

Investor & Analyst Presentation

Final(Iy)^{*}

Zürich, 5 February 2015

* growth in local currency



Agenda - Final(ly)*

		slide #
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* *Finally growth: Swisscom had returned to growth in 2014, both on top line and on profitability. Final growth?: If the exchange rate is to stay this strong, growth is final: 2015 in Swiss Francs will show a decline chiefly caused by the strengthening of the Franc. Free cash flow will however not be impacted materially (and may start growing again medium term thanks to lower CAPEX from foreign purchases....)*

1. Trends

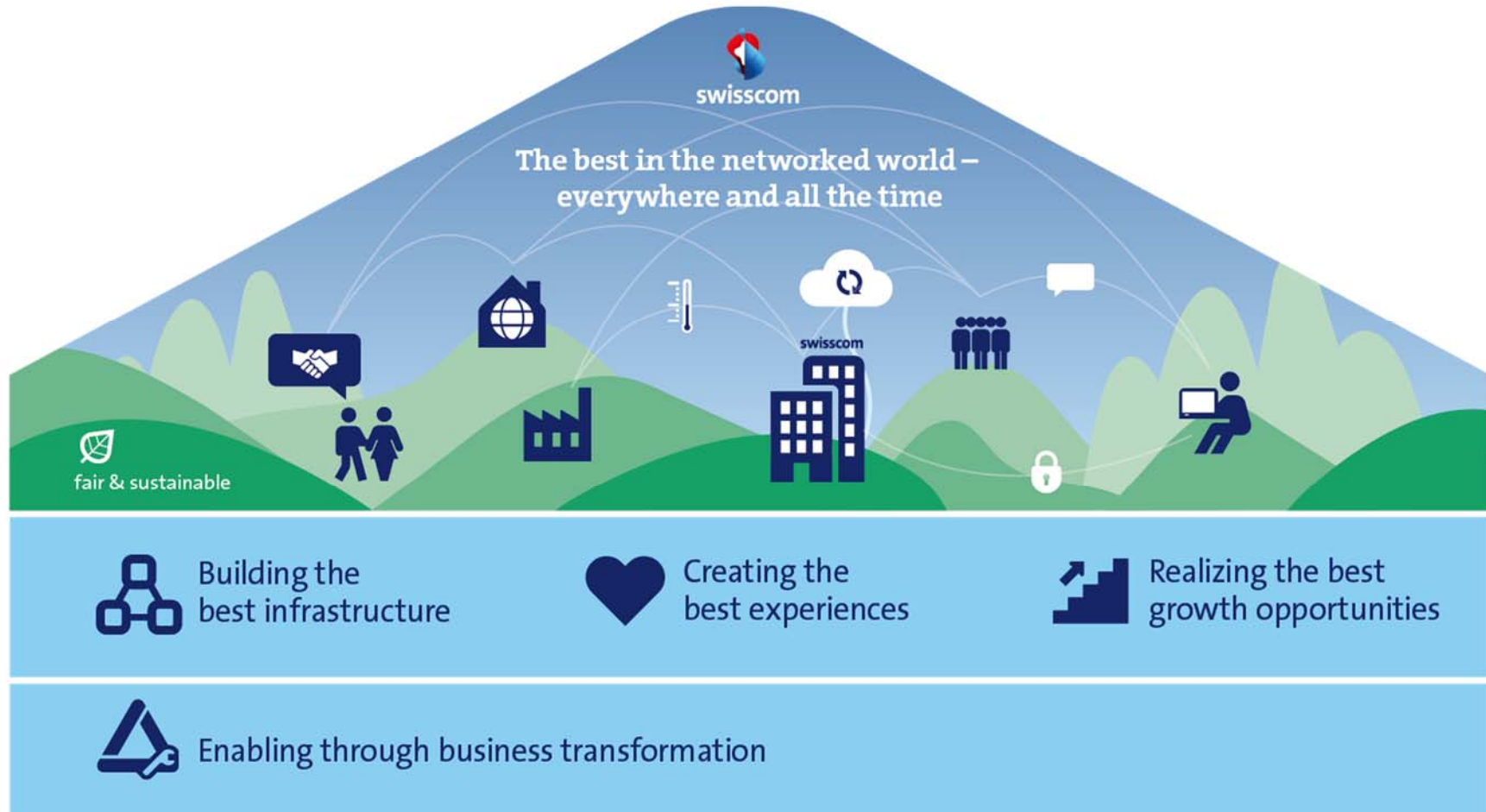
Martin Vögeli
CSO Swisscom

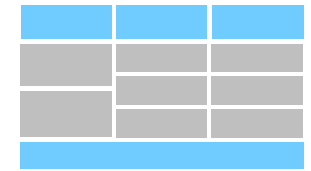






2. Strategy

Urs Schaeppi
CEO Swisscom



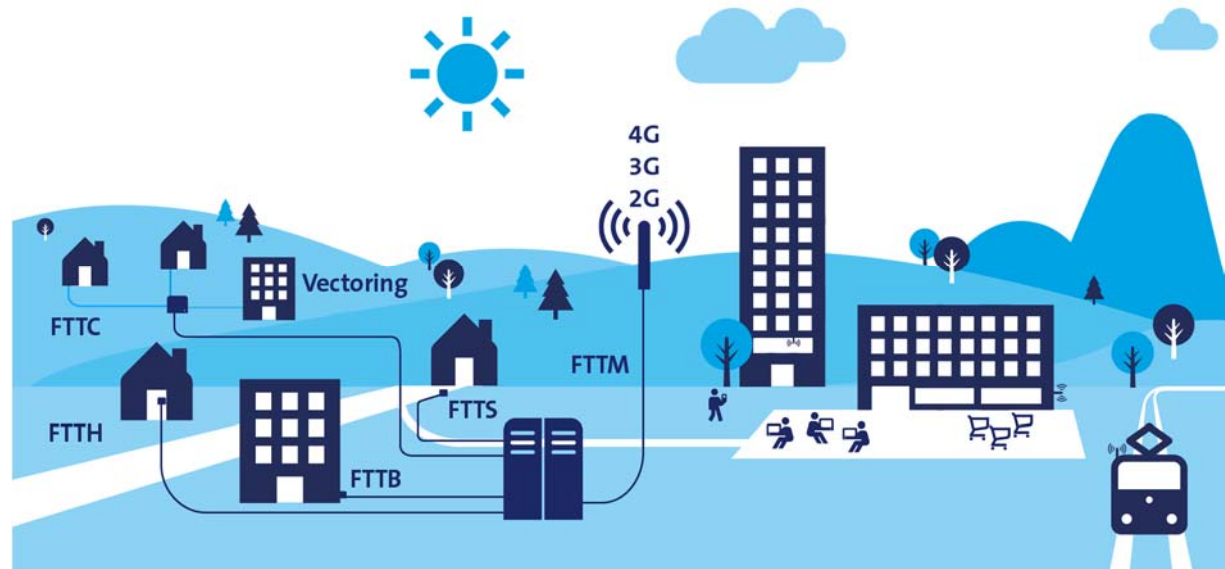
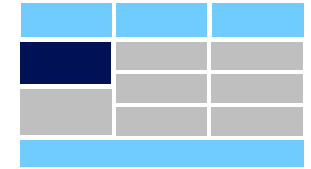




 Building the best infrastructure	 Creating the best experiences	 Realizing the best growth opportunities
Ultra broadband We are building the leading communication and IT networks	Internet Services We promote digitization and linking-up of business & society	Bundles We grow our core business
Cloud We virtualize infrastructure and services	Enabling Services We enable Internet Services	Verticals We expand our value creation
	Customer Services We inspire our customers with simplicity & create deep bonds	Fastweb We develop our participations
 Transformation accompanies the change regarding people, business models and technology		

Best infrastructure - ultra broadband

Ubiquitous wireless broadband and fiber for Swiss homes and businesses



Wireless

- > 4G: 97% of Swiss population
- > 3G: 99% of Swiss population
- > 2G: 99.8% of Swiss population

Goal 2016:

- > 99% of population have access to download speeds of up to 150 Mbit/s

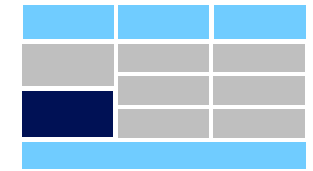
Wireline

- > Ultra broadband connections: > 1.4 m homes & businesses
- > Swisscom TV > 92% homes & businesses
- > Swisscom TV HD-quality > 88% homes & businesses

Goal 2020: 85% UBB coverage (>100 Mbit/s)

Best infrastructure - Cloud

Cloud as prime enabler of future services



Swisscom Cloud

Shared / Public



Private



Hybrid



including



Scale, security, ...



Support



Location CH,
International
Services



Internal production Cloud

- > Cost efficient
- > Flexible & scalable
- > Fast time to market

Swisscom Cloud services

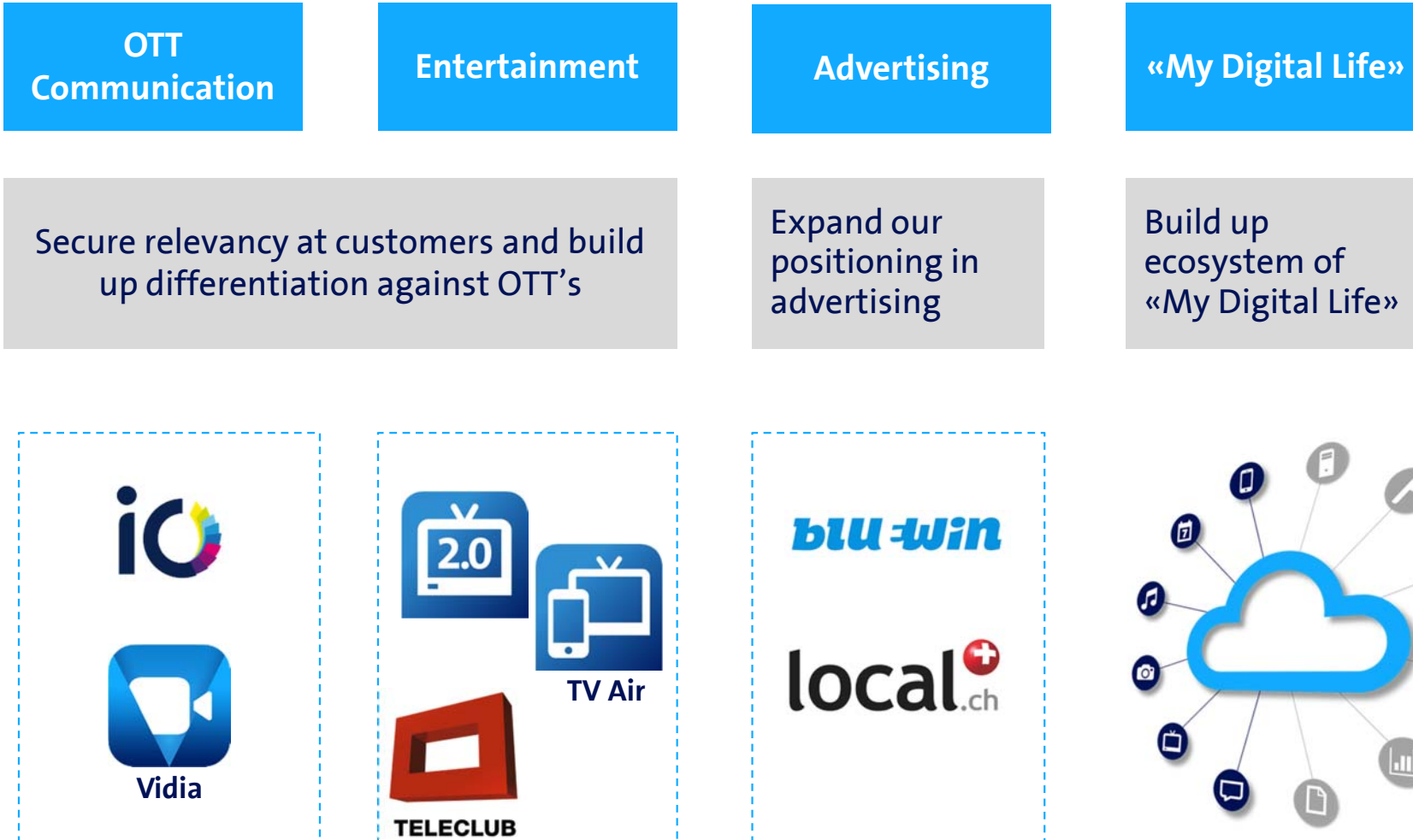
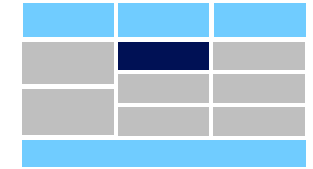
- > Cloud Infrastructure IaaS
- > SaaS offers for residential and business customers

Cloud platform for partner

- > API's, Application Cloud (PaaS)
- > Ecosystem for developer & partner with (B2)B2C services

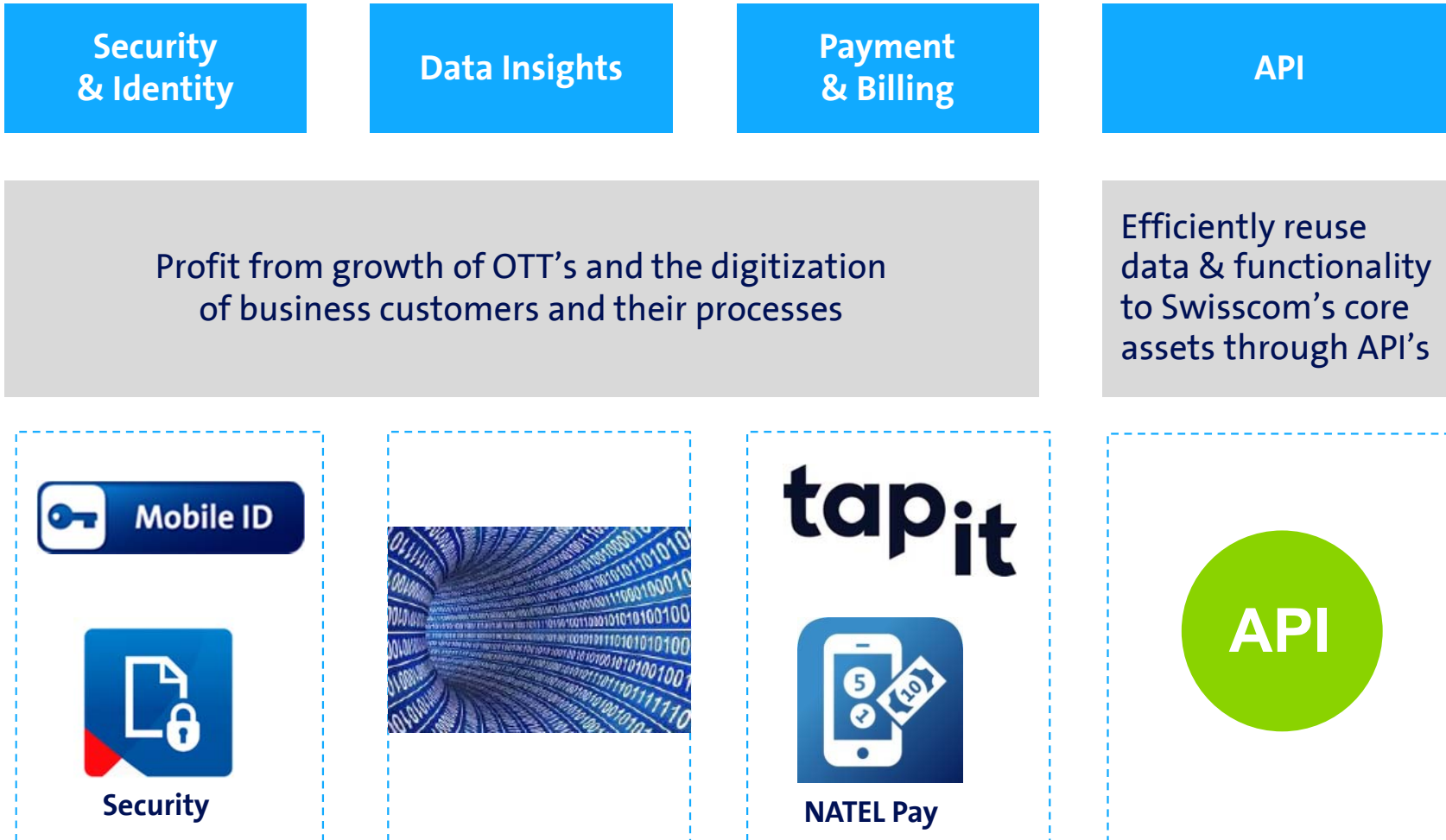
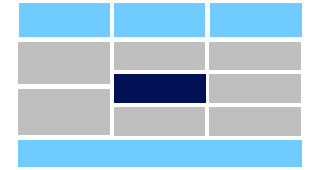
Best Experience - Internet Services

Swisscom best positioned with comprehensive set of services



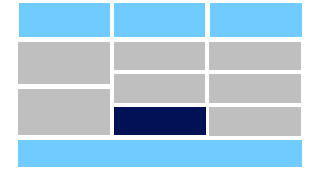
Best Experience - Enabling Services

Enabling Services support the provision of internet services



Customer Services

We inspire our customers with simplicity and create deep bonds



Best People Roadmap

- > Recruiting
- > Dialog mediation
- > Skill development
- > Human Centric Design

Dynamic and individual customer support

- > Enhancement of My Service
- > New paid premium services
- > *Online First* and *Premium* with additional support elements like 'case manager'

Redesign core processes

- > In-shop customer support
- > Sales to activation redesign
- > Optimized online experience
- > Integrated online support elements (chat, co-browsing)

Best People & Methods



Simple Processes

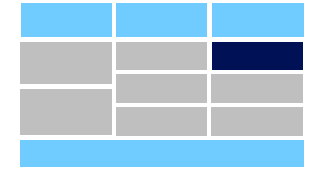


Inspiring new customer services



Exploit growth potential - Bundles

Bundles will strengthen the core business even more in the future



Residential Convergent & Wireline

Consolidate and enhance bundle portfolio



Establish and enhance new Vivo portfolio



Expand advance in TV2.0



Facilitate easier internet access



New telephony experiences

Residential Wireless

Strengthen the mobile portfolio and realize revenue growth



Secure market share and revenue



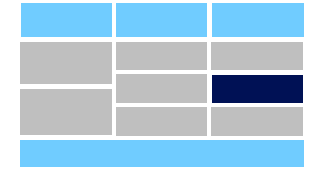
Provide best roaming experience and transfer revenues into flat rates



Develop new revenue segments by exploiting opportunities such as MyDigitalLife and Internet of Things

Exploit growth potential - Verticals

Expansion of position in Banking, build-up and growth in eHealth & Energy Services



Banking

- > Banking Business Services (BPO)
- > Platform Services
- > Business Platform – Banking-as-a-Service
- > Back Office Solutions
- > Front Solutions

eHealth

- > Software & Networking
- > Billing & Consulting
- > Operation & Collaboration
- > Fit & healthy

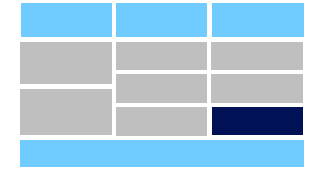







Energy

- > Storage of energy via heating system
- > Grid balancing energy
- > Home automation

Exploit growth potential - Participations

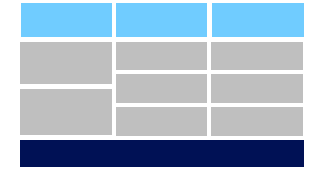
Fastweb well under way



	Strategy		Achievements
	Maintain Market Leadership	>	First operator after incumbent with strong position in business market
	Maintain Network & Fiber Leadership	>	Large build out of new generation network
	Increase Scale with Partnerships	>	Material growth of customer base with Sky
	Improve overall Service Quality	>	Net promoter score excels with corporate and medium businesses
	Provide value by delivering results	>	Revenue and EBITDA growing

Transformation

Securing a sustainable future by transforming people, technologies and business models



Our organizational change

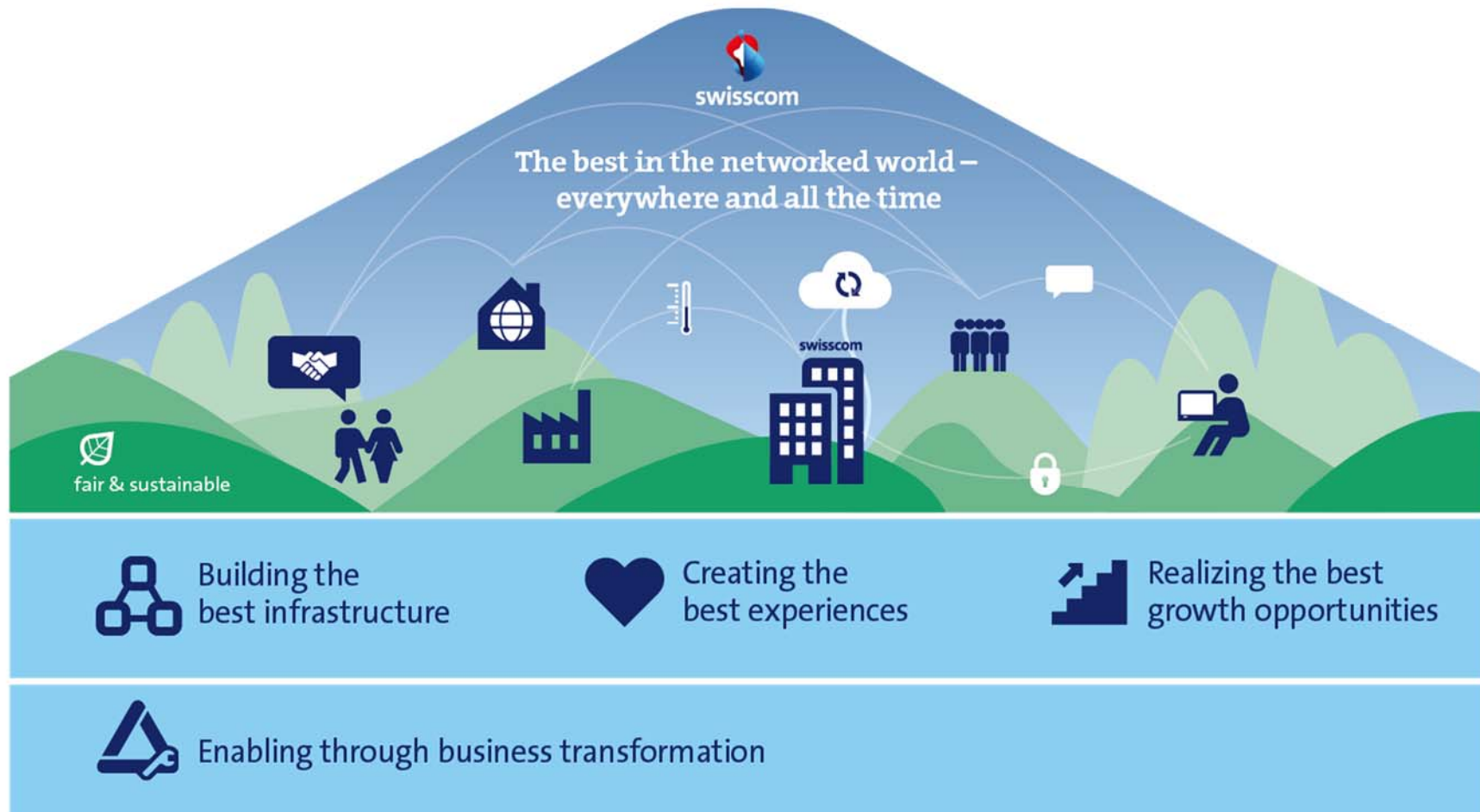
- > Simplicity & customer focus
- > Skills and culture of innovation
- > New business models
- > Agility, flexibility and learning aptitude

Our technological change

- > Modern, efficient and effective infrastructure
- > Central enabler of the digital world
- > Verticals for customer centric digitization approach

Be prepared for a sustainable future

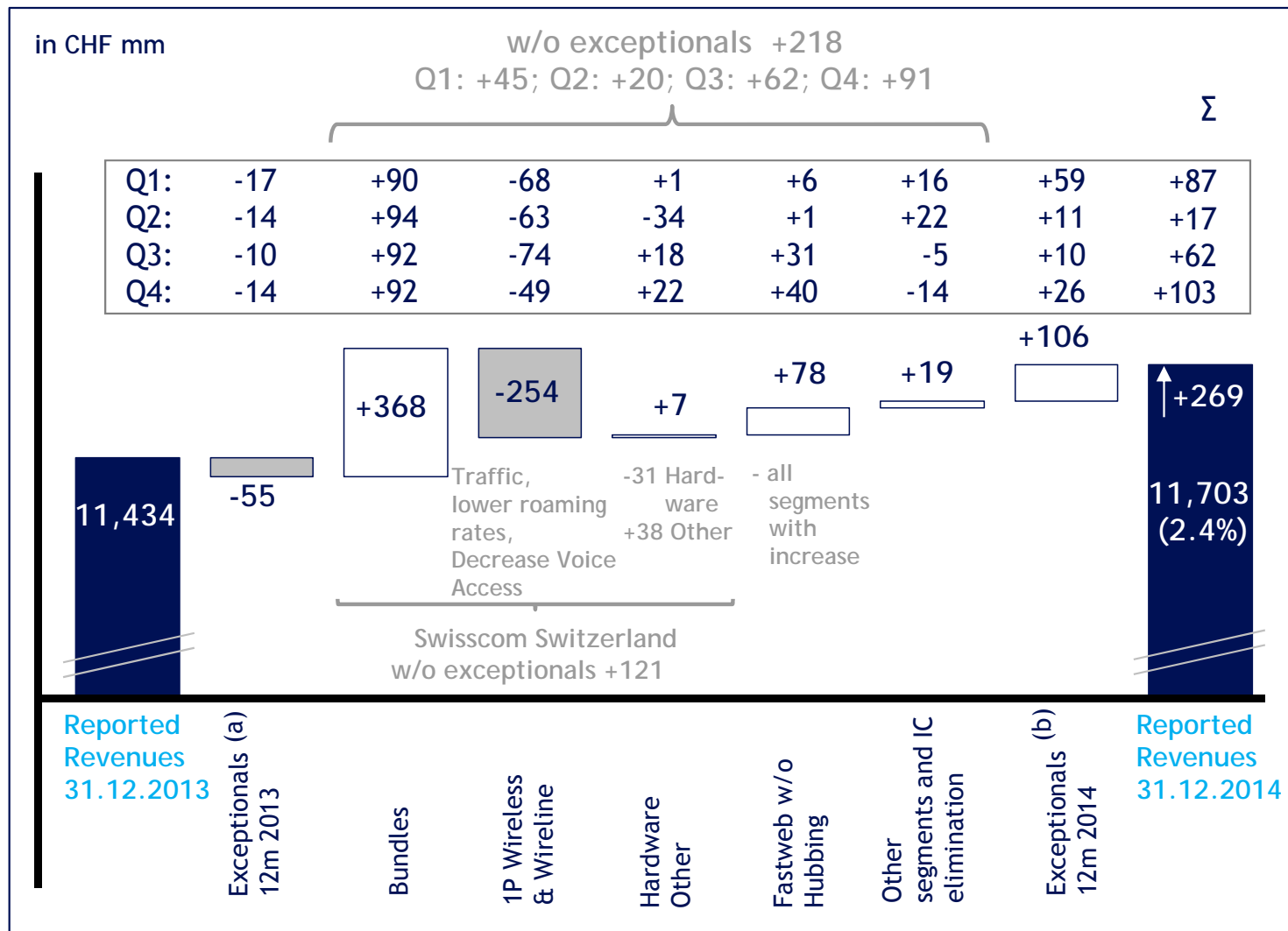
- > Active management of the **transformation** taking place, regarding people, technologies, business models
- > Increase of efficiency, flexibility and faster time to market by transforming to All IP and phasing out TDM.
Ambition: complete TDM migration YE 2017



Revenue dynamics 2014

Without FX, hubbing and M&A effects, revenue went up CHF 218mm YOY (1.9%).

Underlying top-line of Fastweb went up by CHF 78mm YOY, all segments with increase.



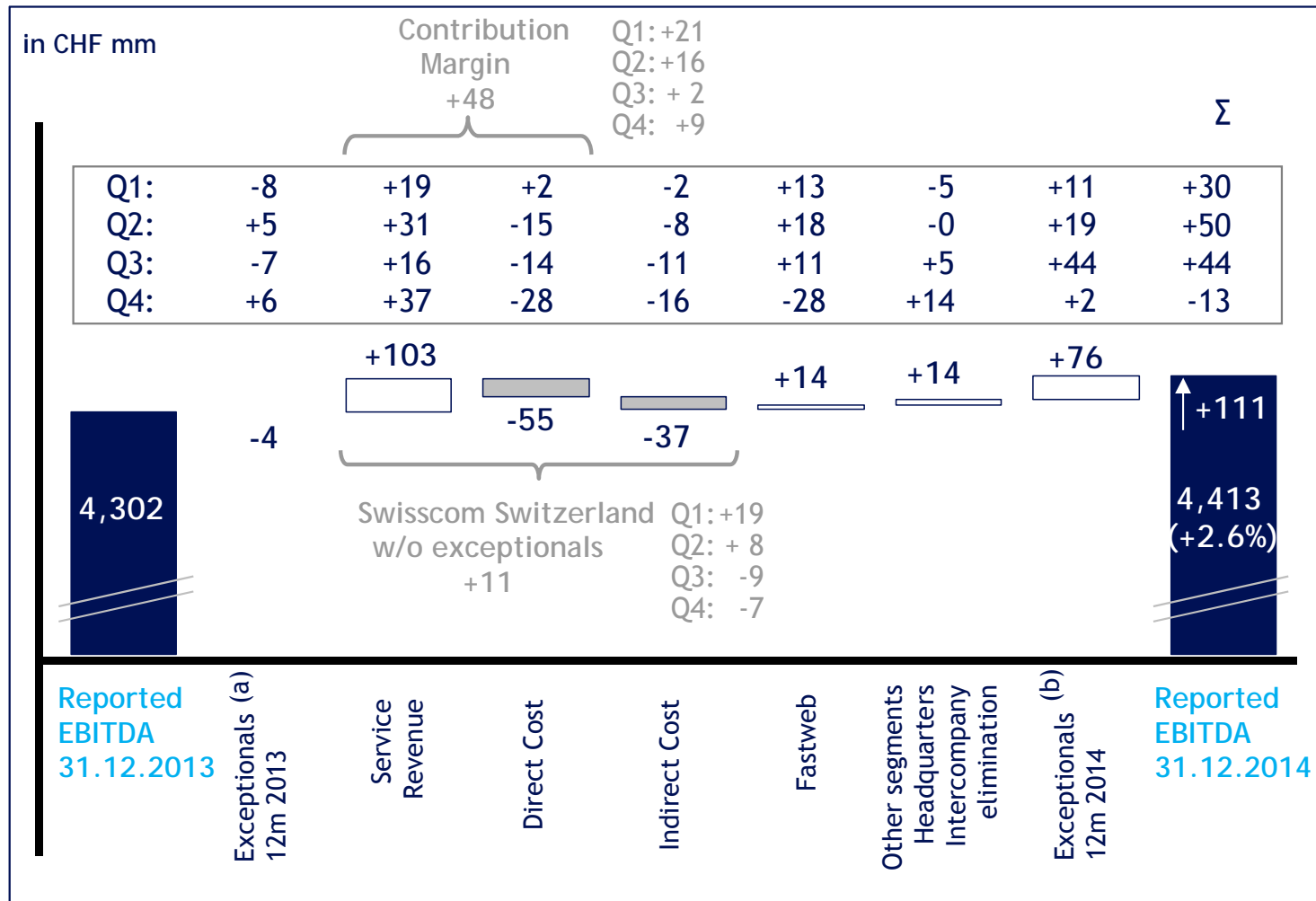
(a) Hubbing Fastweb (CHF -55mm)

(b) M&A (CHF +100mm), Hubbing Fastweb (CHF +34mm), change exchange rate (CHF -28mm, weakening of Euro against Swiss Franc of 1.4%)

EBITDA breakdown 2014

EBITDA up CHF 111mm, w/o exceptionals up CHF 39mm YOY.

EBITDA of Swisscom Switzerland w/o exceptionals up CHF 11mm.



(a) Release of provisions restructuring (CHF -4mm)

(b) M&A (CHF +21mm), additional gain on sale of real estate (+50mm), lower Pension cost (+14mm), change exchange rate (CHF -9mm, weakening of Euro against Swiss Franc of 1.4%).

3. Commercial performance & plans

Marc Werner
Head of Residential Customers
Swisscom

Agenda

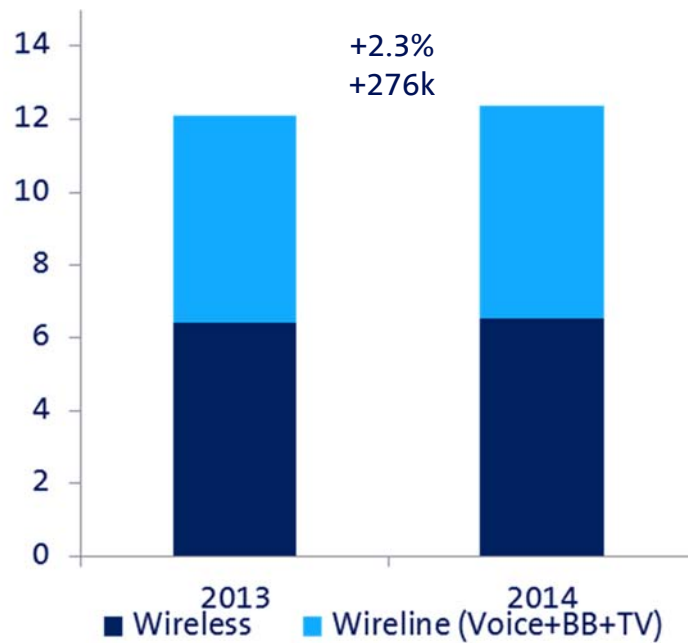
- > Bundling focus and investment in networks and touch point excellence pay off
- > Future growth from continued value focus, tariff innovation and cost excellence

Bundling focus and investments pays off

Positive development regarding RGUs and market share continues in 2014

Continued RGU Growth (+2.3% YOY)

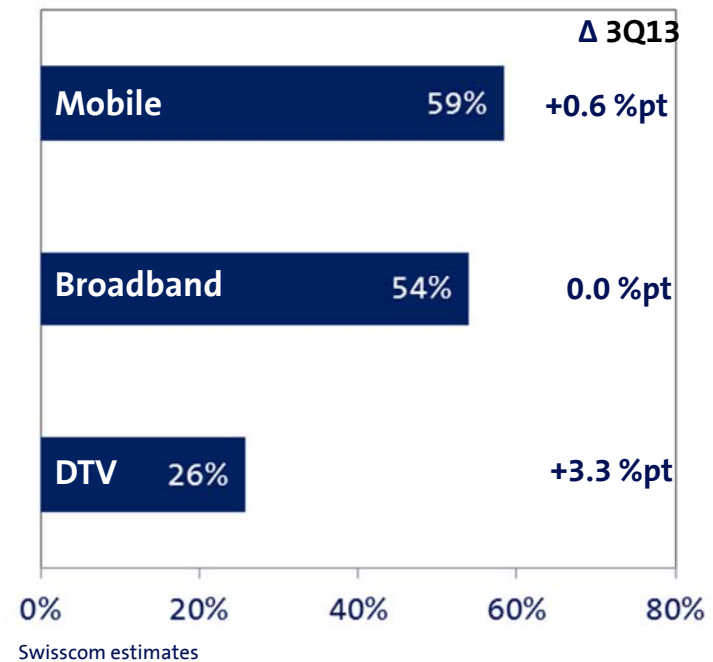
Wireless & Wireline RGUs (millions)



- Wireless RGUs increased by 133k (+2.1%)
- Wireline RGUs increased by 143k (+2.5%)

Growing or stable market shares

Swisscom Market Shares 3Q14 (%)



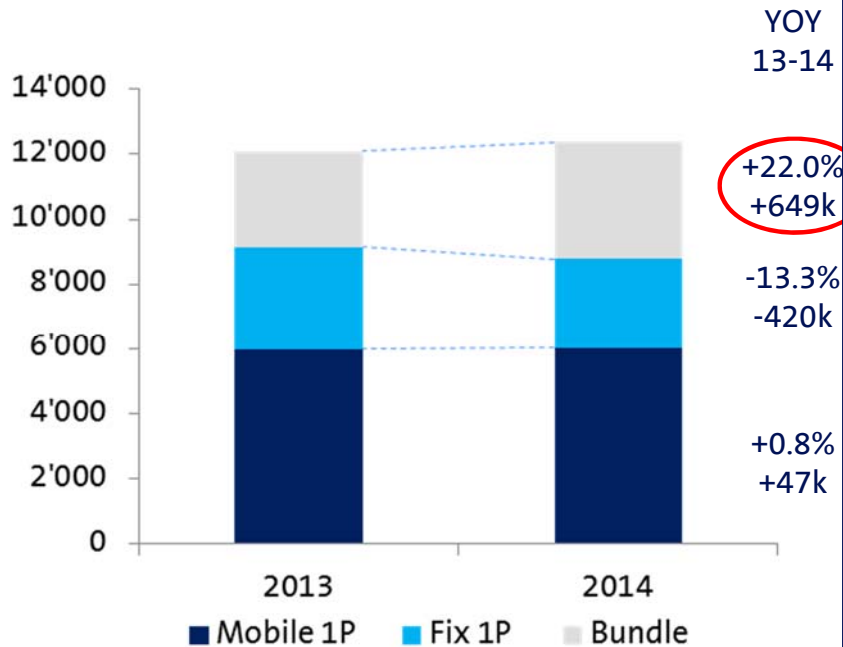
- Market share gains in Mobile and DTV
- Growth in high value postpaid by 146k (+3.5%)

Bundling pays off

RGU growth driven by strong bundling performance and growth in mobile. TV with high bundle uptake

Strong bundle growth

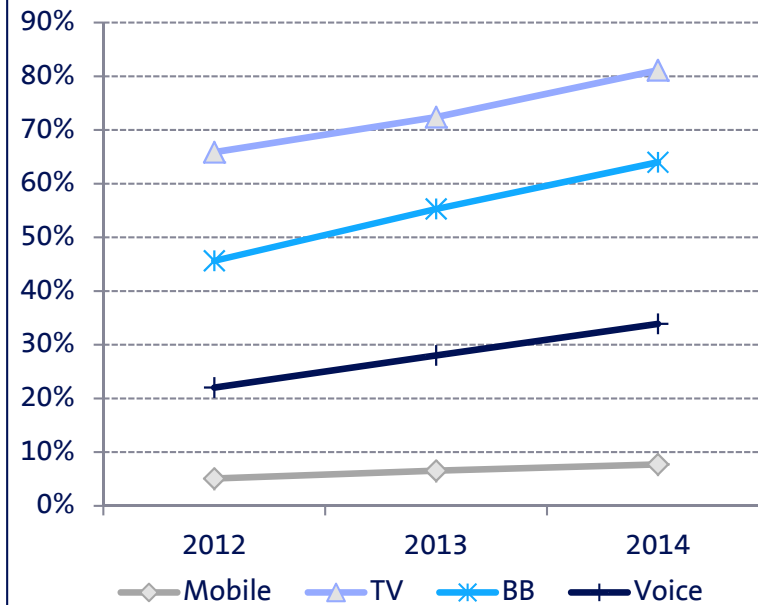
1P & bundle uptake (#k RGUs)



- Bundle RGUs now accounting to 3.6m representing 29% of total RGUs (+4.7pp yoy)
- Bundle growth is driven by TV (approx. 1/3 of bundled RGU growth)

TV and BB increasingly part of bundles

Products sold in form of a bundle (%)



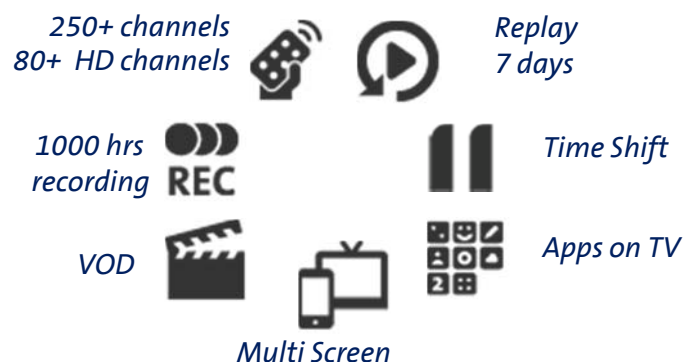
- Positive trend of converting our customer base towards bundles continues in 2014
- TV and broadband remain the key drivers for bundle uptake

TV pays off

New TV propositions sustain RGU growth and increases customer satisfaction

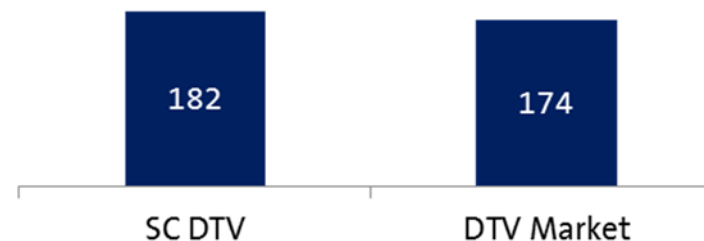
New TV proposition launched in 2014

Key Features



...which sustains market performance

TV net adds (#k, 3Q13 – 3Q14)

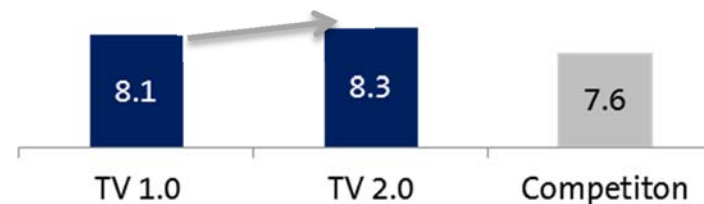


- Swisscom market share net adds >100%
- For paid subscriptions net adds share of 66% (significantly above current market share)

Teleclub Play

- „Swiss“ subscription video on demand (SVoD) service catered to local market needs
- Inventory of 5.000+ movies and series including highlight content such as Breaking Bad, Lost combined with premium Swiss content

Customer Satisfaction (Scale of 1-10 *)



- TV customer satisfaction further improved after TV 2.0 launch

*Market survey (29.Sept. - 07. Nov. 2014). TV2.0 results indicative due to lower sample size as TV2.0 has just been launched. Max score is 10

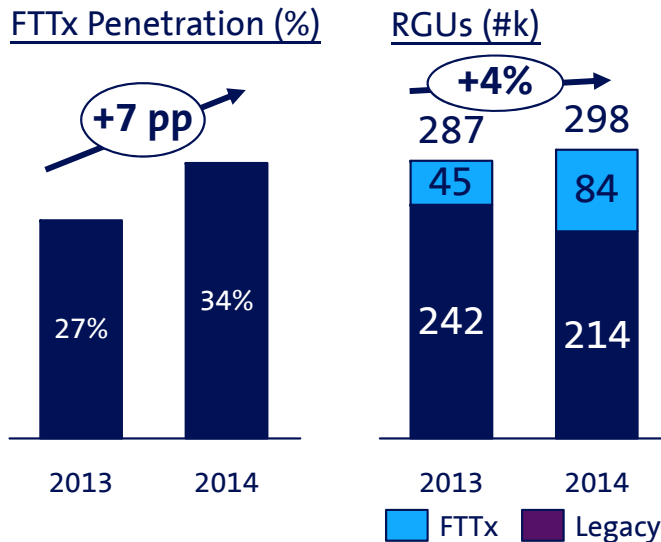
**Basic & Plus customer

Networks Investments pay off

RGU growth and market share gains are made possible by continued investment in network

FTTx investments drive growth

FTTx in Top 8 Swiss cities*



- Strong increase in fiber penetration in cities, more than one third connected already
- In top 8 cities, RGUs continued to grow from 287k to 298k (+4%) driven by strong increase in FTTx subs from 45k to 84k (+87%)

Continued mobile network excellence

Swisscom Connect Network Test (Score**)



- Swisscom 6 x connect test winner in CH; Best network in DACH in 2014 test
- 97% LTE pop coverage; 99% planned for 2016
- LTE-A (300Mbit/s) in summer 2014 and testing 450 Mbit/s

* FTTx RGUs in Homes Connected FTTx footprint (penetration) by city: Zürich (17%), Basel (49%), Genève (64%), Winterthur (49%), Bern (44%), Lausanne (65%), Luzern (22%), St.Gallen (19%)

** Based on test of telephony and download quality for smartphones and tablets in urban and rural areas as well as on the move

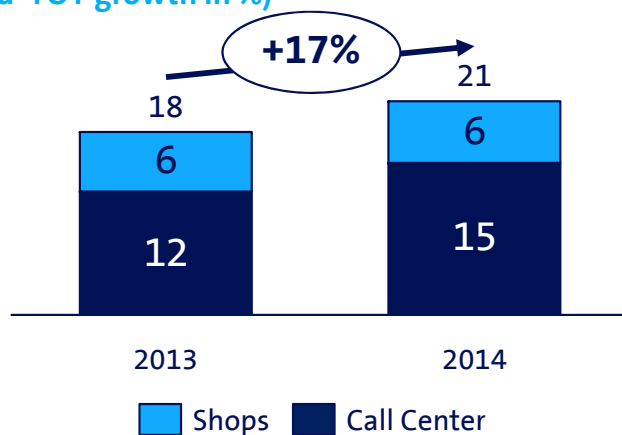
*** DACH = Germany (D), Austria (A) and Switzerland (CH)

Touch point excellence pays off

Successful cross-channel experience is prerequisite for growth and customer satisfaction

Customer interactions continue to grow

Customer interaction, # mm contacts (and YOY growth in %)



- Increasing volume of cross-channel customer interaction (shop visits, email, call centre, chat) is driven by increasing demand for customized and personal customer advice
- Swisscom's approach is to satisfy customer requirements on the customer's selected and preferred channel to enhance customer satisfaction

Touchpoint experience drives satisfaction

Customer Satisfaction (Scale of 1-10)*



- Cross-channel experience for Swisscom not primarily cost saving opportunity but part of customer centricity
- Shop experience with positive impact on overall customer satisfaction and hence retention

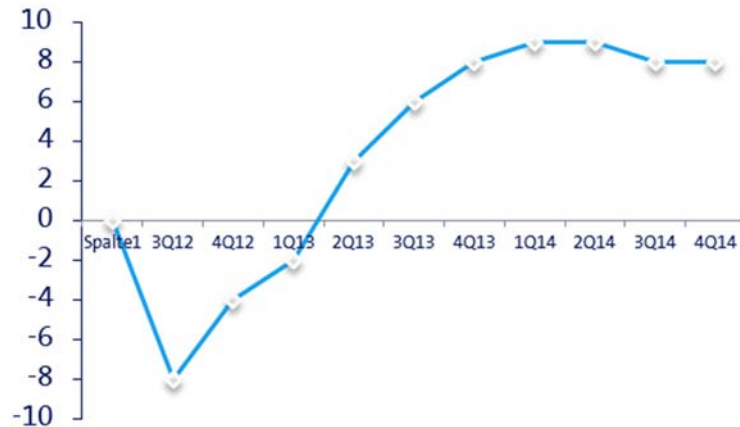
* Survey comparing customer satisfaction of customers who have recently visited a Swisscom shop with that of customers who have not

Future growth from continued value focus

ARPU growth due to careful proposition evolution.
Slowing growth will require adjustments

Migration to Infinity drives ARPU

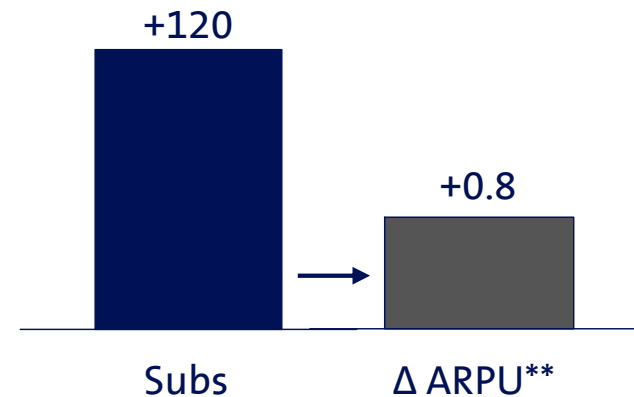
Δ ARPU from Non-Infinity to Infinity (CHF)



- Infinity ARPU continues to grow but at lower scale due to declining migration from Non-Infinity to Infinity.
- Continued focus on upselling within the Infinity base to even further increase non-metered revenues. Started to include roaming revenues

Migration to Vivo drives ARPU

Migration from Non-Vivo to Vivo (k, CHF)*



- Positive bundle 3P ARPU development due to portfolio optimization (Vivo), successful TV 2.0 launch and continuous upsell activity
- Between April and September 2014, 120k subs could be migrated from stand-alone and bundles to Vivo
- Overall impact: +0.8 CHF monthly ARPU/Sub
- Next to the overall increase, revenue at risk could be decreased as ARPU growth was mainly driven by Δ in access ARPU (+3.1 CHF)

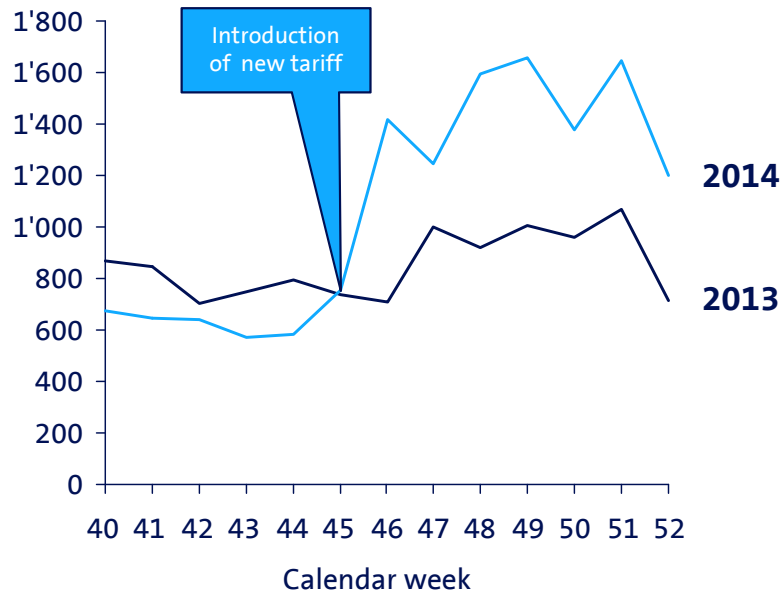
* Apr-Sept 2014 **Δ ARPU in October 2014 for those who have migrated between April (launch of Wimbledon) and September 2014

Future growth from continued value focus

Supported by strong customer satisfaction levels, tariff innovations help to address new customer segments

Sales uplift with new tariff plan

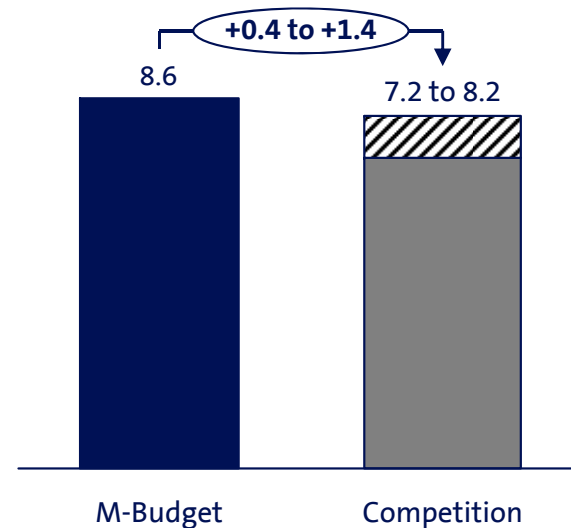
Weekly M-Budget Postpaid Sales (#)



- With launch of new tariff plan in CW46 massive increase in weekly postpaid sales from 3Q 13 to 3Q 14

Sales facilitated by high satisfaction

Customer Satisfaction (Scale of 1-10)



- Customer satisfaction of all main competitors lower than M-Budget; depending on play +0.4 to 1.4 points

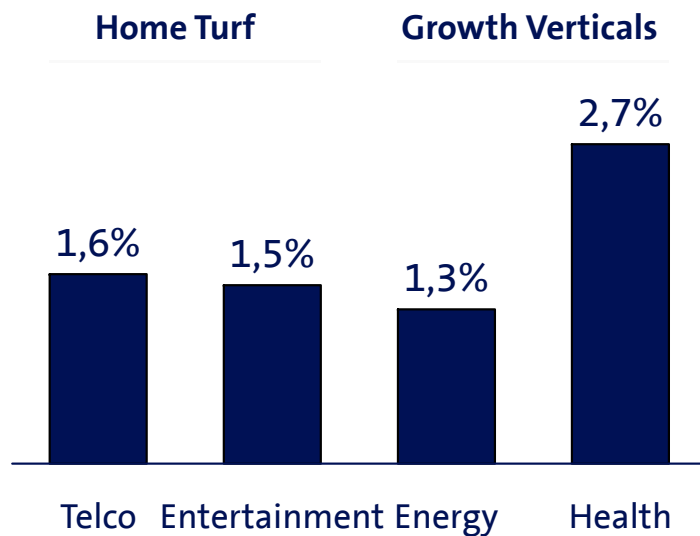
* SIM-only postpaid offer which includes 500 minutes calls to Switzerland (all fixed and wireless networks)/Europe (fixed networks), 1GB of data and 500 SMS ; cancellation period: 60 days

Future growth from increase in share of wallet

Continuous drive for innovation in products, processes and networks will drive increase in share of wallet

Opportunity to grow share of wallet...

Consumer spending per household
% of total, 2012*



...with product innovations in home turf and growth verticals

Home Turf



Growth Verticals



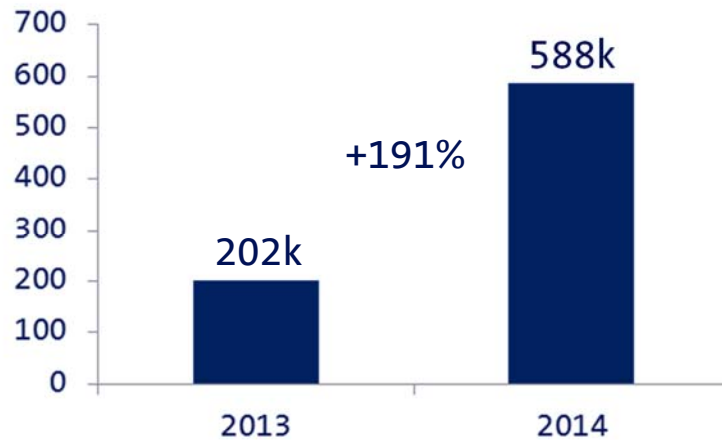
* Source: BFS, Statistisches Lexikon der Schweiz, 2014

Future growth from cost excellence

Continuous customer IP migration to realize cost optimization

IP Transformation at accelerated speed

IP customers (#k)

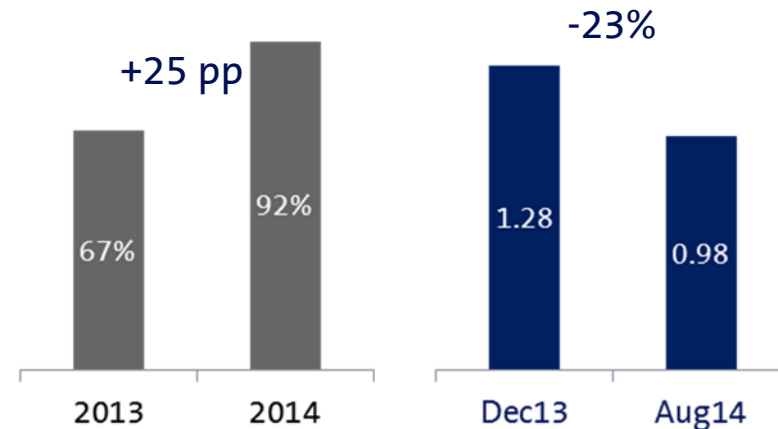


- IP customers have nearly tripled during 2014 with 386k customers successfully migrated during the year
- Run rate expected to increase as new products are exclusively produced on IP

Examples for successful migration

IP Migration KPIs

Production Share on Target Portfolio RES (%) Contacts per Activation RES



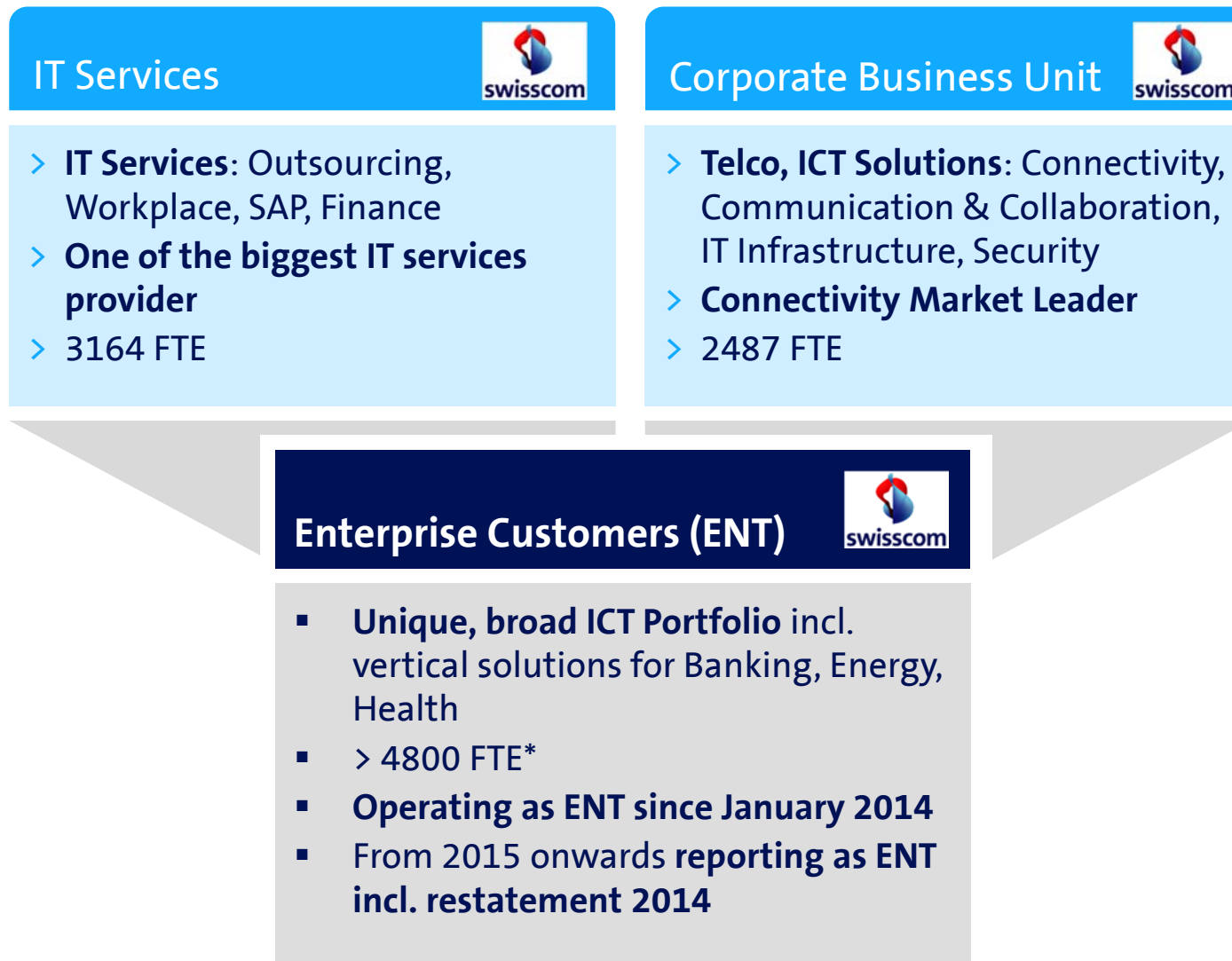
- In 2014, almost all (new) products were produced on an IP basis naturally driving customer migration in the future
- Learnings in process handling have led to a significant reduction in CpA (-23% YOY)

4. Merging Telco and IT for large accounts

Christian Petit
Head of Enterprise Customers
Swisscom

The Enterprise Customer Unit is derived from a merger of IT Services and the Corporate Business Unit of SCS

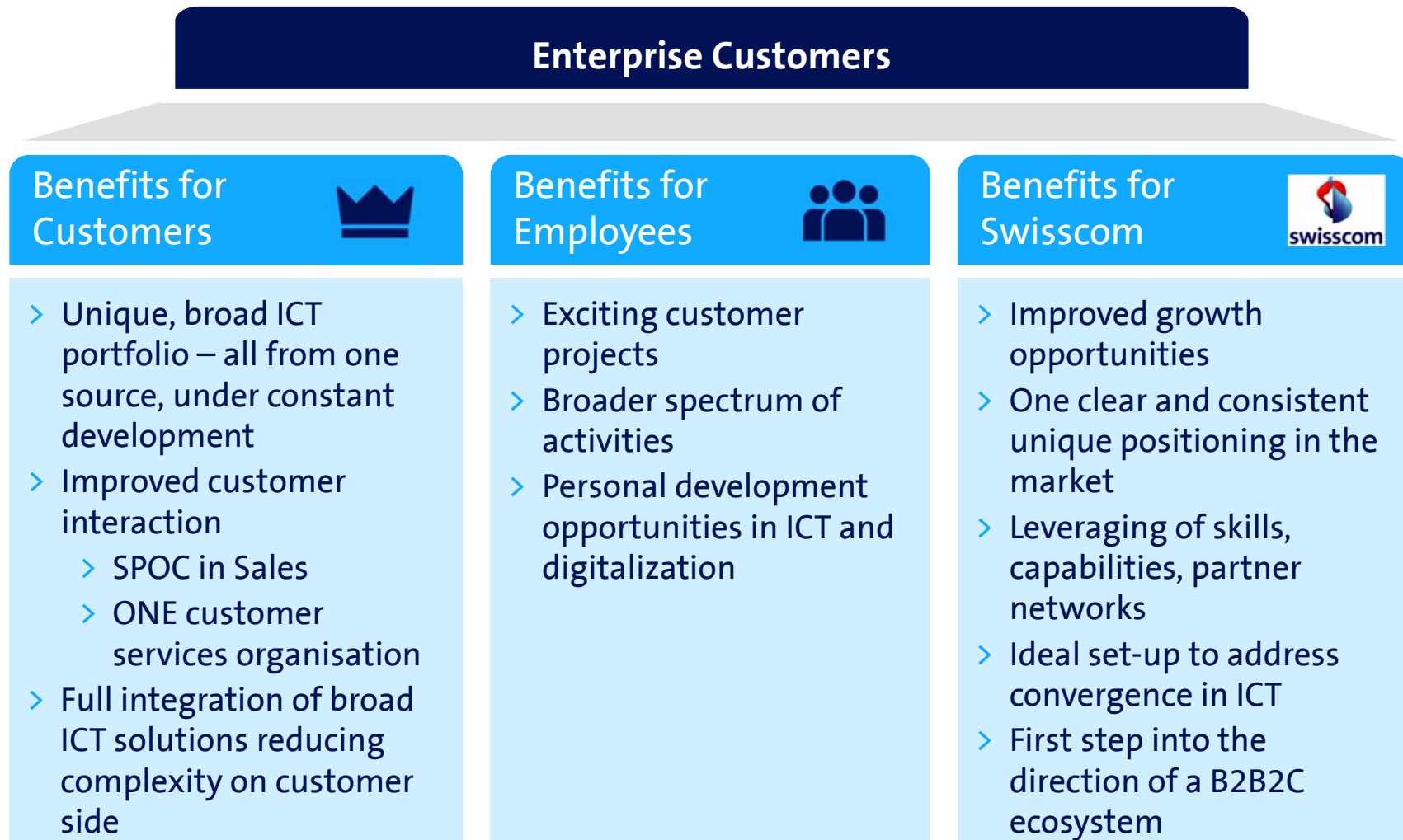
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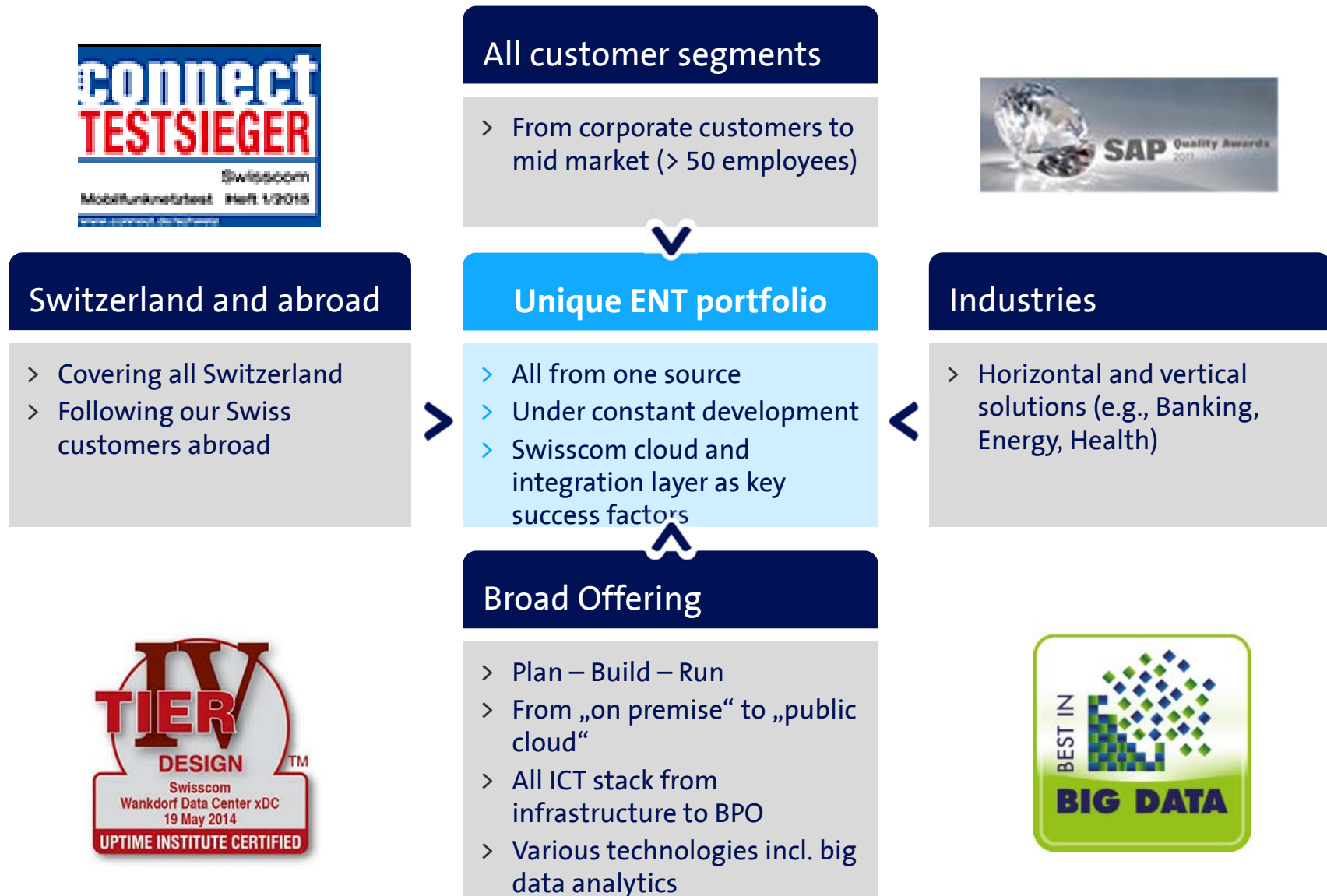
* ~800 employees moved to IT, Networks, Innovation (INI) and group functions

Rational for the merger: Customers, Employees, and Swisscom are profiting

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ENT offers an incomparable broad ICT portfolio



Note: Example shown – Connect network test 2014, first Tier IV certification in CH, Big data award of Computer Woche 2014, Gold SAP Quality Award für Rapid Development 2014

Dedicated Solution Centers bring the ICT portfolio to the ENT customer

Marketing & Sales

ONE face to the customer

Wireline Networks & Bundles	Mobility	Cloud & Data Center	Workspace & Collaboration	Business Process Solutions & Services	Banking	Business Development
<ul style="list-style-type: none"> • Wireline voice and data access solutions • Business networks and global connectivity 	<ul style="list-style-type: none"> • Mobile access • MDM, MAM & MCM • Development, implementation & operation of mobile applications 	<ul style="list-style-type: none"> • Cloud, data center and on premise infrastructure services • Outsourcing services 	<ul style="list-style-type: none"> • Enterprise communication & collaboration solutions • Managed workplace & document solutions 	<ul style="list-style-type: none"> • Design, implementation & operation of business process solutions • SAP (a.o.) business applications 	<ul style="list-style-type: none"> • Design, integration and operation of standard and customer spec. solutions • IT infrastr. and BPO services 	<ul style="list-style-type: none"> • Energy & Healthcare Solutions • M2M, Big Data • Security • eBilling platform Conextrade
<ul style="list-style-type: none"> • ~215k voice access lines • Strong market share 	<ul style="list-style-type: none"> • Strong market share • ~600 Roaming partners 	<ul style="list-style-type: none"> • ~ 11.5k servers • Power usage effectiveness of 1.2 in tier IV DC 	<ul style="list-style-type: none"> • ~ 117k managed workplaces • ~50k UCC users 	<ul style="list-style-type: none"> • 170 customers • ~28k SAP users 	<ul style="list-style-type: none"> • Almost 200 customers • BSP & BPO Services for 51 banks 	<ul style="list-style-type: none"> • 120 M2M customers • Mobility Big Data • Mobile ID

Customer Service

ONE customer service organisation

In a divers competitive landscape, ENT is uniquely positioned

Broad range of customers

- > Serving ~5.500 customers (all enterprise customers in CH) from all industries, mostly Banking, Manufacturing, Transportation, Services
- > From 50 employees up to several `000 employees
- > Some recent deals



Broad competition landscape

- > From large international to small local players
- > Connectivity, Communication and Collaboration: Increasing competition of OTTs

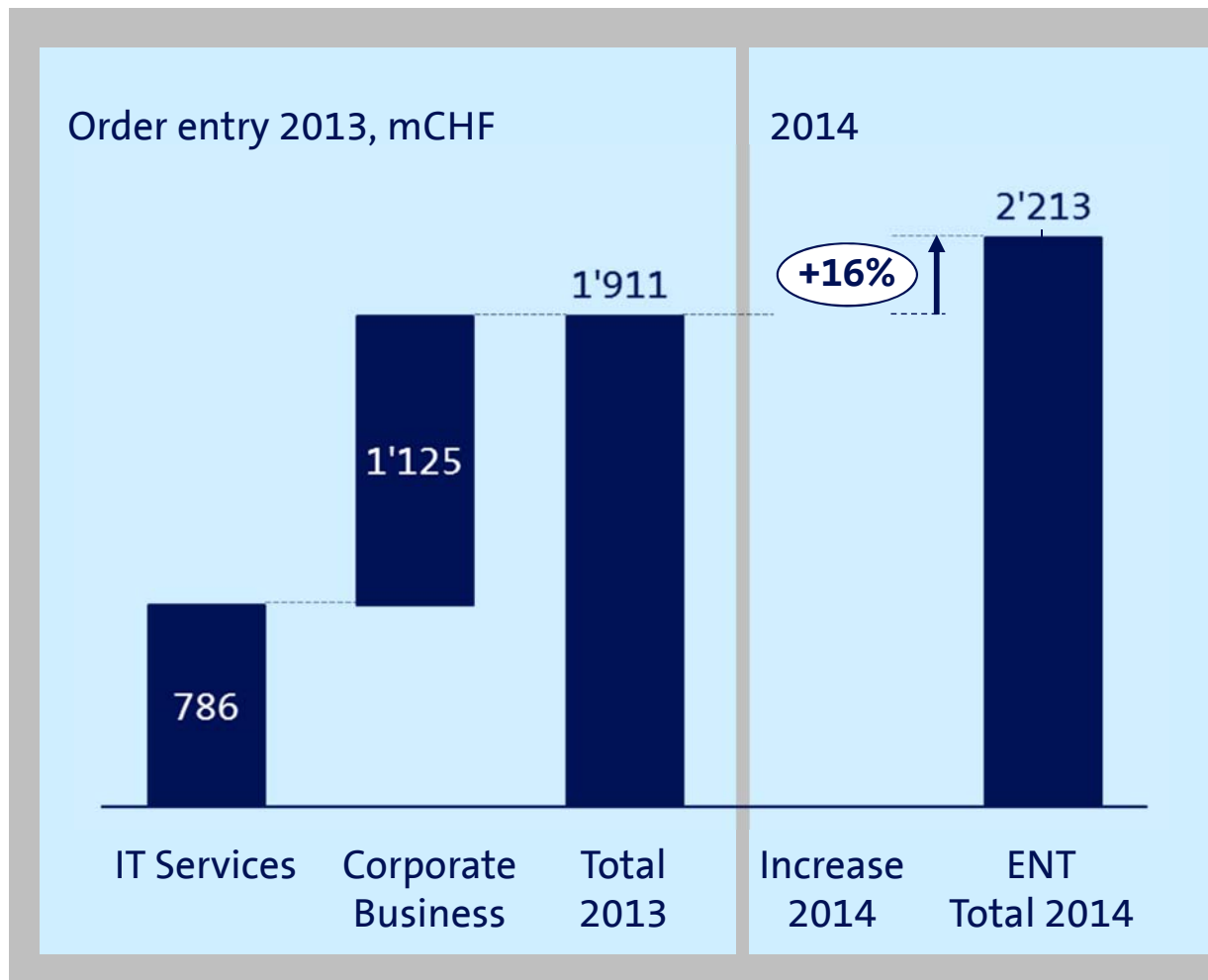


- > IT Services and System Integration: Very fragmented, specialized market. International Cloud provider



Growth case ENT: Significant business success already in the year of the migration

Order entry development 2013, 2014



- > Significant increase in order entry despite the post merger integration
- > Successful cross-selling to former ITS and CBU customers
- > Further positive development planned

The various types of business of ENT need different steering and optimization. Synergies are limited

Business type specific steering

- > Commitment to various types of business
- > Different characteristics and improvement levers. Business type specific steering established
- > Bundling towards customer interface ensured
- > Improvement measures in each business type in implementation, synergies limited
- > Swisscom Cloud as the key enabler for standardized service production

Examples	Platform-based mass business	Customized business
Operations business	<ul style="list-style-type: none"> • LAN-Interconnect • Managed Communication & Collaboration 	<ul style="list-style-type: none"> • Midrange hosting • BPO Services • Managed housing
Project business	<ul style="list-style-type: none"> • Outsourcing transition • SAP implementation 	
Product sales/reselling	<ul style="list-style-type: none"> • Licence packages • Devices (iPads, Desktops, ...) 	
Indicative margin*	40 -50 %	10 -15 %

* Without network cost

The recent acquisition of Veltigroup adds additional ICT capabilities to Enterprise Customers

Acquisition of Veltigroup

- > As a result Enterprise Customers with two strong pillars
 - > On premise individual solution business (Veltigroup)
 - > Managed Service business from the cloud (Swisscom)
- > Increasing market presence in French speaking part of CH
- > Swisscom to become more agile and better positioned to serve the needs of business customers with up to 2000 IT users -> growing IT revenues in the mid market segment

swisscom

Press release

Swisscom expands ICT competence with the acquisition of Veltigroup

Swisscom is expanding its ICT portfolio for business customers and its presence in western Switzerland through the acquisition of Veltigroup and its companies LAN expert, insentia and ITS. Veltigroup is domiciled in Lausanne and is a leading ICT service provider in western Switzerland. Veltigroup has around 480 employees in Switzerland and offers companies a comprehensive ICT range, from infrastructure to end-client services and solutions. The parties have agreed not to disclose details of the purchase price.



Veltigroup's overview

100%
ICT needs covered



Consulting



450+
ICT professionals



ICT specialized companies



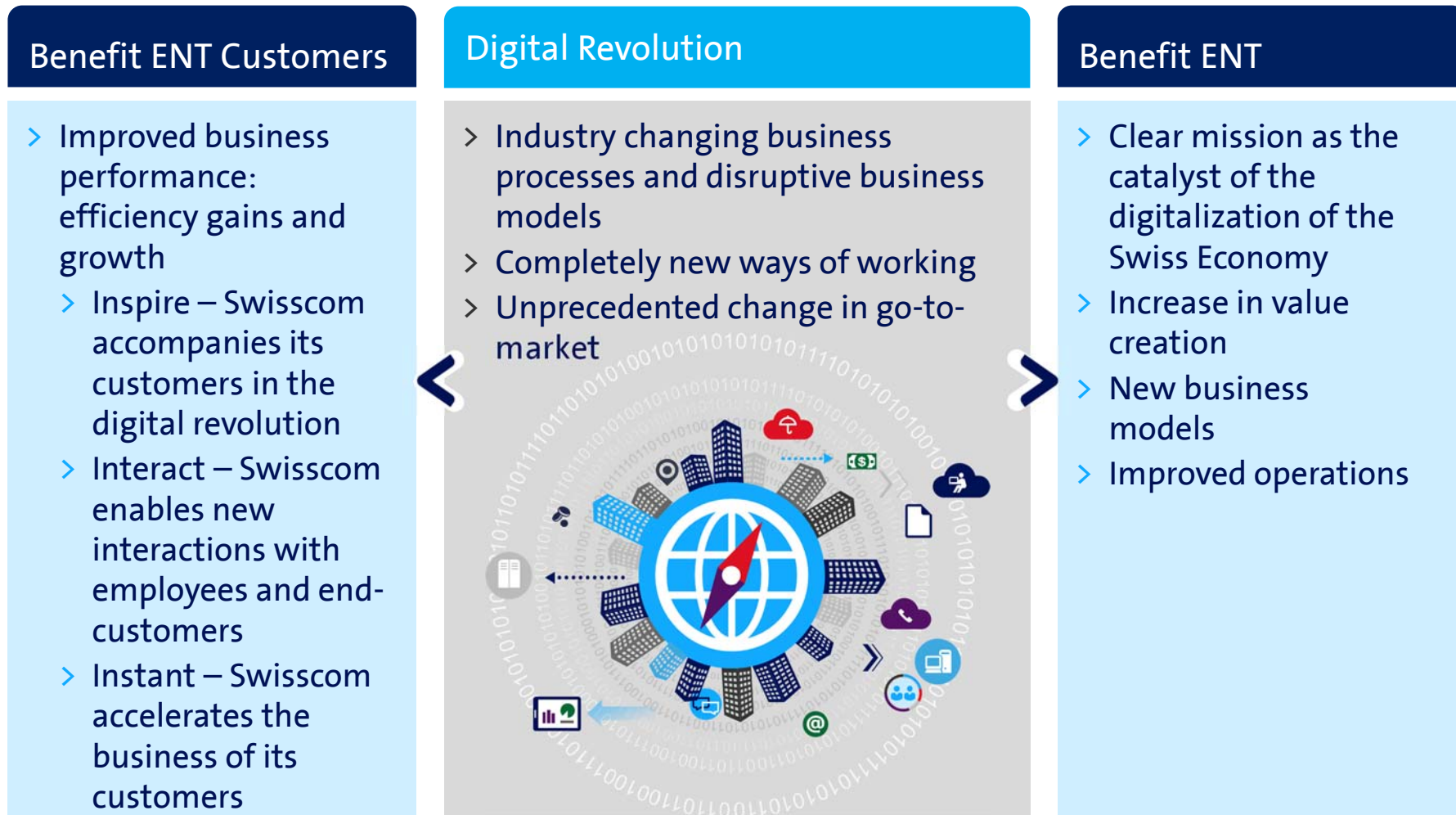
All over
Switzerland



Cloud services



Going forward ENT customers and ENT will profit from the digital revolution



<p>Examples initiatives 2015</p>	<p>IoT: Low power wide area network</p>	<p>B2B2C enabler: Location based service platform</p>	<p>Innovative front solutions: Crowd-funding platform</p>
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5. Fastweb

Alberto Calcagno
CEO Fastweb

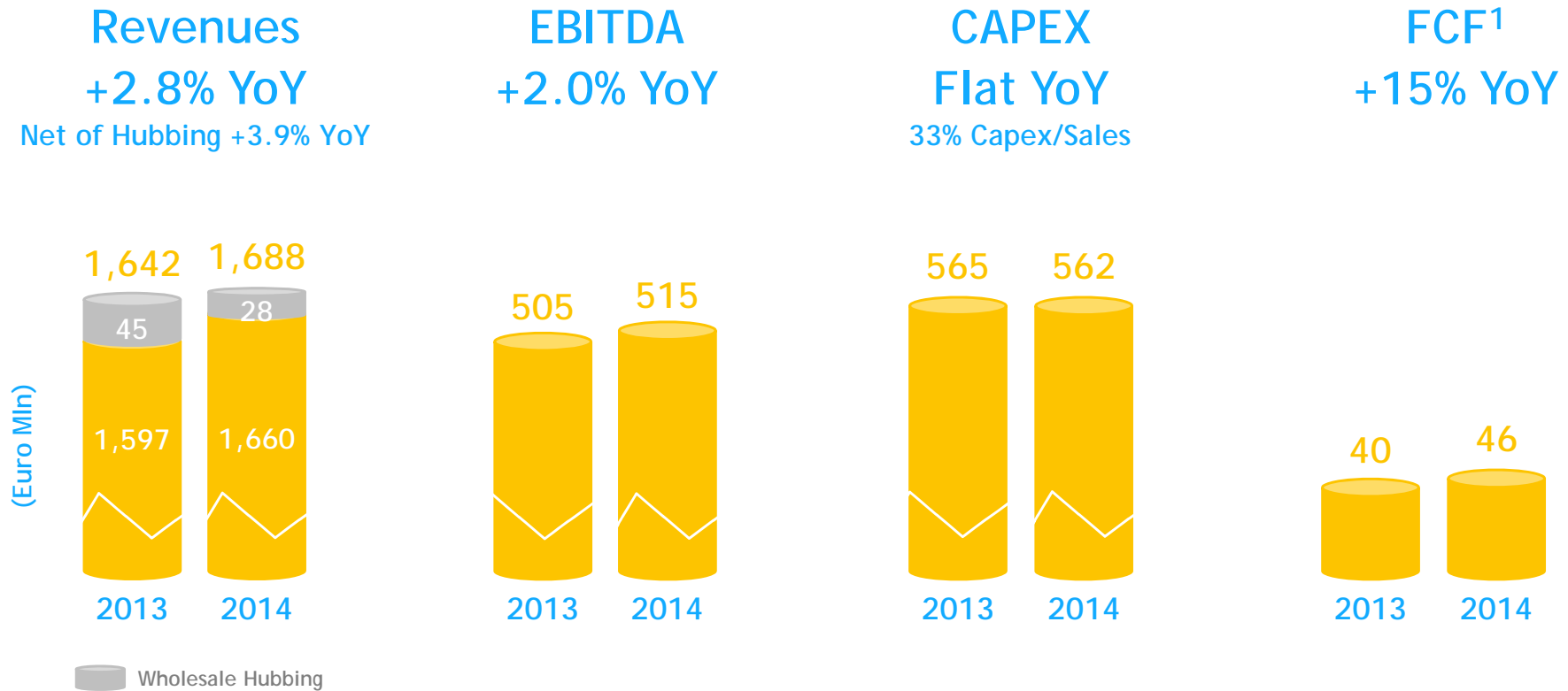


FASTWEB strengthened its leadership in 2014 - Highlights

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- 1 Only Italian wireline operator with growing revenues/EBITDA/FCF
- 2 Broadband net adds market leader for the third consecutive year
- 3 Only player constantly increasing market share in the Corporate segment
- 4 Leading Italian fiber operator with 70% market share in UBB connections
- 5 Enhancing UBB leadership through extended NGAN roll out and performance boost
- 6 Leading in innovation with the deployment of distinctive assets and services

Only wireline operator in Italy with growing revenues, EBITDA and FCF

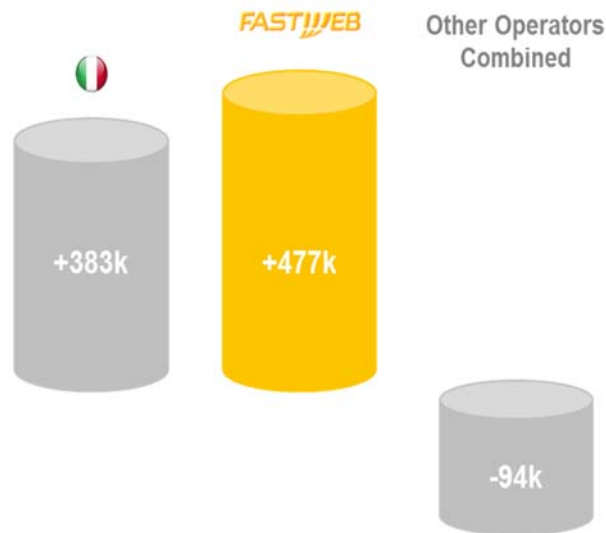


FASTWEB performance stands out in a market where integrated operators suffer high single digit revenues and EBITDA decline in wireline

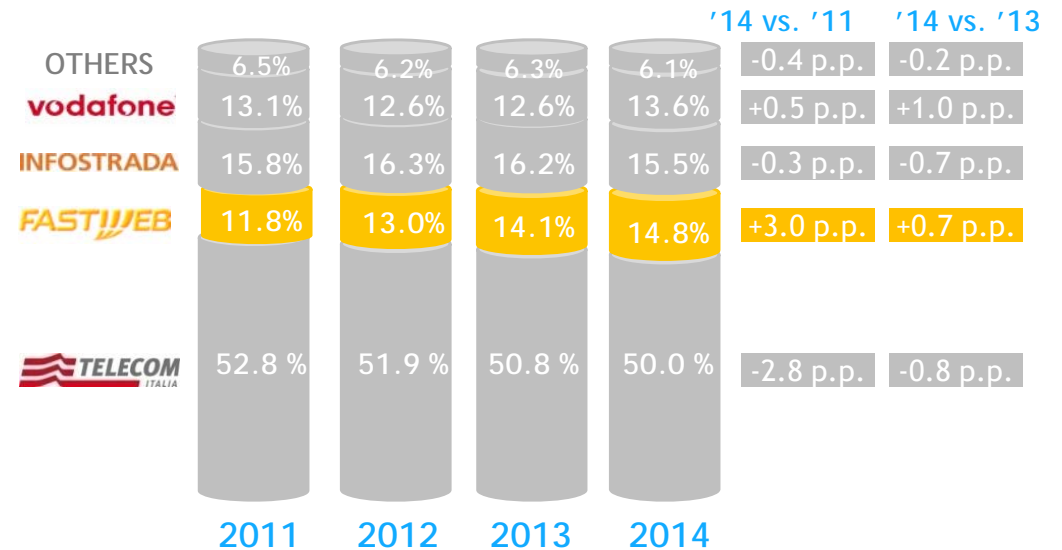
¹Excluding extraordinary investments in NGAN

Driving broadband customers growth in the Italian market over the last three years

2012-2014 Cumulated Net Adds



Broadband Lines Market Share



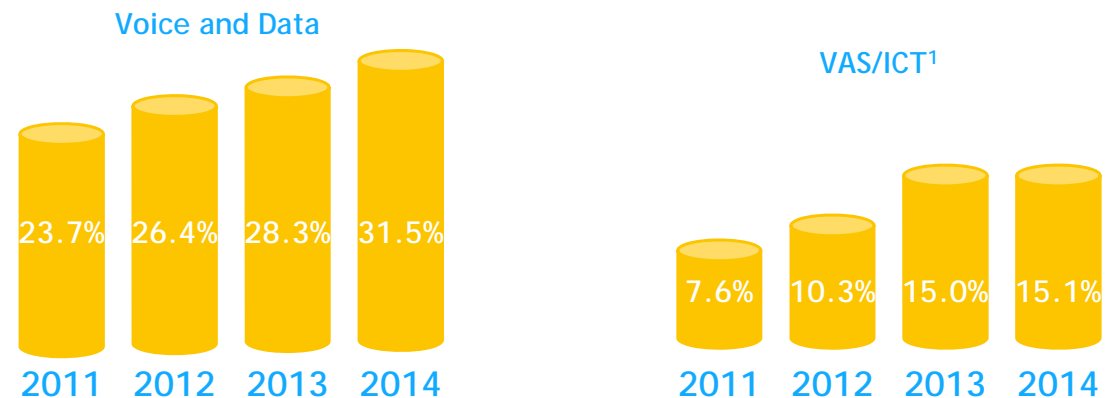
- Leader in broadband customer acquisitions in each of the last three years
- FASTWEB new connections equalling 1.2x overall market net adds, making a decisive contribution to the market (limited) growth

- Over 2.0mm broadband customers at the end of 2014
- FASTWEB market share increasing 3.0 p.p. since 2011 and 0.7 p.p. in 2014 to almost 15.0%, mainly at the expense of Telecom Italia and Infostrada (Wind)

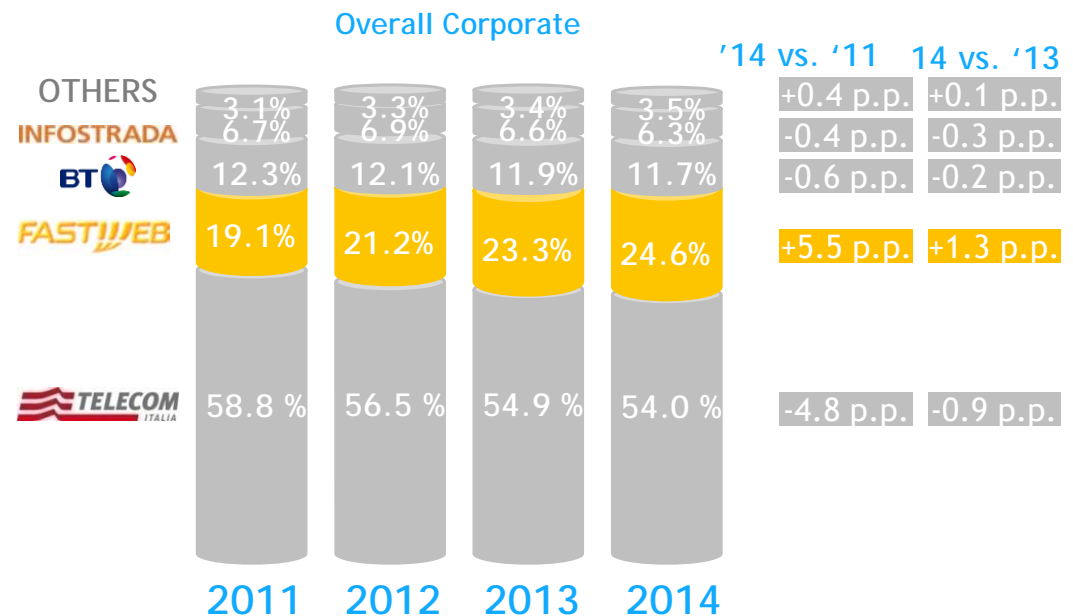
The only player constantly increasing market share in the Corporate segment

FASTWEB Corporate Market Share Evolution

In a highly competitive market, FASTWEB share of Corporate voice and data increased well over 30% at the end of 2014, while it was flat for ICT/VAS¹

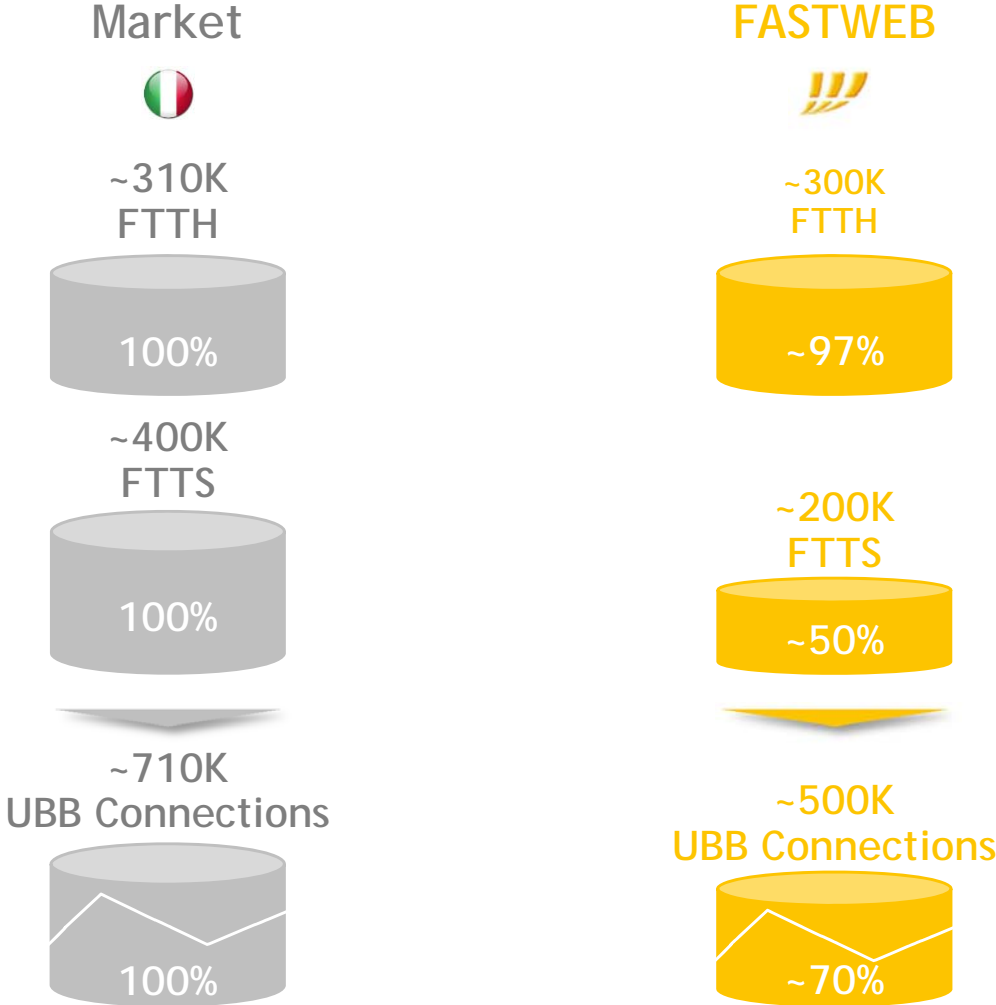


FASTWEB overall market share in the Corporate segment reached almost 25% at the end of 2014. Over the last three years the increase was equal to 5.5 p.p.



The leading Italian fiber operator with 70% market share in UBB connections

of Ultra Broadband Lines (EoP 2014)



With approximately 500k active fiber connections delivering speed up to 100 Mbps, FASTWEB share of the Italian Ultra Broadband market was equal to 70% at the end of 2014

Enhancing future UBB leadership through successfully rolling out NGAN infrastructure in almost 100 cities...

FASTWEB FTTS Roll out Plans



of FTTS cities in a given region

2013-2014 FTTS Plan Completed

50 cities under coverage
 Over 13k new cabinets installed
 ~200k active customers
 3.5 Mln potential customers
 80 Mbps average connection speed
 Churn rate 25% lower vs. LLU

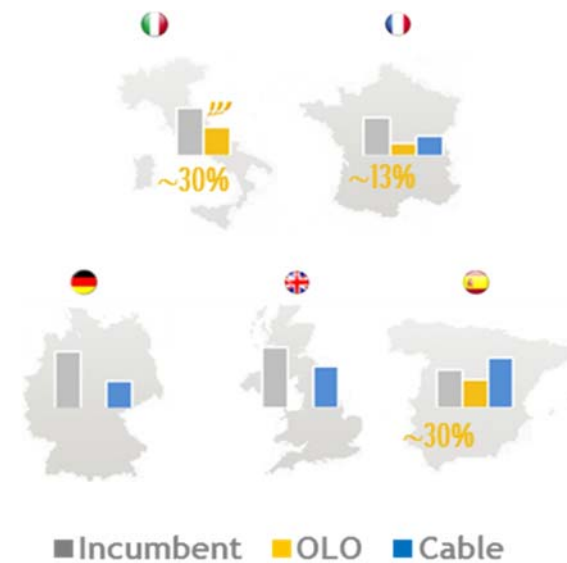


of FTTS cities in a given region

2015-2016 FTTS Extension Kicked off

39 cities
 Over 8k additional cabinets
 2.0 Mln potential customers

Estimated UBB Coverage EoP 2016 (% HHs)¹



With ~30% coverage by EoP 2016, FASTWEB UBB infrastructure will be the largest wireline NGAN built by a Telco OLO in Europe

¹Source - Cullen International April 2014 - Based on the plans announced/in execution by operators

...and pushing bandwidth well above 100 Mbps through Vectoring, V+ and G.fast deployment

Thanks to SLU average length in Italy shorter than in other EU countries, NGAN upgrade to Vectoring, V+ and G.fast will grant connections speed significantly >100 Mbps by 2016



Sub loop average length ~250 m
~51% of lines are <250 m

Vectoring field test results (Mbps)

VDSL w/o Vectoring
~75 Mbps average

VDSL with Vectoring
~100 Mbps on average

1.3x average bandwidth

V+ prelim. field test results (Mbps)

VDSL w/o Vectoring
~75 Mbps average

VDSL with V+
~180/200 Mbps on average

2.4x average bandwidth

G.fast prelim. field test results

VDSL w/o Vectoring
~80 Mbps average

VDSL with G.fast
~320 Mbps on average

4.0x average bandwidth on SLU <250 m

90/95% potential coverage with ≥ 100 Mbps

Leading in innovation with the deployment of distinctive assets and services

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Beyond infrastructure...

...extending product portfolio by leveraging FASTWEB innovation capabilities to provide services that increase share of wallet/customer stickiness

New Tier IV Data Centre
Strong enabler of FASTWEB ICT portfolio



- Completed Dec 2014
- First and only Tier IV-certified DC in Italy
- ICT/Housing services available from January
- Triggering strong pipeline of contracts under negotiation

WoW FI
A unique service to improve customer XP



- Customer modems become access points enabling city-wide shared WI FI network
- Launched in two cities
- 20% penetration after one month/23MB daily usage per customer

6. Group results & outlook

Mario Rossi
CFO Swisscom

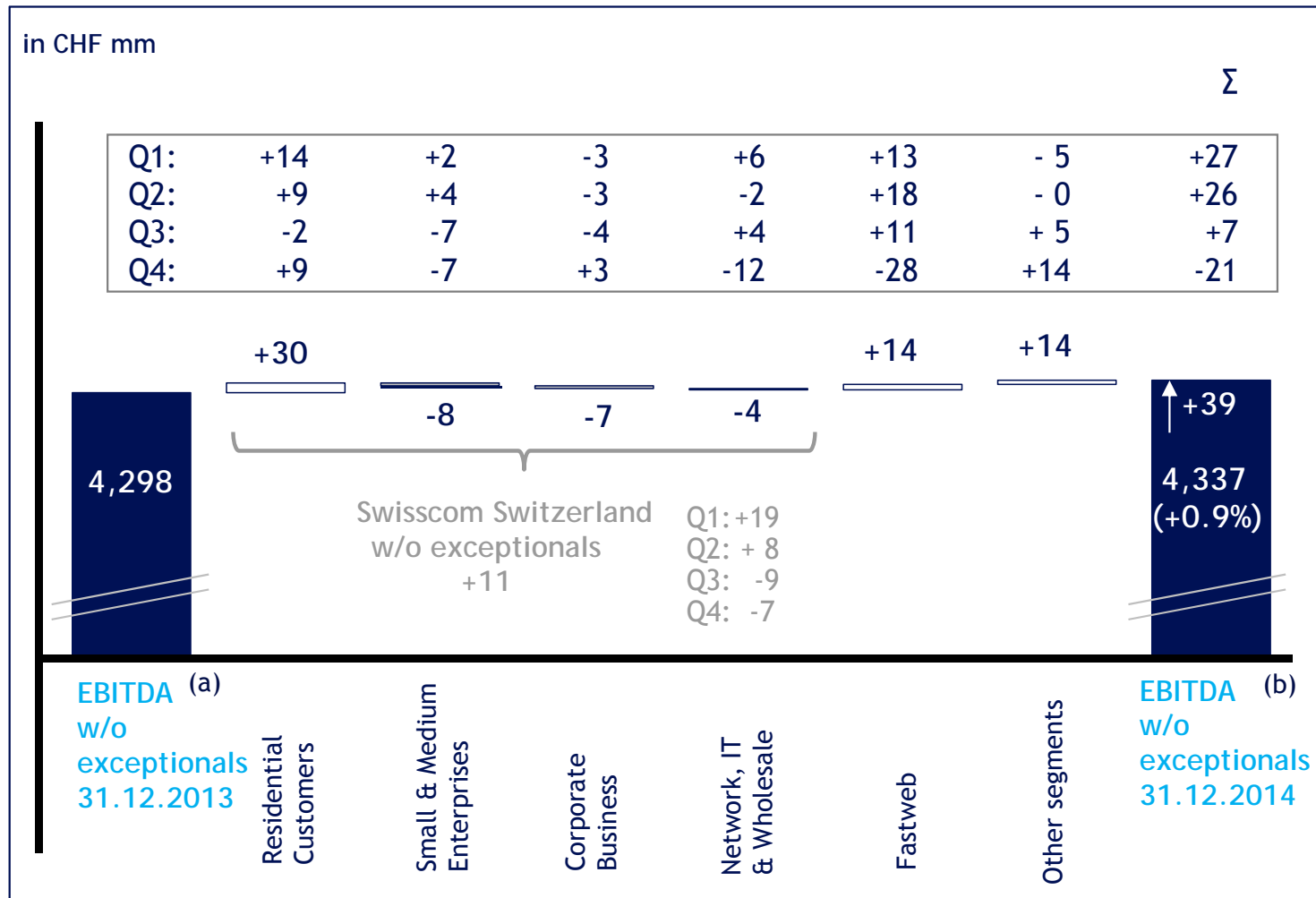


EBITDA (w/o exceptionals) breakdown by segments

EBITDA of Swisscom Switzerland w/o exceptionals up CHF 11mm.

EBITDA of Fastweb up CHF 14mm YOY.

Fastweb's Q4 EBITDA contribution lower due to booking of EUR 28mm in Q4 2013 for the FY 2013 of lower ULL fees.



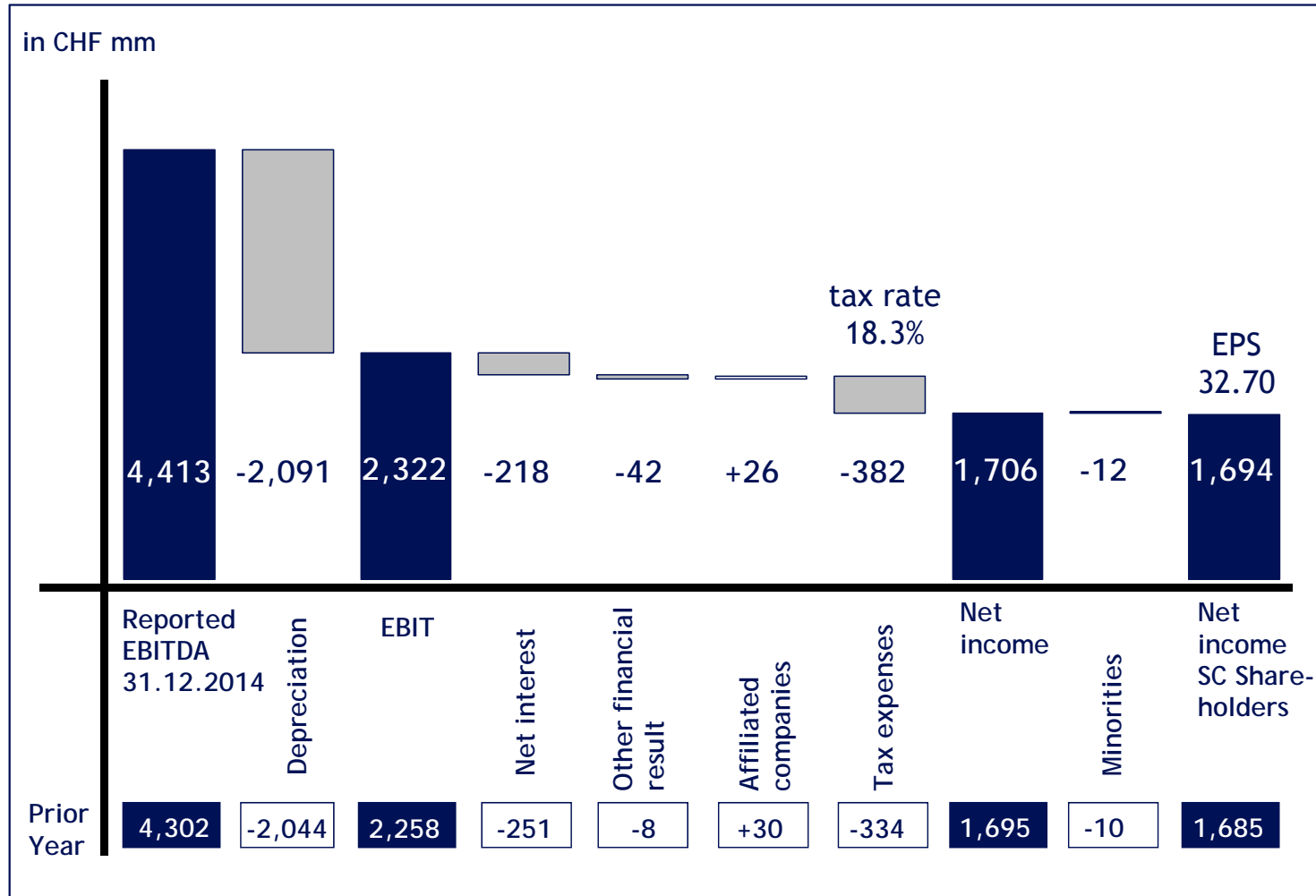
(a) Without release of provisions restructuring (CHF +4mm)
 (b) Without M&A (CHF +21mm), additional gain on sale of real estate (+50mm), lower Pension cost (+14mm), change exchange rate (CHF -9mm, weakening of Euro against Swiss Franc of 1.4% (2013: 1.2293 vs. 2014: 1.2127)).

Net result

Solid net income of CHF 1.7 bln mainly thanks to higher EBITDA.

Net interest came down, but valuation of interest derivatives negatively impacted the other financial result.

Earnings per share equals to CHF 32.70.

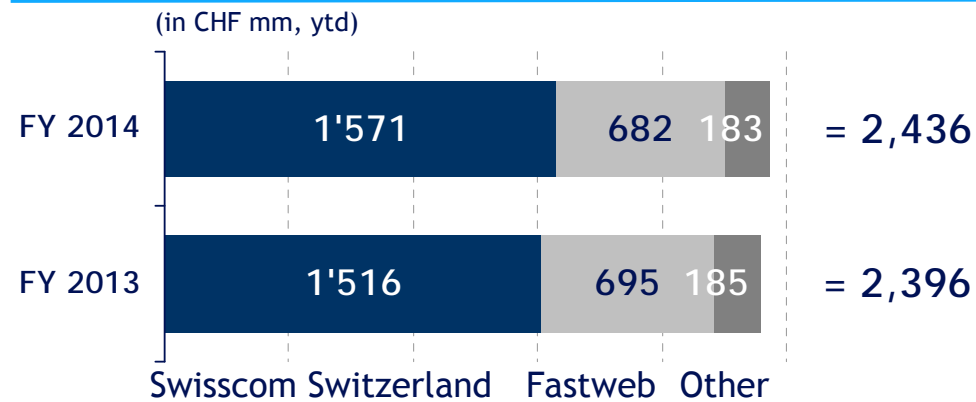


Capital expenditure

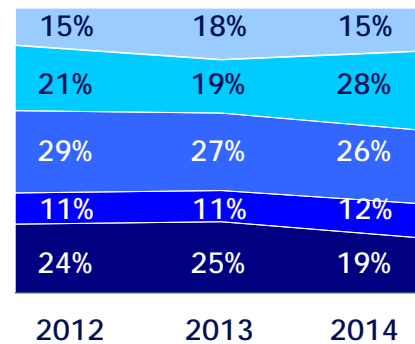
Ongoing rollout of fibre optic network leads to higher CAPEX at Swisscom Switzerland (CHF +55mm).

Fastweb with CHF -13mm lower CAPEX in 2014.

Increase YoY (CHF +40mm) driven by expansion of Swiss fibre network



Swisscom Switzerland with increasing capex in fibre network



Wireless network

Fixed network: Fibre (FTTx)

Fixed network & Copper access, backbone & transport infrastructure:

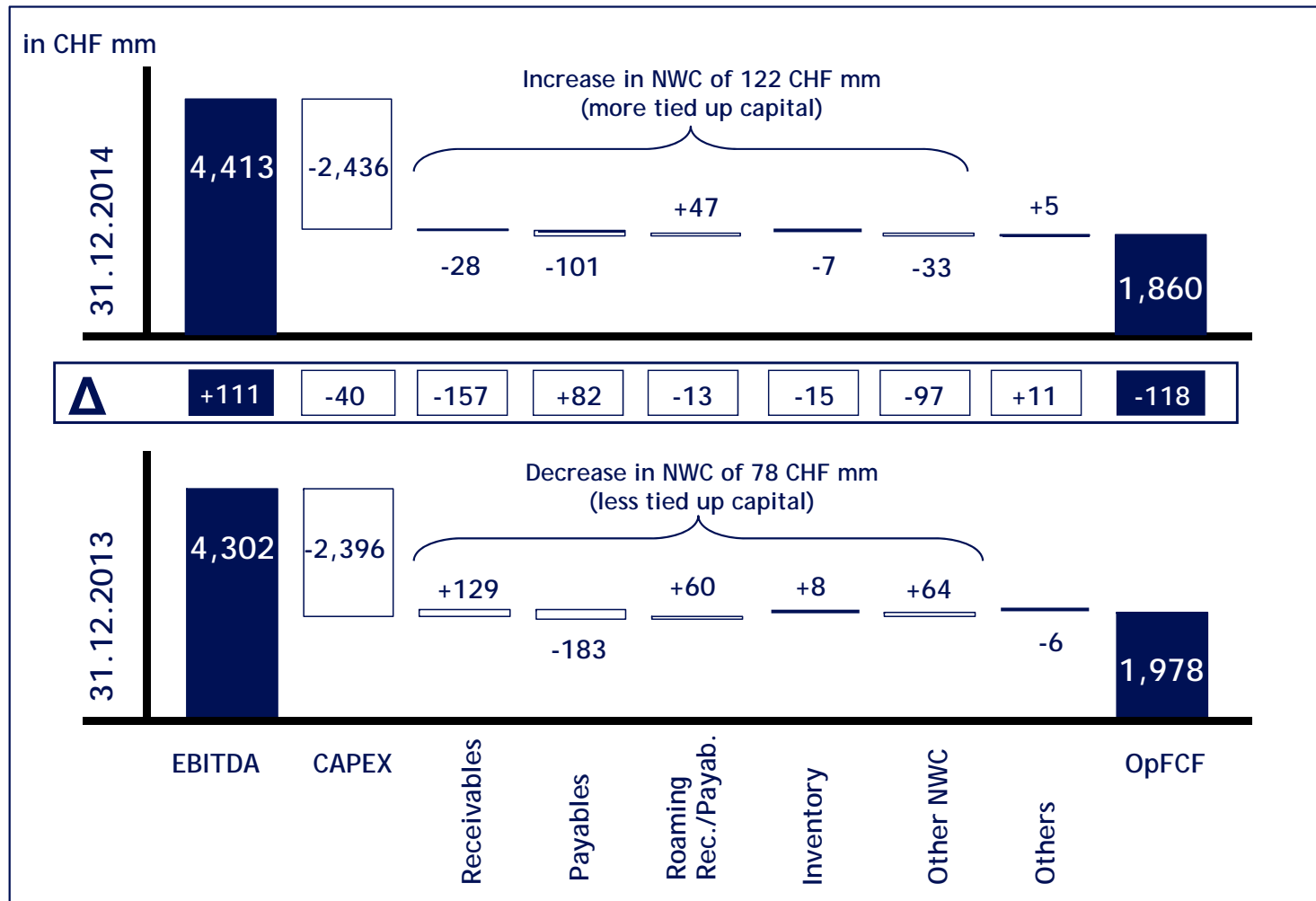
Customer driven: Customer premises equipment & corporate customers

IT systems, All-IP & other

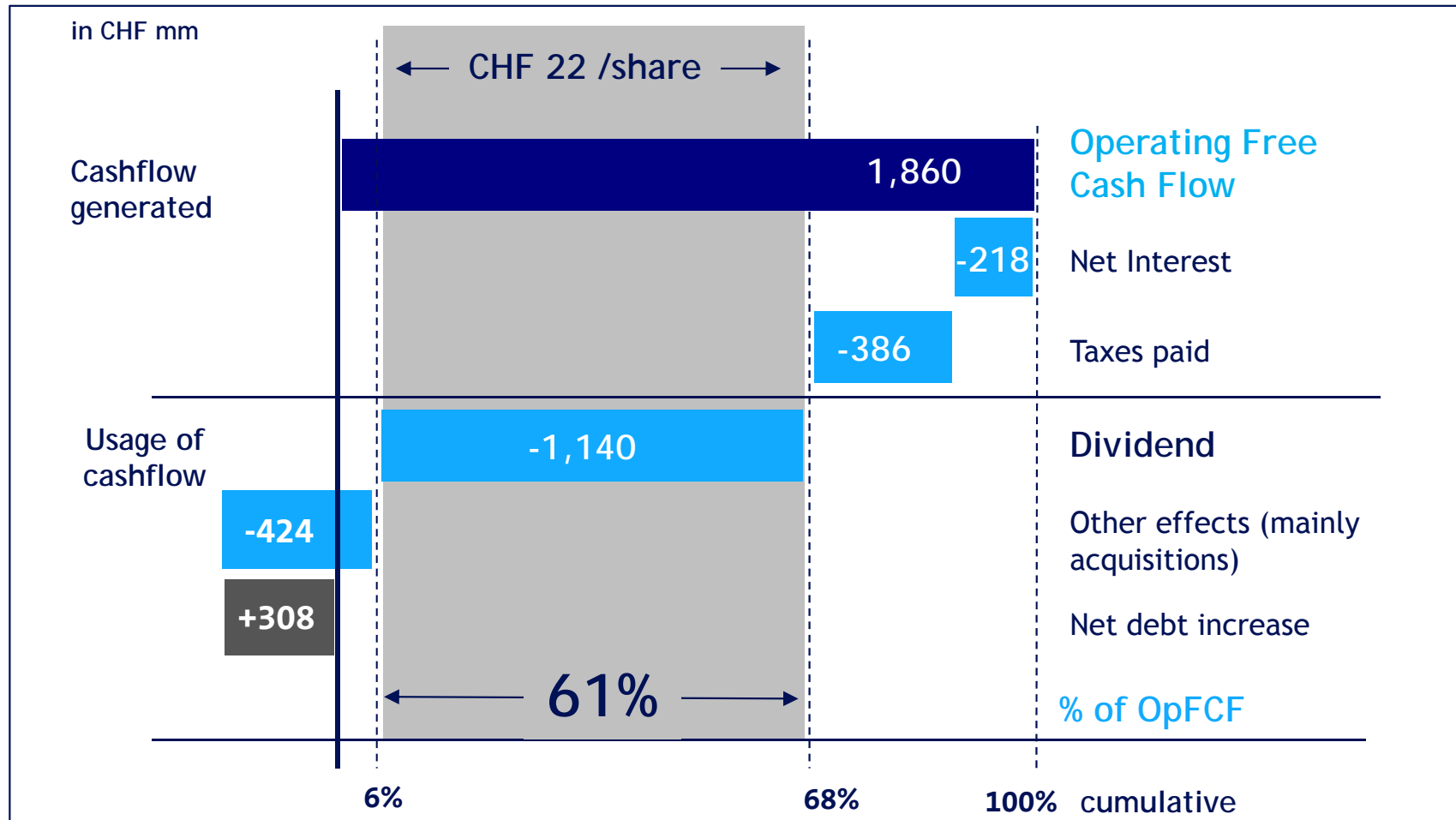
Operating free cash flow

Higher EBITDA is overcompensated by the negative contribution in change of NWC leading to a lower OpFCF of CHF -118 mm.

Higher capital expenditures of CHF -40 million mainly for the Swiss fibre-optic network.



Use of cash flow 2014 - 61% paid to shareholders



Net debt up mainly due the acquisition of PubliGroupe, however net debt/EBITDA remained stable at 1.8x

Refinancing transactions in 2014

Eurobond

- Amount: EUR 500 Mio.
- Term: 7.5 years
- Coupon: 1.875%
- Rating: A/A2

- Attractive pricing obtained as proof of strong credit quality
- Further diversification of the funding sources

Domestic Bond

- Amount: CHF 200 Mio.
- Term: 12 years
- Coupon: 1.5%

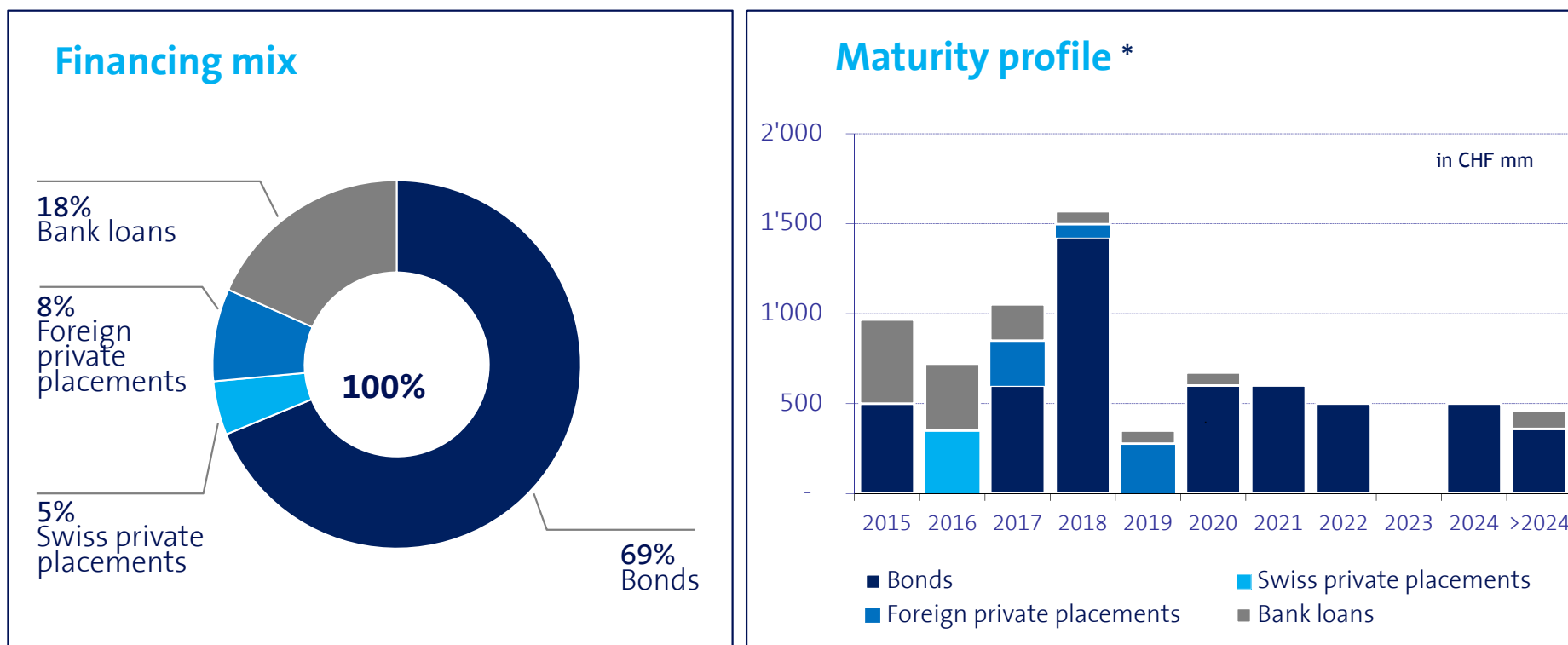
- Opportunistic transaction to take advantage from the very attractive market environment

Domestic Bond

- Amount: CHF 160 Mio.
- Term: 15 years
- Coupon: 1.5%

- Opportunistic transaction to take advantage from the very attractive market environment
- Maturity stretched to the limit for corporate issuers

Financing situation as per YE 2014

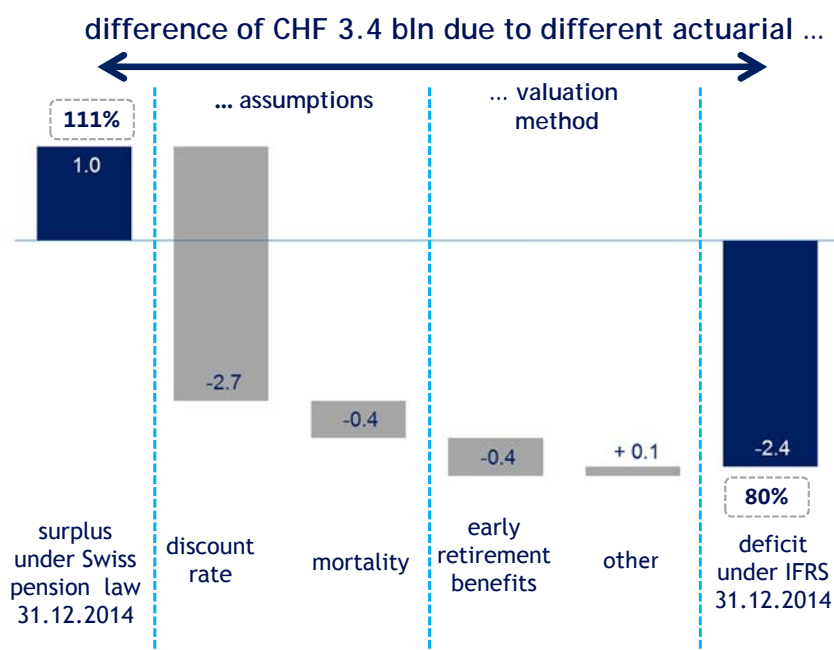


- Average cost of debt 2.07 %
- Average duration 4.1 years
- Ratio fixed to floating financing 71 % fixed / 29 % floating
- Financing in EUR 1'300 million, representing 20% of total (with CHF/EUR 1.20)
- 2015 interest on EUR debt fully hedged (before SNB action)

* w/o financial lease and short-term financing

Pension plan situation as per 31.12.2014

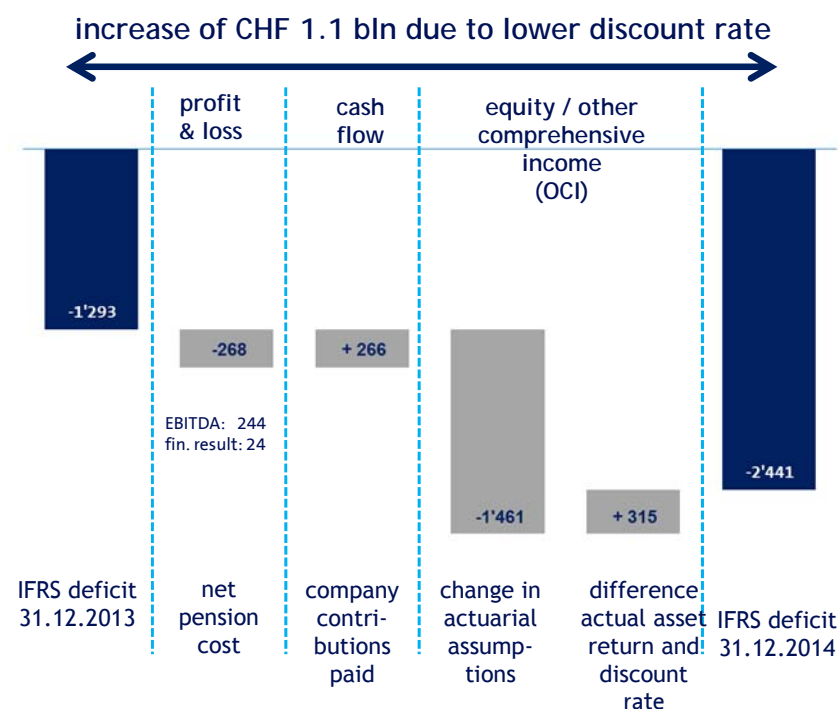
Valuation differences between Swiss pension law and IFRS



- Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant
- Coverage ratio under Swiss pension law: 111%
- Main actuarial assumptions:

	Swiss pension law	IFRS
Discount rate	2,75% based on expected long-term asset return	1.13% based on yield corporate bonds AA-rated
Mortality	Periodical tables	Generational tables

Reconciliation IFRS deficit 2013 → 2014



- Company contributions almost equal to pension cost
- Actuarial loss of CHF 1.46 bln resulting from an decrease of the discount rate assumption from 2,3% to 1,13%
- Return 2014 on pension plan assets of 6.96% significantly higher than discount rate - difference of CHF 315mm recognized in equity (OCI)

Guidance 2015 - FX impacting revenues, EBITDA and CAPEX. FCF Proxy** 2015 of CHF ~1.9 billion

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in bln CHF	2014 results reported (CHF 1.21/EUR)	FX impact	2014 results pro-forma (CHF 1.00/EUR)	Expected change for 2015 Swisscom w/o Fastweb	Expected change for 2015 Fastweb	2015 outlook (CHF 1.00/EUR)
Net revenue	11.703	-0.4	11.331	+0.1	0	>11.4
EBITDA	4.413	-0.1	4.315	-0.1 *	>0	~4.2
CAPEX	2.436	-0.1	2.313	0	<0	2.3

* Higher cost due to all IP transition, lower income from real estate sales, higher pension fund expenses (under IFRS)

** FCF Proxy = EBITDA minus CAPEX

FCF Proxy not impacted by exchange rate movements**

Guidance 2015 - detailed explanation

Revenues 2015: over CHF 11.4 bln (Switzerland up, Italy down in Swiss Francs). Would be CHF 11.8 bln on a constant currency basis (CHF 100 mm growth YOY)

- Swisscom without Fastweb is expected to report CHF 100mm revenue growth assuming no acceleration in price declines
- Fastweb flat in Euros, however up to CHF 400 mm lower in consolidation if exchange rate continues to be around 1.00 CHF/€ (17% appreciation compared to average rate of 1.21 CHF/€ in 2014)

EBITDA 2015: around CHF 4.2 bln (down by CHF ~200mm year on year on reported basis, however nearly flat on a constant currency basis and without one off items of CHF >100mm (esp. higher income from sale of real estate in 2014))

- Swisscom without Fastweb is expected to report slightly lower EBITDA. Operational profitability will be at least stable assuming no acceleration of price declines, however higher cost for the All IP transition, lower income from the sale of real estate as well as higher cost for pension contributions caused by low interest rates, will lead to a small year on year decline of reported EBITDA. The contribution of acquisitions and synergies is too small yet to compensate for this
- Fastweb is expected to report higher EBITDA in Euros, most of which comes through lower cost (usage and pricing) for regulated products from other operators as Fastweb continues to migrate more customers to own infrastructure. However, if the 17% currency appreciation is to hold throughout the year, Fastweb is likely to report CHF 100 mm lower EBITDA compared to 2014

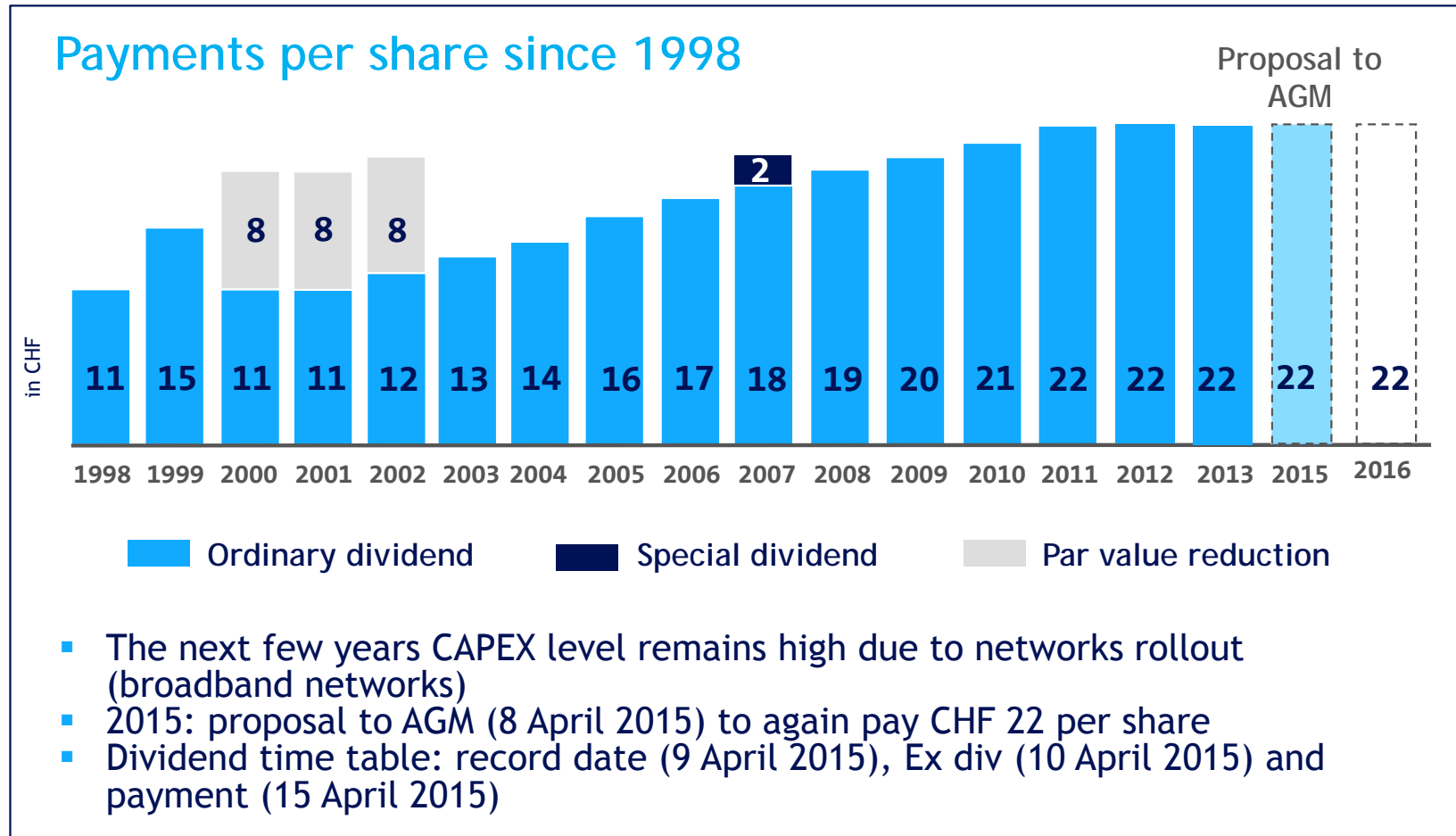
CAPEX 2015: CHF 2.3 bln (down CHF 100 YOY)

- Unchanged investments in Switzerland (ultra broadband push and IT banking platform investments)
- At Fastweb the volume of capital expenditure reached its peak in 2014, and in local currency terms will decline slightly in 2015, corresponding to a currency-related reduction of CHF 100 million

FCP Proxy 2015: CHF ~1.9 bln (down by CHF 100 mm YoY), with the currency effect having no impact as EBITDA decline caused by FX is compensated for by lower CAPEX in Italy

Dividend 2015: CHF 22 per share if the targets above are met, payable in 2016 after AGM

Dividends



Upon meeting its 2015 guidance, Swisscom plans to again propose a dividend of CHF 22 per share to the general assembly in 2016

Recent currency changes and its impacts on 2014 financials

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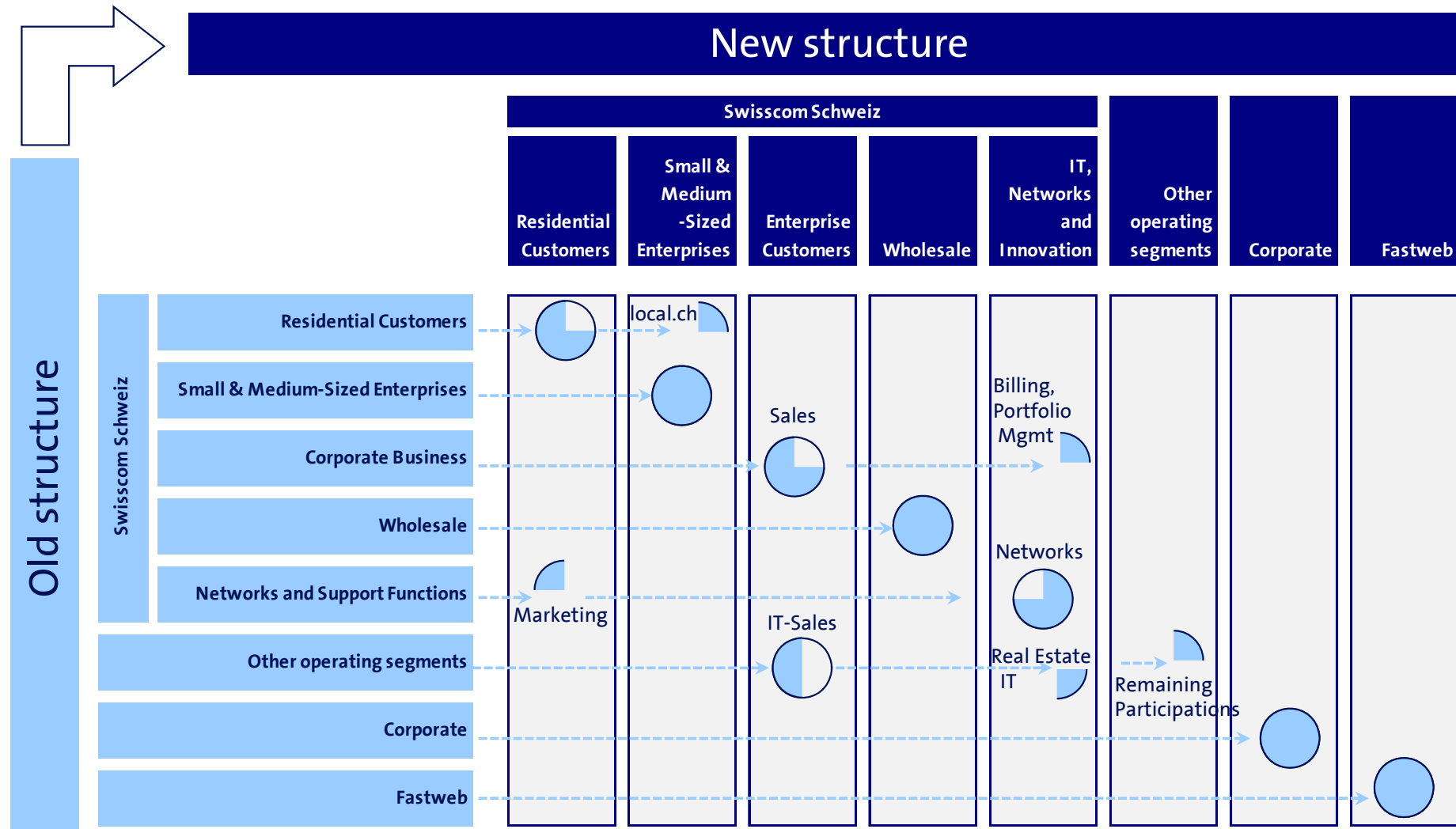
Estimated impacts of an EUR exchange rate of CHF 1.00 on the **key financials 2014**:

- **Profit and loss statement**
 - Net revenue (CHF 11.7 billion) with a decline of around CHF 400 million
 - EBITDA (CHF 4.4 billion) with a decrease of around CHF 100 million
 - Net income (CHF 1.7 billion) unchanged
- **Cash flow statement**
 - CAPEX (CHF 2.4 billion) around CHF 100 million lower
 - FCF proxy unchanged
- **Balance sheet (B/S)**
 - Equity of CHF 5.5 billion and net debt of CHF 8.1 billion decreases by CHF 300 million each
 - No impact on equity ratio of 26%
 - Net debt/EBITDA with 1,8 stable

Recent FX movements with no impact on net income, FCF and B/S ratios

Outlook 2015 - new segment reporting as from Q1-2015

Prior to Q1-2015 reporting, restated figures for 2014 Q1..Q4 will be published

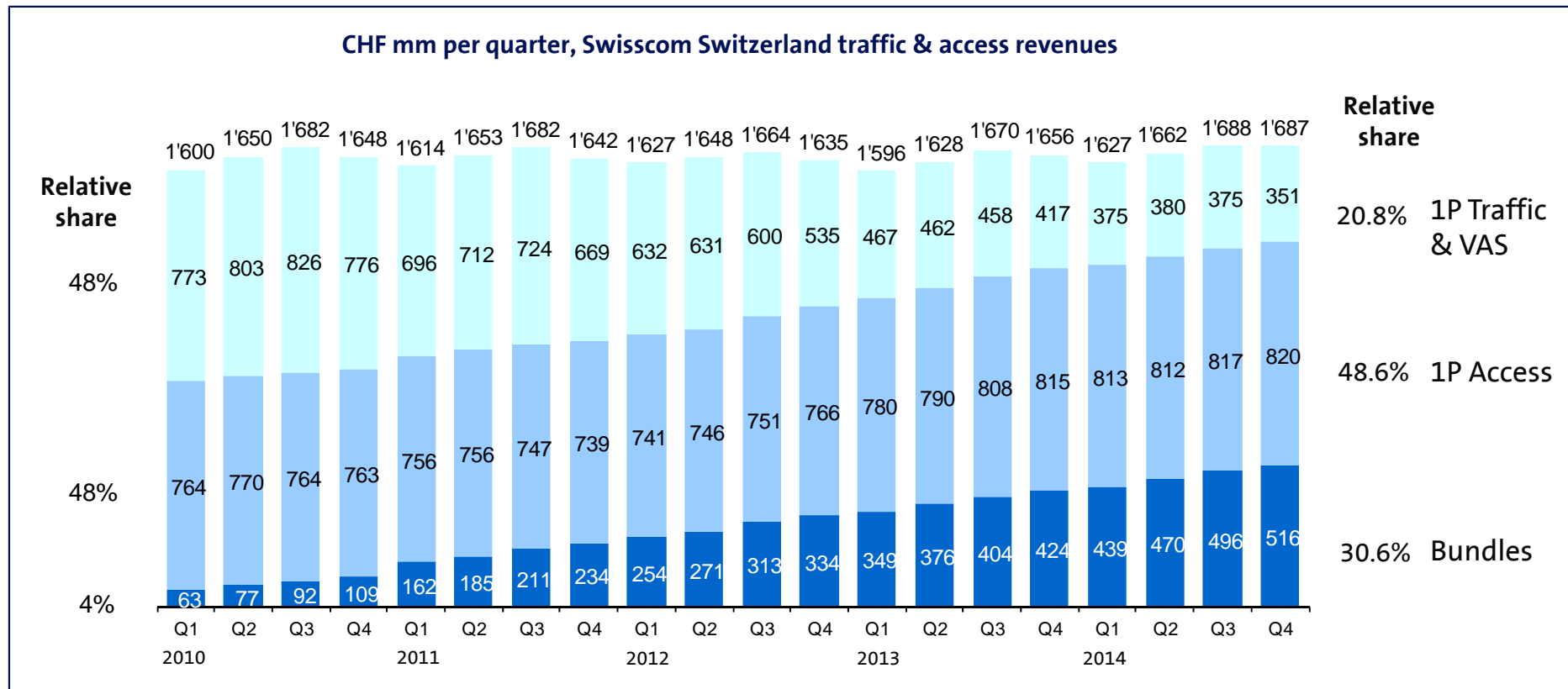


Cake slices indicate a shift in revenue/ EBITDA / FTE

Attachments

Bundles replacing 1P

Business model for local telco can no longer rely on usage based charging

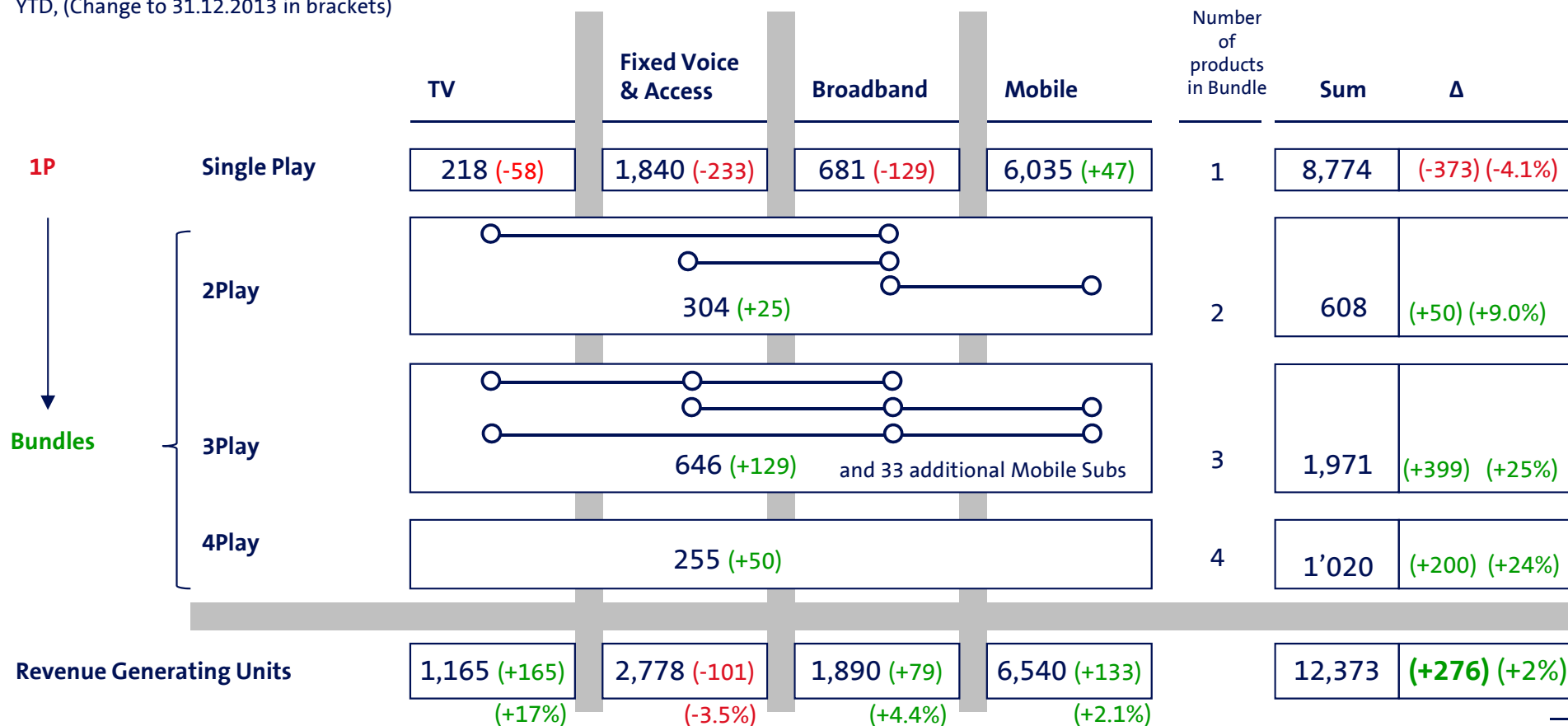


Bundles & Access revenues now represent 79% of revenues compared to 52% 4 years ago.

RGU's

Swisscom Switzerland Access Lines/Subs/Products (000)

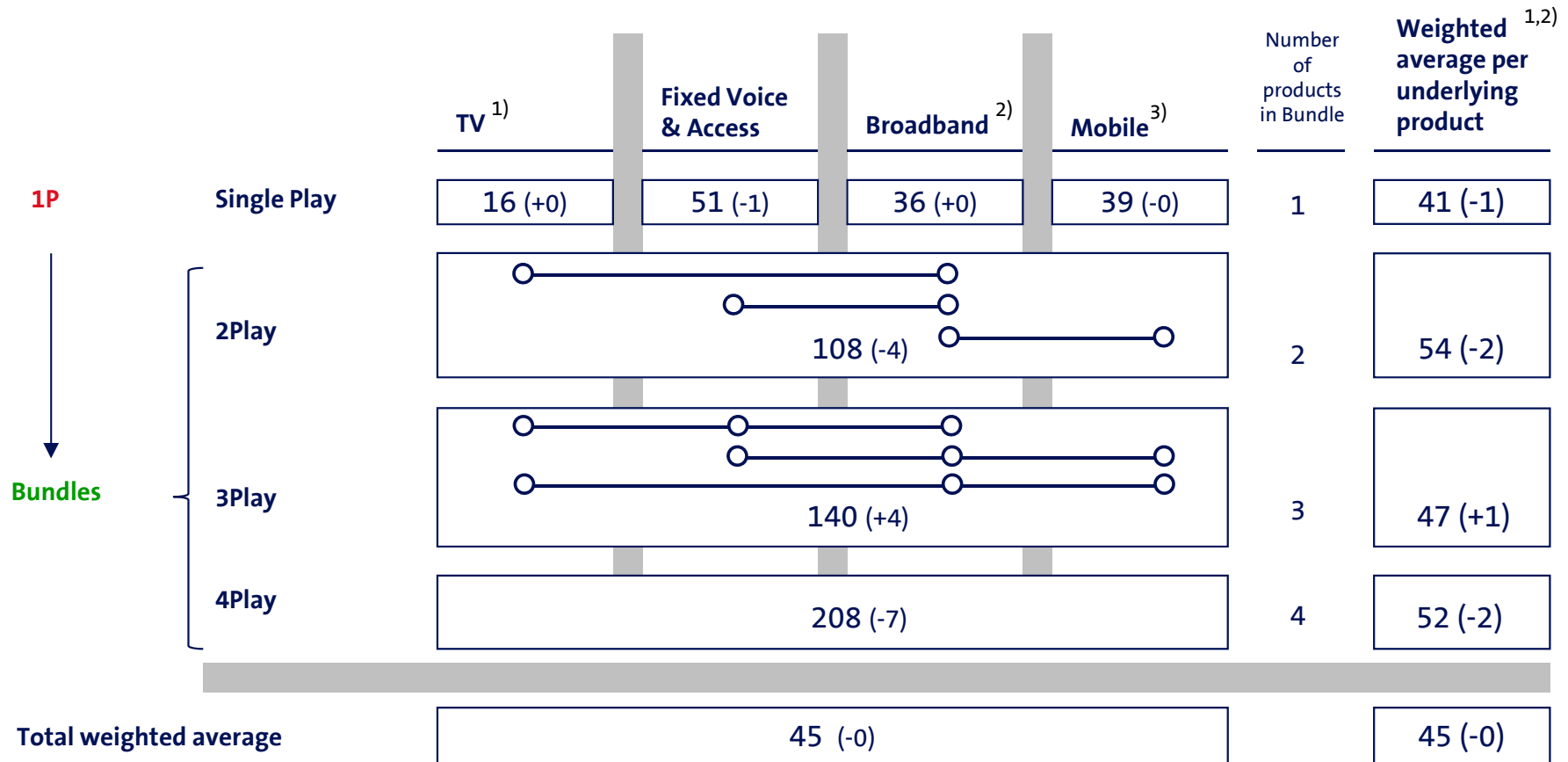
YTD, (Change to 31.12.2013 in brackets)



Number of revenue generating units up by +2.3% YOY.

ARPU

YTD, (Change to 31.12.2013 in brackets)



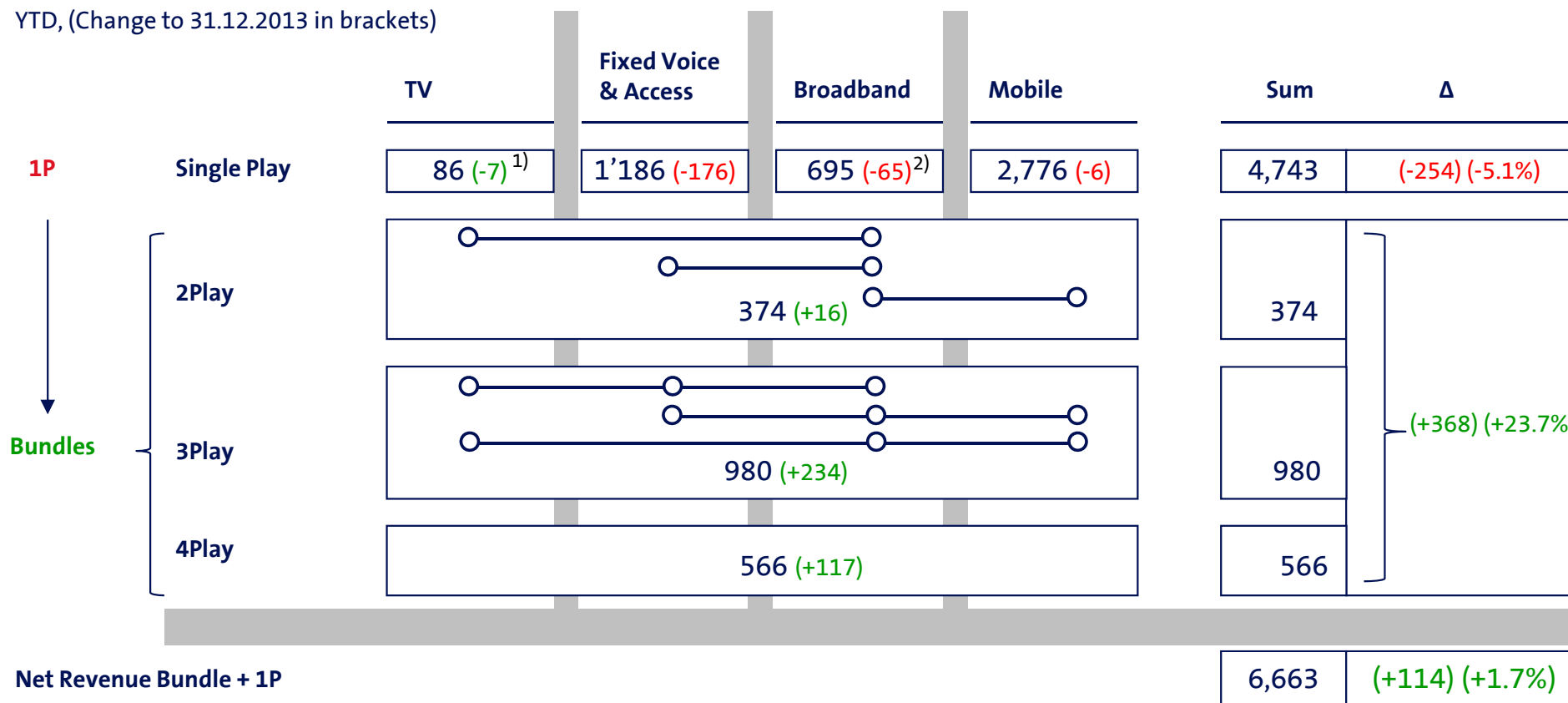
Move to bundles implies up-scaling to higher ARPUs

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

Revenues (RGU x ARPU)

Net revenues (CHF mm)

YTD, (Change to 31.12.2013 in brackets)



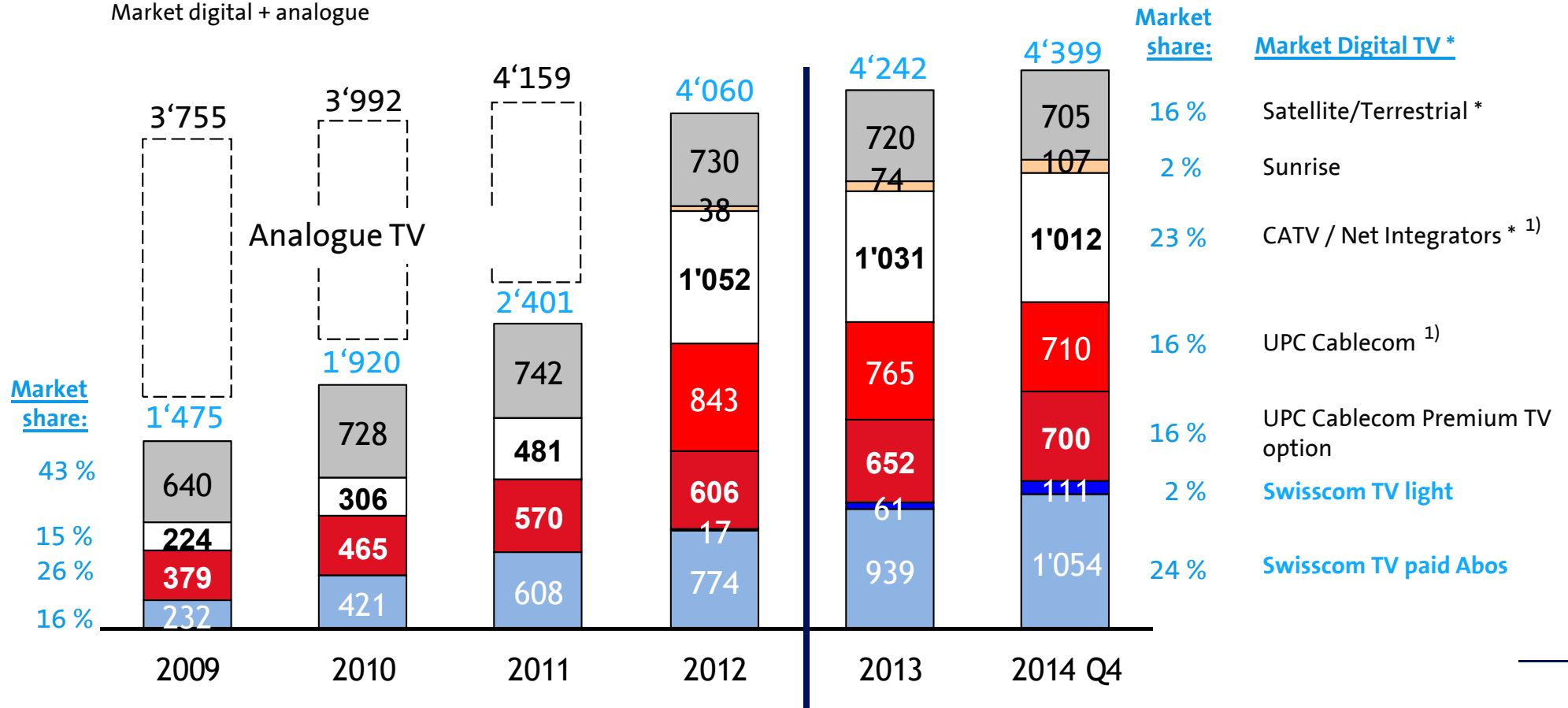
1) includes impact from acquisition Cinetrade.

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

TV market Switzerland

Market volumes (000) digital TV

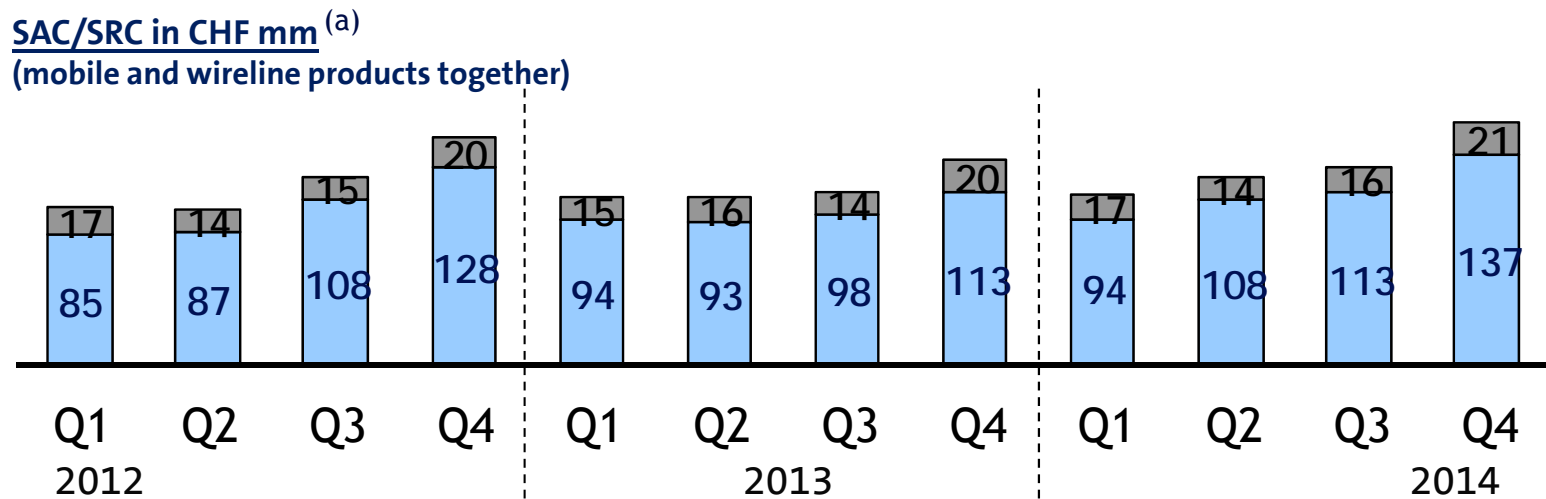
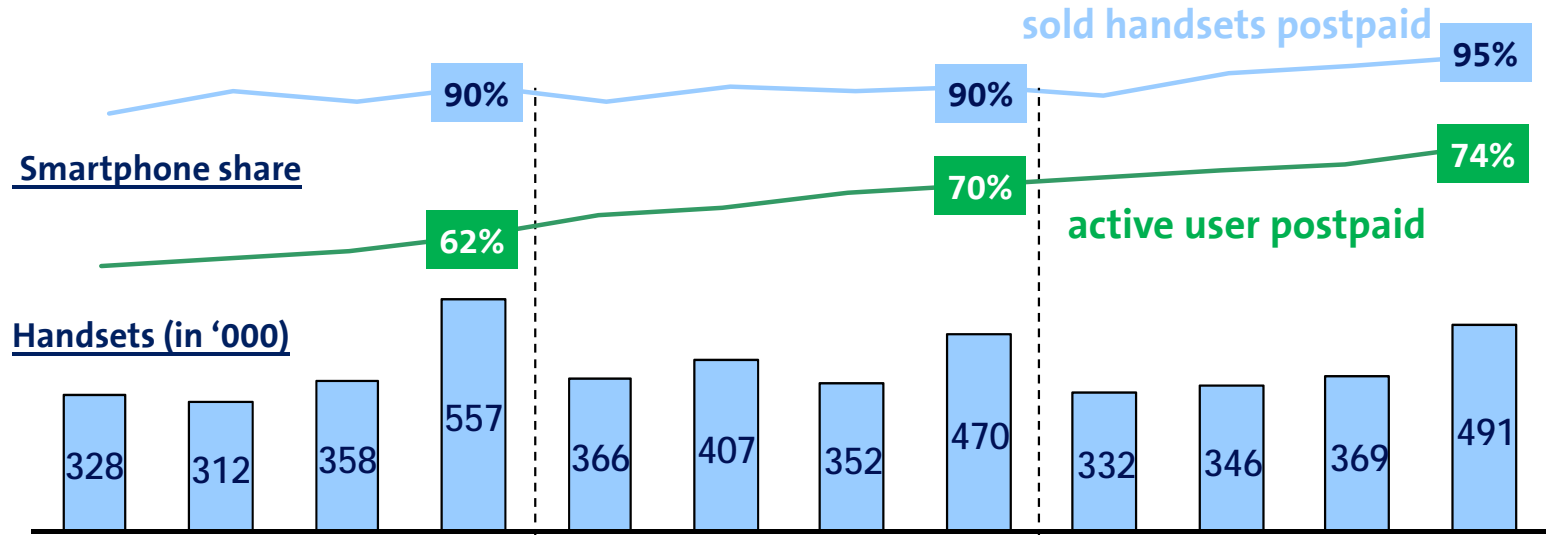
Market digital + analogue



1) Migration to digital largely driven by analogue customers who have been transferred technically, but have not subscribed to a digital product yet: these are potential customers for Swisscom

* Estimates for Q4 2014

Handsets & SACs




Active Postpaid User with a steady increase of its smartphone share.

(a) excluding intercompany SAC/SRC

Wholesale Access Portfolio

Layer 1 copper/fibre and layer 3 broadband services available at standard prices and contingent model based pricing available on request

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Access Portfolio Swisscom Wholesale		Contingent Model
Unbundled Access Line TAL, Layer 1, Copper *	CHF 12.20 / month	Pre-invest of Sunrise (CHF 74mm)  reduced standard prices (according to pre-invest)
Access Line Optical ALO, Layer 1, Fibre *	CHF 34.00 / month	
Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s	CHF 29.00 / month	
Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s	CHF 34.00 / month	
Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s	CHF 52.00 / month	

* Extra investments (e.g. backhauling, collocation) required by OLO

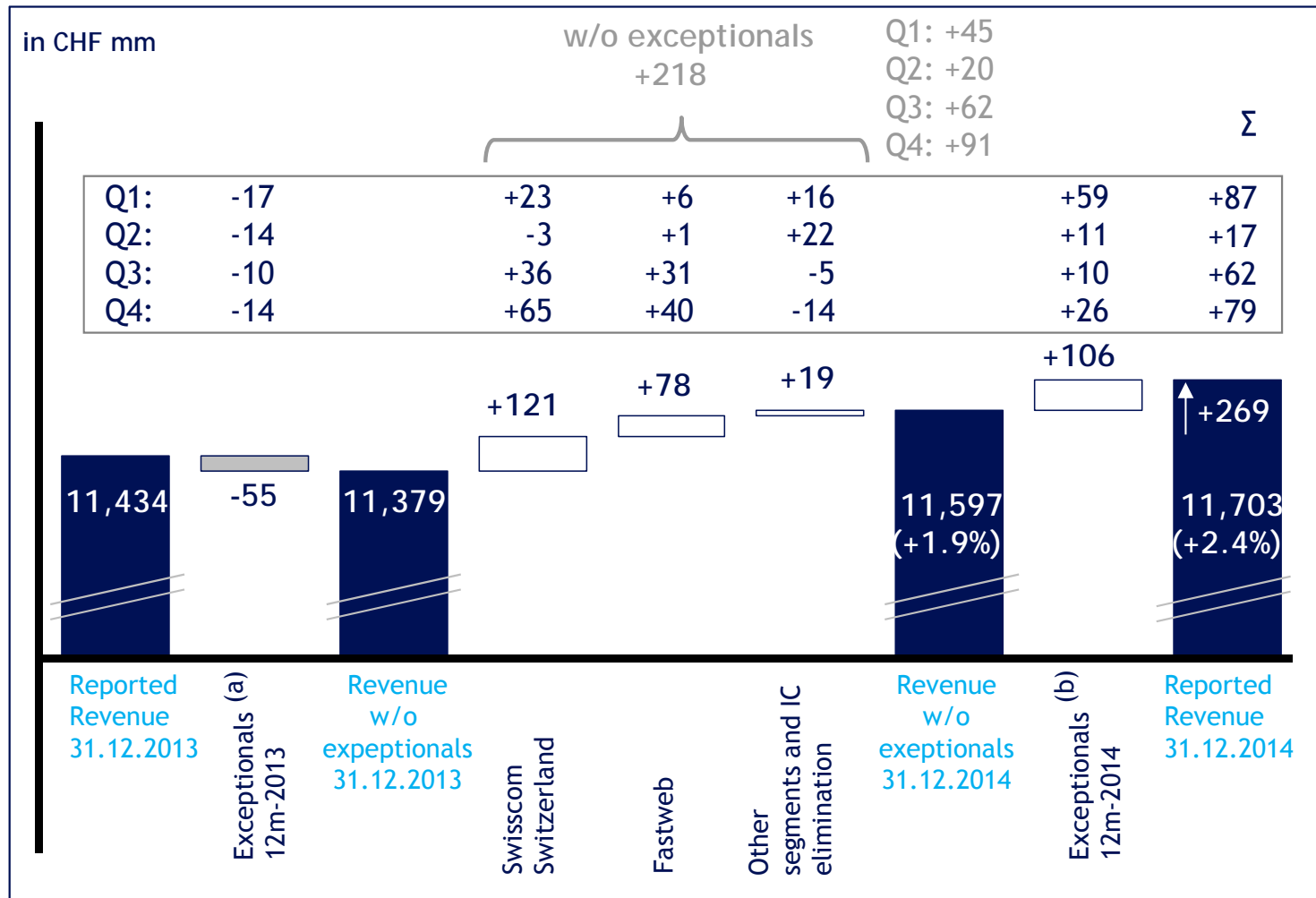
Contingent model based pricing is available
to any wholesale partner who is willing to pre-invest

Group results

Revenues, exceptionals

Without M&A, hubbing and FX effects, revenue went up CHF 218mm YOY (+1.9%)

Underlying top-line of Fastweb (w/o hubbing and FX) went up by CHF 78 mm YOY. All segments with increase



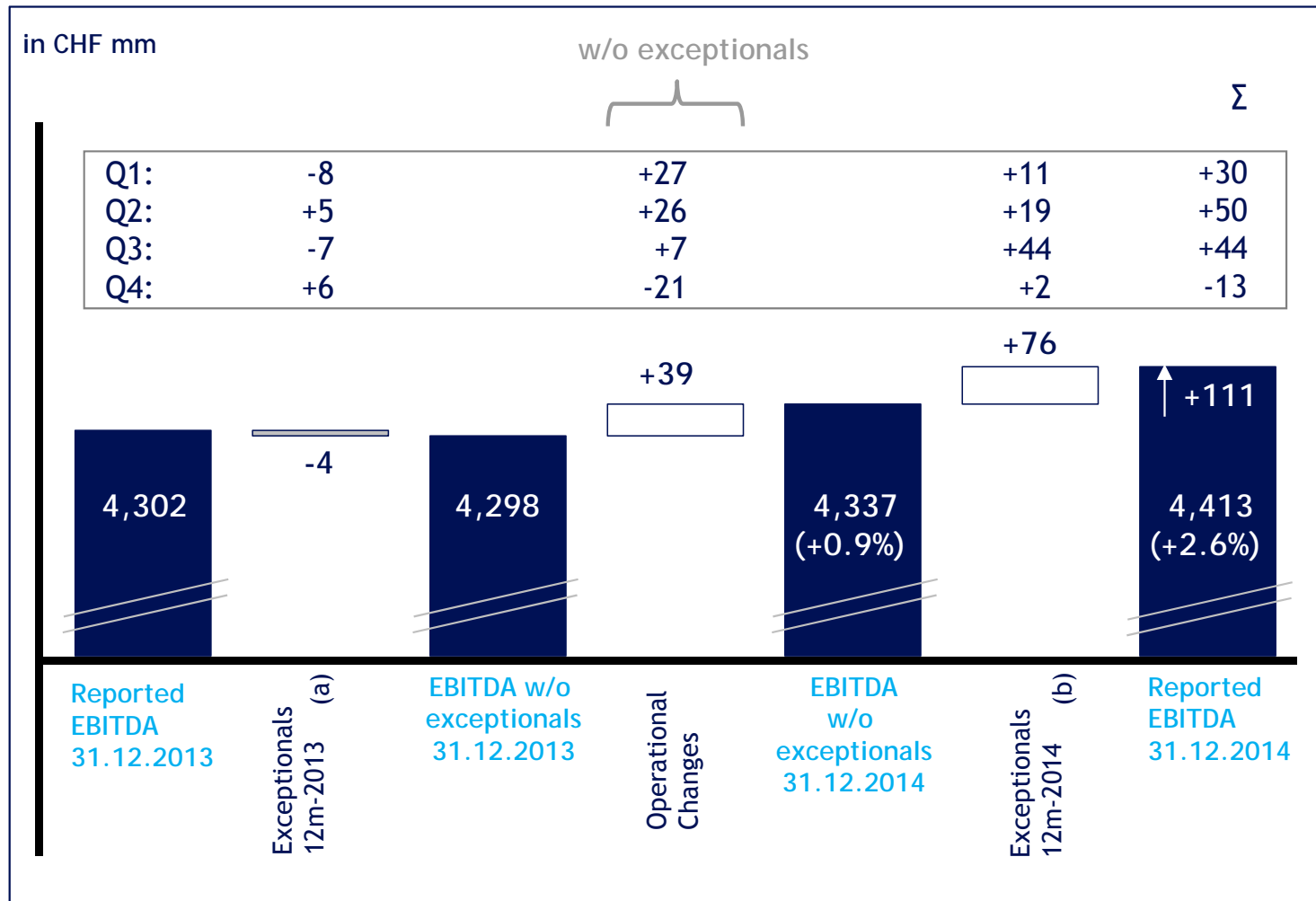
(a) Hubbing Fastweb (CHF -55mm)

(b) Acquisitions (CHF +100mm), Hubbing Fastweb (CHF +34mm), change exchange rate (CHF -28mm, weakening of Euro against Swiss Franc of 1.4%)

Group results

EBITDA, exceptionals

EBITDA w/o exceptionals up CHF 39mm YOY.



(a) Release of provisions restructuring (CHF -4mm)

(b) M&A (CHF +21mm), additional gain on sale of real estate (+50mm), lower Pension cost (+14mm), change exchange rate (CHF -9mm, weakening of Euro against Swiss Franc of 1.4%)

Reported vs. normalised EBITDA

EBITDA development YOY (in CHF mm)					
	Q1	Q2	Q3	Q4	12m
Swisscom Switzerland	17	14	-7	5	29
Fastweb	13	16	8	-32	5
<i>o/w effect of lower regulated costs</i>	<i>8</i>	<i>9</i>	<i>8</i>	<i>-15</i>	<i>10</i>
All other	0	20	43	14	77
Reported EBITDA	30	50	44	-13	111
<i>o/w</i>					
M&A impact	9	2	4	6	21
Real estate gain	0	11	39	0	50
Currency effect	0	-2	-3	-4	-9
Pension & restructuring cost	-6	13	-3	6	10
Normalised EBITDA	27	26	7	-21	39
i.e. exceptional income YoY	3	24	37	8	72

Segment 'Residential'

Top line impacted by one off effect (acquisitions). Higher service revenue and revenue devices.

CM 2 increased by 1.8%, driven by higher margin (due to service revenue) and one-off (acquisitions).

FTE increased 11.8%, adjusted +1.6% YOY

Mobile postpaid subs increase alongside with the increase in infinity subs .

	Q4/14	Q4oQ4	31.12.2014	YoY
Net revenue in MCHF ¹⁾	1'419	6.5%	5'326	3.5%
Direct costs in MCHF	-424	12.8%	-1'379	5.0%
Indirect costs in MCHF ²⁾	-278	7.8%	-996	6.6%
Contribution margin 2 in MCHF	717	2.7%	2'951	1.8%
<i>Contribution margin 2 in %</i>	<i>50.5%</i>		<i>55.4%</i>	
CAPEX in MCHF	55	-20.3%	172	-13.6%
FTE's	+4		5'313	11.8%
Voice lines in '000 ³⁾	-32		2'014	-4.9%
BB lines in '000 ³⁾	+14		1'623	4.1%
Wireless customers prepaid in '000	-2		2'163	-0.6%
Wireless customers postpaid in '000 ³⁾	+17		2'609	3.0%
Blended wireless ARPU MO in CHF	34	0.0%	35	2.9%
TV subs in '000 ³⁾	+39		1'126	16.4%

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

Segment 'Small & Medium Enterprises'

Net revenue up by 0.7% driven by higher bundle revenues.

Contribution margin 2 decreased by 0.9% year on year. Impacted by higher retention costs.

BB lines up by 6.5%.

	Q4/14	Q4oQ4	31.12.2014	YoY
Net revenue in MCHF ¹⁾	292	0.3%	1'159	0.7%
Direct costs in MCHF	-48	20.0%	-161	6.6%
Indirect costs in MCHF ²⁾	-38	0.0%	-142	4.4%
Contribution margin 2 in MCHF	206	-3.3%	856	-0.9%
<i>Contribution margin 2 in %</i>	<i>70.5%</i>		<i>73.9%</i>	
CAPEX in MCHF	8	14.3%	25	47.1%
FTE's	+11		775	2.4%
Voice lines in '000 ³⁾	-2		509	-1.5%
BB lines in '000 ³⁾	+4		229	6.5%
Wireless customers in '000 ³⁾	+2		595	2.1%
Blended wireless ARPU MO in CHF	70	-2.8%	71	-1.4%
1) incl. intersegment revenues				
2) incl. capitalised costs and other income				
3) sum of single play and bundles				

Segment 'Corporate'

On revenue level, ongoing price erosion could be compensated by a wireless data volume increase and other items.

of wireless subs up by 5.3% YOY

	Q4/14	Q4oQ4	31.12.2014	YoY
Net revenue in MCHF ¹⁾	463	0.2%	1'788	0.1%
Direct costs in MCHF	-103	-4.6%	-396	-0.5%
Indirect costs in MCHF ²⁾	-127	2.4%	-492	2.1%
Contribution margin 2 in MCHF	233	1.3%	900	-0.8%
<i>Contribution margin 2 in %</i>	<i>50.3%</i>		<i>50.3%</i>	
CAPEX in MCHF	26	-7.1%	83	-9.8%
FTE's	+15		2'487	1.9%
Voice lines in '000	+1		255	4.1%
BB lines in '000	+0		38	2.7%
Wireless customers in '000	+24		1'173	5.3%
Blended wireless ARPU MO in CHF	39	-9.3%	40	-9.1%

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

Segment 'Wholesale'

Revenue from external customers down 3.1% driven by lower termination and inbound roaming rates.

	Q4/14	Q4oQ4	31.12.2014	YoY
Revenue from external customers in MCHF	142	-2.1%	570	-3.1%
Intersegment revenue in MCHF	91	-3.2%	359	-5.0%
Net revenue in MCHF	233	-2.5%	929	-3.8%
Direct costs in MCHF	-132	-5.0%	-529	-6.2%
Indirect costs in MCHF ¹⁾	-5	0.0%	-19	5.6%
Contribution margin 2 in MCHF	96	1.1%	381	-0.8%
<i>Contribution margin 2 in %</i>	<i>41.2%</i>		<i>41.0%</i>	
CAPEX in MCHF	-	nm	-	nm
FTE's	+1		111	3.7%
Full access lines in '000	-24		180	-29.7%
BB (wholesale) lines in '000	+21		262	21.9%

1) incl. capitalised costs and other income

Segment 'Networks and support functions'

Overall, CM2 nearly on prior year level.

CAPEX of CHF 907mm up 6.9% YOY, due to further rollout of broadband networks.

	Q4/14	Q4oQ4	31.12.2014	YoY
Personnel expenses in MCHF	-196	4.3%	-733	2.9%
Rent in MCHF	-47	-4.1%	-185	-1.1%
Maintenance in MCHF	-53	-3.6%	-193	-2.0%
IT expenses in MCHF	-82	10.8%	-313	2.6%
Other OPEX in MCHF	-85	-1.2%	-279	-4.5%
Indirect costs in MCHF	-463	2.4%	-1'703	0.6%
Capitalised costs and other income in MCHF	50	-2.0%	191	2.1%
Contribution margin 2 in MCHF	-413	3.0%	-1'512	0.4%
Depreciation, amortisation and impairment in MCHF	-247	6.5%	-971	5.9%
Segment result in MCHF	-660	4.3%	-2'483	2.5%
CAPEX in MCHF	384	-7.0%	1'291	6.9%
FTE's	+39		4'599	4.4%

Segment 'Fastweb'

*W/o low margin
wholesale hubbing
net revenues
increased 3.9% YOY.*

*All segments report
an increase in
revenue.*

*EBITDA of EUR 515
million up 2.0% YOY.*

*# of BB customers up
by 6.7% YOY reaching
2,07 million
customers.*

	Q4/14	Q4oQ4	31.12.2014	YoY
Consumer revenue in MEUR	190	2.2%	753	1.2%
Enterprise revenue in MEUR	222	4.7%	789	2.3%
Wholesale revenue in MEUR ¹⁾	46	48.4%	146	15.0%
Net revenue in MEUR ¹⁾	458	6.8%	1'688	2.8%
of which net revenue excl. hubbing in MEUR	451	7.9%	1'660	3.9%
OPEX in MEUR ²⁾	-313	20.4%	-1'173	3.2%
EBITDA in MEUR	145	-14.2%	515	2.0%
<i>EBITDA margin in %</i>	<i>31.7%</i>		<i>30.5%</i>	
CAPEX in MEUR	156	-9.3%	562	-0.5%
OpFCF Proxy in MEUR	-11	n.m.	-47	-21.7%
FTE's	+13		2'391	1.2%
BB customers in '000	+56		2'072	6.7%
In consolidated Swisscom accounts				
EBITDA in MCHF	175	-15.5%	625	0.8%
CAPEX in MCHF	188	-11.3%	682	-1.9%
1) incl. revenues to Swisscom companies				
2) incl. capitalised costs and other income				

Segment 'Other'

Swisscom IT Services external revenue up mainly due to one off (acquisition).

OPEX up by 0.8% mainly driven by one off (acquisition) partly compensated by an additional gain on sale of real estate.

EBITDA up by 19.1% YOY driven by an additional gain on sale of real estate.

	Q4/14	Q4oQ4	31.12.2014	YoY
Swisscom IT Services in MCHF	161	-4.7%	650	6.2%
Group Related Business in MCHF	84	-5.6%	329	0.0%
Hospitality Services in MCHF	14	-6.7%	64	14.3%
Other in MCHF	19	111.1%	45	28.6%
External revenue in MCHF	278	-1.4%	1'088	5.4%
Net revenue in MCHF ¹⁾	489	-0.8%	1'889	3.8%
OPEX in MCHF ²⁾	-420	-1.6%	-1'528	0.8%
EBITDA in MCHF	69	4.5%	361	19.1%
EBITDA margin in %	14.1%		19.1%	
CAPEX in MCHF	56	-11.1%	211	8.2%
FTE's	-32		5'132	3.4%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Reported pension plan costs and outlook

in CHF mio	2013 reported	2014 reported	Δ	2015 estimated
Operating pension cost (EBITDA)	258	244	70	314
Net interest (financial result)	37	24	2	26
Total pension cost (P&L)	295	268		340
Total company contributions (cash payments)	276	266	-20	246
Pension cost less cash payments (cash flow statement)	19	2	92	94

- **Operating pension cost (service cost):**
 - Costs recognized in EBITDA measured in accordance with IFRS actuarial valuation method
 - Costs are highly sensitive to changes of discount rate assumption
 - Significant increase of cost are expected in 2015 due to lower discount rate (= yields of AA-rated corporate bonds).
- **Cash payments:**
 - Cash contributions are not based on IFRS actuarial valuation method
 - Contributions in 2015 likely to decrease due to a lower number of early-retirements

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.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' websites.

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