
Net income		447	638	–29.9%
Earnings per share	CHF	8.63	12.32	–30.0%
Balance sheet and cash flows ¹				
Equity		11,260	10,462	7.6%
Equity ratio	%	45.2	41.7	
Operating free cash flow proxy		543	509	6.7%
Capital expenditure		522	540	–3.3%
Net debt		7,680	7,825	–1.9%
Operational data				
Fixed telephony access lines in Switzerland	in thousand	1,399	1,491	–6.2%
Broadband access lines retail in Switzerland	in thousand	2,030	2,028	0.1%
TV access lines in Switzerland	in thousand	1,586	1,581	0.3%
Mobile access lines in Switzerland	in thousand	6,151	6,177	–0.4%
Revenue generating units (RGU) Switzerland	in thousand	11,166	11,277	–1.0%
Access lines wholesale in Switzerland	in thousand	703	677	3.8%
Broadband access lines retail in Italy	in thousand	2,731	2,765	–1.2%
Broadband access lines wholesale in Italy	in thousand	363	153	137.3%
Mobile access lines in Italy	in thousand	2,649	2,066	28.2%
Swisscom share				
Number of issued shares	in thousand	51,802	51,802	–%
Market capitalisation		28,750	26,264	9.5%
Closing price	CHF	555.00	507.00	9.5%
Employees				
Full-time equivalent employees	number	19,009	19,077	–0.4%
Average number of full-time equivalent employees	number	18,989	19,070	–0.4%

¹ 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 24 and 25.

Business performance

Summary

Swisscom's net revenue was down by 1.2% or CHF 35 million at CHF 2,768 million, while operating income before depreciation and amortisation (EBITDA) increased by 1.2% or CHF 13 million to CHF 1,137 million. The consolidated net income of CHF 447 million is significantly lower than in the prior year (–29.9% or CHF 191 million). This decrease was due to non-recurring items in the prior year's financial result. These include the transfer of a participation of Fastweb and the sale of Swisscom's participation in Belgacom International Carrier Services. Without these non-recurring items, net income would have increased. The financial outlook for 2022 remains unchanged.

In the Swiss core business (Swisscom Switzerland), net revenue decreased by 0.5% or CHF 10 million to CHF 2,070 million. Ongoing competitive and price pressure led to a decline in revenue from telecoms services of 1.8% or CHF 25 million to CHF 1,365 million. By contrast, revenue in the solutions business with business customers increased by 8.8% or CHF 24 million to CHF 297 million. Revenue at Italian subsidiary Fastweb increased by 2.4% or EUR 14 million in local currency to EUR 595 million. In the Swiss core business, EBITDA increased by 1.5% or CHF 14 million to CHF 930 million. The decline in revenue from telecoms services was more than offset thanks to growth in the solutions business and ongoing cost-cutting measures. At Fastweb, EBITDA rose in local currency by 3.4% or EUR 6 million to EUR 185 million, as a result of the higher revenue.

Swisscom's capital expenditure decreased by 3.3% or CHF 18 million to CHF 522 million. In the Swiss core business, capital expenditure fell slightly by 1.9% or CHF 7 million to CHF 364 million. Capital expenditure in broadband networks fell, while capital expenditure in other infrastructure increased. Fastweb recorded an increase in capital expenditure of 1.9% or EUR 3 million to EUR 157 million as a result of higher capital expenditure in network infrastructure.

Operating free cash flow proxy rose by 6.7% or CHF 34 million to CHF 543 million, thanks to higher EBITDA and lower capital expenditure. Net debt fell by 1.9% or CHF 145 million year-on-year to CHF 7,680 million. The number of employees at Swisscom fell by 0.4% or 68 FTEs to 19,009 FTEs. In Switzerland, headcount of 15,987 FTEs is practically unchanged (+0.1%).

The financial outlook for 2022 remains unchanged. Swisscom expects net revenue of around CHF 11.1 to 11.2 billion, EBITDA of around CHF 4.4 billion and capital expenditure of around CHF 2.3 billion. Subject to achieving its targets, Swisscom will propose to pay an unchanged dividend of CHF 22 per share for the 2022 financial year at the 2023 Annual General Meeting.

Segment results

In CHF million	31.03.2022	31.03.2021	Change
Net revenue¹			
Residential Customers	1,131	1,137	–0.5%
Business Customers	791	771	2.6%
Wholesale	147	171	–14.0%
Infrastructure & Support Functions	18	19	–5.3%
Intersegment elimination	(17)	(18)	–5.6%
Swisscom Switzerland	2,070	2,080	–0.5%
Fastweb	615	634	–3.0%
Other Operating Segments	241	240	0.4%
Intersegment elimination	(158)	(151)	4.6%
Revenue from external customers	2,768	2,803	–1.2%
Operating income before depreciation and amortisation (EBITDA)¹			
Residential Customers	745	728	2.3%
Business Customers	353	360	–1.9%
Wholesale	81	89	–9.0%
Infrastructure & Support Functions	(249)	(261)	–4.6%
Swisscom Switzerland	930	916	1.5%
Fastweb	191	195	–2.1%
Other Operating Segments	42	34	23.5%
Reconciliation pension cost ²	(15)	(13)	15.4%
Intersegment elimination	(11)	(8)	37.5%
Operating income before depreciation and amortisation (EBITDA)	1,137	1,124	1.2%

¹ Swisscom has made adjustments to its financial management as of 1 January 2022 and has restated the previous year's figures accordingly. For further information, see note 2 to the interim financial statements.

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.

Swisscom's reporting focuses on the operating divisions Swisscom Switzerland and Fastweb. The other business divisions are grouped together under Other Operating Segments. Swisscom Switzerland comprises the customer segments Residential Customers, Business Customers and Wholesale, along with the Infrastructure & Support Functions business division. Fastweb is a telecommunications provider for residential and business customers in Italy. Other Operating Segments primarily comprises the Digital Business division, Swisscom Broadcast Ltd (radio transmitters) and cablex Ltd (network construction and maintenance).

The Infrastructure & Support Functions business division does not charge any network costs or management fees for its services to other segments. Any other services between the segments are charged at market prices. Network costs in Switzerland are budgeted, monitored and controlled by the Infrastructure & Support Functions segment, which is managed as a cost centre. For this reason, no revenue is credited to the Infrastructure & Support Functions segment within the segment reporting, with the exception of the rental and administration of buildings and vehicles. 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

	31.03.2022	31.03.2021	Change
Net revenue and results			
Telecom services	1,365	1,390	-1.8%
Solutions business	297	273	8.8%
Merchandise	214	211	1.4%
Wholesale	144	169	-14.8%
Revenue other	35	24	45.8%
Revenue from external customers	2,055	2,067	-0.6%
Intersegment revenue	15	13	15.4%
Net revenue	2,070	2,080	-0.5%
Direct costs	(434)	(447)	-2.9%
Indirect costs	(706)	(717)	-1.5%
Segment expenses	(1,140)	(1,164)	-2.1%
Segment result before depreciation and amortisation (EBITDA)	930	916	1.5%
Margin as % of net revenue	44.9	44.0	
Lease expense	(56)	(58)	-3.4%
Depreciation and amortisation	(368)	(374)	-1.6%
Segment result	506	484	4.5%
Operating free cash flow proxy			
Segment result before depreciation and amortisation (EBITDA)	930	916	1.5%
Lease expense	(56)	(58)	-3.4%
EBITDA after lease expense (EBITDA AL)	874	858	1.9%
Capital expenditure	(364)	(371)	-1.9%
Operating free cash flow proxy	510	487	4.7%
Operational data in thousand and headcount			
Fixed telephony access lines	1,399	1,491	-6.2%
Broadband access lines retail	2,030	2,028	0.1%
TV access lines	1,586	1,581	0.3%
Mobile access lines	6,151	6,177	-0.4%
Revenue generating units (RGU)	11,166	11,277	-1.0%
Access lines wholesale	703	677	3.8%
Full-time equivalent employees	12,999	12,830	1.3%

Swisscom Switzerland's net revenue fell by 0.5% or CHF 10 million to CHF 2,070 million. Ongoing competitive and price pressure continued to drive down revenue from telecoms services, which decreased by 1.8% or CHF 25 million to CHF 1,365 million. Of this decline, CHF 4 million (-0.4%) was attributable to the Residential Customers segment and CHF 21 million (-5.0%) to the Business Customers segment. By contrast, revenue from the solutions business rose by 8.8% or CHF 24 million to CHF 297 million. Part of this increase is attributable to the acquisition of the MTF Group companies operating in German-speaking Switzerland and the Principality of Liechtenstein. The decline in Wholesale revenue is partially attributable to the loss of revenue where there is no longer any demand from UPC following the acquisition of Sunrise, and partially attributable to a price-related decline in inbound roaming revenue. The market is still showing signs of saturation and competitive pressure in the area of mobile communications and fixed-network services. The subscriber base in mobile communications shrank by 0.4% or 26,000 year-on-year to 6.15 million. The number of postpaid lines increased by 162,000 year-on-year, while the number of prepaid lines decreased by 188,000. The number of broadband connections remained almost unchanged year-on-year, at 2.03 million (+0.1%). The number of inOne customers continues to grow, however. At the end of March 2022, Swisscom Switzerland recorded 2.51 million inOne customers in the Residential Customers segment. In this segment, inOne accounts for 66% of postpaid mobile lines and 82% of broadband connections. The number of TV connections remained largely stable year-on-year at 1.59 million (+0.3%). The number of fixed telephony access lines fell year-on-year by 6.2% or 92,000 to 1.40 million.

Segment expense declined by 2.1% or CHF 24 million to CHF 1,140 million. Direct costs fell by 2.9% or CHF 13 million to CHF 434 million. In addition to the decline in subscriber acquisition and retention costs, costs for roaming

traffic also fell. Indirect costs decreased by 1.5% or CHF 11 million to CHF 706 million. This decline in costs thanks to efficiency measures was partially offset by additional costs resulting from the acquisition of MTF Group companies. Headcount increased by 1.3% or 169 FTEs year-on-year to 12,999 FTEs due to the hiring of external staff and the acquisition of MTF Group companies. The segment result before depreciation and amortisation increased by 1.5% or CHF 14 million to CHF 930 million. The decline in revenue from telecoms services was more than offset thanks to growth in the solutions business and ongoing cost-cutting measures.

Capital expenditure fell by 1.9% or CHF 7 million to CHF 364 million. Capital expenditure in the expansion of broadband networks decreased, while capital expenditure in other infrastructure increased. As at the end of March 2022, 90% of all Swiss homes and offices were connected with ultra-fast broadband exceeding 80 Mbps. 74% of all homes and offices benefited from fast connections at over 200 Mbps. Swisscom aims to double the rolling out of the fibre-optic network to homes and offices (FTTH) to around 60% in Switzerland by 2025 using P2MP (point-to-multipoint) architecture. The Competition Commission questioned the network architecture and imposed precautionary measures in December 2020, which the Federal Administrative Court confirmed in 2021. Swisscom is interested in a rapid solution; to this end, it is holding in-depth discussions with the Competition Commission.

Fastweb

In EUR million, except where indicated

	31.03.2022	31.03.2021	Change
Net revenue and results			
Residential Customers	285	286	−0.3%
Corporate Business	247	237	4.2%
Wholesale	62	56	10.7%
Revenue from external customers	594	579	2.6%
Intersegment revenue	1	2	−50.0%
Net revenue	595	581	2.4%
Segment expenses	(410)	(402)	2.0%
Segment result before depreciation and amortisation (EBITDA)	185	179	3.4%
Margin as % of net revenue	31.1	30.8	
Lease expense	(14)	(14)	−%
Depreciation and amortisation	(147)	(146)	0.7%
Segment result	24	19	26.3%
Operating free cash flow proxy			
Segment result before depreciation and amortisation (EBITDA)	185	179	3.4%
Lease expense	(14)	(14)	−%
EBITDA after lease expense (EBITDA AL)	171	165	3.6%
Capital expenditure	(157)	(154)	1.9%
Operating free cash flow proxy	14	11	27.3%
Operational data in thousand and headcount			
Broadband access lines retail	2,731	2,765	−1.2%
Broadband access lines wholesale	363	153	137.3%
Mobile access lines	2,649	2,066	28.2%
Full-time equivalent employees	2,737	2,733	0.1%

Fastweb's net revenue rose year-on-year by 2.4% or EUR 14 million to EUR 595 million. Competition has intensified further. Due to the very challenging market conditions, Fastweb's broadband customer base declined by 1.2% or 34,000 to 2.73 million. By contrast, the number of mobile lines increased by 28.2% or 583,000 year-on-year to 2.65 million. Bundled offerings continue to play an important role. 39% of subscribers use a bundled offering combining fixed network and mobile. Residential customer revenue fell by 0.3% or EUR 1 million to EUR 285 million as a result of strong competition. Revenue from business customers rose by 4.2% or EUR 10 million to EUR 247 million, driven by higher revenue from public authorities. Revenue from wholesale business increased by 10.7% or EUR 6 million to EUR 62 million, while the number of broadband access lines rose year-on-year by 137.3% or 210,000 to 363,000.

The segment result before depreciation and amortisation was 3.4% or EUR 6 million higher at EUR 185 million on the back of the growth in revenue. Capital expenditure increased by 1.9% or EUR 3 million year-on-year to EUR 157 million, largely as a result of increased capital expenditure in network infrastructure. Fastweb's headcount was practically unchanged year-on-year at 2,737 FTEs.

Other Operating segments

In CHF million, except where indicated	31.03.2022	31.03.2021	Change
Net revenue and results			
Revenue from external customers	100	104	-3.8%
Intersegment revenue	141	136	3.7%
Net revenue	241	240	0.4%
Segment expenses	(199)	(206)	-3.4%
Segment result before depreciation and amortisation (EBITDA)	42	34	23.5%
Margin as % of net revenue	17.4	14.2	
Lease expense	(3)	(3)	-%
Depreciation and amortisation	(11)	(13)	-15.4%
Segment result	28	18	55.6%
Operating free cash flow proxy			
Segment result before depreciation and amortisation (EBITDA)	42	34	23.5%
Lease expense	(3)	(3)	-%
EBITDA after lease expense (EBITDA AL)	39	31	25.8%
Capital expenditure	(6)	(9)	-33.3%
Operating free cash flow proxy	33	22	50.0%
Headcount			
Full-time equivalent employees	3,273	3,514	-6.9%

The net revenue of the Other Operating Segments remains largely unchanged year-on-year at CHF 241 million (+0.4%). The segment result before depreciation and amortisation increased by 23.5% or CHF 8 million to CHF 42 million thanks to lower costs, and the profit margin rose accordingly to 17.4% (prior year: 14.2%). The headcount decreased by 6.9% or 241 FTEs to 3,273 FTEs, mainly as a result of the sale of the French subsidiary local.fr.

Depreciation and amortisation, non-operating results

In CHF million, except where indicated	31.03.2022	31.03.2021	Change
Operating income before depreciation and amortisation (EBITDA)	1,137	1,124	1.2%
Depreciation and amortisation of property, plant and equipment and intangible assets	(522)	(538)	–3.0%
Depreciation of right-of-use assets	(66)	(70)	–5.7%
Operating income (EBIT)	549	516	6.4%
Net interest expense on financial assets and liabilities	(15)	(17)	–11.8%
Interest expense on lease liabilities	(11)	(11)	–%
Gain from transactions with equity-accounted investees	–	207	–100.0%
Other financial result	28	45	–37.8%
Result of equity-accounted investees	(1)	–	
Income before income taxes	550	740	–25.7%
Income tax expense	(103)	(102)	1.0%
Net income	447	638	–29.9%
Attributable to equity holders of Swisscom Ltd	447	638	–29.9%
Attributable to non-controlling interests	–	–	
Earnings per share (in CHF)	8.63	12.32	–30.0%

At CHF 447 million, net income was 29.9% or CHF 191 million lower than in the prior year. Earnings per share fell accordingly from CHF 12.32 to CHF 8.63. This decline in net income was due to positive non-recurring items in the prior year's financial result. These include the transfer of a participation of Fastweb and the sale of Swisscom's participation in Belgacom International Carrier Services. Without these non-recurring items, net income would have increased.

Operating income (EBIT) increased by 6.4% or CHF 33 million to CHF 549 million. This was attributable to higher operating income before depreciation and amortisation (EBITDA) and lower depreciation and amortisation. The decrease in depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets is mainly due to the lower CHF/EUR exchange rate. The prior year's financial result includes gains of CHF 207 million from transactions with equity-accounted investees. 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. 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 103 million (prior year: CHF 102 million), which corresponds to an effective income tax rate of 18.7% (prior year: 13.8%).

Cash flows

In CHF million	31.03.2022	31.03.2021	Change
Operating income before depreciation and amortisation (EBITDA)	1,137	1,124	13
Lease expense	(72)	(75)	3
EBITDA after lease expense (EBITDA AL)	1,065	1,049	16
Capital expenditure	(522)	(540)	18
Operating free cash flow proxy	543	509	34
Change in net working capital	(264)	(21)	(243)
Change in defined benefit obligations	16	12	4
Net interest payments on financial assets and liabilities	(11)	(13)	2
Income taxes paid	(189)	(198)	9
Other operating cash flows	(32)	(19)	(13)
Free cash flow	63	270	(207)
(Net expenditures) net proceeds from company acquisitions and disposals	(63)	115	(178)
Other changes	26	(4)	30
Decrease in net debt	26	381	(355)

The operating free cash flow proxy increased by 6.7% or CHF 34 million year-on-year to CHF 543 million. This was mainly due to the improved operating income before depreciation and amortisation (EBITDA) as well as lower capital expenditure. Free cash flow declined by CHF 207 million year-on-year to CHF 63 million, which was largely attributable to the change in net working capital. Net working capital grew by CHF 264 million compared with the end of 2021 (prior year: increase of CHF 21 million). Net working capital rose as a result of prepaid expenses for the current financial year as well as a payment of CHF 100 million from litigation concluded in the prior year.

Net expenditures for company acquisitions and disposals in the first quarter of 2022 mainly included expenditure for the acquisition of MTF Group companies. In the first quarter of 2021, net proceeds from acquisitions and disposals included proceeds of CHF 126 million from the sale of the participation in Belgacom International Carrier Services.

Net asset position

In CHF million, except where indicated	31.03.2022	31.12.2021	Change
Property, plant and equipment	10,674	10,771	–0.9%
Intangible assets	1,730	1,714	0.9%
Goodwill	5,189	5,157	0.6%
Right-of-use assets	2,118	2,134	–0.7%
Trade receivables	2,257	2,315	–2.5%
Receivables from finance leases	111	99	12.1%
Trade payables	(1,554)	(1,600)	–2.9%
Provisions	(1,031)	(1,149)	–10.3%
Deferred gain on sale and leaseback of real estate	(94)	(95)	–1.1%
Other operating assets and liabilities, net	(185)	(438)	–57.8%
Net operating assets	19,215	18,908	1.6%
Net debt	(7,680)	(7,706)	–0.3%
Defined benefit obligations	(10)	(13)	–23.1%
Income tax assets and liabilities, net	(760)	(835)	–9.0%
Equity-accounted investees and other non-current financial assets	495	459	7.8%
Equity	11,260	10,813	4.1%
Equity ratio in %	45.2	43.6	

Net operating assets were up slightly compared with year-end 2021 at CHF 19,215 million (+1.6%). The increase in equity by 4.1% or CHF 447 million to CHF 11,260 million corresponds to net income for the first quarter of 2022. The equity ratio rose by 43.6% to 45.2% versus the end of 2021.

On 31 March 2022, the Annual General Meeting of Swisscom AG 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 5 April 2022.

Net debt

Net debt comprises financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments, derivative financial instruments held for hedging financial liabilities and other current financial assets.

In CHF million	31.03.2022	31.12.2021
Debenture bonds	5,525	5,564
Bank loans	484	488
Private placements	150	151
Other financial liabilities	219	242
Total financial liabilities	6,378	6,445
Cash and cash equivalents	(333)	(401)
Listed debt instruments	(283)	(278)
Derivative financial instruments for financing	(5)	(19)
Other current financial assets	(62)	(58)
Net debt excl. lease liabilities	5,695	5,689
Lease liabilities	1,985	2,017
Net debt	7,680	7,706

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 31 March 2022, the average interest expense on financial liabilities was 0.9%, the average residual term to maturity was 5.9 years, and the share of fixed-interest-bearing financial liabilities was 88%. Swisscom also has two lines of credit totalling CHF 2.2 billion, which have not been used.

Outlook

Key figures or as noted	2021 reported	2022 outlook ³
Net revenue		
Swisscom Group	CHF 11,183 mn	CHF 11.1–11.2 bn
Switzerland ²	CHF 8,600 mn	CHF 8.5–8.6 bn
Fastweb	EUR 2,392 mn	~ EUR 2.5 bn
Operating income before depreciation and amortisation (EBITDA)		
Swisscom Group	CHF 4,478 mn	~ CHF 4.4 bn ¹
Switzerland ²	CHF 3,586 mn	~ CHF 3.5 bn
Fastweb	EUR 826 mn	EUR 0.8–0.9 bn
Capital expenditure		
Swisscom Group	CHF 2,286 mn	~ CHF 2.3 bn
Switzerland ²	CHF 1,637 mn	~ CHF 1.7 bn
Fastweb	EUR 601 mn	~ EUR 0.6 bn

¹ EBITDA after lease expense (EBITDA AL) 2021: CHF 4,177 mn;
EBITDA AL guidance 2022: ~ CHF 4.1 bn

² Swisscom w/o Fastweb

³ Exchange rate CHF/EUR 1.04 (2021: CHF/EUR 1.08)

The financial outlook for 2022 remains unchanged. Swisscom expects net revenue of around CHF 11.1 to 11.2 billion, EBITDA of around CHF 4.4 billion and capital expenditure of around CHF 2.3 billion. Subject to achieving its targets, Swisscom will propose to pay an unchanged dividend of CHF 22 per share for the 2022 financial year at the 2023 Annual General Meeting.

Consolidated interim financial statements

Consolidated statement of comprehensive income (unaudited)

In CHF million, except for per share amounts	Note	1.01.–31.03.2022	1.01.–31.03.2021
Income statement			
Net revenue	2	2,768	2,803
Direct costs	3	(643)	(680)
Personnel expense	3	(697)	(716)
Other operating expense	3	(437)	(422)
Capitalised self-constructed assets and other income	3	146	139
Operating income before depreciation and amortisation		1,137	1,124
Depreciation and amortisation of property, plant and equipment and intangible assets		(522)	(538)
Depreciation of right-of-use assets		(66)	(70)
Operating income		549	516
Financial income	6	37	264
Financial expense	6	(35)	(40)
Result of equity-accounted investees		(1)	–
Income before income taxes		550	740
Income tax expense		(103)	(102)
Net income		447	638
Other comprehensive income			
Actuarial gains and losses from defined benefit pension plans		13	276
Change in fair value of equity instruments		2	2
Items that will not be reclassified to income statement		15	278
Foreign currency translation adjustments of foreign subsidiaries		(12)	63
Change in cash flow hedges		2	(5)
Items that are or may be reclassified subsequently to income statement		(10)	58
Other comprehensive income		5	336
Comprehensive income			
Net income		447	638
Other comprehensive income		5	336
Comprehensive income		452	974
Share of net income and comprehensive income			
Equity holders of Swisscom Ltd		447	638
Non-controlling interests		–	–
Net income		447	638
Equity holders of Swisscom Ltd		452	974
Non-controlling interests		–	–
Comprehensive income		452	974
Earnings per share			
Basic and diluted earnings per share (in CHF)		8.63	12.32

Consolidated balance sheet (unaudited)

In CHF million	Note	31.03.2022	31.12.2021
Assets			
Cash and cash equivalents		333	401
Trade receivables	7	2,257	2,315
Receivables from finance leases		38	33
Other operating assets	7	1,404	1,179
Other financial assets		102	93
Current income tax assets		15	2
Total current assets		4,149	4,023
Property, plant and equipment		10,674	10,771
Intangible assets		1,730	1,714
Goodwill		5,189	5,157
Right-of-use assets		2,118	2,134
Equity-accounted investees		27	30
Receivables from finance leases		73	66
Other financial assets		716	691
Defined benefit assets		11	11
Deferred tax assets		203	204
Total non-current assets		20,741	20,778
Total assets		24,890	24,801
Liabilities and equity			
Financial liabilities	5	555	559
Lease liabilities		219	217
Trade payables	7	1,554	1,600
Other operating liabilities	7	1,589	1,617
Provisions	8	114	118
Current income tax liabilities		153	230
Total current liabilities		4,184	4,341
Financial liabilities	5	5,823	5,886
Lease liabilities		1,766	1,800
Defined benefit obligations		21	24
Provisions	8	917	1,031
Deferred gain on sale and leaseback of real estate		94	95
Deferred tax liabilities		825	811
Total non-current liabilities		9,446	9,647
Total liabilities		13,630	13,988
Share capital		52	52
Capital reserves		136	136
Retained earnings		12,943	12,485
Foreign currency translation adjustments		(1,876)	(1,864)
Hedge reserves		4	2
Equity attributable to equity-holders of Swisscom Ltd		11,259	10,811
Non-controlling interests		1	2
Total equity		11,260	10,813
Total liabilities and equity		24,890	24,801

Consolidated statement of cash flows (unaudited)

In CHF million	Note	31.03.2022	31.03.2021
Net income		447	638
Income tax expense		103	102
Result of equity-accounted investees		1	–
Financial income	6	(37)	(264)
Financial expense	6	35	40
Depreciation and amortisation of property, plant and equipment and intangible assets		522	538
Depreciation of right-of-use assets		66	70
Gain on sale of property, plant and equipment		–	(3)
Revenue from finance leases		(18)	(12)
Proceeds from finance leases receivables		7	21
Change in deferred gain from the sale and leaseback of real estate		(1)	(7)
Change in operating assets and liabilities	7	(244)	(13)
Change in provisions		(19)	(1)
Change in defined benefit obligations		16	12
Interest received		1	–
Interest payments for financial liabilities		(12)	(13)
Interest payments for lease liabilities		(11)	(11)
Income taxes paid		(189)	(198)
Cash flow from operating activities		667	899
Purchase of property, plant and equipment and intangible assets		(519)	(535)
Sale of property, plant and equipment and intangible assets		1	4
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(62)	(10)
Expenditure for equity-accounted investees		(1)	(1)
Proceeds from sale of equity-accounted investees		–	126
Purchase of other financial assets		(36)	(6)
Proceeds from other financial assets		3	–
Other cash flows from investing activities		(1)	(3)
Cash flow used in investing activities		(615)	(425)
Issuance of financial liabilities	5	2	1
Repayment of financial liabilities	5	(32)	(198)
Repayment of lease liabilities		(86)	(93)
Other cash flows from financing activities		(3)	(4)
Cash flow used in financing activities		(119)	(294)
(Net decrease) net increase in cash and cash equivalents		(67)	180
Cash and cash equivalents at 1 January		401	340
Foreign currency translation adjustments in respect of cash and cash equivalents		(1)	4
Cash and cash equivalents at the end of financial period		333	524

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
Balance at 1 January 2021	52	136	11,085	(1,791)	8	9,490	1	9,491
Net income	—	—	638	—	—	638	—	638
Other comprehensive income	—	—	278	63	(5)	336	—	336
Comprehensive income	—	—	916	63	(5)	974	—	974
Other changes	—	—	(3)	—	—	(3)	—	(3)
Balance at 31 March 2021	52	136	11,998	(1,728)	3	10,461	1	10,462
Balance at 1 January 2022	52	136	12,485	(1,864)	2	10,811	2	10,813
Net income	—	—	447	—	—	447	—	447
Other comprehensive income	—	—	15	(12)	2	5	—	5
Comprehensive income	—	—	462	(12)	2	452	—	452
Other changes	—	—	(4)	—	—	(4)	(1)	(5)
Balance at 31 March 2022	52	136	12,943	(1,876)	4	11,259	1	11,260

Notes to the interim financial statements

About this report

General information

The Swisscom Group (hereinafter referred to as 'Swisscom') provides telecommunications services, and is active primarily in Switzerland and Italy. The unaudited consolidated financial statements as at 31 March 2022 cover Swisscom Ltd, as parent company, and its subsidiaries. Swisscom Ltd is a public limited company with special status under Swiss law and has its registered office in Ittigen (Berne). Its address is: Swisscom Ltd, Alte Tiefenaustrasse 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 April 2022. As of this date, no material events after the reporting date have occurred.

Basis of preparation

The consolidated interim financial statements for the three months to 31 March 2022 have been 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 ending 31 December 2021. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2021 consolidated financial statements and the revised accounting principles adopted on 1 January 2022.

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 1.027 was used as the end-of-period rate (31 December 2021: CHF/EUR 1.033) and 1.034 as the average rate for the period (prior year: CHF/EUR 1.092).

1 Changes in accounting principles

As of 1 January 2022, Swisscom adopted various amendments to existing International Financial Reporting Standards (IFRS) and Interpretations, none of which have a material impact on the consolidated financial statements of Swisscom.

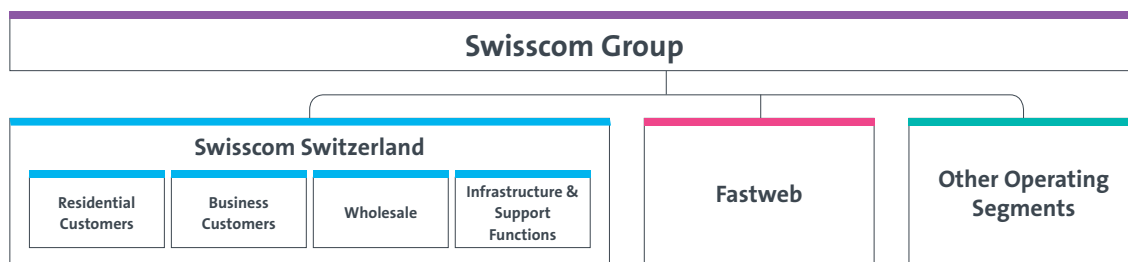
2 Segment information

Changes in segment reporting

Swisscom has simplified its internal settlement as of 1 January 2022. The costs for roaming traffic and for termination on networks of other telecommunications providers are no longer charged to the Residential Customers and Business Customers segments, but remain in the Wholesale segment. In turn, proceeds from termination on Swisscom's network are no longer credited to the Residential Customers and Business Customers segments, but likewise remain in the Wholesale segment. In addition, Swisscom has reassigned various areas within Swisscom Switzerland among the segments as of 1 January 2022. The prior year's figures were restated as follows:

In CHF million	Reported	Adjustment	Restated
Net revenue			
2021 financial year			
Residential Customers	4,592	(47)	4,545
Business Customers	3,058	(27)	3,031
Wholesale	971	(317)	654
Infrastructure & Support Functions	76	–	76
Elimination	(464)	391	(73)
Swisscom Switzerland	8,233	–	8,233
Fastweb	2,583	–	2,583
Other Operating Segments	1,033	–	1,033
Elimination	(666)	–	(666)
Total net revenue	11,183	–	11,183
Segment result			
2021 financial year			
Residential Customers	2,676	145	2,821
Business Customers	1,189	88	1,277
Wholesale	524	(227)	297
Infrastructure & Support Functions	(2,644)	(6)	(2,650)
Elimination	1	–	1
Swisscom Switzerland	1,746	–	1,746
Fastweb	197	–	197
Other Operating Segments	99	–	99
Elimination	(20)	–	(20)
Total segment result	2,022	–	2,022

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 any network costs or management fees for its services 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 three months of 2022, expenses of CHF 15 million were disclosed under ‘Eliminations’ as a pension cost reconciliation item in accordance with IAS 19 (prior year: CHF 13 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 right-of-use assets excluding depreciation on indefeasible rights of use (IRU) of CHF 5 million (prior year: CHF 6 million) as well as the accounting for the rental of buildings between segments. 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 three months of 2022 includes IRU payments of CHF 3 million (prior year: CHF 5 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 2022

1.01.–31.03.2022, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	1,127	295	–	–	1,422
Business customers	779	255	100	–	1,134
Wholesale customers	149	63	–	–	212
Net revenue from external customers	2,055	613	100	–	2,768
Net revenue from other segments	15	2	141	(158)	–
Net revenue	2,070	615	241	(158)	2,768
Direct costs	(434)	(210)	(15)	16	(643)
Indirect costs	(706)	(214)	(184)	116	(988)
Segment result before depreciation and amortisation	930	191	42	(26)	1,137
Lease expense	(56)	(14)	(3)	1	(72)
Depreciation and amortisation	(368)	(152)	(11)	4	(527)
Segment result	506	25	28	(21)	538
Interest expense on lease liabilities					11
Operating income					549
Financial income and financial expense, net					2
Result of equity-accounted investees					(1)
Income before income taxes					550
Income tax expense					(103)
Net income					447
Segment result before depreciation and amortisation	930	191	42	(26)	1,137
Lease expense	(56)	(14)	(3)	1	(72)
Capital expenditure	(364)	(163)	(6)	11	(522)
Operating free cash flow proxy	510	14	33	(14)	543

Segment information Swisscom Switzerland 2022

1.01.–31.03.2022, in CHF million	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	505	212	–	–	–	717
Mobile	460	188	–	–	–	648
Telecom services	965	400	–	–	–	1,365
Solutions business	–	297	–	–	–	297
Merchandise	132	82	–	–	–	214
Wholesale	–	–	144	–	–	144
Revenue other	30	–	–	5	–	35
Net revenue from external customers	1,127	779	144	5	–	2,055
Net revenue from other segments	4	12	3	13	(17)	15
Net revenue	1,131	791	147	18	(17)	2,070
Direct costs	(220)	(192)	(62)	(2)	42	(434)
Indirect costs	(166)	(246)	(4)	(265)	(25)	(706)
Segment result before depreciation and amortisation	745	353	81	(249)	–	930
Lease expense	(10)	(7)	–	(38)	(1)	(56)
Depreciation and amortisation	(14)	(18)	–	(336)	–	(368)
Segment result	721	328	81	(623)	–	506
Capital expenditure	(5)	(14)	–	(345)	–	(364)

Segment information 2021

1.01.–31.03.2021, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential customers	1,134	312	–	–	1,446
Business customers	759	259	104	–	1,122
Wholesale customers	174	61	–	–	235
Net revenue from external customers	2,067	632	104	–	2,803
Net revenue from other segments	13	2	136	(151)	–
Net revenue	2,080	634	240	(151)	2,803
Direct costs	(447)	(231)	(18)	16	(680)
Indirect costs	(717)	(208)	(188)	114	(999)
Segment result before depreciation and amortisation	916	195	34	(21)	1,124
Lease expense	(58)	(14)	(3)	–	(75)
Depreciation and amortisation	(374)	(161)	(13)	4	(544)
Segment result	484	20	18	(17)	505
Interest expense on lease liabilities					11
Operating income					516
Financial income and financial expense, net					224
Result of equity-accounted investees					–
Income before income taxes					740
Income tax expense					(102)
Net income					638
Segment result before depreciation and amortisation	916	195	34	(21)	1,124
Lease expense	(58)	(14)	(3)	–	(75)
Capital expenditure	(371)	(168)	(9)	8	(540)
Operating free cash flow proxy	487	13	22	(13)	509

Segment information Swisscom Switzerland 2021

1.01.–31.03.2021, in CHF million, restated	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	504	222	–	–	–	726
Mobile	465	199	–	–	–	664
Telecom services	969	421	–	–	–	1,390
Solutions business	–	273	–	–	–	273
Merchandise	146	65	–	–	–	211
Wholesale	–	–	169	–	–	169
Revenue other	19	–	–	5	–	24
Net revenue from external customers	1,134	759	169	5	–	2,067
Net revenue from other segments	3	12	2	14	(18)	13
Net revenue	1,137	771	171	19	(18)	2,080
Direct costs	(238)	(175)	(76)	(2)	44	(447)
Indirect costs	(171)	(236)	(6)	(278)	(26)	(717)
Segment result before depreciation and amortisation	728	360	89	(261)	–	916
Lease expense	(10)	(8)	–	(40)	–	(58)
Depreciation and amortisation	(14)	(17)	–	(342)	(1)	(374)
Segment result	704	335	89	(643)	(1)	484
Capital expenditure	(3)	(10)	–	(358)	–	(371)

3 Operating costs

Direct costs

In CHF million	1.01.–31.03.2022	1.01.–31.03.2021
Customer premises equipment and merchandise	242	248
Services purchased	177	174
Costs to obtain a contract	44	63
Costs to fulfill a contract	22	25
Network access costs of swiss subsidiaries	62	76
Network access costs of foreign subsidiaries	96	94
Total direct costs	643	680

Indirect costs

In CHF million	1.01.–31.03.2022	1.01.–31.03.2021
Salary and social security expenses	683	695
Other personnel expense	14	21
Total personnel expense	697	716
Information technology cost	64	57
Maintenance expense	66	60
Energy costs	36	30
Advertising and selling expenses	49	42
Consultancy expenses and freelance workforce	29	31
Administration expense	12	15
Allowances for receivables and contract assets	16	21
Miscellaneous operating expenses	165	166
Total other operating expense	437	422
Capitalised self-constructed tangible and intangible assets	(117)	(106)
Own work for capitalised contract costs	(16)	(14)
Gain on sale of property, plant and equipment	–	(3)
Miscellaneous income	(13)	(16)
Total capitalised self-constructed assets and other income	(146)	(139)
Total indirect costs	988	999

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 30 March 2022, 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 5 April 2022.

5 Financial liabilities

In CHF million	Carrying amount 1.01.2022	Issuance	Repayment	Other changes ¹	Carrying amount 31.03.2022	Fair Value
Financial liabilities						
Bank loans	488	2	(2)	(4)	484	507
Debenture bonds	5,564	–	–	(39)	5,525	5,394
Private placements	151	–	–	(1)	150	151
Derivative financial instruments	64	–	–	(5)	59	59
Other financial liabilities	178	–	(30)	12	160	164
Total financial liabilities	6,445	2	(32)	(37)	6,378	6,275

¹ Interest expense, interest payments, non-cash changes and foreign currency translation adjustments.

Swisscom has two confirmed credit lines amounting to CHF 2,200 million in total and maturing in 2026. As of 31 March 2022, none of these lines of credit had been drawn down, as in the prior year.

6 Financial result

In CHF million	1.01.–31.03.2022	1.01.–31.03.2021
Interest income on financial assets	1	1
Change in fair value of interest rate swaps	34	19
Gain from transactions with equity-accounted investees	–	207
Foreign exchange gains	–	28
Other financial income	2	9
Total financial income	37	264
Interest expense on financial liabilities	(16)	(18)
Interest expense on lease liabilities	(11)	(11)
Other financial expense	(8)	(11)
Total financial expense	(35)	(40)
Financial income and financial expense, net	2	224
Interest expense on lease liabilities	(11)	(11)
Net interest expense on financial assets and liabilities	(15)	(17)

In the first quarter of 2021, 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 fair value of the FiberCop investment was 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 three months of 2022:

In CHF million	1.01.2022	Operational changes	Other changes ¹	31.03.2022
Trade receivables	2,315	(59)	1	2,257
Other operating assets	1,179	226	(1)	1,404
Trade payables	(1,600)	46	—	(1,554)
Other operating liabilities	(1,617)	31	(3)	(1,589)
Total operating assets and liabilities, net	277	244	(3)	518

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

Other operating assets and liabilities

In CHF million	31.03.2022	31.12.2021
Other operating assets		
Contract assets	186	174
Contract costs	275	263
Inventories	152	114
Prepaid expenses	551	430
Other operating assets	240	198
Total other operating assets	1,404	1,179
Other operating liabilities		
Contract liabilities	1,002	1,012
Accruals for variable performance-related bonus	202	172
Other operating liabilities	385	433
Total other operating liabilities	1,589	1,617

8 Provisions and contingent liabilities

Provisions

Provisions changed as follows in the first three months of 2022:

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Termination benefits	Others	Total
Balance at 1 January 2022	712	176	55	206	1,149
Additions to provisions	—	1	—	7	8
Adjustments recorded under property, plant and equipment	(104)	—	—	—	(104)
Present-value adjustments	2	1	—	—	3
Release of unused provisions	—	—	(2)	(2)	(4)
Use of provisions	(4)	—	(5)	(12)	(21)
Balance at 31 March 2022	606	178	48	199	1,031
Thereof current provisions	—	—	39	75	114
Thereof non-current provisions	606	178	9	124	917

Contingent liabilities for regulatory and antitrust proceedings

With regard to the contingent liabilities reported in the 2021 consolidated financial statements in connection with regulatory and antitrust proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and, as before, has therefore not recognised any provisions for this in the consolidated financial statements as at 31 March 2022.

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 31 March 2022 are defined as follows:

Key performance measure	Swisscom definition
Adjustments	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.
At constant exchange rates	Key performance measures considering currency effects (figures for 2022 are translated at the 2021 exchange rate to calculate the currency effect).
Operating income before depreciation and amortisation (EBITDA)	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.
Operating income (EBIT)	Operating income before financial expense and financial income, result of equity-accounted investees and income tax expense.
Capital expenditure	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.
Operating free cash flow proxy	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.
Free cash flow	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.
Net debt	Financial liabilities and lease 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.
Net debt excl. lease liabilities	Net debt excl. lease liabilities

Reconciliation of alternative performance measures

In CHF million	1.01.–31.03.2022	1.01.–31.03.2021	Change reported	Change at constant exchange rates
Net revenue				
Net revenue	2,768	2,803	–1.2%	–%
Operating income before depreciation and amortisation (EBITDA)				
EBITDA	1,137	1,124	1.2%	2.0%
Capital expenditure				
Capital expenditure in property, plant and equipment and intangible assets	519	535	–3.0%	–1.3%
Payments for indefeasible rights of use (IRU)	3	5	–40.0%	
Capital expenditure	522	540	–3.3%	–1.7%

In CHF million	1.01.–31.03.2022	1.01.–31.03.2021	Change reported
Operating free cash flow proxy			
Cash flow from operating activities	667	899	(232)
Capital expenditure	(522)	(540)	18
Depreciation of right-of-use assets	(66)	(70)	4
Depreciation of indefeasible rights of use (IRU)	5	6	(1)
Proceeds from finance lease receivables	(7)	(21)	14
Change in deferred gain from the sale and leaseback of real estate	1	7	(6)
Change in operating assets and liabilities	244	13	231
Change in provisions	19	1	18
Change in defined benefit obligations	(16)	(12)	(4)
Gain on sale of property, plant and equipment	–	3	(3)
Revenue from finance leases	18	12	6
Interest received	(1)	–	(1)
Interest payments for financial liabilities	12	13	(1)
Income taxes paid	189	198	(9)
Operating free cash flow proxy	543	509	34

Free cash flow			
Cash flow from operating activities	667	899	(232)
Cash flow used in investing activities	(615)	(425)	(190)
Repayment of lease liabilities	(86)	(93)	7
Acquisition of subsidiaries, net of cash and cash equivalents acquired	62	10	52
Proceeds from equity-accounted investees	–	(126)	126
Expenditure for equity-accounted investees	1	1	–
Purchase of other financial assets	36	6	30
Proceeds from other financial assets	(3)	–	(3)
Other cash flows from financing activities	1	(2)	3
Free cash flow	63	270	(207)

Further information

Share information

Swisscom share performance indicators

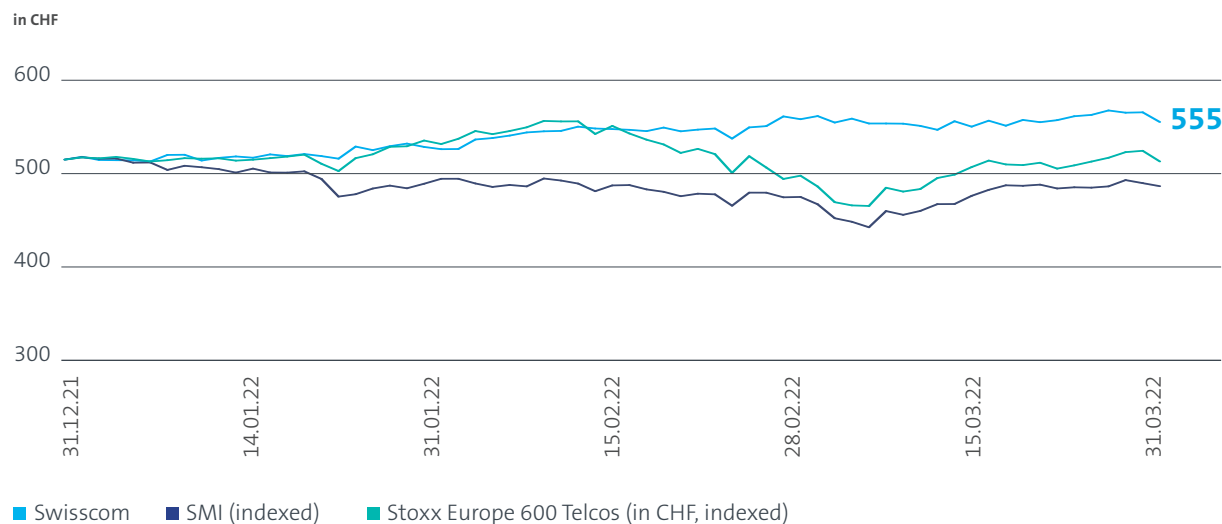
31.12.2021–31.03.2022	SIX Swiss Exchange
Closing price as at 31 December 2021, in CHF ¹	514.60
Closing price as at 31 March 2022, in CHF ¹	555.00
Year high in CHF ¹	571.00
Year low in CHF ¹	507.98
Total volume of traded shares	4,523,223
Total turnover in CHF million	8,338.37
Daily average of traded shares	130,287
Daily average in CHF million	70.68

Source: Bloomberg

1 paid prices

Share performance

Share performance since 1 January 2022



Financial calendar

- 4 August 2022 2022 Second-Quarter Results
- 27 October 2022 2022 Third-Quarter Results
- 9 February 2023 2022 Annual Results and Annual Report

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 2021 and 2022

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2021	1. quarter	2. quarter	3. quarter	4. quarter	2022
Income statement										
Net revenue	2,803	2,780	2,760	2,840	11,183	2,768				2,768
Direct costs	(680)	(670)	(681)	(748)	(2,779)	(643)				(643)
Personnel expense	(716)	(611)	(636)	(704)	(2,667)	(697)				(697)
Other operating expense	(422)	(444)	(463)	(528)	(1,857)	(437)				(437)
Capitalised self-constructed assets and other income	139	138	168	153	598	146				146
Operating income (EBITDA)	1,124	1,193	1,148	1,013	4,478	1,137				1,137
Depreciation and amortisation	(538)	(549)	(527)	(517)	(2,131)	(522)				(522)
Depreciation of right-of-use assets	(70)	(71)	(70)	(70)	(281)	(66)				(66)
Operating income (EBIT)	516	573	551	426	2,066	549				549
Net interest expenses on financial assets and liabilities	(17)	(16)	(13)	(14)	(60)	(15)				(15)
Interest expense on lease liabilities	(11)	(11)	(11)	(11)	(44)	(11)				(11)
Other financial result	252	(35)	–	(17)	200	28				28
Equity-accounted investees	–	(4)	(1)	(5)	(10)	(1)				(1)
Income before income taxes	740	507	526	379	2,152	550				550
Income tax expense	(102)	(99)	(36)	(82)	(319)	(103)				(103)
Net income	638	408	490	297	1,833	447				447
Attributable to equity holders of Swisscom Ltd	638	407	490	297	1,832	447				447
Attributable to non-controlling interests	–	1	–	–	1	–				–
Earnings per share (in CHF)	12.32	7.86	9.46	5.73	35.37	8.63				8.63
Net revenue										
Swisscom Switzerland	2,080	2,023	2,047	2,083	8,233	2,070				2,070
Fastweb	634	659	621	669	2,583	615				615
Other Operating Segments	240	265	265	263	1,033	241				241
Intersegment elimination	(151)	(167)	(173)	(175)	(666)	(158)				(158)
Total net revenue	2,803	2,780	2,760	2,840	11,183	2,768				2,768
Operating income before depreciation and amortisation (EBITDA)										
Swisscom Switzerland	916	881	879	777	3,453	930				930
Fastweb	195	225	236	236	892	191				191
Other Operating Segments	34	49	53	30	166	42				42
Reconciliation pension cost	(13)	49	(11)	(11)	14	(15)				(15)
Elimination	(8)	(11)	(9)	(19)	(47)	(11)				(11)
Total EBITDA	1,124	1,193	1,148	1,013	4,478	1,137				1,137
Capital expenditure										
Swisscom Switzerland	371	382	372	517	1,642	364				364
Fastweb	168	162	149	170	649	163				163
Other Operating Segments	9	10	10	12	41	6				6
Intersegment elimination	(8)	(11)	(9)	(18)	(46)	(11)				(11)
Total capital expenditure	540	543	522	681	2,286	522				522

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2021	1. quarter	2. quarter	3. quarter	4. quarter	2022
Operating free cash flow proxy										
Operating income (EBITDA)	1,124	1,193	1,148	1,013	4,478	1,137				1,137
Lease expense	(75)	(76)	(75)	(75)	(301)	(72)				(72)
EBITDA after lease expense (EBITDA AL)	1,049	1,117	1,073	938	4,177	1,065				1,065
Capital expenditure	(540)	(543)	(522)	(681)	(2,286)	(522)				(522)
Operating free cash flow proxy	509	574	551	257	1,891	543				543
Net debt										
Net debt excl. lease liabilities	5,849	6,626	6,040	5,689	5,689	5,695				5,695
Net debt	7,825	8,569	7,999	7,706	7,706	7,680				7,680
Full-time equivalent employees										
Swisscom Switzerland	12,830	12,867	12,963	12,889	12,889	12,999				12,999
Fastweb	2,733	2,750	2,741	2,753	2,753	2,737				2,737
Other Operating Segments	3,514	3,493	3,468	3,263	3,263	3,273				3,273
Total headcount	19,077	19,110	19,172	18,905	18,905	19,009				19,009
Information by geographical regions										
Net revenue in Switzerland	2,164	2,115	2,134	2,213	8,579	2,154				2,154
Net revenue in other countries	639	665	626	686	2,604	614				614
Total net revenue	2,803	2,780	2,760	2,899	11,183	2,768				2,768
EBITDA Switzerland	927	962	907	773	3,569	941				941
EBITDA other countries	197	231	241	240	909	196				196
Total EBITDA	1,124	1,193	1,148	1,013	4,478	1,137				1,137
Capital expenditure in Switzerland	371	381	372	510	1,634	359				359
Capital expenditure in other countries	169	162	150	171	652	163				163
Total capital expenditure	540	543	522	681	2,286	522				522
Headcount in Switzerland	15,975	15,964	16,006	15,882	15,882	15,987				15,987
Headcount in other countries	3,102	3,146	3,166	3,023	3,023	3,022				3,022
Total headcount (ful-time equivalent)	19,077	19,110	19,172	18,905	18,905	19,009				19,009
Fastweb, in EUR million										
Residential Customers	286	288	282	286	1,142	285				285
Corporate Business	237	244	231	267	979	247				247
Wholesale	56	66	60	81	263	62				62
Revenue from external customers	579	598	573	634	2,384	594				594
Segment result (EBITDA)	179	205	218	224	826	185				185
Margin as % of net revenue	30.8	34.2	38.0	35.2	34.5	31.1				31.0
Lease expense	(14)	(13)	(13)	(14)	(54)	(14)				(14)
EBITDA after lease expense (EBITDA AL)	165	192	205	210	772	171				171
Capital expenditure	(154)	(147)	(138)	(162)	(601)	(157)				(157)
Operating free cash flow proxy	11	45	67	48	171	14				14
Broadband access lines in thousand	2,765	2,774	2,768	2,750	2,750	2,731				2,731
Broadband access lines wholesale in thousand	153	190	237	306	306	363				363
Mobile access lines in thousand	2,066	2,188	2,316	2,472	2,472	2,649				2,649

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2021	1. quarter	2. quarter	3. quarter	4. quarter	2022
Swisscom Switzerland										
Revenue and results										
Residential Customers	465	464	467	458	1,854	460				460
Business Customers	199	195	193	190	777	188				188
Revenue wireless	664	659	660	648	2,631	648				648
Residential Customers	504	500	498	499	2,001	505				505
Business Customers	222	217	213	214	866	212				212
Revenue fixed-line	726	717	711	713	2,867	717				717
Total revenue telecoms services	1,390	1,376	1,371	1,361	5,498	1,365				1,365
Solutions business	273	274	274	290	1,111	297				297
Merchandise	211	174	179	208	772	214				214
Wholesale	169	156	163	156	644	144				144
Revenue other	24	31	45	52	152	35				35
Total revenue from external customers	2,067	2,011	2,032	2,067	8,177	2,055				2,055
Residential Customers	1,134	1,108	1,134	1,153	4,529	1,127				1,127
Business Customers	759	741	730	752	2,982	779				779
Wholesale	169	156	163	156	644	144				144
Infrastructure & Support Functions	5	6	5	6	22	5				5
Total revenue from external customers	2,067	2,011	2,032	2,067	8,177	2,055				2,055
Segment result before depreciation and amortisation (EBITDA)										
Residential Customers	728	736	758	694	2,916	745				745
Business Customers	360	348	349	318	1,375	353				353
Wholesale	89	75	56	78	298	81				81
Infrastructure & Support Functions	(261)	(278)	(283)	(315)	(1,137)	(249)				(249)
Intersegment elimination	–	–	(1)	2	1	–				–
Segment result (EBITDA)	916	881	879	777	3,453	930				930
Margin as % of net revenue	44.0	43.5	42.9	37.3	41.9	44.9				44.9
Lease expense	(58)	(59)	(57)	(58)	(232)	(56)				(56)
EBITDA after lease expense (EBITDA AL)	858	822	822	719	3,221	874				874
Capital expenditure	(371)	(382)	(372)	(517)	(1,642)	(364)				(364)
Operating free cash flow proxy	487	440	450	202	1,579	510				510
Operational data in thousand										
Access lines										
Residential Customers	1,207	1,188	1,171	1,159	1,159	1,139				1,139
Business Customers	284	283	270	265	265	260				260
Fixed telephony access lines	1,491	1,471	1,441	1,424	1,424	1,399				1,399
Residential Customers	1,733	1,733	1,736	1,743	1,743	1,736				1,736
Business Customers	295	294	294	294	294	294				294
Broadband access lines retail	2,028	2,027	2,030	2,037	2,037	2,030				2,030
Residential Customers	1,512	1,513	1,516	1,523	1,523	1,517				1,517
Business Customers	69	69	69	69	69	69				69
Swisscom TV access lines	1,581	1,582	1,585	1,592	1,592	1,586				1,586
Postpaid Residential Customers	2,990	3,016	3,063	3,110	3,110	3,136				3,136
Postpaid Business Customers	1,863	1,856	1,859	1,870	1,870	1,879				1,879
Mobile access lines Postpaid	4,853	4,872	4,922	4,980	4,980	5,015				5,015
Prepaid Residential Customers	1,324	1,297	1,268	1,197	1,197	1,136				1,136
Mobile access lines	6,177	6,169	6,190	6,177	6,177	6,151				6,151
RGU Residential Customers	8,766	8,747	8,754	8,732	8,732	8,664				8,664
RGU Business Customers	2,511	2,502	2,492	2,498	2,498	2,502				2,502
Revenue generating units (RGU)	11,277	11,249	11,246	11,230	11,230	11,166				11,166
Broadband access lines wholesale	677	689	692	698	698	703				703

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.

