H1 2017 results presentation

Conference call - 17 August 2017

Agenda

Introduction	Louis Schmid, IR
In a nutshell	Urs Schaeppi, CEO
Swisscom Switzerland	
Fastweb	
Financials	Mario Rossi, CFO
Q&A	All
Backup	

Agenda

Highlights

Strong market position in Switzerland successfully defended

Perception matters:
High **quality** of networks and products **key to customers** - Connect Community Award for **best mobile operator in Switzerland**

connect KUNDEN BAROMETER MOBILFUNK 2017

inOne with **successful launch:**
after 12 weeks already 924k RGUs;
brand awareness significantly **increased** and **customer responses promising**

Robust H1 financial results:
revenues at CHF **5.69bn**,
EBITDA at CHF **2.26bn**;
on track to achieve targeted **cost savings** of CHF **75mn** in **2017**

Technology leadership:
heading for **1 Gbps in** the **mobile** network;
All IP transformation progressing as planned;
frequency auction process **initialised**

Stable customer base with **unchanged dynamics in CH:**
solid postpaid subs base,
less voice lines, more TV subs and bundles growing

Successful refinancing transaction of **CHF 350mn** with a **coupon** of **0.375%**;
signed EIB loan for Fastweb:
EUR 240mn with a **maturity** of **7Y**

Driving innovation:
leadership in Switzerland with cloud consulting and integration, SaaS and cloud infrastructure

Fastweb with **accelerating momentum:** mobile +117k net adds, BB +11k net adds;
convergence gaining on importance

2017 guidance adjusted:
revenue CHF ~11.6bn,
EBITDA CHF ~4.3bn
(reflecting exceptional income from litigations),
CAPEX CHF ~2.4bn

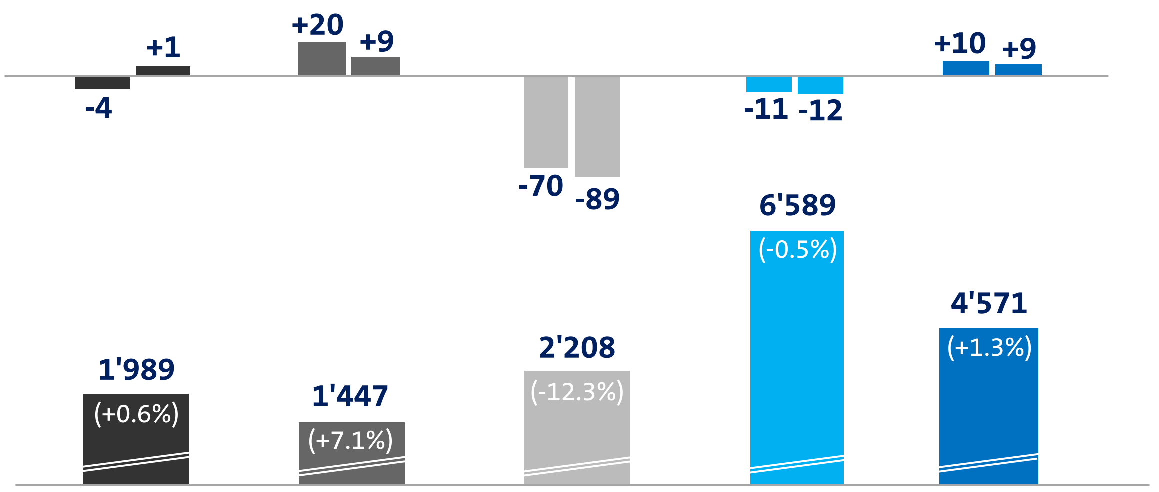
Market performance

Swisscom Switzerland with >12 million RGUs - Fastweb with accelerating momentum in mobile

Swisscom Switzerland

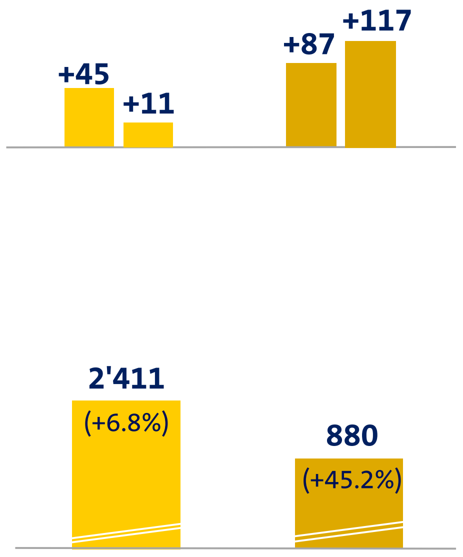
Q1 and Q2 net adds in k

H1 RGUs in k
(YOY change in %)



	broadband	TV	fixed voice	mobile	t/o postpaid
t/o Retail in k	1'951	1'447	1'982	5'329	3'311
t/o Retail in bundles in % (YOY change in pp)	91% (+13pp)	98% (+6pp)	64% (+15pp)	15% (+3pp)	24% (+5pp)

Fastweb

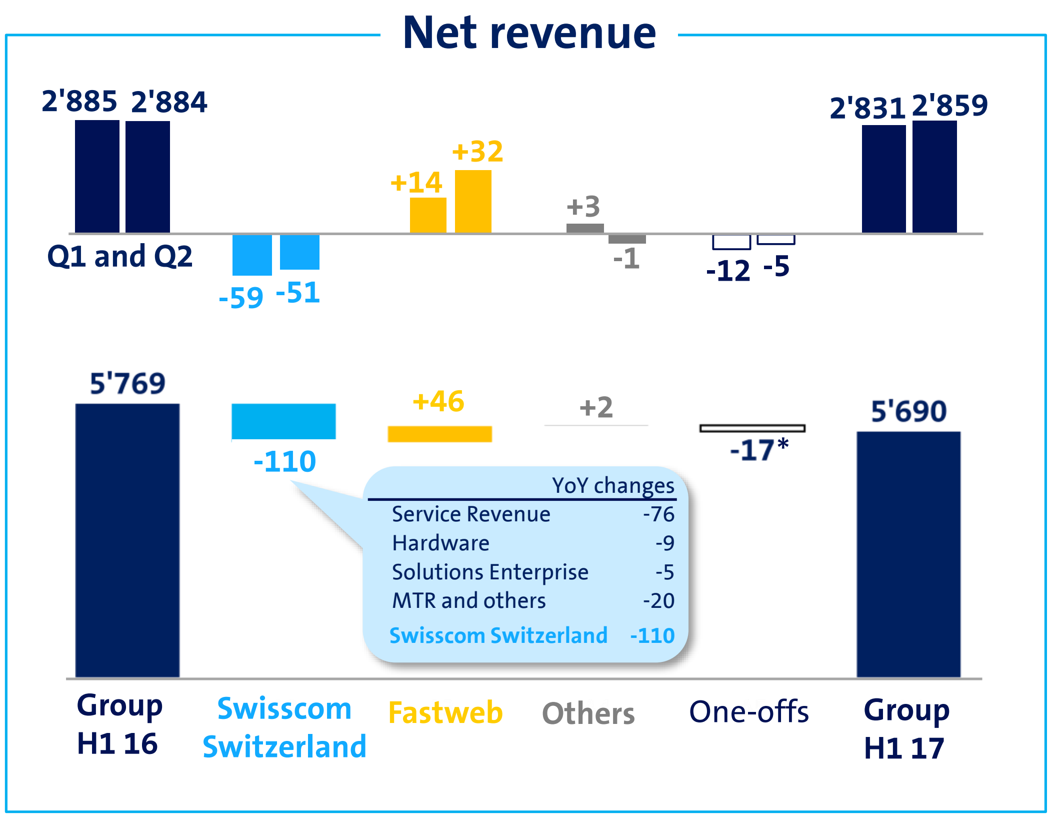


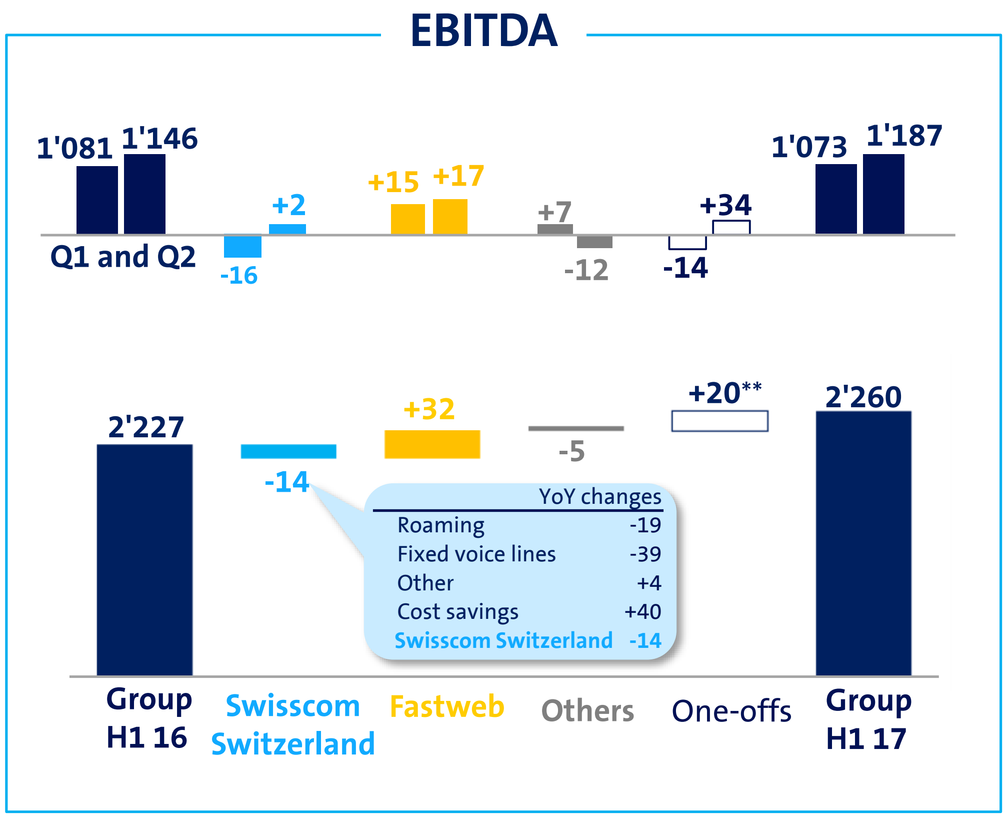
Stable RGU base in Switzerland and growing customer base in Italy

Financial performance

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

in CHF mn





Solid financial result despite high competition and price pressure

* Currency impact of CHF -17mn

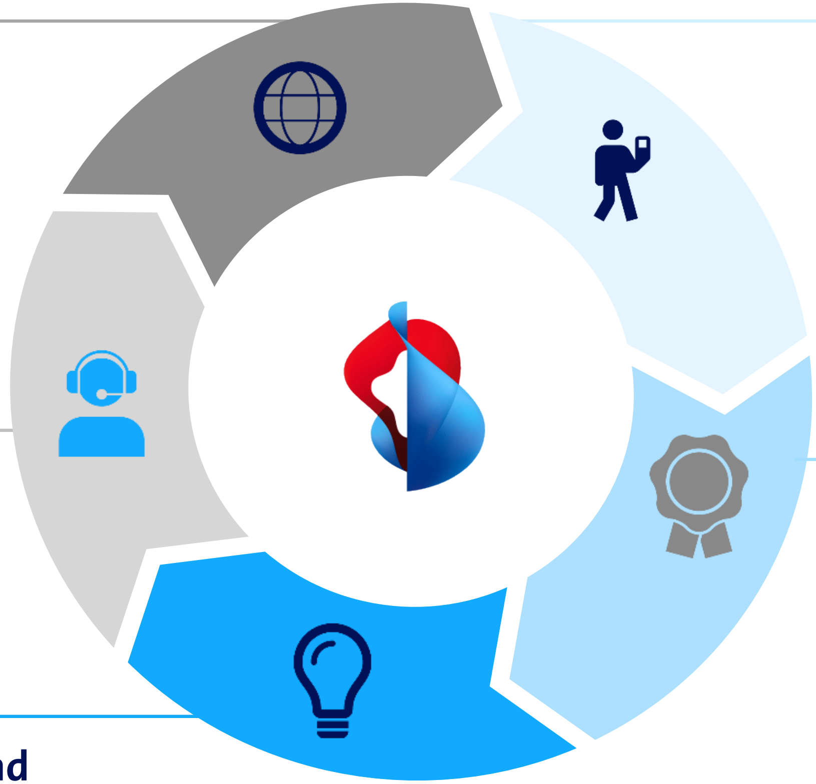
** Currency impact of CHF -7mn, other income from litigations at Fastweb of CHF 102mn in Q2 17 and of CHF 60mn in Q2 16, gain from sale of real estate of CHF 15mn in 2016

Agenda

- Introduction
- In a nutshell
- **Swisscom Switzerland** — **Urs Schaeppi, CEO**
- Fastweb
- Financials
- Q&A
- Backup

Swisscom's distinctive value proposition ...

... translates into leading market position in Switzerland since many years



Best infrastructure

- **99%** of population with **4G** and **40%** with **4G+ (>100 Mbps); 43% UBB** coverage with **>100 Mbps**
- **Excellent network quality**
- Capacity extension on top of management agenda

Outstanding product portfolio

- **Converged** offerings – one subscription covers everything
- **Flexibility** and **simplicity** for our customers
- **Multibrand approach** with value offerings, Wingo and M-Budget

Excellent customer service

- **Personalised** customer **service**
- Since many years outstanding **customer satisfaction**

Brand awareness

- Swisscom awarded as **most trusted Telco brand**
- Winner of the **CHIP** trade magazine test for the **best net in Switzerland**
- Trust in Swisscom with positive impact on **willingness to pay**

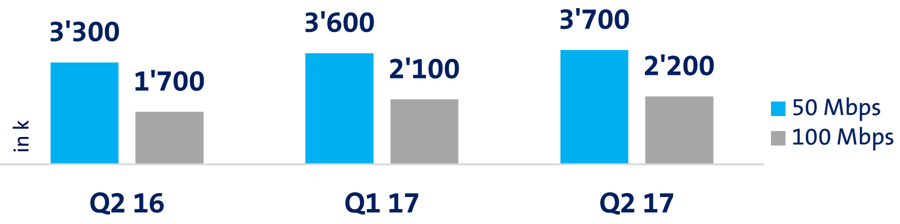
Innovation leader in Switzerland

- Swisscom ranked **amongst the three most innovative companies** in Switzerland by the **Centre of Innovation** of the **University of St. Gallen (HSG)**
- Heading for **1 Gbps** in the **mobile network**
- Well positioned with **outstanding cloud infrastructure** based on the **Enterprise, Application** and **Telco clouds**

Swisscom continuously invests into wireline networks and All IP Transformation

Expansion of the ultra-broadband network steadily progressing

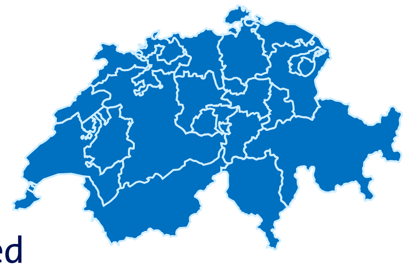
Fixed Broadband [1]



- As per Q2: **43%** coverage with >**100 Mbps**
- **Target** 2020: 85% with >100 Mbps [2]

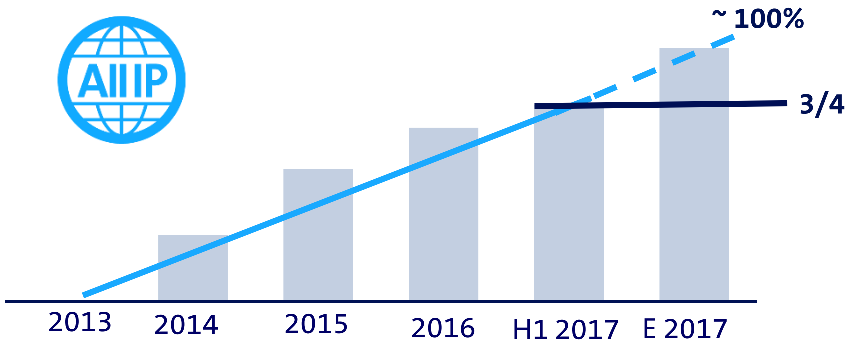
Universal Service Obligation

- Swisscom awarded with USO from **2018 to 2022**
- Increase of bandwidth (from 2/0.2 to **3/0.3 Mbps**) in line with expectations
- Only **3%** of population affected



All IP transformation

Evolution of customers migration (in %)



- Migration proceeding as planned
- Around **1.7mn** customers on All IP by H1 2017
- **75%** of total All IP migration completed, Residential with highest contribution

UBB expansion and All IP transformation pay off

[1] Consists of 3.7mn primary HH, 0.7mn businesses, 0.6mn 2nd and vacation homes, [2] By 2021 at least +5pps with >80 Mbps

inOne - the new price plan

One subscription covering everything

Benefits for customers

W+/W- bundle offering a discount
Discount on up to 5 mobiles:
CHF 20 for 2nd mobile subs,
CHF 40 for 3rd-5th mobile in same household

Fully customisable
inOne positioned as a bundle which can be individually customised

Value add (BB, TV & Mobile)
More speed, replay, recordings, content and roaming compared to Vivo and infinity

inOne

Benefits for Swisscom

Loyal customers
Simplicity and better price/performance increase customer loyalty and reduce churn

Higher penetration in HH
Higher market shares in bigger households due to degressive W- pricing

Better customer satisfaction
Savings and freedom of choice have a positive effect on perception and NPS

The best for customers and investors

inOne - successful launch with increasing product awareness over time

Launch just 12 weeks ago but customer responses promising

inOne campaign

- **New go-to-market approach** with a strong product brand
- Offers a more **distinct**, **modern** and **warmer look and feel**
- **40%** of switching customers **made aware** through the **campaign**
- **20%** of changing customers indicate that the **change was strongly driven** by **advertising**

Product awareness

"inOne is the **tailor-made product** for me"

"I just **pay** for what I **need**"

"Especially the **flexibility, simplicity** and **convergence** benefit are appreciated"

"inOne corres-ponds better to customer needs"

"Sales job got more interesting"

Sales mechanisms

- Customer base switching to inOne requires **time** as:
  - Mobile customers and HHs with **different decision mechanisms**
  - Swisscom mobile customers opting for subsidised handsets with a **contract duration** of **24 months**
  - **>50%** of value customers are bound in running contracts **>12 months**

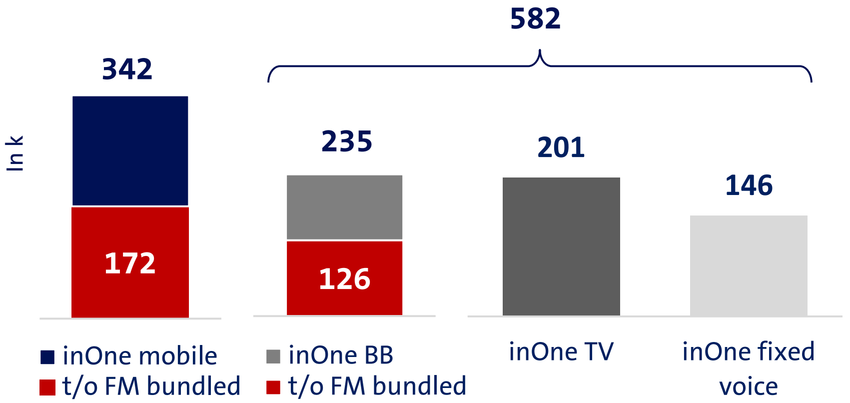
Competition and sales pressure are met with attractive, convergent offers, more performance and higher stand-alone prices where possible

inOne - first results after launch in April

Still early days but performance inline with our expectations

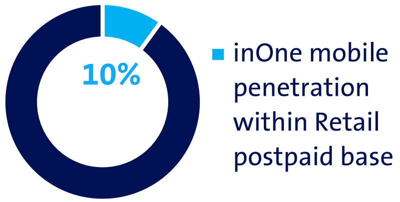
Customer base

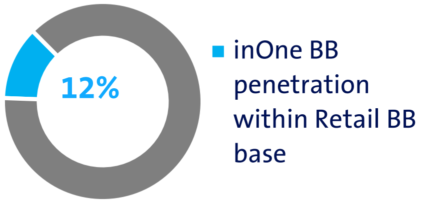
- Majority of total **451k customers** from existing base - switching from infinity, Vivo and older tariff plans
- **inOne base** sums up to **924k RGUs**
  - t/o 342k mobile and 582k fixed
  - 50% of mobile and BB RGUs in FM bundles



Key dynamics

- inOne **penetration** progressing well





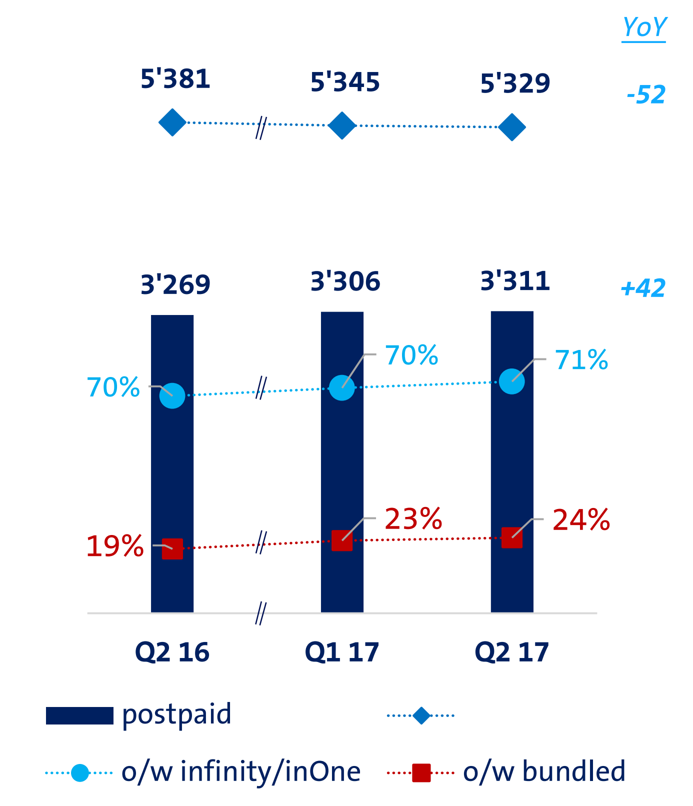
- Despite convergence discounts impact on **blended wireless and wireline ARPUs** so far negligible
  - **Mobile** (non-bundled) changeover with light ARPU uplifts
  - inOne **home** with expected right-grading impacts
- **Customer satisfaction** promising
  - **NPS higher** than for Vivo
  - Current **low churn levels** expected to improve further

After two months already almost 1 million RGUs on inOne

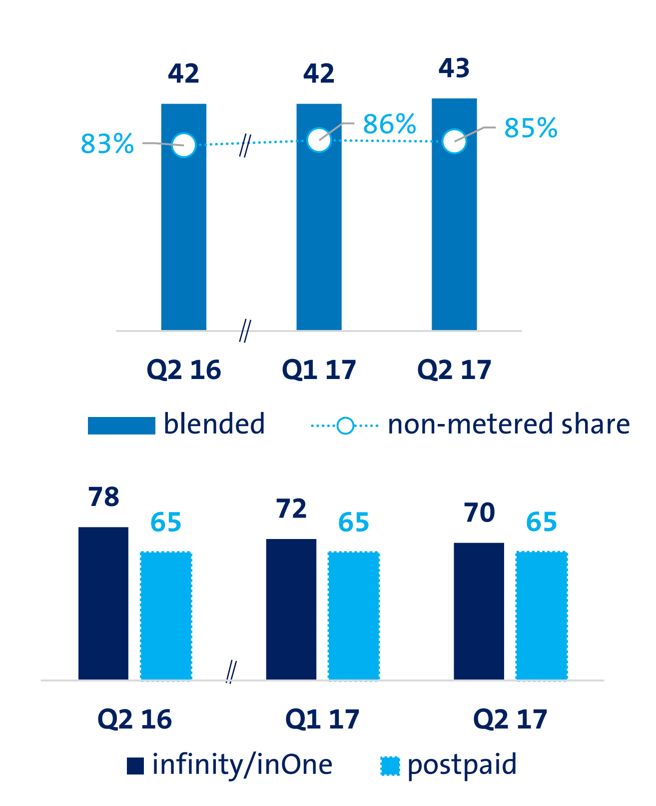
Retail Customers - Wireless performance

Stable postpaid momentum – bundles with positive contribution

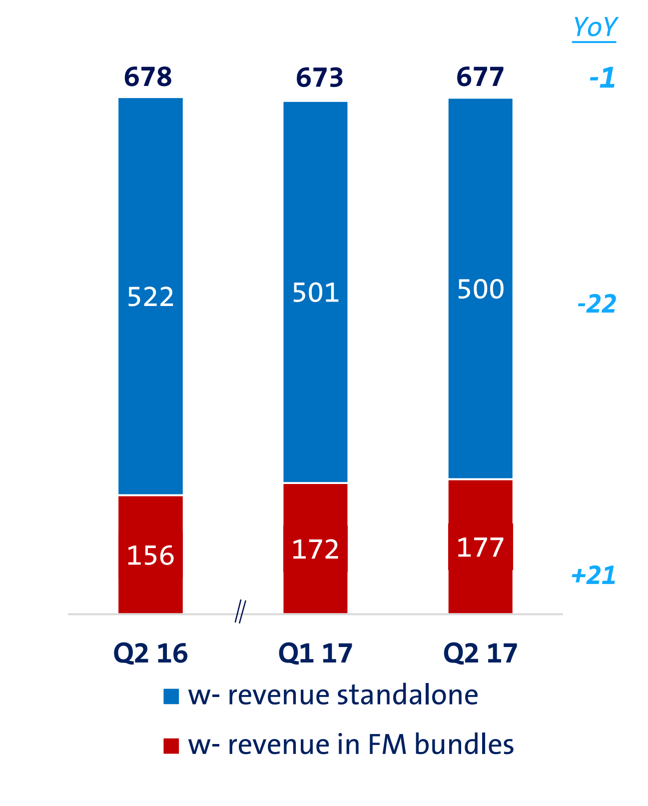
Subscriptions (in k)



ARPU (in CHF)



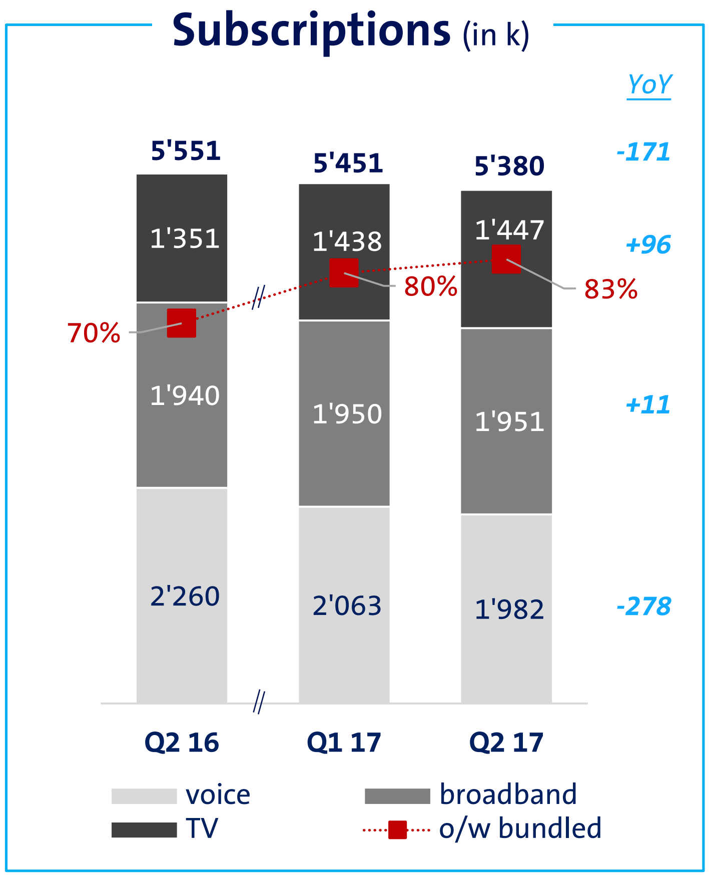
Service Revenue (in CHF mn)

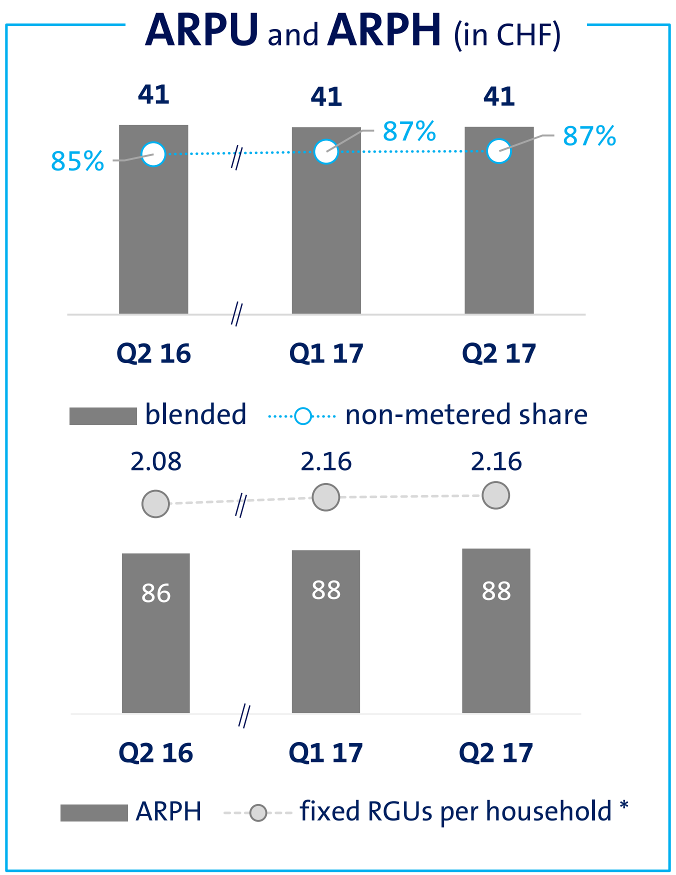


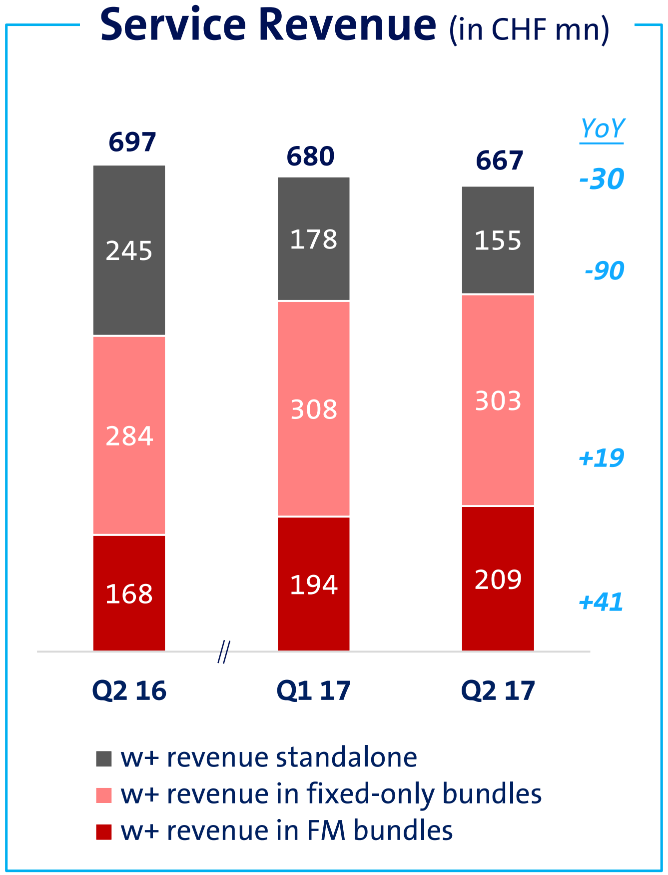
New customers in value postpaid segment compensate for roaming headwind and lead to flat wireless service revenue

Retail Customers - Wireline performance

Voice line cancellations and bundle migration continue - 83% of all fixed RGUs bundled





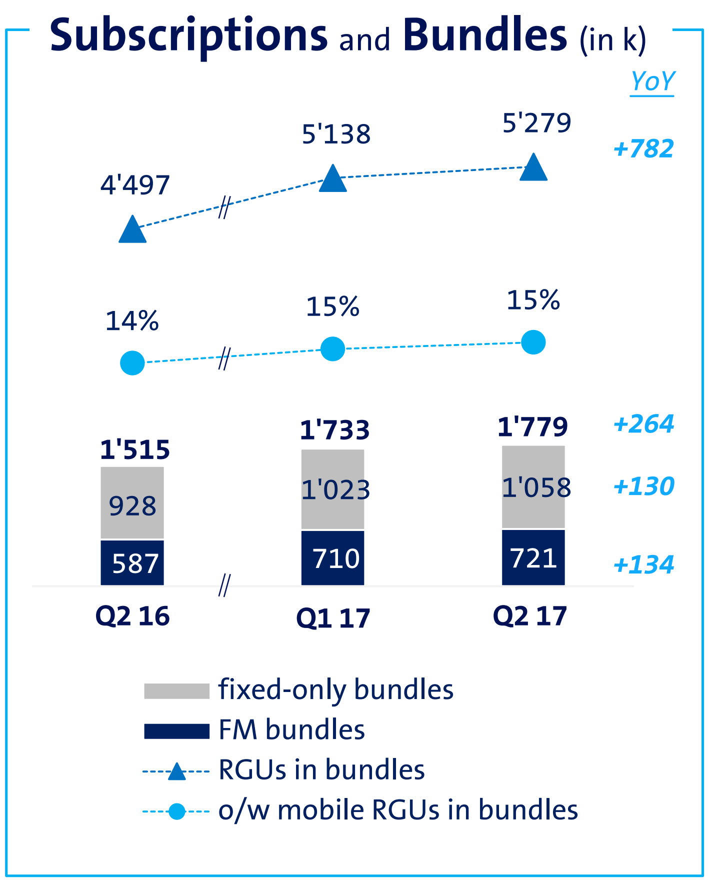


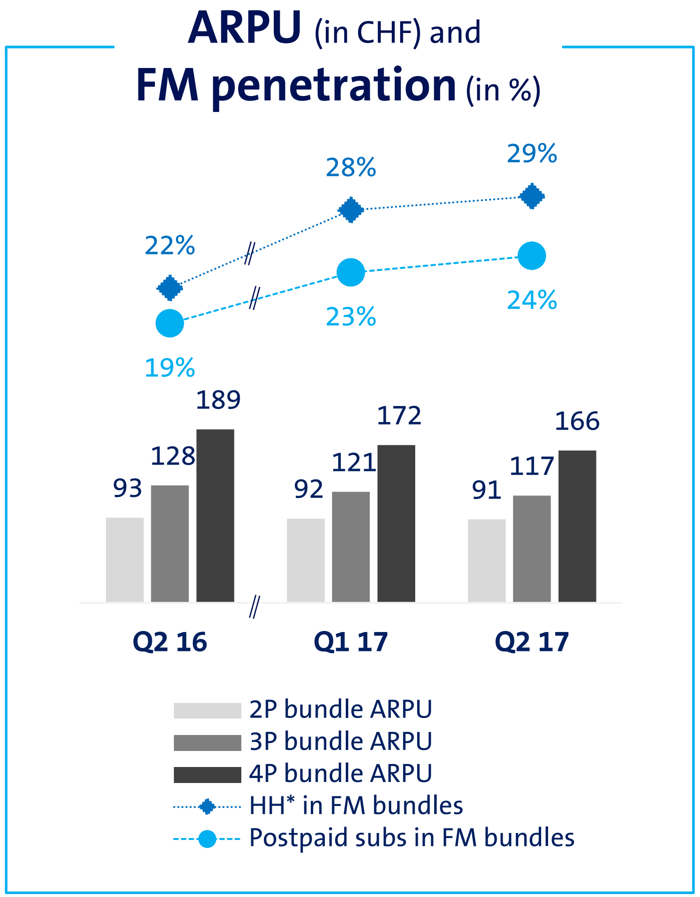
Wireline service revenue primarily impacted by voice line decline and bundle advantages

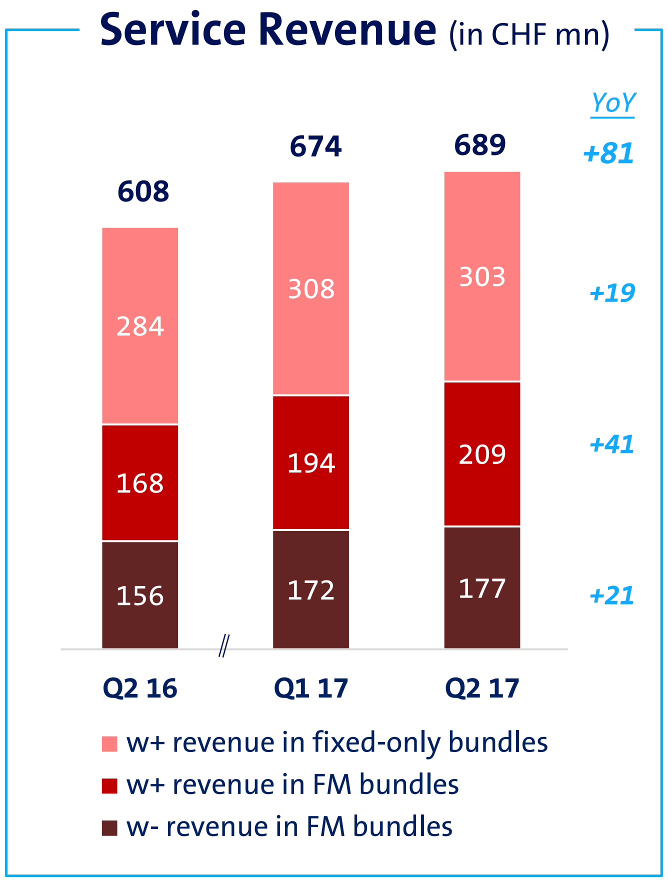
* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

Retail Customers - Convergence performance

Convergence gains momentum - Bundles with volume (+17% YoY) and top-line (CHF +81mn) growth







FM Bundles continue to increase with positive impact on household penetration

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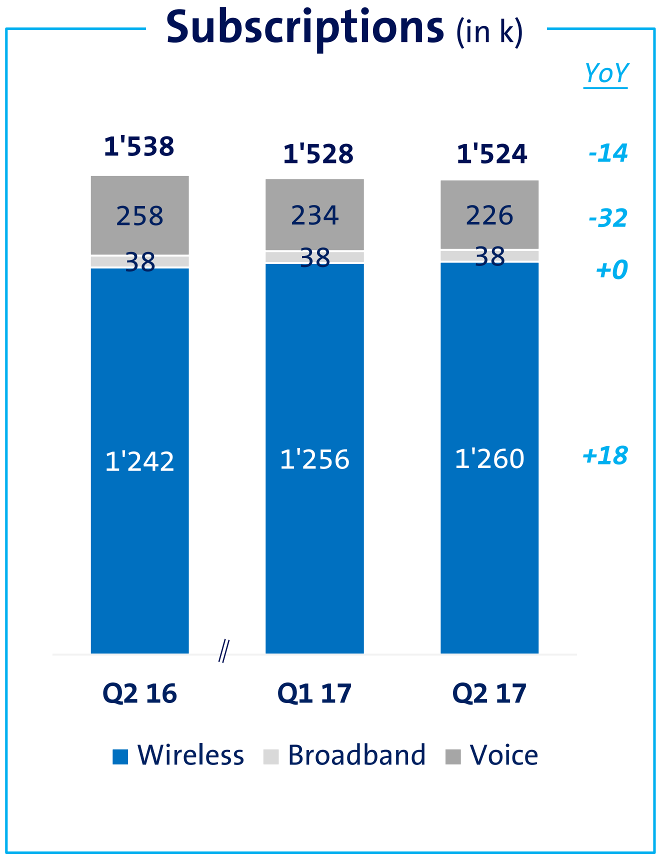
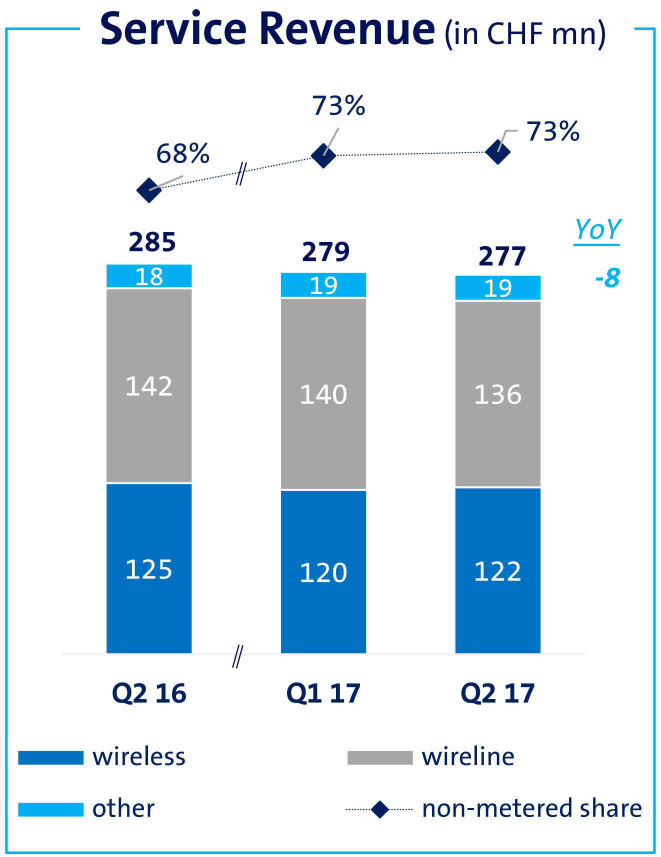
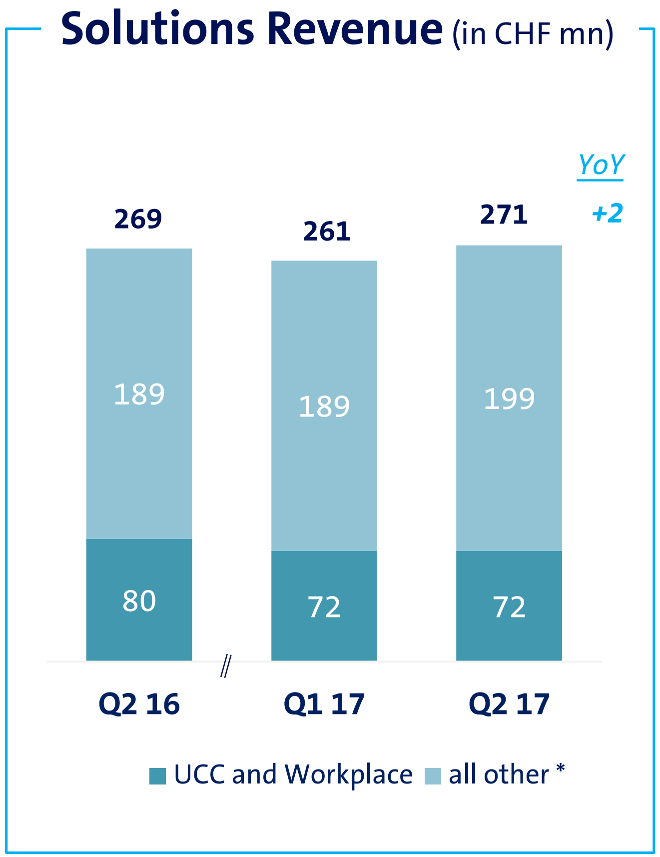
* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

Enterprise Customers - Telco and Solutions performance

W- RGUs continue to grow - Solutions Revenue with better performance in Q2 (CHF +10 mn QoQ)







Solutions with better performance in Q2 in line with expectations due to good performance in banking business

* Consists of revenues from vertical businesses, digital solutions, cloud and network services and other solutions

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Operational Excellence

Increase efficiency further to maintain leadership in Switzerland

CHF 75mn gross savings in 2017

Organisational realignments

- **FTE management**
- Swisscom Switzerland* with 15'420 FTEs by Q2 2017
- Workforce reduced within 12 months: **-801 FTEs (-4.9%)**
- Indirect cost down YOY by CHF **-40mn**

Boost simplicity

- **Simplification** of product portfolio
- **Reduction** of complexity on IT systems
- **Streamline** product development
- **Increase standardisation** for B2B solutions

Push CAPEX efficiency

- **G.fast** is faster to deploy and costs 1/3 of a FTTH connection
- Consolidate rollout partner portfolio to **release synergies**

Extend All IP transformation

- **All IP** savings kicking-in from 2018 onwards
- Cost-effective savings achieved through **process optimisation, product development** and **TDM phase out**

On track to achieve targeted cost savings

* FTE situation as per 30.6.2017 for Switzerland (17'974 FTEs, -780 FTEs YoY), Swisscom Switzerland (15'420 FTEs, -801 FTEs YoY)

Agenda

Fastweb - Wireline performance

Strong UBB results driven by the continuous evolution of NGN infrastructure

Coverage

FTTH
- GPON services launched and active in 50% of FWB FTTH footprint
- Sales on FlashFiber (JV with TIM) footprint started

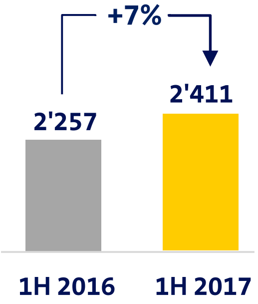
FTTS
- 0.4mn households converted into FTTH (from FTTS) and 0.4mn households converted into FTTS (previously LLU)
- Sales open in 20 new cities, other 10 in progress
- V+ 200 Mbps services available in over 50% of FTTS footprint

LLU
- +1.1mn being the net balance of LLU areas converted into FTTS (-0.4mn) and bitstream areas converted into LLU (+1.5mn)
- Migration of BSA customers ongoing to catch savings and increase CX

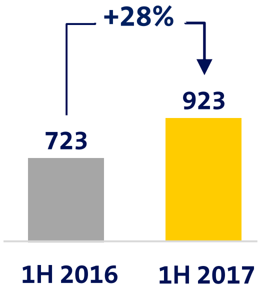
		Footprint FY 2016 (HHs+Business, mn[1])		1H 2017 (Variation, mn[1])	Target FY 2020 (HHs+Business, mn[1])		
30% FTTx	FTTH	2.2	100 Mbps	+0.4	5.0	1 Gps	50% FTTx
	FTTS	5.3	100 Mbps	=	8.0	200 Mbps	
25% LLU		8.0	100 Mbps VULA[2] 20 Mbps ADSL	+1.1	5.5	200 Mbps VULA[2] 20 Mbps ADSL	20% LLU
45% Wholesale	BSA	12.0	20 Mbps	-1.5	9.0	20 Mbps	30% Wholesale

CB evolution (k)

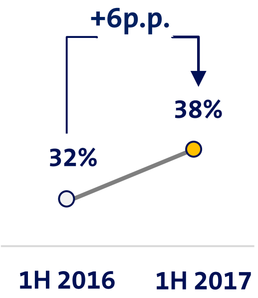
FASTWEB BB CUSTOMER BASE



FASTWEB UBB CUSTOMER BASE



FASTWEB UBB PENETRATION ON TOTAL BB



The highest UBB penetration in the Italian market

[1]Addressable market equals 27.5mn HHs and business sites (net of digital divide) [2]VULA is TIM wholesale UBB services

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Fastweb - Mobile performance (1/2)

Following 4G launch in January, new distinctive mobile portfolio launched in May

New marketing approach

Simple
- Only 4 tariff plans

Transparent
- No hidden charges
- No duration constraints
- 2 EUR for extra Giga

Unlimited
- Unlimited Giga (under Wi-Fi outdoor coverage)
- International calls included

New tariff plans

	Mobile 100	Mobile 250	Mobile 500	Mobile Freedom
Price/4 weeks[1]	0.95 EUR	5.95 EUR	5.95 EUR	9.95 EUR
Voice/SMS	100/100	250/250	500/500	Unlimited
Internet 4G	100 MB	6 GB	3 GB	6 GB
WoW-Fi coverage	Unlimited	Unlimited	Unlimited	Unlimited

Best seller

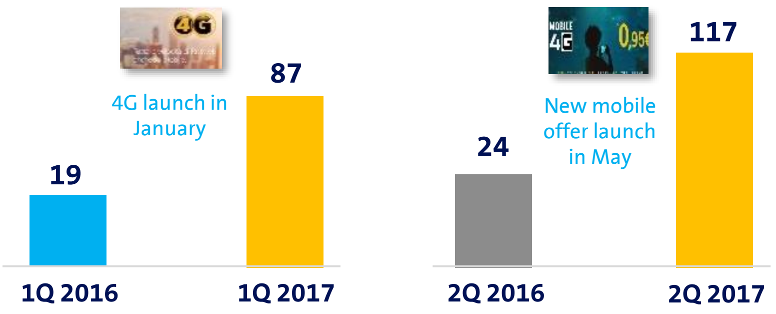
Enabling Fastweb to gain a distinctive position also in mobile

[1] Prices available to Fastweb wireline customers. Prices for mobile only customers are +1 EUR for Mobile 100, +4 EUR for Mobile 250/Mobile 500, +5 EUR for Mobile Freedom

Fastweb - Mobile performance (2/2)

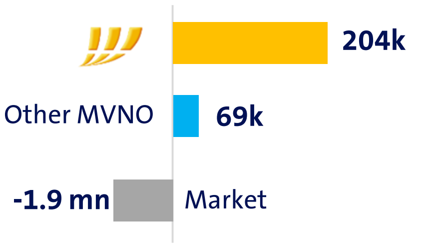
Strong commercial performance coupled to increased brand awareness

Mobile net adds



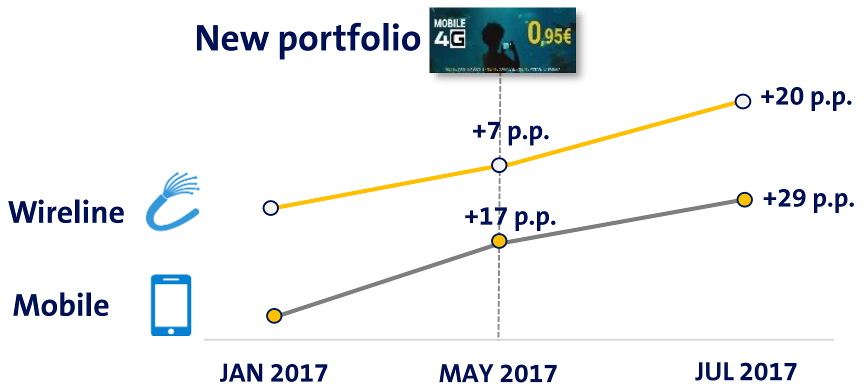
- Significant YoY increase of mobile sales in 1Q thanks to 4G...
- ...and further boost to almost x3 in 2Q thanks to new portfolio

Market mobile net adds 1H 2017 [1]



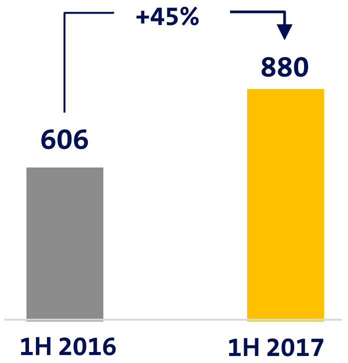
- By far the best performance in the market

Brand awareness evolution since January



- Unaided brand awareness rapidly and steadily increasing
  - Wireline +20 p.p.
  - Mobile +29 p.p.

Mobile customer base (k)



- **1 mn** active mobile customers in sight

Building a convergent customer base, with approx. 80% of SIMs sold to Fastweb wireline customers

[1]Source: Ernst&Young estimates, Fastweb estimates, company reported figures)

Fastweb - Corporate performance

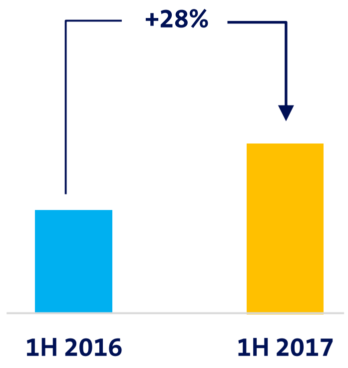
Strong monetisation of public framework contract and solid order intake from private sector

Public Sector

Yielding robust order intake from Public Administrations (also thanks to SPC framework contract for connectivity)

Central and Local PAs

Impact on Order book from PAs



Private Sector

New contracts thanks to a strong commercial performance

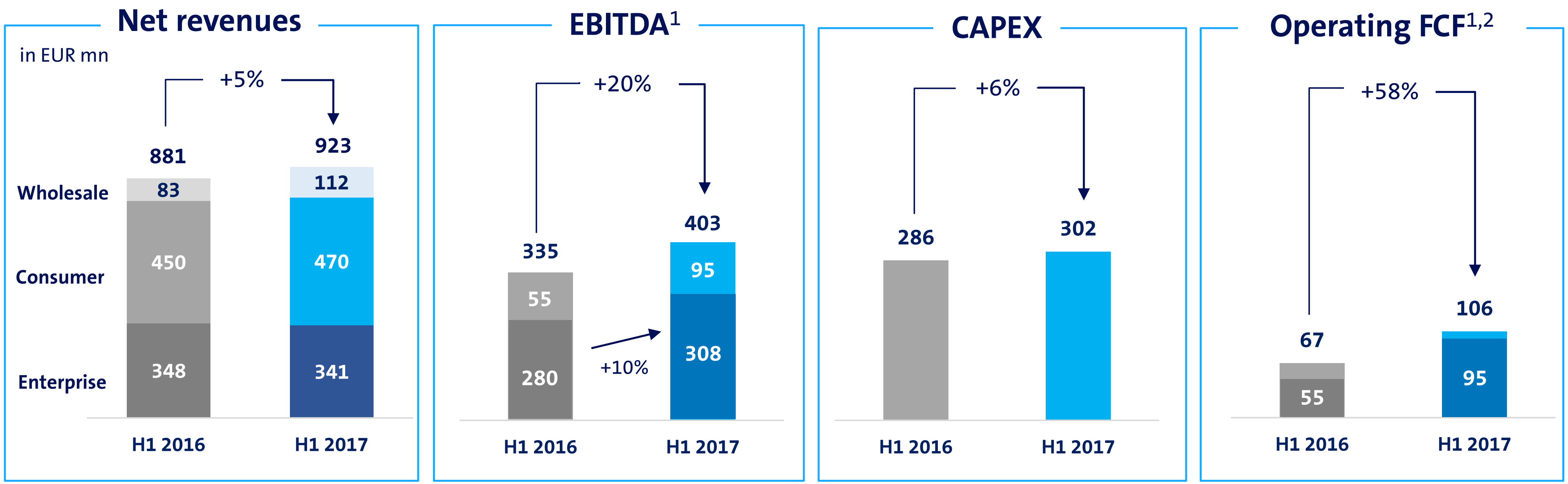
Top Private Corporates

eni
Banco Popolare
Mediobanca
INPS

Yielding 15% YoY order book growth for the corporate business unit in 1H 2017

Fastweb - Financial summary

Growing revenues, EBITDA and operating FCF



- Increase in revenues driven by Wholesale and Consumer segment
- Ordinary EBITDA growth of 10% despite higher commercial costs and higher advertising spending (EBITDA growth of 20% due to extraordinary items)
- 4 weeks billing gradually implemented since May with limited impact in 2Q
- 6% Capex increase driven by access strategy and mobile investments

Strong performance of all financial KPIs further boosted by extraordinary items

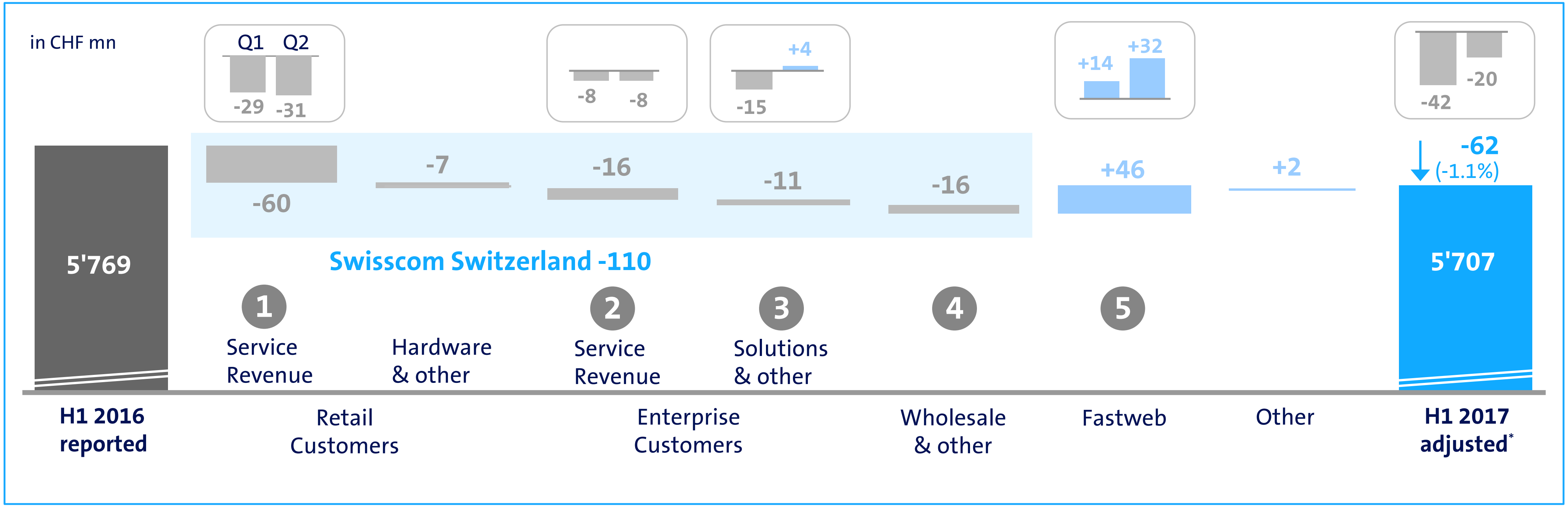
[1] H1 2017 EBITDA increase supported by other income from litigations EUR 95mn, H1 2016 EUR 55mn

[2] Operating FCF (excluding approx. EUR 30mn cash related to financial investments in Tiscali business branch and FlashFiber)

Agenda

Revenue breakdown by segments

Service Revenue puts Swisscom Switzerland under pressure, Fastweb up

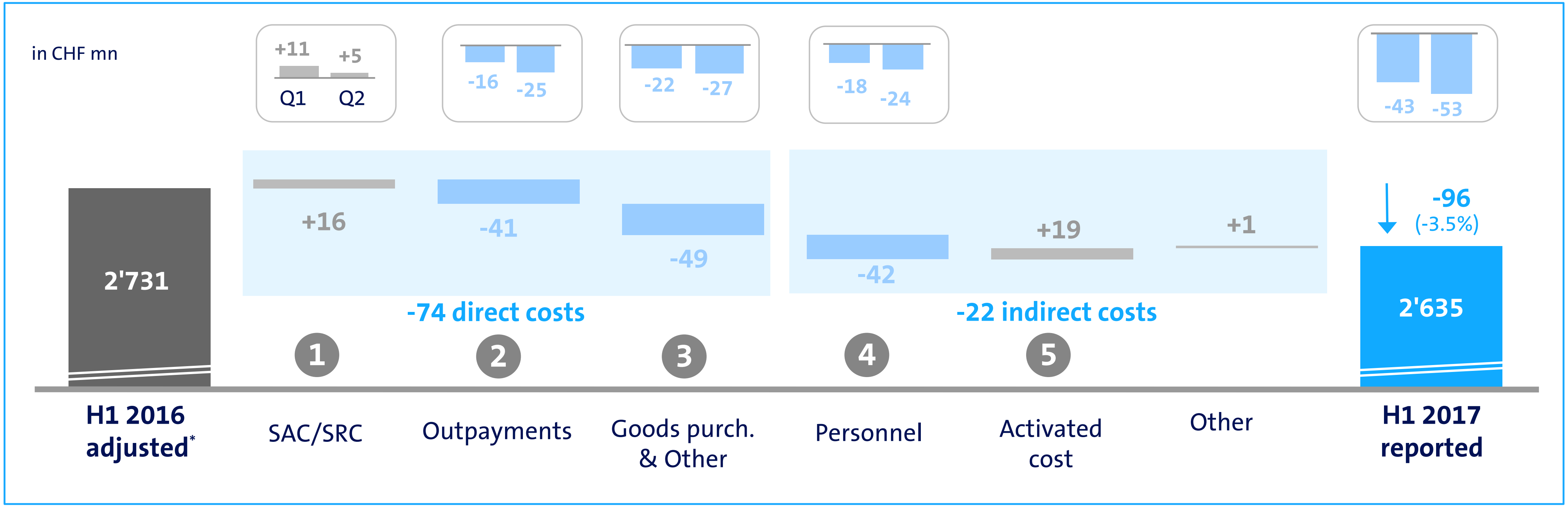


1. Lower subs for voice access lines
   TV with growth and BB RGUs rather flat
   RGU wireless flat due to signs of market saturation
2. Price pressure in wireless and wireline business
3. Solutions and hardware decrease
4. Lower revenue from decrease of MTR rates compensated by higher inbound roaming
5. Fastweb with strong growth due to higher customer base in Consumer segment and cooperation with TIM

* At constant currency rate, excluding change exchange rate (CHF -17mn)

OPEX of Swisscom Switzerland

Operational excellence initiatives with expected impacts to lower OPEX

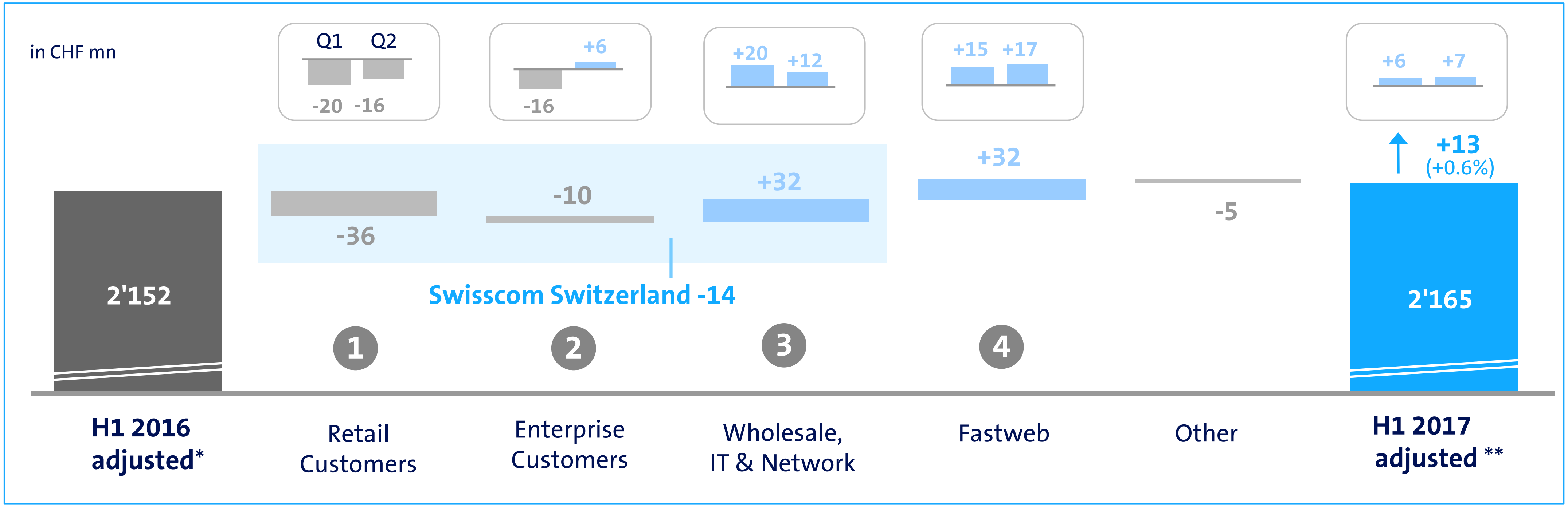


1. SAC/SRC increased due to subsidized UHD boxes, however retention volume for wireless customers decreased
2. Outpayments down primarily due to lower MTR tariffs and international voice termination
3. Decrease driven by lower sales for hardware and solutions business
4. Operational excellence leads to a FTE reduction at Swisscom Switzerland of -801 YoY (o/w -456 in H1 2017)
5. Less activated cost alongside with lower CAPEX

* Excluding gain from sale of real estate (CHF 15mn)

EBITDA breakdown by segments

Cost saving initiatives partly compensate top-line erosion



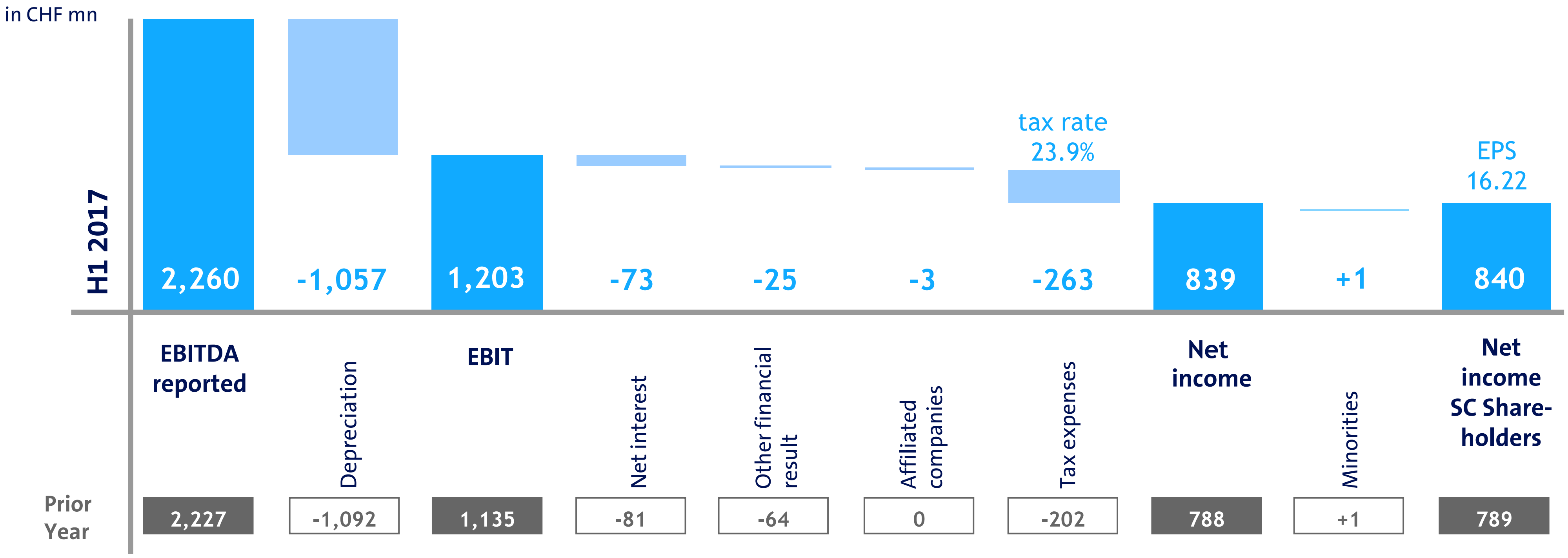
1. Mainly due to lower service revenue and higher SAC/SRC
2. Price pressure in Telco Services and lower Solutions business lead to a decrease in EBITDA, improvement in Q2
3. Increase is supported by higher inbound roaming revenue at Wholesale
4. Fastweb with an increase supported by retroactive change in regulated prices

* 2016 Excluding gain from sale of real estate (CHF 15mn) and other income from litigations at Fastweb (CHF 60mn)

** 2017 At constant currency rate, excluding change exchange rate (CHF -7mn) and other income from litigations at Fastweb (CHF 102mn)

Net income

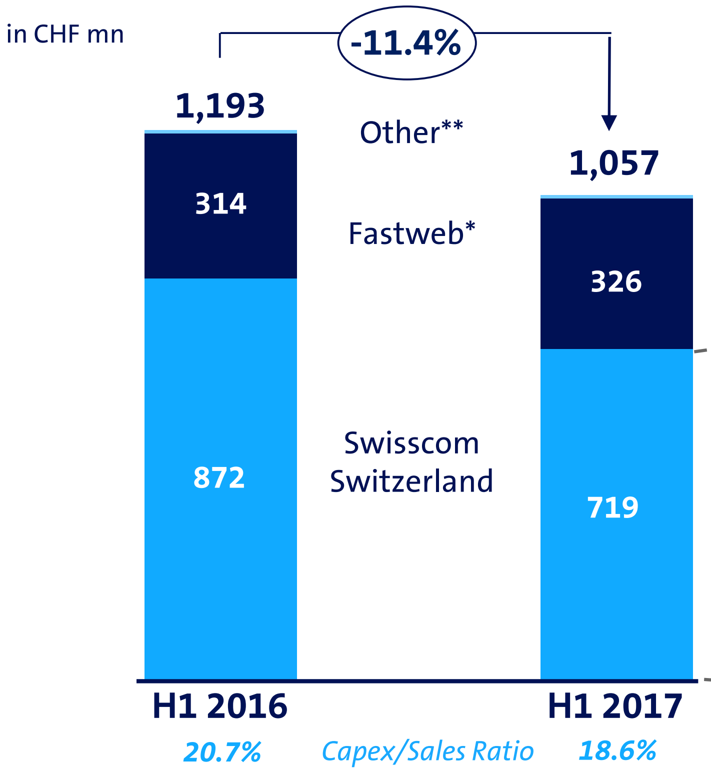
Bottom-line up by 6.5% mainly driven by higher EBIT



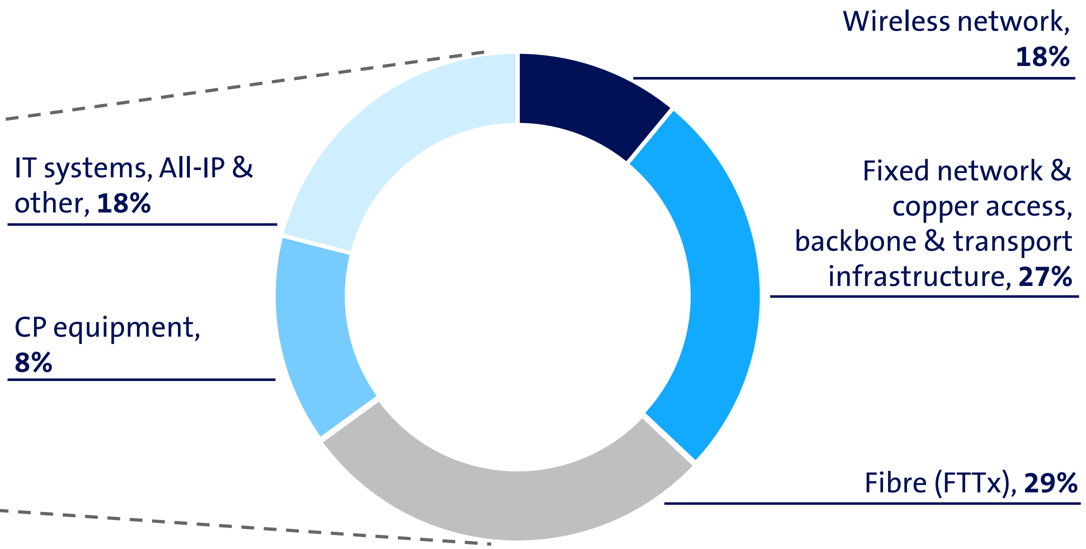
- EBIT up by +6.0% YoY as a result of lower depreciation and higher EBITDA
- Better other financial result due to fair value adjustments of interest rate swaps
- Higher tax expenses because of higher EBT and final tax assessments related to prior years

Capital expenditures

CAPEX lower YoY primarily due to seasonal effects - FY outlook unchanged



CAPEX split – Swisscom Switzerland H1 2017

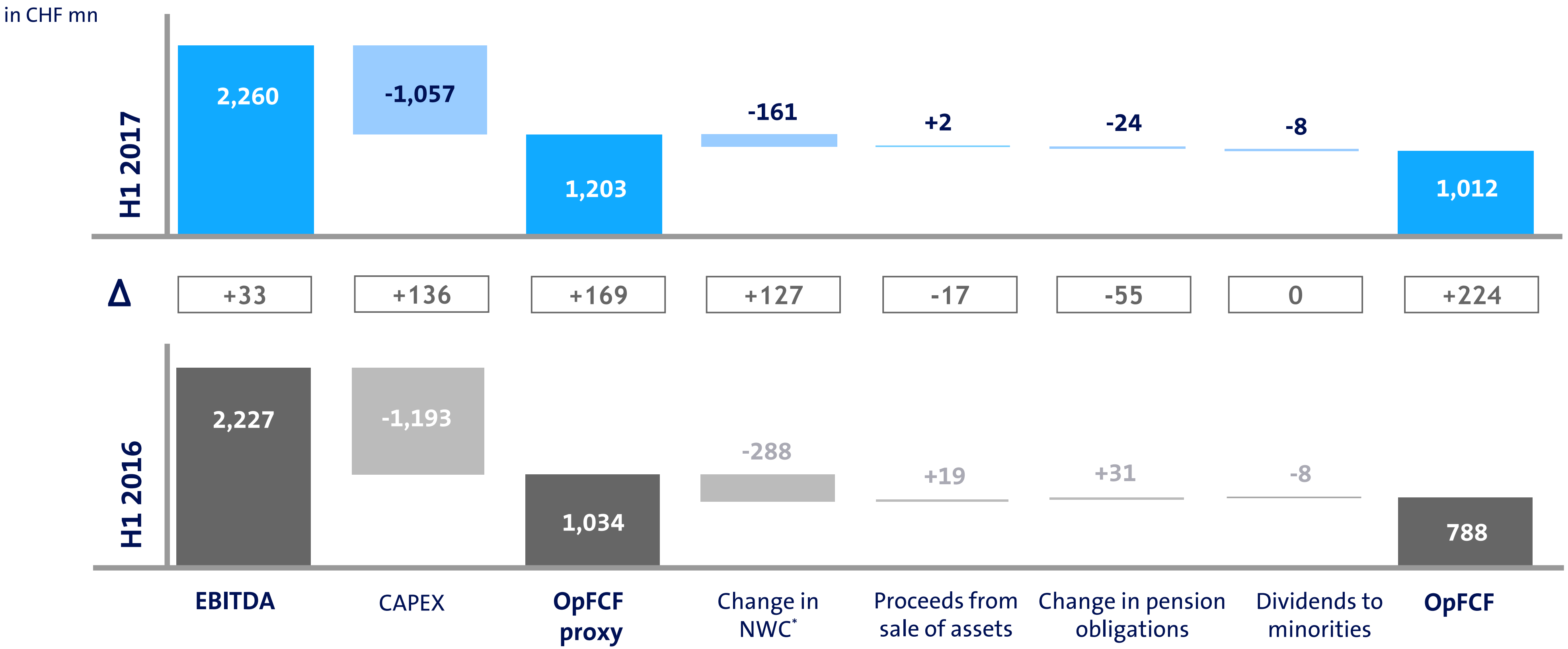


- Swisscom Switzerland with delay in its investment activities - to be compensated in the following months FTTx investment pace unchanged, leading to expected fibre expenses of CHF ~600mn in 2017
- In local currency Fastweb up by 5.6% due to higher customer driven CAPEX

* In local currency in H1 2017: EUR 302mn, in H1 2016: EUR 286mn, ** in H1 2017 CHF 12mn, in H1 2016 CHF 7mn

Operating free cash flow

OpFCF up primarily due to prepayment of the FeAC sanction in Q1 2016 and lower CAPEX level



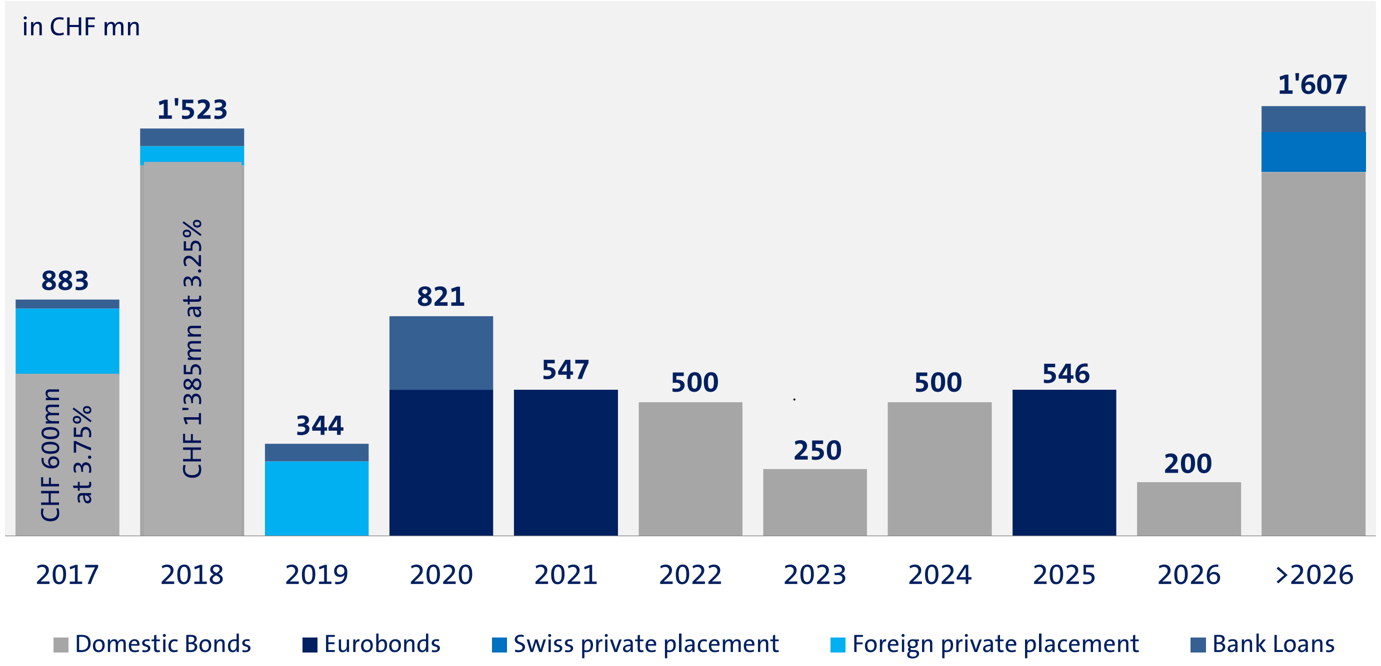
- Prepayment of FeAC** sanction (CHF 186mn) in Q1 2016 led to higher net working capital compared to YE 2015
- In H1 2017 negative change in pension obligations due to an expected extraordinary payment (CHF 50mn)

* Change in net working capital and other cash flow from operating activities, ** Federal Administrative Court

Swisscom's smooth maturity profile

Actively managed with a duration of 4.5 years

Maturity profile after bond settlement as per 30.06.2017 *



- **Successful domestic bond transaction in Q2:**
  - **CHF 350mn** with a **coupon** of **0.375%** and a **maturity** of **10** years
- Signed **EIB loan for Fastweb network:**
  - **EUR 240mn** with a **maturity** of **7 years**
- **1.7%** average interest rate of portfolio (incl. derivatives)
- Active management of interest rate risk within well defined risk limits: **78% fix, 22% floating**

* excl. short-term money market borrowings

Outlook

FY 2017 guidance adjusted due to exceptional income from litigations at Fastweb

in CHF mn	2016 reported	Adjustments	2016 pro forma	Change 2017 Swisscom w/o Fastweb	Change 2017 Fastweb	2017 outlook
Revenue	11'643			< 0	> 0	~ 11'600
EBITDA	4'293	-20*	4'273	~ -100	> 100**	~ 4'300
CAPEX	2'416			< 0	> 0	~ 2'400

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

* Fastweb litigation of CHF -60mn and provisions (for restructuring and other risks) of CHF +40mn
** Incl. other income from litigations at Fastweb of CHF 102mn

swisscom

Agenda

Agenda

Reported vs. comparable revenue and EBITDA

in CHF mn	2016				2017				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue, reported	**2’885**	**2’884**	**2’874**	**3’000**	**2’831**	**2'859**			**-54**	**-25**		
o/w currency effect					-12	-5			-12	-5		
Revenue, comparable change									**-42**	**-20**		
EBITDA, reported	**1’081**	**1’146**	**1'080**	**986**	**1’073**	**1'187**			**-8**	**+41**		
o/w provision for other risks				-20								
Gain from sale of real estate	10	5	1	1					-10	-5		
Restructuring				-20								
Other income from litigations (Fastweb)		60				102				+42		
Currency effect					-4	-3			-4	-3		
EBITDA, comparable change									**+6**	**+7**		

Segment 'Retail Customers'

Net revenue decreased driven by a lower service revenue and lower hardware sales.

Service revenue decreased (-2.8%) due to lower access lines, lower roaming revenue (price decrease data packages, inclusion additional voice and data volumes in infinity price plans) and the abundance of TV activation fees. No compensating effect from RGU base (Sum of RGU 2.0% below prior year level due to decrease in voice lines).

Contribution margin 2 decreased by 1.9%. Lower Service revenue and higher cost for SAC (UHD TV-Box) partly compensated by lower mobile termination fees and lower indirect cost (mainly personnel).

	Q2 2017	Q2/Q2	30.06.2017	YoY
Net revenue in MCHF [1)]	**1'501**	**-3.1%**	**3'018**	**-3.1%**
Direct costs in MCHF	-309	-7.5%	-617	-5.8%
Indirect costs in MCHF [2)]	-282	-2.4%	-560	-3.8%
Contribution margin 2 in MCHF	**910**	**-1.7%**	**1'841**	**-1.9%**
Contribution margin 2 in %	*60.6%*		*61.0%*	
CAPEX in MCHF	41	-24.1%	81	-19.0%
FTE's	-147		5'794	-7.9%
Broadband lines in '000 [3)]	+1		1'951	0.6%
Voice lines in '000 [3)]	-81		1'982	-12.3%
Wireless customers Prepaid in '000	-21		2'018	-4.5%
Wireless customers Postpaid in '000 [3)]	+5		3'311	1.3%
Blended wireless ARPU MO in CHF	37	0.0%	37	0.0%
TV subs in '000 [3)]	+9		1'447	7.1%

1) incl. intersegment revenues
2) incl. capitalised costs and other income
3) sum of single play and bundles

Segment 'Enterprise Customers'

Net revenue down -2.7%, decrease in service revenue due to price erosion, solutions revenue also report a decrease.

Service revenue (-2.1%) impacted by price pressure.

Solutions revenue down primarily due to UCC and Workplace business with customer- and project-driven patterns. However Q2 shows improvement.

Contribution margin 2 decreased by 2.3%, lower cost partly compensate lower revenue.

	Q2 2017	Q2/Q2	30.06.2017	YoY
Net revenue in MCHF [1]	**626**	**-0.8%**	**1'238**	**-2.7%**
Direct costs in MCHF	-174	-5.9%	-354	-6.3%
Indirect costs in MCHF [2]	-237	0.0%	-468	-0.2%
Contribution margin 2 in MCHF	**215**	**2.9%**	**416**	**-2.3%**
Contribution margin 2 in %	*34.3%*		*33.6%*	
CAPEX in MCHF	17	-50.0%	37	-42.2%
FTE's	-49		4'612	-2.3%
Broadband lines in '000	+0		38	0.0%
Voice lines in '000	-8		226	-12.4%
Wireless customers in '000	+4		1'260	1.4%
Blended wireless ARPU MO in CHF	33	-5.7%	32	-8.6%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Segment 'Wholesale'

Revenue from external customers down 4.9%. Lower revenue from lower mobile termination fees partly compensated by higher inbound roaming volumes.

Intersegment revenue down as lower outpayments (lower termination fees) are invoiced to the customer units.

	Q2 2017	Q2/Q2	30.06.2017	YoY
External revenue in MCHF	135	-8.8%	273	-4.9%
Intersegment revenue in MCHF	80	-19.2%	148	-16.4%
Net revenue in MCHF	**215**	**-13.0%**	**421**	**-9.3%**
Direct costs in MCHF	-109	-24.8%	-206	-22.8%
Indirect costs in MCHF [1)]	-3	n.m.	-8	n.m.
Contribution margin 2 in MCHF	**103**	**6.2%**	**207**	**10.1%**
Contribution margin 2 in %	*47.9%*		*49.2%*	
CAPEX in MCHF	-		-	
FTE's	+0		86	-5.5%
Full access lines in '000	-4		116	-7.2%
BB (wholesale) lines in '000	+17		402	17.5%

1) incl. capitalised costs and other income

Segment 'IT, Network and Infrastructure'

Indirect cost below prior year level (-2.5%) driven by lower cost for personnel and external employees.

Capitalised costs and other income down due to lower gain from sale of real estate and lower activated cost (alongside with lower CAPEX).

	Q2 2017	Q2/Q2	30.06.2017	YoY
Net revenue in MCHF	**42**	**0.0%**	**84**	**1.2%**
Direct costs in MCHF	-2	-	-6	-
Personnel expenses in MCHF	-199	-5.2%	-417	-3.0%
Rent in MCHF	-51	6.3%	-102	8.5%
Maintenance in MCHF	-44	-2.2%	-85	-2.3%
IT expenses in MCHF	-50	16.3%	-97	10.2%
Other OPEX in MCHF	-106	-10.2%	-210	-10.6%
Indirect costs in MCHF	-450	-3.0%	-911	-2.5%
Capitalised costs and other income in MCHF	106	-12.4%	221	-10.5%
Contribution margin 2 in MCHF	**-304**	**-0.3%**	**-612**	**0.3%**
Depreciation, amortisation and impairment in MCHF	-324	6.9%	-639	6.9%
Segment result in MCHF	**-628**	3.3%	**-1'251**	3.6%
CAPEX in MCHF	305	-15.5%	602	-15.0%
FTE's	-103		4'928	-3.8%

Segment 'Fastweb'

Consumer revenue up by 4.4% YOY. ARPU decrease of around -4% overcompensated by the increase in customer base.

Wholesale revenue up by 34.9% YOY due to a commercial agreement with Telecom Italia related to the fibre rollout.

EBITDA up by 20.3% YOY, including an income from a settlement of a legal dispute of EUR 95 million (EUR 55mn in previous year).

On a comparable basis EBITDA up by +10.0%, driven by the revenue increase and retroactive lower prices for purchased wholesale products.

	Q2 2017	Q2/Q2	30.06.2017	YoY
Consumer revenue in MEUR	238	4.8%	470	4.4%
Enterprise revenue in MEUR	173	-2.3%	341	-2.0%
Wholesale revenue in MEUR [1)]	59	59.5%	112	34.9%
Net revenue in MEUR [1)]	**470**	**6.6%**	**923**	**4.8%**
OPEX in MEUR [2)]	-212	-10.5%	-520	-4.8%
EBITDA in MEUR	**258**	**26.5%**	**403**	**20.3%**
EBITDA margin in %	*54.9%*		*43.7%*	
CAPEX in MEUR	147	11.4%	302	5.6%
FTE's	-9		2'494	3.0%
BB customers in '000	+11		2'411	6.8%
Wireless customers in '000	+117		880	45.2%
In consolidated Swisscom accounts				
EBITDA in MCHF	279	25.1%	434	18.3%
CAPEX in MCHF	161	11.0%	326	3.8%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income

Segment 'Other'

Net revenue up by 8.8% YoY due to higher revenue at Cablex for construction services for Swisscom Switzerland.

EBITDA on previous year level.

	Q2 2017	Q2/Q2	30.06.2017	YoY
External revenue in MCHF	129	-1.5%	251	0.0%
Net revenue in MCHF [1)]	**210**	**7.7%**	**397**	**8.8%**
OPEX in MCHF [2)]	-170	14.1%	-317	11.2%
EBITDA in MCHF	**40**	**-13.0%**	**80**	**0.0%**
EBITDA margin in %	*19.0%*		*20.2%*	
CAPEX in MCHF	13	30.0%	24	41.2%
FTE's	+10		2'585	3.8%

1) incl. intersegment revenues
2) incl. capitalised costs and other income

RGUs – Single Play and Bundles

Retail Customers
YTD, (Change to 30.06.2016 in brackets)

Access Lines/Subs/Products (in k)

		TV	Fixed Voice & Access	Broadband	Mobile	Number of products in Bundle	Sum [1)]	Δ
1P	Single Play	33 (-73)	706 (-448)	172 (-253)	4'519 (-231)	1	5'430	(-1'005) (-15.6%)
Bundles	2Play	244 (-37)				2	5'279	(+782) (+17.4%)
	3Play	868 (+12)				3		
	4Play	332 (+13)				4		
	n-Play	335 (+276) all kind of combinations possible				n		
	Revenue Generating Units	1'447 (+96) (+7%)	1'982 (-278) (-12%)	1'951 (+11) (+0.6%)	5'329 (-52) (-1.0%)		10'709	(-223) (-2.0%)

[1)] Sum of RGUs takes into account opt-out volumes

ARPU – Single Play and Bundles

Retail Customers
YTD, (Change to 30.06.2016 in brackets)

ARPU (in CHF)

		TV 1)	Fixed Voice & Access	Broadband 2)	Mobile 3)
1P	Single Play	17 (+4)	49 (+2)	31 (-3)	37 (+0)
Bundles	2Play	93 (-3)			
	3Play	120 (-9)			
	4Play	170 (-22)			
	n-Play	n/m			
Total weighted average		42 (-0)			

1) ARPU base fee 2) ARPU excl. business networks 3) ARPU excl. mobile termination

Revenues (RGU x ARPU) – Single Play and Bundles

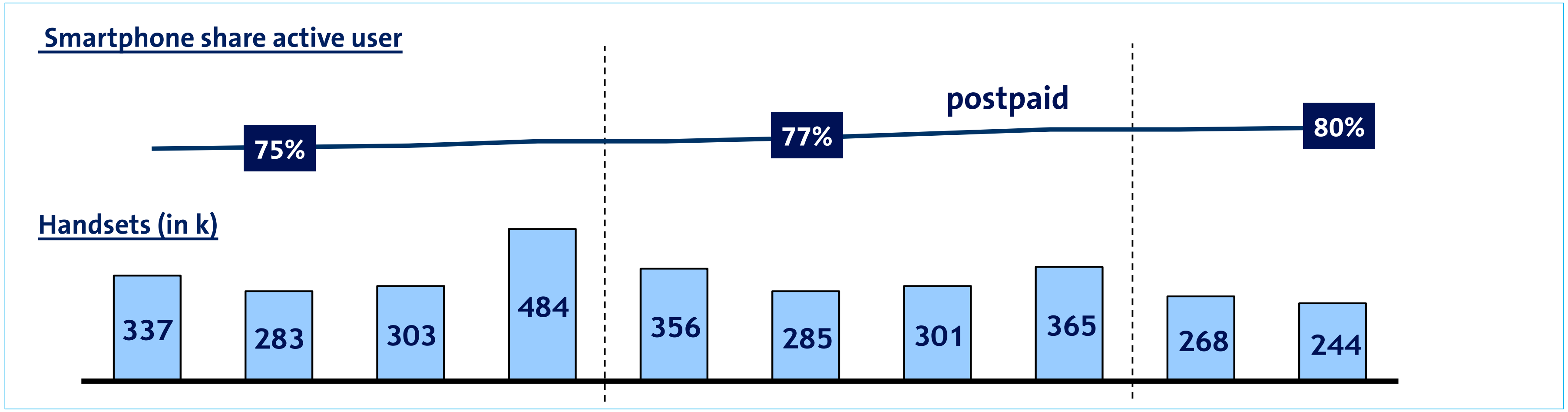
Retail Customers
YTD, (Change to 30.06.2016 in brackets)

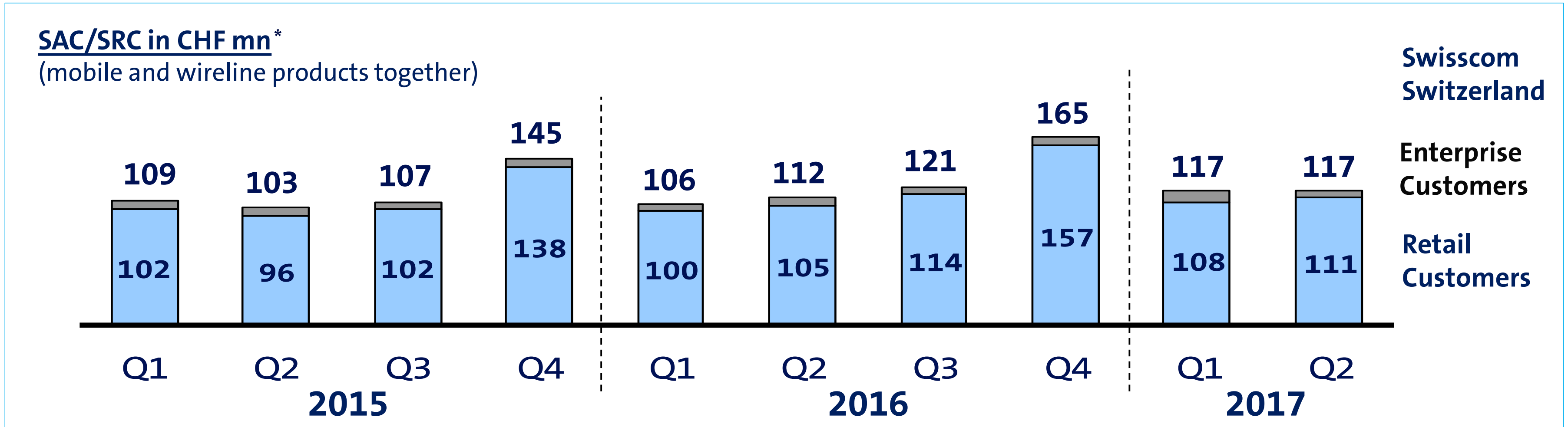
Net revenues (in CHF mn)

		TV	Fixed Voice & Access	Broadband	Mobile	Sum	Δ
1P	Single Play	19 (-6)	238 (-109)	76 (-57) [1)]	1'001 (-41)	1'334	(-213) (-13.8%)
Bundles	2Play	144 (-16)				1'363	(+153) (+12.6%)
	3Play	667 (+31)					
	4Play	383 (+22)					
	n-Play	169 (+116)					
Net Revenue 1P + Bundles						2'697	(-60) (-2.2%)

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

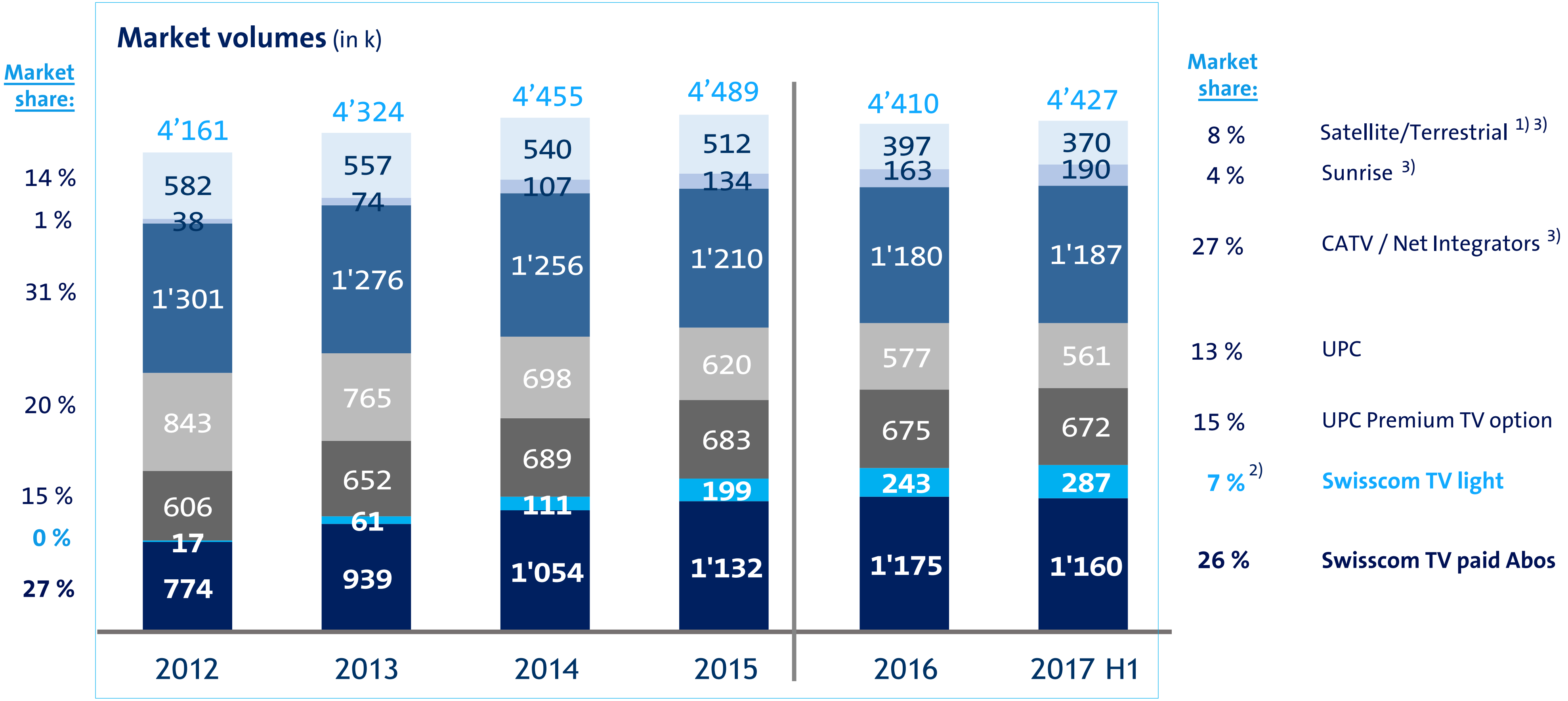
Handsets and SAC/SRC





*excluding intercompany SAC/SRC

TV market in Switzerland



1) Time series modified
2) Figures (2016 and Q2 2017) and Market share exclude non-active TV light customers
3) Estimates for Q2 2017

Cautionary statement

Regarding forward-looking statements

- “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.
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