Agenda

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

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

Stable environment in Switzerland
- Switzerland, a synonym of quality, stability and solidity
- Reliable political system
- Quality conscious consumer base

Leading Telco and ICT operator in domestic markets
- Best network – both wireless and fixed
- Strong market positions across all segments
- >12mn RGUs with continuing bundle migration

Leading attacker in Italy
- #2 in Italy with growing market shares in consumer (16%) and corporate (28%)
- >2.4mn broadband subs and >760k SIM cards
- Under-penetrated PC market leaves room for further growth

Saturated markets in Switzerland
- Switzerland, a synonym of quality, stability, and solidity
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Leading attacker in Italy
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FM substitution
Bundle migration
Digital opportunities
Convergence advancing
Roam like home

Saturated markets in Switzerland
- Switzerland, a synonym of quality, stability, and solidity
- Reliable political system
- Quality conscious consumer base
Our strategy - delivering the best

Outstanding track record

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

Building the best infrastructure
Creating the best experiences
Realising the best growth opportunities

Welcome to the country of possibilities.
Our execution - continuously investing in high-speed expansion

Boost ultra-broadband uplift with an efficient technology use

Our fibre approach ...

- Switzerland's unique FTTS architecture
  - Existing manholes offer potential to be equipped with G.fast

- Swisscom is the 1st Telco to rollout G.fast
  - Up to 500 Mbps on copper
  - With diligent network planning >90% customers profit from G.fast

- Why FTTS / G.fast?
  - Rollout 2x faster than FTTH
  - Rollout 3x cheaper than FTTH
  - Reusable fibre infrastructure for future upgrades

... with using different technologies ...

Target 2021
- 85% ¹ with >100 Mbps (by 2020)
- >90% ¹ with >80 Mbps

FTTH-GE 30%
FTTS-G.fast 40%
FTTS/C-Vectoring 20%
FTTC/DSL-LTE Bonding 10%

... increases UBB availabilities most efficiently

2016
- FTTH
- FTTS/B
- Vectoring
- DSL-LTE Bonding

2021

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

¹ Consists of 3.7 mn primary residences, 0.6 mn second/vacation homes, 0.7 mn businesses. Source: Federal Statistical Office and Swisscom estimates
Our execution - ahead with innovation and continuity

In order to increase competitiveness and sustain value

Focus 2017

Our strategic priorities...

- inOne
- Maximise core business
- Operational excellence
- Develop Fastweb
- Focus on growth

... to differentiate further
Our execution - inOne
One subscription covering everything - where do we stand?

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

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

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

Current FM offering
- Simply combining our flagship offerings Vivo and infinity and offering bundle discounts
- Around 700k Retail Customers are using our loyalty advantages today
Our execution - inOne

One subscription covering everything - what are our ambitions?

- New value proposition to “fence” customers and defend leading position in the broadband and mobile market in Switzerland
- Retain high value customer base and accelerate cross- and up-selling
- Increase share of wallet
- In HHs with a Swisscom BB connection >1 million people are served by other mobile operators
- Grow customer base and household penetration
- The offerings flexibility helps in cementing outstanding NPS level
- Maintain churn at current low level
- Realise price increases for standalone inOne offerings but with a much higher value
- More for more
Our execution - operational excellence with accelerating momentum

*Stabilise profitability by improving all layers*

**Quality**
- Focus on *service* level
- NPS consciousness
- Increase *reliability*
- Better offerings for customers

**Efficiency**
- Restructure organisation
- Boosting simplicity and CAPEX efficiency
- Push All IP transformation further

**Costs**
- On track to achieve targeted cost savings of CHF 300mn by 2020
Our execution - unlock further value from the Italian market ...

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

Extending and upgrading the best wireline infrastructure in Italy
- Extend FTTx footprint to 50% coverage
  - FTTH from 2.0 to 5.0mn HHs through FlashFiber (o/w 0.2 mn already completed per YE 16)
  - FTTS from 5.5 to 8.0mn HHs

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

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

Deployment of 5G-ready infrastructure in wireless
- Fastweb installed asset base is instrumental to the potential deployment of a mobile infrastructure based on small cells
- Positioning Fastweb as a premium convergent player
Our execution - B2B with heterogeneous revenue sources

Swisscom uniquely positioned to benefit from digital revolution

Our B2B value position

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

Our B2B offerings

with CHF ~2.4bn revenues in 2016

- Telco businesses [~45% of revenues]
  - Wireless
  - Wireline

- Solutions businesses [~45% of revenues]
  - Verticals
  - Digital Solutions
  - Cloud & Net Services
  - UCC\(^1\) and Workplace
  - Other Solutions

- Other businesses [~10% of revenues]
  - Hardware and Other

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

\(^1\) Unified Communication & Collaboration
Our position - leading operator in Switzerland

Swisscom's market shares in Switzerland stable over many years

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

Source: Swisscom figures and internal elaborations / estimates based on public company data
Our position - leading attacker in Italy
*Fastweb with outstanding track record in demanding wireline market*

**Consumer by Q1 17**
- **Fastweb:** 16%
- **TIM:** 49%
- **Others:** 4%

**Corporate by Q1 17**
- **TIM:** 53%
- **Fastweb:** 28%
- **Others:** 11%

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

Source: Fastweb figures and internal elaborations / estimates based on public company data, Ernst&Young 2016
Our KPIs - customer base with unchanged dynamics

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

### Swisscom Switzerland

<table>
<thead>
<tr>
<th></th>
<th>Mobile</th>
<th>Broadband</th>
<th>Voice</th>
<th>TV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Postpaid</strong></td>
<td>6'540</td>
<td>6'625</td>
<td>6'612</td>
<td>6'601</td>
</tr>
<tr>
<td><strong>Prepaid</strong></td>
<td>4'377</td>
<td>4'501</td>
<td>4'552</td>
<td>4'562</td>
</tr>
</tbody>
</table>

Ongoing successful bundle migration in Switzerland and volume momentum in Italy

### Fastweb

<table>
<thead>
<tr>
<th></th>
<th>Mobile</th>
<th>Broadband</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile</strong></td>
<td>460</td>
<td>561</td>
</tr>
<tr>
<td></td>
<td>480</td>
<td>650</td>
</tr>
</tbody>
</table>

- Ongoing successful bundle migration in Switzerland and volume momentum in Italy.
Our KPIs - ARPU of Swisscom Switzerland with stable development

*Blended ARPU flat thanks to value focus and continued bundle migration*

**Wireless ARPU (in CHF)**

- Q1 16: 41.7 with 83%
- Q4 16: 43.1 with 84%
- Q1 17: 42.1 with 86%

**Wireline ARPU and ARPH (in CHF)**

- Q1 16: 42.2 with 84%
- Q4 16: 40.9 with 86%
- Q1 17: 40.9 with 87%

**ARPH fixed RGUs per household**

- Q1 16: 87.7
- Q4 16: 87.8
- Q1 17: 87.9

*Best's strategy and yield management pays off*

*HH = total broadband subscriptions + (total 1P voice subs – total 1P broadband subs)*
Our financials - steady since multiple years

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

Net revenue

- Overall flat, but with mixed dynamics: usage-based revenues down, access-based / bundle revenues up
- Fastweb with stable contribution thanks to volume growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Net revenue (in CHF mn)</th>
<th>o/w FWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11'703</td>
<td>2'047</td>
</tr>
<tr>
<td>2015</td>
<td>11'678</td>
<td>1'867</td>
</tr>
<tr>
<td>2016</td>
<td>11'643</td>
<td>1'957</td>
</tr>
<tr>
<td>2017E</td>
<td>~11'600</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA

- Cost management crucial in Switzerland due to saturated market conditions and structural forces (roam like home, FM substitution)
- Fastweb expected to contribute growth

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (in CHF mn)</th>
<th>o/w FWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4'413</td>
<td>625</td>
</tr>
<tr>
<td>2015</td>
<td>4'354 *</td>
<td>619</td>
</tr>
<tr>
<td>2016</td>
<td>4'293</td>
<td>721</td>
</tr>
<tr>
<td>2017E</td>
<td>~4'200</td>
<td></td>
</tr>
</tbody>
</table>

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

CAPEX

- CAPEX envelope remains on current level driven by ongoing UBB extension
- By 2020, Swisscom Switzerland targets >85% with >100 Mbps and Fastweb 50% with >200 Mbps

<table>
<thead>
<tr>
<th>Year</th>
<th>CAPEX (in CHF mn)</th>
<th>o/w FWB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2'436</td>
<td>682</td>
</tr>
<tr>
<td>2015</td>
<td>2'409</td>
<td>581</td>
</tr>
<tr>
<td>2016</td>
<td>2'416</td>
<td>633</td>
</tr>
<tr>
<td>2017E</td>
<td>~2'400</td>
<td></td>
</tr>
</tbody>
</table>
Our financials - Q1 performance

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

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

* Currency impact of CHF -12mn, ** Real estate gain of CHF -10mn in Q1 16 and currency impact of CHF -4mn
Upon meeting its 2017 guidance, Swisscom plans to propose an unchanged dividend of CHF 22 per share to the AGM in 2018.
**Wrap-up**

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

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

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Cautionary statement

Regarding forward-looking statements

› “This communication contains statements that constitute “forward-looking statements”. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.
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