



FY 2015 results presentation
Analyst and investor meeting
Zurich, 4 February 2016

Agenda

1	Welcome and introduction	Louis Schmid
2	Highlights	Urs Schaeppi
3	Strategic update and focus 2016	Urs Schaeppi
4	Swiss infrastructure	Heinz Herren
5	Swiss retail*	Marc Werner
6	Enterprise customers	Christian Petit
7	Fastweb	Alberto Calcagno
8	Financials and guidance	Mario Rossi
9	Q&A	All
10	Backup	

* Residential customers & SME

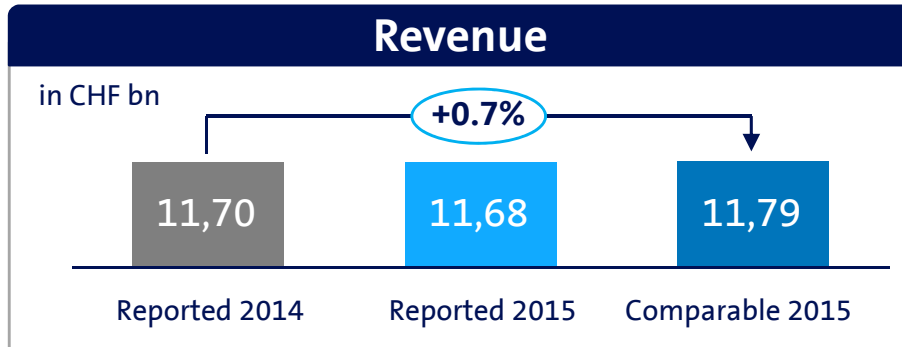
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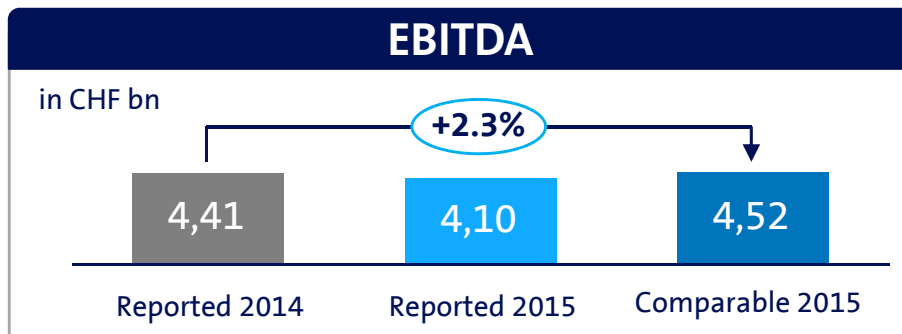
Financials in a nutshell

Solid underlying performance

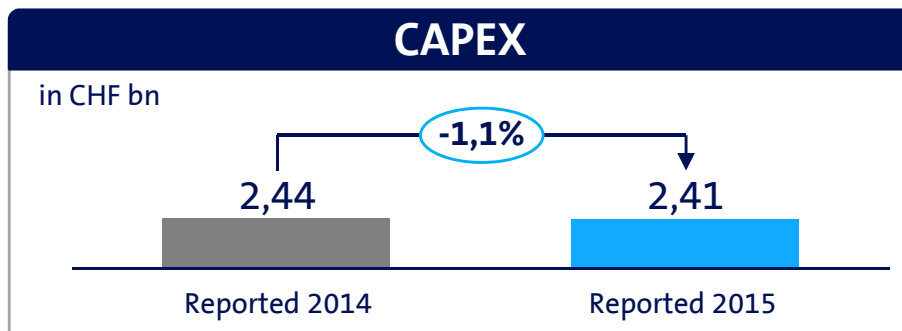


YoY comments

- > Underlying revenue up (CHF +83 mn)
- > Swiss core business up (CHF +57 mn), mainly driven by service revenue
- > Fastweb shows growth in all segments (CHF +58 mn)






- > Without exceptionals (CHF -418 mn) EBITDA increased by CHF +103 mn
- > Underlying growth driven by Swiss core business (50%) and Fastweb (50%)



- > Fibre rollout in Switzerland led to higher investments
- > Fastweb CAPEX lower YOY (in local currency EUR 541 mn, -3,7%)

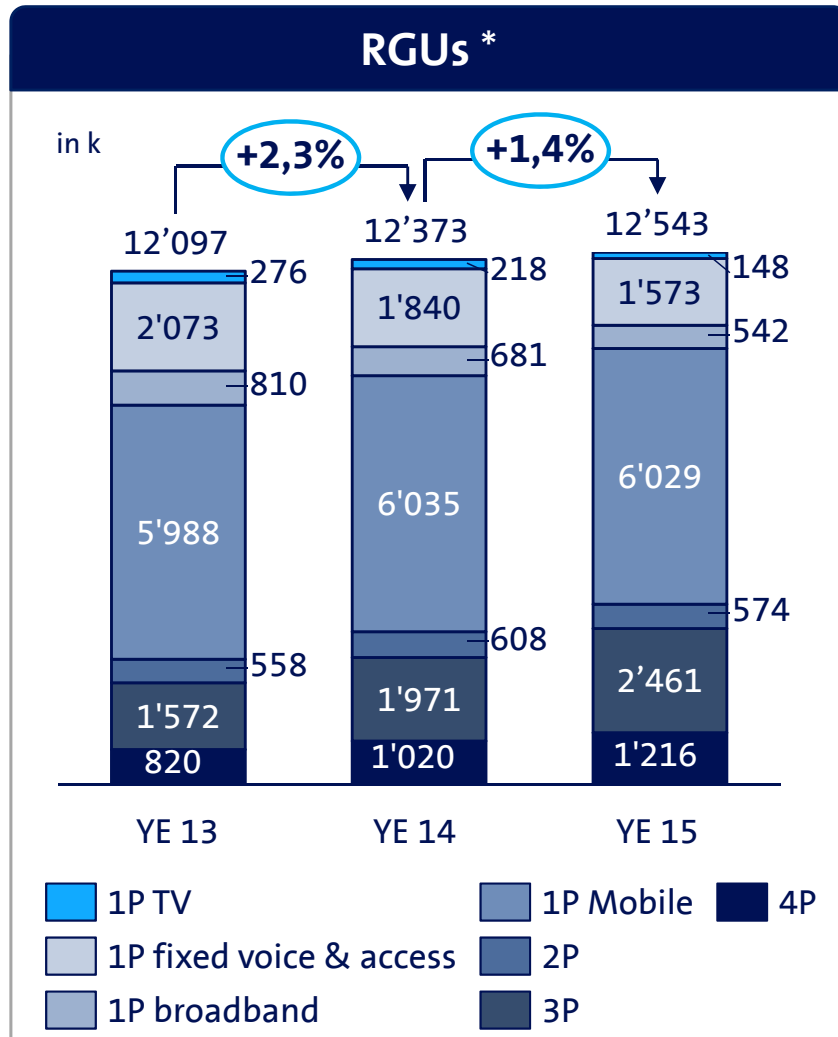
Highlights

Successful execution of strategy

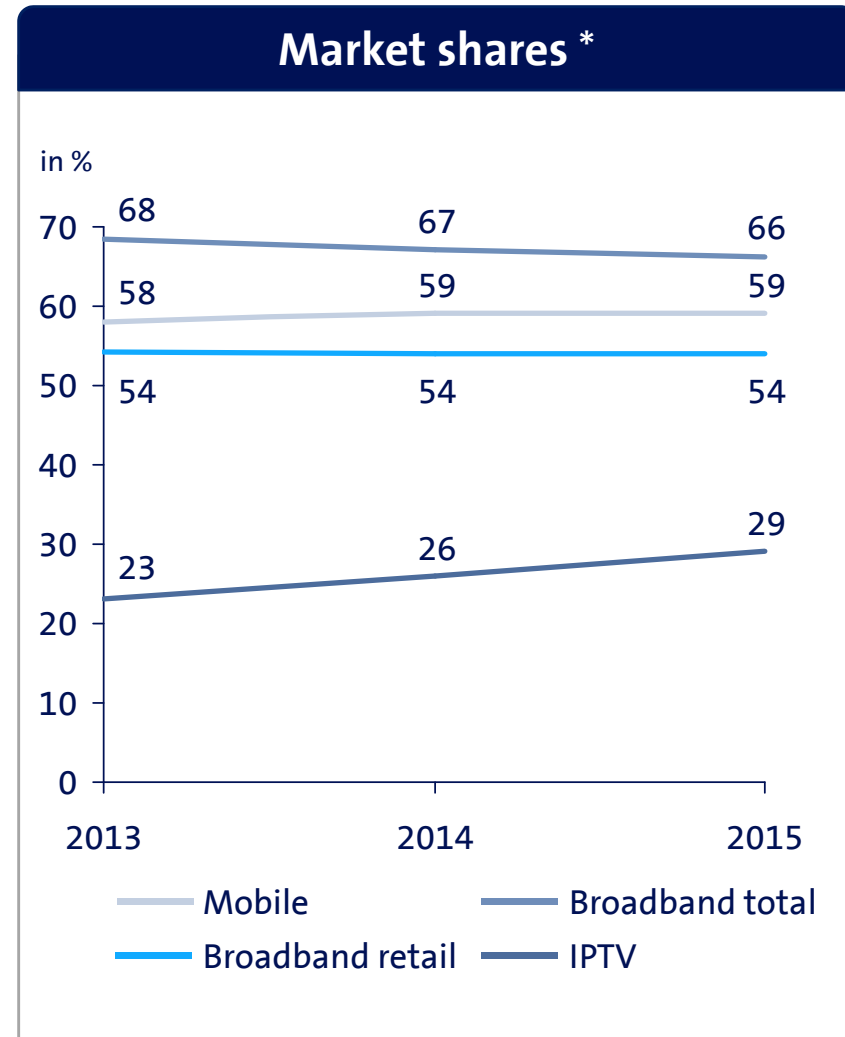
 Best infrastructure	 Best experiences	 Best growth opportunities
<p>Ultra broadband</p> <ul style="list-style-type: none"> > 2.9 mn homes and businesses supplied with >50 Mbps > 4G coverage of 98% > 7th time winner of connect test <p>Innovation</p> <ul style="list-style-type: none"> > VoLTE rollout and WiFi Calling started <p>Cloud</p> <ul style="list-style-type: none"> > Four major deals won > Application cloud launched 	<p>Leading services</p> <ul style="list-style-type: none"> > Highest NPS in Switzerland > Strong TV 2.0 > Wingo launch > Infinity plus with carefree EU roaming > Successful SME bundle 'My SME Office' <p>Important enablers</p> <ul style="list-style-type: none"> > Further development of security and big data > Successful merge of local.ch & search.ch 	<p>Core business</p> <ul style="list-style-type: none"> > Stable market shares > Growth through bundles > CHF 2.65 bn new order entries at enterprise customers <p>Fastweb</p> <ul style="list-style-type: none"> > Positive industrial trends in all segments > Healthy financial results <p>Verticals</p> <ul style="list-style-type: none"> > First successes in health > Banking stable

Market position in Switzerland

RGU growth and stable market shares



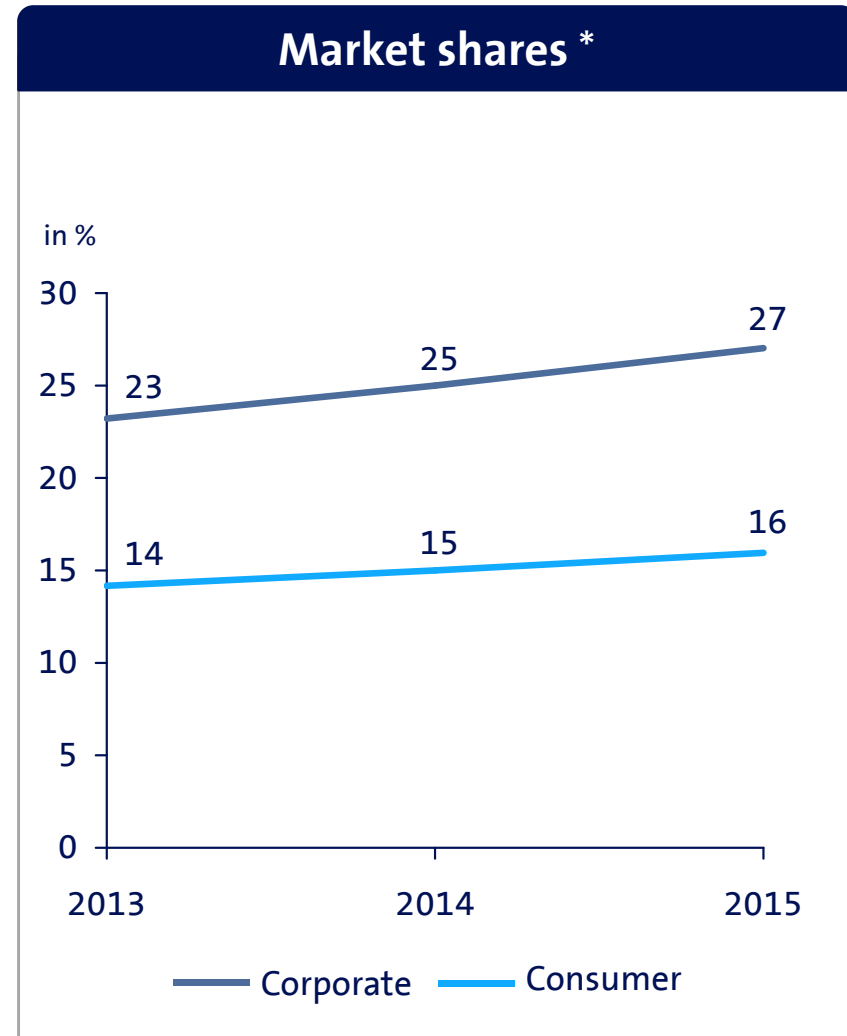
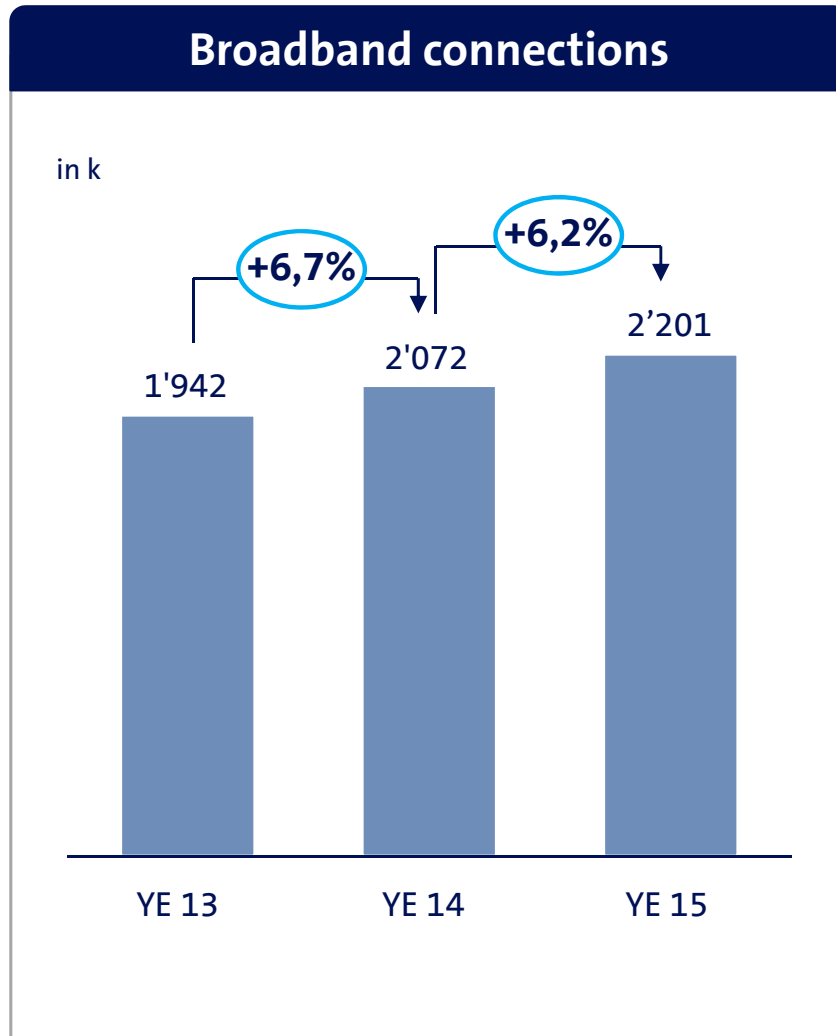
* Swisscom Switzerland



* Swisscom estimates Q4 2015

Market position in Italy

Fastweb with increased BB connections and market shares



* Fastweb, competitor radar Q4 2015

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Global environment

Global trends also impact Switzerland

Global competition

- > Global internet players in B2B & B2C
- > Potential for cooperation and selective partnering



Disruptive technology

- > Data-driven business models
- > Significant efficiency increase and scalability
- > Software gains importance



Everything connected

- > Infrastructure is essential
- > Integrated processes, digital workspaces
- > Opportunities for growth



Swiss environment

Local market expected to remain quality focused

Local competition

- > No market share changes despite high saturation and dynamics
- > Increasing focus on digital topics



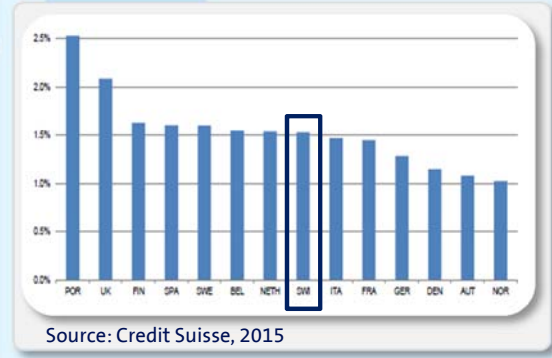
Swiss made

- > High affinity for Swiss quality services
- > Ability and willingness to pay for premium
- > Increasing security and privacy proposition



Telco spending

- > Absolute price level in Switzerland high
- > Share of wallet for telco spending in the European average



Swisscom strategy

We keep our proven strategic direction

swisscom

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

Building the best infrastructure

Creating the best experiences

Realising the best growth opportunities

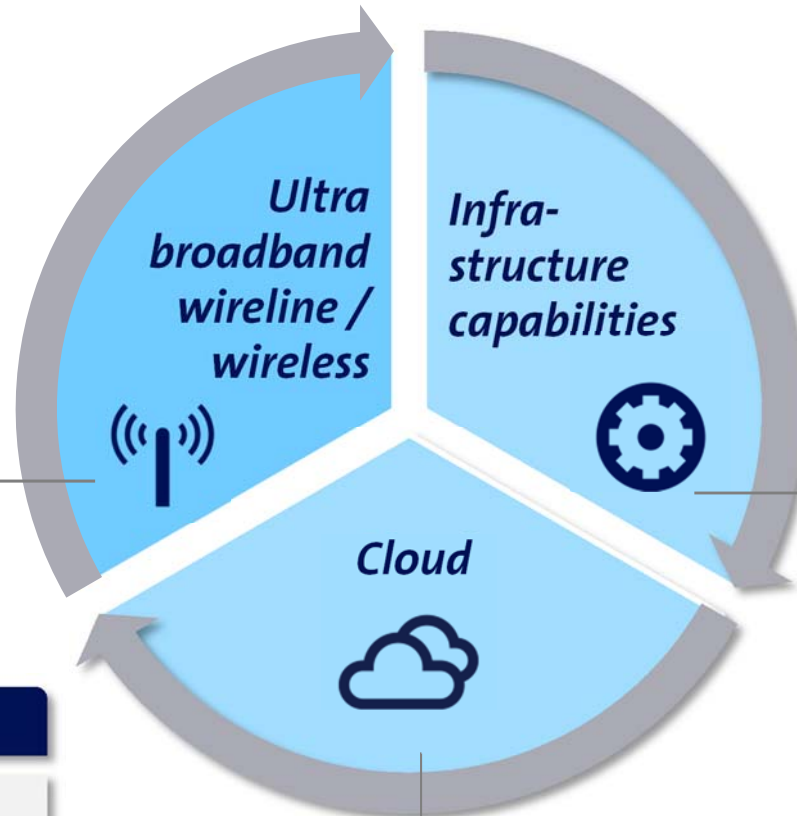
Welcome to the country of possibilities.

Best infrastructure

Building a performant, secure and efficient Swiss infrastructure

Ambition

- > Expand 4G LTE coverage and performance
- > Extend FTTS/H coverage and uptake
- > Increase cost efficiency in infrastructure development



Ambition

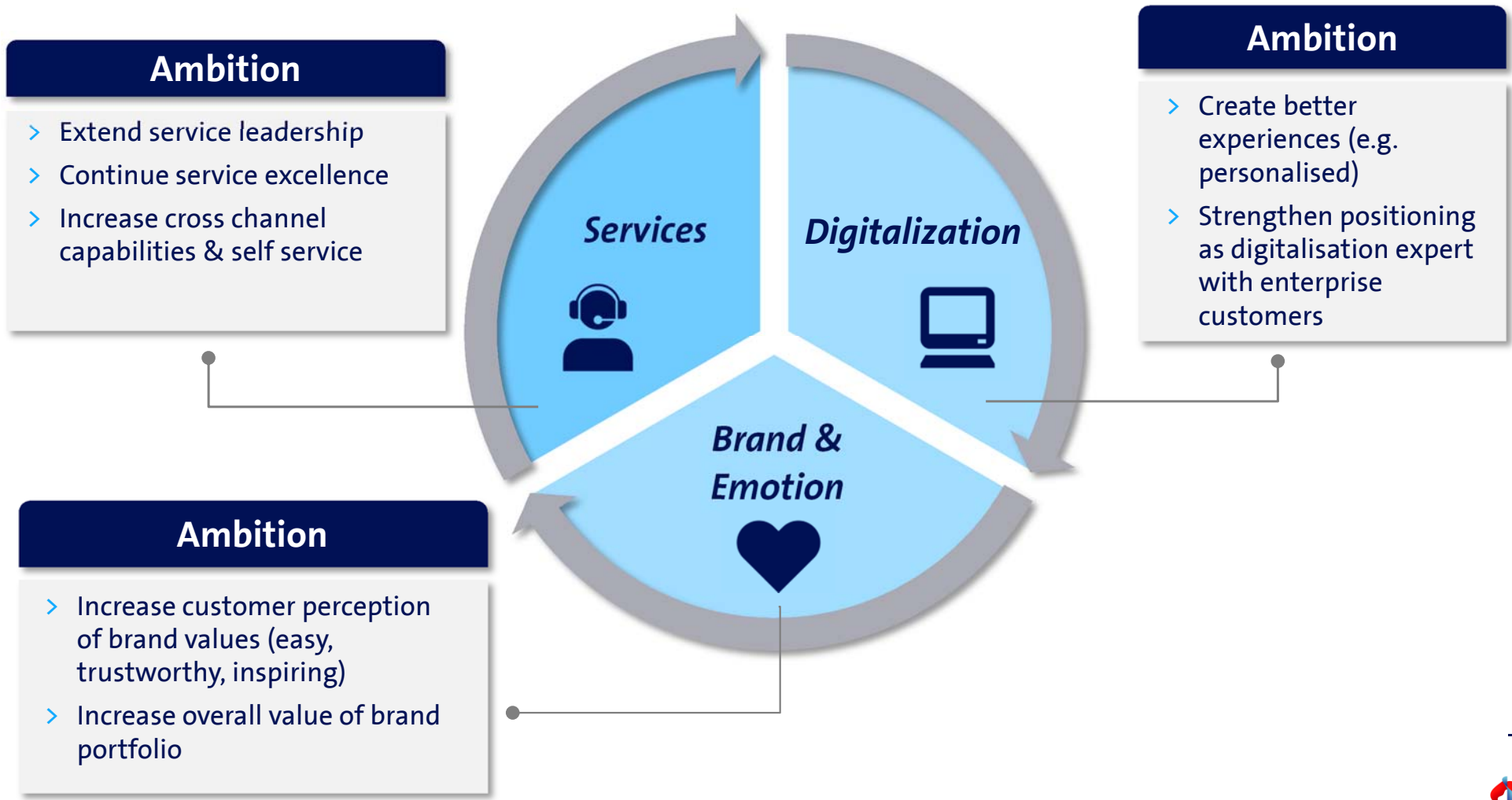
- > Guarantee operational stability and security
- > Provide internal and external enablers

Ambition

- > Leverage virtualisation for cost efficiency
- > Further growth in cloud-based products

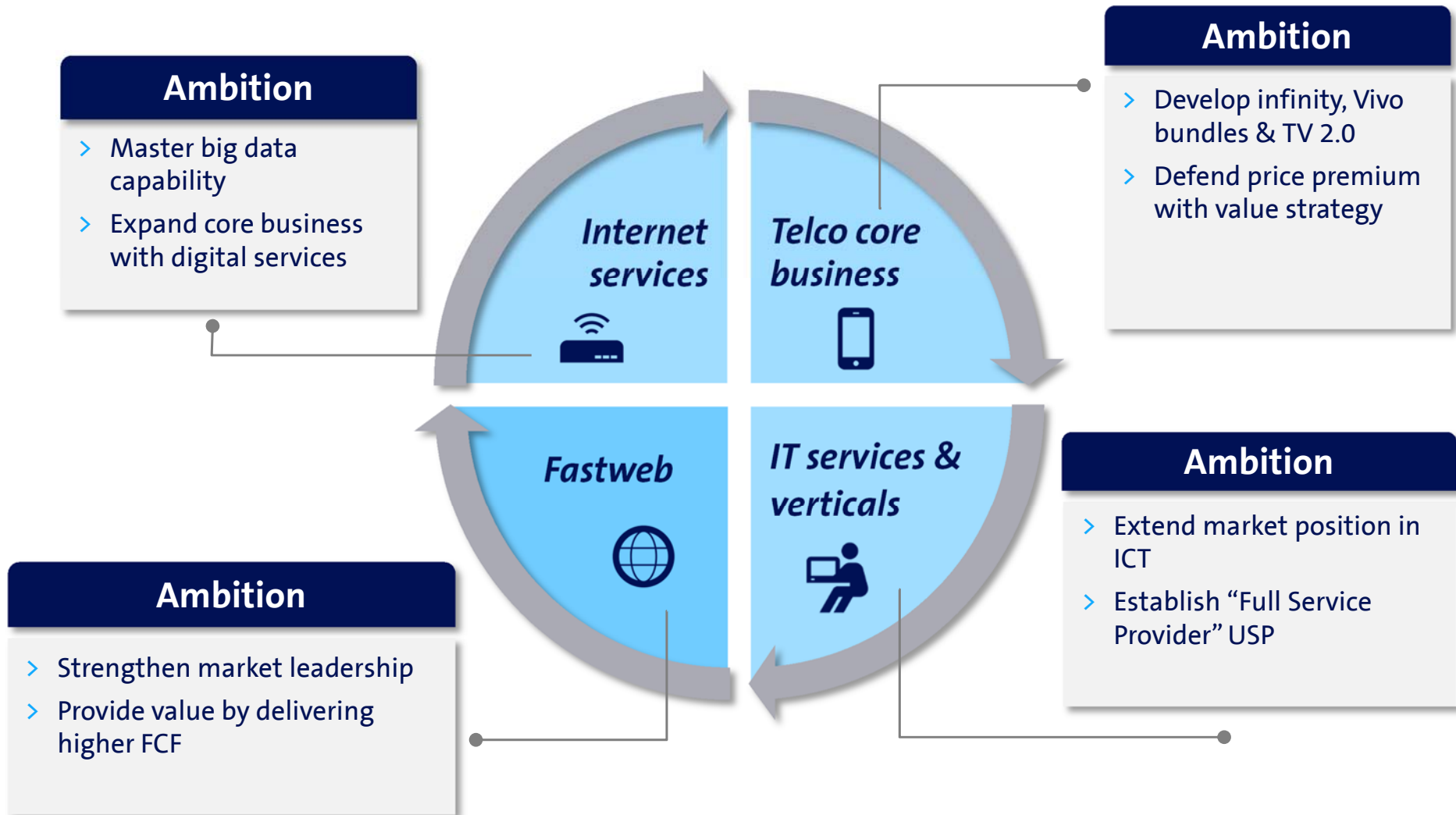
Best experiences

Delivering superior customer experiences



Best growth opportunities

Exploit growth potential in core business, ICT and Fastweb



Focus 2016

Five priorities to increase competitiveness and sustain value

Priority	Strategic levers	Ambition 2016
1 Maximise core business	<ul style="list-style-type: none"> > Defend market shares in Switzerland > Retain price levels and margins > Differentiate through quality in services, infrastructure and products 	<ul style="list-style-type: none"> > Retain strong market position > RGU growth > Slight CAPEX decrease > Gross cash savings of CHF 50 mn > Reduction of ~700 FTEs via social plan*
2 Operational excellence	<ul style="list-style-type: none"> > Focus on cost, speed and quality to achieve material cash savings > Reduction of headcount > Increase cost efficiency in infrastructure development 	

* CHF 70 mn of restructuring cost booked as provision in 2015 accounts




Focus 2016

Five priorities to increase competitiveness and sustain value

Priority	Strategic levers	Ambition 2016
3 Develop Fastweb	<ul style="list-style-type: none"> > Provide best customer experience > Seamless connection everywhere > Increase scale in core and adjacent businesses 	<ul style="list-style-type: none"> > Achieve 7.5 mn HH with UBB coverage > Grow market share and FCF > New industry offerings (e.g. Smart City) > Continue All IP porting > Drive digitalisation
4 Growth focus	<ul style="list-style-type: none"> > Benefit through differentiation and enhancing of core business > Selective ICT focus and discipline in selecting new growth areas 	
5 Transformation	<ul style="list-style-type: none"> > Push All IP migration > Enhance agility > Shape leadership 	

Operational excellence

Focus on cost, speed and quality to achieve material cash savings

Key factors	Initiatives
 <p>Cost</p>	<ul style="list-style-type: none"> > Headcount reduction, mainly in overhead > Impact of new organisation > Raise CAPEX efficiency
 <p>Speed</p>	<ul style="list-style-type: none"> > Process and IT optimisation > Benefits through All IP > Reduction of time-to-market
 <p>Quality</p>	<ul style="list-style-type: none"> > Legacy phase-out > Simplification of product portfolio > Maintain high quality

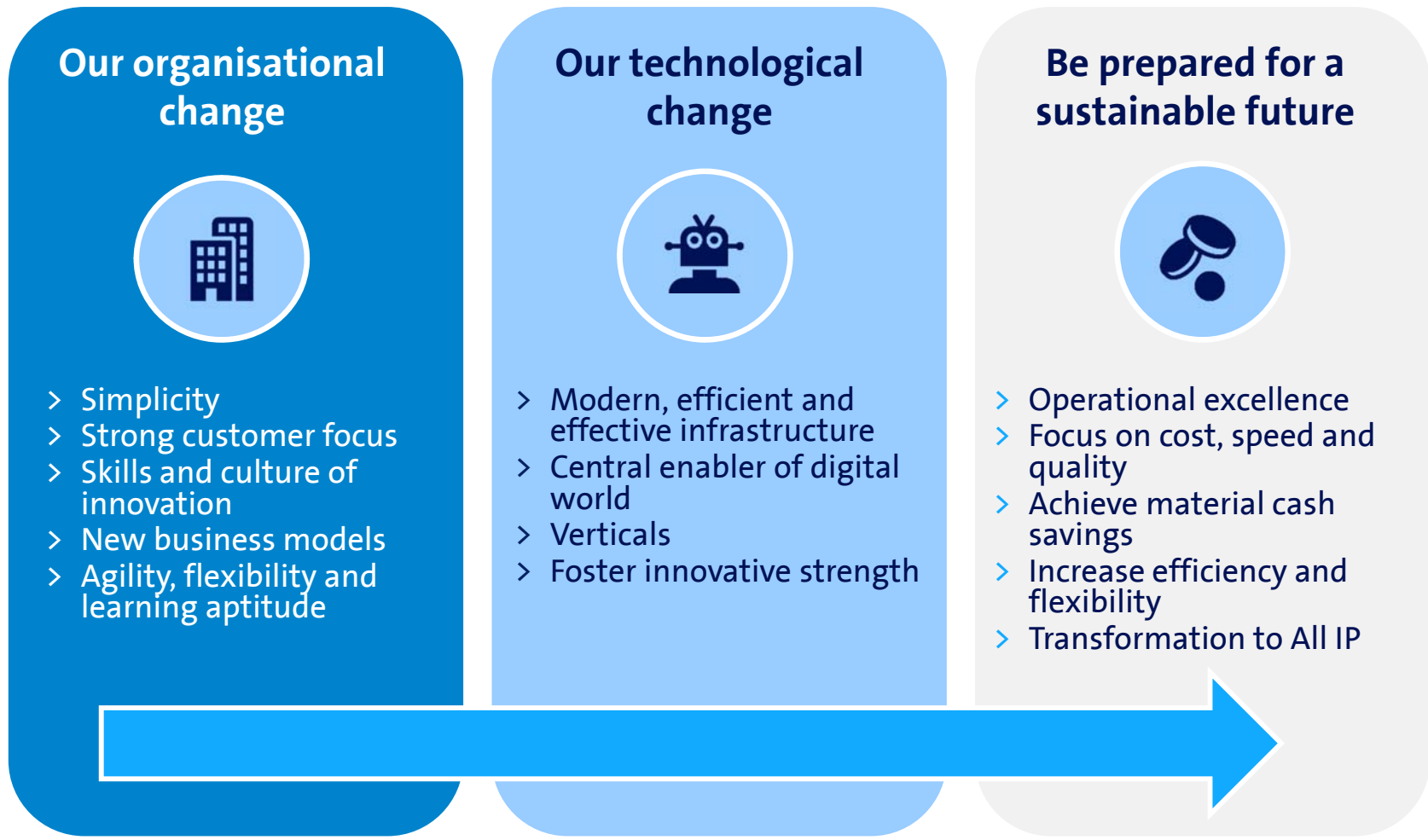
Ambition 2016-2020

<p>Incremental gross cash savings CHF ~50 mn in 2016 CHF ~75 mn in 2017 CHF ~60 mn p.a. from 2018-20</p>	<p>In 2016 reduction of ~700 FTEs via social plan* By 2020 recurring gross cash savings of CHF >300 mn p.a.</p>
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* CHF 70 mn of restructuring cost booked as provision in 2015 accounts

Business transformation

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



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Highlights

A year with a number of successes



“... and the winner is: Swisscom – in Switzerland as well as in the Three-Country-Benchmark with Germany and Austria”



“Ericsson and Swisscom intensify strategic partnership”



“Swisscom combines VoLTE, VoWi-Fi in EU first”- Swisscom was the first in Europe to demonstrate three-carrier aggregation



“Gee, that’s fast! Swisscom lines up 500Mbps G.fast upgrade”

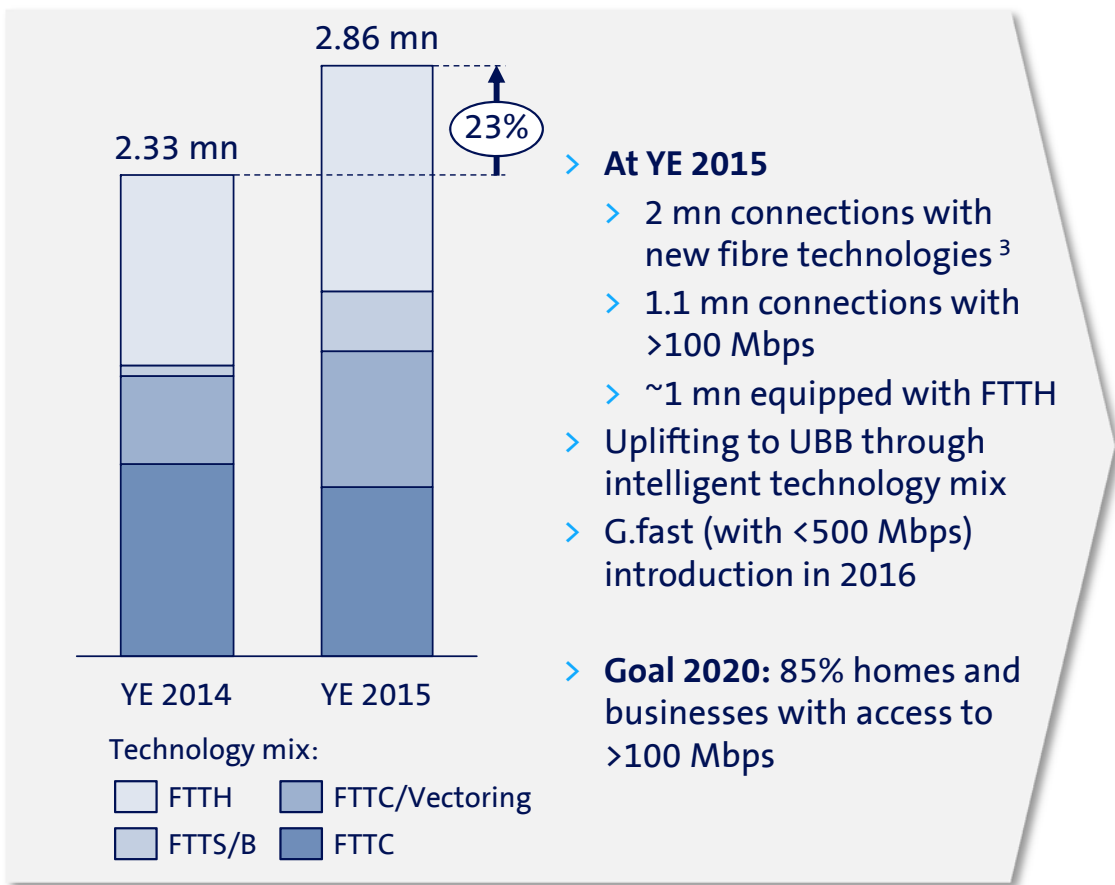


“Swisscom launches Application Cloud”- an open-source based platform that supports development & maintenance of applications

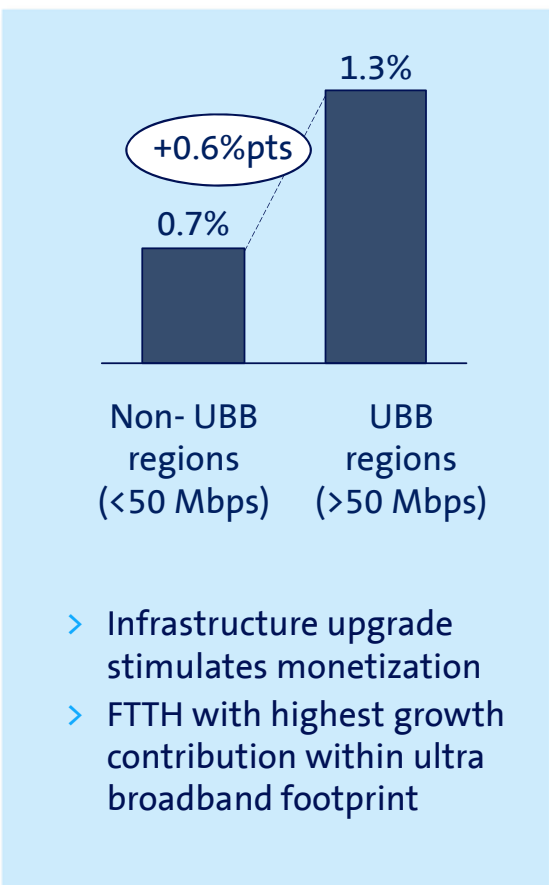
Ultra broadband development

On track to cover 85% with 100 Mbps by 2020

Ultra broadband (>50 Mbps) footprint¹



BB connections growth²



¹ Consists of 3.6 mn homes and 0.7mn businesses (as of YE 2015), source: Bundesamt für Statistik – bfs

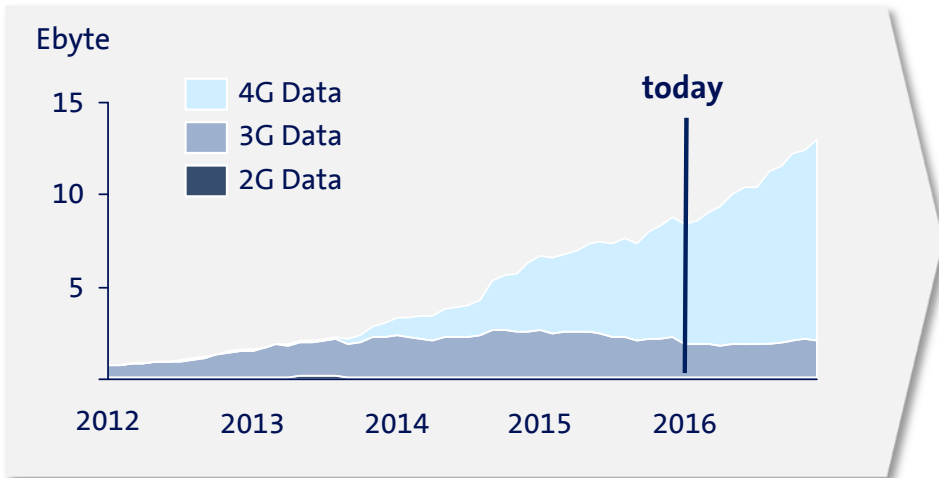
² Measured between January 2014 – December 2015

³ New fibre technologies include FTTH, FTTS/B and FTTC/Vectoring

Wireless development

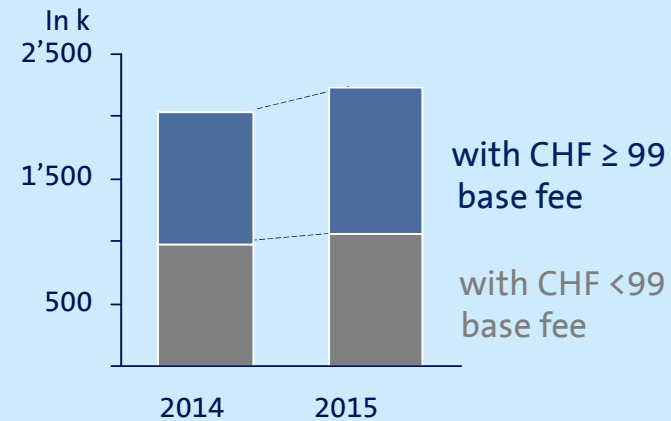
Being the technology leader pays off

Strong data growth ...



Investments pay off

- > Swisscom 1st choice for high-value contracts
- > Development of infinity subscribers



- > Winner of Connect test for the 7th consecutive time
- > Best in DACH² for 2nd time



... imposes increasing network demand

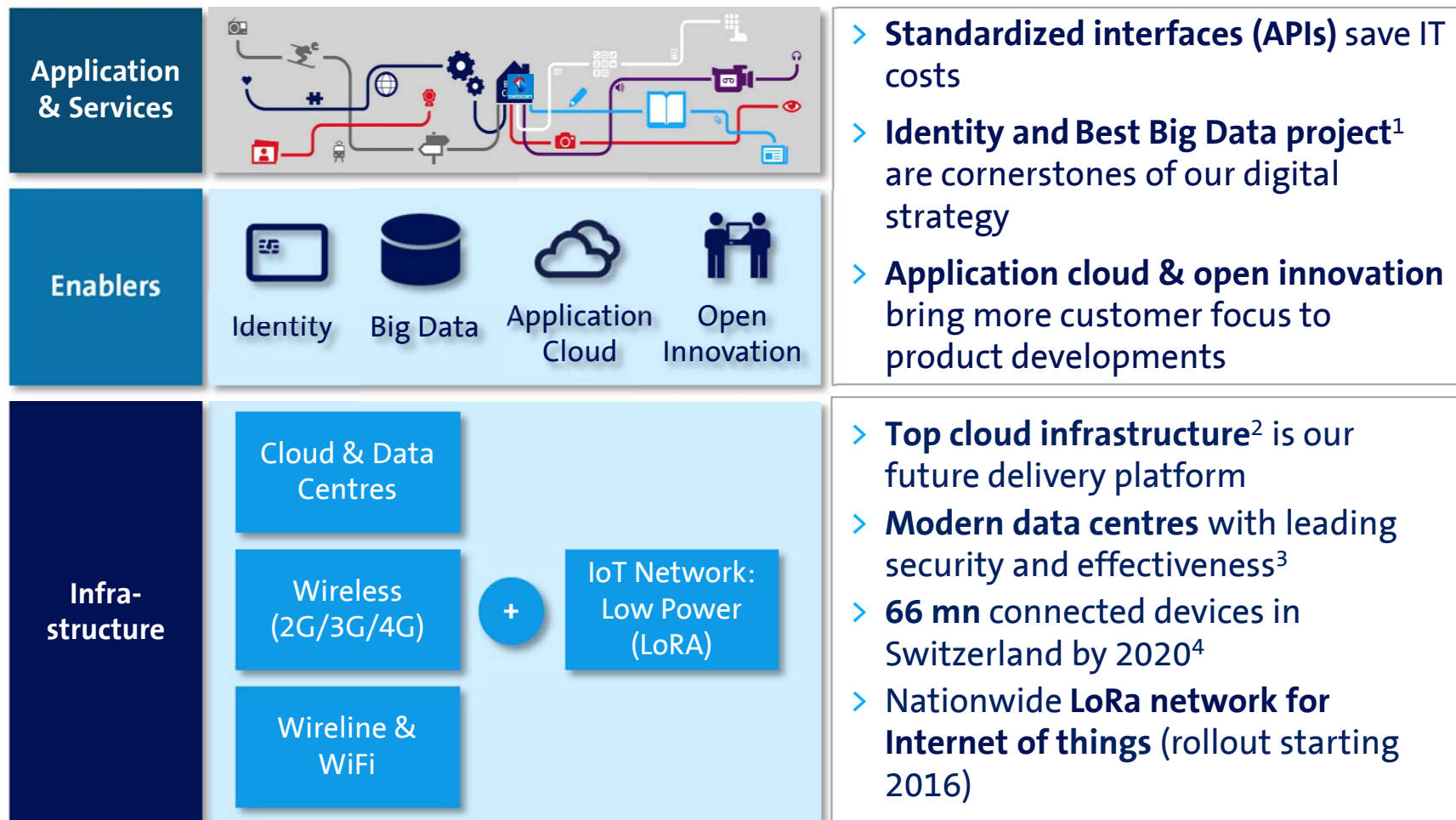
Network upgrades	New services	New partnerships
<ul style="list-style-type: none"> ▪ Denser access network ▪ Innovations (LTE-A, SCMH¹) 	<ul style="list-style-type: none"> ▪ VoLTE and WiFi calling ▪ Enhanced convergence 	<ul style="list-style-type: none"> ▪ Strategic partnership with Ericsson

¹ Small cell in a manhole

² DACH = Germany (D), Austria (A) and Switzerland (CH)

Technology developments

Our technology as basis for operational excellence and growth



¹ Awarded at the Big Data Congress-Computerwoche, Germany 2014

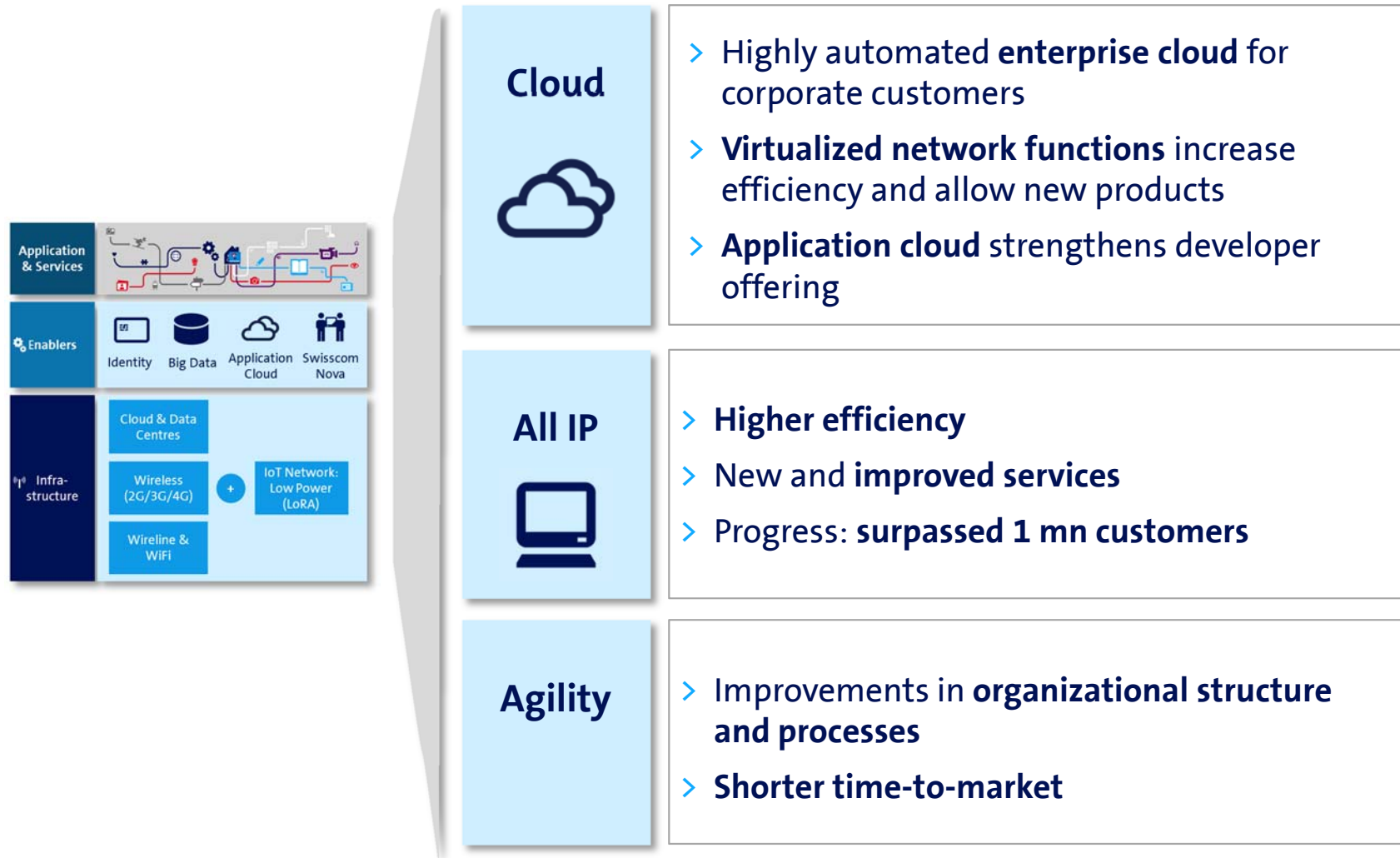
² Cloud Foundry PaaS Certification awarded to Swisscom Application Cloud, 2015

³ 84% of the energy is used for ICT-Services and only 16% for cooling, light, power conversion and distribution

⁴ Gartner, 2015

Technology transformation

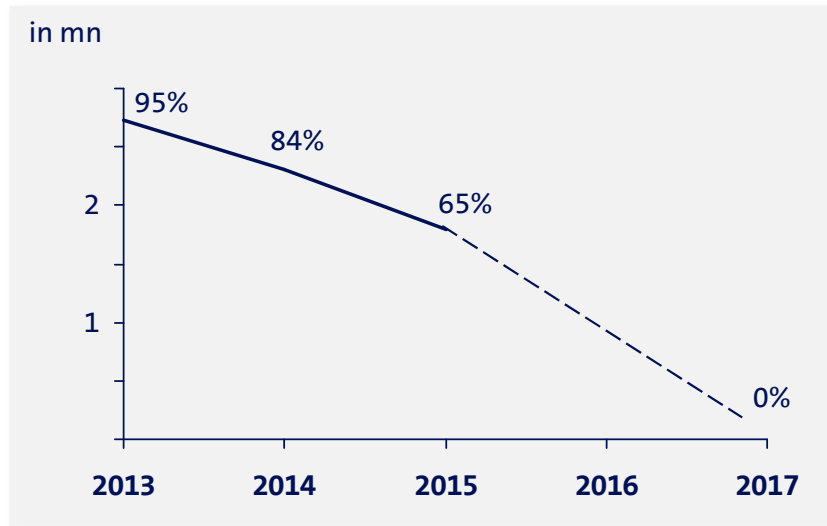
Cloud, All IP and agility transform Swisscom sustainably



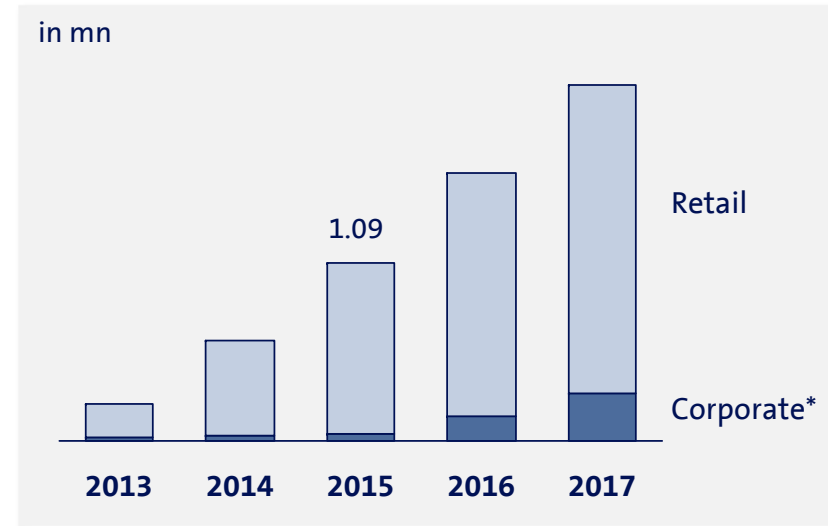
All IP transformation

On track with the planned All IP transformation till YE 2017

TDM connections



All IP connections



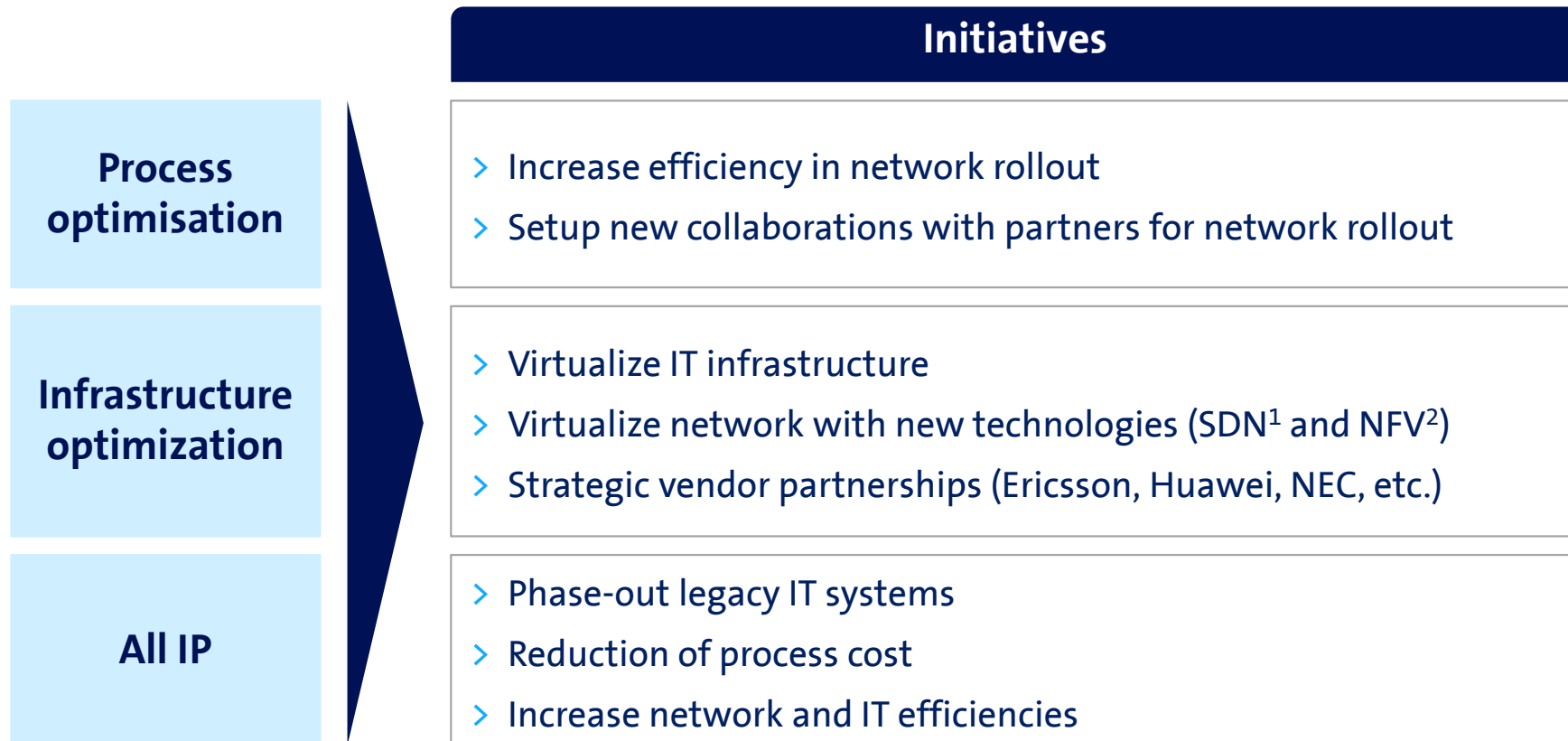
* voice channels

All IP migration proceeding as planned

- > More than 1mn customers on All IP by YE 2015
 - > 35% of transformation completed
 - > half of retail (wireline) RGUs migrated
- > Recurring cash savings from 2018 onwards

Operational excellence

Infrastructure efficiency accounts for material cash savings



1 Software Defined Networking
2 Network Function Virtualization

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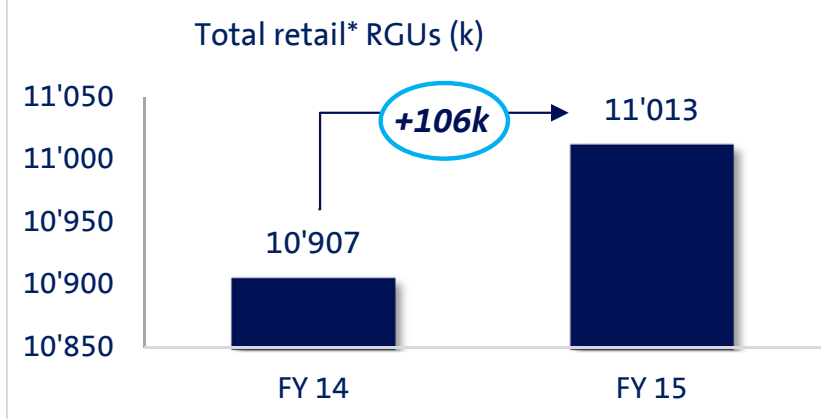
Highlights

Successful 2015 with RGU growth and continuing bundle migration

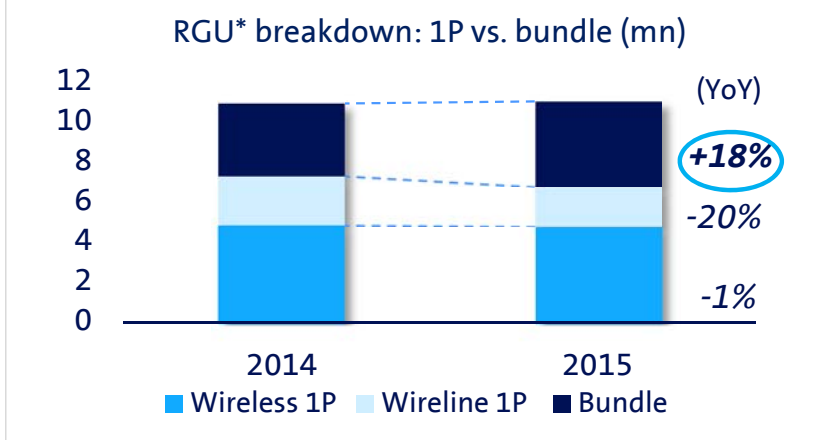
Key levers 2015

- > Strengthen product portfolio
- > Execute multi-brand approach
- > Increase UBB footprint
- > Leverage strong TV 2.0 offering
- > Push bundling further
- > Enrichment of infinity
- > Retain outstanding customer satisfaction

Another year of RGU growth



Bundling success continued



* Residential customers & SME

Product portfolio

Further strengthening of our offerings achieved

Residential: Vivo

Wireline 3P Offer

- > 5 packages, differentiated by speed, TV 2.0 proposition and fixed voice line
- > Value added strategy through bundling of services like TV 2.0 Air, extra data-only SIM, MyCloud



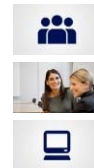
SME: My SME Office (Wireline bundle)

- > 3 packages differentiated by speed
- > Incl. fixed line, business service and optional TV



SME: Solution Business

- > Offer in 3 options differentiated by speed & service
- > Business communication services on top of connectivity offer



Residential & SME: Natel (Business) Infinity Plus

Infinity

- > Unlimited calls, SMS/MMS, data in CH
- > Unlimited calls to EU, USA, Canada¹

(Business) Infinity Plus

- + Roaming: unlimited calls, SMS/MMS, data² in EU/Western Europe for 30-365 days/year

NATEL [®] infinity plus ^{4G+}	XL	L	M	S	XS
<ul style="list-style-type: none"> ✓ Anrufe in der Schweiz in alle Schweizer Netze ✓ SMS/MMS in der Schweiz in alle Schweizer Netze und auch ins Ausland ✓ Surfen in der Schweiz im besten Netz 	unlimitiert telefonieren, SMS/MMS schreiben und surfen – in der Schweiz mit jedem NATEL [®] infinity plus				
Surfgeschwindigkeit	Highspeed Internet	4018 Mbit/s	2012 Mbit/s	2105 Mbit/s	0.2103 Mbit/s
Download Upload (bis zu)					
Zusatzkarte	NATEL [®] data XL	–	–	–	–
Anrufe ins Ausland (EU/Westeuropa/USA/Canada) ¹	unlimitiert inklusive	100 Minuten pro Monat inklusive	30 Minuten pro Monat inklusive	–	–
Anrufe/SMS und Daten im Ausland (Roaming) (EU/Westeuropa)	365 Tage pro Jahr inklusive ²	100 Tage pro Jahr inklusive ^{2,3}	30 Tage pro Jahr inklusive ^{2,3}	30 Tage pro Jahr inklusive ^{2,3}	30 Tage pro Jahr inklusive ^{2,3}
Abopreis pro Monat	179.–	129.–	99.–	75.–	59.–
xtra Abopreis pro Monat (für alle unter 26)	–	89.–	69.–	55.–	–

¹ only XL, L incl. 100 min/month, M incl. 30 min/month
² including 1-12 GB of roaming data volume

Multi-brand approach

Effectively address changing customer needs

Core Beliefs

- 1) Majority values quality more than price
- 2) Market dynamics require more distinction
- 3) Room for growth by serving distinctive customer needs with different brands

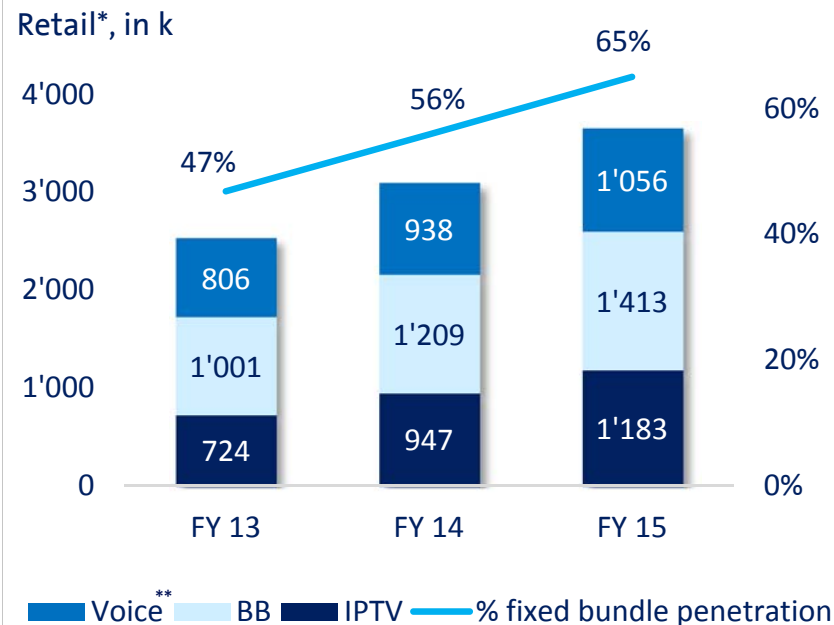
3 brands with different sales proposition to maximise market share

- | | | |
|--|--|--|
| <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <p>I  swisscom</p> </div> | <ul style="list-style-type: none"> > People's brand > Best value (network, service, products,...) for majority of population > Securing market share and increasing share of wallet | |
| <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <p>II </p> </div> | <ul style="list-style-type: none"> > Traditional low cost brand > Best price for the price sensitive | <ul style="list-style-type: none"> > Offer for more price sensitive Swisscom customers > Increase market share in price sensitive segments > Counter aggressive price moves by competitors |
| <div style="border: 1px solid #ccc; padding: 5px;"> <p>III </p> </div> | <ul style="list-style-type: none"> > Urban low cost brand > Value for money for price sensitive digital natives | |

Wireline performance

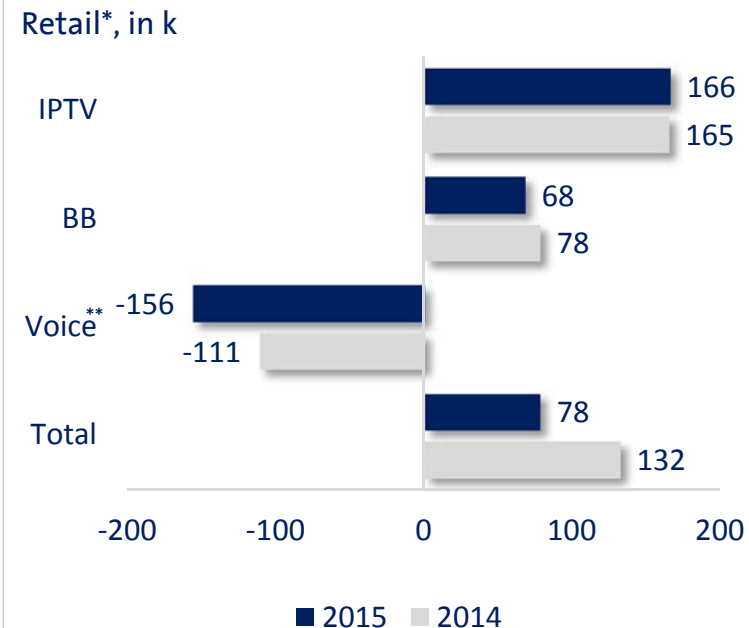
Move to bundles and RGU growth continues

Fixed line RGUs in bundles & penetration



- > IPTV and broadband the main bundle triggers – also positive in 2015
- > Almost all new wireline customers take bundle offers
- > % of new RGUs in bundle: TV 100%, BB 89%, voice 64%

Net adds of wireline RGUs



- > Fixed RGU net adds of 78k in 2015
- > BB and IPTV overcompensate decline in voice lines (-6% YOY)
- > Lower growth rate YOY due to market saturation

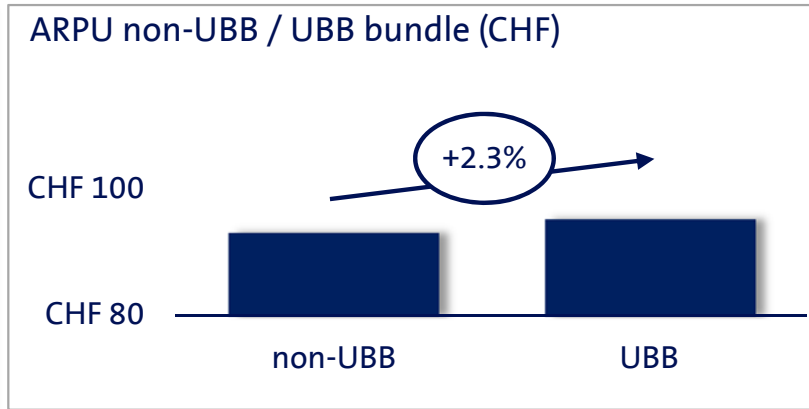
* Residential customers & SME

** 2015 breakdown of voice line net adds (of -156k): bundles +118k, 1P -274k

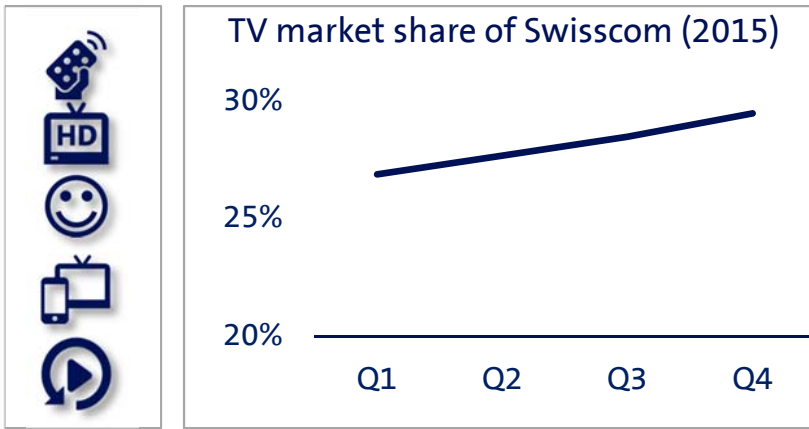
Drivers in wireline

UBB expansion and strong TV proposition stimulate value creation

UBB footprint with higher ARPU from bundles



TV market share at YE 2015: 29% (+3pbs).
Becoming market leader in 2016



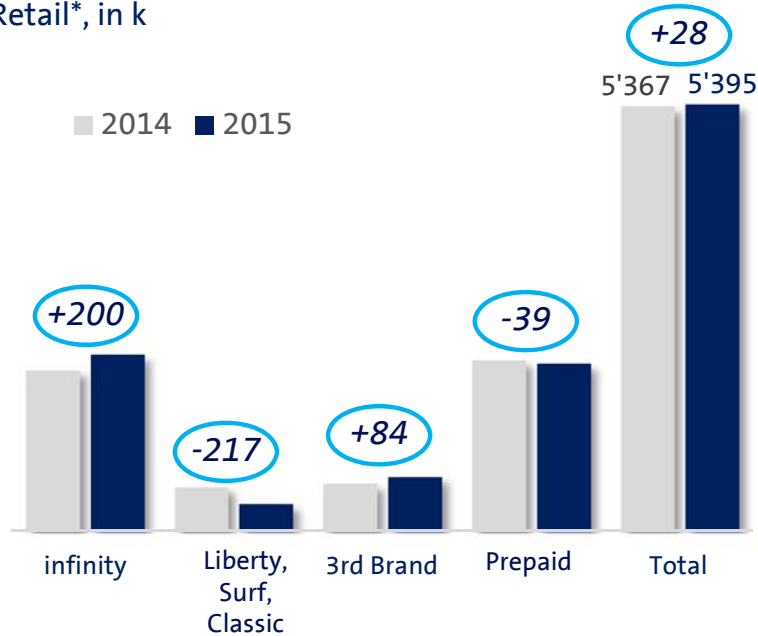
- > ARPU uplift in UBB turf
- > Further TV growth through superior proposition
- > Ongoing growth of Swiss household units
- > Competition pursuing value strategy
- > Additional wireline growth through SME solution business

Wireless performance

Subscriber growth driven by multi-brand strategy

Wireless RGU breakdown

Retail*, in k

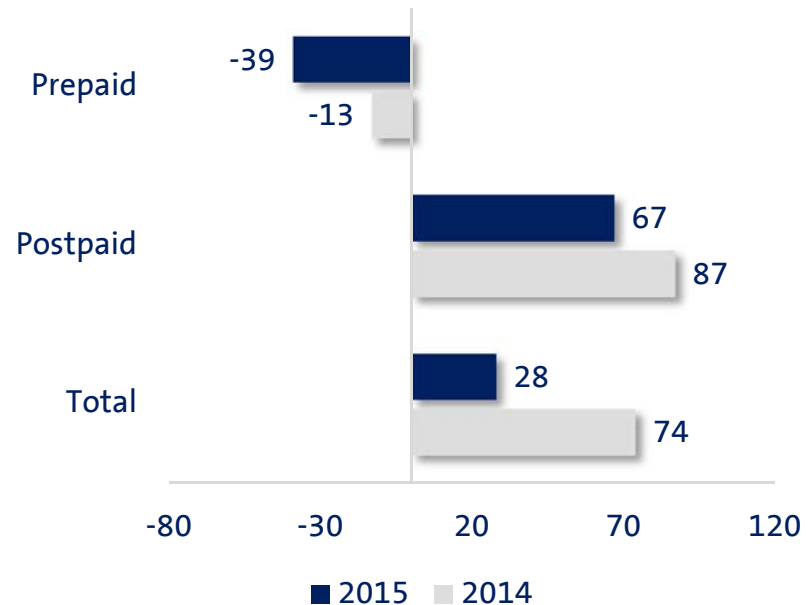


- > Infinity postpaid share (68%) further increased in 2015: +5%-points YOY
- > 2.3 mn infinity subs at YE 2015, o/w 0.9 mn on new infinity plus
- > Increasing growth in lower-value products dilutes ARPU slightly

* Residential customers & SME

Net adds of wireless

Retail*, in k

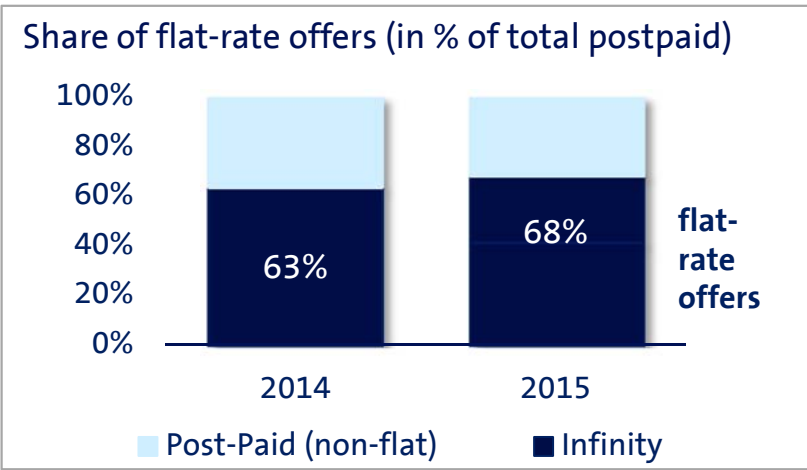


- > 2015 with +28k RGU in wireless (Q1: +7k, Q2: 0k, Q3: +12k, Q4: +9k)
- > Growth flattens due to market saturation
- > SAC/SRC per unit slightly lower (YOY)
- > Churn far below European average

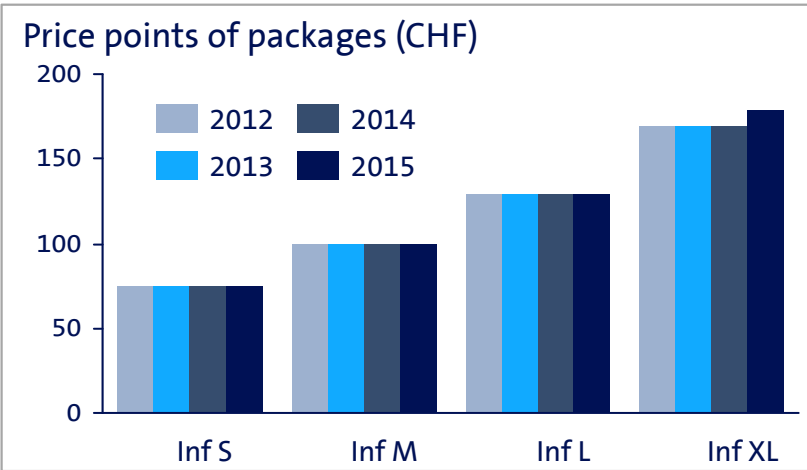
Drivers in wireless

Flat-rate migration continues, but at lower growth rate

Flat-rate share increased by +5%-points YOY



Value-added strategy supports constant price points



- > Successful multi-brand approach stimulates future growth despite market saturation, entry of Salt and mobile offer UPC
- > ARPU uplift through migration to infinity (flat-rate offers)
- > Growth of Swiss population (~1% in 2015)

Customer satisfaction

Highest customer satisfaction among major competitors

Key assets



Best Net: 7th time Connect test winner



Best Customer Support: Swisscom wins PC-Tipp test among Swiss telcos



Best Products: SC wins two international TV awards for TV 2.0 proposition¹

TV 2.0 migration yields higher NPS²

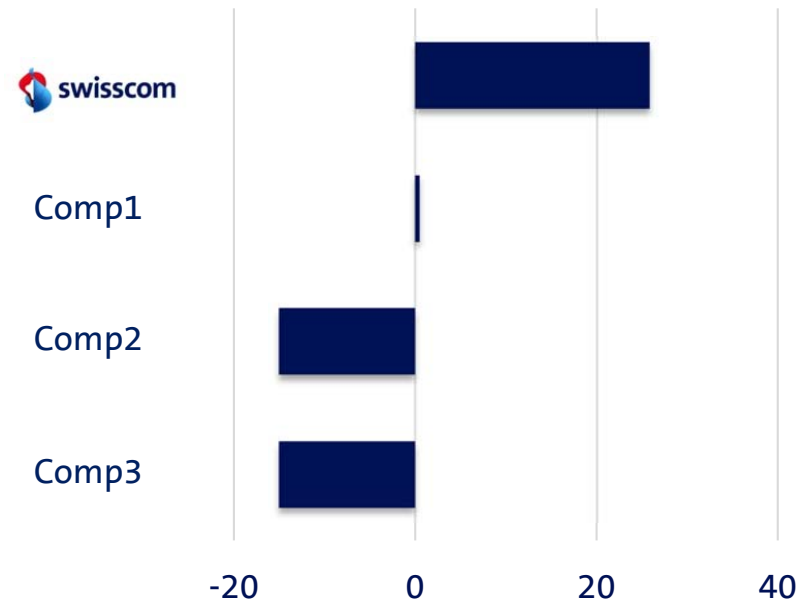
NPS benchmarking



- > +28% NPS as customers migrate to TV 2.0
- > TV will stay driver for bundle growth/migration

Highest customer satisfaction

NPS benchmarking (market research, fall 2015)



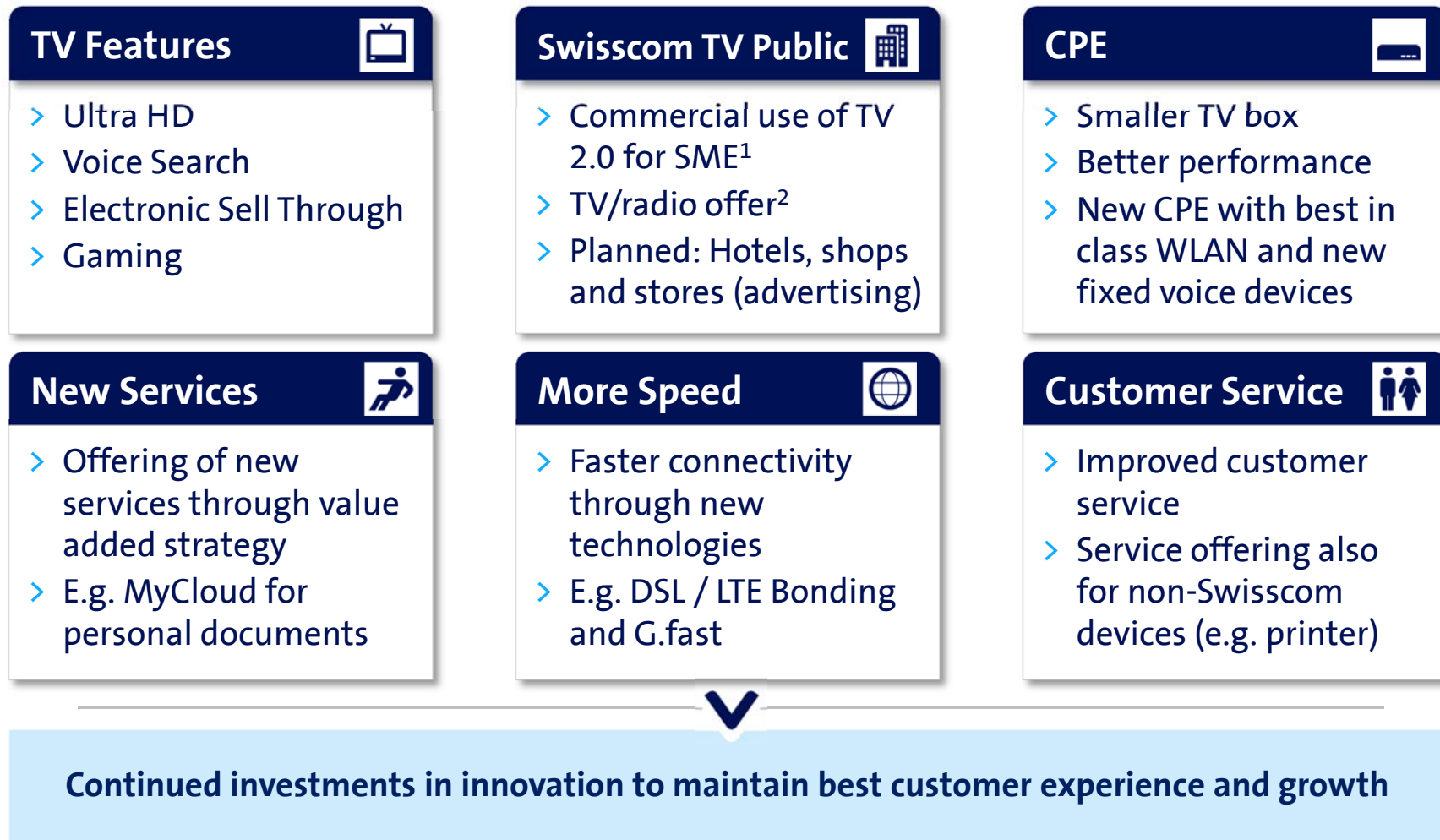
- > Swisscom has highest NPS among major competitors in Switzerland

1) TV Connect Award for „Best Multiscreen TV Service“ and award for “Best TV/Video Service” at the Connected TV World Summit

2) Net Promoter Score

Innovation

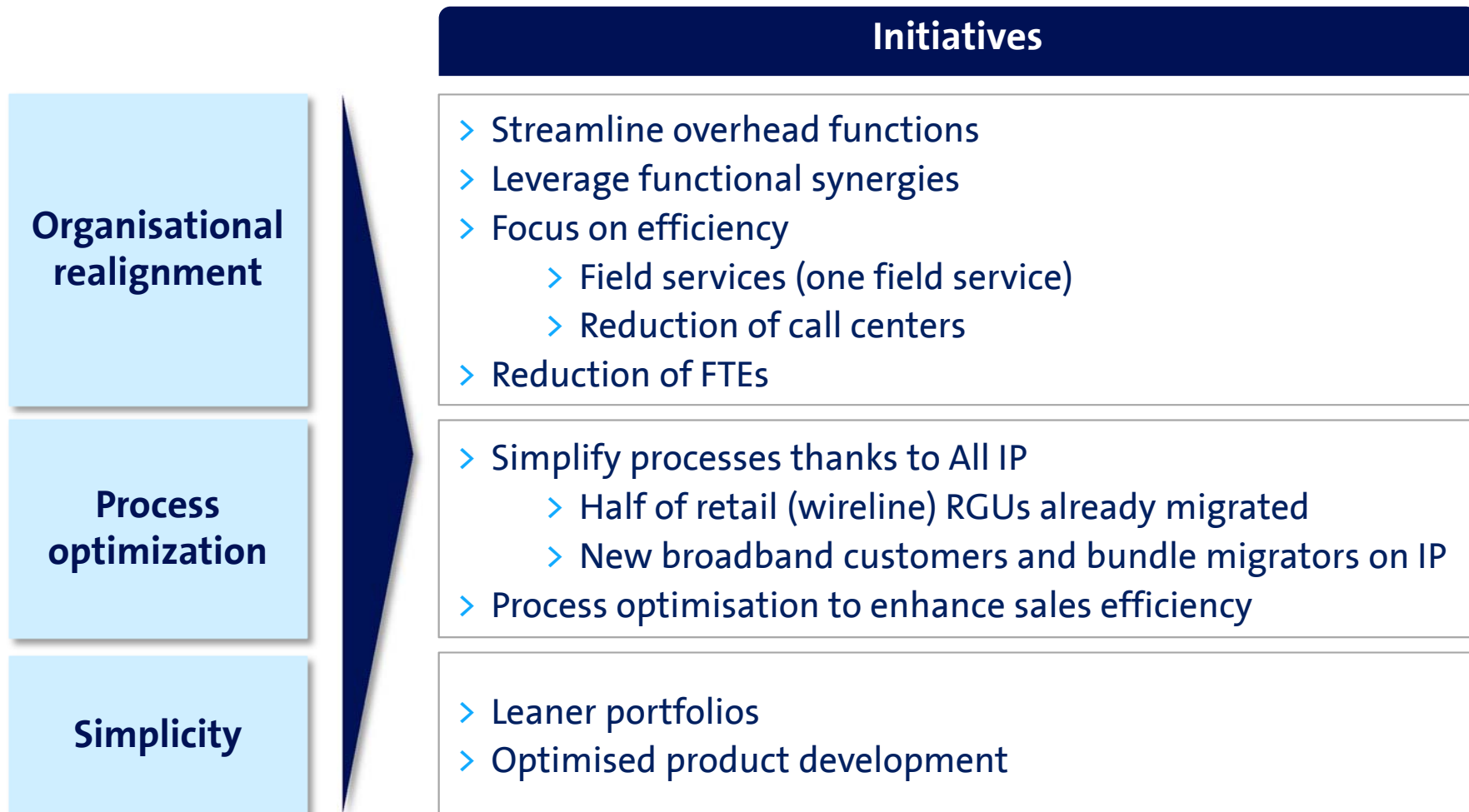
Innovation to maintain best experiences and to sustain growth



1) Launch planned for European Soccer Championship in 2016
 2) E.g. sport bars / break rooms

Operational excellence

Streamline retail organisation to improve efficiency



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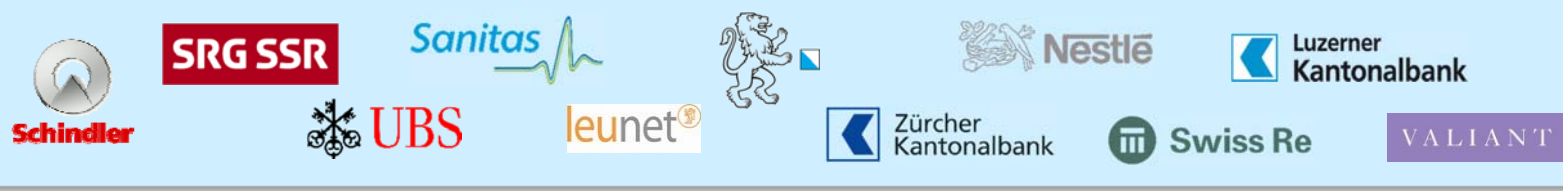
* Residential customers & SME

Business market overview

In a competitive landscape, enterprise customers are well positioned

Broad range of customers

- > Serving ~5,500 customers (almost all enterprise customers in CH)
- > From 50 employees up to several thousand employees
- > Some recent deals:



Broad competition landscape

- > From large international to small local players
- > Increasing competition from Telco players and OTTs



- > IT Services: Fragmented market - from small local integrators up to global providers



Business market environment

Challenges for the B2B market in Switzerland

	<p>Growing cost pressure for our customers</p> <ul style="list-style-type: none"> > CHF/EUR exchange rate > Export oriented sectors with less growth > Increased European and global competition > Customers start moving production abroad
	<p>Stronger competition in the infrastructure segment</p> <ul style="list-style-type: none"> > IPO forces Sunrise to address new segments > Changed ownership and strategy of Salt > UPC trying to copy Swisscom USPs (e.g. DualNet)
	<p>Digitalisation creates opportunities</p> <ul style="list-style-type: none"> > Changing role of traditional vendors (e.g. Microsoft, SAP) > Global players address telco and infrastructure market (e.g. Cisco, Amazon Web Services) > Business, not CIO, controls IT budgets

Highlights

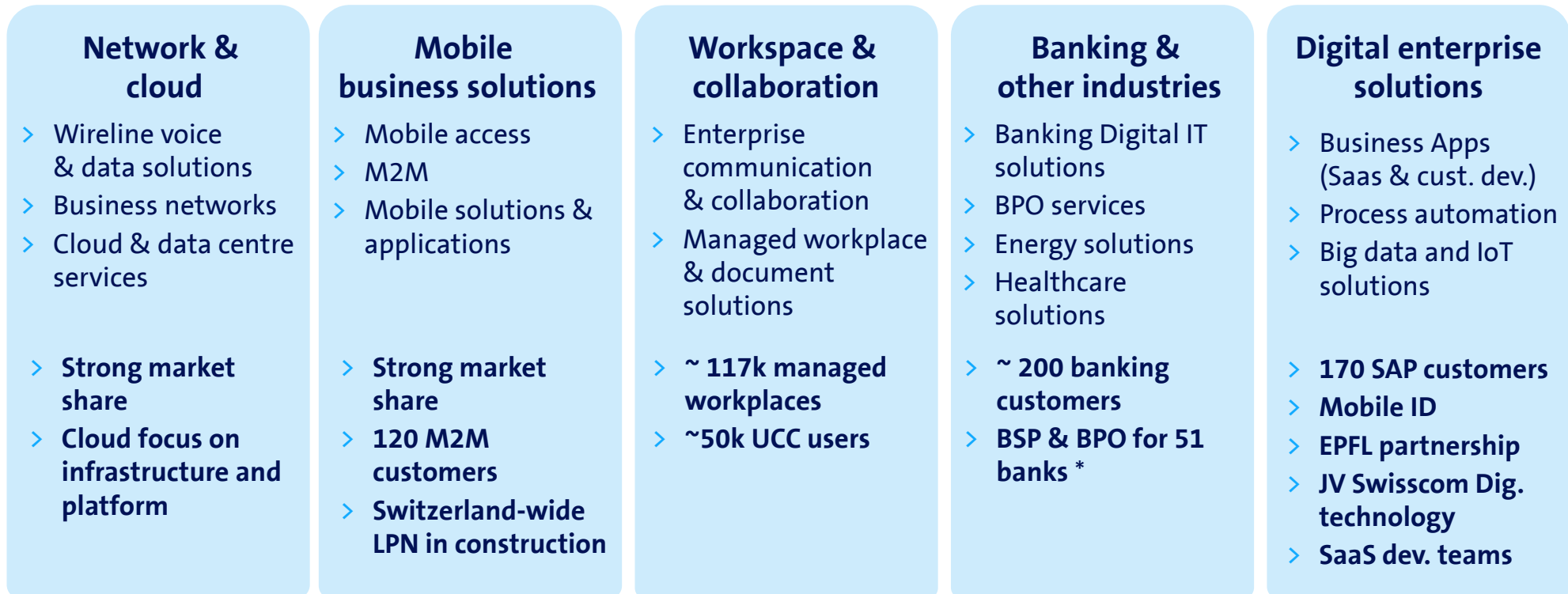
Another successful year for enterprise customers

	Successful order entries <ul style="list-style-type: none">> CHF 2.65 billion order entries> + 19.7% higher than previous year> 62% of new contracts or extended scope
	Customer satisfaction further improved <ul style="list-style-type: none">> NPS 2014: 31.8> NPS 2015: 36.5
	Financial review <ul style="list-style-type: none">> Net revenue: +3.3 % vs. 2014> Contribution margin 2: -3.4% vs. 2014> Lower bottom line due to increased price pressure
	Digitalisation & cloud strategy starts to pay off <ul style="list-style-type: none">> 4 major cloud deals signed (Swiss Re, KABA, Schindler, SRG)> Various industries and use cases> Already substantial volume in TCV

Customer oriented organisation

Dedicated solution centers enhance effectivity

Enterprise Sales & Services ONE face to the customer



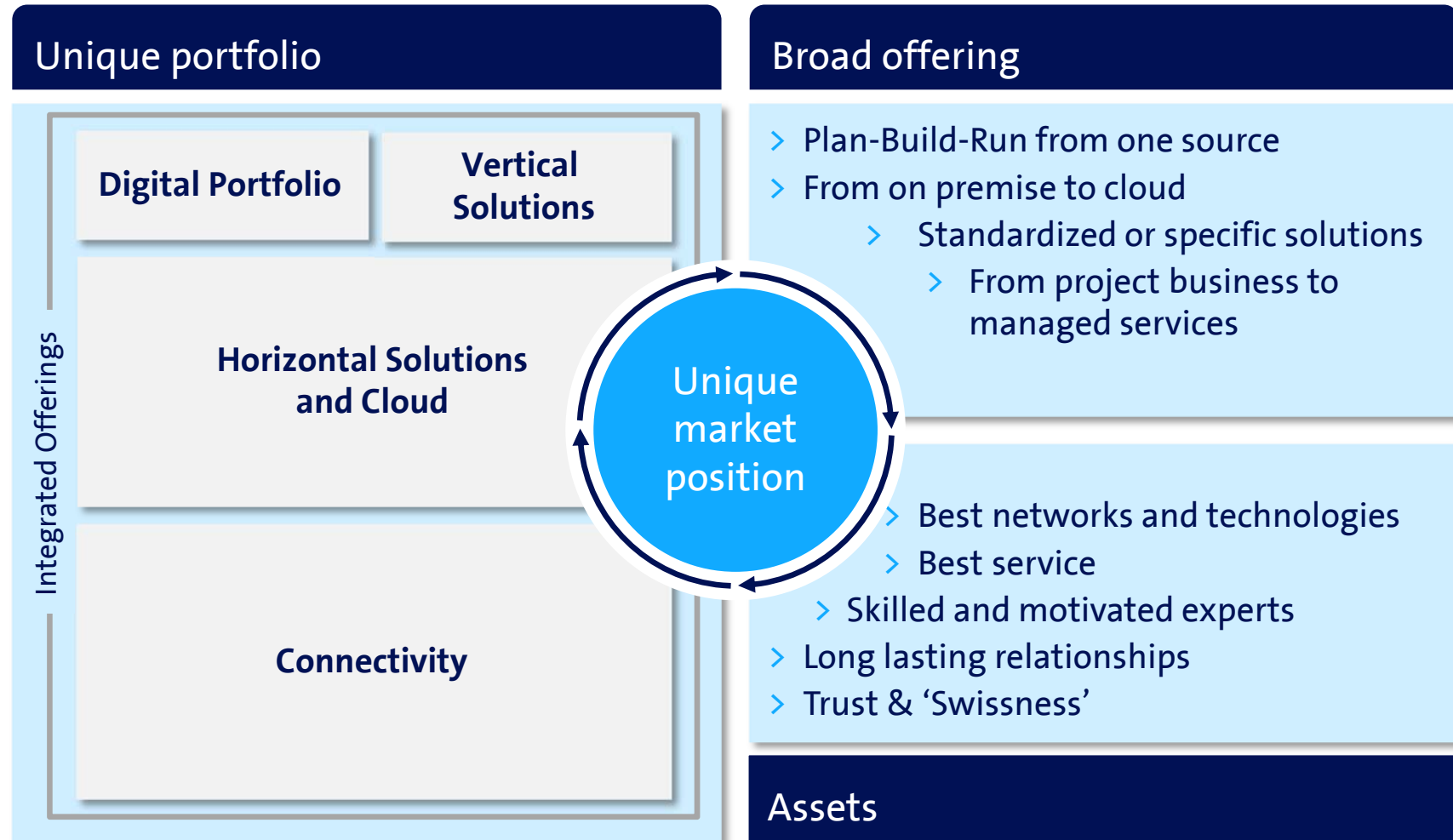
Focus on operational excellence while becoming best ICT provider

Customer proximity as guiding principal: geographical structures already at management level 2

* Business Service Providing, Business Process Outsourcing

Unique proposition

Addressing all ICT needs of business customers



Connectivity business

Retain value through differentiation and technology leadership

Connectivity business	
Market share	<ul style="list-style-type: none"> > Consequent retention, few customer losses > Customer win-backs in 2015 (35 in wireline, 23 in wireless) > Bundle strategy
Differentiation	<ul style="list-style-type: none"> > 1-stop-shop and flexibility > Best network (wireless), DualNet (wireline) > New propositions (e.g. private usage for business customers) > M2M revenue growth (+80%)
Leadership	<ul style="list-style-type: none"> > Quality and technology leadership > Nationwide network for Internet of things > New solutions help defend connectivity business > Value-added strategy mitigates All IP risks

- > Increasing market share on a high level
- > Revenue decline below European benchmark level
- > M2M starts to deliver significant top-line contribution
- > Retain stable margins

IT & Solutions business

Leverage existing customer base with tailored ICT solutions

IT & Solutions business	
Cloud	<ul style="list-style-type: none"> > Own cloud stack and data storage in CH > CMP* for hybrid solutions > Local system integration capabilities > Cloud based managed services
Solutions & Outsourcing	<ul style="list-style-type: none"> > Support connectivity & project business > Generate long-lasting customer relationships and stickiness > Scalable, horizontal solutions to improve margin
Projects	<ul style="list-style-type: none"> > Develop outsourcing into cloud customers > SAP implementation > Core capability for future success in digitalisation projects

- > Most significant growth contributor
- > Solution provide chances for up-selling and differentiation
- > Above market growth in classical cloud services
- > Continued success in dedicated private cloud solutions
- > Strong interest in Swiss platform offerings (“Application Cloud”)

* Cloud Management Platform

Other business





Expand value creation and benefit from digital revolution

Digital portfolio

Strategic goals

- > Growth and retention of core business
- > Access to new C-levels by consulting
- > Develop new sustainable growth areas building on digitalisation

Scope & examples

- > New Business-models (e.g. Smart Manufacturing) 
- > Customer Experience (e.g. personalised & location based marketing via "Beacons") 
- > Business Processes (e.g. predictive maintenance) 
- > New ways of working 

Verticals

Digital banking





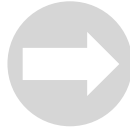




- > Financial sector still strong in Switzerland
- > Combine digitalisation with BPO services (e.g. digital onboarding)
- > Innovative Digital Banking solutions under further development

Health

- > Innovative solutions (e.g. medical record systems, hospital solution for Inselspital Bern)
- > First success in health insurance outsourcing & BPO (Sanitas)
- > Substantial order entry in 2015

Trends of revenue dynamics

Telco business down, solutions & other businesses up, net positive

Revenue	Q4 2015	FY 2015	Trends
Connectivity			
Solutions & other			
Total			

Revenue drivers of higher-margin Telco business

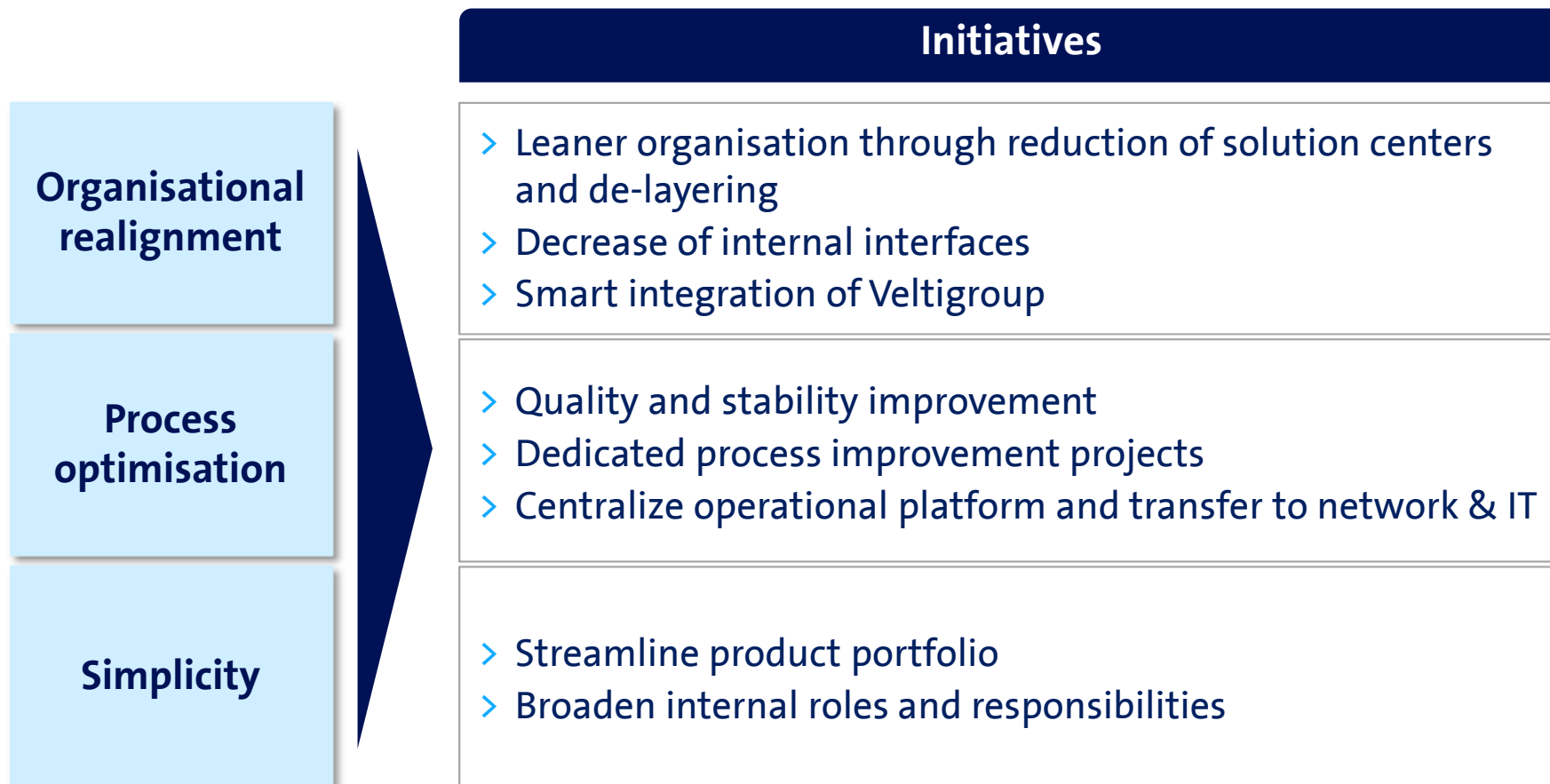
- > Cost pressure from customers
- > Price pressure from competition
- > IP migration

Revenue drivers of lower-margin solutions and other business

- > Cloud services penetration vs. price decrease in computing & storage
- > Take off digital banking
- > Customer willingness to invest in security
- > Trend towards more managed services

Operational excellence

ENT activities to realize significant cash benefits



Agenda

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* Residential customers & SME

Highlights (1/4)

Fastweb confirmed its leadership in the Italian market...

UBB network

NGAN rollout

- > 6.3 mn HHs covered
- > +15% vs. 2014



Innovation



WI-FI

- > WOW-FI launched in over 40 cities
- > The largest WI-FI community in Italy
- > 80% of customers satisfied
- > +8 p.p. higher NPS vs. non WOW-FI users

Quality and customer experience



Network quality

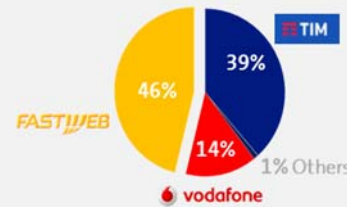
- > Fastweb #1 in the 'Netflix ISP Speed Index'

Customer stickiness

- > Churn -2 p.p. vs. 2014



Commercial performance



Fixed UBB connections

- > Market leader with 650k clients²

Mobile


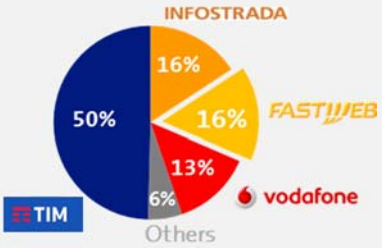


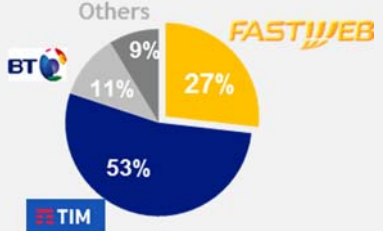
- > Double digit customer base growth (+100k SIM in 2015)



¹Source - Netflix (average speed of Netflix customers while watching streaming contents in prime time) ²Source - Internal estimates of public data (EoP 2015)

Highlights (2/4)

...thanks to growth in all segments...

Segment	Growing CB	Growing revenues	Growing market share ³
 <p>CONSUMER</p>	<p>2.2 mn customers</p> <p>+6% vs. 2014</p>	<p>753 789</p> <p>Euro Mln</p> <p>2014 2015</p> <p>+5% vs. 2014</p>	 <p>+1 p.p. vs. 2014</p>
 <p>CORPORATE</p>	<p>New contracts</p> 	<p>680² 697²</p> <p>Euro Mln</p> <p>2014 2015</p> <p>+3% vs. 2014</p>	 <p>+2 p.p. vs. 2014 data services mkt leader (45% share)</p>

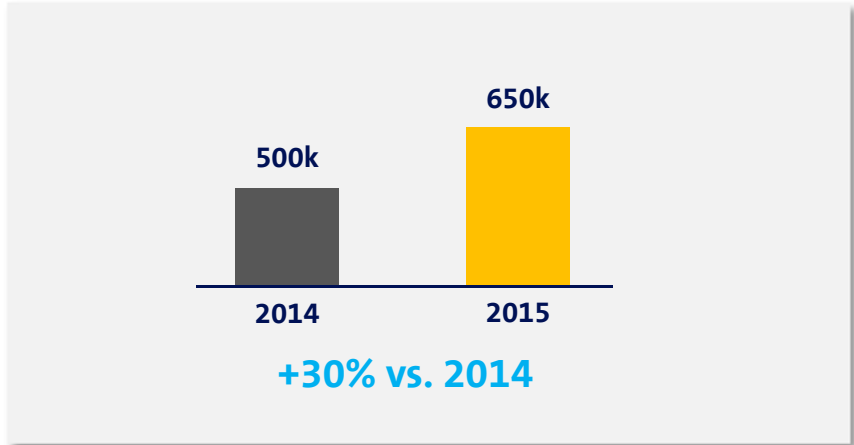
¹Fastweb ranked first in lot #2 partnering with Finmeccanica and IBM. Final assignment expected in 1Q 2016 following administrative verifications

²Corporate revenues include Top & Medium ³Source - Ernst & Young, 2015 (Consumer M. Share on Active CB, Corporate M. Share on Revenues)

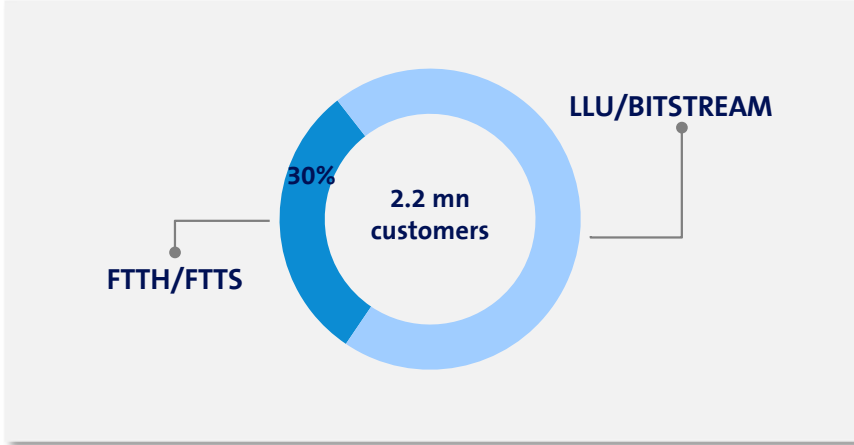
Highlights (3/4)

...strong UBB results driven by own NGAN infrastructure...

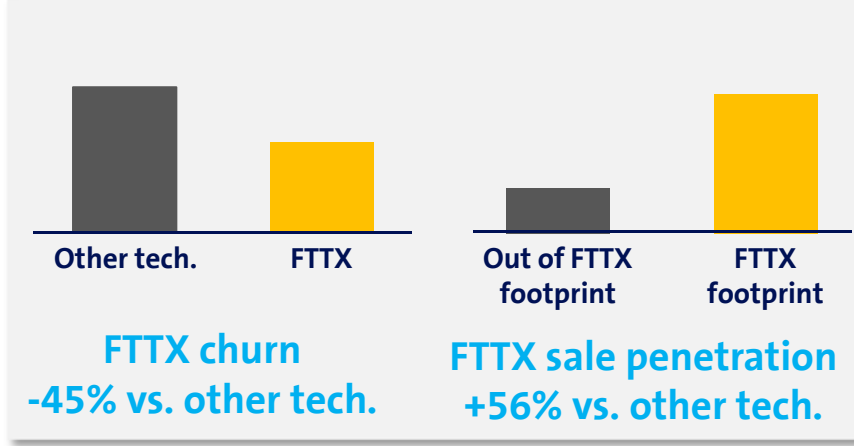
FTTX customer base grew 30% YoY to approx. 650k...



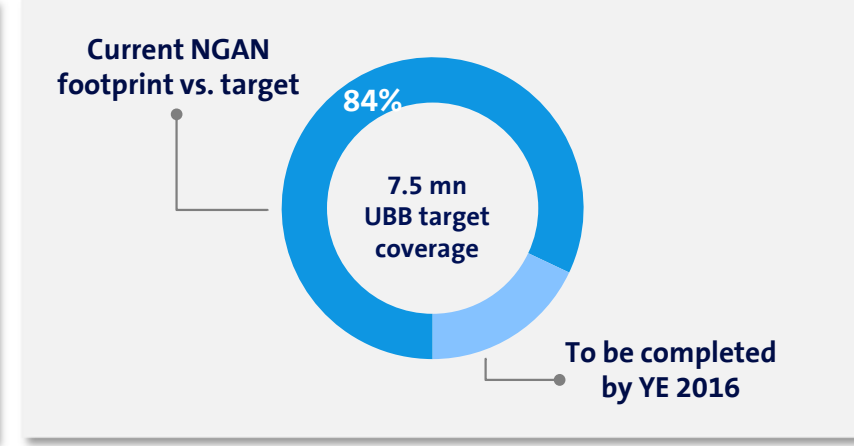
...representing 30% of Fastweb active customers...



...thanks to lower churn and increased sales penetration...

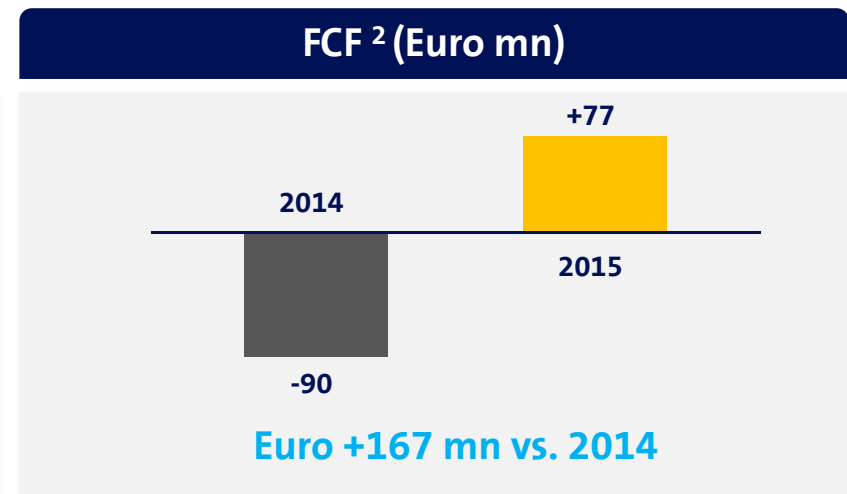
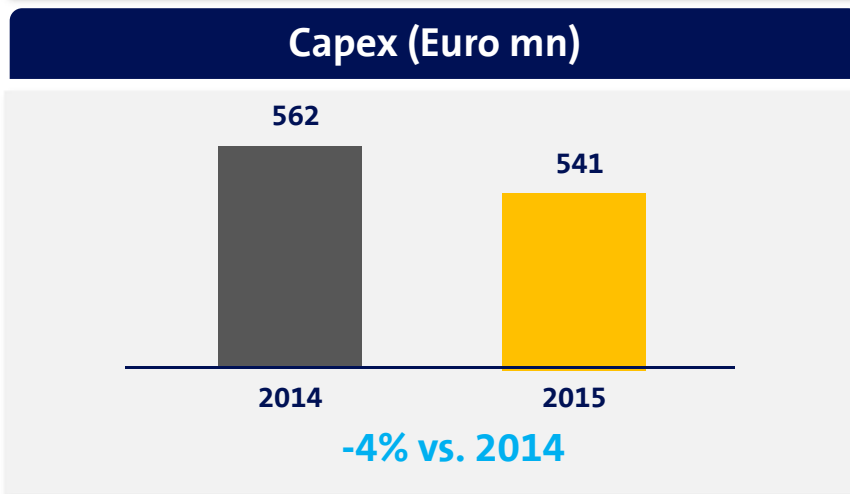
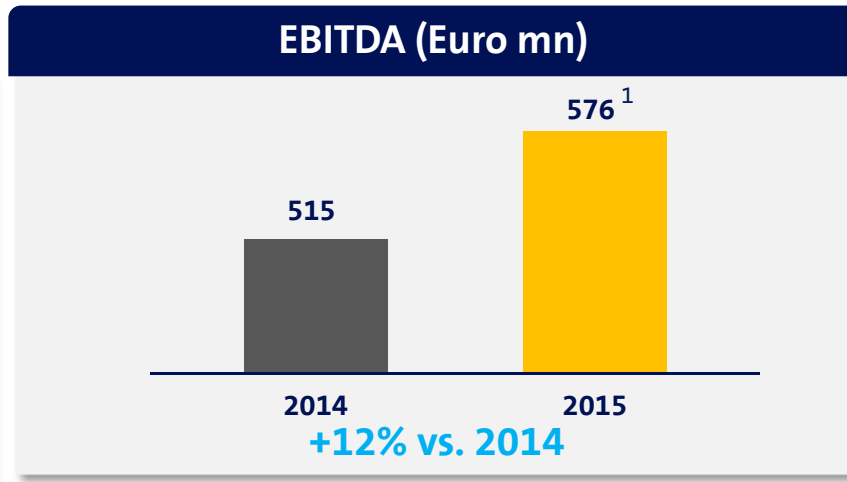
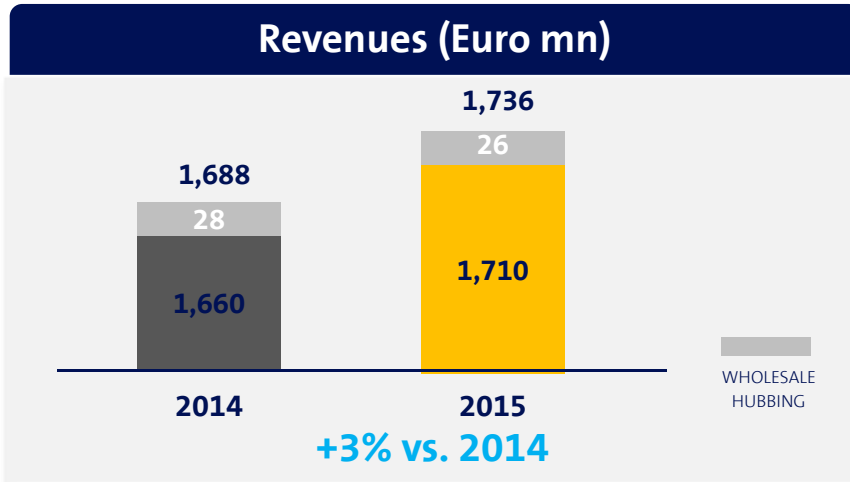


...over an UBB coverage now at 6.3 mn HHs and businesses



Highlights (4/4)

... and healthy financial performance



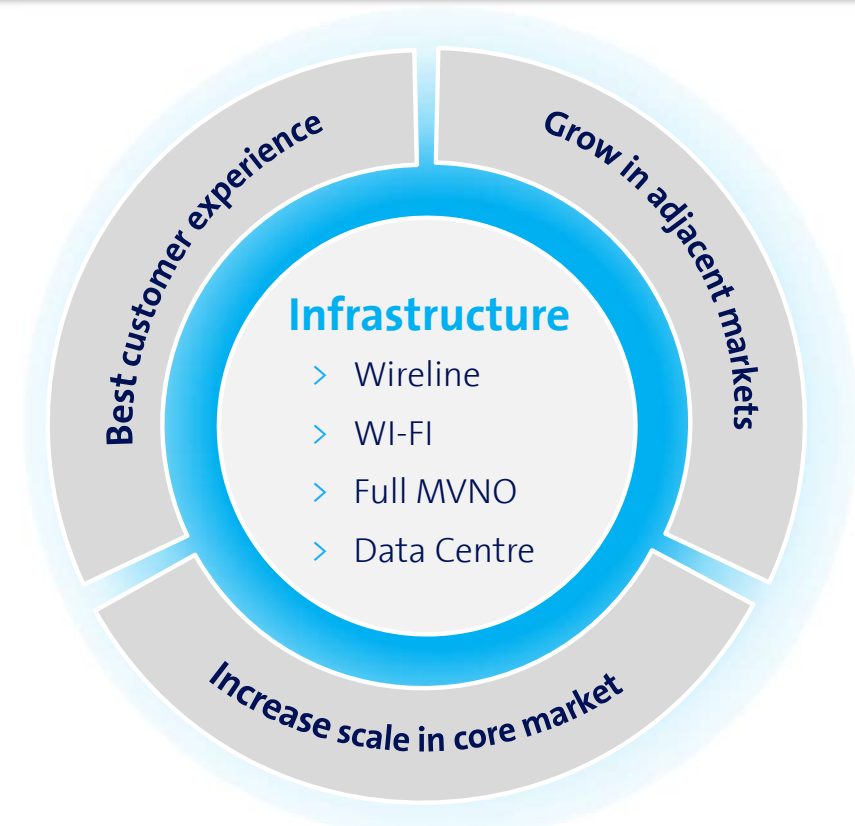
EUR 77 mn FCF generation with strong improvement vs. 2014
The only Italian operator growing revenues, EBITDA and FCF in a declining market

¹ including EUR 15 mn exceptional impact from litigation
² before financing

Strategy

To confirm Fastweb as the leading growth and quality player in Italy

Infrastructure enhancements to further increase service quality and reliability is the **core of Fastweb strategy...**

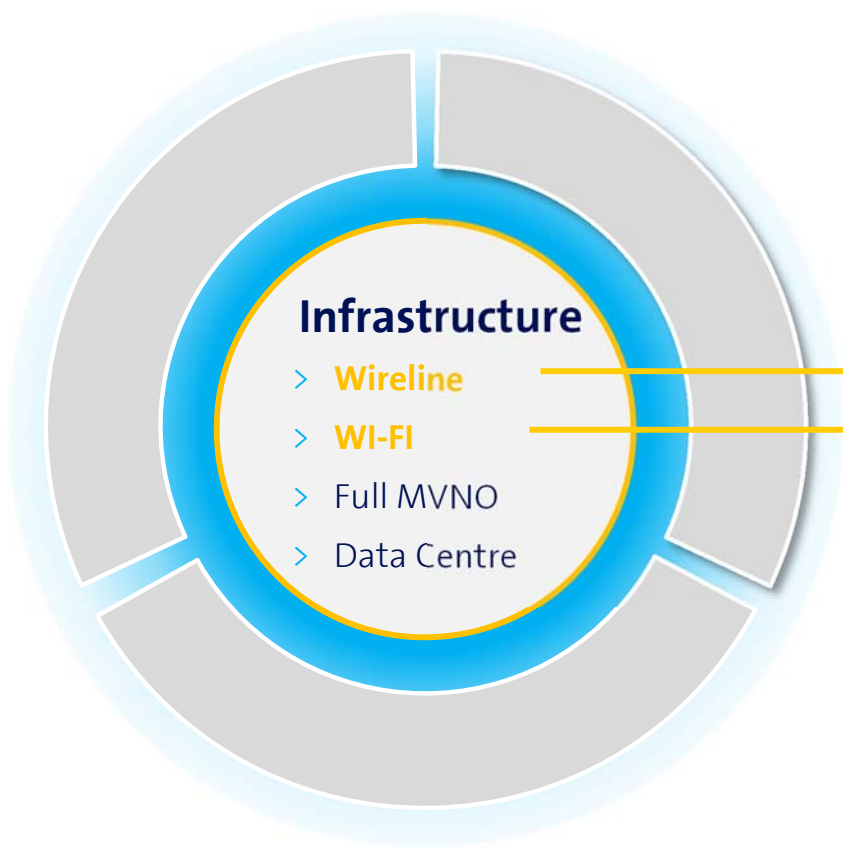


...and will be complemented by **three other strategic challenges**

Fastweb ultimate ambition is to deliver long-term sustainable growth

Further enhancing infrastructure to speed up performance and increase service quality (1/2)

Step #1 - Wireline Step #2 - WI-FI



Wireline

UBB performance enhancement

V+
>100 Mbps to entire FTTS customer base

WI-FI

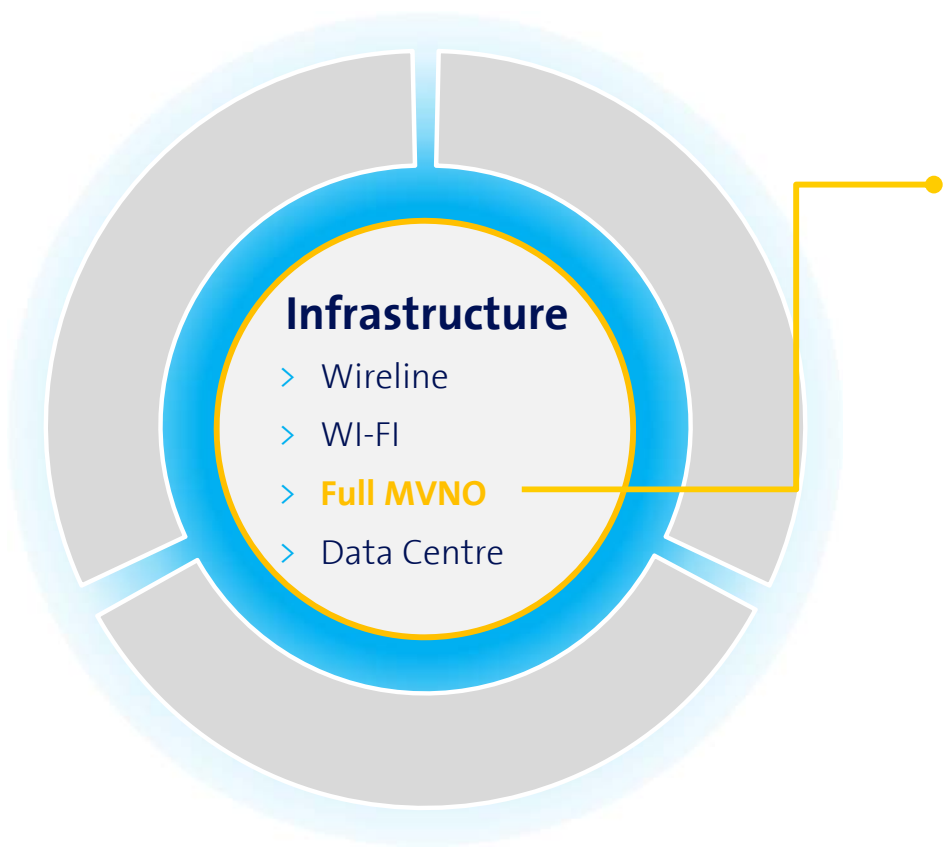
WOW FI
Proven to be a distinctive service to improve cust. XP

Coverage extension

From current 40 to >900 cities making the service available to over 2.0 mn customers

Further enhancing infrastructure to speed up performance and increase service quality (2/2)

Step # 3 - Full MVNO



Full MVNO with TIM

Timing

Timeline: Today (dot) → Implementation (gears) → 4Q 2016 (dot) → Service launch (rocket icon)

Benefits

- > National coverage (no roaming costs)
- > 4G
- > SIM-based service capability
- > Access to new markets (business customers)

Target

- > To double current mobile CB in four years

Fastweb aims to deliver on three other strategic challenges

Digital transformation

- > New 'customer-oriented' IT ecosystem as competitive advantage
- > Approx. EUR 80 mn positive FCF impact by 2020 driven by churn and IT costs reduction



Best customer experience

Growth in adjacent markets

Increase scale in core market

Growth in adjacent markets

- > Enterprise - Grow ICT/VAS services up to 50% of total order book by 2020 (vs. current 32%)



Increase scale in core market

- > Leverage current and new partnerships
- > Push mobile upselling on wireline CB



Agenda

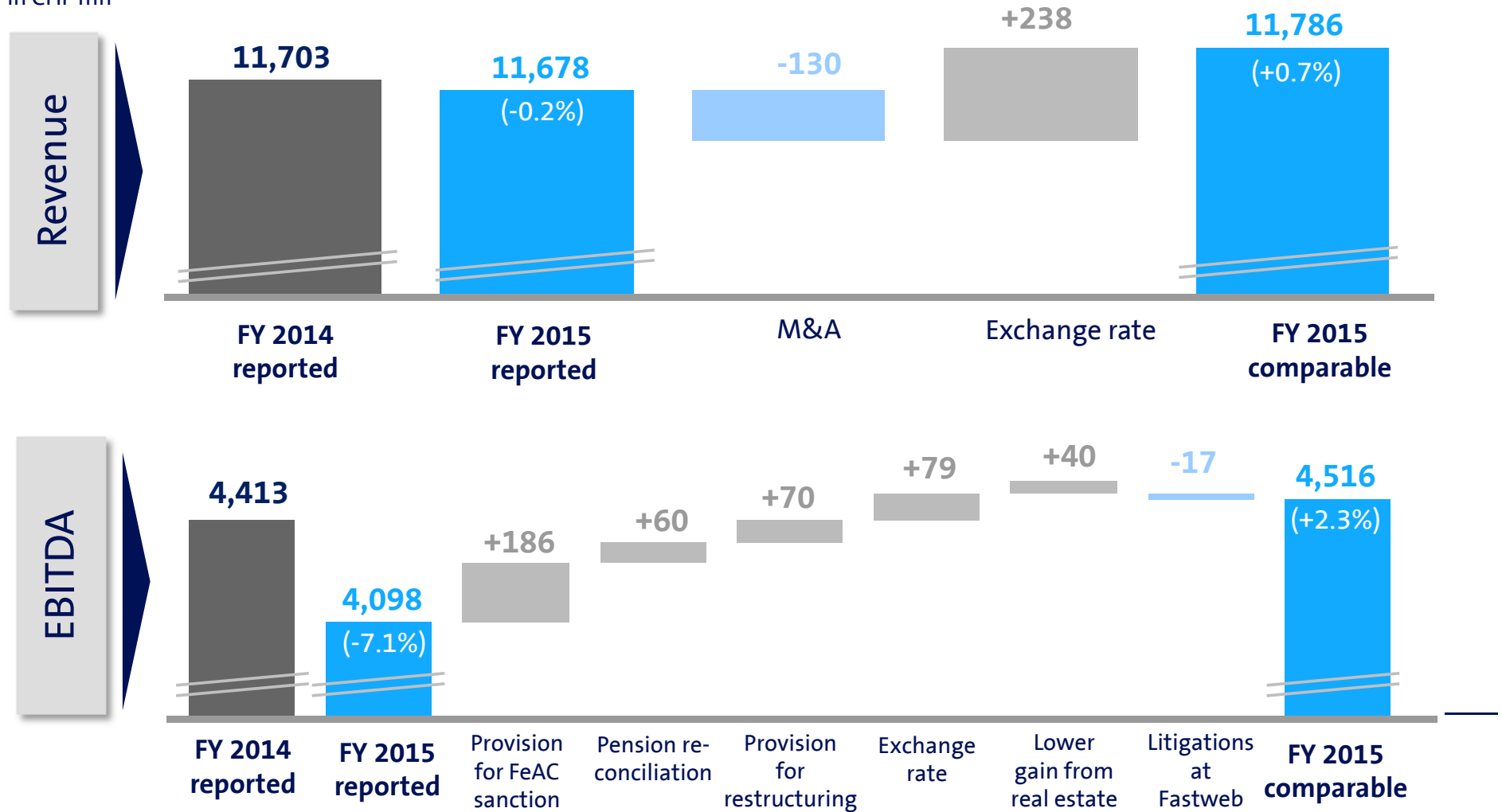
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Reconciliation of key financials

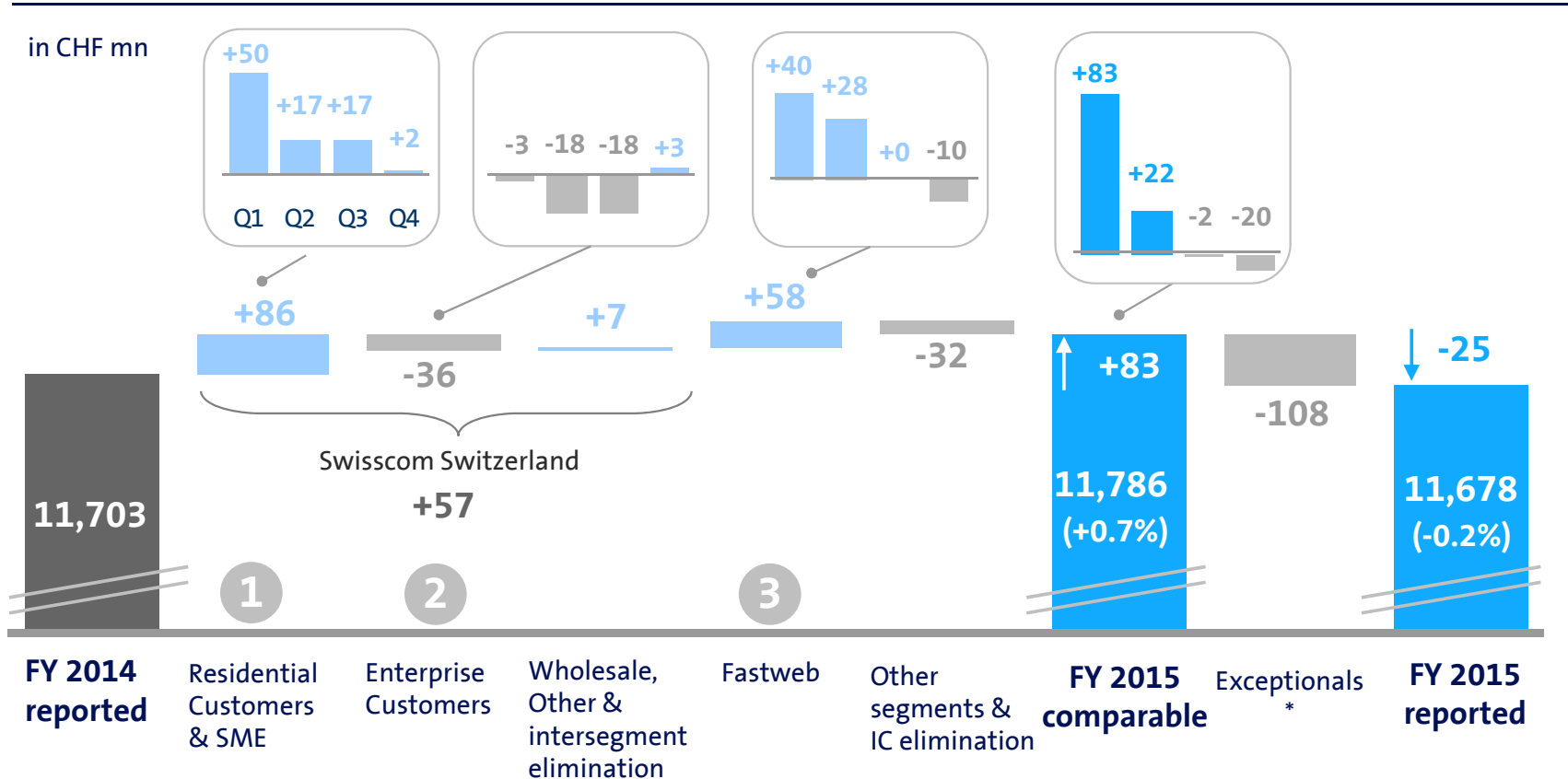
Revenue and EBITDA impacted by exceptionals

in CHF mn



Revenue breakdown by segments

Underlying net revenue up by CHF +83 mn

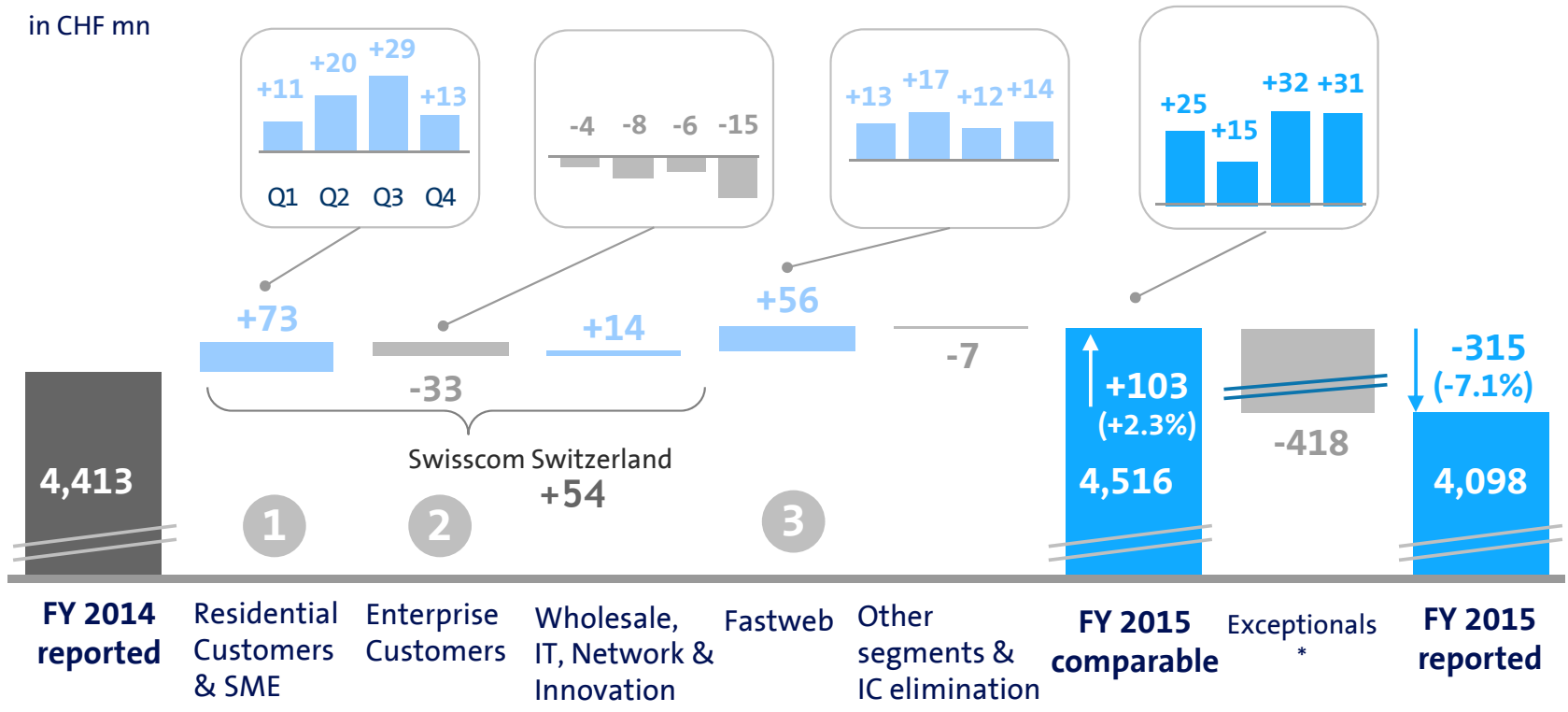


- 1 > RGU growth drives service revenue up, Q4 with a decrease in service revenue due to lower roaming revenue partly compensated by other revenue
- 2 > Lower volume in project business and price pressure, Q4 with higher hardware sales
- 3 > Top-line increase in all segments, H2 lower because of lower one-time (hardware) and wholesale revenues

* M&A (CHF +130 mn), change exchange rate (CHF -238 mn, weakening of Euro vs. Swiss Franc of 11.4%)

EBITDA breakdown by segments

Underlying EBITDA increased by +2.3%



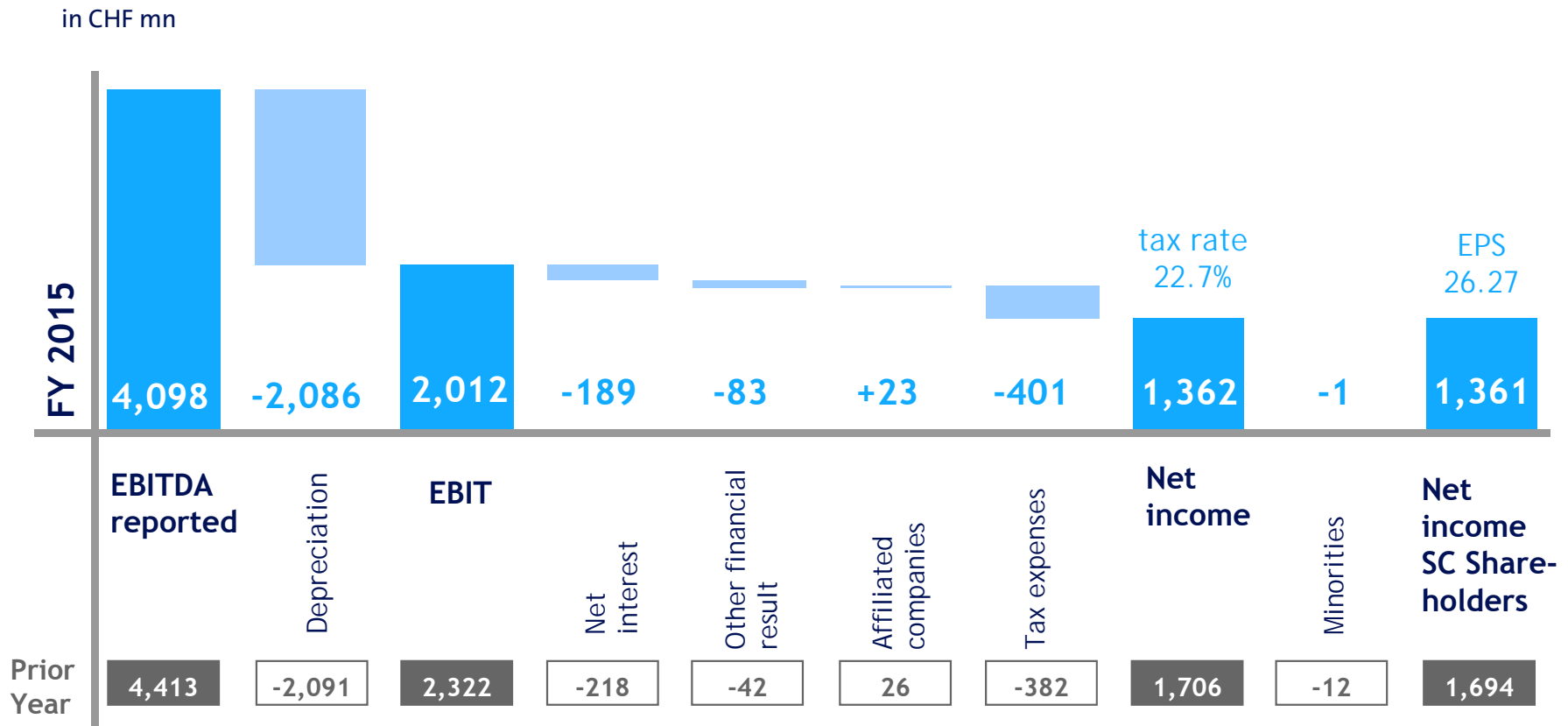
- 1 > Higher service revenue leads to higher EBITDA, Q4 with a decrease in service revenue partly compensated by lower cost and other income
- 2 > Strong price pressure in the corporate market
- 3 > Revenue increase leads to higher EBITDA

* provision for FeAC sanction (BBCS, CHF -186 mn), pension reconciliation (CHF -60 mn), provision for restructuring (CHF -70 mn), change exchange rate (CHF -79 mn, weakening of Euro vs. Swiss Franc of 11.4%), lower gain from sale of real estate (CHF -40 mn), other income from litigation (Fastweb, CHF +17 mn)



Net income

EPS of CHF 26.27, lower YOY due to reported EBITDA

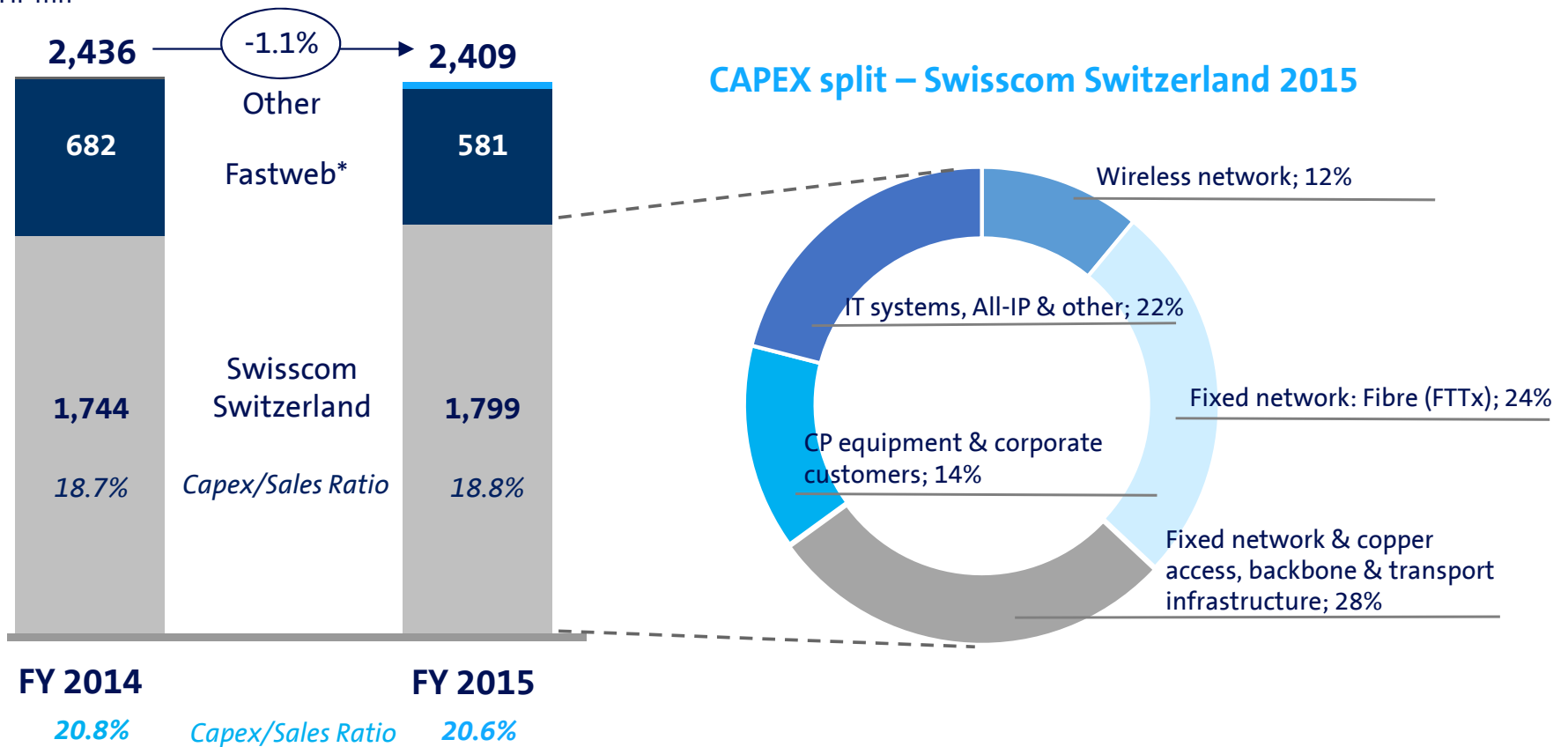


- > Lower EBITDA leads to lower net income
- > EBITDA down due to one-off items such as the provision for the FeAC sanction (CHF 186 mn), pension reconciliation (CHF 60 mn) and provision for restructuring (CHF 70 mn)
- > Tax rate of 22.7% above long-term average rate because the provision for the FeAC sanction is recognised w/o positive tax effect

Capital expenditures

CAPEX remain high, further extension with latest technologies

in CHF mn

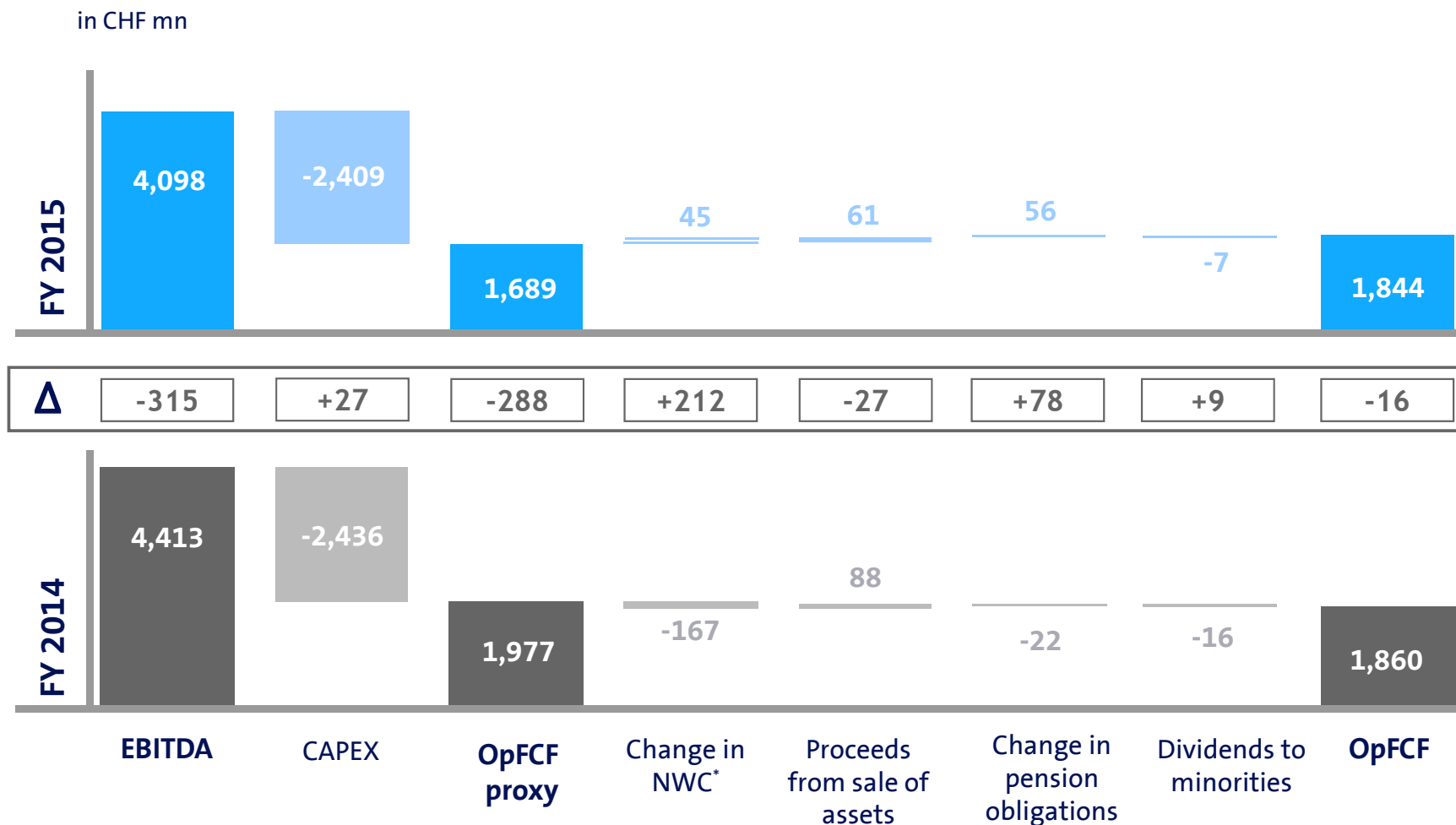


- > Swisscom Switzerland with higher CAPEX driven by the extension of the fixed network with the latest technologies
- > Fastweb with lower CAPEX in Swiss Francs mainly driven by Euro exchange rate
- > Fastweb CAPEX in local currency down by -3.7% YOY after historic peaks in 2013 and 2014

* in local currency in 2014: EUR 562 mn, in 2015: EUR 541 mn

Operational free cash flow

OpFCF 2015 unchanged



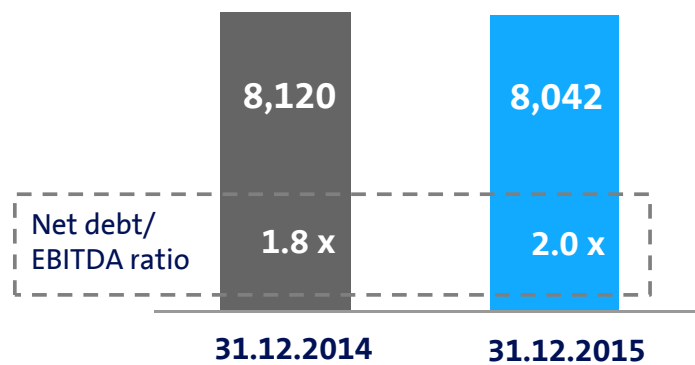
- > One-off items such as the provisions for FeAC sanction and termination benefits drive down EBITDA, but are compensated in the NWC (no impact on OpFCF in 2015)

* Change in net working capital and other cash flow from operating activities

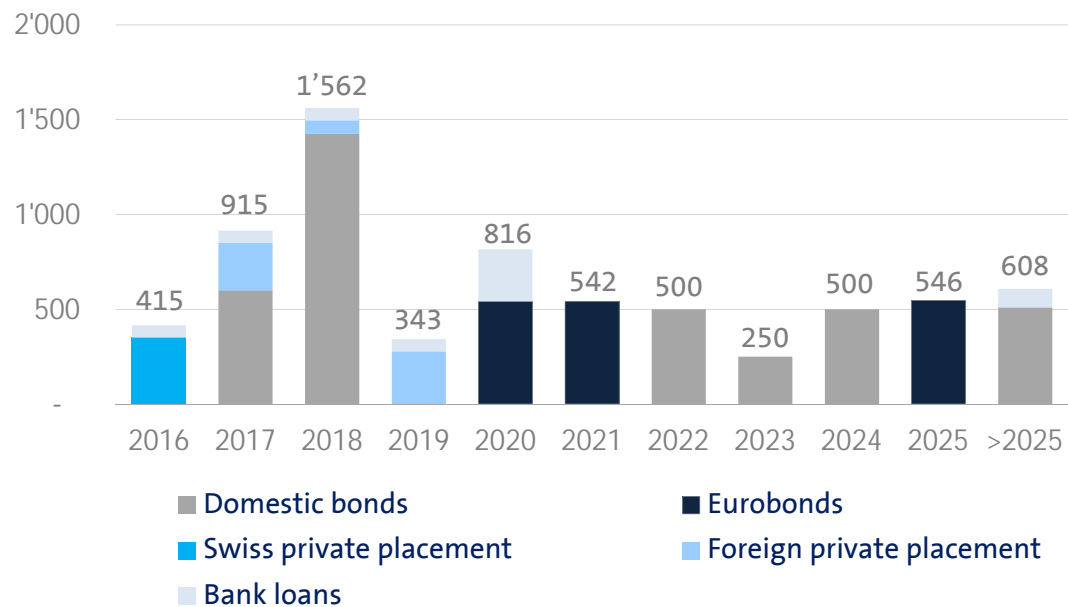
Net debt and financing overview

Net debt down to CHF 8.0 bn, financing costs optimised

Net debt (in CHF mn)



Maturity profile (in CHF mn as per 31.12.2015)

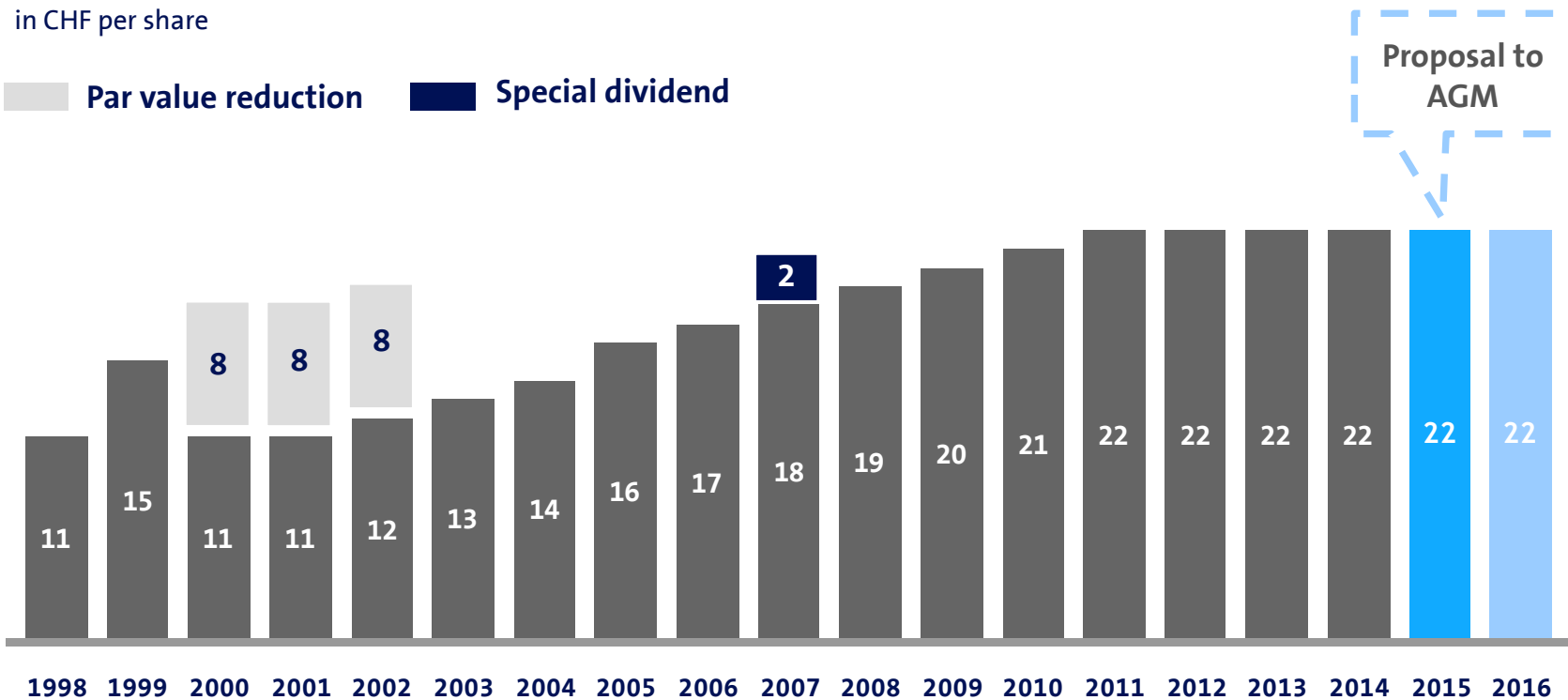


Short-term money market borrowings are not included in the above maturity profile

- > Diversified financing instruments
- > Balanced maturities over the timeline
- > Financing costs further optimized: 1.9% avg. interest rate of portfolio (incl. derivatives)
- > Active management of interest rate risk within well-defined risk limits: ~76% fix/~24% floating

Dividends

Payments per share since 1998

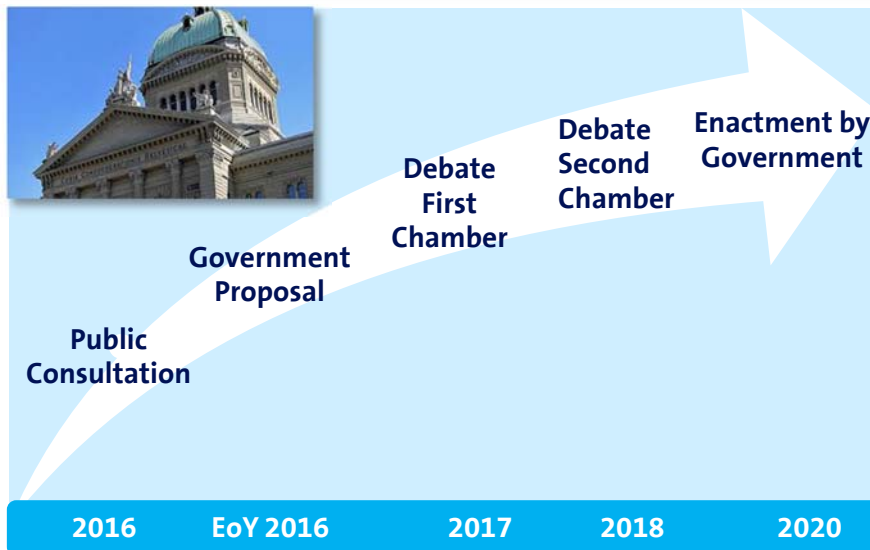


- > 2015: proposal to AGM (6 April 2016) to pay CHF 22 per share
- > Dividend time table: record date (7 April 2016), ex div (8 April 2016) and payment (12 April 2016)
- > Upon meeting its 2016 guidance, Swisscom plans to again propose a dividend of CHF 22 per share to the general assembly in 2017

Partial revision of the Telecoms Act

A revised act will not enter into force before 2020

The Telecoms Act revision



- > Good digital infrastructure and market results
- > No political urgency
- > No fast-track treatment expected

Only minor material amendments suggested

- > Ex officio regulation
- > Roaming
- > Bundles
- > Consumer and youth protection measures

Major amendments like ...

- > Extending access regulation to BB
- > USO

... are postponed to a second legislative process which will start later

Operational excellence

In everything we do



* CHF 70 mn of restructuring cost booked as provision in 2015 accounts

Guidance 2016

Net revenue stable, EBITDA at CHF ~4.2 billion, CAPEX down

in CHF bn	2015 reported (CHF 1.075/EUR)	Adjustments	2015 Pro-forma (CHF 1.075/EUR)	Change 2016 Swisscom w/o Fastweb	Change 2016 Fastweb	2016 Outlook (CHF 1.10/EUR)
Revenue	11,678			< 0	> 0	> 11,6
EBITDA	4,098	-0,256 *	4,354	-0,2 **	> 0	~ 4,2
CAPEX	2,409			< 0	0	> 2,3

* Provision for FeAC sanction (CHF 186 mn) and restructuring (CHF 70 mn)

** Lower revenues and higher costs for roaming out-payments (infinity effect) will be partially compensated by cost savings of around CHF 50 mn

Upon meeting its 2016 guidance, Swisscom plans to propose an unchanged dividend of CHF 22 per share to the AGM in 2017

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* Residential customers & SME

Q&A session

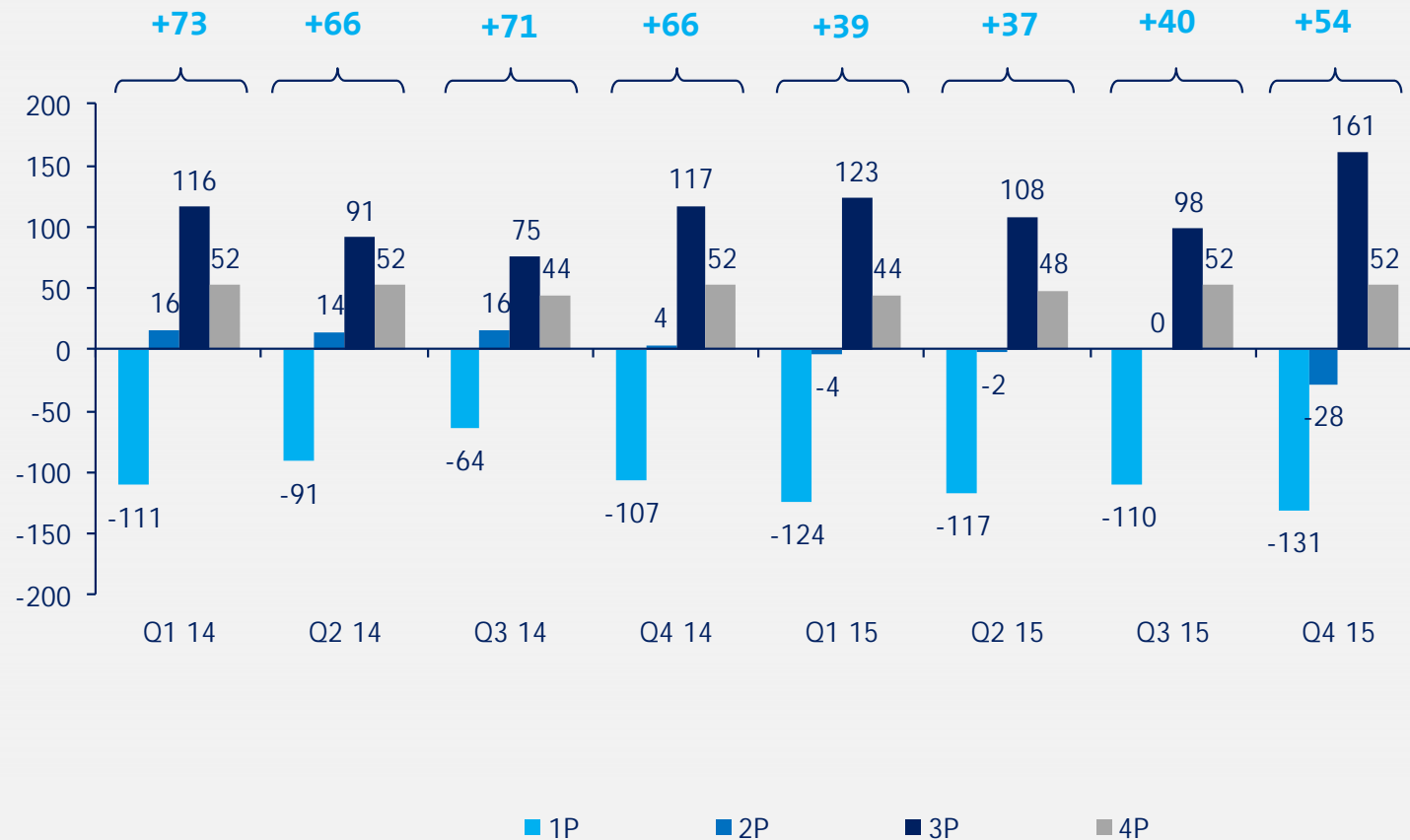
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RGU dynamics

Net adds of RGUs by products (in '000)



+54k RGUs in Q4 2015 with 3P and 4P over-compensating 1P losses

1P losses in 2015 accelerating

Net adds of RGUs in 2015 on a lower level

RGUs

Swisscom Switzerland Access Lines/Subs/Products (000)

YTD, (Change to 31.12.2014 in brackets)

		TV	Fixed Voice & Access	Broadband	Mobile	Number of products in Bundle	Sum	Δ
<p>1P</p> <p>↓</p> <p>Bundles</p>	Single Play	148 (-70)	1,573 (-267)	542 (-139)	6,029 (-6)	1	8,292	(-482) (-5.5%)
	2Play					2	574	(-34) (-5.6%)
	3Play ¹⁾					3	2,461 ²⁾	(+490) (+25%)
	4Play					4	1'216	(+196) (+19%)
	Revenue Generating Units	1,331 (+166) (+14%)	2,629 (-149) (-5.4%)	1,958 (+68) (+3.6%)	6,625 (+85) (+1.3%)		12,543	(+170) (+1.4%)

¹⁾ including n-play (Business) Bundles

²⁾ o/w additional 26k Mobile Subs and 65k in Business Bundles

ARPU

YTD, (Change to 31.12.2014 in brackets)

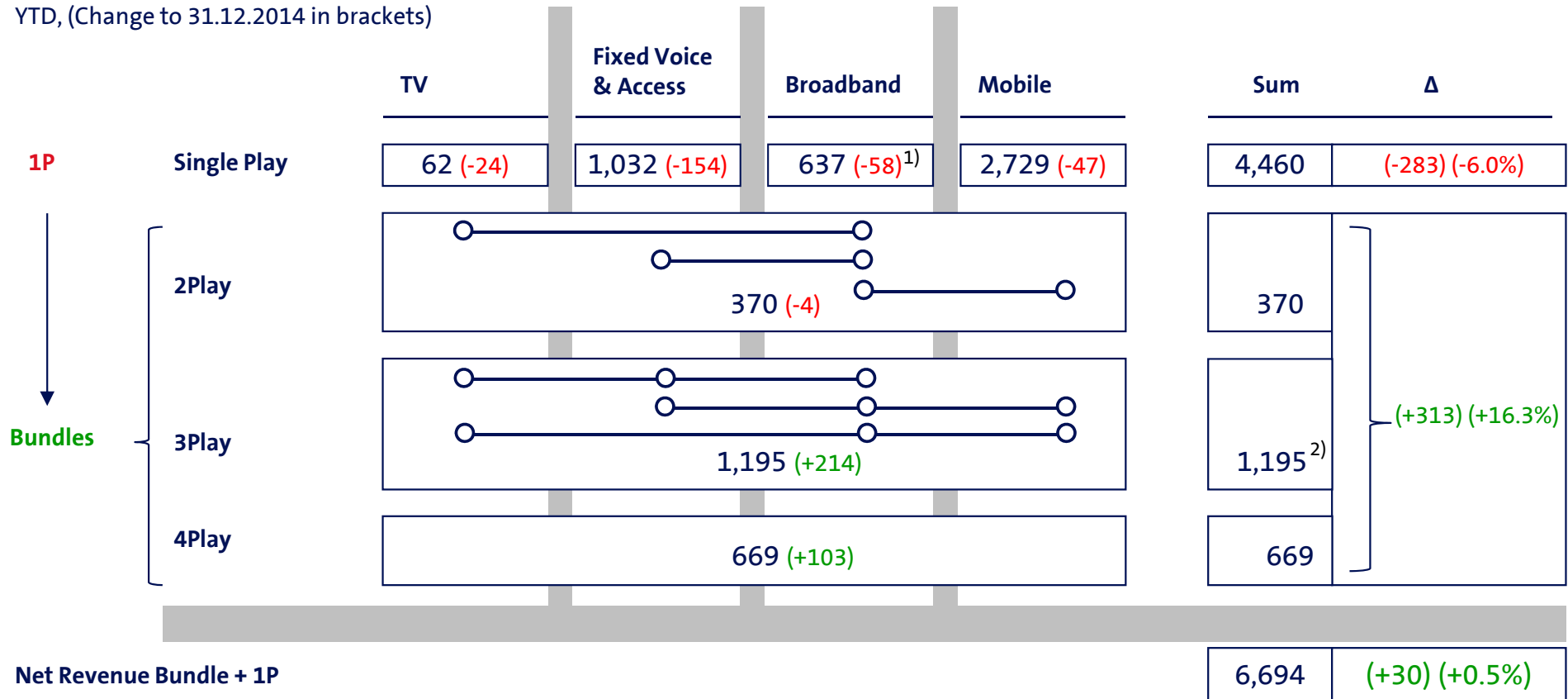
	TV ¹⁾	Fixed Voice & Access	Broadband ²⁾	Mobile ³⁾	Number of products in Bundle	Weighted average per underlying product ^{1,2)}
1P	14 (-2)	52 (+1)	35 (-0)	38 (-1)	1	40 (-1)
2Play					2	53 (-2)
3Play					3	47 (+0)
4Play					4	51 (-1)
Total weighted average						45 (-1)

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

Revenues (RGU x ARPU)

Net revenues (CHF mn)

YTD, (Change to 31.12.2014 in brackets)



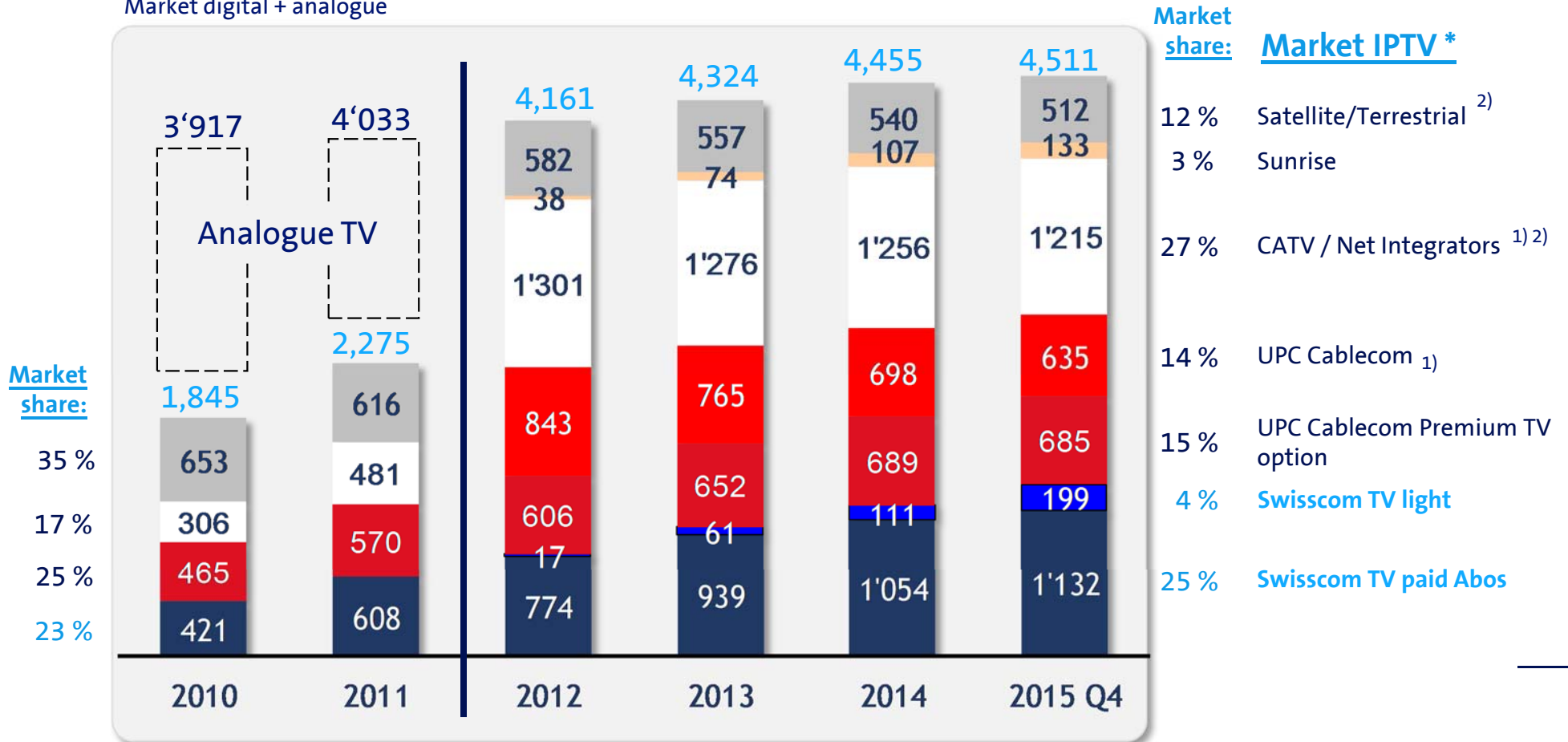
1) including revenues for business networks/internet which are not included in retail broadband ARPU

2) o/w CHF 19mn Business Bundles

TV market Switzerland

Market volumes (000)

Market digital + analogue

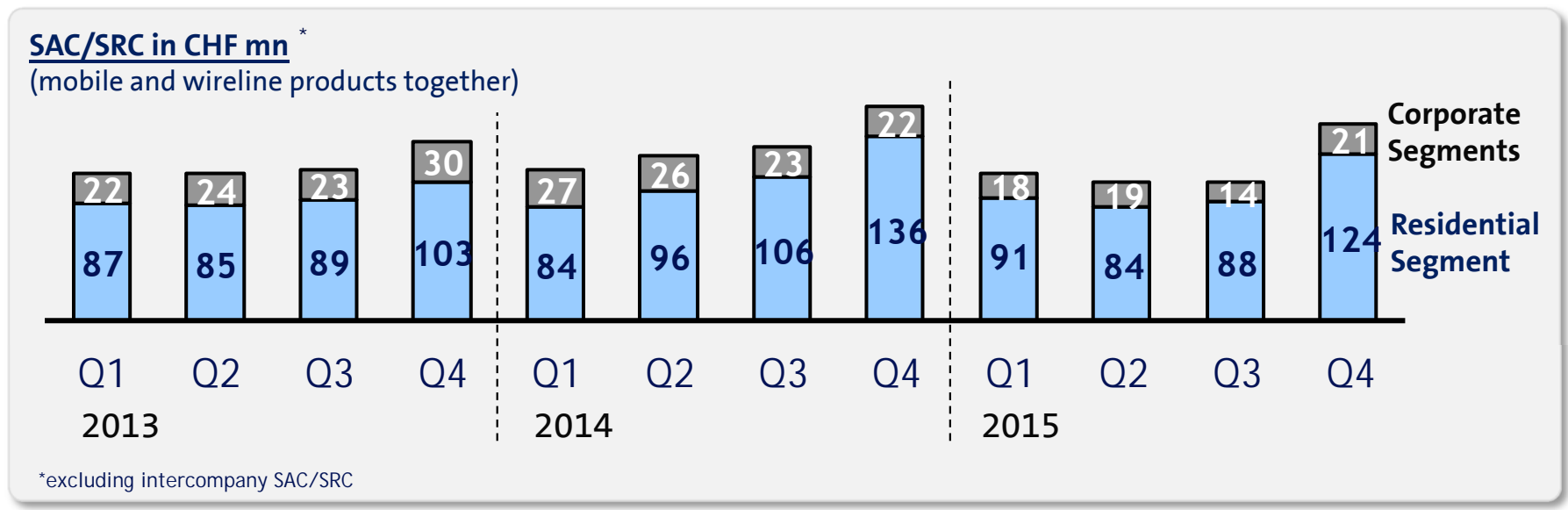
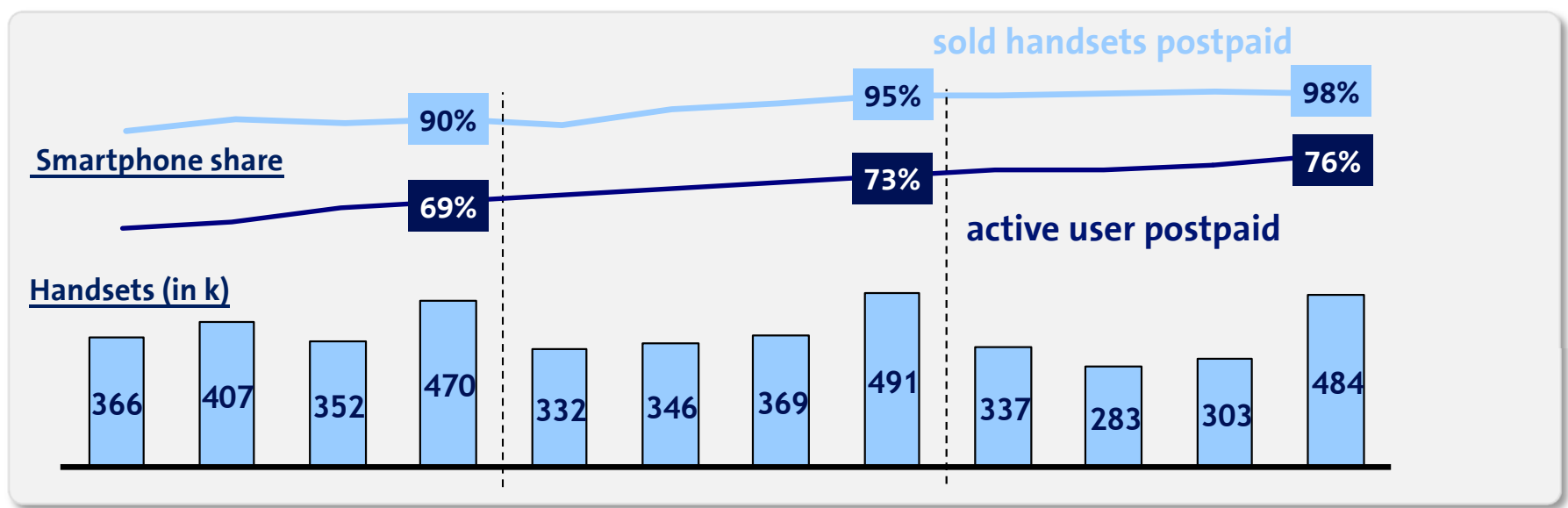


1) Migration to digital largely driven by analogue customers who have been transferred technically, but have not subscribed to a digital product yet: these are potential customers for Swisscom

2) Time series modified

* Estimates for Q4 2015

Handsets & SACs



*excluding intercompany SAC/SRC

Reported vs. comparable revenue and EBITDA

in CHF mn	Q1	Q2	Q3	Q4	Year
Revenue, reported change	+72	-14	-36	-47	-25
o/w M&A impact	+44	+38	+22	+26	+130
Currency effect	-55	-74	-56	-53	-238
Revenue, comparable change	+83	+22	-2	-20	+83
EBITDA, reported change	-10	-39	-224	-42	-315
o/w Provision for FeAC sanction			-186		-186
Pension reconciliation IAS 19	-20	-16	-14	-10	-60
Lower gain from sale of real estate		-14	-37	+11	-40
Restructuring				-70	-70
Other income from litigations (Fastweb)				+17	+17
Currency effect	-15	-24	-19	-21	-79
EBITDA, comparable change	+25	+15	+32	+31	+103

Segment 'Residential'

	Q4/15	Q4oQ4	31.12.2015	YoY
<i>Net revenue up by 1.2% YOY, driven by the higher Service Revenue Retail (increase in subs)</i>				
Net revenue in MCHF ¹⁾	1'347	-1.2%	5'224	1.2%
Direct costs in MCHF	-390	-5.6%	-1'284	-2.4%
Indirect costs in MCHF ²⁾	-252	-4.2%	-1'007	0.6%
Contribution margin 2 in MCHF	705	2.5%	2'933	3.1%
<i>Contribution margin 2 in %</i>	<i>52.3%</i>		<i>56.1%</i>	
<i>Contribution margin 2 increased by 3.1%, driven by higher Service Revenue Retail and lower SAC (direct cost)</i>				
CAPEX in MCHF	52	0.0%	180	11.8%
FTE's	-21		4'871	-0.6%
Broadband lines in '000 ³⁾	+17		1'679	3.5%
Voice lines in '000 ³⁾	-36		1'876	-6.9%
Wireless customers Prepaid in '000	-1		2'124	-1.8%
Wireless customers Postpaid in '000 ³⁾	+8		2'664	2.1%
Blended wireless ARPU MO in CHF	34	0.0%	35	0.0%
TV subs in '000 ³⁾	+54		1'285	14.1%

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

Segment 'Small & Medium Enterprises'

The acquisition of 'yellow pages' (part of the PubliGroupe transaction in Sept 2014) and the integration of search.ch (in July 2015) led to an increase of net revenue, cost and FTE

Decrease in Service Revenue (due to Roaming) lead also to a slight EBITDA decrease

Broadband lines up by 5.2%

	Q4/15	Q4oQ4	31.12.2015	YoY
Net revenue in MCHF ¹⁾	350	0.6%	1'370	2.9%
Direct costs in MCHF	-50	-2.0%	-178	-11.0%
Indirect costs in MCHF ²⁾	-81	9.5%	-285	31.9%
Contribution margin 2 in MCHF	219	-1.8%	907	-0.9%
<i>Contribution margin 2 in %</i>	<i>62.6%</i>		<i>66.2%</i>	
CAPEX in MCHF	14	16.7%	50	35.1%
FTE's	-12		1'601	4.6%
Broadband lines in '000 ³⁾	+4		241	5.2%
Voice lines in '000 ³⁾	-6		491	-3.5%
Wireless customers in '000 ³⁾	+2		607	2.0%
Blended wireless ARPU MO in CHF	66	-5.7%	68	-4.2%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

3) sum of single play and bundles

Segment 'Enterprise Customers'

Topline, cost and FTE increased primarily due to the acquisition of Veltigroup

Lower EBITDA contribution YOY due to price pressure and lower volumes and margins in the project business

of wireless subs up by 4.9% YOY

	Q4/15	Q4oQ4	31.12.2015	YoY
Net revenue in MCHF ¹⁾	704	6.3%	2'654	3.3%
Direct costs in MCHF	-182	30.0%	-597	9.9%
Indirect costs in MCHF ²⁾	-294	5.4%	-1'147	5.8%
Contribution margin 2 in MCHF	228	-6.2%	910	-3.4%
<i>Contribution margin 2 in %</i>	<i>32.4%</i>		<i>34.3%</i>	
CAPEX in MCHF	51	70.0%	171	12.5%
FTE's	+24		5'378	11.3%
Broadband lines in '000	+0		38	0.0%
Voice lines in '000	+12		262	2.7%
Wireless customers in '000	-2		1'230	4.9%
Blended wireless ARPU MO in CHF	37	-5.1%	38	-5.0%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Segment 'Wholesale'

Revenue from external customers up 1.6% due to higher volumes inbound roaming

The provision for the FeAC sanction of CHF 186mn impacting indirect cost and contribution margin 2

	Q4/15	Q4oQ4	31.12.2015	YoY
Revenue from external customers in MCHF	146	2.8%	579	1.6%
Intersegment revenue in MCHF	96	5.5%	377	5.0%
Net revenue in MCHF	242	3.9%	956	2.9%
Direct costs in MCHF	-140	6.1%	-545	3.0%
Indirect costs in MCHF ¹⁾	-11	n.m.	-213	n.m.
Contribution margin 2 in MCHF	91	n.m.	198	-48.0%
Contribution margin 2 w/o FeAC sanction	91	-5.2%	384	0.8%
<i>Contribution margin 2 in %</i>	<i>37.6%</i>		<i>20.7%</i>	
CAPEX in MCHF	-		-	
FTE's	-1		105	-5.4%
Full access lines in '000	-11		128	-28.9%
BB (wholesale) lines in '000	+14		315	20.2%

1) incl. capitalised costs and other income

Segment 'IT, Network and Innovation'

Lower gain on sale of real estate leads to lower CM2

	Q4/15	Q4oQ4	31.12.2015	YoY
Net revenue in MCHF	33	0.0%	130	3.2%
Direct costs in MCHF	-	-	-	-
Personnel expenses in MCHF	-285	29.5%	-923	11.3%
Rent in MCHF	-51	10.9%	-198	6.5%
Maintenance in MCHF	-49	-15.5%	-179	-11.4%
IT expenses in MCHF	-58	-1.7%	-226	4.1%
Other OPEX in MCHF	-98	5.4%	-352	8.3%
Indirect costs in MCHF	-541	13.7%	-1'878	6.8%
Capitalised costs and other income in MCHF	108	25.6%	401	3.9%
Contribution margin 2 in MCHF	-400	12.0%	-1'347	8.0%
Depreciation, amortisation and impairment in MCHF	-285	2.2%	-1'107	4.1%
Segment result in MCHF	-685	7.7%	-2'454	6.2%
CAPEX in MCHF	382	-7.3%	1'398	0.3%
FTE's	+33		5'245	3.4%

Segment 'Fastweb'

	Q4/15	Q4oQ4	31.12.2015	YoY
<i>Net revenues increased 2.8% YOY</i>				
Consumer revenue in MEUR	204	7.4%	789	4.8%
Enterprise revenue in MEUR	216	-2.7%	800	1.4%
Wholesale revenue in MEUR ¹⁾	30	-34.8%	147	0.7%
Net revenue in MEUR ¹⁾	450	-1.7%	1'736	2.8%
<i>All segments report an increase in revenue</i>				
OPEX in MEUR ²⁾	-279	-10.9%	-1'160	-1.1%
EBITDA in MEUR	171	17.9%	576	11.8%
<i>EBITDA of EUR 576 million up by 11.8% YOY</i>				
<i>EBITDA margin in %</i>	<i>38.0%</i>		<i>33.2%</i>	
CAPEX in MEUR	138	-11.5%	541	-3.7%
OpFCF Proxy in MEUR	33	n.m.	35	n.m.
FTE's	+20		2'401	0.4%
BB customers in '000	+29		2'201	6.2%
In consolidated Swisscom accounts				
EBITDA in MCHF	185	5.7%	619	-1.0%
CAPEX in MCHF	150	-20.2%	581	-14.8%
1) incl. revenues to Swisscom companies				
2) incl. capitalised costs and other income				

Segment 'Other'

Net revenue down by 9.3% YOY due to lower revenue out of construction activities and the sale of companies

EBITDA down by 33.0% YOY

	Q4/15	Q4oQ4	31.12.2015	YoY
External revenue in MCHF	83	-22.4%	340	-16.3%
Net revenue in MCHF ¹⁾	154	-14.9%	603	-9.3%
OPEX in MCHF ²⁾	-144	-12.2%	-534	-5.0%
EBITDA in MCHF	10	-41.2%	69	-33.0%
<i>EBITDA margin in %</i>	<i>6.5%</i>		<i>11.4%</i>	
CAPEX in MCHF	28	21.7%	48	26.3%
FTE's	-2		1'723	-12.2%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Reported pension plan costs and outlook

in CHF mn	2014 reported	2015 reported	Change	2016 estimated
Operating pension cost (EBITDA)	244	320	10	330
Net interest (financial result)	24	26	1	27
Total pension cost (P&L)	268	346		357
Total company contributions (cash payments)	266	265	5	270
Pension cost less cash payments (cash flow statement)	2	81	6	87

- **Operating pension cost (service cost)**

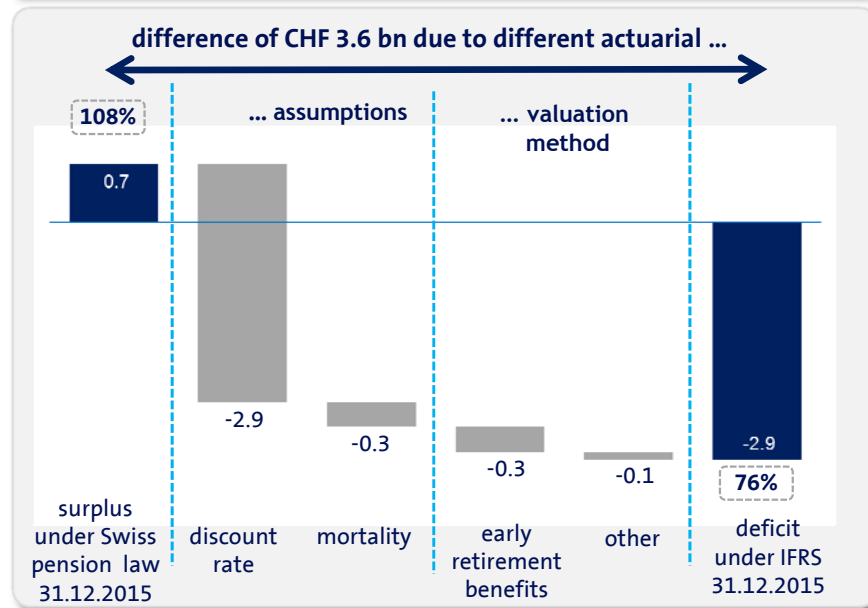
- > Costs recognized in EBITDA measured in accordance with IFRS actuarial valuation method
- > Costs are highly sensitive to changes of discount rate assumption
- > Significant increase of cost in 2015 compared to 2014 due to lower discount rate (= yields of AA-rated corporate bonds)

- **Cash payments**

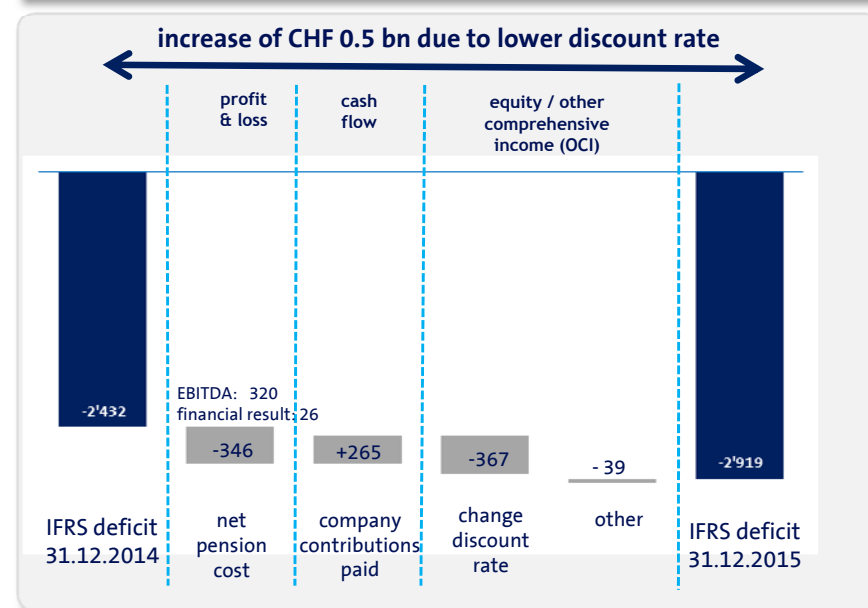
- > Cash contributions are not based on IFRS actuarial valuation method
- > Contributions are lower than IFRS pension cost
- > No significant change expected in 2016

Pension plan situation as per 31.12.2015

Valuation differences between Swiss pension law and IFRS



Reconciliation IFRS deficit 2014 → 2015



- > Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant
- > Coverage ratio under Swiss pension law: 108%
- > Main actuarial assumptions:

	Swiss pension law	IFRS
Discount rate	2,75% based on expected long-term asset return	0,94% based on yield corporate bonds AA-rated
Mortality	Periodical tables	Generational tables

- > Net pension cost significantly higher than cash contributions
- > Increase of pension deficit (IFRS) resulting mainly from further decrease of the interest rate assumptions from 1.13% to 0.94%

Regulatory proceedings

Final decisions not expected in 2016

Sport programs

- > On 23 July 2015 the ComCo Secretariat issued a draft decree to impose Swisscom a sanction of CHF 143 mn regarding a reproached abuse of a dominant market position regarding Sport TV-rights
- > Swisscom will be heard by the ComCo in Q1 2016

ADSL

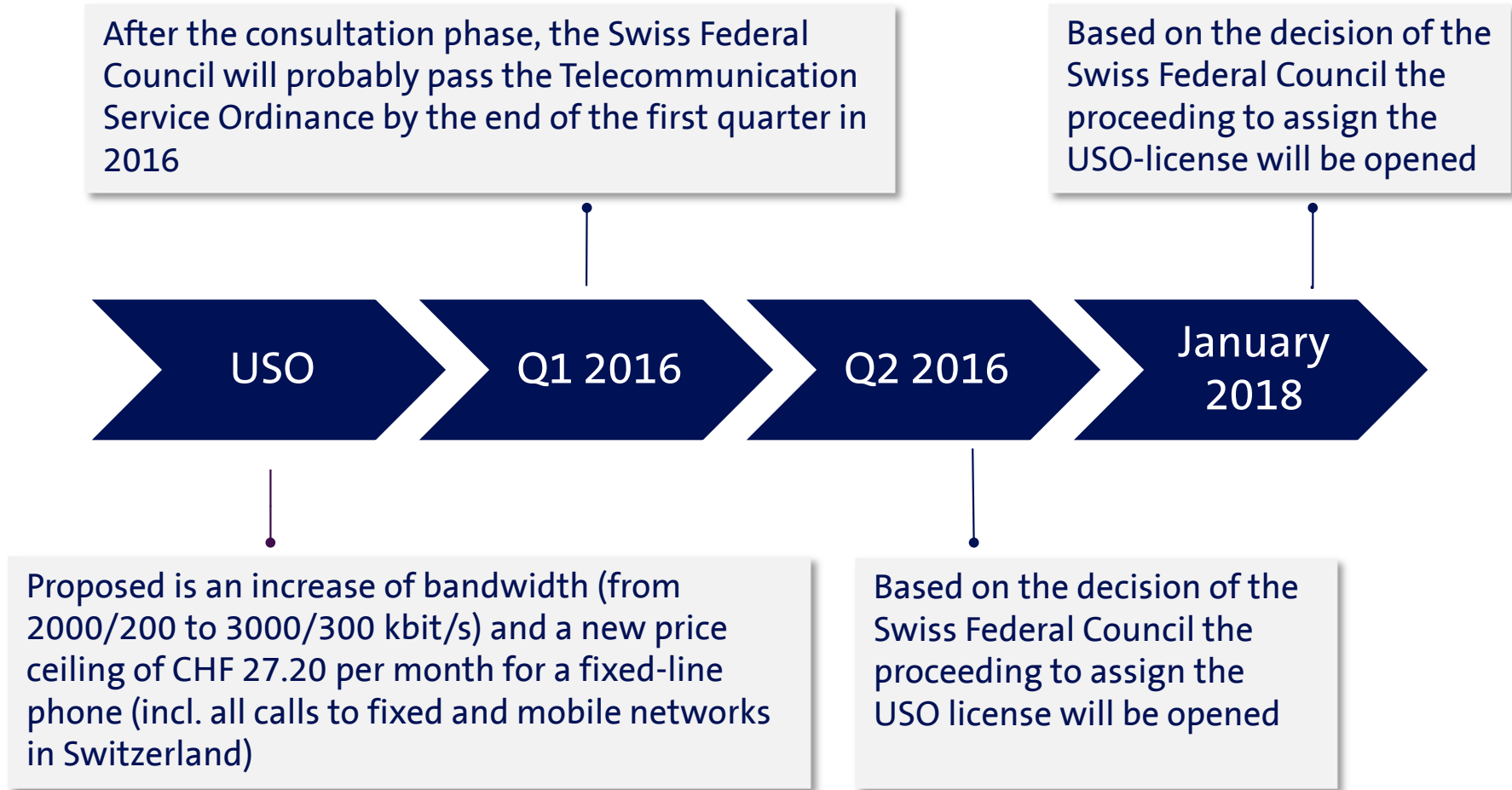
- > On 6 October 2015 the Federal Administrative Court issued a decree with a sanction of CHF 186 mn confirming in principle the reasoning of the Competition Commission *
- > The decree is contested (Swiss Federal Court)

Swiss Post WAN

- > On 21 September 2015 the ComCo issued a decree with a sanction of CHF 7.9 mn. Contested is the price setting (retail and wholesale) regarding a Swiss Post Contract in 2008
- > The decree is contested (Federal Administrative Court)

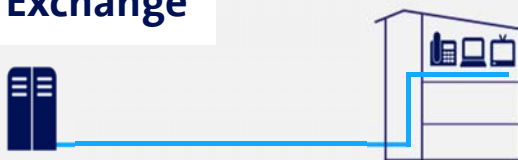

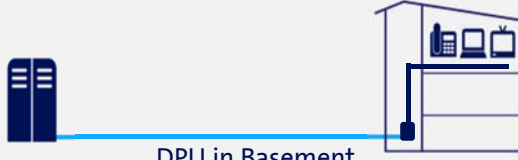

** At the beginning of 2016 Swisscom paid the FeAC sanction of CHF 186 mn (no prejudice is made by this payment)*

USO update



Innovative fibre technologies

Exchange

— Fibre-optic — Copper

Fibre-to-the-Home (and business)

- > Since 2008 with 100 Mbps
- > Since 2013 with 1 Gbps

Fibre-to-the-Street

- > Since 2013 with VDSL2
- > After 2016 with G.fast

Fibre-to-the-Building

- > Since 2013 with VDSL 2
- > After 2016 with G.fast

Fibre-to-the-Curb

- > VDSL2 since 2006
- > Vectoring since early 2014

Bandwidths

- 1Gbps
- up to 500 Mbps with G.fast
- up to 500 Mbps with G.fast
- up to 100 Mbps with Vectoring
- up to 80 Mbps without Vectoring

Wholesale access portfolio

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

Access Portfolio Swisscom Wholesale 2016

Unbundled Access Line TAL, Layer 1, Copper*	CHF 12.70/month
Access Line Optical ALO, Layer 1, Fibre*	CHF 34.00/month
Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s	CHF 27.00/month
Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s	CHF 31.00/month
Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s	CHF 40.00/month

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

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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