



# Swisscom

**“solid as a rock”**

**Presentation by Jens Alder, CEO Swisscom AG**

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# 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 past and future filings and reports filed with the U.S. Security and Exchange Commission and posted on our websites.

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# Brief strategy update

# Swisscom's ultimate aim: Optimising capital efficiency

*A company committed to strong fundamentals  
and financial discipline*

Innovative multi-service  
focused company

**Superior performance**  
in core  
domestic and  
mobile service  
provider  
businesses

Underline  
domestic  
focus by  
moves into  
**adjacent** and  
**complementary**  
businesses

Stabilise cash flow

Disciplined investor in options  
with both defensive and  
offensive character

Build a  
number of  
**smaller options** in  
various  
phases of  
development  
as a hedge

Investments in  
**international opportunities**  
with a  
balanced  
risk/reward  
profile

Grow cash flow

Return  
surplus cash

Continue  
further returns  
of surplus  
cash to  
shareholders

Return surplus cash

## Ongoing focus

## Assessment

### Sustainability

Focus on cash generating ability of business model

- Reasonable
- Continued to be strictly applied

### Strategic fit

Pure focus on direct synergies with core businesses

- Reasonable, but limits investment options
- Potentially, other value aspects should be included

### Management

Good management in place that is an asset to the Swisscom group

- Reasonable
- Continued to be strictly applied

### Price

DCF based valuation on current and possible cash flows

- Reasonable
- Continued to be strictly applied

### Size

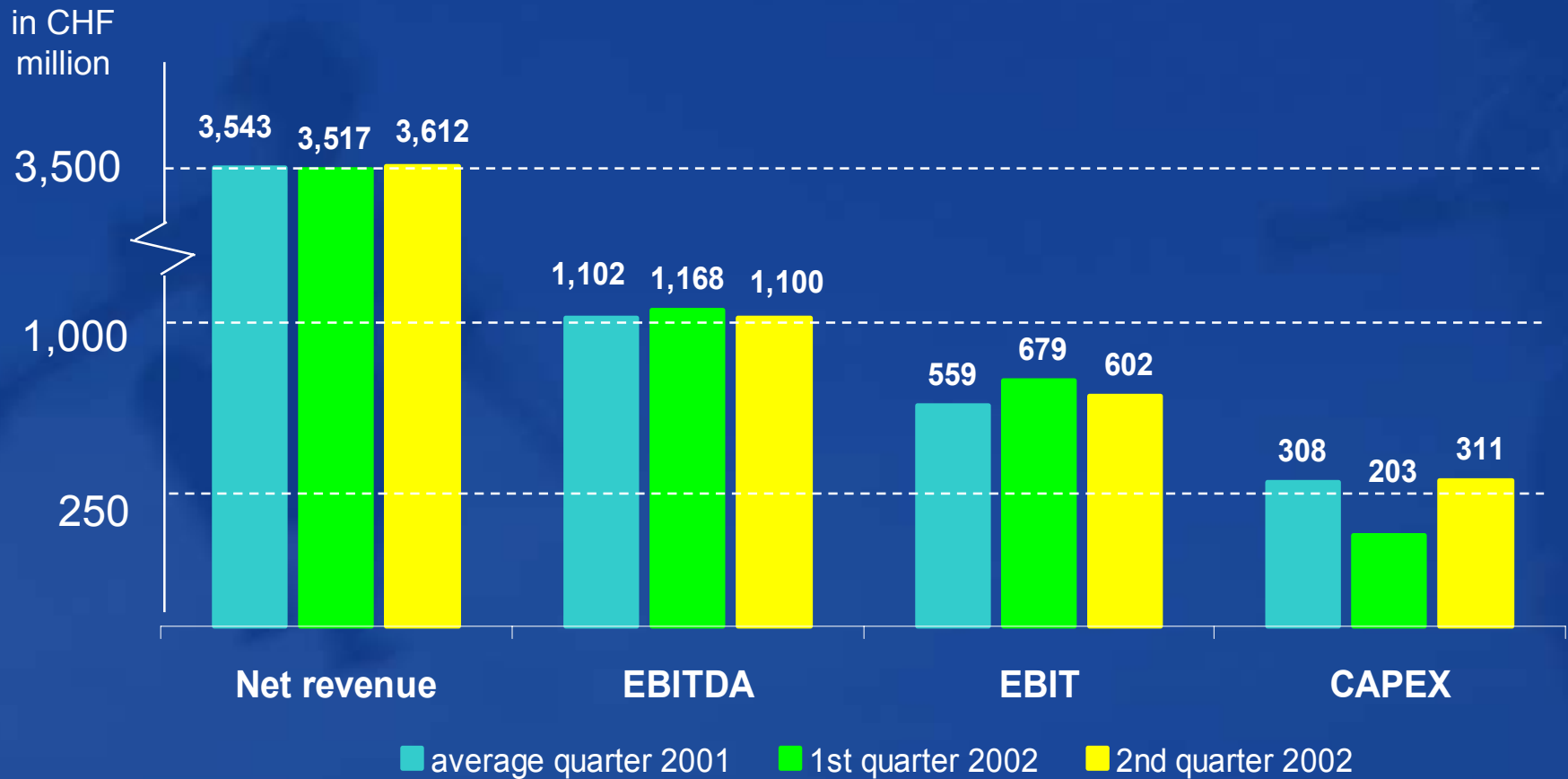
Transactions should not put our existing business at risk; should leave the risk profile of the group largely unchanged

- Reasonable
- Continued to be strictly applied



# Headlines first half 2002 and outlook 2002

# “Swisscom - solid as a rock”



- Successfully completed 10% share buyback; Swiss Confederation now holds 62.7% stake from 65.5% previously
- Introduction of renumbering with automated local CPS as per 1 April 2002
- Introduced substantial fixed line tariff rebalancing with unified rates nation-wide as per 1 May 2002
- ADSL roll out strategy well on track - adding more customers than competition is
- Innovative launches in first half year 2002
- ULL debate continues

- Guidance unchanged, full year EBITDA 2002 similar to 2001
- However:
  - Fixed line operations and debitel expected to be weaker than in 2001
  - Mobile operations, and IT operations to compensate
- EBIT development (before exceptional items) positive due to lower depreciation and amortisation charges
- Net profits substantially lower than in 2001 due to absence of one-off gains on the sale of 25% of Swisscom Mobile and the sale of real estate
- However:
  - first time positive effect of share buy back on share ratios (EPS, CPS)



# In summary

# Commitment to value orientation - optimise cash returns on capital deployed

1. full focus on performance improvement of existing core business

2. sensibly weight the alternatives for further improvements in capital efficiency:

## Continued share buy backs

- enhancing per share performance
- optimising capital structure
- creating attractive yields for shareholders and relative value enhancement
- ... but not an instrument to grow absolute cash flows

## High yield acquisitions

- improving the company's total Free Cash Flow yield, without substantially changing its risk profile
- creating growing cash flows and absolute value enhancement
- ... but not an instrument that can be applied without rigorous investment criteria

“Swisscom’s Way” is to pick the best alternative - or even combine

A woman with long blonde hair, wearing a white business suit, is riding a roller coaster. She is smiling and looking to the right. The roller coaster car is moving upwards, and the background is a dark blue sky with some lights. The roller coaster structure is visible, including a large star-shaped sign and a tall tower.

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## Thank you for your attention

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