FY 2016 analyst presentation

Analyst meeting in Zurich – 8 February 2017

swisscom

The best in the connected world

Well positioned as communications leader in Switzerland and attacker in Italy

- 2016 in a nutshell
- Trends and strategic priorities
- Accelerate cost focus to sustain leadership
- Shape Fastweb to stimulate further growth
- Maximise core through differentiation and innovation
- Continue investing to keep competitive edge

Deliver solid financial performance and maintain attractive returns

2016 in a nutshell

Urs Schaeppi

Highlights 2016

Group performance solid and satisfying in a dynamic market environment

Infrastructure

Ultra broadband
- Fixed rollout successfully continued, since Q3 FTTS with G.fast
- 2/3 of All IP migration completed
- 4G coverage of 99%

Innovation
- 5G partnership with Ericsson
- Successful evolution of LoRa network

Agility
- Push enablers portfolio
- Dev2020

Retail *

Residential
- Back to postpaid subs growth
- Stable street prices, no downgrading trend
- High retention volume
- Launch of Wingo Mobile
- Continued bundle uptake and TV growth

SME
- Strong market performance
- Successful expansion of offerings

Enterprise

Telco business
- Market share successfully defended
- Mobile retention strategy pays off

Solutions and Cloud
- Solutions business with continuous growth
- Cloud up thanks to important customer wins

Verticals
- Digital Business gains momentum

Fastweb

Infrastructure
- 30% UBB coverage completed
- JV with TIM to build a 5mn FTTH coverage by 2020
- Sale of Metroweb for € 80mn
- Full MVNO architecture implemented

Consumer
- UBB customer base up by +25% YOY

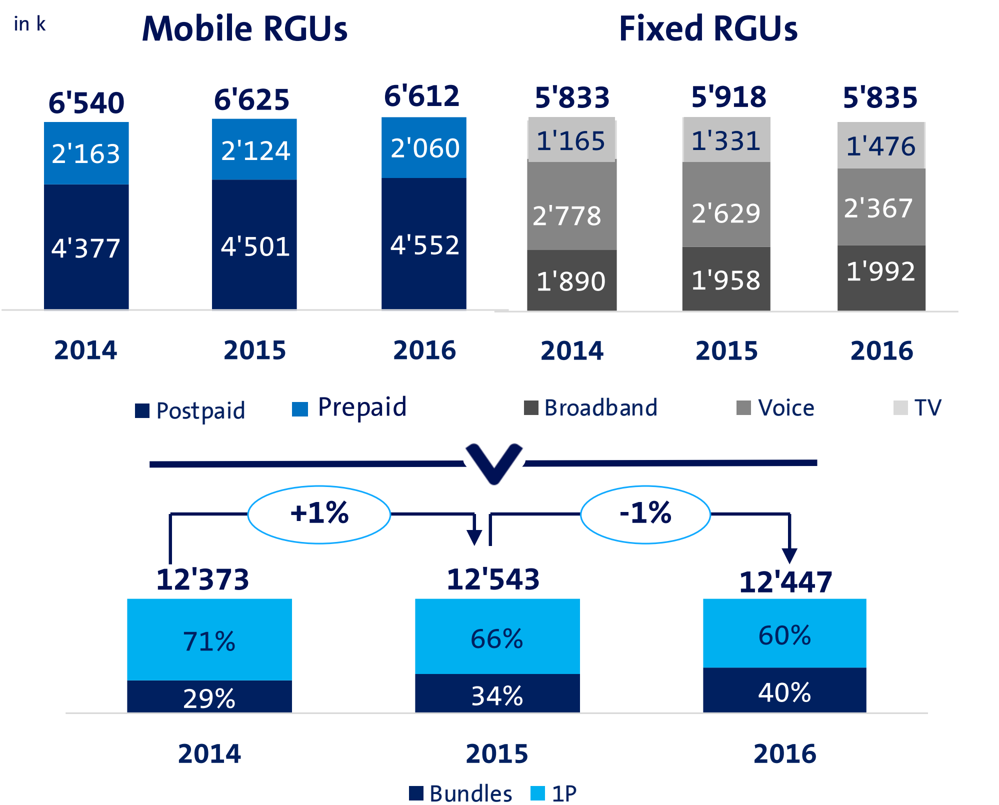
Enterprise
- Won top tenders for PA
- #1 alternative wholesale operator

* Retail consists of Residential customers and SME

Market performance 2016 – Switzerland

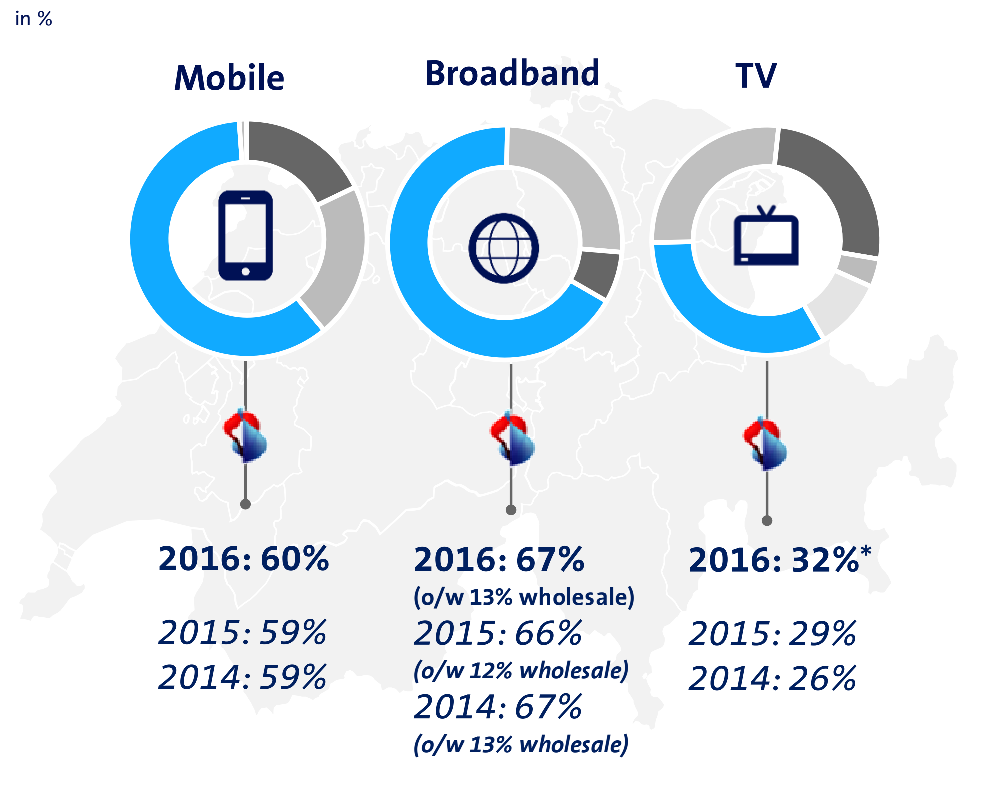
Successful bundle transformation, stable market shares in broadband and leading in TV

Solid RGU base* with shift towards bundles …



* Swisscom Switzerland

… while leading market shares remain stable



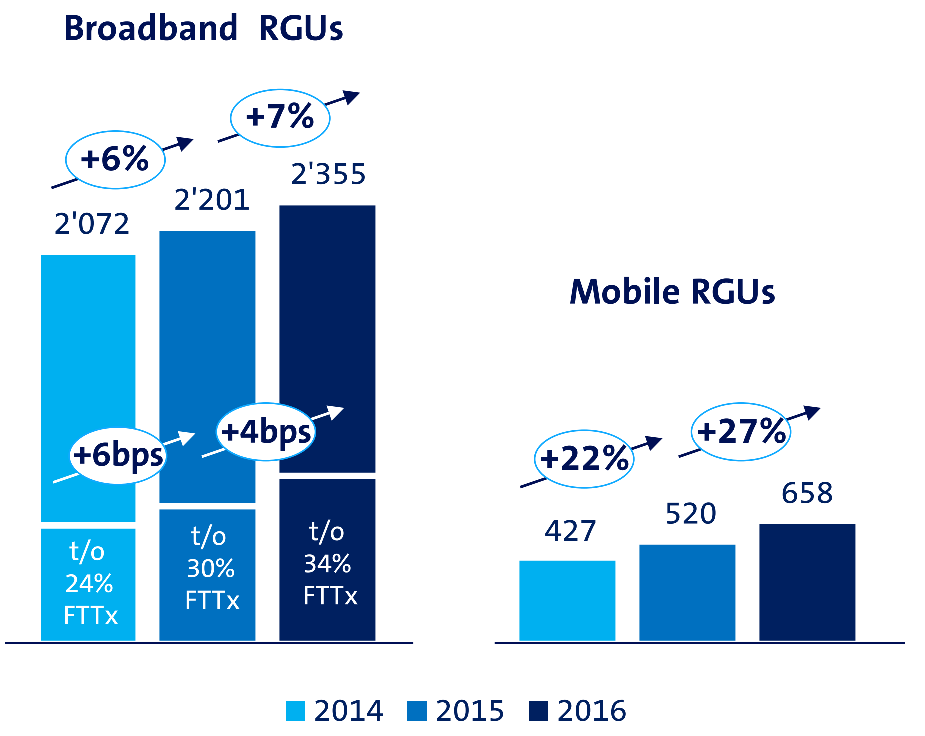
Swisscom estimates Q4 2016, * excl. non-active TV light customers

Market performance 2016 – Fastweb

Broadband customer base and corporate share further increased

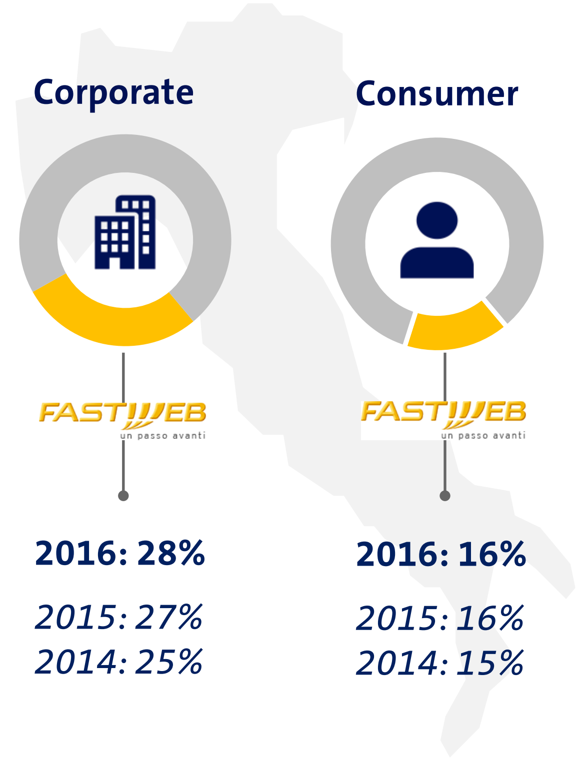
Growth of broadband and mobile RGUs* continues ...

in k



... driving wireline market shares further up

in %

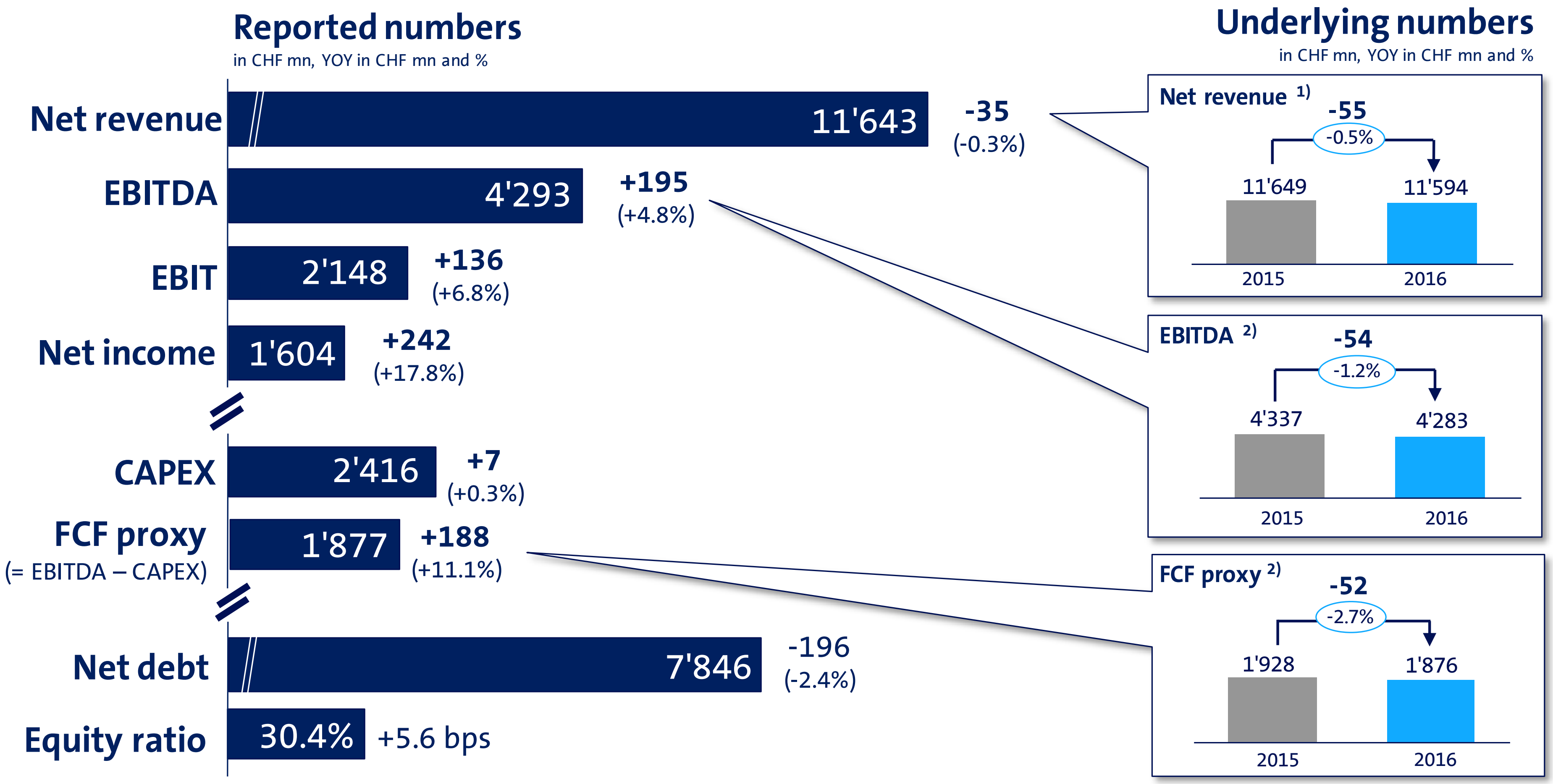


* Fastweb

Fastweb estimates Q4 2016

Financial performance 2016

Solid reported numbers - fully in line with guidance



1) Adjusted by M&A activities and at constant currency rates

2) 2015 adjusted by FeAC sanction (CHF +186mn), provision for restructuring (CHF +70mn), lititgation at Fastweb (CHF -17mn, EUR -15mn);
2016 adjusted by litigation at Fastweb (CHF -60mn, EUR-55mn), lower gain of real estate (CHF +9mn), provisions for new restructuring and other risks (CHF +40mn) higher charge for pension reconciliation (CHF +12mn), M&A activities, at constant currency rates

Trends and strategic priorities

Urs Schaeppi

Global megatrends

Impacting life and businesses fundamentally

The best in the connected world

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

Digitalisation impacts the world …	We are investing …	We are monetizing …
More usage, speed and **availability**	**High-performance networks** and **cloud**	**Market-leader position**
New business opportunities	**Innovative products** and **excellent customer service**	**Retain** and **develop customer base**
Potential for internal digitalisation	**Transformation**	**Efficiency**

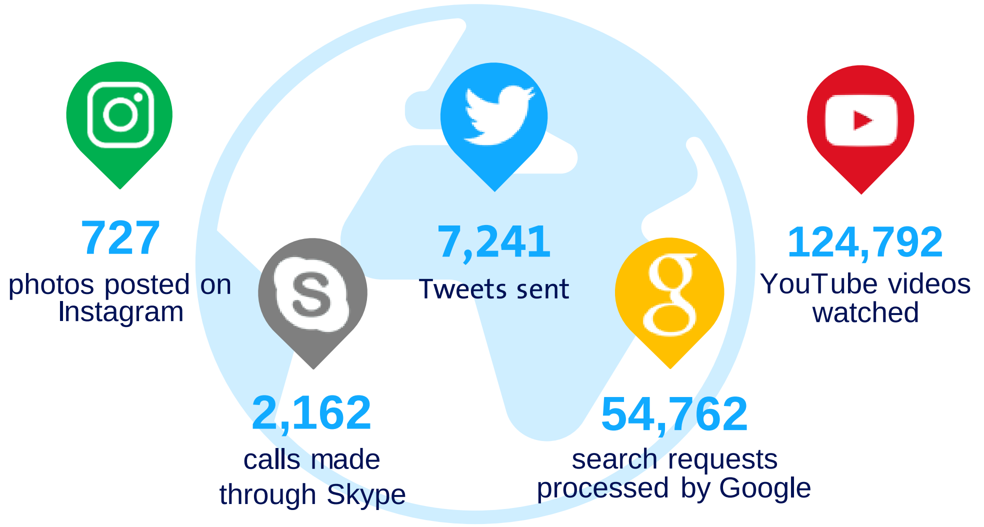
Digitalisation shapes the market and Swisscom is taking the lead!

Digitalisation drives usage and data-growth in our networks

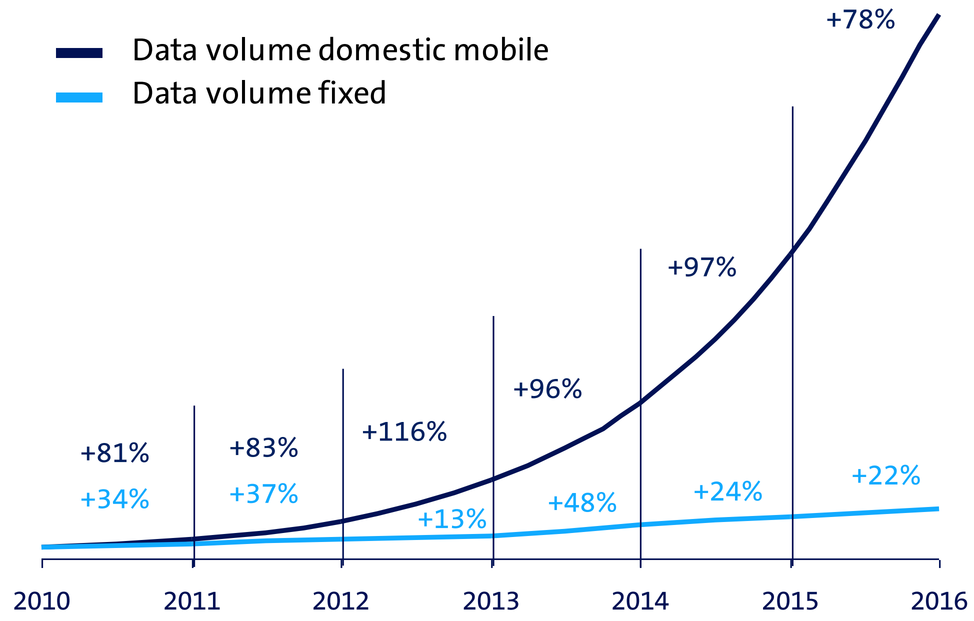
We deliver the infrastructure to cope with increasing internet usage

Behavioral changes … **… lead to exponential data growth**

Every second in the internet …



Source: internetlivestats.com (as of June 2016)



Data usage increases exponentially,
confirming the need to invest in high-performance networks

We continue to invest in high-performance infrastructure

We deliver the backbone for increasing internet usage

Our network is future proof …

42’000 km
of fibre-optic network

>80%
low-power network coverage

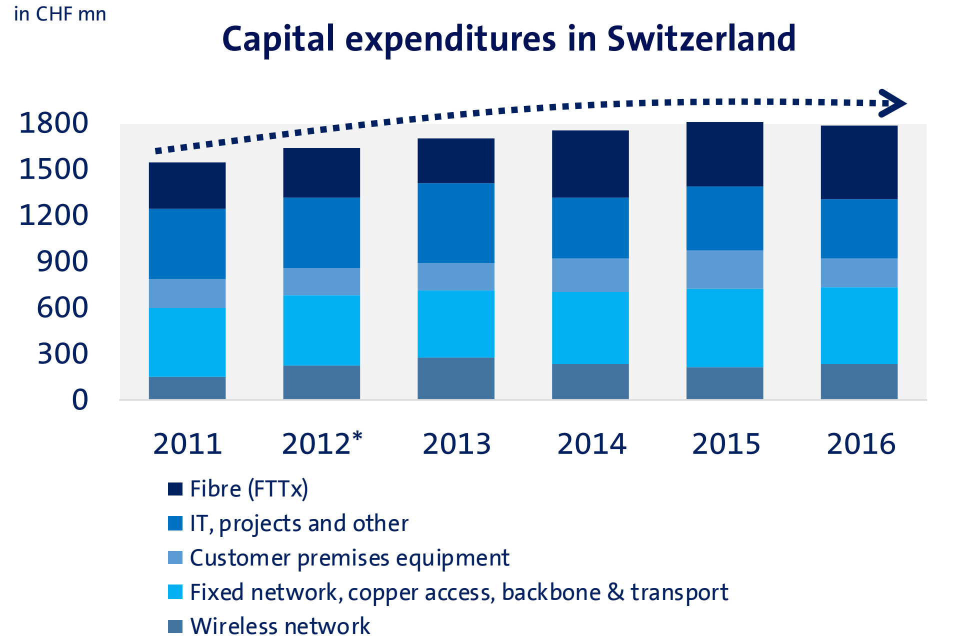
5G pioneer
partnership with Ericsson

>2/3
ultra broadband coverage

500 Mbps
world’s 1st G.fast broadband service

1’400 Gbps
peak internet backbone

… but requires a high CAPEX envelope



* excl. spectrum fee of CHF 360mn

As fully integrated operator with a strong performing network
we are uniquely positioned to benefit most from the digital wave

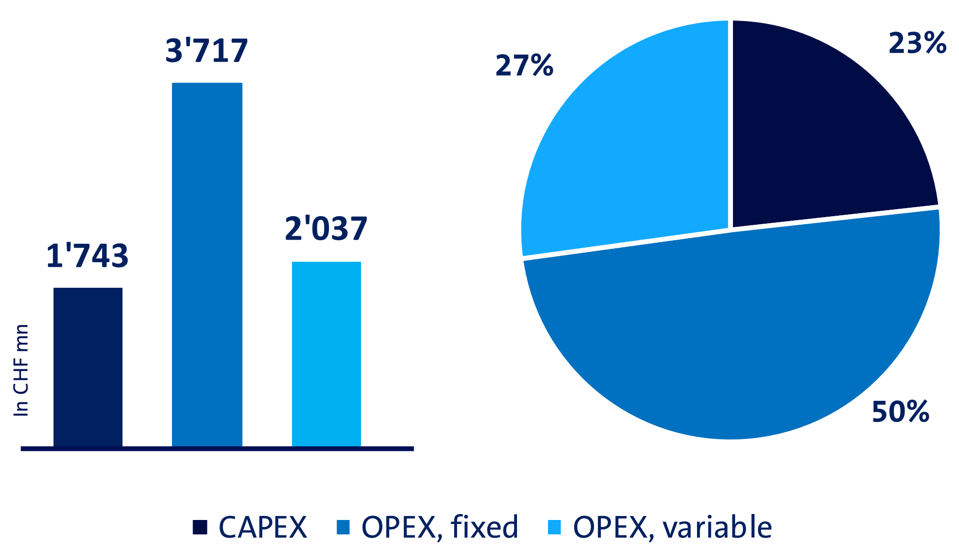
Making money in a fixed cost business is about size

Critical mass crucial to generate significant free cash flows

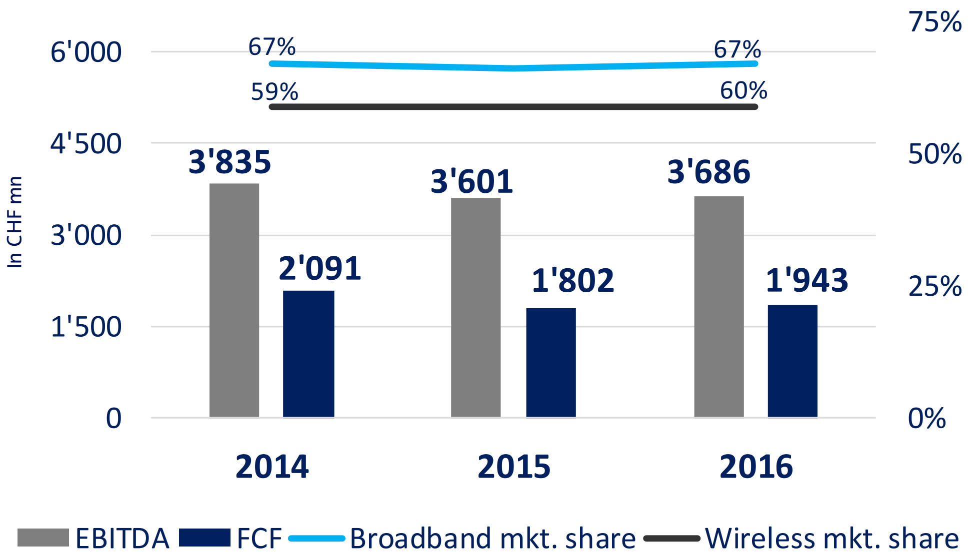
Operating a network involves mainly fixed cash out

Market share key to leverage required investments

Breakdown of total 2016 cost at Swisscom Switzerland



Strong FCF* generation thanks to leading market position



* FCF (EBITDA – CAPEX) of Swisscom Switzerland

We will continue to defend our market shares
as in a business with >70% fixed cash-out size matters!

Digitalisation enables different new ways of doing business

Global trends also impact Switzerland and Swisscom

Smart Products
Everything gets connected

Smart Services
More convenient, more efficient & on demand services

Smart Home

Cloud
«Factory» style production with high scalability

Artificial Intelligence
Relevant, personalized experiences and automation

Commerce

Crowds
Involvement of the community into business ops

Advertising

Digitalisation opens up new opportunities for further differentiation, new (personalised) services and process automatisation

We invest in product and customer service innovation

Swiss customers are used to high quality products and individual services

Internet Booster

DSL/LTE Bonding

UHD TV

First global Telco to offer UHD (incl. Netflix integration)

My Service

Rapid, tailored support on the phone, in store or online

Call Filter

Automatic blocker against unwanted calls

AppCloud

Platform-as-a-Service for the developer community

My Cloud

Unlimited capacity for pictures and documents for customers

Voice Search

TV 2.0 remote control understands «Swiss German» and learns

Echo

AI tool collects & clusters customer feedback from various channels

LOOPING

Fast community feedback on prototypes and designs

On-site customer support by volunteers

Swisscom Friends

mila

Share technical know-how

Nova

Joint development of products and services in collaboration with customers

The Swiss market rewards value orientation, which is why we continue to invest in innovative propositions and excellent customer service

Leveraging subs base with differentiation in products and services

Be smart in mature and dynamic markets to sustain value

Attractive bundles ...

... multi-brand ...

... value differentiation

Value-driven connectivity ...

- Modernisation of W+ portfolio based on SDN* technology
- Increase of value in W-offerings perceived

... scalable (cloud) solutions ...

- Extension of security portfolio to utilize market growth
- Monetize growing outsourcing demand

... digitalisation

- Further develop IoE business (e.g. LoRa)
- Drive solution business further (smart manufacturing and city)

Mature markets ask for innovative approaches to stimulate demand in different customer segments

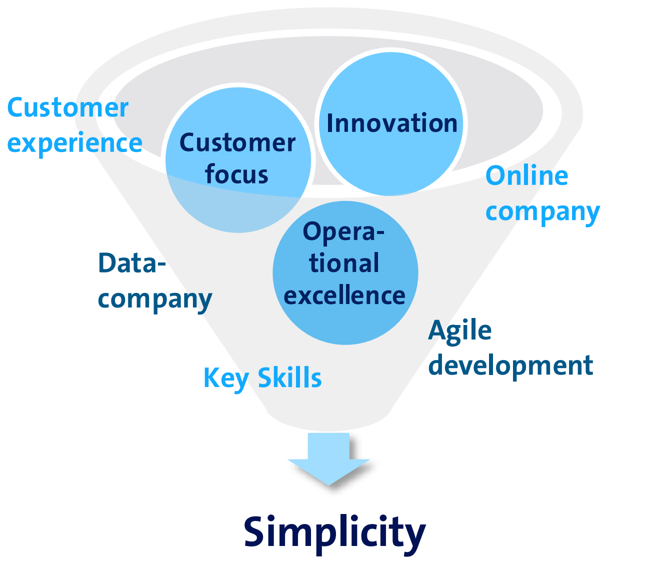
* SDN - Software Defined Networking

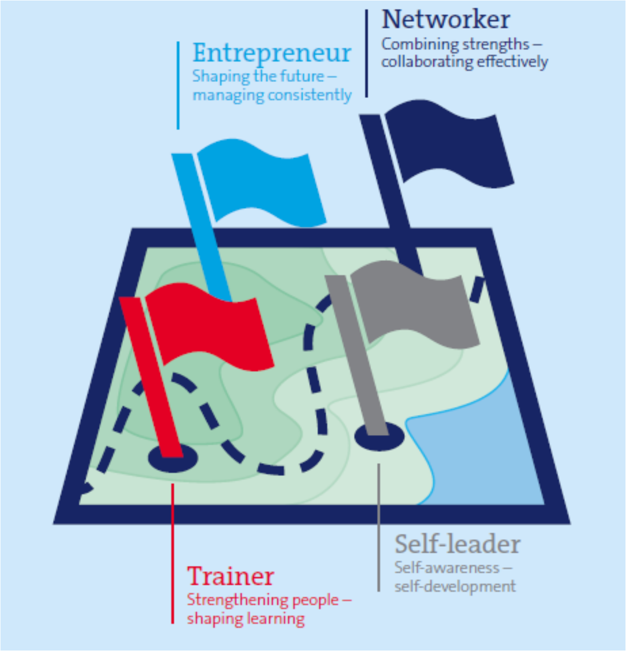
Digitalisation requires transformation

Technology evolution drives our organizational capabilities and our leadership culture

Technology transformation ... | **... making things simple ...** | **... encourage leadership**

- **All IP** migration proceeding as planned
- **Artificial intelligence** in customer service and network maintenance
- Increasing use of our **enabling services** and **APIs**
- **Standardisation** and **virtualisation** of infrastructure

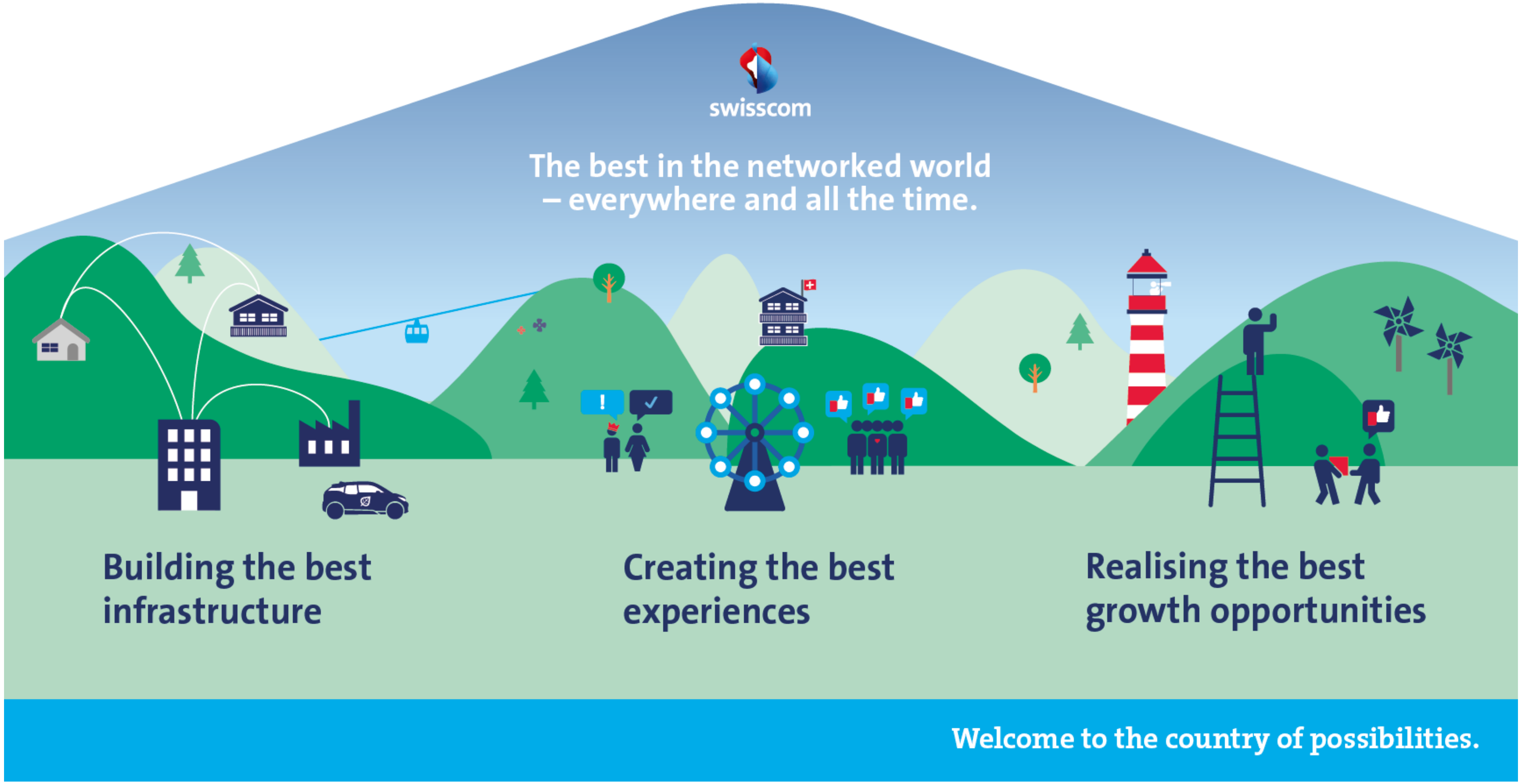




We put simplicity at the heart of our ongoing transformation journey

Swisscom with proven strategy

Network quality, customer experience and selective growth remain on focus



Focus 2017

Our strategic priorities allow us to shape and master Swisscom's digital future

Maximise core business

Secure and **strengthen market position** and inspire customers

Operational excellence

Utilise state of the art innovation to become **more efficient**

Develop Fastweb

Through **convergence**, **quality** and **partnerships**, we stand our ground in Italy

Growth focus

Selectively enter new growth areas to compensate revenue decline in core business

Trans-formation

Be prepared for a digital future by transforming **people**, **technologies** and **business models**

Five priorities to increase competitiveness and sustain value

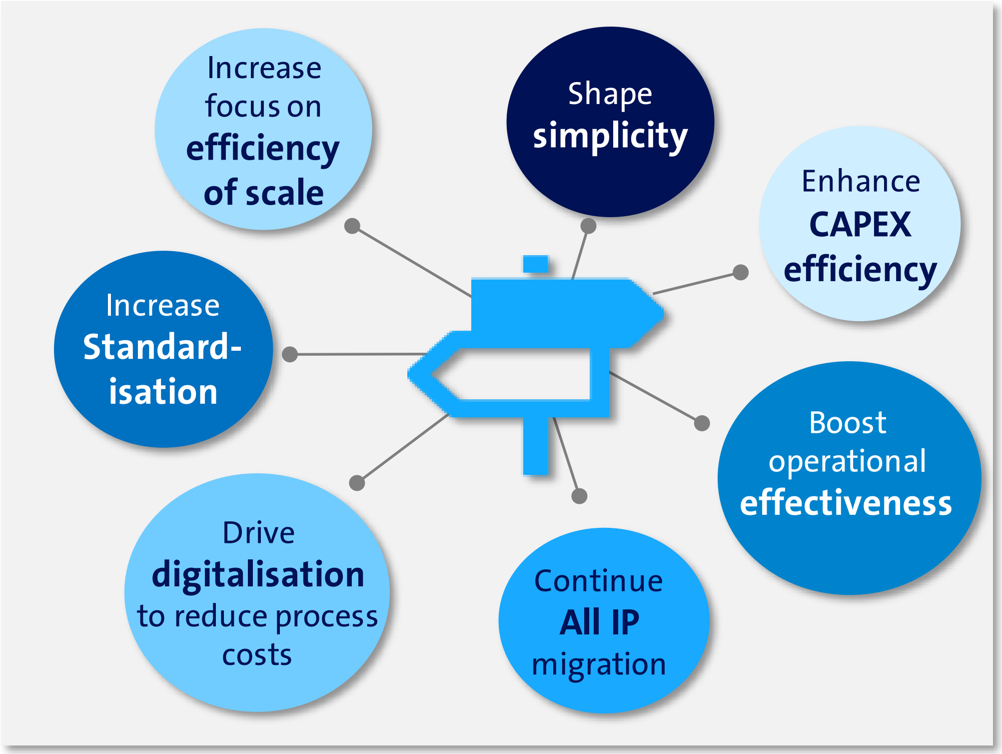
Accelerating cost focus

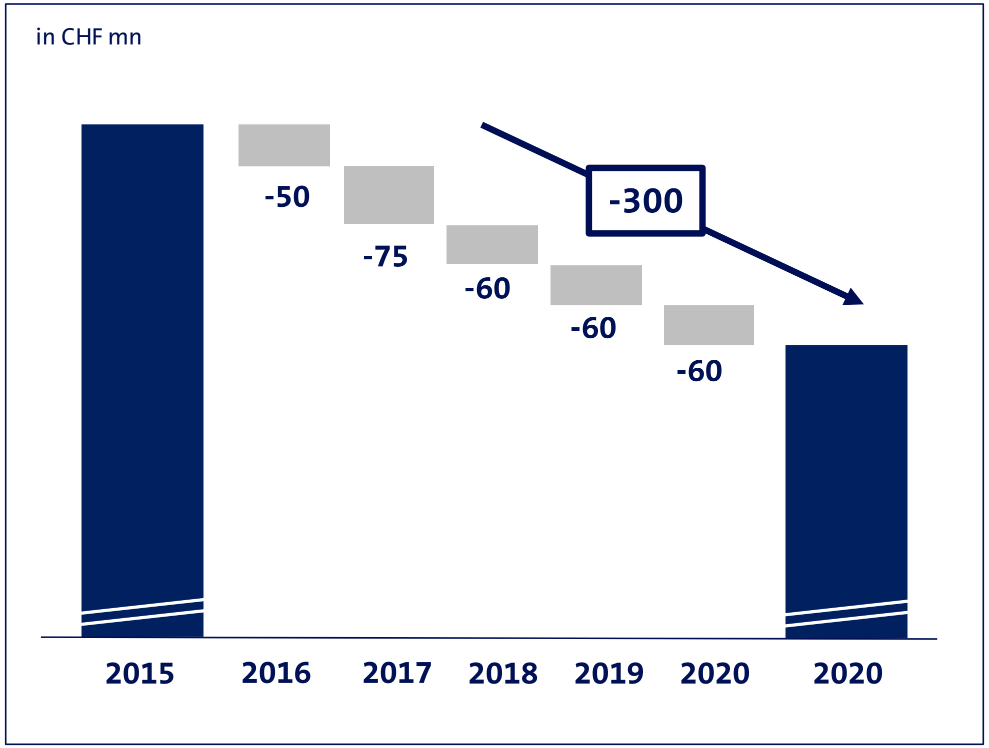
Urs Schaeppi

Operational Excellence

By 2020 recurring (gross) cash savings of CHF >300mn p.a.

Roadmap of initiatives … … leading to annual (gross) cash savings





On track to deliver expected cost savings by 2020

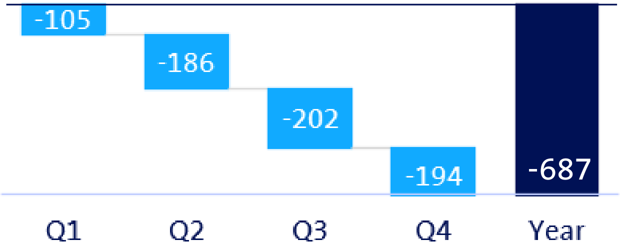
2016 in a nutshell

Benefit from organizational changes and efficiency improvements

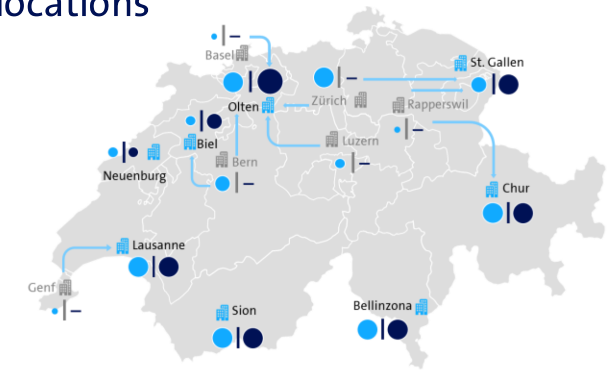
- First wave of headcount reduction completed: CHF 50mn savings of total target achieved
- Residential and SME Customers are supported by the same care centre
- Number of call centre locations reduced from 14 to 8
- Field service merged in one single department to gain efficiency

Achievements 2016

- Reduction of -687 FTE (-4% YOY) [1]



- No negative impact on customer satisfaction despite concentration of locations

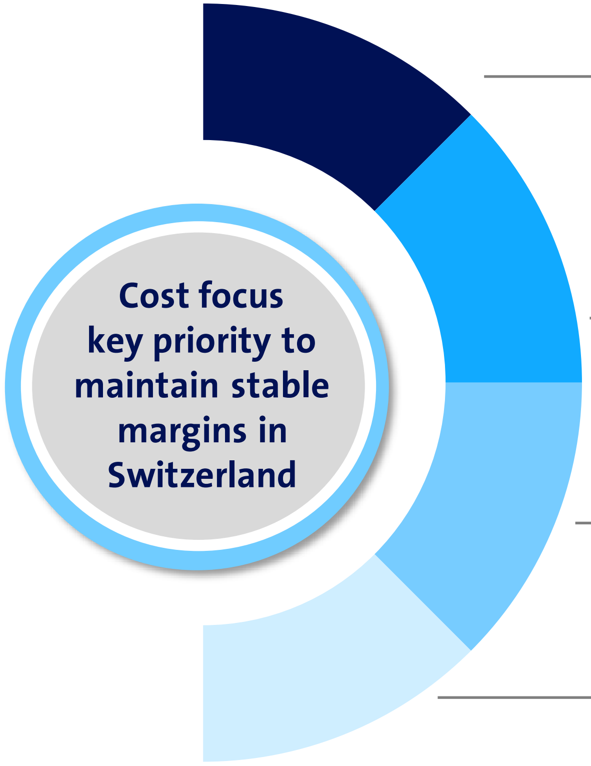


FTE reduction initiated in 2015 will lead to recurring savings from 2016 onwards

[1] Swisscom Switzerland adjusted by acquisition of Open Web Technologies in Q1 2016 (61 FTE)

Overview of 2017 ambitions

Increase efficiency further to maintain leadership in Switzerland



1. **Benefit from organizational changes and efficiency improvements**
2. **Boost simplicity**
3. **Push All IP transformation**
4. **Reinforce CAPEX efficiency**

Drive execution to the next level to achieve gross cost savings of CHF 75mn in 2017

1. Benefit from organizational changes

Focus on cost, speed and quality to achieve material savings

Consolidate field service and call centre	Extend partnering and outsourcing share	FTE management

Consolidate field service and call centre

- Reduction of management layer
- Reshape sales support model along customer life cycles
- Streamlined processes
- Optimise resource planning

Extend partnering and outsourcing share

- Intensify collaboration with call centre partner
- Outsourcing of new and existing services
- Focus on service level and NPS

FTE management

- Further FTE reduction in 2017 planned, in line with prior years
- Provision for restructuring costs sufficient to cover the FTE reduction in 2017

Shape the organization further to realise the next wave of cost savings

1. Benefit from efficiency improvements

Streamline SME and corporate business product development

Standardise and virtualise

- Virtualisation of network functionalities

- Increase standardisation for B2B solutions

Expectations and savings

- Efficiency savings due to organizational changes
- Cost savings due to virtualisation
  - Less back office cost
  - Remote product configuration instead of on site
  - Self management by customers
- Increase price competitiveness
- First SME products launched – ENT products will follow in 2017
- Portfolio finalised in 2019

Virtualisation and standardisation reduce substantially operational costs

2. Boost simplicity

Reduce number of products and tariffs

Scope

- Phase-out of >40 retail mobile tariffs till Q3-2018
- Phase out of >60 wireless options
- ~200 k customers involved

Benefits for Swisscom

- Reduction of complexity
  - on IT systems
  - customer touchpoints
- Savings from 2018 onwards

Further actions

- Phase-out of platforms
- Phase-out of business rules

Customer value

- Simplification of product portfolio
- Improvement of wireless abos
- Increase of reliability

Key challenges

- Customers migration on other price plans
- Impact on media coverage

Simplifying tariff plans will bring sustainable cost savings from 2018 onwards

2. Boost simplicity

Streamlined processes

Sales 2 activation 16 initiatives in 2017	**Problem 2 solution** 10 initiatives in 2017	**Process and IT standardisation** 3 initiatives in 2017

Sales 2 activation

1 click Sales to order

Personalisation

- Reduce to the minimum
- Simplify the process for the customer and Swisscom
- Increase NPS and sales
- Increase cross- and upselling

Problem 2 solution

Zero calls

- Proactive identification of incidents
- Increase automatization
- Reduction processing time -> rapid solution

Process and IT standardisation

...

- E2E standardisation and automation of main processes
- Consolidation/Reduction of main process IT systems
- Online first approach for volume based interactions

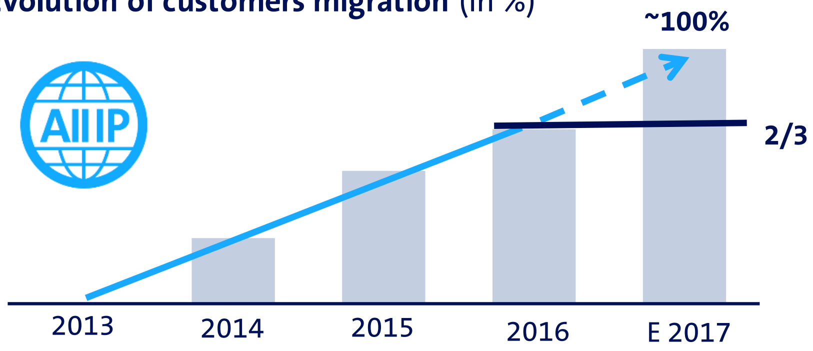
29 initiatives initiated in 2017 will lead to incremental benefits from 2018 onwards

3. All IP transformation

2016 with 440k customers migrated to All IP

Drive All IP transformation forward and ...

Evolution of customers migration (in %)

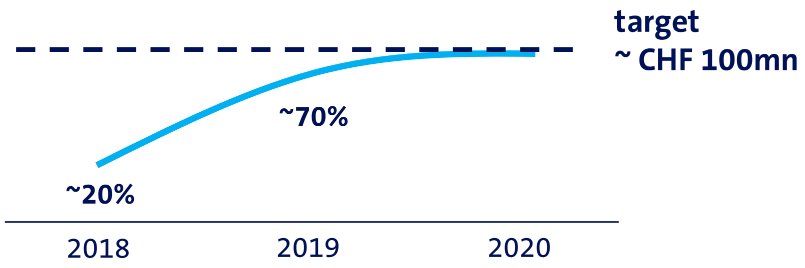


All IP migration proceeding as planned

- Around 1.5mn customers on All IP by YE 2016
- 2/3 of total migration completed, Residential with highest contribution (70% customers on All IP)
- YE 2017 ambition unchanged

... earn All IP savings from 2018 onwards

Evolution of expected savings (%) in comparison to Y2015



All IP savings kicking-in from 2018 onwards

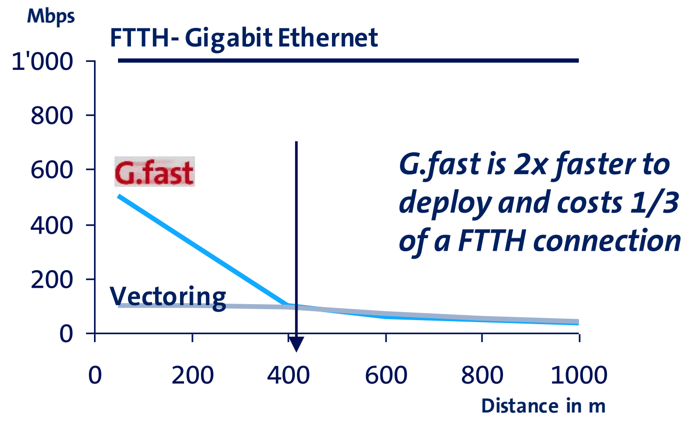
- Recurring cash savings of CHF ~ 100mn until 2020
- Cost-effective savings achieved through process optimization, product development and TDM phase out

All IP enables higher efficiencies and shorter time-to-market

4. Efficient use of technology for broadband rollout

Innovative technologies and rollout techniques enhance speed and efficiency of infrastructure upgrades

Capitalize on G.fast success



- G.fast is based on FTTS - bringing fibre closer to the home
- Diligent network planning ensures that >90% of customers are closer than 200m to the fibre infrastructure and profit from G.fast speeds

Leverage DSL-LTE Bonding

First converged product offering in Switzerland, starting 2017

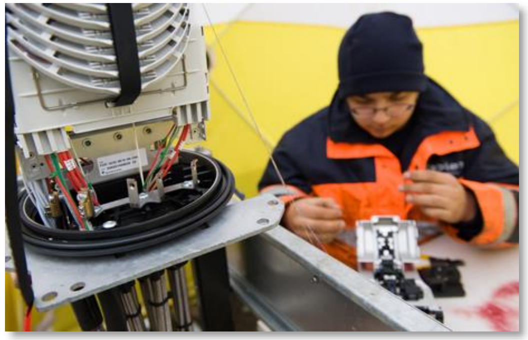
- Leverage the power of wireless to extend wireline portfolio
- Increase speed up to 40 Mbps
- Utilise existing assets to the max

Swisscom has the unique capability to efficiently deliver what customers want ...
On time.

4. Enhance efficiency in network rollout and projects

New approach in management of rollout partners and use of other models in projects

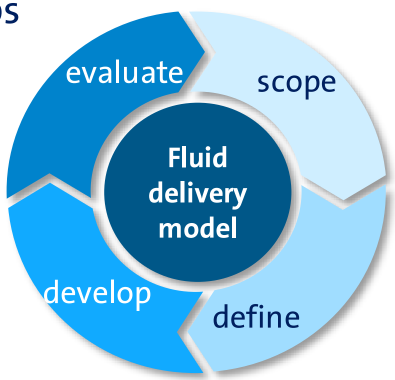
Optimize Partner Management



- >80% FTTx investment directed towards non-material costs
- Consolidate rollout partner portfolio to garner synergies
- Optimize build & operate processes for quicker rollouts

Optimise project CAPEX

- The fluid delivery model is used to develop products with a long term mission
  - Applies agile/lean methods
  - Iterative approach
  - Full time engaged teams
  - Fast feedback loops
- Enables faster results



Tap the efficiency potential in network rollout und projects

Building the best infrastructure

Heinz Herren

2016 in a nutshell

A year of achievements in technology leadership and innovation through strategic partnerships

- G.fast is live: up to 500 Mbps on existing copper infrastructure
- Hybrid DSL-LTE access: getting even more out of the copper network
- Swisscom partners with Ericsson and EPFL[1] to launch 5G research program
- The LTE-Advanced Pro trial hits 1 Gbps
- Swisscom moves to deploy nationwide IoT network
- Swisscom guides customers into the digital age with Red Hat OpenStack platform and virtualisation

Highlights 2016

- "Swisscom claims world's first G.fast broadband service" - *The Register, UK*

- "Swisscom, Ericsson test LTE-A Pro. 1 Gbps live over Swisscom's network achieved" - *RCR Wireless*

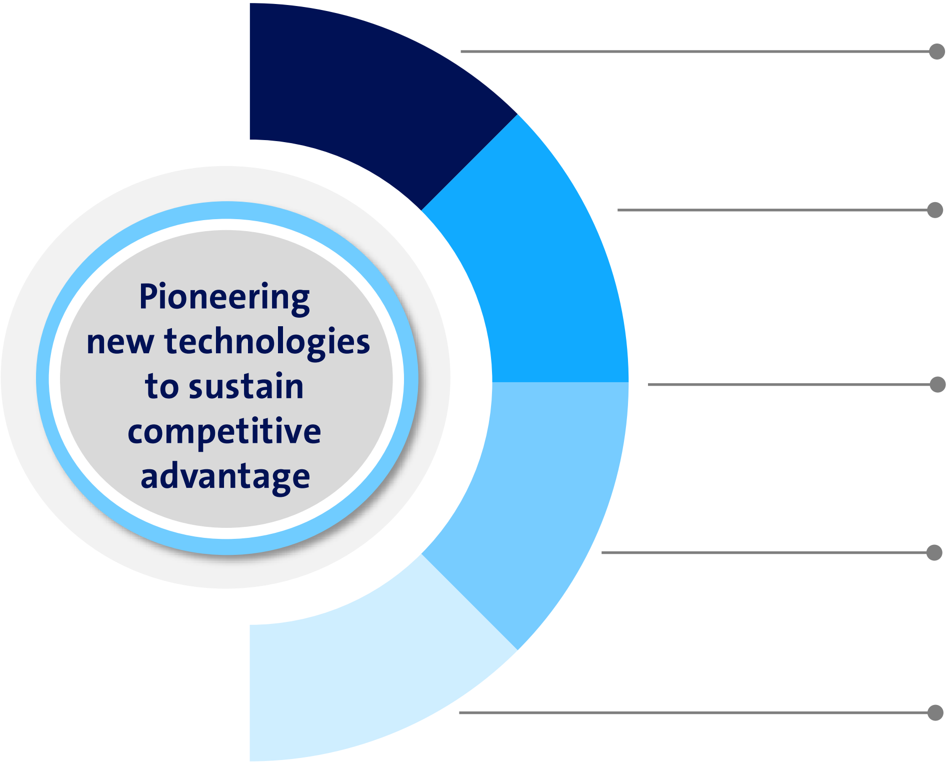
- On our way towards an ICT provider - together with cloud, virtualisation and IoT

1 École polytechnique fédérale de Lausanne

Swisscom is fully set to extend its position as the most trusted ICT service provider in Switzerland

Overview of 2017 ambitions

Investment driven technology strategy to maintain leadership in Switzerland



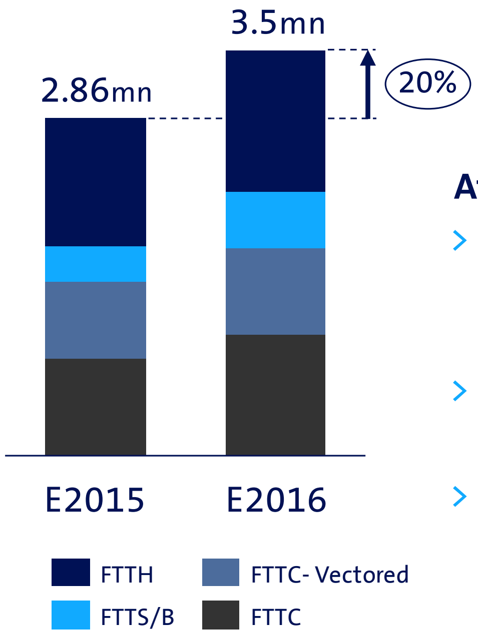
1. **Full steam ahead for fibre roll-out with the newest technologies**
2. **Build our mobile network for the best customer experience in Switzerland**
3. **Simplify and modernise the fully integrated ICT Infrastructure**
4. **Transform the way we work and serve our customers**
5. **Facilitate healthy competition through a comprehensive wholesale portfolio**

High-performance & state-of-the art infrastructure essential
to push digital communications to the next level

1. Boost UBB uplift with an efficient technology use

Our investment into FTTx continues to bear fruit

Ultra broadband (>50 Mbps) footprint [1]

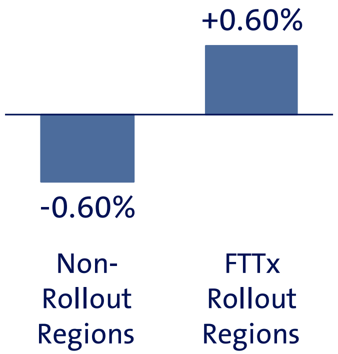


At YE 2016

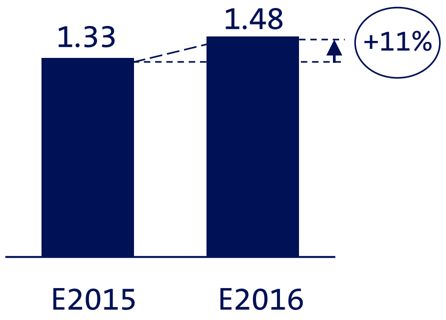
- 2.5mn connections with new fibre technologies [3]
- 2.0mn connections with >100 Mbps
- G.fast (with <500 Mbps) and DSL-LTE Bonding live

Broadband & TV connections growth [2]

Broadband connection growth



TV connections (in mn)



- Infrastructure upgrade continues to stimulate monetization & prevent churn
- Larger FTTx footprint drives TV penetration. 11% growth in TV connections in FY2016

UBB extension supports the continued growth in internet & TV connections

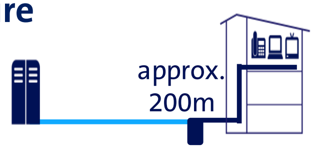
1: Consists of 3.6 mn homes and 0.7mn businesses, source: Federal Statistical Office; 2: Measured between January 2016 – December 2016; 3: New fibre technologies include FTTH, FTTS/B and FTTC/Vectoring

1. Fixed high-speed expansion

Swisscom is pushing ahead with the widespread expansion of ultra-broadband

Our fibre approach …

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



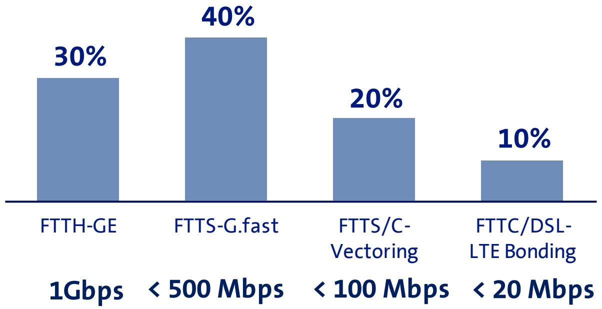
- Swisscom is **the 1st Telco to rollout G.fast**
  - Up to **500 Mbps on copper**
  - With diligent network planning >90% customers profit from G.fast

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

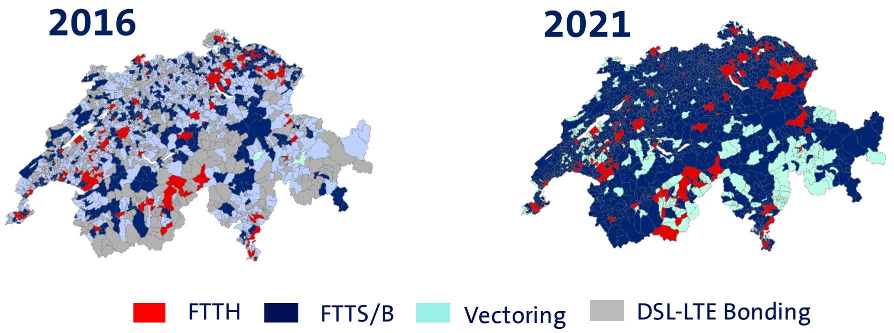
… with using different technologies …

Target 2021

- 85%[1] with >100 Mbps (by 2020)
- >90%[1] with >80 Mbps



… increases UBB availabilities most efficiently



1: Consists of 3.7 mn primary residences, 0.6mn second/vacation homes, 0.7mn businesses. Source: Federal Statistical Office and Swisscom estimates

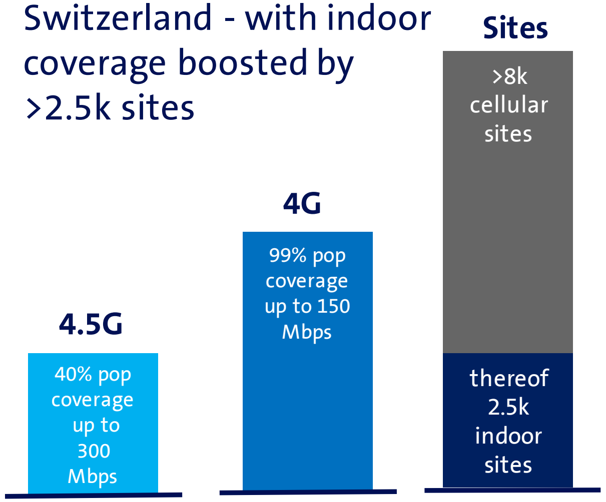
swisscom

2. Mobile network assets and performance

Superior network assets provide best coverage and throughput today and in the future

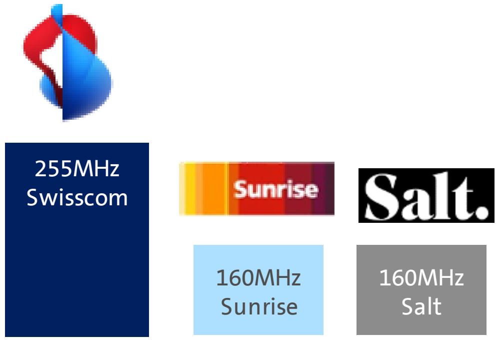
Best coverage - especially indoors

- Nationwide 4G and best area coverage Switzerland-wide
- Customers enjoy up to 450 Mbps
- The densest network (>8k sites) in Switzerland - with indoor coverage boosted by >2.5k sites



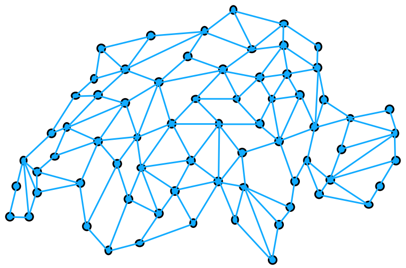
Superior fibre & spectrum assets

- Widest spectrum assets in all bands (255 MHz bandwidth)
- Spectrum auction expected in 2018 to help sustain this edge
- Nationwide (98.5%) fibre coverage enabling cloud-RAN and Giga-LTE



Excellent network performance

- One of the leading networks in Europe – both in terms of quality and coverage
- Continued improvement in throughput and speech quality
- Sole VoLTE provider in Switzerland



Fastest network in DACH*:
139Mbps
in cities

Our network assets ensure our unique position in Switzerland – also in the future

* Source: Connect Test 2016

2. Mobile network outlook

Staying ahead as a technology leader on all turfs

Extend 4.5G further

- Increasing 4.5G indoor coverage by leveraging low band spectrum assets
- Driving further up 4.5G capacity and speeds by high band carrier aggregation
- Paving the way towards 5G

1.6Gbps on 2.6GHz TDD to be introduced in 2017

Drive 5G development

- Powerful partnership with Ericsson and EPFL[1]
- Preparing the 5G ecosystem with real industry show cases
- Building on advanced virtualisation of the core network (first live vEPC call in Dec 2016)
- Introducing 5G radio techniques

Global first vEPC live call - achieved in 12/2016

Strengthen the best IoT network

- Complementing LoRa IoT coverage through 5G ready NB-IoT (2017 onwards)
- Achieving supreme nationwide coverage on licensed spectrum

Use latest technology for supreme customer experience

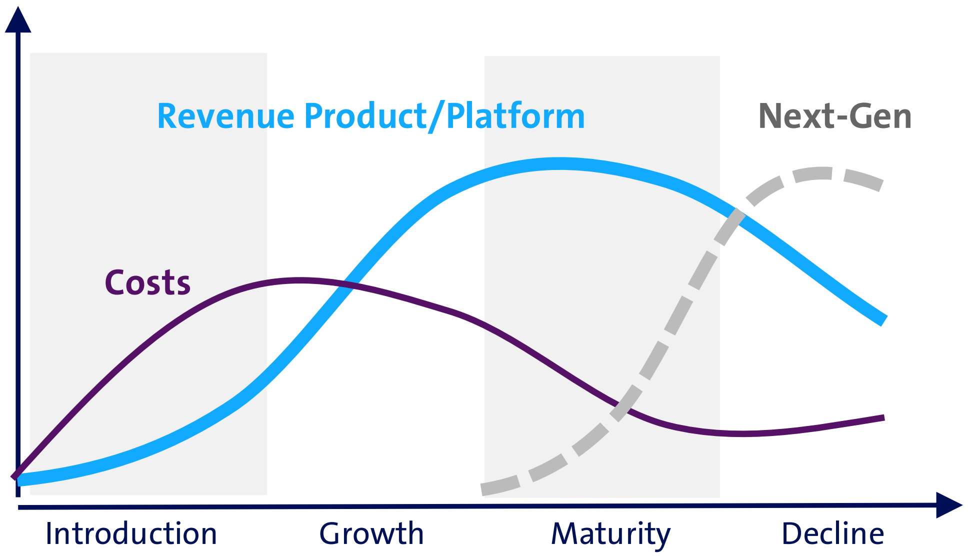
1 École polytechnique fédérale de Lausanne

3. Foster legacy phase-outs

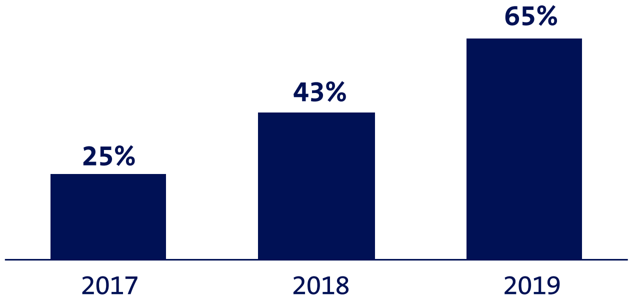
We are progressing steadily towards our network & IT simplification targets

Phase-out legacy platforms & applications …

…. and realise sustainable savings



Migration of legacy systems (% completed)



Strong push to consolidate platforms and phase-out legacy systems

- Simplified architecture is key to high quality and future agility
- Long-term positive cash impact

An All-IP and legacy-free network leads to higher efficiencies and shorter time to market

3. Build and operate state-of-the art cloud infrastructure

The three pillar cloud strategy helps us transform into an E2E ICT service provider

Enterprise Cloud

Drive traditional enterprise & legacy workload migration

Application Cloud

Facilitate innovation through cloud based product development, changing the way we work

Telco Cloud

Virtualise dedicated network functions for carrier-grade services from the cloud

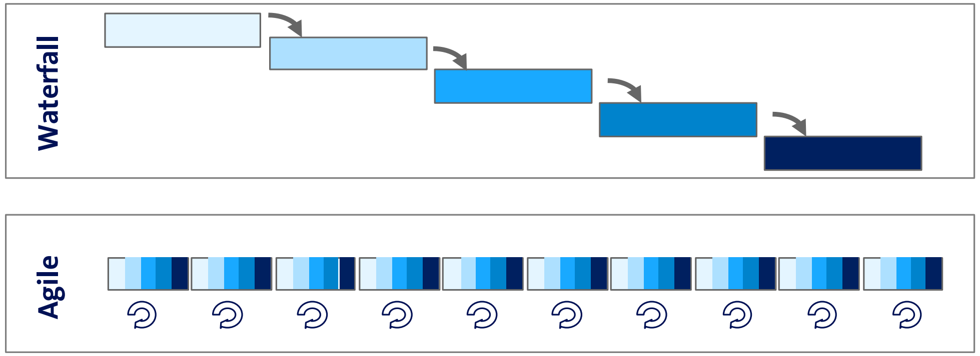
Leveraging the power of NFV & SDN to migrate the majority of functions during the next 3 years

Swisscom's state-of-art cloud infrastructure enables productivity and growth through digital transformation for our customers

4. Introduce bimodal IT delivery models and DevOps

Our evolution requires newer development approaches to improve efficiency & agility

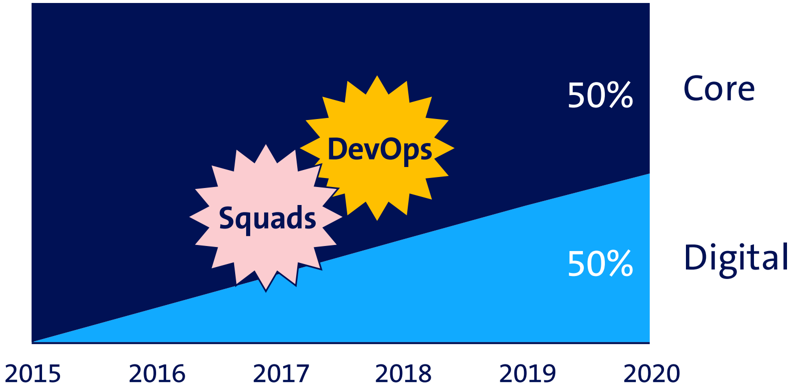
Introducing bimodal IT delivery models



Two coherent modes of delivery ensure stability as well as flexibility. Together with DevOps[1] and Squad based approach:

- Enhance business agility and improve T2M
- Tune resources, balance workloads to max. use of IT resources and improve efficiencies

Transforming into a digital company



Its already working! ... initial pilot shows:

- 50% improvement in T2M
- Tighter feedback loops leading to faster, effective and successful delivery

Swisscom is building the necessary skills & capabilities to maintain its superiority in the new digital world

1 DevOps (development and operations) is a enterprise software development phrase used to mean a type of agile relationship between Development and IT Operations

4. Support automation of operational processes

We strive towards industrial production through standardisation & automation

Standardise

- Standardised and modular enabler portfolio to facilitate reuse
- Standardised customer processes for order and delivery

Automate

- Build and utilize Big Data capabilities to automate processes and contact centres
- Pilot artificial intelligence and robotic process automation

Virtualise

- Gain efficiencies through technological change – NFV* and SDN*
- Increase use of SaaS solutions for BSS** and OSS**

Swisscom is at the forefront of driving change with new technologies, in order to adapt to a rapidly changing business environment

* NFV- Network Functions Virtualisation, SDN - Software Defined Networking, ** BSS - Business Support System, OSS - Operations Support System

5. Broad wholesale portfolio fit for growth

Swisscom with wholesale offerings on a national footprint

Our broad and attractive portfolio helps us to maintain our position ...

... as a top wholesale provider for alternative service providers in Switzerland

Interconnection & MVNO

Infrastructure

OTT & IP Peering

Broadband Access & Transport

Offers unbundled copper, optical & bitstream access for whole Switzerland

- Swisscom offers attractive and non-discriminatory access to its infrastructure and a broad wholesale portfolio to all operators in Switzerland
- Wholesale pricing is competitive and consistent with retail price dynamics to ensure the competitiveness of our wholesale customers

A market driven wholesale portfolio complements our retail business and continues to offer ample growth opportunities

5. Positive regulatory outlook

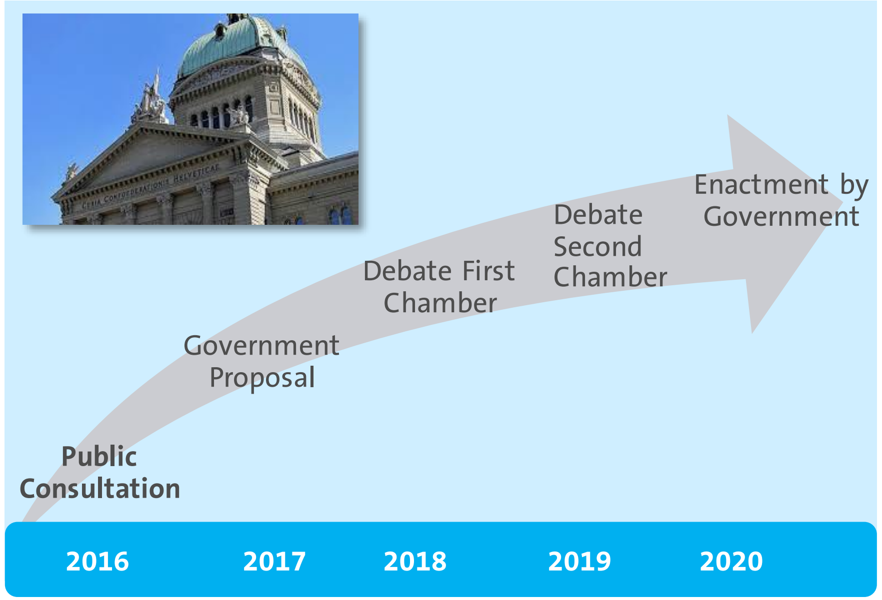
Initial proposal of the revised Telecoms Act in line with our expectations

Optical fibre regulation
- Ubiquities availability of cable, multi stakeholder FTTH rollout and a broad wholesale portfolio facilitate competition
- No political urgency

Radio emission limits
- Refusal of easing in environmental legislation by Council of States
- Swisscom's ambition remains unchanged

Universal Service Obligation and All IP
- Increase of bandwidth (from 2/0.2 to 3/0.3 Mbps) in line with expectations (only 3% of pop affected)
- Regulator supports Swisscom’s All IP targets

Telecom Acts revision not effective before 2020



Ex-post regime supports Swisscom’s strategy
and the development of a strong digital infrastructure in Switzerland

Offering best experiences in Retail business

Dirk Wierzbitzki

2016 in a nutshell (1/2)

Outstanding product line and brand development reinforced our leading market position

Key levers

- Strengthen product portfolio
- Push bundling further
- Migrate from pre- to postpaid
- Increase UBB footprint and boost performance in fixed and mobile
- Retain superior customer satisfaction
- Develop multi-brand approach
- Expand offering for small and medium enterprise customers

Highlights 2016

Residential Customers

- Natel Infinity 2.0 – Higher speed and more roaming included
  - Internet Booster – DSL/LTE bonding and new "Internet Box 2"
  - TV Box – UHD/Voice recognition
  - Wingo – new mobile offering

SME

- Enhanced product portfolio and enabling of indirect channels
- Launch of Swisscom TV Public

Customer-oriented development of product portfolio – for residential customers & SME

Retail Customers consists of Residential Customers and SME

2016 in a nutshell (2/2)

Financials are still under pressure, mainly driven by lower service revenues

	31.12.2015	31.12.2016
Net revenue (from external customers) decreased by -0.9%, mainly driven by roaming price decrease and fixed voice line losses	CHF **6.41**bn	CHF **6.35bn**
Price pressure from roaming not compensated by **RGU base** (RGU in Total -84k down, o/w fixed voice access 233k)	**11'013**k	**10'929**k
Bundle revenue however increased by 11.8%	CHF **2.23**bn	CHF **2.50**bn
Mobile ARPU almost stabilized (Residential customers)	CHF **62 Post** CHF **7 Pre**	CHF **62 Post** CHF **6 Pre**
Indirect costs lowered by CHF 23mn	CHF **1.35**bn	CHF **1.33**bn
EBITDA down by CHF -78mn	CHF **3.84**bn	CHF **3.76**bn

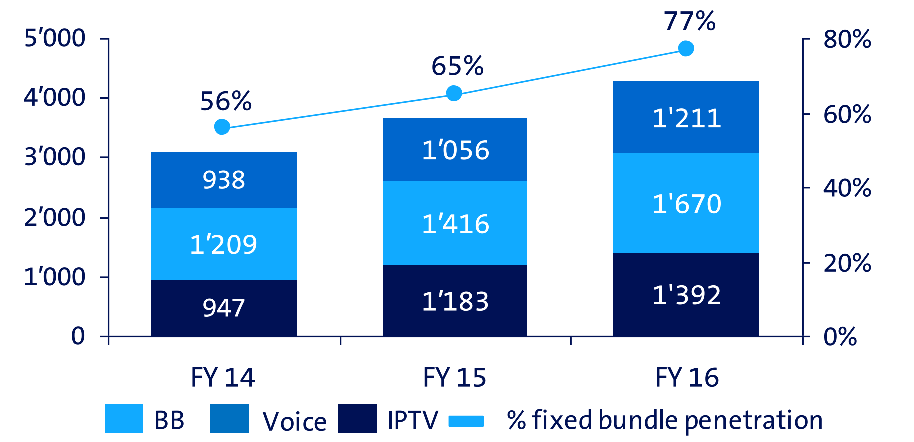
Indirect cost reduction could not entirely compensate decreasing service revenues

Retail Customers consists of Residential Customers and SME

2016 RGU development - Wireline

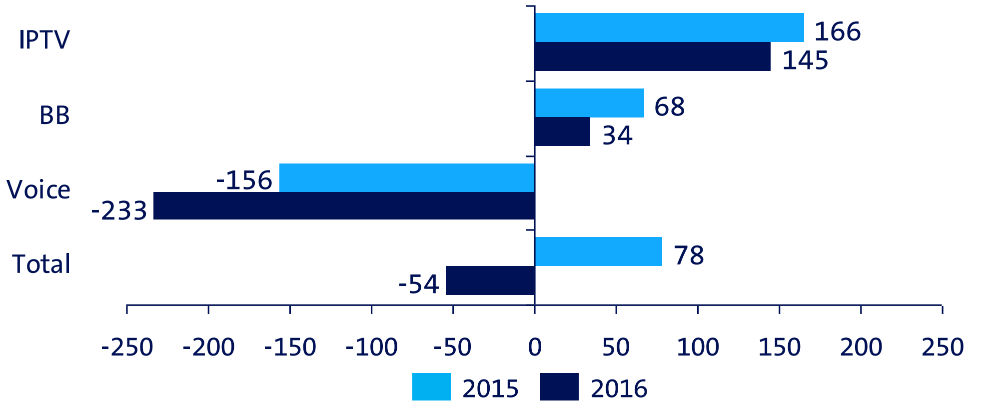
Move to bundles continues in Wireline, overall 77% bundle penetration

Wireline RGUs in bundles and penetration



- TV and BB are main bundle triggers
- Almost all new W+ customers take bundle offers
- Percentage of RGUs in bundle: TV 94%, BB 85%, voice 57%

Net adds of wireline RGUs



- Lower growth rate in BB and TV due to market saturation, no overcompensation of voice line decline
- Fixed RGU net adds of -54k in 2016 (Q1: -2k, Q2: -16k, Q3: -11k, Q4: -25k)

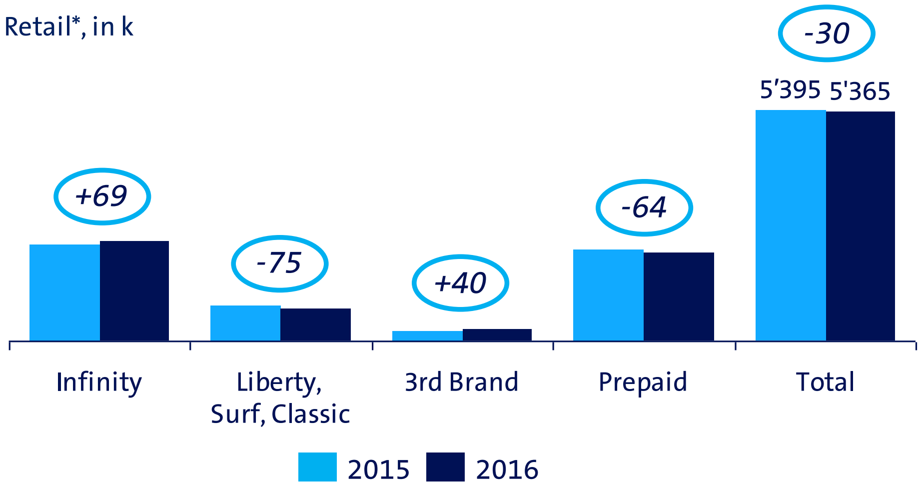
Continuously able to increase bundle penetration

*Retail Customers consists of Residential Customers and SME

2016 RGU development - Wireless

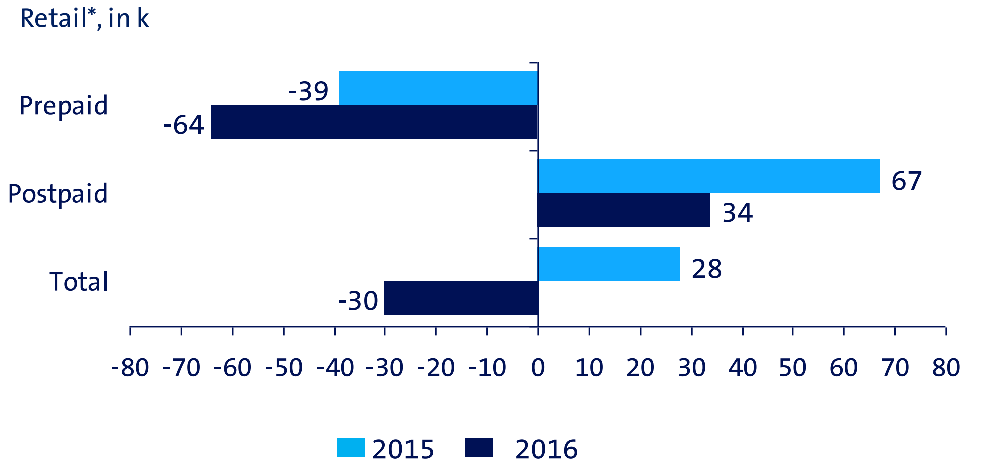
Overall stable RGUs in Wireless - Growth in postpaid, opposed to continued loss in prepaid

Wireless RGU breakdown



- Infinity share of total postpaid RGUs further increased in 2016 by +2%-points YOY to 70%
- 2.3 m Infinity subs at YE 2016, of which 1.0 m on new Infinity 2.0

Net adds of wireless RGUs



- Growth in postpaid flattens due to market saturation
- 2016 with -30k RGU in Wireless (Q1: -8k, Q2: -6k, Q3: -10k, Q4: -6k), however very positive postpaid dynamic (Q1: -7k, Q2: +5k, Q3: +17k, Q4: +19k)

Wireless postpaid RGUs up in 2016 by 34k (o/w +19k in Q4 2016)

*Retail Customers consists of Residential Customers and SME

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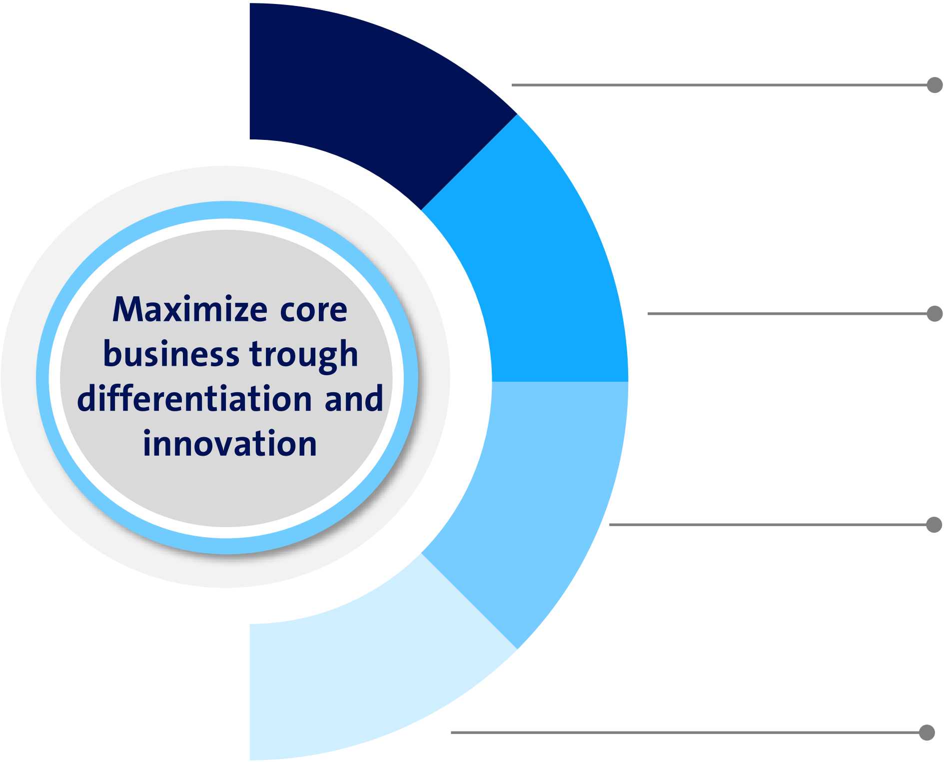
Overview of 2017 ambitions

Differentiate by delivering best experiences



1. **Increase monetization of strong customer base with bundling and upselling**
2. **Strengthen RGU base with a smart multi-brand approach and efficient churn prevention**
3. **Cement best customer satisfaction and leverage strong brand reputation**
4. **Invest in innovation to realise new business opportunities**

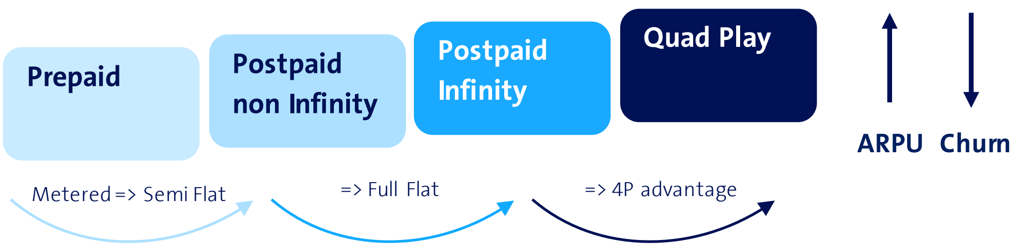
Ready to defend leading market position and benefit from new business opportunities

1. Monetisation of customer base with bundling and upselling

Swisscom will expand its convergence approach to keep churn rates low and to maintain ARPUs high

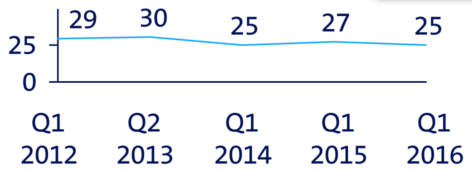
Swisscom in a strong position ...

Customer journey – Realising growth opportunities
Residential Own Brand – illustrative

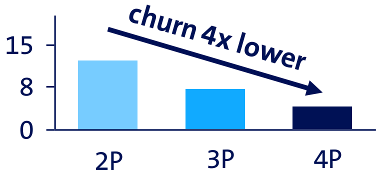


EU mobile churn rate*
Avg., blended, in %

Swisscom with stable churn of ~12%



Swisscom churn rates
Bundles, in %



... for the next convergence move

- Swisscom is due to its large customer base well positioned to leverage cross- and up-selling
- Swisscom benefits from comparably low churn rates with 3P and 4P subs

After simple bundle discounts a new level of convergence will be set

Simple discount advantages ('Tutto') were just the beginning of our convergence strategy

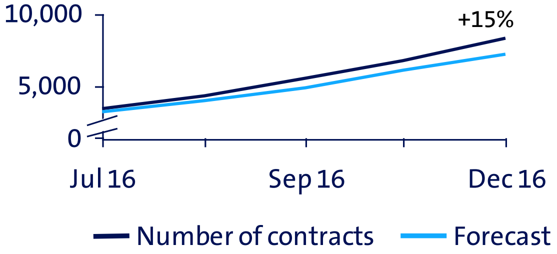
* Source: Citi Research Q4 2016

1. Monetisation of customer base with bundling and upselling

Smart Business Connect forces IP-Migration, increases managed services revenues & ensures BB shares

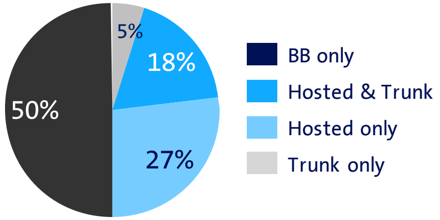
Swisscom on a successful way …

Smart Business Connect contracts & ARPU



ARPU
CHF +58 after 4 months vs. product before switch to Smart Business Connect

From onsite PBX to cloud solutions (virtual PBX)



Development of hosted share
After 8 months share of hosted PBX solutions already reaches 30% (vs. 25% planned)

… to increase SME revenues

- Good market performance and development of hosted broadband shares
- More revenue per customer due to bundling strategy and features (decline in voice compensated by higher broadband revenues)

More managed services to ensure performance and All IP migration

Continue bundling strategy with more managed services from Swisscom to increase revenues

2. Strengthen RGU base with a multi-brand approach

Next to its core brand, Swisscom covers the complete market with Wingo and M-Budget

Swisscom is well-prepared …

… to address every customer group

Swisscom multi-brand approach

Residential

	swisscom	wingo	M-Budget
Product	Broad portfolio for all segments	Less products, for higher end	Less products, for lower end
Price	Price premium	Mid/low prices	Low prices
Place	All channels	Only online	Own channels
Promotion	Focus on brand/ performance	Focus on good value for price	Focus on low price
Service	Own shops, 24/7 hotline	No on-site, Chargeable/ limited hotline	Migros POS, free/limited hotline

- Swisscom maintains three powerful brands addressing different types of customers
  - Swisscom = core and value
  - Wingo = smart shopper
  - M-Budget = upper discount

Maintain market share at core brand, grow with 2nd/3rd brands

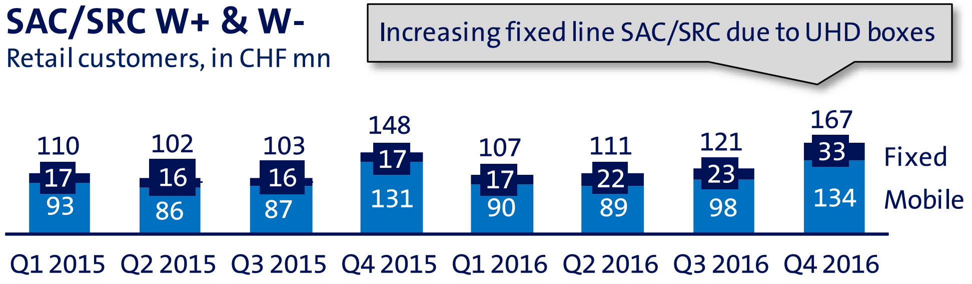
Stabilization of core brand RGUs and continuous growth at Wingo and M-Budget

2. Strengthen RGU base with churn prevention

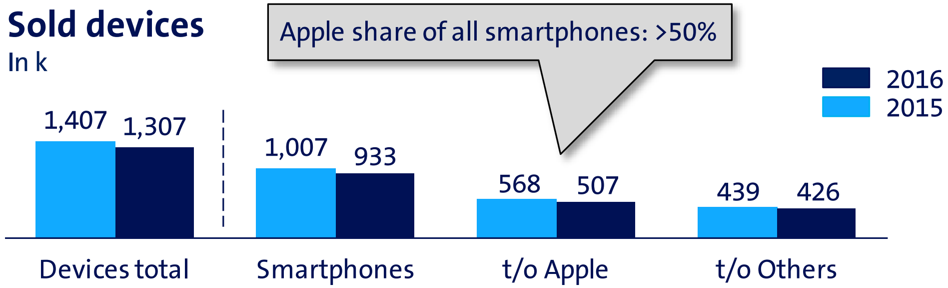
Swisscom continues to subsidize handsets for high-value customers to ensure loyalty & prevent churn

Swisscom in a top position …

SAC/SRC W+ & W-
Retail customers, in CHF mn



Sold devices
In k



… to retain customers

- Stable or higher SAC/SRC (YoY) with more retentions in 2016 vs. 2015
- Smartphone subsidies still dominate in the value segment (vs. SIMO), Swisscom with large iPhone share
- Average contract duration is steadily increasing over time

Keep pushing subsidized smartphones for high value clients – it pays off

Continuous investment in high value customers drives loyalty to maintain market shares

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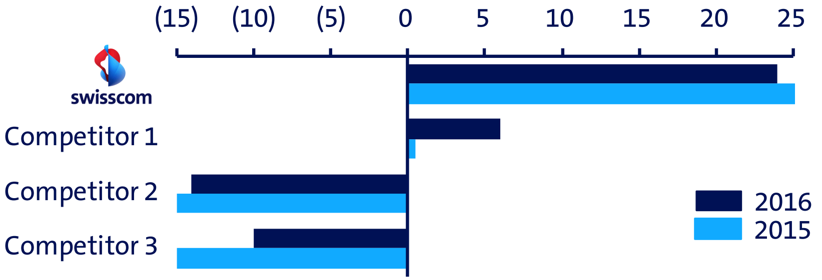
3. Cement customer satisfaction and leverage brand reputation

Swisscom can leverage on its superior customer service, huge gap compared to all other competitors

Swisscom maintains top NPS & brand reputation …

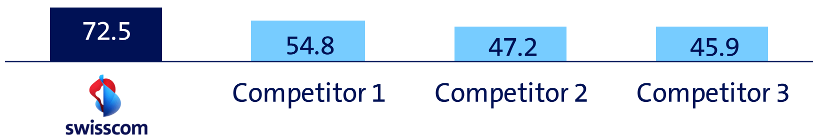
Net promoter score benchmarking[1]

Residential 2016, average of two measurements



Results of Pulse Tracking study[1]

Feb-Jul 2016, rep. panel asked about emotional brand values[2]



… now and in the future

- Swisscom is clearly ahead of all competitors regarding customer satisfaction
- One reason for this is the superior and professional service at all touchpoint
- Swisscom with top brand reputation

Continuously improve all customer interactions and leverage strong brand

Since years Swisscom has won the NPS benchmarking with its peers, a tribute to its excellence

1. Compared with all nationally active competitors, Swisscom market research (winter 2016/17) 2. Esteem, Admire, Trust, Feeling

3. Cement customer satisfaction and leverage brand reputation

Swisscom will invest in BB speed & stability to enable best customer experience at home

Swisscom initiated important steps ...

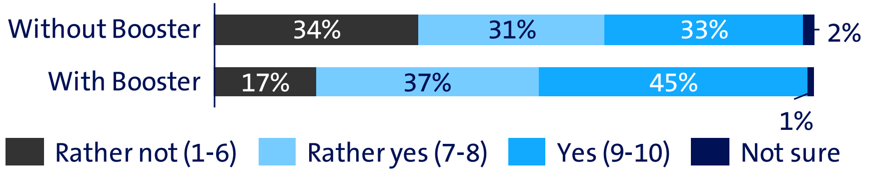
Broadband Internet – Speed and customer satisfaction

Residential Q4 2016

Speed (MB/s)	<10	>50
Customer Satisfaction	6.2	8.0
Net Promoter Score	7.2	8.0

Internet Booster – Effects on customer satisfaction

Residential Q4 2016, "Would you recommend SC BB?", in %



... to improve network quality

- There is a clear correlation between Internet speed and customer satisfaction/NPS due to diverse service experiences
- Newly introduced Internet Booster helped to increase KPIs

Continue to improve network speed and stability at Swiss households

Continuous improvement of customers access and home network drives satisfaction significantly

Source: Swisscom market research (winter 2016/17)

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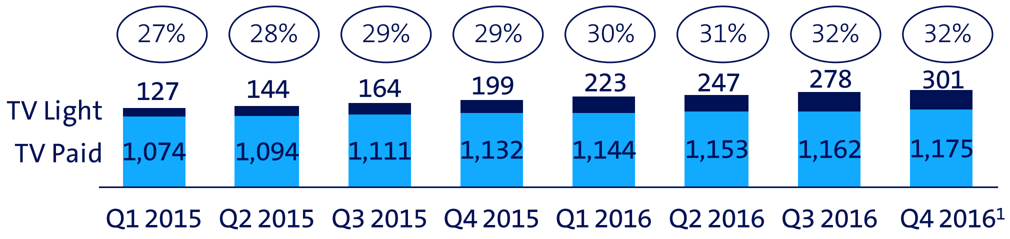
4. Invest in innovation to realise the best TV proposition

Continuous development of our TV proposition enables to sell BB bundles successfully

Swisscom is clear TV market leader …

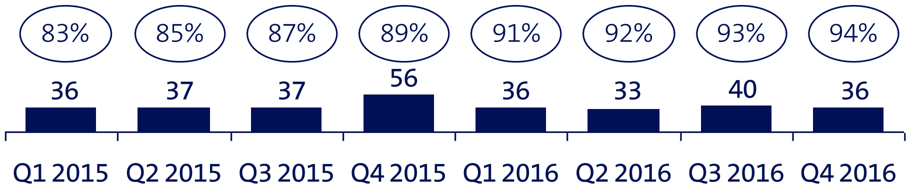
TV subscriber & market share evolution

Retail*, in k



Net adds & penetration in bundles

Retail*, in k



… and will expand its market share

- Leading TV platform (market share of 32% in Q4 2016) with stable, positive net adds
- TV as significant driver for fixed-line bundles – TV penetration of ~94% in Q4 2016, Netflix integration mid of December 2016 (available in UHD)

Develop TV 2.0 further to maintain ongoing positive RGU momentum

Strong TV proposition and bundling strategy can almost compensate the voice line erosion

* Residential Customers & SME

[1] Thereof 58k non-active users which from Q1 2017 onwards are not taken into account anymore, historic figures will be restated accordingly

swisscom

4. Invest in innovation to realise new business opportunities

Guarantee best experience for customers by delivering continuous innovations

Residential customers	SME
Push F/M convergence further	Broaden Smart Business Connect and BNS* cloud offerings
Lead consumer multi-device and wearables	
Manifest TV leadership in user experience and content	Augment connectivity and communication with Computer Services
Explore Smart Home opportunity	
Broadly leverage myCloud	Homogeneous product suites for SME and small corporates
Massively push mobile service touchpoints	

Innovation is key to maintain leadership position in Switzerland

* BNS = Business Network Solutions

Maximising market share with Enterprise Customers

Christian Petit

2016 in a nutshell (1/2)

Enterprise customers strengthens its position in a competitive landscape

Key levers

- Retention strategy in mobile pays off – market position improved further in 2016
- Wireline networking solutions remain a strong contributor
- Continuous growth in cloud and horizontal solution business
- Health strategy starts to contribute
- M2M with continued growth, successful launch of Low Power Network
- Integration of Veltigroup successfully completed
- Digital business gains momentum

Highlights 2016

Telco business

- Ongoing strong market share in mobile (>80%) with 27 win-backs and +2'000 SIM net balance
  - Major networking deals

Solutions and Verticals

- Growth in security solutions (+23%) outperforming the market (+4%)
- 5 year contract extension for 42 banks
- Various digital business PoC[1] like predictive analytics for ZKB

- New services launched, such as digital identification and signing
- Networking solutions for hospitals and physicians
- IT outsourcing health insurances

ALSTOM

Die Mobiliar Versicherungen & Vorsorge

Kanton Zürich

Clientis Ihre regionale Bank

Lichtenstein

sanitas

ICT leadership position successfully expanded

1 Proof of concept

2016 in a nutshell (2/2)

Solution business with increasing topline weight

	31.12.2015	31.12.2016
Order entries remained at a high level with 43% of extended scope	CHF **2.65**bn	CHF **2.52**bn
Service revenue decreased by CHF -53mn (-4.4%) driven by increased price pressure in the connectivity business	CHF **1.18bn**	CHF **1.13bn**
Solutions revenue grew by CHF 23mn (+2.2%) mainly due to cloud business, verticals start to contribute	CHF **1.05**bn	CHF **1.07**bn
EBITDA down by CHF -71mn (-7.8%)	CHF **0.91**bn	CHF **0.84**bn

Business performance reflects changing customer needs.
Swisscom as fully integrated solution provider remains uniquely positioned.

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Leading with unique portfolio proposition

Unique portfolio addressing customers demands on all levels

Customer demands continue to shift

Digitization
- Competitive advantages
- Customer focus
- Consulting and partnering needs

Traditional IT & Solutions
- Commoditization & increased outsourcing
- Security demands

Connectivity & Infrastructure
- Highest availability
- Flexibility
- Cost efficiency

Swisscom with broad offerings for corporates

B2B Portfolio overview

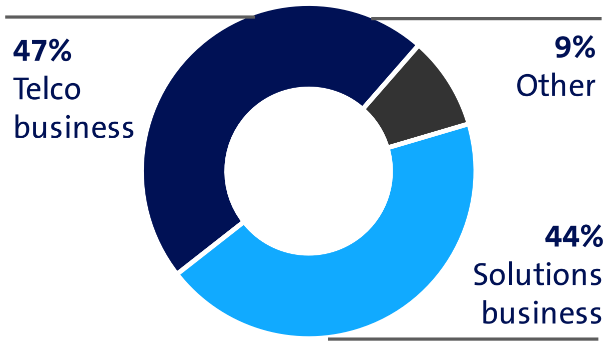
- **Vertical health**
- **Vertical banking**
- **M2M, IoT** and **big data**
- **Wireline**
- **Wireless**
- **Workplace** and **collaboration**
- **Low Power Network**
- **Data centre** and **cloud**

Well positioned with unique E2E portfolio in a growing solution market

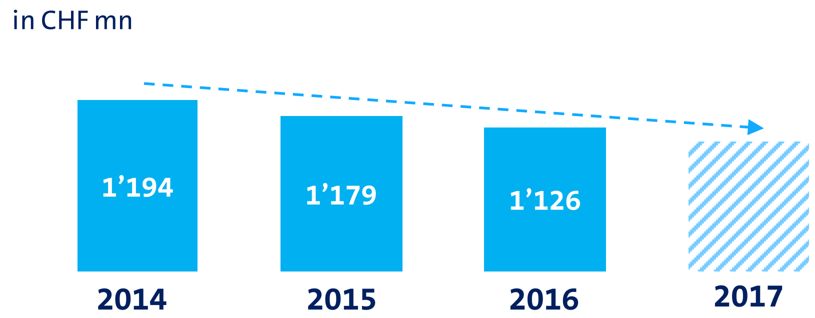
Trends of revenue dynamics

IT and digital solution business have to compensate decreasing Telco revenues

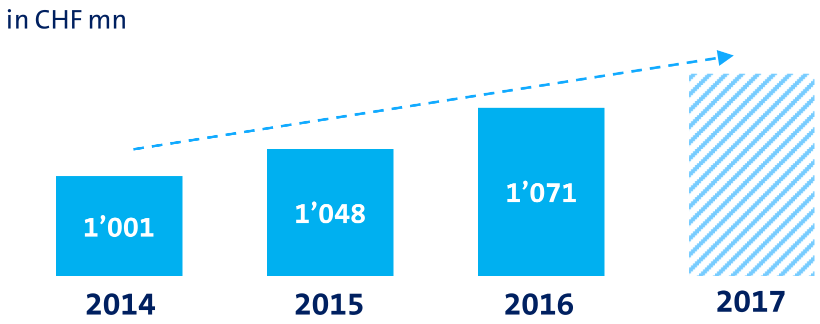
Majority of revenue contribution from Telco business ...



... but telco business with declining trend ...



Solutions business becomes more important ...



... and delivers topline growth at Enterprise Customers

But ...

... revenue growth in solution business always needs additional indirect costs (personnel costs)

... margin is smaller than in Telco business

Low(er) margin Solution business gains relevance

Overview of 2017 ambitions

Solutions business with growth opportunities

1. **Retain value of Telco business (in W- and W+) through differentiation and cost optimization**
2. **Foster cloud and ICT solution business to realise new sources of growth**
3. **Realise opportunities from digitalisation to expand value creation**

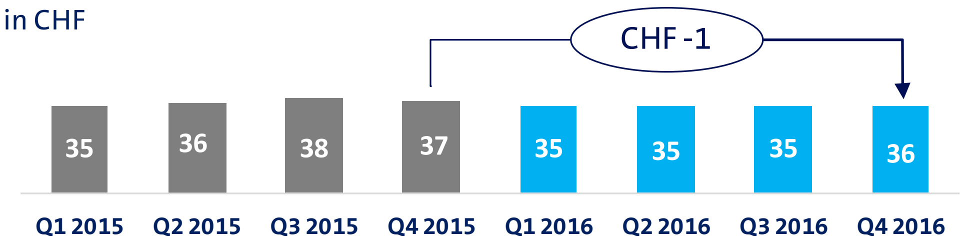
Well prepared to benefit from new business opportunities

1. Differentiation is key driver to retain value of Telco business

Stabilised mobile ARPU thanks to innovative services

Value focus through innovative wireless services

ARPU evolution - two-thirds of decline 2016 driven by roaming



Wireless innovations aim to stabilise ARPU

Natel® go | Mobility for work | Multi-Device | Mobile reporting and analytics

ARPU level successfully maintained

- Differentiation through continuous wireless portfolio innovation
- Mobility for work stimulates ARPU positively
- eSIM simplifies customer processes
- Further focus on M2M, IoT and smart products
- Implementation of customer cases on the Low Power Network

Value-enhanced services drive portfolio innovation

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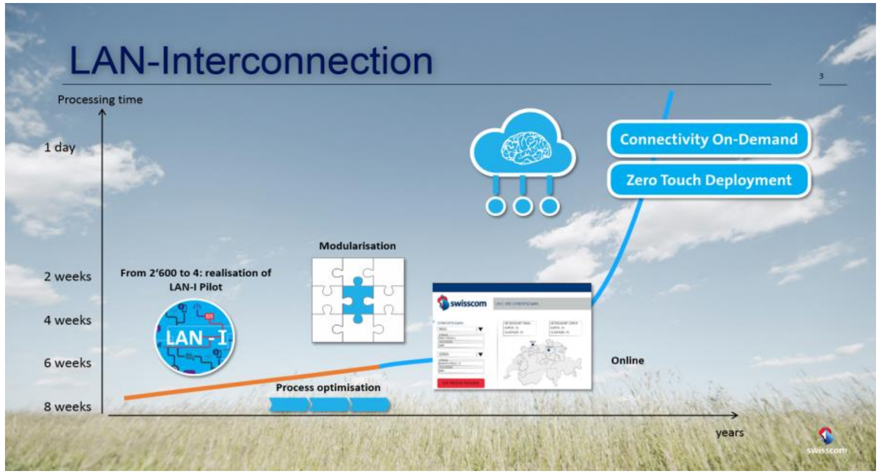
1. Differentiation is key driver to retain value of Telco business

New Telco cloud based services drive continuous portfolio innovation

New customer needs combined with new possibilities …

… unlock a set of benefits and opportunities

- Easy self-service or managed services
- Broad traffic variability
- Strong increase of connected devices
- Need for instant changes
- Reduce costs
- End2end service level agreements



2016	Q1 2017	Q3/Q4 2017
First pilot implemented with "Loterie Romande"	Launch of first SDN * services	Availability of new bundles in high-end connectivity

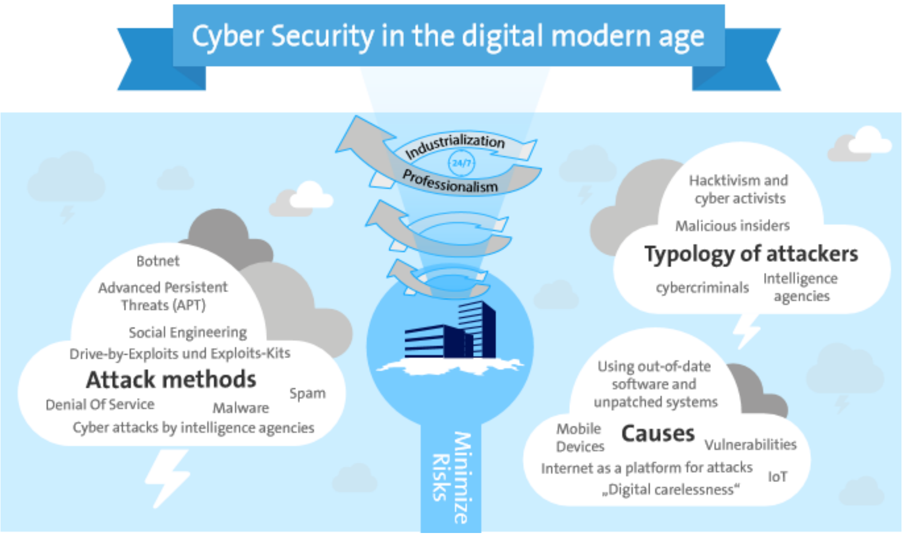
Virtualisation of network functions lowers costs and enlarges flexibility

* Software Defined Networking

2. Foster ICT solution business to realise new sources of growth

Further extension of broad portfolio

Security market is growing substantially



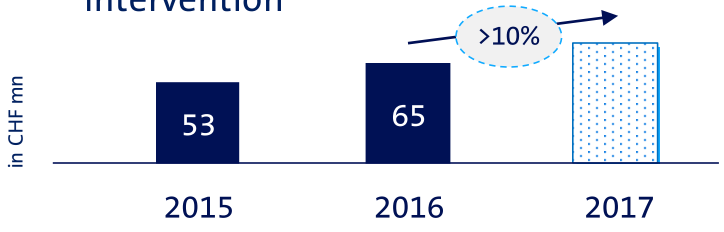
- **Security market CH 2016: CHF 2.1bn**
- Security and compliance will become key business decision making criteria

Swisscom is market leader in managed security*

- Extension of broad portfolio with advanced detection and intervention services

Today	***Tomorrow***	
Prevention	Detection	Intervention

- Additional growth in security solutions based on advanced detection & intervention



Swisscom is well positioned to benefit from market opportunities

* Source: Experton

2. Foster ICT solution business to realise new sources of growth

Spending shift from full scope outsourcing to XaaS

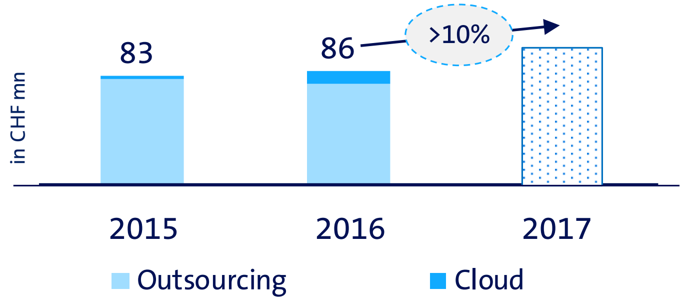
Growth in outsourcing services

- Expected growth in overall IT outsourcing market CH*
- Shift from full scope outsourcing towards XaaS
- Full service providers disappear, specialists take over

*Source: MSM Research

Implication

- Outsourcing business continues to grow and fosters efficiency for customers, leading to higher volume in 2017 despite prices are under pressure
- Market shows less need for system integration due to XaaS



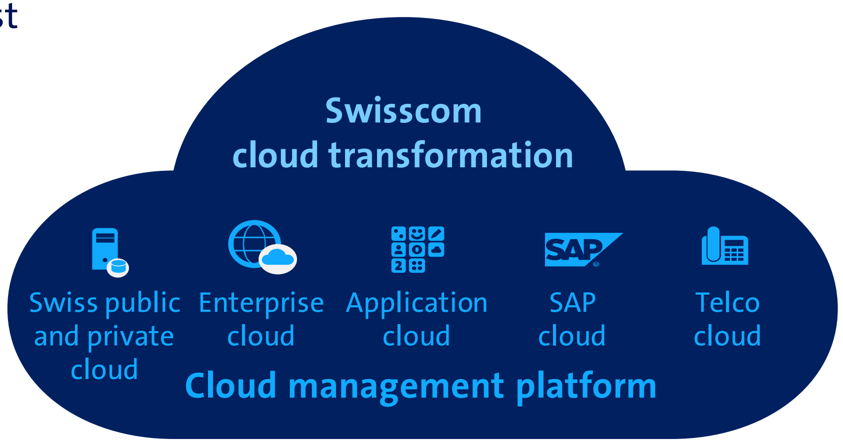
Paradigm shift from make to buy increases outsourcing spending

2. Driving cloud transformation

Accelerate time to market for clients and Swisscom itself

The economic climate accelerates the move towards cloud

- Cloud computing market and part of managed cloud services in infrastructure spending will grow in the near future *
- Swisscom drives cloud transformation further and is well positioned with its service portfolio to benefit from increasing interest



*Source: MSM Research

Swisscom perfectly positioned

- Data hosting in Switzerland & customer proximity
- Integrated cloud & connectivity offerings
- Faster time to market for Swisscom services due to DevOps[1] in cloud production and common portfolio
- Already more than 3'000 developers use the Application cloud (PaaS)
- Efficiency gains due to adjusted cloud strategy
- Launch SAP and Telco cloud in H1 2017

Swisscom accompanies its customers on their journey to the cloud

1 DevOps (development and operations) is a enterprise software development phrase used to mean a type of agile relationship between Development and IT Operations

3. Realise digital opportunities to expand value creation

Digitalisation reaches agenda of the C-level

Digitalisation business gains momentum …

- New business models
- Improved customer experiences
- Digitized business processes
- New ways of working

Solution **4 One** → Solution **4 Many**

Retention

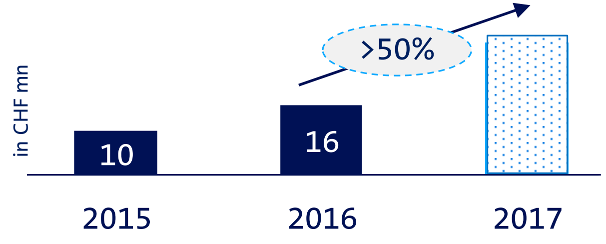
Enablers

Scaling

Operations

… and drives growth momentum

- **Solution 4 One**: consulting as key capability, successful JV with Open Web Technology[1]
- **Solution 4 Many**: multi-channel contact center for Credit Suisse and Canton of Berne; Launch AI and Big Data products
- **Enabler**: launch 8 artificial intelligence enablers in 2017; continuous development



Swisscom enables the digital transformation of its customers

1 Swisscom Digital Technology

3. Realise chances from digitalisation to expand value creation

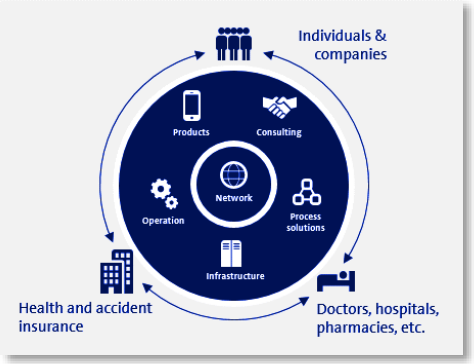
Banking and Health industries are under cost and industrialization pressure

Banking: financial industry is changing

- Cost pressure and digitalisation changes financial industry
- Swisscom is leading in IT and business process outsourcing and serving >170 Swiss banks
- Fostering new technologies (block chain) to exploit efficiency potential

Health: expansion of digitalisation expected

- Digitalisation in the health sector to improve treatment quality and efficiency
- Law for the introduction of the electronic patient dossier will support the digitalisation trend
- Networking platform ready to connect the care provider, insurance and patient



Swisscom is well positioned thanks to deep industry expertise, strong relations and trustworthiness

Realising the Italian opportunities

Alberto Calcagno

Setting the scene (1/2)

Fastweb has embraced several strategic initiatives in recent years …

Initiatives		Current status

Extension of wireline NGN infrastructure

Roll out FTTS to reach 30% UBB coverage (7.5mn HHs by 2016) > **From ~7%** 2 MN FTTH **to ~30%** 5.5 MN 2 MN FTTH FTTS > Completed (100 cities) ✓

Enhancement of VDSL performance

Deploy V+ VDSL to double connection speed > **From 100 Mbps** **to 200 Mbps** > V+ deployed in 30% of FTTS footprint (Average speed >150 Mbps)

Extension of Fastweb's national Wi-Fi coverage

Create the largest Wi-Fi community in Italy >

> 800 cities covered, 1.5mn enabled customers (2 GB/month average usage, NPS +8 p.p.)

Leaving no stone unturned to maximise customers' satisfaction through quality

swisscom

Setting the scene (2/2)

… to unlock further value from business opportunities …

Initiatives		Current status

Full MVNO

Implement Full MVNO architecture
(TIM mobile network)

Implementation — Service launch — 4Q 2016

Service launched, customer base migration ongoing
(4G/4.5G national coverage)

Digital transformation for Consumer experience

Turn customer experience into a competitive advantage

CRM OSS Billing — 4Q 2016

- Frequency of calls to customer care down by 9%
- # of web-based self-caring sessions up 3x
- Admin process NPS +13 p.p.

Enhance cloud capabilities for Corporate customers

Leverage new tier IV data centre

>10% cloud market share
(by Telco players)

Leaving no stone unturned to maximise customers' satisfaction through quality

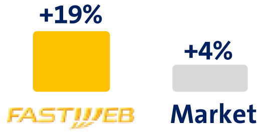
2016 in a nutshell (1/2)

... that are reflected in a strong operational performance in 2016 ...

Consumer

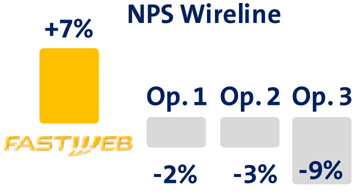
- >150k net adds
- +19% YoY

Net adds YoY



- Best wireline NPS

NPS Wireline



- Top ranking in Netflix Index

Netflix Index 2016 avg. (Mbps)

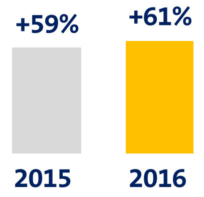
Enterprise and Wholesale [1]

Won top tenders for PA

- Fixed voice (renewed)
- Security services (new)
- Video-surveillance (new)
- Fleet management (new)
- SPC-QXN[2] (renewed)

NPS Enterprise

- +2 p.p. NPS
- Further improving an unparalleled performance



- #1 alternative operator in the Wholesale market with a >12% share
- ~40% market share in BTS fibre connections

Successfully competing in each market segment

1 unregulated wholesale market, 2 central node of the network connecting all public administrations

2016 in a nutshell (2/2)

... and in a solid set of financial results

in EUR	31.12.2015	31.12.2016
+3% **revenues** growth, YoY	€ **1.7**bn	€ **1.8**bn
+7% **wireline customer** growth, YoY +25% UBB customer growth	**2.2**mn o/w 30% UBB	**2.4**mn o/w 34% UBB
+27% **mobile customers** growth, YoY	**520,000**	**658,000**
+15% **EBITDA** growth, YoY (+8% w/o extraordinary items)	€ **0.58**bn	€ **0.66**bn
+119% **Free Cash Flow** growth, YoY (before financing activities)	€ **45**mn	€ **98**mn

An infrastructure-based model generating steady top line growth, significant margin increase and visible FCF improvement

Overview of 2017 ambitions

New initiatives have been launched to enhance Fastweb's positioning

Speed up momentum to grow in all segments and improve FCF

1. **Launch full MVNO and increase market share in wireless**
2. **Network extension and performance enhancement in wireline, deployment of 5G-ready infrastructure in wireless**
3. **Increase scale – Consumer**
4. **Increase scale – Business segments**

The growth contributor for the Swisscom group

1. Leverage MVNO access

Scaling up wireless business in the short-term thanks to 4G

Rationale

Fastweb's short term priority is to protect its wireline business from the likely increase of competitive pressure triggered by Iliad entry

Launch new wireless proposition

- Low cost 'entry level' and 'unlimited plan'
- Double data allowance for wireline customers
- No hidden charges
- Innovative go-to-market (heavily web-based)

Expectations

Aligning Fastweb capabilities to market best practice to become a credible mobile player

From 3G on H3G network (up to 42 MB) ...
... to 4G on TIM network

6,000 cities in 4G (up to 100 MB)

400 cities in 4G Plus (up to 300 MB)

No national roaming

Target is to triple wireless sales in 2017

To become a credible wireless player

2. Further develop Fastweb as leading 360° infrastructure player (1/3)

Extending and upgrading the best wireline infrastructure available in the country …

Rationale

1.

Extend FTTx footprint to 50% coverage

- FTTH from 2.0 to 5.0mn HHs through FlashFiber (o/w 0.2 mn already completed)
- FTTS from 5.5 to 8.0mn HHs

The leading alternative UBB network in Italy

2.

Upgrade FTTx performances

- FTTH from 100 Mbps to 1 Gbps
- FTTS from 100 Mbps to 200 Mbps

The best indoor connections in the market

Expectations

EoY 2016 (HHs+ Businesses, mn)[1]

Segment	Technology	mn	Speed	Footprint
30% FFTx	FTTH[2]	2.2	100 Mbps	Footprint
	FTTS[2]	5.3	100 Mbps	Footprint
25% ULL		8.0	100 Mbps VULA[3] / 20 Mbps ADSL	Footprint
45% Wholesale	BSA	12.0	20 Mbps	No footprint

EoY 2020 (HHs + Businesses, mn)[1]

Segment	mn	Speed	Footprint
50% FTTx	5.0	1 Gbps	Footprint
	8.0	200 Mbps	Footprint
20% ULL	5.5	200 Mbps VULA[3] / 20 Mbps ADSL	Footprint
30% Wholesale	9.0	20 Mbps	No footprint

The largest UBB network operated by an alternative player in Europe

[1] 27.5mn HHs and business sites (net of digital divide) [2] FTTH includes +0.2mn of Flash Fiber, overlapped with FTTS, whose coverage is 5.3mn net of Flash Fiber
[3] VULA is TIM wholesale UBB services

2. Further develop Fastweb as leading 360° infrastructure player (2/3)

… leveraging FlashFiber for a rapid and flawless FTTH deployment …

Rationale

FlashFiber (JV with TIM) is the vehicle to timely upgrade current FTTS architecture into FTTH in 29 key cities, thus ensuring a new competitive advantage

Shareholders

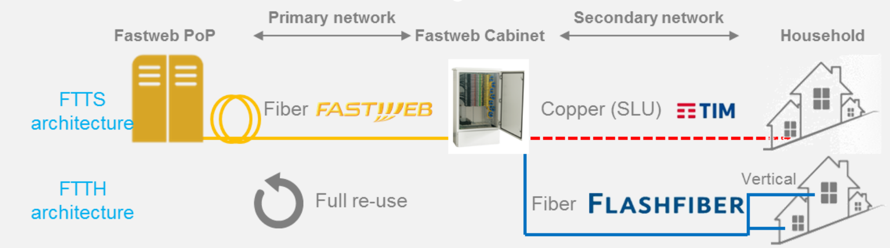
TIM 80%

FASTWEB 20%

FLASHFIBER
- € 1.2 bn CAPEX
- 30% equity, 70% debt
- Fastweb to inject € 70-80 mn

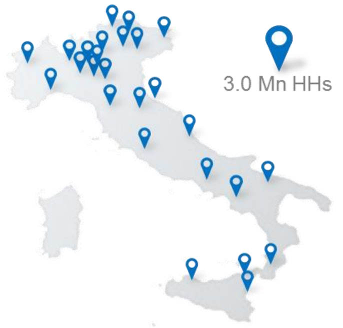
Providing dark fiber to TIM, FASTWEB

Providing VULA to OLOs

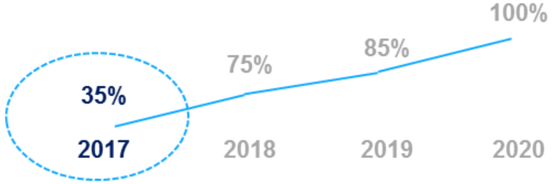


Expectations

Upgrade 23 cities from FTTS to FTTH and complete deployment in 6 FTTH cities historically covered by Fastweb



>30% of deployment completed by EoP 2017



The highest performance in the market over the widest footprint

2. Further develop Fastweb as leading 360° infrastructure player (3/3)

… and getting ready to deploy a 5G-ready mobile network

Rationale

Fastweb installed asset base is instrumental to the potential deployment of a mobile infrastructure based on small cells

- Fibre to provide backhauling
  - 44,000 km in approx. 1,000 municipalities
- FTTS cabinets to host and power small cells equipment
  - Over 20,000 street cabinets today and 50,000 in 2020
- Spectrum
  - 40 MHz @3.5 GHz (through deal signed last December with Tiscali)

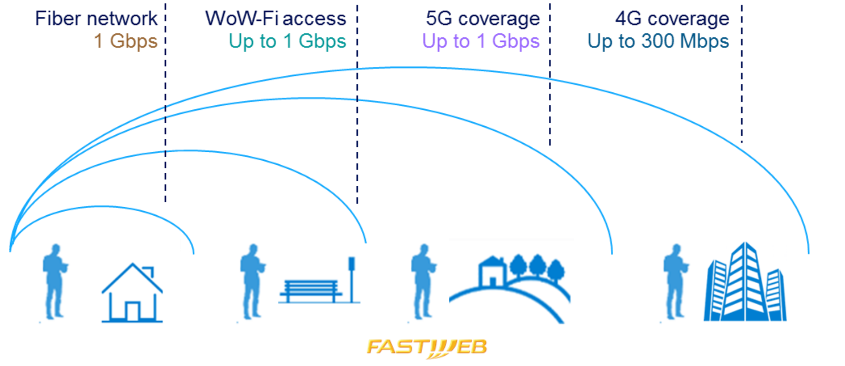
Laying the foundation for a 5G-ready network

Expectations

Expected deployment roadmap

2017	2018/2019	2020
5G field trial	Small cells roll out	5G-ready 20% coverage

Providing the best performance indoor & outdoor



Positioning Fastweb as a premium convergent player

3. Increase scale in Consumer segment

Exploiting UBB market momentum

Rationale

- **Scale up strong UBB monetization … also in new footprint**

  Current FTTx KPIs vs. other technologies
  - 2.6x life time value
  - Approx. 5% to 10% ARPU uplift
  - Churn –30%
  - Sales penetration +60%

- **Partnerships**
  - Further leverage SKY (higher advertising, new promo, enhanced content proposition)
  - Exploit recently-signed partnerships

  sky

- **Innovation**

Expectations

UBB customers

CAGR 2017-2021 = **+19%**

Scaling sales **2x up**

through partnerships

Trial new services (IPTV)

Monetising recognised leadership in UBB

4. Increase scale in Corporate segment

Taking steps to consolidate position as the best alternative for top customers

Rationale

Leverage Tiscali business branch to secure Fastweb leadership in Public Administrations

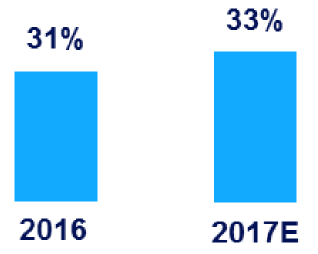
- Yearly incremental of € 20mn in revenues from PA
- Significant upselling potential on fibre connections/ICT

Further push in adjacent markets

- Leverage strong position in 'core' services to increase share-of-wallet through ICT

Expectations

Target: +2 p.p. market share in PA segment



Mid term targets in Corporate segment (EoP 2021)

ICT order book 50% of total orders	**Market share** +6 p.p.
Profitability 3% increase	**Churn** -2%

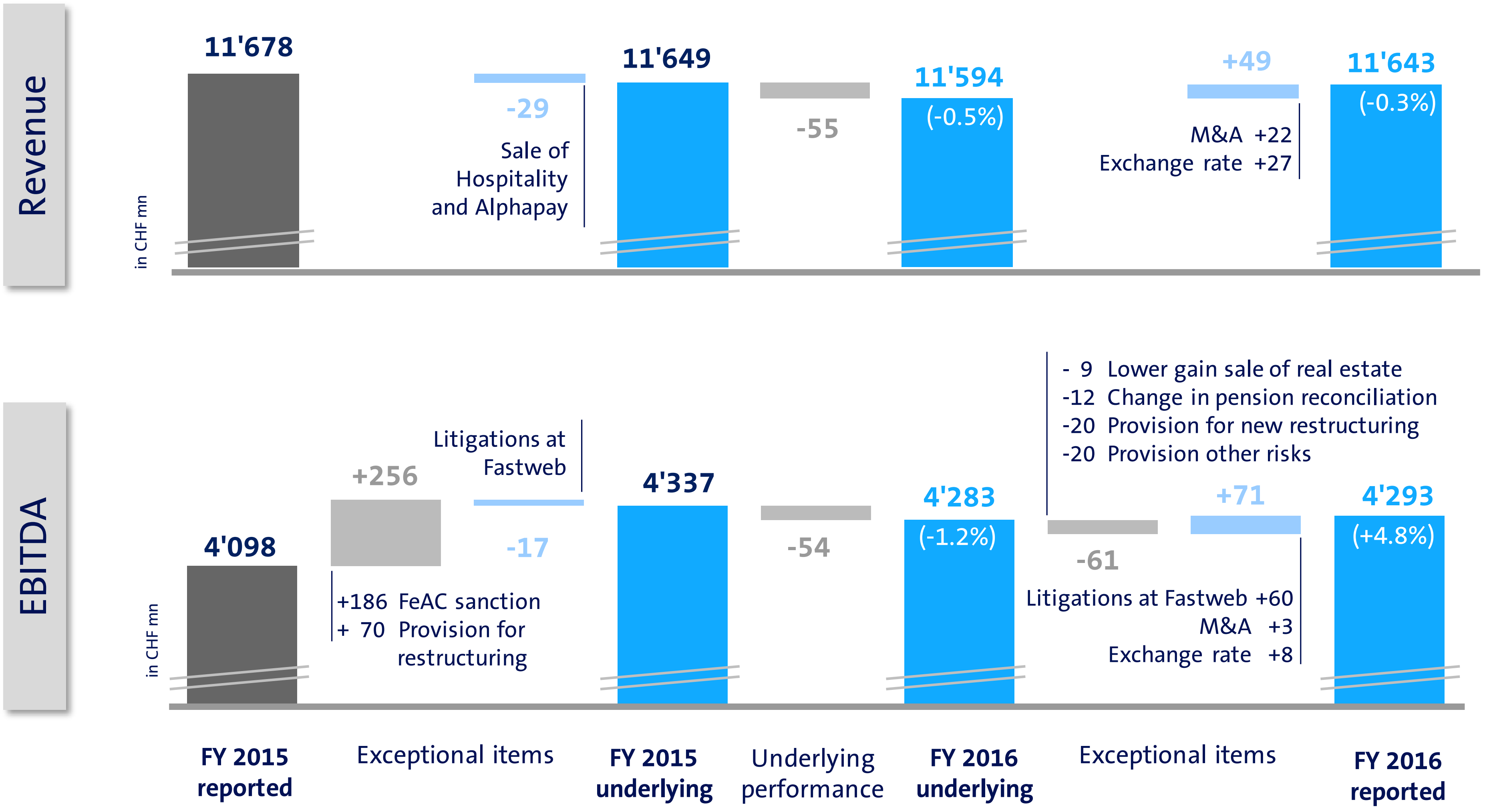
Securing steady market share growth also in coming years

Financial results 2016 and outlook

Mario Rossi

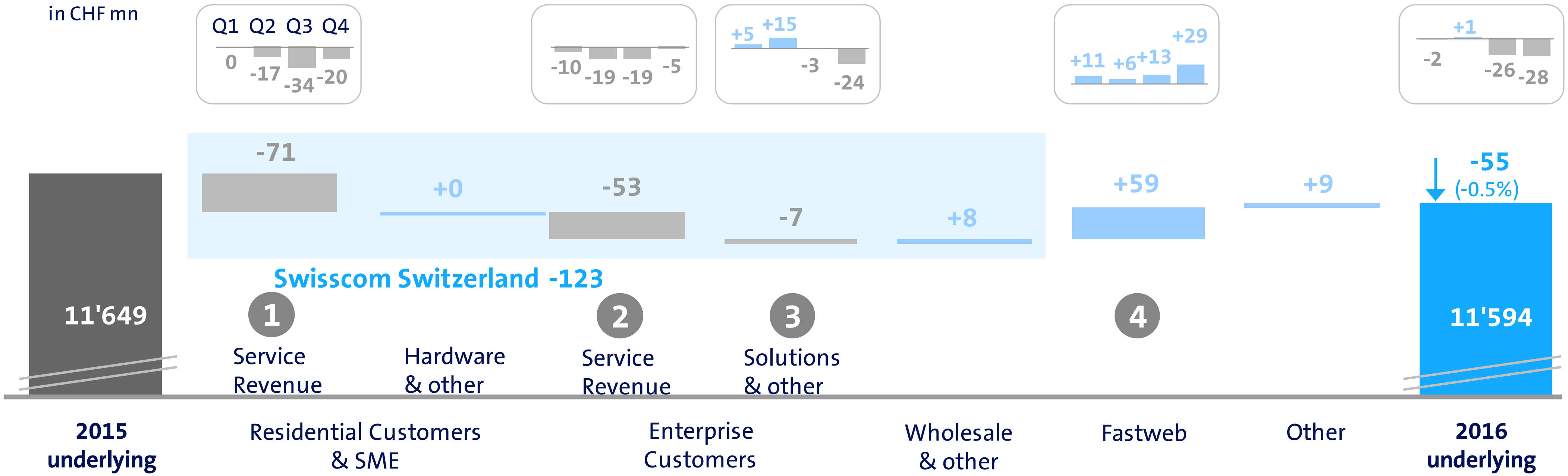
Reconciliation of key financials

Revenue and EBITDA impacted by exceptional items



Revenue breakdown by segments

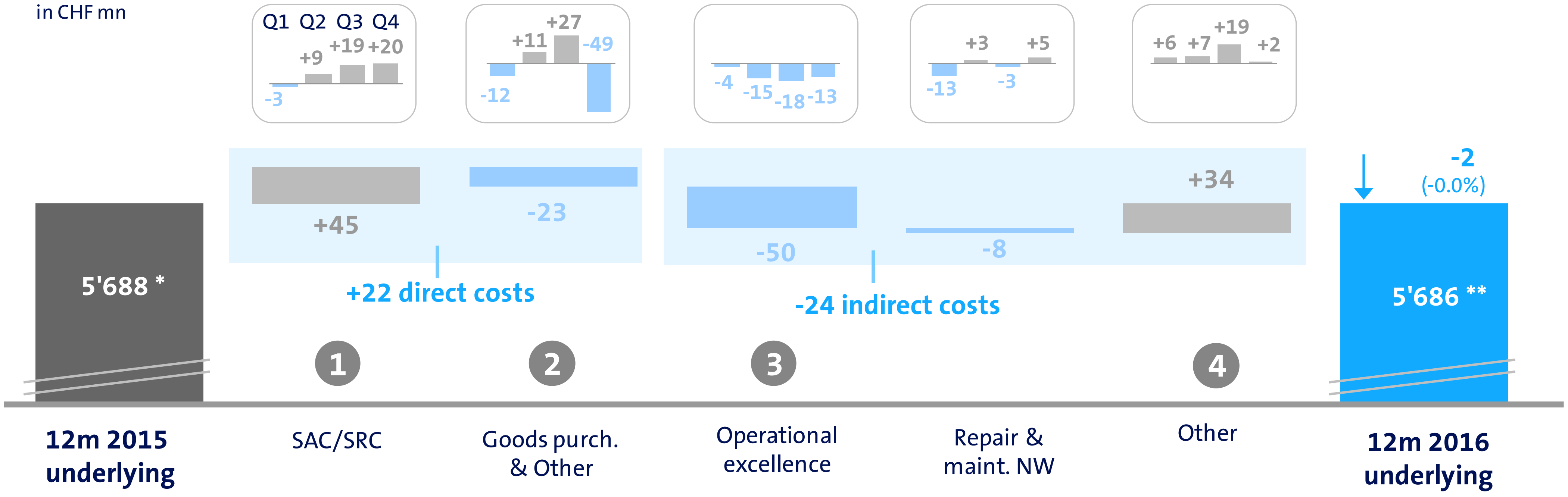
Swisscom Switzerland with price pressure in wireless business, Fastweb up



1. - Roaming with pressure on Service revenue
   - Higher subscriber base TV & BB compensated by lower subs for voice access
   - RGU wireless flat due to signs of market saturation
2. Substantial price pressure, air fee abandoned in July 2015 with impact in Q1 and Q2
3. Solutions and project business with growth in H1, lower hardware sales and reduced project business in H2
4. Fastweb with strong increase in Consumer segment (+3% YoY)

OPEX of Swisscom Switzerland

Operational excellence initiatives lead to lower indirect cost



1. SAC/SRC costs increased in Q2..Q4 as the UHD TV are subsidised when sold to the customer and retention volumes for wireless customers increased YOY
2. Higher outpayments for roaming (data volumes more than doubled) and international traffic, in Q1 and Q4 lower costs for goods and services purchased
3. 'Operational excellence' leads to an underlying reduction of 687 FTEs in 2016; achieving gross cash savings of CHF 50mn in 2016
4. Volume increase in the Solutions Business leads to higher cost, increase of resources for network operation, migration to All IP

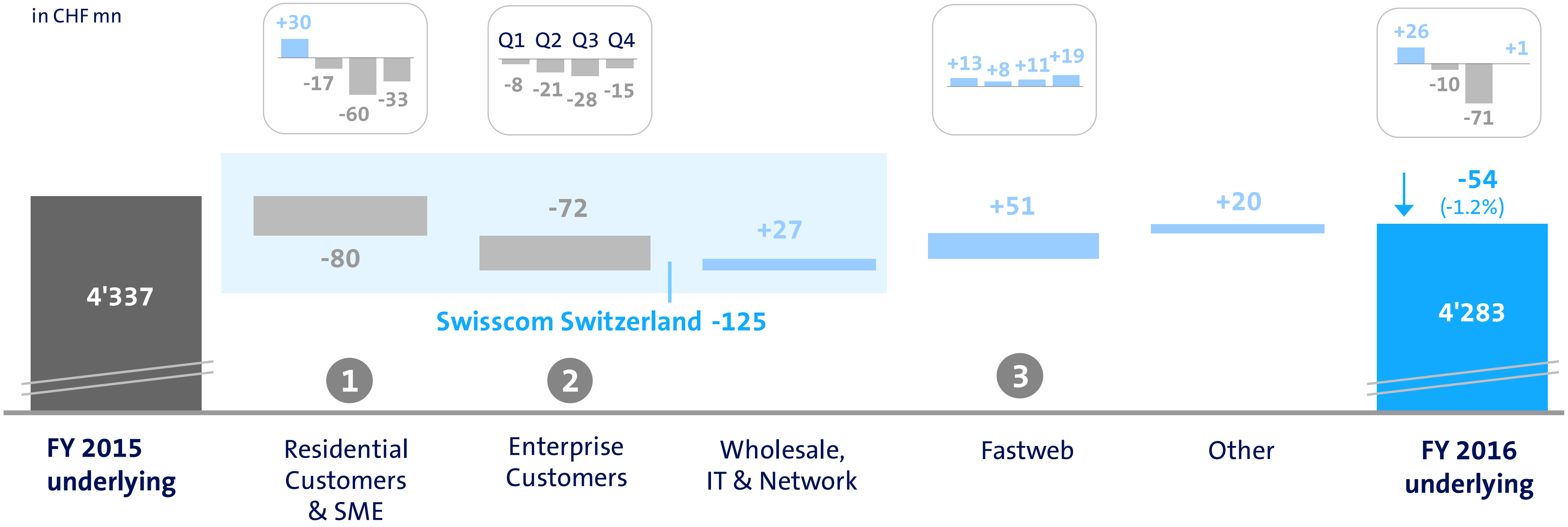
* Excluding provision for FeAC sanction in prior year (CHF -186mn), provision for restructuring (CHF -70mn)

** Excluding M&A as integration of search. ch (CHF +9mn), acquisition of Open Web Technology (CHF +10mn), change in provision other risks (CHF +20mn), provision for restructuring (CHF+20mn), lower gain from sale of real estate (CHF +9mn)

swisscom

EBITDA breakdown by segments

Cost saving initiatives partly compensate margin decline



1. Decrease in service revenue and higher SAC/SRC and outpayments impacted EBITDA, lower indirect costs partly compensated
2. Substantial price pressure in the enterprise market lead to a decrease in EBITDA
3. Fastweb with a strong development driven by solid growth in the consumer segment, customer base broadband increased to 2.36mn, strong position in the enterprise market maintained

Breakdown of underlying domestic margin changes

Mixed 2016 dynamics within Swisscom Switzerland

in CHF mn	Q1/Q1	Q2/Q2	Q3/Q3	Q4/Q4	YoY
Service revenue	-10	-36	-53	-25	**-124**
Solutions revenue[1]	16	13	8	-6	**31**
Outpayments[2]	1	-10	-14	4	**-19**
SAC / SRC	3	-9	-19	-20	**-45**
Operational excellence	4	15	18	13	**50**
All other[3]	-7	-1	-21	11	**-18**
Swisscom Switzerland	7	-28	-81	-23	**-125**

o/w **roaming** with **CHF -83mn**, net loss of **fixed voice lines** with **CHF -47mn** and **abandon of airfee surcharges**[4] with **CHF -10mn**

Service revenue of Swisscom Switzerland down YoY primarily due to roaming impacts from infinity 2.0 migration and higher direct cost

1 Solutions revenue of all segments, 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 21mn higher indirect cost from Solutions, 4 regulatory driven abandon of airfee surcharges by July 2015

Roaming dynamics

Roaming including tariffs lead to higher roaming costs

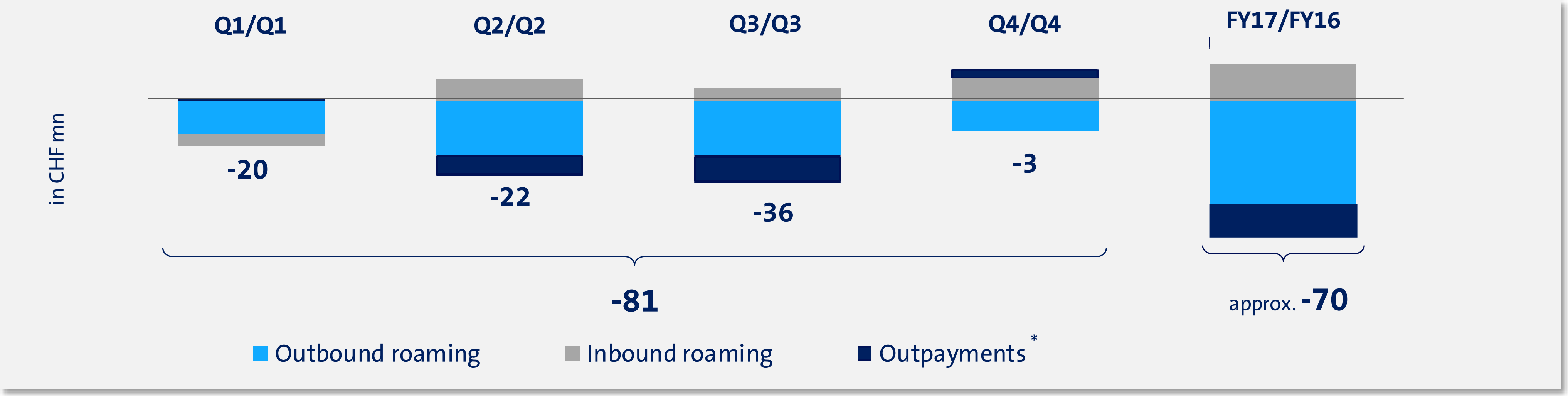
Innovative products ...

- **Increased customer experience** thanks to lower roaming tariffs for Swisscom customers
- infinity 2.0 price plans enhanced with **EU roaming** during Q2 last year (by YE 2016 **1.6mn subscribers already on infinity plus or 2.0** (70% of postpaid customer base)
- **Adhere to managing downward-trend**

... lead to lower top-line and higher outpayments

- Value strategy with "More for the same" price plans lead to a decrease in **metered (outbound) revenue**
- Roaming inclusion leads to a reduction in **mobile ARPU**
- Attractive end-user tariffs drives **outbound roaming usage** up and explains higher **outpayments***

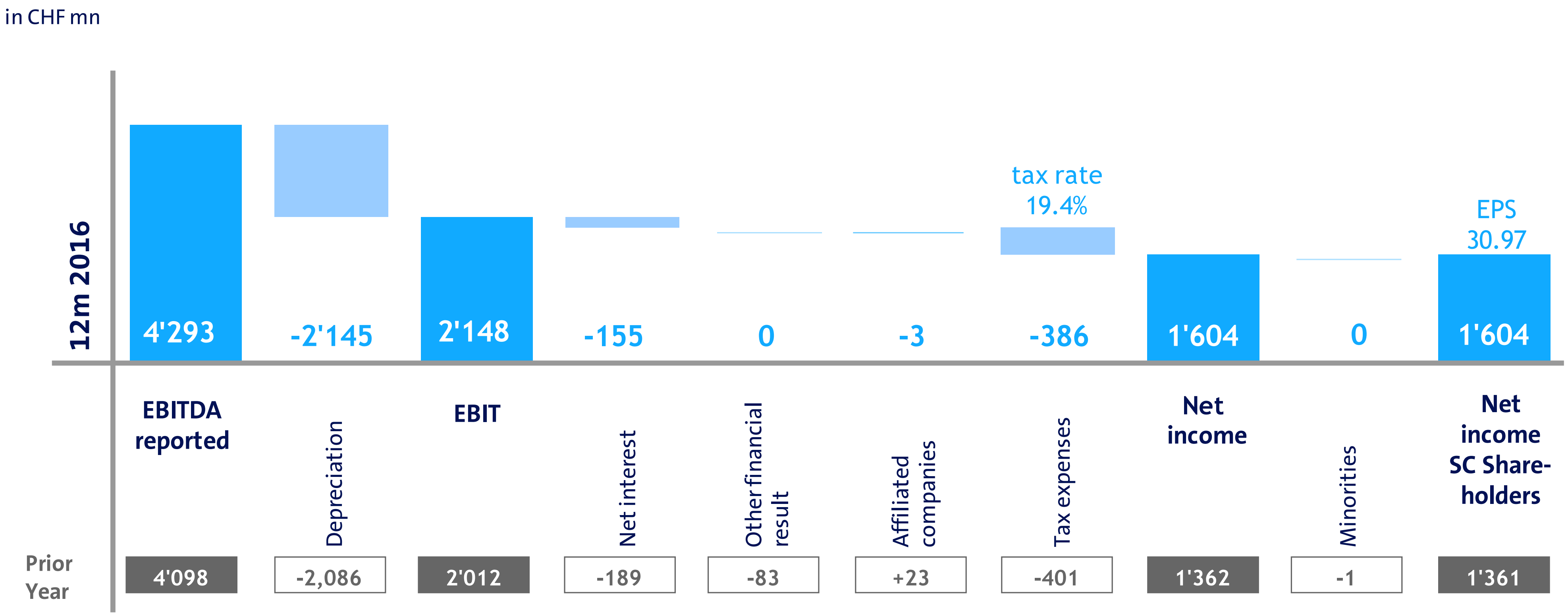
YOY changes of roaming margins in 2016 and 2017



* Consists of expenses only for roaming (with increasing trend due to higher usage)

Net income

Bottom-line increase by 18% with EPS of CHF 31



- EBITDA up by +5% YoY as in prior year the recognition of the provision for the FeAc sanction (CHF 186 mn) and for restructuring (CHF 70 mn) had negatively impacted the result
- Higher depreciation driven by ongoing high investment level

Pension plan deficit

Plan amendments and applying modified valuation method

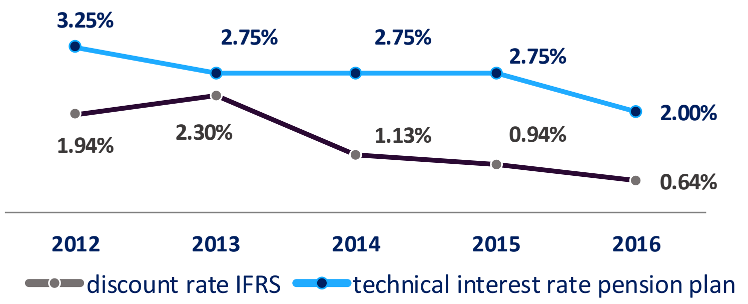
Developments 2016

- Decision of trustees in Q4 16 to stabilise financial position
  - **Reduction of technical interest rate** to 2.00% (-75 %pts)
  - **Reduction of future benefits**
  - **Increase of future employee and employer contributions**
- Applying **modified valuation method** under IFRS since Q4 16 considering **risk-sharing** between employer and employees

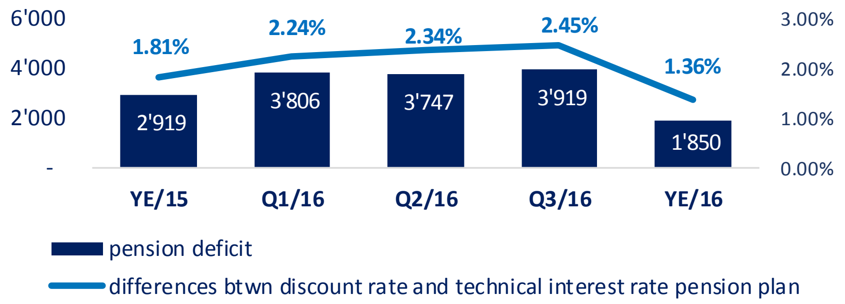
Financial impact

- **Pension plan deficit reduced** in Q4 16 to **CHF 1.85bn** due to
  - **plan amendments** (CHF -0.55bn)
  - **IFRS valuation with risk-sharing** (CHF -0.86bn)
- Estimated pension expense (EBITDA) in 2017 of CHF 350mn (2016: CHF 338mn)
- Special employer contribution of CHF 50mn in 2017

Interest rates IFRS vs pension plan/Swiss law



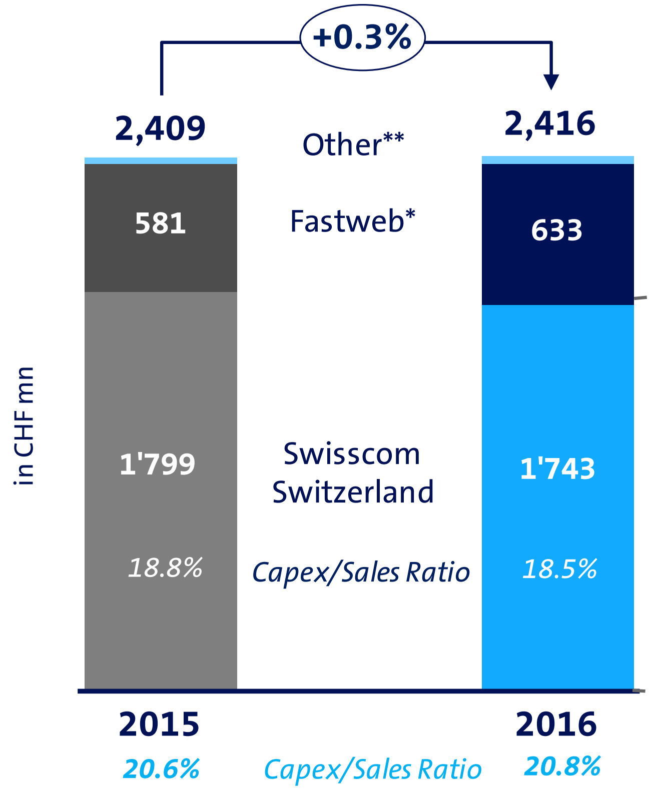
Quarterly pension plan deficit IFRS 2016



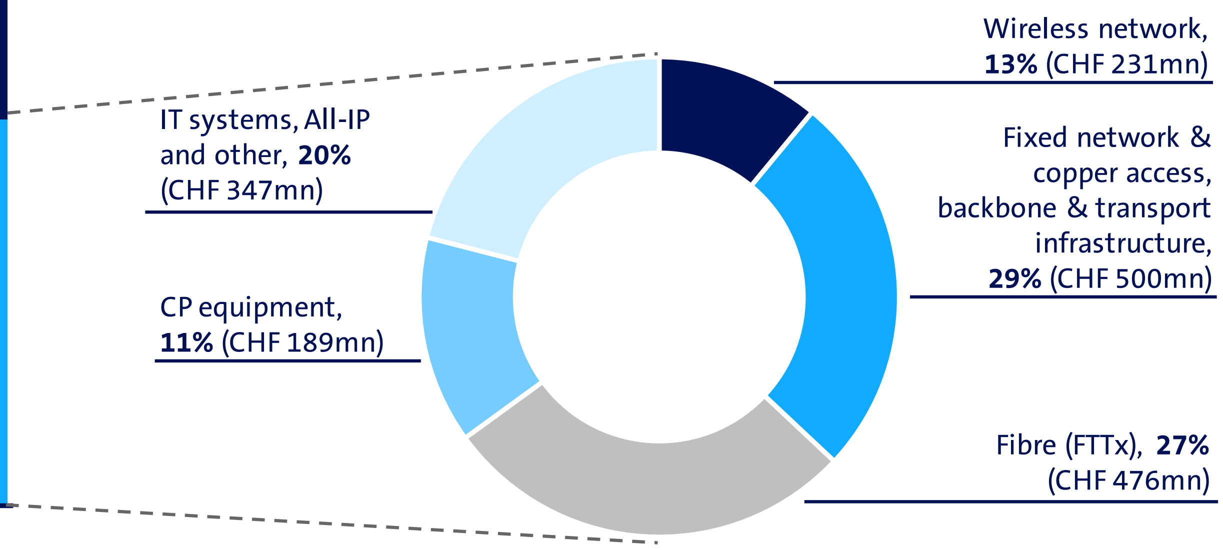
Reduced pension plan liabilities lead to higher equity ratio by 6 %-points

Capital expenditures

CAPEX remain on a high level driven by further UBB extension



CAPEX split – Swisscom Switzerland 2016



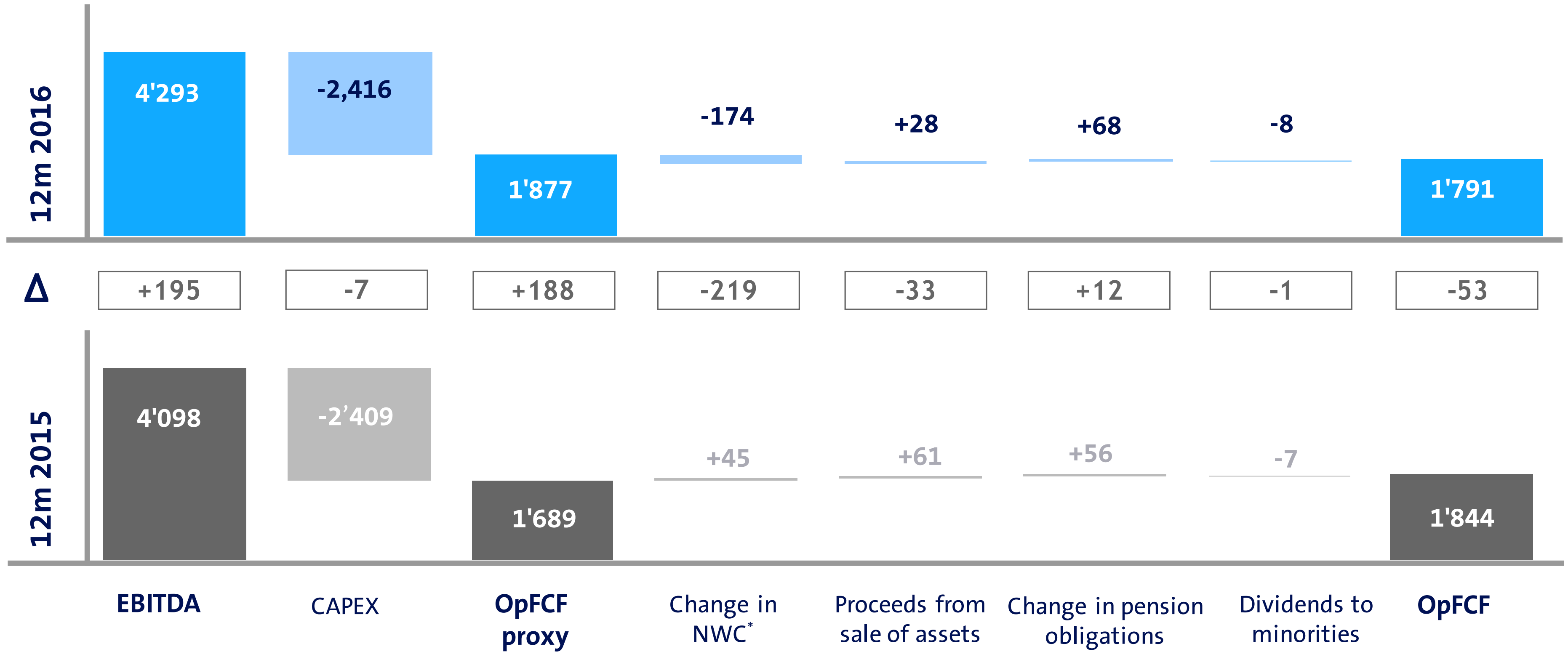
- Swisscom Switzerland with high CAPEX level driven by continued UBB extension
- Fastweb CAPEX in local currency up by +7% YoY due to ongoing UBB rollout

* in local currency in 2015: EUR 541mn, in 2016: EUR 581mn
** in 2015 CHF 29mn, in 2016 CHF 40mn

Operating free cash flow

OpFCF down by 3% due to the change in NWC

in CHF mn



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

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

Successful refinancing transactions in 2016 …

… underline once again Swisscom's excellent market access

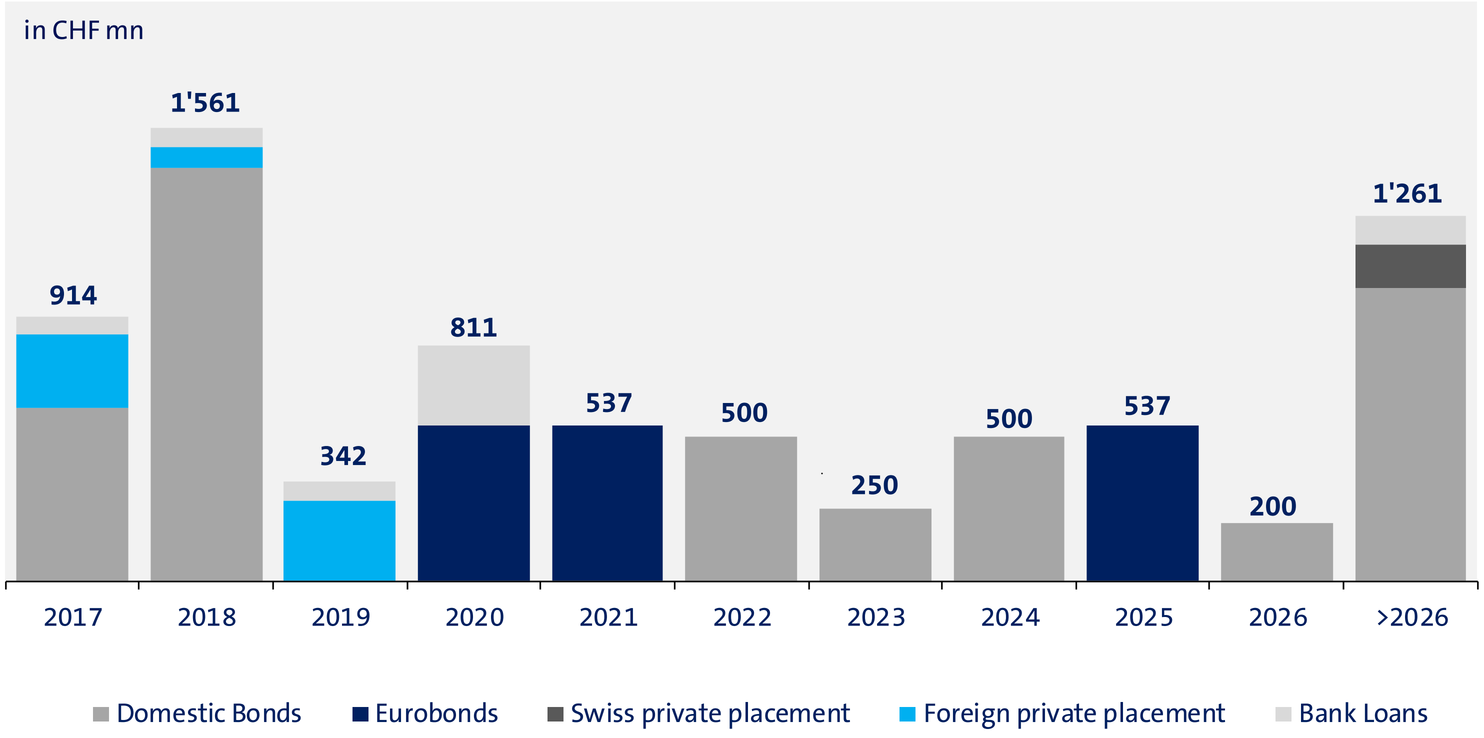
Instrument Rating	**A2** by Moody's, **A** by S&P	**A2** by Moody's, **A** by S&P	**A2** by Moody's, **A** by S&P
Status	Senior unsecured debt	Senior unsecured debt	Senior unsecured debt
Amount	CHF **200**mn	CHF **300**mn	CHF **200**mn
Coupon	**0.375%**	**0.125%**	**0.375%**
Settlement Date	31.03.2016	15.09.2016	15.12.2016
First Coupon Date	31.03.2017	15.09.2017	15.12.2018
Maturity	31.03.2028	15.09.2032	15.12.2027

In total CHF 700mn refinanced in the course of 2016

Swisscom's smooth maturity profile

Actively managed with a duration of 4.8 years

Maturity profile after bond settlements as per 31.12.2016 *



- Total outstanding amount of CHF **7.4bn**
- **1.9%** average interest rate of portfolio (incl. derivatives)
- Two unused committed backstop-facilities of CHF 1bn each until August 2020/ March 2022
- Active management of interest rate risk within well defined risk limits: **79% fix, 21% floating**
- Diversification of funding sources
- EUR bond placement planned for 2017

* excl. short-term money market borrowings

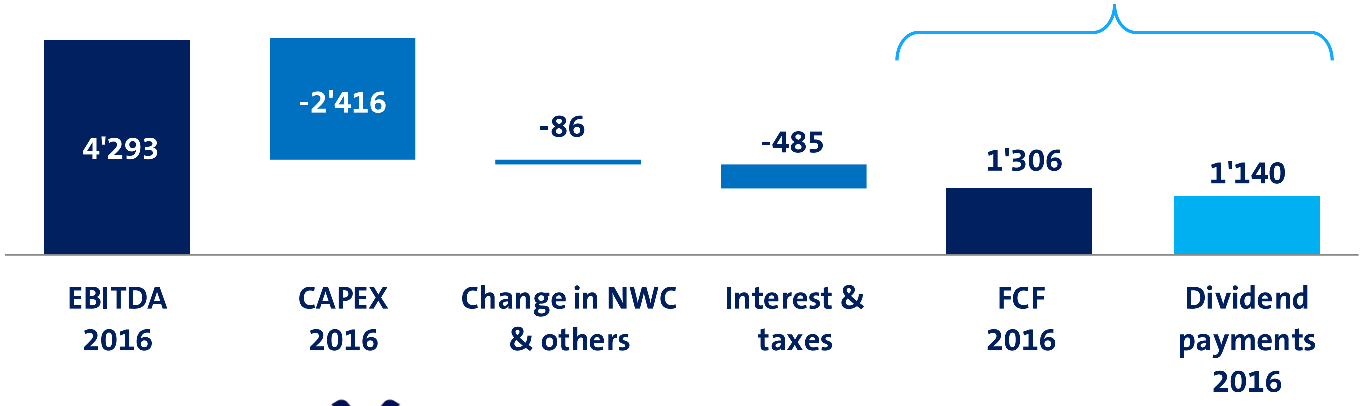
Dividend policy

Sustainable approach – well defined financial policy

Shareholder distribution

- Swisscom targets a **solid remuneration aligned with cash flow generation and capital allocation**
- Since fiscal year 2011, the dividend has remained at a **steady CHF 22 per share**
- **Proposal to AGM** (3 April) for 2016 to again pay CHF 22 per share
- **Time table**: 4 April last trading date with entitlement to dividend, 5 April ex-date, 7 April payment date

- Dividend amounts to **87% of FCF**
- **Comfortable with current pay-out ratio** as primarily high CAPEX limits excess cash
- Swisscom committed to preserve a **solid single A Rating** and an **equity ratio of ~30%**



Net debt/EBITDA ratio of 1.8x improved YOY

Outlook 2017

Net revenue of CHF ~11.6bn, EBITDA of CHF ~4.2bn and CAPEX of CHF ~2.4bn

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 [1]	**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

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

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Questions & answers

Backup

Reported vs. comparable revenue and EBITDA

in CHF mn	2015				2016				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue, reported	**2'893**	**2'865**	**2'893**	**3'027**	**2'885**	**2'884**	**2'874**	**3'000**	**-8**	**+19**	**-19**	**-27**
o/w M&A impact					-8	-4	+2	+3	-8	-4	+2	+3
Currency effect					2	22	5	-2	+2	+22	+5	-2
Revenue, comparable change									**-2**	**+1**	**-26**	**-28**
EBITDA, reported change	**1'051**	**1'082**	**966**	**999**	**1'081**	**1'146**	**1'080**	**986**	**+30**	**+64**	**+114**	**-13**
o/w Provision for FeAC sanction			-186								+186	
Provision for other risks								-20				-20
M&A impact					3				+3			
Reconciliation pension cost IAS 19					-1	2	-1	-12	-1	+2	-1	-12
Gain from sale of real estate	9	0	3	14	10	5	1	1	+1	+5	-2	-13
Restructuring				-70				-20				+50
Other income from litigations (Fastweb)				17		60				+60		-17
Currency effect					1	7	2	2	+1	+7	+2	-2
EBITDA, comparable change									**+26**	**-10**	**-71**	**+1**

Segment 'Residential'

Net revenue decreased driven by a lower service revenue.

Service revenue decreased (-1.1%) due to lower roaming revenue (price decrease data packages, inclusion voice and data volumes in infinity price plans). No compensating effect from RGU base (Sum of RGU -0.6% below prior year level due to decrease in voice lines).

Contribution margin 2 decreased by 2.1%. Higher cost for SAC (retention and UHD TV-Box) and out-payments partly compensated by Lower indirect cost (marketing cost, customer care).

	Q4 2016	Q4/Q4	31.12.2016	YoY
Net revenue in MCHF 1)	**1'314**	**-2.4%**	**5'160**	**-1.2%**
Direct costs in MCHF	-382	-2.1%	-1'314	2.3%
Indirect costs in MCHF 2)	-256	1.6%	-976	-3.1%
Contribution margin 2 in MCHF	**676**	**-4.1%**	**2'870**	**-2.1%**
Contribution margin 2 in %	*51.4%*		*55.6%*	
CAPEX in MCHF	34	-34.6%	137	-23.9%
FTE's	-73		4'508	-7.4%
Broadband lines in '000 3)	+5		1'705	1.5%
Voice lines in '000 3)	-53		1'685	-10.2%
Wireless customers Prepaid in '000	-25		2'060	-3.0%
Wireless customers Postpaid in '000 3)	+17		2'696	1.2%
Blended wireless ARPU MO in CHF	35	2.9%	34	-2.9%
TV subs in '000 3)	+34		1'421	10.6%

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

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Segment 'Small & Medium Enterprises'

Net revenue nearly on prior year level, lower service revenue (-2.0%) mostly compensated due to the integration of seach.ch by mid 2015.

Decrease of service revenue is driven by lower ARPU (price decrease roaming data packages, inclusion roaming volumes and roaming days in infinity price plans).

Contribution margin 2 decreased by 1.7%, driven by the lower service revenue.

	Q4 2016	Q4/Q4	31.12.2016	YoY
Net revenue in MCHF [1)]	**347**	**-0.9%**	**1'367**	**-0.2%**
Direct costs in MCHF	-51	2.0%	-180	1.1%
Indirect costs in MCHF [2)]	-81	0.0%	-295	3.5%
Contribution margin 2 in MCHF	**215**	**-1.8%**	**892**	**-1.7%**
Contribution margin 2 in %	*62.0%*		*65.3%*	
CAPEX in MCHF	11	-21.4%	40	-20.0%
FTE's	-20		1'597	-0.2%
Broadband lines in '000 [3)]	+2		249	3.3%
Voice lines in '000 [3)]	-15		449	-8.6%
Wireless customers in '000 [3)]	+2		609	0.3%
Blended wireless ARPU MO in CHF	65	-1.5%	64	-5.9%

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

Segment ‘Enterprise Customers’

Net revenue down -1.6%, decrease in service revenue partly compensated by higher solutions revenue.

Service revenue (-4.4%) impacted by price pressure and the abolition of air-fee surcharges in the VAS business.

Contribution margin 2 decreased by 7.8% due to lower service revenue .

FTEs down 0.8%, efficiency gain partly compensated by the acquisition of Open Web Technology (in Q1-16).

	Q4 2016	Q4/Q4	31.12.2016	YoY
Net revenue in MCHF [1)]	**676**	**-4.0%**	**2'611**	**-1.6%**
Direct costs in MCHF	-163	-10.4%	-591	-1.0%
Indirect costs in MCHF [2)]	-300	2.0%	-1'181	3.0%
Contribution margin 2 in MCHF	**213**	**-6.6%**	**839**	**-7.8%**
Contribution margin 2 in %	*31.5%*		*32.1%*	
CAPEX in MCHF	42	-17.6%	159	-7.0%
FTE's	-56		5'335	-0.8%
Broadband lines in '000	+0		38	0.0%
Voice lines in '000	-23		233	-11.1%
Wireless customers in '000	+5		1'247	1.4%
Blended wireless ARPU MO in CHF	36	-2.7%	35	-7.9%

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

Segment 'Wholesale'

Revenue from external customers up 2.1%. Higher inbound roaming volumes partly compensated by lower tariffs.

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

	Q4 2016	Q4/Q4	31.12.2016	YoY
Revenue from external customers in MCHF	155	6.2%	591	2.1%
Intersegment revenue in MCHF	96	0.0%	398	5.6%
Net revenue in MCHF	**251**	**3.7%**	**989**	**3.5%**
Direct costs in MCHF	-135	-3.6%	-562	3.1%
Indirect costs in MCHF [1)]	-26	n.m.	-39	n.m.
Contribution margin 2 in MCHF	**90**	**n.m.**	**388**	**96.0%**
Contribution margin 2 w/o FeAC sanction	90	-1.1%	388	1.0%
Contribution margin 2 in %	*35.9%*		*39.2%*	
CAPEX in MCHF	-		-	
FTE's	-2		88	-16.2%
Full access lines in '000	+0		128	0.0%
BB (wholesale) lines in '000	+13		364	15.6%

1) incl. capitalised costs and other income

Segment 'IT, Network and Innovation'

Indirect cost prior year level (-2.7%), cost for restructuring impacted 2016 and prior year. On a comparable level, indirect cost are on prior year level. Cost reductions from Operational Excellence compensated by higher cost for cloud operation and parallel operation of new and legacy platforms.

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

	Q4 2016	Q4/Q4	31.12.2016	YoY
Net revenue in MCHF	**31**	**-6.1%**	**129**	**-0.8%**
Direct costs in MCHF	-	-	-	-
Personnel expenses in MCHF	-215	-24.6%	-843	-8.7%
Rent in MCHF	-51	0.0%	-204	3.0%
Maintenance in MCHF	-51	4.1%	-178	-0.6%
IT expenses in MCHF	-63	8.6%	-240	6.2%
Other OPEX in MCHF	-105	7.1%	-362	2.8%
Indirect costs in MCHF	-485	-10.4%	-1'827	-2.7%
Capitalised costs and other income in MCHF	97	-10.2%	394	-1.7%
Contribution margin 2 in MCHF	**-357**	**-10.8%**	**-1'304**	**-3.2%**
Depreciation, amortisation and impairment in MCHF	-309	8.4%	-1'204	8.8%
Segment result in MCHF	**-666**	-2.8%	**-2'508**	2.2%
CAPEX in MCHF	374	-2.1%	1'407	0.6%
FTE's	-43		5'045	-3.8%

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Segment 'Fastweb'

Consumer up by 3.2%. ARPU decrease of -3% overcompensated by an increase in customer base.

Wholesale revenue up also due to cooperation with TIM

Strong position in the Enterprise market confirmed, revenue stable.

EBITDA up by 14.8% YOY, 2016 includes an income from a settlement of a legal dispute of EUR 55 million. 2015 included such an income of EUR 15 million. On a comparable basis, EBITDA up by +8.0%, revenue driven.

	Q4 2016	Q4/Q4	31.12.2016	YoY
Consumer revenue in MEUR	231	2.7%	906	3.2%
Enterprise revenue in MEUR	189	-3.1%	706	-0.7%
Wholesale revenue in MEUR 1)	57	90.0%	183	24.5%
Net revenue in MEUR 1)	**477**	**6.0%**	**1'795**	**3.4%**
OPEX in MEUR 2)	-306	9.7%	-1'134	-2.2%
EBITDA in MEUR	**171**	**0.0%**	**661**	**14.8%**
EBITDA margin in %	*35.8%*		*36.8%*	
CAPEX in MEUR	151	9.4%	581	7.4%
OpFCF Proxy in MEUR	20	n.m.	80	n.m.
FTE's	+11		2'468	2.8%
BB customers in '000	+60		2'355	7.0%
In consolidated Swisscom accounts				
EBITDA in MCHF	185	0.0%	721	16.5%
CAPEX in MCHF	163	8.7%	633	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 1.5% YoY due to the sale in 2015 of Hospitality and Alphapay partly compensated by higher revenue at Cablex.

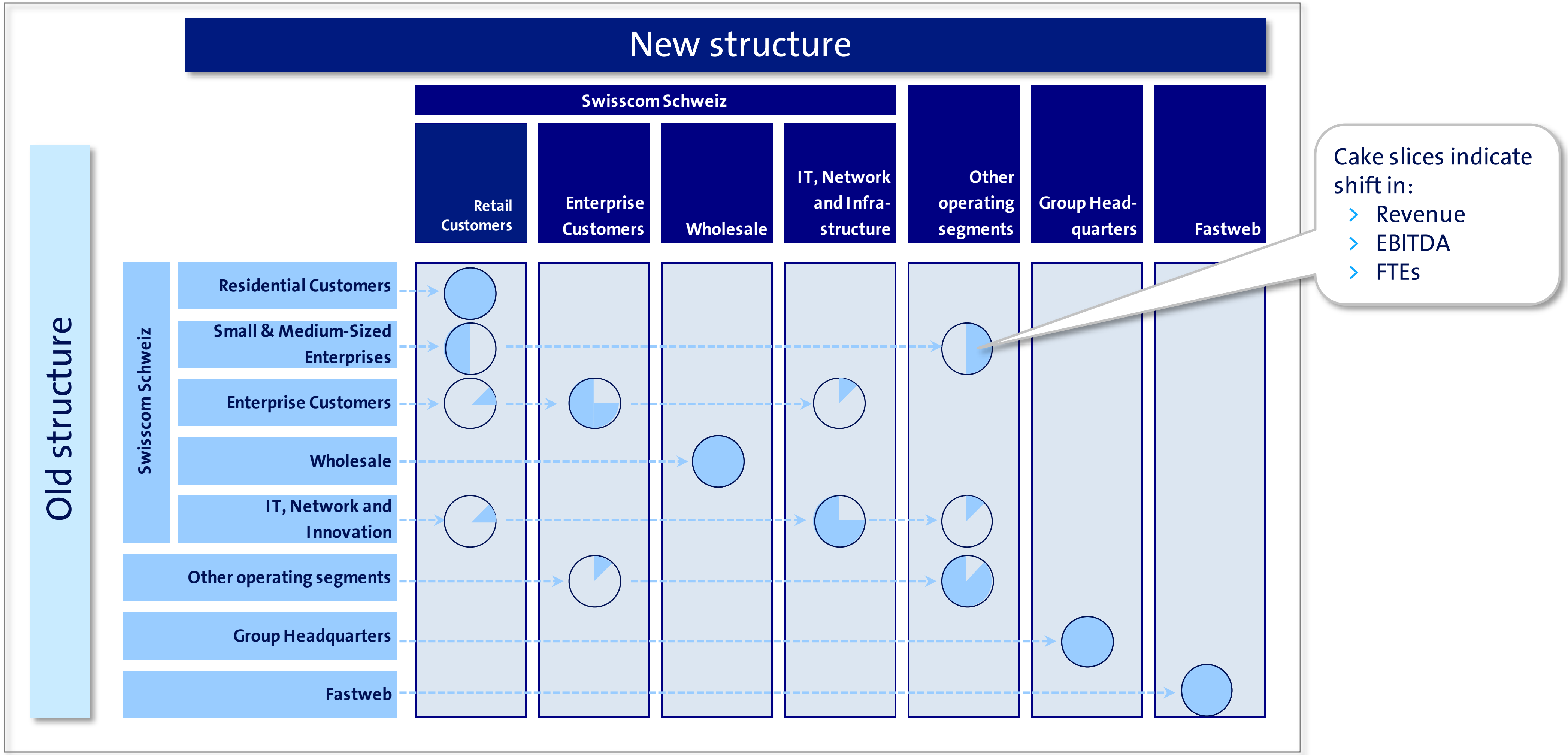
EBITDA up by CHF 25 mn YoY driven by Cablex (higher revenue and in 2015 high cost in construction projects).

	Q4 2016	Q4/Q4	31.12.2016	YoY
External revenue in MCHF	85	2.4%	320	-5.9%
Net revenue in MCHF [1]	**170**	**10.4%**	**594**	**-1.5%**
OPEX in MCHF [2]	-152	5.6%	-500	-6.4%
EBITDA in MCHF	**18**	**80.0%**	**94**	**36.2%**
EBITDA margin in %	*10.6%*		*15.8%*	
CAPEX in MCHF	29	3.6%	61	27.1%
FTE's	+25		1'796	4.2%

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

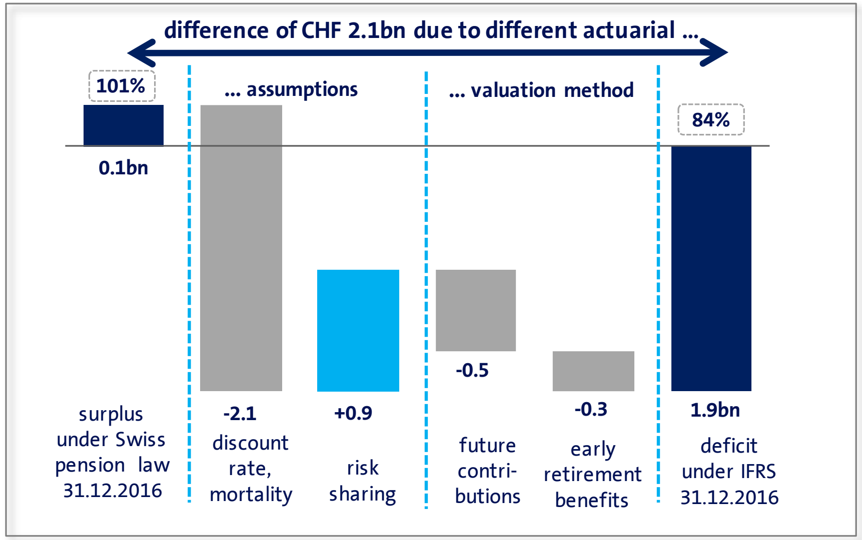
New segment reporting as from Q1 2017

Prior to Q1 2017 reporting, restated figures for 2016 Q1..Q4 will be published



Pension plan situation as per 31.12.2016

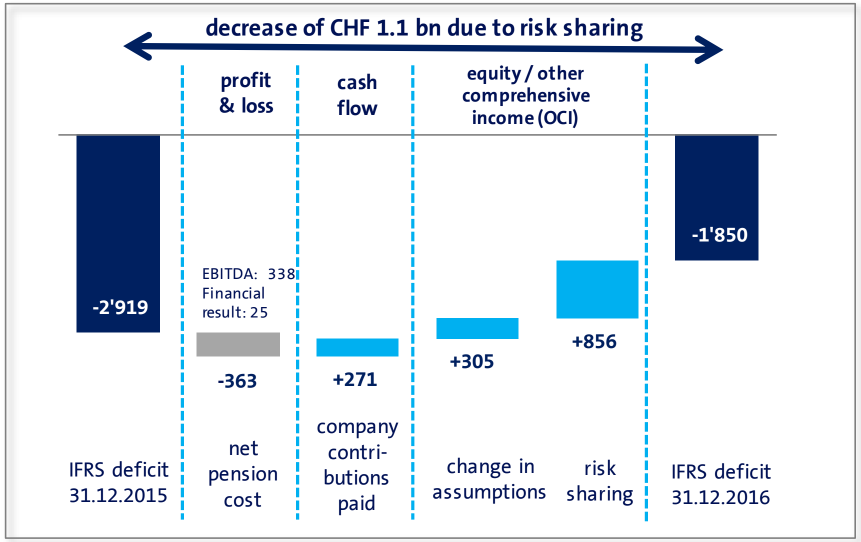
Valuation differences between Swiss pension law and IFRS



- Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant
- Coverage ratio under Swiss pension law: 101%
- Main actuarial assumptions:

	Swiss pension law	IFRS
Discount rate	2,00% based on expected long-term asset return	0.64% based on yield corporate bonds AA-rated
Mortality	Periodical tables	Generational tables

Reconciliation IFRS deficit 2015 → 2016



- Net pension cost significantly higher than cash contributions
- decrease of pension deficit (IFRS) resulting mainly from risk sharing

Reported pension plan costs and outlook

in CHF mn	2015 reported	2016 reported	Change 17/16	2017 estimated
Operating pension cost (EBITDA)	320	338	10	348
Net interest (financial result)	26	25	1	26
Total pension cost (P&L)	**346**	**363**	**11**	**374**
Company contributions (cash payments)	**265**	**271**	**65**	**336**
Operating pension cost less cash payments	**55**	**67**	**-55**	**12**

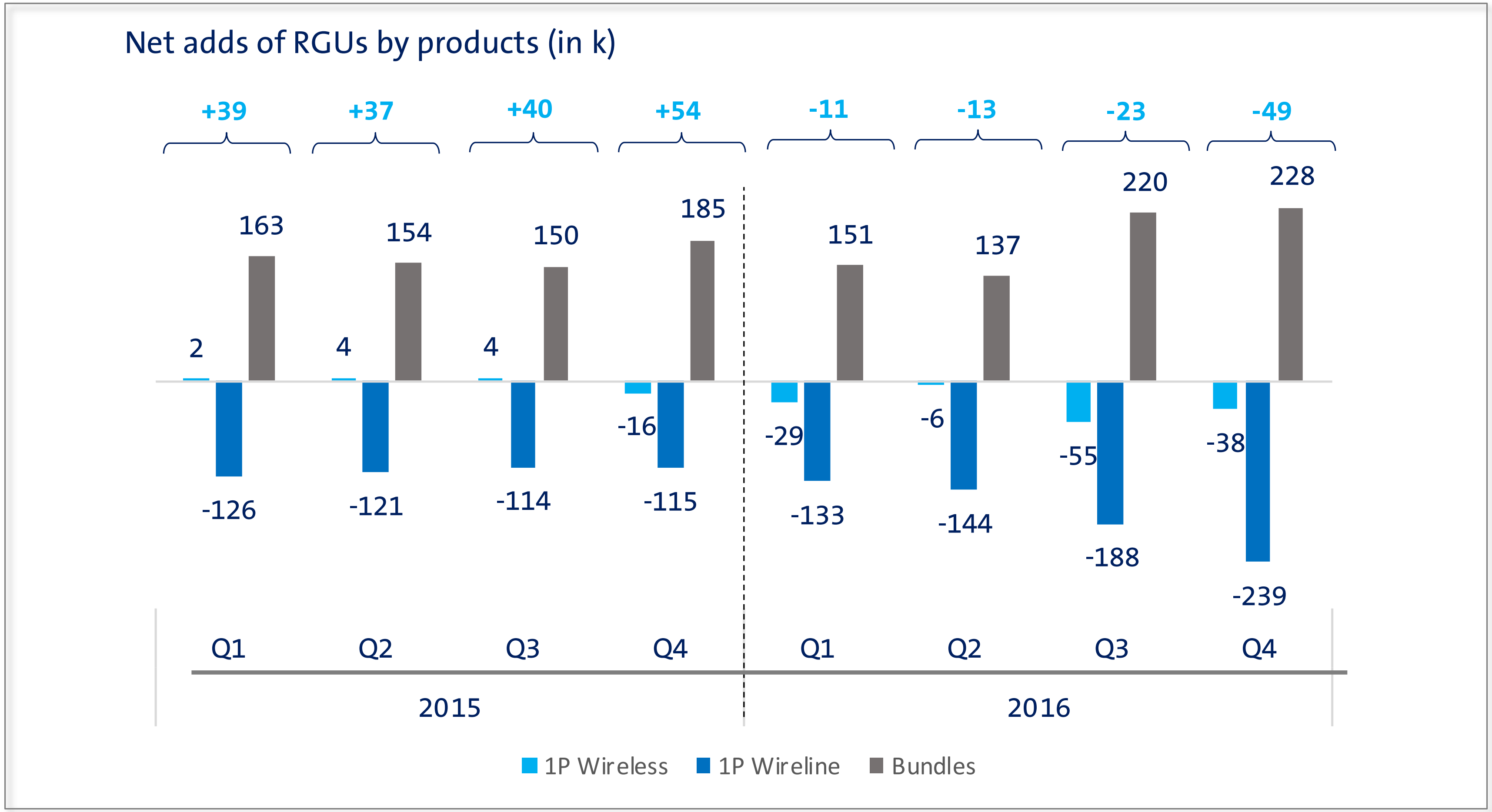
Operating pension cost

- Costs recognized in EBITDA measured in accordance with IFRS
- Costs are highly sensitive to changes of discount rate assumption
- Costs increase 2016 compared to 2015 due to lower discount rate

Cash payments

- Cash contributions are not based on IFRS actuarial valuation method
- Contributions are lower than IFRS pension cost
- Increase expected in 2017 due to plan amendment (including special contribution of CHF 50mn

RGU dynamics



RGUs

Swisscom Switzerland
YTD, (Change to 31.12.2015 in brackets)

Access Lines/Subs/Products (in k)

		TV	Fixed Voice & Access	Broadband	Mobile	Number of products in Bundle	Sum	Δ [3]
1P	Single Play	84 (-64)	1'155 (-418)	320 (-222)	5'901 (-128)	1	7'460	(-832) (-10.0%)
Bundles	2Play		281 (-6)			2	553	(-48) (-2.9%)
	3Play [1]		1'016 (+191)			3	2'955 [2]	(+483) (+20%)
	4Play		375 (+71)			4	1'479	(+270) (+22%)
Revenue Generating Units		1'476 (+145) (+11%)	2'367 (-262) (-10%)	1'992 (+34) (+1.7%)	6'612 (-13) (-0.2%)		12'447	(-96) (-0.8%)

[1] including n-play (Business) Bundles
[2] o/w additional 19k Mobile Subs and 226k in Business Bundles
[3] Sum of RGUs takes into account opt-out volumes

ARPU

YTD, (Change to 31.12.2015 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)	34 (-1)	37 (-1)	1	39 (-1)
Bundles	2Play	99 (-6)				2	49 (-3)
	3Play	130 (-11)				3	43 (-4)
	4Play	191 (-14)				4	48 (-4)
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)

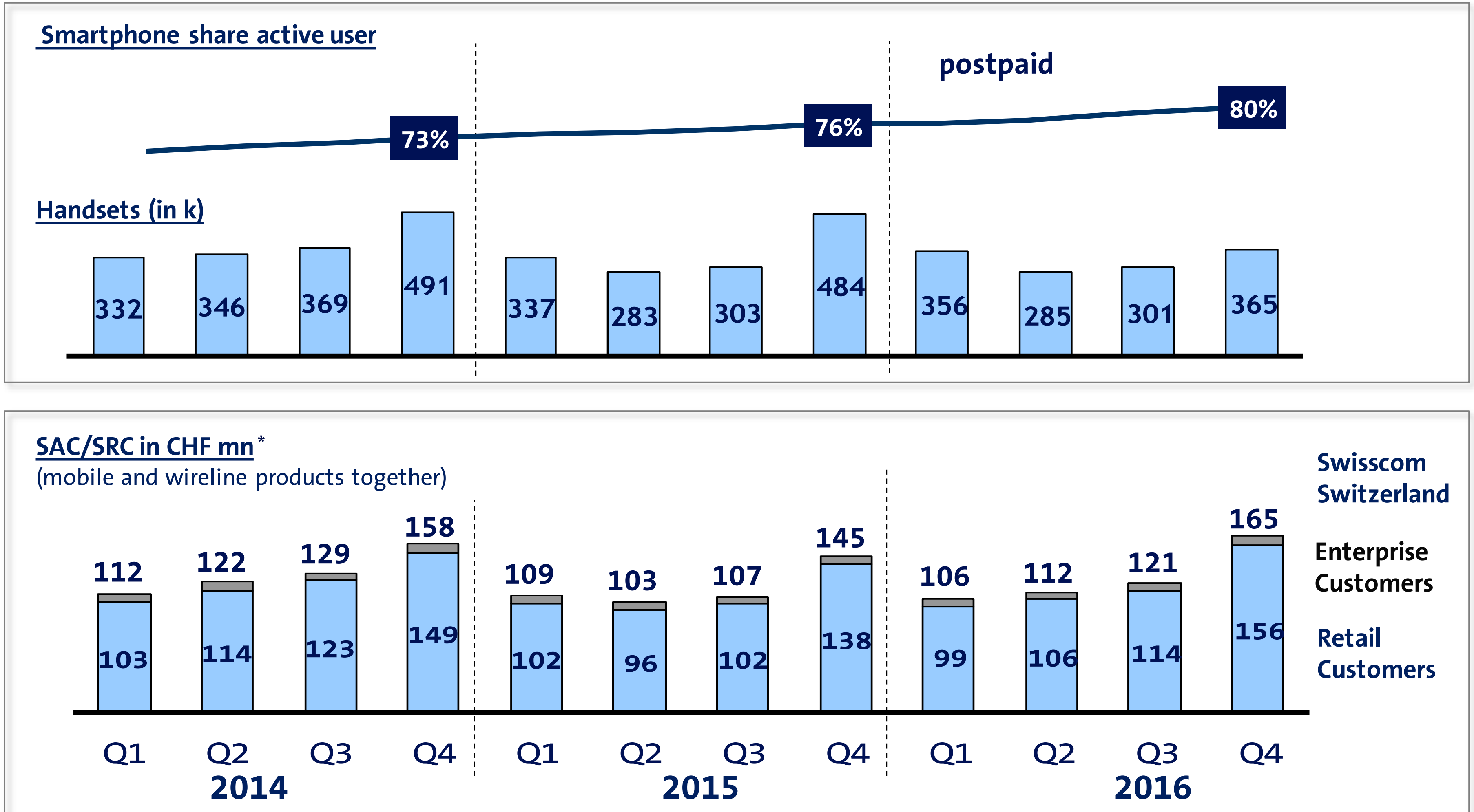
YTD, (Change to 31.12.2015 in brackets)

		TV	Fixed Voice & Access	Broadband	Mobile	Sum	Δ
1P	Single Play	40 (-11)	871 (-161)	555 (-82) 1)	2'614 (-115)	4'080	(-380) (-8.5%)
Bundles	2Play	322 (-48)				322	(+268) (+11.8%)
	3Play	1'444 (+249)				1'444 2)	
	4Play	736 (+67)				736	
Net Revenue 1P + Bundles						6'582	(-112) (-1.7%)

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

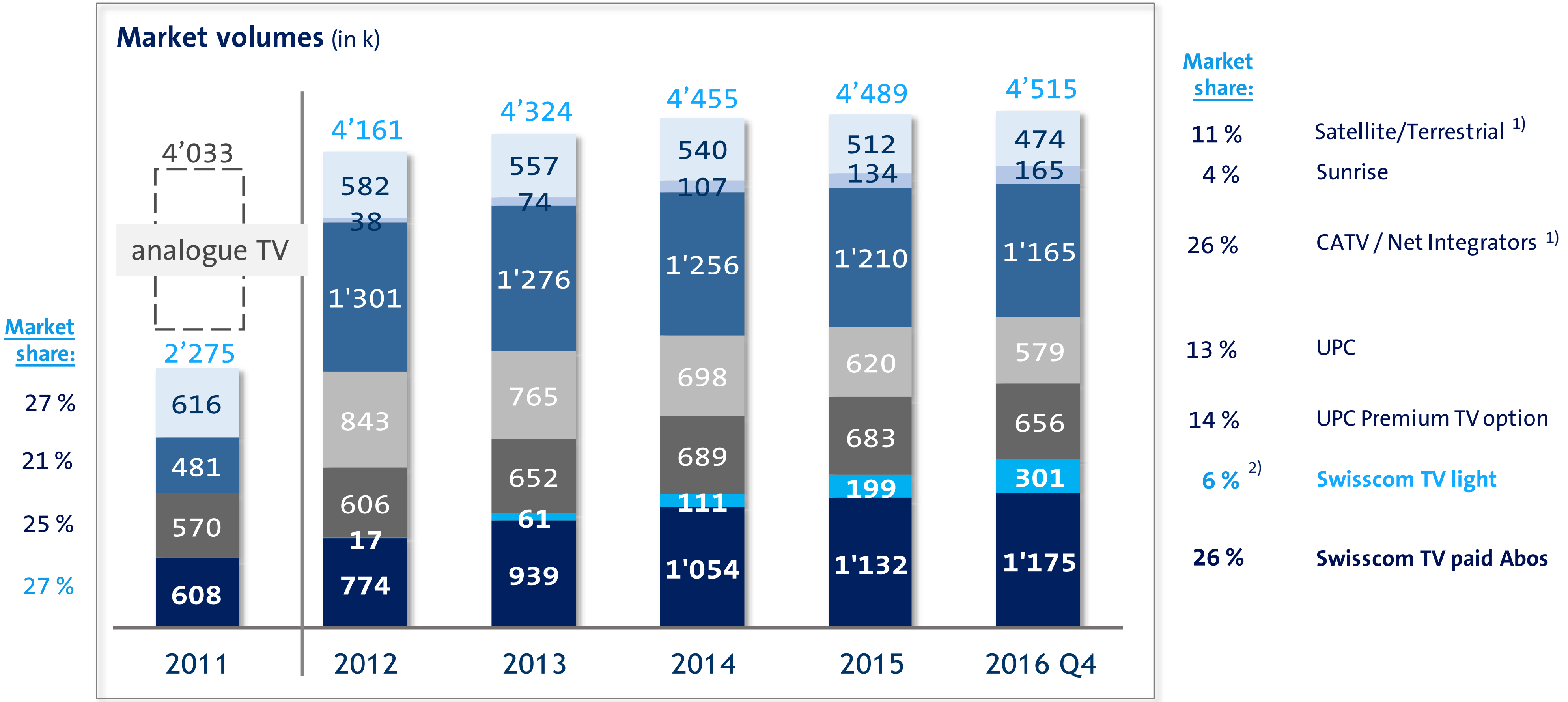
2) o/w CHF 141mn Business Bundles

Handsets and SAC/SRC



*excluding intercompany SAC/SRC

TV market of Switzerland



* Estimates for Q4 2016

1) Time series modified

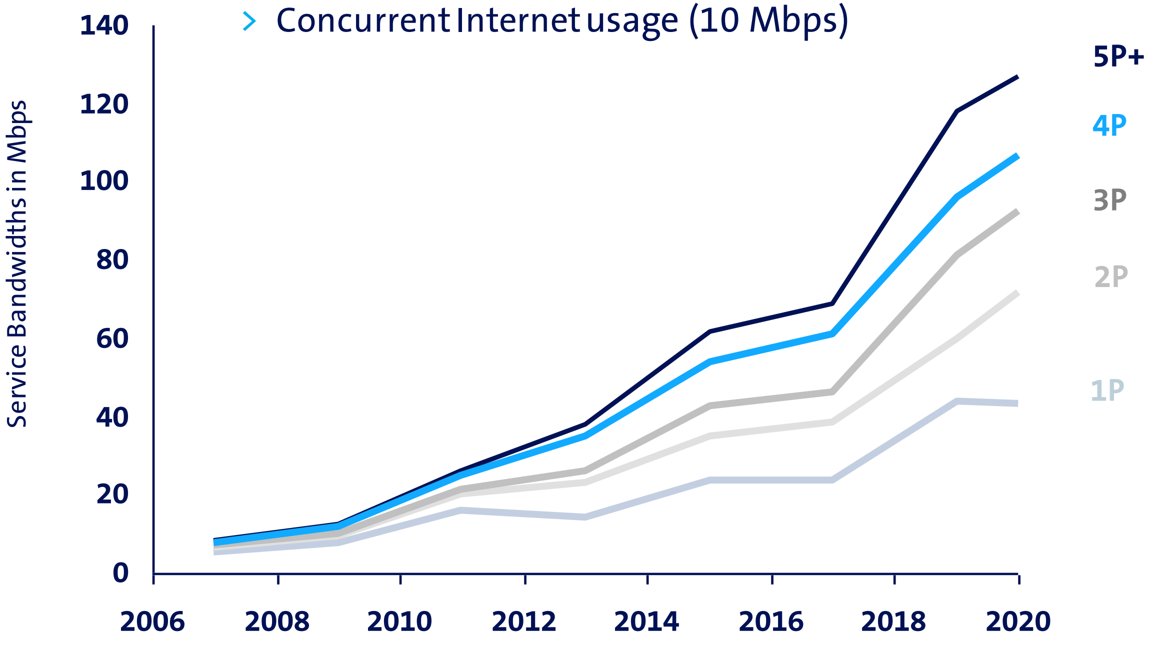
2) Market share excludes non-active TV light customers of 58k which from Q1 2017 onwards are not taken into account anymore

Broadband needs

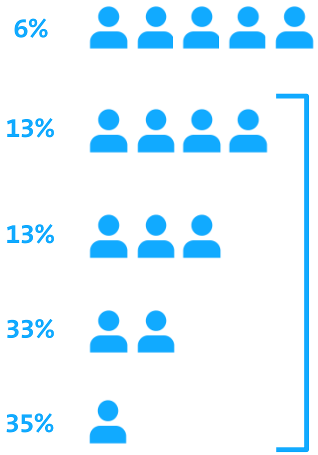
80-100 Mbps fulfil the service needs of an average household in 2020

Bandwidth drivers at an average household

- 2x4K TV (2x30 Mbps)
- 2x 3D Telepresence (2x5 Mbps)
- Concurrent Internet usage (10 Mbps)



Household distribution [1]



- ca. 95% 4-person households
- ca. 80% 3-person households

Performance enhancements in codecs optimize service bandwidth requirements

[1] Federal Statistical Office, 2015

Wholesale access prices and portfolio

More speed for the same price

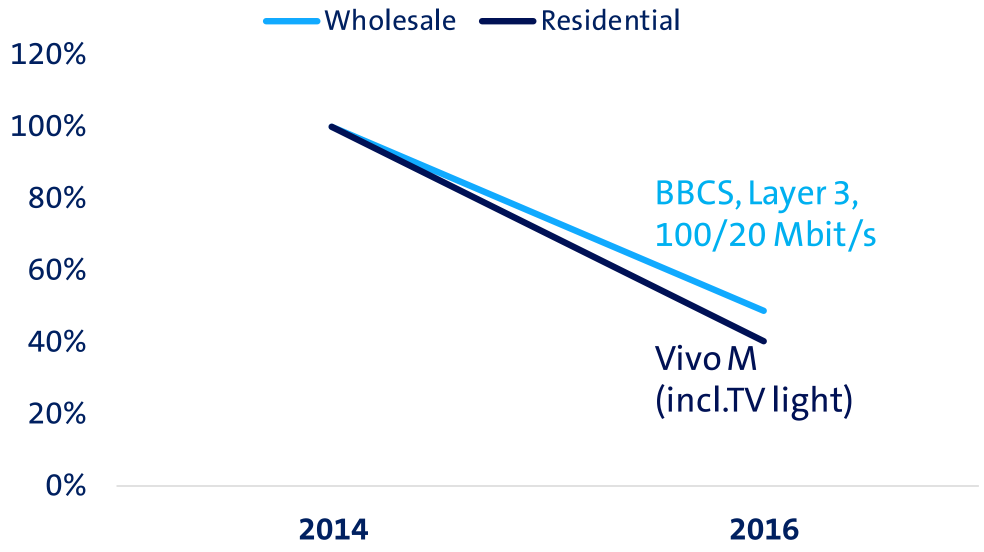
Swisscom's wholesale prices .... | **... highly correlating to relative street prices**

Overview of 2017 prices	
Unbundled Access Line TAL, Layer 1, Copper*	CHF 12.70/month
Access Line Optical ALO, Layer 1, Fibre*	CHF 34.00/month
Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s	CHF 23.00/month
Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s	CHF 26.00/month
Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s	CHF 30.00/month

* Extra investments (e.g. backhauling, collocation) required by OLO

Indexed prices per Mbps in comparison

Price development of BBCS and Residential offering for 100 Mbps



Within 3 years bandwidth has more than doubled on retail and wholesale side at same price level

Regulatory proceedings

Tedious and complex procedures

ADSL

- On 6 October 2015 the Federal Administrative Court issued a decree with a sanction of CHF 186mn*
- The decree was contested by Swisscom (Swiss Federal Court)
- Swisscom remains convinced of its arguments
- Final decision is expected in 2017

Sport programs

- On 23 July 2015 the ComCo Secretariat issued a draft decree with a sanction of CHF 143mn regarding a reproached abuse of a dominant market position regarding Sport TV-rights
- In May 2016 the ComCo issued a decree with a sanction of CHF 72mn
- The decree was contested by Swisscom (Federal Administrative Court)
- Swisscom and Cinetrade deny the allegations and remain confident that they acted lawfully in the marketing of sports content

Swiss Post WAN

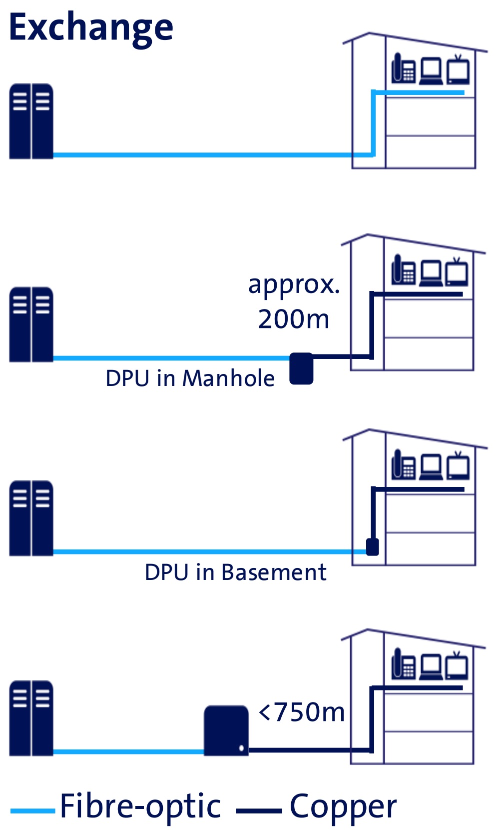
- On 21 September 2015 the ComCo issued a decree with a sanction of CHF 8mn Contested is the price setting (retail and wholesale) regarding a Swiss Post contract in 2008
- The decree was contested by Swisscom (Federal Administrative Court)
- Swisscom remains convinced of its arguments

** At the beginning of 2016 Swisscom paid the FeAC sanction of CHF 186mn* (no prejudice is made by this payment)

Only one final decision expected in 2017

Wireline architecture in Switzerland

Up to 500 Mbps with G.fast



Bandwidths

Fibre-to-the-Home
> Since 2008 with 100 Mbps
> Since 2013 with 1 Gbps

- 1Gbps

Fibre-to-the-Street
> Since 2013 with VDSL2
> Since 2016 with G.fast

- up to 500 Mbps with G.fast

Fibre-to-the-Building
> Since 2013 with VDSL 2
> From mid-2017 with G.fast

- up to 500 Mbps with G.fast

Fibre-to-the-Curb
>VDSL2 since 2006
>Vectoring since early 2014

- up to 100 Mbps with Vectoring

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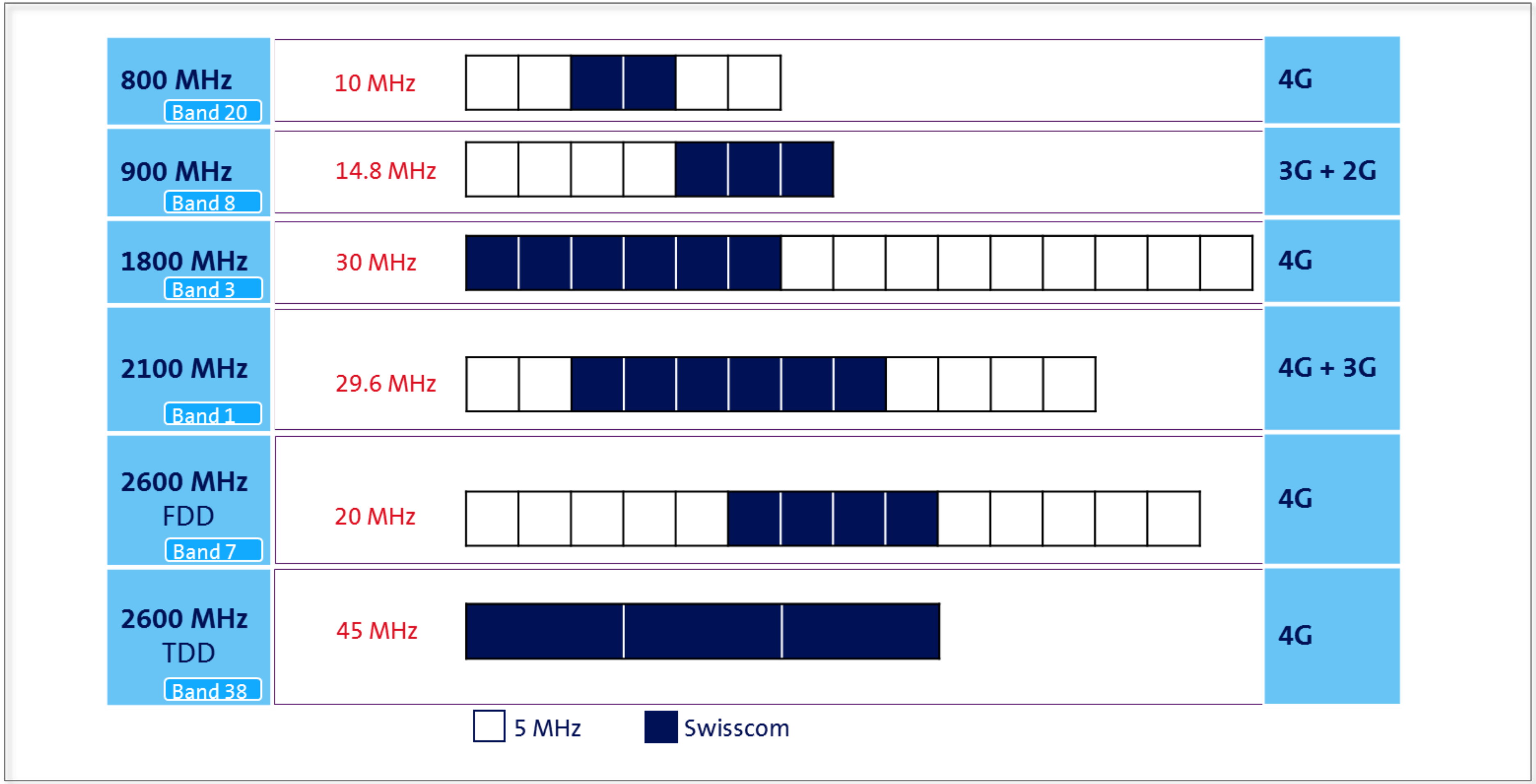
Wireless spectrums in Switzerland

Spectrums allocated until 2028 – Swisscom with frequencies across all spectrums



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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