Q3 2016 results presentation

Conference Call
03 November 2016

swisscom

Agenda

1. Intro-duction
2. Q3 overview
3. 2016 priorities
4. Q3 operations
5. Q3 financials
6. Q&A
7. Backup

Louis Schmid, IR

Urs Schaeppi, CEO

Mario Rossi, CFO

All

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Urs Schaeppi, CEO

Q3 in a nutshell

Swisscom continues to deliver on its FY targets

- Swisscom with a **solid set of operational performance** in Q3 and an unchanged **leading position in Switzerland** – in all markets
- **Fastweb** continuously **contributing growth** to Swisscom's profile – operationally and financially
- **9m 16 financials** inline with FY expectations – top-line flat, underlying margin slightly lighter
- Dynamics in Swiss business unbroken – **value for money key for Swisscom customers**
  - Infinity 2.0 drives postpaid growth (Q3 with +17k) successfully
  - Ongoing move to bundles (Q3 with +220k) with unique TV 2.0 and increasing UBB footprint coverage as main catalysts
- **Cost cutting** on track (9m 16 with CHF +37mn), remains **a top priority**
- **Guidance** for FY 2016 **confirmed:** revenue CHF >11.6 bn, EBITDA CHF ~4.25 bn and CAPEX CHF ~2.4 bn

Q3 2016 market performance

Solid market position in Switzerland, growing RGU base in Italy

2

Mobile Swisscom Switzerland

in k	Q1	Q2	Q3	9m 16	YOY
Postpaid	-9	+19	+17	4,528	+1%
Prepaid	-1	-11	-27	2,085	-2%
Total	**-10**	**+8**	**-10**	**6,613**	**0%**
Est. market share service revenue	62%	62%			

Fixed Swisscom Switzerland

in k	Q1	Q2	Q3	9m 16	YOY
Voice lines	-47	-64	-60	2,458	-8%
Broadband	+10	+10	+7	1,985	+3%
TV	+36	+33	+40	1'440	+13%
Total	**-1**	**-21**	**-13**	**5'883**	**0%**

Mobile Fastweb

in k	Q1	Q2	Q3	9m 16	YOY
Total	**+15**	**+30**	**+36**	**601**	**+23%**

Fixed Fastweb

in k	Q1	Q2	Q3	9m 16	YOY
Broadband	**+40**	**+16**	**+38**	**2,295**	**+6%**

Swisscom with 12.5 mn RGUs (YOY stable) in Switzerland,
Fastweb with 2.9 mn RGUs (+6% YOY) in Italy

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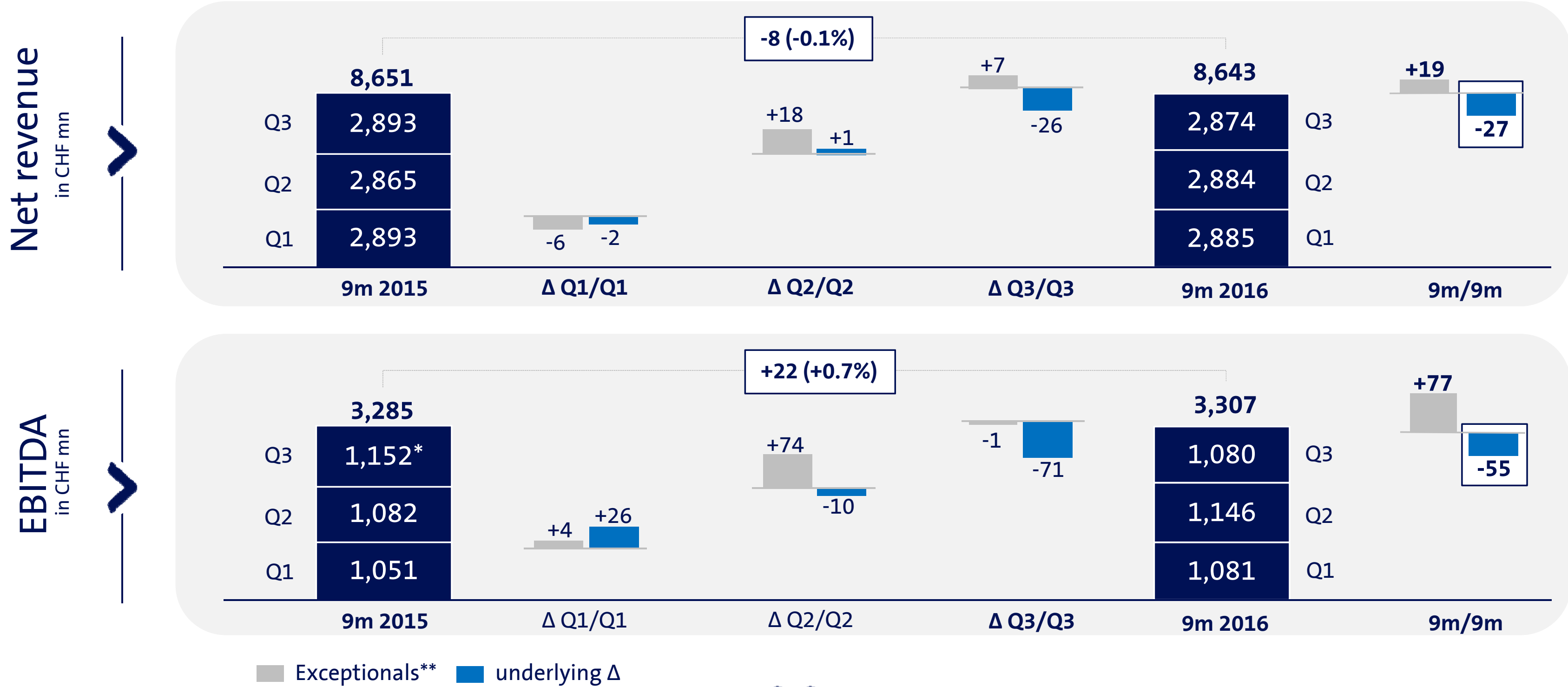
Q3 2016 financials

9m numbers flat, underlying contribution softer (in line with guidance)



Q3 margin reflecting lower roaming contribution and higher SAC / SRC

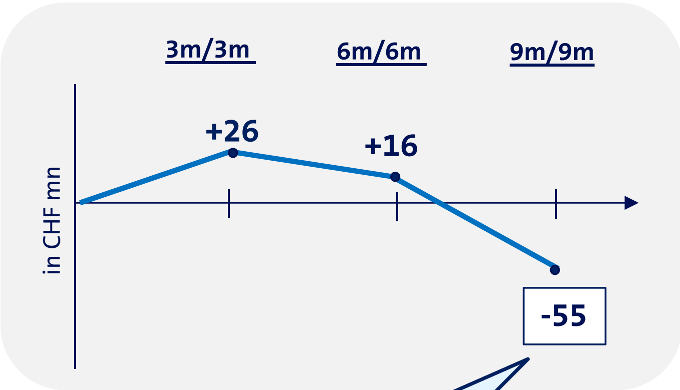
* excl. impact of CHF 186 million for FeAC sanction
** 9m revenue exceptionals: sale of Hospitality and Alphapay (CHF -29 mn), integration of search.ch (CHF +11 mn), acquisition of Open Web Technology (CHF +8 mn), change exchange rate (CHF +29 mn), 9m EBITDA exceptionals: integration of search. ch (CHF +2 mn) and acquisition of Open Web Technology (CHF +1 mn), other income from litigation (Fastweb CHF +60 mn), higher gain from sale of real estate (CHF +4 mn), change exchange rate (CHF +10 mn)

Underlying margin dynamics in 2016

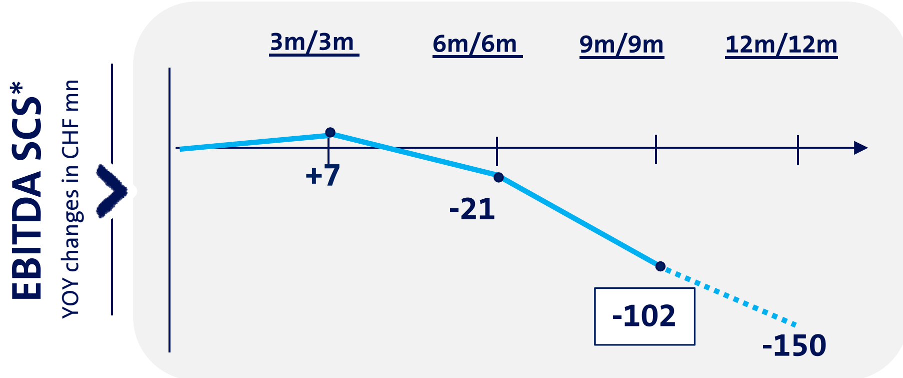
EBITDA in line with FY financial targets

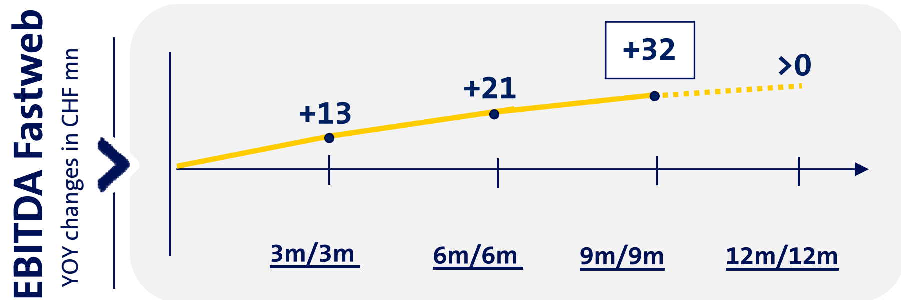
Underlying EBITDA Swisscom

YOY changes in CHF mn



Swisscom Switzerland CHF -102 mn
Fastweb CHF +32 mn
Other CHF +15 mn





* Swisscom Switzerland

On track to deliver EBITDA guidance of CHF ~4.25 billion for FY 2016

Breakdown of underlying domestic margin changes

Accelerating trends show mixed picture within Swisscom Switzerland

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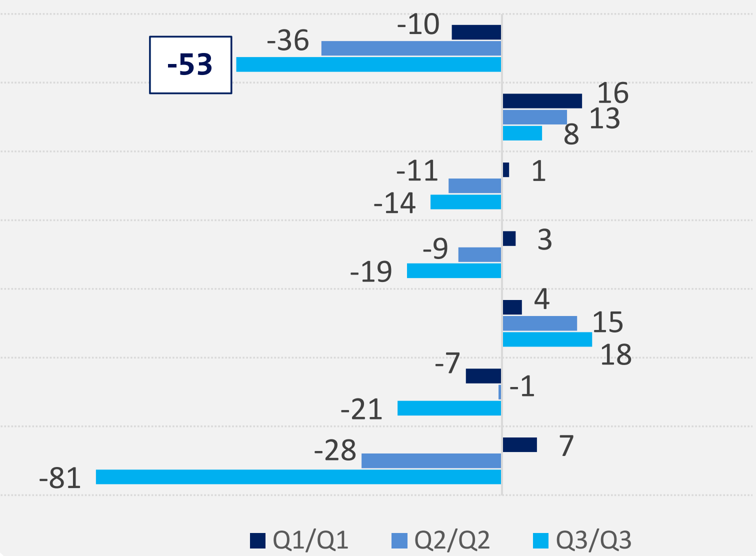
Underlying EBITDA drivers of Swisscom Switzerland

YOY changes in CHF mn



	9m/9m
Service revenue	-99
Solutions revenue [1]	+37
Outpayments [2]	-23
SAC / SRC	-25
Operational excellence	+37
All other [3]	-29
Swisscom Switzerland	-102

o/w roaming with CHF -68 mn, opting out of fixed voice lines with CHF -12 mn and abandon of airfee surcharges[4] with CHF -10 mn

Service revenue of Swisscom Switzerland with stable decline compared to Q2 primarily due to roaming impacts from infinity 2.0 migration and higher direct cost

1 Including other revenue of Enterprise Customers, 2 consists of expenses for roaming (with increasing trend due to higher usage) and termination (with decreasing trend due to lower tariffs)
3 o/w CHF 21 million higher indirect cost from Solutions, 4 regulatory driven abandon of airfee surcharges by July 2015

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Urs Schaeppi, CEO

Continued focus on our five priorities 2016

Execution well on track to deliver on our five strategic priorities

a — Maximise core business
- Defend market shares in Switzerland
- Retain price levels and margins
- Differentiate through quality in services, infrastructure and products

b — Operational excellence
- Focus on cost, speed and quality to achieve material cash savings
- Reduction of headcount
- Increase cost efficiency in infrastructure development

c — Develop Fastweb
- Provide best customer experience
- Seamless connection everywhere
- Increase scale in core and adjacent businesses

d — Growth focus
- Benefit through differentiation and enhancing of core business
- Selective ICT focus and discipline in selecting new growth areas

e — Transformation
- Push All IP migration
- Enhance agility
- Shape leadership and products

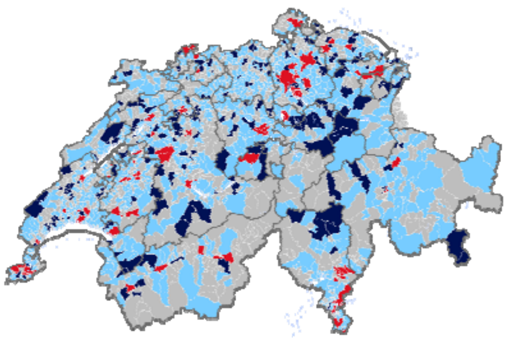
Maximise core business

Network capacity and coverage key to keep competitive edge

3a

Wireline – high-speed expansion

- 3.4 mn lines with ultra broadband (>50 Mbps) o/w 70% with newest fibre technologies (FTTH, FTTS or Vectoring)
- G.fast: Swisscom 1st EU Telco provider with commercial rollout in Sept 2016
- Goal 2020: 85% with>100 Mbps

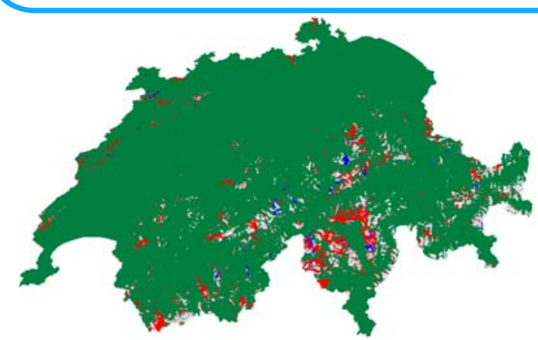


Homes passed Q3 2016

- FTTH = 1'203k / Q3'15 = 1'015k
- FTTS/B = 471k / Q3'15 = 241k
- Vectoring = 727k / Q3'15 = 457k
- VDSL, VDSL2, ADSL

Wireless – continuous extension

- 4G coverage at 98%
- Swisscom and Ericsson are getting set for the new mobile generation with their '5G for Switzerland' program to keep technology leadership position



- 2G (GSM)
- 3G (UMTS)
- 4G (LTE)

Committed to **technology leadership in Switzerland**

Continuously invest into network coverage and speed to **deliver best customer experiences**

Maximise core business

Wireline: solid market performance and ready to defend strong position

3a

Our actions

- Strong UBB rollout, now with G.fast
- UHD TV box with voice recognition
- New M-Budget broadband only
- Wingo now with 500 Mpbs
- Accelerating All-IP migration

Where we stand

- Stable broadband market share
- Gaining TV market share – leader!
- Attractive offer for Christmas sale
- Defending low end market
- >65% customers on All-IP

UBB extension and excellent offerings key for further success in wireline

Maximise core business

Wireless: back to subscriber growth whilst defending prices

3a

Our actions

- Update of infinity price plans
- New entry offer launched
- Tutto benefit extended to household
- First wave iPhone 7
- Revised M-Budget portfolio

Where we stand

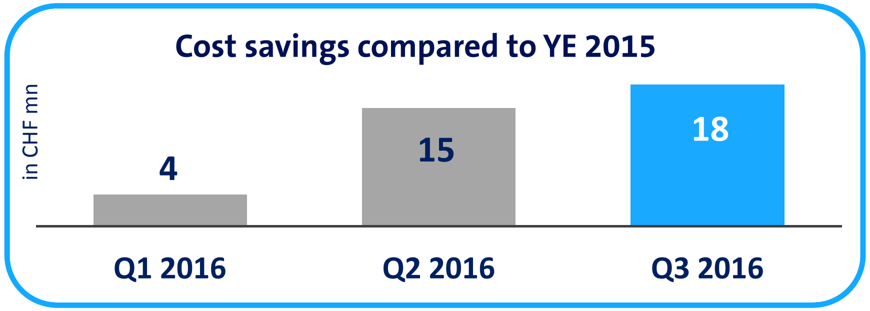
- Back to postpaid subscriber growth
- Successful Pre2Post upselling
- Stable prices, no downgrading
- High retention volumes
- Prepared to defend leading position

Value for money matters for Swiss customers

Operational Excellence

Accelerating momentum in cost reduction program

- Since YE 15, underlying **FTE base of Swisscom Switzerland down by -493** [1,2]
- **All-IP transformation** increasingly contributes to improve the process excellence
  - **+300k connections migrated in 2016**
  - with 1.4 mn connections **>65% completed**
- Operational excellence initiatives with **cost reduction of CHF 37 mn YOY**



1 FTE situation as per 30.9.2016 for Switzerland (18'551 FTEs, -414 FTEs YTD), Swisscom Switzerland (16'767 FTEs, -432 FTEs YTD)
2 Without M&A effects of +61 FTEs

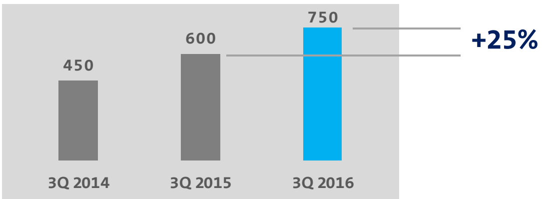
Develop Fastweb

Improve UBB performance and increase mobile focus

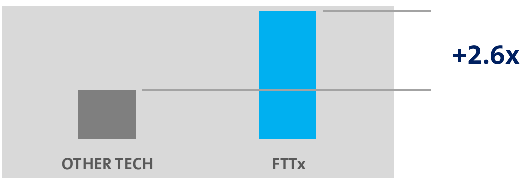
3c

UBB update

- Steady growth of **FTTx customer base**



- +60% FTTx **sales penetration** vs. other technologies
- >30% lower FTTx **churn rate** vs. other technologies
- +2.6x FTTx **life time value** vs. other technologies



Mobile update

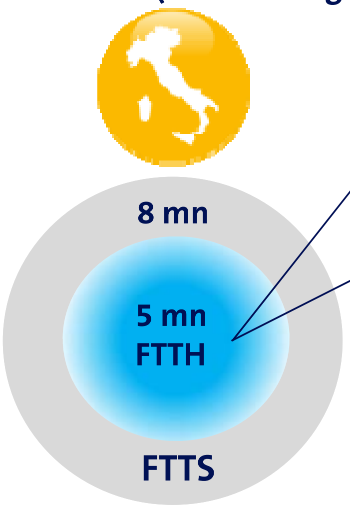
- **Full MVNO**
  - Transition to TIM network on track
  - 4G commercial launch expected in January
- **Mobile broadband**
  - Deep footprint in 'best' 50% of Italy
  - Strategic for 5G infrastructure deployment

Proven by the outstanding track record in the UBB footprint achieved to date

Develop Fastweb

Fastweb's position further boosted by FTTH partnering with TIM

TARGET FY 2020
13 mn HHs (50% coverage)

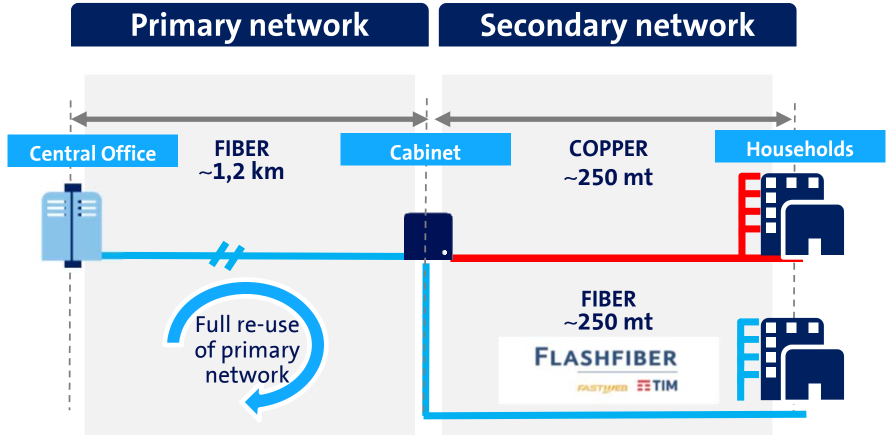


2 mln HHs FASTWEB
(Historical FTTH footprint)

3 mln HHs FLASHFIBER
(FTTH rollout within 29 FTTS cities)

- Incorporation, governance and organization of NewCo (JV with TIM) completed
- Rollout started, 2.5% of 3.0 mn HHs coverage target already achieved
- **Commercial launch expected in 3Q 2017**

- Significant roll-out synergies
- Fast time-to-market
- Superior performance (beyond 1 Gbps)



Additional 3.0 mn HHs FFTH coverage by FLASHFIBER
leverages FTTS footprint with no duplications of investments

Growth focus

ICT and solutions business provide chances for up-selling and differentiation

3d

ICT & solutions business

Unified communication as managed service

- Significant growth contributor especially after All IP transformation

Swisscom cloud transformation

- In-house development focuses on personalised solutions
- Strong interest in Swiss platform offerings

Big data (M2M)

- Development of active SIM cards shows that more and more new applications possibilities are created

Digitalisation in banking

- Digital account opening: by Q3 16 operative with 4 banks (Valiant, Swisscard, Bank now, Glarner KB)

- **Retain value of connectivity business** by leveraging existing corporate customer base with tailored ICT solutions
- Solutions business **growth contributor** but at lower margins
- **Discipline** in selecting new growth areas key to expand value creation and benefit from digitalisation

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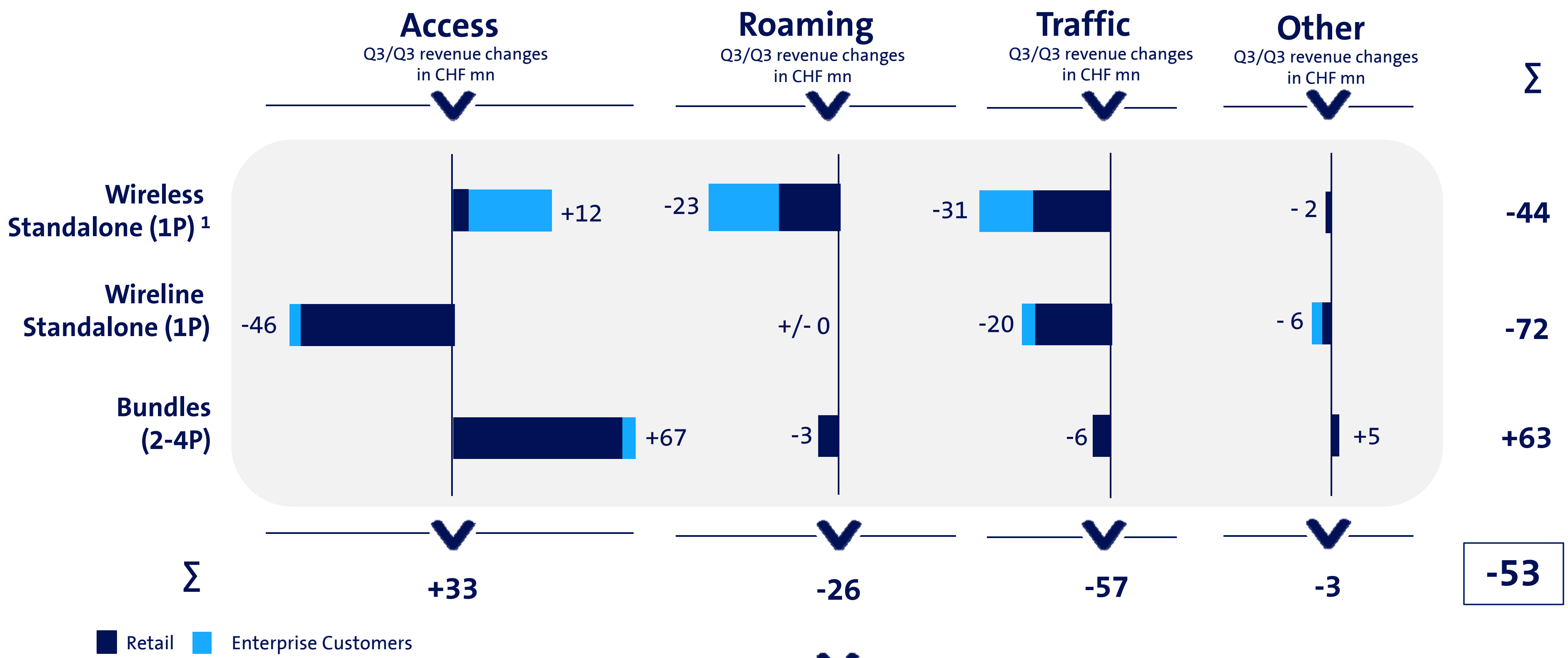
Urs Schaeppi, CEO

Q3 service revenue dynamics

Positive momentum in bundles continues, roaming and metered revenues softer



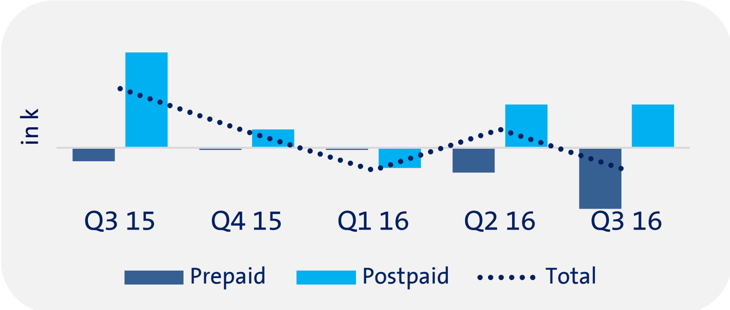
Roaming impacts Q3 service revenue with CHF -26 million YOY,
fully in line with expected subs migration to 'roam like home' price plans

1 Including VAS services 3rd parties

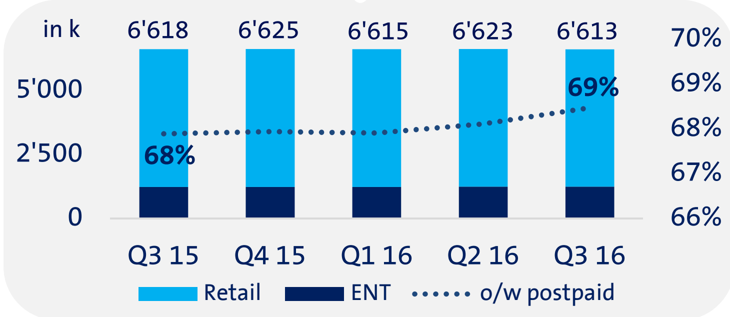
Overview of wireless KPIs

Solid wireless performance driven by postpaid migration

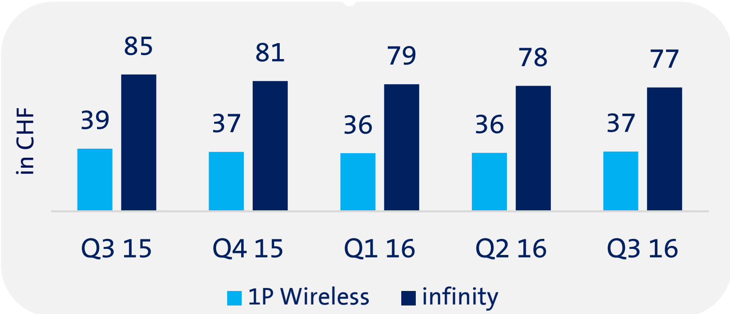
Mobile net adds



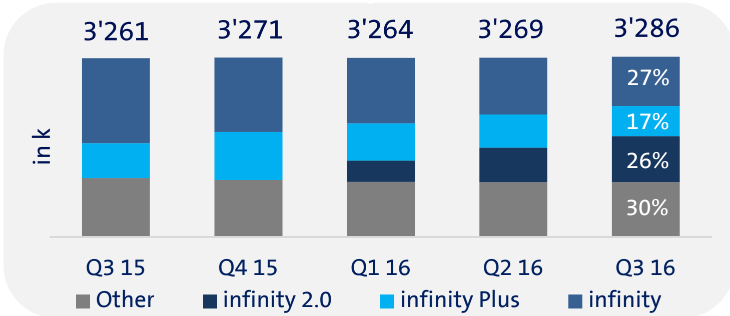
Mobile RGUs



Wireless ARPU (1P)



Mix of Retail postpaid subs

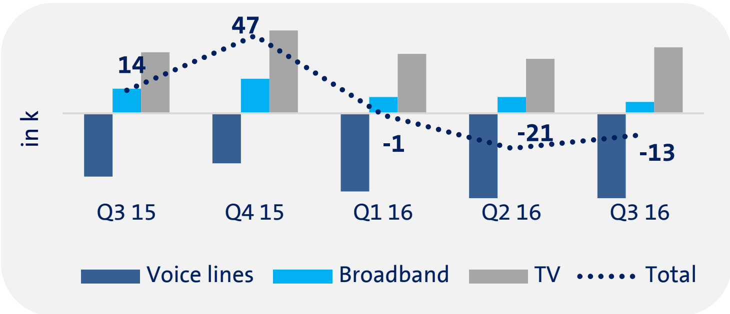


Close to 70% of wireless customer base with a postpaid subscription

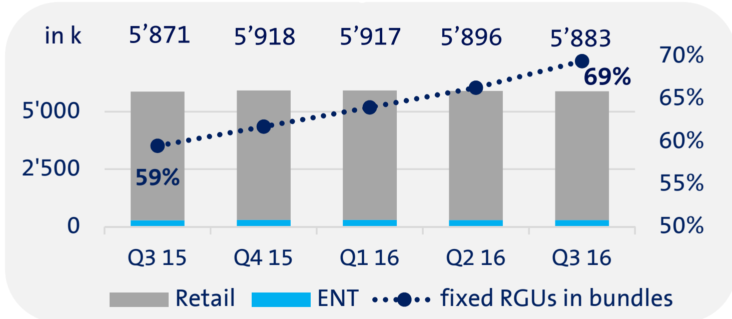
Overview of wireline KPIs

Overall wireline RGU base stable but with mixed dynamics

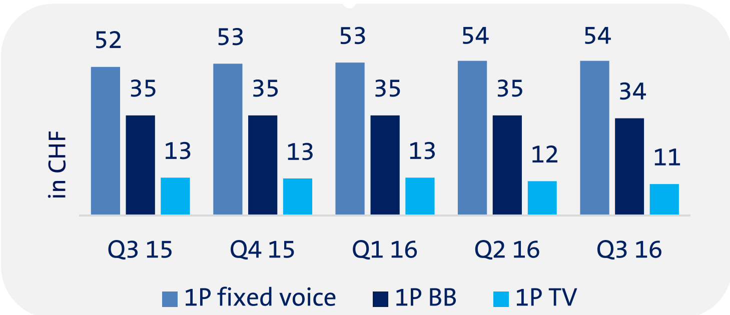
Fixed net adds



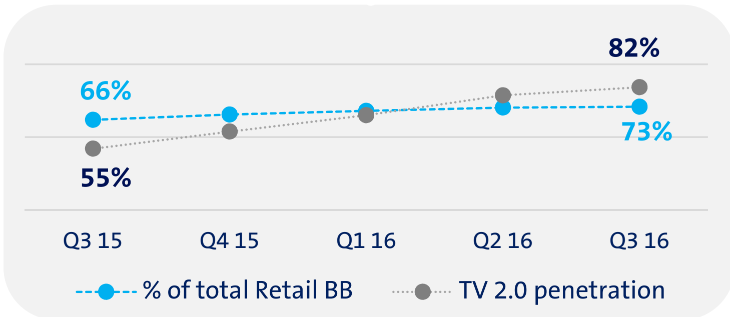
Fixed RGUs



Wireline ARPU (1P)



TV penetration

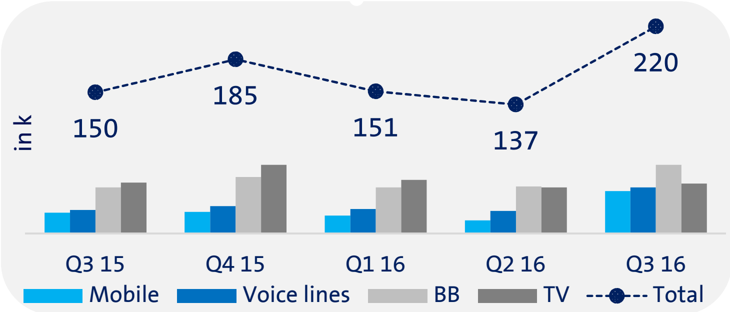


70% of voice lines losses driven by structural consolidation and 30% by competition (leading to +36k BBCS subs in 2016)

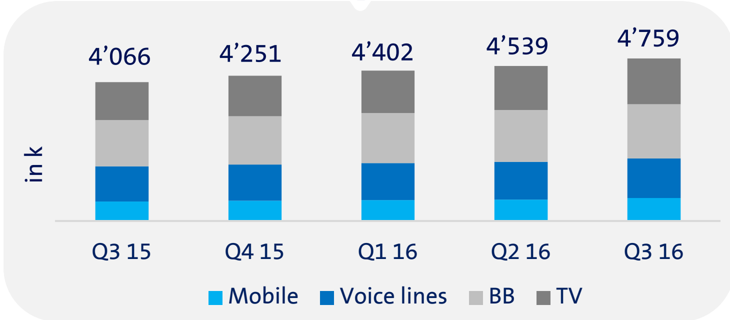
Overview of bundle KPIs

Attractive Vivo offerings drive bundle growth further

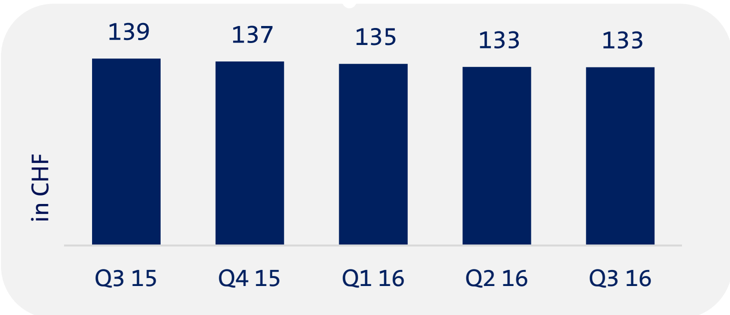
Bundle net adds



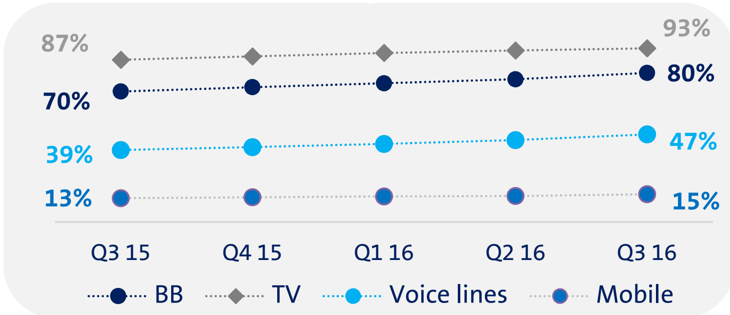
Bundle RGUs



Bundles ARPU (blended)



Penetration within bundles



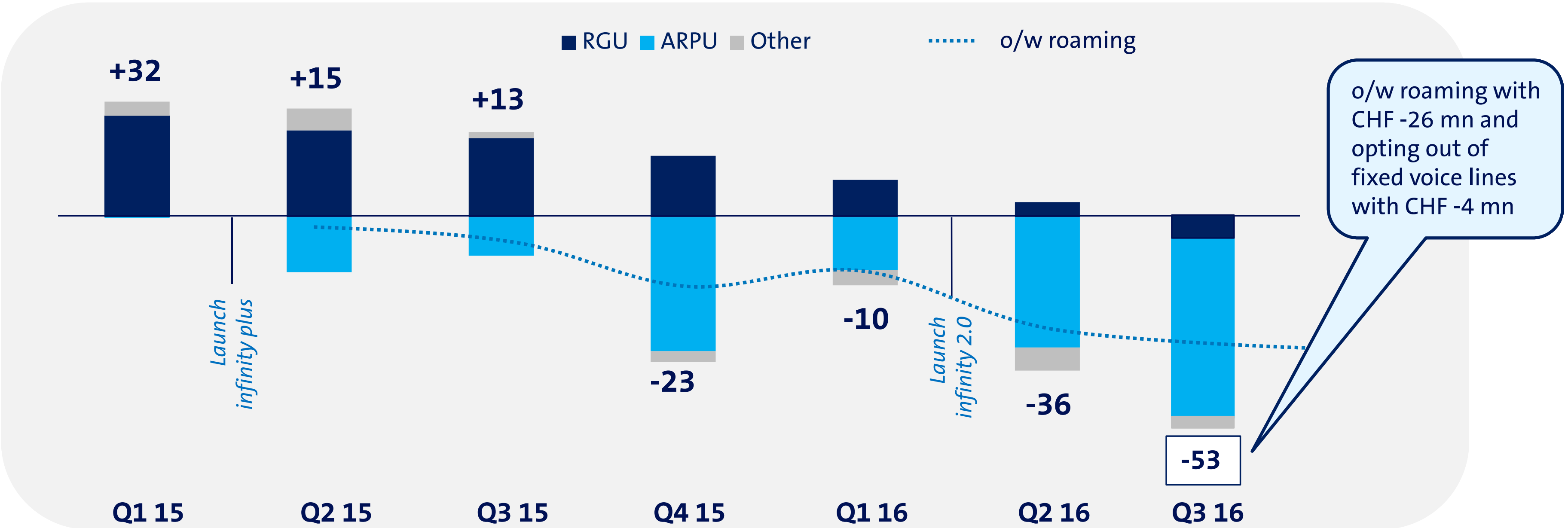
Q3 with strong bundle growth (net adds of 220k).
ARPU lower due to roaming, opting out of fixed voice lines and loyalty discounts

Summary of service revenue dynamics

Contributions from RGU lacking and ARPU declining

Service revenue changes

YOY in CHF mm



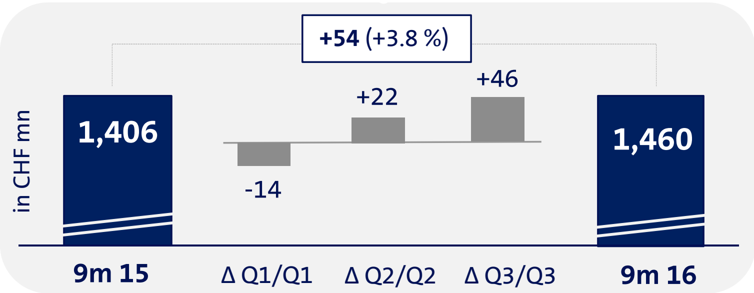
Service revenue with continuation of Q2 trend

Direct costs of Swisscom Switzerland

Higher investments into product features and subscriber base

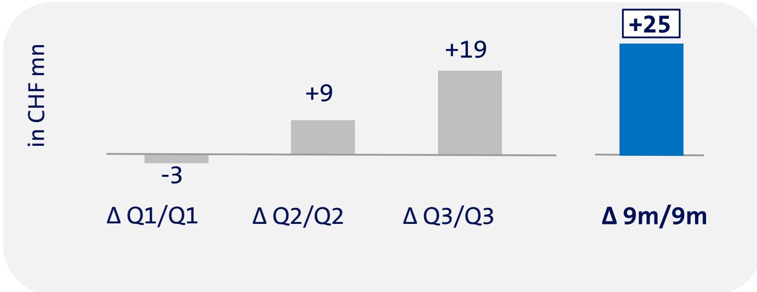
Direct costs Swisscom Switzerland

YOY changes



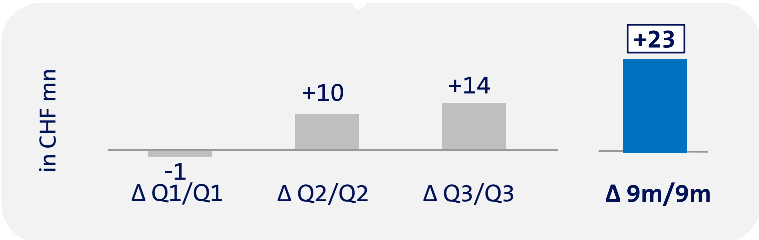
Subscriber acquisition and retention costs

YOY changes

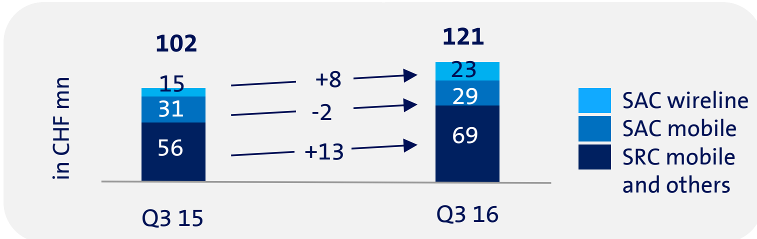


Outpayments *

YOY changes



SAC / SRC breakdown of Δ Q3/Q3



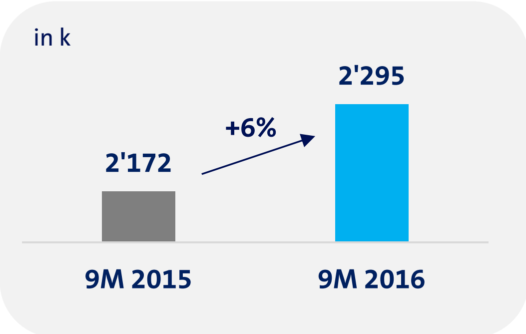
9m evolution of SAC and SRC in line with own assumptions, leading to higher retention volume (+15% YOY)

* consists of expenses for roaming (with increasing trend due to higher usage) and termination (with decreasing trend due to lower tariffs)

Fastweb with strong operating momentum

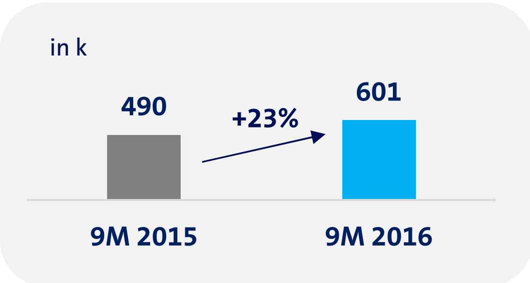
Growing customer base and revenues

Wireline customer base



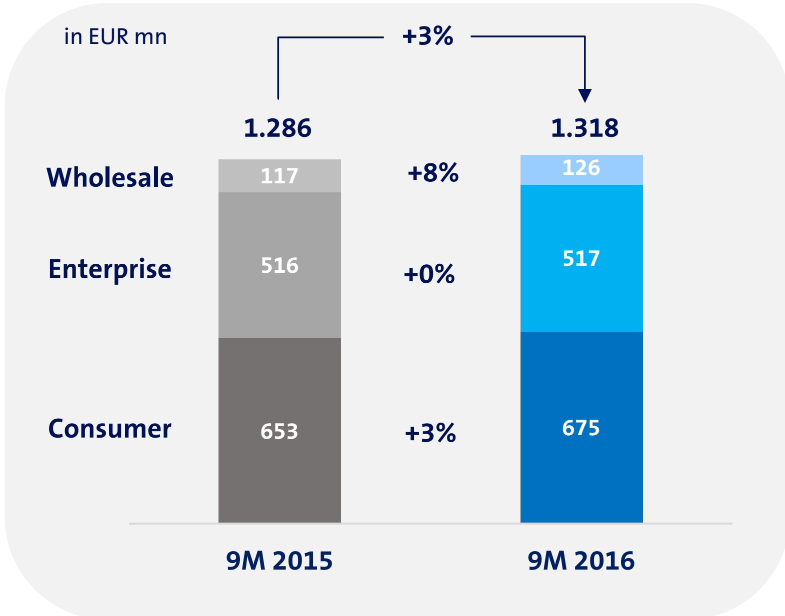
- 38k net adds in Q3 more than doubling vs. last year
- UBB customers on total CB at 33% vs. 30% last year

Mobile[1] customer base



- Active customers growth at more than 100k thanks to strong commercial performance (YOY)

Net revenues



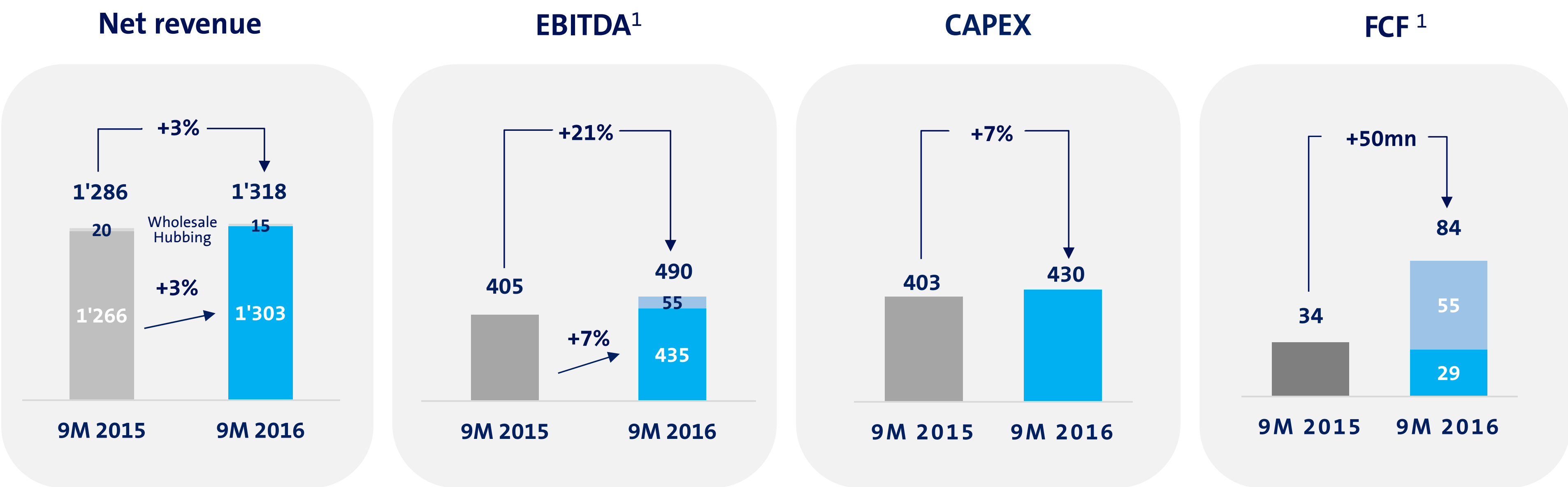
- Revenue growth driven by Consumer thanks to growing wireline and mobile customer base

[1] Active SIMs excluding non-talking/suspended SIMs (would be 531k in 9m 2015 and 638k in 9m 2016 including non talking/suspended SIMs

Fastweb with solid 9M financial performance

Growing revenues, strong EBITDA evolution and FCF generation

in EUR mn



- Strong operating momentum leads to 7% ordinary EBITDA growth further boosted by extraordinary items
- Higher CAPEX driven by UBB expansion
- Steady FCF generation supported by extraordinary items

[1] Including extraordinary impact of 55 mn EUR

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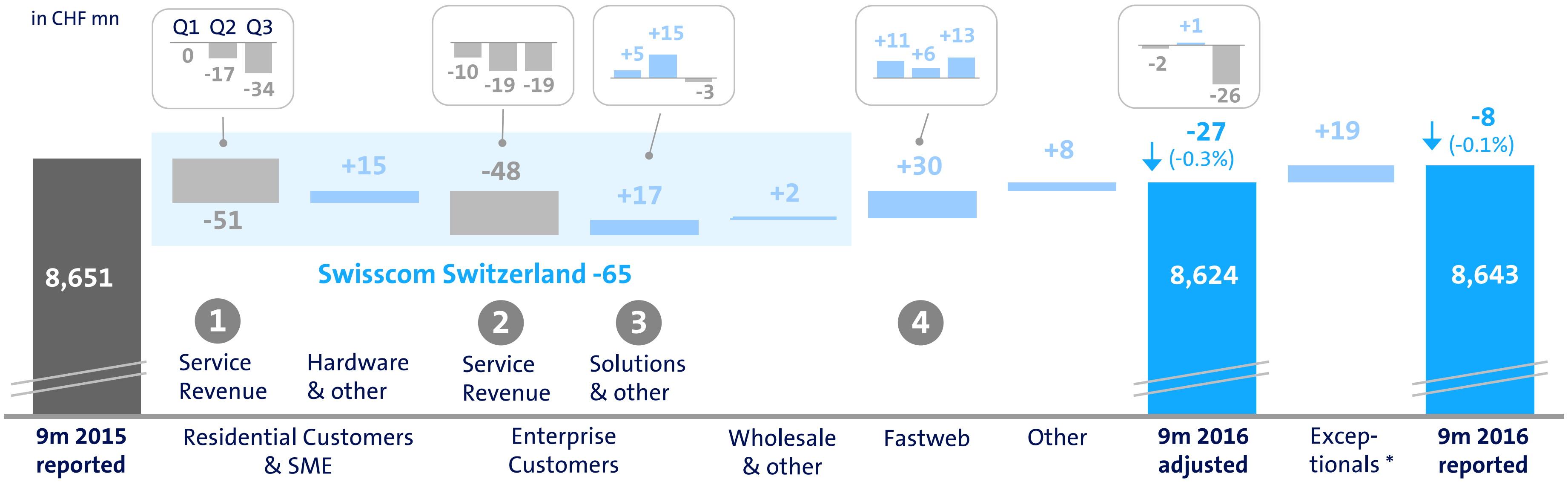
Mario Rossi, CFO

Revenue breakdown by segments

Swisscom Switzerland with price pressure in wireless business, Fastweb up



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- Roaming continues to impact
- Higher subscriber base TV & BB compensated by lower subs for voice access.
- RGU wireless flat due to signs of market saturation

2 Price pressure intensified, air fee abandoned in July 2015 with impact in Q1 and Q2

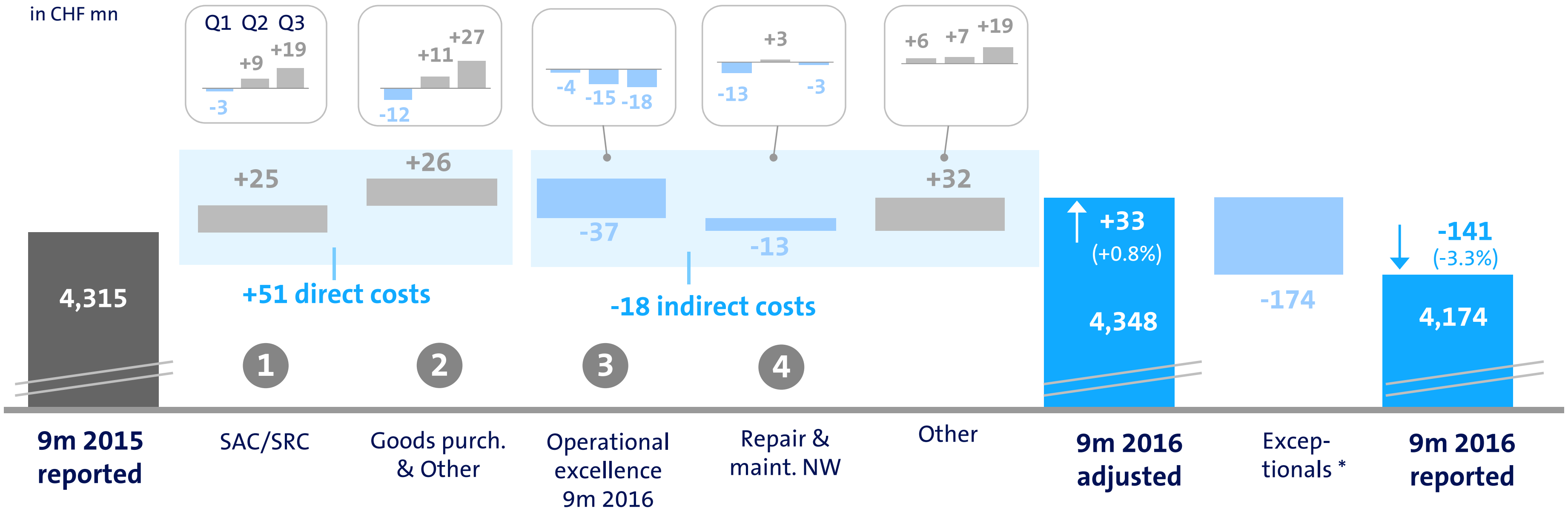
3 Solutions and project business with growth, lower hardware sales in Q3

4 Fastweb with strong increase in Consumer Segment (+3% YoY)

* Sale of Hospitality and Alphapay (CHF -29 mn), integration of search.ch (CHF +11 mn), acquisition of Open Web Technology (CHF +8 mn), change exchange rate (CHF +29 mn)

OPEX of Swisscom Switzerland

Operational excellence initiatives with first impacts to lower OPEX Switzerland



1. SAC/SRC costs increased in Q2 and Q3 as the UHD TV are subsidised when sold to the customer and retention volumes for wireless customers further increased YOY

2. Higher outpayments for roaming (data volumes more than doubled) and international traffic and higher costs for goods and services purchased

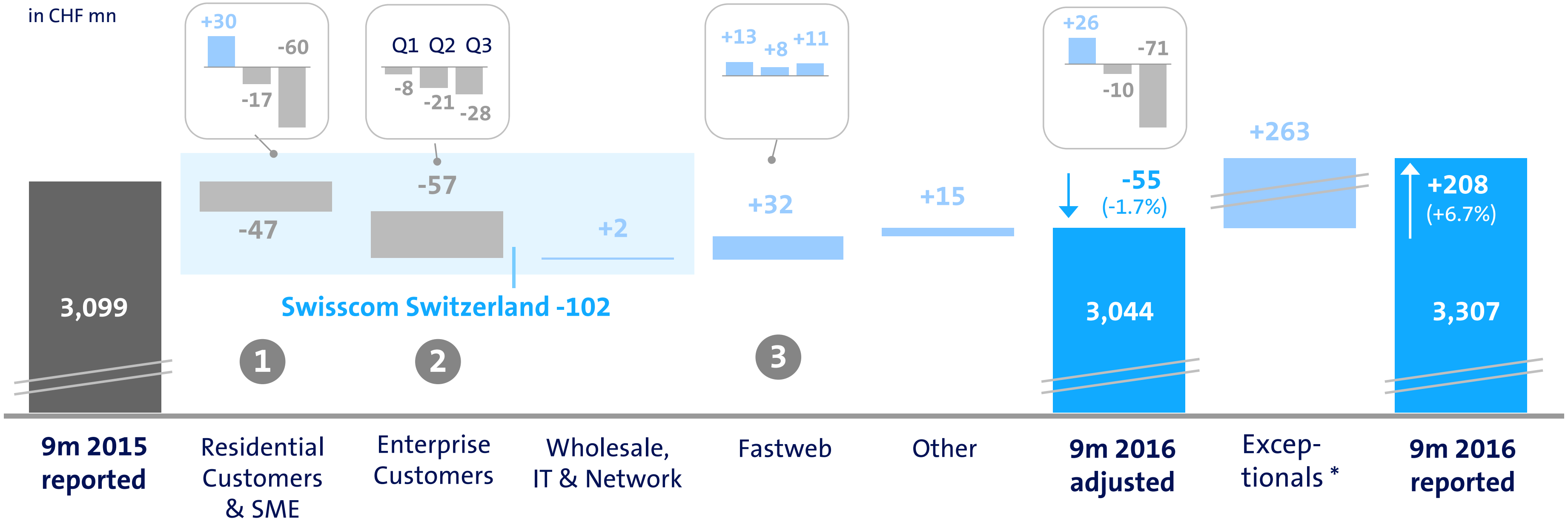
3. 'Operational excellence' leads to an underlying reduction of FTEs of -493 in 9m 2016; on track to achieve gross cash savings of CHF 50mn in 2016

4. Less incidents in the access network lead to a cost reduction for repair & maintenance, mainly in Q1

* Provision for WEKO-sanction in prior year (CHF -186 mn), Integration of search. ch (CHF +9 mn), acquisition of Open Web Technology (CHF +7 mn), higher gain from sale of real estate (CHF -4 mn)

EBITDA breakdown by segments

Cost saving initiatives partly compensate margin decline

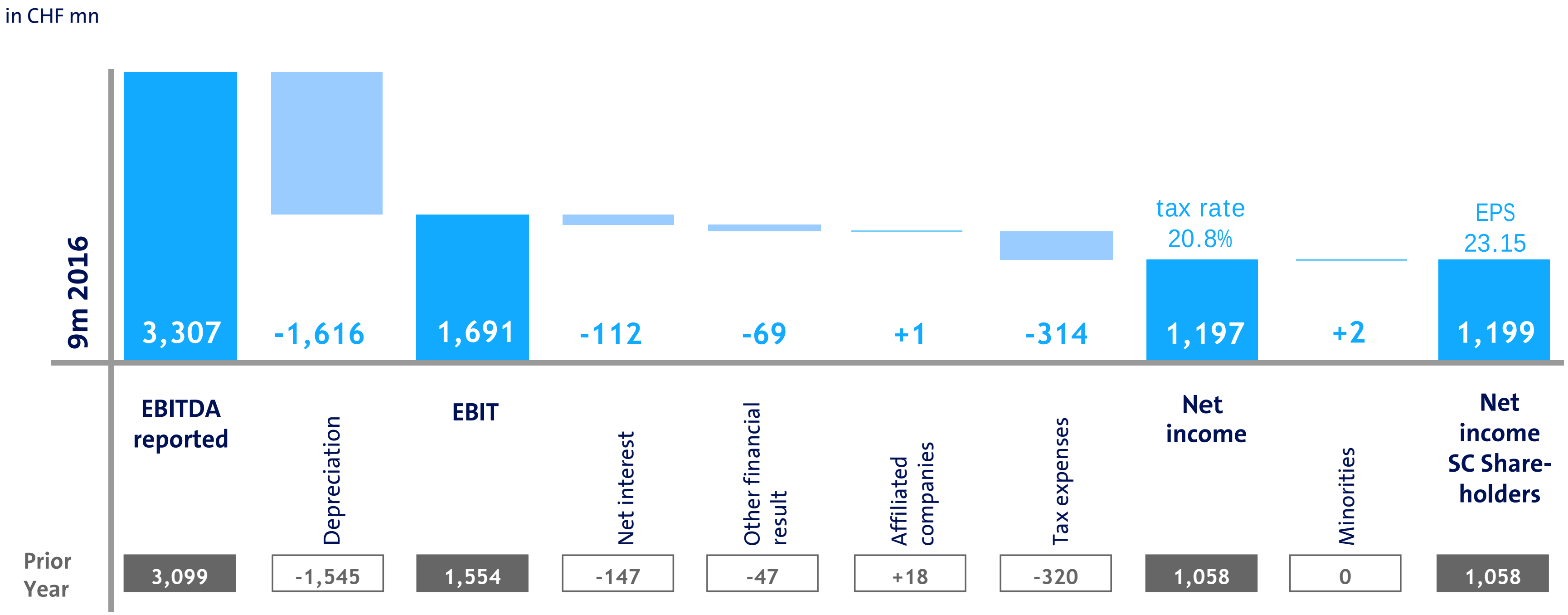


1. Decrease in service revenue and higher SAC/SRC and outpay-ments impact EBITDA, lower indirect costs partly compensate
2. Increasing price pressure enterprise market leads to a decrease in EBITDA
3. Fastweb with a strong development driven by solid growth in the consumer segment, customer base broadband increased to 2.3 mn, strong position in the enterprise market maintained

* Other income from litigation (Fastweb CHF +60 mn), provision for WEKO-sanction in prior year (CHF +186 mn), higher gain from sale of real estate (CHF +4 mn), change exchange rate (CHF +10 mn), Integration of search. ch (CHF +2 mn) and acquisition of Open Web Technology (CHF +1 mn)

Net income

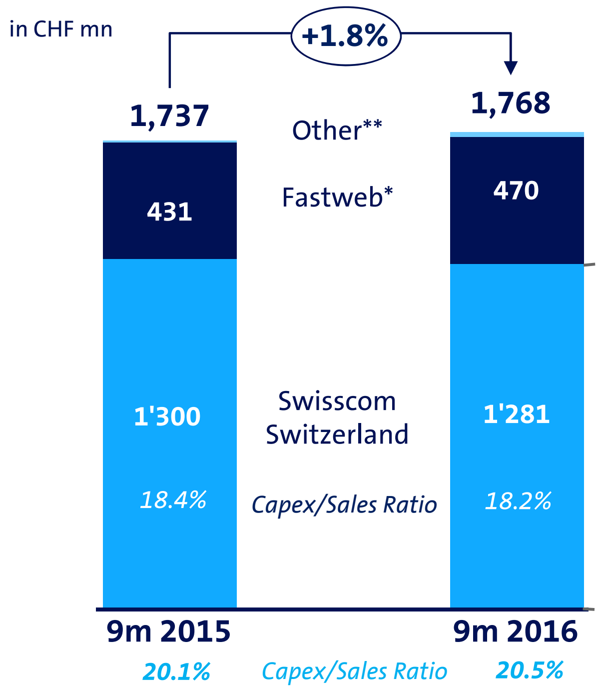
Bottom-line with EPS of CHF 23 up by 13%

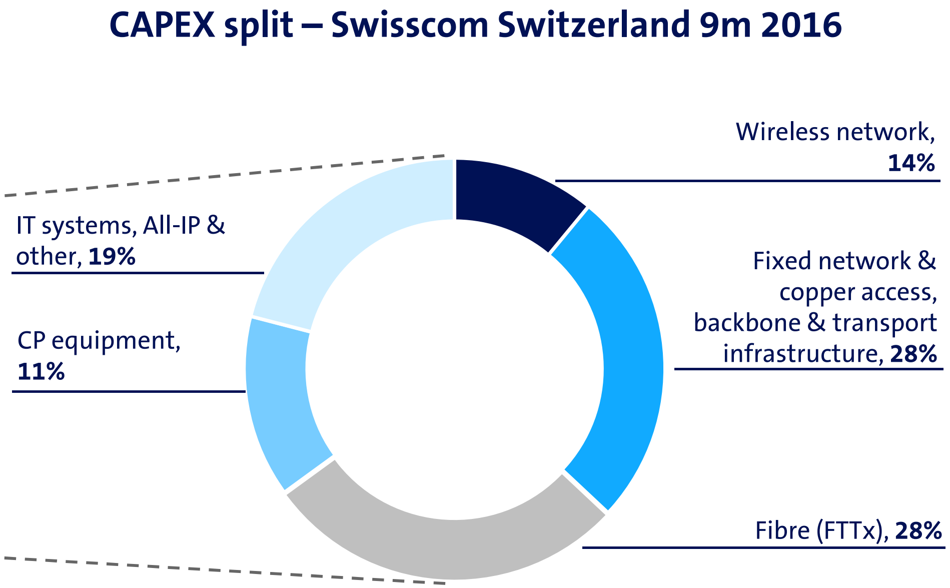


- EBITDA up by +7% YoY as a result of the recognition of the provision (CHF 186 mn) for the FeAc sanction in prior year
- Higher depreciation driven by ongoing high investment level

Capital expenditures

CAPEX up by +1.8% YoY driven by further UBB extension



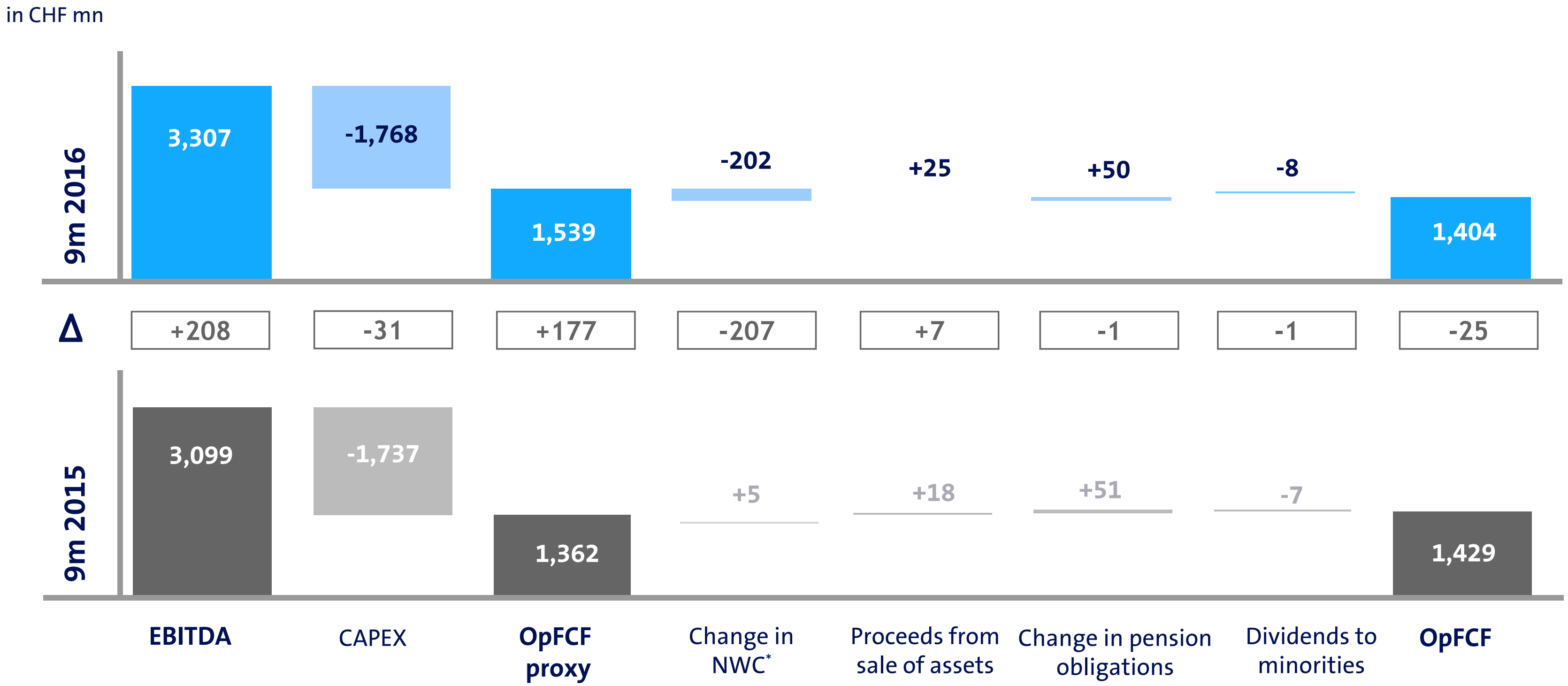


- Swisscom Switzerland with high CAPEX level driven by continued UBB extension
- Fastweb CAPEX in local currency up by +6.7% YoY due to ongoing UBB rollout

* in local currency in 9m 2015: EUR 403 mn, in 9m 2016: EUR 430 mn
** in 9m 2015 CHF 6 mn, in 9m 2016 CHF 17 mn

Operating free cash flow

OpFCF slightly down by 1.7% mainly due to higher CAPEX



- Higher net working capital compared to YE 2015 as a result of prepayment of FeAc sanction (CHF 186 mn) in Q1 2016
- In 2015 EBITDA and change in NWC include the recognition of the provision (CHF 186 mn) due to the FeAc sanction without impact on OpFCF

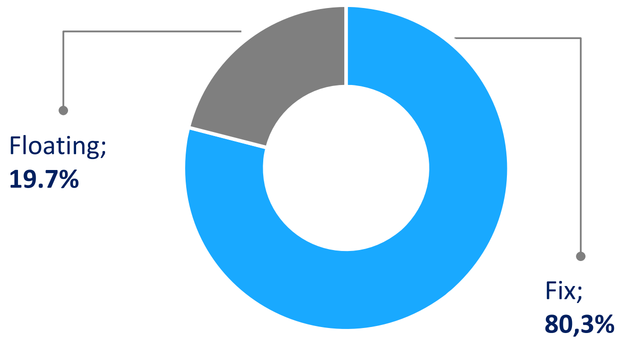
* Change in net working capital and other cash flow from operating activities

Successful CHF bond issuance

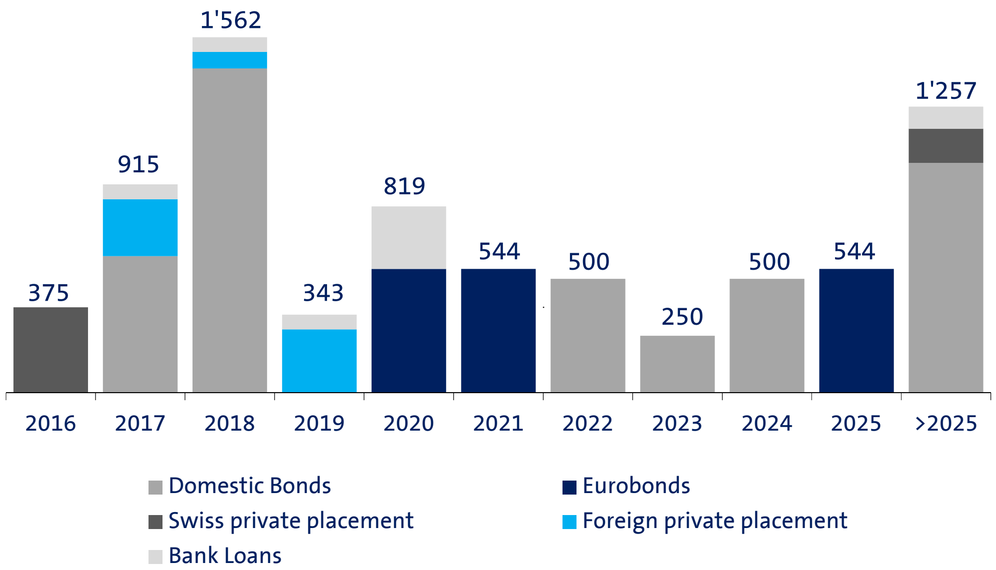
Further diversification achieved

Terms and conditions of new CHF bond

Instrument rating:	A2 by Moody's, A by S&P
Status:	Senior unsecured debt
Amount:	CHF 300 million
Coupon:	**0.125%**
Settlement Date:	15.09.2016
First Coupon Date:	15.09.2017
Maturity:	15.09.2032



Maturity profile after bond settlement as per 30.09.2016 *

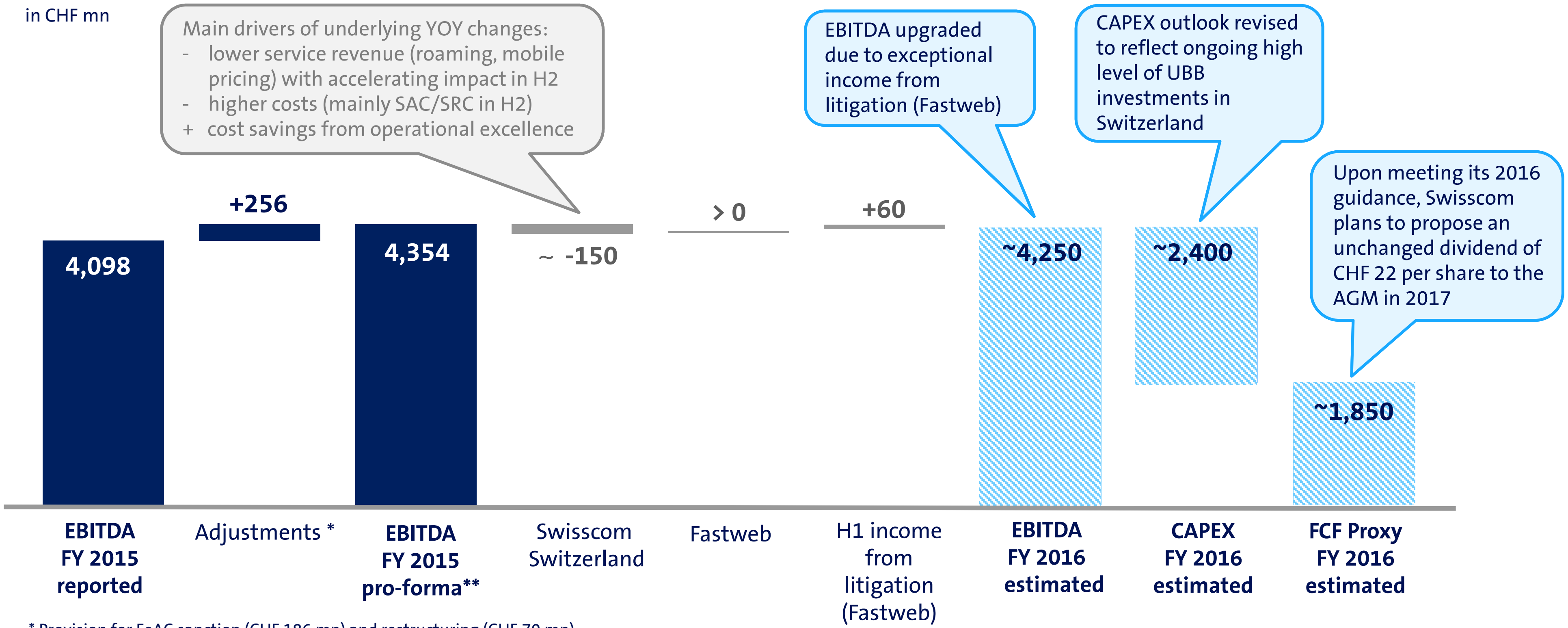


> **1.8%** average interest rate of portfolio (incl. derivatives)

* Short-term money market borrowings are not included in the above maturity profile

Outlook for 2016 unchanged

Net revenue CHF >11.6 billion, EBITDA CHF ~4.25 billion, CAPEX CHF ~2.4 billion



* Provision for FeAC sanction (CHF 186 mn) and restructuring (CHF 70 mn)
** Not adjusted by H2 income from litigation (Fastweb) of CHF 17 mn

2016 outlook for FCF proxy at CHF ~1.85 billion

Agenda

1 Intro-duction
2 Q3 overview
3 2016 priorities
4 Q3 operations
5 Q3 financials
6 Q&A
7 Backup

All

Agenda

1. Intro-duction
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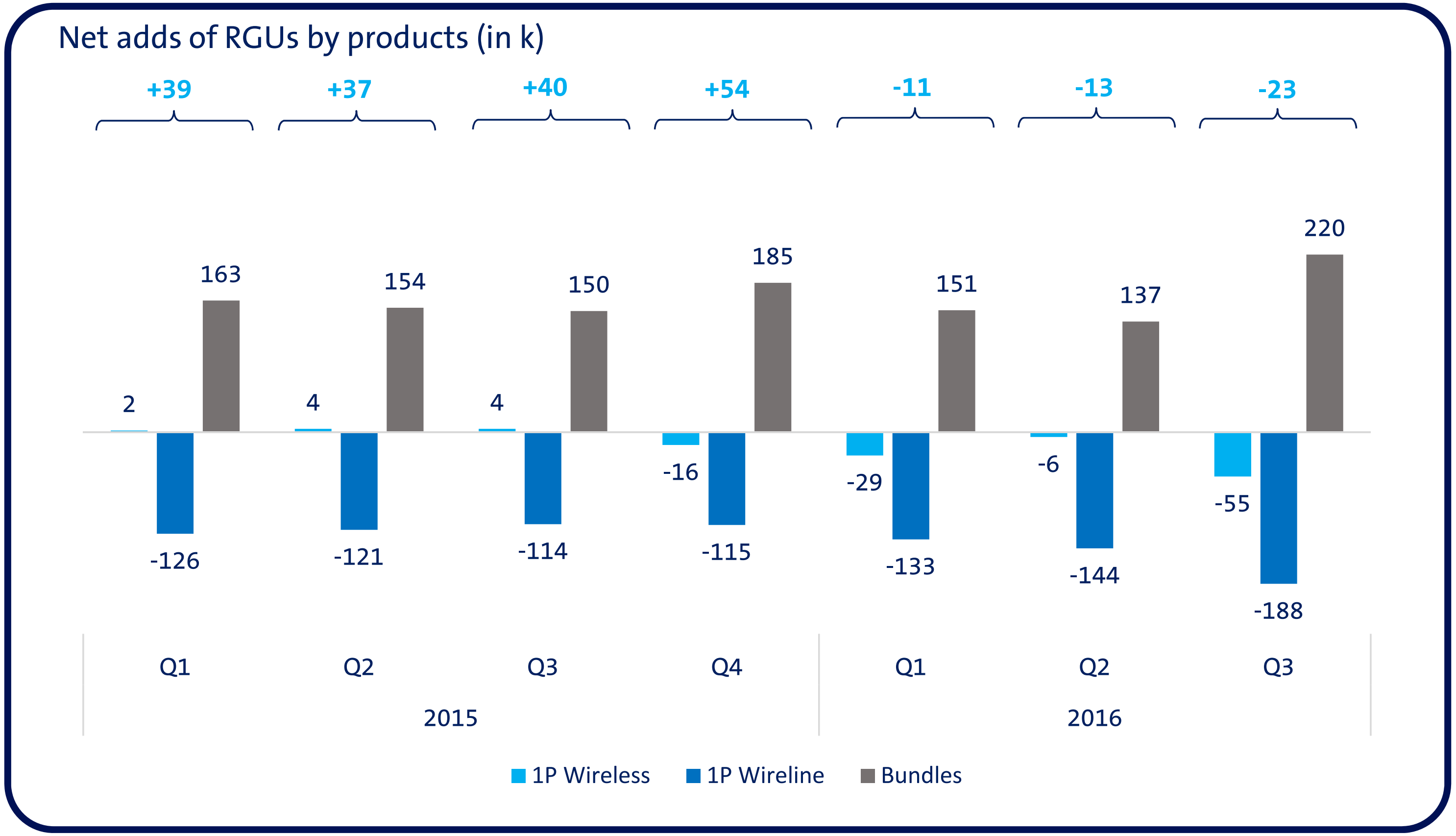
RGU dynamics



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RGUs

Swisscom Switzerland
YTD, (Change to 30.09.2015 in brackets)

Access Lines/Subs/Products (in k)

		TV	Fixed Voice & Access	Broadband	Mobile	Number of products in Bundle	Sum [3]	Δ
1P	Single Play	98 (-67)	1,303 (-329)	397 (-184)	5,939 (-106)	1	7,737	(-686) (-8.1%)
	2Play	279 (-22)				2	551	(-48) (-8.0%)
Bundles	3Play [1]	960 (+196)				3	2,825 [2]	(+518) (+22%)
	4Play	349 (+58)				4	1'383	(+223) (+19%)
	Revenue Generating Units	1,440 (+165) (+13%)	2,458 (-201) (-7.6%)	1,985 (+48) (+2.5%)	6,613 (-5) (-0.1%)		12,496	**(+7)** (+0.1%)

[1] including n-play (Business) Bundles
[2] o/w additional 21k Mobile Subs and 186k in Business Bundles
[3] Sum of RGUs takes into account opt-out volumes

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ARPU

7

YTD, (Change to 30.09.2015 in brackets)

		TV [1]	Fixed Voice & Access	Broadband [2]	Mobile [3]	Number of products in Bundle	Weighted average per underlying product [1,2]
1P	Single Play	12 (-1)	54 (+2)	35 (-1)	37 (-2)	1	39 (-1)
Bundles	2Play	98 (-8)				2	49 (-4)
	3Play	131 (-10)				3	44 (-3)
	4Play	193 (-14)				4	48 (-3)
Total weighted average		44 (-1)					44 (-1)

1) ARPU Base Fee 2) ARPU excl. Business Networks 3) ARPU excl. Mobile Termination

Revenues (RGU x ARPU)

Net revenues (CHF mn)

YTD, (Change to 30.09.2015 in brackets)

		TV	Fixed Voice & Access	Broadband	Mobile	Sum	Δ
1P	Single Play	35 (-11)	674 (-112)	426 (-57) [1]	1,959 (-106)	3,094	(-286) (-8.5%)
Bundles	2Play	240 (-42)				240	(+199) (+12.1%)
	3Play	1,059 (+186)				1,059 [2]	
	4Play	547 (+55)				547	
Net Revenue 1P + Bundles						4,940	(-87) (-1.7%)

1) including revenues for business networks/internet which are not included in retail broadband ARPU

2) o/w CHF 96mn Business Bundles

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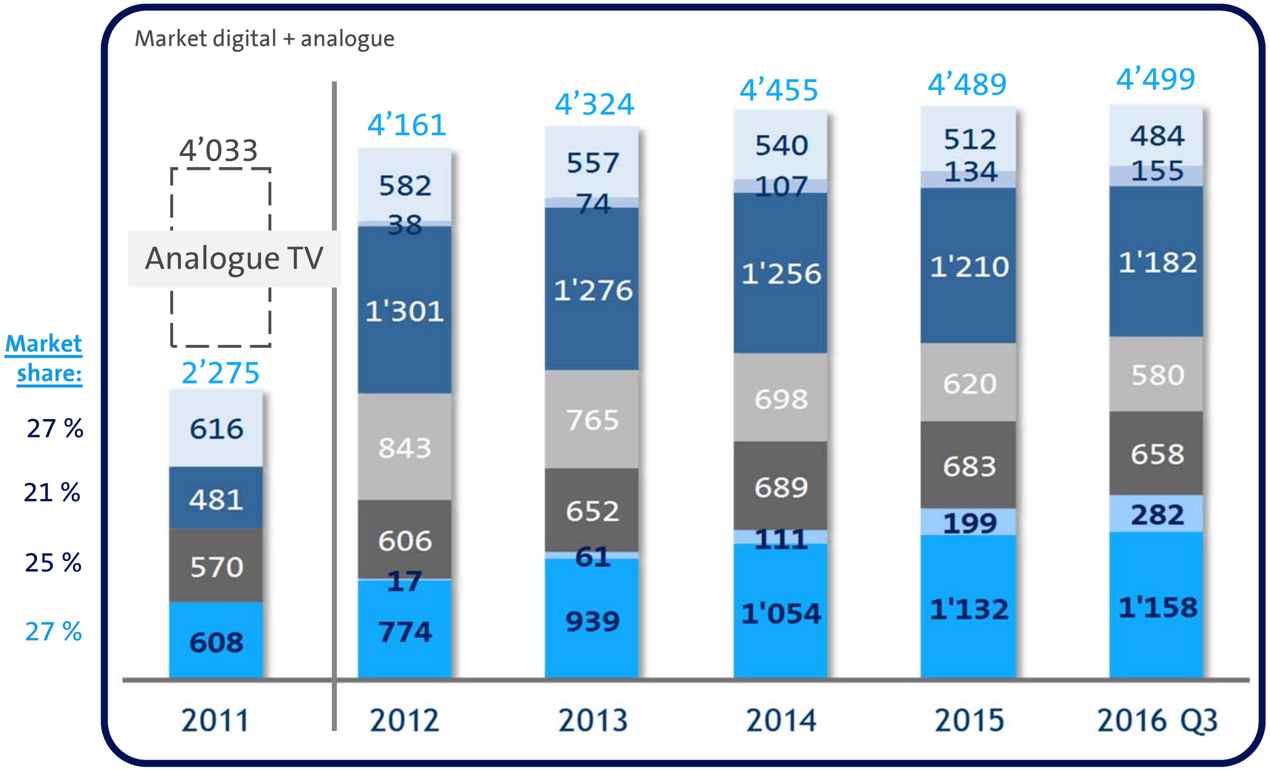
TV market Switzerland

Market volumes (in k)



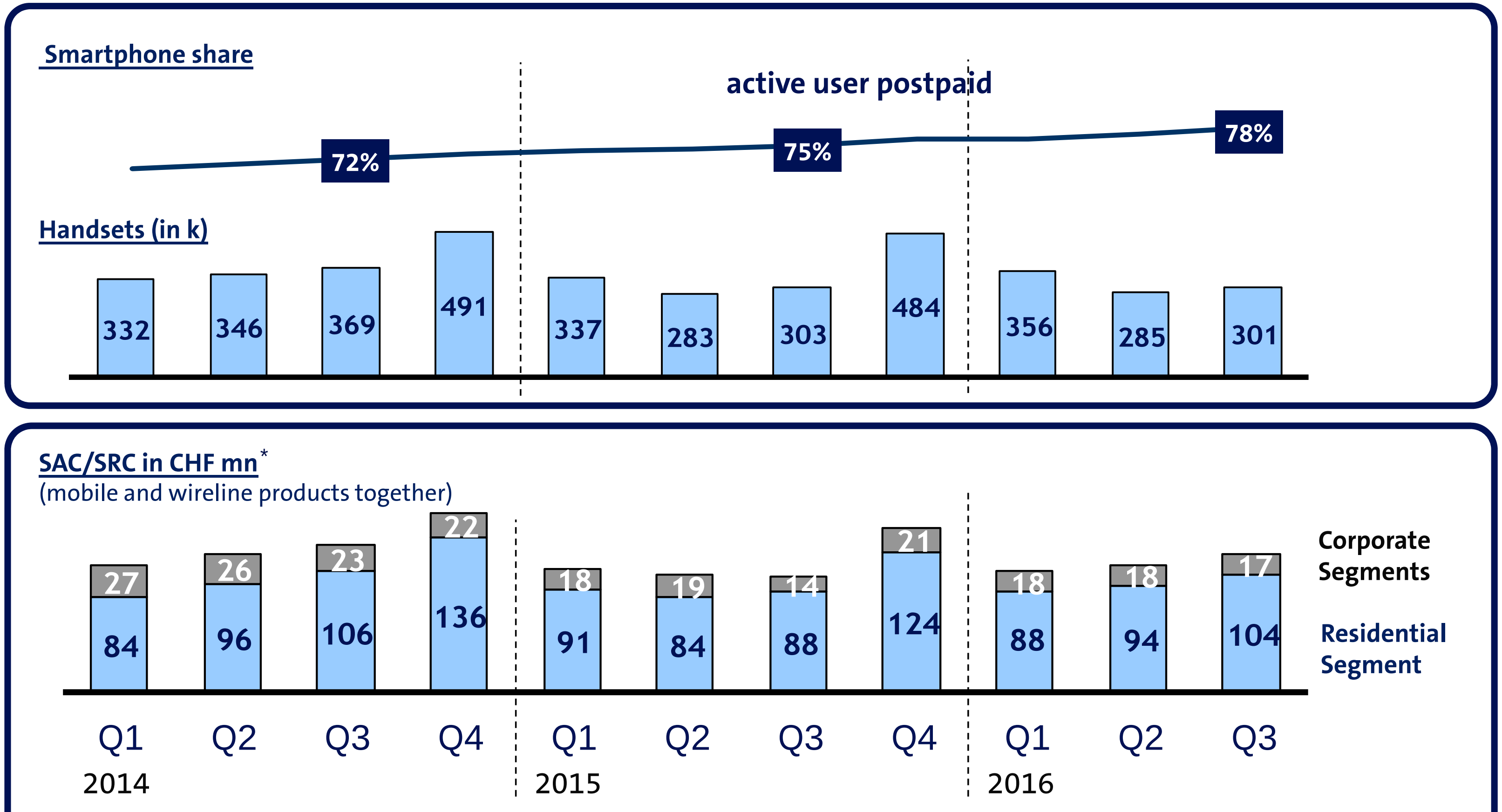
Market share:	Market IPTV *
11 %	Satellite/Terrestrial 2)
3 %	Sunrise
26 %	CATV / Net Integrators 1) 2)
13 %	UPC Cablecom 1)
15 %	UPC Cablecom Premium TV option
6 %	Swisscom TV light
26 %	Swisscom TV paid Abos

1) Migration to digital largely driven by analogue customers who have been transferred technically, but have not subscribed to a digital product yet: these are potential customers for Swisscom

2) Time series modified

* Estimates for Q3 2016

Handsets & SAC/SRCs



*excluding intercompany SAC/SRC

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Reported vs. comparable revenue and EBITDA

7

in CHF mn	2015				2016			Change		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1/Q1	Q2/Q2	Q3/Q3
Revenue, reported	**2’893**	**2’865**	**2’893**	**3’027**	**2’885**	**2'884**	**2’874**	**-8**	**+19**	**-19**
o/w M&A impact					-8	-4	+2	-8	-4	+2
Currency effect					2	22	5	+2	+22	+5
Revenue, comparable change								**-2**	**+1**	**-26**
EBITDA, reported change	**1’051**	**1’082**	**966**	**999**	**1’081**	**1'146**	**1’080**	**+30**	**+64**	**+114**
o/w Provision for FeAC sanction			-186							+186
M&A impact					3			+3		
Reconciliation pension cost IAS 19					-1	2	-1	-1	+2	-1
Gain from sale of real estate	9	0	3	14	10	5	1	+1	+5	-2
Restructuring				-70						
Other income from litigations (Fastweb)				17		60			+60	
Currency effect					1	7	2	+1	+7	+2
EBITDA, comparable change								**+26**	**-10**	**-71**

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Segment 'Residential'

Net revenue decreased driven by a lower service revenue.

Service revenue decreased (-1.0%) due to lower roaming revenue (price decrease data packages, inclusion voice and data volumes in infinity price plans). In Q3, no compensating effect from a higher RGU base (which remains on prior year level).

Contribution margin 2 decreased by 1.5%. Lower indirect cost (marketing cost, handling of incidents in the access network, customer care) partly compensated the revenue decrease and higher SAC and outpayments.

	Q3 2016	Q3/Q3	30.09.2016	YoY
Net revenue in MCHF [1]	**1'287**	**-1.2%**	**3'846**	**-0.8%**
Direct costs in MCHF	-332	11.4%	-932	4.3%
Indirect costs in MCHF [2]	-245	-1.6%	-720	-4.6%
Contribution margin 2 in MCHF	**710**	**-6.1%**	**2'194**	**-1.5%**
Contribution margin 2 in %	*55.2%*		*57.0%*	
CAPEX in MCHF	32	-33.3%	103	-19.5%
FTE's	-125		4'581	-6.3%
Broadband lines in '000 [3]	+6		1'700	2.3%
Voice lines in '000 [3]	-47		1'738	-9.1%
Wireless customers Prepaid in '000	-27		2'085	-1.9%
Wireless customers Postpaid in '000 [3]	+16		2'679	0.9%
Blended wireless ARPU MO in CHF	35	-2.8%	34	-2.9%
TV subs in '000 [3]	+38		1'387	12.7%

1) incl. intersegment revenues
2) incl. capitalised costs and other income
3) sum of single play and bundles

7

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Segment 'Small & Medium Enterprises'

7

Net revenue on prior year level, higher revenue from localsearch.ch compensated lower service revenue (-1.9%). Decrease of service revenue is driven by lower ARPU (price decrease roaming data packages, inclusion roaming volumes in infinity price plans).

Contribution margin 2 decreased by 1.6%, driven by the lower service revenue.

	Q3 2016	Q3/Q3	30.09.2016	YoY
Net revenue in MCHF [1)]	**341**	**-3.4%**	**1'020**	**0.0%**
Direct costs in MCHF	-44	0.0%	-129	0.8%
Indirect costs in MCHF [2)]	-72	2.9%	-214	4.9%
Contribution margin 2 in MCHF	**225**	**-5.9%**	**677**	**-1.6%**
Contribution margin 2 in %	*66.0%*		*66.4%*	
CAPEX in MCHF	8	-38.5%	29	-19.4%
FTE's	-2		1'617	0.2%
Broadband lines in '000 [3)]	+1		247	4.2%
Voice lines in '000 [3)]	-11		464	-6.6%
Wireless customers in '000 [3)]	+1		607	0.3%
Blended wireless ARPU MO in CHF	63	-8.7%	64	-7.2%

1) incl. intersegment revenues
2) incl. capitalised costs and other income
3) sum of single play and bundles

Segment 'Enterprise Customers'

Net revenue down -0.8%, decrease in service revenue partly compensated by higher solutions revenue.

Service revenue (-5.4%) impacted by price pressure and the abolition of air-fee surcharges in the VAS business.

Contribution margin 2 decreased by 8.2% due to lower service revenue .

FTEs up due to the acquisition of Open Web Technology (in Q1-16).

	Q3 2016	Q3/Q3	30.09.2016	YoY
Net revenue in MCHF [1)]	**627**	**-2.5%**	**1'935**	**-0.8%**
Direct costs in MCHF	-141	7.6%	-428	3.1%
Indirect costs in MCHF [2)]	-277	0.7%	-881	3.3%
Contribution margin 2 in MCHF	**209**	**-11.8%**	**626**	**-8.2%**
Contribution margin 2 in %	*33.3%*		*32.4%*	
CAPEX in MCHF	37	-5.1%	117	-2.5%
FTE's	-40		5'391	0.7%
Broadband lines in '000	+0		38	0.0%
Voice lines in '000	-2		256	2.4%
Wireless customers in '000	+0		1'242	0.8%
Blended wireless ARPU MO in CHF	35	-7.9%	35	-7.9%

1) incl. intersegment revenues
2) incl. capitalised costs and other income

Segment 'Wholesale'

7

Revenue from external customers up 0.7%. Higher inbound roaming volumes partly compensated by lower tariffs.

Intersegment revenue up as higher outpayments are invoiced to the customer units.

	Q3 2016	Q3/Q3	30.09.2016	YoY
Revenue from external customers in MCHF	149	2.8%	436	0.7%
Intersegment revenue in MCHF	120	14.3%	302	7.5%
Net revenue in MCHF	**269**	**7.6%**	**738**	**3.4%**
Direct costs in MCHF	-160	10.3%	-427	5.4%
Indirect costs in MCHF 1)	-4	n.m.	-13	n.m.
Contribution margin 2 in MCHF	**105**	**n.m.**	**298**	**178.5%**
Contribution margin 2 w/o FeAC sanction	105	5.0%	298	1.7%
Contribution margin 2 in %	*39.0%*		*40.4%*	
CAPEX in MCHF	-		-	
FTE's	-1		90	-15.1%
Full access lines in '000	+3		128	-7.9%
BB (wholesale) lines in '000	+9		351	16.6%

1) incl. capitalised costs and other income

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Segment 'IT, Network and Innovation'

7

Indirect cost nearly on prior year level, lower personnel cost (FTE) compensated by higher cost for IT-projects.

Capitalised costs and other income up due to higher gain from sale of real estate.

	Q3 2016	Q3/Q3	30.09.2016	YoY
Net revenue in MCHF	**37**	**15.6%**	**98**	**1.0%**
Direct costs in MCHF	-	-	-	-
Personnel expenses in MCHF	-197	-1.5%	-628	-1.6%
Rent in MCHF	-56	14.3%	-153	4.1%
Maintenance in MCHF	-45	-4.3%	-127	-2.3%
IT expenses in MCHF	-62	12.7%	-177	5.4%
Other OPEX in MCHF	-83	-6.7%	-257	1.2%
Indirect costs in MCHF	-443	0.7%	-1'342	0.4%
Capitalised costs and other income in MCHF	93	-3.1%	297	1.4%
Contribution margin 2 in MCHF	**-313**	**0.3%**	**-947**	**0.0%**
Depreciation, amortisation and impairment in MCHF	-305	9.3%	-895	8.9%
Segment result in MCHF	**-618**	4.6%	**-1'842**	4.1%
CAPEX in MCHF	332	-7.3%	1'033	1.7%
FTE's	-34		5'088	-2.4%

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Segment 'Fastweb'

Net revenues increased 2.5% YoY, consumer and wholesale segment report an increase in revenue.

Consumer revenue up 3.4%, decrease of ARPU (-3%) overcompensated by an increase in customer base (+5.7%, reaching 2.30 million customers).

Strong position in the Enterprise market confirmed, revenue stable.

EBITDA up by 21.0% YOY, includes an income from a settlement of a legal dispute of EUR 55 million (Q2). On a comparable basis, EBITDA up by +7.4%, revenue driven.

	Q3 2016	Q3/Q3	30.09.2016	YoY
Consumer revenue in MEUR	225	3.2%	675	3.4%
Enterprise revenue in MEUR	169	-1.2%	517	0.2%
Wholesale revenue in MEUR 1)	43	22.9%	126	7.7%
Net revenue in MEUR 1)	**437**	**3.1%**	**1'318**	**2.5%**
OPEX in MEUR 2)	-282	1.1%	-828	-6.0%
EBITDA in MEUR	**155**	**6.9%**	**490**	**21.0%**
EBITDA margin in %	*35.5%*		*37.2%*	
CAPEX in MEUR	144	16.1%	430	6.7%
OpFCF Proxy in MEUR	11	n.m.	60	n.m.
FTE's	+35		2'457	3.2%
BB customers in '000	+38		2'295	5.7%
In consolidated Swisscom accounts				
EBITDA in MCHF	169	8.3%	536	23.5%
CAPEX in MCHF	156	17.3%	470	9.0%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income

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Segment 'Other'

Net revenue down by 8.6% YoY due to the sale in 2015 of Hospitality and Alphapay partly compensated by higher revenue at Cablex.

EBITDA up by CHF 17 mn YoY driven by Cablex (higher revenue and in 2015 high cost in construction projects).

	Q3 2016	Q3/Q3	30.09.2016	YoY
External revenue in MCHF	78	-2.5%	235	-8.6%
Net revenue in MCHF [1)]	**149**	**0.0%**	**424**	**-5.6%**
OPEX in MCHF [2)]	-122	-2.4%	-348	-10.8%
EBITDA in MCHF	**27**	**12.5%**	**76**	**28.8%**
EBITDA margin in %	*18.1%*		*17.9%*	
CAPEX in MCHF	15	87.5%	32	60.0%
FTE's	+28		1'771	2.7%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

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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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