

Swisscom presentation

Mobile New Data Strategy Finding the right balance

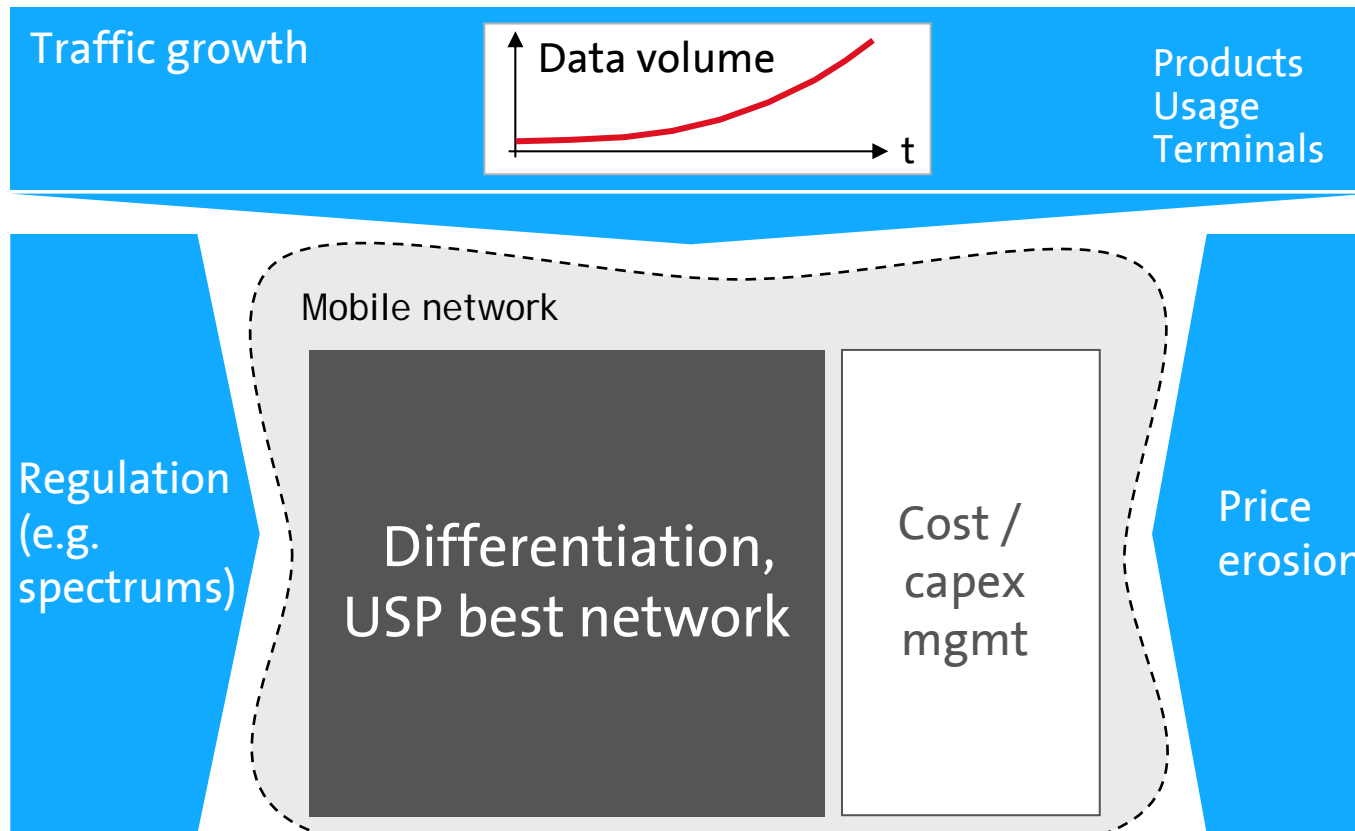
Bank of America Merrill Lynch
TMT Conference 2010
Ueli Dietiker, CFO Swisscom

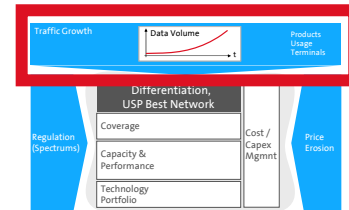
London, 8-9 June 2010



Mobile data - finding the right balance between demand, capacity/cost and products/technologies

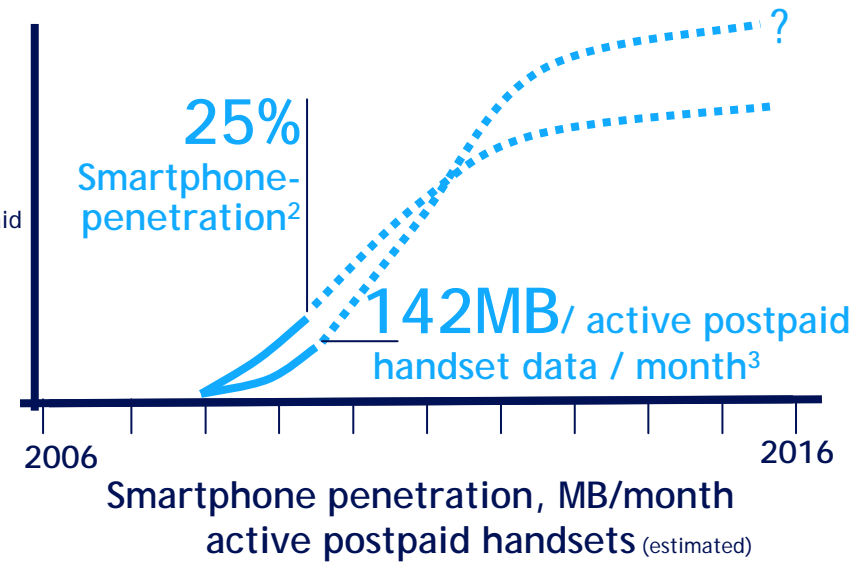
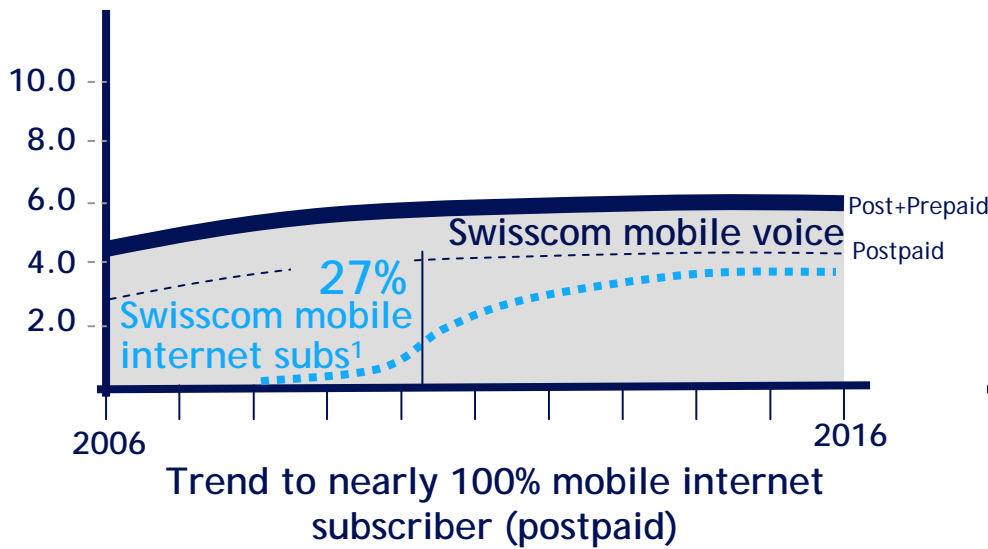
Mobile network to carry exponential data traffic growth while using new technologies, implying strong attention on cost and capex management



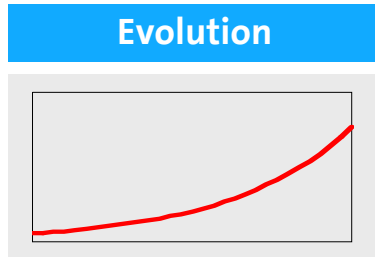


Mobile data - impressive development of demand

Mobile data demand doubles every 7 months. New devices as well as new offerings lead to a significant increase in usage and overall Data traffic volume...



trend

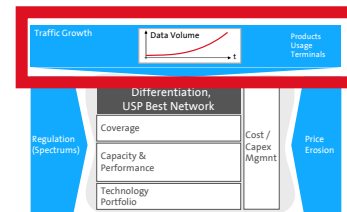


Volume doubles...

... every
7
months

1) Share of Surf-,Data-,Flat- subscriptions in percentage of Swisscom postpaid subscribers (not including data options)
 2) Smartphone / total active postpaid handsets 3) MB per Month per active postpaid handset with data traffic - 2010-2016 estimated





Mobile data - Swisscom with proactive offerings

Swisscom mobile data portfolio constantly extended, and targeted towards ever more customer segments.

Mobile data options

- e.g. Proactive launch and very competitive conditions for iPhone / smartphones
- e.g. Data option 'flat'¹⁾ for 59.-/month, day flat options (CHF 4.50-7.50/day)
- e.g. BeeFree flat options (mobile flat fee for voice, surf, SMS/MMS for 169 CHF/month)



Swisscom TV AIR

- Live-TV (3G, WLAN) with 30 channels on laptops and smartphones
- Video on demand, pay per view
- only 9.- flat per month (data traffic included)



Launch of internet tethering

- Use your iPhone to connect your notebook to the Internet and enjoy wireless Internet surfing anywhere, anytime. Swisscom among only a few Telco providers allowing this function.



Video telephony at same price as voice telephony

- Swisscom does not charge extra fees for mobile video telephony
- e.g. with 'Liberty pro' tariff CHF 0.30/hour for voice and video telephony!

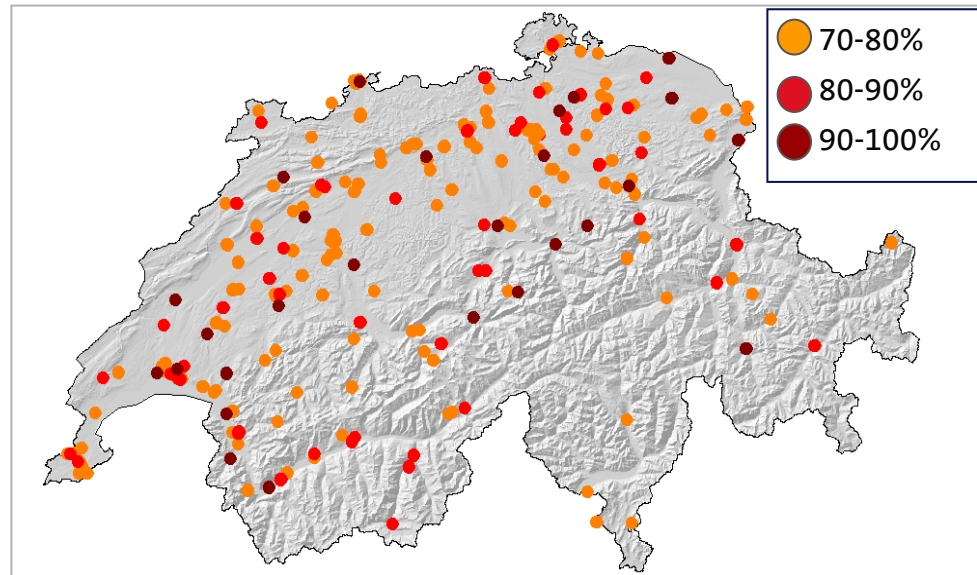


1) Limitations may apply

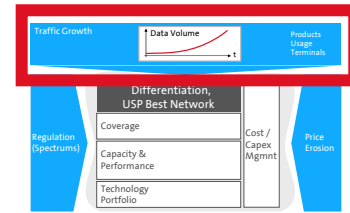
Mobile data - Significant regional difference in demand

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The high density demand is mainly located in cities and surrounding areas as well as tourist locations.

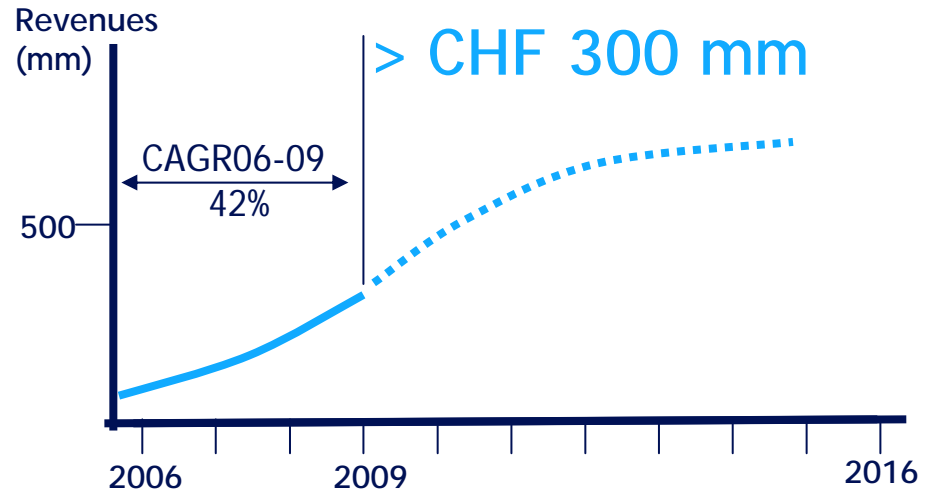
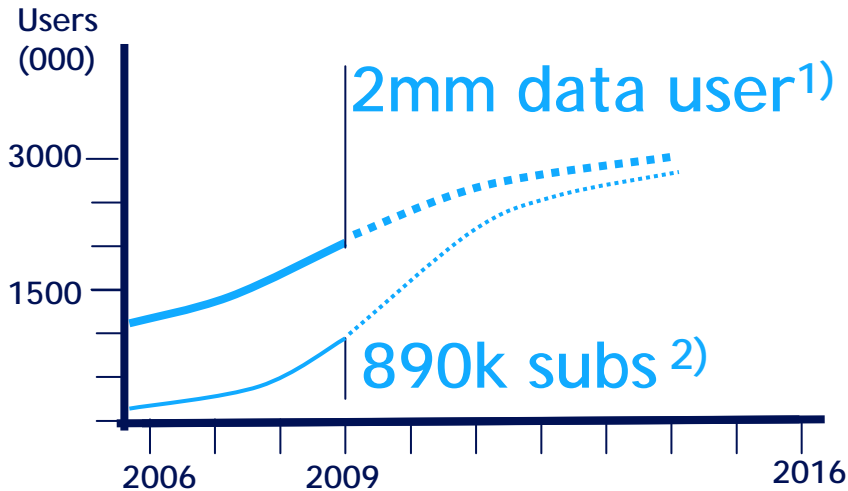


- “Country-wide” load situation OK. Number of high load cells steadily increasing.
- These highly loaded cells are mainly located in cities and surrounding areas as well as in tourist locations.



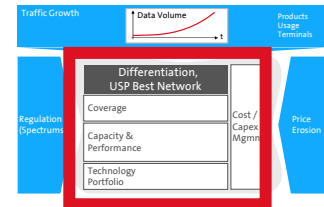
Mobile data - Mobile data traffic revenue

2 Million active mobile data user generated over 300 MCHF in revenue in 2009 (excluding SMS and MMS). Thereof 890k user were on a mobile data price plan. Mobile data figures are expected to continue growing strongly.



- 1) Mobile data SIM cards actively using mobile data traffic
- 2) Subscribers to a mobile data plan such as surf-, data of flat options

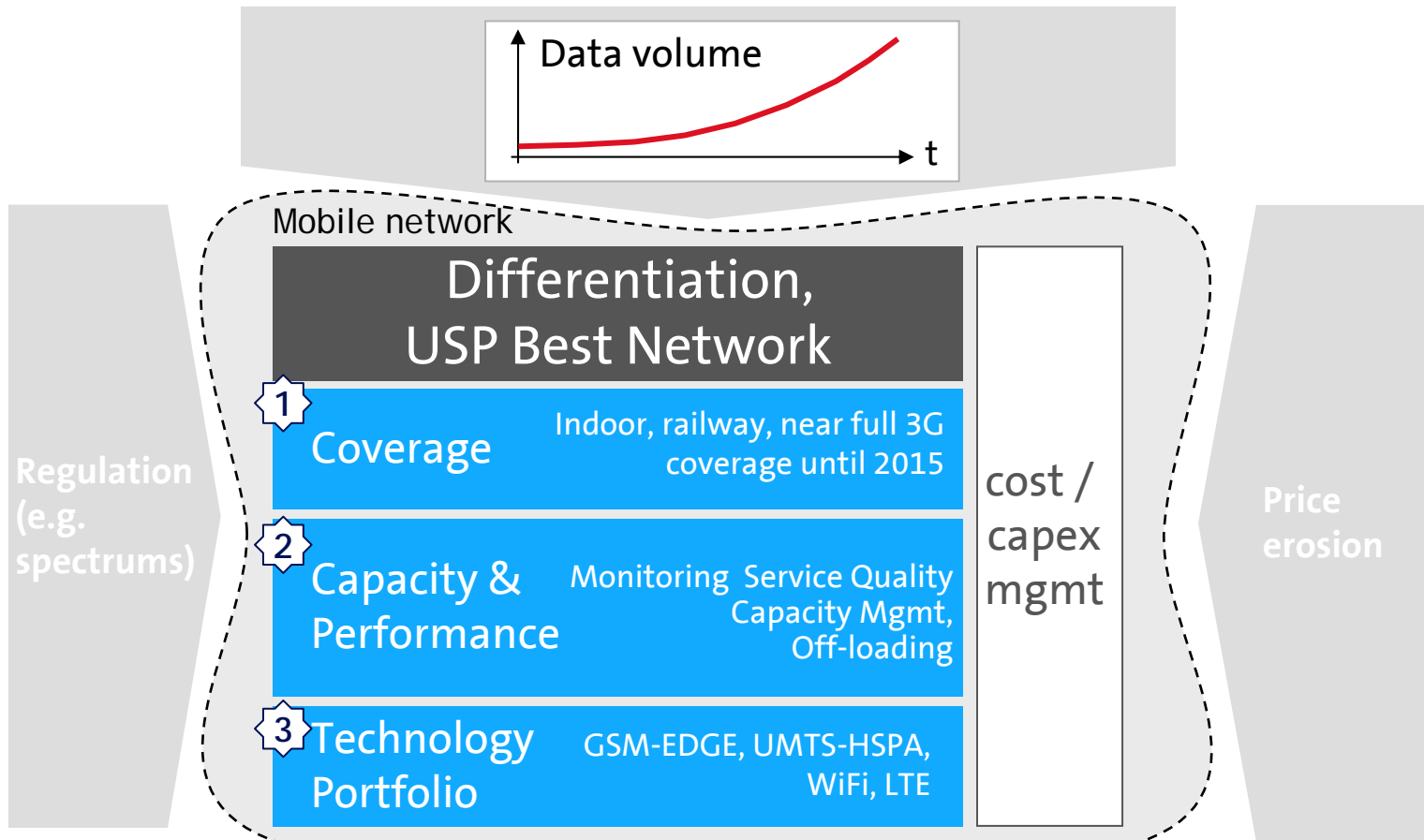
Mobile data revenue Swisscom Switzerland
excl. SMS, MMS, Content, VAS



Mobile data - continue to distinguish with best network

Swisscom will defend its USP as best network with ongoing improvement of

- coverage
- capacity & performance
- technology portfolio



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Mobile data - Coverage improvements

Traffic Growth	Data Volume	Products Usage	Terminah
Regulation (Spectrum)	1	Differentiation, USP Best Network	Cost / Capex Mgmt
Capacity & Performance			
Technology Portfolio			

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Swisscom implements latest technology to improve speed/capacity/coverage and thus customer experience at lowest possible roll out cost

Speed/capacity upgrade of cells:

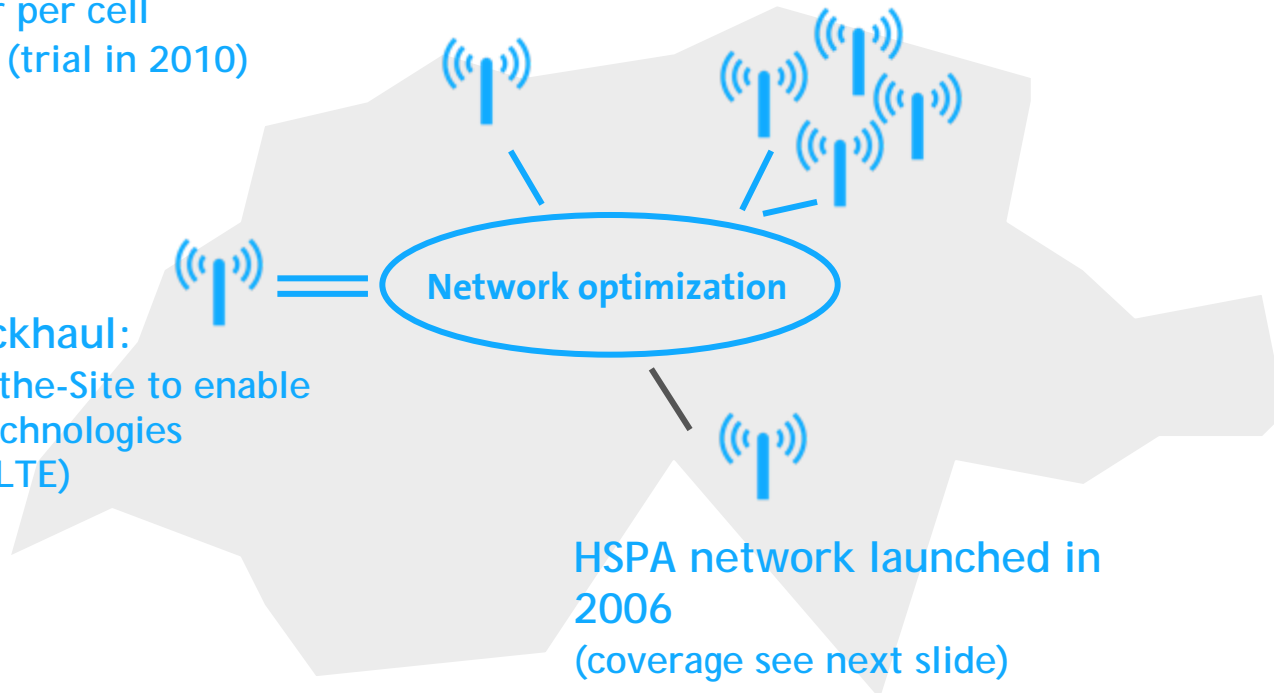
- HSPA 7.2/14.4 Mbps, HSPA+ 28.8 Mbps
- Increase maximum simultaneous user per cell
- LTE (trial in 2010)

Network densification

(difficult to obtain sites, however needed by customers)

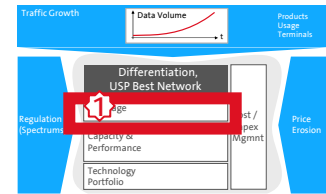
Fast backhaul:

Fiber-to-the-Site to enable future technologies (HSPA+, LTE)



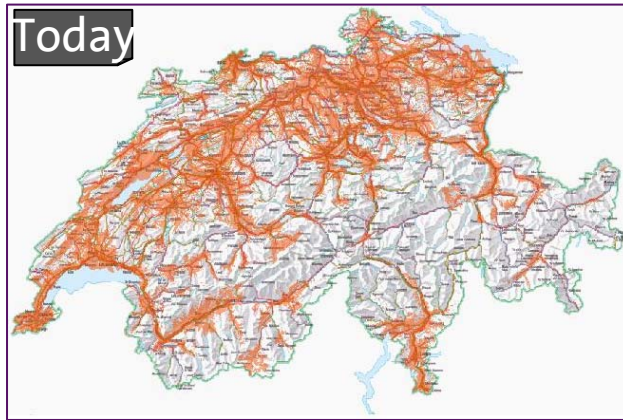
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Mobile data - Coverage improvements

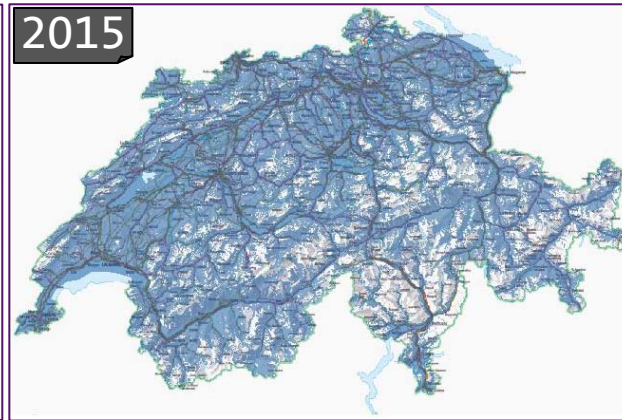


Further UMTS-HSPA rollout to provide country-wide coverage as well as increased railway coverage

UMTS-HSPA coverage



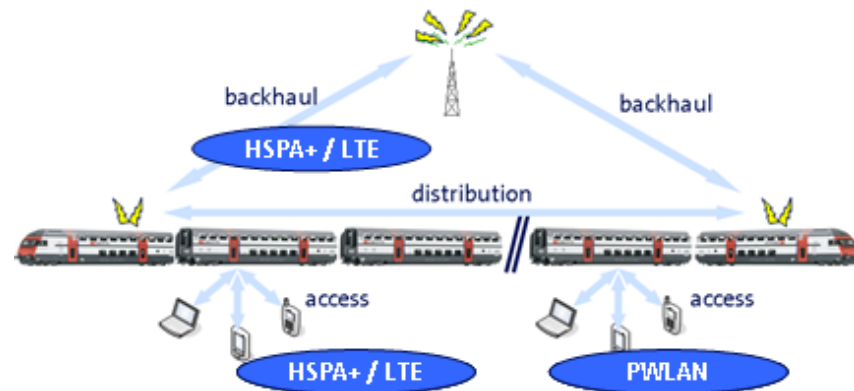
>>90% Population coverage



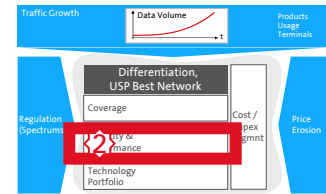
~99% Population coverage

Increase of railway coverage

- UMTS-HSPA railway coverage planned to be extended
- GSM Intrain infrastructure to be upgraded from 2G to 3G broadband repeaters

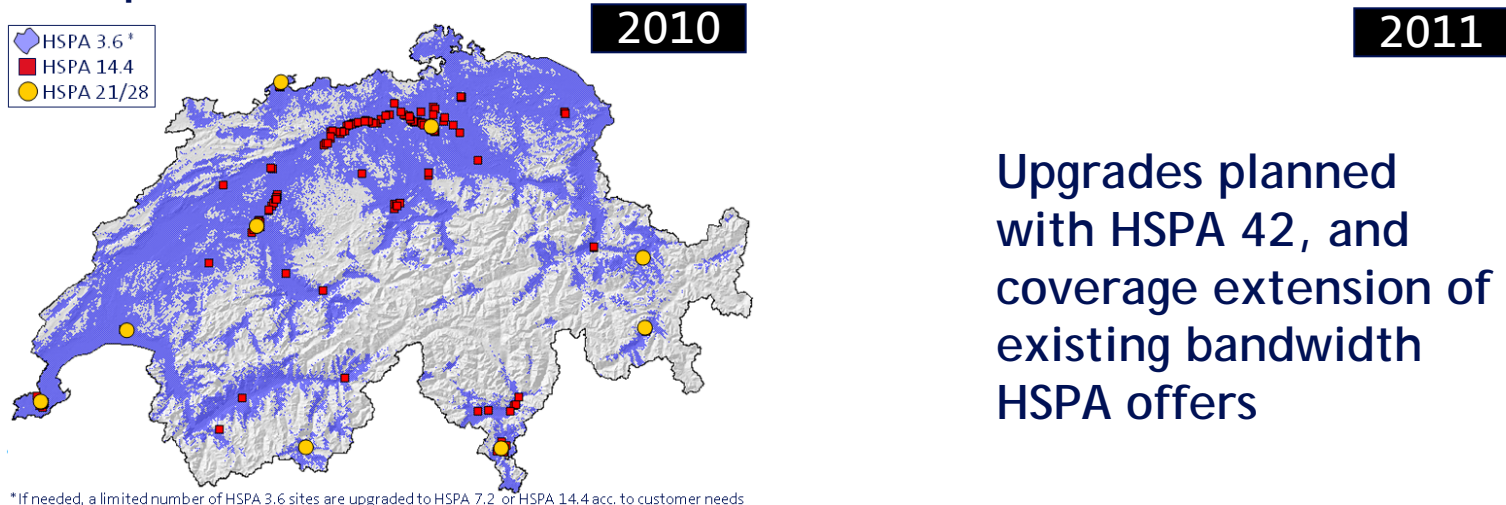


Mobile data - Capacity & Performance



HSPA+ network upgrade in dense areas. HSPA network off-load via alternatives such as public-, corporate- or private WiFi

HSPA performance

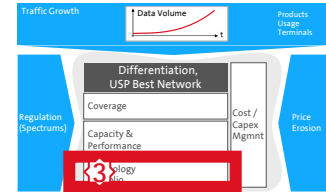


Upgrades planned with HSPA 42, and coverage extension of existing bandwidth HSPA offers

WiFi-based network off-load options in hotspots:

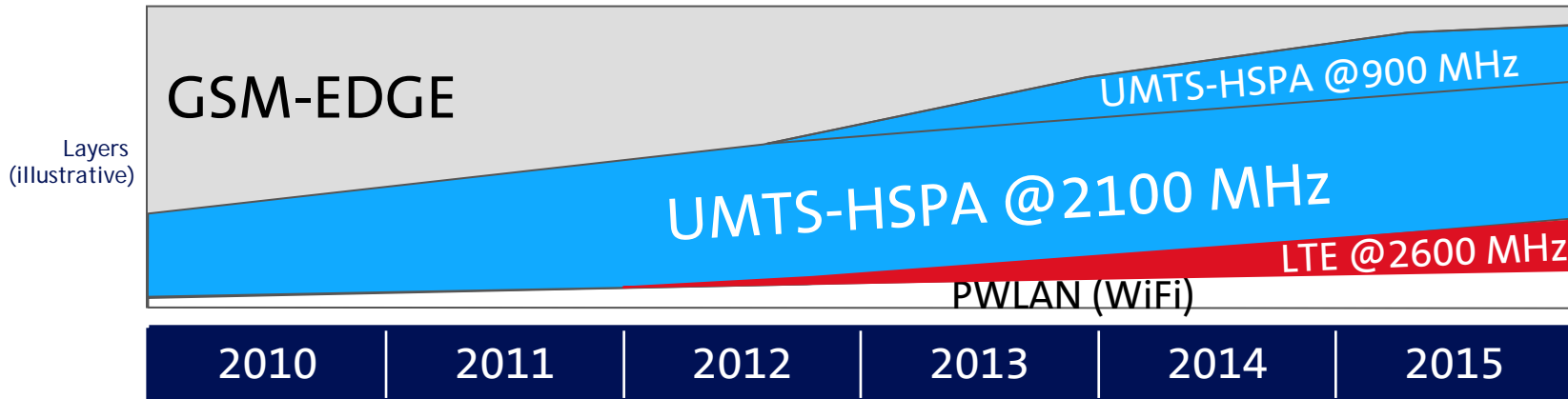
- Swisscom public wireless LAN (PWLAN) network (>1350 Hotspots)
- Corporate customer's wireless LAN (CWLAN) installations
- Residential customer's wireless LAN DSL router

3 Mobile data - Technology portfolio (illustrative)

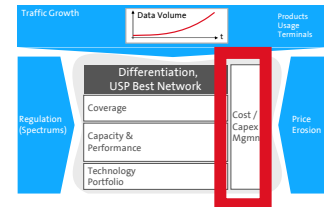


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Stable, full-area network providing mobile voice and basic data services during the migration towards UMTS-HSPA (-LTE)



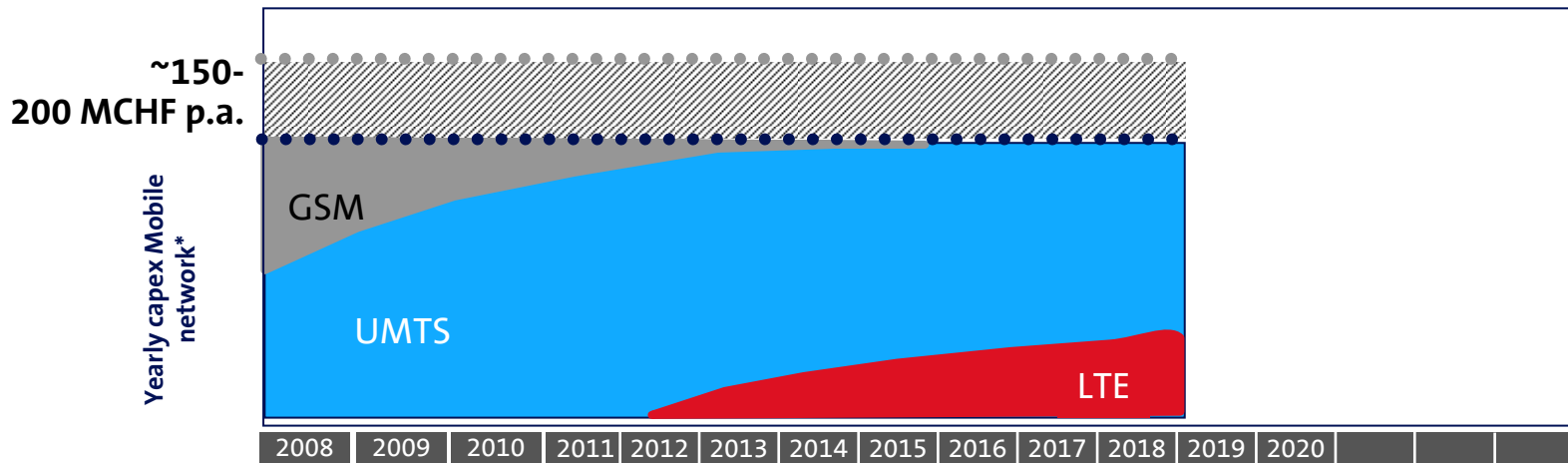
- GSM stays the dominant mobile voice platform for many years. Full area coverage is maintained.
- UMTS-HSPA is the successor of GSM - both for voice and data services.
- LTE is positioned as data-only hotspot technology from 2011/12
- ComCom/BAKOM plan a wide spectrum auction in 2010/11 which shall include new bands (800, 2600 MHz), additional spectrum (1800, 2100 MHz) as well as running licenses (900, 1800, 2100 MHz)



Mobile Data - Mobile network capex under control

- Driven by capex mgmt and price erosion of equipment, annual capex for the mobile network is expected to remain stable at ~150MCHF-200 MCHF p.a.
- 2011 -2013 are expected to reach the upper level of the range due to coverage expansion in 3G, final IP migration, auction of additional licenses in 2011 and LTE.

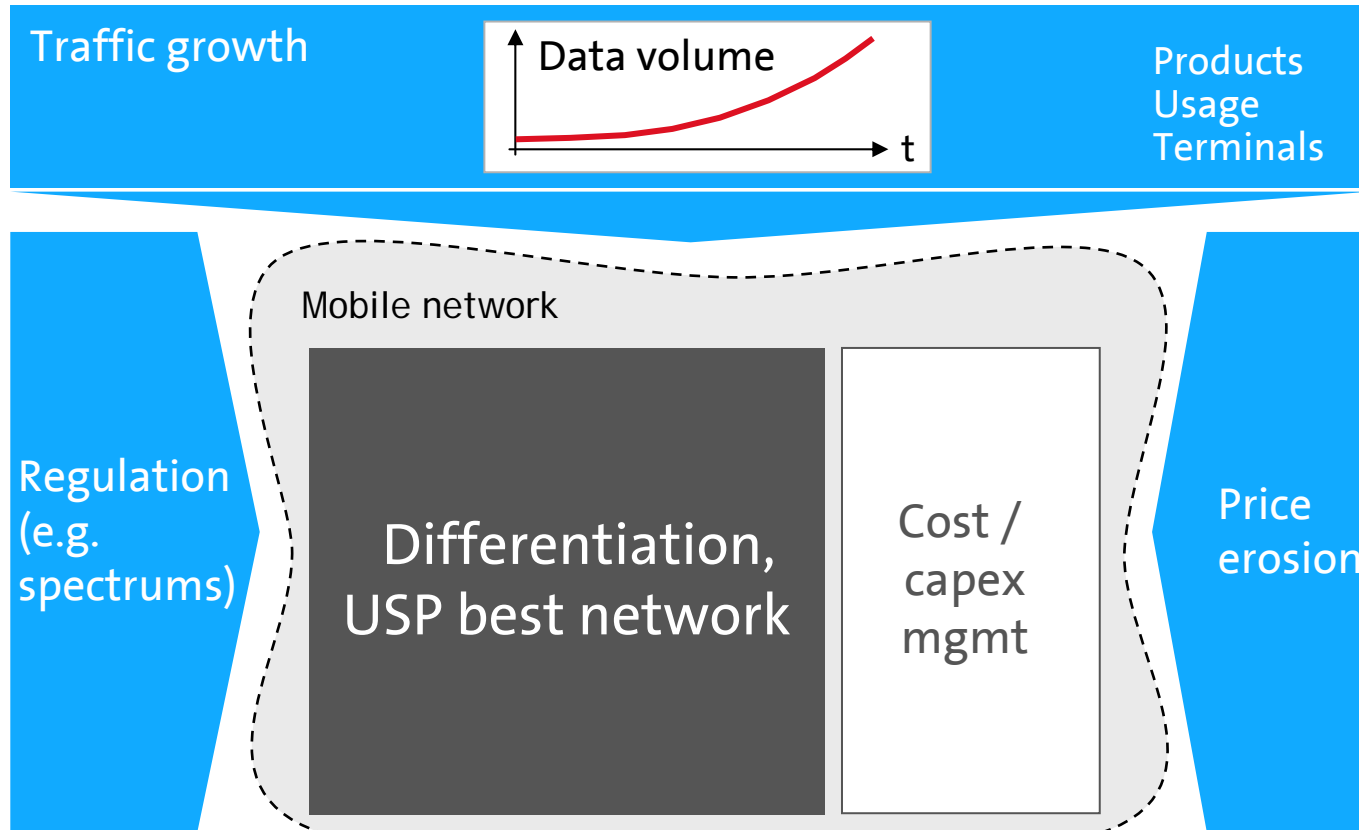
Mobile network capex and technology split*)



*) Pure mobile capex without shared infrastructure with fixed networks

Mobile data - in conclusion

Through its mobile-new-data strategy, Swisscom believes it strikes the right balance between offering its customers the best services, and its shareholders the best path towards long term sustainable profitability



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