










**swisscom**

## Q2 2018 results presentation

Conference Call - 16 August 2018

# Agenda

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	<b>Introduction</b>	<b>Louis Schmid, IR</b>
	<b>In a nutshell</b>	<b>Urs Schaeppi, CEO</b>
	<b>Swisscom Switzerland</b>	
	<b>Fastweb</b>	
	<b>Financials</b>	<b>Mario Rossi, CFO</b>
	<b>Q&amp;A</b>	<b>All</b>
	<b>Backup</b>	

# Agenda

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- Introduction
- **In a nutshell**
- Swisscom Switzerland
- Fastweb
- Financials
- Q&A
- Backup

**Urs Schaeppi, CEO**

# H1 highlights

*Financially and operationally half-year results solid, confirming 2018 guidance*

4

## H1 financials as expected.

Revenue CHF 5.81bn,  
EBITDA CHF 2.14bn,  
Net income CHF 0.79bn,  
FCF proxy CHF 1.07bn



## inOne success continues.

1.89mn customers  
(+550k in H1) with  
3.75mn subs,  
penetration further up  
and cementing churn at 5%



>1.5mn TV subs and  
steady RGU momentum.

Postpaid +3k (175k Retail retentions),  
BB +3k, TV +9k, Retail bundles +16k,  
voice line trend improving

## Spectrum auction takes place in January 2019



Network expansion  
with 5G technology  
enforces Swisscom's USP

## Enhanced customer excellence.



Launch of new advise  
and shopping concept;  
introduction of  
internet guard service  
and multi-device option

## B2B with diverging dynamics.

Workplace management  
with key wins;  
banking facing some  
headwinds;  
outlook positive



## Appealing Fastweb performance.

+95k mobile net adds,  
+17k BB net adds.  
Underlying EBITDA in €  
up by +5% YoY



## Consequent cost control

with indirect cost savings  
of CHF -56mn in H1.  
FTE base further down  
(-570 YTD)



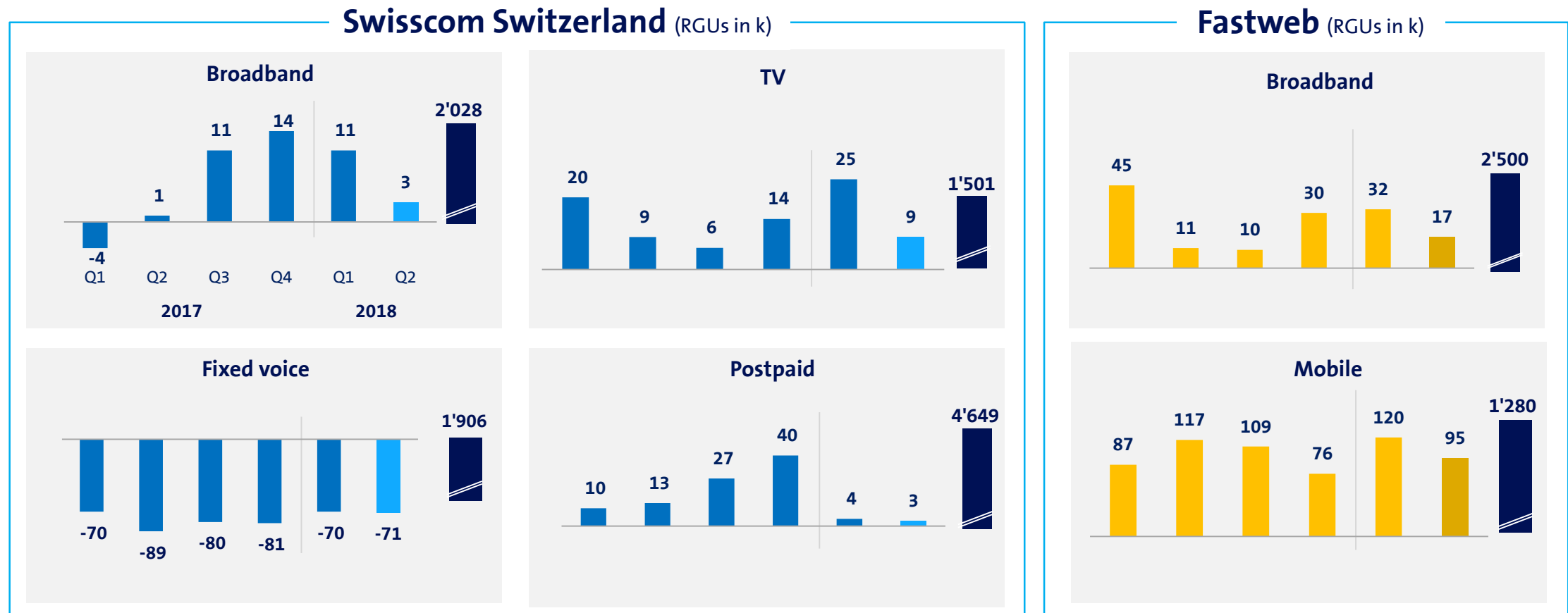
## FY 2018 outlook reiterated.

Revenue CHF ~11.6bn  
EBITDA CHF ~4.2bn  
CAPEX CHF <2.4bn

# H1 operational performance

*Swisscom Switzerland with robust RGU base and Fastweb with ongoing subs growth*

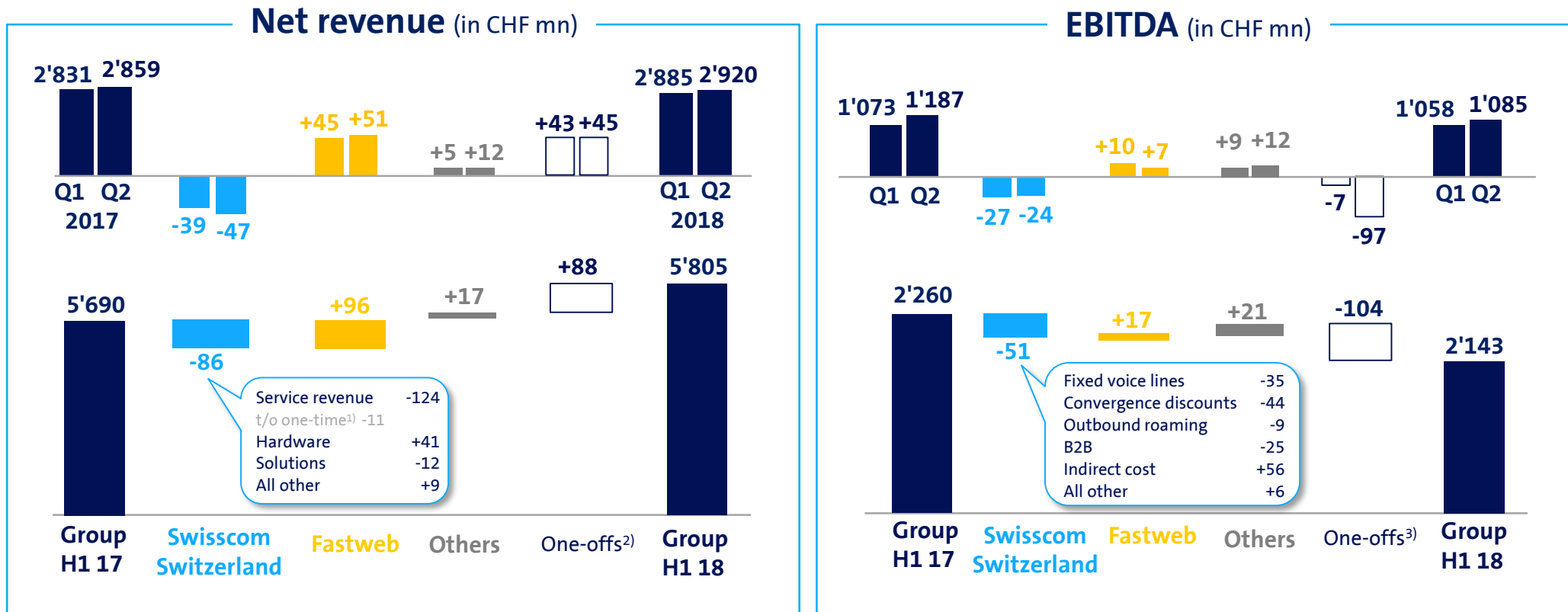
5



Market focus diverging: value management in Switzerland and volume claims in Italy

# H1 key financials

Revenues slightly ahead of expectations, EBITDA in line and Fastweb solid



1) One-time customer-fidelity effects in Q1 2018 impacting Retail Customers with CHF -9mn and Enterprise Customers with CHF -2mn, 2) Consists of currency impacts (CHF +90mn) and IFRS15 adjustments in 2018 (CHF -2mn), 3) Consists of other income from litigations at Fastweb in 2017 (CHF -102mn), currency impacts (CHF +28mn), gain of sale of real estate (CHF +3mn) and IFRS15 adjustments in 2018 (CHF -33mn)

Underlying 6M EBITDA with a flattish development (-0.6% YoY).  
Group ups and downs as anticipated and fully inline to achieve full-year guidance.

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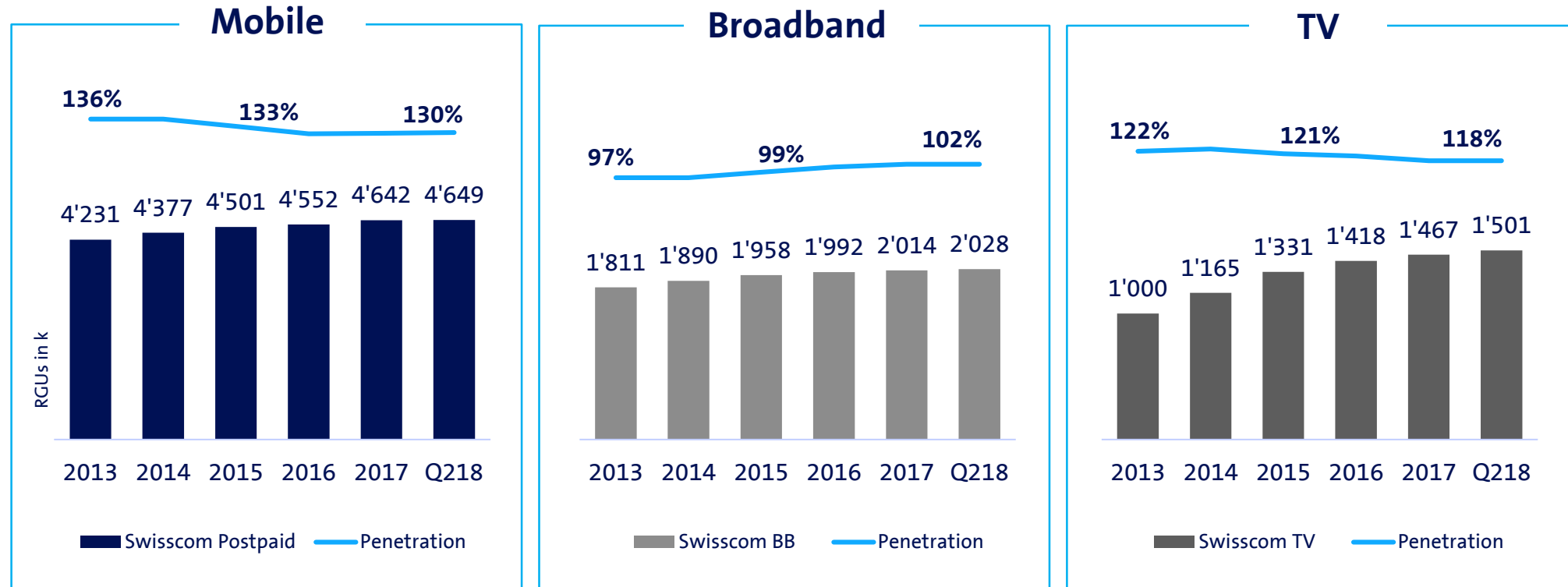
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**Urs Schaeppi, CEO**

# Switzerland market segments with full penetration

*Mature market situation limits growth potential by nature*

8



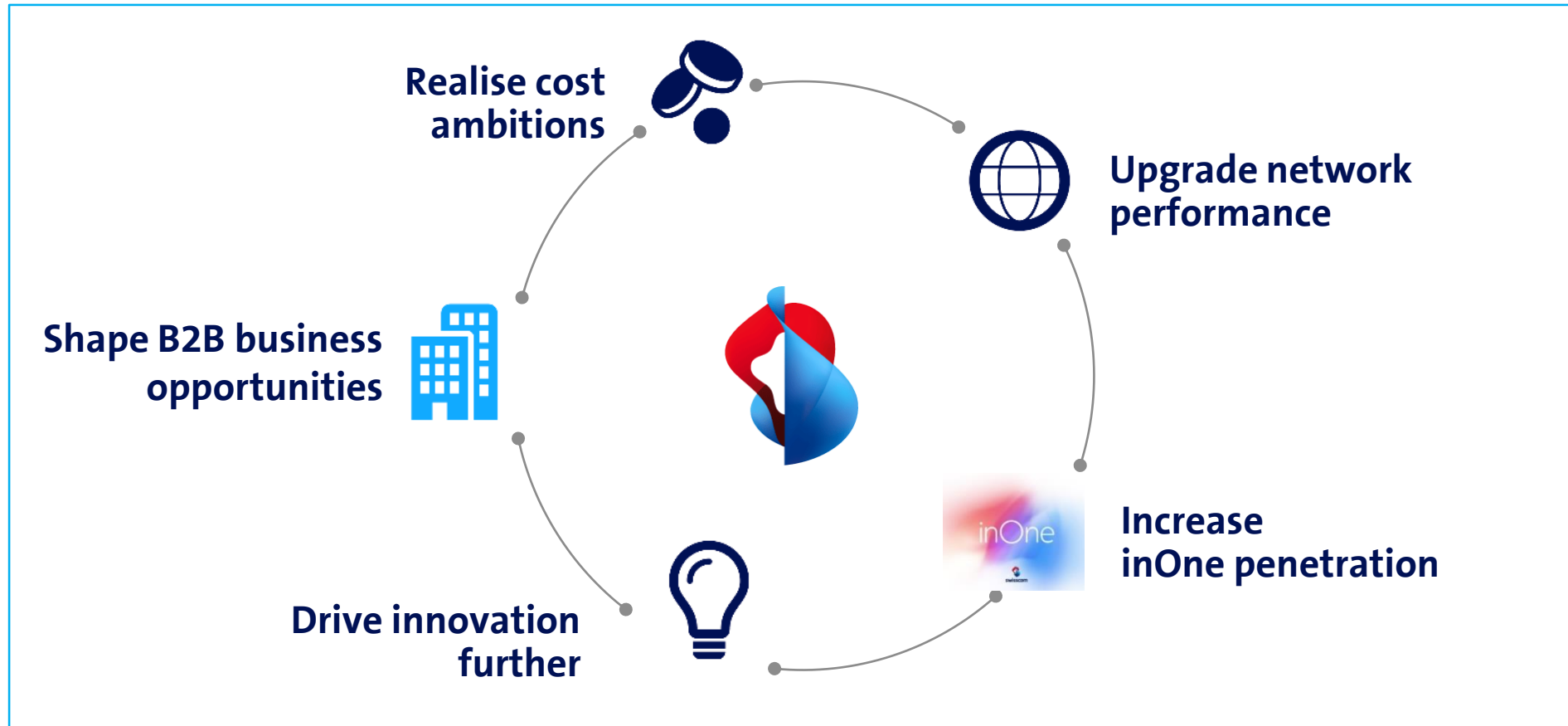
Swisscom with clear management focus on value rather than volume (!)



# Swisscom Switzerland's management priorities

*Effective execution key to keep leadership in Switzerland across all market segments*

9



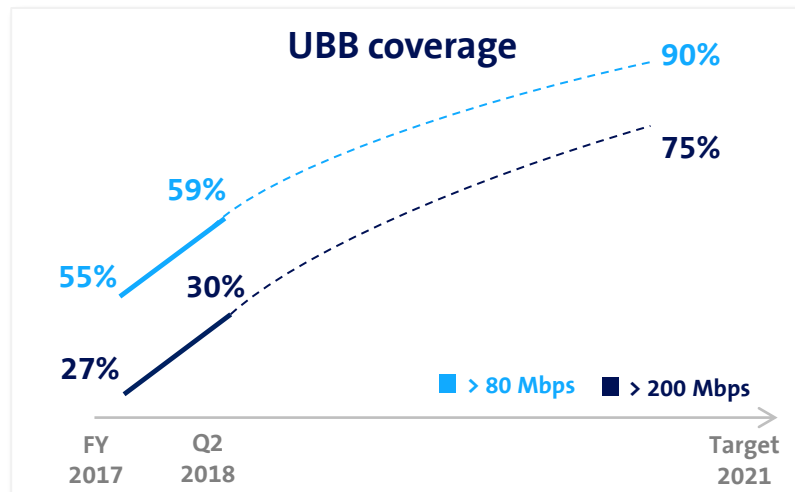
Proven strategy in an attractive quality-oriented market

# Network upgrades for technology leadership in the long term

*The network for Switzerland's digital future*

## W+ network update

- > Technology mix key in bandwidth expansion



- > Currently ~3.37mn fibre connections o/w 1.39mn FTTH, enabling strong HD (>96%) and UHD (>83%) coverage for Swisscom TV

## W- network update



- > 4G+ with speed up to 1 Gbps
- > Download speeds over 800 Mbps are now possible for the 1<sup>st</sup> time
- > Extending technical lead of Switzerland's best network to offer the **best experience** with high-definition videos, gaming, virtual reality and lightning-fast surfing
- > Pop coverage: **99% 4G** and **>80% 4G+**

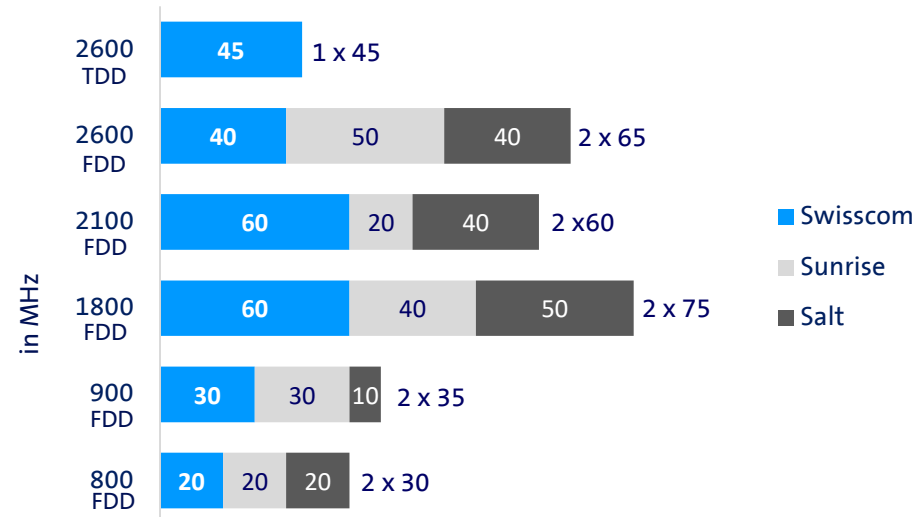


Network quality remains on top of management agenda

# Frequency auction for 5G rollout ahead

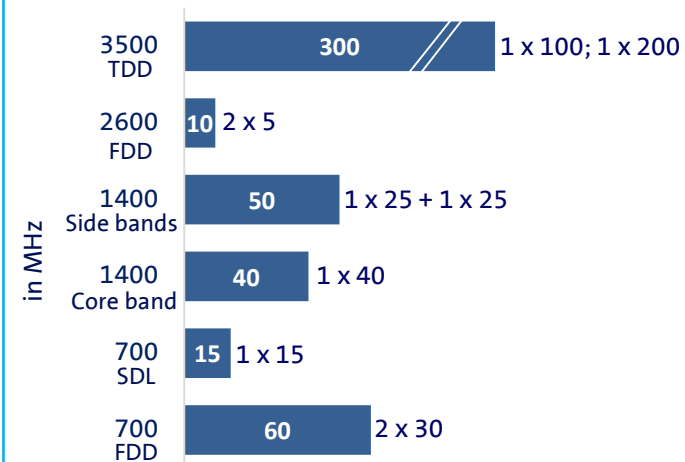
*OFCOM disclosed information on auction format and conditions*

## Current spectrum allocation



- > Currently **Swisscom** has **255 MHz (44%)** of total spectrum
- > Purchasing price in **2012** was **CHF 360mn**
- > **Spectrum secured until YE 2028**

## Additional spectrum in 2019



- > **Frequency Auction** (with a reserve price of CHF 220mn) takes place in **January 2019**
- > **Max. allocation (cap) 235 MHz (49%)**
- > **Validity of 15 years**; 2.6 GHz 10 years (YE 2028)

Confident to deliver best customer experience in the future as well

# Increased activities to stimulate market success

*Swisscom follows a value approach and works with its multi-brands*

## Multi brand portfolio



- > Core value brand
- > Defensive asset
- > Focus on brand and performance
- > Own shops, 24/7 hotline

- > Helps to retain customers
- > Online only
- > Focus on good value for price
- > Upper discount

wingo<sup>+</sup>



- > Increase market share in the price sensitive segment
- > Smart shoppers
- > Own channels
- > Focus on low price

- > Less products for lower end
- > Own channels
- > Lower discount

Simply  
Mobile

## inOne Mobile

- > **Core brand** further strengthened
- > One mobile subscription for all devices; **multi-device option** greatly **simplified**
- > Service now **differentiates** between the **type of connected device**
- > In addition, inOne mobile now offers **more roaming, more services and more speed**



## SimplyMobile

- > SimplyMobile - the **simplest subscription** on Swisscom's best network
- > Customers enjoy **unlimited domestic calls** and 2 GB data for CHF 29.90 per month; any unused data credit is simply carried forward to the following month
- > SimplyMobile **Prepaid**: full cost control with **no expiry date**
- > Attractive, easy-to-remember tariff system



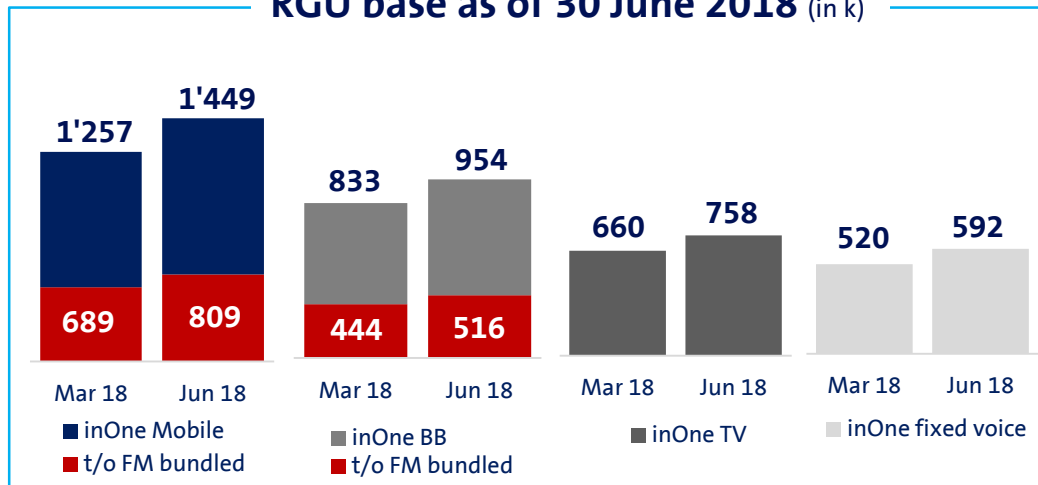
For the majority of the Swiss market quality goes before price

# 1.89 million customers with 3.75 million inOne subscriptions

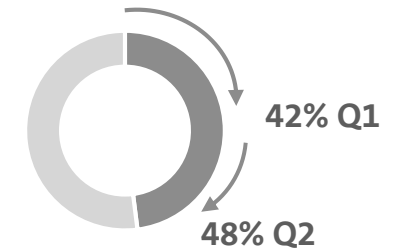
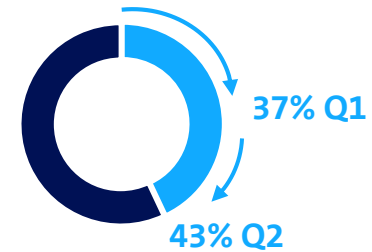
Successful market performance with improving ARPU trends and low FM churn of 5%

13

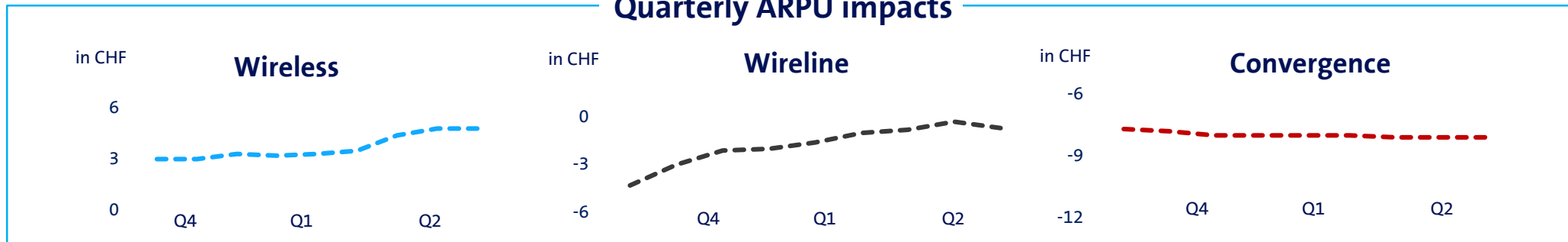
### RGU base as of 30 June 2018 (in k)



### Penetration as per 30 June 2018



### Quarterly ARPU impacts

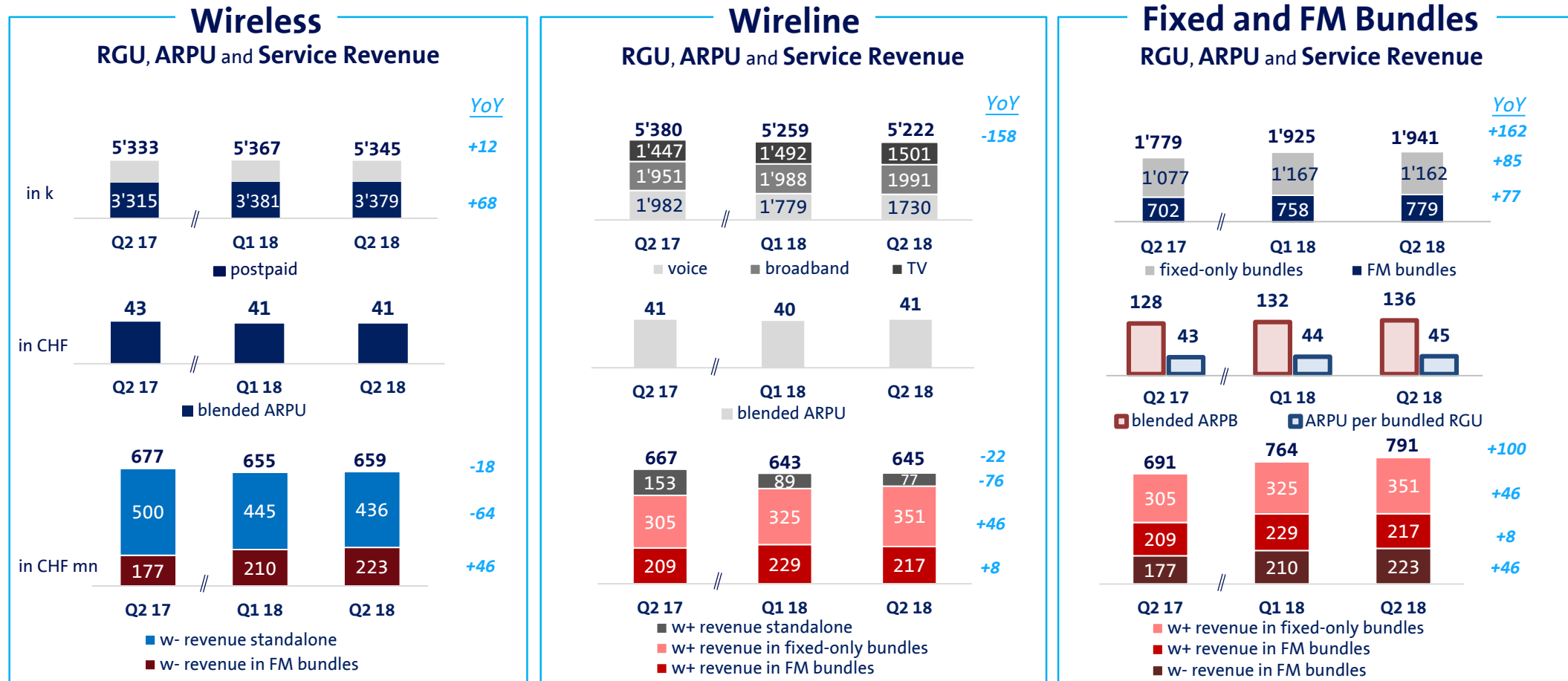


Penetration further increased, impact of convergence discounts as guided

# Retail Customers - Service Revenue performance

Solid blended ARPU (CHF 41) and higher ARPB (+4% YoY) despite lower service revenue (-3% YoY)

14

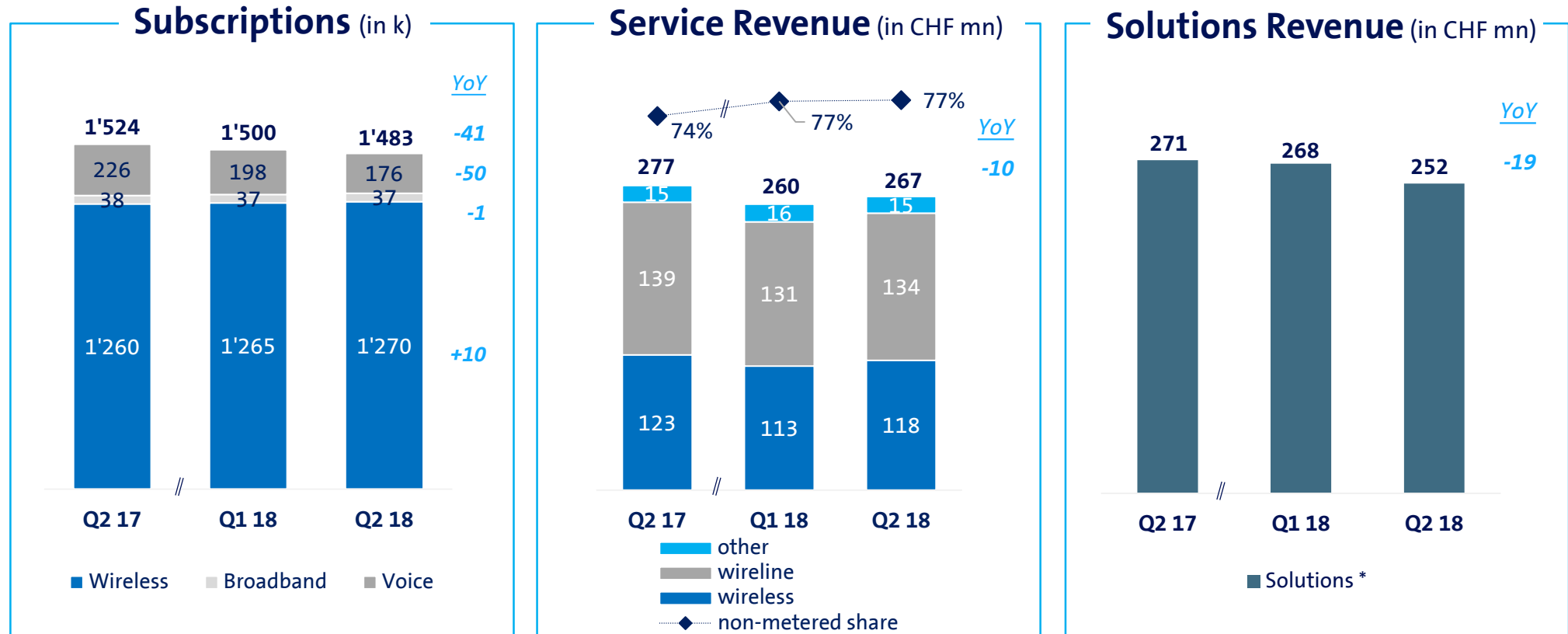


Q2 bundle revenue up by CHF +100mn YoY and bundle share now at >60% (+9.3pp YoY)

# Enterprise Customers - Telco and Solutions performance

Service revenue QoQ up (CHF +7mn) despite voice line cancellations and pricing pressure in wireless

15



\* Consists of revenues from vertical businesses, digital solutions, cloud and security services, UCC and workplace management, other solutions

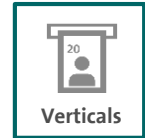
Lower-margin Solutions business with softer top-line contribution in Q2 due to project volatility and changed customer requirements in banking

# Volatility drivers in the solution business

*Positive long-term perspectives unchanged*



Cloud and Security



Verticals



UCC and Workplace

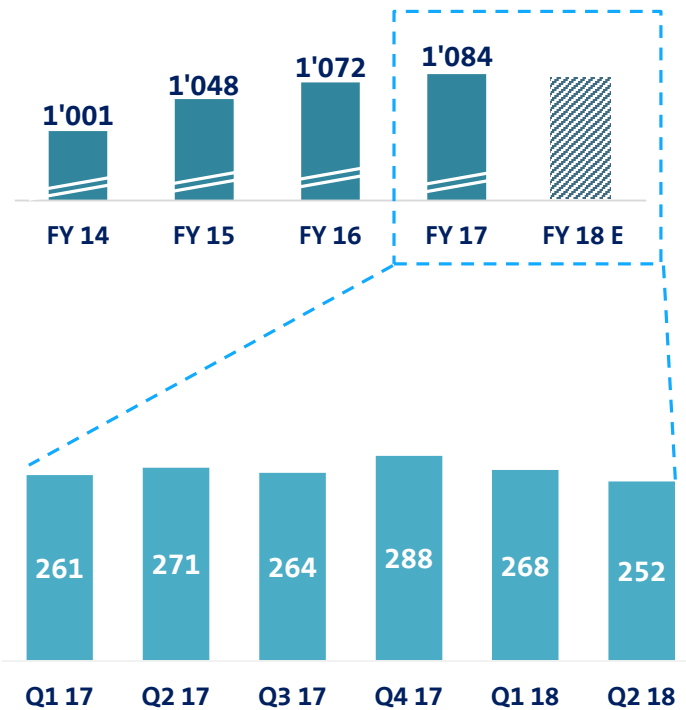


Digital Solutions



Other Solutions

## Solutions revenues (in CHF mn)



## Volatility drivers

- > Project and volume driven business with high dynamics
- > Sales cycle varying and may take up to 12 - 18 months with transition phase before implementation of business
- > Customers may decide at short notice
- > Revenue depending on volume called off by customers

## Positive outlook

- > Unchanged positive long-term perspectives
- > Security market further growing
- > Swisscom continues to drive the Cloud transformation

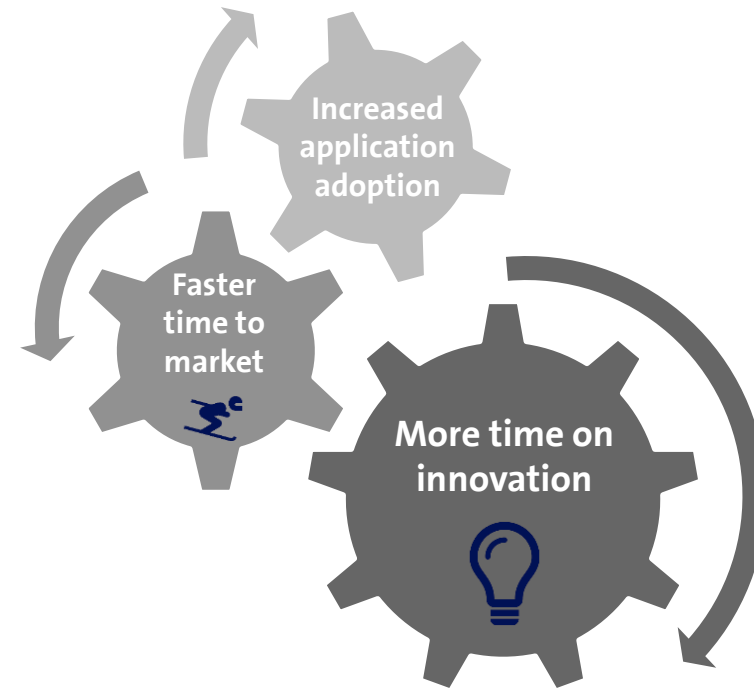
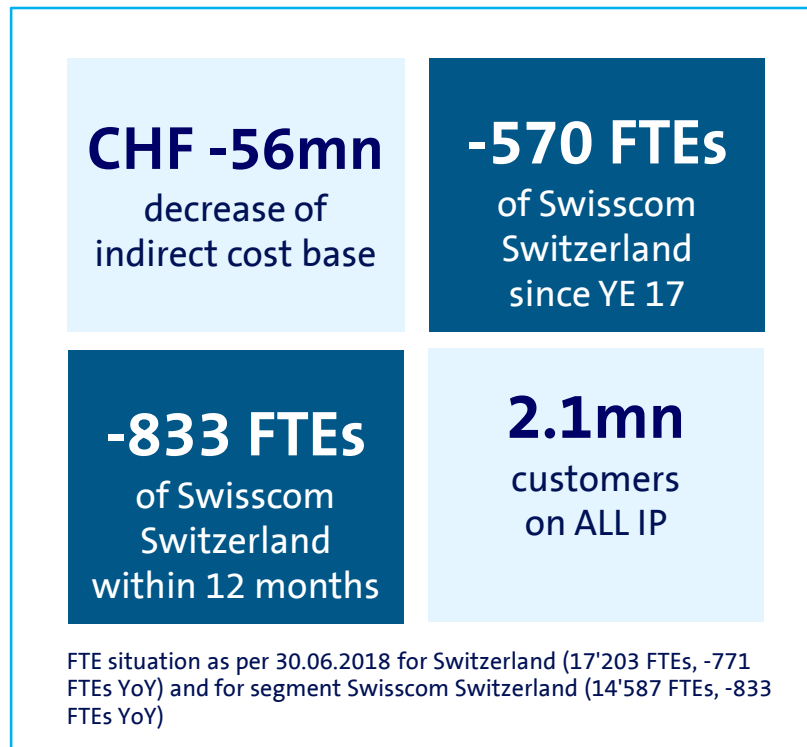
Opportunities from digitalisation expands value proposition in the solution business



# Sustained cost reduction efforts

*Further milestones reached to increase efficiency*

17



Well on track to reach cost savings target 2018 of CHF 100mn

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- **Fastweb**
- Financial performance
- Q&A
- Backup

**Urs Schaeppi, CEO**

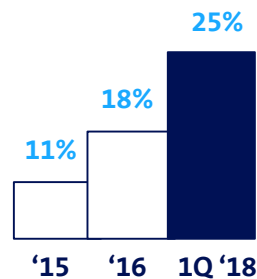
# Setting the scene - Towards an highly convergent market ...

*Fixed Mobile Convergence (FMC) is rapidly penetrating the Italian market*

19

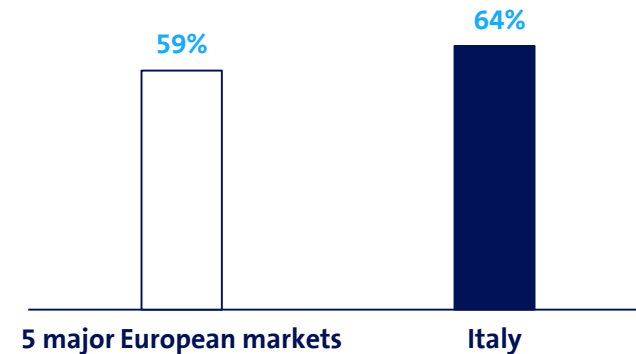
## Trend towards convergence

FMC penetration over BB lines<sup>1</sup>



**FMC rapidly increasing**

Non-FMC customers willing to move to a FMC bundle for no or minimal discount (<5 €/m)<sup>2</sup>



**Consumers clearly willing to go FMC**

- > Current turmoil in mobile - mainly driven by price competition - will not last
- > FMC will push competition back to quality and innovation, not just price and marketing

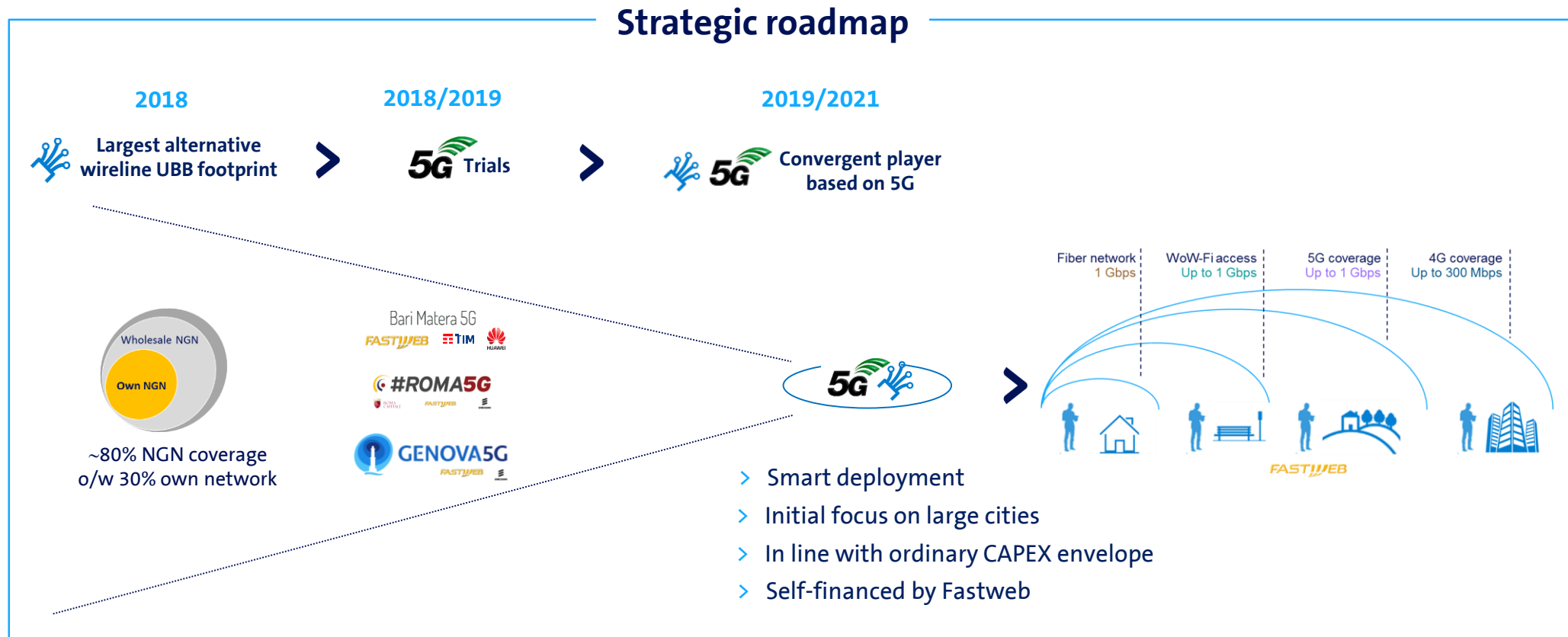


**Fastweb's FMC adopters show 30% higher stickiness vs. non-FMC customers**

## ... and Fastweb response

*Fastweb's priority is leveraging existing asset base to become a convergent player based on 5G...*

20



... to provide high quality/high speed services homogeneously indoor and outdoor

# Tiscali transaction enables to accelerate the execution of Fastweb's strategy

*Anticipating the market on 5G*

21

## Gaining full ownership of 5G spectrum and FWA assets



### Full ownership and control of 40 MHz in 3.5 GHz

- > A scarce resource and a fundamental ingredient of any mobile 5G network
- > A complementary asset to Fastweb's extended fiber infrastructure
- > Immediately available



### Access to a wide Fixed Wireless Access infrastructure

- > Capability to provide high performing fixed wireless connectivity to customers over a 6.5mn HHs footprint
- > Possibility to address untapped opportunities in digital-divide areas in advance of competition
- > Enabling Fastweb to avoid investments to achieve coverage obligations on 3.5 GHz



### Granting Tiscali full access to Fastweb fiber network and to the FWA infrastructure

- > Further monetizing infrastructure

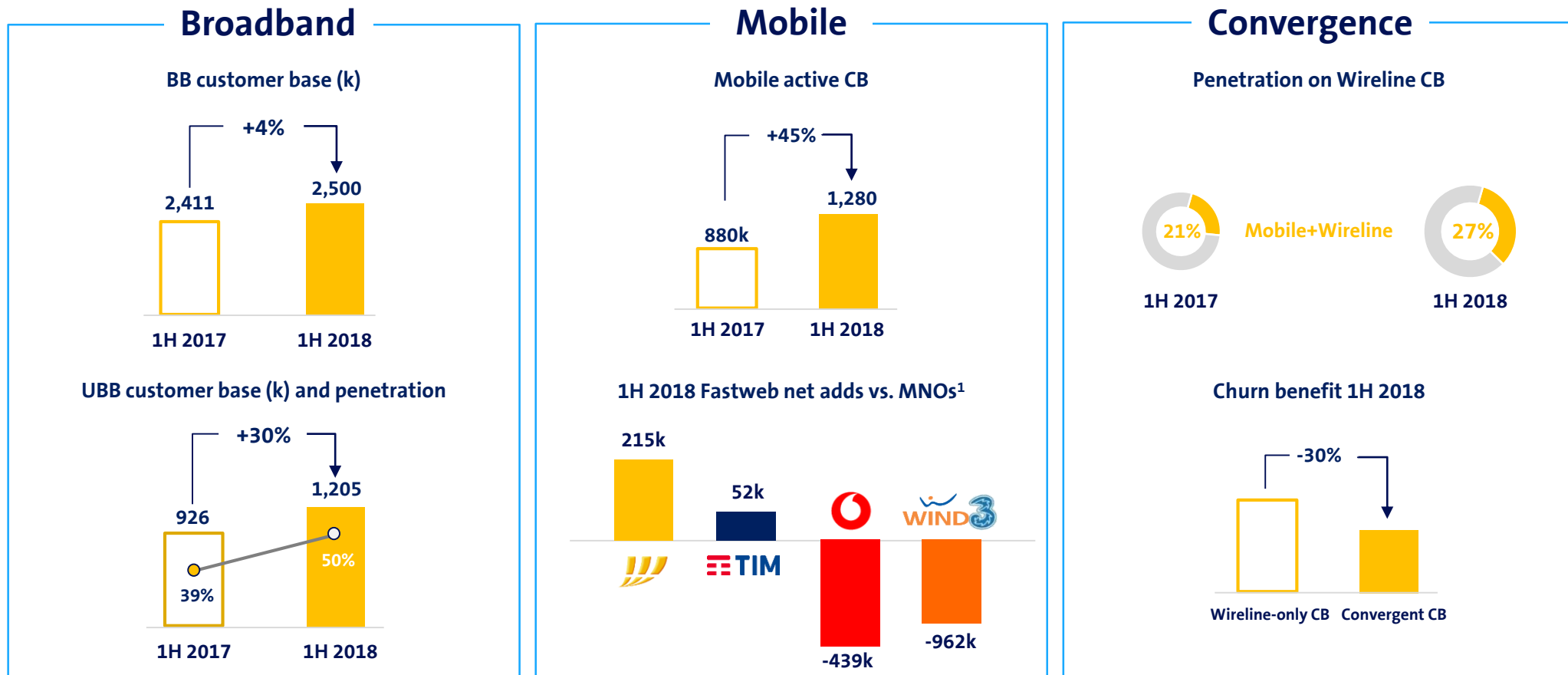


Selective deployment of 5G infrastructure in main Italian cities

# Fastweb - Consumer performance

*Resilient performance in a tough market*

22



Convergence strategy generating positive impact on customer loyalty

<sup>1</sup>Source: public data

# Fastweb - Corporate performance

*Focus on service quality and customer satisfaction driving further growth*

## #1 in Public Administration, #2 in Corporates

~40% market share  
(TLC services, excluding ICT)



Exploit all main framework agreements currently held by Fastweb<sup>1</sup>



Increase commercial push to win new top customers



Increase share of wallet, leveraging on cloud and ICT VAS



A unique positioning to further push on innovation and to monetize 5G investments

## B2B KPIs

### Order book

1H 2018 vs. 1H 2017

+30%



### Revenues

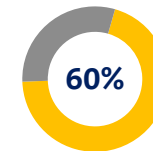
1H 2018 vs. 1H 2017

+8%



### NPS

1H 2018



### New contracts

2Q 2018

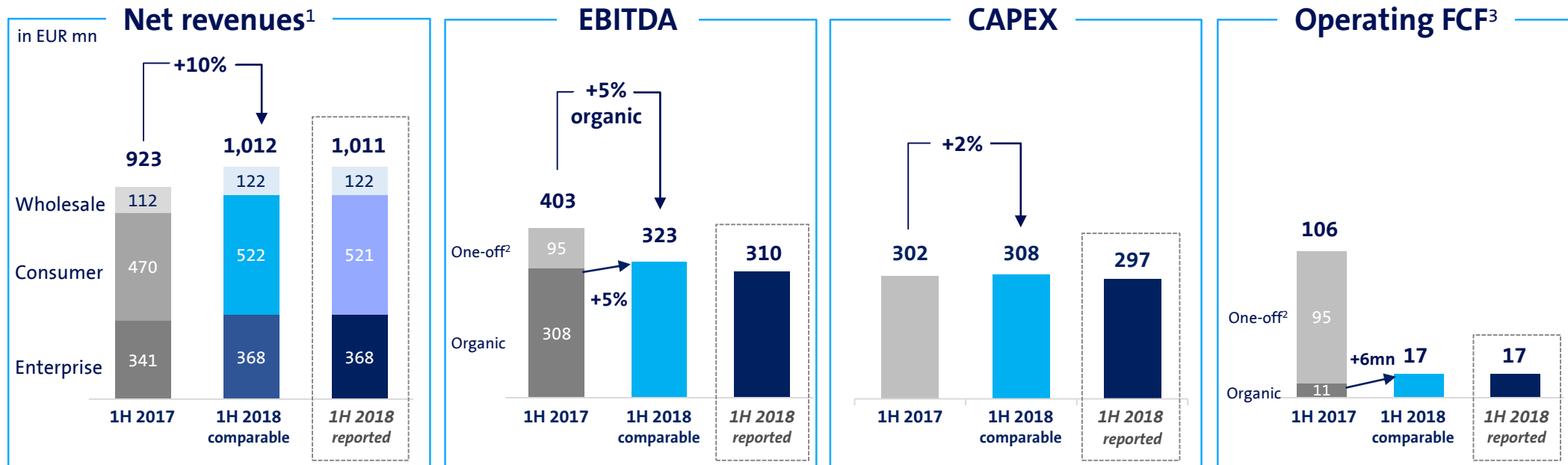


Consolidate penetration in PA and increase overall share of wallet on customer base

<sup>1</sup>SPC Connectivity, SPC Cloud Security, Consip Voice, SGM (Management & Maintenance Services IP), CT7 (PBX), Video-surveillance

# Fastweb - Financial summary

*Growing revenues drive +5% EBITDA growth (net of one-offs)*



- > Strong contribution of all segments drive revenue increase of 10%
- > +5% organic EBITDA growth (excluding 2017 one-offs)
- > CAPEX in line with previous year
- > EUR +6mn increase of organic operating FCF



**Solid performance and results fully in line with targets**



# Agenda

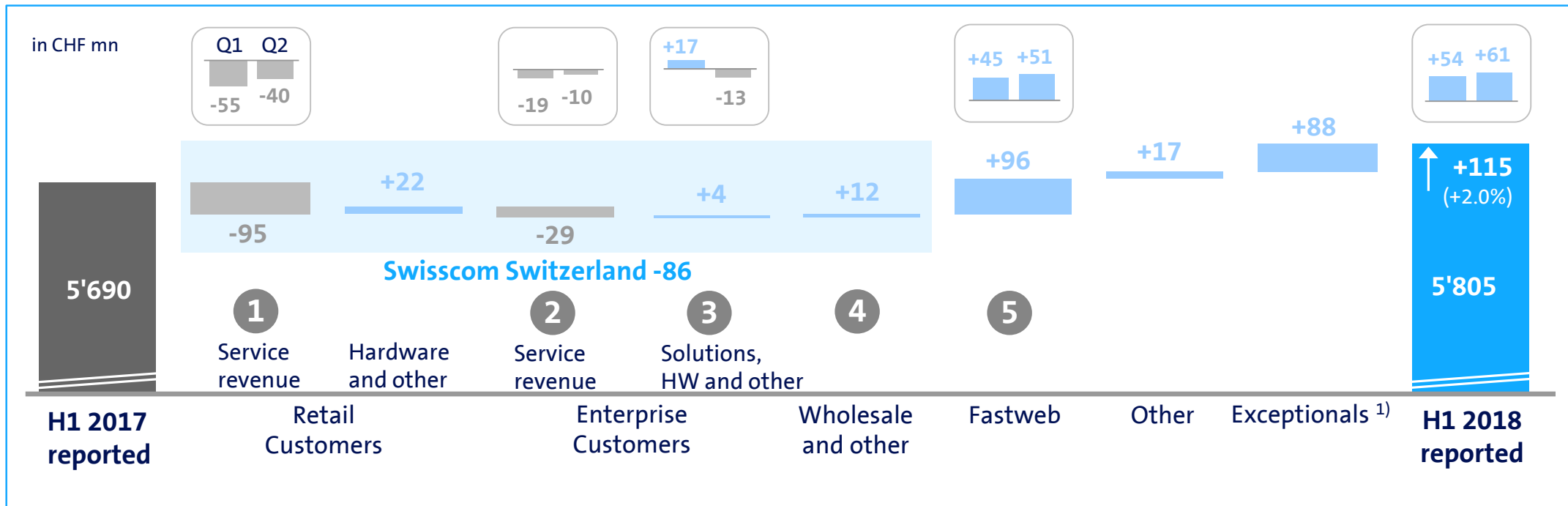
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**Mario Rossi, CFO**

# Revenue breakdown by segments

*Divergent top-line evolutions with Switzerland down and Italy up - in line with expectations*



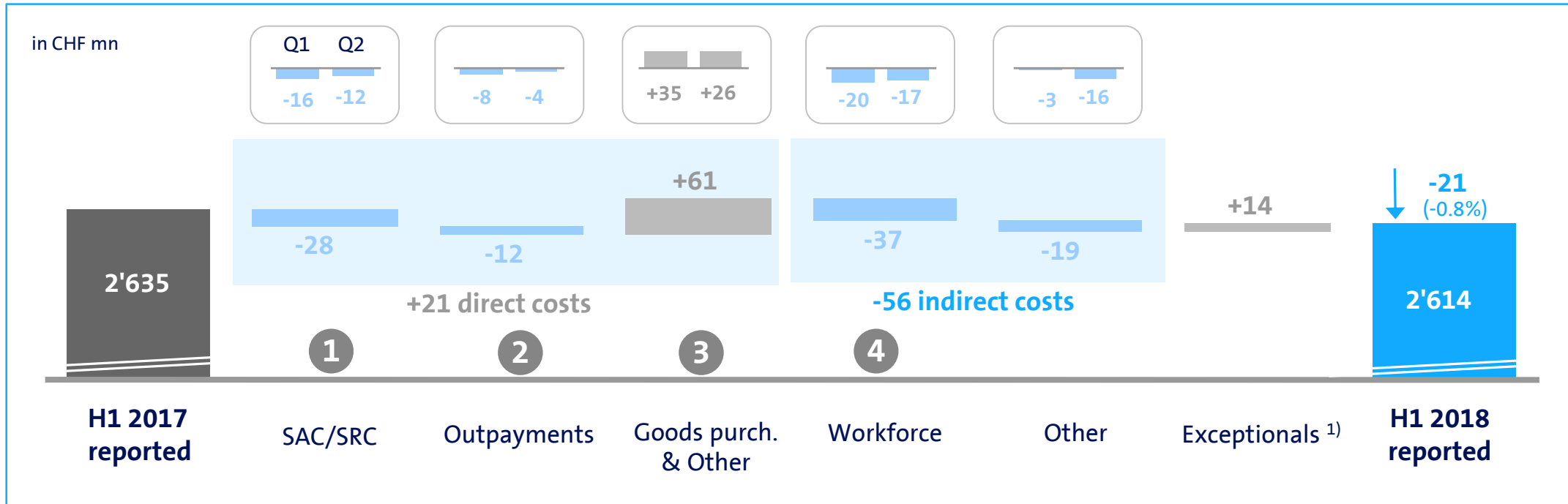
- 1 Decrease of voice access lines  
 TV, BB and wireless RGUs affected by market saturation  
 W- revenue impacted by roaming and convergence
- 2 Price pressure in wireless  
 Wireline with structural changes due to All IP and increased market intensity
- 3 Solutions business with a decrease of -12mn (mainly Q2), primarily driven by banking due to project volatility and changed customer requirements. Hardware & other with an increase of +16mn
- 4 Increase primarily driven by higher (BB) connectivity services
- 5 Increase supported by growing customer base in Consumer segment as well as 4-weeks billing

1) Consists of currency impacts (CHF +90mn) and IFRS15 adjustments in 2018 (CHF -2mn)

# OPEX of Swisscom Switzerland

*Operational excellence initiatives with expected impacts to lower OPEX on a recurring basis*

27



1) YOY down primarily due to lower subsidies for TV boxes and routers

2) Lower outpayments for termination and roaming

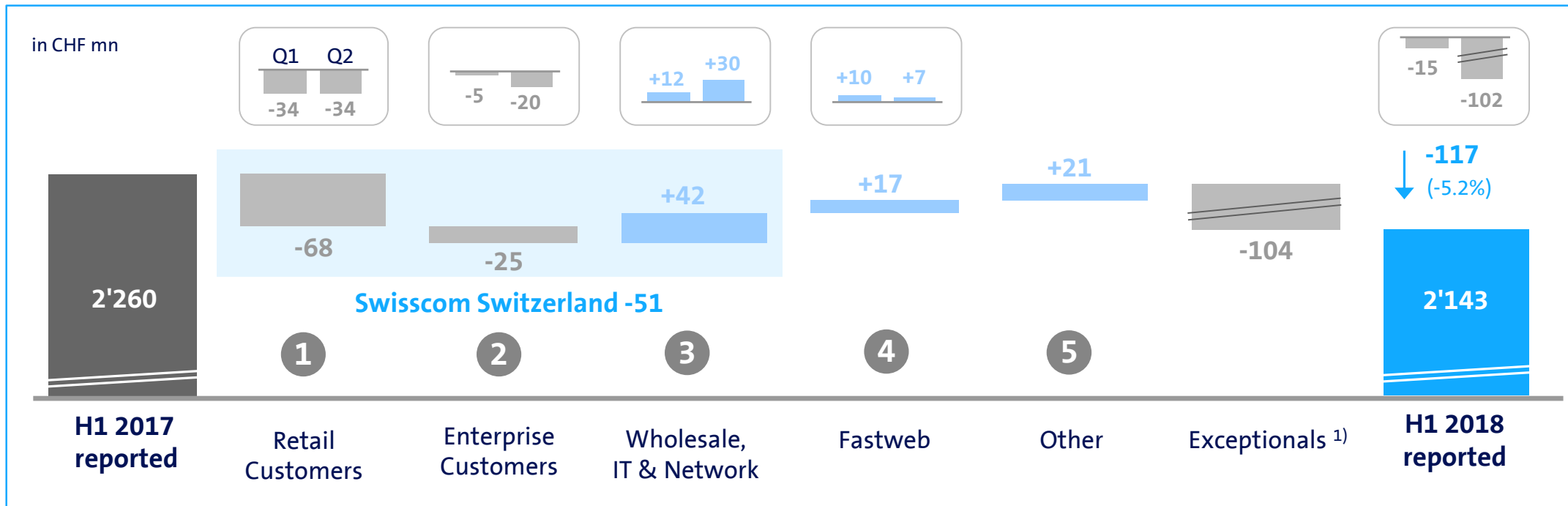
3) Increase driven by higher hardware sales

4) Operational excellence leads to a FTE reduction at Swisscom Switzerland of -833 YoY (o/w -570 in H1 2018)

1) Consists of IFRS15 adjustments in 2018 (CHF +17mn) and gain of sale of real estate in 2018 (CHF -3mn)

# EBITDA breakdown by segments

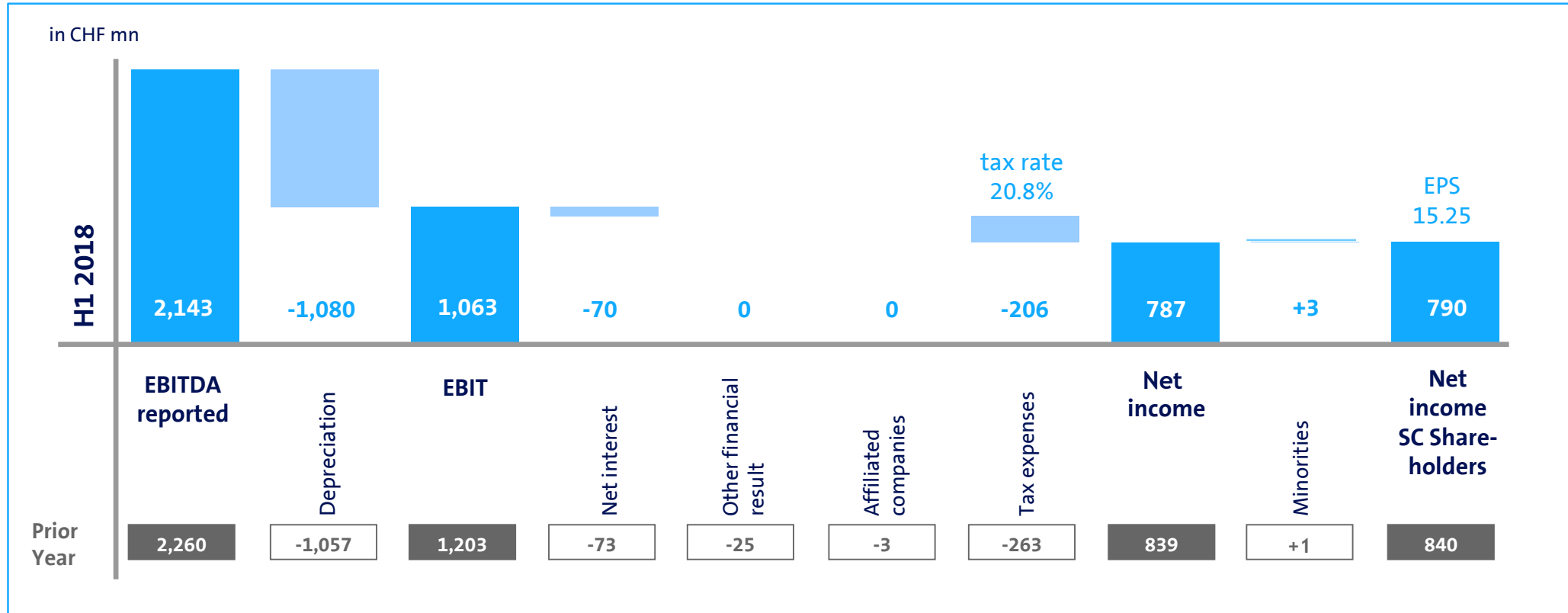
*Cost saving initiatives partly compensate top-line erosion in Switzerland – Fastweb up YOY*



1) Consists of other income from litigations at Fastweb in 2017 (-102 MCHF), currency impacts (CHF +28mn), gain of sale of real estate (CHF +3mn) and IFRS15 adjustments in 2018 (CHF -33mn)

# Net income

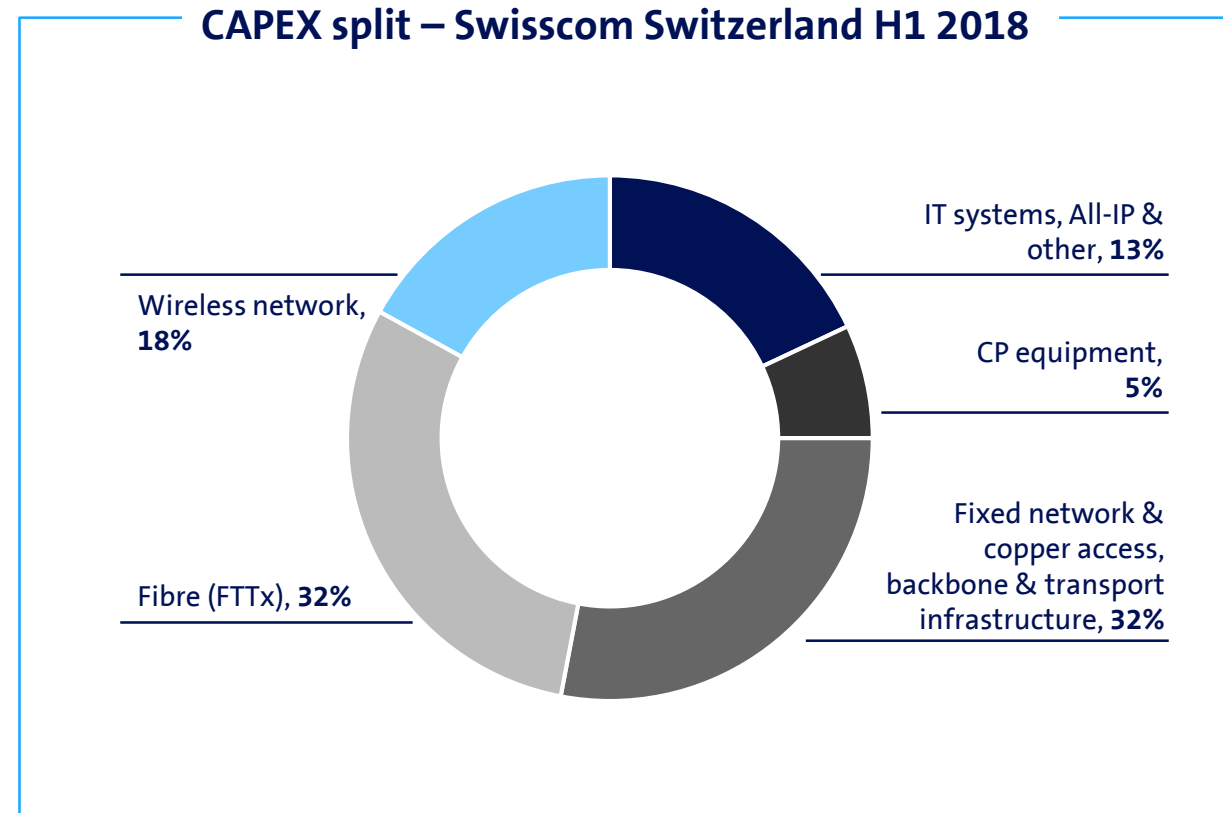
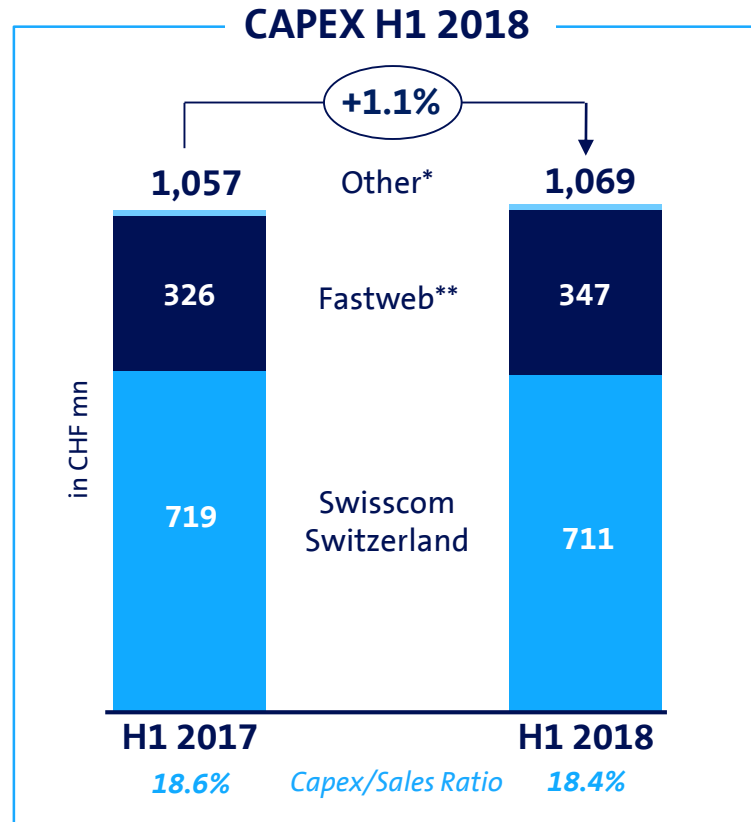
*Bottom-line down (-6.2% YOY) driven by lower EBITDA (which includes negative one-offs)*



- Better other financial result due to fair value adjustments of interest rate swaps and improved result on foreign exchange
- Lower tax expenses mainly due to lower EBT and final tax assessments related to prior years (H1 2017 tax rate 23.9%)

# Capital expenditures

YOY increase primarily driven by higher Euro exchange rate



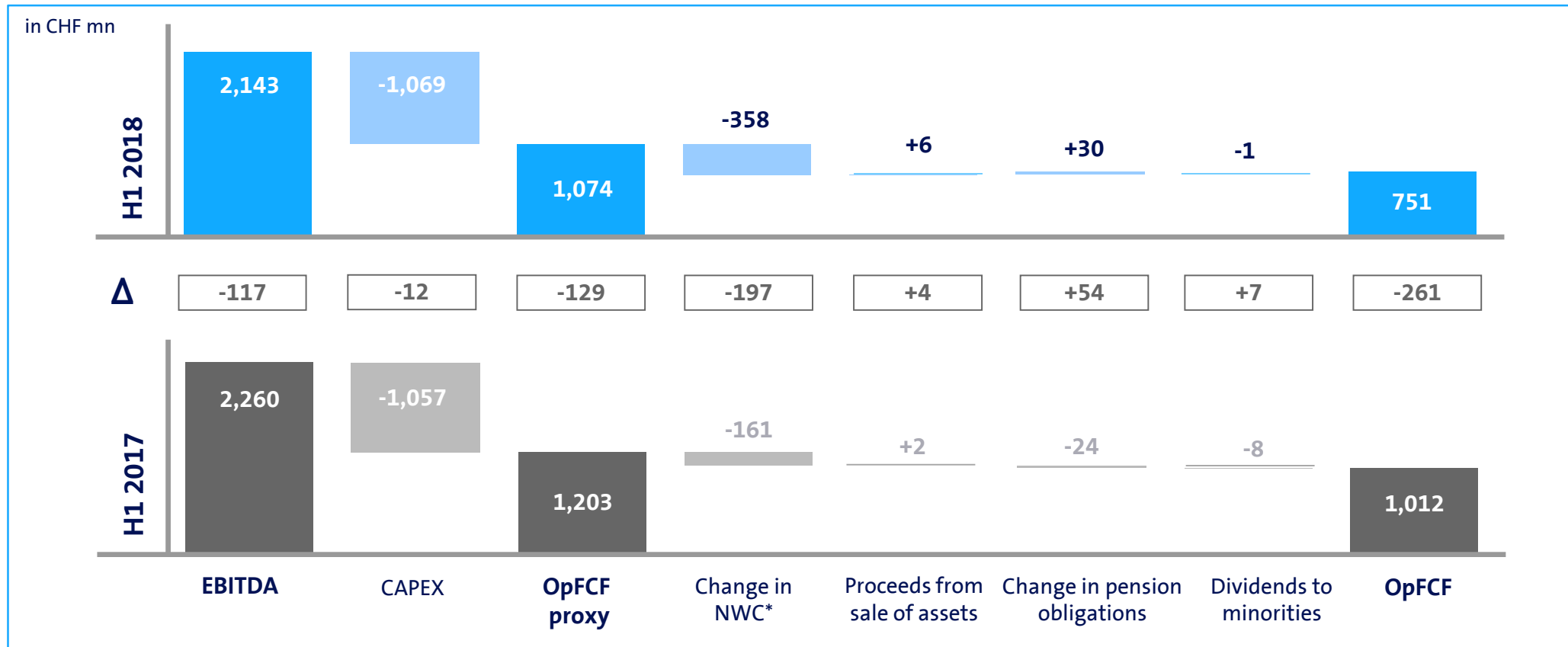
- > CAPEX of Swisscom Switzerland nearly stable, the roll out of fiber networks continues
- > In local currency Fastweb almost on previous year level

\* in H1 2018 CHF 11mn, in H1 2017 CHF 12mn , \*\* In local currency in H1 2018: EUR 297mn, in H1 2017: EUR 302mn

# Operating free cash flow

*OpFCF down by 26% due to lower EBITDA and higher net working capital compared to YE 2017*

31



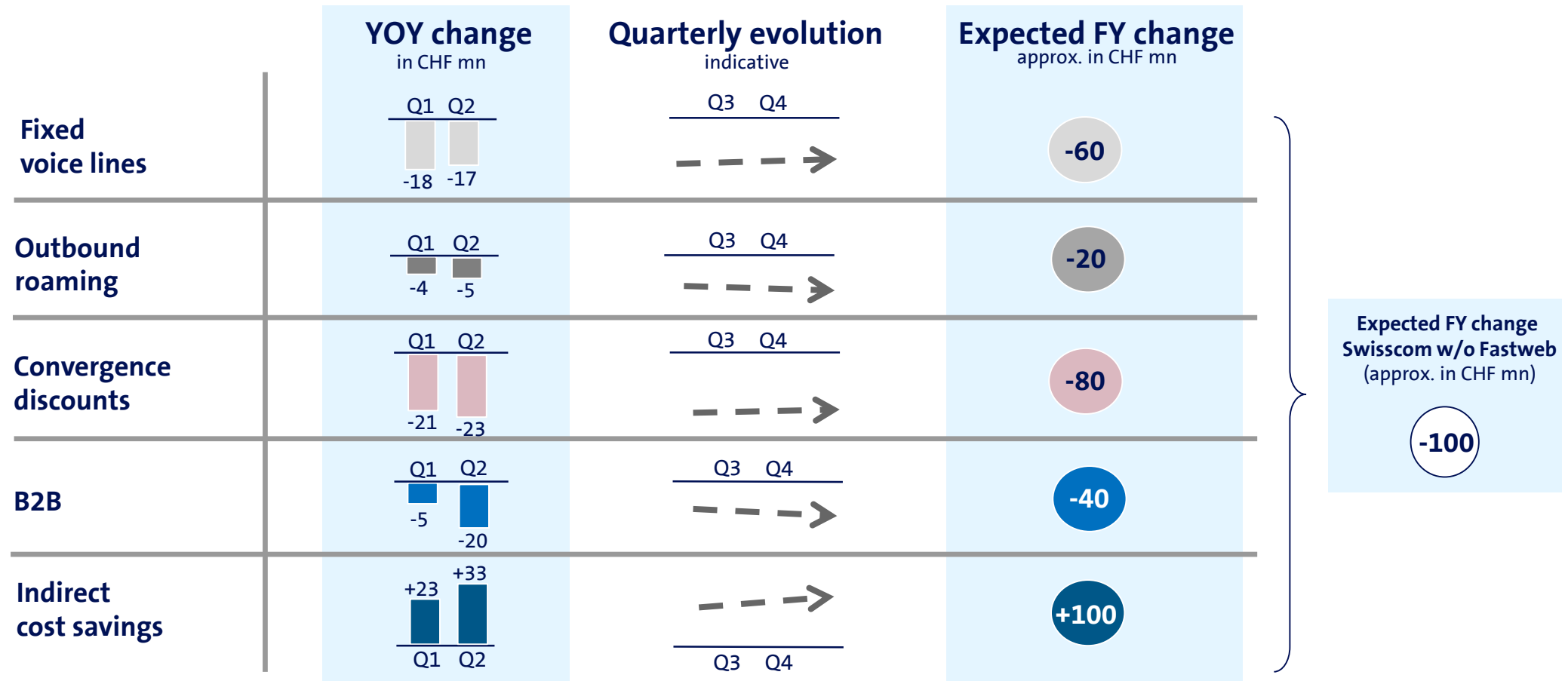
- > Higher net working capital compared to YE 2017 mainly as a result of prepayments and lower trade payables
- > In 2017 negative change in pension obligations due to an extraordinary payment (CHF 50mn)

\* Change in net working capital and other cash flow from operating activities

# Underlying EBITDA trends 2018 of Swisscom w/o Fastweb

*YOY tendencies unchanged but with different quarterly contributions*

32



1<sup>st</sup> half-year evolution affirming expected full-year change



## Guidance confirmed

Net revenue of CHF ~11.6bn, EBITDA ~4.2bn and CAPEX <2.4bn

in CHF mn	2017 reported	Adjustments	2017 pro forma	Expected YOY change Swisscom w/o Fastweb	Expected YOY change Fastweb	IFRS 15 impact	2018 outlook **	Splits into:
Revenue	11'662			< 0	> 0	-10	~ 11'600	~ CHF 9.2bn for Swisscom w/o Fastweb + > € 2.0bn for Fastweb
EBITDA	4'295	- 41*	4'254	< 0	> 0	- 50	~ 4'200	~ CHF 3.4bn for Swisscom w/o Fastweb + ~ € 0.7bn for Fastweb
CAPEX	2'378			< 0	> 0	-	< 2'400	> CHF 1.6bn for Swisscom w/o Fastweb + ~ € 0.6bn for Fastweb

Fixed voice lines	-
Outbound roaming	-
Convergence discounts	--
B2B	-
Operational excellence	++

Industrial performance	+
FX effect	+

\* Consists of income from litigations at Fastweb (CHF 102mn) and provisions for restructuring (CHF -61mn)

\*\* For consolidation purposes, CHF/EUR of 1.16 has been used (vs. 1.11 for fiscal year 2017)



Upon meeting its 2018 targets, Swisscom plans to propose again a dividend of CHF 22/share

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All

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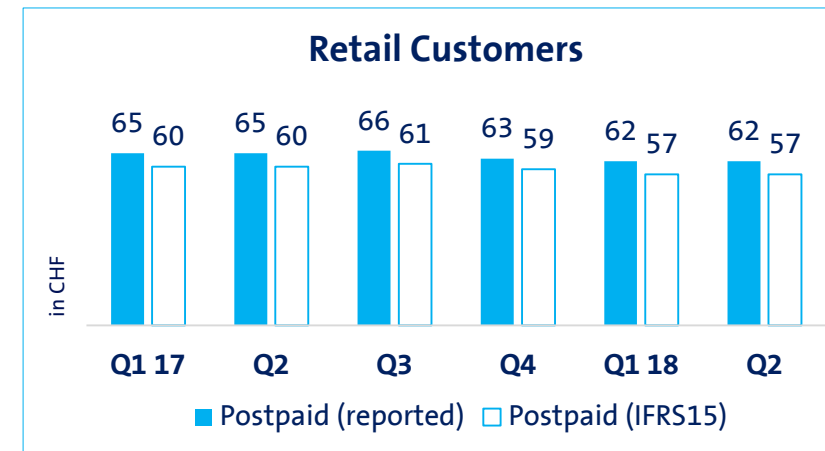
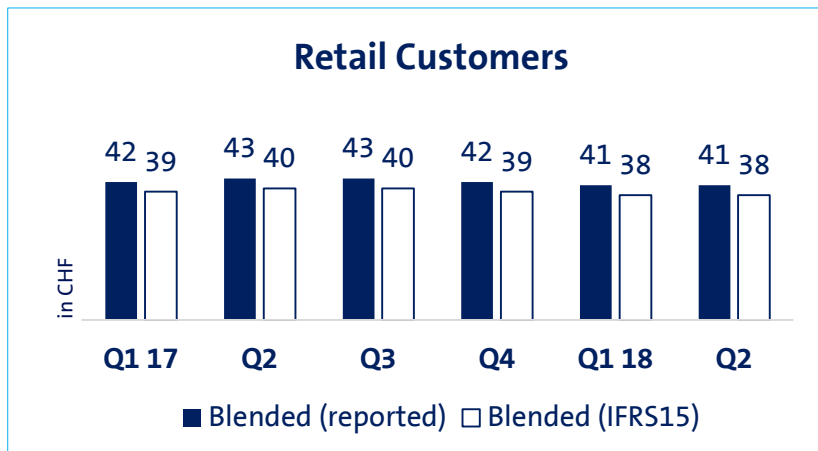
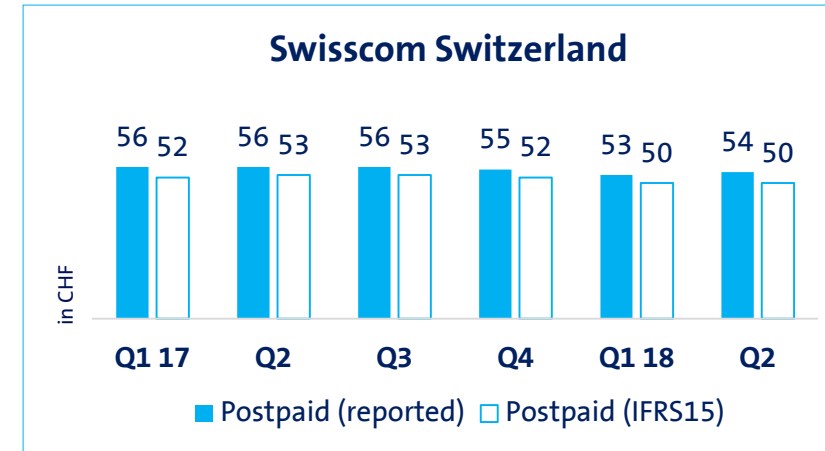
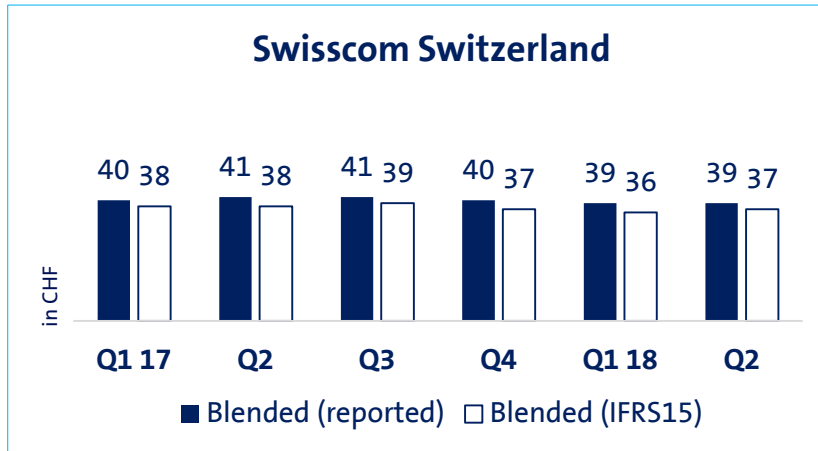
# Key financials - reported vs. underlying

in CHF mn	2017				2018				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue, reported</b>	<b>2'831</b>	<b>2'859</b>	<b>2'914</b>	<b>3'058</b>	<b>2'885</b>	<b>2'920</b>			<b>+54</b>	<b>+61</b>		
o/w currency effect					47	43			+47	+43		
IFRS 15 reconciliation					-4	2			-4	+2		
<b>Revenue, underlying change</b>									<b>+11</b>	<b>+16</b>		
<b>EBITDA, reported</b>	<b>1'073</b>	<b>1'187</b>	<b>1'094</b>	<b>941</b>	<b>1'058</b>	<b>1'085</b>			<b>-15</b>	<b>-102</b>		
o/w Gain from sale of real estate				4		3				+3		
Restructuring				-61								
Other income from litigations (Fastweb)		102								-102		
Currency effect					13	15			+13	+15		
IFRS 15 reconciliation					-20	-13			-20	-13		
<b>EBITDA, underlying change</b>									<b>-8</b>	<b>-5</b>		

# IFRS15 - P&L adjustments

in CHF million	2017				2018 reported				2018 IFRS15 adj.			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Retail Customers	1'497	1'481	1'478	1'515	1'456	1'448			1'457	1'448		
Enterprise Customers	586	599	586	631	584	576			584	576		
Wholesale	138	135	157	148	141	145			141	145		
IT, Network & Infrastructure	6	7	6	7	5	5			5	5		
<b>Swisscom Switzerland</b>	<b>2'227</b>	<b>2'222</b>	<b>2'227</b>	<b>2'301</b>	<b>2'186</b>	<b>2'174</b>			<b>2'187</b>	<b>2'174</b>		
Fastweb	482	508	554	611	572	604			575	602		
Other operating segments	122	129	132	146	127	142			127	142		
Group Headquarters	0	0	1	0	0	0			0	0		
<b>Net revenue from external customers</b>	<b>2'831</b>	<b>2'859</b>	<b>2'914</b>	<b>3'058</b>	<b>2'885</b>	<b>2'920</b>			<b>2'889</b>	<b>2'918</b>		
t/o Net revenue IFRS15 impact Swisscom Switzerland					(1)	0						
t/o Net revenue IFRS15 impact Fastweb					(3)	2						
Direct costs	(606)	(599)	(678)	(783)	(704)	(692)			(688)	(677)		
Personnel expenses	(753)	(738)	(695)	(816)	(723)	(714)			(723)	(714)		
Other operating expenses	(490)	(525)	(533)	(659)	(503)	(540)			(503)	(540)		
Capitalized costs and other income	91	190	86	141	103	111			103	111		
<b>Operating income (EBITDA)</b>	<b>1'073</b>	<b>1'187</b>	<b>1'094</b>	<b>941</b>	<b>1'058</b>	<b>1'085</b>			<b>1'078</b>	<b>1'098</b>		
t/o EBITDA IFRS15 impact Swisscom Switzerland					(9)	(9)						
t/o EBITDA IFRS15 impact Fastweb					(11)	(4)						

# IFRS15 - wireless ARPU adjustments



# Retail Customers - segment reporting

*Net revenue decreased driven by a lower service revenue, increase in hardware sales partly compensate.*

*Service revenue decreased (-3.5%) due to higher discount volumes (inOne), lower access lines and lower roaming revenue.*

*Contribution margin 2 decreased by 4.7%. Lower Service revenue and higher purchase cost for handsets were partly compensated by lower indirect cost (mainly workforce).*

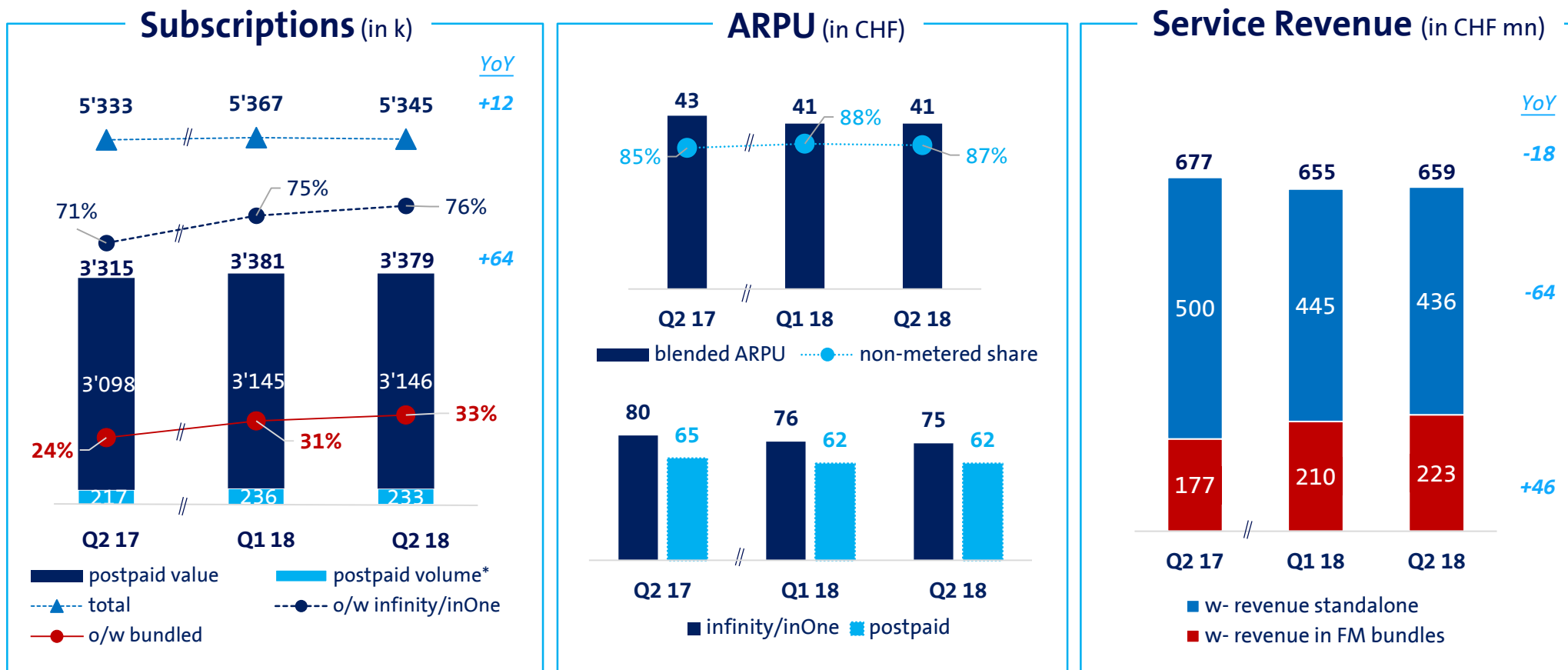
	Q2 2018	Q2/Q2	30.06.2018	YoY
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>1'469</b>	<b>-2.1%</b>	<b>2'945</b>	<b>-2.4%</b>
Direct costs in MCHF	-329	6.1%	-651	5.3%
Indirect costs in MCHF <sup>2)</sup>	-280	-2.8%	-554	-3.5%
<b>Contribution margin 2 in MCHF</b>	<b>860</b>	<b>-4.8%</b>	<b>1'740</b>	<b>-4.7%</b>
<b>Contribution margin 2 in %</b>	<b>58.5%</b>		<b>59.1%</b>	
CAPEX in MCHF	-43	4.9%	-79	-8.1%
FTE's	-143		5'440	-6.4%
Broadband lines in '000 <sup>3)</sup>	+3		1'991	2.1%
Voice lines in '000 <sup>3)</sup>	-49		1'730	-12.7%
Wireless customers Prepaid in '000	-20		1'966	-2.6%
Wireless customers Postpaid in '000 <sup>3)</sup>	-2		3'379	1.9%
Blended wireless ARPU in CHF	41	-4.7%	41	-2.4%
TV subs in '000 <sup>3)</sup>	+9		1'501	3.7%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

3) sum of single play and bundles

# Retail Customers - wireless performance

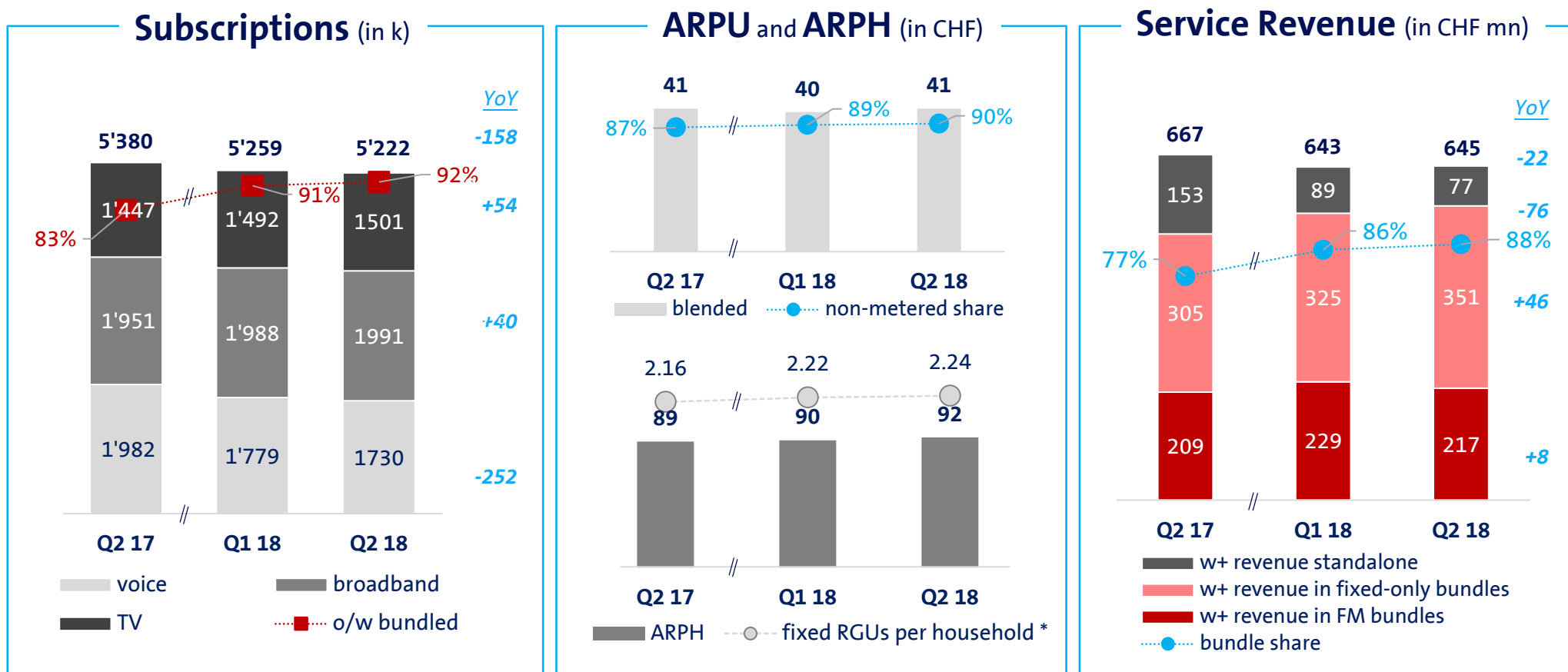


\* consists of data and multi SIM cards, \*\* w/o infinity entry and data subscriptions



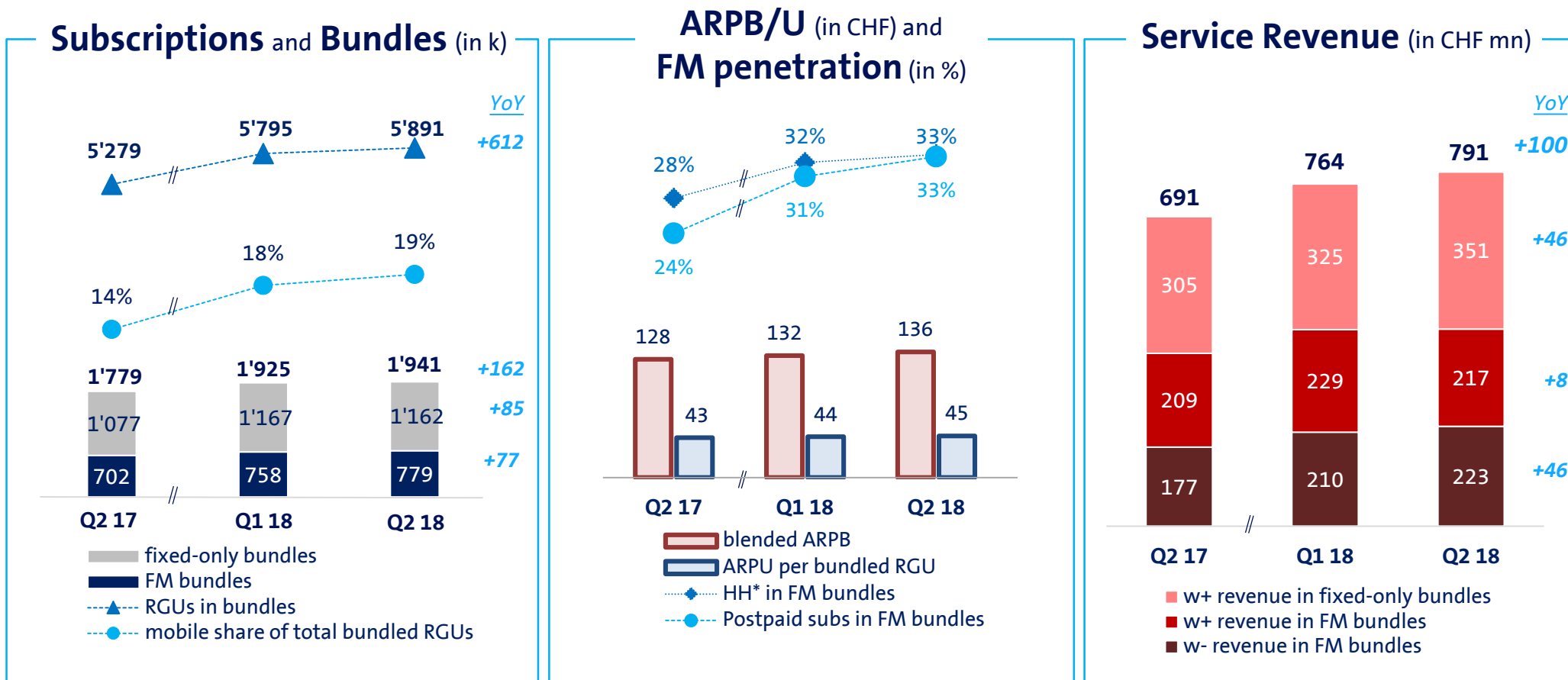
# Retail Customers - wireline performance

41



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

# Retail Customers - performance of fixed and FM bundles

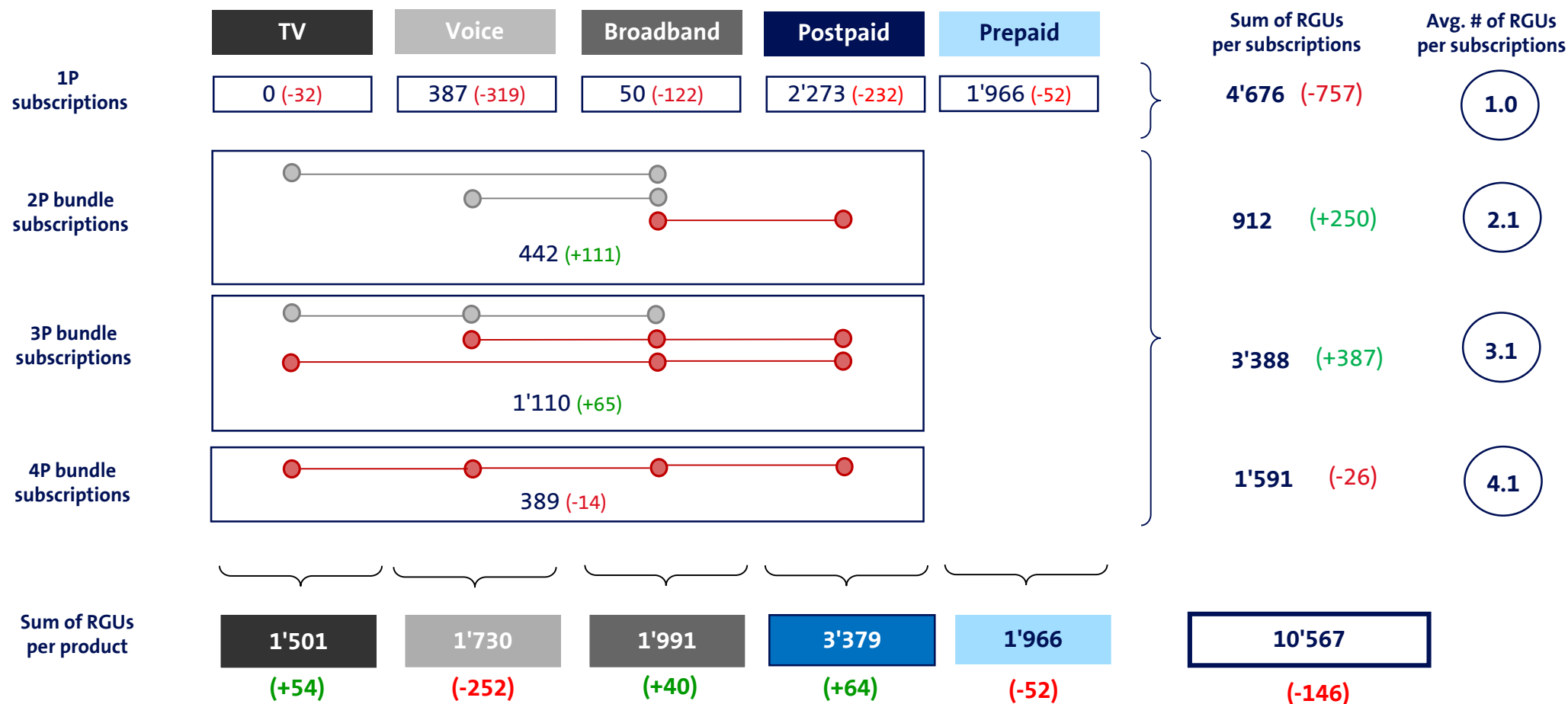


\* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

# Retail Customers - RGUs and 1P-4P bundle subscriptions as per 30.6.2018

## Retail Customers

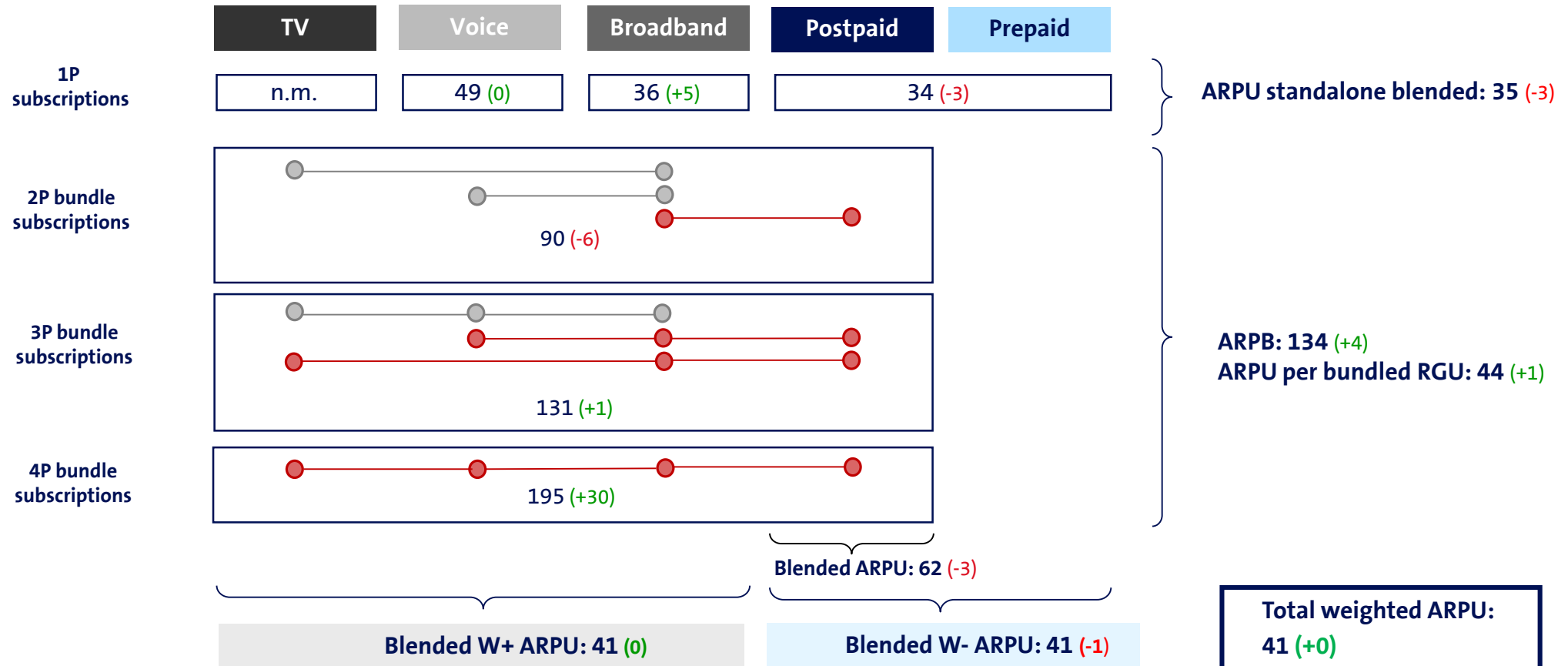
In k, YTD (change to 30.06.2017 in brackets)



# Retail Customers - H1 2018 ARPUs

## Retail Customers

In CHF YTD, (Change to 30.06.2017 in brackets)

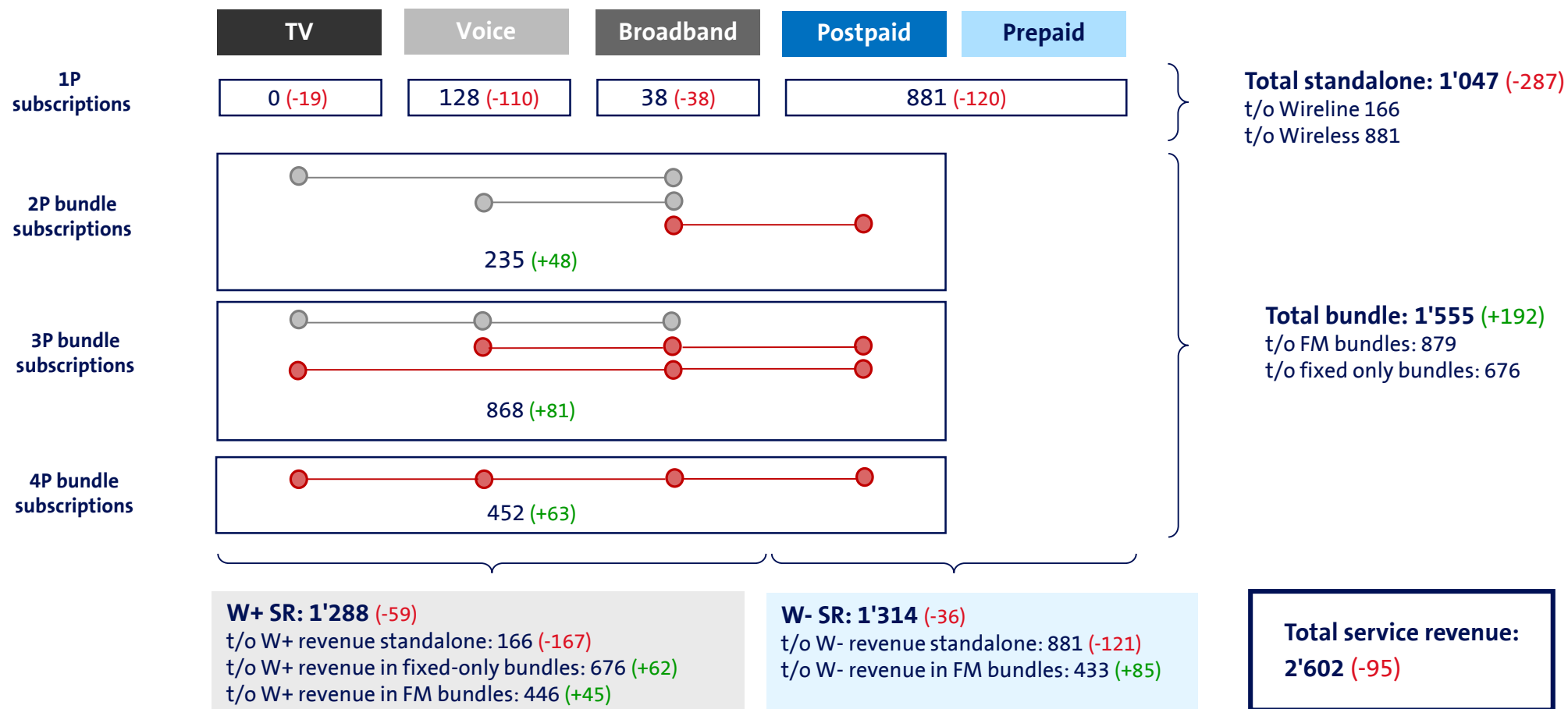


U = RGU, H = Household, B = Bundles

# Retail Customers - H1 2018 service revenue

## Retail Customers

In CHF mn YTD, (Change to 30.06.2017 in brackets)



# Enterprise Customers - segment reporting

*Net revenue down -2.1%, decrease in service revenue (-5.2%) due to price erosion and lower volume. Hardware sales partly compensate.*

*Solutions revenue down 2.3%, change in customer requirements in the banking segment is only partly compensated by new business.*

*Contribution margin 2 decreased by 6.1%, driven by the decrease of service revenue and the change in revenue mix.*

	Q2 2018	Q2/Q2	30.06.2018	YoY
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>602</b>	<b>-3.8%</b>	<b>1'213</b>	<b>-2.1%</b>
Direct costs in MCHF	-179	1.1%	-366	1.4%
Indirect costs in MCHF <sup>2)</sup>	-231	-2.5%	-461	-1.3%
<b>Contribution margin 2 in MCHF</b>	<b>192</b>	<b>-9.4%</b>	<b>386</b>	<b>-6.1%</b>
<b>Contribution margin 2 in %</b>	<b>31.9%</b>		<b>31.8%</b>	
CAPEX in MCHF	-14	-12.5%	-25	-30.6%
FTE's	-217		4'385	-4.9%
Broadband lines in '000	+0		37	-2.6%
Voice lines in '000	-22		176	-22.1%
Wireless customers in '000	+5		1'270	0.8%
Blended wireless ARPU MO in CHF	31	-6.1%	30	-9.1%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

# Wholesale - segment reporting

*Revenue from external customers up 4.8% driven by higher volume of wholesale connectivity services.*

*Intersegment revenue down as lower outpayments (lower roaming cost and lower termination fees) are invoiced to the customer units.*

*Increase of Contribution margin 2 driven by change in revenue mix.*

	Q2 2018	Q2/Q2	30.06.2018	YoY
External revenue in MCHF	145	7.4%	286	4.8%
Intersegment revenue in MCHF	78	-2.5%	140	-5.4%
<b>Net revenue in MCHF</b>	<b>223</b>	<b>3.7%</b>	<b>426</b>	<b>1.2%</b>
Direct costs in MCHF	-104	-4.6%	-194	-5.8%
Indirect costs in MCHF <sup>1)</sup>	-5	n.m.	-9	n.m.
<b>Contribution margin 2 in MCHF</b>	<b>114</b>	<b>10.7%</b>	<b>223</b>	<b>7.7%</b>
<b>Contribution margin 2 in %</b>	<b>51.1%</b>		<b>52.3%</b>	
CAPEX in MCHF	-		-	
FTE's	+0		85	-1.2%
Full access lines in '000	-5		95	-18.1%
BB (wholesale) lines in '000	+13		462	14.9%

1) incl. capitalised costs and other income

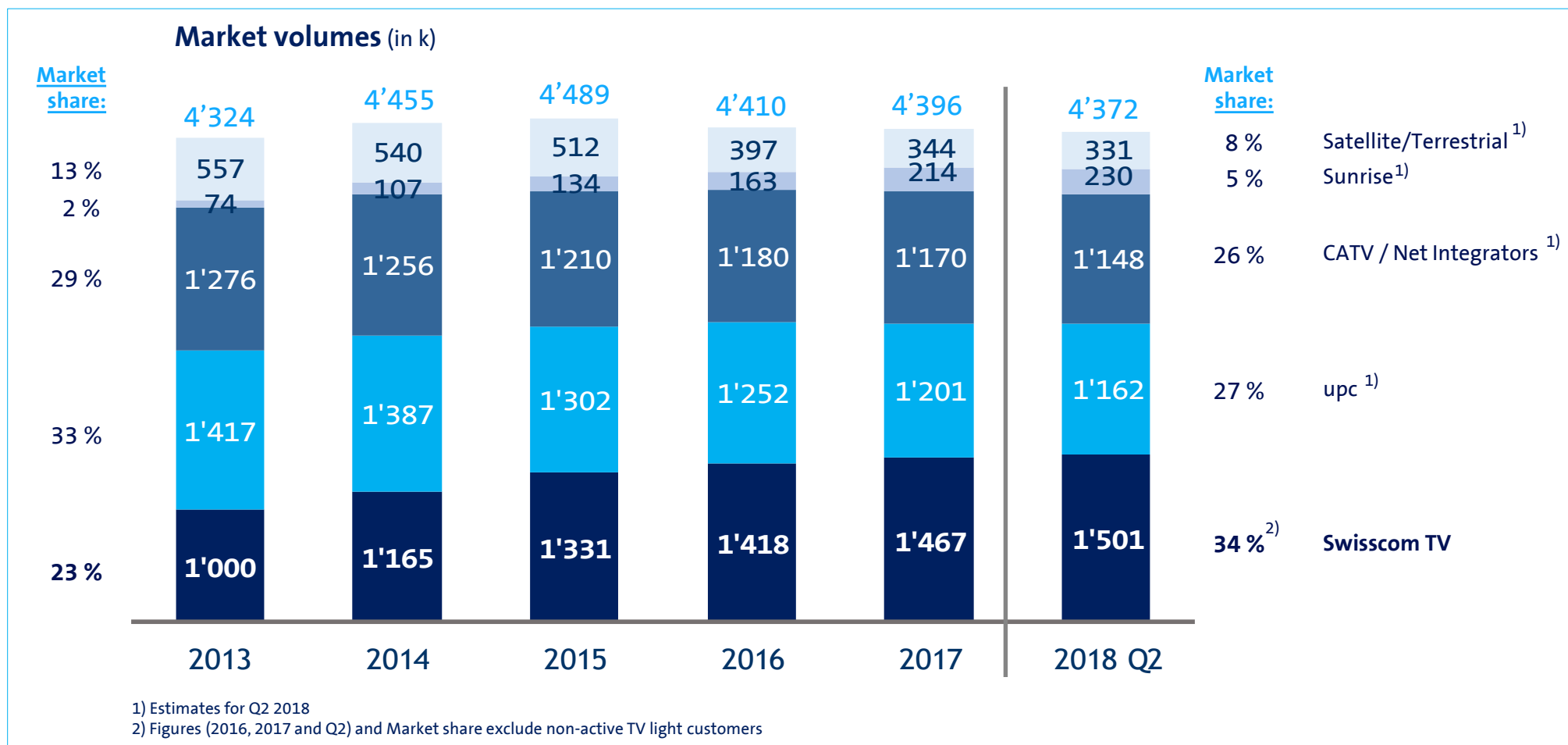
# IT, Network and Infrastructure - segment reporting

*Indirect costs below prior year level (-2.9%) driven by lower costs for workforce and lower IT expenses. Headcount decreased by 5%.*

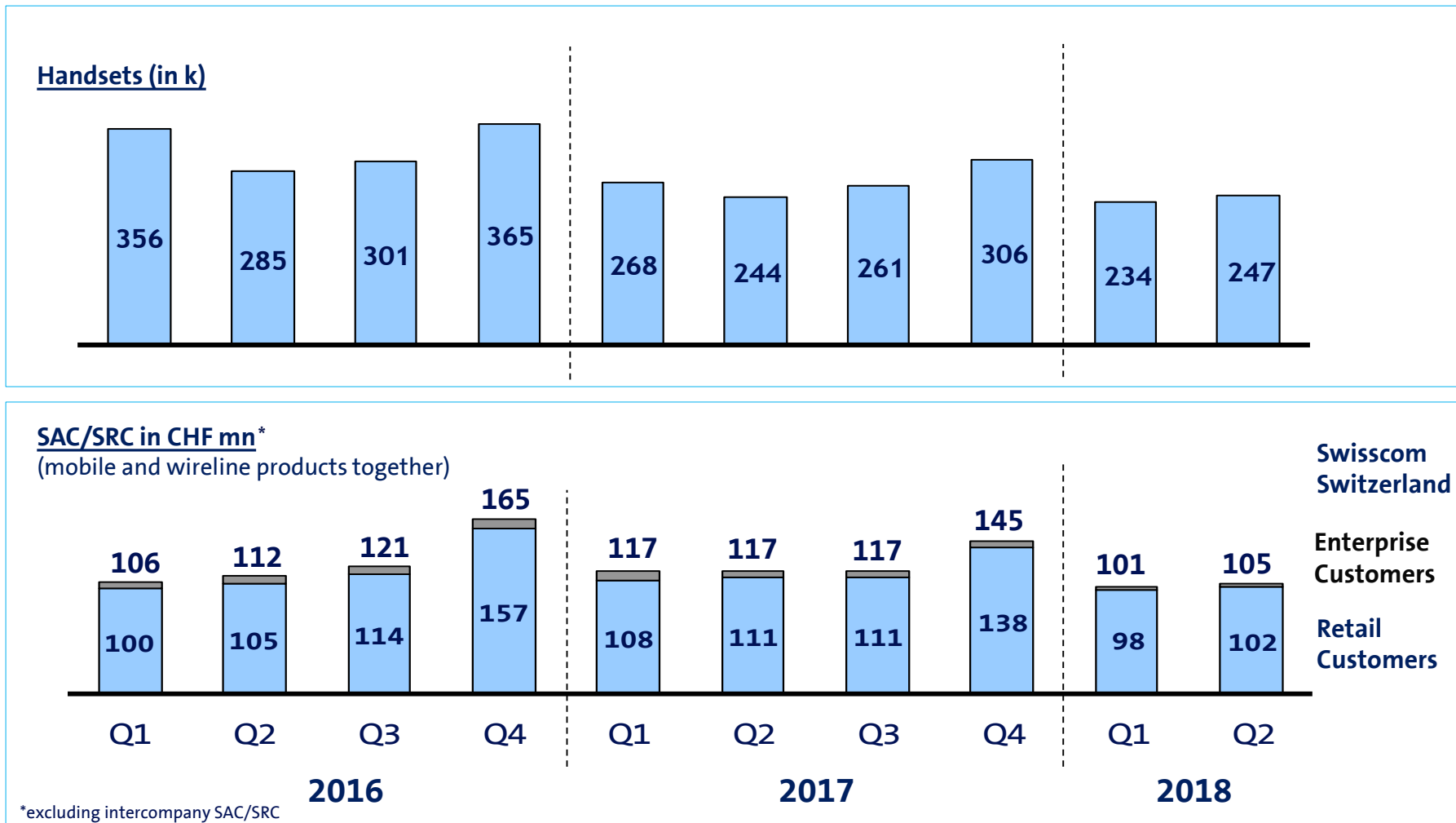
	Q2 2018	Q2/Q2	30.06.2018	YoY
<b>Net revenue in MCHF</b>	39	-7.1%	80	-4.8%
Direct costs in MCHF	-3	-	-6	-
Workforce expenses in MCHF	-203	-1.0%	-420	-2.3%
Rent in MCHF	-41	-6.8%	-86	-2.3%
Maintenance in MCHF	-43	-2.3%	-85	0.0%
IT expenses in MCHF	-43	-14.0%	-87	-9.4%
Other OPEX in MCHF	-99	-2.0%	-195	-2.5%
Indirect costs in MCHF	-429	-3.4%	-873	-2.9%
Capitalised costs and other income in MCHF	120	9.1%	236	3.1%
<b>Contribution margin 2 in MCHF</b>	<b>-273</b>	<b>-7.1%</b>	<b>-563</b>	<b>-4.9%</b>
Depreciation, amortisation and impairment in MCHF	-328	0.9%	-650	1.4%
<b>Segment result in MCHF</b>	<b>-601</b>	<b>-2.9%</b>	<b>-1'213</b>	<b>-1.6%</b>
CAPEX in MCHF	-344	13.2%	-607	1.7%
FTE's	-84		4'677	-4.8%



# Swisscom Switzerland - overview of Swiss TV market



# Swisscom Switzerland - overview of sold handsets and SAC / SRC



# Fastweb - segment reporting

*Consumer revenue up by 10.9% YOY driven by the increase in customer base. ARPU stabilised on previous year level.*

*EBITDA down by -23.1% YOY including an income from a settlement of a legal dispute (EUR 95 million) in the previous year.*

*On a comparable basis EBITDA up by 4.9% YOY driven by the revenue increase partly compensated by a positive one-off effect in the prior year (retroactive lower prices for purchased wholesale products).*

	Q2 2018	Q2/Q2	30.06.2018	YoY
Consumer revenue in MEUR	264	10.9%	521	10.9%
Enterprise revenue in MEUR	188	8.7%	368	7.9%
Wholesale revenue in MEUR <sup>1)</sup>	67	13.6%	122	8.9%
<b>Net revenue in MEUR <sup>1)</sup></b>	<b>519</b>	<b>10.4%</b>	<b>1'011</b>	<b>9.5%</b>
OPEX in MEUR <sup>2)</sup>	-353	66.5%	-701	34.8%
<b>EBITDA in MEUR</b>	<b>166</b>	<b>-35.7%</b>	<b>310</b>	<b>-23.1%</b>
<b>EBITDA margin in %</b>	<b>32.0%</b>		<b>30.7%</b>	
CAPEX in MEUR	-138	-6.1%	-297	-1.7%
FTE's	-27		2'483	-0.4%
BB customers in '000	+17		2'500	3.7%
Wireless customers in '000	+95		1'280	45.5%
<b>In consolidated Swisscom accounts</b>				
EBITDA in MCHF	195	-30.1%	362	-16.6%
CAPEX in MCHF	-162	0.6%	-347	6.4%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income

## Other - segment reporting

*Net revenue up by 7.1% YoY due to higher revenue at Cablex for construction services, revenue up for external customers as well as for the internal customer Swisscom Switzerland.*

*EBITDA up revenue driven.*

	Q2 2018	Q2/Q2	30.06.2018	YoY
External revenue in MCHF	142	10.1%	269	7.2%
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>228</b>	<b>8.6%</b>	<b>425</b>	<b>7.1%</b>
OPEX in MCHF <sup>2)</sup>	-181	6.5%	-339	6.9%
<b>EBITDA in MCHF</b>	<b>47</b>	<b>17.5%</b>	<b>86</b>	<b>7.5%</b>
<b>EBITDA margin in %</b>	<b>20.6%</b>		<b>20.2%</b>	
CAPEX in MCHF	-11	-15.4%	-19	-20.8%
FTE's	+40		2'563	-0.9%

1) incl. intersegment revenues

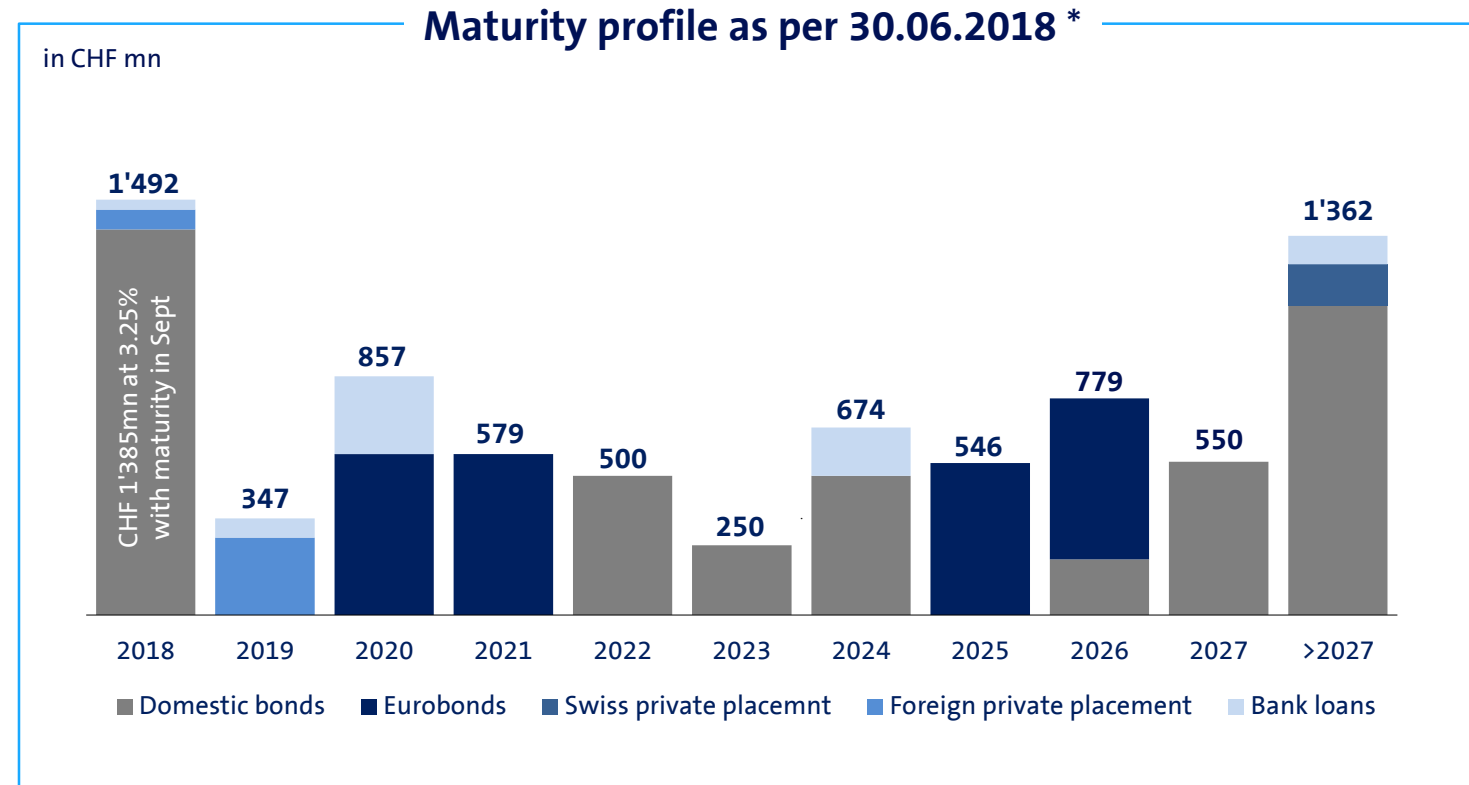
2) incl. capitalised costs and other income

# B/S – Swisscom's maturity profile

*Debt portfolio actively managed and with a duration of 4.6 years*

*1.5% average interest rate of debt portfolio*

*83% fix  
17% floating*



\* excl. short-term money market borrowings

# Cautionary statement

## *Regarding forward-looking statements*

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- > "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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