Swisscom

Company Presentation
“solid as a rock”

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Conference - Bank am Bellevue
Flims, Switzerland

11 January 2002
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Agenda

- Company Profile
- Beliefs and strategy
- Key Figures
- Conclusions
Company Profile
Profile Swisscom:
Switzerland’s incumbent operator

- Domestically: sales > CHF 10 bln p.a., EBITDA margins close to 40%
- 94% owner of debitel, Europe’s number 1 Mobile Service Provider
- Swisscom: a group of companies, each focussed on specific market segments, sharing common values such as our strong brand
- Swisscom concentrates on its domestic market with the objective to create value for all of our stakeholders
- With a prudent investment policy, we have created:
  - one of the strongest balance sheets in the sector…..
  - ….but also a less aggressive growth profile than some of our peers
- This profile is the result from consistently living by our proclaimed “Set of Beliefs”
Beliefs and strategy
Beliefs

- No global ambitions - Switzerland remains key to us

- No merger of equals - insufficient business rationale

- Clear investment focus
  - 1. improvements of core business
  - 2. organic growth
  - 3. non-organic growth

- Systematic opportunity screening - growth through acquisitions only if investment criteria are satisfied
Investment criteria

- Strategic fit
- Viability of business model
- Good management
- Good value
- Size of transaction
No imminent and compelling opportunities found that would satisfy all of our investment criteria

Continue active screening, but likelihood of sizeable transaction (esp. in the international data arena) is decreasing

Return cash to shareholders as viable alternative, either through:
- share buy back program, and/or
- special dividend, and/or
- further reduction in the nominal value of the shares
Swisscom, “solid as a rock”

- Balance Sheet with a Net Cash position of some CHF 3 bln created through:
  - solid performance in the domestic market
    - continued lower cost of operations
    - more rationale behavior from competition
    - stabilising prices in both fixed and mobile markets
    - slowing market share losses
    - hence, rather stable EBITDA margins
  - successful sale of real estate portfolio CHF 2.5 bln)
  - successful sale of 25% stake in Swisscom Mobile to Vodafone (CHF 4.5 bln)
  - attractive UMTS license cost (CHF 50 mio)
  - prudent investment policy
Key Figures
Swisscom Fixed line businesses - Traffic volume* and market shares

* Covers traffic from Fixnet Retail and Network and Enterprise Solutions

Market shares

<table>
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<tr>
<th>Service</th>
<th>Q3 2000</th>
<th>Q3 2001</th>
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<tr>
<td>Other</td>
<td>84%</td>
<td>82%</td>
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<tr>
<td>VAS</td>
<td>69%</td>
<td>68%</td>
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<tr>
<td>International</td>
<td>68%</td>
<td>65%</td>
</tr>
<tr>
<td>Fixed-to-mobile</td>
<td>57%</td>
<td>57%</td>
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<tr>
<td>Local</td>
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<tr>
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<td>Fixed-to-mobile</td>
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<tr>
<td>International</td>
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</tbody>
</table>

+ 2.3%
### Key facts (30.9.2001)

- 3 GSM operators and 4 licensees for UMTS
- Swiss penetration rate of 71%
- 3.5 million Swisscom customers with ARPU of CHF 83
- Market share of 68% (and even higher in post paid and business segments)
- Acquisition costs per new post-paid subscriber of CHF 300 - 350
- EBITDA margin of 47.3%

### Strong subscriber growth

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<tr>
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<th>Post-paid</th>
<th>Pre-paid</th>
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<tbody>
<tr>
<td>Subscribers ('000)</td>
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<td>1'06</td>
</tr>
<tr>
<td>30.09.2000</td>
<td>1'067</td>
<td>1'407</td>
</tr>
<tr>
<td>30.09.2001</td>
<td>2'104</td>
<td>1'106</td>
</tr>
</tbody>
</table>

Subscribers growth:
- Post-paid: +13%
- Pre-paid: +27%
Conclusions:

Stable domestic performance, providing further comfort that our focus is right

Always looking for growth, but only if “solid as a rock”
Thank you for your attention

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