Agenda

FY 2017 results presentation

1. Successful 2017
   Urs Schaeppi, CEO

2. Be best-in-class
   Urs Schaeppi, CEO

3. Deliver in Switzerland
   Urs Schaeppi, CEO

4. Develop Fastweb
   Alberto Calcagno, CEO Fastweb

5. Healthy financials
   Mario Rossi, CFO

2017 in a nutshell
2017 in a nutshell

Urs Schaeppi, CEO Swisscom
Successful 2017 with all targets met

Consequent execution of proven strategy leads to another satisfying year for Swisscom

Financial results in line with guidance.
Revenue CHF 11.662bn
EBITDA CHF 4.295bn
CAPEX CHF 2.378bn

Solid RGU momentum in Switzerland.
Postpaid +90k, TV +49k,
BB +22k and ongoing bundle migration (+235k). Fixed voice lines down (-320k), in line with expectations

Driving tech-roadmap.
On track for 1 Gbps mobile,
All IP close to completion.
(N)G.fast rollout and 5G preparations started

Customer-centric innovation at heart.
Launch of mobile call filter,
Swisscom TV 3.0, new WiFi box.
Top 3 in HSG¹ ranking for most innovative companies in Switzerland

Strong inOne uptake.
Successful launch of new convergence flagship.
1.34 million subs.
inOne penetration continuously increasing

Best mobile (data) network.
Secured MVNO deal with upc. Winner of 2017 connect test

New fields of growth.
Growth in core (e.g. cloud leader position) and exploration in new and adjacent fields (e.g. FinTec)

Efficient operations.
Targeted gross savings 2017 achieved.
Indirect cost base lowered by CHF -62mn.
More potentials identified

Fastweb with strong performance.
Operationally and financially solid momentum in 2017

1 University of St Gallen
Decent market performance cementing market shares

Overall stable customer base in Switzerland and Fastweb with growing RGU momentum

### Swisscom Switzerland

<table>
<thead>
<tr>
<th></th>
<th>broadband</th>
<th>TV</th>
<th>fixed voice</th>
<th>mobile</th>
<th>t/o postpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17 RGUs in k (YOY change)</td>
<td>2'014 (+22)</td>
<td>1'467 (+49)</td>
<td>2'047 (-320)</td>
<td>6'637 (+25)</td>
<td>4'642 (+90)</td>
</tr>
<tr>
<td>Q4 net adds in k</td>
<td>+14</td>
<td>+14</td>
<td>-81</td>
<td>+56</td>
<td>+41</td>
</tr>
</tbody>
</table>

### Fastweb

<table>
<thead>
<tr>
<th></th>
<th>broadband</th>
<th>mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17 RGUs in k (YOY change)</td>
<td>2'451 (+96)</td>
<td>1'065 (+389)</td>
</tr>
<tr>
<td>Q4 net adds in k</td>
<td>+30</td>
<td>+76</td>
</tr>
</tbody>
</table>

### Market share in %

- **53%** Broadband
- **33%** TV
- **60%** Mobile

1 incl. wholesale subscriptions = 67%
Financially solid and figures 2017 in line with expectations

Underlying EBITDA of Swisscom Switzerland primarily impacted by structural changes

Net revenue
CHF 11'662mn
+19mn YOY

EBITDA
CHF 4'295mn
+2mn YOY

CAPEX
CHF 2'378mn
-38mn YOY

Net debt
CHF 7'447mn
CHF -399mn YOY

Equity ratio
34.7%
+4.3%pts YOY

FTE
20'506
-621 YOY

Underlying EBITDA performance

-37
4'293
-23 YOY
4'256
-80
-66
-37
+62
+33
+65
0
4'233
+62
4'295

1 one-offs 2016: income from litigations at Fastweb (CHF -60mn, EUR -55mn), provisions for restructuring and other risks (CHF +40mn) and real estate gain (CHF -17 mn)
2 one-offs 2017: income from litigations at Fastweb (CHF +102mn, EUR +95mn), provision for restructuring and other risks (CHF -61mn), real estate gain (CHF +4mn) and FX impacts of CHF +17mn
3 CHF/EUR = 1.11
Sector trends

*Structural changes and digitalisation impacting life and businesses fundamentally*

**Structural changes**
- Leading to a higher focus on customer experience

**Digitalisation**
- Gaining traction, driving growth and efficiency

- **Increased price/quality** sensitivity
- **Convergence** with increasing momentum
- High **CAPEX intensity**, but sector with monetization challenge
- New technologies accelerate **substitution** and **data increase**
- Services based on e-SIM establish
- **Big data** reaches productivity

- **New digital opportunities**
- **Voice and digital assistants** will become more important **user interfaces**
- **Personalisation** of customer experiences
- **Automation** of processes and systems

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Strategy must focus on customer experience, efficiency momentum and focused (new) growth
Market update

Swisscom leading in all segments in Switzerland and attacking with Fastweb in Italy

Switzerland remains focused on quality

- Customer expectations unchanged: reliability and quality matters
- Mature markets drive convergence penetration up
- Promotions increase price pressure in B2B/B2C
- Global internet companies penetrate the market

Italy with intensifying competition

- Convergence gains momentum while stand-alone UBB offerings no longer a key differentiator
- B2B with promising outlook: VAS and cloud are key features for future customer needs
- Iliad’s expected market entry increased pressure on prices

Networks and proximity remain a key differentiator in all markets
Unchanged strategic focus

Best-in-class by delivering superior customer experience, efficiency and focused growth

Swisscom at heart of the digital transformation

(1) Best Customer Experience
Trough coverage and capacity push and outstanding product and service offerings

(2) High operational efficiency
Lean operations through simplification, agility, online-shift and cloud transformation

(3) Adjacent and new business opportunities
Defined focus areas for future growth

(4) Develop the Italian business
Regain UBB momentum, scale mobile, increase B2B share of wallet
(1) Best customer experience

It's all about exciting our customers by delivering the best always and everywhere

World-in-class-infrastructure

- Push best coverage, bandwidth and network reliability to maintain technology leadership
- Ensure 5G readiness
- Wholesale offerings fit for growth
- Cloud for B2B/B2C

Innovative products exciting and surprising customers

- Innovative and personalized offerings in a converged world
- Smart ICT for SME market
- Enable digital enterprise transformation in vertical

Convenient, omni-channel services solving problems in minutes

- Service champion for price premium
- Further drive transition to online, chatbots and artificial intelligence
- Predictive maintenance to proactively solve issues

Best customer experience through leading service and outstanding offerings
(2) High operational efficiency

Focus on digital transformation opportunities and value-based rollout

- **Efficient operations**
  - Process optimisation driven by org. restructuring and All-IP
  - Increase share of outsourcing
  - Portfolio streamlining and standardisation
  - Workforce improvements
  - Agile development (DevOps)

- **Digital transformation**
  - Virtualisation of network functionalities
  - Online-shift for volume based interactions
  - Increase process automation
  - Use of Artificial Intelligence (AI) and Analytics

- **Smart investing**
  - Best allocation of resources by efficient use of technologies
  - Optimise network build by partner consolidation
  - Continue efforts for CAPEX efficiency
  - Next generation of fluid delivery models

Extra savings' potential identified
(3) New growth opportunities

*Push innovative consumer solutions and selectively approach outside core*

**Growth in core business**
- Increase share of wallet with smart home and mobile products
- Approach market with multi-brands
- Wholesale push
- Identify X-Play opportunities (e.g. Consumer IoT)

**Push in adjacent markets**
- Push horizontal ICT solutions through e.g. Amazon Web Services/Azure Hybrid Cloud partnership
- New security services (e.g. threat detection and response)
- Evaluate inorganic activities

**Selectively develop new fields of growth in internet-based domains**
- Allow selective growth in internet-based services
- Continue Fintech momentum
- New Focus fields (e.g. data insights services, eCommerce)
- Utilize open innovation (e.g. start-up incubation)

Prepare for future growth through global partnerships in adjacent markets and focused approach in internet-based business models
## (4) Develop Fastweb

The leading alternative Telco provider in Italy

### Leading alternative BB and UBB provider
- 360° infrastructure capabilities
- Accelerate UBB adoption by maximising NGN coverage
- Strategy to become convergent player

### Strong boost of mobile volume and customer focus
- Scale up mobile and push convergence
- Distinctive approach to build long-lasting customer relations

### Leadership in B2B market
- #1 attacker in B2B
- Fully exploit Telco/ICT portfolio
- Win new customers and increase share of wallet

### New opportunities in wholesale
- Leverage deep fibre capabilities
- Increase high margin revenues

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Chasing new opportunities through quality and differentiation
Best-in-class infrastructure

Urs Schaeppi, CEO
2017 in a nutshell
Technology and innovation leadership in all areas

Best mobile (data) network.
1st in Switzerland with gigabit speed (4G+) and expected pop covering of 30% by YE18

Setting the benchmark.
Swisscom wins the connect test with a new DACH1 record (973 out of 1000 points)

Increasing UBB footprint.
75% with >50 Mbps
55% with >80 Mbps
(+) p.p. in 2017
27% with >200 Mbps

Positive roll-out impact.
Up to 1.1 pp uplift in additions per month as well as up to 4% ARPU uplift

Strong cloud proposition and attractive portfolio.
Cloud Study from ISG2: “In 2017, there’s no way of avoiding Swisscom”

Swisscom extends strategic partnership with Ericsson to build 4G+ and 5G

All IP migration on track: 90% completed.
Savings kicking-in from 2018 onwards

Building first IoT networks and supporting all standards

Operational Efficiency.
Optimised network rollout leading to sustainable cost reductions

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1. Germany, Austria and Switzerland, 2 research institute
Increasing UBB footprint in Switzerland

Investment-driven technology strategy to maintain leadership in Switzerland

- **Broad fibre rollout**
  - leveraging FTTS/G.fast technology
  - up to 500 Mbps on copper
  - 2x faster and 3x cheaper rollout than FTTH

- **Strong emphasis on cooperation and partnership**
  with municipalities, construction partners and local fibre players

- **Early investment in next generation fibre technology** for bandwidths above 1 Gbps (ngPON)

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**YE 2017**

<table>
<thead>
<tr>
<th>Bandwidth</th>
<th>UBB coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;80 Mbps</td>
<td>55%</td>
</tr>
<tr>
<td>&gt;200 Mbps</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Target 2021**

<table>
<thead>
<tr>
<th>Bandwidth</th>
<th>UBB coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;80 Mbps</td>
<td>~90%</td>
</tr>
<tr>
<td>&gt;200 Mbps</td>
<td>~75%</td>
</tr>
</tbody>
</table>

Push ahead broadband expansion with efficient technology use
Building the wireless network of the future

Achieve Gigabit-speeds for large parts in Switzerland by extending 4G capacity and ...

**Invest in capacity, performance and functionality to stay on top of European network quality**

- Highest Gigabit-4G speeds all over Switzerland
- Efficient use of spectrum assets (with only 45% share)
- Seize the opportunity of cellular IoT technologies, complementing LoRa

**Stay ahead as technology leader and enable growth in new business areas**

**Gigabit-4G and IoT**

- Making the network ready for 5G by combining radio, fiber, central office and telco cloud assets
- Field trials with new use cases - with real customers
- Secure new spectrum and ease current tight radiation hurdles

... preparing 5G launch - powered by an enforced strategic partnership with Ericsson
New spectrum allocation 2018

For 5G additional spectrum is going to be available for use in Switzerland in January 2019

A good starting position

Last auction in 2012 with sufficient resources for 2G, 3G and 4G

Spectrum secured until 2028, licence fee of CHF 360mn paid in 2012

Addition spectrum for 5G

5G spectrum auction expected in H2 2018 - available for use already in January 2019

Frequency bands involved are:

- 700 MHz 2x30 MHZ FDD + 15 MHz SDL
- 1400 MHz 91 MHz SDL
- 3.5-3.8 GHz 300 MHz TDD

Consultation regarding allocation of new sources launched

Due to increasing data volumes transmission capacity needs to be increased

... paving the way towards the 5G leadership
Virtualisation progress

Transformation to virtualized network functions starts to become real

Virtualization benefits start to materialize

- First two network functions running live on the cloud
  - Business Network Services: 3rd party NFV\(^1\) for SMEs
  - Secure enablement server: onboarding within short-time

- Ambition: reduce total cost (TCO) of ownership for network functions
  - Reduce T2M
  - Simplify architecture
  - Automated processes

Telco cloud ambitions

- Migrate critical workloads to the Telco cloud in 2018, e.g. mobile core (EPC\(^2\))

Enterprise cloud ambitions

- 21% of servers migrated to Enterprise cloud 2.0 by YE 2018

2018 will see first breakthroughs with heavy workload migrations to the telco cloud

\(^1\) Virtual Network Function, \(^2\) Evolved packet core, \(^3\) Application, \(^4\) Commercial off-the-shelf
All IP migration update

*Continue the transformation towards All IP in fixed, extend to wireless*

**Wireline: drive All IP transformation forward and realise savings from 2018 onwards**

- **All IP migration proceeding as planned**
  - Two million customers on All IP
  - ~90% of total migration completed, Residential with highest contribution
  - Area-driven transition to full All IP from 2018 onwards

- **Evolution of customers migration (in %)**
  - ~90% in 2017, ~100% in 2018

- **Evolution of expected savings (%)**
  - 2018, 2019, 2020
  - ~15% in 2018, ~60% in 2019, target CHF ~100mn in 2020

- **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

**Wireless: prepare for legacy sunset to harvest power and spectrum savings**

- Declining customer base with legacy technologies allow 2G phase-out end of 2020
- Free-up spectrum and power to improve 4G network
- Customer benefits: future-proof devices and improved network perception

- **Evolution of customers migration (in %)**
  - 4G: 43%, 53%, 62%, 70%, 77%, 85%, 92%
  - 5G: 0%, 0%, 0%, 0%, 0%, 0%, 0%
Evolution of our CAPEX envelope

Ultra-broadband push drives fibre investments up, but overall CAPEX declining...

Drivers of Swiss capital expenses*

- **Fibre investments** steady with CHF ~0.5bn until 2020/21
- **Projects** with most optimization potential thanks to agility (DevOps) and less need
- Lower **customer-driven** CAPEX due to B2B demand and TV boxes (being newly sold)
- **Wireless**: Digest increased 4.5G and future 5G investments without total CAPEX increase
- Lower CAPEX for **fixed network, backbone and transport infrastructure** thanks to improved broadband rollout and optimised network spends

... driven by lower project and customer-driven expenses

* Licence fees for new spectrum financed extra-ordinary
Broad wholesale portfolio enabling attractive infrastructure access

Swisscom offers highly competitive access services to all operators in Switzerland

- Wholesale market leader in Switzerland
- Growing wholesale revenues, keeping value creation on Swisscom network
- Highly competitive, cutting edge wholesale portfolio
- Solid level of competition indicates that no further regulation is necessary

Wholesale Access:
Grow broadband business against alternative network competition

MVNO:
Grow with MVNOs on own infrastructure

OTT Service:
Grow and scale OTT business

Data:
Grow leased line, backbone and backhaul business

Wholesale business continues to offer ample growth opportunities
**Regulatory topics in the spotlight**

*Manage uncertainties to ensure ongoing favourable environment for the Swiss market*

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**Revision not effective before 2020**

- **Telecom Acts revision**
  - Technology neutral access regulation is an ongoing discussion - addressing cable and power companies as well
  - **Not effective before 2020**

- **Roaming ahead of regulation**
  - Swisscom follows "Roam like home" approach since 2012
  - Swisscom's mobile tariffs practically abolish roaming charges for its customers in the EU area

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**Consumer Protection**

- Swisscom acts proactively on customer concerns
- And invests into the protection of minors

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**Radio emission limits**

- **Switzerland with 10x stronger limits**
  - Positive momentum towards a relaxation of emission rules
  - Swisscom's ambition remains unchanged

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**No need for fundamental changes - Swisscom with positive outlook**
Best-in-class Retail experience

Urs Schaeppi, CEO
### 2017 results in a nutshell

*Strong market position successfully maintained due to consequent execution of proven strategy*

**Commercial highlights**

**Residential**
- Successful launch of *inOne* - FM penetration steadily increasing
- Bundles with ongoing growth (+228k YOY)
- Wireless push and new mobile products (Wingo Fair Flat, SimplyMobile) accelerate pre2postpaid migration
- Next TV generation EOS 3.0 launched
- UBB performance increased by delivering value and superior customer experience

**SME**
- New SME portfolio launched: Smart ICT
- Business Network Solutions enhanced: virtual trunk and UCC offering

**Financial performance**

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenue o/w bundle revenue</td>
<td>CHF 5.52bn</td>
<td>CHF 5.36bn</td>
</tr>
<tr>
<td>RGUs</td>
<td>CHF 2.50bn</td>
<td>CHF 2.78bn</td>
</tr>
<tr>
<td>Postpaid</td>
<td>3'305k</td>
<td>3'376k</td>
</tr>
<tr>
<td>Broadband</td>
<td>1'954k</td>
<td>1'976k</td>
</tr>
<tr>
<td>TV</td>
<td>1'418k</td>
<td>1'467k</td>
</tr>
<tr>
<td>Voice lines</td>
<td>2'134k</td>
<td>1'840k</td>
</tr>
<tr>
<td>Bundles</td>
<td>1'670k</td>
<td>1'898k</td>
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<tr>
<td>ARPU Wireless</td>
<td>CHF 43</td>
<td>CHF 42</td>
</tr>
<tr>
<td>Wireline</td>
<td>CHF 41</td>
<td>CHF 41</td>
</tr>
<tr>
<td>ARPB</td>
<td>CHF 136</td>
<td>CHF 132</td>
</tr>
<tr>
<td>Cost</td>
<td>CHF -2.61bn</td>
<td>CHF -2.54bn</td>
</tr>
<tr>
<td>EBITDA</td>
<td>CHF 3.65bn</td>
<td>CHF 3.51bn</td>
</tr>
</tbody>
</table>

Focus on value and customer base management pays off.
Primarily structural effects explain lower service revenue and EBITDA contributions in 2017
Maximise core in a highly penetrated market as strategic priority

Defend our value position for Residential Customers / SME and grow in adjacent businesses

It's all about managing the right balance to maintain our leading and stable market shares
Convergence increasingly knocking at Swiss households' doors

inOne our new value proposition to fence customers and defend our leading position

Convergence gaining importance

FM penetration (in %)

- Q4 16: 26%
- Q3 17: 29%
- Q4 17: 30%

FM revenue (in CHF mn)

- Q4 16: 173
- Q3 17: 202
- Q4 17: 208

Our new offering - inOne

- Save flexibly and easily.
- Further price differentiation
- Fully customisable
- Value add
- FM bundles offering discounts
- Extendable up to 5 mobile subs per HH

The best for our customers

Switzerland is moving towards a market where all providers offer everything

* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]
Positive inOne performance – in line with own expectations

1.3mn customers with 2'658 RGUs thanks to attractive and fully-converged offerings

**Customer base as of YE 17**

- **1.34 million customers** on inOne price plans
- **inOne base** sums up to **2'657k RGUs**
  - t/o 1'643k fixed (62% share)
  - >50% of mobile and BB RGUs in FM bundles

**Penetration as per 31 Dec 17**

- **inOne mobile**
  - RGUs within Retail postpaid base
  - 21% Q3
  - 30% Q4

- **inOne broadband**
  - RGUs within Retail BB base
  - 24% Q3
  - 34% Q4

**Breakdown of gross adds**

- **Mobile**
  - 105
  - 43
  - 31
  - t/o from existing BB base

- **Broadband**
  - 111
  - 43
  - 30
  - t/o from existing mobile base

**inOne with positive impact on RGU momentum - turnaround achieved**
inOne with positive impact on customer loyalty but at some cost

*Convergence advantage and freedom have a positive perception effect*

### Customer perception

- Simplicity and better price/performance *increase customer loyalty* and *reduce churn*
- Savings and freedom of choice have a *positive effect on net promotor score:*
  
  NPS in H2 2017 substantially improved

<table>
<thead>
<tr>
<th></th>
<th>non-bundled</th>
<th>Vivo</th>
<th>inOne</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPS H2 2017</td>
<td>19</td>
<td>27</td>
<td>32</td>
</tr>
</tbody>
</table>

### Quarterly ARPU impacts

- **Wireless**
  - Mobile (non-bundled) changeover with light ARPU uplifts

- **Wireline**
  - inOne broadband RGUs with right-grading effects weighing on ARPU, trend in Q4 improving

- **Convergence**
  - Converged subscriptions with slight ARPU dilution, in line with expectations

### FM discounts with margin impact per quarter of around CHF 15-20mn
Leading TV platform in Switzerland with 33% market share

Continuous development of our TV proposition leads to strong net adds

Swisscom TV Entertainment OS3

- Ambition to deliver the best TV experience
- Exceptional TV proposition key to differentiate and grow further TV market share
- TV important driver for leveraging fixed bundles
- 3rd generation of Swisscom TV launched in Q4 2017 with new features: easy search, personal universe and smart remote

Content strategy

- Ambition to act as TV aggregator
  - TV experience equally important than content
- Best TV content in Switzerland with extensive film library
- Access to live sport offerings
  - Swiss football league
  - Top European football
  - NHL / champions hockey league
  - Sky Sports app

Bouquet of innovative features key

- Up to 2400h recordings
- 300+ channels
- 7-day replay
- 4K UHD
- Digital radio
- Top content
- Multiroom
- Live pause

Strong TV proposition and hub strategy with best content to push BB proposition
Outstanding stickiness and customer loyalty

Foster mobile and smart home products to increase customer experience and sustainability

**Smart Home Products**
- New WiFi Router
  - WLAN-Box with IBP/S
  - Launch new repeater
- Smart Home
  - Expansion of proposition
- MyCloud
  - Launch new mobile clients
  - Launch MyCloud Pro
- Security
  - Internet Guard
  - Callfilter

**Mobile Products**
- Multi Device
  - Data and voice
  - Messaging and accessory
  - National and roaming and extension to IoT
- eSIM / RSP *
  - Standardization
  - Better customer experience
  - Driver for multi device
- Advanced Communication (E2018)
  - Enriched calling/messaging
  - Multi number
  - Convergent communication

Increase share of wallet thanks to innovative products

* Remote SIM Provisioning
Leverage subs base with differentiation in products and services

*Multi-brands addressing best value for each customer need*

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**Our brand portfolio**

- **Core value brand, defensive asset**
- **Help to retain customers**
- **Increase market share in the price sensitive**
- **Attack with third brands**

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**Postpaid subs base increasing ...**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Own Brand</strong></td>
<td>3'059</td>
<td>3'072</td>
<td></td>
</tr>
<tr>
<td><strong>2nd/3rd Brand</strong></td>
<td>246</td>
<td>303</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3'305</td>
<td>3'375</td>
<td></td>
</tr>
</tbody>
</table>

- **... thanks to 2nd/3rd brands**

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Own Brand</strong></td>
<td>13</td>
<td>40</td>
<td>34</td>
</tr>
<tr>
<td><strong>2nd/3rd Brand</strong></td>
<td>-6</td>
<td>57</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17</td>
<td>97</td>
<td>114</td>
</tr>
</tbody>
</table>

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Core brand with stable RGU base and Wingo, M-Budget and SimplyMobile continuously growing
Smart ICT - Outsourcing for SME Customers

All-in-one managed service for IT and communication

Smart ICT offering
Launched in Dec 2017

Business Internet Services
- High-Performance Broadband Internet Access
- Fail-safe Guarantee

Business Network Solutions
- Flexible Virtual Networks
- Managed LAN
- Managed Security

Business Communication Services
- Virtual PBX (Hosted)
- On-Premise PBX (Trunk)
- Unified Comm. & Collaboration

Business IT Services
- IT Service Management
- User Cloud Packages
- Company Cloud Services
- User Hardware Packages

Unique value proposition

- Comprehensive managed ICT solution
  - Internet access with fail-safe guarantee
  - IP-telephony with collaboration functions
  - Entire IT setup run in the cloud, also covering hybrid operation scenarios and required hardware devices
  - Fully managed with personal support

- Highly modular and scalable design allowing easy and flexible adaption to customer-specific needs

- Everything over one network ensures highly secure, performant and available operations

- Calculable monthly costs through fixed prices

Capturing new growth and securing Swisscom’s core business in the SME segment
Develop customer value thanks to unique multi-channel approach

Swisscom’s million interactions establish best-in-class customer experiences

**Mix of customer touchpoints**

- >13mn inbound calls
- >5m shop visitors in 119 own shops plus >500 chain channel & specialised trade POS
- >50mn customer contacts online
- >50mn outbound marketing contacts
- >0.4mn onsite visits

**Levers**

- Up-/cross-selling
- Promotions and SAC/SRC
- Network rollout
- Value added services
- TV EOS 3.0
- Bundling

**Value potential**

- Push inOne penetration
- Increase customer base ARPU and BB penetration with ultra-broadband rollout
- Grow share of wallet with added services
- Cement customer loyalty and lifecycle value
- Develop online customer experience to benefit from digital chances

**Future-proof and efficient interactions**

Increase share of cost efficient self-service channels and develop sales strategy to deal with upcoming challenges in retail landscape mid-to-long-term

Future-proof and efficient use of multi-channel components enable maximum value delivery
Best-in-class B2B experience

Urs Schaeppi, CEO Swisscom
2017 results in a nutshell

B2B market offering growth opportunities

### Commercial highlights

**Telco business**
- **Mobile**
  - Win-backs
  - Innovations in portfolio keep ARPU up
  - Growth with IoT
- **Fixed**
  - Major networking deals won
  - Growth with low-end SDN

**Solutions business**
- **Cloud**: Launch of Enterprise Service Cloud, Hybrid cloud with AWS and Microsoft Azure
- **Security**: Responding to growing concerns of network attacks with innovative services
- **Banking**: Digital transformation and incorporation Swisscom Blockchain AG

### Performance

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order entries</strong></td>
<td>CHF 2.52bn</td>
<td>CHF 2.69bn</td>
</tr>
<tr>
<td><strong>Service revenue</strong></td>
<td>CHF 1.14bn</td>
<td>CHF 1.10bn</td>
</tr>
<tr>
<td><strong>Solutions revenue</strong></td>
<td>CHF 1.07bn</td>
<td>CHF 1.08bn</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>CHF 848mn</td>
<td>CHF 832mn</td>
</tr>
<tr>
<td><strong>RGUs</strong></td>
<td>Wireless Voice lines</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,247k</td>
<td>1,267k</td>
</tr>
<tr>
<td></td>
<td>233k</td>
<td>207k</td>
</tr>
<tr>
<td><strong>Mobile ARPU</strong></td>
<td>YOY lower due to roaming and price pressure</td>
<td>CHF 35</td>
</tr>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td>clearly market leading</td>
<td>✔</td>
</tr>
</tbody>
</table>

Successful first solutions excel services

1 Software Defined Network
Foster Solutions business to realise new sources of growth

Revenues from Telco and Solutions with diverse contribution trends

Enterprise Customers

- Illustrative revenue share

Telco W-

Telco W+

Hardware and other

Solutions

Defend with

- Differentiation by innovation and new technology-based\(^2\) solutions
- Foster convergence for fixed offerings

to retain value

Attack with

- Push cloud and ICT solution business
- Shaping new business opportunities from digitalisation in Switzerland with many multinationals

to drive growth

Lever unique market position to benefit from digital revolution

1 Unified Communications and Collaboration, 2 e.g. SDN, LPN or next mobile generation (5G), blockchain
**Wireless connectivity business**

*Best solutions for business mobiles*

### W-portfolio & market dynamics

- **Differentiation by continuous portfolio innovation**
  - Modular design of wireless portfolio
  - Enhancing features: Mobility4Work or Mobile analytics and reporting
  - Multi-device approach
  - Advanced calling

### Internet of Things

**IoT with connectivity focus**

- Revenues growing
- Exploit potential with industrial partners and national public transport companies
- Follow Swiss multinationals with global offerings
- Modular offering for resellers and integrators to further gain load on networks

**Smart City – way to sustainability**

- Swisscom well positioned
- Improving city life and sustainability

---

**Defending core business and growing with IoT**
Wireline connectivity business
Excellent experience including connectivity and communication services, today and tomorrow

W+ portfolio today and in the future

- **Business Voice**
  - TDM and IP access
  - TDM and IP traffic
  - VAS

- **Business Internet**
  - IP

- **Business Networks**
  - Enterprise WAN / LAN
  - Enterprise Internet
  - PWLAN
  - Network and Ethernet Services
  - Managed Business Communication
  - Global Business

Drivers of network services

- IP impacting MPLS
  - Migration speed to IP increasing
  - IP products rolled out and customer feedbacks positive
  - Centralisation and cloud need more bandwidth and highly reliable SLAs
  - Thus, phase-out of TDM based services

- SDN based services
  - Enhance MPLS services capabilities
  - High flexibility, reactiveness & self-care
  - Low-end portfolio partially launched
  - High-end piloted in 2018

- Converged services
  - Modularity enables fully integrated cloud and security offerings

Swisscom's B2B network services are the base for digital Switzerland

1 Multiprotocol label switching, 2 Service level agreement, 3 Software defined networking
Cloud services contributing growth

Swisscom’s comprehensive cloud offering supported by excellent services

Hybrid cloud strategy

> Enterprise service cloud - Swisscom with unique and comprehensive portfolio
  > Platform offering: Enterprise-grade XaaS platform in combination with global market leaders provides best hybrid cloud package
  > Services offering: State of the art transformation and integration services with 'journey to the cloud' and effective integration services into customer’s IT environment

> Growing business with sound margins

Cloud portfolio

- Hybrid Services
- Local Support
- Flexibility in Service Mgmt.
- Standardisation & Automation

Swisscom leading cloud transformation of Swiss business market
Security services gaining traction
Swisscom protects Swiss B2B IT environments from cyber attacks

Security offering

- Cyber attacks of major concern for companies
  - Number and form of attacks increasing
  - #2 concern of Swiss companies
  - Ongoing shift to managed services

- Swisscom with comprehensive portfolio covering all aspects of secure IT operations
  - (Managed) security (network) services
  - Secure digital processes (e.g. Mobile-ID)

- Growing momentum
  - New offering 'Threat detection & response' with strong pipeline
  - Further growth envisaged with encryption & anonymization services

Threat detection & response

Swisscom with largest IT Security service offering and optimised threat intelligence

1 MSM Research, ICT-Market Switzerland, Spring report 2017, 2 CSIRT Computer Security incident response team
New opportunities on the strength of Banking and FinTec

Swisscom provides digital solutions and outsourcing to the banking industry

Banking

> **Successful and contributing to growth** of Solutions business for many years
> Further strengthening its **position** in 2017
  > New record of contract prolongations 12/2017
  > New businesses e.g. payment transactions for cantonal banks contributing to growth
> **Consolidation** in 2018 causes slightly lower revenues
> **Positive outlook** envisaged with further opportunities in new segments and offerings

Shape blockchain activities

> Swisscom steps up blockchain activities and establishes **new subsidiary**
> Push blockchain **applications** in and for Switzerland
> Decentralised, networked collaboration in the fields of healthcare, insurance and banking

Swisscom well positioned with deep industry expertise, strong relations and trustworthiness
Growth chances with digital solutions

Digitalisation as key driver of new business opportunities

Swisscom at the forefront of digital solutions for Swiss B2B customers

New business models
- Swisscom Mobility Insights provides anonymised data and allows for better targeted marketing campaigns

Improved customer experiences
- Artificial Intelligence triages incoming e-mails from customers resulting in better response times and higher customer satisfaction

Digitised business processes
- Digital Interaction in health makes access to health services more efficient and improves customer experience

New working opportunities
- New digital tools make collaboration easier, new workspaces provide a working environment independent of time and space

Swisscom at the forefront of digital solutions for Swiss B2B customers
Operational excellence

Urs Schaeppi, CEO Swisscom
Cost program and 2017 results in a nutshell

Cost focus a key priority to maintain Swiss margins stable

Achievements

Ambitions

Initiatives

Deliverables 2017

- Many efficiency and simplicity initiatives initialised and running
- All IP transformation well progressing and increasingly contributing to reduce costs
- FTE base of Swisscom Switzerland further declining: -719\(^1\) (-4.5%) since YE 2016
- Targeted gross savings of CHF 75mn achieved. Indirect cost down by CHF -62mn YoY
- Further cornerstone achieved to accomplish targeted cost savings of program 2016-2020

\(^1\) FTE situation as per 31.12.2017 for Switzerland (17'688 FTEs, -684 FTEs YoY), Swisscom Switzerland (15'157 FTEs, -719 FTEs YoY)

Operational excellence initiatives on track

Target of (gross) cash savings of CHF >300mn
Push strategic cost reductions to the next level

Accelerate cost reductions to sustain leadership and capture the maximum benefits

Cost target 2018-2020 increased by +70%

Cumulative (gross) cash savings of CHF -300mn

Reduce OPEX
- Boost operational excellence and simplicity
- Continuous workforce improvements
- Lever benefits from digital opportunities

Optimise CAPEX
- Enhance efficiency in network rollout
- Optimise project CAPEX

Achievements
Ambitions
Initiatives

Extra savings of CHF -120mn lead to a new cost reduction target of CHF -300mn for 2018-2020
Different pillars contributing to future cost reduction accelerations

*Enhance simplification, use digital opportunities and optimise network rollout and projects*

**Cost-efficient operations**
- Workforce reduction
- Simplicity
- Portfolio streamlining
- All IP migration

**Push digital opportunities**
- Artificial intelligence & analytics
- Network virtualisation
- Automation
- Online 1st approach

**Smart investing**
- New delivery models
- Infrastructure
- Customer-driven CAPEX
- Partner consolidation

Reinforce efforts to tap the potential of further cost cutting
Develop Fastweb

Alberto Calcagno
2017 in a nutshell

*Leading alternative wireline player positioning strengthened*

(1) **Extended NGN infrastructure** to 8mn HHs, by far the *second largest UBB network* in the country

(2) **Increased UBB adoption** with over 1.0mn lines and 43% penetration on wireline customer base

(3) **Successfully exploited 4G services** doubling mobile customers and awarded *5G trials* in line with strategy to become a convergent player

(4) Launched the 'Italian Uncarrier' strategy to further differentiate in mobile and wireline

(5) Over 1.0 p.p. market share **increase in Corporate market** vs. 2016 and 31% **order book growth**

(6) Further consolidating as **#2 operator** in a highly fragmented **wholesale market**

Making further steps to become the leading independent convergent player in Italy
Steady EBITDA growth ...
Another positive year with customers and margins growing for the 18\textsuperscript{th} consecutive quarter

<table>
<thead>
<tr>
<th>FY 2017 financial and operational KPIs</th>
<th>FY 2017</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues in €</td>
<td>1.94bn</td>
<td>+8%</td>
</tr>
<tr>
<td>EBITDA in € *</td>
<td>0.76bn</td>
<td>+15%</td>
</tr>
<tr>
<td>FCF in € **</td>
<td>133mn</td>
<td>+36%</td>
</tr>
<tr>
<td>BB subs</td>
<td>2.5mn</td>
<td>+4%</td>
</tr>
<tr>
<td>Mobile subs</td>
<td>1.1mn</td>
<td>+58%</td>
</tr>
</tbody>
</table>

* including income from litigations of EUR 95mn
** excluding extraordinary cash outs for financial investments (acquisition of Tiscali branch and participation in FlashFiber)

2017 confirmed past years performance

**FY 2017 financial and operational KPIs**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA by operator (Wireline and Mobile, 2011-2016)\textsuperscript{1}</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>FY 2011 EBITDA = 100</td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
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<tr>
<td>2014</td>
<td></td>
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<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{1} Source: Internal elaboration of public data; Vodafone FY ending 31 March of the following year
... thanks to a unique positioning

Leveraging the best 360° infrastructure available in Italy

Fastweb has built a clear competitive advantage by developing **four points of excellence** ...

Fibre network  WiFi  Datacenter  Mobile

... through which it can offer the **best services** available in the market

Maximising customer satisfaction by extending and upgrading our infrastructure
By far the largest alternative NGN footprint ...

Fastweb leadership on NGN infrastructure confirmed in 2017

Own NGN footprint

- **TIM**: 20mn<sup>1</sup> - Largest NGN footprint by the incumbent
- **Fastweb**: 8mn - The 2<sup>nd</sup> largest NGN infrastructure
- **Wind**: 3.4mn<sup>1</sup> - Small own NGN footprint, mainly overlapped to future developments
- **Open Fiber**: 1.3<sup>2</sup>mn - Mainly relying on wholesale infrastructure
- **MetroWEB**: 0.5<sup>2</sup>mn - No own NGN access network
- **MetroWEB**: 1.3<sup>2</sup>mn - New OF built outside MWB

Fastweb is the largest alternative NGN operator

<sup>1</sup>Disclosed 30<sup>th</sup> Sep 2017; <sup>2</sup>Disclosed 30<sup>th</sup> Sep 2017, marketable
... coupled to a coherent UBB coverage strategy ...

Focus in 2018 will be to upgrade existing footprint in order to further accelerate UBB adoption

Overall footprint (mn HHs, exp’d as of Dec 18)

- Total 28mn
  - DSL - LLU 1.3mn/BS 4.5mn
  - Wholesale NGN - BS 4.0mn
  - Wholesale NGN - VULA 10mn
  - Own NGN – FTTC 4.0mn
  - Own NGN - FTTH 4.0mn

FTTH footprint (exp’d Dec 18)

- 1 Gbps
- 2mn HHs own built in top seven cities (Milan, Rome, Bari, Bologna, Naples, Genoa, Turin)
- >2mn HHs in 29 cities through JV with TIM (3.0mn coverage at roll out completion in 2019)

FTTC footprint (exp’d Dec 18)

- 200 Mbps
- 4mn HHs own built in high density 100 cities

Optimised NGN approach

- Acceleration of UBB coverage by the end of 2018
  - ~80% overall coverage
  - o/w >30% own footprint
- FTTH roll-out will continue ...
- ... coupled to Wholesale NGN to reach largest UBB potential
- Enabling also accelerated customer migration to UBB (270k approx. 15% of consumer customer base)

Accelerated customers migration to deliver best connection everywhere
... and combined with future opportunities in mobile
Leverage existing asset base to become a convergent player based on 5G

Fastweb has all ingredients for 5G hybrid ‘fixed/mobile’ infrastructure

- Fibre to provide backhauling
  45'000 km in approx. 1'000 municipalities

- FTTS cabinets to host and power small cells equipment
  Over 22'000 street cabinets today

- Spectrum
  40 MHz @3.5 GHz (through deal signed last December with Tiscali)
  100 MHz @3.7-3.8 GHz over Bari/Matera (5G MISE Trial1)

5G technology and IoT trials
Full-fledged and fibre-converged

Wireless roadmap

Trial cities

5G is an opportunity for Fastweb to position as a convergent player

1National experimentation supported by Italian Government
Consumer - the leading alternative operator in BB and UBB ...

Steady growth of UBB customer base leading to the highest UBB penetration in the market

Broadband subscribers (in k)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,201</td>
<td>2,355</td>
<td>2,451</td>
</tr>
<tr>
<td></td>
<td>+7%</td>
<td>+4%</td>
<td></td>
</tr>
</tbody>
</table>

Ultra Broadband subscribers (in k)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>642</td>
<td>810</td>
<td>1,034</td>
</tr>
<tr>
<td></td>
<td>+26%</td>
<td>+28%</td>
<td></td>
</tr>
</tbody>
</table>

Broadband lines market share % (YE 2017)

<table>
<thead>
<tr>
<th>Operator</th>
<th>15mn lines</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM</td>
<td>49%</td>
<td>16%</td>
</tr>
<tr>
<td>Wind</td>
<td>16%</td>
<td>6%</td>
</tr>
<tr>
<td>Others</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Ultra broadband market share \(^1\) and penetration \(^2\) over customer base % (YE 2017)

<table>
<thead>
<tr>
<th>Operator</th>
<th>4.5mn lines</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM</td>
<td>45%</td>
<td>23%</td>
</tr>
<tr>
<td>Wind</td>
<td>42%</td>
<td>22%</td>
</tr>
<tr>
<td>Others</td>
<td>14%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The highest Ultra Broadband penetration over wireline CB

\(^1\)Source of market data: Fastweb elaboration over public information and Ernst&Young, 2017 
\(^2\)Fastweb only consumer customers
... with the highest NPS and a strong portfolio of partners to build scale

New partnership with ENI to be launched in 2018

Wireline NPS (Dec 2017)¹

Operator 1
FY 2016: +11%
FY 2017: +13%

Operator 2
FY 2016: -11%
FY 2017: -7%

Operator 3
FY 2016: -1%
FY 2017: -10%

> The highest NPS in the consumer market

Netlix ISP Index (Mbps, Dec 2017)

Operator 1
3.44

Operator 2
3.39

Operator 3
3.34

> The best performing wireline network

No. of TV customers (YE 2017)

500,000 customers

2.5 mn

20% of Fastweb CB

New partnership with Eni Gas e Luce

Concept: discounted offer (fixed, mobile, gas, power) for prospects and customer base

Market: consumer segment (families and small businesses)

New ENI partnership to replicate the success of Sky/Fastweb collaboration

¹Source: external independent survey
Mobile - Strong boost of volumes coupled to top NPS...

4G services and transparency of commercial offer drive strong performance

Mobile active customers (in k)

- FY 2015: 520 (520k)
- FY 2016: 676 (676k)
- FY 2017: 1,065 (1,065k)

FMC over Wireline CB

- FY 2016: 20%
- FY 2017: 23%

Market mobile net adds 9M 2017¹

- Total Market: 313k
- Other MVNO: 133k
- Total: 446k

On track to further scale up FMC customer base

Mobile NPS benchmark (Dec 2017)²

- Operator 1: FY 2016: 17% FY 2017: 29%
- Operator 2: FY 2016: 20% FY 2017: 27%
- Operator 3: FY 2016: 17% FY 2017: 17%

¹Source: Ernst&Young, 2017 ²Source: external independent survey on customers buying mobile and wireline services from the same provider

Best performance in the market
... also thanks to a distinctive commercial approach

Building long-lasting customer relations based on clear value drivers

---

Italian mobile market

While mobile prices have been cut significantly in recent quarters (from 20% to 40%), non-transparent costs are billed daily, weekly or monthly on top to nominal prices.

- Voice Mail, Call me back SMS, Entry/Exit fee, Base plan fee, Int’al calls, Change plan, Credit check, ...

Below the line nominal price | Hidden charges | Real price
--- | --- | ---
10 € | 5 € | 15 €

---

Our approach of being the ‘Italian Uncarrier’

#NienteComePrima

Building long-lasting customer relations based on clear value drivers

Transparency | Fairness | Simplicity
--- | --- | ---
#1 No hidden charges | #2 End of promos | #3 Always best offer
Launched May 2017 | Launched Aug 2017 | Launched Nov 2017

---

Additional way to distinctively position Fastweb in the market both in mobile and wireline
Consolidate B2B leadership
Focus on service quality and customer satisfaction driving further growth

Market shares on revenues

<table>
<thead>
<tr>
<th>Overall Corporate¹</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>BT</td>
<td>9.4%</td>
<td>8.8%</td>
<td>8.8%</td>
<td>8.7%</td>
</tr>
<tr>
<td>TIM</td>
<td>10.3%</td>
<td>9.7%</td>
<td>9.1%</td>
<td>8.1%</td>
</tr>
<tr>
<td>55.2%</td>
<td>54.9%</td>
<td>54.6%</td>
<td>54.4%</td>
<td></td>
</tr>
</tbody>
</table>

25.1%       26.6%  27.5%  28.8%

<table>
<thead>
<tr>
<th>Private sector¹</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>21%</td>
<td>22%</td>
<td>23%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>26%</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Public sector¹</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>21%</td>
<td>22%</td>
<td>23%</td>
<td>25%</td>
<td>26%</td>
<td></td>
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<tr>
<td>27%</td>
<td>29%</td>
<td>31%</td>
<td>31%</td>
<td>32%</td>
<td></td>
</tr>
</tbody>
</table>

Corporate KPIs

- NPS 2017: 58%
- Order book: +31%
- Customer experience stable on excellent levels

Order book FY 2016 vs FY 2017

Pillars of our commercial strategy

- Exploit all main framework agreements currently held by Fastweb²
- Increase commercial push to win new top customers
- Increase share of wallet, leveraging on cloud and ICT VAS

Consolidate penetration in PA and increase overall share of wallet on customer base

¹Source: Ernst&Young, 2017 ²SPC Connectivity, SPC Cloud Security, Consip Voice, SGM (Management & Maintenance Services IP), CT7 (PBX), Video-surveillance
Strategic ambitions in a nutshell

Steadily increasing market shares

Consumer
- Scale up mobile and push convergence
- Further accelerate UBB adoption to increase customer stickiness
- Leverage partnerships

Corporate
- Growth by increasing share of wallet and increasing market share on core connectivity services

Wholesale
- Strong opportunity to provide BTS fiber connections

5 years market share ambitions

- Broadband: 16% → 20-25%
- Mobile: 1% → 3-5%
- Corporate: 30% → 35-40%
- Wholesale: 12% → 20-25%

Become the leading independent convergent player
Financial results 2017 and outlook
Mario Rossi, CFO Swisscom
Reconciliation of key financials

Resilient financial performance in line with expectations

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2016 reported</th>
<th>One-offs</th>
<th>FY 2016 underlying</th>
<th>Underlying performance</th>
<th>FY 2017 underlying</th>
<th>One-offs</th>
<th>FY 2017 reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>FY 2016 reported</td>
<td>11'643</td>
<td></td>
<td>11'643</td>
<td>-26</td>
<td>11'617</td>
<td>+45</td>
<td>11'662</td>
</tr>
<tr>
<td>in CHF mn</td>
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<td></td>
<td></td>
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<td>Exchange rate</td>
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<td>FY 2016 reported</td>
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<tr>
<td><strong>EBITDA</strong></td>
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<tr>
<td>FY 2016 reported</td>
<td>4'293</td>
<td>+40</td>
<td>4'256</td>
<td>-23</td>
<td>4'233</td>
<td>-61</td>
<td>4'295</td>
</tr>
<tr>
<td>in CHF mn</td>
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<tr>
<td>Provision</td>
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<tr>
<td>FY 2016 reported</td>
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<tr>
<td>Litigations at Fastweb</td>
<td></td>
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<td></td>
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<tr>
<td>Gain from sale of real estate</td>
<td></td>
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<tr>
<td>Exchange rate</td>
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<tr>
<td>FY 2016 reported</td>
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</tr>
<tr>
<td><strong>One-offs</strong></td>
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<tr>
<td>FY 2016 reported</td>
<td></td>
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</tr>
<tr>
<td>Provision</td>
<td></td>
<td>+40</td>
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<tr>
<td>FY 2016 reported</td>
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</tr>
<tr>
<td>Other risks</td>
<td></td>
<td>+20</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FY 2016 reported</td>
<td></td>
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<tr>
<td>Litigations at Fastweb</td>
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<td>Gain from sale of real estate</td>
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<tr>
<td>Exchange rate</td>
<td></td>
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</tr>
<tr>
<td>FY 2016 reported</td>
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</tr>
<tr>
<td><strong>One-offs</strong></td>
<td></td>
<td></td>
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<tr>
<td>FY 2016 reported</td>
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<tr>
<td>Provision</td>
<td></td>
<td>+40</td>
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<tr>
<td>FY 2016 reported</td>
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</tr>
<tr>
<td>Other risks</td>
<td></td>
<td>+20</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Revenue breakdown by segments

Price pressure weights on revenues in the Retail segment, Fastweb up

in CHF mn

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>-29</td>
<td>-31</td>
<td>-45</td>
<td>-49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service revenue</th>
<th>Hardware and other</th>
</tr>
</thead>
<tbody>
<tr>
<td>-154</td>
<td>-7</td>
</tr>
</tbody>
</table>

Swisscom Switzerland -199

1. Lower voice access lines
2. Price pressure in wireless and wireline business
3. Solutions and hardware sales with revenue increase in Q3 and Q4
4. Lower revenue from decrease of MTR rates partly compensated by higher inbound roaming
5. Fastweb with strong growth in Q3 and Q4 mainly due to impacts from 4-weeks billing and TIM cooperation

* At constant currency rate, excluding change exchange rate (CHF 45mn)
# OPEX of Swisscom Switzerland

Delivering on cost transformation and reducing further indirect cost base

## in CHF mn

<table>
<thead>
<tr>
<th>FY 2016 underlying*</th>
<th>SAC/SRC</th>
<th>Outpayments</th>
<th>Goods purch. &amp; Other</th>
<th>Personnel</th>
<th>Other</th>
<th>Activated cost</th>
<th>FY 2017 reported**</th>
</tr>
</thead>
<tbody>
<tr>
<td>5'618</td>
<td>-8</td>
<td>-40</td>
<td>-37</td>
<td>-34</td>
<td>-28</td>
<td>+36</td>
<td>5'507 (-2.0%)</td>
</tr>
</tbody>
</table>

1. SAC/SRC decreased as retention volume for wireless customers decreased
2. Outpayments down primarily due to lower MTR tariffs and international voice termination, Q3 and Q4 flat as lower MTR compensated by higher roaming cost
3. Decrease driven by lower hardware
4. Operational excellence leads to a FTE reduction at Swisscom Switzerland of -719 YoY. Higher extra pension cost in Q4, compensated on group level.
5. Q3 and Q4 with seasonal effects (higher marketing and IT cost) and one-off items
6. Less activated cost alongside with lower CAPEX

* 2016 Excluding gain from sale of real estate (CHF 17mn), provisions for restructuring (CHF -20mn) and for other risks (CHF -20mn)
** 2017 Excluding gain from sale of real estate (CHF 4mn) and provisions for restructuring (CHF -61mn)
EBITDA breakdown by segments

*Cost saving only partly compensate for top-line erosion, Fastweb solid*

** 2016 Excluding gain from sale of real estate (CHF 17mn), other income from litigations at Fastweb (CHF 60mn), provisions for restructuring (CHF -20mn) and for other risks (CHF -20mn)

** 2017 At constant currency rate, excluding gain from sale of real estate (CHF 4mn), provision for restructuring (CHF -61mn) and other income from litigations at Fastweb (CHF 102mn)

1. Lower costs partly compensate lower service revenue. However decrease accelerated in Q3 and Q4 due to bundle discounts and promotions
2. Price pressure in Telco services partly compensated by Solutions business and cost reduction, which led to a lower EBITDA (with better results in Q2-Q3)
3. Increase is supported by higher inbound roaming revenue
4. Fastweb with an increase, supported by higher customer base, retroactive change in regulated prices and impact from 4-weeks billing

* FY 2016 underlying*  
  ** FY 2017 underlying **
Underlying EBITDA changes of Swisscom Switzerland

*Primarily structural-driven changes impact the domestic margin evolution*

<table>
<thead>
<tr>
<th>YOY impact</th>
<th>Quarterly evolution in CHF mn</th>
<th>FY impact in CHF mn</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice lines</td>
<td></td>
<td>Q1: -19, Q2: -20, Q3: -19, Q4: -22</td>
<td>-80</td>
</tr>
<tr>
<td>Outbound roaming</td>
<td></td>
<td>Q1: -11, Q2: -8, Q3: -23, Q4: -24</td>
<td>-66</td>
</tr>
<tr>
<td>Convergence discounts</td>
<td></td>
<td>Q1: -4, Q2: -6, Q3: -11, Q4: -16</td>
<td>-37</td>
</tr>
<tr>
<td>Indirect cost savings</td>
<td></td>
<td>+20 +21 +36 -15</td>
<td>+62</td>
</tr>
<tr>
<td>All other effects</td>
<td></td>
<td></td>
<td>+33</td>
</tr>
</tbody>
</table>

**Underlying EBITDA Δ of Swisscom Switzerland**  \[ \sum \]  **-88**

Overall unchanged tendencies for 2018 expected
**Net income**

*Overall sound bottom-line*

**in CHF mn**

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>EBITDA reported</th>
<th>Depreciation</th>
<th>EBIT</th>
<th>Net interest</th>
<th>Other financial result</th>
<th>Affiliated companies</th>
<th>Tax expenses</th>
<th>Net income</th>
<th>SC Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,295</td>
<td>-2,164</td>
<td>2,131</td>
<td>-149</td>
<td>-11</td>
<td>-11</td>
<td>-392</td>
<td>1,568</td>
<td>+2</td>
<td>1,570</td>
</tr>
</tbody>
</table>

**Prior Year**

| 4,293   | -2,145          | 2,148        | -155 | 0            | -3        | -386                | 1,604       | 0           | 1,604          |

- Long-term tax rate expected to be around 21%

Stable earnings per share of around CHF 30
IFRS 15 – the new revenue recognition accounting standard

Considerations and implications for Swisscom

Key points

▶ In general
  ▶ IFRS 15 standard effective from 1st Jan 2018
    ▶ Handset subsidies allocated to hardware revenue (impacting service revenue)
    ▶ New rule only applies to own channels
    ▶ Changes primarily impact the segments Retail Customers and Fastweb
    ▶ No underlying cashflow effect

▶ Swisscom’s approach from Q1 2018 onwards
  ▶ Service and hardware revenues reporting and ARPU methodology remain according to IAS 18 due to business reasoning and predictability
  ▶ In addition ARPU’s under IFRS 15 available
  ▶ 2017 figures will not be restated

Financial implications

Equity capital as of 01.01.2018

- EBITDA 2018

| Total impact | ~400 | -50 |

| ARPU Wireless 1) | IAS 18 | ~40 |
| ARPU Wireline 1) | IFRS 15 | ~40-41 |

1) ARPU Retail Customers

Implementation of IFRS 15 with limited impacts on Swisscom’s accounts
**Capital expenditure**

*Investing to maintain fixed and mobile network leadership*

FTTx investment pace in Switzerland remains on a high level
Swisscom Switzerland down by CHF -101mn YOY driven by lower customer driven CAPEX as well as less project volume
In local currency Fastweb up by 7.1% due to higher customer driven CAPEX

* In local currency FY 2017: EUR 622mn, FY 2016: EUR 581mn,
  ** FY 2017 CHF 32mn, FY 2016 CHF 28mn*
Operating free cash flow

*Increase in cash from operating activities partly due to extraordinary item*

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA</th>
<th>CAPEX</th>
<th>OpFCF proxy</th>
<th>Change in NWC</th>
<th>Proceeds from sale of assets</th>
<th>Change in pension obligations</th>
<th>Dividends to minorities</th>
<th>OpFCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>4,295</td>
<td>-2,378</td>
<td>1,917</td>
<td>+184</td>
<td>+30</td>
<td>+36</td>
<td>-8</td>
<td>2,159</td>
</tr>
<tr>
<td>FY 2016</td>
<td>4,293</td>
<td>-2,416</td>
<td>1,877</td>
<td>-174</td>
<td>+28</td>
<td>+68</td>
<td>-8</td>
<td>1,791</td>
</tr>
<tr>
<td>Δ</td>
<td>+2</td>
<td>+38</td>
<td>+40</td>
<td>+358</td>
<td>+2</td>
<td>-32</td>
<td>0</td>
<td>+368</td>
</tr>
</tbody>
</table>

- Prepayment of FeAC** sanction (CHF 186mn) in Q1 2016 led to higher net working capital compared to YE 2015
- Lower net working capital compared to YE 2016 mainly as a result of decreasing trade receivables
- In 2017 lower positive change in pension obligations due to an expected extraordinary payment (CHF 50mn)

* Change in net working capital and other cash flow from operating activities, ** Federal Administrative Court
Use of 2017 free cash flow

Two thirds of free cash flow used for shareholder payments

Operating FCF

- Net Interest
- Taxes paid

Free cash flow

- Dividend of CHF 22/share
- M&A and other effects
- Net debt reduction

Net debt reduction of CHF 399mn leads to a net debt/EBITDA ratio of 1.7x
Smooth maturity profile

Further improvement of financing costs expected in 2018

Maturity profile as per 31.12.2017*

- Several refinancing transactions lower our interest expense in 2018 by CHF 25mn, with full impact in 2019 in the range of another CHF 25mn
- Duration increased to 5.3 years
- Average interest rate of portfolio (incl. derivatives) of 1.7%
- Active management of interest rate risk within well defined risk limits: 84% fix, 16% floating
- Refinancing need for 2018 of approx. CHF 1bn
- Sources for refinancing: Euro and domestic capital markets

* excl. short-term money market borrowings

Financial policy characterised by sustainable and conservative approach
Shareholder distribution for the fiscal year 2017
Reliable dividend payments in harmony with cash flow and capital allocation

Dividend policy

- Swisscom targets a solid shareholder distribution aligned with cash flow generation and capital allocation
- Committed to preserve a solid single A Rating and a targeted equity ratio of around 30% and an (unadjusted) net debt/EBITDA ratio of around 1.9x

Payments per share

- Since 2011, Swisscom paid-out a stable shareholder remuneration of CHF 22/share
- Dividend proposal to AGM (4 April 2018): CHF 22 per share for the fiscal year 2017
- Time table 2018: 5 April last trading date with entitlement to dividend, 6 April ex-date, 10 April payment date

Swisscom's dividend approach: stable and predictable
### Guidance

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

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2017 reported</th>
<th>Adjustments</th>
<th>2017 pro forma</th>
<th>Expected YOY change Swisscom w/o Fastweb</th>
<th>Expected YOY change Fastweb</th>
<th>IFRS 15 impact</th>
<th>2018 outlook **</th>
<th>Splits into:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>11’662</td>
<td></td>
<td></td>
<td>&lt; 0</td>
<td>&gt; 0</td>
<td>-10</td>
<td>~ 11’600</td>
<td>~ CHF 9.2bn for Swisscom w/o Fastweb + &gt; € 2.0bn for Fastweb</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4’295</td>
<td>- 41*</td>
<td>4’254</td>
<td>&lt; 0</td>
<td>&gt; 0</td>
<td>-50</td>
<td>~ 4’200</td>
<td>~ CHF 3.4bn for Swisscom w/o Fastweb + ~ € 0.7bn for Fastweb</td>
</tr>
<tr>
<td>CAPEX</td>
<td>2’378</td>
<td></td>
<td></td>
<td>&lt; 0</td>
<td>&gt; 0</td>
<td>-</td>
<td>&lt; 2’400</td>
<td>&gt; CHF 1.6bn for Swisscom w/o Fastweb + ~ € 0.6bn for Fastweb</td>
</tr>
</tbody>
</table>

* Consists of income from litigations at Fastweb (CHF 102mn) and provisions for restructuring (CHF -61mn)

** For consolidation purposes, CHF/EUR of 1.16 has been used (vs. 1.11 for fiscal year 2017)

Upon meeting its 2018 targets, Swisscom plans to propose again a dividend of CHF 22/share
# Key financials - reported vs. underlying

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2016</th>
<th>2017</th>
<th>Change Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>2'885</td>
<td>2'884</td>
<td>2'874</td>
<td>3'000</td>
</tr>
<tr>
<td><strong>o/w currency effect</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-12</td>
<td>-5</td>
<td>+22</td>
<td>+40</td>
</tr>
<tr>
<td><strong>Revenue, underlying change</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA, reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>1'081</td>
<td>1'146</td>
<td>1'080</td>
<td>986</td>
</tr>
<tr>
<td><strong>o/w provision for other risks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-10</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Gain from sale of real estate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Restructuring</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>-61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other income from litigations (Fastweb)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Currency effect</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-4</td>
<td>-3</td>
<td>+10</td>
<td>+14</td>
</tr>
<tr>
<td><strong>EBITDA, underlying change</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Retail Customers - segment reporting

Net revenue decreased driven by lower service revenue.

Service revenue decreased (-2.8%) due to lower access lines, lower roaming revenue (price decrease data packages, inclusion additional voice and data volumes in inOne price plans), higher discount volumes (inOne) and the abundance of TV activation fees.

Contribution margin decreased by 3.8%. Lower Service revenue and higher cost for roaming, lower indirect cost (mainly personnel) partly compensate.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in MCHF 1)</td>
<td>1'536</td>
<td>-3.3%</td>
<td>6'053</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-421</td>
<td>2.4%</td>
<td>-1'397</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Indirect costs in MCHF 2)</td>
<td>-315</td>
<td>1.6%</td>
<td>-1'144</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>800</td>
<td>-7.7%</td>
<td>3'512</td>
<td>-3.8%</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>52.1%</td>
<td></td>
<td>58.0%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>66</td>
<td>46.7%</td>
<td>186</td>
<td>-0.5%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-93</td>
<td></td>
<td>5'638</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Broadband lines in '000 3)</td>
<td>+14</td>
<td></td>
<td>1'976</td>
<td>1.1%</td>
</tr>
<tr>
<td>Voice lines in '000 3)</td>
<td>-71</td>
<td></td>
<td>1'840</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Wireless customers Prepaid in '000</td>
<td>+15</td>
<td></td>
<td>1'995</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Wireless customers Postpaid in '000 3)</td>
<td>+42</td>
<td></td>
<td>3'375</td>
<td>2.1%</td>
</tr>
<tr>
<td>Blended wireless ARPU MO in CHF</td>
<td>35</td>
<td>-7.9%</td>
<td>37</td>
<td>0.0%</td>
</tr>
<tr>
<td>TV subs in '000 3)</td>
<td>+14</td>
<td></td>
<td>1'467</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

1) incl. intersegment revenues
2) incl. capitalised costs and other income
3) sum of single play and bundles
Retail Customers - wireless performance

### Subscriptions (in k)
- Q4 16: 5,365
- Q4 17: 5,313
- Q4 17 YoY: +5%
- Q4 16: 3,305
- Q3 17: 3,333
- Q4 17: 3,375
- 70% YoY: +70%
- 22% YoY: +30%

### ARPU (in CHF)
- Q4 16: 43
- Q3 17: 43
- Q4 17: 42
- 84% YoY: -10%
- Q4 16: 3,305
- Q3 17: 3,333
- Q4 17: 3,375

### Service Revenue (in CHF mn)
- Q4 16: 689
- Q3 17: 688
- Q4 17: 664
- 523
- 499
- 464
- Q4 16: 166
- Q3 17: 189
- Q4 17: 200
- +34% YoY

**Notes:**
- Blended vs. non-metered share
- Postpaid vs. total
- O/w infinity/inOne vs. o/w bundled
Retail Customers - wireline performance

Subscriptions (in k)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Voice</th>
<th>Broadband</th>
<th>TV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>1'418</td>
<td>2'134</td>
<td></td>
<td>5'506</td>
</tr>
<tr>
<td>Q3 17</td>
<td>1'453</td>
<td>1'911</td>
<td></td>
<td>5'326</td>
</tr>
<tr>
<td>Q4 17</td>
<td>1'467</td>
<td>1'840</td>
<td></td>
<td>5'283</td>
</tr>
</tbody>
</table>

ARPU and ARPH (in CHF)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>ARPH (CHF)</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>41</td>
<td>+49</td>
</tr>
<tr>
<td>Q3 17</td>
<td>41</td>
<td>+89</td>
</tr>
<tr>
<td>Q4 17</td>
<td>41</td>
<td>+89</td>
</tr>
</tbody>
</table>

Service Revenue (in CHF mn)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Voice</th>
<th>Broadband</th>
<th>TV</th>
<th>o/w bundled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>197</td>
<td>315</td>
<td>173</td>
<td>336</td>
</tr>
<tr>
<td>Q3 17</td>
<td>132</td>
<td>320</td>
<td>202</td>
<td>336</td>
</tr>
<tr>
<td>Q4 17</td>
<td>117</td>
<td>208</td>
<td>208</td>
<td>336</td>
</tr>
</tbody>
</table>

YoY:
- Voice: 223%
- Broadband: 80%
- TV: 35%

* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]
Retail Customers - convergence performance

Subscriptions and Bundles (in k)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fixed-only Bundles</th>
<th>FM Bundles</th>
<th>RGUs in Bundles</th>
<th>Mobile Share of Total Bundled RGUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>4'948</td>
<td>1'670</td>
<td>669</td>
<td>15%</td>
</tr>
<tr>
<td>Q3 17</td>
<td>1'842</td>
<td>1'131</td>
<td>711</td>
<td>16%</td>
</tr>
<tr>
<td>Q4 17</td>
<td>1'898</td>
<td>1'167</td>
<td>731</td>
<td>18%</td>
</tr>
</tbody>
</table>

ARPB/U (in CHF) and FM penetration (in %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>ARPB/U</th>
<th>FM Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>133</td>
<td>26%</td>
</tr>
<tr>
<td>Q3 17</td>
<td>131</td>
<td>29%</td>
</tr>
<tr>
<td>Q4 17</td>
<td>132</td>
<td>30%</td>
</tr>
</tbody>
</table>

Service Revenue (in CHF mn)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Service Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16</td>
<td>654</td>
</tr>
<tr>
<td>Q3 17</td>
<td>711</td>
</tr>
<tr>
<td>Q4 17</td>
<td>744</td>
</tr>
</tbody>
</table>

* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]
Retail Customers - RGUs and 1P-4P bundle subscriptions as per YE 2017

Retail Customers
In k, YTD (change to 31.12.2016 in brackets)

<table>
<thead>
<tr>
<th>1P subscriptions</th>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (-78)</td>
<td>500 (-422)</td>
<td>78 (-206)</td>
<td>2'374 (-204)</td>
<td>1'995 (-65)</td>
<td></td>
</tr>
</tbody>
</table>

2P bundle subscriptions

<table>
<thead>
<tr>
<th>2P bundle subscriptions</th>
<th>1'092 (+120)</th>
</tr>
</thead>
</table>

3P bundle subscriptions

<table>
<thead>
<tr>
<th>3P bundle subscriptions</th>
<th>1'995 (-976)</th>
</tr>
</thead>
</table>

4P bundle subscriptions

<table>
<thead>
<tr>
<th>4P bundle subscriptions</th>
<th>10'653 (-218)</th>
</tr>
</thead>
</table>

Sum of RGUs per subscriptions

<table>
<thead>
<tr>
<th>Sum of RGUs per subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4'948 (-976)</td>
</tr>
<tr>
<td>866 (+236)</td>
</tr>
<tr>
<td>3'251 (+455)</td>
</tr>
<tr>
<td>1'588 (+67)</td>
</tr>
</tbody>
</table>

Avg. # of RGUs per subscriptions

<table>
<thead>
<tr>
<th>Avg. # of RGUs per subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
</tr>
<tr>
<td>2.1</td>
</tr>
<tr>
<td>3.1</td>
</tr>
<tr>
<td>4.1</td>
</tr>
</tbody>
</table>

Retail Customers

<table>
<thead>
<tr>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'467 (+49)</td>
<td>1'840 (-294)</td>
<td>1'976 (+22)</td>
<td>3'375 (+70)</td>
<td>1'995 (-65)</td>
</tr>
</tbody>
</table>

Appendix

Retail Customers - RGUs and 1P-4P bundle subscriptions as per YE 2017
# Retail Customers - FY 2017 ARPUs

Retail Customers
In CHF YTD, (Change to 31.12.2016 in brackets)

<table>
<thead>
<tr>
<th></th>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1P subscriptions</td>
<td>17 (+4)</td>
<td>49 (+2)</td>
<td>32 (-2)</td>
<td>37 (-1)</td>
<td></td>
</tr>
<tr>
<td>2P bundle subscriptions</td>
<td></td>
<td>91 (-5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3P bundle subscriptions</td>
<td></td>
<td></td>
<td></td>
<td>ARPU standalone blended: 38 (+0)</td>
<td></td>
</tr>
<tr>
<td>4P bundle subscriptions</td>
<td></td>
<td>129 (-2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total weighted ARPU: 42 (+0)</td>
<td>Blended W+ ARPU: 41 (-2)</td>
<td>Blended W- ARPU: 42 (+0)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ARPB: 132 (-4)
ARPU per bundled RGU: 44 (-1)
# Retail Customers - FY 2017 service revenue

**Retail Customers**  
In CHF mn YTD, (Change to 31.12.2016 in brackets)

<table>
<thead>
<tr>
<th>Segment</th>
<th>1P subscriptions</th>
<th>2P bundle subscriptions</th>
<th>3P bundle subscriptions</th>
<th>4P bundle subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TV</strong></td>
<td>30 (-10)</td>
<td>399 (+44)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Voice</strong></td>
<td>418 (-229)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Broadband</strong></td>
<td>134 (-106)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Postpaid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prepaid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total standalone:** 2'546 (-477)  
- t/o Wireline 582
- t/o Wireless 1'964

**Total bundle:** 2'818 (+323)  
- t/o FM bundles: 1'533
- t/o fixed only bundles: 1'285

**W+ SR: 2'664 (-125)**  
- t/o W+ revenue standalone: 582 (-345)  
- t/o W+ revenue in fixed-only bundles: 1'285 (+109)
- t/o W+ revenue in FM bundles: 795 (+111)

**W- SR: 2'700 (-29)**  
- t/o W- revenue standalone: 1'964 (-132)  
- t/o W- revenue in FM bundles: 738 (+103)

**Total service revenue:** 5'364 (-154)
Net revenue down -1.3%, decrease in service revenue (-3.8%) due to price erosion and reduced access volumes, solutions revenue partly compensate.

Solutions revenue up +1.1%, higher revenue for Verticals and Cloud services mostly compensated by lower revenue for UCC and Workplace business with customer- and project-driven patterns.

Contribution margin 2 decreased by -1.9%, lower cost partly compensate lower service revenue.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in MCHF 1)</td>
<td>657</td>
<td>-0.3%</td>
<td>2'508</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-202</td>
<td>-2.9%</td>
<td>-728</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Indirect costs in MCHF 2)</td>
<td>-253</td>
<td>6.3%</td>
<td>-948</td>
<td>3.0%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>202</td>
<td>-5.2%</td>
<td>832</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>30.7%</td>
<td></td>
<td>33.2%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>21</td>
<td>-34.4%</td>
<td>72</td>
<td>-42.9%</td>
</tr>
<tr>
<td>FTE’s</td>
<td>-17</td>
<td></td>
<td>4'605</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Broadband lines in ’000</td>
<td>+0</td>
<td></td>
<td>38</td>
<td>0.0%</td>
</tr>
<tr>
<td>Voice lines in ’000</td>
<td>-10</td>
<td></td>
<td>207</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Wireless customers in ’000</td>
<td>-1</td>
<td></td>
<td>1'267</td>
<td>1.6%</td>
</tr>
<tr>
<td>Blended wireless ARPU MO in CHF</td>
<td>32</td>
<td>-11.1%</td>
<td>32</td>
<td>-8.6%</td>
</tr>
</tbody>
</table>

1) incl. intersegment revenues
2) incl. capitalised costs and other income
Enterprise Customers - subs and revenue performance

Subscriptions (in k) YOY

<table>
<thead>
<tr>
<th></th>
<th>Q4 16</th>
<th>Q3 17</th>
<th>Q4 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless</td>
<td>1'518</td>
<td>1'523</td>
<td>1'512</td>
</tr>
<tr>
<td>Broadband</td>
<td>233</td>
<td>217</td>
<td>207</td>
</tr>
<tr>
<td>Voice</td>
<td>1'247</td>
<td>1'268</td>
<td>1'267</td>
</tr>
</tbody>
</table>

Service Revenue (in CHF mn) YOY

<table>
<thead>
<tr>
<th></th>
<th>Q4 16</th>
<th>Q3 17</th>
<th>Q4 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless</td>
<td>290</td>
<td>273</td>
<td>272</td>
</tr>
<tr>
<td>Broadband</td>
<td>145</td>
<td>132</td>
<td>131</td>
</tr>
<tr>
<td>Voice</td>
<td>127</td>
<td>121</td>
<td>119</td>
</tr>
</tbody>
</table>

Solutions Revenue (in CHF mn) YOY

<table>
<thead>
<tr>
<th></th>
<th>Q4 16</th>
<th>Q3 17</th>
<th>Q4 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless</td>
<td>283</td>
<td>264</td>
<td>288</td>
</tr>
<tr>
<td>Broadband</td>
<td>198</td>
<td>192</td>
<td>213</td>
</tr>
<tr>
<td>Voice</td>
<td>85</td>
<td>72</td>
<td>75</td>
</tr>
</tbody>
</table>

* Consists of revenues from vertical businesses, digital solutions, cloud and network services and other solutions
Wholesale - segment reporting

Revenue from external customers down 2.2%.
Lower revenue from lower mobile termination fees partly compensated by higher inbound roaming volumes.

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

Higher inbound roaming volumes and revenue positively impact Contribution Margin 2 (up 17.7%).

<table>
<thead>
<tr>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue in MCHF</td>
<td>148</td>
<td>-4.5%</td>
<td>578</td>
</tr>
<tr>
<td>Intersegment revenue in MCHF</td>
<td>98</td>
<td>5.4%</td>
<td>366</td>
</tr>
<tr>
<td>Net revenue in MCHF</td>
<td>246</td>
<td>-0.8%</td>
<td>944</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-124</td>
<td>-7.5%</td>
<td>-478</td>
</tr>
<tr>
<td>Indirect costs in MCHF 1)</td>
<td>-6</td>
<td>n.m.</td>
<td>-20</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>116</td>
<td>30.3%</td>
<td>446</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>47.2%</td>
<td>47.2%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>FTE's</td>
<td>+1</td>
<td>88</td>
<td>0.0%</td>
</tr>
<tr>
<td>Full access lines in '000</td>
<td>-7</td>
<td>107</td>
<td>-16.4%</td>
</tr>
<tr>
<td>BB (wholesale) lines in '000</td>
<td>+16</td>
<td>435</td>
<td>19.5%</td>
</tr>
</tbody>
</table>

1) incl. capitalised costs and other income
Wholesale - access portfolio

Solution Business

- Carrier Line Service Basic und Premium
  - Dedicated high-quality Point-to-Point Data Transmission, 2M to 10G symmetric

- Carrier Ethernet Service Basic und Premium
  - Layer 2 Service for low-cost and flexible Ethernet connections, 2M to 10G symmetric

- Low End Copper and Low End Fiber
  - Cost-efficient low-end access, 2M to 1G symmetric

Mass Market

- Broadband Connectivity Service
  - Swiss-wide broadband access, 2M to 1G

- Unbundled Line (TAL)
  - Layer 1 line rental

- Access Line Optical (ALO)
  - Layer 1 line rental

**Monthly mass market prices**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s</td>
<td>CHF 23</td>
</tr>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s</td>
<td>CHF 24</td>
</tr>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s</td>
<td>CHF 27</td>
</tr>
<tr>
<td>Unbundled Access Line TAL, Layer 1, Copper*</td>
<td>CHF 12.70</td>
</tr>
<tr>
<td>Access Line Optical ALO, Layer 1, Fibre*</td>
<td>CHF 29</td>
</tr>
</tbody>
</table>

1 From 1st March 2018 onwards
2017 and prior year include provisions for restructuring and other one-off-items. On a comparable basis, Contribution margin 2 improved by 1.6%. Capitalised costs and other income down due to lower activated costs (alongside with lower CAPEX).

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue in MCHF</strong></td>
<td>42</td>
<td>0.0%</td>
<td>167</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-3</td>
<td>-</td>
<td>-12</td>
<td>-</td>
</tr>
<tr>
<td>Personnel expenses in MCHF</td>
<td>-265</td>
<td>22.1%</td>
<td>-875</td>
<td>3.4%</td>
</tr>
<tr>
<td>Rent in MCHF</td>
<td>-55</td>
<td>12.2%</td>
<td>-207</td>
<td>5.1%</td>
</tr>
<tr>
<td>Maintenance in MCHF</td>
<td>-52</td>
<td>0.0%</td>
<td>-186</td>
<td>0.5%</td>
</tr>
<tr>
<td>IT expenses in MCHF</td>
<td>-58</td>
<td>9.4%</td>
<td>-204</td>
<td>8.5%</td>
</tr>
<tr>
<td>Other OPEX in MCHF</td>
<td>-130</td>
<td>-6.5%</td>
<td>-438</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Indirect costs in MCHF</td>
<td>-560</td>
<td>9.8%</td>
<td>-1'910</td>
<td>0.2%</td>
</tr>
<tr>
<td>Capitalised costs and other income in MCHF</td>
<td>141</td>
<td>17.5%</td>
<td>465</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>Contribution margin 2 in MCHF</strong></td>
<td>-380</td>
<td>8.6%</td>
<td>-1'290</td>
<td>2.2%</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment in MCHF</td>
<td>-317</td>
<td>0.0%</td>
<td>-1'275</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>Segment result in MCHF</strong></td>
<td>-697</td>
<td>4.5%</td>
<td>-2'565</td>
<td>3.0%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>484</td>
<td>22.5%</td>
<td>1'396</td>
<td>-3.2%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-41</td>
<td>-</td>
<td>4'826</td>
<td>-4.9%</td>
</tr>
</tbody>
</table>
Network - overview of fixed infrastructure

**Bandwidths**

- **1Gbps**
- up to 500 Mbps with G.fast
- up to 500 Mbps with G.fast
- up to 100 Mbps with Vectoring

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

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

**Fibre-to-the-Building**
- Since 2013 with VDSL2
- From mid-2017 with G.fast

**Fibre-to-the-Curb**
- VDSL2 since 2006
- Vectoring since early 2014
Swisscom Switzerland - overview of sold handsets and SAC / SRC

Smartphone share active user

Handsets (in k)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>102</td>
<td>102</td>
<td>138</td>
<td></td>
<td></td>
<td>106</td>
<td>112</td>
<td>121</td>
<td></td>
<td></td>
<td>108</td>
<td>111</td>
<td>117</td>
</tr>
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<td></td>
<td></td>
<td>100</td>
<td>105</td>
<td>114</td>
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</tr>
</tbody>
</table>

SAC/SRC in CHF mn* (mobile and wireline products together)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>102</td>
<td>102</td>
<td>138</td>
<td></td>
<td></td>
<td>106</td>
<td>112</td>
<td>121</td>
<td></td>
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<td>108</td>
<td>111</td>
<td>117</td>
</tr>
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<td>100</td>
<td>105</td>
<td>114</td>
<td></td>
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<td>117</td>
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</tr>
</tbody>
</table>

*excluding intercompany SAC/SRC

\*excluding intercompany SAC/SRC
Swisscom Switzerland - overview of TV market in Switzerland

Market volumes (in k)

<table>
<thead>
<tr>
<th>Year</th>
<th>Satellite/Terrestrial</th>
<th>Sunrise</th>
<th>CATV / Net Integrators</th>
<th>upc</th>
<th>upc Premium TV option</th>
<th>Swisscom TV light</th>
<th>Swisscom TV paid Abos</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>14%</td>
<td>5%</td>
<td>8%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
<tr>
<td>2013</td>
<td>13%</td>
<td>5%</td>
<td>20%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
<tr>
<td>2014</td>
<td>15%</td>
<td>5%</td>
<td>15%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
<tr>
<td>2015</td>
<td>19%</td>
<td>5%</td>
<td>19%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
<tr>
<td>2016</td>
<td>17%</td>
<td>5%</td>
<td>26%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
<tr>
<td>2017 Q4</td>
<td>19%</td>
<td>5%</td>
<td>26%</td>
<td>12%</td>
<td>16%</td>
<td>1%</td>
<td>28%</td>
</tr>
</tbody>
</table>

1) Time series modified
2) Figures (2016 and Q4 2017) and Market share exclude non-active TV light customers
3) Estimates for Q4 2017
Consumer revenue up by 8.8% YOY. Price pressure due to competition overcompensated by the increase in customer base and introduction of 4 weeks billing cycle.

EBITDA up by 14.8 YOY, including an income from a settlement of a legal dispute of EUR 95mn (EUR 55mn in previous year).

On a comparable basis EBITDA up by +9.6%, driven by the revenue increase and retroactive lower prices for purchased wholesale products.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer revenue in MEUR</td>
<td>263</td>
<td>13.9%</td>
<td>986</td>
<td>8.8%</td>
</tr>
<tr>
<td>Enterprise revenue in MEUR</td>
<td>192</td>
<td>1.6%</td>
<td>710</td>
<td>0.6%</td>
</tr>
<tr>
<td>Wholesale revenue in MEUR 1)</td>
<td>75</td>
<td>31.6%</td>
<td>248</td>
<td>35.5%</td>
</tr>
<tr>
<td><strong>Net revenue in MEUR 1)</strong></td>
<td>530</td>
<td>11.1%</td>
<td>1'944</td>
<td>8.3%</td>
</tr>
<tr>
<td>OPEX in MEUR 2)</td>
<td>-344</td>
<td>12.4%</td>
<td>-1'185</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>EBITDA in MEUR</strong></td>
<td>186</td>
<td>8.8%</td>
<td>759</td>
<td>14.8%</td>
</tr>
<tr>
<td><strong>EBITDA margin in %</strong></td>
<td>35.1%</td>
<td></td>
<td>39.0%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MEUR</td>
<td>181</td>
<td>19.9%</td>
<td>622</td>
<td>7.1%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-5</td>
<td></td>
<td>2'504</td>
<td>1.5%</td>
</tr>
<tr>
<td>BB customers in '000</td>
<td>+30</td>
<td></td>
<td>2'451</td>
<td>4.1%</td>
</tr>
<tr>
<td>Wireless customers in '000</td>
<td>+76</td>
<td></td>
<td>1'065</td>
<td>57.5%</td>
</tr>
</tbody>
</table>

In consolidated Swisscom accounts

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA in MCHF</td>
<td>217</td>
<td>17.3%</td>
<td>845</td>
<td>17.2%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>208</td>
<td>27.6%</td>
<td>692</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

1) incl. revenues to Swisscom companies
2) incl. capitalised costs and other income
Other - segment reporting

*Net revenue up by 7.7% YoY due to higher revenue at Cablex for construction services for Swisscom Switzerland.*

*EBITDA increase revenue driven.*

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4/Q4</th>
<th>31.12.2017</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue in MCHF</td>
<td>146</td>
<td>5.0%</td>
<td>529</td>
<td>1.9%</td>
</tr>
<tr>
<td>Net revenue in MCHF 1)</td>
<td>238</td>
<td>5.8%</td>
<td>850</td>
<td>7.7%</td>
</tr>
<tr>
<td>OPEX in MCHF 2)</td>
<td>-187</td>
<td>-0.5%</td>
<td>-670</td>
<td>7.2%</td>
</tr>
<tr>
<td>EBITDA in MCHF</td>
<td>51</td>
<td>37.8%</td>
<td>180</td>
<td>9.8%</td>
</tr>
<tr>
<td>EBITDA margin in %</td>
<td>21.4%</td>
<td></td>
<td>21.2%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>19</td>
<td>0.0%</td>
<td>58</td>
<td>18.4%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-37</td>
<td></td>
<td>2'580</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

1) incl. intersegment revenues
2) incl. capitalised costs and other income
Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant

Coverage ratio under Swiss pension law: 108%

Main actuarial assumptions:

- Net pension cost significantly higher than cash contributions
- Decrease of pension deficit (IFRS) resulting mainly from return on asset (9.5%)
## Pension plan - reported costs and outlook

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2016 reported</th>
<th>2017 reported</th>
<th>Change 18/17</th>
<th>2018 estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating pension cost (EBITDA)</td>
<td>338</td>
<td>375</td>
<td>-16</td>
<td>359</td>
</tr>
<tr>
<td>Net interest (financial result)</td>
<td>25</td>
<td>11</td>
<td>-2</td>
<td>9</td>
</tr>
<tr>
<td>Total pension cost (P&amp;L)</td>
<td>363</td>
<td>386</td>
<td>-18</td>
<td>368</td>
</tr>
<tr>
<td>Company contributions (cash payments)</td>
<td>271</td>
<td>339</td>
<td>-52</td>
<td>287</td>
</tr>
<tr>
<td>Operating pension cost less cash payments</td>
<td>67</td>
<td>36</td>
<td>36</td>
<td>72</td>
</tr>
</tbody>
</table>

### Operating pension cost

- Costs recognized in EBITDA measured in accordance with IFRS
- Costs are highly sensitive to changes of discount rate assumption

### Cash payments

- Cash contributions are not based on IFRS actuarial valuation method
- Contributions are lower than IFRS pension cost
- Special contribution of CHF 50mn paid in 2017 related to plan amendments
## Refinancing - overview of 2017 transactions

<table>
<thead>
<tr>
<th>Instrument rating</th>
<th>Status</th>
<th>Amount</th>
<th>Coupon</th>
<th>All in costs</th>
<th>First coupon date</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A2 by Moody's, A by S&amp;P</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior unsecured debt</td>
<td></td>
<td>CHF 350 mn</td>
<td>0.375%</td>
<td>0.355%</td>
<td>31.05.2018</td>
<td>31.05.2027</td>
</tr>
<tr>
<td></td>
<td>A2 by Moody's, A by S&amp;P</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior unsecured debt</td>
<td></td>
<td>CHF 150 mn</td>
<td>0.750%</td>
<td>0.722%</td>
<td>24.11.2018</td>
<td>24.11.2033</td>
</tr>
</tbody>
</table>
Cautionary statement

Regarding forward-looking statements

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

> Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom’s and Fastweb’s past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies’ websites.

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