

2015

Interim Report
January–March



swisscom

Facts & figures

In CHF million, except where indicated

		31.3.2015	31.3.2014	Change
Revenue and results				
Net revenue		2,893	2,821	2.6%
Operating income before depreciation and amortisation (EBITDA) ¹		1,051	1,061	-0.9%
EBITDA as % of net revenue	%	36.3	37.6	
Operating income (EBIT) ²		544	551	-1.3%
Net income		351	373	-5.9%
Earnings per share	CHF	6.78	7.12	-4.8%
Balance sheet and cash flows				
Equity at end of period		5,198	6,115	-15.0%
Equity ratio at end of period ³	%	25.1	29.3	
Capital expenditure		549	519	5.8%
Operating free cash flow ⁴		344	334	3.0%
Net debt at end of period ⁵		7,895	7,676	2.9%
Operational data at the balance sheet date				
Fixed access lines in Switzerland	in thousand	2,735	2,856	-4.2%
Broadband access lines retail in Switzerland	in thousand	1,908	1,833	4.1%
Swisscom TV access lines in Switzerland	in thousand	1,201	1,052	14.2%
Mobile access lines in Switzerland	in thousand	6,555	6,429	2.0%
Revenue generating units (RGU) in Switzerland ⁶	in thousand	12,399	12,170	1.9%
Unbundled fixed access lines in Switzerland	in thousand	162	241	-32.8%
Broadband access lines wholesale in Switzerland	in thousand	278	221	25.8%
Broadband access lines in Italy	in thousand	2,124	1,984	7.1%
Swisscom share				
Number of shares issued at end of period	in mio.	51,802	51,802	—
Closing price at end of period	CHF	564.50	543.00	4.0%
Market capitalisation at end of period ⁷		29,242	28,128	4.0%
Employees				
Full-time equivalent employees at end of period	FTE	21,599	20,081	7.6%
Full-time equivalent employees in Switzerland at end of period	FTE	18,776	17,395	7.9%

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	31.3.2015	31.3.2014	Change
Net revenue	2,893	2,821	2.6%
Operating income before depreciation and amortisation (EBITDA)	1,051	1,061	-0.9%
EBITDA as % of net revenue	36.3	37.6	
Operating income (EBIT)	544	551	-1.3%
Net income	351	373	-5.9%
Earnings per share (in CHF)	6.78	7.12	-4.8%
Capital expenditure	549	519	5.8%
Operating free cash flow	344	334	3.0%
Net debt at end of period	7,895	7,676	2.9%
Full-time equivalent employees at end of period	21,599	20,081	7.6%

In the first quarter of 2015, Swisscom's net revenue rose by CHF 72 million or 2.6% to CHF 2,893 million. At constant exchange rates and excluding company acquisitions, net revenue increased by CHF 83 million or 2.9%, of which Swiss business accounted for CHF 46 million. The number of revenue generating units (RGUs) in the Swiss core business increased year-on-year by 229,000 or 1.9% to 12.4 million. As a result of customer growth, Fastweb's net revenue was EUR 33 million or 8.3% higher at EUR 429 million. Fastweb's broadband customer base grew year-on-year by 140,000 or 7.1% to 2.12 million.

Swisscom's operating income before depreciation and amortisation (EBITDA) fell by CHF 10 million or 0.9% to CHF 1,051 million. Adjusted for company acquisitions and pension fund costs not affecting cash flow (according to IAS 19) and on the basis of constant exchange rates, EBITDA increased by CHF 25 million or 2.4%. On a like-for-like basis, EBITDA in the Swiss business increased by CHF 10 million or 1.1% and at Fastweb by EUR 12 million or 11.1%. Net income fell by CHF 22 million or 5.9% to CHF 351 million as a result of lower operating income and higher net financial expense. Swisscom's capital expenditure rose by CHF 30 million or 5.8% to CHF 549 million. In Switzerland, capital expenditure rose by CHF 43 million or 12.5% to CHF 388 million due to broadband network expansion. At the end of March 2015, Swisscom had connected around 1.5 million households and businesses with ultra-fast broadband. At Fastweb, capital expenditure increased by EUR 5 million or 3.5% to EUR 147 million due to customer growth.

Operating free cash flow rose by CHF 10 million or 3.0% to CHF 344 million. At CHF 7,895 million, net debt is CHF 225 million or 2.8% lower compared with the end of 2014.

Headcount increased year-on-year by 1,518 FTEs or 7.6% to 21,599 FTEs, mainly due to the acquisition of PubliGroupe Ltd in September 2014 and of Veltigroup Ltd in January 2015. Excluding company acquisitions, headcount increased by 330 FTEs or 1.6% on account of an expansion in customer services and of broadband and connection networks. In Switzerland, the number of employees increased by 1,381 full-time equivalent positions or 7.9% to 18,776.

The financial outlook for 2015 remains unchanged. Swisscom expects net revenue of more than CHF 11.4 billion, EBITDA of around CHF 4.2 billion and capital expenditure of CHF 2.3 billion. This financial outlook continues to be based on a EUR/CHF exchange rate of CHF 1.00. If all targets are met, Swisscom will propose to the Annual General Meeting of Shareholders payment of an unchanged ordinary dividend of CHF 22 per share for the 2015 financial year.

Segment results

In CHF million	31.3.2015	31.3.2014	Change
Net revenue			
Residential Customers	1,291	1,241	4.0%
Small and Medium-Sized Enterprises	327	321	1.9%
Enterprise Customers	657	628	4.6%
Wholesale	230	229	0.4%
IT, Network & Innovation	34	31	9.7%
Intersegment elimination	(184)	(186)	-1.1%
Swisscom Switzerland	2,355	2,264	4.0%
Fastweb	468	483	-3.1%
Other operating segments	144	144	–
Intersegment elimination	(74)	(70)	5.7%
Net revenue	2,893	2,821	2.6%
Operating income before depreciation and amortisation (EBITDA)			
Residential Customers	730	710	2.8%
Small and Medium-Sized Enterprises	217	226	-4.0%
Enterprise Customers	219	223	-1.8%
Wholesale	101	95	6.3%
IT, Network & Innovation	(312)	(314)	-0.6%
Swisscom Switzerland	955	940	1.6%
Fastweb	130	132	-1.5%
Other operating segments	16	22	-27.3%
Group Headquarters	(29)	(25)	16.0%
Intersegment elimination	(4)	(6)	-33.3%
Reconciliation to pension cost ¹	(17)	(2)	–
Operating income before depreciation and amortisation (EBITDA)	1,051	1,061	-0.9%

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

Starting in 2015, financial reporting will be adapted to the management structure which was established 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 telecoms 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 2 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 management 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 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. 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

	31.3.2015	31.3.2014	Change
Net revenue and results			
Mobile single subscriptions	671	673	-0.3%
Fixed-line single subscriptions	452	515	-12.2%
Bundles	530	439	20.7%
Wholesale	148	145	2.1%
Other	535	474	12.9%
Revenue from external customers	2,336	2,246	4.0%
Intersegment revenue	19	18	5.6%
Net revenue	2,355	2,264	4.0%
Direct costs	(483)	(467)	3.4%
Indirect costs	(917)	(857)	7.0%
Segment expenses	(1,400)	(1,324)	5.7%
Segment result before depreciation and amortisation	955	940	1.6%
Margin as % of net revenue	40.6	41.5	
Depreciation, amortisation and impairment losses	(331)	(308)	7.5%
Segment result	624	632	-1.3%
Operational data at the balance sheet date in thousand			
Fixed access lines	2,735	2,856	-4.2%
Broadband access lines retail	1,908	1,833	4.1%
Swisscom TV access lines	1,201	1,052	14.2%
Mobile access lines	6,555	6,429	2.0%
Revenue generating units (RGU)	12,399	12,170	1.9%
Bundles	1,258	1,060	18.7%
Unbundled fixed access lines	162	241	-32.8%
Broadband access lines wholesale	278	221	25.8%
Capital expenditure and headcount			
Capital expenditure	388	346	12.1%
Full-time equivalent employees at end of period	16,964	15,662	8.3%

Net revenue for Swisscom Switzerland rose by CHF 91 million or 4.0% year-on-year to CHF 2,355 million. Adjusted for company acquisitions, revenue rose by 2.3%, mainly due to customer growth and increasing sales of high-quality smartphones. The number of revenue-generating units (RGUs) increased year-on-year by 229,000 or 1.9% to 12.4 million (+26,000 in the first quarter). The new Enterprise Customers division increased revenue with external customers by CHF 29 million or 5.0% year-on-year to CHF 607 million. Adjusted for company acquisitions, revenue fell by 0.5%.

The trend towards bundled offerings with flat-rate tariffs continues. By the end of March 2015, 1.26 million customers were using a bundled package, which corresponds to an increase year-on-year of 198,000 or 18.7% (+49,000 in the first quarter). Revenue from bundled contracts increased year-on-year by CHF 91 million or 20.7% to CHF 530 million. The main drivers of bundled offerings are television and mobile services.

The NATEL infinity mobile subscriptions, which offer customers unlimited calls and SMS messages to all Swiss networks as well as unlimited web browsing, are still very popular. At the end of March 2015, 2.14 million customers, or 65% of the entire customer base (excluding corporate customers), were using the NATEL infinity offerings. The number of mobile lines increased year-on-year by 126,000 or 2.0% to 6.6 million (+15,000 in the first quarter). The number of postpaid lines including bundled offerings rose by 150,000 (+29,000 in the first quarter), while the number of prepaid lines declined by 24,000 (-14,000 in the first quarter). In the first quarter of 2015, Swisscom Switzerland sold a total of 337,000 mobile handsets (+1.5%). The number of smartphone users further increased, with the share of postpaid subscribers rising from 70% to 74% within the space of a year. The number of Swisscom TV connections increased year-on-year by 149,000 or 14.2% to 1.20 million (+36,000 in the first quarter), of which basic package subscriptions accounted for 1.07 million. Swisscom TV 2.0, which offers additional functions, was launched at the beginning of April 2014 and by the end of March 2015 had already attracted 441,000 customers, most of whom had upgraded from a previous Swisscom offering. Retail broadband access lines grew year-on-year by 75,000 or 4.1% to 1.91 million (+18,000 in the first quarter). The number of fixed lines declined by 121,000 or 4.2% year-on-year to 2.74 million (-43,000 in the first quarter), due primarily to custom-

ers switching from fixed to mobile and migrating to cable network providers. The number of wholesale broadband access lines was 57,000 or 25.8% higher at 278,000 (+16,000 in the first quarter), while unbundled subscriber access lines dropped by 79,000 or 32.8% year-on-year to 162,000 (–18,000 in the first quarter).

Segment expense rose by CHF 76 million or 5.7% to CHF 1,400 million, with both direct and indirect costs increasing versus the prior year. Direct costs increased by 3.4% to CHF 483 million, mainly due to higher costs for products, which was the result of increasing sales of high-quality smartphones. Indirect costs were CHF 60 million or 7.0% higher at CHF 917 million. Excluding company acquisitions, indirect costs rose by 2.5% as a result of the higher headcount. Headcount grew by 8.3% or 1,302 FTEs year-on-year to 16,964. Adjusted for company acquisitions, the increase in headcount amounted to 363 FTEs or 2.3%, which was the result of an expansion in customer services and of broadband and connection networks. The segment result before depreciation and amortisation increased by CHF 15 million or 1.6% to CHF 955 million. The profit margin fell by 0.9 percentage points to 40.6%, adjusted by 0.3 percentage points to 41.2%. Company acquisitions had a low impact on the segment result before depreciation and amortisation.

Compared to the previous year, depreciation and amortisation rose by CHF 23 million or 7.5% to CHF 331 million as a result of higher capital expenditure. The segment result declined accordingly by CHF 8 million or 1.3% to CHF 624 million. At CHF 388 million, capital expenditure was CHF 42 million or 12.1% higher, mainly on account of increased investments in broadband and access networks.

Fastweb

In EUR million, except where indicated	31.3.2015	31.3.2014	Change
Residential Customers	193	188	2.7%
Corporate Business	191	177	7.9%
Wholesale hubbing	7	7	–
Wholesale other	37	23	60.9%
Revenue from external customers	428	395	8.4%
Intersegment revenue	1	1	–
Net revenue	429	396	8.3%
Segment expenses	(309)	(288)	7.3%
Segment result before depreciation and amortisation	120	108	11.1%
Margin as % of net revenue	28.0	27.3	
Capital expenditure	147	142	3.5%
Full-time equivalent employees at end of period	2,373	2,362	0.5%
Broadband access lines in thousand	2,124	1,984	7.1%

Compared to the previous year, Fastweb's net revenue rose by EUR 33 million or 8.3% to EUR 429 million. Despite a difficult market environment, Fastweb's broadband customer base grew year-on-year by 140,000 or 7.1% to 2.12 million (+52,000 in the first quarter). Fierce competition reduced average revenue per residential broadband customer by around 3% over the prior-year period. This decline was offset by customer growth, with revenue from residential customers rising by EUR 5 million or 2.7% to EUR 193 million. Revenue from business customers was up EUR 14 million or 7.9% to EUR 191 million. Revenue from other wholesale business increased by EUR 14 million to EUR 37 million.

The segment result before depreciation and amortisation totalled EUR 120 million, corresponding to a year-on-year rise of EUR 12 million or 11.1%. This increase related mainly to higher revenue. The profit margin rose 0.7 percentage points to 28.0%. Fastweb's headcount increased year-on-year by 11 FTEs or 0.5% to 2,373 FTEs. Capital expenditure rose by EUR 5 million or 3.5% to EUR 147 million as a result of higher customer-driven investment. The ratio of capital expenditure to net revenue was 34.3% (prior year: 35.9%).

Other Operating Segments

In CHF million, except where indicated	31.3.2015	31.3.2014	Change
Revenue from external customers	90	93	-3.2%
Intersegment revenue	54	51	5.9%
Net revenue	144	144	-
Segment expenses	(128)	(122)	4.9%
Segment result before depreciation and amortisation	16	22	-27.3%
Margin as % of net revenue	11.1	15.3	
Capital expenditure	6	5	20.0%
Full-time equivalent employees at end of period	1,940	1,731	12.1%

At CHF 144 million, net revenue generated by the Other Operating Segments remained largely unchanged. Swisscom completed the acquisition of PubliGroupe Ltd in September 2014. In the course of this, LTV Yellow Pages Ltd was allocated to the Swisscom Switzerland segment and the other participations to the Other Operating Segments. The increase in revenue as a result of the company acquisition was offset by lower revenue for construction services.

Segment expense increased year-on-year by CHF 6 million or 4.9% to CHF 128 million, mainly as a result of company acquisitions. The segment result before depreciation and amortisation fell accordingly by CHF 6 million or 27.3% to CHF 16 million. At 1,940 FTEs, headcount was 209 FTEs or 12.1% higher year-on-year as a result of company acquisitions. Excluding company acquisitions, headcount fell by 2.3%.

Group Headquarters and reconciliation of pension cost

Operating income before depreciation and amortisation fell year-on-year by CHF 4 million or 16.0% to CHF -29 million. This is mainly due to the reversal last year of a provision that was no longer needed as well as higher advertising expenses. Headcount fell year-on-year by 1.2% to 322 FTEs. An expense of CHF 17 million (prior year: CHF 2 million) is recognised as a pension cost reconciliation item (according to IAS 19) for the first quarter of 2015.

Depreciation and amortisation, non-operating income

In CHF million, except where indicated

	31.3.2015	31.3.2014	Change
Operating income before depreciation and amortisation (EBITDA)	1,051	1,061	-0.9%
Depreciation, amortisation and impairment losses	(507)	(510)	-0.6%
Operating income (EBIT)	544	551	-1.3%
Net interest result	(47)	(61)	-23.0%
Other financial income and expense, net	(57)	(23)	-
Share of results of associates	5	3	66.7%
Income before income taxes	445	470	-5.3%
Income tax expense	(94)	(97)	-3.1%
Net income	351	373	-5.9%
Share of net income attributable to equity holders of Swisscom Ltd	351	369	-4.9%
Share of net income attributable to non-controlling interests	-	4	-
Average number of shares outstanding (in millions)	51.801	51.800	-
Earnings per share (in CHF)	6.78	7.12	-4.8%

Depreciation and amortisation fell by CHF 3 million or 0.6% year-on-year to CHF 507 million. Depreciation and amortisation rose by CHF 15 million or 2.9% at constant exchange rates, 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 quarter of 2015 includes scheduled amortisation of CHF 29 million (prior year: CHF 35 million) related to company acquisitions.

Net interest expense was CHF 14 million lower at CHF 47 million as a result of the lower average interest costs for financial debts. At CHF 57 million, other net financial expense rose by CHF 34 million compared to the previous year. The net financial expense for the first quarter of 2015 includes foreign currency losses of CHF 27 million (prior year: CHF 1 million) and negative effects of CHF 25 million arising from the fair value adjustment of interest rate swaps (prior year: CHF 12 million).

Income tax expense amounted to CHF 94 million (prior year: CHF 97 million), corresponding to an effective income tax rate of 21.1% (prior year: 20.6%). Excluding non-recurring items, an income tax rate of around 21% is expected in the long term.

As a result of lower operating income and higher net financial expense, Swisscom's net income was CHF 22 million or 5.9% down year-on-year at CHF 351 million. 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 18 million or 4.9% to CHF 351 million. Earnings per share fell accordingly from CHF 7.12 to CHF 6.78.

Cash flows

In CHF million	31.3.2015	31.3.2014	Change
Operating income before depreciation and amortisation (EBITDA)	1,051	1,061	(10)
Capital expenditure ¹	(549)	(519)	(30)
Proceeds from sale of property, plant and equipment and other intangible assets	12	2	10
Change in defined benefit obligations	15	(18)	33
Change in net working capital and other cash flow from operating activities	(185)	(192)	7
Operating free cash flow	344	334	10
Net interest paid	(17)	(16)	(1)
Income taxes paid	(109)	(128)	19
Free cash flow	218	190	28
Other cash flows from investing activities, net	(60)	(80)	20
Issuance and repayment of financial liabilities, net	(250)	(4)	(246)
Other cash flows from financing activities	(4)	(16)	12
(Net decrease) net increase in cash and cash equivalents	(96)	90	(186)

¹ Excluding capital expenditure totalling CHF 5 million (prior year: CHF 5 million) in a real estate project for which a sales contract was signed.

Free cash flow increased year-on-year by CHF 28 million or 14.7% to CHF 218 million, mainly due to higher operating free cash flow and lower income tax payments. Income tax payments fell year-on-year by CHF 19 million to CHF 109 million. Operating free cash flow increased by CHF 10 million or 3.0% to CHF 344 million. The decrease in operating income before depreciation and amortisation (EBITDA) and the increase in capital expenditure were offset by an improvement in net working capital and an increase in defined benefit obligations. Net working capital rose by CHF 185 million versus the end of 2014 (prior year: increase of CHF 192 million), chiefly as a result of higher trade receivables and higher accruals for prepaid expenses for the 2015 financial year. Capital expenditure rose by CHF 30 million or 5.8% year-on-year to CHF 549 million, mainly due to the expansion of the broadband and access networks in Switzerland.

Balance sheet

In CHF million, except where indicated

	31.3.2015	31.12.2014	Change
Assets			
Cash and cash equivalents and current financial assets	235	342	-31.3%
Trade and other receivables	2,651	2,586	2.5%
Property, plant and equipment	9,606	9,720	-1.2%
Goodwill	4,964	4,809	3.2%
Other intangible assets	1,819	2,099	-13.3%
Investments in associates and non-current financial assets	412	404	2.0%
Tax assets	351	351	-
Other current and non-current assets	671	621	8.1%
Total assets	20,709	20,932	-1.1%
Liabilities and equity			
Financial liabilities	8,270	8,604	-3.9%
Trade and other payables	1,865	1,876	-0.6%
Defined benefit obligations	2,952	2,441	20.9%
Provisions	992	932	6.4%
Tax liabilities	326	529	-38.4%
Other current and non-current liabilities	1,106	1,093	1.2%
Total liabilities	15,511	15,475	0.2%
Share of equity attributable to equity holders of Swisscom Ltd	5,195	5,454	-4.7%
Share of equity attributable to non-controlling interests	3	3	-
Total equity	5,198	5,457	-4.7%
Total liabilities and equity	20,709	20,932	-1.1%
Equity ratio at end of period (in %)	25.1	26.1	
Net debt	7,895	8,120	-2.8%

Total assets at 31 March 2015 amounted to CHF 20,709 million, a decrease of CHF 233 million or 1.1% versus the end of 2014. Equity fell by CHF 259 million or 4.7% to CHF 5,198 million, which corresponds to an equity capital ratio of 25.1% (26.1% as at 31 December 2014). Net income of CHF 351 million was offset by the other net loss of CHF 607 million recognised in equity. This includes actuarial losses of CHF 492 million from pension plans arising mainly from interest rate changes. Compared to the end of 2015, the CHF/EUR exchange rate fell from 1.202 to 1.046. On 31 March 2015, cumulative currency translation losses recognised in equity amounted to around CHF 1.8 billion. Compared to the end of 2014, other current and non-current assets rose by CHF 50 million to CHF 671 million, primarily due to higher accruals for prepaid expenses for the 2015 financial year. Provisions rose by CHF 60 million to CHF 992 million due to the decrease in interest rates for the discounting of provisions for dismantling and restoration costs. The effect of CHF 60 million from the use of different interest rates was recognised under property, plant and equipment.

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

The financial outlook for 2015 remains unchanged. Swisscom expects net revenue of more than CHF 11.4 billion, EBITDA of around CHF 4.2 billion and capital expenditure of CHF 2.3 billion. This financial outlook continues to be based on a EUR/CHF exchange rate of CHF 1.00, which corresponds to a decrease in the CHF/EUR exchange rate of 17% over 2014 (average EUR exchange rate in 2014: CHF 1.21). It does not take account of the possible negative implications of the currency situation for the economy. Calculated at the same exchange rate as 2014, revenue in 2015 would increase by CHF 100 million compared to 2014. 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 just under CHF 400 million.

The EBITDA of approximately CHF 4.2 billion forecast for 2015 is some CHF 200 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 100 million is due to the following effects: 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 rates. These effects cannot be offset by the additional income from the acquired companies and related synergies.

Fastweb's EBITDA in local currency is expected to be higher. This is primarily due to lower usage fees for upstream services of other network operators. A further reduction of regulated prices is anticipated, and the volume of upstream 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 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 an all-time high in 2014 and will decline slightly in 2015 in local currency, which corresponds to a currency-related decrease of CHF 100 million.

If all targets are met, Swisscom will propose to the Annual General Meeting of Shareholders payment of an unchanged ordinary 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 where indicated

	Note	1.1.–31.3.2015	1.1.–31.3.2014
Net revenue	2	2,893	2,821
Goods and services purchased		(568)	(552)
Personnel expense		(756)	(692)
Other operating expense		(609)	(597)
Capitalised self-constructed assets and other income		91	81
Operating income before depreciation and amortisation (EBITDA)		1,051	1,061
Depreciation, amortisation and impairment losses		(507)	(510)
Operating income (EBIT)	2	544	551
Financial income and financial expense, net	3	(104)	(84)
Share of results of associates		5	3
Income before income taxes		445	470
Income tax expense		(94)	(97)
Net income		351	373
Share of net income attributable to equity holders of Swisscom Ltd		351	369
Share of net income attributable to non-controlling interests		–	4
Basic and diluted earnings per share (in CHF)		6.78	7.12

Consolidated statement of comprehensive income (unaudited)

In CHF million	1.1.–31.3.2015	1.1.–31.3.2014
Net income	351	373
Other comprehensive income		
Actuarial gains and losses from defined benefit plans	(492)	(303)
Income tax expense	102	60
Items that will not be reclassified to income statement, net of tax	(390)	(243)
Foreign currency translation adjustments of foreign subsidiaries	(249)	(18)
Change in fair value of cash flow hedges	(26)	(1)
Gains and losses from cash flow hedges transferred to income statement	(3)	1
Income tax expense	61	6
Items that are or may be reclassified subsequently to income statement, net of tax	(217)	(12)
Other comprehensive income	(607)	(255)
Comprehensive income	(256)	118
Share of comprehensive income attributable to equity holders of Swisscom Ltd	(256)	114
Share of comprehensive income attributable to non-controlling interests	–	4

Consolidated balance sheet (condensed and unaudited)

In CHF million	Note	31.3.2015	31.12.2014
Assets			
Cash and cash equivalents		206	302
Trade and other receivables		2,651	2,586
Other financial assets		29	40
Other assets		609	498
Total current assets		3,495	3,426
Property, plant and equipment		9,606	9,720
Goodwill and other intangible assets		6,783	6,908
Investments in associates		163	171
Other financial assets		249	233
Other assets		413	474
Total non-current assets		17,214	17,506
Total assets		20,709	20,932
Liabilities and equity			
Financial liabilities	4	1,847	1,580
Trade and other payables		1,865	1,876
Current income tax liabilities		192	172
Provisions	5	102	112
Other liabilities		745	718
Total current liabilities		4,751	4,458
Financial liabilities	4	6,423	7,024
Defined benefit obligations		2,952	2,441
Provisions	5	890	820
Deferred tax liabilities		134	357
Other liabilities		361	375
Total non-current liabilities		10,760	11,017
Total liabilities		15,511	15,475
Share of equity attributable to equity holders of Swisscom Ltd		5,195	5,454
Share of equity attributable to non-controlling interests		3	3
Total equity		5,198	5,457
Total liabilities and equity		20,709	20,932

Consolidated cash flow statement (condensed and unaudited)

In CHF million	1.1.–31.3.2015	1.1.–31.3.2014
Net income	351	373
Adjustment for non-cash items	692	688
Change in operating assets and liabilities	(157)	(205)
Income taxes paid	(109)	(128)
Cash flow provided by operating activities	777	728
Capital expenditure	(554)	(524)
Other cash flows from investing activities, net	(41)	(80)
Cash flow used in investing activities	(595)	(604)
Issuance and repayment of financial liabilities, net	(250)	(4)
Other cash flows from financing activities, net	(28)	(30)
Cash flow used in financing activities	(278)	(34)
(Net decrease) net increase in cash and cash equivalents	(96)	90
Cash and cash equivalents at beginning of period	302	723
Foreign currency translation adjustments in respect of cash and cash equivalents	–	1
Cash and cash equivalents at end of period	206	814

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	–	–	369	–	–	369	4	373
Other comprehensive income	–	–	(243)	–	(12)	(255)	–	(255)
Comprehensive income	–	–	126	–	(12)	114	4	118
Acquisition of treasury shares for share-based payments	–	–	–	(5)	–	(5)	–	(5)
Balance at 31 March 2014	52	136	7,482	(5)	(1,583)	6,082	33	6,115
Balance at 31 December 2014	52	136	6,856	–	(1,590)	5,454	3	5,457
Net income	–	–	351	–	–	351	–	351
Other comprehensive income	–	–	(390)	–	(217)	(607)	–	(607)
Comprehensive income	–	–	(39)	–	(217)	(256)	–	(256)
Transactions with non-controlling interests	–	–	(1)	–	–	(1)	–	(1)
Acquisition of treasury shares for share-based payments	–	–	–	(2)	–	(2)	–	(2)
Balance at 31 March 2015	52	136	6,816	(2)	(1,807)	5,195	3	5,198

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 three months to 31 March 2015 were prepared in accordance with International Accounting Standard "IAS 34 Interim Financial Reporting" and should be read in conjunction with the consolidated annual 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 1.046 was used as the end-of-period rate (31 December 2014: CHF/EUR 1.202) and 1.090 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 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 Enterprise Customers and IT, Network & Innovation divisions. 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 management 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 the segments 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 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 pension cost in accordance with IAS 19 is disclosed in the column "Elimination". For the first quarter of 2015, an expense of CHF 17 million is disclosed under "Elimination" as a pension cost reconciliation item in accordance with IAS 19 (CHF 2 million in the first quarter 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 three months of 2015 are as shown below:

1.1.–31.3.2015, in CHF million	Swisscom Switzerland	Fastweb	Other operating segments	Group Headquarters	Elimination	Total
Net revenue from external customers	2,336	467	90	–	–	2,893
Net revenue with other segments	19	1	54	–	(74)	–
Net revenue	2,355	468	144	–	(74)	2,893
Segment result	624	(30)	(1)	(29)	(20)	544
Financial income and financial expense, net						(104)
Share of results of associates						5
Income before income taxes						445
Income tax expense						(94)
Net income						351

1.1.–31.3.2015, in CHF million	Residential Customers	Small and Medium-Sized Enterprises	Enterprise Customers	Wholesale	IT, Network & Innovation	Elimination	Swisscom Switzerland
Net revenue from external customers	1,252	320	607	148	9	–	2,336
Net revenue with other segments	39	7	50	82	25	(184)	19
Net revenue	1,291	327	657	230	34	(184)	2,355
Segment result	697	208	198	101	(579)	(1)	624

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

1.1.–31.3.2014, in CHF million, restated	Swisscom Switzerland	Fastweb	Other operating segments	Group Head-quarters	Elimination	Total
Net revenue from external customers	2,246	482	93	–	–	2,821
Net revenue with other segments	18	1	51	–	(70)	–
Net revenue	2,264	483	144	–	(70)	2,821
Segment result	632	(57)	8	(26)	(6)	551
Financial income and financial expense, net						(84)
Share of results of associates						3
Income before income taxes						470
Income tax expense						(97)
Net income						373

1.1.–31.3.2014, in CHF million, restated	Residential Customers	Small and Medium-Sized Enterprises	Enterprise Customers	Wholesale	IT, Network & Innovation	Elimination	Swisscom Switzerland
Net revenue from external customers	1,202	314	578	145	7	–	2,246
Net revenue with other segments	39	7	50	84	24	(186)	18
Net revenue	1,241	321	628	229	31	(186)	2,264
Segment result	682	223	200	95	(567)	(1)	632

3 Financial income and financial expense

In CHF million	1.1.–31.3.2015	1.1.–31.3.2014
Interest income	3	2
Interest expense	(50)	(63)
Net interest expense	(47)	(61)
Foreign exchange losses	(27)	(1)
Change in fair value of interest rate swaps	(25)	(12)
Other financial income and expense, net	(5)	(10)
Financial income and financial expense, net	(104)	(84)

4 Financial liabilities

In CHF million	31.3.2015	31.12.2014
Bank loans	1,124	960
Debenture bonds	580	547
Private placements	1	–
Finance lease liabilities	16	14
Other financial liabilities	126	59
Total current financial liabilities	1,847	1,580
Bank loans	443	921
Debenture bonds	4,405	4,557
Private placements	927	925
Finance lease liabilities	541	547
Other financial liabilities	107	74
Total non-current financial liabilities	6,423	7,024
Total financial liabilities	8,270	8,604

5 Provisions

In CHF million	Dismantling and restora- tion costs	Regulatory proceedings	Other	Total
Balance at 31 December 2014	646	106	180	932
Additions of provisions	61	1	1	63
Present-value adjustments	3	–	–	3
Release of unused provisions	(1)	–	–	(1)
Use of provisions	–	–	(4)	(4)
Additions from business combinations	–	–	2	2
Foreign currency translation adjustments	–	–	(3)	(3)
Balance at 31 March 2015	709	107	176	992
Thereof current provisions	–	17	85	102
Thereof non-current provisions	709	90	91	890

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 1.30%. Application of lower discount rates resulted in an effect of CHF 60 million, recognised under property, plant and equipment. The non-current portion of the provisions is expected to be settled after 2020.

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.

6 Contingent liabilities

Proceedings conducted by the Competition Commission

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 and levied a fine of CHF 220 million. Swisscom appealed against the decision to the Federal Administrative Court on 7 December 2009. On the basis of a legal opinion, Swisscom concludes that, as things stand at present, it is not probable that a court of final appeal will levy sanctions and, as before, has therefore not raised any provision for this eventuality in the consolidated interim financial statements at 31 March 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 funds is unlikely and, as before, has therefore not recognised any provision for this in the consolidated financial statements as at 31 March 2015.

7 Dividend

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.

8 Financial instruments

Carrying amounts and fair values of financial instruments

As at 31 March 2015, the carrying amounts and fair values of financial assets and financial liabilities are as follows:

In CHF million	Carrying amount	Fair value
31 March 2015		
Cash and cash equivalents	206	206
Trade and other receivables	2,651	2,651
Other financial assets		
Term deposits with maturities over 90 days	11	11
Other loans and receivables	189	197
Available-for-sale financial assets	73	73
Derivative financial instruments	5	5
Total financial assets	3,135	3,143
Bank loans	1,567	1,372
Debenture bonds	4,985	5,635
Private placements	928	963
Finance lease liabilities	557	1,258
Other interest-bearing financial liabilities	5	5
Other non-interest-bearing financial liabilities	51	51
Derivative financial instruments	177	177
Trade and other payables	1,865	1,865
Total financial liabilities	10,135	11,326

Fair value hierarchy

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	Level 1	Level 2	Level 3	Total
31 March 2015				
Financial assets				
Available-for-sale financial assets	6	–	18	24
Derivative financial assets	–	5	–	5
Financial liabilities				
Derivative financial liabilities	–	177	–	177

In addition, available-for-sale financial assets as of 31 March 2015 with a carrying amount of CHF 49 million were measured at acquisition cost. Level-3 assets consist of investments in various investment funds. The fair value was calculated using a valuation model. In the first quarter of 2015, there were no reclassifications between the various levels.

9 Related parties

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

10 Events after the balance sheet date

Approval of interim report

The Board of Directors of Swisscom Ltd approved the release of this interim report on 5 May 2015.

Issuance of debenture bonds

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. The funds raised were used to repay existing debts. In addition, interest rate swaps of CHF 225 million were concluded to hedge against the interest rate risk of financing and designated for hedge accounting as fair value hedges.

Further information

Share information

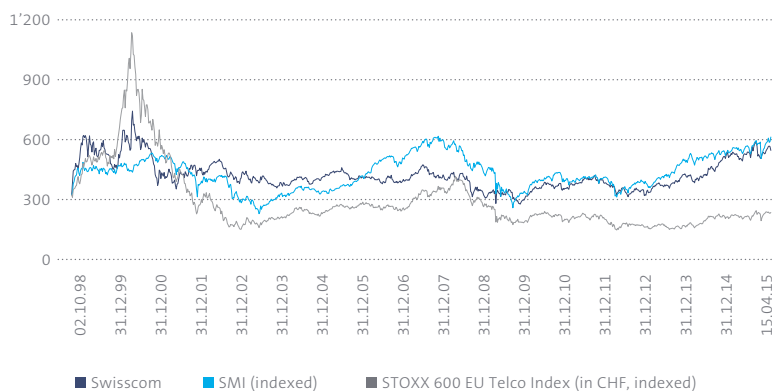
Swisscom share performance indicators

31.12.2014–31.3.2015	SIX Swiss Exchange
Closing price at 31 December 2014 in CHF ¹	522.50
Closing price at 31 March 2015 in CHF ¹	564.50
Change in %	8.00
Year high in CHF ¹	580.50
Year low in CHF ¹	500.00
Total volume of traded shares	11,116,495
Total turnover in CHF million	5,968
Daily average of traded shares	179,298
Daily average in CHF million	96

Source: Bloomberg
¹ paid prices

Share performance since IPO

Share performance 1998–2015 in CHF



Share information

On 31 March 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 March 2015, Swisscom had some 69,800 registered shareholders and around 16% unregistered shareholdings.

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

- | | |
|-------------------|------------------------------|
| > 19 August 2015 | 2015 Second-Quarter Results |
| > 5 November 2015 | 2015 Third-Quarter Results |
| > 4 February 2016 | 2015 Annual Press Conference |

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				2,893
Goods and services purchased	(552)	(558)	(583)	(676)	(2,369)	(568)				(568)
Personnel expense	(692)	(684)	(655)	(720)	(2,751)	(756)				(756)
Other operating expense	(597)	(599)	(620)	(724)	(2,540)	(609)				(609)
Capitalised self-constructed assets and other income	81	83	119	87	370	91				91
Operating income (EBITDA)	1,061	1,121	1,190	1,041	4,413	1,051				1,051
Depreciation and amortisation	(510)	(512)	(511)	(558)	(2,091)	(507)				(507)
Operating income (EBIT)	551	609	679	483	2,322	544				544
Net interest expense	(61)	(53)	(51)	(53)	(218)	(47)				(47)
Other financial result	(23)	(11)	25	(33)	(42)	(57)				(57)
Result of associates	3	10	8	5	26	5				5
Income before income taxes	470	555	661	402	2,088	445				445
Income tax expense	(97)	(122)	(118)	(45)	(382)	(94)				(94)
Net income	373	433	543	357	1,706	351				351
Attributable to equity holders of Swisscom Ltd	369	430	540	355	1,694	351				351
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				6.78
Net revenue										
Swisscom Switzerland	2,264	2,297	2,332	2,436	9,329	2,355				2,355
Fastweb	483	499	513	552	2,047	468				468
Other operating segments	144	168	172	181	665	144				144
Group Headquarters	–	1	–	1	2	–				–
Intersegment elimination	(70)	(86)	(88)	(96)	(340)	(74)				(74)
Total net revenue	2,821	2,879	2,929	3,074	11,703	2,893				2,893
Segment result before depreciation and amortisation										
Swisscom Switzerland	940	968	1,036	891	3,835	955				955
Fastweb	132	155	163	175	625	130				130
Other operating segments	22	33	31	17	103	16				16
Group Headquarters	(25)	(31)	(28)	(39)	(123)	(29)				(29)
Intersegment elimination	(6)	(6)	(8)	(7)	(27)	(4)				(4)
Reconciliation to pension cost	(2)	2	(4)	4	–	(17)				(17)
Total segment result (EBITDA)	1,061	1,121	1,190	1,041	4,413	1,051				1,051
Capital expenditure in property, plant and equipment and other intangible assets										
Swisscom Switzerland	346	423	470	505	1,744	388				388
Fastweb	173	173	148	188	682	160				160
Other operating segments	5	9	1	23	38	6				6
Intersegment elimination	(5)	(7)	(9)	(7)	(28)	(5)				(5)
Total capital expenditure	519	598	610	709	2,436	549				549
Full-time equivalent employees at end of period										
Swisscom Switzerland	15,662	15,761	16,375	16,445	16,445	16,964				16,964
Fastweb	2,362	2,373	2,378	2,391	2,391	2,373				2,373
Other operating segments	1,731	1,768	1,994	1,962	1,962	1,940				1,940
Group Headquarters	326	326	328	327	327	322				322
Total full-time equivalent employees	20,081	20,228	21,075	21,125	21,125	21,599				21,599
Operating free cash flow	334	496	640	390	1,860	344				344
Net debt	7,676	8,502	8,398	8,120	8,120	7,895				7,895

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				438
Small and Medium-Sized Enterprises	103	107	104	105	419	101				101
Enterprise Customers	135	141	142	144	562	132				132
Revenue mobile single subscription	673	696	711	696	2,776	671				671
Residential Customers	257	245	233	226	961	207				207
Small and Medium-Sized Enterprises	115	111	109	107	442	106				106
Enterprise Customers	143	141	139	141	564	139				139
Revenue fixed-line single subscription	515	497	481	474	1,967	452				452
Residential Customers	381	408	430	449	1,668	461				461
Small and Medium-Sized Enterprises	58	62	66	67	253	69				69
Revenue bundles	439	470	496	516	1,921	530				530
Total revenue single subscription and bundles	1,627	1,663	1,688	1,686	6,664	1,653				1,653
Solution business	249	261	245	263	1,018	261				261
Hardware sold	138	121	132	198	589	148				148
Wholesale	145	139	144	142	570	148				148
Revenue other	87	93	105	127	422	126				126
Revenue from external customers	2,246	2,277	2,314	2,416	9,253	2,336				2,336
Residential Customers	1,202	1,225	1,256	1,323	5,006	1,252				1,252
Small and Medium-Sized Enterprises	314	319	327	341	1,301	320				320
Enterprise Customers	578	586	580	600	2,344	607				607
Wholesale	145	139	144	142	570	148				148
IT, Network & Innovation	7	8	7	10	32	9				9
Revenue from external customers	2,246	2,277	2,314	2,416	9,253	2,336				2,336
Segment result before depreciation and amortisation										
Residential Customers	710	716	731	688	2,845	730				730
Small and Medium-Sized Enterprises	226	233	233	223	915	217				217
Enterprise Customers	223	233	243	243	942	219				219
Wholesale	95	92	98	96	381	101				101
IT, Network & Innovation	(314)	(306)	(270)	(357)	(1,247)	(312)				(312)
Intersegment elimination	–	–	1	(2)	(1)	–				–
Segment result (EBITDA)	940	968	1,036	891	3,835	955				955
Margin as % of net revenue	41.5	42.1	44.4	36.6	41.1	40.6				40.6
Fastweb, in EUR million										
Residential Customers	188	188	187	190	753	193				193
Corporate Business	177	188	202	222	789	191				191
Wholesale hubbing	7	7	7	7	28	7				7
Wholesale other	23	26	28	38	115	37				37
Revenue from external customers	395	409	424	457	1,685	428				428
Segment result (EBITDA)	108	128	134	145	515	120				120
Margin as % of net revenue	27.3	31.3	31.6	31.7	30.5	28.0				28.0
Capital expenditure	142	142	122	156	562	147				147
Broadband access lines in thousand	1,984	1,994	2,016	2,072	2,072	2,124				2,124

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				1,763
Bundles	849	882	909	938	938	972				972
Fixed access lines	2,856	2,830	2,811	2,778	2,778	2,735				2,735
Single subscriptions	773	745	718	681	681	650				650
Bundles	1,060	1,110	1,154	1,209	1,209	1,258				1,258
Broadband access lines retail	1,833	1,855	1,872	1,890	1,890	1,908				1,908
Single subscriptions	271	259	246	218	218	200				200
Bundles	781	832	879	947	947	1,001				1,001
Swisscom TV access lines	1,052	1,091	1,125	1,165	1,165	1,201				1,201
Prepaid single subscriptions	2,173	2,165	2,165	2,163	2,163	2,149				2,149
Postpaid single subscriptions	3,812	3,828	3,850	3,872	3,872	3,875				3,875
Mobile access lines single subscriptions	5,985	5,993	6,015	6,035	6,035	6,024				6,024
Bundles	444	467	484	505	505	531				531
Mobile access lines	6,429	6,460	6,499	6,540	6,540	6,555				6,555
Revenue generating units (RGU)	12,170	12,236	12,307	12,373	12,373	12,399				12,399
Broadband access lines wholesale	221	224	241	262	262	278				278
Unbundled fixed access lines	241	228	204	180	180	162				162
Bundles										
2Play bundles	287	294	302	304	304	302				302
3Play bundles	555	584	609	646	646	680				680
4Play bundles	218	231	242	255	255	266				266
Business bundles	–	1	1	4	4	10				10
Total bundles	1,060	1,110	1,154	1,209	1,209	1,258				1,258
Swisscom Group										
Information by geographical regions										
Net revenue in Switzerland	2,323	2,361	2,401	2,501	9,586	2,407				2,407
Net revenue in other countries	498	518	528	573	2,117	486				486
Total net revenue	2,821	2,879	2,929	3,074	11,703	2,893				2,893
EBITDA in Switzerland	924	966	1,028	870	3,788	914				914
EBITDA in other countries	137	155	162	171	625	137				137
Total EBITDA	1,061	1,121	1,190	1,041	4,413	1,051				1,051
Capital expenditure in Switzerland	345	424	463	519	1,751	388				388
Capital expenditure in other countries	174	174	147	190	685	161				161
Total capital expenditure	519	598	610	709	2,436	549				549
Full-time equivalent employees in Switzerland	17,395	17,545	18,220	18,272	18,272	18,776				18,776
Full-time equivalent employees in other countries	2,686	2,683	2,855	2,853	2,853	2,823				2,823
Total full-time equivalent employees	20,081	20,228	21,075	21,125	21,125	21,599				21,599

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.

