

# 2018

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**Interim Report**  
January–September

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**swisscom**

# KPIs

In CHF million, except where indicated

		30.09.2018	30.09.2017	Change
<b>Revenue and results</b>				
Net revenue <sup>1</sup>		8,689	8,604	1.0%
Operating income before depreciation and amortisation (EBITDA) <sup>1,2</sup>		3,231	3,354	-3.7%
EBITDA as % of net revenue	%	37.2	39.0	
Operating income (EBIT) <sup>3</sup>		1,621	1,766	-8.2%
Net income		1,213	1,269	-4.4%
Earnings per share	CHF	23.49	24.52	-4.2%
<b>Balance sheet and cash flows</b>				
Equity at end of period		8,314	7,148	16.3%
Equity ratio at end of period <sup>4</sup>	%	37.7	33.0	
Operating free cash flow <sup>5</sup>		1,315	1,672	-21.4%
Capital expenditure in property, plant and equipment and intangible assets		1,621	1,587	2.1%
Net debt at end of period <sup>6</sup>		7,641	7,868	-2.9%
<b>Operational data at end of period</b>				
Fixed telephony access lines in Switzerland	in thousand	1,846	2,128	-13.3%
Broadband access lines retail in Switzerland	in thousand	2,030	2,000	1.5%
Swisscom TV access lines in Switzerland	in thousand	1,510	1,453	3.9%
Mobile access lines in Switzerland	in thousand	6,590	6,582	0.1%
Revenue generating units (RGU) in Switzerland <sup>7</sup>	in thousand	11,976	12,163	-1.5%
Unbundled fixed access lines in Switzerland	in thousand	91	114	-20.2%
Broadband access lines wholesale in Switzerland	in thousand	472	419	12.6%
Broadband access lines in Italy	in thousand	2,518	2,421	4.0%
Mobile access lines in Italy	in thousand	1,324	989	33.9%
<b>Swisscom share</b>				
Number of shares issued at end of period	in thousand	51,802	51,802	-
Market capitalisation at end of period <sup>8</sup>		23,073	25,704	-10.2%
Closing price at end of period	CHF	445.40	496.20	-10.2%
<b>Employees</b>				
Full-time equivalent employees at end of period	number	19,850	20,704	-4.1%
Average number of full-time equivalent employees	number	20,149	20,909	-3.6%

<sup>1</sup> Since 1 January 2018, Swisscom has applied IFRS 15 "Revenue from Contracts with Customers". The prior year's figures have not been adjusted. Without the application of IFRS 15, net revenue would have been CHF 4 million higher and EBITDA would have been CHF 50 million higher in the first nine months of 2018.

<sup>2</sup> Definition operating income before depreciation and amortization (EBITDA): operating income before depreciation and amortization, gain on sale of subsidiaries, net financial result, share of results of equity-accounted investees and income tax expense.

<sup>3</sup> Definition operating income (EBIT): operating income before gain on sale of subsidiaries, net financial result, share of results of equity-accounted investees and income tax expense.

<sup>4</sup> Equity as a percentage of total assets.

<sup>5</sup> Definition operating free cash flow: operating income before depreciation and amortisation (EBITDA), change in operating assets and liabilities (excluding cash and cash equivalents) less net capital expenditure in tangible and intangible assets and dividends paid to non-controlling interests.

<sup>6</sup> Definition net debt: financial liabilities less cash and cash equivalents, current financial assets as well as non-current fixed interest-bearing certificates of deposit and derivative financial instruments for financing received.

<sup>7</sup> Definition revenue generating units (RGU) in Switzerland: fixed telephony access lines, broadband access lines retail, Swisscom TV access lines and mobile access lines.

<sup>8</sup> Closing price at end of period, multiplied by number of shares outstanding at end of period.

# Financial review

## Summary

Thanks to a solid performance, Swisscom's operating results were within expectations in the first nine months of 2018. Net revenue rose year-on-year by 1.0% or CHF 85 million to CHF 8,689 million and was on a par with the prior year on the basis of constant exchange rates (-0.1%). Operating income before depreciation and amortisation (EBITDA) fell as a result of non-recurring items by 3.7% or CHF 123 million to CHF 3,231 million; on a like-for-like basis and at constant exchange rates, it remained stable (-0.2%). Net profit decreased in the first nine months of 2018 by CHF 56 million or 4.4% to CHF 1,213 million, due primarily to the non-recurring items. The financial outlook for 2018 remains unchanged.

In the Swiss core business, revenue decreased on the back of market saturation and strong competition by CHF 144 million or 2.2%. Revenue from telecommunications services fell by CHF 179 million or 3.7%, which can be attributed to the downward trend in fixed-line telephony and pressure on prices. The number of revenue generating units (RGU) dropped by 1.5% compared with the previous year to 12 million. At Fastweb, customer growth led to increased revenue in local currency of EUR 102 million or 7.2%. In the broadband business, Fastweb saw its number of subscribers rise year-on-year by 4.0% to 2.5 million, and in mobile telephony by 34% to 1.3 million.

EBITDA for the previous year included one-off income from legal disputes at Fastweb of EUR 95 million (CHF 102 million). Furthermore, the year-on-year development of EBITDA was impacted by new requirements governing the revenue recognition of customer contracts (IFRS 15). In the Swiss core business, EBITDA fell by 2.8% on a like-for-like basis, while at Fastweb it rose in local currency by 5.0% on a like-for-like basis as a result of the growth in revenue. The decline in the Swiss core business was largely offset through rigorous cost management, with Swisscom on course to achieve its target of cutting the annual cost base in Switzerland by CHF 100 million.

Swisscom's capital expenditure rose by 2.1% to CHF 1,621 million; on the basis of constant exchange rates, it remained virtually stable (+0.4%). Progress continues to be made on expanding the broadband networks. At the end of September 2018, Swisscom had connected around 4.1 million households and businesses in Switzerland with ultra-fast broadband (with speeds of more than 50 Mbps), around 2.8 million of which benefit from speeds of more than 100 Mbps. Operating free cash flow declined by CHF 357 million to CHF 1,315 million, primarily due to seasonal effects on net working capital. At CHF 7,641 million, net debt is CHF 227 million lower compared with a year ago. Headcount at Swisscom contracted by 854 FTEs or 4.1% year-on-year to 19,850 FTEs. In comparison with the previous year, headcount in Switzerland fell by 712 FTEs to 17,165 FTEs as a result of the declining core business.

For the 2018 financial year, Swisscom still expects net revenue of around CHF 11.6 billion, EBITDA of around CHF 4.2 billion and capital expenditure of less than CHF 2.4 billion. Subject to achieving its targets, Swisscom will propose payment of an unchanged dividend of CHF 22 per share for the 2018 financial year at the 2019 Annual General Meeting.

## Segment results

In CHF million	3. quarter 2018	3. quarter 2017	Change	1.1.– 30.9.2018	1.1.– 30.9.2017	Change
<b>Net revenue</b>						
Swisscom Switzerland	2,191	2,250	-2.6%	6,591	6,737	-2.2%
Fastweb	577	556	3.8%	1,757	1,551	13.3%
Other Operating segments	229	215	6.5%	654	612	6.9%
Group Headquarters	–	1	-100.0%	1	2	-50.0%
Intersegment elimination	(113)	(108)	4.6%	(314)	(298)	5.4%
<b>Net revenue<sup>1</sup></b>	<b>2,884</b>	<b>2,914</b>	<b>-1.0%</b>	<b>8,689</b>	<b>8,604</b>	<b>1.0%</b>
<b>Operating income before depreciation and amortisation (EBITDA)</b>						
Swisscom Switzerland	875	909	-3.7%	2,661	2,761	-3.6%
Fastweb	198	194	2.1%	560	628	-10.8%
Other Operating segments	53	49	8.2%	139	129	7.8%
Group Headquarters	(20)	(24)	-16.7%	(73)	(71)	2.8%
Reconciliation to pension cost <sup>2</sup>	(17)	(28)	-39.3%	(46)	(75)	-38.7%
Intersegment elimination	(1)	(6)	-83.3%	(10)	(18)	-44.4%
<b>Operating income before depreciation and amortisation (EBITDA)<sup>1</sup></b>	<b>1,088</b>	<b>1,094</b>	<b>-0.5%</b>	<b>3,231</b>	<b>3,354</b>	<b>-3.7%</b>

<sup>1</sup> Since 1 January 2018, Swisscom has applied IFRS 15 "Revenue from Contracts with Customers". The prior year's figures have not been adjusted. Without the application of IFRS 15, net revenue would have been CHF 4 million higher (Swisscom Switzerland CHF 3 million and Fastweb CHF 1 million) and EBITDA would have been CHF 50 million higher (Swisscom Switzerland CHF 28 million and Fastweb CHF 22 million) in the first nine months of 2018.

<sup>2</sup> Operating income of segments includes ordinary employer contributions as pension fund expense. The difference to the pension cost according to IAS 19 is recognised as a reconciliation item.

## Swisscom Switzerland

In CHF million, except where indicated	3. quarter 2018	3. quarter 2017	Change	1.1.– 30.9.2018	1.1.– 30.9.2017	Change
<b>Net revenue and results</b>						
Telecom services	1,560	1,615	-3.4%	4,689	4,868	-3.7%
Solution business	248	264	-6.1%	768	796	-3.5%
Merchandise	171	142	20.4%	504	434	16.1%
Wholesale	148	157	-5.7%	434	430	0.9%
Other revenue	45	49	-8.2%	137	148	-7.4%
<b>Revenue from external customers</b>	<b>2,172</b>	<b>2,227</b>	<b>-2.5%</b>	<b>6,532</b>	<b>6,676</b>	<b>-2.2%</b>
Intersegment revenue	19	23	-17.4%	59	61	-3.3%
<b>Net revenue<sup>1</sup></b>	<b>2,191</b>	<b>2,250</b>	<b>-2.6%</b>	<b>6,591</b>	<b>6,737</b>	<b>-2.2%</b>
Direct costs	(494)	(491)	0.6%	(1,408)	(1,367)	3.0%
Indirect costs	(822)	(850)	-3.3%	(2,522)	(2,609)	-3.3%
<b>Segment expenses</b>	<b>(1,316)</b>	<b>(1,341)</b>	<b>-1.9%</b>	<b>(3,930)</b>	<b>(3,976)</b>	<b>-1.2%</b>
<b>Segment result before depreciation and amortisation (EBITDA)<sup>1</sup></b>	<b>875</b>	<b>909</b>	<b>-3.7%</b>	<b>2,661</b>	<b>2,761</b>	<b>-3.6%</b>
Margin as % of net revenue	39.9	40.4		40.4	41.0	
Depreciation, amortisation and impairment losses	(376)	(369)	1.9%	(1,138)	(1,115)	2.1%
<b>Segment result</b>	<b>499</b>	<b>540</b>	<b>-7.6%</b>	<b>1,523</b>	<b>1,646</b>	<b>-7.5%</b>
<b>Operational data at end of period in thousand</b>						
Fixed telephony access lines				1,846	2,128	-13.3%
Broadband access lines retail				2,030	2,000	1.5%
Swisscom TV access lines				1,510	1,453	3.9%
Mobile access lines				6,590	6,582	0.1%
Revenue generating units (RGU)				11,976	12,163	-1.5%
Unbundled fixed access lines				91	114	-20.2%
Broadband access lines wholesale				472	419	12.6%
<b>Capital expenditure and headcount</b>						
Capital expenditure in property, plant and equipment and intangible assets				1,102	1,083	1.8%
Full-time equivalent employees at end of period (number)				14,550	15,307	-4.9%

<sup>1</sup> Since 1 January 2018, Swisscom has applied IFRS 15 "Revenue from Contracts with Customers". The prior year's figures have not been adjusted. Without the application of IFRS 15, net revenue would have been CHF 3 million higher and EBITDA would have been CHF 28 million higher in the first nine months of 2018.

Net revenue for Swisscom Switzerland fell by CHF 146 million or 2.2% to CHF 6,591 million in the first nine months of 2018. Revenue from telecommunications services was down CHF 179 million or 3.7% to CHF 4,689 million as a consequence of the drop-off in fixed-line telephony and pressure on prices. Of this decline, CHF 133 million (-3.3%) was attributable to the Residential Customers segment and CHF 46 million (-5.5%) to the Enterprise Customers segment. In the solution business, net revenue decreased by CHF 28 million or 3.5% to CHF 768 million due to strong competition and lower volumes in the banking sector. The growth in merchandise revenue of CHF 70 million or 16.1% to CHF 504 million is largely a result of the higher number of mobile devices sold. Incoming orders received by Enterprise Customers amounted to around CHF 1.5 billion (+16.3%) in the first nine months of 2018. The number of revenue generating units decreased by 187,000 or 1.5% to 12 million, chiefly as a result of the downward trend in fixed-line telephony. Year-on-year, the number of fixed-line telephony connections fell by 282,000 or 13.3% to 1.85 million. In the saturated market, subscriber numbers in mobile telecommunications remained flat. The number of mobile access lines was largely unchanged from the previous year at 6.6 million (+0.1%), with postpaid lines increasing by 66,000 and prepaid lines falling by 58,000. Among bundled products, the trend towards inOne continued: at the end of September 2018, inOne had around 2.12 million customers (+779,000 in the first nine months of 2018). The number of broadband and TV connections also increased further. Compared to the prior year, broadband connections rose by 30,000 or 1.5% to 2.03 million, while Swisscom TV connections grew by 57,000 or 3.9% to 1.51 million. Segment expense declined by CHF 46 million or 1.2% to CHF 3,930 million, with an increase in direct costs offset by a decrease in indirect costs. The rise in direct costs of CHF 41 million or 3.0% to CHF 1,408 million is due to the

volume-driven higher costs to purchase products. Indirect costs fell by CHF 87 million or 3.3% to CHF 2,522 million, driven by cost savings. Cost savings continue to be achieved principally through a streamlining of work processes and an ongoing reduction of job vacancies in declining business areas. Headcount fell year-on-year by 757 FTEs or 4.9% to 14,550, including 607 FTEs in the first nine months of 2018. The costs saved were partially able to make up for the decline in revenue. Accordingly, the segment result before depreciation and amortisation was CHF 100 million or 3.6% lower at CHF 2,661 million. Capital expenditure was practically unchanged from the previous year at CHF 1,102 million (+1.8%).

## Fastweb

In EUR million, except where indicated	3. quarter 2018	3. quarter 2017	Change	1.1.– 30.9.2018	1.1.– 30.9.2017	Change
Residential Customers	264	253	4.3%	785	723	8.6%
Corporate Business	190	177	7.3%	558	518	7.7%
Wholesale	49	58	-15.5%	168	166	1.2%
<b>Revenue from external customers</b>	<b>503</b>	<b>488</b>	<b>3.1%</b>	<b>1,511</b>	<b>1,407</b>	<b>7.4%</b>
Intersegment revenue	2	3	-33.3%	5	7	-28.6%
<b>Net revenue<sup>1</sup></b>	<b>505</b>	<b>491</b>	<b>2.9%</b>	<b>1,516</b>	<b>1,414</b>	<b>7.2%</b>
Segment expenses	(332)	(321)	3.4%	(1,033)	(841)	22.8%
<b>Segment result before depreciation and amortisation (EBITDA)<sup>1</sup></b>	<b>173</b>	<b>170</b>	<b>1.8%</b>	<b>483</b>	<b>573</b>	<b>-15.7%</b>
Margin as % of net revenue	34.3	34.6		31.9	40.5	
Depreciation, amortisation and impairment losses	(123)	(128)	-3.9%	(373)	(389)	-4.1%
<b>Segment result</b>	<b>50</b>	<b>42</b>	<b>19.0%</b>	<b>110</b>	<b>184</b>	<b>-40.2%</b>
Capital expenditure in property, plant and equipment and intangible assets				432	441	-2.0%
Full-time equivalent employees at end of period (number)				2,470	2,509	-1.6%
Broadband access lines in thousand				2,518	2,421	4.0%
Mobile access lines in thousand				1,324	989	33.9%

<sup>1</sup> Since 1 January 2018, Swisscom has applied IFRS 15 "Revenue from Contracts with Customers". The prior year's figures have not been adjusted. Without the application of IFRS 15, net revenue would have been EUR 1 million higher and EBITDA would have been EUR 19 million higher in the first nine months of 2018.

In the first nine months of 2018, Fastweb posted an increase in net revenue of EUR 102 million or 7.2% to EUR 1,516 million thanks to customer growth. Despite difficult market conditions, Fastweb's broadband customer base grew by 97,000 or 4.0% year-on-year to 2.52 million. Fastweb is also growing in mobile telephony. Compared to the previous year, the number of mobile access lines increased by 335,000 or 33.9% to 1.32 million. Although competition in the Residential Customers segment remains strong, the average revenue per broadband customer was stabilised versus the prior year. Residential customer revenue rose by EUR 62 million or 8.6% to EUR 785 million as a result of customer growth. Despite the high level of competition, Fastweb held its strong position in the market for business customers. Revenue from business customers was up EUR 40 million or 7.7% to EUR 558 million. Revenue from wholesale business increased by EUR 2 million or 1.2% to EUR 168 million.

The segment result before depreciation and amortisation was EUR 90 million or 15.7% lower at EUR 483 million. In the previous year, one-off income from legal disputes amounting to EUR 95 million was received. EBITDA increased by 5.0% on a like-for-like basis, while the EBITDA margin contracted by 0.7 percentage points to 33.1%. The increase as a result of revenue growth was partially offset by a non-recurring item resulting from the regulatory conditions in the previous year. The expansion of Italy's ultra-fast broadband network is continuing as planned. Capital expenditure remains at a similarly high level as the previous year, totalling EUR 432 million (-2.0%). Fastweb's headcount was practically unchanged year-on-year at 2,470 FTEs (-1.6%).

## Depreciation and amortisation, non-operating results

In CHF million, except where indicated

	3. quarter 2018	3. quarter 2017	Change	1.1.– 30.9.2018	1.1.– 30.9.2017	Change
<b>Operating income before depreciation and amortisation (EBITDA)</b>	<b>1,088</b>	<b>1,094</b>	<b>-0.5%</b>	<b>3,231</b>	<b>3,354</b>	<b>-3.7%</b>
Depreciation, amortisation and impairment losses	(530)	(531)	-0.2%	(1,610)	(1,588)	1.4%
<b>Operating income (EBIT)</b>	<b>558</b>	<b>563</b>	<b>-0.9%</b>	<b>1,621</b>	<b>1,766</b>	<b>-8.2%</b>
Net interest expense	(33)	(36)	-8.3%	(103)	(109)	-5.5%
Other financial result	(3)	16		(3)	(9)	-66.7%
Result of equity-accounted investees	3	(3)		3	(6)	
<b>Income before income taxes</b>	<b>525</b>	<b>540</b>	<b>-2.8%</b>	<b>1,518</b>	<b>1,642</b>	<b>-7.6%</b>
Income tax expense	(99)	(110)	-10.0%	(305)	(373)	-18.2%
<b>Net income</b>	<b>426</b>	<b>430</b>	<b>-0.9%</b>	<b>1,213</b>	<b>1,269</b>	<b>-4.4%</b>
Share of net income attributable to equity holders of Swisscom Ltd	427	430	-0.7%	1,217	1,270	-4.2%
Share of net income attributable to non-controlling interests	(1)	-		(4)	(1)	
Earnings per share (in CHF)	8.24	8.30	-0.7%	23.49	24.52	-4.2%

Depreciation and amortisation increased year-on-year by CHF 22 million or 1.4% to CHF 1,610 million, remaining virtually unchanged at constant exchange rates (-0.1%). Net interest expense was CHF 6 million lower at CHF 103 million as a result of the lower average interest costs for financial debt. Income tax expense was CHF 305 million (prior year: CHF 373 million), corresponding to an effective income tax rate of 20.1% (prior year: 22.7%). The decrease in the effective income tax rate is primarily attributable to the effects of prior periods in 2017. Net income posted by Swisscom fell by CHF 56 million or 4.4% to CHF 1,213 million, primarily due to the non-recurring items described in the summary. Earnings per share fell accordingly from CHF 24.52 to CHF 23.49.

## Cash flows

In CHF million

	30.09.2018	30.09.2017	Change
Operating income before depreciation and amortisation (EBITDA)	3,231	3,354	(123)
Capital expenditure in property, plant and equipment and intangible assets	(1,621)	(1,587)	(34)
Change in defined benefit obligations	47	2	45
Change in net working capital and other cash flows from operating activities	(341)	(89)	(252)
Dividends paid to non-controlling interests	(1)	(8)	7
<b>Operating free cash flow</b>	<b>1,315</b>	<b>1,672</b>	<b>(357)</b>
Net interest paid	(88)	(114)	26
Income taxes paid	(313)	(254)	(59)
<b>Free cash flow</b>	<b>914</b>	<b>1,304</b>	<b>(390)</b>
Net expenditures for company acquisitions and disposals	(51)	(26)	(25)
Other cash flows from investing activities, net	19	132	(113)
Issuance of financial liabilities	1,633	458	1,175
Repayment of financial liabilities	(1,513)	(723)	(790)
Dividends paid to equity holders of Swisscom Ltd (CHF 22 per share)	(1,140)	(1,140)	-
Other cash flows from financing activities	(6)	(7)	1
<b>Net decrease in cash and cash equivalents</b>	<b>(144)</b>	<b>(2)</b>	<b>647</b>

Free cash flow declined year-on-year by CHF 390 million to CHF 914 million, mainly due to lower operating free cash flow. Operating free cash flow declined by CHF 357 million to CHF 1,315 million, fuelled by lower operating income before depreciation and amortisation (EBITDA) as well as the higher net working capital. Net working capital increased by CHF 341 million compared to the end of 2017, mainly as a result of seasonal effects on trade payables as well as accruals for prepaid expenses for the financial year. In the second quarter of 2017, the Swisscom pension fund (comPlan) received a one-time payment of CHF 50 million as a result of the regulatory changes

communicated in October 2016. Capital expenditure increased year-on-year by CHF 34 million or 2.1% to CHF 1,621 million.

In the first quarter of 2018, Swisscom issued a debenture bond for CHF 150 million. It has a coupon of 1.0% and matures in 2035. Swisscom issued a further debenture bond for EUR 500 million in the second quarter of 2018 with a coupon of 1.125% and a maturity date in 2026. In addition, short-term bank loans were issued in the third quarter of 2018 to repay a 3.25% debenture bond for CHF 1,385 million upon maturity.

## Balance sheet

In CHF million, except where indicated	30.09.2018	01.01.2018 <sup>1</sup>	Change
Property, plant and equipment	10,767	10,697	0.7%
Goodwill	5,167	5,186	-0.4%
Intangible assets	1,561	1,758	-11.2%
Trade receivables	2,205	2,359	-6.5%
Trade payables	(1,551)	(1,753)	-11.5%
Provisions	(1,004)	(1,077)	-6.8%
Deferred gain on sale and leaseback of real estate	(137)	(146)	-6.2%
Other operating assets and liabilities, net	227	(51)	-
<b>Net operating assets</b>	<b>17,235</b>	<b>16,973</b>	<b>1.5%</b>
Net debt	(7,641)	(7,447)	2.6%
Defined benefit obligations	(680)	(1,048)	-35.1%
Income tax assets and liabilities, net	(883)	(804)	9.8%
Equity-accounted investees and other non-current financial assets	283	264	7.2%
<b>Equity</b>	<b>8,314</b>	<b>7,938</b>	<b>4.7%</b>
Equity ratio at end of period (in %)	37.6	36.0	

<sup>1</sup> Including cumulative effect of initially applying IFRS 9 and IFRS 15.

Equity rose by CHF 376 million to CHF 8,314 million, which corresponds to an equity ratio of 37.6% (36.0% as at 31 December 2017). The dividend payment amounted to CHF 1,140 million, compared to net income of CHF 1,213 million and other net positive effects recognised in equity of CHF 314 million. The decrease in defined benefit obligations of CHF 368 million to CHF 680 million is mainly due to the higher discount rate. Cumulative currency translation losses included in equity remained unchanged from the end of 2017 at around CHF 1.7 billion.

## Outlook

The financial outlook for 2018 remains unchanged. For 2018, Swisscom anticipates net revenue of around CHF 11.6 billion, EBITDA of around CHF 4.2 billion and capital expenditure of less than CHF 2.4 billion. Due to strong competition and price pressure, Swisscom's revenue without Fastweb is expected to decline; however, this should be partially offset by a rise in Fastweb's revenue. EBITDA for Swisscom, excluding Fastweb, is expected to be lower year-on-year. The expected reduction in EBITDA is attributable to price pressure and continued declines in the number of fixed-line telephony connections. EBITDA will be positively affected by cost savings. Fastweb's EBITDA is expected to be higher. From 2018 onwards, a new accounting standard for recognising revenue (IFRS 15) is to be applied, which is likely to have a negative effect on EBITDA of around CHF 50 million. By contrast, at the current euro exchange rate, the currency translation of Fastweb should positively affect revenue and EBITDA. Capital expenditure is expected to be slightly lower in Switzerland and slightly higher at Fastweb. Subject to achieving its targets, Swisscom will propose payment of an unchanged, attractive dividend of CHF 22 per share for the 2018 financial year at the 2019 Annual General Meeting.



# Consolidated interim financial statements

## Consolidated statement of comprehensive income (unaudited)

In CHF million, except for per share amounts	Note	3. quarter 2018	3. quarter 2017	1.1.– 30.9.2018	1.1.– 30.9.2017
<b>Income statement</b>					
<b>Net revenue</b>	2	<b>2,884</b>	<b>2,914</b>	<b>8,689</b>	<b>8,604</b>
Direct costs	3	(723)	(698)	(2,119)	(1,911)
Personnel expense	3	(661)	(695)	(2,098)	(2,186)
Other operating expense	3	(519)	(513)	(1,562)	(1,520)
Capitalised self-constructed assets and other income	3	107	86	321	367
<b>Operating income before depreciation, amortisation and impairment losses</b>		<b>1,088</b>	<b>1,094</b>	<b>3,231</b>	<b>3,354</b>
Depreciation, amortisation and impairment losses		(530)	(531)	(1,610)	(1,588)
<b>Operating income</b>		<b>558</b>	<b>563</b>	<b>1,621</b>	<b>1,766</b>
Financial income	6	5	19	35	30
Financial expense	6	(41)	(39)	(141)	(148)
Result of equity-accounted investees		3	(3)	3	(6)
<b>Income before income taxes</b>		<b>525</b>	<b>540</b>	<b>1,518</b>	<b>1,642</b>
Income tax expense		(99)	(110)	(305)	(373)
<b>Net income</b>		<b>426</b>	<b>430</b>	<b>1,213</b>	<b>1,269</b>
<b>Other comprehensive income</b>					
Actuarial gains and losses from defined benefit pension plans		232	123	335	448
Change in fair value of equity instruments		3	–	5	–
<b>Items that will not be reclassified to income statement</b>		<b>235</b>	<b>123</b>	<b>340</b>	<b>448</b>
Foreign currency translation adjustments of foreign subsidiaries		(31)	78	(34)	109
Change in available-for-sale financial assets		–	(1)	–	(1)
Change in cash flow hedges		–	1	8	(5)
Other comprehensive income from equity-accounted investees		(2)	(1)	–	(1)
<b>Items that will be reclassified subsequently to income statement</b>		<b>(33)</b>	<b>77</b>	<b>(26)</b>	<b>102</b>
<b>Other comprehensive income</b>		<b>202</b>	<b>200</b>	<b>314</b>	<b>550</b>
<b>Comprehensive income</b>					
Net income		426	430	1,213	1,269
Other comprehensive income		202	200	314	550
<b>Comprehensive income</b>		<b>628</b>	<b>630</b>	<b>1,527</b>	<b>1,819</b>
<b>Share of net income and comprehensive income</b>					
Equity holders of Swisscom Ltd		427	431	1,217	1,270
Non-controlling interests		(1)	(1)	(4)	(1)
<b>Net income</b>		<b>426</b>	<b>430</b>	<b>1,213</b>	<b>1,269</b>
Equity holders of Swisscom Ltd		629	631	1,531	1,820
Non-controlling interests		(1)	(1)	(4)	(1)
<b>Comprehensive income</b>		<b>628</b>	<b>630</b>	<b>1,527</b>	<b>1,819</b>
<b>Earnings per share</b>					
<b>Basic and diluted earnings per share (in CHF)</b>		<b>8.24</b>	<b>8.30</b>	<b>23.49</b>	<b>24.52</b>

## Consolidated balance sheet (unaudited)

In CHF million	Note	30.09.2018	31.12.2017
<b>Assets</b>			
Cash and cash equivalents		375	525
Trade receivables	7	2,205	2,389
Other operating assets	7	1,271	729
Other financial assets	5	83	78
Current income tax assets		12	10
<b>Total current assets</b>		<b>3,946</b>	<b>3,731</b>
Property, plant and equipment		10,767	10,697
Goodwill		5,167	5,186
Intangible assets		1,561	1,758
Equity-accounted investees		173	152
Other financial assets	5	312	337
Deferred income tax assets		183	197
<b>Total non-current assets</b>		<b>18,163</b>	<b>18,327</b>
<b>Total assets</b>		<b>22,109</b>	<b>22,058</b>
<b>Liabilities and equity</b>			
Financial liabilities	5	1,338	1,834
Trade payables	7	1,551	1,753
Provisions	8	149	177
Other operating liabilities	7	1,044	1,165
Current income tax liabilities		195	213
<b>Total current liabilities</b>		<b>4,277</b>	<b>5,142</b>
Financial liabilities	5	6,963	6,452
Defined benefit obligations		680	1,048
Provisions	8	855	900
Deferred gain on sale and leaseback of real estate		137	146
Deferred income tax liabilities		883	725
<b>Total non-current liabilities</b>		<b>9,518</b>	<b>9,271</b>
<b>Total liabilities</b>		<b>13,795</b>	<b>14,413</b>
Share capital		52	52
Capital reserves		136	136
Retained earnings		9,858	9,155
Foreign currency translation adjustments		(1,723)	(1,689)
Other reserves		6	2
<b>Equity attributable to equity-holders of Swisscom Ltd</b>		<b>8,329</b>	<b>7,656</b>
Non-controlling interests		(15)	(11)
<b>Total equity</b>		<b>8,314</b>	<b>7,645</b>
<b>Total liabilities and equity</b>		<b>22,109</b>	<b>22,058</b>

## Consolidated statement of cash flows (unaudited)

In CHF million	Note	30.09.2018	30.09.2017
Net income		1,213	1,269
Income tax expense		305	373
Result of equity-accounted investees		(3)	6
Financial income	6	(35)	(30)
Financial expense	6	141	148
Depreciation, amortisation and impairment losses		1,610	1,588
Gain on sale of property, plant and equipment		(7)	(1)
Loss on disposal of property, plant and equipment		4	–
Expense for share-based payments		1	1
Change in provisions		(50)	(41)
Change in defined benefit obligations		47	2
Change in operating assets and liabilities	7	(289)	(46)
Change in deferred gain from the sale and leaseback of real estate		(9)	(6)
Interest received		23	25
Dividends received		18	21
Interest paid		(111)	(139)
Income taxes paid		(313)	(254)
<b>Cash flow from operating activities</b>		<b>2,545</b>	<b>2,916</b>
Purchase of property, plant and equipment and intangible assets		(1,621)	(1,587)
Sale of property, plant and equipment and intangible assets		9	4
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(18)	(61)
Sales of subsidiaries less cash and cash equivalents sold		(1)	–
Investments in equity-accounted investees		(32)	(20)
Proceeds from sale of equity-accounted investees		–	76
Purchase of other financial assets		(28)	(39)
Proceeds from other financial assets		29	150
<b>Cash flow used in investing activities</b>		<b>(1,662)</b>	<b>(1,477)</b>
Issuance of financial liabilities	5	1,633	458
Repayment of financial liabilities	5	(1,513)	(723)
Dividends paid to equity holders of Swisscom Ltd	4	(1,140)	(1,140)
Dividends paid to non-controlling interests		(1)	(8)
Acquisition of non-controlling interests		–	(21)
Other cash flows from financing activities		(6)	(7)
<b>Cash flow used in financing activities</b>		<b>(1,027)</b>	<b>(1,441)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(144)</b>	<b>(2)</b>
Cash and cash equivalents at 1 January		525	329
Foreign currency translation adjustments in respect of cash and cash equivalents		(6)	11
<b>Cash and cash equivalents at the end of financial period</b>		<b>375</b>	<b>338</b>

## Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Foreign currency translation adjustments	Other reserves	Equity attributable to equity holders of Swisscom	Non-controlling interests	Total equity
<b>Balance at 31 December 2016</b>	<b>52</b>	<b>136</b>	<b>8,148</b>	<b>(1,834)</b>	<b>12</b>	<b>6,514</b>	<b>8</b>	<b>6,522</b>
Net income	–	–	1,270	–	–	1,270	(1)	1,269
Other comprehensive income	–	–	448	109	(7)	550	–	550
<b>Comprehensive income</b>	<b>–</b>	<b>–</b>	<b>1,718</b>	<b>109</b>	<b>(7)</b>	<b>1,820</b>	<b>(1)</b>	<b>1,819</b>
Dividends paid	–	–	(1,140)	–	–	(1,140)	(8)	(1,148)
Transactions with non-controlling interests	–	–	(37)	–	–	(37)	(9)	(46)
Treasury shares	–	–	1	–	–	1	–	1
<b>Balance at 30 September 2017</b>	<b>52</b>	<b>136</b>	<b>8,690</b>	<b>(1,725)</b>	<b>5</b>	<b>7,158</b>	<b>(10)</b>	<b>7,148</b>
<b>Balance at 31 December 2017</b>	<b>52</b>	<b>136</b>	<b>9,155</b>	<b>(1,689)</b>	<b>2</b>	<b>7,656</b>	<b>(11)</b>	<b>7,645</b>
Change in accounting policies <sup>1</sup>	–	–	297	–	(4)	293	–	293
<b>Balance at 1 January 2018</b>	<b>52</b>	<b>136</b>	<b>9,452</b>	<b>(1,689)</b>	<b>(2)</b>	<b>7,949</b>	<b>(11)</b>	<b>7,938</b>
Net income	–	–	1,217	–	–	1,217	(4)	1,213
Other comprehensive income	–	–	340	(34)	8	314	–	314
<b>Comprehensive income</b>	<b>–</b>	<b>–</b>	<b>1,557</b>	<b>(34)</b>	<b>8</b>	<b>1,531</b>	<b>(4)</b>	<b>1,527</b>
Dividends paid	–	–	(1,140)	–	–	(1,140)	(1)	(1,141)
Transactions with non-controlling interests	–	–	(11)	–	–	(11)	1	(10)
<b>Balance at 30 September 2018</b>	<b>52</b>	<b>136</b>	<b>9,858</b>	<b>(1,723)</b>	<b>6</b>	<b>8,329</b>	<b>(15)</b>	<b>8,314</b>

<sup>1</sup> See Note 1.

# Notes to the interim financial statements

## About this report

### General information

The Swisscom Group (hereinafter referred to as “Swisscom”) provides telecommunication services and is active primarily in Switzerland and Italy. The unaudited consolidated financial statements as of 30 September 2018 comprise Swisscom Ltd, as parent company, and its subsidiaries. Swisscom Ltd is a limited-liability company incorporated in accordance with Swiss law, under a private statute, and has its registered office in Ittigen (Berne). Its address is: Swisscom Ltd, Alte Tiefenastrasse 6, 3048 Worblaufen. Swisscom is listed on the SIX Swiss Exchange. The number of issued shares, as in the prior year, aggregated 51,801,943. The shares have a nominal value of CHF 1 and are fully paid up. Each share entitles the holder to one vote. The majority shareholder of Swisscom Ltd is the Swiss Confederation (“Confederation”). The Confederation is obligated by current law to hold the majority of the capital and voting rights. The Board of Directors of Swisscom approved the issuance of these consolidated interim financial statements on 31 October 2018.

### Basis of preparation

The consolidated interim financial statements for the nine months to 30 September 2018 were prepared in accordance with International Accounting Standard “IAS 34 Interim Financial Reporting” and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2017. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2017 consolidated financial statements and the revised accounting principles adopted on 1 January 2018.

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 operates in business areas where the provision of services is not subject to any major seasonal or cyclical fluctuations during the financial year. Income taxes are calculated on the basis of an estimate of the expected income tax rate for the full year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.159 was used as the end-of-period rate (31 December 2017: CHF/EUR 1.17) and 1.132 as the average rate for the period (prior year: CHF/EUR 1.077).

## 1 Changes in accounting principles

### Newly applicable IFRS standards effective 1 January 2018

As of 1 January 2018, Swisscom adopted various changes in the International Financial Reporting Standards (IFRS) and Interpretations; with the exception of the changes described below, these have no material impact on the results or financial position of the Group.

The newly applicable IFRS standards effective 1 January 2018 have the following impact on equity:

In CHF million	31.12.2017	Application IFRS 9	Application IFRS 15	01.01.2018
Trade receivables	2,389	(30)	–	2,359
Other operating assets	729	(2)	428	1,155
Deferred income tax assets	197	7	–	204
Other financial assets	415	11	–	426
Other assets	18,328	–	–	18,328
<b>Total assets</b>	<b>22,058</b>	<b>(14)</b>	<b>428</b>	<b>22,472</b>
Other operating liabilities	1,165	–	41	1,206
Deferred income tax liabilities	725	1	79	805
Other liabilities	12,523	–	–	12,523
<b>Total liabilities</b>	<b>14,413</b>	<b>1</b>	<b>120</b>	<b>14,534</b>
<b>Total equity</b>	<b>7,645</b>	<b>(15)</b>	<b>308</b>	<b>7,938</b>
<b>Total liabilities and equity</b>	<b>22,058</b>	<b>(14)</b>	<b>428</b>	<b>22,472</b>

### IFRS 9 “Financial Instruments”

The standard includes new rules for the classification and measurement of financial assets and liabilities, the accounting for impairment and hedge accounting. In certain cases, changes in the classification of financial assets will result from the new provisions. Equity instruments which used to be accounted for at acquisition cost now have to be measured at fair value. Pursuant to the new provisions regarding impairment, losses on financial assets need to be recognised earlier. No changes result for Swisscom in the hedge accounting. The first-time application of IFRS 9 reduced equity on 1 January 2018 by CHF 15 million. The prior year’s figures have not been adjusted.

### IFRS 15 “Revenue from Contracts with Customers”

In contrast to the revenue recognition standards previously in force, the new standard provides for a single, principles-based, five-step model which is to be applied to all contracts with customers. In accordance with IFRS 15, the amount which is expected to be received from customers as consideration for the transfer of goods and services to the customer is to be recognised as revenue. As regards determining the date or period, it is no longer a question of the transfer of risks and opportunities but of the transfer of control over the goods and services to the customers. With regards to multi-component contracts, IFRS 15 explicitly rules that the transaction price is to be allocated to each distinct performance obligation in relation to the relative stand-alone selling prices. Furthermore, the new standard contains new rules regarding the costs to fulfill and obtaining a contract as well as guidelines as to the question when such costs are to be capitalised. In addition, the new standard requires new, more detailed disclosure information. IFRS 15 has the following material impact on the consolidated financial statements of Swisscom:

#### Revenue

- If a mobile handset is sold as a part of a bundled offering with a mobile phone contract, it is treated as a multi-component transaction. Previously, the subsidy awarded on the mobile handset with such multi-component contracts was assigned in full to the mobile handset and recognised once the contract was concluded. Now, the revenue will be reallocated over the pre-delivered components (mobile handset), with the result that the revenue will be recognised earlier. The total revenue remains unchanged over the duration of the contract.
- Swisscom provides bundled service offerings which include Internet and TV as well as an optional fixed-line connection with telephony services. The service fees are fixed. In connection with such bundled offerings, routers and set-top boxes are sold which used to be recognised as revenue at the time of sale. Given the technical requirements, the routers and set-top boxes can be used exclusively for Swisscom services. By the same token, Swisscom services can only be used with Swisscom routers and set-top boxes. The routers and set-top boxes thus do not constitute separate performance obligations. The revenue from the sale of the routers and set-top boxes is distributed accordingly over the entire term of the underlying service contract.
- Activation fees used to be deferred and released to income over the minimum term of the contract. If no minimum contract term was agreed, revenue was recognised on the date of activation. Going forward, activation fees which cannot be refunded and do not constitute a separate service obligation will be included in the total transaction price and allocated proportionately to the individual performance obligations of the customer contract.

### Contract costs

- Handset subsidies and commissions paid to dealers (costs of obtaining a contract) used to be recognised as expense immediately. Going forward, directly attributable contract costs of obtaining a contract will be activated and recognised as an expense over the entire term of the contract.
- The costs of routers and set-top boxes used to be recognised as an expense at the time of sale, as was the case for recognising revenue. In the future, these will also be activated as directly attributable costs to fulfill a contract and recognised as an expense over the entire term of the underlying service contract.

Swisscom has chosen the modified retrospective approach for the first-time application of IFRS 15. According to this transition method, Swisscom only has to apply IFRS 15 retrospectively to contracts which had not yet been executed as at 1 January 2018. The resulting transition effect was recognised in equity with no effect on profit or loss effective 1 January 2018. The prior year's figures have not been adjusted.

The transition effective 1 January 2018 resulted in an increase in equity of CHF 308 million. The effect results from the initial recognition of contract assets and liabilities as well as deferred costs of obtaining a contract and costs to fulfill a contract. The development of the IFRS 15 effect is dependent on future business models and products, the sales channel mix, and volume, price and cost trends.

The relevant items in the financial statements under the previous and new accounting policies are set out below:

In CHF million	IFRS 15 30.09.2018	IAS 18/IAS 11 30.09.2018	Adjustment
<b>Income statement</b>			
<b>Net revenue</b>	<b>8,689</b>	<b>8,693</b>	<b>(4)</b>
Direct costs	(2,119)	(2,054)	(65)
Personnel expense	(2,098)	(2,098)	–
Other operating expense	(1,562)	(1,562)	–
Capitalised self-constructed assets and other income	321	302	19
<b>Operating income before depreciation, amortisation and impairment losses</b>	<b>3,231</b>	<b>3,281</b>	<b>(50)</b>
Depreciation, amortisation and impairment losses	(1,610)	(1,610)	–
<b>Operating income</b>	<b>1,621</b>	<b>1,671</b>	<b>(50)</b>
Financial income	35	35	–
Financial expense	(141)	(141)	–
Result of equity-accounted investees	3	3	–
<b>Income before income taxes</b>	<b>1,518</b>	<b>1,568</b>	<b>(50)</b>
Income tax expense	(305)	(315)	10
<b>Net income</b>	<b>1,213</b>	<b>1,253</b>	<b>(40)</b>

In CHF million	IFRS 15 30.09.2018	IAS 18/IAS 11 30.09.2018	Adjustment
<b>Balance sheet</b>			
Other operating assets	1,271	893	378
Other assets	20,838	20,838	–
<b>Total assets</b>	<b>22,109</b>	<b>21,731</b>	<b>378</b>
Other operating liabilities	1,044	1,003	41
Deferred tax liabilities	883	814	69
Miscellaneous liabilities	11,868	11,868	–
<b>Total liabilities</b>	<b>13,795</b>	<b>13,685</b>	<b>110</b>
<b>Total equity</b>	<b>8,314</b>	<b>8,046</b>	<b>268</b>
<b>Total liabilities and equity</b>	<b>22,109</b>	<b>21,731</b>	<b>378</b>

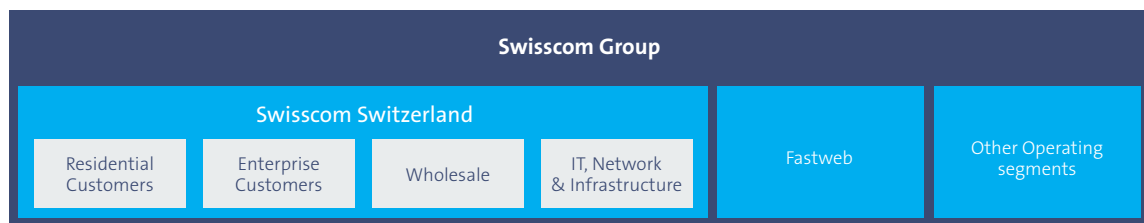
## Amended International Financial Reporting Standards and Interpretations, whose application is not yet mandatory

### IFRS 16 “Leases”

For the lessee, IFRS 16 (valid from 1 January 2019) provides for a comprehensive model for dealing with lease arrangements in financial statements. The differentiation between finance and operating lease arrangements which was required until now under IAS 17 is thus dropped in future for the lessee. The lessee shall recognise leasing obligations in its balance sheet for all future lease payments to be made as well as recognising a right to use the underlying asset. For financial reporting purposes, the lessor shall continue to differentiate between finance and operating lease arrangements. In this respect, the accounting model foreseen under IFRS 16 does not materially differ from the previous provisions under IAS 17. Swisscom expects that the comprehensive modifications will have a material impact on the consolidated financial statements. Swisscom will not fully apply IFRS 16 retroactively. The analysis of the financial effects from implementing the new standard is still ongoing. For this reason, it is currently not possible to provide a reliable estimate of the quantitative effects.

## 2 Segment information

### General information



Reporting is divided into the segments “Residential Customers”, “Enterprise Customers”, “Wholesale”, and “IT, Network & Infrastructure”, which are grouped under 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 management fees to other segments for its financial management services, nor does the IT, Network & Infrastructure segment charge any network costs to other segments. The remaining services between the segments are recharged at market prices. Segment expense encompasses the direct and indirect costs, which include personnel expense, other operating costs less capitalised costs of self-constructed assets and other income. Retirement-benefit expense includes ordinary employer contributions. The difference between the ordinary employer contributions and the pension cost as provided for under IAS 19 is reported in the column “Eliminations”. In the first nine months of 2018, an expense of CHF 46 million is disclosed under “Eliminations” as a pension cost reconciliation item in accordance with IAS 19 (prior year: CHF 75 million). The results of the Residential Customers, Enterprise Customers and Wholesale segments correspond to a contribution margin before network costs. The segment result of IT, Network & Infrastructure consists of operating expenses and depreciation and amortisation less revenues from the rental and administration of buildings and vehicles as well as capitalised costs of property, plant and equipment and other income. The segment results of Swisscom Switzerland and of the Other Operating Segments do not reflect the retirement-benefit reconciliation item in accordance with IAS 19. The segment results of Fastweb correspond to the operating results.

Various areas have been transferred between the segments of Swisscom Switzerland. The prior-year figures have been restated accordingly.



## Segment information 2018

2018, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head- quarters	Elimination	Total
Residential Customers	4,361	910	–	–	–	5,271
Corporate Business	1,737	647	406	–	–	2,790
Wholesale customers	434	194	–	–	–	628
<b>Net revenue from external customers</b>	<b>6,532</b>	<b>1,751</b>	<b>406</b>	<b>–</b>	<b>–</b>	<b>8,689</b>
Net revenue with other segments	59	6	248	1	(314)	–
<b>Net revenue</b>	<b>6,591</b>	<b>1,757</b>	<b>654</b>	<b>1</b>	<b>(314)</b>	<b>8,689</b>
Direct costs	(1,408)	(689)	(43)	–	21	(2,119)
Indirect costs <sup>1</sup>	(2,522)	(508)	(472)	(74)	237	(3,339)
<b>Segment result before depreciation and amortisation</b>	<b>2,661</b>	<b>560</b>	<b>139</b>	<b>(73)</b>	<b>(56)</b>	<b>3,231</b>
Depreciation, amortisation and impairment losses	(1,138)	(432)	(42)	–	2	(1,610)
<b>Segment result</b>	<b>1,523</b>	<b>128</b>	<b>97</b>	<b>(73)</b>	<b>(54)</b>	<b>1,621</b>
Financial income and financial expense, net						(106)
Result of equity-accounted investees						3
<b>Income before income taxes</b>						<b>1,518</b>
Income tax expense						(305)
<b>Net income</b>						<b>1,213</b>
Segment result before depreciation and amortisation	2,661	560	139	(73)	(56)	3,231
Capital expenditure in property, plant and equipment and intangible assets	(1,102)	(501)	(31)	–	13	(1,621)
Change in provisions	(58)	2	(1)	7	–	(50)
Change in defined benefit obligations	5	–	(1)	(2)	45	47
Change in operating net working capital	(287)	(13)	(1)	22	(10)	(289)
Other <sup>2</sup>	(3)	–	–	–	–	(3)
<b>Operating free cash flow</b>	<b>1,216</b>	<b>48</b>	<b>105</b>	<b>(46)</b>	<b>(8)</b>	<b>1,315</b>

<sup>1</sup> Including capitalised costs of self-constructed assets and other income.

<sup>2</sup> Proceeds from the sale of property, plant and equipment, non-cash change in net working capital from operating activities, change in deferred gain from the sale and leaseback of real estate, and dividend payments to owners of non-controlling interests.

## Segment information Swisscom Switzerland 2018

2018, in CHF million	Residential Customers	Enterprise Customers	Wholesale	IT, Network & Infrastructure	Elimination	Total Swisscom Switzerland
Telecom services	3,906	783	–	–	–	4,689
Solution business	–	768	–	–	–	768
Merchandise	351	153	–	–	–	504
Wholesale	–	–	434	–	–	434
Other revenue	104	18	–	15	–	137
<b>Net revenue from external customers</b>	<b>4,361</b>	<b>1,722</b>	<b>434</b>	<b>15</b>	<b>–</b>	<b>6,532</b>
Intersegment revenue	61	78	244	104	(428)	59
<b>Net revenue</b>	<b>4,422</b>	<b>1,800</b>	<b>678</b>	<b>119</b>	<b>(428)</b>	<b>6,591</b>
Direct costs	(1,003)	(552)	(323)	(8)	478	(1,408)
Indirect costs <sup>1</sup>	(827)	(667)	(13)	(965)	(50)	(2,522)
<b>Segment result before depreciation and amortisation</b>	<b>2,592</b>	<b>581</b>	<b>342</b>	<b>(854)</b>	<b>–</b>	<b>2,661</b>
Depreciation, amortisation and impairment losses	(109)	(54)	–	(976)	1	(1,138)
<b>Segment result</b>	<b>2,483</b>	<b>527</b>	<b>342</b>	<b>(1,830)</b>	<b>1</b>	<b>1,523</b>
Capital expenditure in property, plant and equipment and intangible assets	(116)	(38)	–	(947)	(1)	(1,102)

<sup>1</sup> Including capitalised costs of self-constructed assets and other income.

## Segment information 2017

2017, in CHF million, restated	Swisscom Switzerland	Fastweb	Other operating segments	Group Head- quarters	Elimination	Total
Residential Customers	4,456	793	–	–	–	5,249
Corporate Business	1,790	569	383	1	–	2,743
Wholesale customers	430	182	–	–	–	612
<b>Net revenue from external customers</b>	<b>6,676</b>	<b>1,544</b>	<b>383</b>	<b>1</b>	<b>–</b>	<b>8,604</b>
Net revenue with other segments	61	7	229	1	(298)	–
<b>Net revenue</b>	<b>6,737</b>	<b>1,551</b>	<b>612</b>	<b>2</b>	<b>(298)</b>	<b>8,604</b>
Direct costs	(1,367)	(541)	(23)	–	20	(1,911)
Indirect costs <sup>1</sup>	(2,609)	(382)	(460)	(73)	185	(3,339)
<b>Segment result before depreciation and amortisation</b>	<b>2,761</b>	<b>628</b>	<b>129</b>	<b>(71)</b>	<b>(93)</b>	<b>3,354</b>
Depreciation, amortisation and impairment losses	(1,115)	(427)	(50)	–	4	(1,588)
<b>Segment result</b>	<b>1,646</b>	<b>201</b>	<b>79</b>	<b>(71)</b>	<b>(89)</b>	<b>1,766</b>
Financial income and financial expense, net						(118)
Result of equity-accounted investees						(6)
<b>Income before income taxes</b>						<b>1,642</b>
Income tax expense						(373)
<b>Net income</b>						<b>1,269</b>
Segment result before depreciation and amortisation	2,761	628	129	(71)	(93)	3,354
Capital expenditure in property, plant and equipment and intangible assets	(1,083)	(484)	(39)	–	19	(1,587)
Change in provisions	(35)	(4)	2	(4)	–	(41)
Change in defined benefit obligations	(21)	–	–	(52)	75	2
Change in operating net working capital	(48)	16	(14)	11	(11)	(46)
Other <sup>2</sup>	(10)				–	(10)
<b>Operating free cash flow</b>	<b>1,564</b>	<b>156</b>	<b>78</b>	<b>(116)</b>	<b>(10)</b>	<b>1,672</b>

<sup>1</sup> Including capitalised costs of self-constructed assets and other income.

<sup>2</sup> Proceeds from the sale of property, plant and equipment, non-cash change in net working capital from operating activities, change in deferred gain from the sale and leaseback of real estate, and dividend payments to owners of non-controlling interests.

## Segment information Swisscom Switzerland 2017

2017, in CHF million, restated	Residential Customers	Enterprise Customers	Wholesale	IT, Network & Infrastructure	Elimination	Total Swisscom Switzerland
Telecom services	4,039	829	–	–	–	4,868
Solution business	–	796	–	–	–	796
Merchandise	304	130	–	–	–	434
Wholesale	–	–	430	–	–	430
Other revenue	113	16	–	19	–	148
<b>Net revenue from external customers</b>	<b>4,456</b>	<b>1,771</b>	<b>430</b>	<b>19</b>	<b>–</b>	<b>6,676</b>
Intersegment revenue	61	81	268	106	(455)	61
<b>Net revenue</b>	<b>4,517</b>	<b>1,852</b>	<b>698</b>	<b>125</b>	<b>(455)</b>	<b>6,737</b>
Direct costs	(977)	(536)	(354)	(9)	509	(1,367)
Indirect costs <sup>1</sup>	(851)	(693)	(14)	(996)	(55)	(2,609)
<b>Segment result before depreciation and amortisation</b>	<b>2,689</b>	<b>623</b>	<b>330</b>	<b>(880)</b>	<b>(1)</b>	<b>2,761</b>
Depreciation, amortisation and impairment losses	(96)	(59)	–	(961)	1	(1,115)
<b>Segment result</b>	<b>2,593</b>	<b>564</b>	<b>330</b>	<b>(1,841)</b>	<b>–</b>	<b>1,646</b>
Capital expenditure in property, plant and equipment and intangible assets	(125)	(50)	–	(907)	(1)	(1,083)

<sup>1</sup> Including capitalised costs of self-constructed assets and other income.

### 3 Operating costs

#### Direct costs

In CHF million	1.1.– 30.9.2018	1.1.– 30.9.2017
Customer premises equipment and merchandise	819	774
Services purchased	421	341
Costs of obtaining a contract	250	208
Costs to fulfill a contract	30	–
Traffic fees of foreign subsidiaries	324	284
International traffic fees	201	223
National traffic fees	74	81
<b>Total direct costs</b>	<b>2,119</b>	<b>1,911</b>

#### Indirect costs

In CHF million	1.1.– 30.9.2018	1.1.– 30.9.2017
Salary and social security expenses	2,053	2,136
Other personnel expense	45	50
<b>Total personnel expense</b>	<b>2,098</b>	<b>2,186</b>
Information technology cost	204	216
Maintenance expense	236	202
Rental expense	151	151
Energy costs	83	76
Advertising and selling expenses	147	164
Consultancy expenses and freelance workforce	131	126
Administration expense	73	81
Allowances for receivables	53	65
Miscellaneous operating expenses	484	439
<b>Total other operating expense</b>	<b>1,562</b>	<b>1,520</b>
Capitalised self-constructed assets	(245)	(234)
Income from legal proceedings	–	(102)
Miscellaneous income	(76)	(31)
<b>Total capitalised self-constructed assets and other income</b>	<b>(321)</b>	<b>(367)</b>
<b>Total indirect costs</b>	<b>3,339</b>	<b>3,339</b>

Capitalised costs of self-constructed assets include personnel costs for the production of technical installations, the construction of network infrastructures and the development of software for internal use.

### 4 Dividends

On 4 April 2018, the Annual General Meeting of Swisscom Ltd approved the payment of a gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 10 April 2018.

## 5 Financial instruments and net debt

Swisscom aims not to exceed a net debt of 1.9 times EBITDA (operating income before interest, taxes, depreciation and amortisation). Exceeding this limit temporarily is permitted. As at 31 December 2017, the net debt/EBITDA ratio was 1.7. Net debt comprises financial liabilities less cash and cash equivalents, current financial assets and non-current certificates of deposit, and derivative financial instruments for financing.

Below is a breakdown of financial liabilities and net debt in the first nine months of 2018 as well as the fair values of financial assets and liabilities:

In CHF million	Carrying amount 31.12.2017	Issuance	Repayment	Other changes <sup>a</sup>	Carrying amount 30.09.2018	Fair value <sup>b</sup>
Bank loans	760	895	(69)	(22)	1,564	1,581 <sup>2</sup>
Debenture bonds	6,137	735	(1,385)	(76)	5,411	5,520 <sup>2</sup>
Private placements	493	–	–	3	496	498 <sup>2</sup>
Finance lease liabilities	461	–	(21)	15	455	804 <sup>2</sup>
Derivative financial instruments	60	–	–	(16)	44	44 <sup>2</sup>
Other financial liabilities	375	3	(38)	(9)	331	331 <sup>2</sup>
<b>Total financial liabilities</b>	<b>8,286</b>	<b>1,633</b>	<b>(1,513)</b>	<b>(105)</b>	<b>8,301</b>	<b>8,778</b>
Cash and cash equivalents	(525)				(375)	(375) <sup>2</sup>
Other financial assets	(314)				(285)	(285) <sup>2</sup>
<b>Net debt</b>	<b>7,447</b>				<b>7,641</b>	

<sup>a</sup> Interest expense, interest payments as well as other changes.

<sup>b</sup> Fair value hierarchy.

<sup>c</sup> Not included are other financial assets with a carrying amount of CHF 110 million, trade receivables and payables as well as other receivables and liabilities whose carrying amount corresponds to a reasonable estimation of their fair value.

In the first quarter of 2018, Swisscom issued a debenture bond for CHF 150 million. It has a coupon of 1.0% and matures in 2035. In addition, in the second quarter of 2018 Swisscom issued a debenture bond for EUR 500 million (CHF 585 million). It has a coupon of 1.125% and matures in 2026. The funds received were applied to repay existing debt. In the third quarter of 2018, short-term bank loans were also issued to repay a debenture bond for CHF 1,385 million upon maturity. The debenture bond in EUR was designated for hedge accounting of net investments in foreign operations.

## 6 Financial result

In CHF million	1.1.– 30.9.2018	1.1.– 30.9.2017
Interest income on financial assets	7	8
Change in fair value of interest rate swaps	16	9
Capitalised borrowing costs	3	4
Foreign exchange gains	1	3
Other financial income	8	6
<b>Total financial income</b>	<b>35</b>	<b>30</b>
Interest expense on financial liabilities	(110)	(117)
Interest expense on defined benefit obligations	(5)	(8)
Present-value adjustments on provisions	(6)	(5)
Other financial expense	(20)	(18)
<b>Total financial expense</b>	<b>(141)</b>	<b>(148)</b>
<b>Financial income and financial expense, net</b>	<b>(106)</b>	<b>(118)</b>
Net interest expense	(103)	(109)

## 7 Operating net working capital

Operating assets and liabilities changed as follows in the first nine months of 2018:

In CHF million	31.12.2017	Application IFRS 9 & IFRS 15	Operational changes	Other changes <sup>1</sup>	30.09.2018
Trade receivables	2,389	(30)	(126)	(28)	2,205
Other operating assets	729	426	114	2	1,271
Trade payables	(1,753)	–	146	56	(1,551)
Other operating liabilities	(1,165)	(41)	155	7	(1,044)
<b>Total operating assets and liabilities, net</b>	<b>200</b>	<b>355</b>	<b>289</b>	<b>37</b>	<b>881</b>

<sup>1</sup> Foreign currency translation and adjustments from acquisition and sale of subsidiaries.

### Other operating assets

In CHF million	30.09.2018	01.01.2018 <sup>1</sup>
Contract assets	316	282
Contract costs	259	272
Other receivables	47	37
Inventories	154	168
Other non-financial assets	495	396
<b>Total other operating assets</b>	<b>1,271</b>	<b>1,155</b>

<sup>1</sup> Including cumulative effect of initially applying IFRS 9 and IFRS 15.

### Other operating liabilities

In CHF million	30.09.2018	01.01.2018 <sup>1</sup>
Contract liabilities	548	690
Other payables	274	293
Other non-financial liabilities	222	223
<b>Total other operating liabilities</b>	<b>1,044</b>	<b>1,206</b>

<sup>1</sup> Including cumulative effect of initially applying IFRS 9 and IFRS 15.

## 8 Provisions and contingent liabilities

In CHF million	Dismantlement and restoration costs	Regulatory and competition law proceedings	Termination benefits	Other	Total
<b>Balance at 31 December 2017</b>	<b>600</b>	<b>156</b>	<b>112</b>	<b>209</b>	<b>1,077</b>
Additions of provisions	2	2	–	29	33
Present-value adjustments	(23)	–	–	–	(23)
Release of unused provisions	(5)	–	(1)	(20)	(26)
Use of provisions	(2)	–	(31)	(24)	(57)
<b>Balance at 30 September 2018</b>	<b>572</b>	<b>158</b>	<b>80</b>	<b>194</b>	<b>1,004</b>
Thereof current provisions	–	4	71	74	149
Thereof non-current provisions	572	154	9	120	855

The provisions recognised in the consolidated financial statements 2017 have not changed materially during the current financial year.

### Contingent liabilities for antitrust proceedings

With regard to the contingent liabilities reported in the 2017 consolidated financial statements in connection with antitrust proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and, as before, has therefore not recognised any provisions for this in the consolidated financial statements as at 30 September 2018.

## 9 Scope of consolidation

Italian subsidiary Fastweb signed an agreement at the end of July 2018 to acquire Tiscali's fixed wireless division and 3.5 GHz frequency spectrum, thereby strengthening the mobile and convergent business in the long term. The deal is worth around EUR 150 million (CHF 174 million). The transaction is subject to approval by the respective authorities. The deal is expected to be completed by the end of 2018.

# Further information

## Share information

### Swisscom share performance indicators

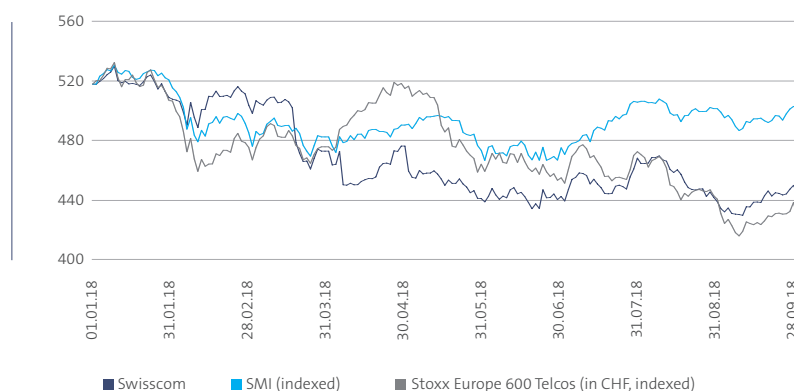
31.12.2017–30.9.2018	SIX Swiss Exchange
Closing price at 31 December 2017 in CHF <sup>1</sup>	518.50
Closing price at 30 September 2018 in CHF <sup>1</sup>	445.40
Year high in CHF <sup>1</sup>	530.60
Year low in CHF <sup>1</sup>	427.00
Total volume of traded shares	27,810,329
Total turnover in CHF million	13,087.52
Daily average of traded shares	148,718
Daily average in CHF million	69.99

Source: Bloomberg

<sup>1</sup> paid prices

### Share performance

#### Share performance since 1 January 2018 in CHF



### Financial calendar

- > 7 February 2019 2018 Annual Results and Annual Report
- > 2 April 2019 Annual General Meeting in Basel
- > 2 May 2019 2019 First-Quarter Results
- > 15 August 2019 2019 Second-Quarter Results
- > 31 October 2019 2019 Third-Quarter Results

### Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange under the symbol SCMN (Securities No. 874251). In the United States, they are traded in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over The Counter, Level 1) under the symbol SCMWY (Pink Sheet No. 69769).

## Quarterly review 2017 and 2018

In CHF million, except where indicated

	1. quarter	2. quarter	3. quarter	4. quarter	2017	1. quarter	2. quarter	3. quarter	4. quarter	2018
<b>Income statement</b>										
<b>Net revenue</b>	<b>2,831</b>	<b>2,859</b>	<b>2,914</b>	<b>3,058</b>	<b>11,662</b>	<b>2,885</b>	<b>2,920</b>	<b>2,884</b>		<b>8,689</b>
Direct costs	(606)	(607)	(698)	(810)	(2,721)	(704)	(692)	(723)		(2,119)
Personnel expense	(753)	(738)	(695)	(816)	(3,002)	(723)	(714)	(661)		(2,098)
Other operating expense	(490)	(517)	(513)	(632)	(2,152)	(503)	(540)	(519)		(1,562)
Capitalised self-constructed assets and other income	91	190	86	141	508	103	111	107		321
<b>Operating income (EBITDA)</b>	<b>1,073</b>	<b>1,187</b>	<b>1,094</b>	<b>941</b>	<b>4,295</b>	<b>1,058</b>	<b>1,085</b>	<b>1,088</b>		<b>3,231</b>
Depreciation and amortisation	(523)	(534)	(531)	(576)	(2,164)	(540)	(540)	(530)		(1,610)
<b>Operating income (EBIT)</b>	<b>550</b>	<b>653</b>	<b>563</b>	<b>365</b>	<b>2,131</b>	<b>518</b>	<b>545</b>	<b>558</b>		<b>1,621</b>
Net interest expense	(36)	(37)	(36)	(40)	(149)	(35)	(35)	(33)		(103)
Other financial result	(13)	(12)	16	(2)	(11)	(6)	6	(3)		(3)
Result of equity-accounted investees	(1)	(2)	(3)	(5)	(11)	(2)	2	3		3
<b>Income before income taxes</b>	<b>500</b>	<b>602</b>	<b>540</b>	<b>318</b>	<b>1,960</b>	<b>475</b>	<b>518</b>	<b>525</b>		<b>1,518</b>
Income tax expense	(127)	(136)	(110)	(19)	(392)	(96)	(110)	(99)		(305)
<b>Net income</b>	<b>373</b>	<b>466</b>	<b>430</b>	<b>299</b>	<b>1,568</b>	<b>379</b>	<b>408</b>	<b>426</b>		<b>1,213</b>
Attributable to equity holders of Swisscom Ltd	373	467	430	300	1,570	381	409	427		1,217
Share attributable to non-controlling interests	–	(1)	–	(1)	(2)	(2)	(1)	(1)		(4)
Earnings per share (in CHF)	7.20	9.02	8.30	5.79	30.31	7.36	7.90	8.24		23.49
<b>Net revenue</b>										
Swisscom Switzerland	2,246	2,241	2,250	2,321	9,058	2,206	2,194	2,191		6,591
Fastweb	484	511	556	613	2,164	574	606	577		1,757
Other Operating segments	187	210	215	238	850	197	228	229		654
Group Headquarters	–	1	1	(1)	1	–	1	–		1
Intersegment elimination	(86)	(104)	(108)	(113)	(411)	(92)	(109)	(113)		(314)
<b>Total net revenue</b>	<b>2,831</b>	<b>2,859</b>	<b>2,914</b>	<b>3,058</b>	<b>11,662</b>	<b>2,885</b>	<b>2,920</b>	<b>2,884</b>		<b>8,689</b>
<b>Segment result before depreciation and amortisation (EBITDA)</b>										
Swisscom Switzerland	928	924	909	739	3,500	892	894	875		2,661
Fastweb	155	279	194	217	845	167	195	198		560
Other Operating segments	40	40	49	51	180	39	47	53		139
Group Headquarters	(26)	(21)	(24)	(40)	(111)	(22)	(31)	(20)		(73)
Reconciliation to pension cost	(20)	(27)	(28)	(17)	(92)	(15)	(14)	(17)		(46)
Intersegment elimination	(4)	(8)	(6)	(9)	(27)	(3)	(6)	(1)		(10)
<b>Total segment result (EBITDA)</b>	<b>1,073</b>	<b>1,187</b>	<b>1,094</b>	<b>941</b>	<b>4,295</b>	<b>1,058</b>	<b>1,085</b>	<b>1,088</b>		<b>3,231</b>
<b>Capital expenditure in property, plant and equipment and intangible assets</b>										
Swisscom Switzerland	357	362	364	571	1,654	311	400	391		1,102
Fastweb	165	161	158	208	692	185	162	154		501
Other Operating segments	11	13	15	19	58	8	11	12		31
Intersegment elimination	(4)	(8)	(7)	(7)	(26)	(3)	(5)	(5)		(13)
<b>Total capital expenditure</b>	<b>529</b>	<b>528</b>	<b>530</b>	<b>791</b>	<b>2,378</b>	<b>501</b>	<b>568</b>	<b>552</b>		<b>1,621</b>
<b>Full-time equivalent employees at end of period</b>										
Swisscom Switzerland	15,719	15,420	15,307	15,157	15,157	15,031	14,587	14,550		14,550
Fastweb	2,503	2,494	2,509	2,504	2,504	2,510	2,483	2,470		2,470
Other Operating segments	2,575	2,585	2,617	2,580	2,580	2,523	2,563	2,587		2,587
Group Headquarters	282	276	271	265	265	262	262	243		243
<b>Total full-time equivalent employees</b>	<b>21,079</b>	<b>20,775</b>	<b>20,704</b>	<b>20,506</b>	<b>20,506</b>	<b>20,326</b>	<b>19,895</b>	<b>19,850</b>		<b>19,850</b>
Operating free cash flow	463	549	660	487	2,159	359	392	564		1,315
Net debt	7,689	8,441	7,868	7,447	7,447	7,294	8,146	7,641		7,641



In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2017	1. quarter	2. quarter	3. quarter	4. quarter	2018
<b>Swisscom Switzerland</b>										
<b>Revenue and results</b>										
Retail Customers	673	677	688	664	2,702	655	659	662		1,976
Enterprise Customers	121	122	122	119	484	113	118	114		345
<b>Revenue mobile</b>	<b>794</b>	<b>799</b>	<b>810</b>	<b>783</b>	<b>3,186</b>	<b>768</b>	<b>777</b>	<b>776</b>		<b>2,321</b>
Retail Customers	680	667	654	661	2,662	643	645	642		1,930
Enterprise Customers	142	140	136	137	555	131	134	128		393
<b>Revenue fixed-line</b>	<b>822</b>	<b>807</b>	<b>790</b>	<b>798</b>	<b>3,217</b>	<b>774</b>	<b>779</b>	<b>770</b>		<b>2,323</b>
Other revenue Enterprise Customers	16	15	15	15	61	16	15	14		45
<b>Total revenue telecoms services</b>	<b>1,632</b>	<b>1,621</b>	<b>1,615</b>	<b>1,596</b>	<b>6,464</b>	<b>1,558</b>	<b>1,571</b>	<b>1,560</b>		<b>4,689</b>
Solution business	261	271	264	288	1,084	268	252	248		768
Merchandise	147	145	142	214	648	170	163	171		504
Wholesale	138	135	157	148	578	141	145	148		434
Other revenue	49	50	49	55	203	49	43	45		137
<b>Revenue from external customers</b>	<b>2,227</b>	<b>2,222</b>	<b>2,227</b>	<b>2,301</b>	<b>8,977</b>	<b>2,186</b>	<b>2,174</b>	<b>2,172</b>		<b>6,532</b>
Retail Customers	1,497	1,481	1,478	1,515	5,971	1,456	1,448	1,457		4,361
Enterprise Customers	586	599	586	631	2,402	584	576	562		1,722
Wholesale	138	135	157	148	578	141	145	148		434
IT, Network & Infrastructure	6	7	6	7	26	5	5	5		15
<b>Revenue from external customers</b>	<b>2,227</b>	<b>2,222</b>	<b>2,227</b>	<b>2,301</b>	<b>8,977</b>	<b>2,186</b>	<b>2,174</b>	<b>2,172</b>		<b>6,532</b>
<b>Segment result before depreciation and amortisation (EBITDA)</b>										
Retail Customers	923	903	863	793	3,482	880	860	852		2,592
Enterprise Customers	199	212	212	199	822	194	192	195		581
Wholesale	104	103	123	116	446	109	114	119		342
IT, Network & Infrastructure	(298)	(294)	(288)	(370)	(1,250)	(290)	(273)	(291)		(854)
Intersegment elimination	–	–	(1)	1	–	(1)	1	–		–
<b>Segment result (EBITDA)</b>	<b>928</b>	<b>924</b>	<b>909</b>	<b>739</b>	<b>3,500</b>	<b>892</b>	<b>894</b>	<b>875</b>		<b>2,661</b>
Margin as % of net revenue	41.3	41.2	40.4	31.8	38.6	40.4	40.7	39.9		40.4
<b>Fastweb, in EUR million</b>										
Residential Customers	232	238	253	263	986	257	264	264		785
Corporate Business	168	173	177	192	710	180	188	190		558
Wholesale	51	57	58	74	240	53	66	49		168
<b>Revenue from external customers</b>	<b>451</b>	<b>468</b>	<b>488</b>	<b>529</b>	<b>1,936</b>	<b>490</b>	<b>518</b>	<b>503</b>		<b>1,511</b>
Segment result (EBITDA)	145	258	170	186	759	144	166	173		483
Margin as % of net revenue	32.0	54.9	34.6	35.1	39.0	29.3	32.0	34.3		31.9
Capital expenditure in property, plant and equipment and intangible assets	155	147	139	181	622	159	138	135		432
Broadband access lines in thousand	2,400	2,411	2,421	2,451	2,451	2,483	2,500	2,518		2,518
Mobile access lines in thousand	763	880	989	1,065	1,065	1,185	1,280	1,324		1,324

	1. quarter	2. quarter	3. quarter	4. quarter	2017	1. quarter	2. quarter	3. quarter	4. quarter	2018
<b>Swisscom Switzerland</b>										
<b>Operational data in thousand</b>										
<b>Access lines</b>										
Retail Customers	2,063	1,982	1,911	1,840	1,840	1,779	1,730	1,684		1,684
Enterprise Customers	234	226	217	207	207	198	176	162		162
<b>Fixed telephony access lines</b>	<b>2,297</b>	<b>2,208</b>	<b>2,128</b>	<b>2,047</b>	<b>2,047</b>	<b>1,977</b>	<b>1,906</b>	<b>1,846</b>		<b>1,846</b>
Retail Customers	1,950	1,951	1,962	1,976	1,976	1,988	1,991	1,993		1,993
Enterprise Customers	38	38	38	38	38	37	37	37		37
<b>Broadband access lines retail</b>	<b>1,988</b>	<b>1,989</b>	<b>2,000</b>	<b>2,014</b>	<b>2,014</b>	<b>2,025</b>	<b>2,028</b>	<b>2,030</b>		<b>2,030</b>
Retail Customers	1,438	1,447	1,453	1,467	1,467	1,492	1,501	1,510		1,510
<b>Swisscom TV access lines</b>	<b>1,438</b>	<b>1,447</b>	<b>1,453</b>	<b>1,467</b>	<b>1,467</b>	<b>1,492</b>	<b>1,501</b>	<b>1,510</b>		<b>1,510</b>
Postpaid Retail Customers	3,306	3,315	3,334	3,375	3,375	3,381	3,379	3,385		3,385
Postpaid Enterprise Customers	1,256	1,260	1,268	1,267	1,267	1,265	1,270	1,283		1,283
<b>Postpaid mobile access lines</b>	<b>4,562</b>	<b>4,575</b>	<b>4,602</b>	<b>4,642</b>	<b>4,642</b>	<b>4,646</b>	<b>4,649</b>	<b>4,668</b>		<b>4,668</b>
Prepaid Retail Customers	2,039	2,018	1,980	1,995	1,995	1,986	1,966	1,922		1,922
<b>Mobile access lines</b>	<b>6,601</b>	<b>6,593</b>	<b>6,582</b>	<b>6,637</b>	<b>6,637</b>	<b>6,632</b>	<b>6,615</b>	<b>6,590</b>		<b>6,590</b>
RGU Retail Customers	10,796	10,713	10,640	10,653	10,653	10,626	10,567	10,494		10,494
RGU Enterprise Customers	1,528	1,524	1,523	1,512	1,512	1,500	1,483	1,482		1,482
<b>Revenue generating units (RGU)</b>	<b>12,324</b>	<b>12,237</b>	<b>12,163</b>	<b>12,165</b>	<b>12,165</b>	<b>12,126</b>	<b>12,050</b>	<b>11,976</b>		<b>11,976</b>
Broadband access lines wholesale	385	402	419	435	435	449	462	472		472
Unbundled fixed access lines	120	116	114	107	107	100	95	91		91
<b>Swisscom Group</b>										
<b>Information by geographical regions in CHF million</b>										
Net revenue in Switzerland	2,343	2,343	2,352	2,438	9,476	2,308	2,310	2,305		6,923
Net revenue in other countries	488	516	562	620	2,186	577	610	579		1,766
<b>Total net revenue</b>	<b>2,831</b>	<b>2,859</b>	<b>2,914</b>	<b>3,058</b>	<b>11,662</b>	<b>2,885</b>	<b>2,920</b>	<b>2,884</b>		<b>8,689</b>
EBITDA in Switzerland	917	905	898	731	3,451	889	891	887		2,667
EBITDA in other countries	156	282	196	210	844	169	194	201		564
<b>Total EBITDA</b>	<b>1,073</b>	<b>1,187</b>	<b>1,094</b>	<b>941</b>	<b>4,295</b>	<b>1,058</b>	<b>1,085</b>	<b>1,088</b>		<b>3,231</b>
Capital expenditure in Switzerland	362	366	369	581	1,678	315	406	398		1,119
Capital expenditure in other countries	167	162	161	210	700	186	162	154		502
<b>Total capital expenditure</b>	<b>529</b>	<b>528</b>	<b>530</b>	<b>791</b>	<b>2,378</b>	<b>501</b>	<b>568</b>	<b>552</b>		<b>1,621</b>
Full-time equivalent employees in Switzerland	18,280	17,974	17,877	17,688	17,688	17,611	17,203	17,165		17,165
Full-time equivalent employees in other countries	2,799	2,801	2,827	2,818	2,818	2,715	2,692	2,685		2,685
<b>Total full-time equivalent employees</b>	<b>21,079</b>	<b>20,775</b>	<b>20,704</b>	<b>20,506</b>	<b>20,506</b>	<b>20,326</b>	<b>19,895</b>	<b>19,850</b>		<b>19,850</b>

## Forward-looking statements

This interim report is published in German and English. The German version is binding.

This interim report contains forward-looking statements. In this interim report, such forward-looking statements include, without limitation, statements relating to our financial 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.

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