Q1 2017 results presentation

Conference call - 03 May 2017

swisscom

Agenda

Introduction	Louis Schmid, IR
In a nutshell	Urs Schaeppi, CEO
Swisscom Switzerland	
Fastweb	
Financials	Mario Rossi, CFO
Q&A	All
Backup	

Agenda

Highlights

Solid start into the year

'Best' strategy pays off: Swisscom awarded **most trusted Telco brand** and won CHIP test for the **best net in Switzerland**

Unchanged leading market position within Retail market and **same dynamics**: solid postpaid subs base, less voice lines, more TV subs and bundles

Revenue evolution as expected - with ups (bundles, Fastweb) **and downs** (MTR, roaming, voice lines)

Enhance technology and **innovation leadership**: only **VoLTE** provider, >**40%** of population with **4G+**, >**40% coverage** with >**100 Mbps** and **IoT partnership**

Enterprise Customers with a lighter Q1 - but with **unique B2B position** well positioned to drive digital transformation further

EBITDA impacted by structural changes (-) and **effective cost initiatives (+)**. **Underlying** operational performance **stable**

wingo fair flat

Launch of several innovative price plans for **best value** and **yield management**

Fastweb with strong Q1 thanks to **ongoing UBB success, mobile taking off** and **tight cost control**

Solid financial situation **with confirmed A ratings** and **unchanged 2017 outlook**

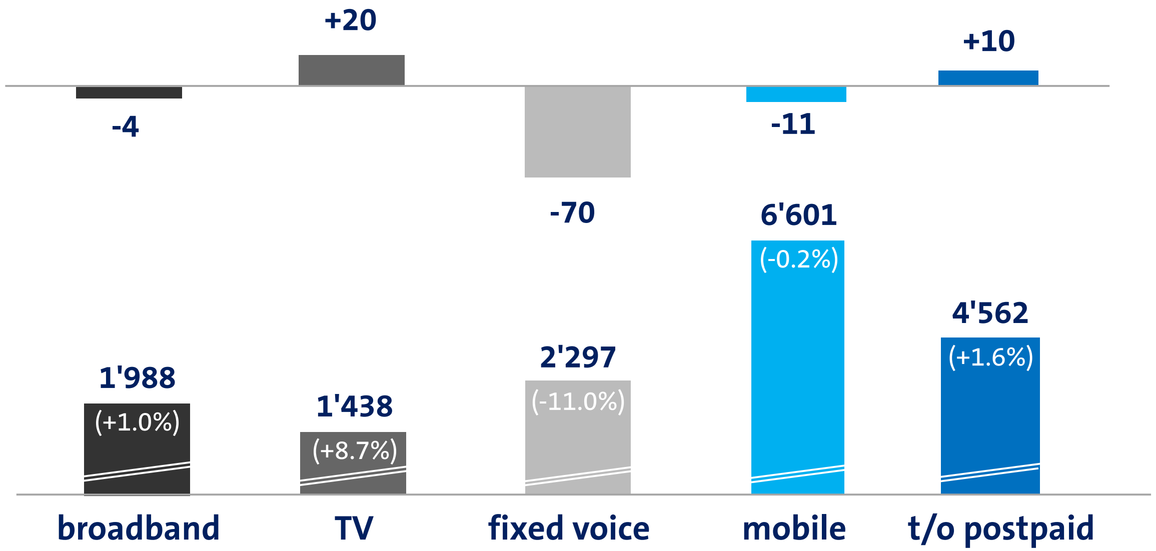
Market performance

Swisscom Switzerland with 12.3 million RGUs - Fastweb with growing subs base in BB and mobile

Swisscom Switzerland

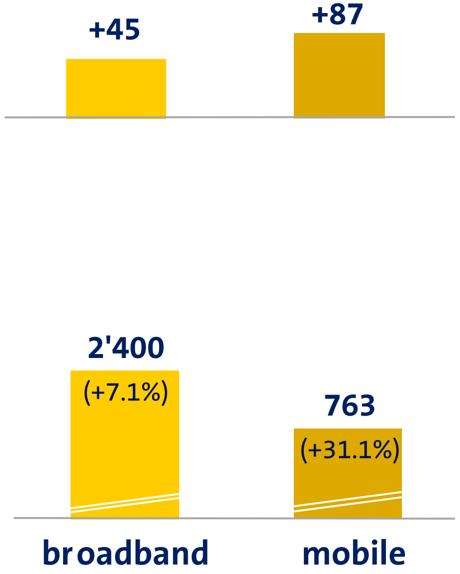
Q1 net adds in k

RGUs in k
(YOY change in %)



	broadband	TV	fixed voice	mobile	t/o postpaid
t/o Retail in k	1'950	1'438	2'063	5'345	3'306
t/o Retail in bundles in % (YOY change in pp)	89% (+13pp)	96% (+5pp)	61% (+14pp)	14% (+3pp)	23% (+4pp)

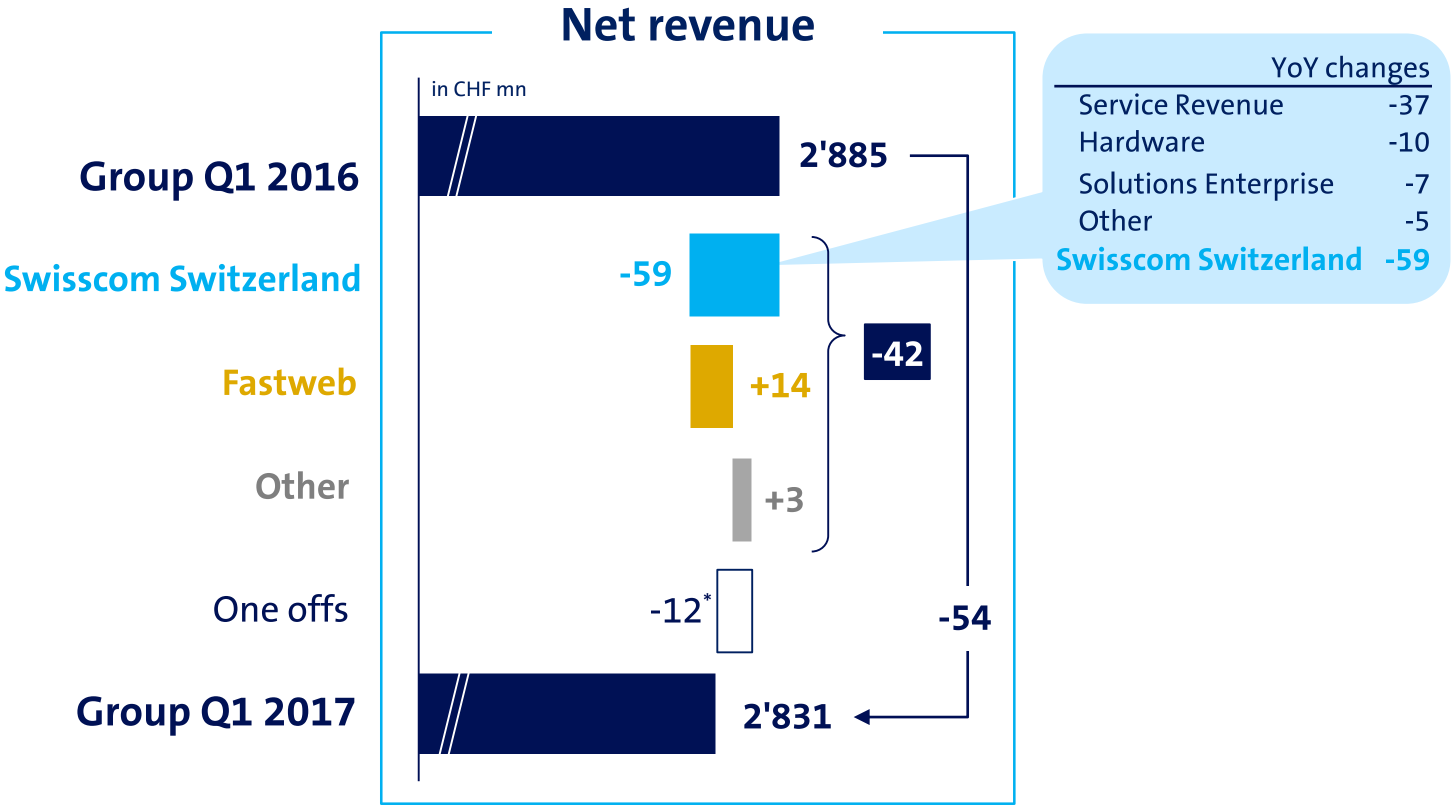
Fastweb

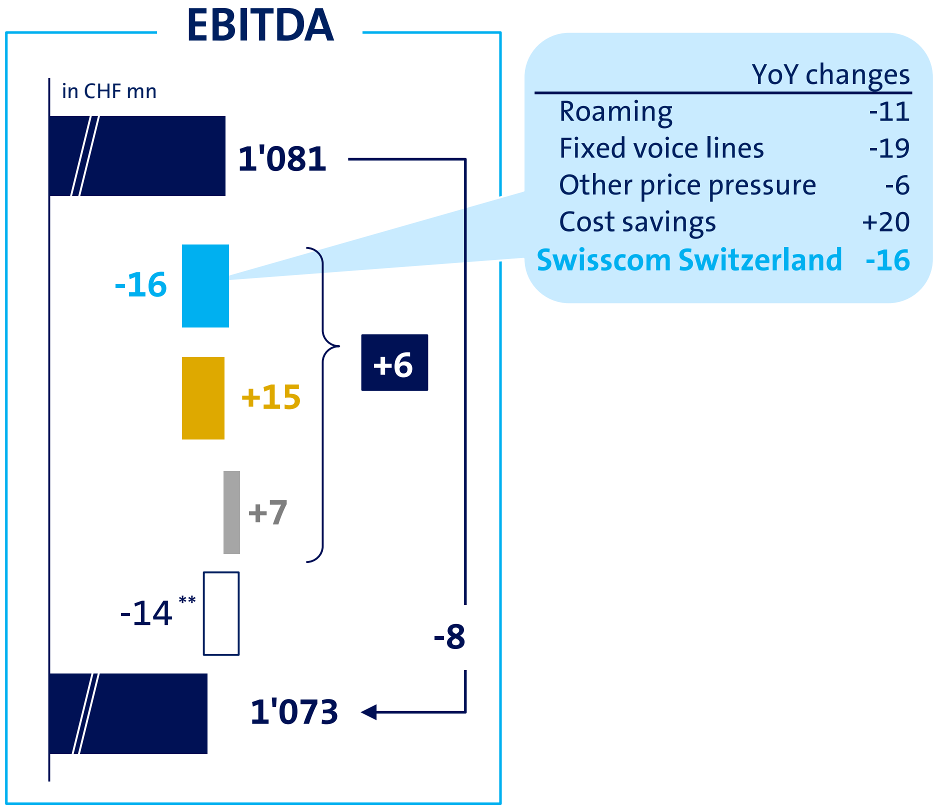


Ongoing successful bundle migration in Switzerland and volume momentum in Italy

Financial performance

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





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

* Currency impact of CHF -12mn, ** Real estate gain of CHF -10mn in Q1 16 and currency impact of CHF -4mn

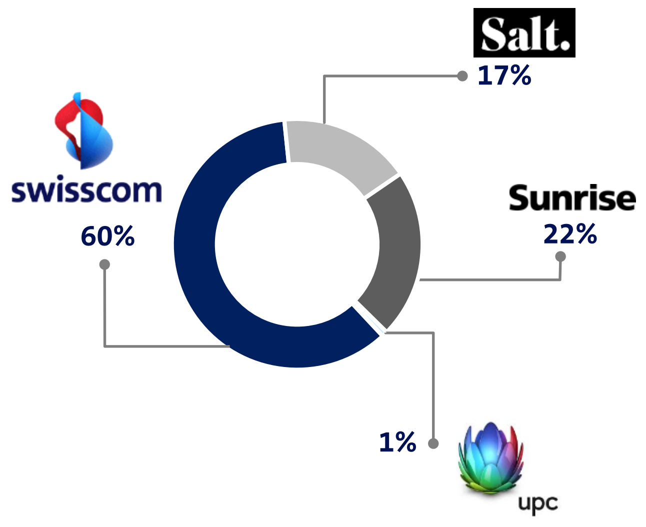
Agenda

Swisscom Switzerland with leading market shares …

A result of our proven strategy of sustainably investing

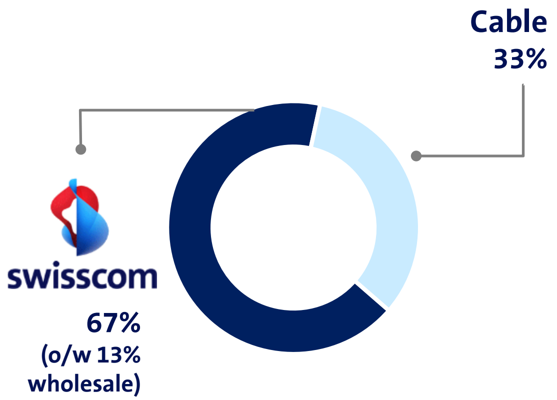
Mobile by YE 16

in %



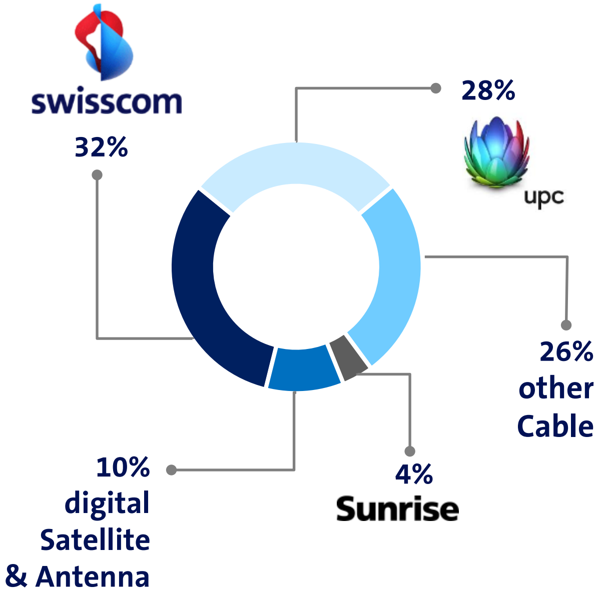
Broadband by YE 16

in %



TV by YE 16

in %



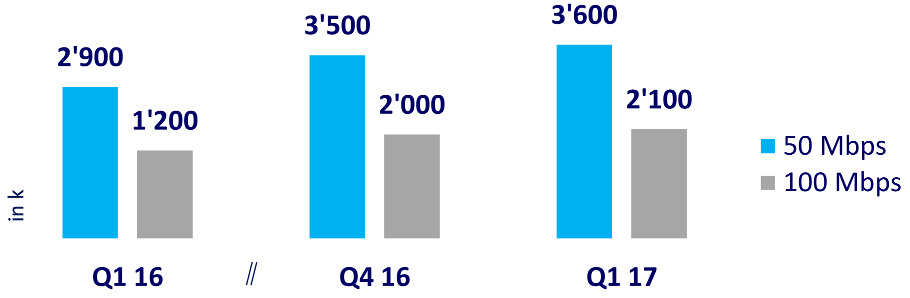
We will continue to defend our strong position, as size matters in a fixed-cost business

[1] Source: Swisscom figures and internal elaborations / estimates based on public company data

… driven by continuously investing into networks and …

UBB expansion pays off – especially in a value-conscious market

Wireline [1]



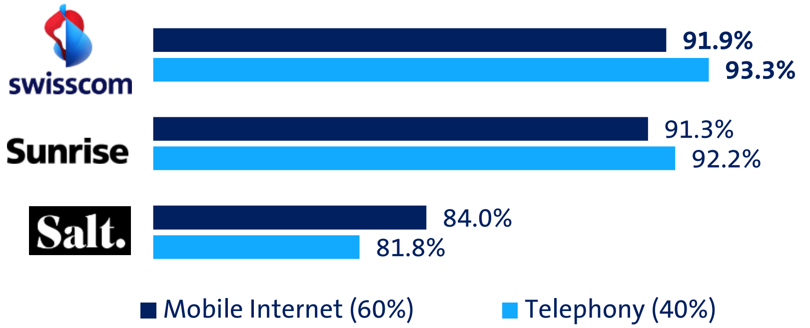
- As per Q1: **>40%** coverage with >**100 Mbps**
- **Target** 2020: 85% with >100 Mbps [3]

Wireless

- Only **VoLTE** provider in Switzerland
- **99%** of the population with **4G** coverage
- **>40%** of the population already enjoys **4G+** (speeds of up to 300 Mbps) and **15%** can even access speeds up to **450 Mbps**

Implications

- Swisscom winner of the **CHIP test** [2]



- Swisscom's mobile network rated as the best also by **LINK institute**
- Swisscom also won **connect's fixed network customer satisfaction survey 2016/2017**

Swisscom winner of several tests thanks to superior network

[1] Total footprint of 4.4mn lines consists of 3.7mn primary HH and 0.7mn businesses. The 2nd / vacation homes of 0.6mn are not considered, [2] CHIP trade magazine, 31.3.2017
[3] By 2021 at least +5pps with >80 Mbps

… value differentiation and service innovation

Keep market leadership by smoothly managing customer base

Innovation map 2012-2017

2012

June
- Launch **infinity 1.0**
- unlimited mobile offering in Switzerland
- differentiation by speed

October
- Launch **Voice Flat** for Vivo Casa bundles

2013

April
- Launch **M-Budget TV**

October/November
- Introduction of **Voice opt-out** for Vivo Casa bundles
- Launch of 1 Gbps Internet offering

2014

April
- Launch **Swisscom TV 2.0** and **new Vivo bundles**

November
- Launch **M-Budget Mobile One**

2015

April
- Launch **infinity plus** – byebye roaming

April
- Launch **Wingo Wireline**

May
- Symmetrical speeds for Vivo bundles on FTTH

2016

March
- Launch **infinity 2.0**

April
- Launch **Swisscom TV UHD Box**

November
- Launch **Wingo Mobile**

2017

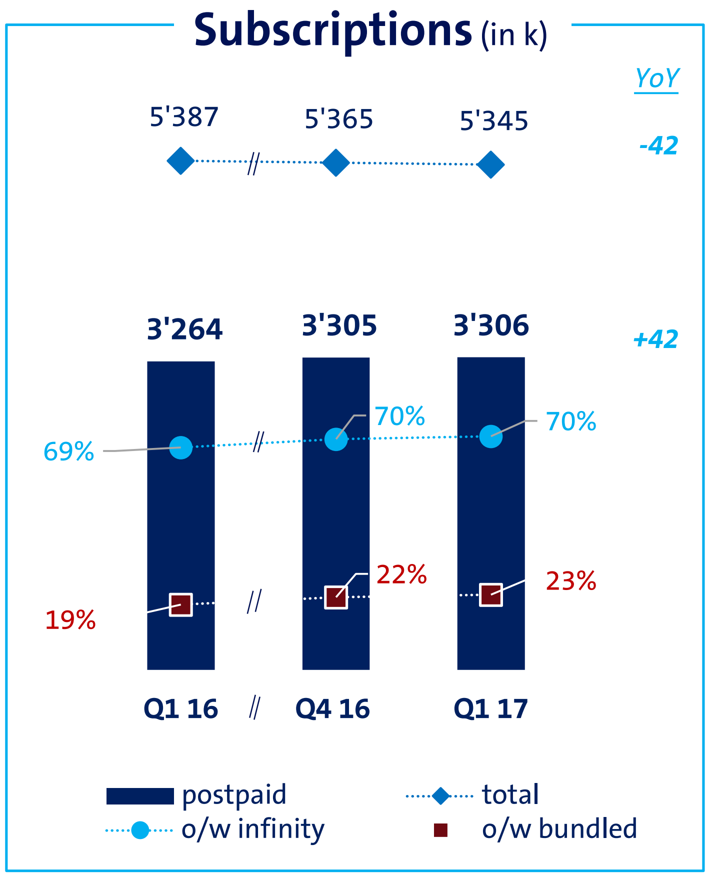
April
- Launch **inOne** – one FM offering – and **Multi Device** – same number on multiple devices

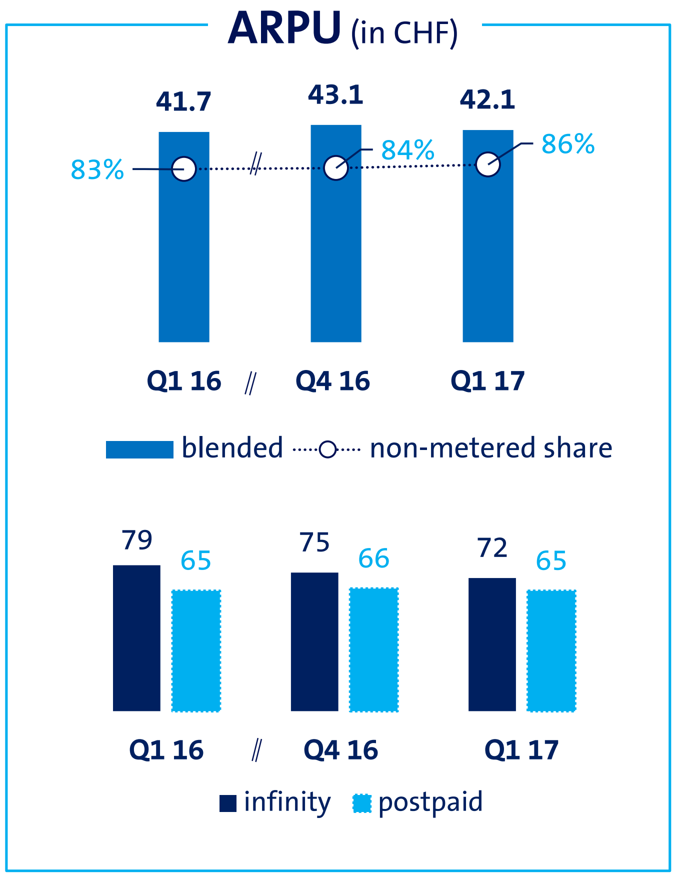
March
- Launch **Wingo Mobile Fair Flat**

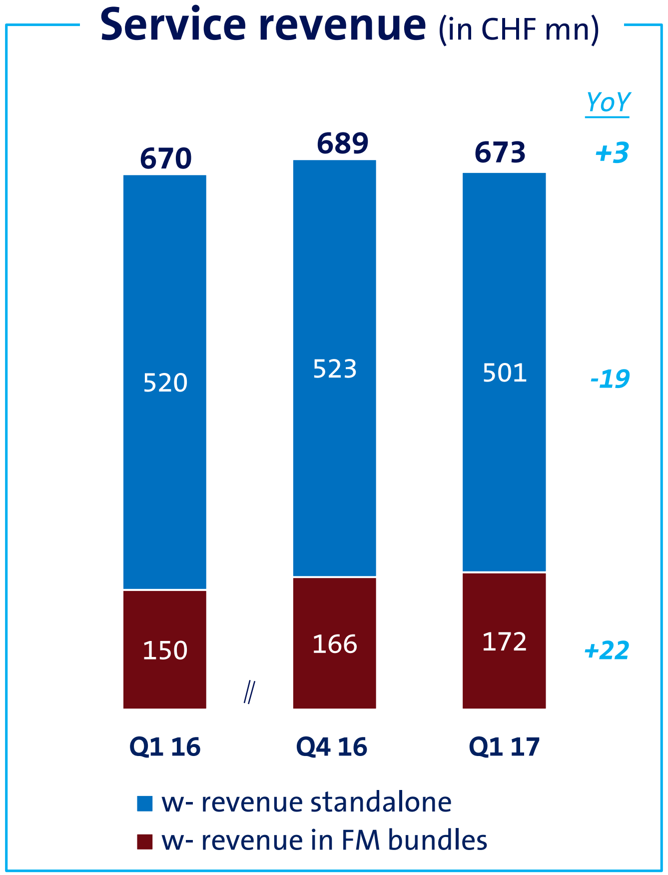
Powerful multi-brand approach and smart service evolution to cover complete market

Retail Customers - Wireless performance

Solid postpaid momentum - RGUs up, churn stable - with continued bundle migration





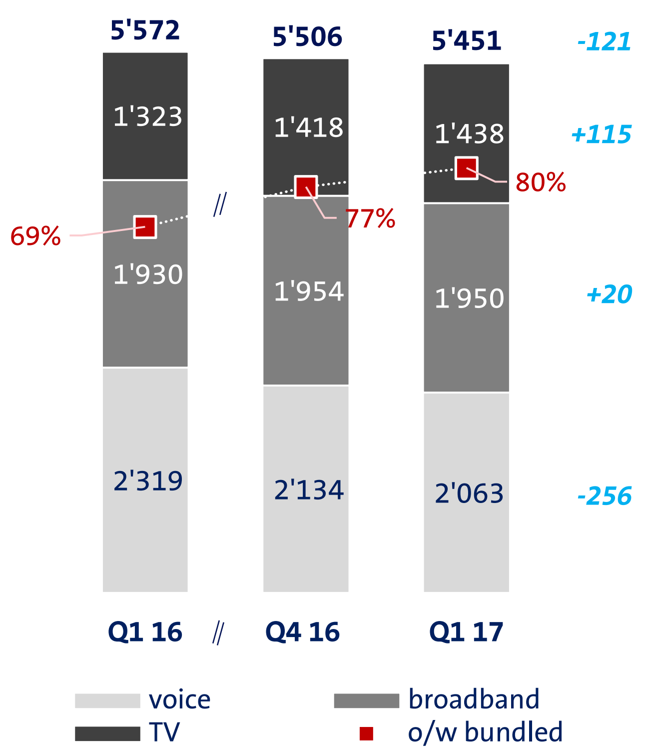


Wireless service revenue flat YoY thanks to value focus compensating roaming headwind

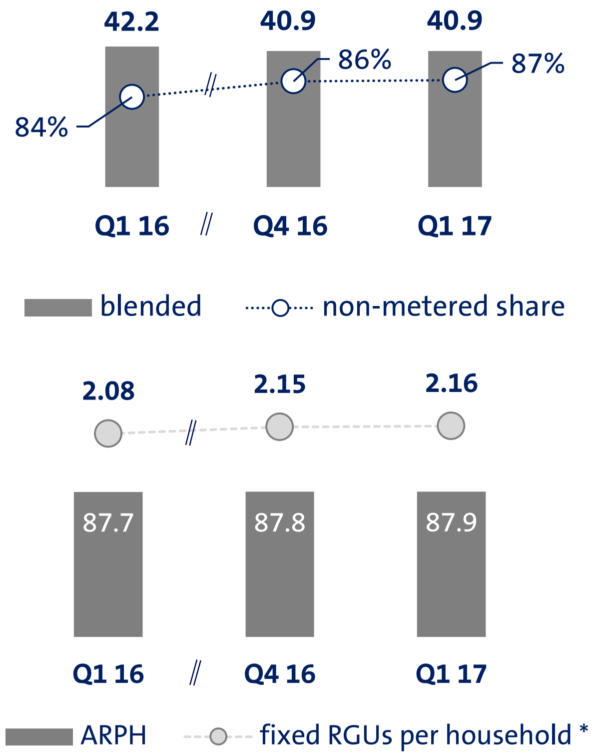
Retail Customers - Wireline performance

Unchanged voice line cancellations and bundle migration - 80% of all fixed RGUs bundled (YoY +11pp)

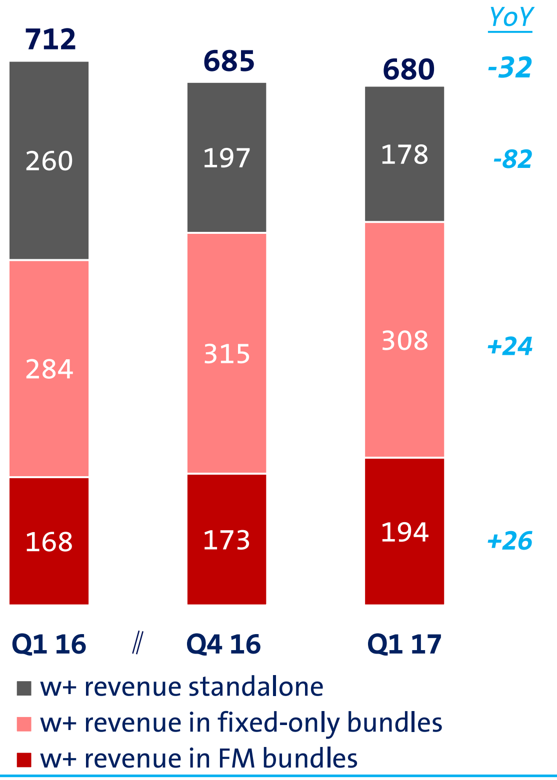
Subscriptions (in k)



ARPU and ARPH (in CHF)



Service revenue (in CHF mn)



Wireline service revenue primarily impacted by voice line decline and bundle advantages

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

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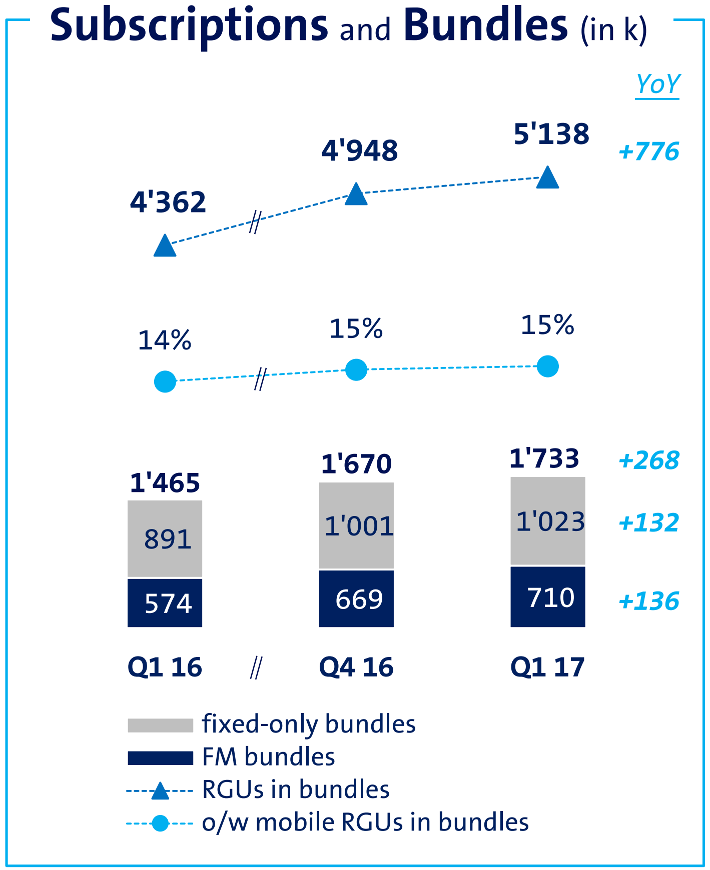
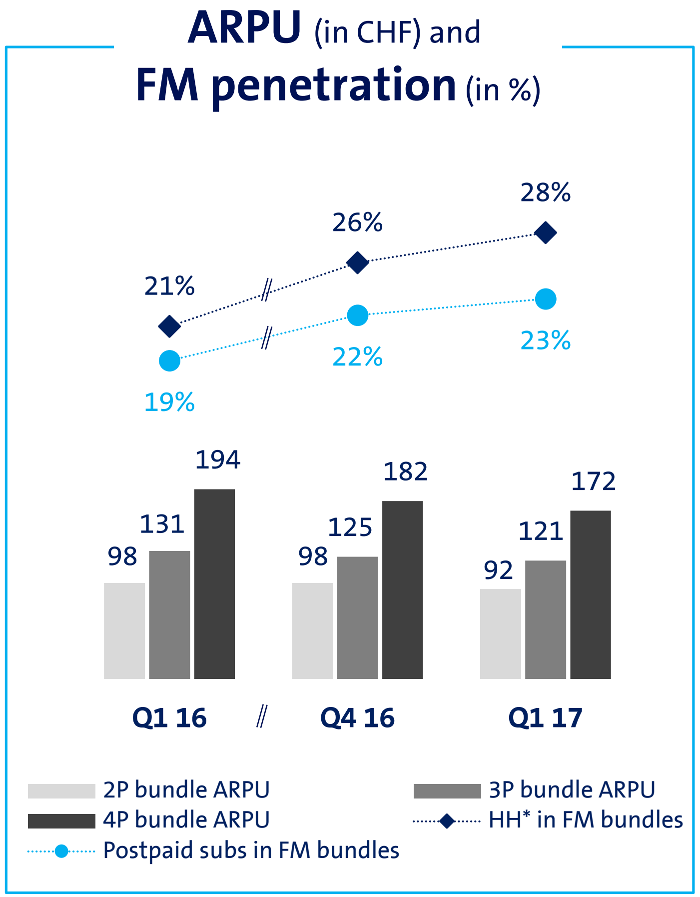
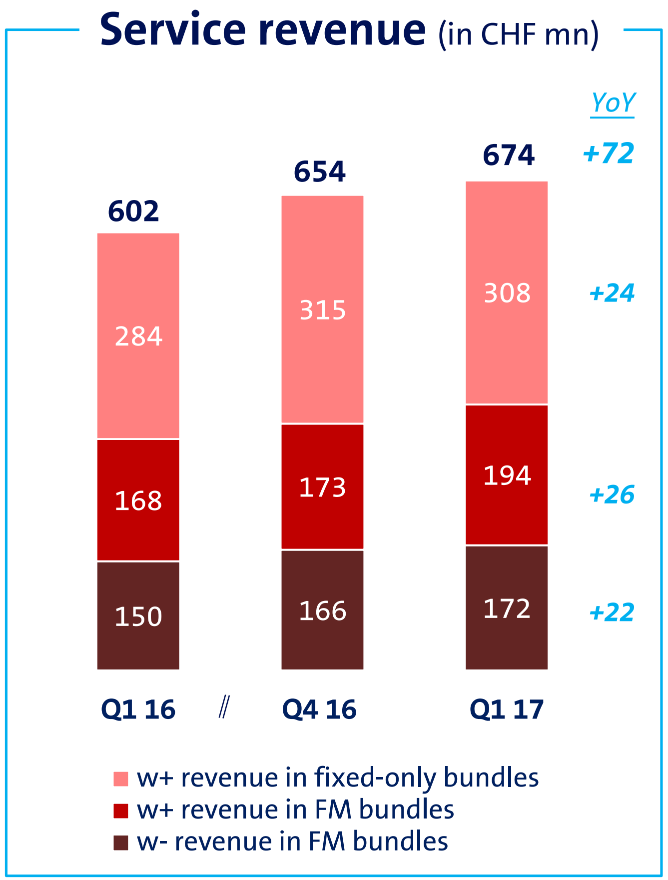
Retail Customers - Convergence performance

Bundles with volume (+18% YoY) and top-line (CHF +72mn) growth - convergence gains momentum







Swisscom well positioned for the next level of (FM) convergence

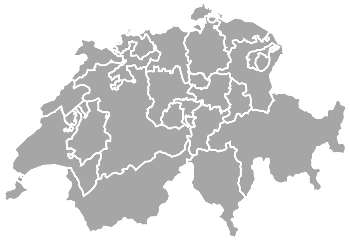
* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

inOne - the new price plan (1/3)

One subscription covering everything – Where do we stand?

Market situation

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



Swisscom's position

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

inOne

Customer behaviour

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

Current FM offering

- Simply **combining our flagship offerings** Vivo and infinity and offering **bundle discounts**
- Around **700k Retail Customers** are using our loyalty advantages today

inOne - the new price plan (2/3)

One subscription covering everything – How does the product look like?

- Launch: **19 April 2017**
- Market: **Retail Customers**
- Main features:
  1. **fully tailorable to individual needs** on service combinations, speed and other values
  2. **extendable up to 5 mobile subs per household** with an **incremental convergence advantage per subscriber**

inOne mobile subscriptions in same household	Your monthly benefit	**Your combined monthly benefit**
1 inOne mobile	20.–	**20.–**
2 inOne mobile	20.–	**40.–**
3 inOne mobile	40.–	**80.–**
4 inOne mobile	40.–	**120.–**
5 inOne mobile	40.–	**160.–**

inOne - the new price plan (3/3)

One subscription covering everything – What are our ambitions?

- New **value proposition** to "fence" customers and **defend leading position** in the broadband and mobile market in Switzerland

- The offerings **flexibility** helps in cementing outstanding **NPS** level
- **Maintain churn at current low level**

- **Realise price increases** for standalone inOne offerings but with a much higher value
- **More for more**

- Retain high value customer base and accelerate **cross-** and **up-selling**
- **Increase share of wallet**

- In HHs with a Swisscom BB connection >**1 million people are served by other mobile operators**
- **Grow customer base and household penetration**

Enterprise Customers - B2B with heterogeneous revenue sources

Swisscom uniquely positioned to benefit from digital revolution

Our B2B value position

swisscom

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

Our B2B offerings

with CHF ~2.4bn revenues in 2016

Telco businesses [~45% of revenues]

- Wireless
- Wireline

Solutions businesses [~45% of revenues]

- Verticals
- Digital Solutions
- Cloud and Net Services
- UCC[1] and Workplace
- Other Solutions

Other businesses [~10% of revenues]

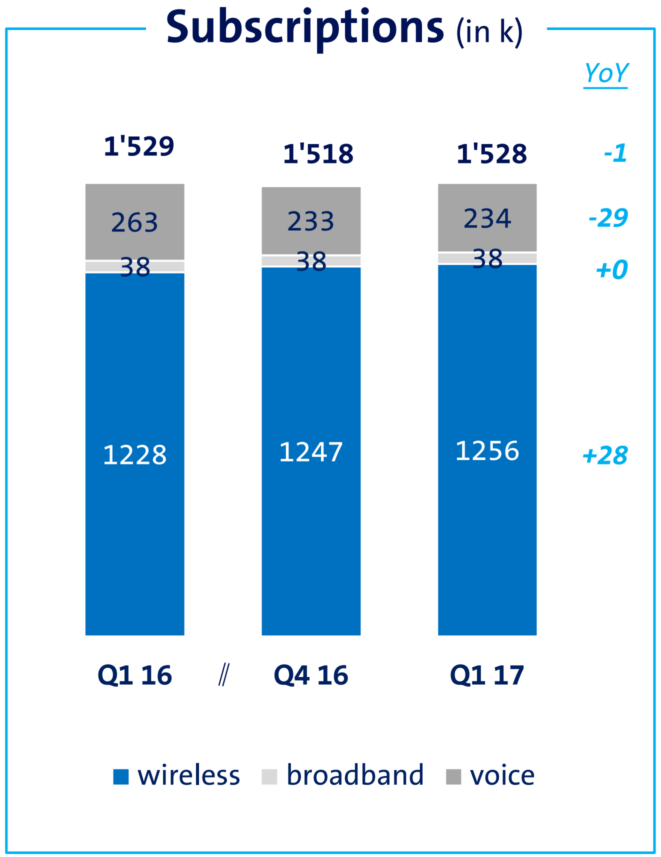
- Hardware and Other

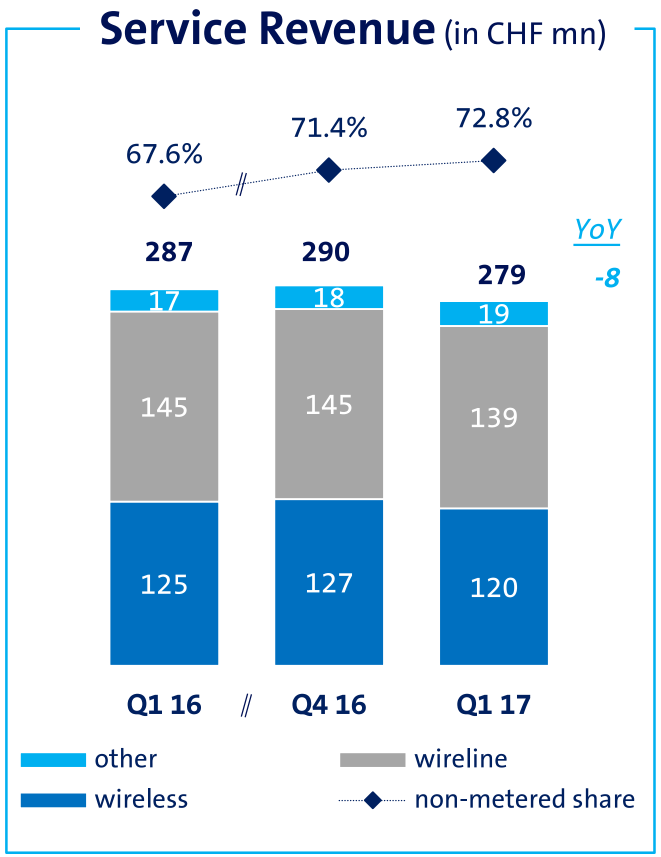
Leverage leading B2B position in Telco business to grow market share in ICT

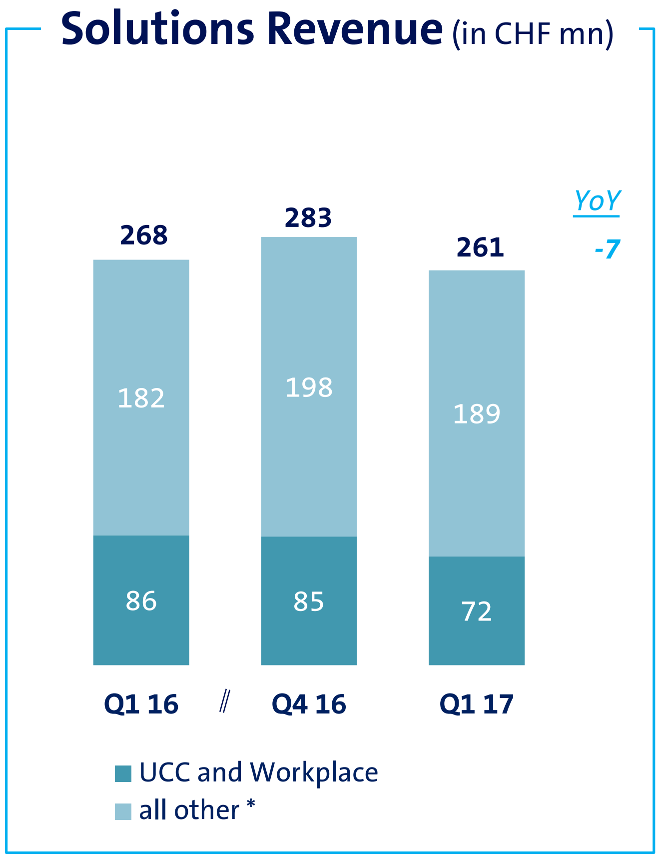
1 Unified Communication & Collaboration

Enterprise Customers - Telco and Solutions performance

RGU volume stable (w- up, voice down) - Service Revenue with increasing access share (+5.2pp YoY)







Solutions with lighter Q1 revenue contribution
primarily due to UCC and Workplace business with customer- and project-driven patterns

* Consists of revenues from vertical businesses, digital solutions, cloud and net services and other solutions

Operational excellence - with accelerating momentum

Stabilise profitability by improving all layers

Quality

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

improve

Efficiency

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

improve

Costs *

- **Swisscom Switzerland** with 15'719 FTEs by Q1 2017
- **Workforce** reduced within 12 months: **-698 FTEs (-4.3%)**
- **Indirect cost down YOY** by CHF -20mn

improve

On track to achieve targeted cost savings of CHF 75mn in 2017

* FTE situation as per 31.3.2017 for Switzerland (18'280 FTEs, -680 FTEs YoY), Swisscom Switzerland (15'719 FTEs, -698 FTEs YoY)

Agenda

Fastweb - UBB footprint evolution

Extending and upgrading the best wireline infrastructure in Italy

Coverage

FTTH
- FlashFiber building in all 29 FTTH cities
- Covering approx. 100k HHs/month

FTTS
- -0.1mn being the net balance of FTTS areas extended into FTTH (-0.3mn) and LLU areas converted into FTTS (+0.2mn)

ULL
- 0.5mn HHs footprint expansion into Bitstream areas

		Footprint FY 2016 (HHs+Business, mn[1])		Q1 2017 (Variation, mn[1])	Target FY 2020 (HHs+Business, mn[1])		
30% FTTx	FTTH	2.2	100 Mbps	+0.3	5.0	1 Gps	50% FTTx
	FTTS	5.3	100 Mbps	-0.1	8.0	200 Mbps	
25% ULL		8.0	100 Mbps VULA[2] 20 Mbps ADSL	+0.3	5.5	200 Mbps VULA[2] 20 Mbps ADSL	20% ULL
45% Wholesale	BSA	12.0	20 Mbps	-0.5	9.0	20 Mbps	30% Wholesale

Performance

SPEED
- '1 Giga' connections launched in Milan and 5 other cities
- Extended to entire FTTH footprint in 2017

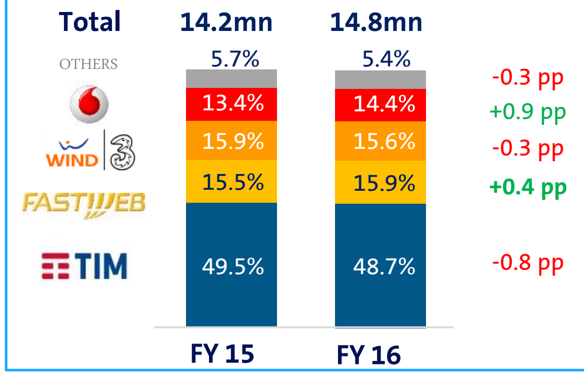
Implementation of Fastweb UBB plan on track

[1] Addressable market equals 27.5mn HHs and business sites (net of digital divide), [2] VULA is TIM wholesale UBB services

Fastweb - broadband performance

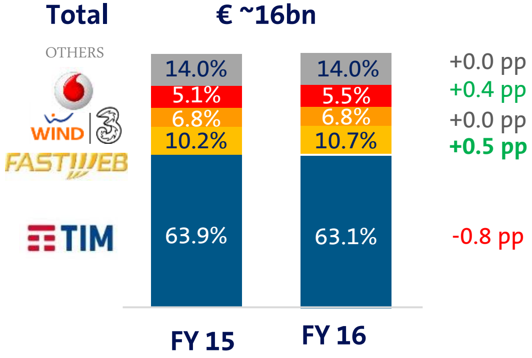
#1 OLO also for BB connections since YE 2016

BB market shares by connections [1]



- Fastweb #1 Italian OLO by number of BB customers since YE 2016 ...

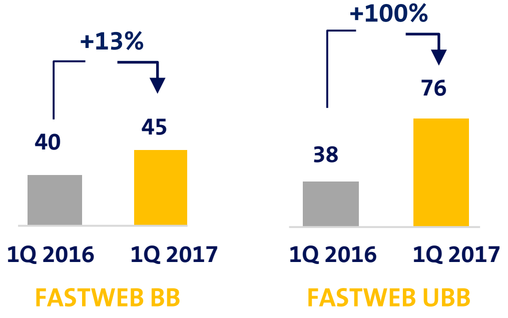
BB market shares by revenues [1]



- ... as well as by revenues, which grow faster than net adds thanks to higher ARPU

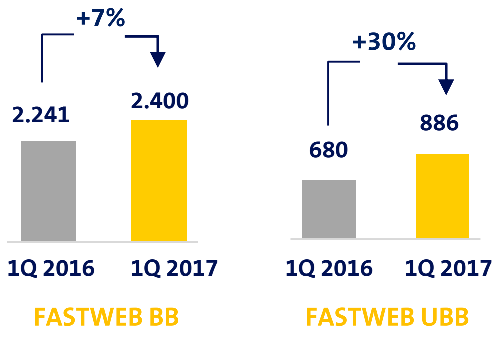
1Q customers performance

Net adds (k)



- UBB net adds doubled in 1Q 2017

Customer base (k)



- +7% YoY BB customers
- +30% YoY UBB customers
- 37% UBB penetration

Fastweb with strong growth momentum

[1] Source: Ernst & Young, 2017 and internal elaborations based on public company data

Fastweb - wireless performance

Successful launch of 4G services in line with expectations

Launch of 4G

New offering

Gross adds — ***+136%*** *1Q 2017 vs. 1Q 2016*

Awareness — ***+12p.p.*** *in 2 months*

Roaming — swisscom

- 85% of sales on wireline customer base, taking penetration to over 20%... with still untapped potential
- Competitive mobile offers support also wireline sales: 9% of new customers buying mobile + wireline
- 'Convergent' customers show 3p.p. lower churn than wireline-only

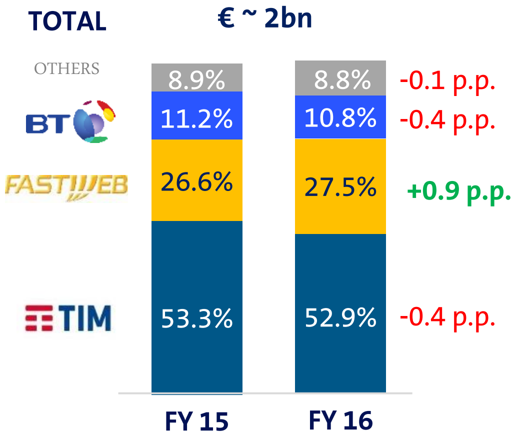
- Fastweb benefits from Swisscom's attractive roaming conditions

Mobile-driven value creation is accelerating thanks to 4G

Fastweb - corporate performance

Strengthening of leadership in Enterprise market

Corporate market share by revenues [1]



- Further market share growth in 2016

Fastest growing wireline service provider of Italian PA [2]

Data services

- Ranked #1 in tender for PA connectivity, following final green light to Tiscali business branch acquisition
- Yearly target of incremental revenues of € 20mn [3]

Voice services

- Ranked #1 in new tender for PA fixed voice
- € ~90mn over 3 years

New contracts awarded in Private sector

LEONARDO INGENUITY AT YOUR SERVICE

INTESA SANPAOLO

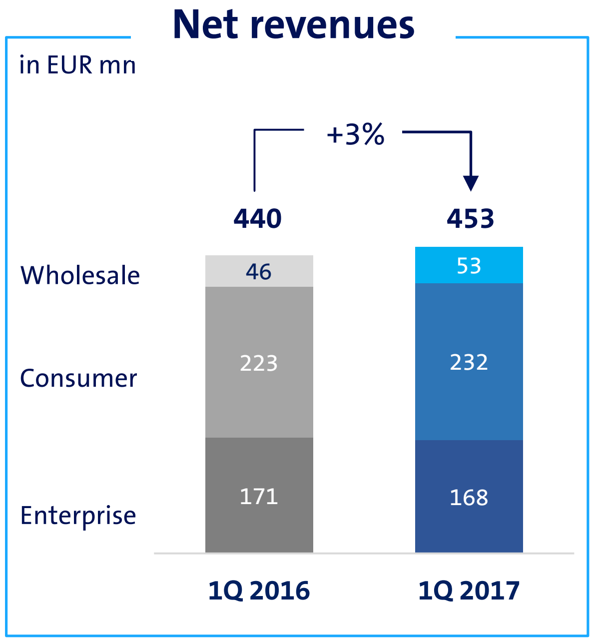
BPM BANCA POPOLARE DI MILANO

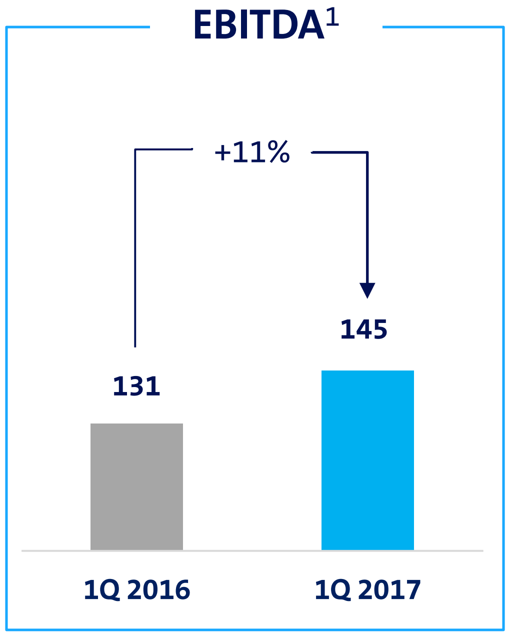
Making steps for market share increase also in 2017

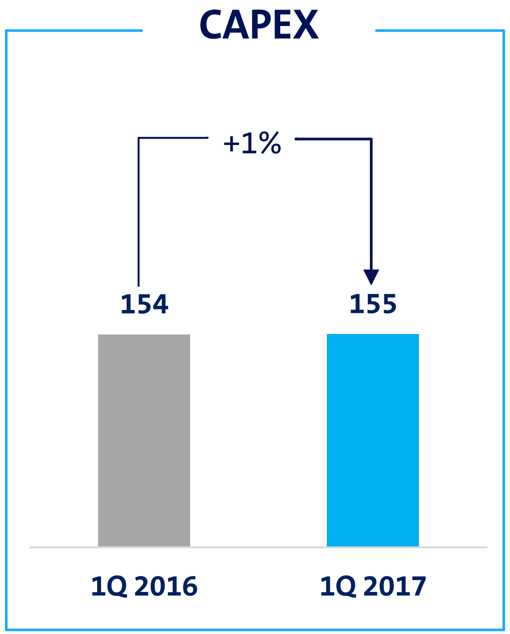
[1] Source: Fastweb figures and internal elaborations / estimates based on public company data, [2] Public Administration, [3] Start kicking-in from Q2 2017 onwards

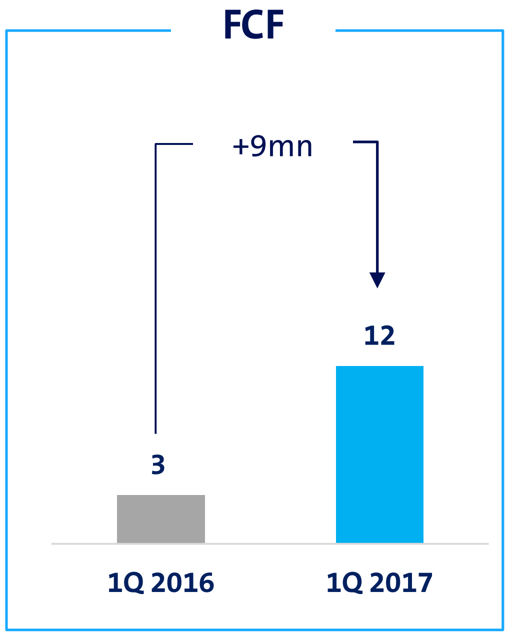
Fastweb – financial summary

Solid commercial performance coupled by growth in revenues and EBITDA









- 3% revenues increase mainly driven by Consumer
- 11% EBITDA increase also thanks to improved regulatory conditions[1], higher YoY acquisition costs (due to higher gross adds) impacted the otherwise growing recurrent margins
- 4 weeks billing confirmed - with no impact in 1H

Expectation for revenues, margin and FCF growth on a FY basis confirmed

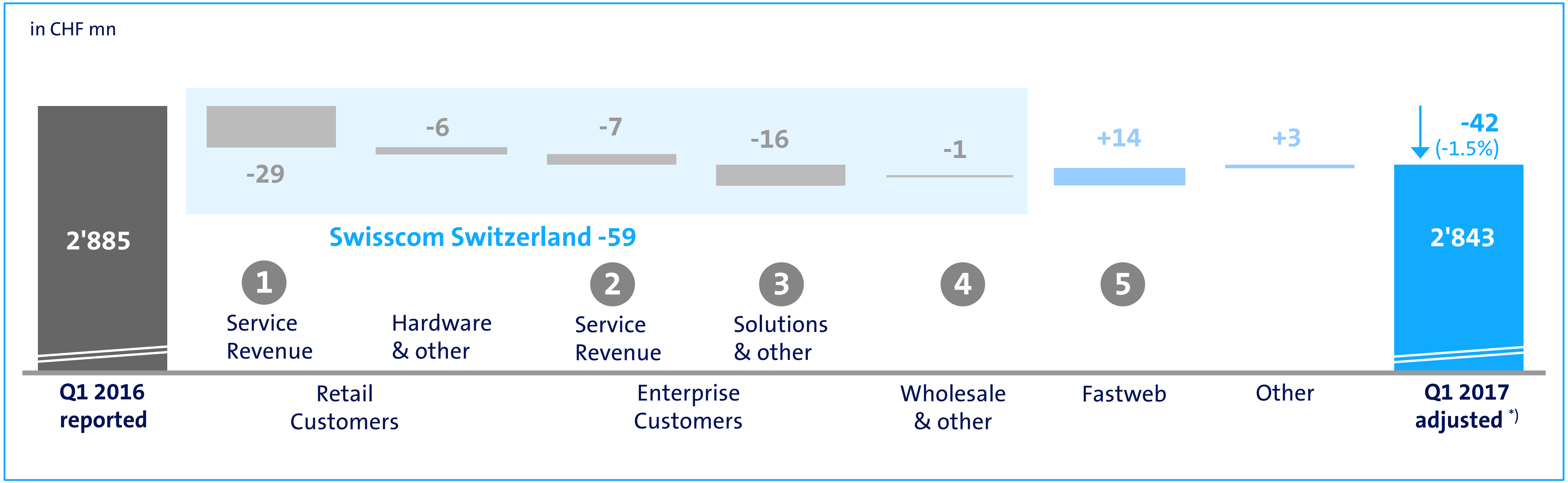
[1] Q1 2017 EBITDA increase also supported by to retroactive review / change of wholesale bitstream tariffs in 2015 and 2016

Agenda

- Introduction
- In a nutshell
- Swisscom Switzerland
- Fastweb
- **Financials** — **Mario Rossi, CFO**
- Q&A
- Backup

Revenue breakdown by segments

Swisscom Switzerland under pressure with Service Revenue and Solutions, Fastweb up

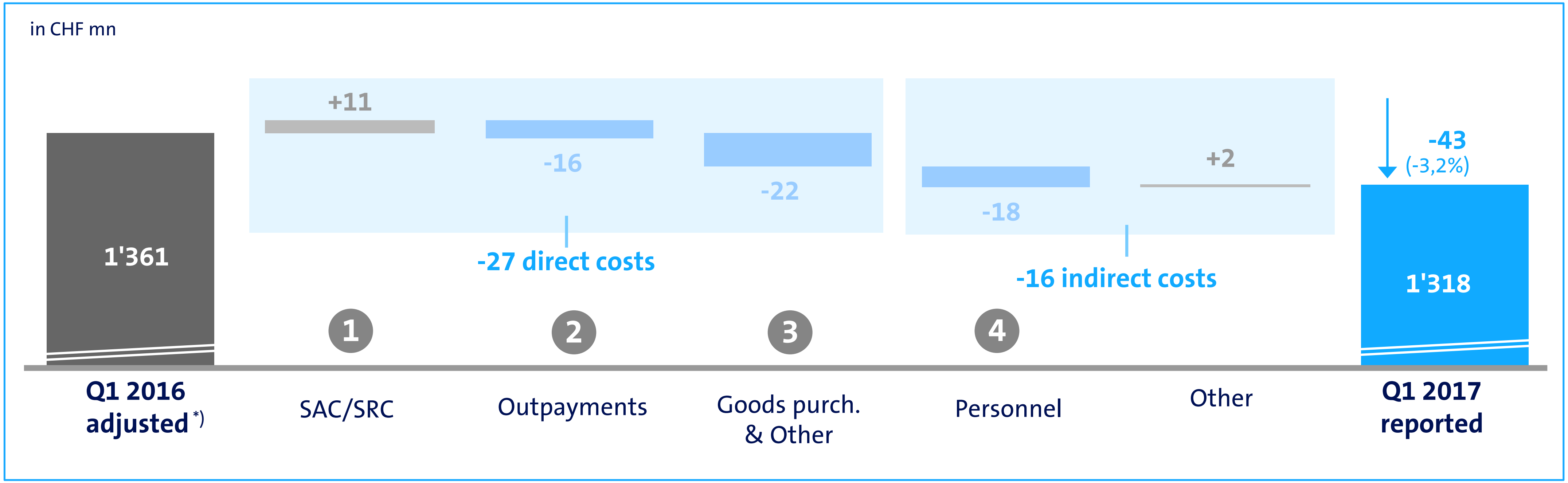


1.
   - Lower subs for voice access
   - TV with growth and BB RGUs rather flat
   - RGU wireless flat due to signs of market saturation
2. Price pressure in wireless and wireline business
3. Solutions and hardware with decrease
4. Lower revenue from decrease of MTR rates compensated by higher inbound roaming
5. Fastweb with strong increase in Consumer segment (+4% YoY)

*) At constant currency rate, excluding change exchange rate (CHF -12mn)

OPEX of Swisscom Switzerland

Operational excellence initiatives with expected impacts to lower OPEX

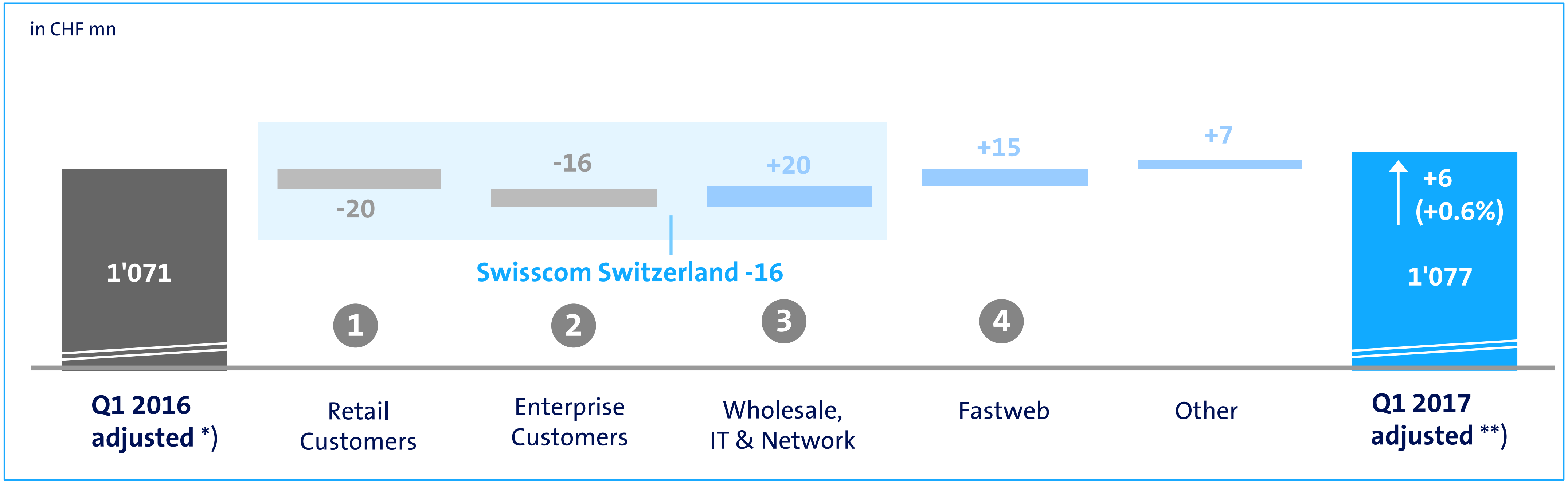


1. SAC/SRC increased due to subsidised UHD boxes, however retention volume for wireless customers decreased
2. Outpayments down primarily due to lower MTR tariffs and international voice termination
3. Decrease driven by lower sales for hardware and solutions business
4. 'Operational excellence' leads to a FTE reduction at Swisscom Switzerland of -698 YoY (o/w -157 in Q1 2017)

*) Excluding gain from sale of real estate (CHF 10mn)

EBITDA breakdown by segments

Cost saving initiatives partly compensate top-line erosion

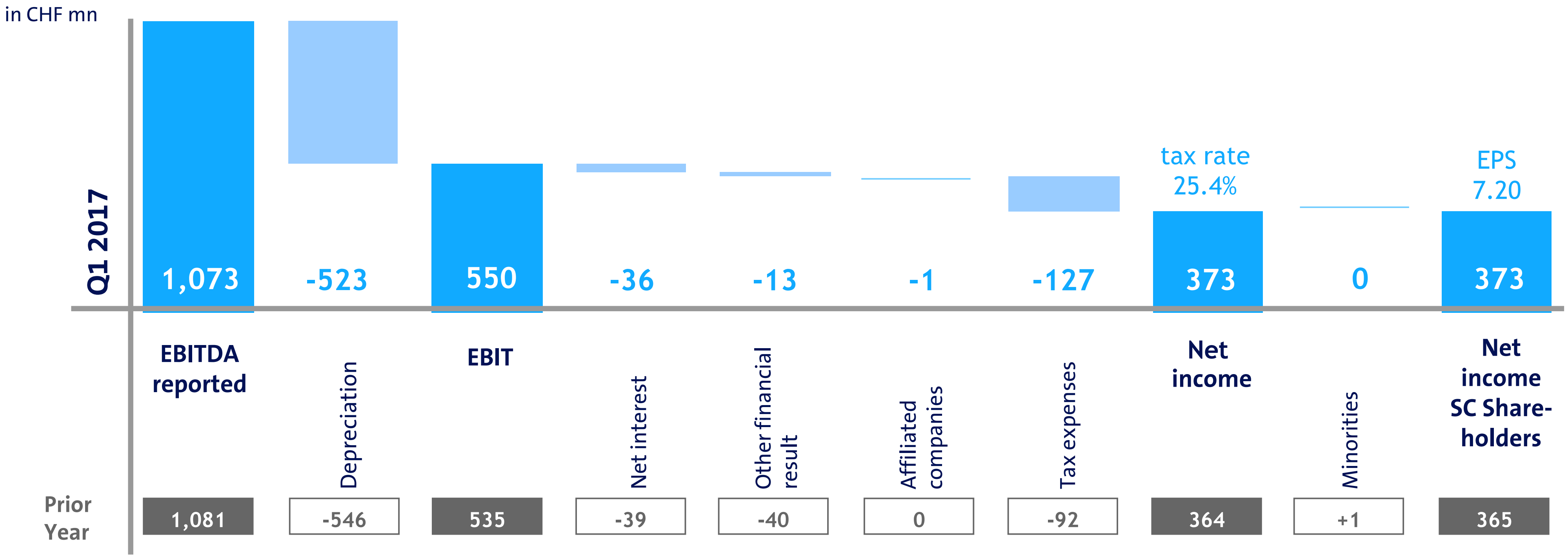


1. Decrease in service revenue and higher SAC/SRC impact EBITDA, lower direct and indirect costs partly compensate
2. Price pressure in Telco Services and lower Solutions business lead to a decrease in EBITDA
3. Increase supported by higher inbound roaming revenue at Wholesale
4. Fastweb with an increase supported by retroactive change in regulated prices

*) 2016 Excluding gain from sale of real estate (CHF 10mn) **) 2017 At constant currency rate, excluding change exchange rate (CHF -4mn)

Net income

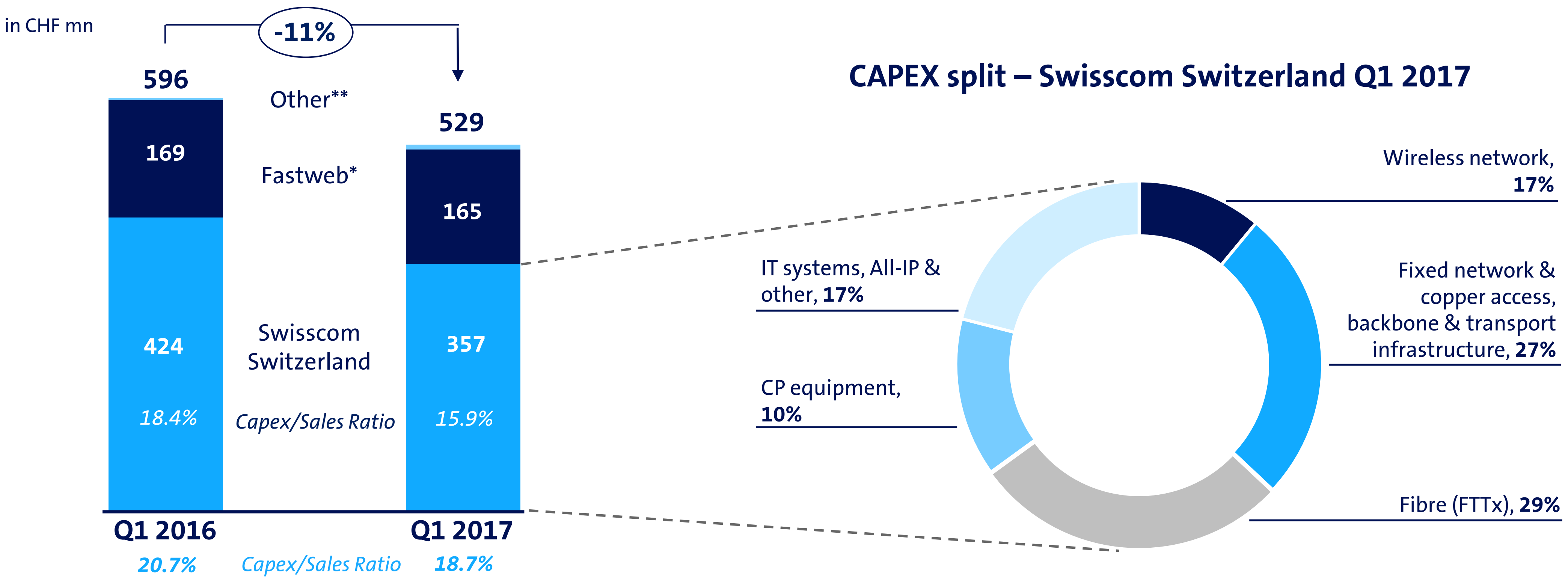
Bottom-line up by 2.5% mainly driven by higher EBIT



- EBIT up by +2.8% YoY as a result of lower depreciation
- Better other financial result due to fair value adjustments of interest rate swaps
- Higher tax expenses because of higher EBT and final tax assessments related to prior years

Capital expenditures

CAPEX lower YoY primarily due to seasonal effects - FY outlook unchanged

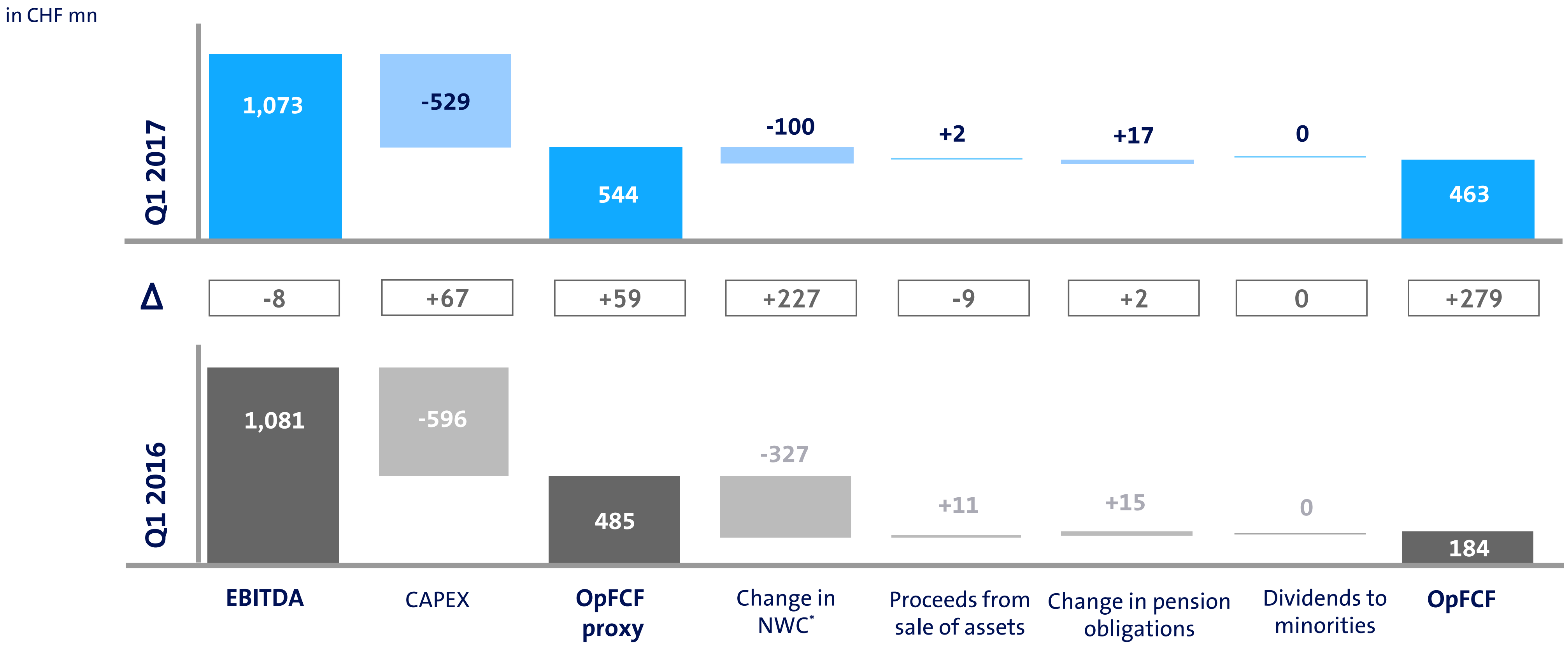


- Swisscom Switzerland with delay in its investment activities - to be compensated in the following months FTTx investment pace unchanged, leading to expected fibre expenses of CHF ~600mn in 2017
- In local currency Fastweb with stable CAPEX

* In local currency in Q1 2017: EUR 155mn, in Q1 2016: EUR 154mn, ** in Q1 2017 CHF 7mn, in Q1 2016 CHF 3mn

Operating free cash flow

OpFCF up primarily due to prepayment of the FeAC sanction in Q1 2016



> Prepayment of FeAC** sanction (CHF 186mn) in Q1 2016 led to higher net working capital compared to YE 2015

* Change in net working capital and other cash flow from operating activities, ** Federal Administrative Court

Outlook

FY 2017 guidance unchanged

in CHF mn	2016 reported	Adjustments	2016 pro forma	Change 2017 Swisscom w/o Fastweb	Change 2017 Fastweb	2017 outlook
Revenue	**11'643**			< 0	> 0	**~ 11'600**
EBITDA	**4'293**	-20 *	**4'273**	~ -100	> 0	**~ 4'200**
CAPEX	**2'416**			0	0	**~ 2'400**

Upon meeting its 2017 guidance, Swisscom plans to propose an unchanged dividend of CHF 22 per share to the AGM in 2018

* Fastweb litigation of CHF -60mn and provisions (for restructuring and other risks) of CHF +40mn

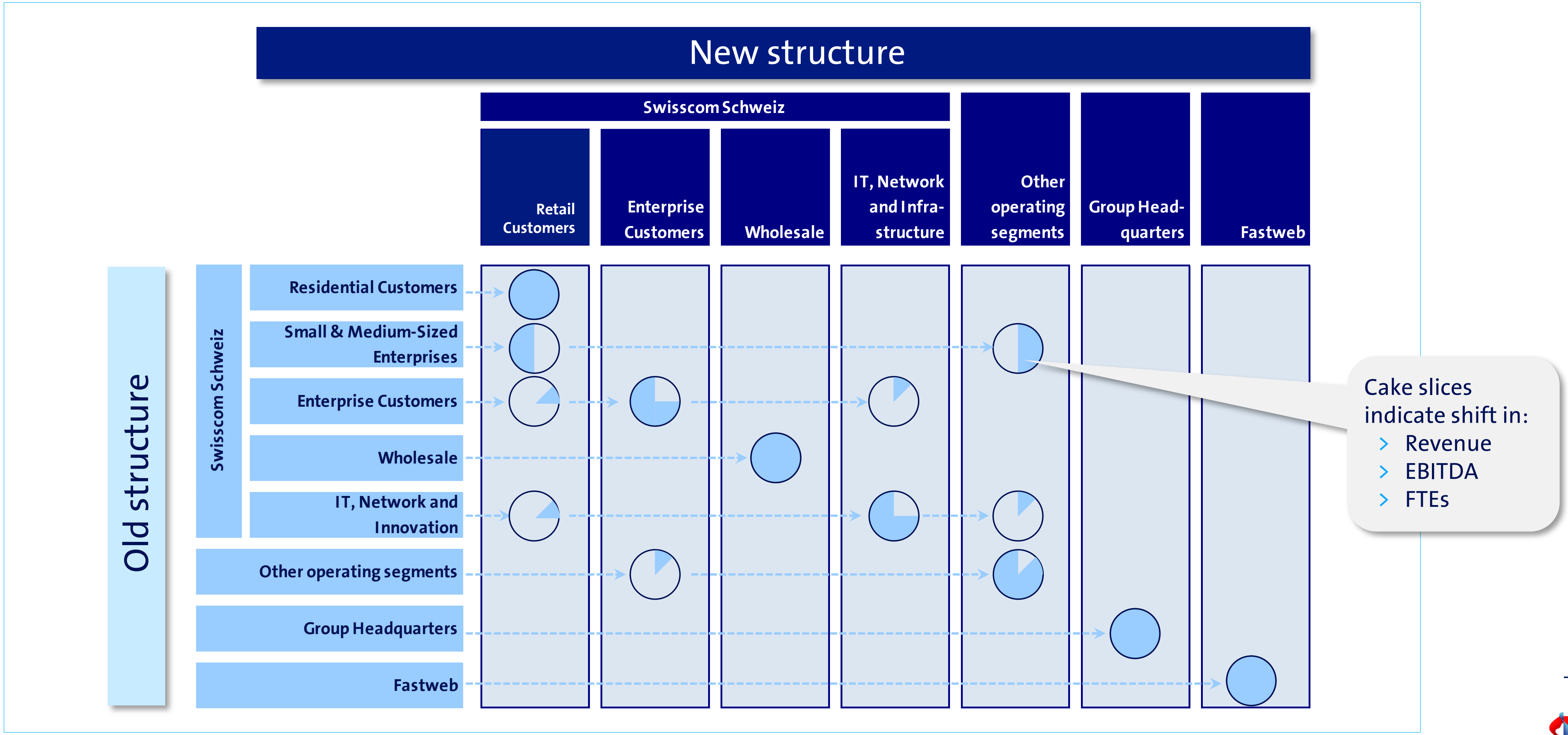
Agenda

Agenda

Reported vs. comparable revenue and EBITDA

in CHF mn	2016				2017				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue, reported	**2’885**	**2’884**	**2’874**	**3’000**	**2’831**				**-54**			
o/w currency effect					-12				-12			
Revenue, comparable change									**-42**			
EBITDA, reported	**1’081**	**1’146**	**1'080**	**986**	**1’073**				**-8**			
o/w provision for other risks				-20								
Gain from sale of real estate	10	5	1	1					-10			
Restructuring				-20								
Other income from litigations (Fastweb)		60										
Currency effect					-4				-4			
EBITDA, comparable change									**+6**			

New segment reporting as from Q1 2017



Segment 'Retail Customers'

Net revenue decreased driven by a lower service revenue and lower hardware sales.

Service revenue decreased (-2.1%) due to lower access lines, lower roaming revenue (price decrease data packages, inclusion additional voice and data volumes in infinity price plans) and the abundance of TV activation fees. No compensating effect from RGU base (Sum of RGU 1.5% below prior year level due to decrease in voice lines).

Contribution margin 2 decreased by 2.1%. Lower Service revenue and higher cost for SAC (UHD TV-Box) partly compensated by lower mobile termination fees and lower indirect cost (mainly personnel).

	31.03.2017	YoY
Net revenue in MCHF [1]	**1'517**	**-3.1%**
Direct costs in MCHF	-308	-4.0%
Indirect costs in MCHF [2]	-278	-5.1%
Contribution margin 2 in MCHF	**931**	**-2.1%**
Contribution margin 2 in %	*61.4%*	
CAPEX in MCHF	40	-13.0%
FTE's	5'941	-8.1%
Broadband lines in '000 [3]	1'950	1.0%
Voice lines in '000 [3]	2'063	-11.0%
Wireless customers Prepaid in '000	2'039	-4.0%
Wireless customers Postpaid in '000 [3]	3'306	1.3%
Blended wireless ARPU 1P in CHF	36	0.0%
TV subs in '000 [3]	1'438	8.7%

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

Segment 'Enterprise Customers'

Net revenue down -4.7%, decrease in service revenue due to price erosion, solutions revenue and hardware revenue also report a decrease.

Service revenue (-2.1%) impacted by price pressure in the wireline and wireless business.

Solutions revenue down primarily due to UCC and Workplace business with customer- and project-driven patterns.

Contribution margin 2 decreased by 7.4%, lower cost partly compensate lower revenue.

	31.03.2017	YoY
Net revenue in MCHF [1]	612	-4.7%
Direct costs in MCHF	-180	-6.7%
Indirect costs in MCHF [2]	-231	-0.4%
Contribution margin 2 in MCHF	201	-7.4%
Contribution margin 2 in %	*32.8%*	
CAPEX in MCHF	20	-35.5%
FTE's	4'661	-1.9%
Broadband lines in '000	38	0.0%
Voice lines in '000	234	-11.0%
Wireless customers in '000	1'256	2.3%
Blended wireless ARPU 1P in CHF	32	-8.6%

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

Segment 'Wholesale'

Revenue from external customers down 0.7%. Lower revenue from lower mobile termination fees partly compensated by higher inbound roaming volumes.

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

	31.03.2017	YoY
Revenue from external customers in MCHF	138	-0.7%
Intersegment revenue in MCHF	68	-12.8%
Net revenue in MCHF	**206**	**-5.1%**
Direct costs in MCHF	-97	-20.5%
Indirect costs in MCHF 1)	-5	n.m.
Contribution margin 2 in MCHF	**104**	**14.3%**
Contribution margin 2 in %	*50.5%*	
CAPEX in MCHF	-	
FTE's	86	-6.5%
Full access lines in '000	120	0.0%
BB (wholesale) lines in '000	385	17.0%

1) incl. capitalised costs and other income

Segment ‘IT, Network and Infrastructure’

Indirect cost below prior year level (-1.9%) driven by lower cost for personnel and external employees.

Capitalised costs and other income down due to lower gain from sale of real estate.

	31.03.2017	YoY
Net revenue in MCHF	**42**	**2.4%**
Direct costs in MCHF	-4	-
Personnel expenses in MCHF	-218	-0.9%
Rent in MCHF	-51	10.9%
Maintenance in MCHF	-41	-2.4%
IT expenses in MCHF	-47	4.4%
Other OPEX in MCHF	-104	-11.1%
Indirect costs in MCHF	-461	-1.9%
Capitalised costs and other income in MCHF	115	-8.7%
Contribution margin 2 in MCHF	**-308**	**1.0%**
Depreciation, amortisation and impairment in MCHF	-315	6.8%
Segment result in MCHF	**-623**	3.8%
CAPEX in MCHF	297	-14.4%
FTE's	5'031	-1.5%

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Segment 'Fastweb'

Consumer revenue up by 4.0%. ARPU decrease of -5% overcompensated by an increase in customer base.

Strong position in the Enterprise market confirmed, revenue nearly stable.

EBITDA up by 10.7% YOY driven by the revenue increase and retroactive lower prices for purchased wholesale products.

	31.03.2017	YoY
Consumer revenue in MEUR	232	4.0%
Enterprise revenue in MEUR	168	-1.8%
Wholesale revenue in MEUR [1)]	53	15.2%
Net revenue in MEUR [1)]	**453**	**3.0%**
OPEX in MEUR [2)]	-308	-0.3%
EBITDA in MEUR	**145**	**10.7%**
EBITDA margin in %	*32.0%*	
CAPEX in MEUR	155	0.6%
OpFCF Proxy in MEUR	-10	n.m.
FTE's	2'503	4.0%
BB customers in '000	2'400	7.1%
In consolidated Swisscom accounts		
EBITDA in MCHF	155	7.6%
CAPEX in MCHF	165	-2.4%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income

Segment 'Other'

Net revenue up by 10% YoY due higher revenue for construction services at Cablex.

EBITDA up by CHF 6 mn YoY driven by Cablex.

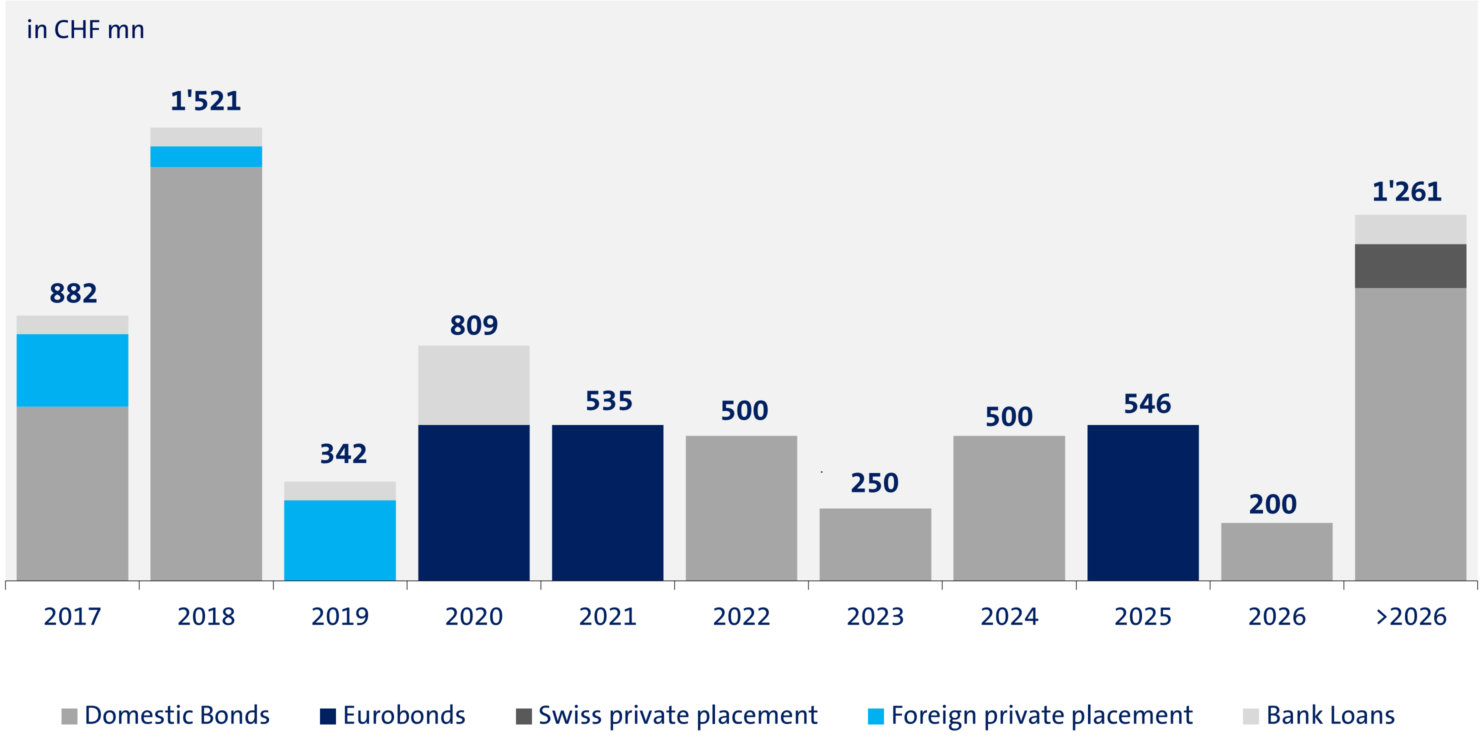
	31.03.2017	YoY
External revenue in MCHF	122	1.7%
Net revenue in MCHF [1)]	**187**	**10.0%**
OPEX in MCHF [2)]	-147	8.1%
EBITDA in MCHF	**40**	**17.6%**
EBITDA margin in %	*21.4%*	
CAPEX in MCHF	11	57.1%
FTE's	2'575	2.7%

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

Swisscom's smooth maturity profile

Actively managed with a duration of 4.7 years

Maturity profile after bond settlements as per 31.03.2017 *



- **S&P** (Single A) and **Moody's** (A2, stable outlook) rating **confirmed**
- **1.9%** average interest rate of portfolio (incl. derivatives)
- Refinancing transactions gives room for cost savings
- Active management of interest rate risk within well defined risk limits: **81% fix, 19% floating**
- Diversification of funding sources
- Bond placement planned for 2017

* excl. short-term money market borrowings

RGUs – Single Play and Bundles

Retail Customers
YTD, (Change to 31.03.2016 in brackets)

Access Lines/Subs/Products (in k)

		TV	Fixed Voice & Access	Broadband	Mobile	Number of products in Bundle	Sum 1)	Δ
1P	Single Play	55 (-66)	808 (-429)	217 (-248)	4'578 (-196)	1	5'658	(-939) (-14.2%)
Bundles	2Play	268 (-12)				2	5'138	(+776) (+17.8%)
	3Play	967 (+141)				3		
	4Play	399 (+86)				4		
	n-Play	99 (+53) all kind of combinations possible				n		
Revenue Generating Units		1'438 (+115) (+9%)	2'063 (-256) (-11%)	1'950 (+20) (+1.0%)	5'345 (-42) (-0.8%)		10'796	(-163) (-1.5%)

1) Sum of RGUs takes into account opt-out volumes

ARPU – Single Play and Bundles

Retail Customers
YTD, (Change to 31.03.2016 in brackets)

ARPU (in CHF)

		TV 1)	Fixed Voice & Access	Broadband 2)	Mobile 3)
1P	Single Play	16 (+3)	49 (+2)	31 (-4)	36 (+0)
Bundles	2Play	92 (-6)			
	3Play	121 (-10)			
	4Play	172 (-22)			
	n-Play	n/m			
Total weighted average		43 (-0)			

1) ARPU base fee 2) ARPU excl. business networks 3) ARPU excl. mobile termination

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Revenues (RGU x ARPU) – Single Play and Bundles

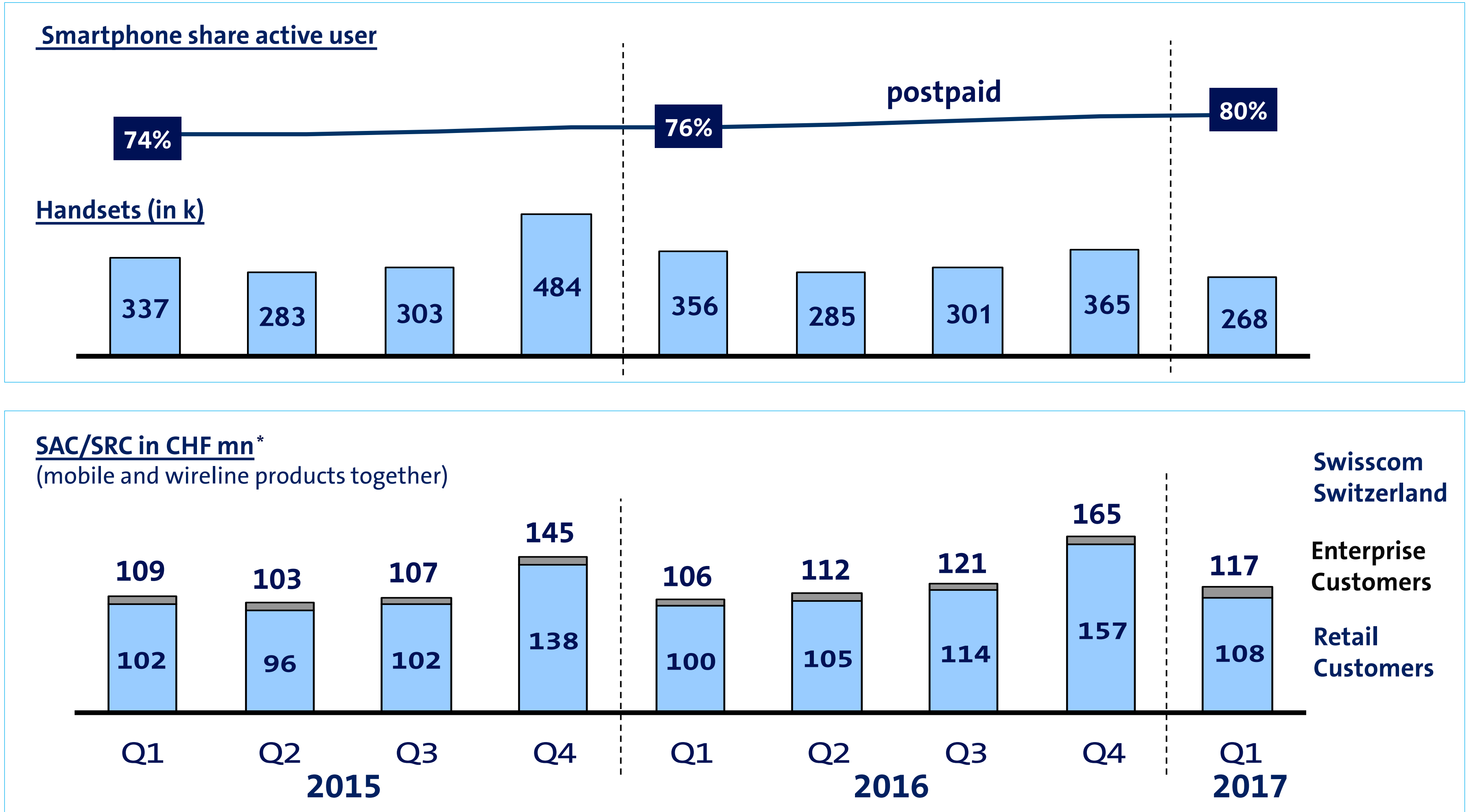
Retail Customers
YTD, (Change to 31.03.2016 in brackets)

Net revenues (in CHF mn)

		TV	Fixed Voice & Access	Broadband	Mobile	Sum	Δ
1P	Single Play	10 (-3)	128 (-51)	40 (-28) [1]	501 (-19)	679	(-101) (-12.9%)
Bundles	2Play	76 (-6)				674	(+72) (+12.0%)
	3Play	343 (+28)					
	4Play	199 (+18)					
	n-Play	56 (+32)					
Net Revenue 1P + Bundles						1'353	(-29) (-2.1%)

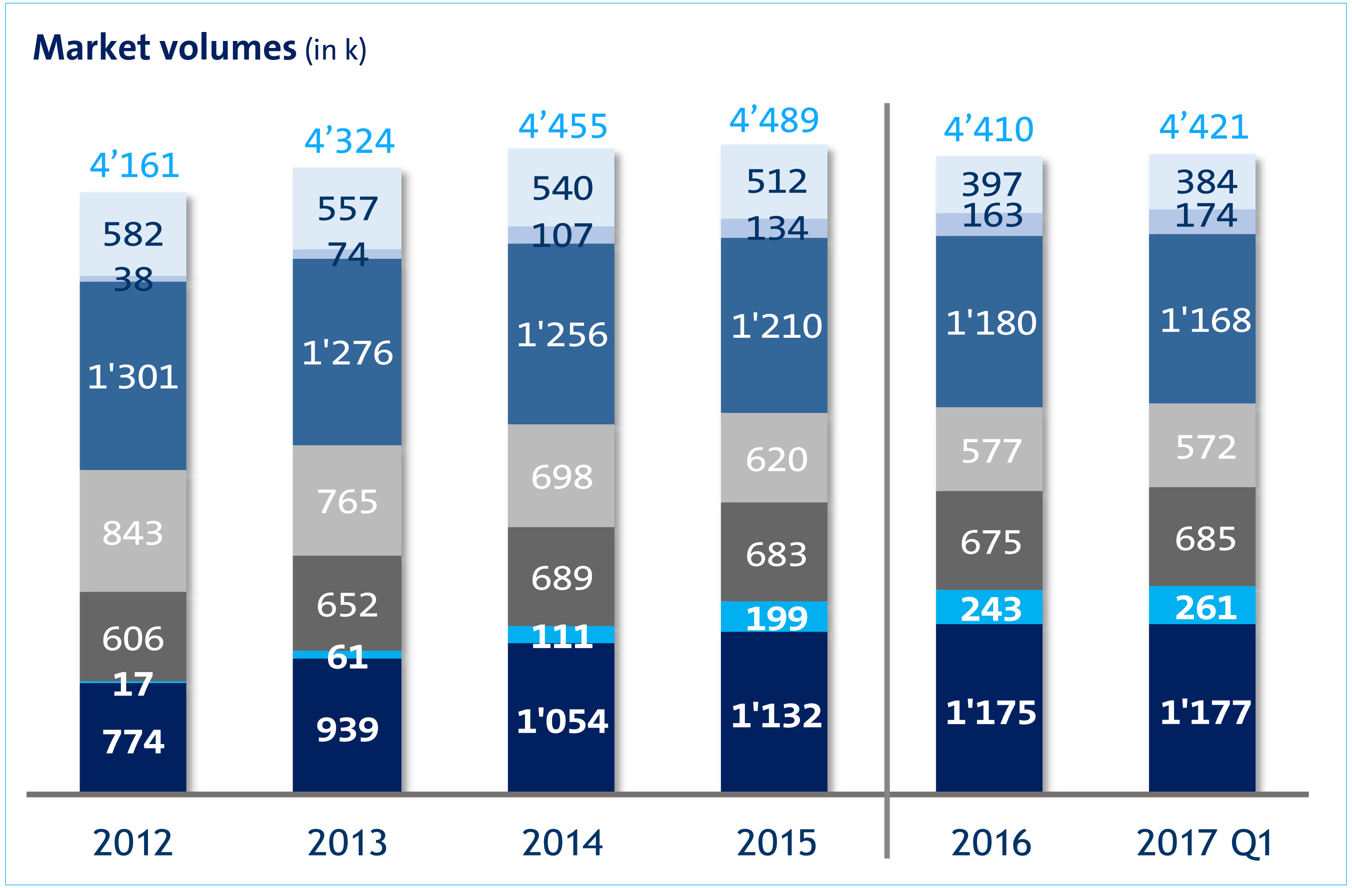
1) including revenues for business networks/internet which are not included in retail broadband ARPU

Handsets and SAC/SRC



*excluding intercompany SAC/SRC

TV market in Switzerland



Market share: 2012	Market share: 2017 Q1	
14 %	11 %	Satellite/Terrestrial [1)]
1 %	4 %	Sunrise
31 %	26 %	CATV / Net Integrators [1)]
20 %	13 %	UPC
15 %	14 %	UPC Premium TV option
0 %	6 % [2)]	**Swisscom TV light**
27 %	**26 %**	**Swisscom TV paid Abos**

* Estimates for Q1 2017

1) Time series modified

2) Figures (2016 and Q1 2017) and Market share exclude non-active TV light customers

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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