



Swisscom

Green Bond Issuance

May 2021

swisscom



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Agenda



ESG
as part of operational
roadmap



**Green Bond
Framework**



**Financial &
Credit Topics**
Q1 2021 update



Summary



ESG as part of operational roadmap



Vision and values

As number 1, we are shaping the future. Together we inspire people in the networked world.

Trustworthy.

Committed.

Curious.

Together we shape the future for...

...the people

...the environment

...and Switzerland

#readytogether



We live our values – this is reflected in our targets

Sustainability is at the heart of Swisscom

trustworthy

Target 2025
x2
Coverage with
Fibre(FTTH)

Target 2025
500'000t
CO₂ reduction
together with our
customers



Target 2025
2 Mio.
Swisscom helps people to expand their skills
in the digital world

committed



Diversity
Swisscom promotes diversity
out of conviction

Ready for more
Women power
Increase in the proportion
of women in management
by 1% p.a.

curious

100%
of power
consumption
from **renewable
sources**



Sustainability is part of Swisscom's **operational roadmap** and shows its **commitment** to the **community** and **society** as a whole. It thus contributes to **social welfare** and creates **value** for its **shareholders**

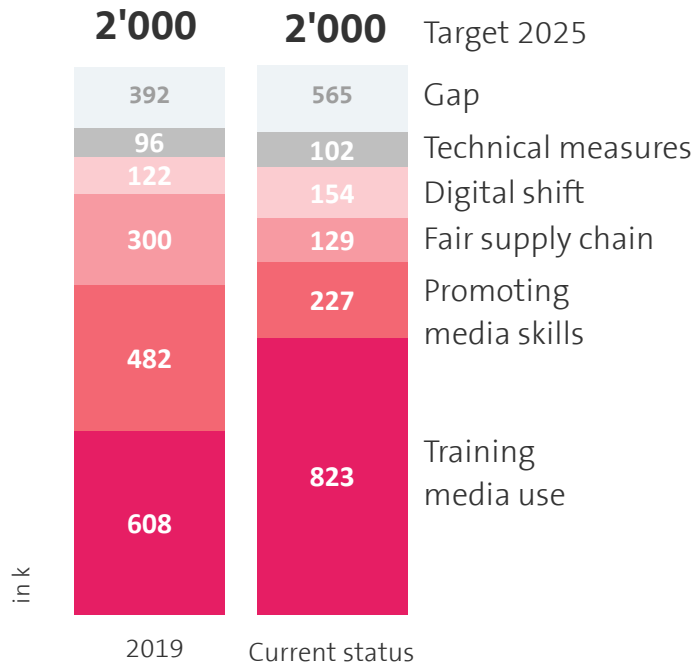


Swisscom's strong commitment to corporate responsibility yielding good results in 2020

2025 targets along SDG* set for people, environment and Switzerland

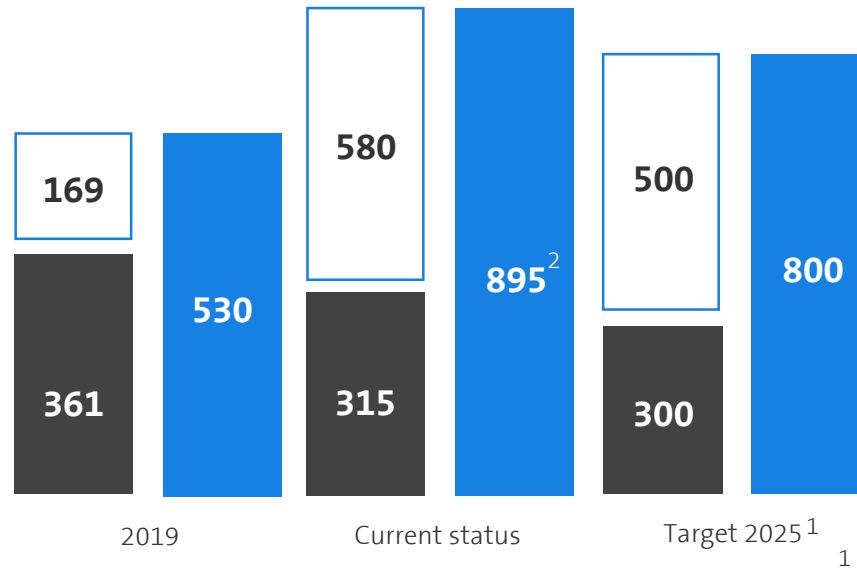
#ready to support people

- Support **2 million people**



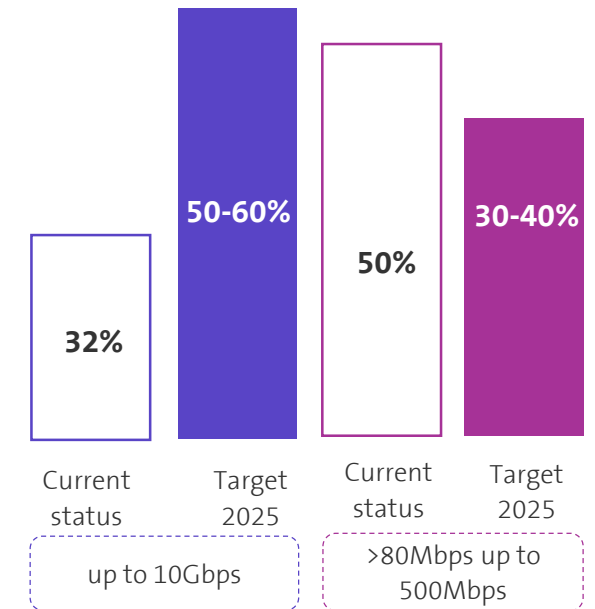
#ready to protect the environment

- Target 2025** to reduce net CO₂ output to -500k tonnes **overachieved in 2020** (good progress in Scope 1-3 and above target in Scope 4)



#ready for Switzerland

- 50-60%** coverage of homes with UBB of **10Gbps**
- In addition, **30-40%** coverage of homes with UBB up to **500Mbps**



* Sustainable Development Goals

1) Target CO₂ emissions from Swisscom reduced to 300k tonnes p.a. (from 350k tonnes previously)

2) Avoidance of emissions due to changing work habits (home office) and reduction of travel, trend strongly reinforced by the pandemic in 2020



Swisscom's focus on Sustainability replicated at Fastweb...

...with ambitious targets and in compliance with the International reference guidelines (GRI Standards)



#ready for the Country

- Reduce digital divide
- Digital revolution and innovation
- Privacy and Cybersecurity

#ready for People

- Fastweb Digital Academy: spreading digital culture
- Digital well-being
- Commitment for the community

#ready for the Planet

- Climate strategy: fighting against climate change
- Energy efficiency
- ICT solutions for sustainable development

Speeds up to 1 Gbps	24mn homes & businesses	2024
NeXXt FWA technology	12mn Homes in grey & white areas	2024
Mobile 5G service	2'000 towns	2025
Speeds up to 2.5 Gbps	30 Major cities	2025

Contribute to citizens' digital growth	50'000 Certificates issued by FDA	2025
Digital well-being	Disseminate training modules in secondary schools	2021
Work-life balance	Increase flexibility	2021
Upskilling and re-skilling of employees	OTT learning program All in the game	2021

Reduction of direct CO ₂ emissions	-62%	2030
Reduction of indirect CO ₂ emissions	-15%	2030
Purchase of green Electricity (since 2015)	100%	2030
Energy efficiency	1mn KWh Energy consumption reduction	2021
Sustainable Label	Confirm collaboration with Legambiente	2021



Awarded as one of the world's most sustainable companies

External recognition of Swisscom's ESG commitments and achievements over the last 20 years*

**World Finance
Sustainability
Award 2020**



The world's most sustainable ICT company

**Sustainalytics
ESG Risk Rating
2020**



Lowest risk out of 194 telecoms in the Sustainalytics ESG Risk Rating Report

**MSCI ESG
Rating
2021**



AA leader in the MSCI Sustainability Index

**FTSE4Good
Index
2020**

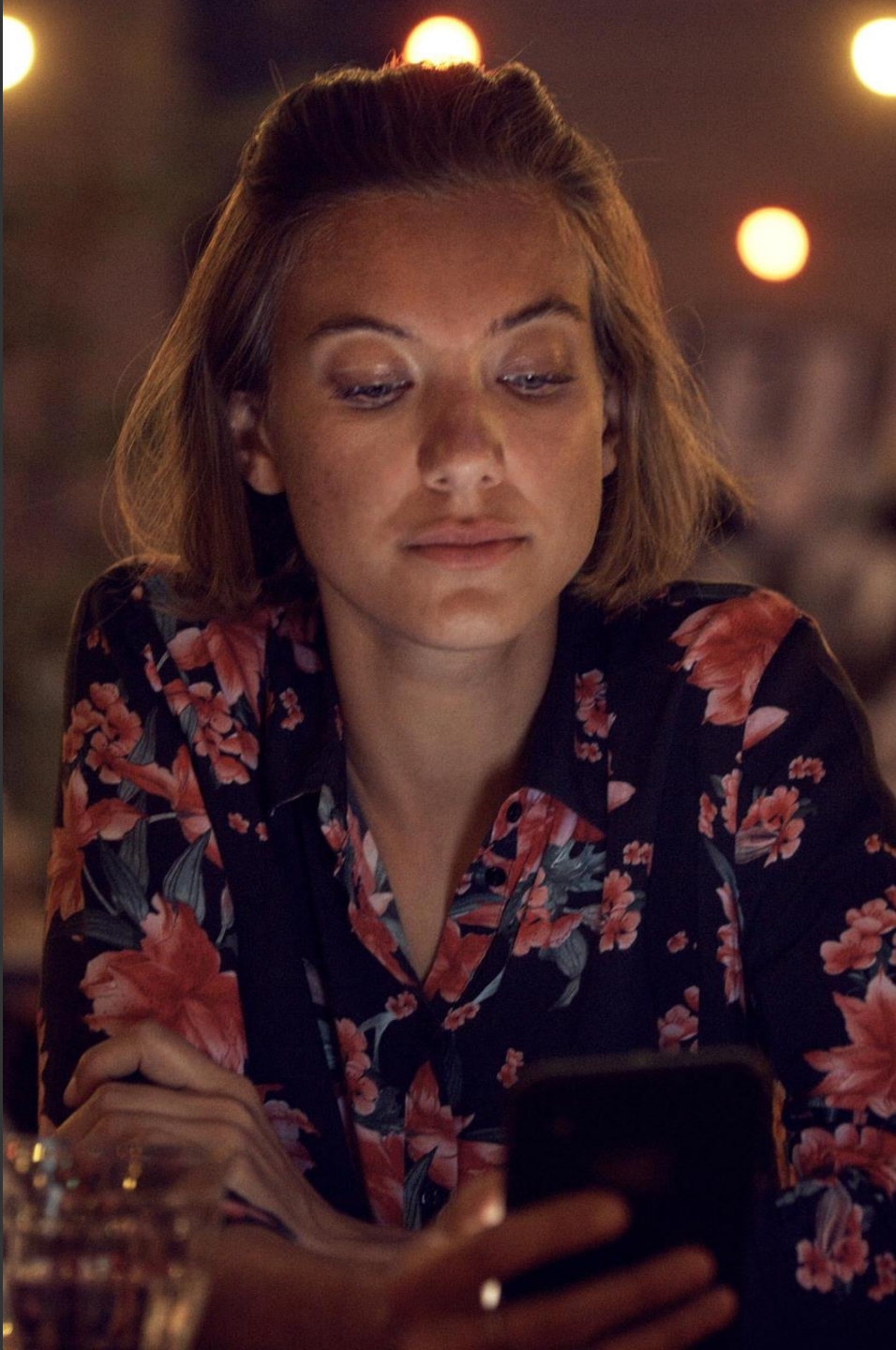


Included in the FTSE Russell Sustainability Index

**Ecovadis
2021**



80 out of 100 for the CSR assessment of the supply chain



Green Bond Framework



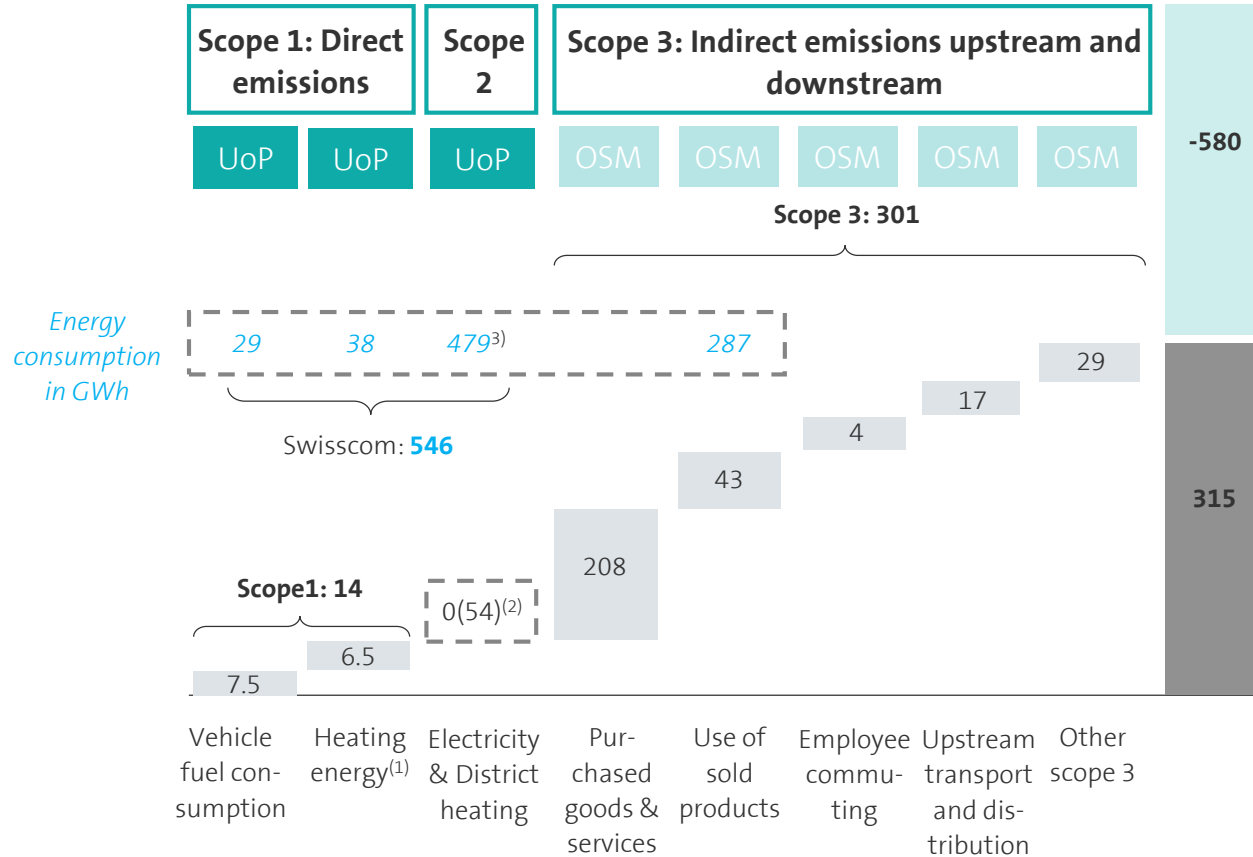
« The Federal Council expects Swisscom to pursue a corporate strategy that is, to the extent economically possible, both sustainable and committed to ethical principles. »

Strategic Objectives of the Federal Council for Swisscom Ltd.
Federal Council of the Swiss Confederation.

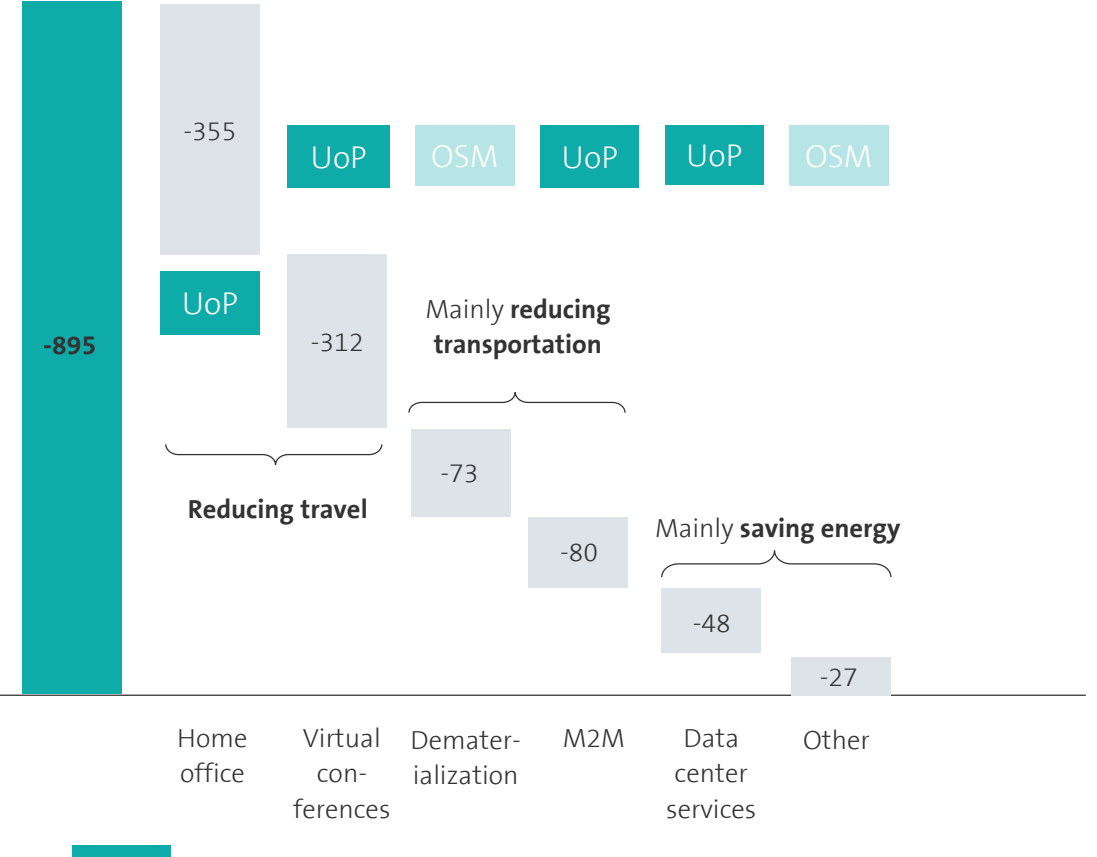


Together with our customers, we reduced in 2020 annual CO₂ emissions in Switzerland by 580k tonnes. Further savings measures defined across all scopes

Scope 1-3: CO₂ emissions by Swisscom



Scope 4: CO₂ savings by Swisscom customers using ICT services



UoP Saving measures included in Use of Proceeds (Swisscom Green Bond Framework)
OSM Other savings measures (Swisscom Climate Report 2020, Chapter 4)

(1) Incl. refrigerants (0.04) (2) After (prior) compensation (3) Thereof 430 GWh for the networks
 All figures CO₂ eq. emissions in '000 tonnes unless otherwise stated

Source: Swisscom climate report in accordance with ISO 14064 2020. Independently verified by SGS on January 22nd 2021; Scope 4 pursuant to Global e-Sustainability Initiative (GeSI) ICT Sector Guidance



Measures to reduce energy consumption and CO₂ emissions fall into three broad themes



1. The Challenge

Exponential growth in data traffic

Energy efficiency of networks has to keep up



Decouple



2. The Chance

Networks enable services that allow customers to **avoid CO₂**

CO₂ savings compensate for networks' emissions



Enable



3. The Chore

Everyday **operations** can be **optimized constantly**

Energy consumption and **CO₂ emissions** are being **reduced**



Reduce



Green Bond Framework: DECOUPLE energy and CO₂, ENABLE customers to reduce CO₂ and REDUCE emissions of our own operations

ICMA GBP	Swisscom intended Use of Proceeds	Supported SDG	Green Impact									
			Scope 1		Scope 2	Scope 3	Scope 4					
			Vehicle Fuel Consumption	Heating energy	Electricity & District Heating	Indirect	Reducing travel		Reducing transportation		Saving energy Data Center Service:	
				Home-office	Virtual conferences	Dematerialization	M2M					
Energy efficiency	FTTH		Decouple		✓		✓	✓	✓	✓	1	
	5G				✓				✓		2	
	All-IP migration				✓		✓	✓			3	
	Virtualization				✓					✓	4	
	IoT networks, solutions and products				✓				✓		5	
	Fresh-air cooling				✓						Enable	6
	Operational buildings			✓	✓							7
	Renewable energy	Increase the share of renewable energy				✓						8
	Clean transportation	Company vehicles fleet		✓								Reduce

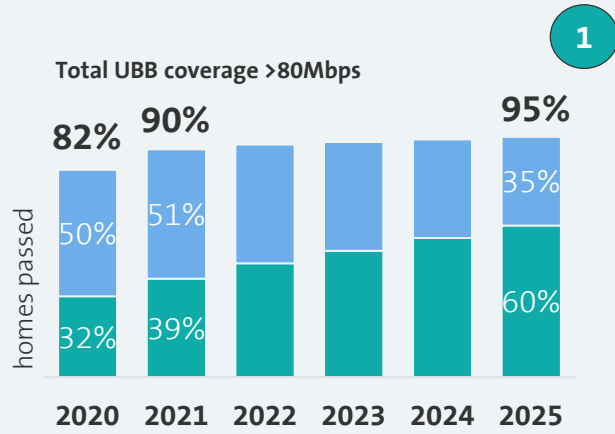


Green Bond Impact: Energy efficiency

Selected Use of Proceeds: FTTH & 5G



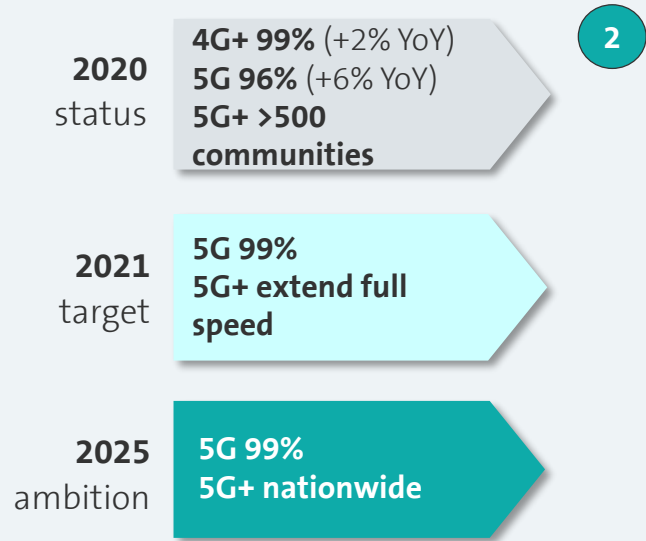
Network deployment - FTTH



FTTS with speed up to 500Mbps
FTTH 10Gbps today, 50Gbps in the future

- **82% homes with >80Mbps as per YE 2020** (+8% YoY)
- **90% homes with >80Mbps by 2021** to satisfy the ever-growing demand for bandwidth
- **Double FTTH footprint until 2025** as long-term sustainable infrastructure

Network deployment – 5G



- Continuous **expansion of 5G+ network** to provide speeds of up to **2 Gbit/s**
- **First Swiss 5G in-house installations** put into operation in 2020
- Tests carried out to improve coverage in trains (**realizing download speeds > 1 Gbps in a moving train**)

Green Impact translates into...

Scope 2: Electricity consumption

- FTTH reduces absolute energy consumption
- Energy consumption **dramatically reduced** compared to conventional copper networks

Scope 4: Homeoffice and virtual conferences / Reducing travel

- By providing additional households with ultra-broadband service, we **encourage** broader **adoption of homeoffice** and conferencing solutions, thereby **saving unnecessary travel** for commuting
- **Annual CO₂ savings via home office reached 355k tonnes in 2020** (up 176k YoY)
- **Additional benefit:** reduction of material intensity

Scope 2: Electricity consumption

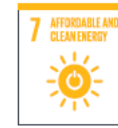
- **5G: Efficiency gain** (more bits with less energy consumption)
- **Based on own field measurement**, energy savings of between 50% and 70%

Scope 4: M2M

- High bandwidth and **low latency** enables range of **new IoT applications** which will allow customers to **reduce** and optimise travel and **transportation**
- Based on Swisscom's **M2M solutions, customers** already today **save 80k tonnes of CO₂ (+32k YoY)**. This amount is **set to increase** with the widespread adoption of 5G



Green Bond Impact: Energy efficiency All-IP & Low Power Network (LPN)



All-IP migration & virtualisation

3 4



Projects...

- ...aim to **migrate voice to IP** ("All-IP"), **phase-out of energy** and **material intensive TDM platform**
- Migration started 2013, **phase-out TDM completed in April 2020**
- Installation of virtual servers to replace multiple servers in data centres

Green Impact translates into...

Scope 2: Electricity consumption

- **51.5 GWh of avoided electricity** consumption at Swisscom in 2020 compared to 2019
- **Thereof 33 GWh related to the Phase-out of the TDM platform** completed in 2020 and the remainder achieved through various other measures (incl. installation of virtual servers)

Scope 4: Virtual conferences / Reducing travel

- All-IP is the basis for UCC services (e.g. Skype, etc.) and therefore **reduces** need for **travel** and associated **CO₂ emissions**

Scope 4: Data center services

- Additional **energy and CO₂ savings** by customer using our DC services (2020: 48k tonnes of CO₂)

Low Power Network (LPN)

5



- ...aim to enable **highly energy-efficient** uplink **data transmission** that allows sensors to transmit data with minimum energy
- **Swisscom invests in development** of innovative **IoT solutions** (Smart Logistics & Fleet Management, Smart Metering, Smart Cities & Communities and Electric Vehicle Charging)
- Introduced new **energy efficient Narrowband IoT** in 2020

Scope 2: Electricity consumption

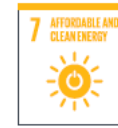
- Shifting applications from mobile network to LPN **avoids unnecessary electricity consumption** for Swisscom and its customers and extends battery life's significantly

Scope 4: M2M

- **LPN enables IoT solutions** that otherwise would not be economically or technically feasible (remote sensors, no grid etc.)
- **IoT solutions** help optimize logistics systems, monitor and control filling levels or heating remotely etc. and thus **reduce road traffic and energy consumption**
- In 2020, Swisscom's customers **saved 80k tonnes of CO₂** with IoT



Green Bond Impact: Energy efficiency



Cooling technologies

6



Projects...

- ...aim to continue to roll out innovative **fresh-air cooling technology** ("Mistral") in **fixed line network** and **data centers**, relying exclusively on outside air all year round
- **2019-21 investments** in a similar **fresh-air cooling** technologies "Levante" and "Scirocco" to cool base stations of the **mobile network**

Green Impact translates into...

Scope 1: Refrigerants

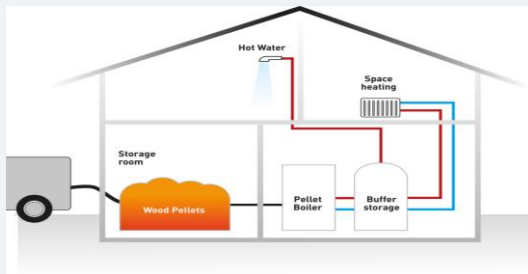
- By replacing conventional cooling machines with fresh air cooling, **refrigerants** contributing to **global warming** and **ozone depletion** become **obsolete**

Scope 2: Electricity consumption

- Innovative cooling technologies dramatically **reduce electricity consumption** of cooling (**by 90%**); energy is solely needed to power fans
- **Further incremental savings of 3.7 GWh thanks to fresh air cooling in 2020**

Operational buildings

7



- ...aim to **reduce energy consumption, increase efficiency** and **reduce CO₂-footprint**
- Swisscom invests in **energy efficiency measures** including **rehabilitating** or **refurbishing outdated buildings** (Insulation of facades, roofs and windows)
- **Swisscom invests in CO₂-free heating** (Heat pumps, heat recovery and biomass)

Scope 1: Heating Energy

- **Refurbishment: Energy savings** and **CO₂ reduction** because of better isolation
 - Typically, savings of **10 - 25 t CO₂ per insulated building per year**
- **CO₂-free heating: Energy savings** and **CO₂ reduction** by phasing out of old heating systems using fossil energies (heating oil)
 - **Further incremental energy savings of 2.0 GWh in 2020**
 - Typically, **30 - 35 t CO₂ per building saved per year**
- **Increased supply of industrial waste heat** to district heat networks **by approx. 30% in 2020**



Green Bond Impact: Renewable energy & Clean transportation

Swisscom produces renewable energy and increases the efficiency of its car fleet



Renewable energy

8



Projects...

- ...aim to **increase share of renewable energy sources** and to **reduce the CO₂-footprint** in **onsite** renewable energy by installing **off-grid energy solutions** (mainly **solar electricity**) or heating systems using **biomass** (wood, pellets)

Green Impact translates into...

- ...savings of grid electricity and **increase of physical renewable energy share**
- Since start of program, **11 GWh of green electricity** produced and consumed internally
- **Installed power per End of 2020 = 3.3 MWp (+5% YoY)**

Clean transportation

9



- ...aim to **reduce energy consumption** and **CO₂-footprint of company fleet** by **replacing diesel cars** with electric vehicles (EV) and introducing tools to **optimise route management of field services**
- Electrical engines more efficient than combustion engines by ~60 %

- **CO₂ savings of approx. 20% in 2020** mainly from reduction of mileage
- **Average CO₂/km of the fleet: 100g in 2020** (average of 137g in Switzerland)
- **Increased energy savings** and **CO₂ reduction**, due to **accelerated swap to e-mobility, planned to start in 2021**
- Cars will load the electricity mainly from Swisscom sites where the **electricity is 100% renewable**



Transparent management of proceeds and reporting

Project selection, management of proceeds and reporting

Dedicated Green Bond Committee (GBC)

- GBC formed by representatives from **Treasury, Communications & responsibility (GCR), Investor Relations** and **Controlling**
- **GCR in charge** of selecting eligible projects according to use-of-proceeds criteria, Swisscom's Sustainability Strategy, Swiss and international environmental and social standards as well as local laws and regulation

Management of proceeds

- **Allocation** of UoP with a **focus** on **energy efficiency** and **network development** in particular
- Almost exclusively **Capex**
- **No leasing**
- **Look-back** period of **3 years** for cash-out and net book values for older investments
- Investments already ongoing in all categories and will continue into the future, so **refinancing and financing** character of proceeds over time
- Unallocated proceeds managed according to cash management policies, but no segregated accounts

Reporting*

Allocation

- **Aggregate** reporting
- **Portfolio** approach
- Allocation to **UoP Categories**
- Independent **Assurance**
- With annual report at the latest

Impact Reporting

- In principle reporting in the context of existing **Sustainability Report** and **Climate Report**
- Where feasible, specific reporting for environmental **impact of the projects funded** with the Green Bond proceeds

* Swisscom will align, on a best effort basis, the reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2019)

The use of proceeds and management of proceeds is described under "Green Bond Framework – Use and Management of Proceeds" in the Prospectus. Projects financed and/or refinanced through Green Bonds issued under the Green Bond Framework will be evaluated and selected by Swisscom's Green Bond Committee. Swisscom may amend or update the Green Bond Framework from time to time. Swisscom will publicly announce any changes to the Green Bond Framework.



Key messages

- Swisscom recognized as **one of the world's most sustainable ICT companies**¹ as a result of the implementation of a **systematic sustainability management** more than **20 years** ago
- Together with our customers, we **reduced annual net CO₂ output** in Switzerland **by 580k tonnes** in 2020
- **Progress of green projects** and sustainable impact due to successful **use of Green Bond Proceeds**
- **Substantial Green Project Portfolio in place** that will allow to achieve ambitious targets by
 - **Decoupling** energy consumption from traffic growth
 - **Enabling** our customers to avoid CO₂ emissions
 - **Reducing** our own CO₂ emissions





Financials & Credit Topics

Q1 2021 update

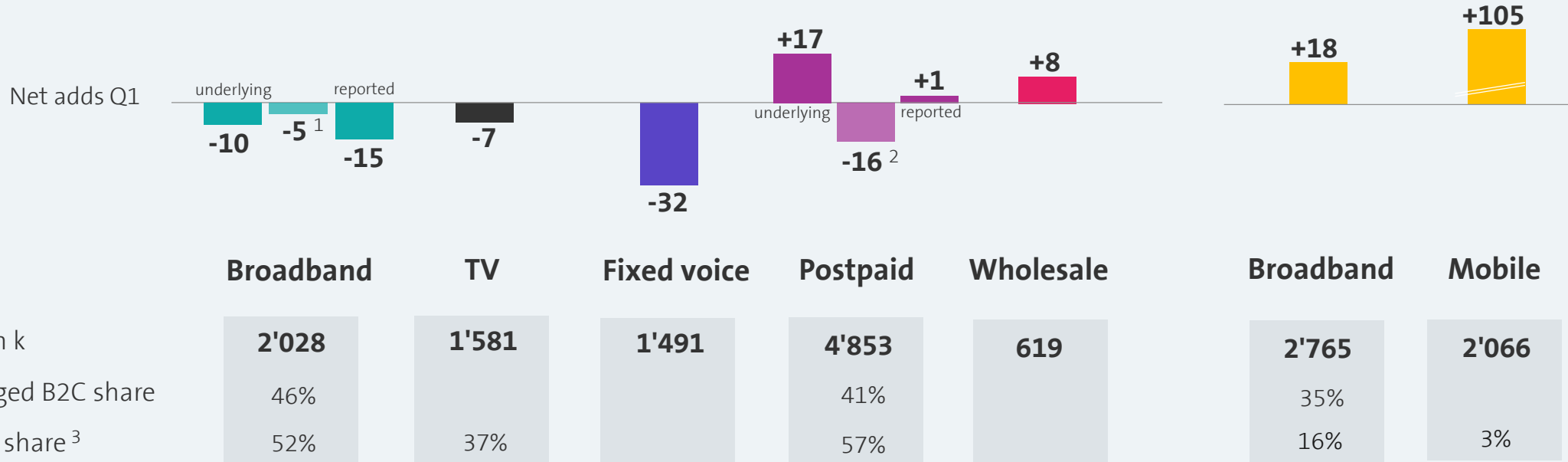


Q1 market performance

Swiss RGU base with extraordinary effects. Fastweb with ongoing RGU growth

Swisscom Switzerland (RGUs in k)

Fastweb (RGUs in k)



1) Q1 21 impact from Swisscom Casa phase-out: -5k B2C, 2) Q1 21 impact from 2G switch-off: -4k B2C and -12k B2B, 3) Market share as per 31.12.2020

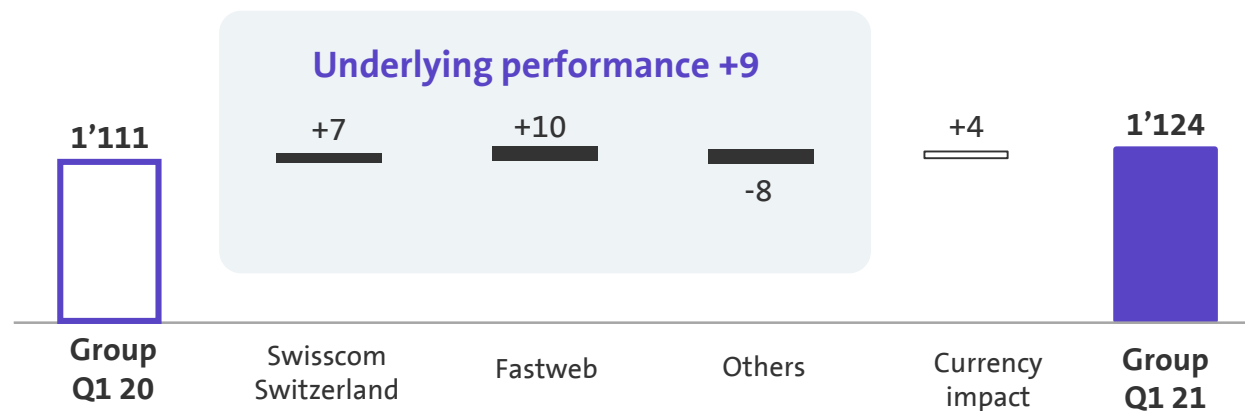


Q1 financial performance

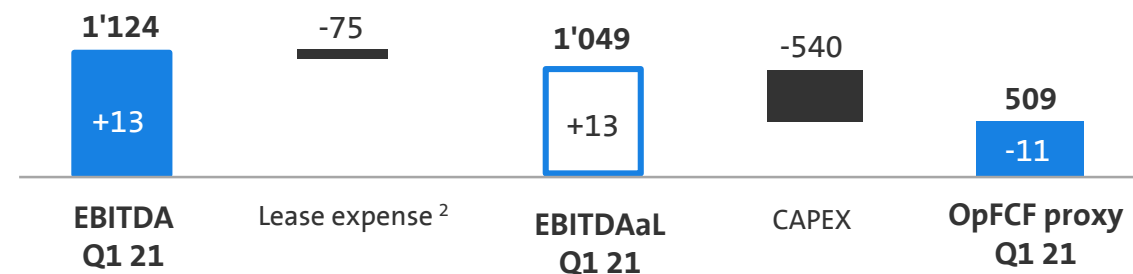
Robust set of results. Net income +62% YOY driven by one-offs

	Q1 2021
Net revenue	CHF 2'803 mn (+2.4% YOY)
Net income	CHF 638 mn (+61.9% YOY)
CAPEX	CHF 540 mn (+4.7% YOY)
Net debt ¹	CHF 7'825 mn (-4.6% YE 2020)
Leverage ¹	1.8x (lower YOY)

EBITDA development in CHF mn and YOY changes



OpFCF proxy development in CHF mn



1) Including lease liabilities of CHF 1'976mn, Net debt w/o lease liabilities: CHF 5'849mn, Leverage IFRS16 adjusted: 1.4x
 2) Consists of depreciation right of use assets excluding IRU of CHF -64mn and interest expense leases of CHF -11mn



Reliable returns for shareholders and lenders

Financial Policy in a nutshell

Defend Market shares

- Market share defence
- Pricing discipline
- Growth in Italy

High Profitability

- High market share
- Premium positioning
- Continued operational excellence

Strong Cashflows

- Reasonable CAPEX/Sales
- Prudent M&A



Stable, Attractive and Affordable Dividend

- 22 CHF per share
- Attractive dividend yield
- High pay-out ratio, but below 100%

Prudent Leverage

- Target net debt / EBITDA < 1.9x
- Swiss Government leverage cap of 2.1x¹
- Target equity ratio above 30%

Ample Liquidity Reserves

- Well balanced maturity profile
- 2.2bn RCF
- Substantial uncommitted lines
- More than 12 months coverage

Comprehensive Risk Management

- Interest rate risk
- FX risk
- Counterparty risk



Excellent Rating

- Single A
- S&P, Moody's and ZKB



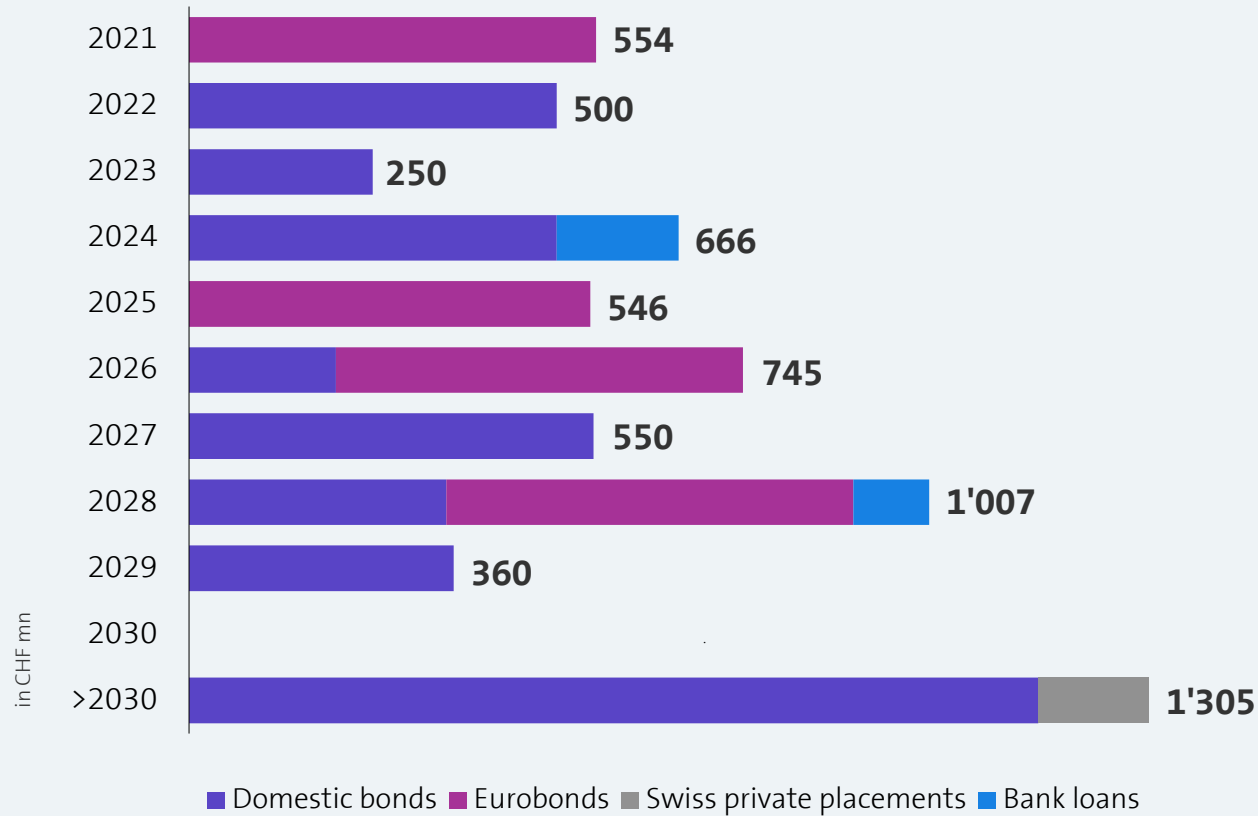
1) Source: Strategic objectives of the Federal Council for Swisscom Ltd.



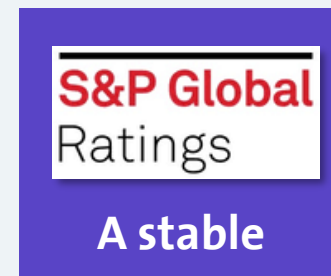
Well balanced and diversified maturity profile

Successful rating reviews in Q1 underpinning A credit ratings

Debt maturity profile as per Q1 2021 ¹⁾



- Portfolio mix: Fix **94%** vs floating **6%**
- Ø interest rate of **1.08%**
- Ø duration of **6.39 years**
- **CHF 2.2bn** committed credit lines still unused
- Swisscom with **one of the strongest ratings in EU Telco landscape**
- **Committed to strong credit ratings**



1) Excl. short-term money market borrowings



New guidance FY 2021

Net revenue of CHF ~11.3bn (up), EBITDA of CHF 4.3-4.4bn (up) and CAPEX of CHF 2.2-2.3bn (down)

in CHF mn	reported figures 2020	sofar ² outlook 2021	new outlook 2021 ³	Splits into:
Revenue	11'100	~11'100	~11'300	CHF ~8.6bn for Swisscom w/o Fastweb + EUR ~2.4bn for Fastweb
EBITDA¹	4'382	~4'300	4'300-4'400	CHF 3.4-3.5bn for Swisscom w/o Fastweb + EUR ~0.8bn for Fastweb
CAPEX	2'229	~2'300	2'200-2'300	CHF ~1.6bn for Swisscom w/o Fastweb + EUR ~0.6bn for Fastweb

Upon meeting its targets, Swisscom plans to propose **again a dividend of CHF 22/share** (payable in 2022)

1 EBITDAaL 2021 outlook for Swisscom: CHF 4.0-4.1bn
 2 As presented on February 4th, 2021
 3 For consolidation purposes, CHF/EUR of 1.10 has been used (vs. 1.07 for fiscal year 2020)



Summary



Swisscom with strong sustainability positioning, excellent credit standing and solid results since many years



Our green positioning

- One of the **most sustainable telco's** worldwide with a **track record** of over **20 years**
- Together with our customers, we had **net negative CO₂ emissions** of 580k tonnes in 2020
- **Green Project Portfolio** will help to **decouple** energy consumption from traffic growth, **enable** customers to avoid CO₂ and **reduce** our own CO₂ footprint



Credit standing

- **Prudent leverage:** Net debt/EBITDA of 1.8x¹
- **Ample Liquidity:** Swisscom with **CHF 2.2bn** of **Committed Credit Lines unused**
- One of the **strongest ratings in European Telco landscape:** **S&P A Stable, Moody's A2 Stable**



Robust set of result in Q1 2021

- Overall **solid market position in Switzerland** despite promotional dynamics
- **Satisfying underlying results** thanks to **steady cost management** in Switzerland and **growing Fastweb**

1) 1.4x IFRS16 adjusted as per Q1 2021



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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