



**swisscom**

# 2015

Annual Report



### Annual report publications

The Annual Report, Sustainability Report and Swisscom at a glance are part of Swisscom's 2015 Annual Report.

The three publications are available online at:

[swisscom.ch/report2015](http://swisscom.ch/report2015)

### "Special moments" image concept

Life is a series of special moments that we hope never to forget. Perhaps this is why we like to let our loved ones experience these moments, too. Happiness shared is happiness doubled, after all.

Swisscom helps people to share their special moments via their smartphones or an app – as a personal message or text, a short film or photo.

We'd like to say a big thank you to Swisscom employees Elke Lanzoni, Andri Rüesch and Martin Fisch, as well as their families, who shared their own special moments with us on the publications' title pages.

# Welcome to the country of possibilities

Swisscom is connecting Switzerland: we accompany and support our customers in today's networked world with our network, products and services, and offer them only the best – everywhere and anytime.

Swisscom assumes responsibility: together with the Swiss population, we are committed to our country.

Swisscom promotes skilled employees: people who want to help shape Switzerland's digital future.



# Shareholders' letter

## Dear Shareholders

Swisscom is holding its ground. Despite a more challenging environment, Swisscom increases its adjusted operating income. High capital expenditure in its network infrastructure ensures that Swisscom has a leading position in the market of ultra-fast broadband. Fastweb develops nicely: the company boosts its revenue, operating income and customer numbers.

### **Swisscom is holding its ground in a challenging environment**

Swisscom's net revenue declined by CHF 25 million (–0.2%) to CHF 11,678 million in 2015 compared with the prior year. At constant exchange rates and excluding company acquisitions and disposals, revenue increased by CHF 83 million (+0.7%), of which the Swiss core business accounted for CHF 57 million. Swisscom increased its adjusted operating income (EBITDA) by CHF 103 million (+2.3%). However, due to non-recurring items such as provisions for ongoing proceedings, restructuring costs and currency effects, reported EBITDA fell by CHF 315 million (–7.1%) to CHF 4,098 million. Net income declined to CHF 1,362 million (–20.2%), largely due to non-recurring items. Swisscom's capital expenditure dropped slightly by CHF 27 million (–1.1%) to CHF 2,409 million.

### **Solid business performance in Switzerland**

Revenue of the Swiss business rose CHF 178 million (+1.9%) to CHF 9,764 million; on a like-for-like basis, revenue grew CHF 27 million (+0.3%). The higher number of customers was partially offset by lower roaming prices. Swisscom cut its roaming prices even further during the year under review, meaning that Swisscom not only has the most attractive roaming prices on the Swiss market but also has actually included roaming in a majority of its subscriptions: Over 90% of Natel infinity plus customers use their mobile phones within the EU without incurring any additional costs as a result. The number of revenue generating units (RGUs) in the Swiss business increased year-on-year by 170,000 (+1.4%) to 12.5 million. EBITDA in the Swiss business decreased by CHF 327 million (–8.6%) to CHF 3,461 million due to the aforementioned non-recurring items; on a like-for-like basis, EBITDA increased by CHF 21 million (+0.6%). Capital expenditure in Switzerland increased by CHF 71 million (+4.1%) to CHF 1,822 million. Swisscom continued to expand and upgrade its fixed network infrastructure and had connected around 2.9 million Swiss households and businesses with ultra-fast broadband (speeds in excess of 50 Mbps) by the end of 2015. Of these, some 2 million are fitted with the latest fibre-optic technology. In Switzerland, the number of employees increased by 693 FTEs (+3.8%) to 18,965. Adjusted for company acquisitions and disposals, headcount increased by 258 FTEs (+1.4%).

### **Fastweb developing nicely**

As a result of customer growth, revenue of Fastweb in Italy was EUR 48 million (+2.8%) higher at EUR 1,736 million. Despite difficult market conditions, Fastweb's broadband customer base grew by 129,000 (+6.2%) to 2.2 million in 2015. Revenue from residential customers increased year-on-year by EUR 36 million (+4.8%) to EUR 789 million, while revenue from business customers rose EUR 11 million (+1.4%) to EUR 800 million. The segment result before depreciation and amortisation (EBITDA) amounted to EUR 576 million, an increase of EUR 61 million (+11.8%) over the prior year. At EUR 541 million, capital expenditure was EUR 21 million lower than the prior-year level. Fastweb achieved a free cash flow of EUR 77 million in 2015.

### **Swisscom share performance in 2015**

The Swisscom share price fell by 3.7% in 2015. In terms of total shareholder return (share price movement and dividend payout), Swisscom achieved 0.12% thanks to the high dividend yield. Payment of an unchanged ordinary dividend of CHF 22 per share will be proposed to the Annual General Meeting of Shareholders. This is equivalent to a total dividend payout of CHF 1,140 million. Swisscom is thus upholding the principle of continuity in its dividend policy.

### **The best in today's networked world – everywhere and any time**

The world is in the midst of the fourth industrial revolution: people, machines and applications are being networked, controlling themselves and improving continuously through applications in the cloud and smart data. The Internet of Things continues its triumphant march: in 2015, there were 4.9 billion machines communicating around the globe – and in 2020 they will number 25 billion. People, too, are networking in an entirely different manner: the “Wisdom of Crowds” has given rise to a completely new type of collaboration, thus allowing companies to share their most valuable Swiss commodity – knowledge – at the touch of a button.

Products in a store begin to speak. They know their own size, make-up and origin. Any information distributed until then, such as availability, technical specifications or accessories, is combined directly in a single application. Plus the collaborative economy enables people to procure things of all kinds from one another effectively and efficiently.

This unlocks new opportunities and new markets while also giving rise to new value chains. Successful “digitisation” depends on establishing networks and on high-performance, secure data transmission: Swisscom is transforming into an integrated technology provider that develops high-quality communication and IT solutions. In an increasingly networked and digitised world, Swisscom always offers its customers the best – regardless of their location. This is because Swisscom wants people and businesses in Switzerland to be able to fully exploit the opportunities of the networked world. Swisscom is leading the way as a pioneer in the networked world, serving as a companion to its customers by providing them with networked, end-to-end solutions in many areas of the economy and life in general. In doing so, Swisscom boosts the competitiveness of its customers, strengthens Switzerland as a business hub through its top-notch network infrastructure and thus plays an active role in successfully shaping Switzerland's future.

### **Capital expenditure for high bandwidth – building the best infrastructure**

High-performance IT and communications infrastructures lay the foundation for success in the networked world. Swisscom meets this goal and fulfils the ever-growing requirements with a network infrastructure that is second to none in terms of security, availability and performance. In 2015, Swisscom invested CHF 1.8 billion in Switzerland's infrastructure, the majority of which was devoted to expanding the ultra-fast broadband network for mobile and fixed-line telephony.

### **Expansion with broad technology mix in the fixed network**

Nationwide, an intelligent technology mix ensures that cities, agglomerations and rural areas benefit from ultra-fast broadband. Swisscom is committed to expanding its fibre-optic technology with fibre-to-the-building (FTTB), fibre-to-the-home (FTTH), fibre-to-the-street (FTTS) and fibre-to-the-curb (FTTC), combined with the latest technologies such as vectoring and G.fast, which is planned for 2016. This will enable speeds of up to 500 Mbps to be reached on traditional copper telephone cables. By end-2015, Swisscom had already connected some 2.9 million households and businesses in Switzerland with ultra-fast broadband exceeding 50 Mbps. Swisscom will push ahead with expansion in the coming years so that, by the end of 2020, 85% of all households and businesses

have ultra-fast broadband with at least 100 Mbps and every Swiss municipality is provided with almost 100% ultra-fast broadband coverage in the long term. These investment projects are subject to general legal conditions that protect capital expenditure in network expansion and the company's ability to generate the funds it needs for the investments.

### **More bandwidth in the mobile network**

Data traffic growth on the mobile network continues unabated and the volume of data carried by the network doubles each year. Swisscom is expanding its position as a leading mobile service provider through the right capital expenditure, a strategic partnership with Ericsson and innovative solutions like proprietary microcells in fixed network conduits. The 4G network also received an additional boost: Swisscom now offers LTE Advanced in 28 cities featuring speeds of up to 300 Mbps, to be increased up to 450 Mbps in the first locations beginning 2016. The new 5G mobile communication standard, set to launch in 2020, will pave the way for even higher bandwidths and shorter response times. The rollout of 5G will mark the end of support for 2G (GSM) technology, which will have been around for 27 years by that time.

### **All IP – Internet protocol as a uniform language**

The phase-out of traditional fixed-network technology and its replacement with All IP (“everything via the Internet protocol”) is continuing. By end-2015, 40% or over one million customers were already benefiting from the possibilities offered by the new technology – such as access to your own data irrespective of device and location. All customers should have been converted to All IP by the end of 2017.

### **Further development of core business and innovations – best experience**

So good, so simple and so unmistakable that you would never want to be without it again: Swisscom creates unforgettable customer experiences with its products and offers. Through these, it seeks to differentiate itself in its core business, for example with the enhanced television offering Swisscom TV 2.0, which now recommends programmes based on individual preferences and groups them for replay; or with numerous Smart Enterprise Services, which facilitate companies achieving digital transformation. A superior customer experience was also the primary motivation behind new offers such as MyService, the all-round carefree service package for customers, or Swisscom Friends, the neighbourly help for technical matters.

### **New opportunities for growth for Swisscom**

In its core business activities, Swisscom continues to focus on the successful priorities of bundled offerings, Swisscom TV and ultra-fast broadband connections. It will increase its added value depth around its own network infrastructure in sectors such as banking, energy or healthcare through targeted ICT solutions.

The cloud is becoming a foundation for future business like the Internet of Things or decentralised working. Swisscom is leading the pack in cloud development thanks to its reputation for high quality and security. It will also launch new digital services in selected areas. Swisscom strengthened its position in the directory business by integrating local/search, collaborated with Coop to create the “Siroop” marketplace and joined up with Ringier and SRG to launch an innovative advertising opportunity, which is open to all market players.

Additionally, Swisscom is continuing to actively develop the Italian subsidiary Fastweb. The ongoing expansion of ultra-fast broadband and improvements to service quality have strengthened the company for the long term in the aim of covering approximately 30% of the Italian population by end-2016.

### **Sustainability as an integral component of the corporate strategy**

Sustainable trading is part of Swisscom's DNA. This includes topics such as climate protection, working and living, media skills, attractive employer, fair supply chain and networked Switzerland. Since autumn 2015, for example, the operation building in Zurich-Herdern has been heated solely by the waste heat emitted by servers: that not only supports climate protection, but in the long term will also have a positive impact in the form of lower operating costs. Thanks to its over 900 apprentices in seven vocational areas, Swisscom also has an attractive pool of junior staff it can draw upon to fill future qualified positions, while at the same time offering promising career prospects for young people. Finally, Swisscom fosters a corporate culture that gives every individual the room they need to develop and, through their personal ideas, commitment and passion, contribute to Swisscom's long-term success.

### **Strengthening of customer-facing areas and focus on cost management**

Swisscom streamlined its organisational structure effective from 1 January 2016, strengthened customer-facing areas and created more scope for innovation. Distribution and Service for Residential Customers and SME merged to form a single business unit each. In addition, the new "Digital Business" area has commenced operations, with a targeted focus on growth options that arise through digitisation.

The Swiss market is becoming more challenging and competition is persisting. Swisscom wants to reaffirm its position as market leader going forward and seize the opportunities presented to it by digitisation. This requires the willingness and the ability to make investments, among other things. Swisscom is stepping up its cost management in order to free up funds to develop new business opportunities: It has set a goal of reducing the cost base by more than CHF 300 million by 2020. This is to be achieved through the organisational changes, headcount reductions, optimised processes and transformation to All-IP technology which were implemented at the start of 2016.

Currently distributed across 14 locations, Swisscom will reduce the number of call centers for customers to eight by the end of 2016. All in all in 2016, Swisscom will create up to 500 jobs in growth areas in Switzerland while simultaneously reducing the workforce by several hundred positions in other areas, primarily in supporting units. A well-developed social plan is in place for those employees affected by these changes. Swisscom anticipates that the reductions will prompt around 700 employees, particularly from supporting units, to make use of the social plan in the current year. The associated costs have a one-off negative impact of CHF 70 million on Swisscom's income statement in the 2015 financial statements. By the end of 2016, Swisscom expects the overall workforce in Switzerland to be slightly smaller than in the prior year.

### **Ensuring general business conditions**

In 2015, Swisscom was threatened with penalties of around CHF 350 million in connection with antitrust proceedings. A consultation began on the revision of the Telecommunications Act which, among other things, calls for a departure from the proven ex-post regulation. Both the ruling of the Competition Commission as well as the subject matter of the consultation are based on the shared assumption that Switzerland does not have effective competition. This is not the case, however. For years we have been seeing extremely intense infrastructure competition in Switzerland between three providers in the mobile telecommunications market as well as between Swisscom and the

cable network operators in the area of fixed networks. With the fibre-optic projects undertaken by the electrical utilities since the last revision of the Telecommunications Act (TCA), another provider has entered the fixed network market. Some 90% of all Swiss households now have a cable network connection and can therefore choose between at least two infrastructure providers and a wide variety of different services. The fact that this competition is effective is evidenced by the top rankings Switzerland repeatedly earns in all infrastructure comparisons or the innovative products offered in the television business which Swisscom has rolled out in competition with cable network operators. Switzerland depends on high-performance infrastructures. These require corresponding investing activity on the part of the operators of those infrastructures. This should be ensured both in the regulation as well as in the ruling. Swisscom is vehemently committed to promoting investment security and an entrepreneurial Switzerland.

#### **Financial outlook for 2016**

For 2016, Swisscom expects net revenue in excess of CHF 11.6 billion, EBITDA of around CHF 4.2 billion and capital expenditure of more than CHF 2.3 billion. For Swisscom (excluding Fastweb), a slight decline in revenue is expected due to heightened competition and price pressure. A slight increase in revenue is expected for Fastweb. Adjusted for the provisions recognised in 2015 for the legal proceedings on broadband services and for headcount reduction, EBITDA is expected to be around CHF 200 million lower for Swisscom (excluding Fastweb) year-on-year. In addition to the price-based decline in revenue, the costs for roaming are expected to increase in particular. EBITDA will be positively affected by approximately CHF 50 million in cost savings and growth at Fastweb. A slight reduction in capital expenditure in Switzerland of over CHF 1.7 billion will result in a reduction in overall capital expenditure of over CHF 2.3 billion. Subject to achieving its targets, Swisscom will propose an unchanged dividend of CHF 22 per share for the 2016 financial year at the 2017 Annual General Meeting.

#### **Thank you**

We can look back on a successful year in a challenging market environment. We owe our achievements in 2015 to the trust of our customers and the loyalty of our shareholders. A huge thank you to all of you. Special thanks also go to our employees again this year: it is thanks to their creative ideas, wholehearted dedication and commitment that Swisscom is able to offer its customers the very best every day of the year.

Yours sincerely



Hansueli Loosli  
Chairman of the Board of Directors  
Swisscom Ltd



Urs Schaeppli  
CEO Swisscom Ltd

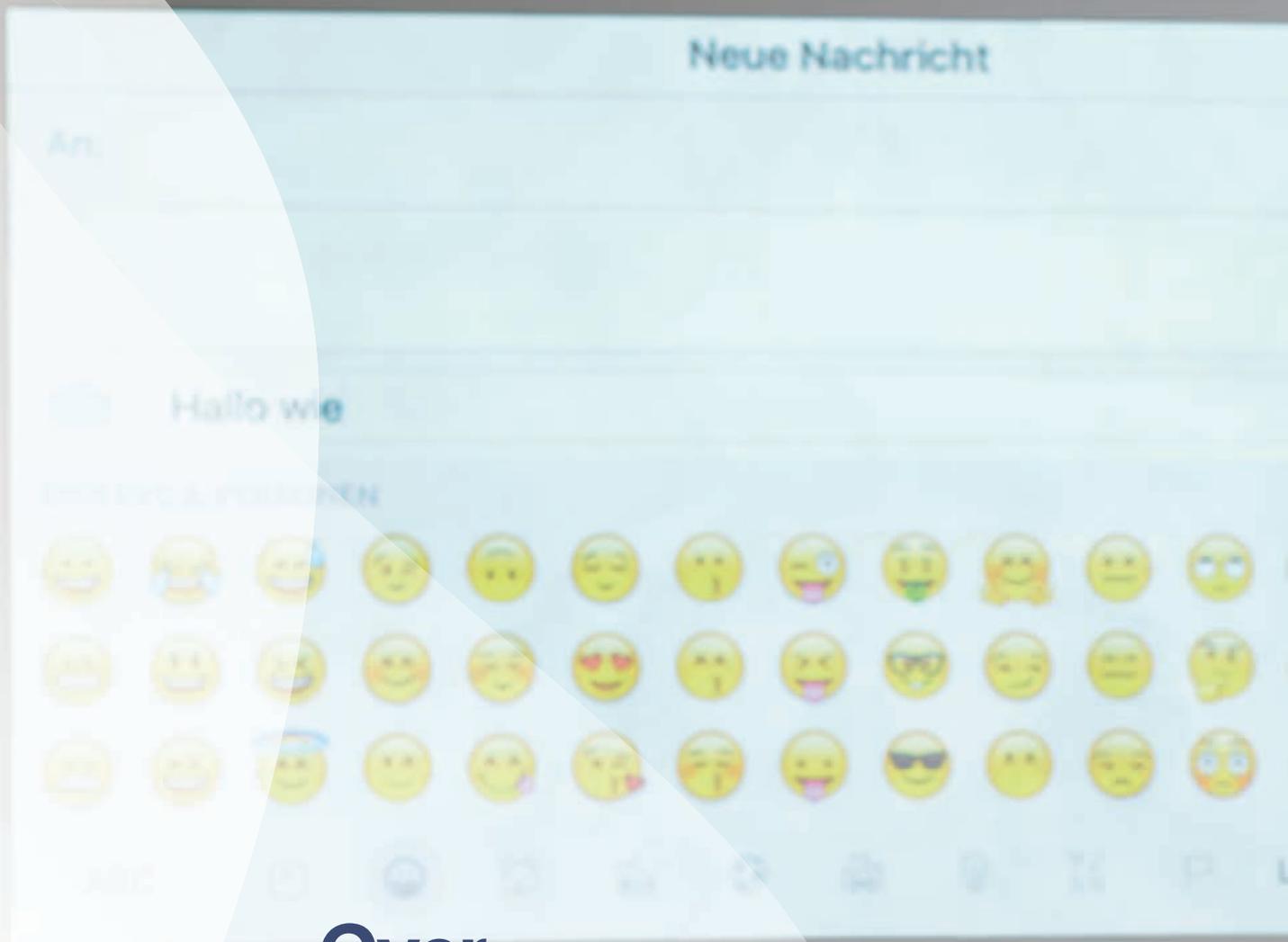
**Triple bottom line**

Swisscom reports about the ecological, economic and social aspects and factors that shape its business activities and its role as a corporate citizen.



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Over  
**18,000**  
participants

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have in the year under review already taken part in courses at Swisscom Academy – Swisscom’s educational programme. The recommendation rate was 99%.



*“It makes me proud when my customers get more enjoyment out of their Smartphones and I can help them access the digital world. In the two-hour Swisscom Academy courses, I learn about our customers and come to appreciate that their compliments are sincere.”*

**Malik Hashim**  
Instructor Swisscom Academy



## Introduction

The best in  
today's net-  
worked world —  
everywhere  
and anytime.

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# KPIs of Swisscom Group

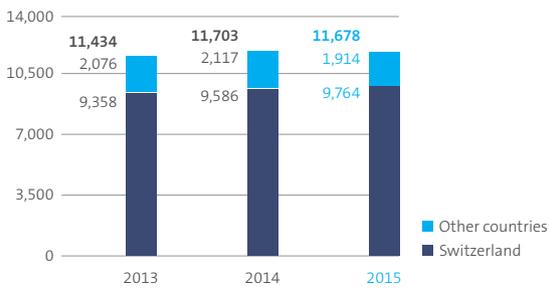
In CHF million, except where indicated

		2015	2014	Change
<b>Net revenue and results</b>				
Net revenue		11,678	11,703	-0.2%
Operating income before depreciation and amortisation (EBITDA)		4,098	4,413	-7.1%
EBITDA as % of net revenue	%	35.1	37.7	
Operating income (EBIT)		2,012	2,322	-13.4%
Net income		1,362	1,706	-20.2%
Earnings per share	CHF	26.27	32.70	-19.7%
<b>Balance sheet and cash flows</b>				
Equity at end of year		5,242	5,486	-4.4%
Equity ratio at end of year	%	24.8	26.2	
Operating free cash flow		1,844	1,860	-0.9%
Capital expenditure in property, plant and equipment and other intangible assets		2,409	2,436	-1.1%
Net debt at end of period		8,042	8,120	-1.0%
<b>Operational data at end of period</b>				
Fixed access lines in Switzerland	in thousand	2,629	2,778	-5.4%
Broadband access lines retail in Switzerland	in thousand	1,958	1,890	3.6%
Swisscom TV access lines in Switzerland	in thousand	1,331	1,165	14.2%
Mobile access lines in Switzerland	in thousand	6,625	6,540	1.3%
Revenue generating units (RGU) Switzerland	in thousand	12,543	12,373	1.4%
Unbundled fixed access lines in Switzerland	in thousand	128	180	-28.9%
Broadband access lines wholesale in Switzerland	in thousand	315	262	20.2%
Broadband access lines in Italy	in thousand	2,201	2,072	6.2%
<b>Swisscom share</b>				
Number of issued shares	in thousand	51,802	51,802	0.0%
Closing price at end of period	CHF	503.00	522.50	-3.7%
Market capitalisation at end of year		26,056	27,067	-3.7%
Dividend per share	CHF	22.00 <sup>1</sup>	22.00	0.0%
<b>Environmental key figures in Switzerland</b>				
Energy consumption	GWh	521	497	4.8%
Energy efficiency increase since 1 January 2010	%	29.6	26.4	
Direct CO <sub>2</sub> -emissions	tons	20,115	21,380	-5.9%
Reduction of direct CO <sub>2</sub> -emissions since 1 January 2010	%	23.5	17.0	
<b>Employees</b>				
Full-time equivalent employees at end of year	number	21,637	21,125	2.4%
Full-time equivalent employees in Switzerland at end of year	number	18,965	18,272	3.8%

<sup>1</sup> In accordance with the proposal of the Board of Directors to the Annual General Meeting.



**Net revenue** in CHF million



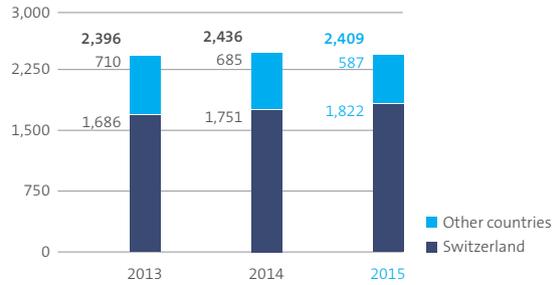
**EBITDA** in CHF million



**Net income** in CHF million



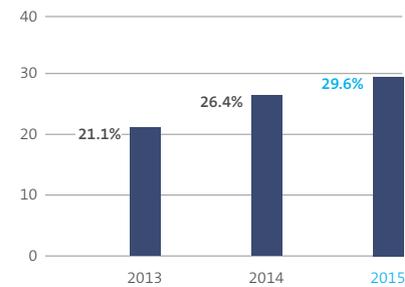
**Capital expenditure** in CHF million



**Number of employees** in full-time equivalent (FTE)



**Energy efficiency increase in Switzerland since 1 January 2010** in %



# Key events 2015

## Market

- > The Swisscom mobile network is named the best mobile network in Switzerland by Connect magazine for the seventh year in a row and, for the second time, tops the rankings in a comparison with Germany and Austria.
- > Advanced Calling lets Swisscom customers make calls over the 4G/LTE (VoLTE) and WLAN networks with even better voice and telephone quality.
- > Swisscom tests the new G.fast data transmission standard and connects the first test customers. G.fast and a combination of fibre-optic and copper lines permit bandwidths of up to 500 Mbps.
- > Swisscom reveals the first driverless car on Swiss roads and aims to gain insights into how mobility might look in the future.
- > With the new “All-in Signing Service”, users can simply and securely sign with their mobile phones. Printing out and mailing of paper documents is no longer necessary.
- > In line with the “smart cities” concept, Swisscom helps cities and towns to plan their infrastructures in a more targeted manner and manage them more simply: in Pully, canton of Vaud, a new method is helping to improve traffic flows in the town and thus relieve the burden on the town centre. The method relies on anonymised and aggregated mobile phone data.

## Products and services

- > Roaming becomes massive cheaper for all Swisscom customers. All Natel infinity plus subscriptions include unlimited calls, SMS and 1 GB of data transmission in the EU; standard prices for using mobile phones abroad become even cheaper. This means that Swisscom has the most cost-effective range of roaming offerings in the Swiss market.
- > Swisscom increases Internet speeds for Vivo packages. Vivo customers can now also answer calls made to their fixed-network number directly on their mobile phone, regardless of their location.
- > Swisscom increases the data volume included in Natel easy smart packages and cuts the price of the largest regular package.
- > Swisscom TV 2.0 brings HbbTV to SRG channels. The multimedia successor to teletext lets users enhance programmes according to their needs and offers many interesting features.
- > Swisscom introduces innovative cloud services on the market in the application and Enterprise Cloud, and has won well-known customers for them already.
- > With SmartLife, Swisscom launches a new, flexible control and security system for use in the home. The Internet of Things thus becomes a reality in homes: SmartLife activates an alarm in the event of a break-in or fire, for instance, and allows you to remotely control your home’s electrical equipment.
- > Symmetrical bandwidths enable Swisscom fibre-optic customers to upload and download data at the same speeds. For the same price, Swisscom doubles the capacity of Vivo M for all customers, enabling them to surf the web at speeds of up to 100 Mbps.
- > Customers can use the MySwisscom app in more than 100 Swisscom Shops to scan purchases of up to CHF 100 in value, pay for them and take them home without having to queue at the checkout.
- > myCloud, the online storage service for photos, videos and other files, lets customers easily store personal data and access or share it from any location and at any time.



## Sustainability

- › Swisscom strengthens its commitment to the successful dual training model by expanding its diversified ICT training programme even further. It now also gives high school graduates an attractive path to learning and working in the digitised world.
- › Heating in Swisscom's building in Zurich-Herdern is now CO<sub>2</sub>-neutral and uses only waste heat from cooling its operations rooms.
- › Of the world's 500 largest companies, Swisscom ranks sixth in US magazine Newsweek's global "Green Ranking".
- › Swisscom signs the Work Smart Initiative and holds its first Work Smart Week. In doing so, it supports flexible, location-independent working models for its employees.
- › The "medienstark" Internet platform reports a steady rise in user numbers for the second year. It offers practical tips on how to get the most out of digital media in everyday family life with topic areas including privacy, cyberbullying, video game addiction and becoming media savvy.
- › Over 400 school classes conducted their own projects on climate protection and energy efficiency in 2015. Energy and Climate Pioneers is an initiative undertaken by Swisscom and its partners Solar Impulse, SwissEnergy and myclimate.

## Business review

- › Swisscom Health and the i-engineers launch a strategic partnership to provide patient-record and networking solutions for hospitals. The cooperation will create new cloud-based solutions for hospitals that will also be beneficial to doctors and patients. With the acquisition of H-Net AG, Swisscom strengthens its portfolio and customer base.
- › The merger of local.ch and search.ch creates a comprehensive Swiss directories and information platform that competes with international providers.
- › Swisscom sold the Swisscom Hospitality Services division to HoistLocatel. The EOS Group acquires Swisscom subsidiary Alphapay Ltd.
- › Swisscom launches Wingo, a brand for digitally savvy customers. Wingo offers individualised products stripped down to meet the target group's basic needs, with the best service at an affordable price.
- › Swisscom and Coop launch Siroop, an online marketplace, where they each contribute their expertise in digitisation, e-commerce, marketing and retailing to the new start-up.
- › In Swisscom Friends, Swisscom, together with the start-up Mila, offers its customers an additional, flexible and fast on-site customer support service. Swisscom takes over a majority stake in the start-up Mila.
- › The joint marketing company comprised of Ringier, SRG and Swisscom gets the green light from the Competition Commission.
- › Swisscom and École Polytechnique Fédérale de Lausanne (EPFL) enter into a strategic partnership and establish a competence centre for digitisation on the EPFL campus, Swisscom's Digital Lab.
- › In order to improve the customer experience from a single source, boost the company's effectiveness in the ICT market and create greater scope for innovation, Swisscom increases the level of digitisation within its organisational structure from 1 January 2016 onwards. Sales and Service for Residential Customers and SME and the Digital business are merged together to form a single business unit each. To exploit synergies, product development and provisioning for Residential Customers and SME are combined into one.

# Business overview

Swisscom provides financial reporting for the three operating divisions Swisscom Switzerland, Fastweb and Other Operating Segments as well as Group Headquarters.

## Swisscom Switzerland

Swisscom Switzerland comprises the customer segments Residential Customers, Small and Medium-Sized Enterprises, Enterprise Customers and Wholesale as well as the IT, Network & Innovation division.

### Residential customers

The Residential Customers segment is the contact partner for mobile and fixed-line retail customers. It provides Switzerland with broadband access lines, serves a growing number of Swisscom TV customers and operates [www.bluewin.ch](http://www.bluewin.ch), one of Switzerland's most frequently visited Internet portals. The Residential Customers segment offers all telephone, Internet and TV services, pay TV, transmissions of sporting events and video on demand from a single source, as well as the sale of end devices. In addition, Cinetrade operates one of the leading cinema chains in Switzerland.

### Small and Medium-Sized Enterprises

The Small and Medium-Sized Enterprises segment offers a comprehensive range of products and services – from fixed-line and mobile telephony to Internet and data services to IT infrastructure maintenance and operation. Small and medium-sized enterprises receive integrated solutions tailored to their needs: suitable connections, secure access, professional services and intelligent networks. It also includes the online directories and phone book business.

### Enterprise Customers

Whether voice or data, mobile or fixed network, individual products or integrated solutions, as a leading provider in the field of business communications, the Enterprise Customers segment supports customers with the planning, implementation and operation of their IT and communications infrastructure, including the provision of cost-efficient solutions and reliable services. Enterprise Customers ranks as one of the leading providers specialising in the integration and operation of complex IT systems. In addition, its core competencies are in the fields of IT outsourcing services, workplace services, SAP services and services for the financial industry.

### Wholesale

The Wholesale segment provides various services for other telecommunications providers, such as regulated access to the “last mile” as well as commercial voice, data and broadband products. The Wholesale segment also covers roaming with foreign providers.

### IT, Network & Innovation

The IT, Network & Innovation (INI) segment builds, operates and maintains Swisscom's nationwide fixed network and mobile communications infrastructure in Switzerland. It is also responsible for the development and production of standardised IT and network services for the entire Group and for the operation of all IT systems. INI is also driving forward the migration of the networks to an integrated IT- and IP-based platform (All IP). The segment also includes the support functions for Swisscom Switzerland and Swisscom Real Estate Ltd. The expenses that are incurred are not charged to the individual segments. The IT, Network & Innovation segment therefore only reports expenses but no revenue.



## Fastweb

Fastweb is a leading, alternative service provider in the Italian fixed-network market for both residential and business customers. Fastweb supplies its services both directly via its own fibre-optic network and also via the unbundled fixed-access lines and wholesale products offered by Telecom Italia. In addition to fixed-network services, its portfolio also includes mobile services for residential customers on networks of other service providers. Fastweb provides its services in all large towns and cities in Italy.

## Other Operating Segments

Other Operating Segments includes Swisscom Health, Connected Living and a portfolio of small and medium-sized enterprises whose activities are mainly related to or help support Swisscom's core business. Swisscom Health offers innovative ICT solutions for physicians, hospitals and insurers. Connected Living develops and operates intelligent solutions for energy management.

## Group Headquarters

Group Headquarters chiefly comprises the Group divisions Group Business Steering, Group Strategy & Board Services, Group Communications & Responsibility and Group Human Resources as well as employment company Worklink AG.