

6 February 2014, Zurich

Swisscom

Annual Results Press Conference
2014



Stefan

Nünlist

CCO

Urs

Schaeppli

CEO

Swisscom 2013:

One million as a milestone

- › **1 million TV customers**, +26.4% growth, every third household watches Swisscom TV
- › **1 million customers with bundled contracts**: the main drivers are TV and mobile communications
- › **1 million 4G/LTE customers** (fourth-generation mobile technology)
- › **1 million smartphones sold**

Further highlights from the market:

- › **1.7 million mobile customers** benefit from unlimited usage:
 - Carefree Internet surfing: 144% more data usage after switching to infinity
- › **Massive reduction in prices for mobile surfing outside of Switzerland**, considerably lower than the regulated EU level
- › **Free iO app** for making phone calls and sending messages via the Internet
- › **BeSmart**: recovers balancing energy for the Swiss power network by flexibly controlling electric heat generating systems

Swisscom 2013: Further highlights

Networks:

- > **The expansion of the new 4G/LTE network** proceeds at high speed, with 85% coverage at the end of 2013
- > **Faster speeds:** customers with fibre-optic connections enjoy Internet speeds of up to 1 gigabit per second

Enterprise Customers:

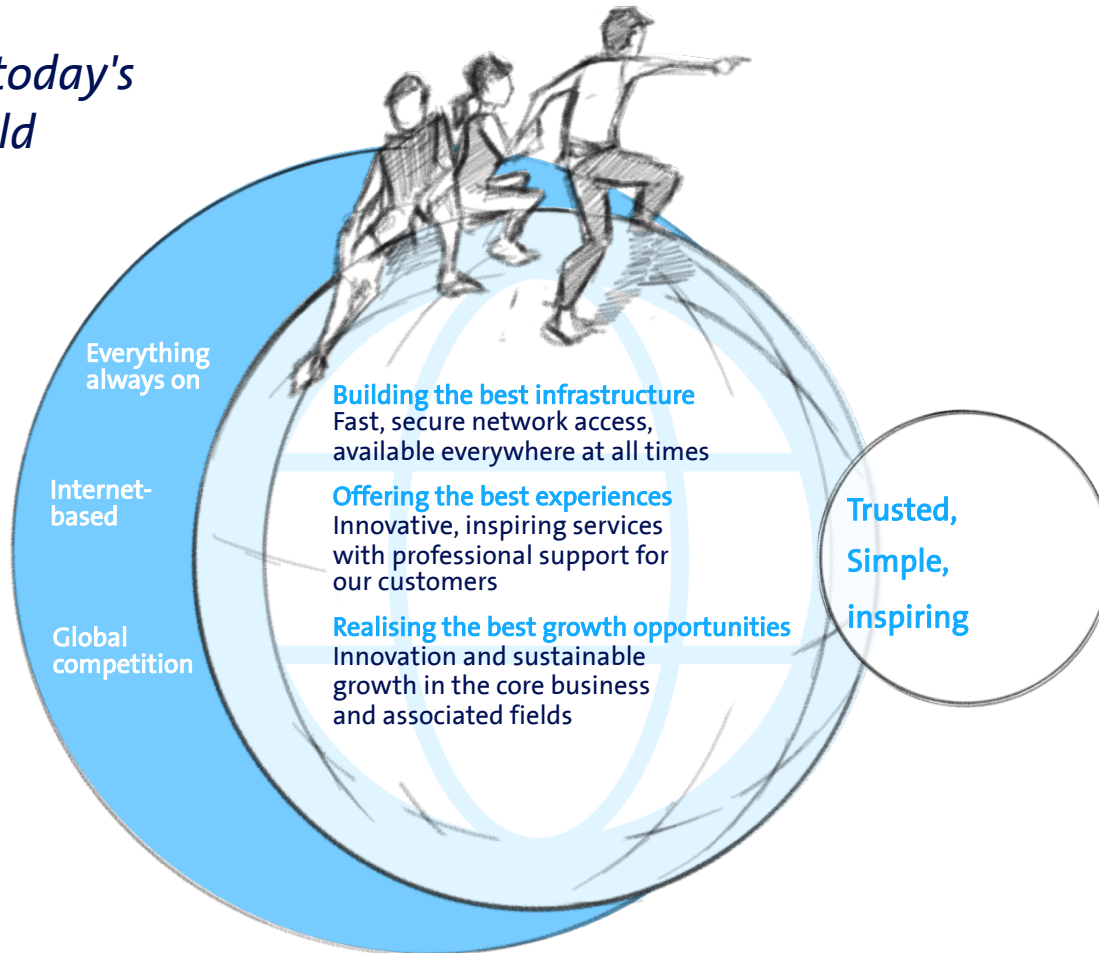
- > **The largest ICT provider** in Switzerland for corporate businesses – currently 4,500 employees
- > **One of the leading IT and business process outsourcers for banks** in Switzerland: 200 customers, 85 banking platforms
- > **Outsourcing:** a total of 120,000 managed IT workplaces
- > **Infrastructure as a Service:** 40 partially global customers for unified communication from the cloud

Financial:

- > **General price erosion** of CHF 350 million and price reductions for **roaming services** of CHF 210 million largely offset by customer and volume growth of CHF 480 million
- > **The adjusted EBITDA** in the second half of the year is CHF 44 million higher than the previous year's figure
- > **Increased investment** leads to higher depreciation and amortisation and lower net income

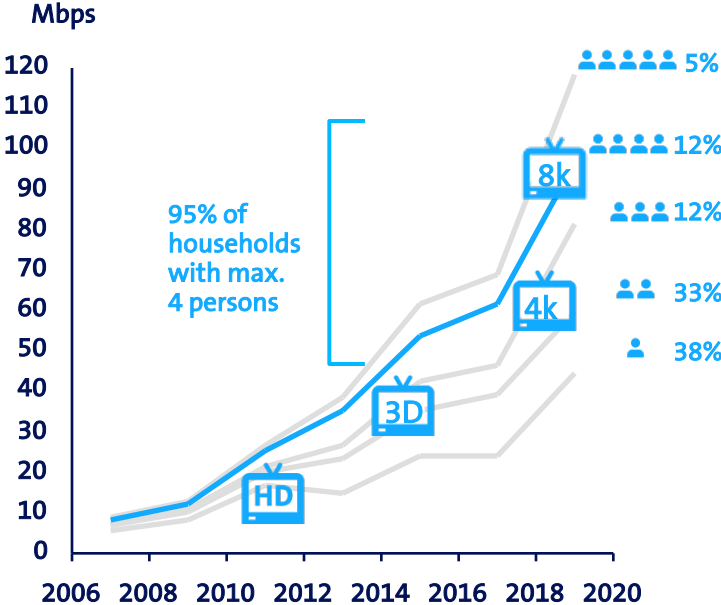
Swisscom strategy 2020: offering only the best

*A trusted
partner in today's
digital world*

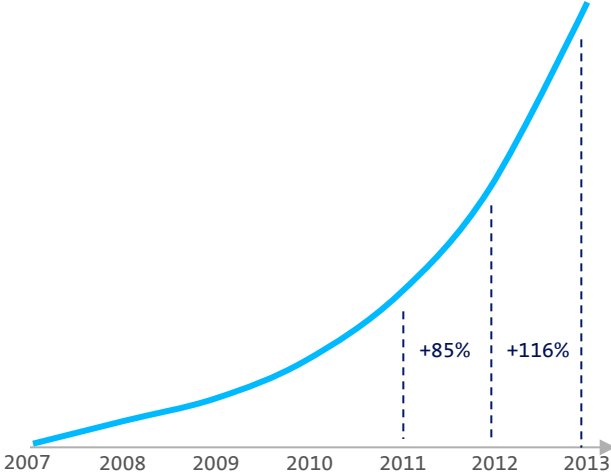


Demand for increased performance and speed shows no sign of slowing: in both the fixed network and mobile network

Faster speeds are also being demanded in the fixed network, particularly for TV and videos

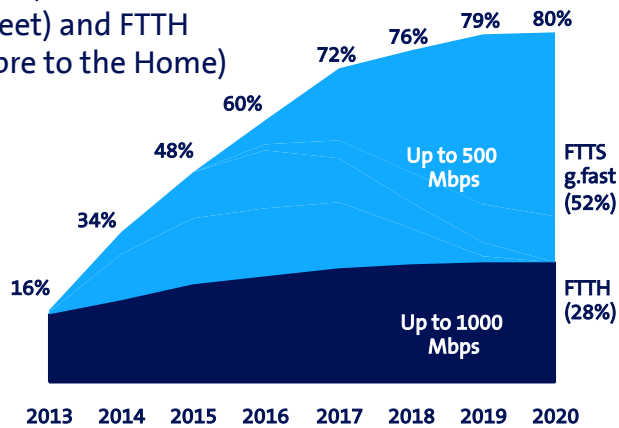


Mobile data traffic continues to soar since the launch of Natel infinity by Swisscom: +116% in 2013



Sustained dynamism in the expansion of the fibre-optic network: **Ambitious roll-out by 2020**

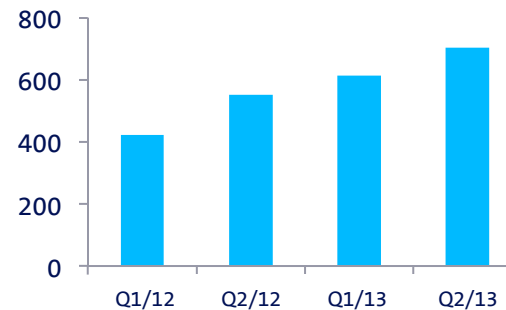
Expansion of the fibre-optic network with FTTS (Fibre to the Street) and FTTH (Fibre to the Home)



Rapid provision with very high bandwidths

FTTH connections (Fibre to the Home)

Figures in thousands



By the end of 2013, some 750,000 homes and businesses were connected to the fibre-optic network.


Constant increase in FTTH coverage

The FTTS and FTTH technology mix optimises coverage and bandwidth

Rapid expansion of the mobile broadband network: Best network again in 2014

 **2G coverage**
99.8%

 **3G coverage**
99%

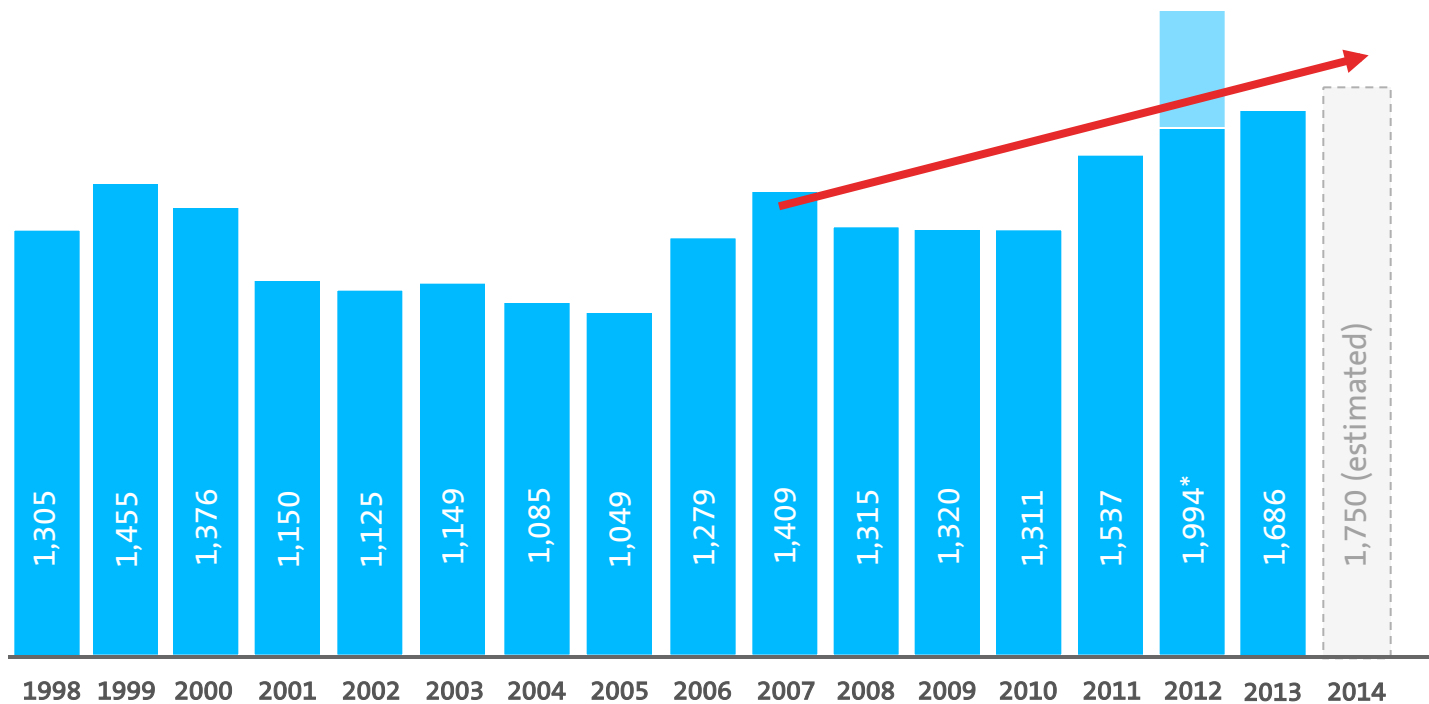
 **4G/LTE coverage**
Over 90%
By the end of 2014
(currently 85%)

Coverage	Speed	Quality
<ul style="list-style-type: none"> > 15% of customers regularly access mobile data services via the 4G/LTE network > 1 million customers own a 4G/LTE-enabled device 	<ul style="list-style-type: none"> > Over 95% of the network supports HSPA+ with speeds of up to 42 Mbps and 4G/LTE with speeds of up to 150 Mbps > Swisscom is one of the first providers in Europe to use LTE Advanced, data speeds for which will once again be increased in 2014 > Over 2,000 Wi-Fi hotspots in CH 	<ul style="list-style-type: none"> > Has been ranked number one in the network test conducted by the Connect magazine since 2009 > Average download speeds in excess of 20 Mbps in many cities > First-class voice quality

Swisscom sets itself apart from the competition thanks to the rapid 4G/LTE expansion, maximum 3G coverage and by increasing the density of the network

Increased investment in Switzerland: The effect of competition and new technologies

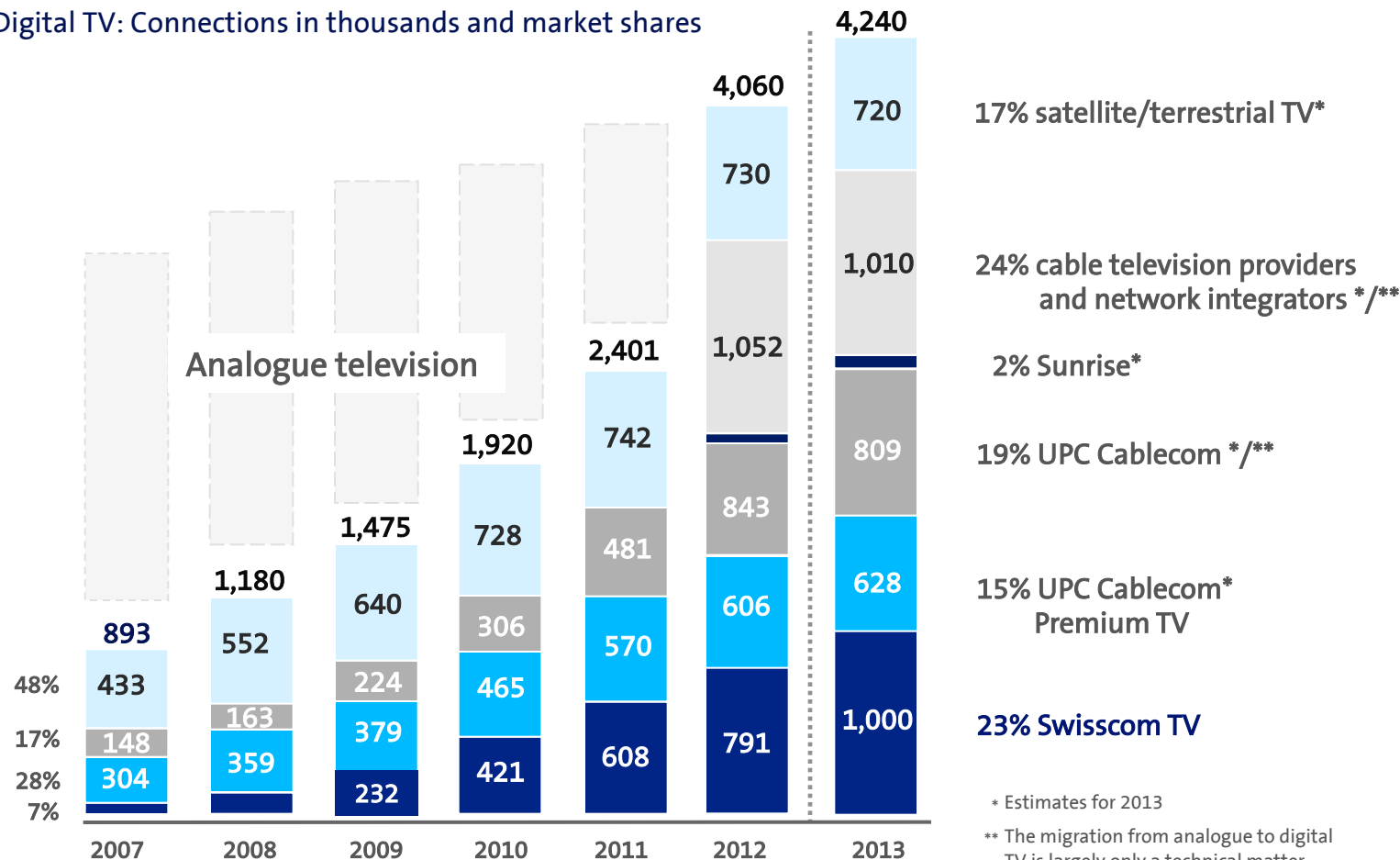
Investment in CHF million



*incl. the costs of CHF 360 million for new mobile frequencies

Swisscom TV: one-million-customer mark surpassed – further growth targeted

Digital TV: Connections in thousands and market shares



* Estimates for 2013
 ** The migration from analogue to digital TV is largely only a technical matter, as well as there being no contract for digital TV



Fastweb growing faster than the market

12

2014

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- › Slight reduction of adjusted revenue to EUR 1.6 billion
- › Fastweb growing faster than the market in Italy:
 - 9.9% growth to 1.94 million customers
 - Corporate business market share increased from 19.1% to 23.1% over two years
 - Has the second highest revenue in Italy behind Telecom Italia
- › The Italian market has potential:
 - Broadband penetration is well below the European average, accounting for just over 50% of households.
- › Business is being further developed:
 - Ambitious roll-out of Fibre to the Street (FTTS) with the aim of having 20% coverage of homes and businesses by the end of 2016
 - As a result, capital expenditure in 2013 has increased by EUR 124 million or 28.1% to EUR 565 million

Outlook for 2014:

Moderate growth in terms of revenue and EBITDA

- > **Growth in bundled offerings in particular**– constant competitive pressure
- > **Digital TV market** remains fiercely competitive
- > **Further increased network coverage up to 2014:**
 - 4G/LTE mobile network: over 90%
 - FTTx fixed network: 34%
- > **New Enterprise Customers division** pools its resources in order to operate on the market

Financial outlook for 2014

- > **Moderate growth:**
 - Net revenue of CHF 11.5 billion
 - EBITDA of CHF 4.35 billion
- > **Stable levels of capital expenditure** CHF 2.4 billion, of which CHF 1.75 billion is to be invested in Switzerland
- > If all targets are met in 2014, **dividends will once again be CHF 22 per share**

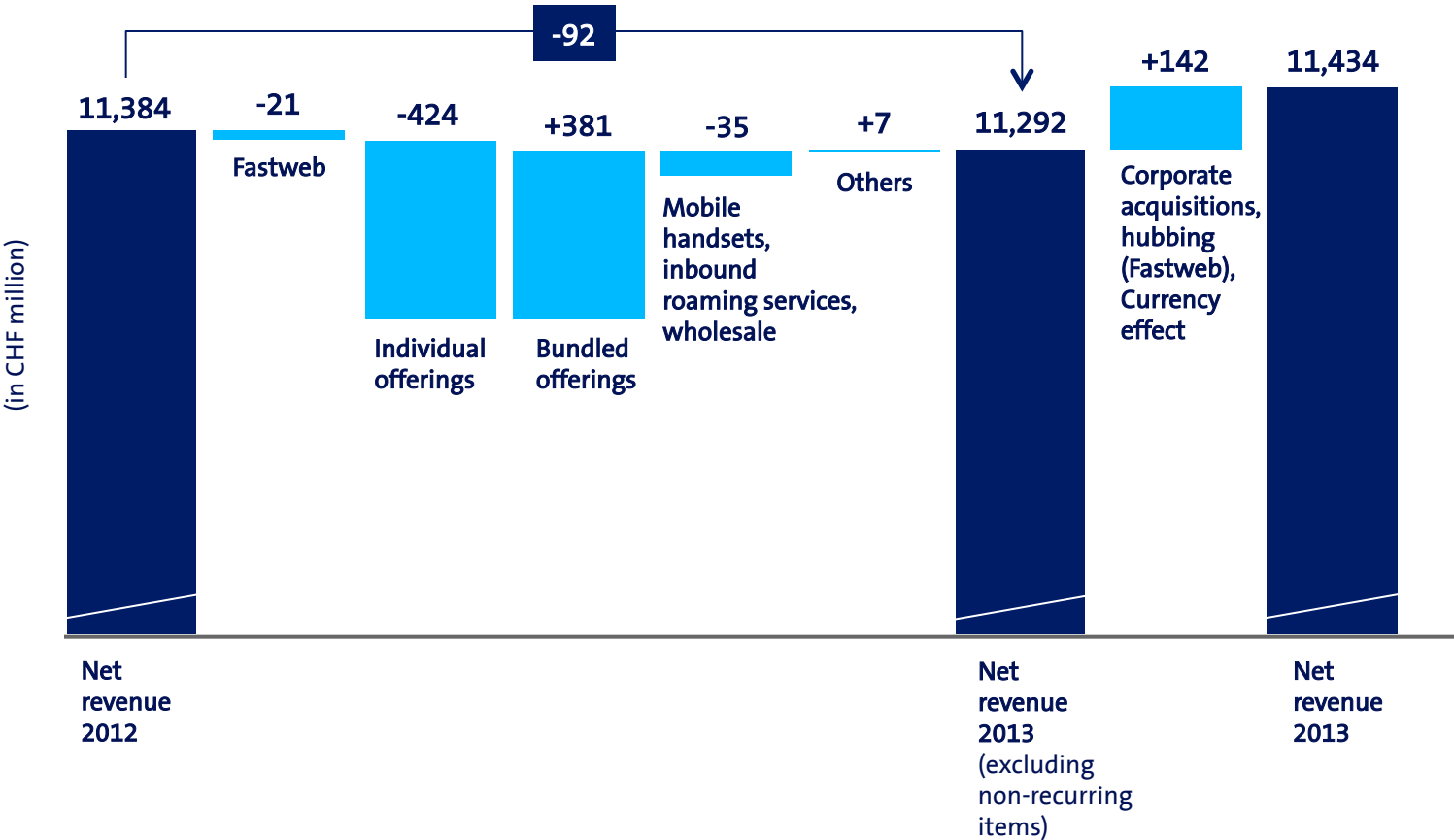
Mario

Rossi

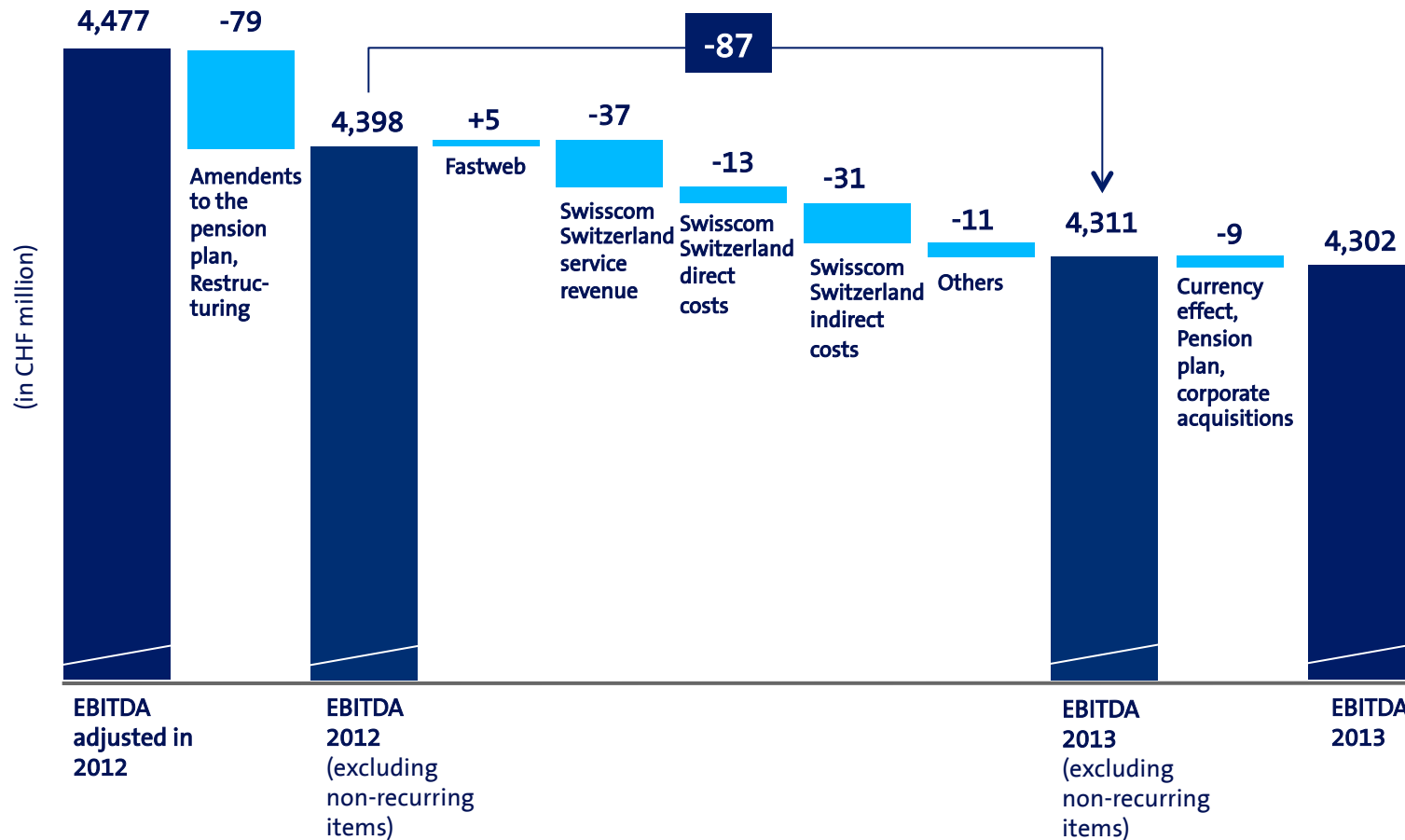
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Revenue:

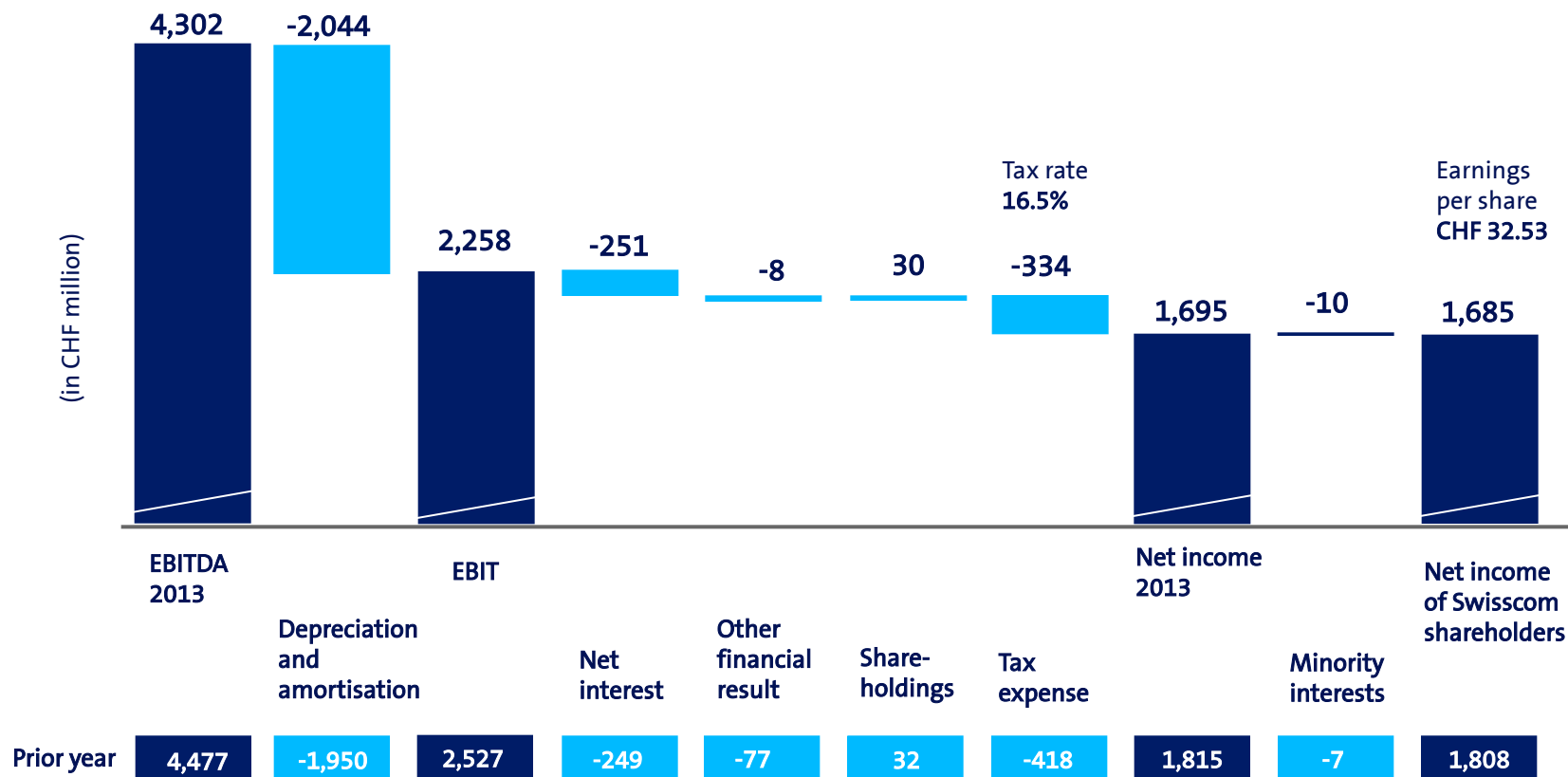
Slight increase in net revenue to CHF 11.4 billion



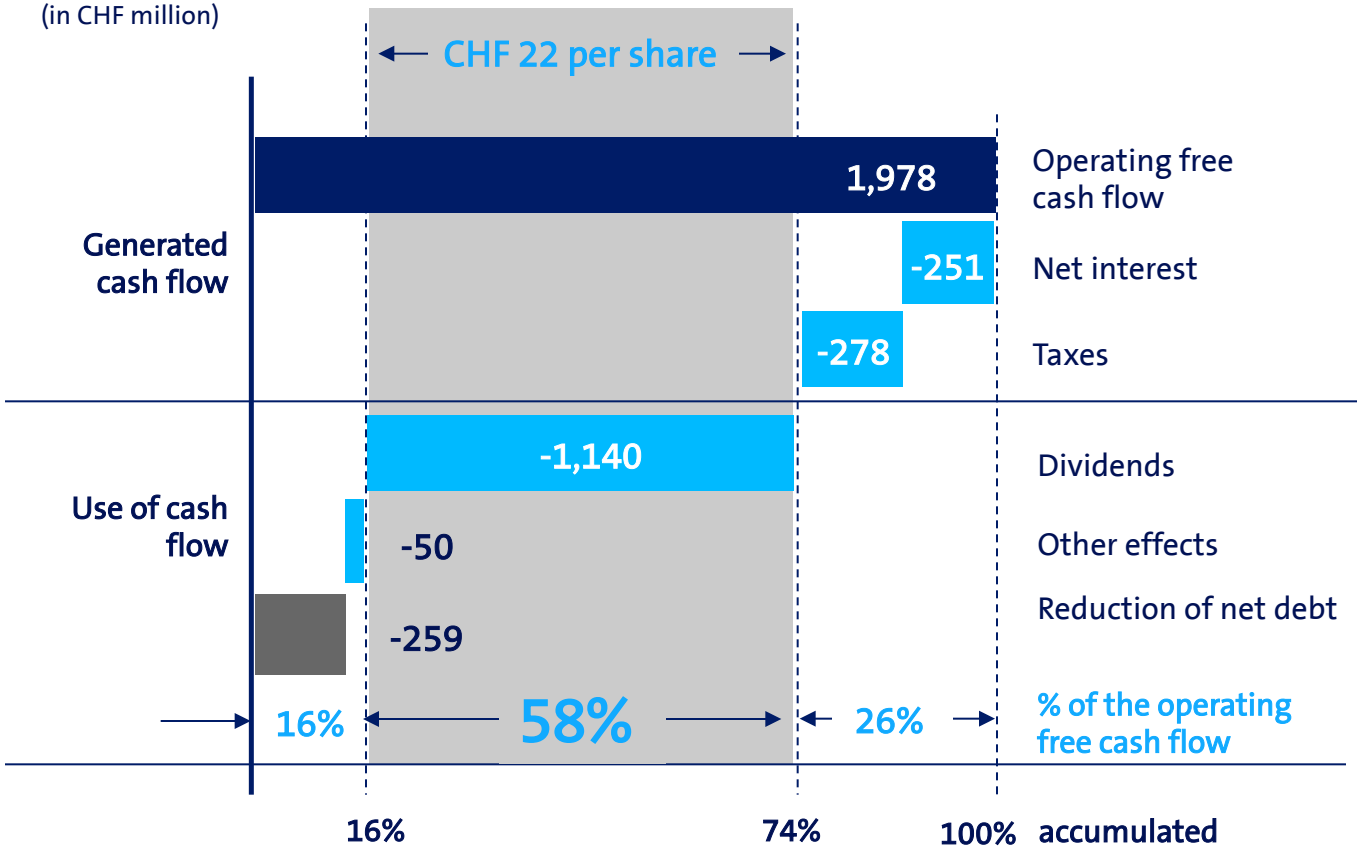
Operating result: EBITDA surpasses expectations with CHF 4.3 billion



Income statement: Net income of CHF 1.7 billion lower than last year's figure



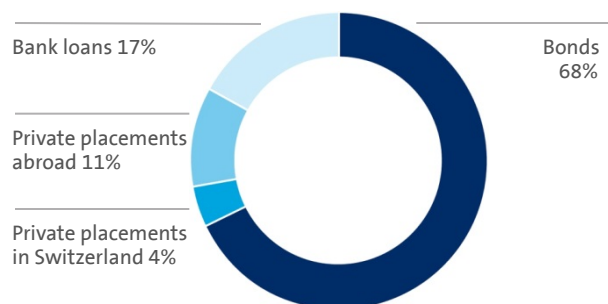
Use of operating free cash flow: 58% distributed to shareholders



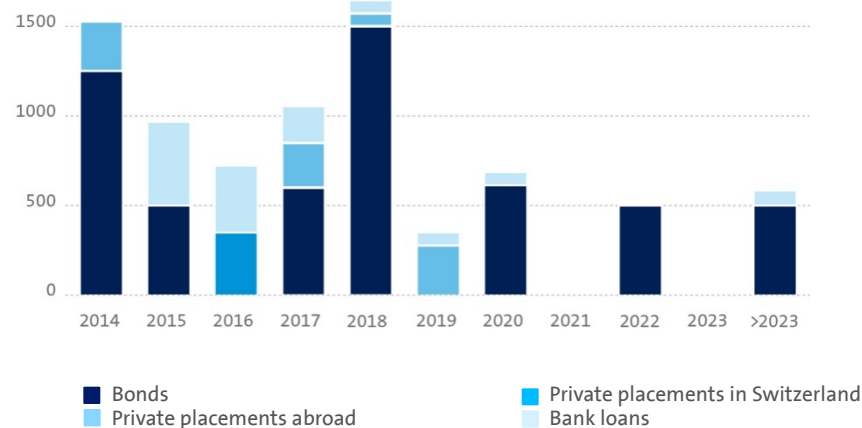
Financing as at 31.12.2013:

Maturity profile further improved

Financing mix



Maturity profile in CHF million

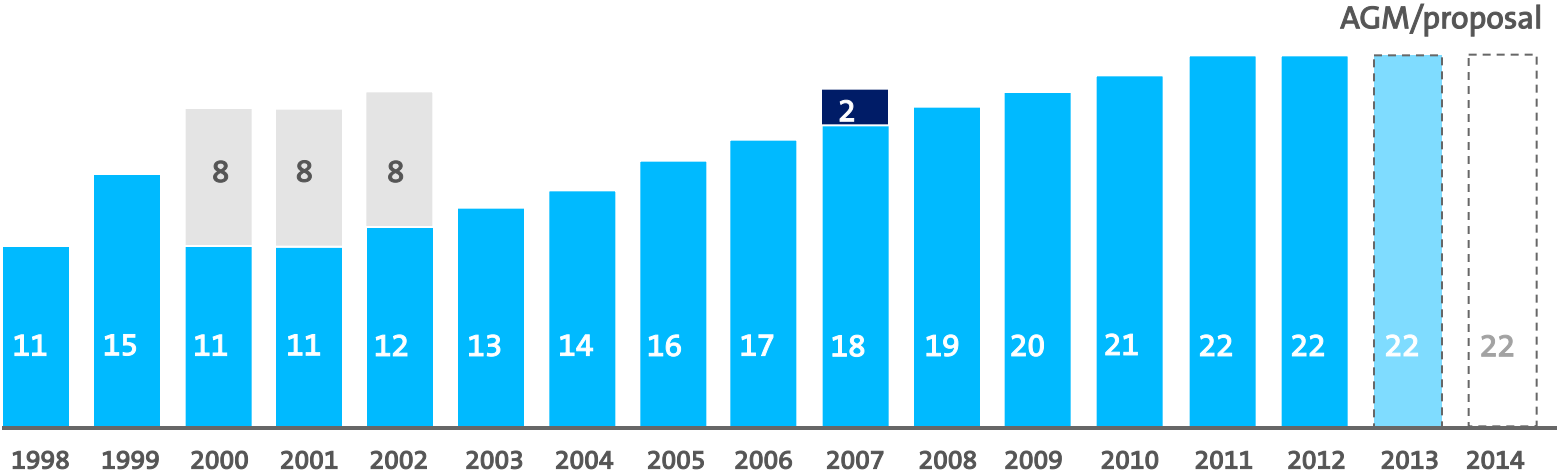


- > Average financing costs
- > Average term of fixed-interest rate
- > Breakdown of fixed/variable components

2.4%
3.6 years
88.4%/11.6%

Distributions: Attractive development

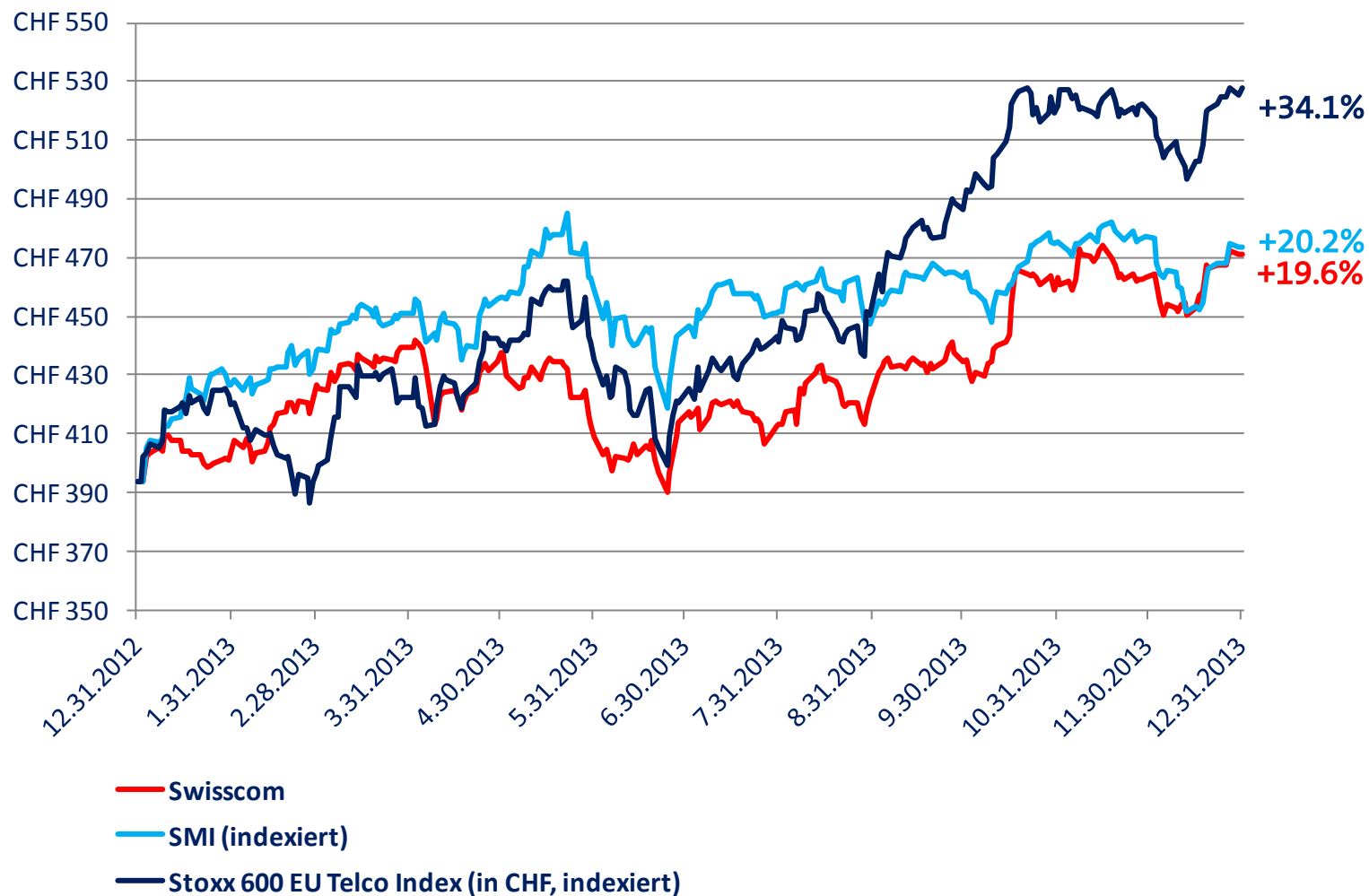
Swisscom distributions since 1998
in CHF per share

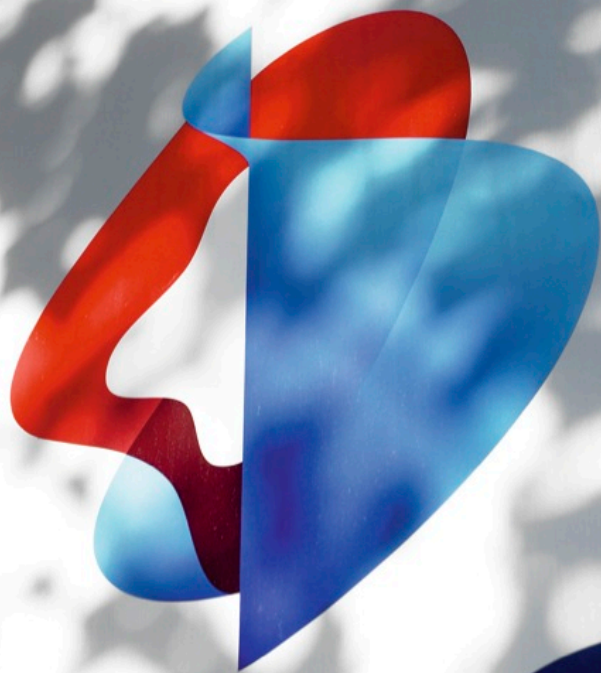


- Ordinary dividend
- Special dividend
- Capital reduction



Swisscom share 2013: Comparison with SMI and sector index





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