
Swisscom, company presentation

Nomura Swiss Equities Conference

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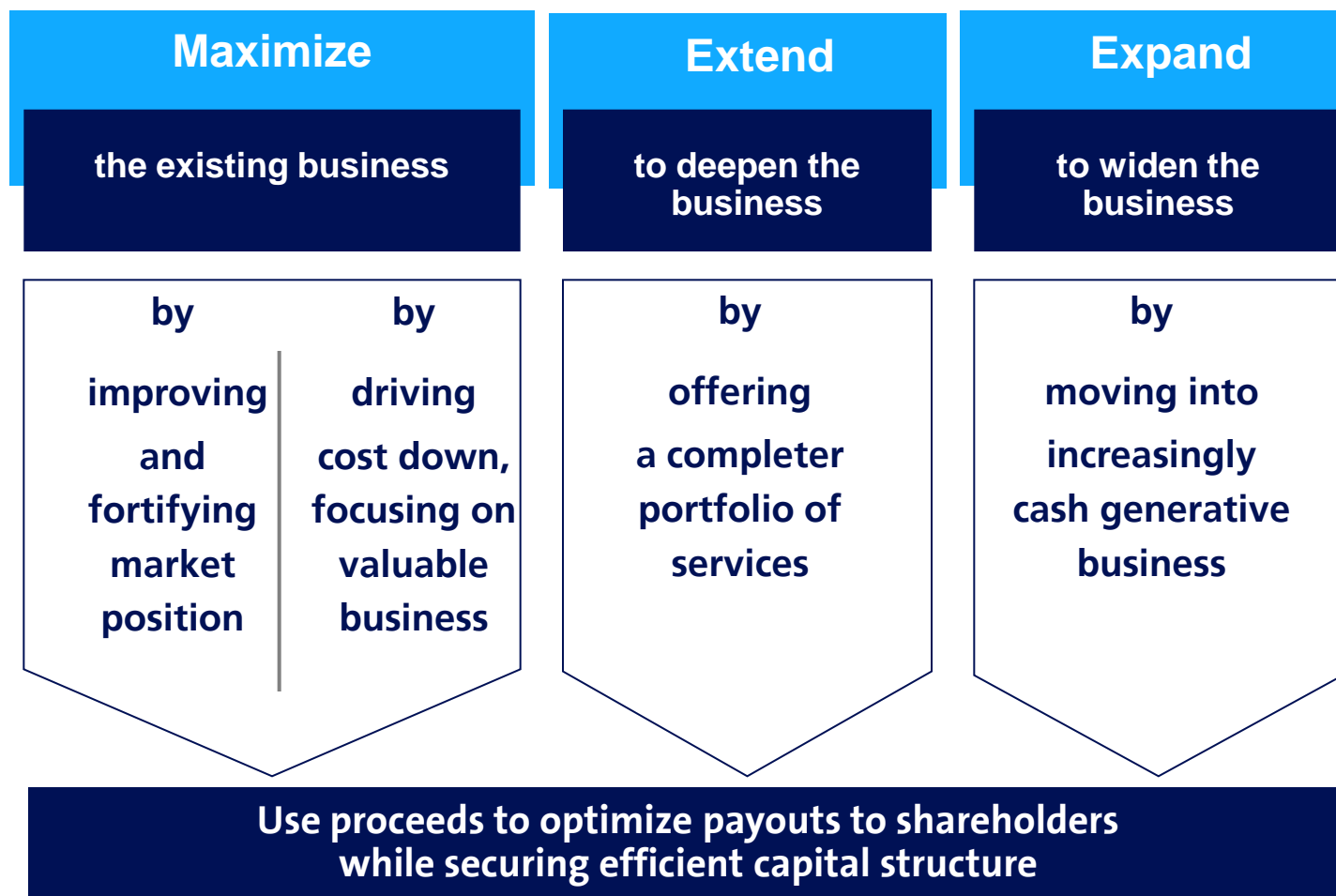


swisscom

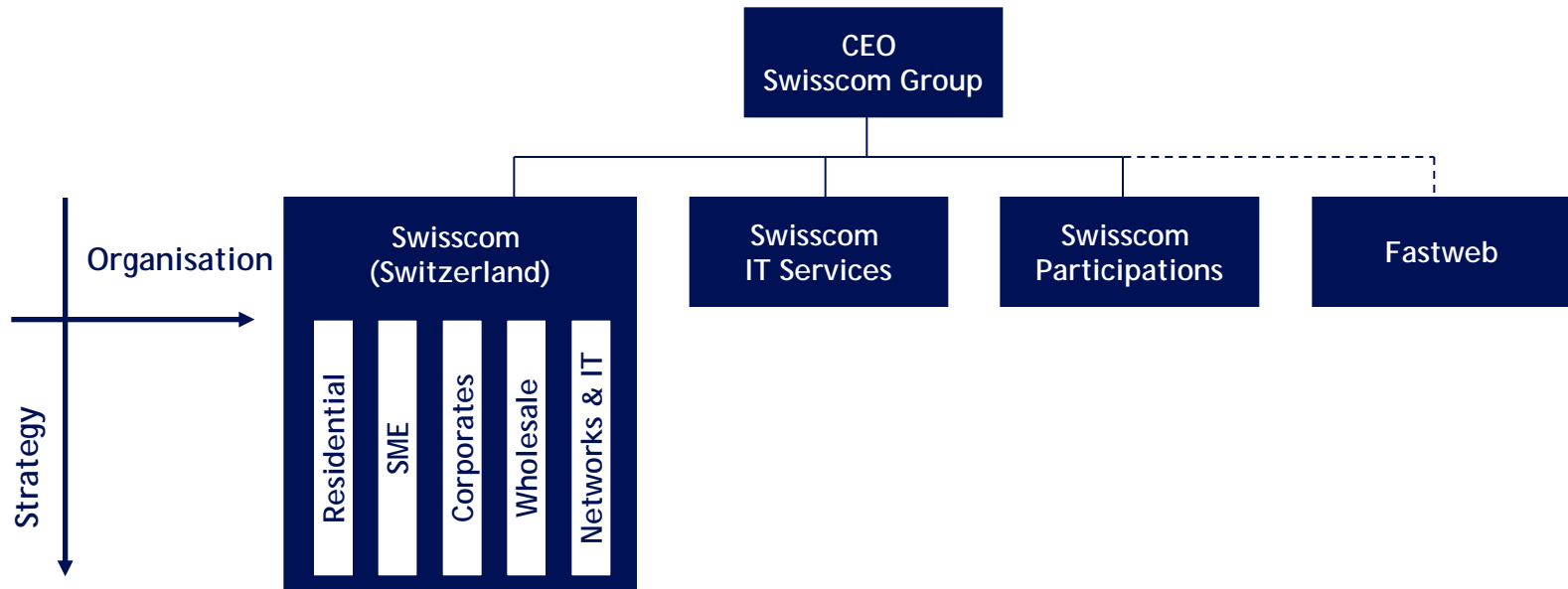
Swisscom profile

- Incumbent telecom operator in Switzerland, alternative operator in Italy
- 2011 key numbers:
 - CHF 11.5 bln (~1 trillion Yen) revenues,
 - CHF 4.6 bln EBITDA,
 - CHF 2 bln Capex
 - 20,000 FTE's
- Majority shareholder Swiss government (56.9%), free float listed in Zürich with ADR traded (OTC) in New York. Market capitalization CHF 18 bln (~1.6 trillion Yen)
- Robust dividend history and policy, offering one of the best dividend yields in the Swiss market

Swisscom strategy: 3 pillars, 1 outcome



Organisation: aligned with strategy



Maximize	✓	✓		
Extend	✓	✓	✓	
Expand			✓	✓

Swisscom Group: challenges 2011 and beyond

Market Performance

Highest customer satisfaction

Very strong mobile data growth and new TV subscribers

Fastweb meager in mass business and strong in Executive Segment

Performance & Priorities

Continued cost control

Continued investment into USP "Best Network"

Fastweb: initiate measures to restore FCF growth medium term

Special Issues

Regulatory cases & spectrum auction

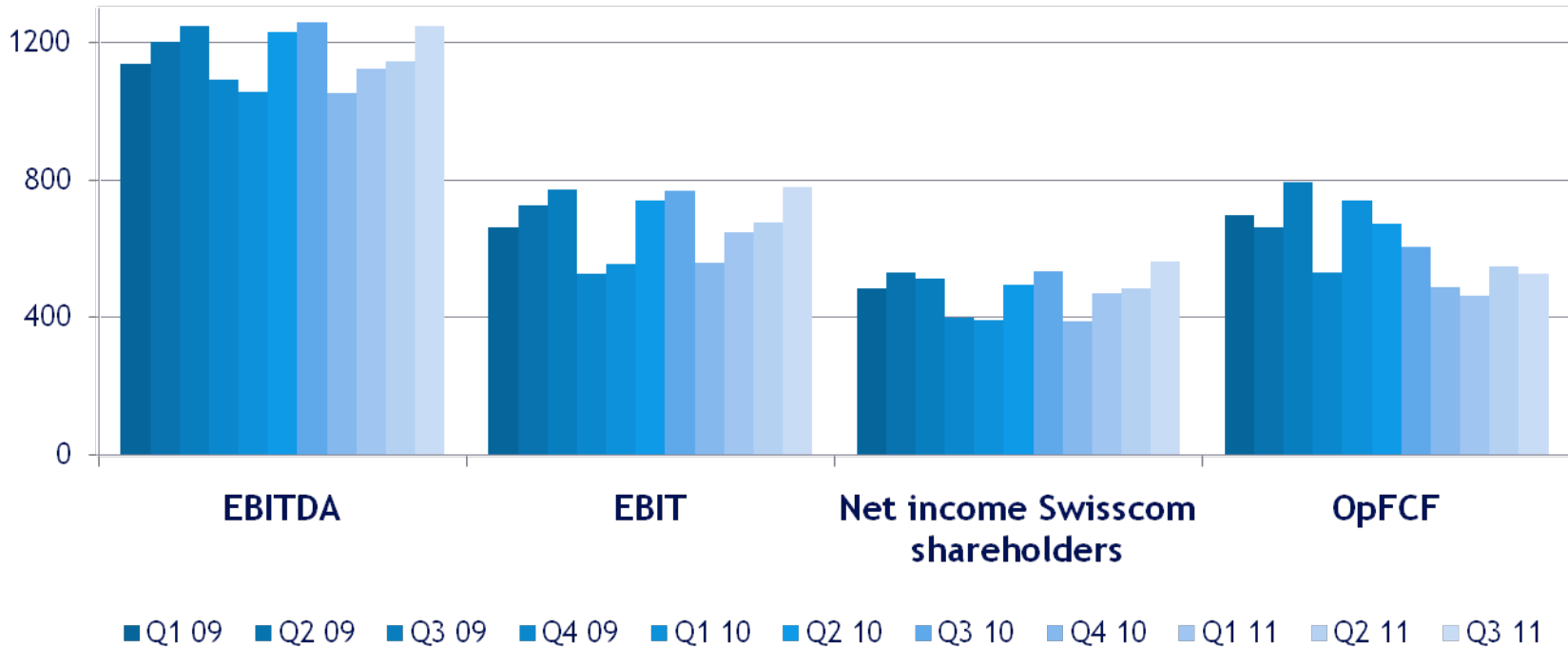
Be prepared for inner market consolidation (Switzerland & Italy)

Fastweb: minority buyout in Q1 2011 to create more flexibility

Well prepared to face challenges 2011 and beyond

Performance: quarterly results

CHF mm *)



*) all figures as reported

Solid quarterly results with normal seasonal patterns

Swisscom Switzerland: The cash generator

Market shares , approx.

- Mobile voice: 75%
- Mobile data: 85%
- Fixed voice: 70%
- Broadband: 45%

CBU
5'000
MNC's &
Large Corporations

Financial results 9 months 2011

Revenues: CHF 1,384mm
Contribution Margin: CHF 726mm

Market shares, approx.

- Mobile voice: 80%
- Mobile data: 80%
- Fixed voice: 85%
- Broadband: 65%

SME
300'000
Small & Medium
SoHo's

Revenues: CHF 881mm
Contribution Margin: CHF 657mm

Market shares, approx.

- Mobile voice: 60%
- Mobile data: 55%
- Fixed voice: 65%
- Broadband retail: 55%
- Digital TV: 25%

RESIDENTIAL
3,2mm households
7.5mm inhabitants

Revenues: CHF 3,825mm
Contribution Margin: CHF 2,261mm

Focus products

- Voice
- Broadband
- Roaming

WHOLESALE
145 Telco providers- nationwide

Revenues: CHF 762mm
Contribution Margin: CHF 290mm

Factory

- Mobile networks
- Fixed networks

NETWORKS, IT and SUPPORT

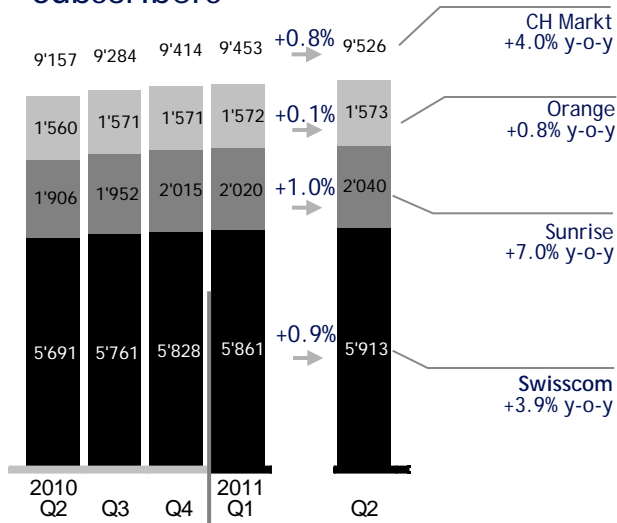
Contribution Margin: CHF -1,055mm

Swisscom Switzerland

EBITDA: CHF 2,913 mm
CAPEX: CHF 784 mm
FCF proxy: CHF 2,129mm

Wireless market Switzerland

Subscribers

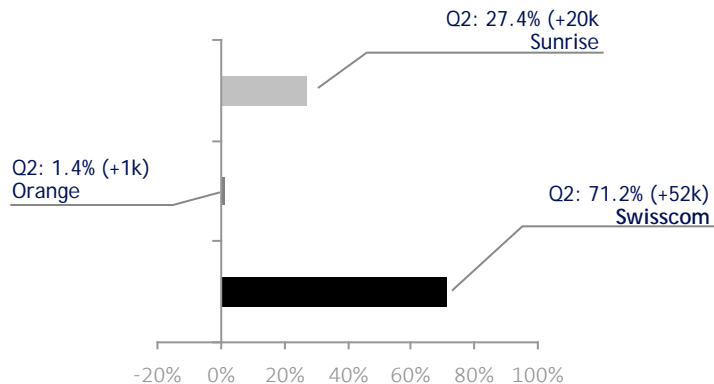


Market share Subscribers

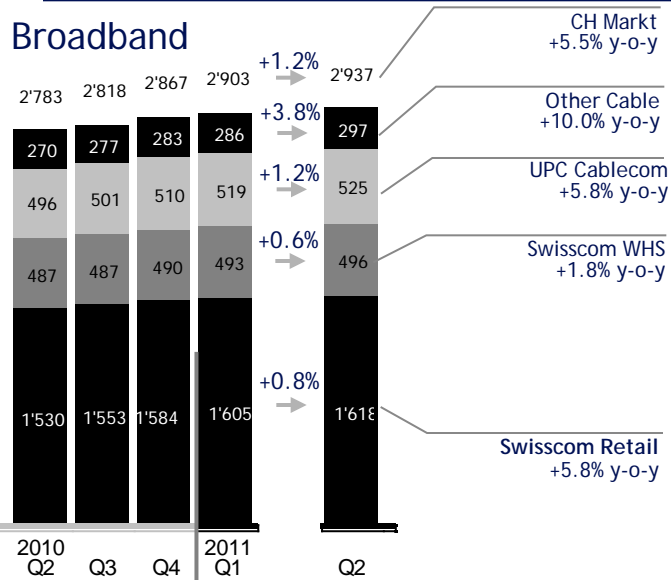
	2010			2011		Δ Q2/Q1	Δ YoY Q2
	Q2	Q3	Q4	Q1	Q2		
Swisscom	62.2%	62.1%	61.9%	62.0%	62.1%	+0.1pp	-0.1pp
Orange	17.0%	16.9%	16.7%	16.6%	16.5%	-0.1pp	-0.5pp
Sunrise	20.8%	21.0%	21.4%	21.4%	21.4%	+0.0pp	+0.6pp

- Sunrise over latest quarters winning market share at the expense of Orange
- Swisscom also gaining market share with high net adds share of 71.2% , especially strong in business customers segment

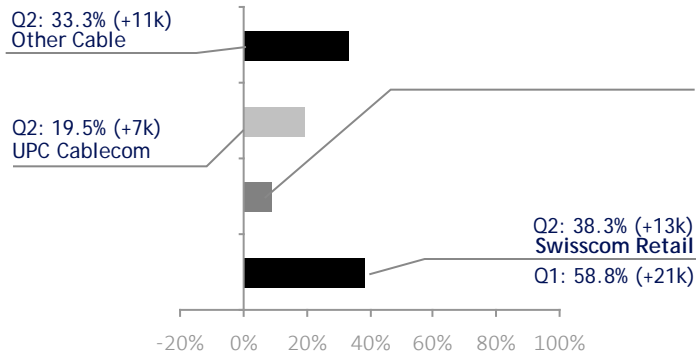
Market share net adds



Broadband market Switzerland



Market share net adds



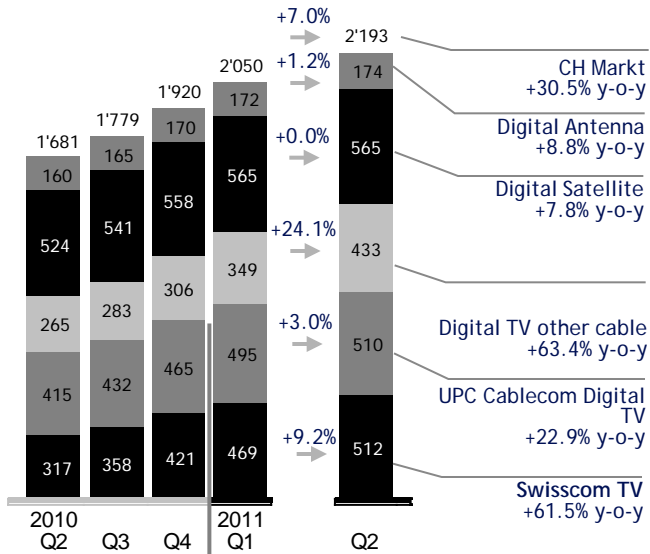
Market share Broadband

	2010			2011		Δ Q2/Q1	Δ YoY Q2
	Q2	Q3	Q4	Q1	Q2		
xDSL ¹⁾	72.5%	72.4%	72.3%	72.3%	72.0%	-0.3pp	-0.5pp
Swisscom Retail	55.0%	55.1%	55.2%	55.3%	55.1%	-0.2pp	+0.1pp
Swisscom Wholesale ²⁾	17.5%	17.3%	17.1%	17.0%	16.9%	-0.1pp	-0.6pp
davon BBCS	9.3%	8.5%	7.9%	7.4%	6.9%	-0.5pp	-2.5pp
davon Full Access	7.9%	8.5%	8.9%	9.3%	9.7%	+0.4pp	+1.8pp
davon BSA	0.3%	0.3%	0.3%	0.3%	0.3%	-0.0pp	+0.0pp
Cable	27.5%	27.6%	27.7%	27.7%	28.0%	+0.3pp	+0.5pp
UPC Cablecom	17.8%	17.8%	17.8%	17.9%	17.9%	+0.0pp	+0.1pp
Other Cable ³⁾	9.7%	9.8%	9.9%	9.9%	10.1%	+0.3pp	+0.4pp

- Overall market growth in Q2 at a par with prior year quarter
- UPC Cablecom recovering from historical lows over prior years with net adds share of 7k or 19.5%.
- Other cable operators growing again, with 33% share of net adds

Digital TV market Switzerland

Subscribers digital TV Segment

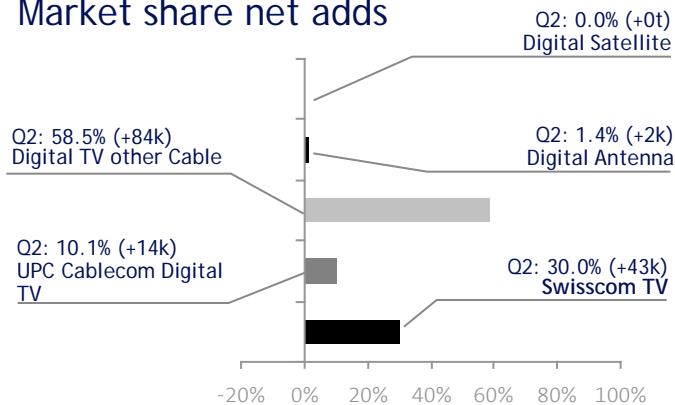


Market share digital TV Segment

	2010			2011		Δ Q2/Q1	Δ YoY Q2
	Q2	Q3	Q4	Q1	Q2		
Swisscom TV	18.9%	20.1%	21.9%	22.9%	23.3%	+0.5pp	+4.5pp
UPC Cablecom Digital TV	24.6%	24.3%	24.2%	24.2%	23.2%	-0.9pp	-1.4pp
Digital TV other cable	15.8%	15.9%	15.9%	17.0%	19.7%	+2.7pp	+4.0pp
Digital Satellite	31.2%	30.4%	29.1%	27.6%	25.8%	-1.8pp	-5.4pp
Digital Antenna	9.5%	9.3%	8.9%	8.4%	7.9%	-0.5pp	-1.6pp

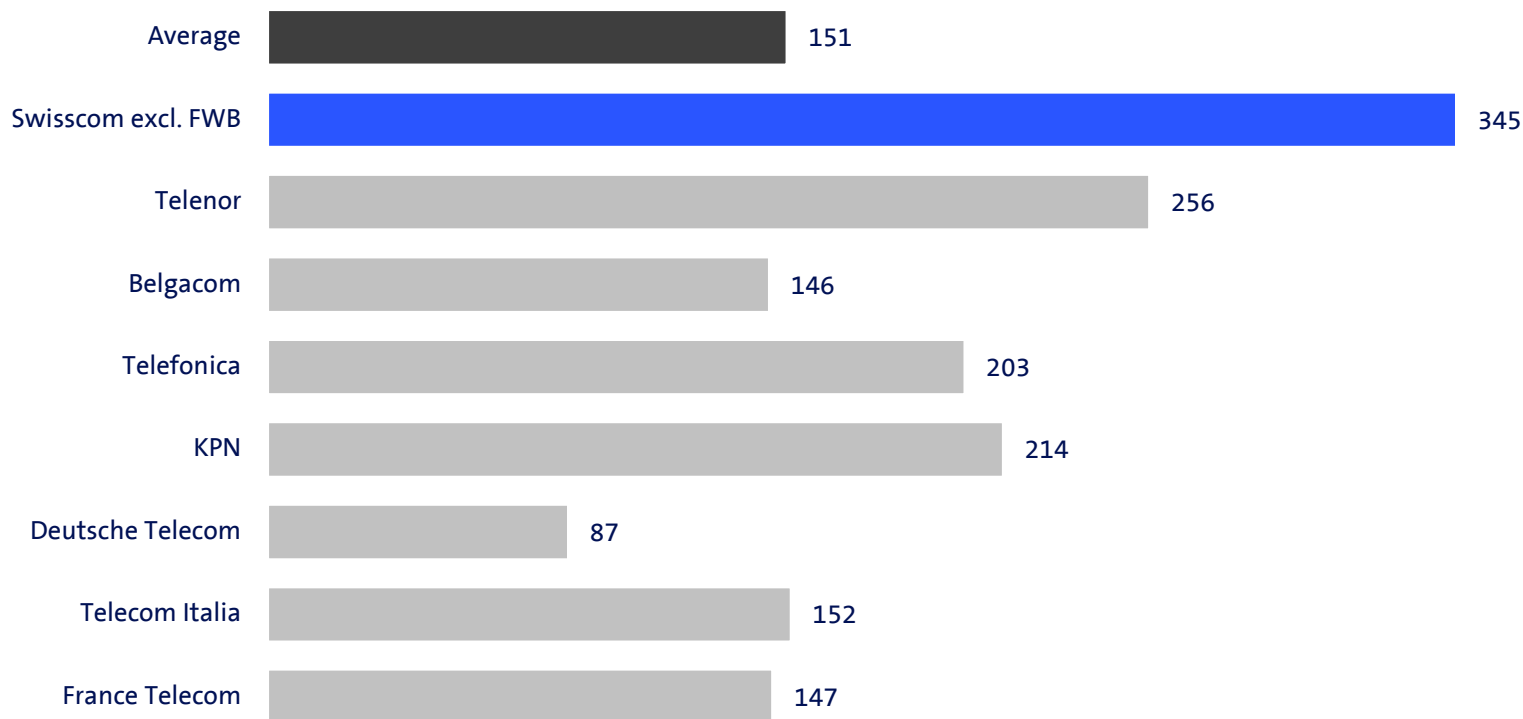
- Net adds Volume TV in Q2 2011 with +143k the highest ever, of which Swisscom TV took +43 tsd (30.0%)
- 5 years after launch, Swisscom TV overtook Cablecom as the market leader in Digital TV

Market share net adds



Market Performance: domestic share and size matter

FCF proxy (EBITDA - CAPEX) per head of population in CHF *)



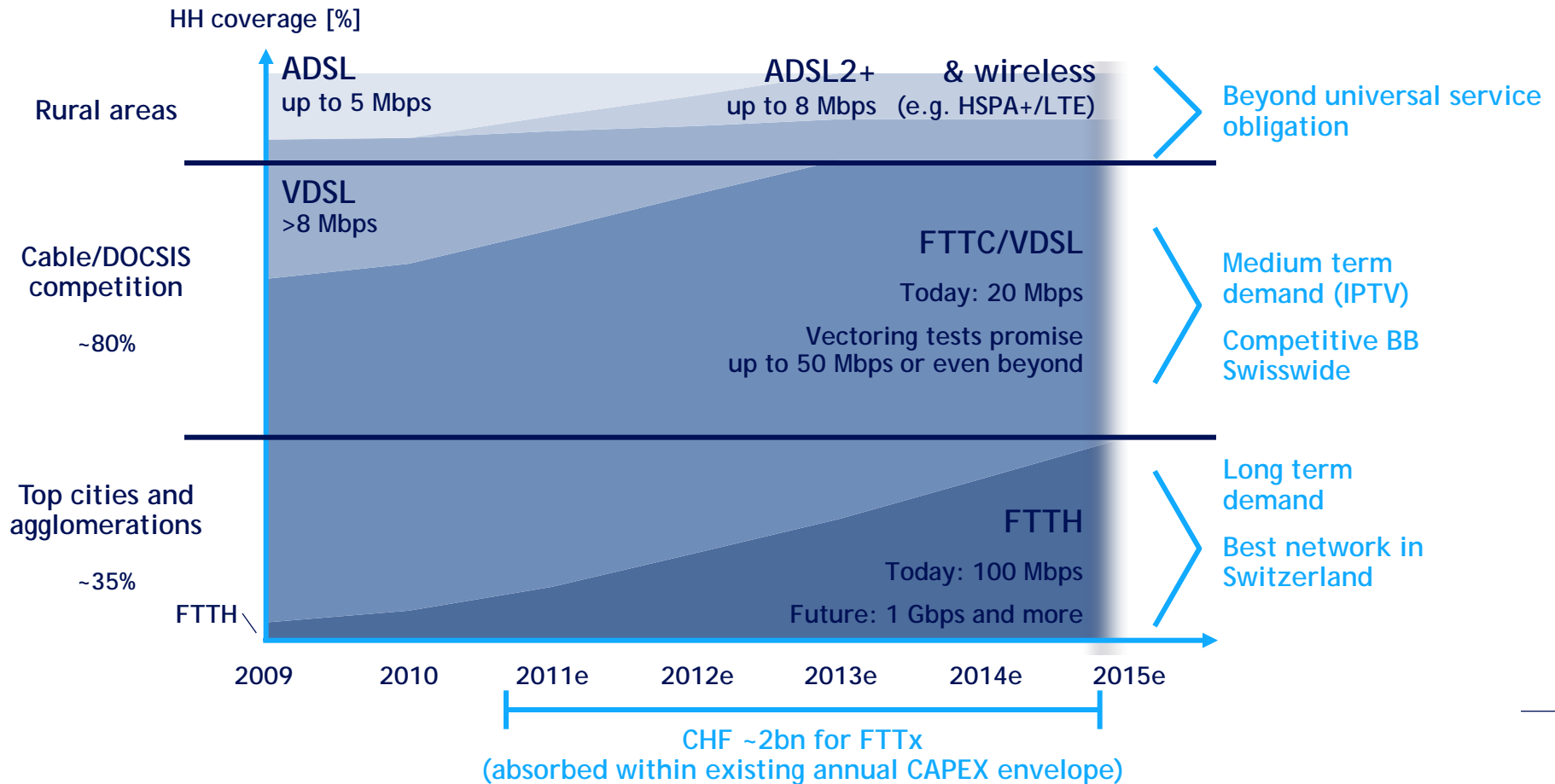
*) only domestic FCF proxy for each of the incumbents, no foreign operations. Source: own and broker research (February 2011)

**Economies of scale and high market share are important:
Swisscom more than twice as profitable as its European peers**

Fastweb: priorities

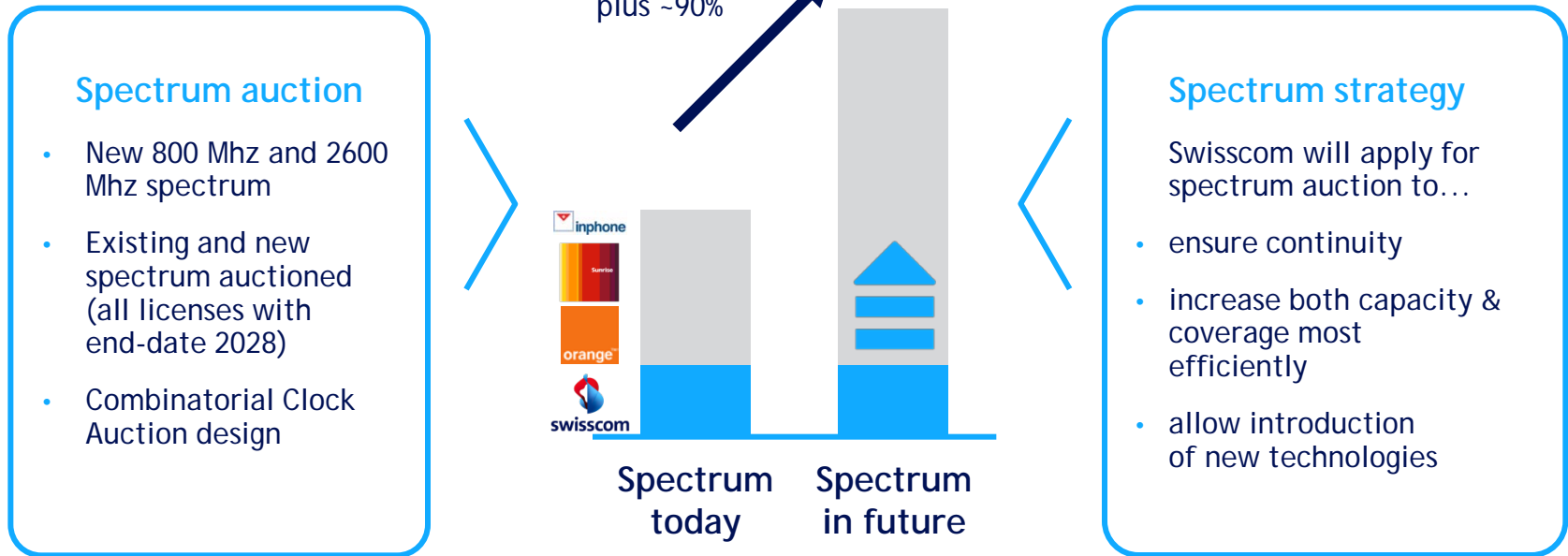


Wireline network: fibre strategy



Since rolling-out FTTH is time-consuming, a mixed FTTC/FTTH strategy is pursued to meet medium term demand and cope with cable competition

Wireless network: mobile spectrum



All existing and new mobile spectrum to be auctioned (likely to take place in Q1 2012); Swisscom will need to ensure both continuity and capacity for future bandwidth demand

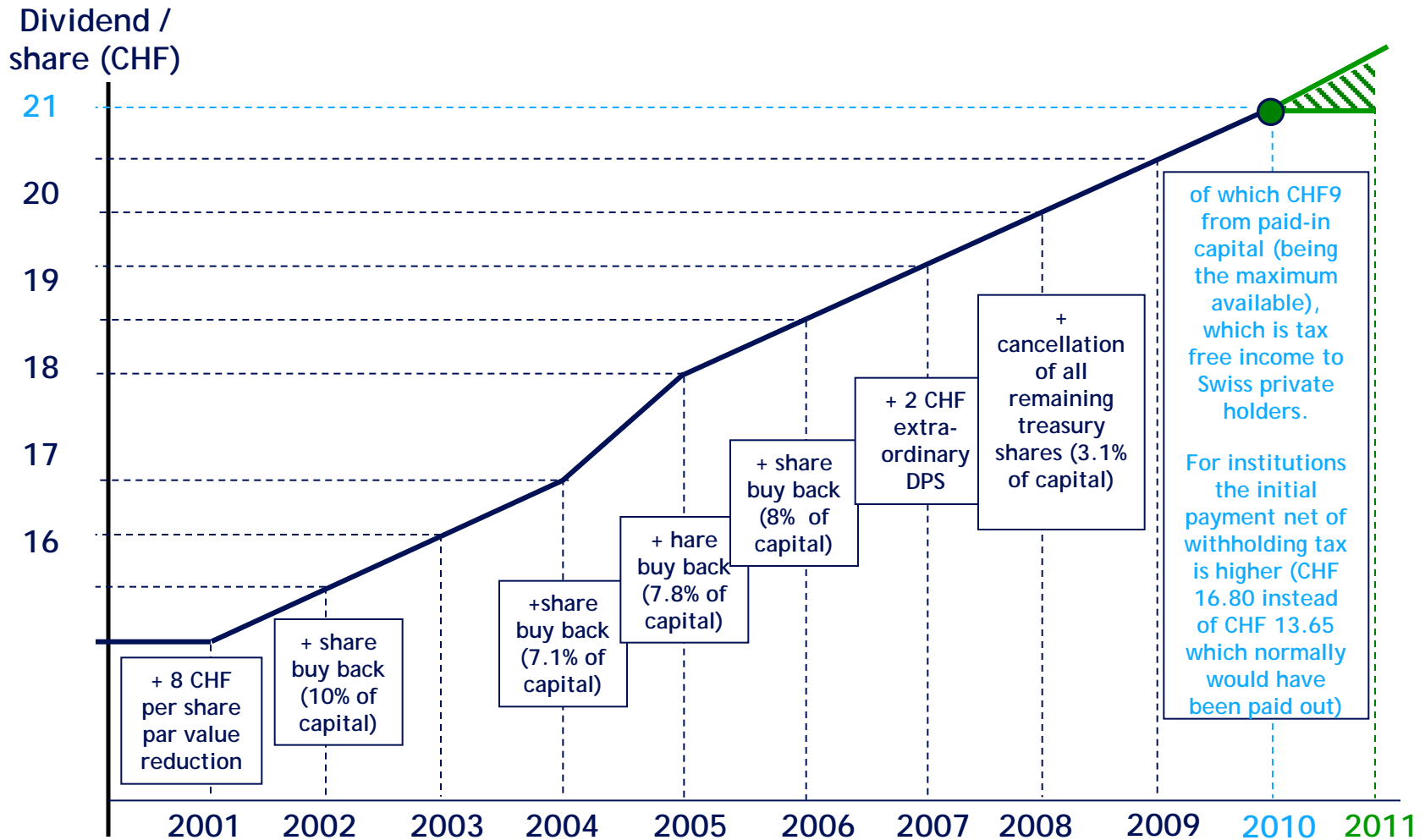
Main regulatory cases

- **LRIC/ULL:** Federal Administrative Court overruled ComCom: telecoms regulator cannot impose price cuts where competitors had not contested these. One possible civil complaint may be lodged (from an operator with whom Swisscom has not reached an agreement yet), therefore provision not to be fully released yet
- **Leased Lines:** Appeal against ComCom's ruling that Swisscom has to resell lines at cost wherever there are not at least 2 providers. Case has been fully provisioned for, however should ruling be negative, then a price cut would extend itself into the future
- **Mobile Termination Rates:** Federal Administrative Court has quashed the decision of the Competition Commission to impose a CHF 333 mm fine. Case still under courts
- **ADSL:** Competition Commission claims Swisscom has abused its market dominance in setting too high wholesale prices. Decision by Federal Administrative Court only after decision on MTR case

2011 so far a year in which regulatory cases have developed favourably for Swisscom

Payout: dividend development -

pledge to always pay at least the same dividend as the preceding year



Q&A

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.

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