

# Swisscom

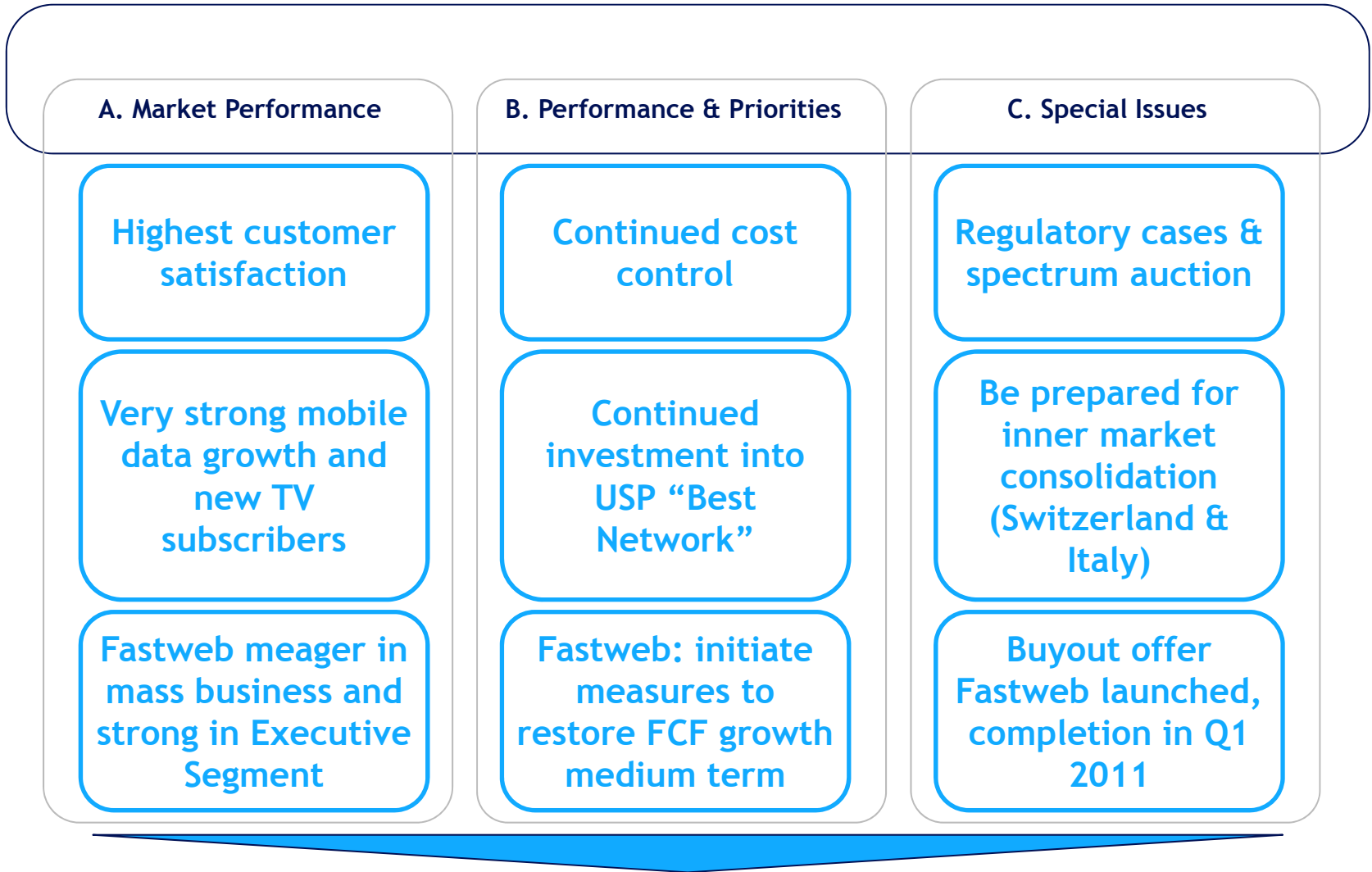
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Results 2010 and Plans 2011

Citigroup conference  
London, 23 March 2011  
Ueli Dietiker, CFO



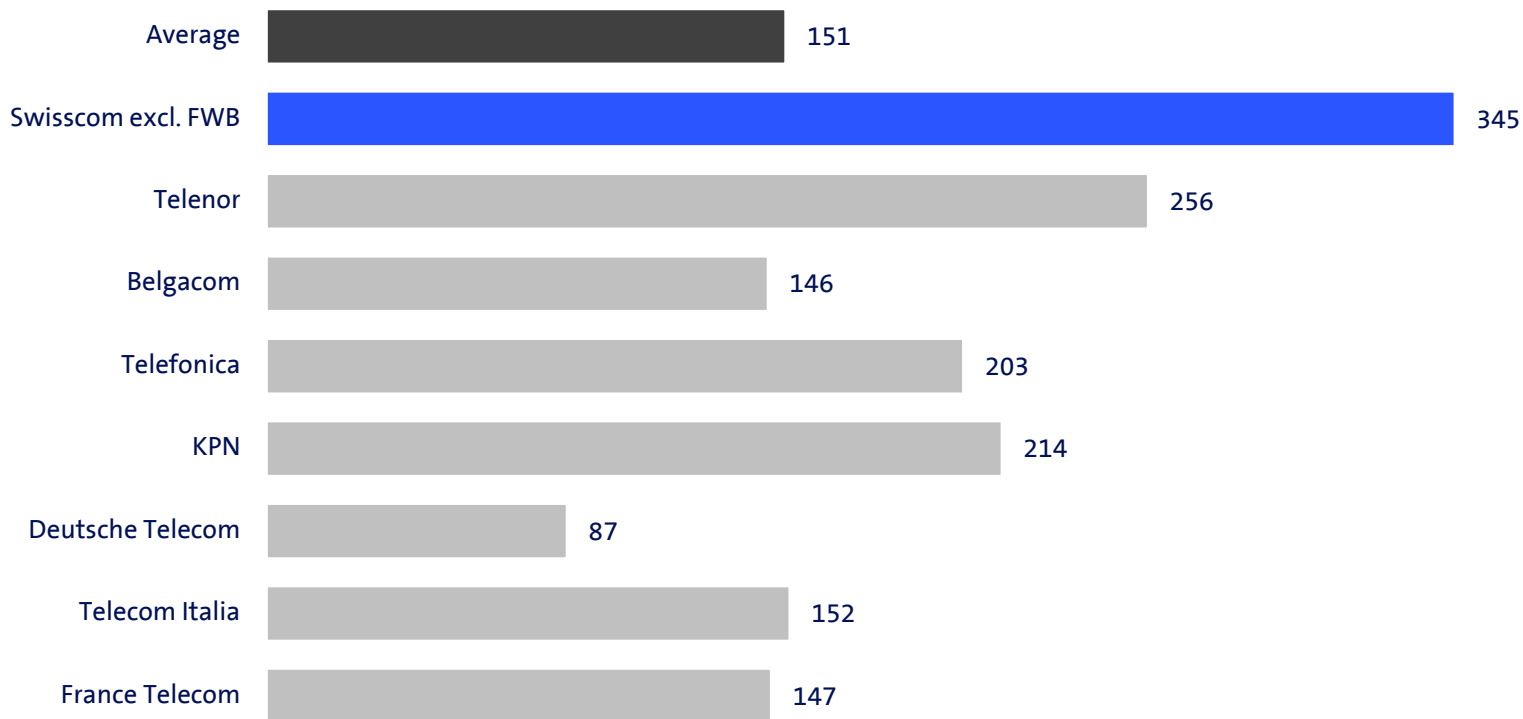
# Key Messages



Well prepared to face challenges 2011 and beyond

# Market Performance - domestic share and size matter

## FCF proxy (EBITDA - Capex) per head of population in CHF \*)



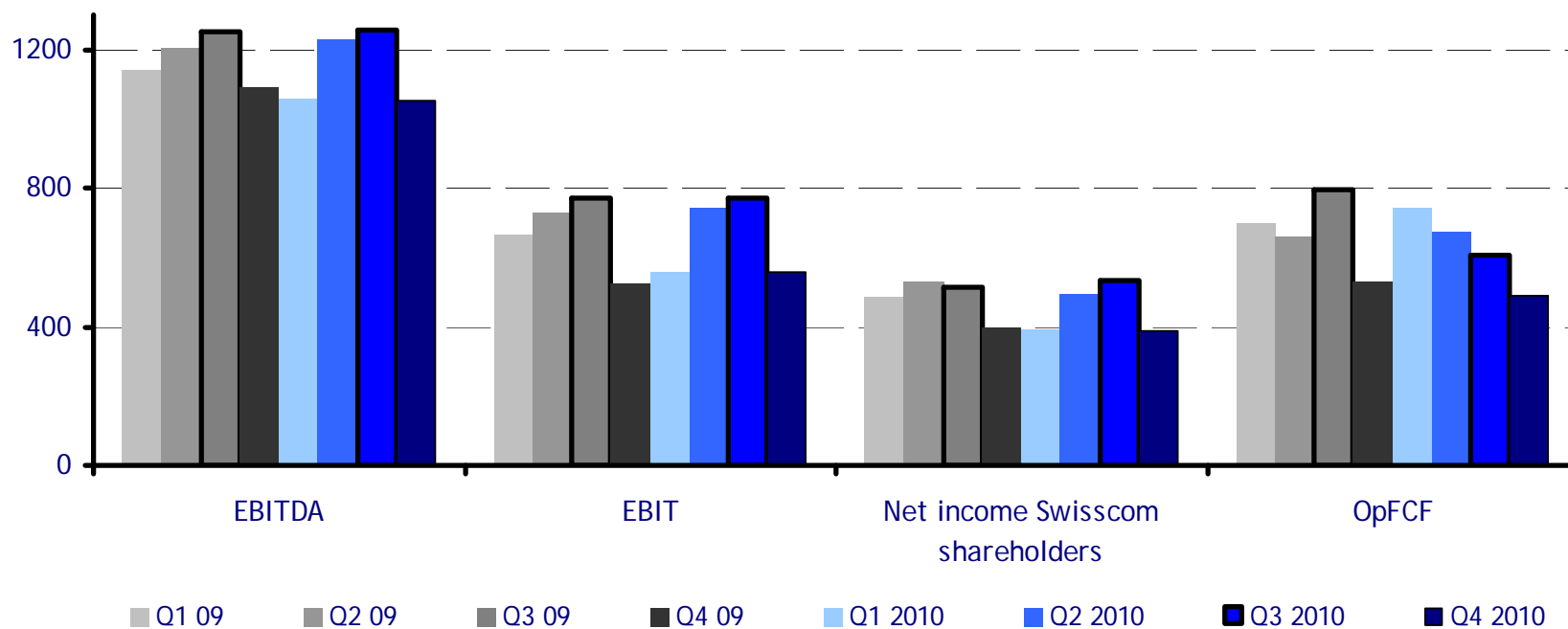
\*) only domestic FCF proxy for each of the incumbents, no foreign operations. Source: own and broker research

**Economies of scale and high market share are important:  
Swisscom more than twice as profitable as its European peers**

# Swisscom Performance - Financially: absolute

## Quarterly results, Q1 2009 - Q4 2010









CHF mm \*)



\*) all figures as reported

Normal seasonal patterns, also in 2010

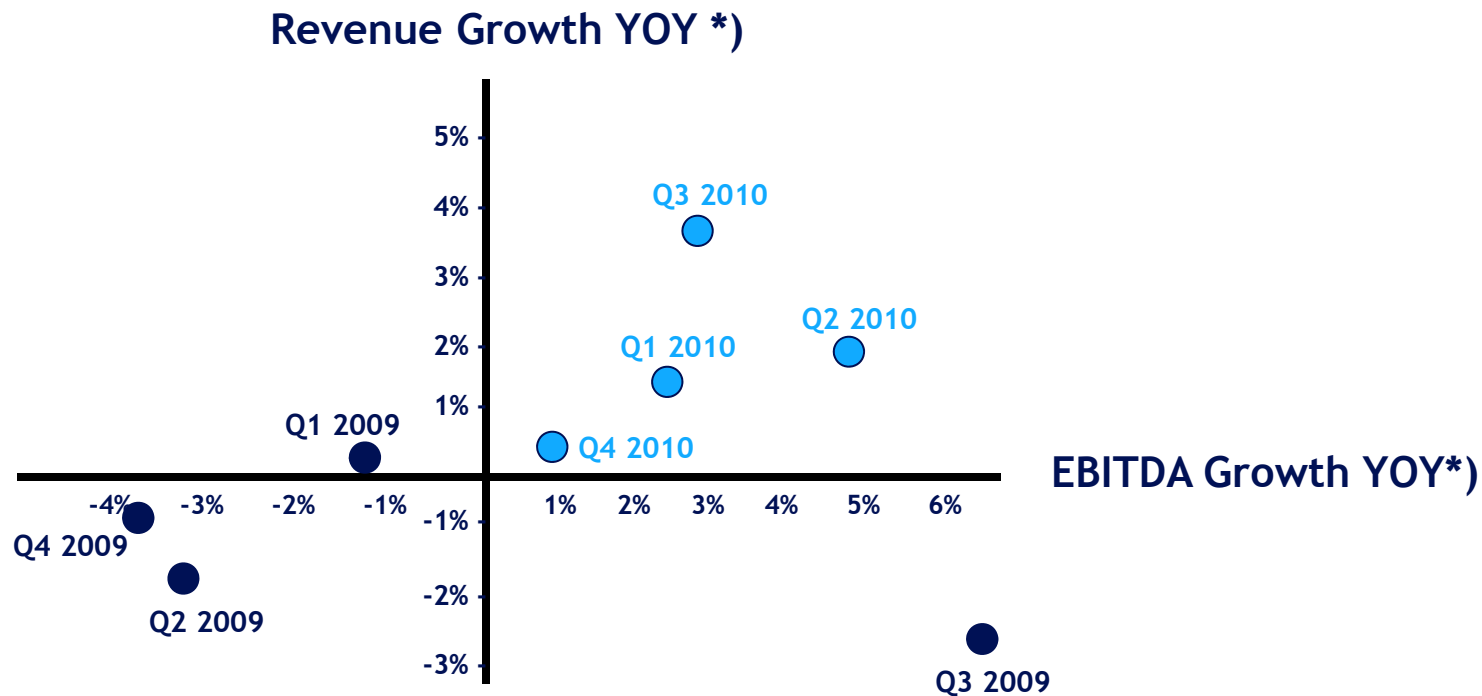
# Swisscom Performance - Price & volume effects 2010 vs 2009

CHF mm.	Price effect		Volume effect		Σ
<b>Mobile</b>	∅-Prices Core business		Customer growth+new services		
	Traditional	Data (w.o. SMS)	Traditional	Data (w.o. SMS)	
					+ 79
<b>Fixed</b>					-144
<b>Convergent products</b>					+85
<b>Σ</b>	-526		+546		+ 20
<b>Devices and other services</b>					+102
<b>Other Segments</b>					+86
<b>Σ Swisscom w.o. Fastweb</b>					+208
<b>Fastweb</b>	<u>At constant exchange rates</u>		<u>FX effect</u>		
	+36		-257		-221
<b>Revenue Swisscom Group</b>					-13

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

# Swisscom Performance - Financially: growth

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

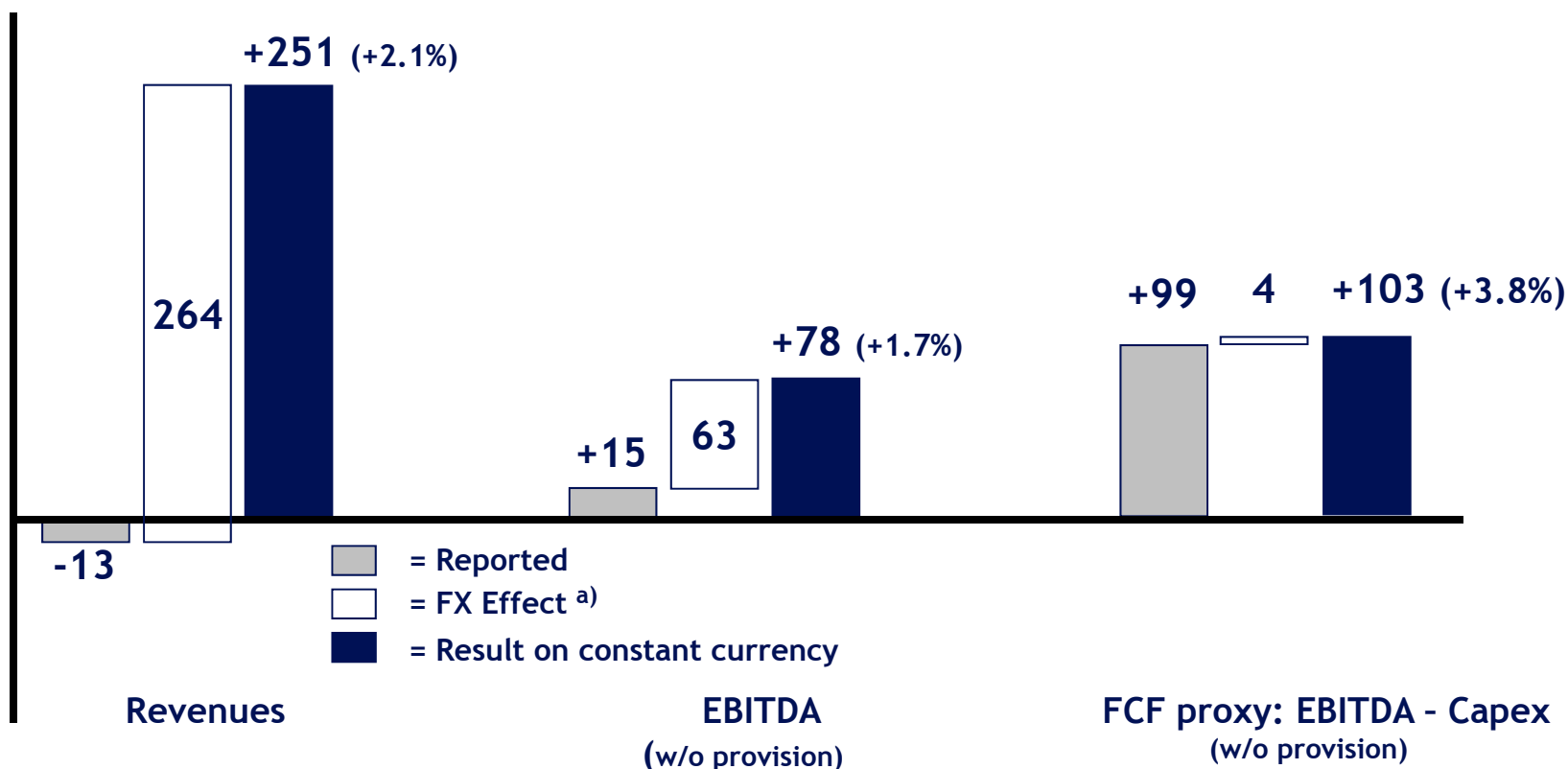


\*) adjusted by M&A-transactions, provisions and other one-off items

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

# Financial Results: on constant currency basis

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

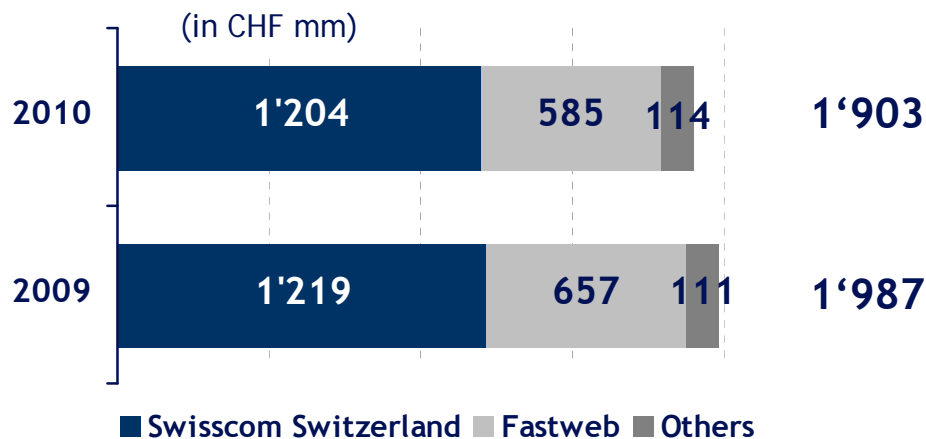


(a) Average exchange rate CHF/€ in FY 2009: 1.5078 and 2010: 1.3700, i.e. a strengthening of 9.1%

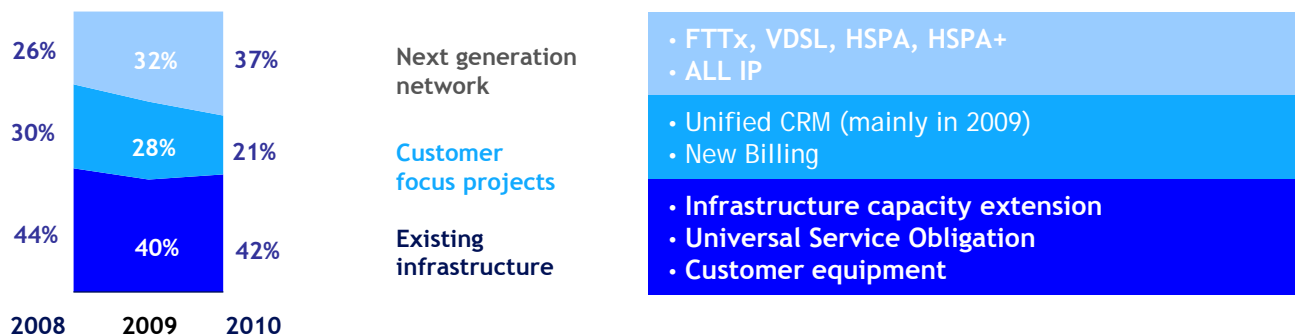
Strong underlying results, with no negative impact on FCF from stronger Swiss Franc as Fastweb Capex was booked at lower CHF rate

# Financial Results: capex breakdown

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



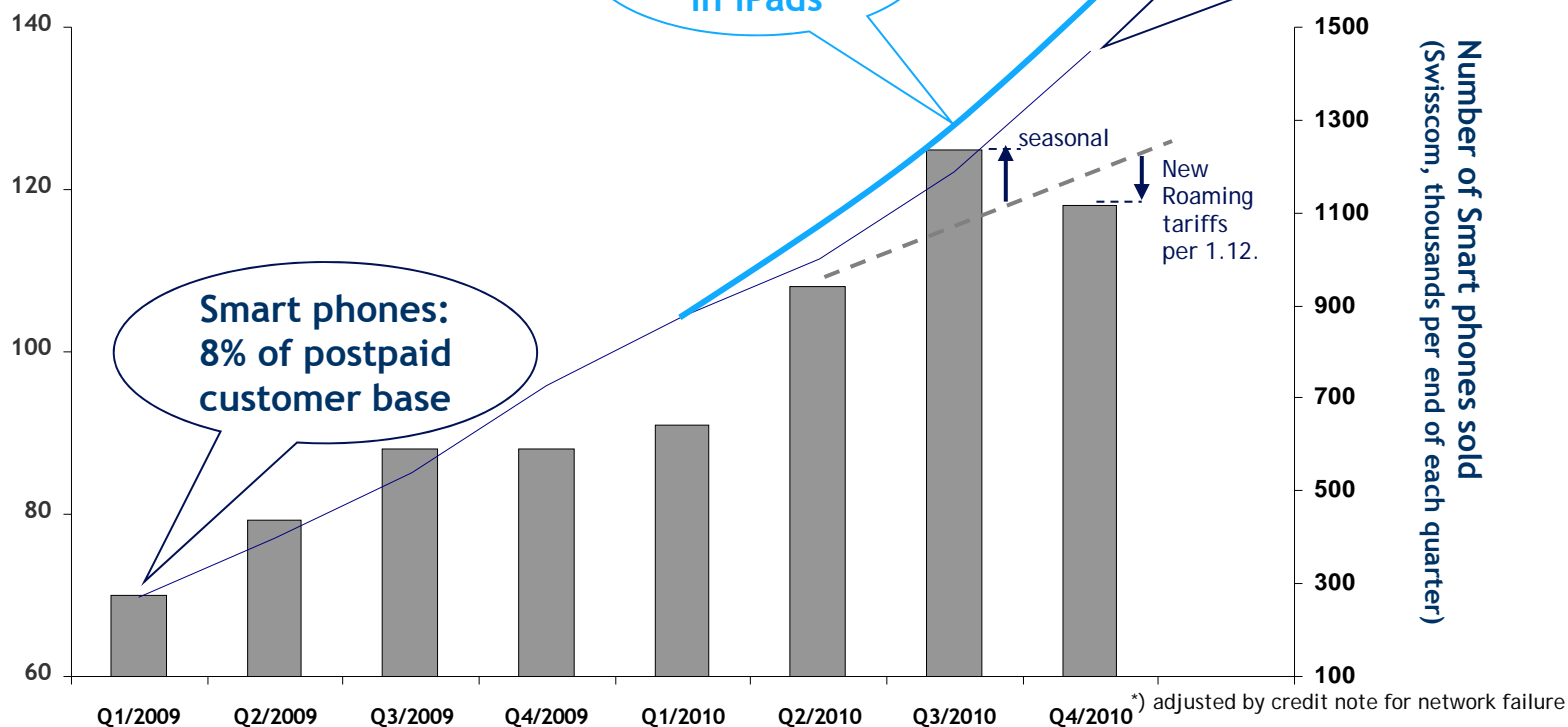
## CAPEX of Swisscom Switzerland - trend to invest more into NGN continues





# Swisscom Performance - mobile data

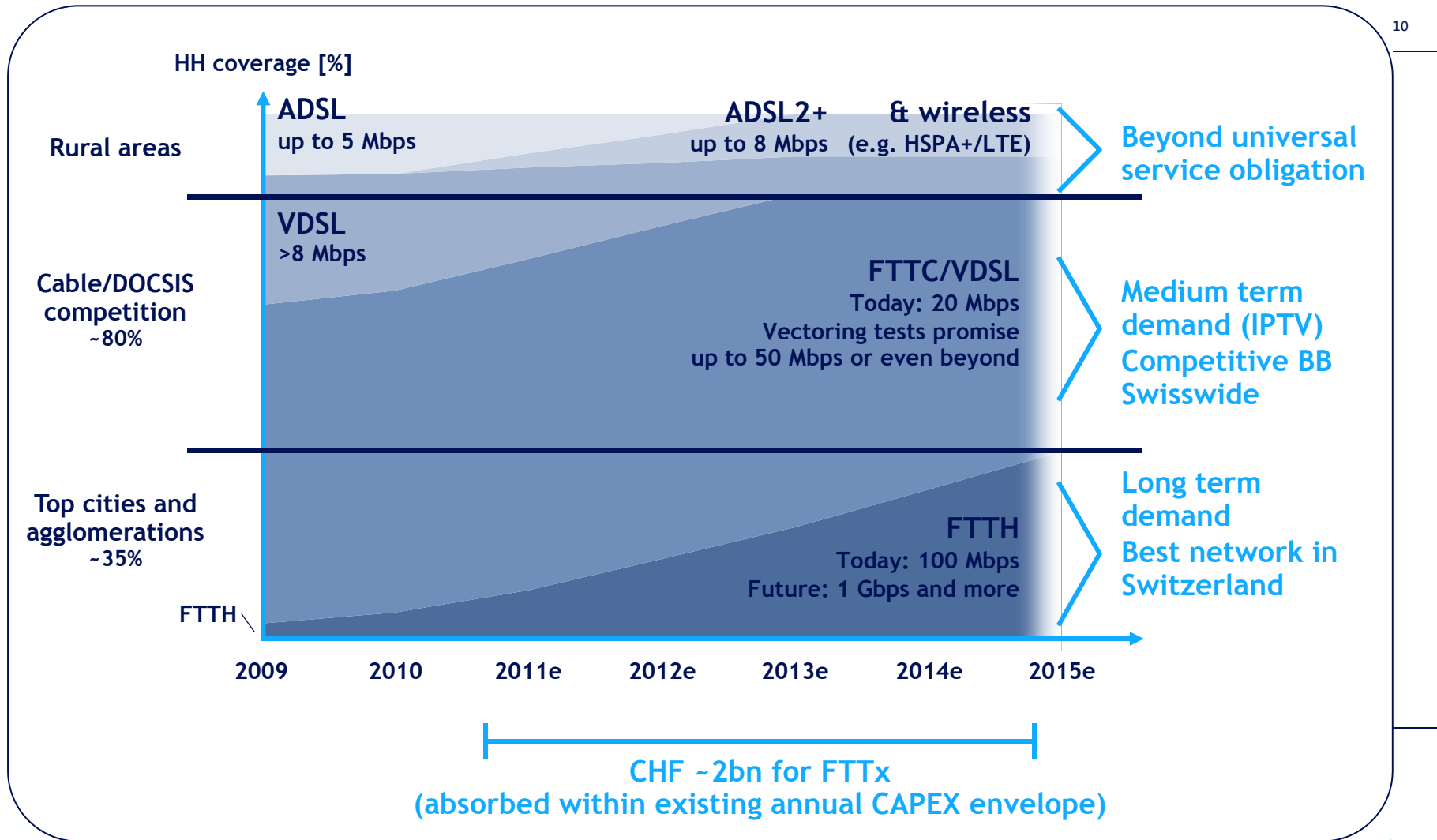
Quarterly revenues  
mobile new data  
(in CHF mm)



(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).

# Swisscom Performance & Priorities - fibre



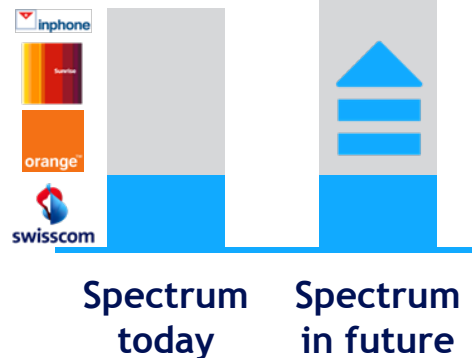
Since rolling-out FTTH is time-consuming, a mixed FTTC/FTTH strategy is pursued to meet medium term demand and cope with cable competition

# Swisscom Performance & Priorities - mobile spectrum

## 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 availability plus ~90%



## 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

# FASTWEB Results 2010

2010

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	Actual (€Mln)	% of Target	YoY Change	2010 Discontinuities	YoY Change w/o Discontinuities
BB Net Adds	80k	N/A	-50.5%		
Revenues	1,880	96%	+1.5% →	Rev Recognition 35 Mln	Revenues +3.3%
EBITDA	503	87%	-8.8% →	Rev Recognition 27 Mln Restructuring Costs 10 Mln	EBITDA -1.1%
Capex	427	104%	-1.6%	Net effect of regulated fees (ULL, Bitstream, Interconnection) 5 Mln	
FCF Proxi	76	45%	-35%		

- 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

# Fastweb Priorities - 2011 and Beyond

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

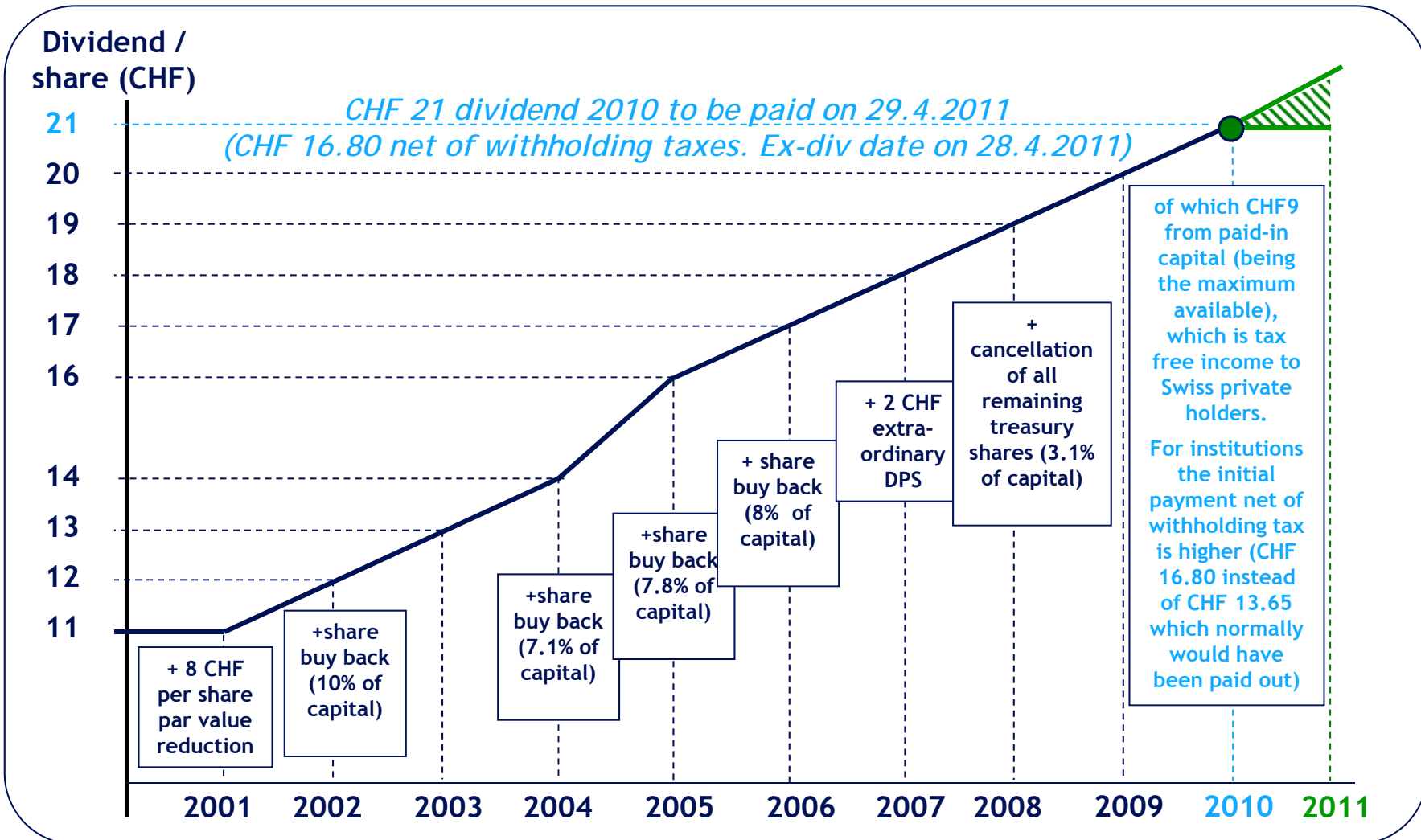
(Reduce technological costs + Reduce the overall bad debt level)

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

AND

To improve FCF generation

# Group: Dividend - partially from paid-in capital with tax advantage



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

## Group: Outlook 2011\*)

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	CHF bln	2010 Actual	2011 Expected
	<i>Exchange rate CHF/€</i>	<i>1.37</i>	<i>1.30</i>
Swisscom Group (including Fastweb)	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