

2012

Interim Report
January–September



swisscom

Facts & Figures

In CHF million, except where indicated

		1.1.–30.9.2012	1.1.–30.9.2011	Change
Net revenue and results				
Net revenue		8,427	8,538	–1.3%
Operating income before depreciation and amortisation (EBITDA) ¹		3,363	3,520	–4.5%
EBITDA as % of net revenue	%	39.9	41.2	
Operating income (EBIT) ²		1,909	2,107	–9.4%
Net income		1,387	1,528	–9.2%
Share of net income attributable to equity holders of Swisscom Ltd		1,379	1,518	–9.2%
Earnings per share	CHF	26.62	29.30	–9.1%
Balance sheet and cash flows				
Equity at end of period		4,258	5,081	–16.2%
Equity ratio at end of period ³	%	21.5	24.2	
Capital expenditure ⁴		1,853	1,465	26.5%
Operating free cash flow ^{4,5}		1,258	1,533	–17.9%
Net debt at end of period ⁶		8,622	8,789	–1.9%
Employees				
Full-time equivalent employees at end of period	FTE	19,595	20,032	–2.2%
Thereof full-time equivalent employees in Switzerland	FTE	16,415	16,588	–1.0%
Average number of full-time equivalent employees	FTE	19,835	19,766	0.3%
Operational data				
Fixed access lines in Switzerland	in thousand	3,034	3,143	–3.5%
Broadband access lines retail in Switzerland	in thousand	1,708	1,635	4.5%
Swisscom TV access lines in Switzerland	in thousand	728	556	30.9%
Mobile access lines in Switzerland	in thousand	6,153	5,980	2.9%
Unbundled fixed access lines in Switzerland	in thousand	310	297	4.4%
Broadband access lines wholesale in Switzerland	in thousand	181	192	–5.7%
Broadband access lines in Italy	in thousand	1,704	1,560	9.2%
Swisscom share				
Par value per share at end of period	CHF	1.00	1.00	–
Number of shares issued at end of period	in mio.	51.802	51.802	–
Number of shares outstanding at end of period	in mio.	51.802	51.802	–
Quoted price at end of period	CHF	378.00	370.80	1.9%
Market capitalisation at end of period ⁷		19,581	19,208	1.9%

¹ Definition operating income before depreciation and amortisation (EBITDA): operating income before depreciation and amortisation and impairment losses on tangible and intangible assets, gain on sale of subsidiaries, net financial result, share of results of associated companies and income tax expense.

² Definition operating income (EBIT): operating income before gain on sale of subsidiaries, net financial result, share of results of associated companies and income tax expense.

³ Equity as a percentage of total assets.

⁴ Including expenditure on mobile frequencies of CHF 360 million as of 30 September 2012.

⁵ Definition operating free cash flow: operating income (EBITDA), change in operating assets and liabilities less net capital expenditure in tangible and other intangible assets and dividends paid to minority interests.

⁶ Definition net debt: financial liabilities less cash and cash equivalents, current financial assets and non-current fixed interest-bearing financial investments.

⁷ Quoted price at end of period, multiplied by number of shares outstanding at end of period.

Group financial review

Summary

In CHF million, except where indicated	1.1.–30.9.2012	1.1.–30.9.2011	Change
Net revenue	8,427	8,538	–1.3%
Operating income before depreciation and amortisation (EBITDA)	3,363	3,520	–4.5%
EBITDA as % of net revenue	39.9	41.2	
Operating income (EBIT)	1,909	2,107	–9.4%
Net income	1,387	1,528	–9.2%
Earnings per share (in CHF)	26.62	29.30	–9.1%
Capital expenditure	1,853	1,465	26.5%
Operating free cash flow	1,258	1,533	–17.9%
Net debt at end of period	8,622	8,789	–1.9%
Full-time equivalent employees at end of period	19,595	20,032	–2.2%

Swisscom posted a fall in net revenue in the first nine months of 2012 of CHF 111 million or 1.3% to CHF 8,427 million and a drop in operating income before depreciation and amortisation (EBITDA) of CHF 157 million or 4.5% to CHF 3,363 million. On a like-for-like basis and at constant exchange rates, revenue was down 0.3% and EBITDA declined by 0.7%. Net income dropped by CHF 141 million or 9.2% to CHF 1,387 million, primarily due to lower operating income before depreciation and amortisation (EBITDA).

Fastweb increased net revenue (excluding hubbing – wholesale revenue from interconnection services) in local currency by 0.3% to EUR 1,190 million and reduced low-margin hubbing revenue as planned by EUR 38 million. Excluding Fastweb, Swisscom's net revenue fell by CHF 31 million or 0.4% to CHF 6,915 million. Customer and volume growth almost compensated for price erosion in Swisscom's core business in Switzerland. Excluding non-recurring income from the previous year of EUR 56 million and despite higher subscriber acquisition costs, Fastweb increased EBITDA by 1.1% to EUR 355 million. Without Fastweb and adjusted for additional personnel reduction costs and pension fund costs not affecting cash flow, Swisscom posted a fall in EBITDA of 0.9%.

Capital expenditure and operating free cash flow as at 30 September 2012 includes expenditure of CHF 360 million in connection with the mobile frequency auction in Switzerland in the first quarter of 2012. As a result, capital expenditure rose by CHF 388 million or 26.5% to CHF 1,853 million while operating free cash flow declined by CHF 275 million or 17.9% to CHF 1,258 million. Capital expenditure in Switzerland increased year-on-year by CHF 387 million or 36.1% to CHF 1,458 million. Net debt declined year-on-year by CHF 167 million or 1.9% to CHF 8,622 million. Headcount was reduced by 437 full-time equivalent positions or 2.2% to 19,595 FTEs. While efficiency improvement measures and outsourcing of staff at Fastweb led to an overall drop in headcount, this was partially offset by the insourcing of external personnel, acquisition of subsidiaries and an increase in staffing resources for investment activities in telecoms infrastructure.

As a result of non-recurring costs of CHF 50 million relating to the change in headcount Swisscom now expects to close the year with EBITDA of CHF 4.35 billion (previous forecast CHF 4.4 billion). Other financial projections for 2012 remain unchanged. Swisscom forecasts net revenue of CHF 11.3 billion and capital expenditure of up to CHF 2.2 billion (excluding expenditure on mobile frequencies of CHF 360 million). Fastweb anticipates that revenue will remain stable at EUR 1.6 billion; this does not include low-margin wholesale business with interconnection services (hubbing). Fastweb is expected to close 2012 with slightly higher EBITDA and slightly lower capital expenditure compared with 2011. If all targets are met, Swisscom will again propose a dividend of CHF 22 per share for the financial year 2012 at the next Annual General Meeting.

Segment results

In CHF million	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Swisscom Switzerland	2,108	2,114	–0.3%	6,273	6,296	–0.4%
Fastweb	492	492	–	1,518	1,600	–5.1%
Other operating segments	415	425	–2.4%	1,267	1,262	0.4%
Group Headquarters	–	2	–	1	5	–
Intersegment elimination	(209)	(217)	–3.7%	(632)	(625)	1.1%
Net revenue	2,806	2,816	–0.4%	8,427	8,538	–1.3%

In CHF million	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Swisscom Switzerland	947	986	–4.0%	2,831	2,882	–1.8%
Fastweb	148	212	–30.2%	428	503	–14.9%
Other operating segments	70	88	–20.5%	216	235	–8.1%
Group Headquarters	(34)	(30)	13.3%	(97)	(85)	14.1%
Intersegment elimination	(4)	(6)	–33.3%	(15)	(15)	–
Operating income before depreciation and amortisation (EBITDA)	1,127	1,250	–9.8%	3,363	3,520	–4.5%

Swisscom's reporting is broken down into the segments "Residential Customers", "Small & Medium-Sized Enterprises", "Corporate Business", "Wholesale" and "Network & IT", which are grouped together as "Swisscom Switzerland" as well as "Fastweb" and "Other operating segments". "Group Headquarters", which includes non-allocated costs, is reported separately.

The reported revenue and results of the segments reflect the internal reporting system. The segment result corresponds to operating income (EBIT) and comprises net revenue from external customers and other segments less segment expense and depreciation, amortisation and impairments on property, plant and equipment as well as intangible assets. Segment expense includes goods and services purchased, personnel expense and other operating expenses less capitalised self-constructed assets and other income. Group Headquarters does not charge any financial management fees to other segments, nor does the Network & IT segment charge any network costs to other segments. Other intersegment services are billed at market prices.

Swisscom Switzerland

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	2,093	2,101	–0.4%	6,231	6,256	–0.4%
Intersegment revenue	15	13	15.4%	42	40	5.0%
Net revenue	2,108	2,114	–0.3%	6,273	6,296	–0.4%
Direct costs	(441)	(426)	3.5%	(1,247)	(1,259)	–1.0%
Indirect costs (including capitalised costs and other income)	(720)	(702)	2.6%	(2,195)	(2,155)	1.9%
Total segment expense	(1,161)	(1,128)	2.9%	(3,442)	(3,414)	0.8%
Segment result before depreciation and amortisation	947	986	–4.0%	2,831	2,882	–1.8%
<i>Margin as % of net revenue</i>	<i>44.9</i>	<i>46.6</i>		<i>45.1</i>	<i>45.8</i>	
Depreciation, amortisation and impairment losses	(268)	(243)	10.3%	(783)	(743)	5.4%
Segment result	679	743	–8.6%	2,048	2,139	–4.3%
Capital expenditure	679	378	79.6%	1,345	981	37.1%
Full-time equivalent employees at end of period				11,850	12,131	–2.3%
Fixed access lines in thousand				3,034	3,143	–3.5%
Broadband access lines retail in thousand				1,708	1,635	4.5%
Swisscom TV access lines in thousand				728	556	30.9%
Mobile access lines in thousand				6,153	5,980	2.9%
Unbundled fixed access lines in thousand				310	297	4.4%
Broadband access lines wholesale in thousand				181	192	–5.7%

Revenue from external customers dropped year-on-year by CHF 25 million or 0.4% to CHF 6,231 million (–0.4% in the third quarter), with price erosion of around CHF 280 million in traditional telephony business being practically offset by sustained customer growth, new bundled offerings, and tariffs with inclusive data allowances. Demand remains high for bundled offerings such as Vivo Casa (which combines fixed-line access with telephony, Internet and TV) and Vivo Tutto (which also includes a mobile line). Customers purchasing bundled offerings increased year-on-year by 176,000 or 31.3% to 739,000 (+40,000 in the third quarter of 2012). The new mobile subscriptions launched by Swisscom on 25 June 2012, which allow unlimited calling, texting and Internet on all networks, met with a very positive response from customers. At the end of September 2012 528,000 customers were already taking advantage of these new Infinity offerings. The number of mobile lines increased year-on-year by 173,000 or 2.9% to 6.15 million (+39,000 in the third quarter of 2012). In the first nine months of 2012 Swisscom sold 998,000 mobile handsets (+1.0%), around 66% of which were smartphones. The number of Swisscom TV connections increased year-on-year by 172,000 or 30.9% to 728,000 (+34,000 in the third quarter of 2012). The number of fixed lines declined by 109,000 or 3.5% year-on-year to 3.03 million (–24,000 in the third quarter of 2012), due to a combination of customers migrating to cable network operators and a 13,000 increase in unbundled access lines to 310,000 (–7,000 in the third quarter of 2012). Unbundling led to a fall in wholesale broadband access lines of 11,000 to 181,000 (+5,000 in the third quarter of 2012). By contrast, the number of retail broadband access lines grew by 73,000 or 4.5% to 1.71 million (+14,000 in the third quarter of 2012). Segment expense increased by CHF 28 million or 0.8% to CHF 3,442 million (+2.9% in the third quarter). Direct costs were CHF 12 million lower, while indirect costs went up by CHF 40 million. The 1.0% fall in direct costs to CHF 1,247 million was attributable to lower roaming, termination and subscriber acquisition costs. Direct costs in the third quarter of 2012 rose by 3.5% to CHF 441 million due to an increase in mobile phone sales. The 1.9% rise in indirect costs to CHF 2,195 million (+2.6% in the third quarter) was attributable to higher personnel expense, which increased by CHF 47 million or 4.0% to CHF 1,225 million, largely as a result of increased personnel reduction and pension costs of CHF 36 million. The segment result before depreciation and amortisation fell by CHF 51 million or 1.8% to CHF 2,831 million (–4.0% in the third quarter), with the profit margin narrowing accordingly by 0.7 percentage points to 45.1%. Capital expenditure increased year-on-year by CHF 364 million or 37.1% to CHF 1,345 million, and includes spending of CHF 360 million on mobile frequencies auctioned in the first quarter of 2012. Measures to improve efficiency led to a fall in headcount year-on-year of 281 FTEs or 2.3% to 11,850 FTEs.

Residential Customers

The Residential Customers segment essentially covers access fees for broadband services, fixed and mobile subscriptions as well as national and international telephone and data traffic of residential customers. This segment also includes value-added services, TV offerings, handset sales and directories business.

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	1,227	1,232	–0.4%	3,639	3,646	–0.2%
Intersegment revenue	42	44	–4.5%	129	131	–1.5%
Net revenue	1,269	1,276	–0.5%	3,768	3,777	–0.2%
Segment expenses	(541)	(532)	1.7%	(1,555)	(1,566)	–0.7%
Segment result before depreciation and amortisation¹	728	744	–2.2%	2,213	2,211	0.1%
<i>Margin as % of net revenue</i>	<i>57.4</i>	<i>58.3</i>		<i>58.7</i>	<i>58.5</i>	
Capital expenditure				99	92	7.6%
Full-time equivalent employees at end of period				4,417	4,739	–6.8%
Fixed access lines in thousand				2,274	2,383	–4.6%
Broadband access lines in thousand				1,484	1,432	3.6%
Swisscom TV access lines in thousand				705	539	30.8%
Mobile access lines in thousand				4,594	4,563	0.7%

¹ Excluding own network costs.

Revenue from external customers fell by CHF 7 million or 0.2% in the first nine months of 2012 to CHF 3,639 million (–0.4% in the third quarter). Price erosion was almost fully offset by sustained customer growth and the positive performance of new bundled offerings. The number of customers subscribing to bundled offerings grew year-on-year by 149,000 to 678,000 (+34,000 in the third quarter), while the number of mobile access lines increased during the same period by 31,000 or 0.7% to 4.59 million (+8,000 in the third quarter). In mobile communications business, customer growth and the introduction of new (flat-rate) tariff models failed to offset the drop in revenue caused by price erosion. Average revenue per mobile user per month (ARPU) declined year-on-year by 7.7% to CHF 36. In the fixed network segment, lower revenue from traditional fixed voice and phone line business was partially offset by an increase in Swisscom TV connections, which grew by 166,000 or 30.8% to 705,000 year-on-year (+33,000 in the third quarter of 2012), while the number of broadband access lines grew by 52,000 or 3.6% to 1.48 million (+11,000 in the third quarter of 2012).

At CHF 1,555 million, segment expense was CHF 11 million or 0.7% lower year-on-year (+1.7% in the third quarter), mainly due to reduced termination and roaming costs, lower subscriber acquisition costs and reduced spending on advertising. The CHF 9 million increase in segment expense in the third quarter was largely attributable to higher subscriber acquisition costs. Efficiency improvement measures led to a fall in headcount of 322 FTEs or 6.8% to 4,417 FTEs. Despite a lower headcount, personnel expense went up by CHF 3 million or 0.8% to CHF 372 million, mainly due to an increase of CHF 10 million in pension costs. The segment result before depreciation and amortisation rose by CHF 2 million or 0.1% to CHF 2,213 million in the first nine months (–2.2% in the third quarter), with the profit margin widening by 0.2 percentage points to 58.7%.

Small and Medium-Sized Enterprises

The Small & Medium-Sized Enterprises segment mainly covers access fees for broadband services, fixed-line and mobile subscriptions, as well as national and international telephone and data traffic for small and medium-sized enterprises.

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	284	287	–1.0%	852	845	0.8%
Intersegment revenue	7	7	–	20	20	–
Net revenue	291	294	–1.0%	872	865	0.8%
Segment expenses	(72)	(69)	4.3%	(212)	(203)	4.4%
Segment result before depreciation and amortisation¹	219	225	–2.7%	660	662	–0.3%
<i>Margin as % of net revenue</i>	<i>75.3</i>	<i>76.5</i>		<i>75.7</i>	<i>76.5</i>	
Capital expenditure				10	9	11.1%
Full-time equivalent employees at end of period				832	812	2.5%
Fixed access lines in thousand				518	516	0.4%
Broadband access lines in thousand				190	171	11.1%
Swisscom TV access lines in thousand				23	17	35.3%
Mobile access lines in thousand				543	509	6.7%

¹ Excluding own network costs.

Revenue from external customers increased in the first nine months of 2012 by CHF 7 million or 0.8% to CHF 852 million. Lower fixed-line revenue was more than offset by customer growth in mobile communications and bundled products. The 1.0% fall in third-quarter revenue to CHF 284 million was mainly due to lower revenue from domestic mobile telephony. The number of customers subscribing to bundled offerings grew by 27,000 or 79.4% to 61,000 year-on-year (+6,000 in the third quarter of 2012). Mobile access lines increased by 34,000 or 6.7% to 543,000 (+7,000 in the third quarter of 2012), while the number of broadband access lines rose by 19,000 or 11.1% to 190,000 (+3,000 in the third quarter of 2012).

Segment expense rose by CHF 9 million or 4.4% to CHF 212 million (+4.3% in the third quarter). Lower termination and roaming costs were outweighed by the increase in personnel expense. Headcount grew year-on-year by 2.5% to 832 FTEs due to the insourcing of external personnel. The segment result before depreciation and amortisation fell by CHF 2 million or 0.3% to CHF 660 million (–2.7% in the third quarter), with the profit margin narrowing by 0.8 percentage points to 75.7%.

Corporate Business

The Corporate Business segment specialises in communications solutions for corporate customers. Offerings range from individual products to integrated solutions for business ICT infrastructures. This includes a full complement of services for the planning, installation, commissioning, maintenance and operation of fixed and mobile network infrastructures and the associated IT systems.

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	431	431	–	1,289	1,300	–0.8%
Intersegment revenue	24	23	4.3%	72	71	1.4%
Net revenue	455	454	0.2%	1,361	1,371	–0.7%
Segment expenses	(211)	(204)	3.4%	(649)	(646)	0.5%
Segment result before depreciation and amortisation¹	244	250	–2.4%	712	725	–1.8%
<i>Margin as % of net revenue</i>	<i>53.6</i>	<i>55.1</i>		<i>52.3</i>	<i>52.9</i>	
Capital expenditure				58	88	–34.1%
Full-time equivalent employees at end of period				2,405	2,395	0.4%
Fixed access lines in thousand				242	244	–0.8%
Broadband access lines in thousand				34	32	6.3%
Mobile access lines in thousand				1,016	908	11.9%

¹ Excluding own network costs.

Revenue from external customers fell by CHF 11 million or 0.8% in the first nine months of 2012 to CHF 1,289 million (unchanged in the third quarter). The continuing rise in demand for mobile data services compensated in part for the drop in fixed-line revenue. The number of broadband access lines grew year-on-year by 108,000 or 11.9% to 1.02 million (+24,000 in the third quarter of 2012).

Segment expense rose by CHF 3 million or 0.5% to CHF 649 million (+3.4% in the third quarter), primarily due to the increase in pension costs. The segment result before depreciation and amortisation was CHF 13 million or 1.8% lower at CHF 712 million (–2.4% in the third quarter), with the profit margin narrowing by 0.6 percentage points to 52.3%.

Wholesale

Wholesale primarily covers the utilisation of Swisscom fixed and mobile networks by other telecoms providers as well as the use of third-party networks by Swisscom. It also includes roaming with foreign operators whose customers use the Swisscom mobile network, as well as broadband services and regulated products related to the unbundling of the local loop for other telecoms providers.

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	151	151	–	451	465	–3.0%
Intersegment revenue	99	103	–3.9%	279	297	–6.1%
Net revenue	250	254	–1.6%	730	762	–4.2%
Segment expenses	(157)	(154)	1.9%	(453)	(463)	–2.2%
Segment result before depreciation and amortisation¹	93	100	–7.0%	277	299	–7.4%
<i>Margin as % of net revenue</i>	<i>37.2</i>	<i>39.4</i>		<i>37.9</i>	<i>39.2</i>	
Full-time equivalent employees at end of period				109	108	0.9%
Broadband access lines in thousand				181	192	–5.7%
Unbundled fixed access lines in thousand				310	297	4.4%

¹ Excluding own network costs.

Revenue from external customers fell by CHF 14 million or 3.0% in the first nine months of 2012 to CHF 451 million (unchanged in the third quarter). The fall was mainly due to a decline in mobile revenue as a result of lower roaming tariffs. Shrinking revenue from data services coupled with further unbundling of the local loop also contributed to the drop in revenue. Wholesale broadband access lines declined by 11,000 to 181,000 year-on-year, while unbundled subscriber lines increased during the same period by 13,000 to 310,000. Intersegment revenue was down CHF 18 million or 6.1% to CHF 279 million (–3.9% in the third quarter), mainly as a result of lower roaming tariffs.

At CHF 453 million, segment expense fell by CHF 10 million or 2.2% year-on-year (+1.9% in the third quarter), as a result of lower roaming tariffs. The increase in segment expense in the third quarter of 2012 of CHF 3 million or 1.9% to CHF 157 million is attributable to increased losses on receivables. The segment result declined by CHF 22 million or 7.4% to CHF 277 million (–7.0% in the third quarter). The fall in intersegment revenue only had a minimal impact on the overall segment result. Headcount was practically unchanged year-on-year at 109 FTEs.

Network & IT

The Network & IT segment primarily covers the planning, operation and maintenance of Swisscom's fixed and mobile network infrastructures and associated IT systems. It also includes the support functions (finance, human resources and strategy) for Swisscom Switzerland. Since expenses incurred are not charged to individual business units, the segment discloses expenses but no revenue.

In CHF million, except where indicated

	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Operating expenses	(375)	(373)	0.5%	(1,150)	(1,129)	1.9%
Capitalised self-constructed assets and other income	39	41	–4.9%	120	114	5.3%
Segment result before depreciation and amortisation	(336)	(332)	1.2%	(1,030)	(1,015)	1.5%
Depreciation, amortisation and impairment losses	(225)	(205)	9.8%	(659)	(627)	5.1%
Segment result	(561)	(537)	4.5%	(1,689)	(1,642)	2.9%
Capital expenditure	623	304	104.9%	1,177	792	48.6%
Full-time equivalent employees at end of period				4,087	4,077	0.2%

The segment result before depreciation and amortisation fell by CHF 15 million or 1.5% to CHF –1,030 million in the first nine months (down 1.2% in the third quarter). Operating expenses increased year-on-year by CHF 21 million or 1.9% to CHF 1,150 million (+0.5% in the third quarter), mainly due to a year-on-year increase of CHF 17 million in staff reduction and pension costs. Higher network maintenance and IT expenses were practically offset by increased cost-efficiencies. Capitalised self-constructed assets and other income rose by CHF 6 million or 5.3% to CHF 120 million year-on-year as a result of increased investment activities. The drop in capitalised self-constructed assets and other income in the third quarter of 2012 of 4.9% to CHF 39 million is attributable to a seasonal fall in investment activities. Compared with the previous year capital expenditure rose by CHF 385 million or 48.6% to CHF 1,177 million and includes spending of CHF 360 million in connection with the mobile frequency auction in the first quarter of 2012. Excluding the latter item, capital expenditure was CHF 25 million or 3.2% higher and was attributable to spending on broadband network expansion.

Depreciation, amortisation and impairment losses increased year-on-year by CHF 32 million or 5.1% to CHF 659 million (+9.8% in the third quarter), as a result of changes in useful lives following the replacement of all network equipment in the mobile network and the increase in investment activities. The segment result declined by CHF 47 million or 2.9% to CHF –1,689 million (down 4.5% in the third quarter). Headcount of 4,087 FTEs is practically unchanged compared with the previous year.

Fastweb

Fastweb is Italy's third largest broadband telecoms company, supplying products and services for voice, data, Internet and TV, as well as a full range of VPN and mobile communication services. The services are offered directly via Fastweb's own fibre-optic network, via unbundled access lines as well as via wholesale products of Telecom Italia.

In EUR million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	407	417	–2.4%	1,256	1,288	–2.5%
Intersegment revenue	1	3	–66.7%	5	7	–28.6%
Net revenue	408	420	–2.9%	1,261	1,295	–2.6%
Segment expenses	(286)	(243)	17.7%	(906)	(888)	2.0%
Segment result before depreciation and amortisation	122	177	–31.1%	355	407	–12.8%
<i>Margin as % of net revenue</i>	<i>29.9</i>	<i>42.1</i>		<i>28.2</i>	<i>31.4</i>	
Capital expenditure	98	119	–17.6%	326	316	3.2%
Full-time equivalent employees at end of period				2,911	3,106	–6.3%
Broadband access lines in thousand				1,704	1,560	9.2%

Fastweb reported a fall in net revenue of EUR 34 million or 2.6% to EUR 1,261 million (–2.9% in the third quarter) in the first nine months of 2012 as a consequence of the planned reduction in wholesale revenue from low-margin interconnection services (hubbing), which was EUR 38 million below the prior-year figure. Excluding hubbing, revenue rose year-on-year by EUR 4 million or 0.3% to EUR 1,190 million (+1.0% in the third quarter). Fastweb's customer base grew during the same period by 144,000 or 9.2% to 1.70 million (+31,000 in the third quarter of 2012). The bundled TV and broadband offering launched a year ago in partnership with Sky Italia has attracted 123,000 customers to date. Fierce competition reduced average revenue per residential broadband customer by around 12%. Revenue from residential customers fell accordingly by EUR 29 million or 5.1% to EUR 542 million (–4.3% in the third quarter). By contrast, revenue from business customers increased in the first nine months of 2012 by EUR 21 million or 3.8% to EUR 572 million (+6.0% in the third quarter). Wholesale revenue (excluding hubbing) rose by EUR 15 million or 26.8% year-on-year to EUR 71 million.

Segment expenses increased year-on-year by EUR 18 million or 2.0% to EUR 906 million (+17.7% in the third quarter). Segment expense in the previous year included non-recurring income of EUR 56 million in connection with the settlement of a legal dispute with another telecoms provider. Excluding this non-recurring income, segment expense fell by 4.0%, primarily due to reduced hubbing business. Customer growth pushed up subscriber acquisition costs by EUR 10 million year-on-year, which was more than offset by lower bad debt expenses. The segment result before depreciation and amortisation totalled EUR 355 million, equivalent to a year-on-year decrease of EUR 52 million or 12.8% (–31.1% in the third quarter). Adjusted for the aforementioned non-recurring income, the segment result before depreciation and amortisation rose by 1.1% (unchanged in the third quarter). The adjusted profit margin widened by 1.1 percentage points to 28.2%.

At 30 September 2012 headcount totalled 2,911 FTEs, equivalent to a year-on-year reduction of 195 FTEs or 6.3%. The fall in FTEs is related to the outsourcing of customer care and network maintenance jobs. Capital expenditure increased by EUR 10 million or 3.2% to EUR 326 million (–17.6% in the third quarter). Around 40% of investment spending was directly related to customer growth. Fastweb reached an agreement with the Italian authorities in the third quarter of 2012 concerning the VAT proceedings and tax audits. With the payment of EUR 74 million, all claims are settled. Of this amount, EUR 68 million was paid in the third quarter of 2012. Payment of the remaining EUR 6 million is expected to be made in the first quarter of 2013. Provisions and income tax liabilities recognised in the past correspond with the costs resulting from the settlement. Following the settlement of the case, VAT and income tax assets of EUR 117 million blocked by the Italian authorities were released for repayment to Fastweb.

In the consolidated Swisscom results, the weakening euro negatively impacted revenue and the segment result before depreciation and amortisation. The average CHF/EUR exchange rate applied fell by 2.6% compared with the prior-year period. In Swiss franc terms, net revenue declined by 5.1%, versus 2.6% in local currency. The segment result before depreciation and amortisation was 14.9% lower in Swiss francs and 12.8% lower in local currency.

Other operating segments

Other operating segments mainly comprise Swisscom IT Services, Swisscom Participations and Swisscom Hospitality Services. Swisscom IT Services' core business is the implementation of large-scale IT projects (including consulting and the rollout of new systems), the management of complex IT infrastructures, end user services and service desk services. Swisscom IT Services is also the leading provider of integrated banking solutions, including peripheral systems, as well as Business Process Outsourcing (BPO) for the Swiss financial sector. In addition, Swisscom IT Services offers customers the full range of SAP services, from SAP consulting and SAP industry solutions to SAP operation. The companies belonging to Swisscom Participations are responsible for identifying and tapping growth potential in areas closely related to Swisscom's core business. Swisscom Hospitality Services specialises in serving the communications needs of the hotel industry.

In CHF million, except where indicated	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Revenue from external customers	222	225	–1.3%	683	690	–1.0%
Intersegment revenue	193	200	–3.5%	584	572	2.1%
Net revenue	415	425	–2.4%	1,267	1,262	0.4%
Segment expenses	(345)	(337)	2.4%	(1,051)	(1,027)	2.3%
Segment result before depreciation and amortisation	70	88	–20.5%	216	235	–8.1%
<i>Margin as % of net revenue</i>	<i>16.9</i>	<i>20.7</i>		<i>17.0</i>	<i>18.6</i>	
Capital expenditure				130	113	15.0%
Full-time equivalent employees at end of period				4,492	4,428	1.4%

Revenue from external customers fell by CHF 7 million or 1.0% in the first nine months of 2012 to CHF 683 million (–1.3% in the third quarter). Revenue from external customers generated by Swisscom IT Services dropped by CHF 13 million or 3.3% to CHF 387 million. The key factor contributing to the decline was a fall in revenue from project business as a result of the difficult market environment. Intersegment revenue grew year-on-year by CHF 12 million or 2.1% to CHF 584 million. This was chiefly due to the higher volume of services procured from Swisscom IT Services by other segments as well as higher revenue from construction services performed by cablex (the company responsible for infrastructure construction, operation and maintenance at Swisscom Participations). Intersegment revenue in the third quarter of 2012 fell by CHF 7 million or 3.5% to CHF 193 million, mainly as a result of lower revenue from construction services performed by cablex.

At CHF 1,051 million, segment expense was CHF 24 million or 2.3% higher year-on-year (+2.4% in the third quarter), primarily due to the increase in construction activities at cablex. The segment result before depreciation and amortisation fell by CHF 19 million or 8.1% to CHF 216 million (–20.5% in the third quarter). Headcount increased year-on-year by 64 FTEs or 1.4% to 4,492 FTEs, mainly as a result of acquisition of subsidiaries and additional staffing requirements at cablex. Capital expenditure rose by CHF 17 million or 15.0% to CHF 130 million year-on-year, reflecting an increase in investment activities at Swisscom Real Estate.

Group Headquarters

Group Headquarters chiefly comprises the four divisions Group Finance & Controlling, Strategy & Business Development, Group Communications and Human Resources, as well as the employment agency Worklink AG.

In CHF million, except where indicated

	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Net revenue	–	2	–100.0%	1	5	–80.0%
Operating expenses	(34)	(32)	6.3%	(98)	(90)	8.9%
Operating income before depreciation and amortisation (EBITDA)	(34)	(30)	13.3%	(97)	(85)	14.1%
Full-time equivalent employees at end of period				342	367	–6.8%

Operating income before depreciation and amortisation declined by CHF 12 million year-on-year to CHF –97 million, largely on account of a reversal of provisions in the previous year.

Depreciation, amortisation and non-operating income

In CHF million, except where indicated

	3 rd quarter 2012	3 rd quarter 2011	Change	1.1.– 30.9.2012	1.1.– 30.9.2011	Change
Operating income before depreciation and amortisation (EBITDA)	1,127	1,250	–9.8%	3,363	3,520	–4.5%
Depreciation, amortisation and impairment losses	(491)	(469)	4.7%	(1,454)	(1,413)	2.9%
Operating income (EBIT)	636	781	–18.6%	1,909	2,107	–9.4%
Net interest result	(67)	(89)	–24.7%	(191)	(198)	–3.5%
Other financial income and expense, net	(3)	10	–130.0%	(16)	(17)	–5.9%
Share of results of associated companies	11	9	22.2%	25	18	38.9%
Income before income taxes	577	711	–18.8%	1,727	1,910	–9.6%
Income tax expense	(118)	(145)	–18.6%	(340)	(382)	–11.0%
Net income	459	566	–18.9%	1,387	1,528	–9.2%
Share of net income attributable to equity holders of Swisscom Ltd	458	564	–18.8%	1,379	1,518	–9.2%
Share of net income attributable to minority interests	1	2	–	8	10	–
Average number of shares outstanding (in millions)	51.801	51.802	–	51.800	51.800	–
Earnings per share (in CHF)	8.84	10.89	–18.8%	26.62	29.30	–9.1%

Depreciation, amortisation and impairment losses increased year-on-year by CHF 41 million or 2.9% to CHF 1,454 million (+4.7% in the third quarter). The increase in depreciation and amortisation reflects a change in the useful lives of Swisscom Switzerland's mobile network installations as well as increased investment in telecoms infrastructure in Switzerland. The mobile network of Swisscom Switzerland is undergoing a total renewal. The modernisation involves the replacement of all base stations, the new construction or upgrading of the planned stations and the deployment of microcells to increase the density of the mobile network. The useful lives of existing assets will be shortened as a result of the replacement of all network equipment. The effect on depreciation and amortisation for the full 2012 financial year is CHF 25 million, of which CHF 18 million for the first nine months. Depreciation and amortisation includes scheduled amortisation related to business combinations amounting to CHF 100 million (prior year: CHF 103 million), which were capitalised as intangible assets for purchase price allocation purposes.

Net interest result improved year-on-year by CHF 7 million to CHF 191 million. Net interest result in the first nine months of 2012 includes negative effects of CHF 5 million (prior year: CHF 22 million) arising from the fair value adjustment of interest rate hedges.

Income tax expense amounted to CHF 340 million (prior year: CHF 382 million), corresponding to an effective income tax rate of 19.7% (prior year: 20.0%). Excluding one-off items, an income tax rate of around 21% is expected.

Net income fell by CHF 141 million or 9.2% year-on-year to CHF 1,387 million (–18.9% in the third quarter), due to lower operating income before depreciation and amortisation (EBITDA). The increase in depreciation and amortisation was more than offset by lower income tax expense and the improved financial result. Earnings per share is calculated on the basis of net income attributable to equity holders of Swisscom Ltd and the average number of shares outstanding. The share of net income attributable to equity holders of Swisscom Ltd decreased year-on-year by 9.2% to CHF 1,379 million. Earnings per share fell accordingly from CHF 29.30 to CHF 26.62.

Cash flows

In CHF million	1.1.–30.9.2012	1.1.–30.9.2011	Change
Operating income before depreciation and amortisation (EBITDA)	3,363	3,520	(157)
Capital expenditure	(1,853)	(1,465)	(388)
Change in defined benefit obligations	(33)	(73)	40
Change in net working capital and other cash flows from operating activities	(219)	(416)	197
Dividends paid to minority interests	(14)	(7)	(7)
Other operating cash flows, net	14	(26)	40
Operating free cash flow	1,258	1,533	(275)
Net interest paid	(185)	(168)	(17)
Income taxes paid	(159)	(183)	24
Free cash flow	914	1,182	(268)
Other cash flows from investing activities, net	(51)	95	(146)
Issuance and repayment of financial liabilities, net	124	(240)	364
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,088)	(52)
Purchase of minority interests of Fastweb	–	(92)	92
Other cash flows from financing activities	(5)	(10)	5
Net decrease in cash and cash equivalents	(158)	(153)	(5)

Free cash flow declined year-on-year by CHF 268 million to CHF 914 million, mainly due to lower operating free cash flow. The fall in operating free cash flow of CHF 275 million or 17.9% to CHF 1,258 million is mainly due to expenditure of CHF 360 million in connection with the mobile frequency auction in Switzerland in the first quarter of 2012. Excluding this item, capital expenditure rose year-on-year by CHF 28 million or 1.9% and operating free cash flow increased by CHF 85 million or 5.5%. Income tax payments fell year-on-year by CHF 24 million to CHF 159 million. In the third quarter of 2012 Fastweb reached an agreement with the Italian authorities concerning the VAT proceedings and tax audits. All claims are to be settled upon payment of EUR 74 million (CHF 90 million). Of this amount, EUR 68 million (CHF 82 million) was paid in the third quarter of 2012. The remaining amount is expected to be paid in the first quarter of 2013.

Net debt

In CHF million	30.09.2012	31.12.2011	Change
Money market borrowings	40	130	(90)
Debenture bonds	5,439	5,199	240
Bank loans	1,174	1,177	(3)
Private placements	1,410	1,399	11
Finance lease liabilities	642	660	(18)
Other financial liabilities	270	266	4
Total financial liabilities	8,975	8,831	144
Cash and cash equivalents	(156)	(314)	158
Current financial assets	(61)	(73)	12
Non-current fixed interest-bearing deposits	(136)	(135)	(1)
Net debt	8,622	8,309	313

Net debt consists of financial liabilities less cash and cash equivalents, current financial assets and non-current, fixed-interest-bearing deposits. Swisscom has set itself the goal of achieving a maximum net debt/EBITDA ratio of around 2x. This value may be exceeded temporarily. Any figure below this represents financial room for manoeuvre. At 31 December 2011, the net debt/EBITDA ratio was 1.8.

In the first half of 2012, Swisscom issued a debenture bond for CHF 500 million which was fully subscribed on 10 July 2012. The coupon amounts to 1.75% and the debenture bond has a term of 12 years. The funds raised have been used to refinance existing financial debts.

Balance sheet

In CHF million, except where indicated

	30.09.2012	31.12.2011	Change
Assets			
Cash and cash equivalents and current financial assets	217	387	-43.9%
Trade and other receivables	3,052	2,978	2.5%
Property, plant and equipment	8,401	8,222	2.2%
Goodwill	4,664	4,664	—
Other intangible assets	2,122	1,879	12.9%
Investments in associated companies and non-current financial assets	493	429	14.9%
Other current and non-current assets	881	891	-1.1%
Total assets	19,830	19,450	2.0%
Liabilities and equity			
Financial liabilities	8,975	8,831	1.6%
Trade and other payables	2,164	2,190	-1.2%
Defined benefit obligations	2,279	1,977	15.3%
Provisions	863	903	-4.4%
Tax liabilities	378	281	34.5%
Other current and non-current liabilities	913	972	-6.1%
Total liabilities	15,572	15,154	2.8%
Share of equity attributable to equity holders of Swisscom Ltd	4,243	4,272	-0.7%
Share of equity attributable to minority interests	15	24	-37.5%
Total equity	4,258	4,296	-0.9%
Total liabilities and equity	19,830	19,450	2.0%
Equity ratio at end of period	21.5%	22.1%	

Total assets at 30 September 2012 amounted to CHF 19,830 million, an increase of CHF 380 million or 2.0% versus the end of 2011. The main reason for this increase is the mobile frequency auction held in the first quarter of 2012, at which Swisscom Switzerland acquired mobile frequencies for CHF 360 million, which were recognised as other intangible assets. The increase in property, plant and equipment of CHF 179 million to CHF 8,401 million reflects the increased investment in telecoms infrastructure in Switzerland. Equity fell by CHF 38 million or 0.9% to CHF 4,258 million. The positive effect from net income of CHF 1,387 million almost fully offset the dividend payment of CHF 1,154 million and negative other comprehensive income of CHF 271 million. Other comprehensive income includes currency translation losses of CHF 18 million in respect of foreign subsidiaries as well as actuarial losses of CHF 331 million from pension plans, largely as a result of interest rate changes. The CHF/EUR exchange rate fell from 1.216 at the end of 2011 to 1.210. At 30 September 2012, cumulative currency translation losses recognised in equity amounted to around CHF 1.6 billion.

Outlook

As a result of non-recurring costs of CHF 50 million relating to the change in headcount Swisscom now expects to close the year with EBITDA of CHF 4.35 billion (previous forecast CHF 4.4 billion). Other financial projections for 2012 remain unchanged. Swisscom expects net revenue of CHF 11.3 billion and capital expenditure of up to CHF 2.2 billion (excluding expenditure on mobile frequencies of CHF 360 million). Fastweb anticipates that revenue will remain stable at EUR 1.6 billion; this does not include low-margin wholesale business with interconnection services (hubbing). Fastweb is expected to close 2012 with slightly higher EBITDA and slightly lower capital expenditure compared with 2011. If all targets are met, Swisscom will again propose a dividend of CHF 22 per share for the financial year 2012 at the next Annual General Meeting.

Consolidated interim financial statements (condensed and unaudited)

Consolidated income statement (condensed and unaudited)

In CHF million, except where indicated	Note	3 rd quarter 2012	3 rd quarter 2011	1.1.– 30.9.2012	1.1.– 30.9.2011
Net revenue	2	2,806	2,816	8,427	8,538
Goods and services purchased		(566)	(552)	(1,687)	(1,729)
Personnel expense		(601)	(588)	(1,924)	(1,861)
Other operating expense		(590)	(574)	(1,705)	(1,729)
Capitalised self-constructed assets and other income		78	148	252	301
Operating income before depreciation and amortisation (EBITDA)		1,127	1,250	3,363	3,520
Depreciation, amortisation and impairment losses		(491)	(469)	(1,454)	(1,413)
Operating income (EBIT)	2	636	781	1,909	2,107
Financial income and financial expense, net	3	(70)	(79)	(207)	(215)
Share of results of associated companies		11	9	25	18
Income before income taxes		577	711	1,727	1,910
Income tax expense		(118)	(145)	(340)	(382)
Net income		459	566	1,387	1,528
Share of net income attributable to equity holders of Swisscom Ltd		458	564	1,379	1,518
Share of net income attributable to minority interests		1	2	8	10
Basic and diluted earnings per share (in CHF)		8.84	10.89	26.62	29.30

Consolidated statement of comprehensive income (unaudited)

In CHF million	3 rd quarter 2012	3 rd quarter 2011	1.1.– 30.9.2012	1.1.– 30.9.2011
Net income	459	566	1,387	1,528
Foreign currency translation adjustments of foreign subsidiaries	23	37	(18)	(146)
Change in fair value of available-for-sale financial assets	5	(1)	5	6
Change in fair value of cash flow hedges	–	(8)	(3)	(19)
Gains and losses from cash flow hedges transferred to income statement	1	13	7	24
Actuarial gains and losses of defined benefit obligations	(226)	(862)	(331)	(759)
Income tax expense	39	174	69	191
Other comprehensive income	(158)	(647)	(271)	(703)
Comprehensive income	301	(81)	1,116	825
Share of comprehensive income attributable to equity holders of Swisscom Ltd	300	(83)	1,111	815
Share of comprehensive income attributable to minority interests	1	2	5	10

Consolidated balance sheet (condensed and unaudited)

In CHF million	Note	30.09.2012	31.12.2011
Assets			
Cash and cash equivalents		156	314
Trade and other receivables		3,052	2,978
Other financial assets		61	73
Other assets		548	524
Total current assets		3,817	3,889
Property, plant and equipment		8,401	8,222
Goodwill and other intangible assets	4	6,786	6,543
Investments in associated companies	5	288	233
Other financial assets		205	196
Other assets		333	367
Total non-current assets		16,013	15,561
Total assets		19,830	19,450
Liabilities and equity			
Financial liabilities	6	994	804
Trade and other payables	4	2,164	2,190
Current income tax liabilities		169	37
Provisions	7	106	148
Other liabilities		636	676
Total current liabilities		4,069	3,855
Financial liabilities	6	7,981	8,027
Defined benefit obligations		2,279	1,977
Provisions	7	757	755
Deferred tax liabilities		209	244
Other liabilities		277	296
Total non-current liabilities		11,503	11,299
Total liabilities		15,572	15,154
Share of equity attributable to equity holders of Swisscom Ltd		4,243	4,272
Share of equity attributable to minority interests		15	24
Total equity		4,258	4,296
Total liabilities and equity		19,830	19,450

Consolidated cash flow statement (condensed and unaudited)

In CHF million	Note	1.1.–30.9.2012	1.1.–30.9.2011
Net income		1,387	1,528
Adjustment for non-cash items		1,980	1,995
Change in operating assets and liabilities		(252)	(489)
Income taxes paid		(159)	(183)
Cash flow provided by operating activities		2,956	2,851
Capital expenditure		(1,853)	(1,465)
Other cash flows from investing activities, net		(29)	102
Cash flow used in investing activities		(1,882)	(1,363)
Issuance and repayment of financial liabilities, net		124	(240)
Dividends paid to equity holders of Swisscom Ltd	9	(1,140)	(1,088)
Dividends paid to minority interests		(14)	(7)
Other cash flows from financing activities, net		(202)	(306)
Cash flow used in financing activities		(1,232)	(1,641)
Net decrease in cash and cash equivalents		(158)	(153)
Cash and cash equivalents at beginning of year		314	483
Foreign currency translation adjustments in respect of cash and cash equivalents		–	(25)
Cash and cash equivalents at end of period		156	305

Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Attributable to equity holders of Swisscom	Attributable to minority interests	Total equity
Balance at 30 December 2010	52	370	6,495	(1)	(1,586)	5,330	20	5,350
Net income	–	–	1,518	–	–	1,518	10	1,528
Other comprehensive income	–	–	(600)	–	(103)	(703)	–	(703)
Comprehensive income	–	–	918	–	(103)	815	10	825
Dividends paid	–	–	(1,088)	–	–	(1,088)	(7)	(1,095)
Acquisition of treasury shares for share-based payments	–	–	–	(7)	–	(7)	–	(7)
Sale of treasury shares for share-based payments	–	–	–	8	–	8	–	8
Balance at 30 September 2011	52	370	6,325	–	(1,689)	5,058	23	5,081
Balance at 30 December 2011	52	136	5,704	–	(1,620)	4,272	24	4,296
Net income	–	–	1,379	–	–	1,379	8	1,387
Other comprehensive income	–	–	(260)	–	(8)	(268)	(3)	(271)
Comprehensive income	–	–	1,119	–	(8)	1,111	5	1,116
Dividends paid	–	–	(1,140)	–	–	(1,140)	(14)	(1,154)
Acquisition of treasury shares for share-based payments	–	–	–	(6)	–	(6)	–	(6)
Sale of treasury shares for share-based payments	–	–	–	6	–	6	–	6
Balance at 30 September 2012	52	136	5,683	–	(1,628)	4,243	15	4,258

Notes to the interim financial statements (condensed and unaudited)

1 Accounting policies

Basis of preparation

These unaudited consolidated interim financial statements include Swisscom Ltd and all subsidiaries controlled directly or indirectly via a majority of the votes or in any other way (hereinafter referred to as Swisscom). The consolidated interim financial statements for the nine months to 30 September 2012 were prepared in accordance with International Accounting Standard “IAS 34 Interim Financial Reporting” and should be read in conjunction with the consolidated annual financial statements for the financial year ended 31 December 2011. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2011 consolidated financial statements.

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

Swisscom is active 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 whole year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.210 was used as the closing rate (31 December 2011, CHF/EUR 1.2160) and 1.2037 as the average rate for the period (first nine months of 2011, CHF/EUR 1.2358).

The following changes in International Financial Reporting Standards and Interpretations were applied for the first time in the year under review:

From 1 January 2012, Swisscom is applying various changes to existing International Financial Reporting Standards (IFRSs) and Interpretations, which have no material impact on the results of operations or financial situation of the Group.

Change in useful lives of fixed assets

The mobile network of Swisscom Switzerland is undergoing a total renewal. The modernisation involves the replacement of all base stations, the new construction or upgrading of the planned stations and the deployment of microcells to increase the density of the mobile phone network. The useful lives of the existing assets will be shortened as a result of the replacement of all network equipment. The change is in accordance with IAS 8 and has been applied prospectively from 1 January 2012. The impact on depreciation and amortisation for the full year 2012 amounts to CHF 25 million, of which CHF 18 million for the first nine months of 2012.

2 Segment information

Reportable operating segments are identified using the management approach, whereby external segment reporting is based on the internal organisational and management structure and the internal financial reports that are regularly reviewed by the chief operating decision maker. Swisscom's reporting is broken down into the segments "Residential Customers", "Small & Medium-Sized Enterprises", "Corporate Business", "Wholesale" and "Network & IT", which are grouped together as "Swisscom Switzerland", as well as "Fastweb" and "Other operating segments". "Group Headquarters", which includes non-allocated costs, is reported separately.

Group Headquarters does not charge any financial management fees to other segments, nor does the Network & IT segment charge any network costs to other segments. Other intersegment services are billed at market prices. The results of the Residential Customers, Small & Medium-Sized Enterprises, Corporate Business and Wholesale segments correspond to a contribution margin before network costs. The segment result of the Network & IT segment consists of operating expenses as well as depreciation and amortisation less capitalised self-constructed assets and other income. The segment result for Swisscom Switzerland corresponds to the total operating income (EBIT) of Swisscom Switzerland. The segment result for Fastweb and other operating segments corresponds to the operating income (EBIT) of these units and comprises net revenue from external customers and other segments less segment expense and depreciation, amortisation and impairments on property, plant and equipment as well as intangible assets. Segment expense includes goods and services purchased, personnel expense and other operating expenses less capitalised self-constructed assets and other income.

Cross-charging of services and sales of assets between the individual segments may result in unrealised gains or losses. These are eliminated and reported under segment information in the "Elimination" column.

Net revenue and the results of the individual segments for the first nine months of 2011 and 2012 are as follows:

1.1.–30.9.2012, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimi-nation	Total
Net revenue from external customers	6,231	1,512	683	1	–	8,427
Net revenue with other segments	42	6	584	–	(632)	–
Net revenue	6,273	1,518	1,267	1	(632)	8,427
Segment result	2,048	(104)	84	(109)	(10)	1,909
Financial income and financial expense, net						(207)
Share of results of associated companies						25
Income before income taxes						1,727
Income tax expense						(340)
Net income						1,387

1.1.–30.9.2012, in CHF million	Residential Customers	Small & Medium-Sized Enterprises	Corporate Business	Wholesale	Networks & IT	Elimination	Swisscom Switzerland
Net revenue from external customers	3,639	852	1,289	451	–	–	6,231
Net revenue with other segments	129	20	72	279	–	(458)	42
Net revenue	3,768	872	1,361	730	–	(458)	6,273
Segment result	2,145	656	660	277	(1,689)	(1)	2,048

1.1.–30.9.2011, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head- quarters	Elimi- nation	Total
Net revenue from external customers	6,256	1,592	690	—	—	8,538
Net revenue with other segments	40	8	572	5	(625)	—
Net revenue	6,296	1,600	1,262	5	(625)	8,538
Segment result	2,139	(32)	108	(96)	(12)	2,107
Financial income and financial expense, net						(215)
Share of results of associated companies						18
Income before income taxes						1,910
Income tax expense						(382)
Net income						1,528

1.1.–30.9.2011, in CHF million	Residential Customers	Small & Medium- Sized Enterprises	Corporate Business	Wholesale	Networks & IT	Elimi- nation	Swisscom Switzerland
Net revenue from external customers	3,646	845	1,300	465	—	—	6,256
Net revenue with other segments	131	20	71	297	—	(479)	40
Net revenue	3,777	865	1,371	762	—	(479)	6,296
Segment result	2,140	658	683	299	(1,642)	1	2,139

3 Financial income and expense

In CHF million	1.1.– 30.9.2012	1.1.– 30.9.2011
Interest income	11	22
Interest expense	(202)	(220)
Net interest expense	(191)	(198)
Foreign exchange losses	2	(3)
Other financial income and expense, net	(18)	(14)
Financial income and financial expense, net	(207)	(215)

4 Goodwill and other intangible assets

The GSM and UMTS licences of Swisscom Switzerland expire at the end of 2013 and 2016 respectively. In November 2010, the Federal Communications Commission (ComCom) asked the Federal Office of Communications (OFCOM) to invite bids for all mobile frequencies that are available today and are due to become available at the end of 2013 and 2016, respectively. All mobile frequencies were newly auctioned in the first quarter of 2012 with a uniform term until 2028. Swisscom successfully acquired mobile frequencies in the auction for a total amount of CHF 360 million. Payment was made in the third quarter of 2012.

5 Investments in associates

Swisscom purchased a minority stake of 11.1% in the Italian company Metroweb on 21 March 2012 for a purchase price of EUR 37 million (CHF 45 million). Metroweb operates the largest fibre-optic network in Milan and Lombardy. As Swisscom can exert a significant influence on Metroweb, among other things due to its seat on the company's Board of Directors, the company is included as an associate in the Swisscom consolidated financial statements.

6 Financial liabilities

In CHF million	30.09.2012	31.12.2011
Money market borrowings	40	130
Bank loans	156	158
Debenture bonds	616	326
Private placements	158	151
Finance lease liabilities	8	20
Other financial liabilities	16	19
Total current financial liabilities	994	804
Bank loans	1,018	1,019
Debenture bonds	4,823	4,873
Private placements	1,252	1,248
Finance lease liabilities	634	640
Other financial liabilities	254	247
Total non-current financial liabilities	7,981	8,027
Total financial liabilities	8,975	8,831

In the first half of 2012, Swisscom issued a debenture bond for CHF 500 million which was fully subscribed on 10 July 2012. The coupon amounts to 1.75% and the debenture bond has a term of 12 years. The funds raised have been used to refinance existing financial debts.

7 Provisions

In CHF million	Dismant- lement and restoration costs	Regulatory proceedings	Other	Total
Balance at 30 December 2011	549	131	223	903
Additions of provisions	14	15	34	63
Present-value adjustments	7	3	2	12
Release of unused provisions	–	–	(13)	(13)
Use of provisions	–	(35)	(67)	(102)
Balance at 30 September 2012	570	114	179	863
Thereof current provisions	1	17	88	106
Thereof non-current provisions	569	97	91	757

Provisions for dismantling and restoration costs

The provisions for dismantling and restoration costs relate to the dismantling of mobile base stations and transmitters of Swisscom Broadcast and the restoration of the land held by third-party owners to its original state. The provisions are measured based on estimated future dismantling costs and discounted using an average interest rate of 1.67%. The non-current portion of the provision is expected to be settled subsequent to 2020.

Provisions for regulatory proceedings

In accordance with the terms of the revised Telecommunications Act, Swisscom provides interconnection services and other access services to other providers of telecoms services in Switzerland. During the last few years, a number of telecoms service providers have filed applications with the Federal Communications Commission (ComCom) calling for a reduction in the charges billed to

them by Swisscom. On the basis of legal assessments, Swisscom has in the past recognised provisions. On 30 September 2012, provisions amounted to CHF 114 million (31 December 2011: CHF 131 million).

Leased lines

In response to complaints filed by two telecoms service providers, ComCom declared with decrees dated 10 March 2010 that Swisscom held a dominant market position throughout Switzerland for all leased line transmission technologies of all bandwidths. The only exceptions were connections between areas for which there are at least two alternative offerings available in addition to Swisscom's offering. For this reason, ComCom ordered cost-based pricing for leased lines with bandwidths of 2 Mbps to 10 Gbps for the years 2007 to 2009, thereby lowering the prices billed by Swisscom by 15-30%. Swisscom appealed against these decisions on 26 April 2010. In its rulings of 28 February 2012 and 22 March 2012, the Federal Administrative Court largely rejected Swisscom's appeal. As a result of these rulings, Swisscom did not have to adjust the amount of provisions set aside in the past, however.

Other provisions

Other provisions mainly include provisions for the VAT proceedings against Fastweb, termination benefits, environmental, contractual and tax risks, as well as provisions for claims. Other provisions recognised in the 2011 consolidated financial statements have not changed to any material extent in the current financial year – with the exception of provisions for tax risks relating to Fastweb.

Tax risks Fastweb

On 23 February 2010 Italian investigating authorities instituted criminal proceedings against Fastweb and other persons and companies based on an investigation report into VAT fraud and criminal association. In addition, the Italian fiscal police carried out tax audits for the years 2003 to 2009. The subject of the investigations included among other things the purchase and resale of phone cards by Fastweb in 2003 and Fastweb interconnection services in the years 2005 to the beginning of 2007. On the basis of legal assessments, Swisscom has in the past recognised provisions and liabilities for income taxes. A first agreement was reached with the Italian authorities in the fourth quarter of 2010 concerning part of the VAT proceedings. In the third quarter of 2012 a second settlement was reached with the Italian authorities regarding the remaining part of the VAT proceedings as well as the tax audits for the years 2003 to 2009, most of which has been paid. Provisions and income tax liabilities recognised match the costs resulting from the settlement.

8 Contingent liabilities

Competition Commission investigation into the relationship between ADSL wholesale prices and ADSL retail prices

In its decision taken on 5 November 2009, the Competition Commission imposed a fine of CHF 220 million on Swisscom for allegedly abusing its market-dominant position in the area of ADSL services. Swisscom appealed against the decision to the Federal Administrative Court on 7 December 2009. Based on a legal assessment, Swisscom is of the opinion that, as things stand at present, it is unlikely that the fine will be imposed and has therefore not recognised any related provisions in its consolidated financial statements as at 30 September 2012. In the event of a court ruling that Swisscom has abused its market position, claims may be brought against Swisscom under civil law. Swisscom still considers it unlikely that such civil law claims could be enforced.

Other antitrust and regulatory proceedings

With regard to the other contingent liabilities described in the 2011 consolidated financial statements relating to antitrust and regulatory proceedings, Swisscom is of the opinion that it is unlikely that any fine will be imposed and has therefore not recognised any related provisions in the consolidated financial statements as at 30 September 2012.

Other contingent liabilities

In the second quarter of 2012, a competitor of Fastweb lodged a complaint against Fastweb in connection with the tendering procedure for corporate-customer contracts. Based on a legal assessment, Swisscom is of the opinion that the case is unlikely to result in a cash outflow. Hence no related provision has currently been recognised in the consolidated financial statements. If the outcome of the case is negative, the cash outflow may amount to around EUR 60 million (CHF 72 million).

9 Dividend payouts

On 4 April 2012, the Annual General Meeting of Swisscom Ltd approved the payment of an ordinary dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid on 13 April 2012.

10 Related parties

Transactions between Swisscom and various related parties in the first nine months of 2012 are similar to those explained in the consolidated financial statements for 2011.

11 Events after the balance sheet date

Approval of the interim report

The Board of Directors of Swisscom Ltd approved the release of this interim report on 7 November 2012.

Job cuts

On 31 October 2012 Swisscom announced that it was cutting around 400 jobs in order to safeguard the company's long-term competitiveness. The job cuts will result in costs of around CHF 50 million; which are expected to be recognised in the fourth quarter of 2012.

Share information

31.12.2011–30.9.2012

virt-x

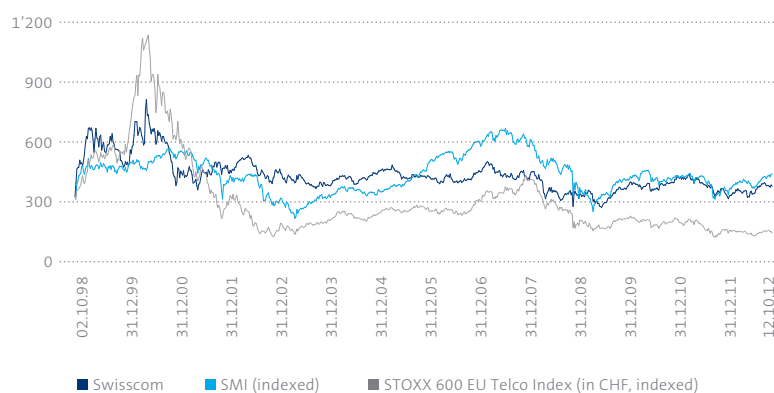
Closing price at 31 December 2011, in CHF ¹	355.90
Closing price at 30 September 2012, in CHF ¹	378.00
Change in %	6.2
Year high in CHF ¹	397.70
Year low in CHF ¹	334.40
Total trading volume	20,521,360
Total turnover in CHF million	7,509
Daily average of traded shares	109,156
Daily average in CHF million	39.9

Source: Bloomberg

¹ paid prices

Share performance since the IPO

Share performance 1998–2012 in CHF



Share information

On 30 September 2012 the share capital consisted of a total of 51,801,943 registered shares, the majority of which are held by the Swiss Confederation under the Telecommunications Enterprise Act (TEA). The par value per registered share is CHF 1.

As of the end of September 2012 Swisscom had 67,419 registered shareholders and around 16.5% unregistered shareholdings.

At the Annual General Meeting on 4 April 2012, the shareholders of Swisscom Ltd approved a gross dividend payment of CHF 22 per share. The total dividend amount of CHF 1,140 million was paid on 13 April 2012.

Each registered share entitles the holder to one vote. Voting rights can only be exercised if the shareholder has been entered with voting rights in the share register of Swisscom Ltd. The Board of Directors may refuse to enter a shareholder with voting rights in the share register if such voting rights exceed 5% of the company's share capital.

Financial calendar

- > 7 February 2013 Announcement and publication of 2012 annual results/2012 Annual Report
- > 4 April 2013 Annual General Meeting
- > 2 May 2013 Announcement and publication of the interim results for the first quarter of 2013
- > 7 August 2013 Announcement and publication of the interim results for the second quarter of 2013
- > 7 November 2013 Announcement and publication of interim results for the third quarter of 2013

Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange and traded on the SIX Swiss Exchange under the ticker symbol "SCMN" (Securities No. 874251), and in the USA in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over-the-Counter Level 1 programme) under the ticker symbol "SCMWY" (Pink Sheet No. 69769).

Stock exchange	Bloomberg	Reuters	SIX Telekurs
Six Swiss Exchange, Zurich	SCMN:VX	SCMN.VX	SCMN

Quarterly review 2011 and 2012

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2011	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1.1.– 30.9.2012
Net revenue	2,862	2,860	2,816	2,929	11,467	2,802	2,819	2,806		8,427
Goods and services purchased	(599)	(578)	(552)	(673)	(2,402)	(555)	(566)	(566)		(1,687)
Personnel expense	(635)	(638)	(588)	(652)	(2,513)	(670)	(653)	(601)		(1,924)
Other operating expense	(577)	(578)	(574)	(659)	(2,388)	(564)	(551)	(590)		(1,705)
Capitalised costs and other income	75	78	148	119	420	91	83	78		252
Operating income (EBITDA)	1,126	1,144	1,250	1,064	4,584	1,104	1,132	1,127		3,363
Depreciation and amortisation	(478)	(466)	(469)	(490)	(1,903)	(481)	(482)	(491)		(1,454)
Impairment losses on goodwill	–	–	–	(1,555)	(1,555)	–	–	–		–
Operating income (EBIT)	648	678	781	(981)	1,126	623	650	636		1,909
Net interest expense	(46)	(63)	(89)	(76)	(274)	(58)	(66)	(67)		(191)
Other financial result	4	(31)	10	(20)	(37)	(11)	(2)	(3)		(16)
Result of associates	4	5	9	12	30	6	8	11		25
Income before income taxes	610	589	711	(1,065)	845	560	590	577		1,727
Income tax expense	(136)	(101)	(145)	231	(151)	(104)	(118)	(118)		(340)
Net income	474	488	566	(834)	694	456	472	459		1,387
Attributable to equity holders of Swisscom Ltd	469	485	564	(835)	683	453	468	458		1,379
Attributable to minority interests	5	3	2	1	11	3	4	1		8
Earnings per share	9.05	9.36	10.89	(16.11)	13.19	8.75	9.03	8.84		26.62

Net revenue by segments

Swisscom Switzerland	2,081	2,101	2,114	2,153	8,449	2,079	2,086	2,108		6,273
Fastweb	562	546	492	551	2,151	510	516	492		1,518
Other operating segments	414	423	425	446	1,708	427	425	415		1,267
Group Headquarters	2	1	2	2	7	–	1	–		1
Intersegment elimination	(197)	(211)	(217)	(223)	(848)	(214)	(209)	(209)		(632)
Total net revenue	2,862	2,860	2,816	2,929	11,467	2,802	2,819	2,806		8,427

Segment result before depreciation and amortisation

Swisscom Switzerland	948	948	986	896	3,778	940	944	947		2,831
Fastweb	139	152	212	120	623	131	149	148		428
Other operating segments	69	78	88	99	334	71	75	70		216
Group Headquarters	(25)	(30)	(30)	(44)	(129)	(33)	(30)	(34)		(97)
Intersegment elimination	(5)	(4)	(6)	(7)	(22)	(5)	(6)	(4)		(15)
Total segment result (EBITDA)	1,126	1,144	1,250	1,064	4,584	1,104	1,132	1,127		3,363

Capital expenditure

Swisscom Switzerland	270	333	378	419	1,400	337	329	679		1,345
Fastweb	126	123	141	162	552	135	140	118		393
Other operating segments	32	36	45	56	169	36	49	45		130
Group Headquarters	–	–	–	1	1	–	–	–		–
Intersegment elimination	(6)	(5)	(8)	(8)	(27)	(6)	(3)	(6)		(15)
Total capital expenditure	422	487	556	630	2,095	502	515	836		1,853

Number of full-time equivalent employees at end of period

Swisscom Switzerland	11,814	11,942	12,131	12,096	12,096	11,966	11,880	11,850		11,850
Fastweb	3,103	3,101	3,106	3,081	3,081	3,064	3,032	2,911		2,911
Other operating segments	4,394	4,431	4,428	4,515	4,515	4,537	4,546	4,492		4,492
Group Headquarters	353	355	367	369	369	347	347	342		342
Total full-time equivalent employees	19,664	19,829	20,032	20,061	20,061	19,914	19,805	19,595		19,595
Operating free cash flow	463	548	522	535	2,068	483	496	279		1,258
Net debt	8,559	9,356	8,789	8,309	8,309	8,390	9,144	8,622		8,622

Quarterly review 2011 and 2012

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2011	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1.1.– 30.9.2012
Swisscom Switzerland										
Revenue and results										
Residential Customers	491	513	531	490	2,025	465	476	474		1,415
Small & Medium-Sized Enterprises	116	123	127	122	488	119	125	118		362
Corporate Business	142	153	152	143	590	147	155	152		454
Revenue mobile single subscription	749	789	810	755	3,103	731	756	744		2,231
Residential Customers	405	384	369	361	1,519	354	336	328		1,018
Small & Medium-Sized Enterprises	141	138	138	135	552	136	132	128		396
Corporate Business	157	156	154	157	624	153	152	152		457
Revenue fixed-line single subscription	703	678	661	653	2,695	643	620	608		1,871
Residential Customers	151	172	196	218	737	233	250	281		764
Small & Medium-Sized Enterprises	11	13	14	17	55	20	22	32		74
Revenue bundles	162	185	210	235	792	253	272	313		838
Total revenue single subscription and bundles	1,614	1,652	1,681	1,643	6,590	1,627	1,648	1,665		4,940
Solution business	82	91	87	103	363	85	87	88		260
Hardware sales	140	129	115	148	532	137	136	123		396
Wholesale	163	151	151	144	609	153	147	151		451
Other revenue	68	65	67	102	302	63	55	66		184
Revenue from external customers	2,067	2,088	2,101	2,140	8,396	2,065	2,073	2,093		6,231
Residential Customers	1,201	1,213	1,232	1,260	4,906	1,208	1,204	1,227		3,639
Small & Medium-Sized Enterprises	276	282	287	282	1,127	281	287	284		852
Corporate Business	427	442	431	454	1,754	423	435	431		1,289
Wholesale	163	151	151	144	609	153	147	151		451
Revenue from external customers	2,067	2,088	2,101	2,140	8,396	2,065	2,073	2,093		6,231
Segment result before depreciation and amortisation										
Residential Customers	737	730	744	680	2,891	745	740	728		2,213
Small & Medium-Sized Enterprises	215	222	225	218	880	219	222	219		660
Corporate Business	229	246	250	246	971	231	237	244		712
Wholesale	106	93	100	92	391	95	89	93		277
Networks & IT	(339)	(344)	(332)	(340)	(1,355)	(349)	(345)	(336)		(1,030)
Intersegment elimination	–	1	(1)	–	–	(1)	1	(1)		(1)
Segment result (EBITDA)	948	948	986	896	3,778	940	944	947		2,831
Margin as % of net revenue	45.6	45.1	46.6	41.6	44.7	45.2	45.3	44.9		45.1
Fastweb, in EUR million										
Residential Customers	191	194	186	187	758	182	182	178		542
Corporate Business	183	186	182	209	760	183	196	193		572
Wholesale hubbing	39	39	31	32	141	27	28	16		71
Wholesale other	20	19	18	22	79	29	22	20		71
Revenue from external customers	433	438	417	450	1,738	421	428	407		1,256
Segment result (EBITDA)	107	123	177	99	506	109	124	122		355
Margin as % of net revenue	24.7	28.1	42.4	22.0	29.1	25.9	29.0	30.0		28.3
Capital expenditure	98	99	119	132	448	112	116	98		326
Broadband access lines in thousand ¹	1,733	1,741	1,560	1,595	1,595	1,654	1,673	1,704		1,704

¹ As a result of the settlement of litigations, Fastweb reduced the number of access lines by 197,000 in the third quarter of 2011.

Quarterly review 2011 and 2012

In thousand, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2011	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1.1.– 30.9.2012
Swisscom Switzerland										
Operational data										
Access lines										
Single subscriptions	2,822	2,744	2,672	2,604	2,604	2,536	2,465	2,407		2,407
Bundles	380	425	471	516	516	557	593	627		627
Fixed access lines	3,202	3,169	3,143	3,120	3,120	3,093	3,058	3,034		3,034
Single subscriptions	1,141	1,106	1,072	1,047	1,047	1,023	995	969		969
Bundles	464	512	563	614	614	659	699	739		739
Broadband access lines retail	1,605	1,618	1,635	1,661	1,661	1,682	1,694	1,708		1,708
Single subscriptions	214	216	214	225	225	236	245	248		248
Bundles	255	296	342	383	383	419	449	480		480
Swisscom TV access lines	469	512	556	608	608	655	694	728		728
Prepaid single subscriptions	2,222	2,230	2,244	2,249	2,249	2,243	2,231	2,210		2,210
Postpaid single subscriptions	3,555	3,596	3,612	3,646	3,646	3,657	3,654	3,672		3,672
Mobile single subscriptions	5,777	5,826	5,856	5,895	5,895	5,900	5,885	5,882		5,882
Bundles	84	87	124	154	154	182	229	271		271
Mobile access lines	5,861	5,913	5,980	6,049	6,049	6,082	6,114	6,153		6,153
Broadband access lines wholesale	214	202	192	181	181	179	176	181		181
Unbundled fixed access lines	270	285	297	306	306	312	317	310		310
Bundles										
2Play bundles	209	216	221	231	231	240	237	239		239
3Play bundles	255	296	309	330	330	347	374	387		387
4Play bundles	–	–	33	53	53	72	88	113		113
Total bundles	464	512	563	614	614	659	699	739		739
Data traffic in million										
Fixed-line traffic in minutes	2,243	2,061	2,003	2,118	8,425	2,158	1,989	1,847		5,994
Mobile traffic in minutes	1,669	1,675	1,642	1,677	6,663	1,654	1,633	1,612		4,899
Data SMS mobile	724	730	747	739	2,940	691	694	694		2,079

Forward-looking statements

This interim report is published in German and English. The German version is binding. This communication contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, 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 and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

