

Swisscom Q1 Results 2009

“The lower, the stronger”

6 May 2009



Agenda

Introduction

Bart Morselt, Head of IR

Slide

a) Q1 at a glance - “The lower, the stronger”

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Carsten Schloter,
CEO Swisscom

b) Update on “cockpit” introduced in 2009:

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1. Macroeconomic KPI's
2. Swisscom operational KPI's
3. Sensitivities

c) Q1 2009 results:

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1. Segments
2. Group

Ueli Dietiker,
CFO Swisscom

d) Outlook 2009

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Q&A

All

a. Q1 at a glance: "The lower, the stronger"

Q1 2009 versus Q1 2008: significant improvement of bottom line performance. Top line is sensitive for FX changes, however FCF and bottom line largely neutral for currency swings

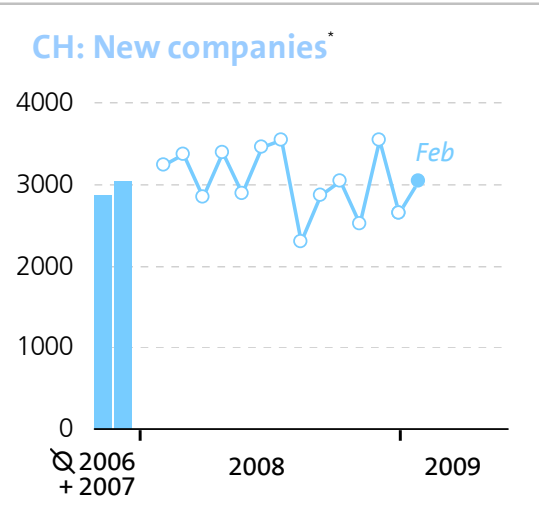
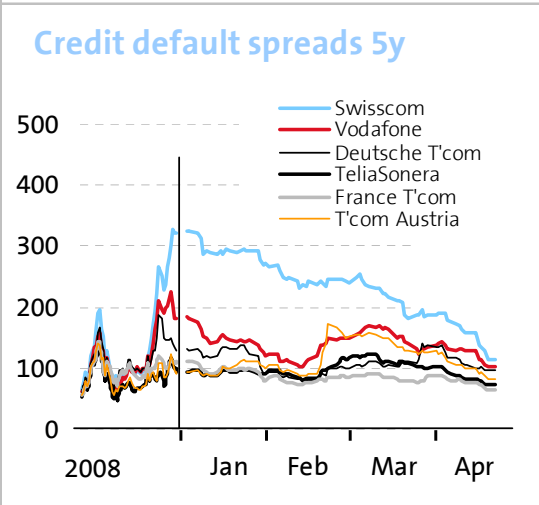
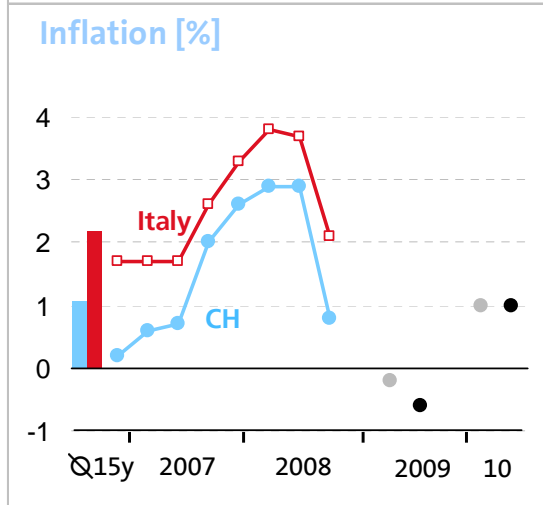
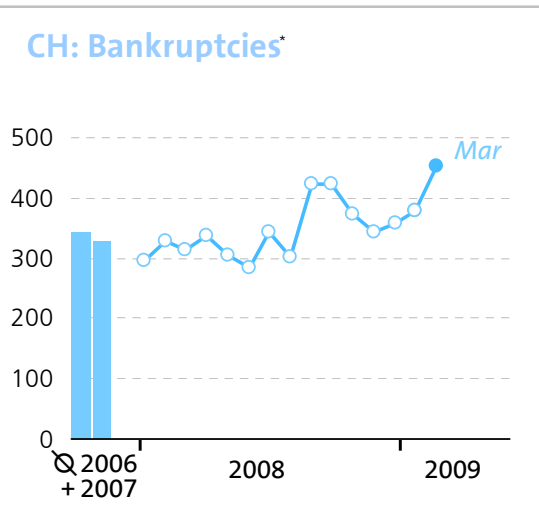
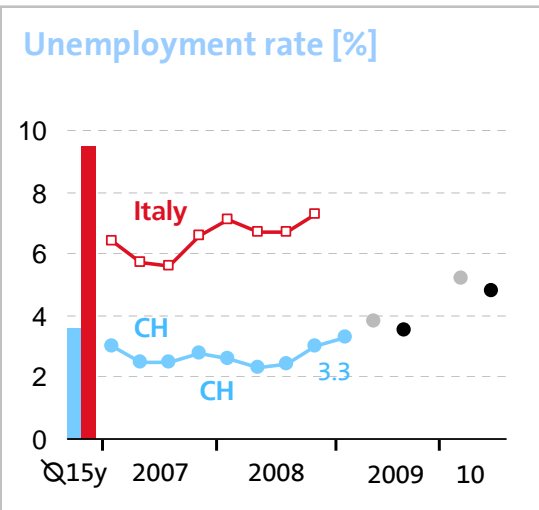
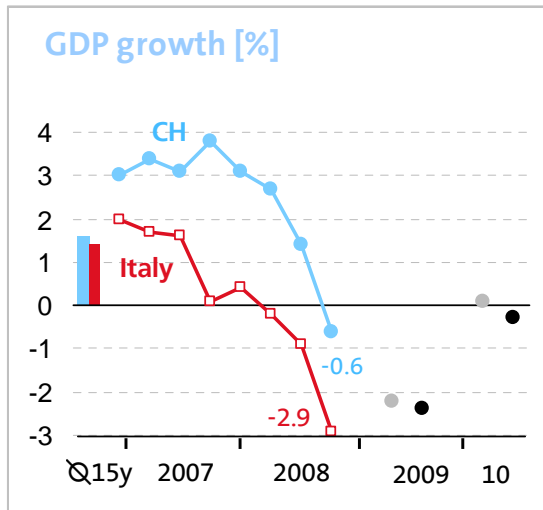
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Item (CHF)	Reported % change YOY	% Change on constant CHF/€ *)	Key reasons for YOY change
Revenues	-0.6%	(+0.9%)	<ul style="list-style-type: none"> Forex: 6% weakening of Euro against Swiss Franc
EBIT	+1.2%	(+1.2%)	<ul style="list-style-type: none"> Depreciation -7% YOY
FCF Proxy (EBITDA - Capex)	+5.7%	(+6.2%)	<ul style="list-style-type: none"> Capex YOY -16%
PBT	+11%	(+10.6%)	<ul style="list-style-type: none"> No Forex loss in Q1 2009 (-CHF 36mm in Q1 2008) Interest charges YOY -20%
EPS	+13.3%	(+13.0%)	<ul style="list-style-type: none"> Effective tax rate down: <ul style="list-style-type: none"> 22.3% in Q1 2008 20.1% in Q1 2009

*) Percentages show YOY performance if Q1 2009 exchange rate would have been the same as the Q1 2008 rate. Avg. CHF/€ in Q1 2008: 1,5877. In Q1 2009: 1,4953. YOY strengthening of CHF/€ of 6%

b. Cockpit - Macro economic KPI's

Most forecasts further deteriorated since previous update (March 2009), however Swisscom CDS spread improved markedly



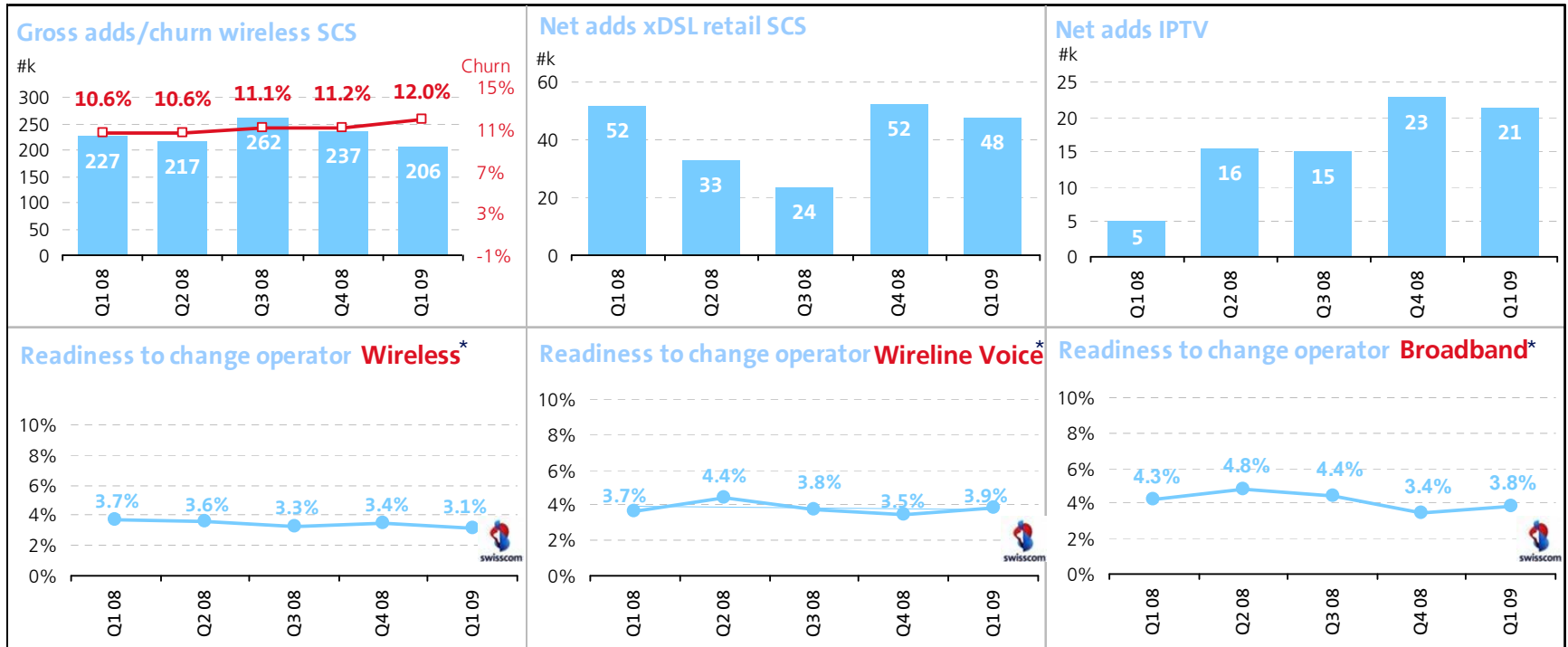
● SECO CH: 17.03.2009 ● KOF CH: 26.03.09

*Source: Dun&Bradstreet



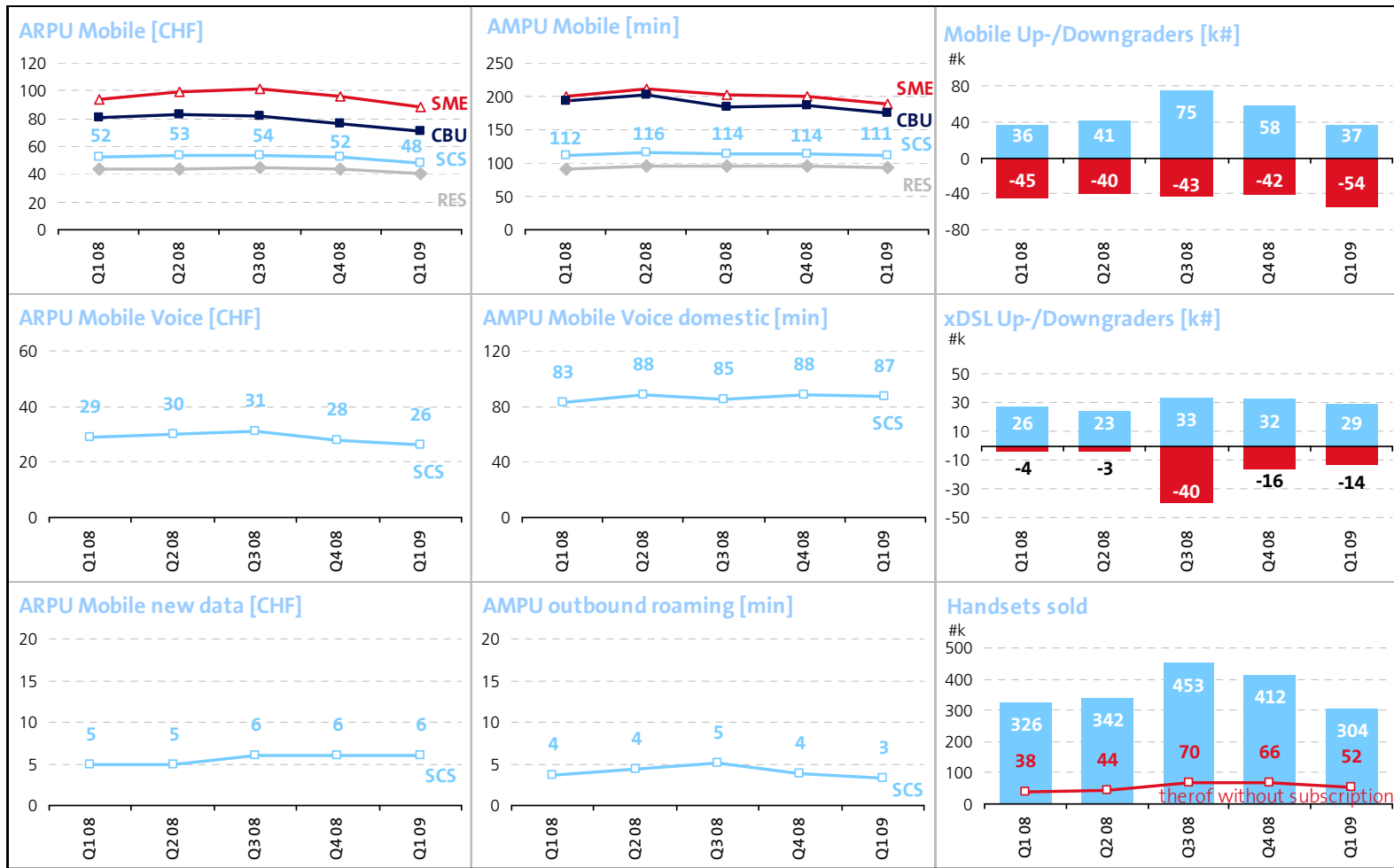
b. Cockpit - Swisscom operational KPI's, customer base

Gross adds and churn in wireless relatively weak, however customers' propensity to change provider, continues to be low for Swisscom customers



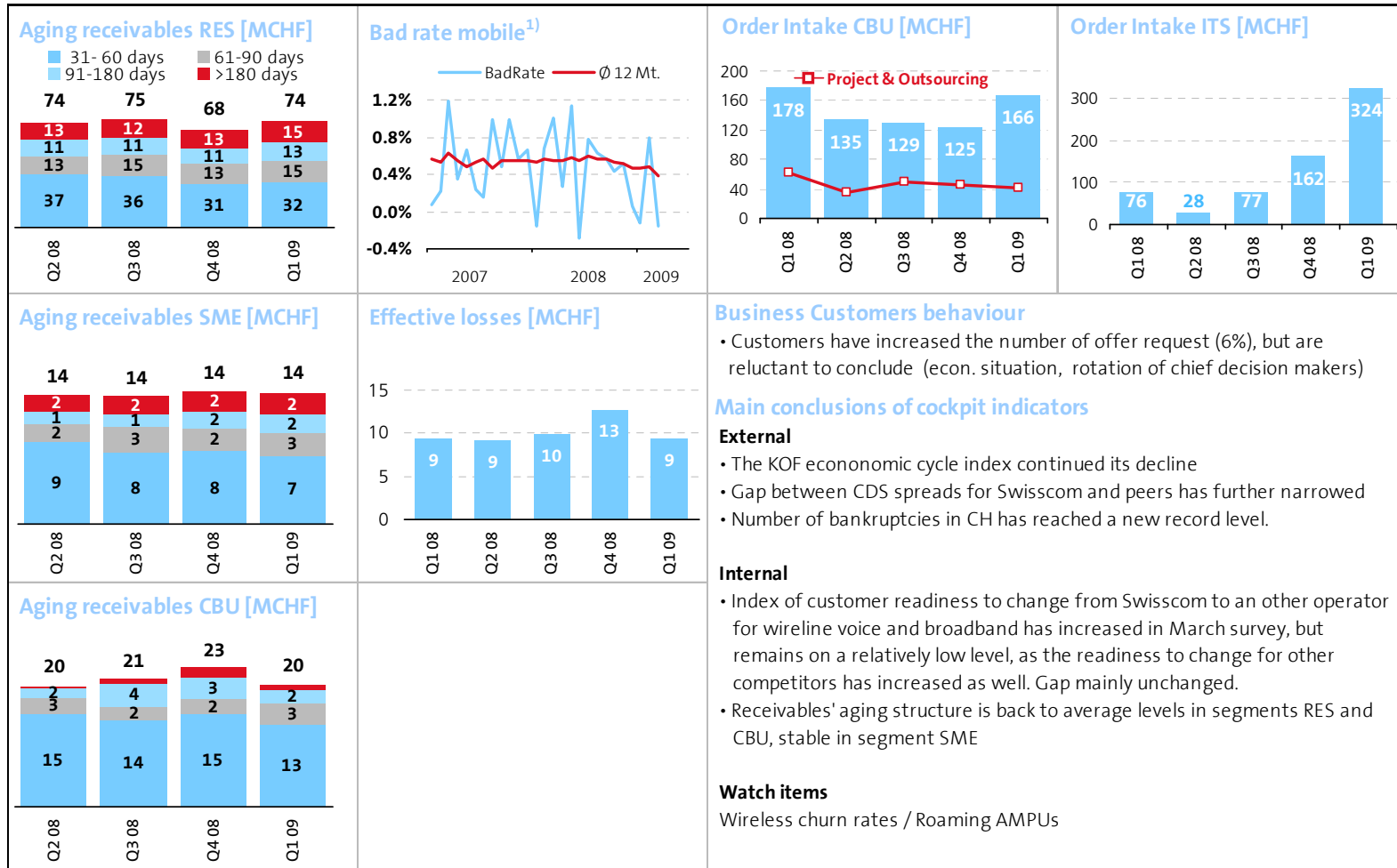
* Readiness to change the operator is based on a representative monthly survey of 2'000 people carried out independently by GfK Switzerland through the "Switcher Study". Values indicated are quarterly averages of the results which are elaborated on a monthly basis

b. Cockpit - Swisscom operational KPI's, usage



Esp. roaming to be monitored: total (high margin) inbound voice minutes (foreigners on Swisscom's network) down 2% YOY, outbound (low margin) voice minutes (Swiss customers travelling abroad) down 4% YOY. Lower voice/SMS roaming however largely compensated by CHF +5 mm higher new data roaming

b. Cockpit - Swisscom operational, other KPI's



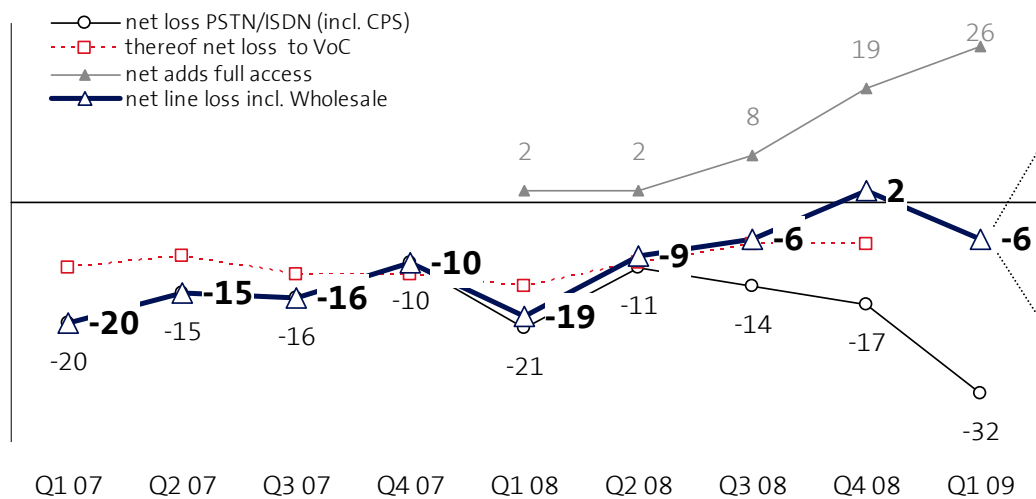
1) Bad rate mobile billing is defined as:

(Amount given to debt collection company + effective bad debt losses – payment received from external debt collection) / Revenue *100%

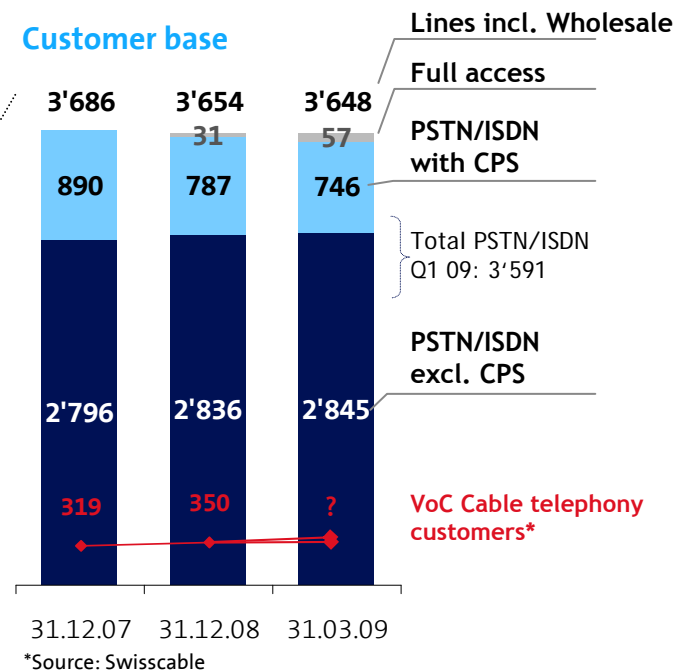
b. Cockpit - Swisscom operational, fixed line development

Net loss including Wholesale improving, however share of unbundled lines increasing

Net line loss / net adds full access



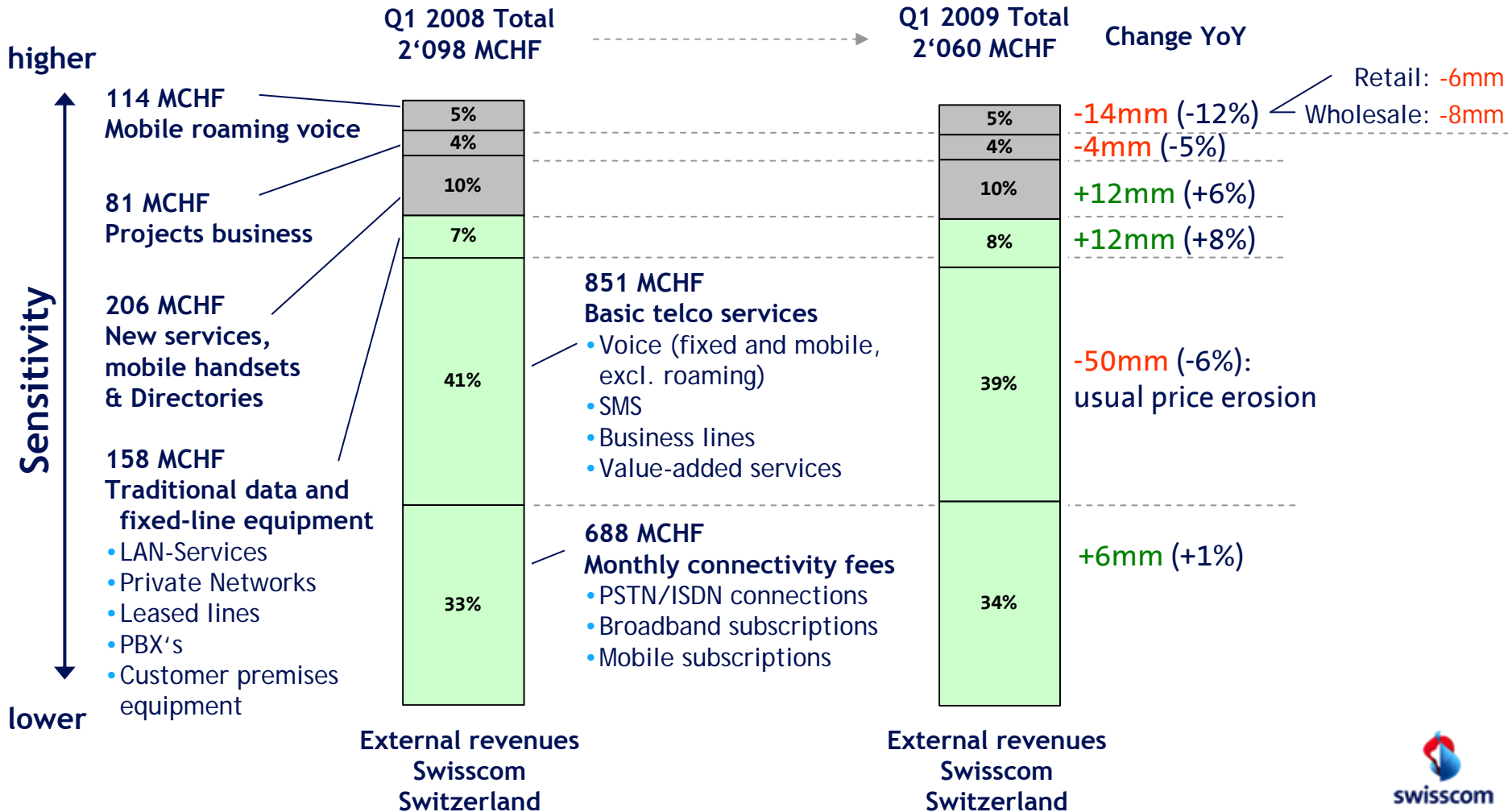
Customer base



Unbundled lines per 31.3.2009 at 57k, with Swisscom Retail growing and CPS customers down

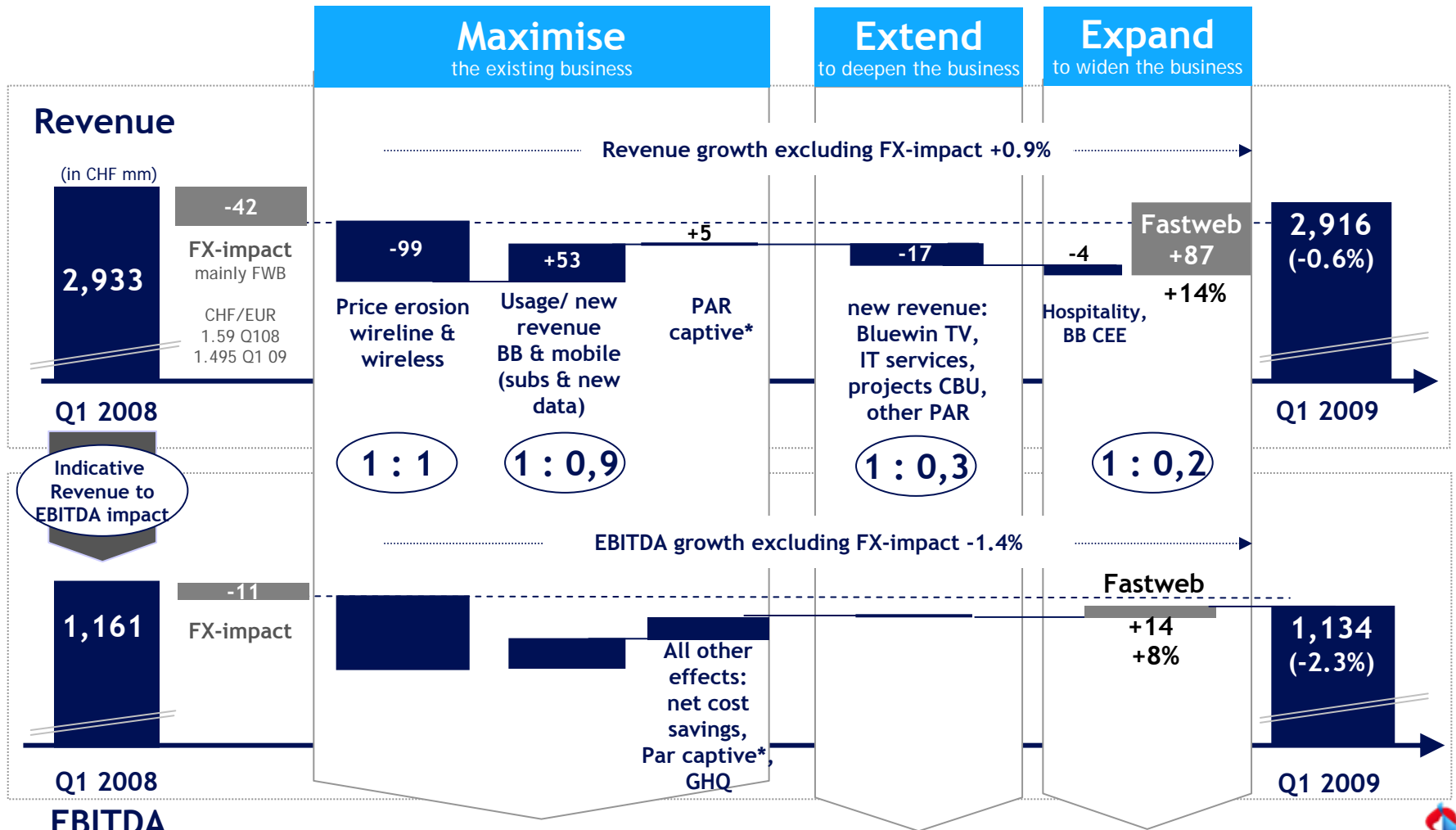
b. Cockpit - macroeconomic sensitivities on product categories

Expected impact confirmed: esp. roaming and projects business impacted by slowing demand from worsening economic cycle. Basic voice continues to be impacted especially by pricing pressure (as in past years, not special to current cycle)



b. Cockpit - sensitivities: CHF 100mm price erosion in Q1

Q1 confirms major business impacts as anticipated in the guidance for 2009 provided in March



*) PAR captive includes Group companies within Swisscom Participations with a revenue share of >50% within Swisscom Group (mainly Swisscom Immobilien, Calex)

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c. Results – Segment Residential

Financials and operational data

	31.03.2009	YOY
Net revenue in MCHF ¹⁾	1'222	-1.7%
Direct costs in MCHF	-278	-3.5%
Indirect costs in MCHF ²⁾	-219	3.8%
Contribution Margin 2 in MCHF	725	-2.6%
<i>Contribution Margin 2 in %</i>	<i>59.3%</i>	
CAPEX in MCHF	32	33.3%
FTE's	4'840	11.1%

	31.03.2009	YOY
Access lines in '000	2'795	-2.5%
BB subs in '000	1'192	13.5%
Mobile subs in '000	4'311	4.4%
Mobile churn rate	12.5%	1pp
Total ARPU in CHF	40	-9.1%
thereof ARPU new data in CHF	4	33.3%
Total AMPU in Min.	94	2.2%
National traffic in Mmin.	1'465	-6.8%
Intl' traffic in Mmin.	179	-4.3%
IPTV subs in '000	139	117.2%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Q1 2009

- Net revenue slightly below PY
 - Mobile: CHF -13 MCHF YOY, main components: -22 voice (esp. outgoing due to more free calls with x-tra liberty and pricing); +8 New Data (subscriber growth).
 - Fixed and Other third party: on PY level. +7 access (xDSL) and IPTV +5 MCHF offset by -11 MCHF traffic and -3 MCHF other revenue
- ARPU decreasing due to rightgrading (e.g. liberty price plans) and lower termination rates
- Direct cost decreased by -10 MCHF to CHF 278 mm, mainly caused by lower outpayments (lower termination fees)
- Indirect cost up by 3.8% due to higher number of personnel (acquisition of The PhoneHouse and Customer Supports Units) and other opex both for keeping service on high level
- # of IPTV subs increased by +75k YOY and +21k QoQ, with self installation run rate stable at a level of almost 90%

c. Results – Segment Small and Medium Enterprises

Financials and operational data

	31.03.2009	YOY
Net revenue in MCHF ¹⁾	282	1.1%
Direct costs in MCHF	-38	-17.4%
Indirect costs in MCHF ²⁾	-30	-9.1%
Contribution Margin 2 in MCHF	214	7.0%
<i>Contribution Margin 2 in %</i>	<i>75.9%</i>	
CAPEX in MCHF	4	300.0%
FTE's	769	-0.9%

	31.03.2009	YOY
Access lines in '000	512	0.6%
BB subs in '000	162	9.5%
Mobile subs in '000	422	11.1%
Mobile churn rate	7.3%	-2.4pp
Total ARPU in CHF	88	-6.4%
thereof ARPU new data in CHF	9	12.5%
Total AMPU in Min.	189	-5.0%
National traffic in Mmin.	387	-1.8%
Int'l' traffic in Mmin.	50	0.0%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Q1 2009

- Net revenue up by 1.1% to 282 MCHF
 - Mobile: Ongoing strong growth of subscriber base (+11.1%) and increasing new data ARPU (+12.5%) yields in +6 MCHF mobile revenue increase
 - Fixed: Access and traffic revenue on previous year level. Other fixed line revenue down by -3 MCHF due to lower Communication and Collaboration revenue (hard-& software).
- BB subs increased by 9.5% and represents 32% of total access lines
- Direct cost decline -17.4% explained by lower outpayments (lower termination fees)
- CM2 up by +7% to 214 MCHF due to good cost management
- ARPU decline (-6.4%) attributable to
 - lower termination rates
 - new price plans and
 - multi-SIM cards (mainly data-only)

c. Results – Segment Corporate Business customers

Financials and operational data

Q1 2009

	31.03.2009	YOY
Net revenue in MCHF ¹⁾	449	-0.7%
Direct costs in MCHF	-102	-15.7%
Indirect costs in MCHF ²⁾	-116	10.5%
Contribution Margin 2 in MCHF	231	2.2%
<i>Contribution Margin 2 in %</i>	<i>51.4%</i>	
CAPEX in MCHF	18	38.5%
FTE's	2'228	2.2%

- Revenue of 449 MCHF slightly lower YOY:
 - Mobile stable: additional revenue from subs growth, multi-SIM and new data business compensated by price effects
 - Fixed: revenues slightly down YOY: access -2 MCHF and traffic -3 MCHF
 - slightly lower project/outsourcing revenue driven by economical slowdown
- Substantial price reductions and multi-SIM dilution explain ARPU decline of -12% YOY
- Direct cost decline -16% explained by lower outpayments (lower termination fees) and lower hardware/software sales
- Indirect costs 9% higher driven by higher workforce (and salary increase)
- CM2 margin further increased to 51.4% of net revenue
- New orders in project and outsourcing business of 42 MCHF (-33% vs. previous year)

	31.03.2009	YOY
Access lines in '000	284	-1.4%
BB subs in '000	19	5.6%
Mobile subs in '000	681	15.2%
Mobile churn rate	11.5%	6.9pp
Total ARPU in CHF	71	-12.3%
thereof ARPU New Data in CHF	16	0.0%
Total AMPU in Min.	175	-9.8%
National wireline traffic in Mmin.	422	3.9%
Intl' wireline traffic in Mmin.	93	4.5%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

c. Results – Segment Wholesale

Financials and operational data

	31.03.2009	YOY
Net revenue in MCHF ¹⁾	355	-14.3%
Direct costs in MCHF	-221	-16.0%
Indirect costs in MCHF ²⁾	-6	20.0%
Contribution Margin 2 in MCHF	128	-12.3%
<i>Contribution Margin 2 in %</i>	<i>36.1%</i>	
CAPEX in MCHF	-	nm
FTE's	101	-9.8%

	31.03.2009	YOY
ULL in '000	57	nm
BB (wholesale) subs in '000	410	-6.6%
Wholesale traffic in Mmin.	3'095	-10.8%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

Q1 2009

Net revenue down by 14.3% YOY

- Mobile revenues -17 MCHF from lower inbound roaming and wireless termination mainly due to lower prices and changing traffic pattern
 - Wireline access/traffic revenues -14 MCHF from broadband price reductions (connectivity) and lower termination & LRIC rates
 - Other wireline revenue +5 MCHF from higher data services revenue
 - Intersegment revenues -34 MCHF, mainly due to lower outpayments charged to CFU. No CM1 impact on segment CWS as direct cost are lower correspondingly (lower roaming, wireline and wireless voice termination driven by volumes & rates)
- Indirect costs slightly higher
 - CM2 down by -18 MCHF mainly as a result of decreasing inbound roaming, price reduction broadband access as well as lower LRIC rates

c. Results – Segment Networks and Support functions

Financials and operational data

	31.03.2009	YOY
Personnel expenses in MCHF	-169	5.0%
Rent in MCHF	-58	5.5%
Maintenance in MCHF	-47	-2.1%
IT expenses in MCHF	-81	9.5%
Other OPEX in MCHF	-68	-12.8%
Indirect costs in MCHF	-423	1.7%
Capitalised costs and other income in MCHF	44	-13.7%
Contribution Margin 2 in MCHF	-379	3.8%
Depreciation, amortization and impairment in MCHF	-205	-7.7%
Segment result in MCHF	-584	-0.5%
CAPEX in MCHF	154	-23.4%
FTE's	4'219	-2.3%

Q1 2009

- Indirect costs slightly higher than previous year (+1.7%)
 - Higher personnel costs mainly due to salary increases, as well as higher expenses for overtime and unused holidays
 - Overall other operating expenses on previous year level, as higher IT expenses (including licences) can be compensated in other Opex due to cost management
 - Maintenance below PY driven by winter conditions in Q1 2009
- Lower capitalised costs mainly from seasonal effects (projects)
- Lower contribution margin 2 is offset by lower depreciation charges due to a change of useful lives of cable (copper and fibre) from 15 years to 20-30 years
- CAPEX of 154 MCHF (-23.4% YOY), mainly driven by lower daily business investment and capex management

c. Results - Segment Fastweb

Financials and operational data

	31.03.2009	YOY
Consumer revenue in MEUR	176	7%
SME revenue in MEUR	102	9%
Executive revenue in MEUR	166	26%
Net revenue in MEUR	444	14%
OPEX in MEUR	-340	16%
Capitalised costs and other income in MCHF	18	13%
EBITDA in MEUR	122	8%
<i>EBITDA margin in %</i>	<i>27.5%</i>	
CAPEX in MEUR	83	-18%
FTE's	3'092	1%

In Swisscom accounts	31.03.2009	YOY
EBITDA in MCHF	182	2%
CAPEX in MCHF	124	-23%

	31.03.2009	YOY
Subs in '000	1'542	15.2%

Q1 2009

- Solid progression in net revenue thanks to Executive segment contributing 62% to growth of top-line
- 1Q 2009 EBITDA increased 8% YoY in line with FY target, despite negative impact of ULL rate increase effective as of 1 January 2009
- CAPEX further down and CAPEX to sales ratio now at 19% compared to 26% one year ago
- Q1 2009 FCF proxy (=EBITDA-CAPEX) of 39 MEUR represents an up of 225% YOY. MEUR 6 positive FCF in 1Q 2009
- 59k new subs in Q1 2009 representing a 15% net adds market share versus 10% in 4Q 2008 and customer base (1.54 million at end of March 2009) increased more than the Italian market (4% versus 3%)
- Contribution to Swisscom accounts in CHF lower than in Euro, due to strengthening of Swiss Franc in a YOY context (by around 6%)

c. Results - Other operating segments

Financials and operational data

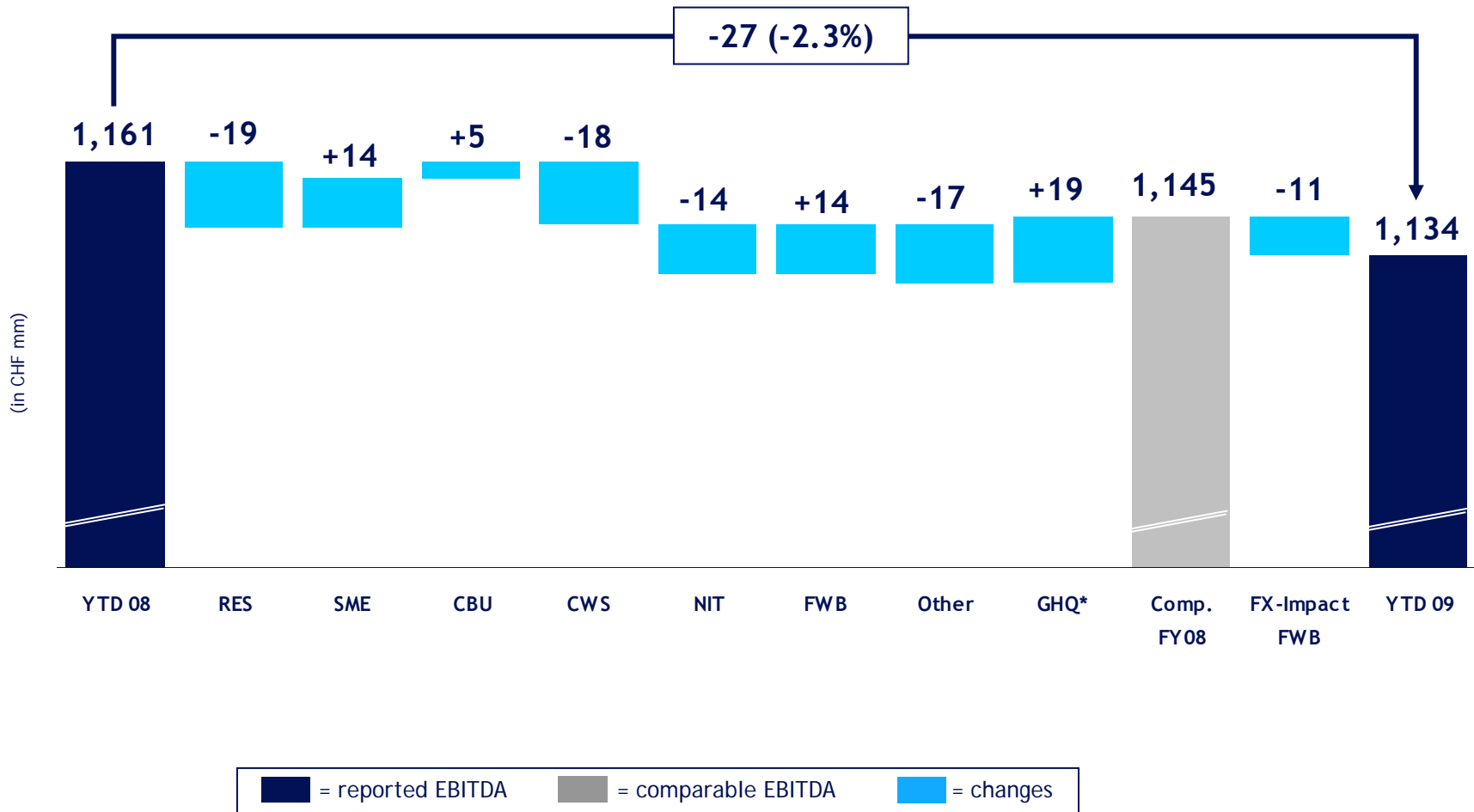
Q1 2009

	31.03.2009	YOY
Swisscom IT Services in MCHF	92	-17.1%
Swisscom Participations in MCHF	80	-1.2%
Hospitality Services in MCHF	19	-9.5%
Other in MCHF	2	-50.0%
External revenue in MCHF	193	-11.1%
Net revenue in MCHF ¹⁾	407	-6.7%
OPEX in MCHF	-349	-3.6%
Capitalised costs and other income in MCHF	4	-20.0%
EBITDA in MCHF	62	-21.5%
<i>EBITDA margin in %</i>	<i>15.2%</i>	
CAPEX in MCHF	21	-27.6%
FTE's	4'524	-0.9%

- YOY external revenue decline of -24 MCHF
 - Record order entry in Q1 of 324 MCHF will only be revenue effective with some time lag. Currently Swisscom IT Services experiences first impacts from economic downturn through lower consulting and application management contracts.
 - Economic slowdown has negative impact on businesses of Sicap (part of Participations) as well as Hospitality Services
- Revenue decline as well as one time charges in relation with the facility management outsourcing reduce EBITDA by -17 MCHF YOY
- CAPEX lower YOY especially caused by high expenditure in 2008 (including DVB-H/T rollout)

1) incl. intersegment revenues

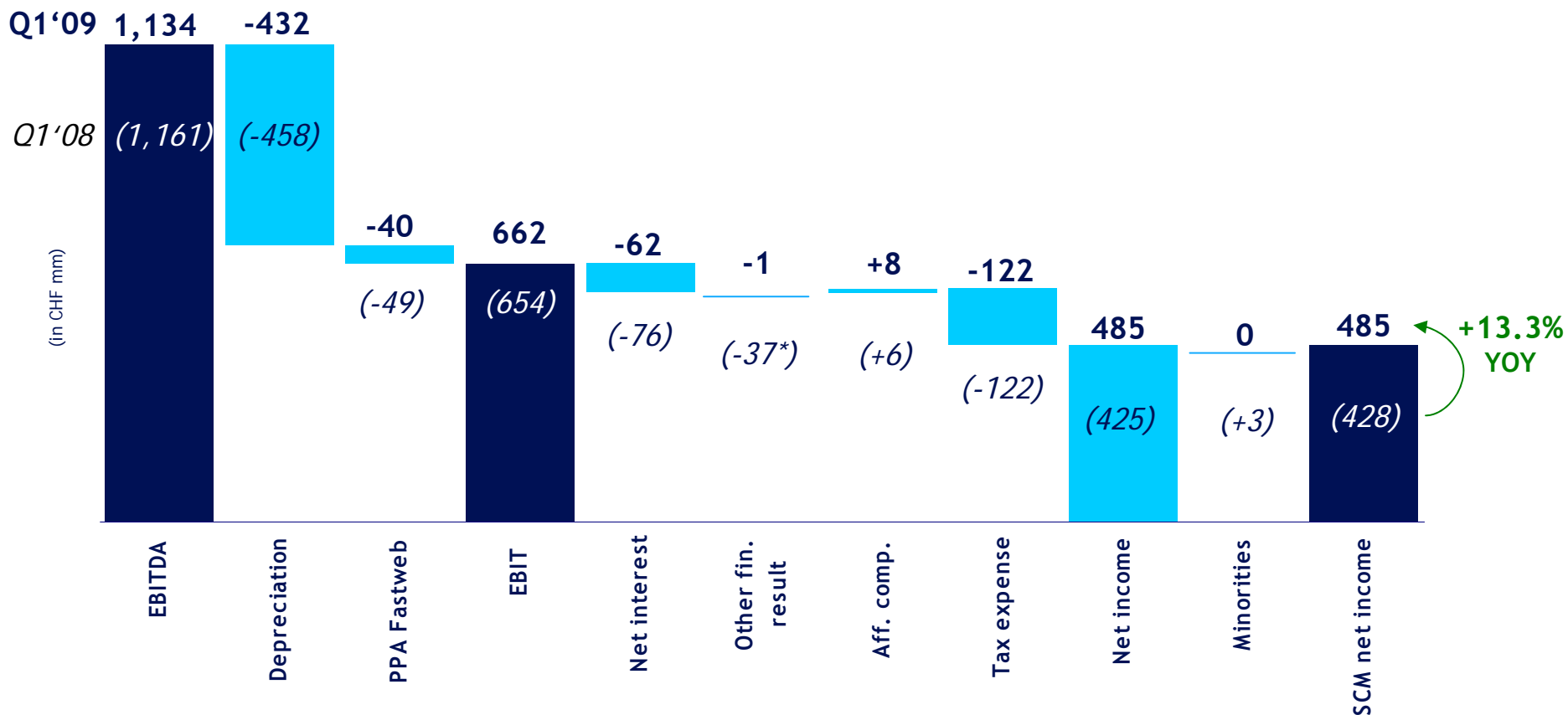
c. Group results - EBITDA development YOY



* Group Headquarters (+9 MCHF) and elimination (+10 MCHF)

c. Group results - P&L breakdown

Despite lower EBITDA net income increased y-o-y by +13% driven by lower depreciation (adjustment of useful life cable) in 2009 as well as a foreign exchange loss in 2008.

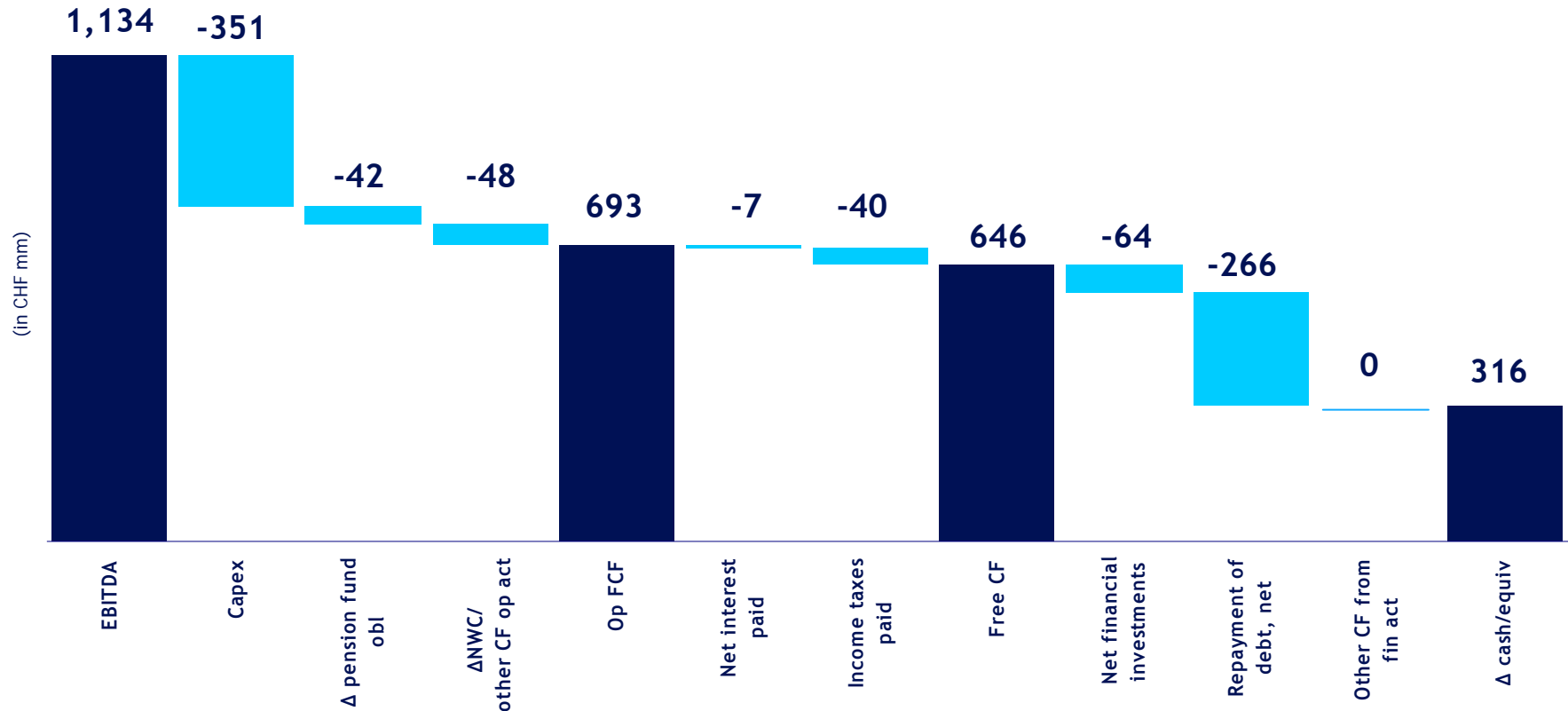


* Previous year includes -36 MCHF foreign exchange loss

c. Group results - Cash flow breakdown

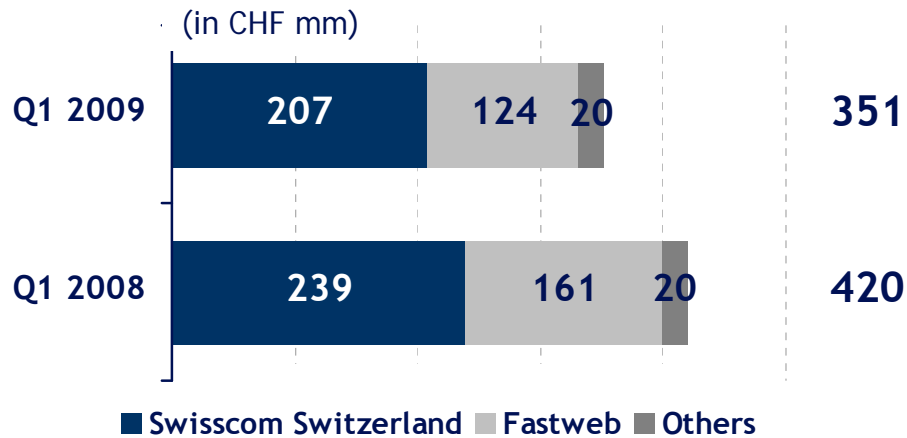
After debt repayment of 266 MCHF, cash and cash equivalents increased by 316 MCHF to 1'279 MCHF in Q1 in order to prepare for dividend payout in April.

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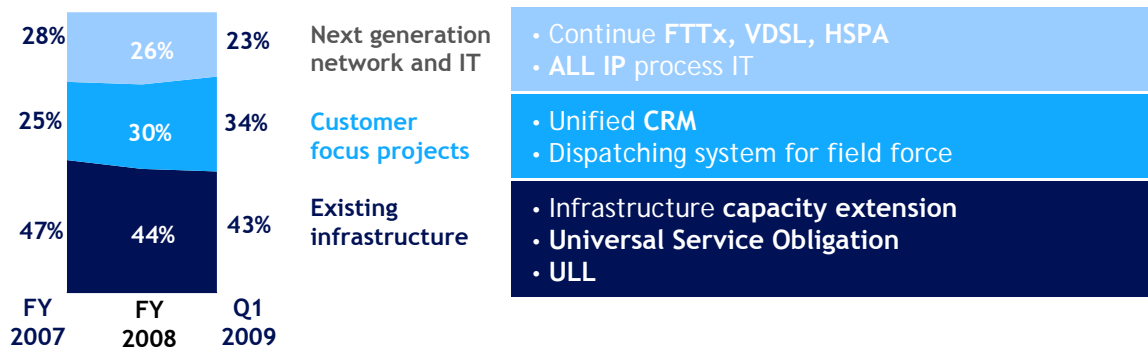


c. Group results - CAPEX breakdown

Consolidated CAPEX



CAPEX of Swisscom Switzerland

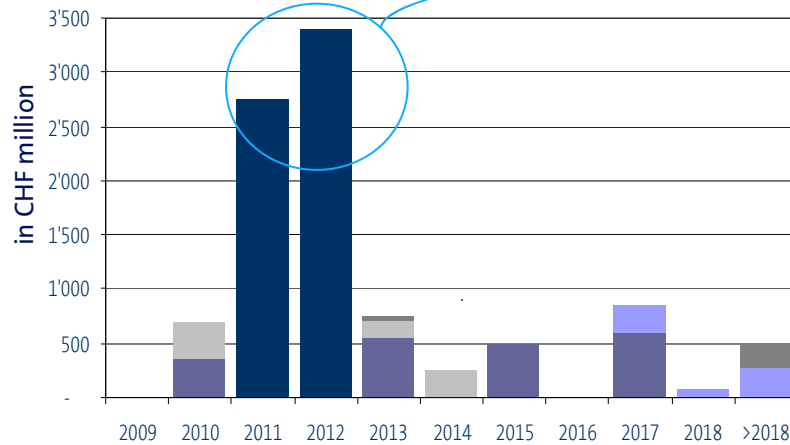


c. Refinancing well on track

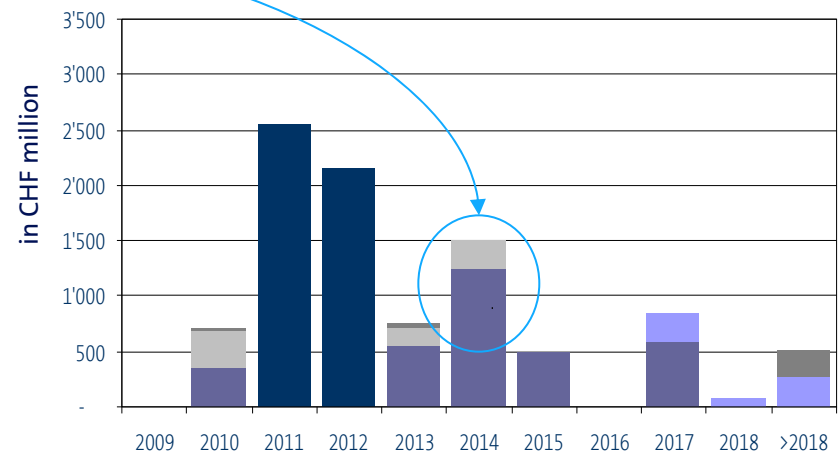
By successfully placing a CHF 1.25bln domestic bond at 3.5% coupon (!), Swisscom improved the maturity profile, and managed to lower its CDS spreads significantly

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YE 2008 debt portfolio



Current debt portfolio



Maturity profile improved: 2011 and 2012 lowered significantly, and so did the overall sum, with net debt down 6% vis-à-vis 31.12.2008

d. Outlook 2009

FY Guidance 2009, as provided back in March, confirmed after Q1 results

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Net revenues		2008A	Q1 '08 as % of 2008	2009E	Q1 '09 as % of 2009
Swisscom excl. Fastweb	bln CHF	9.5	24%	9.2-9.3	~25%
Fastweb	MEUR	1'708	23%	1'800	25%
EBITDA					
Swisscom excl. Fastweb	bln CHF	3.9	25%	3.8-3.9	~25%
Fastweb Industrial / (reported incl. TI)	MEUR	518 (548)	22%	560	22%
Capex					
Swisscom excl. Fastweb	bln CHF	1.36	19%	~1.35	~17%
Fastweb	MEUR	438	23%	415	20%
Delta NWC					
Swisscom Group incl. FWB	bln CHF	-0.3		-0.1-0	
OpFCF					
Swisscom Group incl. FWB	bln CHF	2.5	31%	2.6-2.7	~26%

Questions & Answers

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.

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