

7 February 2013, Zurich

Swisscom

Annual Results Press Conference
2013



Carsten
Schloter
CEO

Overview of 2012 business performance

Swiss business

- › Like-for-like revenue stable and lower operating income (EBITDA)
- › Price erosion of around CHF 400 million in the traditional core business offset by new revenue
- › Success with new offerings in mobile communications, bundled offerings and TV
- › Increased investment in Switzerland due to network expansion

Fastweb

- › On course: Like-for-like net revenue up slightly and EBITDA significantly higher

Swisscom share performance better than comparable telecoms shares

- › Swisscom +16.8%; European telecoms index -4.8% (total return)

Stable dividends at CHF 22 per share

European telecoms providers in crisis: A look at the press

4

Datum: 09.11.2012

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND

Telefonkonzerne im Kurstief Auch die Dividenden stehen zur Disposition

Datum: 07.12.2012

Süddeutsche Zeitung
NEUESTE NACHRICHTEN AUS POLITIK, KULTUR, WIRTSCHAFT UND SPORT

Telekom investiert – und kürzt dafür die Dividenden

2013 und 2014 sollen die Anleger nur noch 50 Cent je Papier bekommen. Später haben sie dann die Wahl zwischen Aktien und Barem

Datum: 29.08.2012



WhatsApp: Der Siegeszug des «SMS-Killers» hält an

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Fundamental developments over the next ten years

5

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- > Human-machine interface
- > Paradigm shift in data storage
- > Virtual reality
- > Sensor technology
- > Information consolidation
- > Reversal of the power of information

Key trends in the ICT sector

Customer experience vision

- › Access to all data and applications – private and professional – at any time and from every device

The Internet protocol and the resulting global competition for services (e.g. Skype, WhatsApp) are leading

- › to a fundamental change in the business model
- › away from variable use and billing towards fixed-charge access

Digitalisation, mobility and technological development

- › include numerous sectors
- › constantly open up new opportunities for telecoms providers to expand their positioning in the new value chain

Opportunities and challenges for Swisscom

7

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New opportunities to

- › differentiate quality, performance and infrastructure security

New pricing and service models

- › To provide customers with access to applications and data anywhere and at any time
- › Simple, transparent and with full cost control
- › Rapidly growing customer expectations

Enormous demands on the infrastructure

- › Rapidly growing need for performance, security and availability among customers

Opportunities for new business based on existing strengths:

- › Technological competence
- › Local presence and anchoring
- › The trust our customers have in the Swisscom brand

Examples: machine-to-machine, identity management, security, cloud, mobile transactions, energy, health

Swiss business 2012:

Highly dynamic and price cuts

In mobile communications

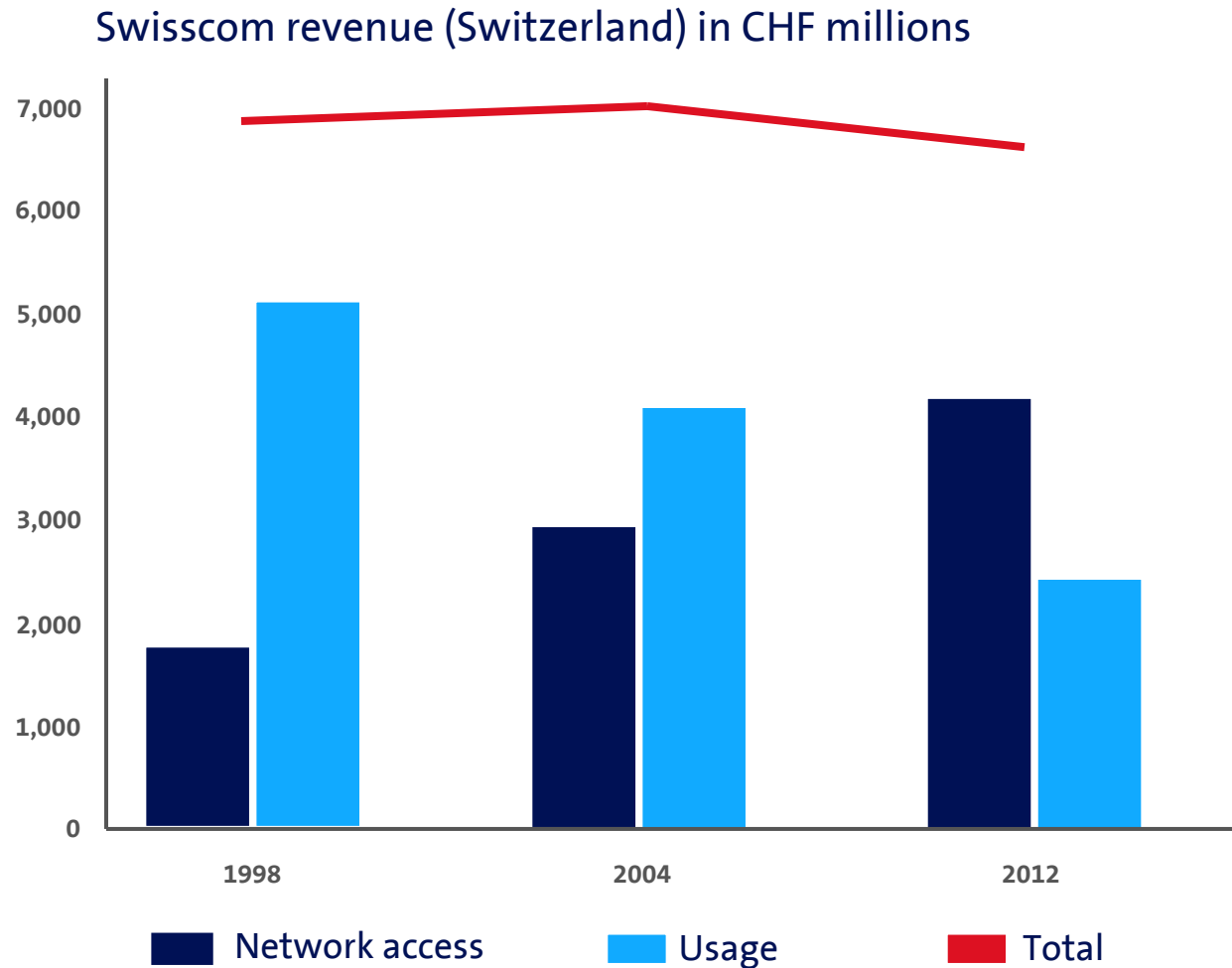
Swisscom launched all-inclusive subscriptions (Infinity) with varying surfing speeds.

- This was noted internationally and provided a new impetus for competition in Switzerland; competitors were forced to react
- 889,000 customers in only six months – over 10% of the population
- Carefree communication: data use by Infinity customers rising in leaps and bounds
- Some 450,000 customers are already benefiting from inclusive roaming units; 27% of worldwide data roaming is no longer billed

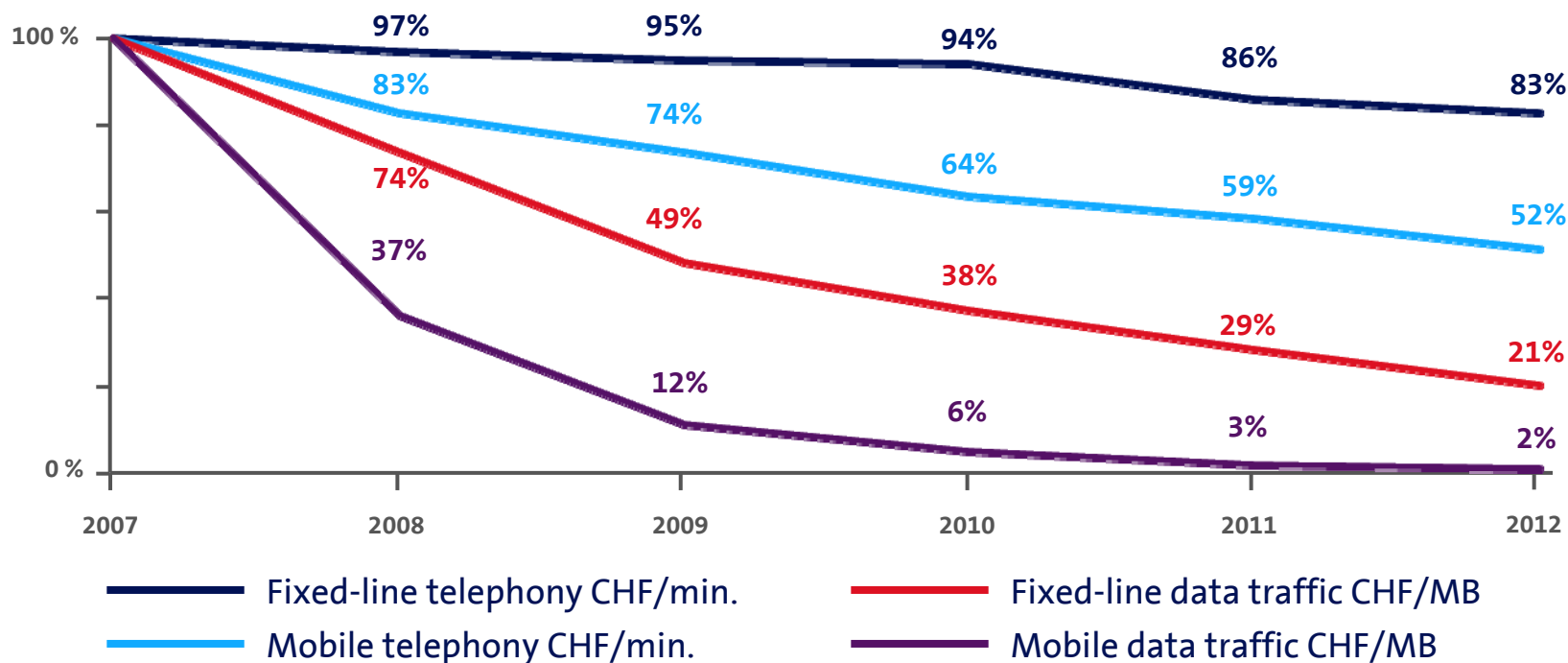
In the TV market

- In December, Swisscom launched a free Swisscom TV offering for DSL subscription customers

Proportion of revenue deriving from usage-based billing continues to fall – trend towards flat-rate billing



Prices have fallen massively in recent years, particularly in data traffic



Average annual values, incl. roaming

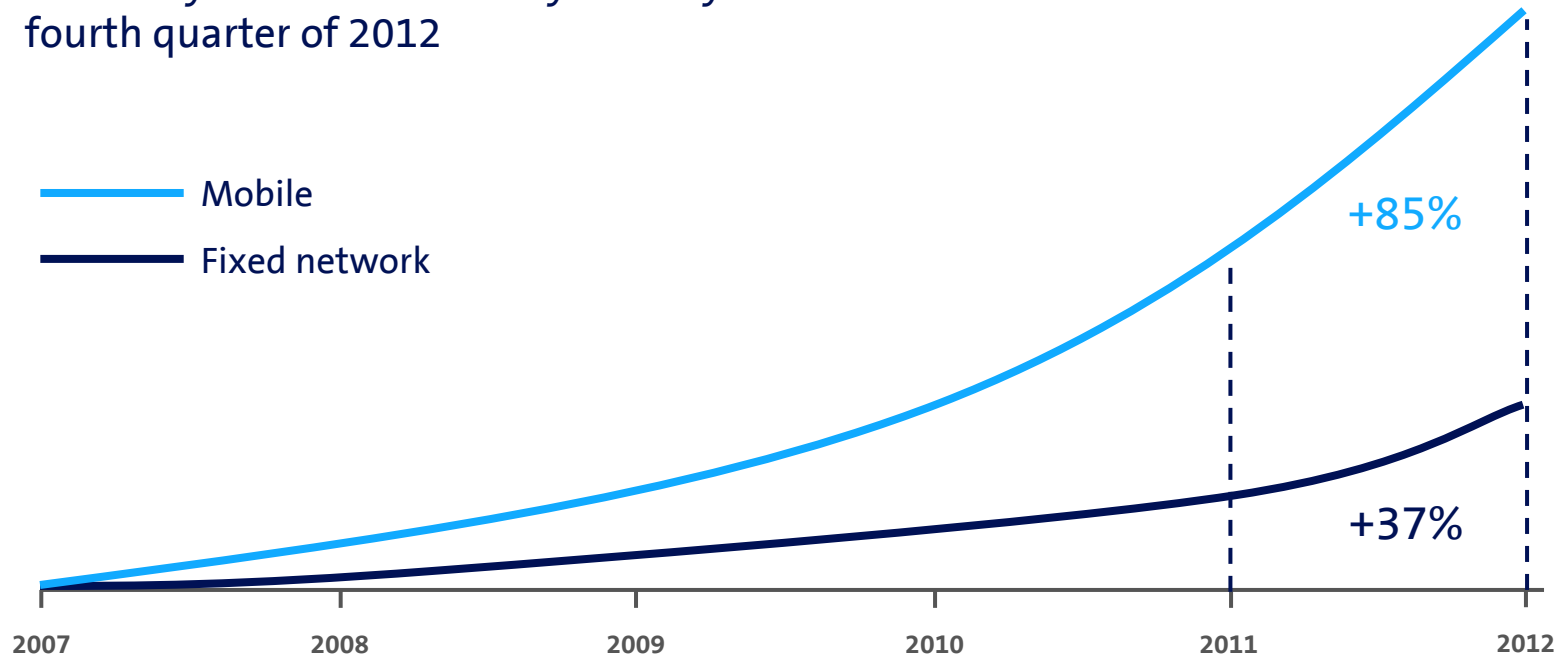
Another enormous increase in mobile and fixed-network data traffic in 2012

11

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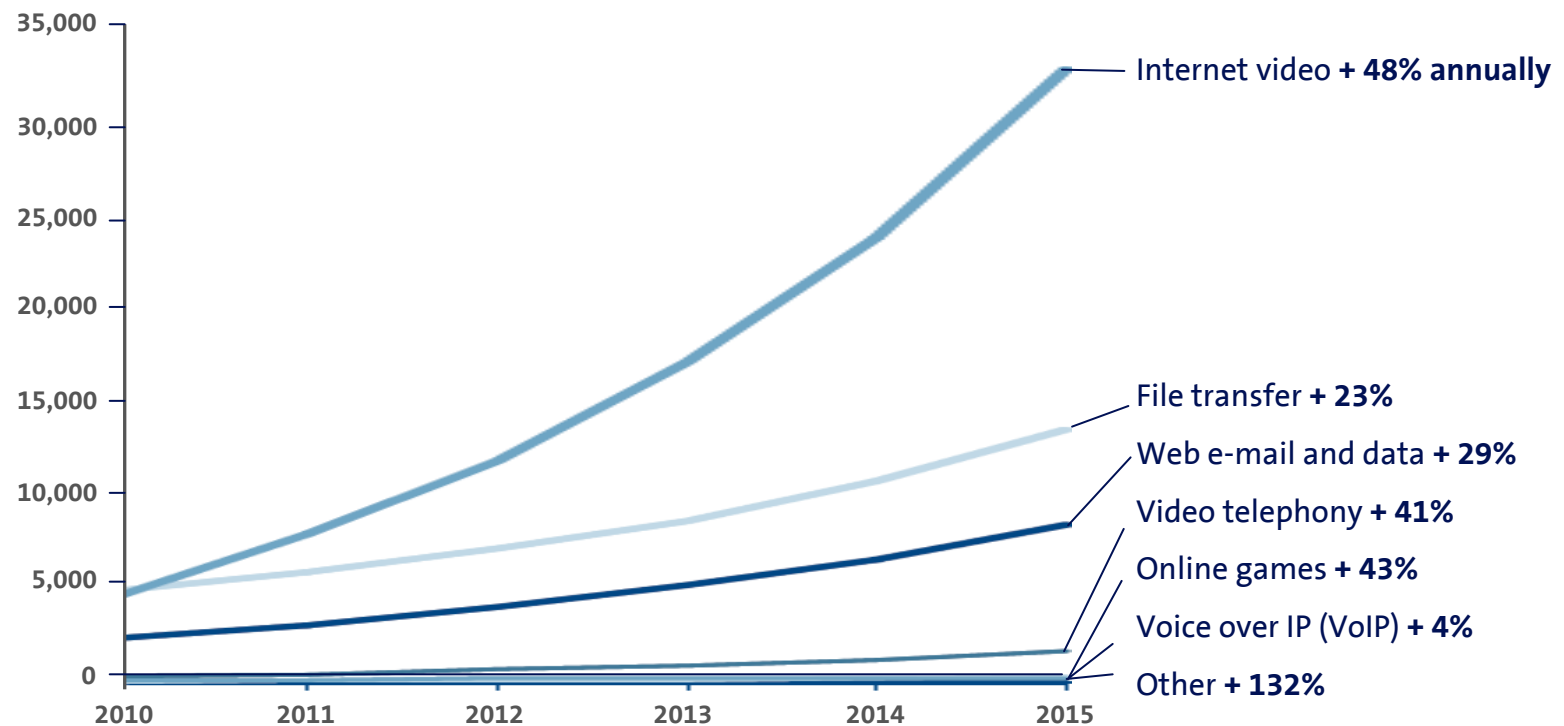
Mobile data traffic has been growing even quicker since the launch of Infinity. This resulted in a year-on-year increase of +120% in the fourth quarter of 2012



Outlook: Fixed-network and mobile data traffic will continue to grow strongly

12

Petabytes per month



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Private customer data traffic accounted for around 80% of global traffic in 2010; around 87% in 2015 // Source: Cisco

High level of investment in Switzerland:

Top infrastructure thanks to network competition

13

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Swisscom, cable-network operators, electricity companies, mobile operators

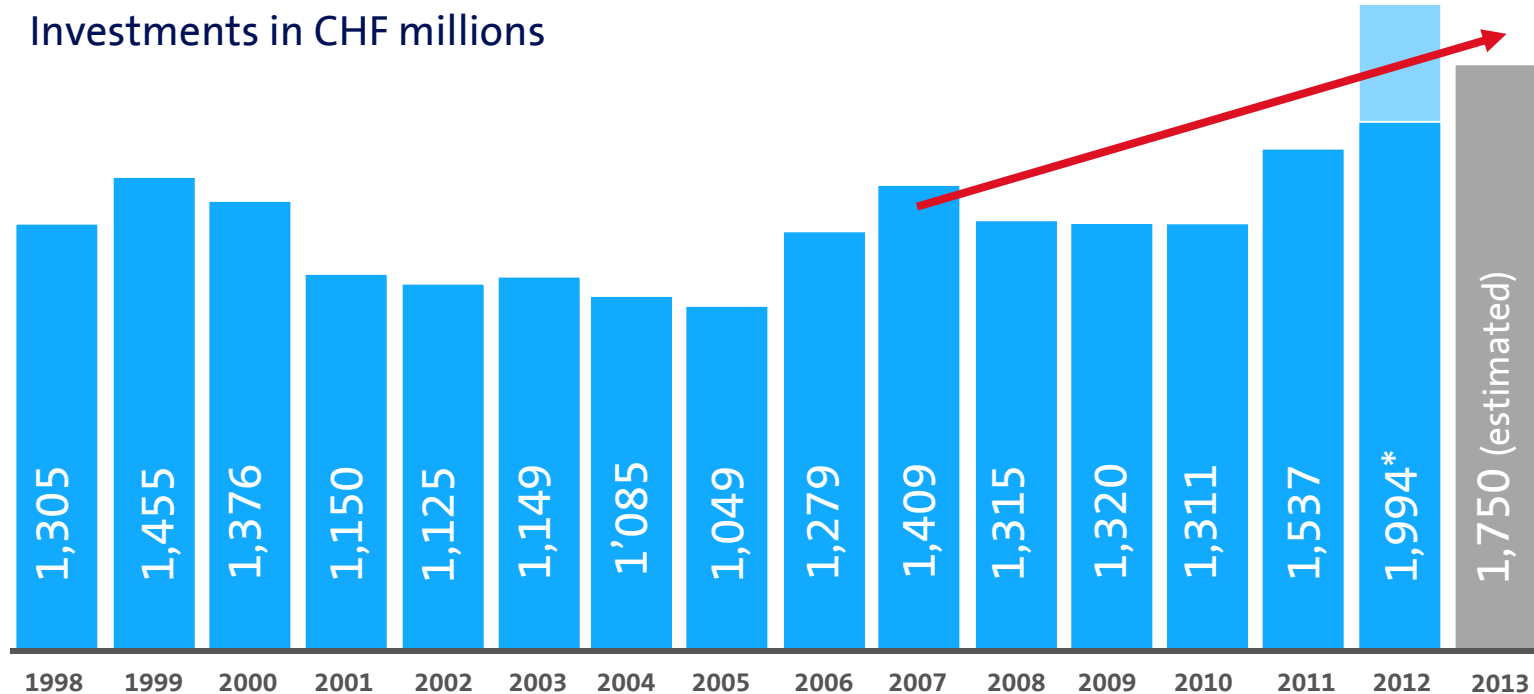
- > **1st place** for broadband usage
Source: OECD Broadband Portal, July 2012
- > Placed behind Luxembourg, Switzerland has **the second-fastest network in Europe**
Source: IDATE, August 2012
- > **4th place** for per capita investment in the telecoms market
Source: OECD, July 2011
- > **5th place** out of 142 countries in the "Networked Readiness Index 2012" thanks to its excellent infrastructure
Source: WEF/INSEAD, April 2012
- > **5th place** worldwide for average measured connection speed
Source: Akamai, State of the Internet, October 2012
- > **10th place** for ICT development in a comparison of 155 countries
Source: ITU, Measuring the Information Society, October 2012
- > **4th place** for ICT access in a comparison of 137 countries, but 32nd for government's online service and 44th for online participation
Source: "The Global Innovation Index 2012", INSEAD, October 2011
- > **7th** for connectivity in a comparison of 200 countries
Source: e-readiness report IBM/the economist, January 2011

Increasing investments in Switzerland as a result of competition and new technologies

14

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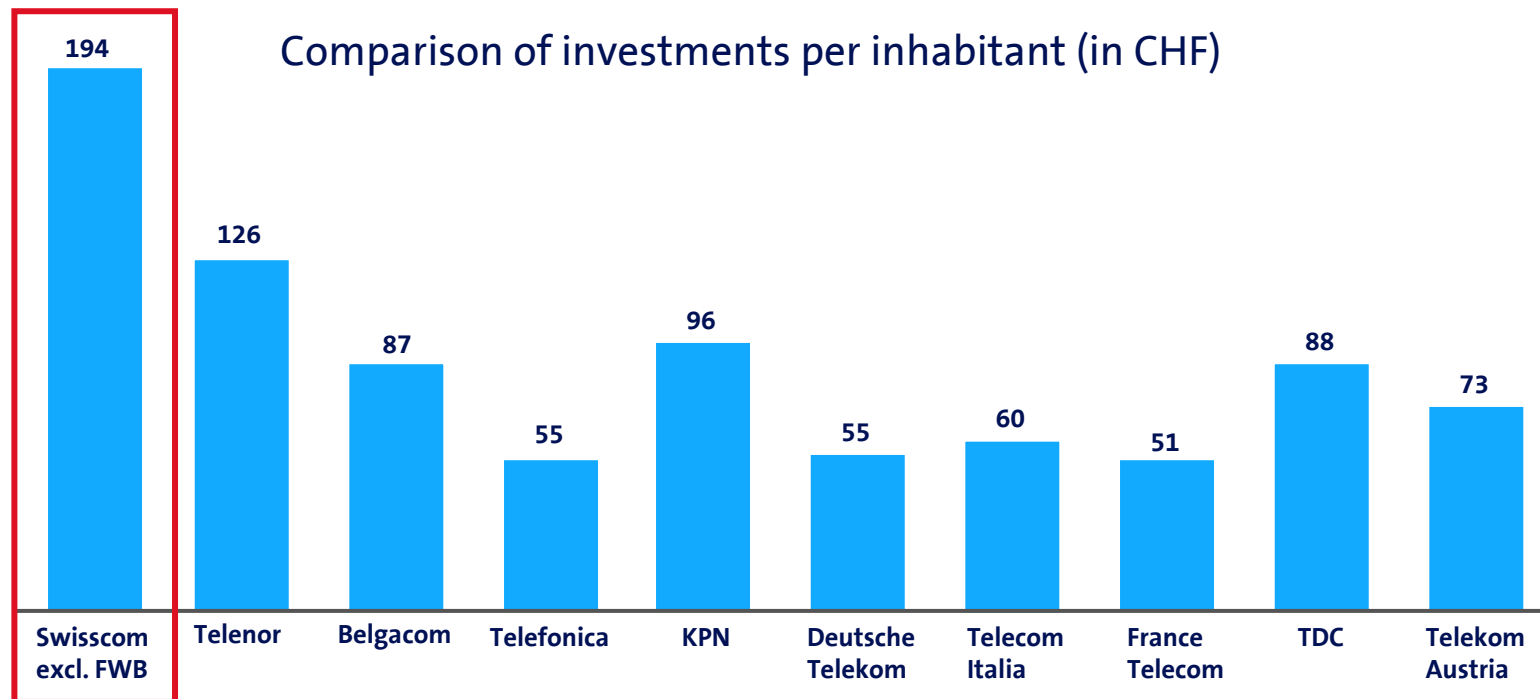
*including expenditure of CHF 360 million on new mobile frequencies

High level of investment in Switzerland Swisscom compared with Europe

15

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Source: Swisscom Desk Research, 2011 figures

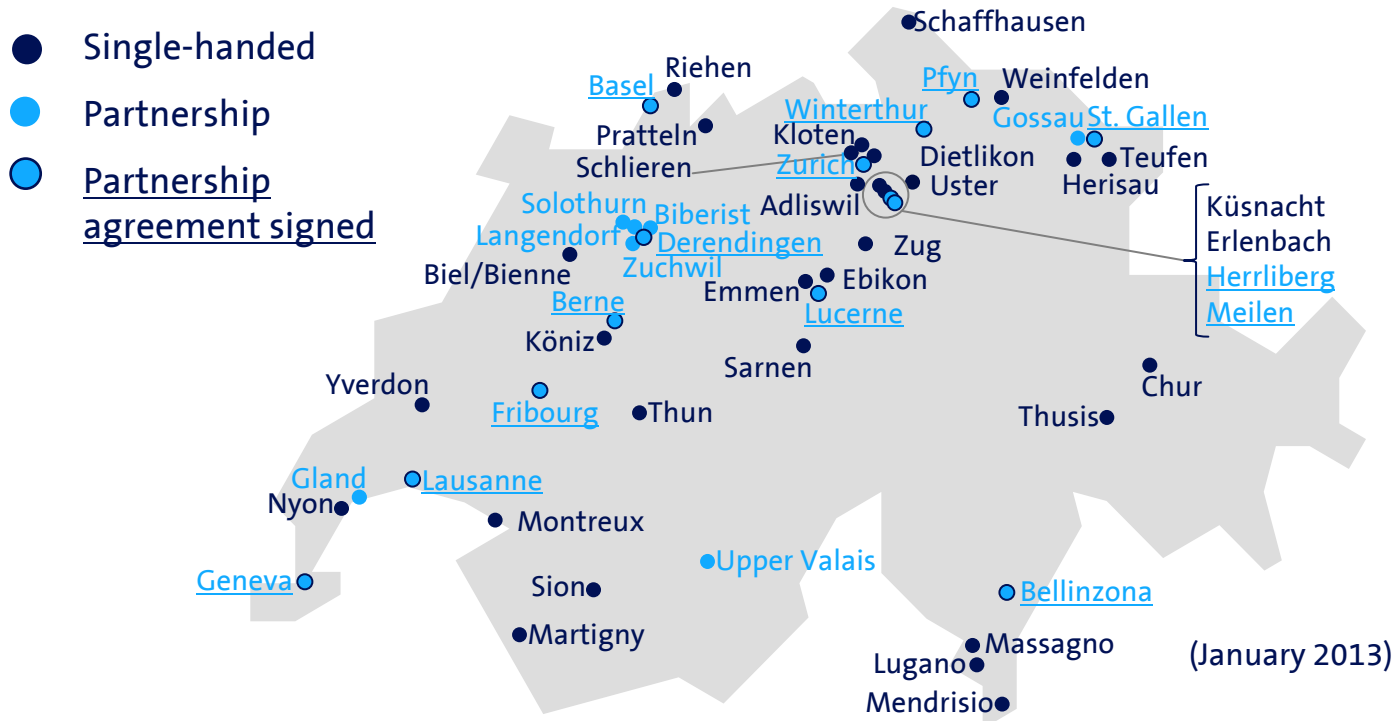
At CHF 194, Swisscom invests 3.2 times as much per inhabitant as the average for European telecoms providers

Rapid expansion thanks to successful fibre-optic partnerships

16

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By the end of December 2012, around 552,000 homes and businesses had been connected to the fibre-optic network; this figure will be around one million by 2015 (around a third of households in Switzerland)

High level of coverage even quicker with new fibre-optic hybrid technology

17

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- > Swisscom meets the whole of Switzerland's needs using a mix of technologies:
 - Over 91% coverage with VDSL
 - Over 84% coverage for high-definition TV (HDTV)
- > Besides FTTH Swisscom is committed to innovative fibre-optic hybrid technologies such as fibre to the street (FTTS)
- > Telecommunications service providers receive attractive reseller offers
- > The new technologies intensify the infrastructure competition with cable network operators and electricity companies
- > Long-term objectives:
 - By 2020, at least 80% of homes and businesses will be directly connected with fibre-optics or a fibre-optic hybrid technology (over 100 Mbps)
 - Fibre-optic hybrid technology for bandwidths of at least 400 Mbps

Even greater mobile performance with 4G/LTE

18

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- > Swisscom was the first provider to offer 4G/LTE and will supply 70% of the Swiss population with 4G/LTE by the end of 2013
- > 4G/LTE can already be used with a suitable device (smartphone, tablet or USB dongle) in 29 Swiss towns and cities
- > 4G/LTE offers higher capacities and speeds (up to 100 Mbps) and shorter response times, and will in future, together with HSPA+, meet the demand for bandwidth throughout Switzerland.
- > By mid-2014:
 - All of the approx. 6,000 mobile communications base stations will be updated
 - Of which 4,500 base stations to be prepared for 4G/LTE
 - Up to 100 upgrades per week
- > Examples of new applications that require high capacity: Internet streaming of music and video in cars, cloud computing, TV via smartphones or tablets, online games in real time

Swisscom IT Services: New customers and record number of incoming orders ensure future growth

19

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- Leading provider in the Swiss IT services market, specialising in outsourcing, workplace management, SAP and services for the financial sector
- Number one for banks; over 190 financial service providers as customers
- Revenue from external customers: CHF 521 million
- Record number of orders, amounting to CHF 512 million (total contract value) in 2012
- Successful launch of new products and solutions: Mobile business apps, pilot project for Swiss-managed services (global sourcing)
- Construction of a new modular, high-security data centre in Berne Wankdorf with a view to launching new business platforms (cloud services)

Fastweb: On track again – stable net revenue and increased EBITDA

20

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- > Like-for-like net revenue up slightly and EBITDA significantly higher (+11.1%)
- > Market shares and growth in 2012:
 - Despite the difficult market environment in Italy, Fastweb was the only provider to record growth among residential customers (+10.8 % to 1.77 million) and therefore an increased market share
 - The market share among residential customers is back to 13%; while it has risen for corporate customers to 24% (+4%)
 - In terms of revenue, it is in clear second place behind Telecom Italia
- > High potential in Italy: only 55% of households currently have Internet
- > Fastweb will invest EUR 400 million in FTTS (Fibre To The Street) over the next four years, with the aim of connecting 20% of households to its fibre-optic network

Outlook for 2013:

Increase in investments due to expansion of the infrastructure

- Growth primarily from bundled offerings – prices to remain under pressure
- Digital TV market to remain fiercely competitive
- Accelerated expansion of broadband infrastructure:
Fixed network (optical fibre FTTH/FTTS) and mobile network (LTE)

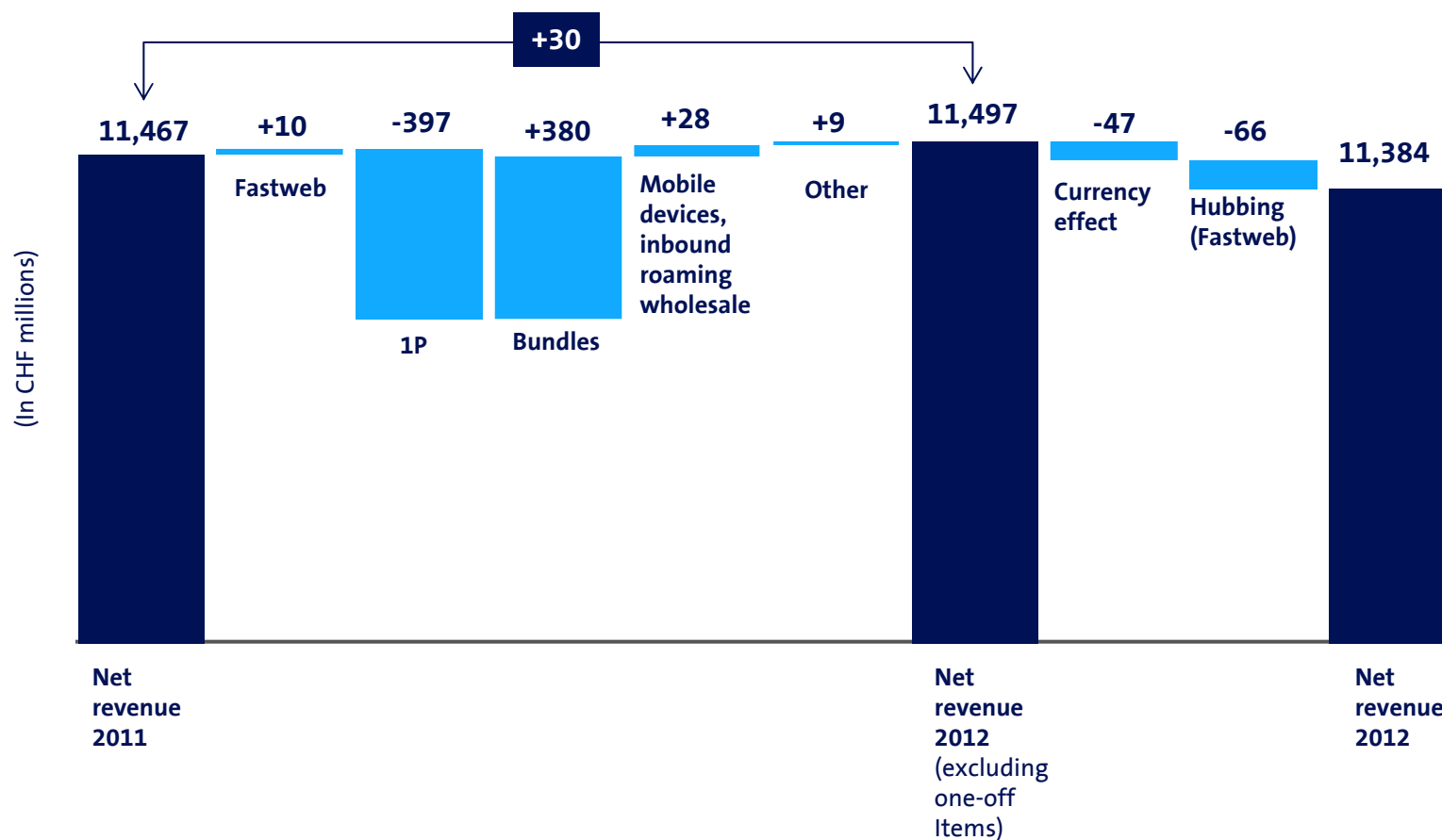
Financial

- Net revenue of CHF 11.3 billion
- EBITDA of at least CHF 4.25 billion
- Investment of CHF 2.4 billion
- If all 2013 targets are met, a dividend of CHF 22 per share will be paid again

Mario
Rossi
CFO

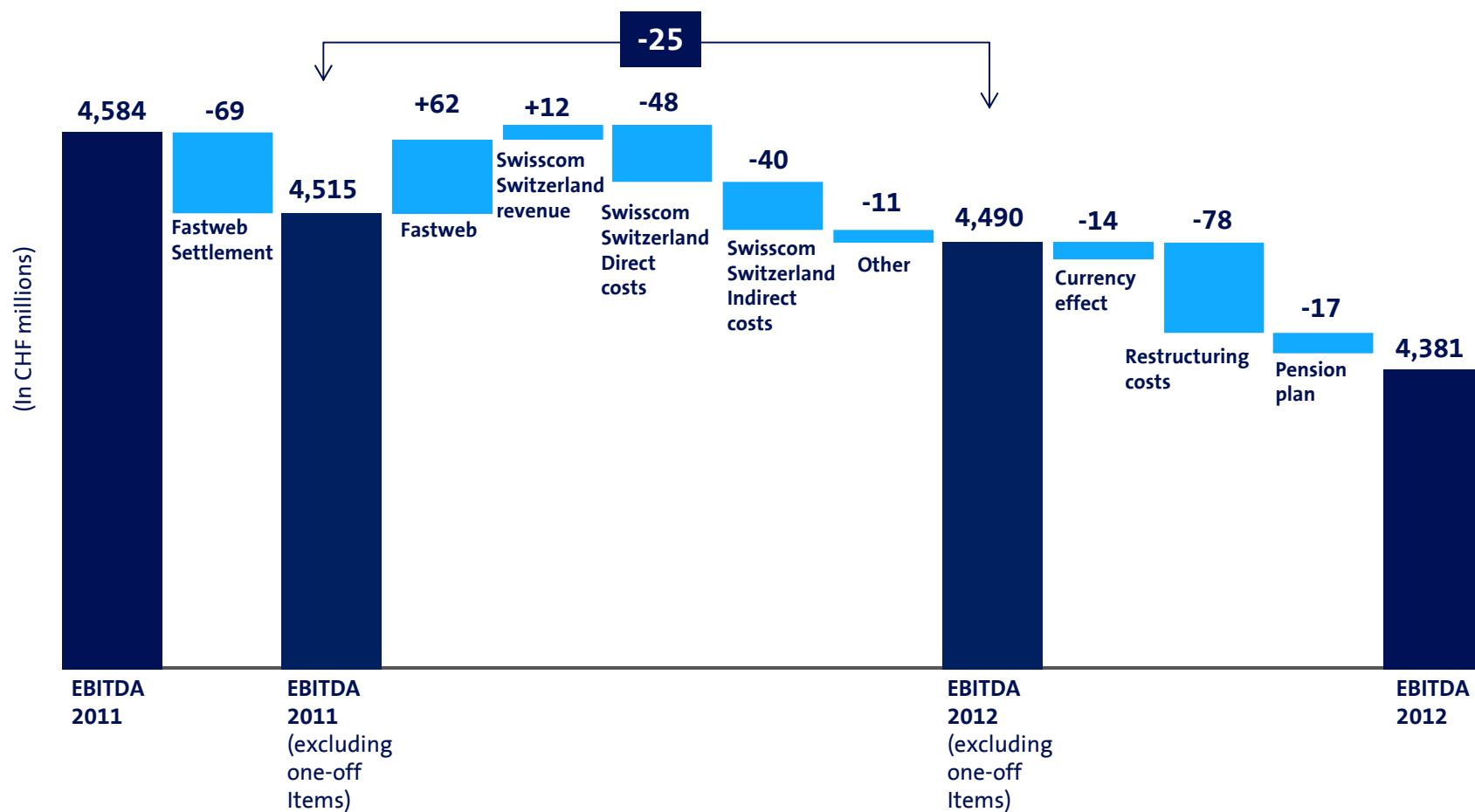
Revenue:

up by CHF 30 million (excluding one-off items)



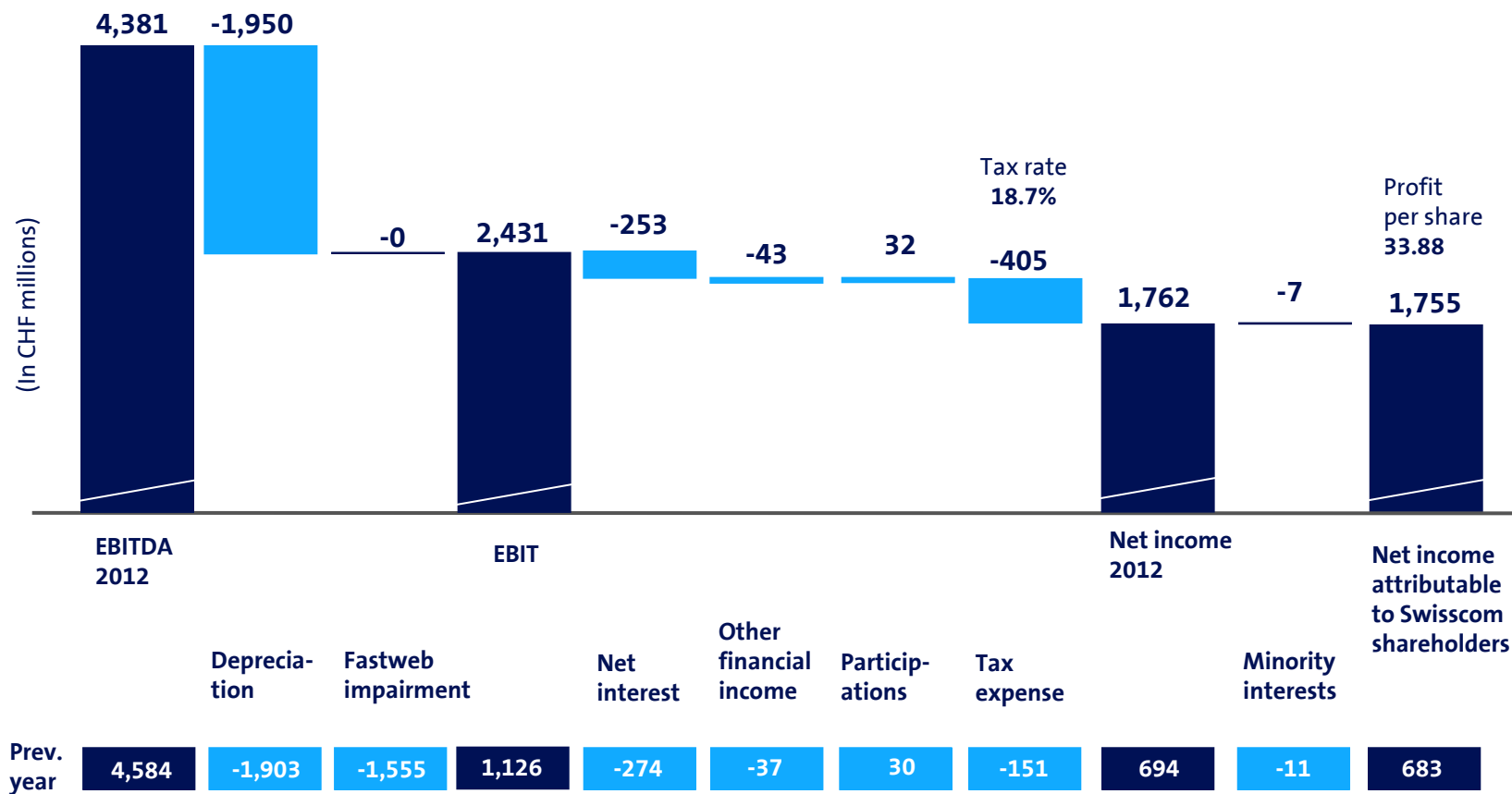
Operating result:

Fastweb increases EBITDA by CHF 62 million



Income statement:

Higher net income



Dividends:

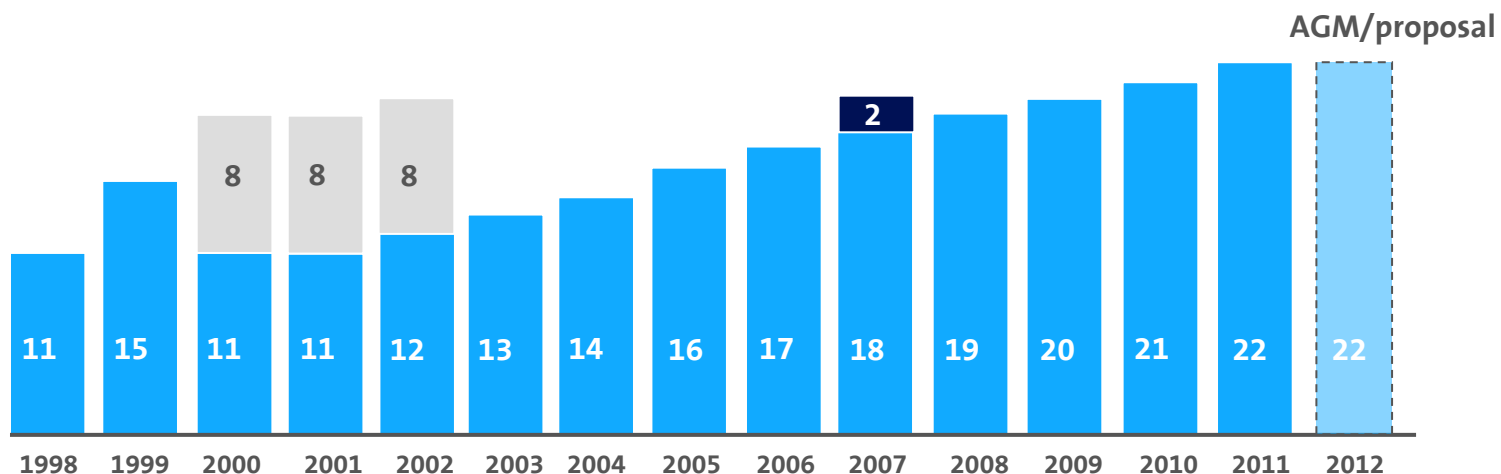
Positive development

26

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Payout by Swisscom since 1998
In CHF per share

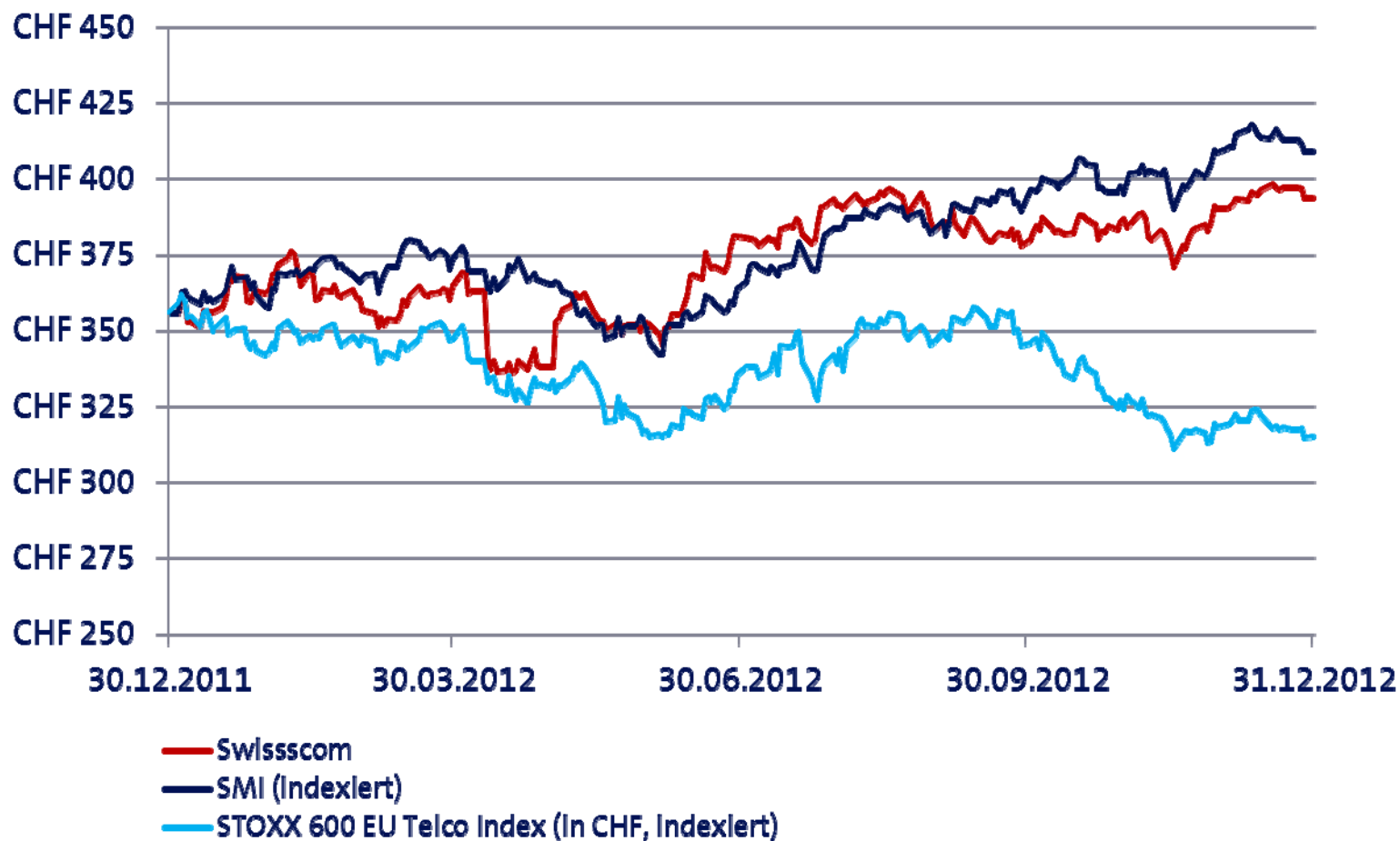


- Ordinary dividend
- Special dividend
- Capital reduction

Swisscom share 2012

Comparison with SMI and sector index

27



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swisscom

Annex

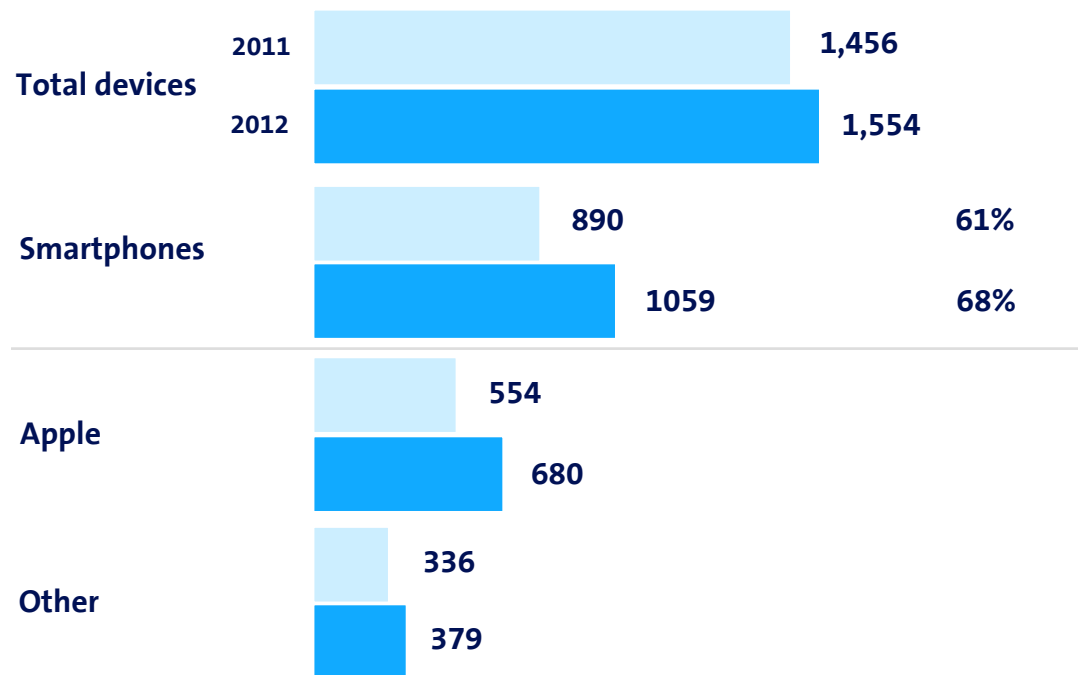
Smartphones account for 68% of mobile handset sales

30

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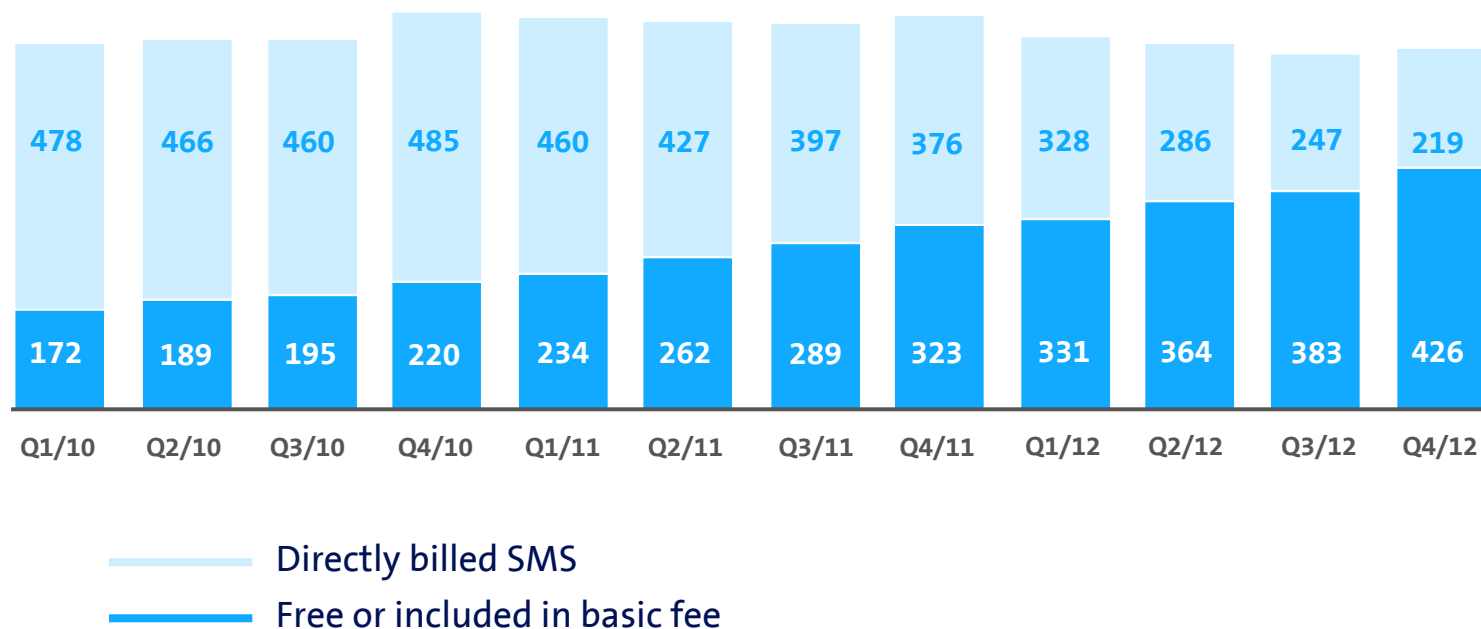
Total mobile handsets sold (in thousands)



More than half of SMS messages are free or included in the basic fee

31

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



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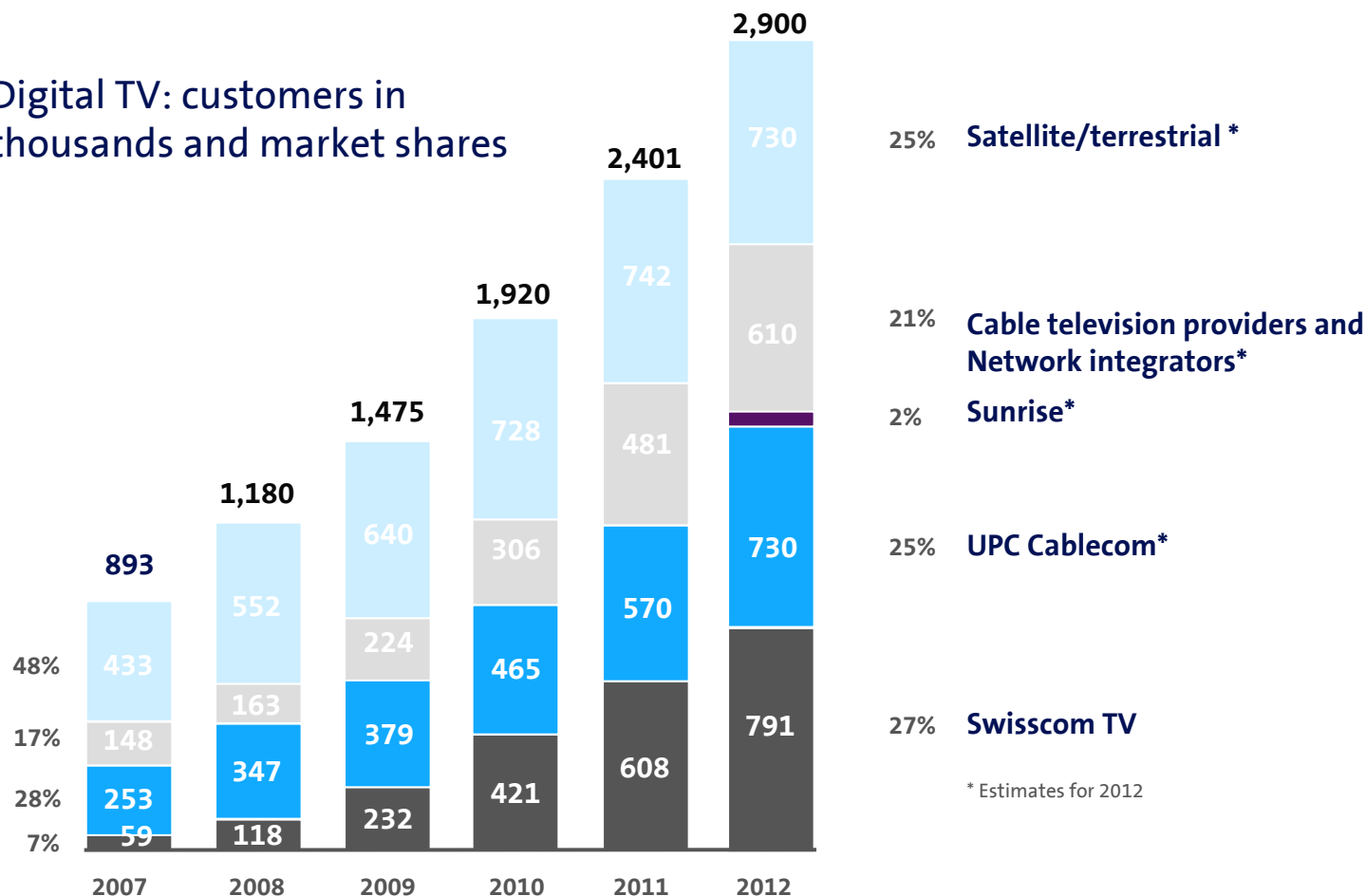
Swisscom is the biggest provider in the digital TV market

32

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Digital TV: customers in thousands and market shares



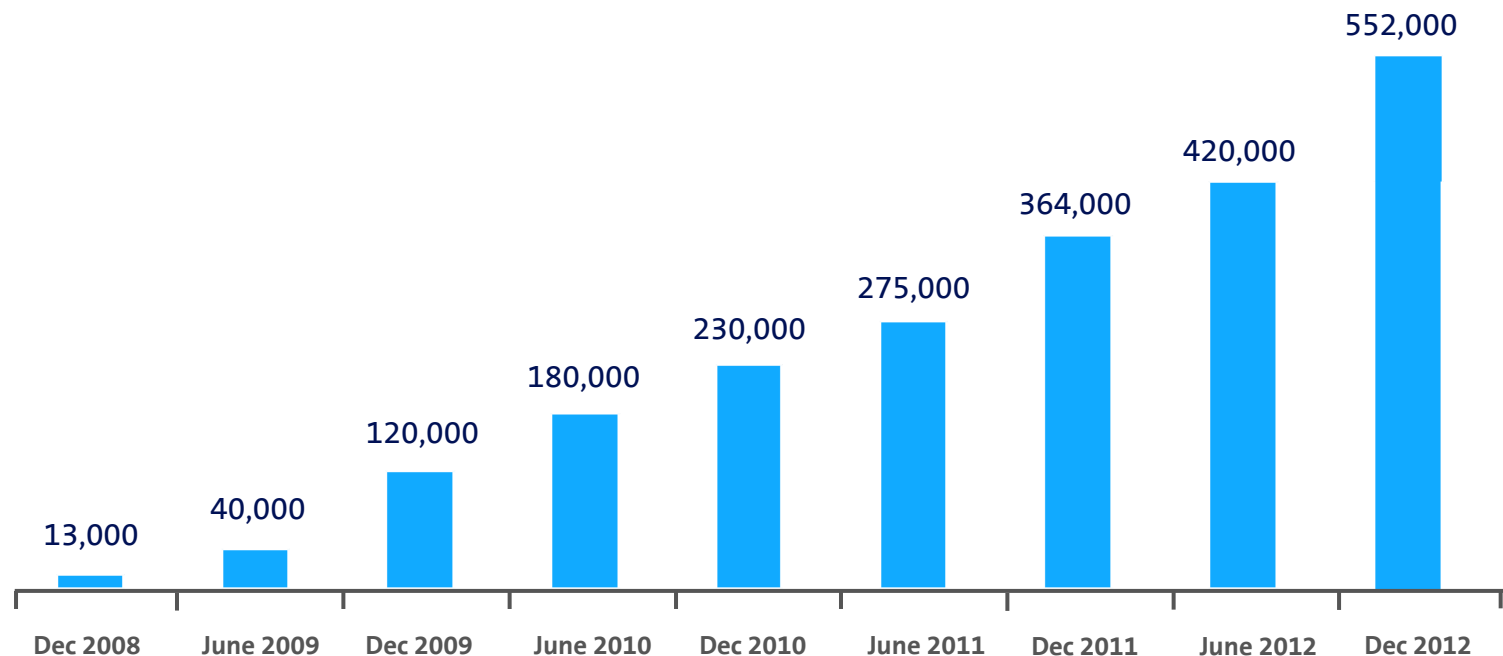
37% of new digital TV customers choose Swisscom

Investments in the fixed network: FTTH has already been rolled out to 552,000 households and businesses

33

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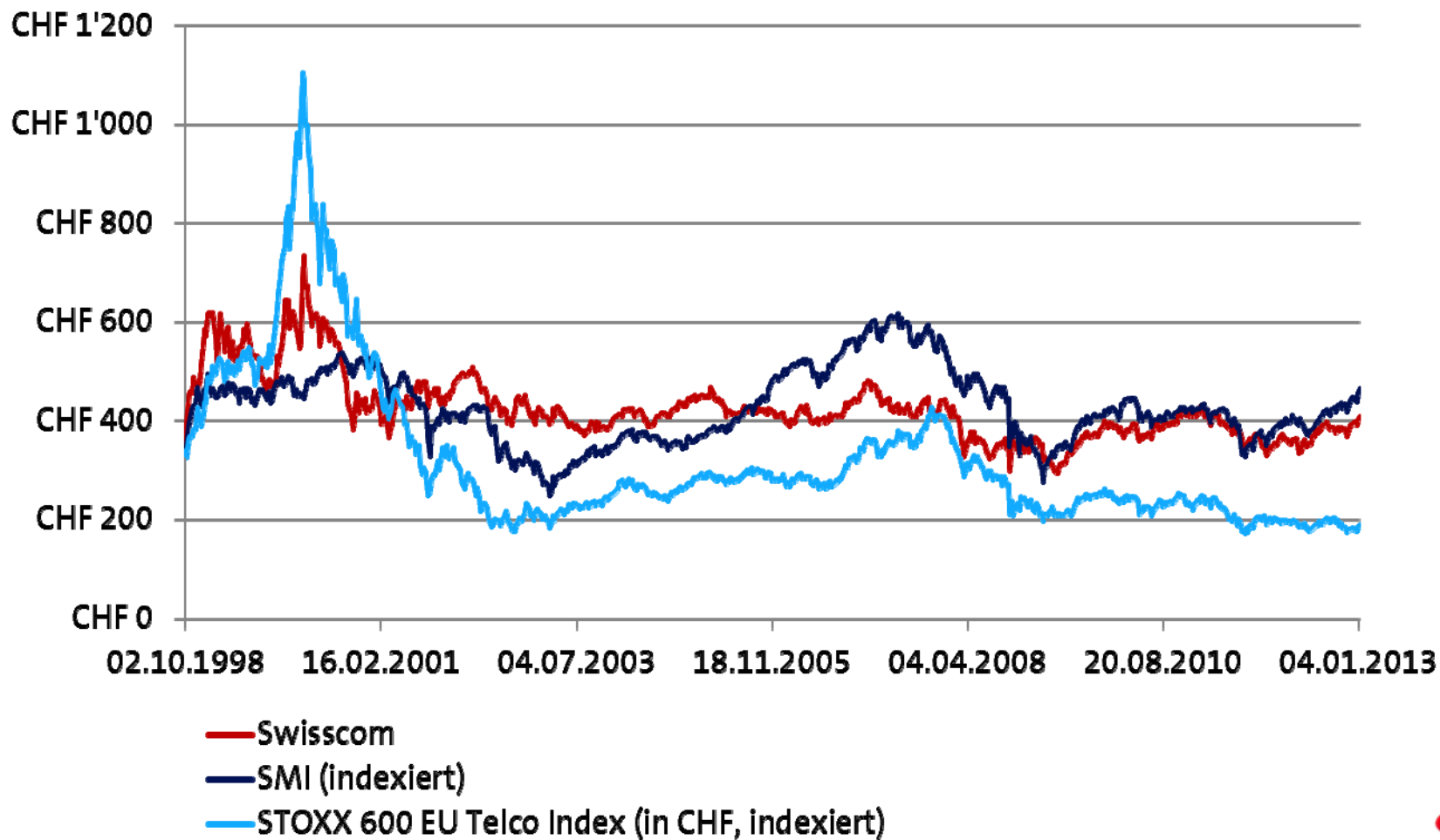
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Swisscom share since IPO

Comparison with SMI and sector index

34



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