

15 February 2012, Zurich

Swisscom

Annual Results Press Conference
2012



swisscom



On call for
Switzerland

Carsten
Schloter
CEO

Switzerland: Price erosion reduces revenue – Growth areas: Swisscom TV and mobile data services

4

Swisscom excl. Fastweb

- › Revenue down by 1.1% or CHF 100 million due to price erosion of CHF 508 million which failed to be offset by growth of CHF 404 million

Growth in fixed-line communications ...

- › Successful bundled offerings with 613,000 customers (+51.0%)
- › 608,000 Swisscom TV customers (+44.4%)
- › Total of 1.66 million retail broadband access lines (+4.9%)

... and mobile communications

- › Total of 6 million customers (+3.8%)
- › Doubling of mobile data traffic – smartphones reach 2 million
- › Revenue from data services (excl. SMS) CHF 485 million (+11.5%)

New offerings and trends – Falling prices and greater transparency for customers

5

- › Swisscom TV: Offers for first-time users and new functions such as TV apps
- › Pilot project with next-generation mobile technology LTE (Long Term Evolution) launched in seven tourist regions

Lower prices and greater transparency for customers

- › Phased lowering of roaming rates up to 2014
- › Introduction of data roaming price caps to protect customers from excessive mobile phone bills
- › Discontinuation of automatic renewal of mobile contracts

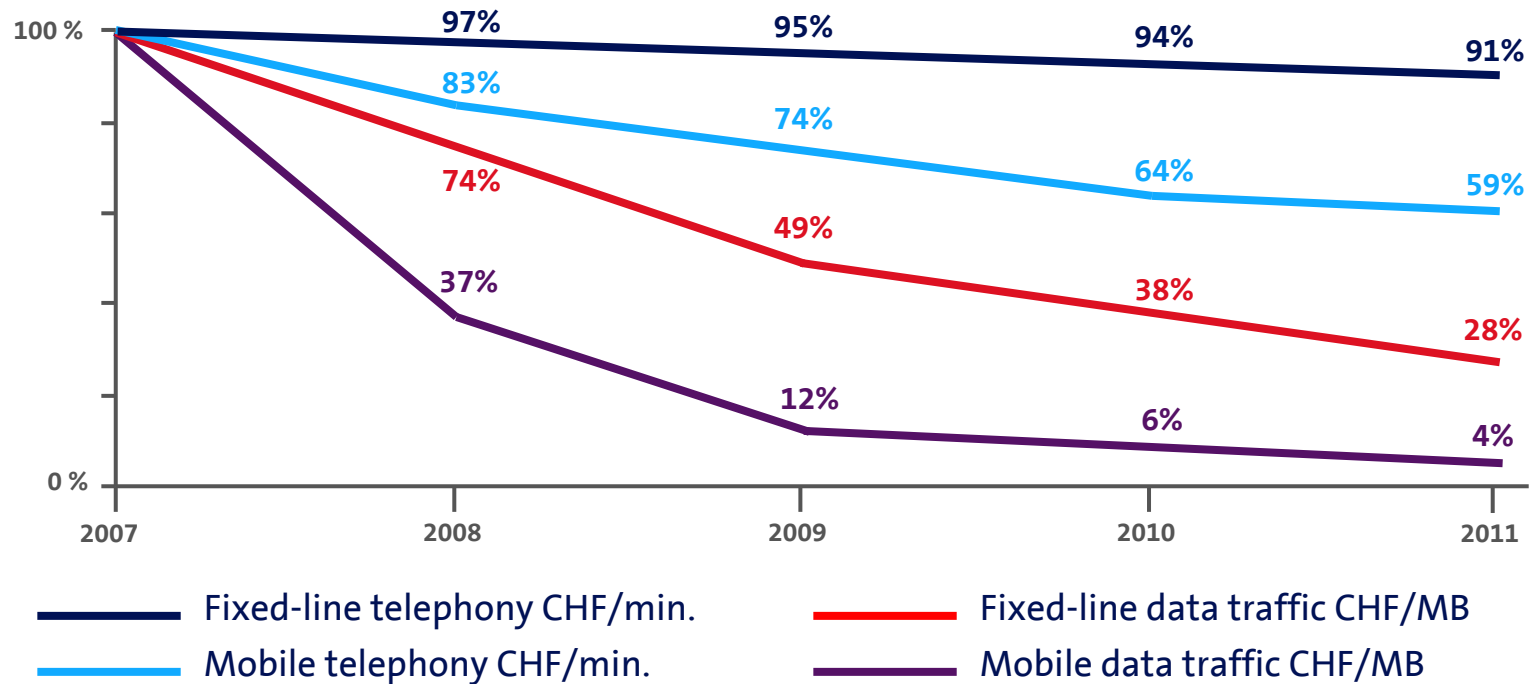
Revenue dynamics 2011 in Swiss business – Major currency effect at Fastweb

6

Price erosion		Volume	
Customer growth and new offerings			
	Σ	Σ	CHF m
<div><div><div>-508</div></div><div><div>-272</div> Mobile data services</div><div><div>-173</div> Mobile (traditional)</div><div><div>-63</div> Fixed network</div></div>		<div><div><div>+404</div></div><div><div>+322</div> Mobile data services</div><div><div>+56</div> Mobile (traditional)</div><div><div>-283</div> Fixed network (e.g. switch to bundles)</div><div><div>+327</div> Bundled products</div><div><div>-18</div> Handsets and other</div></div>	
Swisscom Switzerland	-508	+404	-104
Other segments	At constant exchange rates +14	Currency effect -10	+4
Swisscom excl. Fastweb			-100
Fastweb	At constant exchange rates -181	Currency effect -240	-421
Swisscom Group			-521

Massive drop in prices since 2007, mainly in data traffic

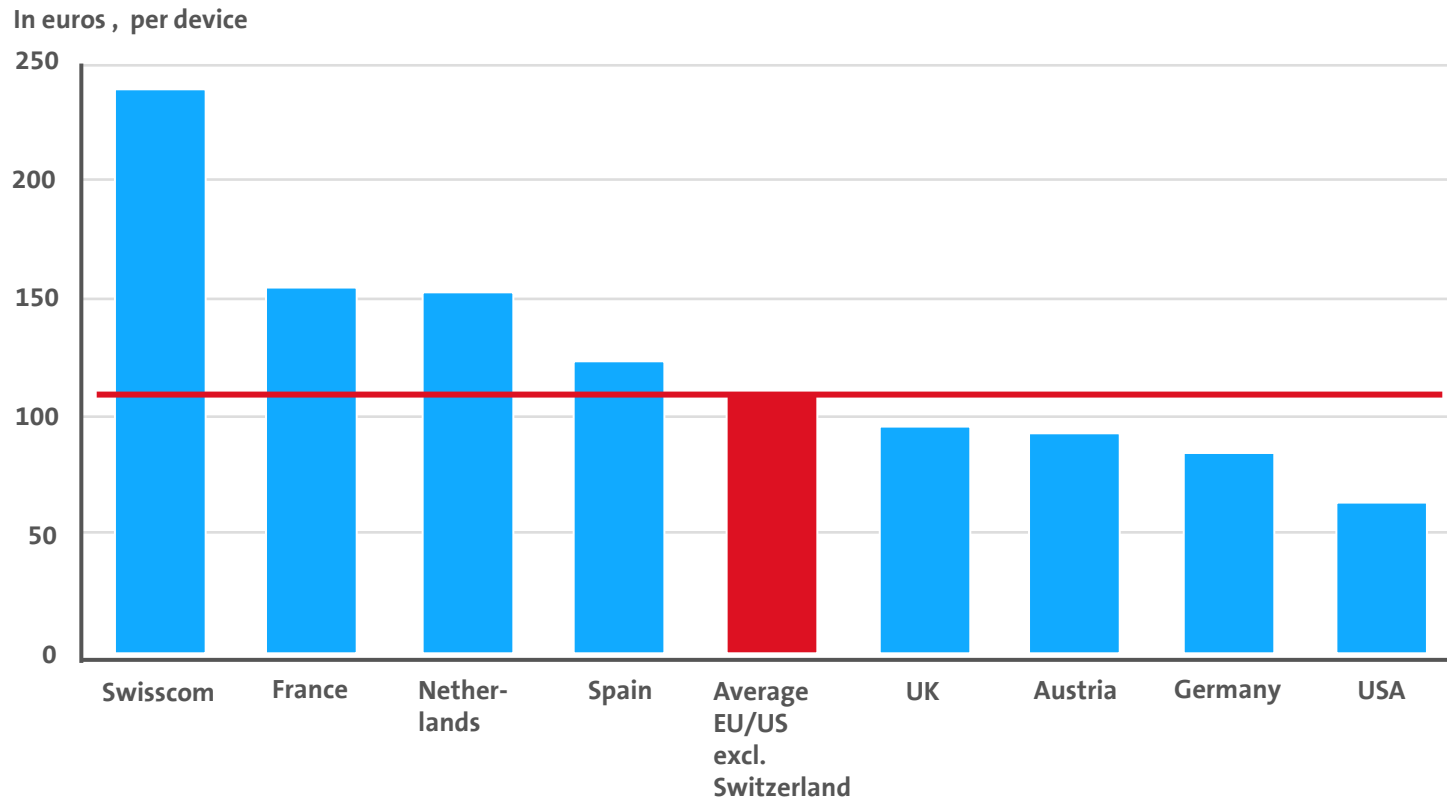
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Average annual values, incl. roaming

Switzerland pays the highest mobile phone subsidies

8

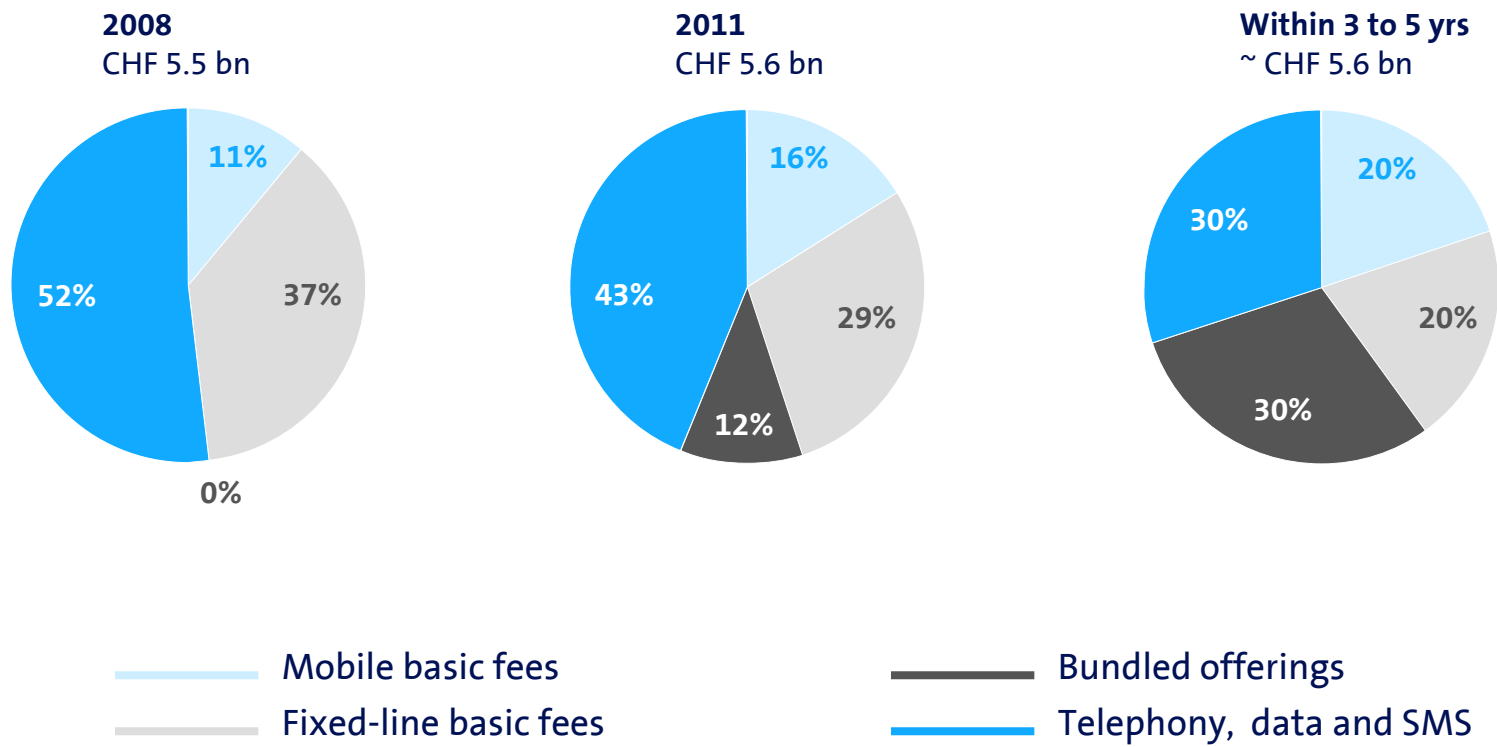


Source: Broker Research Q2 2011 / Exchange rate: 1.25 CHF/€

Trend towards flat rates: Share of services billed per unit continue to fall

9

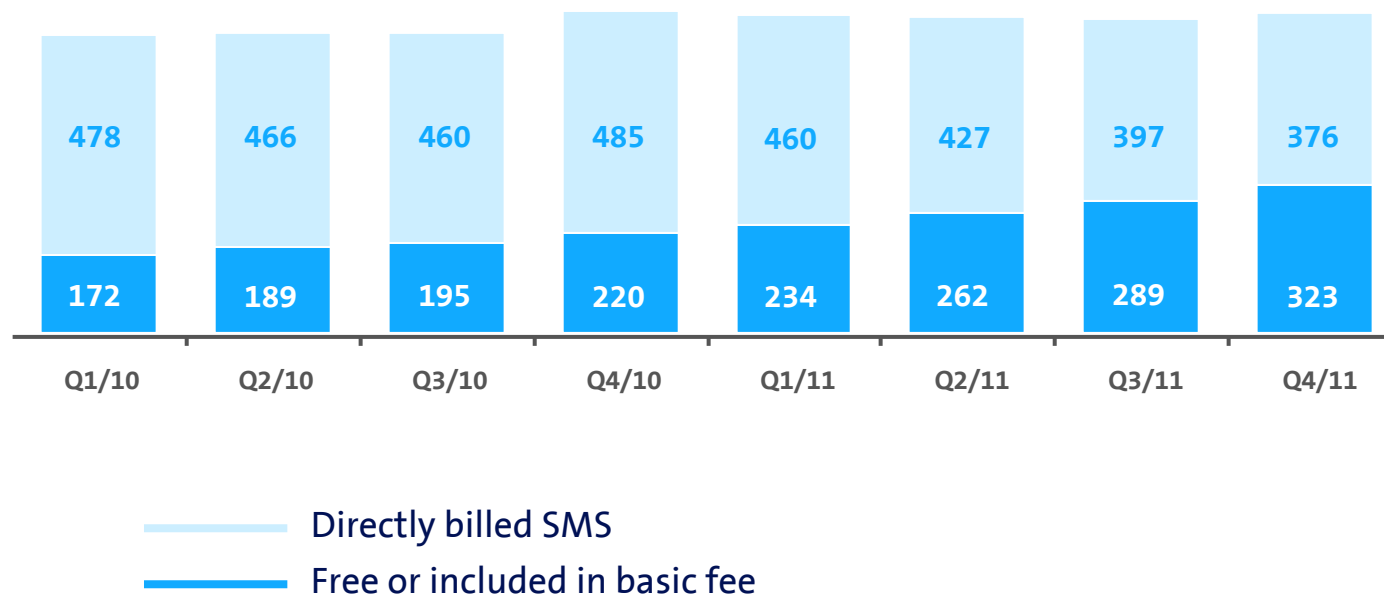
More and more services are included in basic fees and flat-rate charges



Nearly half the volume of SMS messages are included in the basic fee

10

Number of SMS in millions per quarter (Swisscom customers in Switzerland)

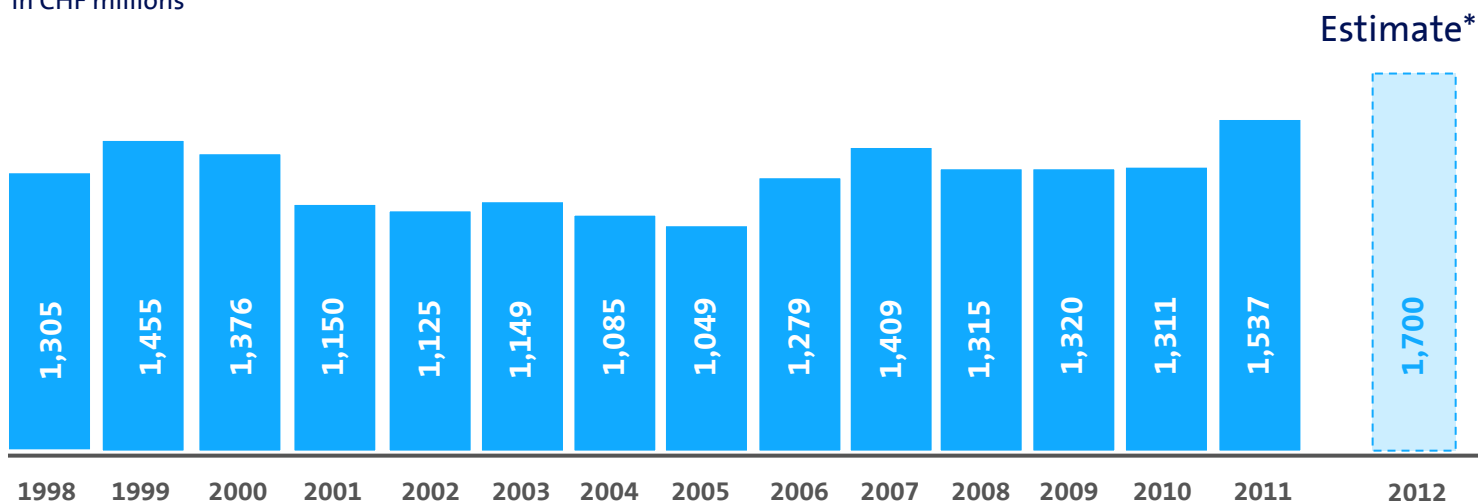


Infrastructure competition and data growth are driving investments in Switzerland

11

Swisscom capital expenditure in Switzerland since 1998

In CHF millions



*Excl. expenditure on mobile frequencies

Switzerland ranks 4th worldwide in terms of per capita investment in telecoms infrastructure

(Source: OECD Communications Outlook, July 2011)

Switzerland has one of the best broadband networks in Europe

(Source: IDATE, June 2011)

Rising capital expenditure also in the mobile network

12

High capital expenditure in Switzerland is set to continue:

- Auctioning of mobile frequencies
- Expansion of next-generation LTE (Long Term Evolution) technology
- Dynamic expansion of the fibre-optic network

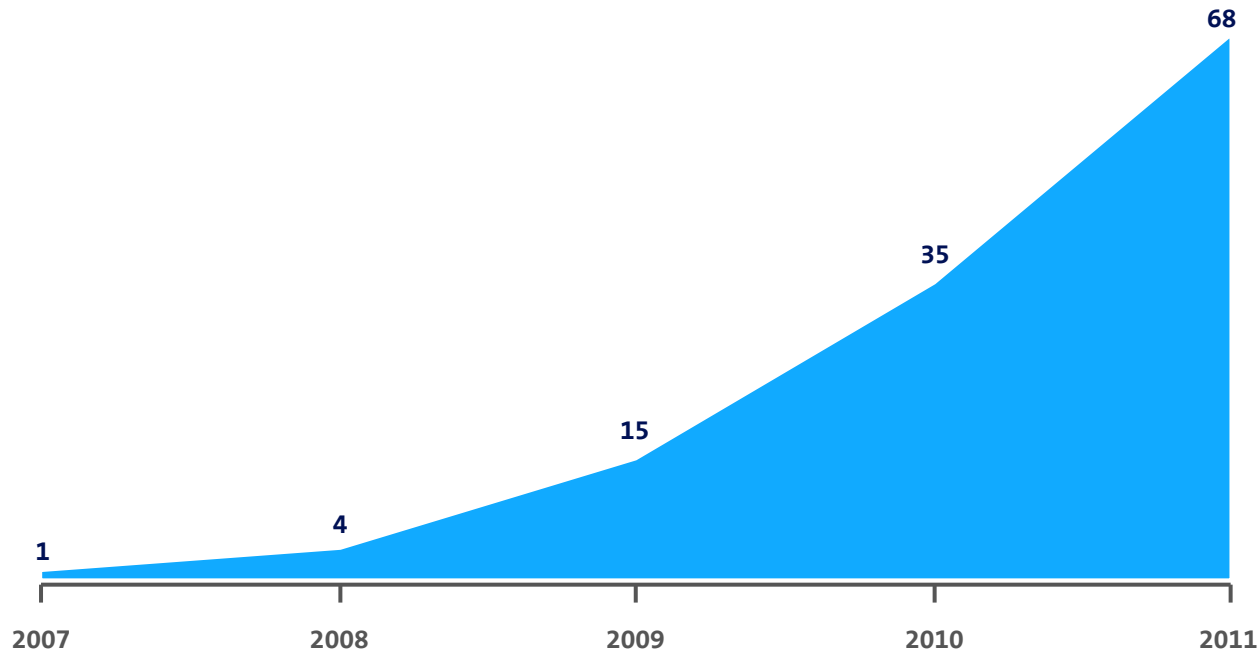
Swisscom is upgrading the 6,000 base stations in its mobile network:
around 300 stations were newly built or upgraded in 2011

- Over 1,000 new stations were connected to the fibre-optic network
(total at end-2011: 3,000)

Mobile communications: Data traffic is doubling every year

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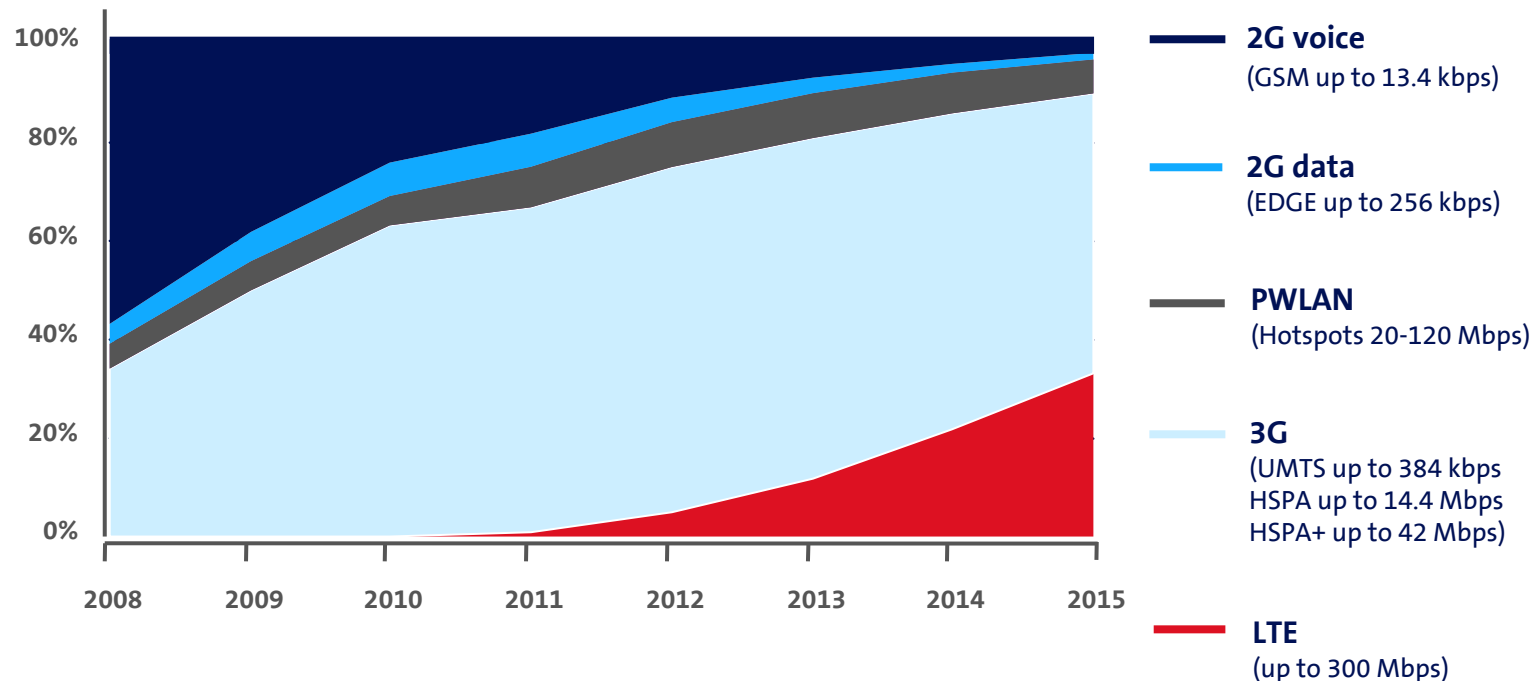
In just four years mobile data traffic increased by a factor of 68



Mobile communications: New technologies support much bigger bandwidths

14

Traffic shares in %



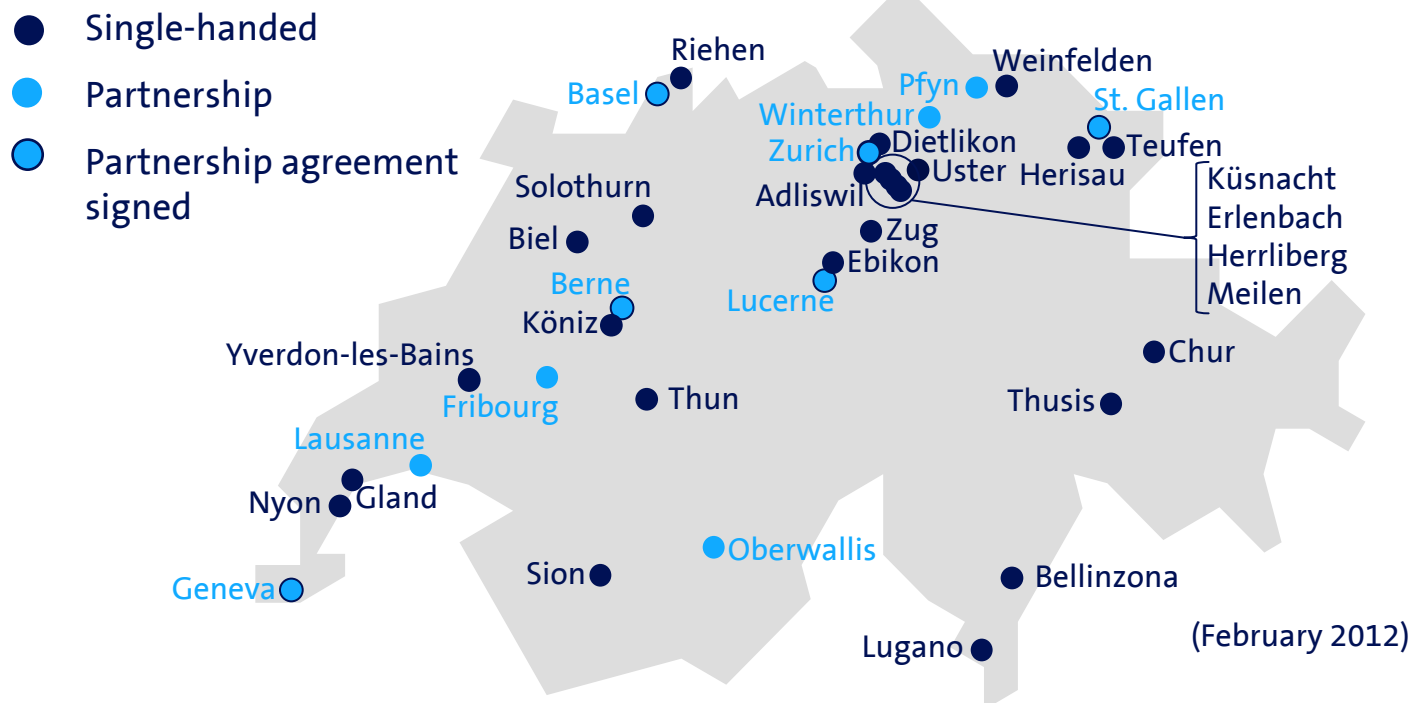
Rapid expansion of fixed broadband with fibre-based technology mix

15

- Swisscom continues to expand its broadband offerings across Switzerland by bringing fibre-to-the-curb (FTTC) and fibre-to-the-home (FTTH)
- Fibre is rolled out to a new household or business in Switzerland every two minutes, reaching around 10% of households by end-2011
- Up to 2015 Swisscom will invest a total of around CHF 2 billion in fibre-optic expansion (FTTH), connecting a million or so households and businesses
- Fibre-optic partnerships continue: Intervention by the Competition Commission led to the partnership agreements being amended, but new agreements have already been signed again with Zurich, Basel, Berne and Lucerne
- 2011 also saw the installation of 900 neighbourhood cabinets and the rollout of fibre-to-the-curb (FTTC) to 250,000 households and businesses
- Swisscom is evaluating various fibre-optic technologies in an effort to supply the population with more bandwidth and enhanced performance even more quickly

Fibre-optic expansion (FTTH) currently under way in 36 towns and communities

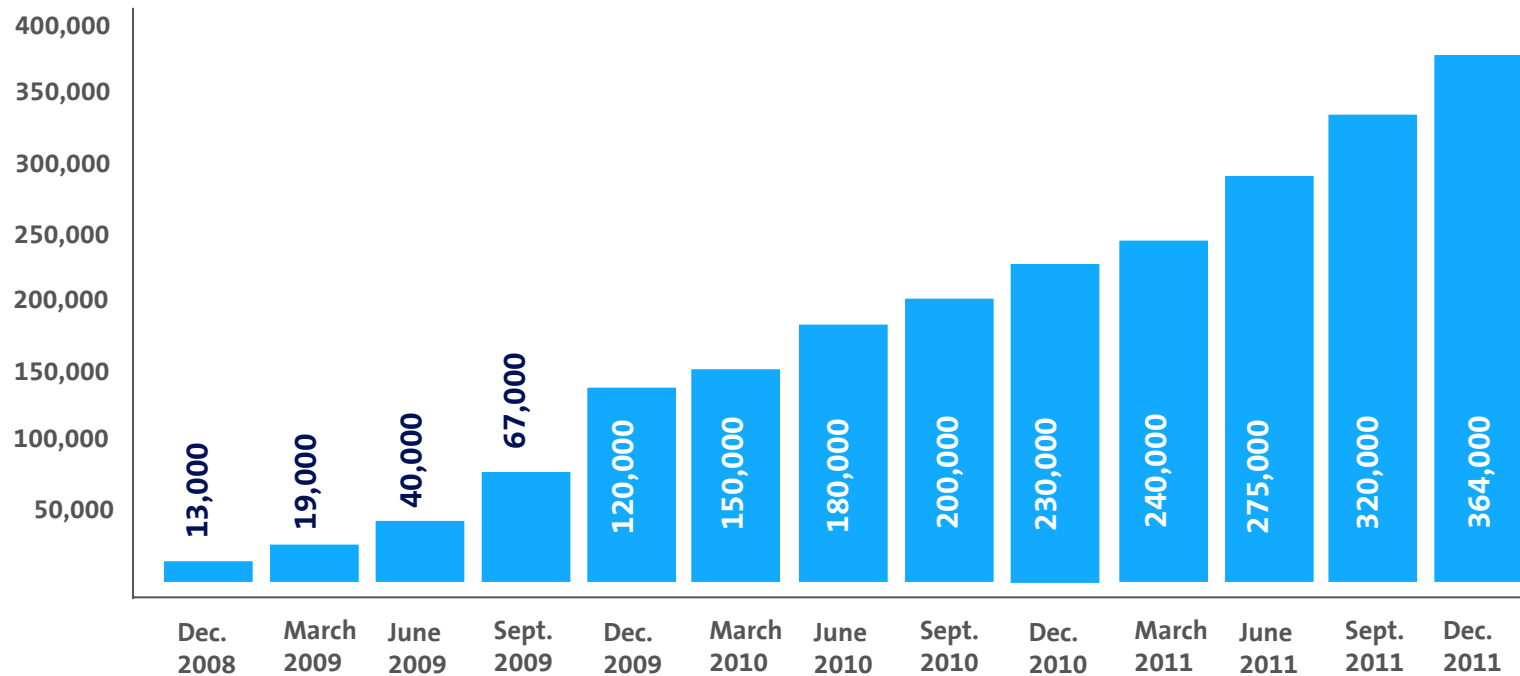
16



Partnerships and agreements alone will ensure FTTH rollout to over 25% of households and businesses

FTTH has already been rolled out to 364,000 households and businesses

17



Swisscom IT Services – Growth in SAP business

18

- Leading provider in the Swiss IT services market, specialising in outsourcing, workplace management, SAP and services for the financial sector
- Revenue from external customers: CHF 531 million
- Construction of a new modular high-security data centre in Berne Wankdorf with a view to launching new business platforms (cloud services)
- Broad range of IT services: consulting, systems integration, operation of complex IT infrastructures
- Acquisition of Cirrus Group and EFP Group in order to further grow SAP business

Fastweb: Challenging environment leads to impairment

Successful corporate business

19

- Challenging business environment coupled with lower growth prospects result in impairment charge at Fastweb, reducing Swisscom's net income by CHF 1.2 billion
- Net revenue down 7.1% to EUR 1,746 million due to competition and price pressure
- EBITDA of EUR 506 million exceeds capital expenditure of EUR 448 million
- Adjusted customer growth of 68,000 to 1.6 million
- 71,000 customers sign up for bundled offering for satellite TV and broadband Internet launched at end-Q1 2011
- Successful corporate business: corporate customer revenue up 1.7% to EUR 537 million
- Cost cuts of EUR 120 million over the next two years

Outlook for 2012: Anticipated fall in revenue coupled with rise in capital expenditure

20

- › Expansion of position in digital TV market
- › Growth in bundled offerings, on the one hand, versus continuing price erosion on the other
- › Accelerated IP substitution in the mobile sector
- › Expansion of broadband infrastructure:
fixed network(optical fibre FTTH/FTTC) and mobile network (LTE)

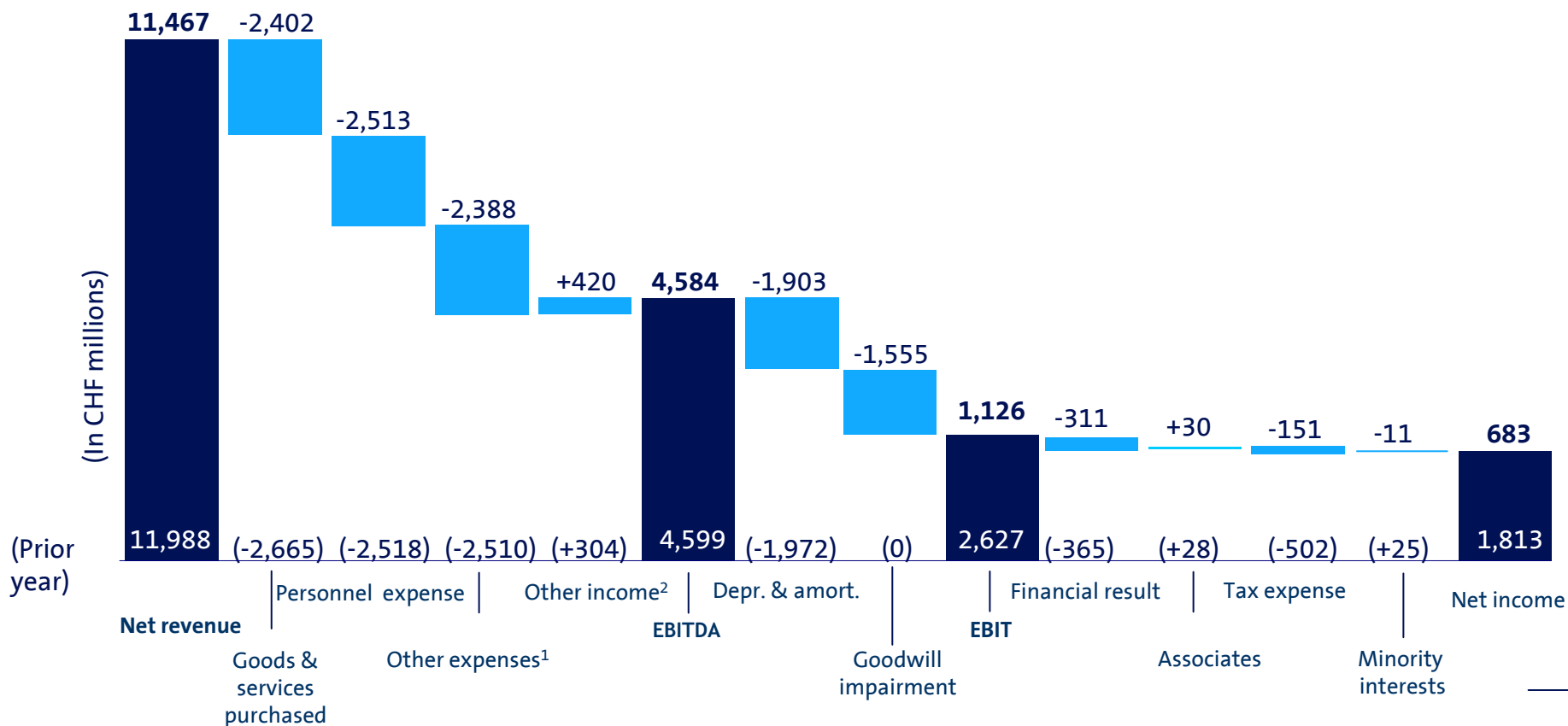
Financials

- › Assumption: average CHF/euro exchange rate in 2012: 1.23
- › Net revenue CHF 11.4 billion, EBITDA CHF 4.4 billion, capital expenditure CHF 2.2 billion (excl. expenditure on mobile frequencies)
- › Of which, capital expenditure of CHF 1.7 billion in Switzerland; increase due to construction of next-generation network
- › Fastweb posts higher operating income
- › Capital expenditure set to remain high in the years ahead
- › Unchanged dividend of CHF 22 per share contingent on meeting targets

Ueli
Dietiker
CFO

Income statement: Net income down year-on-year due to goodwill impairment charge relating to Fastweb

22

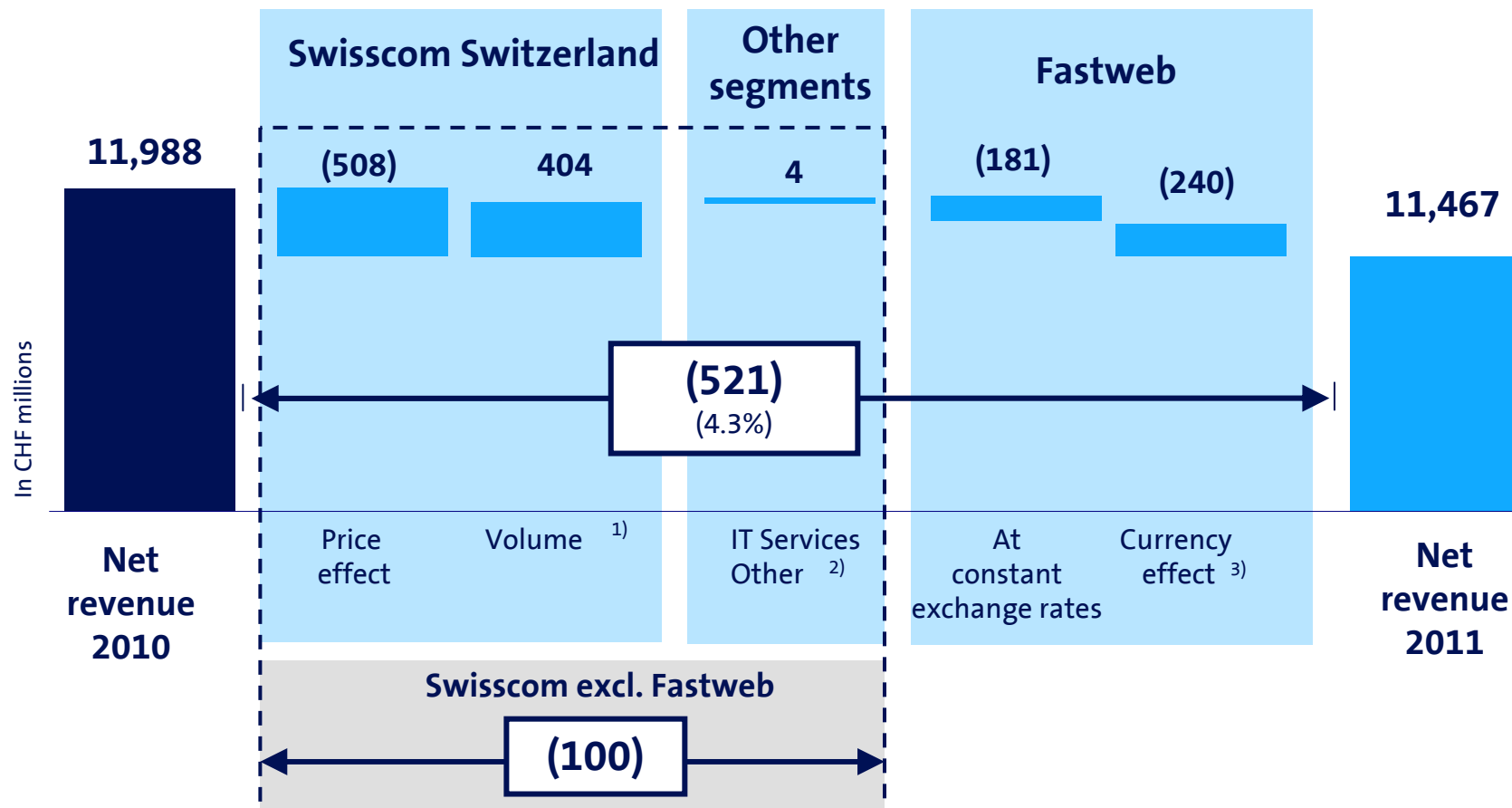


1) Incl. recognition of provision in 2010 for VAT proceedings against Fastweb

2) Incl. capitalised costs

Revenue: Price erosion in Switzerland outweighs volume growth – Consolidated revenue also impacted by weak euro and highly competitive business environment in Italy

23



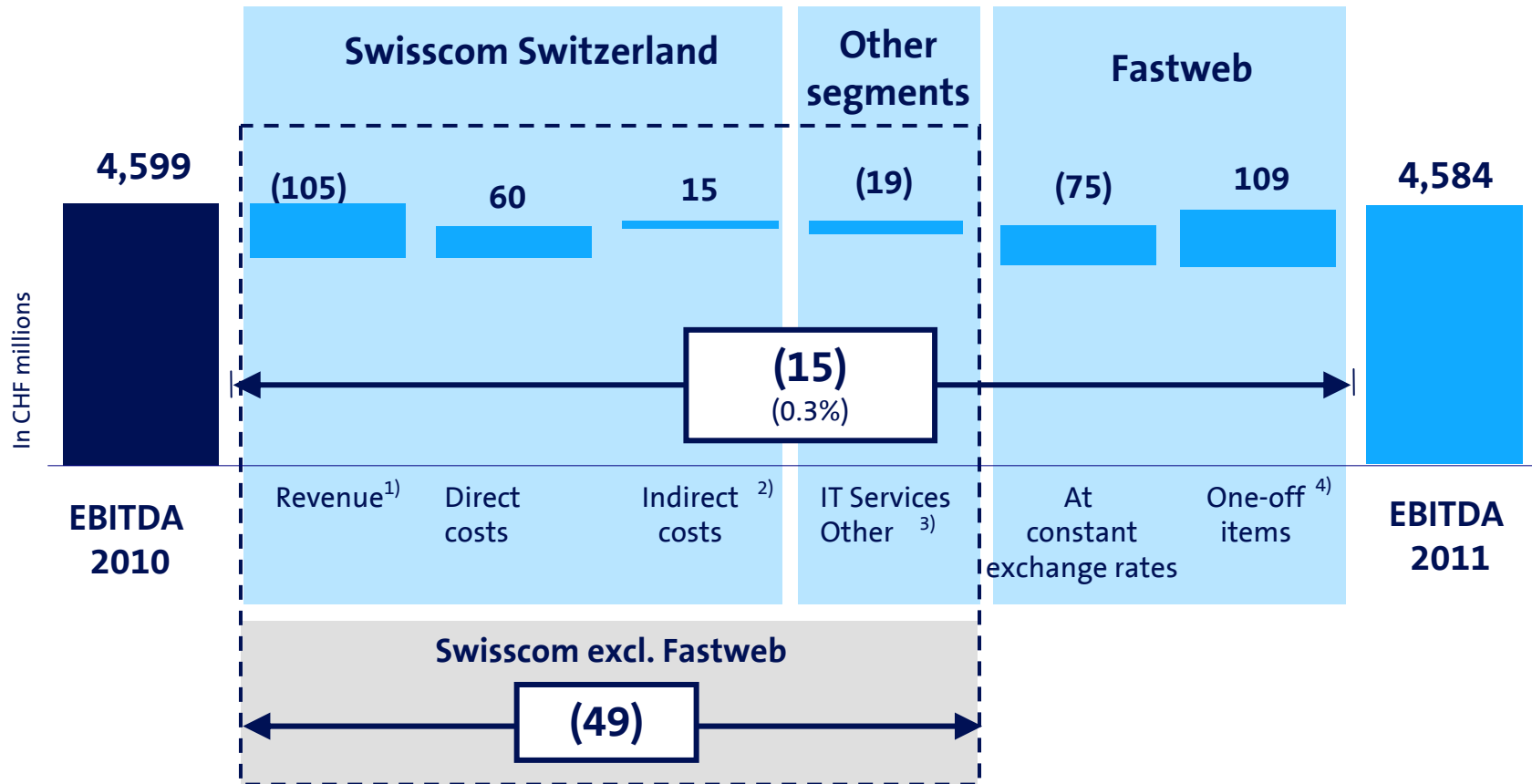
1) Incl. usage, customer growth, devices and other services

2) Incl. Swisscom Participations and Hospitality Services

3) Currency effect Fastweb CHF/EUR: 1.370 (2010) vs. 1.232 (2011) -> CHF -240 million

Operating result: EBITDA stable at prior-year level

24



1) Incl. revenue with other segments

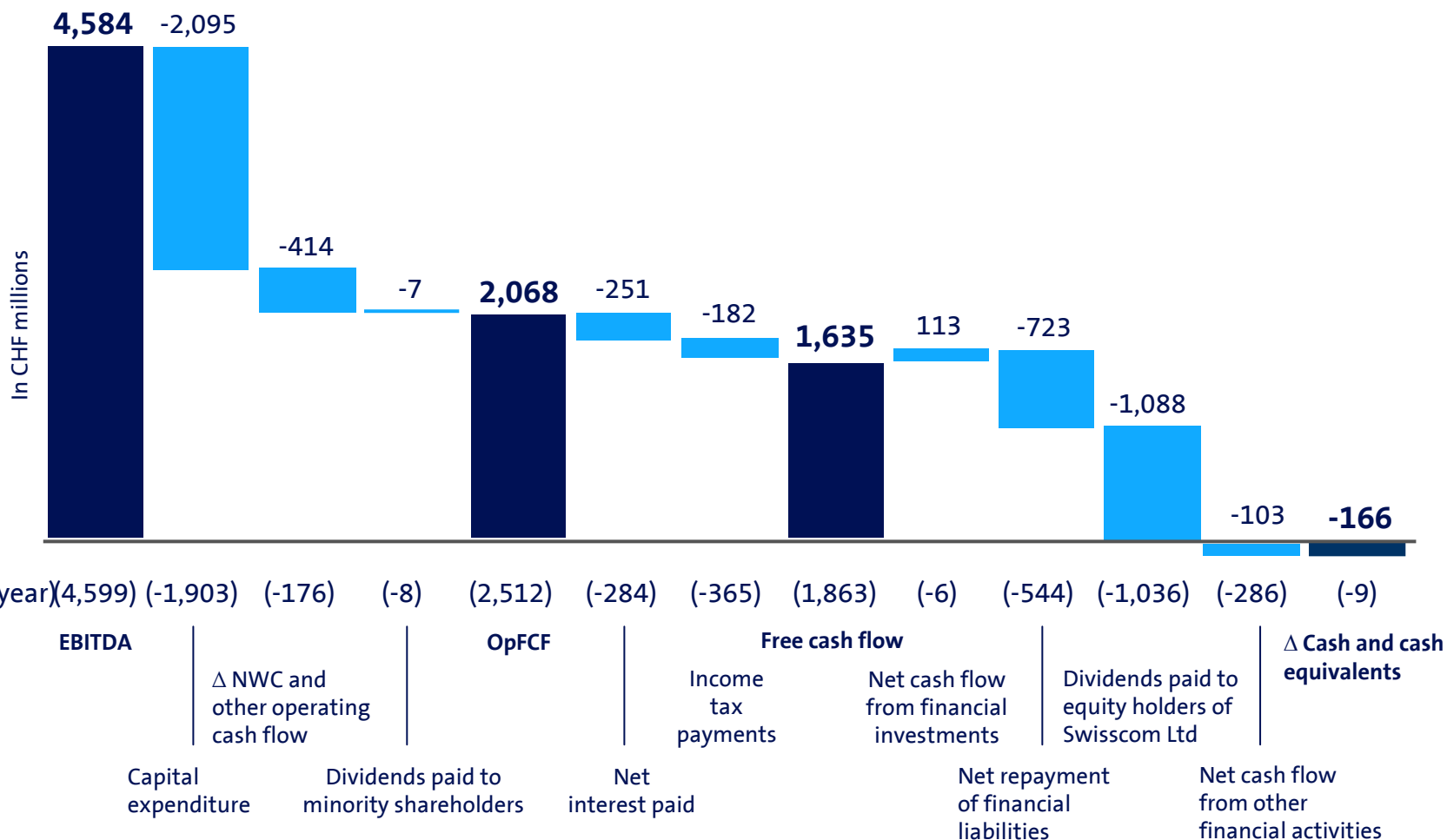
2) Incl. other income and capitalised costs

3) Incl. Swisscom Participations, Hospitality Services, Group Headquarters and intercompany eliminations

4) VAT proceedings 2010 CHF +102m; legal settlement 2011 CHF +69m; currency effect Fastweb CHF -62m

Cash flow: Operating free cash flow CHF 2.1 billion

25

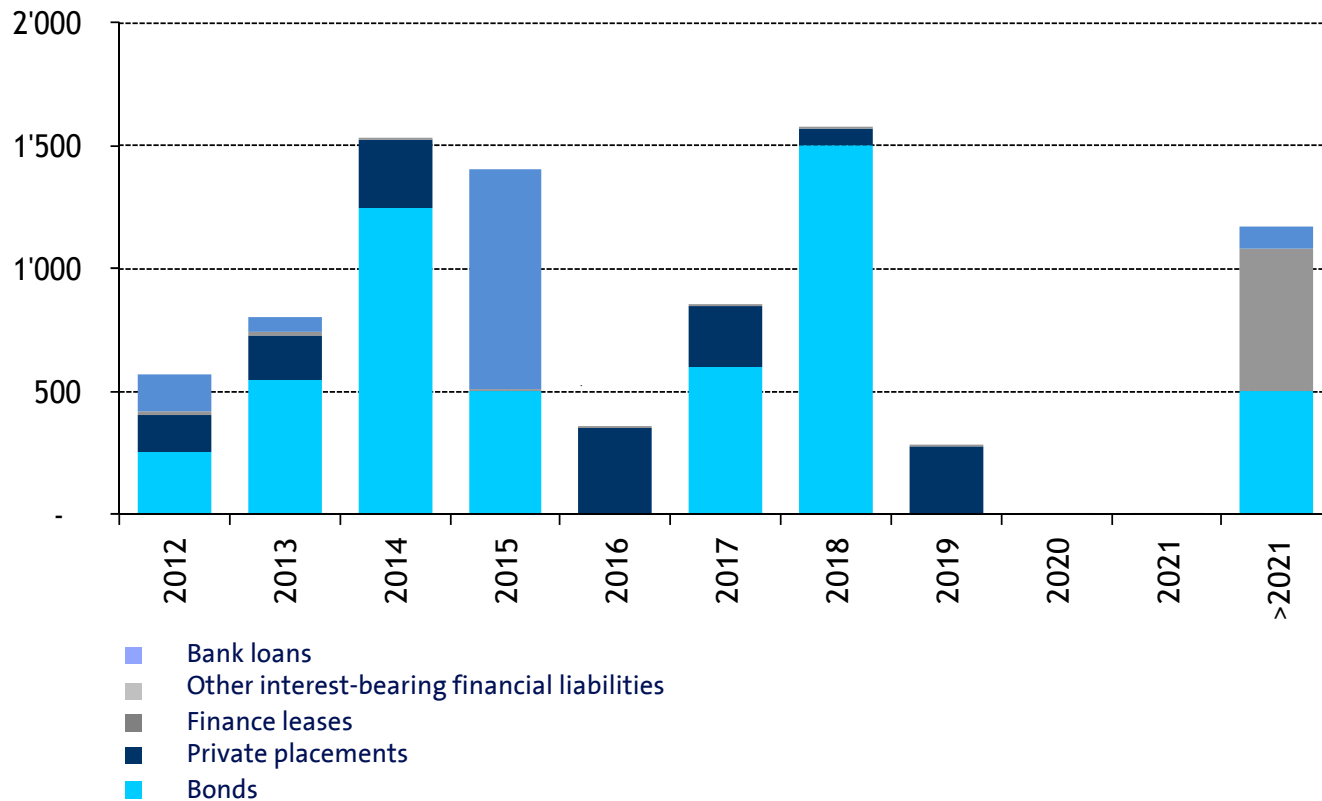


Debt portfolio: Broadly diversified maturity profile

26

Maturity profile at 31.12.2011^{*)}

In CHF millions



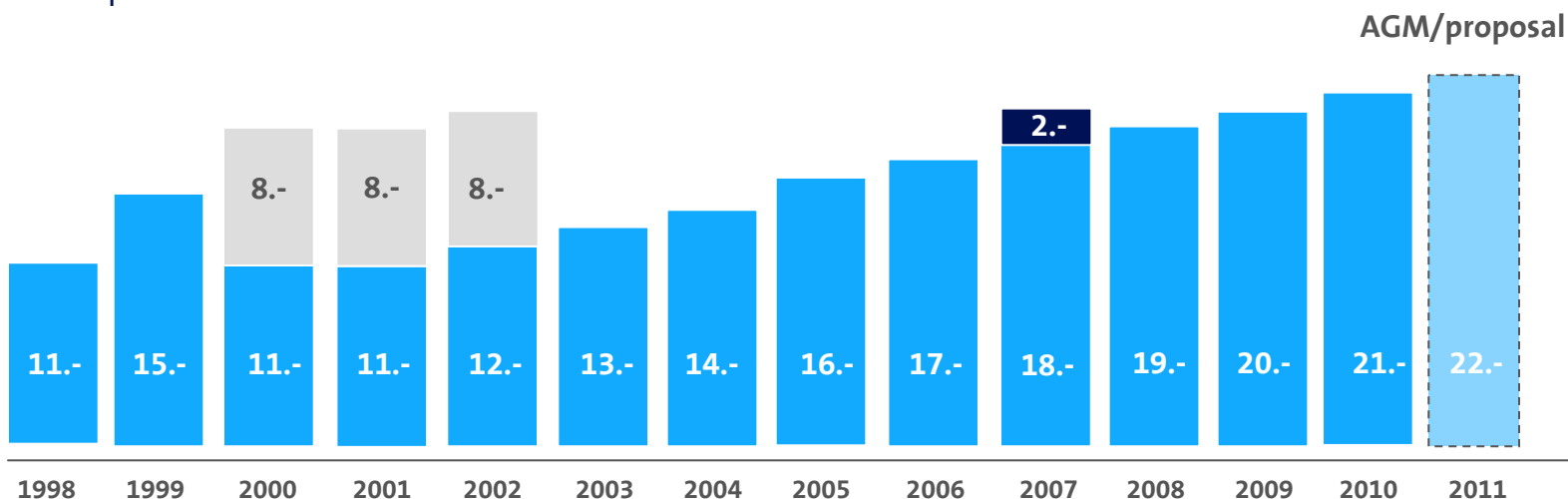
^{*)} Excl. short-term money market borrowings of CHF 130 million

Payouts: Steady upward trend

27

Payout by Swisscom since 1998

In CHF per share



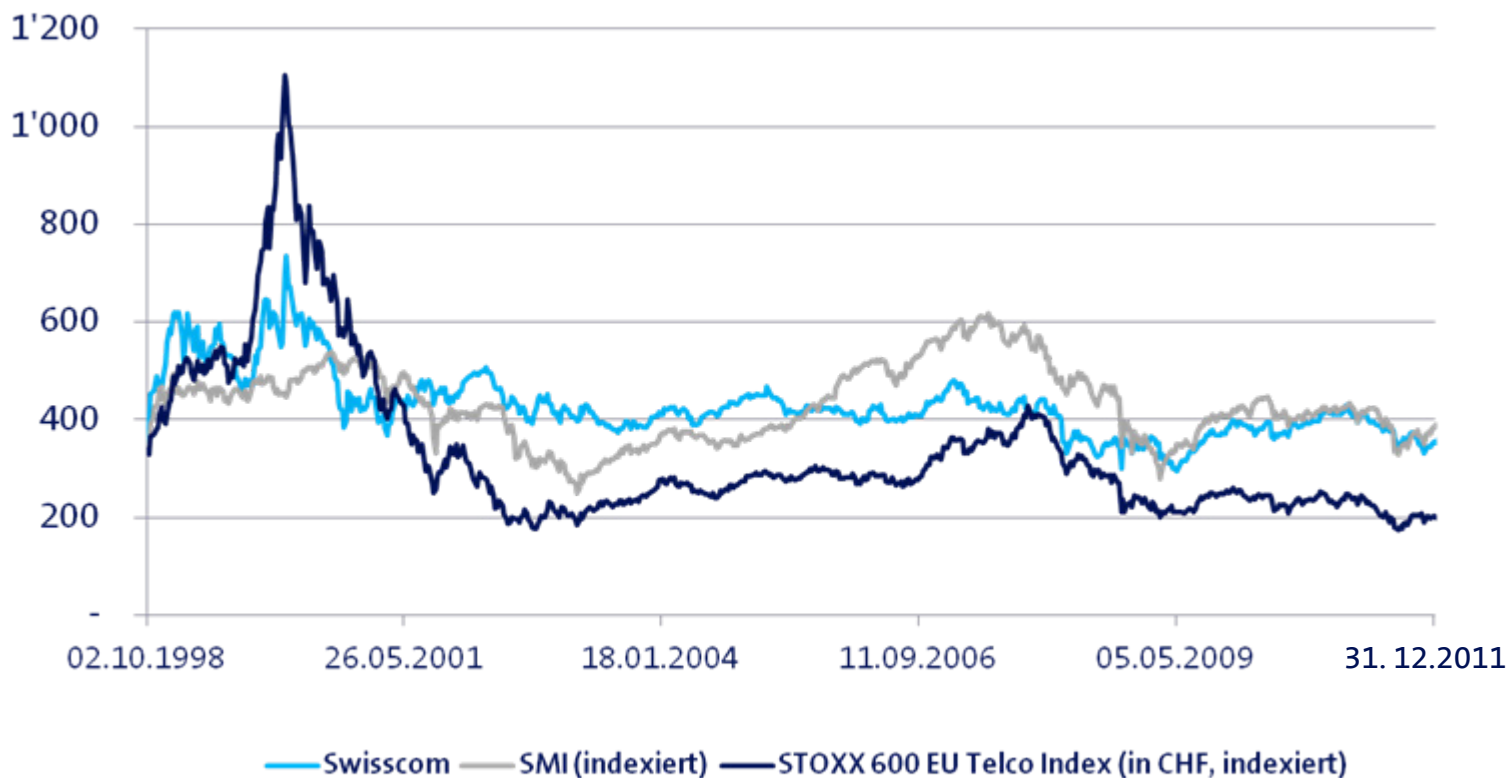
- Ordinary dividend
- Special dividend
- Par value reduction

Swisscom share: Comparison with SMI and sector index

28

Share performance since Swisscom IPO in October 1998

In CHF





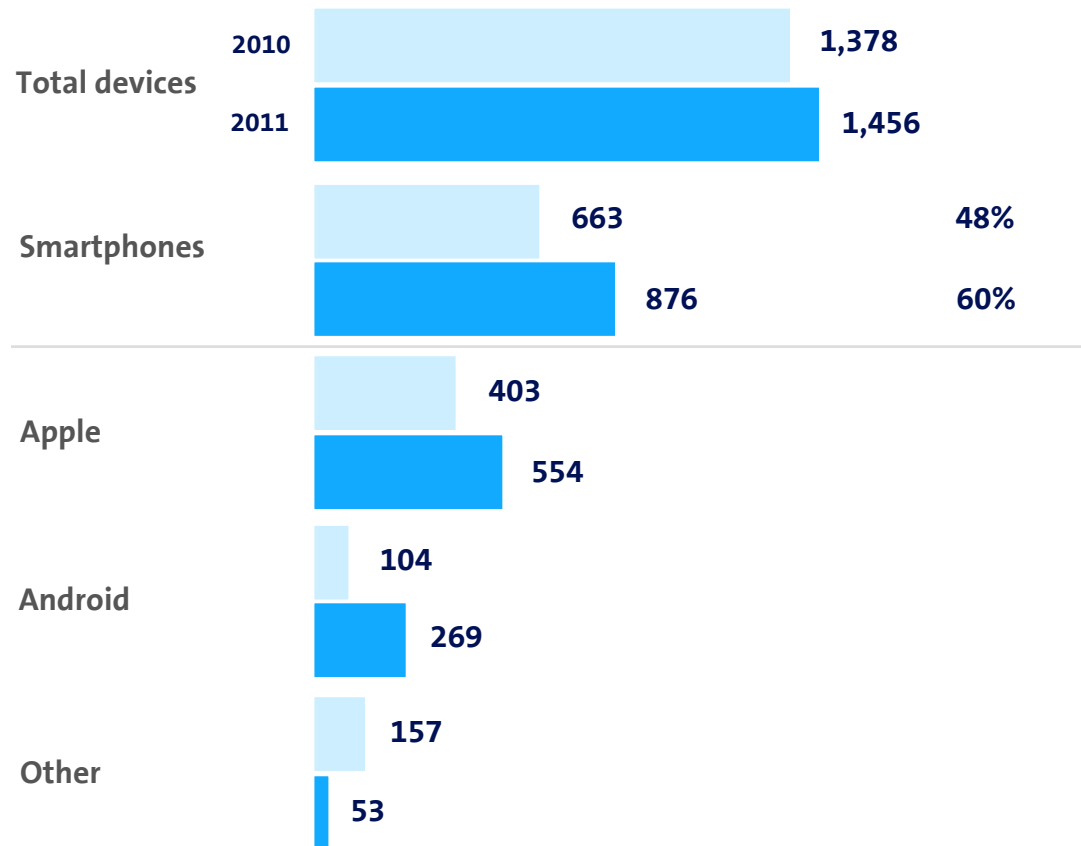
swisscom

Annex

Smartphones account for 60% of mobile handset sales

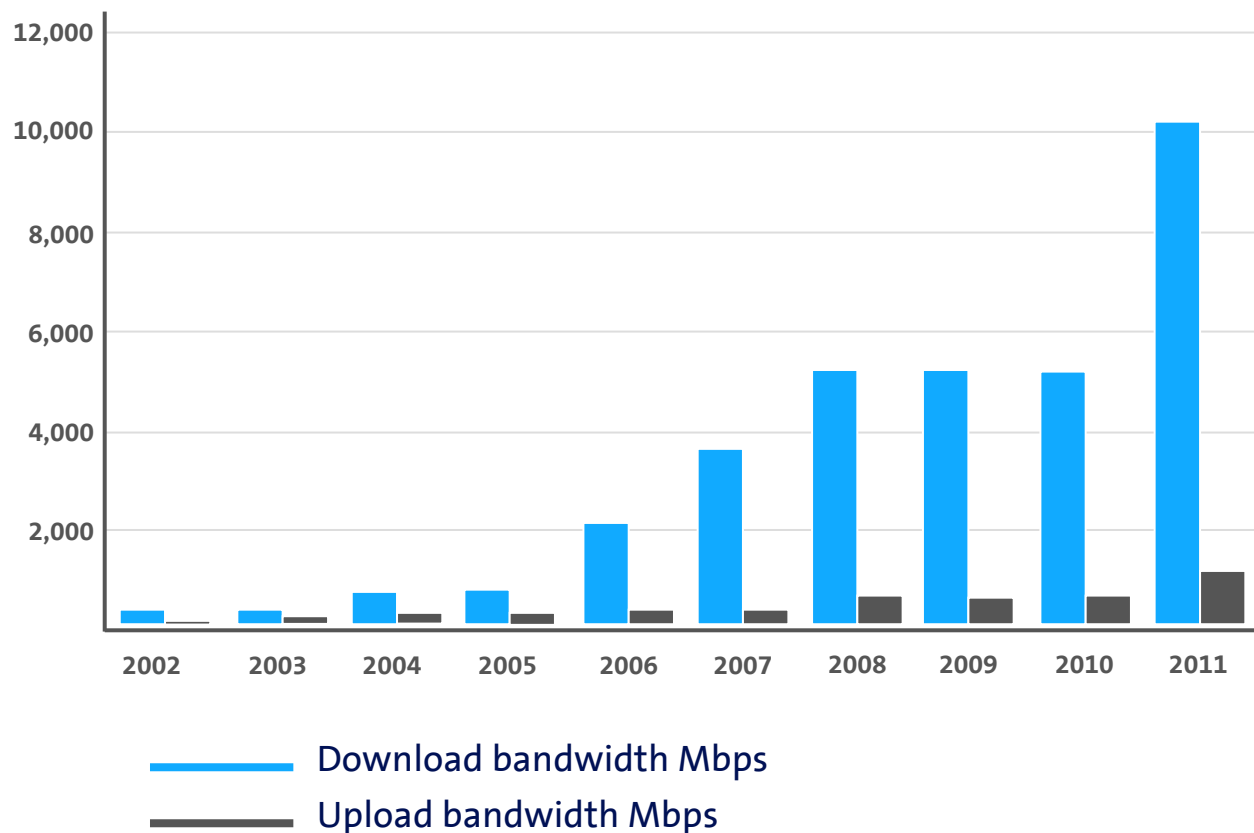
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Total mobile handsets sold (in '000s)



Fixed-line Internet: Massive increase in bandwidth for the most widely sold access line (CHF 49 a month)

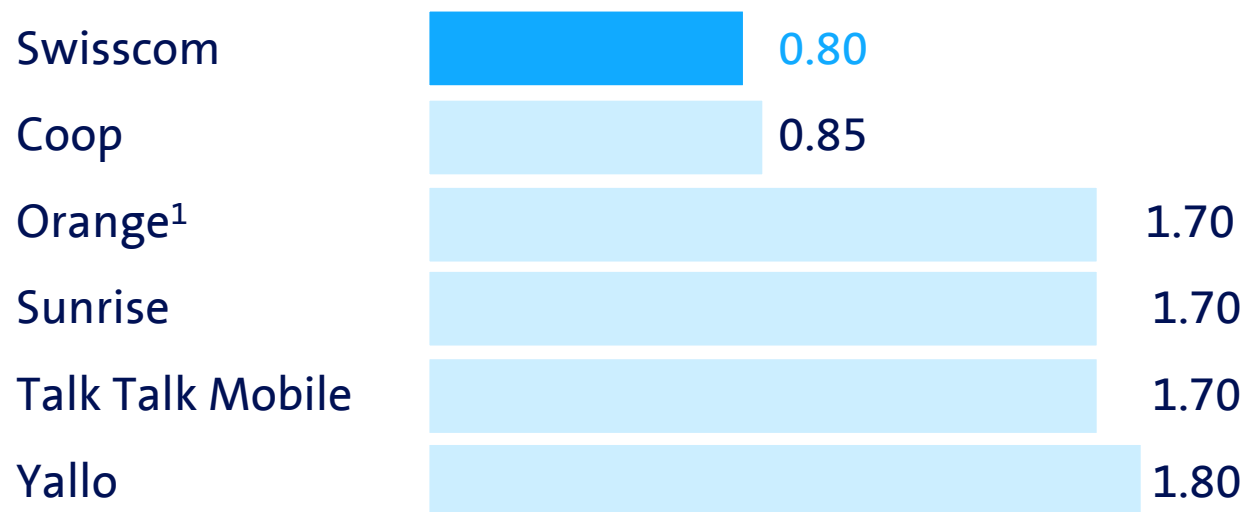
32



Swisscom has been Switzerland's cheapest roaming provider for years

33

Standard roaming rates for calls to Europe (CHF/min.)

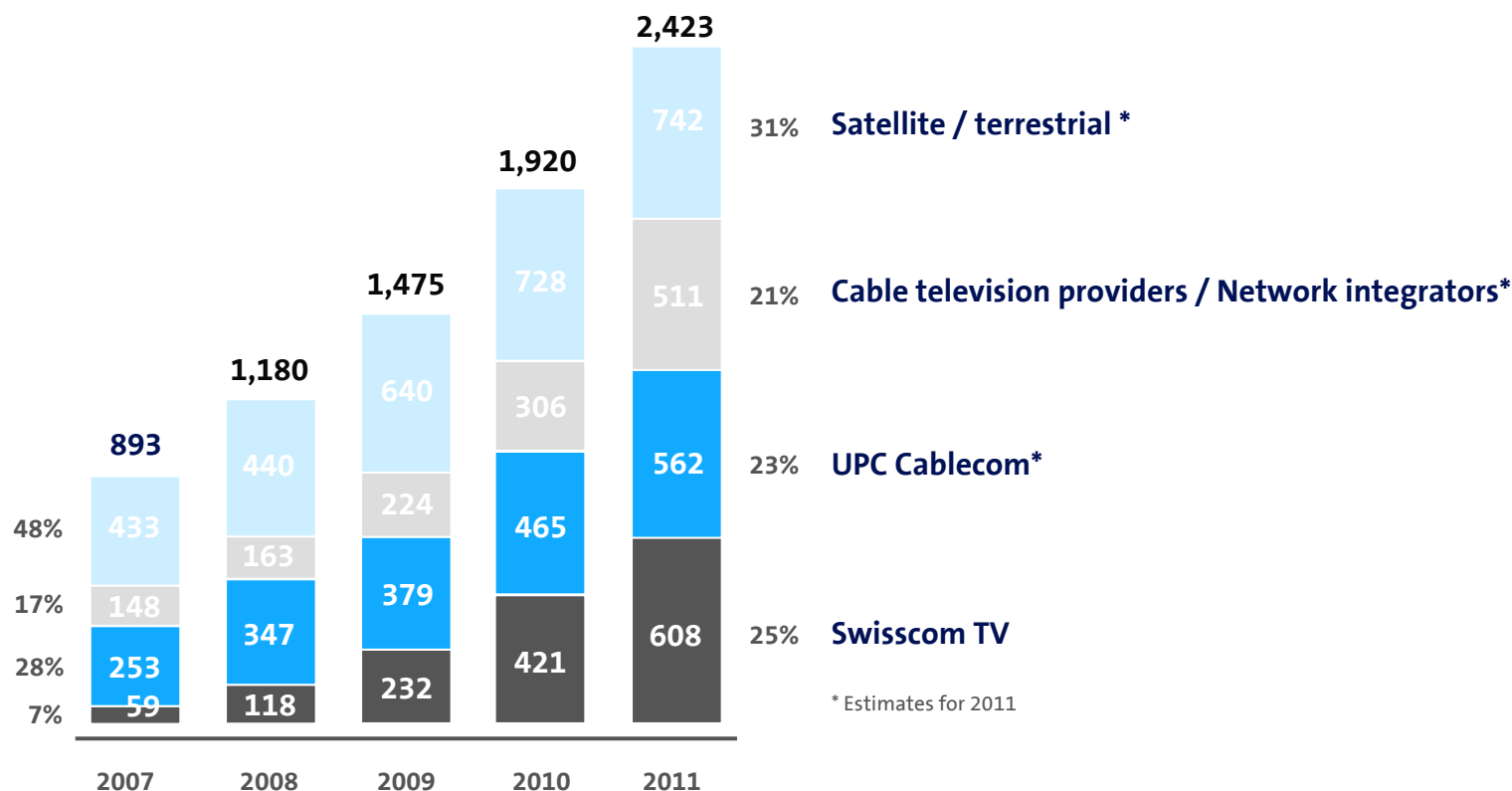


¹ Rates ranging from CHF 1.70 – 2.00

Swisscom is the biggest provider in the digital TV market

34

Digital TV: customers in 1'000s and market shares



37% of new digital TV customers choose Swisscom