

2012

New opportunities
in a networked world



swisscom

swisscom

“What fascinates me daily about our sector and ultimately my job is the fact that infrastructure providers like Swisscom, together with equipment manufacturers and application developers, are the driving force behind far-reaching changes, the effect of which goes far beyond the products and services offered by our sector. Indeed, many of these developments have a substantial impact on the lives of our customers and time and time again lead to the business models of many other industries undergoing fundamental change, as the examples of the music and film industries show. What we do and how we do it – this has the potential to change society and the lives of our customers. It is this characteristic of our sector that never fails to fascinate me.”

Carsten Schlöter
CEO Swisscom Ltd

Facilitating the future

Who would have thought ten years ago that we would take a smartphone with us everywhere we go? Or that we would be able to write and receive emails with it, surf the Internet, watch and record videos, send text messages and make face-to-face phone calls? In short, who would have thought that smartphones and tablets would become the control centres of our daily lives?

Having a clear insight into what the future will bring is part of our responsibility as a telecoms provider in the highly dynamic ICT market. Throughout the course of a day we are using an increasing number of devices. In the not-too-distant future, we will be able to access all our private and work-related data on all of these devices in real time. We will no longer have to worry about synchronisation or wonder where the data are stored as they will always be available thanks to high-performance networks and cutting-edge cloud services. As simple and appealing as this vision may sound, it places high demands on our infrastructure. But it is our mission to make this future a reality. And that is why we are investing 1.8 billion Swiss francs in 2013 in enhancing the performance and security of our infrastructure in Switzerland.

Our business model is changing – as a result of global competition

Thanks to the constant flow of new opportunities that our dynamic sector has to offer, Swisscom generates around 6 billion Swissfrancs in revenue from services that didn't even exist ten years ago. Back then Swisscom generated almost all of its revenue from telephony, whereas today that only accounts for a third and this figure is falling. What was once a domestic market has gone global: online service providers such as Google, Apple and Microsoft & Co. can now offer all their services on our networks thanks to the Internet protocol. Many of these services are free as although these Internet providers rely on our networks, they don't have to invest in them. This is forcing Swisscom to change its business model and tap new fields of business. We are now moving towards a situation where we only provide network access with different performance features and all services are then available on an unlimited basis via this network connection. With our new Infinity subscriptions, this is already a



reality in the field of mobile communication.

The business model transition process is already well underway and we are very optimistic about the future. A business model whereby we provide customers with network access and unlimited possibilities is a growth market. The population is growing, the number of devices and network connections per inhabitant is on the rise and the demands on network access as regards security and performance are also increasing. By definition this business model is subject to local and national competition.

Swisscom has also built up a leading position in many new business areas in the past few years: we are the number one provider in digital TV and in integrated security solutions in the field of ICT. We operate state-of-the-art data centres to ensure the digital data and identities entrusted to us remain in Switzerland. Even very discerning customers, for example some 190 financial institutions, trust us to handle their data. Swisscom is currently tapping new fields of business – such as the healthcare and en-

ergy markets. For us, doing business and sustainability are two sides of the same coin. It goes without saying that all of our activities are pursued with environmental, economic and social sustainability in mind and Swisscom is now among the top five most sustainable telecoms firms in Europe. In 2012 Swisscom was incorporated in the Dow Jones Sustainability Index Europe. The Dow Jones Sustainability Indexes are regarded by financial and sustainability experts as among the most respected worldwide.

Fastweb on track

Swisscom also successfully tackled the challenges posed by Italy's broadband market, with Fastweb the only Italian provider to report customer growth in 2012. All in all, Fastweb enjoyed a very good year, having expanded its sales channels, intensified its partnership with pay-TV provider Sky and extended its range of mobile communications products. Market share and customer growth increased significantly in 2012 despite the adverse economic environment.

Price and service

Global competition is also squeezing prices. And despite this, mobile prices and roaming charges continue to be a subject of discussion in the media, in government and among customers. Because Swisscom is committed to its Swiss roots, the company offers top-quality services in Switzerland, from network expansion to customer care, reconciling local salaries, costs and fair prices. By way of comparison: In a restaurant you would pay 6 Swiss francs for a cup of coffee and a croissant. At Swisscom you can get unlimited mobile calls, Internet access and digital TV in your home for just 4 Swiss francs a day.

New Shop concept

Every year Swisscom counts 5 million shop visits, 120 million phone calls and over 4 million emails and letters. Every day 5,500 customer advisors are on hand to serve the whole of Switzerland in over 100 Swisscom Shops and numerous Service Centres throughout the country. Customers are increasingly using modern communications technology as a matter of course in their daily lives. This in turn means they expect more from us in terms of the way we present our products and the way we offer advice. We are responding to this trend with a new Shop concept which offers more customised advice and the option of trying out products on site. It is called Campus and will be rolled out in all Shops by 2014.

Ultra-high-speed network

Holding video conferences while on the move and streaming mobile TV, music and videos are just two applications that the latest 4G mobile network makes possible. We will provide 70 per cent of the Swiss population with access to this network by the end of 2013. We are 100 per cent committed to ensuring we remain worthy of the distinction "best network". Switzerland boasts one of the most efficient national fixed

networks in the world. And fixed broadband is getting even faster: every year we launch 200,000 construction projects in a bid to bring fibre optics even closer to households. Switzerland is among the top five countries in the world in terms of per-capita investment in telecoms infrastructure, spending around three times more per inhabitant than comparator companies in Europe.

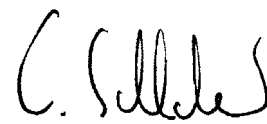
Swisscom is a company that plays an active role in shaping the future, constantly working to offer customers the best, and working with them to make a better tomorrow. With its 18,000-strong workforce, Swisscom is committed to making all this possible – both now and in the future.

We hope you will enjoy reading our Annual Report.

Yours sincerely



Hansueli Loosli
Chairman of the Board of Directors
Swisscom Ltd



Carsten Schlöter
CEO Swisscom Ltd



New opportunities in a networked world

The telecoms market is undergoing radical change. Global providers like Apple, Google and WhatsApp expanded into the traditional telecoms business a long time ago. The amount of data transmitted and phone calls made using the Internet protocol (IP) is increasing all the time. The technical move towards IP has turned a local market into a global one in a short space of time.

Where will the industry go next and what's in store for Swisscom? The ICT sector is working towards a vision: a vision of a central access point for all private and business data. A world in which customers can access all their private and business data centrally, at any time and from anywhere, from a smartphone, TV, computer or games console. In this world, all data would be stored in a cloud on external storage devices which users could access via the Internet. Each time a song, video or file is accessed, it would be streamed from this cloud. Data would no longer be stored on individual devices. It goes without saying that a vision like this would only work if there is an efficient, widely available and secure infrastructure in place. Obviously, you would only entrust your valuable data to a trustworthy provider who can guarantee the required level of security. This vision of a more networked future goes one step further, however: in future, more and more machines will communicate with each other via the Internet. This "Internet of things" is a growth market: a few years

from now, over 100 million devices will be connected via the Internet. These developments will continue to massively increase bandwidth requirements. Swisscom has already set the ball rolling in making this vision a reality. In the past 12 months the company has invested 1.7 billion Swiss francs in expanding ICT infrastructure in Switzerland. Infrastructure needs to be upgraded in order to accommodate the growing bandwidth requirements. The NATEL infinity mobile subscriptions launched last year, which offer unlimited calls, SMS and Internet access, have been a resounding success. In a world where every action implies a transfer of data from and to the cloud, it no longer makes sense to bill data volumes separately. The next few years are set to be an exciting and dynamic time for telecoms companies. Any company that makes the right steps now and prepares itself effectively for the future can ensure ICT business remains a growth business.

The basis of the networked world

Swisscom's business model has changed radically in the last few years, driven by new opportunities brought about by technical advancements and changing customer needs. In the networked world now and in the future, four things are key for our customers. Swisscom is therefore focusing on these four areas.



A reliable and secure ICT infrastructure

Swisscom is investing in infrastructure and thereby in the nerve centre of Switzerland's information society. For example, Swisscom is currently testing the latest fibre-optic technology Fibre to the Street (FTTS) in Grandfontaine in the canton of Jura, allowing residents to benefit from bandwidths of up to 100 Mbps. FTTS also allows areas outside of major conurbations to be supplied with ultra-high-speed broadband.

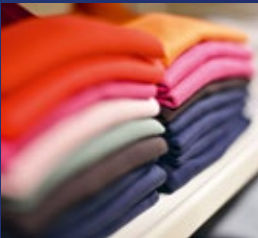
From page 11



Secure handling of digital data and virtual identities

The more networked the world becomes, the more important it is to protect digital identities and data. Over 190 financial institutions entrust their data to Swisscom – Bank Coop, for example, for whom Swisscom manages all payment transactions and securities trading.

From page 19



Products and services tailored to customers' needs

Swisscom communicates with its customers in a personalised way in order to add value. Customers and their individual needs are at the heart of everything we do, and the owners of the Toku Store in Berne can vouch for that. They are supported by a personal contact person at Swisscom and use SME Business World apps to optimise their customer communications and retain existing customers.

From page 25



Taking responsibility for the environment and the community

Swisscom is one of the most sustainable companies in Switzerland and helps its customers do business more sustainably, too. This is shown by technology company Reichle & De-Massari, which operates in 30 countries. Since implementing Swisscom's conferencing solution, the number of business trips and flights has dropped considerably. This means reduced CO₂ emissions and lower costs.

From page 31



“High-speed
Internet makes
Grandfontaine
an even more
attractive place
to live.”

Roland Hermann
Mayor of Grandfontaine



Ultra-high-speed broadband for Grandfontaine



A school, a restaurant, two butchers, a couple of small businesses and lots of horses – this is how the village of Grandfontaine in the canton of Jura would appear to a first-time visitor. Little would they know that the 380 residents will soon have ultra-high-speed Internet access. In this tranquil corner of Switzerland, Swisscom is testing the new and efficient Fibre to the Street (FTTS) hybrid

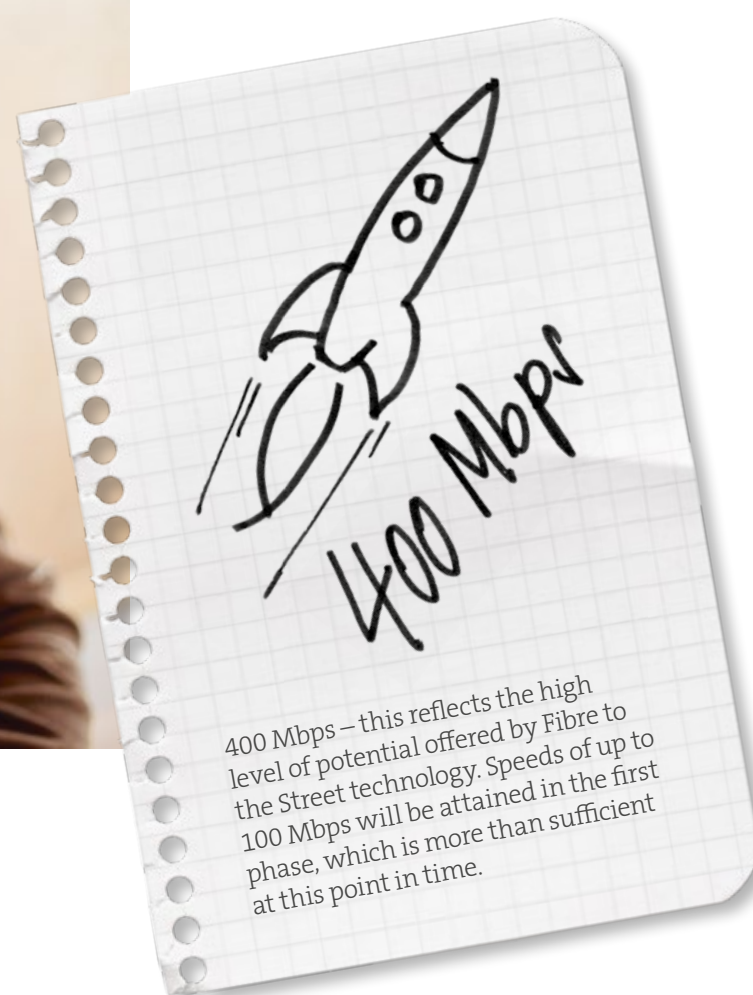
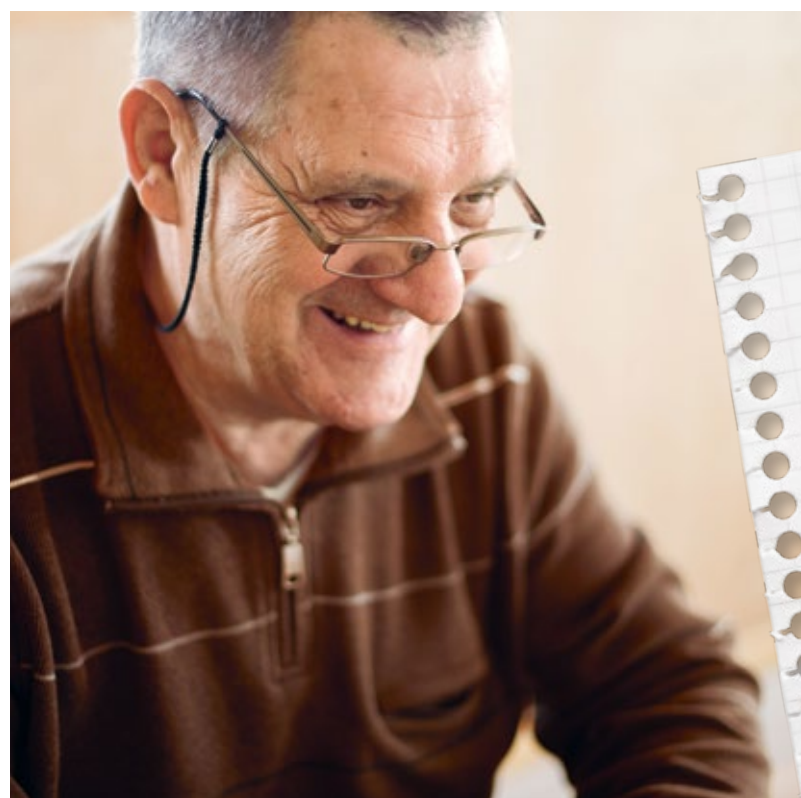
The mayor, Roland Hermann, receives all visitors in his office, which he has set up in the school building. He is delighted that Grandfontaine will be one of the first municipalities to be equipped with Fibre to the Street. For him, one thing is clear – Grandfontaine will become a more attractive place to live in the future. “There are residents here who work in Basel, but only return to Grand-

“Installation of high-speed Internet access will enable many residents with long commutes to the office to work from home.”

technology as part of a pilot project. The technology allows the optical fibre to be positioned closer to households and to better utilise the copper cabling already in place. As a result, users will be able to reach broadband speeds of up to 100 Mbps. In the future, speeds as high as 400 Mbps will even be possible. Grandfontaine is not the only pilot project being carried out – similar projects are also underway in Charrat (VS) and Flerden (GR).

fontaine at the weekends due to the long commute. High-speed Internet will now enable them to also work from home. This gives our location a great advantage.” In addition, there are a large number of residents who are looking forward to being able to watch Swisscom TV. Until now, most residents of Grandfontaine have been receiving television signals via antennae – digital television was not available in the past. As a trained watchmaker with his own stu-





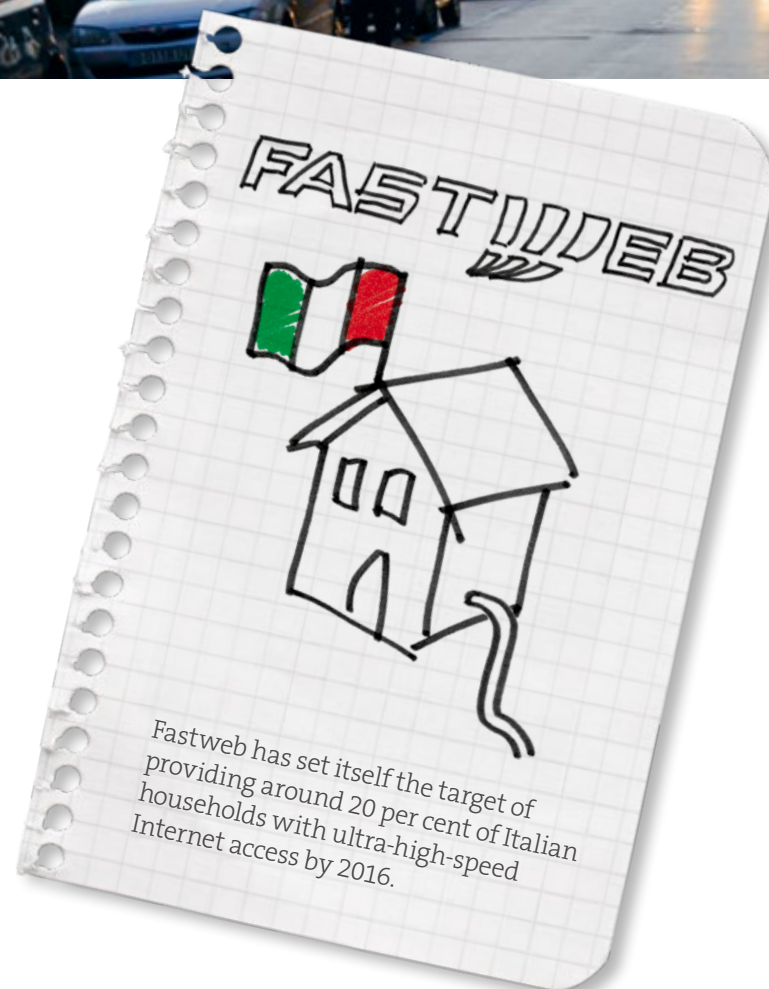
dio, Roland Hermann – as well as the other small businesses in Grandfontaine – is eagerly awaiting installation of high-speed Internet access, for business reasons.

“A large number of residents are looking forward to watching digital television.”

For Swisscom, the Fibre to the Street technology is an efficient way of making ultra-high-speed broadband available to the whole of Switzerland even faster. In a world in which the Internet is becoming increasingly important in our day-to-day lives, having a secure and reliable network offers a really important locational advantage for a country and its people. The aim is to provide 80 per cent of the Swiss population with Internet access with speeds in excess of

100 Mbps by 2020 at the latest. This requires a great deal of investment: in 2012 Swisscom injected 1.7 billion Swiss francs into improving the performance and security of the Swiss infrastructure. This investment will reach a record level of 1.75 billion Swiss francs in 2013. It is clear that the hard work is paying off, as Switzerland’s Internet access is outstanding by international standards. According to an OECD study, Switzerland leads the world in terms of broadband penetration (OECD Broadband Portal, July 2012), with Swisscom spending around three times more per inhabitant than comparable companies in Europe.





Fastweb, Swisscom's Italian subsidiary, will also continue to invest in expanding the Italian fibre-optic network over the coming years, with the aim of expanding its own infrastructure and increasing competitiveness. Fastweb is focusing on using FTTS technology, too. Fastweb is the only provider of ultra-high-speed fixed-line Internet access in Italy and now supplies around two million households in the country's urban areas. During expansion of the network infrastructure, Fastweb is primarily focusing on expanding the fibre-optic networks to points close to buildings, i.e. Fibre to the Street (FTTS). Fastweb has set itself the target of providing around 20% of Italian households with ultra-high-speed Internet access by 2016. Regardless of whether we are talking about Grandfontaine or Pisa, high-speed Internet access is becoming increasingly essential.

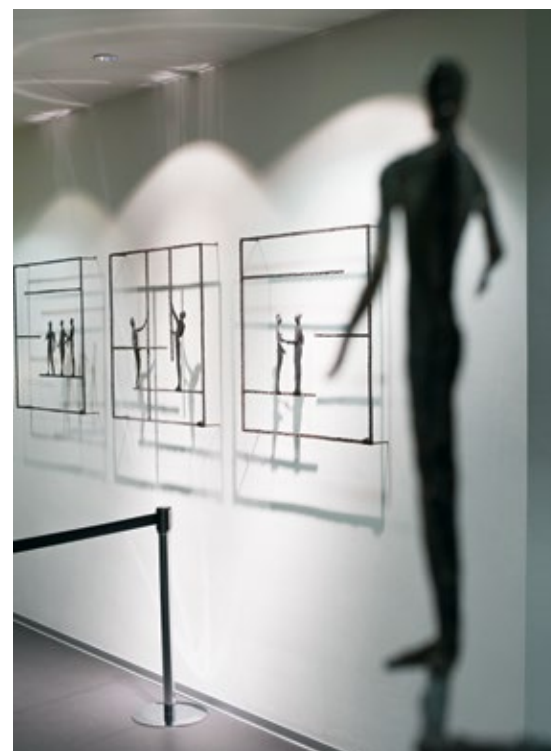
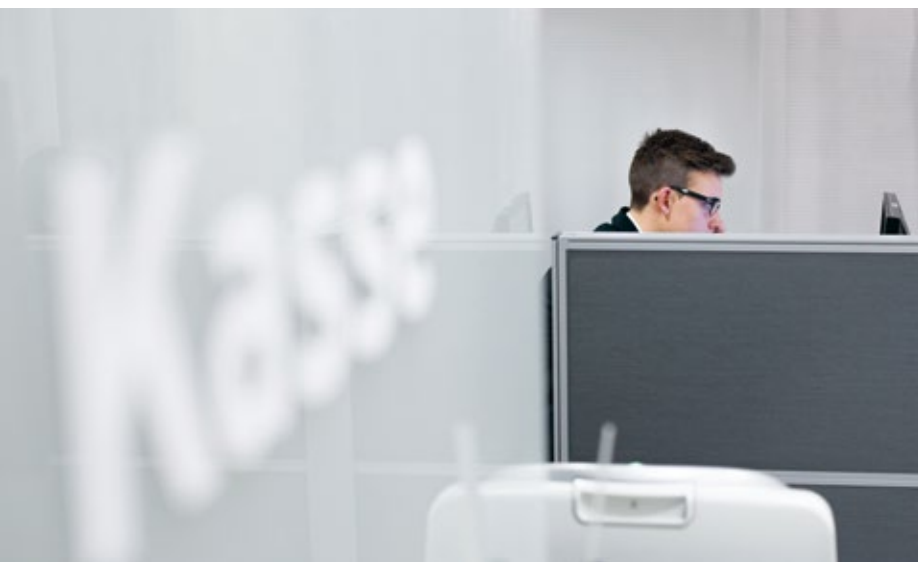




Bank Coop:
Back-office is operated by Swisscom

“Sensitive
customer data
are in safe
hands.”

Sandra Lienhart-Cozzio
Deputy Chairman of the Management Board of Bank Coop



Bank Coop: Back-office is operated by Swisscom

"I'm a Swisscom customer," chuckles Sandra Lienhart. "Every time I initiate a payment transaction, it is processed by Swisscom." Sandra Lienhart is referring to a still relatively unknown area of Swisscom, namely the fact that it processes all securities and payment transactions for Bank Coop. As one of the first banks in Switzerland to outsource its back-office operations several years ago, the move is precisely in keeping with the philosophy of a retail bank. "Our core competence is assisting and advising our clients. This is why the decision was made to outsource the back-office, provided the price was right and the quality was in line with our expectations." This seems to be the case at Swisscom. Outsourcing its operations was a pioneering decision for Bank Coop

at the time but one which has since become common practice in the industry. Swisscom operates IT infrastructure and banking software for over 80 banks and carries out back-office operations for a number of these. This makes Swisscom the market leader in banking solutions. The key criterion here is the assurance that sensitive data are in the right hands.

By outsourcing its back-office, Bank Coop can focus on its core business, which the financial institution has done outstandingly, successfully establishing itself as a friendly and approachable alternative to the big banks. Sandra Lienhart values the employee-driven corporate culture and the fact that the Bank's values are truly embodied by staff. Bank Coop attracts customers who respond

to the customer pledge of "Fair Banking". Fair Banking means that products offer fair value for money, that the company is a family-friendly employer and that it is committed to environmental and social issues. For example, Bank Coop is financial partner to the Krebsliga (Swiss Cancer League) and has invested in funds to support the charity.

Bank Coop signed the outsourcing agreement five years ago with Sourcag, a company specialising in banking processes, which was subsequently acquired by Swisscom. The way in which outsourcing works has significantly evolved over the years and both partners have had to adapt to the changes. "We've learned a great deal. The process

"Bank Coop was one of the first banks in Switzerland to outsource its back-office operations a number of years ago."

Environmental sustainability is also a key issue at the Bank. Just like Swisscom, Bank Coop procures 100 per cent of its energy from renewable sources. It is important to Bank Coop that its partners share its philosophy. Sustainability has long been an integral part of Swisscom's corporate culture: it is one of the most sustainable companies in Switzerland and among the five most sustainable telecoms firms in Europe.

has completely changed the way some of our own team think about the outsourcing of banking processes, something which is now just a matter of course for us," says Sandra Lienhart. Swisscom and Bank Coop have since built up a strong relationship of trust. As a financial institution, Bank Coop handles sensitive customer data and is legally obliged to comply with bank-client confidentiality. Customers want



to be sure that their data are in good hands. “This is why Swisscom must continue to assure us from a technical perspective and more generally, that they are doing everything in their power to guarantee data security.”

“As a contractual partner of Bank Coop, Swisscom is subject to the rigorous regulations of the Swiss Financial Market Supervisory Authority (FINMA).”

As a contractual partner of Bank Coop, Swisscom is subject to the rigorous regulations of the Swiss Financial Market Supervisory Authority (FINMA). This in turn means that as Swisscom processes securities and payment transactions, it must comply with bank-client confidentiality. Bank Coop regularly checks compliance with the contractual agreements by means of in-depth audits.

Besides data security, a number of other factors are key to ensuring successful collaboration: “It’s really important for us to have a partner like Swisscom who is able to keep abreast of technical developments and make investments where necessary. In this market you need to reach a certain critical size to be able to offer competitive prices.”





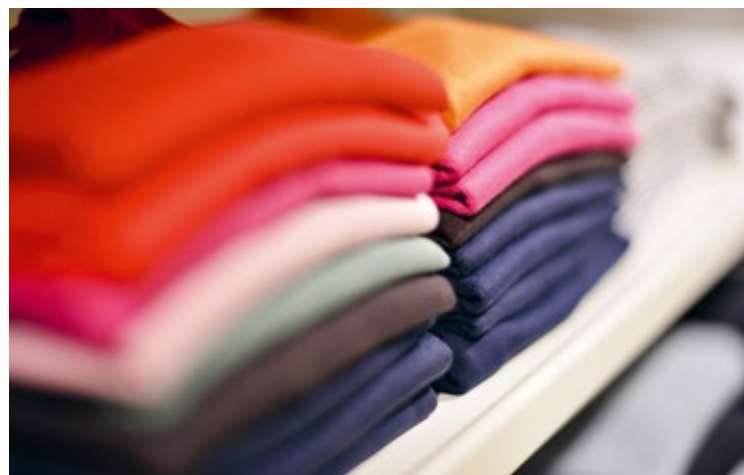
Toku swiss labels
Greater market success with Swisscom

“We invite
customers
to our open
evenings by
Mobile App.”

Mariann Liechti and Zimi Kesselring
Managing Directors of Toku Store



A simple and cost-effective way to try out new things



knowledge section, users can access new specialist articles, checklists and courses every day on topics such as marketing, HR and finance – in other words, topics that are of interest to any entrepreneur in their daily business. The second part of the platform is an ever-growing SME community in which users can set up personal profiles and web-based business cards for their companies and network with each other. And finally there is a section dedicated to working with web-based applications (apps), in which Swisscom explains how business apps can be employed in daily business life, what benefits they offer and what to look out for when using them.

“The heart of the platform is cloud computing for SMEs.”

“Customers from Berne are down to earth – they want to buy clothes they could ride a bike in. Unlike Zurich, there’s not much interest in catwalk fashion in the Swiss capital,” says Zimi Kesselring. But the garments that Zimi Kesselring and Mariann Liechti sell in their boutique are not merely functional. Toku comes from Japanese and means “special”. Toku’s clientele value that special touch in the form of style, quality and sustainable production. Something else that’s special is the fact that Toku only stocks fashion from Swiss labels. Toku emphasises sustainability and only uses top-quality natural fabrics. Mariann Liechti firmly believes that Toku’s customers can feel the difference between high-quality wool and any old polyester mix. The two owners have strong Swiss roots and look back with fondness on an almost forgotten period in Swiss history when Switzerland had a flourishing textile industry which supplied high-quality products to customers around the world. The two qualified dressmakers are highly innovation-minded. Not only have they been running their boutique successfully for the last three years, they were also among the first entrepreneurs to sign up for SME Business World, a unique online platform specially designed by Swisscom for small and medium-sized enterprises. In the

Business apps are now available for a wide range of different uses, from accounting to HR planning and marketing. The owners of Toku are also pioneers in the use of these applications. Zimi Kesselring says: “We use business apps for marketing. For example invitations to our open evenings are now only sent by Mobile App. We also produce vouchers and have opened an online shop on Facebook.” And all of this has been achieved despite the fact that as a start-up, they didn’t have huge IT budgets and are careful how they spend



their money. You don't have to purchase web-based applications as you do with software. Instead the pair can try out apps free of charge and if they like them, they can activate them via SME Business World. And if at any time they want another app, they can switch, without being left with unwanted software they have paid for.

The two entrepreneurs from Berne like being able to try out and create new things. The motivation behind setting up Toku was the dream of creating their own fashion label. They started off by designing and making their own shoes, which came about as part of an art project where the idea was to breathe new life into the traditional clog. The prototype met with such keen interest that the pair contemplated batch production. This paved the way for their own label, Tokushuu. "Everyone makes clothes, but we thought with shoes we could really make a name for ourselves," says Mariann Liechti. The soles are made from beech, a hard wood, which means they can be kept as slim and delicate as possible. The shoes are finished in a social institution where the pair have set up a small production facility. The two entrepreneurs are among the few successful shoe manufacturers in Switzerland. The first garments are set to follow next year and there is already an initial prototype in the workshop.

The firm's founders have got to know Swisscom in a new light thanks to SME Business World. "We used to think of Swisscom as just another large corporation. We think it's really exciting how innovative Swisscom has become. It's the first Swiss company we've come across which is genuinely interested in what we as a small enterprise do and offers us support that is as tailored as possible." Besides using SME Business World, there's another change round the corner. In future, the pair will have a single point of contact at Swisscom. One person who knows their business and needs inside out and who can support them in the next stage of their successful journey. And that's good news because one thing is clear: these ladies have lots planned.



Three becomes one. Like most SMEs, Mariann Liechti and Zimi Kesselring will have a single, personalised point of contact at Swisscom in future.



Reichle & De-Massari
Reduce CO₂ emissions with Swisscom

“Webex allows
us to reduce
our carbon
footprint.”

Markus Steinmann
Member of the Management Board of Reichle & De-Massari
Switzerland



100 per cent sustainable Green ICT in Wetzikon

“This building doesn’t use a single drop of fossil fuel,” says Markus Steinmann. The modern business premises in Wetzikon are one of the largest commercial Minergie buildings in Switzerland. During the summer months, heat is carried away from the rooms to produce a cooling effect. The heat and waste heat from machines and devices is then stored underground in geothermal probes, reaching up to 250 metres below the surface. The heat is then fed back into the building on cold days using a pump system. In this way, buildings and underground storage systems form a symbiosis. On the whole, CO₂ emissions from the “R&M Cube” are 90 per cent lower than in a conventional building. The founders of Reichle & De-Massari attach great importance to social, economic and environmental sustainability. Markus Steinmann recounts an

anecdote about the company founder who was asked why he had chosen top-quality oak parquet flooring for the cafeteria rather than a cheap run-of-the-mill linoleum. Hans Reichle replied that he only carried out building work every 50 years and that the oak parquet flooring would more than pay for itself in that time – in other words, you have to think long-term. Swisscom and Reichle & De-Massari are alike in this way: sustainability has long been an integral part of the corporate culture of both companies.

Reichle & De-Massari operates in more than 30 countries besides Switzerland. While there used to be a great deal of travel between the various locations, the number of travel authorisation requests has fallen significantly in the last 12 months. This is thanks to the teleconferencing solution Webex, which

Swisscom installed at R&M. Webex allows simple, cross-border communication in the form of virtual conferences with up to 20 participants. And the fact that the conferencing solution has a positive influence on the company’s carbon footprint is particularly key. Swisscom and myClimate have awarded Reichle & De-Massari a certificate attesting to the fact that the company has saved 125 tonnes of CO₂ by using the Swisscom

*“It takes 125 trees
to absorb 125 tonnes
of CO₂.”*

product. It takes 125 trees to absorb 125 tonnes of CO₂. These are not the only benefits of using Webex, however. The solution needs no any additional infrastructure and therefore only requires minimal investment. This is the benefit offered by many climate-friendly products, showing that sustainability and cost-saving go hand in hand. At R&M, using Webex has even generated competition within the company, which has a ranking list featuring the most frequent users of the climate-friendly service.

As a player within the ICT industry, R&M does even more to help create a more sustainable world. A study conducted by the Global e-Sustainability Initiative has shown that use of the latest ICT solutions helps reduce global CO₂ emissions by 15 per cent. The use of ICT would allow transport systems, electricity grids and buildings to be managed more efficiently than they currently are. Swisscom is Switzerland’s leading provider of climate-friendly ICT solutions and relies on partners such as Reichle & De-Massari to exploit these opportunities. As a whole the ICT sector has the potential to save five times more CO₂ than it emits.

Founded in the 1960s, Reichle & De-Massari is currently owned by the founding family, Reichle. Describing the company’s business activity, Markus Steinmann says: “What we do is like building roads for telecoms to allow people to communicate with each other securely. Roads have to be well maintained to enable vehicles to transport passengers and goods on them.” Reichle & De-Massari’s customers value security and quality. The same applies to Swisscom, one of R&M’s biggest customers in Switzerland. In a networked world, if parts of the ICT infrastructure fail, this has direct and major consequences. A data centre failure, for example, can quickly rack up costs of several million francs a day. People who work with virtual data could be forgiven for



“The use of modern ICT solutions can reduce global CO₂ emissions by 15 per cent.”

forgetting that fibre-optic cables have to endure extremely earthy and difficult conditions. They are laid in holes in the ground and have to be highly resistant. A fibre-optic cable with quality level IP68, for example, has to be able to transfer data seamlessly even under a water column of one meter.

And although cables are standardised products, innovation is still a key topic at R&M because when transferring from a cable to a plug, efficiency can always be improved. Even other products, such as neighbourhood distribution cabinets, are constantly being optimised in collaboration with partners. “This cabinet contains many of Swisscom’s ideas,” says Markus Steinmann, pointing at a terminal box. The technological components for the Fibre to the Street pilot (see page 11) were developed in collaboration with Swisscom. And it is

important to Swisscom that the solutions are produced sustainably in Switzerland. Markus Steinmann sums it up nicely: “Working with Swisscom is so good because we share the same values. Both companies focus on sustainability at all levels of the business. That is a real strength for us.”



Key figures at a glance

The following table shows the development of certain key figures of Swisscom between 2011 and 2012. For a better understanding, a short explanation of the financial key figures is provided below.

In 2012, Swisscom’s net revenue fell by CHF 83 million or 0.7% to CHF 11,384 million and operating income before depreciation and amortisation (EBITDA) fell by CHF 203 million or 4.4% to CHF 4,381 million. On a like-for-like basis and at constant exchange rates, revenue was up 0.3% and EBITDA was down 0.6%. At CHF 1,762 million, net income more than doubled compared to 2011, on a like-for-like basis net income remained stable. The differences between reported and adjusted figures are attributable primarily to the following one-off items: currency effects, increased restructuring and pension costs, as well as a value adjustment at Fastweb in 2011, reduced hubbing revenue and non-recurring income from a legal settlement with a third-party telecoms provider in 2011.

In Swiss business, net revenue was stable at CHF 9,268 million (+0.3%) on a like-for-like basis, and operating income (EBITDA) fell modestly to CHF 3,768 million (–2.1%) compared to 2011. New revenue provided a cushion against price erosion of CHF 400 million in traditional core business; these businesses however mainly achieve lower margins. On a like-for-like basis, personnel expense remained practically stable at CHF 2,227 million with a decrease of 2.2% in headcount to 16,269 employees. Capital expenditure in Switzerland was up CHF 457 million or 29.7% to CHF 1,994 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.

On a like-for-like basis, Fastweb achieved a fairly stable net revenue of EUR 1,613 million (+0.5%) and increased operating income (EBITDA) of 11.1% at EUR 500 million. This positive result can be attributed primarily to a reduced level of receivable losses and cost saving initiatives.

In CHF million, except where indicated

	2012	2011	Change
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Economic performance

Net revenue and results			
Net revenue	11,384	11,467	–0.7%
Operating income before depreciation and amortisation (EBITDA)	4,381	4,584	–4.4%
EBITDA as % of net revenue	% 38,5	40.0	
Operating income (EBIT) before impairment losses on goodwill	2,431	2,681	–9.3%
Operating income (EBIT)	2,431	1,126	115.9%
Net income	1,762	694	153.9%
Earnings per share	CHF 33.88	13.19	157.0%

Balance sheet and cash flows			
Equity at end of year	4,156	4,296	–3.3%
Equity ratio at end of year	% 20.7	22.1	
Operating free cash flow	1,882	2,068	–9.0%
Capital expenditure in property, plant and equipment and other intangible assets	2,529	2,095	20.7%
Net debt at end of period	8,071	8,309	–2.9%

Operational data at end of period				
Fixed access lines in Switzerland	in thousand	3,013	3,120	–3.4%
Broadband access lines retail in Switzerland	in thousand	1,727	1,661	4.0%
Swisscom TV access lines in Switzerland	in thousand	791	608	30.1%
Mobile access lines in Switzerland	in thousand	6,217	6,049	2.8%
Unbundled fixed access lines in Switzerland	in thousand	300	306	–2.0%
Broadband access lines wholesale in Switzerland	in thousand	186	181	2.8%
Broadband access lines in Italy	in thousand	1,767	1,595	10.8%

Swisscom share				
Closing price at end of period	CHF	393.80	355.90	10.7%
Market capitalisation at end of year		20,400	18,436	10.7%
Dividend per share	CHF	22.00 ¹	22.00	–

Ecological performance

Environmental key figures in Switzerland				
Energy consumption	GWh	532	507	4.9%
Carbon dioxide CO ₂	tons	24,662	23,242	6.1%
Average carbon dioxide CO ₂ emission vehicle fleet	gram per km	131.0	140.0	−6.4%
Rate of return handy recycling	%	11.4	8.9	

Social performance

Employees				
Full-time equivalent employees at end of year	number	19,514	20,061	−2.7%
Full-time equivalent employees in Switzerland at end of year	number	16,269	16,628	−2.2%
Fluctuation rate headcount in Switzerland	%	10.1	11.9	
Days lost headcount in Switzerland	number	117,876	116,210	1.4%

¹ In accordance with the proposal of the Board of Directors to the Annual General Meeting.

Key dates

7 February 2013

Annual Press Conference 2012, Zurich

4 April 2013

Annual General Meeting of Shareholders, Fribourg

8 April 2013

Ex-dividend date

11 April 2013

Dividend payment

2 May 2013

2013 First-Quarter Report

7 August 2013

2013 Half-Year Report

7 November 2013

2013 Third-Quarter Report

in February 2014

Annual Press Conference 2013, Zurich



