

2015

Interim Report
January–September



swisscom

Key Financial Figures

In CHF million, except where indicated

	1.1.–30.9.2015	1.1.–30.9.2014	Change
Net revenue and results			
Net revenue	8,651	8,629	0.3%
Operating income before depreciation and amortisation (EBITDA) ¹	3,099	3,372	–8.1%
EBITDA as % of net revenue	35.8	39.1	
Operating income (EBIT) ²	1,554	1,839	–15.5%
Net income	1,058	1,349	–21.6%
Share of net income attributable to equity holders of Swisscom Ltd	1,058	1,339	–21.0%
Earnings per share	20.42	25.85	–21.0%

Balance sheet and cash flows

Equity at end of period	4,963	5,306	–6.5%
Equity ratio at end of period ³	23.6	25.4	
Capital expenditure	1,737	1,727	0.6%
Operating free cash flow ⁴	1,429	1,470	–2.8%
Net debt at end of period ⁵	8,320	8,398	–0.9%

Operational data at end of period

Fixed access lines in Switzerland	in thousand	2,659	2,811	–5.4%
Broadband access lines retail in Switzerland	in thousand	1,937	1,872	3.5%
Swisscom TV access lines in Switzerland	in thousand	1,275	1,125	13.3%
Mobile access lines in Switzerland	in thousand	6,618	6,499	1.8%
Revenue generating units (RGU) in Switzerland ⁶	in thousand	12,489	12,307	1.5%
Broadband access lines wholesale in Switzerland	in thousand	301	241	24.9%
Broadband access lines in Italy	in thousand	2,172	2,016	7.7%

Swisscom share at end of period

Number of issued shares	in mio.	51.802	51.802	–
Closing price	CHF	486.20	542.50	–10.4%
Market capitalisation ⁷		25,186	28,103	–10.4%

Full-time equivalent employees at end of period

Full-time equivalent employees	FTE	21,603	21,075	2.5%
Full-time equivalent employees in Switzerland	FTE	18,936	18,220	3.9%

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

⁵ Definition net debt: financial liabilities less cash and cash equivalents, current financial assets and non-current fixed-interest-bearing deposits.

⁶ Definition revenue generating units (RGU) in Switzerland: fixed access lines, broadband access lines retail, Swisscom TV access lines and mobile access lines.

⁷ Closing 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.–30.9.2015	1.1.–30.9.2014	Change
Net revenue ¹	8,651	8,629	0.3%
Operating income before depreciation and amortisation (EBITDA) ²	3,099	3,372	–8.1%
EBITDA as % of net revenue	35.8	39.1	
Operating income (EBIT)	1,554	1,839	–15.5%
Net income	1,058	1,349	–21.6%
Earnings per share (in CHF)	20.42	25.85	–21.0%
Capital expenditure	1,737	1,727	0.6%
Operating free cash flow	1,429	1,470	–2.8%
Net debt at end of period	8,320	8,398	–0.9%
Full-time equivalent employees at end of period	21,603	21,075	2.5%

¹ Net revenue: excluding non-recurring items, increase by 1.2%.

² EBITDA: excluding non-recurring items, increase by 2.2%.

In the first nine months of 2015, Swisscom posted an increase in net revenue of CHF 22 million or 0.3% to CHF 8,651 million. At constant exchange rates and excluding company acquisitions, net revenue increased by CHF 103 million or 1.2%, of which Swiss business accounted for CHF 38 million, mainly due to a higher number of subscribers. The number of revenue generating units (RGUs) in the Swiss core business increased year-on-year by 182,000 or 1.5% to 12.5 million. As a result of customer growth, Italian subsidiary Fastweb's revenue was EUR 56 million or 4.6% higher at EUR 1,286 million. The number of subscribers to Fastweb's broadband business grew year-on-year by 156,000 or 7.7% to 2.17 million.

Swisscom increased its operating income before depreciation and amortisation (EBITDA) on a like-for-like basis, but its reported EBITDA fell by CHF 273 million or 8.1% to CHF 3,099 million as a result of one-off items. The main reason for this decline is the provision for ongoing proceedings: At the beginning of October 2015, the Federal Administrative Court generally confirmed the ruling issued by the Competition Commission for the alleged improper pricing of broadband services in the period up to the end of 2007. Swisscom therefore recognised a provision of CHF 186 million in the third quarter of 2015. Swisscom does not consider the sanction justified and has lodged an appeal with the Federal Court. Adjusted for this provision and other non-recurring items such as company acquisitions and disposals, gains from the sale of real estate (CHF 51 million), pension costs not affecting cash flow in accordance with IAS 19 (CHF 50 million) and on the basis of constant exchange rates (CHF 58 million), EBITDA increased by CHF 72 million or 2.2%. On a like-for-like basis, EBITDA in the Swiss core business increased by CHF 11 million or 0.4%, and at Fastweb it rose by EUR 35 million or 9.5%. Net income declined by CHF 291 million or 21.6% to CHF 1,058 million, largely due to aforementioned one-off items.

Swisscom's capital expenditure rose by CHF 10 million or 0.6% to CHF 1,737 million. In Switzerland, capital expenditure rose by CHF 70 million or 5.7% to CHF 1,302 million due to broadband network expansion. At the end of September 2015, Swisscom in Switzerland had connected more than 2.5 million households and businesses with ultra-fast broadband with speeds of over 50 Mbps. Of this, some 1.7 million access lines had been fitted with the latest fibre-optic technology. At Fastweb, the capital expenditure for the expansion of the network fell by EUR 3 million or 0.7% to EUR 403 million. Operating free cash flow fell by CHF 41 million or 2.8% to CHF 1,429 million. At CHF 8,320 million, net debt is CHF 78 million or 0.9% lower compared with the same period the year before.

Headcount increased year-on-year by 528 FTEs or 2.5% to 21,603 FTEs. In January 2015, Swisscom acquired Veltigroup; in May 2015, it sold its subsidiary Alphapay; and in June 2015, it disposed of Swisscom Hospitality Services. In July 2015, Tamedia integrated search.ch Ltd in Swisscom subsidiary Swisscom Directories. Excluding these acquisitions and disposals, headcount increased by 293 FTEs or 1.4% on account of strengthening customer service operations and of network expansion. In Switzerland, the number of employees increased by 716 FTEs or 3.9% to 18,936; this increase amounted to 281 FTEs or 1.5% on an adjusted basis.

As communicated in October 2015, Swisscom expects EBITDA of more than CHF 4.0 billion as a result of the provision for the Competition Commission proceedings regarding broadband services. As before, Swisscom expects net revenue of more than CHF 11.5 billion and capital expenditure of more than CHF 2.3 billion. If the targets are met, Swisscom will propose to the Annual General Meeting of Shareholders payment of an unchanged dividend of CHF 22 per share for the 2015 financial year.

Segment results

In CHF million	3 rd quarter 2015	3 rd quarter 2014	Change	1.1.– 30.9.2015	1.1.– 30.9.2014	Change
Net revenue						
Residential Customers	1,303	1,294	0.7%	3,877	3,798	2.1%
Small and Medium-Sized Enterprises	353	333	6.0%	1,020	983	3.8%
Enterprise Customers	643	638	0.8%	1,950	1,907	2.3%
Wholesale	250	239	4.6%	714	696	2.6%
IT, Network & Innovation	32	30	6.7%	97	93	4.3%
Intersegment elimination	(206)	(202)	2.0%	(586)	(584)	0.3%
Swisscom Switzerland	2,375	2,332	1.8%	7,072	6,893	2.6%
Fastweb	457	513	−10.9%	1,378	1,495	−7.8%
Other Operating Segments	149	172	−13.4%	449	484	−7.2%
Group Headquarters	–	–	–	1	1	–
Intersegment elimination	(88)	(88)	–	(249)	(244)	2.0%
Net revenue	2,893	2,929	−1.2%	8,651	8,629	0.3%
Operating income before depreciation and amortisation (EBITDA)						
Residential Customers	756	731	3.4%	2,228	2,157	3.3%
Small and Medium-Sized Enterprises	239	233	2.6%	688	692	−0.6%
Enterprise Customers	237	243	−2.5%	682	699	−2.4%
Wholesale	(86)	98	–	107	285	−62.5%
IT, Network & Innovation	(312)	(270)	15.6%	(947)	(890)	6.4%
Intersegment elimination	(1)	1	–	(1)	1	–
Swisscom Switzerland	833	1,036	−19.6%	2,757	2,944	−6.4%
Fastweb	156	163	−4.3%	434	450	−3.6%
Other Operating Segments	24	31	−22.6%	59	86	−31.4%
Group Headquarters	(22)	(28)	−21.4%	(80)	(84)	−4.8%
Intersegment elimination	(7)	(8)	−12.5%	(17)	(20)	−15.0%
Reconciliation to pension cost ¹	(18)	(4)	–	(54)	(4)	–
Operating income before depreciation and amortisation (EBITDA)	966	1,190	−18.8%	3,099	3,372	−8.1%

¹ The operating income of segments consist of pension cost especially employer contributions. The difference to the pension cost by IAS 19 will therefore be recognised as a reconciliation item.

Starting in 2015, financial reporting will be adapted to the management structure introduced last year. Reporting will be divided into three operating divisions: Swisscom Switzerland, Fastweb and Other Operating Segments as well as Group Headquarters. Swisscom Switzerland is the Swiss market leader in the field of telecommunications. Fastweb is one of the largest broadband telecom companies in Italy. Other Operating Segments mainly comprises Participations, Health and Connected Living. Group Headquarters largely comprises the Group divisions. Swisscom Switzerland consists of the customer segments Residential Customers, Small & Medium-Sized Enterprises, Enterprise Customers and Wholesale as well as IT, Network & Innovation. Further information about the adjustment of segment reporting can be found in Note 3 in the Notes to the interim financial statements.

The IT, Network & Innovation 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 charged at market rates. Network costs in Switzerland are budgeted, monitored and controlled by the IT, Network & Innovation division, which is managed as a cost centre. For this

reason, no revenue is credited to the IT, Network & Innovation segment within the segment reporting, with the exception of the rental and administration of buildings. The results of the segments Residential Customers, Small & Medium-Sized Enterprises, Enterprise Customers and Wholesale are reported as a contribution margin before network costs.

Segment expense includes the costs of goods and services purchased, personnel expense and other operating costs less capitalised self-constructed assets and other income. Segment expense contains the ordinary employer contributions as a pension cost. Under IAS 19, the difference between the ordinary employer contributions and the pension cost is reported as a reconciliation item between the operating incomes of the segments and Group operating income.

Swisscom Switzerland

In CHF million, except where indicated	3 rd quarter 2015	3 rd quarter 2014	Change	1.1.– 30.9.2015	1.1.– 30.9.2014	Change
Net revenue and results						
Mobile single subscriptions	703	712	–1.3%	2,065	2,080	–0.7%
Fixed-line single subscriptions	428	481	–11.0%	1,315	1,493	–11.9%
Bundles	570	496	14.9%	1,647	1,405	17.2%
Wholesale	145	144	0.7%	433	428	1.2%
Other	512	481	6.4%	1,559	1,431	8.9%
Revenue from external customers	2,358	2,314	1.9%	7,019	6,837	2.7%
Intersegment revenue	17	18	–5.6%	53	56	–5.4%
Net revenue	2,375	2,332	1.8%	7,072	6,893	2.6%
Direct costs	(462)	(490)	–5.7%	(1,406)	(1,424)	–1.3%
Indirect costs	(1,080)	(806)	34.0%	(2,909)	(2,525)	15.2%
Segment expenses	(1,542)	(1,296)	19.0%	(4,315)	(3,949)	9.3%
Segment result before depreciation and amortisation	833	1,036	–19.6%	2,757	2,944	–6.4%
Margin as % of net revenue	35.1	44.4		39.0	42.7	
Depreciation, amortisation and impairment losses	(344)	(321)	7.2%	(1,018)	(944)	7.8%
Segment result	489	715	–31.6%	1,739	2,000	–13.1%
Operational data at the balance sheet date in thousand						
Fixed access lines				2,659	2,811	–5.4%
Broadband access lines retail				1,937	1,872	3.5%
Swisscom TV access lines				1,275	1,125	13.3%
Mobile access lines				6,618	6,499	1.8%
Revenue generating units (RGU)				12,489	12,307	1.5%
Bundles				1,356	1,154	17.5%
Unbundled fixed access lines				139	204	–31.9%
Broadband access lines wholesale				301	241	24.9%
Capital expenditure and headcount						
Capital expenditure in property, plant and equipment and other intangible assets	459	470	–2.3%	1,300	1,239	4.9%
Full-time equivalent employees at end of year				17,176	16,375	4.9%

Net revenue for Swisscom Switzerland rose by CHF 179 million or 2.6% year-on-year to CHF 7,072 million (+1.8% in the third quarter). Adjusted for company acquisitions, revenue rose by 0.9%, mainly due to customer growth. The number of revenue generating units (RGUs) increased year-on-year by 182,000 or 1.5% to 12.5 million (+61,000 in the third quarter). Bundled offerings for a flat-rate fee remain in demand. The number of customers using bundled offerings grew by 202,000 or 17.5% to 1.36 million (+49,000 in the third quarter). Revenue from bundled contracts rose year-on-year by CHF 242 million or 17.2% to CHF 1,647 million (+14.9% in the third quarter). The Enterprise Customers division increased revenue from external customers by CHF 55 million or 3.2% year-on-year to CHF 1,799 million (+2.4% in the third quarter). Adjusted for company acquisitions, revenue fell by 1.5% as a result of the lower volume in project business and strong price pressure. Incoming orders in the area of Enterprise Customers rose by 42% on a like-for-like basis.

The Natel infinity mobile offering that provides unlimited calls, texts and data remains highly popular. At the end of September 2015, 2.2 million customers, or 67% of the number of subscribers (excluding corporate customers), were using the infinity offering (including infinity plus). In April 2015, Swisscom launched Natel infinity plus, which allows for carefree use within the EU, with unlimited calls and texts as well as 1 GB of mobile data for 30 days per year included in all new infinity plus subscriptions. At the end of September 2015, Natel infinity plus had already attracted 663,000 customers. Overall, the number of mobile lines increased year-on-year by 119,000 or 1.8% to 6.6 million (+26,000 in the third quarter). The number of postpaid lines, including bundled offerings, rose by 159,000 (+32,000 in the third quarter) year-on-year, while the number of prepaid lines declined by 40,000 (–6,000 in the third quarter). The number of postpaid smartphone users increased from 72% to 75% within the space of a year.

The number of Swisscom TV connections increased year-on-year by 150,000 or 13.3% to 1.28 million (+37,000 in the third quarter), with fixed-fee subscriptions accounting for 1.11 million. Swisscom TV 2.0, which offers additional functions, was launched in April 2014 and by the end of September 2015 had already attracted 688,000 customers (+124,000 in the third quarter), most of whom had upgraded from a previous Swisscom offering. Retail broadband access lines grew year-on-year by 65,000 or 3.5% to 1.94 million (+15,000 in the third quarter). The growth of TV and broadband connections more than offset the decline in the number of fixed network connections. The number of fixed network connections fell by 152,000 or 5.4% year-on-year to 2.66 million (–38,000 in the third quarter), while the number of wholesale broadband access lines increased by 60,000 or 24.9% year-on-year to 301,000 (+10,000 in the third quarter). Unbundled subscriber access lines dropped by 65,000 or 31.9% year-on-year to 139,000 (–11,000 in the third quarter).

Segment expense rose by CHF 366 million or 9.3% to CHF 4,315 million. Direct costs fell by CHF 18 million or 1.3% to CHF 1,406 million (–5.7% in the third quarter), due mainly to lower costs for subscriber acquisition and subscriber retention. Indirect costs rose by CHF 384 million or 15.2% to CHF 2,909 million (+34.0% in the third quarter), which is mainly due to the recognition of a provision for the Competition Commission proceedings regarding broadband services of CHF 186 million in the third quarter of 2015. Adjusted for this provision and other one-off items (company acquisitions and gains from the sale of real estate), indirect costs increased by CHF 41 million (+1.6%). This is largely attributable to the increase in headcount and correspondingly higher personnel expenses. Headcount increased year-on-year by 801 or 4.9% to 17,176 FTEs. Adjusted for company acquisitions, the increase amounted to 1.8%. The segment result before depreciation and amortisation declined by CHF 187 million or 6.4% to CHF 2,757 million as a result of one-off items, reducing the profit margin accordingly by 3.7 percentage points to 39.0%, or 42.0% on an adjusted basis. Compared to the previous year, depreciation and amortisation rose by CHF 74 million or 7.8% to CHF 1,018 million (+7.2% in the third quarter) as a result of higher capital expenditure. The segment result declined accordingly by CHF 261 million or 13.1% to CHF 1,739 million. At CHF 1,300 million, capital expenditure was CHF 61 million or 4.9% higher year-on-year (–2.3% in the third quarter), mainly on account of increased investments in network infrastructure.

Fastweb

In EUR million, except where indicated	3 rd quarter 2015	3 rd quarter 2014	Change	1.1.– 30.9.2015	1.1.– 30.9.2014	Change
Residential Customers	196	187	4.8%	585	563	3.9%
Corporate Business	193	202	–4.5%	584	567	3.0%
Wholesale hubbing	6	7	–14.3%	20	21	–4.8%
Wholesale other	28	28	–	94	77	22.1%
Revenue from external customers	423	424	–0.2%	1,283	1,228	4.5%
Intersegment revenue	1	–	–	3	2	50.0%
Net revenue	424	424	–	1,286	1,230	4.6%
Segment expenses	(279)	(290)	–3.8%	(881)	(860)	2.4%
Segment result before depreciation and amortisation	145	134	8.2%	405	370	9.5%
Margin as % of net revenue	34.2	31.6		31.5	30.1	
Capital expenditure in property, plant and equipment and other intangible assets	124	122	1.6%	403	406	–0.7%
Full-time equivalent employees at end of period				2,381	2,378	0.1%
Broadband access lines at end of year in thousand				2,172	2,016	7.7%

Fastweb's net revenue rose year-on-year by EUR 56 million or 4.6% to EUR 1,286 million (unchanged in the third quarter). Despite a difficult market environment, Fastweb's broadband customer base grew year-on-year by 156,000 or 7.7% to 2.17 million (+100,000 in the first nine months of 2015). Fierce competition reduced average revenue per residential broadband customer by around 3% versus the prior-year period, though the decline was offset by customer growth. Revenue from residential customers rose accordingly by EUR 22 million or 3.9% to EUR 585 million (+4.8% in the third quarter). Revenue from business customers was up EUR 17 million or 3.0%, at EUR 584 million (–4.5% in the third quarter). Revenue from the wholesale business increased by EUR 16 million to EUR 114 million (–2.9% in the third quarter).

The segment result before depreciation and amortisation totalled EUR 405 million, equivalent to a year-on-year increase of EUR 35 million or 9.5% (+8.2% in the third quarter). This increase was mainly the result of higher revenue. The profit margin rose 1.4 percentage points to 31.5%. Fastweb's headcount was practically unchanged year-on-year at 2,381 FTEs. Capital expenditure with EUR 403 million was almost stable year-on-year. The ratio of capital expenditure to net revenue was 31.3% (prior year: 33.0%).

Other Operating Segments

In CHF million, except where indicated	3 rd quarter 2015	3 rd quarter 2014	Change	1.1.– 30.9.2015	1.1.– 30.9.2014	Change
Revenue from external customers	80	102	–21.6%	257	299	–14.0%
Intersegment revenue	69	70	–1.4%	192	185	3.8%
Net revenue	149	172	–13.4%	449	484	–7.2%
Segment expenses	(125)	(141)	–11.3%	(390)	(398)	–2.0%
Segment result before depreciation and amortisation	24	31	–22.6%	59	86	–31.4%
Margin as % of net revenue	16.1	18.0		13.1	17.8	
Capital expenditure in property, plant and equipment and other intangible assets				20	15	33.3%
Full-time equivalent employees at end of period				1,725	1,994	–13.5%

Net revenue of the Other Operating Segments fell year-on-year by CHF 35 million or 7.2% to CHF 449 million (–13.4% in the third quarter), primarily as a result of lower revenues for construction services. Furthermore, the loss of revenue as a result of company sales was not offset by the additional revenue from company acquisitions. Segment result before depreciation and amortisation fell by CHF 27 million or 31.4% to CHF 59 million (–22.6% in the third quarter). The decrease in revenue was only partially compensated by lower segment expenses. Correspondingly, the profit margin fell from 17.8% to 13.1%. Headcount decreased year-on-year by 269 FTEs or 13.5% to 1,725 FTEs. Excluding company acquisitions and disposals, headcount was almost unchanged year-on-year.

Group Headquarters and reconciliation of pension cost

Operating income before depreciation and amortisation improved year-on-year by CHF 4 million or 4.8% to CHF –80 million. Headcount fell year-on-year by 2.1% to 321 FTEs.

An expense of CHF 54 million (prior year: CHF 4 million) is recognised as a pension cost reconciliation item under IAS 19 for the first nine months of 2015.

Depreciation and amortisation, non-operating results

In CHF million, except where indicated

	3 rd quarter 2015	3 rd quarter 2014	Change	1.1.– 30.9.2015	1.1.– 30.9.2014	Change
Operating income before depreciation and amortisation (EBITDA)	966	1,190	–18.8%	3,099	3,372	–8.1%
Depreciation, amortisation and impairment losses	(517)	(511)	1.2%	(1,545)	(1,533)	0.8%
Operating income (EBIT)	449	679	–33.9%	1,554	1,839	–15.5%
Net interest expense	(51)	(51)	–	(147)	(165)	–10.9%
Other financial income and expense, net	(6)	25	–	(47)	(9)	–
Share of results of associates	5	8	–37.5%	18	21	–14.3%
Income before income taxes	397	661	–39.9%	1,378	1,686	–18.3%
Income tax expense	(123)	(118)	4.2%	(320)	(337)	–5.0%
Net income	274	543	–49.5%	1,058	1,349	–21.6%
Share of net income attributable to equity holders of Swisscom Ltd	274	540	–49.3%	1,058	1,339	–21.0%
Share of net income attributable to non-controlling interests	–	3	–	–	10	–
Earnings per share (in CHF)	5.29	10.42	–49.3%	20.42	25.85	–21.0%

Depreciation and amortisation rose by CHF 12 million or 0.8% year-on-year to CHF 1,545 million. At constant exchange rates depreciation and amortisation rose by CHF 77 million or 5.0%, which was mainly due to higher depreciation and amortisation at Swisscom Switzerland as a result of increased capital expenditure. Intangible assets resulting from company acquisitions were capitalised for purchase price allocation purposes. Depreciation and amortisation for the first nine months of 2015 includes scheduled amortisation relating to company takeovers amounting to CHF 90 million (prior year: CHF 94 million).

Net interest expense was CHF 18 million lower at CHF 147 million as a result of the lower average interest costs for financial debt. At CHF 47 million, other net financial expense rose by CHF 38 million compared to the previous year. The net financial expense for the first nine months of 2015 includes foreign exchange losses of CHF 34 million (prior year: gain of CHF 1 million) and negative effects of CHF 10 million arising from the fair value adjustment of interest rate swaps (prior year: negative effects of CHF 28 million). The sale of the subsidiary Alphapay Ltd and Swisscom Hospitality Services resulted in a gain in the second quarter of 2015 of CHF 19 million, which was recognised in other financial income. The net financial expense for the prior year also includes a non-cash gain of CHF 82 million from the revaluation of the 49% stake in LTV Yellow Pages Ltd as part of the takeover of PubliGroupe and an expense of CHF 33 million from the repurchase of an operating site, which had been previously accounted for as a finance lease.

Income tax expense in the first nine months of 2015 amounted to CHF 320 million (prior year: CHF 337 million), corresponding to an effective income tax rate of 23.2% (prior year: 20.0%). The increase is mainly attributable to the fact that no income tax effects were recognised on the provision recognised for the Competition Commission proceedings regarding broadband services in the third quarter of 2015. Excluding non-recurring items, an income tax rate of around 21% is expected in the long term.

Net income fell by CHF 291 million or 21.6% to CHF 1,058 million year-on-year. The decline was mainly due to one-off items in the operating profit (recognition of the provision for the Competition Commission proceedings regarding broadband services, gains from the sale of real estate, and pension costs not affecting cash flow in accordance with IAS 19). Earnings per share is calculated based on the share of net income attributable to equity holders of Swisscom Ltd and 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 281 million or 21.0% to CHF 1,058 million. Earnings per share fell accordingly from CHF 25.85 to CHF 20.42.

Cash flows

In CHF million	1.1.–30.9.2015	1.1.–30.9.2014	Change
Operating income before depreciation and amortisation (EBITDA)	3,099	3,372	(273)
Capital expenditure ¹	(1,737)	(1,727)	(10)
Proceeds from sale of property, plant and equipment and other intangible assets	18	83	(65)
Change in defined benefit obligations	51	(17)	68
Change in net working capital and other cash flow from operating activities	5	(225)	230
Dividends paid to non-controlling interests	(7)	(16)	9
Operating free cash flow	1,429	1,470	(41)
Net interest paid	(151)	(192)	41
Income taxes paid	(286)	(302)	16
Free cash flow	992	976	16
Acquisition of subsidiaries and non-controlling interests	(54)	(462)	408
Other cash flows from investing activities, net	167	161	6
Issuance and repayment of financial liabilities, net	(58)	24	(82)
Dividends paid to equity holders of Swisscom Ltd	(1,140)	(1,140)	–
Other cash flows from financing activities	(4)	(2)	(2)
Net decrease in cash and cash equivalents	(97)	(443)	346

¹ Excluding capital expenditure totalling CHF 15 million (prior year: CHF 22 million) in real estate projects for which sales contracts were signed.

Free cash flow increased by CHF 16 million or 1.6% to CHF 992 million. The lower net interest paid as well as the lower income taxes paid more than offset the decline in the operating free cash flow. The decrease in operating free cash flow by CHF 41 million or 2.8% to CHF 1,429 million stems primarily from lower proceeds from the sale of real estate. The operating income before depreciation and amortisation (EBITDA) and the change in net working capital in the third quarter of 2015 includes the recognition of a provision of CHF 186 million for the Competition Commission proceedings regarding broadband services. Capital expenditure increased year-on-year by CHF 10 million or 0.6% to CHF 1,737 million, mainly due to the expansion of the broadband network in Switzerland. In the first half of 2015, Swisscom issued two debenture bonds with a total nominal amount of CHF 400 million: CHF 250 million with a coupon of 0.25% and maturity in 2023, and CHF 150 million with a coupon of 1.00% and maturity in 2035. In addition, in the third quarter of 2015 Swisscom took out a fixed-rate bank loan in the amount of EUR 200 million with a term of five years and issued a debenture bond on the eurobond market for EUR 500 million with a coupon of 1.75% and maturity in 2025. In April 2015, Swisscom paid an ordinary dividend of CHF 22 per share, which corresponds to an amount of CHF 1,140 million. In September 2014, Swisscom acquired PubliGroupe Ltd for a purchase price of CHF 474 million. Net cash outflow from this transaction, net of cash and cash equivalents acquired and deferred payment of the purchase price for the outstanding shares, was CHF 440 million in the third quarter of 2014.

Balance sheet

In CHF million, except where indicated

	30.09.2015	31.12.2014	Change
Assets			
Cash and cash equivalents and current financial assets	208	336	-38.1%
Trade and other receivables	2,640	2,586	2.1%
Property, plant and equipment	9,854	9,720	1.4%
Goodwill	5,187	4,983	4.1%
Other intangible assets	1,778	1,921	-7.4%
Investments in associates and non-current financial assets	425	415	2.4%
Tax assets	373	351	6.3%
Other current and non-current assets	531	649	-18.2%
Total assets	20,996	20,961	0.2%
Liabilities and equity			
Financial liabilities	8,667	8,604	0.7%
Trade and other payables	1,826	1,876	-2.7%
Defined benefit obligations	2,853	2,432	17.3%
Provisions	1,122	927	21.0%
Tax liabilities	451	542	-16.8%
Other current and non-current liabilities	1,114	1,094	1.8%
Total liabilities	16,033	15,475	3.6%
Share of equity attributable to equity holders of Swisscom Ltd	4,966	5,483	-9.4%
Share of equity attributable to non-controlling interests	(3)	3	-
Total equity	4,963	5,486	-9.5%
Total liabilities and equity	20,996	20,961	0.2%
Equity ratio at end of period	23.6%	26.2%	
Net debt	8,320	8,120	2.5%

Total assets at 30 September 2015 amounted to CHF 20,996 million, an increase of CHF 35 million or 0.2% versus the end of 2014. Equity fell by CHF 523 million or 9.5% to CHF 4,963 million, which corresponds to an equity ratio of 23.6% (26.2% as at 31 December 2014). Net income of CHF 1,058 million was offset by the dividend of CHF 1,140 million paid in April 2015 and the other net loss of CHF 430 million recognised in equity. This includes actuarial losses from pension plans of CHF 289 million and losses of CHF 179 million from the translation of foreign Group companies. Compared to the end of 2014, the CHF/EUR exchange rate fell from 1.202 to 1.092. On 30 September 2015, cumulative currency translation losses recognised in equity amounted to around CHF 1.7 billion.

Net debt comprises financial liabilities less cash and cash equivalents, current financial assets and non-current, fixed-interest-bearing deposits. Swisscom's goal is to achieve a maximum net debt/EBITDA ratio (on an annual basis) of 2.1. This value may be exceeded temporarily. Financial leeway exists if the target is not reached.

Outlook

Swisscom still expects to close 2015 with net revenue in excess of CHF 11.5 billion, which corresponds to a decline of some CHF 200 million compared to the previous year. Calculated at the same exchange rate as in 2014, revenue in 2015 would increase by CHF 100 million. Excluding Fastweb, Swisscom expects revenue to increase by CHF 100 million. Fastweb's revenue for 2015 in local currency (EUR) is expected to be on a par with 2014. Translated into the reporting currency, however, this corresponds to a decline of about CHF 300 million.

The EBITDA of more than CHF 4.0 billion forecast for 2015 is some CHF 400 million below the figure for 2014. CHF 100 million of the decline is the result of the appreciation of the Swiss franc; the remaining CHF 300 million is due to the following effects: The recognition of the provision for the Competition Commission proceedings regarding broadband services reduced EBITDA by CHF 186 million. The change in the network infrastructure and services to Internet Protocol (All IP) will lead to higher costs in 2015. In addition, lower gains will be generated from real estate sales, and pension costs pursuant to IFRS will be higher as a result of lower interest. These effects cannot be offset by the additional contributions from the acquired companies and the related synergies. Fastweb's EBITDA in local currency is expected to be higher. This is primarily due to lower usage fees for regulated services from other network operators. A further reduction of regulated prices is anticipated, and the volume of services purchased will decrease as a result of the migration of customers to Fastweb's own ultra-fast broadband network.

Swisscom expects capital expenditure of more than CHF 2.3 billion in 2015. As a result of the further expansion of the ultra-fast broadband network and investments in the IT platform for banking transactions, capital expenditure in Switzerland will remain unchanged from the prior year at CHF 1.75 billion. At Fastweb, the investment volume reached its peak in 2014 and will decline slightly in 2015 in local currency, which corresponds to a currency-related decrease of CHF 100 million.

If the targets are met, Swisscom will propose to the Annual General Meeting of Shareholders payment of an unchanged dividend of CHF 22 per share for the 2015 financial year.

Consolidated interim financial statements (condensed and unaudited)

Consolidated income statement (condensed and unaudited)

In CHF million, except for per share amounts

	Note	3 rd quarter 2015	3 rd quarter 2014	1.1.–30.9.2015	1.1.–30.9.2014
Net revenue	3	2,893	2,929	8,651	8,629
Goods and services purchased		(533)	(583)	(1,654)	(1,693)
Personnel expense		(703)	(655)	(2,216)	(2,031)
Other operating expense		(785)	(620)	(1,971)	(1,816)
Capitalised self-constructed assets and other income		94	119	289	283
Operating income before depreciation and amortisation (EBITDA)		966	1,190	3,099	3,372
Depreciation, amortisation and impairment losses		(517)	(511)	(1,545)	(1,533)
Operating income (EBIT)	3	449	679	1,554	1,839
Financial income and financial expense, net	4	(57)	(26)	(194)	(174)
Share of results of associates	5	5	8	18	21
Income before income taxes		397	661	1,378	1,686
Income tax expense		(123)	(118)	(320)	(337)
Net income		274	543	1,058	1,349
Share of net income attributable to equity holders of Swisscom Ltd		274	540	1,058	1,339
Share of net income attributable to non-controlling interests		–	3	–	10
Basic and diluted earnings per share (in CHF)		5.29	10.42	20.42	25.85

Consolidated statement of comprehensive income (unaudited)

In CHF million	3 rd quarter 2015	3 rd quarter 2014	1.1.–30.9.2015	1.1.–30.9.2014
Net income	274	543	1,058	1,349
Other comprehensive income				
Actuarial gains and losses from defined benefit pension plans	(421)	(465)	(364)	(901)
Income tax expense	87	97	75	187
Items that will not be reclassified to income statement, net of tax	(334)	(368)	(289)	(714)
Foreign currency translation adjustments of foreign subsidiaries	81	(17)	(179)	(40)
Change in fair value of available-for-sale financial assets	(2)	23	(2)	–
Change in fair value of cash flow hedges	24	5	1	6
Fair value losses of cash flow hedges transferred to income statement	(5)	–	(8)	4
Income tax expense	(16)	4	47	12
Items that are or may be reclassified subsequently to income statement, net of tax	82	15	(141)	(18)
Other comprehensive income	(252)	(353)	(430)	(732)
Comprehensive income	22	190	628	617
Share of comprehensive income attributable to equity holders of Swisscom Ltd	22	164	628	607
Share of comprehensive income attributable to non-controlling interests	–	3	–	10

Consolidated balance sheet (condensed and unaudited)

In CHF million	Note	30.09.2015	31.12.2014 ¹
Assets			
Cash and cash equivalents		196	302
Trade and other receivables		2,640	2,586
Other financial assets		12	34
Other assets		462	526
Total current assets		3,310	3,448
Property, plant and equipment		9,854	9,720
Goodwill and other intangible assets		6,965	6,904
Investments in associates		169	182
Other financial assets		256	233
Other assets		442	474
Total non-current assets		17,686	17,513
Total assets		20,996	20,961
Liabilities and equity			
Financial liabilities	5	829	1,580
Trade and other payables		1,826	1,876
Current income tax liabilities		175	172
Provisions	6	94	107
Other liabilities		748	718
Total current liabilities		3,672	4,453
Financial liabilities	5	7,838	7,024
Defined benefit obligations		2,853	2,432
Provisions	6	1,028	820
Deferred tax liabilities		276	370
Other liabilities		366	376
Total non-current liabilities		12,361	11,022
Total liabilities		16,033	15,475
Share of equity attributable to equity holders of Swisscom Ltd		4,966	5,483
Share of equity attributable to non-controlling interests		(3)	3
Total equity		4,963	5,486
Total liabilities and equity		20,996	20,961

¹ Balance sheet at 31 December 2014 was adjusted retrospectively as a result of the final purchase price allocation of the acquisition of PubliGroupe SA. See Note 2.

Consolidated statement of cash flows (condensed and unaudited)

In CHF million	Note	1.1.–30.9.2015	1.1.–30.9.2014
Net income		1,058	1,349
Adjustment for non-cash items		2,033	1,977
Change in operating assets and liabilities		79	(173)
Income taxes paid		(286)	(302)
Cash flow provided by operating activities		2,884	2,851
Capital expenditure for tangible and intangible assets		(1,752)	(1,749)
Acquisition of subsidiaries, net of cash and cash equivalents	2	(49)	(300)
Proceeds from sale of subsidiaries, net of cash and cash equivalents sold	2	32	–
Other cash flows from investing activities, net		159	254
Cash flow used in investing activities		(1,610)	(1,795)
Issuance and repayment of financial liabilities, net	5	(58)	24
Dividends paid to equity holders of Swisscom Ltd	8	(1,140)	(1,140)
Dividends paid to non-controlling interests		(7)	(16)
Acquisition of non-controlling interests		(5)	(162)
Other cash flows from financing activities, net		(165)	(205)
Cash flow used in financing activities		(1,375)	(1,499)
Net decrease in cash and cash equivalents		(101)	(443)
Cash and cash equivalents at beginning of period		302	723
Foreign currency translation adjustments in respect of cash and cash equivalents		(5)	2
Cash and cash equivalents at end of period		196	282

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 2013	52	136	7,356	–	(1,571)	5,973	29	6,002
Net income	–	–	1,339	–	–	1,339	10	1,349
Other comprehensive income	–	–	(714)	–	(18)	(732)	–	(732)
Comprehensive income	–	–	625	–	(18)	607	10	617
Dividends paid	–	–	(1,140)	–	–	(1,140)	(16)	(1,156)
Transactions with non-controlling interests	–	–	(140)	–	–	(140)	(17)	(157)
Acquisition of treasury shares for share-based payments	–	–	–	(5)	–	(5)	–	(5)
Allocation of treasury shares for share-based payments	–	–	–	5	–	5	–	5
Balance at 30 September 2014	52	136	6,701	–	(1,589)	5,300	6	5,306
Balance at 31 December 2014¹	52	136	6,885	–	(1,590)	5,483	3	5,486
Net income	–	–	1,058	–	–	1,058	–	1,058
Other comprehensive income	–	–	(289)	–	(141)	(430)	–	(430)
Comprehensive income	–	–	769	–	(141)	628	–	628
Dividends paid	–	–	(1,140)	–	–	(1,140)	(7)	(1,147)
Transactions with non-controlling interests	–	–	(5)	–	–	(5)	1	(4)
Acquisition of treasury shares for share-based payments	–	–	–	(2)	–	(2)	–	(2)
Allocation of treasury shares for share-based payments	–	–	–	2	–	2	–	2
Balance at 30 September 2015	52	136	6,509	–	(1,731)	4,966	(3)	4,963

¹ Equity at 31 December 2014 was adjusted retrospectively as a result of the final purchase price allocation of the acquisition of PubliGroupe SA. See Note 2.

Notes to the interim financial statements (condensed and unaudited)

1 Accounting policies

Basis of preparation

These unaudited consolidated financial statements include Swisscom Ltd and all subsidiaries directly or indirectly controlled by it via a voting majority or in any other way (hereinafter referred to as Swisscom). The consolidated interim financial statements for the nine months to 30 September 2015 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 2014. The consolidated interim financial statements were prepared in accordance with the accounting policies described in the 2014 consolidated financial statements and the revised accounting principles adopted on 1 January 2015.

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 operates 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 full year. For the consolidated interim financial statements, a CHF/EUR exchange rate of 1.092 was used as the end-of-period rate (31 December 2014: CHF/EUR 1.202) and 1.072 as the average rate for the period (prior year: CHF/EUR 1.219).

Changes in accounting principles

As of 1 January 2015, Swisscom adopted various amendments to existing International Financial Reporting Standards (IFRS) and Interpretations, none of which have a material impact on the consolidated financial statements of Swisscom.

2 Business combinations and disposal of subsidiaries

Business combinations 2015

Swisscom made total payments of CHF 49 million, net of cash and cash equivalents acquired, in the first nine months of 2015 for the acquisition of subsidiaries. Of this amount, CHF 8 million is for deferred considerations for business combinations in prior years and CHF 41 million for subsidiaries acquired in the first nine months of 2015.

search.ch business combination

In May 2014, Swisscom and Tamedia agreed to merge their companies Swisscom Directories Ltd (local.ch) and search.ch Ltd into a joint subsidiary. Swisscom will hold 69% of the joint subsidiary, while Tamedia will hold the remaining 31%. Swisscom Directories Ltd, with its online directories platform local.ch and its Local Guide phone directories business, is a leading advertiser and provider of directories in Switzerland. search.ch Ltd (search.ch) is a leading search and information service in Switzerland. The merger of Swisscom Directories Ltd (local.ch) and search.ch Ltd will result in a comprehensive Swiss directory and information platform for individuals, companies and government as well as an important partner for Swiss SMEs.

Following authorisation from the Competition Commission (ComCo), the transaction was completed at the beginning of July 2015. Swisscom has granted Tamedia a right of sale (put option) and Tamedia has granted Swisscom a right of purchase (call option) for Tamedia's 31% share, which may be exercised from three years after the completion of the transaction. The fair value of the put option is estimated to be CHF 222 million. This amount was recognised as a financial liability in the third quarter of 2015. The fair value of the put option also corresponds to the purchase consideration of the acquisition of search.ch Ltd. The business combination has been provisionally included in the consolidated financial reporting as at 30 September 2015, as the purchase price allocation had not been completed when the consolidated financial statements were prepared. Net of cash and cash equivalents acquired and the deferred payment of the purchase price, there was a cash inflow of CHF 12 million. Goodwill and other intangible assets of CHF 216 million were recognised from the provisional purchase price allocation. This business combination resulted in additional net revenue of CHF 10 million and net income of CHF 2 million in the first nine months of 2015. Had the subsidiary acquired in 2015 been included in the consolidated financial statements from 1 January 2015, this would have resulted in consolidated pro-forma net revenue of CHF 8,667 million and consolidated pro-forma net income of CHF 1,059 million for the first nine months of 2015.

Other business combinations

Swisscom acquired all stakes in two companies in Switzerland – Veltigroup and H-Net AG – in January and March 2015 respectively. With the acquisition of the Veltigroup, Swisscom has expanded its ICT portfolio for business customers as well as its presence in French-speaking Switzerland. Veltigroup is a leading ICT service provider and offers companies a comprehensive ICT range, from infrastructure to end-customer services and solutions. As a result of the acquisition of H-Net AG Swisscom has strengthened its portfolio in the healthcare area. H-Net AG is one of the leading companies in the area of administrative and medical data exchange in the healthcare sector.

The other subsidiaries acquired in 2015 are deemed to be immaterial business combinations and are therefore shown in aggregate. The other business combinations have been provisionally included in the consolidated financial statements as at 30 September 2015, as the purchase price allocations had not been completed when the consolidated financial statements were prepared. The purchase consideration for other subsidiaries acquired in 2015 amounts to CHF 87 million. Net of cash and cash equivalents acquired and deferred considerations totalling CHF 34 million, cash outflow was CHF 53 million. Goodwill and other intangible assets of CHF 73 million were recognised from the provisional purchase price allocation. These business combinations resulted in additional net revenue of CHF 88 million and net income of CHF 2 million in the first nine months of 2015. Had the subsidiaries acquired in 2015 been included in the consolidated financial statements from 1 January 2015, this would have resulted in consolidated pro-forma net revenue of CHF 8,667 million and consolidated pro-forma net income of CHF 1,059 million for the first nine months of 2015.

Business combinations 2014

Swisscom acquired PubliGroupe SA in the third quarter of 2014. The business combination was provisionally recognised in the 2014 consolidated financial statement and the prior year's figures adjusted accordingly. The reconciliation from the provisional to the final purchase price allocation is listed below:

In CHF million	Provisionally as reported	Adjustment	Final
Purchase price allocation of PubliGroupe SA			
Cash and cash equivalents	16	–	16
Other financial assets	42	(7)	35
Non-current assets held for sale	137	29	166
Investments in associates	48	11	59
Property, plant and equipment	4	–	4
Other intangible assets	63	–	63
Defined benefit obligations	15	(24)	(9)
Other current and non-current assets	48	–	48
Deferred tax liabilities	(11)	(10)	(21)
Financial liabilities	(20)	–	(20)
Other current and non-current liabilities	(114)	5	(109)
Identifiable assets and liabilities	228	4	232
Goodwill	192	(4)	188
Purchase consideration	420	–	420
Cash and cash equivalents acquired	(16)	–	(16)
Investments in associates	(108)	–	(108)
Deferred payment of purchase price	(8)	–	(8)
Cash outflow	288	–	288

The final purchase price allocation resulted in the following retrospective restatement of the balance sheet as at 31 December 2014 and the comprehensive income for 2014:

In CHF million	Reported	Adjustment	Restated
Balance sheet at 31 December 2014			
Other financial assets	273	(7)	266
Non-current assets held for sale	80	29	109
Goodwill	4,987	(4)	4,983
Investments in associates	171	11	182
Defined benefit obligations	2,441	(9)	2,432
Provisions	932	(5)	927
Deferred tax liabilities	357	14	371
Equity	5,457	29	5,486
Share of equity attributable to equity holders of Swisscom Ltd	5,454	29	5,483
Share of equity attributable to non-controlling interests	3	–	3

In CHF million	Reported	Adjustment	Restated
Statement of comprehensive income 2014			
Net income	1,706	–	1,706
Other comprehensive income	(938)	29 ¹	(909)
Comprehensive income	768	29	797
Share of comprehensive income attributable to equity holders of Swisscom Ltd	757	29	786
Share of comprehensive income attributable to non-controlling interests	11	–	11

¹ Actuarial losses from defined benefit pension plans of CHF 33 million less income taxes of CHF 4 million.

The final purchase price allocation resulted in the following retrospective restatements in the balance sheet as at 30 June 2015:

In CHF million	Reported	Adjustment	Restated
Balance sheet at 30 June 2015			
Other financial assets	263	(7)	256
Other assets	995	29	1,024
Goodwill and other intangible assets	6,725	(4)	6,721
Investments in associates	149	11	160
Defined benefit obligations	2,415	(9)	2,406
Provisions	942	(5)	937
Deferred tax liabilities	251	14	265
Equity	4,917	29	4,946
Share of equity attributable to equity holders of Swisscom Ltd	4,920	29	4,949
Share of equity attributable to non-controlling interests	(3)	–	(3)

The final purchase price allocation had no impact on the comprehensive income for the first six months of 2015.

Disposal of subsidiaries

Swisscom sold Alphapay Ltd and all stakes in Swisscom Hospitality Services Group for a total of CHF 42 million in the first half-year of 2015. Alphapay Ltd is a collection service provider specialising in receivables management for third parties. Swisscom Hospitality Services offers guests and customers in the hotel and conference sector in Europe and North America Internet-based services. The disposal of subsidiaries resulted in a gain of CHF 19 million, which was recognised as other financial income in the second quarter of 2015.

The cash inflow from the disposal of subsidiaries in the first nine months of 2015 was CHF 32 million. This is comprised of the purchase price of CHF 42 million, net of cash and cash equivalents sold of CHF 10 million.

3 Segment information

Swisscom combined its activities for corporate customers in the Corporate Business, Network & IT, and Swisscom IT Services divisions in order to be able to provide its business customers with one-stop solutions and quicker cloud-based solutions. All corporate customers are served by the new Enterprise Customers division, making it one of the largest integrated ICT providers for corporate customers in Switzerland. The IT, Network & Innovation division will be responsible for the operation of all IT systems and will also take over the IT platforms previously managed by Swisscom IT Services. It will thus be responsible for the development and production of standardised IT and network services for the entire Group. In addition, real estate in Switzerland will now also be managed in the IT, Network & Innovation division. As a result of these adjustments, Swisscom IT Services and Swiss Real Estate Ltd will be integrated in the reporting for the Enterprise Customers and IT, Network & Innovation segments. Previously, these business units were reported in the Other Operating Segments. The prior year's figures have been adjusted accordingly.

In CHF million	Reported	Adjustment	Restated
Net revenue			
financial year 2014			
Residential Customers	5,326	(164)	5,162
Small and Medium-Sized Enterprises	1,159	172	1,331
Enterprise Customers	1,788	781	2,569
Wholesale	929	–	929
IT, Network & Innovation	–	126	126
Elimination	(571)	(217)	(788)
Swisscom Switzerland	8,631	698	9,329
Fastweb	2,047	–	2,047
Other Operating Segments	1,889	(1,224)	665
Group Headquarters	2	–	2
Elimination	(866)	526	(340)
Total net revenue	11,703	–	11,703
Segment result			
financial year 2014			
Residential Customers	2,823	(92)	2,731
Small and Medium-Sized Enterprises	850	44	894
Enterprise Customers	832	22	854
Wholesale	381	–	381
IT, Network & Innovation	(2,483)	173	(2,310)
Elimination	–	(1)	(1)
Swisscom Switzerland	2,403	146	2,549
Fastweb	(119)	–	(119)
Other Operating Segments	186	(144)	42
Group Headquarters	(126)	(2)	(128)
Elimination	(22)	–	(22)
Total segment result	2,322	–	2,322

Reportable operating segments are determined on the basis of a management approach. Accordingly, external segment reporting reflects the Group's internal organisational and management structure as well as internal financial reporting to the Chief Operating Decision Maker. Reporting is divided into the segments "Residential Customers", "Small & Medium-Sized Enterprises", "Enterprise Customers", "Wholesale", and "IT, Network & Innovation", which are grouped under Swisscom Switzerland, as well as "Fastweb", and "Other Operating Segments". "Group Headquarters", which includes non-allocated costs, is reported separately.

Group Headquarters charges no management fees to other segments for its financial management services, nor does the IT, Network & Innovation segment charge any network costs to other segments. Other intersegment services are charged at market rates. The results of the Residential Customers, Small & Medium-Sized Enterprises, Enterprise Customers and Wholesale segments are reported as a contribution margin before network costs. The results of the IT, Network & Innovation segment consist of operating expenses and depreciation and amortisation less the revenue from the rental and administration of buildings and capitalised self-constructed assets and other income. The sum of the segment results of Swisscom Switzerland corresponds in aggregate to the operating result (EBIT) of Swisscom Switzerland. The segment results of Fastweb and Other Operating Segments correspond to the operating result (EBIT) of these units. The latter reflects the net revenues from external customers and other segments less segment expense and depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets. Segment expense includes the costs of goods and services purchased, personnel expense and other operating expenses less capitalised self-constructed assets and other income.

Segment expense contains the ordinary employer contributions as a pension cost. The difference between the ordinary employer contributions and the retirement benefit expense as provided for under IAS 19 is reported in the column "Elimination". For the first nine months of 2015, an expense of CHF 54 million is disclosed under "Elimination" as a pension cost reconciliation item in accordance with IAS 19 (CHF 4 million in the first nine months of 2014).

Unrealised gains and losses may arise as a result of recharging services and sales of assets between the segments. These are eliminated and are reported in the segment information in the column "Elimination".

Net revenue and the results of the individual segments for the first nine months of 2015 are as shown below:

1.1.–30.9.2015, in CHF million	Swisscom Switzerland	Fastweb	Other Operating Segments	Group Headquarters	Elimination	Total
Net revenue from external customers	7,019	1,375	257	–	–	8,651
Net revenue with other segments	53	3	192	1	(249)	–
Net revenue	7,072	1,378	449	1	(249)	8,651
Segment result	1,739	(47)	8	(80)	(66)	1,554
Financial income and financial expense, net						(194)
Share of results of associates						18
Income before income taxes						1,378
Income tax expense						(320)
Net income						1,058

1.1.–30.9.2015, in CHF million	Residential Customers	Small and Medium-Sized Enterprises	Enterprise Customers	Wholesale	IT, Network & Innovation	Elimination	Swisscom Switzerland
Net revenue from external customers	3,766	996	1,799	433	25	–	7,019
Net revenue with other segments	111	24	151	281	72	(586)	53
Net revenue	3,877	1,020	1,950	714	97	(586)	7,072
Segment result	2,127	659	615	107	(1,769)	–	1,739

Net revenue and the results of the individual segments for the first nine months of 2014 are as shown below:

1.1.–30.9.2014, in CHF million, restated	Swisscom Switzerland	Fastweb	Other Operating Segments	Group Head- quarters	Elimi- nation	Total
Net revenue from external customers	6,837	1,492	299	1	–	8,629
Net revenue with other segments	56	3	185	–	(244)	–
Net revenue	6,893	1,495	484	1	(244)	8,629
Segment result	2,000	(97)	43	(87)	(20)	1,839
Financial income and financial expense, net						(174)
Share of results of associates						21
Income before income taxes						1,686
Income tax expense						(337)
Net income						1,349

1.1.–30.9.2014, in CHF million, restated	Residential Customers	Small and Medium- Sized Enterprises	Enterprise Customers	Wholesale	IT, Network & Innovation	Elimi- nation	Swisscom Switzerland
Net revenue from external customers	3,683	960	1,744	428	22	–	6,837
Net revenue with other segments	115	23	163	268	71	(584)	56
Net revenue	3,798	983	1,907	696	93	(584)	6,893
Segment result	2,071	683	635	285	(1,674)	–	2,000

4 Financial income and financial expense

In CHF million	1.1.–30.9.2015	1.1.–30.9.2014
Interest income	7	7
Interest expense	(154)	(172)
Net interest expense on financial assets and financial liabilities	(147)	(165)
(Foreign exchange losses) foreign exchange gains	(34)	1
Change in fair value of interest rate swaps	(10)	(28)
Income (expense) of early repayment of financial liabilities	6	(33)
Gain on sale of subsidiaries	19	–
Gain on successive company acquisitions	–	82
Other financial income and expense, net	(28)	(31)
Financial income and financial expense, net	(194)	(174)

5 Financial liabilities

In CHF million	30.09.2015	31.12.2014
Bank loans	755	960
Debenture bonds	37	547
Finance lease liabilities	17	14
Other financial liabilities	20	59
Total current financial liabilities	829	1,580
Bank loans	672	921
Debenture bonds	5,396	4,557
Private placements	931	925
Finance lease liabilities	511	547
Other financial liabilities	328	74
Total non-current financial liabilities	7,838	7,024
Total financial liabilities	8,667	8,604

In April 2015, Swisscom issued two debenture bonds with a total nominal amount of CHF 400 million: CHF 250 million with a coupon of 0.25% and maturity in 2023, and CHF 150 million with a coupon of 1.00% and maturity in 2035. In addition, in the third quarter of 2015 Swisscom took out a fixed-rate bank loan in the amount of EUR 200 million with a term of five years and issued a debenture bond on the eurobond market for EUR 500 million with a coupon of 1.75% and a maturity in 2025. The funds raised were used to repay existing debts. In addition, interest rate and currency swaps of CHF 225 million and EUR 700 million, respectively, were concluded to hedge against interest rate and currency risks and designated for hedge accounting as fair value hedges.

6 Provisions

In CHF million	Dismantlement and restoration costs	Regulatory and ComCo proceedings	Other	Total
Balance at 31 December 2014	646	106	175	927
Additions of provisions	16	189	11	216
Present-value adjustments	8	–	1	9
Release of unused provisions	–	–	(7)	(7)
Use of provisions	(2)	(4)	(15)	(21)
Additions from acquisition of subsidiaries	–	–	2	2
Disposals of subsidiaries	–	–	(2)	(2)
Foreign currency translation adjustments	–	–	(2)	(2)
Balance at 30 September 2015	668	291	163	1,122
Thereof current provisions	–	18	76	94
Thereof non-current provisions	668	273	87	1,028

Provisions for dismantling and restoration costs

The provisions for dismantling and restoration costs relate to the dismantling of mobile base stations and transmitter stations of Swisscom Broadcast and the restoration to its original state of the land owned by third parties on which the stations are located. The provisions are computed by reference to estimates of future dismantling costs and are discounted using an average interest rate of 1.55% (31 December 2014: 1.69%). The decrease in the discount rate resulted in an effect of CHF 10 million, recognised under property, plant and equipment. The non-current portion of the provisions is expected to be settled after 2020.

Provisions for proceedings conducted by the Competition Commission (ComCo)

In its decision of 5 November 2009, the Competition Commission sanctioned Swisscom for abuse of a market-dominant position in the case of ADSL services in the period up to the end of 2007 and levied a fine of CHF 220 million. Swisscom appealed against the decision to the Federal Administrative Court on 7 December 2009. The Federal Administrative Court generally confirmed the Competition Commission's decision on 6 October 2015 and reduced the sanction imposed by the Competition Commission from CHF 220 million to CHF 186 million. As a result of this decision, Swisscom recognised a provision of CHF 186 million in the third quarter of 2015. Swisscom does not consider the sanction justified and has lodged an appeal with the Federal Court.

Provisions for regulatory proceedings

In accordance with the revised Telecommunications Act, Swisscom provides interconnection services and other access services to other telecommunication service providers in Switzerland. In previous years, several telecommunication service providers demanded from the Federal Communications Commission (ComCom) a reduction in the prices charged to them by Swisscom. Based on legal assessments, Swisscom raised provisions in prior years. The provisions recognised in the 2014 consolidated financial statements have not changed materially during the current financial year.

Other provisions

Other provisions mainly include provisions for workforce reductions and environmental, contractual and tax risks. The other provisions recognised in the 2014 consolidated financial statements have not changed materially during the current financial year.

7 Contingent liabilities

Proceedings conducted by the Competition Commission (ComCo)

In April 2013, the Competition Commission opened an investigation under the Federal Cartel Act against Swisscom concerning the broadcasting of live sport on pay TV. The Secretariat of the Competition Commission submitted its draft decree to Swisscom on 23 July 2015. The request to the Competition Commission proposes sanctions in the amount of CHF 143 million against Swisscom due to alleged prohibited marketing of sports content via pay TV. According to the Secretariat of the Competition Commission, Swisscom and Teleclub occupy a dominant market position, particularly with respect to the broadcasting of national football and ice hockey events, and must offer all TV platforms in Switzerland – if technically feasible – an equivalent Teleclub sport offering at non-discriminatory terms and conditions. Swisscom denies the allegations and believes that it acted lawfully in its marketing of sports content. As things stand, Swisscom does not believe it is likely that a court of final appeal will levy sanctions and has therefore not recognised a provision in its consolidated financial statements as at 30 September 2015.

In the event of a legally binding decision on abuse of a market-dominant position, claims could be asserted against Swisscom under civil law. Swisscom still considers it unlikely that such civil claims can be enforced.

Regulatory proceedings

With regard to the other contingent liabilities which were reported in the 2014 consolidated financial statements in connection with regulatory proceedings, Swisscom is of the opinion that an outflow of resources is unlikely and, as before, has therefore not recognised any provision for this in the consolidated financial statements as at 30 September 2015.

8 Dividend payment

On 8 April 2015, the Annual General Meeting of Swisscom Ltd approved a gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 15 April 2015.

9 Financial instruments

Fair value of financial instruments

The carrying amounts and the fair values of financial assets and financial liabilities with the corresponding valuation categories can be found in the following table. The table does not include cash and cash equivalents, accounts receivable and payable or other receivables and liabilities whose carrying amount corresponds to an adequate estimate of the fair value. The fair value hierarchy encompasses the following three levels:

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

In CHF million	Carrying amount				Fair Value		
	Loans and receivables	Available-for-sale	At fair value through profit or loss	Financial liabilities	Level 1	Level 2	Level 3
30 September 2015							
Derivative financial instruments	—	—	31	—	—	31	—
Available-for-sale financial assets	—	15	—	—	—	—	15
Financial assets measured at fair value	—	15	31	—	—	31	15
Other loans and receivables	190	—	—	—	—	190	—
Financial assets not measured at fair value	190	—	—	—	—	190	—
Derivative financial instruments	—	—	69	—	—	69	—
Financial liabilities measured at fair value	—	—	69	—	—	69	—
Bank loans	—	—	—	1,427	—	1,468	—
Debenture bonds	—	—	—	5,433	5,859	—	—
Private placements	—	—	—	—	—	961	—
Finance lease liabilities	—	—	—	528	—	1,143	—
Other interest-bearing financial liabilities	—	—	—	274	—	274	—
Other non-interest-bearing financial liabilities	—	—	—	5	—	5	—
Financial liabilities not measured at fair value	—	—	—	—	5,859	3,851	—

In addition, available-for-sale financial assets as at 30 September 2015 with a carrying amount of CHF 32 million are measured at acquisition cost. Level-3 financial instruments developed as follows in the first nine months of 2015:

In CHF million	Available-for-sale financial assets
Balance at 31 December 2014	18
Disposals	(3)
Balance at 30 September 2015	15

Level-3 assets consist of investments in various investment funds. The fair value was calculated using a valuation model. In the first nine months of 2015, there were no reclassifications between the various levels.

10 Related parties

Transactions between Swisscom and various related parties in the first nine months of 2015 are similar to those explained in the consolidated financial statements for 2014.

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 4 November 2015.

Further information

Share information

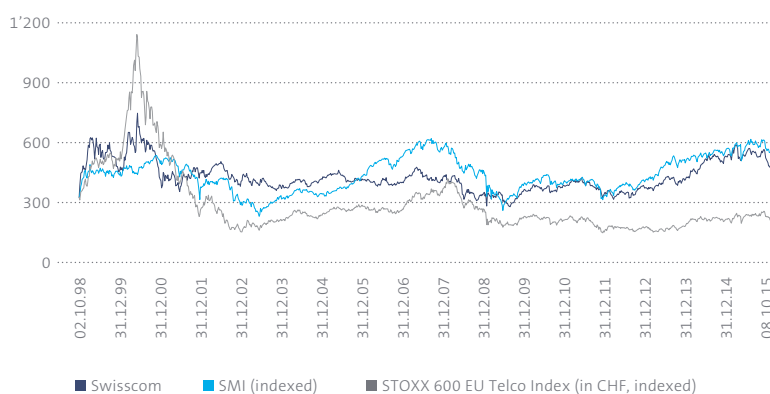
Swisscom share performance indicators

31.12.2014–30.9.2015	SIX Swiss Exchange
Closing price at 31 December 2014, in CHF ¹	522.50
Closing price at 30 September 2015, in CHF ¹	486.20
Change in %	(6.9)
Year high in CHF ¹	580.50
Year low in CHF ¹	474.80
Total volume of traded shares	27,209,668
Total turnover in CHF million	14,515
Daily average of traded shares	144,732
Daily average in CHF million	77

Source: Bloomberg
¹ paid prices

Share performance since IPO

Share performance 1998–2015 in CHF



Share information

On 30 September 2015, the share capital consisted of 51,801,943 registered shares, the majority of which are held by the Swiss Confederation in accordance with the Telecommunications Enterprise Act (TEA). Par value per registered share is CHF 1.

At the end of September 2015, Swisscom had some 70,500 registered shareholders and around 22% unregistered shares (dispo shares).

At the Annual General Meeting on 8 April 2015, shareholders approved a gross dividend of CHF 22 per share. A total dividend amount of CHF 1,140 million was paid out on 15 April 2015.

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

Financial calendar

> 05 November 2015	2015 Third-Quarter Results
> 04 February 2016	2015 Fourth-Quarter Results
> 06 April 2016	Annual General Meeting
> 03 May 2016	2016 First-Quarter Results
> 18 August 2016	2016 Second-Quarter Results
> 03 November 2016	2016 Third-Quarter Results

Stock exchanges

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

Quarterly review 2014 and 2015

In CHF million, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2014	1. quarter	2. quarter	3. quarter	4. quarter	2015
Income statement										
Net revenue	2,821	2,879	2,929	3,074	11,703	2,893	2,865	2,893		8,651
Goods and services purchased	(552)	(558)	(583)	(676)	(2,369)	(568)	(553)	(533)		(1,654)
Personnel expense	(692)	(684)	(655)	(720)	(2,751)	(756)	(757)	(703)		(2,216)
Other operating expense	(597)	(599)	(620)	(724)	(2,540)	(609)	(577)	(785)		(1,971)
Capitalised self-constructed assets and other income	81	83	119	87	370	91	104	94		289
Operating income (EBITDA)	1,061	1,121	1,190	1,041	4,413	1,051	1,082	966		3,099
Depreciation and amortisation	(510)	(512)	(511)	(558)	(2,091)	(507)	(521)	(517)		(1,545)
Operating income (EBIT)	551	609	679	483	2,322	544	561	449		1,554
Net interest expense	(61)	(53)	(51)	(53)	(218)	(47)	(49)	(51)		(147)
Other financial result	(23)	(11)	25	(33)	(42)	(57)	16	(6)		(47)
Result of associates	3	10	8	5	26	5	8	5		18
Income before income taxes	470	555	661	402	2,088	445	536	397		1,378
Income tax expense	(97)	(122)	(118)	(45)	(382)	(94)	(103)	(123)		(320)
Net income	373	433	543	357	1,706	351	433	274		1,058
Attributable to equity holders of Swisscom Ltd	369	430	540	355	1,694	351	433	274		1,058
Attributable to non-controlling interests	4	3	3	2	12	—	—	—		—
Earnings per share (in CHF)	7.12	8.30	10.42	6.85	32.70	6.78	8.36	5.29		20.42
Net revenue										
Swisscom Switzerland	2,264	2,297	2,332	2,436	9,329	2,355	2,342	2,375		7,072
Fastweb	483	499	513	552	2,047	468	453	457		1,378
Other Operating Segments	144	168	172	181	665	144	156	149		449
Group Headquarters	—	1	—	1	2	—	1	—		1
Intersegment elimination	(70)	(86)	(88)	(96)	(340)	(74)	(87)	(88)		(249)
Total net revenue	2,821	2,879	2,929	3,074	11,703	2,893	2,865	2,893		8,651
Segment result before depreciation and amortisation										
Swisscom Switzerland	940	968	1,036	891	3,835	955	969	833		2,757
Fastweb	132	155	163	175	625	130	148	156		434
Other Operating Segments	22	33	31	17	103	16	19	24		59
Group Headquarters	(25)	(31)	(28)	(39)	(123)	(29)	(29)	(22)		(80)
Intersegment elimination	(6)	(6)	(8)	(7)	(27)	(4)	(6)	(7)		(17)
Reconciliation to pension cost	(2)	2	(4)	4	—	(17)	(19)	(18)		(54)
Total segment result (EBITDA)	1,061	1,121	1,190	1,041	4,413	1,051	1,082	966		3,099
Capital expenditure in property, plant and equipment and other intangible assets										
Swisscom Switzerland	346	423	470	505	1,744	388	453	459		1,300
Fastweb	173	173	148	188	682	160	138	133		431
Other Operating Segments	5	9	1	23	38	6	6	8		20
Intersegment elimination	(5)	(7)	(9)	(7)	(28)	(5)	(4)	(5)		(14)
Total capital expenditure	519	598	610	709	2,436	549	593	595		1,737
Full-time equivalent employees at end of period										
Swisscom Switzerland	15,662	15,761	16,375	16,445	16,445	16,964	17,062	17,176		17,176
Fastweb	2,362	2,373	2,378	2,391	2,391	2,373	2,377	2,381		2,381
Other Operating Segments	1,731	1,768	1,994	1,962	1,962	1,940	1,722	1,725		1,725
Group Headquarters	326	326	328	327	327	322	325	321		321
Total full-time equivalent employees	20,081	20,228	21,075	21,125	21,125	21,599	21,486	21,603		21,603
Operating free cash flow	334	496	640	390	1,860	344	401	684		1,429
Net debt	7,676	8,502	8,398	8,120	8,120	7,895	8,760	8,320		8,320

In CHF million, except where indicated

	1. quarter	2. quarter	3. quarter	4. quarter	2014	1. quarter	2. quarter	3. quarter	4. quarter	2015
Swisscom Switzerland										
Revenue and results										
Residential Customers	435	448	465	447	1,795	438	449	461		1,348
Small and Medium-Sized Enterprises	103	107	104	105	419	101	102	102		305
Enterprise Customers	135	141	142	144	562	132	140	140		412
Revenue mobile single subscription	673	696	711	696	2,776	671	691	703		2,065
Residential Customers	257	245	233	226	961	207	191	185		583
Small and Medium-Sized Enterprises	115	111	109	107	442	106	103	103		312
Enterprise Customers	143	141	139	141	564	139	141	140		420
Revenue fixed-line single subscription	515	497	481	474	1,967	452	435	428		1,315
Residential Customers	381	408	430	449	1,668	461	476	497		1,434
Small and Medium-Sized Enterprises	58	62	66	67	253	69	71	73		213
Revenue bundles	439	470	496	516	1,921	530	547	570		1,647
Total revenue single subscription and bundles	1,627	1,663	1,688	1,686	6,664	1,653	1,673	1,701		5,027
Solution business	249	261	245	263	1,018	261	260	254		775
Hardware sold	138	121	132	198	589	148	128	124		400
Wholesale	145	139	144	142	570	148	140	145		433
Revenue other	87	93	105	127	412	126	124	134		384
Revenue from external customers	2,246	2,277	2,314	2,416	9,253	2,336	2,325	2,358		7,019
Residential Customers	1,202	1,225	1,256	1,323	5,006	1,252	1,247	1,267		3,766
Small and Medium-Sized Enterprises	314	319	327	341	1,301	320	332	344		996
Enterprise Customers	578	586	580	600	2,344	607	598	594		1,799
Wholesale	145	139	144	142	570	148	140	145		433
IT, Network & Innovation	7	8	7	10	32	9	8	8		25
Revenue from external customers	2,246	2,277	2,314	2,416	9,253	2,336	2,325	2,358		7,019
Segment result before depreciation and amortisation										
Residential Customers	710	716	731	688	2,845	730	742	756		2,228
Small and Medium-Sized Enterprises	226	233	233	223	915	217	232	239		688
Enterprise Customers	223	233	243	243	942	219	226	237		682
Wholesale	95	92	98	96	381	101	92	(86)		107
IT, Network & Innovation	(314)	(306)	(270)	(357)	(1,247)	(312)	(323)	(312)		(947)
Intersegment elimination	–	–	1	(2)	(1)	–	–	(1)		(1)
Segment result (EBITDA)	940	968	1,036	891	3,835	955	969	833		2,757
Margin as % of net revenue	41.5	42.1	44.4	36.6	41.1	40.6	41.4	35.1		39.0
Fastweb, in EUR million										
Residential Customers	188	188	187	190	753	193	196	196		585
Corporate Business	177	188	202	222	789	191	200	193		584
Wholesale hubbing	7	7	7	7	28	7	7	6		20
Wholesale other	23	26	28	38	115	37	29	28		94
Revenue from external customers	395	409	424	457	1,685	428	432	423		1,283
Segment result (EBITDA)	108	128	134	145	515	120	140	145		405
Margin as % of net revenue	27.3	31.3	31.6	31.7	30.5	28.0	32.4	34.3		31.6
Capital expenditure	142	142	122	156	562	147	132	124		403
Broadband access lines in thousand	1,984	1,994	2,016	2,072	2,072	2,124	2,157	2,172		2,172

In thousand, except where indicated	1. quarter	2. quarter	3. quarter	4. quarter	2014	1. quarter	2. quarter	3. quarter	4. quarter	2015
Swisscom Switzerland										
Operational data										
Access lines										
Single subscriptions	2,007	1,948	1,902	1,840	1,840	1,763	1,695	1,632		1,632
Bundles	849	882	909	938	938	972	1,002	1,027		1,027
Fixed access lines	2,856	2,830	2,811	2,778	2,778	2,735	2,697	2,659		2,659
Single subscriptions	773	745	718	681	681	650	615	581		581
Bundles	1,060	1,110	1,154	1,209	1,209	1,258	1,307	1,356		1,356
Broadband access lines retail	1,833	1,855	1,872	1,890	1,890	1,908	1,922	1,937		1,937
Single subscriptions	271	259	246	218	218	200	182	165		165
Bundles	781	832	879	947	947	1,001	1,056	1,110		1,110
Swisscom TV access lines	1,052	1,091	1,125	1,165	1,165	1,201	1,238	1,275		1,275
Prepaid single subscriptions	2,173	2,165	2,165	2,163	2,163	2,149	2,131	2,125		2,125
Postpaid single subscriptions	3,812	3,828	3,850	3,872	3,872	3,888	3,910	3,920		3,920
Mobile access lines single subscriptions	5,985	5,993	6,015	6,035	6,035	6,037	6,041	6,045		6,045
Bundles	444	467	484	505	505	531	551	573		573
Mobile access lines	6,429	6,460	6,499	6,540	6,540	6,568	6,592	6,618		6,618
Revenue generating units (RGU)	12,170	12,236	12,307	12,373	12,373	12,412	12,449	12,489		12,489
Broadband access lines wholesale	221	224	241	262	262	278	291	301		301
Unbundled fixed access lines	241	228	204	180	180	162	150	139		139
Bundles										
2Play bundles	287	294	302	304	304	302	301	301		301
3Play bundles	555	584	609	646	646	680	712	741		741
4Play bundles	218	231	242	255	255	266	278	291		291
nPlay bundles	–	1	1	4	4	10	16	23		23
Total bundles	1,060	1,110	1,154	1,209	1,209	1,258	1,307	1,356		1,356
Swisscom Group										
Information by geographical regions										
Net revenue in Switzerland	2,323	2,361	2,401	2,501	9,586	2,407	2,395	2,431		7,233
Net revenue in other countries	498	518	528	573	2,117	486	470	462		1,418
Total net revenue	2,821	2,879	2,929	3,074	11,703	2,893	2,865	2,893		8,651
EBITDA in Switzerland	924	966	1,028	870	3,788	914	932	804		2,650
EBITDA in other countries	137	155	162	171	625	137	150	162		449
Total EBITDA	1,061	1,121	1,190	1,041	4,413	1,051	1,082	966		3,099
Capital expenditure in Switzerland	345	424	463	519	1,751	388	454	460		1,302
Capital expenditure in other countries	174	174	147	190	685	161	139	135		435
Total capital expenditure	519	598	610	709	2,436	549	593	595		1,737
Full-time equivalent employees in Switzerland	17,395	17,545	18,220	18,272	18,272	18,776	18,828	18,936		18,936
Full-time equivalent employees in other countries	2,686	2,683	2,855	2,853	2,853	2,823	2,658	2,667		2,667
Total full-time equivalent employees	20,081	20,228	21,075	21,125	21,125	21,599	21,486	21,603		21,603

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.

