



3rd quarter results 2001 “solid as a rock”

Conference Call

21 November 2001

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"This communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.

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- Highlights Jens Alder, CEO
- Group financial performance Dave Schnell, CFO
- Results by segment Dave Schnell, CFO
- Outlook and conclusions Jens Alder, CEO



Highlights

Jens Alder, CEO

- Revenues and margins stable quarter on quarter
- Competitive landscape rationalising:
 - number of competitors (fixed line operations) slowly decreasing
 - alternative technologies (e.g. WLL/Powerline) not gaining substantial ground
 - bottom-line behavior from competition helps to stabilise the market
- Capex staying behind plans, esp. in Swisscom Mobile
- Continued product introduction (e.g. 'Natel Easy Kid') and rationalisation (e.g. 3 new PSTN/ISDN offerings replacing all old ones)
- Merged Swisscom's IT business with AGI to become Switzerland's leading IT services company. Swisscom holds a 71.1% stake
- Stake in debitel now 94% (Metro exercised its 10% put option)
- debitel acquires Talkline Netherlands
- Increasingly positive EBIT contribution of non-German operations to debitel

- Competitive situation (incl. pricing) still largely unchanged and stable
- UMTS roll out slower than anticipated (commercial launch not until 2003), GPRS only as of early 2002
- (Mobile) Site acquisition and radiation regulation still problematic
- Government ruling on stable access charges PSTN/ISDN as of 2003: continued access deficit
- ADSL marketing kicked off, run-rate at 1'000 customers/week, new offerings (1 Mbit/s and 2 Mbit/s) per December 2001
- Regulator's decision to include leased lines and dark fiber / copper in the interconnect regime was overruled by the Supreme Court
- Changes in Swisscom Pension fund to take place
 - change of concept to increase attractiveness as an employer *)
 - one off payment to ensure sufficient reserves at the fund

*) under condition of acceptance by Pension fund's Board of Trustees

“solid as a rock”

average quarter
2000

Q1 2001

Q2 2001

Q3 2001

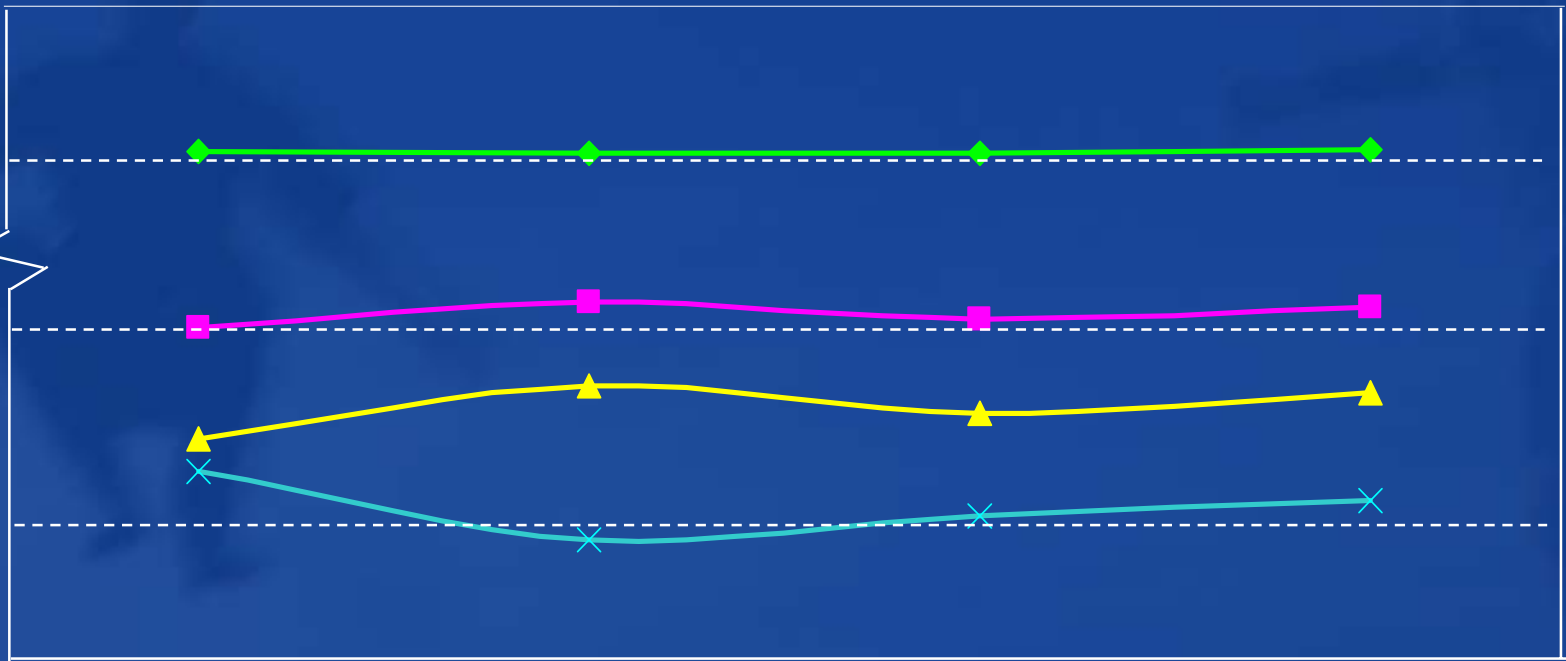
CHF million

3,500

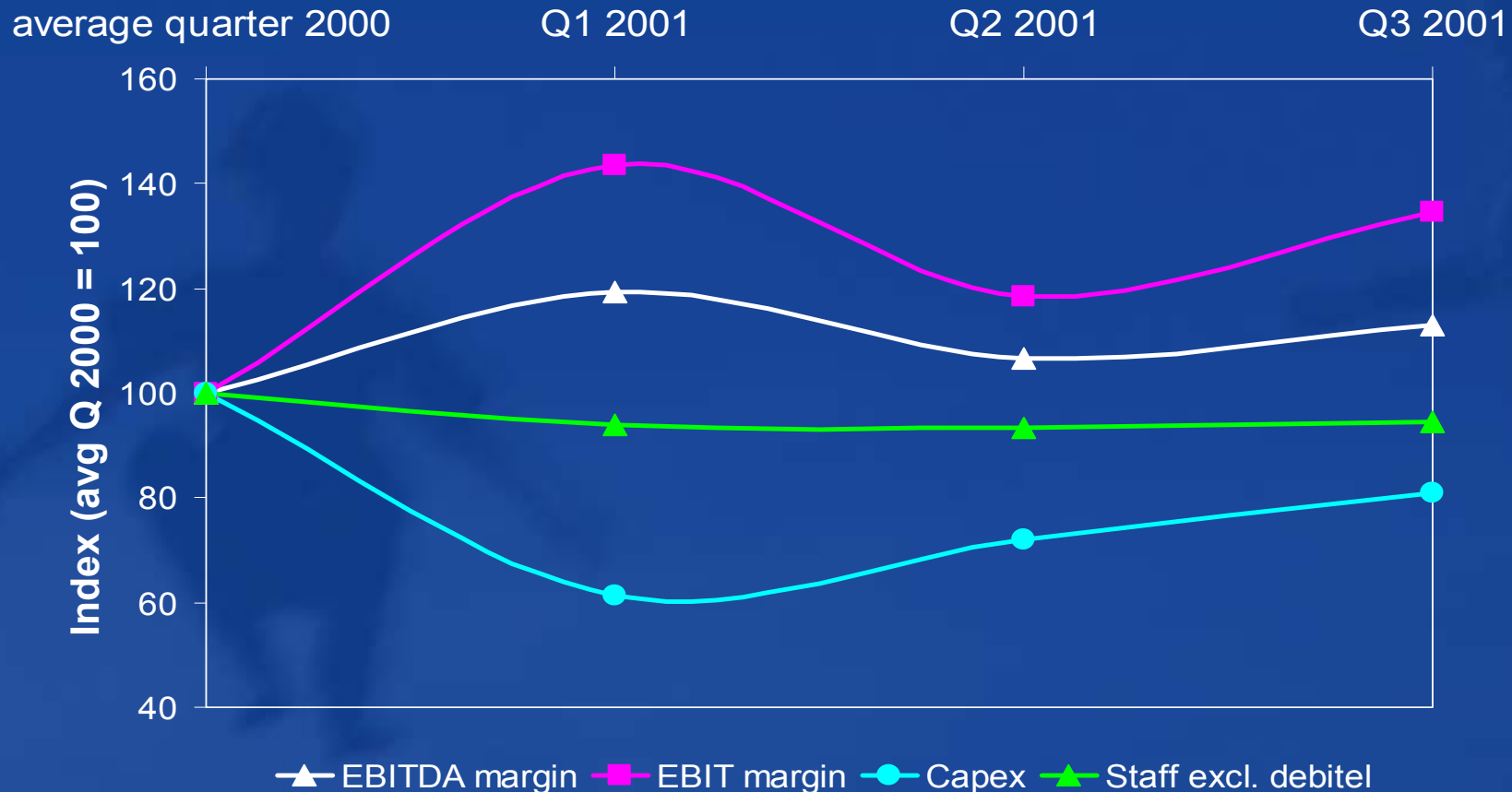
1,000

250

◆ Net revenue ■ EBITDA ▲ EBIT × Capex

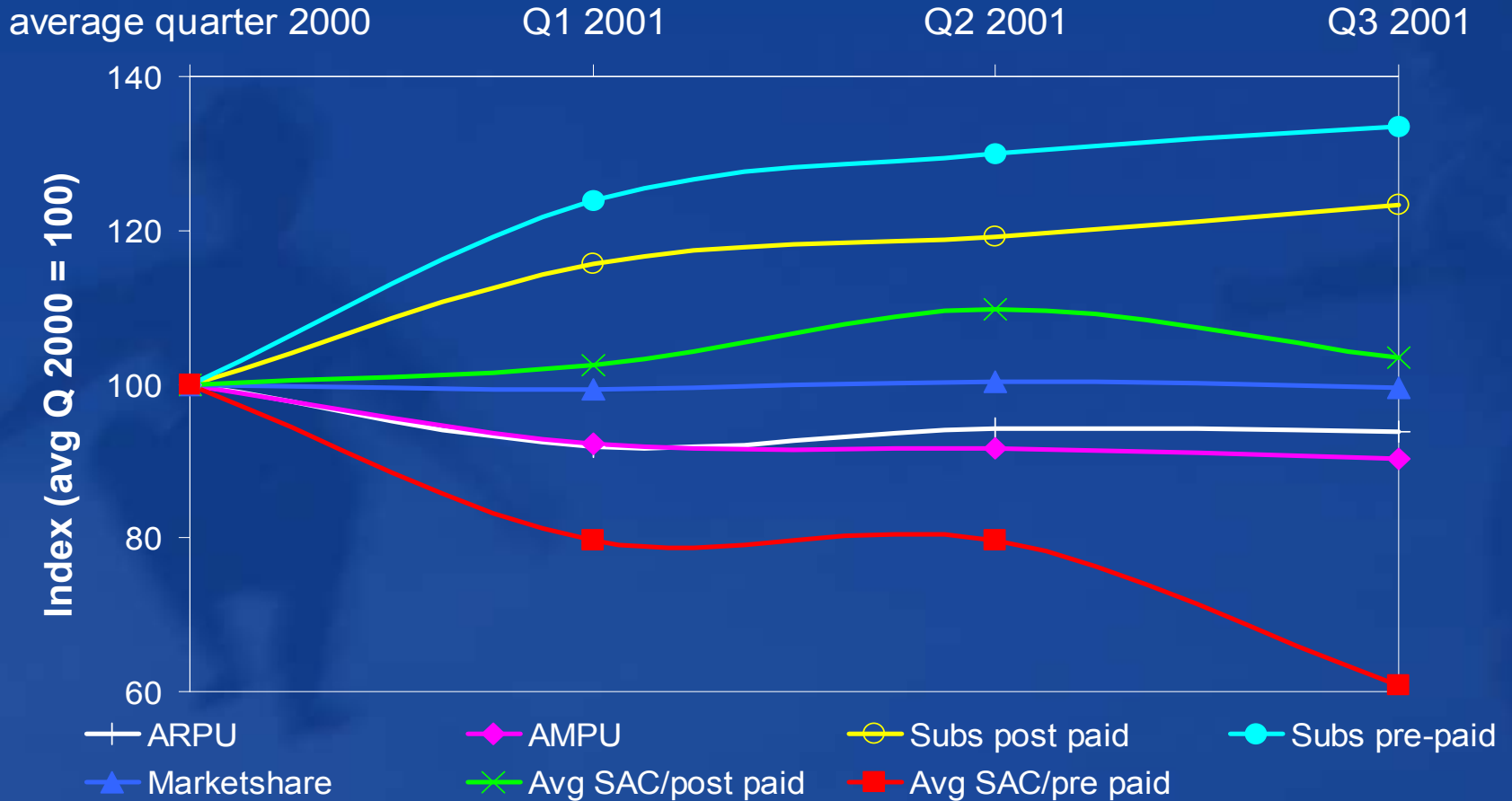


Key performance indicators for Swisscom as a group



Reductions in staff and Capex, margins have improved

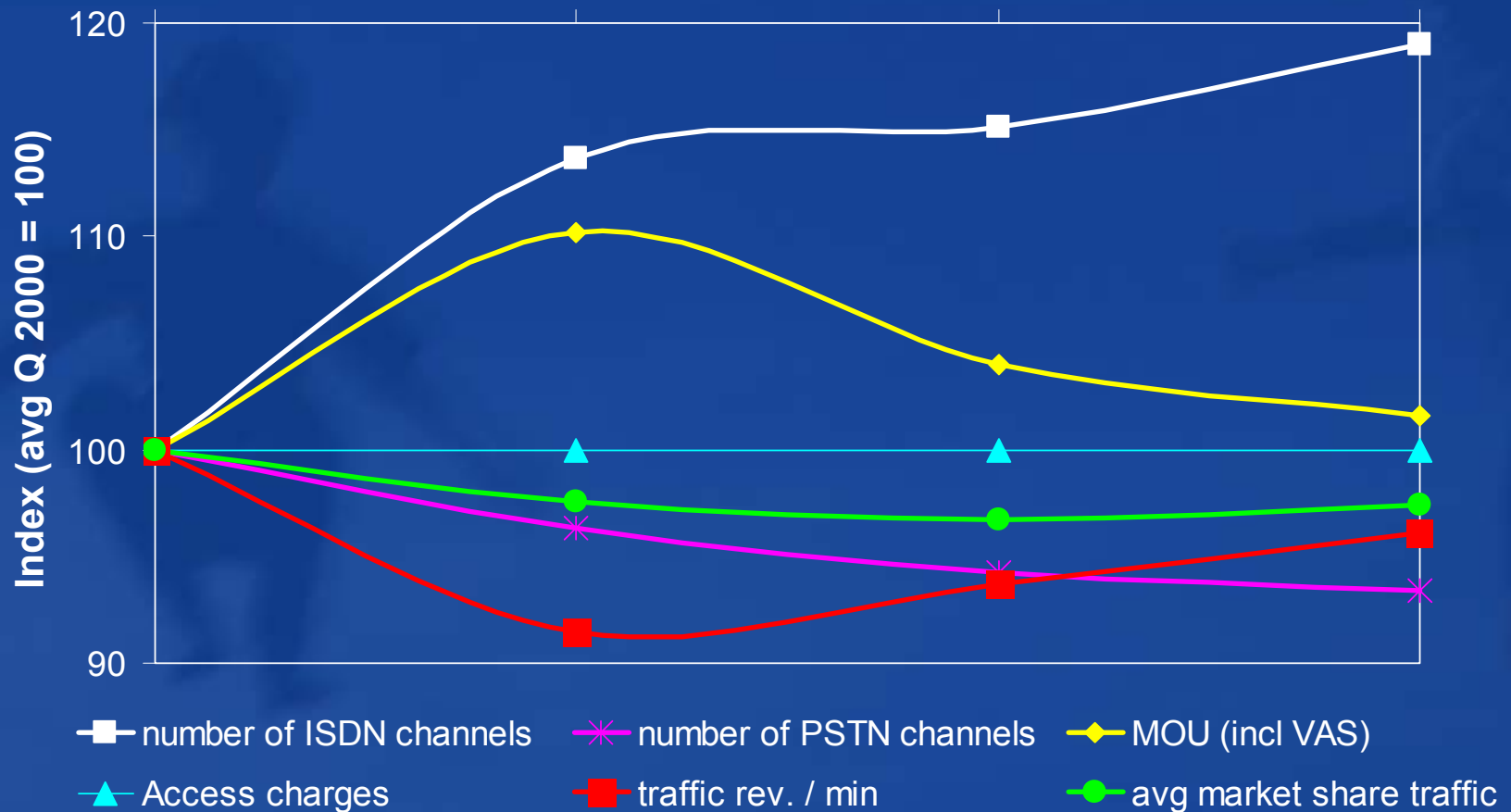
Key performance indicators for Swisscom Mobile



Constant market share with stabilising ARPU's, and lower SAC's: margins higher than last year

Key performance indicators for Swisscom Fixed Line operations

average quarter 2000 Q1 2001 Q2 2001 Q3 2001



Market share declines fading out, price effect easing. Operations require further cost containment and volume stimulus

Group financial performance *)

Dave Schnell, CFO

*) All results in this presentation are under IAS and unaudited.

2000 results have been restated to reflect the new segment reporting structure as introduced in 2001.

Group key figures

(CHF million)	Q3 2000	Q3 2001	Δ
Net revenue	10,380	10,607	+ 2.2%
EBITDA	3,194	3,443	+ 7.8%
<i>as % of net revenue</i>	30.8%	32.5%	
EBIT (excl. gain on sale of real estate)	1,584	1,845	+ 16.5%
<i>as % of net revenue</i>	15.3%	17.4%	
Net income	2,990	5,753	+ 92.4%
EPS (in CHF)	40.65	78.22	
Number of FTE employees	20,883	20,517	- 1.7%
Number of FTE employees excl. debitel	17,966	17,149	- 4.5%

Operational results increased due to robustness of domestic market and strong performance of Swisscom Mobile

Group cash flow

(CHF million)	Q3 2000	Q3 2001
Net cash provided by operating activities	3,011	2,322
<i>Capital expenditures</i>	-792	-776
<i>Proceeds from sale of real estate</i>		2,388
<i>Proceeds from partial sale of Swisscom Mobile</i>		4,282
<i>Investments in subsidiaries and affiliated companies, net</i>	1,752	-918
<i>Investments in securities and fixed-term deposits</i>	1	-1,515
<i>Other cash flows from investing activities</i>	241	-7
Net cash from investing activities	1,202	3,454
Free cash flow	4,213	5,776
Net cash used in financing activities	-3,143	-2,837
Net increase in cash and cash equivalents	1,070	2,939
Cash and cash equivalents at end of period	2,281	5,199

Group capital structure

(CHF million)	2000	Q3 2001
Short term debt	2,685	1,499
Long term debt	1,822	1,092
Interest bearing debt	4,507	2,591
Long term net finance lease obligation	766	1,412
Less: cash, cash equivalents and securities	- 2,332	- 6,820
Net debt (net funds)	2,941	- 2,817
Shareholders' equity	8,570	12,573
Balance sheet total	22,115	25,445
Equity ratio ⁽¹⁾	38.8%	49.4%
ROE	36.9%	45.8%

Strong ratios as a solid financial base

(1) Equity ratio = Shareholders' equity / Total assets

Results by segment^{*)}

Dave Schnell, CFO

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Fixnet Retail and Network - financial performance

(CHF million)	2000	Q3 2000	Q3 2001	Δ
External net revenue	3,044	2,299	2,311	+ 0.5%
Net revenue	5,324	4,002	3,918	- 2.1%
EBITDA	1,645	1,410	1,292	- 8.4%
<i>as % of net revenue</i>	<i>30.9%</i>	<i>35.2%</i>	<i>33.0%</i>	
EBIT	531	602	530	- 12.0%
<i>as % of net revenue</i>	<i>10.0%</i>	<i>15.0%</i>	<i>13.5%</i>	
Capital expenditures	559	379	364	- 4.0%
Number of FTE employees	7,858	8,124	7,608	- 6.4%

Revenues 'flat' despite substantial price cuts of March 2000

Fixnet Wholesale and Carrier Services - financial performance

(CHF million)	2000	Q3 2000	Q3 2001	Δ
External net revenue	1,294	969	974	+ 0.5%
Net revenue	2,915	2,141	2,356	+ 10.0%
EBITDA	84	77	125	+ 62.3%
<i>as % of net revenue</i>	<i>2.9%</i>	<i>3.6%</i>	<i>5.3%</i>	
EBIT	79	75	118	+ 57.3%
<i>as % of net revenue</i>	<i>2.7%</i>	<i>3.5%</i>	<i>5.0%</i>	
Capital expenditures	75	15	18	+ 20.0%
Number of FTE employees	207	187	312	+ 66.8%

Higher volumes for national interconnect boosted EBITDA margins despite higher number of operational staff required (esp. in Hot Spots)

Enterprise Solutions - financial performance

(CHF million)	2000	Q3 2000	Q3 2001	Δ
External net revenue	1,887	1,382	1,354	- 2.0%
Net revenue	1,991	1,461	1,422	- 2.7%
EBITDA	283	201	190	- 5.5%
<i>as % of net revenue</i>	14.2%	13.8%	13.4%	
EBIT	251	179	167	- 6.7%
<i>as % of net revenue</i>	12.6%	12.3%	11.7%	
Capital expenditures	48	23	19	- 17.4%
Number of FTE employees	1'470	1,621	1,543	- 4.8%

Despite (price) pressure in the leased line business, stable margin development due to strong growth in VAS and IP-based services

Swisscom Mobile - financial performance

(CHF million)	2000	Q3 2000	Q3 2001	Δ
External net revenue	2,730	2,020	2,327	+ 15.2%
Net revenue	3,492	2,615	2,972	+ 13.7%
EBITDA	1,483	1,138	1,405	+ 23.5%
<i>as % of net revenue</i>	42.5%	43.5%	47.3%	
EBIT	1,171	908	1,192	+ 31.3%
<i>as % of net revenue</i>	33.5%	34.7%	40.1%	
Capital expenditures	475	167	170	+ 1.8%
Number of FTE employees	1,824	1,754	2,026	+ 15.5%

Improved margins thanks to lower SAC's, stable prices, high SMS traffic, robust ARPU's. Capex lacking behind plans

debitel - financial performance

(CHF million)	2000	Q3 2000	Q3 2001	Δ
Net revenue	3,993	2,865	2,852	- 0.5%
EBITDA	167	115	142	+ 23.5%
<i>as % of net revenue</i>	4.2%	4.0%	5.0%	
EBIT before goodwill amortisation	128	87	106	+ 21.8%
<i>as % of net revenue</i>	3.2%	3.0%	3.7%	
Capital expenditures	59	31	41	+ 29.0%
Number of FTE employees	3,145	2,917	3,368	+ 15.5%

Successful independent service providing model and stronger focus on bottom line led to improved margins

Outlook and conclusions


Jens Alder, CEO

- EBITDA 2001 will be higher than in 2000, but:
 - cost increases to be expected in Q4
 - significant number of projects to be completed (e.g. GPRS software)
 - disproportionate rental charges for real estate sold
 - restructuring charges more substantial than so far this year
 - approximately CHF 30-70 million to be booked as cost resulting from change of pension fund concept *)
 - typically high SAC's in Mobile during Christmas business
- debitel impairment charge under review for Q4, but:
- Net income will be significantly higher than in 2000
- Cash position will be influenced by:
 - less Capex than expected (expected Capex of 1.2-1.3 billion CHF for full year)
 - outflow due to Pension fund changes, around CHF 440 million

*) under condition of acceptance by Pension fund's Board of Trustees

- stable performance in domestic market ...
- ... generating solid cash, but:
- lack of visibility of route to growth, hence:
 - continue scanning for investments that can ensure growth
 - consistently continue to apply stringent investment criteria
 - accept that this may not lead to any sizeable acquisition
 - no decision yet on share buy back

**Always looking for growth, but
only if “solid as a rock”**

A woman with long blonde hair, wearing a white suit, is riding a roller coaster. She is smiling and looking to the right. The roller coaster car is moving upwards, and the background is a dark blue sky with a large, illuminated star-shaped sign. The scene is lit with dramatic, low-key lighting, creating a sense of excitement and motion.

Thank you for your attention

For further information, please contact:

Swisscom - Investor Relations

ph. +41 31 342 2538

fax +41 31 342 6411

or visit our homepage: www.swisscom.com/ir