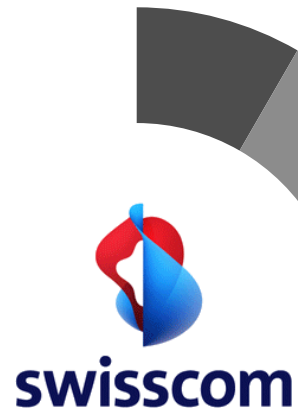




Swisscom - company presentation

25th Vontobel Summer Conference 2017

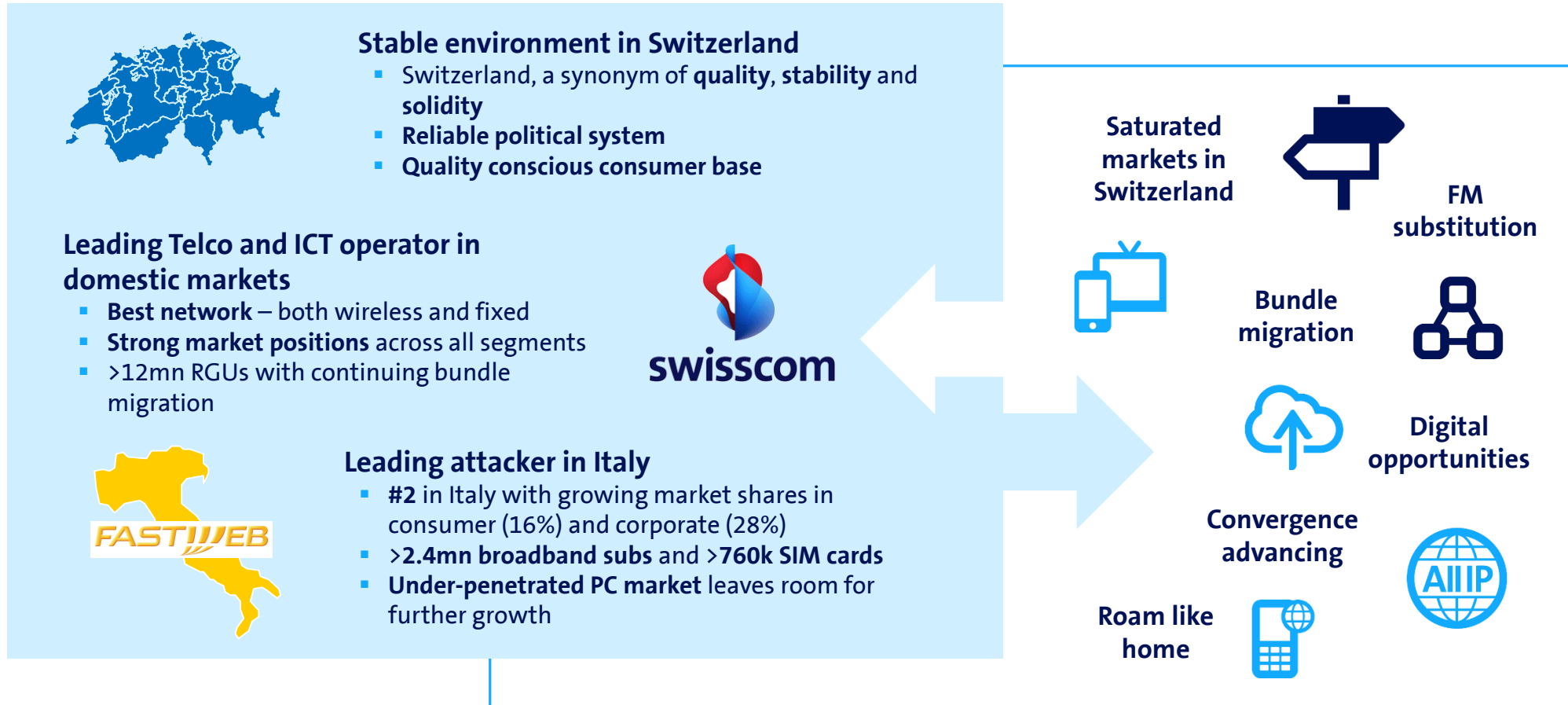
Agenda



1. **Our environment** - markets and sector challenges
2. **Our strategy** - delivering the best
3. **Our execution** - ahead with innovation and continuity
4. **Our position and KPIs** - leading and stable
5. **Our financials** - steady
6. **Your return** - predictable

Our environment - market and sector challenges

Swisscom is at the heart of the digital transformation and well positioned to benefit from it



Our strategy - delivering the best

Outstanding track record



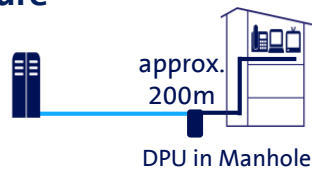
Our execution - continuously investing in high-speed expansion

Boost ultra-broadband uplift with an efficient technology use

Our fibre approach ...

> Switzerland's unique FTTS architecture

- > Existing manholes offer potential to be equipped with G.fast



> Swisscom is the 1st Telco to rollout G.fast

- > Up to **500 Mbps on copper**
- > With diligent network planning >90% customers profit from G.fast



> Why FTTS / G.fast?

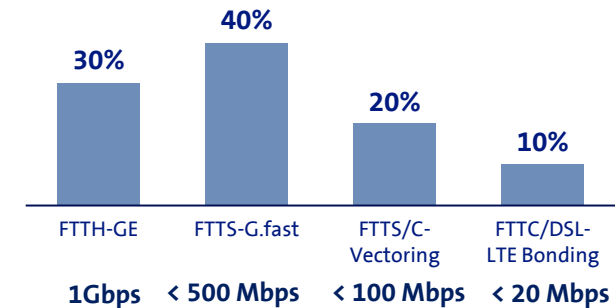
- > Rollout **2x faster** than FTTH
- > Rollout **3x cheaper** than FTTH
- > Reusable fibre infrastructure for future upgrades



... with using different technologies ...

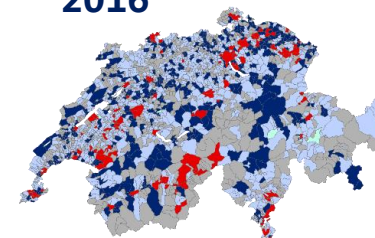
Target 2021

- > 85%¹ with >100 Mbps (by 2020)
- > >90%¹ with >80 Mbps

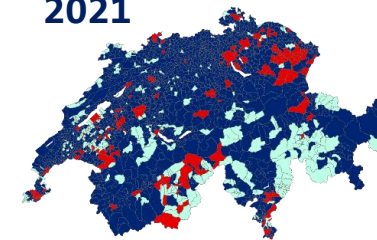


... increases UBB availabilities most efficiently

2016



2021



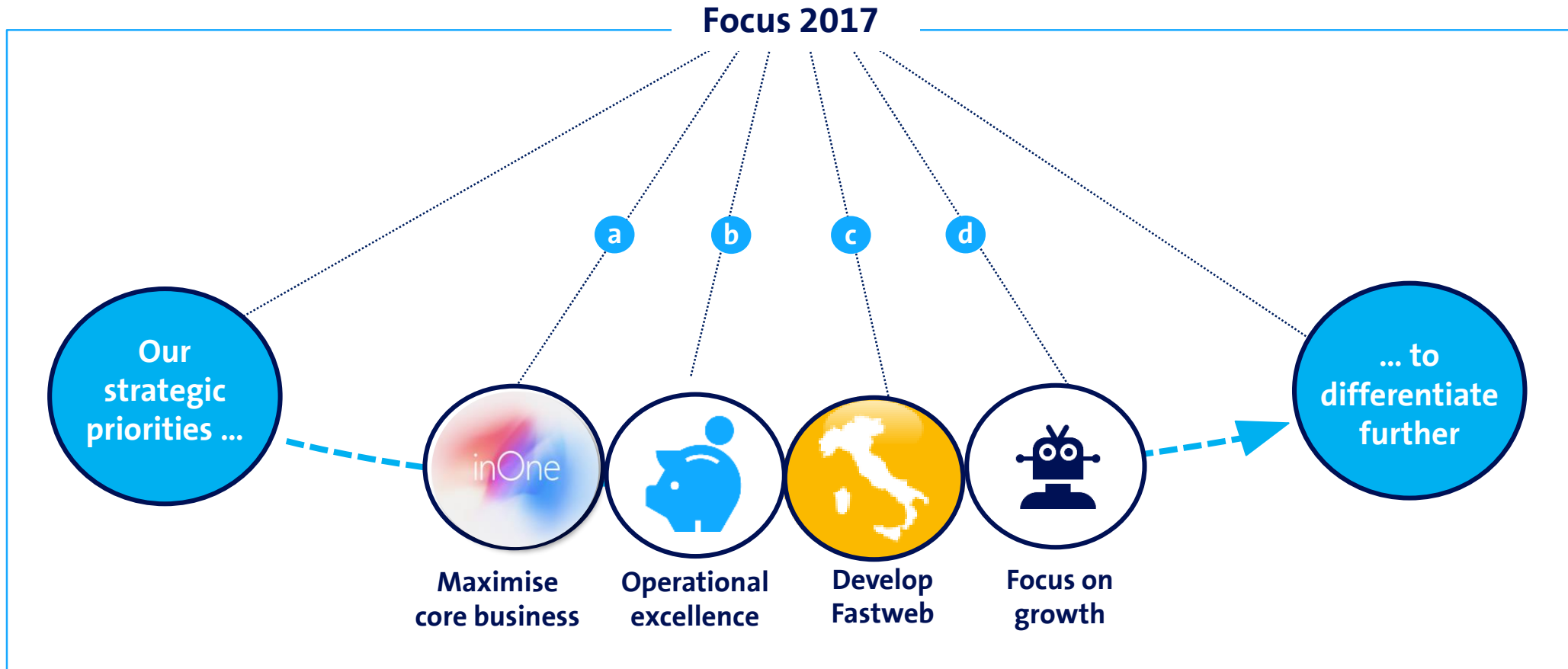
■ FTTH ■ FTTS/B ■ Vectoring ■ DSL-LTE Bonding

Our infrastructure ensures our unique position in Switzerland – also in the future

¹ Consists of 3.7 mn primary residences, 0.6mn second/vacation homes, 0.7mn businesses. Source: Federal Statistical Office and Swisscom estimates

Our execution - ahead with innovation and continuity

In order to increase competitiveness and sustain value



Our execution - inOne

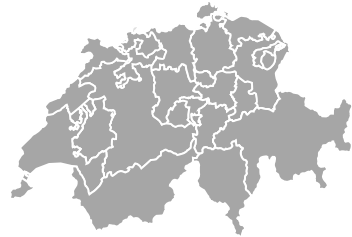
One subscription covering everything - where do we stand?

a

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Market situation

- > Fixed and mobile markets in Switzerland are **mature**
- > Switzerland is moving towards an "**everybody-offers-everything-market**"
- > **Customer base management** gaining importance



Swisscom's position



- > Keeping **value focus**
- > **Maintaining price levels**
- > 2.4mn or **>70% of our Retail Customers** with an **infinity subscription**
- > Driving **pricing differentiation** to the next level

Customer behaviour

- > Subs increasingly desiring **more flexibility** and **value** - always-on and fully connected
- > Subs requiring a **convenient, unlimited and speed-based price plan** from one single source for - both fixed and mobile - voice, data and TV services



Current FM offering



- > Simply **combining our flagship offerings** Vivo and infinity and offering **bundle discounts**
- > Around **700k Retail Customers** are using our loyalty advantages today



Our execution - inOne

One subscription covering everything - what are our ambitions?

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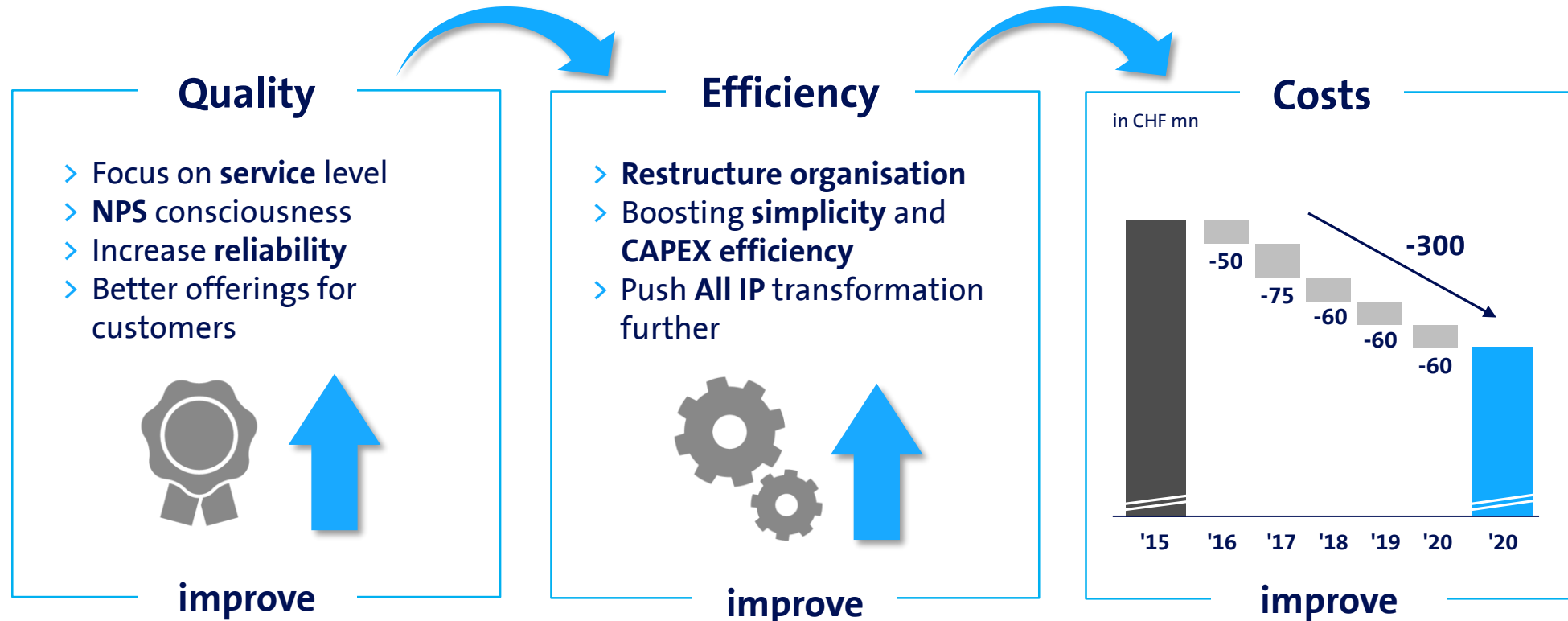


Our execution - operational excellence with accelerating momentum

Stabilise profitability by improving all layers

b

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On track to achieve targeted cost savings of CHF 300mn by 2020

Our execution - unlock further value from the Italian market ...

... by expanding Fastweb's competitive advantage as 360° infrastructure player



Extending and upgrading the best wireline infrastructure in Italy

Extend FTTx footprint to 50% coverage

- > FTTH from 2.0 to 5.0mn HHs through **FlashFiber** (o/w 0.2 mn already completed per YE 16)
- > FTTS from 5.5 to 8.0mn HHs

Increase NPS & decrease churn rate

- > **Increase scale** in Consumer segment
- > Competitive mobile offers support also wireline sales: 9% of new customers buying mobile and wireline
- > **Convergent customers** with 3p.p. **lower churn** than wireline-only



Leverage MVNO access

- > Scaling up wireless business in the short-term thanks to **4G**
- > **Protect its wireline business** from the likely increase of competitive pressure triggered by Iliad entry

Deployment of 5G-ready infrastructure in wireless

- > Fastweb **installed asset** base is instrumental to the potential deployment of a mobile infrastructure based on **small cells**
- > Positioning Fastweb as a **premium convergent player**

Our execution - B2B with heterogeneous revenue sources

Swisscom uniquely positioned to benefit from digital revolution

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Our B2B value position

-  Operating a **fully integrated network**
-  Offering **fixed, mobile and converged services**
-  Differentiating with **strong ICT capabilities and B2B presence**
-  Marketing in an **attractive market** with many multinationals

Our B2B offerings

with CHF ~2.4bn revenues in 2016

Telco businesses [~45% of revenues]



Wireless



Wireline

Solutions businesses [~45% of revenues]



Verticals



Digital Solutions



Cloud & Net Services



UCC¹ and Workplace



Other Solutions

Other businesses [~10% of revenues]



Hardware and Other

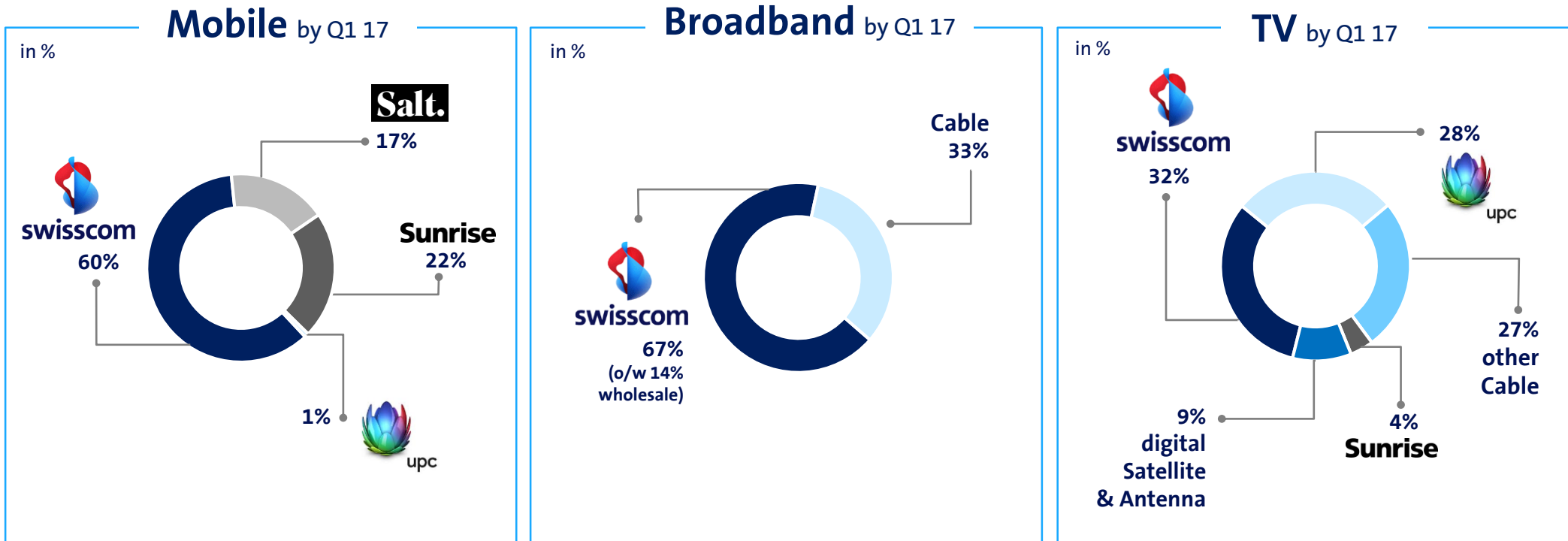


Leverage leading B2B position in Telco business to grow market share in ICT

¹ Unified Communication & Collaboration

Our position - leading operator in Switzerland

Swisscom's market shares in Switzerland stable over many years

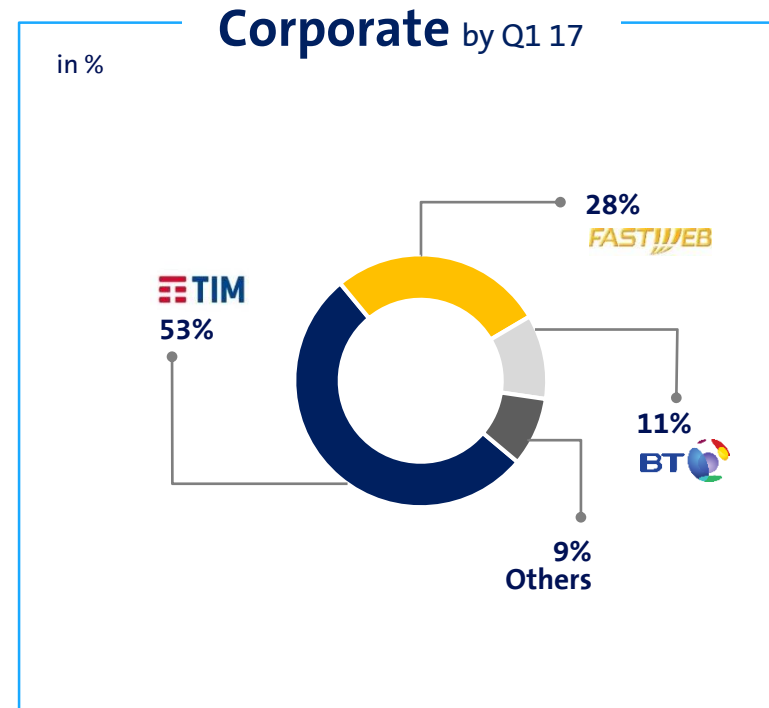
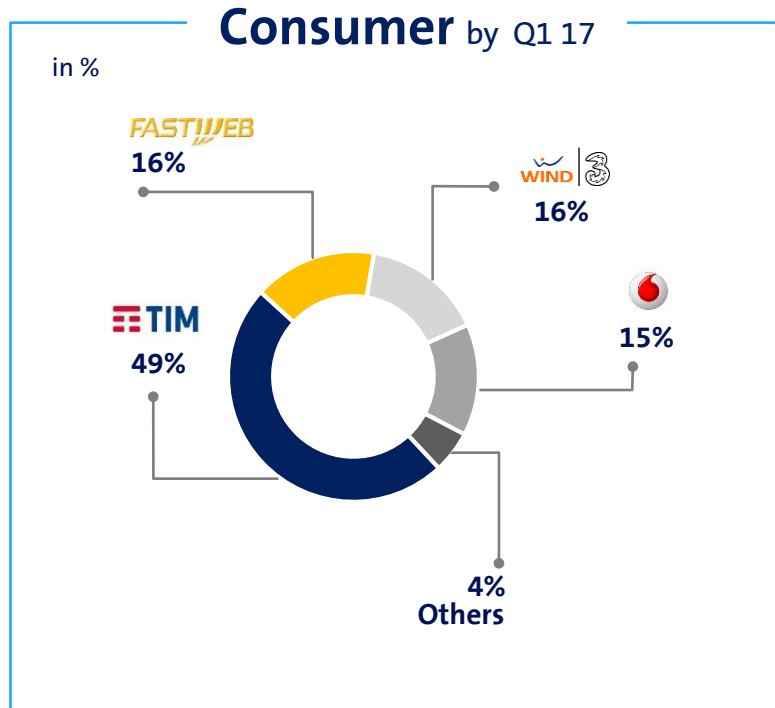


We will continue to defend our strong position, as size matters in a fixed-cost business



Our position - leading attacker in Italy

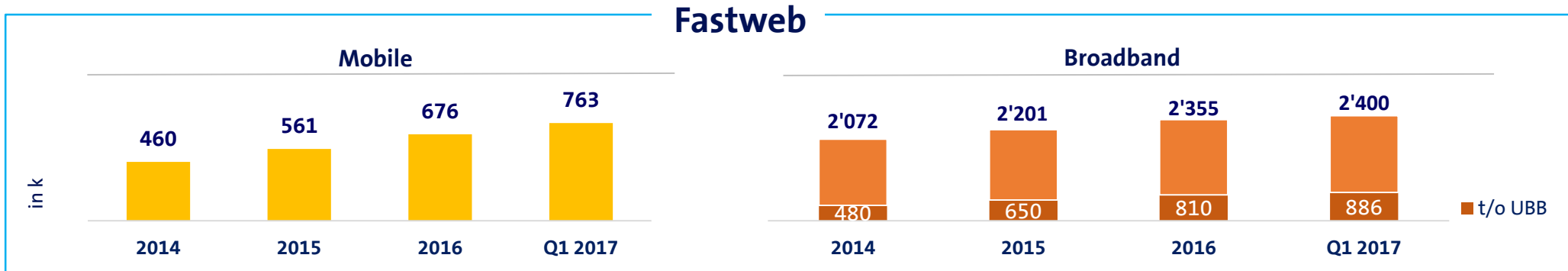
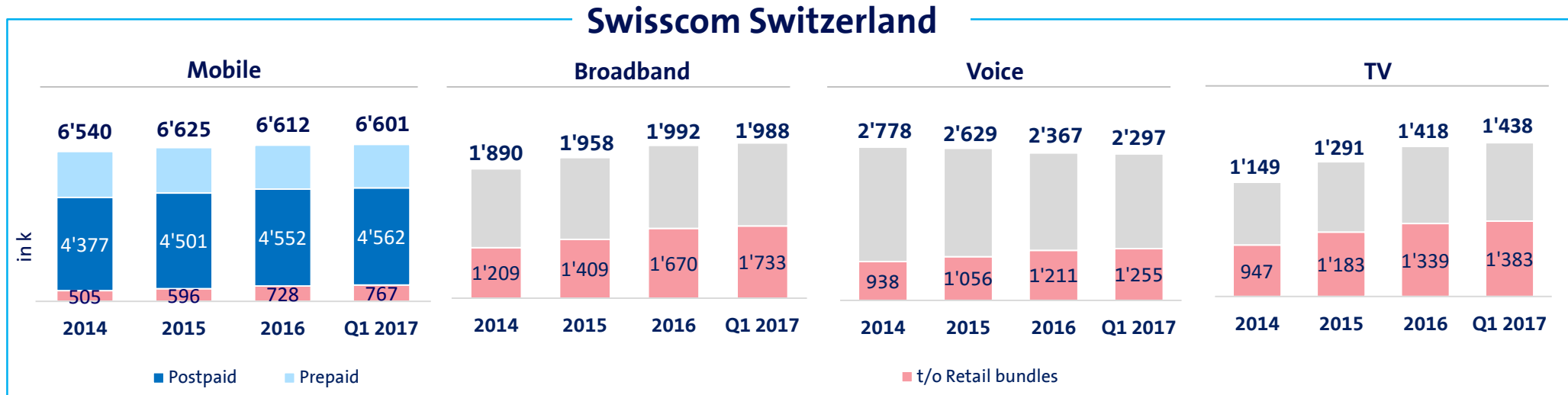
Fastweb with outstanding track record in demanding wireline market



Targeted 50% FTTx coverage by 2020 speeds up growth momentum in all segments

Our KPIs - customer base with unchanged dynamics

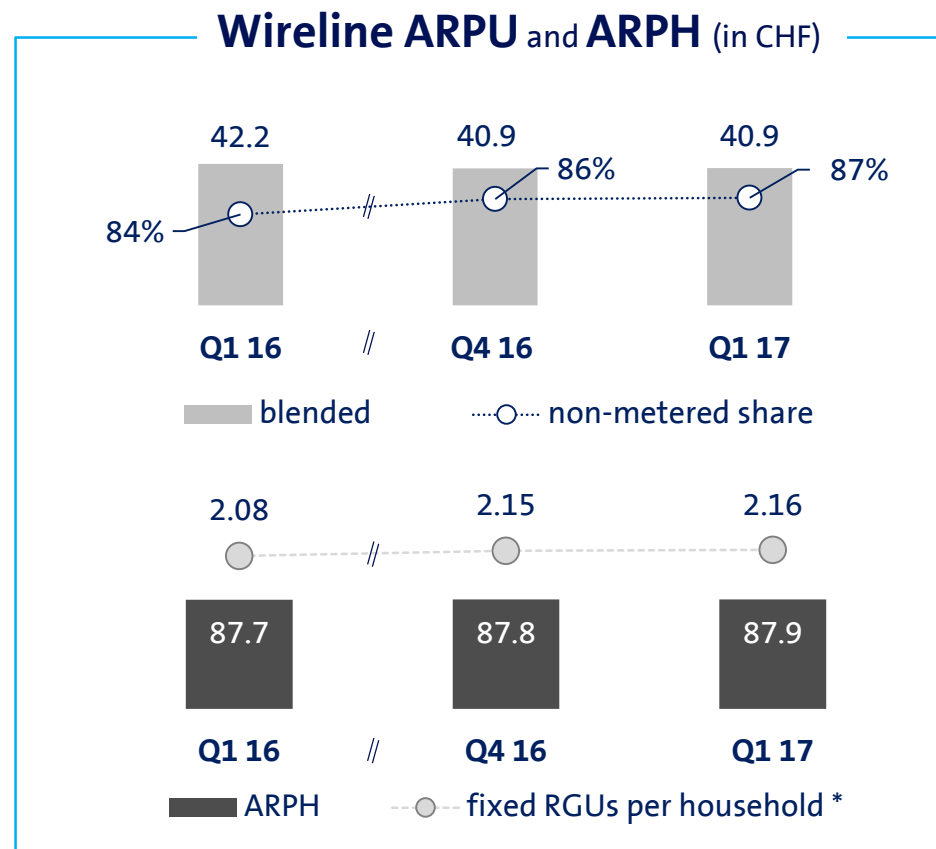
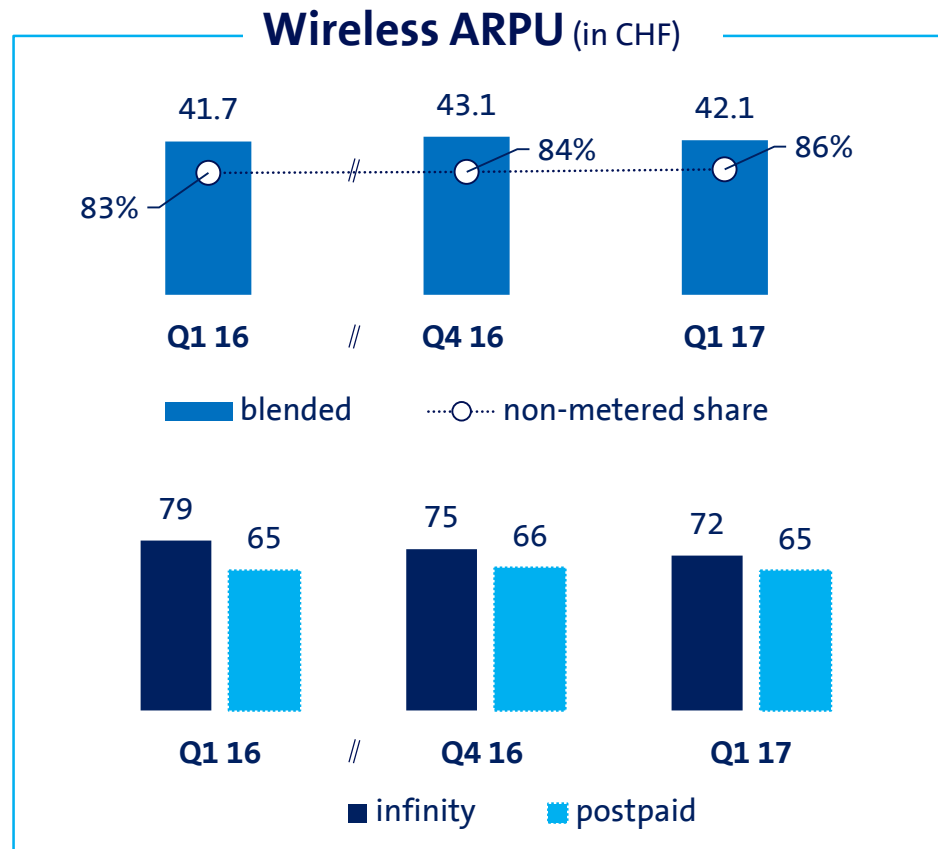
Swisscom Switzerland with >12mn RGUs - Fastweb with growing subs base in BB and mobile



Ongoing successful bundle migration in Switzerland and volume momentum in Italy

Our KPIs - ARPUs of Swisscom Switzerland with stable development

Blended ARPUs flat thanks to value focus and continued bundle migration

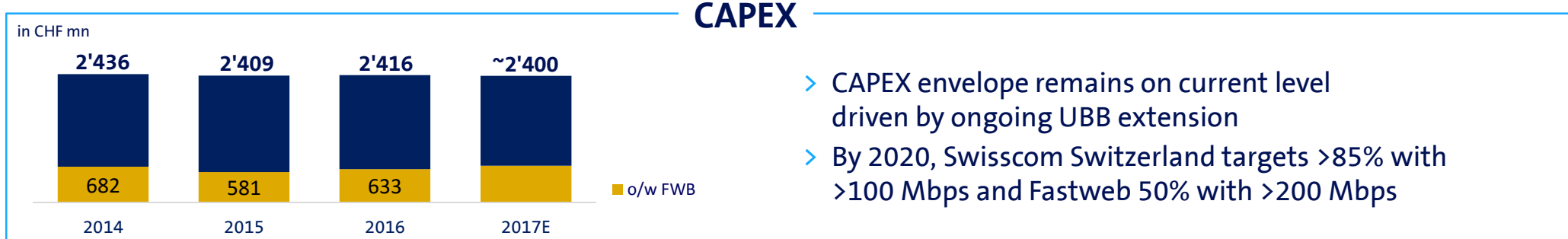


'Best' strategy and yield management pays off

* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

Our financials - steady since multiple years

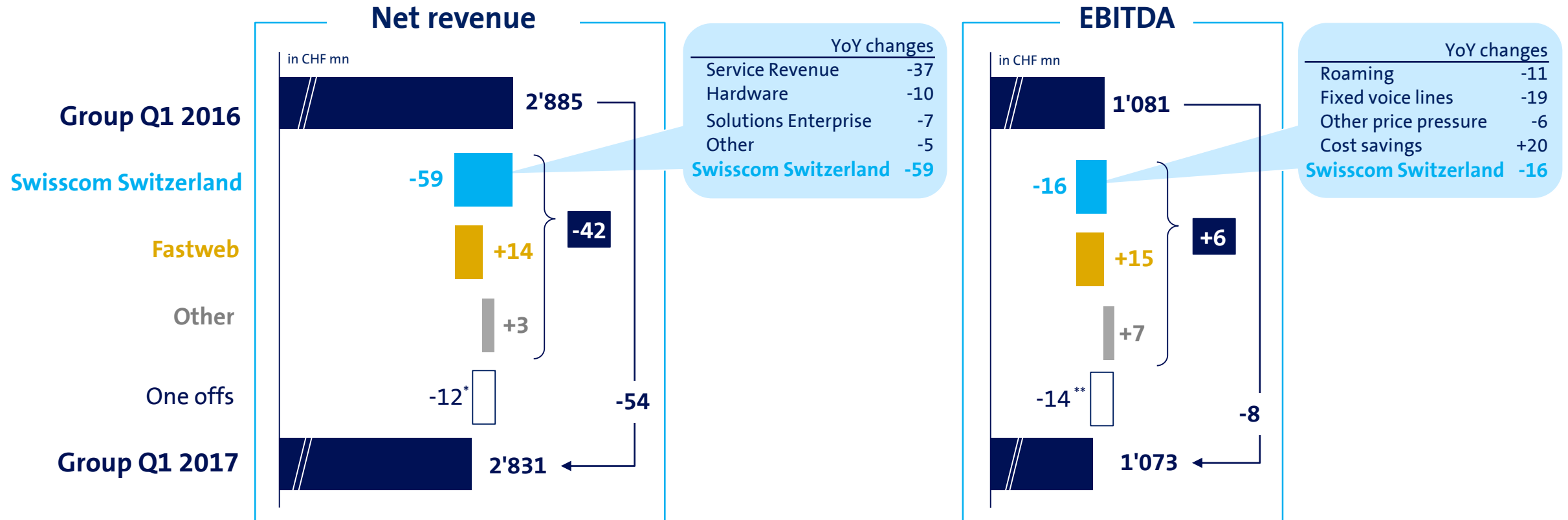
2017 guidance: net revenue CHF ~11.6bn, EBITDA CHF ~4.2bn, CAPEX CHF ~2.4bn



* excl. provisions for FeAC sanction (CHF 186 mn) and restructuring (CHF 70 mn)

Our financials - Q1 performance

Underlying YoY changes in line with expectations - cost savings 2017 of CHF 75mn on track

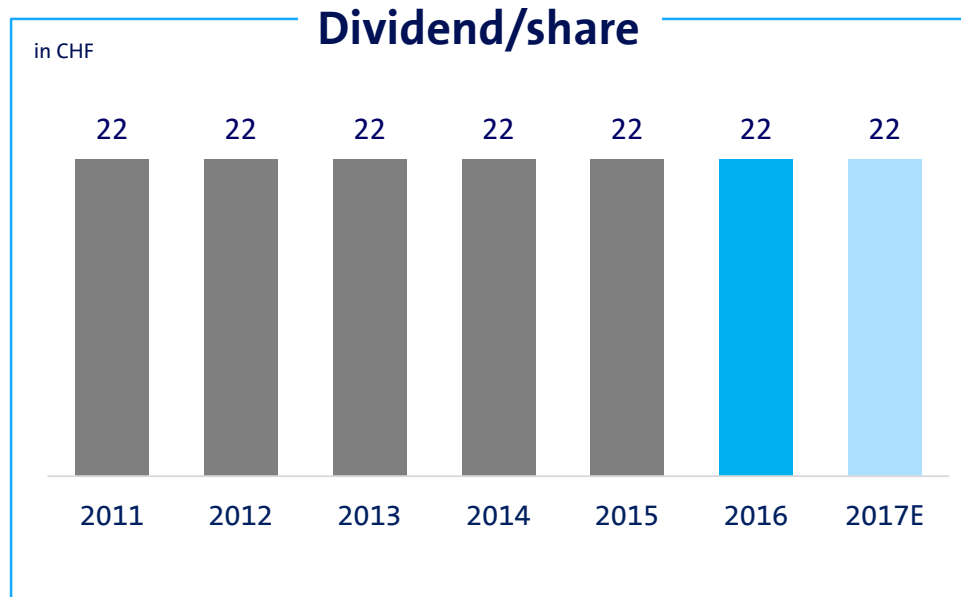


Q1 financials of Swisscom Switzerland impacted by price adjustments (MTR, roaming) and structural changes (fixed voice lines)

* Currency impact of CHF -12mn, ** Real estate gain of CHF -10mn in Q1 16 and currency impact of CHF -4mn

Your return - predictable

Distribution of CHF 22/share since 2011












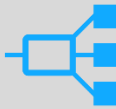





- ### Dividend policy
- > Swisscom targets a **solid remuneration aligned with cash flow generation and capital allocation**
 - > Dividend amounts to **87% of FCF**
 - > **Comfortable with current pay-out ratio** as primarily high CAPEX limits excess cash
 - > Swisscom committed to preserve a **solid single A Rating** and an **equity ratio of ~30%**



Upon meeting its 2017 guidance, Swisscom plans to propose an unchanged dividend of CHF 22 per share to the AGM in 2018

Wrap-up

The best in the networked world – everywhere and all the time

 Best infrastructure	 Best experiences	 Best growth opportunities
<p>'Best' strategy pays off: CHIP test won for the best net in Switzerland</p> 	<p> Highest NPS among competitors in Switzerland</p>	<p>Continuing bundle migration and increase share of wallet</p> 
<p> Enhance technology and innovation leadership: only VoLTE provider in Switzerland 5G pioneer partnership with Ericsson</p>	<p>Launch of several innovative price plans for best value and yield management</p>  wingo⁺ fair flat	<p> Network infrastructure and IT from one single source enabling opportunities in the cloud business</p>
<p>>40% of population with 4G+, >40% coverage with >100 Mbps</p> 	<p> Delivering the best TV proposition with unique features</p>	<p>Fastweb with strong operating momentum, mobile taking off and tight cost control</p> 
<p> Pushing digitalisation to the next level with ALL IP migration proceeding as planned</p>	<p>Swisscom has the most attractive roaming service in the Swiss market allowing worry-free usage abroad</p> 	<p> Expanding value creation with business propositions in Banking and Health</p>

Cautionary statement

Regarding forward-looking statements

- > “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.
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For further information, please contact:

phone: +41 58 221 6279 or +41 58 221 1279

investor.relations@swisscom.com

www.swisscom.ch/investor