Swisscom interim results 2008

“ Q1+Q2 > H1 ”

Quarterly operations up, H1 bottomline mixed

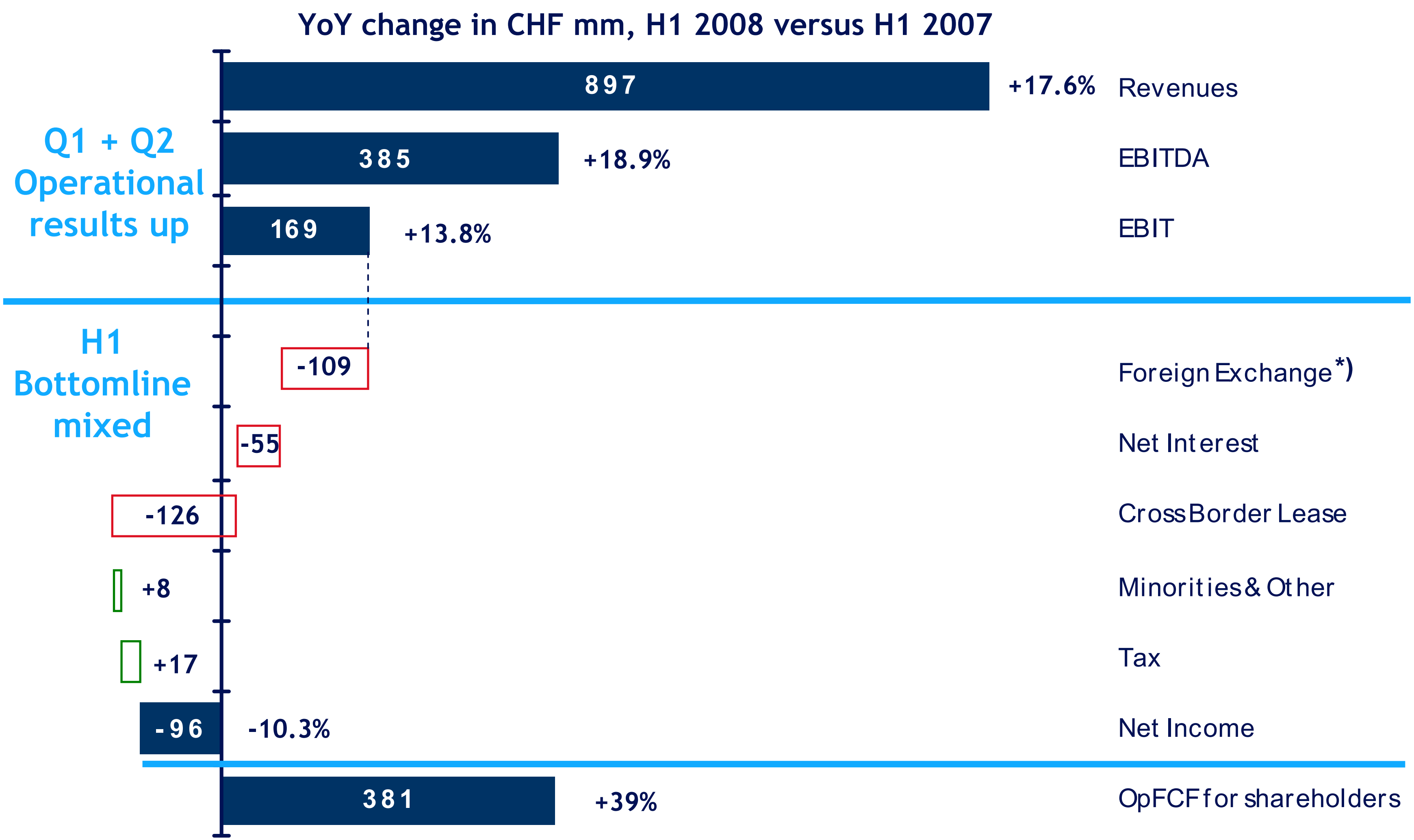
Conference call presentation

13 August 2008

Agenda Q1+Q2

• **Q1 + Q2 > H1 , Financial Highlights**	Carsten Schloter, CEO
• **Q1 + Q2 , Revenue and EBITDA drivers**	
• **Segmental Results H1 2008**	
• **Outlook 2008**	
• Group Financial Results H1 2008	Ueli Dietiker, CFO
• Financial Risk Reduction	
• Q&A	All

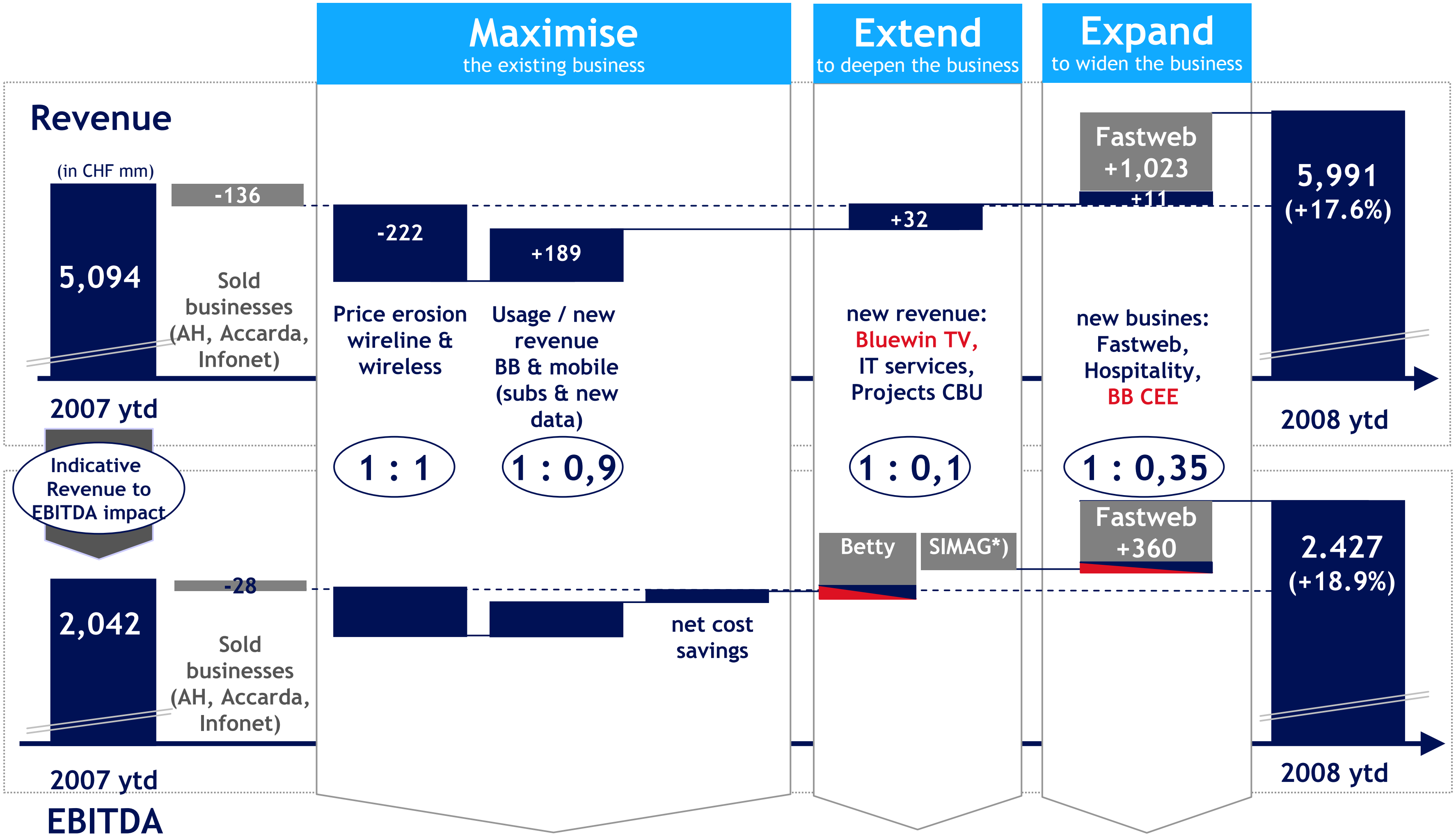
Q1 + Q2 > H1 , Financial Highlights



*) In 2007, Swisscom booked an exceptional FX gain of CHF 93mm, which is the main cause for the deterioration of CHF 109 mm in 2008

swisscom

Q1 + Q2 , Revenue and EBITDA drivers



Growing operational results – at home and abroad

SIMAG had exceptional gain of CHF 26mm from sale real estate in 2007

KPI's Swisscom Switzerland

Mobile	Q2 2007	Q1 2008	Q2 2008
Net adds, postpaid (000)	46	49	55
Net adds, prepaid (000)	23	44	26
Growth subscribers total (000)	69	93	81
AMPU (min/month)	113	112	116
ARPU Total (CHF/month)	58	51	53
of which ARPU New Data	4.6	4.9	5.1
Annualised churn rate	11.8%	10.6%	10.6%

Fixed line	Q2 2007	Q1 2008	Q2 2008
Traffic national: local+DLD+F2M (mm mins)	2'143	2'209	2'173
Traffic international (mm mins)	311	326	323
Traffic dialup (narrowband internet)	225	163	124
Total retail traffic	2'679	2'698	2'620
Net adds, TV subscribers (000)	15	5	16
Net adds, broadband retail	70	52	33
Net adds, broadband wholesale	2	1	11
PSTN/ISDN line loss to cable, mobile, full access (000)	-15	-21	-11
Net adds Full Access, wholesale	-	2	2
Net Line loss	-15	-19	-9

Good operational results, both YOY and sequentially

swisscom

Segment «Residential Customers»

Financials and operational data

	30.06.2008	YOY
Net revenue in MCHF [1)]	2'526	-1.7%
Direct costs in MCHF	-560	-1.2%
Indirect costs in MCHF [2)]	-475	1.9%
Contribution Margin 2 in MCHF	**1'491**	**-2.9%**
Contribution Margin 2 in %	*59.0%*	
CAPEX in MCHF	63	-14.9%
FTE's	4'841	6.1%

	30.06.2008	YOY
Access lines in '000	2'854	-2.1%
BB subs in '000	1'078	17.6%
Mobile subs in '000	4'166	6.0%
Total ARPU in CHF	44	-8.3%
Total AMPU in Min.	94	6.8%
National wireline traffic in Mmir	3'023	-6.9%
Intl' wireline traffic in Mmin.	362	3.7%
IPTV subs in '000	80	100.0%

1) incl. intersegment revenues
2) incl. capitalised costs and other income

HY 2008 highlights

- Net revenue down by 43 MCHF YOY
  - Lower roaming and termination rates explain mobile revenue decline of -43 MCHF
  - Access revenue went up by +25 MCHF thanks to xDSL growth which over-compensates PSTN/ISDN losses (to cable)
  - Wireline traffic revenue down (-21 MCHF) because of new (flat) price plans and ongoing competition and substitution
  - IPTV delivered 16 MCHF (+7 MCHF) in H1
- OPEX with 1’044 MCHF remained flat YOY as cost savings were offset by higher costs for marketing and staff for customer service activities
- Mobile subs growth (+6% YOY) still on a high level. AMPU increase stimulated by liberty tariff models. Roaming & MT rate cuts and right-grading lead to ARPU decrease
- # of IPTV subs doubled YOY. Self installation (run rate currently at 2/3rd) helps to reduce blended cash out per new customer to < CHF 700.

swisscom

Segment «Small & Medium-sized Enterprises»

Financials and operational data

	30.06.2008	YOY
Net revenue in MCHF [1)]	572	1.1%
Direct costs in MCHF	-84	-3.4%
Indirect costs in MCHF [2)]	-68	-2.9%
Contribution Margin 2 in MCHF	**420**	**2.7%**
Contribution Margin 2 in %	*73.4%*	
CAPEX in MCHF	2	nm
FTE's	788	1.2%

	30.06.2008	YOY
Access lines in '000	512	2.0%
BB subs in '000	152	16.0%
Mobile subs in '000	392	19.1%
Total ARPU in CHF	98	-7.5%
Total AMPU in Min.	205	-1.9%
National wireline traffic in Mmir	789	-5.8%
Intl' wireline traffic in Mmin.	101	-3.8%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

HY 2008 highlights

- Net revenue up by 1.1% YOY to 572 MCHF
  - +19% subs growth and increased new data demand explain the revenue development at mobile (+17 MCHF)
  - Total access revenue remained flat YOY but avg. revenue per access came down
  - Wireline traffic revenue down by 6.3% as a result of lower volume and tariffs
- Good OPEX management leads to a CM2 of 73.4%. Despite more FTE, OPEX decreased by -5 MCHF to 152 MCHF
- ARPU decline (-7.5%) attributable to lower roaming & termination rates,new price plans and multi-SIM cards
- BB subs base increased by 16% and now represents 30% of total access lines

Segment «Corporate Business»

Financials and operational data

	30.06.2008	YOY
Net revenue in MCHF [1)]	920	2.2%
Direct costs in MCHF	-255	1.2%
Indirect costs in MCHF [2)]	-215	-0.5%
Contribution Margin 2 in MCHF	**450**	**4.2%**
Contribution Margin 2 in %	*48.9%*	
CAPEX in MCHF	26	30.0%
FTE's	2'076	-0.1%

	30.06.2008	YOY
Access lines in '000	288	-2.7%
BB subs in '000	19	11.8%
Mobile subs in '000	623	20.5%
Total ARPU in CHF	80	-13.0%
Total AMPU in Min.	198	-11.2%
National wireline traffic in Mmir	857	-0.2%
Intl' wireline traffic in Mmin.	186	5.1%

1) incl. intersegment revenues
2) incl. capitalised costs and other income

HY 2008 highlights

- Despite Infonet sale net revenue increased by +20 MCHF YOY and amounted to 920 MCHF at 30 June 08:
  - Mobile generated +29 MCHF of additional revenue mainly from subs growth (+106k), multi-SIM and new data business (PDA and PC Cards)
  - Fixed revenues slightly down YOY: access -4 MCHF and traffic -4 MCHF
  - Communication and Collaboration went up by +16 MCHF YOY thanks to new project and solution businesses
- Almost unchanged OPEX led to an CM2 improve of 4.2%. CM2 margin stands at 48.9%
- Substantial price reductions and multi-SIM dilution explain the ARPU decline of CHF -12 YOY
- AMPU fall by 25 Min. driven by significant growth of data-only SIM cards

Segment «Wholesale»

Financials and operational data

	30.06.2008	YOY
Net revenue in MCHF [1]	841	-2.2%
Direct costs in MCHF	-533	-7.3%
Indirect costs in MCHF [2]	-13	62.5%
Contribution Margin 2 in MCHF	**295**	**6.5%**
Contribution Margin 2 in %	*35.1%*	
CAPEX in MCHF	-	nm
FTE's	112	-13.8%

	30.06.2008	YOY
ULL in '000	4	nm
BB (wholesale) subs in '000	450	2.0%
Wholesale traffic in Mmin.	6'686	-11.2%

1) incl. intersegment revenues
2) incl. capitalised costs and other income

HY 2008 highlights

- Net revenue came down by 2.2% YOY
  - The European football championship helped to increase revenue by +5 MCHF
  - BB price reductions brought access revenue down by -6 MCHF YOY
  - Lower termination & LRIC rates mainly explain the decline of -20 MCHF in wireline traffic revenue
  - Leased lines revenue up by +5 MCHF due to quantity effects
- CM2 increased by +18 MCHF (+6.5%) thanks to lower direct costs (-7.3%) which were primarily driven by lower roaming, fixed and mobile voice termination rates and stands now at 35.1% (+ 2.9 %-points YOY)

Segment «Network and Support Functions»

Financials and operational data

	30.06.2008	YOY
Personnel expenses in MCHF	-288	1.8%
Rent in MCHF	-111	-5.9%
Maintenance in MCHF	-134	8.1%
IT expenses in MCHF	-144	1.4%
Other OPEX in MCHF	-165	14.6%
Indirect costs in MCHF	-842	3.8%
Capitalised costs and other income in MCHF	118	13.5%
Contribution Margin 2 in MCHF	**-724**	**2.4%**
Depreciation, amortization and impairment in MCHF	-462	-15.1%
Segment result in MCHF	**-1'186**	**-5.2%**
CAPEX in MCHF	400	-23.7%
FTE's	3'870	-0.2%

HY 2008 highlights

- Indirect costs increased by 3.8% YOY mainly due to intensified construction activities. As a consequence costs for external staff and maintenance went up
- Other OPEX also rose because of project activities
- Despite a lower CM2 the segment result improved by 65 MCHF YOY. This effect is primarily attributable to lower depreciation charges due to a change of useful lives of cable and ducts from 20 years to 40 years
- CAPEX stands at 400 MCHF (-23.7% YOY), mainly driven by lower VDSL investments

swisscom

Segment «Fastweb»

Financials and operational data

	30.06.2008	YOY
Consumer revenue in MEUR	404	9.2%
SME revenue in MEUR	115	-4.2%
Executive revenue in MEUR	295	31.1%
Net revenue in MEUR	814	14.0%
OPEX in MEUR	-616	15.1%
Capitalised costs and other income in MCHF	76	68.9%
EBITDA in MEUR	**274**	**22.3%**
EBITDA margin in %	*33.7%*	
CAPEX in MEUR	226	-9.2%
FTE's	3'050	-3.7%

In Swisscom accounts	30.06.2008	YOY
EBITDA in MCHF	439	nm
CAPEX in MCHF	363	nm

	30.06.2008	YOY
Subs in '000	1'398	22.0%

HY 2008 highlights

- Solid progression in net revenue and EBITDA – both YOY and sequentially
- Q2 08 reported EBITDA of 162 MEUR includes 30 MEUR for an extraordinary compensation received from TI
- Organic EBITDA in Q2 08 equals to 132 MEUR (+23% YOY) which represents a margin of 31.1% (compared to 30.2 % in Q2 07)
- CAPEX to sales ratio is down from 36% one year ago to 28% this period
- Organic EBITDA-CAPEX in H1 08 stands at +18 MEUR (compared to -44 MEUR in H1 07)
- Subs base stands at 1,4 million at end of June. This includes a write-off of -50k inactive customers in connection with the TI agreement and net adds in Q2 of 60k
- Fastweb's share of net adds in Italian retail broadband market over 20% (both in Q1 and Q2)

swisscom

Other operating segments

Financials and operational data

	30.06.2008	YOY
Swisscom IT Services in MCHF	221	7.3%
Swisscom Participations in MCHF	176	-41.9%
Hospitality Services in MCHF	47	17.5%
Airbites CEE in MCHF	9	80.0%
External revenue in MCHF	453	-18.5%
Net revenue in MCHF [1)]	905	-10.7%
OPEX in MCHF	-752	-18.7%
Capitalised costs and other income in MCHF	11	-76.6%
EBITDA in MCHF	**164**	**21.5%**
EBITDA margin in %	*18.1%*	
CAPEX in MCHF	66	-44.5%
FTE's	4'722	-15.1%

1) incl. intersegment revenues

HY 2008 highlights

- Net revenue decline of 108 MCHF in H1 goes fully on the account of Antenna Hungaria and the card business of Accarda (both sold in July 2007)
- Swisscom IT Services increased external revenues by 15 MCHF thanks to new financial service and outsourcing businesses
- Both Hospitality Services and Airbites Central and Eastern Europe show ongoing top-line growth
- EBITDA went up by +29 MCHF YOY as OPEX in H1 07 was impacted extraordinary by 59 MCHF for Betty TV
- CAPEX lower YOY especially caused by high expenditure in H1 2007 for construction of new IT data center

swisscom

Conclusion: overall segmental results confirm that 2008 guidance is achievable

Q1 results were on track

Q1 as percentage of FY guidance:	SCM	FWB	Group
Revenues	24%	23%	**24%**
EBITDA	25%	20%	**24%**
Capex	19%	23%	**20%**
FCF proxy			**28%**

Q2 results accelerating with strong sales and margins

Q2 as percentage of FY guidance:	SCM	FWB	Group
Revenues	25%	26%	**25%**
EBITDA	26%	25%	**25%**
Capex	20%	29%	**23%**
FCF proxy			**27%**

H1 operational results make Swisscom very confident of achieving Full Year guidance

H1 as percentage of FY guidance:	SCM	FWB	Group
Revenues	49%	49%	49%
EBITDA	50%	46%	50%
Capex	38%	53%	43%
FCF proxy			**55%**
Operating Free Cash Flow			**56%**

swisscom

Outlook unchanged and fully confirmed…

Swisscom Group		2007	Change over 2006	2008 E	Change over 2007
Net revenue	in CHF bln	11.1	15%	12.3	11%
EBITDA	in CHF bln	4.5	19%	4.8	7%
CAPEX	in CHF bln	2.0	51%	2.1-2.2	5-10%
OpFCF	in CHF bln	2.1	-5%	2.4-2.5	15-20%
Payouts per share	in CHF/share	20 [1)]	18%		15-20%
Net income	in CHF bln	2.1	31%		

…with OpFCF (the basis for shareholder payouts) expected to be at the higher end of the range

1) Payout 2007 consists of ordinary payment of CHF 18 and extraordinary dividend of CHF 2 per share, both paid in April 2008. Payouts in general are defined as approx. 50% of OpFCF, and can be in the form of dividends and share buy backs.

swisscom

Agenda Q1+Q2

- Q1 + Q2 > H1 , Financial Highlights — Carsten Schloter, CEO
- Q1 + Q2 , Revenue and EBITDA drivers
- Segmental Results H1 2008
- Outlook 2008

- **Group Financial Results H1 2008** — **Ueli Dietiker, CFO**
- **Financial Risk Reduction**

- Q&A — All

Group results half-year 2008

Key financials

in CHF mm	30.06.2008	YOY
Net revenue	5,991	17.6%
EBITDA	2,427	18.9%
EBITDA margin	40.5%	
EBIT	1,397	13.8%
Net income [1)]	846	-10.4%
SCM net income [2)]	840	-10.3%
EPS [3)]	16.22	-10.3%
CAPEX	923	12.8%
OpFCF	1,359	39.0%
Net debt	10,482	-8.3%
FTE	19,795	-3.4%

1) Net income before minorities

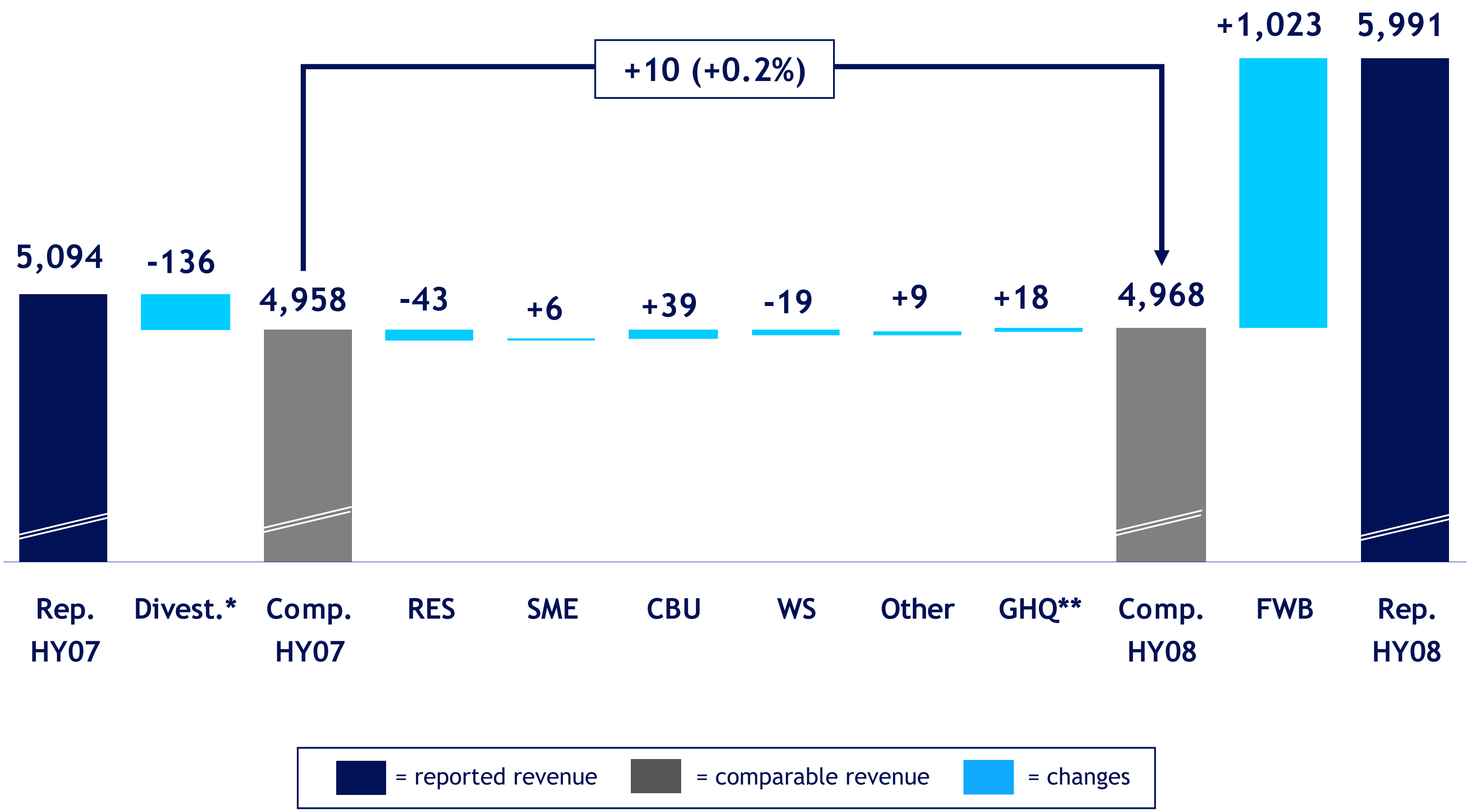
2) Net income to Swisscom sh'holders (excl. minority interests)

3) Avg. # of outstanding shares as per 30 June 2008: 51.802mm

HY 2008 comments

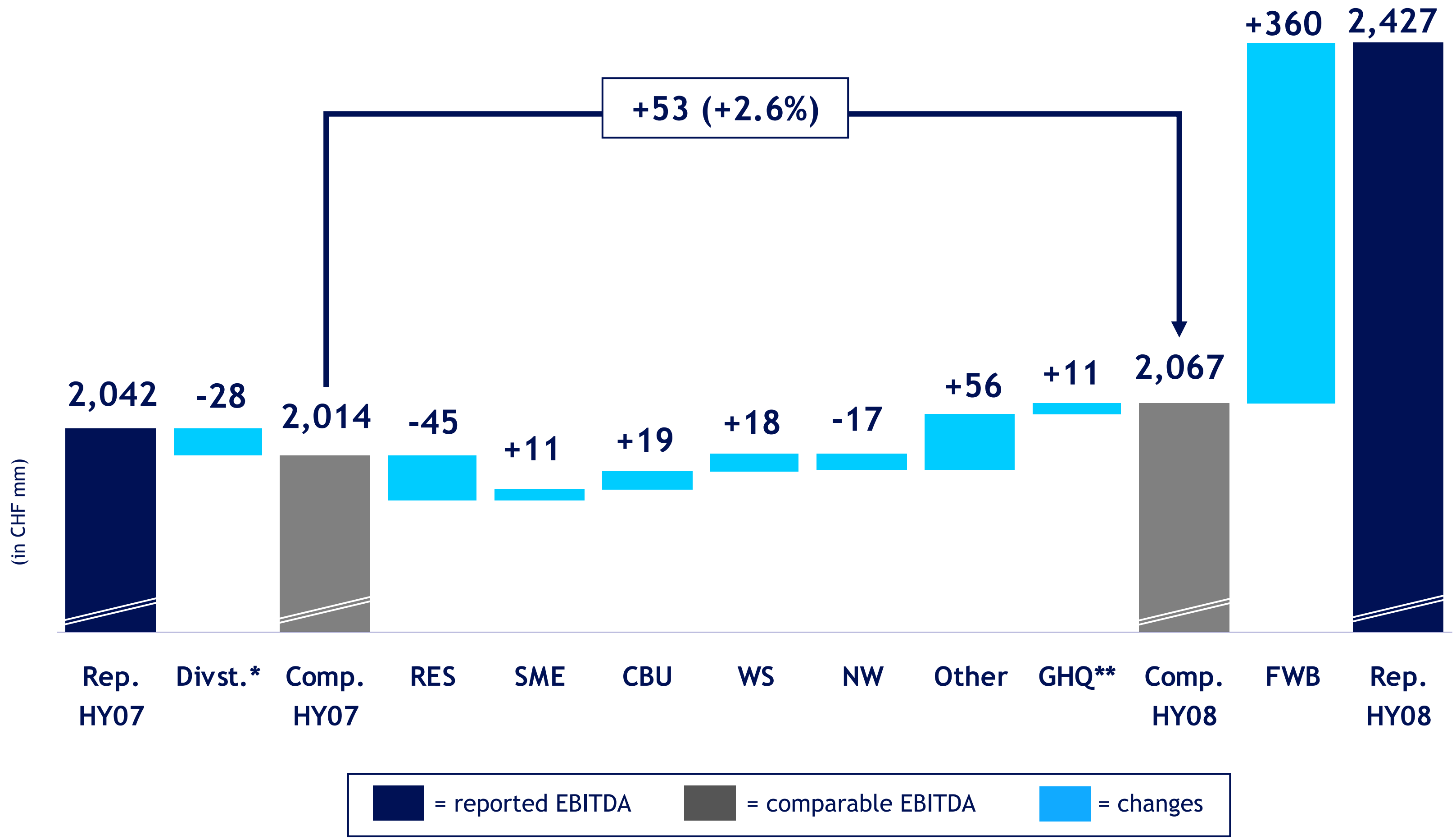
- **Headline figures** up mainly due to 1st time consolidation of Fastweb:
    - Net revenue: CHF +1,023 mm
    - EBITDA: CHF +360 mm
- **Like-for-like top-line** developed flat: Traditional business declines compensated by growth from new subs (BB and Mobile) and new businesses (IPTV, mobile data, ICT)
- **Comparable EBITDA** went up by 2.6% mainly thanks to the close-down of Betty TV with extra costs of CHF 59mm in H1 2007 and better performance at Swisscom IT Services
- **SCM net income** down mainly because of an exceptional charge for the early termination of cross-border leasing transactions
- **CAPEX** increased by 12.8% due to Fastweb consolidation. Swisscom standalone Capex down 23.5% YOY due to lower VDSL costs
- **OpFCF** up by CHF +381mm (+39%)

Top-line development



* Divestments in 2007: Antenna Hungária, Accarda and Infonet
** Group Headquarters incl. Elimination

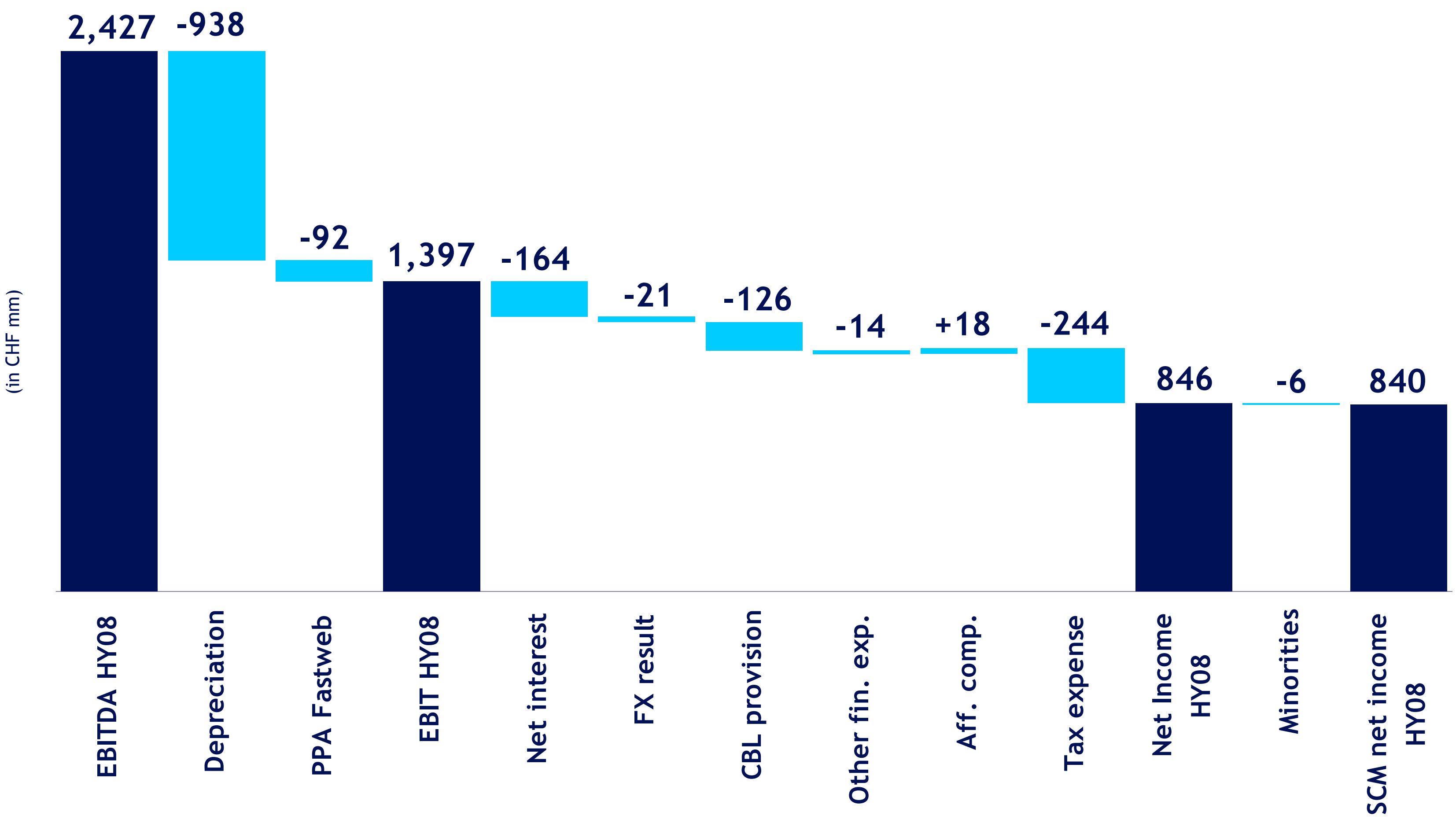
Operating results in comparison



* Divestments in 2007: Antenna Hungária, Accarda and Infonet
** Group Headquarters incl. Elimination

swisscom

P&L breakdown



swisscom

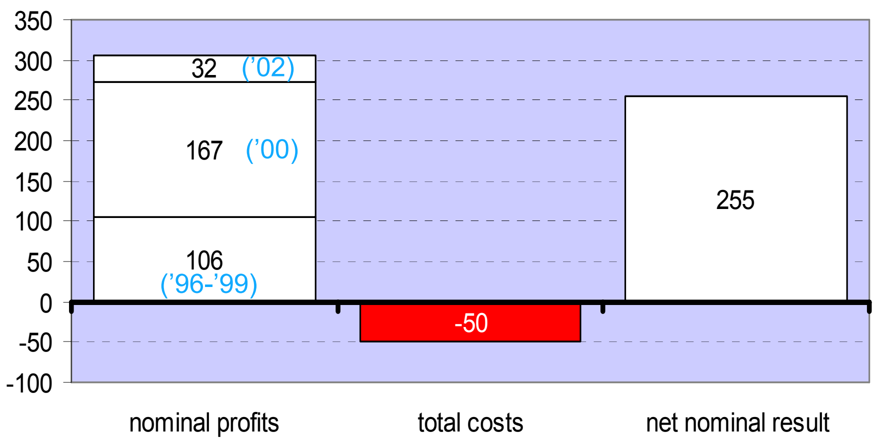
Financial risk reduction (1)

- **Cross border lease transactions*) completed 1996-2002:**
  - Sale & Leaseback and Lease & Leaseback transactions with most of the lease obligations defeased (pre-paid) at closing and invested into highly rated financial instruments and payment undertaking agreements for a period of up to 30 years.
  - Net profits after tax of transactions of CHF 255 mm booked in the respective years of realisation (in line with SIC27 requirements)
- **Now significantly reduced exposure to these instruments to prevent risk of having to write down on these assets:**
  - Agreement now signed with biggest investor to early terminate the largest portion of deals (closing of agreement between parties is subject to foreign authority approval). Further transaction and implementation documents in process of signing
  - CHF 2.9 bln of asset-exposure reversed at net expense of CHF 99mm after tax (CHF 126mm before tax) to eliminate a potential replacement risk which would cause estimated additional cost after tax of less than CHF 100 mm
  - CHF 1 bln of remaining assets have limited risk of replacement requirement. If this would happen, the current after tax replacement cost for US treasuries would amount to around CHF 20 mm

*) see note 3 in the interim report, respectively note 25 of the 2007 annual report for more backgrounds

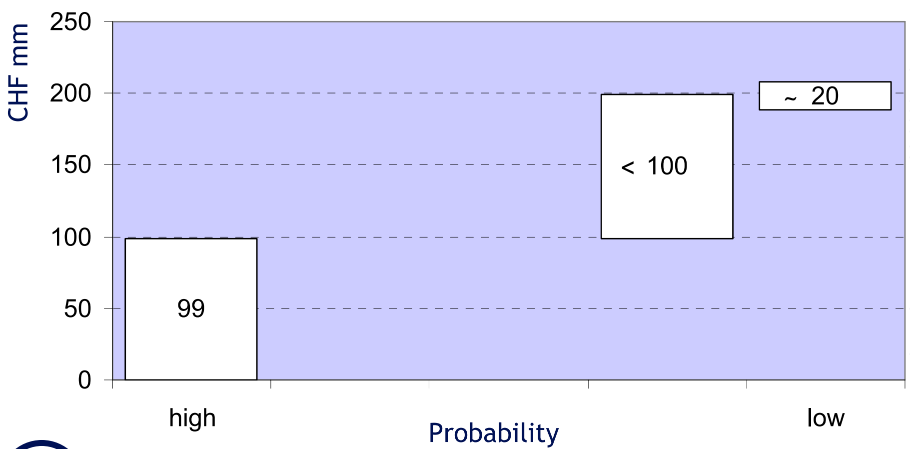
Financial risk reduction (2)

Historical net profits made on transactions (nominal values after tax without accruing the interest income)



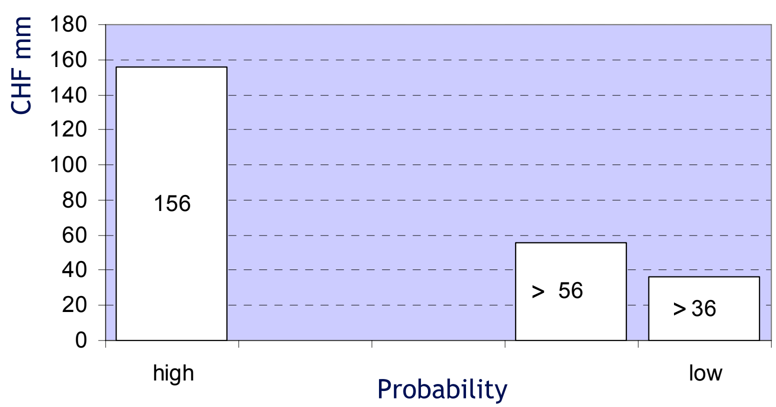
-/-

Possible (after tax) cost of reducing exposure



=

Range of possible outcomes for cumulative (after tax) results from transactions and early termination as now decided



swisscom

Agenda Q1+Q2

• Q1 + Q2 > H1 , Financial Highlights	Carsten Schloter, CEO
• Q1 + Q2 , Revenue and EBITDA drivers	
• Segmental Results H1 2008	
• Outlook 2008	
• Group Financial Results H1 2008	Ueli Dietiker, CFO
• Financial Risk Reduction	
• **Q&A**	All

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 and Fastweb's past and future filings and reports, including those filed with the U.S. Securities and Exchange Commission and in past and future filings, press releases, reports and other information posted on Swisscom Group Companies' 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."

For further information, please contact:
phone: +41 31 342 6410 or +41 31 342 2658
fax: +41 31 342 6411
investor.relations@swisscom.com
www.swisscom.ch/investor

swisscom