

2014

Interim Report
January–March



swisscom

Facts & Figures

In CHF million, except where indicated

		31.3.2014	31.3.2013	Change
Revenue and results				
Net revenue		2,821	2,734	3.2%
Operating income before depreciation and amortisation (EBITDA) ¹		1,061	1,031	2.9%
EBITDA as % of net revenue	%	37.6	37.7	
Operating income (EBIT) ²		551	540	2.0%
Net income		373	390	-4.4%
Earnings per share	CHF	7.12	7.49	-4.9%
Balance sheet and cash flows				
Equity at end of period		6,115	5,191	17.8%
Equity ratio at end of period ³	%	29.3	25.4	
Capital expenditure		519	474	9.5%
Operating free cash flow ⁴		334	245	36.3%
Net debt at end of period ⁵		7,676	7,931	-3.2%
Operational data at the balance sheet date				
Fixed access lines in Switzerland	in thousand	2,856	2,970	-3.8%
Broadband access lines retail in Switzerland	in thousand	1,833	1,751	4.7%
Swisscom TV access lines in Switzerland	in thousand	1,052	860	22.3%
Mobile access lines in Switzerland	in thousand	6,429	6,270	2.5%
Revenue generating units (RGU) in Switzerland ⁶	in thousand	12,170	11,851	2.7%
Unbundled fixed access lines in Switzerland	in thousand	241	290	-16.9%
Broadband access lines wholesale in Switzerland	in thousand	221	196	12.8%
Broadband access lines in Italy	in thousand	1,984	1,861	6.6%
Swisscom share				
Number of shares issued at end of period	in mio.	51,802	51,802	–
Closing price at end of period	CHF	543.00	439.20	23.6%
Market capitalisation at end of period ⁷		28,120	22,744	23.6%
Employees				
Full-time equivalent employees at end of period	FTE	20,081	19,247	4.3%
Full-time equivalent employees in Switzerland at end of period	FTE	17,395	16,483	5.5%

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

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

³ Equity as a percentage of total assets.

⁴ 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 other intangible assets and dividends paid to non-controlling interests.

⁵ Definition net debt: financial liabilities less cash and cash equivalents, current financial assets and non-current fixed-interest-bearing deposits.

⁶ Definition revenue generating units (RGU) in Switzerland: fixed access lines, broadband access lines retail, Swisscom TV access lines and mobile access lines.

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

Group financial review

Summary

In CHF million, except where indicated	31.3.2014	31.3.2013	Change
Net revenue	2,821	2,734	3.2%
Operating income before depreciation and amortisation (EBITDA)	1,061	1,031	2.9%
EBITDA as % of net revenue	37.6	37.7	
Operating income (EBIT)	551	540	2.0%
Net income	373	390	-4.4%
Earnings per share (in CHF)	7.12	7.49	-4.9%
Capital expenditure	519	474	9.5%
Operating free cash flow	334	245	36.3%
Net debt at end of period	7,676	7,931	-3.2%
Full-time equivalent employees at end of period	20,081	19,247	4.3%

In the first quarter of 2014 Swisscom's net revenue rose by CHF 87 million or 3.2% to CHF 2,821 million. At constant exchange rates, excluding company acquisitions and Fastweb's wholesale revenue from interconnection services (hubbing), net revenue increased by 1.7% or CHF 45 million, of which Swiss business accounted for CHF 35 million. Price erosion amounting to around CHF 60 million (CHF 24 million of which resulted from reductions in roaming fees) in Swiss core business was more than offset by customer and volume growth totalling around CHF 95 million. Excluding hubbing, Fastweb's revenue was EUR 5 million or 1.3% higher at EUR 389 million. Swisscom's operating income before depreciation and amortisation (EBITDA) rose by CHF 30 million or 2.9% to CHF 1,061 million. After one-off items, the increase amounted to CHF 27 million or 2.6%. Excluding one-off items, EBITDA in Swiss business increased by CHF 10 million or 1.1%, and at Fastweb by EUR 11 million or 11.3%. As a result of increased depreciation and amortisation and higher financial expense, net income stands with CHF 373 million slightly below prior year level.

Capital expenditure rose by CHF 45 million or 9.5% to CHF 519 million. In Switzerland capital expenditure increased by CHF 26 million or 8.2% to CHF 345 million due to broadband network expansion. At Fastweb the increase in capital expenditure by EUR 16 million or 12.7% to EUR 142 million was attributable to expansion of the fibre-optic network in Italy.

Operating free cash flow rose by CHF 89 million or 36.3% to CHF 334 million. The main reason for this year-on-year increase was the improvement in net working capital. Compared to the end of 2013, net debt fell by CHF 136 million or 1.7% to CHF 7,676 million.

Headcount increased year-on-year by 834 FTEs or 4.3% to 20,081 FTEs, largely as a result of company acquisitions. Excluding company acquisitions, headcount rose by 121 FTEs or 0.6% due to measures to strengthen customer service operations and to the insourcing of external staff. In Switzerland the number of employees increased by 912 FTEs or 5.5% to 17,395.

The financial outlook for 2014 remains unchanged. Swisscom expects to close 2014 with net revenue of around CHF 11.5 billion, EBITDA of around CHF 4.35 billion and capital expenditure in the region of CHF 2.4 billion. If all targets are met, Swisscom will once again propose to the Annual General Meeting of Shareholders a dividend of CHF 22 per share for the 2014 financial year.

Segment results

In CHF million	31.3.2014	31.3.2013	Change
Net revenue			
Residential Customers	1,274	1,231	3.5%
Small and Medium-Sized Enterprises	287	280	2.5%
Corporate Business	436	439	-0.7%
Wholesale	229	237	-3.4%
Intersegment elimination	(137)	(146)	-6.2%
Swisscom Switzerland	2,089	2,041	2.4%
Fastweb	483	487	-0.8%
Other operating segments	450	412	9.2%
Intersegment elimination	(201)	(206)	-2.4%
Net revenue	2,821	2,734	3.2%
Operating income before depreciation and amortisation (EBITDA)			
Residential Customers	730	710	2.8%
Small and Medium-Sized Enterprises	215	213	0.9%
Corporate Business	217	220	-1.4%
Wholesale	95	96	-1.0%
Network & IT	(364)	(362)	0.6%
Intersegment elimination	1	-	-
Swisscom Switzerland	894	877	1.9%
Fastweb	132	119	10.9%
Other operating segments	68	73	-6.8%
Group Headquarters	(25)	(29)	-13.8%
Intersegment elimination	(6)	(4)	50.0%
Reconciliation to pension cost ¹	(2)	(5)	-
Operating income before depreciation and amortisation (EBITDA)	1,061	1,031	2.9%

¹ Ordinary employer contributions as pension cost are included in segment results. The difference to the pension cost under IAS 19 is disclosed as a reconciliation item.

Reporting is broken down into the segments Swisscom Switzerland, Fastweb and Other Operating Segments. Swisscom Switzerland includes the segments Residential Customers, Small & Medium-Sized Enterprises, Corporate Business, Wholesale and Network & IT. Group Headquarters is disclosed separately.

Swisscom Switzerland is Swiss market leader in the field of telecommunications. Fastweb is one of Italy's largest broadband telecoms companies. Other Operating Segments mainly comprises Group Related Businesses and Swisscom IT Services, a leading provider of IT services in Switzerland. Group Headquarters mainly comprises the Group divisions as well as the employment company Worklink AG. The Network & IT segment does not recharge any network costs to other segments, nor does Group Headquarters recharge any management fees to other segments. Other intersegment services are recharged at market prices. Network costs in Switzerland are budgeted, monitored and controlled by the Network & IT division, which is managed as a cost centre. For this reason, no revenue is credited to the Network & IT division within segment reporting. The results of the segments Residential Customers, Small & Medium-Sized Enterprises, Corporate Business and Wholesale correspond to a contribution margin before network costs.

Segment expense includes the costs of materials and services, personnel costs and other operating costs less capitalised self-constructed assets and other income. Segment expense contains the ordinary employer contributions as a pension cost. Under IAS 19, the difference between the ordinary employer contributions and the pension cost is reported as a reconciliation item between the operating incomes of the segments and Group operating income.

Swisscom Switzerland

In CHF million, except where indicated	31.3.2014	31.3.2013	Change
Net revenue and results			
Mobile single subscriptions	673	673	–
Fixed-line single subscriptions	515	574	–10.3%
Bundles	439	349	25.8%
Wholesale	145	149	–2.7%
Other	303	280	8.2%
Revenue from external customers	2,075	2,025	2.5%
Intersegment revenue	14	16	–12.5%
Net revenue	2,089	2,041	2.4%
Direct costs	(426)	(420)	1.4%
Indirect costs	(769)	(744)	3.4%
Segment expenses	(1,195)	(1,164)	2.7%
Segment result before depreciation and amortisation	894	877	1.9%
Margin as % of net revenue	42.8	43.0	
Depreciation, amortisation and impairment losses	(283)	(268)	5.6%
Segment result	611	609	0.3%
Operational data at the balance sheet date in thousand			
Fixed access lines	2,856	2,970	–3.8%
Broadband access lines retail	1,833	1,751	4.7%
Swisscom TV access lines	1,052	860	22.3%
Mobile access lines	6,429	6,270	2.5%
Bundles	1,060	842	25.9%
Unbundled fixed access lines	241	290	–16.9%
Broadband access lines wholesale	221	196	12.8%
Revenue generating units (RGU)	12,170	11,851	2.7%
Capital expenditure and headcount			
Capital expenditure	299	284	5.3%
Full-time equivalent employees at end of period	12,522	12,018	4.2%

Net revenue rose by CHF 48 million or 2.4% year-on-year to CHF 2,089 million. Price erosion of around CHF 60 million (CHF 24 million of which resulted from reductions in roaming fees) was outweighed by customer and volume growth. Revenue also improved thanks to the acquisition in April 2013 of a majority stake in Cinetrade, Switzerland's leading film rights and content trading company for the purchase and commercialisation of programme and sports broadcasting rights. The number of revenue-generating units (RGU) grew year-on-year by 319,000 or 2.7% to 12.2 million (+73,000 in the first quarter).

The trend towards bundled offerings and new pricing models such as flat-rate tariffs continues unabated. By the end of March 2014, 1.06 million customers were subscribing to packages such as Vivo Libero, which combines Internet access and TV, and Vivo Casa and Vivo Tutto, both of which include fixed-line access with telephony, Internet and TV or, as an additional option, a mobile line. The number of customers using bundled offerings rose year-on-year by 218,000 or 25.9% to 1,060,000 (+59,000 in the first quarter), increasing revenue from bundled contracts by CHF 90 million or 25.8% to CHF 439 million. The main drivers of bundled business are television and mobile services.

The NATEL infinity mobile subscriptions, which offer customers unlimited calls and SMS messages to all Swiss networks as well as unlimited web browsing, are still very popular. At the end of March 2014, almost 1.8 million customers or around 55% of subscriber customers (excluding corporate customers) were using infinity offerings. Compared to the previous year, the number of mobile lines increased by 159,000 or 2.5% to 6.4 million (+22,000 in the first quarter), despite the elimination of 10,000 pager SIM cards which generated low revenues. The trend from prepaid offerings to postpaid contracts continues, with the number of postpaid contracts including bundled offerings

rising by 182,000 (+25,000 in the first quarter) and the number of prepaid contracts dropping by 23,000 (–3,000 in the first quarter). In the first three months of 2014 Swisscom Switzerland sold 332,000 mobile handsets (–9.3%), of which 69% were smartphones.

The number of Swisscom TV connections increased year-on-year by 192,000 or 22.3% to 1.05 million (+52,000 in the first quarter), of which basic package subscriptions accounted for 0.99 million. Swisscom TV 2.0, which offers additional TV functions, was launched at the beginning of April 2014 and by the end of the same month had already attracted 30,000 customers, most of whom had upgraded from a previous Swisscom offering. Retail broadband access lines grew year-on-year by 82,000 or 4.7% to 1.83 million (+22,000 in the first quarter). Compared to the previous year, the number of fixed lines declined by 114,000 or 3.8% to 2.86 million (–23,000 in the first quarter), due primarily to customers migrating to cable network providers or switching from fixed to mobile. The number of wholesale broadband access lines was 25,000 or 12.8% higher at 221,000 (+6,000 in the first quarter), while unbundled subscriber access lines dropped by 49,000 or 16.9% year-on-year to 241,000 (–15,000 in the first quarter).

Segment expense rose by CHF 31 million or 2.7% to CHF 1,195 million, with both direct and indirect costs increasing versus the prior year. Direct costs increased by 1.4% to CHF 426 million due to higher subscriber acquisition costs and additional costs related to the acquisition of Cinetrade. Indirect costs were CHF 25 million or 3.4% higher at CHF 769 million. Adjusted for company acquisitions and restructuring costs, indirect costs rose by CHF 7 million. The increase is mainly attributable to higher personnel expense and higher maintenance and repair costs. The segment result before depreciation and amortisation improved by CHF 17 million or 1.9% to CHF 894 million, while the profit margin was down 0.2 percentage points at 42.8%.

Compared to the previous year, depreciation and amortisation rose by CHF 15 million or 5.6% to CHF 283 million as a result of higher capital expenditure. The segment result increased by CHF 2 million or 0.3% to CHF 611 million. At CHF 299 million, capital expenditure was CHF 15 million or 5.3% higher on account of increased investments in broadband and access networks. Headcount rose by 504 FTEs or 4.2% to 12,522 FTEs. Excluding company acquisitions, the increase in headcount amounts to 230 FTEs or 1.9% and is attributable to measures aimed at strengthening customer service operations and to the insourcing of external staff.

Fastweb

In EUR million, except where indicated	31.3.2014	31.3.2013	Change
Residential Customers	188	186	1.1%
Corporate Business	177	178	–0.6%
Wholesale hubbing	7	14	–50.0%
Wholesale other	23	19	21.1%
Revenue from external customers	395	397	–0.5%
Intersegment revenue	1	1	–
Net revenue	396	398	–0.5%
Segment expenses	(288)	(301)	–4.3%
Segment result before depreciation and amortisation	108	97	11.3%
Margin as % of net revenue	27.3	24.4	
Capital expenditure	142	126	12.7%
Full-time equivalent employees at end of period	2,362	2,389	–1.1%
Broadband access lines in thousand	1,984	1,861	6.6%

Fastweb's net revenue fell by EUR 2 million or 0.5% to EUR 396 million compared to the previous year, as a result of the planned reduction in wholesale revenue from low-margin interconnection services (hubbing). Excluding hubbing, Fastweb's revenue was EUR 5 million or 1.3% higher at EUR 389 million. Despite a difficult market environment, Fastweb's broadband customer base grew year-on-year by 123,000 or 6.6% to 1.98 million (+42,000 in the first quarter). Fierce competition reduced average revenue per residential broadband customer by around 5%. This decline was offset by customer growth, with revenue from residential customers rising by EUR 2 million or

1.1% to EUR 188 million. Conversely, revenue from corporate business contracted by EUR 1 million or 0.6% to EUR 177 million, while wholesale business revenue was EUR 4 million or 21.1% higher at EUR 23 million.

The segment result before depreciation and amortisation ended the first quarter of 2014 at EUR 108 million, a year-on-year improvement of EUR 11 million or 11.3%. This increase is attributable to lower procurement prices for access services (unbundling) and reduced operating costs, which drove the profit margin up 2.9 percentage points to 27.3%. Headcount decreased year-on-year by 27 FTEs or 1.1% to 2,362 FTEs. Capital expenditure was EUR 16 million or 12.7% higher at EUR 142 million due to expansion of the fibre-optic network in Italy. The ratio of capital expenditure to net revenue was 35.9% (prior year: 31.7%).

Other Operating Segments

In CHF million, except where indicated	31.3.2014	31.3.2013	Change
Revenue from external customers	264	223	18.4%
Intersegment revenue	186	189	-1.6%
Net revenue	450	412	9.2%
Segment expenses	(382)	(339)	12.7%
Segment result before depreciation and amortisation	68	73	-6.8%
Margin as % of net revenue	15.1	17.7	
Capital expenditure	52	38	36.8%
Full-time equivalent employees at end of period	4,883	4,505	8.4%

Revenue from external customers increased year-on-year by CHF 41 million or 18.4% to CHF 264 million. At CHF 164 million, revenue from external customers at Swisscom IT Services was CHF 35 million or 27.1% higher, largely due to company acquisitions. In 2013 Swisscom IT Services acquired the business platform of Entris Banking and Entris Operations, which is used primarily for processing payment transactions and securities trading for banks. Intersegment revenue remained virtually unchanged year-on-year at CHF 186 million.

Segment expense rose by CHF 43 million or 12.7% to CHF 382 million, chiefly due to additional costs related to company acquisitions made by Swisscom IT Services. The segment result before depreciation and amortisation declined by CHF 5 million or 6.8% to CHF 68 million. At 4,883 FTEs, headcount was 378 FTEs or 8.4% higher than the previous year. Capital expenditure rose by CHF 14 million or 36.8% to CHF 52 million as a result of increased investment by Swisscom IT Services, primarily in IT infrastructure, and in ongoing construction projects at Swisscom Real Estate.

Group Headquarters and reconciliation of pension cost

Operating income before depreciation and amortisation improved year-on-year by CHF 4 million or 13.8% to CHF -25 million. The increase is largely attributable to cost savings. Headcount dropped by 21 FTEs or 6.3% to 314 FTEs.

An expense of CHF 2 million (prior year: CHF 5 million) is recognised as a pension cost reconciliation item for the first quarter of 2014.

Depreciation and amortisation, non-operating income

In CHF million, except where indicated

	31.3.2014	31.3.2013	Change
Operating income before depreciation and amortisation (EBITDA)	1,061	1,031	2.9%
Depreciation, amortisation and impairment losses	(510)	(491)	3.9%
Operating income (EBIT)	551	540	2.0%
Net interest result	(61)	(63)	-3.2%
Other financial income and expense, net	(23)	(2)	-
Share of results of associates	3	6	-50.0%
Income before income taxes	470	481	-2.3%
Income tax expense	(97)	(91)	6.6%
Net income	373	390	-4.4%
Share of net income attributable to equity holders of Swisscom Ltd	369	388	-4.9%
Share of net income attributable to non-controlling interests	4	2	100.0%
Average number of shares outstanding (in millions)	51.800	51.800	-
Earnings per share (in CHF)	7.12	7.49	-4.9%

Depreciation and amortisation rose by CHF 19 million or 3.9% year-on-year to CHF 510 million, largely due to higher depreciation and amortisation recognised by Swisscom Switzerland as a result of increased capital expenditure. Intangible assets resulting from company acquisitions were capitalised for purchase price allocation purposes. Depreciation and amortisation for the first quarter of 2014 includes scheduled amortisation of CHF 35 million (prior year: CHF 34 million) related to company acquisitions.

Net interest expense was CHF 2 million lower at CHF 61 million as a result of lower financial debt. At CHF 23 million, other net financial expense rose by CHF 21 million compared to the previous year. The net financial expense for the first quarter of 2014 includes negative effects of CHF 12 million arising from the fair value adjustment of interest hedging (prior year: positive effects of CHF 7 million).

Income tax expense amounted to CHF 97 million (prior year: CHF 91 million), corresponding to an effective income tax rate of 20.6% (prior year: 18.9%). Excluding non-recurring items, an income tax rate of around 21% is expected in the long term.

As a result of increased depreciation and amortisation and higher financial expense, net income stands with CHF 373 million slightly below prior year level. Earnings per share is calculated based on net income attributable to equity holders of Swisscom Ltd and average number of shares outstanding. The share of net income attributable to equity holders of Swisscom Ltd decreased year-on-year to CHF 369 million. Earnings per share declined accordingly from CHF 7.49 to CHF 7.12.

Cash flows

In CHF million	31.3.2014	31.3.2013	Change
Operating income before depreciation and amortisation (EBITDA)	1,061	1,031	30
Capital expenditure ¹	(519)	(474)	(45)
Proceeds from sale of property, plant and equipment and other intangible assets	2	5	(3)
Change in defined benefit obligations	(18)	1	(19)
Change in net working capital and other cash flow from operating activities	(192)	(318)	126
Operating free cash flow	334	245	89
Net interest paid	(16)	(16)	–
Income taxes paid	(128)	(55)	(73)
Free cash flow	190	174	16
Other cash flows from investing activities, net	(80)	33	(113)
Issuance and repayment of financial liabilities, net	(4)	(30)	26
Other cash flows from financing activities	(16)	(31)	15
Net increase in cash and cash equivalents	90	146	(56)

¹ Excluding capital expenditure totalling CHF 5 million (prior year: CHF 12 million) in a real-estate project for which a sales contract was signed.

Free cash flow increased by CHF 16 million or 9.2% to CHF 190 million. The increase in operating free cash flow was partly offset by higher income tax payments. The main reason behind the CHF 89 million or 36.3% increase in operating free cash flow to CHF 334 million is the improvement in net working capital, which rose by CHF 192 million versus the end of 2013 (prior year: CHF 318 million), chiefly as a result of lower trade payables and higher accruals for prepaid expenses for the 2014 financial year. Capital expenditure rose by CHF 45 million or 9.5% year-on-year to CHF 519 million, chiefly due to broadband network expansion both in Switzerland and Italy.

Balance sheet

In CHF million	31.3.2014	31.12.2013	Change
Assets			
Cash and cash equivalents and current financial assets	1,068	883	21.0%
Trade and other receivables	2,546	2,516	1.2%
Property, plant and equipment	9,265	9,156	1.2%
Goodwill	4,809	4,809	–
Other intangible assets	1,974	2,053	–3.8%
Investments in associates and non-current financial assets	329	346	–4.9%
Tax assets	351	301	16.6%
Other current and non-current assets	542	432	25.5%
Total assets	20,884	20,496	1.9%
Liabilities and equity			
Financial liabilities	8,867	8,823	0.5%
Trade and other payables	1,807	1,870	–3.4%
Defined benefit obligations	1,584	1,293	22.5%
Provisions	831	799	4.0%
Tax liabilities	597	640	–6.7%
Other current and non-current liabilities	1,083	1,069	1.3%
Total liabilities	14,769	14,494	1.9%
Share of equity attributable to equity holders of Swisscom Ltd	6,082	5,973	1.8%
Share of equity attributable to non-controlling interests	33	29	13.8%
Total equity	6,115	6,002	1.9%
Total liabilities and equity	20,884	20,496	1.9%
Equity ratio at end of period	29.3%	29.3%	
Net debt	7,676	7,812	–1.7%

Total assets at 31 March 2014 amounted to CHF 20,884 million, an increase of CHF 388 million or 1.9% compared to the end of 2013. Equity rose by CHF 113 million or 1.9% to CHF 6,115 million. The increase in equity mainly derives from net income of CHF 373 million minus the net loss of CHF 255 million recognised in equity. This includes actuarial losses of CHF 303 million from pension plans arising mainly from interest rate changes. Compared to the end of 2013, the CHF/EUR exchange rate fell from 1.228 to 1.219. On 31 March 2014, cumulative currency translation losses recognised in equity amounted to around CHF 1.57 billion. Compared to the end of 2013, other current and non-current assets rose by CHF 110 million to CHF 542 million, primarily due to an increase in accruals for prepaid expenses for the 2014 financial year.

Net debt comprises financial liabilities less cash and cash equivalents, current financial assets and non-current, fixed-interest-bearing deposits. Swisscom's goal is to achieve an annualised maximum net debt/EBITDA ratio of around 2x. This value may be exceeded temporarily. Financial leeway exists if the target is not reached.

Outlook

The financial outlook for 2014 remains unchanged. Swisscom expects the 2014 year-end figures for revenue and EBITDA to show moderate growth. Excluding Fastweb, Swisscom expects to close 2014 with revenue of around CHF 9.45 billion and EBITDA of at least CHF 3.7 billion. The trend for revenue and income is being driven by a slight increase in revenue from services, coupled with ongoing stagnation in the business customer segment due to persistent price erosion. The companies acquired in 2013 will also contribute some CHF 80 million to growth. The outlook for EBITDA remains predicated on the assumption that no material restructuring and integration costs will be incurred. Expansion of the network infrastructure will again entail high capital expenditure of around CHF 1.75 billion in 2014.

Fastweb is expected to close 2014 with revenue of around EUR 1.65 billion, EBITDA of at least EUR 0.5 billion and capital expenditure in the region of EUR 0.55 billion. The high figure for capital expenditure is due to expansion of the fibre-optic network in Italy.

Assuming a stable CHF/EUR exchange rate of 1.23, Swisscom expects to post Group revenue of around CHF 11.5 billion, EBITDA of around CHF 4.35 billion and capital expenditure of CHF 2.4 billion at the end of 2014. If all targets are met, Swisscom will once again propose to the Annual General Meeting of Shareholders a dividend of CHF 22 per share for the 2014 financial year.

Consolidated interim financial statements (condensed and unaudited)

Consolidated income statement (condensed and unaudited)

In CHF million, except where indicated

	Note	1.1.–31.3.2014	1.1.–31.3.2013
Net revenue	2	2,821	2,734
Goods and services purchased		(552)	(552)
Personnel expense		(692)	(671)
Other operating expense		(597)	(557)
Capitalised self-constructed assets and other income		81	77
Operating income before depreciation and amortisation (EBITDA)		1,061	1,031
Depreciation, amortisation and impairment losses		(510)	(491)
Operating income (EBIT)	2	551	540
Financial income and financial expense, net	3	(84)	(65)
Share of results of associates		3	6
Income before income taxes		470	481
Income tax expense		(97)	(91)
Net income		373	390
Share of net income attributable to equity holders of Swisscom Ltd		369	388
Share of net income attributable to non-controlling interests		4	2
Basic and diluted earnings per share (in CHF)		7.12	7.49

Consolidated statement of comprehensive income (unaudited)

In CHF million	1.1.–31.3.2014	1.1.–31.3.2013
Net income	373	390
Other comprehensive income		
Actuarial gains and losses from defined benefit plans	(303)	64
Income tax expense	60	(12)
Items that will not be reclassified to income statement, net of tax	(243)	52
Foreign currency translation adjustments of foreign subsidiaries	(18)	40
Change in fair value of cash flow hedges	(1)	8
Gains and losses from cash flow hedges transferred to income statement	1	1
Income tax expense	6	(10)
Items that are or may be reclassified subsequently to income statement, net of tax	(12)	39
Other comprehensive income	(255)	91
Comprehensive income	118	481
Share of comprehensive income attributable to equity holders of Swisscom Ltd	114	479
Share of comprehensive income attributable to non-controlling interests	4	2

Consolidated balance sheet (condensed and unaudited)

In CHF million	Note	31.3.2014	31.12.2013
Assets			
Cash and cash equivalents		814	723
Trade and other receivables		2,546	2,516
Other financial assets		254	160
Other assets		503	397
Total current assets		4,117	3,796
Property, plant and equipment		9,265	9,156
Goodwill and other intangible assets		6,783	6,862
Investments in associates		134	153
Other financial assets		195	193
Other assets		390	336
Total non-current assets		16,767	16,700
Total assets		20,884	20,496
Liabilities and equity			
Financial liabilities	4	1,904	1,656
Trade and other payables		1,807	1,870
Current income tax liabilities		158	184
Provisions	5	124	132
Other liabilities		787	759
Total current liabilities		4,780	4,601
Financial liabilities	4	6,963	7,167
Defined benefit obligations		1,584	1,293
Provisions	5	707	667
Deferred tax liabilities		439	456
Other liabilities		296	310
Total non-current liabilities		9,989	9,893
Total liabilities		14,769	14,494
Share of equity attributable to equity holders of Swisscom Ltd		6,082	5,973
Share of equity attributable to non-controlling interests		33	29
Total equity		6,115	6,002
Total liabilities and equity		20,884	20,496

Consolidated cash flow statement (condensed and unaudited)

In CHF million	1.1.–31.3.2014	1.1.–31.3.2013
Net income	373	390
Adjustment for non-cash items	688	638
Change in operating assets and liabilities	(205)	(303)
Income taxes paid	(128)	(55)
Cash flow provided by operating activities	728	670
Capital expenditure	(524)	(486)
Other cash flows from investing activities, net	(80)	23
Cash flow used in investing activities	(604)	(463)
Issuance and repayment of financial liabilities, net	(4)	(30)
Other cash flows from financing activities, net	(30)	(31)
Cash flow used in financing activities	(34)	(61)
Net increase in cash and cash equivalents	90	146
Cash and cash equivalents at beginning of period	723	538
Foreign currency translation adjustments in respect of cash and cash equivalents	1	1
Cash and cash equivalents at end of period	814	685

Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Attributable to equity holders of Swisscom	Attributable to non-controlling interests	Total equity
Balance at 31 December 2012	52	136	6,135	–	(1,633)	4,690	27	4,717
Net income	–	–	388	–	–	388	2	390
Other comprehensive income	–	–	52	–	39	91	–	91
Comprehensive income	–	–	440	–	39	479	2	481
Acquisition of treasury shares for share-based payments	–	–	–	(7)	–	(7)	–	(7)
Balance at 31 March 2013	52	136	6,575	(7)	(1,594)	5,162	29	5,191
Balance at 31 December 2013	52	136	7,356	–	(1,571)	5,973	29	6,002
Net income	–	–	369	–	–	369	4	373
Other comprehensive income	–	–	(243)	–	(12)	(255)	–	(255)
Comprehensive income	–	–	126	–	(12)	114	4	118
Acquisition of treasury shares for share-based payments	–	–	–	(5)	–	(5)	–	(5)
Balance at 31 March 2014	52	136	7,482	(5)	(1,583)	6,082	33	6,115

Notes to the interim financial statements (condensed and unaudited)

1 Accounting policies

Basis of preparation

These unaudited consolidated financial statements include Swisscom Ltd and all subsidiaries directly or indirectly controlled by it via a voting majority or in any other way (hereinafter referred to as Swisscom). The consolidated interim financial statements for the three months to 31 March 2014 were prepared in accordance with International Accounting Standard “IAS 34 Interim Financial Reporting” and should be read in conjunction with the consolidated annual financial statements for the financial year ended 31 December 2013. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2013 consolidated financial statements and the revised accounting principles adopted on 1 January 2014.

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 1.219 was applied as the end-of-period rate (31 December 2013 CHF/EUR 1.228) and 1.219 as the average rate for the period (prior year: CHF/EUR 1.225).

Changes in accounting principles

As of 1 January 2014, Swisscom adopted various amendments to existing International Financial Reporting Standards (IFRS) and Interpretations, none of which have a material impact on the consolidated financial statements of Swisscom.

2 Segment information

Reportable operating segments are determined on the basis of a management approach. Accordingly, external segment reporting reflects the Group's internal organisational and management structure as well as internal financial reporting to the Chief Operating Decision Maker. Reporting is divided into the segments "Residential Customers", "Small & Medium-Sized Enterprises", "Corporate Business", "Wholesale", and "Network & IT" which are grouped under Swisscom Switzerland, "Fastweb", and "Other Operating Segments". In addition, unallocated costs are reported separately under "Group Headquarters".

Group Headquarters charges no management fees for its financial management services; similarly, the segment Network & IT recharges no network costs to other segments. Other intersegment services are recharged at market prices. The results of the segments Residential Customers, Small & Medium-Sized Enterprises, Corporate Business and Wholesale correspond to a contribution margin before network costs. The results of the Network & IT segment consist of operating expenses and depreciation and amortisation less capitalised self-constructed assets and other income. The sum of the segment results of Swisscom Switzerland is equal to the operating income (EBIT) of Swisscom Switzerland. The segment results of the segments Fastweb and Other Operating Segments correspond to the operating income (EBIT) of these units. The latter reflects the net revenues from external customers and other segments less segment expense and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets. Segment expense includes the costs of materials and services, personnel expense and other operating costs less capitalised self-constructed assets and other income.

Segment expense contains the ordinary employer contributions as a pension cost. The difference between the ordinary employer contributions and the pension cost in accordance with IAS 19 is disclosed in the column "Elimination". For the first quarter of 2014, an expense of CHF 2 million is disclosed under "Elimination" as a pension cost reconciliation item in accordance with IAS 19 (first quarter of 2013: CHF 5 million)

Unrealised gains and losses may arise as a result of recharging services and sales of assets between the segments. These are eliminated and are reported in the segment information in the column "Elimination".

Net revenue and the results of the individual segments for the first three months of 2013 and 2014 are as shown below:

1.1.–31.3.2014, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimination	Total
Net revenue from external customers	2,075	482	264	–	–	2,821
Net revenue with other segments	14	1	186	–	(201)	–
Net revenue	2,089	483	450	–	(201)	2,821
Segment result	611	(57)	29	(25)	(7)	551
Financial income and financial expense, net						(84)
Share of results of associates						3
Income before income taxes						470
Income tax expense						(97)
Net income						373

1.1.–31.3.2014, in CHF million	Residential Customers	Small and Medium-Sized Enterprises	Corporate Business	Wholesale	Network & IT	Elimination	Swisscom Switzerland
Net revenue from external customers	1,234	282	414	145	–	–	2,075
Net revenue with other segments	40	5	22	84	–	(137)	14
Net revenue	1,274	287	436	229	–	(137)	2,089
Segment result	702	214	200	95	(600)	–	611

1.1.–31.3.2013, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimination	Total
Net revenue from external customers	2,025	486	223	–	–	2,734
Net revenue with other segments	16	1	189	–	(206)	–
Net revenue	2,041	487	412	–	(206)	2,734
Segment result	609	(61)	30	(31)	(7)	540
Financial income and financial expense, net						(65)
Share of results of associates						6
Income before income taxes						481
Income tax expense						(91)
Net income						390

1.1.–31.3.2013, in CHF million	Residential Customers	Small and Medium-Sized Enterprises	Corporate Business	Wholesale	Network & IT	Elimination	Swisscom Switzerland
Net revenue from external customers	1,190	274	412	149	–	–	2,025
Net revenue with other segments	41	6	27	88	–	(146)	16
Net revenue	1,231	280	439	237	–	(146)	2,041
Segment result	685	212	202	96	(586)	–	609

3 Financial income and financial expense

In CHF million	1.1.–31.3.2014	1.1.–31.3.2013
Interest income	2	1
Interest expense	(63)	(64)
Net interest expense	(61)	(63)
(Foreign exchange losses) foreign exchange gains	(1)	2
Change in fair value of interest hedging instruments	(12)	7
Other financial income and expense, net	(10)	(11)
Financial income and financial expense, net	(84)	(65)

4 Financial liabilities

In CHF million	31.3.2014	31.12.2013
Bank loans	185	8
Debenture bonds	1,367	1,324
Private placements	205	206
Finance lease liabilities	15	13
Other financial liabilities	132	105
Total current financial liabilities	1,904	1,656
Bank loans	1,157	1,345
Debenture bonds	4,181	4,184
Private placements	922	920
Finance lease liabilities	635	642
Other financial liabilities	68	76
Total non-current financial liabilities	6,963	7,167
Total financial liabilities	8,867	8,823

5 Provisions

In CHF million	Dismant- lement and restora- tion costs	Regulatory proceedings	Other	Total
Balance at 31 December 2013	481	118	200	799
Additions of provisions	39	1	5	45
Present-value adjustments	2	–	2	4
Release of unused provisions	(1)	–	(3)	(4)
Use of provisions	–	–	(10)	(10)
Change in scope of consolidation	–	–	(3)	(3)
Balance at 31 March 2014	521	119	191	831
Thereof current provisions	–	22	102	124
Thereof non-current provisions	521	97	89	707

Provisions for dismantling and restoration costs

The provisions for dismantling and restoration costs relate to the dismantling of mobile base stations and transmitter stations of Swisscom Broadcast and the restoration to its original state of the land owned by third parties on which the stations are located. The provisions are computed by reference to estimates of future dismantling costs and are discounted using an average interest rate of 2.46%. Application of different interest rates resulted in an effect of CHF 39 million, recorded under property, plant and equipment. The non-current portion of the provisions will most likely be settled subsequent to 2020.

Provisions for regulatory proceedings

In accordance with the revised Telecommunications Act, Swisscom provides interconnection services and other access services to other telecommunication service providers in Switzerland. In previous years, several telecommunication service providers demanded from the Federal Communications Commission (ComCom) a reduction in the prices charged to them by Swisscom. Based on legal assessments, Swisscom raised provisions in prior years. The provisions recognised in the 2013 consolidated financial statements have not changed materially during the current financial year.

Other provisions

Other provisions mainly cover provisions for workforce reductions, environmental and contractual risks, and provisions for claims. The other provisions recognised in the 2013 consolidated financial statements have not changed materially during the current financial year.

6 Contingent liabilities

Proceedings conducted by the Competition Commission

In its decision of 5 November 2009, the Competition Commission sanctioned Swisscom for abuse of a market-dominant position in the case of ADSL services, and levied a fine of CHF 220 million. Swisscom appealed against the decision to the Federal Administrative Court on 7 December 2009. On the basis of a legal opinion, Swisscom concludes that, as things stand at present, it is not probable that a court of final appeal will levy sanctions and, as before, has therefore not raised any provision for this eventuality in the consolidated interim financial statements at 31 March 2014. In the event of a legally binding decision on abuse of a market-dominant position, claims could be asserted against Swisscom under civil law. Swisscom still considers it unlikely that such civil claims can be enforced.

Regulatory proceedings

With regard to the other contingent liabilities which were reported in the 2013 consolidated financial statements in connection with regulatory proceedings, Swisscom is of the opinion that an outflow of funds is unlikely and, as before, has therefore not recognised any provision for this in the consolidated financial statements as at 31 March 2014.

7 Dividend

On 7 April 2014 the Annual General Meeting of Swisscom Ltd approved a gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 14 April 2014.

8 Financial instruments

Carrying amounts and fair values of financial instruments

As at 31 March 2014, the carrying amounts and fair values of financial assets and financial liabilities are as follows:

In CHF million	Carrying amount	Fair value
31 March 2014		
Cash and cash equivalents	814	814
Trade and other receivables	2,546	2,546
Other financial assets		
Term deposits with maturities over 90 days	156	156
Other loans and receivables	248	255
Available-for-sale financial assets	44	44
Derivative financial instruments	1	1
Total financial assets	3,809	3,816
Bank loans	1,342	1,374
Debenture bonds	5,548	5,920
Private placements	1,127	1,154
Finance lease liabilities	650	1,319
Other interest-bearing financial liabilities	8	8
Other non-interest-bearing financial liabilities	55	55
Derivative financial instruments	137	137
Trade and other payables	1,807	1,807
Total financial liabilities	10,674	11,774

Fair value hierarchy

The fair value hierarchy encompasses the following three levels:

- > Level 1: stock-exchange quoted prices in active markets for identical assets or liabilities
- > Level 2: other factors which are observable on markets for assets and liabilities, either directly or indirectly
- > Level 3: factors that are not based on observable market data

In CHF million	Level 1	Level 2	Level 3	Total
31 March 2014				
Financial assets				
Available-for-sale financial assets	–	–	23	23
Derivative financial assets	–	1	–	1
Financial liabilities				
Derivative financial liabilities	–	137	–	137

In addition, available-for-sale financial assets as of 31 March 2014 with a carrying amount of CHF 21 million were measured at acquisition cost. Level-3 assets consist of investments in various investment funds. The fair value was calculated using a valuation model. In the first quarter of 2014 there were no reclassifications between the various levels.

9 Related parties

Transactions between Swisscom and various related parties in the first three months of 2014 are similar to those disclosed in the 2013 consolidated financial statements.

10 Events after the balance sheet date

Approval of interim report

The Board of Directors of Swisscom Ltd approved the release of this interim report on 6 May 2014.

Issuance and repayment of debenture bonds

In April 2014 Swisscom repaid a debenture bond with a nominal amount of CHF 1,250 million on the due date. The repayment was partly effected by issuing a debenture bond in euros of EUR 500 million (CHF 610 million) with a coupon rate of 1.875% and a term of 7.5 years. The funding of EUR 500 million was designed for hedge accounting in respect of net investments in foreign interests.

Further information

Share information

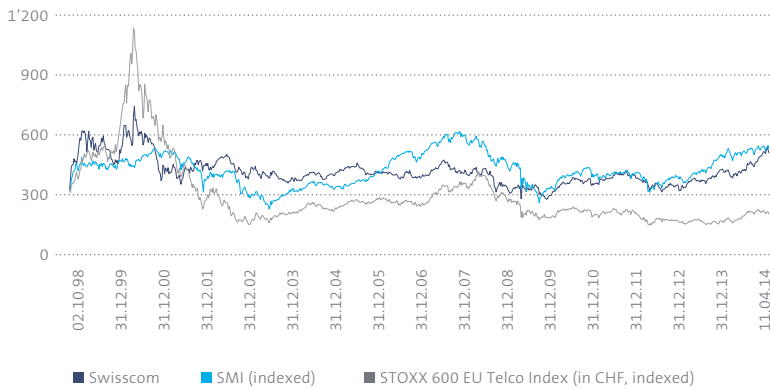
Swisscom share performance indicators

31.12.2013–31.3.2014	SIX Swiss Exchange
Closing price at 31 December 2013 in CHF ¹	470.90
Closing price at 31 March 2014 in CHF ¹	543.00
Year high in CHF ¹	543.50
Year low in CHF ¹	467.50
Total volume of traded shares	5,881,702
Daily average of traded shares	94,866
Total turnover in CHF million	2,961.2
Daily average in CHF million	47.8

Source: Bloomberg
¹ paid prices

Share performance since IPO

Share performance 1998–2014 in CHF



Share information

On 31 March 2014, the share capital consisted of a total of 51,801,943 registered shares, the majority of which are held by the Swiss Confederation in accordance with the Telecommunications Enterprise Act (TEA). Par value per registered share is CHF 1.

At the end of March 2014, Swisscom had around 66,500 registered shareholders and around 14% unregistered shareholdings.

At the Annual General Meeting on 7 April 2014, shareholders approved a gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 14 April 2014.

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

Financial calendar

- > 20 August 2014 2014 Half-Year Results
- > 6 November 2014 2014 Third-Quarter Results
- > in February 2015 2014 Annual Results
- > 8 April 2015 Annual General Meeting in Zurich

Stock exchanges

Swisscom shares are listed and traded 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 2013 and 2014

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2013	1. quarter	2. quarter	3. quarter	4. quarter	2014
Income statement										
Net revenue	2,734	2,862	2,867	2,971	11,434	2,821				2,821
Goods and services purchased	(552)	(604)	(561)	(621)	(2,338)	(552)				(552)
Personnel expense	(671)	(691)	(638)	(706)	(2,706)	(692)				(692)
Other operating expense	(557)	(599)	(596)	(724)	(2,476)	(597)				(597)
Capitalised self-constructed assets and other income	77	103	74	134	388	81				81
Operating income (EBITDA)	1,031	1,071	1,146	1,054	4,302	1,061				1,061
Depreciation and amortisation	(491)	(501)	(509)	(543)	(2,044)	(510)				(510)
Operating income (EBIT)	540	570	637	511	2,258	551				551
Net interest expense	(63)	(62)	(62)	(64)	(251)	(61)				(61)
Other financial result	(2)	4	(11)	1	(8)	(23)				(23)
Result of associates	6	6	6	12	30	3				3
Income before income taxes	481	518	570	460	2,029	470				470
Income tax expense	(91)	(89)	(116)	(38)	(334)	(97)				(97)
Net income	390	429	454	422	1,695	373				373
Attributable to equity holders of Swisscom Ltd	388	427	450	420	1,685	369				369
Attributable to non-controlling interests	2	2	4	2	10	4				4
Earnings per share (in CHF)	7.49	8.24	8.69	8.11	32.53	7.12				7.12
Net revenue										
Swisscom Switzerland	2,041	2,109	2,122	2,177	8,449	2,089				2,089
Fastweb	487	509	494	528	2,018	483				483
Other operating segments	412	454	460	493	1,819	450				450
Group Headquarters	–	1	–	–	1	–				–
Intersegment elimination	(206)	(211)	(209)	(227)	(853)	(201)				(201)
Total net revenue	2,734	2,862	2,867	2,971	11,434	2,821				2,821
Segment result before depreciation and amortisation										
Swisscom Switzerland	877	888	948	834	3,547	894				894
Fastweb	119	139	155	207	620	132				132
Other operating segments	73	86	78	66	303	68				68
Group Headquarters	(29)	(30)	(27)	(41)	(127)	(25)				(25)
Intersegment elimination	(4)	(5)	(4)	(11)	(24)	(6)				(6)
Reconciliation to pension cost	(5)	(7)	(4)	(1)	(17)	(2)				(2)
Total segment result (EBITDA)	1,031	1,071	1,146	1,054	4,302	1,061				1,061
Capital expenditure in property, plant and equipment and other intangible assets										
Swisscom Switzerland	284	354	361	517	1,516	299				299
Fastweb	155	160	168	212	695	173				173
Other operating segments	38	38	56	63	195	52				52
Intersegment elimination	(3)	(5)	(6)	4	(10)	(5)				(5)
Total capital expenditure	474	547	579	796	2,396	519				519
Full-time equivalent employees at end of period										
Swisscom Switzerland	12,018	12,344	12,513	12,463	12,463	12,522				12,522
Fastweb	2,389	2,379	2,370	2,363	2,363	2,362				2,362
Other operating segments	4,505	4,802	4,991	4,964	4,964	4,883				4,883
Group Headquarters	335	334	320	318	318	314				314
Total full-time equivalent employees	19,247	19,859	20,194	20,108	20,108	20,081				20,081
Operating free cash flow	245	615	528	590	1,978	334				334
Net debt	7,931	8,622	8,263	7,812	7,812	7,676				7,676

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2013	1. quarter	2. quarter	3. quarter	4. quarter	2014
Swisscom Switzerland										
Revenue and results										
Residential Customers	428	442	469	444	1,783	435				435
Small and Medium-Sized Enterprises	104	109	109	107	429	103				103
Corporate Business	141	145	142	142	570	135				135
Revenue mobile single subscription	673	696	720	693	2,782	673				673
Residential Customers	304	289	284	280	1,157	257				257
Small and Medium-Sized Enterprises	124	121	119	117	481	115				115
Corporate Business	146	146	143	142	577	143				143
Revenue fixed-line single subscription	574	556	546	539	2,215	515				515
Residential Customers	309	330	352	369	1,360	381				381
Small and Medium-Sized Enterprises	40	46	52	55	193	58				58
Revenue bundles	349	376	404	424	1,553	439				439
Total revenue single subscription and bundles	1,596	1,628	1,670	1,656	6,550	1,627				1,627
Solution business	84	87	90	99	360	85				85
Hardware sold	128	143	143	181	595	153				153
Wholesale	149	146	148	145	588	145				145
Revenue other	68	90	56	82	296	65				65
Revenue from external customers	2,025	2,094	2,107	2,163	8,389	2,075				2,075
Residential Customers	1,190	1,247	1,254	1,294	4,985	1,234				1,234
Small and Medium-Sized Enterprises	274	282	286	286	1,128	282				282
Corporate Business	412	419	419	438	1,688	414				414
Wholesale	149	146	148	145	588	145				145
Revenue from external customers	2,025	2,094	2,107	2,163	8,389	2,075				2,075
Segment result before depreciation and amortisation										
Residential Customers	710	731	759	698	2,898	730				730
Small and Medium-Sized Enterprises	213	216	222	213	864	215				215
Corporate Business	220	226	231	230	907	217				217
Wholesale	96	96	97	95	384	95				95
Network & IT	(362)	(380)	(363)	(401)	(1,506)	(364)				(364)
Intersegment elimination	–	(1)	2	(1)	–	1				1
Segment result (EBITDA)	877	888	948	834	3,547	894				894
Margin as % of net revenue	43.0	42.1	44.7	38.3	42.0	42.8				42.8
Fastweb, in EUR million										
Residential Customers	186	186	186	186	744	188				188
Corporate Business	178	193	188	212	771	177				177
Wholesale hubbing	14	11	9	11	45	7				7
Wholesale other	19	21	19	19	78	23				23
Revenue from external customers	397	411	402	428	1,638	395				395
Segment result (EBITDA)	97	113	126	169	505	108				108
Margin as % of net revenue	24.4	27.4	31.3	39.4	30.8	27.3				27.3
Capital expenditure	126	130	137	172	565	142				142
Broadband access lines in thousand	1,861	1,887	1,911	1,942	1,942	1,984				1,984

In thousand, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2013	1. quarter	2. quarter	3. quarter	4. quarter	2014
Swisscom Switzerland										
Operational data										
Access lines										
Single subscriptions	2,272	2,207	2,142	2,073	2,073	2,007				2,007
Bundles	698	729	763	806	806	849				849
Fixed access lines	2,970	2,936	2,905	2,879	2,879	2,856				2,856
Single subscriptions	909	878	843	810	810	773				773
Bundles	842	889	938	1,001	1,001	1,060				1,060
Broadband access lines retail	1,751	1,767	1,781	1,811	1,811	1,833				1,833
Single subscriptions	291	289	281	276	276	271				271
Bundles	569	613	662	724	724	781				781
Swisscom TV access lines	860	902	943	1,000	1,000	1,052				1,052
Prepaid single subscriptions	2,196	2,180	2,173	2,176	2,176	2,173				2,173
Postpaid single subscriptions	3,741	3,763	3,783	3,812	3,812	3,812				3,812
Mobile access lines single subscriptions	5,937	5,943	5,956	5,988	5,988	5,985				5,985
Bundles	333	364	390	419	419	444				444
Mobile access lines	6,270	6,307	6,346	6,407	6,407	6,429				6,429
Revenue generating units (RGU)	11,851	11,912	11,975	12,097	12,097	12,170				12,170
Broadband access lines wholesale	196	201	208	215	215	221				221
Unbundled fixed access lines	290	280	268	256	256	241				241
Bundles										
2Play bundles	257	264	270	279	279	287				287
3Play bundles	428	451	479	517	517	555				555
4Play bundles	157	174	189	205	205	218				218
Total bundles	842	889	938	1,001	1,001	1,060				1,060
Swisscom Group										
Information by geographical regions										
Net revenue in Switzerland	2,235	2,337	2,358	2,428	9,358	2,323				2,323
Net revenue in other countries	499	525	509	543	2,076	498				498
Total net revenue	2,734	2,862	2,867	2,971	11,434	2,821				2,821
EBITDA in Switzerland	910	933	993	849	3,685	924				924
EBITDA in other countries	121	138	153	205	617	137				137
Total EBITDA	1,031	1,071	1,146	1,054	4,302	1,061				1,061
Capital expenditure in Switzerland	319	387	409	571	1,686	345				345
Capital expenditure in other countries	155	160	170	225	710	174				174
Total capital expenditure	474	547	579	796	2,396	519				519
Full-time equivalent employees in Switzerland	16,483	17,099	17,449	17,362	17,362	17,395				17,395
Full-time equivalent employees in other countries	2,764	2,760	2,745	2,746	2,746	2,686				2,686
Total full-time equivalent employees	19,247	19,859	20,194	20,108	20,108	20,081				20,081

Forward-looking statements

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

This communication contains statements that constitute forward-looking statements. In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites. Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication. Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.

