

Half year results 2002

A woman with long blonde hair, wearing a white business suit, is running on a roller coaster. Her hair is blowing in the wind, and she has a joyful expression. The roller coaster is illuminated with colorful lights, including a large star-shaped sign. The background is a dark blue sky with some clouds. The overall scene is dynamic and energetic.

“Swisscom - solid as a rock”

22 August 2002

Cautionary statement regarding forward-looking statements

"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.

Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors which are beyond Swisscom's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors detailed in Swisscom's past and future filings and reports filed with the U.S. Security and Exchange Commission and posted on our websites.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise.,,

- Brief strategy update Jens Alder, CEO
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Brief strategy update

Jens Alder, CEO

Swisscom's ultimate aim: Optimising capital efficiency

*A company committed to strong fundamentals
and financial discipline*

Innovative multi-service
focused company

Superior performance
in core
domestic and
mobile service
provider
businesses

Underline
domestic
focus by
moves into
adjacent and
complementary
businesses

Stabilise cash flow

Disciplined investor in options
with both defensive and
offensive character

Build a
number of
smaller options in
various
phases of
development
as a hedge

Investments in
international opportunities
with a
balanced
risk/reward
profile

Grow cash flow

Return
surplus cash

Continue
further returns
of surplus
cash to
shareholders

Return surplus cash

Ongoing focus

Assessment

Sustainability

Focus on cash generating ability of business model

- Reasonable
- Continued to be strictly applied

Strategic fit

Pure focus on direct synergies with core businesses

- Reasonable, but limits investment options
- Potentially, other value aspects should be included

Management

Good management in place that is an asset to the Swisscom group

- Reasonable
- Continued to be strictly applied

Price

DCF based valuation on current and possible cash flows

- Reasonable
- Continued to be strictly applied

Size

Transactions should not put our existing business at risk; should leave the risk profile of the group largely unchanged

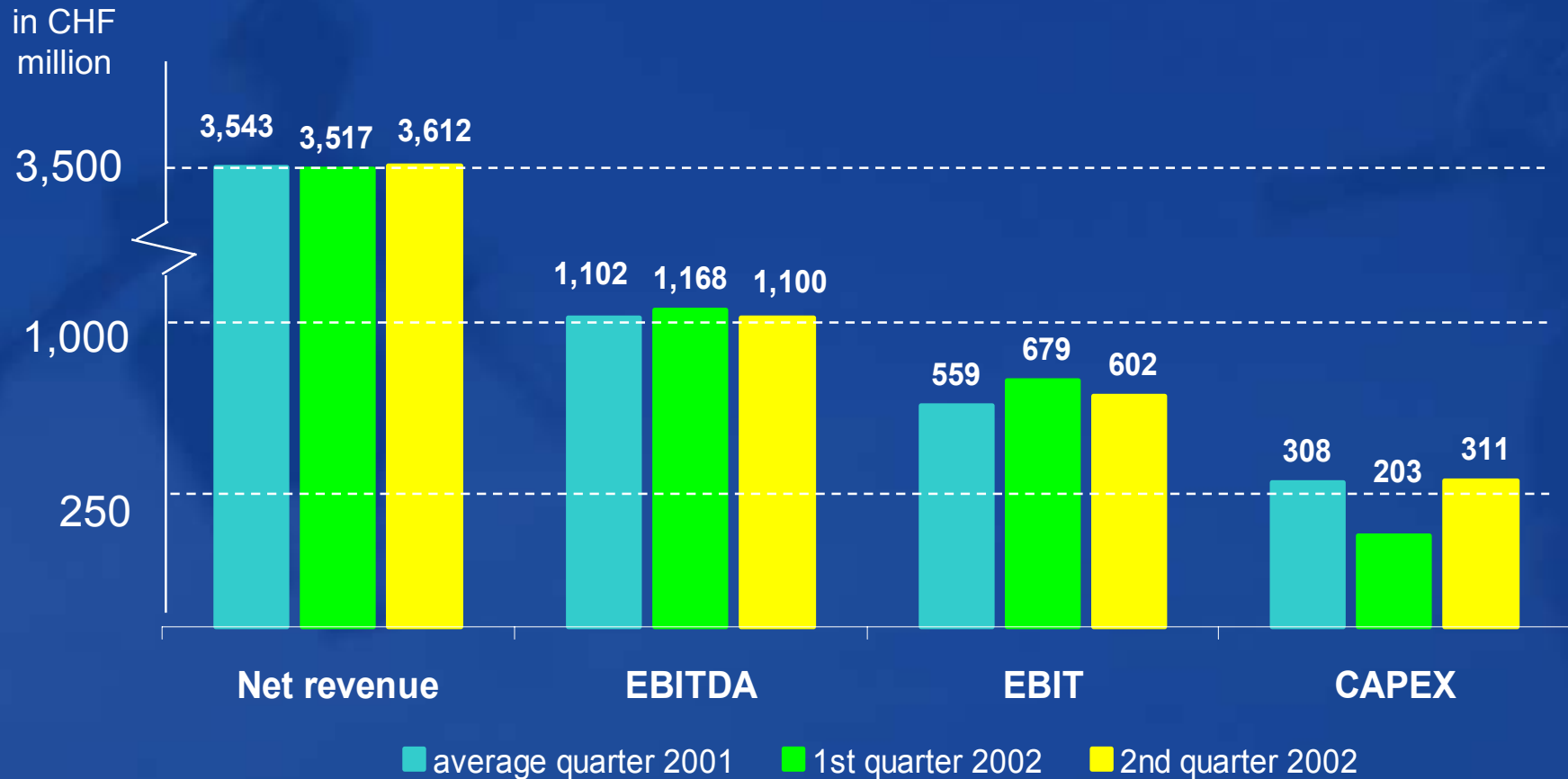
- Reasonable
- Continued to be strictly applied



Headlines first half 2002 and outlook 2002

Jens Alder, CEO

“Swisscom - solid as a rock”



- Successfully completed 10% share buyback; Swiss Confederation now holds 62.7% stake from 65.5% previously
- Introduction of renumbering with automated local CPS as per 1 April 2002
- Introduced substantial fixed line tariff rebalancing with unified rates nation-wide as per 1 May 2002
- ADSL roll out strategy well on track - adding more customers than competition is
- Innovative launches in first half year 2002
- ULL debate continues

- Guidance unchanged, full year EBITDA 2002 similar to 2001
- However:
 - Fixed line operations and debitel expected to be weaker than in 2001
 - Mobile operations, and IT operations to compensate
- EBIT development (before exceptional items) positive due to lower depreciation and amortisation charges
- Net profits substantially lower than in 2001 due to absence of one-off gains on the sale of 25% of Swisscom Mobile and the sale of real estate
- However:
 - first time positive effect of share buy back on share ratios (EPS, CPS)

Group financial performance ^{*)}

Ueli Dietiker, CFO

^{*)} All results in this presentation are under IAS and unaudited.
2001 results have been restated to reflect the new segment reporting structure as introduced in 2002.

Group key figures

(in CHF million)	30.06.2001	30.06.2002	Δ
Net revenue	7,013	7,129	1.7%
EBITDA	2,280	2,268	(0.5)%
<i>as % of net revenue</i>	<i>32.5%</i>	<i>31.8%</i>	
EBIT before exceptional items ¹	1,211	1,281	5.8%
<i>as % of net revenue</i>	<i>17.3%</i>	<i>18.0%</i>	
EBIT	5,622	1,281	
Net income	5,358	780	n.m.
EPS (in CHF) ²	72.85	11.27	

**Almost flat EBITDA, but improved EBIT
due to lower depreciation and amortisation**

¹ Exceptional items in 2001: gain on sale of real estate CHF 524 million and the gain on partial sale of Swisscom Mobile CHF 3,887 million

² Average number of outstanding shares: 73.550 million as per end HY 2001; 69.223 million as per end HY2002

Group net income

(in CHF million)	30.06.2001	30.06.2002
EBIT including exceptional items ¹	5,622	1,281
Net financial result	11	(60)
Income before income taxes, equity in net income of affiliated companies and minority interest	5,633	1,221
Income tax expense	(186)	(361)
Equity in net income (loss) of affiliated companies	(7)	67
Minority interest	(82)	(147)
Net income	5,358	780

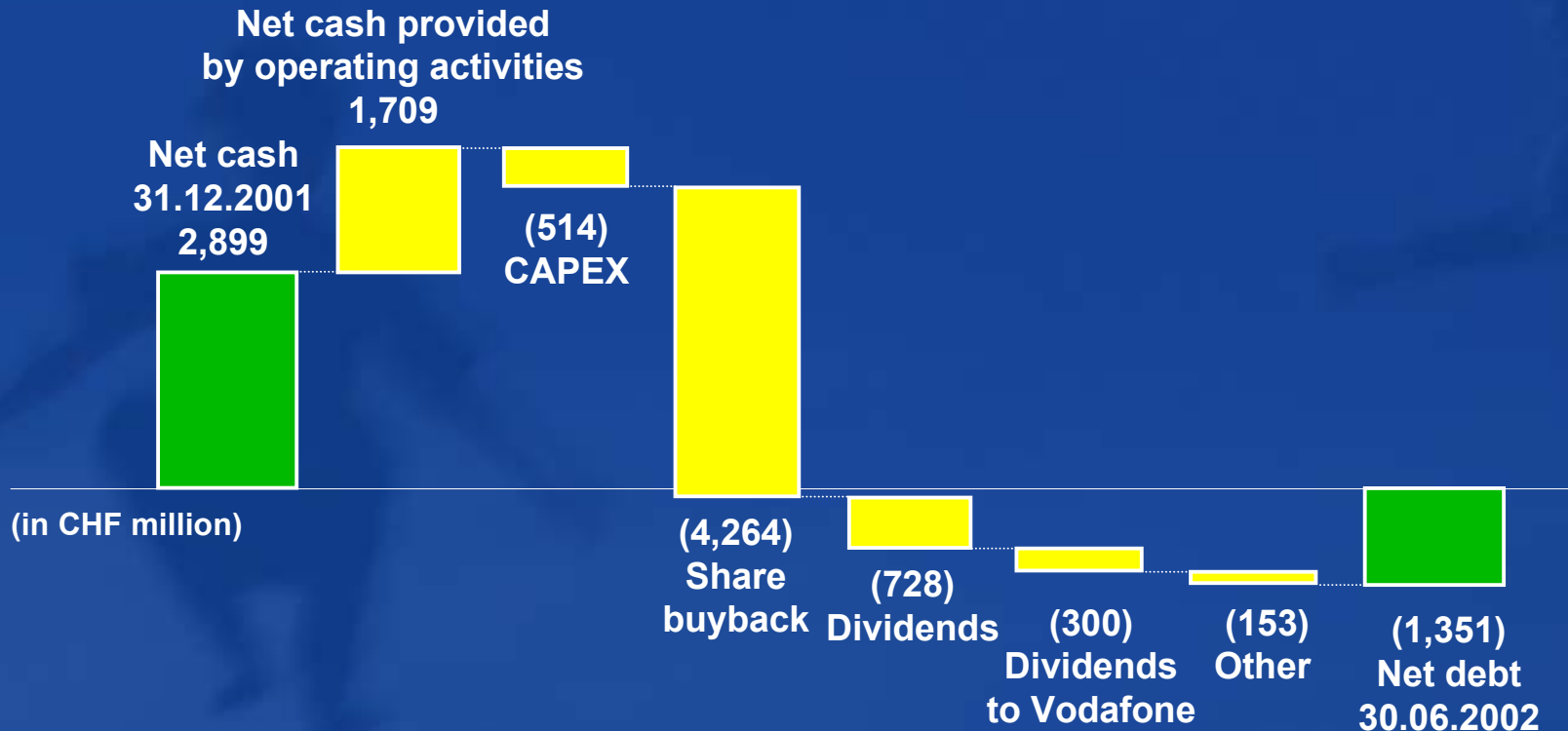
Lower net income due to absence of exceptional items

¹ Exceptional items in 2001: gain on sale of real estate CHF 524 million and the gain on partial sale of Swisscom Mobile CHF 3,887 million

Group cash flow

(in CHF million)	30.06.2001	30.06.2002
EBITDA	2,280	2,268
Change in net operating assets	(177)	(559)
Net cash provided by operating activities	2,103	1,709
Capital expenditures	(483)	(514)
Proceeds from sale of real estate	1,631	
Proceeds from partial sale of Swisscom Mobile, first tranche	2,032	
Investments in subsidiaries and affiliated companies, net	(479)	(116)
Investments in securities and fixed-term deposits	(1,722)	1,746
Other cash flows from investing activities	(29)	46
Net cash from investing activities	950	1,162
Net cash used in financing activities	(1,537)	(5,856)
Net increase in cash and cash equivalents	1,516	(2,985)
Cash and cash equivalents at end of period	3,781	801

Net cash/(debt) development



Successful share buyback lead to improved capital structure

Group capital structure

(in CHF million)	31.12.2001	30.6.2002
Short term debt	1,757	2,065
Long term debt	2,413	1,487
Interest bearing debt	4,170	3,552
Long term net finance lease obligation	1,330	1,193
Less: financial assets from lease-and-leaseback transactions	(1,295)	(1,163)
Less: cash, cash equivalents and securities	(7,104)	(2,231)
Net debt (net funds)	(2,899)	1,351
Shareholders' equity	12,069	7,863
Balance sheet total	24,349	18,855
Book leverage ¹	(24.0)%	17.2%
Equity ratio ²	49.6%	41.7%

Solid balance sheet, still conservatively leveraged

¹ Book leverage = Net debt / Shareholders' equity

² Equity ratio = Shareholders' equity / Total assets

Results by segment^{*)}

Ueli Dietiker, CFO

^{*)} All results in this presentation are under IAS and unaudited.
2001 results have been restated to reflect the new segment reporting structure as introduced in 2002.

Fixnet - financial performance

(in CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	4,894	2,428	2,470	1.7%
Net revenue	6,561	3,232	3,241	0.3%
EBITDA	1,989	1,018	967	(5.0)%
<i>as % of net revenue</i>	<i>30.3%</i>	<i>31.5%</i>	<i>29.8%</i>	
EBIT	909	488	439	(10.0)%
<i>as % of net revenue</i>	<i>13.9%</i>	<i>15.1%</i>	<i>13.5%</i>	
Capital expenditures	597	266	288	8.3%
Number of FTE employees	8,639	8,311	8,381	0.8%

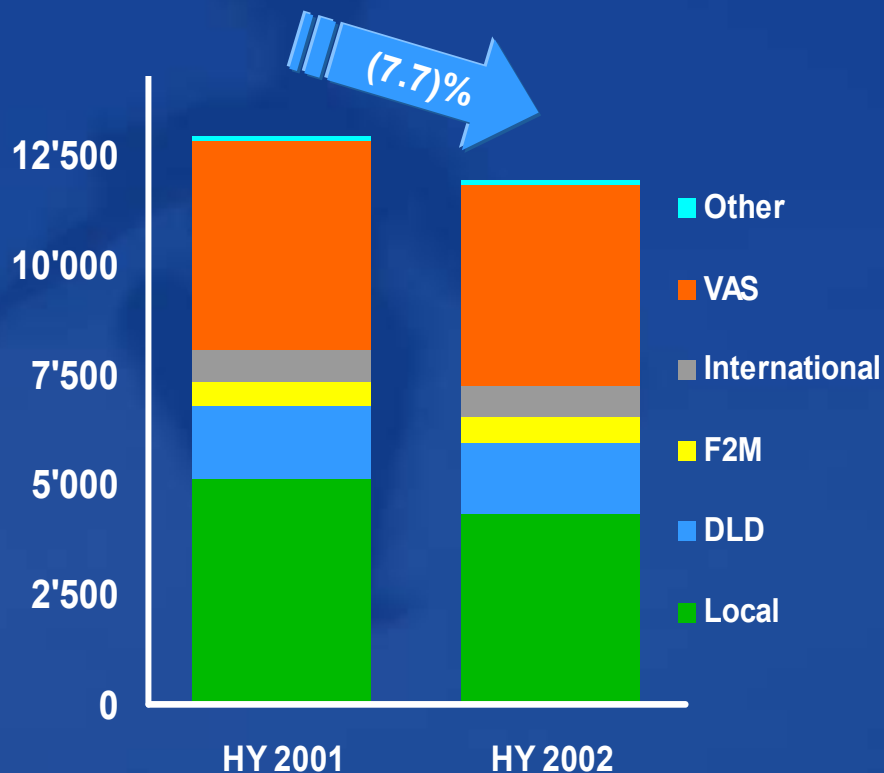
**Flat revenue development,
lower EBITDA mainly driven by higher restructuring charges**

Traffic¹ - volumes and market trends

Decreased traffic volume...

... due to renumbering and lower market shares

Traffic volume (in million minutes)



HY 2001

HY 2002

82%

Local

67%

68%

DLD

67%

65%

F2M

64%

56%

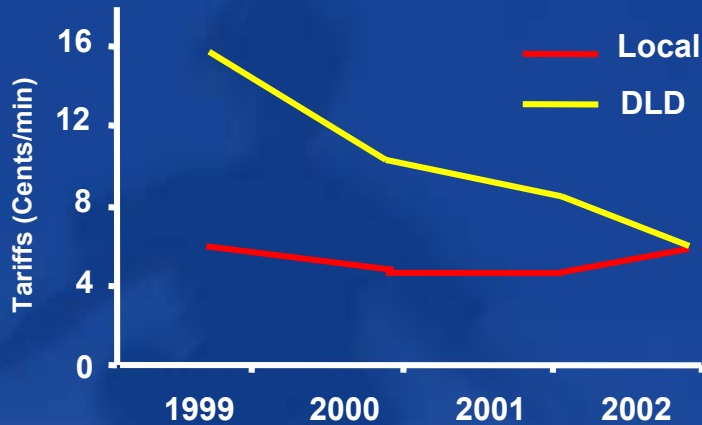
International

54%

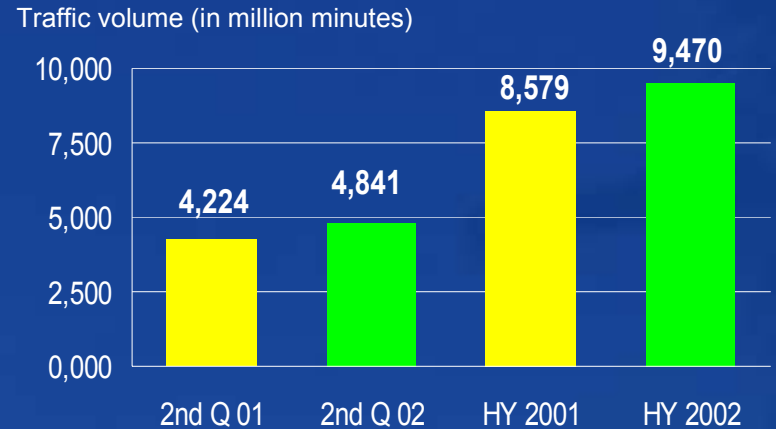
¹ Traffic represents the traffic generated by Fixnet and Enterprise Solutions

compensating effects for volume declines

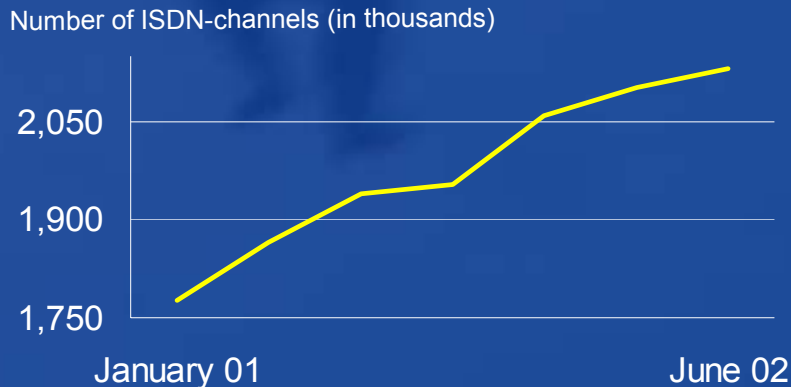
New unified tariff system: higher local prices, but lower DLD prices



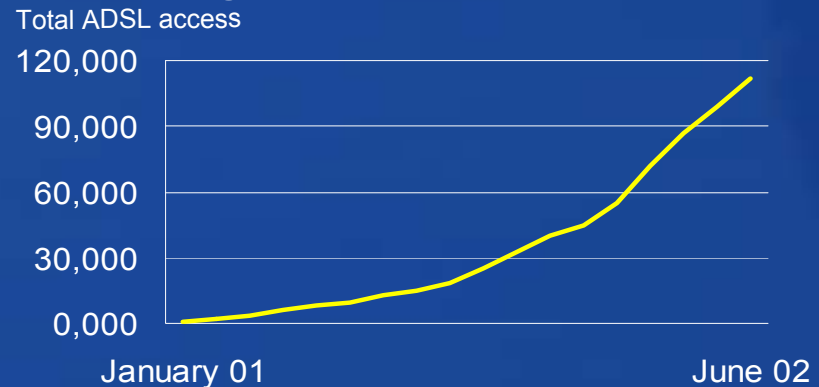
National wholesale traffic increase thanks to renumbering



Further ISDN channel growth



ADSL access revenues growing through increased penetration



Enterprise Solutions - financial performance

(in CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	1,513	742	700	(5.7)%
Net revenue	1,612	791	741	(6.3)%
EBITDA	114	60	43	(28.3)%
<i>as % of net revenue</i>	<i>7.1%</i>	<i>7.6%</i>	<i>5.8%</i>	
EBIT	81	45	28	(37.8)%
<i>as % of net revenue</i>	<i>5.0%</i>	<i>5.7%</i>	<i>3.8%</i>	
Capital expenditures	29	13	11	(15.4)%
Number of FTE employees	1,558	1,521	1,536	1.0%

Price pressure in leased line business, local CPS and higher cost for restructuring have adverse impact on EBITDA development

Mobile - financial performance

(in CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	3,127	1,528	1,593	4.3%
Net revenue	3,983	1,952	2,023	3.6%
EBITDA	1,876	937	991	5.8%
<i>as % of net revenue</i>	<i>47.1%</i>	<i>48.0%</i>	<i>49.0%</i>	
EBIT	1,585	798	861	7.9%
<i>as % of net revenue</i>	<i>39.8%</i>	<i>40.9%</i>	<i>42.6%</i>	
Capital expenditures	315	99	131	32.3%
Number of FTE employees	2,121	1,906	2,256	18.4%

Robust performance thanks to focus on quality subscribers

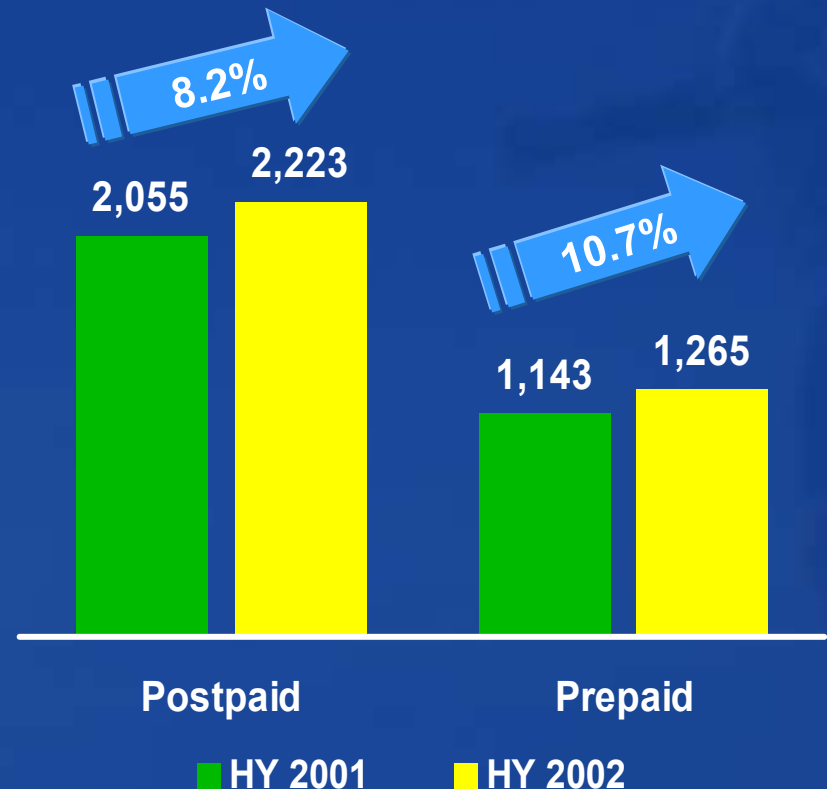
Mobile - a snapshot by 30 June 2002

Key facts

- Swiss penetration rate of 74%
- 3.5 million subs of which 64% postpaid
- Market share of 65%
- Average monthly churn on a low level of 1.4%
- 243,000 subscriber retention offers (increase of 79% yoy)
- Average acquisition costs per new postpaid subscriber of CHF 269 (-7.5% yoy)
- Average retention costs per postpaid subscriber of CHF 225 (flat yoy)
- Stable ARPU of CHF 85 compared to 1st quarter 02
- Data share in ARPU close to 10%

Subscriber development

Subscribers in thousands

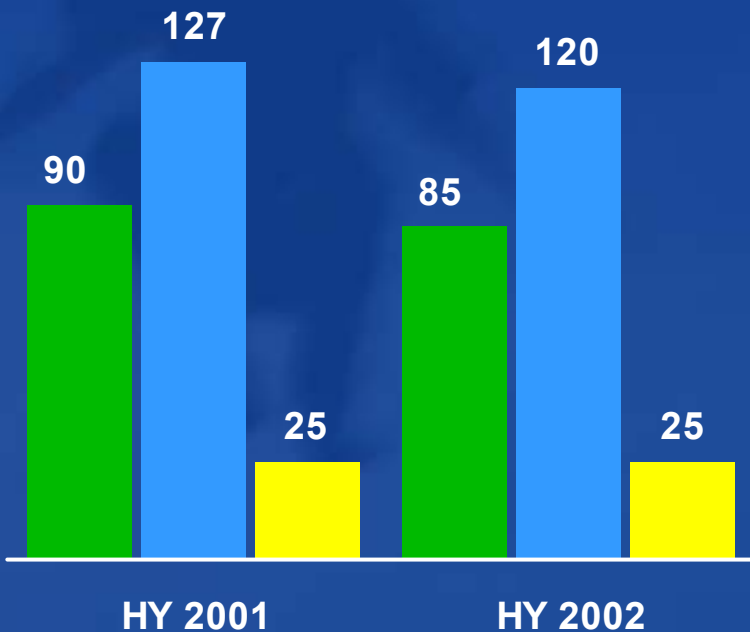


Mobile - benefits from a strong subscriber base

ARPU development

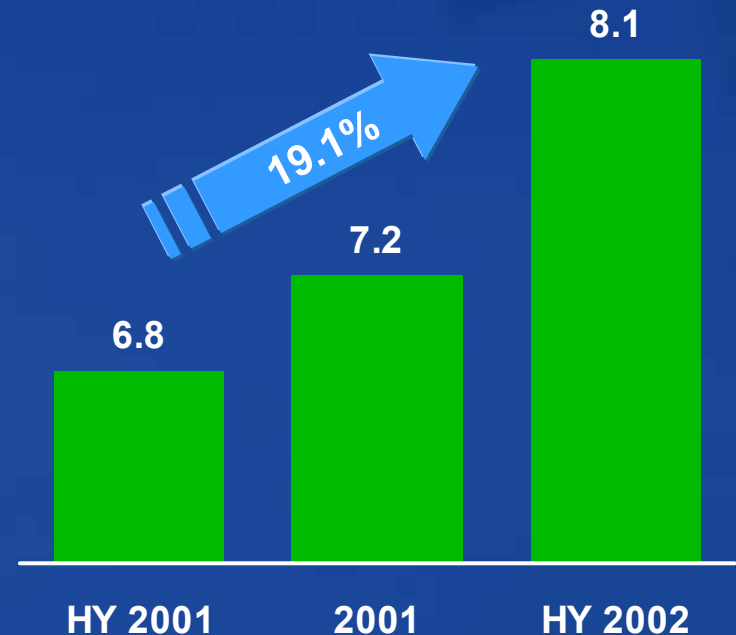
Monthly ARPU (in CHF per month) incl. mobile terminating

■ Total ■ Postpaid ■ Prepaid



ARPU data development

(in CHF per month)



debitel - financial performance

(in CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	3,808	1,896	1,918	1.2%
Net revenue	3,808	1,896	1,918	1.2%
EBITDA	187	93	85	(8.6)%
<i>as % of net revenue</i>	4.9%	4.9%	4.4%	
EBIT ¹	136	69	55	(20.3)%
<i>as % of net revenue</i>	3.6%	3.6%	2.9%	
Capital expenditures	66	27	27	0.0%
Number of FTE employees	3,544	3,246	3,552	9.4%

Picking up after a weak first quarter

¹ EBIT before amortisation of goodwill

Other - financial performance

(in CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	742	371	409	10.2%
Net revenue	1,403	698	716	2.6%
EBITDA	136	52	109	109.6%
<i>as % of net revenue</i>	<i>9.7%</i>	<i>7.4%</i>	<i>15.2%</i>	
EBIT	(93)	(68)	(8)	n.m.
<i>as % of net revenue</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	
Capital expenditures	173	46	48	4.3%
Number of FTE employees ¹	4,417	4,193	4,434	5.7%

First time consolidation of AGI as EBITDA driver

¹ first time consolidation of 493 employees of AGI as per year end 2001

Corporate - financial performance

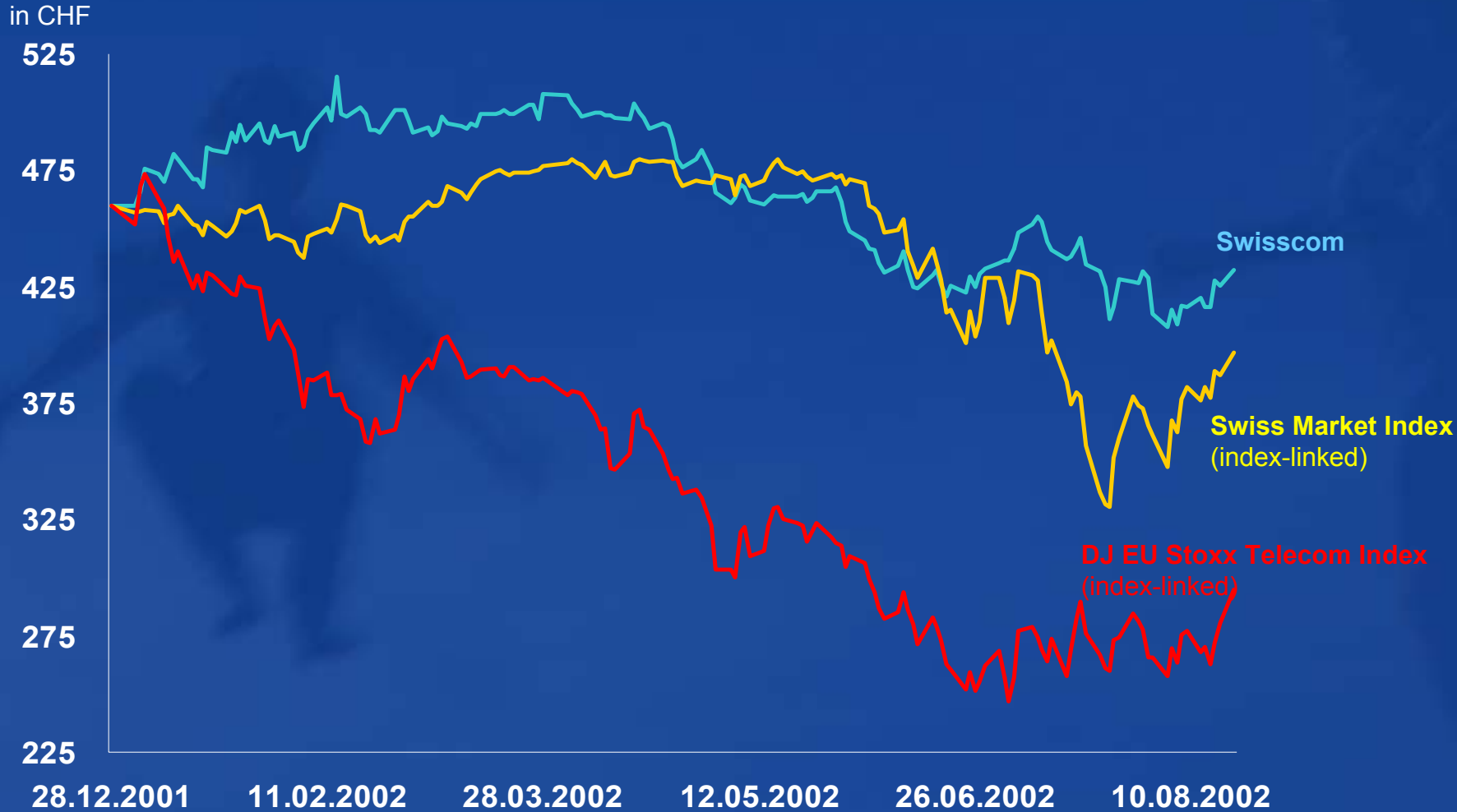
(CHF million)	31.12.2001	30.06.2001	30.06.2002	Δ
External net revenue	91	48	39	(18.8)%
Net revenue	750	387	353	(8.8)%
EBITDA	107	120	73	(39.2)%
<i>as % of net revenue</i>	<i>14.3%</i>	<i>31.0%</i>	<i>20.7%</i>	
EBIT	5	64	43	(32.8)%
<i>as % of net revenue</i>	<i>0.7%</i>	<i>16.5%</i>	<i>12.2%</i>	
Capital expenditures	54	31	7	(77.4)%
Number of FTE employees	1,049	1,012	1,020	0.8%

EBITDA decrease partially due to sale of real estate in 2001

Summary and conclusion

Jens Alder, CEO

Share price performance 2002



Half year results 2002

Thank you for your attention

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