






9 months results 2006

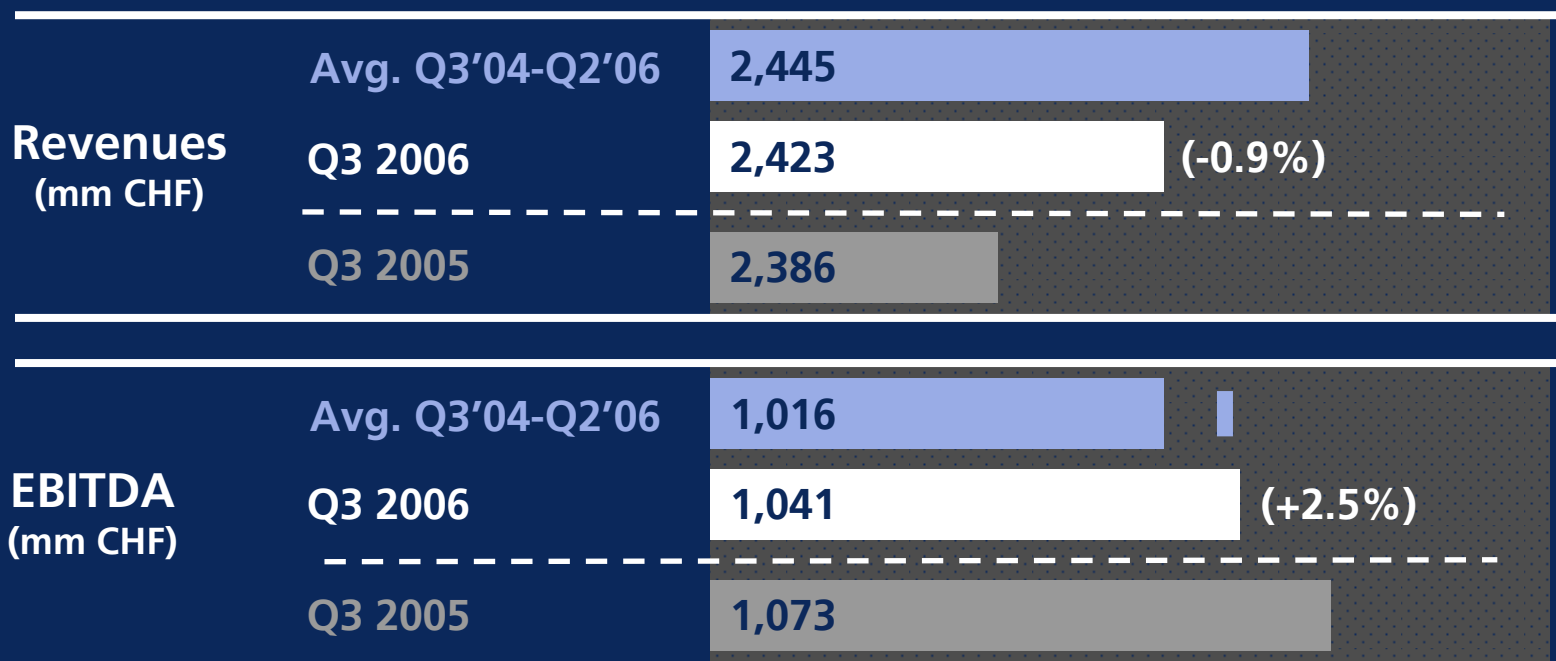


8 November 2006

“On Track” - Content

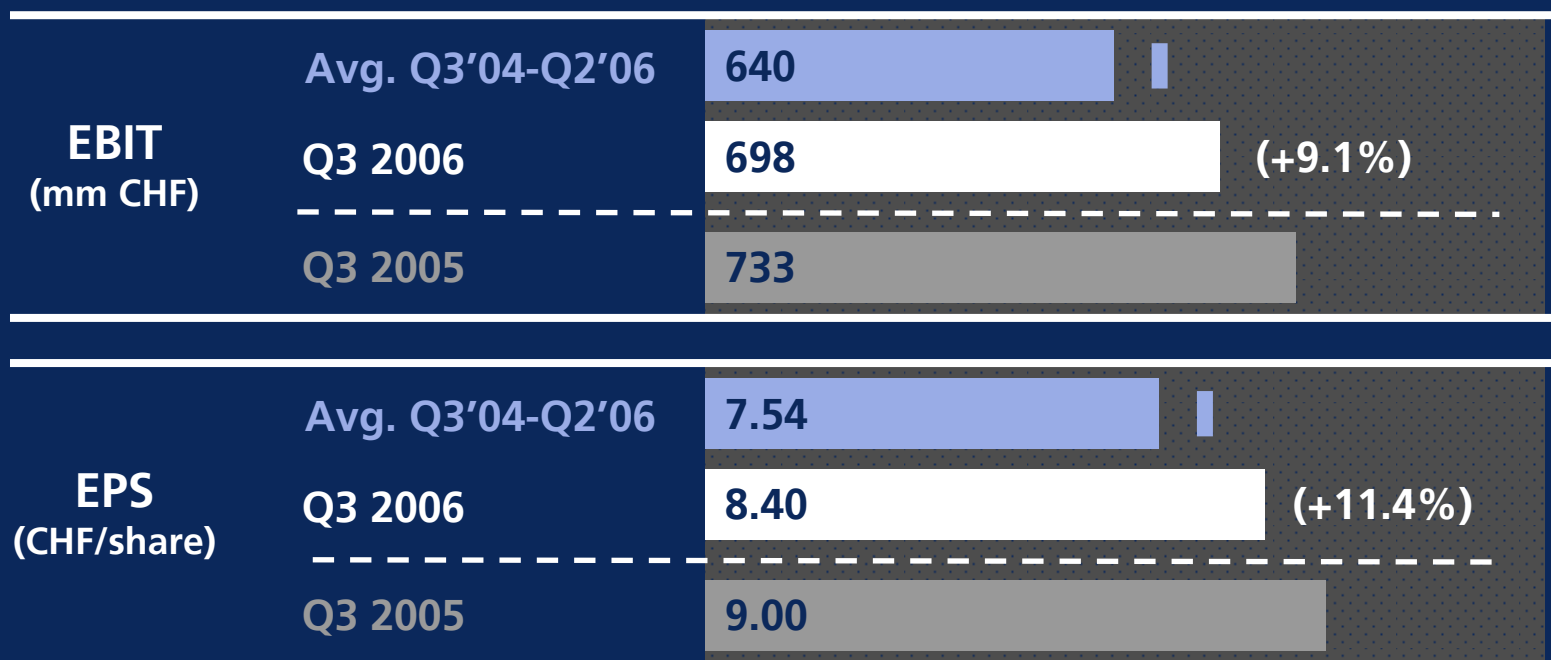
Track 1		Highlights financial results Q3 2006 slide 3-6	Carsten Schloter CEO
Track 2		Highlights Wireline operations slide 7-8	
Track 3		Highlights Wireless operations slide 9-10	
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Track 6		9 months 2006 results slide 14-18	Mario Rossi CFO
Track 7		Outlook 2006 slide 19	


Track 1

Overall financial results Q₃ 2006: “on track” (1)

Average (Q3'04-Q2'06) = CHF 1,039 mm excluding the 180mm LRIC provision taken in Q2 '06

Track 1

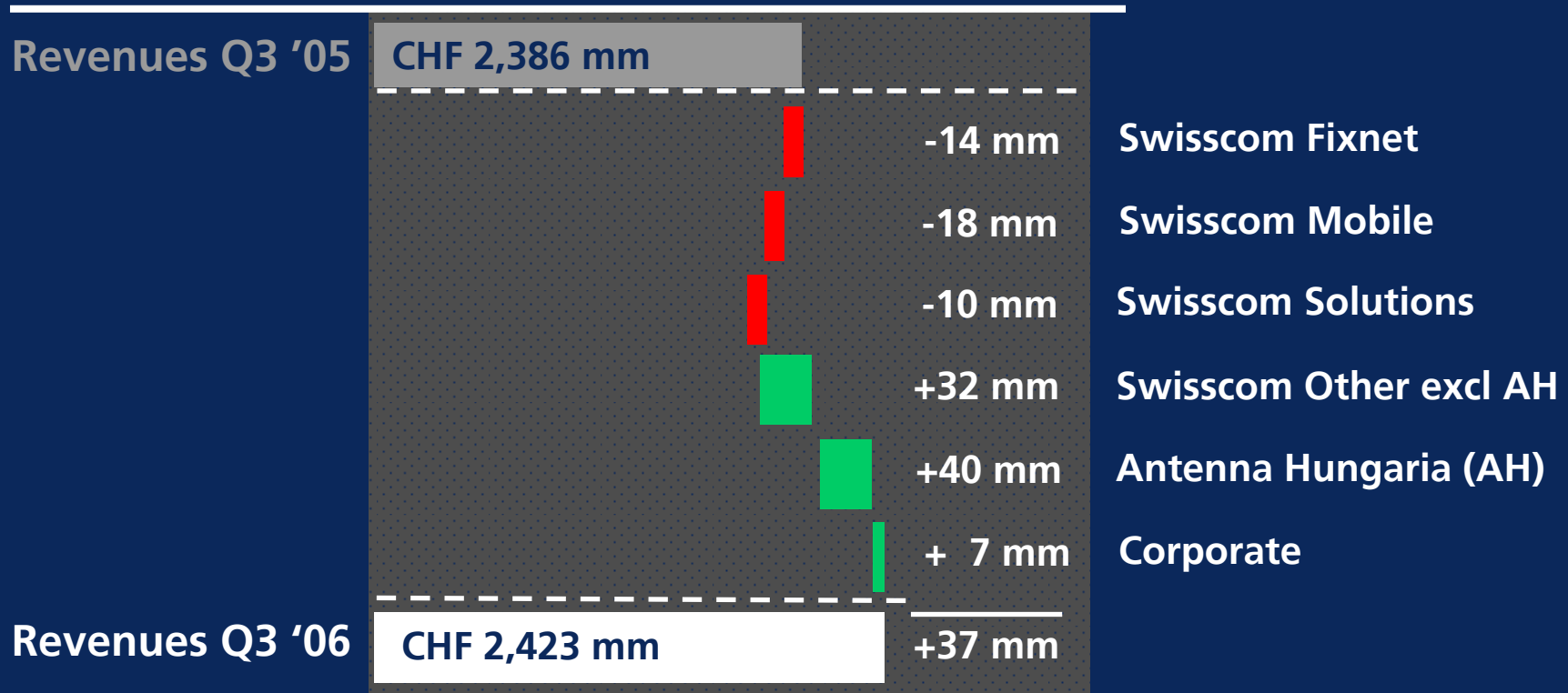
Overall financial results Q₃ 2006: “on track” (2)

 Average EBIT (Q3'04-Q2'06) = CHF 663 mm excluding the 180mm LRIC provision taken in Q2 '06
 Average EPS (Q3'04-Q2'06) = CHF 7.87 excluding the 180mm LRIC provision, assuming 19% tax rate

Track 1



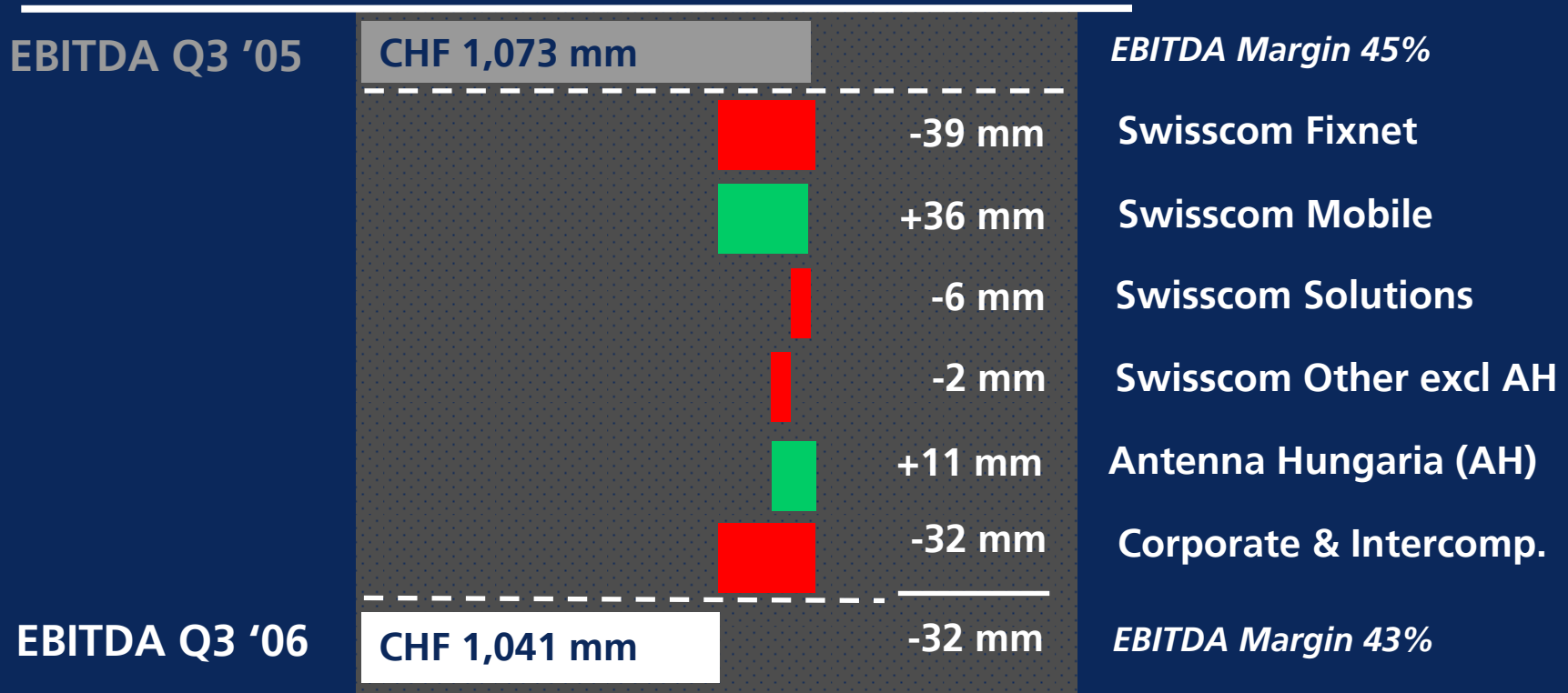
Revenues Q₃ 2006 some 1.6% higher than Q₃ 2005



Track 1



EBITDA Q₃ 2006 just 3% below Q₃ 2005



Track 2



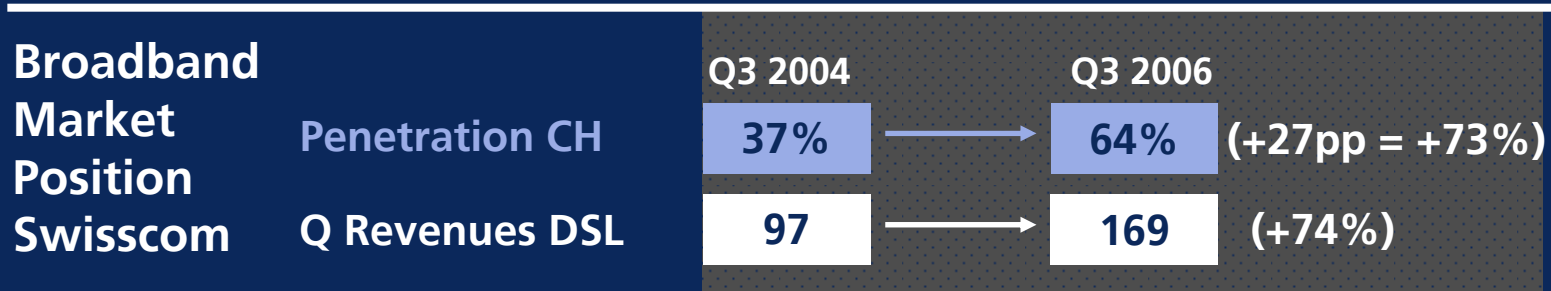
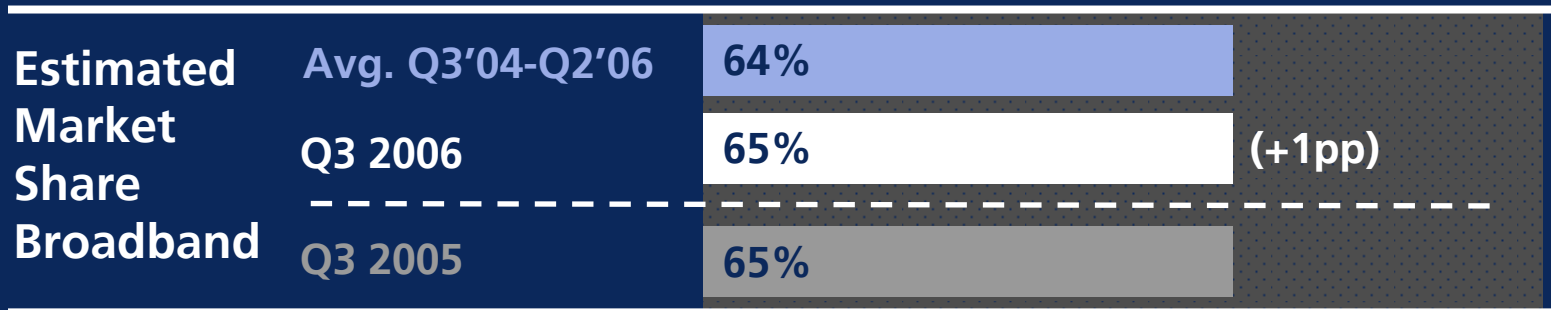
Wireline operations: overall stable, dynamics underneath

		Volumes (in mm)	Revenues (in mm CHF)	
PSTN+ ISDN+ ADSL subs	Avg. Q3'04-Q2'06	4.852	497	
	Q3 2006	5.064 (+4.4%)	520 (+4.6%)	
	Q3 2005	4.851	502	
+				
Average quarterly traffic (Fixnet Retail+ Solutions)	Avg. Q3'04-Q2'06	3,268	333	
	Q3 2006	2,753 (-15.8%)	283 (-15%)	
	Q3 2005	3,061	306	
=				
Total of subscriptions and traffic revenues		Avg. Q3'04-Q2'06	830	
		Q3 2006	803	(-3.3%)
		Q3 2005	808	

Track 2



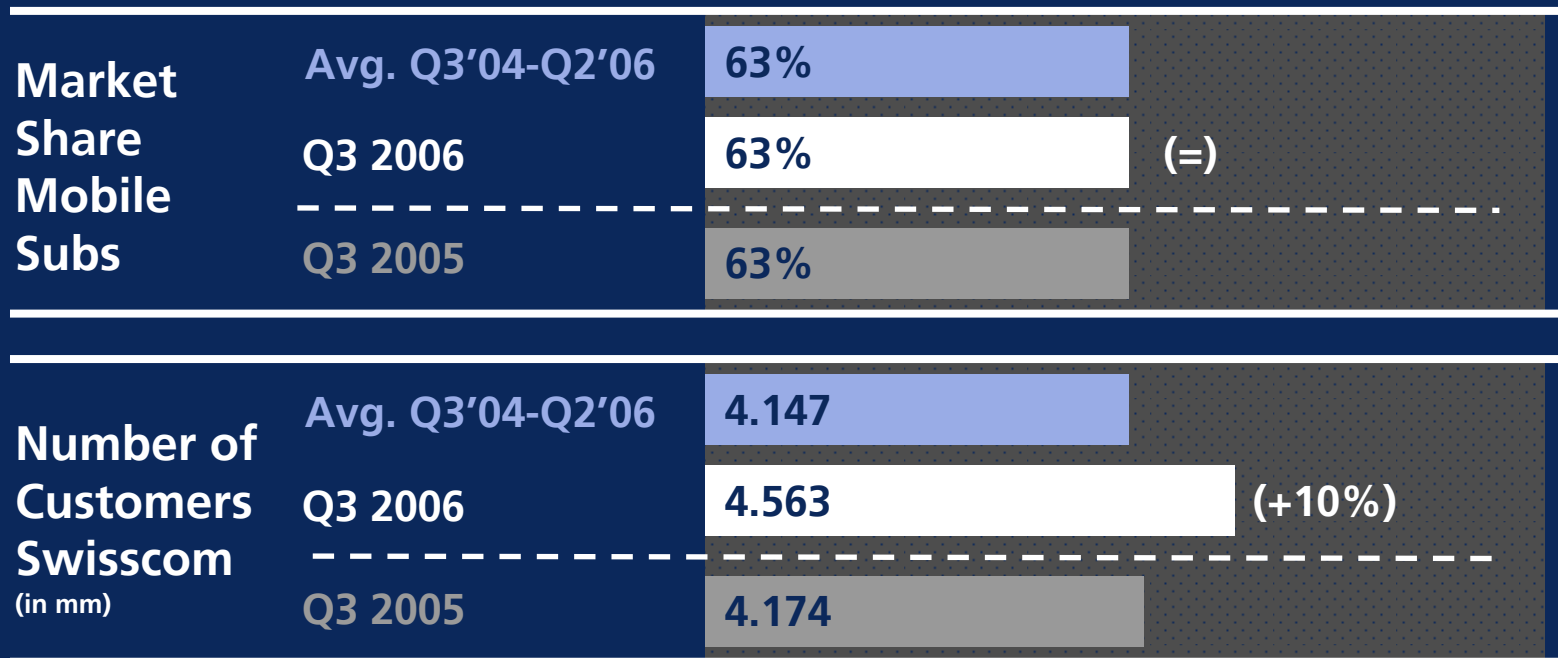
Wireline operations: market share broadband stable in still strongly growing market



Track 3



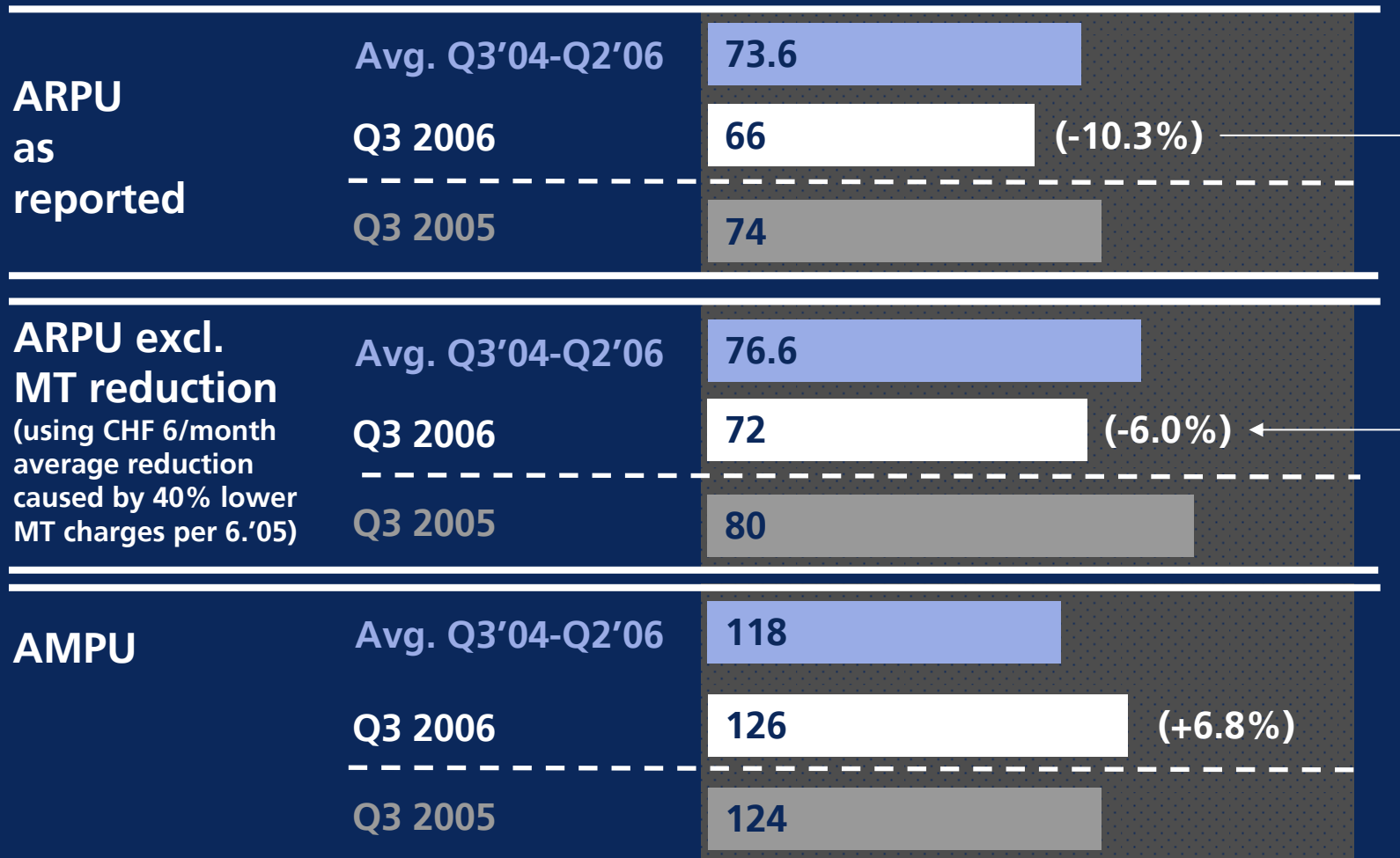
Wireless operations: stable market position with growing customer base



Track 3



Wireless operations: ARPU dilution largely caused by MT reduction and lower pricing



Track 4



Other operations: stagnant Solutions business, IT services with solid Q3 results

		Revenues	EBITDA margin
Swisscom Solutions	Avg. Q3'04-Q2'06 ^{*)}	285	5.7%
	Q3 2006	265 (-7.0%)	5.6% (-0.1pp)
	Q3 2005	275	7.4%
Swisscom IT Services	Avg. Q3'04-Q2'06 ^{**)}	188	5.3%
	Q3 2006	205 (+9.0%)	9.8% (+4.5pp)
	Q3 2005	176	13.1%
		including intracompany	

^{*)} 7.3% EBITDA margin if Q4'05 and Q4'04 provisions (total CHF 42 mm) are excluded from average

^{**)} 8.6% EBITDA margin if Q2'06 provisions (CHF 49 mm) are excluded from average

Track 5



A “roadmap that is on track”

	before	January 2006	December 2006	after
Product launches		HSDPA (40% coverage) and Unlimited (5in1) technology	Interactive TV control through Betty	1 Address book mobile and fixed
			IPTV launched	VDSL (1500m) for 55% of HH (only in combination with IPTV))
Service initiatives		Unified face towards customer: “Swisscom”	All SME contacts by Fixnet, all corporate accounts by Solutions	“Swisscom Together” (fixed and mobile in 1 group at attractive rates)
				Best Service in CH by 2008
Organisational changes		Creation Technical Convergence Unit in preparation for all IP Networks	Transfer shops to Mobile	Planned Merge of Field Forces
				Creation Home Networking Services

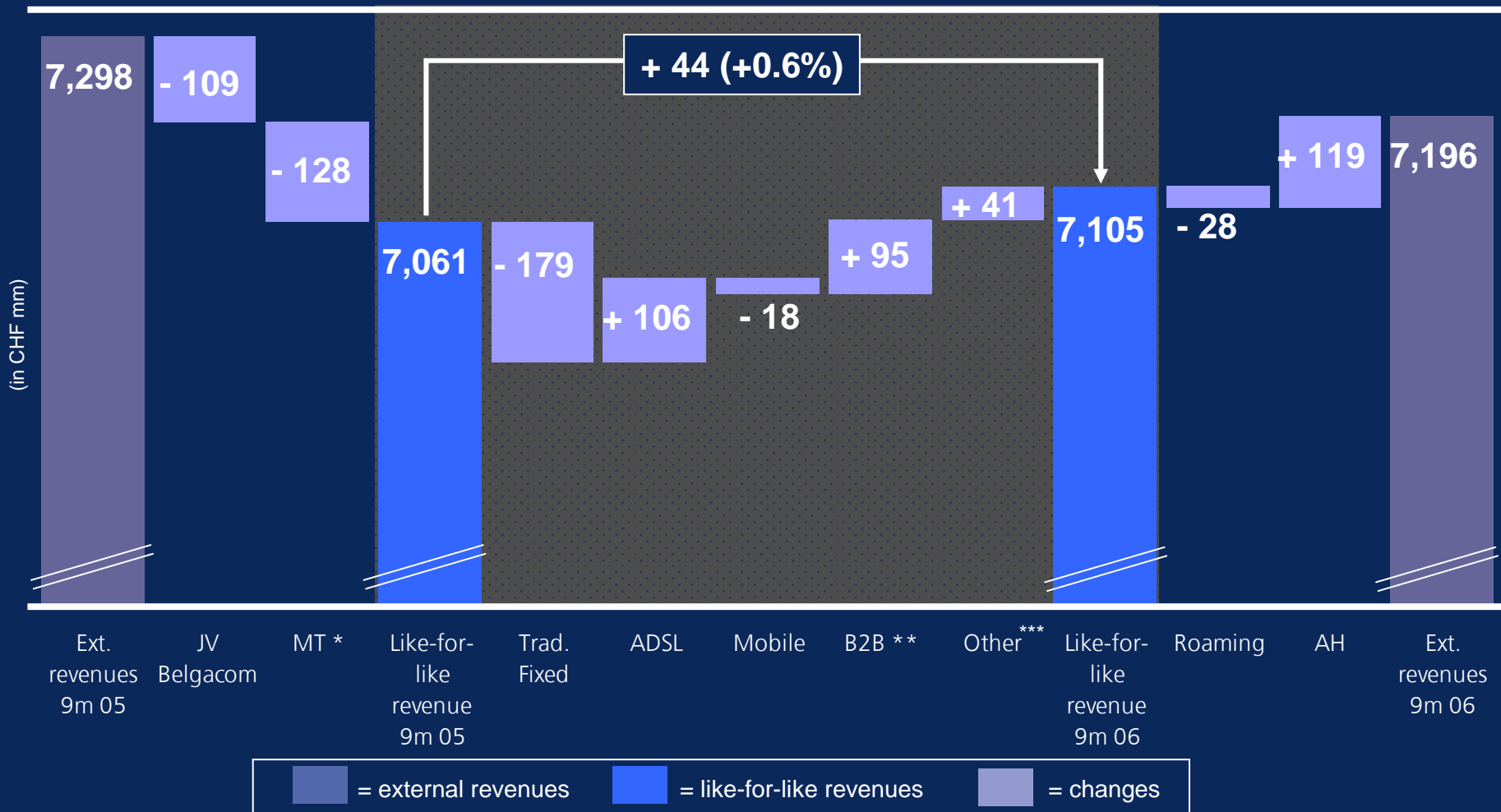
Track 5



Bluewin TV = IPTV launched on 1.11.06

	Basic offer	+	Pay per View	+	Pay TV	+	Video on Demand
Product description	<ul style="list-style-type: none"> • Installation @ home • Over 100 TV channels • 70 radio channels • Hard disk recorder (100hr) • State of art functionalities (eg live pause, search EPG etc) 		<ul style="list-style-type: none"> • Soccer from National and Champions League, Bundesliga • Ice-hockey 		Teleclub add-on packages: Basic, Movie, Family, Sport		True VoD from Switzerland's largest library (>500 top movies)
Offer description	<ul style="list-style-type: none"> • CHF 29/month • CHF 95 installation costs one-off 		<ul style="list-style-type: none"> • CHF 1 per game 		From CHF 29.90 per month		From CHF 2.50 to CHF 6 per movie (rental for 24 hrs)
Network requirements and business cases	<u>Minimum requirement to view:</u> <ul style="list-style-type: none"> • Access from Swisscom (CHF 25.25 per month) • ADSL from bluewin (from CHF 9/month) 			<u>Bluewin TV case:</u> Few tens of millions Capex with expected breakeven in a few years			
	<u>Availability upon launch:</u> ~75% of population (as min. required bandwidth per TV set/recorder > 3Mb/s)			<u>Swisscom network case:</u> Further rollout of VDSL to cover 75% of pop by 2010 600-700 mio Capex over 2-3 years			

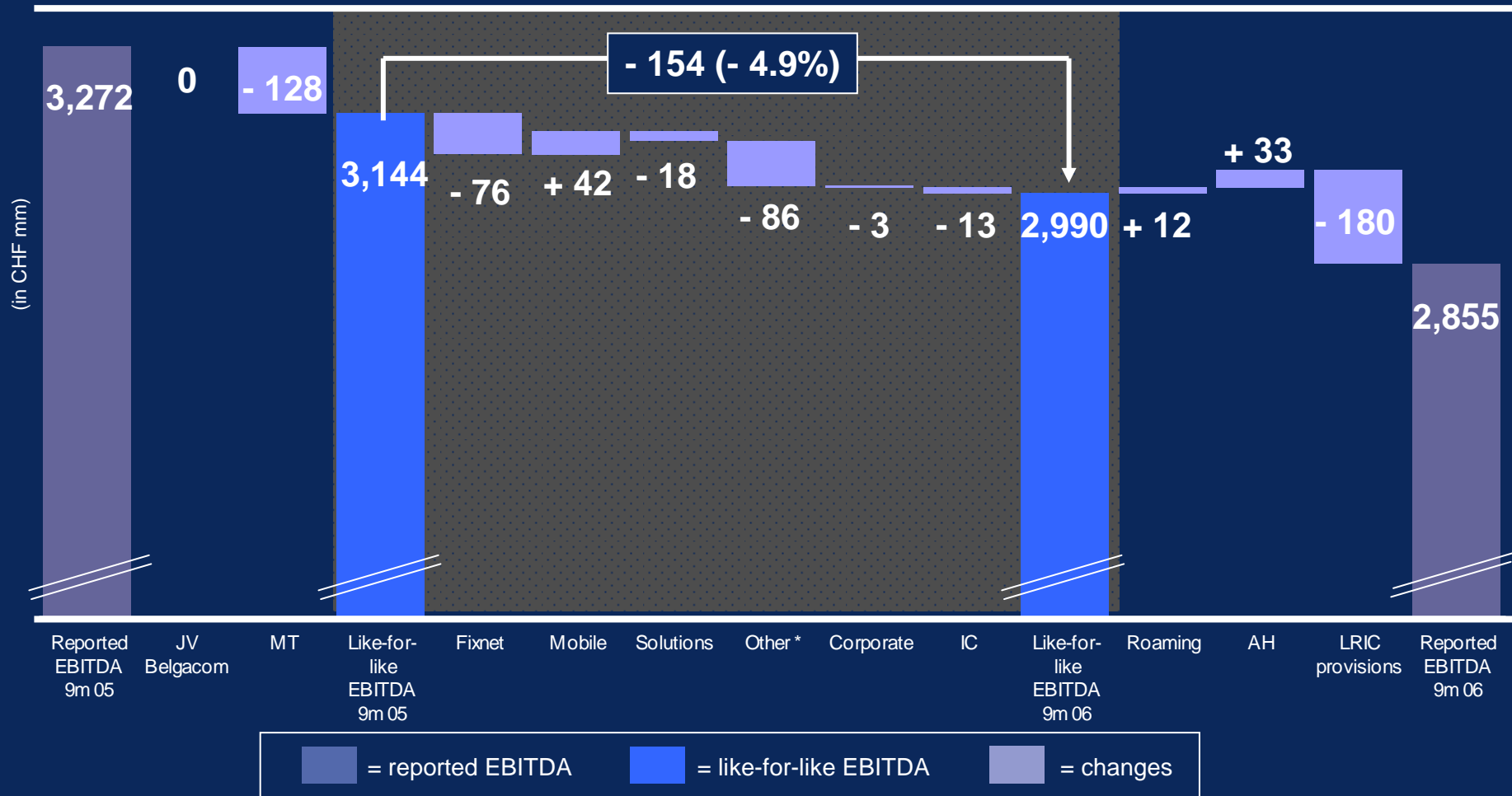
Drivers of group revenues (cumulative per 30.9.2006)



* Of which at Fixnet: CHF -44mm, at Mobile: CHF -74mm, at Solutions: CHF -10mm, ** Project- and Outsourcing Business

*** Of which at Eurospot: (hospitality services) CHF +20mm, at Accarda: CHF+ 4mm, all other CHF +17mm

Drivers of group EBITDA (cumulative per 30.9.2006)



* Includes an amount of CHF 97mm for extra provisions for contractual risks at Swisscom IT Services as well as for extra expenses relating to newly developed business

Swisscom Group – key financials per 30.9.2006

in CHF mm	30.09.2006	YOY	Nine months 2006 highlights
Net revenue	7,196	-1.4%	<ul style="list-style-type: none"> ▪ EPS decline lower than net income thanks to lower number of shares post buyback ▪ Buyback 2006 successfully completed in Q3: SCM bought back 8% of share capital ▪ CAPEX trending up due to VDSL rollout ▪ EFCF down mainly because of EBITDA decline, increased tax payments, higher net investments and no proceeds from asset sales (last year extra proceeds from sale of Infonet and Intelsat and early vendor loan repayment for debitel)
EBITDA	2,855	-12.7%	
EBITDA margin	39.7%		
EBIT	1,809	-18.8%	
Net income *	1,475	-22.6%	
SCM net income **	1,229	-25.5%	
EPS ***	21.77	-20.0%	
CAPEX	852	27.7%	
EFCF	1,021	-56.8%	
Net cash	333	n.m.	
FTE	16,875	10.4%	

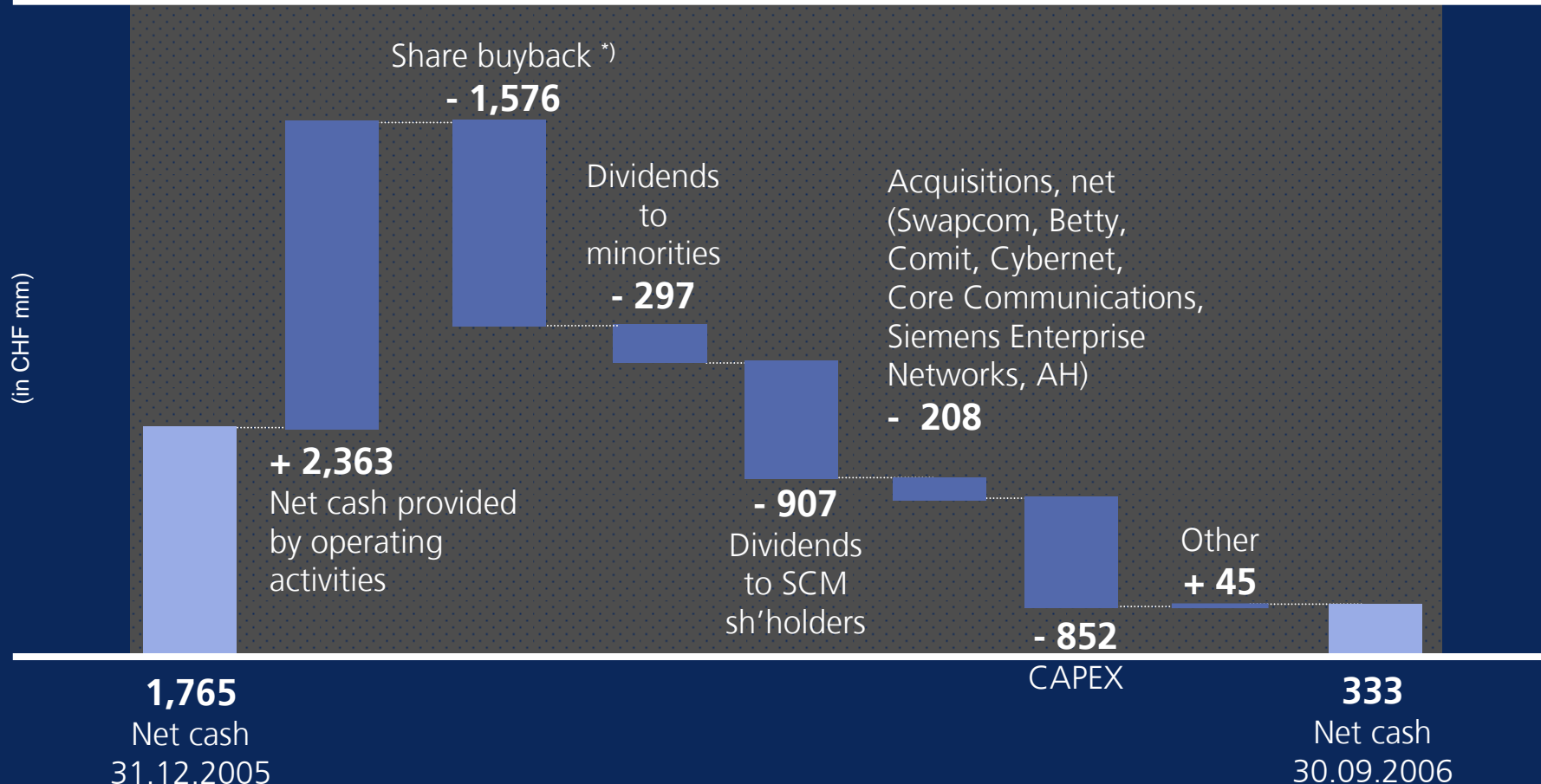
* Net income before minorities

** Net income to Swisscom sh'holders (excl. minority interests)

*** Avg. # of outstanding shares in 9m 06: 56.465mm

Track 6

Change of net cash



*) excludes withholding taxes for share buyback program 2006 of CHF 773mm, which will be paid for in Q4 of 2006, and includes remaining withholding taxes for share buyback program 2005 of CHF 136mm, which were paid for in 2006

EFCF breakdown

	9m 2005	FY 2005	9m 2006	FY 2006 Outlook
(in CHF mm)				
= Reported EBITDA	+ 3,272	+ 4,171	+ 2,855	+ 3,7 bln
- CAPEX	- 667	- 1,087	- 852	- 1,3 bln
+/- Δ working cap. and other	- 94	- 189	- 48	- ? bln
- tax (cash)	- 275	- 544	- 429	- 0,5 bln
- net interest	+ 4	- 6	- 15	
- minorities	- 367	- 367	- 297	- 0,3 bln
- repayment provisioned LRIC charges	0	0	0	-0,1/-0,2bln
= FCF from operations	+ 1,873	1,978	+ 1,214	~1,4 - ? bln
- acquisitions / divestments (net)	+ 489	+ 225	- 193	- 0,2 - ? bln
- debt issuance/repayments (net)	0	0	0	- ? bln
= EFCF	+ 2,362	2,203	+ 1,021	~1,2 - ? bln

Track 7

Outlook 2006

(in CHF mm)

	External Revenues	EBITDA	CAPEX	Extraordinary effects included:
Actual results 2005:	9,7	4,2	1,1	
Swisscom Fixnet	-	-	+	CHF -150mm revs from sale ICS per 1.7.05 and CHF -180mm extra provisions for LRIC
Swisscom Mobile	-	-	=	CHF -120mm revs and EBITDA from reduction MT prices per 1.6.05
Swisscom Solutions	-	-	+	
Swisscom IT Services	+	-	+	CHF -97mm for provisions and expenses in H1 for newly developed business
All other	+	+	=	esp. consolidation Antenna Hungary from Nov '05
Guidance Full year 2006:	9,5	3,7	1,3	

Thank you for your attention!

Questions & Answers

*[Please also refer to separate background slides
detailing the presentation]*

For further information, please contact:

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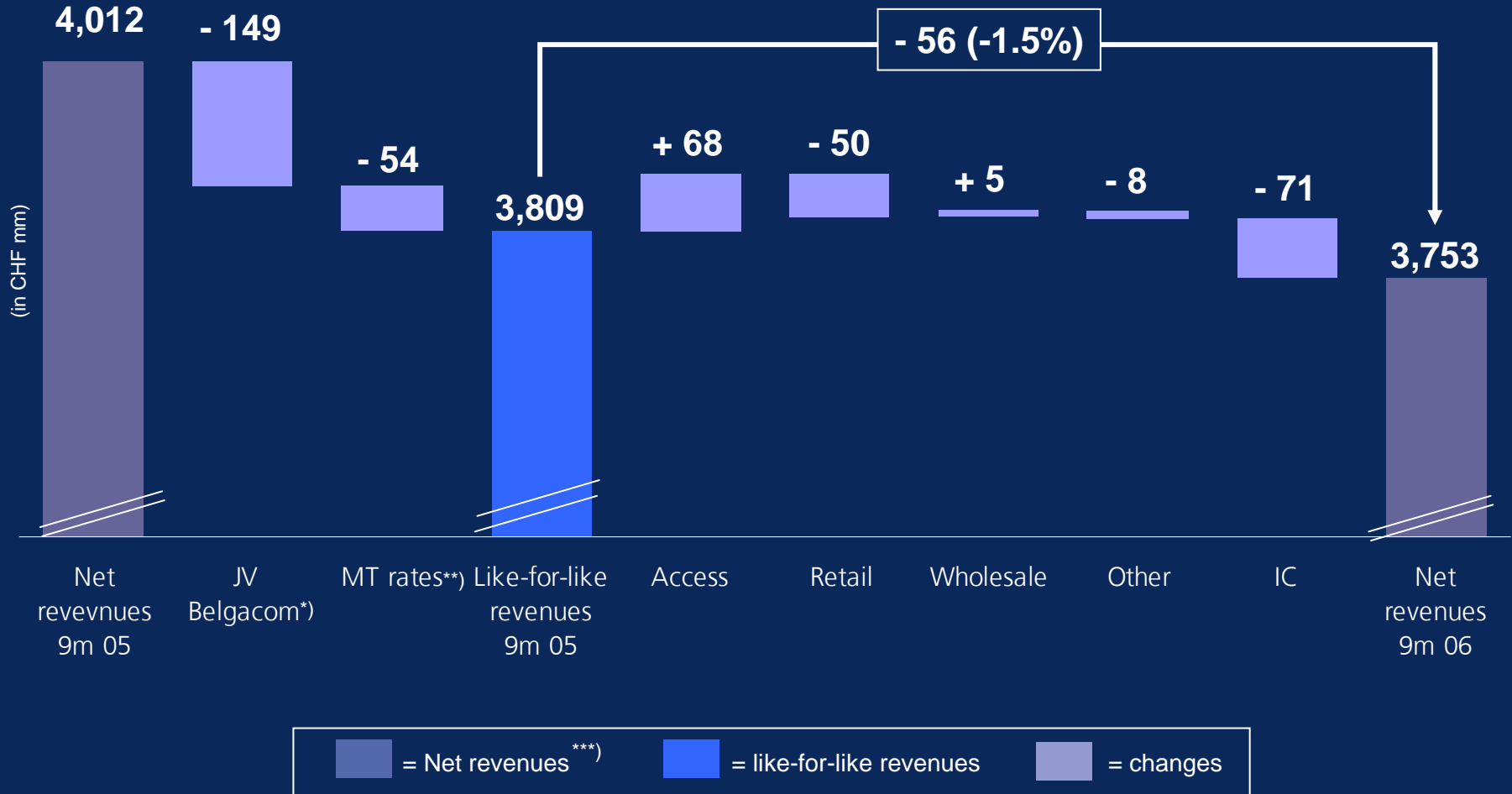
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Background slides

Fixnet – revenue development



*) of which ext. revenue: CHF -109mm; **) of which ext. revenue: CHF -44mm; ***) incl. IC

Background slides

Fixnet – segment overview

Financials and operational data

	9m 2006	YOY
Net revenue in CHF mm ¹	3,753	-6.5%
EBITDA in CHF mm	1,337	-16.1%
EBITDA margin	35.6%	
EBIT in CHF mm	771	-22.2%
CAPEX in CHF mm	396	18.9%
Number of FTE's	7,110	-1.2%
Access lines		
PSTN	2,892,000	-1.3%
ISDN	867,000	-4.8%
ADSL	1,305,000	29.2%
Traffic in min. mm		
Retail	7,267	-10.2%
Wholesale	12.253	-12.2%

Nine months 2006 highlights

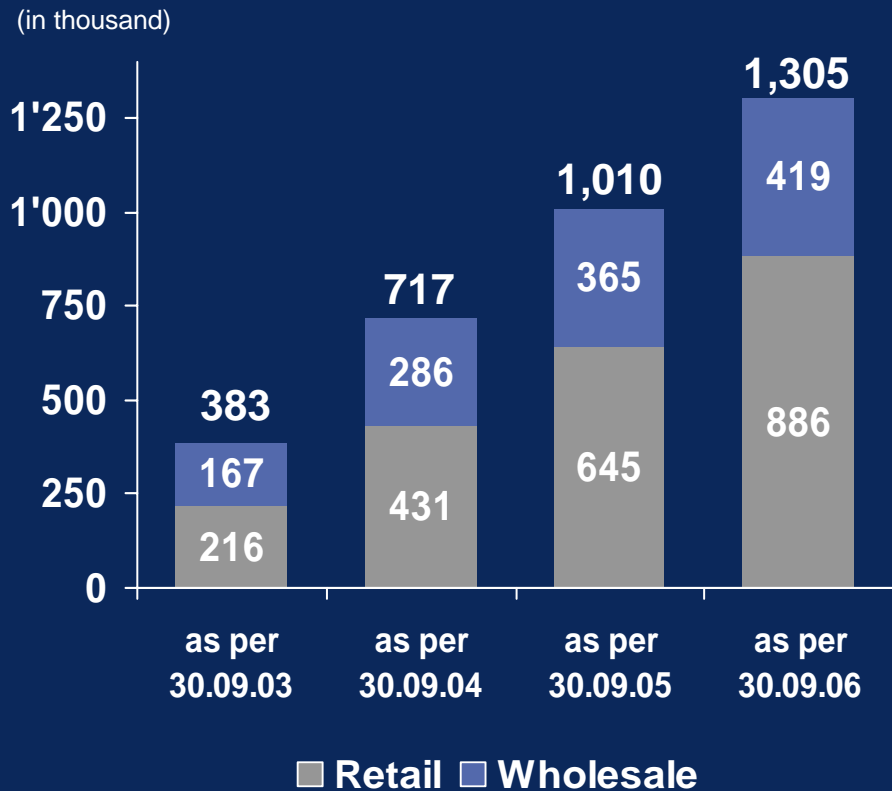
- Revenues excluding sale of int'l wholesale activities and impact Mobile Termination only down by -1.5% YOY
- Access revenues represents now 41% of net revenues – up by 4 %-points YOY
- Quarterly line loss (FM substitution, cable) not accelerating
- EBITDA margin excluding LRIC went up to 40.4%
- CAPEX increase on back of VDSL roll out – VDSL @ 750m coverage target by YE06 of 30% (with ~1,000 street cabinets) and by YE10 of 75% (with ~5,800 street cabinets)
- Bluewin TV with >100 TV channels, >70 ratio channels, VOD (>500 films), live sport coverage and up to 30 Pay-TV channels (Teleclub) launched!

¹ including inter-company (IC) revenue

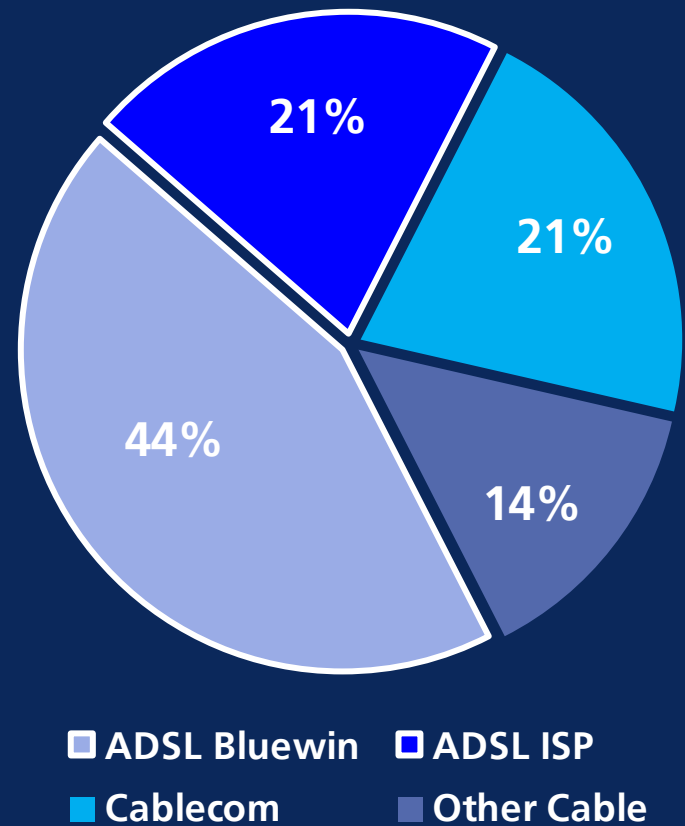
Background slides

Fixnet – the leading BB provider in Switzerland

ADSL subscribers, cumulative



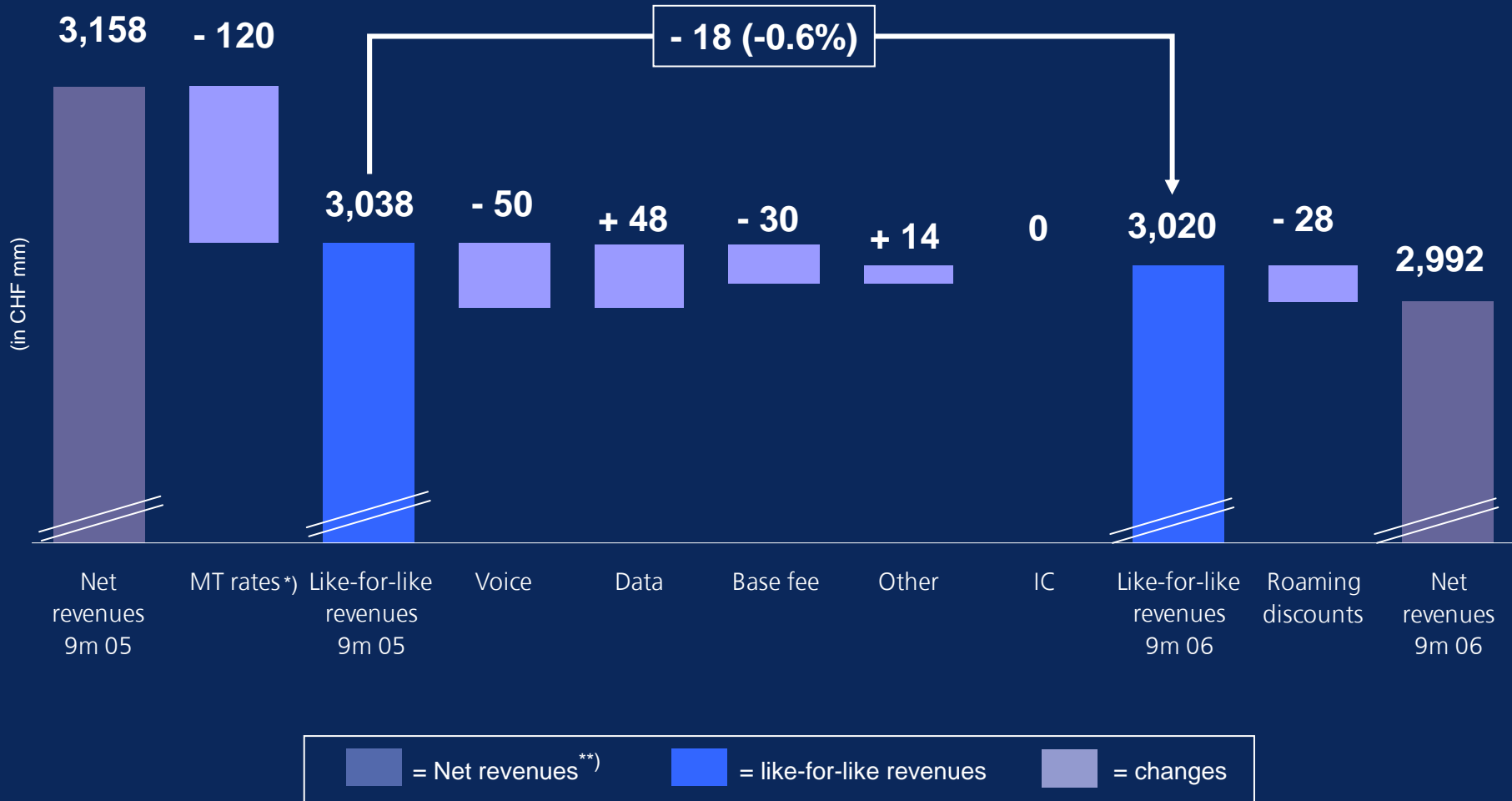
DSL market share around 2/3 (as per 30.09.06)



Source: Swisscom Fixnet estimates

Background slides

Mobile – revenue development



*) of which ext. revenue: CHF -74mm; **) incl. IC

Background slides

Mobile – segment overview

Financials and operational data

	9m 2006	YoY
Net revenue in CHF mm ¹	2,992	-5.3%
of which service revs	2,720	-6.8%
EBITDA in CHF mm	1,372	-5.1%
EBITDA margin	45.9%	
EBIT in CHF mm	1,091	-6.3%
CAPEX in CHF mm	187	-2.6%
Number of FTE's	2,404	-1.5%
Subscribers (thousand)	4,563	9.3%
ARPU (CHF/month)	65	-14.5%
AMPU in min.	124	4.2%
SMS MO in mm	1,558	5.8%

¹ including inter-company (IC) revenue

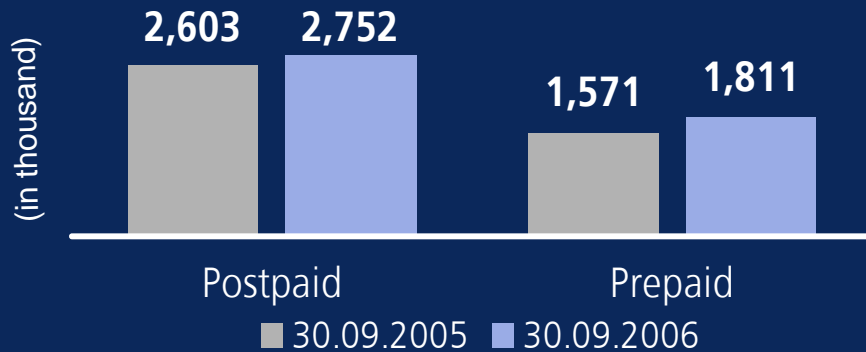
Nine months 2006 highlights

- Revenues excluding 40% reduction of MT fees (1.6.2005) and renegotiated roaming agreements flat YOY and EBITDA corrected for same effects improved by 2.5% YOY
- Total SAC and SRC as per end of September at CHF 282mm – slightly down YOY
- Advanced data (without SMS) revenues up by CHF 35mm to CHF 160mm
- # SMS per active user at 59.8
- Swisscom subscriber base up 9% - with net adds in first 9 months of 282k of which 40% are Post-paid subscribers
- Cumulative churn rate for first 9 months at continued low level at 7.3%

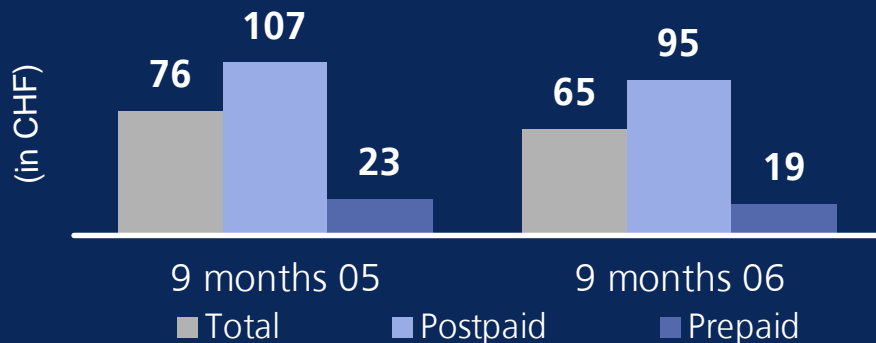
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Mobile – operational snapshot

Mobile subscribers



ARPU development

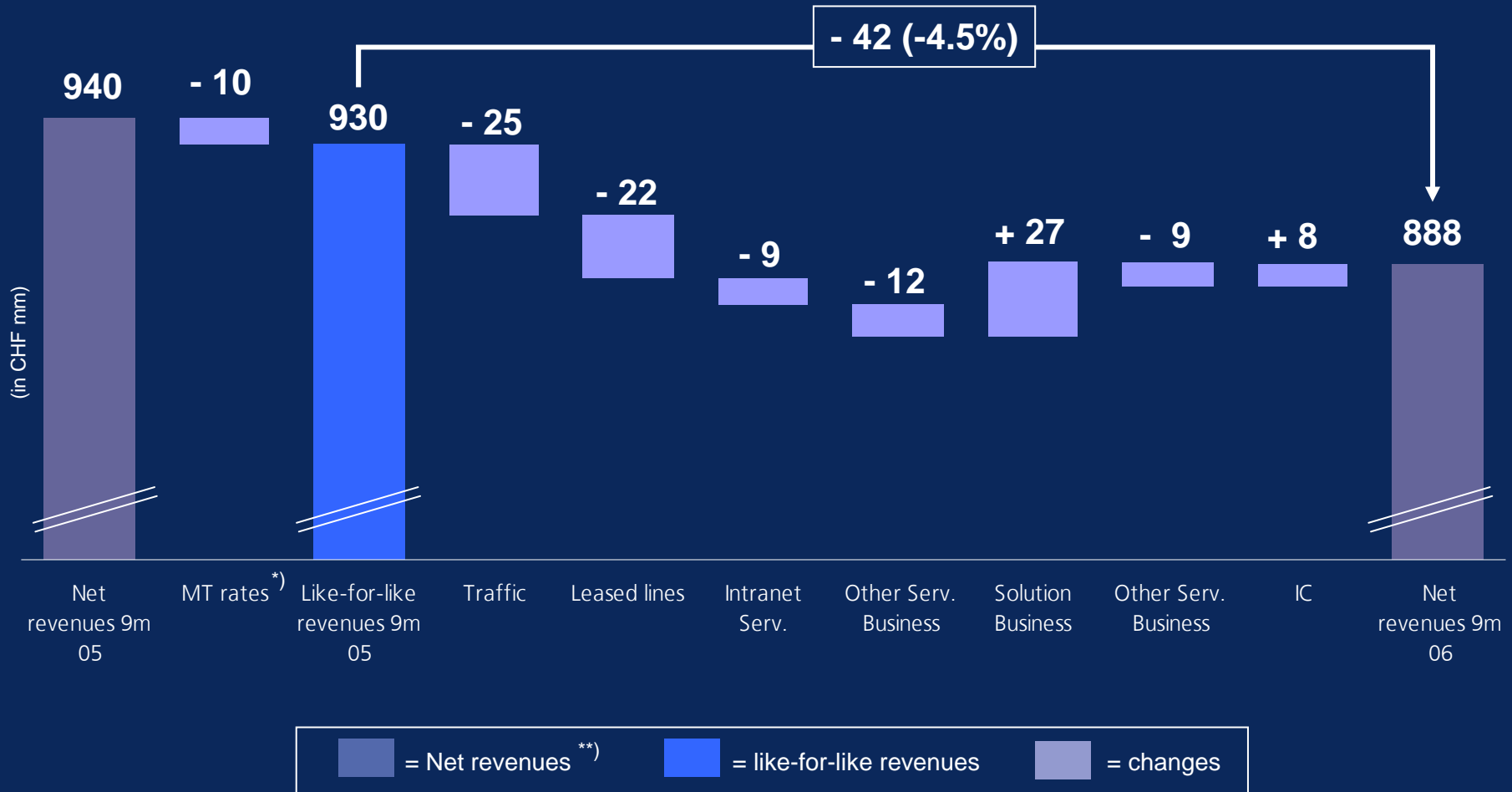


Key observations

- Total customer base up by 389k YOY (+9.3%) to 4,563k of which:
 - 1,407k (or 31% of total) now on Liberty
 - 255k (or 6% of total) on M-Budget
- Postpaid:
 - +6% customers
 - -11% ARPU
 - effective price decline esp. through Liberty higher than call rate elasticity
- Prepaid:
 - +15% customers
 - -17% ARPU
 - effective price decline compensated by higher number of customers (esp. M-Budget)

Background slides

Solutions – revenue development



*) of which ext. revenue: CHF -10mm; **) incl. IC

Background slides

Solutions, Corporate and Other – segment overview

Financials and operational data

Segment Solutions	9m 2006	YOY
Net revenue in CHF mm ¹	888	-5.5%
EBITDA in CHF mm	54	-25.0%
EBITDA margin	6.1%	
EBIT in CHF mm	31	-27.9%
CAPEX in CHF mm	29	141.7%
Number of FTE's	1,956	7.5%

Segment Solutions	9m 2006	YOY
National traffic in min. mm	1,351	-7.5%
Int.l traffic in min. mm	258	-4.4%
Total traffic in min. mm	1,609	-7.0%

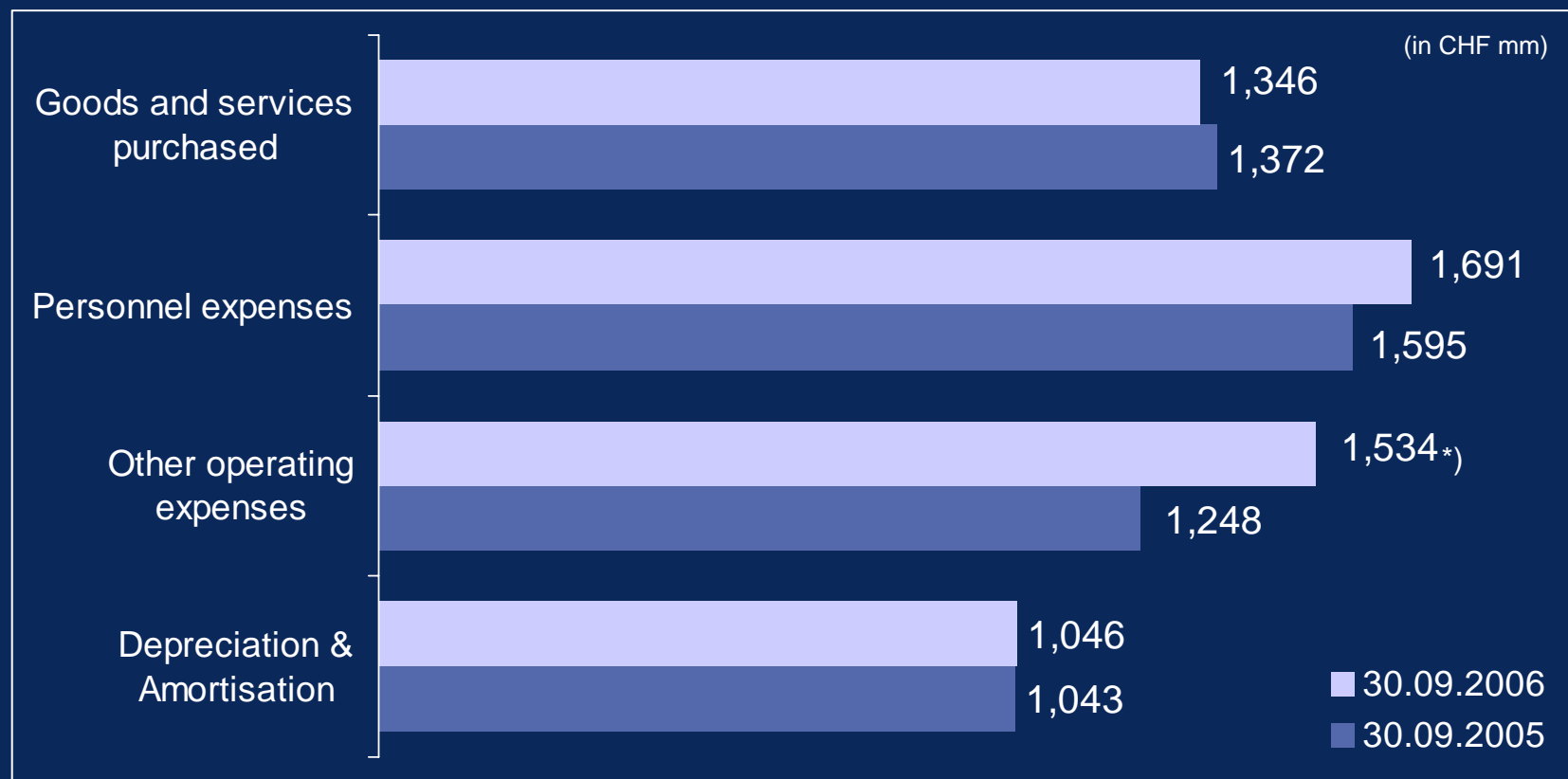
¹ including inter-company (IC) revenue

Segment Other	9m 2006	YoY
Net revenue in CHF mm ¹	967	28.9%
EBITDA in CHF mm	81	-39.6%
EBITDA margin	8.4%	
EBIT in CHF mm	-60	n/m
CAPEX in CHF mm	134	59.5%
Number of FTE's	4,498	53.5%

Segment Corporate	9m 2006	YoY
Net revenue in CHF mm ¹	488	-4.7%
EBITDA in CHF mm	30	-9.1%
EBITDA margin	6.1%	
EBIT in CHF mm	-9	n/m
CAPEX in CHF mm	113	n/m
Number of FTE's	907	0.8%

Background slides

Group OPEX overview



*) includes CHF 180 mm additional provision for LRIC ruling

Background slides

Group P&L overview

(in CHF mm)	30.09.2005	30.09.2006	YOY
EBITDA	3,272	2,855	-12.7%
Depreciation and amortisation	-1'043	-1'046	0.3%
EBIT	2'229	1'809	-18.8%
Net financial result	59	-33	n/m
Equity in net income of affiliated companies	9	17	88.9%
Income tax expense	-450	-350	-22.2%
Discontinued operations (debitel)	59	32	-45.8%
Net income	1'906	1'475	-22.6%
Attributable to minority interest holders	256	246	-3.9%
Attributable to equity holders of Swisscom AG	1'650	1'229	-25.5%
Avg. number of shares outstanding (in thousands)	60.608	56.465	-6.8%
EPS (in CHF)	27.22	21.77	-20.0%

Background slides

Group capital structure

(in CHF mm)	31.12.05	30.09.06
Short term debt	173	192
Long term debt (cross border tax lease and Antenna Hungaria)	1,478	1,481
Long term net finance lease obligation	652	612
Liabilities from collecting activities (Accarda Group)	154	104
Total debt	2,457	2,389
Less: financial assets from lease-and-leaseback transactions	- 1,125	- 1,131
Less: cash, cash equivalents and current financial assets	- 2,707	- 1,198
Less: other receivables from collecting activities (Accarda Group)	- 390	- 393
Net cash	1,765	333
Total equity	6,624	4,597
Balance sheet total	13,409	12,101
Book leverage ¹	-26.6%	-7.2%
Equity ratio ²	49.4%	38.0%

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

Background slides

Group CF overview

(in CHF mm)	30.09.2005	30.09.2006
EBITDA	3,272	2,855
Income taxes paid	- 275	- 429
Net interest	+ 4	- 15
Change in net operating assets and other cash flows from operating activities	- 94	+ 48
Net cash provided by operating activities	+ 2,907	+ 2,363
CAPEX	- 667	- 852
Net divestments / (investments) in affiliates/subsidiaries	+ 272	- 175
Purchase of current financial assets, net	- 572	+ 1,533
Net cash from investing activities	- 967	+ 506
Repayment of debt	-162	- 43
Share buyback and treasury stock	- 1,245	- 1,593
Dividends paid to Swisscom shareholders	- 861	- 907
Dividends paid to minority interests	- 367	-297
Net cash used in financing activities	- 2,635	- 2,840
Net change in cash and cash equivalents	- 695	+ 29
Cash and cash equivalents at end of the period	1,695	1,052

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. Securities and Exchange Commission and posted on our websites.

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