Swisscom FY results 2018
Analyst and investor meeting
7 February 2019 in Zurich
Agenda

WELCOME

1. Group Results
2. Strategic Update
3. Swisscom Switzerland
4. Fastweb
5. Group Financials
6. Final Remarks
Q&A
Appendix
Program

13:30
GROUP RESULTS
Urs Schaeppi
CEO Swisscom

13:40
STRATEGIC UPDATE
Urs Schaeppi
CEO Swisscom

14:00
SWISSCOM SWITZERLAND
Urs Schaeppi
CEO Swisscom

14:20
FASTWEB
Alberto Calcagno
CEO Fastweb

14:40
BREAK

15:00
GROUP FINANCIALS
Mario Rossi
CFO Swisscom

15:20-15:30
FINAL REMARKS
Urs Schaeppi
CEO Swisscom

15:30-16:30
Q&A
Agenda

Welcome

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Q&A

Appendix
Highlights
Successful 2018 thanks to effective execution along strategic settings

World premiere:
1st smartphone live on 5G network

1st place:
best services for Swiss SMEs

ICT leadership strengthened

All IP close to complete migration

Successful CHF and EURO bond transactions, interest rate down to 1%

#1 in mobile

Telecoms Act:
No fibre regulation foreseen

Swisscom TV with exclusive access to premium football

FASTWEB
Acquisition of 40 MHz in 3.5GHz and 6mn HH FWA access in Italy

Efficiency matters:
workforce down YOY by 661 FTEs

20 years listed
TSR of 5% p.a. in CHF
Robust performance across all market segments
Stable #1 position in Switzerland with (FM) bundles further growing. Fastweb with RGU base on the rise

<table>
<thead>
<tr>
<th>B2C</th>
<th>B2B</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Solid market shares. TV #1 position extended</td>
<td>- Stable W- RGU base, price pressure impacts on ARPU CHF 30 (-6% YOY)</td>
<td>- 64% UBB coverage with &gt;80 Mbps or 50% of all 2'222 Swiss communities</td>
</tr>
<tr>
<td></td>
<td>- inOne with +1'902k RGUs</td>
<td>- All IP impacting W+</td>
</tr>
<tr>
<td></td>
<td>- Bundled RGUs +303k YOY</td>
<td>- Solutions with diverging dynamics</td>
</tr>
<tr>
<td></td>
<td>- FM penetration of 38% and churn of 5%</td>
<td>- CHF 2.5bn order entry</td>
</tr>
<tr>
<td></td>
<td>- Q4 ARPB up to CHF 140</td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>2.55mn BB subs (+4% YOY)</strong> with <strong>55% UBB penetration</strong></td>
<td><strong>Gained new top customers</strong></td>
<td><strong>Own UBB reaching 45% coverage</strong></td>
</tr>
<tr>
<td><strong>1.43mn mobile subs</strong> (+367k YOY)</td>
<td><strong>Market share at 31% (+2pp YOY)</strong></td>
<td><strong>5G spectrum acquired</strong></td>
</tr>
<tr>
<td><strong>FM penetration of 30%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2018
Solid financial results thanks to decreased OPEX and higher CAPEX efficiency
Another robust financial year with FY 2018 results meeting expectations

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>11'662</td>
<td>11'714</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4'295</td>
<td>4'213</td>
</tr>
<tr>
<td>to sales</td>
<td>36.8%</td>
<td>36.0%</td>
</tr>
<tr>
<td>CAPEX 1</td>
<td>2'378</td>
<td>2'404</td>
</tr>
<tr>
<td>to sales</td>
<td>20.4%</td>
<td>20.5%</td>
</tr>
<tr>
<td>OpFCF proxy 2</td>
<td>1'917</td>
<td>1'809</td>
</tr>
<tr>
<td>Dividend</td>
<td>1'140</td>
<td>1'140</td>
</tr>
<tr>
<td>Payout ratio 3</td>
<td>66.5%</td>
<td>86.5%</td>
</tr>
<tr>
<td>Net debt</td>
<td>7'447</td>
<td>7'393</td>
</tr>
<tr>
<td>to EBITDA</td>
<td>1.73x</td>
<td>1.75x</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>35.3%</td>
<td>36.3%</td>
</tr>
</tbody>
</table>

Nearly flattish underlying EBITDA YOY

EBITDA 2017: 4'295
Swisscom Switzerland: +41
Fastweb: +62
Others: -48
One-offs 4: -34
EBITDA 2018: 4'213

1) 2018 incl. extra CAPEX of CHF 71mn for spectrum acquisitions in Italy, CAPEX to sales ratio w/o extra CAPEX at 19.9%, 2) Reported EBITDA minus CAPEX, 3) Distribution ratio of FCF

4) Consists of other income from litigations at Fastweb in 2017 (CHF -102mn), provision for restructuring (CHF +61mn), currency impacts (CHF +24mn), gain of sale of real estate (CHF +12mn) and IFRS15 adjustments in 2018 (CHF -43mn)
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   Urs Schaeppi, CEO Swisscom

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Appendix
Multi levers impacting life and business fundamentally
Technology innovations effect Swisscom's ecosystem and trigger structural changes in the market

Innovation trends
- Reliable and **unlimited interconnection** everywhere
- Unlock value from **data insights for automation**
- **Security and personalised experiences** gaining traction

Market situations
- **Switzerland** a mature market with a clear **value focus** but intensifying competition
- **Italy** with ongoing **high price pressure** and **market dynamics**

Customer needs
- **Price/quality sensitivity** increasing
- Growing momentum to **integrated convergence propositions**
- **Self-service demand** up

Efficiency focus
- Increasing **cost pressure**
- **Digital transformation**
- Next generation of **fluid delivery models**
The Swisscom Story in a nutshell
Proven strategic setting

Vision
We lead the field in shaping the future.
Together we inspire people in an interconnected world

Strategy

Best Customer Experience
Operational Excellence
New Growth

Promise: simply using opportunities
We enable our customers to make simple use of the opportunities of a networked future.
With the best quality, innovative products and leading services in Switzerland and Italy,
we create inspiring customer experiences

Transformation
simplicity, agility, customer orientation
**Best Customer Experience**
Deliver maximum value to all customers, anywhere and anytime

**Best Network**
- Technology leadership key for differentiation
- Push UBB forward
- Complete All IP migration
- Drive Telco Cloud to the next level
- Boost 5G investments

**Best Offerings**
- Shape market with strong FM offerings through multi-brands
- Inspire customers with 1st class entertainment
- Push multi-device, value-added services and Smart ICT
- Develop B2B portfolio with Solutions services

**Best Services**
- Meet customers’ needs no matter what touchpoints
- Work constantly on quality improvements
- Deliver maximum customer experience through empathy and emotions
**Operational Excellence**

Constant focus identifying new cost saving potentials primarily in core

**Drive operational efficiency**
- Simplification and standardisation
- All IP and Cloud migration
- Agile organisation
- Workforce optimisation

**Shape digital opportunities**
- Shift to online
- Automation
- Network virtualisation
- Artificial Intelligence

**Boost CAPEX efficiency**
- Agile delivery models
- Technology mix
- Partnering
- Innovation power

**Cost saving targets (achievements)**

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF 50mn (CHF 50mn)</th>
<th>CHF 100mn (CHF 121mn)</th>
<th>CHF 100mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
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<tr>
<td>2017</td>
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<td>2018</td>
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<td>2019</td>
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</tr>
<tr>
<td>2020</td>
<td></td>
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</tr>
</tbody>
</table>

- CHF 50mn in 2016
- CHF 75mn in 2017 (CHF 62mn)
- CHF 100mn in 2018
- CHF 100mn in 2019 (CHF 121mn)
- CHF 100mn in 2020
## New Growth
Consolidate forces to grow in core business and beyond

<table>
<thead>
<tr>
<th>Boost FM penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Develop inOne story and leverage extended UBB footprint</td>
</tr>
<tr>
<td>▪ Inspire with VAS and multi-device offerings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Push Smart Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Create added value with Digital Products and Services for B2C</td>
</tr>
<tr>
<td>▪ Drive Smart ICT for SME</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initialise IoT business</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Use IoT market growth and add value beyond connectivity in the platform and application business</td>
</tr>
<tr>
<td>▪ Pilot Campus Solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use Wholesale opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Convergence driving new business opportunities</td>
</tr>
<tr>
<td>▪ OTT services with growth chances</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Push Fastweb further</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Hybrid network extension improving FM offering for B2C</td>
</tr>
<tr>
<td>▪ B2B with growth from Corporate segment and Wholesale business</td>
</tr>
</tbody>
</table>
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   Urs Schaeppi, CEO Swisscom

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Appendix
'Value over volume' matters in Switzerland and pays off
Strong market positions successfully defended and in TV even extended. Positive Retail migration trends

**RGUs** as per YE 2018 (Y/Y)

**Broadband**
- 2'033k (+19k)
- Market share 53%
- Penetration ~100%
+14% Wholesale

**Postpaid**
- 4'676k (+34k)
- Market share 60%
- Penetration ~125%

**Fixed Voice**
- 1'788k (-259k)
- Decline softened (2017 -320k).
- Fully in line with expectations

**TV**
- 1'519k (+52k)
- Market share 35%
- Penetration ~115%

**Retail KPIs** as per YE 2018 (Y/Y)

<table>
<thead>
<tr>
<th>TV</th>
<th>Fixed Voice</th>
</tr>
</thead>
<tbody>
<tr>
<td>RGUs in bundles</td>
<td>FM share of postpaid value subs</td>
</tr>
<tr>
<td>51% (+4p.p YOY)</td>
<td>38% (+6pp YOY)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Broadband</th>
<th>Postpaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.00</td>
<td>3.05</td>
</tr>
<tr>
<td>FY 2017</td>
<td>FY 2018</td>
</tr>
</tbody>
</table>

**Blended ARPUs** in CHF
- 41 (0)
- 41 (-1)
- 92 (+3)
- 136 (+4)
Swisscom Switzerland with steady cashflow generation
Top-line pressure compensated by OPEX and CAPEX optimisations. Bundles revenue growing

<table>
<thead>
<tr>
<th></th>
<th>8'817</th>
<th>-241 (-2.7%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>YOY</td>
<td></td>
</tr>
<tr>
<td>t/o underlying</td>
<td>-250</td>
<td></td>
</tr>
<tr>
<td>t/o Service Revenue</td>
<td>-243</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>3'408</th>
<th>-92 (-2.6%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>YOY</td>
<td></td>
</tr>
<tr>
<td>t/o underlying</td>
<td>-137</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>38.7%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1'788</th>
<th>-58 (-3.1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OpFCF proxy</td>
<td>YOY</td>
<td></td>
</tr>
<tr>
<td>FCF proxy margin</td>
<td>20.3%</td>
<td></td>
</tr>
</tbody>
</table>

| Service Revenue       | 6'222  | -243 (-3.8%) |
|                       | YOY    |              |
| t/o underlying        | -173   |              |
| t/o Service Revenue   | -70    |              |

| Service Rev. Retail   | 5'191  | -173 (-3.2%) |
|                       | YOY    |              |
| W+ Standalone         | -292   |              |
| W- Standalone         | -258   |              |
| W+ Fixed Bundles      | +62    |              |
| W+ FM Bundles         | +139   |              |
| W- FM Bundles         | +176   |              |

| OPEX                  | 5'409  | -149 (-2.7%) |
|                       | YOY    |              |
| Direct                | +8     |              |
| Indirect              | -121   |              |
| One-offs              | -36    |              |

| CAPEX                 | 1'620  | -34 (-2.1%)  |
|                       | YOY    |              |
| Core network          | +10    |              |
| Fibre                 | +21    |              |
| Mobile                | +36    |              |
| Project-/ Customer-driven | -101  |              |

1 t/o wireless CHF -127mn, wireline CHF -125mn and business numbers CHF -1mn
2 Reported EBITDA minus CAPEX
3 Segment Retail Customers
Best ultrafast broadband network in Switzerland
Swisscom continuously invests in UBB extension to increase competitive edge ...

Rollout focus 2019 and beyond
UBB extension via a hybrid approach
- FTTS enabling much faster rollout, contributing to lower avg. rollout cost
- G.fast boosting FTTS bandwidth further
  - Awarded by Huawei for Best Consumer Service based on G.fast
- Leverage DSL / 5G Bonding bringing UBB even to most rural areas

Be prepared for the future
- Upgrade to 10 Gbps in FTTH turf possible

... and to achieve 2021 coverage targets of 90% with >80 Mbps and 75% with >200 Mbps
All IP and Telco Cloud progressing well
The Cloud is live and plays an active role in shaping digitisation

Overall 94% of All IP migration completed
- TDM phase out on course
  - In 2019 several hundred networks elements expected to be dismantled and recycled
  - Cost benefits kicking-in
- Continuation of geographic oriented migration
  - Low complaint level
  - Voice line cancellations flattening out

Telco Cloud key for being more efficient and agile
- Highly scalable architecture to absorb the ever growing demand for Telco services
- Automation of operational processes
- Proven faster time-to-market for new Telco services
- Ready for slicing concepts and the support of tailored services for various customer segments

Phase-out of legacy platforms realises cost-savings and fosters simplicity
Leading wireless infrastructure in Switzerland
Push the needle to ever higher 4G speeds and 5G

Continuous network modernisation

- Best coverage and capacity per customer nationwide
  - 4G with 99% coverage
  - 4G+ progressing well: 95% with speeds up to 300 Mbps and 72% with up to 500 Mbps
- The densest network (>8k sites) in Switzerland, with indoor coverage boosted by >2.5k sites
- Leading in different tests for best mobile network in Switzerland

5G the next logic step

- Swisscom best positioned
  - Being a fully integrated network operator
  - >99% of all antennas fibre-connected
  - 5G partner program for Switzerland
- Unlimited interconnection requests more sites and small cells

- 5G softly launched on a test frequency in selected locations in 7 Swiss towns

Maintain undisputed technology leadership in wireless
Swisscom making 5G a reality
Additional spectrum available to fulfil our wireless mission to deliver nationwide Gigabit 4G and 5G

Overview of additional spectrum in 2019

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Bandwidth</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3500 MHz</td>
<td>300 MHz</td>
<td>1 x 100; 1 x 200</td>
</tr>
<tr>
<td>2600 MHz</td>
<td>10 MHz</td>
<td>2 x 5</td>
</tr>
<tr>
<td>1400 MHz</td>
<td>50 MHz</td>
<td>1 x 25 + 1 x 25</td>
</tr>
<tr>
<td>Core band</td>
<td>40 MHz</td>
<td>1 x 40</td>
</tr>
<tr>
<td>700 MHz</td>
<td>15 MHz</td>
<td>1 x 15</td>
</tr>
<tr>
<td>SDL</td>
<td>60 MHz</td>
<td>2 x 30</td>
</tr>
</tbody>
</table>

Key characteristics

- **Reserve price** of CHF 220mn
- Max allocation (cap) 235 MHz (49%). Currently Swisscom with 44% of total spectrum
- **Validity of 15 years** (YE 2033), 2.6 GHz 10 years (YE 2028)

Swisscom will be the 5G leader and unlock even more value opportunities for its customers

**5G opens up a wealth of new possibilities**

As soon as possible usage of spectrum for 4G and 5G enabling new business opportunities

- IoT
- Pilot Campus Solutions
- Virtual Reality
- Smart Grids
- Autonomous mobility
- eHealth
- Automation

TDD: Time Division Duplex, FDD: Frequency Division Duplex, SDL: Supplementary Downloadlink
Regulatory update
Telecoms Act passed parliament, fibre regulation rejected, ensuring favourable investment dynamics

**Telecoms Act**

- **Fibre regulation**
  - Fully rejected because of nationwide network investments and competitive wholesale offerings

- **Net neutrality**
  - Still a gap in interpretation between both Chambers

- **Execution plan**
  - Settlement of net neutrality differences in spring session 2019
  - Enactment not before 2020

- **Emission limits**
  - Switzerland with 10x stricter limits
  - No weakening foreseen

- **Roaming**
  - New possibility to set price caps
  - Negligible for Swisscom being ahead with current price plans

- **Next steps**
  - Working group with all stakeholders about EMF protection and 5G started
  - 1st results expected in 2019

Swisscom with positive outlook – review by the Federal Council every 3 years
Manage long-term customer value with outstanding core offering

inOne a success story thanks to value-add for Swisscom’s customers

**Proposition of convergence flagship**

- inOne home
- inOne mobile
- inOne benefit

\[ \text{inOne home} + \text{inOne mobile} = \text{inOne benefit} \]

**RGU breakdown and inOne penetration**

<table>
<thead>
<tr>
<th></th>
<th>Dez 17</th>
<th>Dez 18</th>
<th>Dez 17</th>
<th>Dez 18</th>
<th>Dez 17</th>
<th>Dez 18</th>
<th>Dez 17</th>
<th>Dez 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>RGU in k</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1'014</td>
<td>539</td>
<td>1'018</td>
<td>680</td>
<td>631</td>
<td>536</td>
<td>902</td>
<td>429</td>
<td>697</td>
</tr>
<tr>
<td>inOne mobile</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>t/o FM bundled</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>inOne BB</td>
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<tr>
<td>inOne TV</td>
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<td></td>
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<tr>
<td>inOne fixed voice</td>
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</table>

**RGU evolution: 2’328k customers with $1.96$ RGUs**

<table>
<thead>
<tr>
<th></th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>RGU in k</td>
<td>924</td>
<td>1’868</td>
<td>2’657</td>
<td>3’270</td>
<td>3’753</td>
<td>4’185</td>
<td>4’559</td>
</tr>
</tbody>
</table>

\(85-90\%\) migration rate

- Dec 18 inOne mobile: 54%
- Dec 17 inOne mobile: 30%
- Dec 18 inOne broadband: 57%
- Dec 17 inOne broadband: 34%

**inOne's market success primarily driven by simplicity, freedom of choice and constant value enrichment**
Increasing FM penetration with positive loyalty impact but at some cost
Convergence advantage effects churn positively

infinity/inOne and FM penetration growing

<table>
<thead>
<tr>
<th></th>
<th>31.12.17</th>
<th>31.3.18</th>
<th>30.6.18</th>
<th>30.9.18</th>
<th>31.12.18</th>
</tr>
</thead>
<tbody>
<tr>
<td>infinity/inOne share of postpaid value subs</td>
<td>32%</td>
<td></td>
<td>74%</td>
<td></td>
<td>79%</td>
</tr>
<tr>
<td>FM share of postpaid value subs</td>
<td></td>
<td>+6pp</td>
<td></td>
<td>+5pp</td>
<td></td>
</tr>
</tbody>
</table>

FM bundling with positive churn impacts

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>postpaid value churn p.a.</td>
<td>7.5%</td>
</tr>
<tr>
<td>broadband churn p.a.</td>
<td>5.4%</td>
</tr>
<tr>
<td>FM churn p.a.</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

ARPU changes through inOne migration

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>0</td>
<td>-6</td>
<td>-6</td>
<td>-12</td>
</tr>
<tr>
<td>Broadband</td>
<td>-6</td>
<td>-6</td>
<td>-6</td>
<td>-6</td>
</tr>
<tr>
<td>Converged</td>
<td>-6</td>
<td>-6</td>
<td>-6</td>
<td>-6</td>
</tr>
</tbody>
</table>

Infinity/ inOne W- ARPU down due to convergence

<table>
<thead>
<tr>
<th></th>
<th>HY 17</th>
<th>FY 17</th>
<th>HY 18</th>
<th>FY 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>80</td>
<td>79</td>
<td>76</td>
<td>75</td>
</tr>
</tbody>
</table>

Growth of inOne migration flattens and softens convergence impact on margin over-time
Shape B2C market with launch of next generation of mobile offerings
More value and increased flexibility to serve maximum customer clusters and needs

2012

infiniti
flat
unlimited voice, SMS and data in CH, available in different speeds

2014

infinity plus
speed upgrade
EU roaming integration

2015

infinity 2.0
speed upgrade, roaming extension, int’l voice and SMS, additional services

Q2 2017

inOne
speed upgrade, roaming enhancement, FM bundling & advantage, SIMO option

Q1 2019

Launch of next mobile generation

Infinitely possible
inOne speed upgrade, roaming enhancement, FM bundling & advantage, SIMO option

Hero features of next product innovation

Unlimited roaming in Europe
Infinite amount of roaming days and data usage

Evolution of speed and value differentiation
Monetization through extra (5G) experiences and options

Extra customisation possible
Changing and diverging customer needs requiring more flexibility in product tailoring

Complete debundling device and subscription
New device pricing improving perceived price/value ratio, ARPU dilution (over-)compensated by lower SAC/SRC per subs

More value in a future-proofed frame to increase competitiveness and stimulate financials positively

1 40 GB/month highspeed volume in EU, then limited speed of 128 Kbps
**Strengthen differentiation of mobile portfolio with extra value and features**

Launch of next inOne mobile generation on 25 February 2019 to push market success soon

---

### Tariff plans

<table>
<thead>
<tr>
<th>Voice</th>
<th>SMS</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>mobile swiss light</td>
<td>mobile swiss flat</td>
<td>inOne mobile basic</td>
</tr>
<tr>
<td>unlimited on-net</td>
<td>unlimited CH</td>
<td>unlimited CH/EU</td>
</tr>
<tr>
<td>unlimited CH</td>
<td>unlimited CH</td>
<td>unlimited CH/EU</td>
</tr>
<tr>
<td>mobile swiss</td>
<td>inOne mobile go</td>
<td>inOne mobile premium</td>
</tr>
<tr>
<td>flat</td>
<td></td>
<td>unlimited CH/EU/world</td>
</tr>
<tr>
<td>500 MB</td>
<td>50 Mbps</td>
<td>unlimited CH/EU</td>
</tr>
<tr>
<td>50 Mbps</td>
<td></td>
<td>unlimited CH/EU</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100 Mbps</td>
</tr>
<tr>
<td></td>
<td></td>
<td>max +5 device SIMs comfort package</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>180</td>
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<table>
<thead>
<tr>
<th>Multi-SIM</th>
<th>Extras</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>CHF/month</td>
<td>CHF/month</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>65</td>
<td>45</td>
</tr>
<tr>
<td>-20%</td>
<td>-20%</td>
<td>60</td>
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### Extra plans

<table>
<thead>
<tr>
<th>Connect</th>
<th>Intercontinental</th>
<th>inOne multi-SIM</th>
<th>inOne wearables</th>
<th>inOne tracker</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
</tr>
<tr>
<td>Connect max speed +3 device SIMs</td>
<td>Intercontinental unlimited USA/Canada</td>
<td>inOne multi-SIM +1 device SIM</td>
<td>inOne wearables +1 wearable SIM</td>
<td>inOne tracker +1 tracker SIM</td>
</tr>
<tr>
<td>20</td>
<td>70</td>
<td>10</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International</th>
<th>Premium Speed</th>
<th>Data Travel World</th>
<th>myCloud pro</th>
<th>DaaS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
<td>CHF/month</td>
</tr>
<tr>
<td>International unlimited calls to EU, USA/Canada</td>
<td>Premium Speed max speed</td>
<td>Data Travel World 10GB data/30 days in 100 countries</td>
<td>myCloud pro 2TB storage</td>
<td>DaaS service, insurance, express repair, ...</td>
</tr>
<tr>
<td>20</td>
<td>10</td>
<td>79.90</td>
<td>6.90</td>
<td>25</td>
</tr>
</tbody>
</table>

---

Positive stimulation of RGU dynamics and NPS development expected also thanks to best customer services

---

1. highspeed volume in EU of 40 GB.
2. highspeed volume in EU, USA and Canada of 100 GB.
3. consists of protection plus insurance, express repair, myCloud Premium and personalised hotline service.
4. highspeed volume in EU, USA and Canada of 40 GB.
5. 1st and 2nd SIM with CHF 20 discount while 3rd, 4th and 5th SIM with CHF 40 discount.
Swisscom's B2C portfolio with multi-brands covering max customer clusters
Satisfying every customer with the right offer

Our brand portfolio further strengthened

Core value brand
- multi-device option greatly simplified
- more speed and roaming
- service differentiation

No frill value brand
- new FM convergence offer
- added 1 GB of roaming a month
- 25.- flat promo to counter yallo/sunrise promos

Low price value
- improved plans with more speed, included roaming-packages and family advantages
- portfolio extension (MINI, MAXI and MEGA)

Simplest brand
- replacing SimplyMobile brand
- no expiry date for data and packages
- prepaid tariff available as well

2nd and 3rd brands growing

Postpaid value subs (in k)

<table>
<thead>
<tr>
<th></th>
<th>Own Brand</th>
<th>2nd/3rd Brands</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2'836</td>
<td>304</td>
<td>3'140</td>
</tr>
<tr>
<td>2018</td>
<td>2'799</td>
<td>358</td>
<td>3'157</td>
</tr>
</tbody>
</table>

2nd / 3rd Brand 11%

Core Brand 89%

Broadband subs (in k)

<table>
<thead>
<tr>
<th></th>
<th>Own Brand</th>
<th>2nd/3rd Brands</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1'937</td>
<td>39</td>
<td>1'976</td>
</tr>
<tr>
<td>2018</td>
<td>1'953</td>
<td>45</td>
<td>1'998</td>
</tr>
</tbody>
</table>

2nd / 3rd Brand 2%

Core Brand 98%

2nd and 3rd brand as price aggressive offerings to attack competitors and defend market shares at today's level
Swisscom TV further enriched with new features and entertainment attributes

#1 in digital TV innovation and market share in Switzerland

Next TV Entertainment generation

- Swisscom TV with **new features and customer-specific offers**
  - configurable home screen
  - program suggestions
  - own content from myCloud
- Increase TV relevance through more and new **content**

Teleclub

- **Sports** as a differentiator
- Secured **UEFA Champions** and **Europa League rights** for the next 3 seasons

3rd party content

- Favourite apps **at just one click**
- Adding **more and more apps**

eSports

- **Swisscom Hero League**; 1st mover in Switzerland
- **eSports area in OS3**, news from gaming world and various games

TV leadership extended

- **customer base** (in k)
  - 2017: 1'467
  - 2018: 1'519
  - +3.5%

- **market share** (in %)
  - 2017: 33% (33%)
  - 2018: 35% (35%)

Delivering the best bouquet of entertainment to penetrate households and leverage subs base with FM bundles
The modular all-in-one solution for SME
Swisscom, the ultimate source for ICT expertise and cloud based services managed in Switzerland

<table>
<thead>
<tr>
<th>Unique value proposition</th>
<th>Connectivity business</th>
<th>Managed ICT business</th>
</tr>
</thead>
</table>
| ▪ Extensive partner network with experts building a solid market position | **inOne SME**  
  ▪ ≤5 employees  
  ▪ FM advantage with 15% discount on all mobile subs | **Smart ICT**  
  ▪ IT service management  
  ▪ Internet with fail-safe guarantee  
  ▪ Managed workplace incl. Office 365, standard applications and anti-virus protection |
| ▪ Best 7x24h services | **Smart Business Connect**  
  ▪ ≥6 employees  
  ▪ Components | ▪ Cloud server and backup  
  ▪ Hardware packages  
  ▪ Advanced IP telephony  
  ▪ SDN solution |
| ▪ Benefits of advanced network technology thanks to All IP | | |
| ▪ Access to largest fibre-optic network with speed of 1Gbps | | |
| ▪ Innovative relationship tools  
  ▪ Online counsellor  
  ▪ Product configurator | | |

Attack market with Smart ICT offerings and defend strong SME position
Swisscom portfolio from Data to Security for Enterprise Customers

Comprehensive and secure offerings

The more services subscribed by a customer, the higher the lifetime value
Structural amendments in the connectivity business of Enterprise Customers
Swisscom continuously invests in the renewal and modernisation of its B2B wireline offerings

Stabilise W+ Telco revenue of CHF ~0.5bn

- Continue All IP migration
  - 75% of Enterprise Customers migrated, implying voice line cancellations (-60k YOY)
  - All IP as vehicle for the journey into efficient service models enabling cost optimisation and transparency improvement

- Existing portfolio renewed
  - Clear value focus
  - Innovation and additional value (e.g. Security)
  - Foster cloud-based network services

- Driving digital transformation to push top-line contribution from business networks (54% of total W+ revenue, +4pp YOY)

Push service revenue stabilisation through outstanding experiences

<table>
<thead>
<tr>
<th>External Revenue ENT¹</th>
<th>2'308</th>
</tr>
</thead>
<tbody>
<tr>
<td>YOY</td>
<td>-94 (-3.9%)</td>
</tr>
<tr>
<td>10.2%</td>
<td>44.7%</td>
</tr>
<tr>
<td>45.1%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Rev. ENT¹</th>
<th>1'031</th>
</tr>
</thead>
<tbody>
<tr>
<td>YOY</td>
<td>-70 (-6.4%)</td>
</tr>
</tbody>
</table>

1 Segment Enterprise Customers

---

2 Consists of Software Defined Networking (SDN) and Network Function Virtualization (NFV)
Approaching B2B customers with value offerings in wireless
Stable W- RGUs thanks to value differentiation and continuous portfolio enrichments

Defend strong W- market position

- Market position successfully maintained with **stable W- customer base** YoY, nevertheless **price pressure** weighs on W- ARPU

```
1'267  1'265  1'270  1'283  1'294
Q4 17  Q1 18  Q2 18  Q3 18  Q4 18
```

- **Benefit from mobile** as focal point of B2B processes by enhancing **modular connectivity portfolio** to push upselling
  - **Connectivity**: NatelGo
  - **Services**: Mobility Management, Devise as a Service, Mobility for Work, Inhouse as a Service
  - **Data**: Analytics and Reporting
  - Actively develop **IoT** ecosystems to create new businesses

```
32   30   31   30   28
Q4 17  Q1 18  Q2 18  Q3 18  Q4 18
```

Blended W- ARPU in CHF

Keep pricing discipline at maximum to hold ARPU up
Shaping the Solutions portfolio to the next level
Further increasing share of wallet with existing and new customers ...

Solutions with volatile characteristics

- High dynamics in project and volume driven business
- Sales cycle varying and may take up to 12-18 months with transition phase before implementation of business
- Customers may decide at short notice
- Revenue depending on volume called off by customers

Positive outlook

- Unchanged positive long-term ICT perspectives
- Security market further growing
- Swisscom continues to push Cloud

... to profit from growing ICT Services market in Switzerland
Service differentiation key to inspire all customers, anywhere and anytime
Constantly working on services in order to satisfy customers

Quality improvements
- Listen to customer needs, no matter what touchpoints
- Keep promises, exceed them and foster dialogue with customers in order to improve our service
- Cycle of continuous learning thanks to flow of information from customer to employee

Best service offensive
- Improve connection and access at home/at office as well as stability of our platforms
- Offer counselling about infrastructure at home when needed
- Plug-and-Play-approach; just plug it in and start playing immediately

Engagement and experience
- Reward existing customers and make them "Swisscom fans"
- Boost customer engagement to increase loyalty
- Best-in-class services through empathy and emotions

Best-in-class services to increase value for Swisscom customers
People make the difference in delivering best services
Hard work every day to underpin Swisscom’s value standing and premium offerings

B2C levers to boost service differentiation

- Generate ‘Wow’ effect across all touchpoints
  - Empowerment of agents
  - Evolution of Retail stores
  - Establishment of new digital touchpoints
  - Customer dialogue focused on empathy

- NPS ambition 2019: staying ahead
  - Increase 'First time right' rate
  - Improve quality and stability
  - More focus on rewarding customer loyalty
  - Use of AI and Data Analytics for proactive problem solving

B2B ingredients for best B2B services

- Count on proven success factors
  - "Nobody knows customer better than WE!"
  - 1 contact and trusted expertise

- New Customer Care Model introduced in 2018
  - 4 customer divisions to increase focus and quality
  - 3.3mn customer interactions p.a.
  - Continuous customer trainings

- 2019 roadmap to keep NPS level high
  - Push online and automation
  - Improve service integration and transparency

Be service champion to have a real competitive advantage and keep NPS leadership
Increase operational efficiency in Swiss operations
Enhance standardisation and simplification

Less is more

- Portfolio streamlining: decrease number of tariff plans
- Switching-off TDM platforms by regions

All IP and Cloud benefits

- New service models with which investment and operating costs can be optimised and made more transparent

Boost standardisation

- Consolidate IT systems
- Several initiatives to standardise sales2activation and problem2solution processes

Optimise workforce

- Proactive vacancy management
- Agile organisation
- Increase share of domestic outsourcing
Swisscom as digital champion to achieve incremental cost savings
Transform business and operating models through the use of digital technologies

Online first
- Increase online importance for our customers
- Use chatbot for customer self-service interactions

Network virtualisation
- Leverage Telco Cloud capabilities
- Adopt Software Defined Networks and Network Function Virtualisation and enable faster innovation and less power consumption

Digital initiatives

1
2
3
4

Automation
- Increase robotic process automation in network and IT operations
- Push automation in support functions further

AI and advanced analysis
- Automatic fault detection by using analytics to monitor customer services
- Optimise productivity through artificial intelligence permanent system learning
Boost efficiency in Swiss capital expenses
Foster smart investments for network expansion

Agile development
- Fostering agile development methods in testing and implementation
- Ambition to gain speed, higher efficiency as well as higher quality

Partnering
- Increasing the level of efficiency by establishing a full-service contractor approach in the area of network expansion to lower costs per unit and faster FTTx rollout

Scale matters
- Renewal of transportation networks with new technologies
- Enabling even more efficient scalability considering the continuous rise of data volumes

Optimise procurement
- Continuously optimising procurement, partly with new ways of commercial agreements
Growth in core by inspiring with new B2C services
Value enrichment through top-line contribution and higher customer loyalty

**Digital Products & Services**

- Strengthen our offerings with **more value** to realise up- and cross-selling
  - Multi-devices
  - Next Entertainment generation
  - Swisscom Internet Box and Home App

**Value-Added Services**

- Increase customer stickiness by tapping **new business opportunities**
  - **My Service**: personal expert for your technical issues
  - **Internet Security**: total protection for all devices
  - **Mobile insurance** against damage
  - **My Cloud**: the Swiss storage portal for B2C customers

**Smart Work**

- **IT workstation from the cloud** enriched with **artificial intelligence**
  - Zero IT-touch setup
  - Operated by Swisscom
  - Butler for support & help
  - Baseline security
  - Web-shop for hardware
  - Service management dashboard
  - Software kiosk
  - **All IP migration with upselling opportunities**
  - Realize **long-term lock-in effect**

Increase share of wallet and life time value thanks to innovative value-added services
Several growth catalysts in the B2B space
Swisscom to capitalise on major growth opportunities ...

**IoT Business**

- **Key Opportunities** for IoT Business are locally delivered, globally available and scaling platforms and professional services
- Swisscom focuses on **enabling businesses**
  - Deliver global scaling solutions
  - Data Management & Analytics
  - Connectivity & Device Management
- YE 2018 figures an excellent base to scale further

| >500 customers | +20-25k things/week | 1mn (+250k) connected devices |

**Cloud, Data Centre and Security Solutions**

As **leading ICT provider** in Switzerland we ...

- deliver **local and global Cloud Services** with local expertise, secure, integrated and managed services
- accelerate the Journey to the Cloud of our customers and **implement hybrid Cloud solutions**
- stimulate the market with **Security Services**, threat detection & response, data leakage prevention, 7x24 Security Operation Centre services

**5G Campus Network Solution**

- **Connecting things** over a powerful, secure and stable 5G network slice
- In combination with **edge computing** it permits close to real-time data processing

... to increase its standing in existing and new market segments
Whole Sale business with positive growth momentum
Swisscom uniquely positioned to lever network investments as 2nd best option

<table>
<thead>
<tr>
<th>Fixed access</th>
<th>MVNO</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Nation-wide UBB access on Copper and Fibre</td>
<td>• Nation-wide access to best w- coverage and capacity network</td>
</tr>
<tr>
<td>• Renewed deal with Sunrise for another 3.5 years</td>
<td>• MVNO contract with UPC starting from Jan 2019</td>
</tr>
<tr>
<td>• At YE 2018 almost 600k active connections</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leased Lines</th>
<th>OTT Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 5G impacts demand for leased line, backbone and backhaul business positively</td>
<td>• Application business with ongoing future growth</td>
</tr>
<tr>
<td></td>
<td>• Increased number of digital partnerships and products</td>
</tr>
</tbody>
</table>

Growing wholesale revenues and value creation on Swisscom network
Agenda

Welcome

1. Group Results

2. Strategic Update

3. Swisscom Switzerland

4. FASTWEB

5. Group Financials

6. Final Remarks

Q&A

Appendix
Strong delivery across all market segments
2018 main achievements

B2C

Overall B2C customer base
- 4.0mm subscribers (fixed and mobile)

Fixed
- 2.55mn BB subs (+4% YoY)
- 1.40mn UBB subs (+36% YoY)
- 55% UBB penetration

Mobile and convergence
- 1.43mn mobile subs (+34% YoY)
- 30% convergence penetration

Customer Experience
- Leader in wireline NPS with 18pp gap vs. second best
- Strong mobile NPS aligned to market top performer

B2B

Corporate
- Revenues up 10% YoY, thanks to successful PA business and VAS growth
- Acquired new top customers

- Market share further growing +2pp to 31%
- NPS at 64%

Wholesale performance
- Revenues up +11% YoY
- New opportunities in UBB wholesale access services

Network

UBB footprint
- Own UBB further strengthened with FWA footprint
  - 6.0mn HHs and >800 mobile sites
  - Network integration already started
- Own UBB at 45% coverage
- Overall UBB coverage at 80% including wholesale

5G
- Spectrum acquired
  - 3.5 GHz from Tiscali
  - 26 GHz from auction
- Ready to start roll-out
Positive financial performance in 2018
+8% revenues and +6% organic EBITDA growth YOY

<table>
<thead>
<tr>
<th>Net revenues ¹</th>
<th>EBITDA</th>
<th>Capex</th>
<th>Organic OpFCF proxy ⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in EUR mn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale</td>
<td>1,944</td>
<td>2,108</td>
<td>2,104</td>
</tr>
<tr>
<td>2018</td>
<td>248</td>
<td>2,74</td>
<td>274</td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>986</td>
<td>1,054</td>
<td>1,050</td>
</tr>
<tr>
<td>2018</td>
<td>95</td>
<td>701</td>
<td>674</td>
</tr>
<tr>
<td>FY 2017</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Enterprise</td>
<td>710</td>
<td>780</td>
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</tr>
<tr>
<td>2018</td>
<td>664</td>
<td>64</td>
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</tr>
<tr>
<td>FY 2017</td>
<td></td>
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<table>
<thead>
<tr>
<th>+8% Net revenues ²</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>FY 2017</th>
<th>2018 comparative¹</th>
<th>2018 reported²</th>
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<tbody>
<tr>
<td>Wholesale</td>
<td>248</td>
<td>2,74</td>
</tr>
<tr>
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<td>701</td>
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<tr>
<td>Enterprise</td>
<td>664</td>
<td>64</td>
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</table>

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>+6% Organic</th>
</tr>
</thead>
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<tr>
<td>FY 2017</td>
<td>759</td>
</tr>
<tr>
<td>2018 comparative¹</td>
<td>701</td>
</tr>
<tr>
<td>2018 reported²</td>
<td>674</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Capex</th>
<th>-1% Net of spectrum ⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>622</td>
</tr>
<tr>
<td>2018 comparative¹</td>
<td>681</td>
</tr>
<tr>
<td>2018 reported²</td>
<td>657</td>
</tr>
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<table>
<thead>
<tr>
<th>Organic OpFCF proxy ⁵</th>
<th>+100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>42</td>
</tr>
<tr>
<td>2018</td>
<td>84</td>
</tr>
<tr>
<td>2018</td>
<td>81</td>
</tr>
</tbody>
</table>

Significant improvement of underlying operating free cash flow generation

¹4 weeks billing impact FY 2018 vs. FY 2017: EUR +27mn ²2018 figures are presented according to old accounting standard for comparison with previous year (comparable) and according to new accounting under IFRS 15 (reported) ³EUR 95mn from litigations in 2017 ⁴Spectrum: expense for i) 40 MHz 3.5 GHz license acquired from Tiscali, until 2029 ii) license for 20 MHz 26 GHz acquired in auction ⁵Excluding EBITDA One-off and Spectrum CAPEX
A unique growth story in the Italian market
Mediobanca report on Italian Telecom market, January 2019

**Revenue growth 2013-2017 YOY**

- **TIM:** 18%
- **Wind:** -15%
- **3:** -13%
- **Open Fiber:** -5%

**Avg. Capex/Sales 2013-2017 (%)**

- **TIM:** 33%
- **Wind:** 25%
- **3:** 22%
- **Open Fiber:** 21%

**NGA coverage EoP 2017, mn HHs**

- **TIM:** 21
- **Wind:** 8
- **Open Fiber:** 2.4

Fastweb is the only Italian Telco with top-line growth 2013-2017

Fastweb has the highest investment ratio and invested EUR 9bn to deploy 47’000 km of fibre

Fastweb owns the 2nd largest NGN infrastructure in Italy

A success story based on investments and innovation, with an increasing focus on cashflow generation
UBB capabilities further strengthened with FWA footprint, 5G spectrum secured
5G an opportunity for Fastweb to position as a leading convergent player

Fastweb coverage evolution in mn HHs

<table>
<thead>
<tr>
<th></th>
<th>YE 2017</th>
<th>FWA 2018</th>
<th>YE 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>% HHs</td>
<td>30%</td>
<td>2%</td>
<td>30%</td>
</tr>
<tr>
<td>Own UBB (FTTx)</td>
<td>8</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Own UBB (FWA)</td>
<td>20</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Wholesale UBB</td>
<td>8</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>BB (Own FWA, LLU, Bitstream)</td>
<td>2</td>
<td>0</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Total UBB 22mn HHs or 80% coverage
- **Own UBB**: 12mn HHs or 45% coverage
  - FTTx 8mn HHs
    o/w 50% FTTH (+1mn YoY through FlashFiber)
  - FWA 4mn HHs
- **Wholesale UBB**: 10mn HHs

Convergent Fibre-5G network

Fastweb's 5G assets portfolio

- Fibre to the tower
- Fibre in urban areas
- 5G spectrum

Unchanged 2019 Capex envelope with focus gradually switching to mobile
Uniquely positioned in B2C leveraging transparency and simplicity
Building scale through distinctive commercial strategy and partnerships

Customer ‘champion’ positioning through #nientecomeprima

<table>
<thead>
<tr>
<th>May 2017</th>
<th>Chapters</th>
<th>Nov 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Start</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Start</td>
<td>Change</td>
<td>Try</td>
</tr>
<tr>
<td>$€</td>
<td>• No hidden costs • Customers can leave any time with no charge</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Try mobile service one month free</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Move to fibre for free with a click</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Every customer gets the promised speed</td>
<td></td>
</tr>
</tbody>
</table>

A transparent, simple and all-inclusive proposition

ENI partnership

Energy + TLC bundle

- From set-up to full operation
  - New offer
  - Available on 100% sales channels

Strong customer intake...
...now contributing to 10% of Consumer gross adds

Fastweb goal is to offer unparalleled distinctive value to customers

1#Niente Come Prima (Nothing Like Before)
Largely beyond +30% growth in UBB and mobile customer base
A result of flawless execution

**Broadband subs (k)**

- FY 2017: 2,451
- FY 2018: 2,547

**UBB subs (k) and penetration**

- FY 2017: 1,034
- FY 2018: 1,402

**Mobile subs (k)**

- FY 2017: 1,065
- FY 2018: 1,432

**Mobile net adds**¹ (k, 9M 2018)

- Iliad: +2,230
- Other operators: +259
- Market: -2,600
- Other operators: -120

**FMC and churn impact**

- FMC penetration over fixed customer base:
  - FY 2017: 42%
  - FY 2018: 55%
- Churn benefit:
  - FY 2018 churn: -35%

Accelerating UBB and FMC penetration to increase share of wallet and reduce churn

¹Source: public information and analyst data
Strong performance in Corporate leading to further market share growth
Development of ICT capabilities further strengthening B2B offering

Key growth drivers

Revenues from PA

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues from PA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>+26%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

Revenues from ICT VAS

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues from ICT VAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>+50%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>

Highlights

- **Public sector**: monetizing all framework agreements and 1st deal with Tiscali
- **ICT VAS**: Fastweb leveraging ICT capabilities, mainly in Cloud and Security
- **Innovation**: launched 1st nation-wide SD-WAN offer and 1st Italian 5G use-cases

Market performances

<table>
<thead>
<tr>
<th>Year</th>
<th>Market share on revenues 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8% 55% 28% Others 9%</td>
</tr>
<tr>
<td>2017</td>
<td>9% 54% 29% Others 7%</td>
</tr>
<tr>
<td>2018</td>
<td>9% 53% 31% Others 7%</td>
</tr>
</tbody>
</table>

Highlights 1

- **Overall** market share: 31% (+2 p.p. YoY)
- **PA**: 39% (+6 p.p. YoY)
- **Data services**: 50% (+3 p.p. YoY)
- **ICT VAS**: 21% (+5 p.p. YoY)

Focus on service quality and innovation is paying off

1 Source: analyst data
Growing wholesale business further monetizing network investments
Data and BTS backhauling primarily contributing to growth

Top-line growth...

Data Services

BTS backhauling

Voice Services

Drivers

Revenues

+11%

2017 2018

- Strong growth mainly due to BTS backhauling market
- Fastweb provider of all mobile and fixed OLOs

Drivers

- UBB retail access market expected to grow steadily (13mn in 2021, +30% vs. 2018)
- New fixed players expected to enter the market with light-infrastructure models

Assets

- Capillar fibre coverage
- Flexibility and service customisation
- FWA network

Opportunities

- Launch of wholesale UBB access services in 4Q 2018 for Tiscali retail customers
- Opportunity to build leading position also in this market

Robust 2018 growth coupled to new opportunities in 2019

Source: analyst data
Outstanding NPS across the entire service portfolio
Delivering superior experience throughout all customer journeys

Consumer NPS - Fixed
Strong improvement in overall NPS (+8pp YOY) and in specific areas
- Technical assistance +17pp YOY
- On boarding + 11pp YOY

Consumer NPS - Mobile
Best NPS and 10pp YOY growth thanks to
- Coverage/performance of 4.5G network
- Improvements on on-boarding process

Enterprise NPS - Fixed
Further improving
- Wireline and ICT VAS enhanced portfolio
- Unique capabilities to deliver E2E solutions

Consolidating service leadership by pushing on process automation and digital interaction

Note: NPS surveys made by an independent 3rd-party, average data of 2017 and 2018
Positive outlook thanks to new growth opportunities
All segments expected to contribute to top-line and EBITDA development in 2019...

Business focus
- 5G convergent operator in Italy
- Leading wholesale operator in UBB
- Further strengthen Corporate leadership

Key levers
- 5G commercial launch in late 2019/early 2020
- Achieve a MNO-like mobile cost structure
- Fully exploit BTS fibre opportunity
- Provide wholesale UBB access to new fixed light-infrastructure players
- Increase share of wallet thanks to ICT VAS and software-defined services
- Mobility and convergence in the mid-term

market share targets (by 2022)

<table>
<thead>
<tr>
<th></th>
<th>Mobile Consumer</th>
<th>Wholesale¹</th>
<th>Corporate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12%</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>1.5%</td>
<td>20-25%</td>
<td>35%-40%</td>
</tr>
<tr>
<td></td>
<td>4-5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

...to deliver significant FCF growth to Swisscom Group

¹ Wholesale perimeter includes non regulated services: data, BTS fibre connections, voice
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3. Swisscom Switzerland

4. Fastweb

5. GROUP FINANCIALS

6. Final Remarks

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Appendix

Mario Rossi, CFO Swisscom
Reconciliation of key financials
Financial performance in line with guidance

**Net revenue**
in CHF mn

- FY 2017 reported: 11'662
- FY 2017 underlying performance: 11'662
- FY 2018 underlying: 11'625
- FY 2018 reported: 11'714

- Exchange rate +84
- IFRS 15 reconciliation +5

**EBITDA**
in CHF mn

- FY 2017 reported: 4'295
- FY 2017 underlying performance: 4'250
- FY 2018 underlying: 4'216
- FY 2018 reported: 4'213

- Litigations at Fastweb -102
- Gain from sale of real estate -4
- Exchange rate +24
- Gain from sale of real estate +16

- Provision for restructuring +61
- IFRS 15 reconciliation -43

One-offs

One-offs

One-offs

One-offs
Revenue breakdown by segments
Divergent top-line evolutions - as expected - with Switzerland down and Italy up

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2017 underlying</th>
<th>FY 2018 underlying</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardware and other</td>
<td>-173</td>
<td>-173 (-0.3%)</td>
</tr>
<tr>
<td>Service revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-19</td>
<td>-10</td>
<td>-17 -24</td>
</tr>
<tr>
<td>Enterprise Customers</td>
<td>-70</td>
<td>-24</td>
</tr>
<tr>
<td>Solutions, HW and other</td>
<td>-24</td>
<td>-19</td>
</tr>
<tr>
<td>Wholesale and other</td>
<td></td>
<td>+182</td>
</tr>
<tr>
<td>Fastweb</td>
<td></td>
<td>+31</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>-37</td>
</tr>
</tbody>
</table>

1. Decrease of voice access lines
2. Price pressure in wireless
3. Solutions business with a decrease of -42mn, primarily driven by Banking due to project volatility and changed customer requirements whereas Cloud Services report growth. Hardware & other with an increase of +18mn
4. Lower inbound roaming and termination (lower rates) partly compensated by higher wholesale (BB) connectivity services
5. Increase supported by growing customer base in Consumer segment as well as 4-weeks billing and wholesale deals
OPEX of Swisscom Switzerland
Operational excellence initiatives with expected impacts to lower OPEX on a recurring basis

FY 2017 underlying

- SAC/SRC: -65
- Outpayments: -44
- Goods purch. & Other: +117
- Workforce: -87
- Others: -34

FY 2018 underlying

- 5'404

1. YOY down due to lower subsidies for TV boxes and routers as well as lower wireless acquisition and retention cost
2. Lower outpayments for roaming and termination
3. Increase driven by higher hardware sales, additional cost for assurance material and TV content
4. Operational excellence leads to a FTE reduction at Swisscom Switzerland of -679 YoY

2018 financials in CHF mn

2017

Underlying

5'517

5'404

YOY down due to lower subsidies for TV boxes and routers as well as lower wireless acquisition and retention cost

Lower outpayments for roaming and termination

Increase driven by higher hardware sales, additional cost for assurance material and TV content

Operational excellence leads to a FTE reduction at Swisscom Switzerland of -679 YoY
EBITDA breakdown by segments

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

- Lower costs partly compensate lower service revenue, improvement in Q3 supported by lower SAC/SRC
- Price pressure and structural effects in the connectivity and Solutions business lead to lower contribution
- Increase is supported by lower cost for support functions and higher revenue for wholesale services. Q3 and Q4 impacted by lower inbound roaming
- EBITDA up revenue driven due to volume growth and price changes, despite 2017 was positively impacted by a retroactive change in regulated bitstream prices
- t/o +32mn reconciliation pension cost IAS 19
  +10mn from sold companies (from Publigroupe takeover) with negative EBITDA contribution
  +10mn cost savings at group headquarter
Underlying EBITDA changes for Swisscom w/o Fastweb

All YOY tendencies in line with FY estimate except B2B

### Quarterly and FY 2018 impacts

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>YOY Δ of underlying EBITDA in CHF mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice lines</td>
<td>-18</td>
<td>-17</td>
<td>-15</td>
<td>-14</td>
<td>-64</td>
</tr>
<tr>
<td>Outbound roaming</td>
<td>-4</td>
<td>-5</td>
<td>-8</td>
<td>-4</td>
<td>-21</td>
</tr>
<tr>
<td>Convergence discounts</td>
<td>-21</td>
<td>-23</td>
<td>-21</td>
<td>-20</td>
<td>-85</td>
</tr>
<tr>
<td>B2B *</td>
<td>-5</td>
<td>-20</td>
<td>-31</td>
<td>-41</td>
<td>-97</td>
</tr>
<tr>
<td>Indirect cost savings</td>
<td>+23</td>
<td>+33</td>
<td>+26</td>
<td>+39</td>
<td>+121</td>
</tr>
<tr>
<td>All other **</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+71</td>
</tr>
<tr>
<td><strong>Total underlying EBITDA Δ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-75</td>
</tr>
</tbody>
</table>

* consists of underlying EBITDA change YOY (CHF -67mn) excl. indirect cost savings (CHF +30mn) of Enterprise Customers
** t/o CHF +32mn reconciliation pension cost IAS 19, CHF +10mn from sold companies with negative EBITDA from Publigroupe takeover, +10mn cost savings group headquarter

### Evolution and indicative outlook of YOY tendencies

- **Fixed voice lines**
- **Outbound roaming**
- **Convergence discounts**
- **B2B**
- **Indirect cost savings**
Net income
Bottom-line down (-3.0% YOY) driven by lower reported EBITDA

- Further optimised debt portfolio led to lower net interest expenses
- Lower other financial result due to higher foreign exchange losses (CHF -16mn YOY)
Capital expenditures
YOY up by +1.1% primarily driven by higher CAPEX of Fastweb

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swisscom Switzerland</td>
<td>1'654</td>
<td>1'620</td>
</tr>
<tr>
<td>Fastweb**</td>
<td>692</td>
<td>757</td>
</tr>
<tr>
<td>Other*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- CAPEX of Swisscom Switzerland driven by continuing fibre network roll out and upgrading of mobile network
- In local currency Fastweb's CAPEX remains on a high level, ongoing investments in network infrastructures
- Fastweb's CAPEX up extraordinary, driven by investment in mobile spectrum (EUR 64 mn)

Other*: 1'620 CHF mn

<table>
<thead>
<tr>
<th>Wireless network: 19%</th>
<th>IT systems, All-IP, CP equipment, and other: 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1'620 CHF mn</td>
<td>Fixed network, copper access, backbone &amp; transport infrastructure: 31%</td>
</tr>
</tbody>
</table>

Wireless network:
- 19%

Fibre (FTTx):
- 30%

Fixed network, copper access, backbone & transport infrastructure:
- 31%

* in FY 2018 CHF 27mn, in FY 2017 CHF 32mn, ** in local currency in FY 2018: EUR 657mn, in FY 2017: EUR 622mn
Operating free cash flow
Decrease in cash from operating activities due to higher net working capital compared to YE 2017

- Higher net working capital compared to YE 2017 mainly due to decreasing trade payables
- In 2017 lower change in pension obligations due to an extraordinary payment (CHF 50mn)

* Change in net working capital and other cash flow from operating activities
Use of 2018 free cash flow
More than four fifth of free cash flow used for shareholder payments

Operating FCF
- Interest paid
- Taxes paid

Free cash flow
- Dividend of CHF 22/share
- M&A and other effects
- Net debt decrease

Dividend with a free cash flow distribution of 86% well covered
Shareholder return since IPO
Since IPO CHF ~32bn distributed to shareholders and annualised TSR of 5% (in CHF) achieved

- 2018: proposal to AGM to pay CHF 22 per share
- Dividend time table: 3 April last trading date with entitlement to dividend, 4 April ex-date, 8 April payment date
- Swisscom targets a solid shareholder distribution aligned with cash flow generation and capital allocation
- Committed to preserve a solid single A Rating and a targeted equity ratio of around 30% and an (unadjusted) net debt/EBITDA ratio of around 1.9x (w/o consideration of IFRS 16 impact)
Swisscom's maturity profile as per 31.12.2018 *
Further improvement of financing costs reached

- Sources for refinancing: **EURO and domestic capital markets**
- Debt portfolio actively managed and with a **duration** of **5.4 years**
- **1% average interest rate** of debt portfolio
- **Active management of interest rate risk** within well defined risk limits
- Debt portfolio **mix**:  
  - **fix 74%**  
  - **floating 26%**

* excl. short-term money market borrowings
**IFRS 16 - the new standard for lease accounting**

**Considerations and implications for Swisscom**

### Key points

**In general**
- IFRS 16 standard **effective from 1\(^{st}\) January 2019**
- Lessee has to **recognise a right-of-use asset and a lease liability** for lease contracts

**Financial considerations**
- Reported EBITDA up as distinction between operating (OPEX) and finance leases (depreciation and interest expense) disappearing
- Future lease liabilities on B/S leading to **higher net debt** (and leverage) and **interest**
- Impact on net income negligible
- Bottom line **FCF does not change**

### Swisscom implications

**Reporting approach from Q1 2019 onwards**
- No restatement of 2018 figures
- 2019 reporting
  - Reported EBITDA w/o lease expense
  - All lease expense details separately disclosed
- Outlook including new IFRS 16 requirements

**Financial implications** (approx. in CHF mn)

- **Net debt as per 1.1.2019**: ~ 1'300
- **EBITDA FY 2019**: ~ 200

- **Total impact**: ~ 1'300
- **Leverage as per 1.1.2019 at 2.0x**
- **No impact on credit ratings** expected as agencies already adjust for it

Implementation of IFRS 16 impacts Swisscom's accounts but free cash flow with no change.
**Guidance FY 2019**

Net revenue of CHF ~11.4bn, EBITDA CHF >4.3bn and CAPEX CHF ~2.3bn

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2018 reported</th>
<th>Approx. IFRS 16 impact**</th>
<th>Expected YOY change Swisscom w/o Fastweb</th>
<th>Expected YOY change Fastweb in EUR mn</th>
<th>2019 outlook***</th>
<th>Splits into:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>11'714</td>
<td>0</td>
<td>-300</td>
<td>&gt;0</td>
<td>~11'400</td>
<td>CHF<del>9.0bn for Swisscom w/o Fastweb + EUR</del>2.1bn for Fastweb</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4'213</td>
<td>+200</td>
<td>&lt;0</td>
<td>&gt;0</td>
<td>&gt;4'300</td>
<td>CHF~3.6bn for Swisscom w/o Fastweb + EUR&gt;0.7bn for Fastweb</td>
</tr>
<tr>
<td>CAPEX*</td>
<td>2'404</td>
<td>0</td>
<td>&lt;0</td>
<td>&lt;0</td>
<td>~2'300</td>
<td>CHF<del>1.6bn for Swisscom w/o Fastweb + EUR</del>0.6bn for Fastweb</td>
</tr>
</tbody>
</table>

* 2018 including one-off CAPEX of EUR 64mn (CHF 71mn) for spectrum acquisitions in Italy, 2019 guidance excluding cost for additional (5G) spectrum in Switzerland

** t/o CHF~180mn Swisscom w/o Fastweb and CHF~20mn Fastweb

*** For consolidation purposes, CHF/EUR of 1.13 has been used (vs. 1.15 for fiscal year 2018)

---

Upon meeting its targets, Swisscom plans to propose again a dividend of CHF 22/share (payable in 2020)
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6. FINAL REMARKS  Urs Schaeppi, CEO Swisscom

Q&A

Appendix
Business tendencies and focus 2019
Overall unchanged

**In B2C value management matters**
*Increasing* bundling migration drives *FM penetration* at some cost but with *positive impact on life time value* of a customer.

**Swiss fixed trends to improve**
Revenue *headwinds will soften* (analogue roaming in wireless). *B2B impacted* by IP migration. Encouragingly, *fibre remains unregulated*.

**Operational excellence crucial**
Drive *efficiency increases* to the next level to achieve *incremental cost savings of CHF 100mn*.

**New revenue streams**
Focus on *more-for-more in Switzerland*, driven by investments (*5G to come and VAS*). *B2B with IoT, Security, Cloud and Wholesale growing*.

**Fastweb uniquely positioned**
Our credo of maximum value generation
Approach OPEX and CAPEX efficiently to deliver dividend promise while keeping current leverage level

Stabilise top-line key for management

Reliable cashflows enabling solid shareholder remuneration every year

Cost management a top priority

Committed to healthy financial profile

Smart investing with stable CAPEX envelope
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APPENDIX
## Key financials

Reported and underlying revenue and EBITDA

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2017</th>
<th>2018</th>
<th>Change Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Revenue, reported</td>
<td>2'831</td>
<td>2'859</td>
<td>2'914</td>
</tr>
<tr>
<td>o/w currency effect</td>
<td>47</td>
<td>43</td>
<td>4</td>
</tr>
<tr>
<td>IFRS 15 reconciliation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue, underlying change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA, reported</td>
<td>1'073</td>
<td>1'187</td>
<td>1'094</td>
</tr>
<tr>
<td>o/w gain from real estate</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>restructuring cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>income from litigations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>currency effect</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IFRS 15 reconciliation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA, underlying change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appendix 2017 2018
### IFRS15
### P&L adjustments

### Appendix

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018 reported</th>
<th>2018 IFRS15 adj.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td><strong>Retail Customers</strong></td>
<td>1'497</td>
<td>1'481</td>
<td>1'478</td>
</tr>
<tr>
<td><strong>Enterprise Customers</strong></td>
<td>586</td>
<td>599</td>
<td>586</td>
</tr>
<tr>
<td><strong>Wholesale</strong></td>
<td>138</td>
<td>135</td>
<td>157</td>
</tr>
<tr>
<td><strong>IT, Network &amp; Infrastructure</strong></td>
<td>6</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td><strong>Swisscom Switzerland</strong></td>
<td>2'227</td>
<td>2'222</td>
<td>2'227</td>
</tr>
<tr>
<td><strong>Fastweb</strong></td>
<td>482</td>
<td>508</td>
<td>554</td>
</tr>
<tr>
<td><strong>Other operating segments</strong></td>
<td>122</td>
<td>129</td>
<td>132</td>
</tr>
<tr>
<td><strong>Group Headquarters</strong></td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net revenue from external customers</strong></td>
<td>2'831</td>
<td>2'859</td>
<td>2'914</td>
</tr>
<tr>
<td>t/o Net revenue IFRS15 impact Swisscom Switzerland</td>
<td>(1)</td>
<td>0</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Direct costs</strong></td>
<td>753</td>
<td>738</td>
<td>695</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>490</td>
<td>517</td>
<td>513</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>91</td>
<td>190</td>
<td>86</td>
</tr>
<tr>
<td><strong>Capitalized costs and other income</strong></td>
<td>1'073</td>
<td>1'187</td>
<td>1'094</td>
</tr>
<tr>
<td><strong>Operating income (EBITDA)</strong></td>
<td>(9)</td>
<td>(9)</td>
<td>(10)</td>
</tr>
</tbody>
</table>

**Note:**
- IFRS15 adjustments are applied to the financial statements for the years 2017 and 2018.
Swisscom Switzerland

Wireless ARPU and IFRS15 adjustments

Swisscom Switzerland

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blended (reported)</td>
<td>40.38</td>
<td>41.38</td>
<td>41.38</td>
<td>40.37</td>
<td>39.37</td>
<td>39.37</td>
<td>39.37</td>
<td></td>
</tr>
<tr>
<td>Blended (IFRS15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Swisscom Switzerland

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postpaid (reported)</td>
<td>56.52</td>
<td>56.52</td>
<td>56.53</td>
<td>55.52</td>
<td>53.50</td>
<td>53.50</td>
<td>53.50</td>
<td></td>
</tr>
<tr>
<td>Postpaid (IFRS15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Retail Customers

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blended (reported)</td>
<td>42.39</td>
<td>43.40</td>
<td>43.40</td>
<td>42.39</td>
<td>41.38</td>
<td>41.38</td>
<td>42.39</td>
<td>41.38</td>
</tr>
<tr>
<td>Blended (IFRS15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Retail Customers

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postpaid (reported)</td>
<td>65.60</td>
<td>65.60</td>
<td>66.61</td>
<td>63.59</td>
<td>62.57</td>
<td>62.57</td>
<td>62.57</td>
<td>61.56</td>
</tr>
<tr>
<td>Postpaid (IFRS15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Net adds performance
Swisscom Switzerland with robust RGU momentum and Fastweb with ongoing RGU growth

### Swisscom Switzerland (RGUs in k)

<table>
<thead>
<tr>
<th>Service</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>2'033</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV</td>
<td>1'519</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed voice</td>
<td>-70</td>
<td>-89</td>
<td>-80</td>
<td>-81</td>
<td>-60</td>
</tr>
<tr>
<td>Postpaid</td>
<td>4'676</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Fastweb (RGUs in k)

<table>
<thead>
<tr>
<th>Service</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>45</td>
<td>11</td>
<td>10</td>
<td>30</td>
<td>32</td>
</tr>
<tr>
<td>TV</td>
<td>1'519</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile</td>
<td>1'432</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The numbers represent changes in RGUs for each quarter.
TV market in Switzerland
Swisscom #1 with 35% market share (+12pp since YE 2013)

### Market subscriptions in k

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swisscom TV</td>
<td>1'000</td>
<td>1'165</td>
<td>1'331</td>
<td>1'418</td>
<td>1'467</td>
<td>1'519</td>
</tr>
<tr>
<td>Sunrise</td>
<td>257</td>
<td>107</td>
<td>134</td>
<td>163</td>
<td>214</td>
<td>245</td>
</tr>
<tr>
<td>CATV / Net Integrators</td>
<td>74</td>
<td>29%</td>
<td>33%</td>
<td>29%</td>
<td>26%</td>
<td>35%</td>
</tr>
<tr>
<td>Satellite/Terrestrial</td>
<td>13%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>upc</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

1) Estimates for Q4 2018
2) Figures in 2016 and 2017 exclude non-active TV light customers
Retail Customers
Segment reporting as per 31.12.2018

Net revenue decreased driven by a lower service revenue, increase in hardware sales partly compensates.

Service revenue decreased (-3.2%) due to higher discount volumes (inOne), a decrease in access lines and lower roaming revenue.

Contribution margin 2 decreased by 3.1%. Lower Service revenue was partly compensated by lower SAC/SRC and lower indirect cost (mostly workforce).

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue in MCHF 1)</strong></td>
<td>1'502</td>
<td>-2.2%</td>
<td>5'924</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-408</td>
<td>-3.1%</td>
<td>-1'411</td>
<td>0.9%</td>
</tr>
<tr>
<td>Indirect costs in MCHF 2)</td>
<td>-313</td>
<td>-2.8%</td>
<td>-1'140</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>781</td>
<td>-1.5%</td>
<td>3'373</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>52.0%</td>
<td></td>
<td>56.9%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td></td>
<td></td>
<td>-54</td>
<td>-19.4%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-63</td>
<td></td>
<td>5'334</td>
<td>-5.7%</td>
</tr>
</tbody>
</table>

Broadband lines in '000  3)

Voice lines in '000  3)

Wireless customers Prepaid in '000

Wireless customers Postpaid in '000  3)

Blended wireless ARPU in CHF

TV subs in '000  3)

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)
- Postpaid value
- Postpaid volume
- Total
- O/w infinity/inOne
- O/w bundled

ARPU (in CHF)
- Blended ARPU

Service Revenue (in CHF mn)
- W- revenue standalone
- W- revenue in FM bundles

* consists of data and multi SIM cards

Appendix
Retail Customers
Wireline performance

Subscriptions (in k)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Voice</th>
<th>Broadband</th>
<th>TV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 17</td>
<td>5'283</td>
<td>1'467</td>
<td>1'976</td>
<td>89%</td>
</tr>
<tr>
<td></td>
<td>1'510</td>
<td>1'993</td>
<td>1'840</td>
<td>93%</td>
</tr>
<tr>
<td></td>
<td>1'519</td>
<td>1'998</td>
<td>1'684</td>
<td>94%</td>
</tr>
<tr>
<td>Q3 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ARPU and ARPH (in CHF)

- **Q4 17**
  - ARPU: 2.20
  - ARPH: 91
- **Q3 18**
  - ARPU: 2.26
  - ARPH: 93
- **Q4 18**
  - ARPU: 2.27
  - ARPH: 94

Service Revenue (in CHF mn)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Voice</th>
<th>Broadband</th>
<th>TV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 17</td>
<td>661</td>
<td>116</td>
<td>336</td>
<td>82%</td>
</tr>
<tr>
<td></td>
<td>642</td>
<td>65</td>
<td>336</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>643</td>
<td>60</td>
<td>335</td>
<td>91%</td>
</tr>
</tbody>
</table>

- **Q4 17**
  - Voice: 209
  - Broadband: 241
  - TV: 248
- **Q3 18**
  - Voice: 209
  - Broadband: 241
  - TV: 248
- **Q4 18**
  - Voice: 209
  - Broadband: 241
  - TV: 248

*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)

- Fixed-only bundles
- FM bundles
- RGUs in bundles
- Mobile share of total bundled RGUs

YoY:
- +303
- +34
- +72
- +91
- +70
- +22
- +39
- +43

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

- Fixed-only bundles
- FM bundles
- HH* in FM bundles
- Postpaid subs in FM bundles

YoY:
- +81
- -1
- +39
- +43

Service Revenue (in CHF mn)

- w+ revenue in fixed-only bundles
- w+ revenue in FM bundles
- w- revenue in FM bundles

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

RGUs and 1P-4P bundle subscriptions as per 31.12.2018

## Retail Customers

in k, YTD (change to 31.31.2017 in brackets)

<table>
<thead>
<tr>
<th>Product</th>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1P subscriptions</td>
<td>0 (0)</td>
<td>304 (-196)</td>
<td>28 (-50)</td>
<td>2'199 (-175)</td>
<td>1'875 (-120)</td>
</tr>
<tr>
<td>2P bundle subscriptions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>444 (+28)</td>
</tr>
<tr>
<td>3P bundle subscriptions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1'133 (+41)</td>
</tr>
<tr>
<td>4P bundle subscriptions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>393 (+4)</td>
</tr>
</tbody>
</table>

## Sum of RGUs per subscriptions

<table>
<thead>
<tr>
<th>Sum of RGUs per subscriptions</th>
<th>Avg. # of RGUs per subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4'406 (-541)</td>
<td>1.0</td>
</tr>
<tr>
<td>916 (+50)</td>
<td>2.1</td>
</tr>
<tr>
<td>3'503 (+251)</td>
<td>3.1</td>
</tr>
<tr>
<td>1'590 (+2)</td>
<td>4.0</td>
</tr>
</tbody>
</table>

## Sum of RGUs per product

<table>
<thead>
<tr>
<th>Product</th>
<th>Sum of RGUs per product</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>1'519</td>
<td>(+52)</td>
</tr>
<tr>
<td>Voice</td>
<td>1'641</td>
<td>(-199)</td>
</tr>
<tr>
<td>Broadband</td>
<td>1'998</td>
<td>(+22)</td>
</tr>
<tr>
<td>Postpaid</td>
<td>3'382</td>
<td>(+7)</td>
</tr>
<tr>
<td>Prepaid</td>
<td>1'875</td>
<td>(-120)</td>
</tr>
</tbody>
</table>

## Total

10'415 (-238)
Retail Customers
Q4 2014 ARPUs

Retail Customers
in CHF YTD, (Change to 31.12.2017 in brackets)

<table>
<thead>
<tr>
<th>1P subscriptions</th>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 (+0)</td>
<td>47 (-2)</td>
<td>35 (+4)</td>
<td>34 (-3)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2P bundle subscriptions</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>3P bundle subscriptions</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>4P bundle subscriptions</th>
</tr>
</thead>
</table>

**ARPU standalone blended: 35 (-3)**

**ARPB: 136 (+4)**
**ARPU per bundled RGU: 45 (+1)**

**Blended W+ ARPU: 41 (-0)**
**Blended W- ARPU: 41 (-1)**

Blended ARPU: 62 (-3)

Total weighted ARPU: 41 (-1)
## Retail Customers

### Q4 2018 service revenue

**Retail Customers**

in CHF mn YTD, (Change to 31.12.2017 in brackets)

<table>
<thead>
<tr>
<th></th>
<th>TV</th>
<th>Voice</th>
<th>Broadband</th>
<th>Postpaid</th>
<th>Prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1P subscriptions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>221</td>
<td>70</td>
<td>1'707</td>
<td>(-259)</td>
</tr>
<tr>
<td><strong>2P bundle subscriptions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3P bundle subscriptions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4P bundle subscriptions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total standalone:** 1'997 **(-547)**

- t/o Wireline 290
- t/o Wireless 1'707

**Total bundle:** 3'194 **(+374)**

- t/o FM bundles: 1'846
- t/o fixed only bundles: 1'347

**W+ SR: 2’573 (-89)**

- t/o W+ revenue standalone: 291 **(-288)**
- t/o W+ revenue in fixed-only bundles: 1’347 **(+76)**
- t/o W+ revenue in FM bundles: 935 **(+123)**

**W- SR: 2’618 (-84)**

- t/o W- revenue standalone: 1’707 **(-259)**
- t/o W- revenue in FM bundles: 911 **(+175)**

**Total service revenue:** 5’191 **(-173)**

SR = Service Revenue
Enterprise Customers
Segment reporting as per 31.12.2018

Net revenue down -4.0%, decrease in service revenue (-6.4%) due to price erosion and lower volume. Hardware sales partly compensate.

Solutions revenue down 3.9%, change in customer requirements in the banking segment is only partly compensated by new business.

Contribution margin decreased by 8.2%, driven by the revenue decrease. Lower costs partly compensate.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in MCHF 1)</td>
<td>612</td>
<td>-7.0%</td>
<td>2'410</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-203</td>
<td>-1.0%</td>
<td>-755</td>
<td>1.9%</td>
</tr>
<tr>
<td>Indirect costs in MCHF 2)</td>
<td>-233</td>
<td>-8.3%</td>
<td>-900</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>174</td>
<td>-12.6%</td>
<td>755</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>28.4%</td>
<td></td>
<td>31.3%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE’s</td>
<td>+82</td>
<td></td>
<td>4'466</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Broadband lines in ’000</td>
<td>-2</td>
<td></td>
<td>35</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Voice lines in ’000</td>
<td>-15</td>
<td></td>
<td>147</td>
<td>-29.0%</td>
</tr>
<tr>
<td>Wireless customers in ’000</td>
<td>+11</td>
<td></td>
<td>1'294</td>
<td>2.1%</td>
</tr>
<tr>
<td>Blended wireless ARPU in CHF</td>
<td>28</td>
<td>-12.5%</td>
<td>30</td>
<td>-6.3%</td>
</tr>
</tbody>
</table>

1) incl. intersegment revenues
2) incl. capitalised costs and other income
Enterprise Customers
Subs and revenue performance

Subscriptions (in k)

<table>
<thead>
<tr>
<th></th>
<th>Q4 17</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless</td>
<td>1'512</td>
<td>1'582</td>
<td>1'476</td>
</tr>
<tr>
<td>Broadband</td>
<td>207</td>
<td>162</td>
<td>147</td>
</tr>
<tr>
<td>Voice</td>
<td>38</td>
<td>37</td>
<td>35</td>
</tr>
<tr>
<td>1'267</td>
<td>1'283</td>
<td>1'294</td>
<td></td>
</tr>
</tbody>
</table>

* Consists of revenues from vertical businesses, digital solutions, cloud and network services and other solutions

Service Revenue (in CHF mn)

<table>
<thead>
<tr>
<th></th>
<th>Q4 17</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions Revenue</td>
<td>272</td>
<td>256</td>
<td>248</td>
</tr>
<tr>
<td>YoY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75%</td>
<td>79%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>-36</td>
<td>-60</td>
<td>-36</td>
<td></td>
</tr>
<tr>
<td>+27</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4 17</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless</td>
<td>137</td>
<td>114</td>
<td>106</td>
</tr>
<tr>
<td>Broadband</td>
<td>120</td>
<td>128</td>
<td>127</td>
</tr>
<tr>
<td>Voice</td>
<td>38</td>
<td>37</td>
<td>35</td>
</tr>
<tr>
<td>53</td>
<td>55</td>
<td>53</td>
<td></td>
</tr>
</tbody>
</table>

Solutions Revenue (in CHF mn)

<table>
<thead>
<tr>
<th></th>
<th>Q4 17</th>
<th>Q3 18</th>
<th>Q4 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>288</td>
<td>248</td>
<td>274</td>
<td></td>
</tr>
<tr>
<td>YoY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Consists of revenues from vertical businesses, digital solutions, cloud and network services and other solutions
Revenue from external customers down by 2.1%. Lower revenue for inbound roaming and termination services is partly compensated by an increase in volume driven wholesale connectivity services. Intersegment revenue down as lower outpayments (lower roaming cost and lower termination fees) are invoiced to the customer segments of Swisscom Switzerland. Contribution margin 2 remains unchanged on prior year level.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue in MCHF</td>
<td>132</td>
<td>-10.8%</td>
<td>566</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Intersegment revenue in MCHF</td>
<td>84</td>
<td>-14.3%</td>
<td>328</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Net revenue in MCHF</td>
<td>216</td>
<td>-12.2%</td>
<td>894</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-107</td>
<td>-13.7%</td>
<td>-430</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Indirect costs in MCHF</td>
<td>-5</td>
<td>-16.7%</td>
<td>-18</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>104</td>
<td>-10.3%</td>
<td>446</td>
<td>0.0%</td>
</tr>
<tr>
<td>Contribution margin 2 in %</td>
<td>48.1%</td>
<td></td>
<td>49.9%</td>
<td></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>FTE's</td>
<td>+0</td>
<td></td>
<td>83</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Full access lines in '000</td>
<td>-4</td>
<td></td>
<td>87</td>
<td>-18.7%</td>
</tr>
<tr>
<td>BB (wholesale) lines in '000</td>
<td>+9</td>
<td></td>
<td>481</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

1) incl. capitalised costs and other income
Wholesale portfolio
Access offerings

**Carrier Line Service Basic und Premium**
- Dedicated high-quality Point-to-Point Data Transmission, 2M to 100G symmetric

**Carrier Ethernet Service Basic und Premium**
- Layer 2 Service for low-cost and flexible Ethernet connections, 2M to 10G symmetric

**Low End Copper and Low End Fibre**
- Cost-efficient low-end-access, 2M to 1G symmetric

**Broadband Connectivity Service**
- Swiss-wide broadband access, 2M to 1G, asymmetric and symmetric

**Unbundled Line (TAL)**
- Layer 1 line rental

**Access Line Optical (ALO)**
- Layer 1 line rental

---

**Monthly mass market prices**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Price (CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s</td>
<td>22</td>
</tr>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s</td>
<td>23</td>
</tr>
<tr>
<td>Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s</td>
<td>27</td>
</tr>
<tr>
<td>Unbundled Access Line TAL, Layer 1, Copper*</td>
<td>12.70</td>
</tr>
<tr>
<td>Access Line Optical ALO, Layer 1, Fibre*</td>
<td>27</td>
</tr>
</tbody>
</table>

1 From 1st March 2019 onwards
Contribution margin 2 improved by 6.7%. Prior year impacted by a provision for restructuring. On a comparable level, the improvement amounts to 2.2%, driven by lower workforce expenses.

Headcount decreased by 4.4%.

<table>
<thead>
<tr>
<th>IT, Network and Infrastructure</th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in MCHF</td>
<td>40</td>
<td>-4.8%</td>
<td>159</td>
<td>-4.8%</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-2</td>
<td>-33.3%</td>
<td>-10</td>
<td>-16.7%</td>
</tr>
<tr>
<td>Workforce expenses in MCHF</td>
<td>-216</td>
<td>-20.0%</td>
<td>-834</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Rent in MCHF</td>
<td>-45</td>
<td>-6.3%</td>
<td>-174</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Maintenance in MCHF</td>
<td>-51</td>
<td>-1.9%</td>
<td>-188</td>
<td>1.1%</td>
</tr>
<tr>
<td>IT expenses in MCHF</td>
<td>-52</td>
<td>-8.8%</td>
<td>-184</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Other OPEX in MCHF</td>
<td>-111</td>
<td>-11.9%</td>
<td>-400</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Indirect costs in MCHF</td>
<td>-475</td>
<td>-14.1%</td>
<td>-1’780</td>
<td>-5.5%</td>
</tr>
<tr>
<td>Capitalised costs and other income in MCHF</td>
<td>125</td>
<td>-13.2%</td>
<td>465</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Contribution margin 2 in MCHF</td>
<td>-312</td>
<td>-15.7%</td>
<td>-1’166</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment in MCHF</td>
<td>-320</td>
<td>0.6%</td>
<td>-1’296</td>
<td>1.3%</td>
</tr>
<tr>
<td>Segment result in MCHF</td>
<td>-632</td>
<td>-8.1%</td>
<td>-2’462</td>
<td>-2.6%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-448</td>
<td>-7.8%</td>
<td>-1’395</td>
<td>0.1%</td>
</tr>
<tr>
<td>FTE’s</td>
<td>-91</td>
<td></td>
<td>4’595</td>
<td>-4.4%</td>
</tr>
</tbody>
</table>
Spectrum situation in Switzerland
Swisscom with a current spectrum share of 44%. Cap of new spectrum at 49%

Spectrum 2013-2028 allocation and new spectrum 2019-2033 overview

Source: ComCom press conference presentation 6.7.2018
Consumer revenue up by 6.5% YoY driven by the increase in customer base. ARPU nearly stable on prior year level (-1%).

EBITDA down by -11.2% YoY including an income from a settlement of a legal dispute (EUR 95 million) in the previous year.

On a comparable basis EBITDA up by 5.6% YoY driven by the revenue increase.

### Segment reporting as per 31.12.2018

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer revenue in MEUR</td>
<td>265</td>
<td>0.8%</td>
<td>1'050</td>
<td>6.5%</td>
</tr>
<tr>
<td>Enterprise revenue in MEUR</td>
<td>222</td>
<td>15.6%</td>
<td>780</td>
<td>9.9%</td>
</tr>
<tr>
<td>Wholesale revenue in MEUR</td>
<td>101</td>
<td>34.7%</td>
<td>274</td>
<td>10.5%</td>
</tr>
<tr>
<td>Net revenue in MEUR 1)</td>
<td>588</td>
<td>10.9%</td>
<td>2'104</td>
<td>8.2%</td>
</tr>
<tr>
<td>OPEX in MEUR 2)</td>
<td>-397</td>
<td>15.4%</td>
<td>-1'430</td>
<td>20.7%</td>
</tr>
<tr>
<td>EBITDA in MEUR</td>
<td>191</td>
<td>2.7%</td>
<td>674</td>
<td>-11.2%</td>
</tr>
<tr>
<td>EBITDA margin in %</td>
<td></td>
<td></td>
<td>32.5%</td>
<td>32.0%</td>
</tr>
<tr>
<td>CAPEX in MEUR</td>
<td>-225</td>
<td>24.3%</td>
<td>-657</td>
<td>5.6%</td>
</tr>
<tr>
<td>FTE's</td>
<td>+14</td>
<td></td>
<td>2'484</td>
<td>-0.8%</td>
</tr>
<tr>
<td>BB customers in '000</td>
<td>+29</td>
<td></td>
<td>2'547</td>
<td>3.9%</td>
</tr>
<tr>
<td>Wireless customers in '000</td>
<td>+108</td>
<td></td>
<td>1'432</td>
<td>34.5%</td>
</tr>
</tbody>
</table>

**In consolidated Swisscom accounts**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA in MCHF</td>
<td>217</td>
<td>0.0%</td>
<td>777</td>
<td>-8.0%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-256</td>
<td>23.1%</td>
<td>-757</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

1) incl. revenues to Swisscom companies
2) incl. capitalised costs and other income
### Segment reporting as per 31.12.2018

Net revenue up by 6.7% YoY due to higher revenue at Cablex for construction services, revenue up for external customers as well as for the internal customer Swisscom Switzerland.

FTE up by 2.7% YoY. The headcount increase at Cablex is partly compensated by sale of subsidiaries.

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4/Q4</th>
<th>31.12.2018</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>External revenue in MCHF</td>
<td>152</td>
<td>4.1%</td>
<td>558</td>
<td>5.5%</td>
</tr>
<tr>
<td>Net revenue in MCHF 1)</td>
<td>253</td>
<td>6.3%</td>
<td>907</td>
<td>6.7%</td>
</tr>
<tr>
<td>OPEX in MCHF 2)</td>
<td>-206</td>
<td>10.2%</td>
<td>-721</td>
<td>7.6%</td>
</tr>
<tr>
<td>EBITDA in MCHF</td>
<td>47</td>
<td>-7.8%</td>
<td>186</td>
<td>3.3%</td>
</tr>
<tr>
<td>EBITDA margin in %</td>
<td></td>
<td></td>
<td>18.6%</td>
<td>20.5%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-15</td>
<td>-21.1%</td>
<td>-46</td>
<td>-20.7%</td>
</tr>
<tr>
<td>FTE's</td>
<td>+62</td>
<td></td>
<td>2'649</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

1) incl. intersegment revenues
2) incl. capitalised costs and other income
Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant

Coverage ratio under Swiss pension law: 103%

Main actuarial assumptions:

<table>
<thead>
<tr>
<th></th>
<th>Swiss pension law</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>2.00% based on expected long-term asset return</td>
<td>0.86% based on yield corporate bonds AA-rated</td>
</tr>
<tr>
<td>Mortality</td>
<td>Periodical tables</td>
<td>Generational tables</td>
</tr>
</tbody>
</table>

Net pension cost significantly higher than cash contributions

Decrease of pension deficit (IFRS) resulting mainly from a negative return on asset (minus 3.0%) in 2018
## Pension plan

### Reported costs and outlook

<table>
<thead>
<tr>
<th></th>
<th>2017 reported</th>
<th>2018 reported</th>
<th>Change 19/18</th>
<th>2019 estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating pension cost (EBITDA)</td>
<td>375</td>
<td>346</td>
<td>-7</td>
<td>339</td>
</tr>
<tr>
<td>Net interest (financial result)</td>
<td>11</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Total pension cost (P&amp;L)</td>
<td>386</td>
<td>352</td>
<td>-18</td>
<td>347</td>
</tr>
<tr>
<td>Company contributions (cash payments)</td>
<td>338</td>
<td>282</td>
<td>1</td>
<td>283</td>
</tr>
<tr>
<td><strong>Operating pension cost less cash payments</strong></td>
<td><strong>37</strong></td>
<td><strong>64</strong></td>
<td><strong>-8</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>

### 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
- Special contribution of CHF 50mn paid in 2017 related to plan amendments
## IFRS 16 - the new standard for lease accounting

Illustrative example of changes in P/L and cash flow metrics

<table>
<thead>
<tr>
<th>P/L</th>
<th>IAS 17 - until 2018</th>
<th>IFRS 16 - from 2019</th>
</tr>
</thead>
</table>
| Revenue | - Operating lease expense  
- Other OPEX | Revenue  
- Other OPEX |
| EBITDA | - Depreciation of finance lease assets  
- Other depreciation and amortisation | EBITDA  
- Depreciation of right-of-use assets  
- Other depreciation and amortisation |
| EBIT | - Interest expense on finance lease liabilities  
- Other net interest expense  
- Other financial result and tax expense | EBIT  
- Interest expense on lease liabilities  
- Other net interest expense  
- Other financial result and tax expense |
| Net income | | Net income |

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>EBITDA</th>
<th>OpFCF proxy</th>
</tr>
</thead>
</table>
| CAPEX | | OpFCF proxy  
- Lease expense  
- Change in NWC/pension and other operating cash flows |
| OpFCF | - Net interest  
- Taxes paid | OpFCF  
- Net interest  
- Taxes paid |
| Free cash flow | | Free cash flow |

---

IFRS 16 - the new standard for lease accounting is the IASB’s update to IAS 17, the mandatory standard for lease accounting. IFRS 16 simplifies and standardizes the accounting for leases, requiring lessees to recognize certain leases on their balance sheets as right-of-use assets. This change affects both lessees and lessors in the way leases are accounted for and reported in the financial statements. The new standard is based on a single-model approach for all leases, including those previously excluded from lease accounting.

### IAS 17 - until 2018

- **Revenue**
  - Operating lease expense
  - Other OPEX

- **EBITDA**
  - Depreciation of finance lease assets
  - Other depreciation and amortisation

- **EBIT**
  - Interest expense on finance lease liabilities
  - Other net interest expense
  - Other financial result and tax expense

- **Net income**

### IFRS 16 - from 2019

- **Revenue**
  - Other OPEX

- **EBITDA**
  - Depreciation of right-of-use assets
  - Other depreciation and amortisation

- **EBIT**
  - Interest expense on lease liabilities
  - Other net interest expense
  - Other financial result and tax expense

- **Net income**

### Cash flow

- **EBITDA**
  - CAPEX

- **OpFCF proxy**
  - Lease expense
  - Change in NWC/pension and other operating cash flows

- **OpFCF**
  - Net interest
  - Taxes paid

- **Free cash flow**
Corporate Responsibility
Sustainability fundamental for Swisscom in doing business

More for the people
- 516k people trained in media competence
- 1,030k people supported in our supply chain to achieve better working conditions

More for the environment
- 569k t CO₂-savings by customers using Swisscom products
- 100% electricity generated from renewable energy resources since 2010

More for the country
- 1,111 municipals covered with ultra broadband
- 5,233 schools connected to the internet free of charge by YE 2018

Swisscom being member of several CSR ratings:
- RobecoSAM
- CDP
- FTSE4Good
- EcoVadis 2017 CSR Rating Gold Recognition Level
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Cautionary statement
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▪ 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."