



Swisscom FY 2019 results

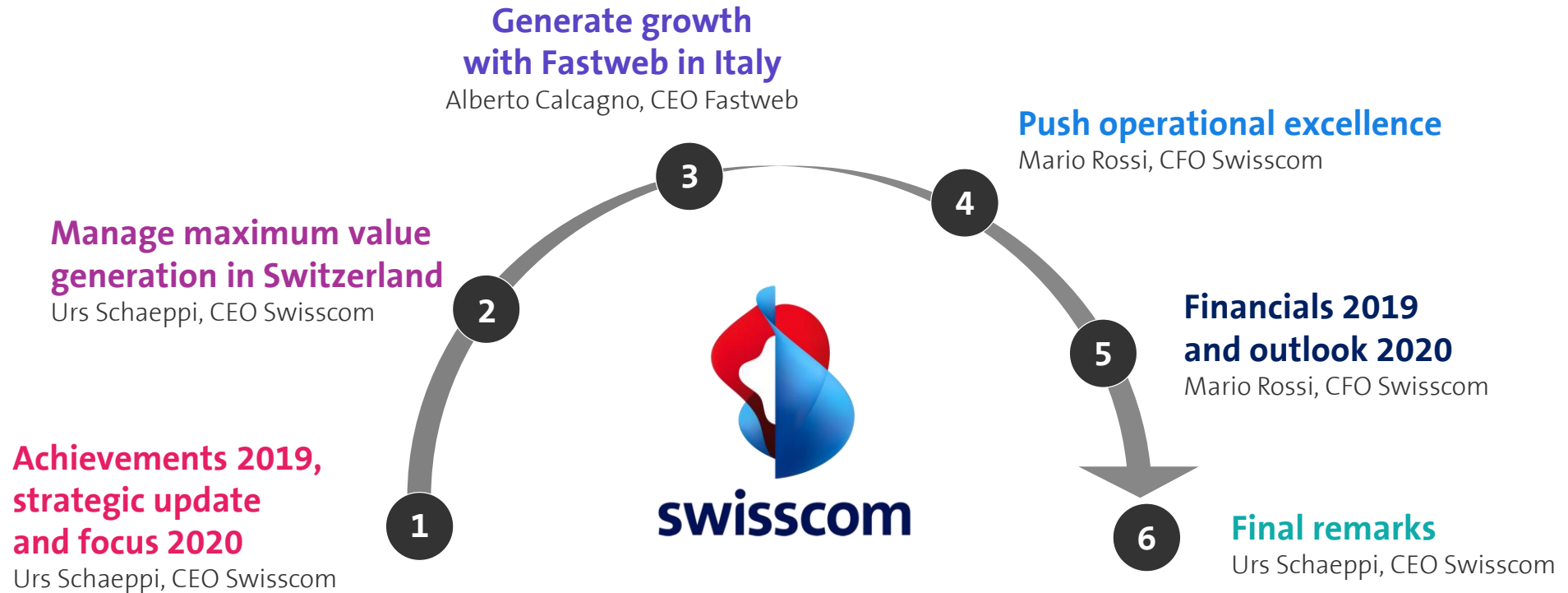
Analyst and investor meeting
06 February 2020 in Zurich

swisscom



Agenda

Table of meeting contents





Achievements 2019, Strategic Update and Focus 2020

Urs Schaeppi, CEO Swisscom





Highlights

Strong execution along strategic settings

#1 infrastructure in Switzerland



- Win of all mobile network tests
- Successful 5G auction
- Strong(er) ultrabroadband footprint: 74% (+10pp YOY)
- No fibre regulation by Telecom Act

B2C leadership by innovation



- Successful launch of 2nd inOne mobile generation with >1mn subs
- New TV platform 4.0 with 'my Swisscom' voice assistant
- 2nd and 3rd brands growing

B2B transformation initialised



- Several successful product launches
- Leading security position further strengthened by USP acquisition
- Cloud partnership with Microsoft
- OneB2B from 1 Jan 2020

Growing Fastweb



- Scale up mobile and FMC in B2C
- 5G partnership with WindTre and MNO authorisation obtained
- B2B with strong orderbook and wholesale with growth

Strong operational excellence results



- Indirect costs down by CHF -127mn
- # of FTEs down -527 (t/o Swisscom Switzerland with -469)
- All IP migration 99% completed
- Several new initiatives introduced to achieve 2020 cost savings

Healthy financial metrics



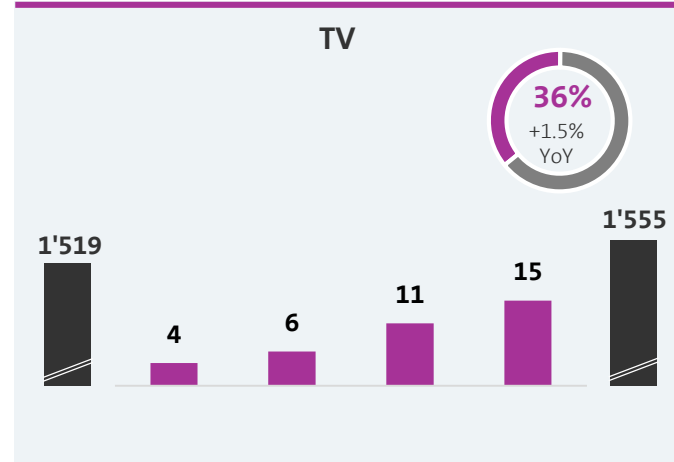
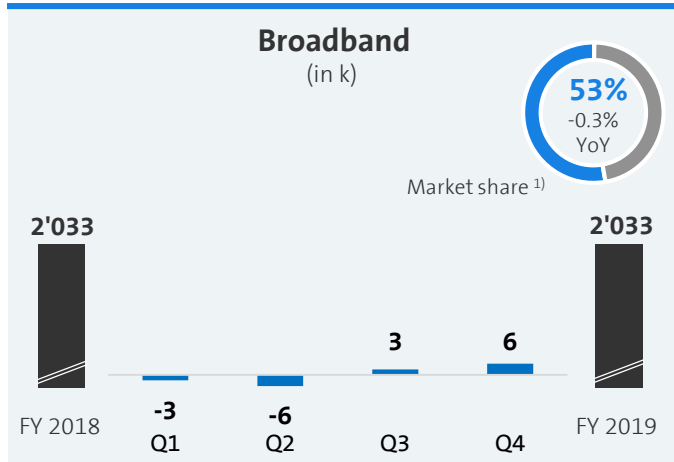
- FY 2019 guidance fully met
- Underlying EBITDA YOY flat
- Tax reform impacts P&L positively
- Attractive refinancing transactions
- Leverage unchanged (YOY)
- Stable dividend of CHF 22/share



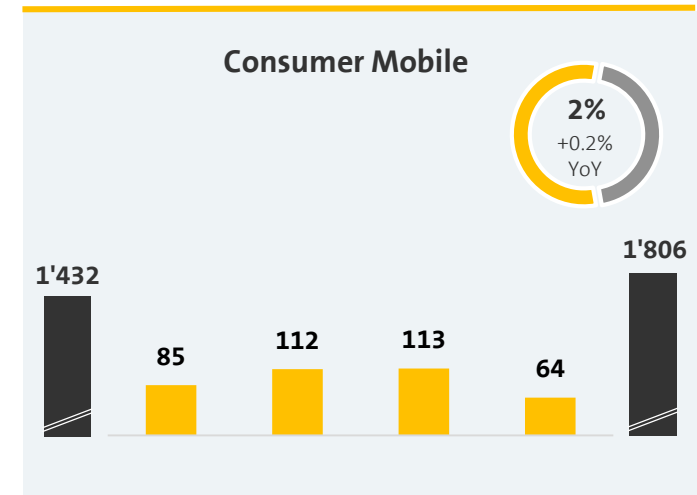
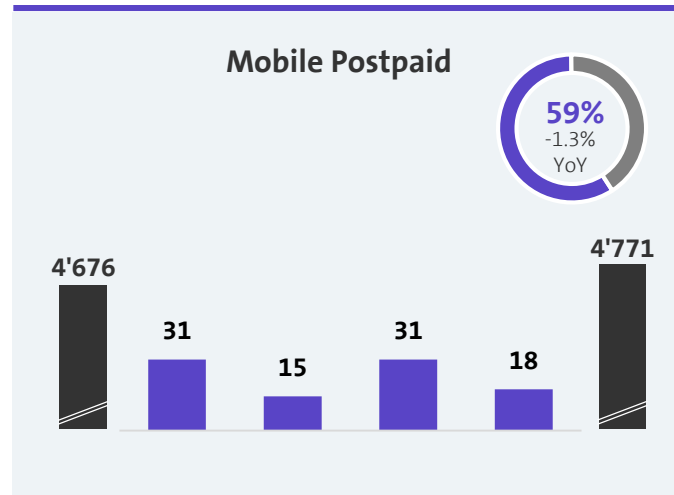
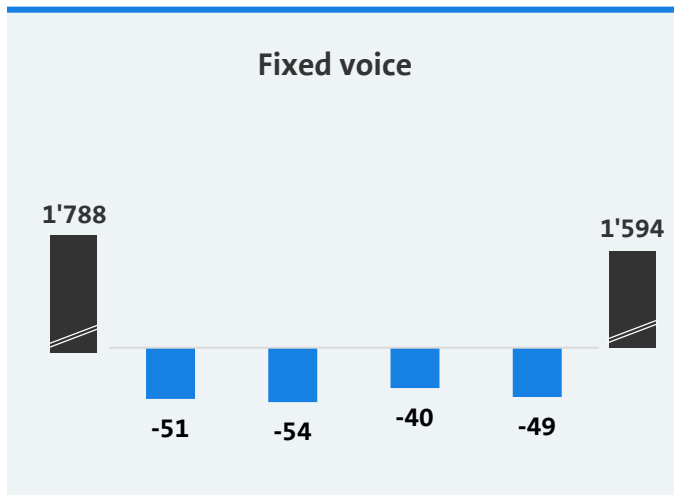
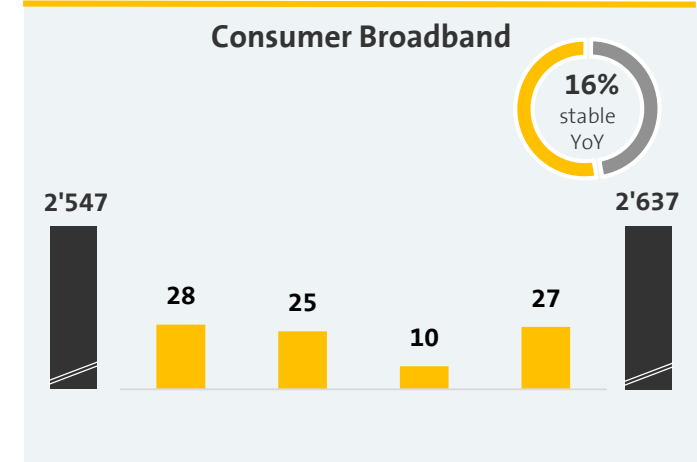
Operational performance

Leading market position in Switzerland successfully defended. Fastweb growing across all market segments

Swisscom Switzerland



Fastweb



1) Swisscom estimates for Q4 2019



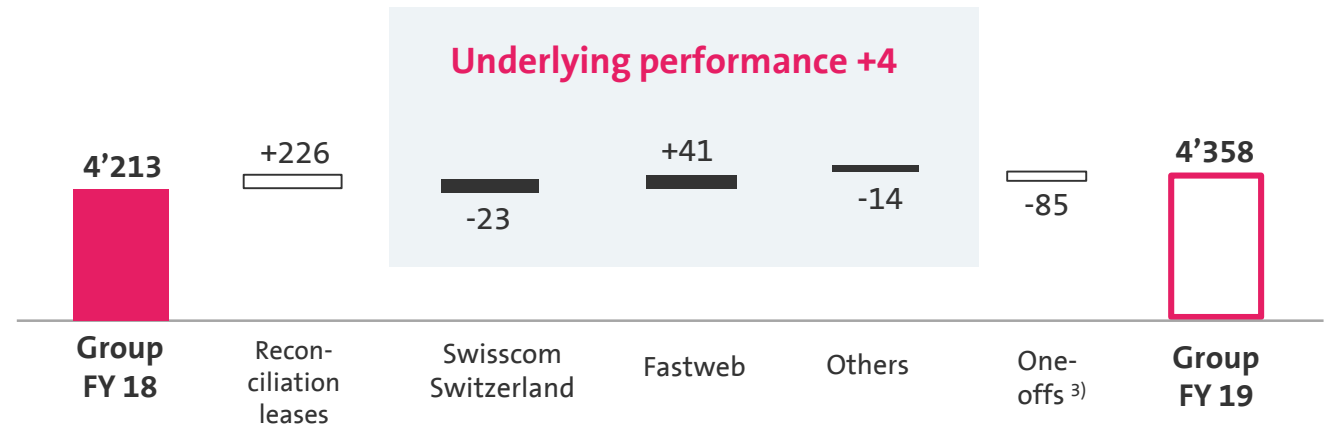
Key financials in a nutshell

Solid underlying performance thanks to disciplined cost management in Switzerland and Fastweb growth

Net revenue	CHF 11'453 mn (-2.2% YoY)
Net income	CHF 1'669 mn (+9.7% YoY)
CAPEX	CHF 2'438 mn (+1.4% YoY)
Dividend	CHF 1'140 mn (unchanged YoY)
Net debt ¹⁾	CHF 8'785 mn (+1.8% YoY)
Leverage ²⁾	2.0x (stable YoY)

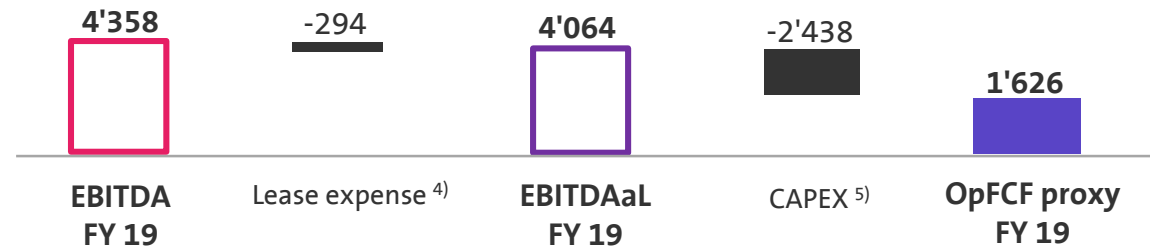
EBITDA development

YOY changes in CHF mn



OpFCF proxy development

YOY changes in CHF mn



1) including lease liabilities of CHF 2'027mn 2) 1.7x IFRS16 adjusted, 3) consists of FX impact of CHF -29mn and restructuring costs of CHF -56mn, 4) consists of depreciation right of use assets of CHF -252mn and interest expense leases of CHF -42mn, 5) incl. license cost for 5G spectrum of CHF 196mn



The Swisscom strategy with proven settings...

Successfully defending #1 position across all segments



Best Customer Experience

Inspire customers with best experiences through the **best converged network, innovation excellence and superior service propositions**



Operational Excellence

Push cost initiatives further to **realise extra savings** in 20-22 and remain competitive



New growth

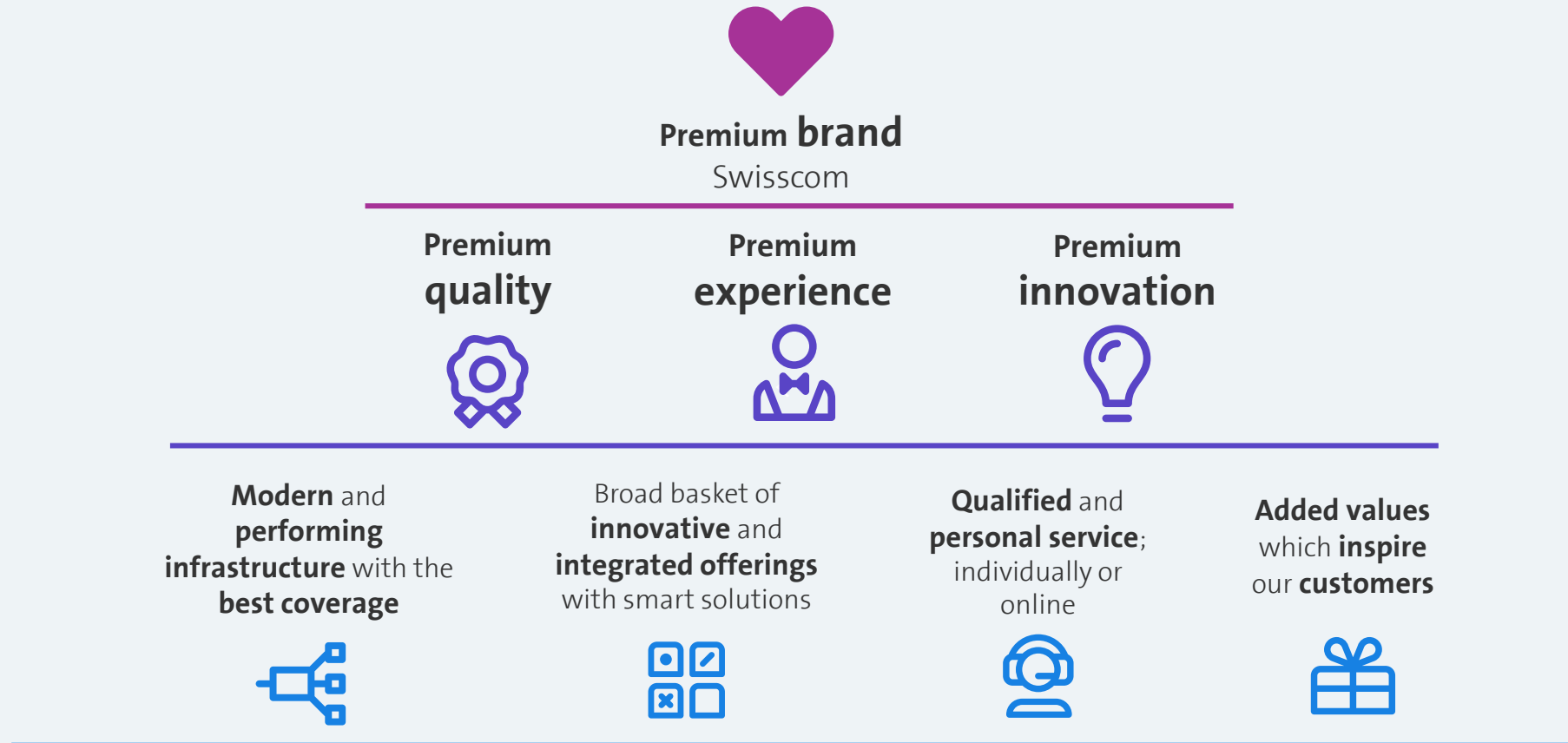
Focused growth by **developing core business** and **benefiting from new opportunities** driven by digitalisation, new technologies and changing customer behaviours





... and a unique setup of differentiation

Boundlessly serving customers key to establish and keep a premium brand and trust





Key success factors 2020

Overall unchanged and continuing to consolidate forces to deliver another successful year

Strengthen core business in Switzerland

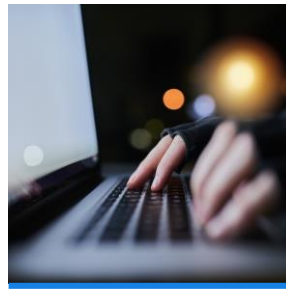
- **Invest sustainably** in leading network position
- **Convergence** and **value focus** in B2C through strong **differentiation** driving revenue stabilisation
- **(One)B2B transformation**
- **Realise new growth** by pushing smart ICT, IoT applications, cloud solutions, security services and selective (inorganic) moves in adjacent businesses



Smart ICT



5G



Security

Bring Fastweb to the next growth level

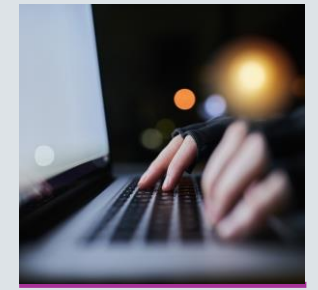
- Implement **WindTre agreement**
- **Push FMC** offerings
- Generate **new growth** with wholesale business



Fastweb

Push operational excellence

- **Achieve cost targets**
- Execution on **new initiatives**



Cost management



Swisscom Switzerland

Urs Schaeppi, CEO Swisscom

swisscom



Commercial performance 2019

Another successful year with plenty of milestones inspiring our customers

B2C



Successful launch of 2nd inOne mobile generation



Launch of 3rd brand Coop Mobile with positive momentum, successful RGU performance of 2nd and 3rd brands with net adds of +85k



Effective use of promotional activities to defend market share without (too strong) cannibalisation of own brand



Successful launch of new Swisscom TV platform and box incl. intelligent Swisscom voice assistant and Smart Home



Launch of eSports with Swisscom Hero League to address needs of young digital customer base

B2B



Promising development of growth areas such as **Security, Cloud services** and **IoT**



Acquisition of United Security Providers (USP) to complement the Swisscom (cyber) security expertise



Deepening **partnership with Microsoft**



Successful **launch of several new products** to strengthen strong market position in B2B

Net



Strong wholesale performance thanks to attractive **BBCS, MVNO partnering** and **OTT services**



Operational performance 2019

Positive momentum with satisfying results across all segments



B2C

- Overall solid market shares
- TV #1 position strengthened. Market share at **36%**
- New **inOne mobile** with **+1.2mn** RGUs since launch
- **FM penetration** of BB subs: **44%** (+3pp YOY)
- Very **low churn figures**: FM 6%, W- 8%; W+ 9%
- **Blended** mobile and fixed **ARPU**s stable at **CHF 40-41**



B2B

- **Mobile** price pressure impacts **ARPU** level (**CHF 26**, -13% YOY) and **RGU** base (**1'245k**, -49k YOY)
- **W+** business effected by **all IP consolidation** and **price erosion**. **Fixed voice lines**: -68k YOY
- **Solutions** with **diverging dynamics**
 - Security and Cloud up
 - Workplace and UCC down
- **Positive order entry** of **CHF 3.1bn**



Net

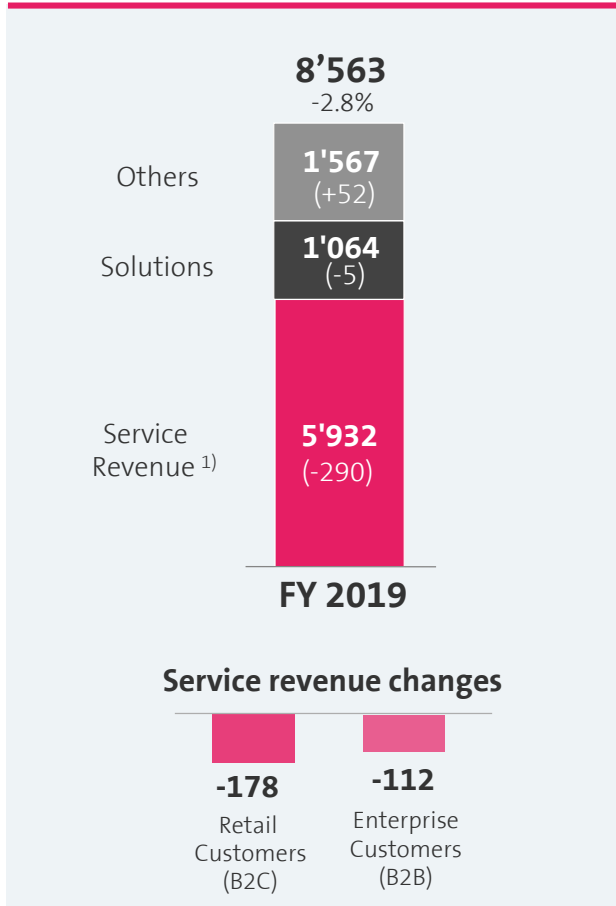
- **74% UBB coverage** with **>80 Mbps** or 50% of all 2'202 Swiss communities
- **4G+** expansion on track: coverage increase in 2019 by +32% to **72%** at **speeds up to 500 Mbps**
- **Successful 5G spectrum auction**
- **5G rollout** ongoing and **live** with 1st services introduced



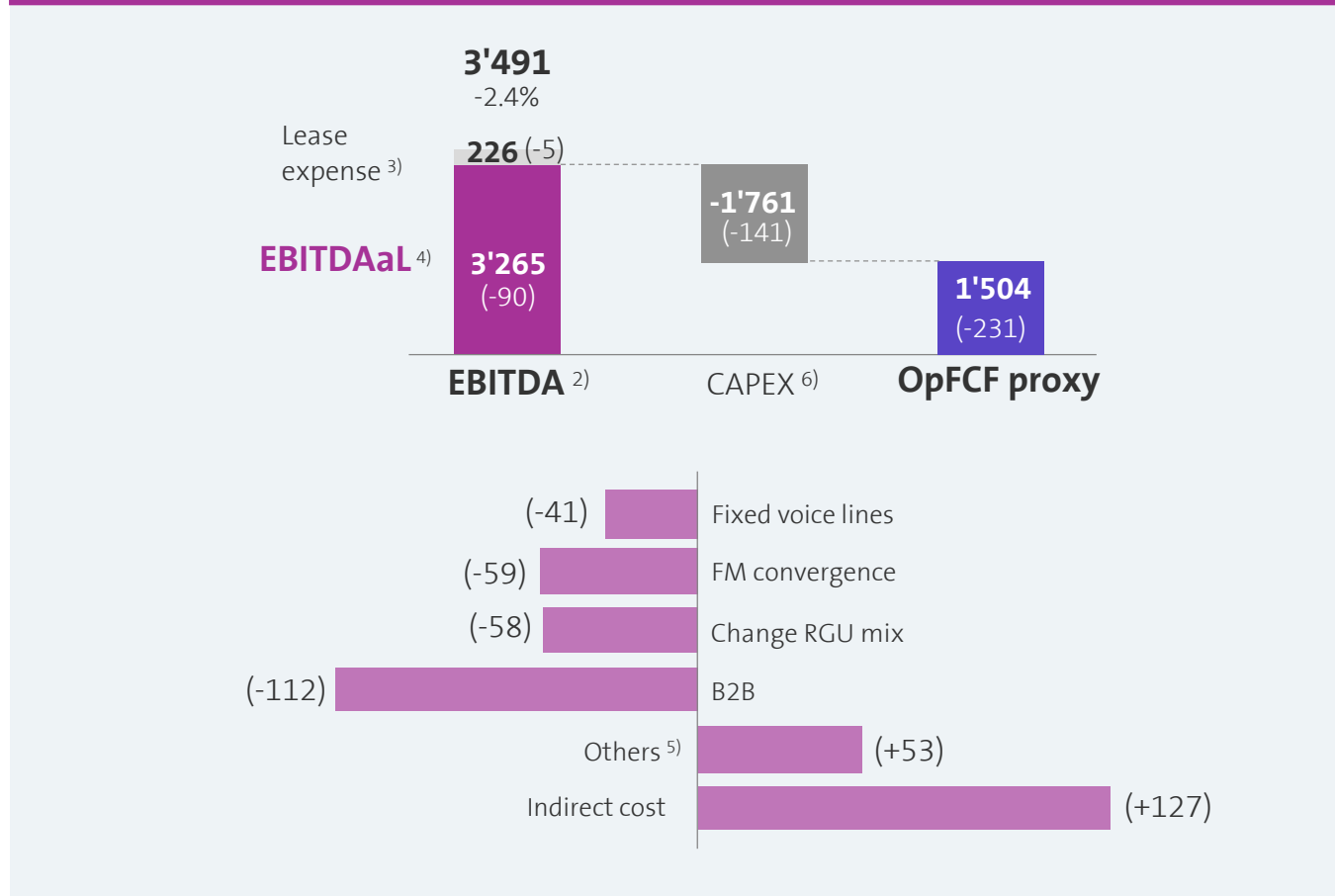
Financial performance 2019

Cost savings mostly compensate top-line pressure. OpFCF proxy primarily impacted by spectrum CAPEX

Net revenue in CHF mn (YoY changes)



OpFCF proxy reconciliation and EBITDAaL changes in CHF mn (YoY changes)



1) one-time customer-fidelity effects impacted Q1 2018 service revenue of Retail Customers with CHF -9mn and Enterprise Customers with CHF -2mn, 2) reported EBITDA, 3) consists of depreciation right of use assets and interest expense leases, 4) EBITDA after lease expense, 5) primarily higher Wholesale revenues (from BBCS, inbound roaming and MVNO), 6) incl. cost for new 5G licenses of CHF 196mn



The best fully converged network as a key strategic ingredient for Swisscom

Smart combining of different technologies to deliver best customer experience

Best performance

- Defend **leading market shares** with **smart network technologies** delivering **top speeds** and **low latencies**

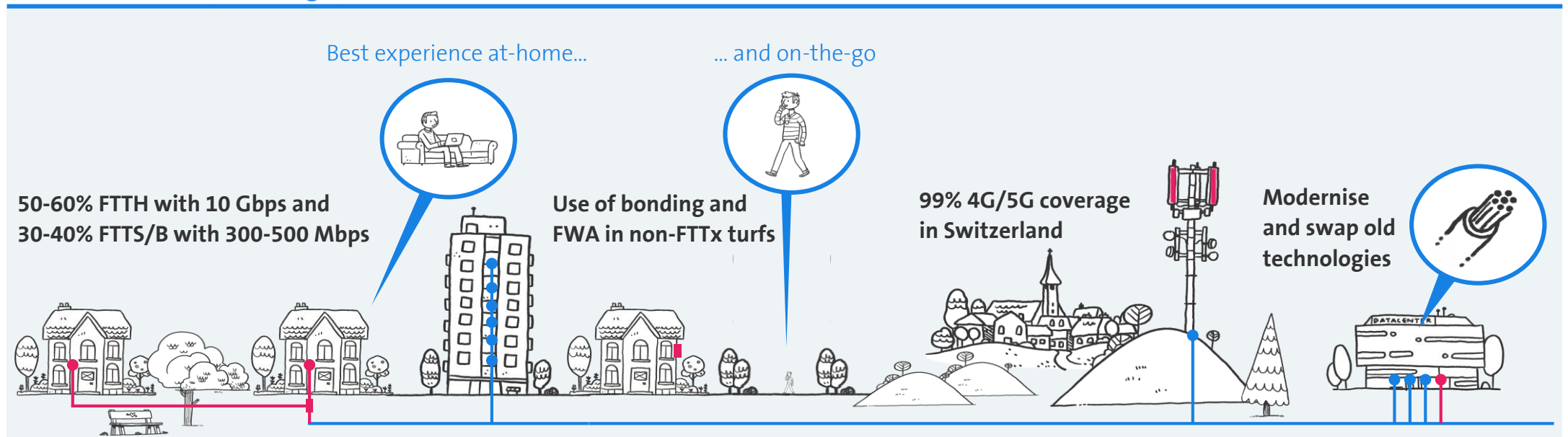
Best coverage

- Inspire customers through best coverage **at-home and on-the-go**

Best reliability

- Cement **outstanding NPS** by supplying **secure and stable network services**

2025 network (coverage) ambition

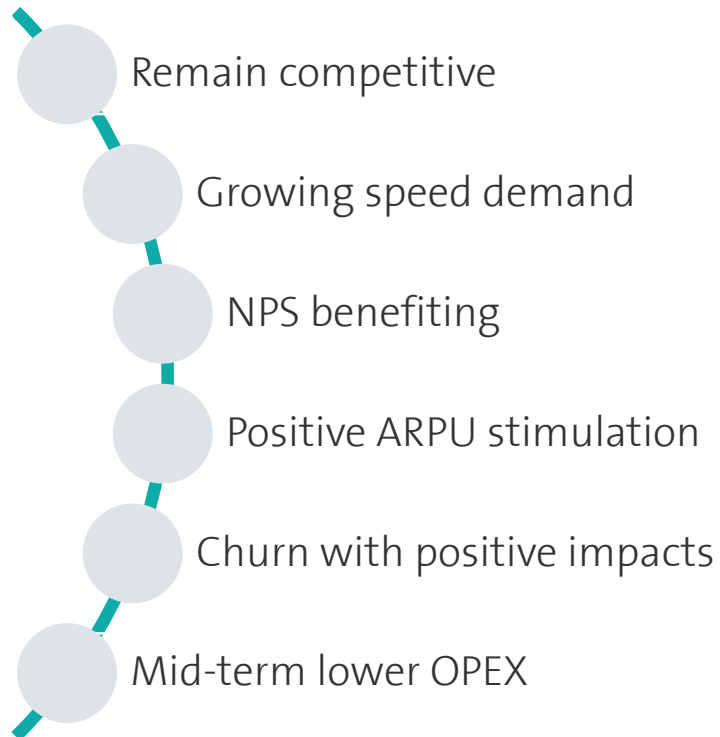




En route to offer an outstanding network experience in a new decade

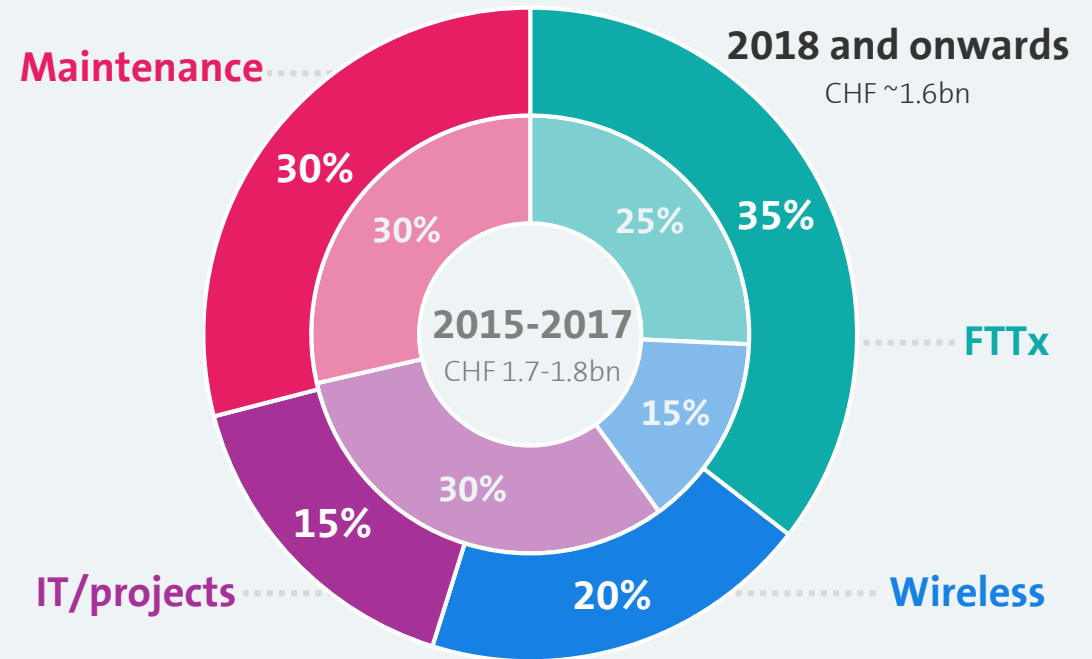
Unchanged CAPEX envelope for Swisscom Switzerland

Rationales to accelerate UBB investments



CAPEX evolution and breakdown

- Substantial **shift in the mix** enabling **higher investments in access** despite lower CAPEX
- CAPEX of approx. CHF 1.6bn **expected to remain stable**



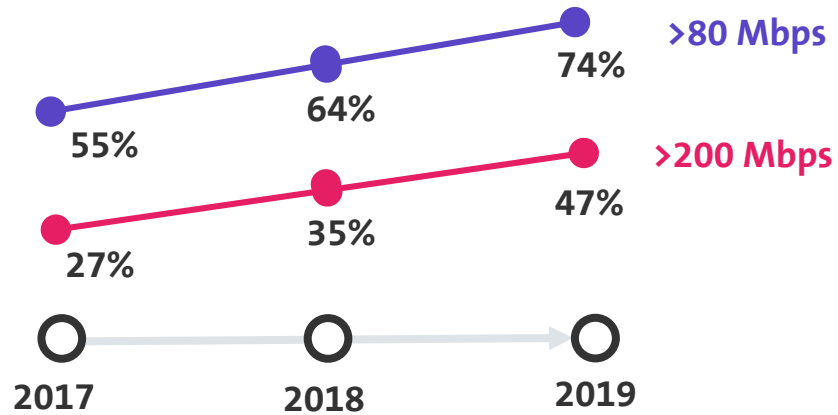


Swisscom accelerates its fibre rollout

New ambition to cover 50-60% of Switzerland with bandwidth of ≤ 10 Gbps by 2025

UBB situation as per YE 2019

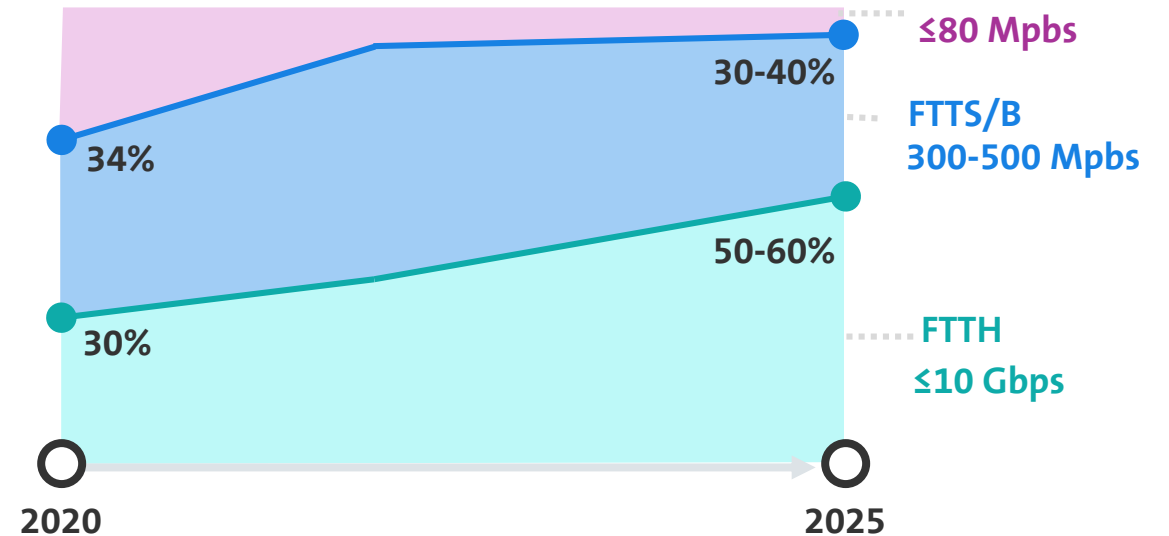
- **On track** according to current plan to cover 90% of Switzerland with >80 Mpbs by 2021
- **$>50\%$ of all municipalities UBB equipped**



New converged UBB rollout plan

Coverage ambitions 2025

- **50-60%** with speed up to **10 Gbps**
- **30-40%** with speed up to **300-500 Mbps**





Swisscom winner of all important mobile network tests

Successful 5G auction with top allocation for Swisscom

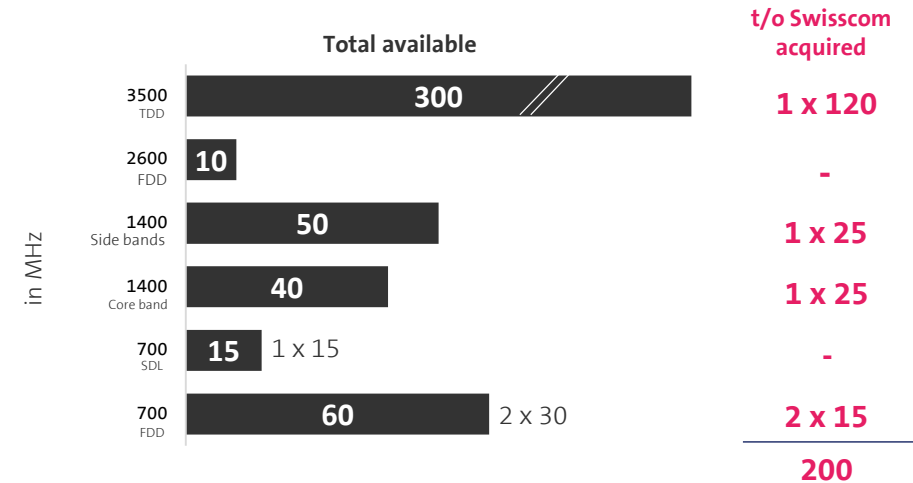
4G+ expansion on track

- **4G+ coverage** increased in 2019 by +32% to **72%** allowing speeds up to **500 Mbps**
- **Outstanding sites** position: **>8k sites** (t/o 5.5k macro)
- **Swisscom wins all network tests:**
 - connect, Ookla and CHIP
 - **Best ever-achieved connect score** (974/1000 points)



Since April 2019 5G rollout ongoing

- **2019 auction:** all targets met
 - Reasonable price of **CHF 196mn** for **45% share**
 - Licenses in force until April 2034 (**15 years**)



- **5G-wide** (with speeds up to 1 Gbps): 90% coverage by YE 2019
- **5G-fast** (lower coverage with 2 Gbps or more speed) rollout starting in 2020
- Swisscom targets **99% 4G/5G coverage in Switzerland**



B2C Swisscom Switzerland

Urs Schaeppi, CEO Swisscom

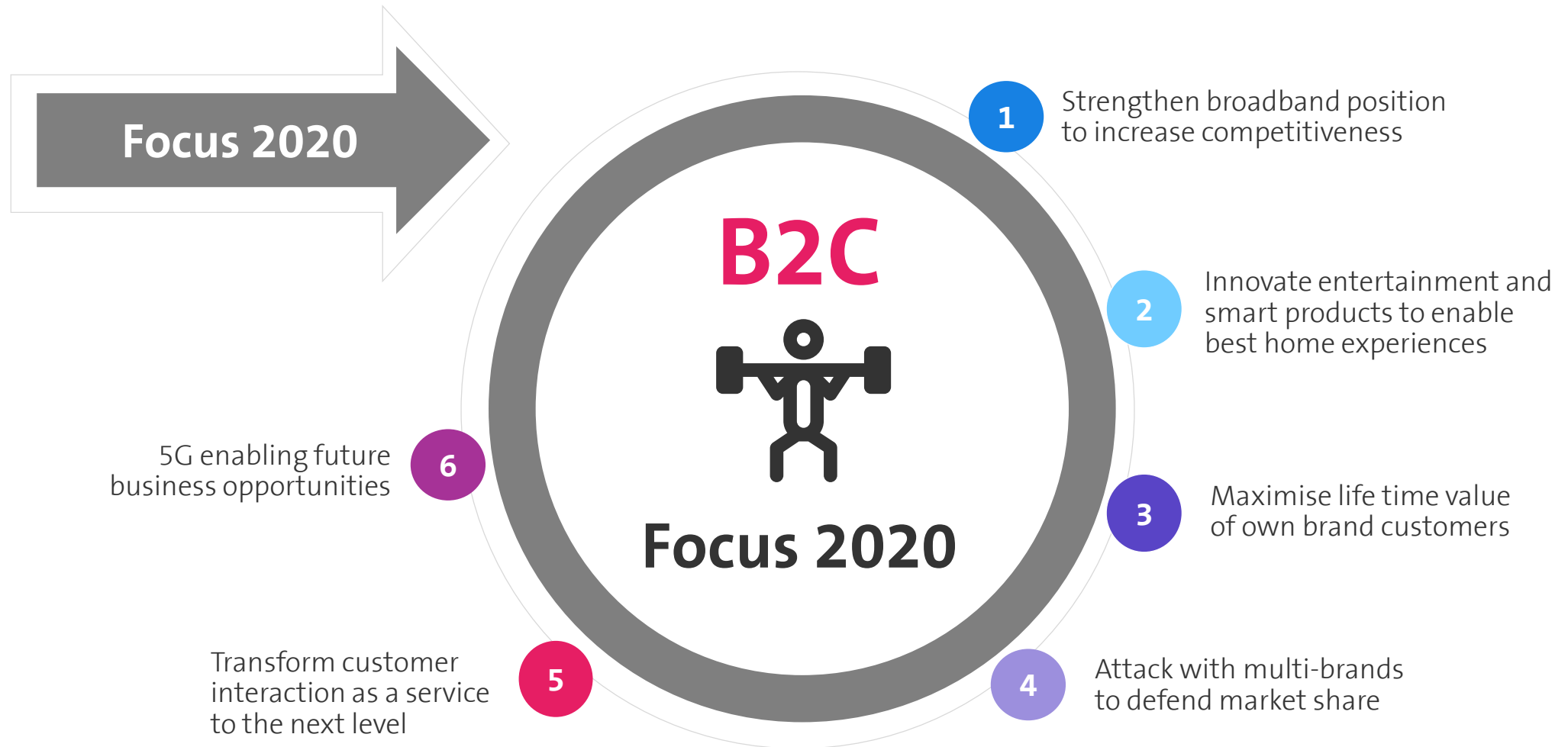
swisscom





Manage long-term value generation through a balanced execution plan

Roadmap to successfully defend leading market position and stabilise top-line contributions





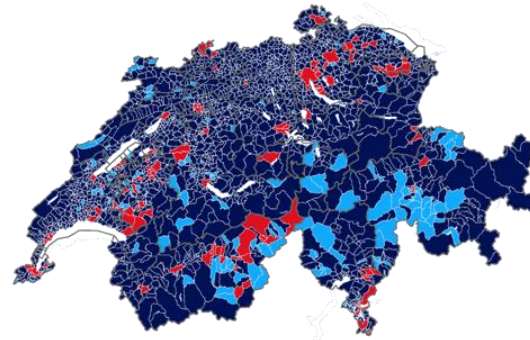
Permanent network upgrades through coverage extension and speed raises

Strengthening broadband position is essential to keep competitive edge

Top speed up to 10 Gbps ...

Upgraded rollout plan

- 90% with 300-500 Mbps
t/o 50-60% FTTH with ≤10 Gbps
- XGS-PON rollout
enabling 10/10 Gbps



■ FTTH ■ FTTS/B ■ FTTC/C+

New internet box 3 (from Q1 2020)

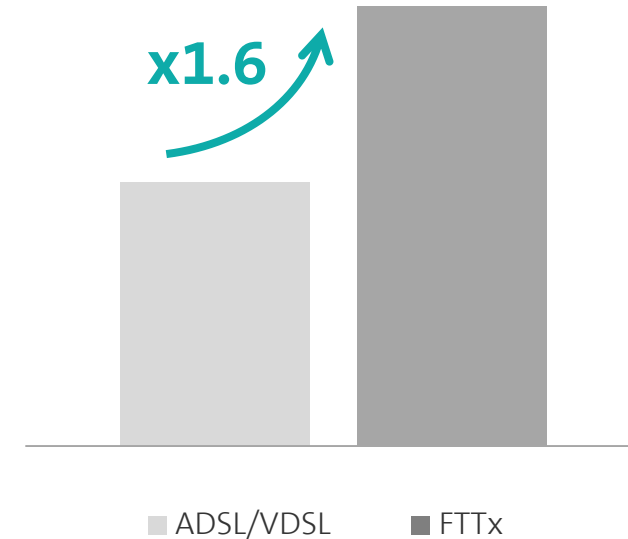
- Supporting 10 Gbps fibre technology
- Newest WLAN technology **Wi-Fi 6**
- With **WLAN Box 2** for perfect coverage across the home



... with positive NPS effects

Net Promoter Score

inOne home customer base





#1 TV position with 36% market share thanks to best home experience

Next generation with new features and entertainment attributes

Launch of the new Swisscom TV platform 4.0 in Q4 2019

Basic features

TV air (fully converged), up to 1200h cloud recordings, +300 channels, 7-day replay, 4k UHD, HDR, digital radio, live pause

New features

'My Swisscom' voice assistance, new interface platform, personalised home screen, stronger cooperation with Netflix, smart home steering



Own content

Teleclub with access to exclusive sport events, UEFA Champions League rights secured until 2024, extensive film library, eGaming



3rd party content

Access to several OTT subs



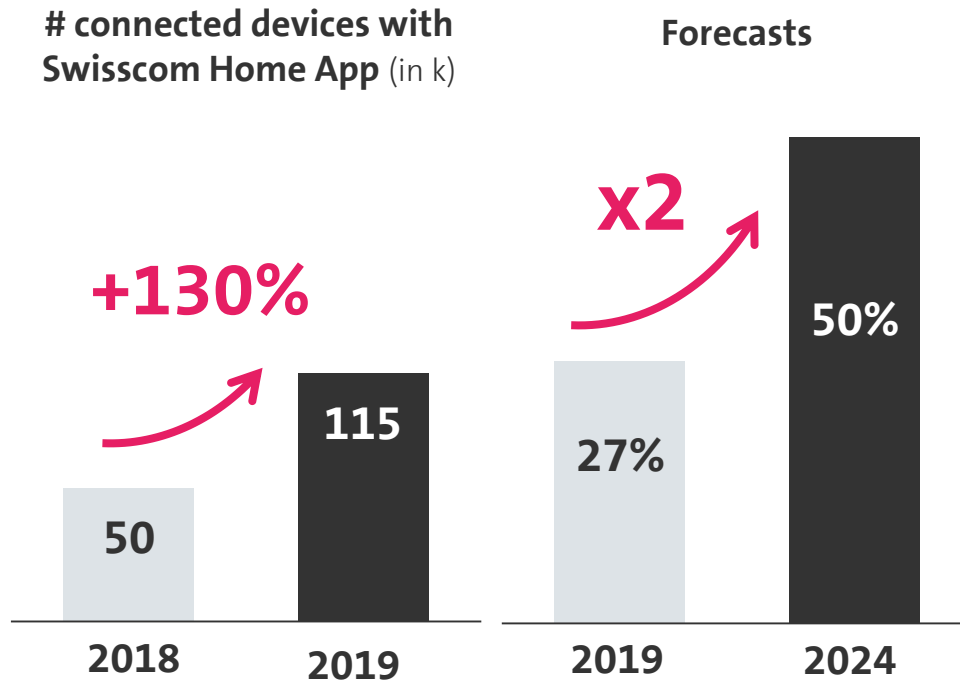


Smart home products with increasing relevance

Integrating Smart Home in our existing Home platforms delivers a unique customer experience

Increasing usage of smart home products

connected devices with Swisscom Home App (in k)



Source: Swisscom Home App statistics

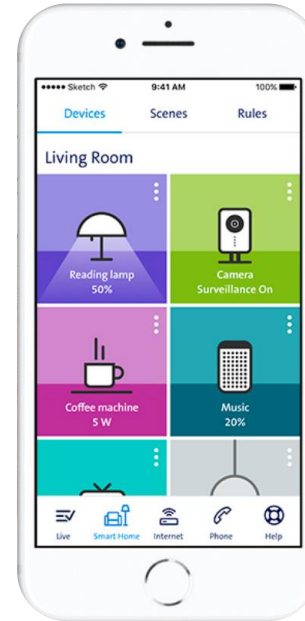
Forecasts

Source: Market Mind, representative online request in Q1 2019

The smart remote control for your home

Swisscom Home App

- 300k subs t/o 180k active users
- 50 hero products of important suppliers fully integrated





2nd inOne mobile generation successfully launched

Strong market demand with KPIs being slightly above own expectations

New Swisscom core offering in wireless

inOne mobile basic

- Unlimited calls and SMS/MMS within Switzerland and within EU/Western Europe
- 2 GB/mth of surfing in Switzerland and EU/Western Europe
- Basic speed 50 Mbps

Price per month
CHF 45.–



inOne mobile go

- Unlimited surfing, calls and SMS/MMS within Switzerland and within EU/Western Europe
- Plus speed 100 Mbps
- Flexible additional packs and options can be purchased

Price per month*
CHF 60.–



inOne mobile premium

- Unlimited surfing, calls and SMS/MMS within Switzerland, EU/Western Europe and USA/Canada incl. calls to EU/Western Europe and USA/Canada
- Unlimited calls and SMS/MMS and data allowance in other countries worldwide
- Premium speed with advanced data optimisation, up to 2 Gbps with 5G
- Additional services, incl. multi device for 5 additional devices and Smartphone Comfort

Price per month*
CHF 180.–



Unlimited roaming
in Europe



Improved perception
of price/value ratio



Additional
product flexibility



Platform for additional options
and services on demand



5G enabled

*) including FM discount of CHF 20

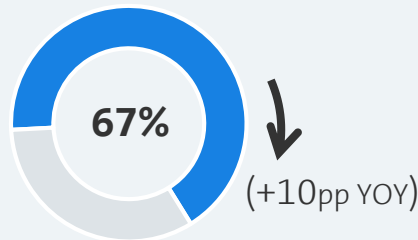
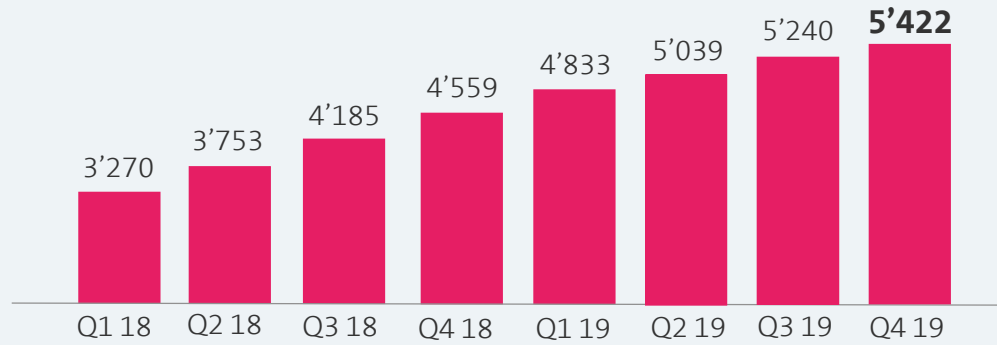


inOne with ongoing market interest

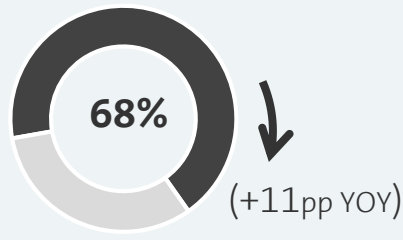
Core brand of Swisscom a success story thanks to simplicity, freedom and constant value enrichment

inOne evolution RGUs in k

2'751k customers with ø 1.97 RGUs



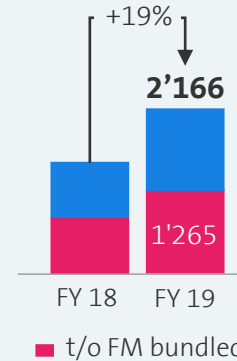
inOne mobile
RGUs within Retail postpaid value base



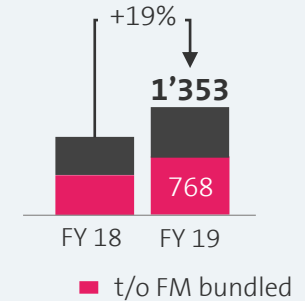
inOne broadband
RGUs within Retail BB base

inOne breakdown RGUs in k

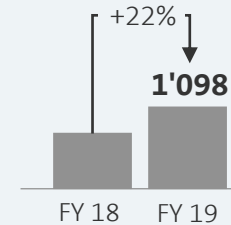
inOne mobile



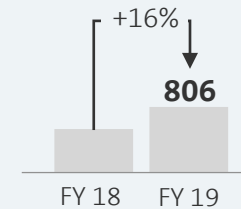
inOne broadband



inOne TV



inOne fixed voice lines

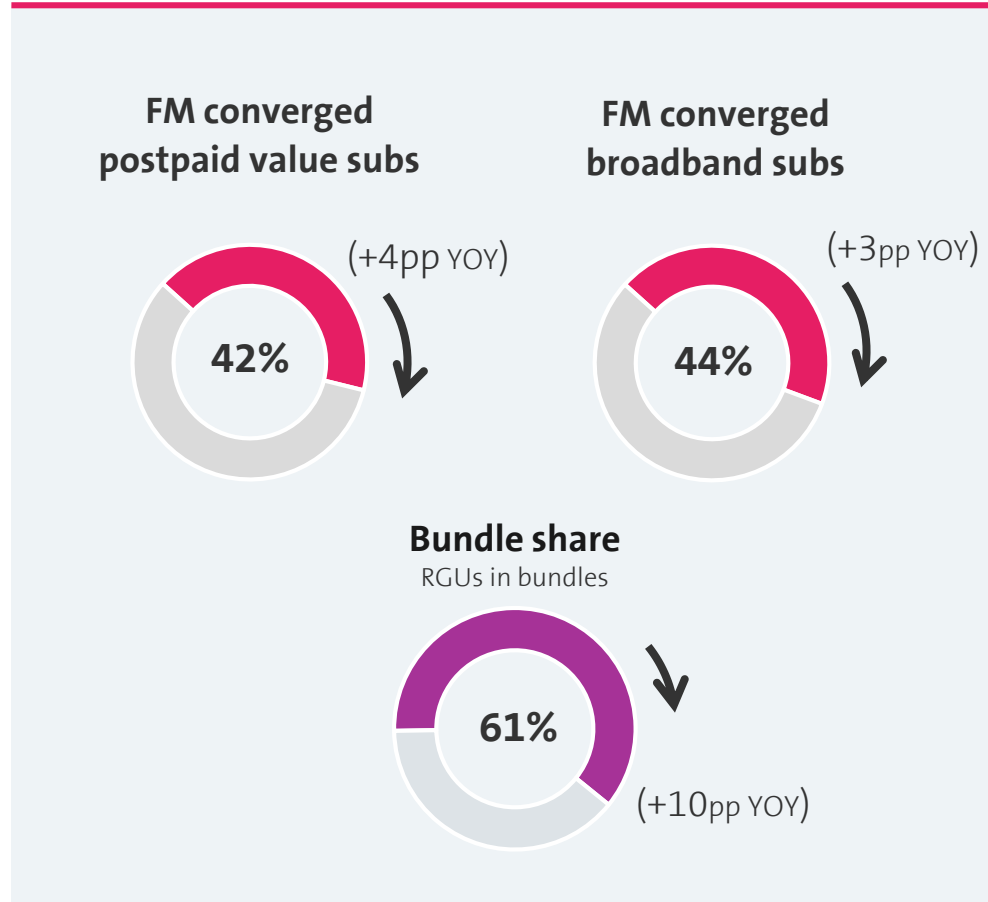




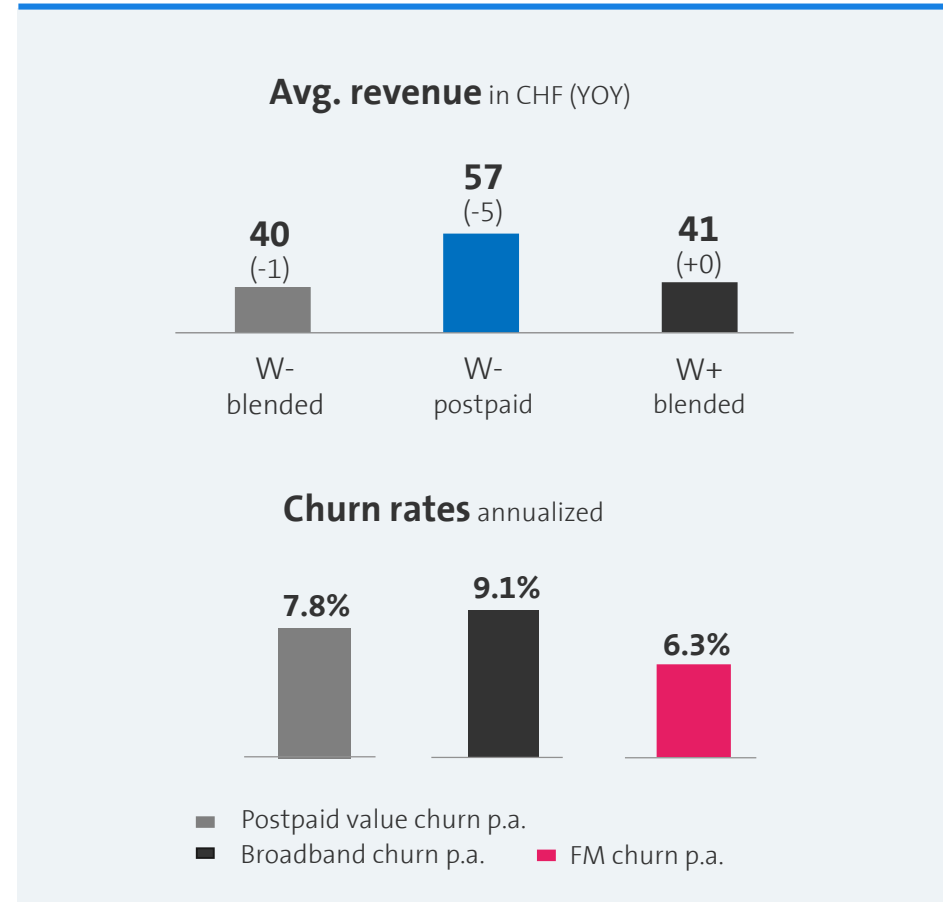
Attractive (FM) bundles impact full-churn level and life time value positively

Postpaid ARPU lower due to FM discounts and change of RGU mix driven by 2nd/3rd brands

Penetration ratios as per YE 19



ARPUs and churn rates as per YE 19






Attack with 2nd and 3rd brands to defend market shares

Addressing the market with multi-brands as main weapon for promotional activities


Our portfolio of 2nd and 3rd brands further developed and strengthened ...

Brand Refresh



For Smart Shoppers

New Family Offerings



For Discount Shoppers

Rebranding Simply Mobile



For Bargain Hunters

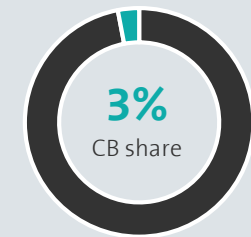
... to stimulate promotional success ...



... and market performance positively

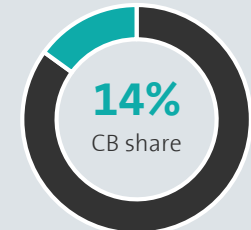
Broadband

+5k net adds



Postpaid value

+56k net adds





Innovate customer interaction with experience stores and digital touchpoints

5

Reinforce relevancy of shops by bringing customer experience to the next level



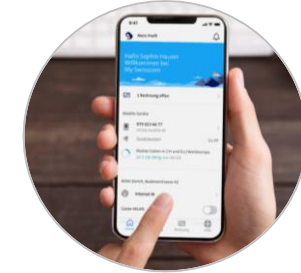
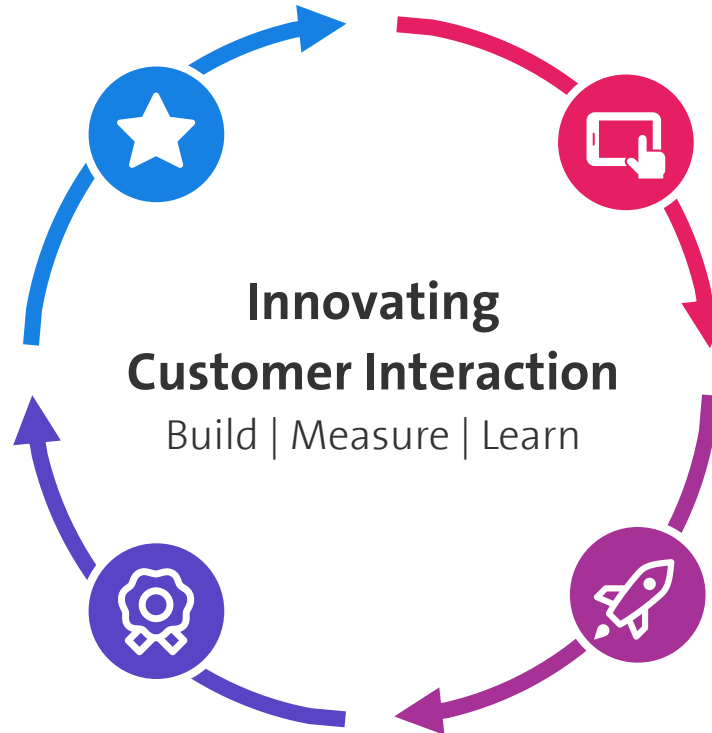
New B2C stores experience

Two new stores to test different concepts around premium omni-channel experiences



Regional customer teams

First pilots to test a closer, more emotional and efficient regional customer service



New mySwisscom App

Full relaunch of our main app including new UX, simple access to self-service and personal experience



Conversational bots

Launch of new messaging channels and exploration of conversational chatbots

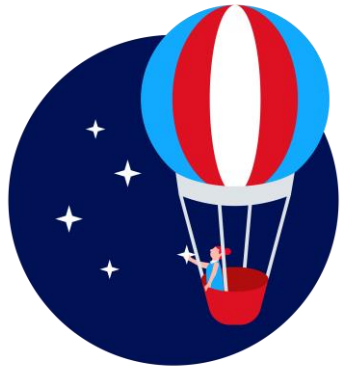


5G with new B2C business opportunities in the future

The increase of speed, coverage, latency and frequency slicing of 5G will allow new consumer business cases

6

Enhanced mobile BB and cloudification for future business opportunities beyond core connectivity



Smart Entertainment

Optimised HD streaming and enough bandwidth for 4K quality, multi camera perspectives and additional meta data e.g. in live sports



Cloud Gaming

Top gaming experience with 4k graphics, low latency and simple access to hundreds of games



Consumer IoT

Capacity for variety of connected devices such as trackers, wearables and other devices with inOne for underlying connectivity



Augmented/Virtual Reality

Integration of AR and VR optimised technologies to enhance user experience for (sport) entertainment, education or other cases



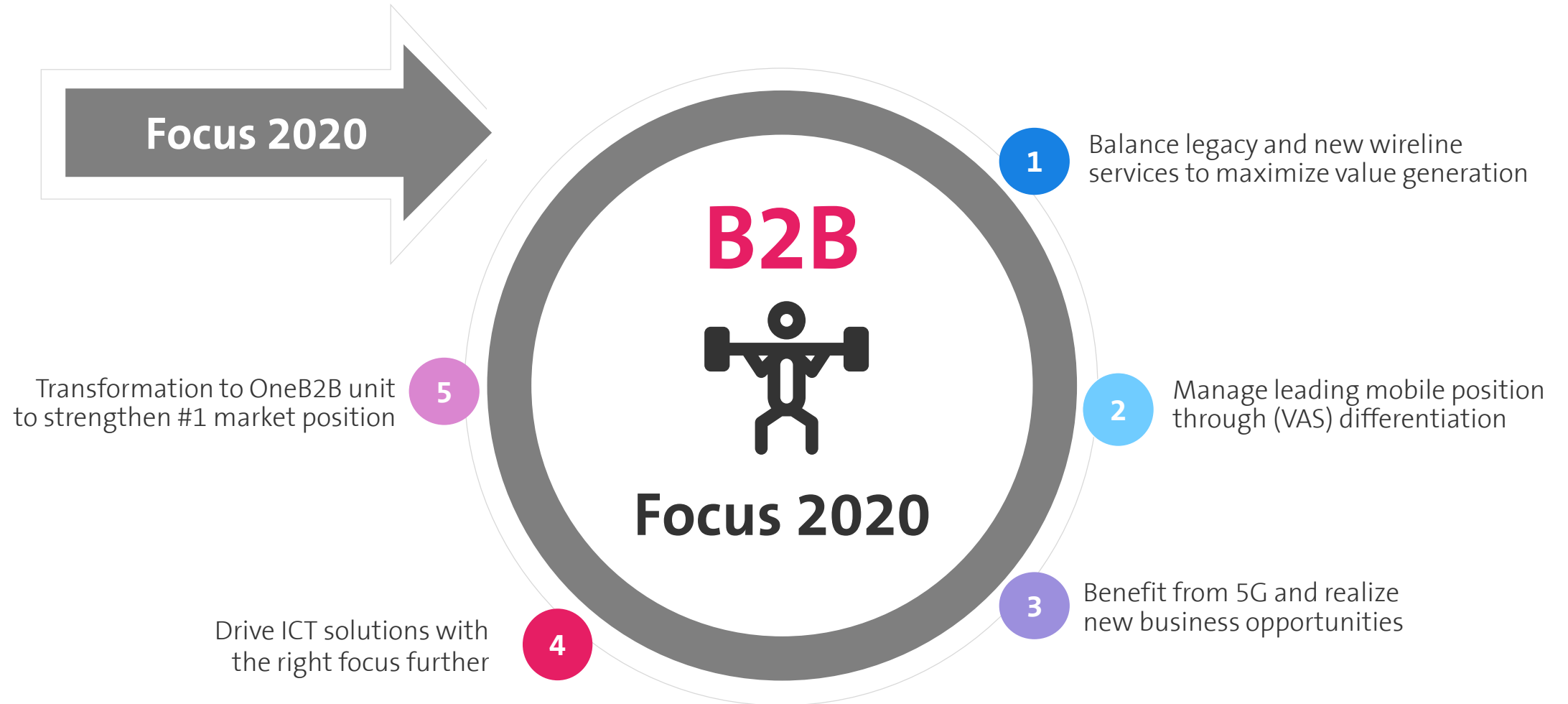
B2B Swisscom Switzerland

Urs Schaeppi, CEO Swisscom



B2B Switzerland - Swisscom #1 business service provider

Roadmap of initiatives to be implemented and managed – 2020 a transitional year

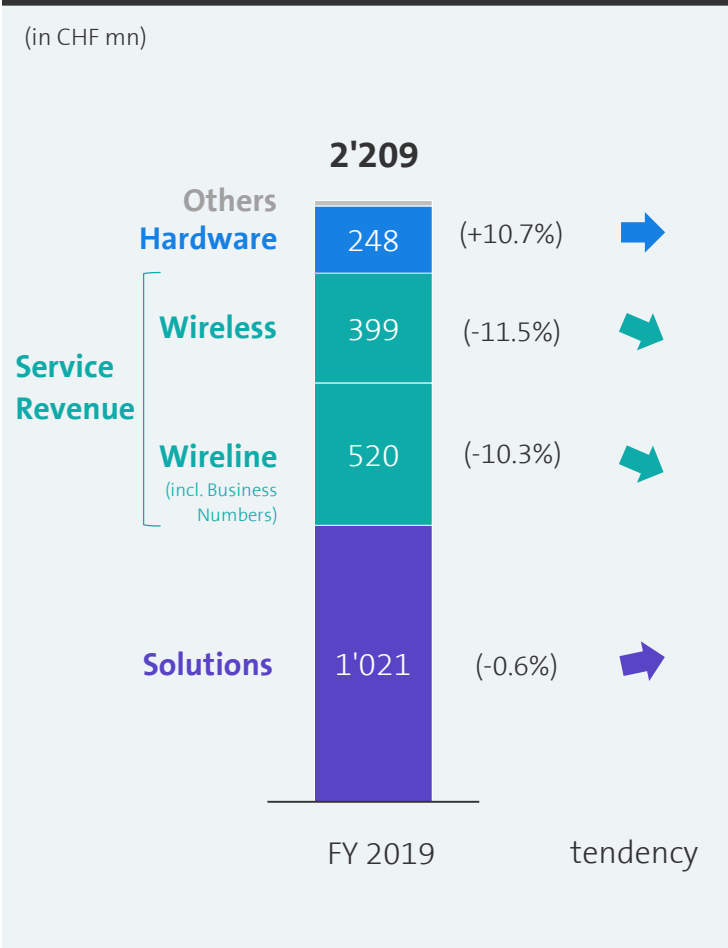




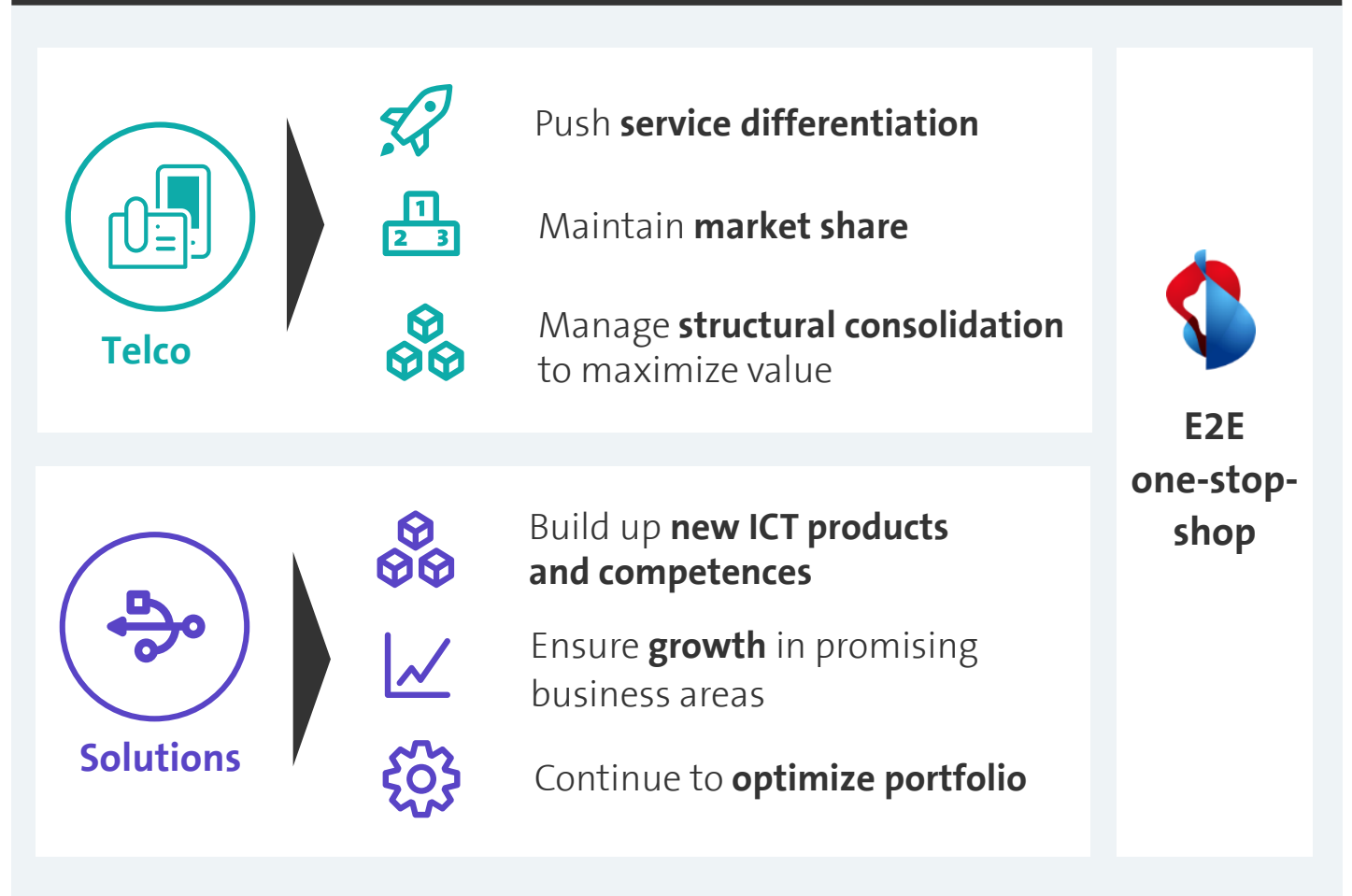
Introductory overview of Swisscom's position in the B2B space

Our credo: defend market share in Telco and leverage position in Solutions to capture ICT growth

Net revenue of Enterprise Customers



Main levers in the B2B business of Swisscom





The journey to tomorrow's SDN-based network services and solutions

Manage technical consolidation to keep market share and maximize margin contribution from fixed connectivity business

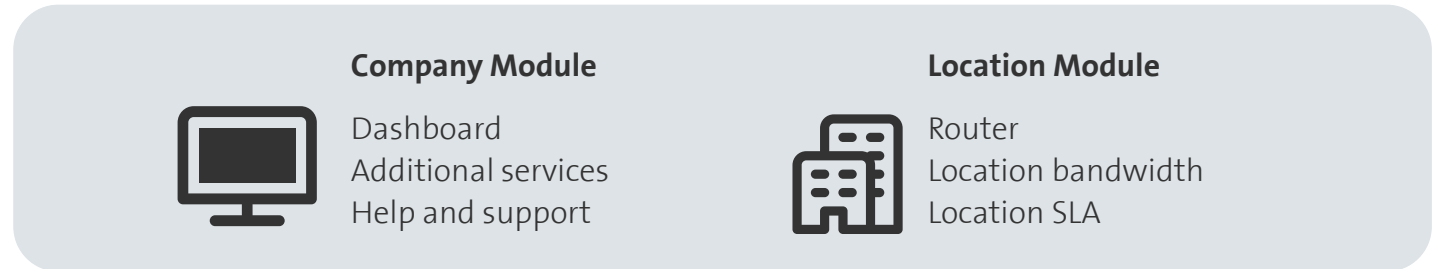
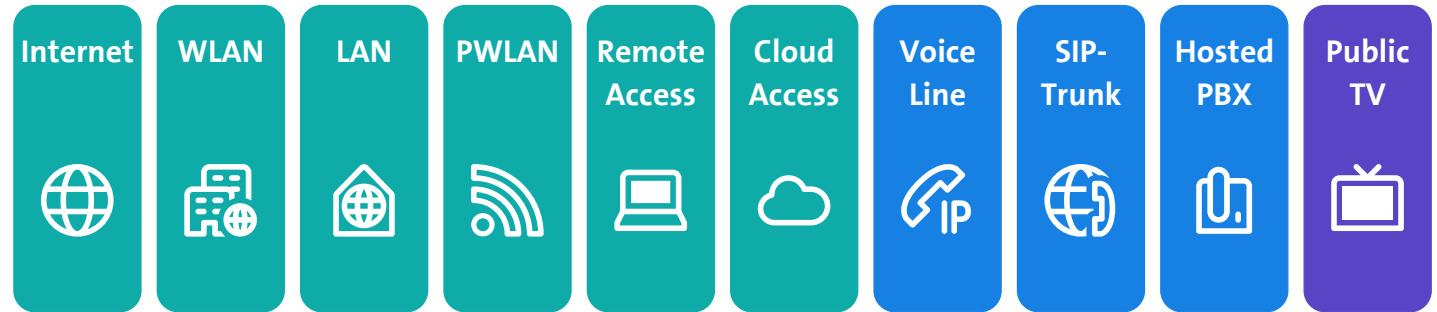
Structural challenges

- **IP migration** 99% completed
- Future networks **virtualized**
- Competition from SD-WAN **OTTs**

Main measures

- Leverage **Enterprise connect service** portfolio
- Transform legacy portfolio to the **Telco Cloud**
- Accelerate **up- and cross-selling** through fostering sales activities
- Enhance portfolio with **SDN based services**

The Swisscom wireline portfolio



SDN: Software-defined network, SD-WAN: Software-defined wide area network, SIP: Session Initiation Protocol, PBX: Private branch exchange, SLA: Service level agreement

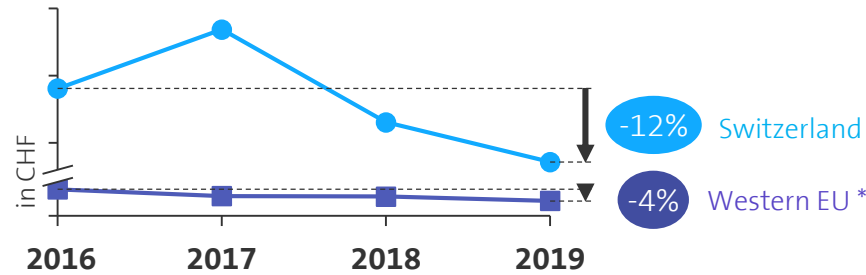


Wireless service revenue impacted by competition and price pressure

Hold (value) customers in a challenging market

Ongoing price pressure

- RFPs and **high competitive dynamics** lead to declining ARPUs. Gap to EU Level closing

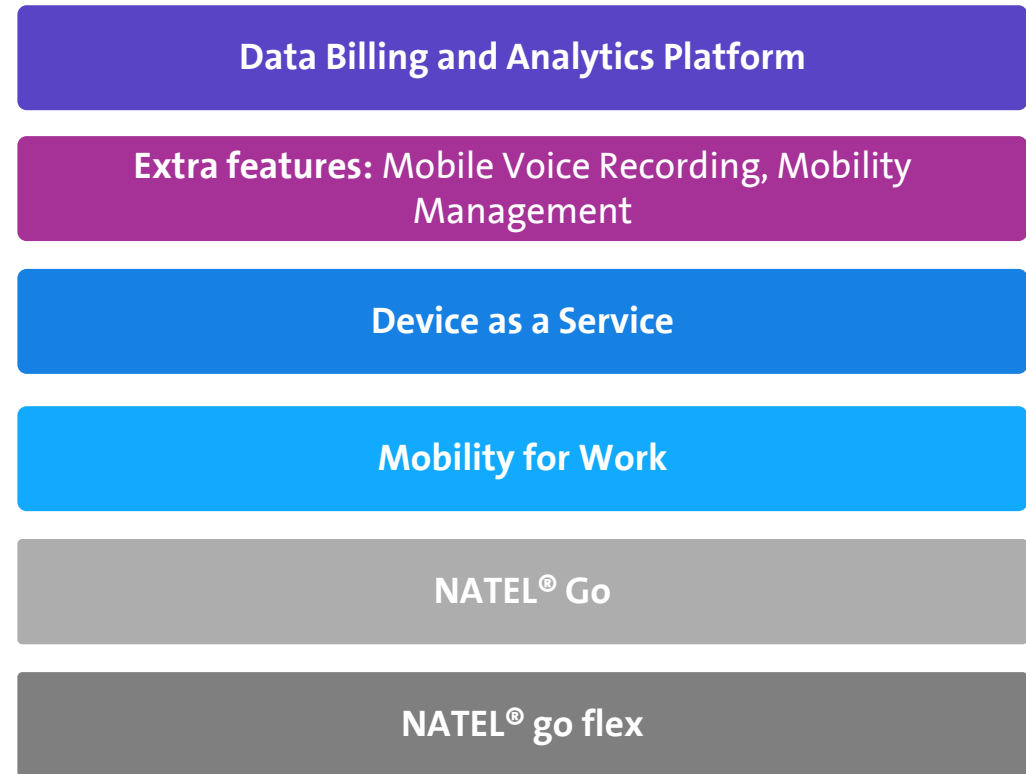


* Source: Gartner research

Key measures

- Transform portfolio with **value differentiation** into sustainable **flat fee setup**
- Leverage **strong market position** and **enhanced sales know-how**
- Remain **price disciplined** and balance value versus market share defence by pushing **up- and cross-selling** activities

The Swisscom mobile portfolio

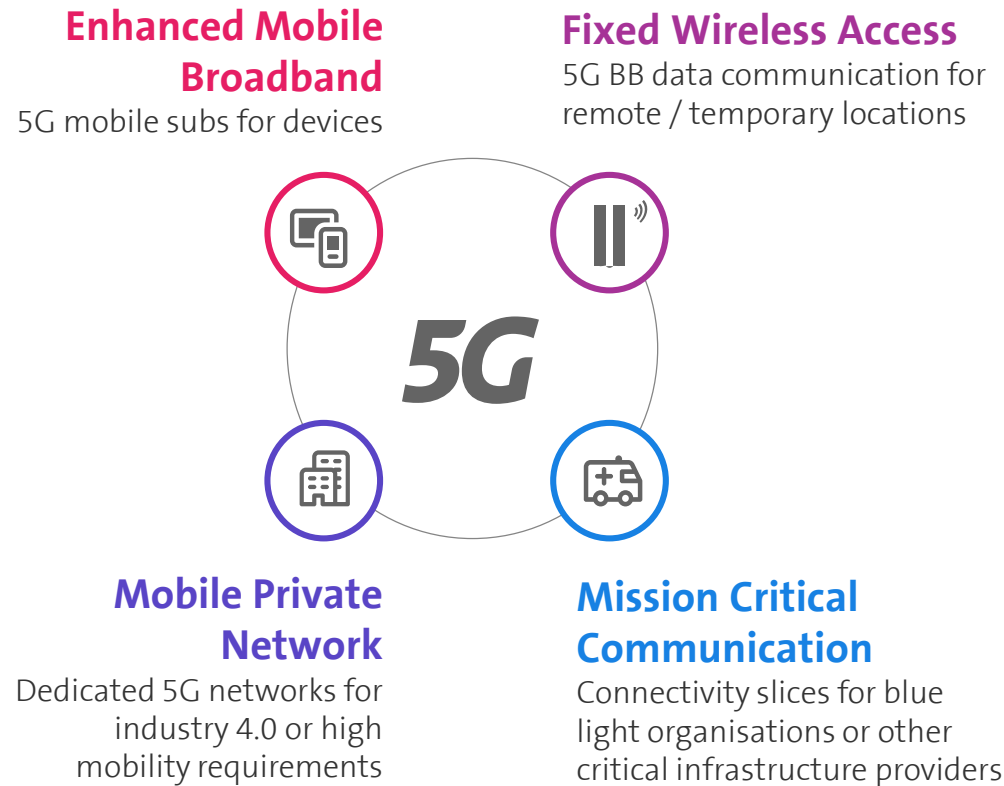




5G and IoT drive new opportunities with data-driven and intelligent solutions

Technology leadership enables Swisscom to offer new solutions

5G business opportunities in the B2B context



IoT applications for business customers



IoT Connect

Global mobile connectivity (with roaming) and leading technology offerings



IoT Manage

Extensive remote management functionalities, plug n'play IoT rollouts and E2E security solutions



IoT Utilize

ERP¹⁾ integration of IoT business process and big data analytics' models for predictive use



IoT System Solutions

Turnkey IoT systems based on customer requirements combining Swisscom and partner capabilities

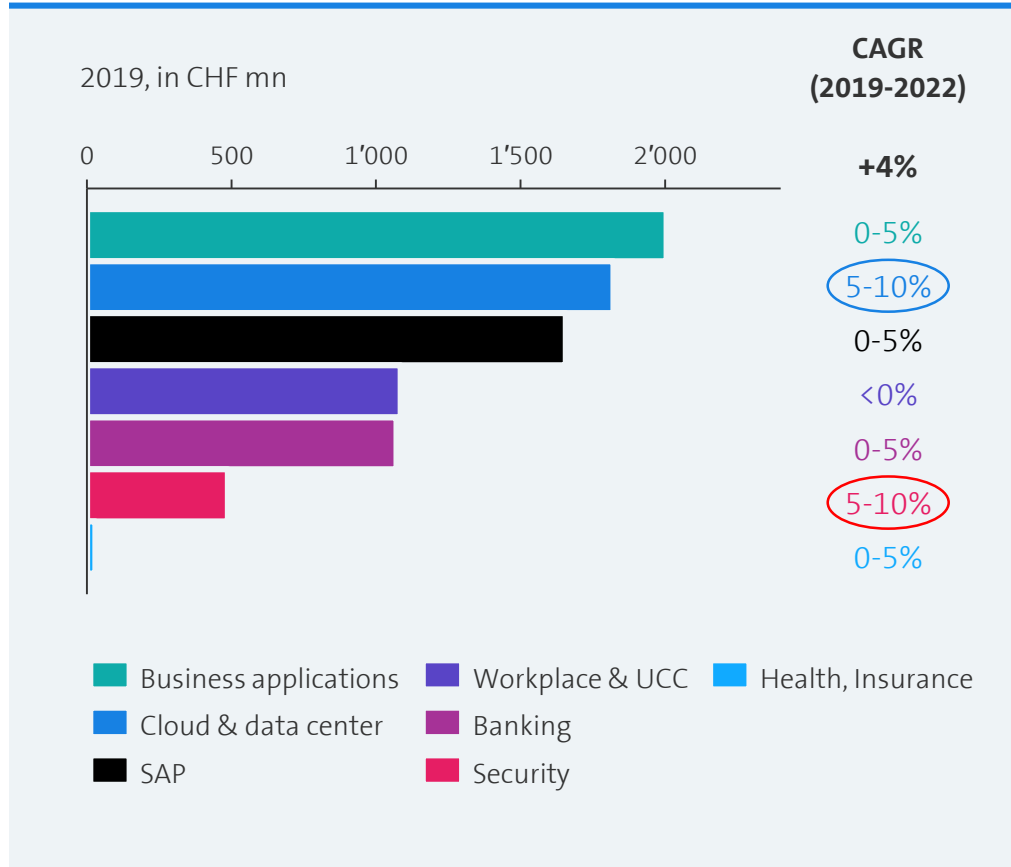
1) Enterprise Resource Planning (e.g. SAP)



Overview of ICT market and expected trends in the Swisscom ICT portfolio

Security and cloud & data centre services fastest growing segments

Growing ICT market in Switzerland: CHF 8.2bn



Source: PAC 2019, addressable market (total IT services market Switzerland: CHF 10.9bn)

The Swisscom IT services portfolio at a glance

Our position:

Swiss-wide one-stop-shop offering full portfolio of ICT services

Horizontal IT solutions

Infrastructure IT services

Cloud & data center

Workplace & UCC

Security

Platforms

Business applications

SAP

Vertical IT solutions

Verticals

Banking








Health, Insurance



Swisscom's IT services portfolio with growth opportunities and challenges

Well positioned to participate in fastest growing segments security and cloud & data center

Overview of levers developing Swisscom's ICT business

 Business applications	<ul style="list-style-type: none">• Several growth initiatives with selective products
 Cloud & data center	<ul style="list-style-type: none">• Multi-cloud strategy in place to grow across all customer segments
 SAP	<ul style="list-style-type: none">• Focus on higher-margin business• Well positioned for future opportunities
 Workplace & UCC	<ul style="list-style-type: none">• Focus on higher-margin business• Optimize legacy product support
 Banking	<ul style="list-style-type: none">• New growth planned from private banking• Compensating reduced BPO outsourcing
 Security	<ul style="list-style-type: none">• Expand Managed Services and SOC services• Leverage United Security Providers capabilities
 Health, Insurance	<ul style="list-style-type: none">• New contract wins and strengthen position



Strengthen #1 market position by building OneB2B unit

Realize synergies along our strategic settings

Levers of value creation in B2B

Process and IT advantages
thanks to automation and
scale benefits

Customer excellence by
homogeneous (regional)
partner management

Stimulate **growth** in SME
through cross-selling and
pushing smart ICT solutions



One **portfolio with standardized B2B products**
with simple tariff settings

Optimized sales approach
with local presence through
a multi-channel model

One B2B service and care support with
sophisticated consulting



Fastweb

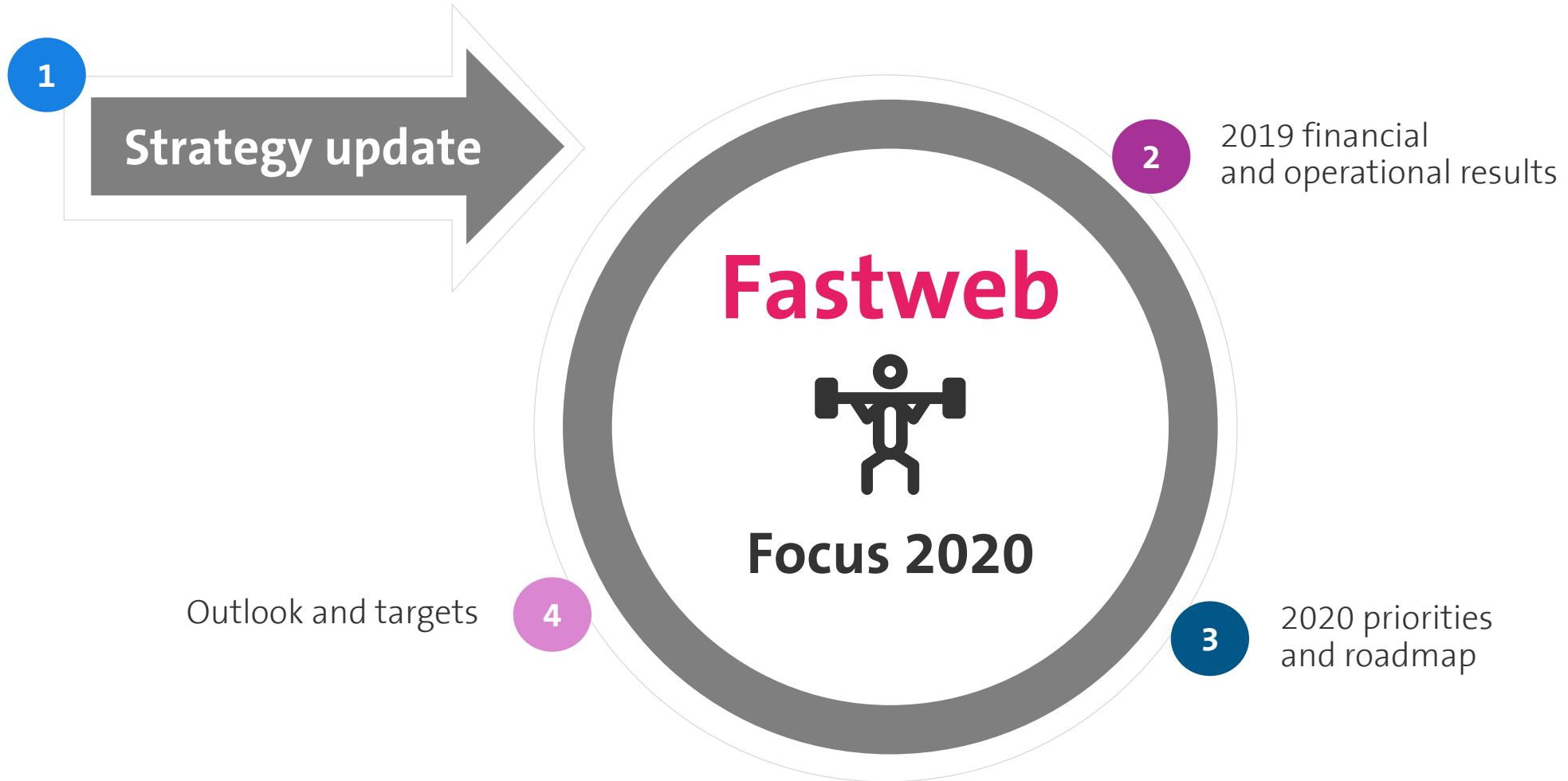
Alberto Calcagno, CEO Fastweb

swisscom



Strong performance with strategic delivery across all market segments

On track to become a leading Italian convergent infrastructure player





Strategy update

Two fundamental customer needs are emerging in Telco markets

A

Customers expect an OTT-like experience



B

Fiber-like performance everywhere with no distinction between wireline and mobile



Fastweb long-term strategy addresses both needs



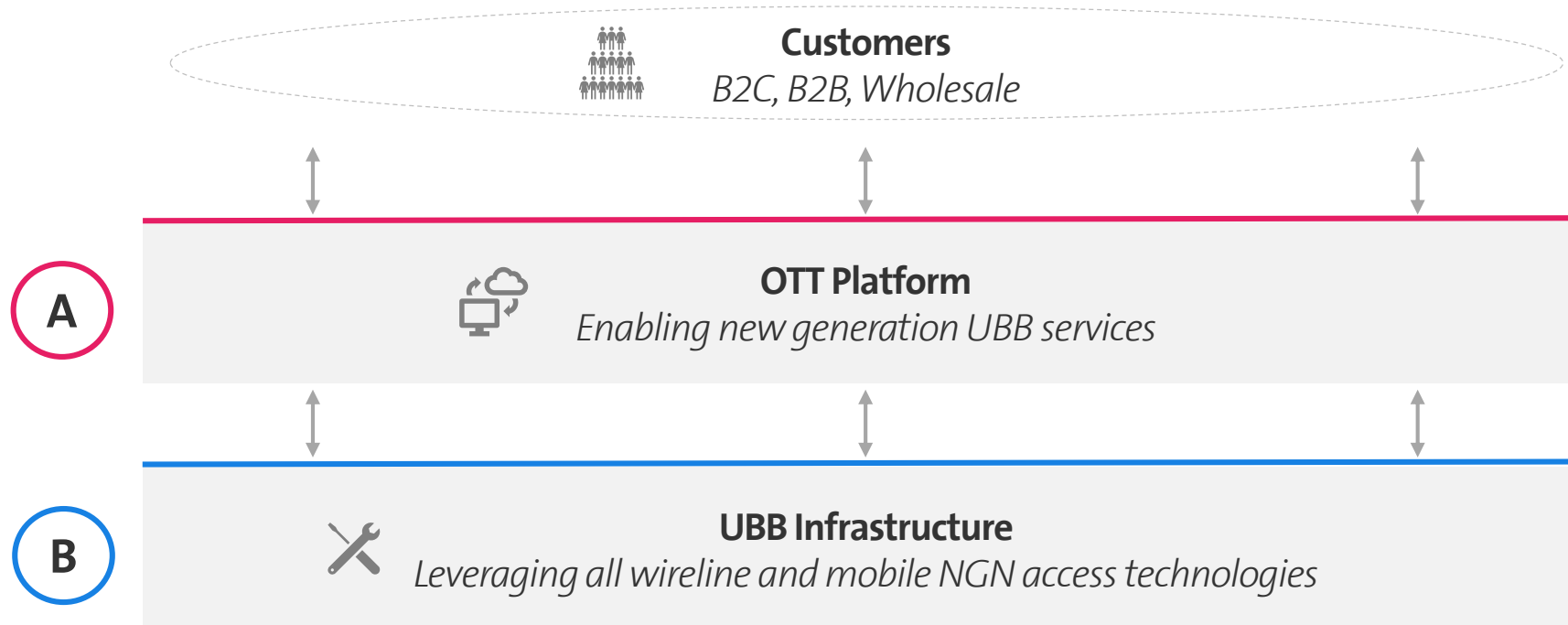
Becoming an infrastructure-based OTT

To build unparalleled competitive advantage



Infrastructure-based OTT

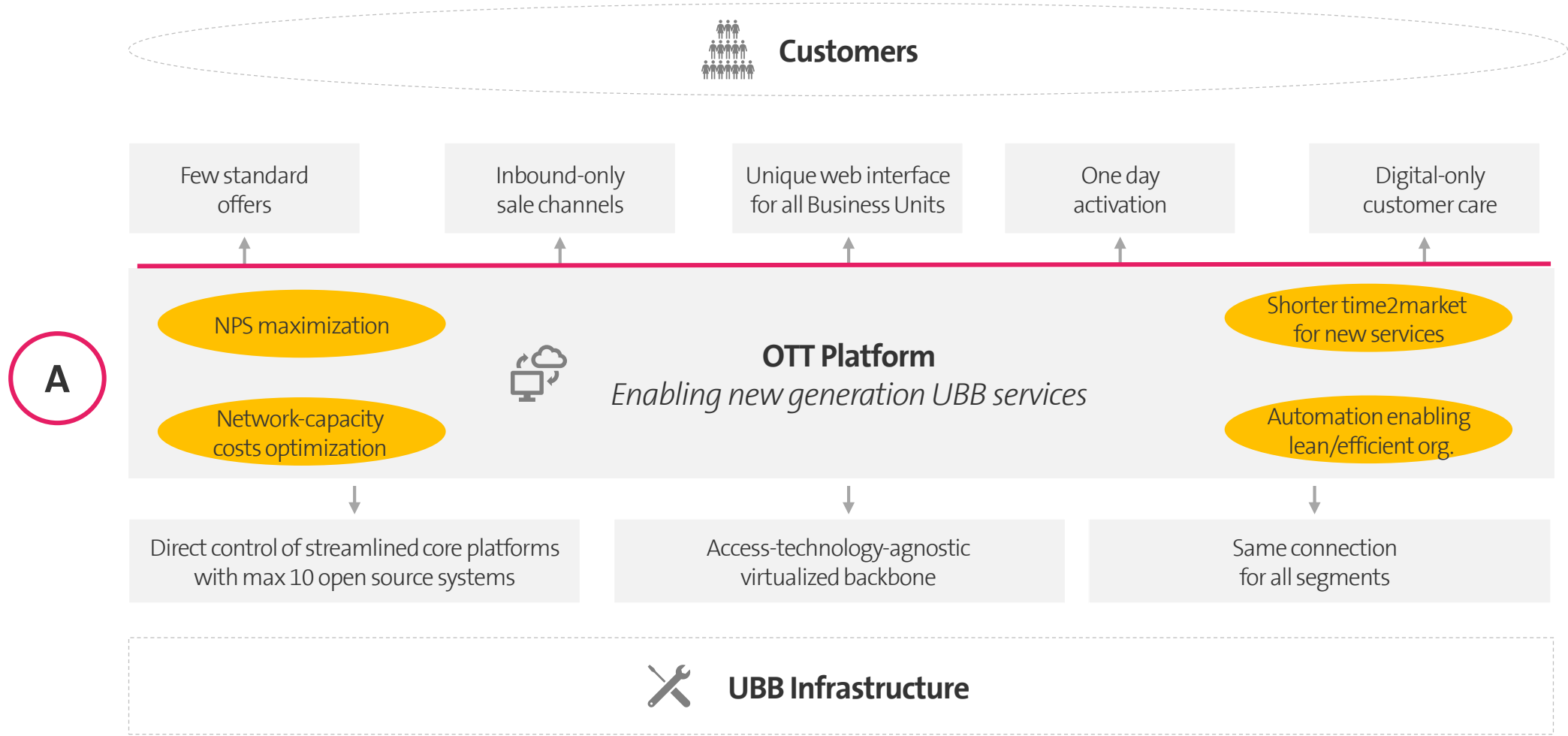
Coupling OTTs service capabilities with NGN infrastructure





The first Telco with same service capabilities as OTTs

A new generation of UBB services based on software-defined network functions

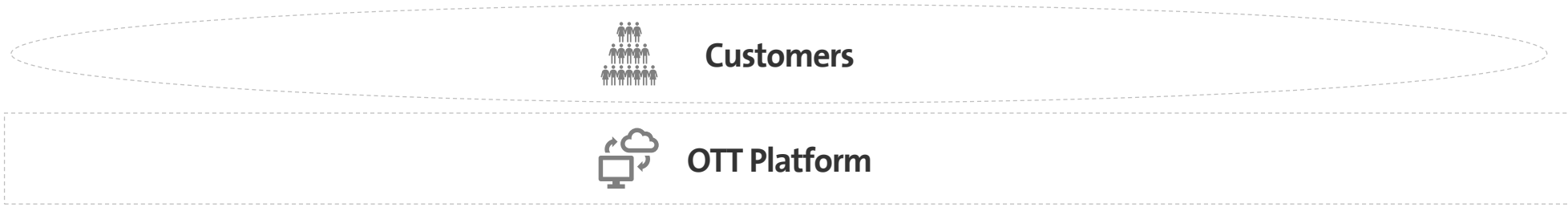




Deploying the largest proprietary UBB footprint operated by an OLO in Europe

Moving beyond wireline/mobile distinction

1



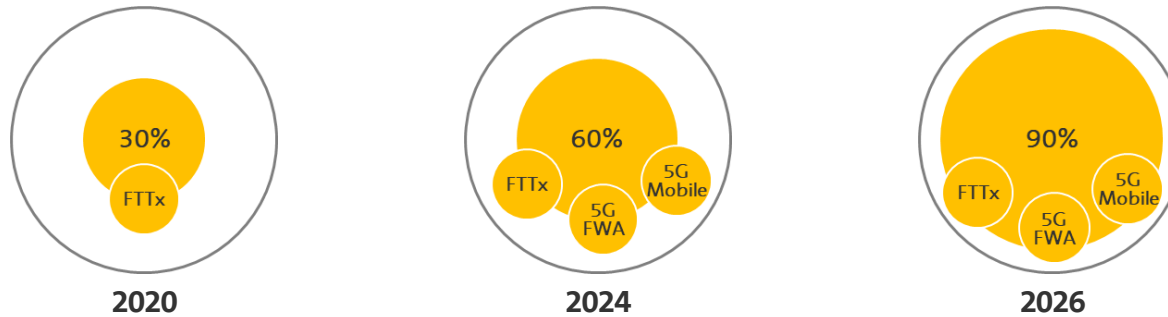
B



Own UBB infrastructure

Leveraging all wireline and mobile NGN access technologies

1. UBB service capability to reach 90% population coverage by 2026



2. Strategic agreements to accelerate Fastweb's competitive advantage thanks to efficient and timely deployment



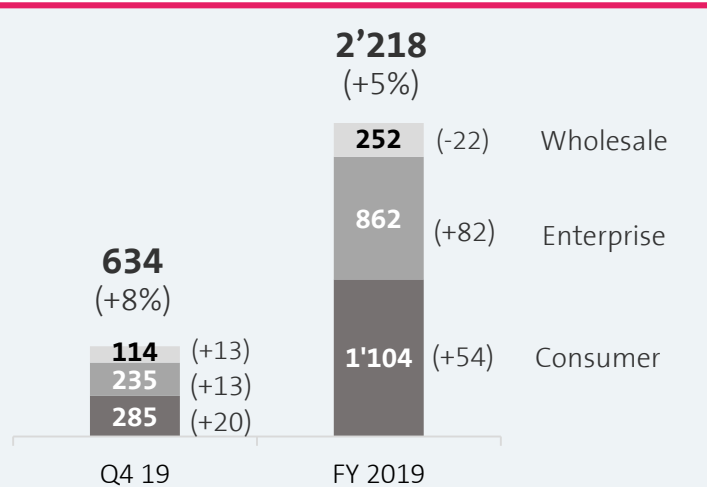
3. Roll out to be entirely self-financed



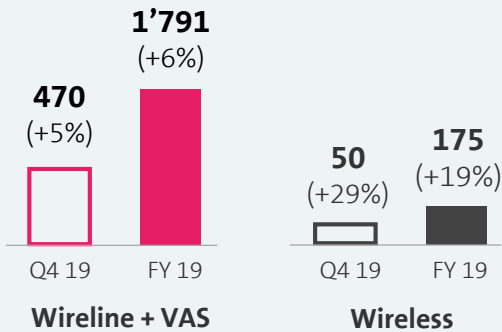
2019 financial results: positive performance in line with guidance

Growing revenues and EBITDAaL. OpFCF proxy over EUR 100mn

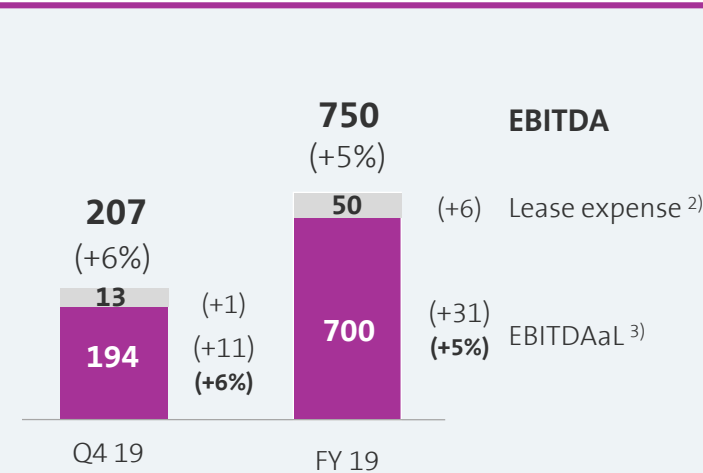
Net revenue in EUR mn (YoY)



Service revenue dynamics¹⁾

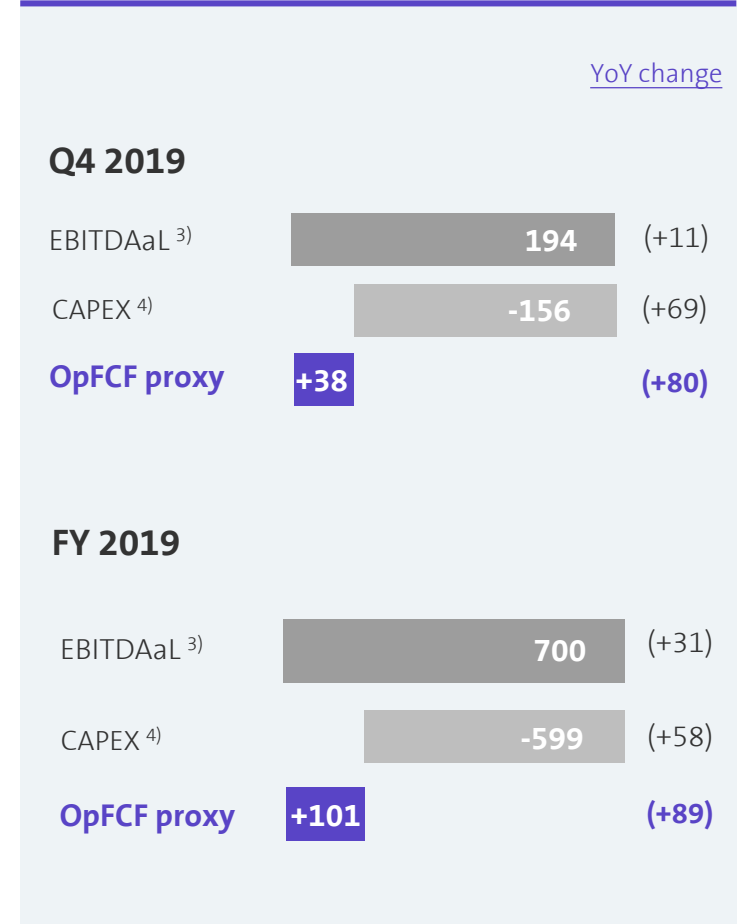


EBITDAaL in EUR mn (YoY)



- **EBITDAaL** FY 2019 +5% YoY, growth in line with previous quarters and guidance
- **YoY increase** due to improved recurring gross margin in all business segments

OpFCF proxy in EUR mn (YoY)



1) Excluding wholesale, 2) Consists of depreciation right of use assets and interest expense leases with scope of IFRS 16, 3) EBITDA after lease expense, 4) Q4 2018 CAPEX including cost for new 5G licenses of EUR 64mn

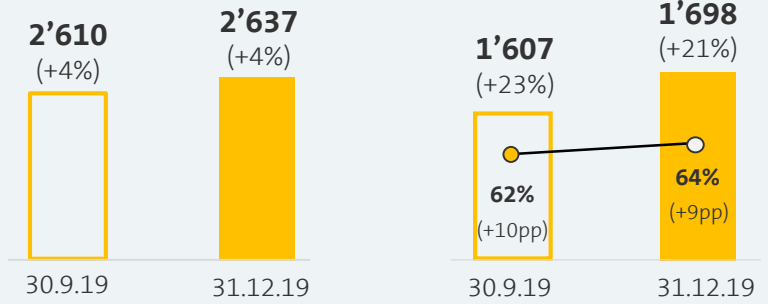


2019 operational results: B2C performance

Distinctive commercial approach and effective customer base management are paying off

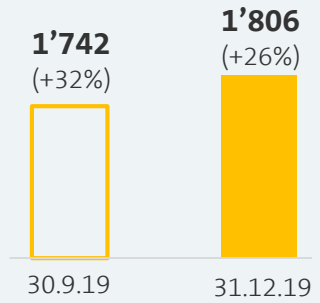
B2C operational KPIs

Broadband subs in k (YoY change) **UBB subs** in k (YoY change)

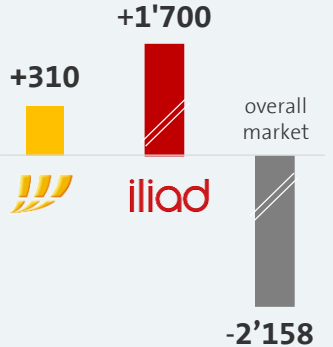


- Steady YoY **CB growth** at 4.0%
- +9 pp YoY **UBB penetration** over BB customer base
- UBB share on **Q4 Gross Adds** equals 85%

Mobile subs in k (YoY change)



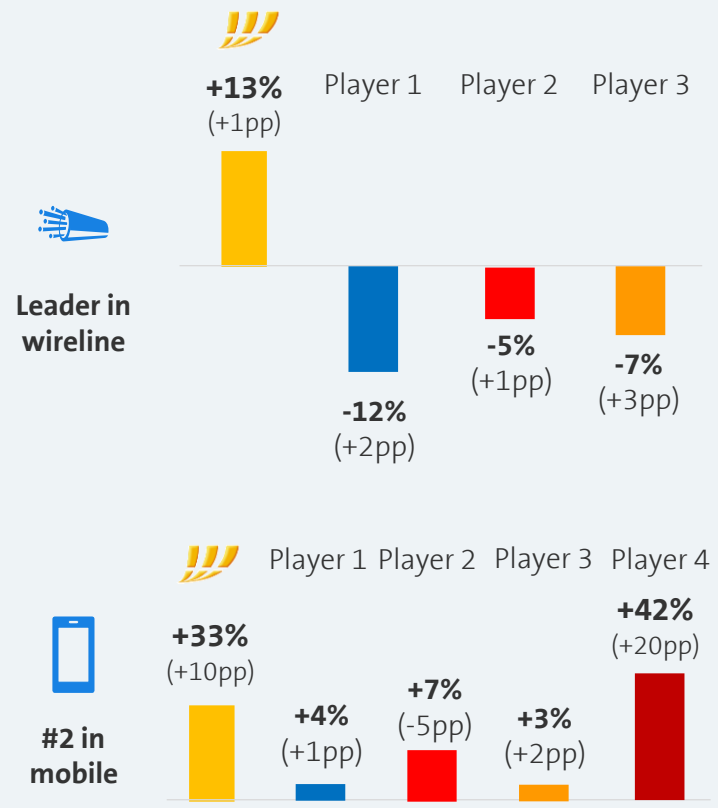
Mobile market
Net adds 9m 2019 in k



- 26% YoY **customer base growth**
- **FMC penetration** over wireline customer base **at 34%** (+4pp YoY)
- Mobile net adds
 - **Fastweb #2 market performer** in 9M 2019
 - +374k in FY 2019

B2C customer experience

NPS (YoY change)¹



1) NPS surveys performed by an independent third party, average 2018 and average 2019 data



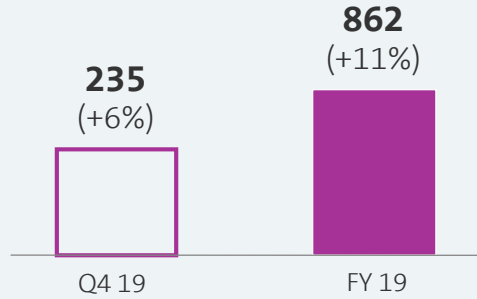
2019 operational results: B2B performance

Enterprise market share up to 33%, Wholesale growth mainly driven by BTS backhauling and volume UBB

Corporate



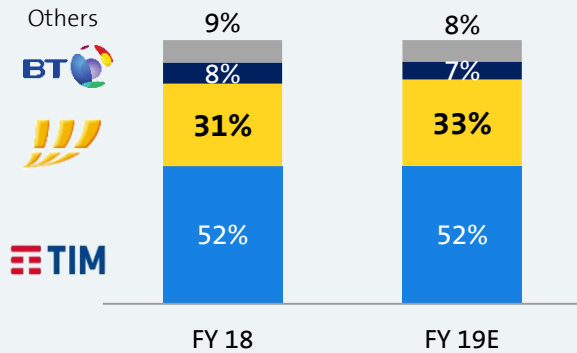
Revenues in EUR mn (YoY)



Growth drivers

- PA: FY 19 +16% YoY
- ICT VAS: FY 19 +16% YoY

Market share on revenues¹



Highlights

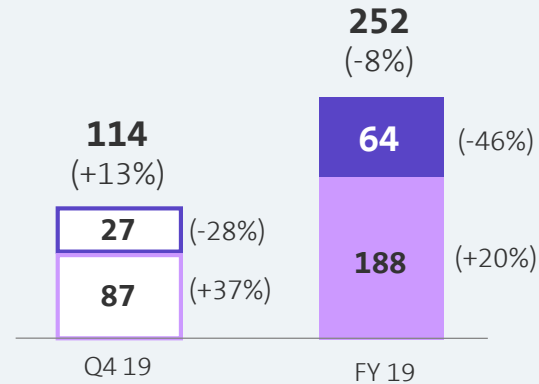
- Overall: +2pp
- PA: >40%
- Connectivity: >50%

1) Source: analyst data

Wholesale



Revenues in EUR mn (YoY)

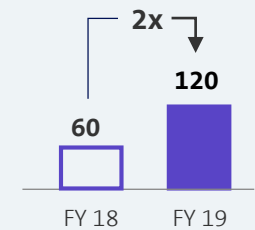


Non-core services

Core services

- **Core services:** 20% YoY revenues growth (+43% in Q4) driven by BTS backhauling (Iliad, WindTre) and UBB lines (+60k, mainly from Tiscali)
- **Non-core services:** -46% YoY in FY due to progressive phase out of low-margin infrastructure projects





Wholesale UBB lines in k





2020 priorities and roadmap

Flawless execution to fully exploit strong opportunities

Priorities	Levers	Highlights	Opportunities
 Mobile 5G	WindTre agreement	Customer base migration on WindTre network and 5G deployment in 1H 2020	Enabling long-term sustainable FMC proposition
 5G FWA	Linkem agreement	Co-deployment of two 5G FWA networks by 2024 (30% coverage)	Better cost structure combined with superior performance up to 1 Gbps
 Expand Corporate portfolio	Selective M&A in ICT	On-going scouting in Cloud and security market	Accelerate growth leveraging adjacent markets
 Push Wholesale	Execute already-signed contracts, 5G FWA additional coverage	Start onboarding WindTre and Sky customers	Become the main alternative wholesale provider in UBB volume market



Leveraging on 5G Mobile and 5G FWA

Strategic partnerships enabling full financial sustainability of a distinctive FMC proposition

5G Mobile – WindTre agreement



Main 2020 milestones



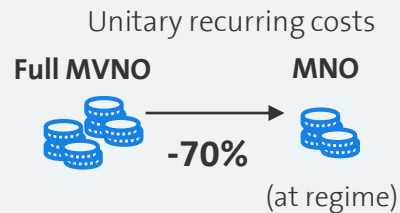
- **CB Migration** on WindTre network to start in Q1
- **5G Deployment:** 500 macro-sites over 12 months



WindTre consolidated 'super-network' now fully operational with performance aligned or better than competitors



Strong improvement in Fastweb's cost structure



70% saving on recurring costs, factorizing progressive **traffic off-loading** from roaming to own 5G coverage

5G FWA – Linkem agreement

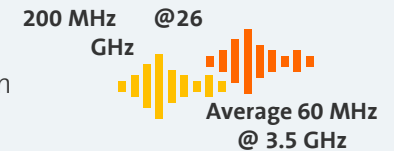


Agreement highlights



- **Goal:** deployment of two 5G FWA networks capable of connection speed up to 1 Gbps, leveraging respective spectrum (Fastweb's 26 GHz, Linkem's 3.5 GHz)
- **Coverage:** 8mn HHs or 30% coverage in medium/small cities where Fastweb currently buys VULA/BS NGA services from TIM
- **Architecture:** two separate 5G Radio Access Networks (RAN)
- **Duration:** 2020-2029, deployment completion by end of 2023
- **Investments:** no additional Capex vs. Fastweb guidance

- **Superior connection performance and service quality** thanks to different spectrum bands



- **Strong improvement in cost structure**

50% lower investment/HH vs. FTTH (access + customer driven) plus no recurring costs





Accelerate growth in B2B

Selective M&A in Corporate and organic growth in Wholesale

Corporate: expand offer portfolio



Mid-term growth of **Corporate wireline market** will be driven by **ICT VAS**, which will represent 65% of total market revenues in 2022 vs. 55% today ¹⁾

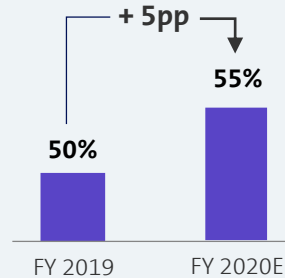


To capture growth in **ICT VAS**, **Fastweb** evaluates **selective M&A** to:

- Expand Cloud and security service portfolio
- Strengthen execution capabilities



ICT VAS expected to increase its **contribution to Fastweb's Corporate orderbook**



1) Source: analyst data

Wholesale: push UBB volume business



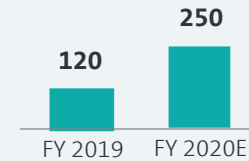
Execute already-signed contracts



- Further push Tiscali
- Start onboarding WindTre's and Sky's customers



Wholesale UBB lines (in k)



2x CB growth in 2020



New opportunities from 5G FWA

- 5G FWA own coverage in second tier cities can be leveraged also in the wholesale market with OLOs already showing interest



Outlook and targets

Financial and market share growth expected to continue in 2020 and beyond

2020 financial outlook



2020 targets



Revenues

> +3% YoY



EBITDAaL

+4-6% YoY



CAPEX

stable

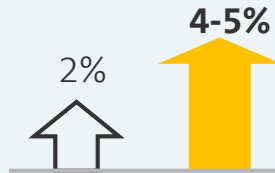
Mid term market share ambitions



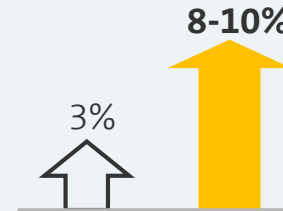
FY 2022 targets



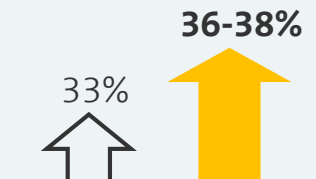
Mobile Consumer



Wholesale UBB lines ¹⁾



Corporate



1) Considering # of UBB lines in the wholesale market



Operational Excellence

Mario Rossi, CFO Swisscom

swisscom



Operational excellence

Absolutely key for Swisscom management to compensate revenue pressure







Another year with successful execution of realising OPEX savings

Swisscom lowered indirect cost of Swisscom Switzerland by CHF 360mn over the last 4 years


Solid execution on cost program...

in CHF mn

	Achievements 	Targets 
2016	50	~50
2017	62	~75
2018	121	~100
2019	127	~100
Σ	360	

...translate in a set of benefits


Reduce
service requests
-474k YOY




Improve
of customer field cases
-26% YOY



Optimise
IT cost
CHF -34mn YOY



Down
FTEs
Swisscom Switzerland
-469 YOY
(-3% in 2019)

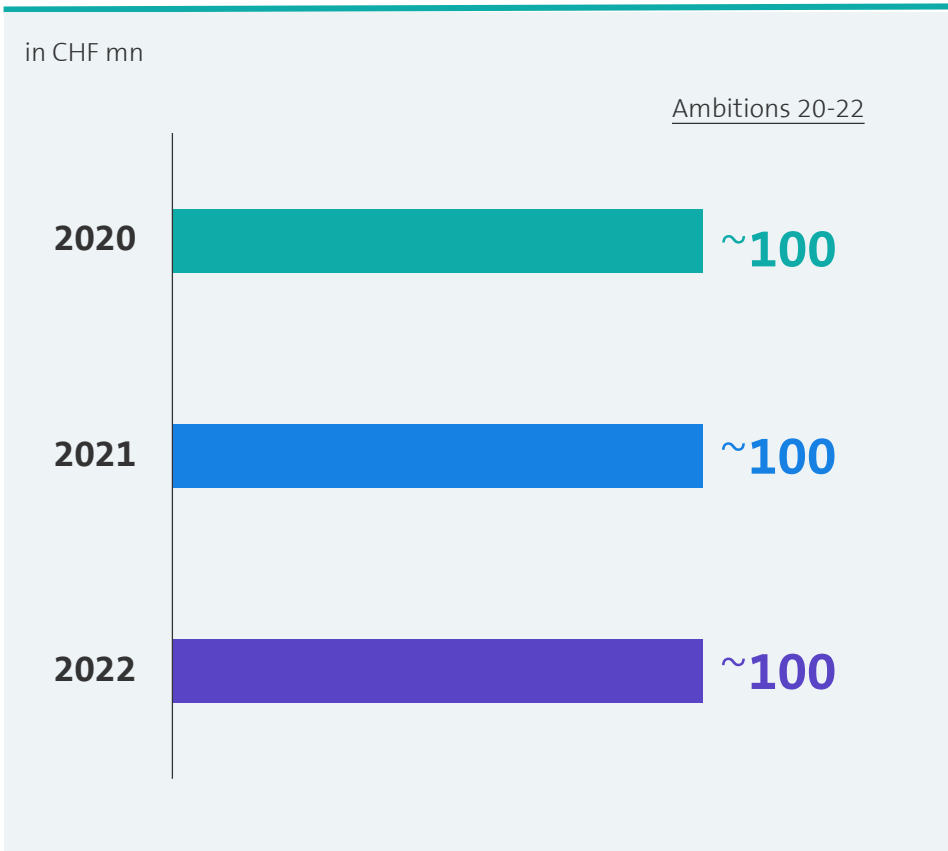




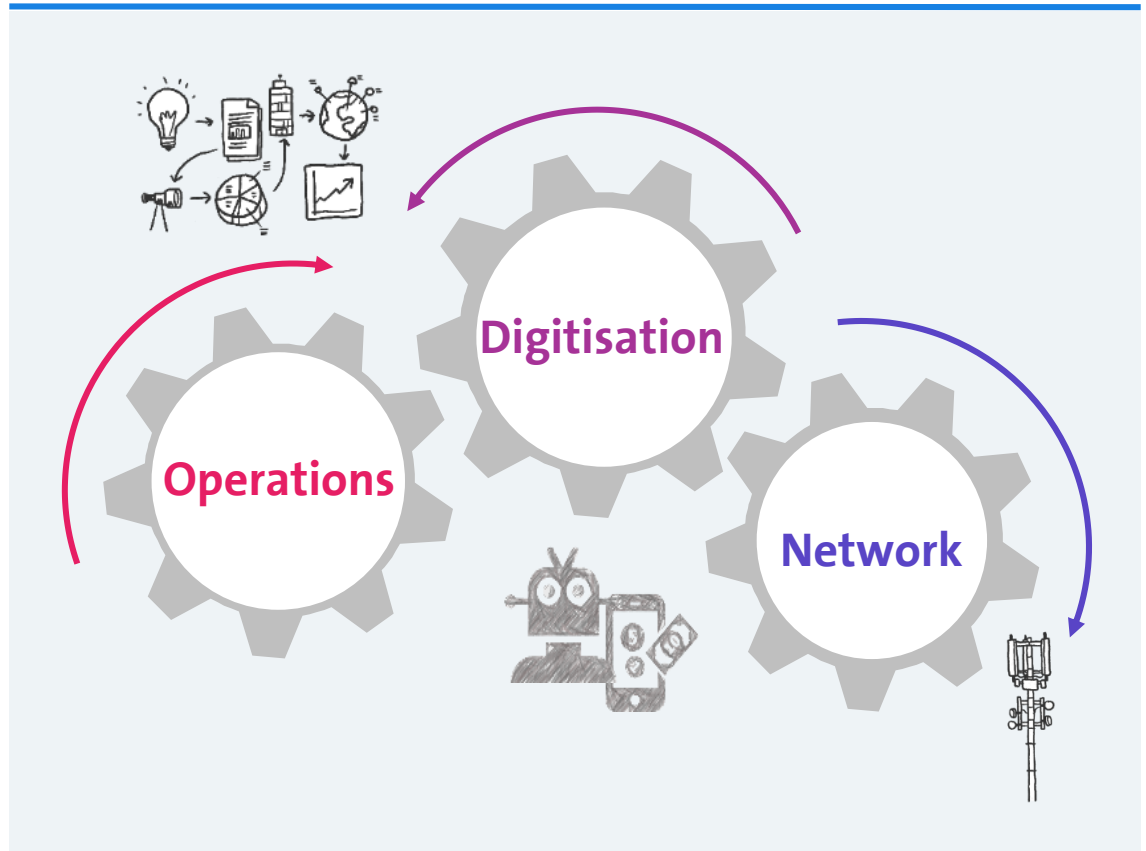
Roadmap 2020 and beyond ...

... to further realise OPEX savings and CAPEX efficiency gains

Push cost program to the next level ...



... by executing on 3 layers





B2C initiatives ...

... to reduce complexity in products and organisation

Less is more

- Streamlining portfolio
- Call centres: **automate standard requests**; human interaction for complex inquiries
- Leverage shop capacity

Push online

- Improve online experience and digital channels
- Leveraging real-time data on customer interaction
- 'Mobile 1st' approach



Reinforce customer field services

- Integration of customer field service within the construction unit calex to strengthen market effectiveness



All IP transformation

- Migration fully completed



Initiatives in B2C



FTE management

- Realise benefits from process optimisation
- Reduce overhead





B2B initiatives...

... to create a more modern and efficient working environment

Reduction of complexity

- **Less technologies** (leads to less support contracts and supporting personnel)
- **Simpler and more standardised portfolio**
- Enable **faster reaction** to environmental changes



Strategic partner management

- Benefit from **synergies** in the mid and corporate market
- **Strengthen channel partner management**



Outsourcing of non-key activities

- Increase **sales efficiency**
- Leverage on **product phase outs**
- Enhance **efficiency in mid-market**



FTE management

- Increase **customer project efficiency**
- **Reduce line overhead**
- **One B2B transformation**



Initiatives in B2B





Network initiatives...

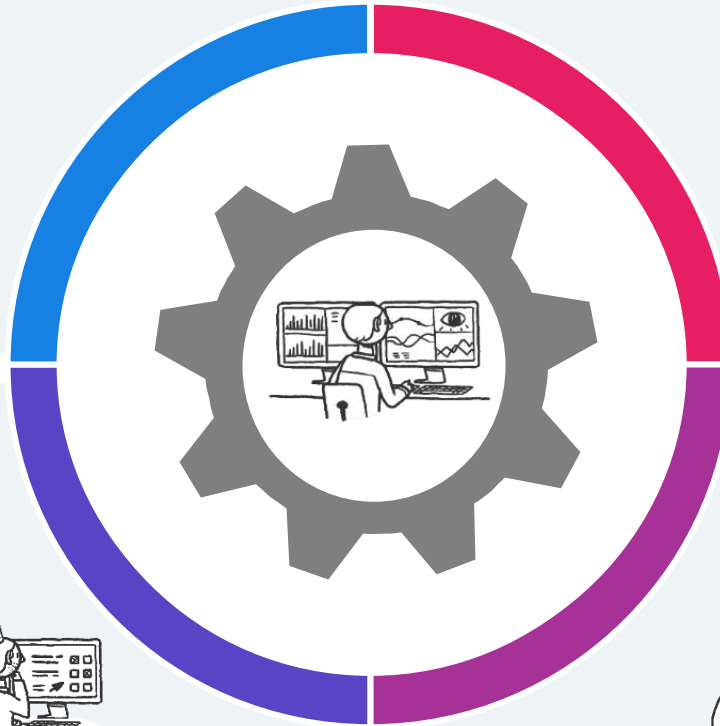
... to leverage full potential of initiatives to lower operating cost

Further optimise network rollout (speed & cost)

- **Renegotiate** purchasing contracts
- Further **lever prime contractor model**
- Benefit from opportunities in building activities and **co-operations**

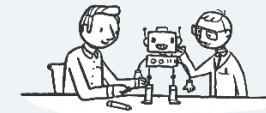


- **Phase-out roadmap** (e.g. TDM)
- New **IP networks enhance service and network reliability**
- Consolidation of supplier portfolio

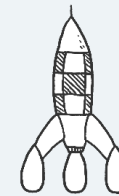


Leverage new ways of working

- **Insourcing** in own, shored development center to **win talents** and **reduce cost**
 - **Agile** work mode
 - Foster **shorter T2M** and **improve collaboration**



- **Automation** of network **monitoring** and **AI based maintenance**
- Decoupling of systems to **enhance autonomy**
- **"Cloud first"** approach and scale workload



Push efficiency and service reliability by networks & systems consolidation

Optimise IT cost through digital operating models



Financials 2019 and Outlook 2020

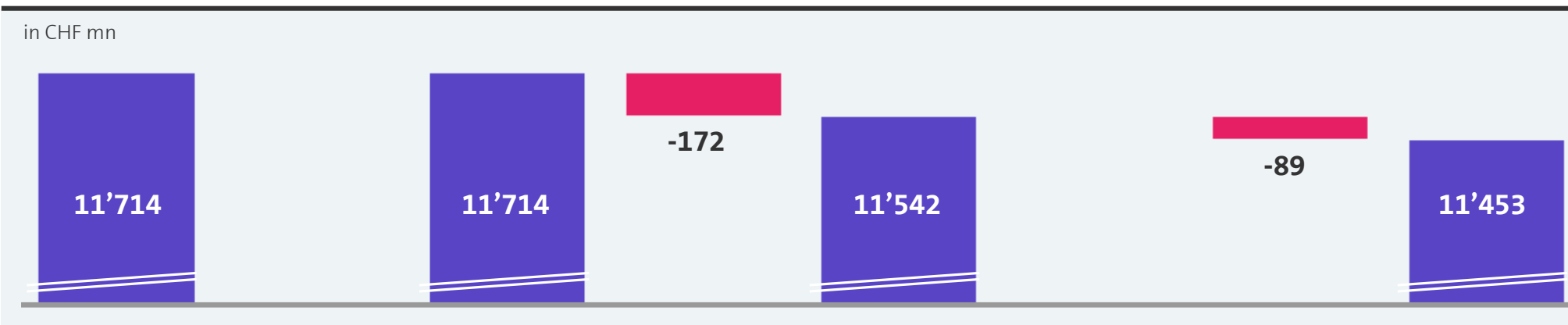
Mario Rossi, CFO Swisscom



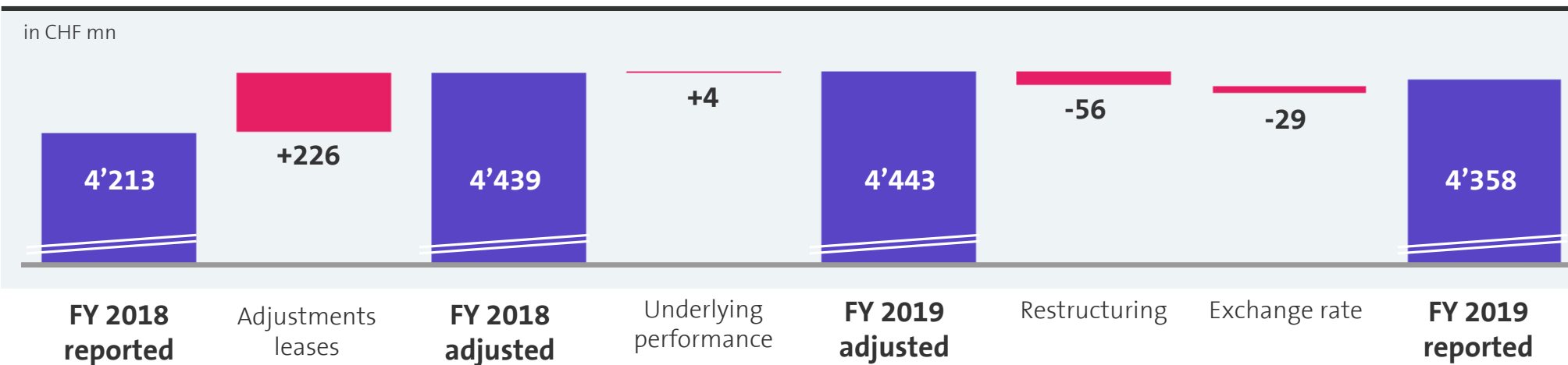
Reconciliation of key financials

Financial performance in line with guidance

Net revenue



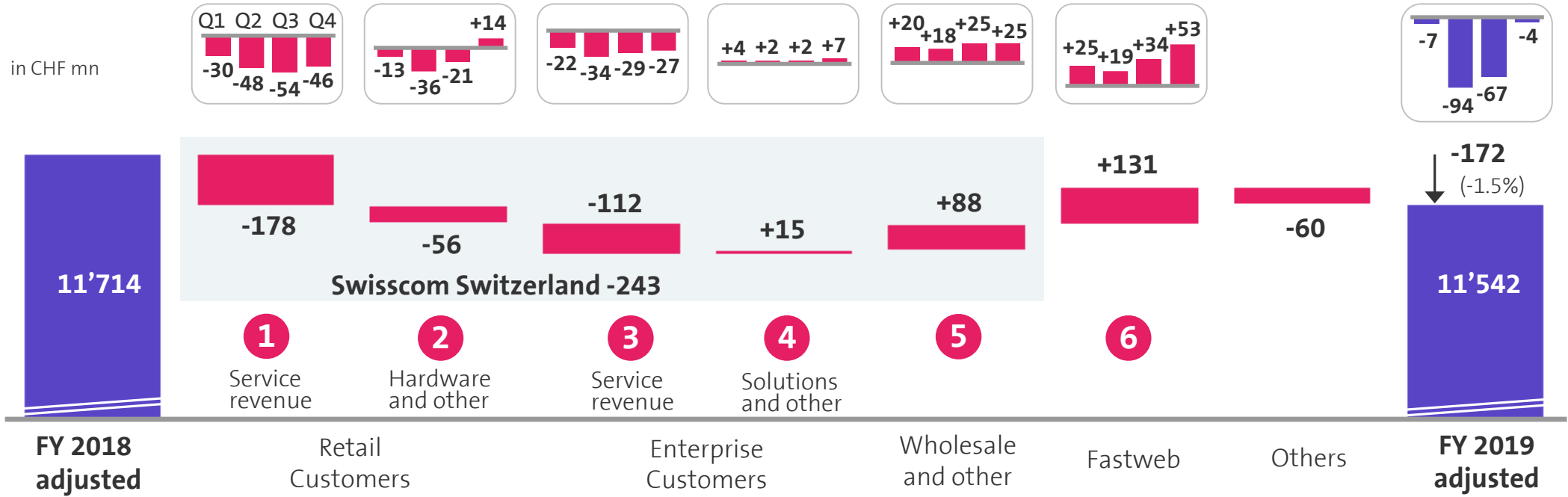
EBITDA





Group revenue breakdown by segments

Divergent top-line evolutions (with Switzerland down and Italy up) being in line with expectations



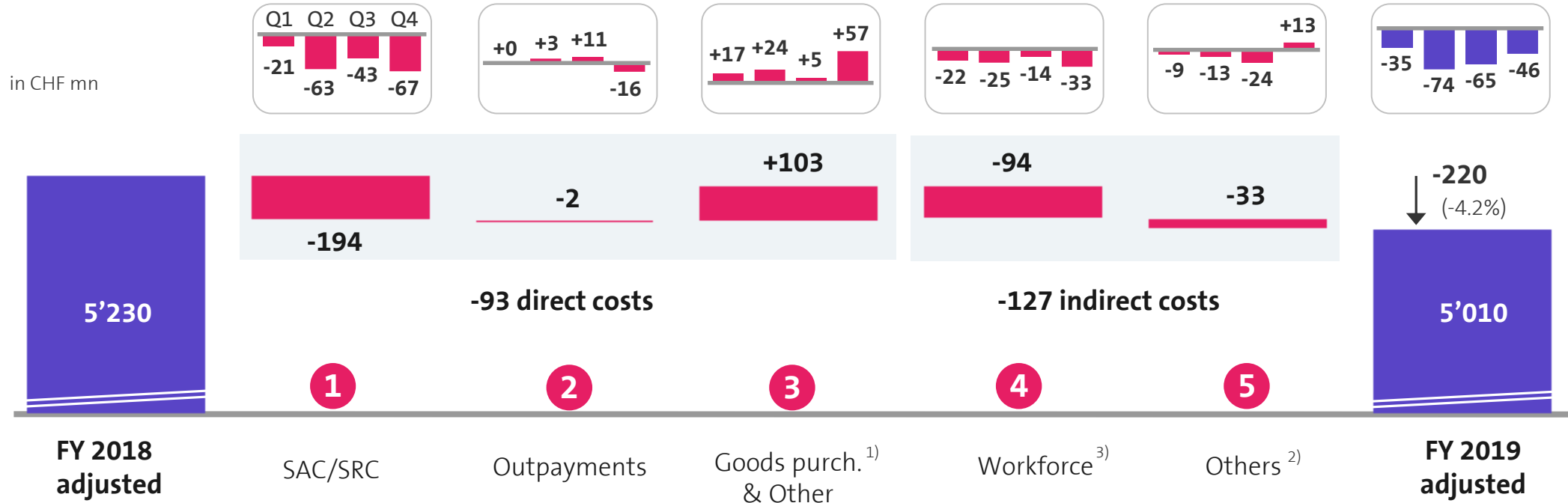
- 1 Market remains competitive: promotional activities and RGU mix changes lead to pressure on service revenue
- 2 Hardware up driven by smartphone sales (+64mn). Other YoY down due to device decoupling in new mobile tariffs impacting revenue reconciliation (IFRS 15) by -121mn

- 3 Price pressure and market dynamics remain high
- 4 Solutions flattish also thanks to growing Cloud and Security services
- 5 Increase driven by higher MVNO services, BBCS and inbound roaming
- 6 Positive evolution of Consumer and Corporate segments



OPEX of Swisscom Switzerland

Operational excellence initiatives with expected impacts lowering OPEX on a recurring basis



- 1** Decrease driven by device decoupling in mobile tariffs compensating negative impact on revenue reconciliation item (IFRS 15)
- 2** Outpayments in total flat YOY. Roaming outpayments above prior year (Q4 lower), compensated by lower outpayments for international termination and termination in CH

- 3** Q4 increase driven by higher hardware sales, prior quarters also impacted by higher cost for sport content
- 4** Lower workforce cost for internal and external workforce
- 5** Cost decrease supported by and efficiency gains in IT-operations, Q4 impacted by higher marketing expenses

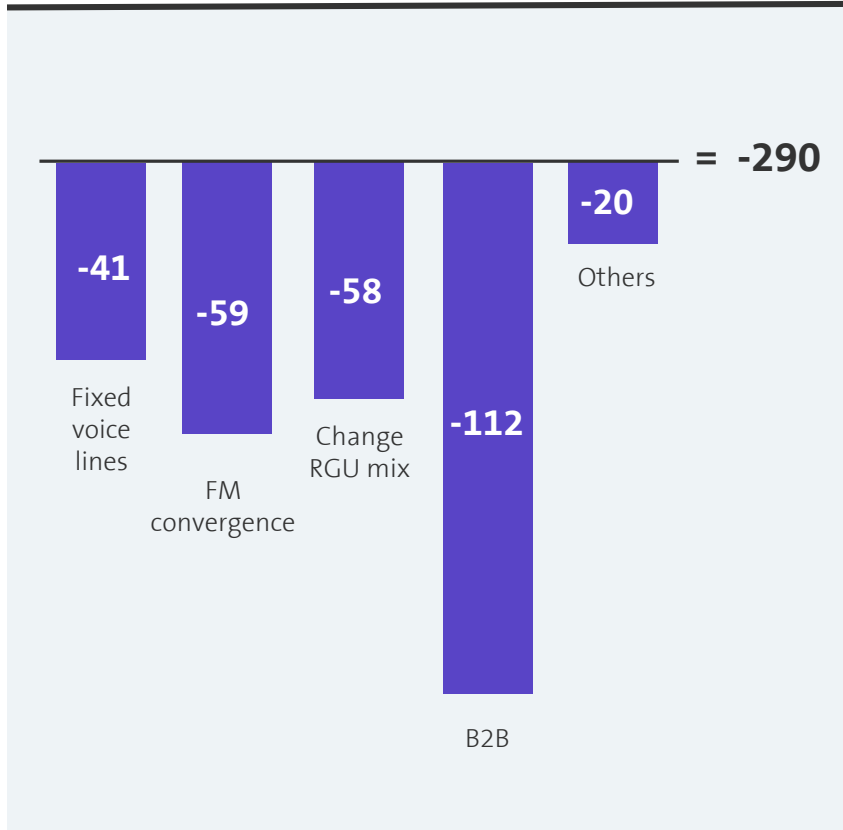
1) including activated initial cost for customer projects (CHF 19mn)
 2) excluding activated initial cost for customer projects (CHF 19mn)
 3) excluding restructuring cost (CHF 62mn)



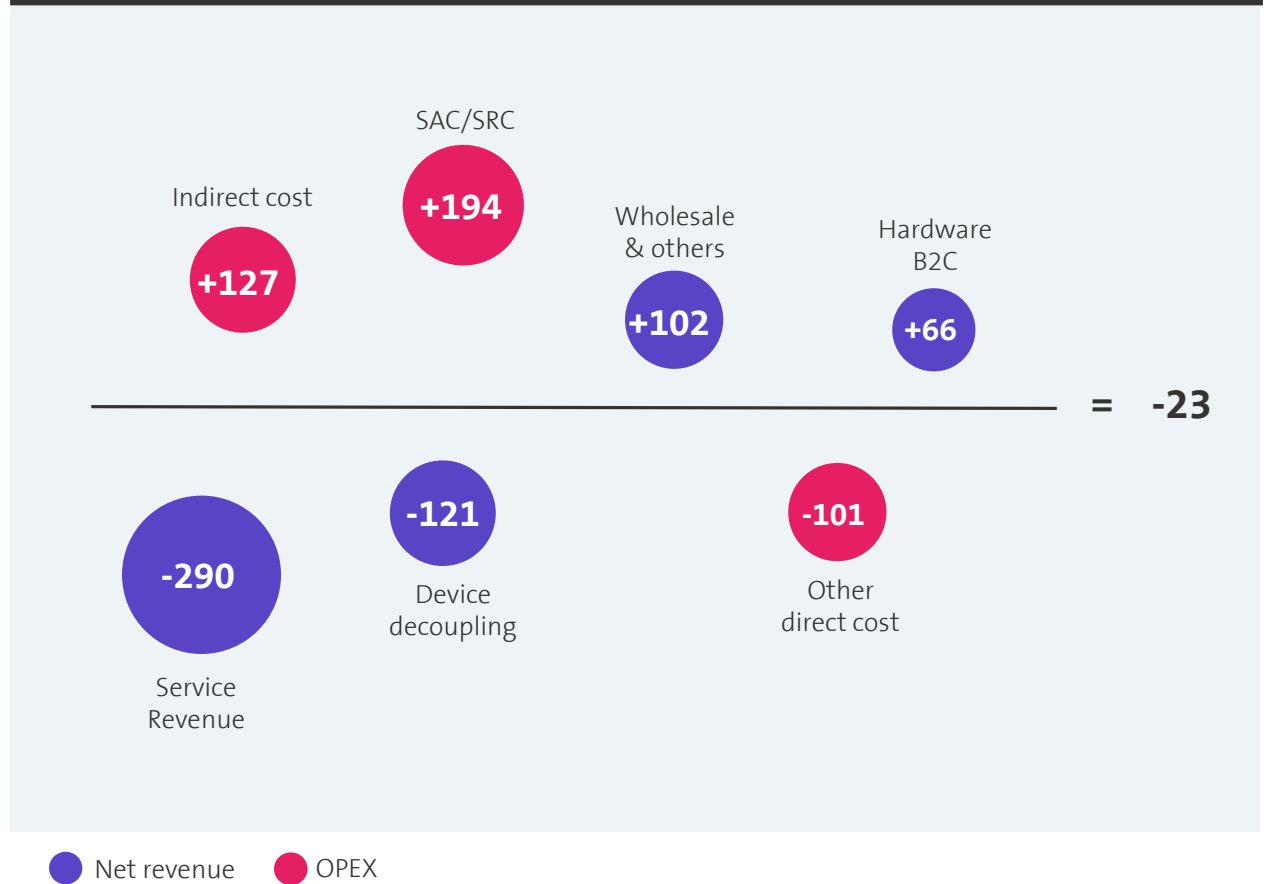
2019 margin dynamics of Swisscom Switzerland

YOY changes fully inline with expectations

Service revenue ...



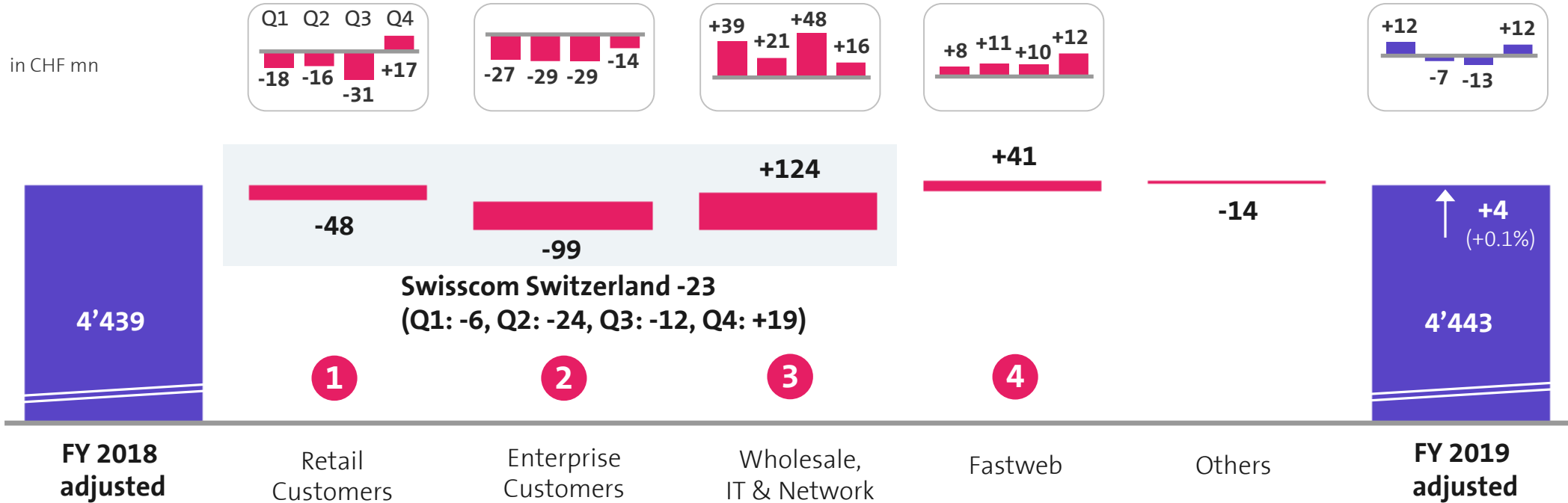
... and EBITDA dynamics of Swisscom Switzerland YOY changes in CHF mn





Group EBITDA breakdown by segments

Cost saving initiatives partly compensate top-line erosion in Switzerland. Fastweb up YOY



- 1** Q4 with positive device decoupling effects (Q4: +29mn, FY: +63mn), whereas higher roaming outpayments impacted Q3,
- 2** Price pressure and structural effects in the connectivity business unchanged

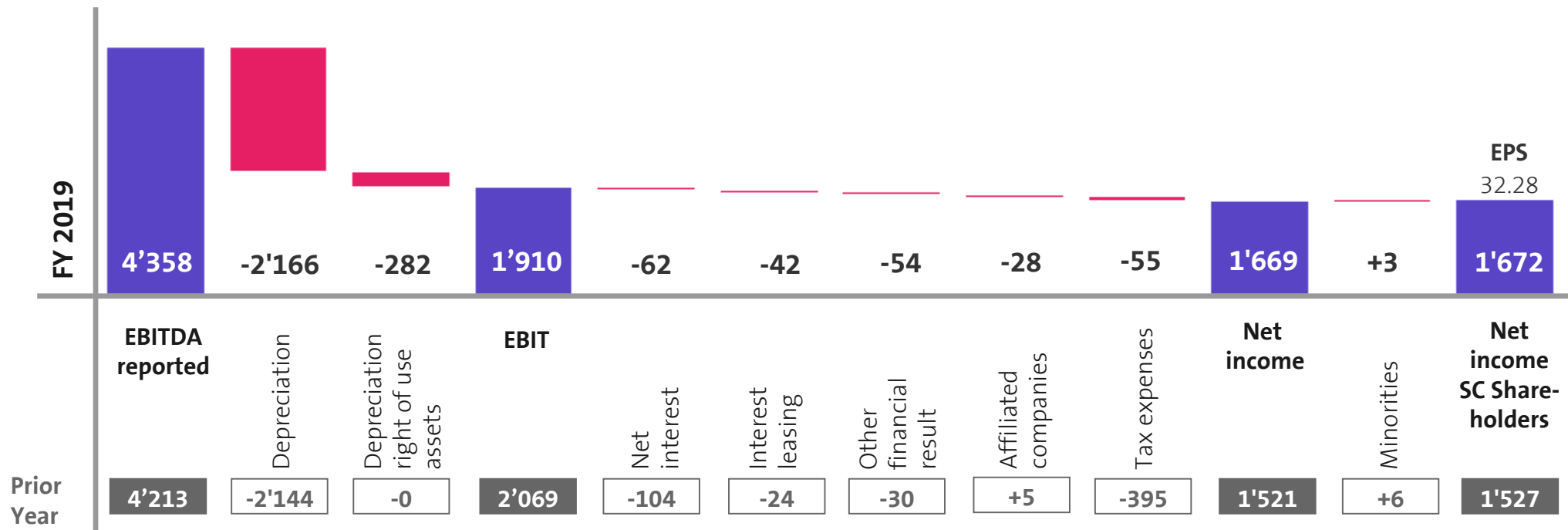
- 3** Positive thanks to higher revenues for inbound roaming and wholesale services and cost decrease for IT and support functions
- 4** Increase driven by revenue growth in the segments Enterprise and Consumer



Net income

Net income up by 9.7% as a result of lower tax expenses

in CHF mn

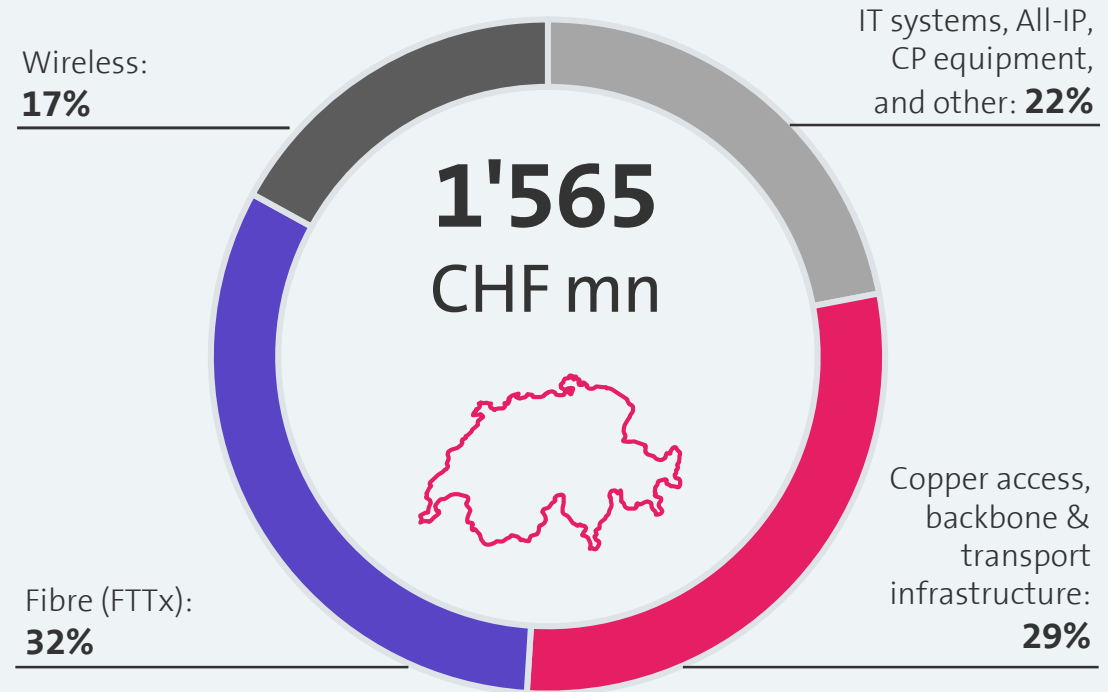
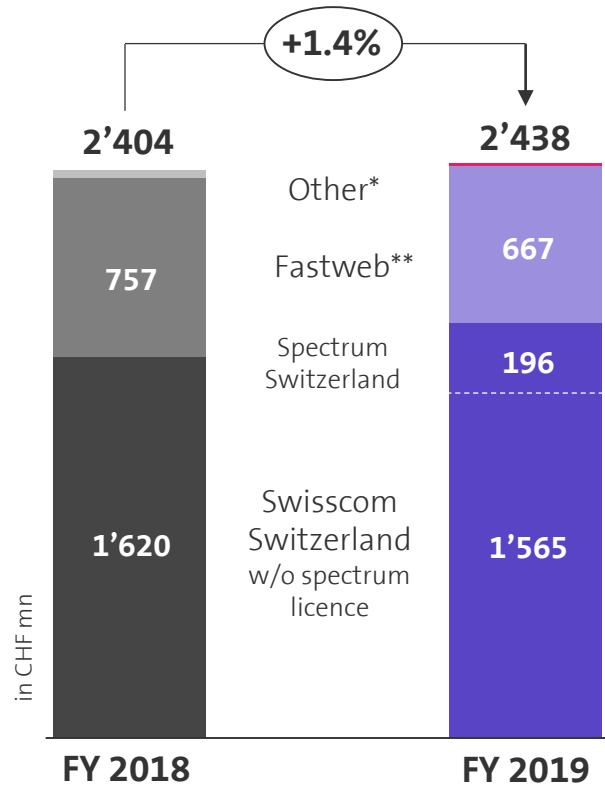


- Optimised debt portfolio leads to lower net interest expenses
- 2019 tax expenses of CHF -55mn include an extraordinary (non-cash) impact of CHF +269mn from deferred tax liability adjustments due to corporate tax reform in Switzerland
- Future tax rate expected to be at approx. 19.5%



Capital expenditures

Network continuously improving for customer experience



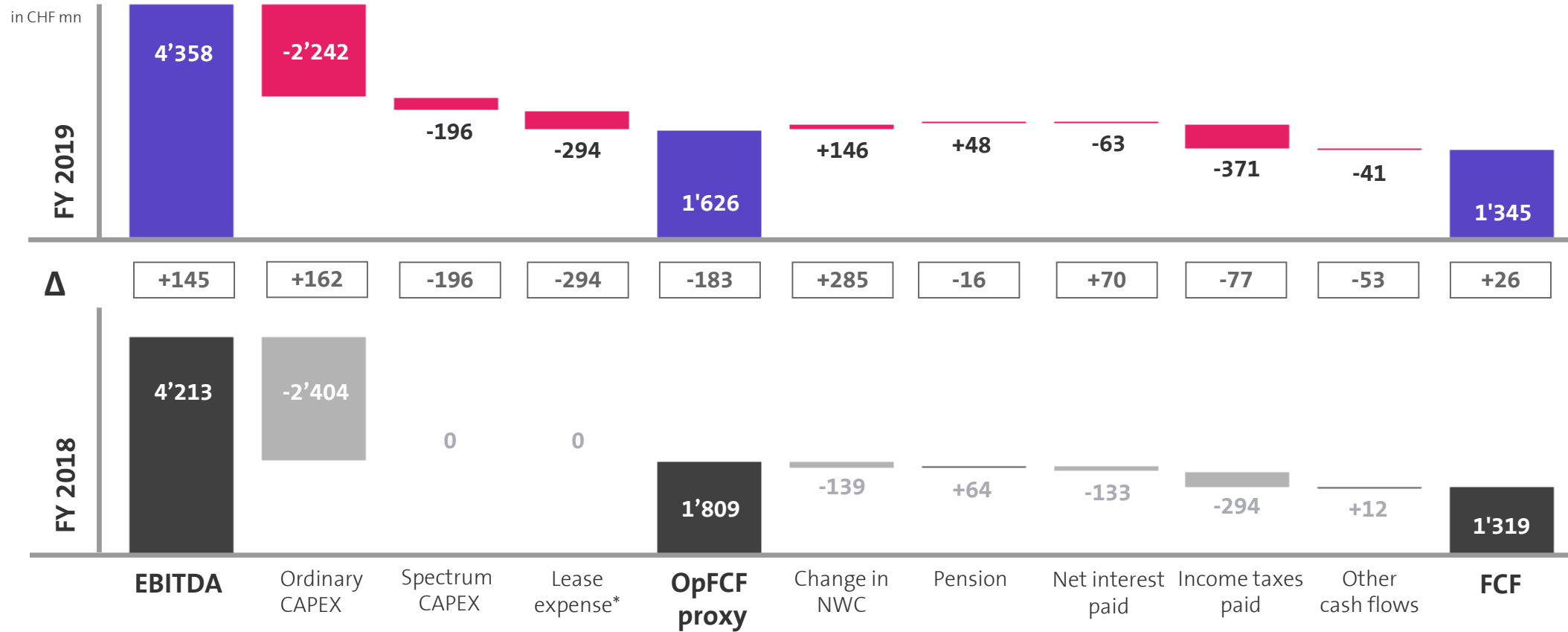
- Continuous fibre network roll out (higher volumes) and upgrading of mobile network driven CAPEX of Swisscom Switzerland
- Lower CAPEX due to investment in mobile spectrum (EUR 64mn) in the previous year. Ongoing investments in network infrastructures keeps Fastweb's CAPEX on a high level in local currency.

* in 2018 CHF 27mn, in 2019 CHF 10mn, ** in local currency in 2018: EUR 657mn (including cost for (new) 5G licenses of EUR 64mn), in 2019: EUR 599mn



Free cash flow

Cost for new spectrum licenses impacts free cash flow. Without CAPEX spectrum FCF up by CHF +222mn YoY



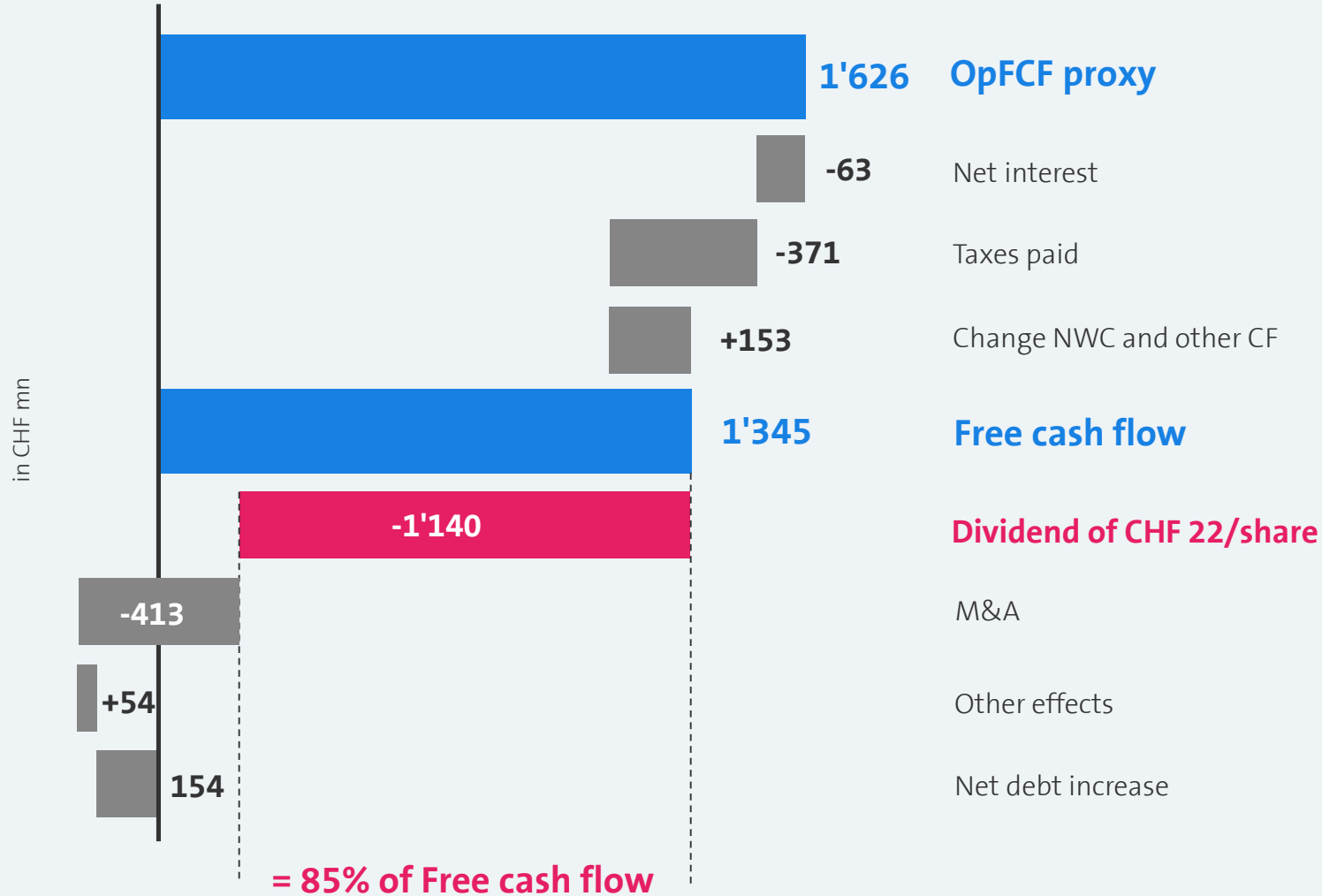
- Lower OpFCF proxy 2019 primarily due to investments in new 5G spectrum licences (CHF -196mn)
- Tax payments of CHF 371mn, YOY higher due to 2019 time-delayed extra payments

* consists of depreciation right of use assets of CHF -282mn, interest expense leases of CHF -42mn less depreciation purchased IRU classified as lease of CHF 30mn



Use of 2019 free cash flow

Shareholder payment well covered



Stable attractive dividend of CHF 22 per share since 2011

- **Proposal to AGM** (6 April 2020) **to pay CHF 22 per share again**
- Dividend **time table**: 7 April last trading date with entitlement to dividend, 8 April ex-date, 14 April payment date
- Swisscom targets a reliable shareholder distribution aligned with **cash flow generation** and **capital allocation**

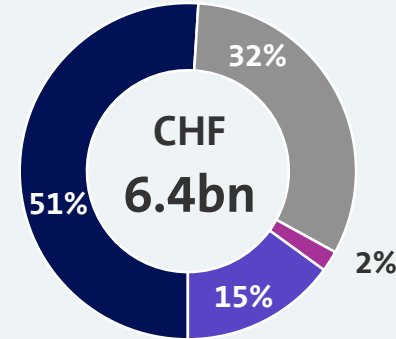


Swisscom debt portfolio as per 31.12.2019

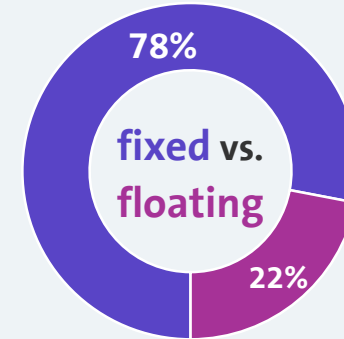
Further improvement of financing costs achieved

- **2019 refinancing transactions**
 - CHF 200mn, coupon 0.5%, 10 yrs
 - CHF 80mn, coupon 0.75%, 14.5 yrs
 - CHF 125mn, coupon 0.0%, 25 yrs
- Debt portfolio actively managed: **duration of 5.5 years**
- **1% average interest rate**
- **Solid leverage ratios**
 - Reported 2.0x
 - IFRS16 adjusted 1.7x
- **Stable credit ratings**
 - S&P: A stable
 - Moody's: A2 stable

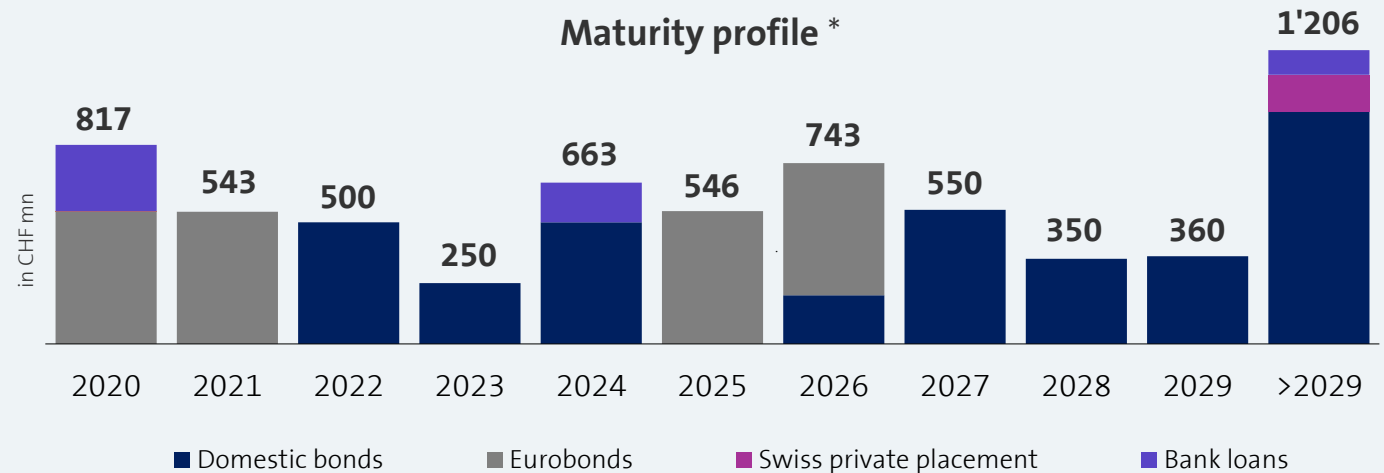
Nominal debt by type



Debt portfolio mix



Maturity profile *



* excl. short-term money market borrowings



Guidance FY 2020

Net revenue of CHF ~11.1bn, EBITDA CHF ~4.3bn and CAPEX CHF ~2.3bn

in CHF mn	2019 reported	Expected YOY change Swisscom w/o Fastweb	Expected YOY change Fastweb in EUR mn	2020 outlook***	Splits into:
Revenue	11'453	< 0	> 0	~11'100	CHF ~8.7bn for Swisscom w/o Fastweb + EUR ~2.3bn for Fastweb
EBITDA*	4'358	< 0	> 0	~4'300	CHF ~3.5bn for Swisscom w/o Fastweb + EUR ~0.8bn for Fastweb
CAPEX**	2'438	0	0	~2'300	CHF ~1.6bn for Swisscom w/o Fastweb + EUR ~0.6bn for Fastweb

* EBITDAaL 2020 outlook for Swisscom: CHF ~4.0bn

** 2019 figure includes cost for additional (5G) spectrum in Switzerland of CHF 196mn

*** For consolidation purposes, CHF/EUR of 1.07 has been used (vs. 1.11 for fiscal year 2019)

Upon meeting its targets, Swisscom plans to propose again a dividend of CHF 22/share (payable in 2021)



Final Remarks

Urs Schaeppi, CEO Swisscom

swisscom



Swisscom with clear market standing and steady execution beliefs ...

... to generate maximum cashflows enabling a predictable shareholder remuneration every year



Our positioning

- Fully **integrated** and **converged** **Telco** and **ICT operator**



Our execution beliefs

- Be **long-term** committed
- Differentiate **value-oriented**
- **Realise (new) growth** opportunities
- **Maximise** free cashflow



Our shareholder commitment

- Be a **reliable dividend play**





Appendix

swisscom





Key financials

Reported and underlying revenue and EBITDA

in CHF mn

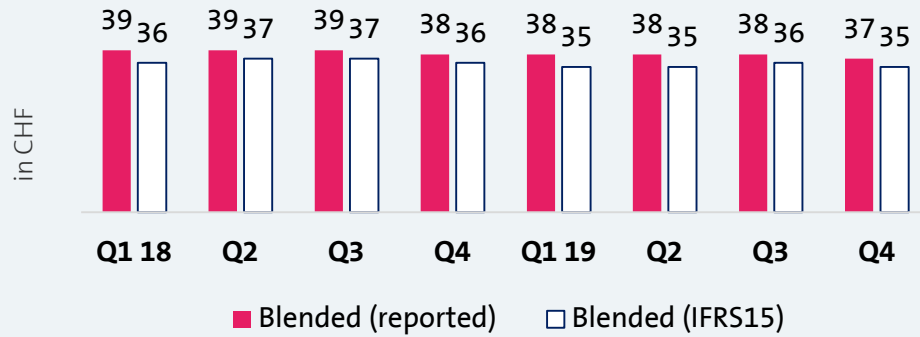
	2018					2019					Change Q/Q, FY				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Revenue, reported	2'885	2'920	2'884	3'025	11'714	2'860	2'803	2'793	2'997	11'453	-25	-117	-91	-28	-261
Currency effect						18	23	24	24	89	+18	+23	+24	+24	+89
Revenue, at constant currency											-7	-94	-67	-4	-172
EBITDA, reported	1'058	1'085	1'088	982	4'213	1'119	1'121	1'120	998	4'358	+61	+36	+32	+16	+145
Reconciliation leases IAS 17	52	47	51	57	207						-52	-47	-51	-57	-207
Adjustments effect IFRS16	8	8	8	-5	19	5	5	5	-15	0	-3	-3	-3	-10	-19
Restructuring									56	56				+56	+56
EBITDA, adjusted	1'118	1'140	1'147	1'034	4'439	1'124	1'126	1'125	1'039	4'414	+6	-14	-22	+5	-25
Currency effect						6	7	9	7	29	+6	+7	+9	+7	+29
EBITDA, adjusted at constant currency											+12	-7	-13	+12	+4



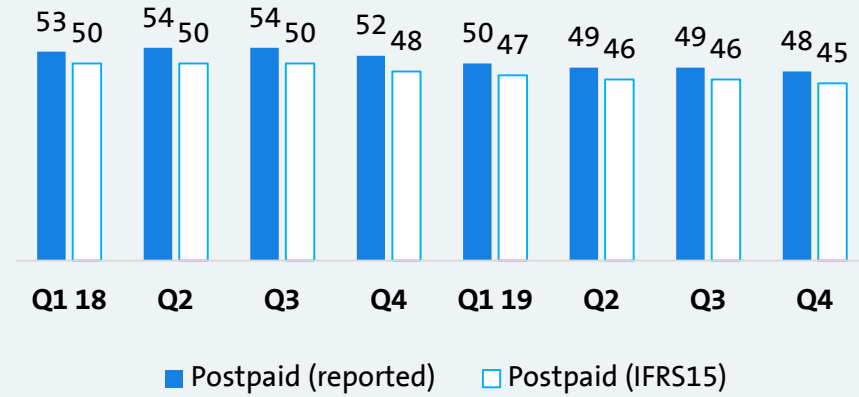
Swisscom Switzerland

Wireless ARPU and IFRS15 adjustments

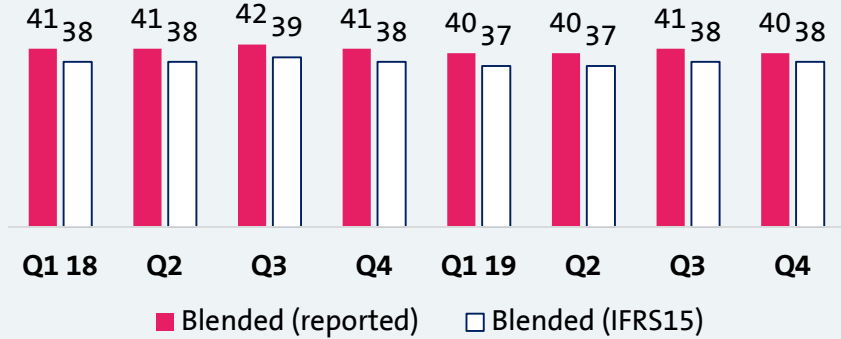
Swisscom Switzerland



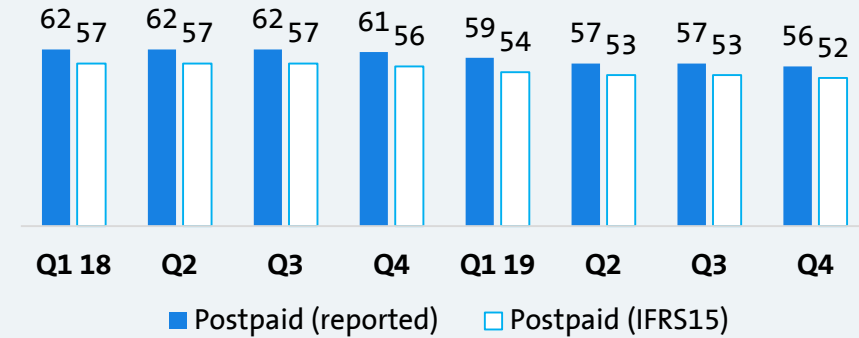
Swisscom Switzerland



Retail Customers



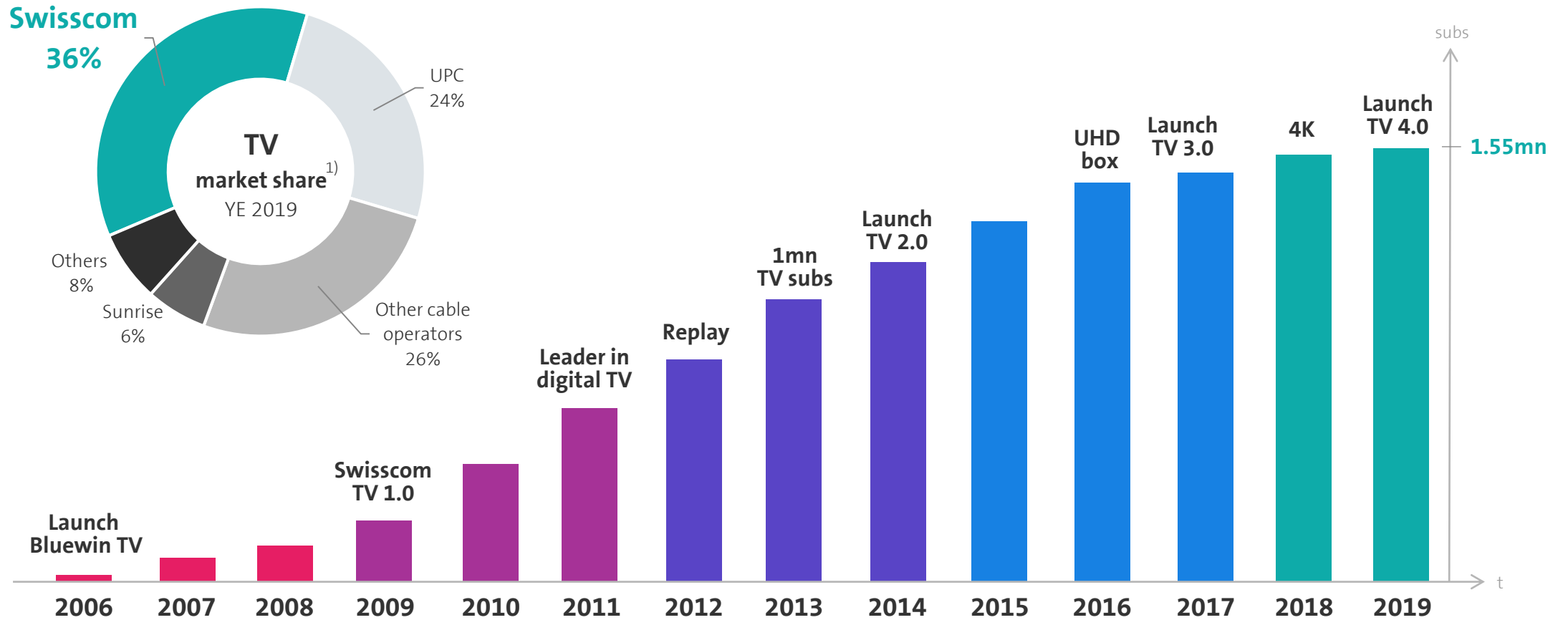
Retail Customers





Swisscom's TV subscriptions constantly growing since launch in 2006

Swisscom with 1.55mn TV subs and 36% market share



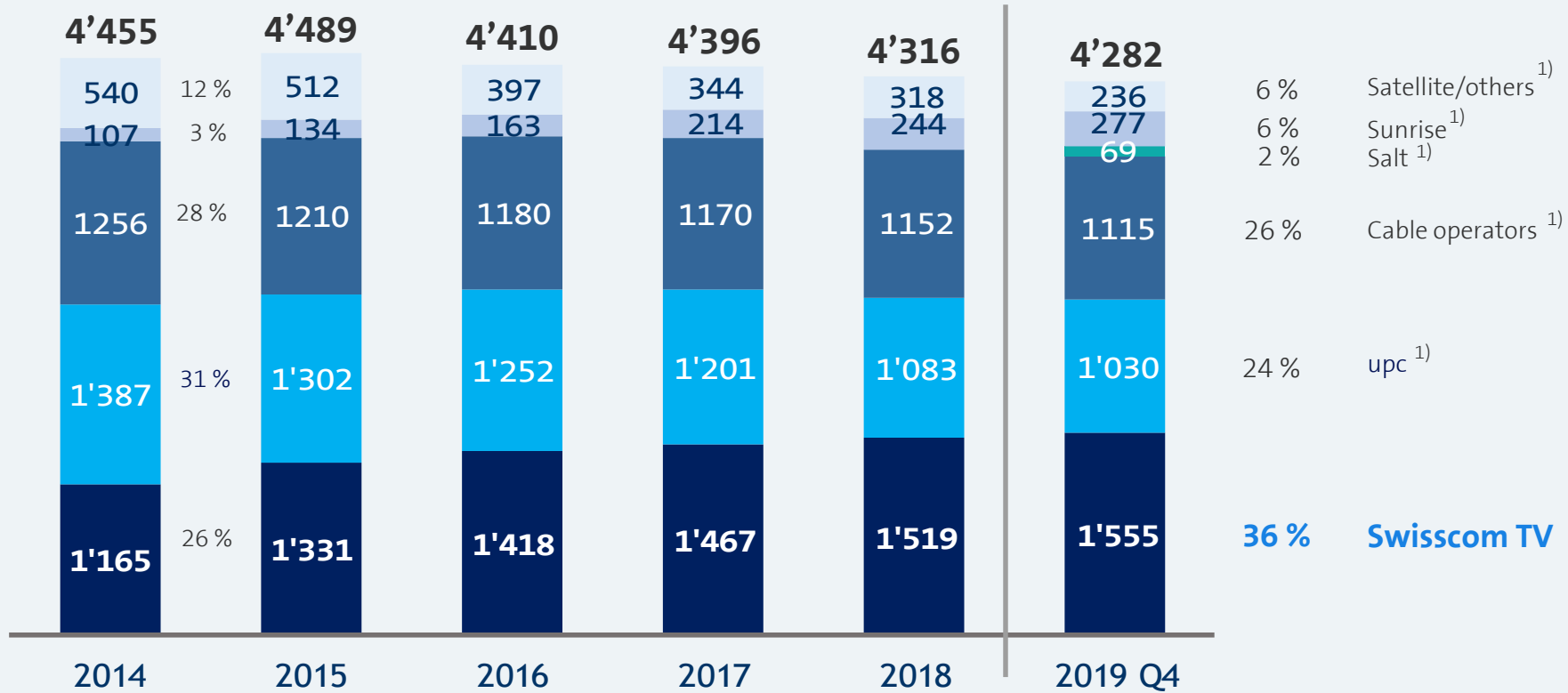
1) Swisscom estimates for Q4 2019



TV market in Switzerland

Swisscom #1 with 36% market share (+10pp since YE 2014)

Market subscriptions in k



1) Swisscom estimates for Q4 2019



Retail Customers

Segment reporting as per 31.12.2019

Net revenue decrease driven by lower service revenue.

Service revenue decreased (-3.4%) due to higher discount volumes (inOne), a decrease in access lines and change in subscriber mix.

Furthermore the device decoupling in mobile tariffs impacts net revenue (reconciliation IFRS 15) by -121mn YoY.

Contribution margin 2 decreased by 1.4%. Lower service revenue and negative impact from the revenue reconciliation IFRS 15 was largely compensated by lower SAC/SRC and lower indirect cost (mostly workforce).

	Q4 2019	Q4/Q4	31.12.2019	YoY
Net revenue in MCHF ¹⁾	1'471	-2.1%	5'691	-3.9%
Direct costs in MCHF	-378	-7.4%	-1'293	-8.4%
Indirect costs in MCHF ²⁾	-271	-6.2%	-983	-6.4%
Contribution margin 2 in MCHF	822	2.1%	3'415	-1.4%
<i>Contribution margin 2 in %</i>	<i>55.9%</i>		<i>60.0%</i>	
Depreciation & amortisation in MCHF	-21	-30.0%	-99	-28.3%
Lease expense in MCHF	-12	-7.7%	-51	0.0%
Segment result in MCHF	789	3.5%	3'265	-0.3%
CAPEX in MCHF	-13	0.0%	-29	-32.6%
FTE's	-65		5'009	-5.4%
Broadband lines in '000 ³⁾	+7		2'003	0.3%
Voice lines in '000 ³⁾	-22		1'515	-7.7%
Wireless customers Prepaid in '000	-43		1'562	-7.8%
Wireless customers Postpaid in '000 ³⁾	+22		3'526	4.3%
Blended wireless ARPU in CHF	40	-2.4%	40	-2.4%
TV subs in '000 ³⁾	+15		1'555	2.4%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

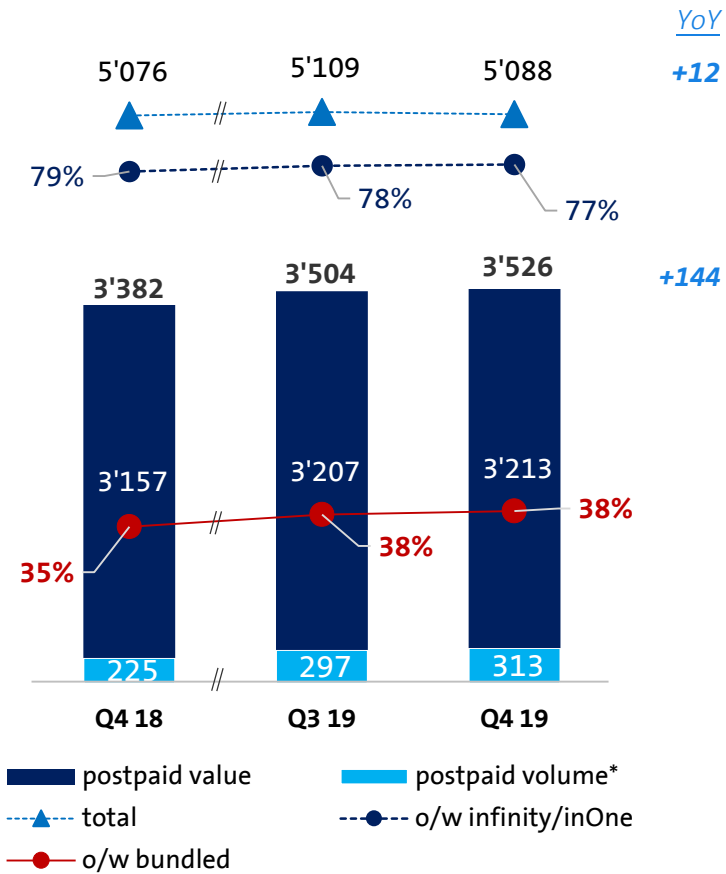
3) sum of single play and bundles



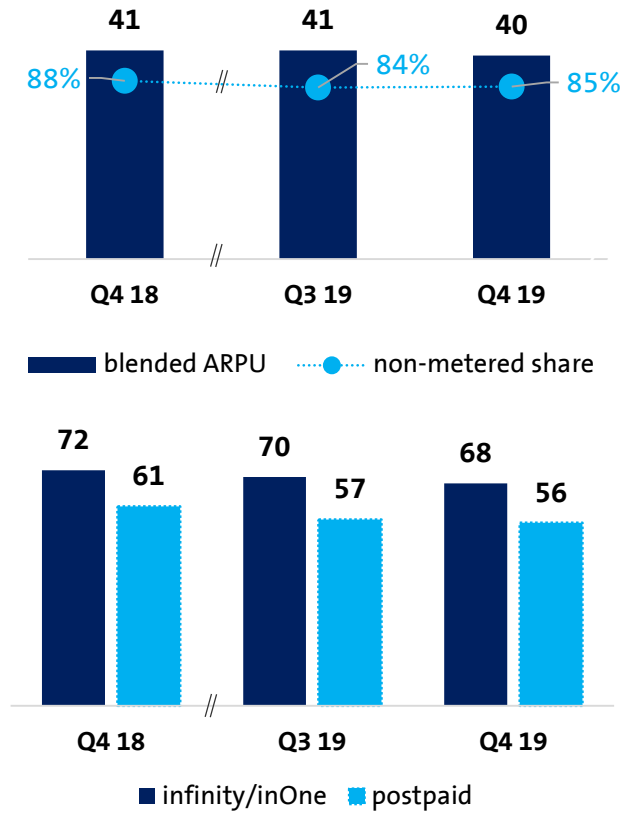
Retail Customers

Wireless performance

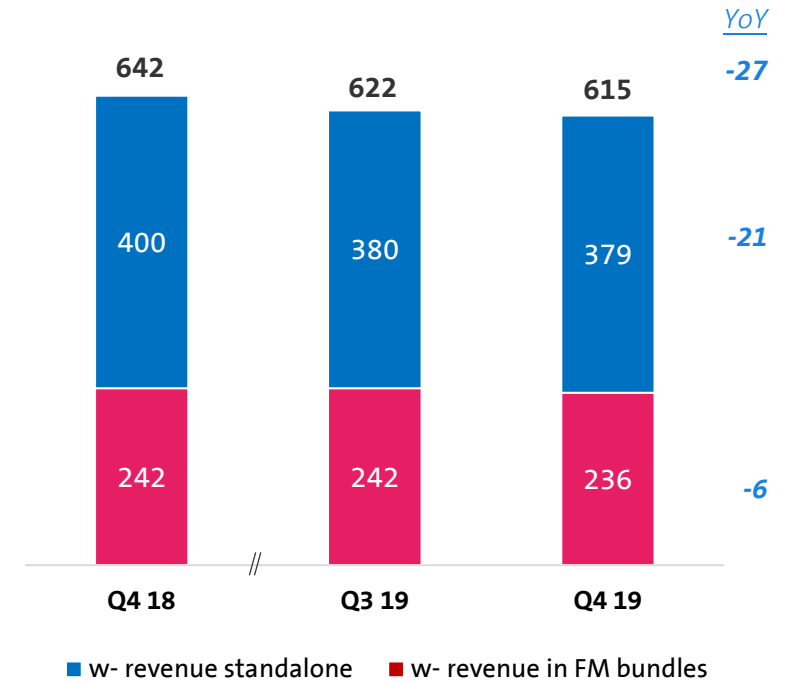
Subscriptions (in k)



ARPU (in CHF)



Service Revenue (in CHF mn)



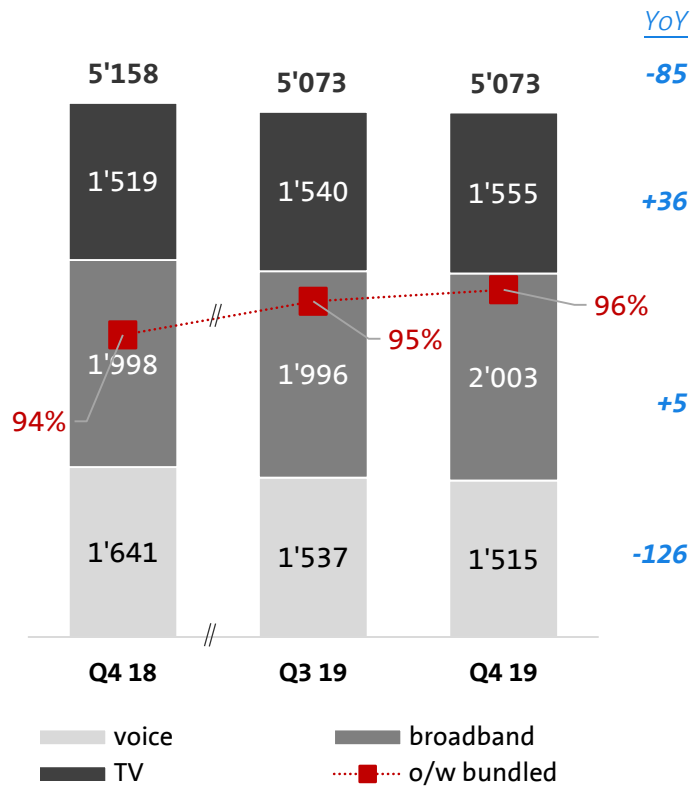
* consists of data and multi SIM cards



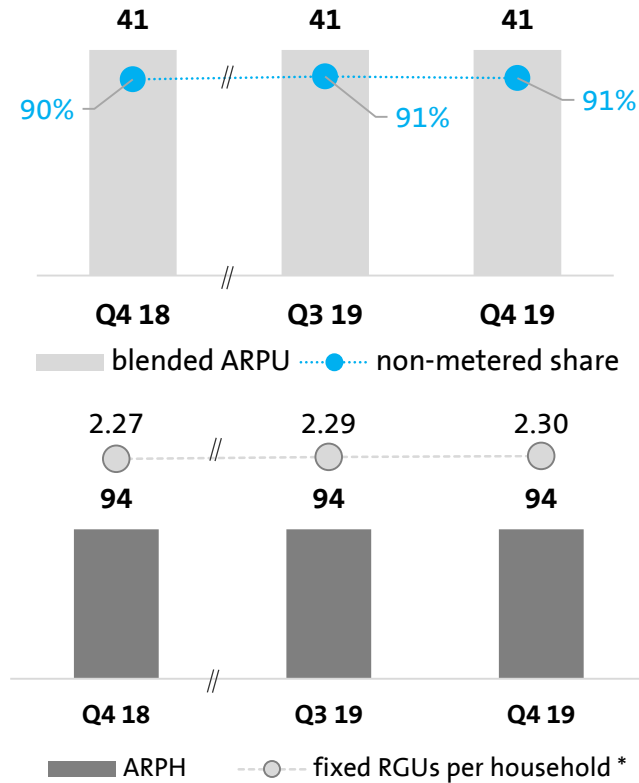
Retail Customers

Wireline performance

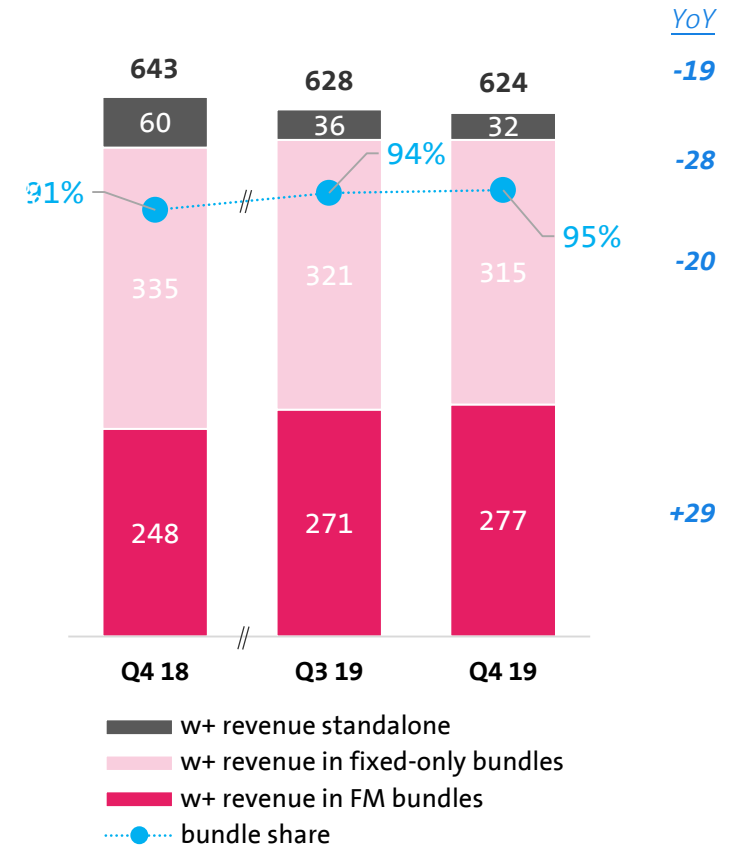
Subscriptions (in k)



ARPU and ARPH (in CHF)



Service Revenue (in CHF mn)



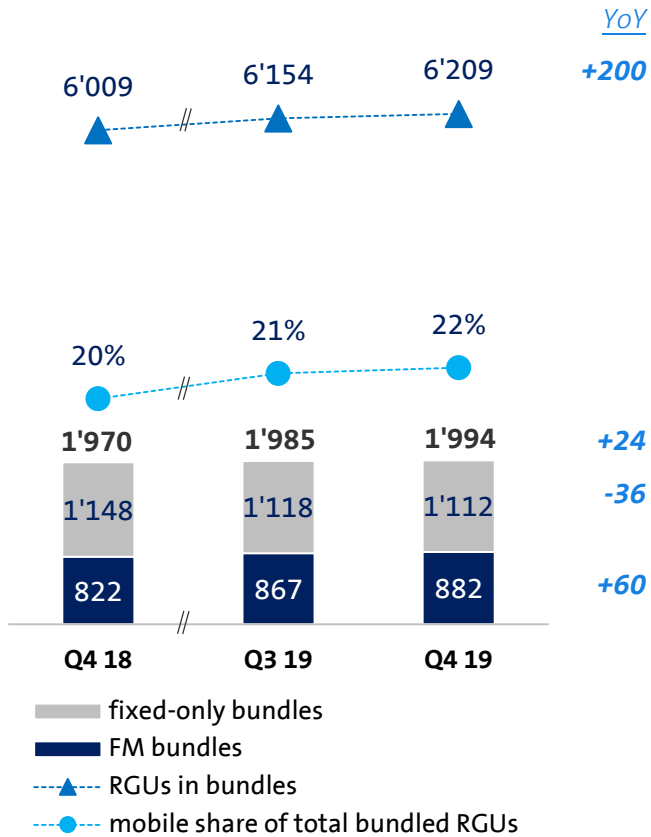
* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]



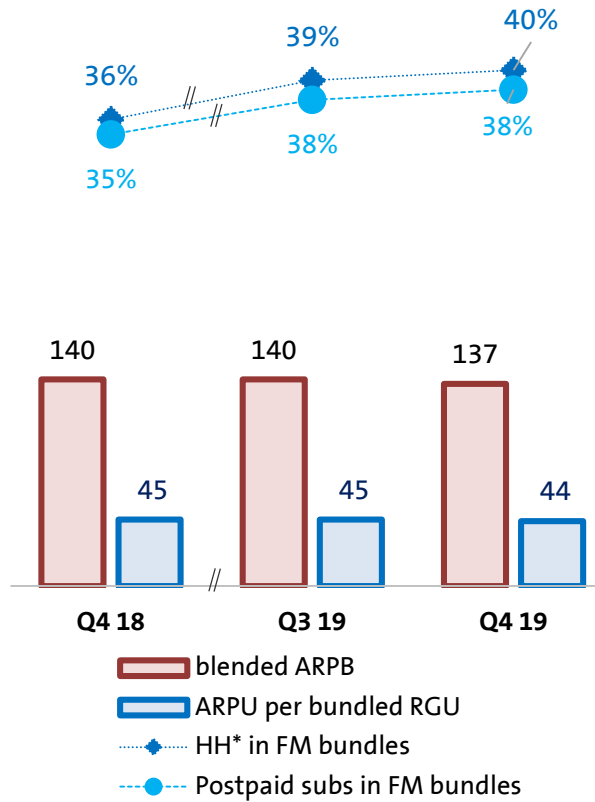
Retail Customers

Performance of fixed and FM bundles

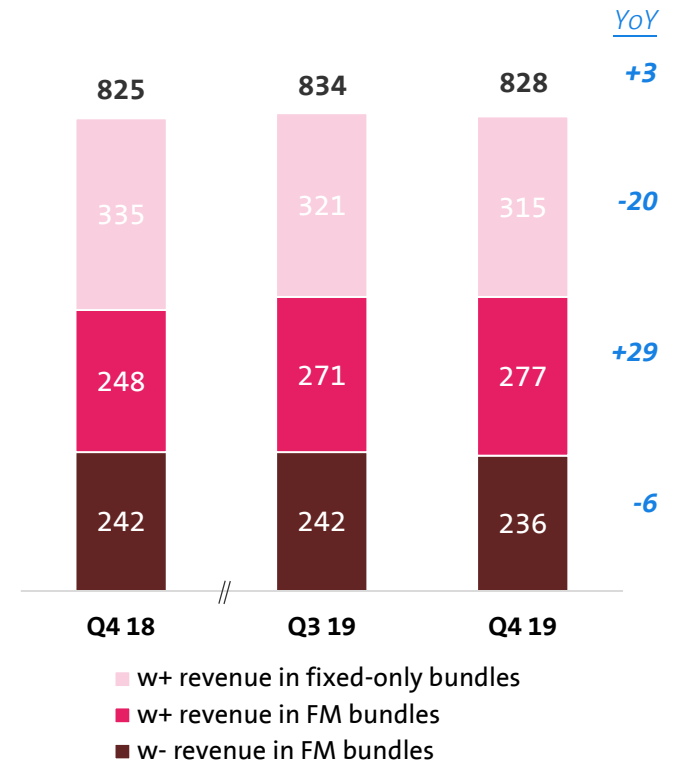
Subscriptions and Bundles (in k)



ARPB/U (in CHF) and FM penetration (in %)



Service Revenue (in CHF mn)



* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]



Enterprise Customers

Segment reporting as per 31.12.2019

Net revenue down -4.0%, decrease in service revenue (-10.9%) due to price erosion and lower volume.

Solutions revenue on prior year level (-0.6%), volumes in workplace & UCC and banking decreased, revenues in the areas cloud and security increased.

Hardware sales partly compensate with an increase of 11%.

Contribution margin 2 down by 12.3%, driven by the revenue decrease.

	Q4 2019	Q4/Q4	31.12.2019	YoY
Net revenue in MCHF ¹⁾	590	-3.3%	2'312	-4.0%
Direct costs in MCHF	-204	0.0%	-786	3.8%
Indirect costs in MCHF ²⁾	-213	-2.7%	-821	-3.1%
Contribution margin 2 in MCHF	173	-7.5%	705	-12.3%
<i>Contribution margin 2 in %</i>	<i>29.3%</i>		<i>30.5%</i>	
Depreciation & amortisation in MCHF	-22	46.7%	-74	7.2%
Lease expense in MCHF	-7	-22.2%	-28	-17.6%
Segment result in MCHF	144	-11.7%	603	-14.0%
CAPEX in MCHF	-7	-36.4%	-37	-7.5%
FTE's	-47		4'426	0.1%
Broadband lines in '000	-1		30	-14.3%
Voice lines in '000	-27		79	-46.3%
Wireless customers in '000	-4		1'245	-3.8%
Blended wireless ARPU in CHF	25	-10.7%	26	-13.3%

1) incl. intersegment revenues

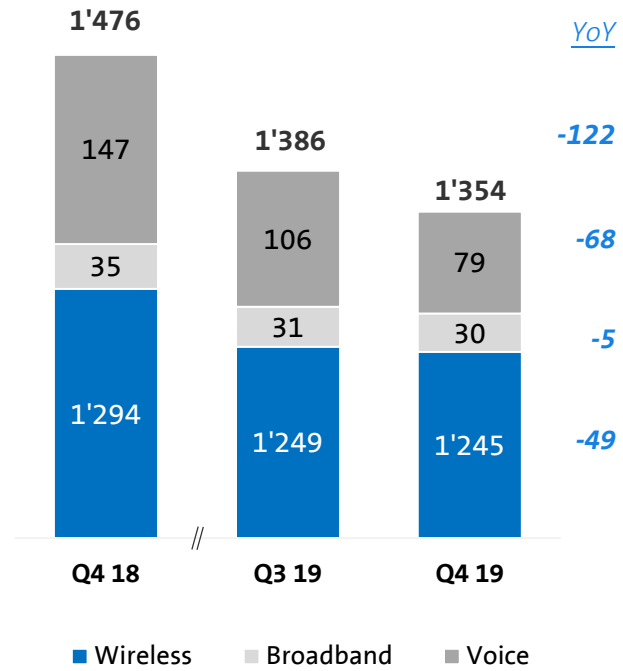
2) incl. capitalised costs and other income



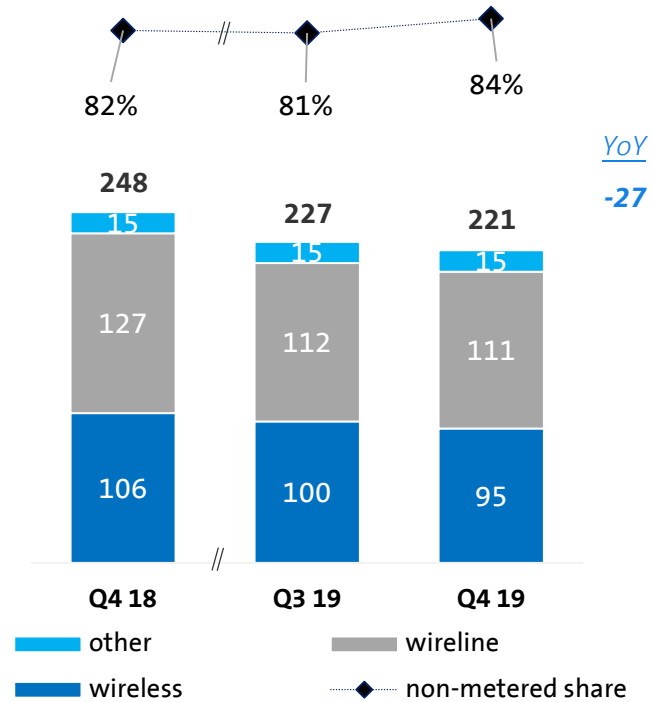
Enterprise Customers

Subs and revenue performance

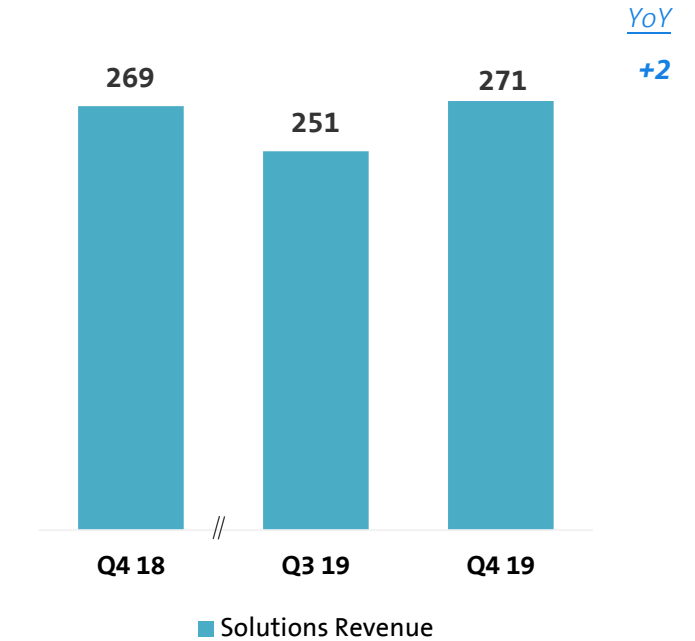
Subscriptions (in k)



Service Revenue (in CHF mn)



Solutions Revenue (in CHF mn)





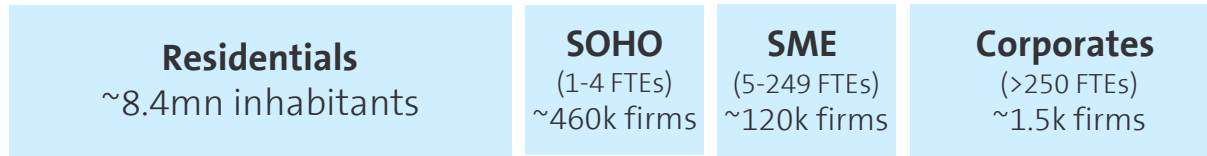
New segment reporting as a consequence of OneB2B transformation

Transfer of SME impacts operational and financial KPIs

Restatement of 2019 figures as per Q1 2020



Market overview



Swisscom's market approach



Swisscom's segment reporting

2019 format



New format from Q1 2020 onwards



Enterprise Customers

2019 format

- Revenue* CHF ~2.2bn
- CM2 CHF ~0.7bn
- FTEs 4'426
- RGUs 1'354k
- Mobile ARPU CHF 26

B2B

2020 format

- Revenue* CHF ~3.1bn
- CM2 CHF ~1.3bn
- FTEs ~5'000
- RGUs ~2'500k
- Mobile ARPU ↑

* Net revenue from external customers



Wholesale

Segment reporting as per 31.12.2019

Revenue from external customers up by 13.6%. Revenue for wholesale connectivity services as well as revenue for inbound roaming increased.

Contribution margin 2 increased driven by the revenue increase.

	Q4 2019	Q4/Q4	31.12.2019	YoY
External revenue in MCHF	154	16.7%	643	13.6%
Intersegment revenue in MCHF	65	-22.6%	325	-0.9%
Net revenue in MCHF	219	1.4%	968	8.3%
Direct costs in MCHF	-94	-12.1%	-427	-0.7%
Indirect costs in MCHF ¹⁾	-3	-25.0%	-16	-5.9%
Contribution margin 2 in MCHF	122	16.2%	525	17.4%
<i>Contribution margin 2 in %</i>	<i>55.7%</i>		<i>54.2%</i>	
Depreciation & amortisation in MCHF	-		-	
Lease expense in MCHF	-1		-1	
Segment result in MCHF	121	16.3%	524	17.5%
CAPEX in MCHF	-		-	
FTE's	+0		85	2.4%
Full access lines in '000	-5		70	-19.5%
BB (wholesale) lines in '000	+6		515	7.1%

1) incl. capitalised costs and other income



New Telecoms Act passed in H1 2019 ...

... ensuring favourable investment conditions also in the future



Telecoms Act

- Revision completed in H1 2019
- New act **effective as from H2 2020** (expected)
- Review by Federal Council every 3 years



Fixed regulation

- **Only copper access** remains regulated
- **No fibre regulation**



Mobile regulation

- **No access regulation**
- Roaming with possibility to set price caps, but negligible for Swisscom



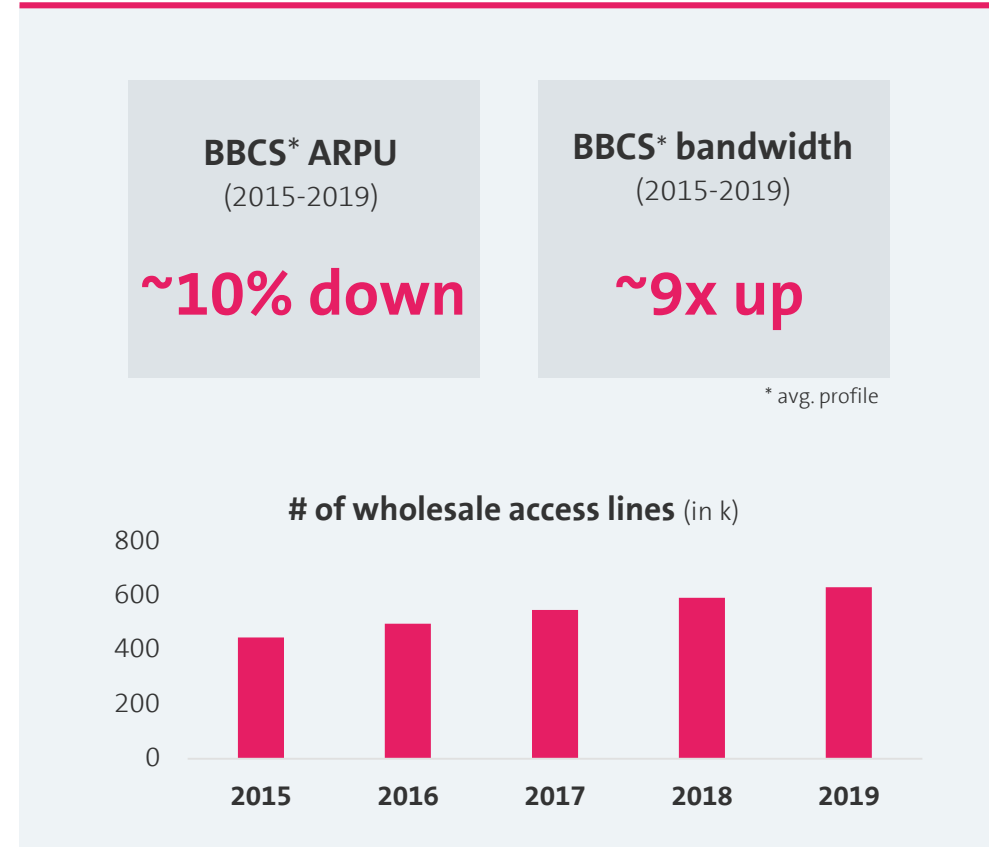
Grow broadband business against alternative network competitors

Swisscom with an attractive wholesale access portfolio

Leading wholesale access portfolio and ...

Solution Business	Carrier Line Service Basic und Premium <ul style="list-style-type: none">Dedicated high-quality Point-to-Point Data Transmission, 2 Mbps to 10 Gbps symmetric
	Carrier Ethernet Service Basic und Premium <ul style="list-style-type: none">Layer 2 Service for low-cost and flexible Ethernet connections, 2 Mbps to 10 Gbps symmetric
	Low End Copper and Low End Fibre <ul style="list-style-type: none">Cost-efficient low-end-access, 2 Mbps to 1 Gbps symmetric
Mass Market	Broadband Connectivity Service (BBCS) <ul style="list-style-type: none">Swiss-wide broadband access, 2 Mbps to 10 Gbps, asymmetric and symmetric
	Unbundled Line (TAL) Access Line Optical (ALO) <ul style="list-style-type: none">Layer 1 line rental

... attractive conditions led to volume growth





IT, Network and Infrastructure

Segment reporting as per 31.12.2019

Adjusted by the provision for restructuring (Q4-2019), the Contribution margin 2 improved by 4.0% driven by lower workforce expenses and IT efficiency gains.

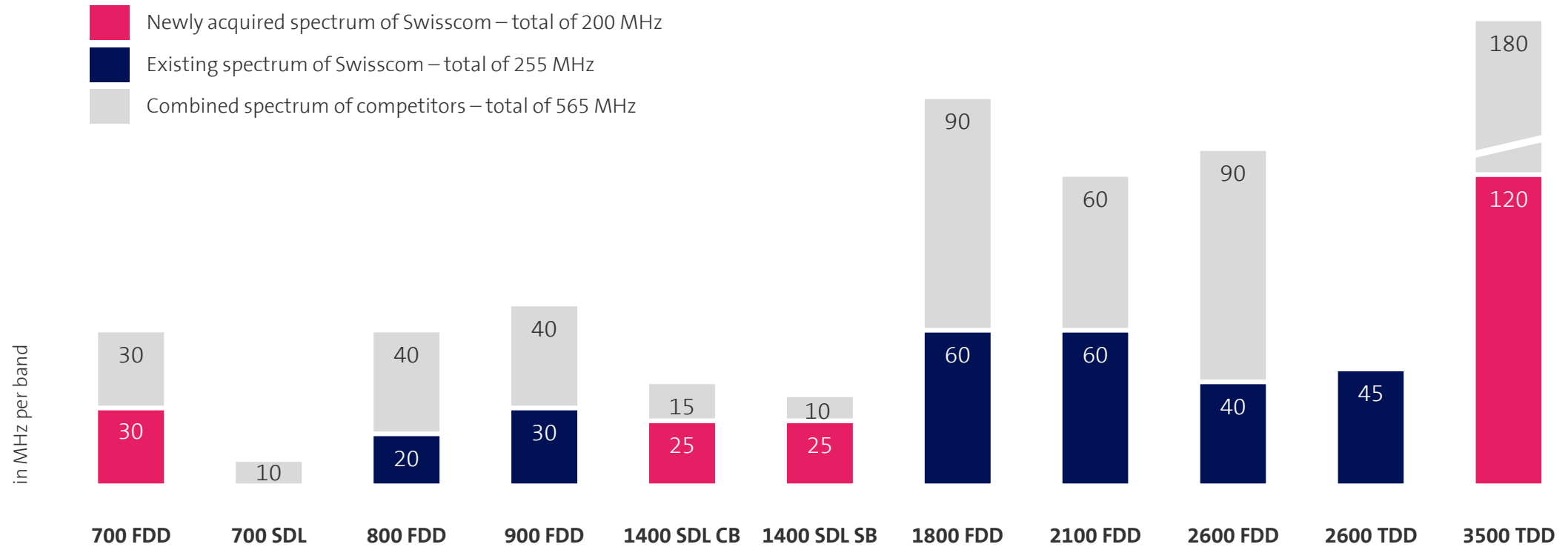
Headcount decreased by 4.1%.

CAPEX include spectrum costs of CHF 196mn (in Q2).

	Q4 2019	Q4/Q4	31.12.2019	YoY
Net revenue in MCHF	20	0.0%	85	7.6%
Direct costs in MCHF	-3	0.0%	-11	0.0%
Workforce expenses in MCHF	-259	19.9%	-847	1.3%
Maintenance in MCHF	-51	-1.9%	-198	4.2%
IT expenses in MCHF	-50	-9.1%	-170	-11.5%
Other OPEX in MCHF	-140	8.5%	-480	3.7%
Indirect costs in MCHF	-500	10.6%	-1'695	0.8%
Capitalised costs and other income in MCHF	112	-12.5%	467	-1.7%
Contribution margin 2 in MCHF	-371	20.8%	-1'154	1.4%
Depreciation & amortisation in MCHF	-331	6.4%	-1'342	6.3%
Lease expense in MCHF	-38	11.8%	-146	7.4%
Segment result in MCHF	-740	13.5%	-2'642	4.1%
CAPEX in MCHF	-417	-15.4%	-1'695	10.4%
FTE's	-4		4'459	-4.1%



Spectrum overview in Switzerland



FDD: Frequency Division Duplex, SDL: Supplementary Downlink, CB: Core band, SB: Side band, TDD: Time Division Duplex



Fastweb

Segment reporting as per 31.12.2019

Consumer revenue up by 5.1% YoY driven by the increase in customer base.

Enterprise revenue up by 10.5% driven by higher revenues with public administrations.

EBITDA up by 7.8% YoY. On a adjusted base (IFRS16), the increase amounts to 5.2% driven by the revenue increase.

	Q4 2019	Q4/Q4	31.12.2019	YoY
Consumer revenue in MEUR	285	7.5%	1'104	5.1%
Enterprise revenue in MEUR	235	5.9%	862	10.5%
Wholesale revenue in MEUR ¹⁾	114	12.9%	252	-8.0%
Net revenue in MEUR ¹⁾	634	7.8%	2'218	5.4%
OPEX in MEUR ²⁾	-413	6.4%	-1'468	4.3%
EBITDA in MEUR	221	10.5%	750	7.8%
<i>EBITDA margin in %</i>	<i>34.9%</i>		<i>33.8%</i>	
Depreciation& amortisation in MEUR	-145	6.6%	-560	10.0%
Lease expense in MEUR	-26	160.0%	-50	117.4%
Segment result in MEUR	50	-7.4%	140	-14.6%
CAPEX in MEUR	-156	-30.7%	-599	-8.8%
FTE's	-11		2'456	-1.1%
BB customers in '000	+27		2'637	3.5%
Wireless customers in '000	+64		1'806	26.1%
In consolidated Swisscom accounts				
EBITDA in MCHF	243	6.6%	834	3.9%
CAPEX in MCHF	-172	-32.8%	-667	-11.9%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income



Other

Segment reporting as per 31.12.2019

Net revenue up by 2.2% YoY driven by higher revenue at Cablex for construction services for external customers as well as for Swisscom Switzerland.

Close-down of Billag leads to decrease of external revenue.

FTE up by 0.2% YoY driven by the headcount increase at Cablex partly compensated by the decrease at Billag.

	Q4 2019	Q4/Q4	31.12.2019	YoY
External revenue in MCHF	126	-17.1%	509	-9.1%
Net revenue in MCHF ¹⁾	242	-4.3%	929	2.2%
OPEX in MCHF ²⁾	-198	-2.9%	-741	4.1%
EBITDA in MCHF	44	-10.2%	188	-4.6%
<i>EBITDA margin in %</i>	<i>18.2%</i>		<i>20.2%</i>	
Depreciation & amortisation in MCHF	-13	-18.8%	-63	6.8%
Lease expense in MCHF	-3	0.0%	-11	-15.4%
Segment result in MCHF	28	-6.7%	114	-8.8%
CAPEX in MCHF	-15	0.0%	-47	2.2%
FTE's	-39		2'685	0.2%

1) incl. intersegment revenues

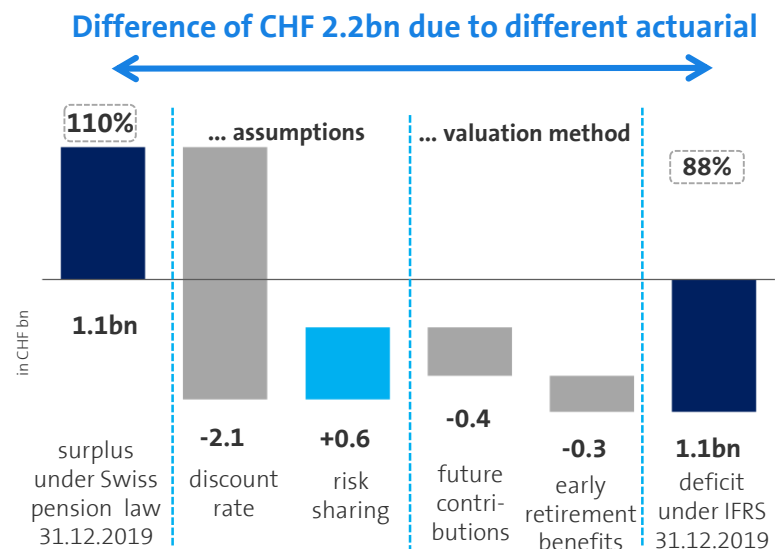
2) incl. capitalised costs and other income



Pension plan

Situation as per 31.12.2019

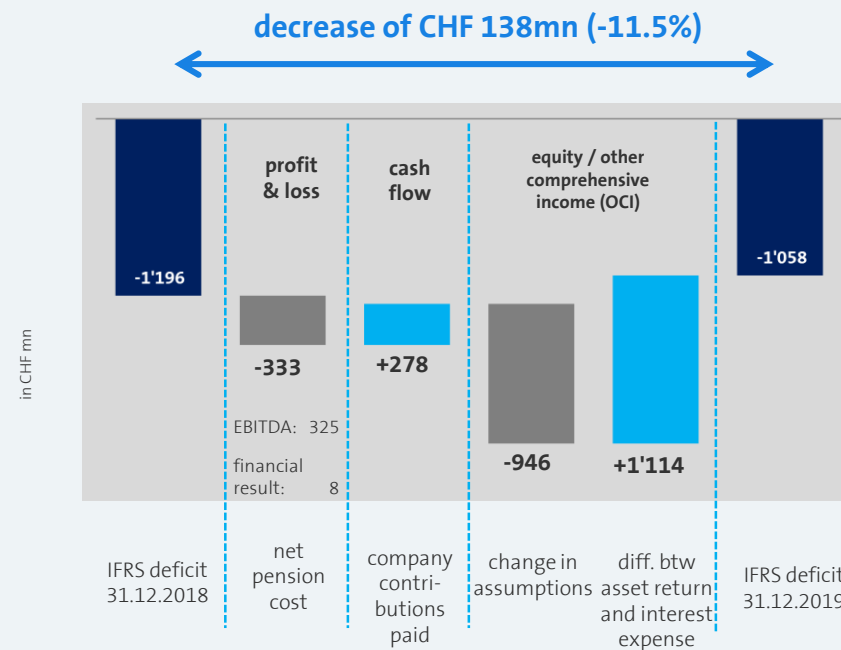
Valuation differences between Swiss pension law and IFRS



- Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant
- Coverage ratio under Swiss pension law: 110%
- Key actuarial assumptions:

	Swiss pension law	IFRS
Discount rate	1,75% based on expected long-term asset return	0,22% based on yield corporate bonds AA-rated
Mortality	Periodical tables	Generational tables

Evolution IFRS deficit in 2019



- Net pension cost significantly higher than cash contributions
- High return on plan assets compensates effect of lower discount rate assumption
- Net decrease pension deficit (IFRS) CHF 138mn



Pension plan

Reported costs and outlook

in CHF mn	2018 reported	2019 reported	Change 20/19	2020 estimated
Operating pension cost (EBITDA)	346	325	15	340
Net interest (financial result)	6	8	-6	2
Total pension cost (P&L)	352	333	-18	342
Company contributions (cash payments)	282	278	2	280
Operating pension cost less cash payments	64	47	13	60

Operating pension cost

- Costs recognized in EBITDA measured in accordance with IFRS
- Costs are highly sensitive to changes of discount rate assumption

Cash payments

- Cash contributions are not based on IFRS actuarial valuation method
- Contributions are lower than IFRS pension cost



Prudent financial policy...

...consistent with a stable and predictable dividend approach

Equity ratio
target

30%

Net debt/EBITDA
target

1.9x
(IFRS 16 adjusted)

Committed to solid credit ratings

S&P Global
Ratings

A stable

MOODY'S

A2 stable

in CHF mn	2019 reported	IFRS 16 adjusted
EBITDA	4'358	4'358
Lease expense	-	-294
EBITDAaL		4'064
Net debt	6'758	6'758
Lease liabilities	2'027	
Net debt incl. lease liabilities	8'785	
Net debt/EBITDA	2.0	1.7
Equity ratio	36.6%	



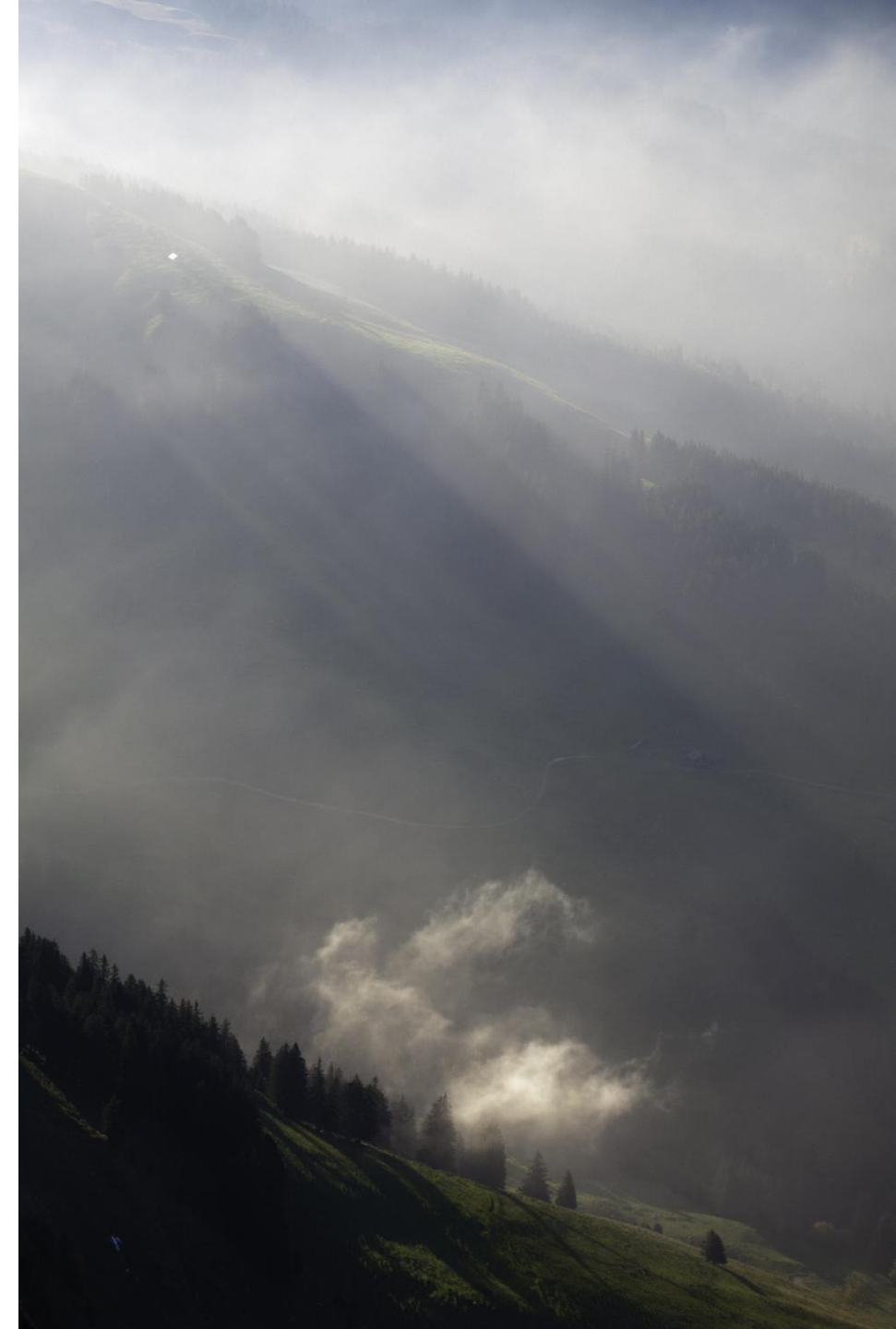
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Cautionary statement

Regarding forward looking statements

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