



2013

Interim Report
January–September

sscco r

Facts & Figures

In CHF million, except where indicated

		1.1.–30.9.2013	1.1.–30.9.2012	Change
Net revenue and results				
Net revenue		8,463	8,427	0.4%
Operating income before depreciation and amortisation (EBITDA) ¹		3,248	3,346	–2.9%
EBITDA as % of net revenue	%	38.4	39.7	
Operating income (EBIT) ²		1,747	1,892	–7.7%
Net income		1,273	1,356	–6.1%
Share of net income attributable to equity holders of Swisscom Ltd		1,265	1,348	–6.2%
Earnings per share	CHF	24.42	26.02	–6.2%
Balance sheet and cash flows				
Equity at end of period		5,204	4,707	10.6%
Equity ratio at end of period ³	%	25.6	24.2	
Capital expenditure ⁴		1,600	1,853	–13.7%
Operating free cash flow ⁵		1,388	1,258	10.3%
Net debt at end of period ⁶		8,263	8,622	–4.2%
Operational data				
Fixed access lines in Switzerland	in thousand	2,905	3,034	–4.3%
Broadband access lines retail in Switzerland	in thousand	1,781	1,708	4.3%
Swisscom TV access lines in Switzerland	in thousand	943	728	29.5%
Mobile access lines in Switzerland	in thousand	6,346	6,153	3.1%
Unbundled fixed access lines in Switzerland	in thousand	268	310	–13.5%
Broadband access lines wholesale in Switzerland	in thousand	208	181	14.9%
Broadband access lines in Italy	in thousand	1,911	1,704	12.1%
Swisscom share				
Number of shares issued at end of period	in mio.	51.802	51.802	–
Quoted price at end of period	CHF	434.60	378.00	15.0%
Market capitalisation at end of period ⁷		22,513	19,581	15.0%
Employees				
Full-time equivalent employees at end of period	FTE	20,194	19,595	3.1%
Full-time equivalent employees in Switzerland at end of period	FTE	17,449	16,339	6.8%

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

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

³ Equity as a percentage of total assets.

⁴ Including expenditure on mobile frequencies of CHF 360 million as of 30 September 2012.

⁵ Definition operating free cash flow: operating income (EBITDA), change in operating assets and liabilities less net capital expenditure in tangible and other intangible assets and dividends paid to non-controlling interests.

⁶ Definition net debt: financial liabilities less cash and cash equivalents, current financial assets and non-current fixed interest-bearing financial investments.

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

Group financial review

Summary

In CHF million, except where indicated	1.1.–30.9.2013	1.1.–30.9.2012	Change
Net revenue	8,463	8,427	0.4%
Operating income before depreciation and amortisation (EBITDA)	3,248	3,346	–2.9%
EBITDA as % of net revenue	38.4	39.7	
Operating income (EBIT)	1,747	1,892	–7.7%
Net income	1,273	1,356	–6.1%
Earnings per share (in CHF)	24.42	26.02	–6.2%
Capital expenditure	1,600	1,853	–13.7%
Operating free cash flow	1,388	1,258	10.3%
Net debt at end of period	8,263	8,622	–4.2%
Full-time equivalent employees at end of period	20,194	19,595	3.1%

Swisscom closed the third quarter of 2013 with a strong result: net revenue and operating income before depreciation and amortisation (EBITDA) increased by 2.2% and 2.1% respectively compared with the same quarter last year. For the first nine months of 2013 Swisscom posted an increase in net revenue of CHF 36 million or 0.4% to CHF 8,463 million and a fall in EBITDA of CHF 98 million or 2.9% to CHF 3,248 million. At constant exchange rates, excluding hubbing revenues generated by Fastweb (wholesale revenues from interconnection services) and company acquisitions, net revenue declined by 0.6%. The fall was primarily attributable to general price erosion and the reduction in roaming fees in Swiss core business, which was able to be largely offset by customer and volume growth. On a like-for-like basis, EBITDA was 3.2% lower. This was mainly the result of the fall in revenue from Swiss core business. In addition, there was an increase in network maintenance and IT expenses in Switzerland, while in Italy high customer growth pushed up acquisition costs. Adjusted net revenue from Swiss business declined by 0.4% year-on-year and EBITDA on a like-for-like basis by 2.7%. Despite an increased customer base, net revenue posted by Fastweb (excluding revenue from hubbing) fell by EUR 11 million or 0.9% to EUR 1,179 million, while EBITDA declined by EUR 19 million or 5.4% to EUR 336 million. Swisscom's net income declined by CHF 83 million or 6.1% to CHF 1,273 million, largely due to the lower EBITDA.

Capital expenditure was CHF 253 million or 13.7% lower at CHF 1,600 million. Excluding spending of CHF 360 million on auctioned mobile frequencies in 2012, capital expenditure in Switzerland rose by CHF 17 million or 1.5% to CHF 1,115 million. In Italy, spending on expanding the country's fibre-optic network resulted in increased capital expenditure at Fastweb of EUR 67 million or 20.6% to EUR 393 million. Operating free cash flow rose by CHF 130 million or 10.3% to CHF 1,388 million, which was mainly a reflection of the lower capital expenditure. Net debt increased by CHF 192 million or 2.4% over the end of 2012 to CHF 8,263 million.

Overall headcount grew year-on-year by 599 full-time equivalent employees (FTEs) or 3.1% to 20,194 FTEs. The increase in headcount attributable to company acquisitions, the hiring of external staff and the strengthening of customer service operations in Swiss business was offset by a fall in the headcount at Fastweb due to the outsourcing of jobs. In Switzerland, the headcount grew by 1,110 FTEs or 6.8% to 17,449 FTEs.

Swisscom's outlook for 2013 remains unchanged, with expected revenue of over CHF 11.4 billion, EBITDA of at least CHF 4.25 billion and capital expenditure in the region of CHF 2.4 billion. In the first half of 2013 Swisscom acquired business operations from Entris and a majority stake in Cinetrade. The additional revenue of around CHF 150 million is factored into the expected figures, with minimal impact on the other financial targets for the current year. Subject to achieving its targets, Swisscom will again propose a dividend of CHF 22 per share for the 2013 financial year at the Annual General Meeting.

Segment results

In CHF million	3 rd quarter 2013	3 rd quarter 2012	Change	1.1.– 30.9.2013	1.1.– 30.9.2012	Change
Net revenue						
Residential Customers	1,293	1,269	1.9%	3,813	3,768	1.2%
Small & Medium-Sized Enterprises	291	291	–	860	872	–1.4%
Corporate Business	443	455	–2.6%	1,325	1,361	–2.6%
Wholesale	246	250	–1.6%	727	730	–0.4%
Intersegment elimination	(151)	(157)	–3.8%	(453)	(458)	–1.1%
Swisscom Switzerland	2,122	2,108	0.7%	6,272	6,273	–0.0%
Fastweb	494	492	0.4%	1,490	1,518	–1.8%
Other operating segments	460	415	10.8%	1,326	1,267	4.7%
Group Headquarters	–	–	–	1	1	–
Intersegment elimination	(209)	(209)	–	(626)	(632)	–0.9%
Net revenue	2,867	2,806	2.2%	8,463	8,427	0.4%
Operating income before depreciation and amortisation (EBITDA)						
Residential Customers	759	735	3.3%	2,200	2,227	–1.2%
Small & Medium-Sized Enterprises	222	223	–0.4%	651	671	–3.0%
Corporate Business	231	242	–4.5%	677	707	–4.2%
Wholesale	97	93	4.3%	289	276	4.7%
Network & IT	(363)	(360)	0.8%	(1,105)	(1,090)	1.4%
Intersegment elimination	2	–	–	1	–	–
Swisscom Switzerland	948	933	1.6%	2,713	2,791	–2.8%
Fastweb	155	148	4.7%	413	428	–3.5%
Other operating segments	78	70	11.4%	237	215	10.2%
Group Headquarters	(27)	(29)	–6.9%	(86)	(86)	–
Intersegment elimination	(4)	(4)	–	(13)	(15)	–13.3%
Reconciliation to pension cost ¹	(4)	4	–	(16)	13	–
Operating income before depreciation and amortisation (EBITDA)	1,146	1,122	2.1%	3,248	3,346	–2.9%

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

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

Swisscom Switzerland is Swiss market leader in the field of telecommunications, while Fastweb is one of the largest broadband telecoms companies in Italy. Other operating segments mainly comprises Swisscom Participations and Swisscom IT Services, the leading provider of IT services in Switzerland. Group Headquarters chiefly comprises the Group divisions Group Business Steering, Group Strategy & Innovation, Group Communications & Responsibility and Group Human Resources, as well as the employment agency Worklink AG.

For financial management purposes, the Network & IT segment does not charge any network costs to other segments, nor does Group Headquarters charge any management fees to other segments. Other intersegment services are billed at market rates. Network costs in Switzerland are budgeted, monitored and controlled by the Network & IT division, which is managed as a cost centre. Consequently, no revenues are credited to the Network & IT segment in the context of segment reporting. The results of the Residential Customers, Small & Medium-Sized Enterprises, Corporate Business and Wholesale segments correspond to a contribution margin before network costs.

Segment expense comprises goods and services purchased, personnel expense and other operating expense less capitalised self-constructed assets and other income. It also includes the ordinary employer contributions reported under pension cost. The difference between the ordinary employer contributions and pension cost under IAS 19 is disclosed as a reconciliation item between segment results and Group results.

Swisscom Switzerland

In CHF million, except where indicated	3 rd quarter 2013	3 rd quarter 2012	Change	1.1.– 30.9.2013	1.1.– 30.9.2012	Change
Net revenue and results						
Mobile single subscriptions	720	743	–3.1%	2,089	2,231	–6.4%
Fixed-line single subscriptions	546	608	–10.2%	1,676	1,870	–10.4%
Bundles	404	313	29.1%	1,129	838	34.7%
Wholesale	148	151	–2.0%	443	451	–1.8%
Other	289	278	4.0%	889	841	5.7%
Revenue from external customers	2,107	2,093	0.7%	6,226	6,231	–0.1%
Intersegment revenue	15	15	–	46	42	9.5%
Net revenue	2,122	2,108	0.7%	6,272	6,273	–0.0%
Direct costs	(425)	(441)	–3.6%	(1,294)	(1,247)	3.8%
Indirect costs	(749)	(734)	2.0%	(2,265)	(2,235)	1.3%
Segment expenses	(1,174)	(1,175)	–0.1%	(3,559)	(3,482)	2.2%
Segment result before depreciation and amortisation	948	933	1.6%	2,713	2,791	–2.8%
Margin as % of net revenue	44.7	44.3		43.3	44.5	
Depreciation, amortisation and impairment losses	(280)	(268)	4.5%	(825)	(783)	5.4%
Segment result	668	665	0.5%	1,888	2,008	–6.0%
Operational data in thousand at end of period						
Fixed access lines				2,905	3,034	–4.3%
Broadband access lines retail				1,781	1,708	4.3%
Swisscom TV access lines				943	728	29.5%
Mobile access lines				6,346	6,153	3.1%
Bundles				938	739	26.9%
Unbundled fixed access lines				268	310	–13.5%
Broadband access lines wholesale				208	181	14.9%
Revenue generating units (RGU)				11,975	11,623	3.0%
Capital expenditure and headcount						
Capital expenditure	361	679	–46.8%	999	1,345	–25.7%
Full-time equivalent employees at end of period				12,513	11,884	5.3%

Revenue from external customers contracted year-on-year by CHF 5 million or 0.1% to CHF 6,226 million (+0.7% in the third quarter). The fall was mainly attributable to general price erosion totalling around CHF 300 million and a reduction in roaming fees of around CHF 160 million and was largely offset by sustained customer and volume growth of around CHF 420 million. The higher revenue in the third quarter of 2013 was attributable to the purchase of majority stakes in Cinetrade, Switzerland's leading film rights and content trading company for the purchase and commercialisation of programme and sports broadcast rights. In the third quarter of 2013, the increase in revenue from bundled contracts (CHF 91 million) exceeded the decline in revenue from individual contracts (CHF 85 million) for the first time in 2013. The number of revenue-generating units (RGUs) with end customers increased year-on-year by 352,000 or 3.0% to 12.0 million (+63,000 in the third quarter). The NATEL infinity mobile subscriptions launched in June 2012, offering unlimited calling, texting and Internet surfing to all Swiss networks, are still very popular. By the end of September 2013 over 1.5 million customers, or around half of all subscribers (excluding corporate customers), were using the new infinity subscriptions (+187,000 in the third quarter). The number of mobile access lines

increased year-on-year by 193,000 or 3.1% to 6.3 million (+39,000 in the third quarter). The number of postpaid customers grew by 230,000 (+46,000 in the third quarter), while the number of prepaid customers declined by 37,000 (–7,000 in the third quarter). In the first nine months of 2013 Swisscom sold a total of 1.13 million mobile handsets (+12.7%), around 66% of which were smartphones.

Demand remains high for bundled offerings such as Vivo Libero, which includes Internet access and TV, or Vivo Casa and Vivo Tutto, which combine fixed-line access with telephony, Internet and TV and the additional option of a mobile access line. Within the space of a year, the number of customers using bundled offerings grew by 199,000 or 26.9% to 938,000 (+49,000 in the third quarter). Revenue from bundled offerings rose year-on-year by CHF 291 million or 34.7% to CHF 1,129 million (+29.1% in the third quarter). Key drivers in bundled business are television and mobile communications offerings.

The number of Swisscom TV connections increased year-on-year by 215,000 or 29.5% to 943,000 (+41,000 in the third quarter), of which 885,000 were fixed-fee subscriptions. Broadband access lines with end customers grew year-on-year by 73,000 or 4.3% to 1.78 million (+14,000 in the third quarter). The number of fixed access lines declined by 129,000 or 4.3% year-on-year to 2.9 million (–31,000 in the third quarter), which was chiefly due to customers migrating to cable network providers or switching from fixed to mobile. The number of wholesale broadband access lines rose by 27,000 or 14.9% to 208,000 (+7,000 in the third quarter). Unbundled subscriber access lines fell by 42,000 or 13.5% year-on-year to 268,000 (–12,000 in the third quarter).

Segment expense increased in the first nine months of 2013 by CHF 77 million or 2.2% to CHF 3,559 million (–0.1% in the third quarter). The CHF 47 million or 3.8% rise in direct costs to CHF 1,294 million (–3.6% in the third quarter) was mainly due to higher purchased goods. The fall in direct costs in the third quarter of 2013 was the result of lower subscriber acquisition costs. The CHF 30 million or 1.3% increase in indirect costs to CHF 2,265 million (+2.0% in the third quarter) was attributable to increased weather-related expenditure on maintenance and repairs, higher IT costs and additional operating costs resulting from company acquisitions. Personnel expense increased by CHF 3 million or 0.2% to CHF 1,254 million. Adjusted for restructuring-related costs and additional personnel costs arising from company acquisitions, personnel expense increased by CHF 11 million. The segment result before depreciation and amortisation fell by CHF 78 million or 2.8% to CHF 2,713 million (+1.6% in the third quarter), reducing the profit margin accordingly by 1.2 percentage points to 43.3%.

Depreciation and amortisation increased year-on-year by CHF 42 million or 5.4% to CHF 825 million, mainly due to the ongoing expansion of the broadband network. The mobile frequencies acquired in the previous year also led to higher amortisation. The segment result declined accordingly by CHF 120 million or 6.0% to CHF 1,888 million. Capital expenditure fell by CHF 346 million or 25.7% to CHF 999 million, largely reflecting the spending of CHF 360 million in the previous year on the aforementioned mobile frequencies. Excluding the mobile frequencies costs, capital expenditure increased by CHF 14 million or 1.4%. Headcount expanded year-on-year by 629 full-time employees (FTEs) or 5.3% to 12,513 FTEs, reflecting the hiring of external staff and the acquisition of Cinetrade.

Fastweb

In EUR million, except where indicated	3 rd quarter 2013	3 rd quarter 2012	Change	1.1.– 30.9.2013	1.1.– 30.9.2012	Change
Residential Customers	186	179	3.9%	558	543	2.8%
Corporate Business	188	193	–2.6%	559	572	–2.3%
Wholesale hubbing	9	16	–43.8%	34	71	–52.1%
Wholesale other	19	19	–	59	70	–15.7%
Revenue from external customers	402	407	–1.2%	1,210	1,256	–3.7%
Intersegment revenue	1	1	–	3	5	–40.0%
Net revenue	403	408	–1.2%	1,213	1,261	–3.8%
Segment expenses	(277)	(286)	–3.1%	(877)	(906)	–3.2%
Segment result before depreciation and amortisation	126	122	3.3%	336	355	–5.4%
Margin as % of net revenue	31.3	29.9		27.7	28.2	
Capital expenditure	137	98	39.8%	393	326	20.6%
Full-time equivalent employees at end of period				2,370	2,911	–18.6%
Broadband access lines in thousand				1,911	1,704	12.1%

Net revenue at Fastweb fell in the first nine months of 2013 by EUR 48 million or 3.8% to EUR 1,213 million (–1.2% in the third quarter), mainly due to the planned reduction in revenues from interconnection services (hubbing). Low-margin hubbing revenues contracted by EUR 37 million. Excluding hubbing, revenue dropped year-on-year by EUR 11 million or 0.9% to EUR 1,179 million (+0.5% in the third quarter). Fastweb's broadband customer base increased year-on-year by 207,000 or 12.1% to 1.91 million (+24,000 in the third quarter), thanks, among other things, to the bundled TV and broadband package offered in partnership with Sky Italia. In the residential customer segment intense competition drove down average revenue per broadband customer by 8.4% compared with the previous year, but the decline was outweighed by customer growth. Residential customer revenue rose year-on-year by EUR 15 million or 2.8% to EUR 558 million (+3.9% in the third quarter). By contrast, business customer revenue contracted by EUR 13 million or 2.3% to EUR 559 million (–2.6% in the third quarter), while wholesale business revenue was EUR 11 million or 15.7% lower at EUR 59 million (unchanged in the third quarter).

In the first nine months of 2013, the segment result before depreciation and amortisation totalled EUR 336 million, down 5.4% or EUR 19 million year-on-year (+3.3% in the third quarter). The fall was mainly attributable to increased subscriber acquisition costs as a result of the high customer growth. The profit margin shrank by 0.5 percentage points to 27.7%.

Headcount at 30 September 2013 totalled 2,370 FTEs, a fall of 541 or 18.6% year-on-year as a result of the outsourcing of jobs. Spending on fibre-optic network expansion in Italy pushed up capital expenditure by EUR 67 million or 20.6% to EUR 393 million (+39.8% in the third quarter), resulting in a ratio of capital expenditure to net revenue of 32.4% (prior year: 25.9%). Around 37% of investment spending was directly related to customer growth.

In the Swisscom consolidated financial statements, the strengthening euro impacted positively on revenue and on the segment result before depreciation and amortisation. The average CHF/EUR exchange rate applied was 2.1% higher compared with the prior-year period. In Swiss franc terms, net revenue declined by 1.8% versus 3.8% in local currency. The segment result before depreciation and amortisation was 3.5% lower in Swiss francs and 5.4% lower in local currency.

Other operating segments

In CHF million, except where indicated	3 rd quarter 2013	3 rd quarter 2012	Change	1.1.– 30.9.2013	1.1.– 30.9.2012	Change
Revenue from external customers	266	222	19.8%	750	683	9.8%
Intersegment revenue	194	193	0.5%	576	584	–1.4%
Net revenue	460	415	10.8%	1,326	1,267	4.7%
Segment expenses	(382)	(345)	10.7%	(1,089)	(1,052)	3.5%
Segment result before depreciation and amortisation	78	70	11.4%	237	215	10.2%
Margin as % of net revenue	17.0	16.9		17.9	17.0	
Capital expenditure				132	130	1.5%
Full-time equivalent employees at end of period				4,991	4,457	12.0%

Revenue from external customers increased by CHF 67 million or 9.8% in the first nine months of 2013 to CHF 750 million (+19.8% in the third quarter). Revenue generated by Swisscom IT Services from external customers grew by CHF 56 million or 14.5% to CHF 443 million (+31.1% in the third quarter), mainly due to company acquisitions. In 2013 Swisscom IT Services acquired the business platform of Entris Banking and Entris Operations; the platform is used primarily for processing payment transactions and securities trading for banks. Incoming orders at Swisscom IT Services rose year-on-year by CHF 242 million or 82.6% to CHF 535 million (+14.7% in the third quarter). Intersegment revenue fell year-on-year by CHF 8 million or 1.4% to CHF 576 million, due largely to a lower volume of construction services rendered by Swisscom Participations for Swisscom Switzerland. At CHF 1,089 million, segment expense was CHF 37 million or 3.5% higher year-on-year (+10.7% in the third quarter). Additional costs arising from company acquisitions were partially offset by lower costs due to efficiency improvements. The segment result before depreciation and amortisation rose accordingly in the first nine months of 2013 by CHF 22 million or 10.2% to CHF 237 million (+11.4% in the third quarter). Headcount grew by 534 FTEs year-on-year to 4,991 FTEs, largely reflecting the company acquisitions. Capital expenditure rose by CHF 2 million or 1.5% to CHF 132 million. Increased investment by Swisscom IT Services in IT infrastructure was partially outweighed by lower investment in construction projects at Swisscom Real Estate.

Group Headquarters

Operating income before depreciation and amortisation for the first nine months of 2013 was unchanged year-on-year at CHF –86 million, while the headcount shrank by 23 FTEs or 6.7% to 320 FTEs.

Depreciation, amortisation and non-operating income

In CHF million, except where indicated	3 rd quarter 2013	3 rd quarter 2012	Change	1.1.– 30.9.2013	1.1.– 30.9.2012	Change
Operating income before depreciation and amortisation (EBITDA)	1,146	1,122	2.1%	3,248	3,346	–2.9%
Depreciation, amortisation and impairment losses	(509)	(491)	3.7%	(1,501)	(1,454)	3.2%
Operating income (EBIT)	637	631	1.0%	1,747	1,892	–7.7%
Net interest expense	(59)	(67)	–11.9%	(162)	(191)	–15.2%
Other financial income and expense, net	(14)	(10)	40.0%	(34)	(38)	–10.5%
Share of results of associates	6	11	–45.5%	18	25	–28.0%
Income before income taxes	570	565	0.9%	1,569	1,688	–7.0%
Income tax expense	(116)	(116)	–	(296)	(332)	–10.8%
Net income	454	449	1.1%	1,273	1,356	–6.1%
Share of net income attributable to equity holders of Swisscom Ltd	450	448	0.4%	1,265	1,348	–6.2%
Share of net income attributable to non-controlling interests	4	1	–	8	8	–
Average number of shares outstanding (in millions)	51.801	51.801	–	51.801	51.800	–
Earnings per share (in CHF)	8.69	8.65	0.4%	24.42	26.02	–6.2%

Depreciation and amortisation in the first nine months of 2013 rose by CHF 47 million or 3.2% to CHF 1,501 million (+3.7% in the third quarter) year-on-year, largely due to higher depreciation and amortisation at Swisscom Switzerland. This related mainly to the continuing expansion of the broadband network and the acquisition of mobile frequencies in 2012. Intangible assets resulting from company acquisitions were capitalised for purchase price allocation purposes. Depreciation and amortisation for the first nine months of 2013 includes scheduled amortisation relating to acquisitions amounting to CHF 104 million (prior year: CHF 100 million).

Net interest expense fell by CHF 29 million to CHF 162 million. This includes positive effects of CHF 27 million arising from the fair value adjustment of interest rate derivatives. The other financial result improved year-on-year by CHF 4 million.

Income tax expense amounted to CHF 296 million (prior year: CHF 332 million), corresponding to an effective income tax rate of 18.9% (prior year: 19.7%). Excluding exceptional items, the long-term income tax rate is expected to average around 21%.

Net income fell by CHF 83 million or 6.1% to CHF 1,273 million year-on-year, largely reflecting lower operating income before depreciation and amortisation (EBITDA). Earnings per share is calculated based on net income attributable to the equity holders of Swisscom Ltd and on the average number of shares outstanding. The share of net income attributable to the equity holders of Swisscom Ltd declined year-on-year by CHF 83 million or 6.2% to CHF 1,265 million. Earnings per share fell accordingly from CHF 26.02 to CHF 24.42.

Cash flows

In CHF million	1.1.–30.9.2013	1.1.–30.9.2012	Change
Operating income before depreciation and amortisation (EBITDA)	3,248	3,346	(98)
Capital expenditure	(1,600) ¹	(1,853)	253
Proceeds from sale of property, plant and equipment and other intangible assets	23	10	13
Change in defined benefit obligations	8	(16)	24
Change in net working capital and other cash flows from operating activities	(277)	(215)	(62)
Dividends paid to non-controlling interests	(14)	(14)	–
Operating free cash flow	1,388	1,258	130
Net interest paid	(192)	(185)	(7)
Income taxes paid	(165)	(159)	(6)
Free cash flow	1,031	914	117
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(59)	(17)	(42)
Other cash flows from investing activities, net	(45)	(22)	(23)
Issuance and repayment of financial liabilities, net	340	124	216
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	–
Other cash flows from financing activities	(16)	(17)	1
Net increase (net decrease) in cash and cash equivalents	111	(158)	269

¹ Excluding capital expenditure totalling CHF 40 million in a real-estate project for which a sales contract was signed.

Free cash flow increased by CHF 117 million or 12.8% to CHF 1,031 million. This rise was mainly attributable to higher operating free cash flow, which was up by CHF 130 million or 10.3% to CHF 1,388 million due to lower capital expenditure. Capital expenditure decreased year-on-year by CHF 253 million or 13.7% to CHF 1,600 million, reflecting the spending of CHF 360 million in the previous year on mobile frequencies. Excluding these costs, capital expenditure was CHF 107 million or 7.2% higher, chiefly due to increased investment spending by Fastweb. In Italy, spending on expanding the country's fibre-optic network resulted in increased capital expenditure at Fastweb of CHF 90 million or 22.9% to CHF 483 million. Net working capital increased by CHF 277 million over the end of 2012 (CHF 215 million in the first nine months of 2012), chiefly due to lower trade payables.

Balance sheet

In CHF million, except where indicated

	30.09.2013	31.12.2012	Change
Assets			
Cash and cash equivalents and current financial assets	754	578	30.4%
Trade and other receivables	2,655	2,658	-0.1%
Property, plant and equipment	8,879	8,549	3.9%
Goodwill	4,832	4,662	3.6%
Other intangible assets	2,070	2,121	-2.4%
Investments in associates and non-current financial assets	349	465	-24.9%
Other current and non-current assets	783	763	2.6%
Total assets	20,322	19,796	2.7%
Liabilities and equity			
Financial liabilities	9,147	8,783	4.1%
Trade and other payables	1,752	1,993	-12.1%
Defined benefit obligations	1,763	2,108	-16.4%
Provisions	822	840	-2.1%
Tax liabilities	629	425	48.0%
Other current and non-current liabilities	1,005	930	8.1%
Total liabilities	15,118	15,079	0.3%
Share of equity attributable to equity holders of Swisscom Ltd	5,185	4,690	10.6%
Share of equity attributable to non-controlling interests	19	27	-29.6%
Total equity	5,204	4,717	10.3%
Total liabilities and equity	20,322	19,796	2.7%
Equity ratio at end of period	25.6%	23.8%	
Net debt	8,263	8,071	2.4%

Total assets amounted to CHF 20,322 million at 30 September 2013, a rise of CHF 526 million or 2.7% over the end of 2012, which was primarily due to capital expenditure on telecoms infrastructure and company acquisitions. Equity increased by CHF 487 million or 10.3% to CHF 5,204 million. The CHF 1,140 million dividend payout to the equity holders of Swisscom Ltd was more than offset by net income of CHF 1,273 million and net profit of CHF 370 million recognised in other comprehensive income. This includes currency translation gains of CHF 52 million in respect of foreign Group companies, as well as actuarial gains of CHF 396 million from pension plans that resulted mainly from interest rate changes. Compared to the end of 2012, the CHF/EUR exchange rate increased from 1.207 to 1.223. On 30 September 2013, cumulative currency translation losses recognised in equity amounted to around CHF 1.6 billion.

Net debt comprises financial liabilities less cash and cash equivalents, current financial assets and non-current, fixed-interest-bearing financial assets. Swisscom aims to achieve a maximum net debt/EBITDA ratio of around 2x. This value may be exceeded temporarily. Any figure below this represents financial room for manoeuvre. Net debt increased by CHF 192 million or 2.4% over the end of 2012 to CHF 8,263 million.

Changes in accounting policies

As of 1 January 2013, Swisscom has been applying various amendments to IAS 19 "Employee Benefits". The main effects of the amendments on Swisscom's financial reporting are presented and explained below:

- > Amendments to IAS 19 require immediate recognition of actuarial gains and losses in equity under other comprehensive income. This has no impact on Swisscom's reporting since Swisscom has previously applied this method for recognising actuarial gains and losses.
- > Until now, effects relating to pension plan amendments were required to be recognised in part in income statement over the vesting period. In future, these effects must be recognised immediately in income statement.
- > Under the revised standard, the interest rate on plan assets may not exceed the discount rate. It is no longer permitted to base the interest rate on plan assets on an expected rate of return. Net interest expense is now disclosed in the financial result. The difference between effective return and the return on pension plan assets is recognised in other comprehensive income.
- > Disability benefit costs are only recognised as an expense and liability as from the start of the pension payment.
- > Under IAS 19, Swisscom now takes future employee contributions into account in its calculations (risk sharing).

The effects of the retroactive changes to the consolidated balance sheet as at 1 January 2013 and the 2012 income statement are as follows:

In CHF million, except where indicated

	Reported	Adjustment	Restated
Balance sheet at 1 January 2013			
Defined benefit obligations	2,801	(693)	2,108
Deferred tax assets	417	(132)	285
Equity	4,156	561	4,717
Equity as a percentage of total assets	20.7		23.8
Income statement full year 2012			
Net revenue	11,384	—	11,384
Operating income before depreciation and amortisation (EBITDA)	4,381	96	4,477
Operating income (EBIT)	2,431	96	2,527
Income before income taxes	2,167	66	2,233
Net income	1,762	53	1,815
Earnings per share (in CHF)	33.88	1.02	34.90

The positive impact of the amendments after tax on equity as at 1 January 2013 amounts to CHF 561 million. As a result, the equity ratio increased from 20.7% to 23.8%. The adjusted pension cost for 2012 is CHF 66 million lower at CHF 80 million. CHF 50 million of the pension cost is recognised in EBITDA and CHF 30 million in the financial result. After tax, the amendments have a positive impact of CHF 53 million on net income and CHF 1.02 on earnings per share.

The pension cost for 2012 under the old and new rules is summarised as follows:

In CHF million	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2012
Pension cost, reported					
Current service cost	51	53	53	51	208
Plan amendments and plan curtailments	(4)	(5)	(4)	(42)	(55)
Net interest income	(1)	(2)	(2)	(2)	(7)
Total pension cost	46	46	47	7	146
Thereof recognised in EBITDA	46	46	47	7	146
Thereof recognised in financial result	–	–	–	–	–
Pension cost, restated					
Current service cost	52	52	52	51	207
Plan amendments and plan curtailments	–	–	–	(157)	(157)
Net interest expense	7	8	7	8	30
Total pension cost	59	60	59	(98)	80
Thereof recognised in EBITDA	52	52	52	(106)	50
Thereof recognised in financial result	7	8	7	8	30

Various amendments to the Swisscom pension plan were approved in the fourth quarter of 2012. A key element included a reduction in the conversion rates, which resulted in a decrease in defined benefit obligations of CHF 157 million. Under the amended standard, this positive exceptional effect was recognised immediately in income statement in the fourth quarter of 2012. Under the old rules, the recognised positive effects relating to pension plan amendments totalled CHF 55 million in 2012. This included CHF 38 million in effects associated with pension plan amendments approved in 2012. The remaining amount relates to earlier pension plan amendments. Net interest expense for 2012 now amounts to CHF 30 million. Under the old rules, net interest income was based on the expected rate of return and amounted to CHF 7 million. Net interest expense is now disclosed in the financial result.

A pension cost of CHF 256 million affecting EBITDA and net interest expense of CHF 37 million are expected for 2013. On a like-for-like basis (restated), the pension cost affecting EBITDA rose by CHF 206 million due to exceptional effects related to the 2012 pension plan amendments, a lower discount rate and a changed life expectancy assumption. Under the old rule, the pension plan cost affecting EBITDA in 2013 rose by CHF 110 million over 2012.

Outlook

Assuming a CHF/EUR exchange rate of 1.23, Swisscom continues to forecast revenue of over CHF 11.4 billion, EBITDA of at least CHF 4.25 billion and capital expenditure of around CHF 2.4 billion. In the first half of 2013 Swisscom acquired business operations from Entris and a majority stake in Cinetrade. The additional revenue of around CHF 150 million generated by these acquisitions has been factored into the expected figures and will have a minimal impact on the other financial targets for the current year. Excluding Fastweb, Swisscom continues to expect full-year revenue for 2013 of around CHF 9.5 billion. EBITDA excluding Fastweb is still expected to decline to CHF 3.64 billion. The revised accounting standard relating to post-employment benefits will result in a non-cash increase in pension cost of CHF 110 million compared to the reported values. On an adjusted basis, the pension cost excluding net interest expense for 2013 will increase by CHF 206 million versus the previous year. In addition, continuing customer and volume growth will generate higher direct costs, mainly due to the acquisition of new customers and the procurement of devices. Maintenance and further expansion of the network infrastructure will also temporarily push up indirect costs. Capital expenditure at Swisscom (excluding Fastweb) is estimated to rise to CHF 1.75 billion in 2013. Fastweb expects to close 2013 with stable revenue performance (excluding hubbing) in local currency terms (EUR 1.6 billion) and unchanged EBITDA of around EUR 500 million. Fibre-optic network expansion in Italy is expected to increase capital expenditure to EUR 550 million. Subject to achieving its targets, Swisscom will again propose a dividend of CHF 22 per share for the 2013 financial year at the Annual General Meeting.

Consolidated interim financial statements (condensed and unaudited)

Consolidated income statement (condensed and unaudited)

In CHF million, except where indicated	Note	3 rd quarter 2013	3 rd quarter 2012 restated ¹	1.1.– 30.9.2013	1.1.– 30.9.2012 restated ¹
Net revenue	3	2,867	2,806	8,463	8,427
Goods and services purchased		(561)	(566)	(1,717)	(1,687)
Personnel expense		(638)	(606)	(2,000)	(1,941)
Other operating expense		(596)	(590)	(1,752)	(1,705)
Capitalised self-constructed assets and other income		74	78	254	252
Operating income before depreciation and amortisation (EBITDA)		1,146	1,122	3,248	3,346
Depreciation, amortisation and impairment losses		(509)	(491)	(1,501)	(1,454)
Operating income (EBIT)	3	637	631	1,747	1,892
Financial income and financial expense, net	4	(73)	(77)	(196)	(229)
Share of results of associates		6	11	18	25
Income before income taxes		570	565	1,569	1,688
Income tax expense		(116)	(116)	(296)	(332)
Net income		454	449	1,273	1,356
Share of net income attributable to equity holders of Swisscom Ltd		450	448	1,265	1,348
Share of net income attributable to non-controlling interests	4	4	1	8	8
Basic and diluted earnings per share (in CHF)		8.69	8.65	24.42	26.02

¹ See Note 1 accounting policies.

Consolidated statement of comprehensive income (unaudited)

In CHF million	3 rd quarter 2013	3 rd quarter 2012 restated ¹	1.1.– 30.9.2013	1.1.– 30.9.2012 restated ¹
Net income	454	449	1,273	1,356
Other comprehensive income				
Actuarial gains and losses of defined benefit obligations	110	(191)	396	(227)
Income tax expense	(22)	38	(79)	45
Items that will not be reclassified to income statement, net of tax	88	(153)	317	(182)
Foreign currency translation adjustments of foreign subsidiaries	(12)	23	52	(18)
Change in fair value of available-for-sale financial assets	1	5	1	5
Change in fair value of cash flow hedges	(2)	–	8	(3)
Gains and losses from cash flow hedges transferred to income statement	1	1	4	7
Income tax expense	(10)	(6)	(12)	3
Items that are or may be reclassified subsequently to income statement, net of tax	(22)	23	53	(6)
Other comprehensive income	66	(130)	370	(188)
Comprehensive income	520	319	1,643	1,168
Share of comprehensive income attributable to equity holders of Swisscom Ltd	516	318	1,635	1,163
Share of comprehensive income attributable to non-controlling interests	4	1	8	5

¹ See Note 1 accounting policies.

Consolidated balance sheet (condensed and unaudited)

In CHF million	Note	30.09.2013	31.12.2012 restated ¹	1.1.2012 restated ¹
Assets				
Cash and cash equivalents		650	538	314
Trade and other receivables		2,655	2,658	2,745
Other financial assets		104	40	73
Other assets		455	436	522
Total current assets		3,864	3,672	3,654
Property, plant and equipment		8,879	8,549	8,222
Goodwill and other intangible assets	2	6,902	6,783	6,543
Investments in associates	2	143	268	233
Other financial assets		206	197	197
Other assets		328	327	277
Total non-current assets		16,458	16,124	15,472
Total assets		20,322	19,796	19,126
Liabilities and equity				
Financial liabilities	5	1,558	1,053	804
Trade and other payables		1,752	1,993	1,957
Current income tax liabilities		294	189	37
Provisions	6	127	154	148
Other liabilities		692	643	676
Total current liabilities		4,423	4,032	3,622
Financial liabilities	5	7,589	7,730	8,027
Defined benefit obligations	1	1,763	2,108	1,489
Provisions	6	695	686	755
Deferred tax liabilities		335	236	244
Other liabilities		313	287	296
Total non-current liabilities		10,695	11,047	10,811
Total liabilities		15,118	15,079	14,433
Share of equity attributable to equity holders of Swisscom Ltd		5,185	4,690	4,666
Share of equity attributable to non-controlling interests		19	27	27
Total equity		5,204	4,717	4,693
Total liabilities and equity		20,322	19,796	19,126

¹ See Note 1 accounting policies.

Consolidated cash flow statement (condensed and unaudited)

In CHF million	Note	1.1.–30.9.2013	1.1.–30.9.2012 restated ¹
Net income		1,273	1,356
Adjustment for non-cash items		1,968	1,994
Change in operating assets and liabilities		(223)	(235)
Income taxes paid		(165)	(159)
Cash flow provided by operating activities		2,853	2,956
Capital expenditure		(1,640)	(1,853)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	2	(59)	(17)
Other cash flows from investing activities, net		(22)	(12)
Cash flow used in investing activities		(1,721)	(1,882)
Issuance and repayment of financial liabilities, net		340	124
Dividends paid to equity holders of Swisscom Ltd	8	(1,140)	(1,140)
Dividends paid to non-controlling interests		(14)	(14)
Other cash flows from financing activities, net		(207)	(202)
Cash flow used in financing activities		(1,021)	(1,232)
Net increase (net decrease) in cash and cash equivalents		111	(158)
Cash and cash equivalents at beginning of year		538	314
Foreign currency translation adjustments in respect of cash and cash equivalents		1	–
Cash and cash equivalents at end of period		650	156

¹ See Note 1 accounting policies.

Consolidated statement of changes in equity (unaudited)

In CHF million	Share capital	Capital reserves	Retained earnings	Treasury shares	Other reserves	Attributable to equity holders of Swisscom	Attributable to non-controlling interests	Total equity
Balance at 31 December 2011	52	136	5,704	–	(1,620)	4,272	24	4,296
Change in accounting policies ¹	–	–	394	–	–	394	3	397
Balance at 1 January 2012, restated¹	52	136	6,098	–	(1,620)	4,666	27	4,693
Net income, restated ¹	–	–	1,348	–	–	1,348	8	1,356
Other comprehensive income, restated ¹	–	–	(154)	–	(31)	(185)	(3)	(188)
Comprehensive income, restated¹	–	–	1,194	–	(31)	1,163	5	1,168
Dividends paid	–	–	(1,140)	–	–	(1,140)	(14)	(1,154)
Acquisition of treasury shares for share-based payments	–	–	–	(6)	–	(6)	–	(6)
Sale of treasury shares for share-based payments	–	–	–	6	–	6	–	6
Balance at 30 September 2012, restated¹	52	136	6,152	–	(1,651)	4,689	18	4,707
Balance at 31 December 2012¹	52	136	5,577	–	(1,633)	4,132	24	4,156
Change in accounting policies ¹	–	–	558	–	–	558	3	561
Balance at 1 January 2013, restated¹	52	136	6,135	–	(1,633)	4,690	27	4,717
Net income	–	–	1,265	–	–	1,265	8	1,273
Other comprehensive income	–	–	317	–	53	370	–	370
Comprehensive income	–	–	1,582	–	53	1,635	8	1,643
Dividends paid	–	–	(1,140)	–	–	(1,140)	(14)	(1,154)
Transactions with non-controlling interests	–	–	–	–	–	–	(2)	(2)
Acquisition of treasury shares for share-based payments	–	–	–	(7)	–	(7)	–	(7)
Sale of treasury shares for share-based payments	–	–	–	7	–	7	–	7
Balance at 30 September 2013	52	136	6,577	–	(1,580)	5,185	19	5,204

¹ See Note 1 accounting policies.

Notes to the interim financial statements (condensed and unaudited)

1 Accounting policies

Basis of preparation

These unaudited consolidated interim financial statements include Swisscom Ltd and all subsidiaries directly or indirectly controlled by it via a majority of the votes or in any other way (hereinafter referred to as Swisscom). The consolidated interim financial statements for the nine months ended 30 September 2013 were prepared in accordance with International Accounting Standard “IAS 34 Interim Financial Reporting” and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2012. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2012 consolidated financial statements, with the exception of the changes in accounting policies listed below.

In preparing the consolidated interim financial statements, management is required to make accounting estimates and assumptions. Adjustments are made for changes in accounting estimates and assumptions during the reporting period in which the original estimates and assumptions changed.

Swisscom is active in business areas where the provision of services is not subject to any major seasonal or cyclical fluctuations during the financial year. Income taxes are calculated on the basis of an estimate of the expected income tax rate for the whole year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.223 was used as the end-of-period rate (31 December 2012: CHF/EUR 1.207) and 1.229 as the average rate for the period (first nine months of 2012: CHF/EUR 1.204).

Changes in accounting policies

As of 1 January 2013, Swisscom has adopted various amendments to existing International Financial Reporting Standards (IFRSs) and Interpretations. With the exception of the changes described below, the amendments will have no material impact on the Group's results or financial position. The amendments to IAS 19 “Employee Benefits” require immediate recognition of actuarial gains or losses in other comprehensive income. Entities no longer have the option of immediate recognition in the income statement or statement of comprehensive income or of deferring recognition using the so-called “corridor” approach. This has no impact on Swisscom's reporting since Swisscom previously applied this method for recognising actuarial gains and losses. The amendments to IAS 19 also require that management base their estimated return on pension plan assets using the discount rate and no longer depending on their asset allocation. Swisscom now calculates disability benefits based on the actual number of disability cases rather than on the expected number of cases in accordance with the actuarial tables (BVG 2010). Under IAS 19, Swisscom now takes future employee contributions into account in its calculations (risk sharing). The amended IAS 19 also calls for more detailed disclosure in the Notes. Entities must now disclose information about the financing strategy of their pension plans, and not only describe but also quantify the financing risks to which their plans are exposed. This requires, among other things, a sensitivity analysis to show to what extent post-employment benefit obligations fluctuate in the event of changes in significant measurement assumptions. In future, the average remaining duration of post-employment benefit obligations must also be disclosed. The amendments have been made retroactively.

The effects on the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income are as follows:

In CHF million, except where indicated

	Reported	Adjustment	Restated
Balance sheet at 1 January 2012			
Deferred tax assets	311	(91)	220
Defined benefit obligations	1,977	(488)	1,489
Equity	4,296	397	4,693
Share of equity attributable to equity holders of Swisscom Ltd	4,272	394	4,666
Share of equity attributable to non-controlling interests	24	3	27
Balance sheet at 1 January 2013			
Deferred tax assets	417	(132)	285
Defined benefit obligations	2,801	(693)	2,108
Equity	4,156	561	4,717
Share of equity attributable to equity holders of Swisscom Ltd	4,132	558	4,690
Share of equity attributable to non-controlling interests	24	3	27
Income statement full year 2012			
Personnel expense	(2,581)	96	(2,485)
Financial expense	(325)	(30)	(355)
Income tax expense	(405)	(13)	(418)
Net income	1,762	53	1,815
Share of net income attributable to equity holders of Swisscom Ltd	1,755	53	1,808
Share of net income attributable to non-controlling interests	7	–	7
Earnings per share (in CHF)	33.88	1.02	34.90
Income statement 1.1.–30.9.2012			
Personnel expense	(1,924)	(17)	(1,941)
Financial income and financial expense, net	(207)	(22)	(229)
Income tax expense	(340)	8	(332)
Net income	1,387	(31)	1,356
Share of net income attributable to equity holders of Swisscom Ltd	1,379	(31)	1,348
Share of net income attributable to non-controlling interests	8	–	8
Earnings per share (in CHF)	26.62	(0.60)	26.02
Comprehensive income statement full year 2012			
Net income	1,762	53	1,815
Actuarial gains and losses of defined benefit obligations	(908)	139	(769)
Income tax expense	185	(28)	157
Other comprehensive income	(741)	111	(630)
Comprehensive income	1,021	164	1,185
Share of comprehensive income attributable to equity holders of Swisscom Ltd	1,017	164	1,181
Share of comprehensive income attributable to non-controlling interests	4	–	4
Comprehensive income statement 1.1.–30.9.2012			
Net income	1,387	(31)	1,356
Actuarial gains and losses of defined benefit obligations	(331)	104	(227)
Income tax expense	66	(21)	45
Other comprehensive income	(271)	83	(188)
Comprehensive income	1,116	52	1,168
Share of comprehensive income attributable to equity holders of Swisscom Ltd	1,111	52	1,163
Share of comprehensive income attributable to non-controlling interests	5	–	5

Swisscom is adopting the amendments to IAS 32 “Disclosures: Offsetting Financial Assets and Financial Liabilities” early, starting from the 2013 financial year. In principle, the amendments do not affect the current offsetting model prescribed by IAS 32, whereby financial assets and liabilities should only be offset when on the balance sheet date a legal entity has a legally enforceable right to set off the amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The amendments state clearly that the entity must have a right to offset on the balance sheet date, i.e. it must not depend on an event in the future. In addition, it must be legally enforceable for all contracting parties both in the normal course of business as well as in the case of insolvency of one of the parties. As a result of the amendments, Swisscom has reassessed its contracts in the area of roaming-fee billing and concluded that the billing meets the concrete offsetting criteria and can now for the most part be offset. The effect of the offsetting on other trade payables and receivables amounted to CHF 233 million as at 1 January 2012 and to CHF 166 million as at 31 December 2012.

2 Business combinations

In April 2013, Swisscom IT Services took over the Entris Banking business platform and also acquired all shares in Entris Integrator AG. The business platform of Entris Integrator AG is used by banks to process their banking transactions, from payment transactions, credit business and securities trading to e-banking. Following the acquisition, the company’s name was changed to Swisscom Banking Provider Ltd. In June 2013, Swisscom IT Services Ltd acquired all the shares in Entris Operations AG. Entris Operations AG specialises in the processing of payment transactions and securities trading for around 50 banks. Following the takeover, Entris Operations AG was merged with Swisscom Banking Provider Ltd. Swisscom also increased its holding in CT Cinetrade AG (Cinetrade) from 49% to 75% in April 2013. Cinetrade holds film and sports broadcast rights for pay TV, video on demand (VOD) and pay per view (PPV) and makes use of these via its pay TV platforms and VOD/PPV services. Cinetrade also operates a leading cinema chain in Switzerland.

The newly acquired companies in 2013 are deemed to be immaterial business combinations and are therefore shown in aggregate. The business combinations in 2013 have been provisionally included in the consolidated financial statements as at 30 September 2013, as the purchase price allocations had not been completed when the consolidated financial statements were prepared. Goodwill and other intangible assets of CHF 216 million were recognised from the provisional purchase price allocation. These business combinations resulted in additional net revenue of CHF 97 million and net income of CHF 14 million in the first nine months of 2013. Had the subsidiaries acquired in 2013 been included in the consolidated financial statements from 1 January 2013, this would have resulted in consolidated pro-forma net revenue of CHF 8,529 million and consolidated pro-forma net income of CHF 1,278 million.

3 Segment information

Reportable operating segments are identified using the management approach, whereby external segment reporting is based on the Group's internal organisational and management structure and the internal financial reports that are regularly reviewed by the chief operating decision maker. Swisscom's reporting is broken down into the segments "Residential Customers", "Small & Medium-Sized Enterprises", "Corporate Business", "Wholesale" and "Network & IT", which are grouped together as "Swisscom Switzerland", as well as "Fastweb" and "Other operating segments". "Group Headquarters", which includes non-allocated costs, is reported separately.

Group Headquarters does not charge any financial management fees to other segments, nor does the Network & IT segment charge any network costs to other segments. Other intersegment services are billed at market rates. The results of the Residential Customers, Small & Medium-Sized Enterprises, Corporate Business and Wholesale segments correspond to a contribution margin before network costs. The segment result of the Network & IT segment consists of operating expenses as well as depreciation and amortisation less capitalised self-constructed assets and other income. The segment result for Swisscom Switzerland corresponds to the total operating income before interest and tax (EBIT) of Swisscom Switzerland. The segment result for Fastweb and Other operating segments corresponds to the operating income before interest and tax (EBIT) of these units and comprises net revenue from external customers and other segments less segment expense and depreciation, amortisation and impairments on property, plant and equipment, as well as intangible assets. Segment expense comprises goods and services purchased, personnel expense and other operating expense less capitalised self-constructed assets and other income.

Swisscom has changed the disclosure of the pension cost in segment reporting with retroactive effect. Segment expense includes the ordinary employer contributions reported under pension cost. The difference between the employer ordinary contributions and pension cost under IAS 19 is disclosed in the "Elimination" column. In the figures for the first nine months of 2013, in accordance with IAS 19 the Elimination column contains an expense of CHF 16 million as a reconciliation item to pension cost under IAS 19 (first nine months 2012: income of CHF 13 million; full-year 2012: income of CHF 179 million).

Cross-charging of services and sales of assets between the individual segments may result in unrealised gains or losses. These are eliminated and reported under segment information in the "Elimination" column.

As of 1 January 2013, Swisscom streamlined its management structure in a move aimed at strengthening the management of Swiss business and improving efficiency within the Group. This resulted in the transfer of various organisational units to other segments as of the same date. The prior-year figures have been restated accordingly.

Net revenue and the results of the individual segments for the first nine months of 2012 and 2013 are as follows:

1.1.–30.9.2013, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Head- quarters	Elimi- nation	Total
Net revenue from external customers	6,226	1,487	750	–	–	8,463
Net revenue with other segments	46	3	576	1	(626)	–
Net revenue	6,272	1,490	1,326	1	(626)	8,463
Segment result	1,888	(135)	111	(92)	(25)	1,747
Financial income and financial expense, net						(196)
Share of results of associates						18
Income before income taxes						1,569
Income tax expense						(296)
Net income						1,273

1.1.–30.9.2013, in CHF million	Residential Customers	Small & Medium- Sized Enterprises	Corporate Business	Wholesale	Network & IT	Elimination	Swisscom Switzerland
Net revenue from external customers	3,691	842	1,250	443	–	–	6,226
Net revenue with other segments	122	18	75	284	–	(453)	46
Net revenue	3,813	860	1,325	727	–	(453)	6,272
Segment result	2,120	648	621	289	(1,790)	–	1,888

1.1.–30.9.2012, in CHF million, restated	Swisscom Switzerland	Fastweb	Other operating segments	Group Head- quarters	Elimi- nation	Total
Net revenue from external customers	6,231	1,512	683	1	–	8,427
Net revenue with other segments	42	6	584	–	(632)	–
Net revenue	6,273	1,518	1,267	1	(632)	8,427
Segment result	2,008	(104)	83	(98)	3	1,892
Financial income and financial expense, net						(229)
Share of results of associates						25
Income before income taxes						1,688
Income tax expense						(332)
Net income						1,356

1.1.–30.9.2012, in CHF million, restated	Residential Customers	Small & Medium- Sized Enterprises	Corporate Business	Wholesale	Network & IT	Elimi- nation	Swisscom Switzerland
Net revenue from external customers	3,639	852	1,289	451	–	–	6,231
Net revenue with other segments	129	20	72	279	–	(458)	42
Net revenue	3,768	872	1,361	730	–	(458)	6,273
Segment result	2,159	668	655	276	(1,750)	–	2,008

4 Financial income and expense

In CHF million	1.1.– 30.9.2013	1.1.– 30.9.2012 restated
Interest income	30	11
Interest expense	(192)	(202)
Net interest expense of financial assets and financial liabilities	(162)	(191)
Foreign exchange gains	5	2
Net interest expense of defined benefit obligations	(28)	(22)
Other financial income and expense, net	(11)	(18)
Financial income and financial expense, net	(196)	(229)

5 Financial liabilities

In CHF million	30.09.2013	31.12.2012
Bank loans	44	196
Debenture bonds	1,310	631
Private placements	138	131
Finance lease liabilities	6	7
Other financial liabilities	60	88
Total current financial liabilities	1,558	1,053
Bank loans	1,444	973
Debenture bonds	4,182	4,824
Private placements	1,125	1,121
Finance lease liabilities	628	632
Other financial liabilities	210	180
Total non-current financial liabilities	7,589	7,730
Total financial liabilities	9,147	8,783

In the third quarter of 2013 Swisscom issued a debenture bond and took out a long-term bank loan totalling EUR 800 million (CHF 991million) for the sole purpose of refinancing existing financial debts. The EUR 500 million debenture bond was issued by Lunar Funding V, an Irish financing company, and is backed by a loan note granted by Lunar V to Swisscom in the same amount. The debenture bond was issued with a coupon of 2.00% for a term of seven years. Swisscom also took out a variable interest rate bank loan with the European Investment Bank in the amount of EUR 300 million with a term of seven years. The funding in EUR has been designated as a hedge in net investments in foreign operations.

6 Provisions

In CHF million	Dismantlement and restoration costs	Regulatory proceedings	Other	Total
Balance at 31 December 2012	512	104	224	840
Additions of provisions	3	10	20	33
Present value adjustments	3	1	—	4
Release of unused provisions	(5)	—	(18)	(23)
Use of provisions	(1)	(1)	(30)	(32)
Balance at 30 September 2013	512	114	196	822
Thereof current provisions	—	21	106	127
Thereof non-current provisions	512	93	90	695

Provisions for dismantling and restoration costs

The provisions for dismantling and restoration costs relate to the dismantling of mobile base stations and transmitters owned by Swisscom Broadcast and the restoration of land held by third-party owners to its original state. The provisions are measured based on estimated future dismantling costs and discounted using an average interest rate of 2.1%. Payment of the provisions is expected to be made subsequent to 2020.

Provisions for regulatory proceedings

In accordance with the terms of the revised Telecommunications Act, Swisscom provides interconnection services and other access services to other providers of telecoms services in Switzerland. During the last few years, a number of telecoms service providers have filed applications with the Federal Communications Commission (ComCom) calling for a reduction in the charges billed to them by Swisscom. On the basis of legal assessments, Swisscom has in the past recognised provisions. The provisions recognised in the 2012 consolidated financial statements have not changed to any material extent in the current financial year.

Other provisions

Other provisions mainly include provisions for workforce reductions, environmental and contractual risks, and provisions for claims. Other provisions recognised in the 2012 consolidated financial statements have not changed to any material extent in the current financial year.

7 Contingent liabilities

Competition Commission proceedings

In a decision taken on 5 November 2009, the Competition Commission imposed a fine of CHF 220 million on Swisscom for allegedly abusing its market-dominant position in the area of ADSL services. Swisscom appealed against the decision to the Federal Administrative Court on 7 December 2009. In view of its legal assessment, Swisscom is of the opinion that, as things stand at present, it is unlikely that the fine will be ultimately imposed and has therefore not recognised any provisions in its consolidated statements for the year ending 30 September 2013. In the event of a court ruling that Swisscom has abused its market position, claims may be brought against Swisscom under civil law. Swisscom still considers it unlikely that such civil law claims could be enforced.

Regulatory proceedings

With regard to the other contingent liabilities described in the 2012 consolidated financial statements relating to regulatory proceedings, Swisscom is of the opinion that an outflow of funds is unlikely and has therefore not recognised any provisions in the consolidated financial statements as at 30 September 2013.

Other contingent liabilities

In the second quarter of 2012, a competitor of Fastweb filed a complaint against Fastweb in connection with the tendering procedure for corporate-customer contracts. Based on a legal assessment, Swisscom was of the opinion that the case was unlikely to result in a cash outflow and therefore did not recognise any related provisions. An out-of-court settlement was reached in the first quarter of 2013 and the complaint from Fastweb's competitor was withdrawn. Had the outcome of the case been negative, the cash outflow would have amounted to around EUR 60 million (CHF 72 million).

8 Dividend payouts

On 4 April 2013, the Annual General Meeting of Swisscom Ltd approved the payment of an ordinary dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 11 April 2013.

9 Financial instruments

Carrying amounts and fair values of financial instruments

The carrying amounts and corresponding fair values of financial assets and financial liabilities as at 30 September 2013 are as follows:

In CHF million	Carrying amount	Fair value
30 September 2013		
Cash and cash equivalents	650	650
Trade and other receivables	2,655	2,655
Other financial assets		
Term deposits with maturities over 90 days	100	100
Other loans and receivables	164	175
Available-for-sale financial assets	42	42
Derivative financial instruments	4	4
Total financial assets	3,615	3,626
Bank loans	1,488	1,488
Debenture bonds	5,492	5,862
Private placements	1,263	1,284
Finance lease liabilities	634	1,216
Other interest-bearing financial liabilities	16	16
Other non-interest-bearing financial liabilities	77	77
Derivative financial instruments	177	177
Trade and other payables	1,752	1,752
Total financial liabilities	10,899	11,872

Fair value hierarchy

The fair value hierarchy encompasses the following three levels:

- > Level 1: Stock-exchange prices in active markets for identical assets and liabilities;
- > Level 2: Other factors that are observable on markets, either directly or indirectly;
- > Level 3: Factors that are not based on observable market data.

In CHF million	Level 1	Level 2	Level 3	Total
30 September 2013				
Financial assets				
Available-for-sale financial assets	1	—	20	21
Derivative financial assets	—	4	—	4
Financial liabilities				
Derivative financial liabilities	—	177	—	177

In addition, financial assets available-for-sale as at 30 September 2013 with a carrying amount of CHF 21 million were measured at cost. Level 3 assets comprise investments in various investment funds. The fair values are calculated based on a valuation model. There were no reclassifications between the various levels in 2013.

10 Related parties

Transactions between Swisscom and various related parties in the first nine months of 2013 are similar to those explained in the consolidated financial statements for 2012.

11 Events after the balance sheet date

Approval of the interim report

The Board of Directors of Swisscom Ltd approved the release of this interim report on 6 November 2013.

Further information

Share information

Swisscom share performance indicators

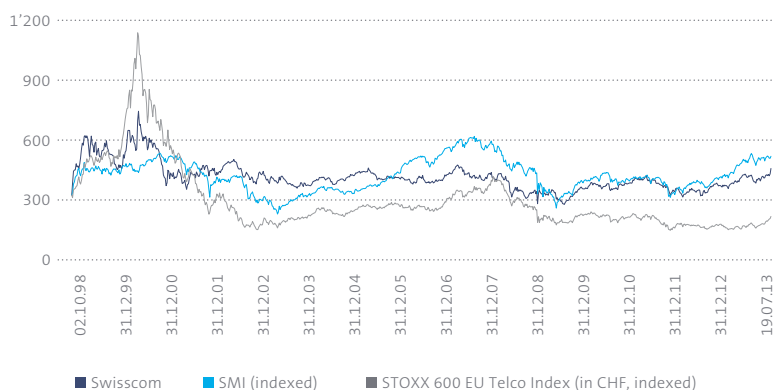
31.12.2012–30.9.2013	Six Swiss Exchange
Closing price at 31 December 2012 in CHF ¹	393.80
Closing price at 30 September 2013 in CHF ¹	434.60
Change in %	10.4
Year high in CHF ¹	446.30
Year low in CHF ¹	390.20
Total trading volume	20,164,150
Total turnover in CHF million	8,465
Daily average of traded shares	107,830
Daily average in CHF million	45.3

Source: Bloomberg

¹ paid prices

Share performance since the IPO

Share performance 1998–2013 in CHF



Share information

On 30 September 2013, the share capital consisted of a total of 51,801,943 registered shares, the majority of which are held by the Swiss Confederation in accordance with the terms of the Telecommunications Enterprise Act (TEA). The par value per registered share is CHF 1.

At the end of September 2013 Swisscom had around 67,000 registered shareholders and around 20% of shares pending registration.

At the Annual General Meeting on 4 April 2013, the shareholders of Swisscom Ltd approved a gross dividend payment of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 11 April 2013.

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

Financial calendar

- > 6 February 2014 Publication of 2013 Annual Results
- > 7 April 2014 Annual General Meeting in Zurich
- > 7 May 2014 2014 First-Quarter Results
- > 20 August 2014 2014 First-Half Results
- > 6 November 2014 2014 Third-Quarter Results

Stock exchanges

Swisscom shares are listed on the SIX Swiss Exchange and traded on the SIX Swiss Exchange under the ticker symbol "SCMN" (Securities No. 874251), and in the USA in the form of American Depositary Receipts (ADR) at a ratio of 1:10 (Over-the-Counter Level 1 programme) under the ticker symbol "SCMWY" (Pink Sheet No. 69769).

Stock exchange	Bloomberg	Reuters	SIX Telekurs
Six Swiss Exchange, Zurich	SCMN:VX	SCMN.VX	SCMN

Quarterly review 2012 and 2013

In CHF million, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2012	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2013
Income statement										
Net revenue	2,802	2,819	2,806	2,957	11,384	2,734	2,862	2,867		8,463
Goods and services purchased	(555)	(566)	(566)	(712)	(2,399)	(552)	(604)	(561)		(1,717)
Personnel expense	(676)	(659)	(606)	(544)	(2,485)	(671)	(691)	(638)		(2,000)
Other operating expense	(564)	(551)	(590)	(691)	(2,396)	(557)	(599)	(596)		(1,752)
Capitalised costs and other income	91	83	78	121	373	77	103	74		254
Operating income (EBITDA)	1,098	1,126	1,122	1,131	4,477	1,031	1,071	1,146		3,248
Depreciation and amortisation	(481)	(482)	(491)	(496)	(1,950)	(491)	(501)	(509)		(1,501)
Operating income (EBIT)	617	644	631	635	2,527	540	570	637		1,747
Net interest expense	(58)	(66)	(67)	(62)	(253)	(56)	(47)	(59)		(162)
Other financial result	(18)	(10)	(10)	(35)	(73)	(9)	(11)	(14)		(34)
Result of associates	6	8	11	7	32	6	6	6		18
Income before income taxes	547	576	565	545	2,233	481	518	570		1,569
Income tax expense	(102)	(114)	(116)	(86)	(418)	(91)	(89)	(116)		(296)
Net income	445	462	449	459	1,815	390	429	454		1,273
Attributable to equity holders of Swisscom Ltd	442	458	448	460	1,808	388	427	450		1,265
Attributable to non-controlling interests	3	4	1	(1)	7	2	2	4		8
Earnings per share (in CHF)	8.53	8.84	8.65	8.88	34.90	7.49	8.24	8.69		24.42
Net revenue										
Swisscom Switzerland	2,079	2,086	2,108	2,188	8,461	2,041	2,109	2,122		6,272
Fastweb	510	516	492	530	2,048	487	509	494		1,490
Other operating segments	427	425	415	461	1,728	412	454	460		1,326
Group Headquarters	–	1	–	1	2	–	1	–		1
Intersegment elimination	(214)	(209)	(209)	(223)	(855)	(206)	(211)	(209)		(626)
Total net revenue	2,802	2,819	2,806	2,957	11,384	2,734	2,862	2,867		8,463
Segment result before depreciation and amortisation										
Swisscom Switzerland	923	935	933	766	3,557	877	888	948		2,713
Fastweb	131	149	148	174	602	119	139	155		413
Other operating segments	70	75	70	59	274	73	86	78		237
Group Headquarters	(27)	(30)	(29)	(24)	(110)	(29)	(30)	(27)		(86)
Intersegment elimination	(5)	(6)	(4)	(10)	(25)	(4)	(5)	(4)		(13)
Reconciliation to pension cost	6	3	4	166	179	(5)	(7)	(4)		(16)
Total segment result (EBITDA)	1,098	1,126	1,122	1,131	4,477	1,031	1,071	1,146		3,248
Capital expenditure										
Swisscom Switzerland	337	329	679	507	1,852	284	354	361		999
Fastweb	135	140	118	138	531	155	160	168		483
Other operating segments	36	49	45	37	167	38	38	56		132
Group Headquarters	–	–	–	1	1	–	–	–		–
Intersegment elimination	(6)	(3)	(6)	(7)	(22)	(3)	(5)	(6)		(14)
Total capital expenditure	502	515	836	676	2,529	474	547	579		1,600
Number of full-time equivalent employees at end of period										
Swisscom Switzerland	11,999	11,915	11,884	11,862	11,862	12,018	12,344	12,513		12,513
Fastweb	3,064	3,032	2,911	2,893	2,893	2,389	2,379	2,370		2,370
Other operating segments	4,501	4,509	4,457	4,419	4,419	4,505	4,802	4,991		4,991
Group Headquarters	350	349	343	340	340	335	334	320		320
Total full-time equivalent employees	19,914	19,805	19,595	19,514	19,514	19,247	19,859	20,194		20,194
Operating free cash flow	483	496	279	624	1,882	245	615	528		1,388
Net debt	8,390	9,144	8,622	8,071	8,071	7,931	8,622	8,263		8,263

Quarterly review 2012 and 2013

In CHF million, except where indicated

	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2012	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2013
Swisscom Switzerland										
Revenue and results										
Residential Customers	465	476	474	443	1,858	428	442	469		1,339
Small & Medium-Sized Enterprises	119	125	118	110	472	104	109	109		322
Corporate Business	147	155	152	148	602	141	145	142		428
Revenue mobile single subscription	731	756	744	701	2,932	673	696	720		2,089
Residential Customers	354	336	328	320	1,338	304	289	283		876
Small & Medium-Sized Enterprises	136	132	128	127	523	124	121	119		364
Corporate Business	153	152	151	153	609	146	146	144		436
Revenue fixed-line single subscription	643	620	607	600	2,470	574	556	546		1,676
Residential Customers	233	250	281	296	1,060	309	330	352		991
Small & Medium-Sized Enterprises	20	22	32	38	112	40	46	52		138
Revenue bundles	253	272	313	334	1,172	349	376	404		1,129
Total revenue single subscription and bundles	1,627	1,648	1,664	1,635	6,574	1,596	1,628	1,670		4,894
Solution business	85	87	88	100	360	84	87	90		261
Hardware sales	137	136	122	166	567	128	143	143		414
Wholesale	153	147	151	143	594	149	146	148		443
Other revenue	63	55	68	132	312	68	90	56		214
Revenue from external customers	2,065	2,073	2,093	2,176	8,407	2,025	2,094	2,107		6,226
Residential Customers	1,208	1,204	1,227	1,300	4,939	1,190	1,247	1,254		3,691
Small & Medium-Sized Enterprises	281	287	284	283	1,135	274	282	286		842
Corporate Business	423	435	431	450	1,739	412	419	419		1,250
Wholesale	153	147	151	143	594	149	146	148		443
Revenue from external customers	2,065	2,073	2,093	2,176	8,407	2,025	2,094	2,107		6,226
Segment result before depreciation and amortisation										
Residential Customers	748	744	735	659	2,886	710	731	759		2,200
Small & Medium-Sized Enterprises	223	225	223	211	882	213	216	222		651
Corporate Business	230	235	242	238	945	220	226	231		677
Wholesale	94	89	93	91	367	96	96	97		289
Network & IT	(372)	(358)	(360)	(433)	(1,523)	(362)	(380)	(363)		(1,105)
Intersegment elimination	–	–	–	–	–	–	(1)	2		1
Segment result (EBITDA)	923	935	933	766	3,557	877	888	948		2,713
Margin as % of net revenue	44.4	44.8	44.3	35.0	42.0	43.0	42.1	44.7		43.3
Fastweb, in EUR million										
Residential Customers	182	182	179	181	724	186	186	186		558
Corporate Business	183	196	193	219	791	178	193	188		559
Wholesale hubbing	27	28	16	16	87	14	11	9		34
Wholesale other	29	22	19	22	92	19	21	19		59
Revenue from external customers	421	428	407	438	1,694	397	411	402		1,210
Segment result (EBITDA)	109	124	122	145	500	97	113	126		336
Margin as % of net revenue	25.8	28.8	29.9	33.0	29.4	24.4	27.4	31.3		27.7
Capital expenditure	112	116	98	115	441	126	130	137		393
Broadband access lines in thousand	1,654	1,673	1,704	1,767	1,767	1,861	1,887	1,911		1,911

Quarterly review 2012 and 2013

In thousand, except where indicated	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2012	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	2013
Swisscom Switzerland										
Operational data										
Access lines										
Single subscriptions	2,536	2,465	2,407	2,350	2,350	2,272	2,207	2,142		2,142
Bundles	557	593	627	663	663	698	729	763		763
Fixed access lines	3,093	3,058	3,034	3,013	3,013	2,970	2,936	2,905		2,905
Single subscriptions	1,023	995	969	939	939	909	878	843		843
Bundles	659	699	739	788	788	842	889	938		938
Broadband access lines retail	1,682	1,694	1,708	1,727	1,727	1,751	1,767	1,781		1,781
Single subscriptions	236	245	248	270	270	291	289	281		281
Bundles	419	449	480	521	521	569	613	662		662
Swisscom TV access lines	655	694	728	791	791	860	902	943		943
Prepaid single subscriptions	2,243	2,231	2,210	2,199	2,199	2,196	2,180	2,173		2,173
Postpaid single subscriptions	3,657	3,654	3,672	3,702	3,702	3,741	3,763	3,783		3,783
Mobile single subscriptions	5,900	5,885	5,882	5,901	5,901	5,937	5,943	5,956		5,956
Bundles	182	229	271	316	316	333	364	390		390
Mobile access lines	6,082	6,114	6,153	6,217	6,217	6,270	6,307	6,346		6,346
Revenue generating units (RGU)	11,512	11,560	11,623	11,748	11,748	11,851	11,912	11,975		11,975
Broadband access lines wholesale	179	176	181	186	186	196	201	208		208
Unbundled fixed access lines	312	317	310	300	300	290	280	268		268
Bundles										
2Play bundles	240	237	239	248	248	257	264	270		270
3Play bundles	347	374	387	403	403	428	451	479		479
4Play bundles	72	88	113	137	137	157	174	189		189
Total bundles	659	699	739	788	788	842	889	938		938
Data traffic in million										
Fixed-line traffic in minutes	2,158	1,989	1,847	1,961	7,955	1,918	1,889	1,728		5,535
Mobile traffic in minutes	1,654	1,633	1,612	1,683	6,582	1,728	1,817	1,770		5,315
Data SMS mobile	691	694	694	677	2,756	628	607	598		1,833
Swisscom Group										
Information by geographical regions										
Net revenue in Switzerland	2,278	2,285	2,299	2,406	9,268	2,236	2,336	2,358		6,930
Net revenue in other countries	524	534	507	551	2,116	498	526	509		1,533
Total net revenue (in CHF million)	2,802	2,819	2,806	2,957	11,384	2,734	2,862	2,867		8,463
EBITDA in Switzerland	966	980	979	939	3,864	910	933	993		2,836
EBITDA in other countries	132	146	143	192	613	121	138	153		412
Total EBITDA (in CHF million)	1,098	1,126	1,122	1,131	4,477	1,031	1,071	1,146		3,248
Capital expenditure in Switzerland	366	374	718	536	1,994	319	387	409		1,115
Capital expenditure in other countries	136	141	118	140	535	155	160	170		485
Total capital expenditure (in CHF million)	502	515	836	676	2,529	474	547	579		1,600
Full-time equivalent employees in Switzerland	16,503	16,426	16,339	16,269	16,269	16,483	17,096	17,449		17,449
Full-time equivalent employees in other countries	3,411	3,379	3,256	3,245	3,245	2,764	2,763	2,745		2,745
Total full-time equivalent employees	19,914	19,805	19,595	19,514	19,514	19,247	19,859	20,194		20,194

Forward-looking statements

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

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



vis