

## Swisscom 2009 results

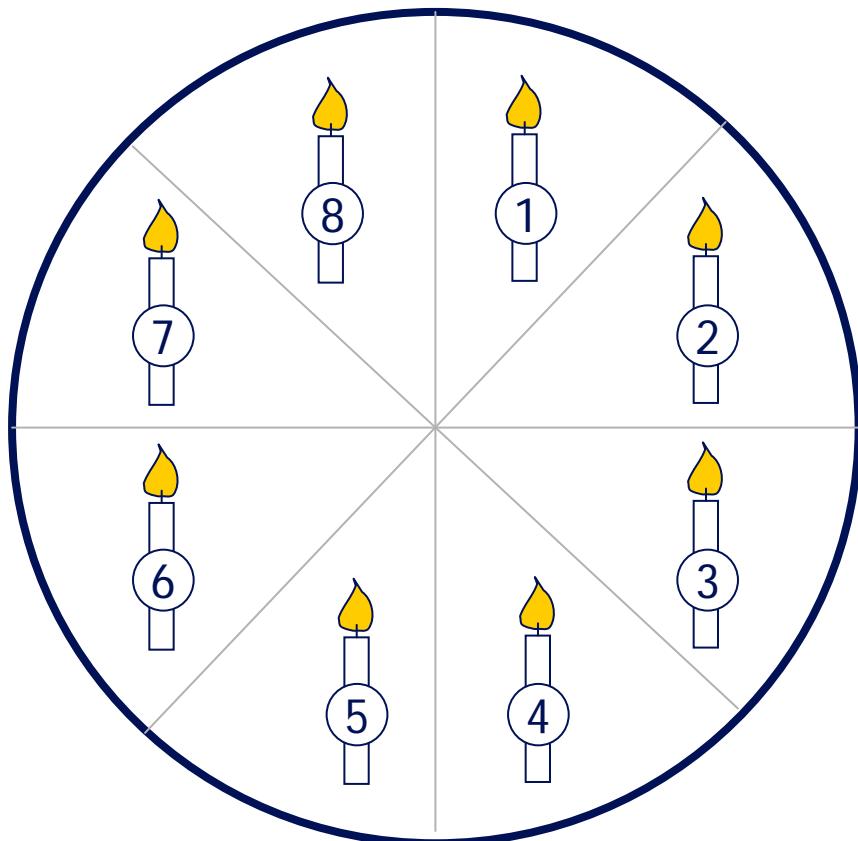
**Annus “Hurray”bilus – better than feared**

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18 February 2010

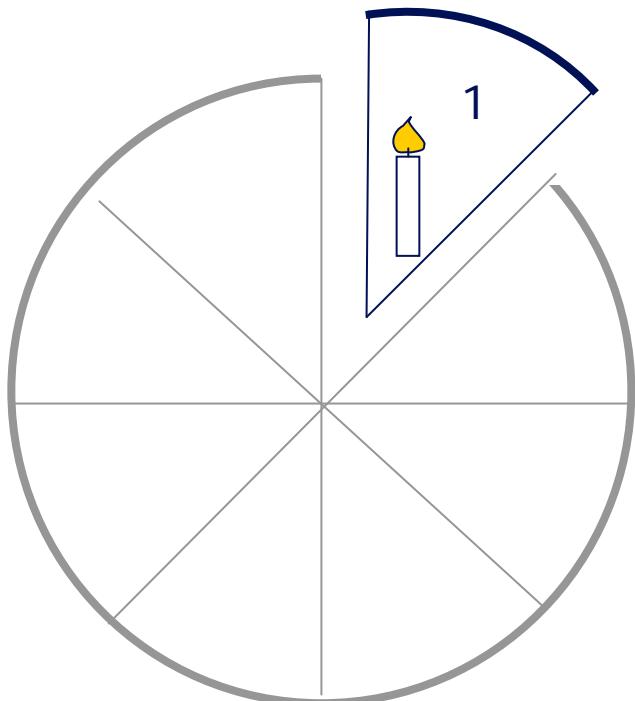
# Annus Huraybilus, Agenda

2



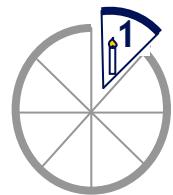
- 1 2009, better than feared
- 2 Revenue & margin dynamics, 2009
- 3 Revenue & margin dynamics, 2010
- 4 Cost initiatives
- 5 FTTH
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- 7 2009 financials, debt and dividends
- 8 2010 outlook

Q&A



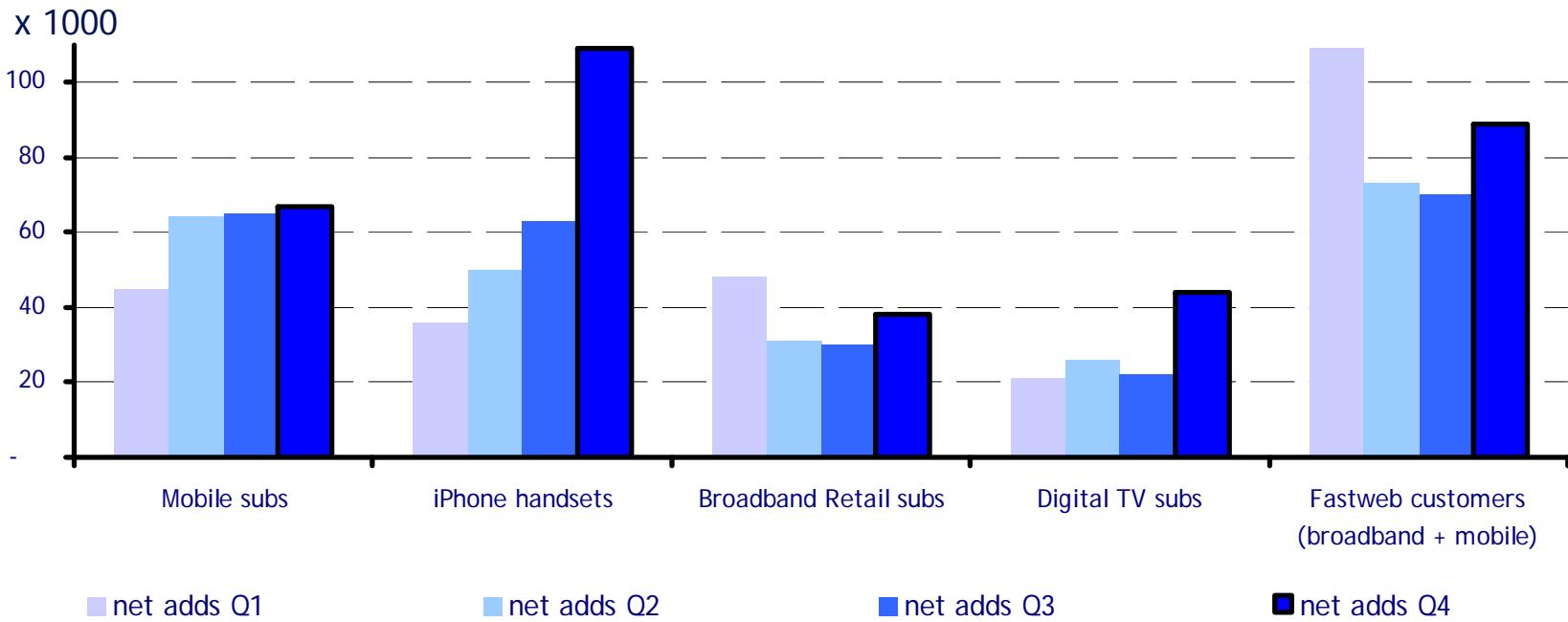
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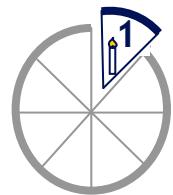


## Q<sup>4</sup>: better than feared, operationally...

4



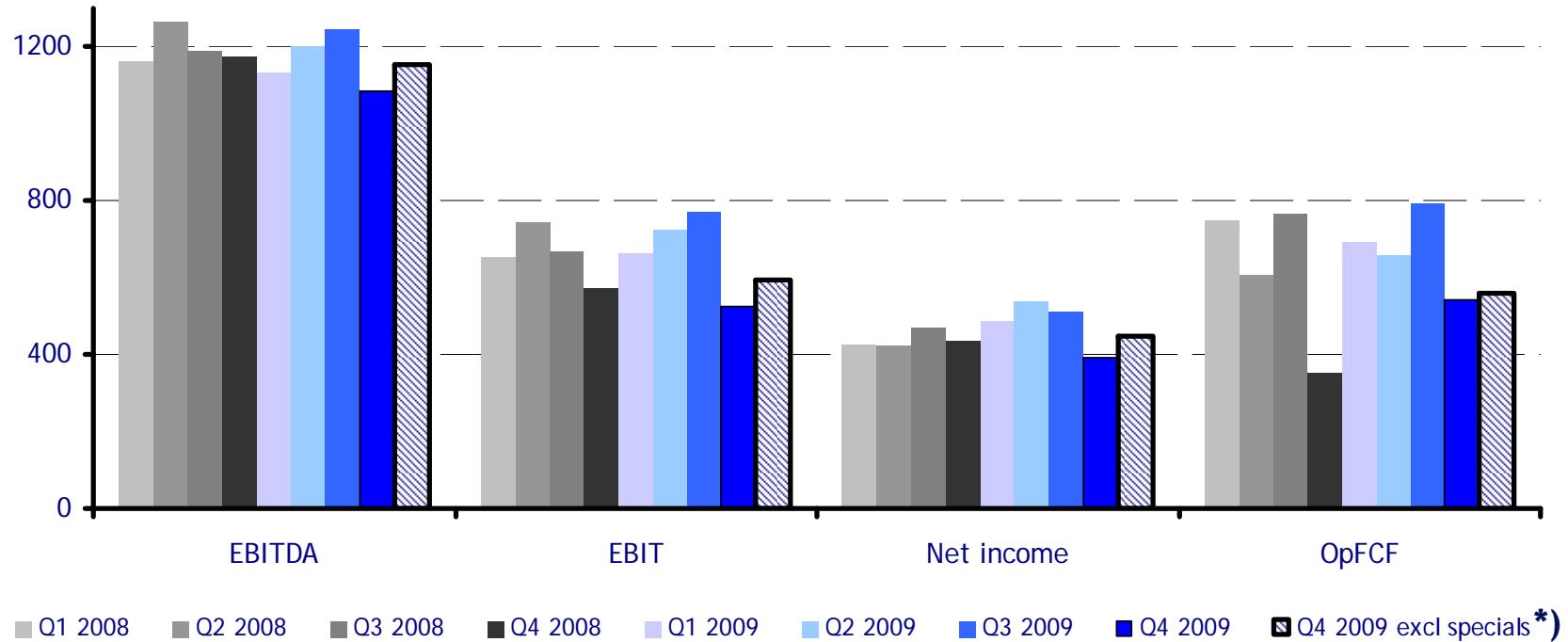
Q4 2009: again a strong quarter in terms of net adds



## Q<sup>4</sup>: better than feared, ... financially

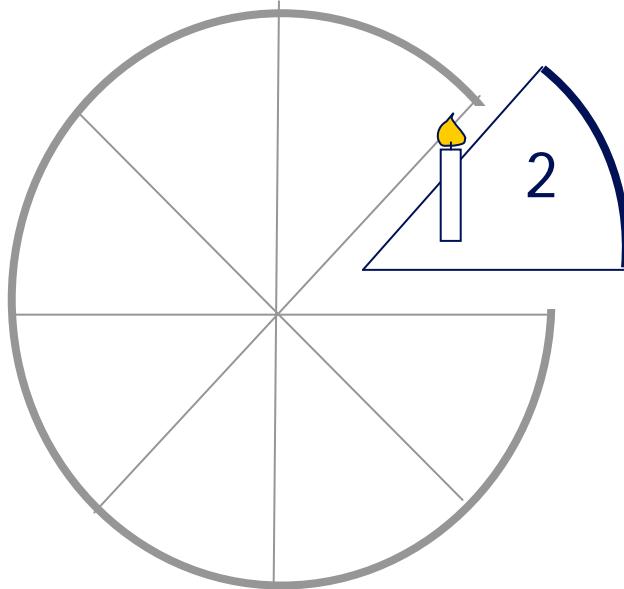
5

CHF mm



\*) Q4 corrected for CHF 48mm of provisions booked in December 2009 plus CHF 20mm extra costs related to TV push/campaign and higher iPhone SAC's compared to Q4 2008

Average quarter 2009 better than feared

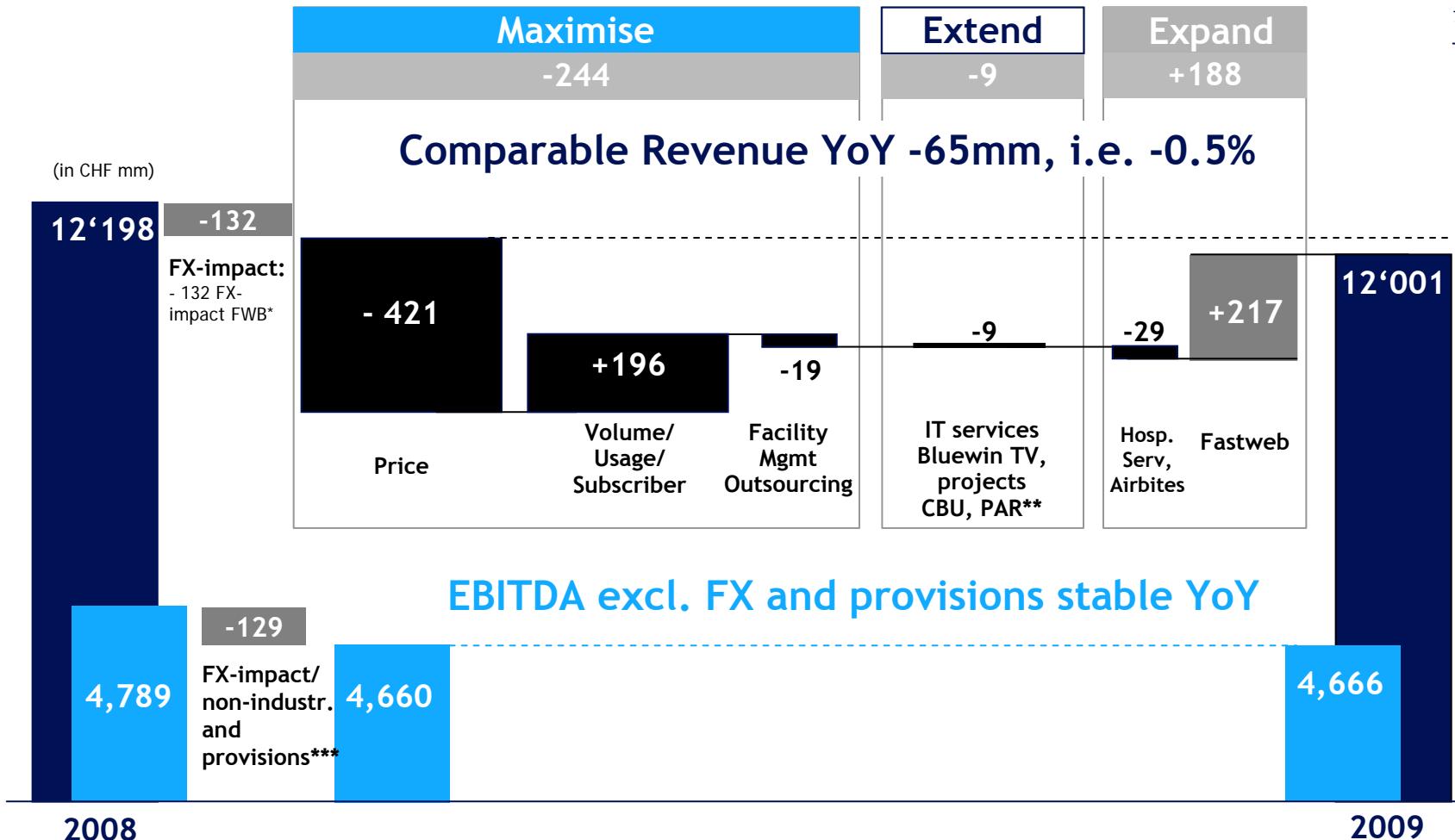


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## Stable YoY: results of Swisscom's 3 pillar strategy



## Lower impact on EBITDA than on Revenues, thanks to cost savings

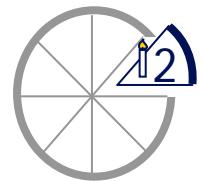
\*) FX-Impact Fastweb (CHF/EUR 12m08: 1.58, 12m09: 1.51): -132 MCHF revenue

\*\*) PAR 'Extend' includes SC Broadcast, Sicap Group, Billaq, Alphapay Group and Curabil

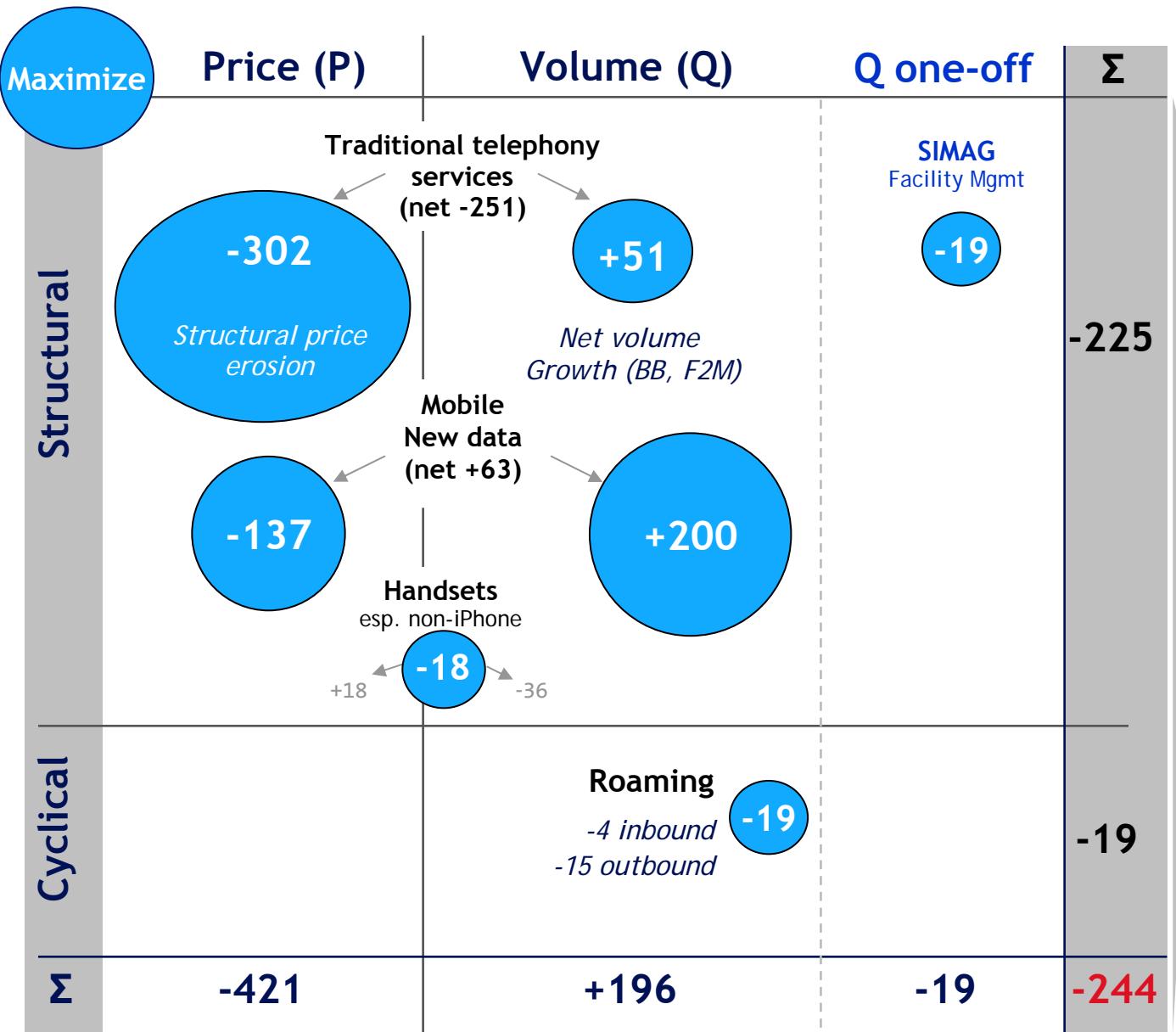
\*\*\*) FX-impact Fastweb: -39 MCHF, EBITDA from TI payment Fastweb 2008: -48 MCHF (30 MEUR), regulatory provisions 08/09 -42 MCHF



## 2009 Revenue dynamics, pillar MAXIMIZE



8



Translated into  
Swisscom's 3-pillar  
strategy:

**Σ -244** Pillar “Maximize”

## $\Sigma$ (- 9) Pillar “Extend”

$\Sigma$  (- 29) Pillar “Expand”

**Σ - 282** Total w.o. Fastweb

+217

**$\Sigma$  - 65** Total in  
constant CHF

-132 FX impact Fastweb

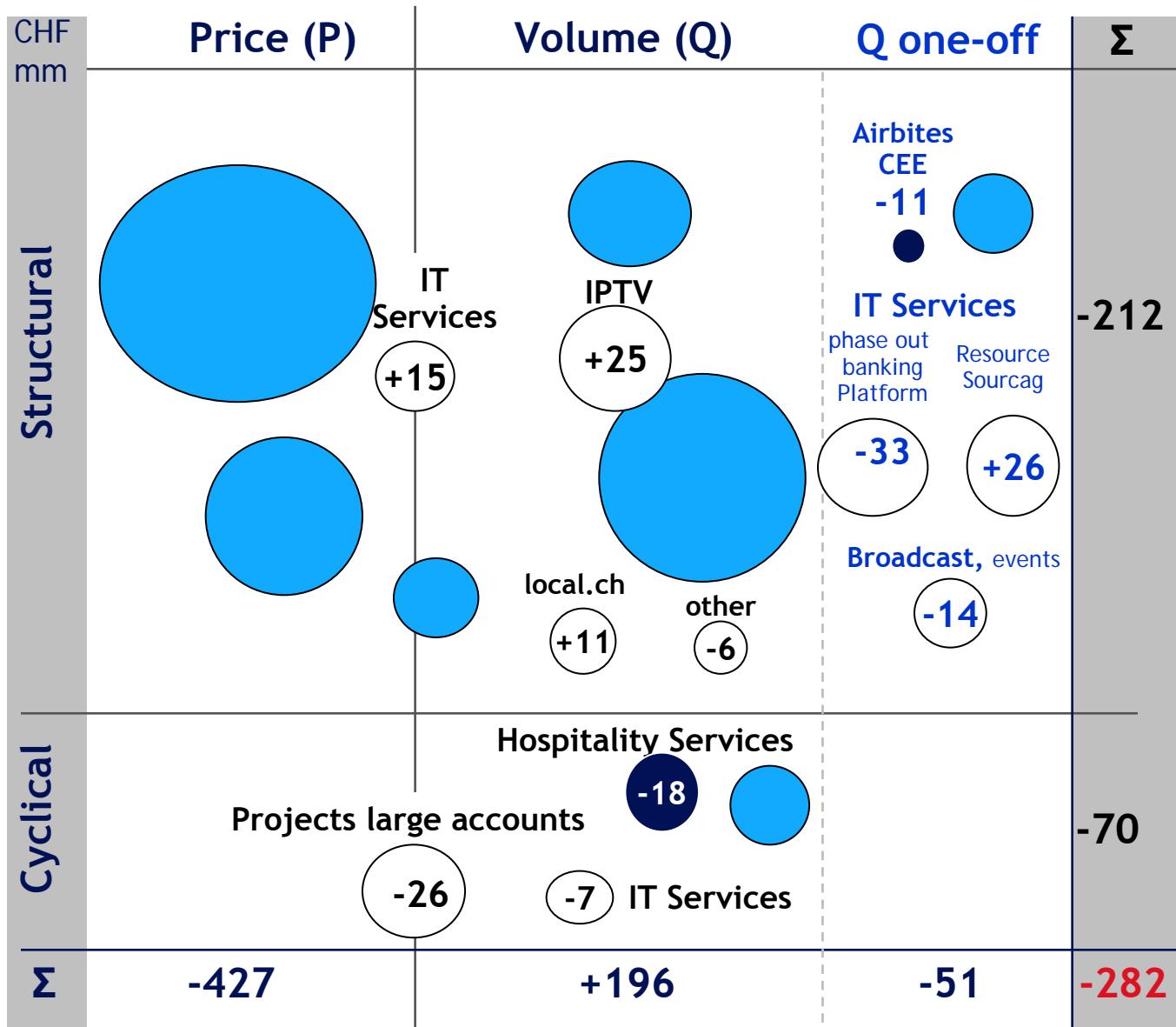
**Σ -197** 2009 revenues decline as reported for the Group



# Revenue dynamics including other pillars



9



Translated into  
Swisscom's 3-pillar  
strategy:

$\Sigma$  -244 Pillar "Maximize"

$\Sigma$  - 9 Pillar "Extend"

$\Sigma$  - 29 Pillar "Expand"

$\Sigma$  - 282 Total w.o. Fastweb

+217 Fastweb in  
constant CHF

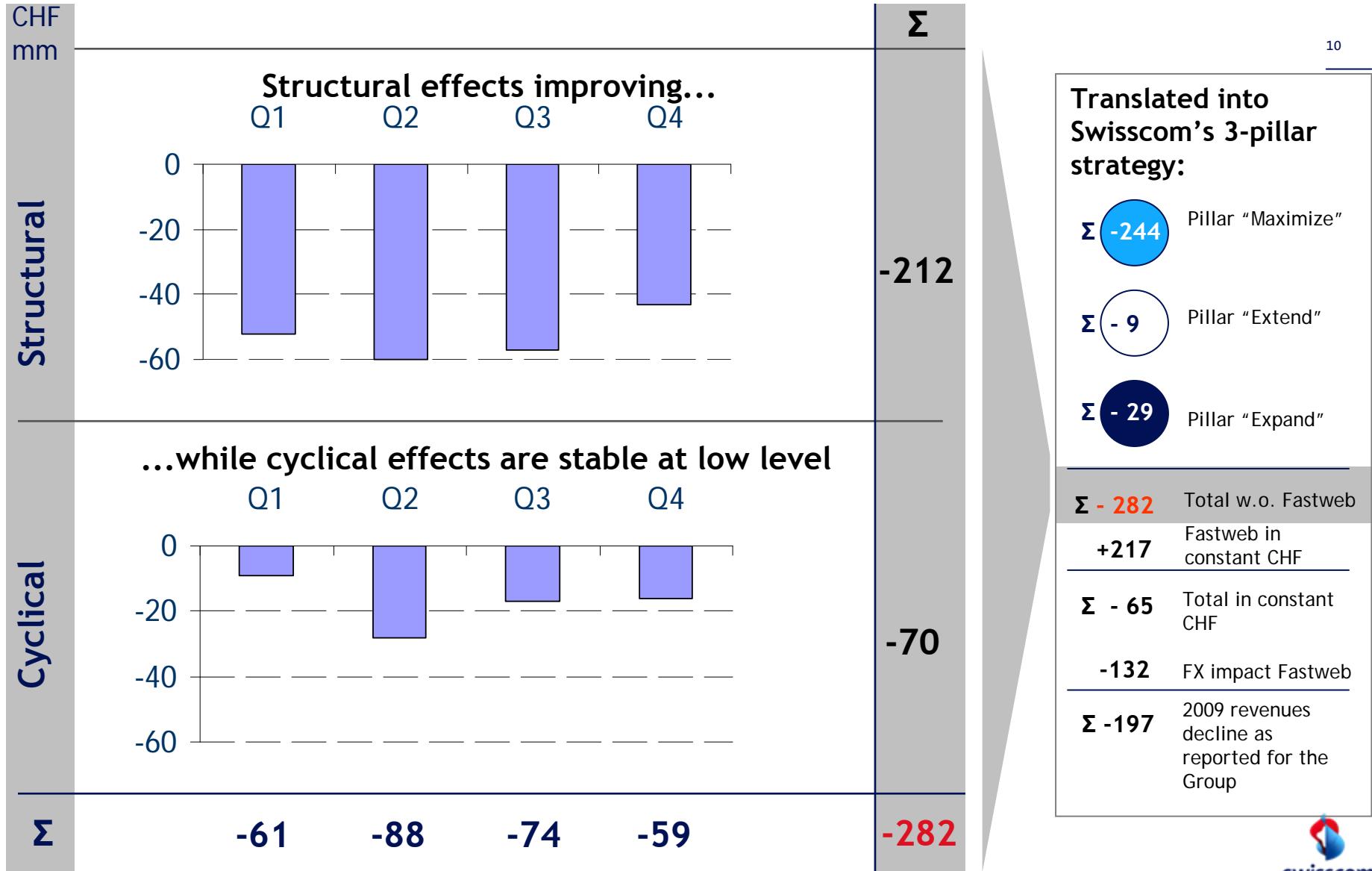
$\Sigma$  - 65 Total in  
constant CHF

-132 FX impact Fastweb

$\Sigma$  -197 2009 revenues  
decline as  
reported for the  
Group



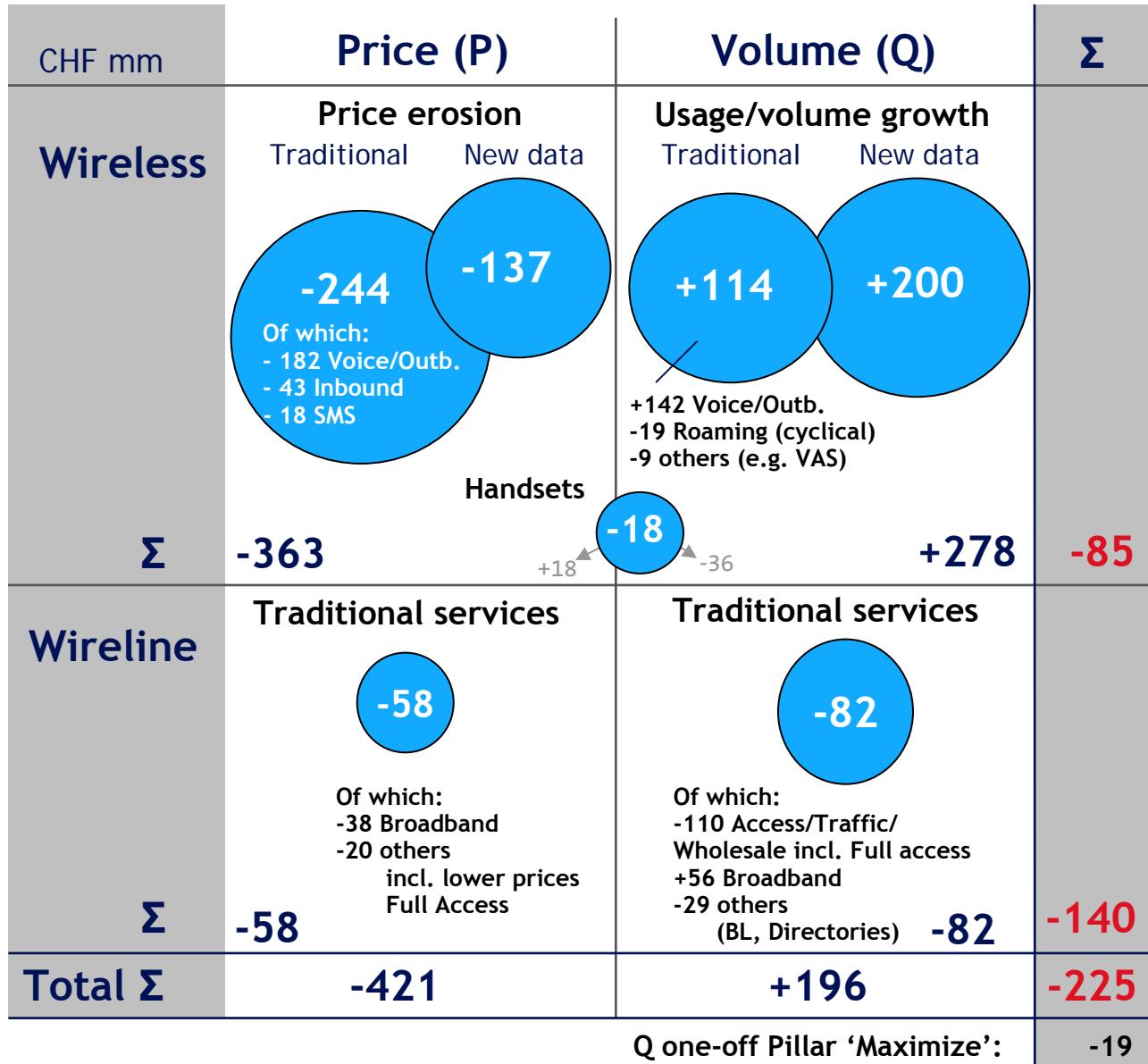
# 2009 revenue dynamics over the quarters



# 2009 Revenue dynamics within the pillar 'Maximize', split in mobile and fixed business



11



Translated into  
Swisscom's 3-pillar  
strategy:

$\Sigma$  **-244** Pillar "Maximize"

$\Sigma$  **- 9** Pillar "Extend"

**- 29** Pillar "Expand"

$\Sigma$  **- 282** Total w.o. Fastweb

**+217** Fastweb in  
constant CHF

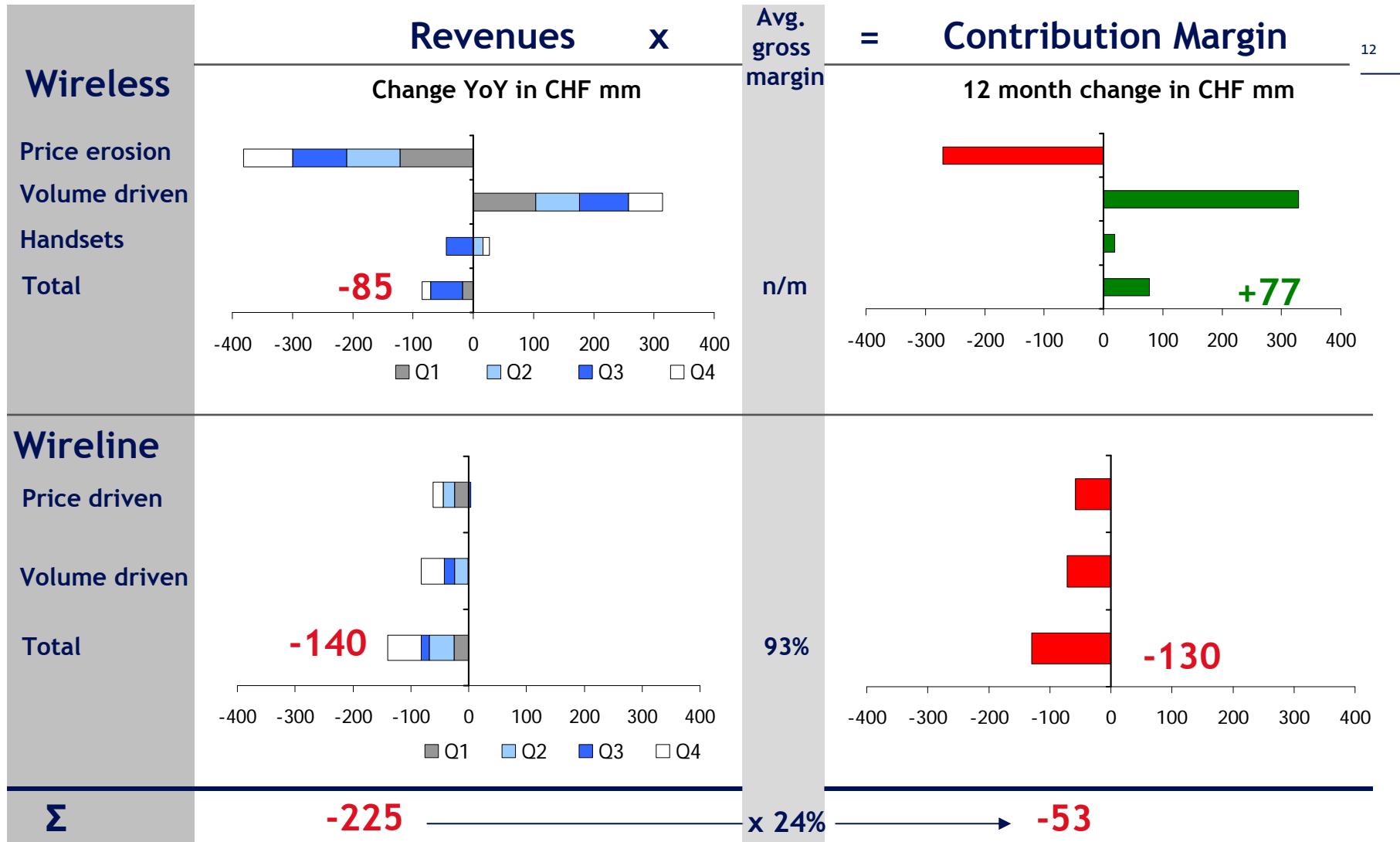
$\Sigma$  **- 65** Total in  
constant CHF

**-132** FX impact Fastweb

$\Sigma$  **-197** 12 month  
revenues decline  
as reported for  
the Group

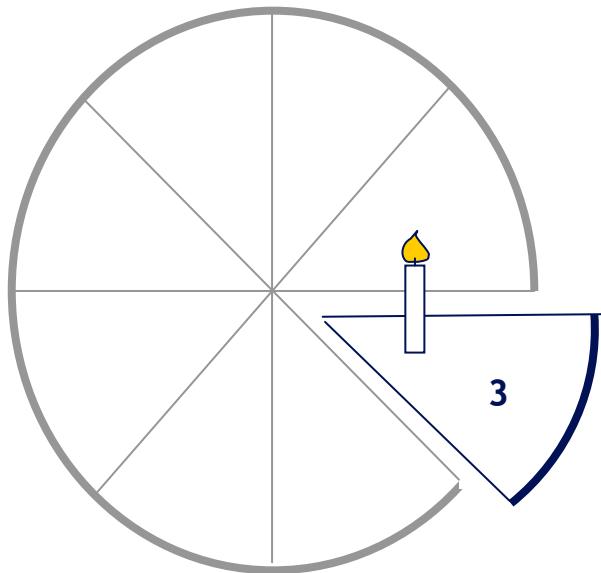


# 2009 revenue impact on contribution margin



Only CHF 53 mm impact on gross margin from 225mm lower revenues, caused by lower roaming/termination cost of -90mm, and lower number of non-iPhone handsets sold at negative margin





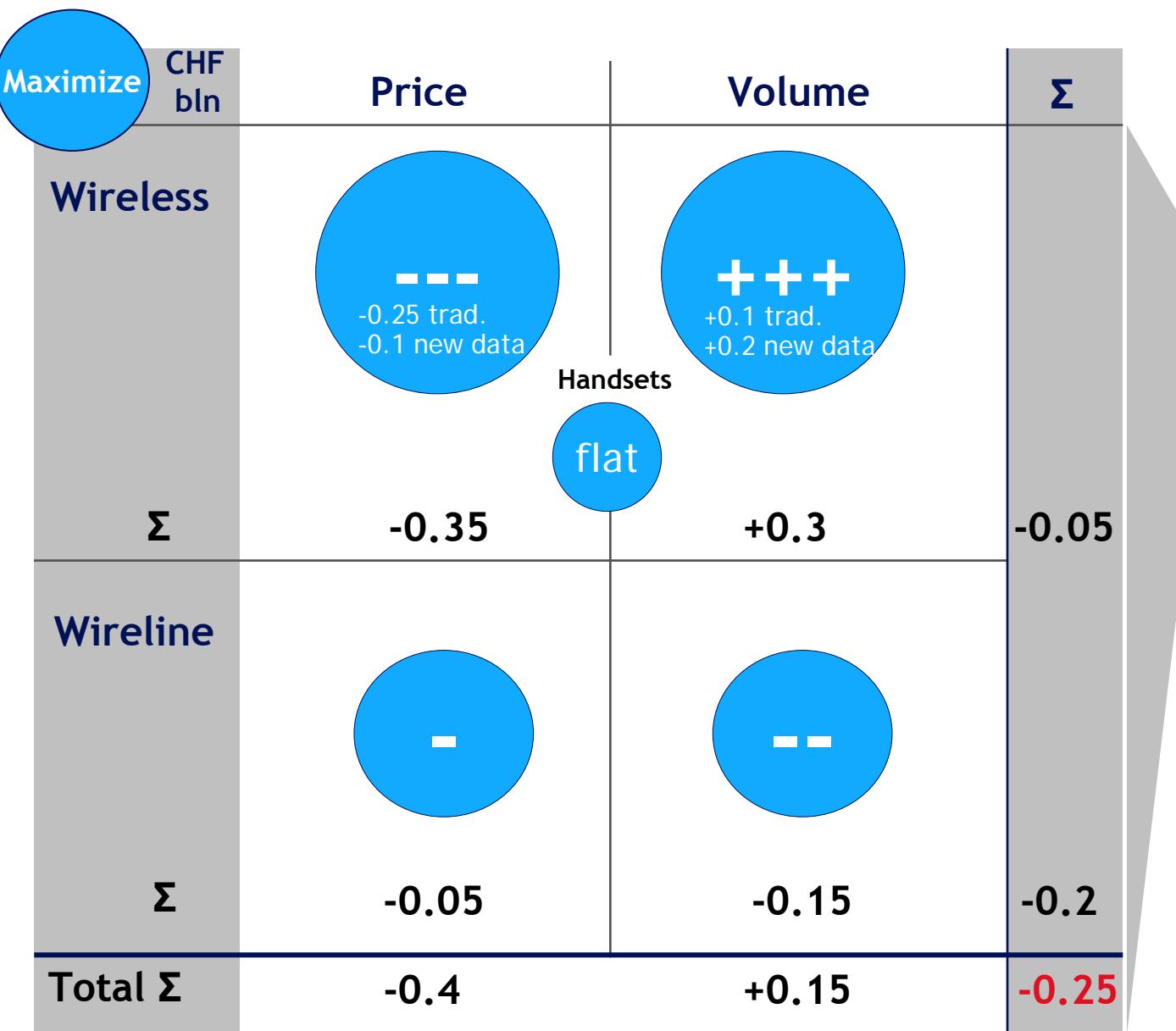
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# Expected 2010 Revenue dynamics, pillar Maximize



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Translated into  
Swisscom's 3-pillar  
strategy:

-0.25 Pillar "Maximize"

+0.15 Pillar "Extend"

0 Pillar "Expand"  
non-Fastweb

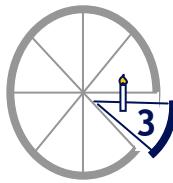
Σ-0.1 Total  
w.o. Fastweb

+0.15 Pillar "Expand"  
Fastweb (in  
constant CHF)

> 0 Total in  
constant CHF  
??? FX impact  
Fastweb



# Expected 2010 Revenue dynamics, pillar Extend



15

Extend

CHF  
bIn

Price

Volume

$\Sigma$

IPTV

++

IT

-

++++

Especially Resource and Sourcag

Large  
Accounts  
(project  
business)

+

All Other

++

Total  $\Sigma$

$\sim 0$

$\sim +0.15$

$+0.15$

Translated into  
Swisscom's 3-pillar  
strategy:

-0.25

Pillar "Maximize"

+0.15

Pillar "Extend"

0

Pillar "Expand"  
non-Fastweb

$\Sigma -0.1$

Total  
w.o. Fastweb

+0.15

Pillar "Expand"  
Fastweb (in  
constant CHF)

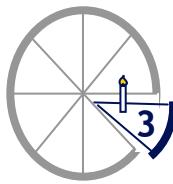
> 0

Total in  
constant CHF

???

FX impact  
Fastweb





# Expected 2010 Revenue dynamics, Expand: Fastweb

Expand,  
Fastweb

CHF  
bln

Price

Volume

$\Sigma$

• Consumer

--

++

+

• SME

--

++

++

• Executive  
including  
wholesale

--

+

--

• Mobile

+

+++

+++

Total  $\Sigma$

-0.1

+0.25

+0.15

Translated into  
Swisscom's 3-pillar  
strategy:

-0.25

Pillar "Maximize"

+0.15

Pillar "Extend"

0

Pillar "Expand"  
non-Fastweb

$\Sigma$ -0.1

Total  
w.o. Fastweb

+0.15

Pillar "Expand"  
Fastweb (in  
constant CHF)

> 0

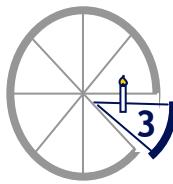
Total in  
constant CHF

???

FX impact  
Fastweb



In summary: overall expected 2010 Revenue dynamics,  
Swisscom incl. Fastweb



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CHF bln	Price	Volume	$\Sigma$
<b>Maximize Total</b>	-0.4	+ 0.15	-0.25
<b>Extend Total</b>	0	+0.15	+0.15
<b>Expand non-Fastweb</b>	0	0	0
<b>Expand Fastweb</b>	-0.1	+0.25	+0.15
<b>Total <math>\Sigma</math></b>	<b>-0.5</b>	<b>+0.55</b>	<b>&gt; 0</b>

Translated into  
Swisscom's 3-pillar  
strategy:

**-0.25** Pillar "Maximize"

**+0.15** Pillar "Extend"

**0** Pillar "Expand" non-Fastweb

**$\Sigma$ -0.1** Total w.o. Fastweb

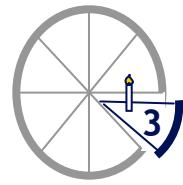
**+0.15** Pillar "Expand" Fastweb (in constant CHF)

**> 0** Total in constant CHF

**???** FX impact Fastweb



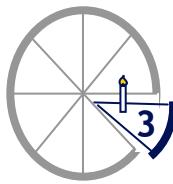
# Summary revenue dynamics, 2009 versus 2010E



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Change YoY (CHF mm)	CHF mm	CHF bln	
	2009 Actual vs. 2008 Actual	Trend:	2010 Expected vs 2009 Actual
Pillar “Maximize”	-244	→	-0.25
Pillar “Extend”	-9	↗	+0.15
Pillar “Expand”	-29	↗	0
<b>Total w.o. Fastweb</b>	<b>Σ -282</b>	<b>↗</b>	<b>Σ - 0.1</b>
Fastweb in constant CHF	+217	↘	+0.15
<b>Total in constant CHF</b>	<b>Σ -65</b>	<b>↗</b>	<b>&gt; 0</b>
FX impact Fastweb	-132		?
<b>Net change</b>	<b>Σ -197</b>		<b>Σ ?</b>

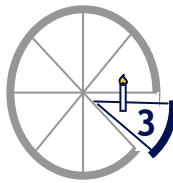
# Expected 2010 profitability dynamics, Swisscom incl. Fastweb



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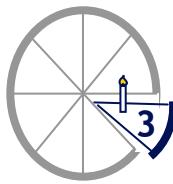
CHF bln	Third party Revenues	CM1	Indirect & capitalised cost	EBITDA
<b>Maximize</b> Wireless Wireline	-0.05 -0.2 → <b>-0.25</b>	-0.2	-0.1	-0.1
<b>Extend</b> IPTV IT Large accts		+0.1	+	+
<b>Expand</b> non Fastweb	=	=	=	=
<b>Swisscom</b> w/o Fastweb	<b>-0.1</b>	<b>-0.1</b>	<-0.1	<-0.1
<b>Expand</b> Fastweb in constant CHF	<b>+0.15</b>	+0.05	-	+>0.05
<b>Total Σ</b>	<b>&gt; 0</b>	<b>&lt; 0</b>	<b>&lt;-0.1</b>	<b>&lt; 0</b>

# Reconciliation of dynamics to expected 2010 results (Guidance)



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	Revenues	CM1	Indirect & capitalised cost	EBITDA
<b>Swisscom</b> w/o Fastweb 2009 Actual	<b>CHF 9.22 bln</b>			<b>CHF 3.84 bln</b>
change in 2010	<b>-0.1</b>	<b>-0.1</b>	<b>&lt;-0.1</b>	<b>&lt;-0.1</b>
<b>Swisscom 2010 Guidance</b>	<b>~ CHF 9.15 bln</b>			<b>~ CHF 3.75 bln</b>
<b>Fastweb 2009 Actual</b>	<b>€ 1.85 bln</b>			<b>€ 551 mm</b>
change in 2010	<b>€ 100 mm</b>	<b>++</b>	<b>+</b>	<b>+30</b>
<b>Fastweb 2010 Guidance</b>	<b>~ € 1.95 bln</b>			<b>~ € 580 mm</b>
<b>Proforma Group 2010 in CHF bln</b>	<b>~ 12-12.1</b>			<b>&gt; 4,6</b>



# Regulatory Outlook

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CHF mm	Cases brought:		Potential impact*):			Risk of occurrence
	before 2009	in 2009	2010	later	$\Sigma$	
Covered by provisions	Access proceedings: <ul style="list-style-type: none"> <li>• LRIC</li> <li>• ULL</li> </ul>	<ul style="list-style-type: none"> <li>• Other regulatory</li> </ul>	220	30	250	<p>&gt; 50%</p> <p>(fully covered by provisions, i.e. no EBITDA (but FCF) impact should these cases materialise)</p>
Not covered by provisions	<ul style="list-style-type: none"> <li>• Mobile Termination I (1.4.05-31.5.05)</li> <li>• Mobile Termination II (from 1.6.05)</li> <li>• ADSL</li> </ul>		333 (co-covered by Vod) <p>may trigger</p>	??	550+	<p>&lt; 50%</p> <p>(not covered by provisions)</p>

\*) Potential impact legend:



$\Sigma$

550

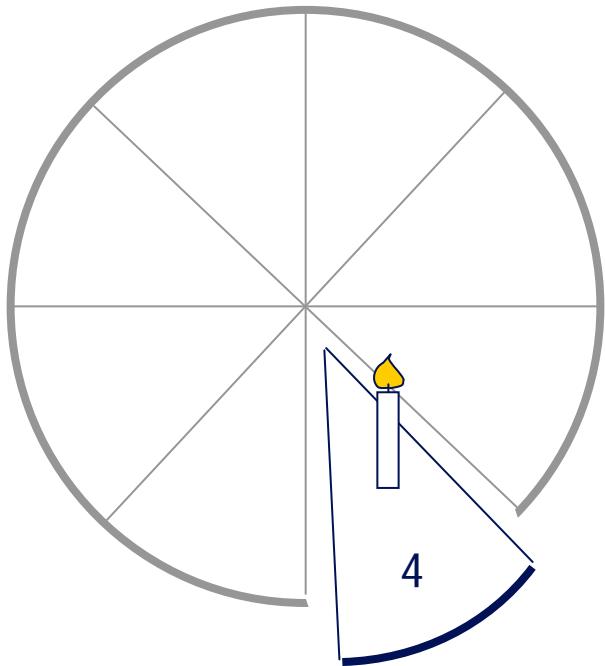
250+

800+

Weighted risk  
<<50%

No significant new risks in 2009. In 2010, material clarification on pending cases to be expected





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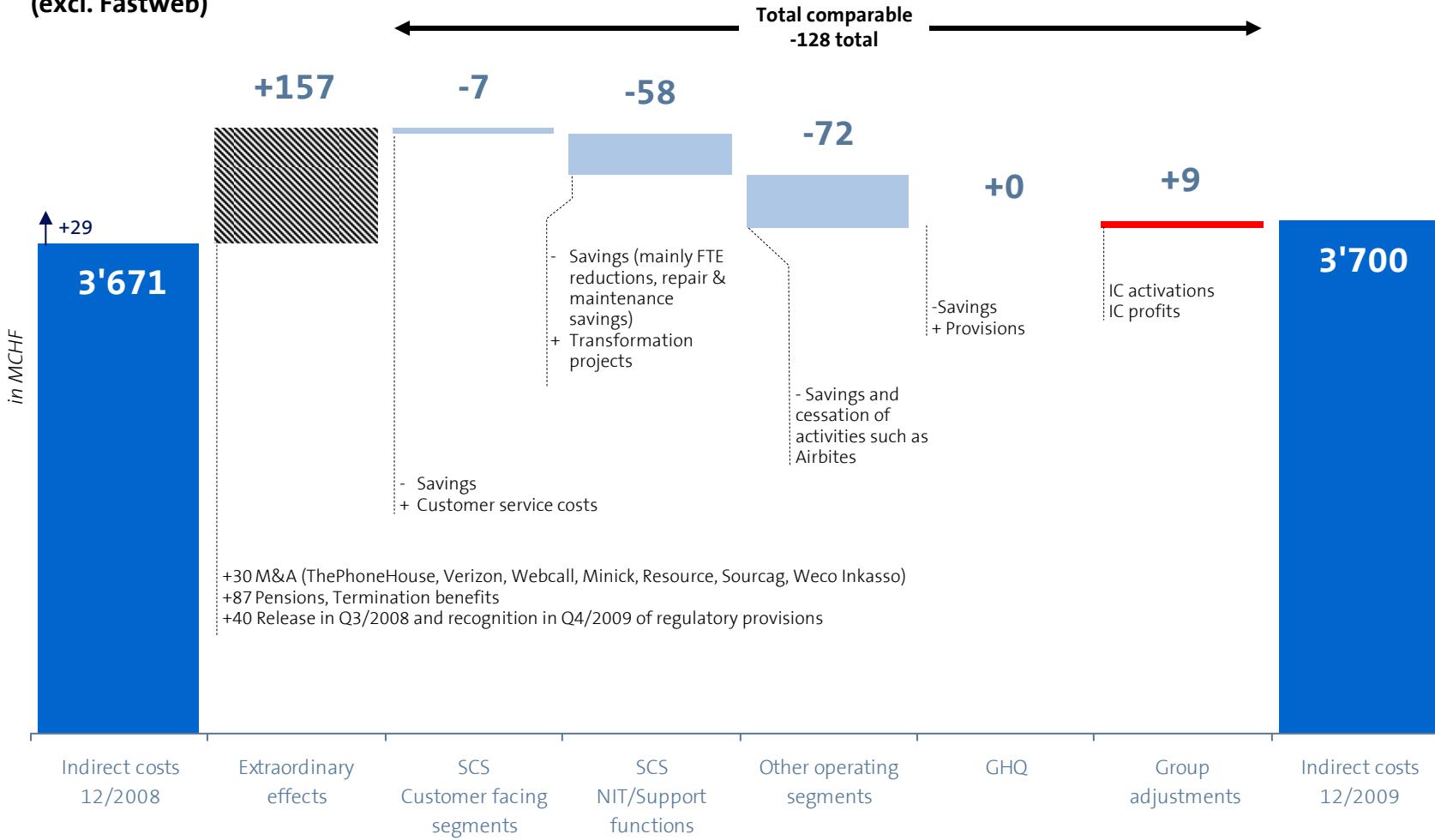
Q&A



## Achieved in 2009: indirect costs savings of 128 MCHF

23

Swisscom  
(excl. Fastweb)

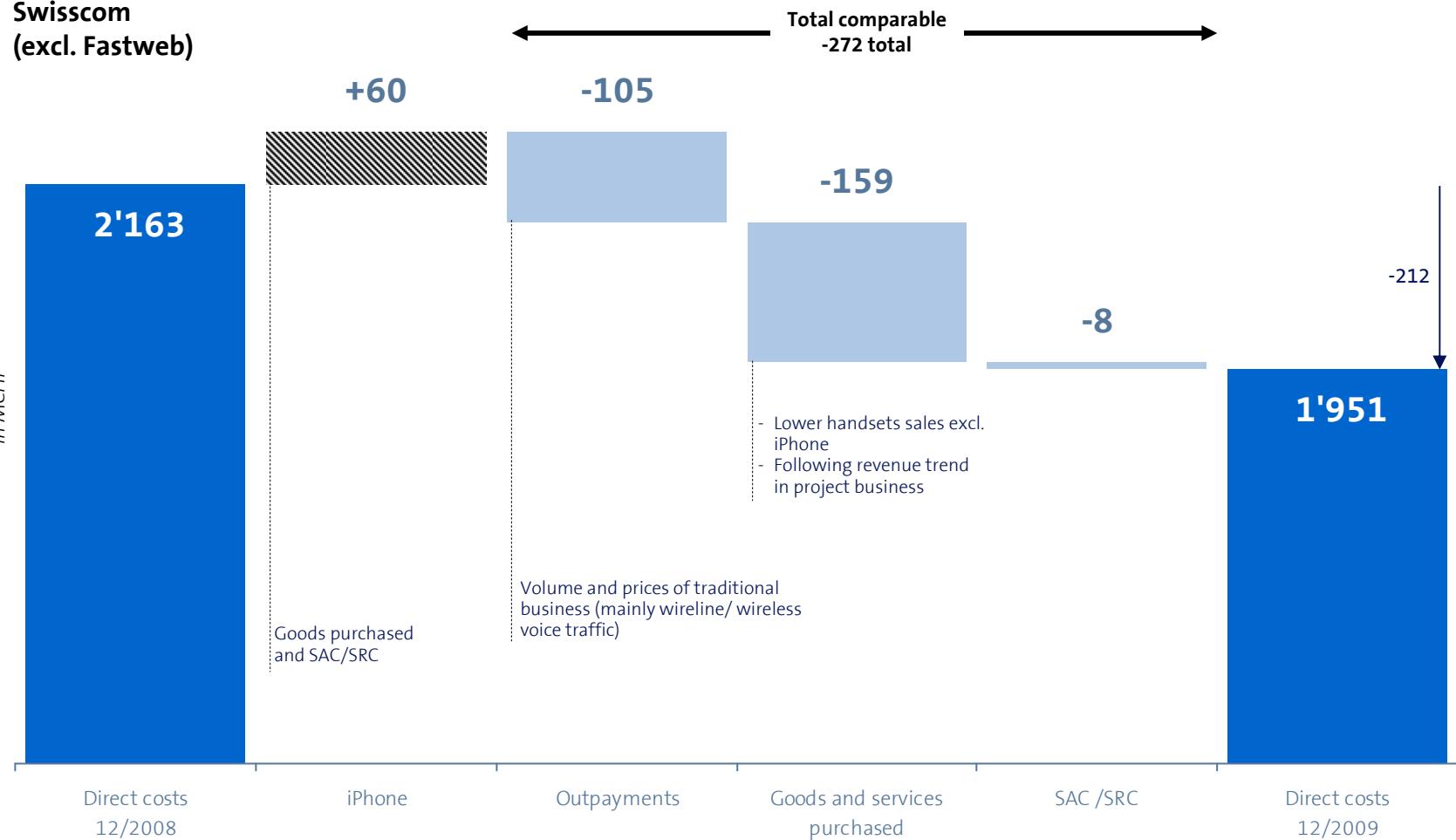




## Achieved in 2009: direct costs decrease of 272 MCHF

24

Swisscom  
(excl. Fastweb)

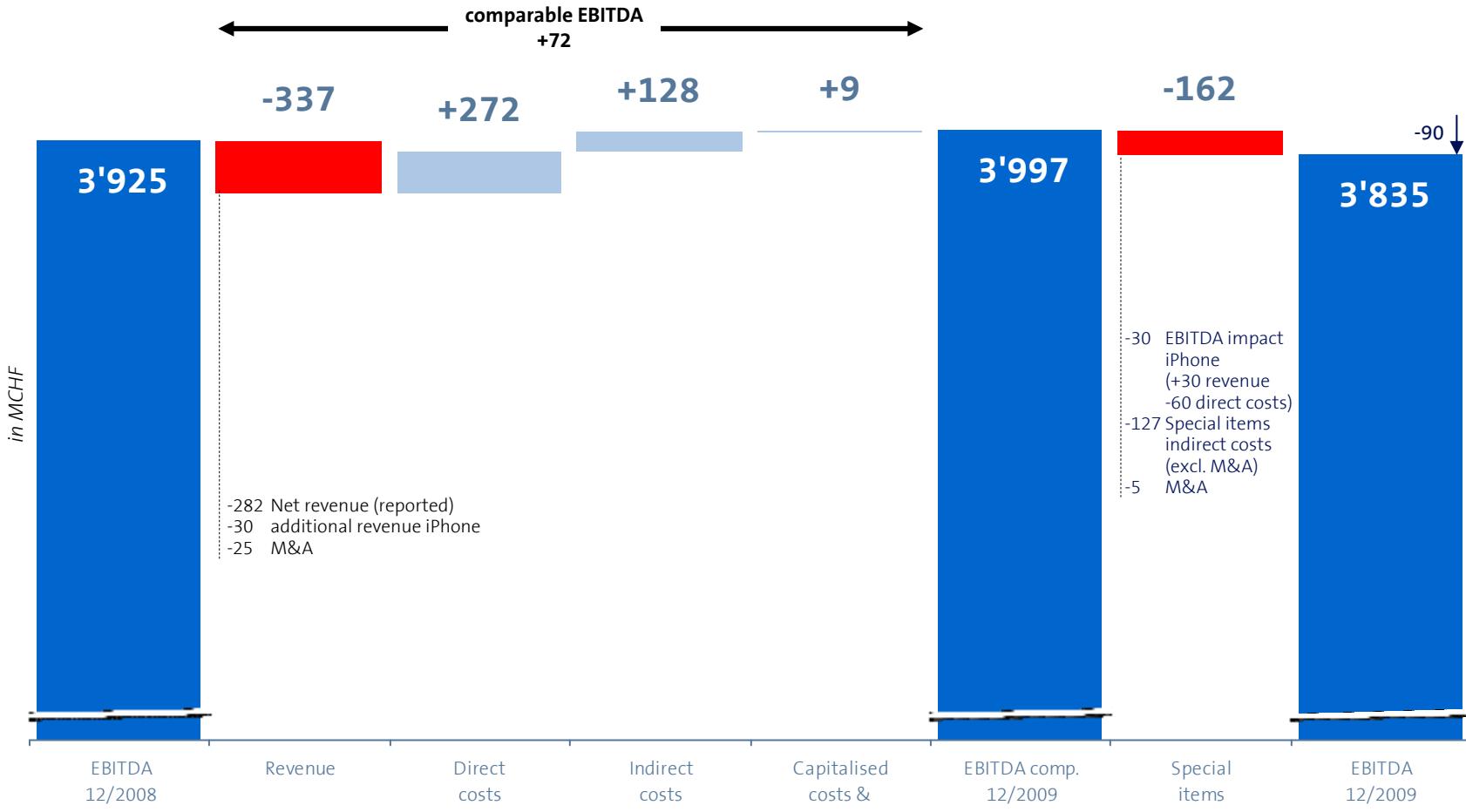




## Achieved in 2009: EBITDA conversion of 72 MCHF from lower costs

Swisscom  
(excl. Fastweb)

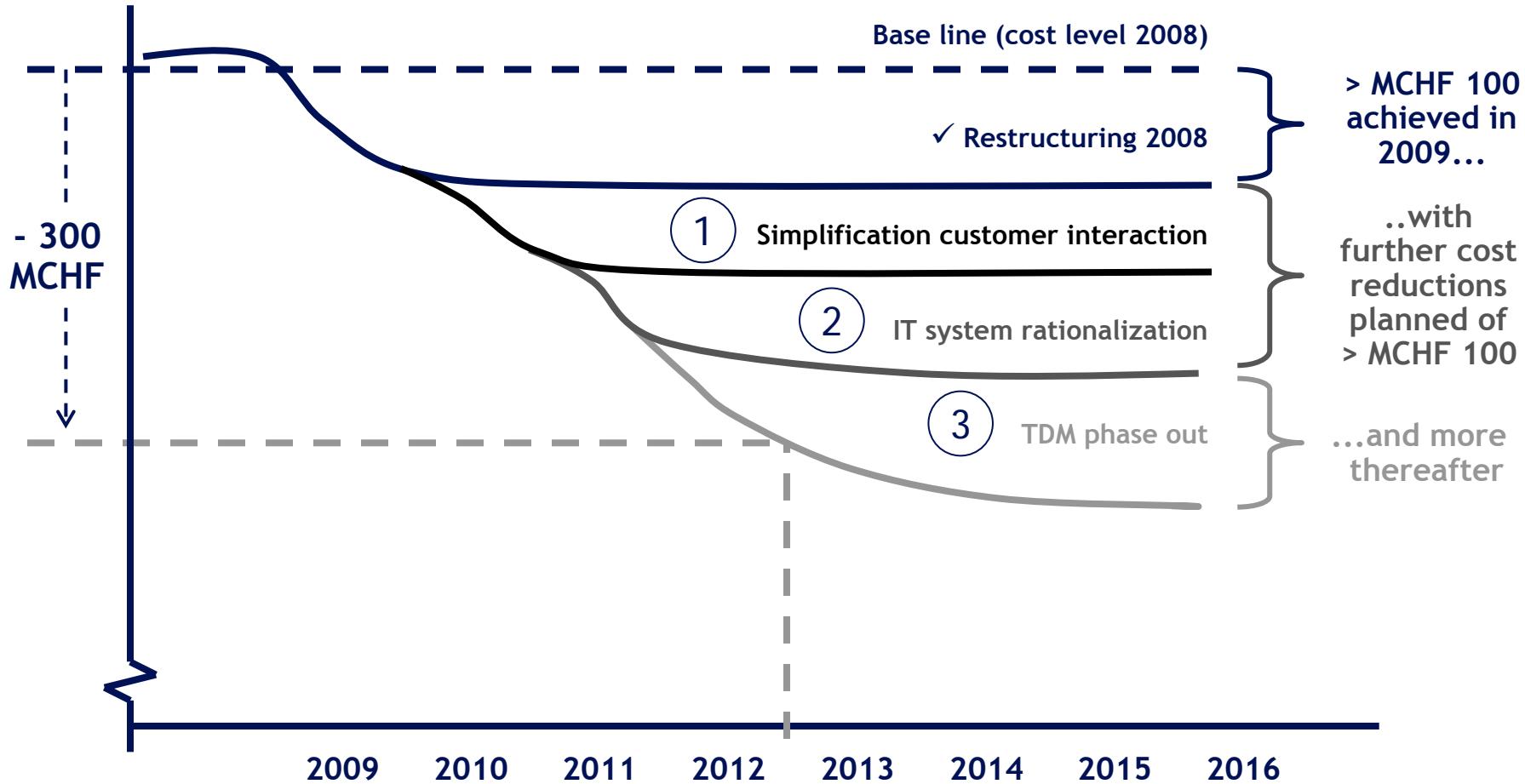
25





On top of realized savings in 2009, further cost reductions in the pillar Maximize are planned starting in 2010

26

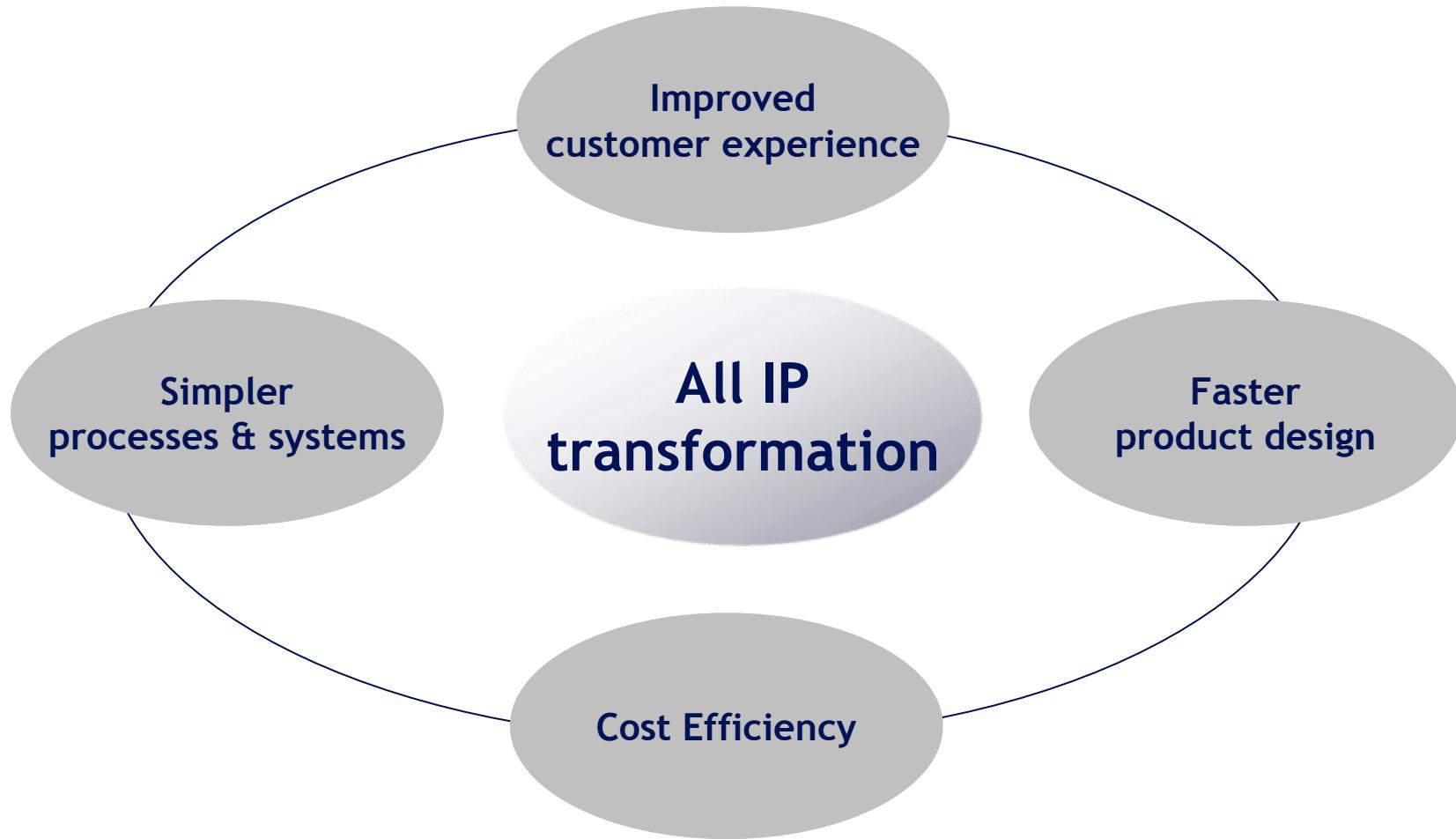


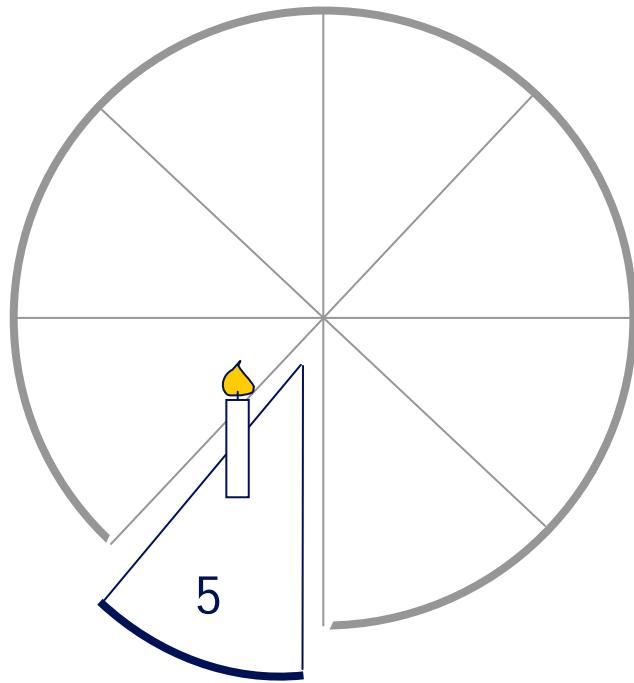
Around CHF 100 mm annual cost savings to be achieved over the coming years



## Cost reduction plans not jeopardizing customer experience

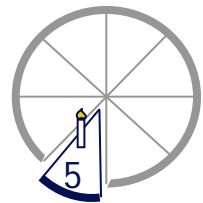
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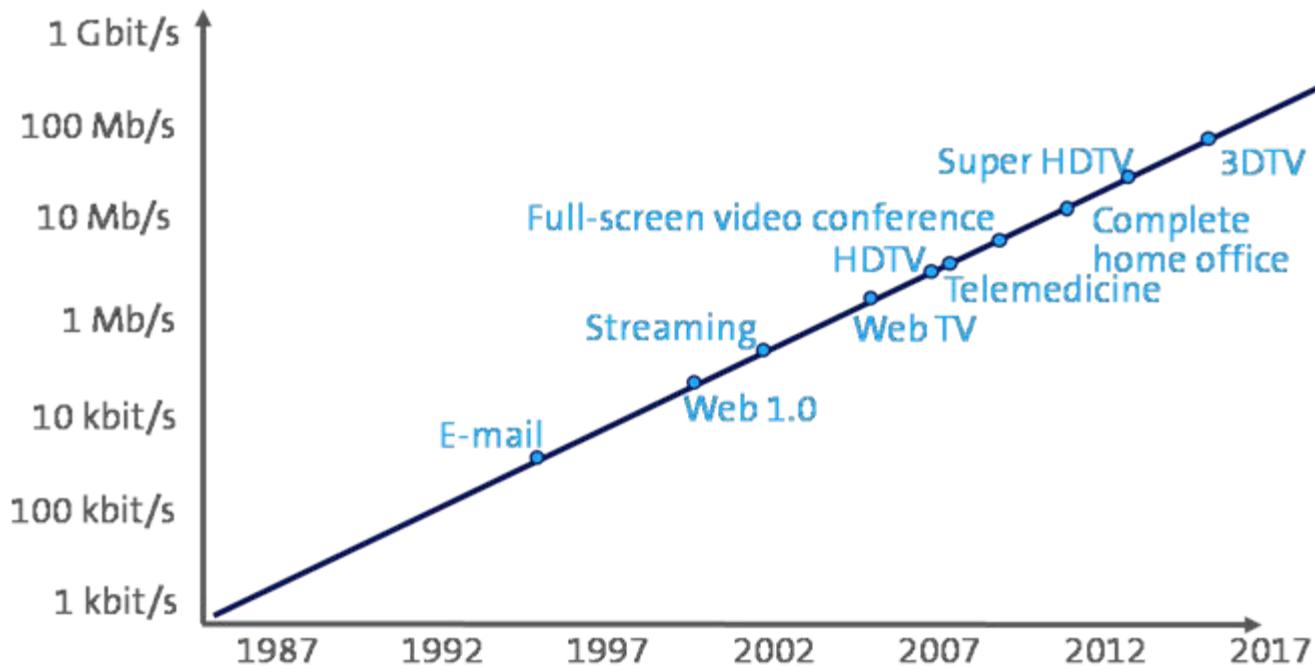
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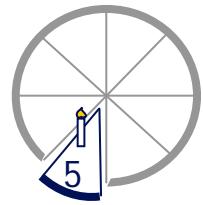


## Fibre - the sole solution to be competitive long term

Bandwidth requirements double every 20 months. This development is possible only on the basis of fibre optics with symmetric bandwidths of up to 100 Mb/s. Fibre optics have more than 1000 times the capacity of copper.



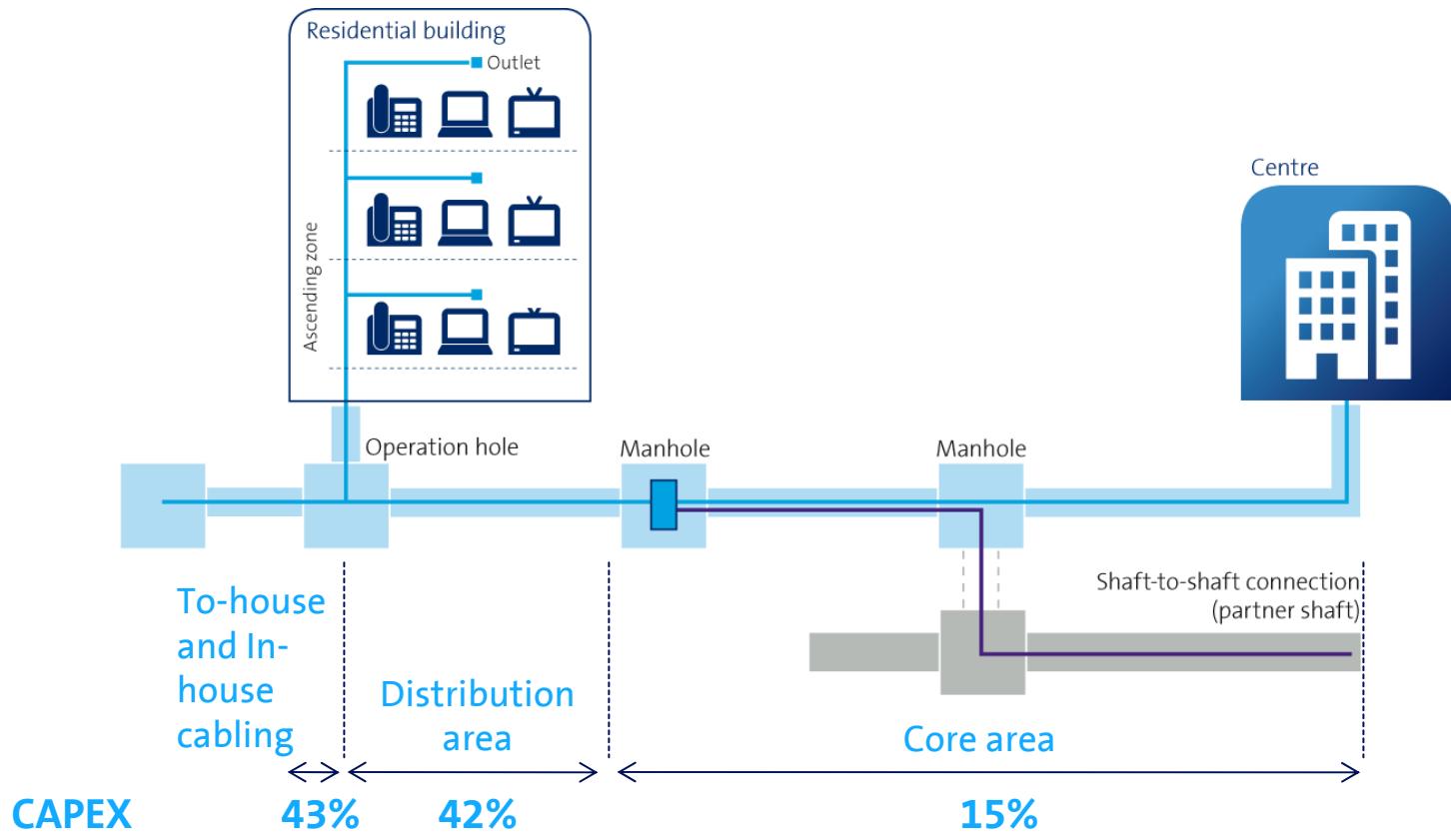
With cable operators soon being able to offer bandwidths of more than 100 Mb/s thanks to Docsis 3.0, Swisscom has to push the fibre roll-out; with VDSL, Swisscom will be able to offer at most 30 Mb/s.

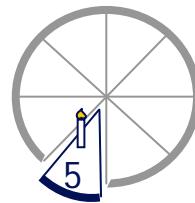


## Fibre - investments

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Investments for fibre are dominated by civil works in the last meters and the in-house cabling. Swisscom's share in the overall investments in fibre until the end of 2015 will be around 2 bln CHF





## Fibre - network rollout

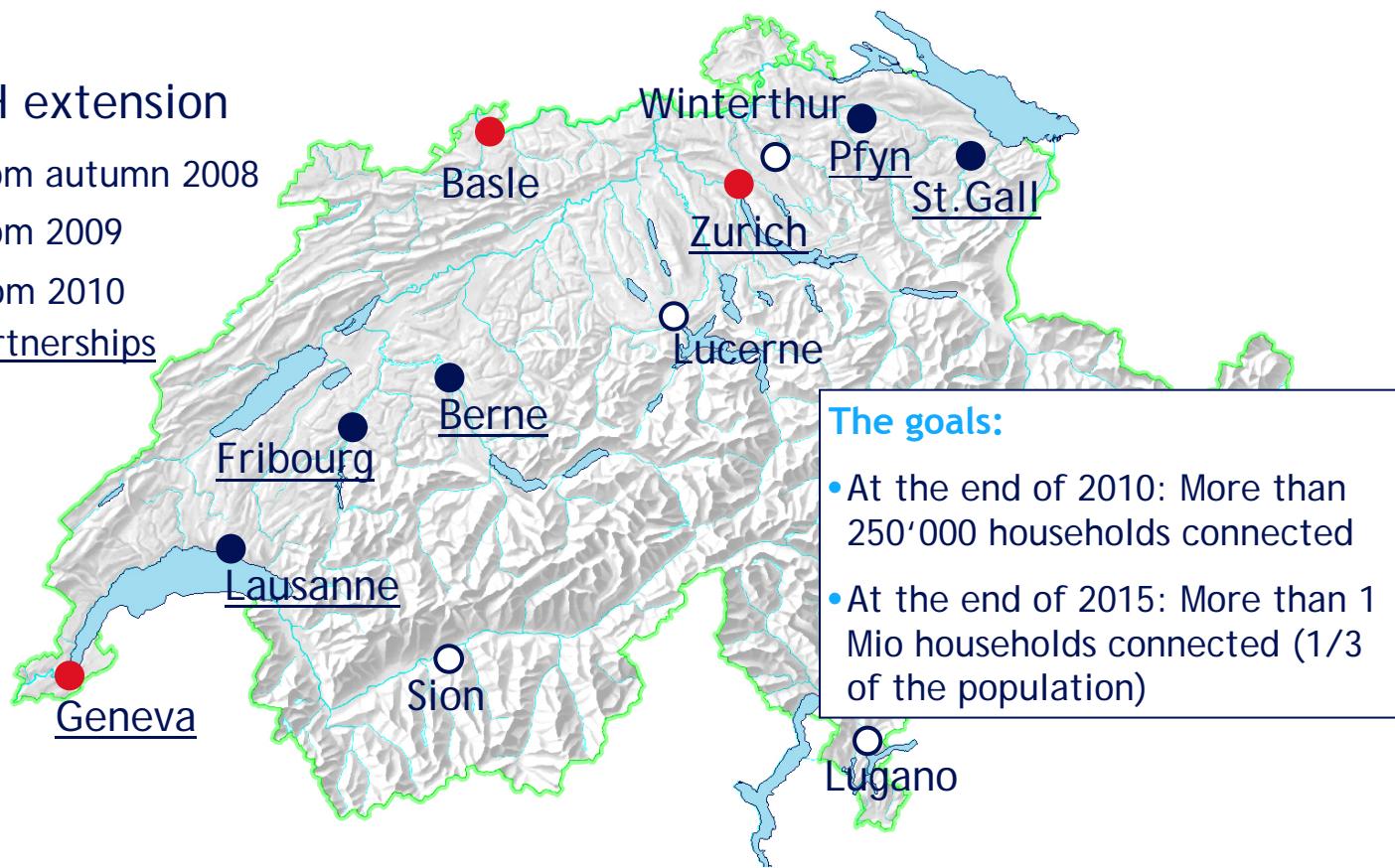
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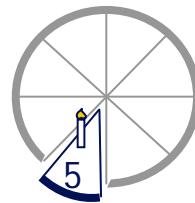
Swisscom ramps up the FTTH roll-out, focussing on the major Swiss cities, and including also pilot projects in rural areas

Building co-operations already exist in Berne, Fribourg, Geneva, Lausanne, Pfyn, St. Gall, and Zurich

### FTTH extension

- from autumn 2008
- from 2009
- from 2010 partnerships





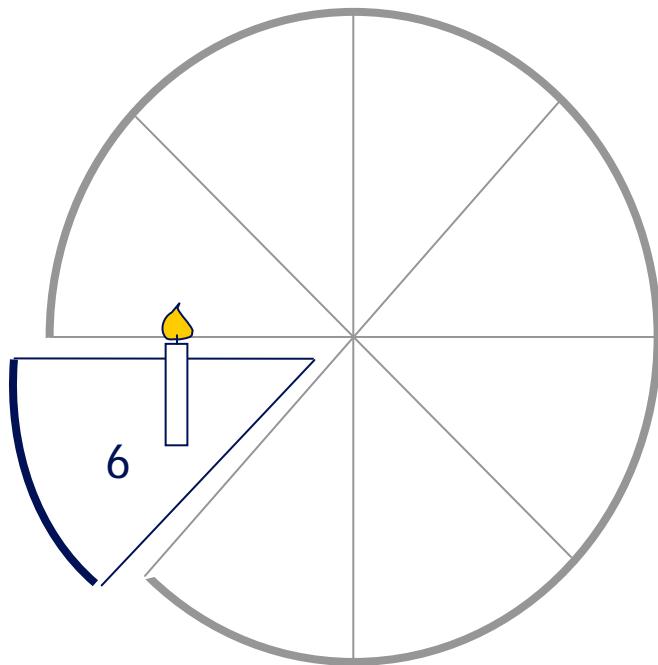
## Partnerships concluded sofar

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Swisscom's share in the overall investments is similar to its (retail + resellers) market share, whilst having access to the entire footprint

City	Number of households	Constructed until	Marketshare Swisscom *	Marketshare Cable operators *	Marketshare Resellers *
Zürich	220'000	2017	35	52	13
Geneva	200'000	2014 (180'000 HH)	47	35	18
Freiburg	120'000	2019	45	42	13
Bern	82'000	2014	41	47	12
Lausanne	80'000	Pilot	42	38	20
St. Gallen	42'000	2014	44	44	12

\* estimated



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# 2009 - Effective Management of a Tougher Environment

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## FASTWEB response to 2009 challenges

### External Factors

Weak cycle

Adverse regulatory environment

Stronger competition in the fixed line space



### FASTWEB Response

Confirming price premium positioning

Cost control

Focusing on customer base retention  
Further market segmentation

- Focus on high spender net adds
- Margin protection
- Higher retention and churn reduction
- Successful launch of innovative services and promotions

The effective management of 2009 challenges enabled to meet FY targets

# 2009 Results at a Glance

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## Revenues

**FY Target**  
€1,800 Mln

**FY Actual**  
€1,853 Mln

**Actual Vs Target**  
103%

## EBITDA

**FY Target**  
€560 Mln

**FY Actual**  
€551 Mln

**Actual Vs Target**  
98%

## Net Result

**FY Target**  
>0

**FY Actual**  
€36 Mln

**Actual Vs Target**  
In line

## FCF

**FY Target**  
>0

**FY Actual**  
€39 Mln

**Actual Vs Target**  
In line

## Capex/Sales

**FY Target**  
23%

**FY Actual**  
23%

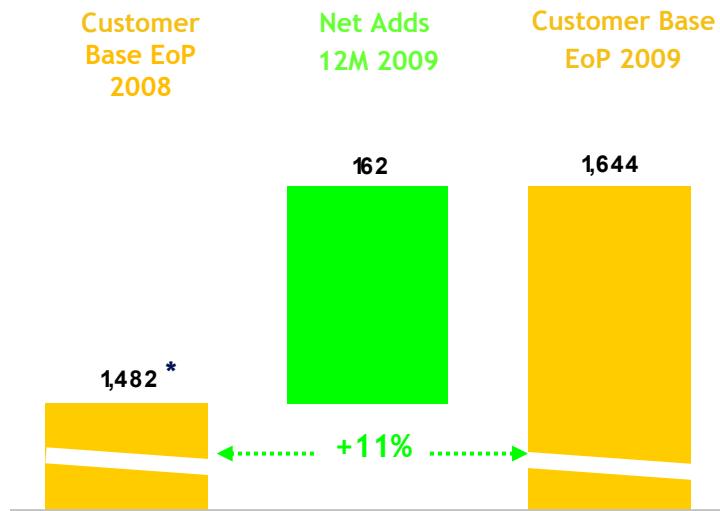
**Actual Vs Target**  
In line

2009 targets were achieved thanks to a solid industrial growth of all KPIs, despite stronger competitive pressure and adverse economic climate

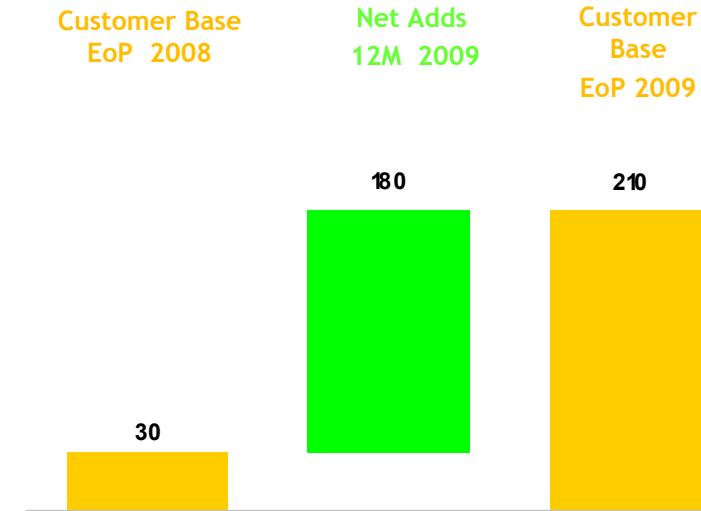
# 2009 Broadband and Mobile Customer Base Evolution

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## Broadband Customer Base Growth ('000)



## Mobile Customer Base Growth ('000)

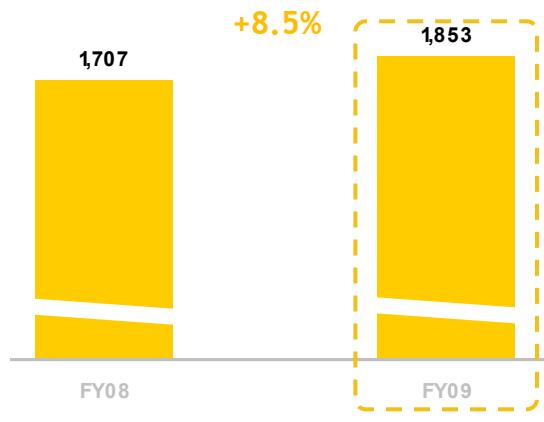


**162k new broadband subs representing 11% YoY customer base growth  
180k new active SIM leading to 210k mobile customer base**

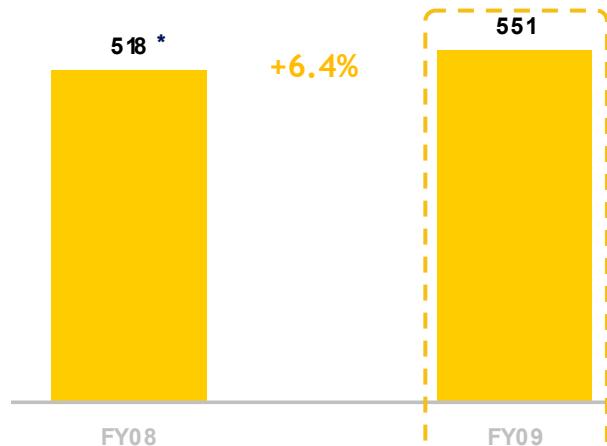
\* Re-stated from 1,483 to 1,482 for rounding difference

# 2009 Revenue and EBITDA Trend - Total FASTWEB

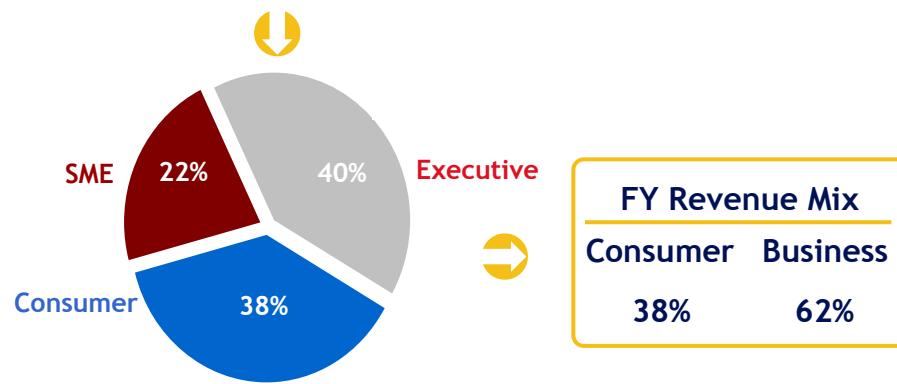
## FY Revenue Evolution (€ Mln)



## FY EBITDA Evolution (€ Mln)



37



FY revenues increased 8.5% and were 3% above target

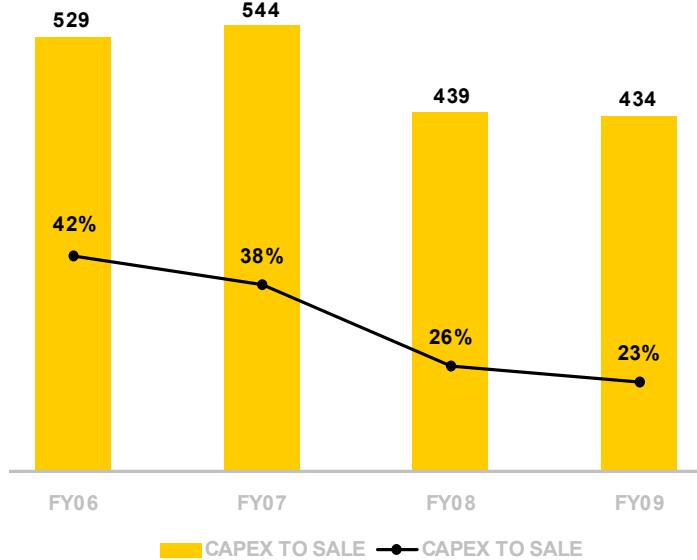
FY EBITDA increased 6.4% with a 30% margin

\* Pro forma figure indicating industrial performance

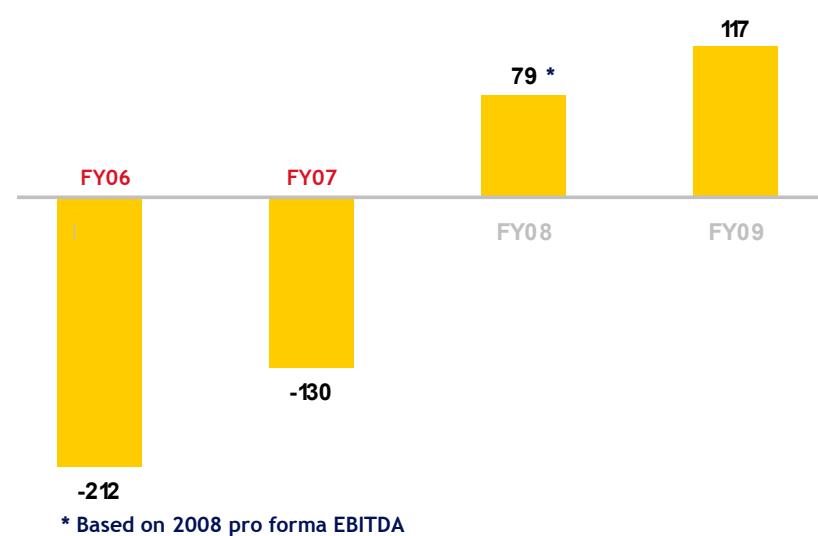
# 2009 Capex and FCF Evolution - Total FASTWEB

38

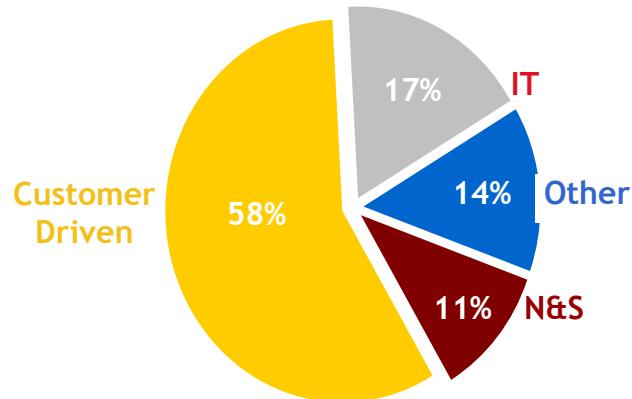
## FY Capex (€ Mln) and Capex/Sales



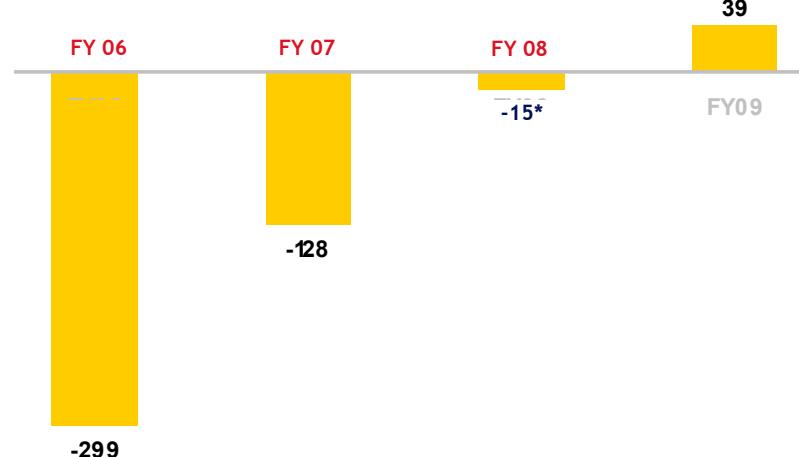
## FY EBITDA-Capex Evolution (€ Mln)



## FY Capex Mix



## FY FCF Evolution (€ Mln)



\* FCF of €55 Mln reported in 2008 included €70 Mln positive one off cash effects

# Consumer – 2010 Strategy

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## 1 - Pricing

Favorable price environment expected in 2010 (Vodafone re-pricing in November 2009...)

Confirming FASTWEB premium price positioning

## 2 - Service

Extending FASTWEB Joy concept

Expanding the broadband market by targeting “no-pc” segments

## 3 - Distribution

Investing in the dealer network to increase brand visibility and customer proximity and introducing mono-brand flagship stores (roll out expected in 2010/2011)

# SME - 2010 Strategy

40

## 1 - Service

Positioning FASTWEB as a “360 degrees” solution provider



Enhancing the ICT and VAS portfolio (focus on Unified Communication and Data centers)

Further pushing of mobile services

Single line (voice only) to address the low end segment

## 2 - Sales Channels

Developing a direct sales force targeting the Medium segment  
(companies with an annual spending up to € 250k)

## 3 - Customer Relation

Reducing churn through the introduction of new order management tools + loyalty plans + new collection processes

# Executive - 2010 Strategy

41

## 1 - Service

Focusing on corporate data and VAS to support revenue growth and customer stickiness



Further strengthening of Unified Communication services

Launching mobile data services

Launching Network Managed Services

## 2- Wholesale

Managing a further reduction of low margin revenue streams

Focusing on national data services

## 3 - Quality of Service

Introducing dedicated KAM on customer base



Boosting upselling (25% average share of wallet on customer base)

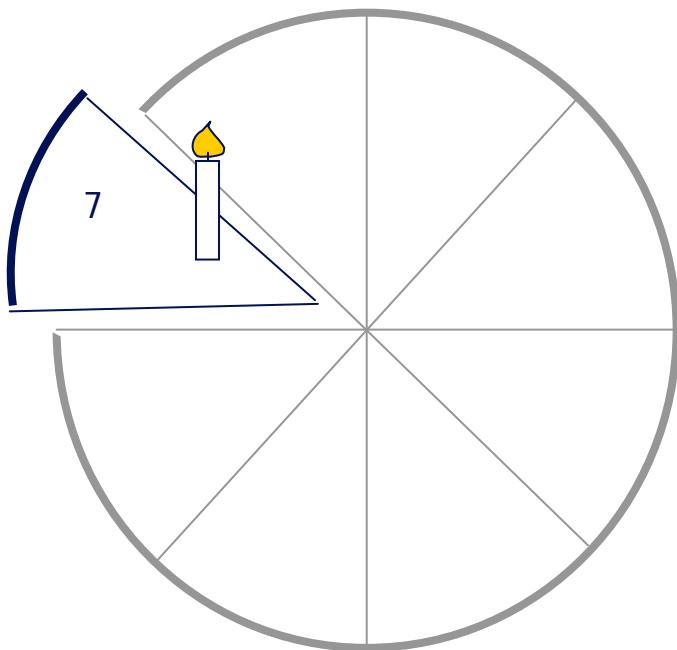
Further improving Customer Satisfaction Index

# 2010 Guidance

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	2009 Actual	YoY Change	2010 Guidance
	€ Mln		€ Mln
Revenues	1,853	+5%	1,950
Industrial EBITDA	551	+5%	~ 580
Capex-to-Sales	23%	↓	21%
FCF Proxi (EBITDA - CAPEX)	118	↑	~ 170

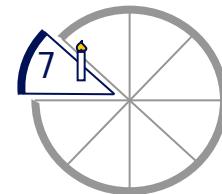
Solid industrial growth in 2010 and beyond



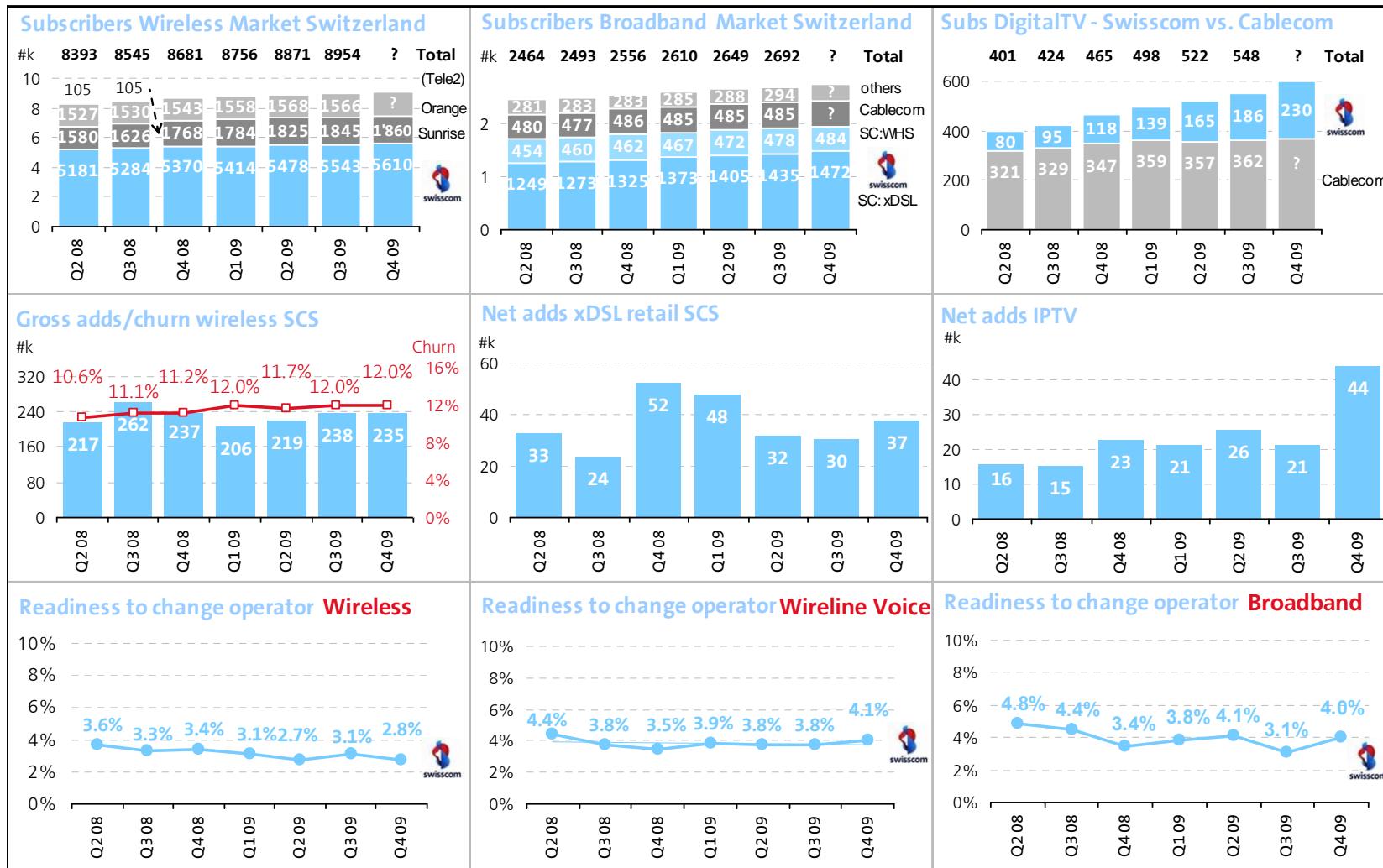
- 1 2009, better than feared
- 2 Revenue & margin dynamics, 2009
- 3 Revenue & margin dynamics, 2010
- 4 Cost initiatives
- 5 FTTH
- 6 Fastweb
- 7 **2009 financials, debt and dividends**
- 8 2010 outlook

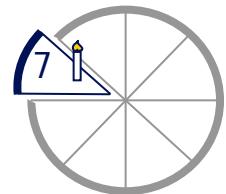
Q&A

## Cockpit - customer trends over last 7 quarters



## Ups and downs, however stable overall





# Segments - Residential Customers

## Financials and operational data

	31.12.2009	YOY
Net revenue in MCHF <sup>1)</sup>	5'013	-2.0%
Direct costs in MCHF	-1'253	-5.5%
Indirect costs in MCHF <sup>2)</sup>	-852	2.9%
<b>Contribution Margin 2 in MCHF</b>	<b>2'908</b>	<b>-1.8%</b>
<i>Contribution Margin 2 in %</i>	<i>58.0%</i>	<i>+0.1</i>
CAPEX in MCHF	131	-19.1%
FTE's	4'675	-0.4%

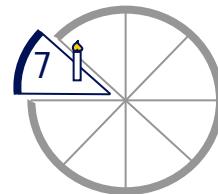
	31.12.2009	YOY
Access lines in '000	2'693	-4.7%
BB subs in '000	1'279	11.4%
Mobile subs in '000	4'423	3.0%
Mobile churn rate	13.1%	1pp
Total ARPU in CHF	42	-4.5%
thereof ARPU new data in CHF	4.1	17.3%
Total AMPU in Min.	94	0.0%
National traffic in Mmin.	5'387	-7.8%
Intl' traffic in Mmin.	683	-4.2%
IPTV subs in '000	230	94.9%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

## 12m 2009

- Price erosion, lower termination rates and lower handset sales main drivers of lower **Mobile revenue**, despite subs/new data growth)
- Wireline **revenue** stable YoY (broadband subs, IPTV growth compensating voice line loss, price erosion)
- **Direct cost** down -73 MCHF (less sold non-iPhone handsets, lower roaming and termination fees)
- **Indirect cost** up 2.9% (mainly due to acquisition of The PhoneHouse, salary increase and higher pension expenses)
- **Contribution Margin** stable at 58%
- **New Data ARPU** up 17% (more PDA's)



# Segments - Small & Medium-sized Enterprises

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## Financials and operational data

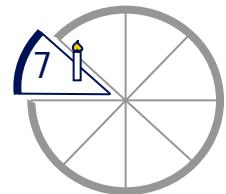
	31.12.2009	YOY
Net revenue in MCHF <sup>1)</sup>	1'156	0.2%
Direct costs in MCHF	-173	-14.8%
Indirect costs in MCHF <sup>2)</sup>	-133	-1.5%
<b>Contribution Margin 2 in MCHF</b>	<b>850</b>	<b>4.2%</b>
<i>Contribution Margin 2 in %</i>	73.5%	+2.8
CAPEX in MCHF	9	28.6%
FTE's	765	0.9%
	31.12.2009	YOY
Access lines in '000	511	0.0%
BB subs in '000	173	9.5%
Mobile subs in '000	445	8.3%
Mobile churn rate	7.7%	-0.1pp
Total ARPU in CHF	92	-5.2%
thereof ARPU new data in CHF	10.4	16.1%
Total AMPU in Min.	200	-1.5%
National traffic in Mmin.	1'472	-4.2%
Intl' traffic in Mmin.	185	-5.6%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

## 12m 2009

- Net **revenue** stable YoY (price erosion compensated by higher number of subscribers)
- **Direct costs** decline -15% esp. due to lower roaming and termination fees
- **Contribution Margin** up by +4% to 850 MCHF due to better revenue mix, lower outpayments and cost management
- **New Data ARPU** up 16.1% to over 10 CHF / month



# Segments - Corporate Business

## Financials and operational data

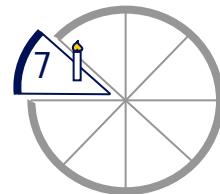
	31.12.2009	YOY
Net revenue in MCHF <sup>1)</sup>	1'825	-4.2%
Direct costs in MCHF	-443	-16.6%
Indirect costs in MCHF <sup>2)</sup>	-431	-0.2%
<b>Contribution Margin 2 in MCHF</b>	<b>951</b>	<b>0.8%</b>
<i>Contribution Margin 2 in %</i>	<i>52.1%</i>	<i>+2.6</i>
CAPEX in MCHF	79	1.3%
FTE's	2'220	0.4%
	31.12.2009	YOY
Access lines in '000	280	-2.1%
BB subs in '000	20	5.3%
Mobile subs in '000	742	11.4%
Mobile churn rate	7.7%	0.7pp
Total ARPU in CHF	72	-10.0%
thereof ARPU New Data in CHF	16.3	0.1%
Total AMPU in Min.	175	-8.4%
National wireline traffic in Mmin.	1'615	-4.0%
Intl' wireline traffic in Mmin.	359	-2.4%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

## 12m 2009

- **Revenue** decline YoY due to lower wireline and projects/outsourcing revenue. Mobile revenue almost stable (subs growth, new data growth absorbed by price effects)
- **Direct cost** decline -16.6% (lower roaming and termination fees and decrease in project/ outsourcing revenue with low margin)
- **Contribution Margin** increased by 2.6%-points to 52% of net revenue mainly due to change in revenue mix
- **Order intake** for project/outsourcing business of 149 MCHF (-24% vs. PY, driven by cyclical effects)
- **New Data ARPU** stable at 16 CHF / month



# Segments - Wholesale

## Financials and operational data

	31.12.2009	YOY
Revenue from external customers in MCHF	877	-10.1%
Intersegment revenue in MCHF	568	-18.0%
<b>Net revenue in MCHF</b>	<b>1'445</b>	<b>-13.4%</b>
Direct costs in MCHF	-931	-13.2%
Indirect costs in MCHF <sup>1)</sup>	-37	n/m
<b>Contribution Margin 2 in MCHF</b>	<b>477</b>	<b>-20.9%</b>
<i>Contribution Margin 2 in %</i>	<i>33.0%</i>	<i>-3.2</i>
CAPEX in MCHF	-	nm
FTE's	92	-12.4%
	31.12.2009	YOY
ULL in '000	153	nm
BB (wholesale) subs in '000	331	-23.2%
Wholesale traffic in Mmin.	11'263	-12.5%

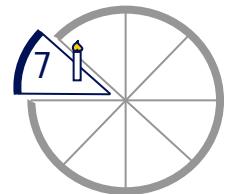
1) incl. capitalised costs and other income

## 12m 2009

- **Third party revenue** decreased by 98 MCHF (lower inbound roaming and wireless termination as well as broadband price reductions, full access substitution and lower interconnection rates)
- **Intersegment revenues** down by -125 MCHF mainly due to lower outpayments charged to other segments (no CM1 impact on segment WS as direct cost are lower correspondingly)
- **Direct costs** down due to lower roaming, wireline and wireless voice termination mainly driven by lower rates
- **Indirect costs** up by 44 MCHF mainly due to **adjustments of provisions\*** (40 MCHF)

\* Driven by adjustments of provisions, CM2 was impacted as follows:

- a) 2008: 12 MCHF release of provision (18 MCHF indirect costs; -6 MCHF net revenue) due to regulatory ruling (ComCom)
- b) 2009: 30 MCHF provision for access services (22 MCHF indirect costs; 8 MCHF net revenue)



# Segments - Networks and Support Functions

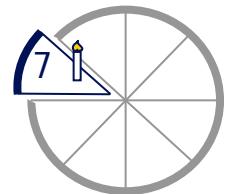
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## Financials and operational data

	31.12.2009	YOY
Personnel expenses in MCHF	-657	2.5%
Rent in MCHF	-229	0.0%
Maintenance in MCHF	-203	-17.8%
IT expenses in MCHF	-330	0.3%
Other OPEX in MCHF	-275	-13.2%
Indirect costs in MCHF	-1'694	-3.9%
Capitalised costs and other income in MCHF	184	-11.5%
<b>Contribution Margin 2 in MCHF</b>	<b>-1'510</b>	<b>-2.9%</b>
Depreciation, amortization and impairment in MCHF	-817	-11.5%
<b>Segment result in MCHF</b>	<b>-2'327</b>	<b>-6.1%</b>
CAPEX in MCHF	1'000	8.3%
FTE's	4'114	-3.5%

## 12m 2009

- **Maintenance** cost significantly down, in line with increased focus on NGN (and less on TDM)
- Other operating **expenses** down by - 85 MCHF as a result of cost management in 2009 as well as special project costs in 2008 (e.g. SAP transformation)
- **Segment result** improves mainly due to lower depreciation charges as a result of a change of useful lives of cable (copper and fibre) from 15 years to 20-30 years (-100 MCHF impact on full year basis)
- **CAPEX** above previous year (8.3%) mainly driven by higher spending for the fibre-infrastructure



# Segments - Fastweb

## Financials and operational data

	31.12.2009	YOY
Consumer revenue in MEUR	697	5.9%
SME revenue in MEUR	406	7.1%
Executive revenue in MEUR <sup>1)</sup>	750	11.8%
Net revenue in MEUR <sup>1)</sup>	1'853	8.5%
OPEX in MEUR	-1'392	8.3%
Capitalised costs and other income in MEUR	91	-26.6%
<b>EBITDA in MEUR</b>	<b>551</b>	<b>0.5%</b>
<b>Industrial EBITDA in MEUR</b>	<b>551</b>	<b>6.4%</b>
<i>EBITDA margin in %</i>	<i>29.7%</i>	<i>-2.3</i>
CAPEX in MEUR	434	-0.9%
FTE's	3'125	1.6%

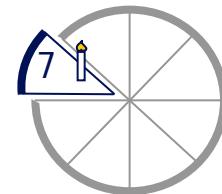
In Swisscom accounts	31.12.2009	YOY
EBITDA in MCHF	831	-3.8%
CAPEX in MCHF	657	-4.9%

	31.12.2009	YOY
Subs in '000	1'644	10.9%
Mobile Subs in '000	210	nm

1) incl. revenues to Swisscom companies

## 12m 2009

- **Revenues** increased by 8.5% YoY - mainly driven by the Executive segment (+78 MEUR) and its public administration contracts
- 12m industrial EBITDA reaches MEUR 551, up +6% like-for-like \* or +1% nominal \*excl. one-offs like damages payments from TI in 2009 and 2008, extra bad debt loss provision in 2009
- **EBITDA** increased despite higher share of low margin business and negative impact of ULL rate increase effective as of 1 January 2009
- Contribution to Swisscom accounts in CHF lower than previous year, due to strengthening of Swiss Franc in a YOY context (FX impact revenue -132 MCHF / EBITDA -39 MCHF)



## Segments - Other operating segments

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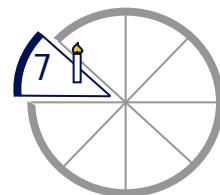
### Financials and operational data

	31.12.2009	YOY
Swisscom IT Services in MCHF	435	0.0%
Swisscom Participations in MCHF	324	-9.7%
Hospitality Services in MCHF	74	-19.6%
Airbites CEE in MCHF	6	-64.7%
External revenue in MCHF	839	-7.1%
Net revenue in MCHF <sup>1)</sup>	1'727	-5.8%
OPEX in MCHF	-1'439	-5.0%
Capitalised costs and other income in MCHF	46	58.6%
<b>EBITDA in MCHF</b>	<b>334</b>	<b>-4.3%</b>
<i>EBITDA margin in %</i>	<i>19.3%</i>	<i>+0.3</i>
CAPEX in MCHF	121	-36.6%
FTE's	4'151	-7.7%

1) incl. intersegment revenues

### 12m 2009

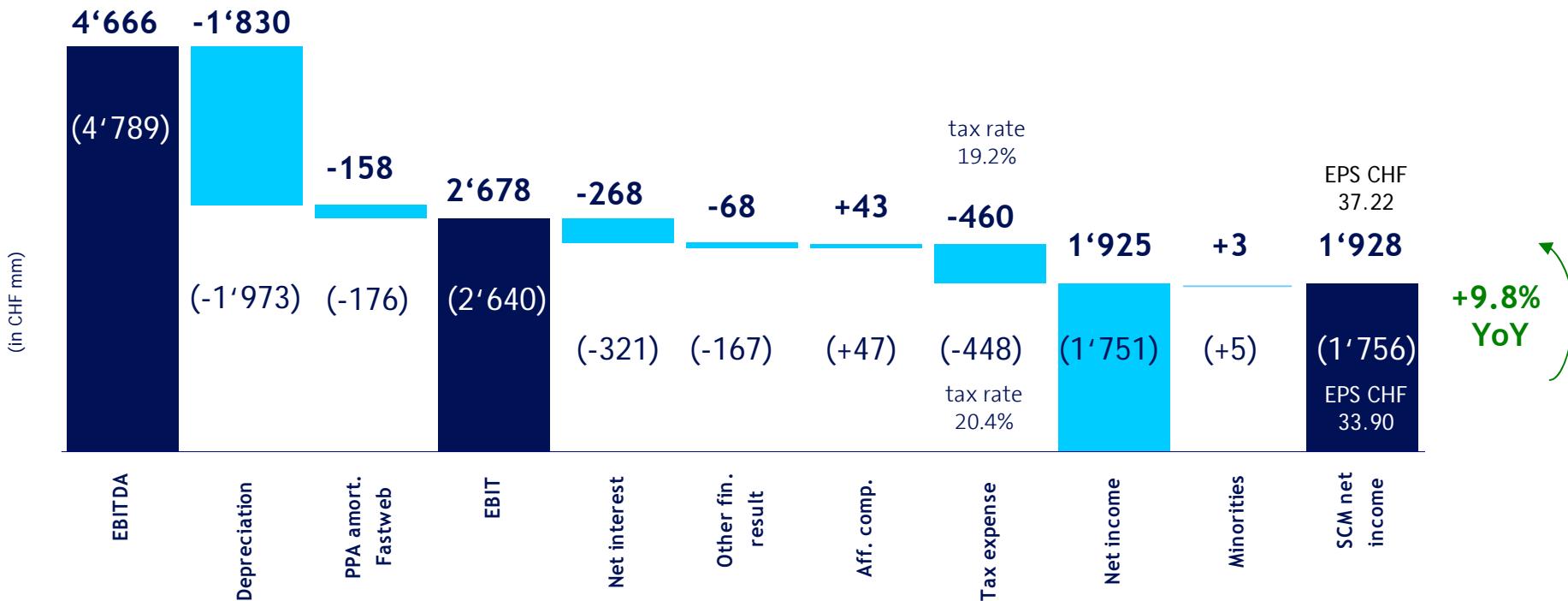
- 12m external **revenue** down -64 MCHF (-7.1%):
  - IT Services stable (+26 MCHF from new group companies Resource/Sourcag, compensate for shortfall in consulting business and phase out of banking platform)
  - Economic slowdown has negative impact on Hospitality Services
  - YoY missing revenue from EURO08™
- Revenue decline partially absorbed by strict **cost** management, leading to stable **EBITDA** margin
- **Order Intake IT Services** up to CHF 540mm from CHF 342 mm in 2008, leading to improved outlook for turnover



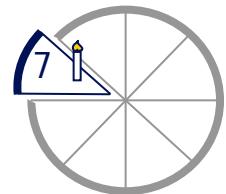
## Group YTD: P&L breakdown

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Despite lower EBITDA, net income increased y-o-y by ~10% driven by lower depreciation (adjustment of useful lives of cable in 2009), lower net interests as well as extraordinary items in 2008 .



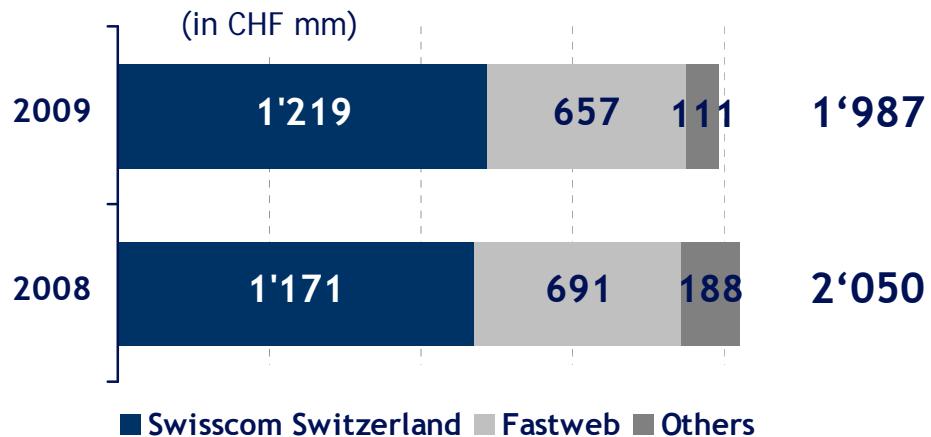
Other financial results in 2008 includes recognition of CBL provision of -126 MCHF



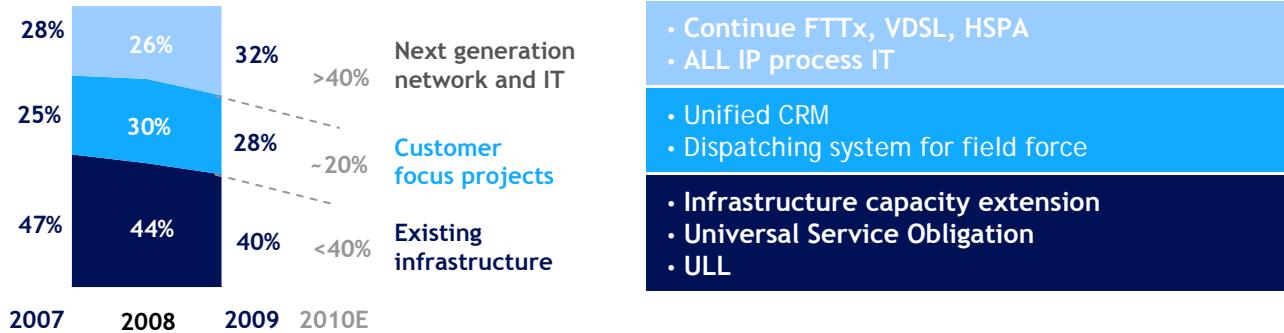
## Group Y-o-Y: CAPEX breakdown

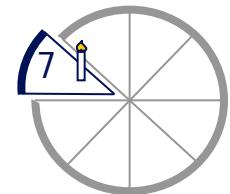
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### Consolidated CAPEX - stable YoY



### CAPEX of Swisscom Switzerland - trend to invest more into NGN continues

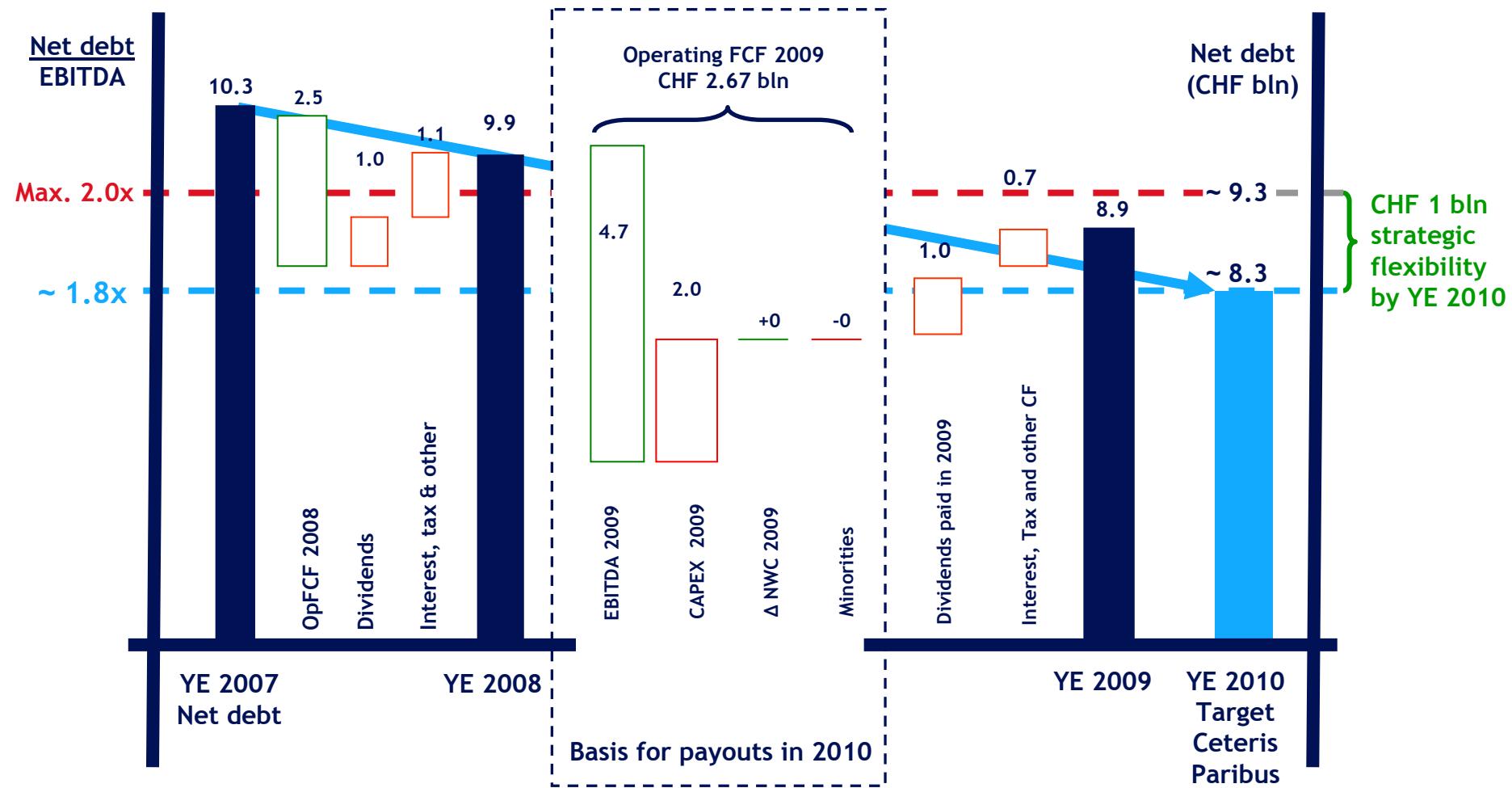




# Optimising Net debt under constraint of max. limit 2xEBITDA

## Outlook 2010: aiming for modest flexibility of CHF 1 bln

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CHF 2 bln reduction of net debt will be achieved in 3 years, allowing for CHF 1 bln financial flexibility under constraint that Net Debt should be below 2.0xEBITDA

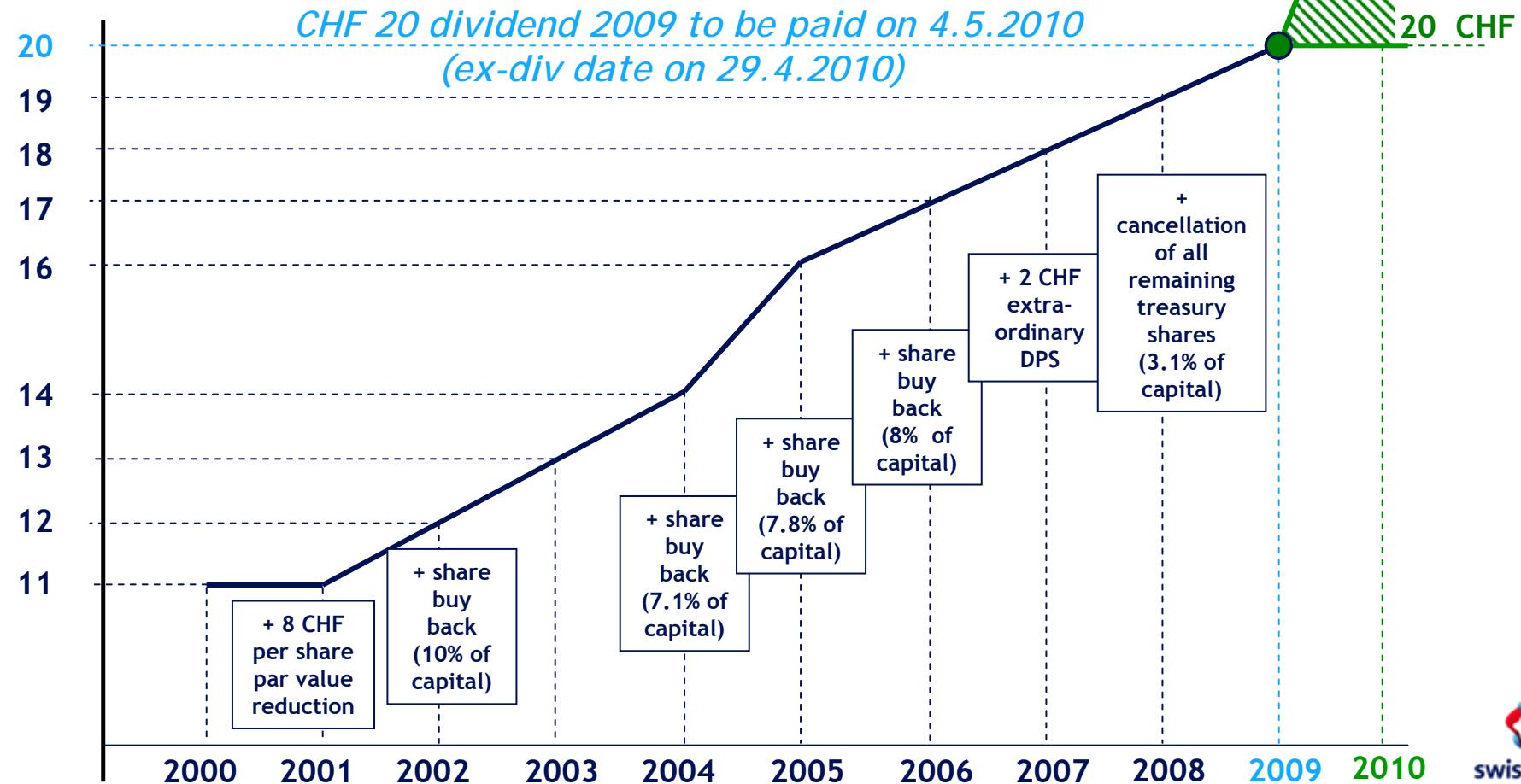


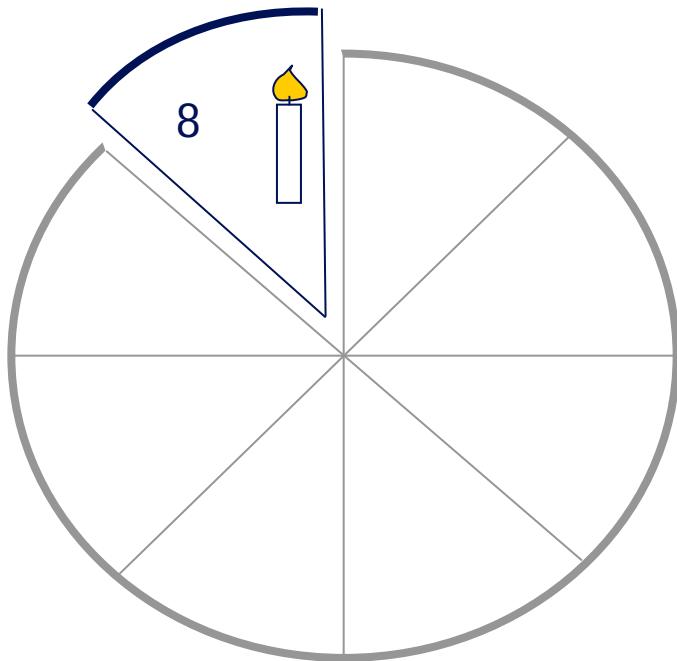
CHF 20 dividend per share proposed for 2009, allowing for creation of CHF 1 bln financial flexibility by YE 2010

Outlook 2010: in minimum the same DPS

55

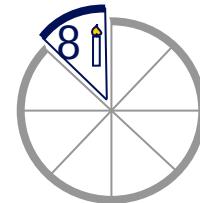
Dividend / share (CHF)





- 1 2009, better than feared
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- 8 **2010 outlook**

Q&A



# Outlook 2010

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Expect Group results - without potential FCF impact from regulatory rulings - to be flat YoY

		2009A	2010E
<b>Net revenues</b>			
Swisscom excl. Fastweb	bln CHF	9.22	~ 9.15
Fastweb	bln EUR	1.85	~ 1.95
<b>EBITDA</b>			
Swisscom excl. Fastweb	bln CHF	3.84	~ 3.75
Fastweb	MEUR	551	~ 580
<b>Capex</b>			
Swisscom excl. Fastweb	bln CHF	1.33	~ 1.3
Fastweb	MEUR	434	~ 410
<b>Delta NWC</b>			
Swisscom Group incl. FWB	bln CHF	0	~ -0.1
<b>OpFCF</b>			
Swisscom Group incl. FWB	bln CHF	2.67	~ 2.6

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- 3 Revenue & margin dynamics, 2010
- 4 Cost initiatives
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## Q&A

# Questions & Answers

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# Cautionary statement regarding forward-looking statements

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"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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