Swisscom FY 2019 results

Analyst and investor meeting
06 February 2020 in Zurich
Agenda

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1. Achievements 2019, strategic update and focus 2020
   Urs Schaeppi, CEO Swisscom

2. Manage maximum value generation in Switzerland
   Urs Schaeppi, CEO Swisscom

3. Generate growth with Fastweb in Italy
   Alberto Calcagno, CEO Fastweb

4. Push operational excellence
   Mario Rossi, CFO Swisscom

5. Financials 2019 and outlook 2020
   Mario Rossi, CFO Swisscom

6. Final remarks
   Urs Schaeppi, CEO Swisscom
Achievements 2019, Strategic Update and Focus 2020

Urs Schaeppi, CEO Swisscom
Highlights
Strong execution along strategic settings

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

B2C leadership by innovation
• Successful launch of 2nd inOne mobile generation with >1mn subs
• New TV platform 4.0 with 'my Swisscom' voice assistant
• 2nd and 3rd brands growing

B2B transformation initialised
• Several successful product launches
• Leading security position further strengthened by USP acquisition
• Cloud partnership with Microsoft
• OneB2B from 1 Jan 2020

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

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

Healthy financial metrics
• FY 2019 guidance fully met
• Underlying EBITDA YOY flat
• Tax reform impacts P&L positively
• Attractive refinancing transactions
• Leverage unchanged (YOY)
• Stable dividend of CHF 22/share
**Operational performance**

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

### Swisscom Switzerland

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broadband</strong> (in k)</td>
<td>2'033</td>
<td>2'033</td>
</tr>
<tr>
<td>Q1</td>
<td>-3</td>
<td>4</td>
</tr>
<tr>
<td>Q2</td>
<td>-6</td>
<td>6</td>
</tr>
<tr>
<td>Q3</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Q4</td>
<td>6</td>
<td>15</td>
</tr>
</tbody>
</table>

*Market share 1)*

### Fastweb

- **Consumer Broadband**
  - FY 2018: 2'547
  - FY 2019: 2'637

### Fixed voice

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
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</thead>
<tbody>
<tr>
<td>1'788</td>
<td>-51</td>
<td>31</td>
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<tr>
<td>1'594</td>
<td>-54</td>
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<td></td>
<td>-40</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>-49</td>
<td>18</td>
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### Mobile Postpaid

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>4'676</td>
<td>85</td>
<td>64</td>
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<tr>
<td></td>
<td>112</td>
<td></td>
</tr>
<tr>
<td></td>
<td>113</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1'806</td>
<td></td>
</tr>
</tbody>
</table>

1) Swisscom estimates for Q4 2019
Key financials in a nutshell
Solid underlying performance thanks to disciplined cost management in Switzerland and Fastweb growth

Net revenue
- CHF 11'453mn (-2.2% YoY)

Net income
- CHF 1'669mn (+9.7% YoY)

CAPEX
- CHF 2'438mn (+1.4% YoY)

Dividend
- CHF 1'140mn (unchanged YoY)

Net debt 1)
- CHF 8'785mn (+1.8% YoY)

Leverage 2)
- 2.0x (stable YoY)

Net debt
- CHF 8'785mn (+1.8% YoY)

EBITDA development
- CHF 4'213mn (+226mn)
- +23
- +41
- -14
- -85

OpFCF proxy development
- CHF 4'358mn (-294mn)
- -2'438
- 1'626

1) including lease liabilities of CHF 2'027mn
2) 1.7x IFRS16 adjusted
3) consists of FX impact of CHF -29mn and restructuring costs of CHF -56mn
4) consists of depreciation right of use assets of CHF -252mn and interest expense leases of CHF -42mn
5) incl. license cost for 5G spectrum of CHF 196mn
The Swisscom strategy with proven settings...
Successfully defending #1 position across all segments

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

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

**New growth**
Focused growth by developing core business and benefiting from new opportunities driven by digitalisation, new technologies and changing customer behaviours
... and a unique setup of differentiation
Boundlessly serving customers key to establish and keep a premium brand and trust

![Diagram]

- **Premium brand**
  - Swisscom

  - **Premium quality**
    - Modern and performing infrastructure with the best coverage

  - **Premium experience**
    - Broad basket of innovative and integrated offerings with smart solutions

  - **Premium innovation**
    - Qualified and personal service: individually or online
    - Added values which inspire our customers

`
Key success factors 2020
Overall unchanged and continuing to consolidate forces to deliver another successful year

Strengthen core business in Switzerland

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

Bring Fastweb to the next growth level

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

Push operational excellence

- Achieve cost targets
- Execution on new initiatives
Swisscom Switzerland

Urs Schaeppi, CEO Swisscom
Commercial performance 2019
Another successful year with plenty of milestones inspiring our customers

**B2C**
- Successful launch of 2nd inOne mobile generation
- Launch of 3rd brand Coop Mobile with positive momentum, successful RGU performance of 2nd and 3rd brands with net adds of +85k
- Effective use of promotional activities to defend market share without (too strong) cannibalisation of own brand
- Successful launch of new Swisscom TV platform and box incl. intelligent Swisscom voice assistant and Smart Home
- Launch of eSports with Swisscom Hero League to address needs of young digital customer base

**B2B**
- Promising development of growth areas such as Security, Cloud services and IoT
- Acquisition of United Security Providers (USP) to complement the Swisscom (cyber) security expertise
- Deepening partnership with Microsoft
- Successful launch of several new products to strengthen strong market position in B2B

**Net**
- Strong wholesale performance thanks to attractive BBCS, MVNO partnering and OTT services
Operational performance 2019
Positive momentum with satisfying results across all segments

**B2C**
- Overall solid market shares
- TV #1 position strengthened. Market share at 36%
- New inOne mobile with +1.2mn RGUs since launch
- FM penetration of BB subs: 44% (+3pp YOY)
- Very low churn figures: FM 6%, W- 8%; W+ 9%
- Blended mobile and fixed ARPUs stable at CHF 40-41

**B2B**
- Mobile price pressure impacts ARPU level (CHF 26, -13% YOY) and RGU base (1’245k, -49k YOY)
- W+ business effected by all IP consolidation and price erosion. Fixed voice lines: -68k YOY
- Solutions with diverging dynamics
  - Security and Cloud up
  - Workplace and UCC down
- Positive order entry of CHF 3.1bn

**Net**
- 74% UBB coverage with >80 Mbps or 50% of all 2’202 Swiss communities
- 4G+ expansion on track: coverage increase in 2019 by +32% to 72% at speeds up to 500 Mbps
- Successful 5G spectrum auction
- 5G rollout ongoing and live with 1st services introduced
Financial performance 2019
Cost savings mostly compensate top-line pressure. OpFCF proxy primarily impacted by spectrum CAPEX

Net revenue in CHF mn (YoY changes)

<table>
<thead>
<tr>
<th>Service Revenue 1)</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solutions</td>
<td>1'064 (-5)</td>
</tr>
<tr>
<td>Others</td>
<td>1'567 (+52)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8'563 -2.8%</strong></td>
</tr>
</tbody>
</table>

Service revenue changes

|                      | -178 Retail Customers (B2C) | -112 Enterprise Customers (B2B) |

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

<table>
<thead>
<tr>
<th>Service revenue changes</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service revenue</td>
<td>8'563</td>
</tr>
<tr>
<td>EBITDAaL</td>
<td>3'265 (-90)</td>
</tr>
<tr>
<td>Lease expense 3)</td>
<td>226 (-5)</td>
</tr>
<tr>
<td>Fixed voice lines</td>
<td>(-41)</td>
</tr>
<tr>
<td>FM convergence</td>
<td>(-59)</td>
</tr>
<tr>
<td>Change RGU mix</td>
<td>(-58)</td>
</tr>
<tr>
<td>B2B</td>
<td>(-112)</td>
</tr>
<tr>
<td>Others 3)</td>
<td>(+53)</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>(+127)</td>
</tr>
<tr>
<td>CAPEX 6)</td>
<td>-1'761 (-141)</td>
</tr>
<tr>
<td>OpFCF proxy</td>
<td>1'504 (-231)</td>
</tr>
</tbody>
</table>

1) one-time customer-fidelity effects impacted Q1 2018 service revenue of Retail Customers with CHF -9mn and Enterprise Customers with CHF -2mn, 2) reported EBITDA, 3) consists of depreciation right of use assets and interest expense leases, 4) EBITDA after lease expense, 5) primarily higher Wholesale revenues (from BBCS, inbound roaming and MVNO), 6) incl. cost for new 5G licenses of CHF 196mn
The best fully converged network as a key strategic ingredient for Swisscom
Smart combining of different technologies to deliver best customer experience

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

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

Best reliability
- Cement outstanding NPS by supplying secure and stable network services

2025 network (coverage) ambition

Best experience at-home...
- 50-60% FTTH with 10 Gbps and 30-40% FTTS/B with 300-500 Mbps

... and on-the-go
- Use of bonding and FWA in non-FTTx turfs
- 99% 4G/5G coverage in Switzerland
- Modernise and swap old technologies
En route to offer an outstanding network experience in a new decade
Unchanged CAPEX envelope for Swisscom Switzerland

**Rationales to accelerate UBB investments**
- Remain competitive
- Growing speed demand
- NPS benefiting
- Positive ARPU stimulation
- Churn with positive impacts
- Mid-term lower OPEX

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

2015-2017
- CHF 1.7-1.8bn

2018 and onwards
- CHF ~1.6bn

**Maintenance**
- 30%

**FTTx**
- 35%

**IT/projects**
- 20%

**Wireless**
- 15%
Swisscom accelerates its fibre rollout
New ambition to cover 50-60% of Switzerland with bandwidth of ≤10 Gbps by 2025

UBB situation as per YE 2019

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

New converged UBB rollout plan

Coverage ambitions 2025

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

UBB situation as per YE 2019:

- 2017: 27%
- 2018: 35%
- 2019: 47%

- 2020: 30%
- 2025: 34%

- >80 Mbps: 55% 64% 74%
- >200 Mbps: 27% 35% 47%

- ≤80 Mbps: ≥80 Mbps
- FTTS/B 300-500 Mbps
- FTTH ≤10 Gbps

Net Swisscom Switzerland: 64% 35%
Swisscom winner of all important mobile network tests
Successful 5G auction with top allocation for Swisscom

4G+ expansion on track

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

Since April 2019 5G rollout ongoing

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

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

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**Net Swisscom Switzerland**

**Swisscom N° 1 2019**

**Best Mobile Network**

**Speedtest Awards**

**Best Mobile Network**

**CHIPS**

**Best Mobile Network**

Unabhängige Tests und 1778
chip.ch/nettest-schweiz

200
B2C Swisscom Switzerland

Urs Schaeppi, CEO Swisscom
Manage long-term value generation through a balanced execution plan
Roadmap to successfully defend leading market position and stabilise top-line contributions

1. Strengthen broadband position to increase competitiveness
2. Innovate entertainment and smart products to enable best home experiences
3. Maximise lifetime value of own brand customers
4. Attack with multi-brands to defend market share
5. Transform customer interaction as a service to the next level
6. 5G enabling future business opportunities

Focus 2020

B2C

B2C Swisscom Switzerland

Innovate entertainment and smart products to enable best home experiences

Focus 2020
Permanent network upgrades through coverage extension and speed raises
Strengthening broadband position is essential to keep competitive edge

Top speed up to 10 Gbps …

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

New internet box 3 (from Q1 2020)
• Supporting 10 Gbps fibre technology
• Newest WLAN technology Wi-Fi 6
• With WLAN Box 2 for perfect coverage across the home

… with positive NPS effects

Net Promoter Score
inOne home customer base

B2C Swisscom Switzerland
#1 TV position with 36% market share thanks to best home experience
Next generation with new features and entertainment attributes

Launch of the new Swisscom TV platform 4.0 in Q4 2019

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

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

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

**3rd party content**
- Access to several OTT subs
Smart home products with increasing relevance
Integrating Smart Home in our existing Home platforms delivers a unique customer experience

Increasing usage of smart home products

<table>
<thead>
<tr>
<th># connected devices with Swisscom Home App (in k)</th>
<th>Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>115</td>
</tr>
<tr>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>2018</td>
<td>2024</td>
</tr>
</tbody>
</table>

Source: Swisscom Home App statistics
Source: Market Mind, representative online request in Q1 2019

The smart remote control for your home

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

# connected devices with Swisscom Home App (in k)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2019</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50</td>
<td>115</td>
<td>27%</td>
<td>50%</td>
</tr>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

Forecasts

+130%
x2

Swisscom Home App statistics
Source: Market Mind, representative online request in Q1 2019

Forecasts

2019

2024

Source: Market Mind, representative online request in Q1 2019
**2\textsuperscript{nd} inOne mobile generation successfully launched**

Strong market demand with KPIs being slightly above own expectations

### New Swisscom core offering in wireless

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

Price per month

CHF 45.–

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

Price per month*

CHF 60.–

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

Price per month*

CHF 180.–

*Including FM discount of CHF 20
inOne with ongoing market interest
Core brand of Swisscom a success story thanks to simplicity, freedom and constant value enrichment

### inOne evolution
RGUs in k

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Value (k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 18</td>
<td>3,270</td>
</tr>
<tr>
<td>Q2 18</td>
<td>3,753</td>
</tr>
<tr>
<td>Q3 18</td>
<td>4,185</td>
</tr>
<tr>
<td>Q4 18</td>
<td>4,559</td>
</tr>
<tr>
<td>Q1 19</td>
<td>4,833</td>
</tr>
<tr>
<td>Q2 19</td>
<td>5,039</td>
</tr>
<tr>
<td>Q3 19</td>
<td>5,240</td>
</tr>
<tr>
<td>Q4 19</td>
<td>5,422</td>
</tr>
</tbody>
</table>

2'751k customers with ø 1.97 RGUs

### inOne breakdown
RGUs in k

#### inOne mobile

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value (k)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td>2,166</td>
<td>+19%</td>
</tr>
<tr>
<td>FY 19</td>
<td>1,265</td>
<td></td>
</tr>
</tbody>
</table>

#### inOne broadband

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value (k)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td>1,353</td>
<td>+19%</td>
</tr>
<tr>
<td>FY 19</td>
<td>1,098</td>
<td></td>
</tr>
</tbody>
</table>

#### inOne TV

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value (k)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td>1,098</td>
<td>+22%</td>
</tr>
<tr>
<td>FY 19</td>
<td>806</td>
<td></td>
</tr>
</tbody>
</table>

#### inOne fixed voice lines

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value (k)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td></td>
<td>+16%</td>
</tr>
<tr>
<td>FY 19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Attractive (FM) bundles impact full-churn level and life time value positively
Postpaid ARPU lower due to FM discounts and change of RGU mix driven by 2nd/3rd brands

Penetration ratios as per YE 19

- **FM converged postpaid value subs**: 42% (+4pp YOY)
- **FM converged broadband subs**: 44% (+3pp YOY)
- **Bundle share**: 61% (+10pp YOY)

ARPUs and churn rates as per YE 19

- **Avg. revenue in CHF (YOY)**
  - W-blended: 40 (-1)
  - W-postpaid: 57 (-5)
  - W+ blended: 41 (+0)

- **Churn rates** annualized
  - Postpaid value churn p.a.: 7.8%
  - Broadband churn p.a.: 9.1%
  - FM churn p.a.: 6.3%

(+10 pp YOY)
(+4pp YOY)
(+3pp YOY)
Attack with 2\textsuperscript{nd} and 3\textsuperscript{rd} brands to defend market shares
Addressing the market with multi-brands as main weapon for promotional activities

Our portfolio of 2\textsuperscript{nd} and 3\textsuperscript{rd} brands further developed and strengthened ...

- **wingo**
  - Brand Refresh
  - For Smart Shoppers

- **Budget MOBILE**
  - New Family Offerings
  - For Discount Shoppers

- **coop mobile**
  - Rebranding Simply Mobile
  - For Bargain Hunters

... to stimulate promotional success ...

... and market performance positively

- **Broadband**
  - +5k net adds
  - 3% CB share

- **Postpaid value**
  - +56k net adds
  - 14% CB share
Innovate customer interaction with experience stores and digital touchpoints
Reinforce relevancy of shops by bringing customer experience to the next level

New B2C stores experience
Two new stores to test different concepts around premium omni-channel experiences

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

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

Conversational bots
Launch of new messaging channels and exploration of conversational chatbots
5G with new B2C business opportunities in the future

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

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

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

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

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

**Augmented/Virtual Reality**
Integration of AR and VR optimised technologies to enhance user experience for (sport) entertainment, education or other cases
B2B Swisscom Switzerland

Urs Schaeppi, CEO Swisscom
B2B Switzerland - Swisscom #1 business service provider
Roadmap of initiatives to be implemented and managed – 2020 a transitional year

Focus 2020

1. Balance legacy and new wireline services to maximize value generation
2. Manage leading mobile position through (VAS) differentiation
3. Benefit from 5G and realize new business opportunities
4. Drive ICT solutions with the right focus further
5. Transformation to OneB2B unit to strengthen #1 market position
Introductory overview of Swisscom's position in the B2B space
Our credo: defend market share in Telco and leverage position in Solutions to capture ICT growth

### Net revenue of Enterprise Customers

<table>
<thead>
<tr>
<th>Service Revenue</th>
<th>FY 2019 (in CHF mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wireline</strong></td>
<td>520</td>
</tr>
<tr>
<td><strong>Wireless</strong></td>
<td>399 (-11.5%)</td>
</tr>
<tr>
<td><strong>Hardware</strong></td>
<td>248 (+10.7%)</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1'021 (-0.6%)</td>
</tr>
</tbody>
</table>

### Main levers in the B2B business of Swisscom

<table>
<thead>
<tr>
<th>Telco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Push <strong>service differentiation</strong></td>
</tr>
<tr>
<td>Maintain <strong>market share</strong></td>
</tr>
<tr>
<td>Manage <strong>structural consolidation</strong> to maximize value</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build up <strong>new ICT products and competences</strong></td>
</tr>
<tr>
<td>Ensure <strong>growth</strong> in promising business areas</td>
</tr>
<tr>
<td>Continue to <strong>optimize portfolio</strong></td>
</tr>
</tbody>
</table>

E2E one-stop-shop
The journey to tomorrow's SDN-based network services and solutions
Manage technical consolidation to keep market share and maximize margin contribution from fixed connectivity business

Structural challenges

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

Main measures

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

The Swisscom wireline portfolio

- **Internet**
- **WLAN**
- **LAN**
- **PWLAN**
- **Remote Access**
- **Cloud Access**
- **Voice Line**
- **SIP-Trunk**
- **Hosted PBX**
- **Public TV**

**Company Module**
- Dashboard
- Additional services
- Help and support

**Location Module**
- Router
- Location bandwidth
- Location SLA

SDN: Software-defined network, SD-WAN: Software-defined wide area network, SIP: Session Initiation Protocol, PBX: Private branch exchange, SLA: Service level agreement
Wireless service revenue impacted by competition and price pressure
Hold (value) customers in a challenging market

Ongoing price pressure
- RFPs and **high competitive dynamics** lead to declining ARPs. Gap to EU Level closing

<table>
<thead>
<tr>
<th>Year</th>
<th>In CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
</tbody>
</table>

-12% Switzerland
-4% Western EU *

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

The Swisscom mobile portfolio
- **Data Billing and Analytics Platform**
- **Extra features**: Mobile Voice Recording, Mobility Management
- **Device as a Service**
- **Mobility for Work**
- **NATEL® Go**
- **NATEL® go flex**

* Source: Gartner research

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

Technology leadership enables Swisscom to offer new solutions

5G business opportunities in the B2B context

- **Enhanced Mobile Broadband**
  5G mobile subs for devices

- **Fixed Wireless Access**
  5G BB data communication for remote / temporary locations

- **Mobile Private Network**
  Dedicated 5G networks for industry 4.0 or high mobility requirements

- **Mission Critical Communication**
  Connectivity slices for blue light organisations or other critical infrastructure providers

IoT applications for business customers

- **IoT Connect**
  Global mobile connectivity (with roaming) and leading technology offerings

- **IoT Manage**
  Extensive remote management functionalities, plug n’ play IoT rollouts and E2E security solutions

- **IoT Utilize**
  ERP\(^1\) integration of IoT business process and big data analytics’ models for predictive use

- **IoT System Solutions**
  Turnkey IoT systems based on customer requirements combining Swisscom and partner capabilities

1) Enterprise Resource Planning (e.g. SAP)
Overview of ICT market and expected trends in the Swisscom ICT portfolio
Security and cloud & data centre services fastest growing segments

Growing ICT market in Switzerland: CHF 8.2bn

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF mn</th>
<th>CAGR (2019-2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0-500</td>
<td>+4%</td>
</tr>
<tr>
<td></td>
<td>1'000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1'500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2'000</td>
<td></td>
</tr>
</tbody>
</table>

- Business applications: 0-5%
- Workplace & UCC: +5-10%
- Cloud & data center: 0-5%
- Banking: <0%
- Health, Insurance: 0-5%
- SAP: 0-5%
- Security: +5-10%
- Workplace & UCC: 0-5%

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

The Swisscom IT services portfolio at a glance

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

Horizontal IT solutions
- Cloud & data center
- Workplace & UCC
- Security

Platforms
- Business applications
- SAP

Vertical IT solutions

Verticals
- Banking
- Health, Insurance
### Swisscom's IT services portfolio with growth opportunities and challenges

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

#### Overview of levers developing Swisscom's ICT business

<table>
<thead>
<tr>
<th>Business applications</th>
<th>• Several growth initiatives with selective products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud &amp; data center</td>
<td>• Multi-cloud strategy in place to grow across all customer segments</td>
</tr>
<tr>
<td>SAP</td>
<td>• Focus on higher-margin business</td>
</tr>
<tr>
<td>Workplace &amp; UCC</td>
<td>• Well positioned for future opportunities</td>
</tr>
<tr>
<td>Banking</td>
<td>• Focus on higher-margin business</td>
</tr>
<tr>
<td></td>
<td>• Optimize legacy product support</td>
</tr>
<tr>
<td>Banking</td>
<td>• New growth planned from private banking</td>
</tr>
<tr>
<td></td>
<td>• Compensating reduced BPO outsourcing</td>
</tr>
<tr>
<td>Security</td>
<td>• Expand Managed Services and SOC services</td>
</tr>
<tr>
<td>Health, Insurance</td>
<td>• Leverage United Security Providers capabilities</td>
</tr>
<tr>
<td></td>
<td>• New contract wins and strengthen position</td>
</tr>
</tbody>
</table>
Strengthen #1 market position by building OneB2B unit
Realize synergies along our strategic settings

Levers of value creation in B2B

- **Process and IT advantages** thanks to automation and scale benefits
- **Customer excellence by homogeneous (regional) partner management**
- **Stimulate growth in SME through cross-selling and pushing smart ICT solutions**
- **One portfolio with standardized B2B products** with simple tariff settings
- **Optimized sales approach** with local presence through a multi-channel model
- **One B2B service and care support** with sophisticated consulting
Fastweb

Alberto Calcagno, CEO Fastweb
Strong performance with strategic delivery across all market segments
On track to become a leading Italian convergent infrastructure player

1. Strategy update
2. 2019 financial and operational results
3. 2020 priorities and roadmap
4. Outlook and targets
Strategy update
Two fundamental customer needs are emerging in Telco markets

A
Customers expect an OTT-like experience

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

Fastweb long-term strategy addresses both needs
Becoming an infrastructure-based OTT
To build unparalleled competitive advantage

**Infrastructure-based OTT**

*Coupling OTTs service capabilities with NGN infrastructure*

- **Customers**

- **OTT Platform**
  - *Enabling new generation UBB services*

- **UBB Infrastructure**
  - *Leveraging all wireline and mobile NGN access technologies*
The first Telco with same service capabilities as OTTs
A new generation of UBB services based on software-defined network functions

Customers

- Few standard offers
- Inbound-only sale channels
- Unique web interface for all Business Units
- One day activation
- Digital-only customer care

OTT Platform
Enabling new generation UBB services

- NPS maximization
- Network-capacity costs optimization

OTT Infrastructure

- Direct control of streamlined core platforms with max 10 open source systems
- Access-technology-agnostic virtualized backbone
- Same connection for all segments

A

- Shorter time2market for new services
- Automation enabling lean/efficient org.

UBB Infrastructure

- Network-capacity costs optimization

1
Deploying the largest proprietary UBB footprint operated by an OLO in Europe
Moving beyond wireline/mobile distinction

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

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

3. Roll out to be entirely self-financed
2019 financial results: positive performance in line with guidance
Growing revenues and EBITDAaL. OpFCF proxy over EUR 100mn

**Net revenue** in EUR mn (YoY)

<table>
<thead>
<tr>
<th></th>
<th>Q4 19</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2'218</td>
<td>(22)</td>
<td>Wholesale</td>
</tr>
<tr>
<td>634 (+8%)</td>
<td></td>
<td>Enterprise</td>
</tr>
<tr>
<td>114 (+13)</td>
<td></td>
<td>Consumer</td>
</tr>
<tr>
<td>295 (+13)</td>
<td>FY 19</td>
<td></td>
</tr>
<tr>
<td>285 (+20)</td>
<td>FY 19</td>
<td></td>
</tr>
</tbody>
</table>

**Service revenue dynamics**

<table>
<thead>
<tr>
<th>Wireline + VAS</th>
<th>Q4 19</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>470 (+5%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wireless</th>
<th>Q4 19</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 (+29%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>175 (+19%)</td>
<td>FY 19</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDAaL** in EUR mn (YoY)

<table>
<thead>
<tr>
<th></th>
<th>Q4 19</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>207 (+6%)</td>
<td>194 (+1)</td>
<td>EBITDA</td>
</tr>
</tbody>
</table>
| 750 (+5%) | 700 (+31) | Lease expense 2)

**OpFCF proxy** in EUR mn (YoY)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAaL 3)</td>
<td>194 (+11)</td>
<td></td>
</tr>
<tr>
<td>CAPEX 4)</td>
<td>-156 (+69)</td>
<td></td>
</tr>
<tr>
<td>OpFCF proxy</td>
<td>+38 (+80)</td>
<td></td>
</tr>
</tbody>
</table>

**FY 2019**

<table>
<thead>
<tr>
<th></th>
<th>EBITDAaL 3)</th>
<th>CAPEX 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>700 (+31)</td>
<td>-599 (+58)</td>
<td></td>
</tr>
<tr>
<td>OpFCF proxy</td>
<td>+101 (+89)</td>
<td></td>
</tr>
</tbody>
</table>

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

---

1) Excluding wholesale, 2) Consists of depreciation right of use assets and interest expense leases with scope of IFRS 16, 3) EBITDA after lease expense, 4) Q4 2018 CAPEX including cost for new 5G licenses of EUR 64mn
2019 operational results: B2C performance
Distinctive commercial approach and effective customer base management are paying off

B2C operational KPIs

<table>
<thead>
<tr>
<th>Broadband subs in k (YoY change)</th>
<th>UBB subs in k (YoY change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2'610 (+4%)</td>
<td>1'607 (+23%)</td>
</tr>
<tr>
<td>30.9.19</td>
<td>30.9.19</td>
</tr>
<tr>
<td>2'637 (+4%)</td>
<td>1'698 (+21%)</td>
</tr>
<tr>
<td>31.12.19</td>
<td>31.12.19</td>
</tr>
</tbody>
</table>

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

Mobile subs in k (YoY change)

<table>
<thead>
<tr>
<th>Mobile market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net adds 9m 2019 in k</td>
</tr>
<tr>
<td>1'742 (+32%)</td>
</tr>
<tr>
<td>30.9.19</td>
</tr>
<tr>
<td>1'806 (+26%)</td>
</tr>
</tbody>
</table>

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

B2C customer experience

<table>
<thead>
<tr>
<th>NPS (YoY change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Player 1</td>
</tr>
<tr>
<td>+13% (+1pp)</td>
</tr>
<tr>
<td>Player 2</td>
</tr>
<tr>
<td>-12% (+2pp)</td>
</tr>
<tr>
<td>Player 3</td>
</tr>
<tr>
<td>-7% (+3pp)</td>
</tr>
<tr>
<td>Leader in wireline</td>
</tr>
<tr>
<td>Player 1</td>
</tr>
<tr>
<td>-12% (+2pp)</td>
</tr>
<tr>
<td>Player 2</td>
</tr>
<tr>
<td>-5% (+1pp)</td>
</tr>
<tr>
<td>Player 3</td>
</tr>
<tr>
<td>-7% (+3pp)</td>
</tr>
</tbody>
</table>

Mobile market:
- #2 in mobile

<table>
<thead>
<tr>
<th>NPS (YoY change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Player 1</td>
</tr>
<tr>
<td>+33% (+10pp)</td>
</tr>
<tr>
<td>Player 2</td>
</tr>
<tr>
<td>+4% (-5pp)</td>
</tr>
<tr>
<td>Player 3</td>
</tr>
<tr>
<td>+7% (+2pp)</td>
</tr>
<tr>
<td>Player 4</td>
</tr>
<tr>
<td>+42% (+20pp)</td>
</tr>
</tbody>
</table>

1) NPS surveys performed by an independent third party, average 2018 and average 2019 data
2019 operational results: B2B performance
Enterprise market share up to 33%, Wholesale growth mainly driven by BTS backhauling and volume UBB

Corporate

Revenues in EUR mn (YoY)

<table>
<thead>
<tr>
<th></th>
<th>Q4 19</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>235 (+6%)</td>
<td>862 (+11%)</td>
</tr>
</tbody>
</table>

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

Market share on revenues¹

<table>
<thead>
<tr>
<th></th>
<th>FY 18</th>
<th>FY 19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>BT</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>TIM</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>Others</td>
<td>52%</td>
<td>52%</td>
</tr>
</tbody>
</table>

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

Wholesale

Revenues in EUR mn (YoY)

<table>
<thead>
<tr>
<th></th>
<th>Q4 19</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>114 (+13%)</td>
<td>252 (-8%)</td>
</tr>
<tr>
<td>Others</td>
<td>27 (-28%)</td>
<td>64 (+46%)</td>
</tr>
<tr>
<td>Core services</td>
<td>87 (+37%)</td>
<td>188 (+20%)</td>
</tr>
</tbody>
</table>

Non-core services

Core services

- **Core services**: 20% YoY revenues growth (+43% in Q4) driven by BTS backhauling (Iliad, WindTre) and UBB lines (+60k, mainly from Tiscali)

- **Non-core services**: -46% YoY in FY due to progressive phase out of low-margin infrastructure projects

¹ Source: analyst data
2020 priorities and roadmap
Flawless execution to fully exploit strong opportunities

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

5G Mobile – WindTre agreement

Main 2020 milestones
- CB Migration on WindTre network to start in Q1
- 5G Deployment: 500 macro-sites over 12 months

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

Strong improvement in Fastweb’s cost structure

Unitary recurring costs
- Full MVNO
- MNO

-70% saving (at regime)

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

5G FWA – Linkem agreement

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

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

- Strong improvement in cost structure 50% lower investment/HH vs. FTTH (access + customer driven) plus no recurring costs
Accelerate growth in B2B
Selective M&A in Corporate and organic growth in Wholesale

Corporate: expand offer portfolio

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

To capture growth in ICT VAS, Fastweb evaluates selective M&A to:
• Expand Cloud and security service portfolio
• Strengthen execution capabilities

ICT VAS expected to increase its contribution to Fastweb’s Corporate orderbook

⁰ Corporate wireline market
ⁱ FY 2019
⁲ FY 2020E

Wholesale: push UBB volume business

Execute already-signed contracts
• Further push Tiscali
• Start onboarding WindTre’s and Sky’s customers

Wholesale UBB lines (in k)

Female 120
Male 250
CB growth in 2020

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

¹) Source: analyst data
### Outlook and targets
Financial and market share growth expected to continue in 2020 and beyond

#### 2020 financial outlook

<table>
<thead>
<tr>
<th>Category</th>
<th>2020 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>&gt; +3% YoY</td>
</tr>
<tr>
<td>EBITDAaL</td>
<td>+4-6% YoY</td>
</tr>
<tr>
<td>CAPEX</td>
<td>stable</td>
</tr>
</tbody>
</table>

#### Mid term market share ambitions

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2022 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Consumer</td>
<td>2% 4-5%</td>
</tr>
<tr>
<td>Wholesale UBB lines (^1)</td>
<td>3% 8-10%</td>
</tr>
<tr>
<td>Corporate</td>
<td>33% 36-38%</td>
</tr>
</tbody>
</table>

\(^1\) Considering \# of UBB lines in the wholesale market
Operational Excellence

Mario Rossi, CFO Swisscom
Operational excellence
Absolutely key for Swisscom management to compensate revenue pressure

Operational excellence
Focus 2020

Results

1

2
Roadmap 20-22 to further realise OPEX savings and CAPEX efficiency gains

3
B2C initiatives

4
B2B initiatives

5
CAPEX initiatives
Another year with successful execution of realising OPEX savings
Swisscom lowered indirect cost of Swisscom Switzerland by CHF 360mn over the last 4 years

Solid execution on cost program...

<table>
<thead>
<tr>
<th>Year</th>
<th>Achievements</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>50</td>
<td>~50</td>
</tr>
<tr>
<td>2017</td>
<td>62</td>
<td>~75</td>
</tr>
<tr>
<td>2018</td>
<td>121</td>
<td>~100</td>
</tr>
<tr>
<td>2019</td>
<td>127</td>
<td>~100</td>
</tr>
<tr>
<td>Σ</td>
<td>360</td>
<td></td>
</tr>
</tbody>
</table>

...translate in a set of benefits

- **Reduce service requests**
  - CHF mn
  - ~474k YOY

- **Improve # of customer field cases**
  - ~26% YOY

- **Optimise IT cost**
  - CHF -34mn YOY

- **Down # FTEs**
  - Swisscom Switzerland
  - -469 YOY (-3% in 2019)
Roadmap 2020 and beyond ...  
... to further realise OPEX savings and CAPEX efficiency gains

Push cost program to the next level ... 

... by executing on 3 layers

Ambitions 20-22

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF mn</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>~100</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>~100</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>~100</td>
<td></td>
</tr>
</tbody>
</table>
B2C initiatives ... 
... to reduce complexity in products and organisation

Less is more
- Streamlining portfolio
- Call centres: automate standard requests; human interaction for complex inquires
- Leverage shop capacity

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

All IP transformation
- Migration fully completed

Initiatives in B2C

Reinforce customer field services
- Integration of customer field service within the construction unit cablex to strengthen market effectiveness

FTE management
- Realise benefits from process optimisation
- Reduce overhead
B2B initiatives...
... to create a more modern and efficient working environment

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

**Outsourcing of non-key activities**
- Increase **sales efficiency**
- Leverage on **product phase outs**
- Enhance **efficiency in mid-market**

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

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

Initiatives in B2B
Network initiatives ...  
... to leverage full potential of initiatives to lower operating cost

**Further optimise network rollout (speed & cost)**

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

**Leverage new ways of working**

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

- Automation of network monitoring and AI based maintenance
  - Decoupling of systems to enhance autonomy

- "Cloud first" approach and scale workload

**Optimise IT cost through digital operating models**

- Automation of network monitoring and AI based maintenance
  - Decoupling of systems to enhance autonomy

**Push efficiency and service reliability by networks & systems consolidation**

- Phase-out roadmap (e.g. TDM)
- New IP networks enhance service and network reliability
- Consolidation of supplier portfolio
Financials 2019 and Outlook 2020

Mario Rossi, CFO Swisscom
Reconciliation of key financials

Financial performance in line with guidance

### Net revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2018 reported</th>
<th>FY 2018 adjusted</th>
<th>FY 2019 adjusted</th>
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<td>4'443</td>
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### EBITDA

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Group revenue breakdown by segments
Divergent top-line evolutions (with Switzerland down and Italy up) being in line with expectations

In CHF mn

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<th>Q1</th>
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<td>+18</td>
<td>+25</td>
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Swisscom Switzerland -243

11'714

-178

-56

-112

+15

+88

+131

-60

11'542

FY 2018 adjusted

Retail Customers

Enterprise Customers

Wholesale and other

Fastweb

Others

FY 2019 adjusted

1. Market remains competitive: promotional activities and RGU mix changes lead to pressure on service revenue

2. Hardware up driven by smartphone sales (+64mn). Other YoY down due to device decoupling in new mobile tariffs impacting revenue reconciliation (IFRS 15) by -121mn

3. Price pressure and market dynamics remain high

4. Solutions flattish also thanks to growing Cloud and Security services

5. Increase driven by higher MVNO services, BBCS and inbound roaming

6. Positive evolution of Consumer and Corporate segments
Operational excellence initiatives with expected impacts lowering OPEX on a recurring basis

FY 2018 adjusted
- Decrease driven by device decoupling in mobile tariffs compensating negative impact on revenue reconciliation item (IFRS 15)
- Outpayments in total flat YOY. Roaming outpayments above prior year (Q4 lower), compensated by lower outpayments for international termination and termination in CH

FY 2019 adjusted
- Q4 increase driven by higher hardware sales, prior quarters also impacted by higher cost for sport content
- Lower workforce cost for internal and external workforce
- Cost decrease supported by and efficiency gains in IT-operations, Q4 impacted by higher marketing expenses

1) including activated initial cost for customer projects (CHF 19mn)
2) excluding activated initial cost for customer projects (CHF 19mn)
3) excluding restructuring cost (CHF 62mn)
2019 margin dynamics of Swisscom Switzerland

YOY changes fully inline with expectations

Service revenue ...

-41 Fixed voice lines
-59 FM convergence
-58 Change RGU mix
-112 B2B

= -290

... and EBITDA dynamics of Swisscom Switzerland

YOY changes in CHF mn

Indirect cost +194
SAC/SRC +102
Wholesale & others +66
Hardware B2C

Device decoupling -121
Other direct cost -101

Service Revenue -290

Net revenue OPEX
**Group EBITDA breakdown by segments**

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

<table>
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<tr>
<th>Q4</th>
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<th>Q1</th>
<th>FY 2018 adjusted</th>
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<tr>
<td>-12</td>
<td>-24</td>
<td>-29</td>
<td>-16</td>
<td>-99</td>
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</table>

Swisscom Switzerland -23 (Q1: -6, Q2: -24, Q3: -12, Q4: +19)

1. Q4 with positive device decoupling effects (Q4: +29mn, FY: +63mn), whereas higher roaming outpayments impacted Q3,

2. Price pressure and structural effects in the connectivity business unchanged

3. Positive thanks to higher revenues for inbound roaming and wholesale services and cost decrease for IT and support functions

4. Increase driven by revenue growth in the segments Enterprise and Consumer
Net income
Net income up by 9.7% as a result of lower tax expenses

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

Network continuously improving for customer experience

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

* in 2018 CHF 27mn, in 2019 CHF 10mn, ** in local currency in 2018: EUR 657mn (including cost for (new) 5G licenses of EUR 64mn), in 2019: EUR 599mn
Free cash flow
Cost for new spectrum licenses impacts free cash flow. Without CAPEX spectrum FCF up by CHF +222mn YoY

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<th>FY 2018</th>
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<td>4'213</td>
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<td>Ordinary CAPEX</td>
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<tr>
<td>Lease expense*</td>
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<td>OpFCF proxy</td>
<td>1'626</td>
<td>1'809</td>
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<tr>
<td>Change in NWC</td>
<td>+146</td>
<td>-139</td>
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<tr>
<td>Pension</td>
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<td>+64</td>
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<tr>
<td>Net interest paid</td>
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<td>-133</td>
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<tr>
<td>Income taxes paid</td>
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<td>-294</td>
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<tr>
<td>Other cash flows</td>
<td>-41</td>
<td>+12</td>
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<tr>
<td>FCF</td>
<td>1'345</td>
<td>1'319</td>
</tr>
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</table>

**Δ**

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

* consists of depreciation right of use assets of CHF -282mn, interest expense leases of CHF -42mn less depreciation purchased IRU classified as lease of CHF 30mn
Use of 2019 free cash flow
Shareholder payment well covered

Free cash flow

-1'140

1'345

-1'140

• Proposal to AGM (6 April 2020) to pay CHF 22 per share again

• Dividend time table: 7 April last trading date with entitlement to dividend, 8 April ex-date, 14 April payment date

• Swisscom targets a reliable shareholder distribution aligned with cash flow generation and capital allocation

Stable attractive dividend of CHF 22 per share since 2011

OpFCF proxy

-63

Net interest

-371

Taxes paid

+153

Change NWC and other CF

Net debt increase

M&A

Other effects

= 85% of Free cash flow
Swisscom debt portfolio as per 31.12.2019
Further improvement of financing costs achieved

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

**Nominal debt by type**

- CHF 6.4bn
- 32% Domestic bonds
- 51% Eurobonds
- 15% Swiss private placement
- 2% Bank loans

**Debt portfolio mix**

- 78% fixed
- 22% floating

**Maturity profile**

- 817 in CHF mn
- 543 in CHF mn
- 500 in CHF mn
- 250 in CHF mn
- 663 in CHF mn
- 546 in CHF mn
- 743 in CHF mn
- 550 in CHF mn
- 350 in CHF mn
- 360 in CHF mn
- >1'206 in CHF mn

- Domestic bonds
- Eurobonds
- Swiss private placement
- Bank loans

* excl. short-term money market borrowings
### Guidance FY 2020
Net revenue of CHF ~11.1bn, EBITDA CHF ~4.3bn and CAPEX CHF ~2.3bn

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

* EBITDA: 2020 outlook for Swisscom: CHF ~4.0bn
** 2019 figure includes cost for additional (5G) spectrum in Switzerland of CHF 196mn
*** For consolidation purposes, CHF/EUR of 1.07 has been used (vs. 1.11 for fiscal year 2019)

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

Urs Schaeppi, CEO Swisscom
Swisscom with clear market standing and steady execution beliefs ...

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

Our positioning

• Fully integrated and converged Telco and ICT operator

Our execution beliefs

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

Our shareholder commitment

• Be a reliable dividend play

#1 in Switzerland

Value attacker in Italy
Appendix
### Key financials
Reported and underlying revenue and EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
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<td><strong>Revenue, at constant currency</strong></td>
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<td><strong>EBITDA, reported</strong></td>
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<td>4'439</td>
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Swisscom Switzerland
Wireless ARPU and IFRS15 adjustments

Swisscom Switzerland

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<th>Blended (IFRS15)</th>
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Retail Customers

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Postpaid (reported)           Postpaid (IFRS15)

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Retail Customers

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Postpaid (reported)           Postpaid (IFRS15)
Swisscom's TV subscriptions constantly growing since launch in 2006

Swisscom with 1.55mn TV subs and 36% market share

Swisscom estimates for Q4 2019
TV market in Switzerland
Swisscom #1 with 36% market share (+10pp since YE 2014)

Market subscriptions in k

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<thead>
<tr>
<th>Year</th>
<th>2014</th>
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<th>2017</th>
<th>2018</th>
<th>2019 Q4</th>
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<td>1'331</td>
<td>1'418</td>
<td>1'467</td>
<td>1'519</td>
<td>1'555</td>
</tr>
<tr>
<td>Satellite/others</td>
<td>236</td>
<td>277</td>
<td>107</td>
<td>69</td>
<td>69</td>
<td>69</td>
</tr>
</tbody>
</table>

1) Swisscom estimates for Q4 2019
Net revenue decrease driven by lower service revenue. Service revenue decreased (-3.4%) due to higher discount volumes (inOne), a decrease in access lines and change in subscriber mix. Furthermore the device decoupling in mobile tariffs impacts net revenue (reconciliation IFRS 15) by -121mn YoY.

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

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

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)**

- **Q4 18**: 3'382
- **Q3 19**: 3'504
- **Q4 19**: 3'526

YoY: +144

- **YoY YoY**
  - 27
  - 21
  - 6

**ARPU (in CHF)**

- **Q4 18**: 88%
- **Q3 19**: 84%
- **Q4 19**: 85%

**Service Revenue (in CHF mn)**

- **Q4 18**: 642
- **Q3 19**: 622
- **Q4 19**: 615

YoY: -27

- **YoY YoY**
  - -21
  - -6

* consists of data and multi SIM cards

Appendix
Retail Customers
Wireline performance

Subscriptions (in k)

<table>
<thead>
<tr>
<th></th>
<th>Q4 18</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>voice</td>
<td>1'641</td>
<td>1'537</td>
<td>1'515</td>
</tr>
<tr>
<td>broadband</td>
<td>5'158</td>
<td>5'073</td>
<td>5'073</td>
</tr>
<tr>
<td>TV</td>
<td>1'519</td>
<td>1'540</td>
<td>1'555</td>
</tr>
<tr>
<td></td>
<td>1'519</td>
<td>1'540</td>
<td>1'555</td>
</tr>
<tr>
<td></td>
<td>1'519</td>
<td>1'540</td>
<td>1'555</td>
</tr>
<tr>
<td></td>
<td>1'998</td>
<td>1'996</td>
<td>2'003</td>
</tr>
<tr>
<td></td>
<td>1'998</td>
<td>1'996</td>
<td>2'003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ARPU and ARPH (in CHF)

<table>
<thead>
<tr>
<th></th>
<th>Q4 18</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>blended ARPU</td>
<td>2.27</td>
<td>2.29</td>
<td>2.30</td>
</tr>
<tr>
<td>non-metered</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Service Revenue (in CHF mn)

<table>
<thead>
<tr>
<th></th>
<th>Q4 18</th>
<th>Q3 19</th>
<th>Q4 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>w+ revenue</td>
<td>643</td>
<td>628</td>
<td>624</td>
</tr>
<tr>
<td>standalone</td>
<td>60</td>
<td>36</td>
<td>32</td>
</tr>
<tr>
<td>w+ revenue</td>
<td>248</td>
<td>271</td>
<td>277</td>
</tr>
<tr>
<td>in fixed-only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bundles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>w+ revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in FM bundles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

YoY

-85
+36
96%
+5
-126
91%
91%
96%

Subscriptions (in k)

W+ revenue standalone
W+ revenue in fixed-only bundles
W+ revenue in FM bundles
bundle share

ARPU
and ARPH
(in CHF)

YoY

-19
-28
-20
+29

Subscriptions
(in k)

voice
broadband
TV

YoY

-85
+36
96%
+5
-126

*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)

- **Q4 18**: 6'009
- **Q3 19**: 6'154
- **Q4 19**: 6'209

- **YoY**: +200%

- **RGUs in bundles**: 22%

- **FM penetration (in %)**:
  - **Q4 18**: 35%
  - **Q3 19**: 36%
  - **Q4 19**: 39%

- **ARPB/U (in CHF)**

- **YoY**:
  - **Q4 18**: 0%
  - **Q3 19**: 5%
  - **Q4 19**: 10%

- **Service Revenue (in CHF mn)**

- **YoY**:
  - **Q4 18**: 1000
  - **Q3 19**: 1300
  - **Q4 19**: 1500

* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]
Enterprise Customers
Segment reporting as per 31.12.2019

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

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

Hardware sales partly compensate with an increase of 11%.

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

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

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

**Subscriptions (in k)**

- Q4 18: 1'476 (Wireless 147, Broadband 106, Voice 35, Total 1'476)
- Q3 19: 1'386 (Wireless 106, Broadband 31, Voice 30, Total 1'386)

YoY change: -122

**Service Revenue (in CHF mn)**

- Q4 18: 248 (Wireless 15, Broadband 127, Voice 106, Total 248)
- Q3 19: 227 (Wireless 15, Broadband 112, Voice 100, Total 227)
- Q4 19: 221 (Wireless 15, Broadband 111, Voice 95, Total 221)

YoY change: -27

**Solutions Revenue (in CHF mn)**

- Q4 18: 269
- Q3 19: 251
- Q4 19: 271

YoY change: +2

Legend:
- Wireless
- Broadband
- Voice
- other
- wireline
- wireless
- non-metered share

Appendix
New segment reporting as a consequence of OneB2B transformation
Transfer of SME impacts operational and financial KPIs

Restatement of 2019 figures as per Q1 2020

Market overview

Residentials
~8.4mn inhabitants

SOHO
(1-4 FTEs)
~460k firms

SME
(5-249 FTEs)
~120k firms

Corporates
(>250 FTEs)
~1.5k firms

Swisscom's market approach

Residentials
~5.4mn customers

SME
~300k firms

Corporates
~3.5k firms

Swisscom's segment reporting

2019 format

Retail Customers

Enterprise Customers

New format from Q1 2020 onwards

B2C

B2B

2019 format

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

2020 format

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

* Net revenue from external customers

Appendix
Wholesale
Segment reporting as per 31.12.2019

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

Contribution margin 2 increased driven by the revenue increase.

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

1) incl. capitalised costs and other income
New Telecoms Act passed in H1 2019 ...  
... ensuring favourable investment conditions also in the future

<table>
<thead>
<tr>
<th>Telecosms Act</th>
<th>Fixed regulation</th>
<th>Mobile regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Revision completed in H1 2019</td>
<td>● Only copper access remains regulated</td>
<td>● No access regulation</td>
</tr>
<tr>
<td>● New act <strong>effective as from H2 2020</strong> (expected)</td>
<td>● No fibre regulation</td>
<td>● Roaming with possibility to set price caps, but negligible for Swisscom</td>
</tr>
<tr>
<td>● Review by Federal Council every 3 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Grow broadband business against alternative network competitors
Swisscom with an attractive wholesale access portfolio

Leading wholesale access portfolio and ...

<table>
<thead>
<tr>
<th>Solution Business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrier Line Service Basic und Premium</strong></td>
</tr>
<tr>
<td>• Dedicated high-quality Point-to-Point Data Transmission, 2 Mbps to 10 Gbps symmetric</td>
</tr>
<tr>
<td><strong>Carrier Ethernet Service Basic und Premium</strong></td>
</tr>
<tr>
<td>• Layer 2 Service for low-cost and flexible Ethernet connections, 2 Mbps to 10 Gbps symmetric</td>
</tr>
<tr>
<td><strong>Low End Copper and Low End Fibre</strong></td>
</tr>
<tr>
<td>• Cost-efficient low-end access, 2 Mbps to 1 Gbps symmetric</td>
</tr>
<tr>
<td><strong>Broadband Connectivity Service (BBCS)</strong></td>
</tr>
<tr>
<td>• Swiss-wide broadband access, 2 Mbps to 10 Gbps, asymmetric and symmetric</td>
</tr>
<tr>
<td><strong>Unbundled Line (TAL)</strong></td>
</tr>
<tr>
<td><strong>Access Line Optical (ALO)</strong></td>
</tr>
<tr>
<td>• Layer 1 line rental</td>
</tr>
</tbody>
</table>

... attractive conditions led to volume growth

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>~10% down</td>
<td>~9x up</td>
</tr>
</tbody>
</table>

* avg. profile

# of wholesale access lines (in k)

- 2015
- 2016
- 2017
- 2018
- 2019

Appendix
Adjusted by the provision for restructuring (Q4-2019), the Contribution margin 2 improved by 4.0% driven by lower workforce expenses and IT efficiency gains. Headcount decreased by 4.1%. CAPEX include spectrum costs of CHF 196mn (in Q2).

### IT, Network and Infrastructure

Segment reporting as per 31.12.2019

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4/Q4 31.12.2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in MCHF</td>
<td>20</td>
<td>0.0%</td>
<td>85</td>
</tr>
<tr>
<td>Direct costs in MCHF</td>
<td>-3</td>
<td>0.0%</td>
<td>-11</td>
</tr>
<tr>
<td>Workforce expenses in MCHF</td>
<td>-259</td>
<td>19.9%</td>
<td>-847</td>
</tr>
<tr>
<td>Maintenance in MCHF</td>
<td>-51</td>
<td>-1.9%</td>
<td>-198</td>
</tr>
<tr>
<td>IT expenses in MCHF</td>
<td>-50</td>
<td>-9.1%</td>
<td>-170</td>
</tr>
<tr>
<td>Other OPEX in MCHF</td>
<td>-140</td>
<td>8.5%</td>
<td>-480</td>
</tr>
<tr>
<td>Indirect costs in MCHF</td>
<td>-500</td>
<td>10.6%</td>
<td>-1'695</td>
</tr>
<tr>
<td>Capitalised costs and other income in MCHF</td>
<td>112</td>
<td>-12.5%</td>
<td>467</td>
</tr>
<tr>
<td><strong>Contribution margin 2 in MCHF</strong></td>
<td><strong>-371</strong></td>
<td><strong>20.8%</strong></td>
<td><strong>-1'154</strong></td>
</tr>
<tr>
<td>Depreciation &amp; amortisation in MCHF</td>
<td>-331</td>
<td>6.4%</td>
<td>-1'342</td>
</tr>
<tr>
<td>Lease expense in MCHF</td>
<td>-38</td>
<td>11.8%</td>
<td>-146</td>
</tr>
<tr>
<td><strong>Segment result in MCHF</strong></td>
<td><strong>-740</strong></td>
<td><strong>13.5%</strong></td>
<td><strong>-2'642</strong></td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-417</td>
<td>-15.4%</td>
<td>-1'695</td>
</tr>
<tr>
<td>FTE’s</td>
<td>-4</td>
<td></td>
<td>4'459</td>
</tr>
</tbody>
</table>
Spectrum overview in Switzerland

- Newly acquired spectrum of Swisscom – total of 200 MHz
- Existing spectrum of Swisscom – total of 255 MHz
- Combined spectrum of competitors – total of 565 MHz

in MHz per band:

- 700 FDD: 30 MHz
- 700 SDL: 10 MHz
- 800 FDD: 40 MHz
- 900 FDD: 60 MHz
- 1400 SDL CB: 25 MHz
- 1400 SDL SB: 25 MHz
- 1800 FDD: 90 MHz
- 2100 FDD: 60 MHz
- 2600 FDD: 40 MHz
- 2600 TDD: 45 MHz
- 3500 TDD: 180 MHz

FDD: Frequency Division Duplex, SDL: Supplementary Downlink, CB: Core band, SB: Side band, TDD: Time Division Duplex
Consumer revenue up by 5.1% YoY driven by the increase in customer base.

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

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

### Segment reporting as per 31.12.2019

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4/Q4</th>
<th>31.12.2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer revenue in MEUR</td>
<td>285</td>
<td>7.5%</td>
<td>1'104</td>
<td>5.1%</td>
</tr>
<tr>
<td>Enterprise revenue in MEUR</td>
<td>235</td>
<td>5.9%</td>
<td>862</td>
<td>10.5%</td>
</tr>
<tr>
<td>Wholesale revenue in MEUR</td>
<td>114</td>
<td>12.9%</td>
<td>252</td>
<td>-8.0%</td>
</tr>
<tr>
<td><strong>Net revenue in MEUR</strong> 1)</td>
<td><strong>634</strong></td>
<td><strong>7.8%</strong></td>
<td><strong>2'218</strong></td>
<td><strong>5.4%</strong></td>
</tr>
<tr>
<td>OPEX in MEUR 2)</td>
<td>-413</td>
<td>6.4%</td>
<td>-1'468</td>
<td>4.3%</td>
</tr>
<tr>
<td><strong>EBITDA in MEUR</strong></td>
<td>221</td>
<td><strong>10.5%</strong></td>
<td>750</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>EBITDA margin in %</strong></td>
<td></td>
<td>34.9%</td>
<td></td>
<td>33.8%</td>
</tr>
<tr>
<td>Depreciation&amp; amortisation in MEUR</td>
<td>-145</td>
<td>6.6%</td>
<td>-560</td>
<td>10.0%</td>
</tr>
<tr>
<td>Lease expense in MEUR</td>
<td>-26</td>
<td>160.0%</td>
<td>-50</td>
<td>117.4%</td>
</tr>
<tr>
<td><strong>Segment result in MEUR</strong></td>
<td>50</td>
<td>-7.4%</td>
<td>140</td>
<td>-14.6%</td>
</tr>
<tr>
<td>CAPEX in MEUR</td>
<td>-156</td>
<td>-30.7%</td>
<td>-599</td>
<td>-8.8%</td>
</tr>
<tr>
<td>FTE's</td>
<td>-11</td>
<td></td>
<td>2'456</td>
<td>-1.1%</td>
</tr>
<tr>
<td>BB customers in '000</td>
<td>+27</td>
<td></td>
<td>2'637</td>
<td>3.5%</td>
</tr>
<tr>
<td>Wireless customers in '000</td>
<td>+64</td>
<td></td>
<td>1'806</td>
<td>26.1%</td>
</tr>
</tbody>
</table>

**In consolidated Swisscom accounts**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4/Q4</th>
<th>31.12.2019</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA in MCHF</td>
<td>243</td>
<td>6.6%</td>
<td>834</td>
<td>3.9%</td>
</tr>
<tr>
<td>CAPEX in MCHF</td>
<td>-172</td>
<td>-32.8%</td>
<td>-667</td>
<td>-11.9%</td>
</tr>
</tbody>
</table>

1) incl. revenues to Swisscom companies
2) incl. capitalised costs and other income
Other
Segment reporting as per 31.12.2019

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

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

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

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

1) incl. intersegment revenues
2) incl. capitalised costs and other income
Pension plan
Situation as per 31.12.2019

Valuation differences between Swiss pension law and IFRS

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

<table>
<thead>
<tr>
<th>Swiss pension law</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>1.75% based on expected long-term asset return</td>
</tr>
<tr>
<td>Mortality</td>
<td>Periodical tables</td>
</tr>
</tbody>
</table>

Evolution IFRS deficit in 2019

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

<table>
<thead>
<tr>
<th>in CHF mn</th>
<th>2018 reported</th>
<th>2019 reported</th>
<th>Change 20/19</th>
<th>2020 estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating pension cost (EBITDA)</td>
<td>346</td>
<td>325</td>
<td>15</td>
<td>340</td>
</tr>
<tr>
<td>Net interest (financial result)</td>
<td>6</td>
<td>8</td>
<td>-6</td>
<td>2</td>
</tr>
<tr>
<td>Total pension cost (P&amp;L)</td>
<td>352</td>
<td>333</td>
<td>-18</td>
<td>342</td>
</tr>
<tr>
<td>Company contributions (cash payments)</td>
<td>282</td>
<td>278</td>
<td>2</td>
<td>280</td>
</tr>
<tr>
<td>Operating pension cost less cash payments</td>
<td>64</td>
<td>47</td>
<td>13</td>
<td>60</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
Prudent financial policy...
...consistent with a stable and predictable dividend approach

<table>
<thead>
<tr>
<th>Equity ratio target</th>
<th>Net debt/EBITDA target</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>1.9x (IFRS 16 adjusted)</td>
</tr>
</tbody>
</table>

Committed to solid credit ratings

<table>
<thead>
<tr>
<th>S&amp;P Global Ratings</th>
<th>Moody’s Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A stable</td>
<td>A2 stable</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019 reported</th>
<th>IFRS 16 adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>4'358</td>
<td>4'358</td>
</tr>
<tr>
<td>Lease expense</td>
<td>-</td>
<td>-294</td>
</tr>
<tr>
<td>EBITDEAL</td>
<td>4'064</td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>6'758</td>
<td>6'758</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>2'027</td>
<td></td>
</tr>
<tr>
<td>Net debt incl. lease liabilities</td>
<td>8'785</td>
<td></td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>2.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>36.6%</td>
<td></td>
</tr>
</tbody>
</table>
Investor contact

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