Press Release

Interim report at end-September 2011:

Price erosion reduces net revenue in Switzerland and Italy – higher net income thanks to non-recurring items

	1.1-30.9.2010	1.1-30.9.2011	Change
Net revenue (in CHFm)	8976	8538	-4.9%
EBITDA (in CHFm)	3546	3520	-0.7%
EBIT (in CHFm)	2068	2107	1.9%
Net income (in CHFm)	1409	1528	8.4%
Retail broadband access lines Switzerland (in thousands as at 30 September)	1553	1635	5.3%
Swisscom TV connections Switzerland (in thousands as at 30 September)	358	556	55.3%
Mobile connections Switzerland (in thousands as at 30 September)	5761	5980	3.8%
Mobile data services Switzerland (in CHFm)	323	364	12.5%
Capital expenditure (in CHFm)	1276	1465	14.8%
Group employees (FTEs as at 30 September)	19511	20032	2.7%

In the first nine months of 2011, Swisscom posted a 4.9% fall in net revenue to CHF 8,538 million and a 0.7% drop in operating income (EBITDA) to CHF 3,520 million. Price erosion in Swiss core business of CHF 438 million failed to be offset by customer and volume growth of CHF 343 million. At constant exchange rates and adjusted for non-recurring items at Fastweb, net revenue was down by 2.6% and EBITDA fell by 3.9% year-on-year. Net revenue posted by Swisscom's Italian subsidiary, Fastweb, fell in local currency terms by 7.8% to EUR 1,295 million as a result of aggressive price competition. Excluding Fastweb, Swisscom’s net revenue decreased by 1.2% to CHF 6,946 million. The 8.4% increase in net income to CHF 1,528 million is attributable to a provision booked in the previous year for VAT proceedings against Fastweb and a one-off amount which Fastweb will receive and which was booked in the third quarter of 2011 in settlement of a lawsuit. The Group's capital expenditure rose by 14.8% to CHF 1,465 million, primarily as a result of increased investments in new-generation networks in Switzerland. The 2.7% increase in the workforce to 20,032 FTEs is attributable to improved customer service, accelerated network expansion and acquisitions. Around 400 new full-

time jobs were created in Switzerland. The financial outlook for 2011 remains unchanged. Swisscom continues to expect to pay a minimum dividend per share for 2011 of CHF 21.

The Swisscom Group reported a fall in net revenue of CHF 438 million or 4.9% to CHF 8,538 million in the first nine months of the year and a drop in operating income before depreciation and amortisation (EBITDA) of CHF 26 million or 0.7% to CHF 3,520 million. In the third quarter of 2011 Fastweb booked non-recurring income of EUR 56 million for the settlement of a lawsuit with a competitor. The average exchange rate of CHF/EUR was 11% below the prior-year level. At constant exchange rates and adjusted for a provision booked in the previous year for VAT proceedings against Fastweb as well as the aforementioned non-recurring income, Swisscom's net revenue fell by 2.6% and EBITDA was down by 3.9% on the previous year. Swisscom's net revenue excluding Fastweb declined by 1.2% to CHF 6,946 million. The rise in net income of CHF 119 million or 8.4% to CHF 1,528 million is primarily attributable to the aforementioned non-recurring items at Fastweb.

Capital expenditure increased by CHF 189 million or 14.8% to CHF 1,465 million, mainly due to higher levels of investment in next-generation networks in Switzerland. Headcount increased year-on-year by 2.7% or 521 FTEs to 20,032, as a result of improved customer service, accelerated network expansion and acquisitions. Around 400 new full-time jobs were created in Switzerland.

Price erosion of around CHF 400 million in Swiss business
In the Swiss business, the trend towards bundled products and new pricing models, such as flat-rate tariffs, continued. Charges for mobile termination and data roaming were significantly lowered. The reduction in data roaming charges introduced in December 2010 resulted in a fall in revenue of CHF 49 million in the first nine months of the year, but this was offset by volume growth in mobile data traffic. Price erosion in Swiss business of CHF 438 million failed to be offset by customer and volume growth of CHF 343 million.

Continuing strong growth in mobile data traffic
The number of mobile subscribers in Switzerland increased year on year by 219,000 or 3.8% to nearly 6 million. In the first nine months of the year, Swisscom sold 988,000 mobile handsets (+3.7%), some 60% of which were smartphones. While strong growth in smartphone sales led to an increase in subsidies for handsets, it also doubled the volume of mobile data traffic year-on-year. Over the same period, the average price per megabyte fell by more than 40%. Revenue from mobile data transmission rose by 12.5% to CHF 364 million due to the higher number of customers in comparison with the previous year. Average revenue per mobile customer per month (ARPU) fell by 4.0% to CHF 48 due to price reductions and new tariff models.

More than half a million customers using bundled offerings
Bundled offerings such as Vivo Casa, which combines fixed-line access with telephony, Internet and TV, are still very much in demand. At the beginning of August, Swisscom launched Vivo Tutto, the first nationwide bundled offering to also include mobile. At the end of September 2011 a total of 563,000 customers were using bundled offerings. The number of Swisscom TV customers rose by 55.3% year-on-year to 556,000, with 44,000 new customers acquired in the third quarter of 2011 alone.

Swisscom increased the number of broadband lines with end customers by 82,000 or 5.3% to 1.64 million year-on-year. The number of unbundled fixed lines rose by 59,000 year-on-year to 297,000. As a consequence of unbundling, broadband access lines with wholesale customers fell by 48,000 to 192,000.

Competition and price pressure reduce Fastweb's net revenue

Fastweb's net revenue fell by 7.8% or EUR 110 million to EUR 1,295 million year-on-year. Adjusted for non-recurring revenues in the previous year of EUR 15 million, net revenue fell by 6.8%. In the residential customer sector, Fastweb significantly reduced its sales of products such as subsidised televisions and successfully introduced stricter credit checks for new customers. Price pressure remained strong due to intense competition, as a result of which revenue per broadband customer fell by around 10% and revenue in the residential customer segment fell by EUR 87 million or 13.2% to EUR 571 million. Fastweb was recently able to settle a lawsuit with a competitor, where Fastweb is to receive a one-off payment of EUR 56 million as part of the agreement.

At the end of the first quarter of 2011, Fastweb launched a new bundled product for satellite TV and broadband Internet in partnership with Sky Italia. A further 18,000 customers signed up for the offering in the third quarter, bringing the total number of customers to just under 37,000. Revenue from Corporate Business excluding wholesale customers increased by 1.3% to EUR 385 million.

The segment result before depreciation and amortisation was EUR 407 million, corresponding to a year-on-year increase of EUR 66 million. Adjusted for the provision for VAT proceedings booked in the first half of 2010, operating income before depreciation and amortisation fell by EUR 4 million in comparison with the previous year.

Daniel Ritz leaves Swisscom

After five successful years with the company, Daniel Ritz, Swisscom's Chief Strategy Officer and member of the Swisscom Group Executive Board since 2006, is leaving Swisscom at his own wish at the end of January 2012 to take up a new professional challenge outside Switzerland.

Daniel Ritz has been Head of Group Strategy & Business Development since joining the company and has had a major influence on shaping and implementing Swisscom's strategy. Group strategy and strategic projects, new business development, corporate venturing and the globally active subsidiary Swisscom Hospitality Services were within his remit. As a member of the Board of Directors of Fastweb, Swisscom IT Services and Belgacom International Carrier Services, he has been a driving force in the strategic development and management of these Swisscom subsidiaries.

The Swisscom Board of Directors and Group Executive Board would like to thank Daniel Ritz for his outstanding, successful contribution to the company and wish him all the best for the future, both personally and professionally. The functions of Daniel Ritz will be assumed by current management from February 2012 until his definitive successor has been decided upon.

Financial outlook for 2011 remains unchanged

The financial outlook remains unchanged: based on an average CHF/EUR exchange rate of 1.20, Swisscom expects to close the 2011 financial year with net revenue of CHF 11.5 billion, EBITDA of CHF 4.6 billion and capital expenditure of CHF 2.0 billion. Swisscom continues to expect to pay a minimum dividend per share for 2011 of CHF 21.

Press Release

Detailed Interim Report:
http://www.swisscom.ch/q3-report-2011

Related documents:
http://www.swisscom.ch/ir

Berne, 9 November 2011 / 07:30

Disclaimer

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.