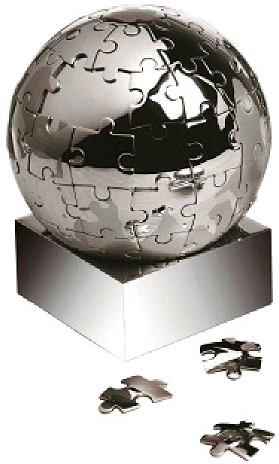
Swisscom – it all fits



Analyst Presentation
Zürich
7 February 2013

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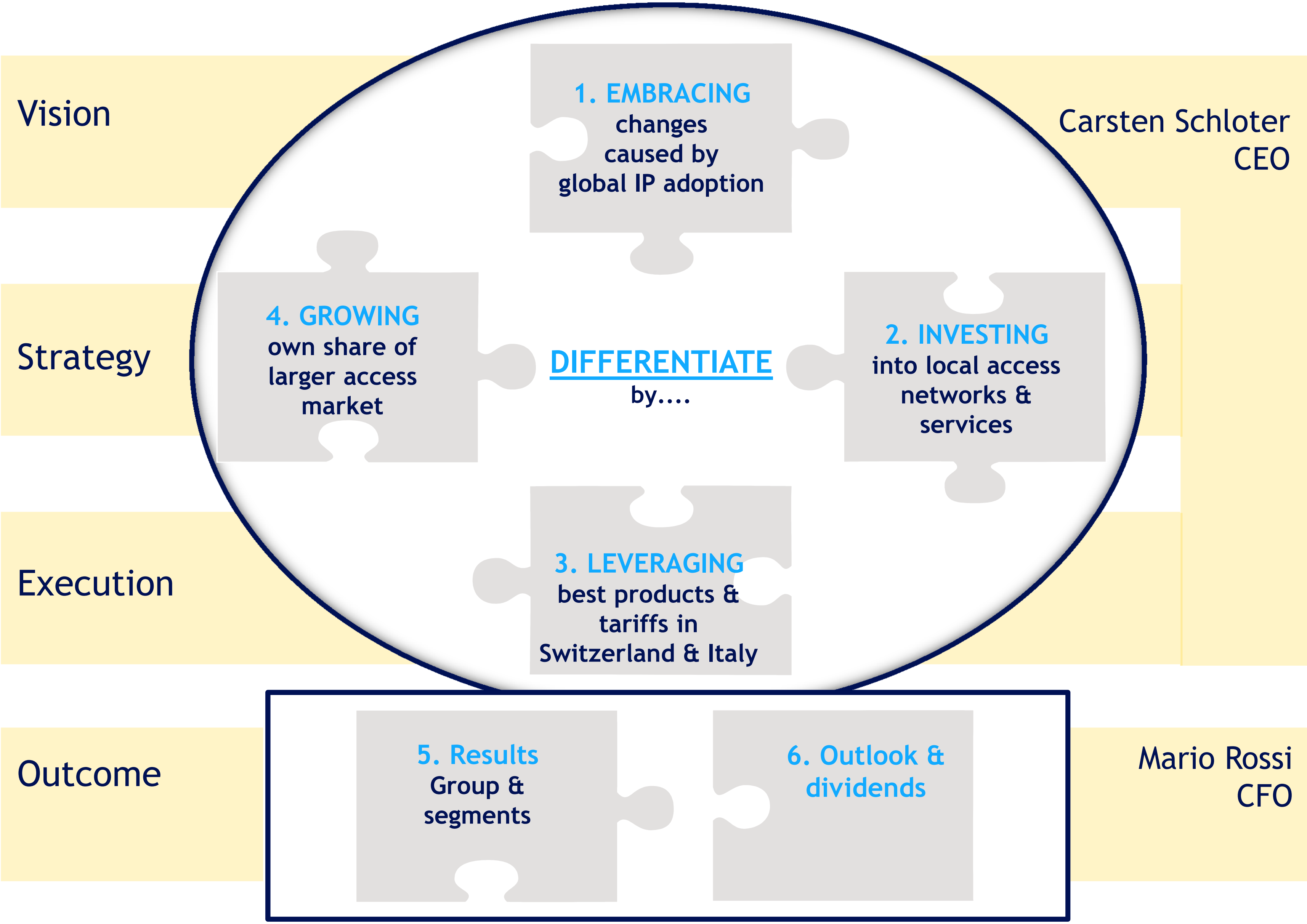
The big-picture puzzle – it all fits



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Overview (preamble) – this presentation in a nutshell

In the old world "pre-IP", competition was local only.

With limited network capacity and also low data consumption, the business model was predominantly "usage" based (metered). *In the world "pre-IP" (1998) the usage based proportion of revenues was over 75%*

Chapter 1

Embracing IP: As the internet further conquers the world, competition (OTT) becomes *global*.

New services are offered through the IP (Internet Protocol). *Customers* start using a wider range of services, basically by only having an internet connection. Regardless of whether this is fixed or mobile data connectivity. Chapter 1 starts by looking at **IP as game changer**. And to why and how *Operators* should embrace this

Chapter 2

Investing: To use *global* (OTT) services, customers become more dependent on best *local* access networks.

With the strong rise of PC, tablet, smartphone and M2M penetration, an exploding range of OTT ("over the top") service providers offer "free" alternatives to the traditional products (voice, SMS, data consumption) of telecom operators. OTT "apps" however thrive only if the network performance is state of the art. For telecom operators, here lies their chance to make "*local*" important again. Only by offering the best (serviced) network, they can charge decent fixed monthly fees for access to these networks. Chapter 2 continues by exploring the importance of **best access to secure growth**

Chapter 3

Leveraging: By offering good *local* products and services, and monetize through clever pricing

Chapter 3 shows how we are performing on the **Products** side with state of art data, voice, entertainment and other smart solutions. In both Switzerland and Italy. But also how we start changing **Pricing** paradigms to contain cannibalisation by IP and start price differentiation on speed, security and availability

Chapter 4

Growing: access is a growing business. Investment drives market share, and market share drives FCF

With the ongoing rise of accesses per household (for multiple devices / M2M), and the wish by customers to have access to their data from any device and from anywhere (cloud), the business will return to growth. Offering secure high speed access with low latency and excellent coverage requires further investments. These investments will support market share, which in a fixed cost business will help to grow free cash flow again. *In this world, the usage based proportion of revenues will go to zero, everything will be about "access"*

Chapter 5&6

(Compositional) changes to results and outlook are the outcome

Chapter 5 will focus on **financial results 2012**, Chapter 6 on the **outlook** and **dividends**

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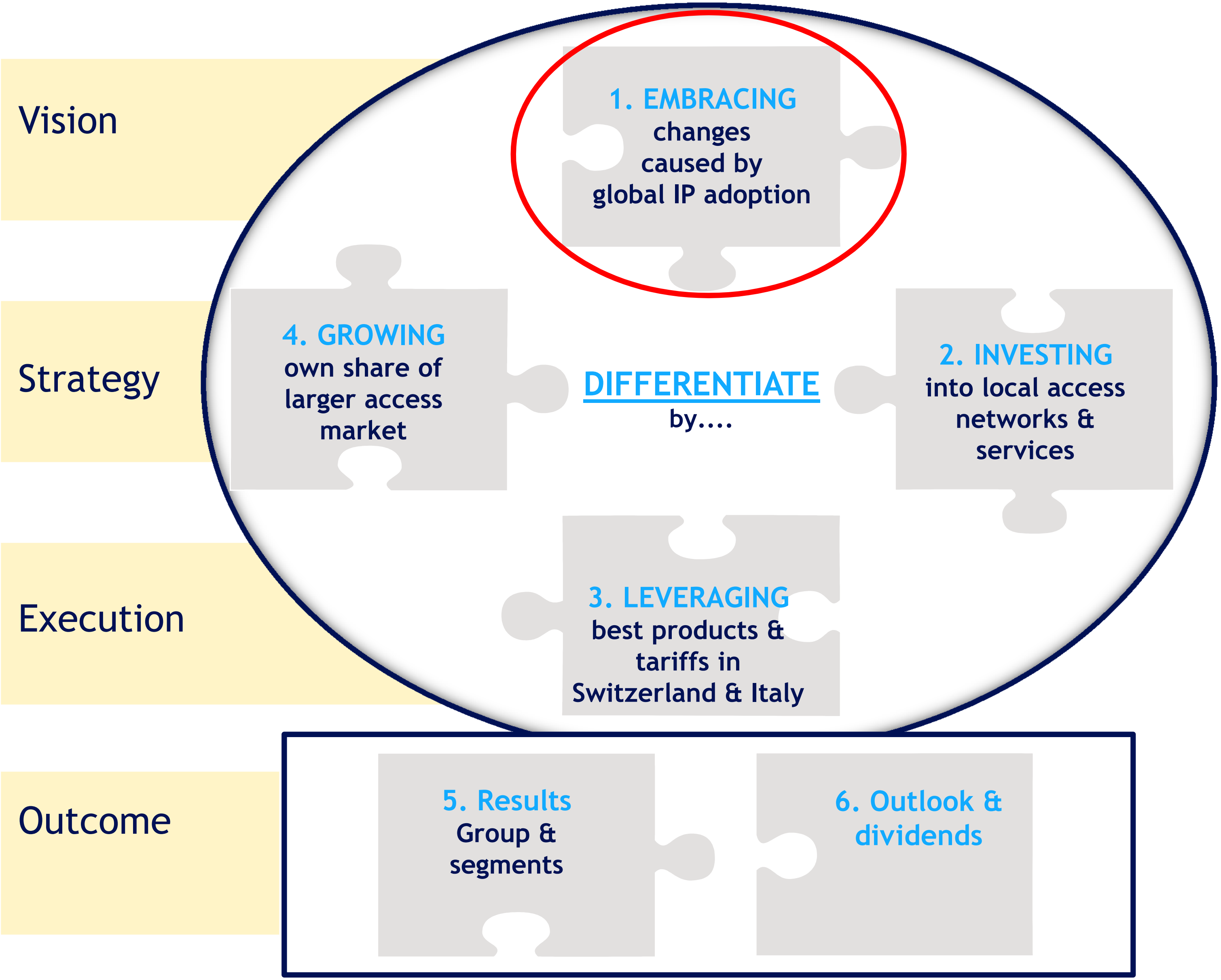
1. Embracing changes caused by IP adoption



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1. Embracing IP

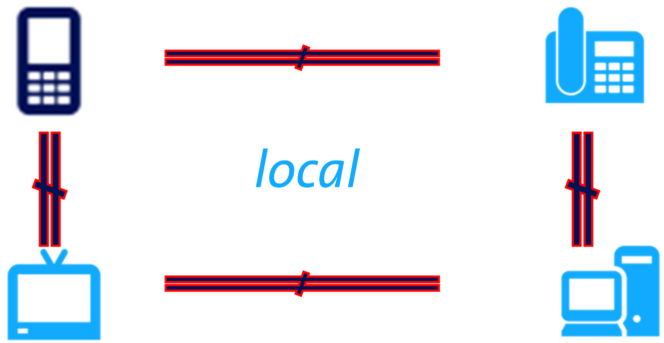
Customer
Operator

Customer adoption

IP makes customer choice global

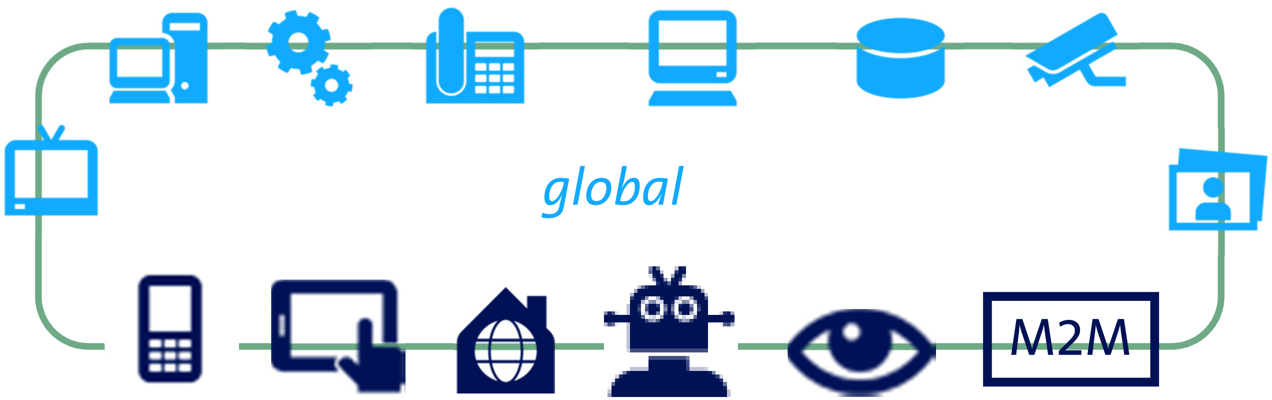
Pre "IP" customers could only use local (domestic) services

Individual – unconnected – services offered only by local provider: mobile telephony, fixed telephony, early internet (dial up), (analogue) TV



Now that IP is omnipresent, a whole range of alternatives to traditional products becomes available to customers, especially through "Over The Top" (OTT) providers. This turns local into global competition

Many – connected – services offered by both local and global providers



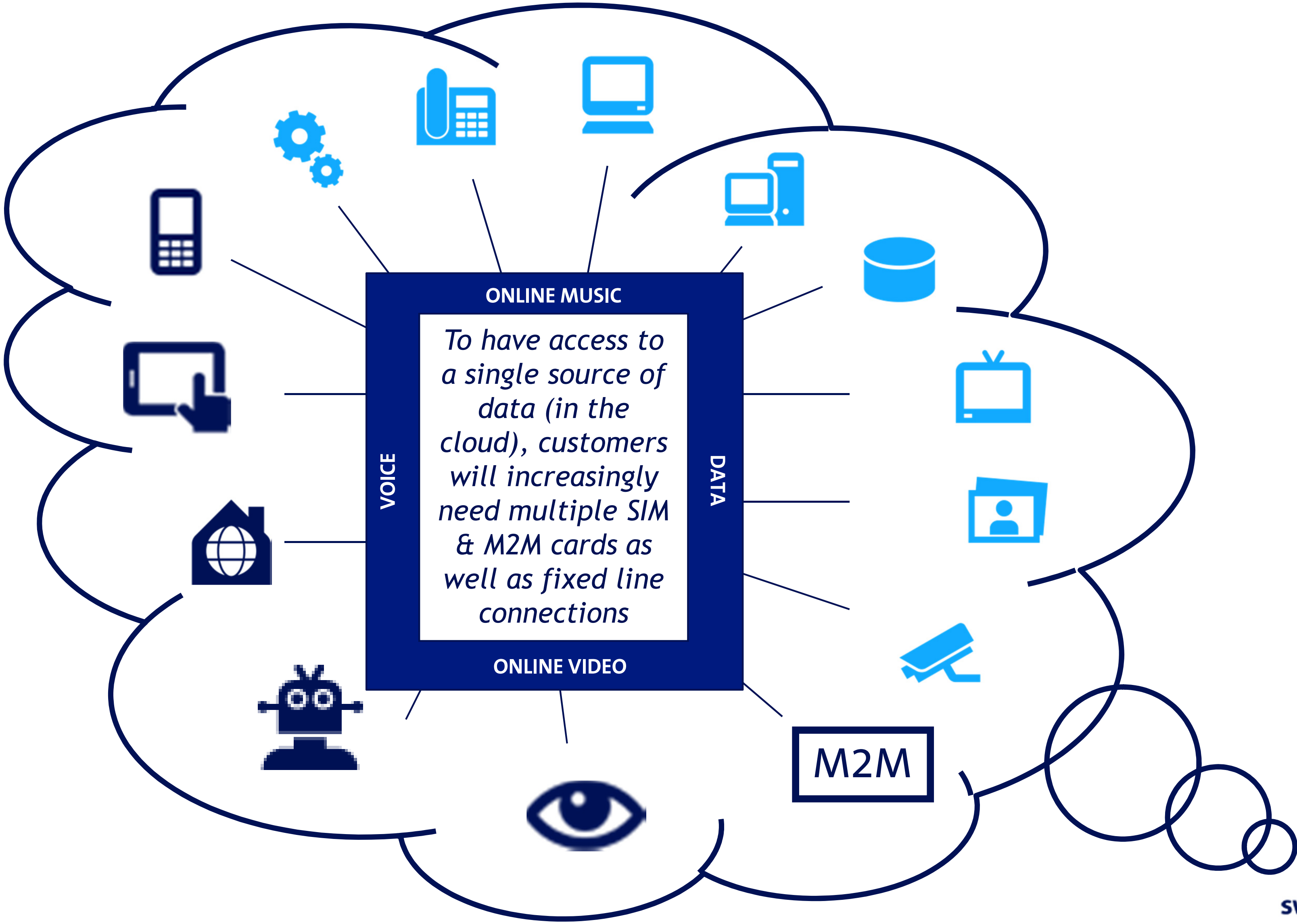
1. Embracing IP

Customer | Operator

Customer experience – Many devices and services to access the cloud - simultaneously

Customers to experience easy real-time access to synchronised private and business data at any time from any device - through Cloud access services

Differentiation to take place over speed, security and quality of access networks together with modern Cloud services



1. Embracing IP

Customer | Operator

Customer impact

OTT offers drive IP adoption while eroding usage prices

Demand for new services (e.g. apps) exploding, especially through rapidly growing penetration of smartphones and tablets. On top comes different user behaviour of younger customers turning to social media and replacing voice

Hurdles for usage lower with additional recognition through:

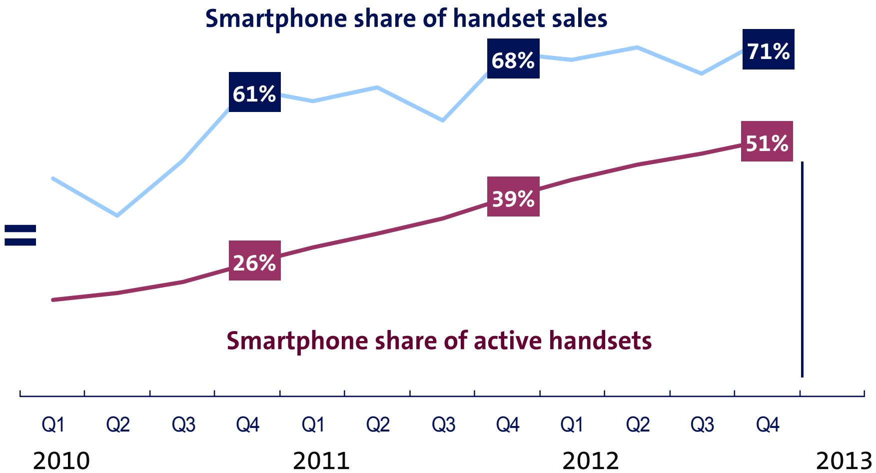
- Voice
- Fingerprint
- RFID
- Near Field Communication

\+

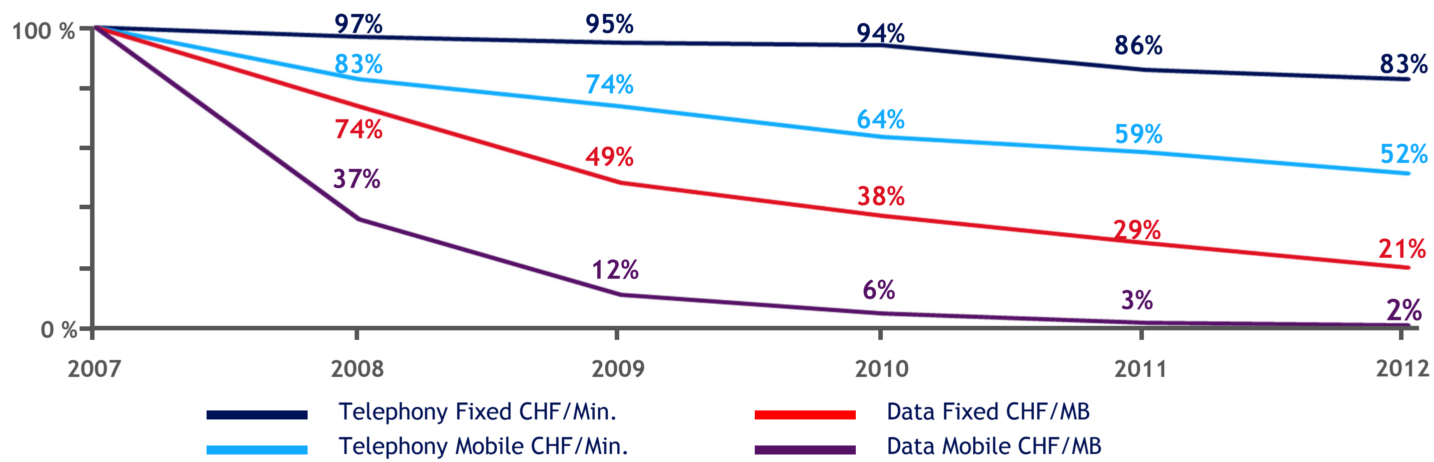
Easier tools further lowering hurdles:

\+ ever user friendlier operating systems:

=



Customers no longer willing to pay for usage, as (OTT) alternatives are free of usage charges. The only thing a customer needs is (multiple or bundled) high quality access subscriptions. As a result, prices of traditional products (minutes, SMS, MB) have come down rapidly



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1. Embracing IP

Customer | Operator

Impact on Operators

IP has changed what operators can charge for usage

Back "pre-internet", with no alternatives to local services, 75% of revenues were usage based.

Now, with internet alternatives to fixed voice usage, and with OTT apps as threat to mobile usage, only 36% of revenues is still usage based.

There is no choice for operators but preparing for the day that there will be "no" usage based fees left.

The challenge: keep or grow total revenues (as we did between 1998 and 2012)

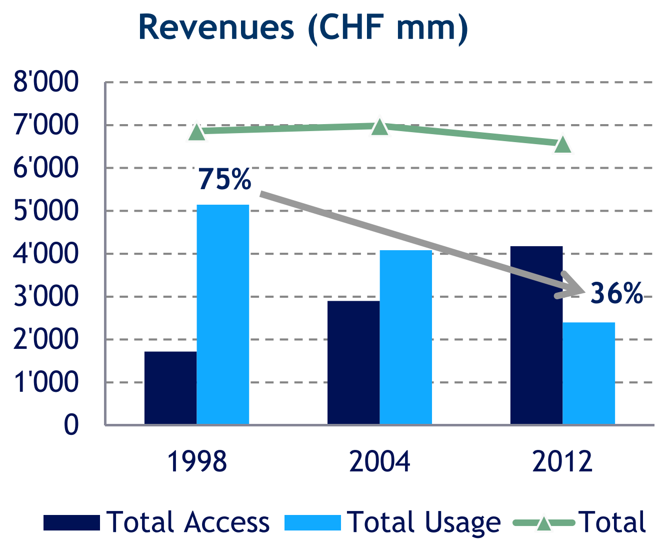
In the "old" switched "TDM" world (1998):

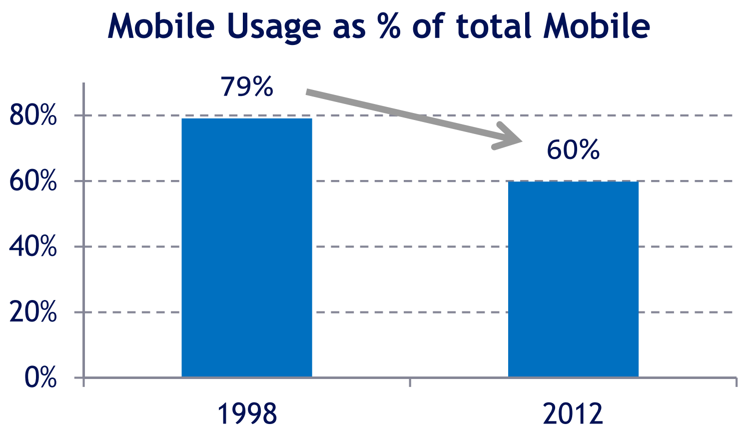
- CHF 5.1 bln out of total 6.9 bln revenues were usage based: 75%
  - for Mobile this was 79%
  - for Fixed this was 74%

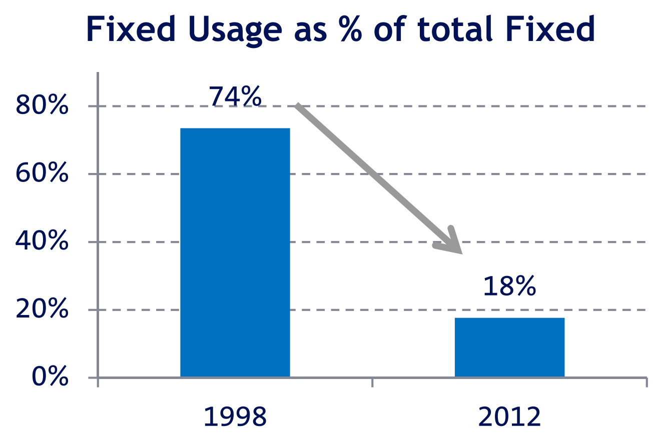
In the "transitional phase" now (2012):

- CHF 2.4 bln out of total 6.6 bln are usage based: 36%
  - for Mobile this is 60%
  - for Fixed this is 18%

With proliferation of IP based services, this trend will continue going forward







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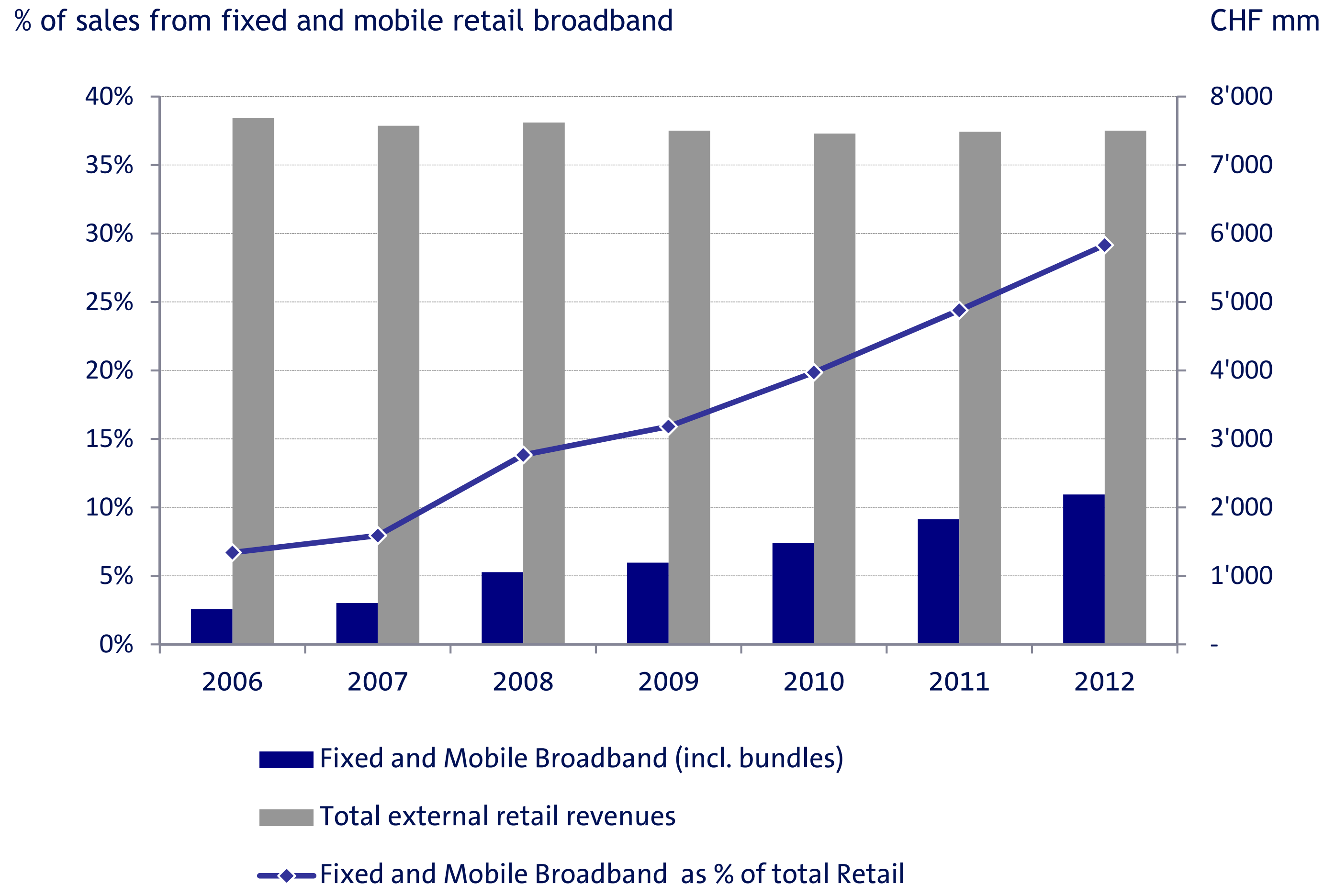
Impact on Operators

IP adoption causes changing revenue composition

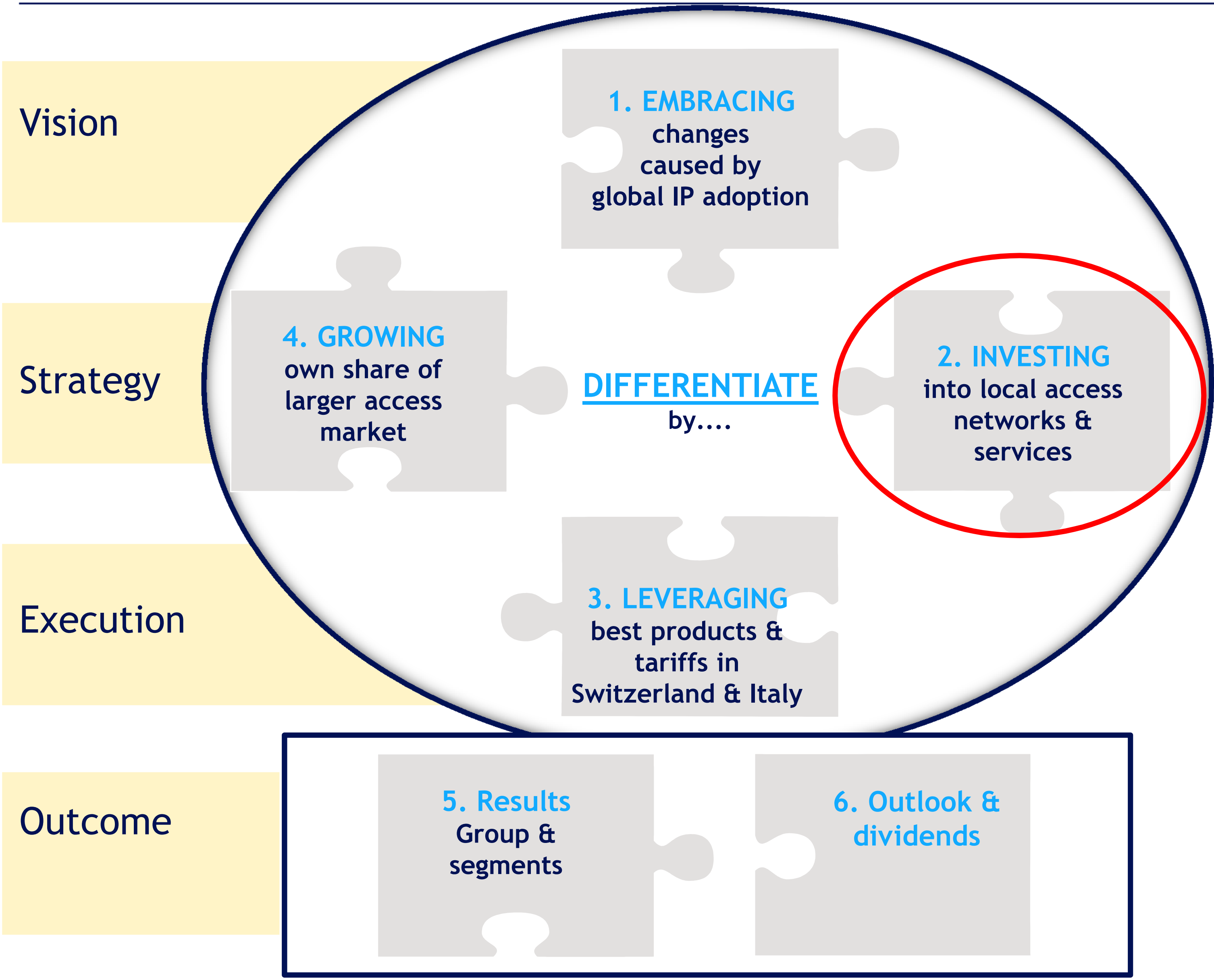
Revenues from broadband - to provide internet access - have grown strongly as proportion of total sales.

While total annual sales (for retail) at Swisscom have stayed stable at CHF 7.5 bln p.a., the proportion of sales from IP products has grown from 7% in 2006 to nearly 30% now.

This trend is set to continue, and ultimately go towards nearly 100%



2. Investing into local access networks



2. Investing into access

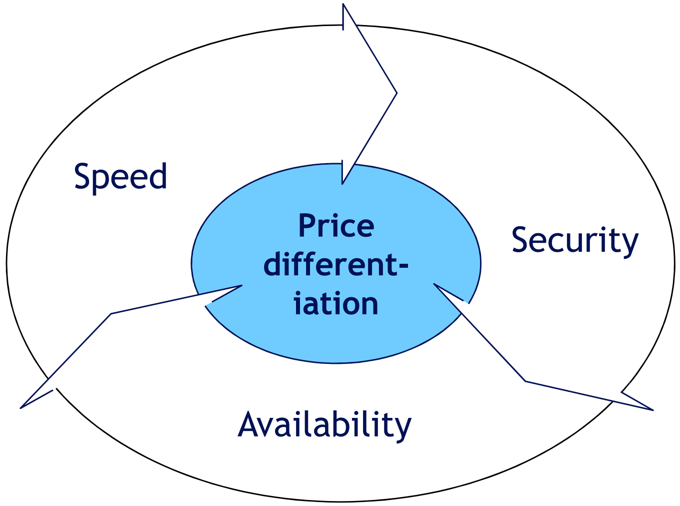
Best networks
Best service

Best networks

What is important if Access is going to be core business?

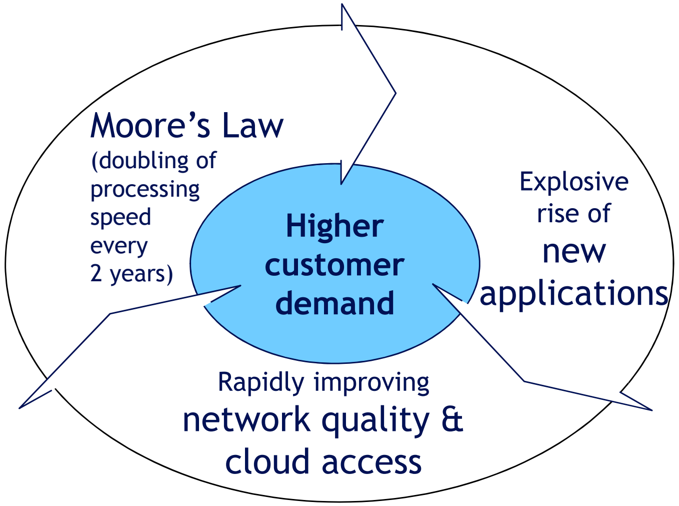
Where usage is no longer a tool to differentiate, the access business must be kept away from price erosion by introducing "new" valuable criteria

1. **Preventing commoditisation through price differentiation:**



To create higher customer demand, telco's must especially focus on their core strength: to offer best network quality and cloud access. Enabling customers better service than competitors can, and further stimulating the vision of always-on

2. **Continued investment to enable and satisfy demand:**



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2. Investing into access

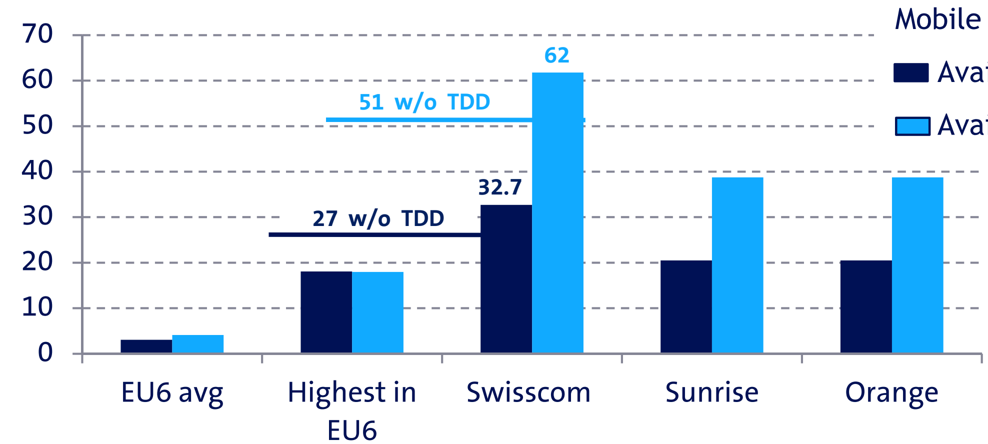
Best networks

Best service

Spectrum & footprint

Back from Global to Local

In a world where (content) competition is getting more global, the key for operators is to offer the best local access (networks). So that user experience will be the best. This requires investments into capacity....

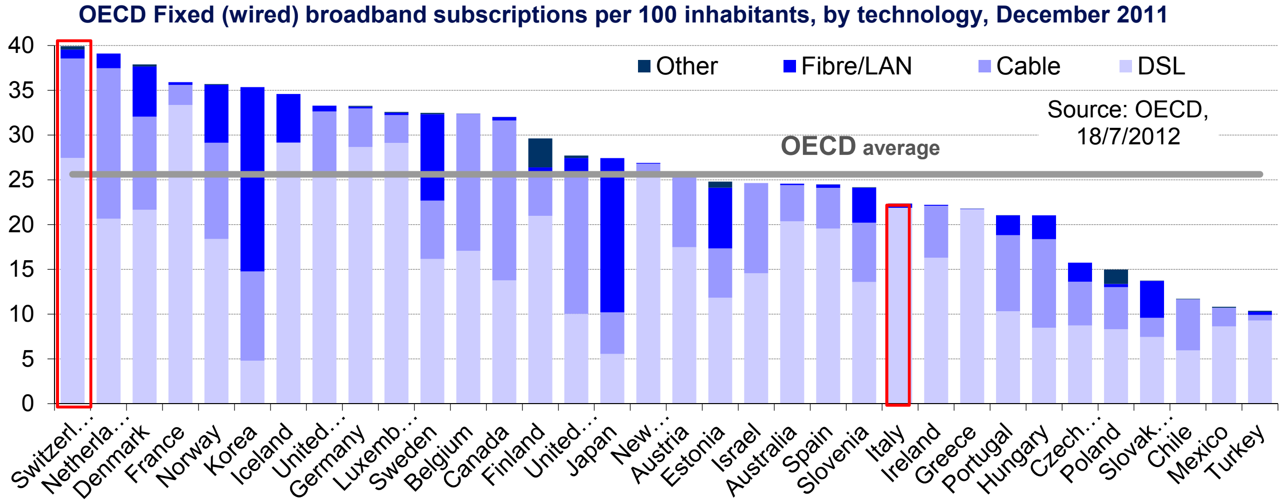


"EU6":

23 operators in 6 countries where auction is completed: France, Spain, Portugal, Germany, Italy, Sweden

With 255 MHz spectrum across all bands (45 of which are TDD), Swisscom has the highest capacity available of all European operators. Both on per POP and km2 basis. This helps in creating the best user experience

...and footprint before penetration can be achieved



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2. Investing into access

Best networks | Best service

Speed delivered

Akamai study confirms Swiss strength

Switzerland not just top ranking in terms of speed delivered, however also its year on year performance is growing very rapidly

Number 1 in Europe in delivery of average speed

Global Rank	Country	Q2 '12 Avg. Mbps	QoQ Change	YoY Change
5	Switzerland	8.4	4.0%	16%
6	Netherlands	8.0	-9.6%	-6.8%
7	Czech Republic	7.2	0.7%	-2.5%
8	Denmark	6.7	-0.5%	9.1%
10	Finland	6.6	-4.1%	16%
11	Romania	6.5	-0.9%	-3.6%
12	Belgium	6.5	-8.1%	1.5%
14	Austria	6.3	11%	20%
15	Ireland	6.2	-15%	1.6%
16	Sweden	5.9	-7.6%	10%

Number 2 in Europe in delivery of peak speed

Global Rank	Country	Q2 '12 Peak Mbps	QoQ Change	YoY Change
4	Romania	38.6	-0.6%	15%
6	Switzerland	29.9	4.3%	25%
7	Belgium	29.5	1.1%	10%
9	Hungary	28.0	0.3%	15%
11	Netherlands	27.9	-5.0%	10%
12	Portugal	27.8	-1.5%	6.2%
14	Israel	26.1	11%	18%
15	Czech Republic	25.8	5.6%	14%
19	United Kingdom	24.5	3.4%	28%
20	Germany	24.0	2.6%	20%

Global (EMEA, US and Asia) ranking for Switzerland also very strong

Number 1 in Europe on delivery above 10 and above 4 Mbps

Global Rank	Country	% Above 10 Mbps	QoQ Change	YoY Change
5	Switzerland	22%	15%	59%
6	Netherlands	18%	-24%	-16%
8	Czech Republic	14%	21%	19%
9	Belgium	14%	-24%	25%
10	Finland	14%	-16%	46%
11	Denmark	13%	-14%	32%
12	Romania	13%	-2.9%	-2.5%
13	Sweden	11%	-19%	14%
14	Norway	11%	-5.9%	26%
15	Austria	11%	6.4%	34%

Global Rank	Country	% Above 4 Mbps	QoQ Change	YoY Change
2	Switzerland	79%	2.3%	14%
3	Netherlands	79%	-5.0%	-2.0%
5	Belgium	69%	-4.7%	-6.3%
9	Denmark	66%	5.2%	5.0%
10	Czech Republic	64%	-6.4%	-10%
11	Romania	62%	-1.8%	-2.4%
12	Hungary	57%	-5.2%	-4.1%
14	Germany	57%	0.7%	7.8%
15	Austria	57%	22%	26%
16	United Kingdom	56%	-3.3%	14%

source: Akamai

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2. Investing into access

Best networks

Best service

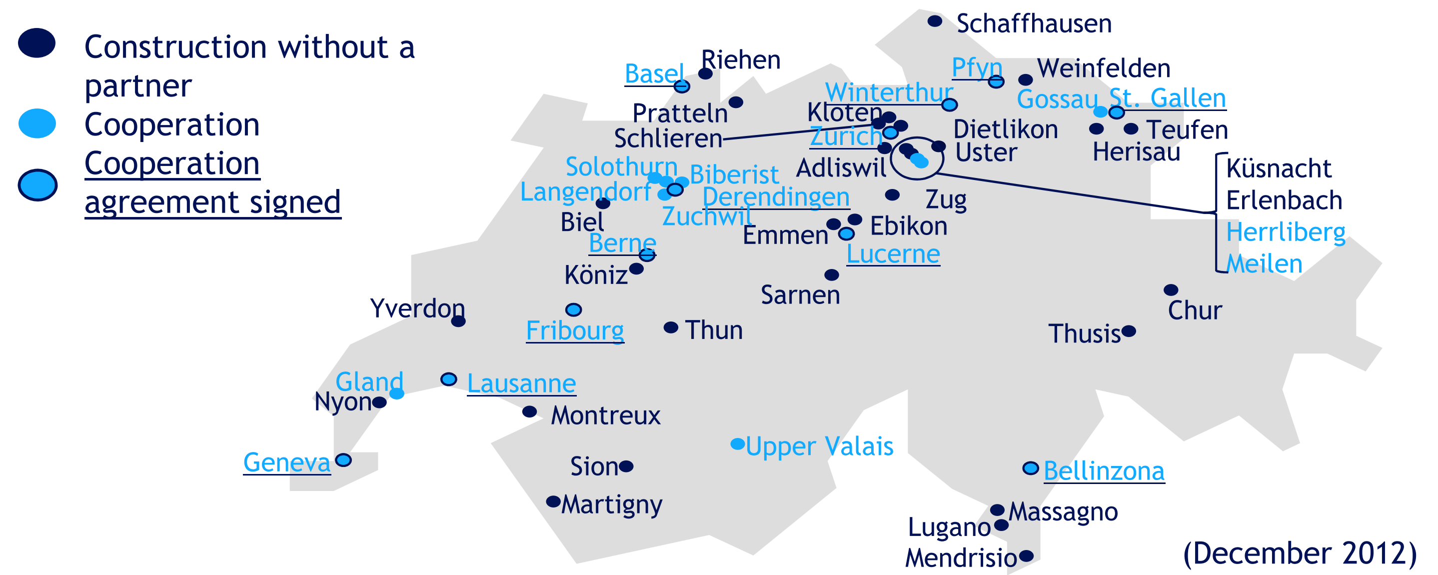
Fast rollout going forward

Best speed experience, Switzerland

Fixed speed rapidly improving thanks to fast rollout of fibre closer to the customer. By 2020, 80% of population should have access to at least 100 Mbps

Technology	Speed capability	Footprint YE 2012	Remarks
DSL on copper	1 Mbps	98%	in USO
VDSL2 low limit	8 Mbps	>91%	SDTV available
VDSL2 basic	15 Mbps	>84%	HDTV available Max. speed: 50 Mbps
FTTS/FTTH	100 Mbps	12%	80% by 2020 FTTH speed cap.: 1Gbps
FTTS with G.fast	400 Mbps	n.a.	After 2015

With accelerated effort on fibre rollout in cities where there is Cablecom footprint



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2. Investing into access

Best networks

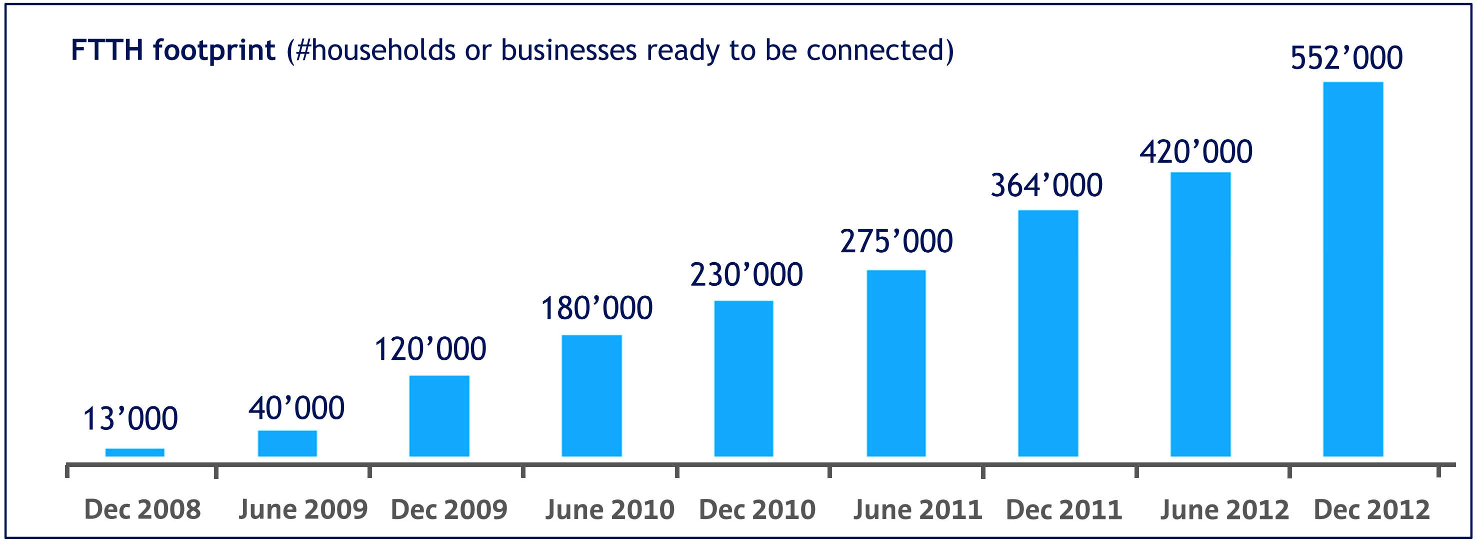
Best service

Fast rollout going forward

Rapidly growing footprint – market share following

Number of households / businesses with fibre in front of the building is rapidly increasing

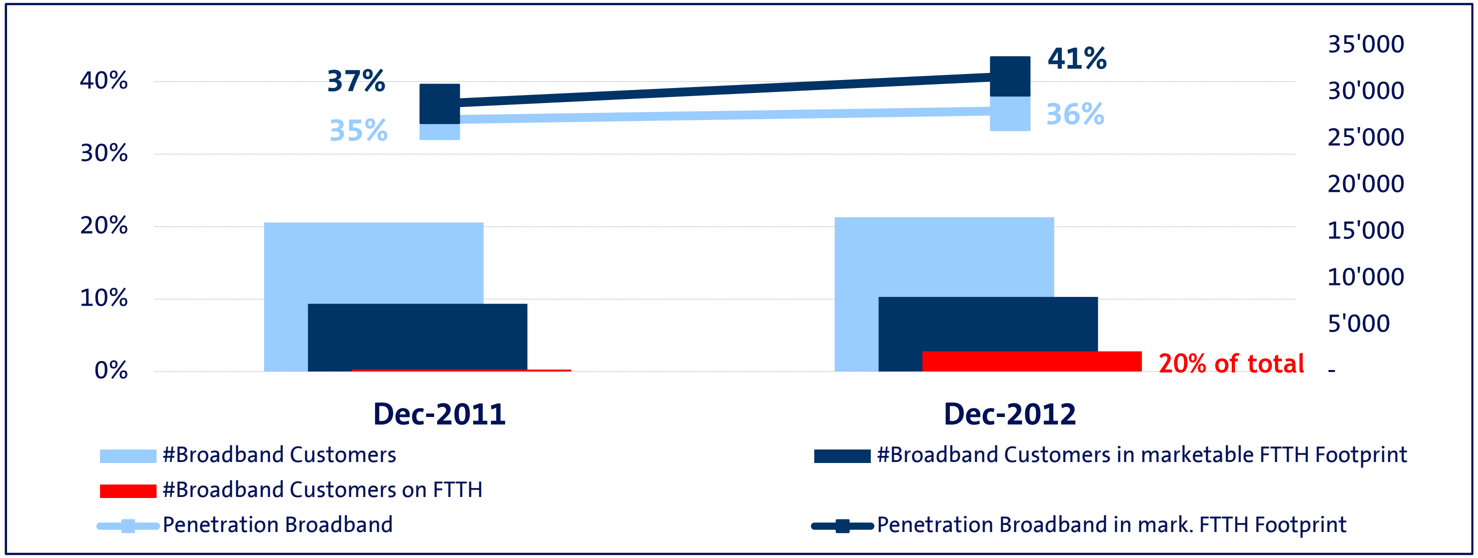
Around 1 mm coverage targeted by 2015 (1/3 of households)



Luzern as example

Driven by fibre rollout, broadband penetration accelerates significantly

The share of fibre on total Swisscom broadband connections in Luzern stood at 20% just a year after introduction



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2. Investing into access

Best networks | Best service

Clever tiers for best experience

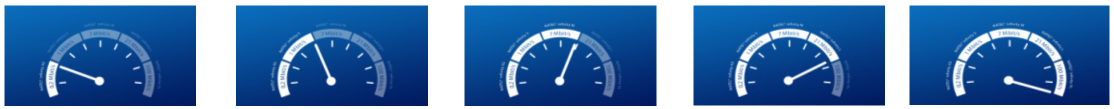
Best experience while on the move in Switzerland

Mobile speed and latency combined with coverage is "unbeatable"…

Technology	Speed	POP coverage YE2012	Ranking
GSM, GPRS, Edge	256 Kbps	99.8%	1
UMTS	>7.2 Mbps	95%	1
HSPA	24 Mbps	90%	1
HSPA+	48 Mbps	50%	1
LTE	100 Mbps	26 cities per YE 2012, 70% (YE 2013)	1

Thereby offering the best experience on mobile devices

	infinity XS	infinity S	infinity M	infinity L	infinity XL
typical usage	Voice and SMS	Voice and SMS	Voice and SMS	Voice and SMS	Voice and SMS
	Mail w/o attachment	Mail w/o attachment	Mail w/o attachment	Mail w/o attachment	Mail w/o attachment
		+ social media	+ social media	+ social media	+ social media
			+ video SD	+ video SD	+ video SD
				+ video HD	+ video HD
					+cloud
Bandwidth (max)	0,2 Mbps	1 Mbps	7,2 Mbps	21 Mbps	100 Mbps



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2. Investing into access

Best networks | Best service

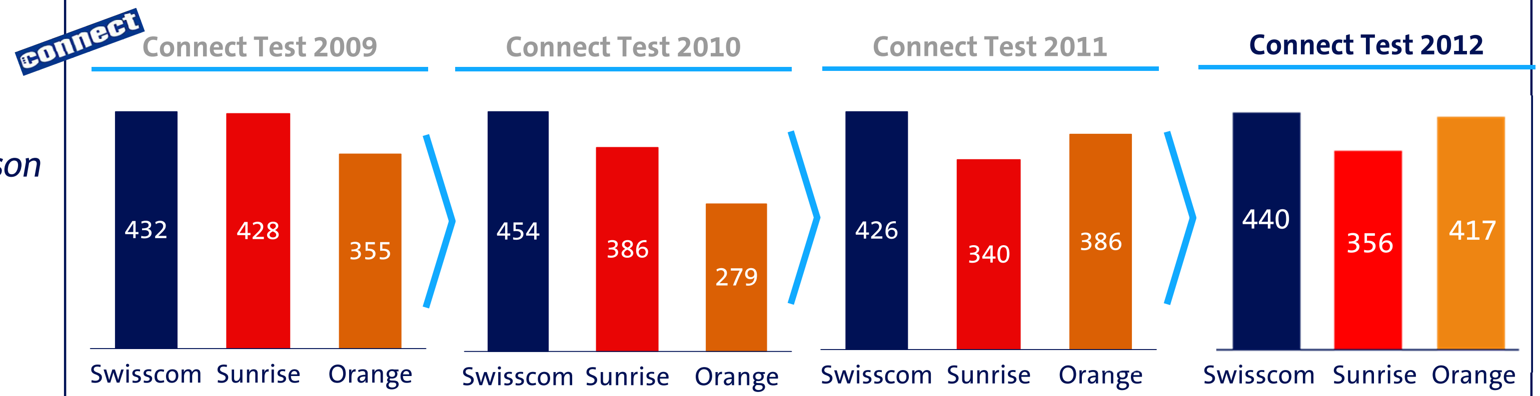
Never under-investing

Switzerland with excellent results

Excellent results from independent research, largely resulting from long track record of "never under-investing"

Compared internationally	Ranking	Source
Usage of broadband	1	OECD Broadband portal, July 2012
Fastest internet	1	The Nielsen Company, April 2011
Investments per POP	4	OECD, July 2011
ICT development in 159 countries	8	ITU, measuring the IT society, 2011
ICT access in 137 countries	4	Insead, The global innovation index, 2011

Domestic comparison also favours Swisscom



„Call drop rate far less than a half percent"

„Impressive 93% high-speed coverage in cities, fantastic 79% in rural areas"

"Only top graded network in Switzerland"

"Swisscom also in 2012 impressively demonstrates its superiority"

swisscom

2. Investing into access

Best networks

Best service

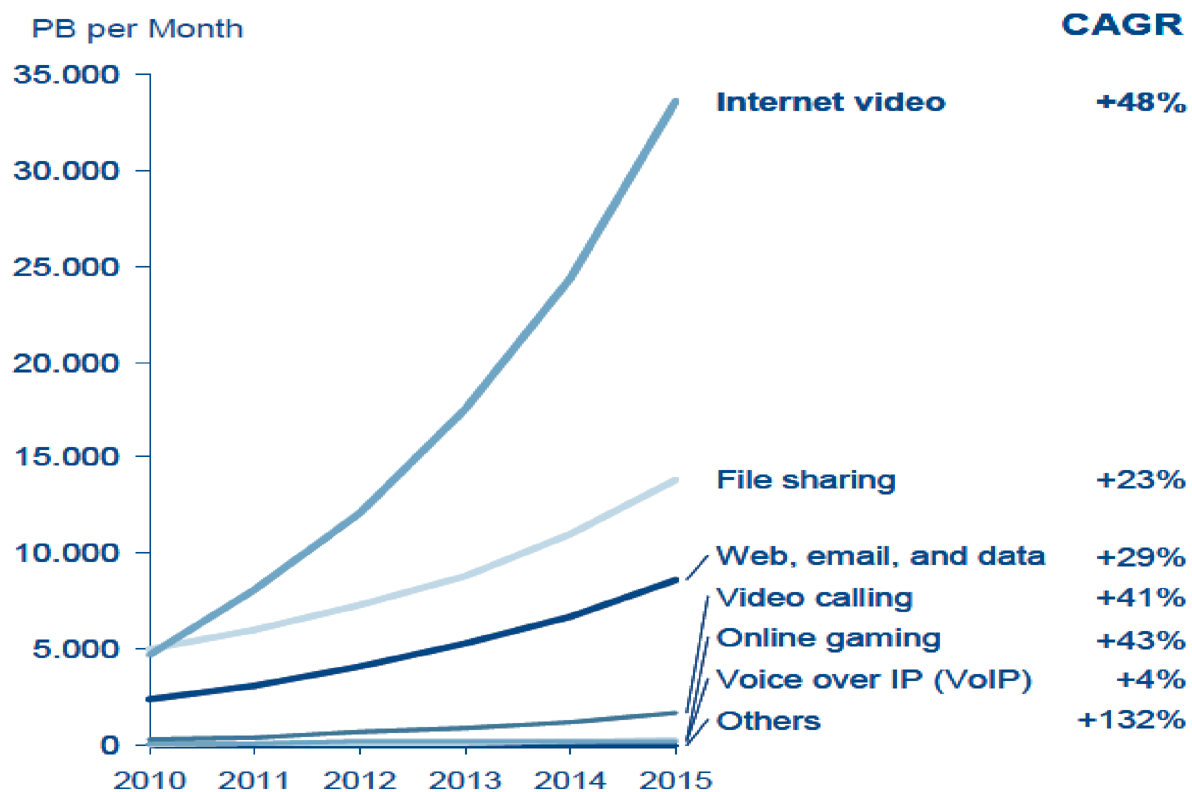
This is just the beginning

– Usage will exponentially grow further, requiring more investments

Future growth further driven by adoption of more and richer (video, real-time) applications.

With more devices and higher penetration, further investments into both mobile and fixed networks are required

Forecasted (worldwide) traffic (fixed + mobile), Cisco 2012



* Consumer traffic accounts for ~80% of world traffic in 2010 and ~87% in 2015F
Source: Cisco

2. Investing into access

Best networks

Best service

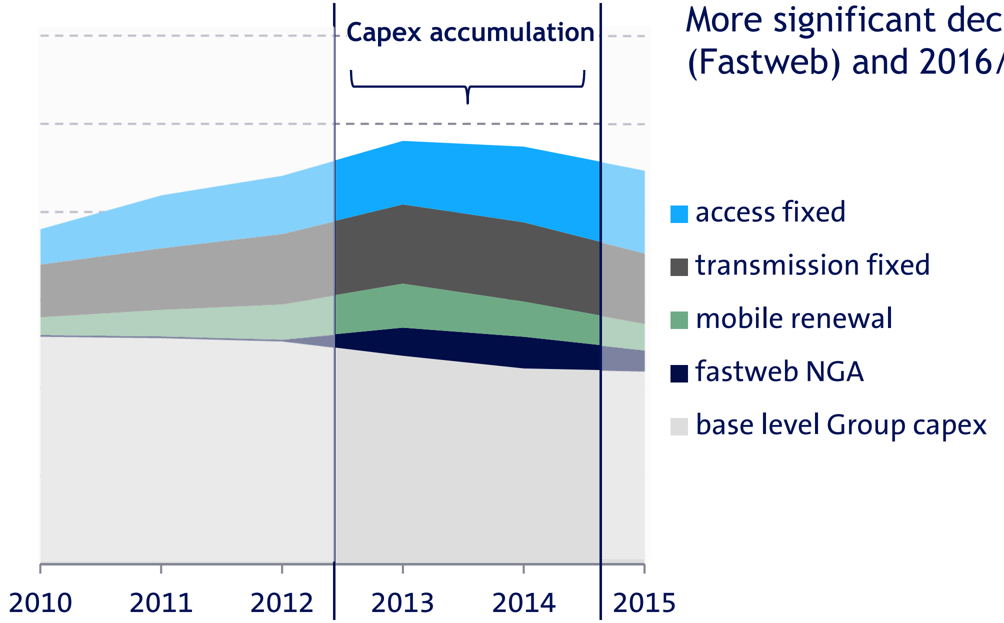
Capex cycles to cumulate

Capex "upfront"

To deliver quality in a mobile and fixed world where speed will be the main buying decision for customers, it is absolutely necessary to offer the best quality network. This has ramifications for investments, which will be peaking over the next 2-3 years, before coming down again

capex cycles will be cumulating over next few years:

- access networks fixed (FTTx): 7-10 years (on a total cycle of up to 30 years)
- transmission networks fixed (VDSL, vectoring): 3-5 years
- mobile renewal (single RAN integrating existing technology with 4G): 3-4 years
- Fastweb NGA roll out (FTTS): 3-5 years



More significant decline from 2015 (Fastweb) and 2016/2017 (Switzerland)

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2. Investing into QoS (Quality of Service)

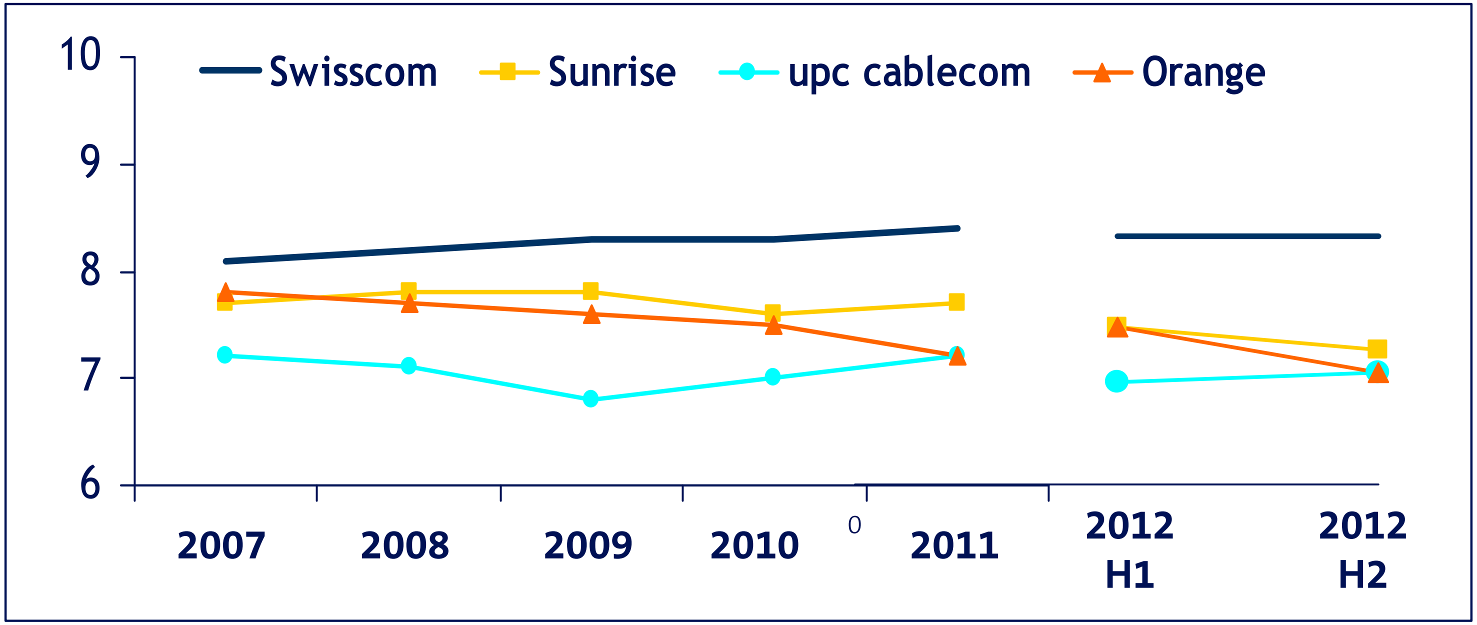
Best networks

Best service

QoS as important as investments

Customers' view

*Customer "proximity" *) consistently higher at Swisscom*



*Readiness to change provider**) significantly lower at Swisscom - across all categories. Local municipality cable operators are 2nd best (close to their customers)*

Operator	Mobile (n=2608)	Fixed (n=2656)	Internet (n=2599)	TV (n=1707)
Swisscom	5.0%	5.2%	7.1%	5.4%
Sunrise	16.2%	17.0%	19.8%	Too small sample
Orange	25.0%	n.a.	n.a.	n.a.
Cablecom	n.a.	12.4%	14.3%	13.2%
Local cable operator(s)	n.a.	8.0%	7.7%	7.9%

*) average of "customer satisfaction" and "willingness to promote" on a scale of 1 to 10

**) answer to question "I'm a ... customer, and currently consider changing provider". Results gathered in H2 2012

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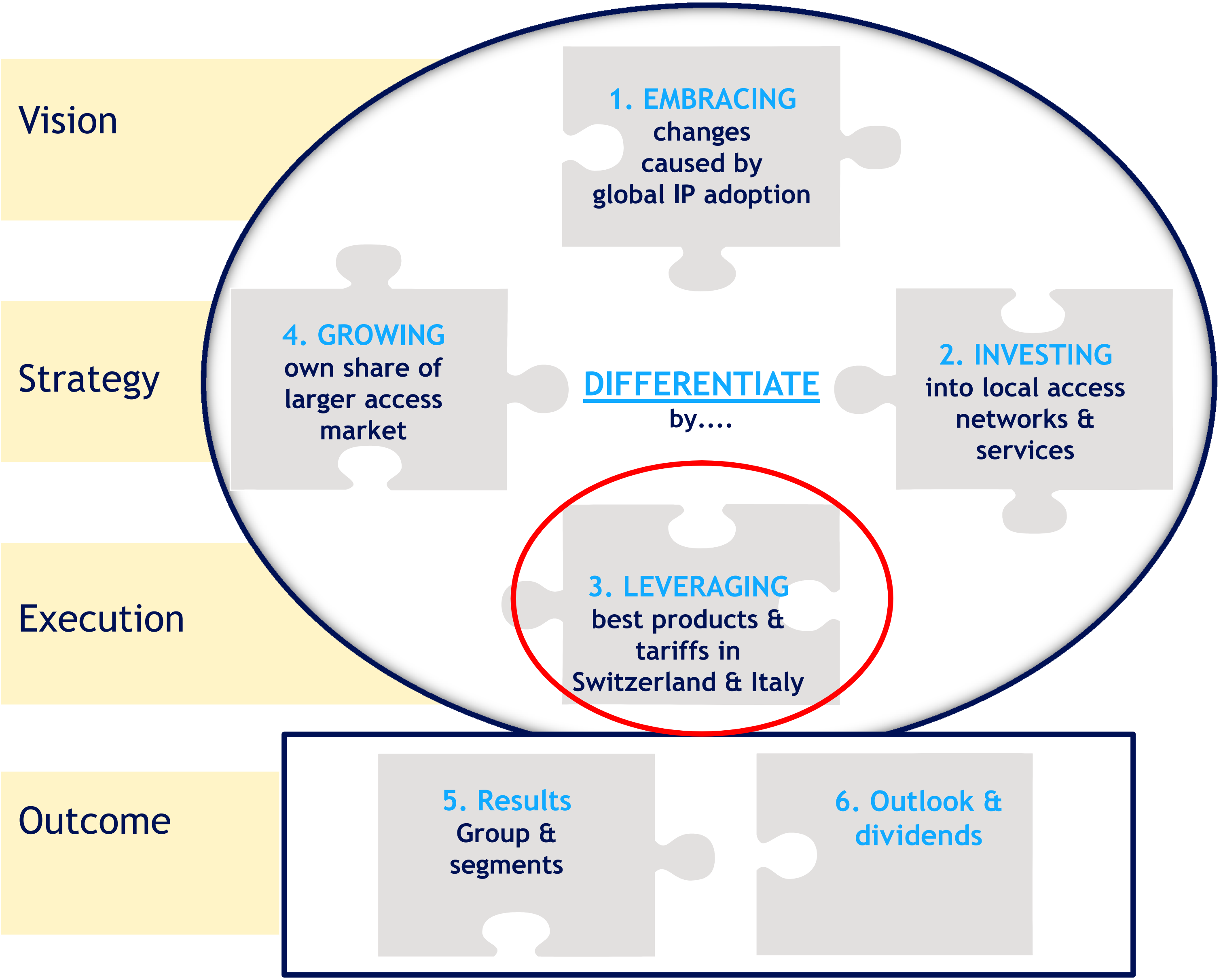
3. Leveraging best products & tariffs



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3. Leveraging, Switzerland

Products

Tariffs

Data & voice

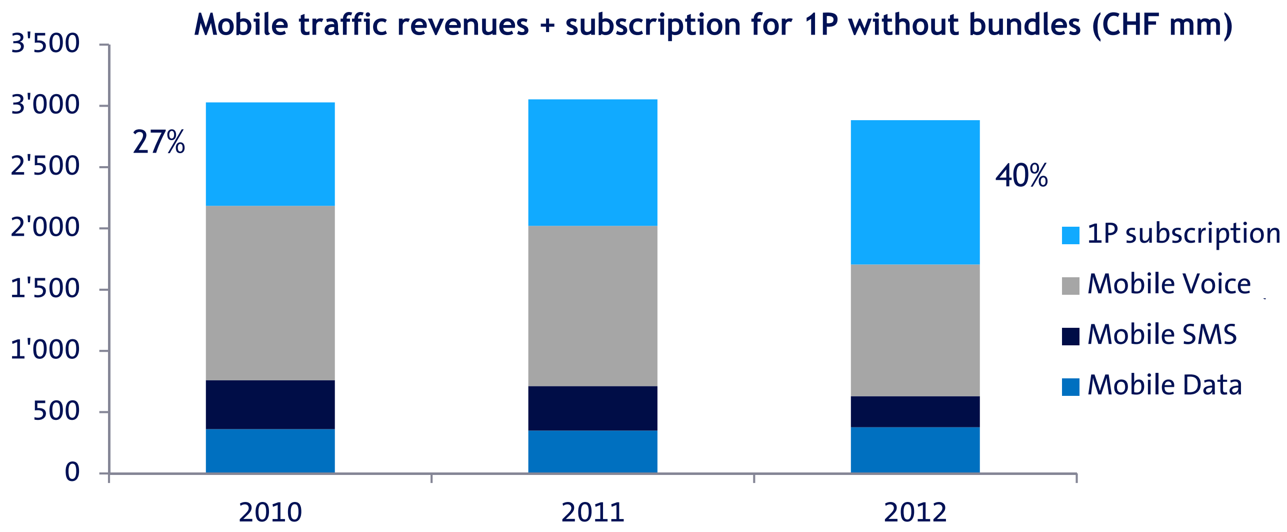
Mobile Switzerland

"All" mobile growth in bundles and data-only (incl. M2M)

Mobile subs (000)	31.12.2011	31.12.2012	Change	Change %
Prepaid	2,249	2,199	-50	-2%
Postpaid 1P	3,646	3,702	+56	+2%
Postpaid bundle	154	316	+162	+105%
Total	6,049	6,217	+168	+2.8%
o/w Data-only	525	571	+46	+9%

Share of subscription revenues increasing rapidly (40% now compared to 27% in 2010)

Sum of revenues without bundle subscription going south by 6% compared to 2011



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Data & voice

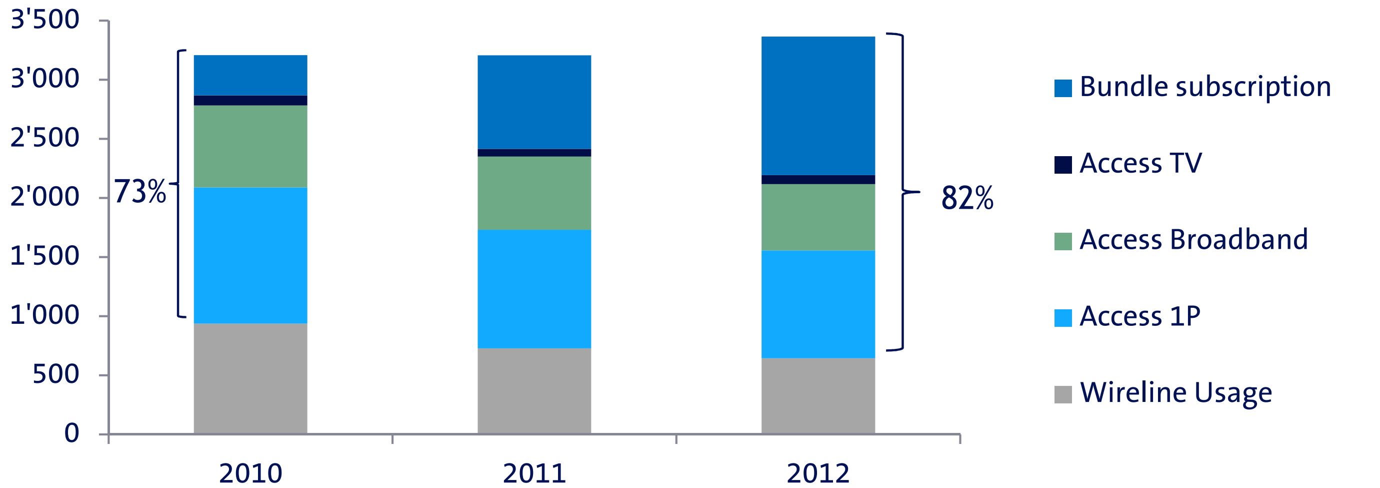
Fixed Switzerland

Fixed line growth determined by TV (and therefore in bundles)

Fixed line subscribers (000), i.e. not products	31.12.2011	31.12.2012	Change	Change %
Wireline voice	3,120	3,013	-107	-3%
Broadband	1,661	1,727	+66	+4%
TV	608	791	+183	+30%
Total	5,389	5,531	+142	+2.6%
o/w in bundles	1,513	1,972	+459	+30%

Share of subscription revenues increasing (82% now compared to 73% in 2010) with a return to growth (+4%) for total fixed line revenues in 2012

Fixed traffic revenues + subscription for 1P and bundles (includes bundles with mobile) (CHF mm)



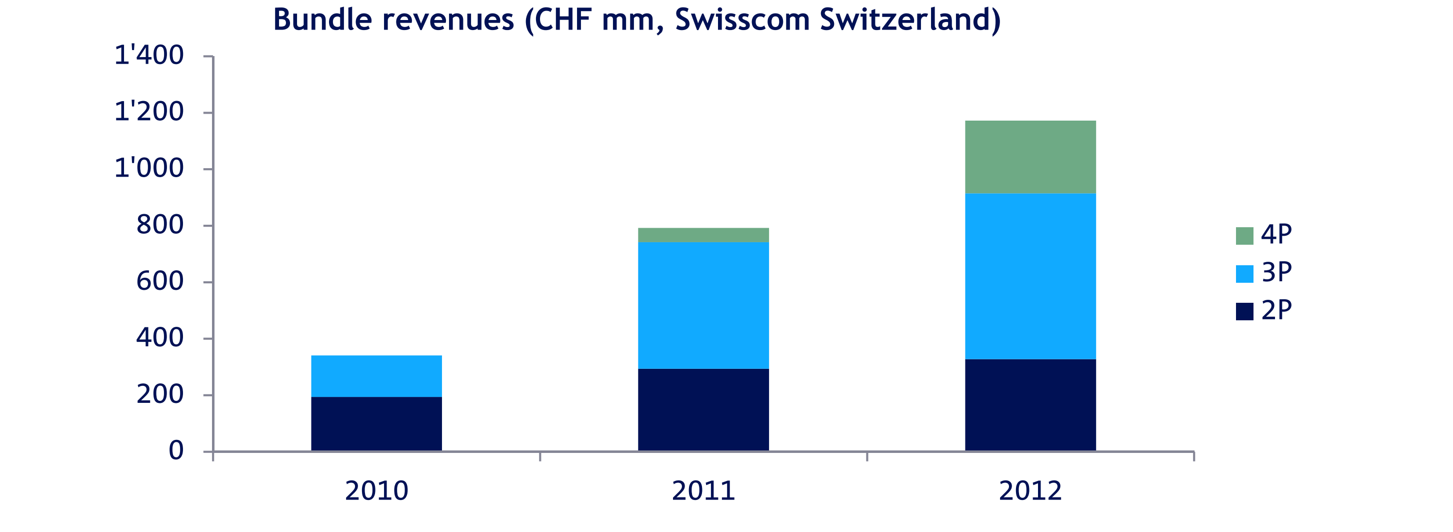
Data & voice

Bundles Switzerland

Strong growth in bundles especially at higher end (3P and 4P)

Subscriptions (000)	31.12.2011	31.12.2012	Change	Change %
2P bundles	231	248	+17	+7%
3P bundles	330	403	+73	+22%
4P bundles	53	137	+84	+158%
Total subscriptions to bundles	614	788	+174	+28%
Representing total # RGUs	1,667	2,288	+621	+37%

Bundle subscriptions growing strongly (by CHF 380 mm in 2012 to CHF 1,172 mm, and by CHF 831 mm compared to 2010)



Entertainment

IPTV Switzerland

TV growing especially in bundles pointing towards the strategic importance of the product

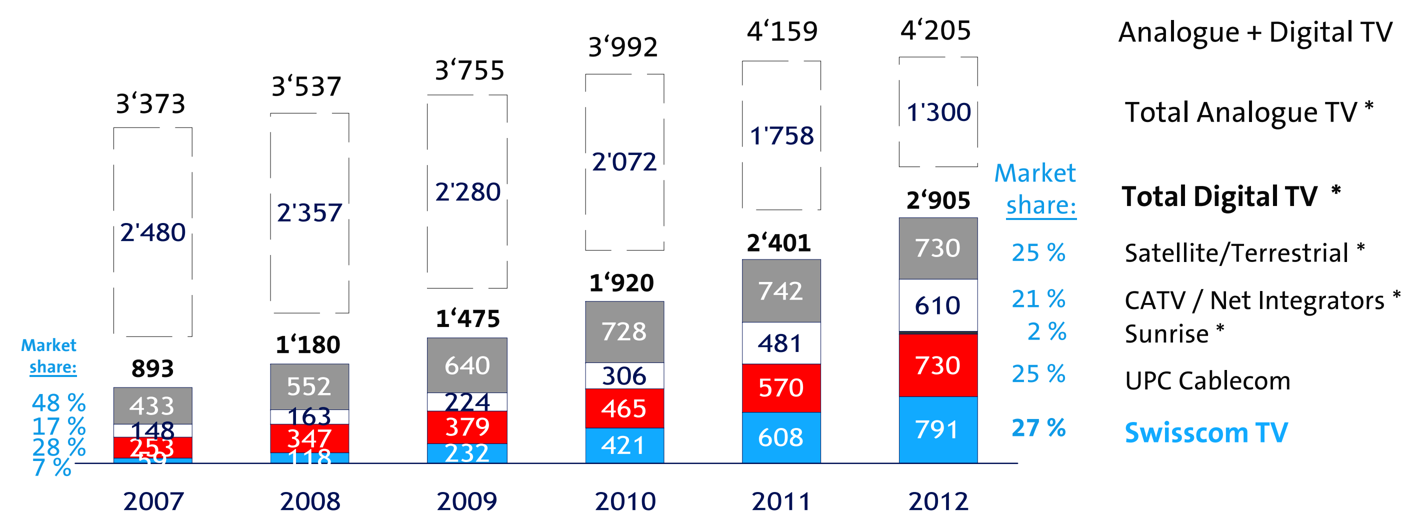
Crucial to get maximum TV penetration to secure broadband base

IPTV subs (000)	2010	2011	2012	2012/2010
TV standalone	218	225	270	+24%
TV in a bundle	203	383	521	+157%
Total	421	608	791	+88%
o/w subs without recording/replay functionality	74	141	237	(ARPU: 19)
o/w subs with recording/replay functionality	347	467	554	(ARPU: 35)
TV penetration on own broadband base	27%	37%	46%	+19pp

Swisscom share from "nil" to 27% in 6 years. Next battles are:

a. To secure max. number of analogue customers

b. To get as many customers as possible in a bundle



*) Source for market shares: Swisscom estimates

3. Leveraging, Switzerland

Products

Tariffs

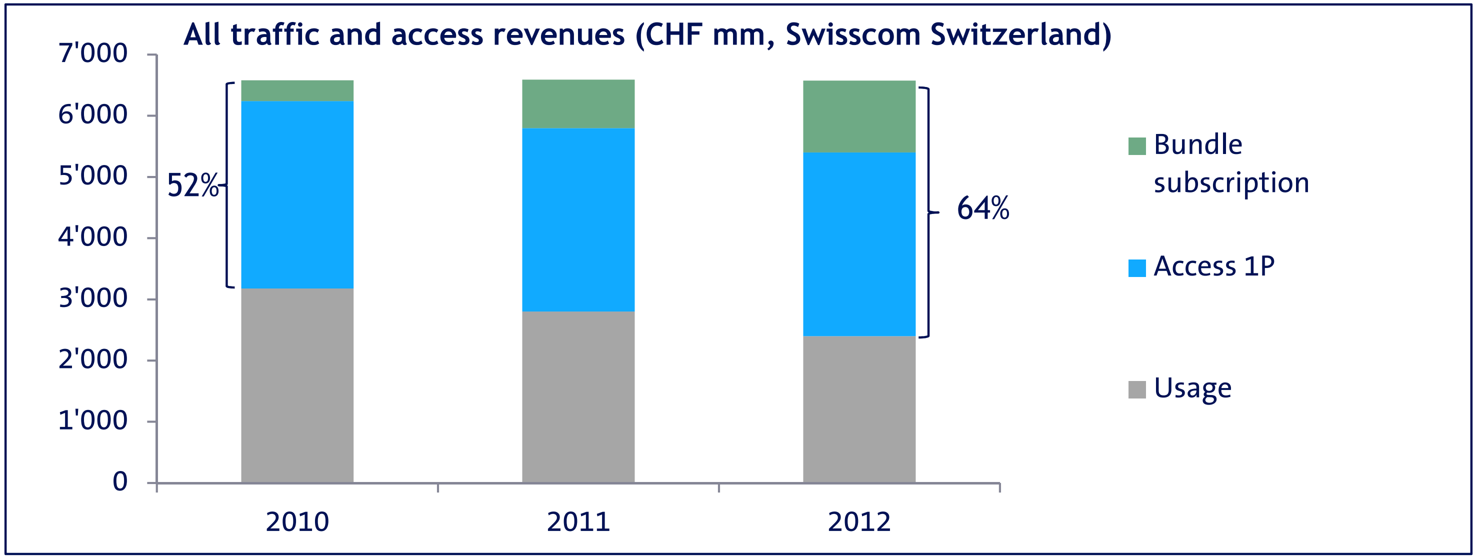
Revenues

Total Switzerland (Mobile + Fixed + Bundles)

Total revenues

Revenues (CHF mm)	2010	2011	2012	2012/2011
Mobile usage	2,241	2,072	1,754	-15%
Mobile access	845	1,032	1,178	+14%
Fixed usage	937	729	644	-12%
Fixed access	2,216	1,966	1,826	-7%
Bundles	341	792	1,172	+48%
Total	6,580	6,591	6,574	-0%

Revenues stable, however significant changes in composition



One-stop services

Bundles serving multiple needs – at lower cost

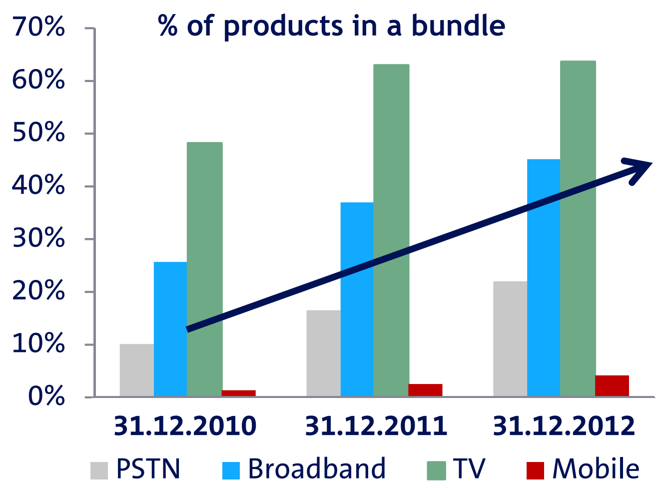
Customer need:

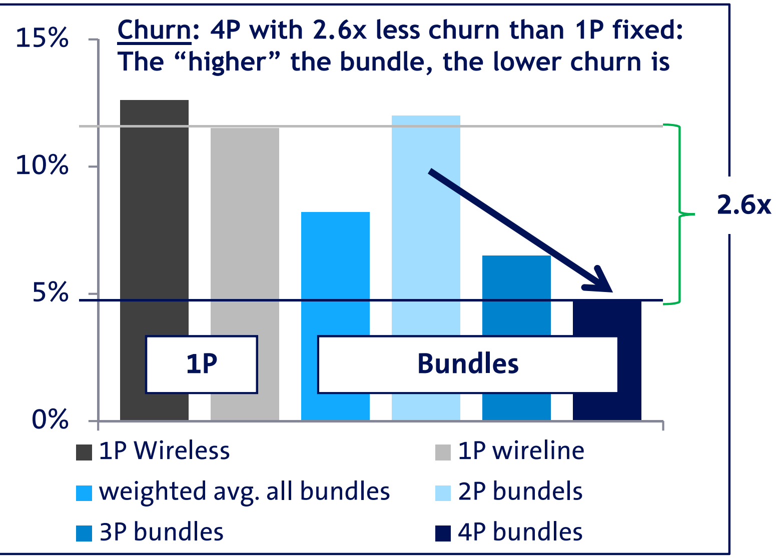
Pick one Vivo Casa product instead of 3 components, and simply save money while having "three times less hassle"

Product	Vivo Casa 2*	Vivo Casa 3*	Vivo Casa 4*	Vivo Casa 5*
PSTN Access	incl. free voice	incl. free voice	incl. free voice	incl. free voice
Broadband	5 Mb/s	10 Mb/s	20 Mb/s	50 Mb/s
TV	start	basic	plus	plus+
cost for bundle (CHF)	89	109	129	159
cost for individual components	92.85	114.85	144.85	Not available
discount through bundle	3.85	5.85	15.85	
discount in %	4%	5%	11%	

Company need:

must grow share of customers on bundles, as 1P customers are at higher risk of moving to competitors. Bundles reduce churn with "higher" bundles even much better than "low" bundles





3. Leveraging, Switzerland

New tariff paradigms

3 possible price differentiators going forward

Speed, Availability and Security as new differentiators for both mobile and fixed data connectivity

Regardless of whether a mobile or fixed data connectivity is being used, real time access to own data in the cloud is going to be key. Price differentiation can take place through 3 levers:

1. SPEED (dominant factor to enhance user experience. Critical to find right grades, so that customers will also find incentives to upgrade over time as demand for speed increases. Latency is another factor within speed which can be used as a tariff differentiator)
2. AVAILABILITY (not just about where you can have access, but also who gets prioritised when accessing the network)
3. SECURITY (getting more important as more data are moved into the cloud for easy access across devices. Also important to offer "local Swiss" cloud services: a guarantee that data is not stored outside of the country)

Whereas we have made an important first move in the mobile world with the introduction of the Speed based Infinity tariffs in July 2012, the next steps are going to center around fixed (internet) access, TV and bundles. Here new tariff schemes can be expected in the course of 2013

New tariff differentiators and incentives for up-selling are to assist in securing or increasing the market share as the key driver for future profitability

3. Leveraging, Switzerland

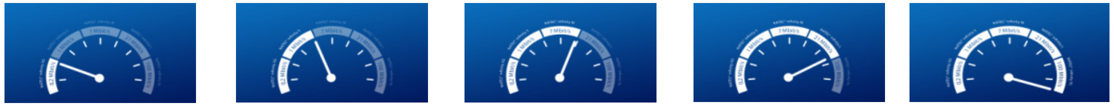
Products | Tariffs

New tariff paradigms

Mobile Infinity plans, setup and impact

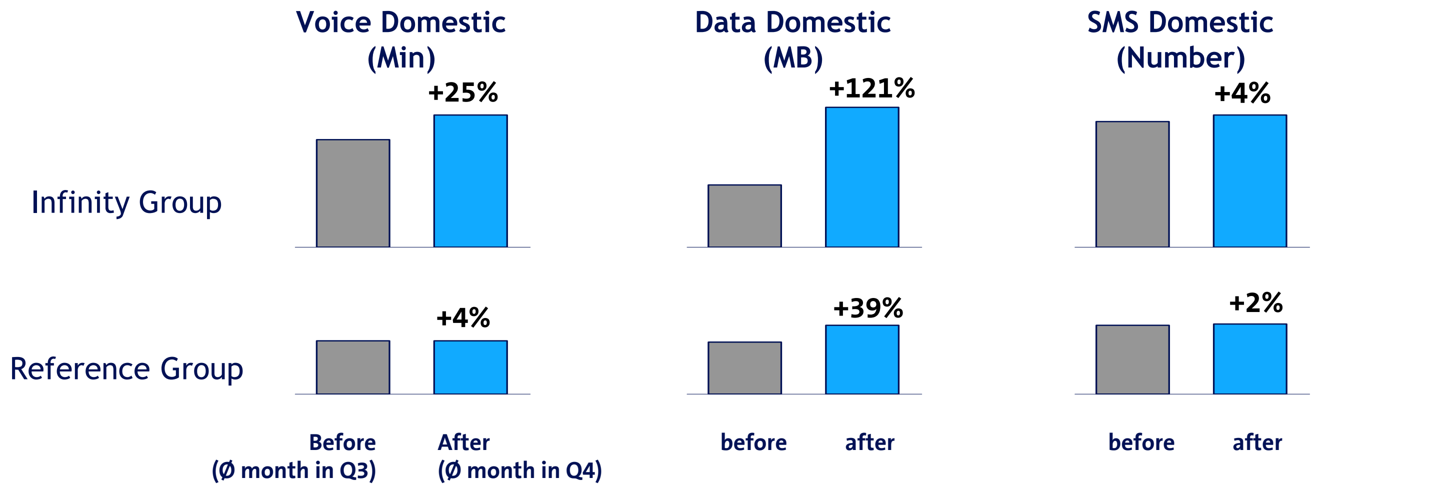
Simple pricing system with full transparency adds to cost control for customer, giving "peace of mind"

Infinity pricing only differentiates on the basis of speed offered. In each plan, all voice, SMS and data consumption is included



	infinity XS	infinity S	infinity M	infinity L	infinity XL
Bandwidth (max)	0,2 Mbps	1 Mbps	7,2 Mbps	21 Mbps	100 Mbps
Price (CHF/month)	59	75	99	129	169
Roaming incl. in W-Europe (min. voice, # SMS, Mb Data)	-	-	30/30/30	100/100/100	200/200/200
Calling abroad (min)	-	-	30	100	unlimited

All-you-can-eat pricing causes higher usage, however in sum does not do more than accelerate total data usage by more than 3 months compared to what would have happened without these plans



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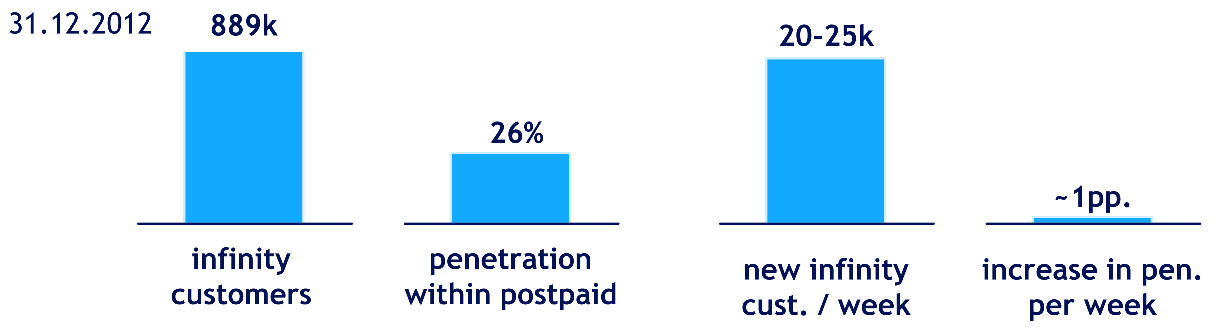
New tariff paradigms

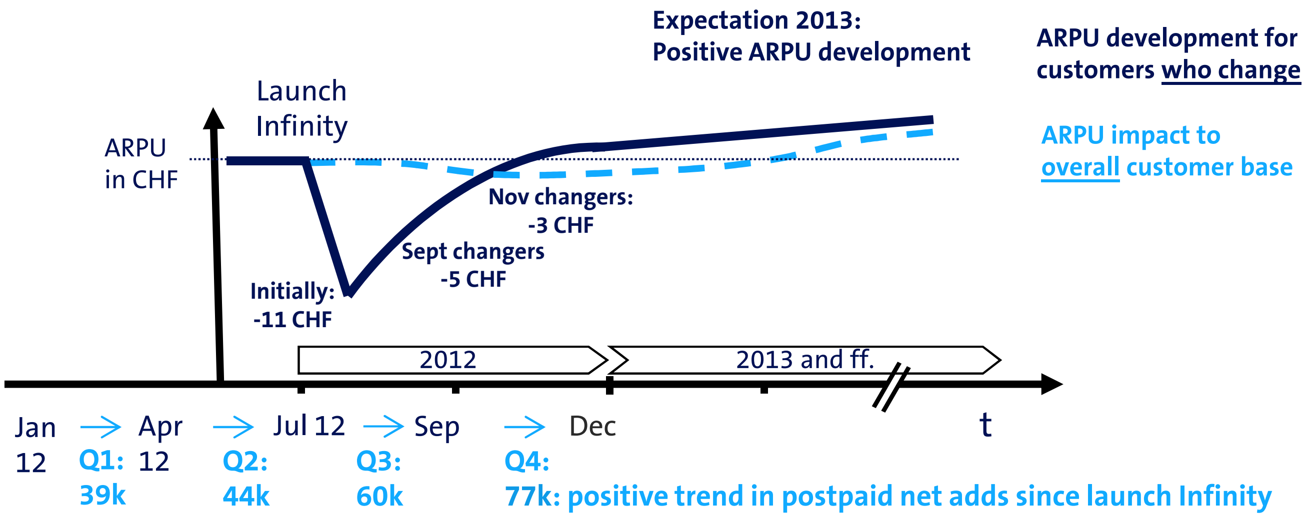
Mobile Infinity plans, impact

Simple pricing system with full transparency results in very rapid adoption



In 6 months time, >10% of population has subscribed to the Swisscom Infinity plans

Initial expected ARPU decline (domestic) from "right graders" starts fading out, with new customers increasingly on higher value plans



New tariff paradigms

— Mobile Infinity plans, make 2nd/3rd/nth access more attractive

Multiple accesses can also be "bundled": the more cards, the lower the extra cost. This makes life much easier for customers (no teethering required) while driving subscription revenues

Now offering data-only plans at a discount if taken in combination with a mobile Infinity subscription or an internet access subscription

Unlimited[1] surfing with	NATEL® data S	NATEL® data M	NATEL® data L	NATEL® data XL
Saving data on the internet				✓
HD Video, photo upload, gaming			✓	✓
Youtube, Live TV, music streaming		✓	✓	✓
News, e-mail, surfing, facebook	✓	✓	✓	✓
Download up to	1 Mbps	7.2 Mbps	21 Mbps	100 Mbps
Upload up to	0.5 Mbps	1.0 Mbps	2 Mbps	10 Mbps
Price for infinity/DSL custom.	CHF 9.-	CHF 29.-	CHF 49.-	CHF 69.-
Price w/o NATEL data benefit	CHF 39.-	CHF 49.-	CHF 69.-	CHF 89.-

Unlimited surfing, speed differentiated

- Unlimited[1] surfing with all NATEL® data offer
- Offers are differentiated in terms of speed

[1] capped at 5 GB (S/M), 10 GB (L/XL) to limit cannibalization

Special price for infinity/DSL customers

- Special price for infinity and DSL customers to stimulate 2nd SIM pickup without cannibalizing infinity and DSL

These offers are tailored to prevent cannibalization of fixed internet access, and to drive 2nd SIM card penetration

3. Leveraging, Italy

Market | Operations | Fibre

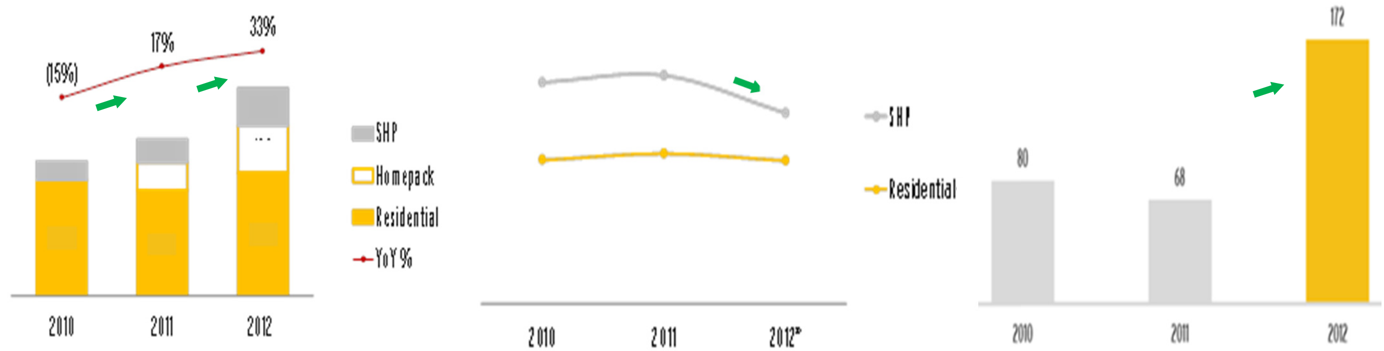
Market — Italian consumer market

Strong gross adds through turnaround SHP, successful offers and HomePack (Sky)

Churn lower (also compared to OLO's) due to special actions

Net adds boosted, thereby regaining market leadership

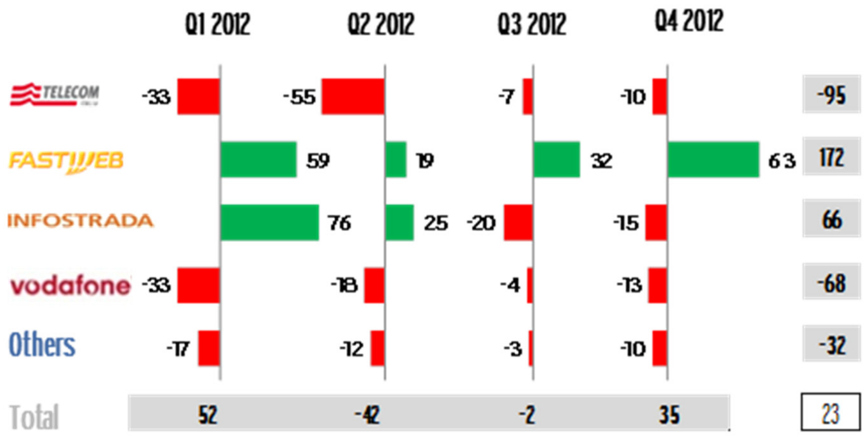
Gross Adds | Churn Rate (%) | Net Adds ('000)



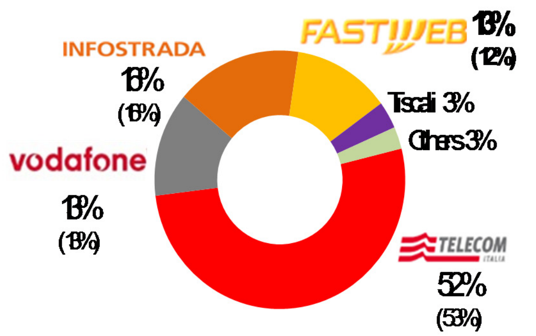
Fastweb "only" operator to report growth in each quarter

Fastweb regained #3 market position, and has ambition to become #2

2012 Net Adds by Operator ('000)*



BB Lines Market Share (%)



*Source: AGCOM/Operators' data/Between January 2013 on 4Q 2012 figures

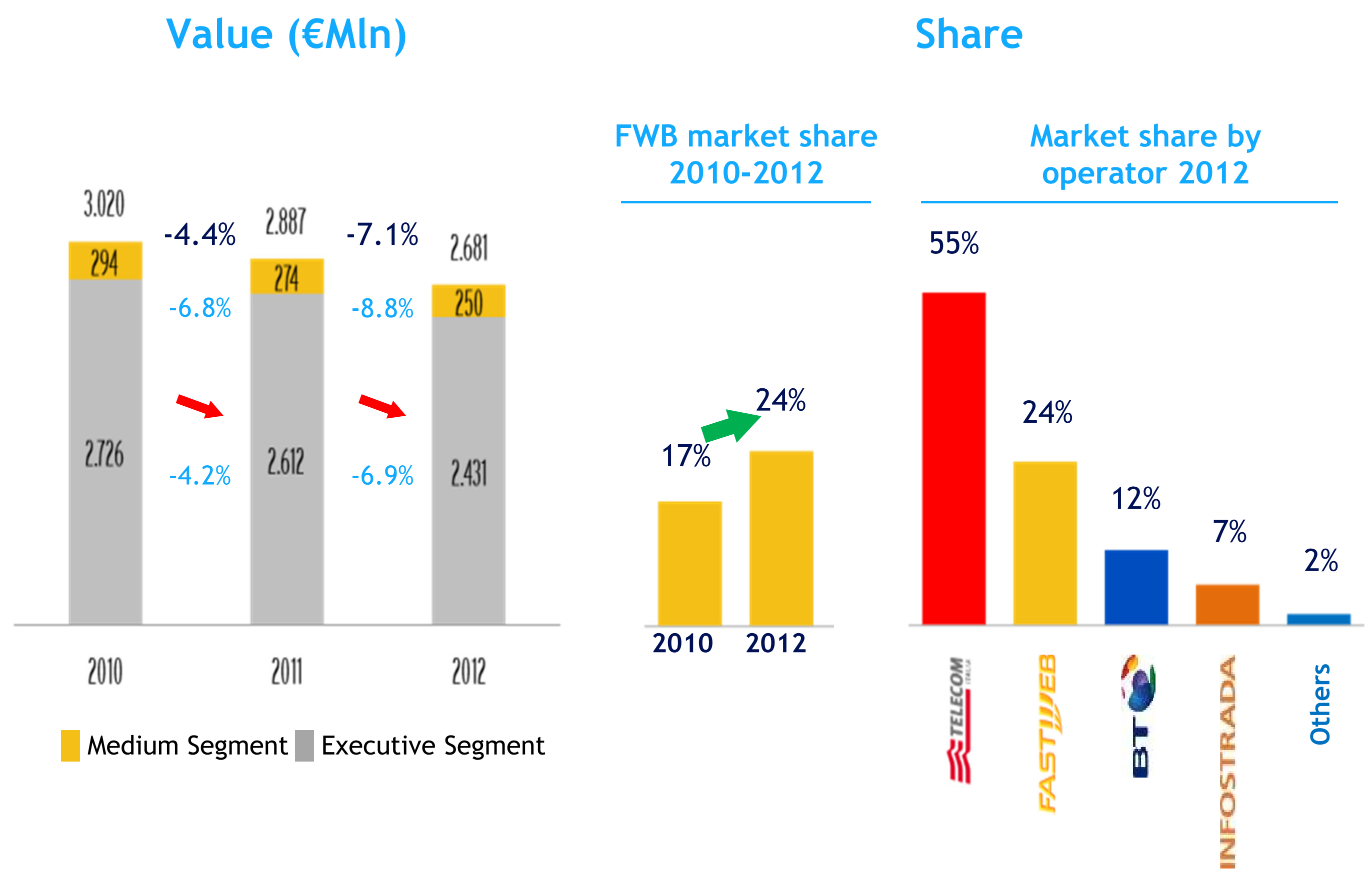
Market

Italian executive market

In a highly competitive market, Fastweb is the only operator with a steadily increasing market share

The win rate in Corporate negotiations was a key driver of order intake and revenue growth in 2012:

- *61% success by volume of negotiations*
- *65% success by value*



In a declining market, Fastweb's share keeps growing

3. Leveraging, Italy

Market | Operations | Fibre

Operations — Fastweb operational control

Bad Debt managed carefully, creating extra FCF generation compared to past performance

Core competence focus resulted in significant downsizing of own staff and costs

Self care tools for customers reducing Fastweb's operating costs

Cost reduction initiatives are well underway **to lower** 2013 vs. 2011 **cost base** by **over €100 Mln**

Bad debt

Cash in/Turnover
97% in 2012 from 91% in 2010

Bad debt/Revenues
2.1% in 2012 from 4.7% in 2010

Outsourcing projects

Focus on core competences
To improve operational efficiency and effectiveness

Headcount
20% reduction from 3,166 employees in 2010 to 2,540 once outsourcing has been completed (early 2013)

C2C

200k self installed customers EoP 2012
€15 Mln activation savings in 2012 vs. 2011 cost structure (€30 Mln savings in 2013)

Operations

Fastweb network performance

Quality of network unbeaten in Italy

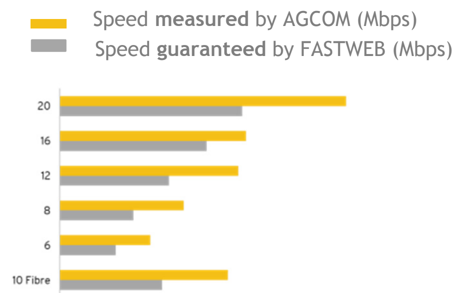
Network KPIs indicate that FASTWEB operates the **most performing** and **reliable infrastructure** in Italy…

+400%

The average Internet traffic of FASTWEB customers increased 5x over the last three years

2x

This was twice the average growth recorded in the market



AGCOM certified that connection speeds on FASTWEB network are the highest and most reliable in Italy

26%

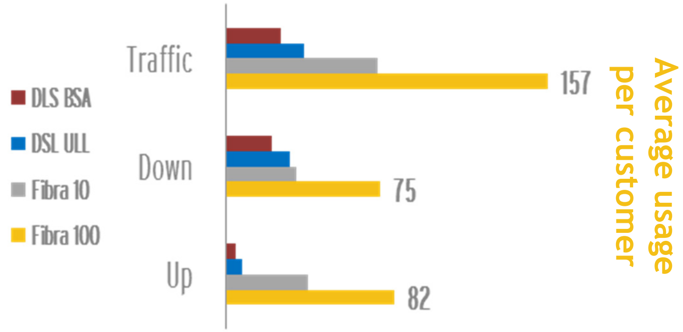
FASTWEB invests over one fourth of its revenues

15%

Average capex/sales ratio of Italian wireline competitors

Availability driving usage. Demand is now

…and that **bandwidth consumption** increases with the quality of the network



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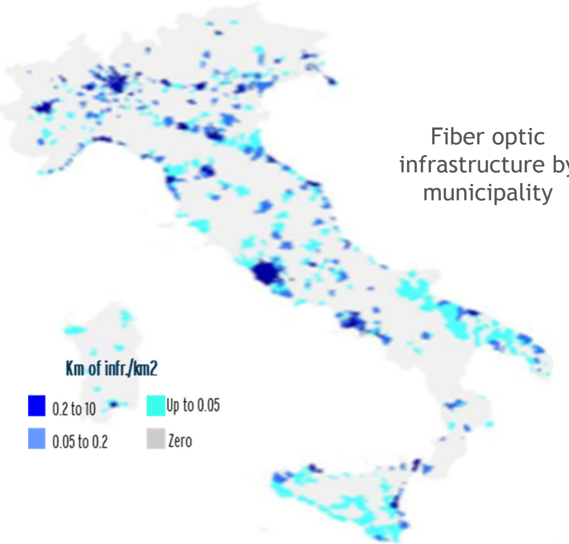
Fibre

Fastweb network plans

Thanks to the scalable and future proof FTTC infrastructure, FASTWEB will satisfy growing ***demand for ultra broadband services*** *However, it will be fundamental that the* ***NRA*** *creates a more* ***pro-competitive*** *framework, protecting NGN/fiber investments*

5 FTTC PLAN - FASTWEB IS LEVERAGING ON EXISTING NGN NETWORK TO EXTEND ITS FIBER CAPABILITIES

Today - FASTWEB is Italy's fiber company



Fiber optic infrastructure by municipality

33,000 Km
Fiber optic in the ground

7
FTTH cities

2 Mln
Households /Businesses under FTTH coverage

\+

Tomorrow – New FTTC infrastructure

5,000 Km
Additional fiber installed

3.5 Mln
Additional households /businesses under NGN coverage (FTTH/FTTC)

€400 Mln
Overall investment by 2016

=

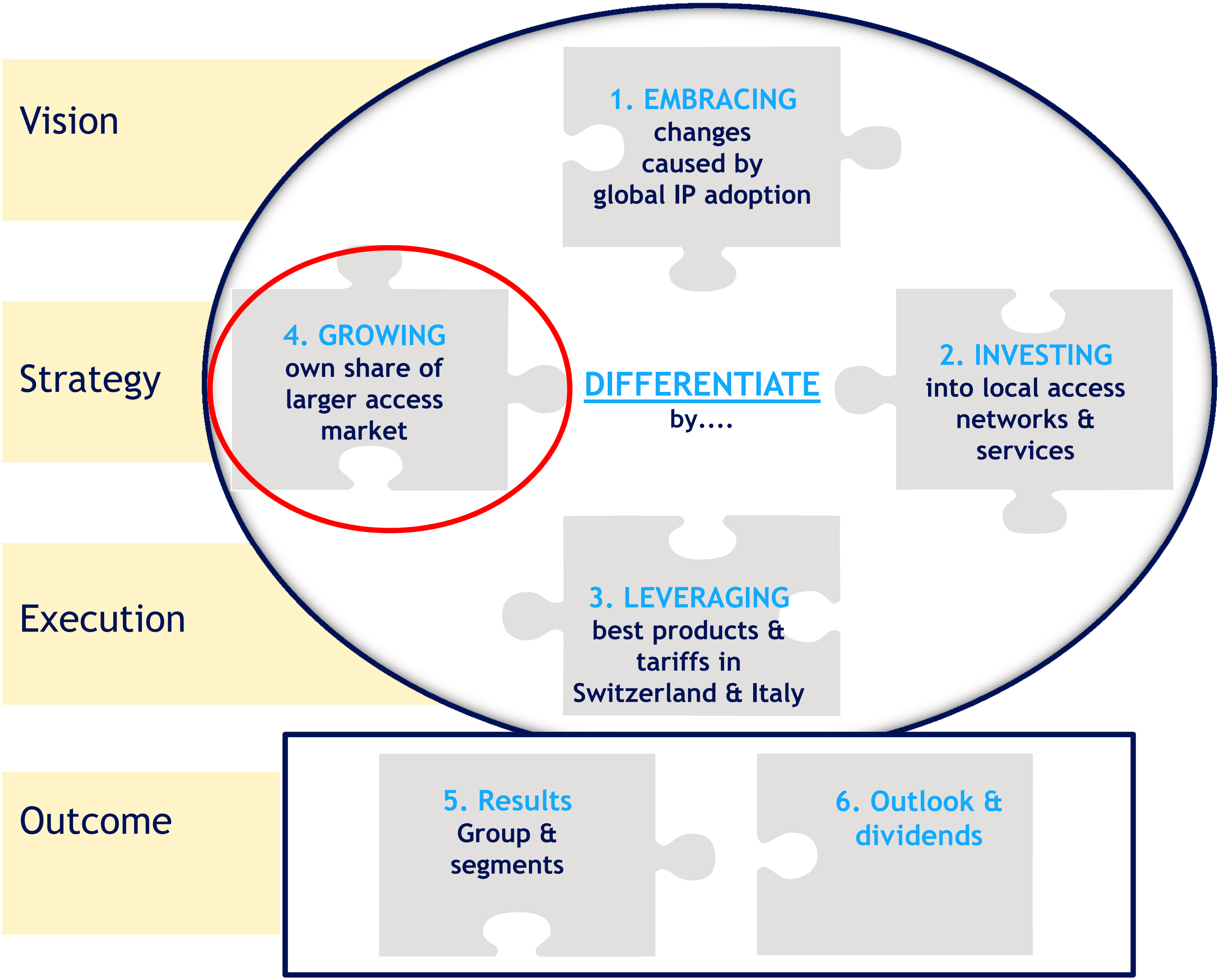
Medium term - Expected benefits

Lower COGS
Reduction of network costs vs. Telecom Italia on migrated and new customers in FTTS cities (SLU fee €6.19/month vs. ULL fee 9.28/month)

Lower churn/Additional sales/Higher ARPU
Thanks to infrastructural advantages vs. OLOs and to the premium product

Extended fiber reach
Additional capability for fiber connections of Corporate customers sites
New opportunities in the Wholesale market

4. Growing by securing share of larger access market



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4. Growing by securing share

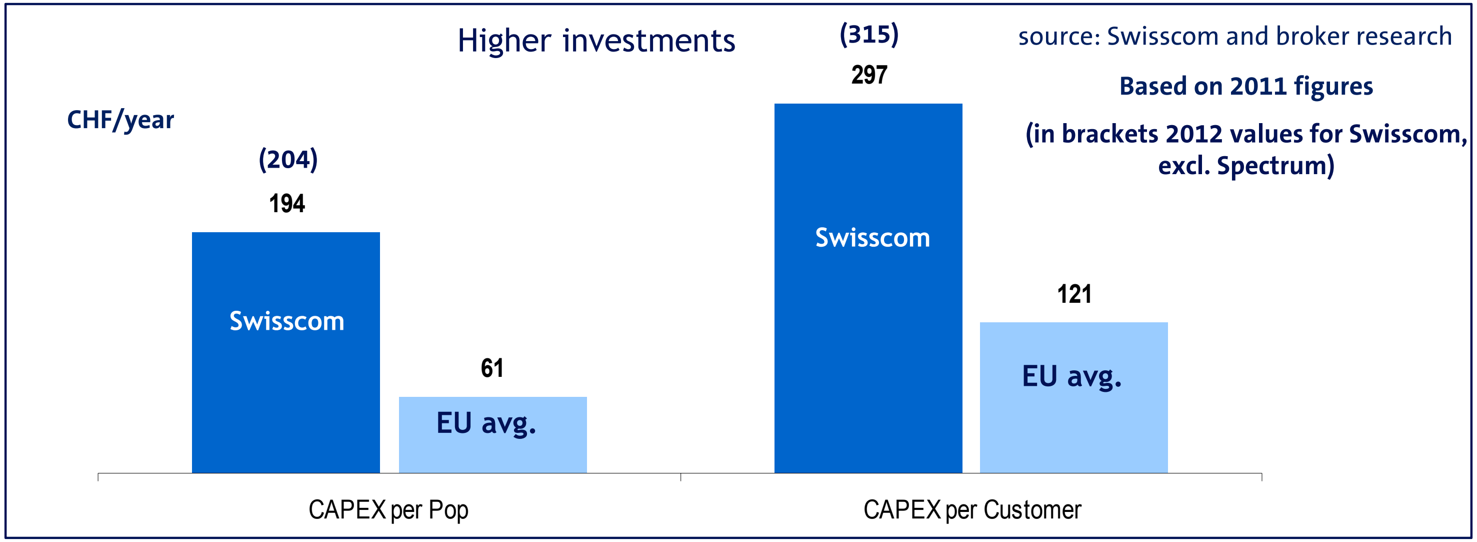
Investment drives share

Share drives FCF

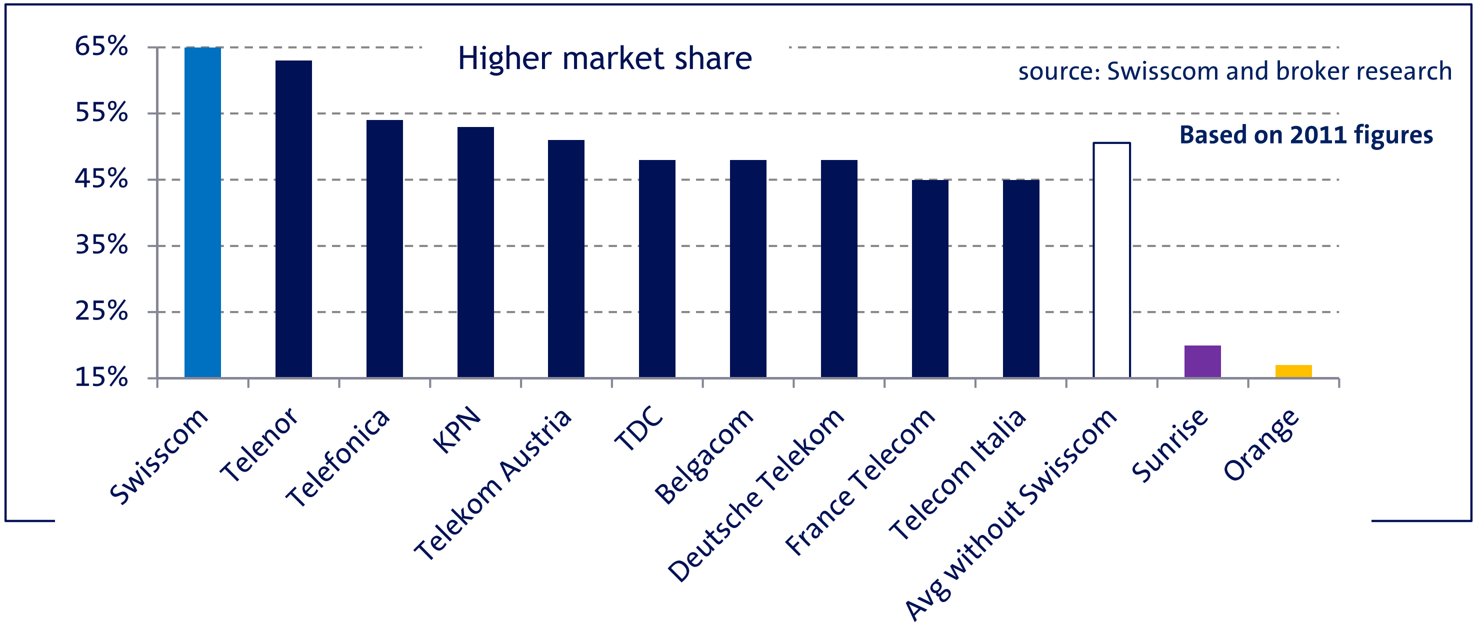
Higher investments drive market share

– Network investment drives market share

Higher investment (both per POP and per customer) for "Best Local Networks" leads especially in quality- conscious markets to ...



...higher market shares...



4. Growing by securing share

Investment drives share

Share drives FCF

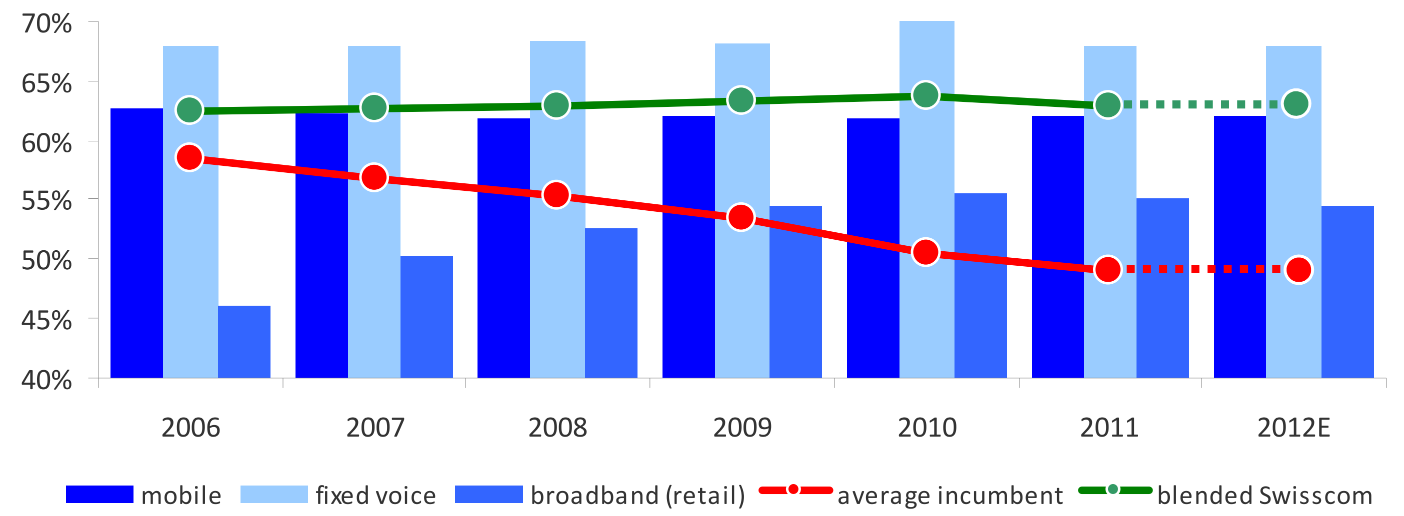
Market share comparatively stronger

Switzerland

High market share) Swisscom across mobile and fixed*

Provider, market share*)	Mobile	Fixed Voice	Fixed broadband	Digital TV
Swisscom	**62%**	**67%**	**55%**	**27%**
Sunrise	21%	13%	12%	2%
Orange	17%	-	-	-
Cablecom	-	11%	19%	25%
Other	-	9%	14%	46% (Other cable and satellite)

*Swisscom market share**) stable over multiple years, thereby increasing the gap with the average European incumbent*



*) Source: Swisscom estimates based on Q3 2012 publications
**) Source: broker research

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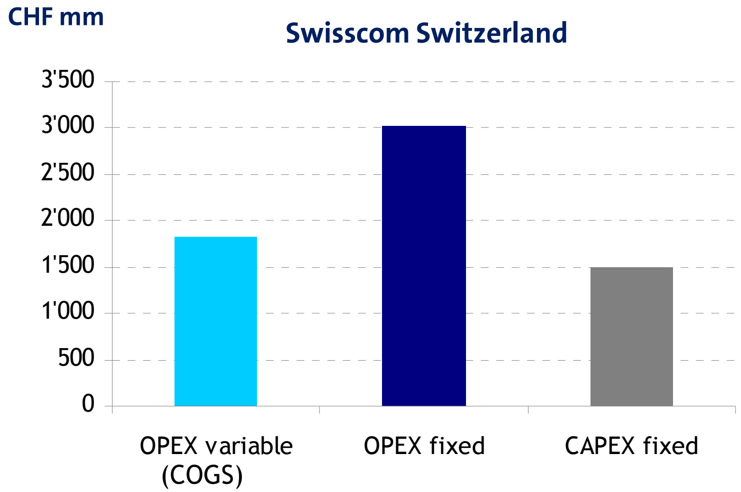
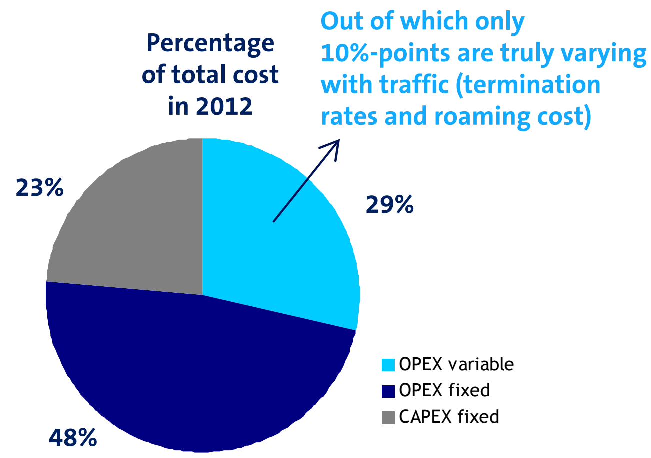
Higher FCF generation results

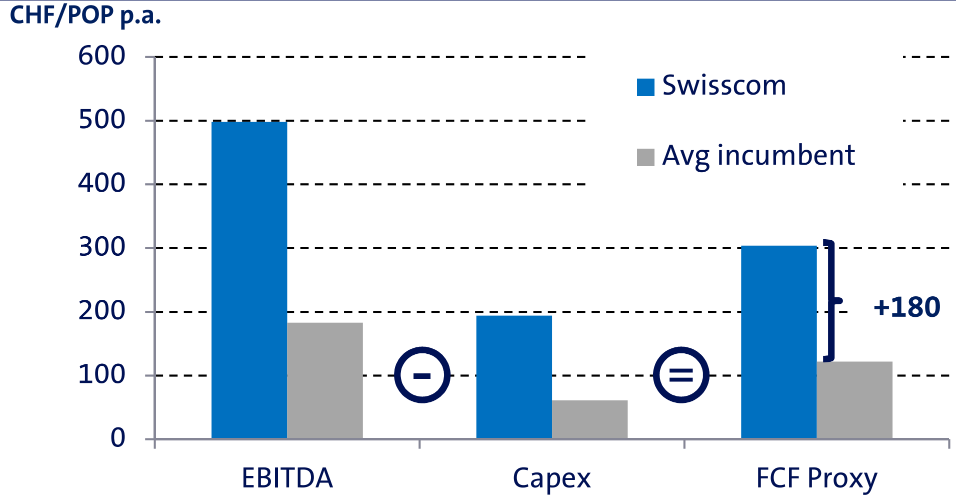
– With low variable cost, high market share means high FCF –

In a fixed cost business…





…higher market share leads to higher Free Cash Flow generation



By investing 3x more per pop, Swisscom (through higher market share) generates 2.7x higher EBITDA.

The resulting FCF proxy (CHF 300 at Swisscom, CHF 120 at average incumbent) is CHF 180 (or 2.5x) higher

Delivering quality pays off

swisscom

4. Growing by securing share

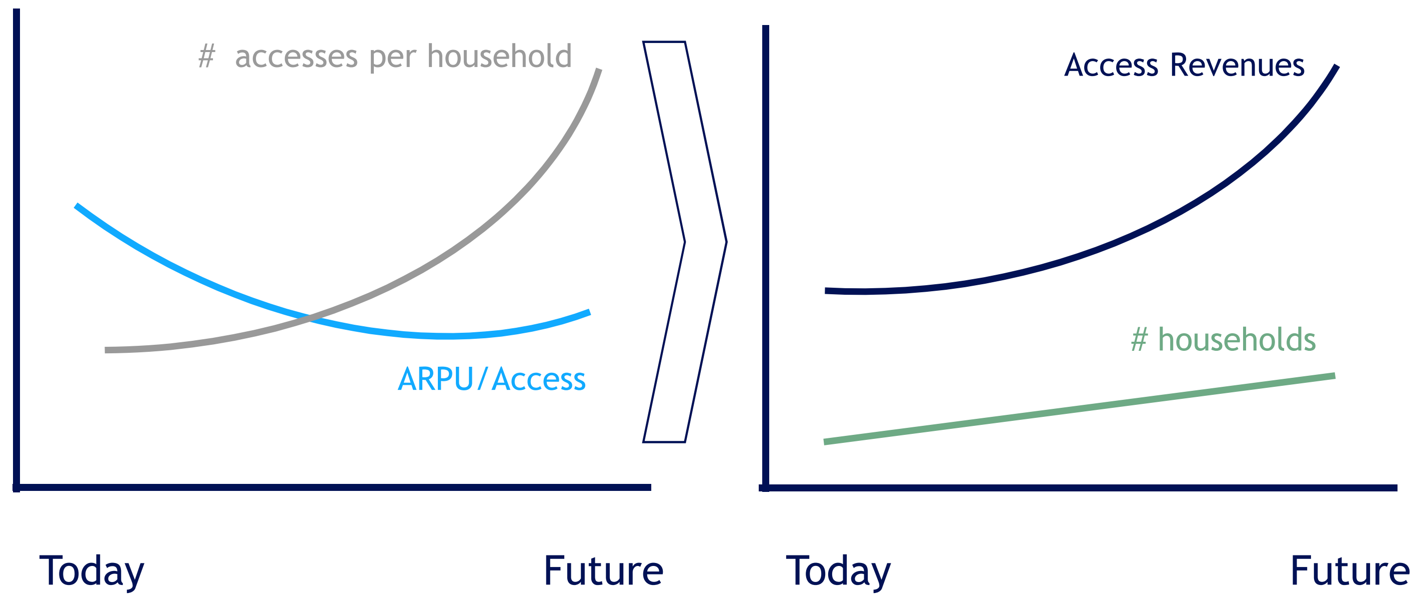
Investment drives share | Share drives FCF

Growth drivers – ## Number of accesses accelerating

(demographical) characteristics point both in Switzerland and Italy towards substantial potential for growth of access market

CH	1. Immigration of high skilled increasing (esp. due to better economic situation in CH)
Italy	2. Penetration still with substantial upside potential
CH+Italy	3. Number of persons per household going down – implying more access requirements 4. Longevity increasing 5. Number of devices (with subscription and incl. M2M) per person increasing rapidly
Overall	➢ rapidly increasing access market in both Switzerland and Italy

Access revenues can grow even if ARPU may fall (esp. by dilution through low cost M2M SIM cards)



4. Growing by securing share

Investment drives share | Share drives FCF

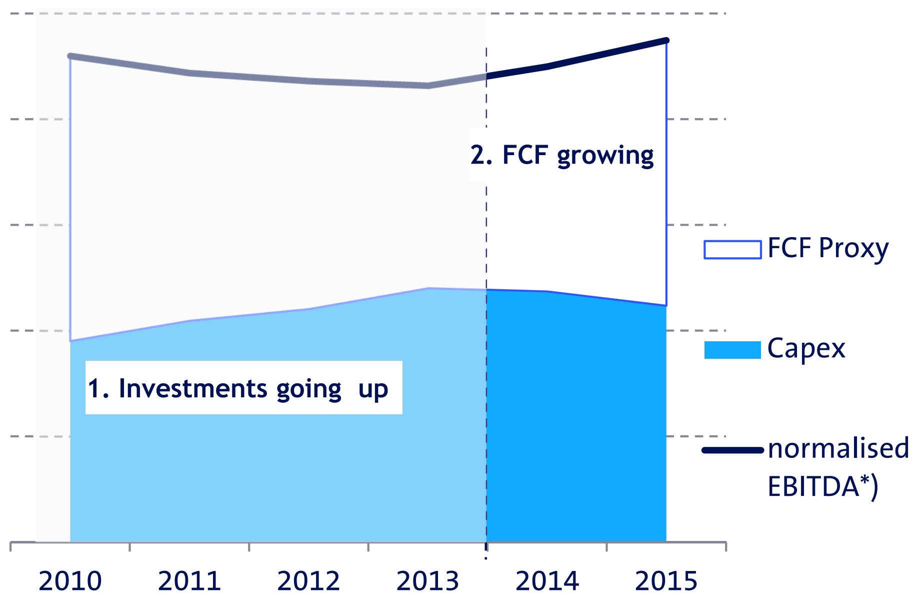
Investment & returns

In summary

Although most investments have a horizon of 3 to 5 years, the initial pay off will start in around 2 years.

First investments, then returns

- investments into network quality and capacity to take advantage of OTT rather than compete with it
- better quality to secure high(er) market share
- new pricing structures stimulating upsell as customers desire ever higher speeds
- more accesses/sub and Cloud access will let the local access market return to growth



*) without exceptionals or one-offs

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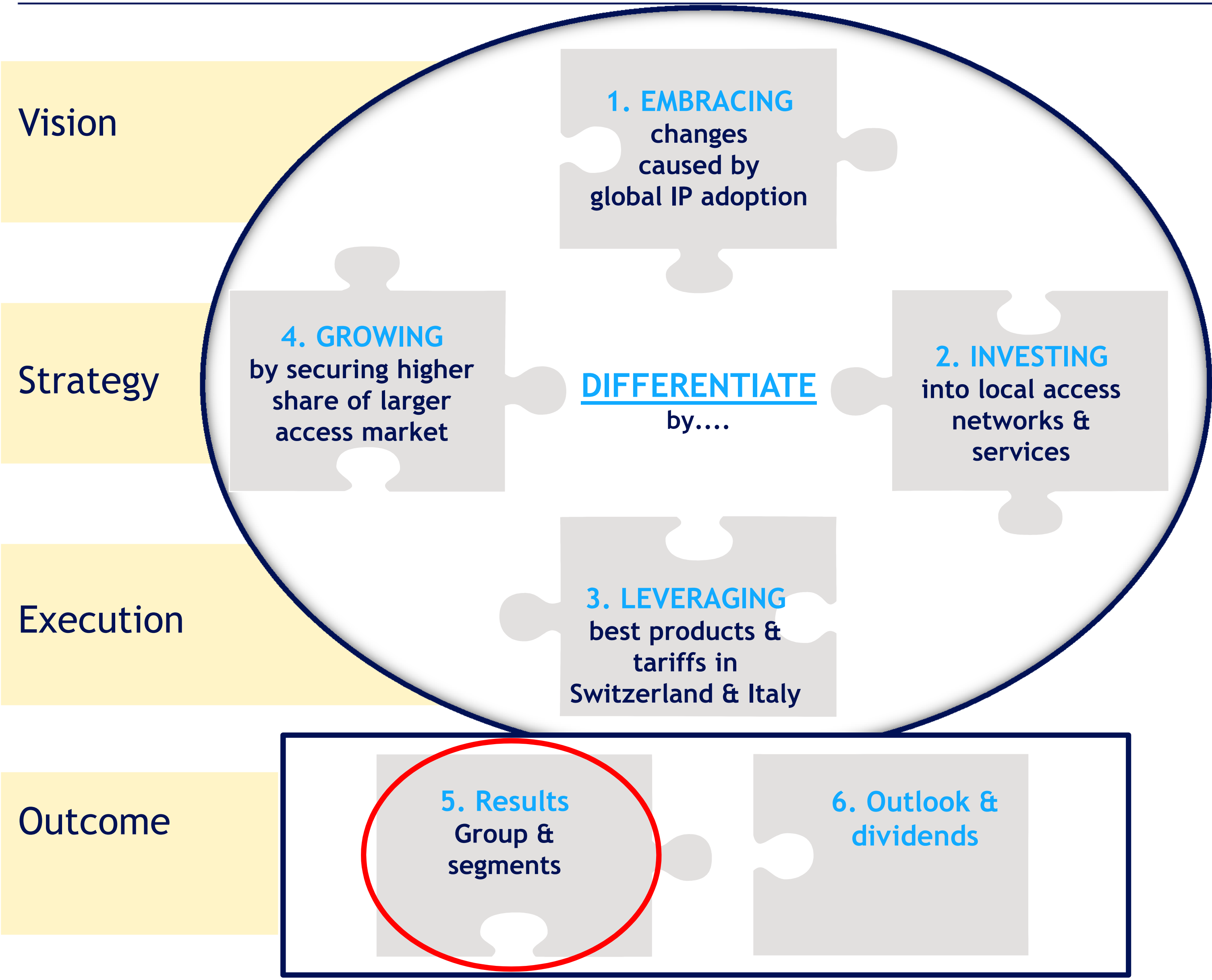
5. Results - Group & segments



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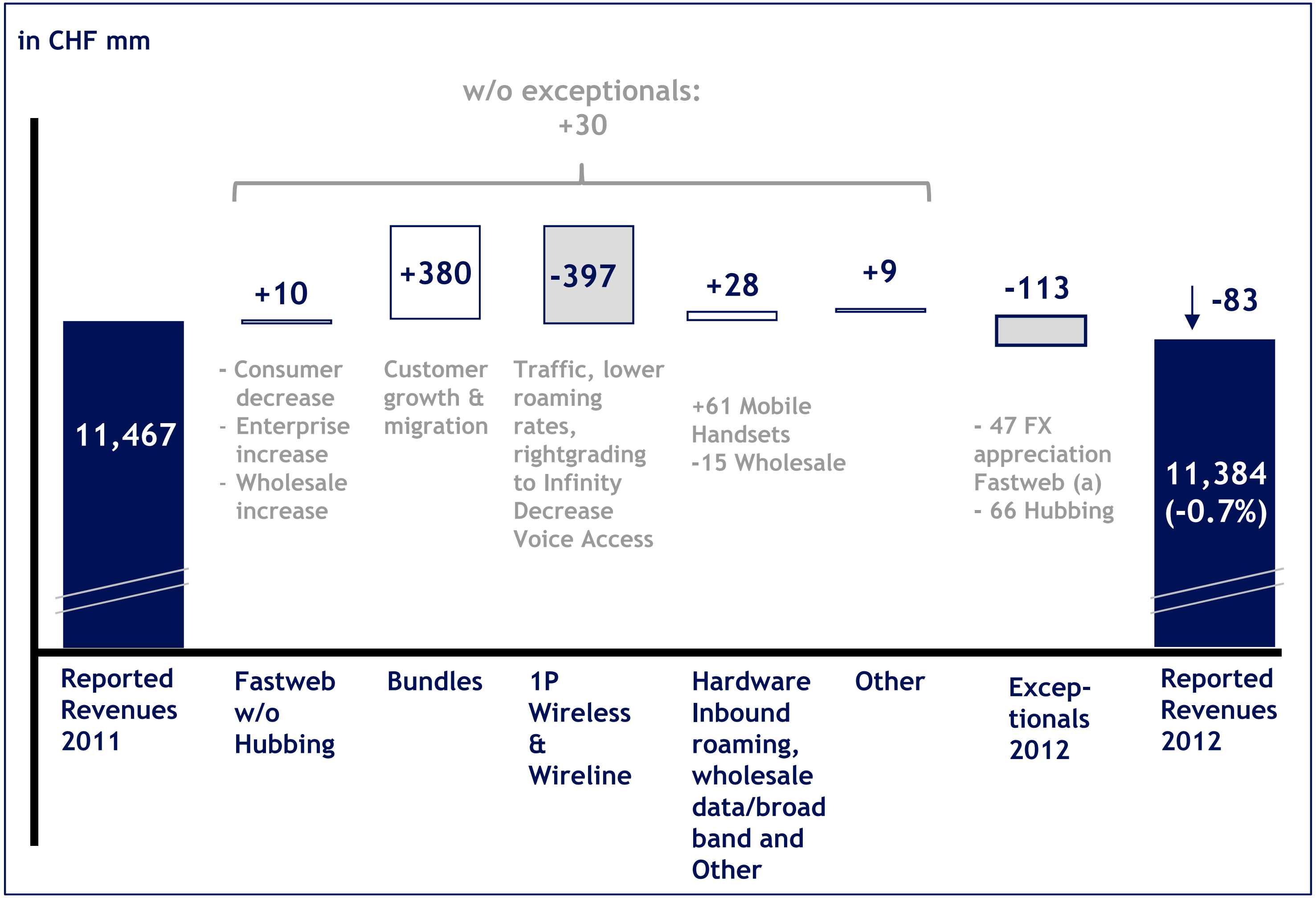
Group

Revenues

Without FX and hubbing effects, revenue went up by CHF +30mm YOY (+0.3%).

Underlying top-line of Fastweb increased by CHF 10mm YOY.

At Swisscom Schweiz, bundle revenue nearly compensated 1P revenue loss.



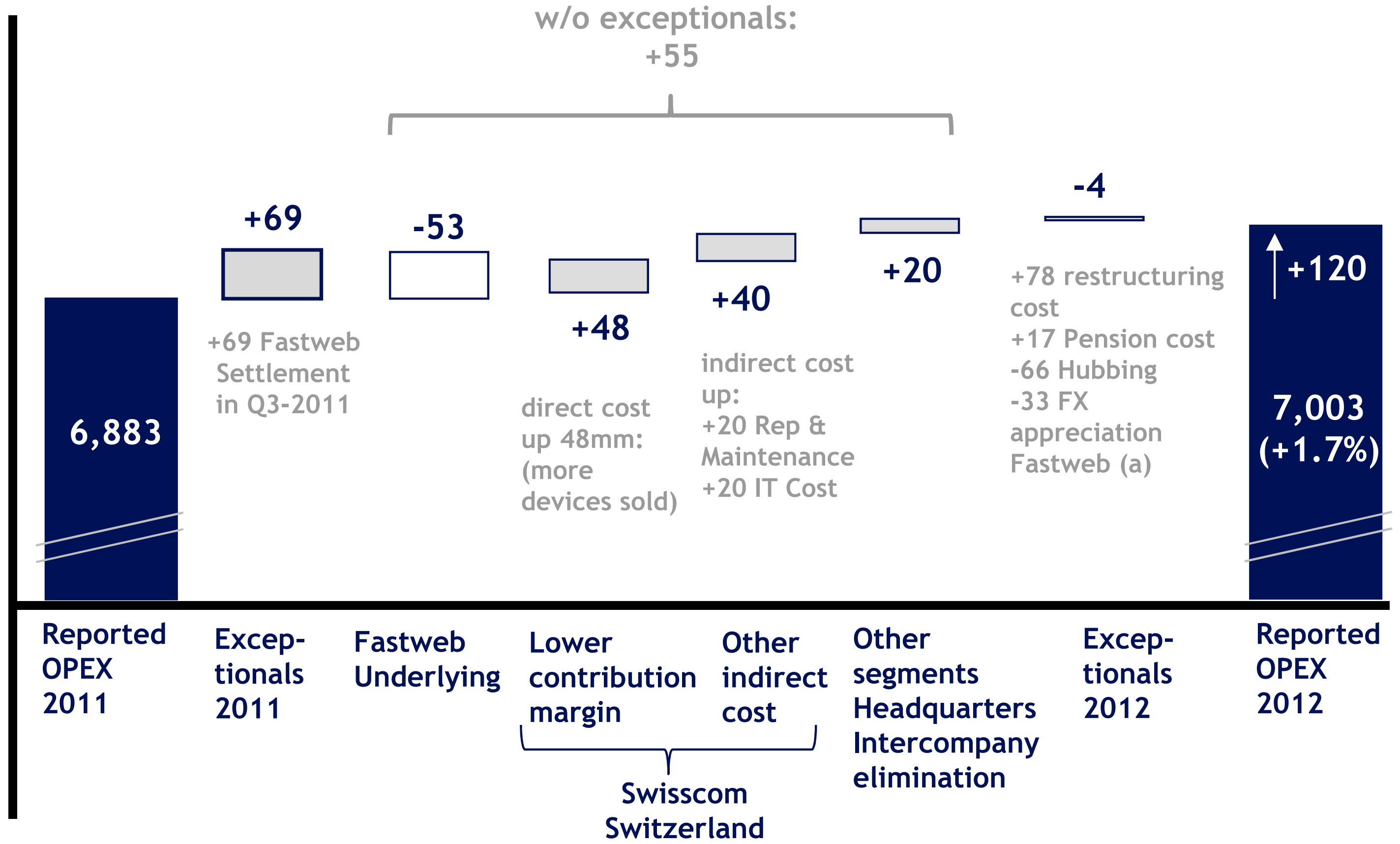
(a) Average exchange rate CHF/€ 2011: 1.2320 vs. 2012: 1.2044, i.e. a weakening of Euro against Swiss Franc of 2.2%

Group — Opex

Total OPEX up by +1.7% YOY primarily due to more devices sold, higher maintenance and IT cost at Swisscom Switzerland.

Group OPEX w/o one-offs up by CHF +55mm YOY (+0.8% YOY).

Underlying OPEX of Fastweb down by CHF -53mm.



(a) Average exchange rate CHF/€ 2011: 1.2320 vs. 2012: 1.2044, i.e. a weakening of Euro against Swiss Franc of 2.2%

Group

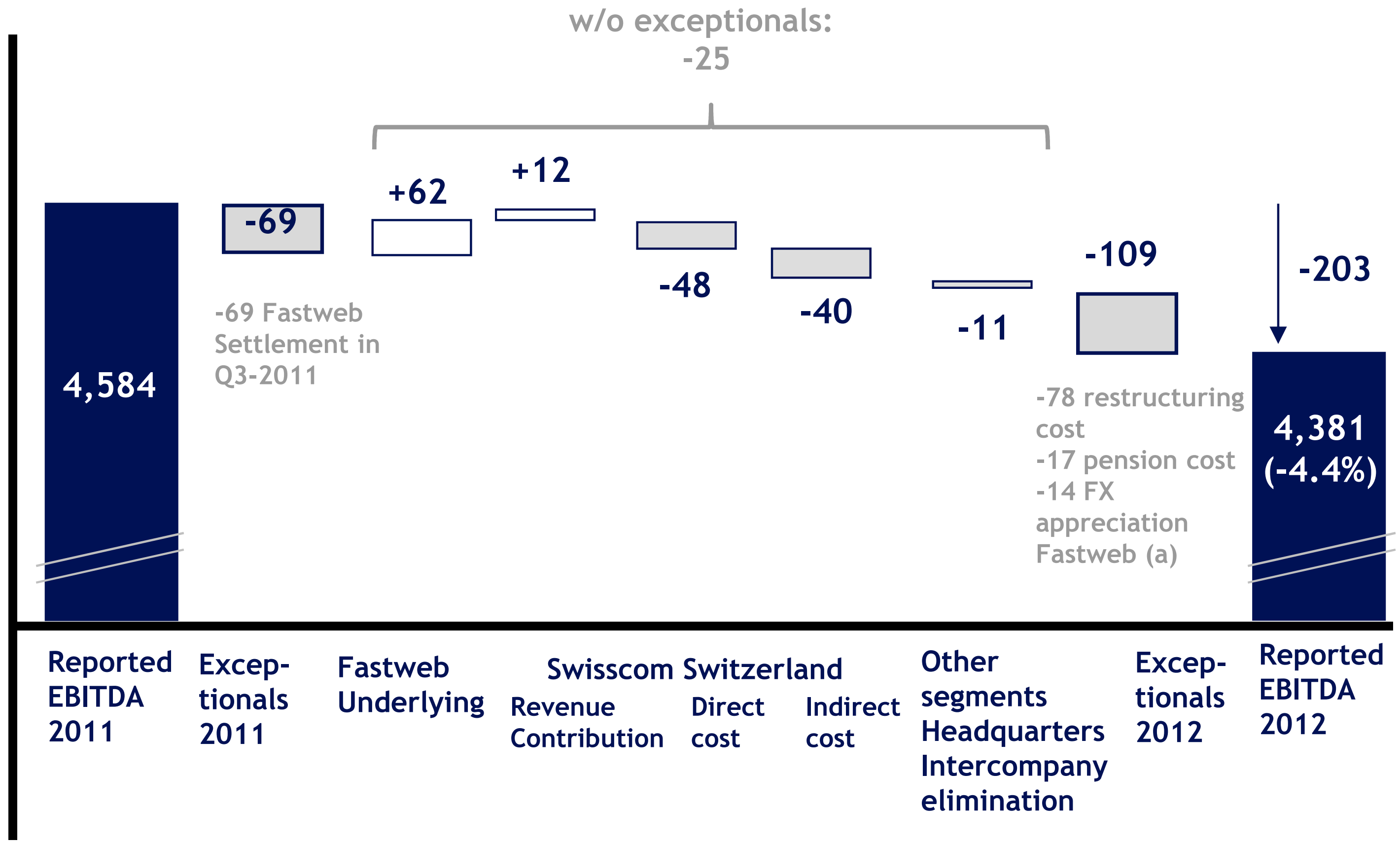
EBITDA

EBITDA w/o one-offs only down by 0.6% YOY.

Fastweb on track: underlying EBITDA improved by CHF 62mm.

Swisscom Switzerland underlying EBITDA decrease chiefly driven by higher handset cost, maintenance & IT cost

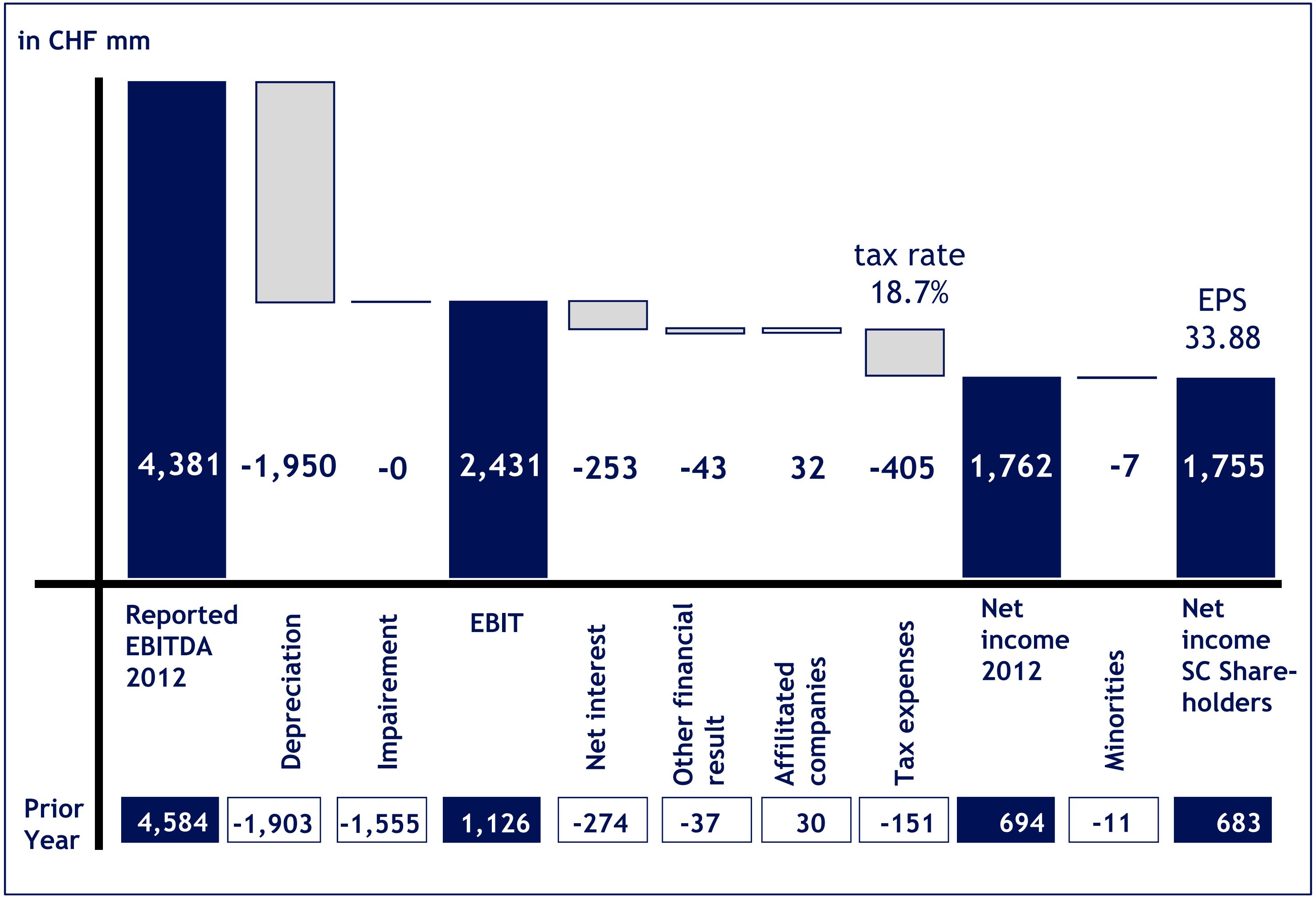
in CHF mm



(a) Average exchange rate CHF/€ 2011: 1.2320 vs. 2012: 1.2044, i.e. a weakening of Euro against Swiss Franc of 2.2%

Group

Net Result



In 2012, net income of the group amounts to CHF 1'762 mm.

Earnings per Share equals to CHF 33.88.

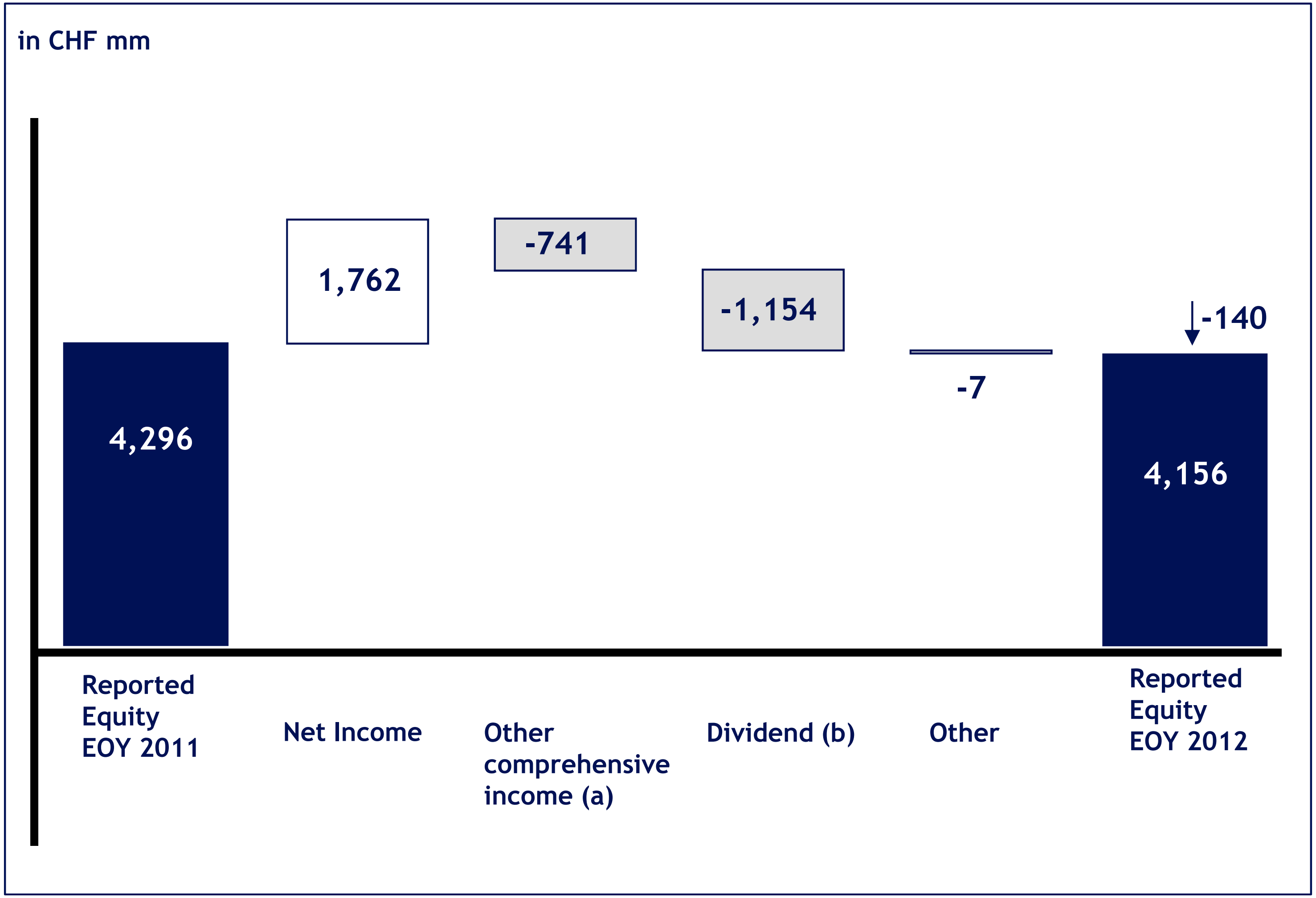
Adjusted by one-offs, underlying EPS is stable YoY.

Group — Equity

Small reduction in Equity caused mainly by (exceptional) actuarial losses, despite net income comfortably covering dividend payments

Other comprehensive income includes non-cash actuarial losses from defined benefit plans of CHF 908mm.

The pension liability increased mainly (CHF 0,8bln) due to a lower discount rate (approx. -40 bps).



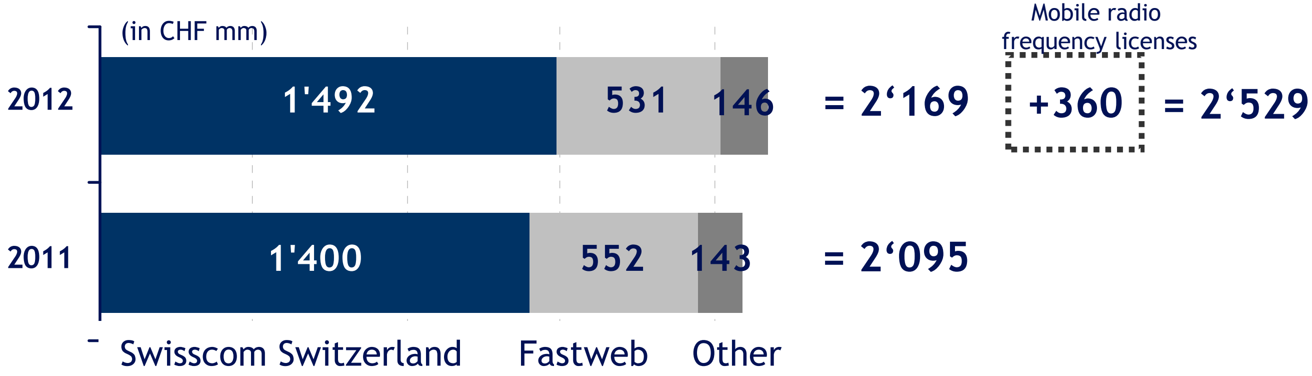
a. Consisting of actuarial losses on pension liability of CHF -908mm [driven by change of mortality table (CHF -0.5bln), lower discount rate (CHF -0.8bln) and better than expected returns on plan assets (CHF +0.4bln)] and tax impacts (CHF +185mm) and other effects (CHF -18mm).
b. Including minorities

Group — CAPEX

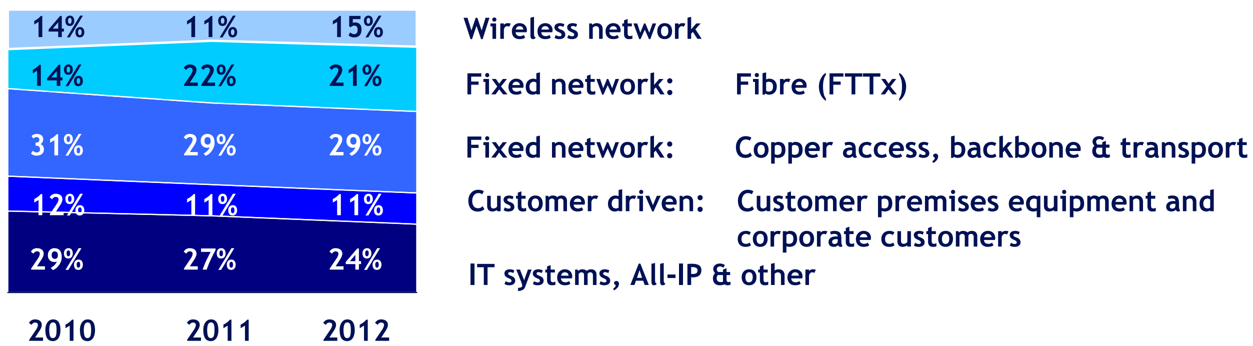
Swisscom Switzerland with higher CAPEX due to further rollout of broadband networks in CH.

One-off investment of CHF 360mm for mobile radio frequency licenses led to 21% higher CAPEX in 2012.

Increase YoY (+CHF 74mm) due to further broadband rollout in CH



Swisscom Switzerland* with increasing fibre investments



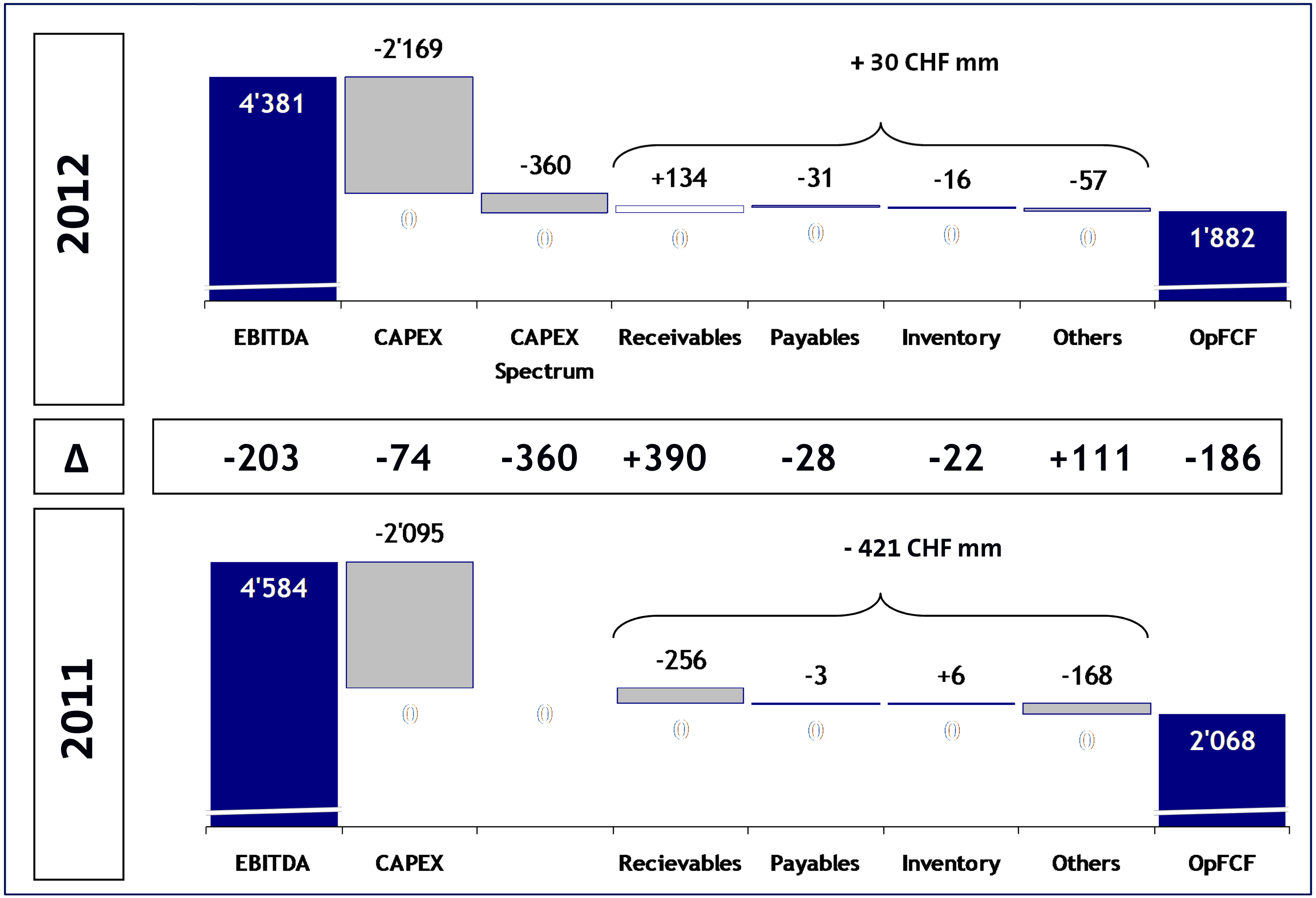
* without CAPEX for mobile radio frequency licences

Group

OpFCF

OpFCF 2012 decreased by -9% YOY due to higher ordinary (CHF +74mm) and spectrum (CHF +360mm) investments.

The change in net working capital had a positive contribution (CHF +30mm) to the operating FCF 2012 (versus CHF -421mm in 2011).



Segments

Residential

Net revenue and contribution margin almost on prior year level.

The success of the Infinity price plans led to a higher # of mobile postpaid subs.

# of TV subs up by +30%.

	Q4/2012	QoQ	31.12.2012	YoY
Net revenue in MCHF [1)]	**1'345**	**3.1%**	**5'113**	**0.6%**
Direct costs in MCHF	-437	13.5%	-1'313	4.0%
Indirect costs in MCHF [2)]	-257	7.1%	-936	0.9%
Contribution margin 2 in MCHF	**651**	**-4.3%**	**2'864**	**-0.9%**
Contribution margin 2 in %	*48.4%*		*56.0%*	
CAPEX in MCHF	63	16.7%	162	11.0%
FTE's	-46		4'371	-6.7%
Voice lines in '000 [3)]	-29		2'245	-4.9%
BB lines in '000 [3)]	+13		1'497	3.1%
Wireless customers prepaid in '000	-11		2'199	-2.2%
Wireless customers postpaid in '000 [3)]	+40		2'424	3.5%
Blended wireless ARPU MO in CHF	34	-8.1%	35	-7.9%
TV subs in '000 [3)]	+61		766	30.1%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

3) sum of single play and bundles

Segments

Small & Medium Enterprises

Slight revenue increase due to growth in broadband lines and wireless customers.

Wireless ARPU decreased due to right-grading effects of Infinity customers.

	Q4/2012	QoQ	31.12.2012	YoY
Net revenue in MCHF [1]	**289**	**0.0%**	**1'161**	**0.6%**
Direct costs in MCHF	-41	7.9%	-146	-0.7%
Indirect costs in MCHF [2]	-41	24.2%	-148	16.5%
Contribution margin 2 in MCHF	**207**	**-5.0%**	**867**	**-1.5%**
Contribution margin 2 in %	*71.6%*		*74.7%*	
CAPEX in MCHF	7	16.7%	17	13.3%
FTE's	-1		831	0.8%
Voice lines in '000 [3]	+2		520	0.6%
BB lines in '000 [3]	+6		196	10.7%
Wireless customers in '000 [3]	+14		557	7.9%
Blended wireless ARPU MO in CHF	74	-11.9%	79	-7.1%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

3) sum of single play and bundles

Segments

Corporate

Fixed revenue erosion led to lower (-0.8% YOY) net revenue for the segment Corporate.

Wireless subs went up by 10% YOY. 1/3 of this increase is M2M (app) driven.

	Q4/2012	QoQ	31.12.2012	YoY
Net revenue in MCHF [1]	**474**	**-0.8%**	**1'835**	**-0.8%**
Direct costs in MCHF	-109	-1.8%	-405	-4.0%
Indirect costs in MCHF [2]	-126	4.1%	-479	5.0%
Contribution margin 2 in MCHF	**239**	**-2.8%**	**951**	**-2.1%**
Contribution margin 2 in %	*50.4%*		*51.8%*	
CAPEX in MCHF	30	-25.0%	88	-31.3%
FTE's	-12		2'393	-0.5%
Voice lines in '000	+6		248	2.5%
BB lines in '000	-		34	6.3%
Wireless customers in '000	+21		1'037	10.0%
Blended wireless ARPU MO in CHF	48	-9.4%	52	-10.3%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Segments

Wholesale

Net revenue down YoY due to lower roaming rates and revenue decrease in data services.

Contribution margin 2012 of 38.1% somewhat (-1.1%-points) lower compared to 2011.

	Q4/2012	QoQ	31.12.2012	YoY
Revenue from external customers in MCHF	143	-0.7%	594	-2.5%
Intersegment revenue in MCHF	93	2.2%	372	-4.1%
Net revenue in MCHF	**236**	**0.4%**	**966**	**-3.1%**
Direct costs in MCHF	-144	5.1%	-581	-1.4%
Indirect costs in MCHF 1)	-1	-83.3%	-17	0.0%
Contribution margin 2 in MCHF	**91**	**-1.1%**	**368**	**-5.9%**
Contribution margin 2 in %	*38.6%*		*38.1%*	
CAPEX in MCHF	-	nm	-	nm
FTE's	+2		111	0.9%
Full access lines in '000	-10		300	-2.0%
BB (wholesale) lines in '000	+5		186	2.8%

1) incl. capitalised costs and other income

Segments

Networks and support functions

Indirect costs mainly driven by higher termination benefits and higher pension cost.

CAPEX of CHF 1.6 bln includes a one-off investment of CHF 360mm for the mobile radio frequencies.

Comparable CAPEX increased by +10,3% YOY mainly due to the rollout of the broadband infrastructure.

	Q4/2012	QoQ	31.12.2012	YoY
Personnel expenses in MCHF	-210	34.6%	-699	11.5%
Rent in MCHF	-46	2.2%	-183	3.4%
Maintenance in MCHF	-52	8.3%	-184	8.2%
IT expenses in MCHF	-77	8.5%	-293	6.5%
Other OPEX in MCHF	-66	6.5%	-242	-7.6%
Indirect costs in MCHF	-451	18.1%	-1'601	6.0%
Capitalised costs and other income in MCHF	42	0.0%	162	3.8%
Contribution margin 2 in MCHF	**-409**	**20.3%**	**-1'439**	**6.2%**
Depreciation, amortisation and impairment in MCHF	-226	10.2%	-885	6.4%
Segment result in MCHF	**-635**	16.5%	**-2'324**	6.3%
CAPEX in MCHF	408	27.9%	1'585	42.7%
FTE's	+34		4'121	1.1%

Segments

Fastweb

Net revenue w/o hubbing increased slightly (+0.5% YOY), esp. thanks to the excellent performance of the enterprise unit.

W/o the settlement one-off (CHF 69mm) the EBITDA increased by CHF +48mm (+8.7%) YOY.

# of BB customers up by 10.8 % YOY.

	Q4/2012	QoQ	31.12.2012	YoY
Consumer revenue in MEUR	181	-3.2%	724	-4.5%
Enterprise revenue in MEUR	220	5.3%	791	4.1%
Wholesale revenue in MEUR [1)]	38	-30.9%	185	-18.9%
Net revenue in MEUR [1)]	**439**	**-2.7%**	**1'700**	**-2.6%**
of which net revenue excl. hubbing in MEUR	423	1.0%	1'613	0.5%
OPEX in MEUR [2)]	-293	-16.8%	-1'200	-3.2%
EBITDA in MEUR	**146**	**47.5%**	**500**	**-1.2%**
EBITDA margin in %	*33.3%*		*29.4%*	
CAPEX in MEUR	115	-12.9%	441	-1.6%
OpFCF Proxy in MEUR	31	n.m.	59	1.7%
FTE's	-18		2'893	-6.1%
In consolidated Swisscom accounts				
EBITDA in MCHF	174	45.0%	602	-3.4%
CAPEX in MCHF	138	-14.8%	531	-3.8%
BB customers in '000	+63		1'767	10.8%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income

Segments

Other

Swisscom IT services external revenue down due to lower project business revenue.

Construction services and acquisitions led to higher revenue at Swisscom Participations.

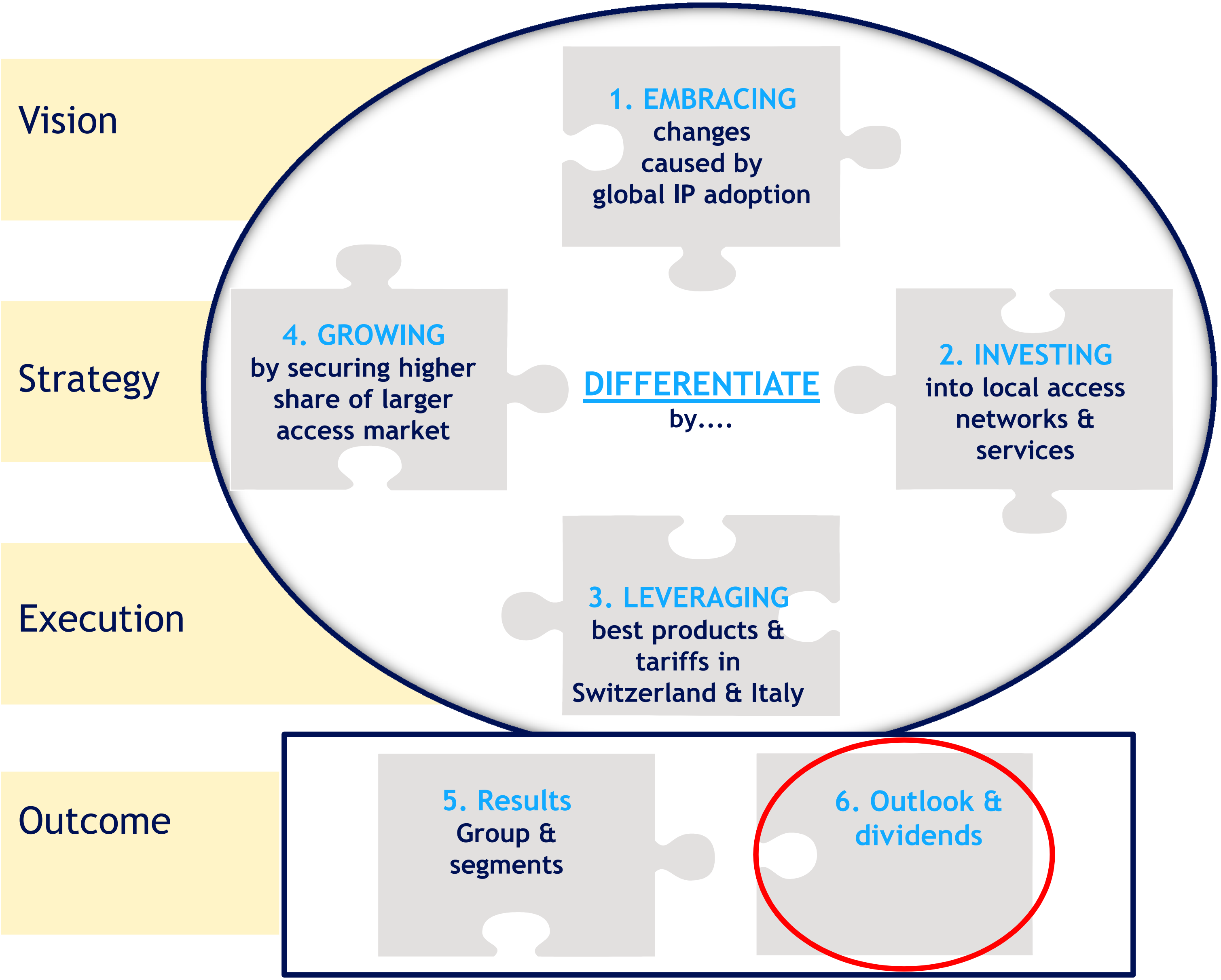
EBITDA down YOY mainly due to higher restructuring and pension cost. Comparable EBITDA decreased by 5.7%.

	Q4/2012	QoQ	31.12.2012	YoY
Swisscom IT Services in MCHF	134	2.3%	521	-1.9%
Swisscom Participations in MCHF	97	12.8%	346	7.1%
Hospitality Services in MCHF	22	0.0%	69	-8.0%
External revenue in MCHF	253	5.9%	936	0.8%
Net revenue in MCHF [1]	**461**	**3.4%**	**1'728**	**1.2%**
OPEX in MCHF [2]	-400	15.3%	-1'451	5.6%
EBITDA in MCHF	**61**	**-38.4%**	**277**	**-17.1%**
EBITDA margin in %	*13.2%*		*16.0%*	
CAPEX in MCHF	37	-33.9%	167	-1.2%
FTE's	-38		4'454	-1.4%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

6. Outlook & dividends



6. Outlook & dividends

Outlook | Dividends

Outlook

Key targets in 2013

Continued focus on investments into (network) quality, to secure and extend future potential for cash flow generation

CHF bln	2012 A	2013 E*)	Splits into:
Revenues	11.384	~11.3	CHF 9.34 bln for Swisscom w/o Fastweb + € 1.6 bln for Fastweb (constant yoy without Hubbing)
EBITDA	4.381	>4.25	CHF 3.64 bln for Swisscom w/o Fastweb + € 0.5 bln for Fastweb (constant yoy)
Capex	2.169	~2.4	CHF 1.75 bln for Swisscom w/o Fastweb + € 0.55 bln for Fastweb

EBITDA 2013 mainly impacted by:

1. CHF 110 million (non-cash) extra cost for pension fund following changed accounting rules (IAS 19)
2. Continued customer and volumes growth leading to higher direct costs for Subscriber Acquisition and handsets in 2013
3. Higher indirect cost 2013 due to maintenance cost related to network rollout

Capex 2013:

1. CHF 0.1 bln higher at Swisscom w/o Fastweb, partly to catch up with the CHF 50 million lower than expected investments in 2012
2. € 0.1 bln higher at Fastweb exclusively due to roll out of fibre technology

**) For consolidation purposes, CHF 1.23/€ has been used (current exchange rate)*

swisscom

Remuneration

Stable & predictable

2013 for 2012:
proposal to general assembly (4 April 2013) to again pay CHF 22 / share

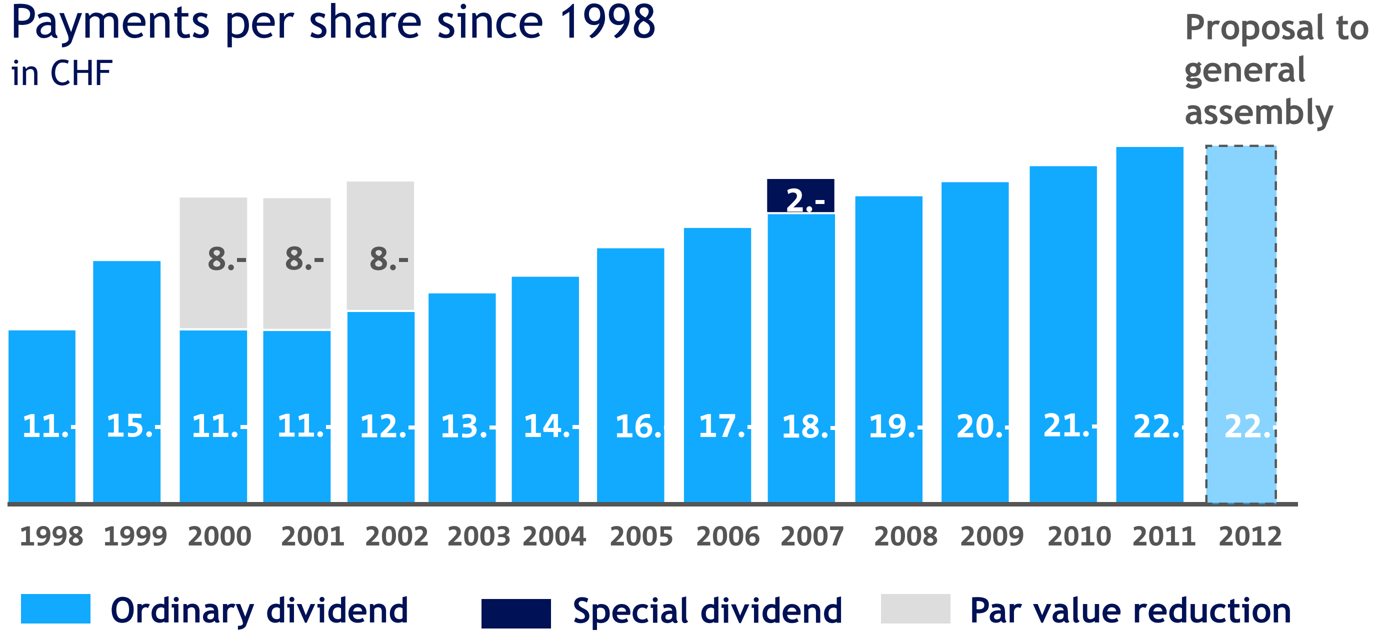
Dividend time table:

- *Record date 5 April*
- *Ex div 8 April*
- *Payment 11 April*

2014 for 2013:

"Nothing to change"

Payments per share since 1998
in CHF



Upon meeting its 2013 Guidance, Swisscom plans to again propose a dividend of CHF 22 / share to the general assembly in 2014

Q&A

Vision

Strategy

Execution

Outcome

DIFFERENTIATE
by....

1. EMBRACING
changes caused by global IP adoption

2. INVESTING
into local access networks & services

3. LEVERAGING
best products & tariffs in Switzerland & Italy

4. GROWING
by securing higher share of larger access market

5. Results
Group & segments

6. Outlook & dividends

Cautionary statement regarding forward-looking statements

”This communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.

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