

2012

Annual Report



swisscom

About this report

Reporting structure

This integrated report combines Swisscom's financial and sustainability reporting and is aimed at readers interested in both topics. References to additional content and information on sustainability issues are provided in the respective sections of the report.

- > Introduction
- > Management Commentary
- > Corporate Responsibility
- > Corporate Governance and Remuneration Report
- > Financial Statements
- > Further Information

Topics

Information on Swisscom's financial position, results of operations and cash flows complies with the requirements of the International Financial Reporting Standards (IFRS) and, where applicable, the provisions of Swiss law. Internal control mechanisms ensure the reliability of the information contained in this report.

Swisscom also provides a report for stakeholders on the Group's economic, social and environmental performance. The scope and content of the sustainability report are based on the guidelines of the Global Reporting Initiative (GRI 3.1). GRI is the leading global standard for corporate sustainability reporting.

The GRI Index offers a standardised overview of sustainability reporting by subject area.

The Index contains references to the relevant pages in the Annual Report or other information sources and can be viewed online.

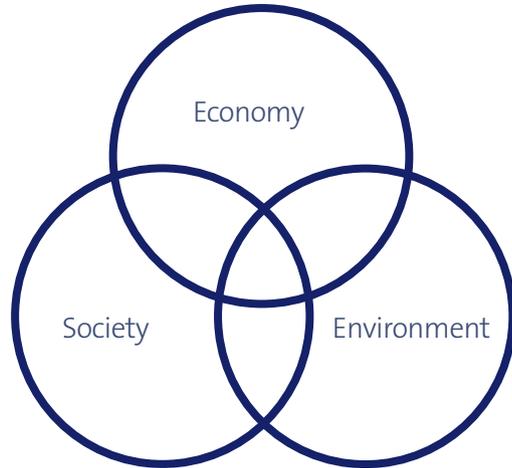
- > Global Reporting Initiative at www.globalreporting.org
- > GRI Index and GRI Appendix to the 2012 Annual Report at www.swisscom.ch/GRI-2012/en

External auditing and evaluation

Parts of the Swisscom report are audited by a third party. The auditing firm KPMG Ltd has audited and certified the consolidated financial statements. The auditing of the consolidated financial statements, including the notes to the financial statements, is based on the likewise audited financial statements of the Swisscom Group companies.

The Sustainability Report, prepared in accordance with GRI 3.1, was audited by SGS AG and certified with Level A+ of the Global Reporting Initiative.

- > Reports of the Statutory Auditors
Pages 217 and 229
- > GRI certified by SGS
Page 114



Triple bottom line

In its reporting Swisscom takes into account the ecological, economic and social aspects and factors that shape its business activities and its role as a corporate citizen.

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Facts & Figures

Economy

11,384 m

CHF net revenue in 2012,
which represents a decline of 0.7%.

Net revenue in CHF million

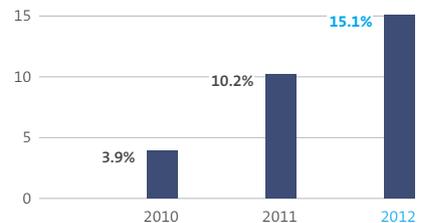


Environment

15 %

Swisscom increases the efficiency of its energy
usage in Switzerland by 15% since 1 January 2010.

Efficiency increase in Switzerland
since 1 January 2010 in %

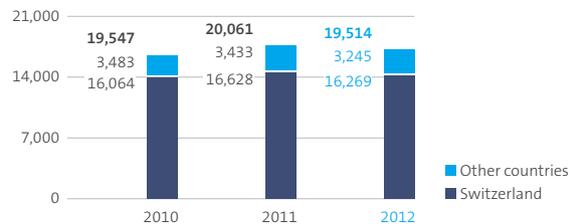


Society

19,514 FTE

is the headcount at Swisscom as of the end of 2012.
Swisscom's workforce includes 88 different nationalities.

Number of employees in full-time equivalent (FTE)



KPIs of Swisscom Group

In CHF million, except where indicated

		2012	2011	Change
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.

Highlights 2012



Market

- > **Swisscom intends to drive forward fibre-optic expansion** outside major urban centres by rolling out Fibre to the Street.
- > **Conclusion of mobile frequency auction:** Swisscom creates a sound basis for further expansion of the mobile network.
- > Swisscom becomes the first company in Switzerland to launch the high-speed **4G/LTE mobile communications standard** in twelve Swiss cities.
- > Swisscom wins connect magazine's network test for the fourth year in a row, proving once again that it is **Swiss market leader in mobile communications**.



Products and services

- > **New mobile subscriptions (infinity):** unlimited phoning, texting and Internet surfing to all networks – all for a fixed fee.
- > Swisscom builds a **state-of-the-art and environmentally friendly data centre** in Berne-Wankdorf.
- > New features for **Swisscom TV:** catch up TV, remote control using the iPad, access to personal recordings while on the move.
- > 552,000 households and businesses already connected to the **high-speed fibre-optic network**.
- > **Fastweb** invests in **fibre-optic network expansion** in Italy.
- > Swisscom tests **Fibre to the Street** in the three municipalities of Grandfontaine (JU), Charrat (VS) and Flerden (GR) with a view to speeding up the rollout of the fibre-optic network in Switzerland.
- > Swisscom releases the **first interactive building automation system** on the market – Quing Home.
- > Since December, Swisscom DSL customers have received **digital TV free of charge:** Swisscom TV light offers access to over 60 TV channels, including 22 in HD.
- > Swisscom introduces new shop concept with more **personalised advice** and the option of trying out products live on site. This concept will be rolled out in all Swisscom shops by 2014.
- > Crystal-clear voice quality on mobile phones: Swisscom launches **HD Voice**.



Business review

- > Andreas König becomes [new CEO of Swisscom IT Services](#).
- > Jürgen Galler becomes Swisscom's new [Chief Strategy Officer](#).
- > Urs Schaeppi is appointed [Head of Swisscom Switzerland](#) by the Swisscom Board of Directors and assumes control of Swiss business as of 1 January 2013.
- > [Barbara Frei](#), Country Manager of ABB S.p.A., Sesto San Giovanni and Regional Manager of the Mediterranean region, is appointed a [Member of the Swisscom Board of Directors](#).
- > Swisscom and the social partners agree on a [new collective employment agreement](#).
- > Swisscom acquired [Datasport Ltd](#), a leading international provider of services for recreational and mass sporting events.



Sustainability

- > According to the Dow Jones Sustainability Index, Swisscom is one of the five [most sustainable telecom companies in Europe](#).
- > Swisscom becomes a partner of the recently opened [Umwelt Arena](#) in Spreitenbach.
- > Swisscom expands its [vocational training scheme](#), and now offers over 900 training places in six vocational areas.
- > Swisscom mobile aid: [Swisscom collects around 170,000 old mobile phones](#). The proceeds from the resale of the devices go to a SOS Children's Villages' school in Ethiopia.

Business Overview

Swisscom's financial reporting is based on the three operating divisions: Swisscom Switzerland, Fastweb and Other operating segments.

Swisscom Switzerland

The Residential Customers, Small and Medium-Sized Enterprises, Corporate Business and Wholesale divisions, as well as the Network & IT division, are reported separately under segment reporting.

In CHF million, except where indicated	2010	2011	2012
Net revenue	8,555	8,449	8,461
Segment result before depreciation and amortisation	3,806	3,778	3,612
Margin as % of net revenue	44.5	44.7	42.7
Capital expenditure in property, plant and equipment and other intangible assets	1,204	1,400	1,852 ¹
Full-time equivalent employees at end of year	11,716	12,096	11,827

¹ Including expenses of CHF 360 million for mobile frequencies.

Residential Customers

The Residential Customers segment is the contact partner for mobile and fixed-line customers. It provides Switzerland with broadband access lines, serves a growing number of Swisscom TV subscribers and operates Switzerland's most frequently visited Internet portal www.bluewin.ch. The Residential Customers segment offers telephone, Internet and TV services – all from a single source – and is also responsible for handset sales and directories business.

Small and Medium-Sized Enterprises

The Small and Medium-Sized Enterprises segment offers a comprehensive range of products and services – from fixed-line and mobile telephony to Internet and data services to IT infrastructure maintenance and operation. Small and Medium-Sized Enterprises receive bespoke integrated solutions: suitable connections, secure access, professional services and intelligent networks.

Corporate Business

Whether voice or data, mobile or fixed network, individual products or integrated solutions, as a leading provider in the field of business com-

munications, the Corporate Business segment supports customers with the planning, implementation and operation of their IT and communications infrastructure, including the provision of cost-efficient solutions and reliable services.

Wholesale

The Wholesale segment provides various services for other telecommunications providers, such as regulated access to the "last mile" as well as commercial voice, data and broadband products. The Wholesale segment also covers roaming with foreign providers.

Network & IT

The Network & IT segment builds, operates and maintains Swisscom's countrywide fixed network and mobile communications infrastructure. It is also responsible for the associated IT platforms, and is driving forward migration of the networks to an integrated IT and IP-based platform (All IP). Network & IT also provides support functions for Swisscom Switzerland; expenses incurred are not charged to the individual segments. The Network & IT segment therefore only reports expenses but no revenue.

Fastweb

Fastweb is one of the largest broadband telecom companies in Italy.

In EUR million, except where indicated	2010	2011	2012
Net revenue	1,880	1,746	1,700
Segment result before depreciation and amortisation	430	506	500
Margin as % of net revenue	22.9	29.0	29.4
Capital expenditure in property, plant and equipment and other intangible assets	427	448	441
Full-time equivalent employees at end of year	3,123	3,081	2,893

Fastweb provides products and services for voice, data, Internet and TV, as well as a full complement of VPN and mobile communication services. Fastweb offers its services in all large towns and cities in Italy and in all market segments. The services are provisioned directly via the company's own fibre-optic network or via unbundled access lines and wholesale products of Telecom Italia.

Other operating segments

Other operating segments mainly comprises Swisscom participations and Swisscom IT Services, which is a leading provider of IT services in Switzerland.

In CHF million, except where indicated	2010	2011	2012
Net revenue	1,708	1,708	1,728
Segment result before depreciation and amortisation	337	334	277
Margin as % of net revenue	19.7	19.6	16.0
Capital expenditure in property, plant and equipment and other intangible assets	130	169	167
Full-time equivalent employees at end of year	4,368	4,515	4,454

Other operating segments mainly comprises Swisscom IT Services, Swisscom Participations and Swisscom Hospitality Services. Swisscom IT Services ranks as one of the leading providers specialising in the integration and operation of complex IT systems. Its core competencies are in the fields of IT outsourcing services, workplace services, SAP services and finance services. Swisscom Participations manages a portfolio of small and medium-sized enterprises, delivering services that are mainly related to or help support Swisscom's core business. Swisscom Hospitality Services supports the hotel industry worldwide with innovative network and communication solutions.

Group Headquarters

Group Headquarters chiefly comprises the Group divisions Group Finance & Controlling, Group Strategy & Business Development, Group Communications and Group Human Resources.

Shareholders' letter



Hansueli Loosli
(Chairman of the Board of Directors
of Swisscom Ltd, on the left and
Carsten Schloter
(CEO of Swisscom Ltd, on the right)

Dear shareholders

Swisscom can look back on a successful year. As in previous years, growth was driven by Internet access and TV business. The commitment demonstrated by our employees in continually improving the customer experience is the foundation on which our success on the market is based. 2012 was characterised by a high level of investment in next-generation ICT networks, the positive outcome of the mobile frequency allocation and the successful introduction of new price plans in Switzerland. Swisscom's Italian subsidiary Fastweb is on course: adjusted for one-off items, revenue was up slightly and EBITDA was up considerably on a like-for-like basis.

Marginal decline in operating profit

In 2012 Swisscom's net revenue fell by CHF 83 million or 0.7% to CHF 11,384 million. Operating income before depreciation and amortisation (EBITDA) declined by CHF 203 million or 4.4% to CHF 4,381 million. Net income rose by CHF 1,068 million to CHF 1,762 million, which is primarily attributable to the impairment loss recognised by Fastweb in the previous year. On a like-for-like basis and at constant exchange rates, revenue was up 0.3% while EBITDA declined by 0.6%. Swisscom's capital expenditure increased by CHF 434 million or 20.7% to CHF 2,529 million. In its Swiss business, Swisscom generated net revenue of CHF 9,268 million (+0.3%) and EBITDA of CHF 3,768 million (-4.5%). After being adjusted for one-off costs, EBITDA of the Swiss business declined by 2.1% on a like-for-like basis. Price erosion of around CHF 400 million was offset by customer and volume growth. Capital expenditure in Switzerland increased by CHF 457 million or 29.7% to CHF 1,994 million. The causes for the rise in capital expenditure were the expansion of broadband networks and expenses of CHF 360 million for the mobile frequencies auctioned in the first quarter of 2012. Swisscom expects to close 2013 with net revenue of CHF 11.3 billion, EBITDA of at least CHF 4.25 billion and capital expenditure of CHF 2.4 billion.

Swisscom share performance in 2012

Taking the dividend into account, the Swisscom share achieved a total return of 16.8% over the course of the year. The total return on the Swiss Market Index (SMI), which comprises the 20 leading listed Swiss companies, amounted to 17.6% over the same period. The total return on the European Stoxx Europe 600 Telco index fell by 4.8% in Swiss francs. Payment of an ordinary dividend of CHF 22 per share (prior year: CHF 22) will be proposed to the Annual General Meeting of shareholders. This is equivalent to a total dividend payout of CHF 1,140 million. Swisscom is thus upholding the principle of continuity in its dividend policy.

A powerful vision driving developments in the ICT sector

Having a clear insight into what the future will bring is part of a long-term, sustainable strategy in the unbelievably dynamic ICT market. At the centre of this strategy stands a vision: that of fulfilling the need of our customers to be able to access digital data during the course of a day through a variety of different devices for the purpose of keeping themselves informed, working, communicating and entertaining themselves. In the not-too-distant future, we will be able to access all our private and work-related data and applications on all of these devices in real time. We will no longer have to worry about synchronisation, nor will we need to wonder where our data are stored or whether our device supports the application we want. The data and applications will always be available instantly on every device. High-speed networks and state-of-the-art cloud services are making this possible. As simple and appealing as such a vision may sound, it places high demands on our infrastructure. Nevertheless, it is our mission to make this vision a reality. To do so requires large-scale investment: Swisscom invests per inhabitant around three times more in infrastructure than its European counterparts.

Our business model is changing as a result of global competition

What was once a domestic market for telephony and news services is now a global market: providers of online services 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, because although these 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. As a result, we now provide network access with different performance features, allowing our customers to use all services on an unlimited basis via this network connection. Thanks to our new infinity subscriptions, this is already a reality in the field of mobile communication. Swisscom customers can simply choose between different data transmission speeds. The new price plans have been a resounding success: by the end of 2012, around 889,000 customers had opted for one of these new mobile phone offerings in the last six months of the year alone. This transition in our business model is already well underway and we are very optimistic about the future. Offering our customers a business model that provides them with network access and unlimited possibilities is a business with enormous potential for growth. The population is growing, as is the number of devices and network connections per inhabitant. Our customers' demands as regards the security and performance of their network access will continue to increase in the coming years. At the same time, this business is subject to local and national competition.

Customer growth in the mobile sector – trend towards bundled offerings

The number of mobile customers in Switzerland increased by 168,000 or 2.8% year-on-year to 6.2 million. Swisscom sold 1.55 million mobile handsets (+6.7%), 68% of which were smartphones. In general, the trend is towards bundled offerings. Customers appreciate being able to get their fixed-line access, telephony, Internet and TV services all from a single source. By the end of 2012, a total of 788,000 customers were using bundled offerings, around 28% more than the previous year. The number of broadband lines with end customers grew by 66,000 or 4.0% year-on-year to 1.73 million, while the number of Swisscom connections used by alternative providers declined somewhat in 2012 to 486,000.

Leader in digital TV

Since 2011 Swisscom has been the leading provider of digital television in Switzerland. The focus of this strategic pillar is on extending the core business along the value chain. Swisscom TV's customer

base increased by over 30.1% to 791,000 customers in 2012. The functionality and range of programmes offered by Swisscom TV were expanded in the year under review. Regional programmes and national sporting events in particular are an effective means for Swisscom to distinguish itself from international providers. In local competition with cable providers, Swisscom offers much higher interactivity in its television services thanks to functionalities such as Catch Up TV, Pay per View and the various apps.

New areas of business through IT expertise

The Group's subsidiary Swisscom IT Services, which offers a broad portfolio of IT services, has been going from strength to strength in recent years. In IT outsourcing, Swisscom IT Services is now one of the largest providers on the Swiss market. The company is the market leader in banking solutions, with over 190 Swiss financial services providers now entrusting us with all their IT, which we operate in our state-of-the-art data centres. Swisscom sees a growth market in the "Internet of Things" (machine-to-machine); in future, machines will increasingly communicate with each other via the Internet. In concrete terms, Swisscom expects that in a few years from now, over 100 million devices will be connected to each other via the Internet in Switzerland. In addition, Swisscom is currently tapping new fields of business in the healthcare and energy markets.

Fastweb on course again

2012 was a very good year for Fastweb. Adjusted for one-off items, revenue was up slightly by 0.5% to EUR 1,613 million and EBITDA was up considerably by 11.1% to EUR 500 million on a like-for-like basis. Fastweb was the only Italian provider to report customer growth in 2012. Over the course of the year, it also further expanded its sales channels, intensified the partnership with pay-TV provider Sky and extended the range of mobile communications products. Market share and customer growth increased significantly in 2012 despite the adverse economic environment. In order to further increase efficiency, Fastweb implemented various cost-cutting initiatives. The measures for reducing bad debt losses were also further improved on those of the previous year. They are having a clear positive effect and are contributing to the significant increase in the operating result. To enhance its competitiveness, Fastweb will continue investing in fibre-optic expansion. Like Swisscom, Fastweb is focusing on rolling out Fibre to the Street (FTTS) to complement its existing Fibre to the Home (FTTH) network.

Strategic investments in infrastructure in Switzerland

The rapid growth in expectations resulting from the vision outlined at the beginning of this letter regarding the security and performance of infrastructure open up a wide variety of ways to enhance competitiveness through differentiation and growth opportunities. These necessitate long-term investments in our infrastructure. Swisscom spent a total of CHF 1.63 billion in 2012 on enhancing the performance and security of Swiss infrastructure, in particular the expansion of the fibre-optic network. That is about CHF 100 million more than in 2011. Switzerland is excellently positioned by international standards: according to an OECD study, Switzerland leads the world in terms of broadband penetration (OECD Broadband Portal, July 2012). By the end of 2012, around 552,000 homes and businesses had been connected to the fibre-optic network. Swisscom plans to market fibre-optic services more quickly in 2013. The number of homes and businesses connected to the fibre-optic network is set to rise to around a million by 2015, representing a third of all Swiss households. Some of these connections are being realised in cooperation with power utility companies or cable network operators. To enable all of Switzerland to benefit from a considerable increase in fixed broadband performance, Swisscom is deploying a new fibre-optic technology, Fibre to the Street (FTTS), which allows ultra high-speed broadband to be supplied more quickly and more efficiently. Pilot testing is currently underway in Grandfontaine (JU), Flerden (GR) and Charrat (VS). With FTTS, fibre-optic cable is laid to within a short distance of individual homes and businesses. This enables bandwidths of up to 100 Mbps, with speeds as high as 400 Mbps expected in the next few years. For the fourth time in succession, the trade journal connect has rated Swisscom as the best network in Switzerland. The demand for bandwidth is continuing to grow rapidly. Mobile data traffic increased by 85% in 2012, with a year-on-year increase of even 120% in the fourth quarter of 2012.

Swisscom is continuously investing in new mobile communication technologies. At the end of 2012, Swisscom became the first provider in Switzerland to launch a 4G/LTE network, giving customers with a 4G/LTE-enabled smartphone or notebook and a surf subscription even faster mobile Internet access while on the move. The network was initially available in 26 different towns and cities. Swisscom will push ahead with the further expansion of the 4G/LTE network next year: which should cover 70% of Switzerland's population by the end of 2013. Swisscom is again planning to increase capital expenditure in Swiss infrastructure in 2013, taking it to a record level of CHF 1.75 billion. This investment makes a major contribution towards ensuring that Switzerland, as an information and knowledge society, will continue to boast one of the world's best telecoms infrastructures in the future.

Sustainability as a key element in a long-term strategy

Sustainable management and long-term responsibility are firmly enshrined in Swisscom's corporate culture. Swisscom takes responsibility for the environment and the community – now and in the future – and is one of the top five telecom companies in Europe in terms of sustainability. The company is aiming to improve its energy efficiency by 20% and thereby help realise the Swiss Confederation's 2050 energy strategy. Swisscom promotes media skills among Switzerland's general population through initiatives such as "Internet for Schools" and media competency courses, enabling its customers to navigate the digital world securely and responsibly. Sustainability is also an important issue for our customers, as evidenced by the fact that corporate responsibility is a key driver of customer satisfaction. In the year under review, Swisscom set binding targets for all its operating divisions in Switzerland in order to fulfil the goals of our Corporate Responsibility Strategy in the four strategic priority areas of "Sustainable living and working", "Sustainable use of resources and responsibility in the supply chain", "Telecommunications for all" and "Responsible employer". This year's sustainability report again meets the requirements of level A+ in accordance with the GRI Index. Details about how Swisscom is meeting its objectives can be found in the section on "Corporate Responsibility" in this Annual Report.

Modification of Group structure – management changes

Swisscom's management structure was modified as of 1 January 2013 with the aim of strengthening the management of the Swiss business and enhancing the Group's efficiency. Urs Schaeppi will head up Swisscom Switzerland as of 1 January 2013 and will report to CEO Carsten Schloter. Urs Schaeppi will continue in his current function as head of Corporate Business ad interim. As Chairman of the Board of Directors of Swisscom Switzerland, Carsten Schloter continues to be closely involved in topics of strategic importance for Swisscom Switzerland. In addition to strategic topics in the Swiss business, the Group Executive Board will in future focus increasingly on further developing Swisscom IT Services, Fastweb and innovations. Group Communications & Responsibility and Group Related Businesses, which includes growth businesses in the areas of health, energy and home networking, will report directly to the CEO, who is also Chairman of the Boards of Directors of Swisscom IT Services and Fastweb. The Board of Directors appointed Mario Rossi as the new Chief Financial Officer (CFO), who previously headed Business Steering for Swisscom Switzerland. He is taking over from Ueli Dietiker, who stepped down as CFO at his own request. Ueli Dietiker now heads up Group Related Businesses and has also assumed other directorships at Swisscom. Andreas König was appointed the new CEO of Swisscom IT Services. He replaces Eros Fregonas, who left Swisscom at the end of April 2012. The Board of Directors also appointed Jürgen Galler as the new head of Group Strategy & Innovation and member of the Swisscom Group Executive Board. He succeeds Daniel Ritz, who left the company at the end of 2012.

Changes to the Board of Directors

Barbara Frei, Country Manager of ABB S.p.A., Sesto San Giovanni and Regional Manager of the Mediterranean region, was appointed a member of the Board of Directors at the Annual General Meeting in 2012. She replaces Othmar Vock, who had been a member of the Board of Directors for seven years. We would like to express our sincere thanks to Othmar Vock for the formative work he did as a member of the Board of Directors and as a member of various committees, as well as for the role he played as Chairman of the Audit Committee.

Financial outlook 2013

In 2013, Swisscom anticipates stable revenue of CHF 9.34 billion, excluding Fastweb. EBITDA (excluding Fastweb) is expected to decline to CHF 3.64 billion. A new standard for pension fund accounting will lead to a CHF 110 million increase in costs not affecting cash flow. Furthermore, the steady growth in customers and volumes will bring about an increase in direct costs, mainly in the acquisition of new customers and the procurement of handsets. The maintenance and further expansion of the network infrastructure will also result in a temporary increase in indirect costs.

In 2013, Swisscom expects capital expenditure (excluding Fastweb) to rise to CHF 1.75 billion. Capital expenditure of CHF 1.65 billion in 2012 was CHF 50 million below the original forecast for the year. A slight acceleration in investment activity is anticipated in 2013, which should make up for the shortfall. In 2013, Fastweb is forecast to enjoy stable growth in revenue in local currency, excluding hubbing, of EUR 1.6 billion. EBITDA at Fastweb is expected to stay at the previous year's level of EUR 500 million. Due to the expansion of the fibre-optic networks in Italy, investments are expected to rise to EUR 550 million.

Based on the current CHF/EUR exchange rate of 1.23, Swisscom therefore expects Group revenue of around CHF 11.3 billion, EBITDA of at least CHF 4.25 billion and capital expenditure of around CHF 2.4 billion.

If all targets are met, Swisscom will again propose a dividend of CHF 22 per share for the 2013 financial year to the Annual General Meeting of Shareholders.

Thank you

We can look back on an intensive and successful year. We owe our achievements in 2012 to the trust of our customers, the loyalty of our shareholders and the tireless dedication and commitment of our employees. A warm thank you to you all.

Yours sincerely



Hansueli Loosli
Chairman of the Board of Directors
Swisscom Ltd



Carsten Schloter
CEO Swisscom Ltd