1st quarter 2003 results presentation

14 May 2003

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Highlights Q1 2003

Key figures

in CHF mm	**31.03.2003**	**change YOY**
Net revenue	3,517	0.0%
EBITDAr *	1,200	2.7%
EBITDA	1,163	(0.4)%
EBIT	680	0.1%
Net Income	409	(2.6)%
EPS **	6.18	6.4%
Net debt	104	nm
FTE	20,376	-5.1%

* EBITDAr = EBITDA before restructuring charges, net

** avg. number of outstanding shares in Q1 2003: 66,2mm
avg. number of outstanding shares in Q1 2002: 72,2mm

Financial highlights

Revenue
- flat YOY
- composition changes

EBITDA
- before restructuring charges: +2.7%
- reported: inline with last year

EPS
- improved through SBB effects
- EPS growth subdued due to impairment on stake in Swiss

FTE
- decrease of 1,099 FTE (YOY)

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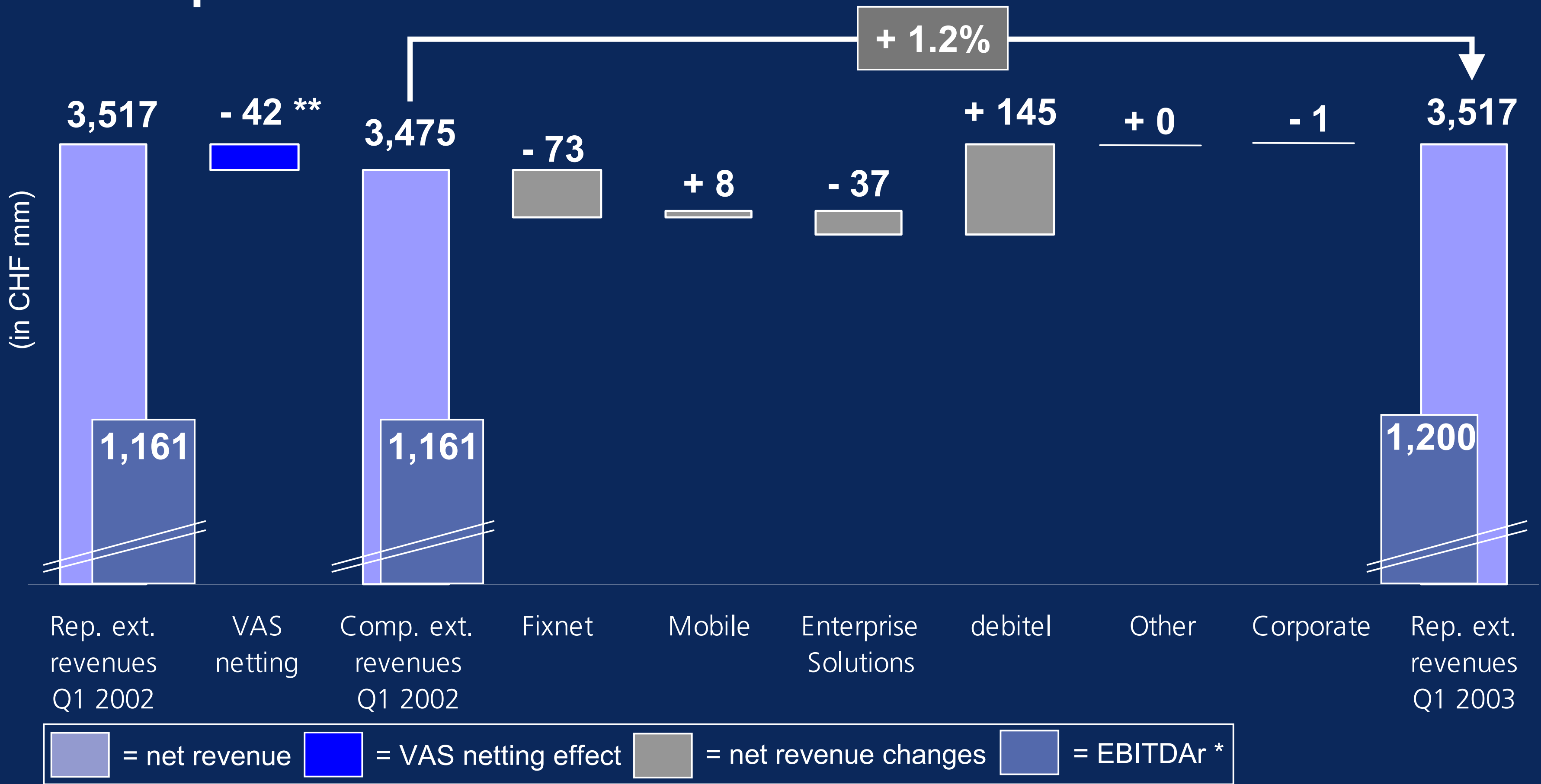
Group revenues



Overall stable revenues for the Group

* EBITDAr = EBITDA before restructuring charges, ** Fixnet: -31 Mobile: -11

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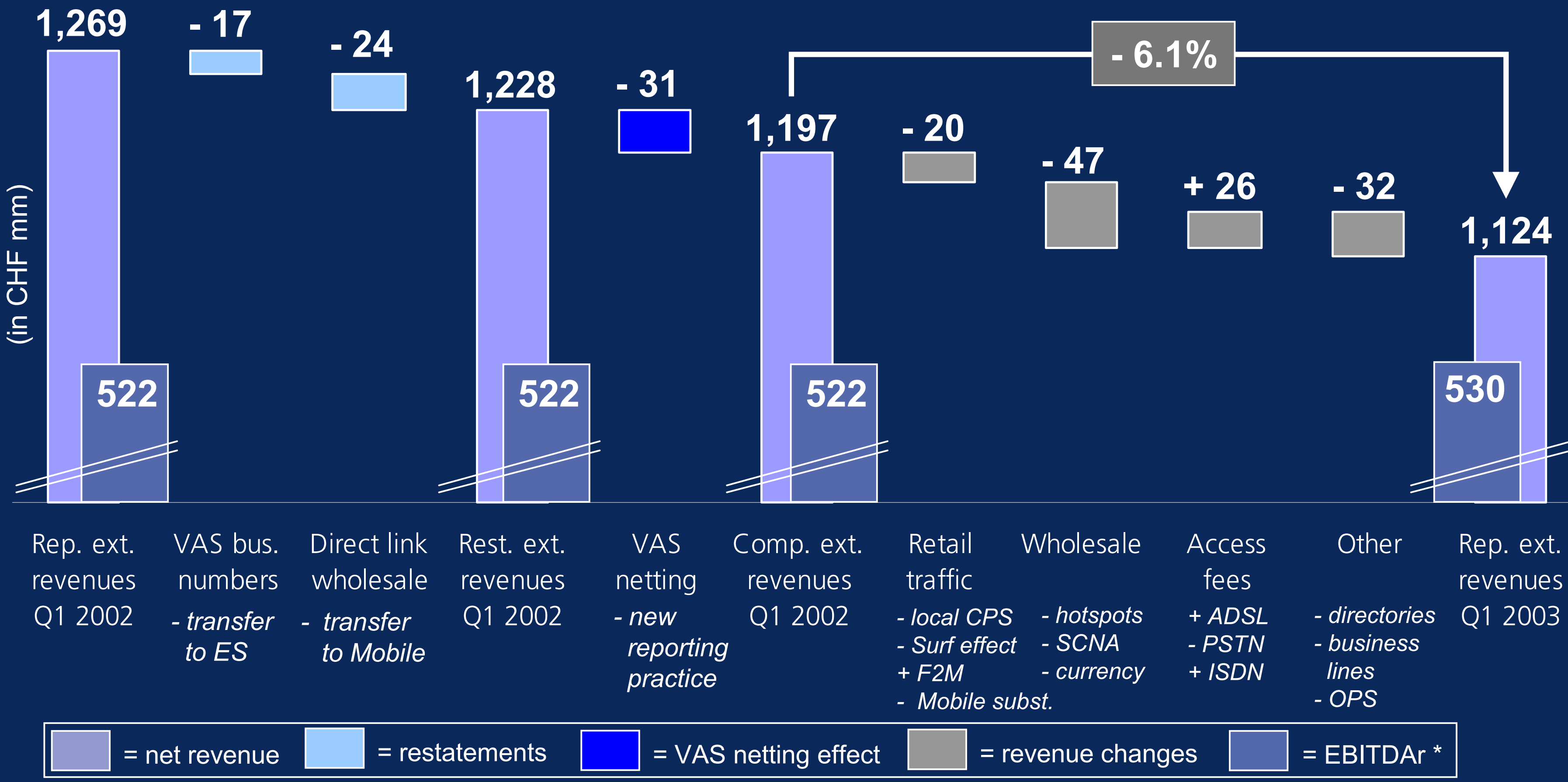
Fixnet revenues and margins



Revenue composition changes towards higher margin activities

* EBITDAr = EBITDA before restructuring charges

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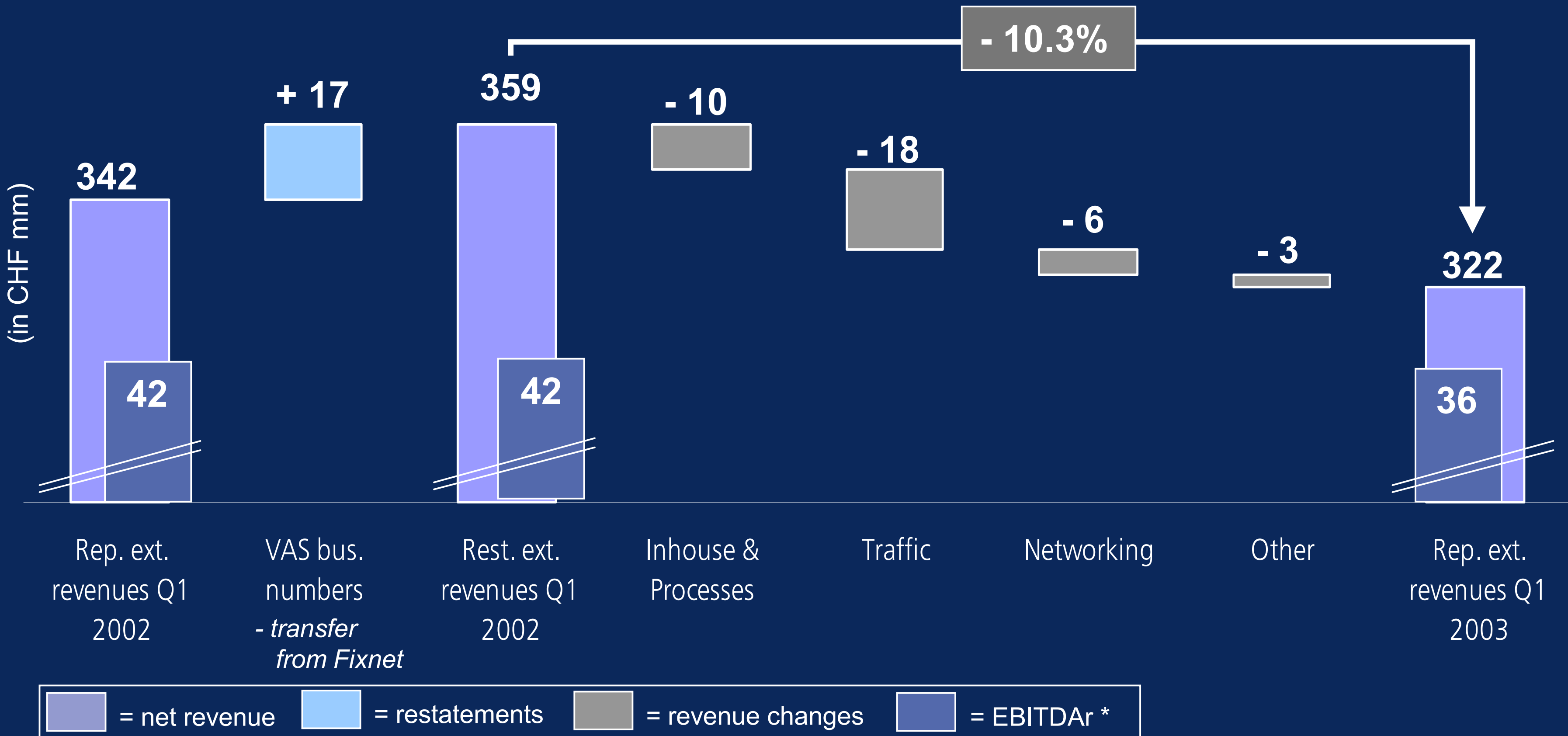
ES revenues and margins



ES revenues impacted by local CPS effect (May `02) and weaker demand. Stablised margins through cost control

* EBITDAr = EBITDA before restructuring charges

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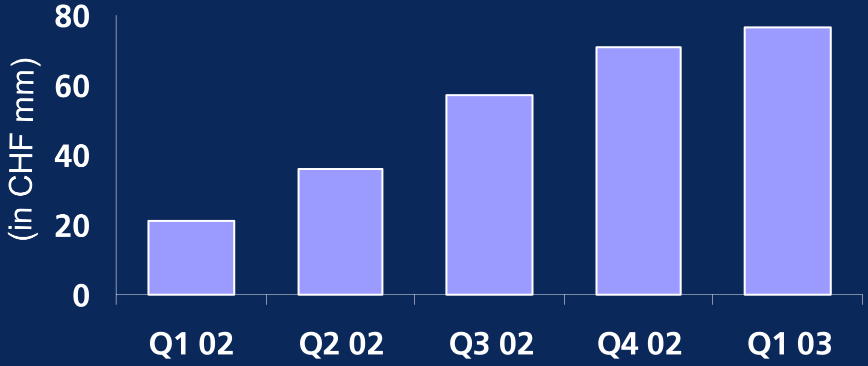
Wireline snapshot Q1 2003

Broadband subscribers

Quarterly broadband revenues



Key observations

- ADSL: overtaking cable modem
- ADSL increases fixed access revenues in relation to traffic revenues
- bluewin most successful ISP in retailing ADSL
- CAPEX: up 9% YOY to CHF 125mm reflecting ADSL push
- market shares largely stable with exception of local traffic after introduction of CPS in May 2002
- regulation:
  - proposed continuation of ex-post
  - ULL: not expected before ‘05/’06

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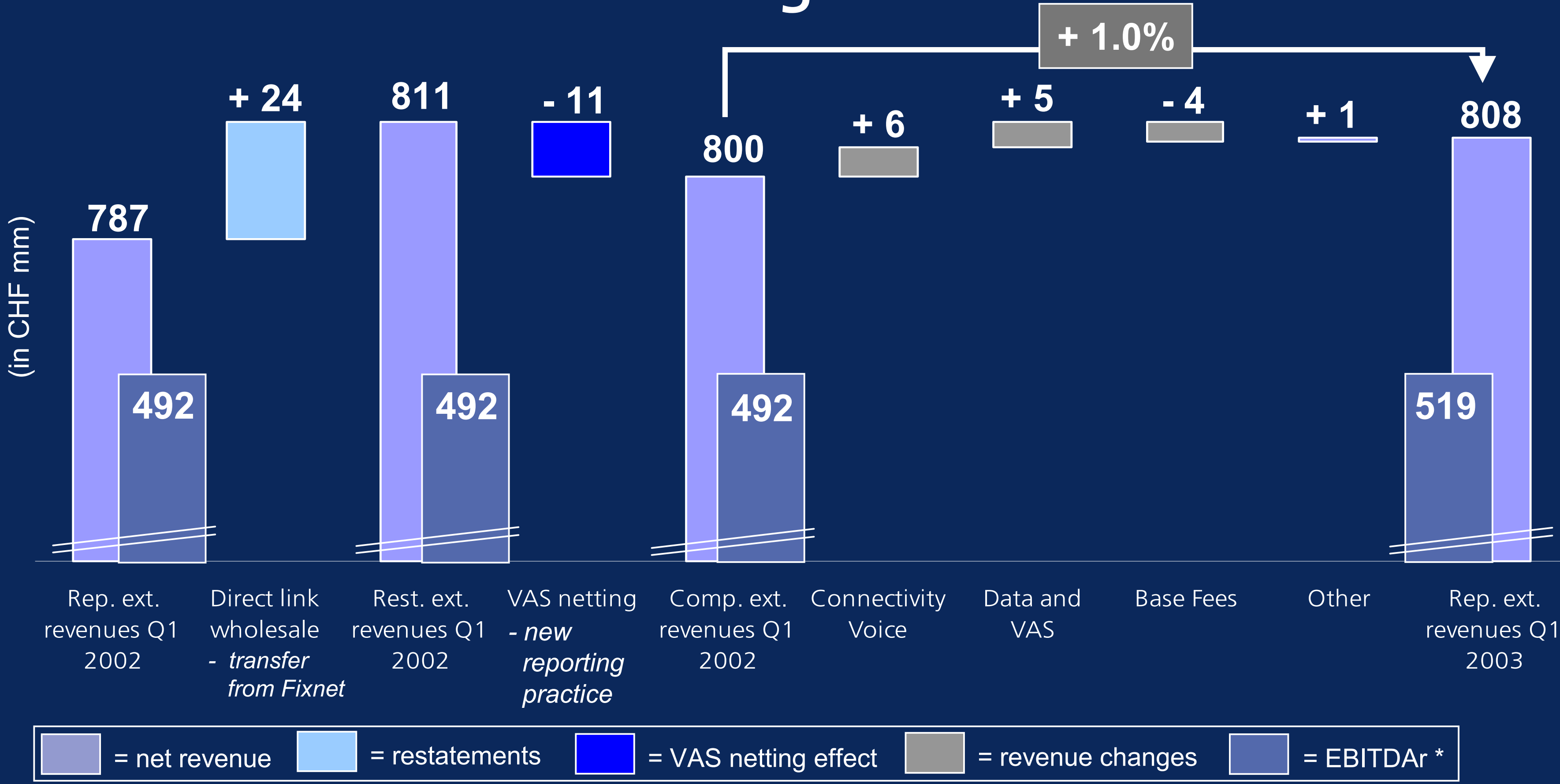
Mobile revenues and margins



Higher margins at stable revenues
largely due to lower COGS (esp. outbound roaming and handsets)

* EBITDAr = EBITDA before restructuring charges

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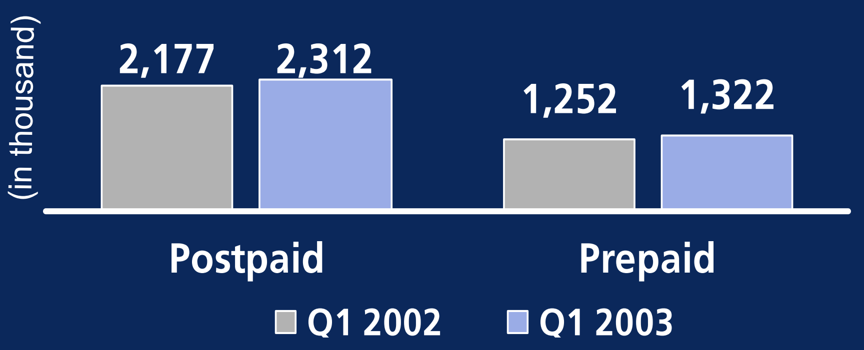
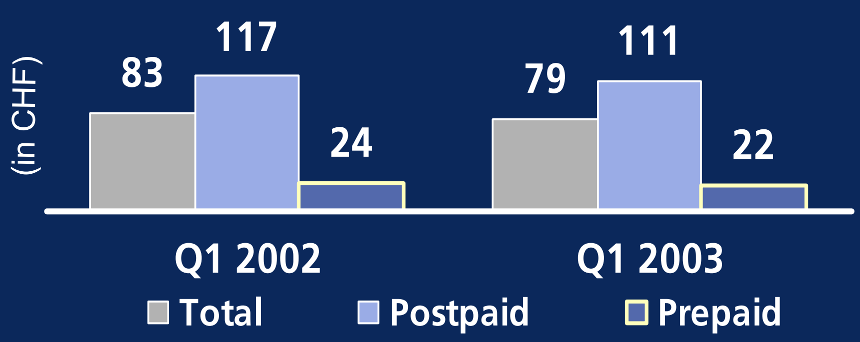
Wireless snapshot Q1 2003

Mobile subscribers



ARPU development



Key observations

- Penetration up to 76,5%
- Swisscom market share stable at 65%
- AMPU some 3% below Q1 2002
- Right grading, seasonality and price pressure (especially in business segment) cause ARPU to decrease to CHF 79
- total SAC and SRC stable, with SRC's now for the first time outpacing total acquisition costs
- SMS usage almost 14% higher YOY with 456mm messages sent (retail)

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Key figures

in CHF mm	31.03.2003	change YOY
Net revenue	1,058	15.9%
EBITDA	22	(31.3)%
Depreciation	16	14.3%
Goodwill amortisation	41	(40.6)%
EBIT	-35	(31.4)%

* all numbers under IAS

Key observations

- Blended ARPU Germany almost stable at around 16 Euro
- SAC per contract customer lower, however total SAC's higher due to far higher gross number of new subs
- EBITDA lower exclusively due to higher SAC's that are expensed under IAS, whereas debitel capitalises these costs under their reporting standard (US GAAP)
- Goodwill amortisation lower after 2002 impairment charge, causing lower negative EBIT

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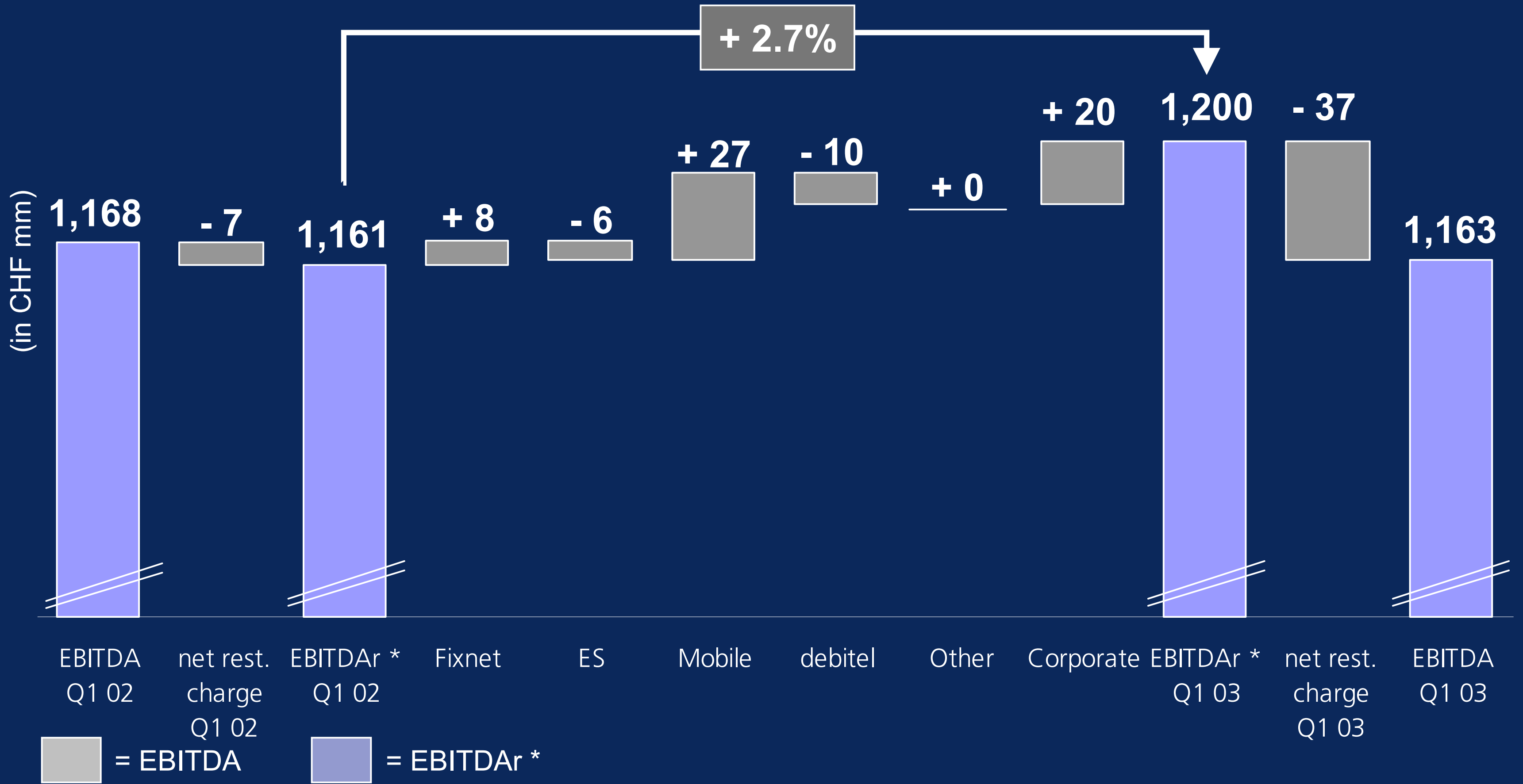
Group EBITDA and EBITDAr *



Underlying segmental EBITDA (before restructuring charges) robust YOY

* EBITDAr = EBITDA before restructuring charges

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Overview of restructuring charges

(in CHF mm)	Q1 2002			Q1 2003		
	EBITDA	rest. charge	**EBITDAr ***	EBITDA	rest. charge	**EBITDAr ***
Fixnet	**520**	**2**	**522**	**488**	**42**	**530**
Enterprise Solutions	**40**	**2**	**42**	**5**	**31**	**36**
Mobile	**492**	**0**	**492**	**519**	**0**	**519**
debitel	**32**	**0**	**32**	**22**	**0**	**22**
Other	**49**	**1**	**50**	**49**	**1**	**50**
Corporate, net	**35**	**-12**	**23**	**80**	**-37**	**43**
Termination benefits		*0*			*2*	
Work_Link, elimination		*0*			*-47*	
Work_Link, personal exp.		*5*			*9*	
Release of provision		*-17*			*-1*	
Group	**1,168**	**-7**	**1,161**	**1,163**	**37**	**1,200**

* EBITDAr = EBITDA before restructuring charges

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Group P&L overview

(in CHF mm)	31.03.2002	31.03.2003
EBITDAr *	**1,161**	**1,200**
Restructuring charges, net	(7)	37
EBITDA	**1,168**	**1,163**
Depreciation	388	400
Amortisation of intangible assets	26	35
Amortisation of goodwill	75	48
EBIT	**679**	**680**
Net financial result	(19)	(39)
Income tax expense	(177)	(142)
Equity in net income of affiliated companies	22	6
Minority interest	(85)	(96)
Net income	**420**	**409**

* EBITDAr = EBITDA before restructuring charges

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Group CF overview

(in CHF mm)	31.03.2002	31.03.2003
EBITDA	**1,168**	**1,163**
Change in net operating assets	(223)	(15)
Other cash flows from operating activities	(115)	29
Net cash provided by operating activities	**830**	**1,177**
CAPEX	(203)	(228)
Investments in subsidiaries and other non-current financial assets	(81)	(48)
Other cash flows from investing activities, net	379	12
Net cash from investing activities	**95**	**(264)**
Repayments of debt	(49)	(345)
Share buyback	(2,816)	-
Dividends paid to minority interests	(300)	(370)
Net cash used in financing activities	**(3,165)**	**(715)**
Net increase (decrease) in cash and cash equivalents	**(2,240)**	**198**
Cash and cash equivalents at end of the period	**1,547**	**1,885**

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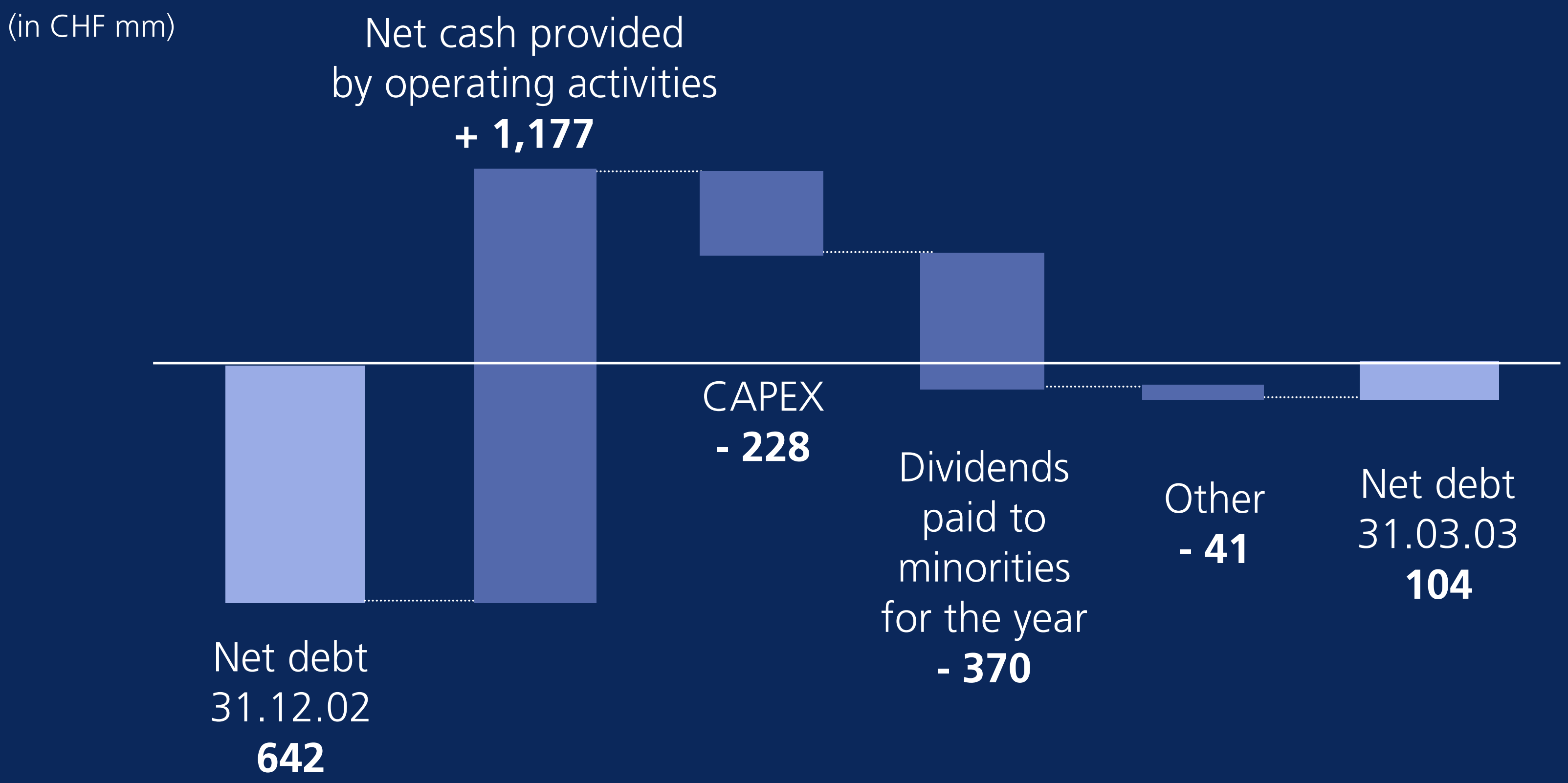
Change of net debt



Balance sheet carries near to nil net debt

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Group capital structure

(in CHF mm)	31.12.2002	31.03.2003
Short term debt	1,016	726
Long term debt	1,505	1,420
Interest bearing debt excl. finance lease	**2,521**	**2,146**
Long term net finance lease obligation	1,192	1,172
Less: financial assets from lease-and-leaseback transactions	(1,104)	(1,103)
Less: cash, cash equivalents and securities	(1,967)	(2,111)
Net debt	**642**	**104**
Shareholders' equity	7,299	7,644
Balance sheet total	16,958	16,663
Book leverage [1]	**8.8%**	**1.4%**
Equity ratio [2]	**43.0%**	**45.9%**

[1] Book leverage = net debt / shareholders' equity, [2] Equity ratio = shareholders' equity / total assets

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Summary and Outlook

- Stable quarter YOY, however:
  - revenue composition is changing
  - Q1 2002 is only quarter where local CPS was not active - causing unfavourable comparison to Q1 of 2003
  - Q1 carries disproportionately high restructuring charges
  - write down on stake in Swiss caused CHF 33 mm exceptional charge - below EBIT

- Outlook full year unchanged
  - Flat revenue outlook YOY for the Group
  - EBITDA around CHF 4.4bln

Thank you for your attention!

Questions & Answers

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