

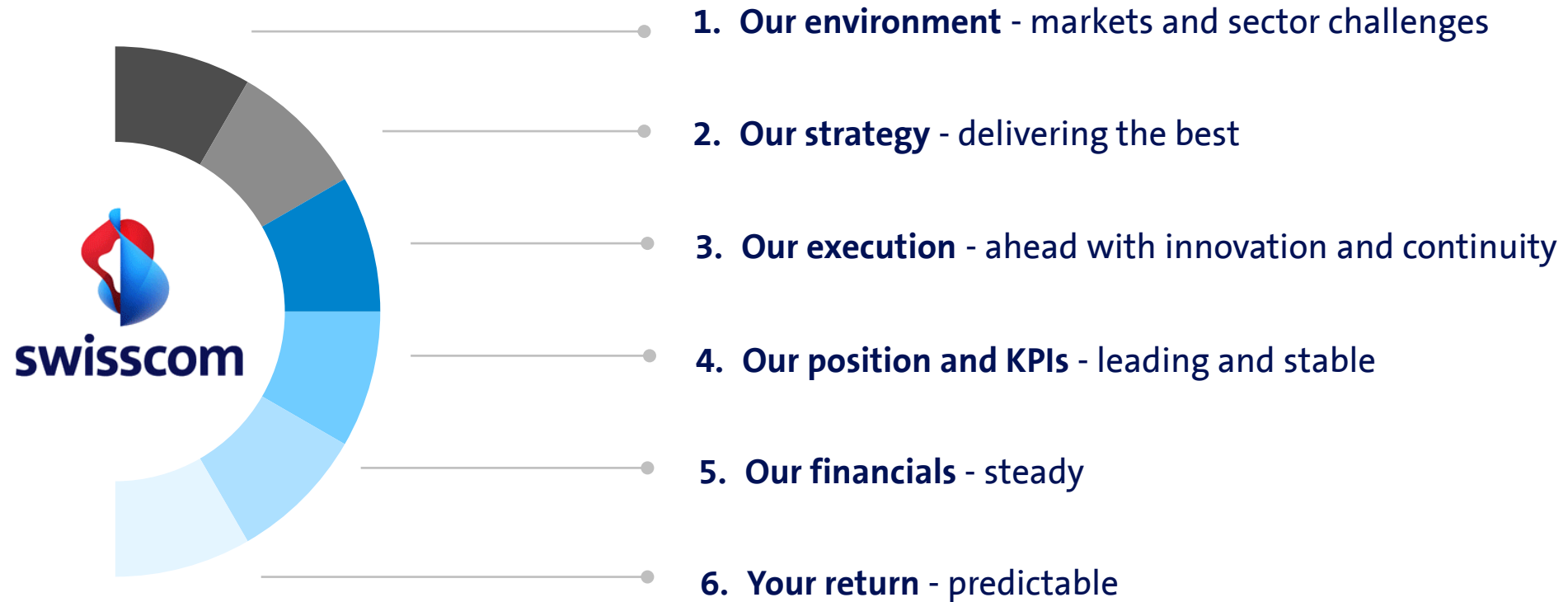


Swisscom - company presentation

25th Vontobel Summer Conference 2017

Agenda

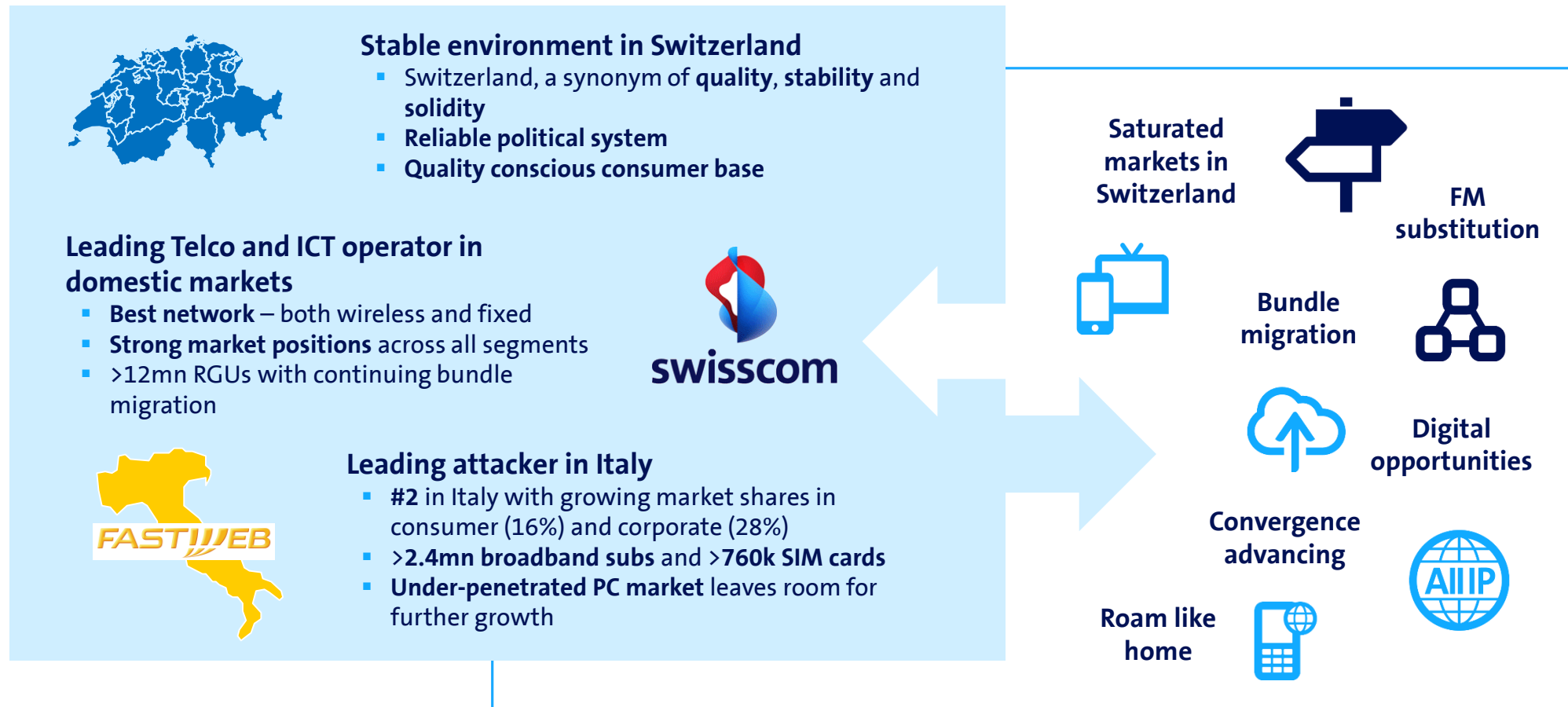
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Our environment - market and sector challenges

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

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Our strategy - delivering the best

Outstanding track record

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Our execution - continuously investing in high-speed expansion

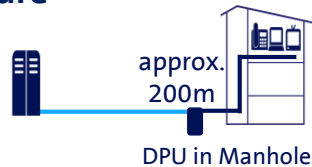
Boost ultra-broadband uplift with an efficient technology use

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Our fibre approach ...

> Switzerland's unique FTTS architecture

- > Existing manholes offer potential to be equipped with G.fast



> Swisscom is the 1st Telco to rollout G.fast

- > Up to **500 Mbps on copper**
- > With diligent network planning >90% customers profit from G.fast



> Why FTTS / G.fast?

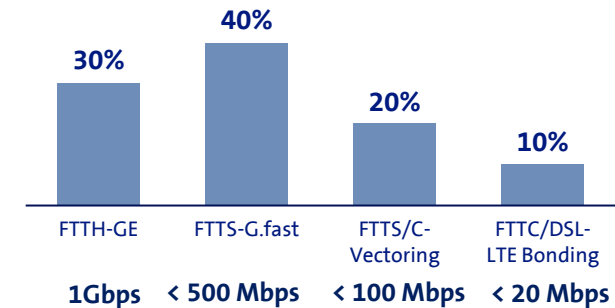
- > Rollout **2x faster** than FTTH
- > Rollout **3x cheaper** than FTTH
- > Reusable fibre infrastructure for future upgrades



... with using different technologies ...

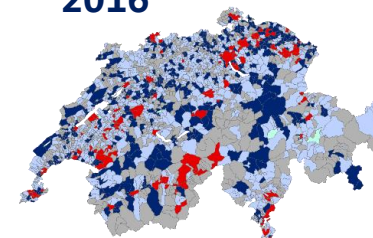
Target 2021

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

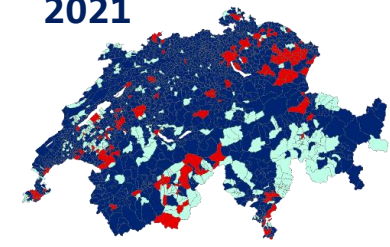


... increases UBB availabilities most efficiently

2016



2021



■ FTTH ■ FTTS/B ■ Vectoring ■ DSL-LTE Bonding

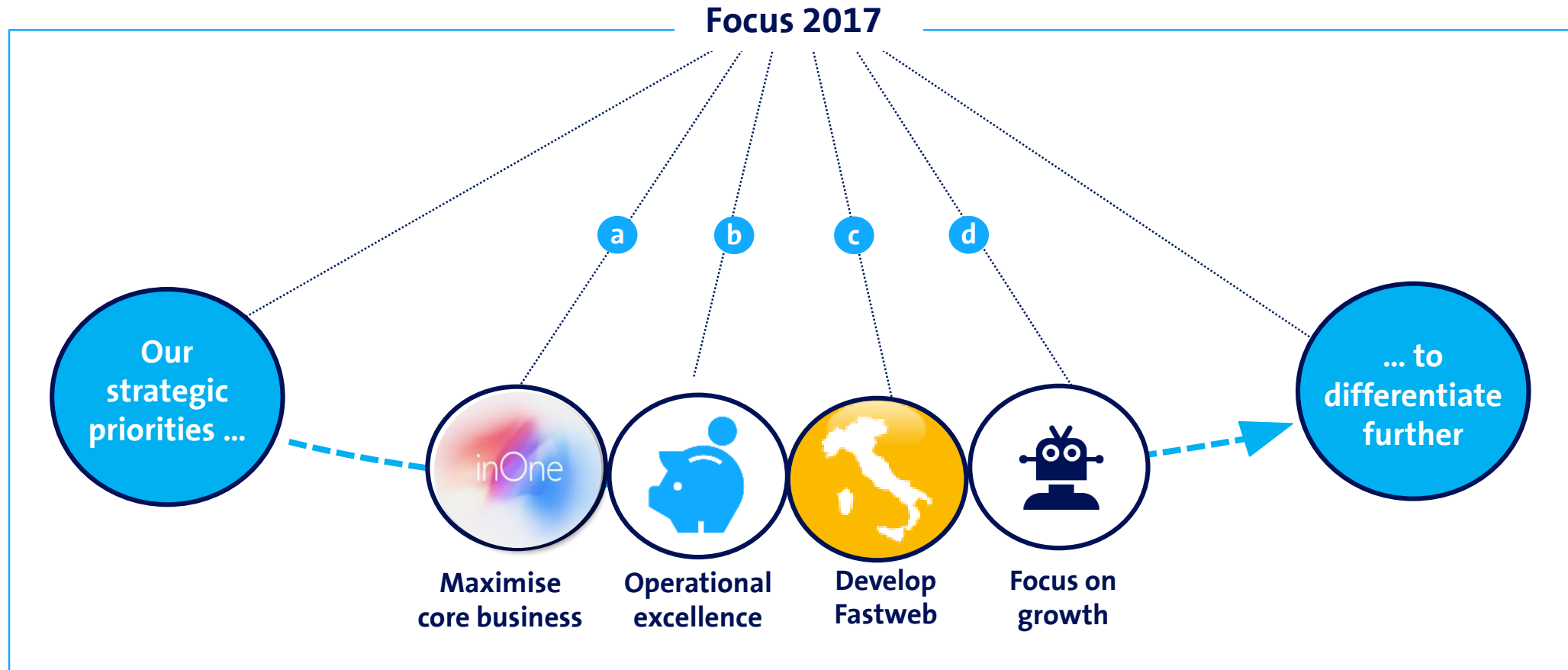
Our infrastructure ensures our unique position in Switzerland – also in the future

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

Our execution - ahead with innovation and continuity

In order to increase competitiveness and sustain value

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Our execution - inOne

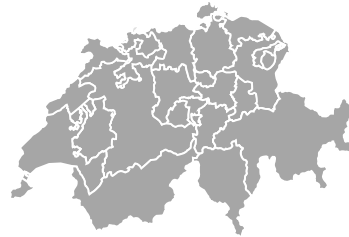
One subscription covering everything - where do we stand?

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Market situation

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



Swisscom's position



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

Customer behaviour

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



Current FM offering



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



Our execution - inOne

One subscription covering everything - what are our ambitions?

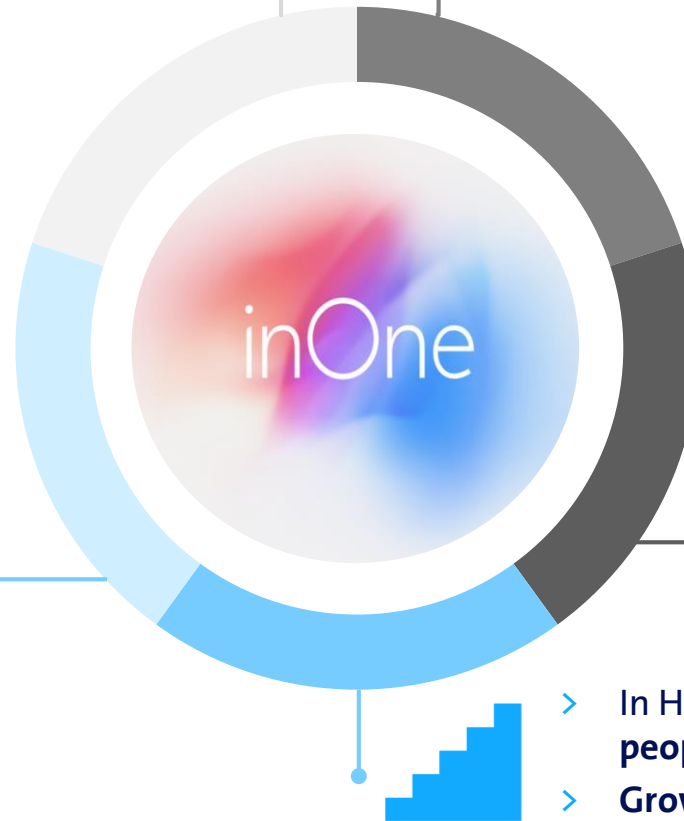
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- > New **value proposition** to "fence" customers and **defend leading position** in the broadband and mobile market in Switzerland



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



- > The offerings **flexibility** helps in cementing outstanding **NPS** level
- > **Maintain churn at current low level**
- > **Realise price increases** for standalone inOne offerings but with a much higher value
- > **More for more**

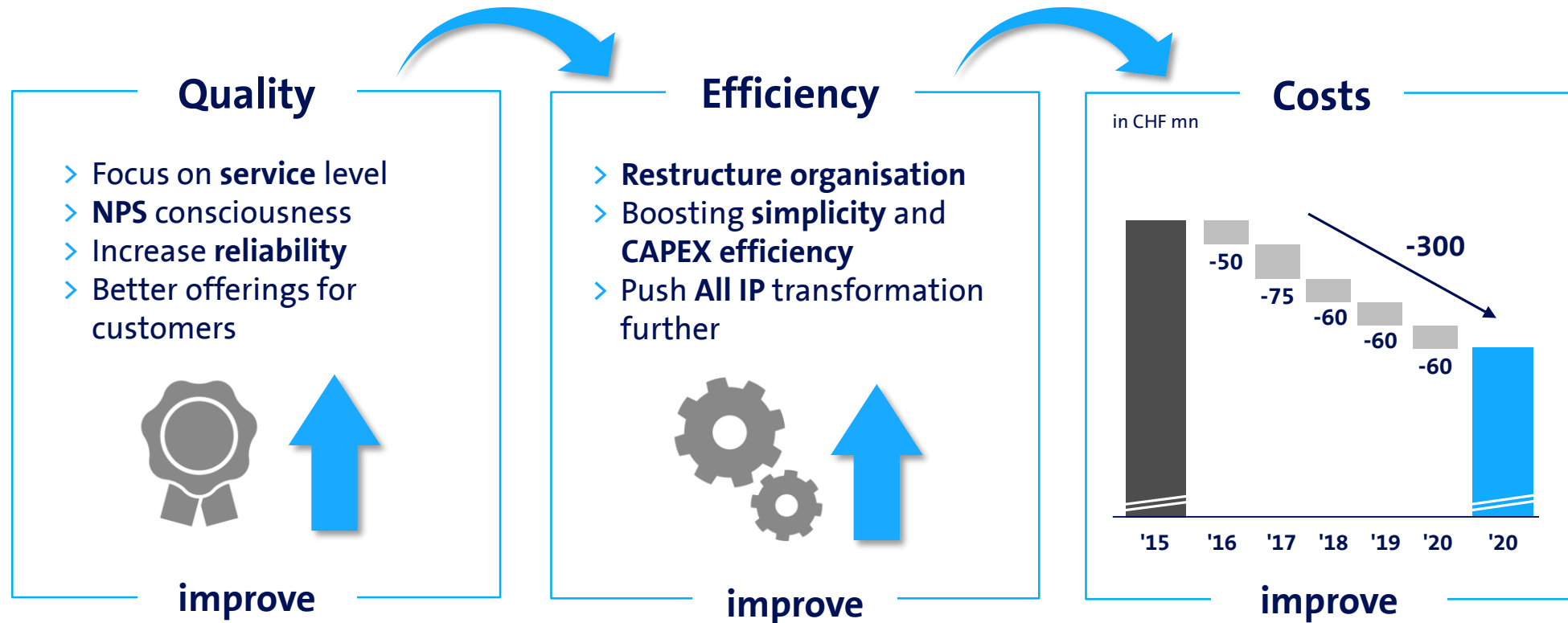
- > In HHs with a Swisscom BB connection >1 **million people are served by other mobile operators**
- > **Grow customer base and household penetration**

Our execution - operational excellence with accelerating momentum

Stabilise profitability by improving all layers

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On track to achieve targeted cost savings of CHF 300mn by 2020

Our execution - unlock further value from the Italian market ...

... by expanding Fastweb's competitive advantage as 360° infrastructure player



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Extending and upgrading the best wireline infrastructure in Italy

Extend FTTx footprint to 50% coverage

- > FTTH from 2.0 to 5.0mn HHs through **FlashFiber** (o/w 0.2 mn already completed per YE 16)
- > **FTTS** from 5.5 to 8.0mn HHs

Increase NPS & decrease churn rate

- > **Increase scale** in Consumer segment
- > Competitive mobile offers support also wireline sales: 9% of new customers buying mobile and wireline
- > **Convergent customers** with 3p.p. **lower churn** than wireline-only



Leverage **MVNO** access

- > Scaling up wireless business in the short-term thanks to **4G**
- > **Protect its wireline business** from the likely increase of competitive pressure triggered by Iliad entry

Deployment of **5G-ready infrastructure** in wireless

- > Fastweb **installed asset** base is instrumental to the potential deployment of a mobile infrastructure based on **small cells**
- > Positioning Fastweb as a **premium convergent player**

Our execution - B2B with heterogeneous revenue sources

Swisscom uniquely positioned to benefit from digital revolution

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Our B2B value position

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

Our B2B offerings

with CHF ~2.4bn revenues in 2016

Telco businesses [~45% of revenues]



Wireless



Wireline

Solutions businesses [~45% of revenues]



Verticals



Digital
Solutions



Cloud & Net
Services



UCC¹ and
Workplace



Other
Solutions

Other businesses [~10% of revenues]



Hardware and Other



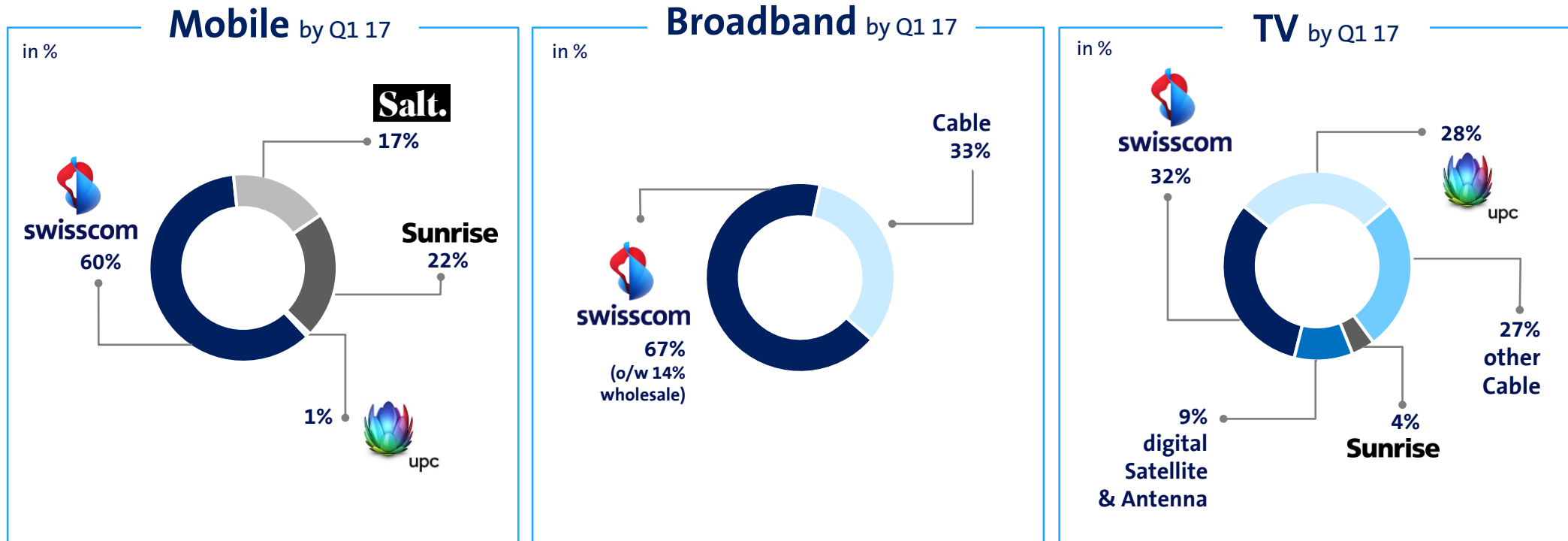
Leverage leading B2B position in Telco business to grow market share in ICT

¹ Unified Communication & Collaboration

Our position - leading operator in Switzerland

Swisscom's market shares in Switzerland stable over many years

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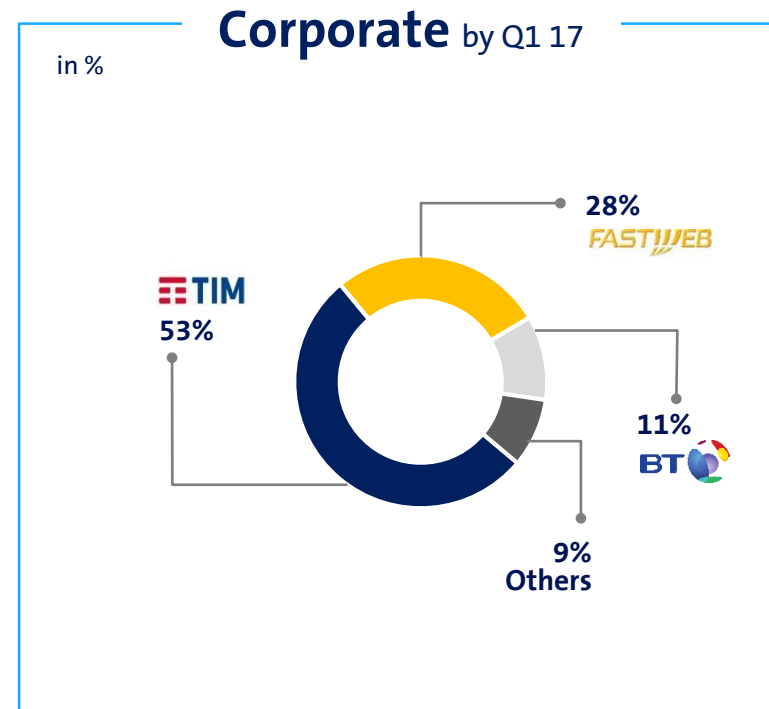
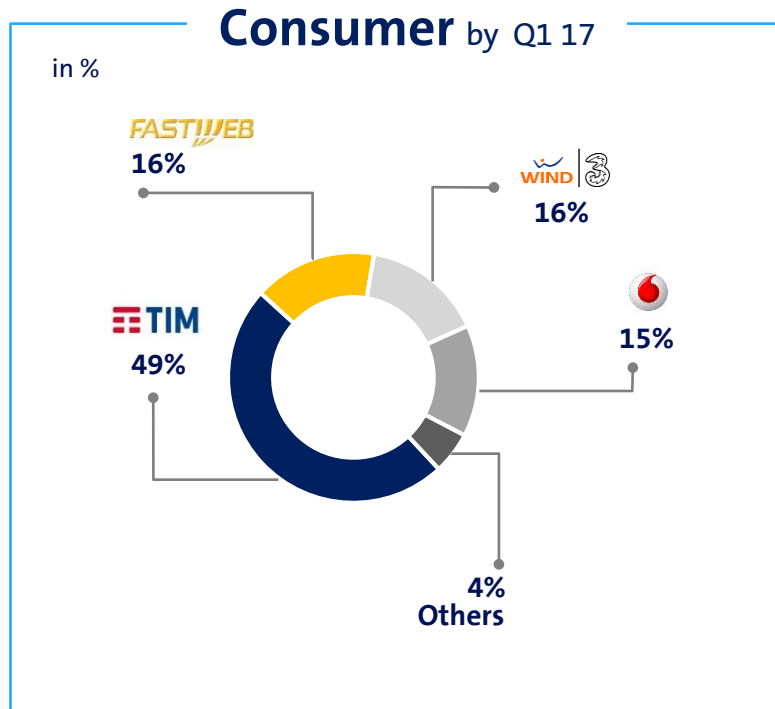


We will continue to defend our strong position, as size matters in a fixed-cost business

Our position - leading attacker in Italy

Fastweb with outstanding track record in demanding wireline market

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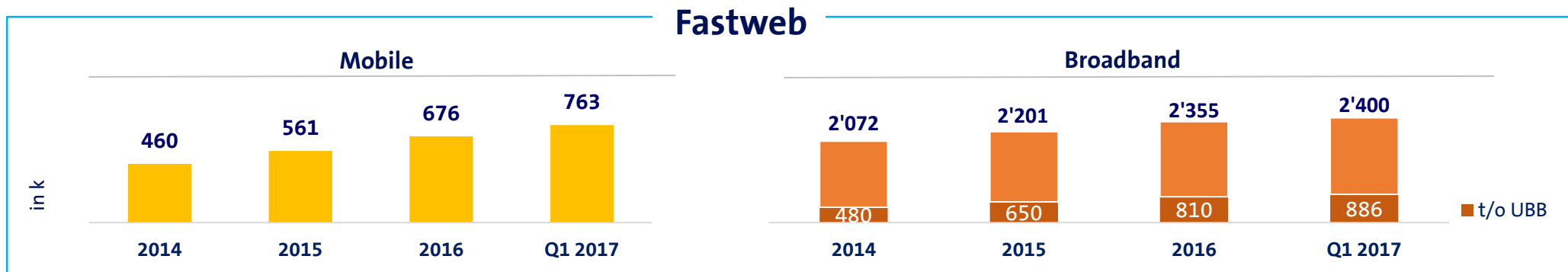
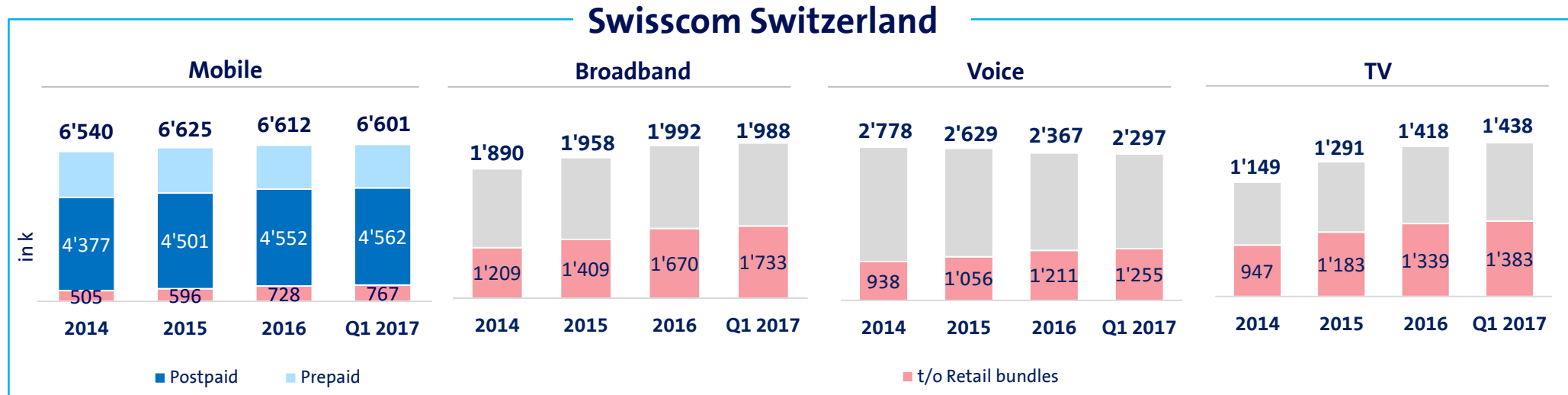


Targeted 50% FTTx coverage by 2020 speeds up growth momentum in all segments

Our KPIs - customer base with unchanged dynamics

Swisscom Switzerland with >12mn RGUs - Fastweb with growing subs base in BB and mobile

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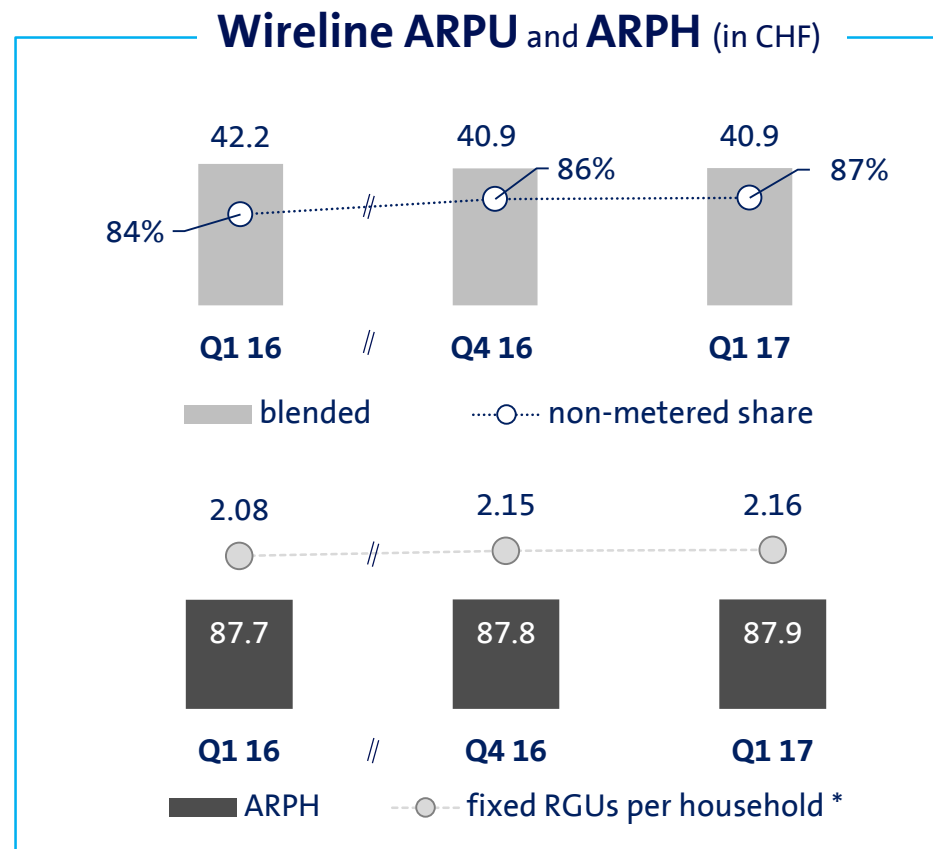
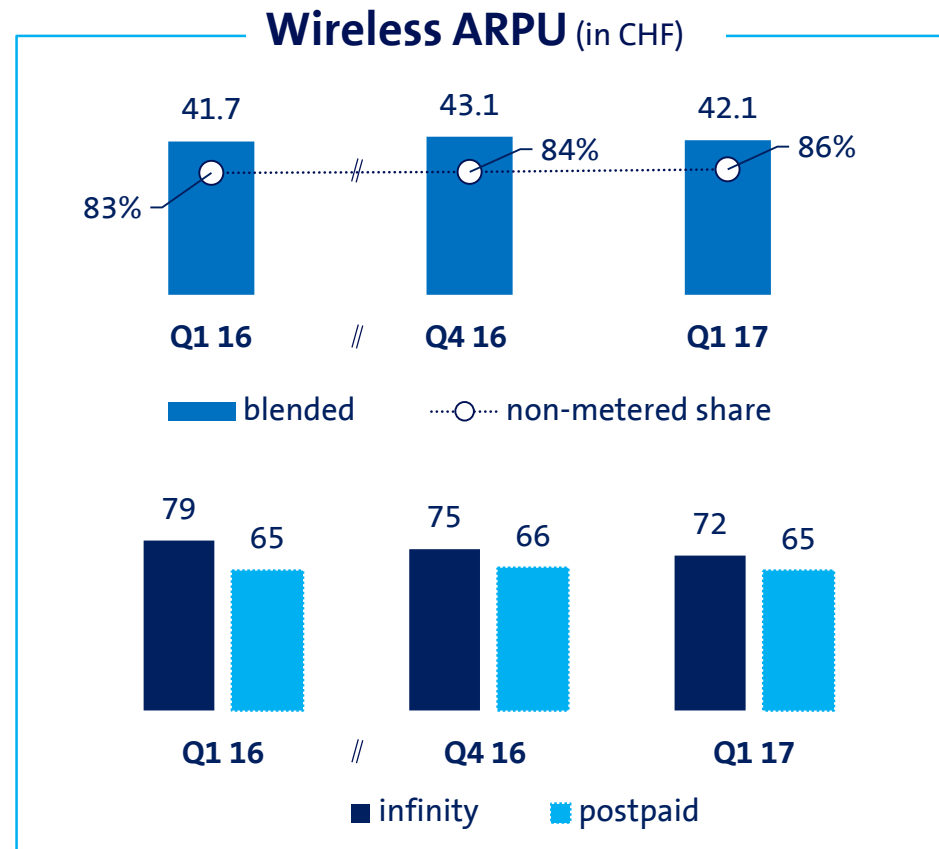


Ongoing successful bundle migration in Switzerland and volume momentum in Italy

Our KPIs - ARPUs of Swisscom Switzerland with stable development

Blended ARPUs flat thanks to value focus and continued bundle migration

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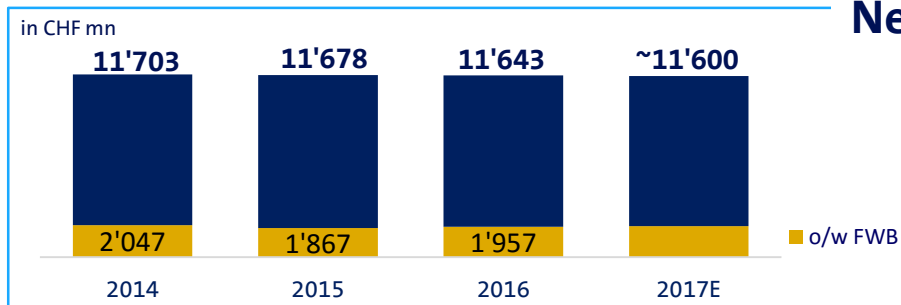
'Best' strategy and yield management pays off

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

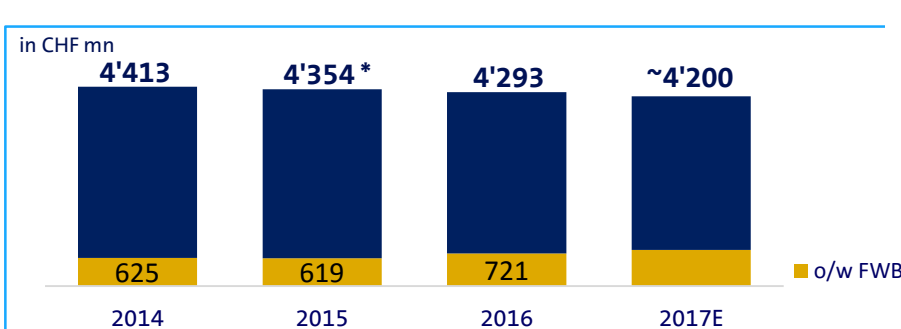
Our financials - steady since multiple years

2017 guidance: net revenue CHF ~11.6bn, EBITDA CHF ~4.2bn, CAPEX CHF ~2.4bn

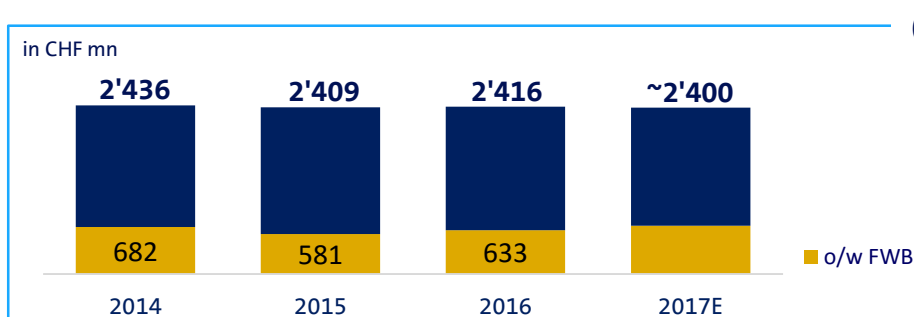
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- > Overall flat, but with mixed dynamics: usage-based revenues down, access-based / bundle revenues up
- > Fastweb with stable contribution thanks to volume growth



- > Cost management crucial in Switzerland due to saturated market conditions and structural forces (roam like home, FM substitution)
- > Fastweb expected to contribute growth



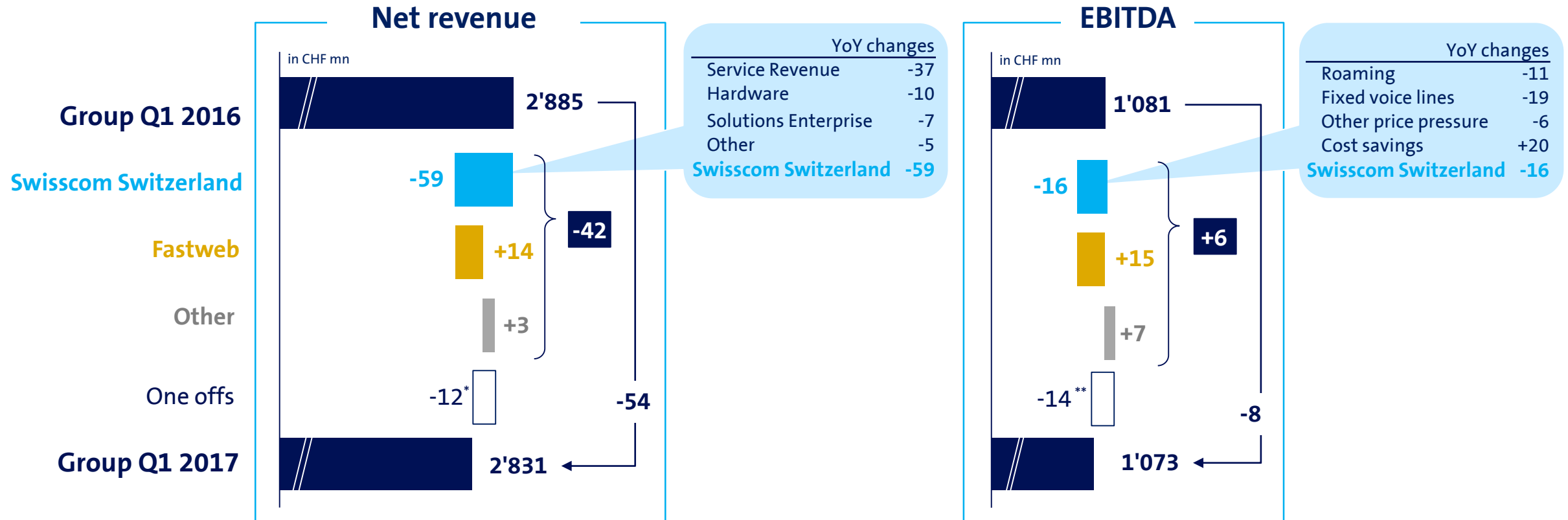
- > CAPEX envelope remains on current level driven by ongoing UBB extension
- > By 2020, Swisscom Switzerland targets >85% with >100 Mbps and Fastweb 50% with >200 Mbps

* excl. provisions for FeAC sanction (CHF 186 mn) and restructuring (CHF 70 mn)

Our financials - Q1 performance

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

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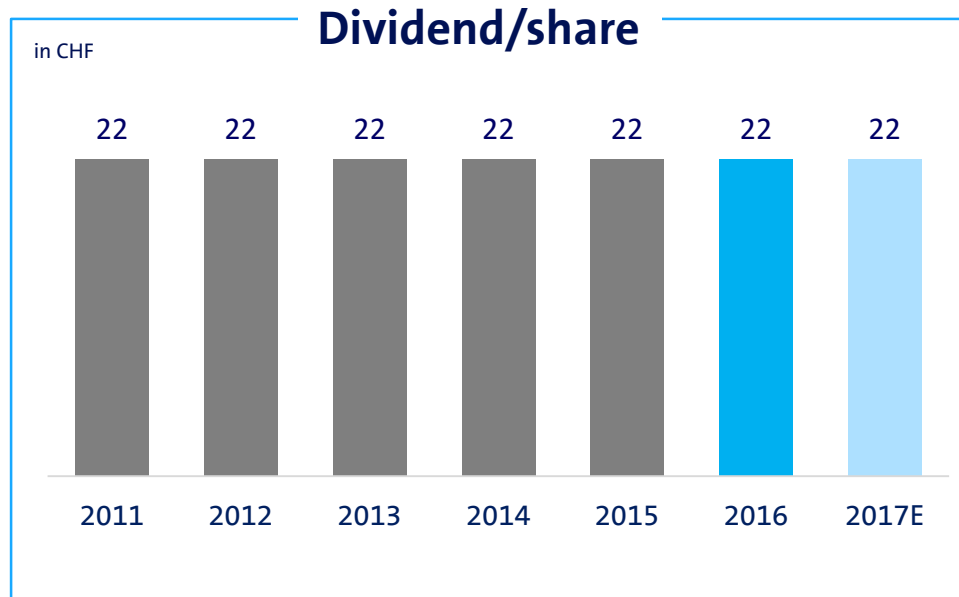
Q1 financials of Swisscom Switzerland impacted by price adjustments (MTR, roaming) and structural changes (fixed voice lines)

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

Your return - predictable

Distribution of CHF 22/share since 2011

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Dividend policy

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



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

Wrap-up

The best in the networked world – everywhere and all the time

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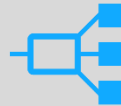
Best infrastructure

'Best' strategy pays off:
CHIP test won for the
best net in Switzerland



Enhance technology and innovation leadership: only
VoLTE provider in Switzerland
5G pioneer partnership with
Ericsson

>40% of population with **4G+**,
>40% coverage with >100
Mbps



Pushing digitalisation to the next level with ALL IP
migration proceeding as planned

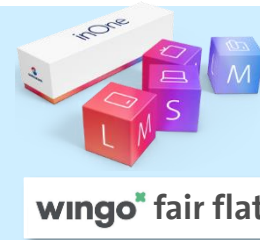


Best experiences



Highest NPS among
competitors in **Switzerland**

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



wingo fair flat



Delivering the best TV proposition with
unique features

Swisscom has the **most attractive roaming service** in
the Swiss market **allowing worry-free usage abroad**

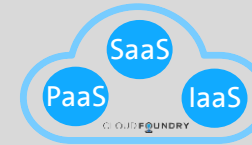


Best growth opportunities

Continuing **bundle migration** and **increase share of wallet**



Network infrastructure and IT from one single source enabling
opportunities in the cloud business



Fastweb with strong operating
momentum, **mobile taking off**
and **tight cost control**



Expanding value creation
with business propositions
in **Banking and Health**

Cautionary statement

Regarding forward-looking statements

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- > “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.
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