

5 February 2015, Zurich

Swisscom

Annual Results
Press Conference
2015



swisscom

Stefan
Nünlist

Urs
Schaeppi

Swisscom 2014

Growth in customer base, revenue and income

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Solid performance

- › Growth in revenue (+2.4%), EBITDA (+2.6%) and net income (+0.6%)
- › Price erosion of CHF 360 million in the Swiss core business (CHF 170 million relating to roaming) offset by growth of CHF 480 million.
- › High investment in the future of CHF 2.44 billion (+1.7%)

Participations

- › Acquisition of PubliGroupe and Veltigroup

Growing customer base

- › 2.1 million mobile customers, or 63% of all subscription customers (excluding corporate customers), benefit from unlimited usage (NATEL infinity)
- › 1.2 million customers (+20,8%) with bundled contracts: the main drivers are TV and mobile communications
- › 1.17 million TV customers (+16.5%) – every third household watches Swisscom TV
- › Over 2 million Fastweb customers

Swisscom 2014

Further highlights

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Corporate Business

- › Bundled at 1 January 2014: CHF 2.2 billion in incoming orders (+16%)

Mobile and fixed-line telephony

- › Best mobile phone network: Swisscom wins Connect's network test for the sixth year in a row
- › The expansion of the new 4G/LTE network proceeds at high speed, with 97% coverage at the end of 2014
- › Customers with fibre-optic connections enjoy Internet speeds of up to 1 gigabit per second
- › 1.4 million homes and businesses connected with ultra-fast broadband
- › 588,000 customers directly connected to the IP network

Innovations

- › Swisscom TV 2.0, Teleclub Play and Docsafe
- › Inauguration of new Wankdorf data centre: Watt d'Or award for energy efficiency

ICT trends drive new customer requirements

Whenever, wherever and with any device

Always online
on the Internet



Collaboration and
social media



New interfaces
such as wearables



Artificial intelligence



The Internet of Things,
cloud

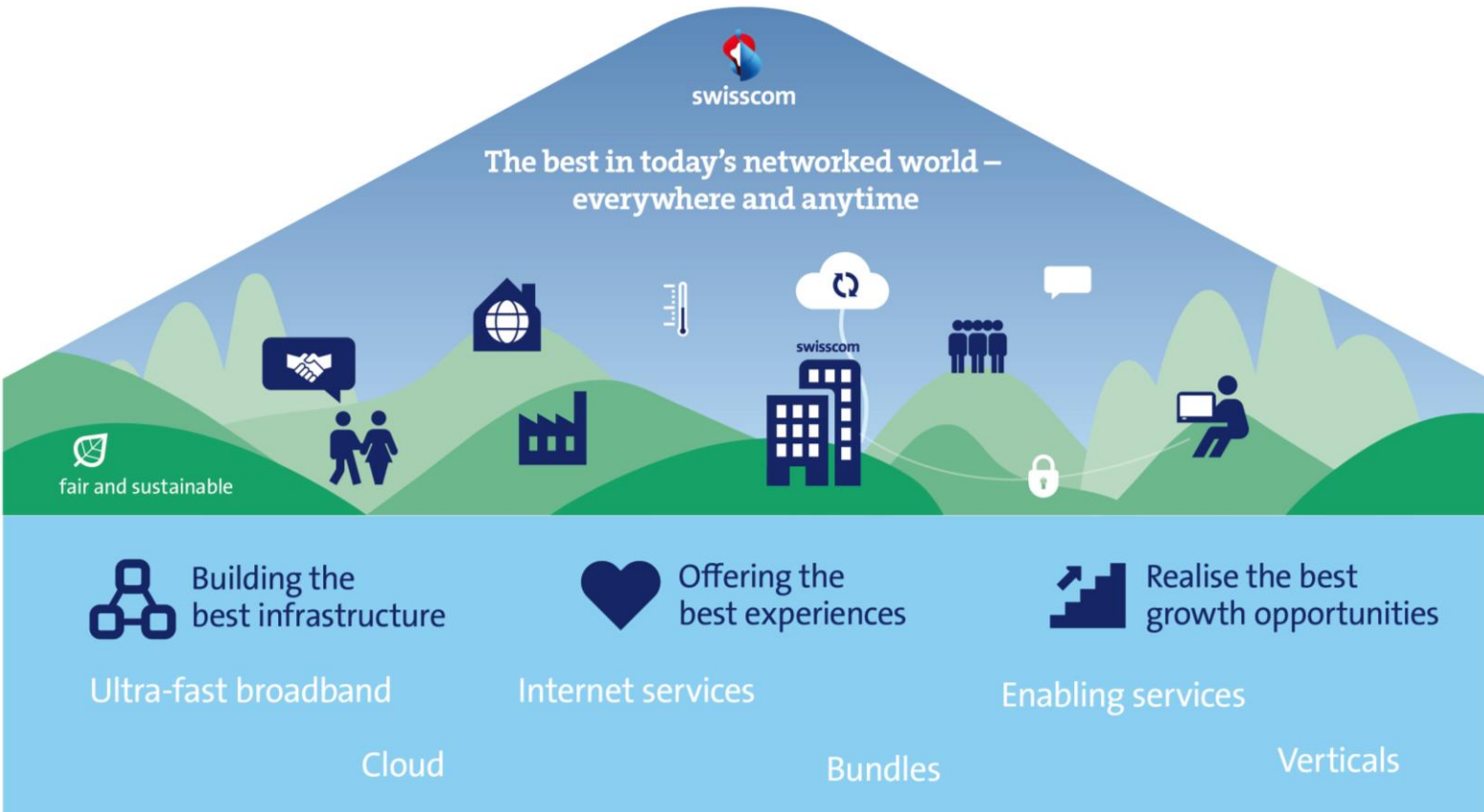


High availability
and data security



Swisscom is structuring the interconnectivity of society

That shapes our strategy and ambition



Acquisition of PubliGroupe

Digitisation offers opportunities in the directory and advertising markets

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- › Acquisition of PubliGroupe on 5 September 2014, over 98% of shares for approximately CHF 475 million – secured majority holding of local.ch for further development
- › Squeeze-out and delisting of PubliGroupe shares planned for the first quarter of 2015
- › Sale of media interests continued, options and strategic importance reviewed for other holdings
- › Digitisation offers opportunities for search services and advertising
- › Merger of local.ch and search.ch (Swisscom 69%, Tamedia 31%)
 - Ruling of competition authorities expected by the end of the first quarter of 2015
 - Swiss providers face competition from global players
 - Social networks serve users as alternative directories
 - Advertisers have many alternatives

Best infrastructure

Leading position in an international comparison

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- › Switzerland holds top spots for broadband coverage according to the Akamai report¹

| | Global rank | European rank |
|---------------------------------------|-------------|---------------|
| Average Internet speed | 4 | 1 |
| 4K coverage (Ultra HD) (>15 Mbps) | 4 | 1 |
| High bandwidth coverage (>10 Mbps) | 4 | 1 |
| Broadband coverage (>4 Mbps) | 3 | 2 |



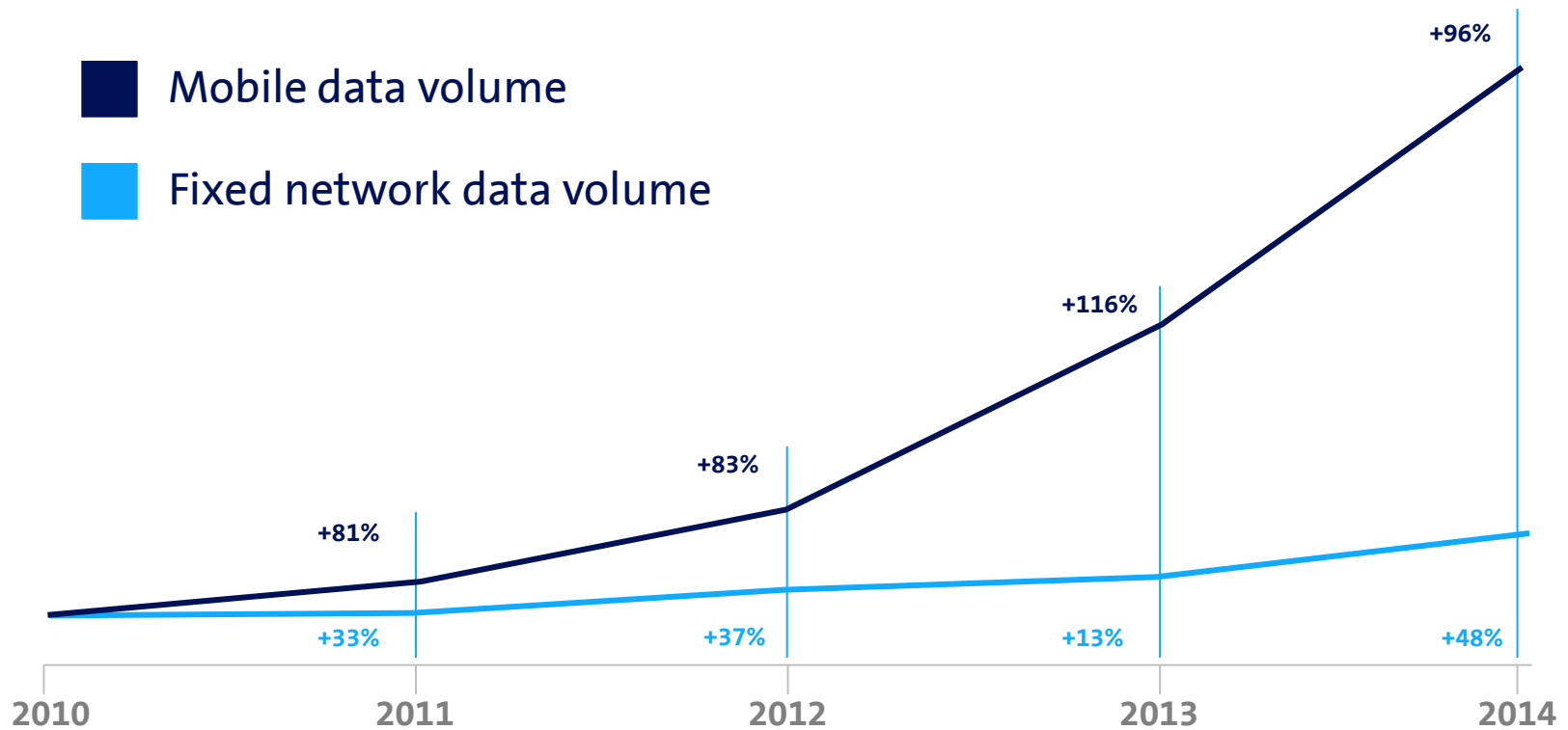
Swisscom wins Connect's network test for the sixth year in a row in 2014

- › Swisscom is making a substantial contribution to this result

¹ The State of the Internet (3rd quarter 2014): <http://www.akamai.com/stateoftheinternet/>

Drastic growth in data traffic

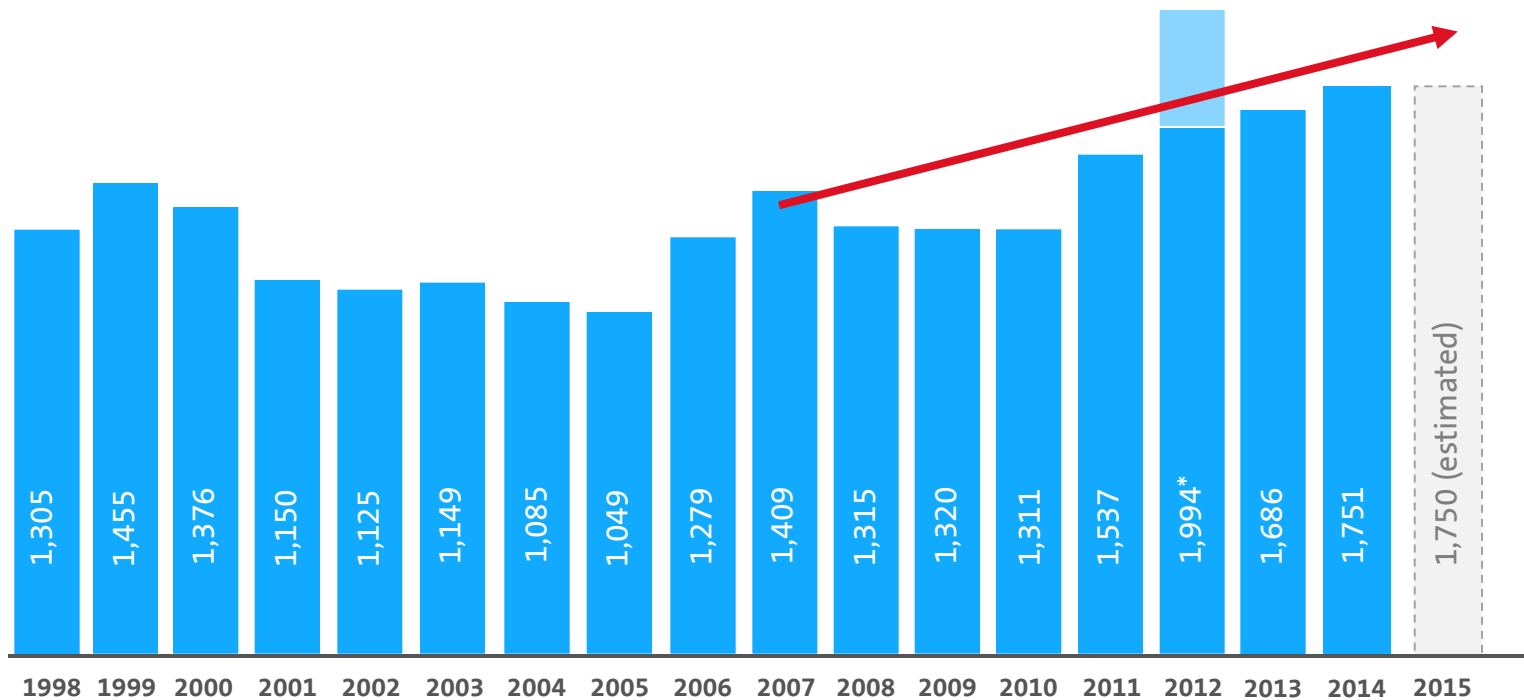
Doubled within the space of a year for mobile communications



Indexed: 2010 = 100%, mobile around 50 million GB, fixed network around 747 million GB

Ongoing high investments in Switzerland as a result of competition and new technologies

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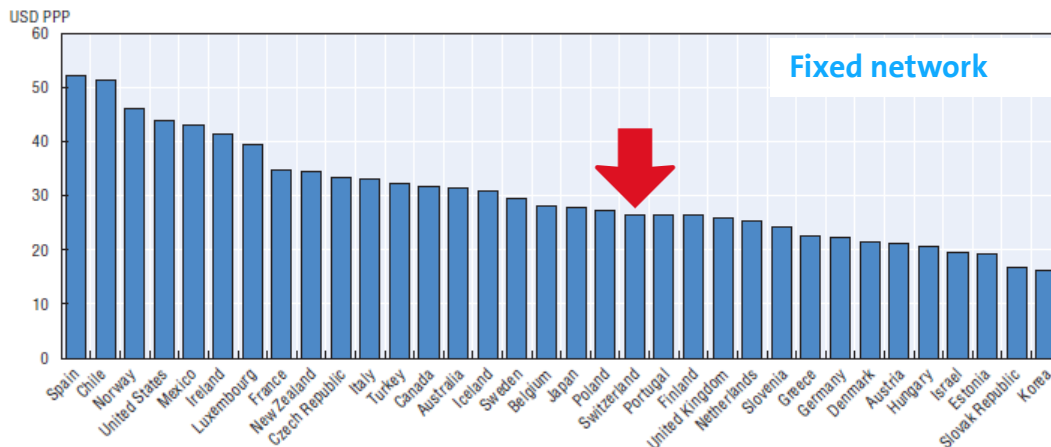
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*including the costs of CHF 360 million for new mobile frequencies

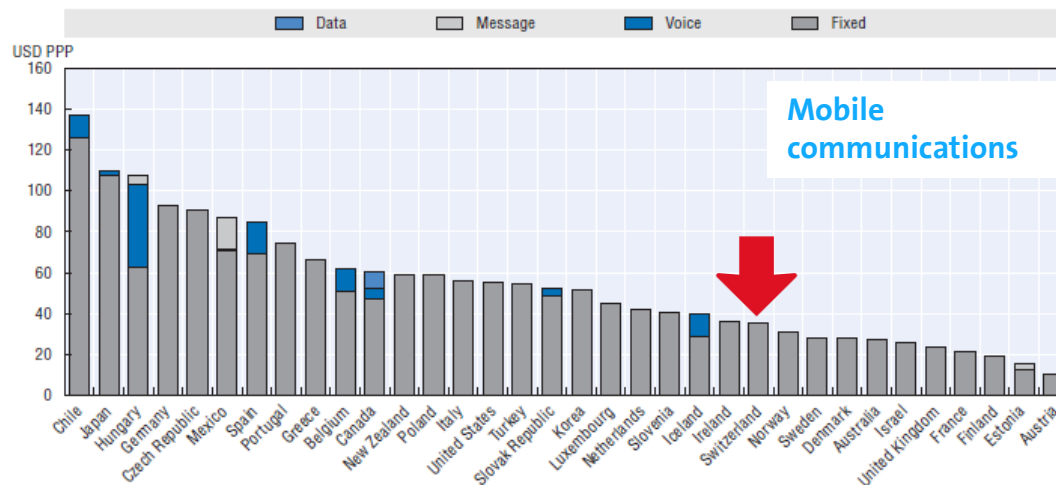
Broadband: fixed line and mobile network

Competitive prices by international comparison

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Prices for fixed-line and mobile broadband in Switzerland for average users are in the lower mid-range worldwide



Source: OECD Communications Outlook August 2013, adjusted for purchasing power parity

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Roaming

Massive price reductions seen in recent years

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- 2004** Simplification and greater transparency with country zones
More attractive prices with first roaming option (Vodafone World)
- 2006** Price reduction Voice in Europe -35% (Euro Passport option) and SMS
- 2007** Voice price reduction in Europe -40%
- 2009** Voice, SMS, data up to -80% (World Option flex)
Data -30% (standard prices)
- 2010** Data up to -80% (new price model)
- 2011** Voice: price reductions CHF -0.05 on the standard price Postpaid and World Option Flex
Data: introduction of cost controls (Data Cockpit) and new data packages
- 2012** Voice CHF -0.05 on all prices, prepaid SMS (CHF -0.50)
- 2013/14** Data price reductions for data packets worldwide
Introduction of 1 GB data packet
- 2014** Additional price reductions for data packets
Reduction of all standard tariffs
- 2015** Further price reductions planned

Telephony, data and SMS: Introduction of inclusive roaming units (NATEL infinity M, L, XL); around one-half of data traffic is no longer billed to customers

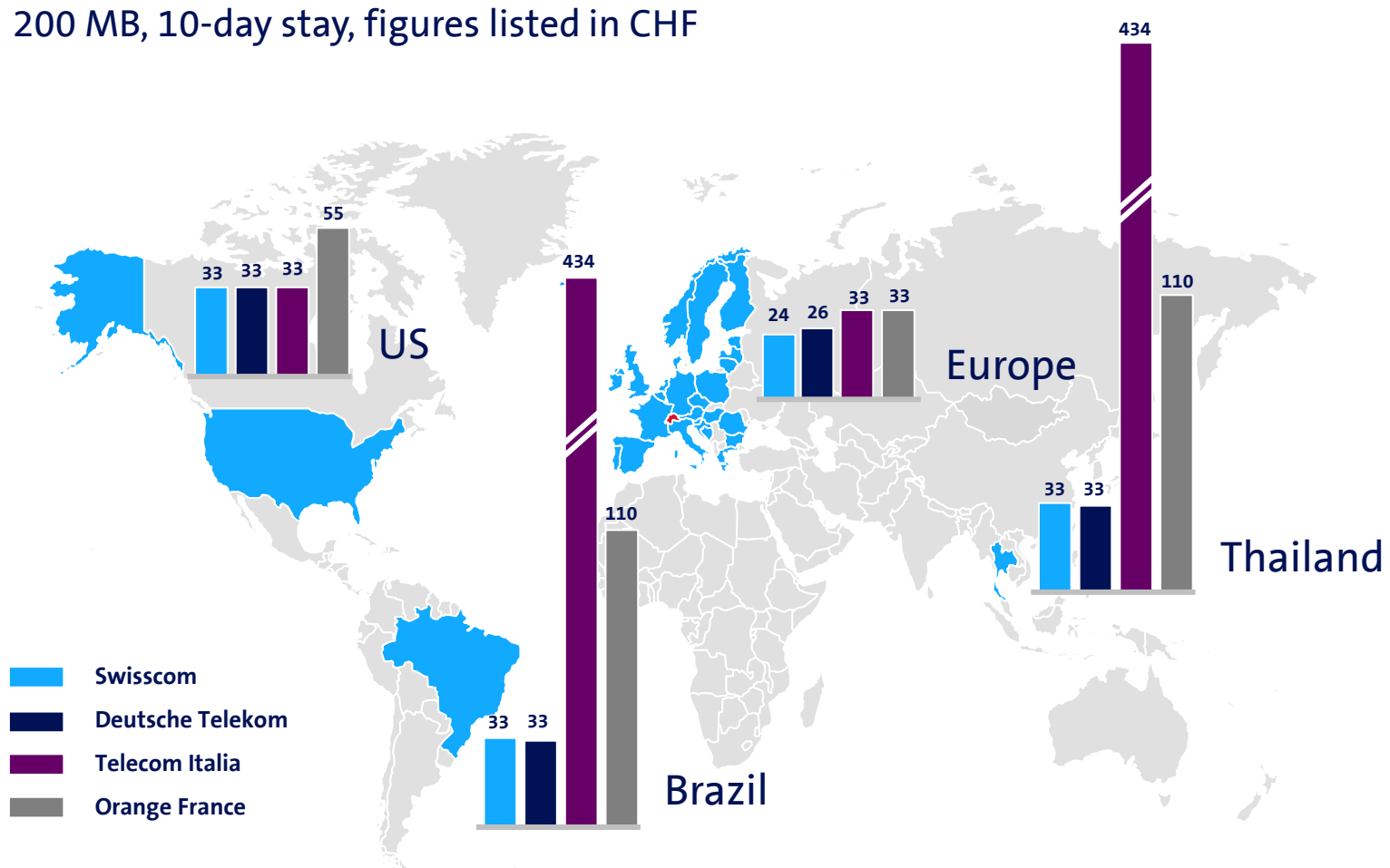
Roaming – Data packet price comparison

How much international users pay their providers

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Bundling of business with business customers

Merged from 1 January 2014

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Swisscom IT Services Ltd

- > **IT Services:** Outsourcing, Workplace, SAP, Banks
- > **One of the leading IT service providers**
- > 3,164 employees

Swisscom (Switzerland) Ltd – Corporate Business

- > **Telco, ICT solutions:** Connectivity, Communication & Collaboration, IT Infrastructure, Security
- > **Connectivity market leader**
- > 2,487 employees

Swisscom (Switzerland) Ltd – Corporate Business

- > **Extensive ICT offering** incl. solutions for the banking, energy and healthcare sectors
- > > CHF 2.3 billion in revenue
- > > 4,800 employees*
- > CHF 2.2 billion in incoming orders (+16%)
- > Acquisition of Veltigroup: Expansion, especially in French-speaking Switzerland

* ~800 employees now at Network & IT and central areas

Fastweb grows faster than the market

Over 2 million customers

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Successful 2014

- › Higher revenue (+2.8%) and EBITDA (+2.0)
- › Customer base increased by 130,000 (6.7%) to 2.07 million despite difficult market environment
- › Nearly 25% market share in the corporate customers business
- › Fastweb is growing 5.5% faster than the market in Italy –
Broadband market share increased by 1 percentage point to 15%

Potential is intact – further expansion of the network

- › The Italian market has potential – business is being developed further
- › Further expansion of the ultra-fast broadband network:
 - Coverage of 7.5 million homes and businesses, or 30% of the population, by the end of 2016

Outlook

Further network expansion

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Sustained price and competition pressure

- › Roaming prices will continue to fall

Mobile communications

- › By the end of 2015: with 4G+ (LTE Advanced) up to 450 Mbps, Wi-Fi calling, VoLTE
- › By the end of 2016: 99% of the population in Switzerland with bandwidths of up to 150 Mbps

Fixed network

- › By the end of 2015: 2.3 million homes and businesses connected with ultra-fast broadband

IT

- › In the next few years, up to 70% of our working and production processes will be moved to the cloud.

Financial outlook for 2015

- › With a EUR exchange rate of CHF 1.00:
 - Revenue: over CHF 11.4 billion; EBITDA: approx. CHF 4.2 billion
 - capital expenditure: CHF 2.3 billion, of which CHF 1.75 billion is to be invested in Switzerland
- › If all 2015 targets are met, a dividend of CHF 22 per share will again be paid

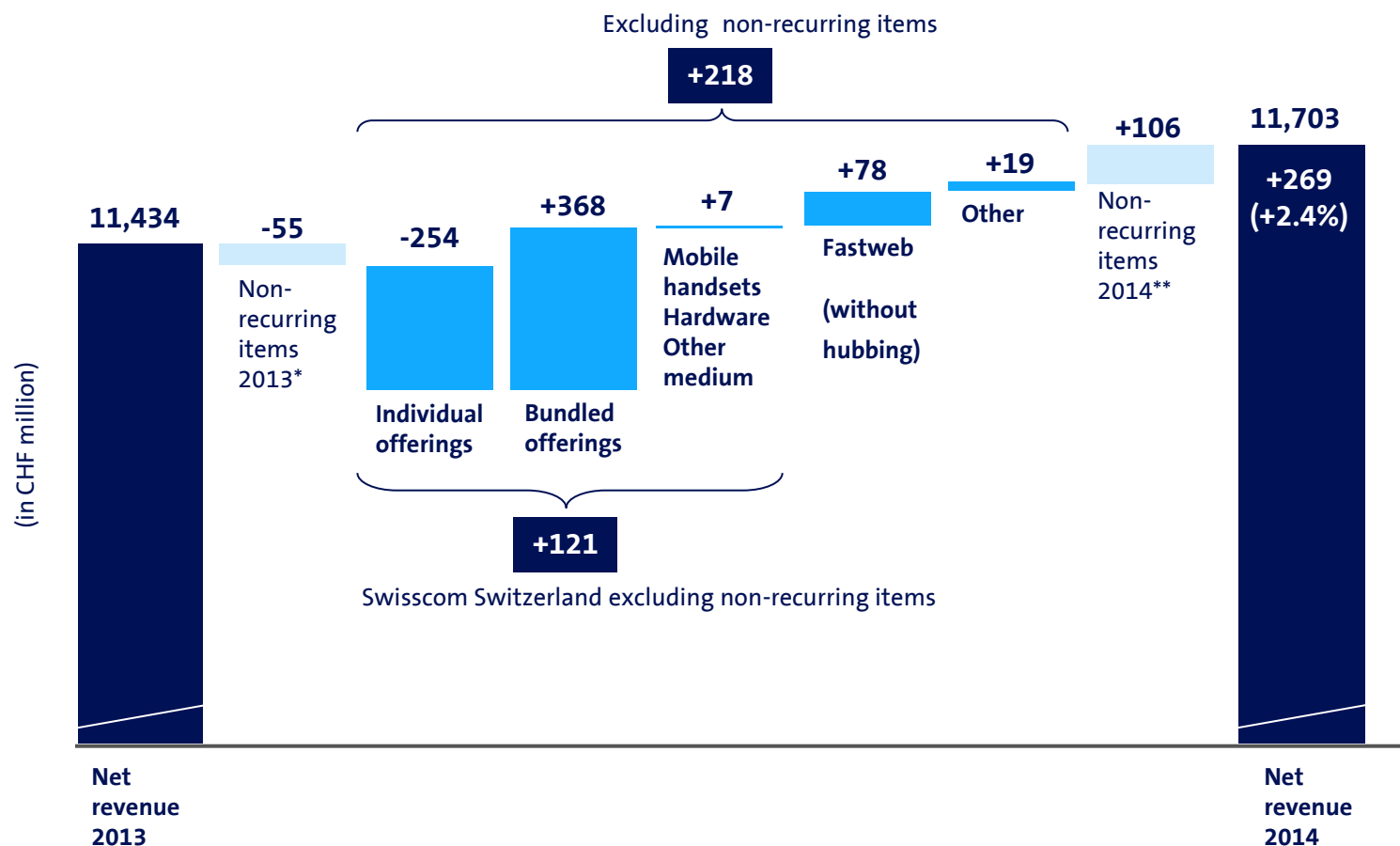
Mario

Rossi

CFO

Revenue

Higher net revenue with CHF 11.7 billion (+2.4%)

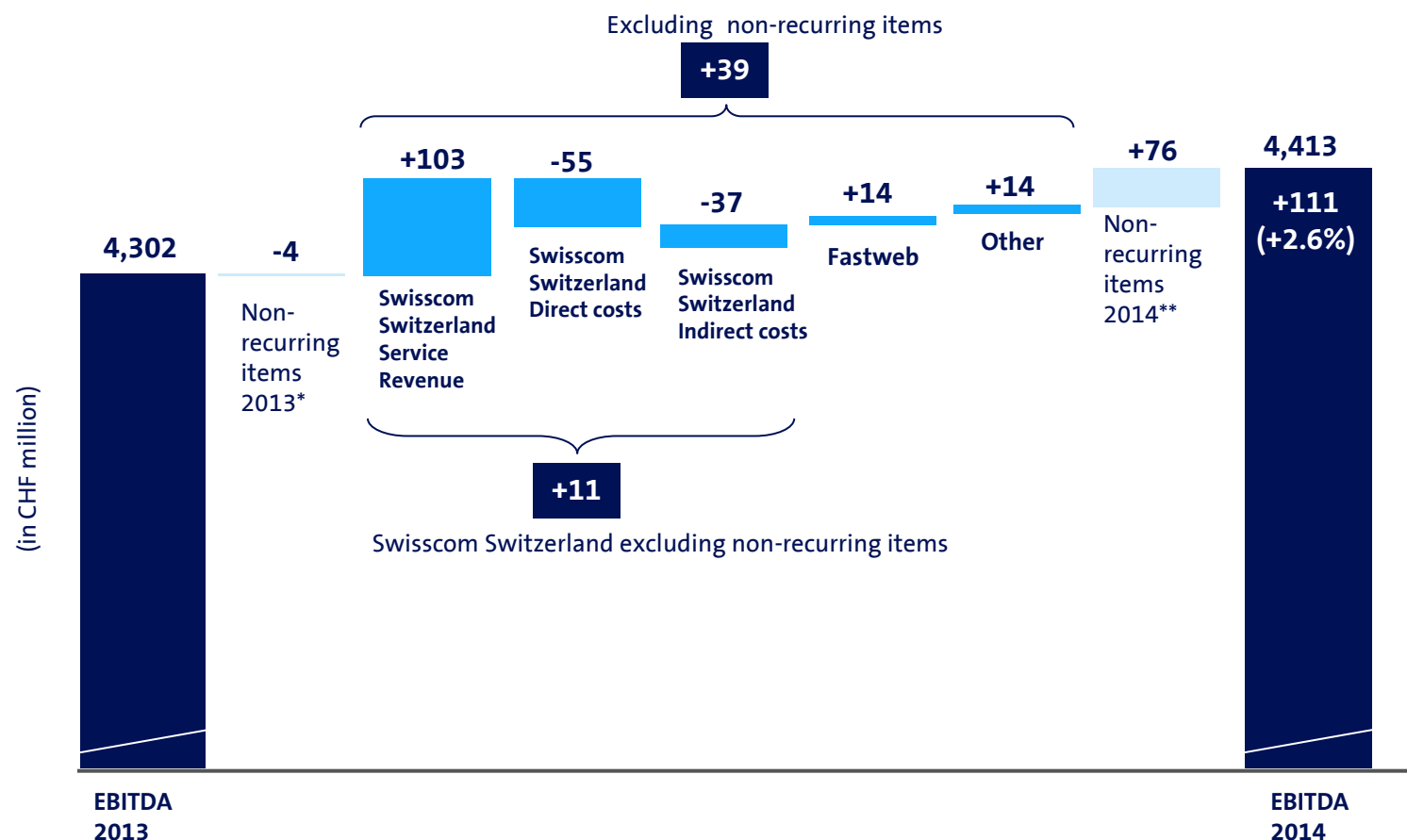


* Non-recurring items 2013: Hubbing (Fastweb) CHF -55 million

** Non-recurring items 2014: Company acquisitions CHF +100 million, hubbing (Fastweb) CHF +34 million, currency effects CHF -28 million

Operating income

EBITDA exceeds prior year at CHF 4.4 billion (+2.6%)



* Non-recurring items 2013:

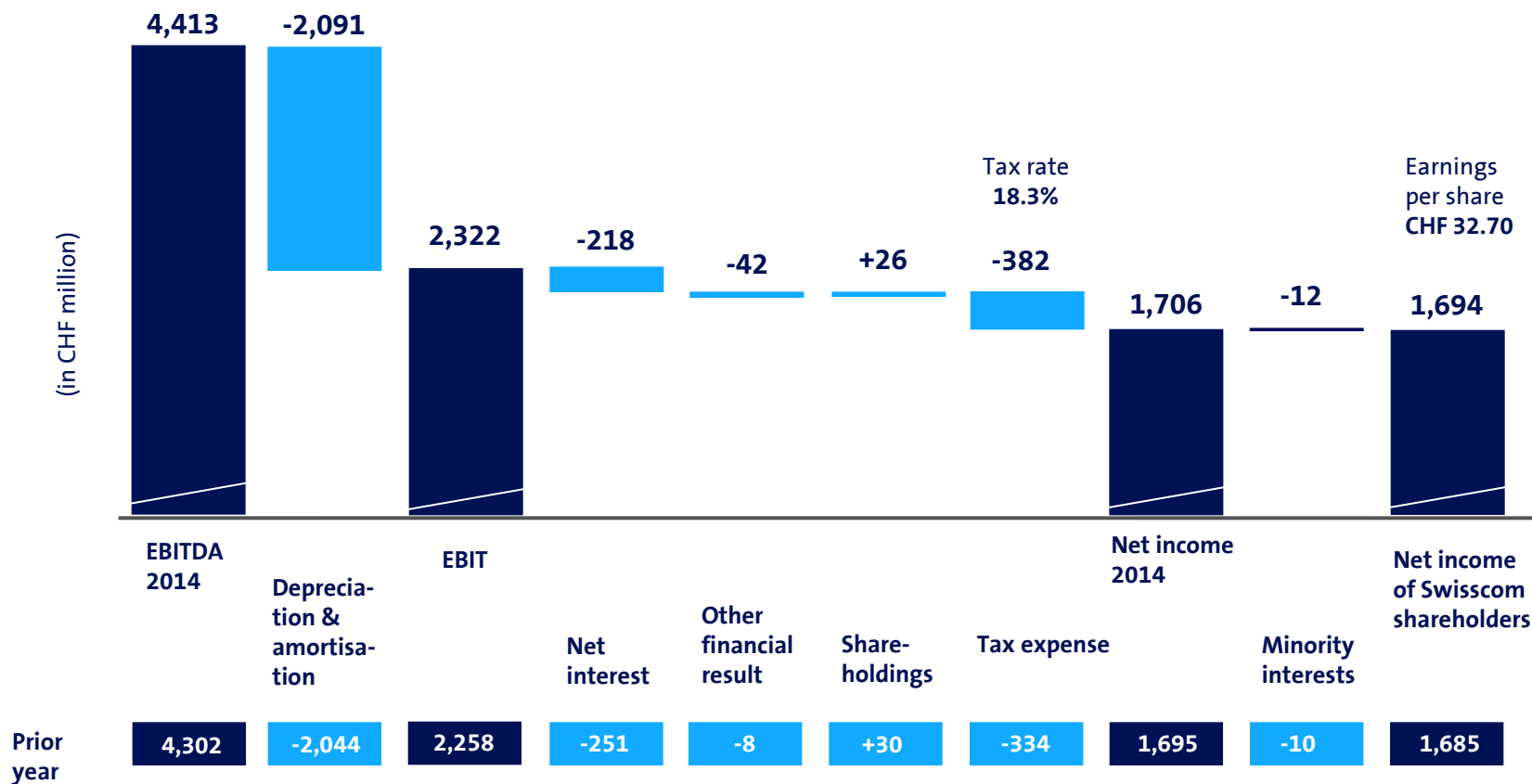
** Non-recurring items 2014:

Termination restructuring costs: CHF -4 million

Company acquisitions: CHF +21 million, real estate sales: CHF +50 million,
employee pensions: CHF +14 million, currency effects: CHF -9 million

Income statement

Stable net income of CHF 1.7 billion



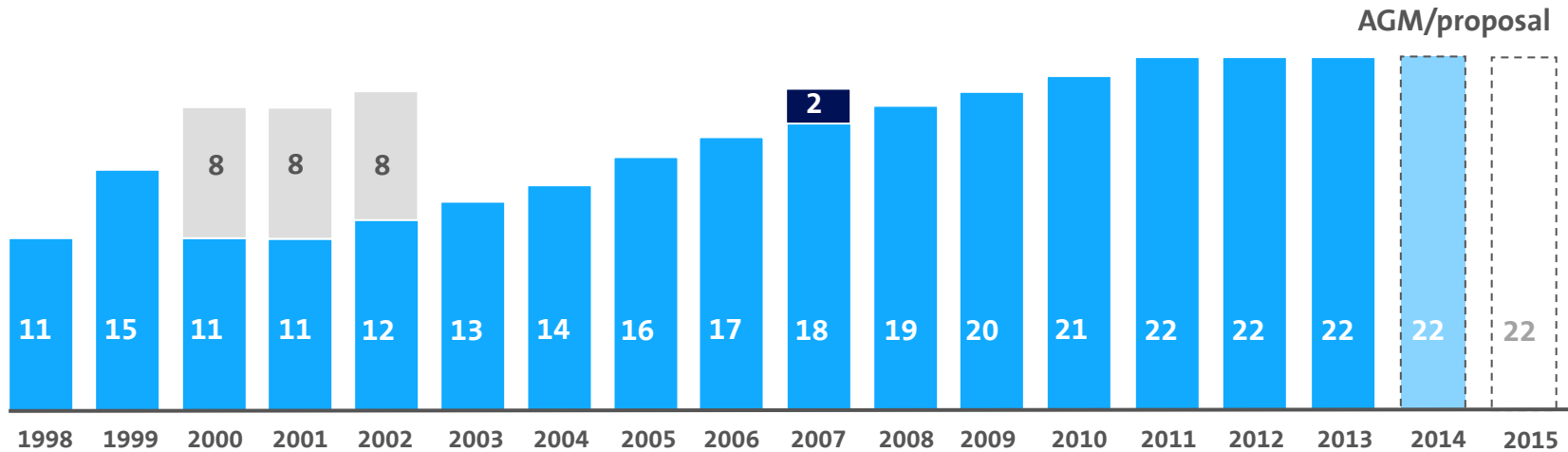
Distributions

Attractive development

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Swisscom distributions since 1998

in CHF per share



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- Ordinary dividend
- Special dividend
- Capital reduction

Financing as at 31.12.2014

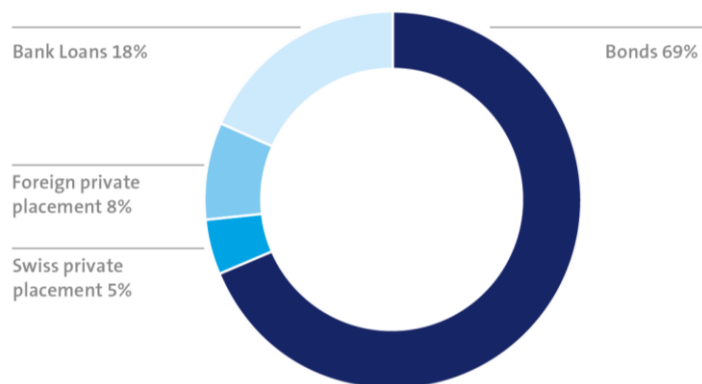
Maturity profile further improved

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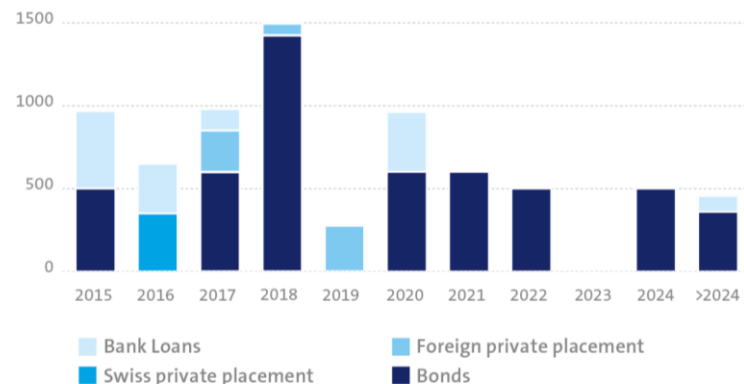
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Financing mix



Maturity profile in CHF million *



- › Average financing costs
- › Average term of fixed-interest rate
- › Breakdown of fixed/variable components
- › Financing in EUR (CHF/EUR 1.20 as of 31.12.2014)
- › EUR interest payments in 2015

2.07%
 4.1 years
 71% / 29%
 1.3 billion, around 20% of all financing
 fully hedged

* excluding finance leasing and money market borrowings

Effects of currency movements

Pro-forma net cash flow in 2014 remains unchanged

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Estimated effects of a EUR exchange rate of CHF 1.00 on 2014 key figures:

Income statement

- › Net revenue (CHF 11.7 billion) with a decrease of nearly CHF 400 million
- › EBITDA (CHF 4.4 billion) with a decrease of around CHF 100 million
- › Net income (CHF 1.7 billion) unchanged

Cash flow statement

- › Capital expenditure (CHF 2.4 billion) CHF 100 million lower
- › Pro-forma net cash flow unchanged (EBITDA minus capital expenditure)

Balance sheet

- › Equity capital of CHF 5.5 billion and net debt of CHF 8.1 billion would each decrease by around CHF 300 million
- › No effects on equity ratio of 26%
- › Ratio net debt/EBITDA unchanged at 1.8

Financial outlook for 2015

Net cash flow of approx. CHF 1.9 billion

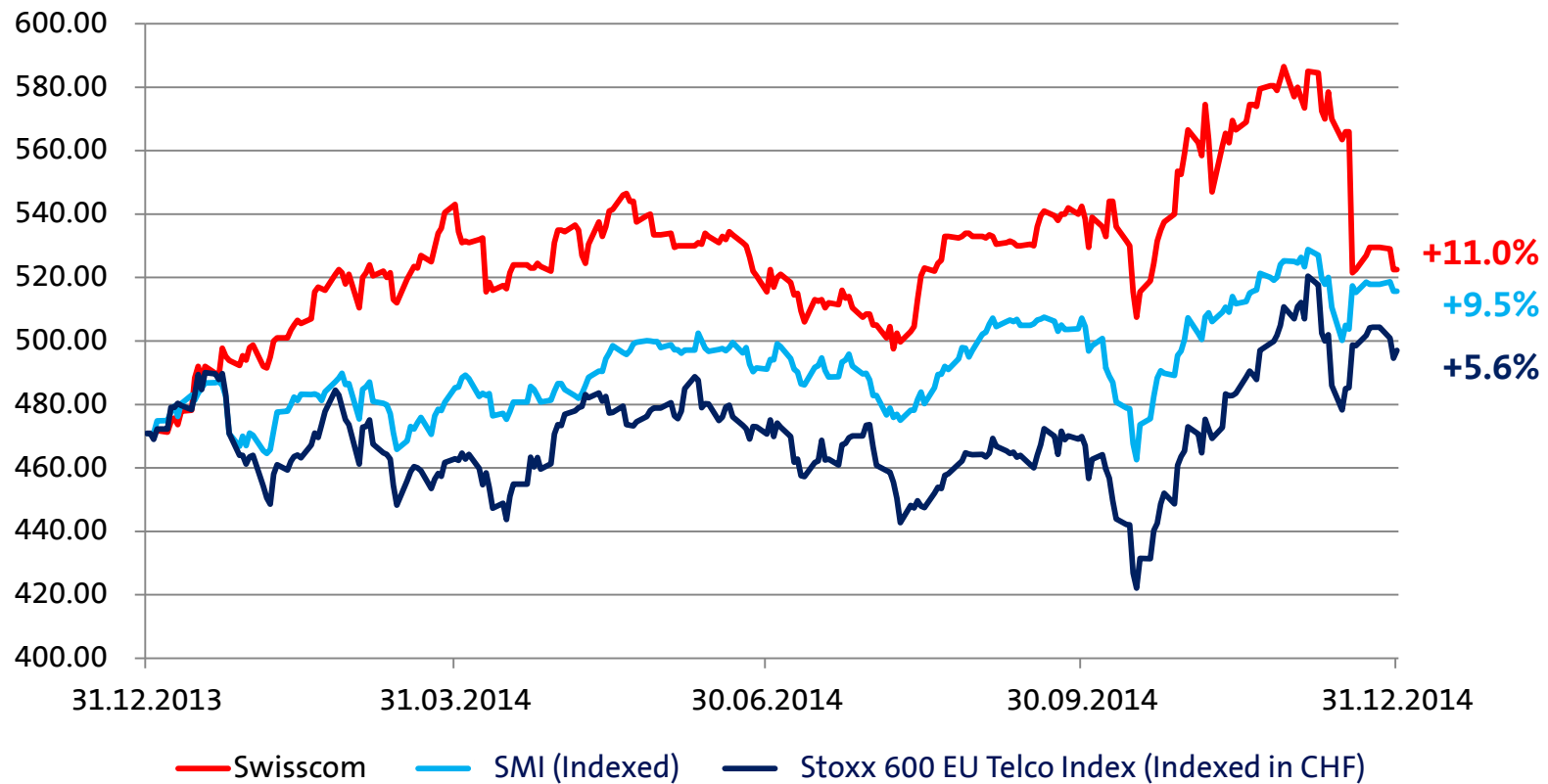
| In CHF billion | 2014 Annual Financial Statements (CHF 1.21/EUR) | Effect of currency | 2014 Annual Financial Statements Pro-forma (CHF 1.00/EUR) | Change 2015 Swisscom excluding Fastweb | Change 2015 Fastweb | 2015 Outlook (CHF 1.00/EUR) |
|----------------|--|-----------------------|---|---|------------------------|-----------------------------------|
| Revenue | 11.703 | -0.4 | 11.331 | +0.1 | 0 | >11.4 |
| EBITDA | 4.413 | -0.1 | 4.315 | -0.1* | >0 | ~4.2 |
| Investments | 2.436 | -0.1 | 2.313 | 0 | <0 | 2.3 |

- > *Higher All IP transformation costs, lower gains on the sale of real estate, higher IFRS pension costs
- > Net cash flow: EBITDA minus capital expenditure

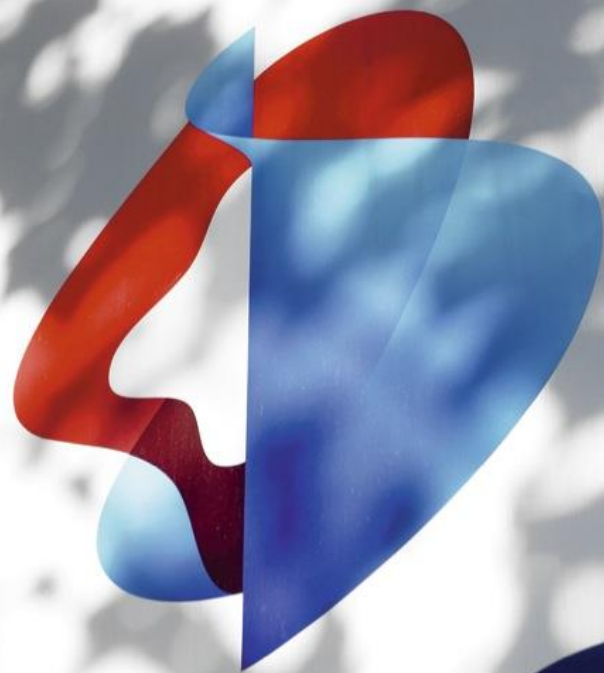
Swisscom share 2014

Comparison with SMI and sector index

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