

“Swiss-common Sense”

Presentation at Bank Bellevue Conference
16 January 2015, Flims

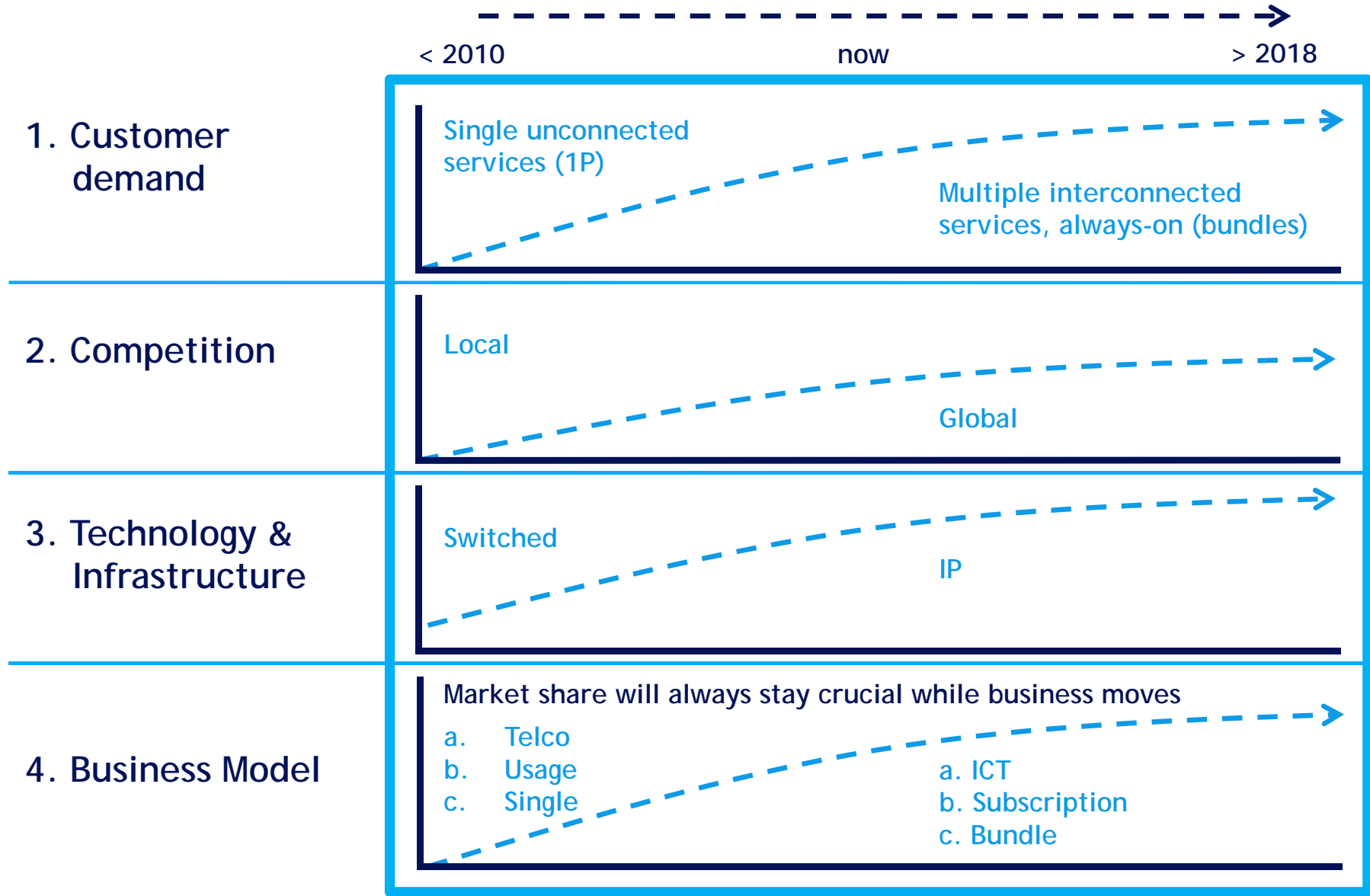
Mario Rossi, CFO



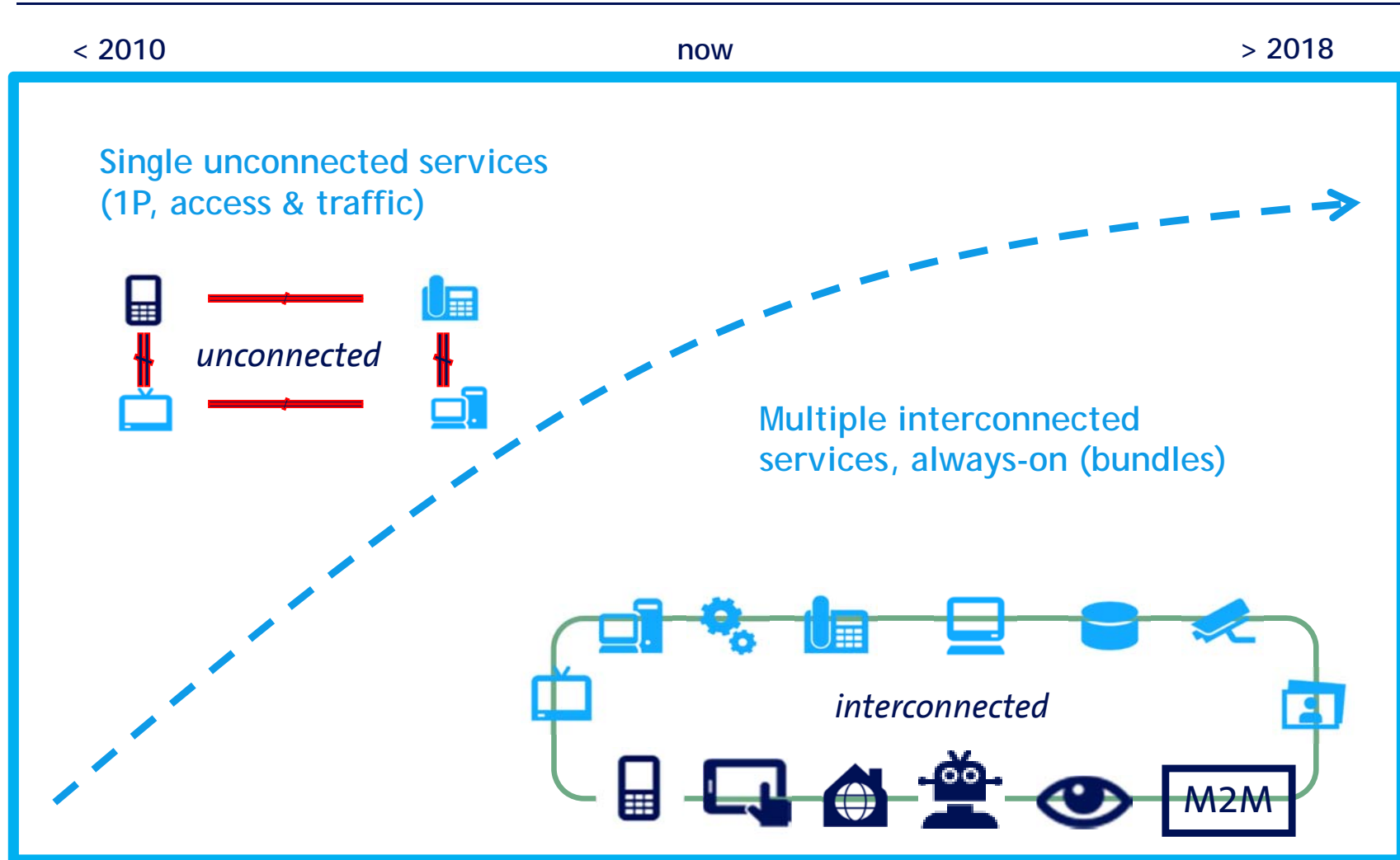
Agenda “Swiss-common Sense”

Chapter	Topic
A.	The big picture
1	Customer – demanding more and better interconnected communication services
2	Competition – changing playing field
3	Technology & infrastructure – shifting focus
4	Business model for telcos
5	Outcome & Outlook
B.	9m results 2014
C.	Q&A

A. Swiss-common Sense - Big Picture

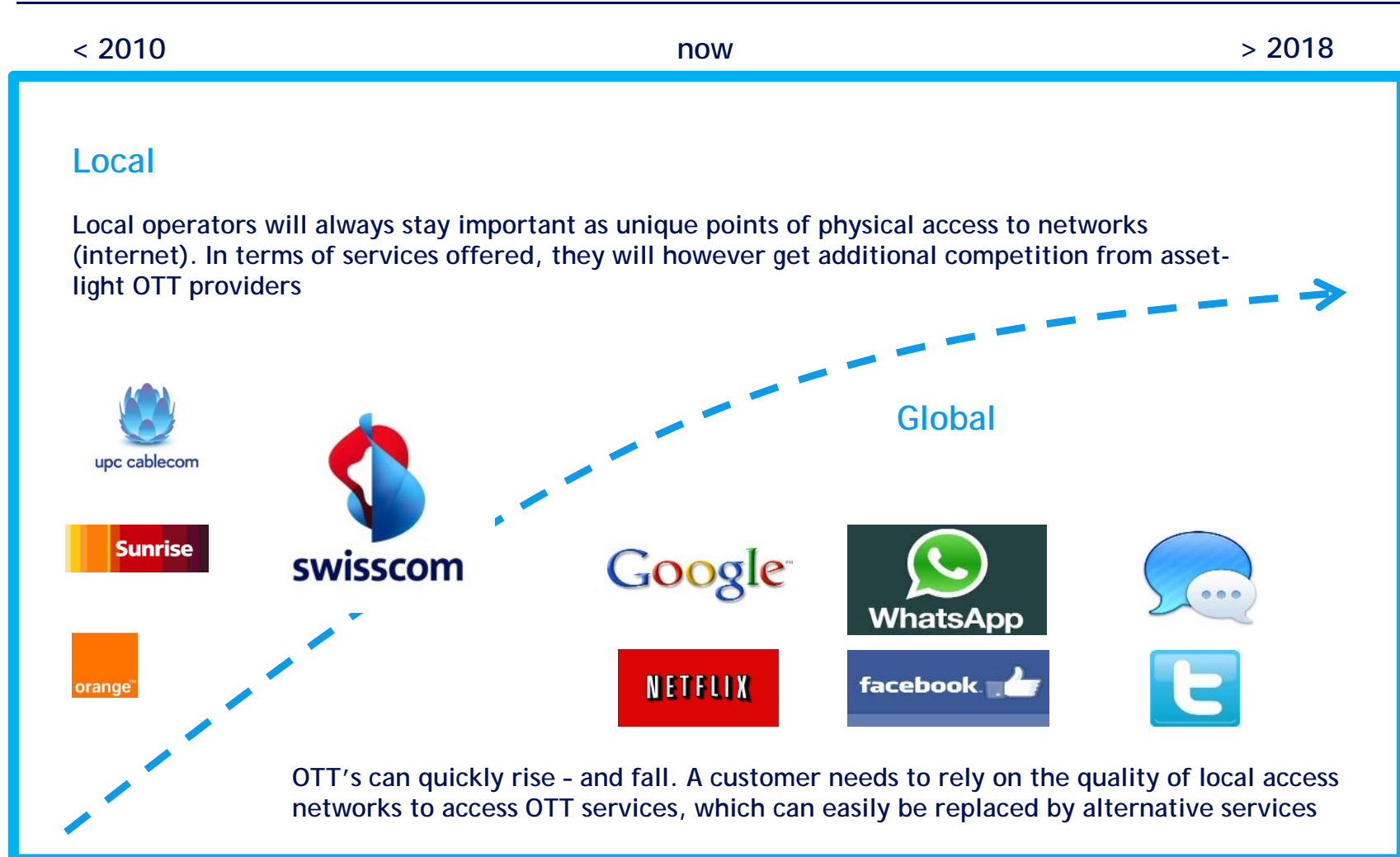


1. Swiss-common Sense - Customer trends



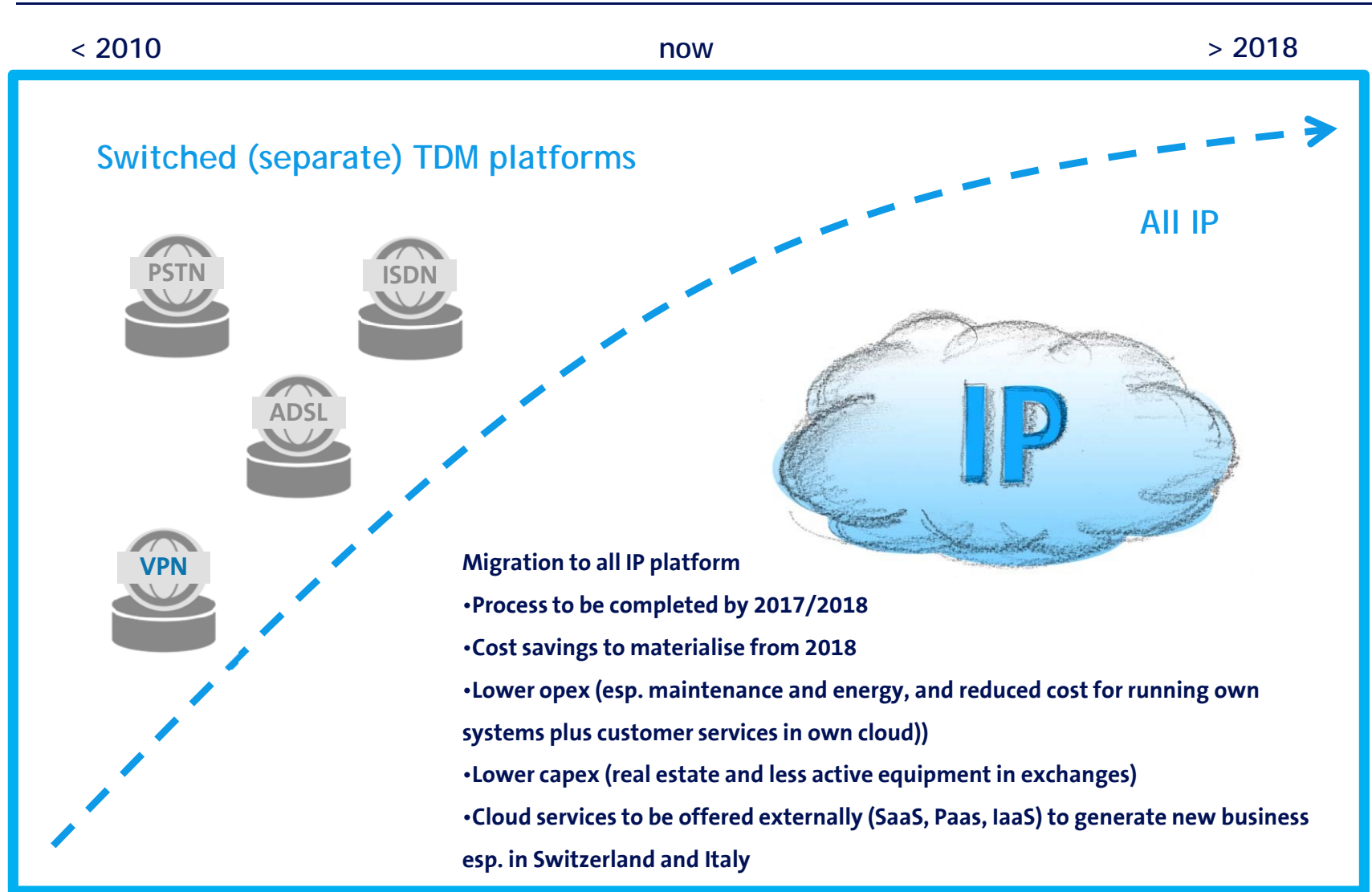
Customers increasingly desire “total connectivity”: everywhere and always-on through multiple devices with no synch issues. Making customers’ digital life easier is going to be a major business case

2. Swiss-common Sense - Competition



IP makes competition global - “anyone” can compete by offering smart communication solutions (“apps”) at virtually no cost by using the internet.

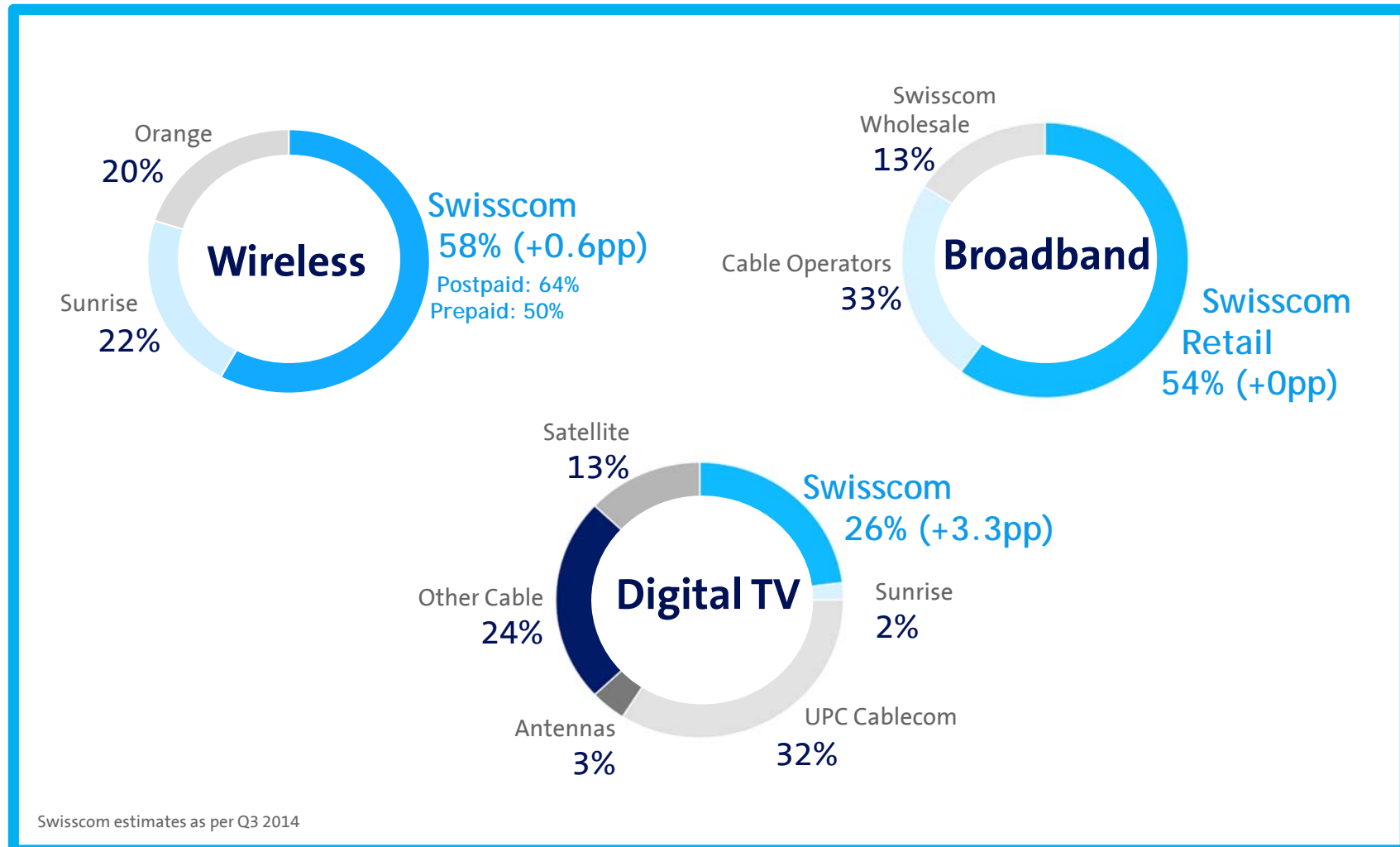
3. Swiss-common Sense - Technology & infrastructure



Shifting focus: moving from a switched to an all-IP world in the Cloud designed to improve service levels at lower costs.

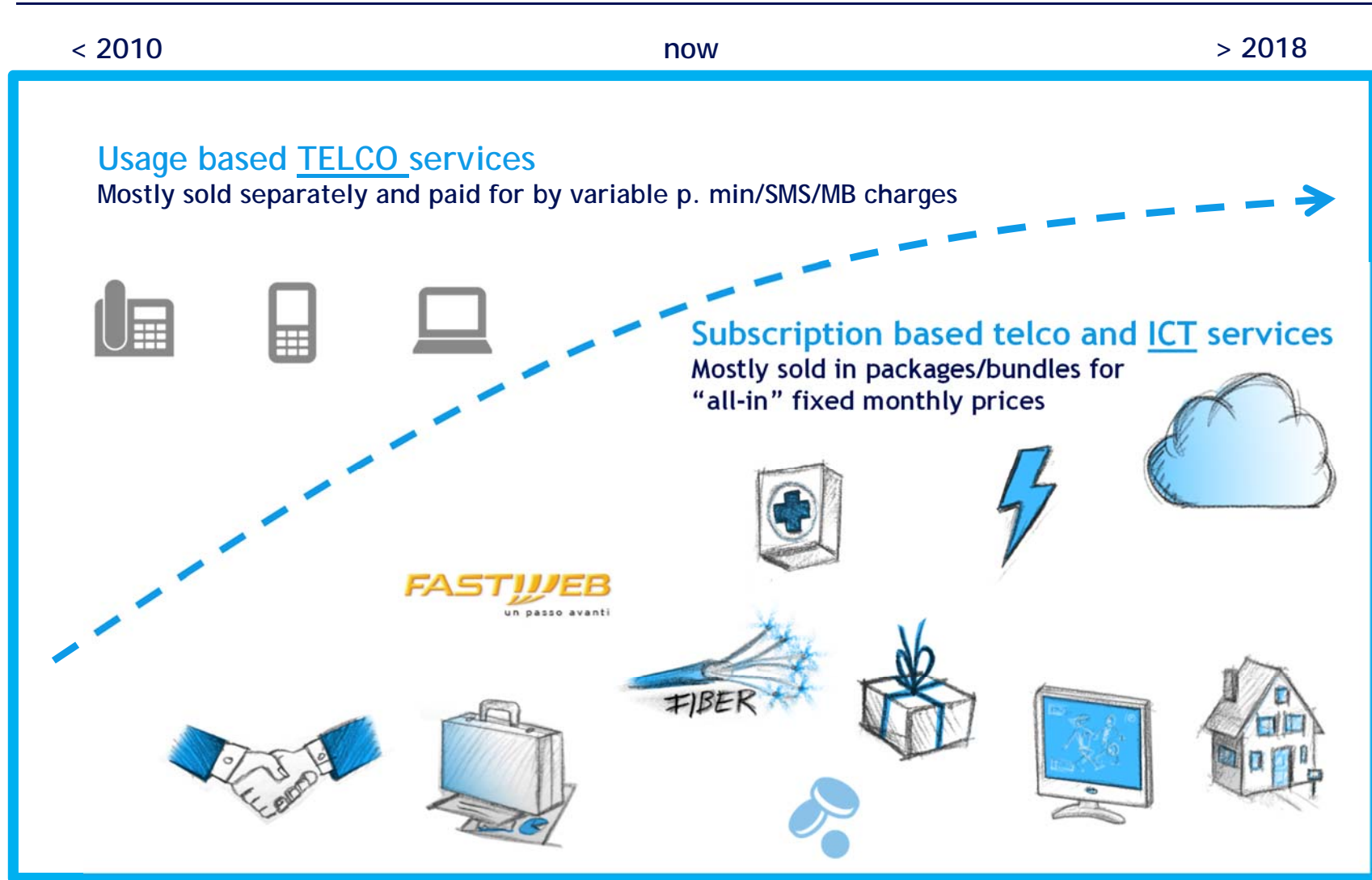
4. Swiss-common Sense - Business model continues to focus on market share!

7



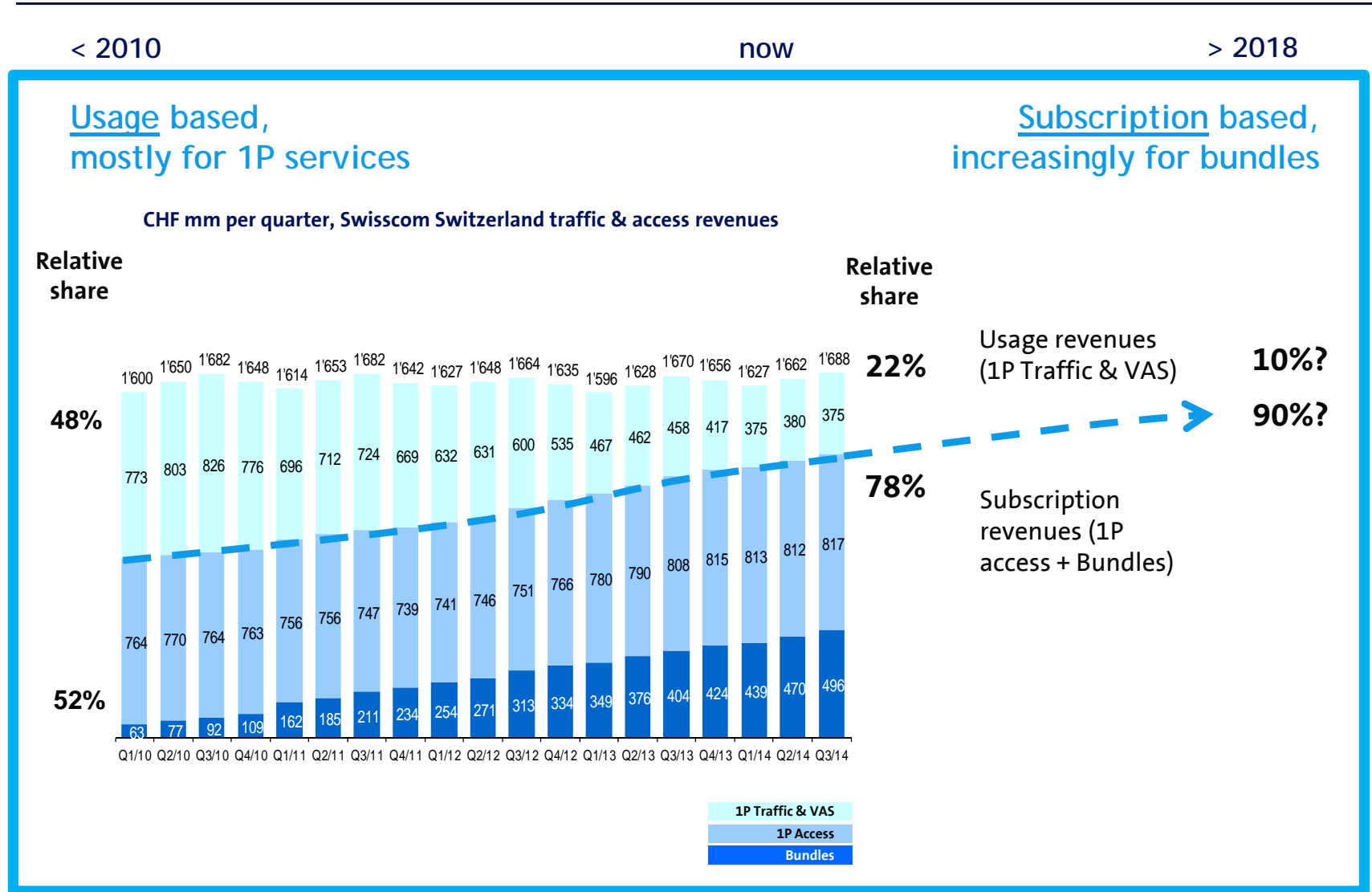
TV with increasing market share importance and bundling power for Swisscom

4a. Swiss-common Sense - Business model extends



Moving from a few (pure TELCO) to multiple sources of (Telco and ICT) revenues is key to generate future growth.
Less need to charge by unit, as variable cost (e.g. roaming outpayments) evaporate

4b. Swiss-common Sense - Business model migrates



„10-year“ challenge: replacing over CHF 3 bln annual usage revenues (50% of total access & traffic in Switzerland) with at least the same in subscription revenues

4c. Swiss-common Sense - Business model moves

< 2010

now

> 2018

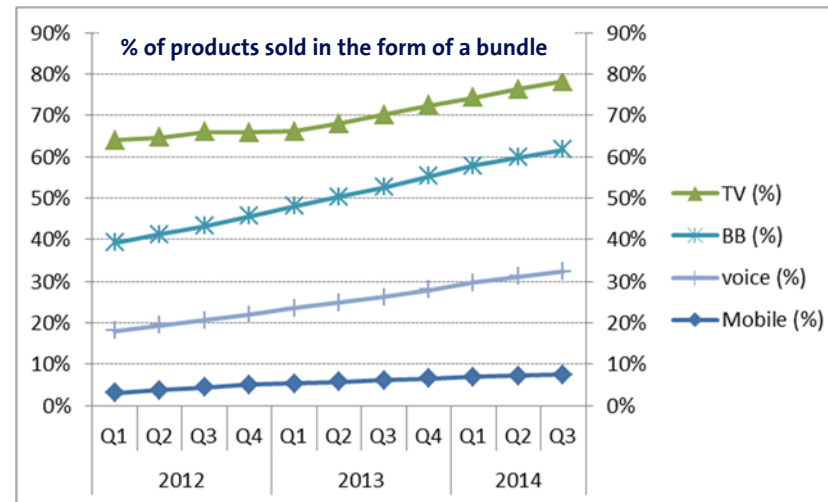
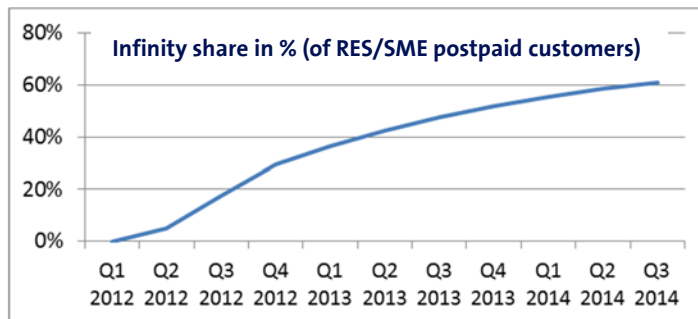
Mobile moves to all-in pricing

Infinity tariff program:

- Pricing differentiating on speed only
- 61% of postpaid customers (RES, SME) now on Infinity
- Changers to Infinity generating CHF 9/month (10%) higher ARPU
- Best tool to beat competition (both local and global)

Subscription based (price/access or speed, both for 1P and bundles)

Esp. wireline services move to bundling



Introducing new pricing paradigms and attractive bundles to make the threat of free-to-use OTT apps irrelevant to telco operators while increasing contract value

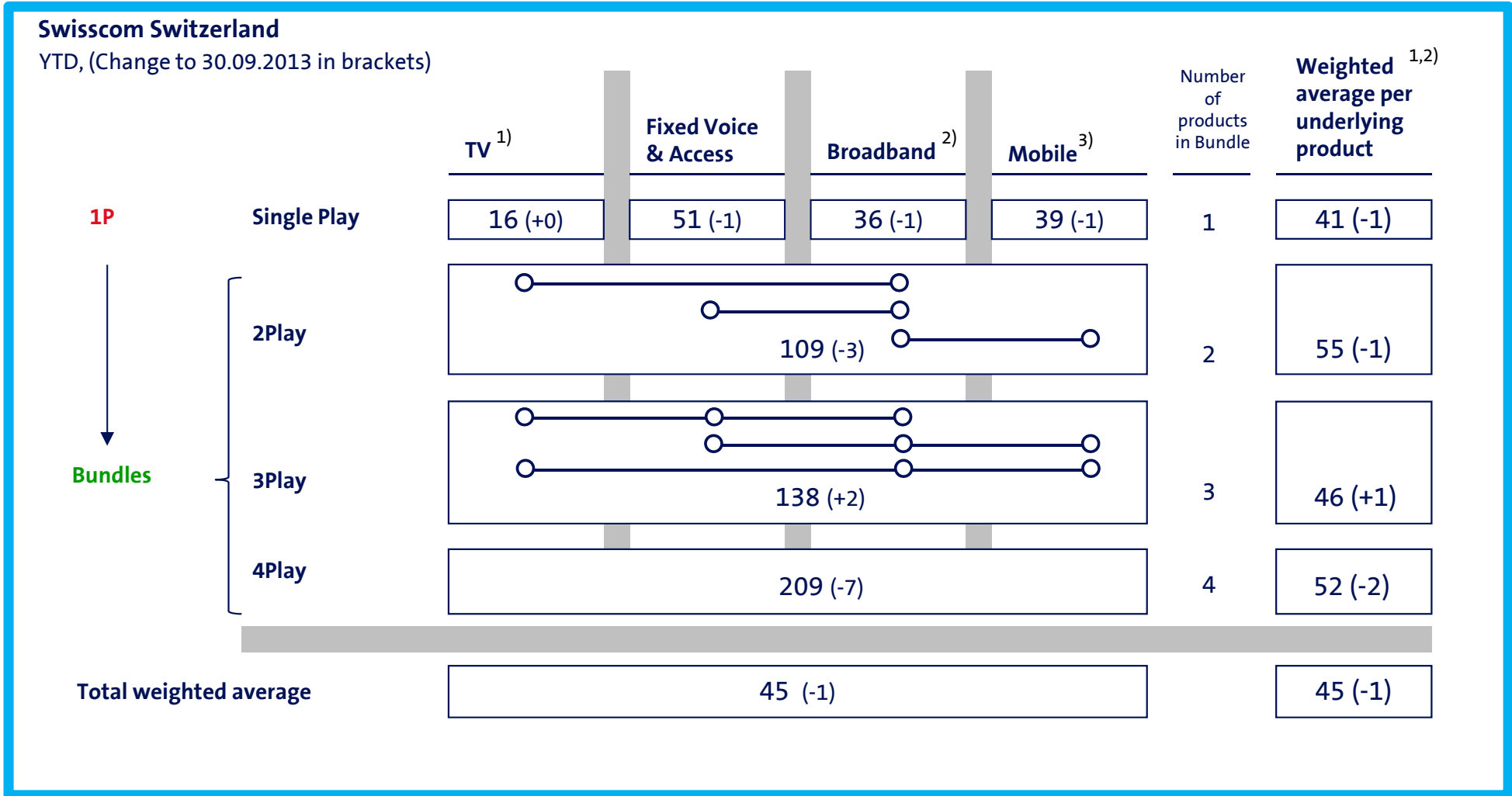
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B. 9m results 2014 - RGU's Swisscom Switzerland (SCS)

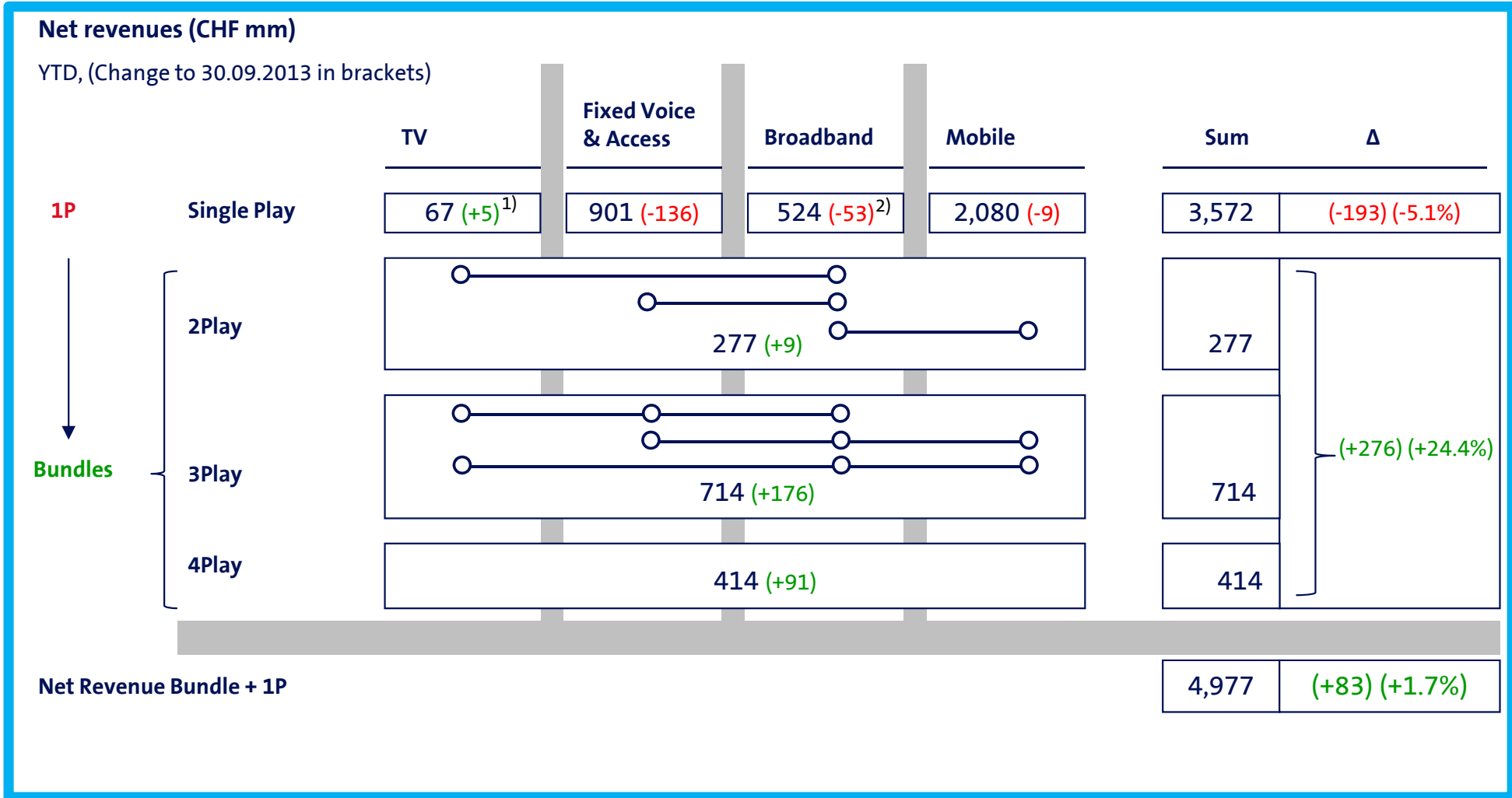
Swisscom Switzerland		Access Lines/Subs/Products (000)				Number of products in Bundle	Sum	Δ
YTD, (Change to 30.09.2013 in brackets)		TV	Fixed Voice & Access	Broadband	Mobile			
<p>1P</p> <p>↓</p> <p>Bundles</p>	Single Play	246 (-35)	1,902 (-240)	718 (-125)	6,015 (+59)	1	8,881	(-341) (-3.7%)
	2Play					2	604	(+64) (+11.9%)
		302 (+32)						
	3Play					3	1,854	(+397) (+27%)
		609 (+130) and 27 additional Mobile Subs						
4Play	242 (+53)				4	968	(+212) (+28%)	
Revenue Generating Units		1,125 (+182) (+19%)	2,811 (-94) (-3.2%)	1,872 (+91) (+5.1%)	6,499 (+153) (+2.4%)		12,307	(+332) (+3%)

B. 9m results 2014 - ARPU Swisscom Switzerland (SCS)



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

B. 9m results 2014 - Net revenue bundle + 1P SCS



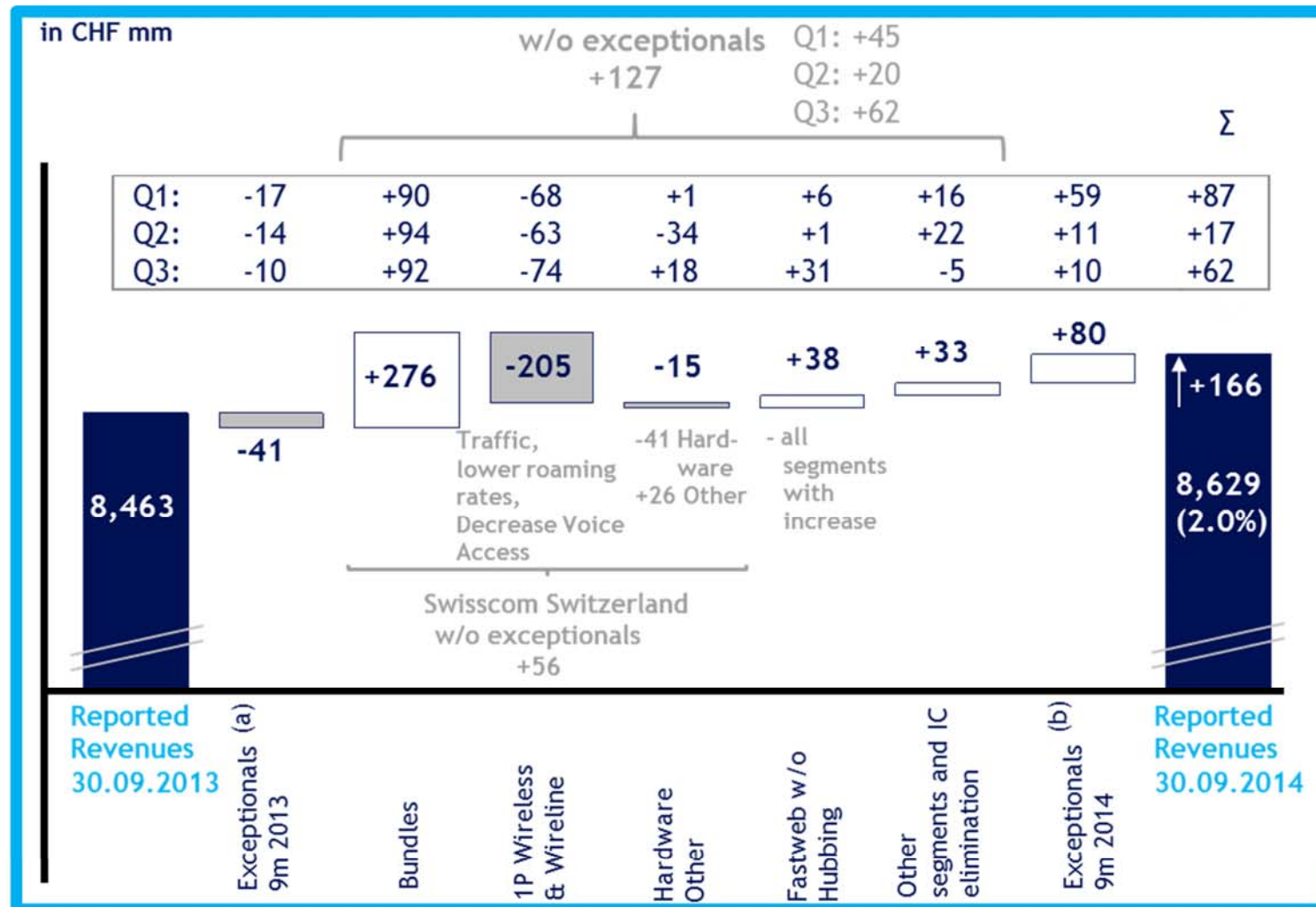
1) includes impact from acquisition Cinetrade.

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

B. 9m results 2014 - Group revenue breakdown

Without FX, hubbing and M&A effects, revenue went up CHF 127mm YOY (1.5%).

Underlying top-line of Fastweb went up by CHF 38mm YOY, all segments with increase.



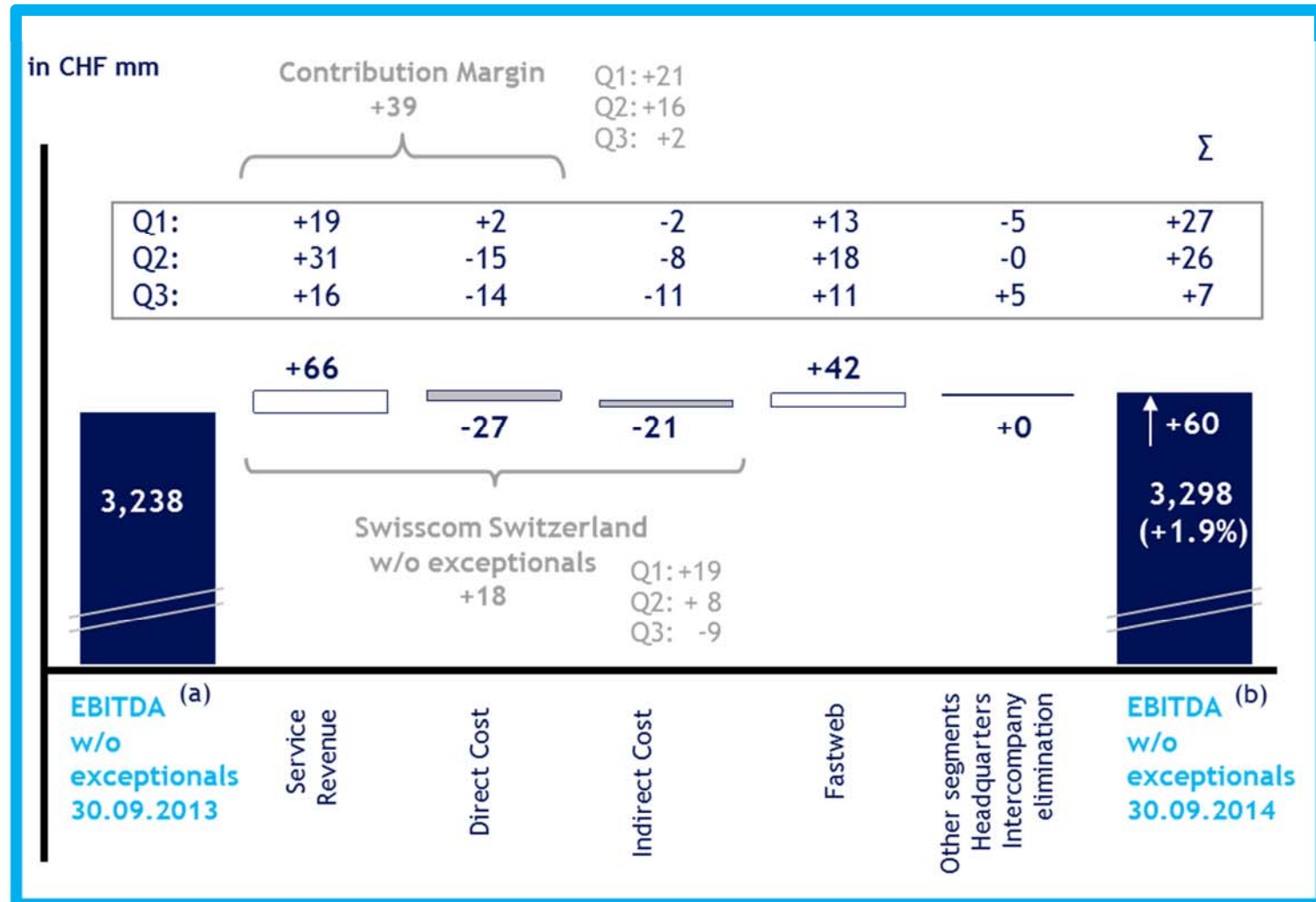
(a) Hubbing Fastweb (CHF -41mm)

(b) Acquisitions (CHF +72mm), Hubbing Fastweb (CHF +24mm), change exchange rate (CHF -16mm, weakening of Euro against Swiss Franc of 1.1%)

B. 9m results 2014 - Group EBITDA breakdown

EBITDA w/o
exceptionals up
CHF 60mm YOY.

EBITDA of Swisscom
Switzerland w/o
exceptionals
up CHF 18mm.



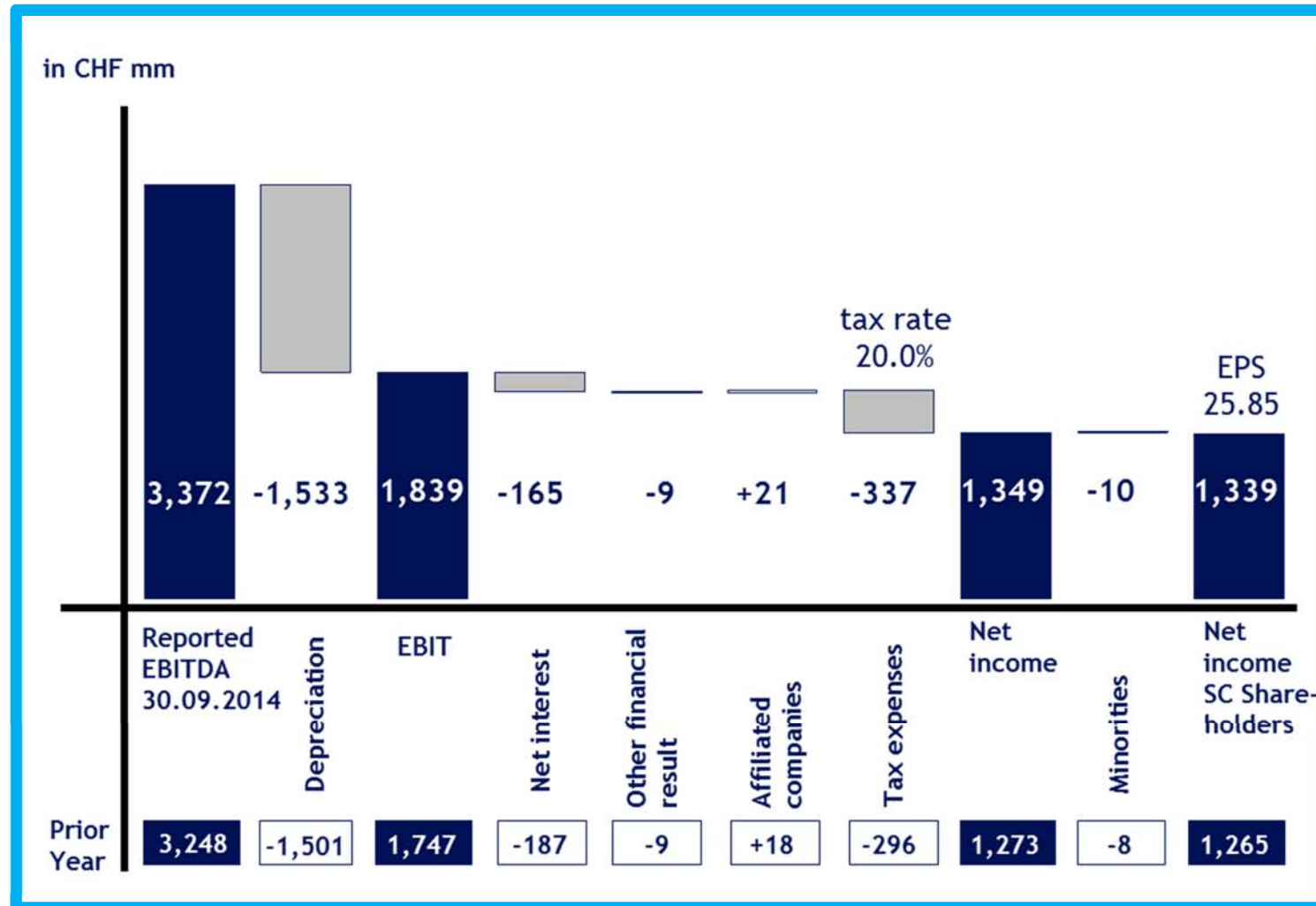
(a) Without release of provisions restructuring (CHF +10mm)

(b) Without M&A (+15mm), additional gain on sale of real estate (+50mm), lower pension cost (+14mm), change exchange rate (CHF -5mm, weakening of Euro against Swiss Franc of 1.1%)

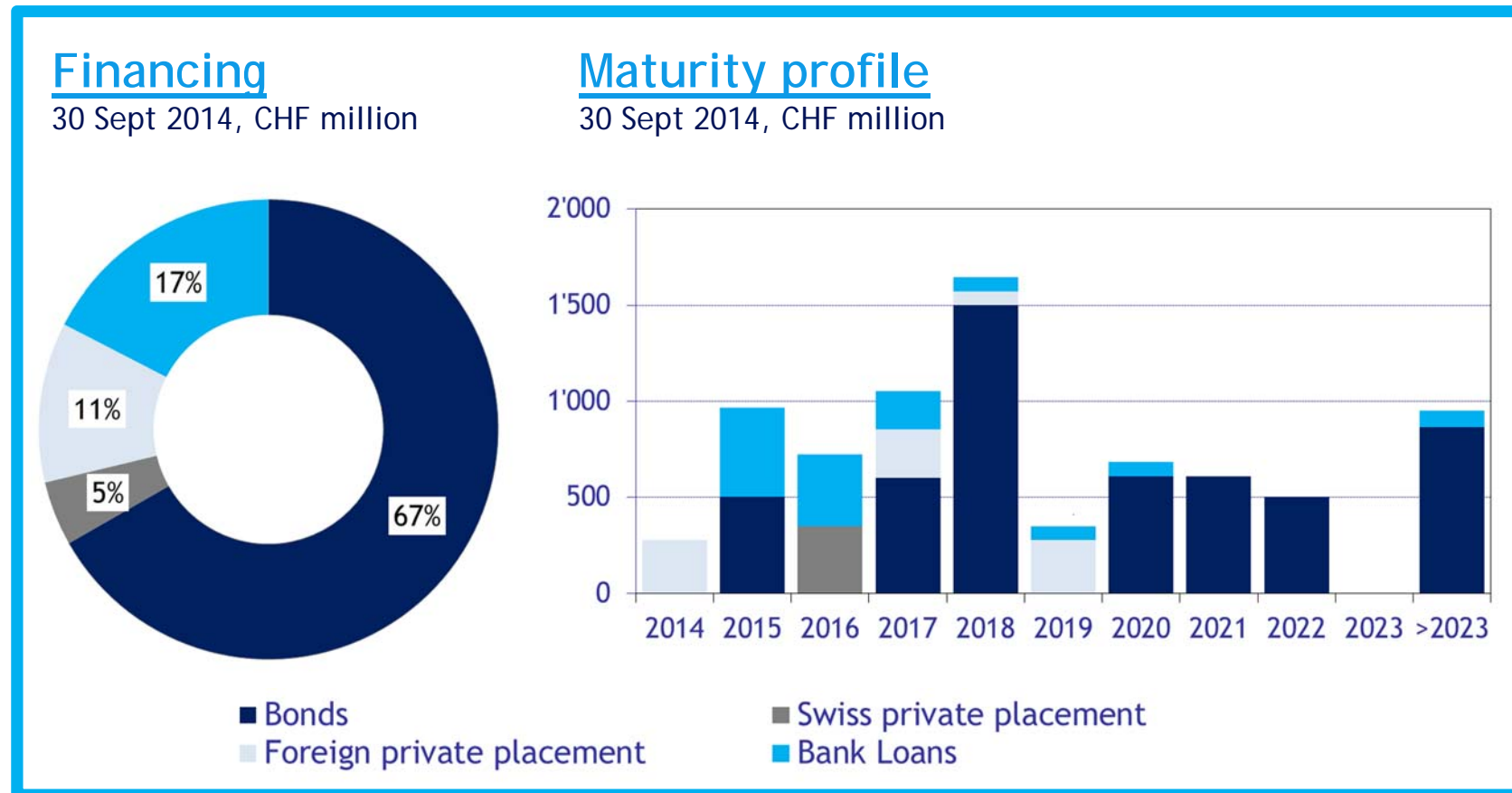
B. 9m results 2014 - Group net result

In the first nine months 2014, net income of the group amounts to CHF 1,349 mm.

Earnings per share equals to CHF 25.85.



B. 9m results 2014 - Financing and maturity profile



Due to our rating and the favourable interest environment, Swisscom benefits from very attractive funding conditions

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