



# Q3 2019 results

Analyst and investor presentation  
31 October 2019



# Agenda

**Introduction**

Louis Schmid, IR

**1. Highlights**

Urs Schaeppi, CEO

**2. Business review**

Urs Schaeppi, CEO

**3. Financial results**

Mario Rossi, CFO

**Q&A**

all

**Appendix**



# Q3 in a nutshell

Solid commercial execution and financially on track to achieve FY guidance

## New inOne mobile in vogue

890k subs (Q3 with +320k) since launch (25 Feb) driving FM share further up



Swisscom one of the world's **1<sup>st</sup> provider** to offer **5G abroad**



Successful issue of **CHF 125mn bond** (coupon 0%, duration 25 years)



FIBRA | WOW FI | MOBILE  
**FASTWEB**  
un passo avanti

**Fastweb** obtained **MNO authorisation** in July 2019



**Sound Q3 financials:**  
**EBITDA of CHF 1'120mn.**  
In line with consensus and confirming FY guidance

**Ookla** network test with a clear result: **Swisscom #1** for **speed** and **coverage**



**Cost savings progressing well.**  
Indirect cost down **CHF 107mn YoY**



**Cloud partnership** with **Microsoft.**



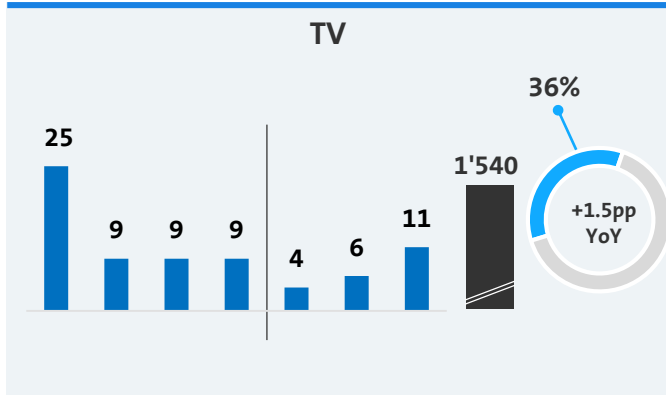
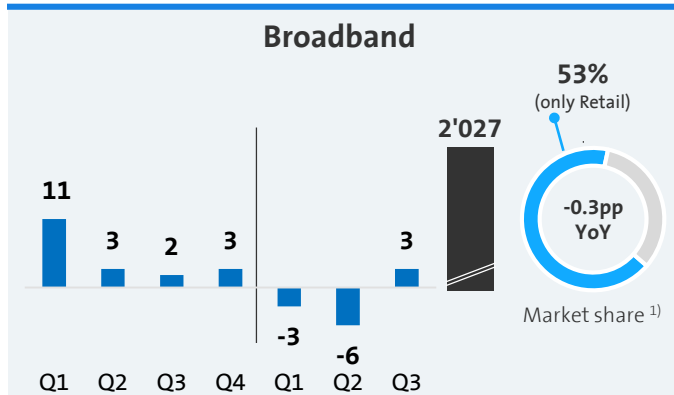
New B2B services: 'ExpressRoute', Managed Services 2.0, SAP on Azure



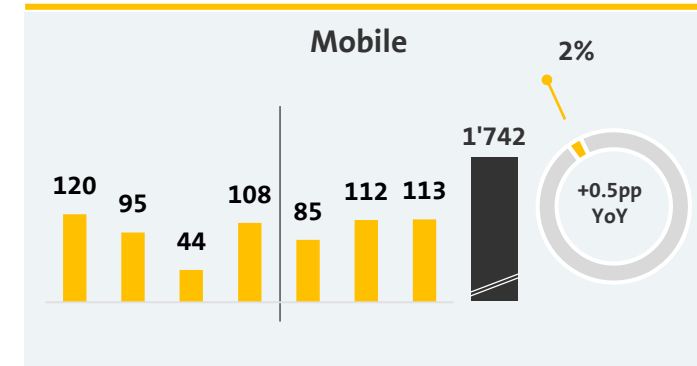
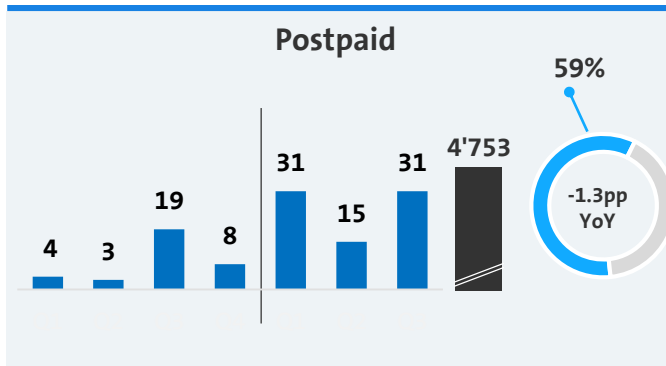
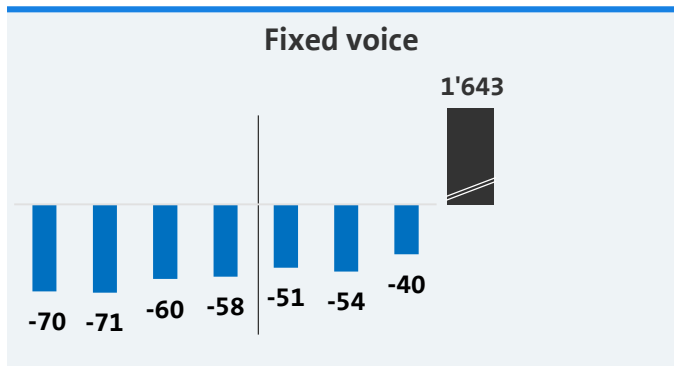
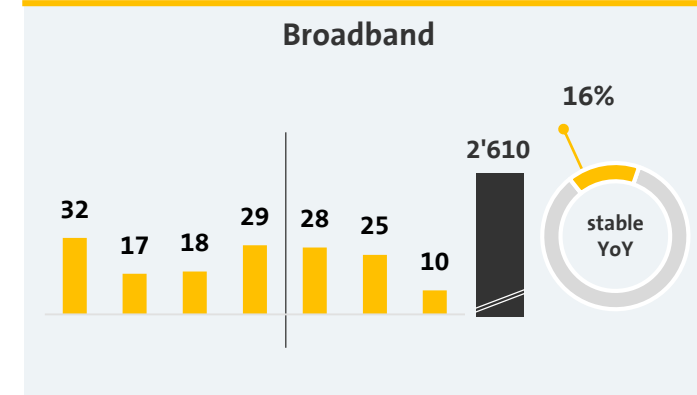
# Market performance

Operationally satisfying with positive momentum within challenging market environment

## Swisscom Switzerland (RGUs in k)



## Fastweb (RGUs in k)



1) as per Q2 2019



# Financial performance

EBITDA with stable underlying performance and on track to achieve FY target

## Key figures in CHF mn

Reported figures (YoY change)	<u>Q3 19</u>	<u>9m 19</u>
<b>Net revenue</b>	<b>2'793</b> (-91)	<b>8'456</b> (-233)
<b>EBITDA <sup>1)</sup></b>	<b>1'120</b> (+32)	<b>3'360</b> (+129)
<b>CAPEX <sup>2)</sup></b>	<b>536</b> (-16)	<b>1'833</b> (+212)
<b>OpFCF proxy</b>	<b>515</b> (-21)	<b>1'321</b> (-289)
<b>Net income</b>	<b>401</b> (-25)	<b>1'181</b> (-32)

## Reconciliation of 9m EBITDA and OpFCF proxy in CHF mn

	<u>Q1/Q1</u>	<u>Q2/Q2</u>	<u>Q3/Q3</u>	
<b>EBITDA 9m 18</b>				<b>3'231</b>
Reconciliation leases	+52	+47	+51	+150
Swisscom Switzerland	-6	-24	-12	
Fastweb	+11	+14	+13	<b>+1</b>
Others	+10	+6	-11	
One-offs <sup>3)</sup>	-6	-7	-9	-22
<b>EBITDA 9m 19</b>				<b>3'360</b>

<b>3'360</b>	<b>-206</b>	<b>3'154</b>	<b>-1'637</b>	<b>-196</b>	<b>1'321</b>
<b>EBITDA 9m 19</b>	Lease expense <sup>4)</sup>	<b>EBITDAaL <sup>5)</sup> 9m 19</b>	Ordinary CAPEX	Spectrum CAPEX	<b>OpFCF proxy 9m 19</b>

1) incl. IFRS16 effects, 2) 9m figures incl. spectrum CAPEX for new 5G licenses of CHF 196mn 3) consists of FX impact of CHF -22mn, 4) consists of depreciation right of use assets and interest expense leases, 5) EBITDA after lease expense



# Swisscom with a bouquet of tailored activities in 2019

The balance (between value and volume) matters. Promotions key driver of current market dynamics



- **Push inOne mobile go** and **cross-selling** to stimulate FMC growth and cement low churn rates
- Drive retention of customers with **dedicated promotions**
- **Boost youth segment** by promoting specific discounts
- **Continue pre2post migration** with incentivised switch measures
- **Use 2<sup>nd</sup> / 3<sup>rd</sup> brands** to satisfy different customer demands



- **Focus on customer base management** to achieve upselling and loyalty
- Drive **temporary 'inOne home' promotions** to stimulate broadband net adds
- **Increase competitiveness of 2<sup>nd</sup> / 3<sup>rd</sup> brand offerings** through promotions
- **Push value-added services**

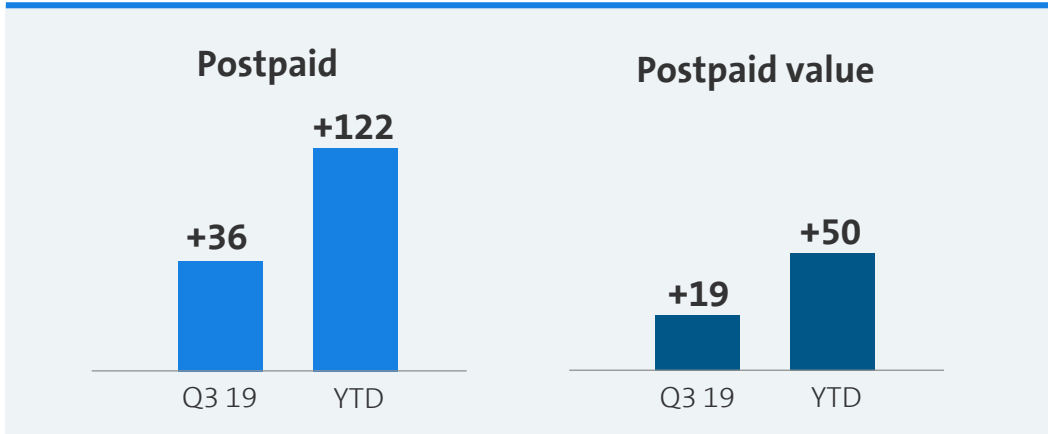




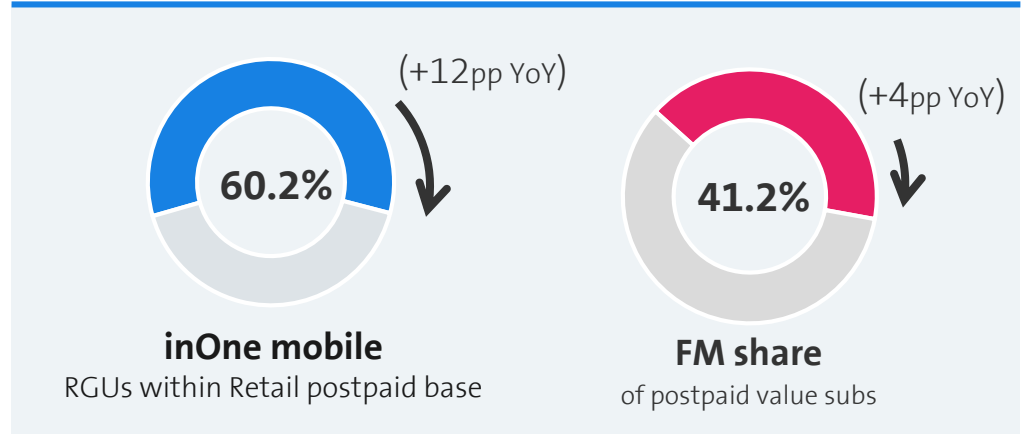
# Solid postpaid momentum in B2C with increasing FM penetration

Positive RGU and stable churn development. FMC discounts and shift of RGU mix weighs on ARPU

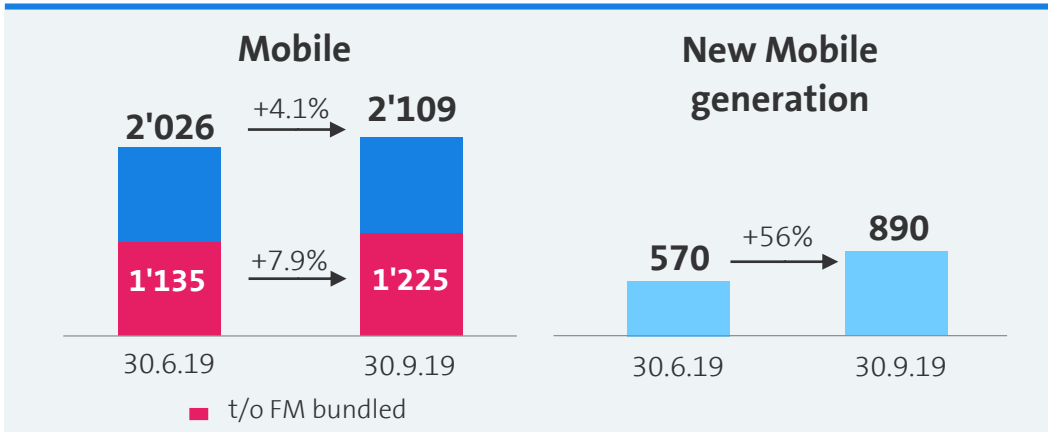
## Wireless net adds in k



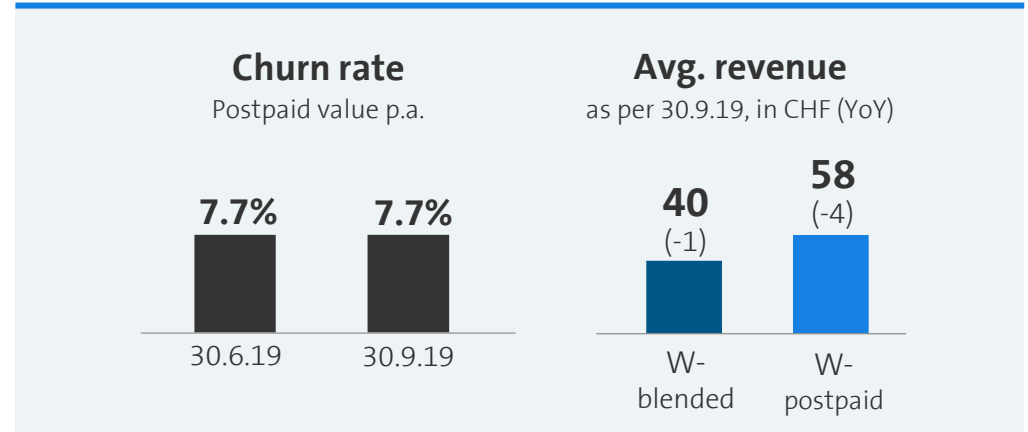
## Penetration ratios as per 30.9.19



## inOne subs in k



## Churn and ARPU

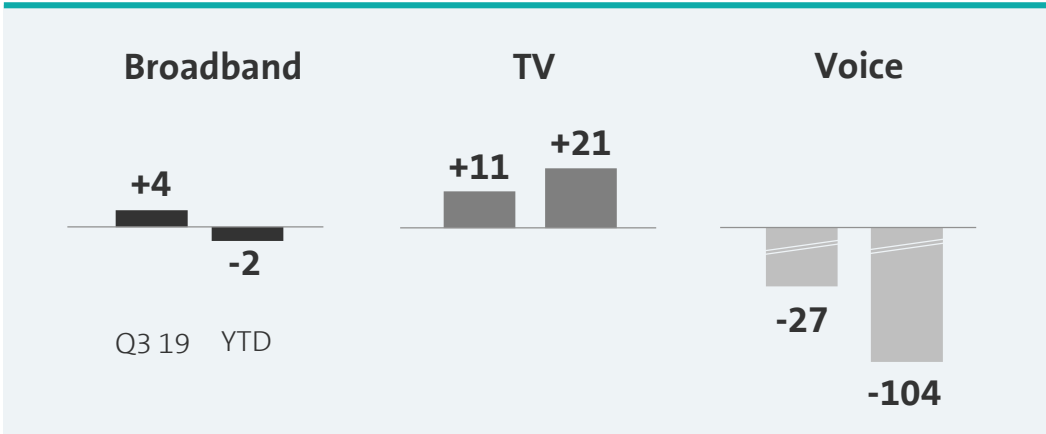




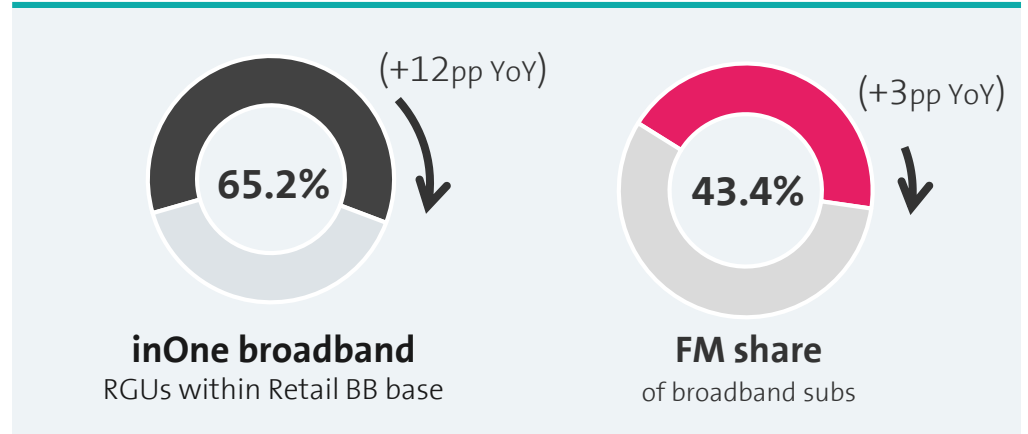
# Respectable B2C results in fixed with lower BB churns and constant ARPU

Mixed RGU trends in fixed: voice line cancellations decreasing, BB again positive and TV strong

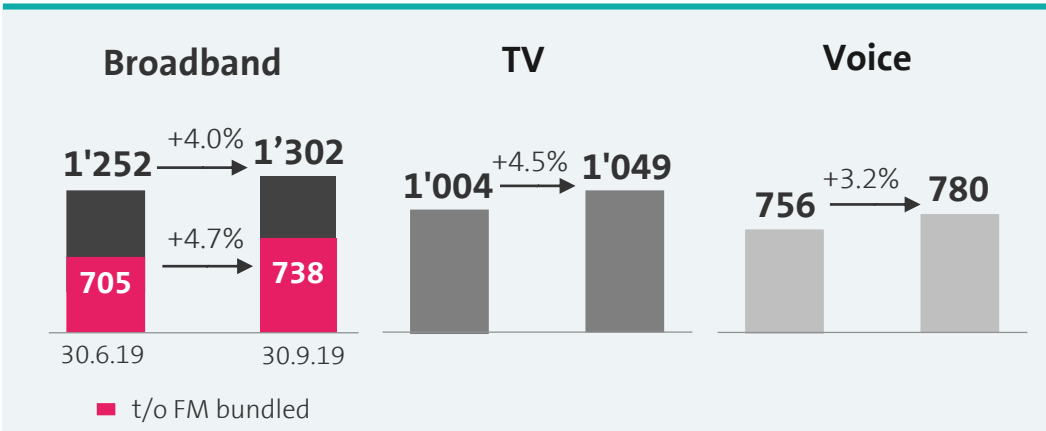
## Wireline net adds in k



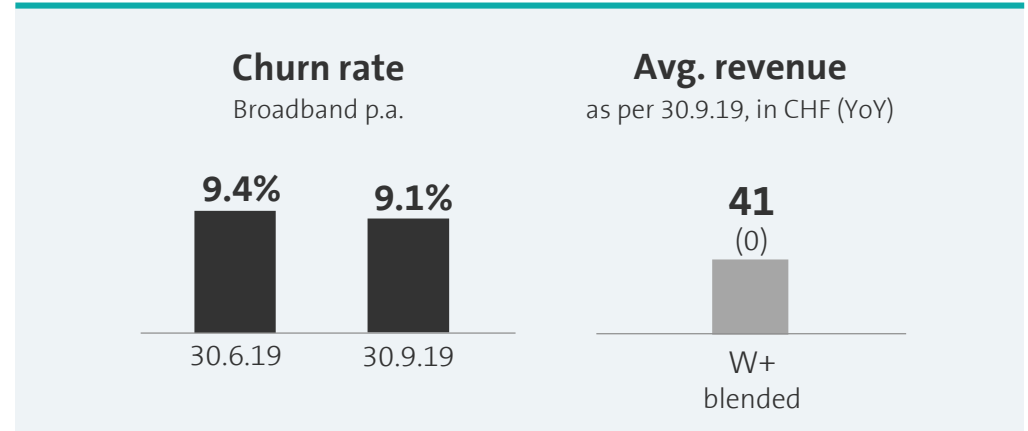
## Penetration ratios as per 30.9.19



## inOne subs in k



## Churn and ARPU







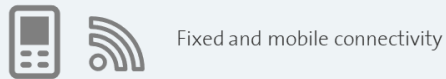
# B2B with continuous pressure in connectivity and lighter ICT progress

Unchanged B2B environment and revenue trends

## Strong proposition with top ingredients ...



- Trusted **brand**
- Strong **sales force**
- **The Swiss ICT provider**
- Large **partner network**
- Outstanding **portfolio**

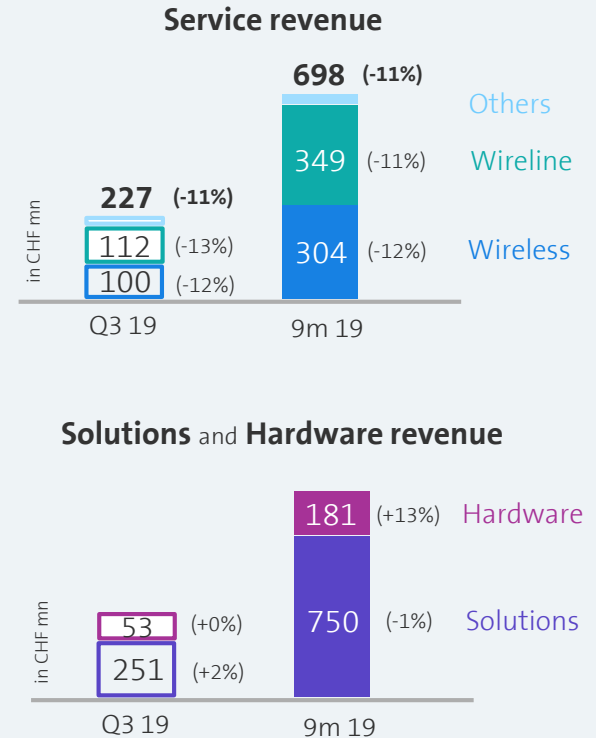


## ... to manage key (market) challenges ...



- Structural effects from **All IP migration** and **digital consolidations**
- Unchanged high **price pressure** driven by competition and RFPs
- Current mobile **ARPU**s at EU levels
- **Volatility of ICT business** increased due to project characteristics and more global competition
- **Solutions** with somewhat **lower order entry** YoY

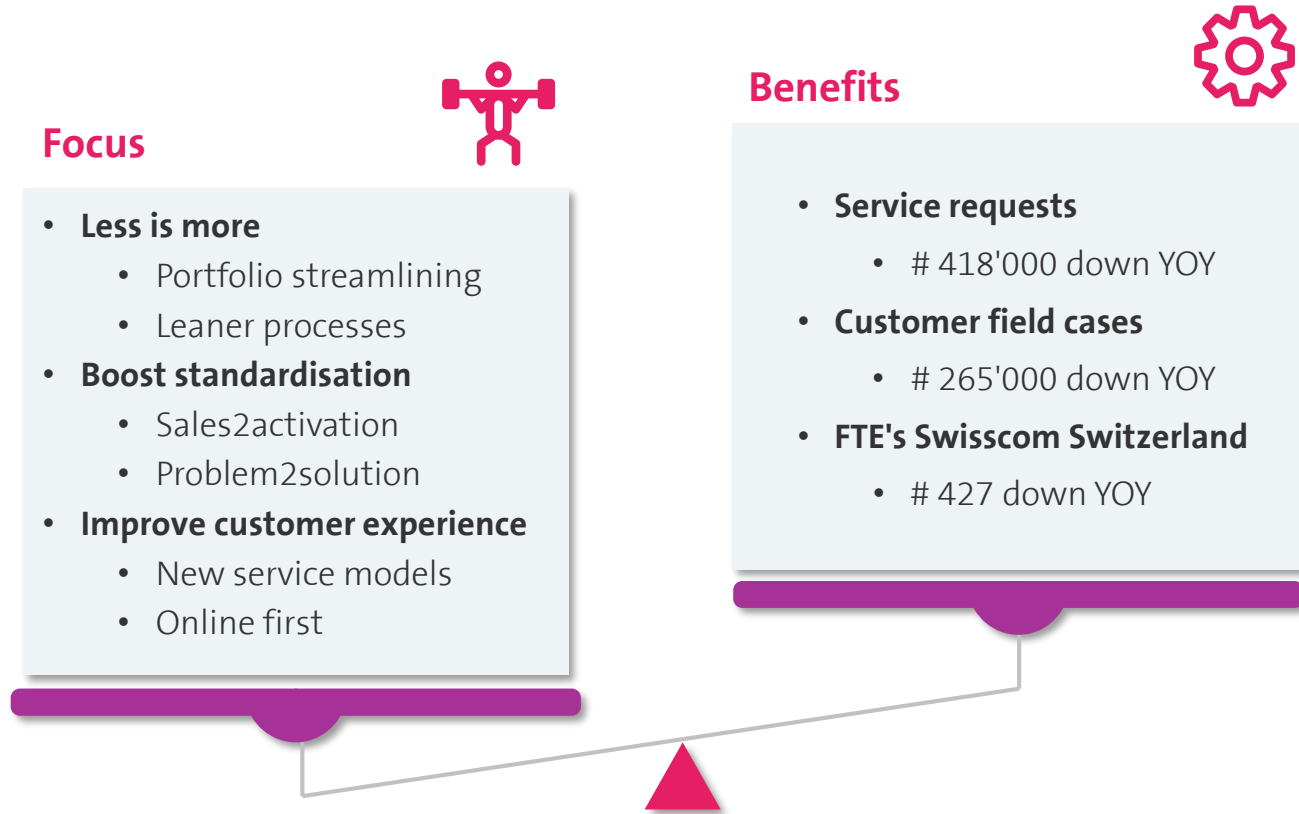
## ... and top-line contributions





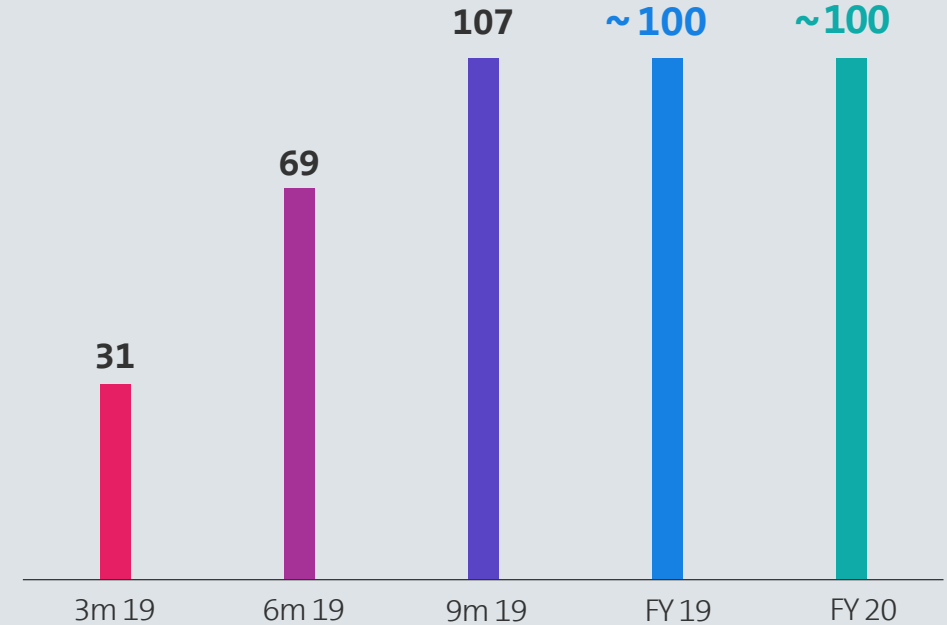
# Operational excellence: on track!

Continuous optimisation of cost base and delivering on targets an ongoing key priority



## Decreasing indirect cost

(in CHF mn)

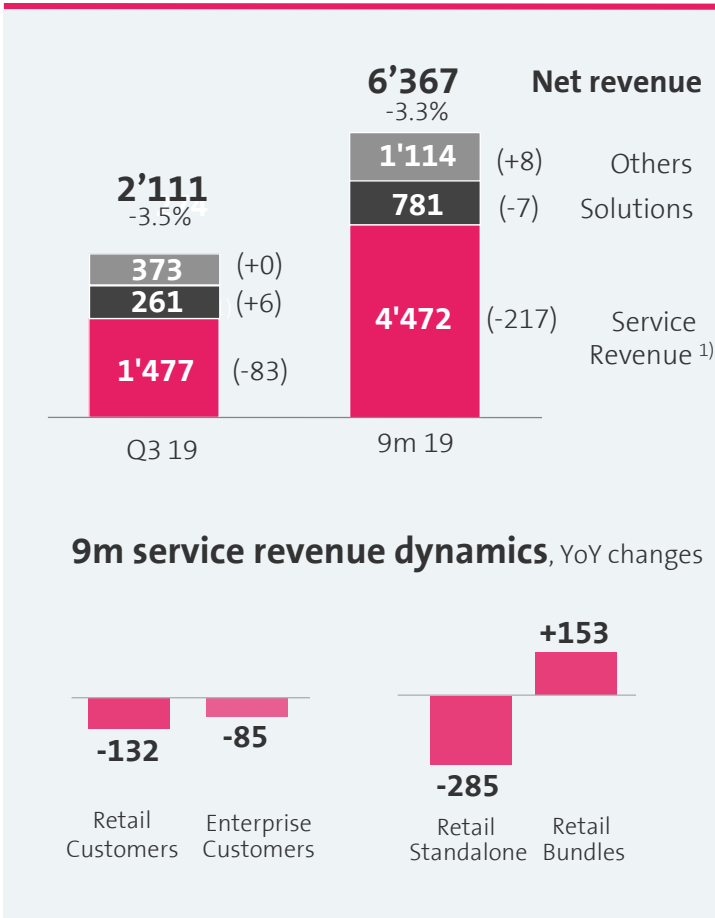




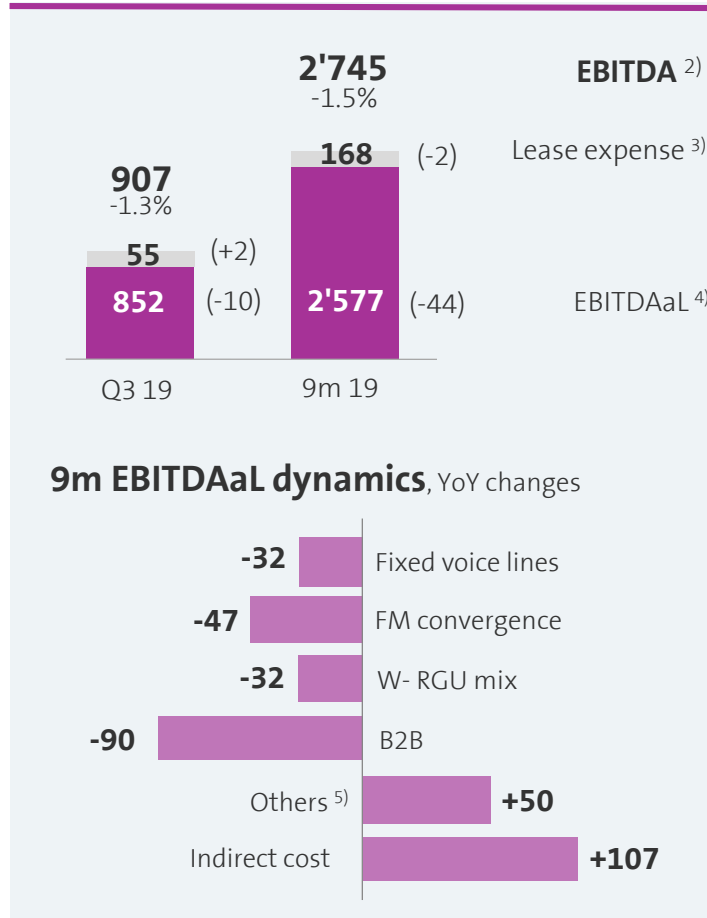
# Financial performance of Swisscom Switzerland

Cost savings mostly compensate top-line pressure. OpFCF proxy primarily impacted by spectrum CAPEX

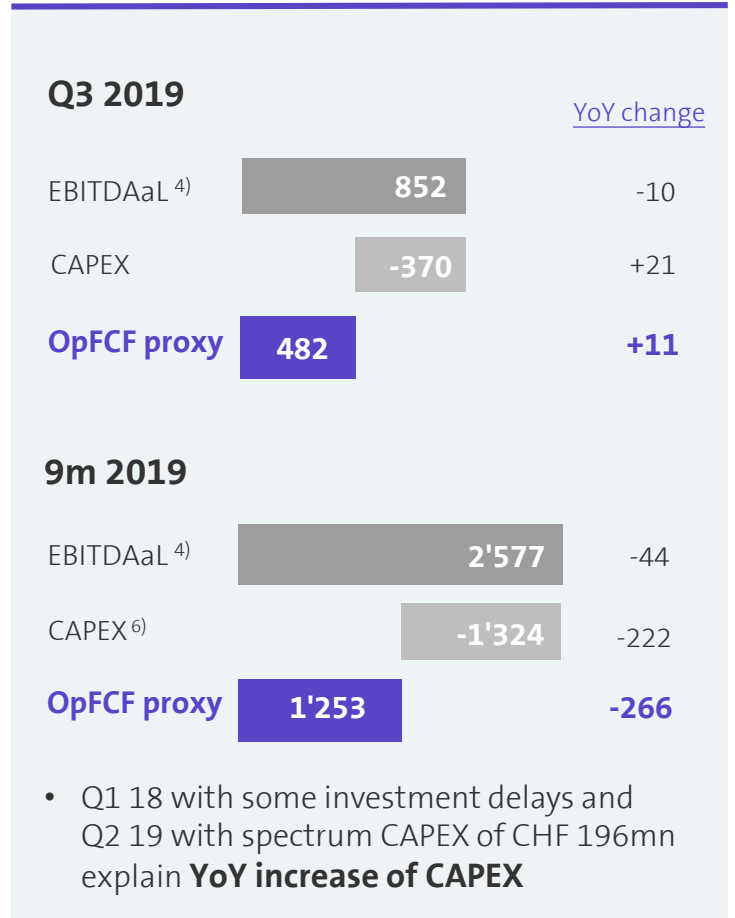
## Net revenue in CHF mn (YoY changes)



## EBITDA in CHF mn (YoY changes)



## OpFCF proxy in CHF mn



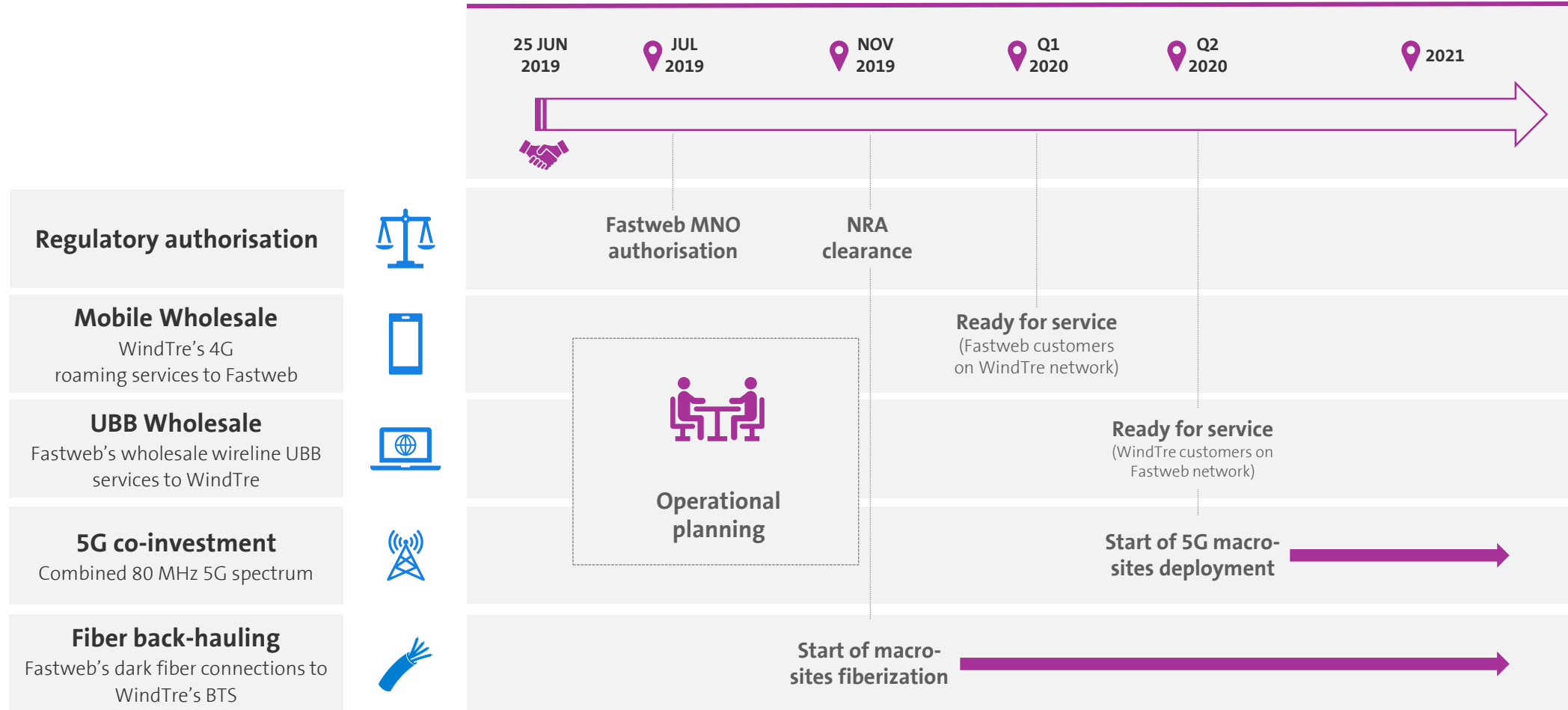
1) one-time customer-fidelity effects impacted Q1 2018 service revenue of Retail Customers with CHF -9mn and Enterprise Customers with CHF -2mn, 2) reported EBITDA, 3) consists of depreciation right of use assets and interest expense leases, 4) EBITDA after lease expense, 5) primarily higher Wholesale revenues (from BBCS, inbound roaming and MVNO), 6) incl. cost for new 5G licenses of CHF 196mn



# Fastweb: Update on 5G co-investment partnership with WindTre

Strategic agreement in full implementation mode with first key steps accomplished

## Project roadmap and milestones



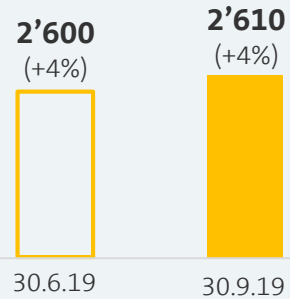


# Consumer performance

Focus on UBB and FM convergence with strong results despite tough market environment

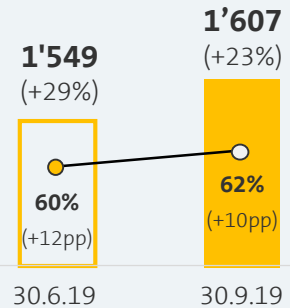
## Fixed

**Broadband subs** in k (YoY change)



- Steady YoY CB growth at 4.0%, despite market slow down
- Fastweb's churn lowest among OLOs

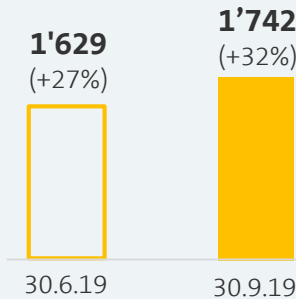
**UBB subs** (k) and **penetration** (YoY change)



- UBB penetration over CB +19pp YoY
- 84% of Q3 2019 gross adds are UBB

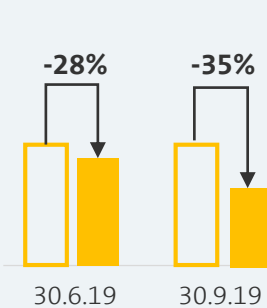
## Mobile

**Mobile subs** in k (YoY change)



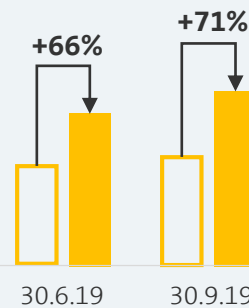
- 32% YoY CB growth
- +113k mobile net adds in Q3, confirming strong performance of prior quarter

**Churn rate**



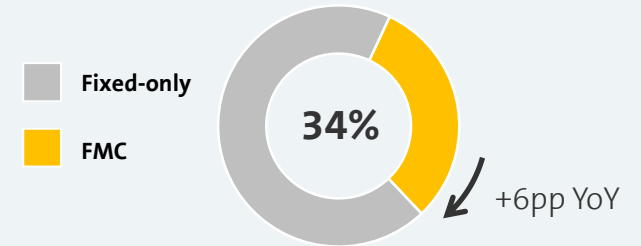
**Data usage**

(Gbit/customer/month)



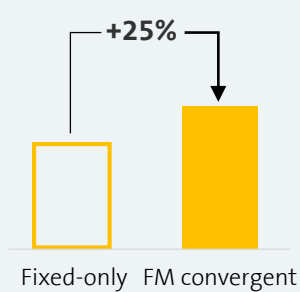
## FM convergence as per 30.9.19

**FMC penetration over fixed customer base**



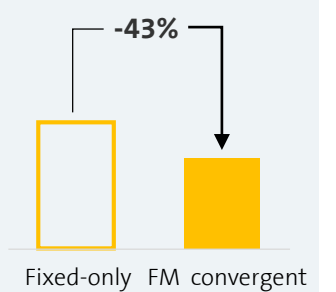
**ARPU uplift**

(EUR/month, YoY)



**Churn benefit**

(YoY)



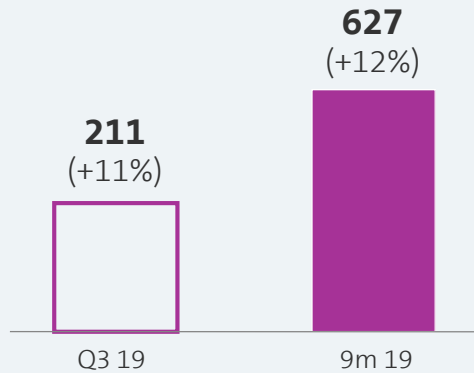


# B2B performance

Enterprise growth driven by Public Sector, Wholesale core services accelerating growth

## Enterprise

### Revenues in EUR mn (YoY)



Both on Q3 and 9m:

- **PA segment:** double-digit growth for the 7<sup>th</sup> consecutive quarter
- **Private segment:** single-digit growth
- **Medium segment:** single-digit growth

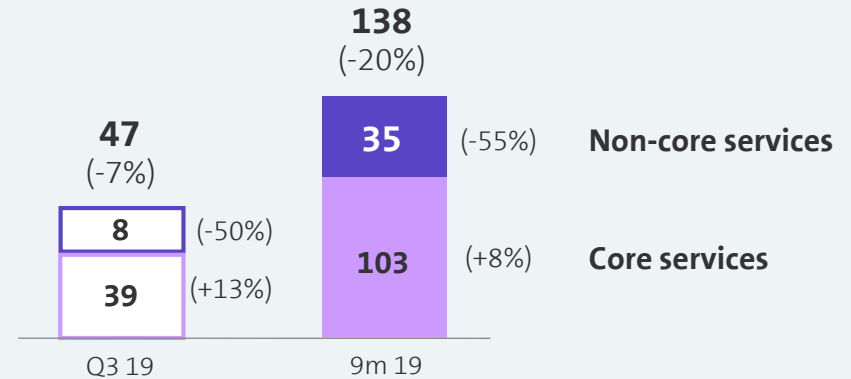
### New contracts

- Poste Italiane (connectivity)
- Italian Ministry of Justice (ICT services)



## Wholesale

### Revenues in EUR mn<sup>1</sup> (YoY)



- **Core services:** 9m YoY revenues growth at 8% and 13% in Q3, driven by UBB wholesale lines (Tiscali) and dedicated point-to-point services
- **Non-core services:** -55% YoY in 9m due to progressive phase out of low-margin infrastructure projects. Expected FY impact fully considered in top-line guidance

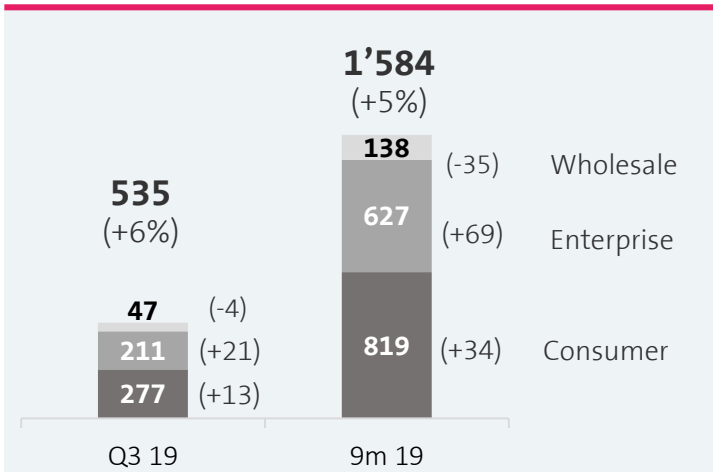
1) incl. intercompany revenues



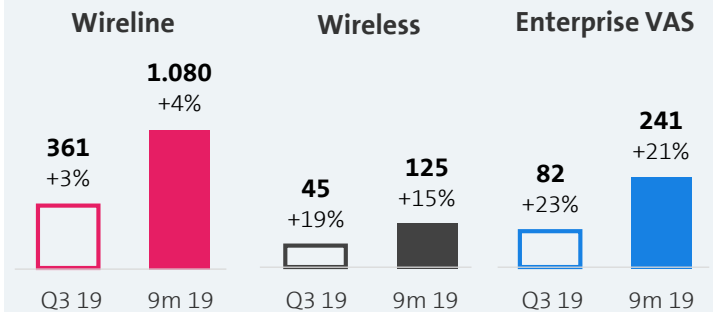
# Financial performance

Confirming FY target of 5% EBITDAaL growth, significant OpFCF proxy growth

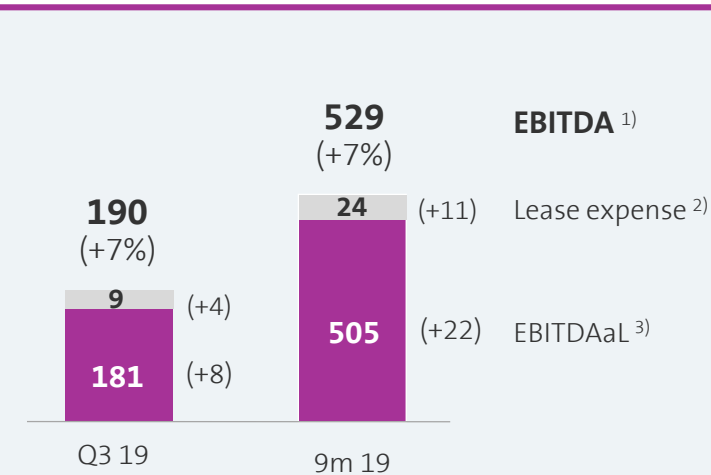
## Net revenue in EUR mn (YoY)



## Service revenue dynamics



## EBITDA in EUR mn (YoY)



- **EBITDAaL +5% YoY**, in line with previous quarters growth and FY guidance
- **YoY increase** due to recurring gross margin mainly on Consumer

## OpFCF proxy in EUR mn (YoY)

	Q3 2019	YoY change
<b>Q3 2019</b>		
EBITDAaL <sup>3)</sup>	181	(+8)
CAPEX	-146	(-11)
<b>OpFCF proxy</b>	<b>+35</b>	<b>(-3)</b>
<b>9m 2019</b>		
EBITDAaL <sup>3)</sup>	505	(+22)
CAPEX	-443	(-11)
<b>OpFCF proxy</b>	<b>+62</b>	<b>(+11)</b>

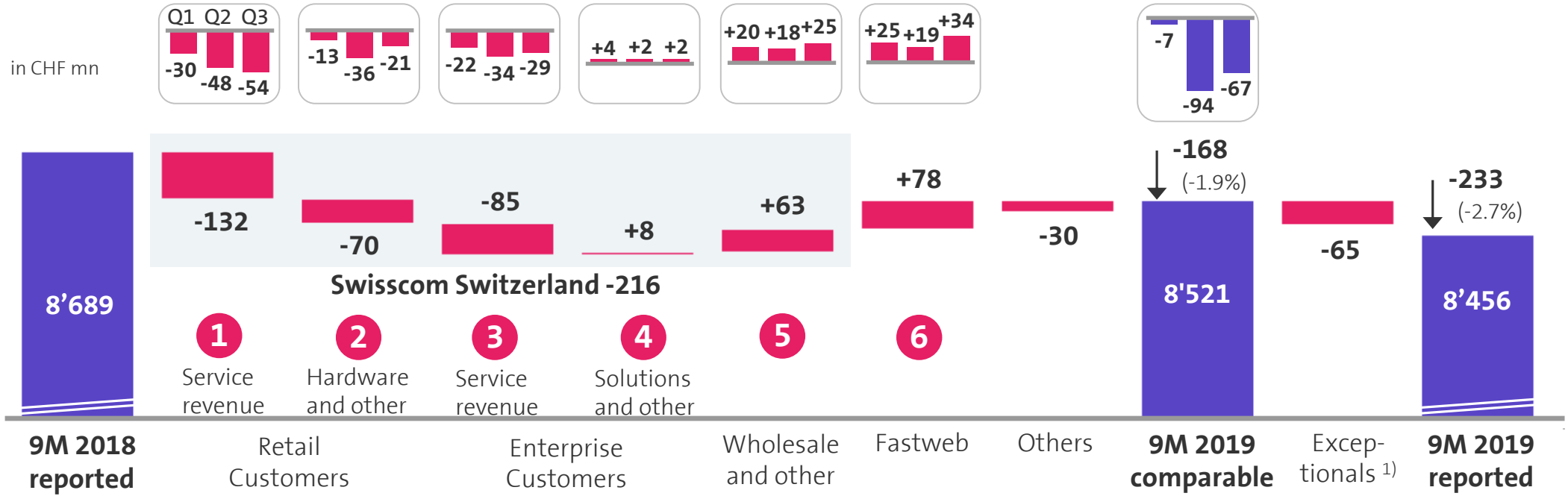
- Q3 **CAPEX** seasonally higher, FY guidance confirmed
- **OpFCF proxy** improving +22% on a 9m basis

1) Reported EBITDA, 2) Consists of depreciation right of use assets and interest expense leases, 3) EBITDA after lease expense



# Revenue breakdown by segments

Top-line evolution (with Switzerland down and Italy up) unchanged and in line with expectations



- 1 Market remains competitive: promotional activities and RGU mix changes lead to pressure on service revenue
- 2 Hardware up driven by smartphone sales (Q3: +10mn, 9M: +15mn). Other YoY down due to device decoupling in new mobile tariffs impacting revenue reconciliation (IFRS 15) by -31mn in Q3 and -87mn cumulative

- 3 Price pressure and market dynamics remain high
- 4 Solutions flattish also thanks to growing Cloud and Security services
- 5 Increase driven by higher MVNO services, BBCS and inbound roaming
- 6 Positive evolution in Q3 primarily from Consumer and Enterprise segments

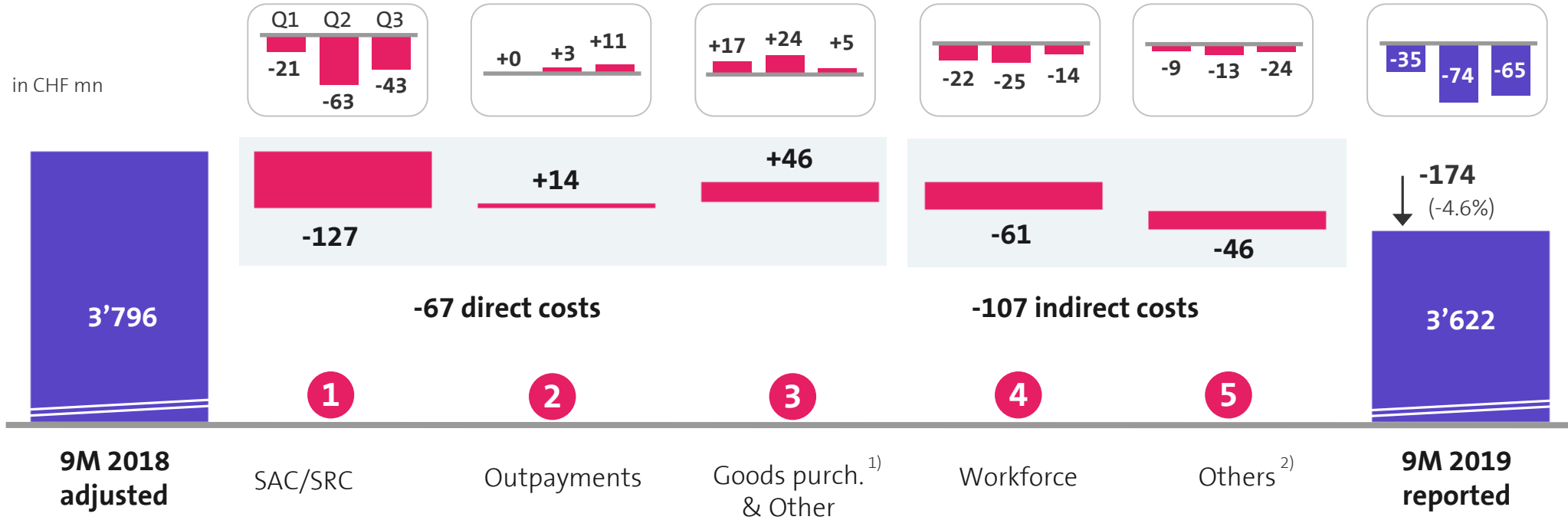
1) Consists of currency impacts (CHF -65mn)





# OPEX of Swisscom Switzerland

Operational excellence initiatives with expected impacts lowering OPEX on a recurring basis



- 1** Decrease driven by device decoupling in mobile tariffs compensating negative impact on revenue reconciliation item (IFRS 15)
- 2** Higher roaming outpayments (volume driven) in Q3 mostly compensated on EBITDA level by higher inbound roaming revenues

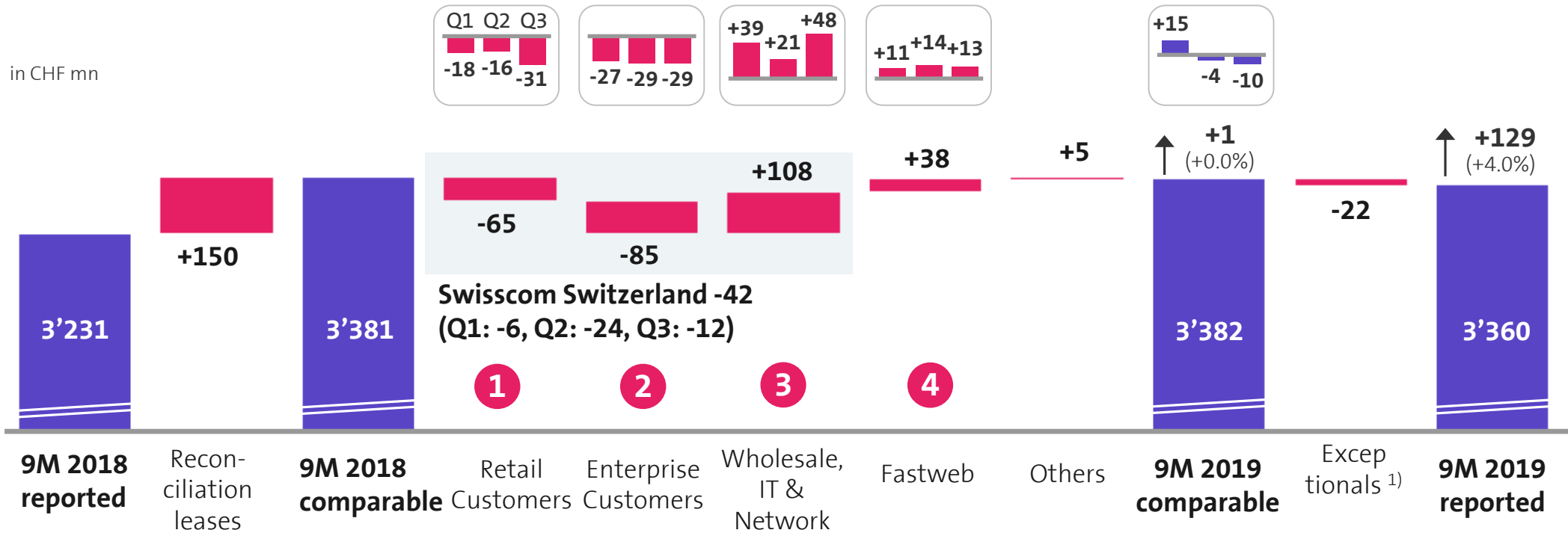
- 3** Q3 increase driven by higher hardware sales, prior quarters also impacted by higher cost for sport content
- 4** Q3 savings slightly lower due to extraordinary effects from M&A
- 5** Cost decrease supported by lower marketing expenses and efficiency gains in IT-operations

1) including activated initial cost for customer projects (CHF 15mn)  
 2) excluding activated initial cost for customer projects (CHF 15mn)



# EBITDA breakdown by segments

Cost saving initiatives partly compensate top-line erosion in Switzerland. Fastweb up YOY



- 1** Higher roaming outpayments impacts Q3, margin decrease partly compensated by positive device decoupling effects (Q3: +9mn, 9m: +34mn)
- 2** Price pressure and structural effects in the connectivity business unchanged

- 3** Positive thanks to higher revenues for inbound roaming and wholesale services and accelerated cost decrease for support functions
- 4** Increase driven by revenue growth in the segments Enterprise and Consumer

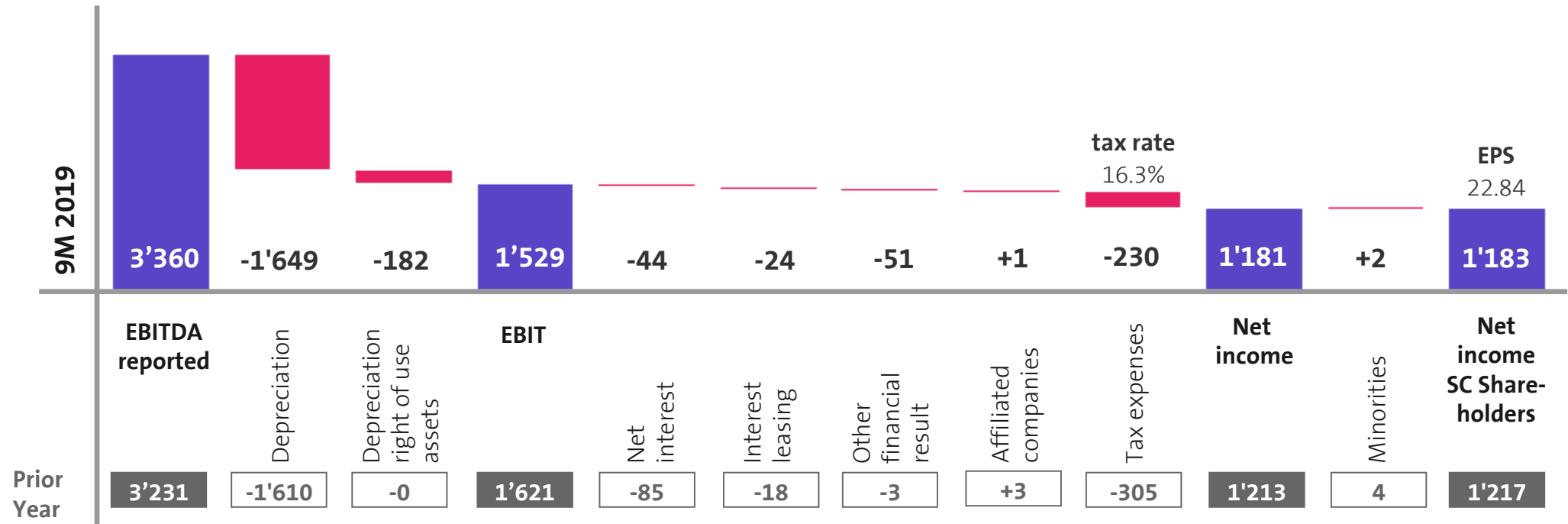
1) Consists of currency impacts (CHF -22mn)



# Net income

Net income almost on previous year level

in CHF mn

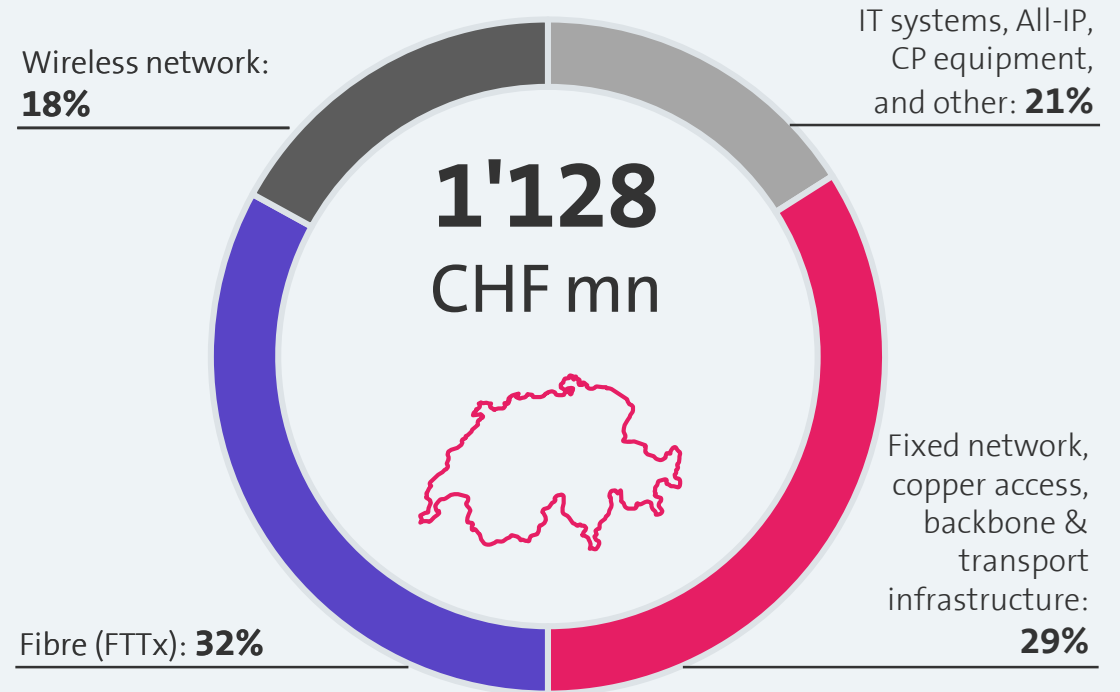
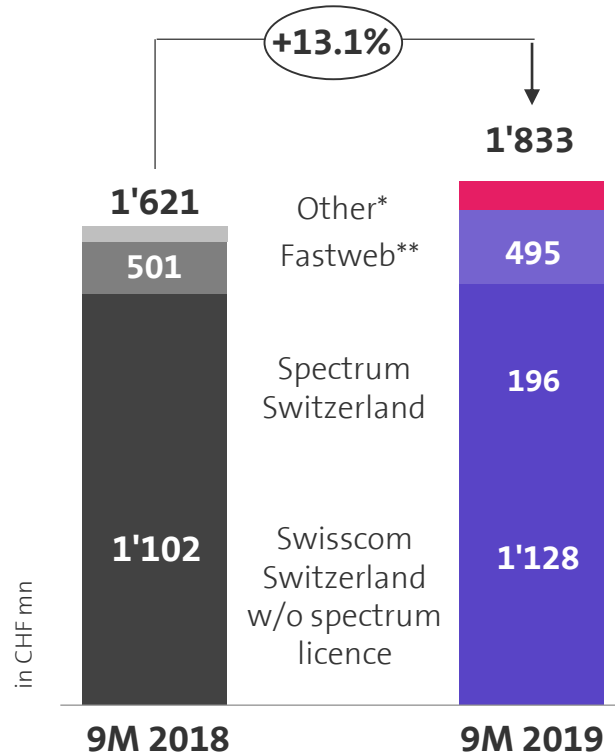


- Optimised debt portfolio leads to lower net interest expenses
- Other financial result down due to fair value adjustments of interest rate swaps
- 9M 2019 tax expenses of CHF -230mn include an extraordinary (non-cash) impact of CHF +62mn from deferred tax liability adjustments due to a corporate tax reform in Switzerland. The FY extraordinary impact is expected to be approx. CHF +260mn



# Capital expenditures

Network continuously improving for customer experience



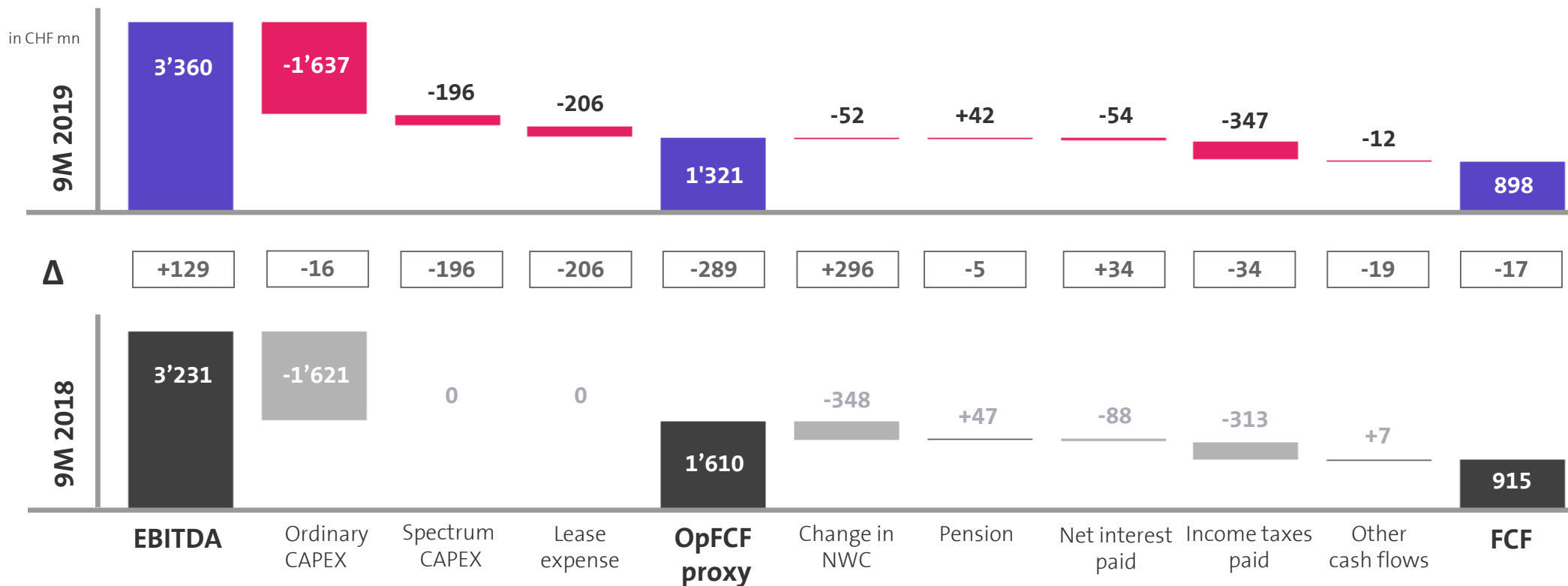
- Continuous fibre network roll out (higher volumes) and upgrading of mobile network driven CAPEX of Swisscom Switzerland
- Ongoing investments in network infrastructures keeps Fastweb's CAPEX on a high level in local currency

\* in 9M 2018 CHF 18mn, in 9M2019 CHF 14mn, \*\* in local currency in 9M 2018: EUR 432mn, in 9M 2019: EUR 443mn



# Free cash flow

Cost for new spectrum licenses impacts 9M free cash flow. Without CAPEX spectrum FCF up by +CHF 179mn YoY



- YoY decrease in OpFCF proxy of CHF -289mn primarily due to investments in new 5G spectrum licences (CHF -196mn)
- Tax payments of CHF 347mn exceed tax expenses by CHF 117mn, tax expenses positively impacted by deferred tax liability adjustments (non-cash)

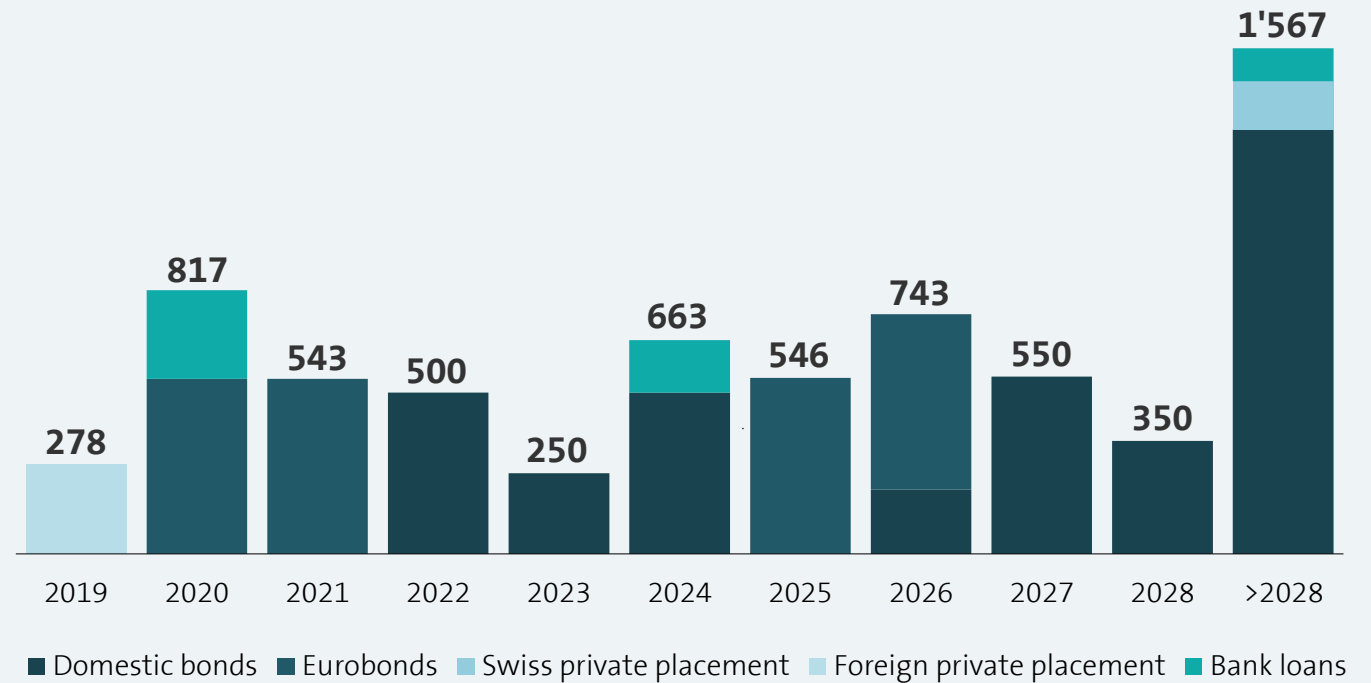


# Swisscom's maturity profile as per 30.09.2019 \*

Further improvement of financing costs



- **Refinancing** of **CHF 125mn** for 25 years with a **coupon** of **0%**
- **Average interest rate** of debt portfolio further reduced to **0.9%**
- Debt portfolio actively managed and with a **duration** of **5.3 years**
- **Active management of interest rate risk** within well defined risk limits
- Debt portfolio **mix**:
  - **fix 73%**
  - **floating 27%**



\* excl. short-term money market borrowings



## Guidance FY 2019

CAPEX guidance including spectrum costs of CHF 196mn, guidance on track

in bn	Swisscom Group without Fastweb	Fastweb <sup>1)</sup>	Swisscom Group
<b>Revenue</b>	CHF ~9.0	EUR >2.1	<b>CHF ~11.4</b>
<b>EBITDA <sup>2)</sup></b>	CHF <3.6	EUR >0.7	<b>CHF &gt;4.3</b>
<b>CAPEX</b> (incl. extra cost of CHF 196mn for spectrum in Switzerland)	CHF ~1.8	EUR ~0.6	<b>CHF ~2.5</b>

1) for consolidation purposes: 1.13 CHF/EUR,

2) incl. IFRS16 impact of CHF ~200mn (t/o Fastweb with CHF ~20mn)

**Upon meeting its targets, Swisscom plans to propose again a dividend of CHF 22/share** (payable in 2020)



# Questions & Answers





# Appendix



# Key financials

Reported and underlying revenue and EBITDA

in CHF mn

	2018				2019				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue, reported</b>	<b>2'885</b>	<b>2'920</b>	<b>2'884</b>	<b>3'025</b>	<b>2'860</b>	<b>2'803</b>	<b>2'793</b>		<b>-25</b>	<b>-117</b>	<b>-91</b>	
Currency effect					18	23	24		+18	+23	+24	
<b>Revenue, underlying change</b>									<b>-7</b>	<b>-94</b>	<b>-67</b>	
<b>EBITDA, reported</b>	<b>1'058</b>	<b>1'085</b>	<b>1'088</b>	<b>982</b>	<b>1'119</b>	<b>1'121</b>	<b>1'120</b>		<b>+61</b>	<b>+36</b>	<b>+32</b>	
Reconciliation leases	52	47	51	57					-52	-47	-51	
<b>EBITDA, comparable</b>	<b>1'110</b>	<b>1'132</b>	<b>1'139</b>	<b>1'039</b>	<b>1'119</b>	<b>1'121</b>	<b>1'120</b>		<b>+9</b>	<b>-11</b>	<b>-19</b>	
Currency effect					6	7	9		+6	+7	+9	
<b>EBITDA, underlying change</b>									<b>+15</b>	<b>-4</b>	<b>-10</b>	



# P&L statement with IFRS 16 reconciliation

Quarterly IAS 17 and IFRS 16 considerations

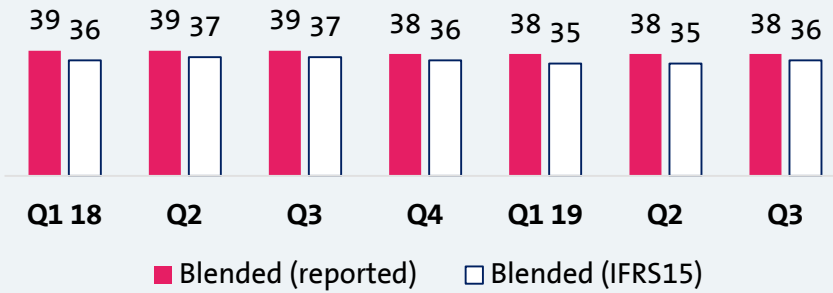
	Q1 18		Q1 19		Q2 18		Q2 19		Q3 18		Q3 19		9M 18		9M 19	
	reported	IAS 17	reported	IAS 17	reported	IAS 17	reported	IAS 17	reported	IAS 17	reported	IAS 17	reported	IAS 17	reported	IAS 17
Net Revenue	2'885		2'860		2'920		2'803		2'884		2'793		8'689		8'456	
OPEX	-1'827	-52	-1'741		-1'835	-47	-1'682		-1'796	-51	-1'673		-5'458	-150	-5'096	
<b>EBITDA</b>	<b>1'058</b>		<b>1'119</b>		<b>1'085</b>		<b>1'121</b>		<b>1'088</b>		<b>1'120</b>		<b>3'231</b>		<b>3'360</b>	
Depreciation	-540	-7	-554		-540	-9	-557		-530	-8	-538		-1'610	-24	-1'649	
Depreciation right of use assets	0		-60	-60	0		-62	-62	0		-60	-60	0		-182	-182
<b>EBIT</b>	<b>518</b>		<b>505</b>		<b>545</b>		<b>502</b>		<b>558</b>		<b>522</b>		<b>1'621</b>		<b>1'529</b>	
Net Interest	-29		-15		-29		-16		-27		-13		-85		-44	
Interest Leasing	-6	-6	-8	-8	-6	-6	-7	-7	-6	-6	-9	-9	-18	-18	-24	-24
Other financial result	-6		3		6		-28		-3		-26		-3		-51	
Affiliated companies	-2		2		2		0		3		-1		3		1	
Taxes	-96		-104		-110		-54		-99		-72		-305		-230	
<b>Net Income</b>	<b>379</b>		<b>383</b>		<b>408</b>		<b>397</b>		<b>426</b>		<b>401</b>		<b>1'213</b>		<b>1'181</b>	
IAS 17/IFRS 16 impact		-65		-68		-62		-69		-65		-69		-192		-206



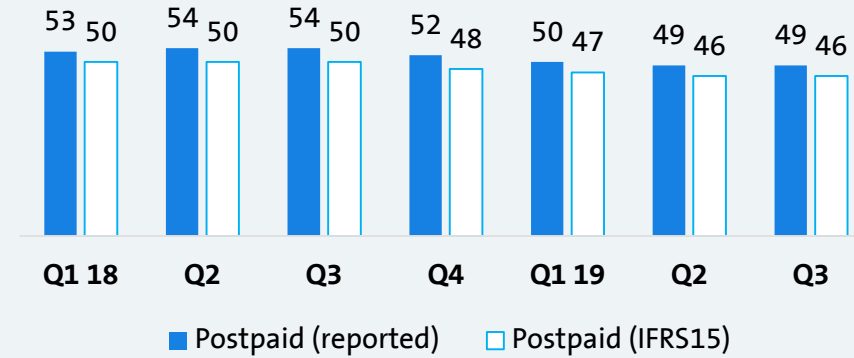
# Swisscom Switzerland

Wireless ARPU and IFRS15 adjustments

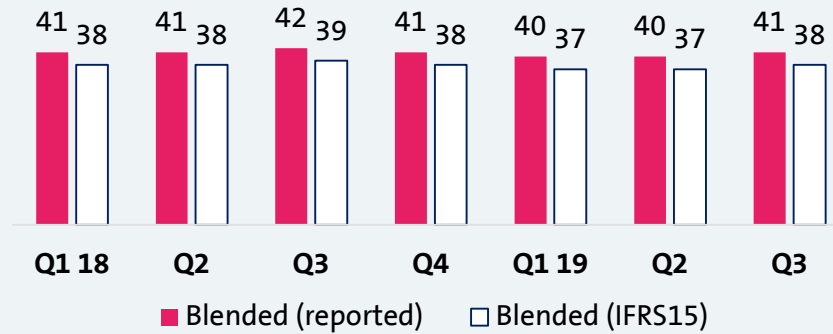
### Swisscom Switzerland



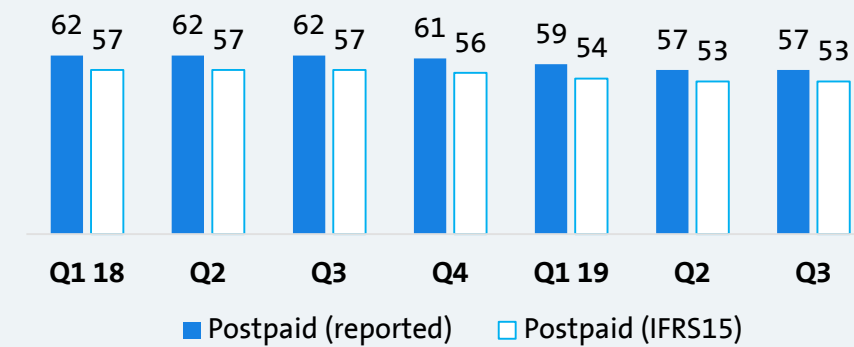
### Swisscom Switzerland



### Retail Customers



### Retail Customers

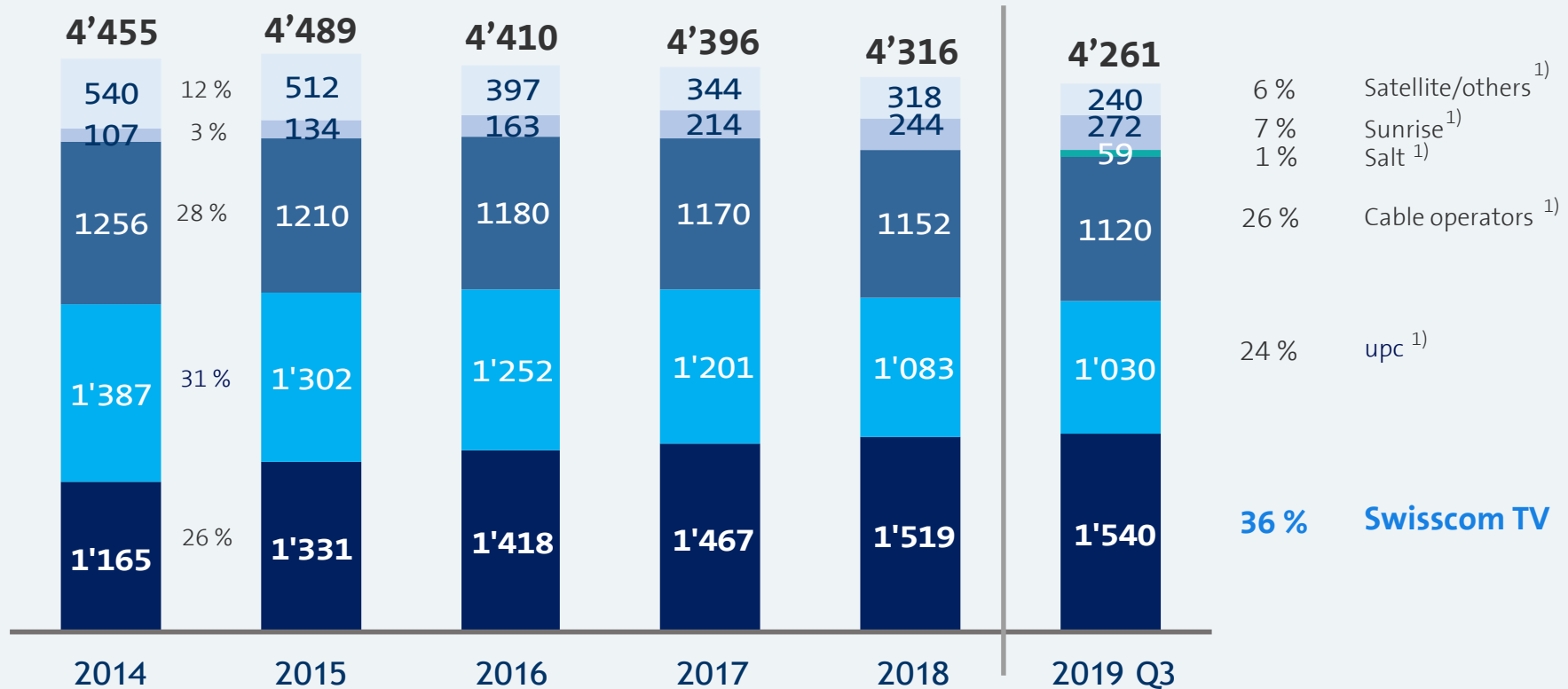




# TV market in Switzerland

Swisscom #1 with 36% market share (+10pp since YE 2014)

## Market subscriptions in k



1) Estimates for Q3 2019



# Retail Customers

Segment reporting as per 30.09.2019

Net revenue decrease driven by lower service revenue.

Service revenue decreased (-3.4%) due to higher discount volumes (inOne), a decrease in access lines and change in subscriber mix.

Furthermore the device decoupling in mobile tariffs impacts net revenue (reconciliation IFRS 15) by -87mn YoY.

Contribution margin 2 decreased by 2.4%. Lower service revenue and negative impact from the revenue reconciliation IFRS 15 was largely compensated by lower SAC/SRC and lower indirect cost (mostly workforce).

	Q3 2019	Q3/Q3	30.09.2019	YoY
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>1'402</b>	<b>-5.1%</b>	<b>4'220</b>	<b>-4.6%</b>
Direct costs in MCHF	-332	-5.7%	-915	-8.8%
Indirect costs in MCHF <sup>2)</sup>	-227	-9.6%	-712	-6.4%
<b>Contribution margin 2 in MCHF</b>	<b>843</b>	<b>-3.5%</b>	<b>2'593</b>	<b>-2.4%</b>
<i>Contribution margin 2 in %</i>	<i>60.1%</i>		<i>61.4%</i>	
Depreciation & amortisation in MCHF	-22	-29.0%	-78	-27.8%
Lease expense in MCHF	-13	0.0%	-39	2.6%
<b>Segment result in MCHF</b>	<b>808</b>	<b>-2.7%</b>	<b>2'476</b>	<b>-1.4%</b>
CAPEX in MCHF	-6	-33.3%	-16	-46.7%
FTE's	-59		5'074	-5.3%
Broadband lines in '000 <sup>3)</sup>	+4		1'996	0.2%
Voice lines in '000 <sup>3)</sup>	-27		1'537	-8.7%
Wireless customers Prepaid in '000	-41		1'605	-7.8%
Wireless customers Postpaid in '000 <sup>3)</sup>	+36		3'504	3.5%
Blended wireless ARPU in CHF	41	-2.4%	40	-2.4%
TV subs in '000 <sup>3)</sup>	+11		1'540	2.0%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

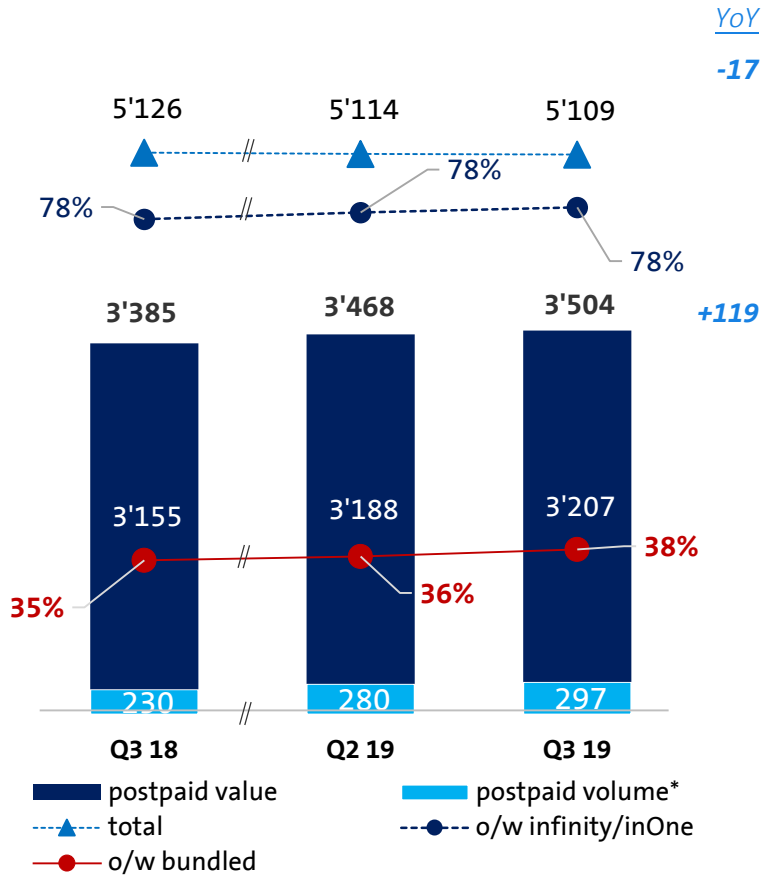
3) sum of single play and bundles



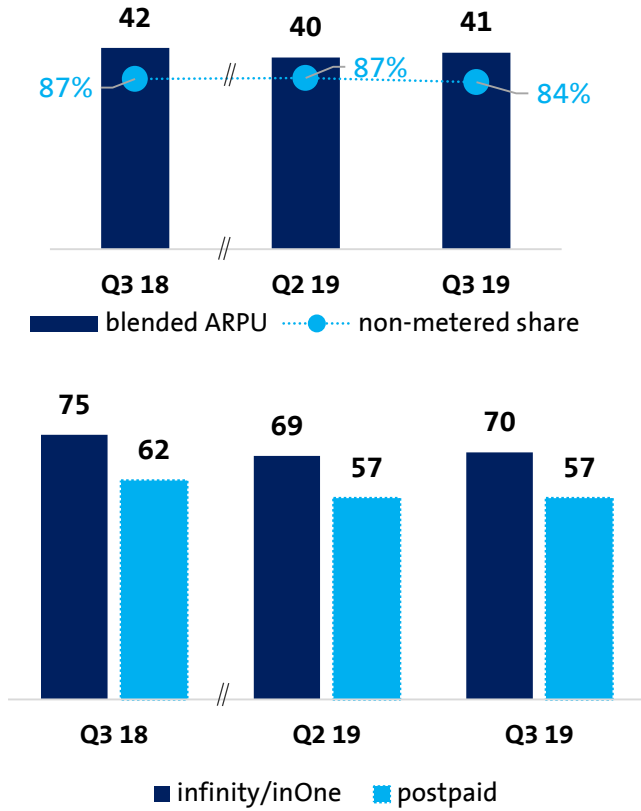
# Retail Customers

## Wireless performance

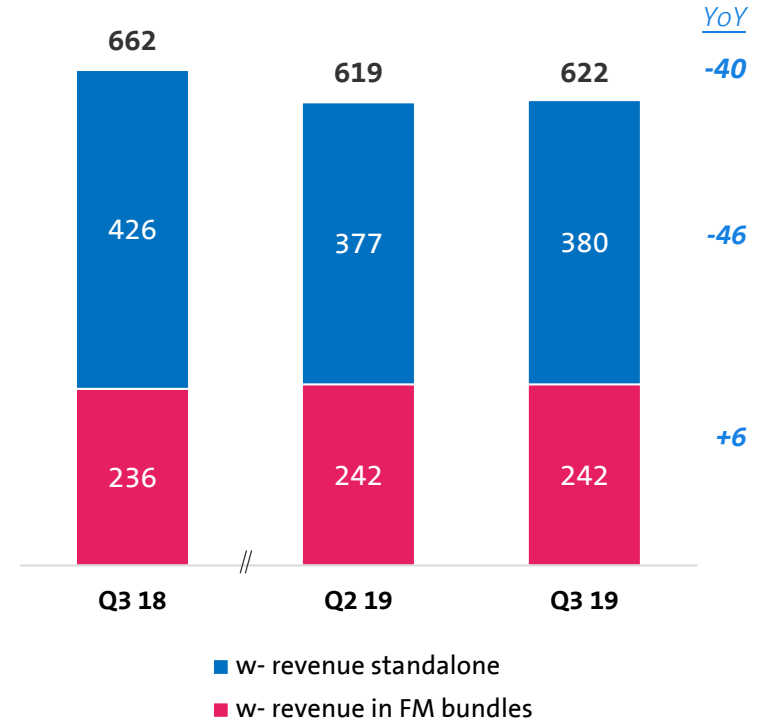
### Subscriptions (in k)



### ARPU (in CHF)



### Service Revenue (in CHF mn)



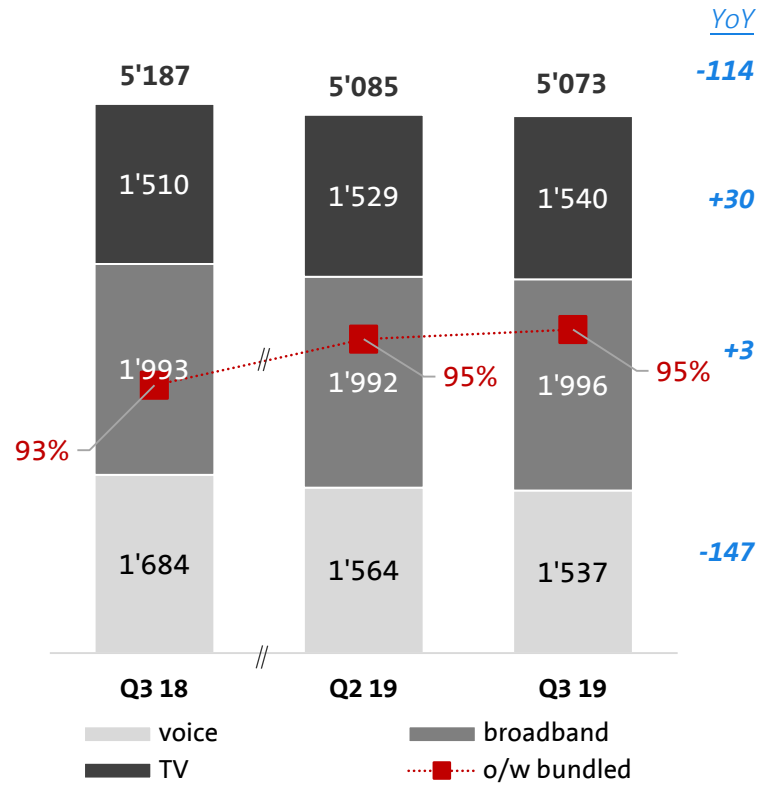
\* consists of data and multi SIM cards



# Retail Customers

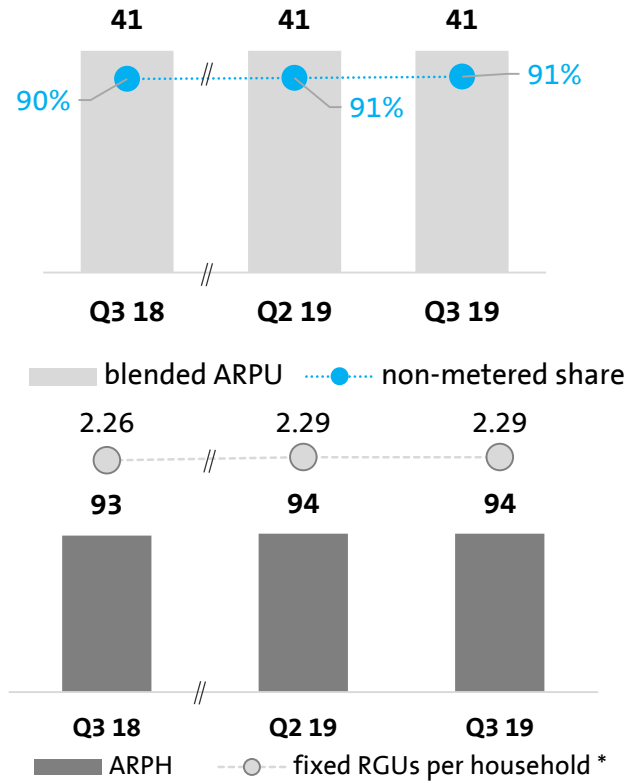
## Wireline performance

### Subscriptions (in k)

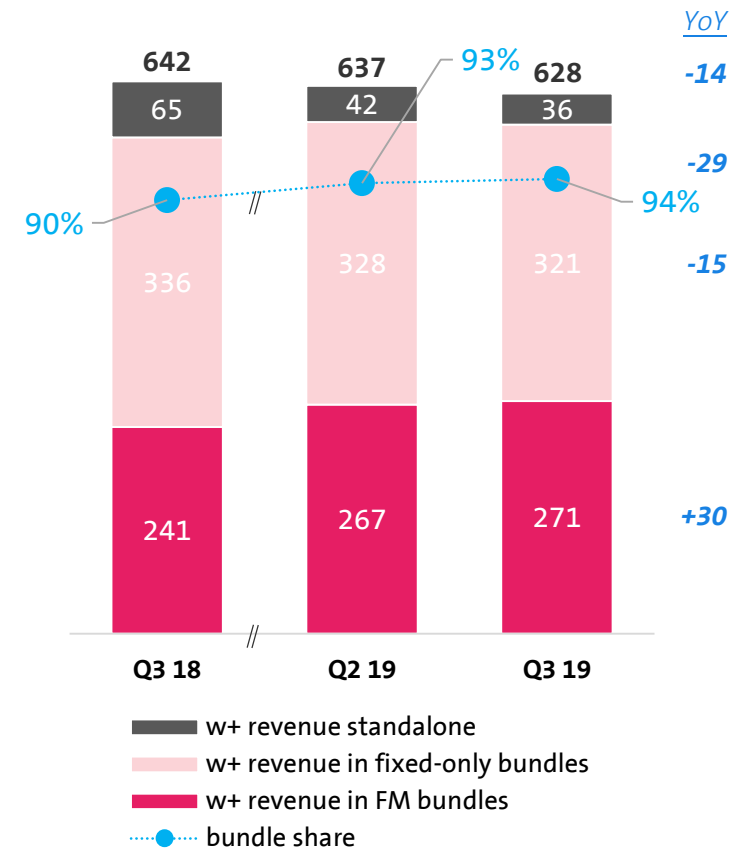


\* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

### ARPU and ARPH (in CHF)



### Service Revenue (in CHF mn)



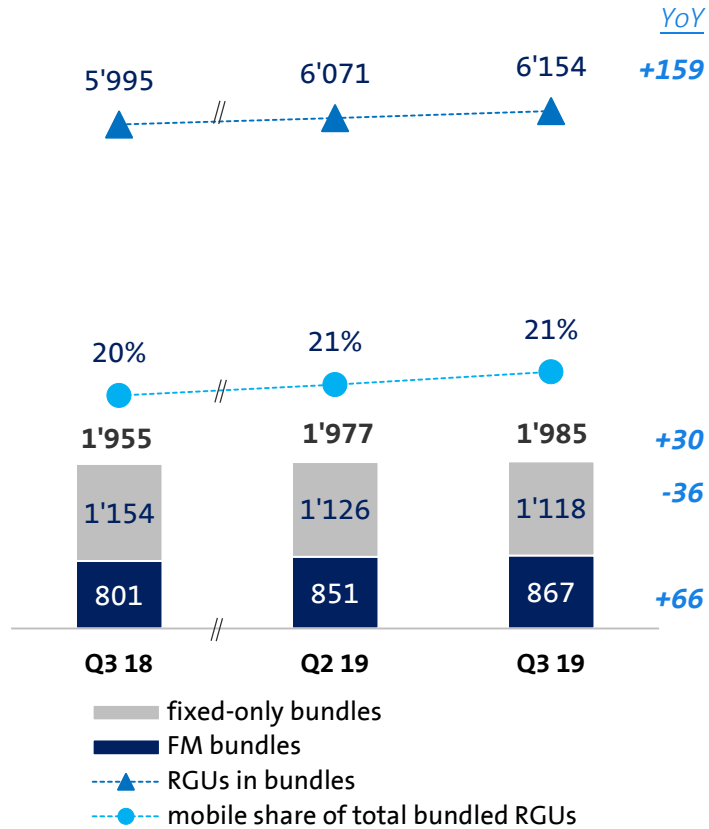




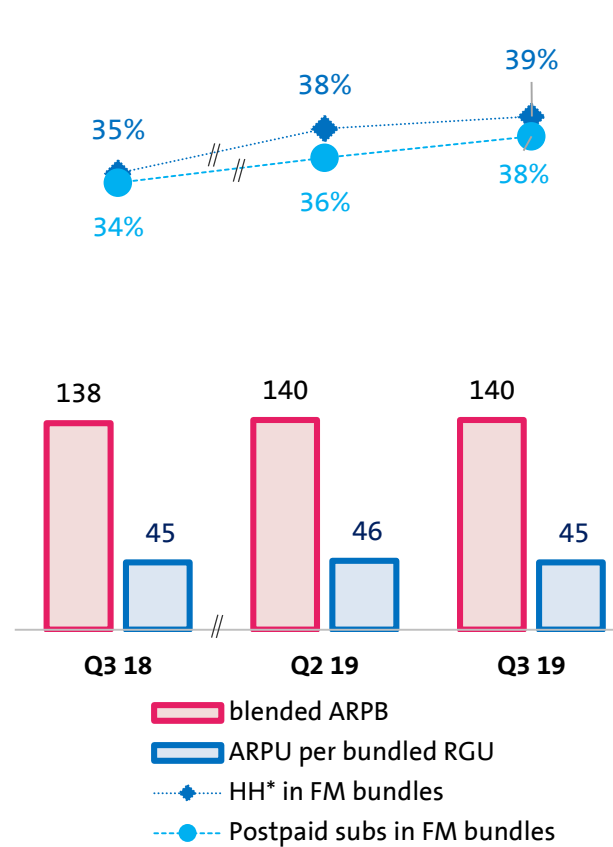
# Retail Customers

Performance of fixed and FM bundles

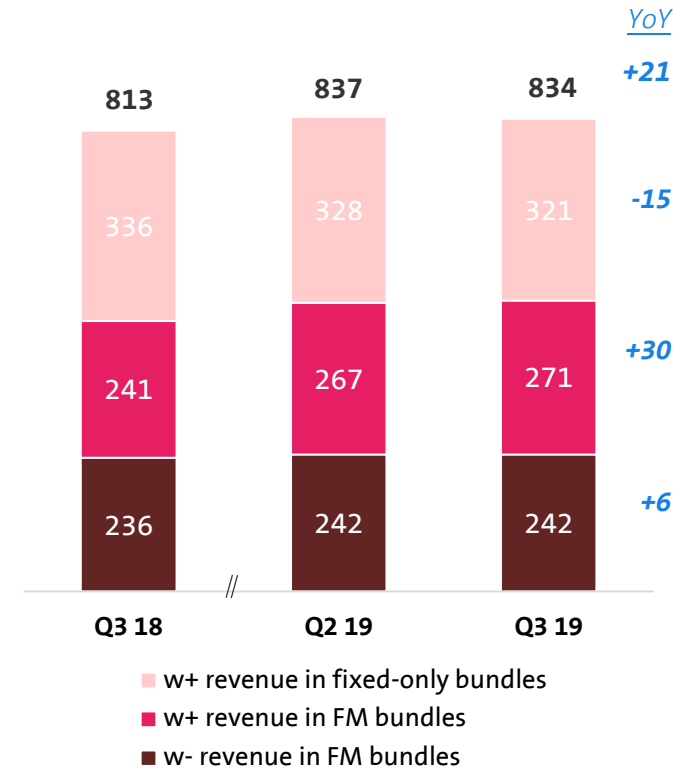
## Subscriptions and Bundles (in k)



## ARPB/U (in CHF) and FM penetration (in %)



## Service Revenue (in CHF mn)



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



# Enterprise Customers

Segment reporting as per 30.09.2019

Net revenue down -4.2%, decrease in service revenue (-10.9%) due to price erosion and lower volume.

Solutions revenue down -1.1%, as volumes in workplace & UCC and banking decreased, however Q3 reports an increase.

Hardware sales partly compensate with an increase of 13%.

Contribution margin 2 down by 13.8%, driven by the revenue decrease.

	Q3 2019	Q3/Q3	30.09.2019	YoY
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>559</b>	<b>-4.6%</b>	<b>1'722</b>	<b>-4.2%</b>
Direct costs in MCHF	-185	-0.5%	-582	5.2%
Indirect costs in MCHF <sup>2)</sup>	-197	1.5%	-608	-3.2%
<b>Contribution margin 2 in MCHF</b>	<b>177</b>	<b>-14.1%</b>	<b>532</b>	<b>-13.8%</b>
<i>Contribution margin 2 in %</i>	<i>31.7%</i>		<i>30.9%</i>	
Depreciation & amortisation in MCHF	-17	-5.6%	-52	-3.7%
Lease expense in MCHF	-7	-12.5%	-21	-16.0%
<b>Segment result in MCHF</b>	<b>153</b>	<b>-15.0%</b>	<b>459</b>	<b>-14.7%</b>
CAPEX in MCHF	-11	22.2%	-30	3.4%
FTE's	-37		4'473	3.0%
Broadband lines in '000	-1		31	-16.2%
Voice lines in '000	-13		106	-34.6%
Wireless customers in '000	-5		1'249	-2.7%
Blended wireless ARPU in CHF	27	-10.0%	27	-10.0%

1) incl. intersegment revenues

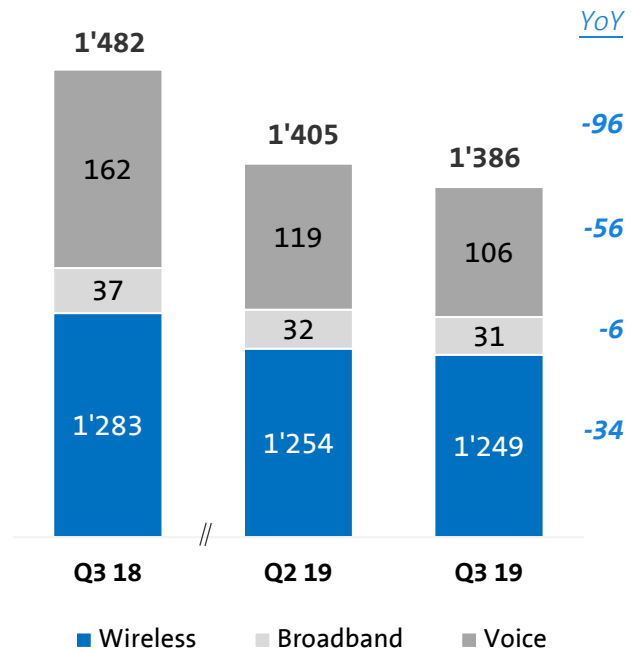
2) incl. capitalised costs and other income



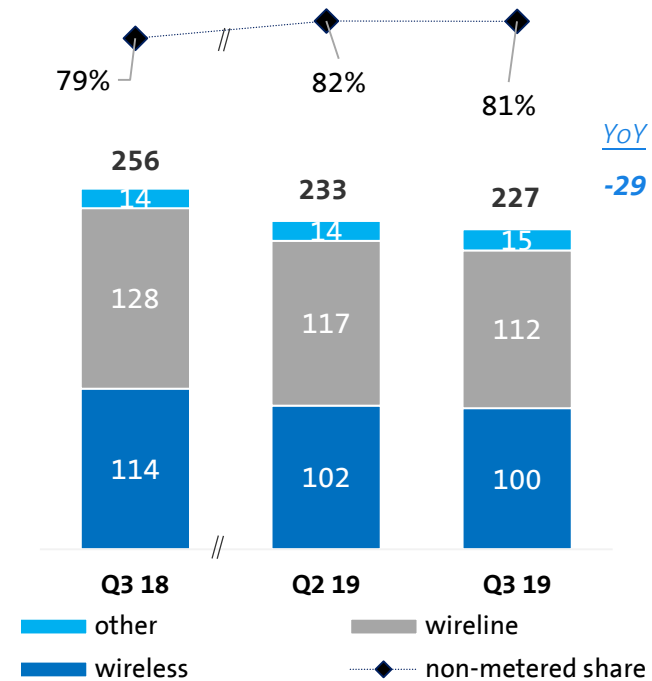
# Enterprise Customers

Subs and revenue performance

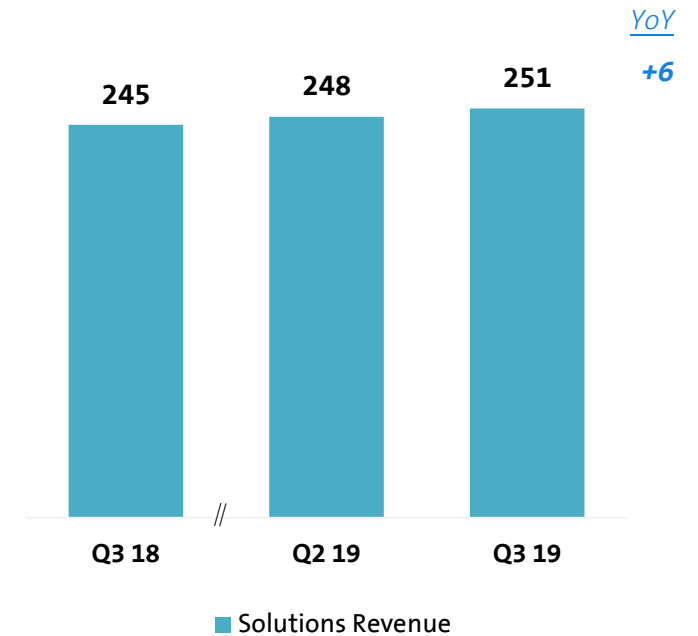
## Subscriptions (in k)



## Service Revenue (in CHF mn)



## Solutions Revenue (in CHF mn)





# Wholesale

Segment reporting as per 30.09.2019

Revenue from external customers up by 10.5%. Revenue for wholesale connectivity services as well as revenue for inbound roaming increased.

Contribution margin 2 increased driven by the revenue increase.

	Q3 2019	Q3/Q3	30.09.2019	YoY
External revenue in MCHF	169	14.2%	489	12.7%
Intersegment revenue in MCHF	116	11.5%	260	6.6%
<b>Net revenue in MCHF</b>	<b>285</b>	<b>13.1%</b>	<b>749</b>	<b>10.5%</b>
Direct costs in MCHF	-139	7.8%	-333	3.1%
Indirect costs in MCHF <sup>1)</sup>	-5	25.0%	-13	0.0%
<b>Contribution margin 2 in MCHF</b>	<b>141</b>	<b>18.5%</b>	<b>403</b>	<b>17.8%</b>
<i>Contribution margin 2 in %</i>	<i>49.5%</i>		<i>53.8%</i>	
<b>Segment result in MCHF</b>	<b>141</b>	<b>18.5%</b>	<b>403</b>	<b>17.8%</b>
CAPEX in MCHF	-		-	
FTE's	+0		85	2.4%
Full access lines in '000	-4		75	-17.6%
BB (wholesale) lines in '000	+7		509	7.8%

1) incl. capitalised costs and other income



# IT, Network and Infrastructure

Segment reporting as per 30.09.2019

Contribution margin 2 improved by 5.8% driven by lower workforce expenses and IT efficiency gains.

Headcount decreased by 5.9%.

CAPEX including spectrum costs of CHF 196mn (in Q2).

	Q3 2019	Q3/Q3	30.09.2019	YoY
<b>Net revenue in MCHF</b>	<b>21</b>	<b>10.5%</b>	<b>65</b>	<b>10.2%</b>
Direct costs in MCHF	-2	0.0%	-8	0.0%
Workforce expenses in MCHF	-187	-5.6%	-588	-5.2%
Maintenance in MCHF	-55	5.8%	-147	6.5%
IT expenses in MCHF	-40	-14.9%	-120	-12.4%
Other OPEX in MCHF	-112	3.7%	-340	1.8%
Indirect costs in MCHF	-394	-2.7%	-1'195	-2.8%
Capitalised costs and other income in MCHF	120	12.1%	355	2.3%
<b>Contribution margin 2 in MCHF</b>	<b>-255</b>	<b>-9.3%</b>	<b>-783</b>	<b>-5.8%</b>
Depreciation & amortisation in MCHF	-331	4.1%	-1'011	6.2%
Lease expense in MCHF	-35	0.0%	-108	5.9%
<b>Segment result in MCHF</b>	<b>-621</b>	<b>-2.1%</b>	<b>-1'902</b>	<b>0.9%</b>
CAPEX in MCHF	-353	-5.6%	-1'278	22.5%
FTE's	-45		4'463	-5.9%



# Fastweb

Segment reporting as per 30.09.2019

Consumer revenue up by 4.3% YoY driven by the increase in customer base.

Enterprise revenue up by 12.4% driven by higher revenues with public administrations.

EBITDA up by 6.7% YoY driven by the revenue increase.

	Q3 2019	Q3/Q3	30.09.2019	YoY
Consumer revenue in MEUR	277	4.9%	819	4.3%
Enterprise revenue in MEUR	211	11.1%	627	12.4%
Wholesale revenue in MEUR <sup>1)</sup>	47	-7.8%	138	-20.2%
<b>Net revenue in MEUR <sup>1)</sup></b>	<b>535</b>	<b>5.9%</b>	<b>1'584</b>	<b>4.5%</b>
OPEX in MEUR <sup>2)</sup>	-345	5.5%	-1'055	3.4%
<b>EBITDA in MEUR</b>	<b>190</b>	<b>6.7%</b>	<b>529</b>	<b>6.7%</b>
<i>EBITDA margin in %</i>	35.5%		33.4%	
CAPEX in MEUR	-146	8.1%	-443	2.5%
FTE's	+16		2'467	-0.1%
BB customers in '000	+10		2'610	3.7%
Wireless customers in '000	+113		1'742	31.6%
<b>In consolidated Swisscom accounts</b>				
EBITDA in MCHF	208	2.0%	591	2.8%
CAPEX in MCHF	-160	3.9%	-495	-1.2%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income



# Other

Segment reporting as per 30.09.2019

Net revenue up by 4.7% YoY driven by higher revenue at Cablex for construction services for external customers as well as for Swisscom Switzerland.

Close-down of Billag leads to decreasing external revenue.

FTE up by 4.2% YoY driven by the headcount increase at Cablex.

	Q3 2019	Q3/Q3	30.09.2019	YoY
External revenue in MCHF	117	-15.2%	383	-6.1%
<b>Net revenue in MCHF <sup>1)</sup></b>	<b>225</b>	<b>-2.2%</b>	<b>687</b>	<b>4.7%</b>
OPEX in MCHF <sup>2)</sup>	-179	2.9%	-543	6.9%
<b>EBITDA in MCHF</b>	<b>46</b>	<b>-17.9%</b>	<b>144</b>	<b>-2.7%</b>
<i>EBITDA margin in %</i>	<i>20.4%</i>		<i>21.0%</i>	
Depreciation & amortisation in MCHF	-15	15.4%	-50	16.3%
Lease expense in MCHF	-2	-33.3%	-8	-20.0%
<b>Segment result in MCHF</b>	<b>29</b>	<b>-27.5%</b>	<b>86</b>	<b>-9.5%</b>
CAPEX in MCHF	-13	8.3%	-32	3.2%
FTE's	+61		2'724	4.2%

1) incl. intersegment revenues

2) incl. capitalised costs and other income



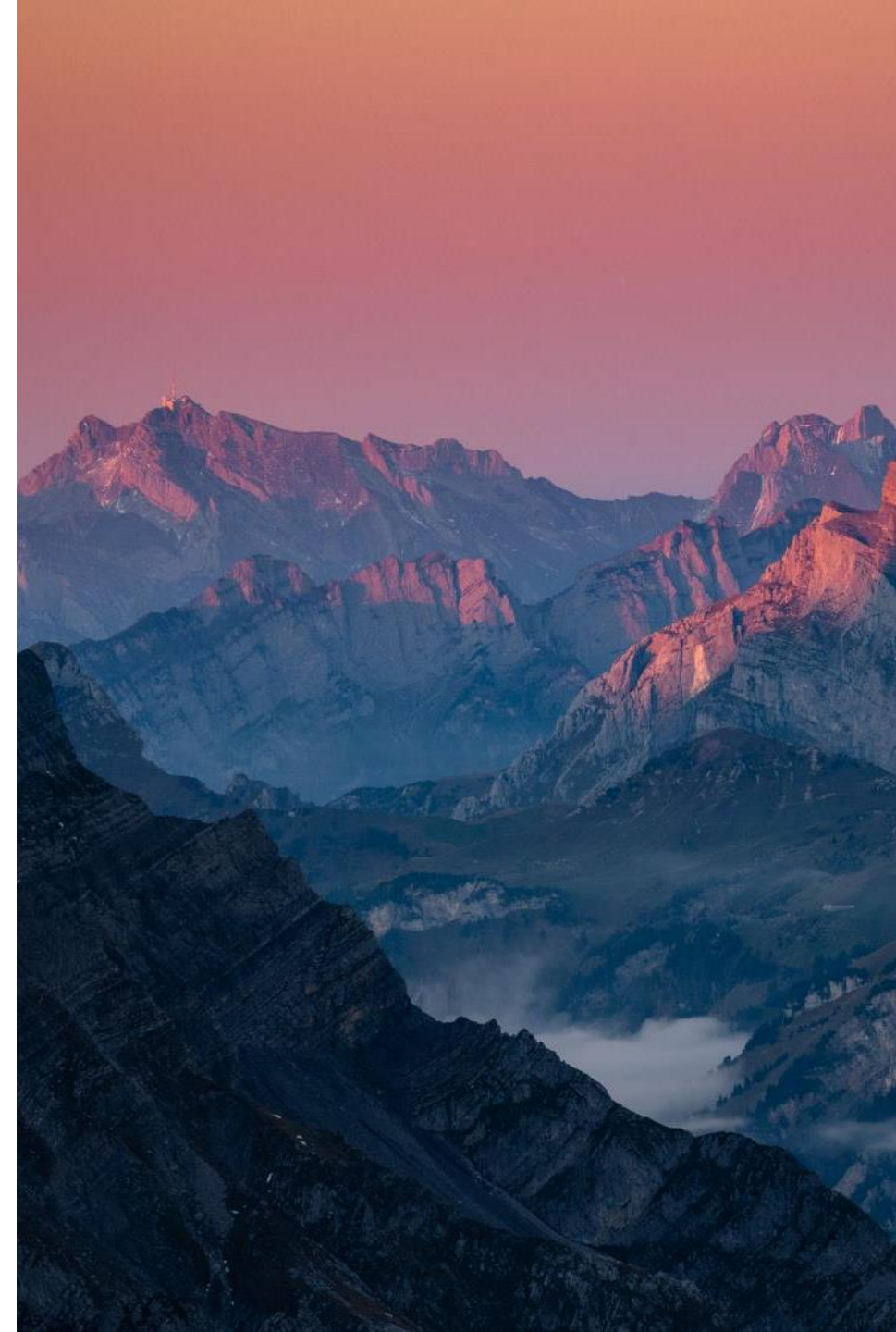
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