

# Swisscom: “In time to TIME”

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# In time to TIME

## Agenda

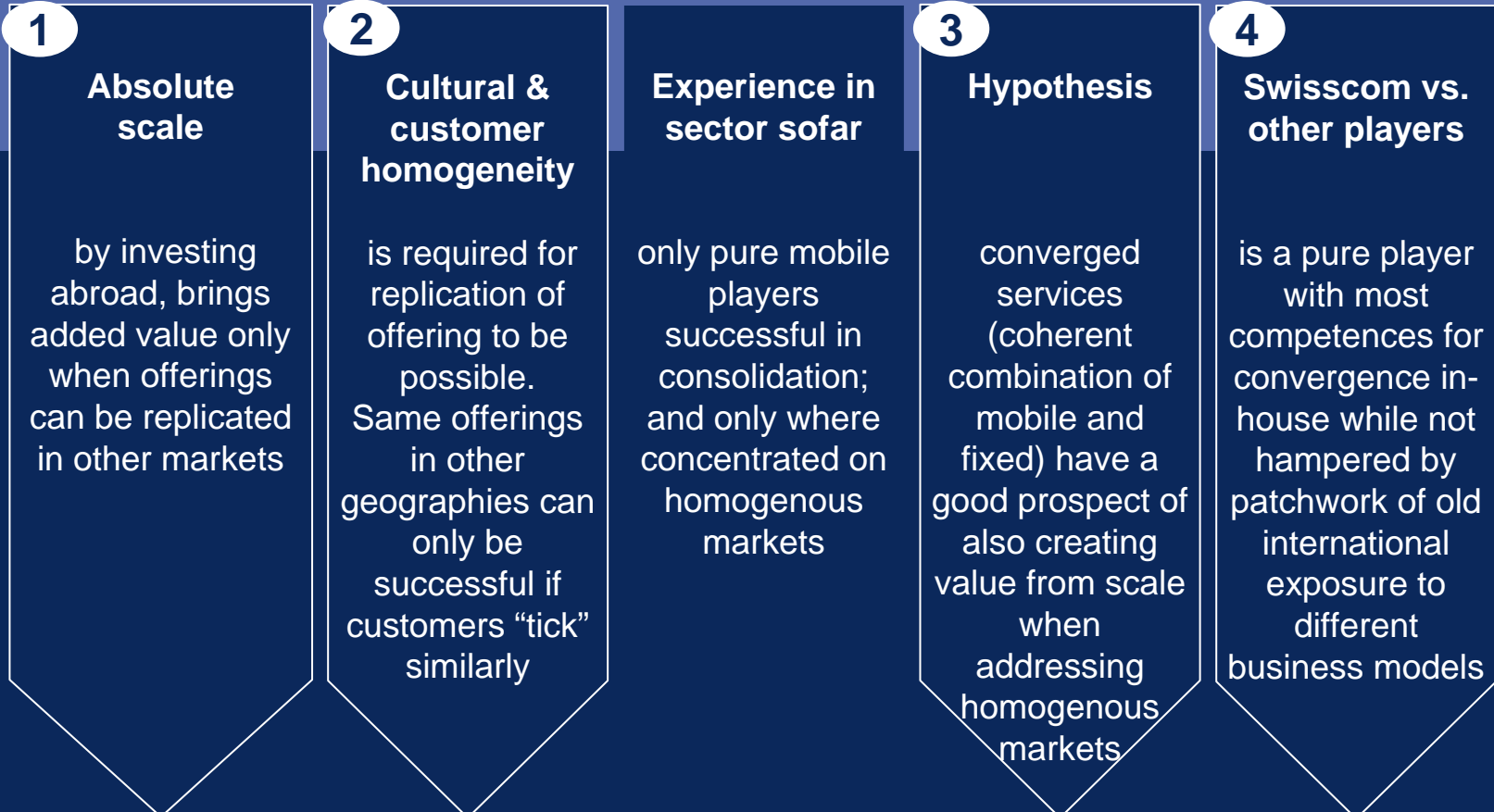
**A. Consolidation**

**B. Convergence**

**C. Swisscom goal, logic, strategy and profile**

# A. Consolidation

## Logic:



**Convergence might well be a driver for a sensible Consolidation:  
valuable if the same converged services can be replicated in homogenous markets**

## B. Convergence

### Opportunities from Convergence:

#### Residential customers

- triple screen, one service
- better accessibility across devices

#### Business customers

combining IT and Telecom Offerings

#### Telephony

- all access wireless and fully mobile
- offering intelligent integration that standalone players can not match

#### Pricing

- bundles
- More tactical – little potential for differentiation

#### Cost containment

substantial “sanitation” opportunities arising from convergence: NGN networks, architecture – standalone players at significant disadvantage

**Convergence: opportunity on multiple dimensions**

# C. Swisscom goal, logic, strategy and profile

## Goal:

“in time to TIME”

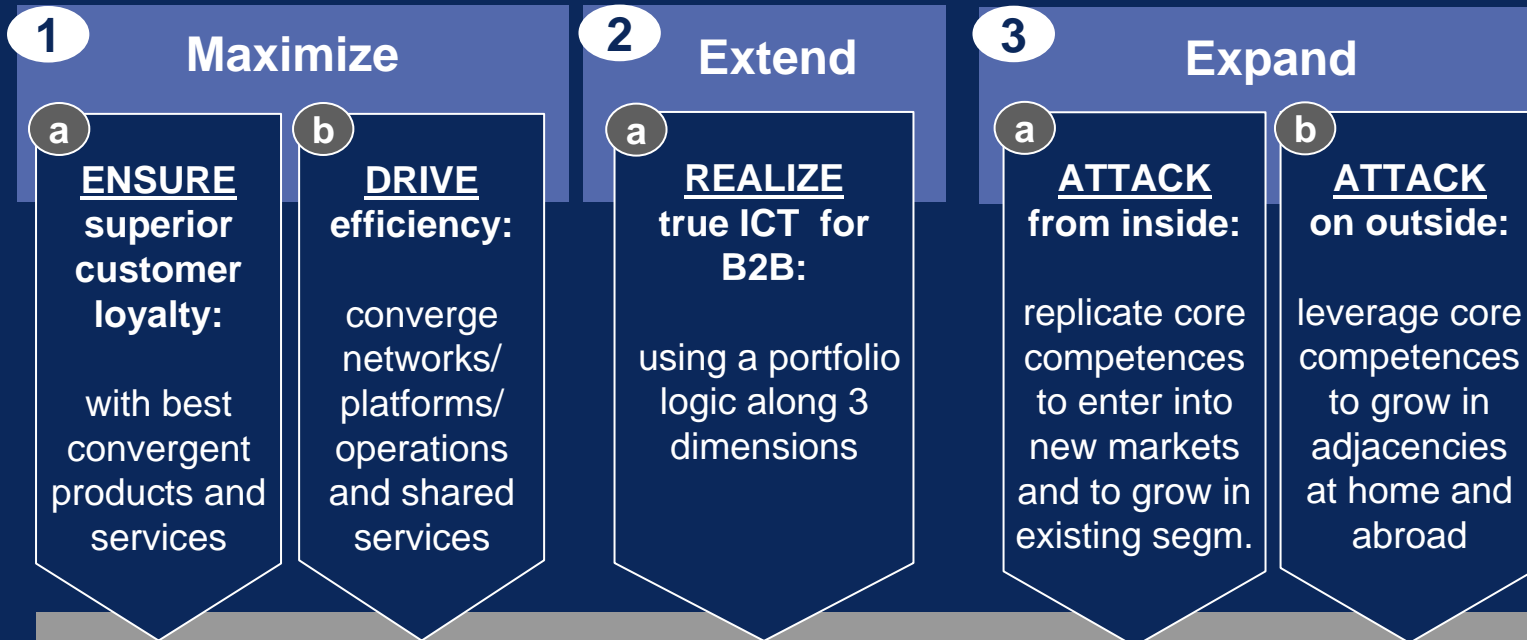
new TIME business to compensate erosion of Access & Traffic by 2008/2009

## Logic: “future core will differ significantly from current core”

exploit opportunities from rapid changes caused by shifts in customer needs and industry trends by driving Swisscom’s exposure in both core and adjacent businesses

## Strategy:

“3 Pillars, 1 outcome”



## Profile 2009:

“streamTIMEd !”

streamlined organization offering integrated TIME portfolio of services **enthusing** ! customers, employees and shareholders

# From customer satisfaction to customer enthusiasm...

**1**

## Maximize customer experience – what is the way forward?

**a**

### ENSURE

#### best offering:

- access bundling
- multiple access networks, one experience
- many devices, one experience

#### best service levels:

- optimized go to market
- uncomplicated, competent, fast
- become benchmark for Switzerland for customer experience
- further widen distance to competition

**2006: a 'time' where, by leveraging our broad offering spectrum, the focus will be on developing products and service that deliver their full value to customers when used across all Swisscom Access Networks**

... while continuing efforts to boost efficiency

1

## Maximize efficiency – what is the way forward?

b

### DRIVE

#### one network:

- common architecture and design across platforms
- combine functions where sensible

#### optimize customer touch points:

- sales – improve “go to market” approach
- installation
- service

#### more efficient internal shared services:

- eliminate what is not necessary for support of core business
- establish shared services for support functions

**2006: a ‘time’ where focus will be on developing methods and organisational structures beyond simple optimization to significantly curb operating costs**

# From IC & T to ICT

**2****a****REALIZE**

## Extend into true ICT – what is the way forward?

### integrated portfolio of services

- covering full spectrum of customer desires, ICT and managed solutions

### growth along 3 portfolio dimensions:

- international expansion with “more of the same” following our customers
- sliver expansion with focus on key strengths
- adding additional scale through acquisitions of new major outsourcing deals

**2006: a ‘time’ where conditions will be created to make true ICT happen**



# Replicate own core competences...

3

a

## ATTACK from inside

### Expand – what is the way forward?

#### logic:

- growth opportunities arising from market differences between Switzerland and other countries, e.g.: penetration, in-market competitiveness
- within Switzerland, Swisscom is not yet number 1 in all relevant segments

#### proposition:

- **replicate** own core competences

#### criteria:

- no incumbents with USO, **no single large bet**
- preferred acquisitions rather on back of multiple roll-up strategy
- standalone acquisitions only where synergy potential is obvious and not yet paid for in acquisition price
- control or path to control desired

**2006: a 'time' where a structured search for opportunities should lead to further moves into other markets and existing segments**

## ...and leverage own core competences

3

b

### ATTACK on outside

## Expand – what is the way forward?

### logic

- substantial shifts in value chains in **adjacent** industries driven by industry trends and customer needs provide growth options (e.g. content distr., telemedicine)

### proposition:

- **leverage** own core competences (e.g. customer base, networks, spec. skills)

### criteria:

- no pure diversification, no single large bet
- sound industrial or synergetic logic between adjacent and existing skills/assets
- combinations of steps are likely to add more value and are therefore favored
- investment size likely to be smaller in adjacencies
- visibility of value growth profile mid-term
- minority holdings acceptable to gain foothold

**2006: a 'time' where Swisscom plans to move into adjacent businesses under strict criteria**

# Time to conclude

## Profile 2009:

## “streamTIMEd !”

**streamlined** organization offering integrated **TIME** portfolio of services **enthusing !** customers, employees and shareholders

### **TIME**

**as the vision to deliver upon (latent) customer demand**

- aware of the changing requirements and demand for simple yet comprehensive and interactive services
- by co-shaping the industry where future core differs from current core

### **STREAMLINE**

**in the most efficient and rational manner**

- streamline to minimize overlaps in customer touch points and infrastructure
- using rational investment logic

### **ENTHUSING**

**customers, employees and shareholders**

- by delivering best products and service levels to customers
- by offering range of opportunities for staff
- by offering the “Money Value of TIME” to shareholders

**Swisscom: creating value from TIME**

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