

HELVEA Swiss Equity Conference 2009

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Agenda

1. Nine months 2008 results
2. Strategy
3. Customer Orientation
4. Organisation
5. Swisscom Switzerland
6. Cost savings
7. Fastweb
8. Economic cycle
9. Credit considerations
10. 2008 guidance

1. Nine months results 2008: In a nutshell

Key financials

in CHF mm	30.09.2008	YOY
Net revenue	9,085	12.4%
EBITDA	3,615	10.4%
EBITDA margin	39.8%	
EBIT	2,066	5.2%
Net income ¹⁾	1,316	-19.4%
SCM net income ²⁾	1,313	-19.3%
EPS ³⁾	25.35	-19.3%
CAPEX	1,365	1.6%
OpFCF	2,124	32.6%
Net debt	9,904	-5.8%
FTE	19,995	1.7%

1) Net income before minorities

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

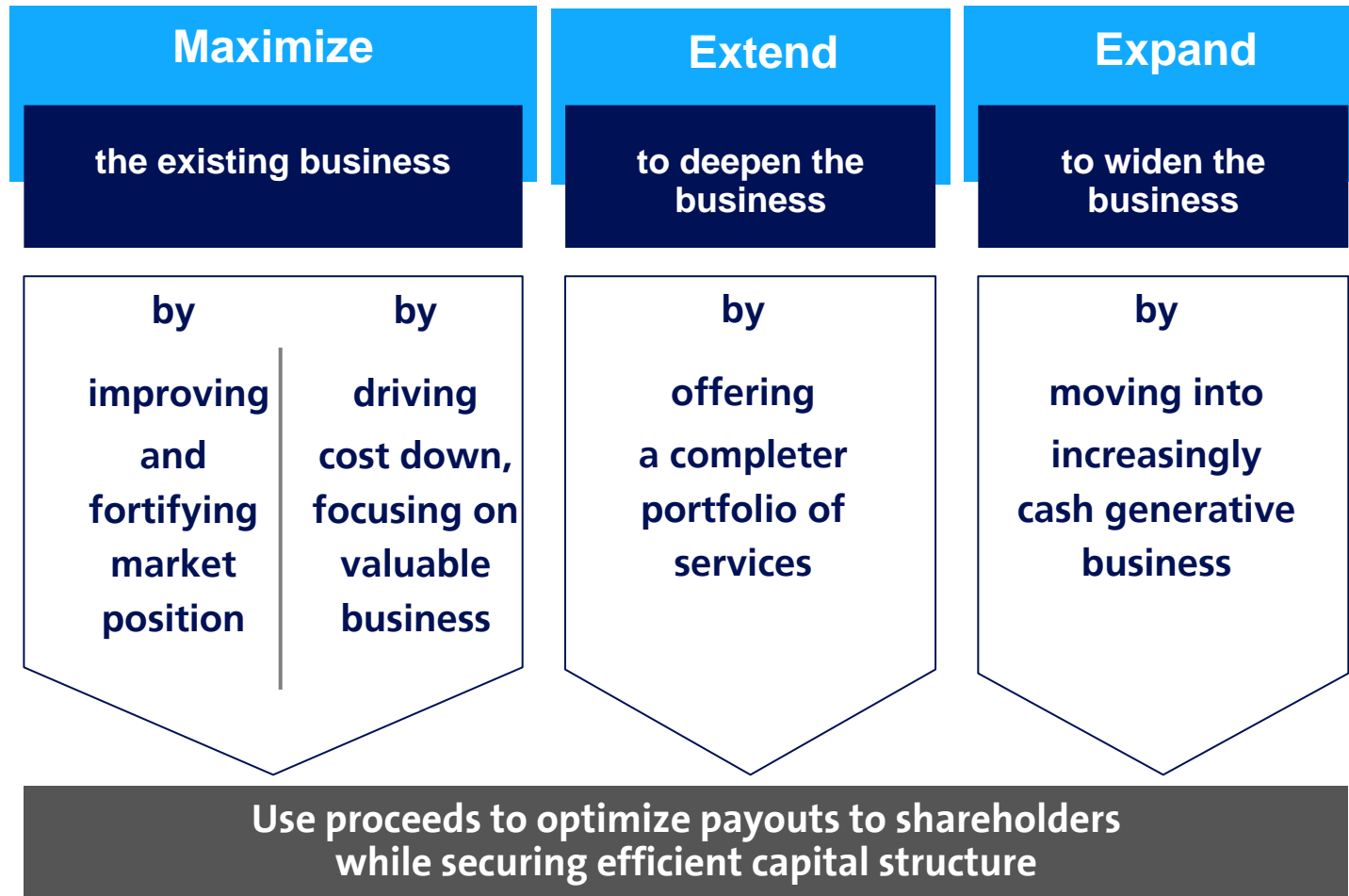
3) Avg. # of outstanding shares as per 30 September 2008: 51.802mm

* Like-for-like excludes divestments in 2007 (Antenna Hungaria, Accarda, Infonet) and Fastweb in 2007 and 2008.

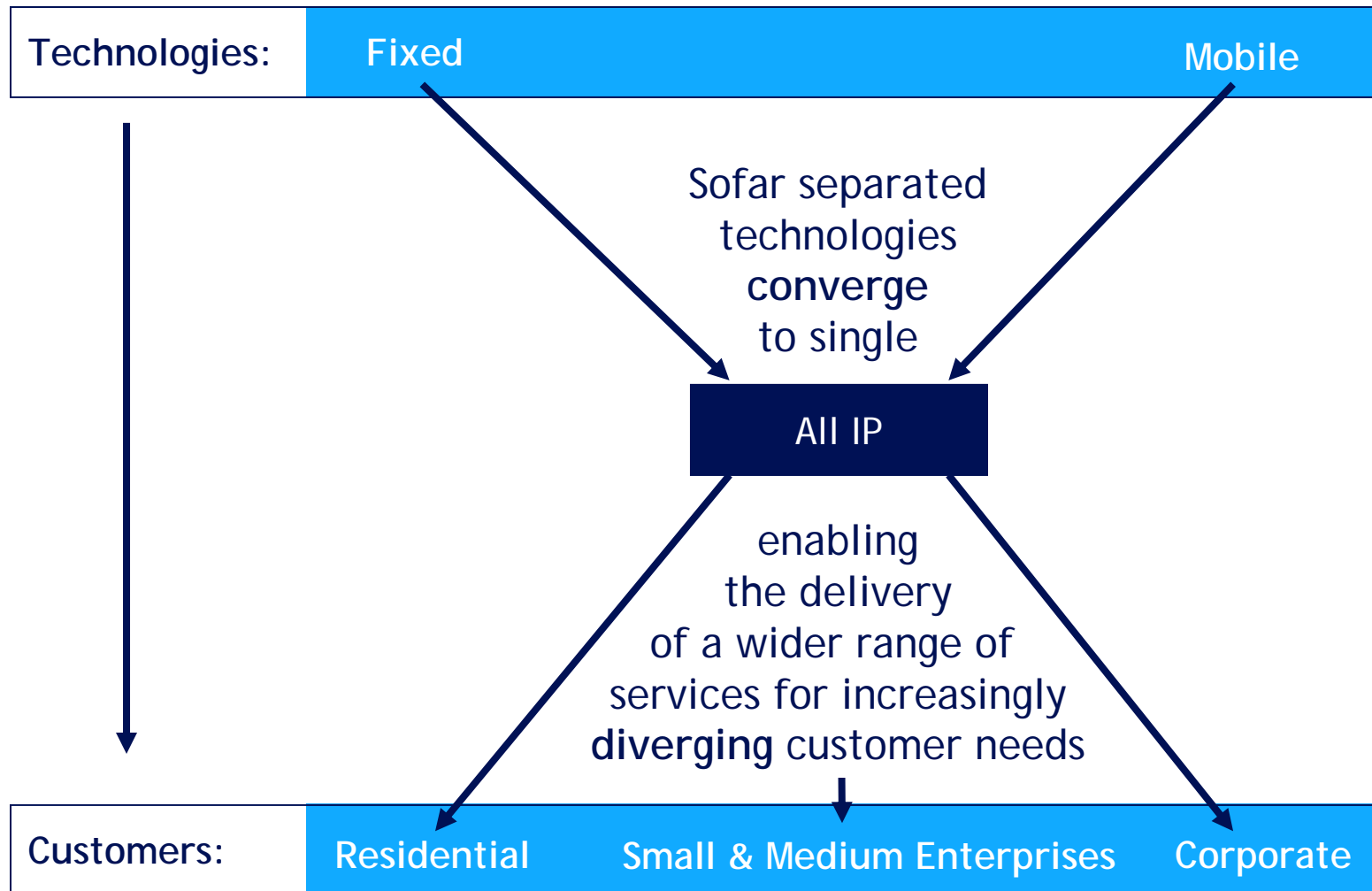
Comments

- **Headline figures up mainly due to 1st time consolidation of Fastweb:**
 - Net revenue: CHF +1,003 mm
 - EBITDA: CHF +340 mm
- **Like-for-like* top-line slightly up:** traditional business declines over-compensated by growth from new subs (BB and Mobile) and new businesses (IPTV, iPhone, mobile data, ICT)
- **Like-for-like* EBITDA slightly down (-1.2%)** mainly due to high cost of introduction iPhone
- **SCM net income down** mainly because of an exceptional charge for the early termination of cross-border leasing transactions in Q2, and high profit in Q3 2007 from sale Antenna Hungária
- **CAPEX overall flat:**
 - Fastweb consolidation +CHF 248mm
 - Swisscom standalone Capex down 21.2% YOY esp. due to lower VDSL costs)
- **OpFCF up by CHF +522mm (+33%),** largely from higher EBITDA, lower Capex and better NWC development. Fastweb delivered CHF 242mm of the total increase in OpFCF

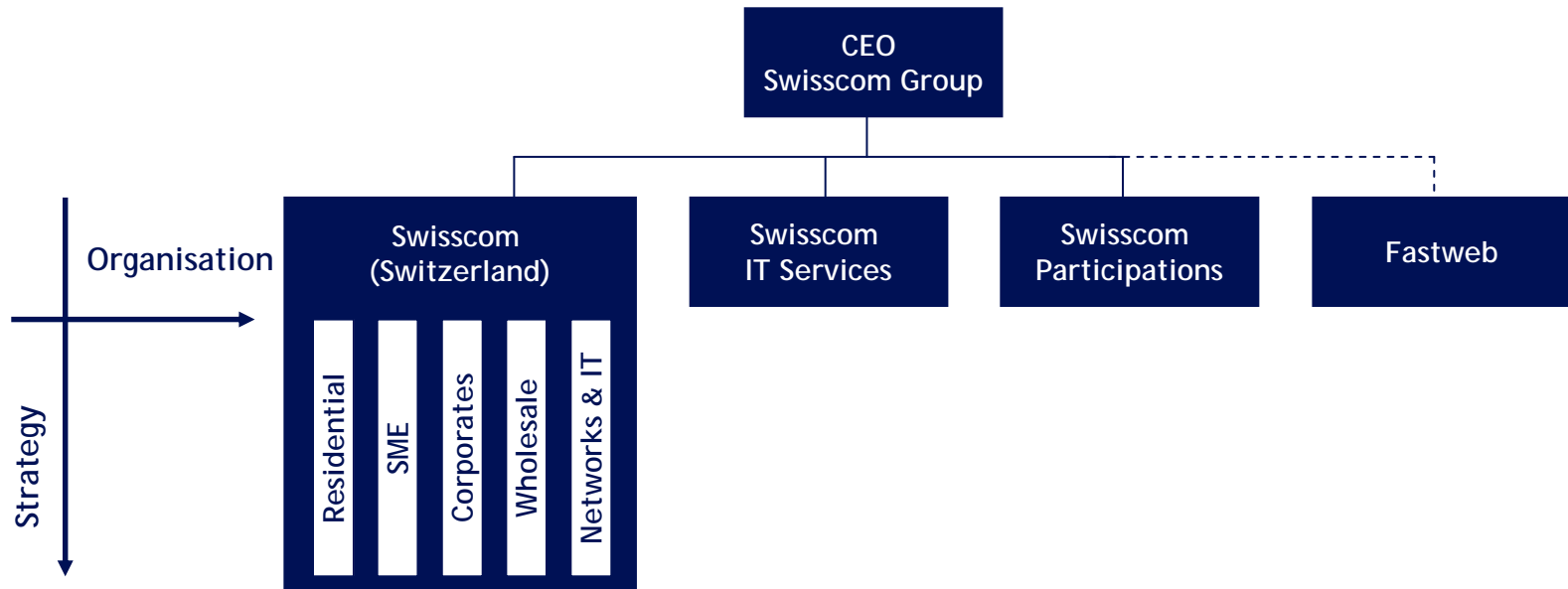
2. Strategy: 3 pillars, 1 outcome



3. Paradigm change: From technology to customer focus



4. Organisation: Aligned with strategy



Maximize	✓	✓		
Extend	✓	✓	✓	
Expand			✓	✓

5. Swisscom Switzerland: The cash generator

Market shares YE 2007

- Mobile voice: 78%
- Mobile data: 88%
- Fixed voice: 70%
- Broadband: 43%

CBU
5'000
MNC's &
Large Corporations

Financial results 9 months 2008

Revenues: CHF 1,393mm
Contribution Margin: CHF 680mm

Market shares YE 2007

- Mobile voice: 83%
- Mobile data: 83%
- Fixed voice: 84%
- Broadband: 63%

SME
300'000
Small & Medium
SoHo's

Revenues: CHF 865mm
Contribution Margin: CHF 634mm

Market shares YE 2007

- Mobile voice: 62%
- Mobile data: 55%
- Fixed voice: 65%
- Broadband retail: 50%

RESIDENTIAL
3,2mm households
7.5mm inhabitants

Revenues: CHF 3,869mm
Contribution Margin: CHF 2,210mm

Focus products

- Voice
- Broadband
- Roaming

WHOLESALE
145 Telco providers- nationwide

Revenues: CHF 1,249mm
Contribution Margin: CHF 427mm

Factory

- Mobile networks
- Fixed networks

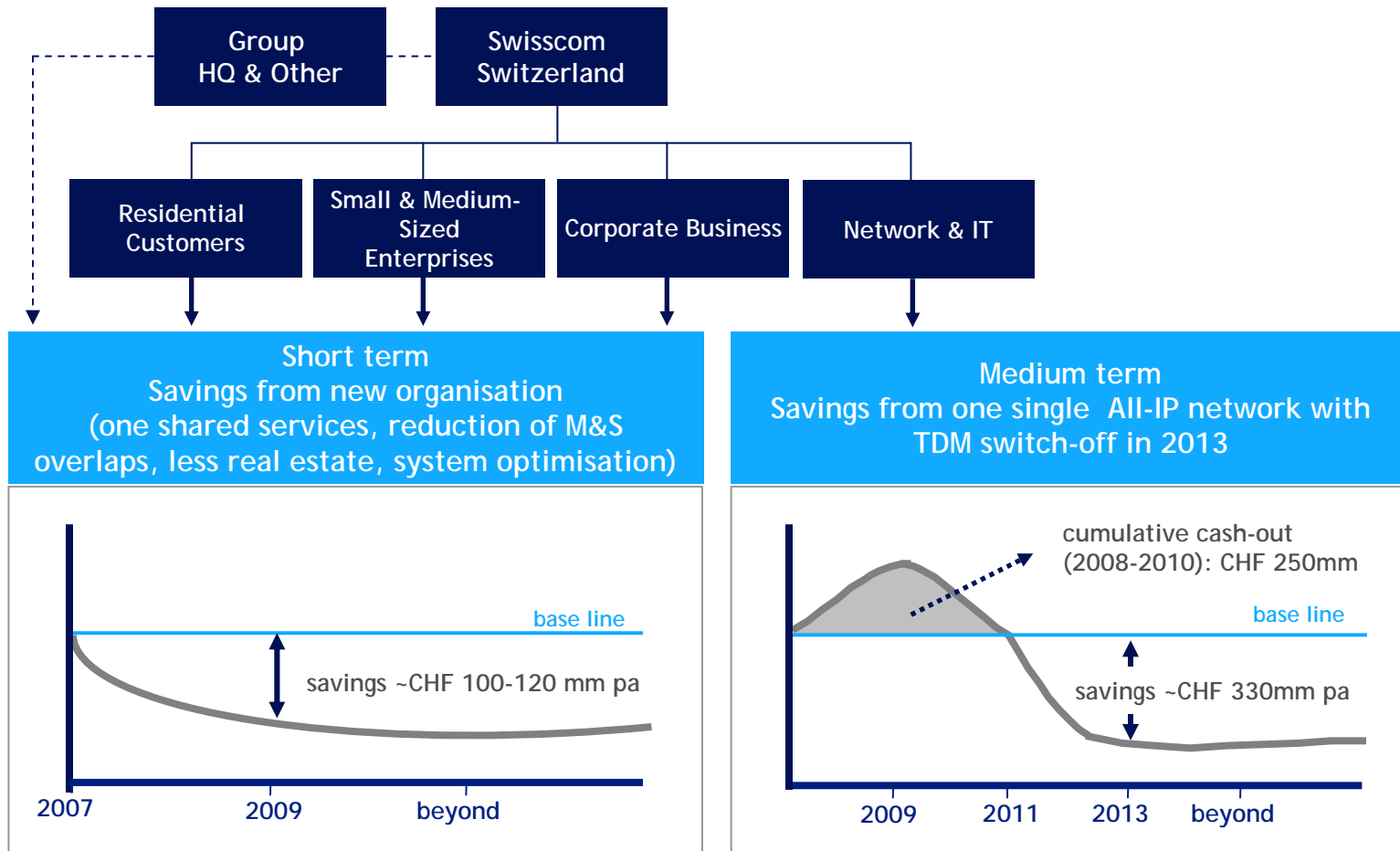
NETWORKS, IT and SUPPORT

Contribution Margin: CHF -1,079mm

Swisscom Switzerland

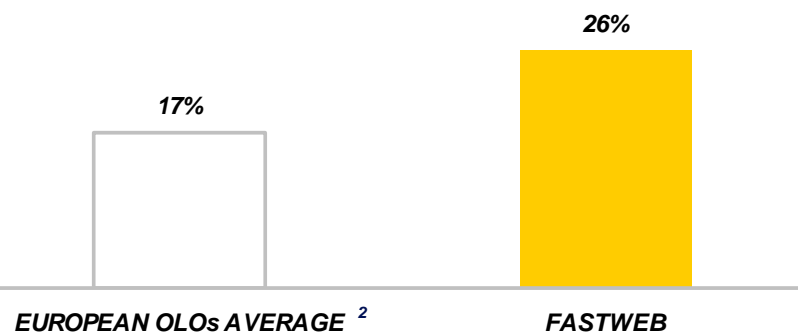
EBITDA: CHF 2,874 mm
Capex: CHF 732 mm
FCF proxy: CHF 2,142 mm

6. Efficiency initiatives: Short and medium term cost improvements

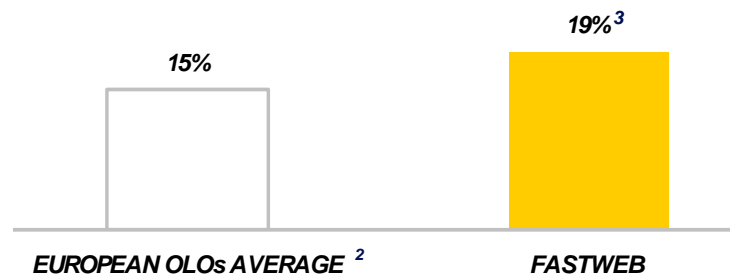


7. Fastweb: The growth generator

Customer Base Growth ¹



EBITDA Growth



FASTWEB expanding its broadband customer base significantly faster than most European Altnets:

- FASTWEB broadband net adds market share steadily over 20% in 2008
- TI dominant position in retail broadband (61% market share) offers additional opportunities

FASTWEB EBITDA growth well above average:

- EBITDA margin steadily over 30% in 2008 (average Altnet = 25%)
- Absolute EBITDA contribution to outpace Capex by > € 100mm in 2008
- Fastweb contribution to OpFCF (i.e. shareholder returns for Swisscom shareholders) CHF 242 mm by 30.9.2008

¹ Comparison based on fixed line broadband customers

² Average calculated on the basis of 1H 2007 and 1H 2008 published results of Iliad, HanseNet, Tele2, Telenet, Tiscali, United Internet, Versatel and Wind (Fixed Line)

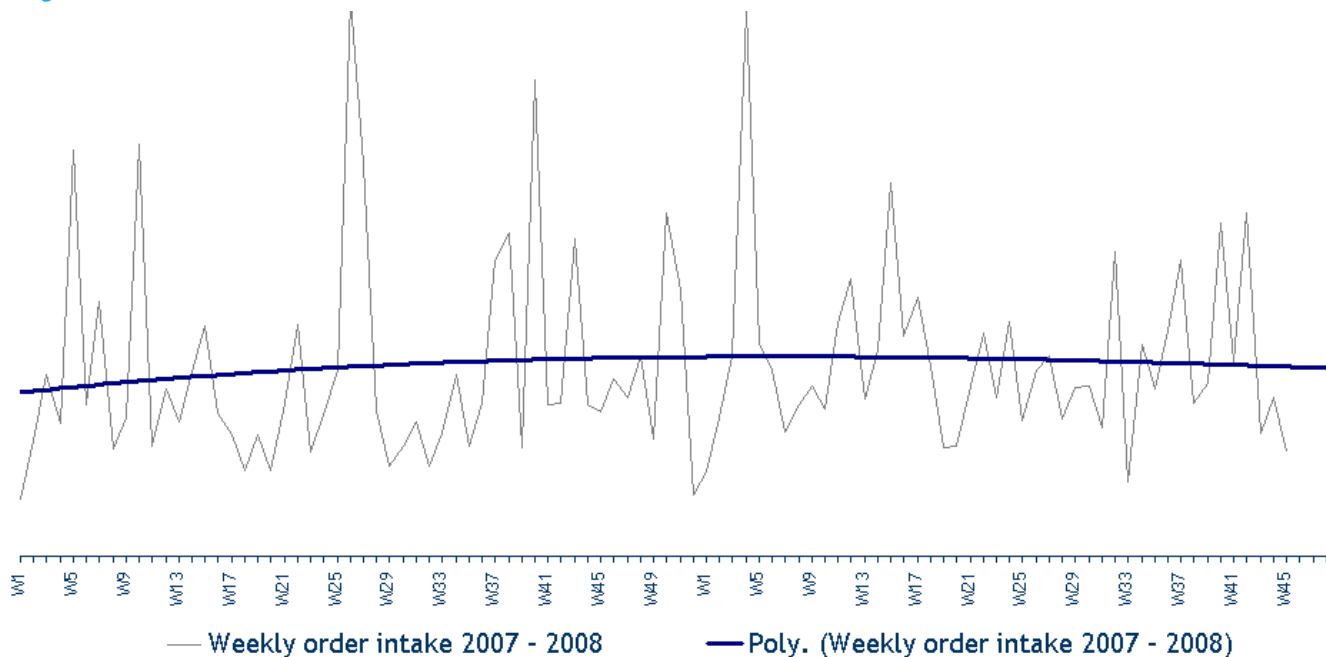
³ FASTWEB EBITDA excludes EUR 30 mm extraordinary item booked in 2Q 2008

8. Economic cycle: Robust in uncertain times (1/2)

Swisscom

- Order intake at Segment Swisscom CBU not significantly impacted
- Exposure to banking/insurance sector limited: 16% of CBU sales and 3% of group sales
- Highest sales of the year in Sept and Oct at SME
- Swisscom IT sales in Oct best of last 3 months, and offer-requests highest of the year
- Residential sales in Oct just above average of both past 12 and past 9 months

CBU Weekly Order intake (1.1.2007 - 5.11.2008)

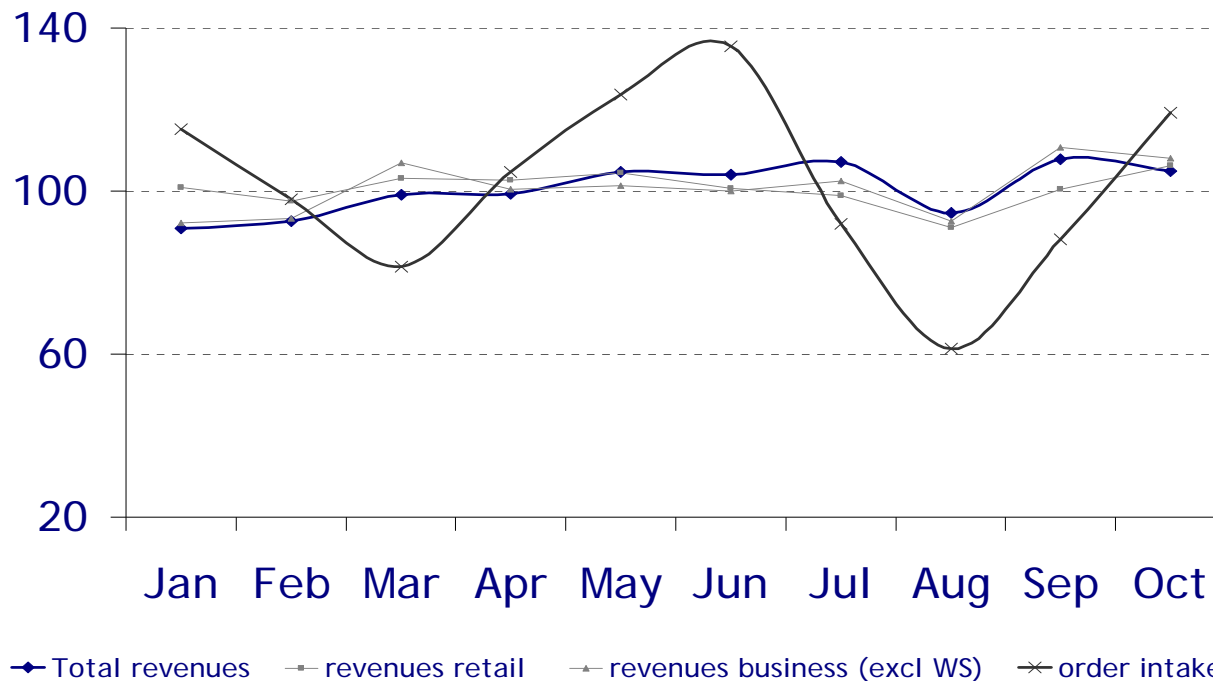


8. Economic cycle: Robust in uncertain times (1/2)

Fastweb

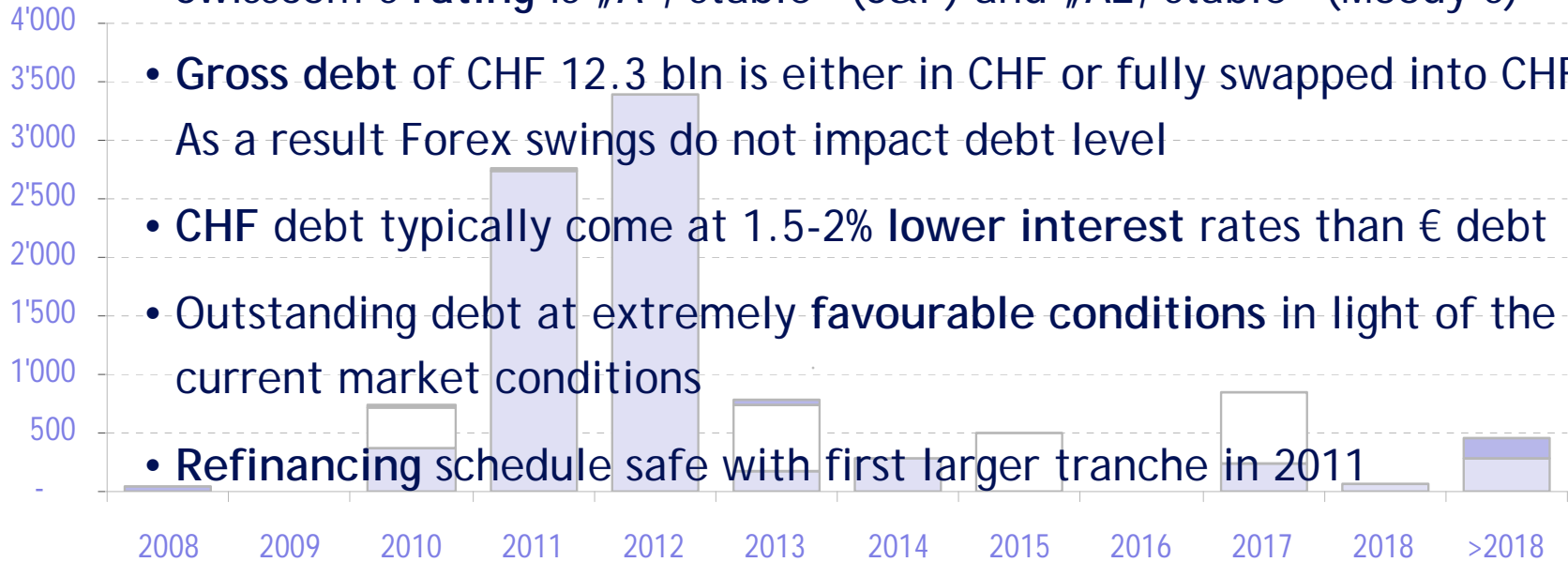
- Order intake from corporate accounts in Sept and October trending back up again from annual holiday dip in August
- Sales continuing to grow, also Sept and Oct above 9 month average
- No meaningful difference between sales trends for residential and corporate accounts

Index (avg. of first 9 months 2008 = 100)



9. Credit considerations: Refinancing schedule

CHF mm



- Swisscom's rating is „A-, stable“ (S&P) and „A2, stable“ (Moody's)
- Gross debt of CHF 12.3 bln is either in CHF or fully swapped into CHF
As a result Forex swings do not impact debt level
- CHF debt typically come at 1.5-2% lower interest rates than € debt
- Outstanding debt at extremely favourable conditions in light of the current market conditions
- Refinancing schedule safe with first larger tranche in 2011

■ Bank debt/private placements

□ Bonds

■ CBL-Leasing transactions

10. 2008 guidance: Likely to be achieved

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 ¹⁾	in CHF/share	20	18%		
Net income	in CHF bln	2.1	31%		
Earnings per share	in CHF/share	39.9	38%		
Number of employees	per YE	19,844	16%		

¹⁾ Payout 2007 consisted 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.

Q&A



swisscom

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