

Interim report for the third quarter of 2012:

New mobile offerings a resounding success - Slight decline in overall Swiss business - Increase in capital expenditure - Fastweb on track

	1.1.-30.9.2011	1.1.-30.9.2012	Change (adjusted*)
Net revenue (in CHF millions)	8,538	8,427	-1.3% (-0.3%)
EBITDA (in CHF millions)	3,520	3,363	-4.5% (-0.7%)
EBIT (in CHF millions)	2,107	1,909	-9.4% (-3.8%)
Net income (in CHF millions)	1,528	1,387	-9.2% (-1.2%)
Retail broadband access lines Switzerland at 30 September (in thousands)	1,635	1,708	4.5%
Swisscom TV connections Switzerland at 30 September (in thousands)	556	728	30.9%
Mobile access lines in Switzerland at 30 September (in thousands)	5,980	6,153	2.9%
Capital expenditure (in CHF millions)	1,465	1,853	26.5%
Of which, capital expenditure Switzerland (in CHF millions)	1,071	1,458	36.1%
Group employees (FTEs at 30 September)	20,032	19,595	-2.2%
Employees in Switzerland (FTEs at 30 September)	16,588	16,415	-1.0%

* On like-for-like basis and at constant exchange rates



In the first nine months of 2012 Swisscom posted a fall in net revenue of CHF 111 million or 1.3% to CHF 8,427 million and a drop in operating income before depreciation and amortisation (EBITDA) of CHF 157 million or 4.5% to CHF 3,363 million. On a like-for-like basis and at constant exchange rates, revenue was down by 0.3%, EBITDA fell by 0.7% and net income fell by 1.2%. Also on a like-for-like basis, net revenue in the Swiss business was slightly down versus the prior year (–0.4%) to CHF 6,862 million, while operating income (EBITDA) in the Swiss business also reported a year-on-year decline of 0.4% to CHF 2,931 million. Price erosion amounting to CHF 280 million was almost offset by growth businesses. Capital expenditure in Switzerland was up 36.1% to CHF 1,458 million due to the expansion of broadband networks and costs associated with the mobile frequency auction. Fastweb is on track, with revenue increasing to EUR 1,190 million in local currency (+0.3%) and EBITDA rising to EUR 355 million (+1.1%) on a like-for-like basis. The customer base grew by 144,000 or 9.2% to 1.7 million year-on-year. As a result of one-time restructuring costs amounting to CHF 50 million, Swisscom has revised its EBITDA slightly down for the full year to CHF 4.35 billion. All the Group's other financial projections for full-year 2012 remain unchanged. If all targets are met, Swisscom will again propose a dividend of CHF 22 per share for the 2012 financial year at the next Annual General Meeting.

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In the Swiss business, Swisscom posted net revenue of CHF 6,862 million (–0.4%) and EBITDA of CHF 2,931 million (–2.2%). Adjusted for non-recurring expenses, EBITDA for the Swiss business posted a year-on-year decline of 0.4% on a like-for-like basis. Capital expenditure in Switzerland was up CHF 387 million or 36.1% to CHF 1,458 million due to the expansion of broadband networks and costs of CHF 360 million in connection with the mobile frequency auction in the first quarter of 2012.

Sharp decline in traditional business almost offset

Price erosion in the Swiss market amounting to CHF 280 million was almost offset by growth businesses worth CHF 255 million. The trend towards bundled offerings and new price models such as flat-rate tariffs continued during the reporting period. At the end of September, 739,000 customers (+31.3% or +176,000 year-on-year) were already taking advantage of Swisscom's combined offerings such as Vivo Casa and Vivo Tutto, which comprise fixed line access with telephony, Internet and TV or an additional mobile line.

The new Natel infinity mobile subscriptions launched by Swisscom in June 2012, which allow unlimited calling, texting and Internet on all networks, met with a very positive response from customers. At the end of October 2012 630,000 customers were already taking advantage of these new Infinity offerings. The decline in average revenue per user (ARPU) among customers who have switched to Natel infinity is currently CHF 6 per month on average. Swisscom expects the decline in ARPU to continue to slow over the next few months.

The number of mobile lines grew by 173,000 or 2.9% to 6.2 million versus the prior year. The number of postpaid customers grew by 60,000 in the third quarter (single subscriptions and bundled offerings), while the number of prepaid customers fell by 21,000. In the first nine months of 2012 Swisscom sold 998,000 mobile handsets (+1.0%), around 66% of which were smartphones. The number of Swisscom TV connections increased year-on-year by 172,000 or 30.9% to 728,000 (+34,000 in the third quarter). The number of fixed line broadband connections rose by 73,000 or 4.5% to 1.71 million versus September 2011 (+14,000 in the third quarter).

Fastweb grows customer base to 1.7 million

Fastweb increased net revenue excluding hubbing (wholesale revenue from interconnection services) by 0.3% to EUR 1,190 million in local currency. Adjusted for non-recurring income of EUR 56 million resulting from the settlement of a legal dispute with another telecoms provider in 2011, the segment result before depreciation and amortisation rose by 1.1% to EUR 355 million. Fastweb's customer base grew by 144,000 or 9.2% to 1.7 million in the space of a year (+31,000 in the third quarter). Fastweb has posted three times more net customer gains in 2012 than in 2011. The bundled TV and broadband offering launched a year ago in partnership with Sky Italia has attracted 123,000 customers to date.

Financial outlook adjusted for EBITDA

As a result of non-recurring costs amounting to CHF 50 million in connection with the changes in headcount, Swisscom has revised its EBITDA figure down for the full-year from CHF 4.4 billion to CHF 4.35 billion. Other financial projections for full-year 2012 remain unchanged. Swisscom expects net revenue of CHF 11.3 billion and capital expenditure of up to CHF 2.2 billion (excluding expenditure on mobile frequencies amounting to CHF 360 million). Excluding low-margin wholesale business (hubbing), Fastweb expects revenue to remain stable at EUR 1.6 billion. Fastweb is expected to close 2012 with slightly higher EBITDA and slightly lower capital expenditure compared with 2011. If all targets are met, Swisscom will again propose a dividend of CHF 22 per share for the 2012 financial year at the next Annual General Meeting.

Detailed interim report:

<http://www.swisscom.ch/q3-report-2012>

Related documents:

<http://www.swisscom.ch/ir>

Berne, 8 November 2012

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Press Release

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