

# Vontobel investor conference Interlaken

---

Carsten Schloter, CEO

15 June 2011



# Agenda

## 1. Market Performance

- Financial strength compared to competitors

## 2. Results Q1 2011

- Key group results
- EBITDA dynamics YoY

## 3. Revenue dynamics

- From single subscriptions to bundles

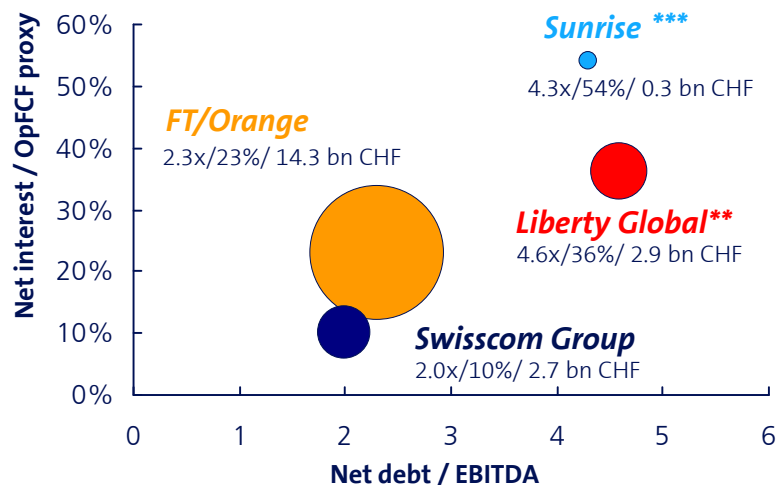
## 4. Outlook

# 1. Market Performance - Relative competitive strength

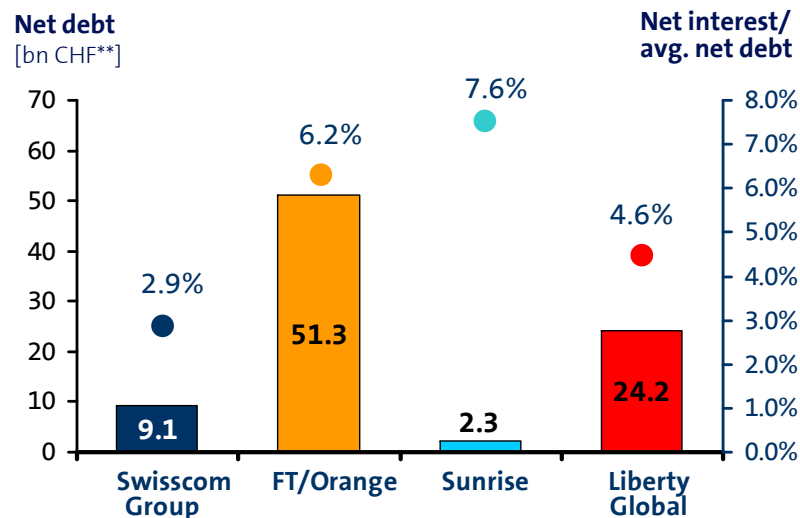
Financial strength of (mother companies of) players in Swiss market rather different

**Debt/interest ratios in 2009**

Bubble size = OpFCF proxy in bn CHF\*



**Net debt and avg. cost of debt in 2009**



Sources: all figures based on latest publicly available data in annual reports of France Telecom/Orange and Liberty Global

\* 1 EUR = 1.51 CHF; 1 USD = 1.09 CHF

\*\* Liberty Global assumption: Operating cash flow = EBITDA

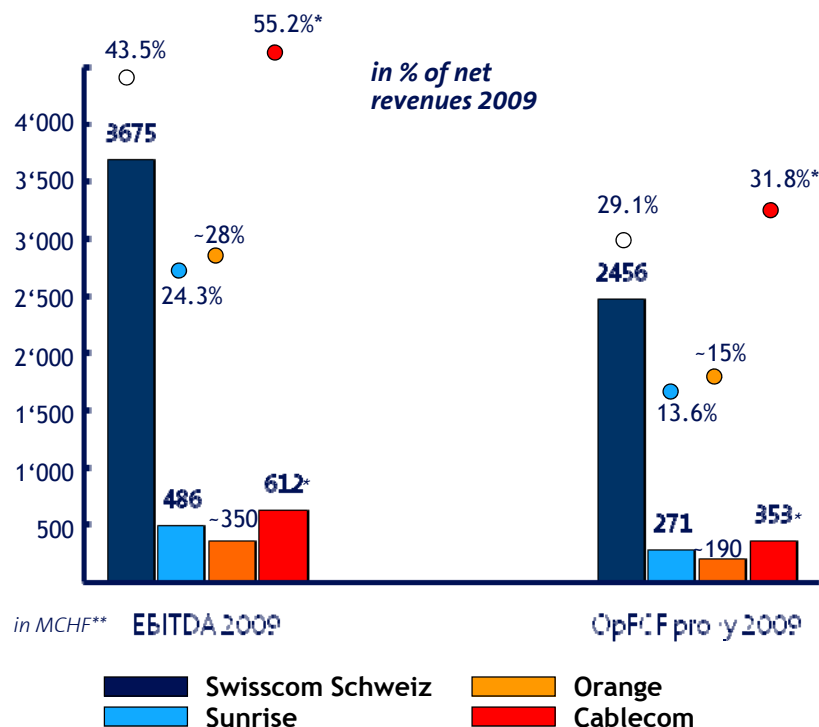
\*\*\* Sunrise pro forma figures adjusted by the issue of notes of 1.47 billion CHF by mid 2010

Swisscom with lowest proportionate indebtedness, and by far lowest cost of funding

# 1. Market Performance - Relative competitive strength

## Financial strength of players in Swiss market rather different

Financial strength of CH competitors



- Absolute EBITDA and cash flow level of main competitors in Switzerland significantly below Swisscom
- Swisscom as incumbent and Cablecom with own broadband infrastructure have the highest margins
- Attackers such as Sunrise and Orange have significantly lower margins
- Most of OpFCF of competitors required to service interest and debt charges, therefore potentially challenging situation to cover investment requirements going forward

Sources: all figures based on publicly available data in quarterly/annual reports of France Telecom/Orange, Liberty Global and Sunrise

• Cablecom assumption: Operating cash flow = EBITDA

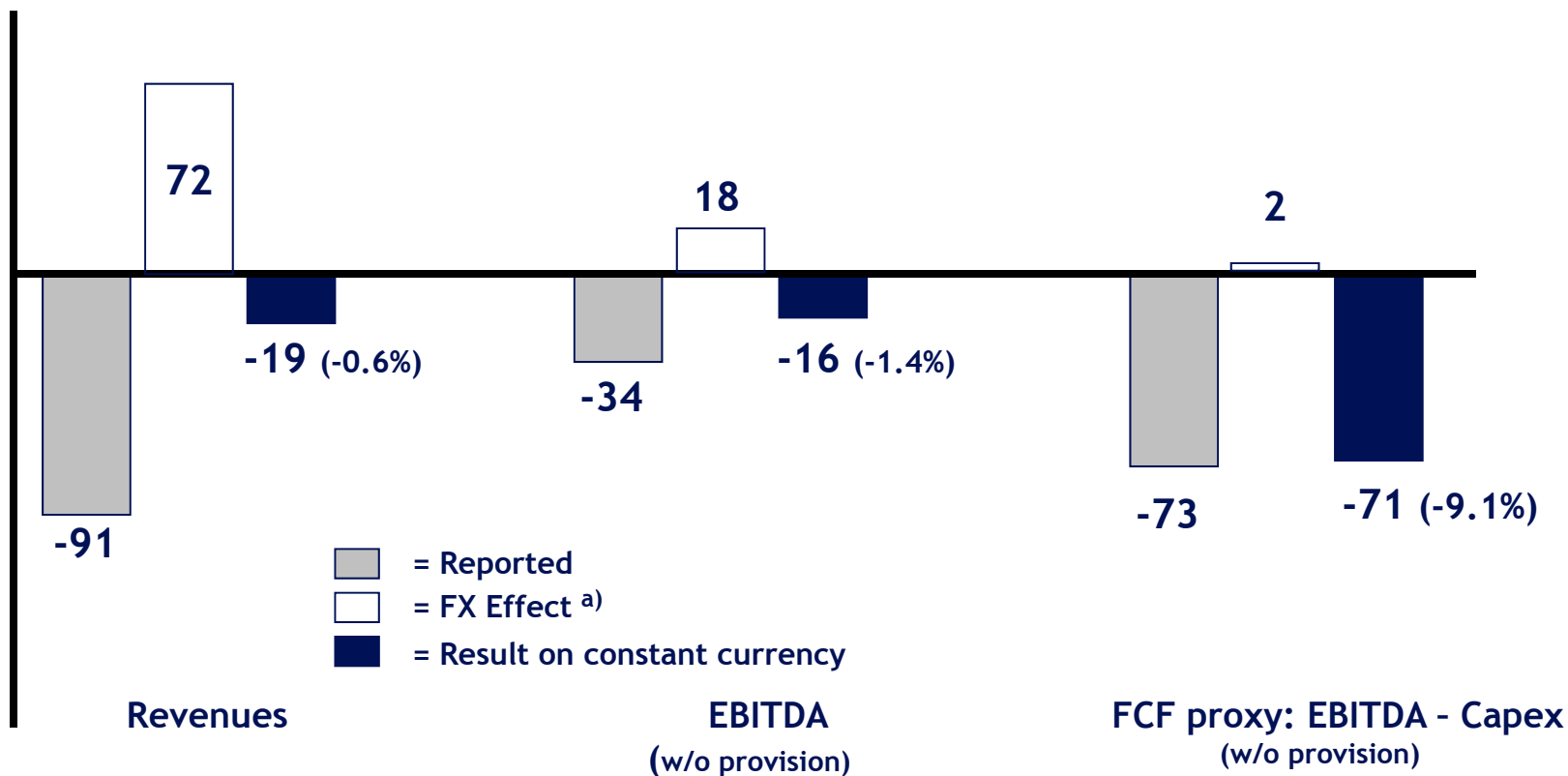
\*\* 1 USD = 1.09 CHF

Orange CH numbers not exactly known, these represent the 2008 results, and interim 2009 numbers point to a similar development

Swisscom's "share of EBITDA and OpFCF proxy" in Switzerland around 70% and 75% respectively

## 2. Swisscom Group financial results: on constant currency basis

Change YoY (Q1 2011 versus Q1 2010) in CHF mm, total Swisscom Group



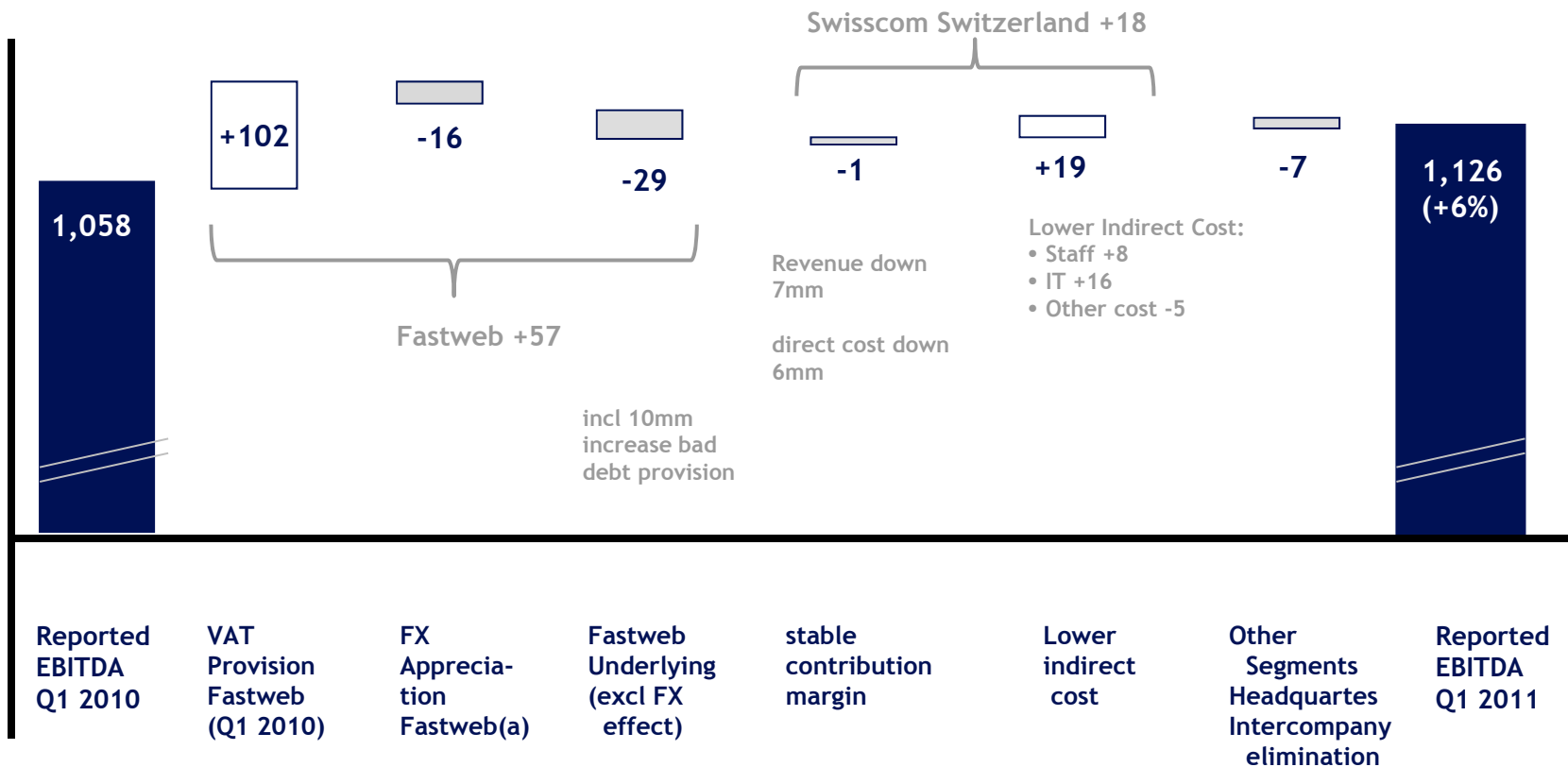
(a) Average exchange rate CHF/€ in Q1 2010: 1.453 and in Q1 2011: 1.291, i.e. a weakening of Euro against Swiss Franc of 11.1%

Revenues and EBITDA nearly flat on constant currency basis. No negative impact on FCF proxy from stronger Swiss Franc as Fastweb Capex was booked at lower CHF rate

## 2. Swisscom Group financial results, EBITDA





Change YoY (Q1 2011 versus Q1 2010) in CHF mm, total Swisscom Group

6



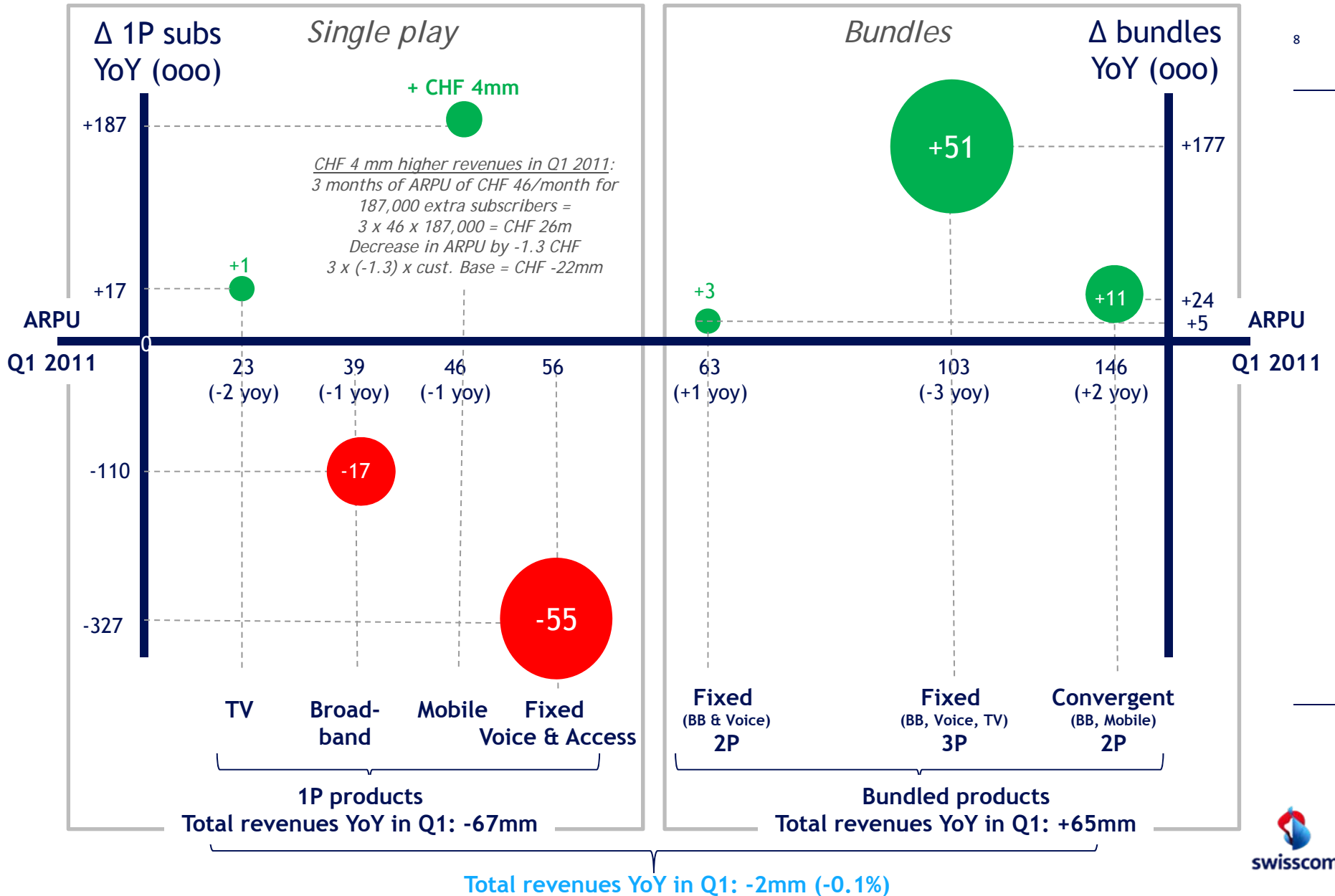
Like for like EBITDA (excl. VAT provision and FX) down 1.4%

### 3. Revenues Q1 2011 vs Q1 2010: from single subscriptions to bundles

CHF mm.	Single Play Products		Bundle + Convergent Products		Σ
	Wireline	Wireless	Wireline Bundles	Convergent Products	
<b>Retail Business</b> (incl. Incoming)	 -71	 +4	 +54	 +11	
<b>Σ</b>	<b>-67</b>		<b>+65</b>		<b>-2</b>
<b>Wholesale</b> (excl. incoming) & other	Wireline Wholesale	Inbound Roaming	Other		
	-19	-5	+11		<b>-13</b>
<b>Σ Total Retail &amp; Wholesale</b>					<b>-15</b>
<b>Devices and other revenues</b>					<b>+7</b>
<b>Other Segments</b>					<b>+26</b>
<b>Σ Swisscom w.o. Fastweb</b>					<b>+18</b>
<b>Fastweb</b>	<u>At constant exchange rates</u>		<u>FX effect</u>		
	-39		-70		<b>-109</b>
<b>Σ Revenue Swisscom Group</b>					<b>-91</b>

Group revenues at constant FX would have decreased by 0.6% YoY

### 3. Δ revenues YoY, single play decline compensated by bundles



## 4. Group Results: Outlook 2011\*) confirmed after the first Quarter

	CHF bln	2010 Actual	2011 Expected
	<i>Exchange rate CHF/€</i>	<i>1.37</i>	<i>1.30</i>
Swisscom Group (including Fastweb)	Revenues	12.0	>11.8
	EBITDA	4.6	> 4.6
	CAPEX	1.9	< 2**)
	Dividend/share (payable the year after)	21 (proposed to General Assembly, with payment on 19 April 2011)	at least 21 (upon achieving the financial targets above)

### Fastweb

After a transitional year in 2011 - no revenue growth, but a slightly higher EBITDA - Swisscom expects Fastweb to achieve strong revenue and cash flow growth in the following years due to the introduction of go-to-market initiatives and increases in efficiency.

\*) Assuming an exchange rate of CHF 1.30 / €

\*\*) Capex without any license cost for possible mobile spectrum auction

# Q&A

---

This presentation can be viewed at [www.swisscom.com/ir](http://www.swisscom.com/ir) (click on the download center button)

# 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.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.”

**For further information, please contact:**

phone: +41 58 221 6278 or +41 58 221 6279

[investor.relations@swisscom.com](mailto:investor.relations@swisscom.com)

[www.swisscom.ch/investor](http://www.swisscom.ch/investor)