



2023

Interim Report
January–September

swisscom

KPIs

In CHF million, except where indicated	30.09.2023	30.09.2022	Change	
Revenue and results¹				
Revenue	8,202	8,179	0.3%	
Operating income before depreciation and amortisation (EBITDA)	3,477	3,341	4.1%	
EBITDA as % of revenue	42.4	40.8		
EBITDA after lease expense (EBITDAaL)	3,260	3,122	4.4%	
Operating income (EBIT)	1,714	1,557	10.1%	
Net income	1,310	1,214	7.9%	
Earnings per share	25.31	23.42	8.1%	
Balance sheet and cash flows¹				
Equity	11,353	10,767	5.4%	
Equity ratio	45.7	44.2		
Capital expenditure	1,630	1,601	1.8%	
Operating free cash flow proxy	1,630	1,521	7.2%	
Free cash flow	1,037	980	5.8%	
Net debt	7,507	7,704	-2.6%	
Operational data				
Fixed telephony access lines in Switzerland	in thousand	1,249	1,351	-7.5%
Broadband access lines retail in Switzerland	in thousand	2,009	2,027	-0.9%
TV access lines in Switzerland	in thousand	1,541	1,576	-2.2%
Mobile access lines in Switzerland	in thousand	6,197	6,166	0.5%
Access lines wholesale in Switzerland	in thousand	683	691	-1.2%
Broadband access lines retail in Italy	in thousand	2,613	2,696	-3.1%
Broadband access lines wholesale in Italy	in thousand	579	418	38.5%
Mobile access lines in Italy	in thousand	3,428	2,937	16.7%
Swisscom share				
Number of issued shares	in thousand	51,802	51,802	–%
Market capitalisation		28,191	24,010	17.4%
Closing price	CHF	544.20	463.50	17.4%
Employees				
Full-time equivalent employees	number	19,686	19,033	3.4%
Average number of full-time equivalent employees	number	19,380	19,029	1.8%

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.

Financial review

Summary

Group revenue rose by 0.3% year-on-year to CHF 8,202 million. Operating income before depreciation and amortisation (EBITDA) rose by 4.1% to CHF 3,477 million. The reported revenue and EBITDA development was influenced by the performance of the euro (EUR) as a result of the substantial share attributable to the Italian subsidiary Fastweb. The EUR average exchange rate fell by 2.9% in the first nine months of 2023 compared to the same period of the previous year. This resulted in negative exchange differences on Group revenue of CHF 54 million and on EBITDA of CHF 18 million. Based on constant exchange rates, revenue in the first nine months of 2023 rose by 0.9% or CHF 77 million. Swisscom Switzerland's revenue fell slightly by 0.6%. Fastweb achieved an increase in revenue of 6.0% (in EUR).

EBITDA development was influenced not only by currency effects, but also primarily by the recognition of provisions for legal proceedings in the amount of CHF 82 million in the prior year (2023: CHF 3 million). Adjusted for non-recurring items and with constant exchange rates, this resulted in an increase in EBITDA of CHF 75 million (+2.2%). Swisscom Switzerland and Fastweb both contributed to this, with CHF 10 million and CHF 12 million respectively. The Other Operating Segments recorded a decrease of CHF 23 million. The largest effect on Group EBITDA resulted from the reconciliation of pension costs. As the interest rate relevant for IFRS measurement has increased, the IFRS pension costs for the full year 2023 will decrease by about CHF 90 million compared with the previous year. The positive reconciliation effect in the first nine months of 2023 was CHF 73 million. Consolidated net income rose by 7.9% year-on-year to total CHF 1,310 million. The higher operating income was partly offset by a deterioration in the financial result.

The Group's capital expenditure rose by 1.8% in a year-on-year comparison to CHF 1,630 million. In the Swiss core business, it rose by 3.1%, with a slight drop of 0.9% at Fastweb (in EUR). The operating free cash flow proxy rose by 7.2% year-on-year to CHF 1,630 million. The higher EBITDA was compensated for in part by the increase in capital expenditure. The CHF 57 million increase in free cash flow to CHF 1,037 million is due primarily to lower income taxes paid. The decrease in income tax payments is due to the different payment due dates. Net debt decreased by 2.6% to CHF 7,507 million year-on-year. The number of Swisscom employees increased by 3.4% to 19,686 FTEs. In Switzerland, headcount increased by 1.7% to 16,048 FTEs.

Due in particular to the strong Swiss franc and lower hardware sales in Switzerland, Swisscom is slightly adjusting its revenue forecast for 2023 and now expects revenue of about CHF 11.0 billion (previously CHF 11.1 billion to CHF 11.2 billion). Expectations for EBITDA of CHF 4.6 billion to CHF 4.7 billion and capital expenditure of about CHF 2.3 billion remain unchanged. Subject to achievement of its targets, Swisscom plans to propose payment of an unchanged dividend of CHF 22 per share for the 2023 financial year at the 2024 Annual General Meeting.

Segment results

In CHF million	3. quarter 2023	3. quarter 2022	Change	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Revenue¹						
Residential Customers	1,110	1,131	–1.9%	3,345	3,370	–0.7%
Business Customers	769	764	0.7%	2,304	2,321	–0.7%
Wholesale	142	144	–1.4%	412	413	–0.2%
Infrastructure & Support Functions	19	18	5.6%	57	54	5.6%
Intersegment elimination	(17)	(18)	–5.6%	(51)	(52)	–1.9%
Swisscom Switzerland	2,023	2,039	–0.8%	6,067	6,106	–0.6%
Fastweb	637	588	8.3%	1,873	1,818	3.0%
Other Operating Segments	269	259	3.9%	770	759	1.4%
Intersegment elimination	(177)	(174)	1.7%	(508)	(504)	0.8%
Total revenue	2,752	2,712	1.5%	8,202	8,179	0.3%
Operating income before depreciation and amortisation (EBITDA)¹						
Residential Customers	753	757	–0.5%	2,242	2,233	0.4%
Business Customers	340	360	–5.6%	1,019	1,051	–3.0%
Wholesale	54	54	–%	220	209	5.3%
Infrastructure & Support Functions	(237)	(254)	–6.7%	(715)	(829)	–13.8%
Intersegment elimination	1	–		1	1	–%
Swisscom Switzerland	911	917	–0.7%	2,767	2,665	3.8%
Fastweb	221	220	0.5%	614	633	–3.0%
Other Operating Segments	44	39	12.8%	99	122	–18.9%
Reconciliation pension cost ²	9	(15)		28	(45)	
Intersegment elimination	(11)	(11)	–%	(31)	(34)	–8.8%
Total EBITDA	1,174	1,150	2.1%	3,477	3,341	4.1%

1 Swisscom has changed the revenue recognition for roaming contracts with minimum guarantees as of 1 January 2023 and made adjustments to the financial management. The previous year's figures have been adjusted accordingly. For further information, see notes 1 and 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 Swisscom Directories Ltd (localsearch), Swisscom Broadcast Ltd (radio transmitters) and cabled Ltd (network construction and maintenance).

The Infrastructure & Support Functions business division does not charge any network costs or management fees to other segments for its services. The remaining 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	3. quarter 2023	3. quarter 2022	Change	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
Telecom services	1,346	1,369	-1.7%	4,035	4,091	-1.4%
IT services	294	281	4.6%	877	855	2.6%
Merchandise	191	204	-6.4%	583	611	-4.6%
Wholesale	139	142	-2.1%	402	405	-0.7%
Revenue other	38	29	31.0%	124	98	26.5%
External revenue	2,008	2,025	-0.8%	6,021	6,060	-0.6%
Intersegment revenue	15	14	7.1%	46	46	-%
Revenue	2,023	2,039	-0.8%	6,067	6,106	-0.6%
Direct costs	(430)	(445)	-3.4%	(1,246)	(1,265)	-1.5%
Indirect costs	(682)	(677)	0.7%	(2,054)	(2,176)	-5.6%
Operating expense	(1,112)	(1,122)	-0.9%	(3,300)	(3,441)	-4.1%
EBITDA	911	917	-0.7%	2,767	2,665	3.8%
Margin as % of revenue	45.0	45.0		45.6	43.6	
Operating free cash flow proxy						
EBITDA	911	917	-0.7%	2,767	2,665	3.8%
Lease expense	(58)	(56)	-%	(169)	(167)	1.2%
EBITDA after lease expense (EBITDAaL)	853	861	-0.9%	2,598	2,498	4.0%
Capital expenditure	(376)	(406)	-7.4%	(1,197)	(1,161)	3.1%
Operating free cash flow proxy	477	455	4.8%	1,401	1,337	4.8%
Operational data in thousand and headcount						
Fixed telephony access lines				1,249	1,351	-7.5%
Broadband access lines retail				2,009	2,027	-0.9%
TV access lines				1,541	1,576	-2.2%
Mobile access lines				6,197	6,166	0.5%
Access lines wholesale				683	691	-1.2%
Full-time equivalent employees				13,211	12,870	2.6%

Swisscom Switzerland's revenue decreased slightly by 0.6% or CHF 39 million to CHF 6,067 million. Revenue from telecoms services decreased by 1.4% or CHF 56 million to CHF 4,035 million. Of the decrease, CHF 42 million (-3.5%) is attributable to the Business Customers segment; revenue from telecoms services in the Residential Customers segment remained almost stable at CHF 2,883 million (-0.5%). In contrast, revenue from IT services with business customers rose by 2.6% to CHF 877 million. Market saturation is reflected in fewer connections and declining subscriber bases for broadband retail (-0.9%) and TV (-2.2%). Fixed network telephony (-7.5%) is significantly affected by its substitution with mobile telephony. In mobile telephony, the number of subscribers increased slightly (+0.5%), while the customer structure changed due to an increase in postpaid lines (+148,000) and a similarly strong decrease in prepaid connections (-117,000). The share of secondary and third-party brands in the Residential Customers segment rose from 26% to 30%.

The operating expense decreased by 4.1% or CHF 141 million. Direct costs fell by 1.5% to CHF 1,246 million. The costs for purchasing services and merchandise decreased, while subscriber acquisition and customer loyalty costs increased. Indirect costs fell by CHF 122 million (-5.6%) and were influenced primarily by non-recurring items in connection with provisions for legal proceedings. In the first nine months of 2023, provisions for legal proceedings of CHF 10 million (net) were reversed with an effect on EBITDA. In the same period of the previous year, provisions of CHF 82 million were recognised with an effect on EBITDA. Adjusted for these items, indirect costs fell by CHF 30 million (-1.4%). In telecommunications, cost savings of CHF 50 million were realised through efficiency improvement measures and optimised network maintenance. In the area of IT services, indirect costs rose by CHF 20 million. Headcount increased year-on-year by 2.6% to 13,211 FTEs. The increase is attributable primarily to the increased resources required for IT system development and upgrading, and to the acquisition of Asept Business Software AG in the current financial year. Operating income before depreciation and amortisation (EBITDA) was up by 3.8% or CHF 102 million to CHF 2,767 million. Adjusted for non-recurring items mentioned, it

increased by 0.4% or CHF 10 million. The decline in revenue from telecoms services was compensated for thanks to ongoing cost-cutting measures. Capital expenditure increased by 3.1% or CHF 36 million to CHF 1,197 million mainly due to the expansion and upgrading of transport networks. Swisscom plans to increase fibre-optic coverage (FTTH) to around 55% by the end of 2025, and to 70–80% by 2030.

Fastweb

In EUR million, except where indicated	3. quarter 2023	3. quarter 2022	Change	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
Residential Customers	289	284	1.8%	869	856	1.5%
Enterprise Customers	287	239	20.1%	814	736	10.6%
Wholesale	83	78	6.4%	224	204	9.8%
External revenue	659	601	9.7%	1,907	1,796	6.2%
Intersegment revenue	1	2	–50.0%	4	6	–33.3%
Revenue	660	603	9.5%	1,911	1,802	6.0%
Operating expense	(431)	(378)	14.0%	(1,284)	(1,174)	9.4%
EBITDA	229	225	1.8%	627	628	–0.2%
Margin as % of revenue	34.7	37.3		32.8	34.9	
Operating free cash flow proxy						
EBITDA	229	225	1.8%	627	628	–0.2%
Lease expense	(14)	(14)	–%	(41)	(43)	–4.7%
EBITDA after lease expense (EBITDAaL)	215	211	1.9%	586	585	0.2%
Capital expenditure	(148)	(150)	–1.3%	(445)	(449)	–0.9%
Operating free cash flow proxy	67	61	9.8%	141	136	3.7%
Operational data in thousand and headcount						
Broadband access lines retail				2,613	2,696	–3.1%
Broadband access lines wholesale				579	418	38.5%
Mobile access lines				3,428	2,937	16.7%
Full-time equivalent employees				3,146	2,915	7.9%

Fastweb's revenue rose year-on-year by 6.0% or EUR 109 million to EUR 1,911 million. Competition remained fierce. The customer base in the fixed-network business (end-customer and wholesale) grew by 2.5% overall to 3.19 million. Although this fell by 3.1% to 2.61 million in the end-customer business due to the challenging market environment, the number of ultra-fast broadband connections provided by Fastweb to other operators rose to 579,000 (+38.5%). Among end customers, the share of ultra-fast broadband connections increased by 4 percentage points to 89%. The number of mobile access lines increased by 491,000 (+16.7%) to 3.43 million, with bundled offerings continuing to play an important role. 42% of broadband customers used a bundled offering combining fixed network and mobile. Revenue from residential customers increased by 1.5% or EUR 13 million to EUR 869 million as a result of the higher mobile customer base. Revenue from business customers increased by 10.6% or EUR 78 million to EUR 814 million, driven by the strong market position in the area of public administration. Revenue from wholesale business increased by 9.8% or EUR 20 million to EUR 224 million due to the higher number of subscribers.

Operating expense and operating income before depreciation and amortisation (EBITDA) increased due to revenue growth and were influenced by the recognition of provisions for legal proceedings in the amount of EUR 13 million in the first half of 2023. Adjusted for this effect, operating expense rose by EUR 97 million (+8.3%) and EBITDA by 1.9% or EUR 12 million to EUR 640 million. Capital expenditure of EUR 445 million was almost on a par with the previous year (–0.9%). Headcount increased by 7.9% or 231 FTEs to 3,146 FTEs as Fastweb took on external staff and the growth created a need for more personnel.

Other Operating Segments

In CHF million, except where indicated	3. quarter 2023	3. quarter 2022	Change	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Revenue and operating income before depreciation and amortisation (EBITDA)						
External revenue	108	101	6.9%	312	307	1.6%
Intersegment revenue	161	158	1.9%	458	452	1.3%
Revenue	269	259	3.9%	770	759	1.4%
Operating expense	(225)	(220)	2.3%	(671)	(637)	5.3%
EBITDA	44	39	12.8%	99	122	-18.9%
Margin as % of revenue	16.4	15.1		12.9	16.1	
Operating free cash flow proxy						
EBITDA	44	39	12.8%	99	122	-18.9%
Lease expense	(3)	(3)	-%	(8)	(8)	-%
EBITDA after lease expense (EBITDAaL)	41	36	13.9%	91	114	-20.2%
Capital expenditure	(10)	(8)	25.0%	(28)	(22)	27.3%
Operating free cash flow proxy	31	28	10.7%	63	92	-31.5%
Headcount						
Full-time equivalent employees				3,329	3,248	2.5%

Revenue in Other Operating Segments rose by 1.4% or CHF 11 million year-on-year to CHF 770 million. The increase was due primarily to a business acquisition in the previous year. Also due to one-off charges in connection with customer projects, the operating result before depreciation and amortisation (EBITDA) decreased by 18.9% or CHF 23 million to CHF 99 million, and the profit margin shrank accordingly to 12.9% (prior year: 16.1%). Headcount increased by 2.5% or 81 FTEs to 3,329 FTEs, partly as the result of the acquisition in the previous year.

Depreciation and amortisation, non-operating results

In CHF million, except where indicated	3. quarter 2023	3. quarter 2022	Change	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Operating income before depreciation and amortisation (EBITDA)	1,174	1,150	2.1%	3,477	3,341	4.1%
Depreciation and amortisation of property, plant and equipment and intangible assets	(510)	(525)	–2.9%	(1,566)	(1,583)	–1.1%
Depreciation of right-of-use assets	(65)	(67)	–3.0%	(197)	(201)	–2.0%
Operating income (EBIT)	599	558	7.3%	1,714	1,557	10.1%
Net interest expense on financial assets and liabilities	(18)	(13)	38.5%	(51)	(46)	10.9%
Interest expense on lease liabilities	(13)	(11)	18.2%	(34)	(33)	3.0%
Other financial result	2	(10)		(8)	32	
Result of equity-accounted investees	–	(1)	–100.0%	–	(2)	–100.0%
Income before income taxes	570	523	9.0%	1,621	1,508	7.5%
Income tax expense	(108)	(94)	14.9%	(311)	(294)	5.8%
Net income	462	429	7.7%	1,310	1,214	7.9%
Attributable to equity holders of Swisscom Ltd	463	429	7.9%	1,311	1,213	8.1%
Attributable to non-controlling interests	(1)	–		(1)	1	
Earnings per share (in CHF)	8.94	8.28	8.0%	25.31	23.42	8.1%

Net income rose by 7.9% to CHF 1,310 million. The higher operating income was partly offset by the deterioration in the financial result. The financial result decreased mainly due to positive effects of CHF 65 million from the valuation of interest rate swaps at market value in the previous year. Income tax expense was CHF 311 million (prior year: CHF 294 million), corresponding to an effective income tax rate of 19.2% (prior year: 19.5%).

Cash flows

In CHF million	1.01.–30.09. 2023	1.01.–30.09. 2022	Change
Operating income before depreciation and amortisation (EBITDA)	3,477	3,341	136
Lease expense	(217)	(219)	2
EBITDA after lease expense (EBITDAaL)	3,260	3,122	138
Capital expenditure	(1,630)	(1,601)	(29)
Operating free cash flow proxy	1,630	1,521	109
Change in net working capital	(242)	(167)	(75)
Change in defined benefit obligations	(25)	41	(66)
Net interest payments on financial assets and liabilities	(56)	(47)	(9)
Income taxes paid	(271)	(352)	81
Other operating cash flow	1	(16)	17
Free cash flow	1,037	980	57
Net expenditures for company acquisitions and disposals	(60)	(65)	5
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	–
Other changes ¹	30	227	(197)
(Increase) Decrease in net debt	(133)	2	(135)

¹ Includes foreign currency effects, fair value adjustments and non-cash changes in net debt positions.

The operating free cash flow proxy rose by CHF 109 million to CHF 1,630 million. The better operating income before depreciation and amortisation (EBITDA) was partly offset by the higher volume of investment. Free cash flow increased by CHF 57 million to CHF 1,037 million mainly due to lower income tax payments. The decrease in income tax payments is due to the different payment due dates. A total net amount of EUR 60 million was incurred for company acquisitions and disposals in the first nine months of 2023 (prior year: CHF 65 million). In the second quarter of 2023, 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	30.09.2023	31.12.2022	Change
Property, plant and equipment	10,905	10,811	0.9%
Intangible assets	1,751	1,741	0.6%
Goodwill	5,193	5,172	0.4%
Right-of-use assets	1,995	1,992	0.2%
Trade receivables	2,195	2,255	-2.7%
Receivables from finance leases	115	131	-12.2%
Trade payables	(1,532)	(1,674)	-8.5%
Provisions	(1,200)	(1,159)	3.5%
Deferred gain on sale and leaseback of real estate	(82)	(85)	-3.5%
Other operating assets and liabilities, net	(95)	(218)	-56.4%
Net operating assets	19,245	18,966	1.5%
Net debt	(7,507)	(7,374)	1.8%
Defined benefit assets and liabilities, net	(10)	(11)	-9.1%
Income tax assets and liabilities, net	(872)	(829)	5.2%
Equity-accounted investees and other financial assets	497	419	18.6%
Equity	11,353	11,171	1.6%
Equity ratio in %	45.7	45.4	

Net operating assets rose by CHF 0.3 billion (+1.5%) compared with year-end 2022. Equity increased by 1.6% to CHF 11.4 billion. Net income of CHF 1,310 million was offset by the dividend payment of CHF 1,140 million. On 28 March 2023, the Annual General Meeting of Swisscom Ltd approved the payment of an unchanged dividend of CHF 22 gross per share. The dividend was paid out on 3 April 2023. The equity ratio rose from 45.4% to 45.7% compared with the end of 2022.

Net debt

Net debt consists of financial liabilities and lease liabilities less cash and cash equivalents, listed debt instruments and derivative financial instruments.

In CHF million	30.09.2023	31.12.2022	Change
Debenture bonds	4,825	4,886	-1.2%
Bank loans	721	512	40.8%
Private placements	321	322	-0.3%
Other financial liabilities	280	282	-0.7%
Lease liabilities	1,898	1,911	-0.7%
Total financial liabilities	8,045	7,913	1.7%
Cash and cash equivalents	(127)	(121)	5.0%
Other financial assets	(411)	(418)	-1.7%
Net debt	7,507	7,374	1.8%

In the first quarter of 2023, Swisscom raised a green bond of CHF 150 million with a coupon of 1.875% and a maturity of 7.5 years, and a privately placed bond of CHF 50 million with a coupon of 2.19% and a maturity of 30 years. In the second and third quarters of 2023, Swisscom repaid a CHF 250 million bond and a EUR 200 million bank loan on maturity.

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 2023, the average interest rate on net financial liabilities was 1.1%, the average residual term to maturity was 4.8 years, and the share of fixed-interest-bearing financial liabilities was 81%. Swisscom also has two guaranteed lines of credit totalling CHF 2.2 billion, which have not yet been used.

Outlook

Key figures or as noted	2022 reported	2023 outlook ⁴
Revenue		
Swisscom Group	CHF 11,051 million ¹	~ CHF 11.0 billion
Switzerland ³	CHF 8,558 million	~ CHF 8.5 billion
Fastweb	EUR 2,482 million	EUR 2.5–2.6 billion
Operating income before depreciation and amortisation (EBITDA)		
Swisscom Group	CHF 4,406 million	CHF 4.6–4.7 billion ²
Switzerland ³	CHF 3,549 million	CHF 3.7–3.8 billion
Fastweb	EUR 854 million	~ EUR 0.9 billion
Capital expenditure		
Swisscom Group	CHF 2,309 million	~ CHF 2.3 billion
Switzerland ³	CHF 1,690 million	~ CHF 1.7 billion
Fastweb	EUR 616 million	~ EUR 0.6 billion

1 Restated. For further information, see note 1 to the interim financial statements.

2 EBITDA after lease expense (EBITDAaL) 2022: CHF 4,120 million; EBITDaL guidance 2023: CHF 4.3–4.4 billion.

3 Swisscom w/o Fastweb.

4 Exchange rate CHF/EUR 0.98 (previously CHF/EUR 1.00; 2022: CHF/EUR 1.00).

Due in particular to the strong Swiss franc and lower hardware sales in Switzerland, Swisscom is slightly adjusting its revenue forecast for 2023 and now expects revenue of about CHF 11.0 billion (previously CHF 11.1 billion to CHF 11.2 billion). Expectations for EBITDA of CHF 4.6 billion to CHF 4.7 billion and capital expenditure of about CHF 2.3 billion remain unchanged. Subject to achievement of its targets, Swisscom plans to propose payment of an unchanged dividend of CHF 22 per share for the 2023 financial year at the 2024 Annual General Meeting.

Consolidated interim financial statements

Consolidated statement of comprehensive income (unaudited)

In CHF million, except for per share amounts	Note	3. quarter 2023	3. quarter 2022	1.01.–30.09. 2023	1.01.–30.09. 2022
Income statement					
Revenue	2	2,752	2,712	8,202	8,179
Direct costs	3	(691)	(661)	(1,979)	(1,906)
Personnel expense	3	(634)	(650)	(1,984)	(2,023)
Other operating expense	3	(430)	(404)	(1,297)	(1,406)
Capitalised self-constructed assets and other income	3	177	153	535	497
Operating income before depreciation and amortisation		1,174	1,150	3,477	3,341
Depreciation and amortisation of property, plant and equipment and intangible assets		(510)	(525)	(1,566)	(1,583)
Depreciation of right-of-use assets		(65)	(67)	(197)	(201)
Operating income		599	558	1,714	1,557
Financial income	6	14	5	25	72
Financial expense	6	(43)	(39)	(118)	(119)
Result of equity-accounted investees		–	(1)	–	(2)
Income before income taxes		570	523	1,621	1,508
Income tax expense		(108)	(94)	(311)	(294)
Net income		462	429	1,310	1,214
Other comprehensive income					
Actuarial gains and losses from defined benefit pension plans		(7)	6	(22)	36
Change in fair value of equity instruments		(7)	(3)	68	(1)
Items that will not be reclassified to income statement		(14)	3	46	35
Foreign currency translation adjustments of foreign subsidiaries		(25)	(81)	(38)	(156)
Change in cash flow hedges		3	(1)	4	4
Items that are or may be reclassified subsequently to income statement		(22)	(82)	(34)	(152)
Other comprehensive income		(36)	(79)	12	(117)
Comprehensive income					
Net income		462	429	1,310	1,214
Other comprehensive income		(36)	(79)	12	(117)
Comprehensive income		426	350	1,322	1,097
Share of net income and comprehensive income					
Equity holders of Swisscom Ltd		463	429	1,311	1,213
Non-controlling interests		(1)	–	(1)	1
Net income		462	429	1,310	1,214
Equity holders of Swisscom Ltd		427	351	1,323	1,097
Non-controlling interests		(1)	(1)	(1)	–
Comprehensive income		426	350	1,322	1,097
Earnings per share					
Basic and diluted earnings per share (in CHF)		8.94	8.28	25.31	23.42

Consolidated balance sheet (unaudited)

In CHF million	Note	30.09.2023	31.12.2022
Assets			
Cash and cash equivalents		127	121
Trade receivables	7	2,195	2,255
Receivables from finance leases	7	28	53
Other operating assets	7	1,440	1,353
Other financial assets		63	64
Current income tax assets		5	2
Total current assets		3,858	3,848
Property, plant and equipment		10,905	10,811
Intangible assets		1,751	1,741
Goodwill		5,193	5,172
Right-of-use assets		1,995	1,992
Equity-accounted investees		24	26
Receivables from finance leases		87	78
Other financial assets		821	747
Net defined benefit assets		11	11
Deferred tax assets		187	194
Total non-current assets		20,974	20,772
Total assets		24,832	24,620
Liabilities and equity			
Financial liabilities	5	992	547
Lease liabilities		228	232
Trade payables	7	1,532	1,674
Other operating liabilities	7	1,535	1,571
Provisions	8	130	88
Current income tax liabilities		194	194
Total current liabilities		4,611	4,306
Financial liabilities	5	5,155	5,455
Lease liabilities		1,670	1,679
Defined benefit obligations		21	22
Provisions	8	1,070	1,071
Deferred gain on sale and leaseback of real estate		82	85
Deferred tax liabilities		870	831
Total non-current liabilities		8,868	9,143
Total liabilities		13,479	13,449
Share capital		52	52
Capital reserves		136	136
Retained earnings		13,158	12,942
Foreign currency translation adjustments		(1,998)	(1,960)
Hedging reserves		2	(2)
Equity attributable to equity-holders of Swisscom Ltd		11,350	11,168
Non-controlling interests		3	3
Total equity		11,353	11,171
Total liabilities and equity		24,832	24,620

Consolidated statement of cash flows (unaudited)

In CHF million	Note	1.01.–30.09. 2023	1.01.–30.09. 2022
Net income		1,310	1,214
Income tax expense		311	294
Result of equity-accounted investees		–	2
Financial income	6	(25)	(72)
Financial expense	6	118	119
Depreciation and amortisation of property, plant and equipment and intangible assets		1,566	1,583
Depreciation of right-of-use assets		197	201
Gain on sale of property, plant and equipment		(5)	(6)
Loss on sale of property, plant and equipment		1	3
Expense for share-based payments		1	1
Revenue from finance leases		(62)	(64)
Proceeds from finance leases		80	56
Change in deferred gain from the sale and leaseback of real estate		(3)	(7)
Change in operating assets and liabilities	7	(195)	(135)
Change in provisions		(44)	(25)
Change in defined benefit obligations		(25)	41
Interest received		5	1
Interest payments on financial liabilities		(61)	(48)
Interest payments on lease liabilities		(34)	(33)
Dividends received		9	1
Income taxes paid		(271)	(352)
Cash flow from operating activities		2,873	2,774
Purchase of property, plant and equipment and intangible assets		(1,615)	(1,591)
Sale of property, plant and equipment and intangible assets		8	9
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(62)	(64)
Proceeds from sale of subsidiaries, net of cash and cash equivalents acquired		3	–
Expenses for shareholdings accounted for using the equity method		(1)	(1)
Purchase of other financial assets		(19)	(154)
Proceeds from other financial assets		17	53
Other cash flows from investing activities		(10)	(20)
Cash flow used in investing activities		(1,679)	(1,768)
Issuance of financial liabilities	5	635	608
Repayment of financial liabilities	5	(445)	(532)
Repayment of lease liabilities		(217)	(192)
Dividends paid to equity holders of Swisscom Ltd		(1,140)	(1,140)
Dividends paid to non-controlling interests		(1)	(2)
Acquisition of non-controlling interests		–	(13)
Other cash flows from financing activities		(17)	36
Cash flow used in financing activities		(1,185)	(1,235)
Net increase (net decrease) in cash and cash equivalents		9	(229)
Cash and cash equivalents at 1 January		121	401
Foreign currency translation adjustments in respect of cash and cash equivalents		(3)	(14)
Cash and cash equivalents at the end of period		127	158

Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Foreign currency translation adjustments	Hedging reserves	Equity attributable to equity holders of Swisscom	Non-controlling interests	Total equity
Balance at 1 January 2022	52	136	12,485	(1,864)	2	10,811	2	10,813
Net income	–	–	1,213	–	–	1,213	1	1,214
Other comprehensive income	–	–	35	(156)	4	(117)	–	(117)
Comprehensive income	–	–	1,248	(156)	4	1,096	1	1,097
Dividends paid	–	–	(1,140)	–	–	(1,140)	(2)	(1,142)
Other changes	–	–	(4)	–	–	(4)	3	(1)
Balance at 30 September 2022	52	136	12,589	(2,020)	6	10,763	4	10,767
Balance at 1 January 2023	52	136	12,942	(1,960)	(2)	11,168	3	11,171
Net income	–	–	1,311	–	–	1,311	(1)	1,310
Other comprehensive income	–	–	46	(38)	4	12	–	12
Comprehensive income	–	–	1,357	(38)	4	1,323	(1)	1,322
Dividends paid	–	–	(1,140)	–	–	(1,140)	(1)	(1,141)
Other changes	–	–	(1)	–	–	(1)	2	1
Balance at 30 September 2023	52	136	13,158	(1,998)	2	11,350	3	11,353

Notes to the interim financial statements

About this report

General disclosures

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 30 September 2023 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 (Bern). The 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 obligated 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 1 November 2023. To 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 2023 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 2022. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2022 consolidated financial statements and the revised accounting principles adopted on 1 January 2023.

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 0.967 was used as the closing rate (31 December 2022: CHF/EUR 0.985) and 0.9802 as the average rate for the period (prior year: CHF/EUR 1.009).

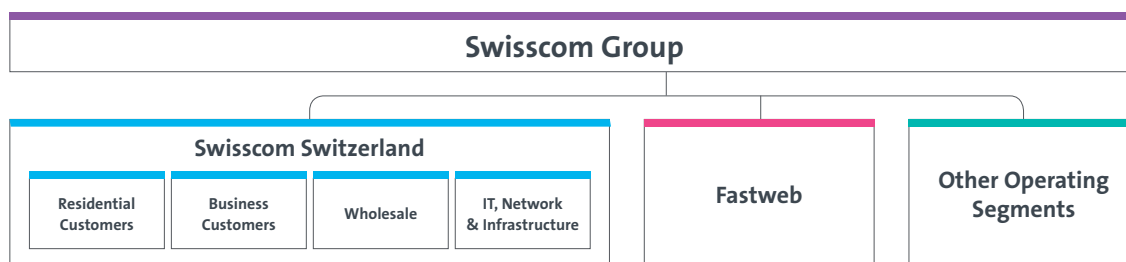
1 Changes in accounting principles

The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2022 consolidated financial statements and the amendments described below.

As of 1 January 2023, Swisscom adopted various amendments to the existing International Financial Reporting Standards (IFRS) and interpretations, none of which has a material impact on the results or the financial position of the Group. From 2023 Swisscom will now take into account other factors, such as market conditions and other entity-specific factors, in addition to contractually agreed prices, when determining the fair value for revenue and cost recognition of individual roaming contracts that contain minimum guarantees. The prior year's comparatives have been restated accordingly. The change reduced revenue and direct costs for the first nine months of 2022 by CHF 46 million in each case (CHF 61 million each for the full year).

2 Segment information

General disclosures



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.

For its services, the Infrastructure & Support Functions segment does not charge any network costs or management fees to other segments. The remaining 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 2023, the Eliminations segment result includes income of CHF 28 million (prior year: expenses of CHF 45 million) as a pension cost reconciliation item in accordance with IAS 19.

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 14 million (prior year: CHF 15 million) and the accounting for the rental of buildings between segments. The lease expense of financial position, 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 2023 includes IRU payments of CHF 15 million (prior year: CHF 10 million).

Changes in segment reporting

Swisscom has reallocated various areas within Swisscom Switzerland to the segments as of 1 January 2023. The adjustments lead to cost shifts between the segments of Swisscom Switzerland. The changes have no effect on the reporting of revenue. The previous year's figures for Swisscom Switzerland were adjusted as follows:

In CHF million	Reported	Adjustment	Restated
Operating income before depreciation and amortisation (EBITDA) Swisscom Switzerland			
Financial year 2022			
Residential Customers	2,975	4	2,979
Business Customers	1,384	(3)	1,381
Wholesale	291	(2)	289
Infrastructure & Support Functions	(1,166)	1	(1,165)
Intersegment elimination	(1)	–	(1)
EBITDA Swisscom Switzerland	3,483	–	3,483

Segment information 2023

1.01.–30.09.2023, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential Customers	3,334	852	–	–	4,186
Enterprise Customers	2,272	798	312	–	3,382
Wholesale customers	415	219	–	–	634
External revenue	6,021	1,869	312	–	8,202
Intersegment revenue	46	4	458	(508)	–
Revenue	6,067	1,873	770	(508)	8,202
Direct costs	(1,246)	(725)	(61)	53	(1,979)
Indirect costs	(2,054)	(534)	(610)	452	(2,746)
Operating income before depreciation and amortisation (EBITDA)	2,767	614	99	(3)	3,477
Depreciation and amortisation of property, plant and equipment and intangible assets					(1,566)
Depreciation of right-of-use assets					(197)
Operating income (EBIT)					1,714
Financial income					25
Financial expense					(118)
Result of equity-accounted investees					–
Income before income taxes					1,621
Income tax expense					(311)
Net income					1,310
EBITDA	2,767	614	99	(3)	3,477
Lease expense	(169)	(40)	(8)	–	(217)
EBITDA after lease expense (EBITDAal)	2,598	574	91	(3)	3,260
Capital expenditure	(1,197)	(436)	(28)	31	(1,630)
Operating free cash flow proxy	1,401	138	63	28	1,630

Segment information Swisscom Switzerland 2023

1.01.–30.09.2023, in CHF million	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	1,491	607	–	–	(1)	2,097
Mobile	1,392	545	–	–	1	1,938
Telecom services	2,883	1,152	–	–	–	4,035
IT services	–	877	–	–	–	877
Merchandise	342	240	–	–	1	583
Wholesale	–	–	402	–	–	402
Revenue other	109	3	–	13	(1)	124
External revenue	3,334	2,272	402	13	–	6,021
Intersegment revenue	11	32	10	44	(51)	46
Revenue	3,345	2,304	412	57	(51)	6,067
Direct costs	(628)	(542)	(188)	(6)	118	(1,246)
Indirect costs	(475)	(743)	(4)	(766)	(66)	(2,054)
Operating income before depreciation and amortisation (EBITDA)	2,242	1,019	220	(715)	1	2,767
Capital expenditure	(27)	(35)	–	(1,135)	–	(1,197)

Segment information 2022

1.01.–30.09.2022, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Elimination	Total
Residential Customers	3,357	864	–	–	4,221
Enterprise Customers	2,285	742	307	–	3,334
Wholesale customers	418	206	–	–	624
External revenue	6,060	1,812	307	–	8,179
Intersegment revenue	46	6	452	(504)	–
Revenue	6,106	1,818	759	(504)	8,179
Direct costs	(1,265)	(638)	(53)	50	(1,906)
Indirect costs	(2,176)	(547)	(584)	375	(2,932)
Operating income before depreciation and amortisation (EBITDA)	2,665	633	122	(79)	3,341
Depreciation and amortisation of property, plant and equipment and intangible assets					(1,583)
Depreciation of right-of-use assets					(201)
Operating income (EBIT)					1,557
Financial income					72
Financial expense					(119)
Result of equity-accounted investees					(2)
Income before income taxes					1,508
Income tax expense					(294)
Net income					1,214
EBITDA	2,665	633	122	(79)	3,341
Lease expense	(167)	(43)	(8)	(1)	(219)
EBITDA after lease expense (EBITDAaL)	2,498	590	114	(80)	3,122
Capital expenditure	(1,161)	(453)	(22)	35	(1,601)
Operating free cash flow proxy	1,337	137	92	(45)	1,521

Segment information Swisscom Switzerland 2022

1.01.–30.09.2022, in CHF million, restated	Residential Customers	Business Customers	Wholesale	Infrastructure & Support Functions	Elimination	Total Swisscom Switzerland
Fixed-line	1,506	631	–	–	(1)	2,136
Mobile	1,391	563	–	–	1	1,955
Telecom services	2,897	1,194	–	–	–	4,091
IT services	–	855	–	–	–	855
Merchandise	374	237	–	–	–	611
Wholesale	–	–	405	–	–	405
Revenue other	86	(1)	–	13	–	98
External revenue	3,357	2,285	405	13	–	6,060
Intersegment revenue	13	36	8	41	(52)	46
Revenue	3,370	2,321	413	54	(52)	6,106
Direct costs	(639)	(551)	(190)	(7)	122	(1,265)
Indirect costs	(498)	(719)	(14)	(876)	(69)	(2,176)
Operating income before depreciation and amortisation (EBITDA)	2,233	1,051	209	(829)	1	2,665
Capital expenditure	(31)	(32)	–	(1,098)	–	(1,161)

3 Operating costs

Direct costs

In CHF million	1.01.–30.09.2023	1.01.–30.09.2022
Customer premises equipment and merchandise	714	683
Services purchased	544	526
Costs to obtain a contract	160	156
Costs to fulfill a contract	66	65
Network access costs of swiss subsidiaries	188	190
Network access costs of foreign subsidiaries	307	286
Total direct costs	1,979	1,906

Indirect costs

In CHF million	1.01.–30.09.2023	1.01.–30.09.2022
Salary and social security expenses	1,940	1,980
Other personnel expense	44	43
Total personnel expense	1,984	2,023
Information technology cost	195	190
Maintenance expense	186	220
Energy costs	117	106
Advertising and selling expenses	119	140
Consultancy expenses and freelance workforce	68	87
Call centre services purchased	89	97
Administration expense	30	37
Allowances for receivables and contract assets	51	32
Miscellaneous operating expenses	442	497
Total other operating expense	1,297	1,406
Capitalised self-constructed tangible and intangible assets	(394)	(355)
Own work for capitalised contract costs	(39)	(45)
Gain on sale of property, plant and equipment	(5)	(6)
Miscellaneous income	(97)	(91)
Total capitalised self-constructed assets and other income	(535)	(497)
Total indirect costs	2,746	2,932

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

4 Dividend

On 28 March 2023, 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 3 April 2023.

5 Financial liabilities

In CHF million	Carring amount 1.01.2023	Issuance	Repayment	Other changes ¹	Carring amount 30.09.2023	Fair Value
Financial liabilities						
Bank loans	512	425	(195)	(21)	721	715
Debenture bonds	4,886	200	(250)	(11)	4,825	4,521
Private placements	322	–	–	(1)	321	308
Derivative financial instruments	129	–	–	(6)	123	123
Other financial liabilities	153	10	–	(6)	157	151
Total financial liabilities	6,002	635	(445)	(45)	6,147	5,818

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

In the first quarter of 2023, Swisscom raised a green bond of CHF 150 million with a coupon of 1.875% and a maturity of 7.5 years, as well as a privately placed bond of CHF 50 million with a coupon of 2.19% and a maturity of 30 years. The funds received were used to repay existing debt. In the second and third quarters of 2023, Swisscom repaid a CHF 250 million bond and a EUR 200 million bank loan on maturity.

Swisscom has two confirmed lines of credit amounting to CHF 1,000 million maturing in 2028 and CHF 1,200 million maturing in 2028. As of 30 September 2023, none of these lines of credit had been drawn down, as in the prior year.

6 Financial result

In CHF million	1.01.–30.09.2023	1.01.–30.09.2022
Interest income on financial assets	5	3
Interest income on net defined benefit assets	4	1
Change in fair value of interest rate swaps	–	65
Gain from transactions with equity-accounted investees	3	–
Other financial income	13	3
Total financial income	25	72
Interest expense on financial liabilities	(56)	(49)
Interest expense on lease liabilities	(34)	(33)
Change in fair value of interest rate swaps	(3)	–
Foreign exchange losses	–	(8)
Present-value adjustments and interest on provisions	(8)	(14)
Other financial expense	(17)	(15)
Total financial expense	(118)	(119)
Financial income and financial expense, net	(93)	(47)
Interest expense on lease liabilities	(34)	(33)
Net interest expense on financial assets and liabilities	(51)	(46)

7 Net current operating assets

Operating assets and liabilities changed as follows in the first nine months of 2023:

In CHF million	01.01.2023	Operational changes	Other changes ¹	30.09.2023
Trade receivables	2,255	(53)	(7)	2,195
Other operating assets	1,353	85	2	1,440
Trade payables	(1,674)	128	14	(1,532)
Other operating liabilities	(1,571)	35	1	(1,535)
Total operating assets and liabilities, net	363	195	10	568

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

Other operating assets and liabilities

In CHF million	30.09.2023	31.12.2022
Other operating assets		
Contract assets	194	178
Contract costs	270	278
Inventories	156	162
Prepaid expenses	593	514
Other operating assets	227	221
Total other operating assets	1,440	1,353
Other operating liabilities		
Contract liabilities	1,015	1,084
Accruals for variable performance-related bonus	99	149
Other operating liabilities	421	338
Total other operating liabilities	1,535	1,571

8 Provisions and contingent liabilities

Provisions

Provisions changed as follows in the first nine months of 2023:

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Termination benefits	Others	Total
Balance at 1 January 2023	658	283	31	187	1,159
Additions to provisions	–	14	–	38	52
Adjustments recognised under property, plant and equipment	77	–	–	–	77
Interest and present-value adjustments	10	(2)	–	–	8
Release of unused provisions	–	(20)	–	(10)	(30)
Use of provisions	(19)	(18)	(9)	(20)	(66)
Balance at 30 September 2023	726	257	22	195	1,200
Thereof current provisions	1	44	19	66	130
Thereof non-current provisions	725	213	3	129	1,070

In accordance with the Telecommunications Act, Swisscom provides access services (incl. interconnection) to other telecommunications service providers in Switzerland. In previous years, several telecommunications service providers demanded ComCom reduce the prices charged to them by Swisscom for regulated network access services. The Competition Commission (COMCO) has also launched various investigations against Swisscom in the past.

In the past, Swisscom recognised provisions for regulatory and antitrust proceedings on the basis of legal assessments. As a result of the reassessment of these proceedings, provisions of CHF 10 million were set up in the first half of 2023 and provisions of CHF 20 million were reversed. Any payments to be made will depend on the date on which legally binding decrees and decisions are issued, and could probably occur within five years.

Contingent liabilities for regulatory and competition law proceedings

With regard to the contingent liabilities reported in the 2022 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 30 September 2023.

Alternative performance measures

Swisscom uses key indicators defined in the International Financial Reporting Standards (IFRS) throughout its entire 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 2023 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 2023 are translated at the 2022 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) less capital expenditure in property, plant and equipment, intangible assets and payments for indefeasible rights of use (IRU) and lease expense. Lease expense includes interest expense on lease liabilities and depreciation of rights of use excl. 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 and derivative financial instruments.

Reconciliation of alternative performance measures

In CHF million	1.01.–30.09.2023	1.01.–30.09.2022	Change reported	Change at constant exchange rates
Revenue				
Revenue	8,202	8,179	0.3%	0.9%
Operating income before depreciation and amortisation (EBITDA)				
EBITDA	3,477	3,341	4.1%	4.6%
(Release) additions of provisions for legal proceedings in Switzerland	(10)	82	–	
Additions of provisions for legal proceedings in Italy	13	–	–	
EBITDA adjusted	3,480	3,423	1.7%	2.2%
Capital expenditure				
Capital expenditure in property, plant and equipment and intangible assets	1,615	1,591	1.5%	2.3%
Payments for indefeasible rights of use (IRU)	15	10	50.0%	
Capital expenditure	1,630	1,601	1.8%	2.6%

In CHF million	1.01.–30.09.2023	1.01.–30.09.2022	Change reported
Operating free cash flow proxy			
Cash flow from operating activities	2,873	2,774	99
Capital expenditure	(1,630)	(1,601)	(29)
Depreciation of right-of-use assets	(197)	(201)	4
Depreciation of indefeasible rights of use (IRU)	14	15	(1)
Change in deferred gain from the sale and leaseback of real estate	3	7	(4)
Change in operating assets and liabilities	195	135	60
Change in provisions	44	25	19
Change in defined benefit obligations	25	(41)	66
Gain on sale of property, plant and equipment	5	6	(1)
Loss on sale of property, plant and equipment	(1)	(3)	2
Expense for share-based payments	(1)	(1)	–
Revenue from finance leases	62	64	(2)
Proceeds from finance leases	(80)	(56)	(24)
Interest received	(5)	(1)	(4)
Interest payments on financial liabilities	61	48	13
Dividends received	(9)	(1)	(8)
Income taxes paid	271	352	(81)
Operating free cash flow proxy	1,630	1,521	109

Free cash flow			
Cash flow from operating activities	2,873	2,774	99
Cash flow used in investing activities	(1,679)	(1,768)	89
Repayment of lease liabilities	(217)	(192)	(25)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	62	64	(2)
Proceeds from sale of equity-accounted investees	(3)	–	(3)
Expenses for shareholdings accounted for using the equity method	1	1	–
Purchase of other financial assets	19	154	(135)
Proceeds from other financial assets	(19)	(53)	34
Free cash flow	1,037	980	57

Further Information

Share information

Swisscom share performance indicators

1.01.–30.09.2023

Closing price as at 31 December 2022 in CHF¹

Closing price as at 30 September 2023 in CHF¹

Year high in CHF¹

Year low in CHF¹

Total volume of traded shares

Total turnover in CHF million

Daily average of traded shares

Daily average in CHF million

SIX Swiss Exchange
506.60
544.20
619.40
509.80
14,900,485
8,422.73
79,258
44.80

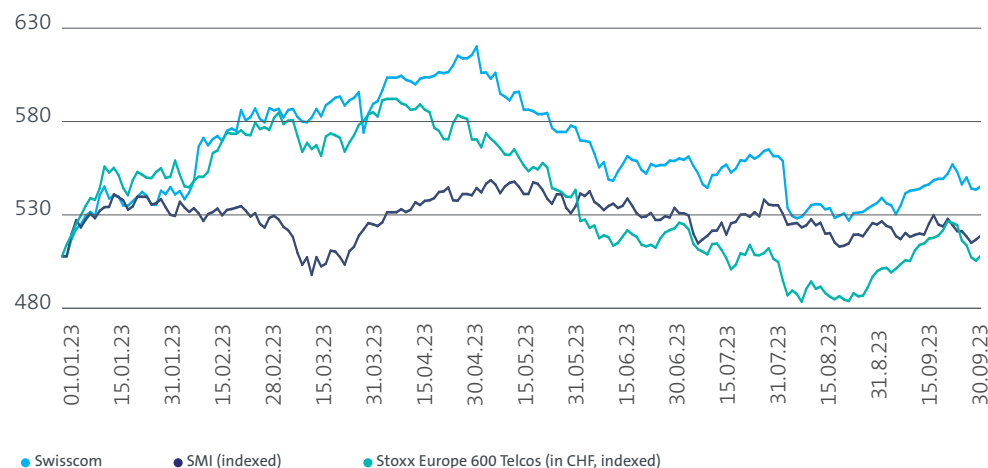
Source: Bloomberg

1 paid prices

Share performance

Share performance since 1 January 2023

in CHF



CHF 544

Closing price of the Swisscom share 30.09.2023

Financial calendar

- 08 February 2024 2023 Annual Results and Annual Report
- 02 May 2024 2024 First-Quarter Results
- 31 July 2024 2024 Second-Quarter Results
- 31 October 2024 2024 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 2022 and 2023

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Income statement										
Revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703	2,752		8,202
Direct costs	(629)	(616)	(661)	(720)	(2,626)	(661)	(627)	(691)		(1,979)
Personnel expense	(697)	(676)	(650)	(682)	(2,705)	(680)	(670)	(634)		(1,984)
Other operating expense	(437)	(565)	(404)	(576)	(1,982)	(406)	(461)	(430)		(1,297)
Capitalised self-constructed assets and other income	146	198	153	171	668	164	194	177		535
Operating income (EBITDA)	1,137	1,054	1,150	1,065	4,406	1,164	1,139	1,174		3,477
Depreciation and amortisation	(522)	(536)	(525)	(521)	(2,104)	(525)	(531)	(510)		(1,566)
Depreciation of right-of-use assets	(66)	(68)	(67)	(61)	(262)	(66)	(66)	(65)		(197)
Operating income (EBIT)	549	450	558	483	2,040	573	542	599		1,714
Net interest expense on financial assets and liabilities	(15)	(18)	(13)	(11)	(57)	(14)	(19)	(18)		(51)
Interest expenses on lease liabilities	(11)	(11)	(11)	(11)	(44)	(12)	(9)	(13)		(34)
Other financial result	28	14	(10)	(3)	29	(4)	(6)	2		(8)
Equity-accounted investees	(1)	–	(1)	(3)	(5)	–	–	–		–
Income before income taxes	550	435	523	455	1,963	543	508	570		1,621
Income tax expense	(103)	(97)	(94)	(66)	(360)	(101)	(102)	(108)		(311)
Net income	447	338	429	389	1,603	442	406	462		1,310
Attributable to equity holders of Swisscom Ltd	447	337	429	389	1,602	442	406	463		1,311
Attributable to non-controlling interests	–	1	–	–	1	–	–	(1)		(1)
Earnings per share (in CHF)	8.63	6.51	8.28	7.51	30.93	8.53	7.84	8.94		25.31
Revenue										
Swisscom Switzerland	2,056	2,011	2,039	2,103	8,209	2,044	2,000	2,023		6,067
Fastweb	615	615	588	675	2,493	619	617	637		1,873
Other Operating Segments	241	259	259	279	1,038	243	258	269		770
Intersegment elimination	(158)	(172)	(174)	(185)	(689)	(159)	(172)	(177)		(508)
Total revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703	2,752		8,202
Operating income before depreciation and amortisation (EBITDA)										
Swisscom Switzerland	930	818	917	818	3,483	943	913	911		2,767
Fastweb	191	222	220	224	857	187	206	221		614
Other Operating Segments	42	41	39	38	160	34	21	44		99
Reconciliation pension cost	(15)	(15)	(15)	(8)	(53)	9	10	9		28
Elimination	(11)	(12)	(11)	(7)	(41)	(9)	(11)	(11)		(31)
Total EBITDA	1,137	1,054	1,150	1,065	4,406	1,164	1,139	1,174		3,477
Capital expenditure										
Swisscom Switzerland	364	391	406	537	1,698	394	427	376		1,197
Fastweb	163	143	147	166	619	152	141	143		436
Other Operating Segments	6	8	8	12	34	8	10	10		28
Intersegment elimination	(11)	(11)	(13)	(7)	(42)	(9)	(10)	(12)		(31)
Total capital expenditure	522	531	548	708	2,309	545	568	517		1,630

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Operating free cash flow proxy										
Operating income (EBITDA)	1,137	1,054	1,150	1,065	4,406	1,164	1,139	1,174		3,477
Lease expense	(72)	(74)	(73)	(67)	(286)	(73)	(70)	(74)		(217)
EBITDA after lease expense (EBITDAal)	1,065	980	1,077	998	4,120	1,091	1,069	1,100		3,260
Capital expenditure	(522)	(531)	(548)	(708)	(2,309)	(545)	(568)	(517)		(1,630)
Operating free cash flow proxy	543	449	529	290	1,811	546	501	583		1,630
Free cash flow										
Free cash flow	63	230	687	369	1,349	209	253	575		1,037
Net debt										
Net debt	7,680	8,538	7,704	7,374	7,374	7,171	8,108	7,507		7,507
Full-time equivalent employees										
Swisscom Switzerland	12,999	12,927	12,870	12,822	12,822	12,841	13,054	13,211		13,211
Fastweb	2,737	2,880	2,915	3,039	3,039	3,087	3,117	3,146		3,146
Other Operating Segments	3,273	3,260	3,248	3,296	3,296	3,324	3,326	3,329		3,329
Total headcount	19,009	19,067	19,033	19,157	19,157	19,252	19,497	19,686		19,686
Information by geographical regions										
Revenue in Switzerland	2,141	2,100	2,126	2,199	8,566	2,129	2,088	2,116		6,333
Revenue in other countries	613	613	586	673	2,485	618	615	636		1,869
Total revenue	2,754	2,713	2,712	2,872	11,051	2,747	2,703	2,752		8,202
Operating income (EBITDA) Switzerland	941	829	925	839	3,534	975	933	951		2,859
Operating income (EBITDA) other countries	196	225	225	226	872	189	206	223		618
Total EBITDA	1,137	1,054	1,150	1,065	4,406	1,164	1,139	1,174		3,477
Capital expenditure in Switzerland	359	387	401	541	1,688	392	427	374		1,193
Capital expenditure in other countries	163	144	148	166	621	153	141	143		437
Total capital expenditure	522	531	549	707	2,309	545	568	517		1,630
Headcount in Switzerland	15,987	15,874	15,786	15,750	15,750	15,755	15,929	16,048		16,048
Headcount in other countries	3,022	3,193	3,247	3,407	3,407	3,497	3,568	3,638		3,638
Total headcount (full-time equivalents)	19,009	19,067	19,033	19,157	19,157	19,252	19,497	19,686		19,686
Fastweb, in EUR million										
Residential Customers	285	287	284	289	1,145	289	291	289		869
Enterprise Customers	247	250	239	279	1,015	261	266	287		814
Wholesale	62	64	78	111	315	71	70	83		224
External revenue	594	601	601	679	2,475	621	627	659		1,907
Intersegment revenue	1	3	2	1	7	2	1	1		4
Revenue	595	604	603	680	2,482	623	628	660		1,911
Operating income (EBITDA)	185	218	225	226	854	188	210	229		627
Margin as % of revenue	31.1	36.1	37.3	33.2	34.4	30.2	33.4	34.7		32.8
Lease expense	(14)	(15)	(14)	(14)	(57)	(13)	(14)	(14)		(41)
EBITDA after lease expense (EBITDAal)	171	203	211	212	797	175	196	215		586
Capital expenditure	(157)	(142)	(150)	(167)	(616)	(153)	(144)	(148)		(445)
Operating free cash flow proxy	14	61	61	45	181	22	52	67		141
Broadband access lines in thousand	2,731	2,712	2,696	2,683	2,683	2,662	2,631	2,613		2,613
Broadband access lines wholesale in thousand	363	386	418	458	458	498	532	579		579
Mobile access lines in thousand	2,649	2,805	2,937	3,087	3,087	3,231	3,343	3,428		3,428

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2022	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2023
Swisscom Switzerland										
Revenue and results										
Residential Customers	965	962	970	964	3,861	960	959	964		2,883
Business Customers	400	395	399	394	1,588	388	382	382		1,152
Revenue telecoms services	1,365	1,357	1,369	1,358	5,449	1,348	1,341	1,346		4,035
IT services	289	285	281	297	1,152	291	292	294		877
Merchandise	222	185	204	249	860	217	175	191		583
Wholesale	130	133	142	135	540	131	132	139		402
Revenue other	35	34	29	50	148	42	44	38		124
External revenue	2,041	1,994	2,025	2,089	8,149	2,029	1,984	2,008		6,021
Intersegment revenue	15	17	14	14	60	15	16	15		46
Revenue	2,056	2,011	2,039	2,103	8,209	2,044	2,000	2,023		6,067
Residential Customers	1,131	1,108	1,131	1,157	4,527	1,136	1,099	1,110		3,345
Business Customers	791	766	764	808	3,129	772	763	769		2,304
Wholesale	133	136	144	138	551	134	136	142		412
Infrastructure & Support Functions	18	18	18	17	71	19	19	19		57
Intersegment elimination	(17)	(17)	(18)	(17)	(69)	(17)	(17)	(17)		(51)
Revenue	2,056	2,011	2,039	2,103	8,209	2,044	2,000	2,023		6,067
Residential Customers	746	730	757	746	2,979	748	741	753		2,242
Business Customers	352	339	360	330	1,381	345	334	340		1,019
Wholesale	81	74	54	80	289	80	86	54		220
Infrastructure & Support Functions	(249)	(326)	(254)	(336)	(1,165)	(231)	(247)	(237)		(715)
Intersegment elimination	–	1	–	(2)	(1)	1	(1)	1		1
EBITDA	930	818	917	818	3,483	943	913	911		2,767
Margin as % of revenue	45.2	40.7	45.0	38.9	42.4	46.1	45.7	45.0		45.6
Lease expense	(56)	(55)	(56)	(51)	(218)	(56)	(55)	(58)		(169)
EBITDA after lease expense (EBITDAaL)	874	763	861	767	3,265	887	858	853		2,598
Capital expenditure	(364)	(391)	(406)	(537)	(1,698)	(394)	(427)	(376)		(1,197)
Operating free cash flow proxy	510	372	455	230	1,567	493	431	477		1,401
Operational data in thousand										
Residential Customers	1,139	1,121	1,103	1,082	1,082	1,058	1,041	1,024		1,024
Business Customers	260	248	248	240	240	234	230	225		225
Fixed telephony access lines	1,399	1,369	1,351	1,322	1,322	1,292	1,271	1,249		1,249
Residential Customers	1,736	1,733	1,734	1,736	1,736	1,727	1,724	1,722		1,722
Business Customers	294	293	293	291	291	290	288	287		287
Broadband access lines retail	2,030	2,026	2,027	2,027	2,027	2,017	2,012	2,009		2,009
Residential Customers	1,517	1,513	1,508	1,503	1,503	1,491	1,483	1,475		1,475
Business Customers	69	69	68	68	68	67	66	66		66
TV access lines	1,586	1,582	1,576	1,571	1,571	1,558	1,549	1,541		1,541
Residential Customers	3,136	3,169	3,226	3,275	3,275	3,288	3,313	3,343		3,343
Business Customers	1,879	1,883	1,874	1,871	1,871	1,888	1,903	1,905		1,905
Mobile access lines Postpaid	5,015	5,052	5,100	5,146	5,146	5,176	5,216	5,248		5,248
Prepaid Residential Customers	1,136	1,105	1,066	1,027	1,027	1,001	979	949		949
Mobile access lines	6,151	6,157	6,166	6,173	6,173	6,177	6,195	6,197		6,197
Access lines wholesale	703	692	691	679	679	688	682	683		683

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 that 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 and revise any forward-looking statements, whether as a result of new information, future events or otherwise.