

Swisscom interim results 2009

Q2 = “Q Too” : a continuation from Q1

12 August 2009

Agenda

Introduction

Bart Morselt, Head of IR ² _____

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| a) Q2 = “Q Too” : a continuation from Q1 | 3 | Carsten Schloter,
CEO Swisscom |
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| c) Cost control, progress made | 6 | |
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| e) H1 cockpit, key results | 9 | |

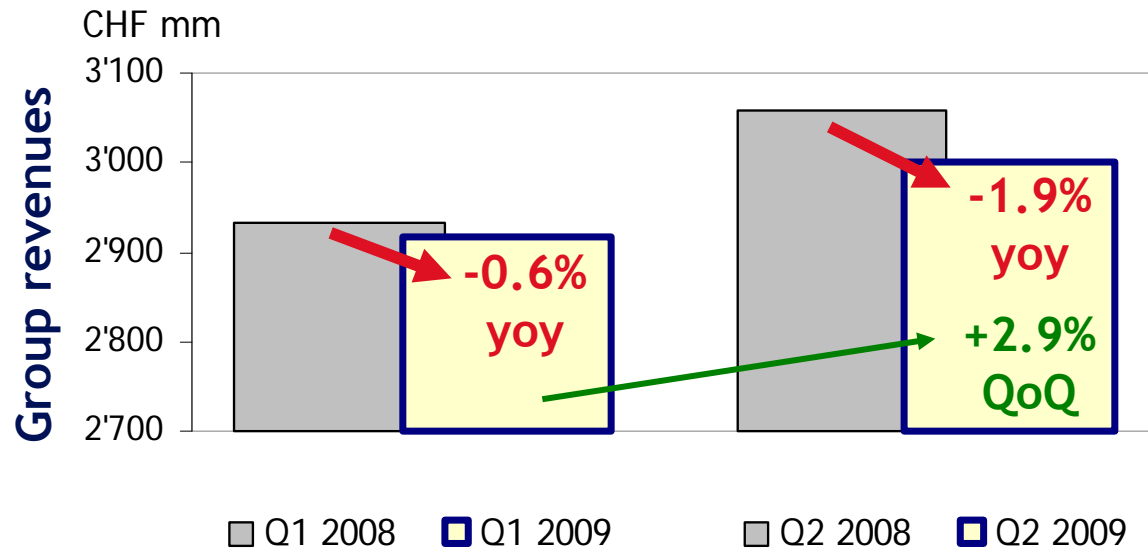
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| f) H1 2009 results:
1. Segments
2. Group | 13 | Ueli Dietiker,
CFO Swisscom |
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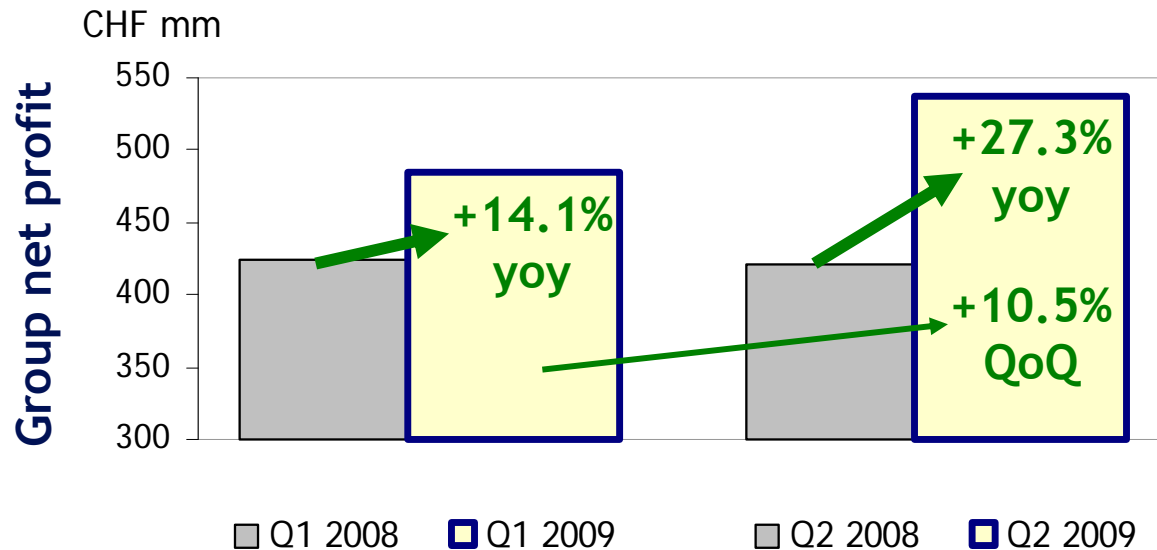
Q&A

All

a) Q2= "Q Too" : a continuation from Q1

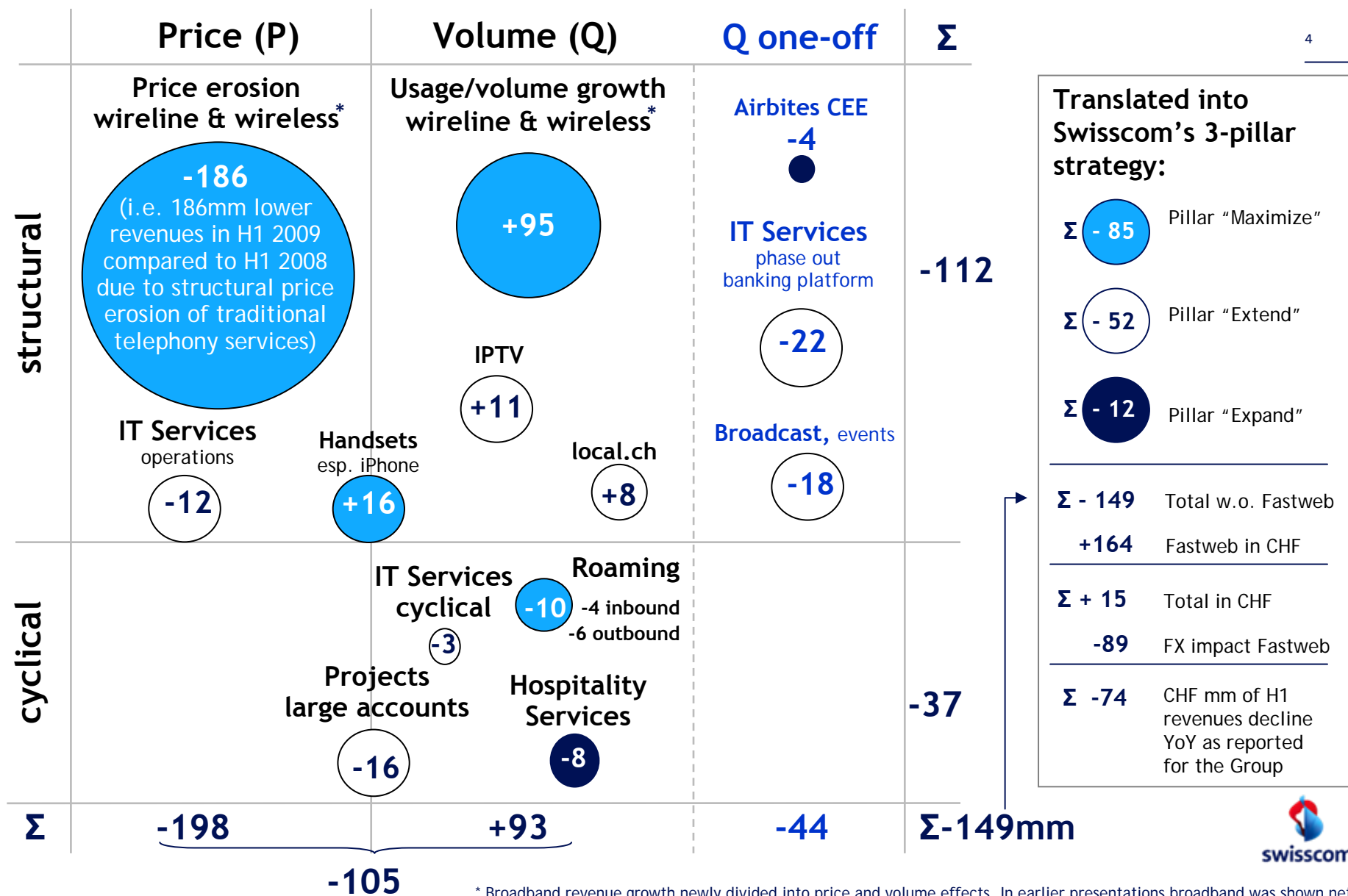


Topline again down YoY, however up sequentially



Bottomline again up YoY, and also sequentially

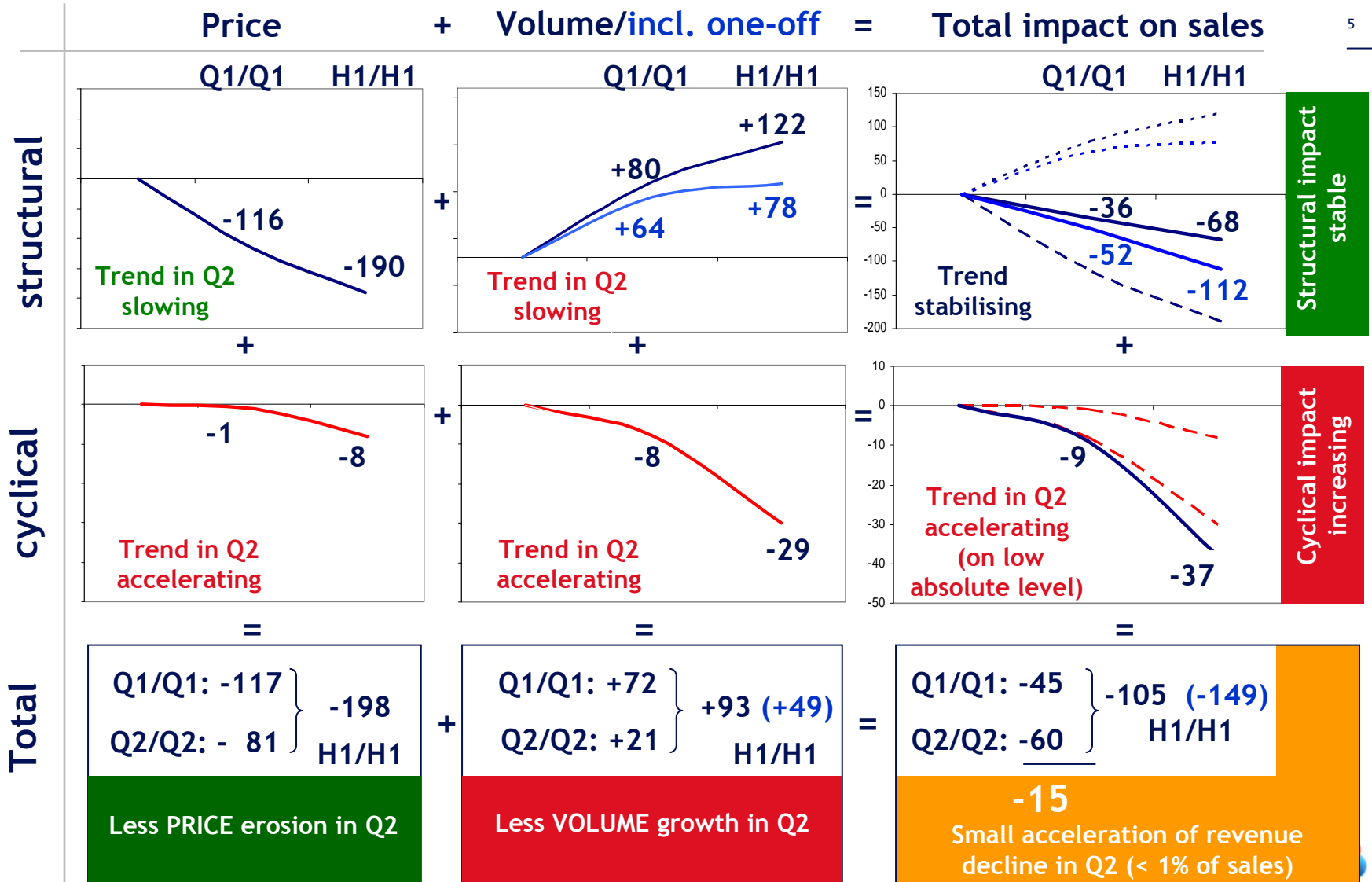
b) Revenue dynamics, H1 2009 compared to H1 2008 (excl. FWB)



* Broadband revenue growth newly divided into price and volume effects. In earlier presentations broadband was shown net.

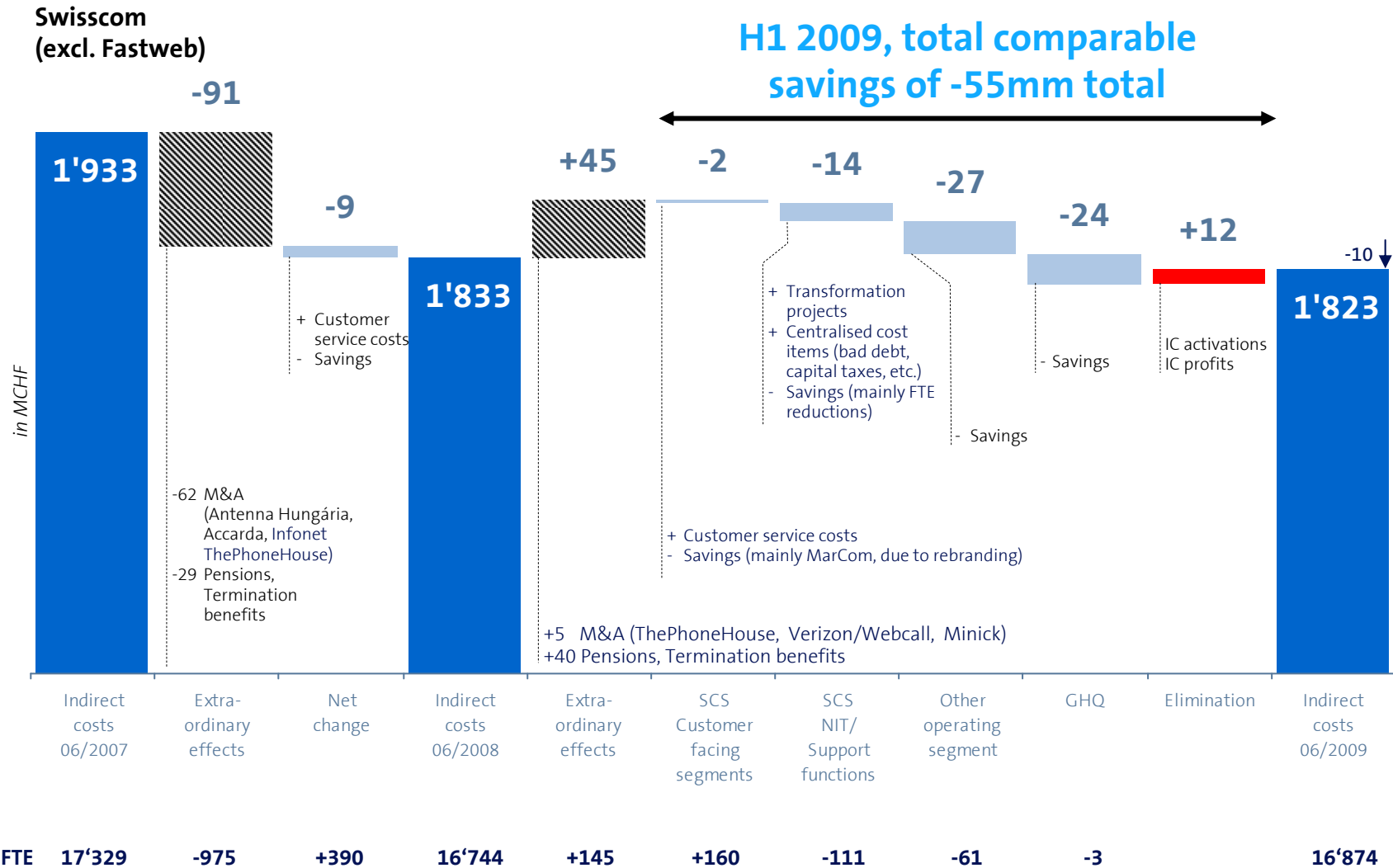
b) Revenues sequentially

Minimal acceleration of revenue decline in Q2, driven only by lower volumes from (temporary) cyclical impact



c) Cost control

Indirect costs: well on track to save 100-120 MCHF in 2009

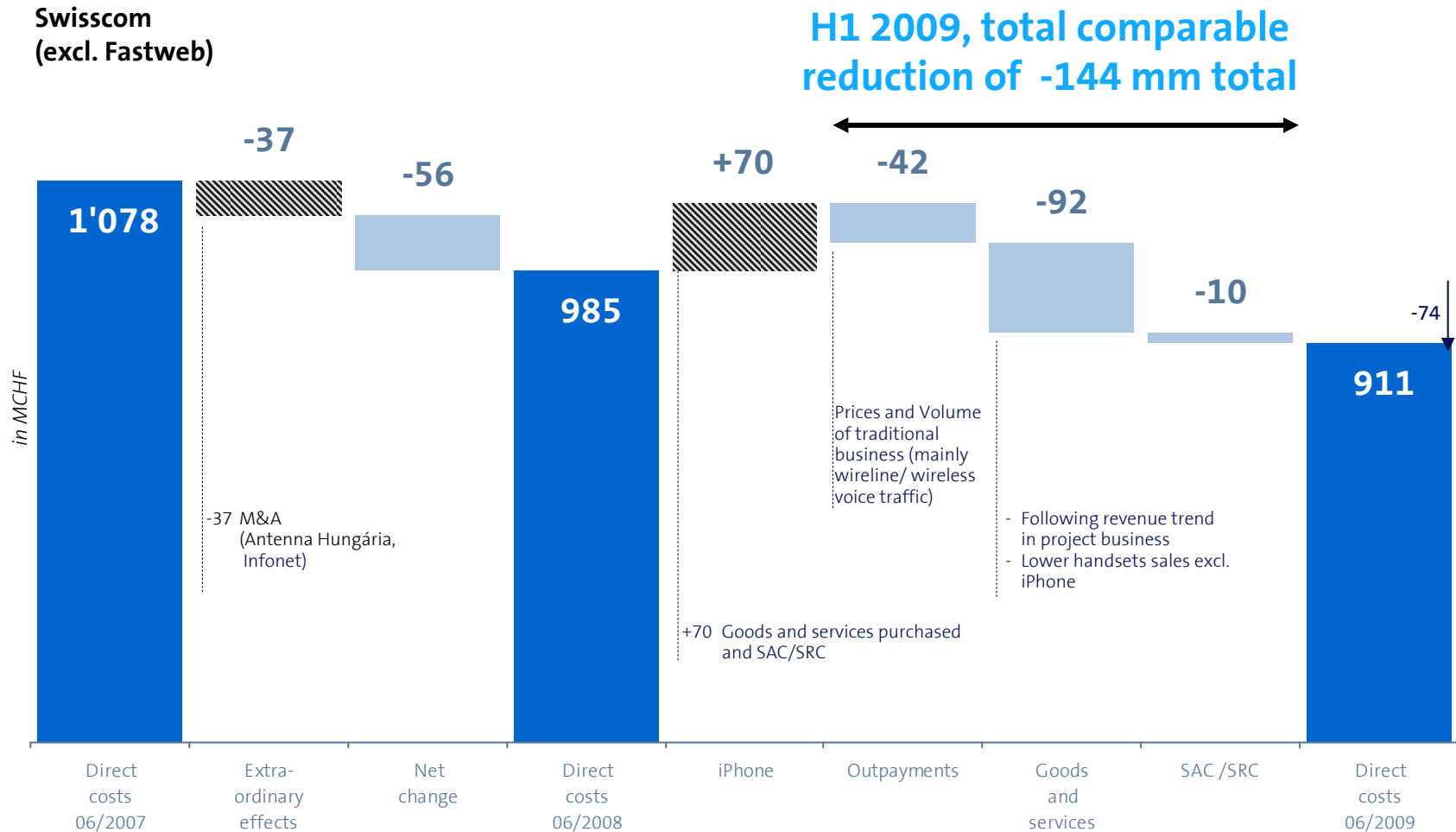


* include personnel expenses and other expenses, excluding dealer commissions and subsidies

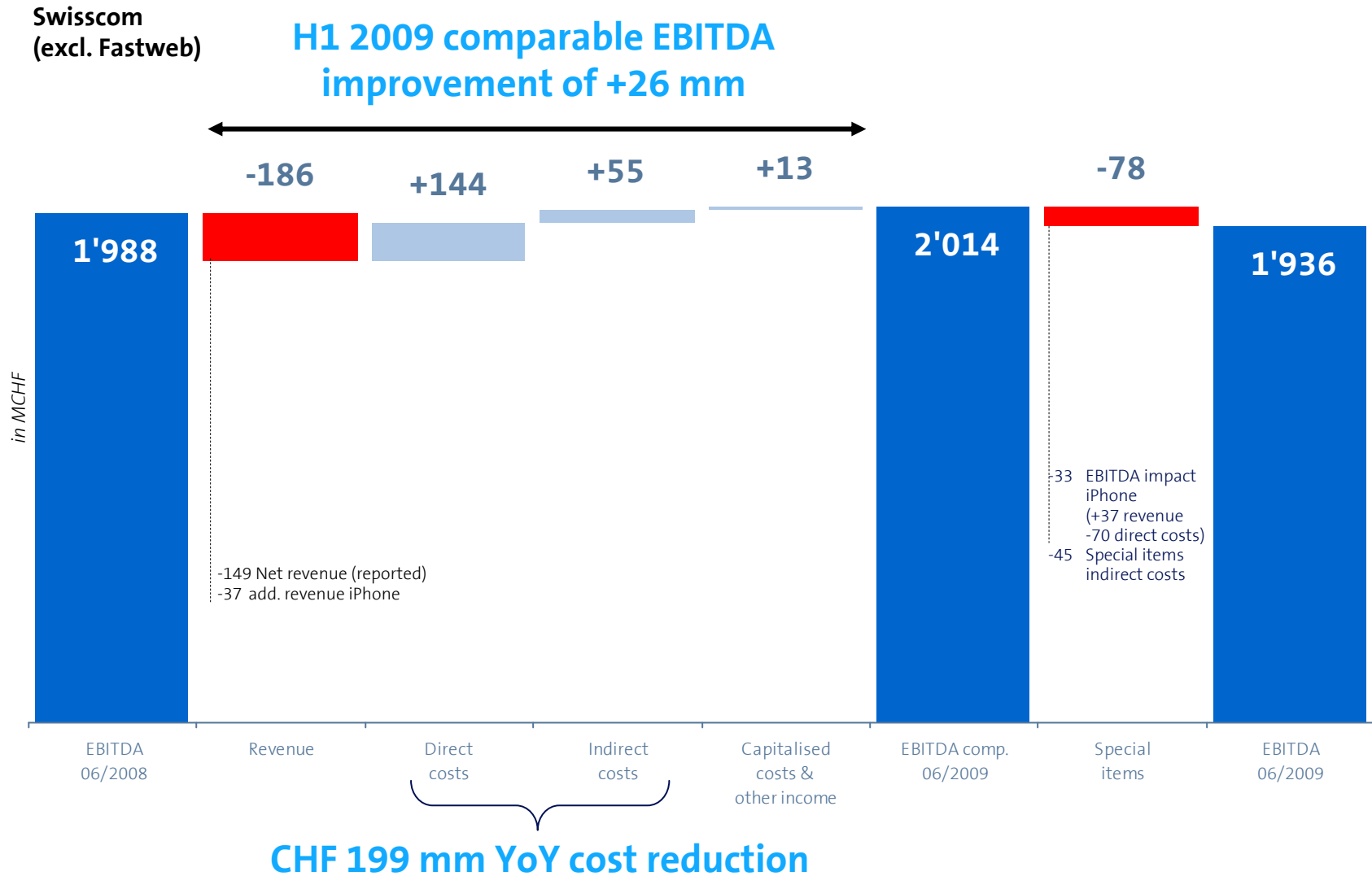


c) Cost control

Direct costs: decrease driven by revenue development

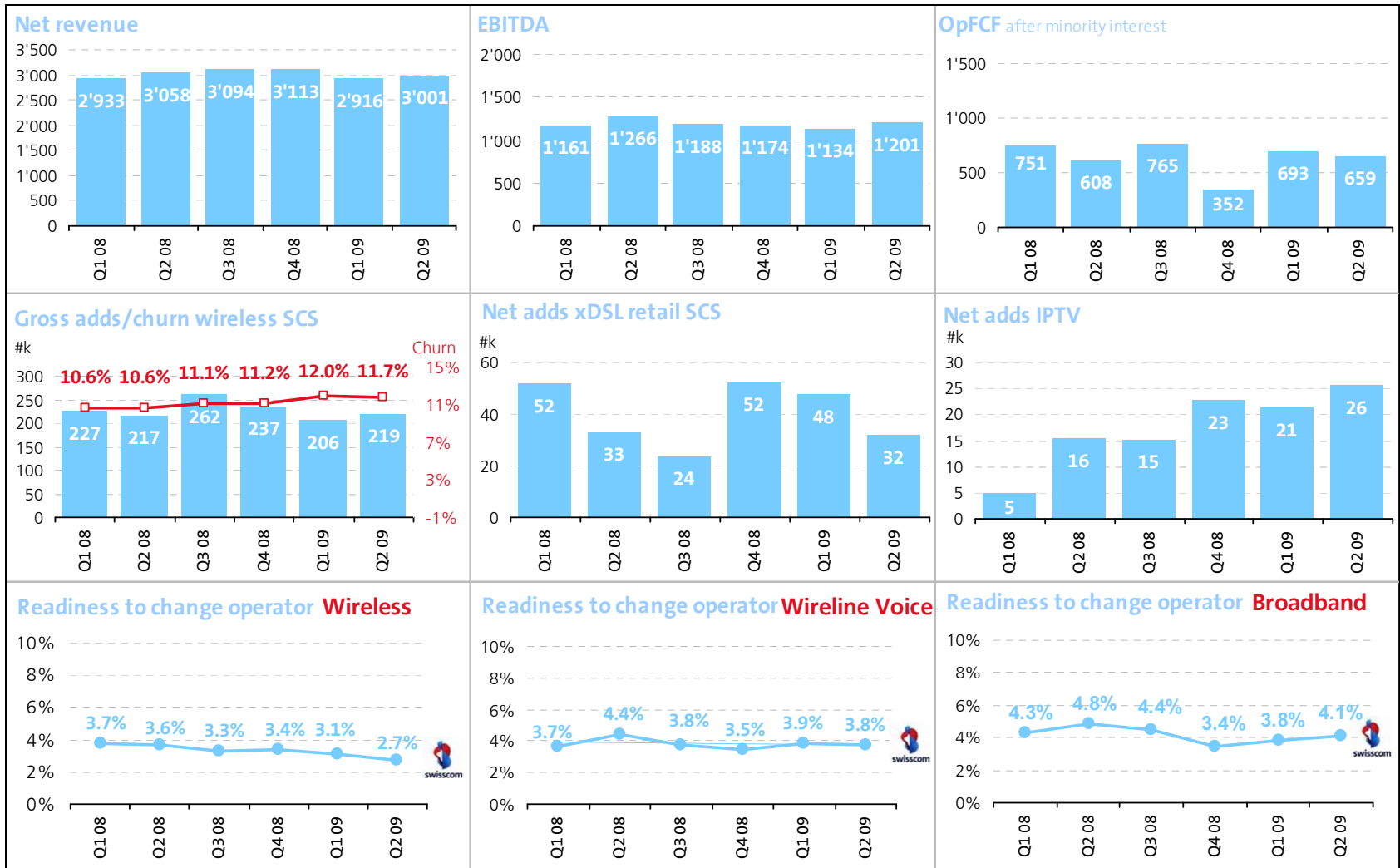


d) Like for like EBITDA increased through cost control



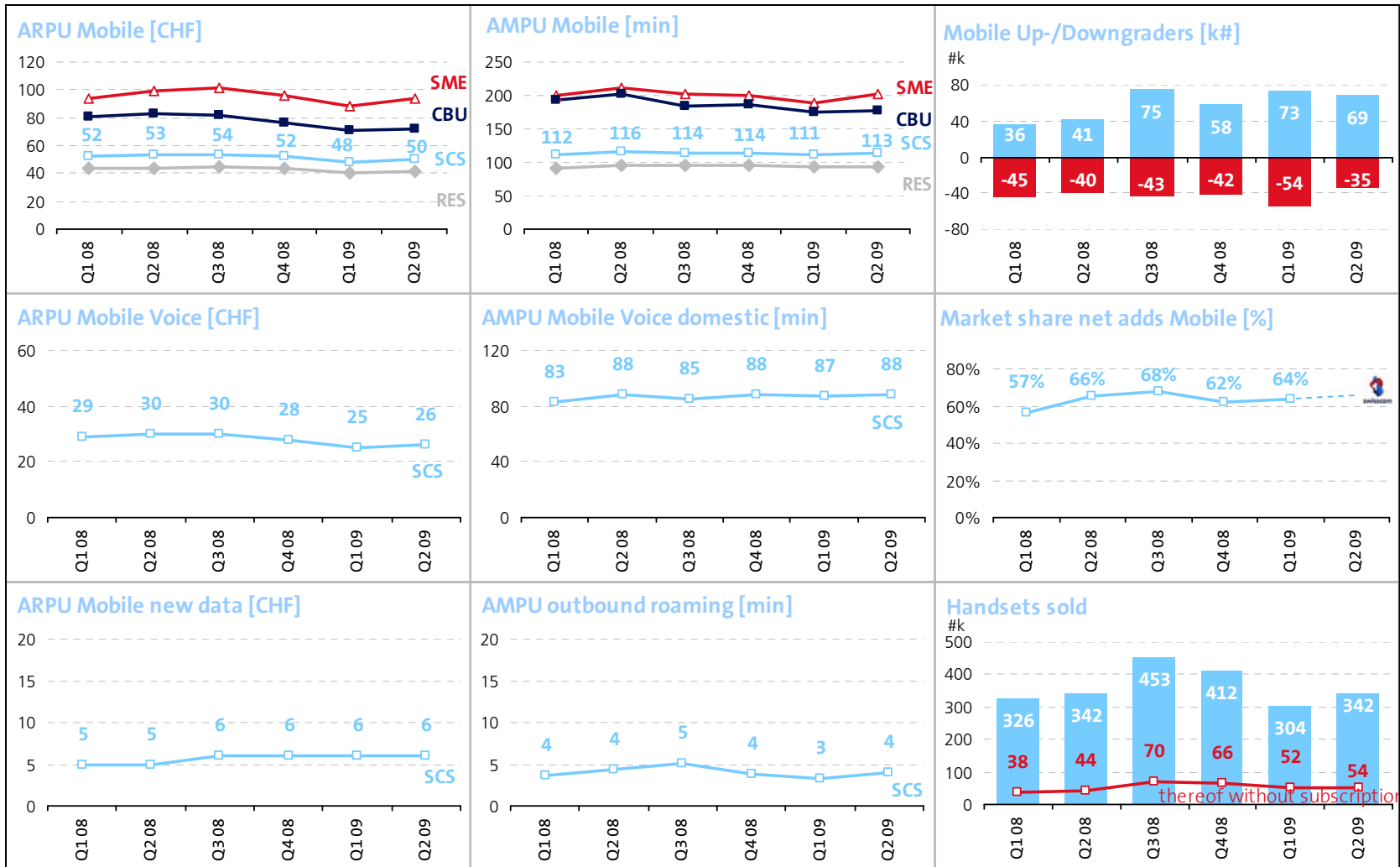
e) Cockpit - trends over last 6 quarters, customers and financials

Ups and downs, however stable overall



e) Cockpit - trends over last 6 quarters, mobile

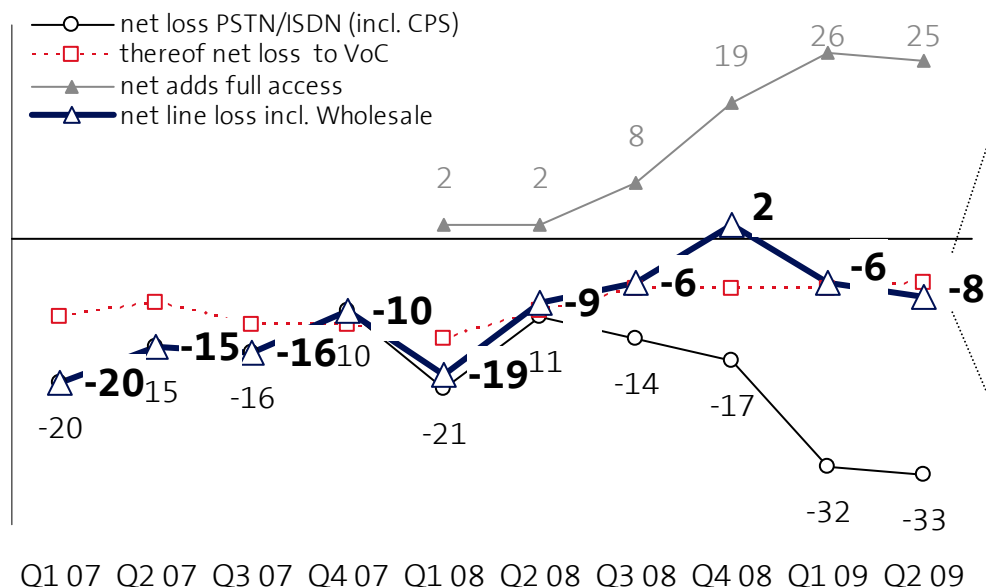
Mobile market and Swisscom's performance in this market continue to be robust



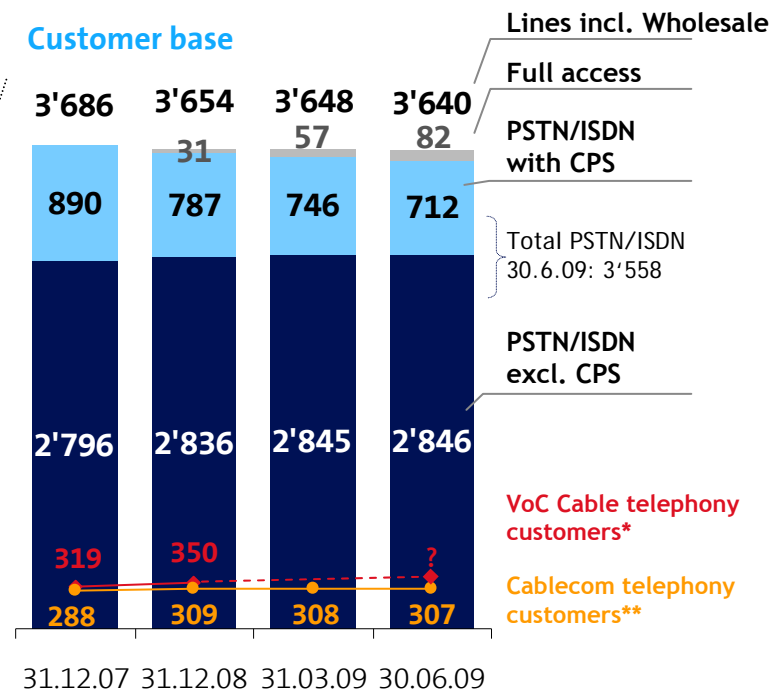
e) Cockpit - trends over last quarters, fixed lines

Unbundled lines further increased, net loss including Wholesale slightly accelerating but still on low level

Net line loss / net adds full access



Customer base



*Source: Swisscable (figures on yearly basis only) ** Source: Liberty Global

Unbundled lines per 30.6.2009 at 82k, with Swisscom Retail stable and CPS customers further down. Cable “ex-growth”?

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Q&A

All



f) Segments - Residential Customers

Financials and operational data

	30.06.2009	YOY
Net revenue in MCHF ¹⁾	2'481	-1.2%
Direct costs in MCHF	-576	-1.0%
Indirect costs in MCHF ²⁾	-429	3.9%
Contribution Margin 2 in MCHF	1'476	-2.6%
<i>Contribution Margin 2 in %</i>	<i>59.5%</i>	
CAPEX in MCHF	67	6.3%
FTE's	4'789	8.2%

	30.06.2009	YOY
Access lines in '000	2'764	-3.2%
BB subs in '000	1'222	13.4%
Mobile subs in '000	4'353	4.5%
Mobile churn rate	12.5%	0.8pp
Total ARPU in CHF	41	-6.8%
thereof ARPU new data in CHF	4	33.3%
Total AMPU in Min.	94	0.0%
National traffic in Mmin.	2'773	-8.3%
Intl' traffic in Mmin.	348	-3.9%
IPTV subs in '000	165	106.3%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

6m 2009

- Net revenue slightly below PY, only from lower intersegment revenue. Third party revenue remained stable y-o-y:
 - Mobile: CHF +3 MCHF YOY, with +21 MCHF handsets (launch of iPhone); +17 MCHF New Data (Subscriber growth); -34 voice (esp. outgoing due to more free calls with x-tra liberty and pricing);
 - Wireline and other revenue slightly down by -3 MCHF: +9 access (incl. xDSL); IPTV +11 MCHF offset by -23 MCHF traffic and other revenue.
- Direct cost decreased by -4 MCHF to 576 MCHF, increase of goods purchase (launch of iPhone) offset by lower outpayments (lower roaming and termination fees).
- Indirect cost up by 3.9% due to higher number of personnel (acquisition of The PhoneHouse and Customer Supports Units), salary increase and other opex, both for keeping service level high.
- # of IPTV subs more than doubled y-o-y (+47k in H109). Self installation run rate stable at 85%.
- ARPU decreasing due to liberty price plans and lower termination rates.

f) Segments - Small & Medium-sized Enterprises

Financials and operational data

	30.06.2009	YOY
Net revenue in MCHF ¹⁾	572	0.0%
Direct costs in MCHF	-83	-12.6%
Indirect costs in MCHF ²⁾	-68	-2.9%
Contribution Margin 2 in MCHF	421	3.4%
<i>Contribution Margin 2 in %</i>	<i>73.6%</i>	
CAPEX in MCHF	7	250.0%
FTE's	779	2.0%

	30.06.2009	YOY
Access lines in '000	512	0.0%
BB subs in '000	164	7.9%
Mobile subs in '000	430	9.7%
Mobile churn rate	7.6%	-0.6pp
Total ARPU in CHF	91	-5.2%
thereof ARPU new data in CHF	10	25.0%
Total AMPU in Min.	198	-3.4%
National traffic in Mmin.	750	-4.9%
Intl' traffic in Mmin.	95	-5.9%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

6m 2009

- Net revenue previous year level
 - Mobile: growth of subscriber base +9.7% and new data demand increases revenue by 11 MCHF.
 - Wireline: traffic due to weaker usage down by -3 MCHF; Access on level previous year
 - Other revenue down by -9 MCHF due to weaker Communication and Collaboration revenue (mainly hard-& software).
- Direct costs decline -12.6% explained by lower outpayments (lower roaming and termination fees).
- CM2 up by +3.4% to 421 MCHF due to good cost management.
- ARPU decline (-5.2%) attributable to
 - lower termination rates
 - new price plans and
 - multi-SIM cards (mainly data-only)
- Ongoing increase of new data ARPU due to growing number of customers with mobile data usage
- BB subs base increased by 7.9% and represents 32% of total access lines.

f) Segments - Corporate Business

Financials and operational data

	30.06.2009	YOY
Net revenue in MCHF ¹⁾	903	-2.8%
Direct costs in MCHF	-209	-17.1%
Indirect costs in MCHF ²⁾	-224	4.2%
Contribution Margin 2 in MCHF	470	1.7%
<i>Contribution Margin 2 in %</i>	<i>52.0%</i>	
CAPEX in MCHF	39	50.0%
FTE's	2'244	2.6%

	30.06.2009	YOY
Access lines in '000	282	-2.1%
BB subs in '000	19	0.0%
Mobile subs in '000	695	11.6%
Mobile churn rate	9.3%	4.9pp
Total ARPU in CHF	72	-12.2%
thereof ARPU New Data in CHF	17	6.3%
Total AMPU in Min.	178	-10.1%
National wireline traffic in Mmin.	823	-4.0%
Int'l wireline traffic in Mmin.	180	-3.2%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

6m 2009

- Revenue decline -2.8% YOY:
 - Mobile nearly stable: additional revenue from subs growth, multi-SIM and new data business slightly overcompensated by price effects and reduced volume domestic + roaming
 - Wireline: revenues down YOY mainly due to lower traffic revenue -8 MCHF
 - lower project/outsourcing revenue driven by economic slowdown
- Direct cost decline -17.1% explained by lower outpayments (lower termination fees) and lower hardware/software sales.
- Indirect costs 4.2% higher driven by higher workforce (alliance Verizon, acquisition Webcall) and salary increase.
- CM2 margin further increased to 52% of net revenue (49.7% same period last year)
- Mobile subscriber increased by 11.6% YoY
- Substantial price reductions and multi-SIM dilution explain the ARPU decline of 12% YOY
- Order intake for project/outsourcing business of 76 MCHF (-24% vs. PY).

f) Segments - Wholesale

Financials and operational data

	30.06.2009	YOY
Revenue from external customers in MCHF	445	-11.0%
Intersegment revenue in MCHF	271	-18.4%
Net revenue in MCHF	716	-13.9%
Direct costs in MCHF	-457	-12.6%
Indirect costs in MCHF ¹⁾	-7	40.0%
Contribution Margin 2 in MCHF	252	-17.1%
<i>Contribution Margin 2 in %</i>	<i>35.2%</i>	
CAPEX in MCHF	-	nm
FTE's	89	-20.5%
	30.06.2009	YOY
ULL in '000	82	nm
BB (wholesale) subs in '000	390	-13.3%
Wholesale traffic in Mmin.	5'915	-11.5%

1) incl. capitalised costs and other income

6m 2009

- Net revenue down by 13.9% YOY
 - Mobile revenues -34 MCHF from lower inbound roaming and wireless termination mainly due to lower prices
 - Wireline access/traffic revenues -23 MCHF from broadband price reductions (connectivity) and lower termination as well as lower LRIC rates
 - Other revenue +4 MCHF from higher collocation revenue as a result of ongoing LLU
 - Intersegment revenues -61 MCHF, mainly due to lower outpayments charged to other segments. No CM1 impact on segment WS as direct cost are lower correspondingly (lower roaming, wireline and wireless voice termination mainly driven by lower rates)
- Indirect costs slightly higher (lower other income)
- CM2 down by -52 MCHF mainly as a result of decreasing inbound roaming, price reduction broadband access and lower LRIC rates

f) Segments - Networks and Support Functions

Financials and operational data

	30.06.2009	YOY
Personnel expenses in MCHF	-340	8.6%
Rent in MCHF	-114	0.9%
Maintenance in MCHF	-101	-15.1%
IT expenses in MCHF	-163	0.6%
Other OPEX in MCHF	-132	-22.4%
Indirect costs in MCHF	-850	-3.1%
Capitalised costs and other income in MCHF	89	-16.0%
Contribution Margin 2 in MCHF	-761	-1.3%
Depreciation, amortization and impairment in MCHF	-405	-10.6%
Segment result in MCHF	-1'166	-4.7%
CAPEX in MCHF	366	-7.6%
FTE's	4'203	-2.6%

6m 2009

- Indirect costs below previous year (-3.1%)
 - Higher personnel costs mainly due to salary increases, as well as higher termination benefits
 - Other operating expenses below previous year as a result of lower expenses for maintenance driven by winter conditions in Q1 2009 and cost savings, as well as lower other Opex due to cost management and seasonal effects
- Lower capitalised costs mainly as a result of lower construction activities in the core network
- Segment result improves mainly due to lower depreciation charges as a result of a change of useful lives of cable (copper and fibre) from 15 years to 20-30 years
- CAPEX below previous year (-7.6%), mainly driven by lower daily business investment and capex management

f) Segments - Other operating segments

Financials and operational data

	30.06.2009	YOY
Swisscom IT Services in MCHF	184	-16.7%
Swisscom Participations in MCHF	158	-10.2%
Hospitality Services in MCHF	38	-19.1%
Airbites CEE in MCHF	4	-55.6%
External revenue in MCHF	384	-15.2%
Net revenue in MCHF ¹⁾	818	-10.3%
OPEX in MCHF	-689	-7.5%
Capitalised costs and other income in MCHF	24	118.2%
EBITDA in MCHF	153	-14.0%
<i>EBITDA margin in %</i>	<i>18.7%</i>	
CAPEX in MCHF	61	-12.9%
FTE's	4'437	-3.7%

1) incl. intersegment revenues

6m 2009

- YOY external revenue decline of -69 MCHF (-15.2%)
 - IT Services below PY due to shift to new banking platform in Q3 08 as well as pricing pressure and lower volume in the project business as a result of the economic downturn
 - Economic slowdown also has negative impact on Hospitality Services and the business of Sicap (within Participations)
 - Y-o-Y missing revenue from EURO08™ mainly at Swisscom Broadcast (within Participations)
- Opex decreased by 56 MCHF due to revenue development and cost saving initiatives, while other income includes a one-off benefit from the outsourcing of facility management
- CAPEX lower YOY especially caused by high expenditure in 2008 (including DVB-H/T rollout)

f) Segments - Fastweb

Financials and operational data

	30.06.2009	YOY
Consumer revenue in MEUR	347	4.8%
SME revenue in MEUR	207	10.1%
Executive revenue in MEUR	365	23.7%
Net revenue in MEUR	919	12.9%
OPEX in MEUR	-709	15.4%
Capitalised costs and other income in MEUR	55	-27.6%
EBITDA in MEUR	265	-3.3%
Indust. EBITDA in MEUR	265	8.6%
<i>EBITDA margin in %</i>	<i>28.8%</i>	
CAPEX in MEUR	217	-4.0%
FTE's	3'096	1.5%
In Swisscom accounts	30.06.2009	YOY
EBITDA in MCHF	399	-9.1%
CAPEX in MCHF	326	-10.2%
	30.06.2009	YOY
BB subs in '000	1'575	12.7%
Mobile subs in '000	120	nm

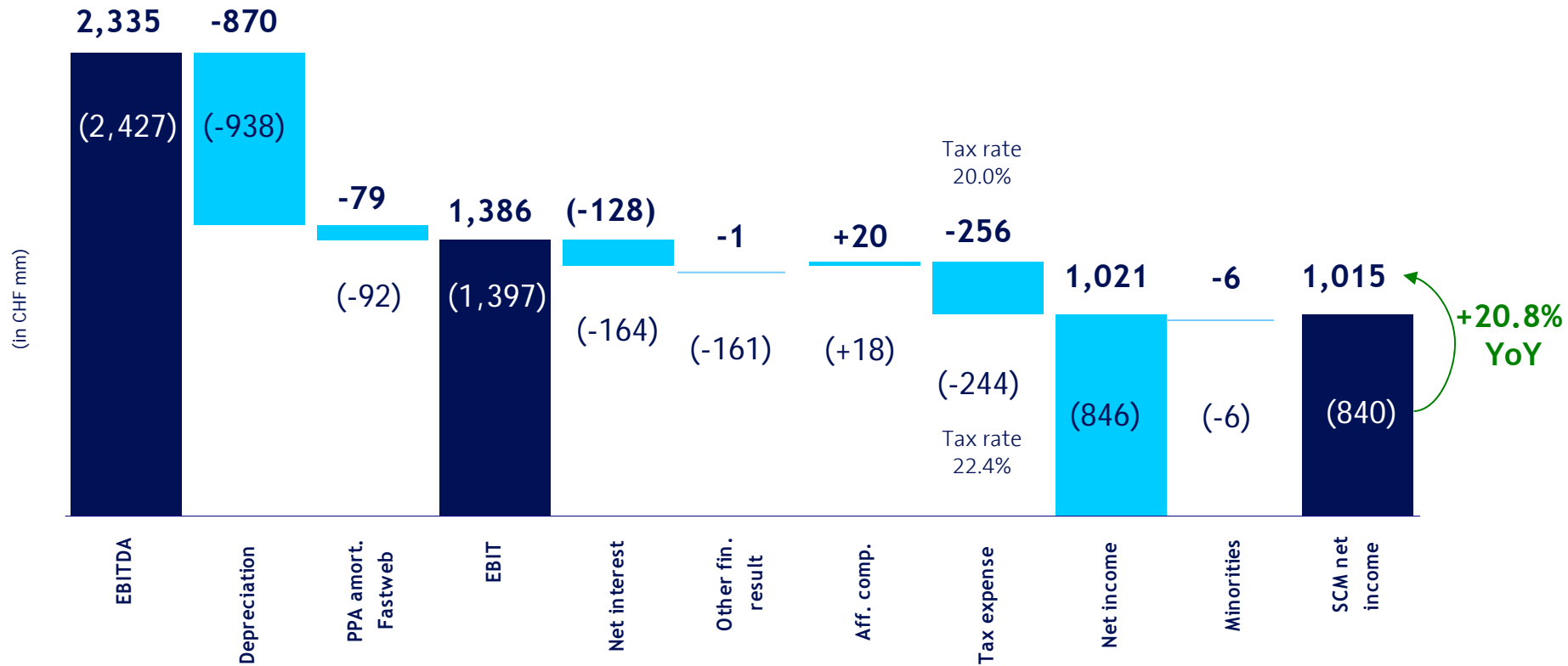
6m 2009

- Top-line increased 13% YoY - mainly sourced by the Executive segment and its public administration contracts
- 6m industrial EBITDA with MEUR 265 +8.6% above previous year (excl. a payment of MEUR 30 in Q2 2008 received from TI), despite negative impact of ULL rate increase effective as of 1 January 2009
- CAPEX were MEUR 217 mainly due to the acceleration on IT projects and corporate customers activations. But CAPEX to sales ratio further reducing: 24% for 1H 2009
- FCF proxy (=industrial EBITDA-CAPEX) of MEUR 48 represents an up of MEUR 30 YOY.
- 93k new BB subs in 1H 2009 representing a 15% net adds market share versus 10% in 4Q 2008 and customer base (1.575 million at end of June 2009) increased more than the Italian market (6% versus 5%)
- 120k mobile active customers at 30.6.09
- Contribution to Swisscom accounts in CHF lower than previous year, due to strengthening of Swiss Franc in a YOY context. Comparable EBITDA up by MCHF 34 YOY (MCHF -48 from TI payments in 1H 2008 and MCHF -26 from currency effects in 1H 2009)

f) Group YTD: P&L breakdown

Despite lower EBITDA, net income increased y-o-y by +21% driven by lower depreciation (adjustment of useful lives of cable in 2009) as well as CBL provisions and foreign exchange loss in 2008.

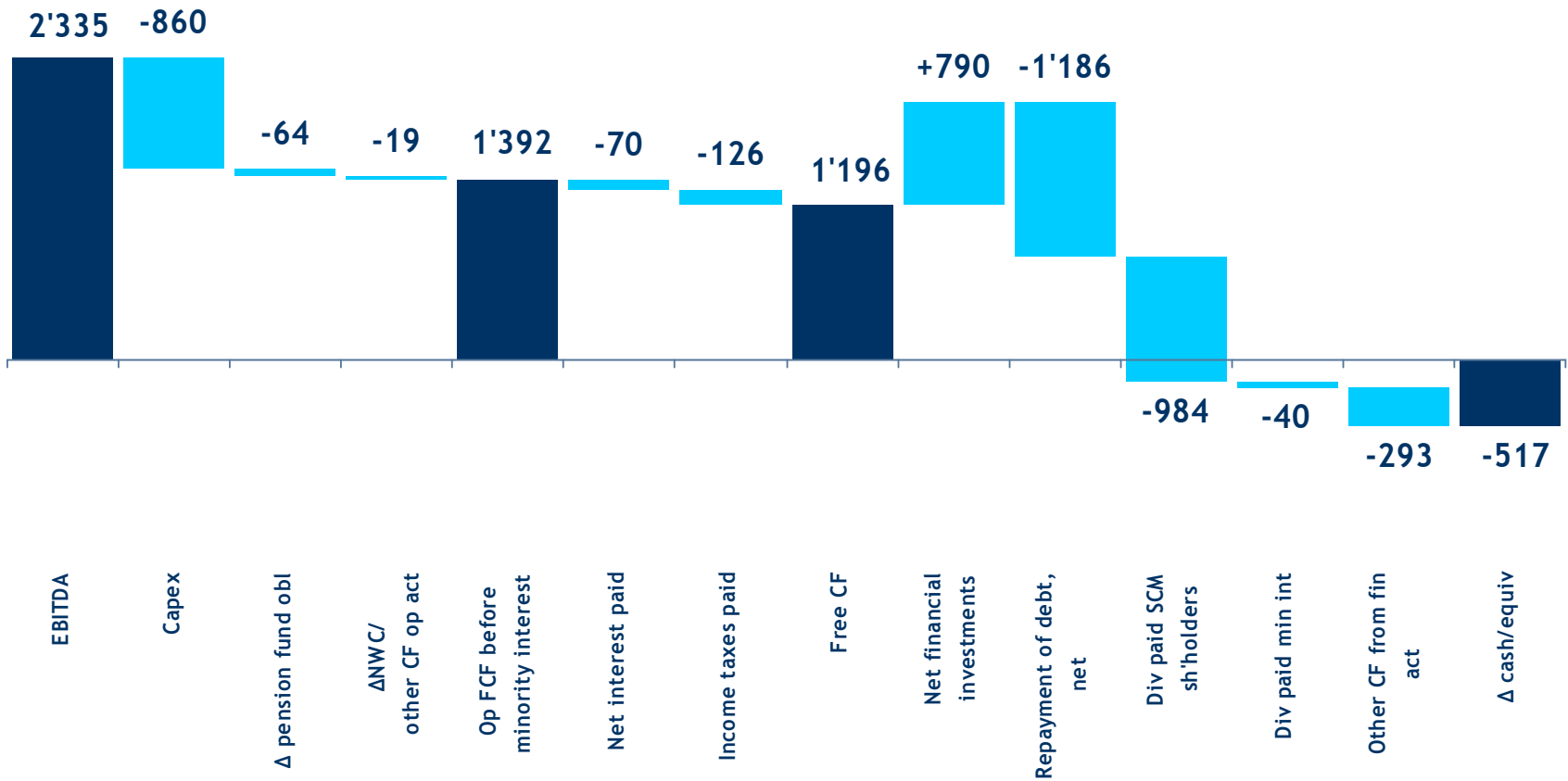
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Previous year includes recognition of CBL provision of -126 MCHF and -21 MCHF foreign exchange loss in other financial results

f) Group YTD: Cash flow breakdown

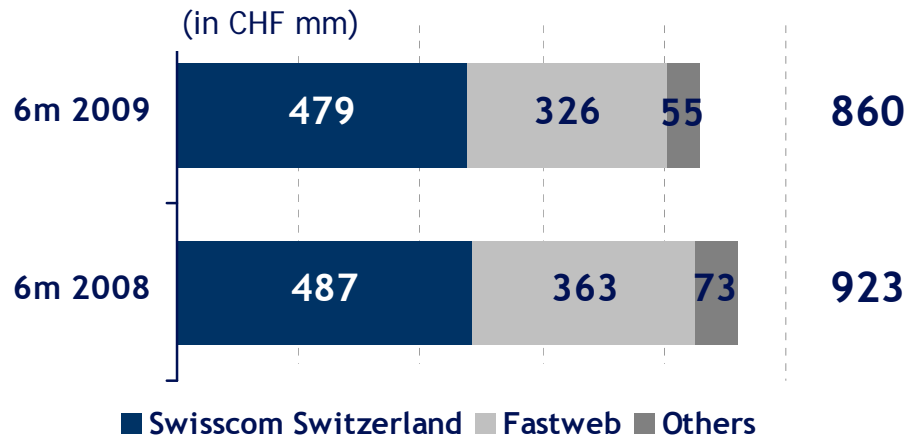
After dividend payment in April and further gross debt reduction in H109, cash and cash equivalent reduced by -517 MCHF compared to 1.1.2009.



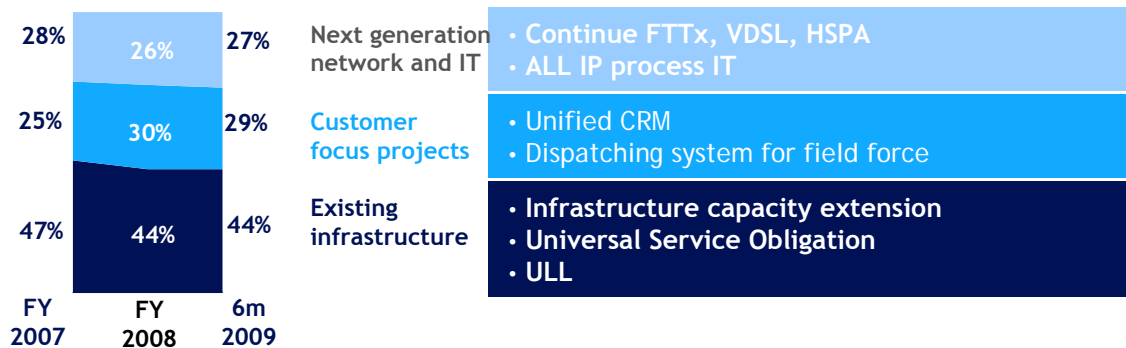
H109 OpFCF of 1'392 MCHF equals over 50% of FY target

f) Group Y-o-Y: CAPEX breakdown

Consolidated CAPEX



CAPEX of Swisscom Switzerland

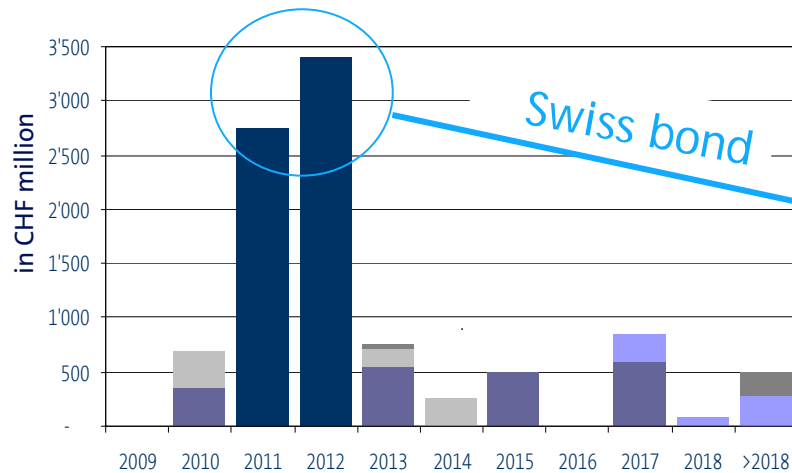


f) Group - Refinancing well on track

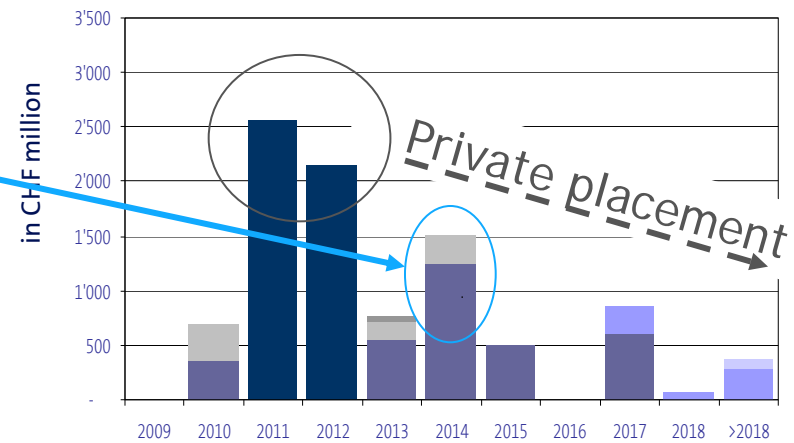
In Q1 2009, a CHF 1'250 mm domestic bond was placed, while during Q2 2009 Swisscom signed an agreement for a Private Placement in the amount of CHF 1'250 mm

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31.12.2008 debt portfolio



30.6.2009 debt portfolio



The private placement will further improve the maturity profile: Swisscom has the flexibility to use the frame for advances with maturities from 1 month to 7 years. The 2011 and 2012 maturities will therefore be reduced significantly from the situation per 30.6.2009

g) Outlook 2009

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

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			Q1 '08 as % of	H1'08 as % of		Q1 '09 as % of	H1'09 as % of
		2008A	2008	2008	2009E	2009	2009
Net revenues							
Swisscom excl. Fastweb	bIn CHF	9.5	24%	49%	9.2-9.3	~25%	~49%
Fastweb	MEUR	1'708	23%	48%	1'800	25%	51%
EBITDA							
Swisscom excl. Fastweb	bIn CHF	3.9	25%	51%	3.8-3.9	~25%	~50%
Fastweb Industrial / (reported incl TI)	MEUR	518 (548)	22%	47%	560	22%	47%
Capex							
Swisscom excl. Fastweb	bIn CHF	1.36	19%	41%	~1.35	~17%	~40%
Fastweb	MEUR	438	23%	52%	415	20%	52%
Delta NWC							
Swisscom Group incl. FWB	bIn CHF	-0.3			-0.1-0		
OpFCF							
Swisscom Group incl. FWB	bIn CHF	2.5	31%	55%	2.6-2.7	~26%	~51%

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.

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