

HY 2007 Results

“more outlook / share”

8 August 2007

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Presentation

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- HY 2007 highlights
- Capital structure
- Payout policy
- New organisation 2008
- Outlook 2007

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Carsten Schloter
CEO

2

- Mechanics of Fastweb consolidation
- Delisting NYSE
- HY 2007 results for:
 - group
 - segments

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Ueli Dietiker
CFO

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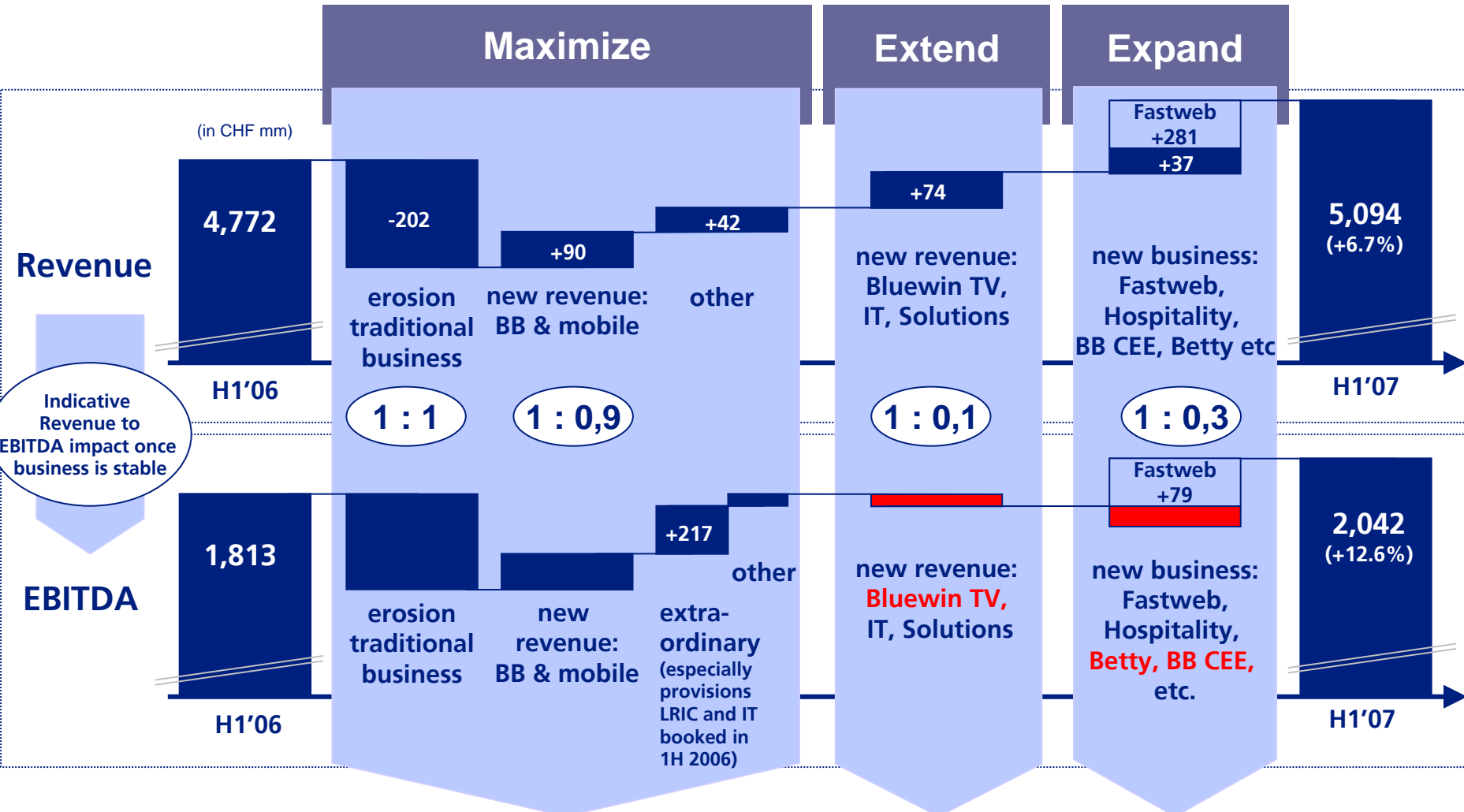
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1 HY 2007 at a glance

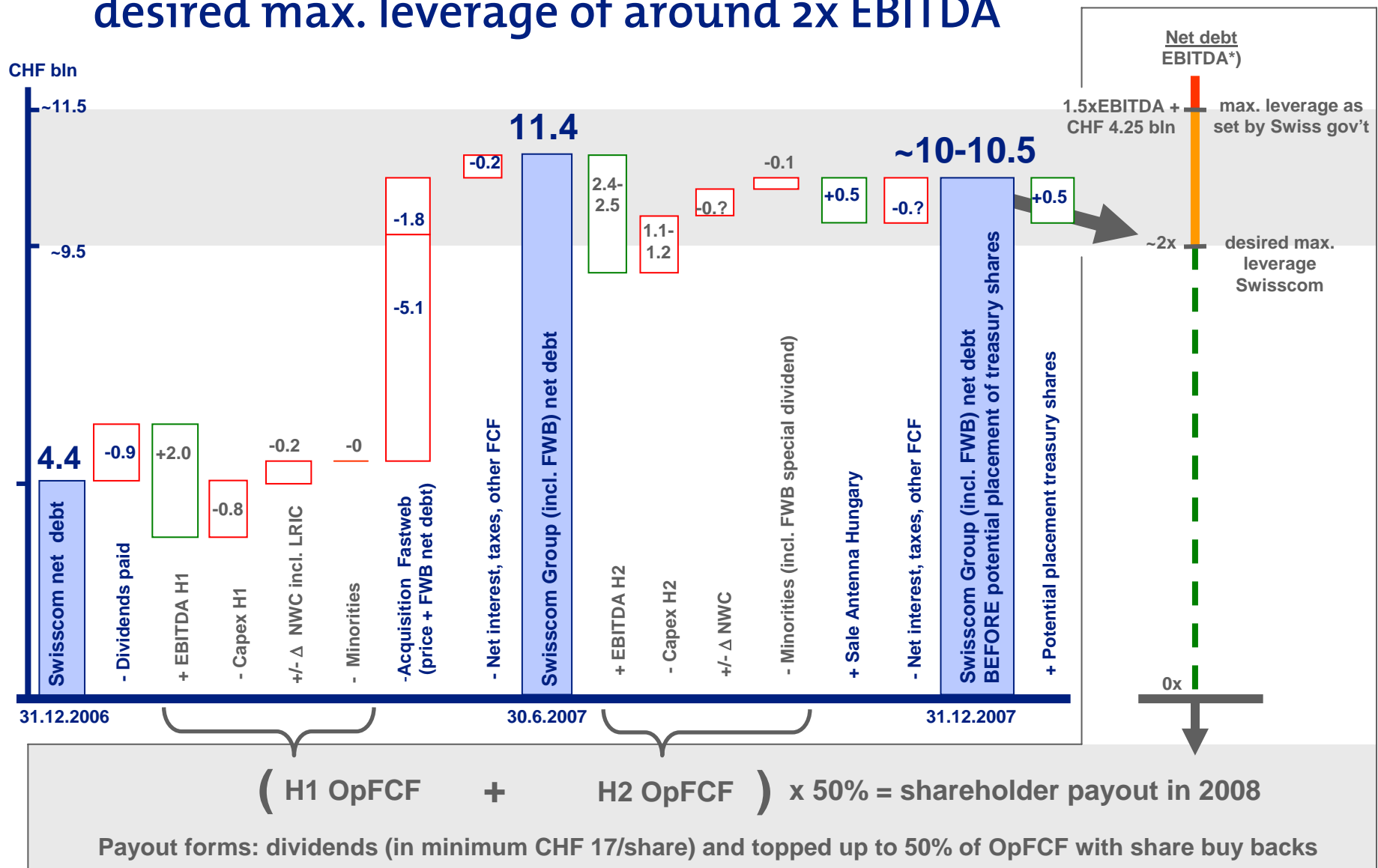
- Successful acquisition of **Fastweb** with first-time consolidation from 22 May 2007 onwards
- Strong ratings and **capital structure** after Mobile, Fastweb and Antenna Hungary transactions
- New **payout policy** introduced with ~50% of $OpFCF_t$ payable to shareholders in (t+1) and potentially more once $Net\ Debt / EBITDA_{31.12.t} < 2x$
- Announced new **organisational structure** per 1.1.2008
- **Operational trends** in the first-half of '07 stable: traditional business erosion can be compensated with revenues from new business. Certain new businesses (esp. Betty, IPTV and Broadband CEE) at very early stages leading to negative EBITDA contribution of around CHF 100mm on otherwise stable YOY EBITDA for Swisscom's domestic business. First time contribution of Fastweb results
- **Outlook** increased on back of Fastweb integration

1 H1 YOY results versus strategy



Expansion is key to stem cash flow erosion from traditional business

1 Expected net debt by YE '07 to be close to target for desired max. leverage of around 2x EBITDA

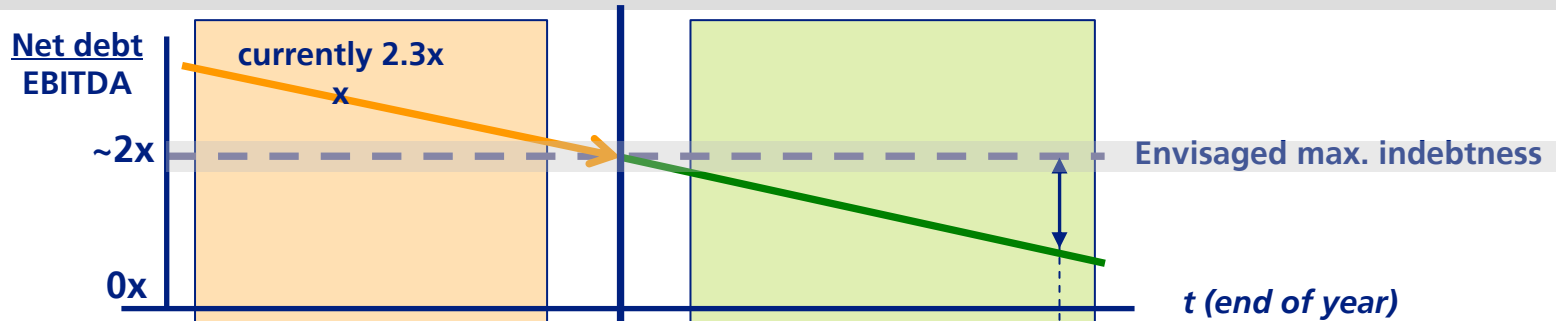


* EBITDA based on FY pro-forma integration of Fastweb and pro-forma 2007 guidance of CHF 4.7-4.8 bln for the Group (again assuming FY integration FWB)

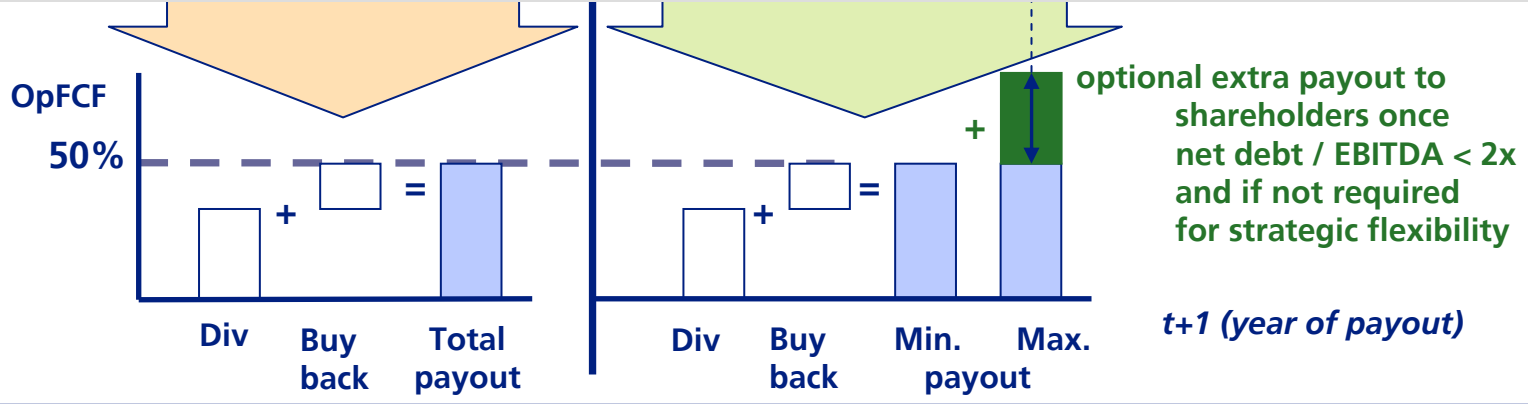
1 Payout policy connected to capital structure

Swisscom financial policy

a Capital structure: limit net debt / EBITDA at max. 2x



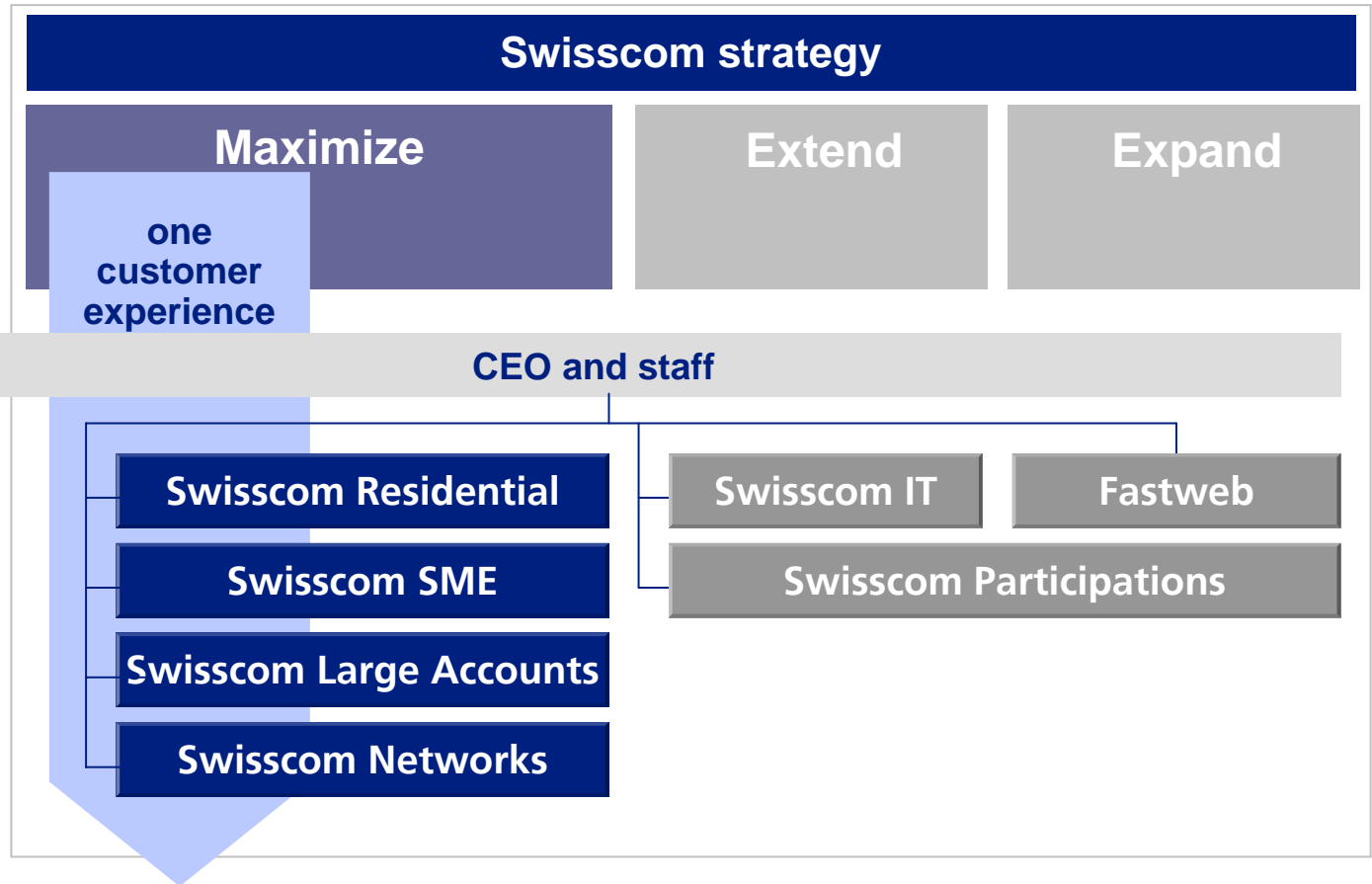
b Payout policy_t: 50% of OpFCF_{t-1}^{*)} + extra return potential if net debt < 2x EBITDA



Attractive payout policy with cash dividend proportion of total payout to be at least the prior year's DPS (starting from CHF 17/share paid in '07 for '06)

^{*)} OpFCF = EBITDA – Capex +/- ΔNWC – Dividends paid to Minorities

1 New organisational structure along customer segments and aligned with strategic framework



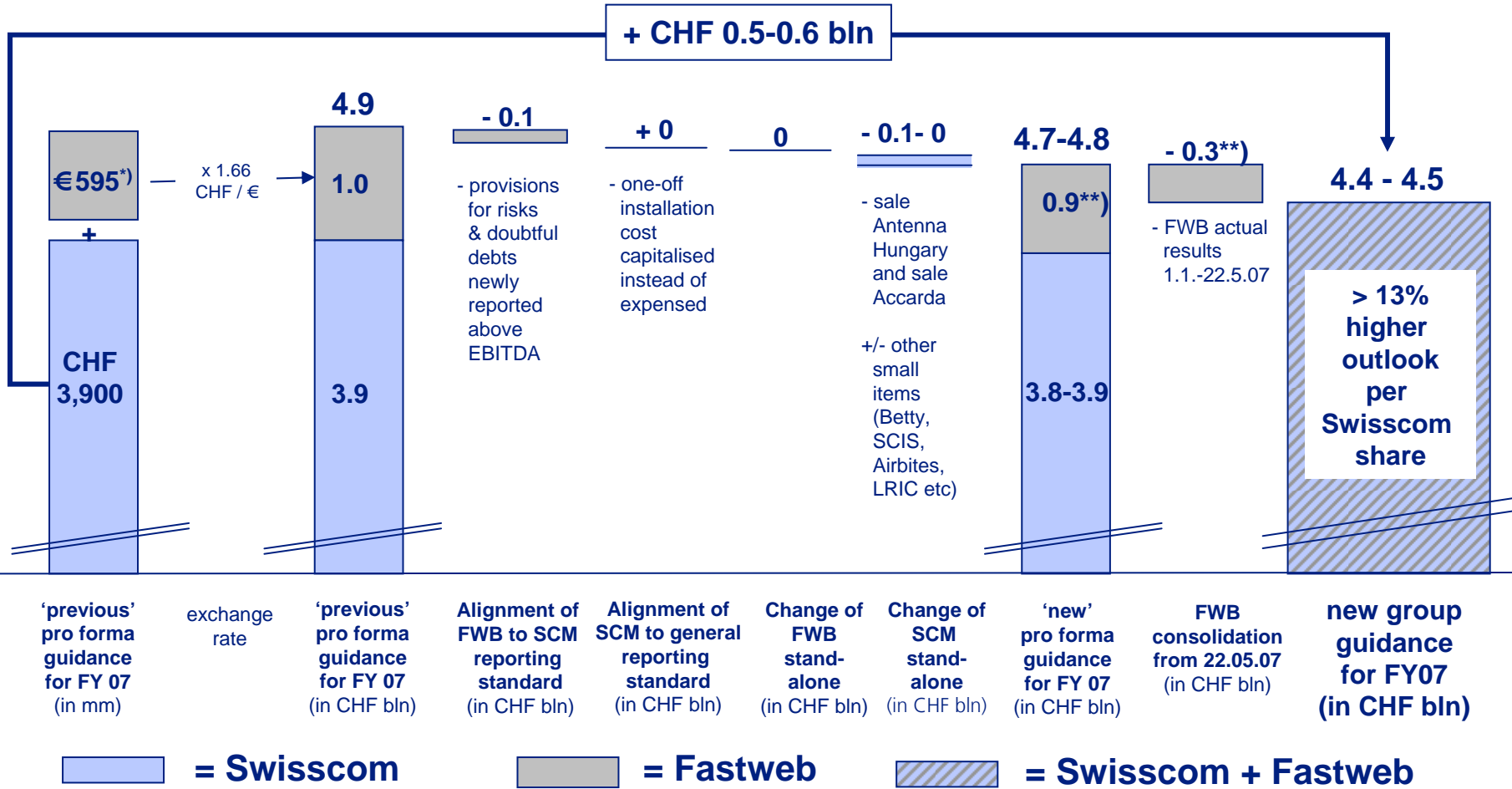
**One single face towards the customer.
New external segmental reporting from 2008 is currently being developed
and will be reflecting this organisational structure**

1 More outlook

- Group **revenue 2007** of CHF 11,2-11,3 bln
- Group **EBITDA 2007** of CHF 4,4-4,5 bln
- Group **CAPEX 2007** of around CHF 1,9-2,0 bln
(including further network expansion of Fastweb in 2007 of ~ € 60mm to increase direct footprint by 5pp to 50% of Italian households)

Outlook different as Fastweb now included (from 22 May 2007)

1 Guidance EBITDA 2007



"more outlook / share"

*) Represents Fastweb's original FY 07 guidance of +40% compared to 2006 (1.4 x €425mm = €595mm) under the "old" definition of EBITDA

***) FY guidance and actual results until 22.5.2007 include a net of €43.5mm EBITDA for the arbitration case with TI and the cost incurred by FWB relating to the public tender offer by Swisscom. This is non-recurring EBITDA and should be excluded when thinking about the underlying operating performance. The FY guidance for Fastweb assumes that a ruling on the reverse IC case will take place in 2007. Should this not happen, Fastweb will continue to build provisions which then would impact EBITDA by some €60mm (CHF 100mm) negatively compared to current guidance.

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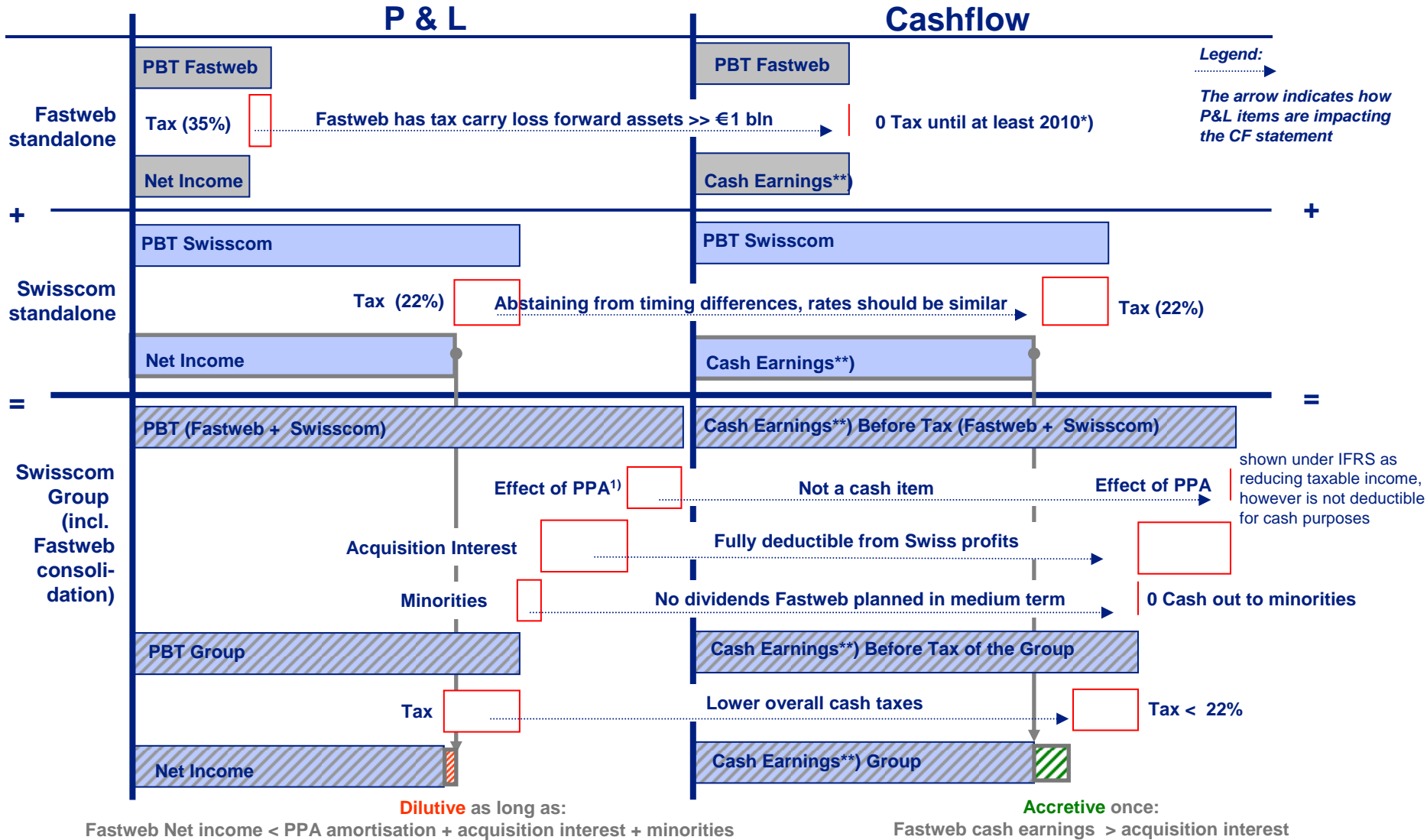
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2 Mechanics of FWB consolidation into SCM accounts



Cash Earnings accretion more rapidly than Net Income

*) IRAP taxes of around € 10mm p.a. are payable in any case

**) assuming that Capex and Depreciation are in line

1) PPA (Purchase Price Allocation) will be determined in H2 2007. Indicative non-binding estimate: CHF 3.7 bln goodwill, of which around 1/3 will be PPA relevant and depreciated over average customer contract duration of around 7 years. This would lead to some CHF 0.2 bln annual depreciation before tax.

2 NYSE delisting and SEC deregistration

Rationale

- **Low trading volume** for Swisscom securities in the US compared with the virt-x in London (well below 5% of overall volume)
- Decision in compliance with the **new SEC rules** for deregistration
- Reduction of both the **costs** and the **complexity** of regulations and reporting obligations
- Commitment to continued high standard of **corporate governance, transparency and reporting**

ADR program

- Modification to an **OTC trading** under an ADR program Level 1
- Current ADR holders will be able to retain their shares or exchange them for ordinary shares in CHF traded on the virt-x in London

Timetable

- **August, 21:** Filing of Form 25 with the SEC pertaining to delisting
- **August, 30:** Last day of trading at NYSE
- **August, 31:** Delisting from NYSE will be effective, start of OTC trading
- **September, 4:** Filing of Form 15F with the SEC pertaining to deregistration
- **December, 4:** Deregistration will be effective

2 Key financials

Key financials

in CHF mm	30.06.2007	YOY
Net revenue	5,094	6.7%
EBITDA	2,042	12.6%
EBITDA margin	40.1%	
EBIT	1,228	10.6%
Net income *	944	2.6%
SCM net income **	936	23.5%
EPS ***	18.07	35.2%
CAPEX	818	55.5%
OpFCF	978	n/m
Net debt	11,426	n/m
FTE	20,498	22.5%

* Net income before minorities

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

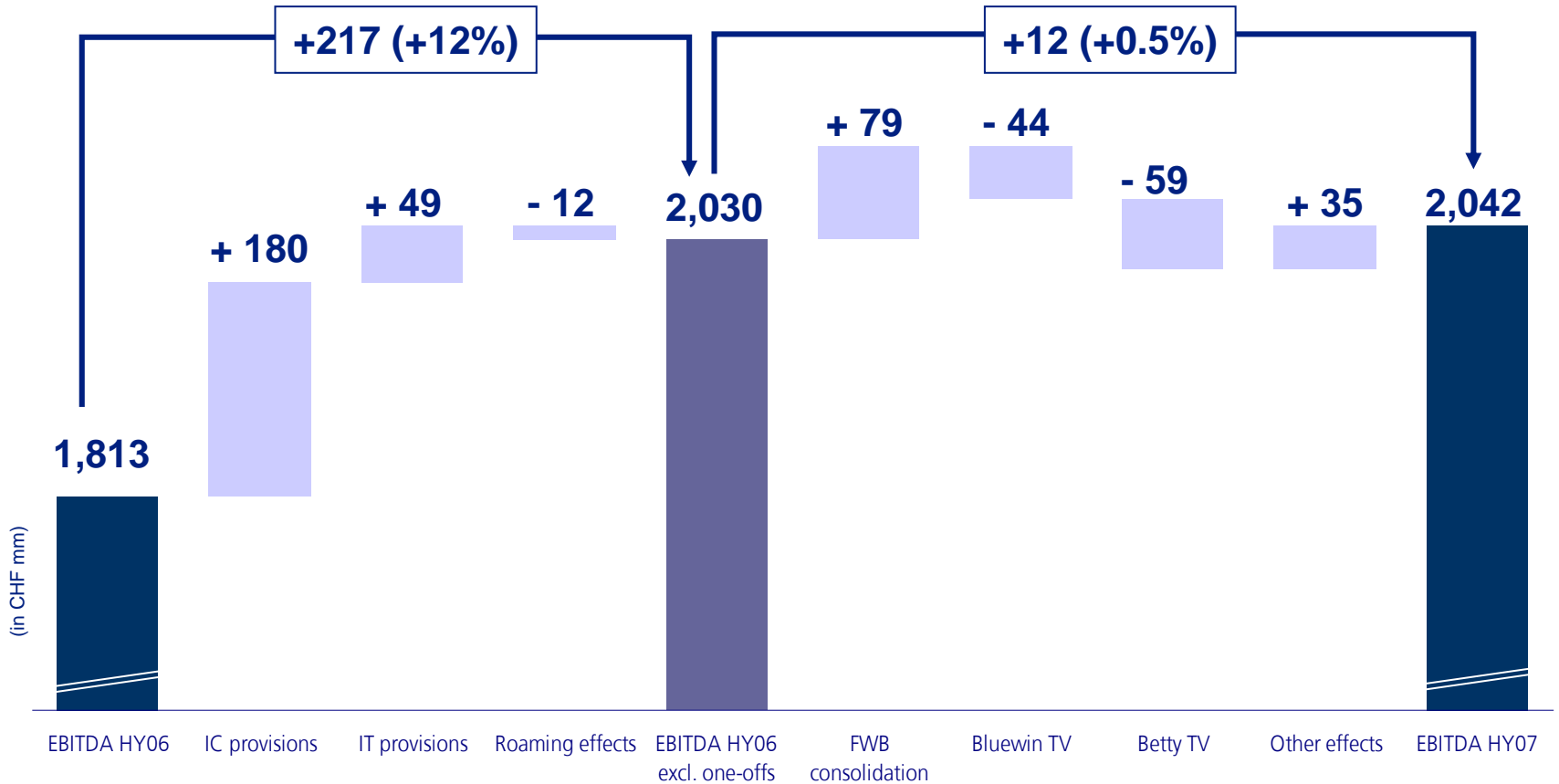
*** Avg. # of outstanding shares in 1st six months 07: 51.802mm

HY 2007 comments

- **Top-line** up by CHF 322mm and **EBITDA** increased by CHF 229mm
- **Net financial expense** increased only by CHF 15mm due to a gain from hedging activities related to the FWB transaction
- **EPS** increased by 35% YOY largely thanks to repurchase of minority stake from Vodafone and lower avg. # of outstanding shares
- **CAPEX** up on the back of VDSL rollout and FWB integration
- **OpFCF** for 1st six months at CHF 978mm
- **FTE** up by 22.5% mainly because of FWB acquisition

All key financials up

2 Analysis of EBITDA development



EBITDA excluding 2006 one-offs flat YOY thanks to Fastweb integration

2 Fixnet – segment reporting

Financials and operational data

	30.06.2007	YOY
Net revenue in CHF mm ¹	2,244	-6.7%
EBITDA in CHF mm	945	12.0%
EBITDA margin	42.1%	
EBIT in CHF mm	566	21.7%
CAPEX in CHF mm	454	93.2%
Number of FTE's	6,865	5.1%
Access lines (thousands)	30.06.2007	YOY
PSTN	2,878	-1.1%
ISDN	834	-5.0%
Broadband	1,506	20.2%
Traffic in min. mm	30.06.2007	YOY
Retail	4,525	-9.9%
Wholesale	7,533	-10.8%

¹ including inter-company (IC) revenue

HY 2007 highlights

- **Access** revenues with CHF 1,061mm (+3.1% YOY) represents 54.5% of total revenues with external customers
- **BB growth** with 253k new connections not sufficient to compensate business erosions due to cable competition and mobile substitution
- 14k **line losses** to cable in Q2 07 of which 10k to Cablecom
- **BB retail market** (bluewin share of total xDSL) share at 71% by end of June 07
- >50k **IPTV** subs incl. orders as per 30.6.07
- **Wholesale** revenues down CHF 62mm YOY due to lower transit volume and IC prices
- Despite **Extra OPEX for IPTV** of CHF 44mm the **EBITDA margin** went up by 7 %-points YOY to 42.1% esp. due to LRIC provisions of CHF 180mm booked in Q2 06
- **VDSL** rollout explains CAPEX increase

2 Mobile – segment reporting

Financials and operational data

	30.06.2007	YoY
Net revenue in CHF mm ¹	1,979	1.9%
of which service revs	1,792	0.3%
EBITDA in CHF mm	916	2.6%
EBITDA margin	46.3%	
EBIT in CHF mm	730	3.7%
CAPEX in CHF mm	152	32.2%
Number of FTE's	2,775	-5.5%

	30.06.2007	YoY
Subscribers (thousand)	4,776	6.9%
ARPU (CHF/month)	60	-7.7%
ARPU Data (CHF/month)	11.3	5.6%
AMPU in min.	129	5.7%
Data SMS in mm	1,115	8.0%

¹ including inter-company (IC) revenue

HY 2007 highlights

- **Top-line** up thanks to renegotiated roaming agreements in Q1 06, acquisitions of Minick and Swapcom and growth from subs and data
- **EBITDA** corrected for roaming effect (CHF 12mm in Q1 06) up by CHF 35mm YOY
- **ARPU** driven by right-grading (CHF -2.1), multi-SIM and new subs dilution (CHF -3.2), MT rates cut (CHF -0.9) and new data (CHF +1.3)
- **Subs** base up by 7% and Liberty community with 1,905k subs now representing 40% of total customer base
- **Advanced data** revenues up by CHF 31mm to CHF 132mm and total **data** representing 18.8% of ARPU
- **SAC and SRC** in HY 07: CHF 127mm (CHF +7mm YOY)
- Cumulative **churn rate** for HY 07: 5.4%

2 Solutions – segment reporting

Financials and operational data

	30.06.2007	YOY
Net revenue in CHF mm ¹	586	-0.3%
EBITDA in CHF mm	53	39.5%
EBITDA margin	9.0%	
EBIT in CHF mm	36	56.5%
CAPEX in CHF mm	16	-15.8%
Number of FTE's	2,033	4.0%

Traffic in min. mm	30.06.2007	YOY
National	873	-5.6%
International	178	1.7%
Total	1,051	-4.5%

¹ including inter-company (IC) revenue

HY 2007 highlights

- **Net revenue** as per 30.06.07 flat YOY thanks to acceleration of sales in Q2 07
- Revenue from **connectivity** (CHF –27mm) down YOY due to substitution, competition and pricing pressure
- Revenue from **communication and collaboration** up (CHF +15mm) partially thanks to 1st time consolidation of Siemens Enterprise Networks CH as per end of February 2006
- Revenue from **Business Process Optimization** (CHF +4mm) and **Outsourcing** (CHF +14mm) up due to new products in the area of customer interaction management, volume increases and new outsourcing deals
- **Cost** decline of CHF 25mm YOY drives EBITDA up to CHF 53mm. The margin stands at 9%
- **FTE** increase mainly from sales unit transferred from Mobile to Solutions

2 Fastweb – segment reporting

Financials and operational data

	30.06.2007
Net revenue in CHF mm	281
EBITDA in CHF mm	79
EBITDA margin	28.1%
EBIT in CHF mm	7
CAPEX in CHF mm	85
Number of FTE's	3,167

	30.06.2007
Business	17%
Residential	83%
Total customers	1,196
Business creates 58% of revenues, residential 42%	

Note: the table above reflects Swisscom's share of Fastweb results for the period 22.5-2007-30.6.2007, i.e. some 6 weeks only

HY 2007 highlights

- Swisscom owns 82.1% of Fastweb. The Italian company is **fully consolidated** in Swisscom's accounts **from May 22, 2007 onwards**
- **FWB HY Results** as per 30.06.07:
 - Net revenue of € 714mm (+24% YOY)
 - EBITDA of € 224mm up by 75% partially thanks to one-off effects of € 43.5mm. Underlying operational growth of 41% YOY to € 180mm
 - CAPEX of € 249mm (+4.6%)
- Further **network expansion**
 - targeting 164 (+19%) new local exchanges and 1.4mm (+16%) additional potential customers
 - expanding current direct footprint from 44% to 50% of total 22mm Italian HH (and to 77% incl. WS)
 - Related extra CAPEX of € 60mm in 2007

2 Other and Corporate – segment reporting

Financials and operational data

Segment Other	30.06.2007	YoY
Net revenue in CHF mm ¹	706	10.7%
EBITDA in CHF mm	22	-24.1%
EBITDA margin	3.1%	
EBIT in CHF mm	-112	n/m
CAPEX in CHF mm	91	4.6%
Number of FTE's	4,680	5.5%

Segment Corporate	30.06.2007	YoY
Net revenue in CHF mm ¹	320	-2.7%
EBITDA in CHF mm	51	142.9%
EBITDA margin	15.9%	
EBIT in CHF mm	21	n/m
CAPEX in CHF mm	27	-63.0%
Number of FTE's	977	11.1%

¹ including inter-company (IC) revenue

HY 2007 highlights

Segment Other

- **Revenue** growth of 11% largely due to Hospitality Services (CHF +15mm) and newly won outsourcing business at Swisscom IT Services (CHF +42mm)
- **EBITDA** and **EBIT** down YOY (despite provisions booked for IT Services in Q2 '06) exclusively due to higher costs for Betty TV (CHF +59mm) & impairments of goodwill and intangible assets (CHF 39mm)
- Swisscom announced in Q2 '07 the sale of **Antenna Hungaria** and **Accarda** (both deals closed in July '07)

Segment Corporate

- **EBITDA** up by CHF 30mm YOY mainly thanks to net cost savings and book gains from real estate sales
- **FTE's** up due to transfer of HR and technical staff

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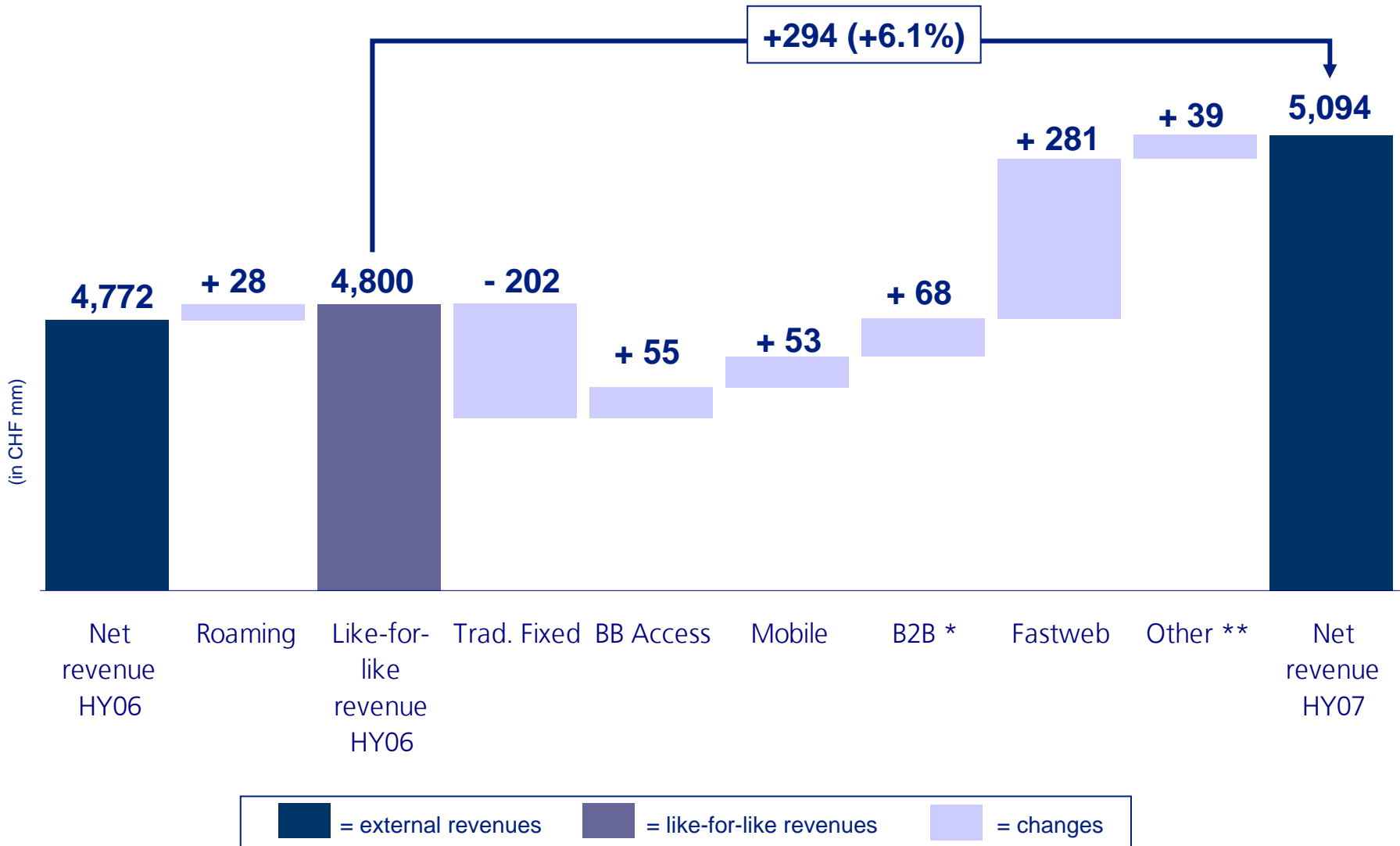
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1 <ul style="list-style-type: none">• HY 2007 highlights• Capital structure• Payout policy• New organisation 2008• Outlook 2007	2 <ul style="list-style-type: none">• Mechanics of Fastweb consolidation• Delisting NYSE• HY 2007 results for:<ul style="list-style-type: none">• group• segments	3 <p>Q&A</p>
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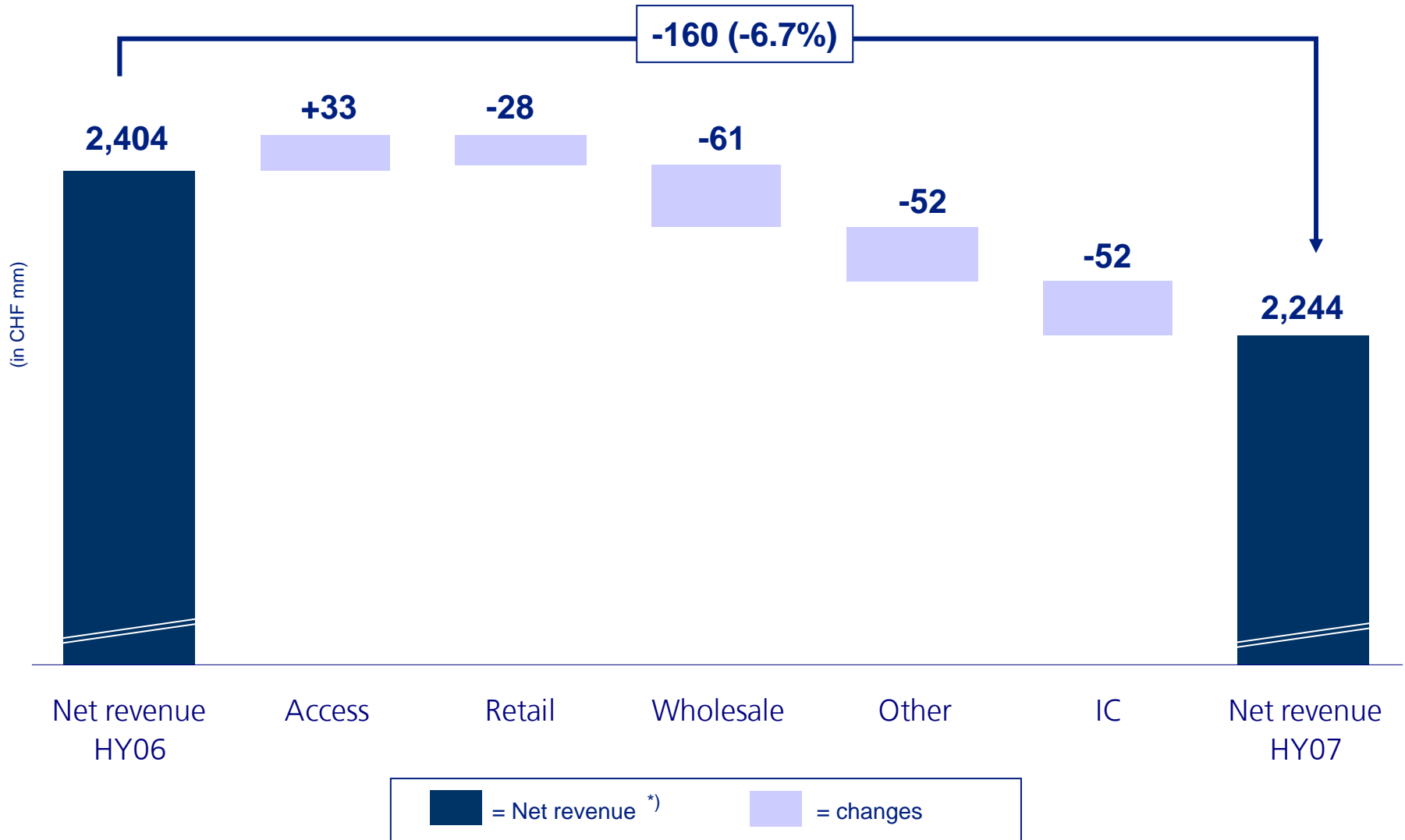
4 Group revenue



* Project- and Outsourcing Business

** Of which at Accarda: CHF +9mm, Antenna Hungaria: CHF +7mm, SIMAG: CHF +5mm, Broadcast: CHF -8mm, Hospitality Services: CHF +14mm, Airbites CEE: CHF +5mm, all other CHF +7mm

4 Fixnet revenue

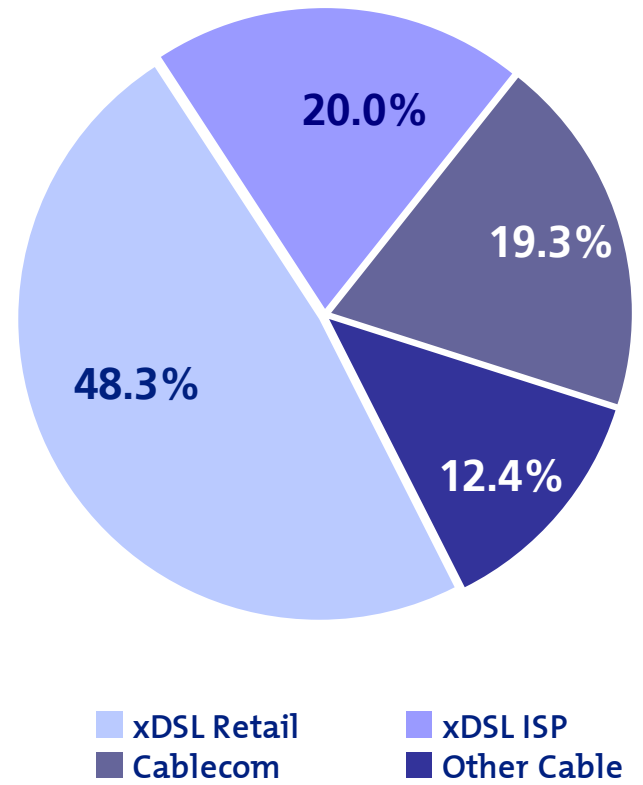
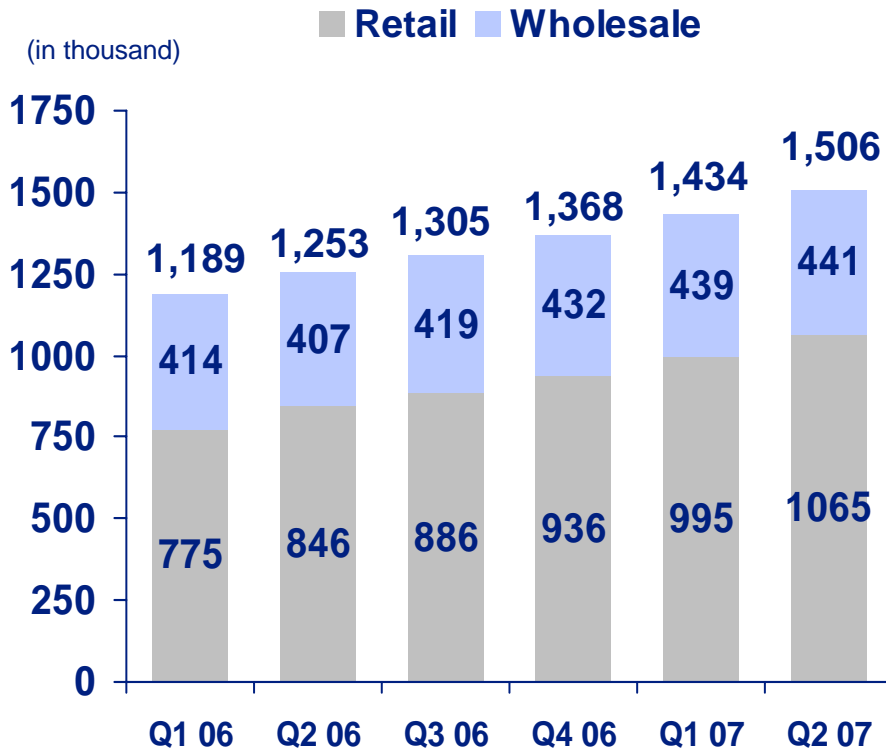


*) incl. IC

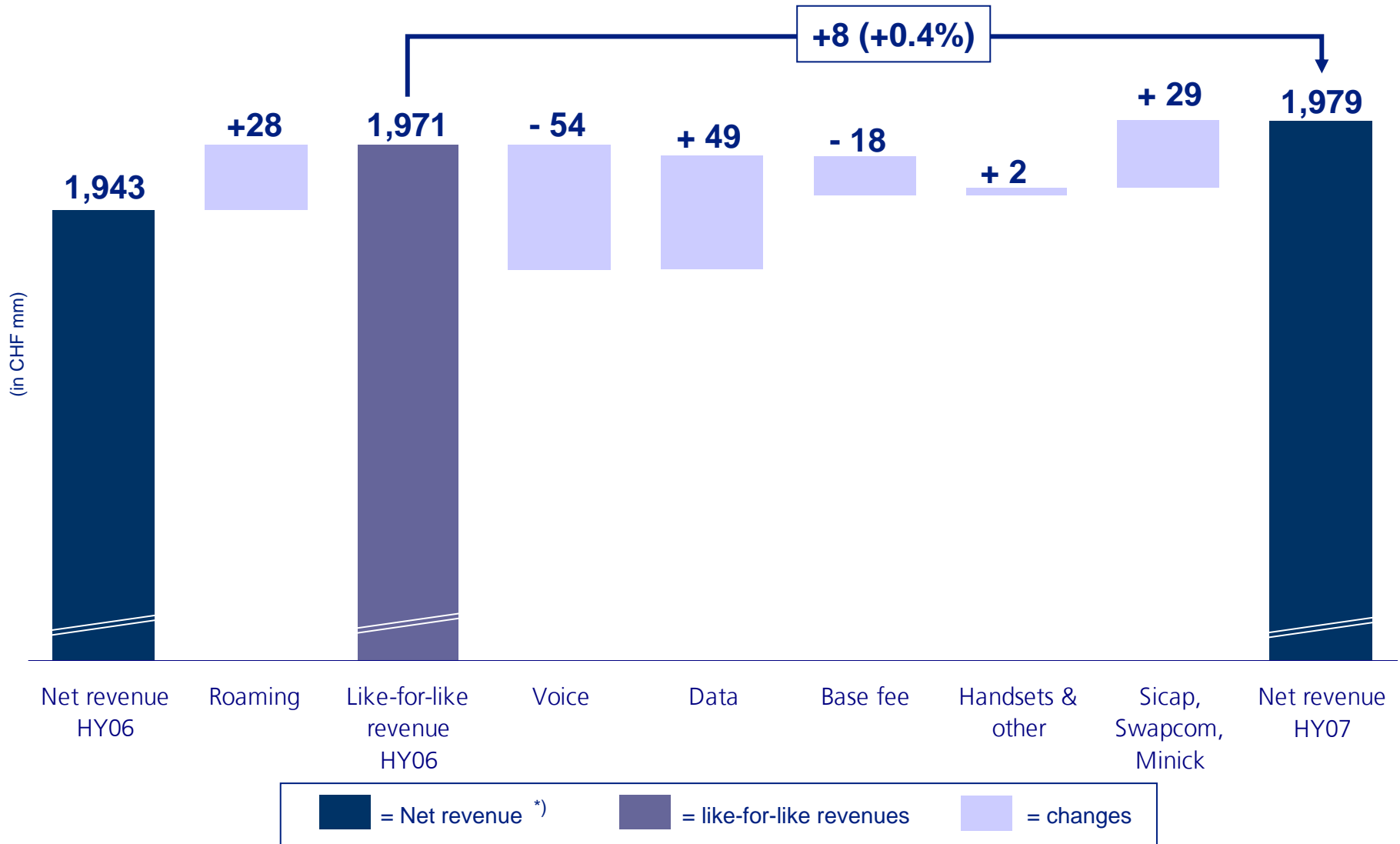
4 Fixnet – the leading Swiss BB provider

ADSL subscribers, cumulative

BB market share at 68.3%
(as per 30.06.2007)



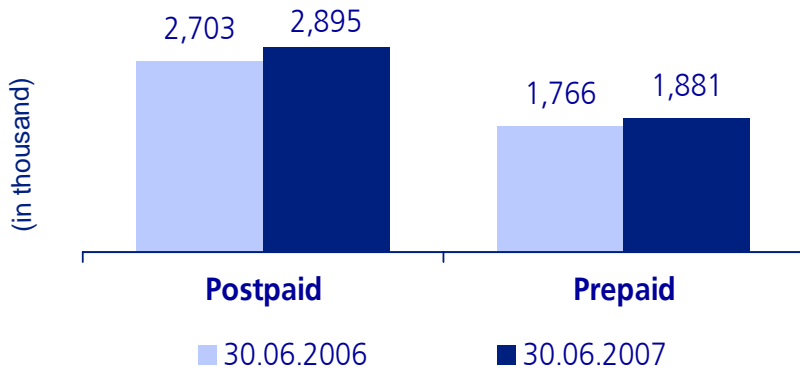
4 Mobile revenue



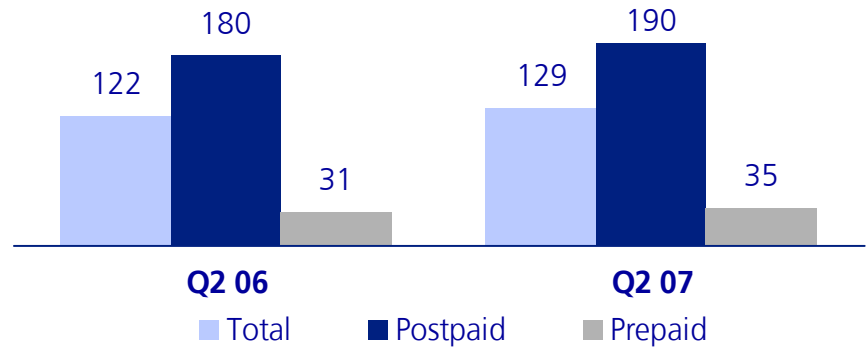
*) incl. IC

4 Mobile – operational snapshot

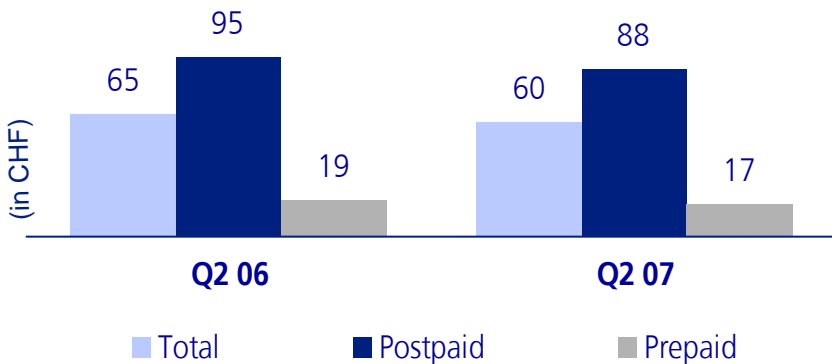
Mobile subscribers



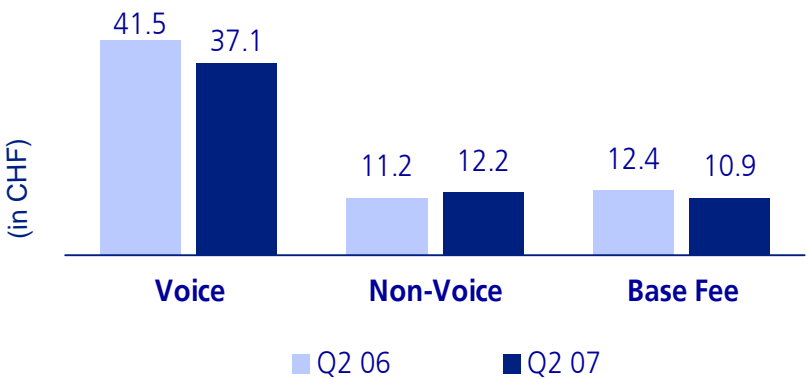
AMPU



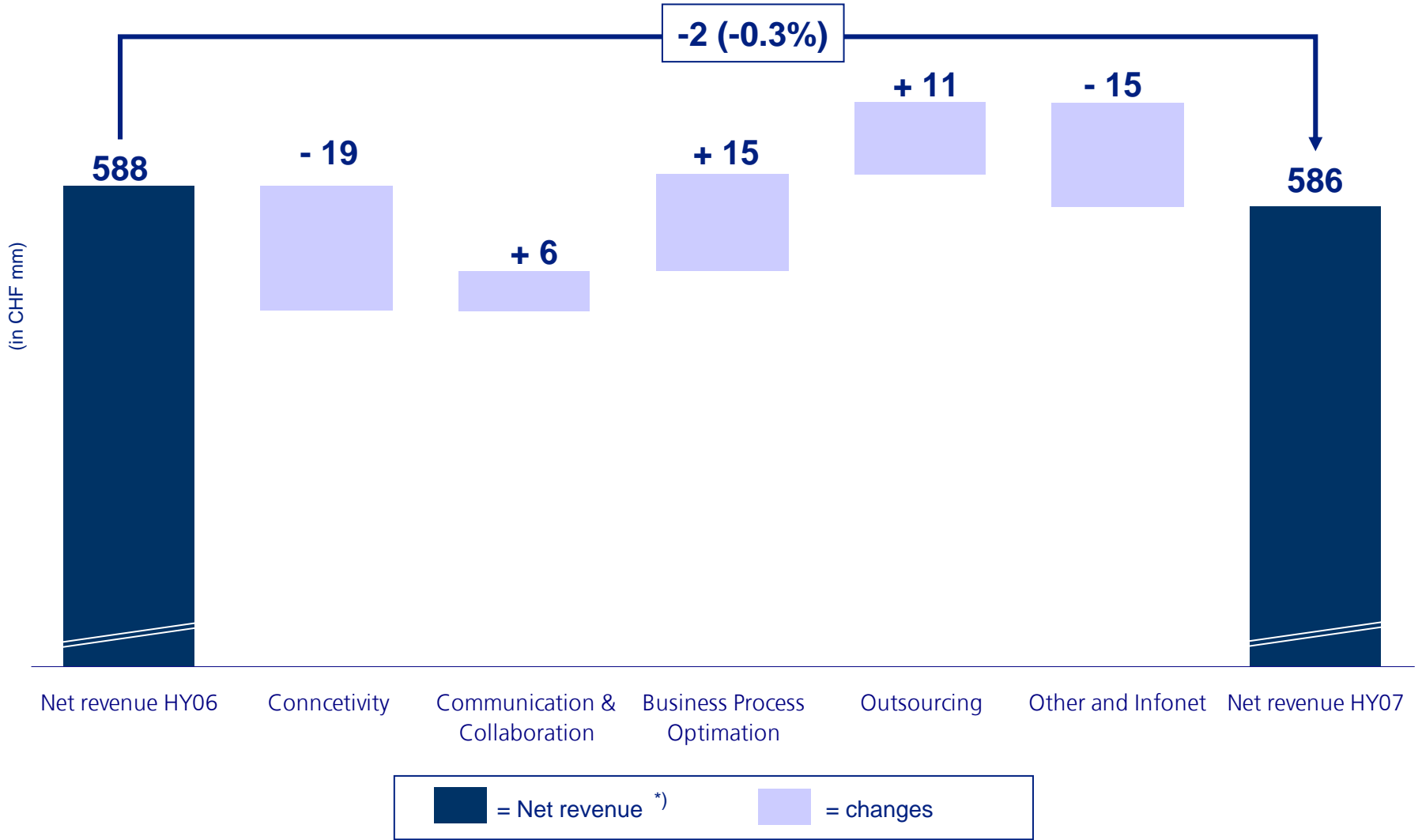
ARPU development



ARPU components



4 Solutions revenue



*) incl. IC

4 Group P&L overview

(in CHF mm)	30.06.2006	30.06.2007	YOY
EBITDA	1,813	2,042	12.6%
Depreciation and amortisation	-703	-814	15.8%
EBIT	1,110	1,228	10.6%
Net financial result	-22	-37	68.2%
Equity in net income of affiliated companies	13	14	7.7%
Income tax expense	-213	-261	22.5%
Income from discontinued operations	32	-	n/m
Net income	920	944	2.6%
Attributable to minority interest holders	162	8	-95.1%
Attributable to equity holders of Swisscom AG	758	936	23.5%
Avg. number of shares outstanding (in thousands)	56.716	51.802	-8.7%
EPS (in CHF)	13.36	18.07	35.2%

4 Group capital structure

(in CHF mm)	31.12.2006	30.06.2007
Short term debt	1,568	4,674
Long term debt	4,421	8,246
Long term net finance lease obligation	594	578
Liabilities from collecting activities (Accarda Group)	128	118
Total debt	6,711	13,616
less: financial assets from lease-and-leaseback transactions	-1,125	-1,116
less: cash, cash equivalents, current financial assets and derivative financial investments	-822	-693
less: other receivables from collecting activities (Accarda Group)	-385	-381
Net debt	4,379	11,426
Total equity	4,480	4,948
Balance sheet total	15,603	24,345
Book leverage ¹	97.70%	230.40%
Equity ratio ²	28.70%	20.30%

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

4 Group CF overview

(in CHF mm)	30.06.2006	30.06.2007
EBITDA	1,813	2,042
Income taxes paid	-344	-299
Net interest	-14	-109
Change in net operating assets and other cash flows from operating activities	7	-130
Net cash provided by operating activities	1,462	1,504
CAPEX	-526	-818
Net divestments / (investments) in affiliates/subsidiaries	-146	-4,979
Purchase of current financial assets, net	1,531	-62
Net cash from investing activities	859	-5,859
(Repayment) / Issuance of debt	-37	5,019
Share buyback, treasury stock and mgmt incentive plan	-153	-9
Dividends paid to SCM sh'holders	-907	-881
Dividends paid to minority interests	-297	-12
Net cash used in financing activities	-1,394	4,117
Net change in cash and cash equivalents	927	-238
Cash and cash equivalents at end of the period	1'949	402

4 Successful emission Swisscom Bonds

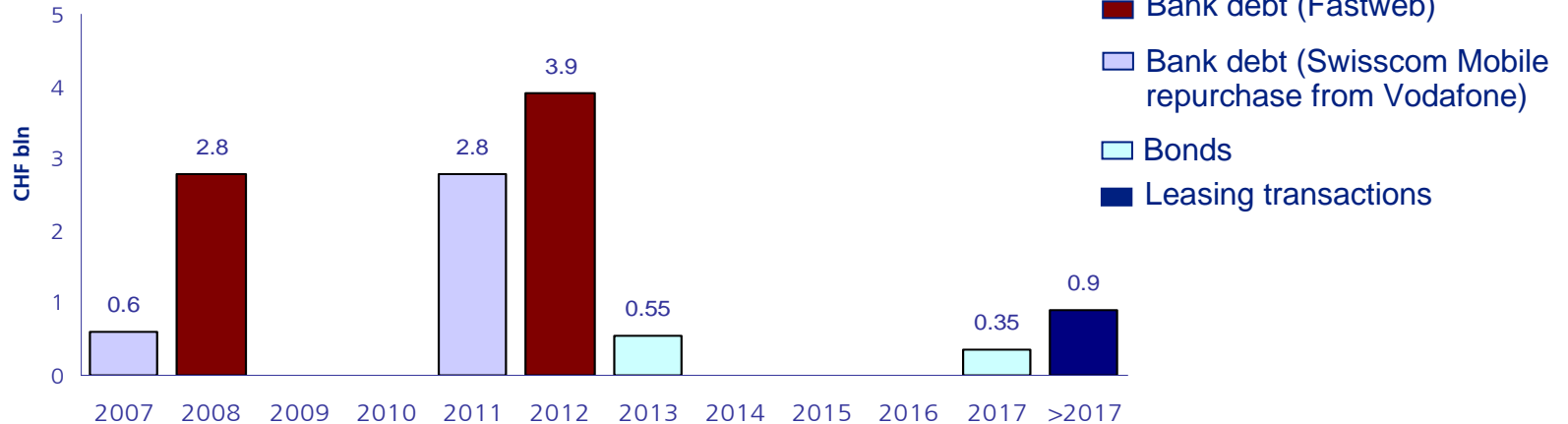
Details of June 2007 placement of domestic bonds

Market	Swiss Franc Domestic Market	
Issuer	Swisscom AG	
Amount	CHF 550 Mio.	& CHF 350 Mio.
Duration	6 years	& 10 years
Coupon	3.5 %	& 3.75 %

Ratings

A2 (stable) Moody's;
A- (stable) S&P

New maturity profile Swisscom debts



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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