

# Swisscom's "Tablets"

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Results 2010 and Plans 2011

Investor & Analyst Presentation

Zürich, 17 February 2011

## Swisscom's "Tablets" - Agenda:

*Introduction : an overview of performance & priorities - Carsten Schloter, CEO*

	A. Market Performance	B. Swisscom Performance & Priorities	C. Special Issues 2011
Swisscom Switzerland	1. - Wireless success factors - Wireline success factors - Customer satisfaction vs cost  <i>Christian Petit</i>	2. - Push fibre rollout - Increase mobile capacity - Enforce simplification  <i>Heinz Herren</i>	3. - Manage regulation & telco law - Close significant law cases - Secure new mobile spectrum  <i>Carsten Schloter</i>
Fastweb Italy	4. - 2010 Results  <i>Alberto Calcagno</i>	5. - The priorities on Fastweb's agenda - 2011 and beyond  <i>Alberto Calcagno</i>	6. - Complete minority buyout and thus create more flexibility  <i>Carsten Schloter</i>
Swisscom Other	7. - Build out market position in (IT) verticals  <i>Not presented</i>	8. - Use network construction capabilities for 3 <sup>rd</sup> parties - Reignite growth at Hospitality Services  <i>Not presented</i>	9. - Consider small scale fill-in acquisitions to strengthen existing portfolio  <i>Not presented</i>
Group	<b>10.</b> Financial results 2010, Dividend and Outlook 2011 <i>Ueli Dietiker, CFO</i>		

# Key Messages

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## A. Market Performance

Highest customer satisfaction

Very strong mobile data growth and new TV subscribers

Fastweb meager in mass business and strong in Executive Segment

## B. Performance & Priorities

Continued cost control

Continued investment into USP “Best Network”

Fastweb: initiate measures to restore FCF growth medium term

## C. Special Issues

Regulatory cases & spectrum auction

Be prepared for inner market consolidation (Switzerland & Italy)

Buyout offer  
Fastweb launched, completion in Q1 2011

Well prepared to face challenges 2011 and beyond



## A. Market performance - Why Swiss companies “earn more”

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	Switzerland	Germany	Italy	France	Netherlands	UK
EBIT	100	100	100	100	100	100
Debt	500	500	500	500	500	500
Interest Rate <sup>*)</sup>	2.3%	3.5%	4.6%	3.8%	3.7%	4.1%
Interest	11.5	17.5	23.0	19.0	18.5	20.5
EBT	88.5	82.5	77.0	81.0	81.5	79.5
Tax Rate	21.0%	29.8%	27.5%	34.4%	25.5%	28.0%
Tax	18.6	24.6	21.2	27.9	20.8	22.3
Earnings & FCF <sup>**)</sup>	69.9	57.9	55.8	53.1	60.7	57.2

low interest....

+ low taxes....

= high cash conversion

\*) long term (10 yr) rate +50bp

\*\*) assuming depreciation = capital expenditure

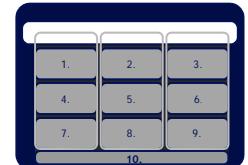
23% higher than average

$\varnothing = 56.9$

At same P/E multiples, Swiss companies should trade at a higher EBITDA multiple.

With Swiss interest rates lower, a 5% dividend yield in CHF is worth more than 6% in € as the spread over bond yields would be similar

# A. Market Performance - Relative competitive strength

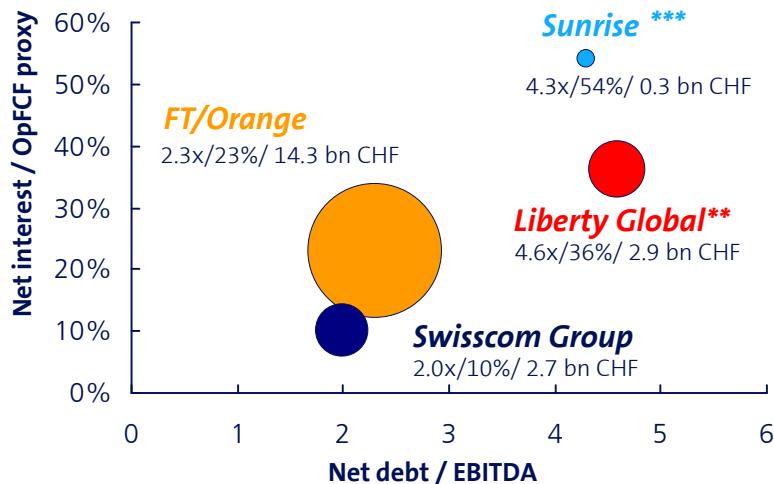


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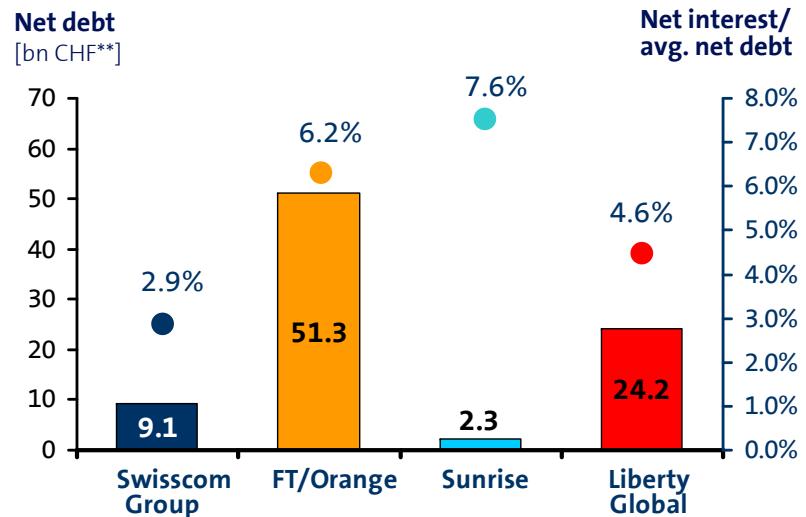
Financial strength of (mother companies) players in Swiss market rather different

## 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



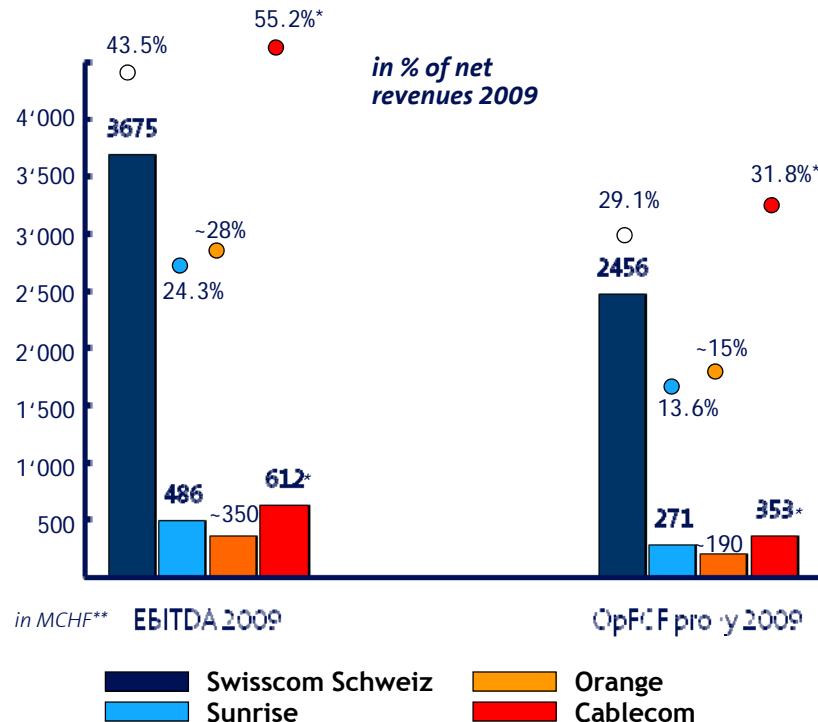


## A. Market performance - Relative competitive strength

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### 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



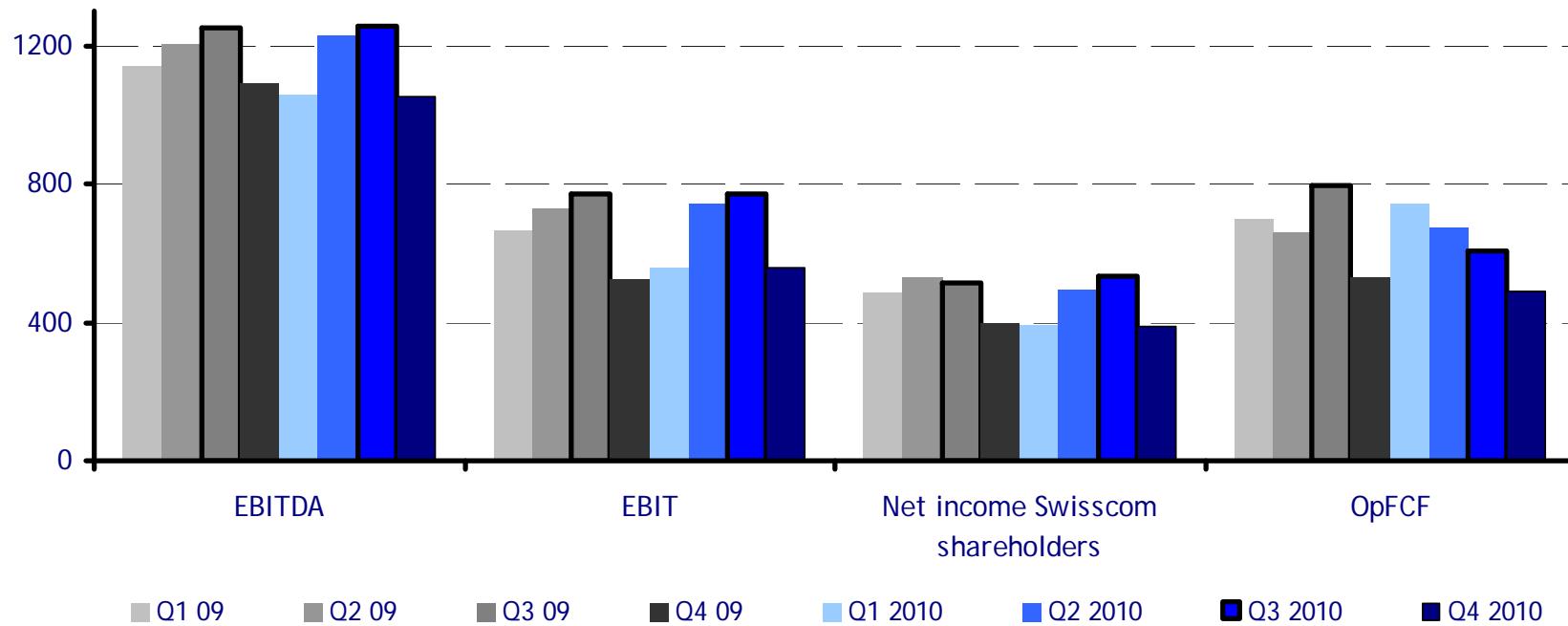


## B. Swisscom Performance - Financially: absolute

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Quarterly results, Q1 2009 - Q4 2010

CHF mm \*)



\*) all figures as reported

Normal seasonal patterns, also in 2010

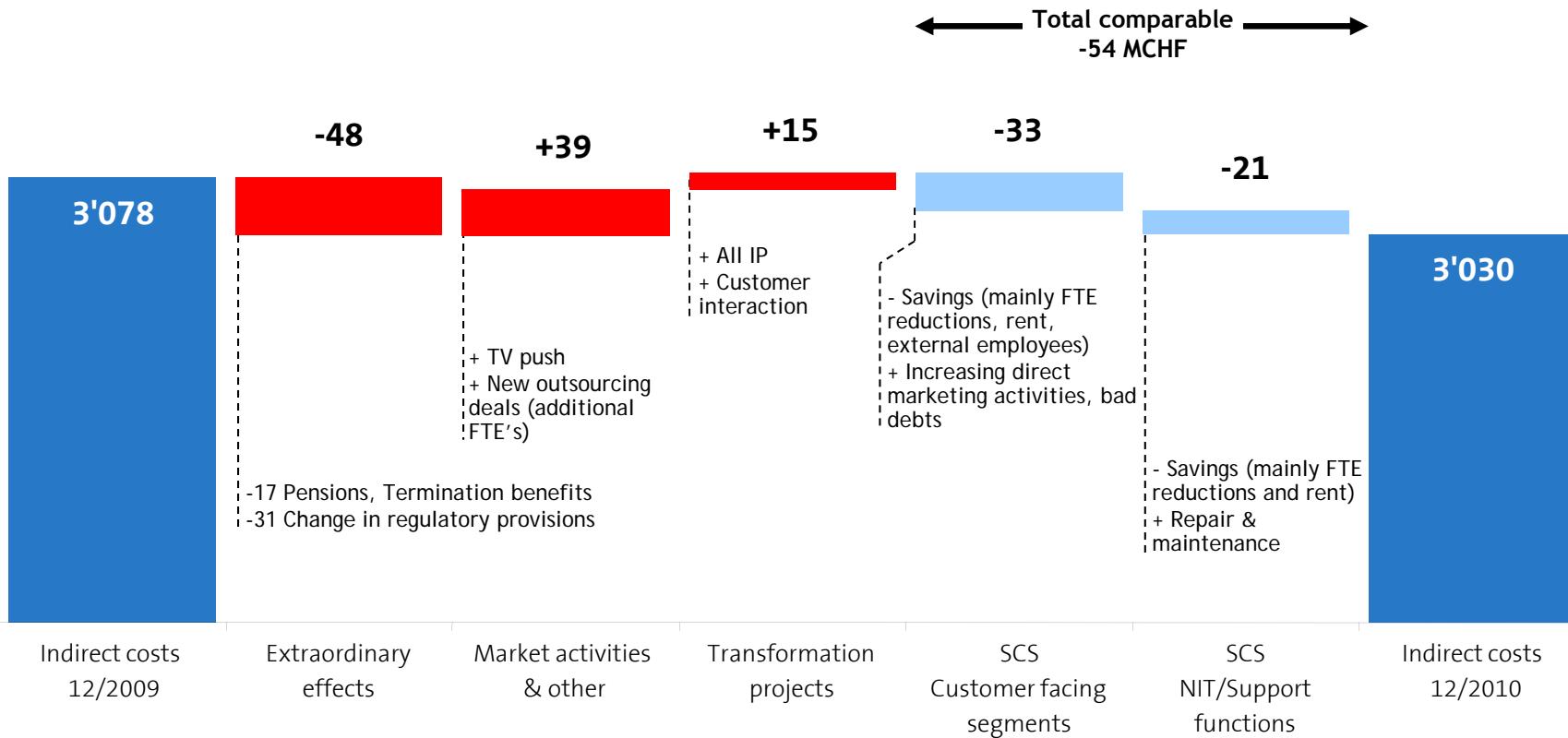


## B. Swisscom Performance - Financially: costs 2010



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### Cost development Swisscom Switzerland in CHF mm \*)



Positive savings 2010 gained by efficiency measures are used for TV market investments



## B. Swisscom Performance - Financially: cost outlook

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### Measure for cost containment Swisscom Switzerland

	Measures		Impact	
	before	in 2011	2011	later
Cost reduction	• All IP	✓	↗	↘
	• Simplification customer interaction	✓	↗	↘
	• Internal process + system optimization	✓	↗	↘
	• Real estate optimization	✓	↗	↗
Extend business	• Billing consolidation	✓	↗	↘
	• TV push ongoing	✓	↗	↗

### Cost management - key foci 2010 & 2011

- Payback of convergent projects (OneCRM - simplification customer interaction)
- Internal process optimization
- Increase of online customer interaction
- TV push continues in 2011 with the goal to reach 600 thsd. subscriber by end of 2011

Measures for 2011 set to gain further savings without affecting customer service

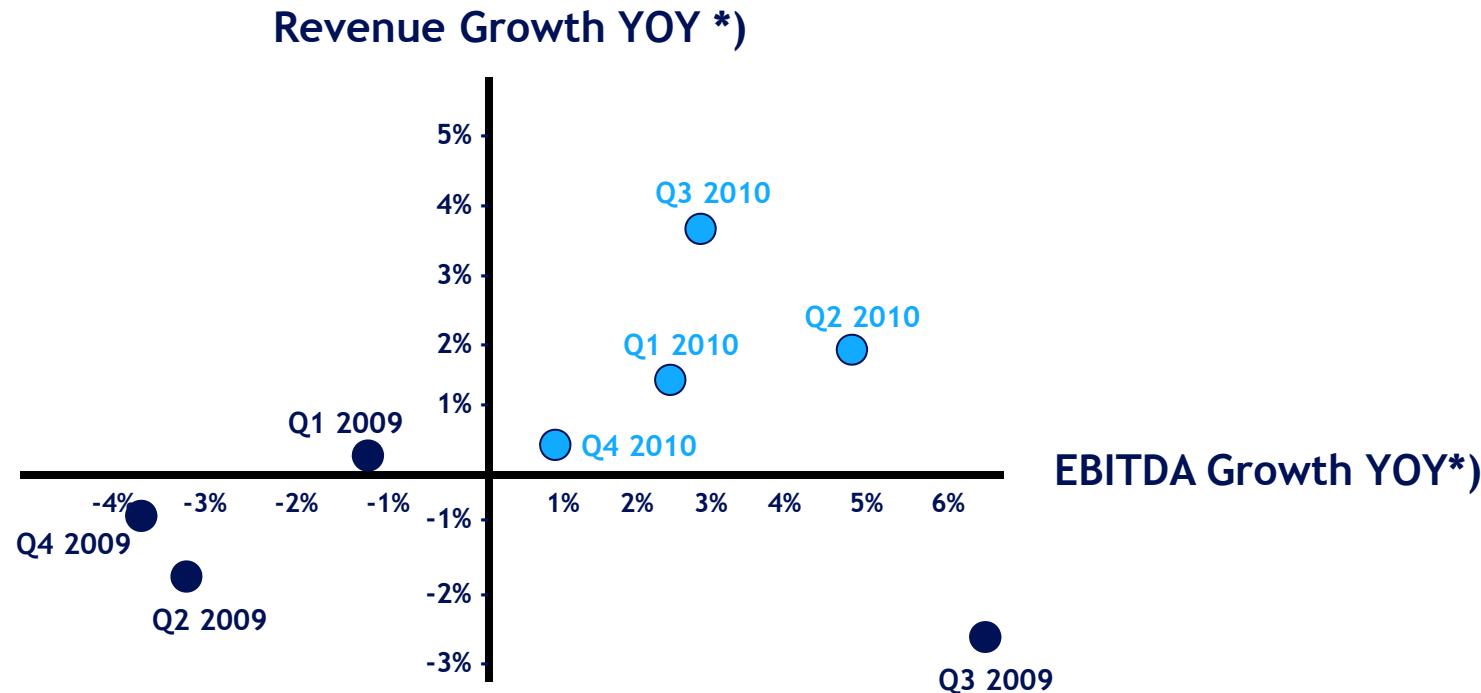




## B. Swisscom Performance - Financially: growth

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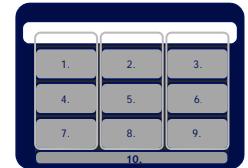
Change YoY, total Swisscom Group in constant currency (@ CHF 1.40/€)



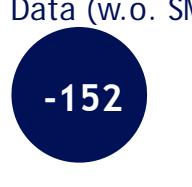
\*) adjusted by M&A-transactions, provisions and other one-off items

Trends have improved in 2010, comparable growth positive in each and every quarter

## B. Swisscom performance - price & volume effects 2010 vs 2009



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CHF mm.	Price effect	Volume effect	$\Sigma$
<b>Mobile</b>	<b>Ø-Prices Core business</b> Traditional  Data (w.o. SMS) 	<b>Customer growth+new services</b> Traditional  Data (w.o. SMS) 	<b>+ 79</b>
<b>Fixed</b>			<b>-144</b>
<b>Convergent products</b>			<b>+85</b>
<b><math>\Sigma</math></b>	<b>-526</b>	<b>+546</b>	<b>+ 20</b>
<b>Devices and other services</b>			<b>+102</b>
<b>Other Segments</b>			<b>+86</b>
<b><math>\Sigma</math> Swisscom w.o. Fastweb</b>			<b>+208</b>
<b>Fastweb</b>	<u>At constant exchange rates</u> 	<u>FX effect</u> 	<b>-221</b>
<b>Revenue Swisscom Group</b>			<b>-13</b>

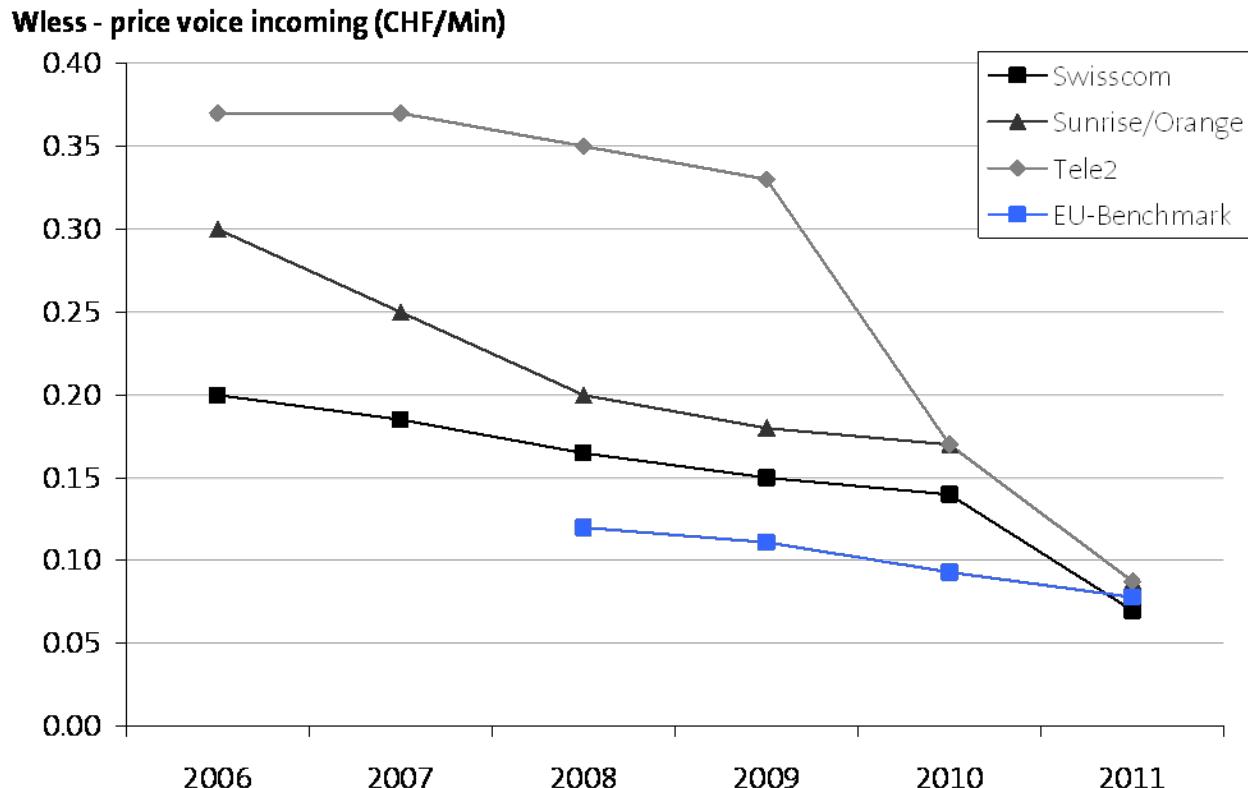
Group revenues at constant FX would have grown by over 2% YoY

## B. Swisscom performance - MTR rates



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### Price index for selected services



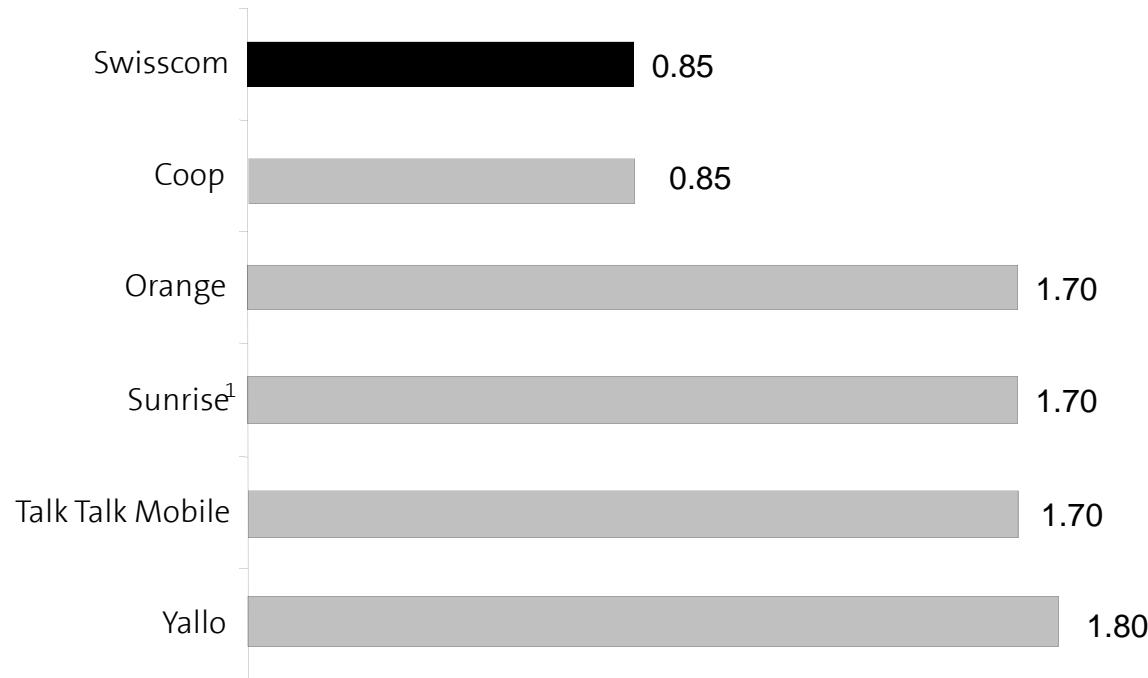
MTR rates Swisscom on EU Level, and with ever lower asymmetry compared to Swiss competitors causing lower net outpayments

## B. Swisscom performance - roaming rates



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### Standard tariff Voice Roaming Western Europe (CHF/Min)



<sup>1</sup> tariff within bandwidth 1.70 – 2.20

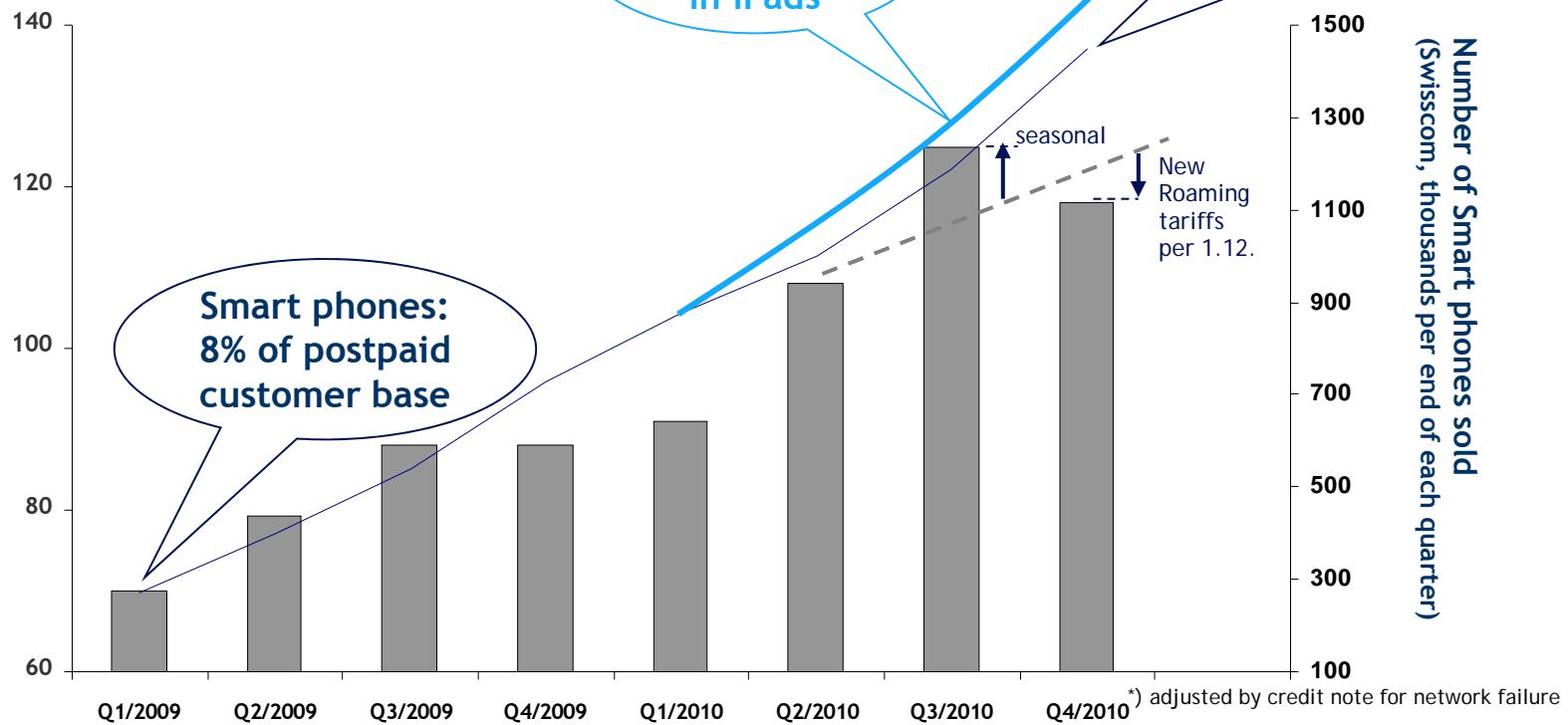
Roaming voice - Swisscom has most attractive tariff for Swiss customers

## B. Swisscom performance - mobile data



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Quarterly revenues  
mobile new data  
(in CHF mm)



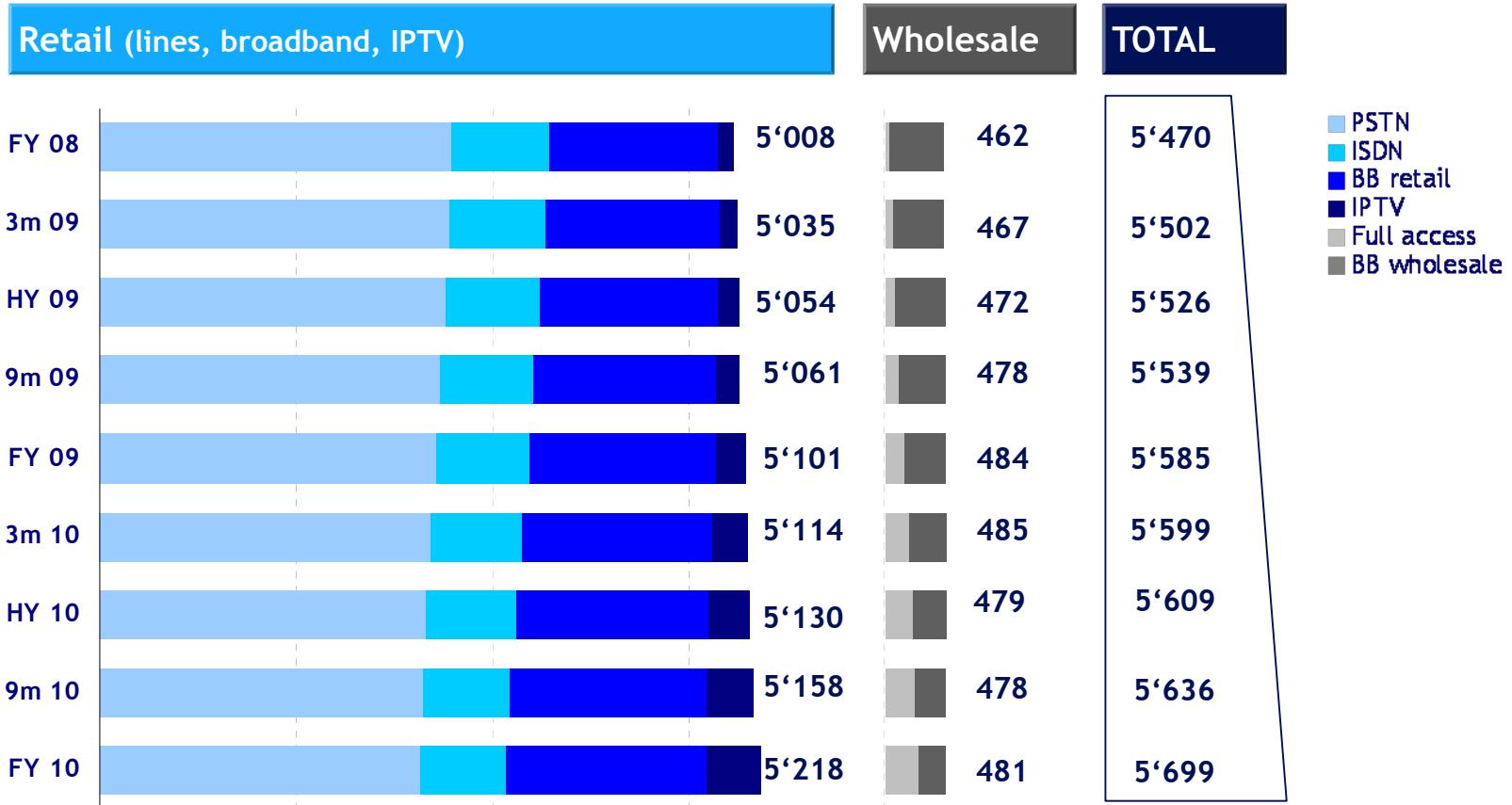
(a) Consists of Data Traffic, domestic and outbound roaming from Swisscom customers. i.e. excl. SMS & MMS

Mobile new data one of the most important growth drivers (+CHF 108mm or +33% YoY), helped by customer friendly devices such as iPhones and iPads. The dip of Q4 2010 is explained by seasonal high Q3 roaming revenues and a new tariff for new data roaming per 1. December 2010 (new CHF 7.--/5MB old CHF 10.--/1MB).



## B. Swisscom performance - wireline substance

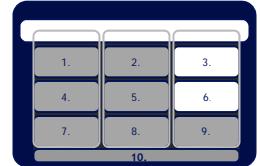
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Revenue generating substance continues to grow. Retail by +2.3% YoY, while wholesale incl. full access is stable overall, yet swiftly moving to full access



## C. Special issues - regulation



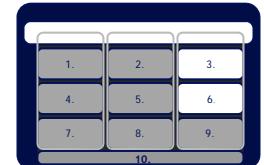
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### Main cases

- **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 to be a year of important regulatory news flow

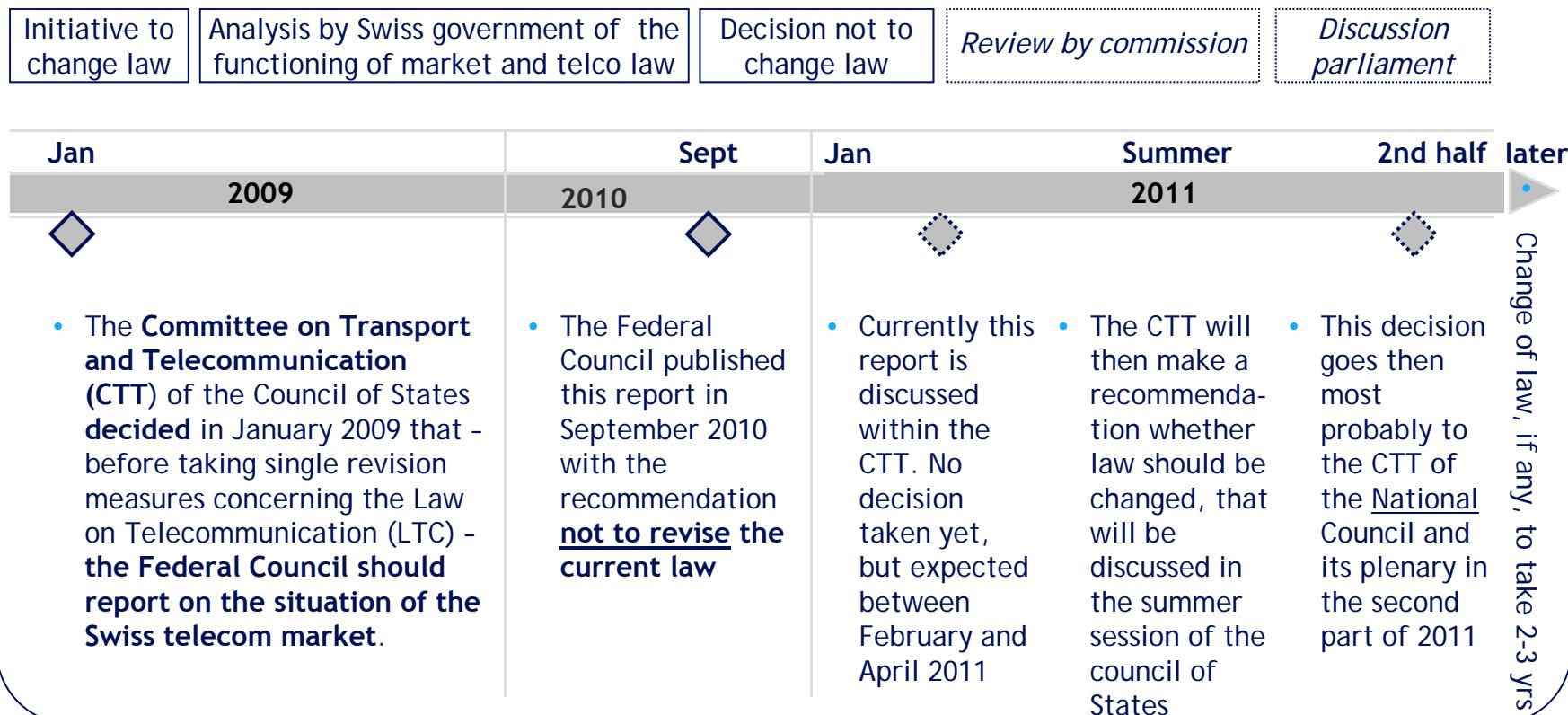




## C. Special issues - revision of telecoms law

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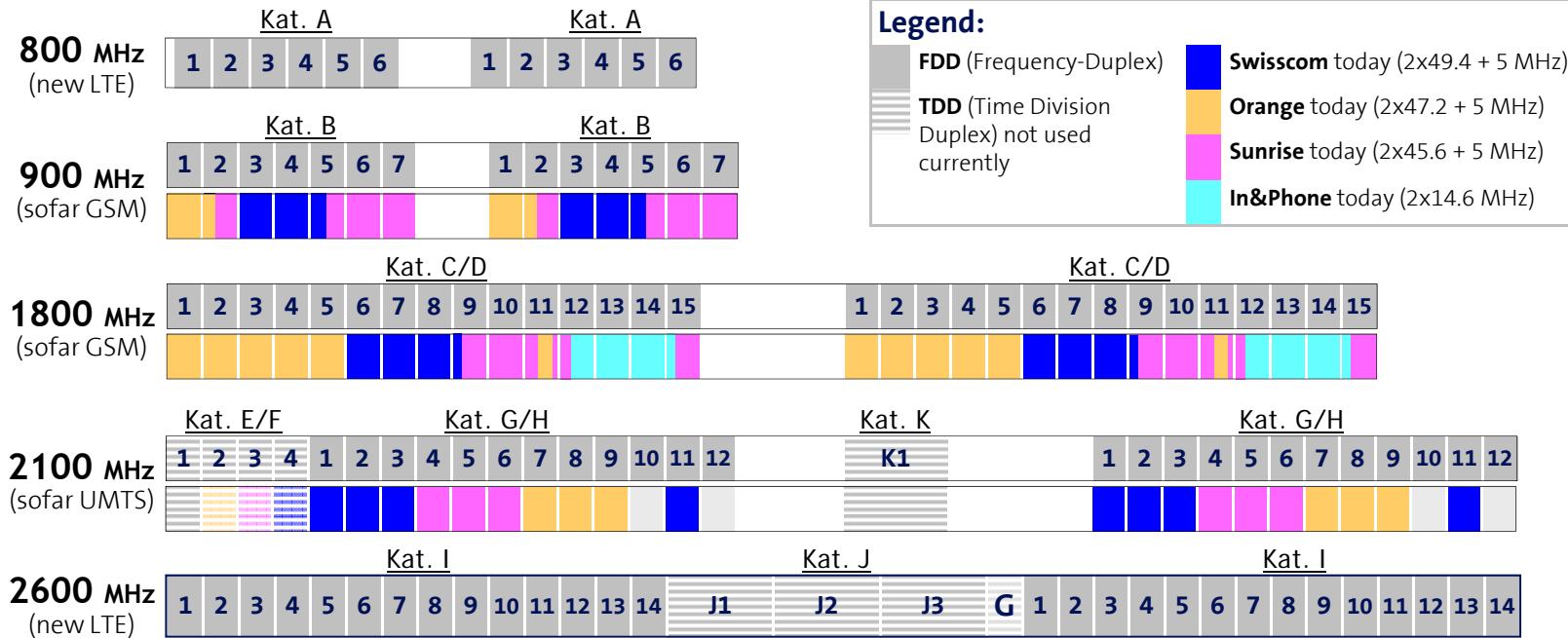
### Process overview: so far no revision of telecoms law supported by Swiss government



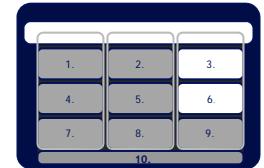
Only if both Chambers (States and National) agree, a mandate for the revision of the Telecoms Law will be given to the Federal Council to elaborate a proposal. A potential change of law would take another 2 to 3 years to materialise

### C. Special issues – mobile spectrum

## Overview of existing and new mobile spectrum



Currently available bandwidth (ca. 330 MHz) to be nearly doubled to 625 MHz



## C. Special issues – Fastweb minority buyout

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**Completion of buyout to be expected in March 2011**

- Offer announced @ 18€/ share in September 2010
- Acceptances as at 12 November 2010 lead to ownership for Swisscom of 94.834%
- Swisscom subsequently purchased 130,000 shares in the open market, taking its shareholding to 94.997%
- Timing of 'sell-out' process agreed with Consob (Italian regulatory authority) and Borsa Italiana: Offer period from 14 February to 14 March 2011, with settlement on 18 March 2011
- Swisscom passed the 95% threshold on 14 February, and will therefore be entitled to buy out the remaining shares
- Delisting to be expected on 22 March 2011

Owning 100% will give Swisscom more flexibility and lower (governance & listing) cost



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### *Introduction : an overview of performance & priorities*

	<b>A. Market Performance</b>	<b>B. Swisscom Performance &amp; Priorities</b>	<b>C. Special Issues 2011</b>
Swisscom Switzerland	<b>1.</b> <ul style="list-style-type: none"><li>– Wireless success factors</li><li>– Wireline success factors</li><li>– Customer satisfaction vs cost</li></ul> <p><i>Christian Petit</i></p>	<b>2.</b> <ul style="list-style-type: none"><li>– Push fibre rollout</li><li>– Increase mobile capacity</li><li>– Enforce simplification</li></ul> <p><i>Heinz Herren</i></p>	<b>3.</b> <ul style="list-style-type: none"><li>– Manage regulation &amp; telco law</li><li>– Close significant law cases</li><li>– Secure new mobile spectrum</li></ul> <p><i>Carsten Schloter</i></p>
Fastweb Italy	<b>4.</b> <ul style="list-style-type: none"><li>– 2010 Results</li></ul> <p><i>Alberto Calcagno</i></p>	<b>5.</b> <ul style="list-style-type: none"><li>– The priorities on Fastweb's agenda - 2011 and beyond</li></ul> <p><i>Alberto Calcagno</i></p>	<b>6.</b> <ul style="list-style-type: none"><li>– Complete minority buyout and thus create more flexibility</li></ul> <p><i>Carsten Schloter</i></p>
Swisscom Other	<b>7.</b> <ul style="list-style-type: none"><li>– Build out market position in (IT) verticals</li></ul> <p><i>Not presented</i></p>	<b>8.</b> <ul style="list-style-type: none"><li>– Use network construction capabilities for 3<sup>rd</sup> parties</li><li>– Reignite growth at Hospitality Services</li></ul> <p><i>Not presented</i></p>	<b>9.</b> <ul style="list-style-type: none"><li>– Consider small scale fill-in acquisitions to strengthen existing portfolio</li></ul> <p><i>Not presented</i></p>
Group	<b>10.</b> Financial results 2010, Dividend and Outlook 2011 <i>Ueli Dietiker, CFO</i>		

# A1. Market Performance, wireless success factors



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2009 Service Revenue *		7'619
RES Wireless	Postpaid Voice	-68 <span style="background-color: red; color: white; display: inline-block; width: 15px; height: 15px;"></span>
	Postpaid others	<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +175
	Prepaid Voice	-3 <span style="background-color: red; color: white; display: inline-block; width: 15px; height: 15px;"></span>
	Prepaid others	-10 <span style="background-color: red; color: white; display: inline-block; width: 15px; height: 15px;"></span>
RES Wireline	Wireline standalone	-148 <span style="background-color: red; color: white; display: inline-block; width: 15px; height: 15px;"></span>
	Wireline bundles	<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +144
Corporate	**	<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +30
SCS others (CWS/Consolidations)		-84 <span style="background-color: red; color: white; display: inline-block; width: 15px; height: 15px;"></span>
2010 Service Revenue *		7'656
2009 Net Revenue		8'453
Service Revenue		<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +37
Devices & Others		<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +76
2010 Net Revenue		8'566

	Jan..Dec PY	ACT	Δ PY	
			RES	Corp.
<b>Wireless</b>	<b>5'602</b>	<b>5'828</b>	<b>+97</b>	<b>+129</b>
Postpaid	3'426	3'615	+60	+129
Prepaid	2'176	2'213	+37	+0
<b>Wireline Voice Access (PSTN/ISDN)</b>	<b>3'391</b>	<b>3'213</b>	<b>-168</b>	<b>-10</b>
Wireline Voice Access Standalone	3'345	3'010	-322	-13
Wireline Voice Access in Bundle	46	203	+154	+3
<b>Broadband retail</b>	<b>1'478</b>	<b>1'584</b>	<b>+90</b>	<b>+16</b>
Broadband Standalone	1'432	1'381	-64	+13
Broadband in Bundle	46	203	+154	+3
<b>Swisscom TV</b>	<b>232</b>	<b>421</b>	<b>+178</b>	<b>+11</b>
Swisscom TV Standalone	186	218	+24	+8
Swisscom TV in Bundle	46	203	+154	+3

2009 EBITDA	3'675
Net Revenue	<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +113
Costs	<span style="background-color: green; color: white; display: inline-block; width: 15px; height: 15px;"></span> +16
2010 EBITDA	3'804

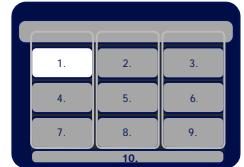
Wireless traffic/data and devices the big drivers. Wireline moving to bundles (often incl. TV)

\* Includes Intercompany Revenues

\*\* SME & CBU



## A1. Market Performance, wireless success factors



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Smartphone  
success story

TV & Bundle  
growth

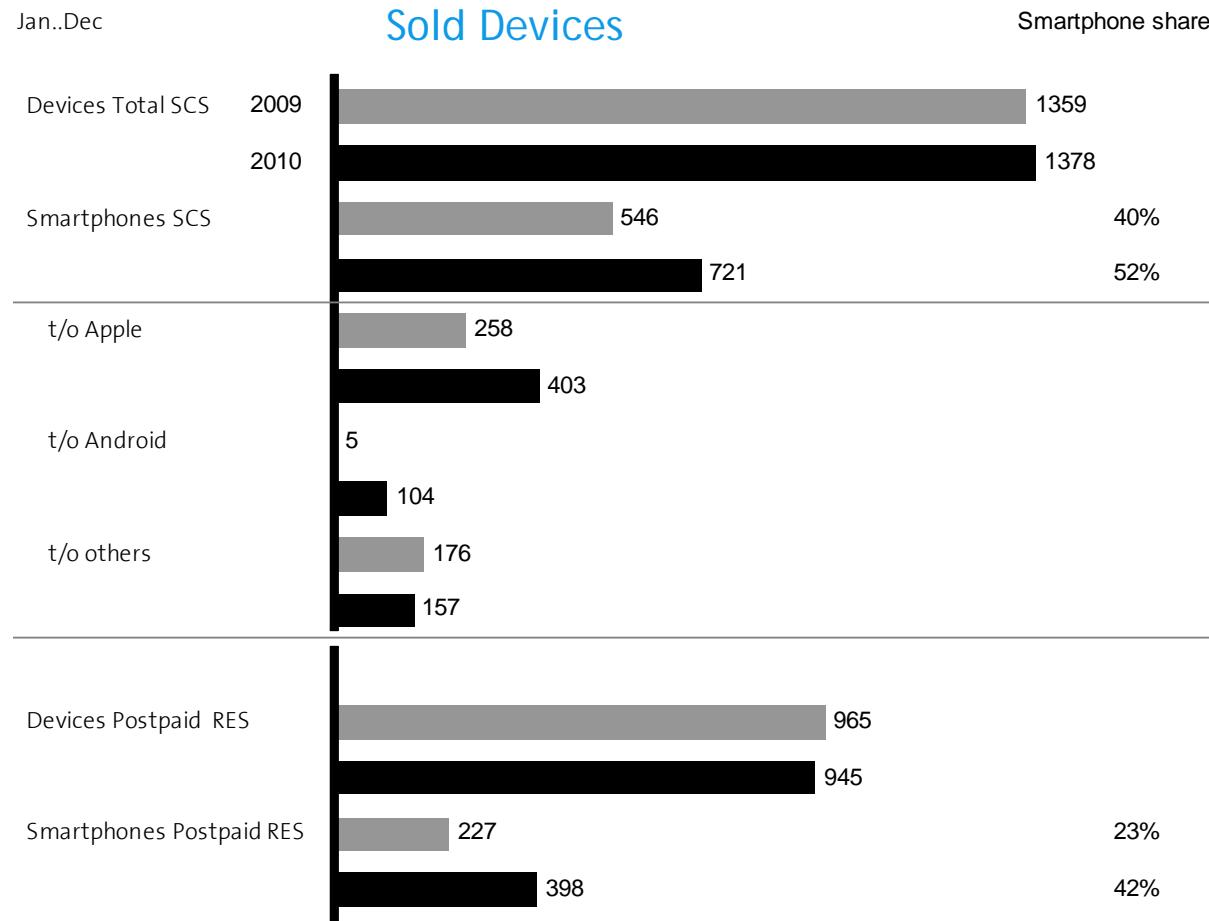
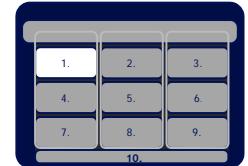
Moderate  
wireline voice  
access loss

Cost savings

High customer  
satisfaction

5 cornerstones of success, also going forward

## A1. Market Performance, wireless success factors

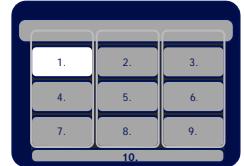


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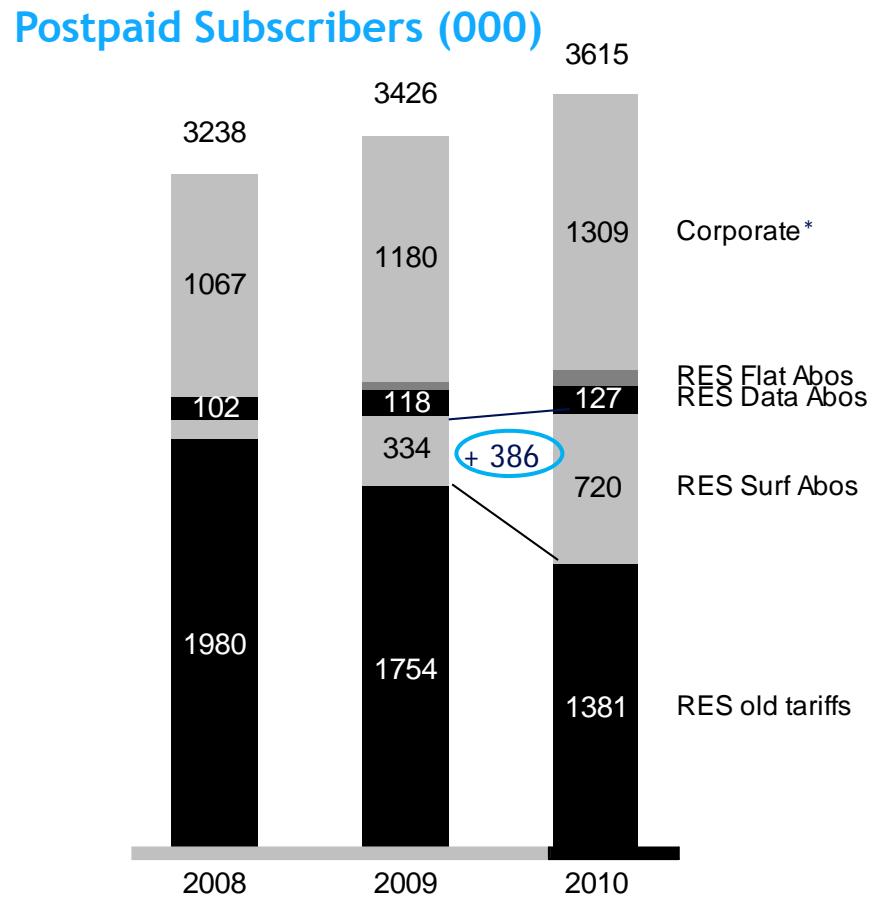
Smartphone success story continues, with penetration on total Swisscom base now 29%



## A1. Market Performance, wireless success factors



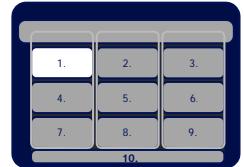
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Increase of RES surf subscription forms is driven by higher share of smartphones sold.

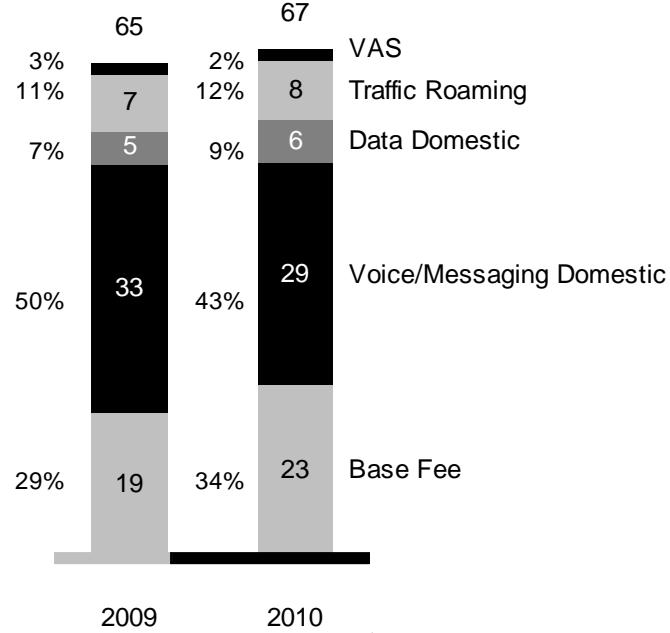
\* SME & CBU

# A1. Market Performance, wireless success factors

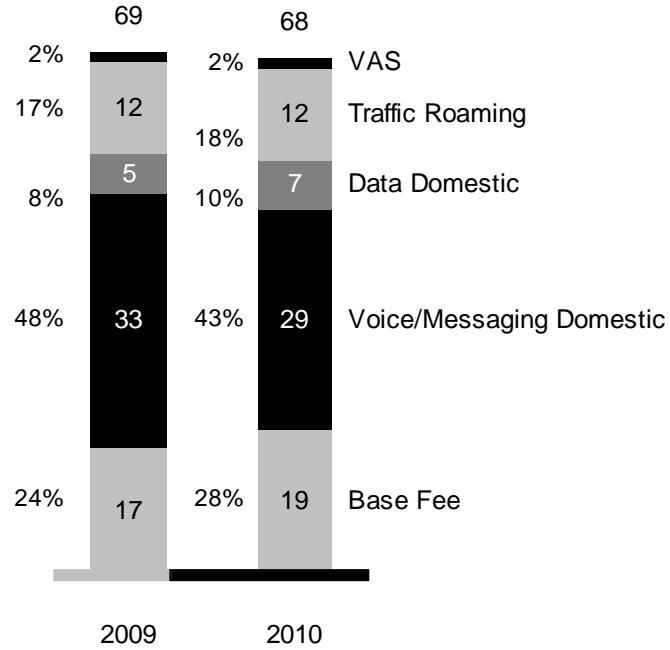


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## Postpaid ARPU\* RES (in CHF)



## Postpaid ARPU\* SCS (in CHF)



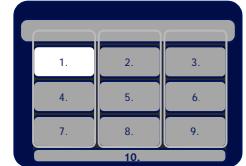
### Postpaid RES

	2009	2010	Δ	Total	ARPU	Subscriber
Revenue*	MCHF	1'704		1'811	+107	+47
ARPU *	CHF	65		67	+2	+60

\* does not include termination revenues

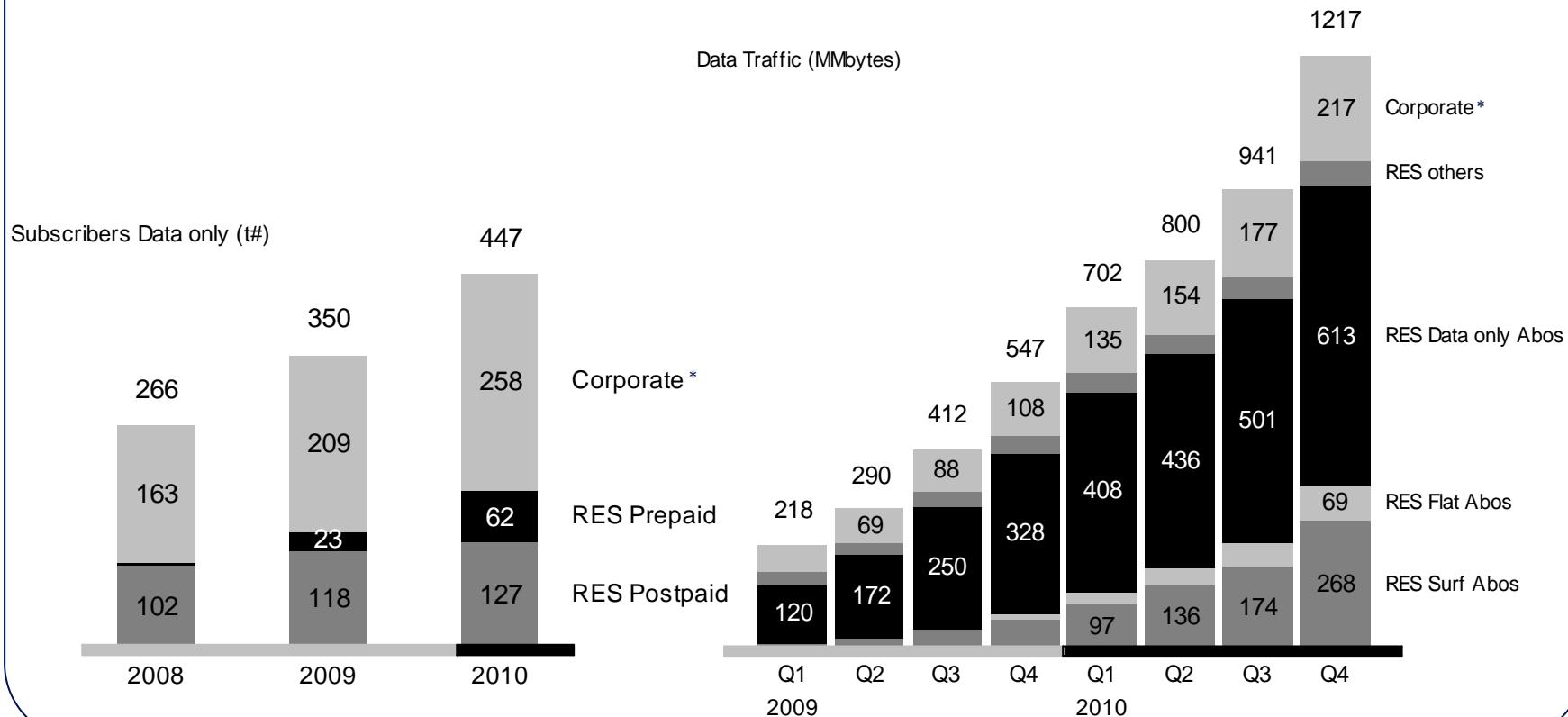
Additional ARPU in Residential driven by higher roaming, new customers at higher ARPU than leaving customers, and upselling (e.g. more data inclusive) to existing customer base

# A1. Market Performance, wireless success factors



- iPad tariffs launched in 2010
- Tablets with voice function (e.g. Galaxy tab) are sold with surf tariffs.

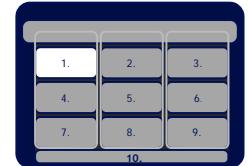
- Measures to handle data volumes:
  - Net investments (see chapter 2)
  - Mobile data differentiation pricing



Data traffic growth has further accelerated

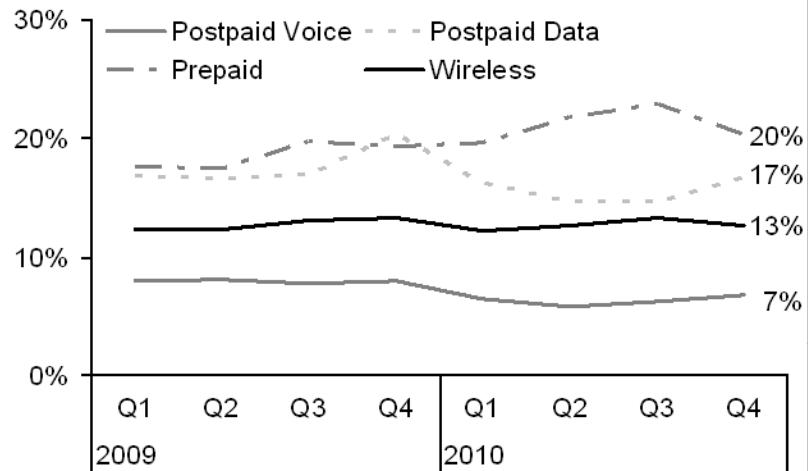
\* SME & CBU

## A1. Market Performance, churn rates

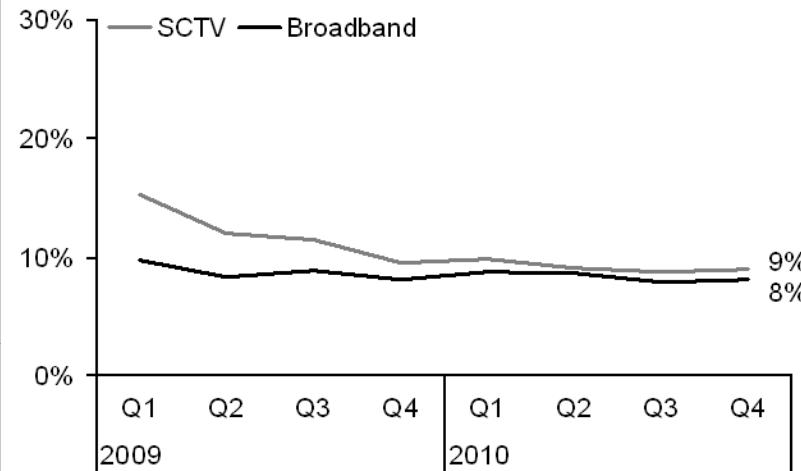


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### Churnrate Wireless



### Churnrate Wireline (incl. Bundles)



#### Wireless

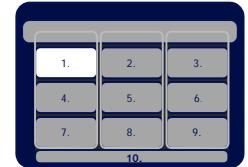
Benchmark Q3 2010: France 22 %,  
Germany 23 %, Netherlands 25%

#### Swisscom TV & Broadband

As a result of bundling offers, churn of  
SCTV and Broadband distinctively  
reduced.

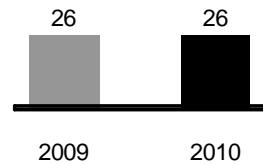
Low postpaid voice churn leads to a long customer lifetime, hence creating substantially higher value to the company

## A1. Market Performance, wireline: ARPU

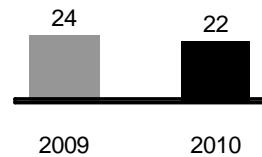


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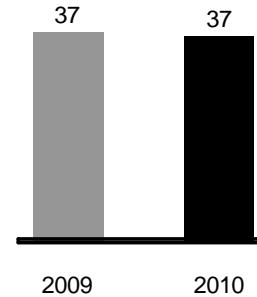
ARPU Voice Access



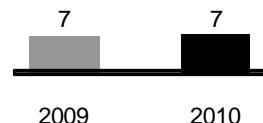
ARPU Voice Traffic



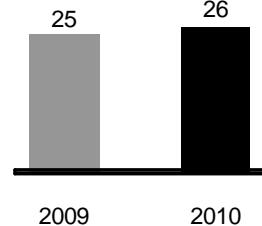
ARPU Broadband  
Standalone Access



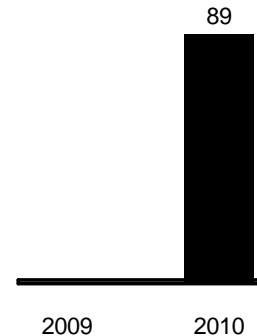
ARPU TV Add-ons



ARPU TV Standalone



ARPU TV Trio  
Bundles Access



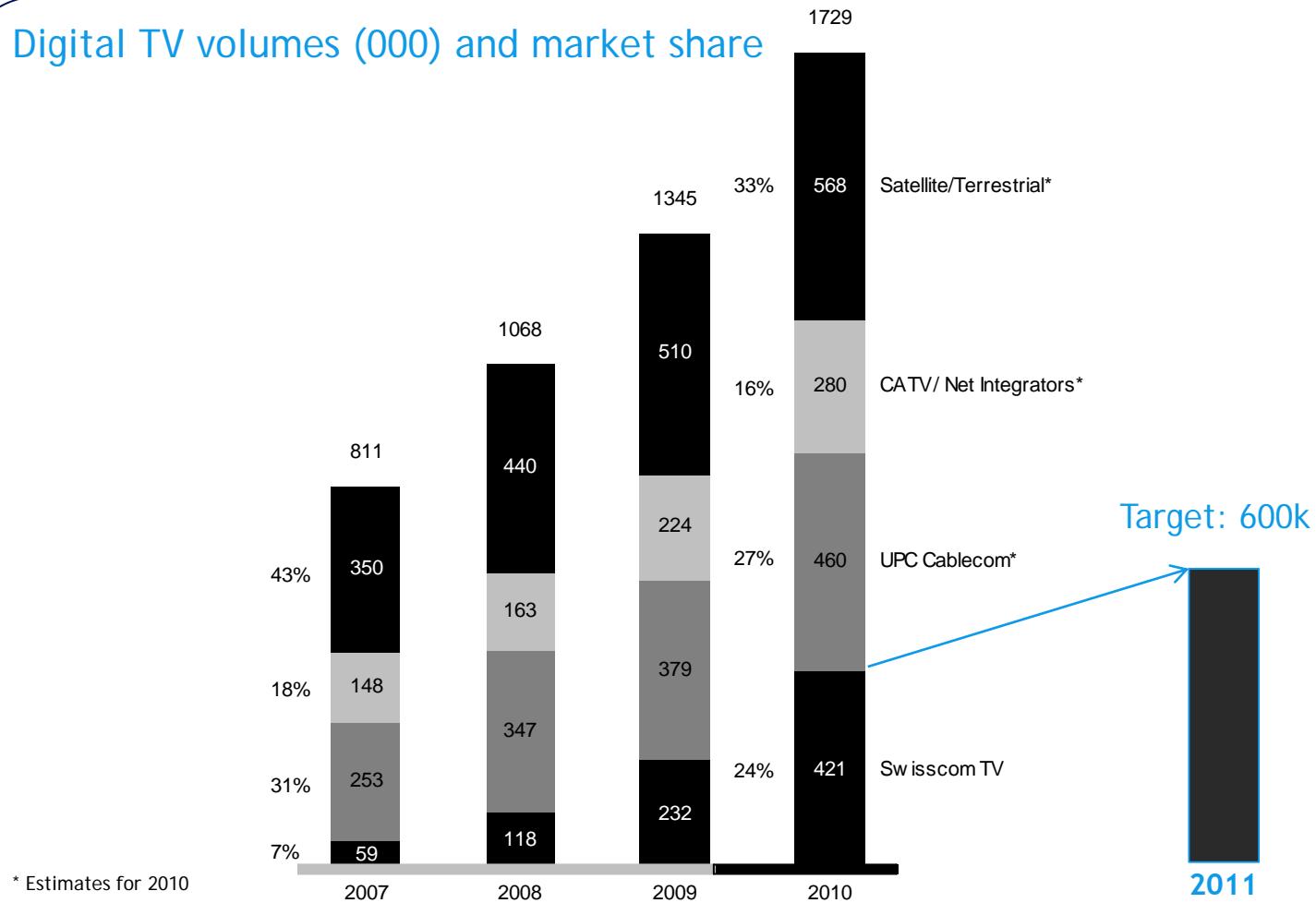
The future is in bundles

## A1. Market Performance, wireline success factors: TV



### Digital TV volumes (000) and market share

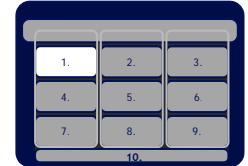
29



More than 50% of new digital TV customers chose Swisscom

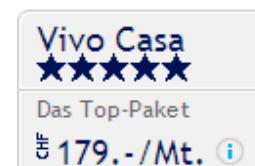
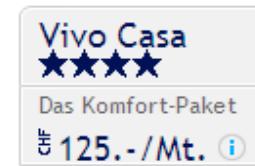
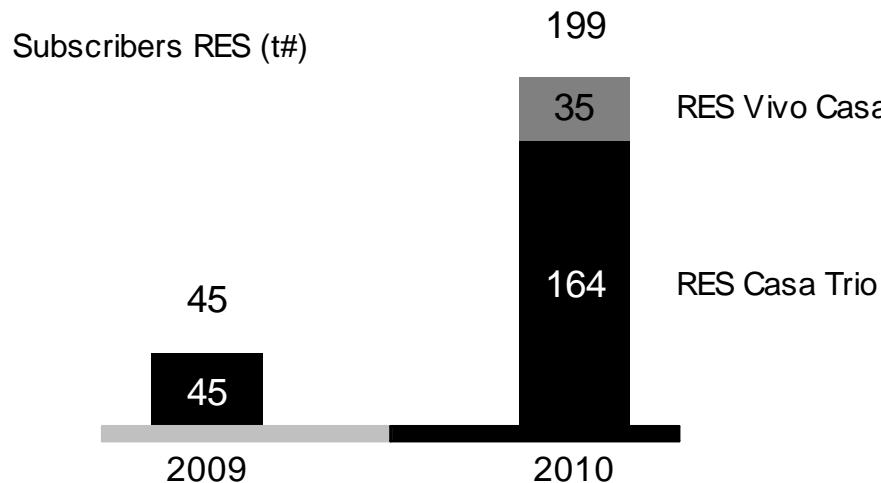


# A1. Market Performance, wireline success factors: bundles



30

## Subscribers to bundles



Vivo Casa 4\*/5\*  
are sold with  
fibre as well

Nearly 50% of Swisscom TV customers have taken a 3P bundle



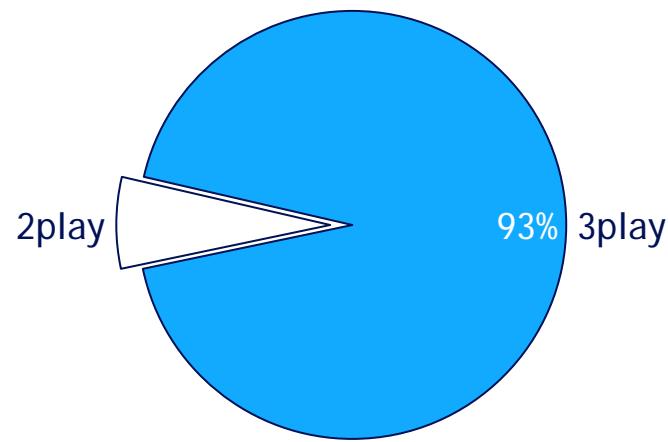
# A1. Market Performance, wireline success factors: bandwidth



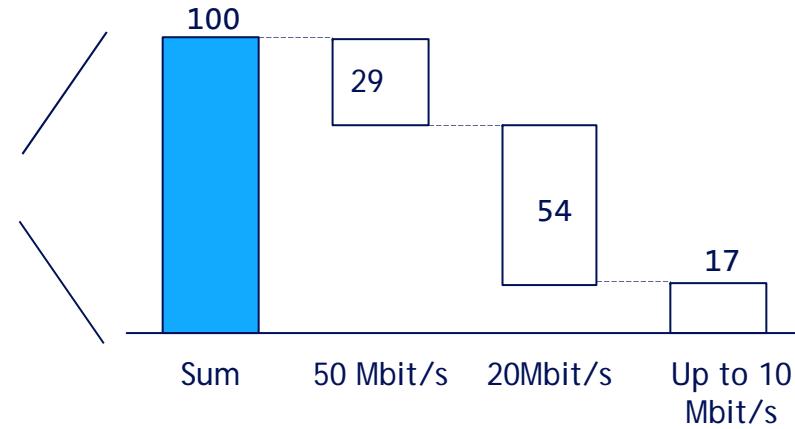
31

## FTTH marketing - first findings from local promotions

Bundle split 2play/3play of FTTH customers



3play bandwidth profiles Vivo Casa on Fibre [%]

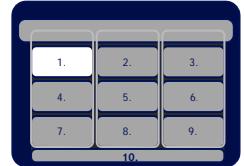


- Ultra local promotions deliver pick-up rates of FTTH products at ~ 9%
- Majority of customers take a triple play bundle - TV is confirmed as a strong driver

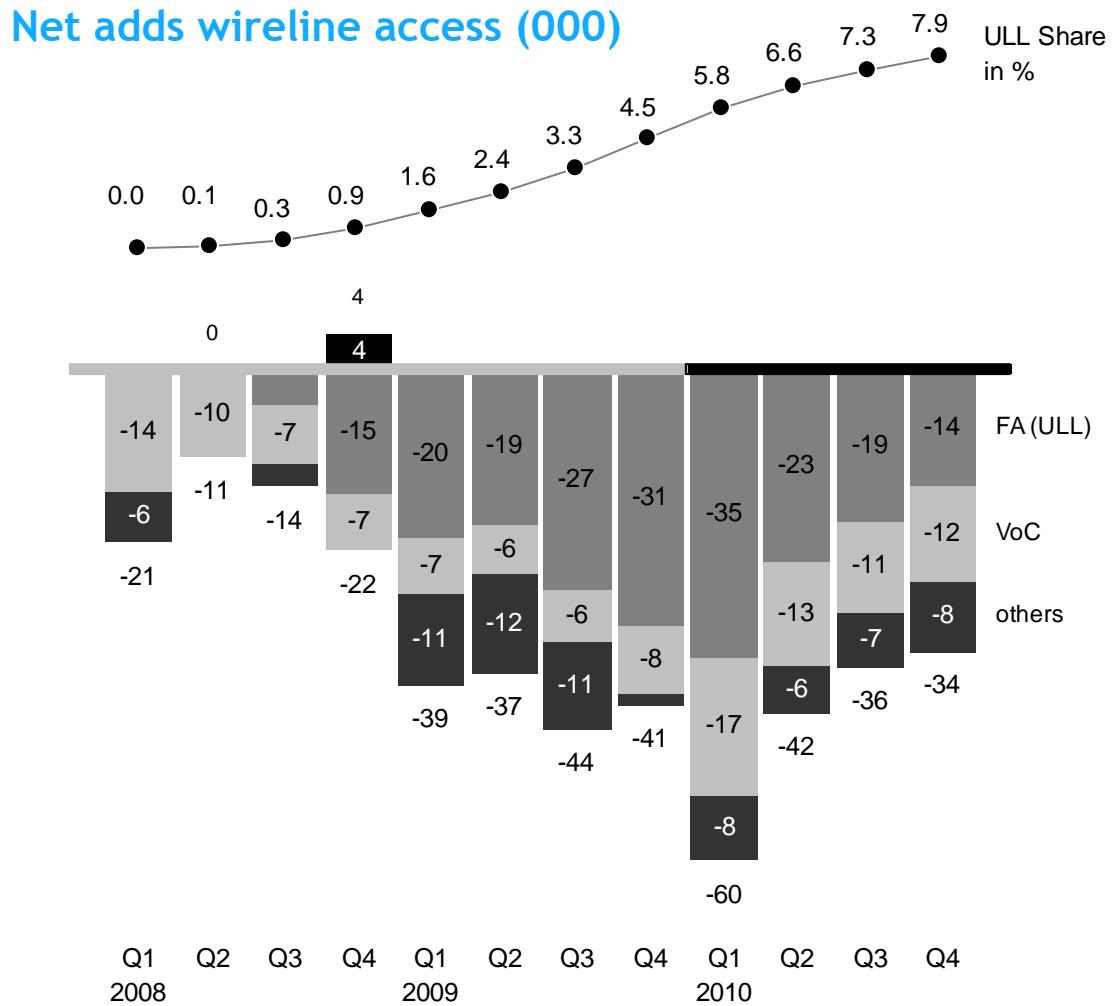
- 29% of FTTH Vivo Casa customers chose a 50 Mbit/s profile. This shows the upselling-relevance of high bandwidth-products.

First stats from Vivo promotions confirm upselling potential of high bandwidth on FTTH

# A1. Market Performance, wireline success factors: limit the loss



32



ULL

Expected development based on sunrise customer base and their network rollout until Q1

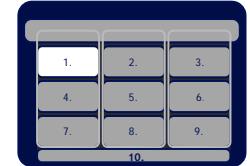
VOC

Voice over Cable  
Cablecom started with 3 for 2 campaign by end of 2009

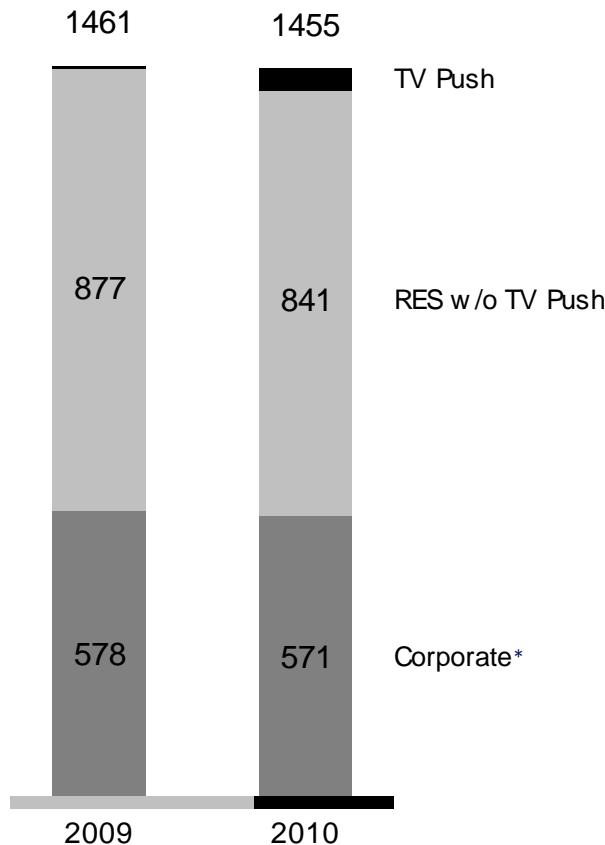
Other

Churned customers who don't take their phone number with them.

Voice access loss more moderate than expected. ULL improving since Q1 2010 and still well below 10% of total access lines in Switzerland



## Indirect cost



### Cost management – key foci 2010 & 2011

- Payback of convergent projects (OneCRM)
- Internal process optimization
- Increase of online customer interaction
  - Next Generation Online Support: redesign selfcare area, using social networks (twitter, facebook), improve customer support forum.
  - Mobile Selfcare: Apps for smartphones
  - In 2010 already 10% of customer interaction through online channels, target 2011: 20%

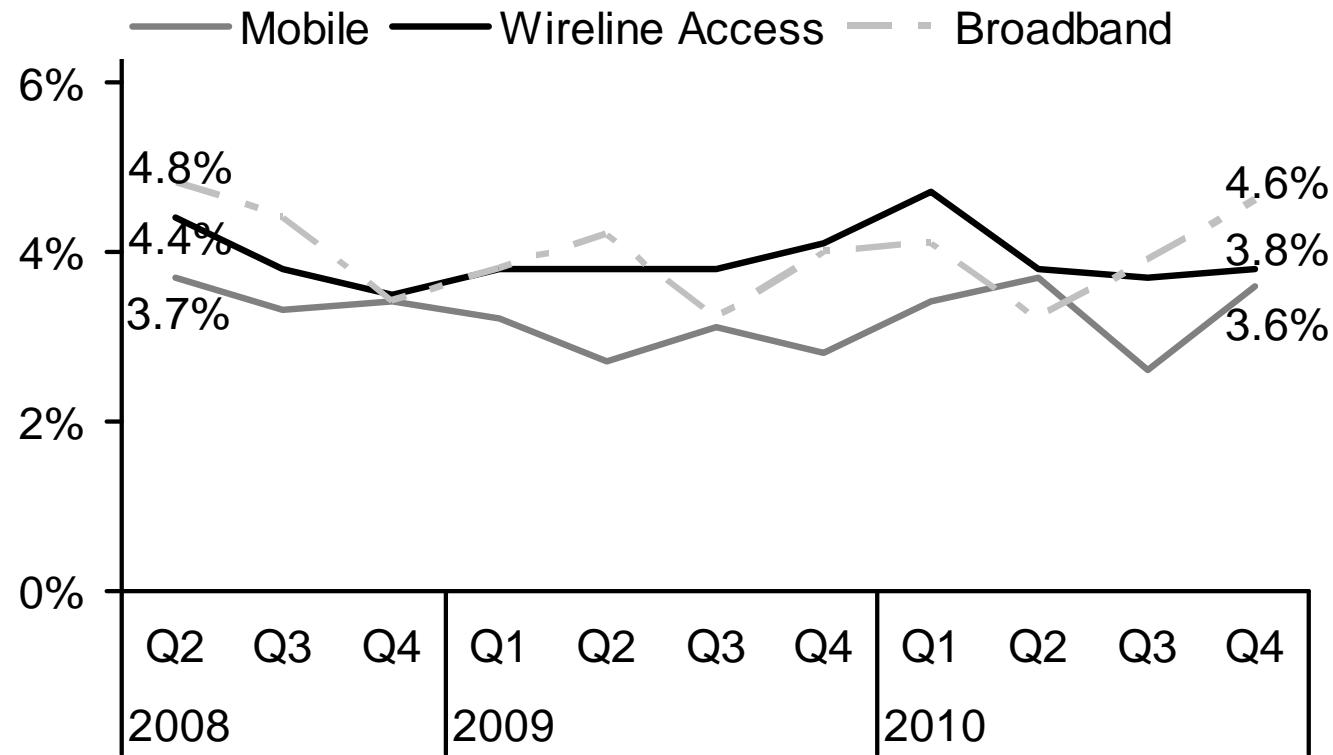
Positive savings 2010 gained by efficiency measures are used for TV market investments. Measures for 2011 are set to gain further savings without affecting customer service.

## A1. Market Performance, readiness to change operator



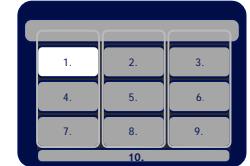
34

### Readiness to change operator



Overall very low readiness to change operator

# A1. Market Performance, customer satisfaction



35

## Customer satisfaction residential customers

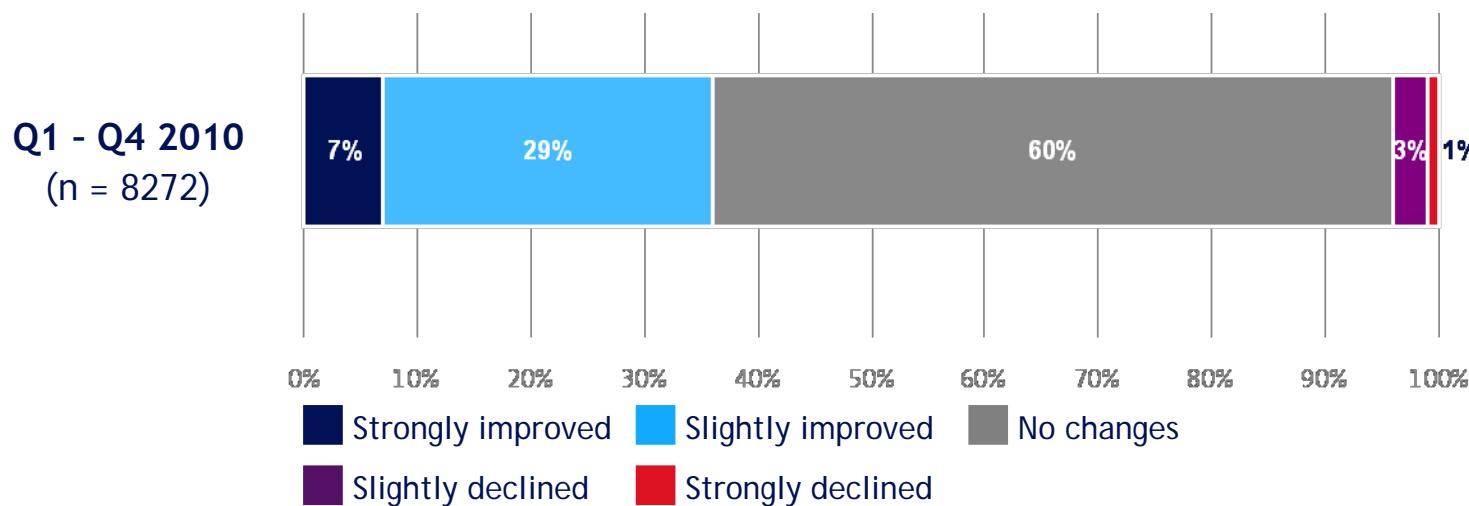
An independent customer survey<sup>1</sup> shows:

- Customer satisfaction across all services constantly high at approx. 8.5 on a scale from 1 (very bad) to 10 (very good)
- Well ahead of competitors

## Change in customer interaction quality

Same survey<sup>1</sup> asking for: How did your overall opinion of Swisscom change within the last year?

Residential customers answered:



<sup>1</sup> Phone survey of monthly 1'000 persons between 15-74 years in German and French part of Switzerland ("Switcher" study)

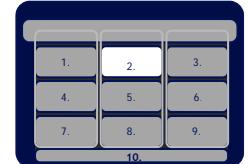
High overall Residential customer satisfaction with 9 customers reported an improvement for each one reporting a decline. Results well ahead of competitors

## Swisscom's "Tablets" - Agenda:

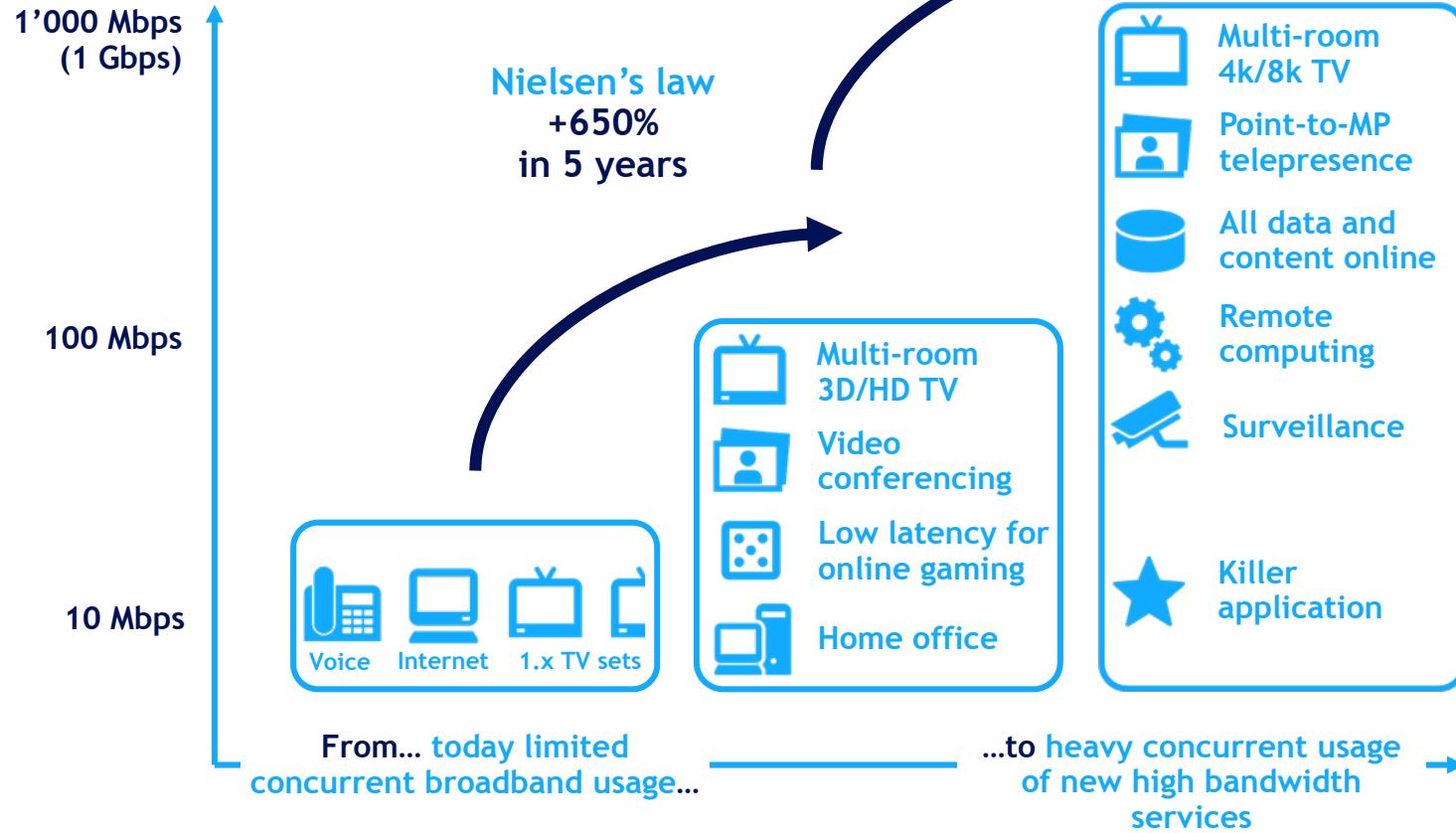
*Introduction : an overview of performance & priorities*

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Swisscom Switzerland	1. – Wireless success factors – Wireline success factors – Customer satisfaction vs cost  <i>Christian Petit</i>	2. – Push fibre rollout – Increase mobile capacity – Enforce simplification  <i>Heinz Herren</i>	3. – Manage regulation & telco law – Close significant law cases – Secure new mobile spectrum  <i>Carsten Schloter</i>
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Group	10. Financial results 2010, Dividend and Outlook 2011 <i>Ueli Dietiker, CFO</i>		

## B2. Swisscom Performance & Priorities - fibre



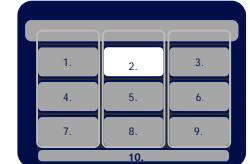
37



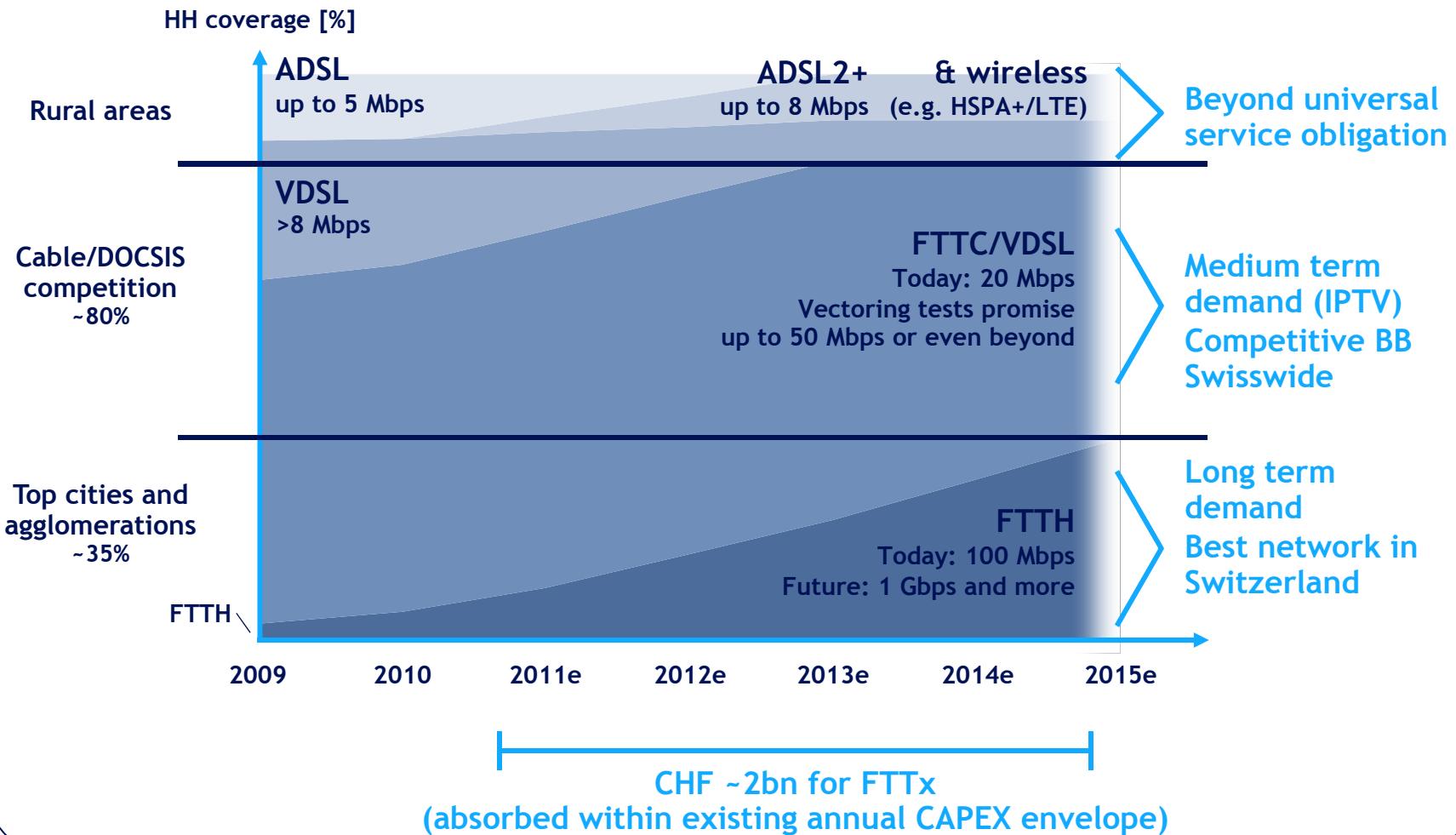
Customer demand for FTTH in the long run to rise as customers start using services simultaneously



## B2. Swisscom Performance & Priorities - fibre



38



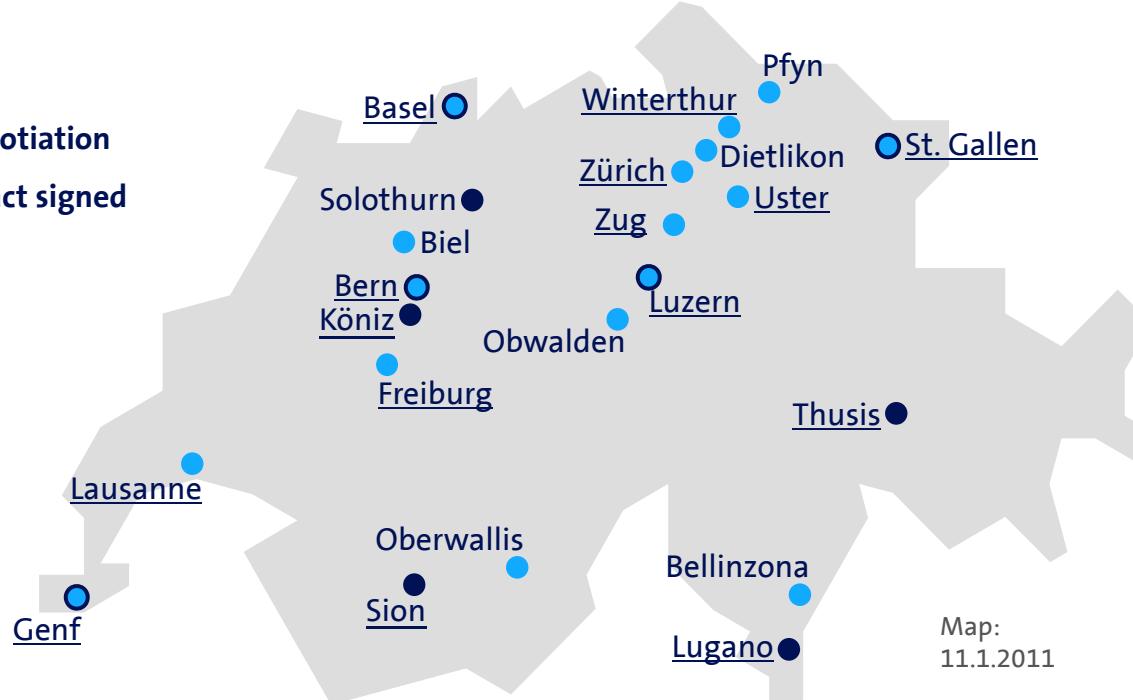
Since rolling-out FTTH is time-consuming, a mixed FTTC/FTTH strategy is pursued to meet medium term demand and cope with cable competition

## B2. Swisscom Performance & Priorities - fibre

1.	2.	3.
4.	5.	6.
7.	8.	9.
10.		

39

- Build alone
- Cooperation in negotiation
- Cooperation contract signed
- Build/acquisition started**

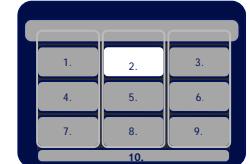


Map:  
11.1.2011

- Most roll-out undertakings in partnerships, based on multi-fiber FTTH model
- First partnership contracts have been proactively submitted to Swiss competition commission for approval and are currently being reviewed
- Swisscom also builds in areas, where it has not (yet) found cooperation partner - Koniz, Lugano, Sion, Solothurn, Thusis and Zug - expediting FTTH roll-out in Switzerland

FTTH roll-out is progressing well; with its partners Swisscom has passed 230k homes EOY 2010

## B2. Swisscom Performance & Priorities - mobile capacity



40

**Improve coverage**  
to cope with increasing mobility & expectations

**Ensure capacity & performance**  
to handle incr. traffic (doubling every 7 months)

**Right technologies**  
to deliver leading edge customer experience most efficiently

**2010**

- 99.8% EDGE, 92% 3G
- 300 new 3G sites

**2011 and ongoing**

- Improve indoor and on-train coverage
- Aim at near full 3G coverage by 2015

- All 3G sites upgraded to at least 7.2 Mbps
- 40% of sites even with 14.4 or 21 Mbps
- More simultaneous user

- Extend LTE activities
- Quality-of-service
- Offloading to WiFi



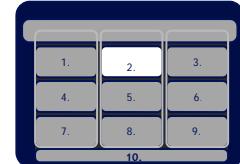
**Best wireless network in Switzerland in 2010**

**Target: extend position as best wireless network in CH**

Swisscom also heavily invests in its wireless network to meet growing demand for mobile data and extend its best network position in Switzerland



## B2. Swisscom Performance & Priorities - best wireless network in Switzerland in 2010



41

CONNECT and P3 have performed a 3 country, 11-network benchmark (AT, CH, DE)

Service	Measurements	Swisscom Performance
Voice	<ul style="list-style-type: none"><li>Mobile-to-Mobile</li></ul>	<ul style="list-style-type: none"><li>Top score in voice call stability and speech quality in both urban and rural environment in the 3-country-benchmark</li><li>Call completion success rate at 99.3% in urban and 97.0% in rural areas</li></ul>
Data	<ul style="list-style-type: none"><li>Browsing</li><li>Round-Trip-Times</li><li>Email</li><li>File Transfer Time (new measurement in 2010)</li><li>Broadband Coverage</li></ul>	<ul style="list-style-type: none"><li>Session times still top-end. Web-Browsing Success rate at 99.3%</li><li>Best Round-Trip Times in CH, typically &lt; 120ms</li><li>Best in class for session times, success rate &gt; 99.6%</li><li>Data transfer rates top in Switzerland, Avg. Upload 1012 kbits/s, Dowload 2950 kbits/s</li><li>Best in international comparison of rural Broadband coverage (79%), third in cities (93%)</li></ul>

Swisscom together with A1 rated best network in Switzerland, Germany, and Austria



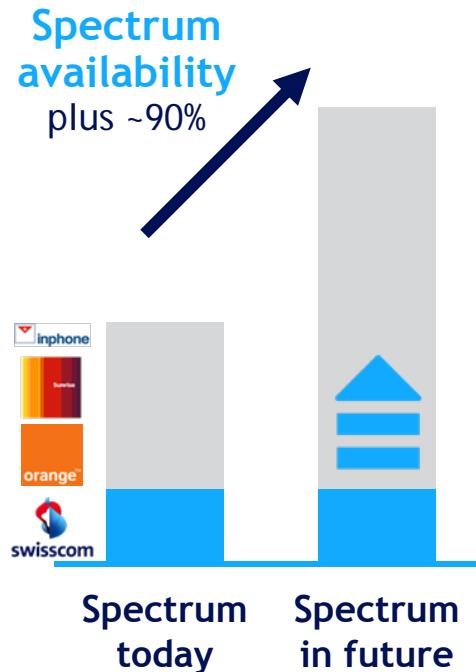
## B2. Swisscom Performance & Priorities - mobile spectrum

1.	2.	3.
4.	5.	6.
7.	8.	9.
10.		

42

### Spectrum auction

- New 800 Mhz and 2600 Mhz spectrum
- Existing and new spectrum auctioned (all licenses with end-date 2028)
- Combinatorial Clock Auction design



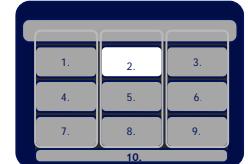
### Spectrum strategy

Swisscom will apply for spectrum auction to...

- ensure continuity
- increase both capacity & coverage most efficiently
- Allow introduction of new technologies

All existing and new mobile spectrum to be auctioned (auction is likely to take place in 2011, but not yet confirmed as date for application will be postponed); Swisscom will need to ensure both continuity and capacity for future bandwidth demand

## B2. Swisscom Performance & Priorities - cost control



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### Objectives



Improved customer experience to defend or even extend loyalty



Cost efficiency (development, operations, maintenance) to increase flexibility



Simpler processes & systems to improve quality and availability



Faster product design to respond to increased market dynamics (e.g. OTT)



Enhanced Fix-Mobile Convergence to support bundles and innovative offers

### Measures



Modularisation of services, products & factory processes initiated



Leading edge software and technologies



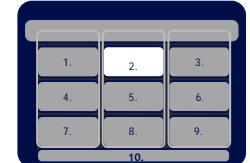
Pragmatic decommissioning of legacy systems



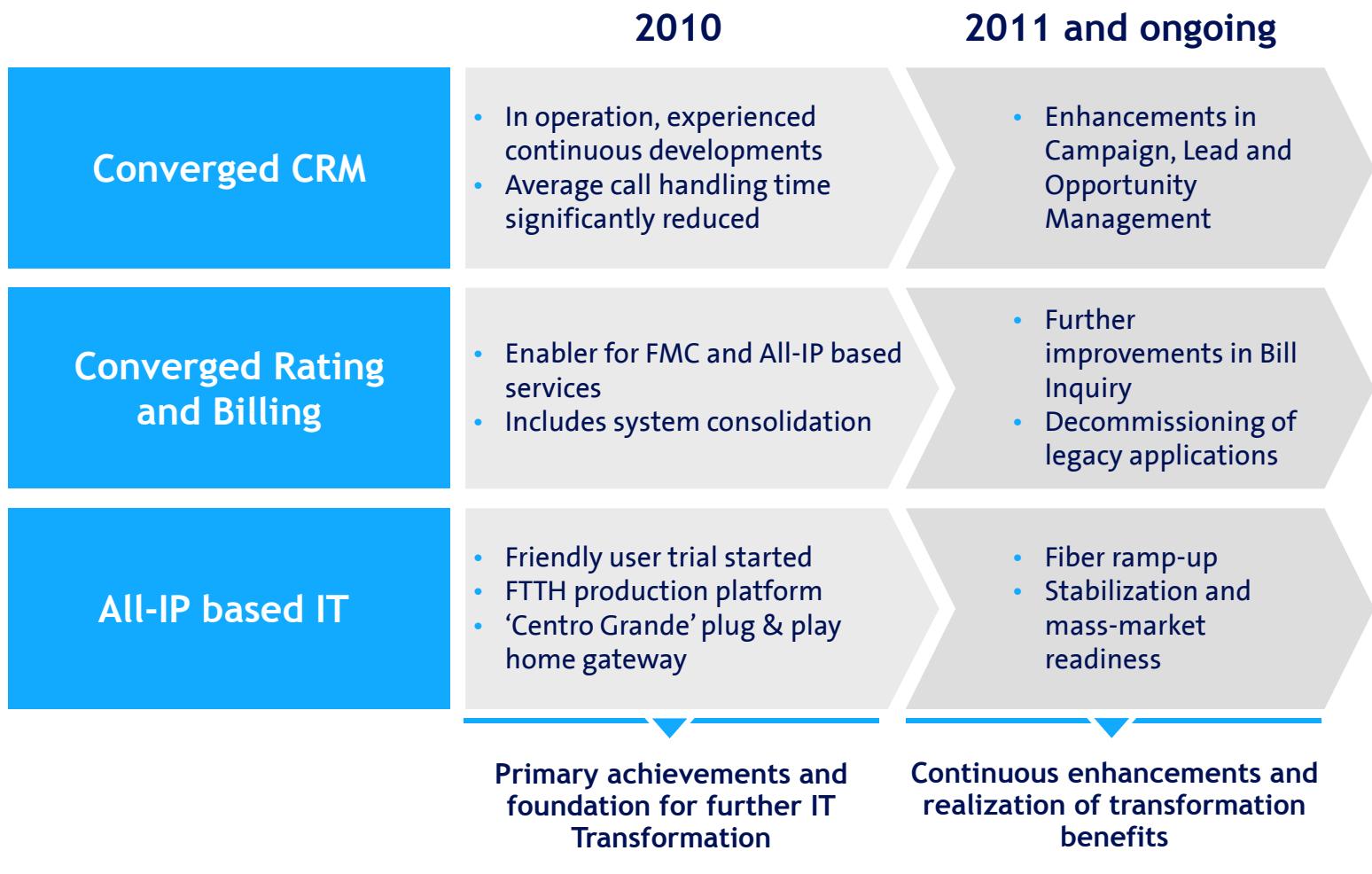
Data Center Consolidation and Cloud Services

Simplification and Consolidation of IT systems improve customer experience while supporting cost efficiency

## B2. Swisscom Performance & Priorities - enforce simplification



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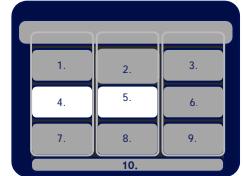
New IT systems already live in key areas, providing foundation for further operational excellence

## Swisscom's "Tablets" - Agenda:

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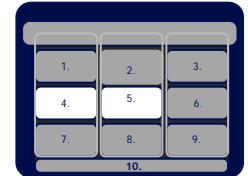
# Agenda



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1. 2010 Results
2. The Priorities on FASTWEB Agenda - 2011 and Beyond

# 2010 Results - FASTWEB Overall (1/2)



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	2010		
	Actual (€Mln)	% of Target	YoY Change
BB Net Adds	80k	N/A	-50.5%
Revenues	1,880	96%	+1.5%
EBITDA	503	87%	-8.8%
Capex	427	104%	-1.6%
FCF Proxi	76	45%	-35%

2010 Discontinuities

YoY Change w/o Discontinuities

Rev Recognition 35 Mln

Revenues +3.3%

Rev Recognition 27 Mln

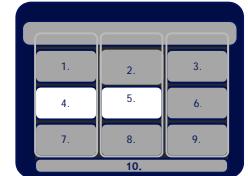
Restructuring Costs 10 Mln

Net effect of regulated fees (ULL, Bitstream, Interconnection) 5 Mln

EBITDA -1.1%

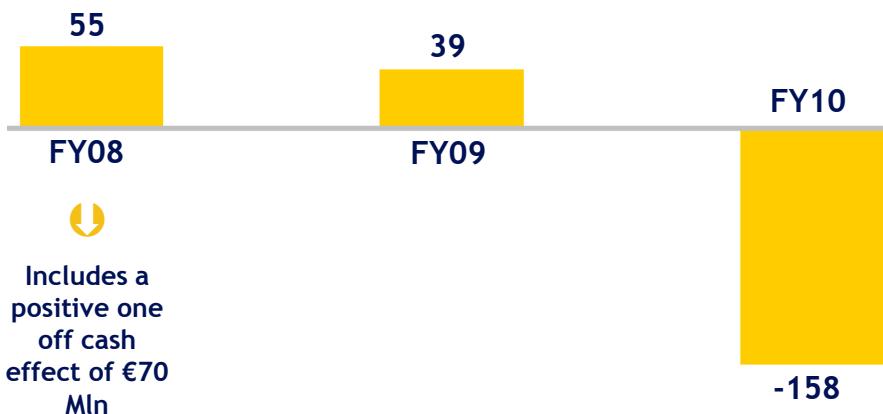
- FY results were below targets, however the business segments had a rather different development during the year
  - The Value Business (Medium/Corporate/Wholesale) posted a strong performance
  - The Volume Business (Consumer/Microbusinesses) did not deliver according to expectations
- On top, 2010 results were impacted by a number of discontinuities versus 2009

# 2010 Results - FASTWEB Overall (2/2)



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## FCF Evolution (€ Mln)



EBITDA-Capex	€76 Mln
Change in WC	-€92 Mln
TAX Credits Buy Back*	-€35 Mln
VAT Case Partial Settlement	-€46 Mln
Interest	-€44 Mln
Tax & Others	-€16 Mln
<b>FCF</b>	<b>-€158 Mln</b>

FCF was heavily impacted by one off items amounting to €81 Mln related to the VAT investigation

\* Total tax credits bought back in 2010 equal to €98 Mln (€62 Mln in 2Q and €36 Mln in 4Q) of which only €35 Mln with a FCF impact



# 2010 Results - Value Business

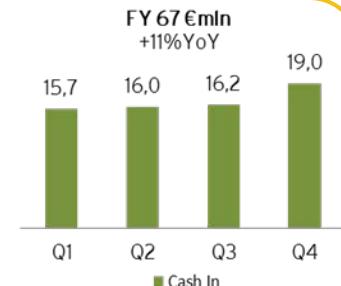
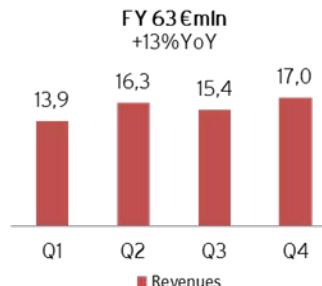
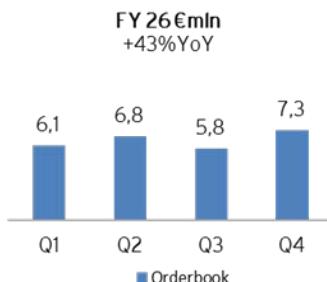
49

Value business

Confirm trends

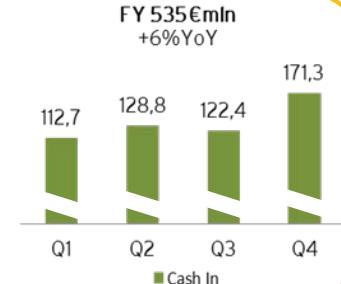
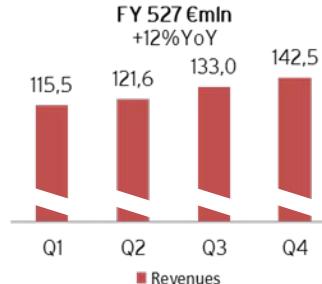
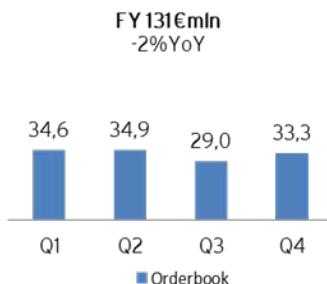
## Medium

- Strong orderbook
- Double-digit revenues and cash-in growth



## Corporate

- Orderbook mainly impacted by delay of Consip bid
- Double-digit revenues growth
- Positive cash in performance

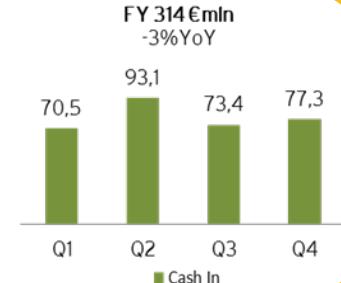
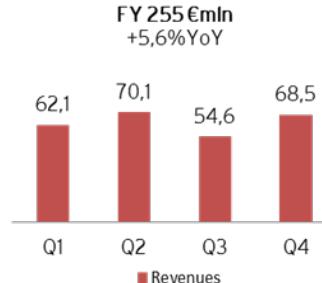


## Wholesale

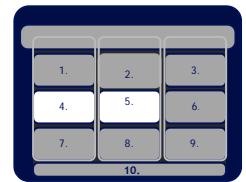
- Strong revenue growth
- Cash-in almost in line (10 €Mln IRU sold in 4Q 2010 to be cashed in 2011)

## Contracts signed in Q4/Jan

- BTS project for Wind (11€Mln)
- Diversification of ULL sites for Wind (4€Mln)
- Backbone HUB for H3G (3€Mln)



The performance across these business segments was consistently strong throughout the year - These trends must be confirmed in 2011



# 2010 Results - Volume Business

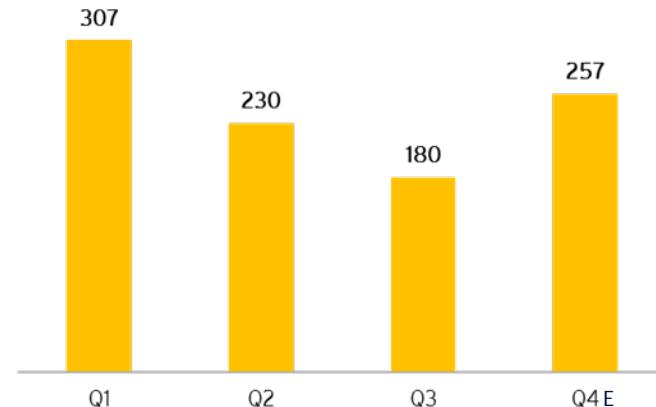
Volume business

50

## FASTWEB Net Adds Market Share

- 8% market share of broadband net adds vs 14% in 2009
- Market share in 4Q at 5% and weaker than in previous quarters

Italian Market Broadband Net Adds ('000)



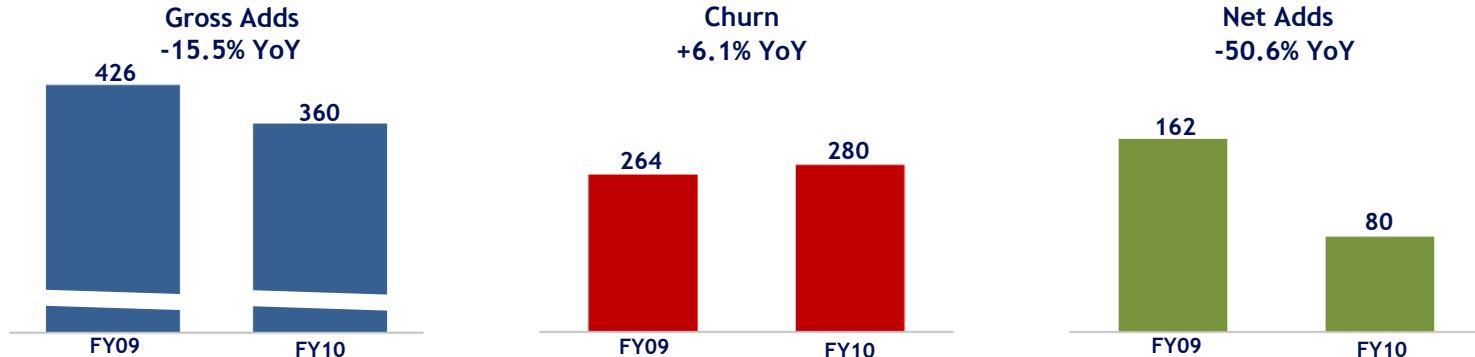
## 2010 Trends

- Overall increase of competition with aggressive promos (2 years length) and re-pricing

Address weaknesses

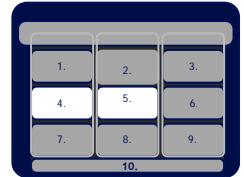


FASTWEB Broadband Customers Dynamic ('000)



FASTWEB net adds were down 51% YoY due to lower gross adds (-15% YoY) and higher churn (+6%). These weaknesses must be addressed

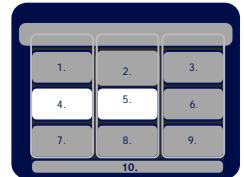
# Agenda



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1. 2010 Results

2. The Priorities on FASTWEB Agenda - 2011 and Beyond



# The Priorities on FASTWEB Agenda

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1

## Improve Go to Market and Ignite Growth

1. Partnerships to access additional customer bases for broadband upselling
2. Structural improvement of inbound channels through monobrand stores and improved performance of dealers
3. Re-organization of the Microbusiness (SHP) Segment

To improve the performance in the market

AND

2

## Improve efficiency and reduce cash costs

4. Reduction of technological costs
5. Reduction of the overall bad debt level

AND

To improve FCF generation





# 1 Partnerships - FASTWEB and SKY



Joint commercial effort to increase the respective market penetration and to stabilize existing customer bases

- FASTWEB and SKY to sell the "**Home Pack**" i.e. a bundle offer including FASTWEB Parla&Naviga (flat Voice and Internet) + Sky packages
- Starting price of €64/month (before launch promo) representing a €10/month life time discount vs the stand alone prices of Parla&Naviga (€45/month) and Sky packages (€29/month)
- Sales channels operational as of 14 February

Improve Go to Market

To improve the performance in the market

Sky partnership is expected to boost FASTWEB net adds in 2011 (representing more than 50% of the full year total)

## 2 Improvement of Inbound Channels - Monobrand & Dealers



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**Improve inbound performance through higher customer proximity and stronger brand visibility**

- **Monobrand:** four stores opened in 2H 2010 (Rome, Milan (2), Bari) and one in January 2011 (Naples) to improve FASTWEB commercial penetration in metropolitan areas. Ten additional stores to be opened in 2011
- **Top Dealer:** co-investing in top performing dealers with *ad hoc* projects to increase FASTWEB brand visibility

Improve Go to Market

To improve the performance in the market

- So far, average productivity per mono brand store is 10x higher than that of dealers
- 14% expected increase of physical inbound channels\* productivity (# gross adds) in 2011

\* Monobrand and Dealers only (no MTC, no Tele Sales In, no Web Sales)

### 3 Re-organization of the Microbusiness Segment



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#### Ignite growth in the Microbusiness segment by exploiting synergies with the Consumer BU

The transfer of this business to the Consumer BU aims at the following goals

- **Marketing** - Leverage on the Consumer brand, product and communication budget
- **Go to Market** - Leverage on the Dealer and proprietary PoS network on which FASTWEB is heavily investing
- **CRM** - Leverage on the existing Consumer CRM functions



The commercial performance (gross adds) in this segment is expected to improve 15% vs 2010

To improve the performance in the market

Ignite Growth

# 4 Reduction of Technological Costs



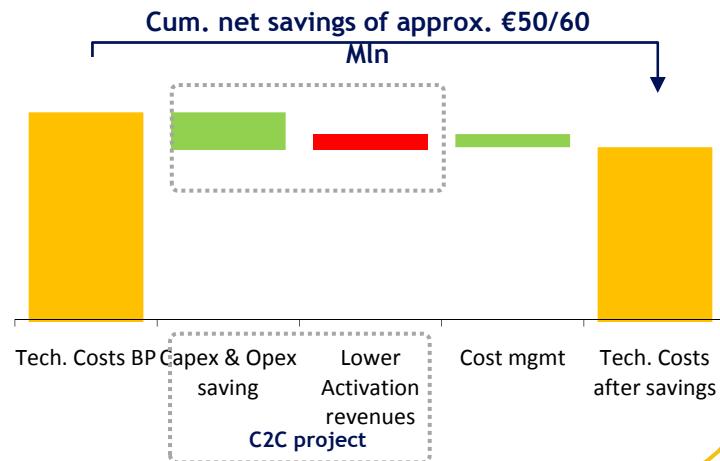
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## Reduce technological costs (Capex and Opex)

### Drivers of savings

- Reduction of customer Cost-to-Connect
- Higher efficiency in Cost Management of E&M, Capacity, IT and Energy



Reduction of technological costs

To improve FCF generation

Technological costs will be cut by approximately €50/60 Mln cumulatively in 2011-2013

# 5 Reduction of the Overall Bad Debt Level

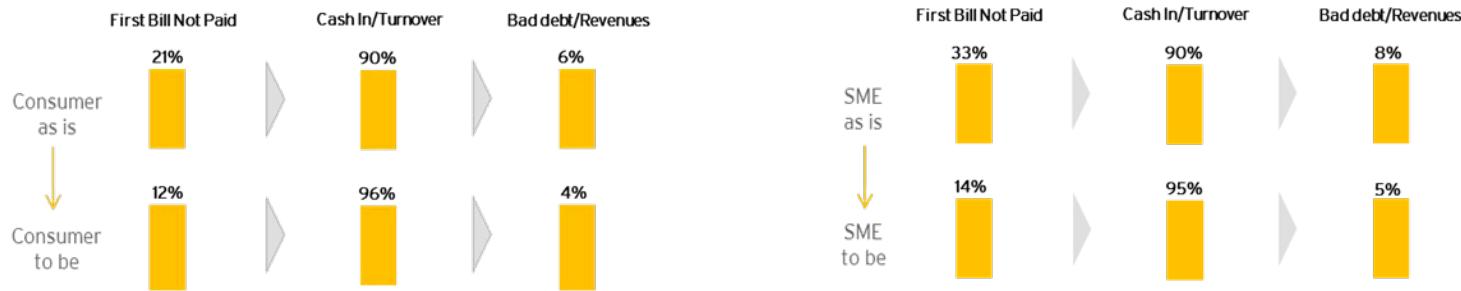


57



## Reduce the overall bad debt level

- FASTWEB overall bad debt provision/revenues is above industry benchmark due to the low cash in/turnover performance of the Consumer and SME BUs which, in turn, is affected by the volume of First Bill Not Paid (FBNP)
- By reducing the volume of FBNP and improving the cash in performance, FASTWEB targets a reduction of the overall bad debt level to 4% for Consumer and 5% for SME over the next 12 months, resulting in an overall 3% for the Company



Approx. €50 Mln expected P&L cumulated improvement in 2012-2013

To improve FCF generation

1.	2.	3.
4.	5.	6.
7.	8.	9.
10.		

# To Sum It Up - 2011 and Beyond

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1



**Improve Go to Market and Ignite Growth**

(Sky Partnership + Inbound Channels + Microbusiness Segment)

FASTWEB targets a market share of Broadband net adds of approx. 15%  
in 2011

To improve the  
performance in the  
market

AND

2



**Improve efficiency and reduce cash costs**

(Reduce technological costs + Reduce the overall bad debt level)

FASTWEB targets cumulated net savings of approx. €100 Mln in 2011-2013

AND

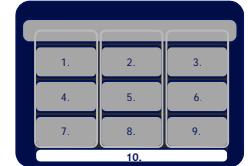
To improve FCF  
generation



## Swisscom's "Tablets" - Agenda:

*Introduction : an overview of performance & priorities*

	A. Market Performance	B. Swisscom Performance & Priorities	C. Special Issues 2011
Swisscom Switzerland	1. – Wireless success factors – Wireline success factors – Customer satisfaction vs cost  <i>Christian Petit</i>	2. – Push fibre rollout – Increase mobile capacity – Enforce simplification  <i>Heinz Herren</i>	3. – Manage regulation & telco law – Close significant law cases – Secure new mobile spectrum  <i>Carsten Schloter</i>
Fastweb Italy	4. – 2010 Results  <i>Alberto Calcagno</i>	5. – The priorities on Fastweb's agenda - 2011 and beyond  <i>Alberto Calcagno</i>	6. – Complete minority buyout and thus create more flexibility  <i>Carsten Schloter</i>
Swisscom Other	7. – Build out market position in (IT) verticals  <i>Not presented today</i>	8. – Use network construction capabilities for 3 <sup>rd</sup> parties – Reignite growth at Hospitality Services  <i>Not presented today</i>	9. – Consider small scale fill-in acquisitions to strengthen existing portfolio  <i>Not presented today</i>
Group	<b>10. Financial results 2010, Dividend and Outlook 2011</b> <b><i>Ueli Dietiker, CFO</i></b>		



# 10. Financial results: segment residential customers

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## Financials and operational data

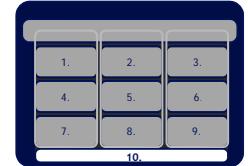
	31.12.2010	YOY
Net revenue in MCHF <sup>1)</sup>	5'190	3.4%
Direct costs in MCHF	-1'318	5.6%
Indirect costs in MCHF <sup>2)</sup>	-864	1.4%
<b>Contribution Margin 2 in MCHF</b>	<b>3'008</b>	<b>3.1%</b>
<i>Contribution Margin 2 in %</i>	<i>58.0%</i>	
CAPEX in MCHF	128	-2.3%
FTE's	4'607	-1.4%
	31.12.2010	YOY
Voice lines in '000	2'471	-6.4%
BB lines in '000	1'396	6.9%
Wireless customers in '000	4'519	2.2%
Wireless cancellation rate (annualised)	15.0%	1pp
Blended wireless ARPU in CHF	42	0.0%
thereof ARPU new data in CHF	4.7	30.6%
Blended wireless AMPU in Min.	102	5.2%
Wireline traffic national in Mmin.	5'023	-6.8%
Wireline traffic int'l in Mmin.	637	-6.7%
TV subs in '000	409	77.1%

## 12m 2010

- **Net revenue** up by 3.4%, driven by **Service revenue** (+2.1%) and increasing revenue from the sale of smart phones
- Wireless **revenue** up +1.5% as subs and new data growth overcompensates price erosion and lower termination rates
- Wireline **revenue** down -0.8% (broadband subs and IPTV growth in addition with new bundle offers almost compensate voice line loss and price erosion)
- **Direct cost** up +5.6% (the effects from higher number of sold smart phones and Swisscom TV partly offset by lower outpayments)
- **Indirect cost** up +1.4% (a lower number of FTE and efficiency gains offset by expenses for advertising)
- **Contribution Margin** stable at around 58%
- **TV Subscriber** up +77%
- **New Data ARPU** up +30.6%

1) incl. intersegment revenues

2) incl. capitalised costs and other income



# 10. Financial results: segment SME

## Financials and operational data

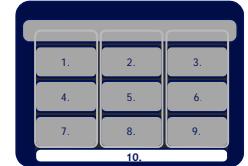
	31.12.2010	YOY
Net revenue in MCHF <sup>1)</sup>	1'175	2.6%
Direct costs in MCHF	-171	-3.4%
Indirect costs in MCHF <sup>2)</sup>	-135	1.5%
<b>Contribution Margin 2 in MCHF</b>	<b>869</b>	<b>4.1%</b>
<i>Contribution Margin 2 in %</i>	<i>74.0%</i>	
CAPEX in MCHF	9	0.0%
FTE's	733	-4.2%
	31.12.2010	YOY
Voice lines in '000	512	0.4%
BB lines in '000	158	9.7%
Wireless customers in '000	492	8.8%
Wireless cancellation rate (annualised)	7.0%	Opp
Blended wireless ARPU in CHF	93	-3.1%
thereof ARPU new data in CHF	12.9	21.7%
Blended wireless AMPU in Min.	211	1.0%
Wireline traffic national in Mmin.	1'433	-2.6%
Wireline traffic int'l in Mmin.	176	-4.9%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

## 12m 2010

- Net **revenue** up by +2.6% YoY (price erosion compensated by higher number of subscribers and new data growth)
- **Direct costs** down by -3.4% due to lower outpayments (decreasing rates)
- **Indirect cost** up +1.5% (a lower number of FTE and efficiency gain are compensated by an increase of other cost items)
- **Contribution Margin** up 1.1%-points to 74.0% due to revenue increase and lower direct costs
- **BB lines** up +9.7%
- **New Data ARPU** up 21.7% to 13 CHF/month



# 10. Financial results: segment corporate business

## Financials and operational data

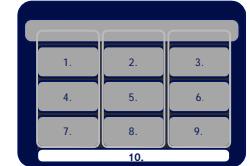
	31.12.2010	YOY
Net revenue in MCHF <sup>1)</sup>	1'858	1.4%
Direct costs in MCHF	-445	0.2%
Indirect costs in MCHF <sup>2)</sup>	-422	-2.1%
<b>Contribution Margin 2 in MCHF</b>	<b>991</b>	<b>3.6%</b>
<i>Contribution Margin 2 in %</i>	<i>53.3%</i>	
CAPEX in MCHF	80	1.3%
FTE's	2'312	4.0%
	31.12.2010	YOY
Voice lines in '000	230	-5.0%
BB lines in '000	30	7.1%
Wireless customers in '000	817	12.2%
Wireless cancellation rate (annualised)	4.0%	-4pp
Blended wireless ARPU in CHF	67	-6.9%
thereof ARPU new data in CHF	17.3	15.3%
Blended wireless AMPU in Min.	166	-6.2%
Wireline traffic national in Mmin.	1'543	-4.5%
Wireline traffic int'l in Mmin.	350	-2.5%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

## 12m 2010

- **Revenue** of 1'858 MCHF up by 1.4%. Decline of wireline revenue (voice lines and traffic volume) overcompensated by rising projects/outsourcing and Mobile revenue (subscriber and new data growth)
- **Direct cost** stable (increase in project/outsourcing revenue with low margin offset by lower outpayments)
- **Indirect cost** decline -2.1% (less expenses for external employees)
- Increase of FTE +4% due to acquisition of a new company (Axept) in December - without impact on personnel costs in 2010 year; w/o acquisition FTE development flat y-o-y.
- **Contribution Margin** raised by 1.1%-points to 53.3% of net revenue due to revenue increase and cost management
- **Order intake** for project/outsourcing business increase by 11% y-o-y



## 10. Financial results: segment wholesale

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### Financials and operational data

	31.12.2010	YOY
Revenue from external customers in MCHF	748	-14.7%
Intersegment revenue in MCHF	505	-11.1%
<b>Net revenue in MCHF</b>	<b>1'253</b>	<b>-13.3%</b>
Direct costs in MCHF	-802	-13.9%
Indirect costs in MCHF <sup>1)</sup>	-12	-72.1%
<b>Contribution Margin 2 in MCHF</b>	<b>439</b>	<b>-6.8%</b>
<i>Contribution Margin 2 in %</i>	<i>35.0%</i>	
CAPEX in MCHF	-	nm
FTE's	100	8.7%
	31.12.2010	YOY
Full access lines in '000	255	66.7%
BB (wholesale) lines in '000	226	-31.7%
Wireline wholesale traffic in Mmin.	9'639	-14.4%

1) incl. capitalised costs and other income

### 12m 2010

- **Net revenue** decreased by 192 MCHF
  - lower mobile termination rates
  - lower interconnection volumes
  - ongoing substitution towards full access
  - revenue decrease in data services
- **Direct costs** down by 129 MCHF as many revenue drivers push also down direct cost
- **Indirect costs** down by 31 MCHF mainly due to adjustments of provisions for regulatory risks made in the previous year
- **Full access lines** growing substantially, mostly substituting wholesale broadband lines (ULL replaces wholesale broadband)

# 10. Financial results: segment network and support functions



## Financials and operational data

	31.12.2010	YOY
Personnel expenses in MCHF	-651	-0.9%
Rent in MCHF	-184	-19.7%
Maintenance in MCHF	-210	6.1%
IT expenses in MCHF	-325	-1.5%
Other OPEX in MCHF	-297	8.0%
Indirect costs in MCHF	-1'667	-1.3%
Capitalised costs and other income in MCHF	165	-10.8%
<b>Contribution Margin 2 in MCHF</b>	<b>-1'502</b>	<b>-0.1%</b>
Depreciation, amortisation and impairment in MCHF	-870	6.5%
<b>Segment result in MCHF</b>	<b>-2'372</b>	<b>2.2%</b>
CAPEX in MCHF	988	-1.2%
FTE's	3'964	-3.6%

## 12m 2010

- **Indirect costs** down by 22 MCHF mostly driven by lower personnel expenses due to a lower number of FTE as well as cost savings
- **Segment result** decreased by 51 MCHF mainly as a result of higher depreciation and amortisation due to the capitalisation of a new customer relationship management system
- **CAPEX** almost on previous year level mainly driven by higher spending for the fibre-infrastructure and next generation network



# 10. Financial results: segment Fastweb

65

## Financials and operational data

	31.12.2010	YOY
Consumer revenue in MEUR	702	1%
SME revenue in MEUR	392	-3%
Executive revenue in MEUR	776	4%
Net revenue in MEUR <sup>1)</sup>	1'880	1%
OPEX in MEUR	-1'496	8%
Capitalised costs and other income in MEUR	49	-46%
<b>EBITDA in MEUR</b>	<b>433</b>	<b>-21%</b>
<b>EBITDA in MEUR w/o VAT prov.</b>	<b>503</b>	<b>-9%</b>
<i>EBITDA margin in %</i>	<i>26.8%</i>	
CAPEX in MEUR	427	-2%
FTE's	3'123	0%

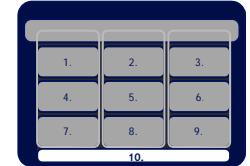
	31.12.2010	YOY
In Swisscom accounts		
EBITDA in MCHF	589	-29%
CAPEX in MCHF	585	-11%

	31.12.2010	YOY
BB customers in '000	1'724	5%
Mobile customers in '000	368	75%

1) incl. revenues to Swisscom companies

## 12m 2010

- **Revenues** increased by 1.5% YoY - like for like basis 3.3% (revenue recognition) - with a positive contribution from Consumer- and Executive segment. SME and also Consumer affected by very aggressive competition.
- Standalone **EBITDA** reaches 503 MEUR, down by -8.8% YoY with a margin of 26.8% (-2.9pp), mostly driven by business with lower margin (hardware) and one-off items (revenue recognition, restructuring cost)
- In Swisscom's accounts, a **provision** of 70 MEUR for the pending VAT case has been posted in Q1, directly affecting segmental EBITDA
- Contribution to Swisscom accounts in CHF lower than previous year, due to an ongoing strengthening of Swiss Franc in a YOY context (FX impact on total 3<sup>rd</sup> party revenue -257 MCHF / on EBITDA -63 MCHF)



## 10. Financial results: segment Other

66

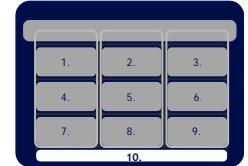
### Financials and operational data

	31.12.2010	YOY
Swisscom IT Services in MCHF	527	21.1%
Swisscom Participations in MCHF	320	-1.2%
Hospitality Services in MCHF	77	4.1%
Other in MCHF	1	-83.3%
External revenue in MCHF	925	10.3%
Net revenue in MCHF <sup>1)</sup>	1'736	0.5%
OPEX in MCHF	-1'438	0.9%
Capitalised costs and other income in MCHF	42	-14.3%
<b>EBITDA in MCHF</b>	<b>340</b>	<b>-3.1%</b>
<i>EBITDA margin in %</i>	<i>19.6%</i>	
CAPEX in MCHF	130	7.4%
FTE's	4'368	5.2%

1) incl. intersegment revenues

### 12m 2010

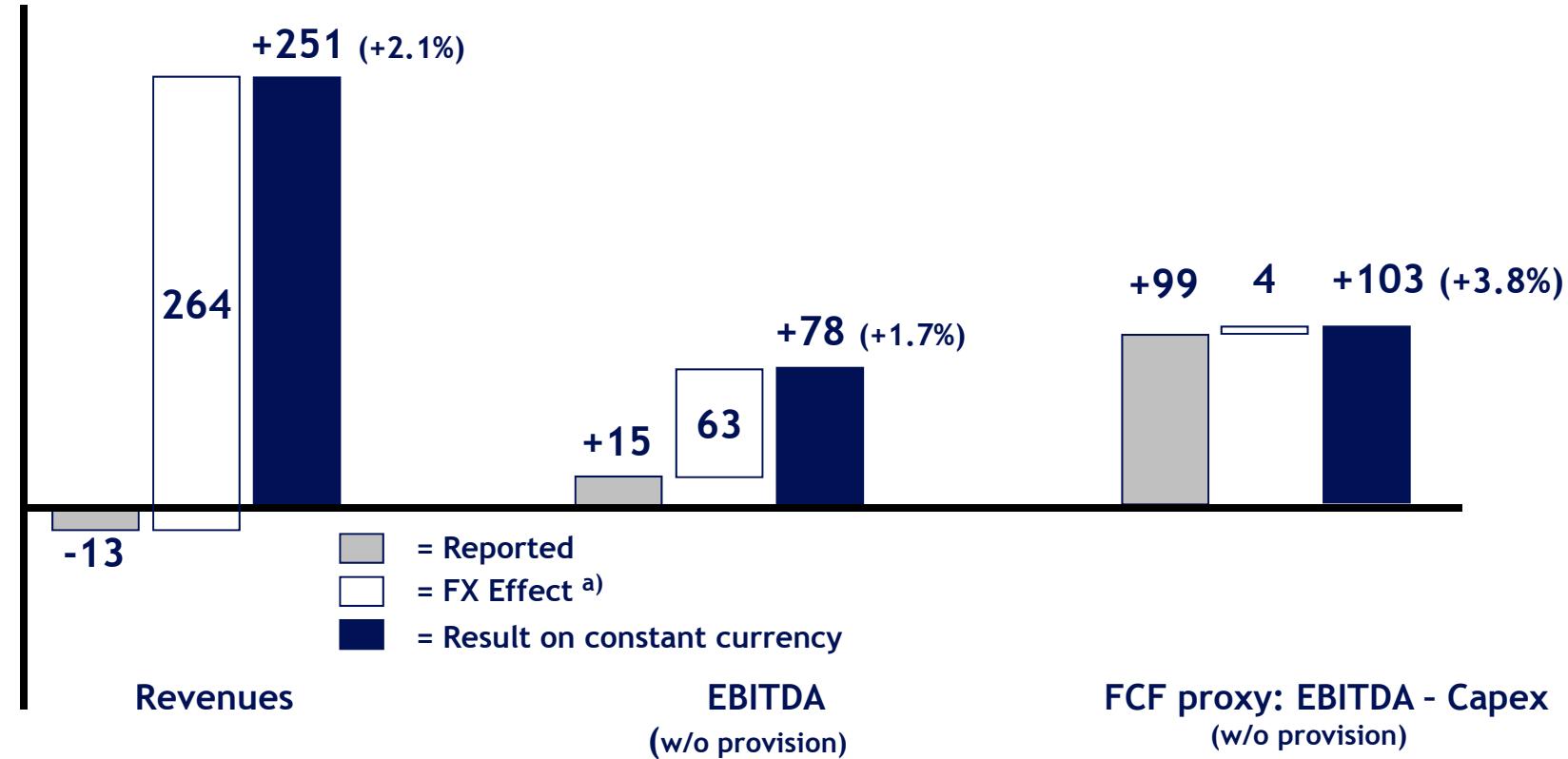
- **External revenue** up by 86 MCHF (+10.3%):
  - IT Services up by 92 MCHF, mainly from new group companies Resource, Sourcag & Panatronic
  - Swisscom Participations almost on previous year level, the effect from outsourcing of facility management in 2009 and lower broadcasting revenues were nearly offset by higher revenue from construction activities
- **Intersegment revenues** down by 77 MCHF due to outsourcing of facility management and reduced intersegment revenues at IT Services
- **EBITDA** and **EBITDA margin** slightly down
- **Order intake IT Services** 464 MCHF



## 10. Financial results: on constant currency basis

67

Change YoY (FY 2010 versus FY 2009) in CHF mm, total Swisscom Group



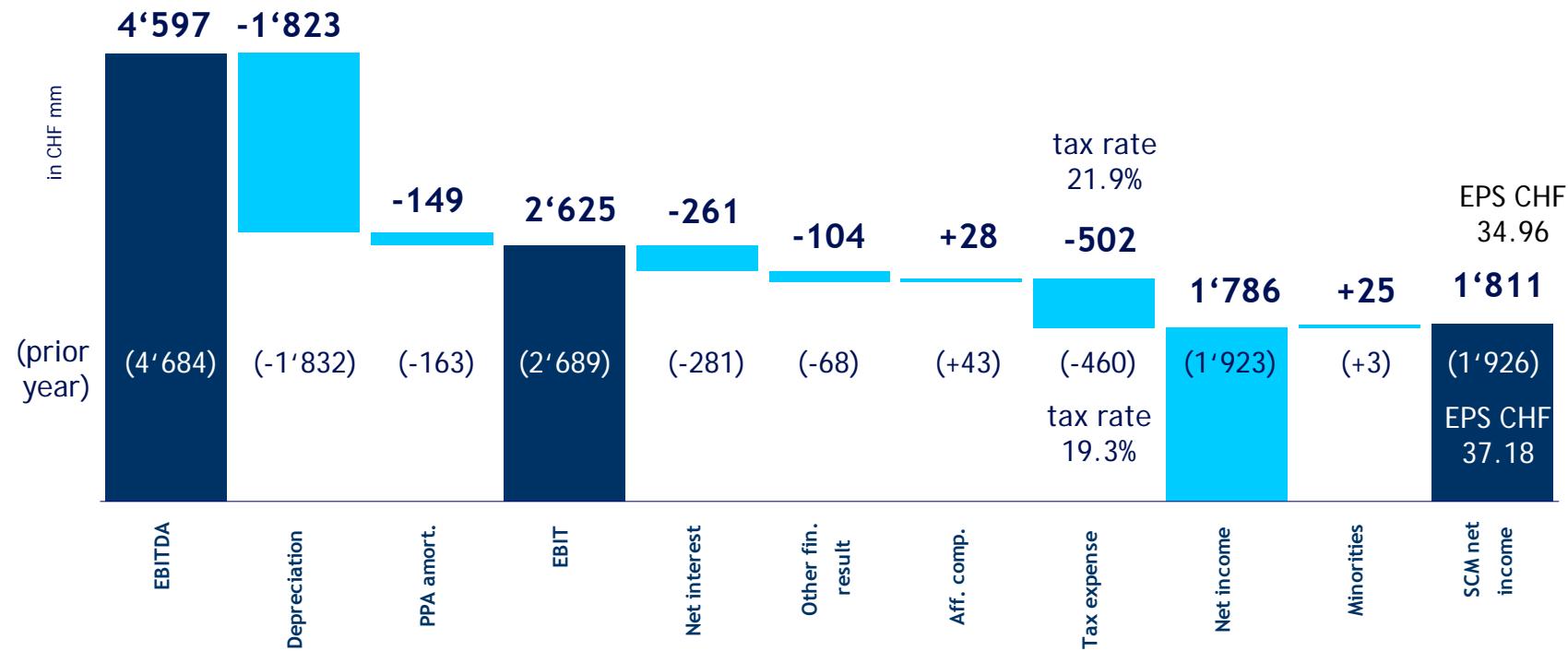
(a) Average exchange rate CHF/€ in FY 2009: 1.5078 and 2010: 1.3700, i.e. a strengthening of 9.1%

Strong underlying results, with no negative impact on FCF from stronger Swiss Franc as Fastweb Capex was booked at lower CHF rate



## 10. Financial results: P&L breakdown

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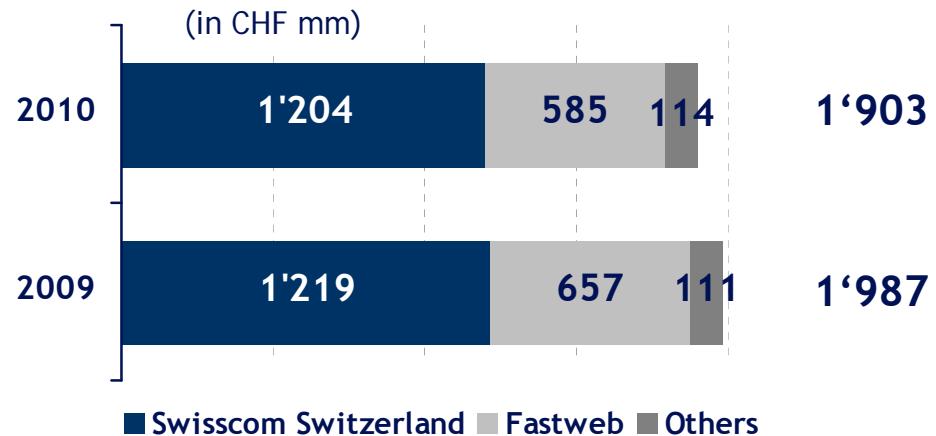
Fastweb VAT provision and higher tax expense cause results to be lower than last year's



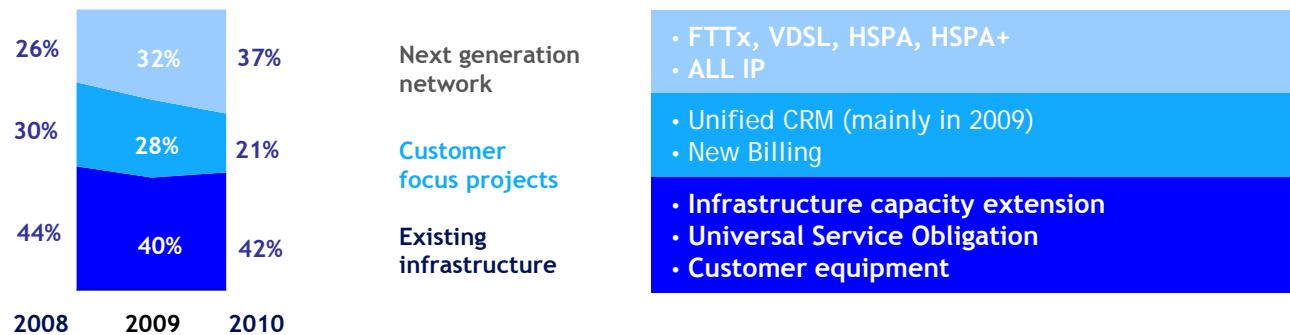
## 10. Financial results: capex breakdown

69

**Consolidated CAPEX - slightly decrease YoY (mainly FX-impact -59 MCHF)**



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

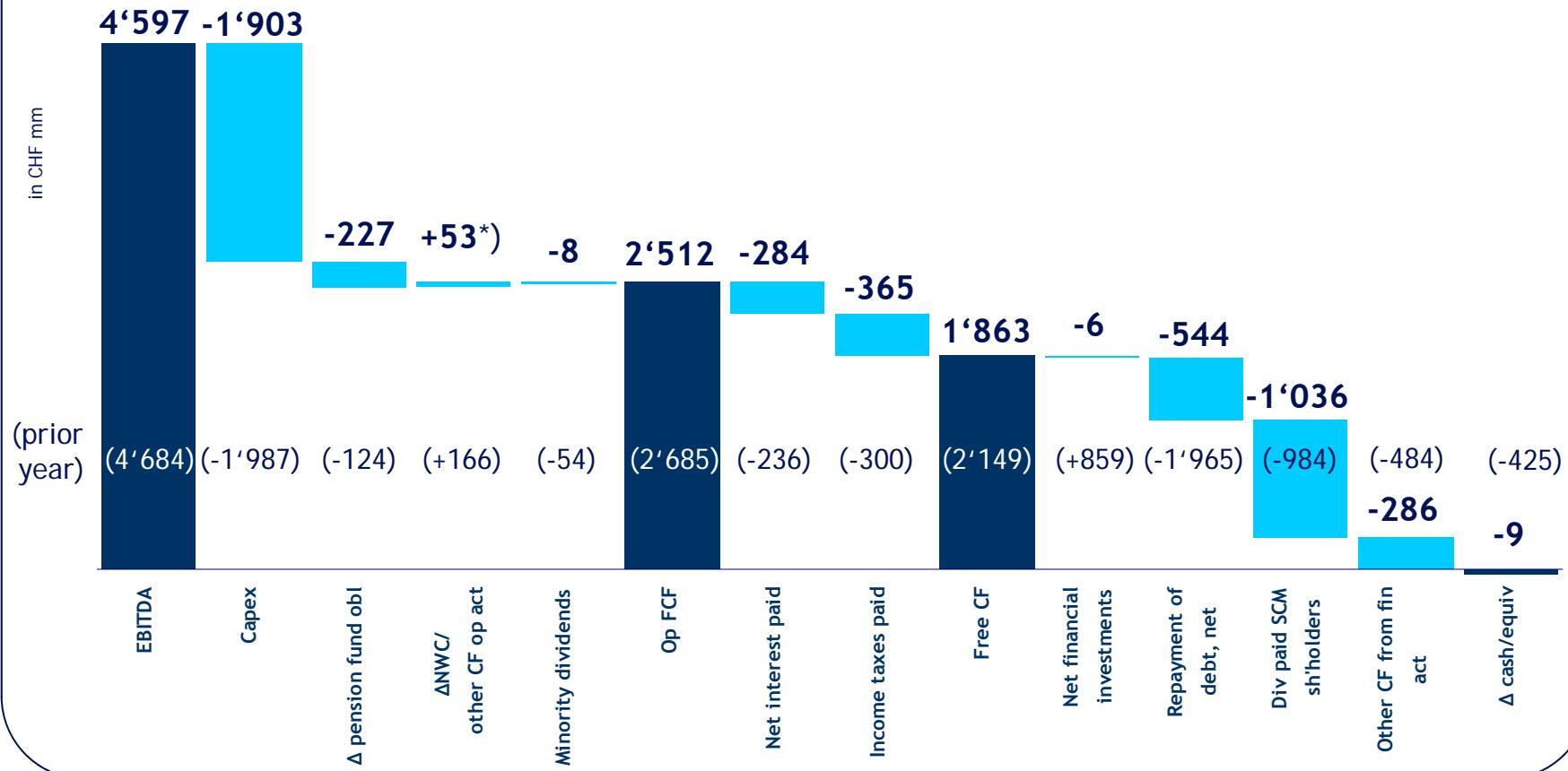




## 10. Financial results: cash flow breakdown

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Despite lower CAPEX and lower dividend payments to minority shareholders, operating free cash flow decreased by 173 MCHF due to higher decrease in pension fund obligation. Change in net working capital is positive despite extraordinary payments related to regulatory and legal cases

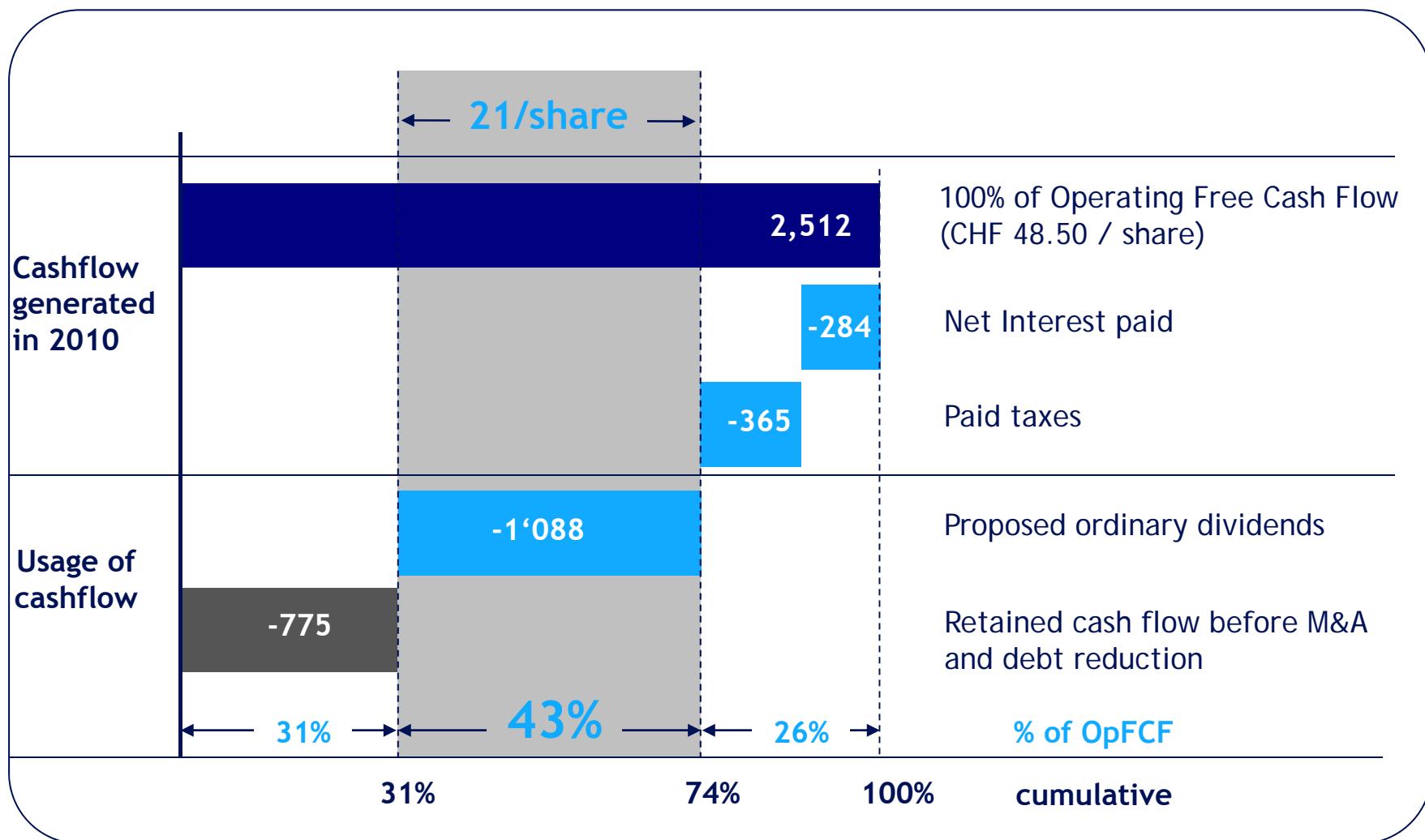


<sup>\*)</sup> NWC is incl. CHF 179mm for payments related to legal and regulatory cases at both Swisscom and Fastweb

## 10. Financial results: use of cash flow before M&A and debt reduction

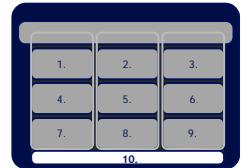


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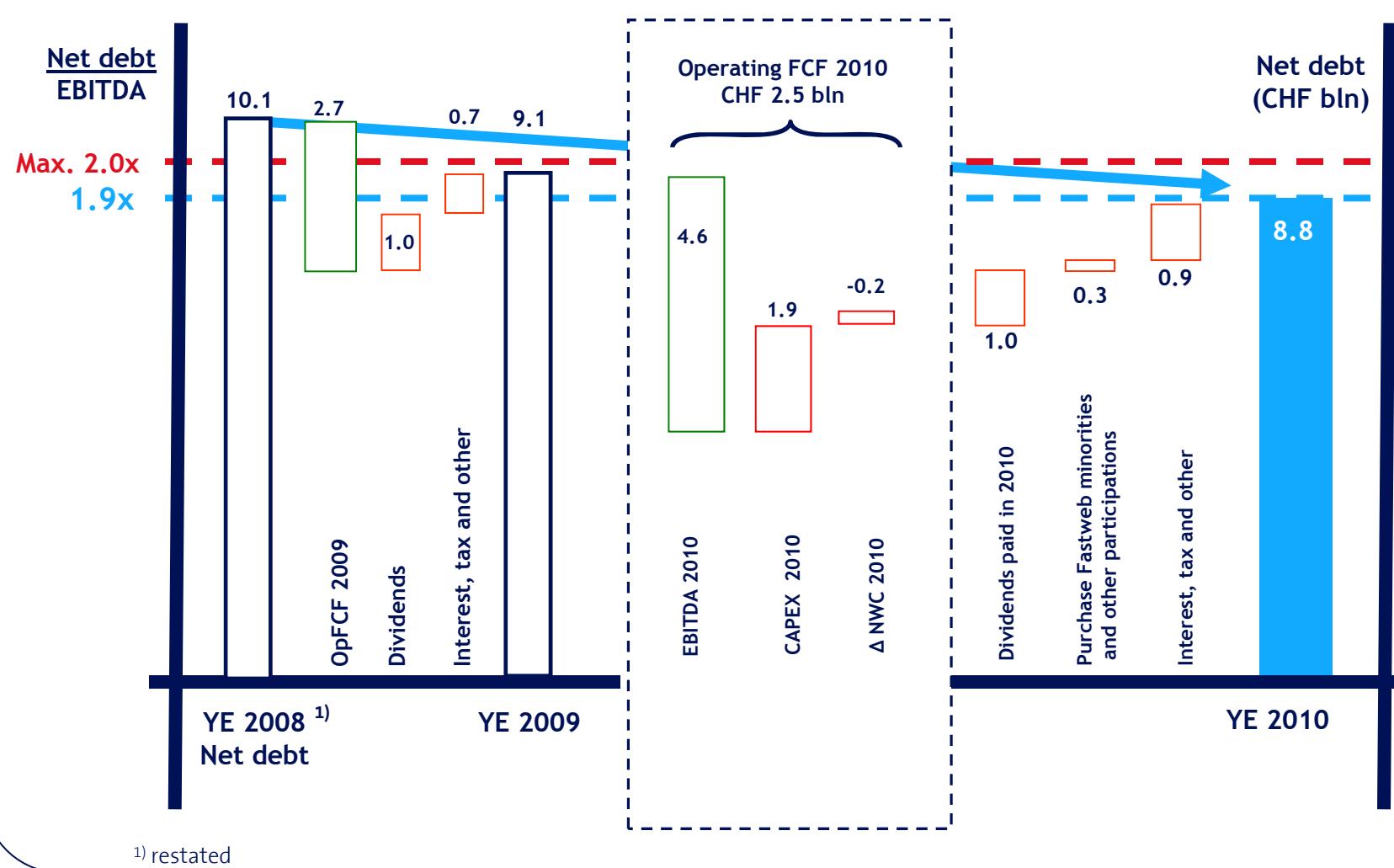


In order to strengthen further financial flexibility, CHF 21/share in ordinary dividends are proposed (43% of OpFCF) for 2010 (payable 29 April 2011, with ex-div date 26 April 2011)

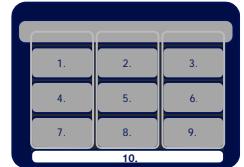
## 10. Financial results: net debt development



72



Closing 2010 with CHF 8.8 bln net debt, representing 1.9xEBITDA

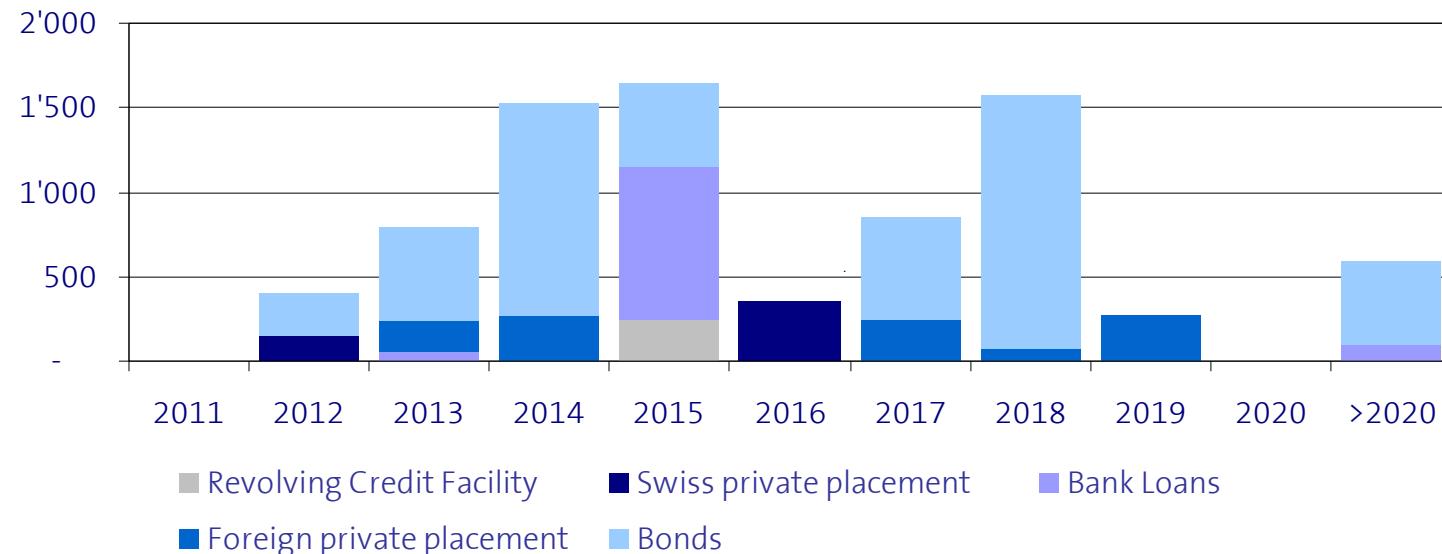


## 10. Financial results: refinancing & maturity schedule \*

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in CHF million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	>2020
<b>Revolving Credit Facility</b>					250	-					
<b>Bonds</b>	-	250	550	1'250	500	-	600	1'500	-	-	500
<b>Swiss private placement</b>		150				350					
<b>Foreign private placement</b>			180	278			250	72	278		
<b>Bank Loans</b>			58		897						91
<b>Total</b>	-	400	788	1'528	1'647	350	850	1'572	278	-	591

\* Excluding money market borrowings of CHF 700 million

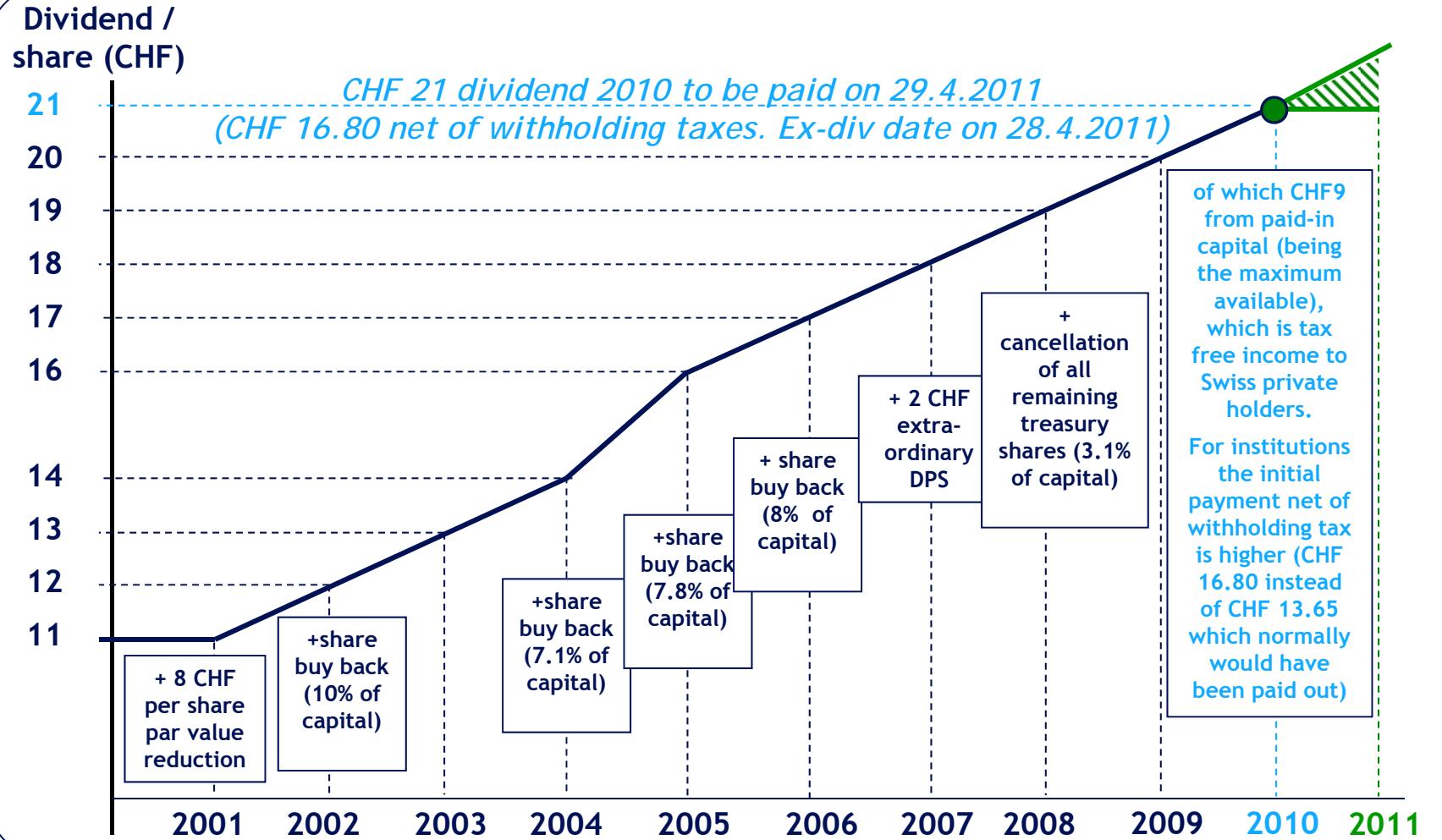


No refinancings due in 2011, and limited only in 2012



## 10. Dividend - partially from paid-in capital with tax advantage

74



Advantageous form of payout this year. Dividend path going forward to remain predictable

## 10. Outlook Swisscom Group 2011\*)



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Swisscom  
Group  
(including  
Fastweb)

CHF bln	2010 Actual	2011 Expected
<i>Exchange rate CHF/€</i>	1.37	1.30
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 mobile spectrum auction in 2011 which cannot be reasonably predicted. Therefore, Swisscom cannot provide guidance for the Operating Free Cash Flow

Guidance negatively affected by lower expected CHF/€ exchange rate for 2011



# Q&A

# 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.

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."

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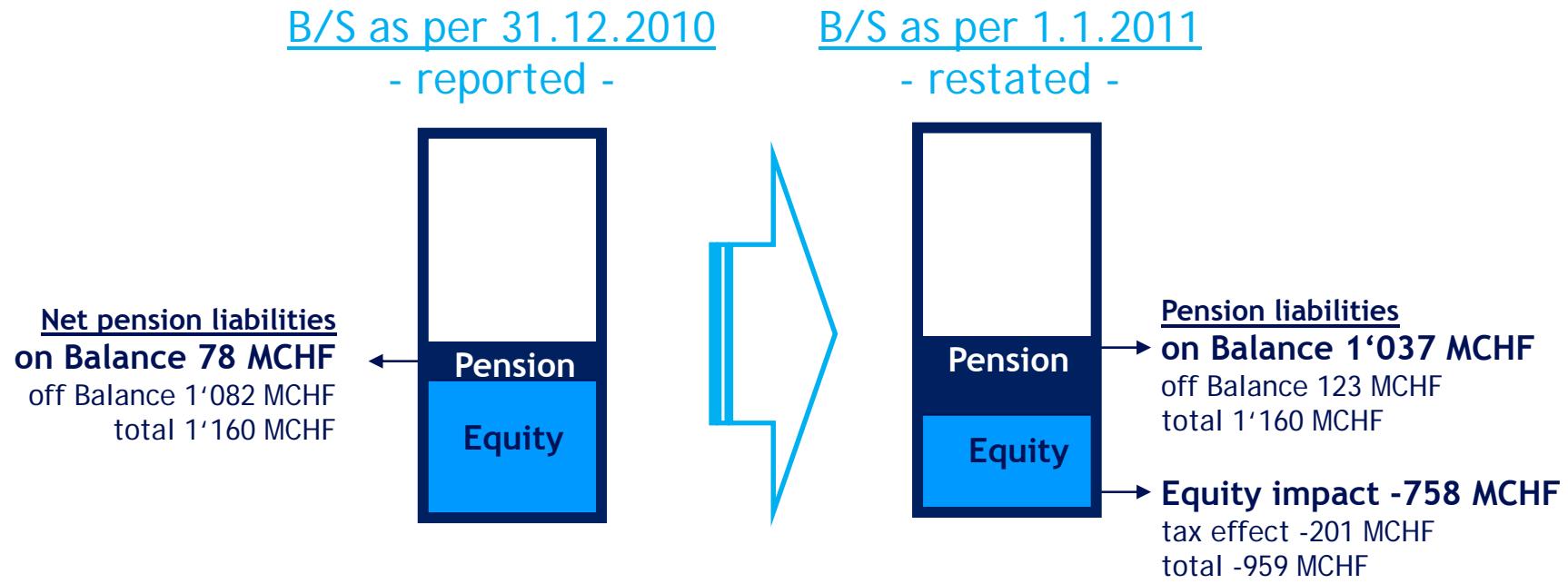
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[www.swisscom.ch/investor](http://www.swisscom.ch/investor)

## Backup:

### Accounting policy (IAS 19) changes and effects as per 1.1.2011

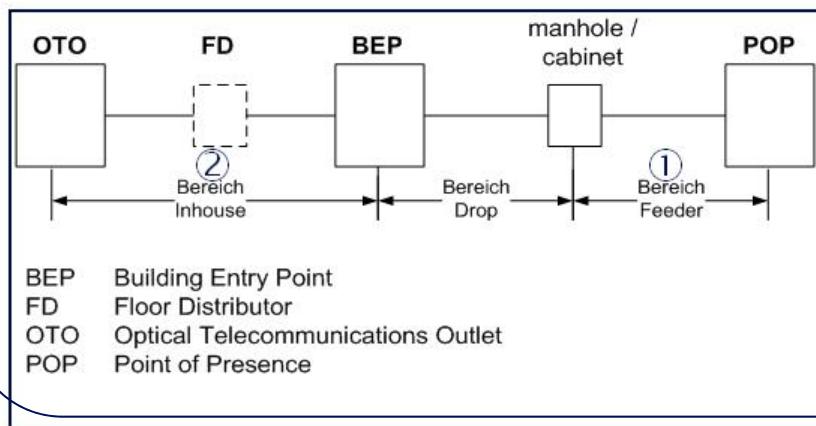


- All actuarial gains or losses will be recognised on the B/S
- No further amortisation of actuarial gains or losses necessary
- Payout (policy) not affected
- Credit ratings already consider full amount of the pension liabilities

# Backup: Group CAPEX - FTTH cooperations (fictive figures)

Swisscom	
build Feeder ①	CAPEX
own share	150 MCHF
3rd party share	50 MCHF
$\Sigma$ 200 MCHF	
- 50 MCHF	Cash in
70 MCHF	Cash out
$\Sigma$ 220 MCHF Total CAPEX	

3rd party Partner	
build Inhouse/Drop ②	
own share	100 MCHF
Swisscom share	70 MCHF
$\Sigma$ 170 MCHF	



## Accounting record:

### Construction feeder

Assets under construction Swisscom / Payable	150 MCHF
Assets under construction 3rd party / Payable	50 MCHF

### Completion feeder

Fixed assets / Assets under construction Swisscom	150 MCHF
Receivables / Assets under construction 3rd party	50 MCHF

### Activation IRU

Fixed Assets / Payables	70 MCHF
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