Green Bond Issuance

May 2020
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Agenda

1. Green Bond Framework
2. Swisscom Credit Topics
3. COVID-19 Implications
4. Summary

Appendix
The Federal Council expects Swisscom to pursue a corporate strategy that is, to the extent economically possible, both sustainable and committed to ethical principles.
Swisscom: more than 20 years of focus on sustainability

Selected achievements

**More for the people**

- 575k people trained in the responsible use of digital media since 2007
- Extensive employee benefits incl. 5 days/employee for up-/reskilling
- 1’330k people supported to improve working conditions within supply chain since 2010

**More for the environment**

- Introduction of "environmental management" in 1997
- 100% of electricity from renewable energy since 2010
- Energy efficiency increased by 53% since 2010 \(^1\)
- 70% CO\(_2\) Scope 1 savings since 1990
- SBTI CO\(_2\) reduction targets 2013-2020 achieved in 2019 \(^2\)

**More for Switzerland**

- One of the best mobile networks worldwide
- UBB coverage: 74% with >80 Mbps or 47% with >200M bps \(^3\)
- Free internet for schools since 2002 (2019: ~5k)
- 900 apprenticeships in eight different vocational areas
- Board of data ethics in place

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1) Scope 1 and 2 (w/o saving measures consumption would be 53% higher); 2) Scope 1 Target -10%/achieved -31.6%, Scope 2 Target -100%/achieved -100%, Scope 3 Target -18%/achieved -18.6%, see Swisscom Climate Report 2019; 3) Swisscom data
The journey goes on: Sustainability Strategy 2025 with ambitious objectives

Main targets 2025

More for the people
We will support 2 million people per year to develop their skills in the networked world and within our supply chain.

More for the environment
Together with our customers, we are reducing net CO₂ output by 450k tonnes:
- Limit CO₂ emissions from operations and supply chain by 2025 to 350k tonnes
- CO₂ reduction through customers and portfolio of 800k tonnes

We increase energy efficiency by 25%.

More for Switzerland
We provide all people and businesses in Switzerland with reliable ultra-fast broadband:
- 30%-40% coverage of fixed-line households and businesses with ultra-broadband between 300-500 Mbps by modernizing existing network
- 50%-60% coverage of households and businesses with ultra-broadband of 10 Gbps by upgrading fibre optics (FTTH)

Source: Swisscom Sustainability Report 2019

1) % values refer to % of total CO₂ emissions in Switzerland
2) Energy consumption compared to baseline scenario w/o measures
Together with our customers we currently reduce annual CO₂ emissions in Switzerland by 169k tonnes. Further savings measures defined across all scopes.

**Scope 1-3: CO₂ emissions by Swisscom**

- **Scope 1: Direct emissions**
  - UoP
  - 35 GWh
- **Scope 2**
  - UoP
  - 28 GWh
- **Scope 3: Indirect emissions upstream and downstream**
  - UoP
  - OSM
  - OSM
  - OSM
  - OSM
  - 345 GWh

**Scope 4: CO₂ savings by Swisscom customers using ICT services**

- **-169**
- **-530**

*Source: Swisscom climate report in accordance with ISO 14064 2019. Independently verified by SGS on 13 February 2020; Scope 4 pursuant to Global e-Sustainability Initiative (GeSI) ICT Sector Guidance.*

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(1) Incl. refrigerants (0.2) (2) After (prior) compensation (3) Thereof 450 GWh for the networks
All figures CO₂ eq. emissions in ’000 tonnes unless otherwise stated

Source: Swisscom climate report in accordance with ISO 14064 2019. Independently verified by SGS on 13 February 2020; Scope 4 pursuant to Global e-Sustainability Initiative (GeSI) ICT Sector Guidance
Measures to reduce energy consumption and CO₂ emissions fall into three broad themes

1. The Challenge
Exponential growth in data traffic
Energy efficiency of networks has to keep up

2. The Chance
Networks enable services that allow customers to avoid CO₂
CO₂ savings compensate for networks' emissions

3. The Chore
Everyday operations can be optimized constantly
Energy consumption and CO₂ emissions are being reduced

Decouple  Enable  Reduce
Green Bond Use of Proceeds decouple energy and CO₂ from traffic growth, enable customers to reduce CO₂ and reduce emissions of our own operations.

<table>
<thead>
<tr>
<th>ICMA GBP</th>
<th>Swisscom intended Use of Proceeds</th>
<th>Supported SDG</th>
<th>Green Impact</th>
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<td>Renewable energy</td>
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<td>Clean transportation</td>
</tr>
</tbody>
</table>

- **Vehicle Fuel Consumption**
- **Heating Energy**
- **Electricity & District Heating**
- **Indirect**

**Green Impact**

- **Decouple**
- **Enable**
- **Reduce**

**Emission Reduction**

- **Home-office**
- **Virtual conferences**
- **Dematerialization**
- **M2M**
- **Data Center Service**

**Energy Efficiency**

- **FTTH**
- **5G**
- **All-IP migration**
- **Virtualization**
- **IoT networks, solutions and products**
- **Fresh-air cooling**
- **Operational buildings**
- **Renewable energy**
- **Clean transportation**
Fiber rollout (FTTH) reduces energy consumption, increases efficiency dramatically and enables energy savings through homeoffice and virtual conferences

Selected Use of Proceeds: FTTH

Network development

Ultra broadband (UBB) rollout as per YE 2019

New ambitious UBB rollout plan 2025

Green Impact

1. **Scope 2: Electricity consumption**
   - FTTH reduces absolute energy consumption by eliminating the need for active network equipment present in FTTS (microCAN)
     - Cumulative savings 2010-18: 5.4 GWh
     - Remaining active equipment with continued reduction of energy consumption as set out in the EU Code of Conduct for Broadband Equipment
     - Annual reduction of Watt/line of between 4.2% and 10%
   - Relative to data throughput, energy consumption is dramatically reduced compared to conventional copper networks
     - Estimated savings of 40% to 60% expected compared to copper lines

2. **Scope 4: Homeoffice and virtual conferences / Reducing travel**
   - By providing additional households with ultra-broadband service, we encourage broader adoption of homeoffice and conferencing solutions, even in more remote areas, thereby saving unnecessary travel for daily commuting
   - Today’s annual CO₂ savings via home office of 179k tonnes set to increase

3. **Additional benefit**: reduction of material intensity (less copper)
5G is much more energy efficient and enables a range of new IoT applications

Selected use of Proceeds: 5G

Network development

- **5G**: The benefits of 5G open the way for new possibilities...
- ...and allows Swisscom to maintain technology leadership in Switzerland
- Deliver best value for customers
- Swisscom provides up to 1 Gbit/s of fast 5G to 90% of the Swiss population
- Continuous expansion of 5G+ network to provide speeds of up to 2 Gbit/s

Green Impact

**Scope 2: Electricity consumption**

- **5G**: Efficiency gain (more bits with less energy consumption) compared to previous mobile network generations
  - it only takes **0.2 watts** to transfer one single megabyte of data. With 2G it is **5,400 watts**
  - Based on own field measurement, energy savings of between 50% and 70% can be achieved by replacing LTE (4G) with 5G.
  - 5G includes energy savings features such as efficient power amplifiers and energy saving software (Ericsson)

**Scope 4: M2M**

- Due to its high bandwidth and low latency 5G enables a range of new IoT applications which will in turn allow customers to reduce and optimize travel and transportation
  - Based on Swisscom’s M2M solutions, customers already today save 48k tonnes of CO₂. This amount is set to increase with the widespread adoption of 5G
All-IP migration already saved 162 GWh and enables virtual conferencing. Virtualization saves significant energy in data centers and on customer premises.

Selected Use of Proceeds: All-IP migration and Virtualization

### All-IP migration
- **Past:** dedicated, parallel platforms for analogue voice (TDM) and data (IP).
- **Present and future:** Migration of voice to IP ("All-IP"), phase-out of energy and material intensive TDM platform.
- **Migration ongoing since 2013, phase-out TDM completed in 2021**

### Virtualization
- **Installation of virtual servers** to replace multiple servers in data centers

### Green Impact

1. **Scope 2: Electricity consumption**
   - Phase-out of TDM platform **saved 161.8 GWh** over three years (2016-2018)

2. **Scope 4: Virtual conferences / Reducing travel**
   - All-IP is the basis for UCC services (unified communications and collaboration) such as Skype as well as videoconferencing and therefore **reduces** the need for travel and associated CO$_2$ emissions.

3. **Additional benefit:** Material saving (copper, other metals) and surface reduction

1. **Scope 2: Electricity consumption**
   - 81 GWh of avoided electricity consumption at Swisscom (cum. 2012 – 2018)

2. **Scope 4: Data center services**
   - Additional energy and CO$_2$ savings by customer using our DC services (2019: 49k tonnes of CO$_2$)
Low Power Network (LPN) is a highly energy efficient radio network specifically developed for IoT. IoT solutions allow customers to save energy and CO₂ emissions.

Selected Use of Proceeds: LPN and IoT solutions

**IoT Network**

- **LPNs** (based on LoRa standard) enable **highly energy-efficient** uplink **data transmission** that allows sensors to transmit data with minimum energy.
- **LPN** are an excellent **platform** for a broad range of **IoT applications**.
- **Swisscom invested** in the roll-out of Switzerland’s first and **only national LPN** form 2016 onwards and today covers **96.5%** of the **population**.
- **Swisscom invests** in the **development** of a range of innovative **IoT solutions** such as:
  - Smart Logistics & Fleet Management
  - Smart Metering
  - Smart Cities and Communities
  - Electric Vehicle Charging

**Green Impact**

1. **Scope 2: Electricity consumption**
   - Shifting applications from the mobile network to LPN **avoids unnecessary electricity consumption** for Swisscom and its customers and extends battery life’s significantly.

2. **Scope 4: M2M**
   - **LPN enables IoT solutions** that otherwise would not be economically or technically feasible (remote sensors, no grid etc.)
   - **IoT solutions** help to optimize logistics systems, monitor and control filling levels or heating remotely etc. and thus **reduce road traffic and energy consumption**
   - In 2019, Swisscom’s customers **saved 48k tonnes of CO₂** with IoT.
Innovative network cooling technologies reduce energy consumption and make conventional refrigerants obsolete

Selected Use of Proceeds: Fresh-air Cooling

**Network operations**

- Networks operations are energy intensive and generate heat. Traditional cooling machines require large amounts of electricity (for compression) and coolant.
- Swisscom has developed and rolled out innovative fresh-air cooling technology ("Mistral") since 2007 in the fixed line network and data centers, relying exclusively on outside air all year round.
- 2019-21 Swisscom invests in a similar fresh-air cooling technologies "Levante" and "Scirocco" to cool base stations of the mobile network.

**Green Impact**

1. **Scope 1: Refrigerants**
   - By replacing conventional cooling machines with fresh air cooling, refrigerants contributing to global warming and ozone depletion become obsolete.

2. **Scope 2: Electricity consumption**
   - Innovative cooling technologies dramatically reduce electricity consumption of cooling (by 90%); energy is solely needed to power fans.
   - Realized savings of 188 GWh (cum. 2010-2018)
Investments in the energy efficiency of operational buildings is an important lever to save energy and reduce Scope 1 emissions

Selected Use of Proceeds: Energy efficiency of operational buildings

Operational buildings

- Initiatives to **reduce energy consumption**, **increase efficiency** and **reduce CO₂-footprint** of operational buildings (e.g. telecom central offices)
- Swisscom invests in **energy efficiency measures** including rehabilitating or refurbishing outdated buildings:
  - Insulation of facades
  - Roofs, Windows
- Swisscom invests in **CO₂-free heating**:
  - Heat pumps
  - Heat recovery
  - Biomass

Green Impact

1. **Scope 1: Heating Energy**
   - **Refurbishment**: Energy savings and CO₂ reduction as a consequence of better isolation
     - Energy savings of **27.5 GWh** (cumulated 2010 – 2018)
     - Typically savings of **10 - 25 t CO₂ per insulated building per year**

2. **Scope 1: Heating Energy**
   - **CO₂-free heating**: Energy savings and CO₂ reduction by phasing out of old heating systems using fossil energies (heating oil)
     - Energy savings of **57.0 GWh** (cumulated 2010-2018)
     - Typically **30 - 35 t CO₂ per building saved per year**
Swisscom produces renewable energy and increases the efficiency of its car fleet
Selected Use of Proceeds: Renewable energy and Clean Transportation

Renewable energy
• Projects aim to increase share of renewable energy sources and to reduce the CO₂-footprint in onsite renewable energy by:
  • Installing off-grid energy solutions (mainly solar electricity) or
  • Heating systems using biomass (wood, pellets)

Clean transportation
• Eligible projects aim to reduce energy consumption and CO₂-footprint of company fleet by:
  • Replacing diesel cars with electric vehicles (EV)
  • Introducing tools to optimize route management of field services

Green Impact
1 Scope 2: Electricity Consumption
• Savings of grid electricity and increase of physical renewable energy share
• Since start of the program, 8.7 GWh of green electricity were produced and consumed internally
• To date, Swisscom installed 3.3 MWp for an estimated production of 3 GWh

Green Impact
1 Scope 1/2: Vehicle Fuel / Electricity Consumption
• Energy savings and CO₂ reduction, due to swap to e-mobility
• Electrical engines are more efficient than combustion engines by ~60% (30% efficiency for combustion engines, 90% for electrical motors)
• Cars will load the electricity mainly from Swisscom sites where the electricity is 100% renewable
Transparent management of proceeds and reporting
Project selection, management of proceeds and reporting

**Dedicated Green Bond Committee (GBC)**

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

**Management of proceeds**

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

**Reporting**

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

**Impact Reporting**

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

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

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

- **Swisscom** with more than 20 years of track record in sustainability and among Top 10% Telcos worldwide

- **Sustainability strategy 2025** with clear and ambitious objectives for "people", "environment" and "Switzerland"

- Together with our customers, we plan to reduce net CO\(_2\) output by 450k tonnes in 2025. We plan to increase energy efficiency by another 25%. Targets are aligned with the 1.5°C target based on the Science Based Targets Initiative

- To achieve these targets, we have to
  - decouple energy consumption from traffic growth
  - enable our customers to avoid CO\(_2\) emissions
  - reduce our own CO\(_2\) emissions further

Green Bond Use of Proceeds are key to achieve these targets
2. Swisscom Credit Topics
### Reliable returns for shareholders and bondholders

#### Financial Policy in a nutshell

##### Defend Topline
- Market share defence
- Pricing discipline
- Growth in Italy

##### High Profitability
- High market share
- Premium positioning
- Continued operational excellence

##### Strong Cashflows
- Reasonable CAPEX/Sales
- Prudent M&A

##### Prudent Leverage
- Target net debt / EBITDA < 1.9x
- Swiss Government leverage cap of 2.1x\(^1\)
- Target equity ratio above 30%

##### Ample Liquidity Reserves
- Well balanced maturity profile
- 2 x 1bn RCF
- Substantial uncommitted lines
- More than 12 months coverage

##### Comprehensive Risk Management
- Interest rate risk
- FX risk
- Counterparty risk

##### Stable, Attractive and Affordable Dividend
- 22 CHF per share
- Attractive dividend yield
- High pay-out ratio, but below 100%

##### Excellent Rating
- Single A
- S&P and Moodys

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1) Source: Strategic target set by Government
Well balanced maturity profile besides ample liquidity
Strong access to financial flexibility in 2020 despite refinancing requirements in 2020

**Debt maturity profile as per Q1 2020**

- **Debt mix**: Fix 80% vs floating 20%
- Ø interest rate of 0.98%
- Ø duration of 5.49 years
- CHF 2bn committed credit lines still unused
- Swisscom with CHF 1.5bn cash at the end of Q1 2020
- Swisscom with one of the strongest ratings in EU Telco landscape
- Committed to strong credit ratings

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic bonds (CHF mn)</th>
<th>Eurobonds (CHF mn)</th>
<th>Swiss private placement (CHF mn)</th>
<th>Bank loans (CHF mn)</th>
<th>Total (CHF mn)</th>
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1) excl. short-term money market borrowings, 2) Q1 20 interim report
Transaction structure changes from repack to direct issuance
Issue through Swisscom Finance B.V. guaranteed by Swisscom Ltd.

Background

• In February 2019 the Swiss Federal Tax Administration (“SFTA”) changed its guidelines with regards to withholding tax.

• This means that the Repack Structure (Lunar Funding) will no longer be needed in order to access the Euromarket and a direct issuance set-up is viable.

• For the purposes of Eurobond issuance, a Dutch issuance vehicle was set-up (Swisscom Finance B.V.) that is guaranteed by Swisscom AG and relies on the economic substance in the Netherlands.

• A tax ruling was filed with the SFTA and approved in November 2019.
## Transaction overview

### Key terms and conditions

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<th><strong>Issuer</strong></th>
<th>Swisscom Finance B.V.</th>
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<td><strong>Guarantor</strong></td>
<td>Swisscom AG</td>
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<td><strong>Expected Rating</strong></td>
<td>A2 / A (Moody's/S&amp;P - both stable)</td>
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<td><strong>Status of notes</strong></td>
<td>Senior unsecured, Reg S, Registered, NSS</td>
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<td><strong>Redemption amount</strong></td>
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<td><strong>Use of Proceeds</strong></td>
<td>The proceeds of the transaction will finance/refinance Green eligible investments in line with Swisscom AG’s Green Bond Framework</td>
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<td>€100,000 x €1,000</td>
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3. COVID-19 Implications
Actions taken so far to prevent COVID-19 implications and support customers
Pro-active and balanced (risk) management key in this extraordinary situation

- Government with specific intervention program (since 16 March) in order to protect vulnerable people
  - first steps of easing from 27 April onwards
- Swisscom with crucial role as critical infrastructure provider
- Working from home policy implemented
- Business continuity guaranteed
- Sufficient network capacities to cover higher traffic volume
- 16 March-25 April >50% of shops open, from 27 April onwards 90% of all shops with regular opening hours
- New innovative video helpdesk
- Limiting exposure through extra hygiene efforts and social distancing
- Overall business steadiness in B2C and B2B ensured
- Swisscom supportive
  - roaming voucher (max. CHF 200)
  - extra w-data volume for mobile subs
  - free extra-service for elderly people
  - all fixed subs with speeds up to 50 Mbps
  - free home office solutions

Similar prevention measures taken by Fastweb, full business continuity ensured also in Italy
COVID-19 with possible impacts on business and financials\(^1\) ...

... although Swisscom showed a resilient performance in first two months of crisis

- **B2C**
  - 80% of postpaid subs with unlimited data
  - Increasing online demand, overall churns at low level
  - Shop frequencies down due to 'stay at home' directive

- **B2B**
  - Slowdown of order entry
  - Project stops
  - SMEs with potential liquidity issues

- **Hardware**
  - No impact for telco equipment to be expected
  - TV boxes and routers available (until mid-year)
  - Slight upside on SAC/SRC or commercial costs

- **Roaming**
  - Inbound pressure compensated by less outpayments
  - Less metered outbound traffic possible

- **Fastweb**
  - B2C sales with diverging trends: w+ up, w- softer
  - Churn down
  - B2B orderbook slight decrease, more than offset by lower churn
  - Bad debt: minor shortfall on SHP, no impact on other segments so far

- **CAPEX**
  - Network capacity sufficient
  - Some delays expected – both construction and projects

---

\(^1\) Possible COVID-19 financial impacts can not be quantified at this stage as (a) it depends on many different factors (such as scope and duration of epidemic, government measures to support the economy, customer behaviour in Switzerland and Italy, etc.) and (b) there is material uncertainty with regards to these factors
Voice and fixed data traffic up in Switzerland due to COVID-19 lockdown
Network capacities sufficient. No need for extra CAPEX (also for Fastweb)

**Mobile network**
Avg. volume evolution and capacity degree

- **Voice volume** significantly up
- **Data** with ordinary usage pattern
- **Network capacity** manageable

<table>
<thead>
<tr>
<th></th>
<th># of voice calls</th>
<th>avg. call duration</th>
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<tbody>
<tr>
<td>Feb 2020</td>
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<tr>
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<tr>
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</table>

**Fixed network**
Avg. volume evolution and capacity degree

- # of **VoIP calls** up due to home office
- School closing and TV consumption explain **higher data traffic**
- **Sufficient** network capacity

<table>
<thead>
<tr>
<th></th>
<th># of VoIP calls</th>
<th>Data traffic (Upstream)</th>
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</thead>
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<tr>
<td>Feb 2020</td>
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<td></td>
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<tr>
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4. Summary
Swisscom with strong sustainability positioning, excellent credit standing and solid results in Q1 2020

**Our green positioning**
- One of the **most sustainable telcos** worldwide with a **track record** of over 20 years
- Together with our customers, we have **net negative CO₂ emissions** and **ambitious objectives** for 2025
- **Green Bond UoP** will help to **decouple** energy consumption from traffic growth, **enable** customers to avoid CO₂ and **reduce** our own CO₂ footprint

**Credit standing**
- **Prudent leverage**: Net debt/EBITDA of 2.0x\(^1\)
- **Ample Liquidity**: Swisscom with CHF 2.0bn of **Committed Credit Lines** unused
- One of the **strongest ratings** in European Telco landscape: S&P **A Stable**, Moody’s **A2 Stable**

**Solid Q1 20 results**
- Overall **solid market position** in Switzerland despite promotional dynamics
- Almost unchanged EBITDA thanks to **continuous cost management** in Switzerland
- **Fastweb continues to growth** (+5% EBITDA in Q1)

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\(^1\) 1.7x IFRS16 adjusted
Cautionary statement
Regarding forward looking statements

• "This communication contains statements that constitute "forward-looking statements". In this communication, such forward-looking statements include, without limitation, statements relating to our financial condition, results of operations and business and certain of our strategic plans and objectives.
• 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.
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Appendix
The journey goes on: Sustainability Strategy 2025

Main Targets 2025

More for **people**

From now until 2025, we will support 2 million people per year to develop their skills in the networked world and within our supply chain.

More for **environment**

Together with our customers, we are reducing net CO₂ output by 450,000 tonnes (1% of Switzerland’s greenhouse gas emissions).

More for **Switzerland**

We provide all people and businesses in Switzerland with reliable ultra-fast broadband. By doing so, we are making Switzerland a more competitive country and a better place to live.
More than 20 years of Sustainability history (1/2)
Core pillar of strategy since many years

1997
Introduction of Environment Management regarding ISO 14’001 as one of the first companies worldwide

2002
«Internet for schools»
>5000 schools equipped with free access

2005
Introduction of «Mistral»
Cooling with external air for the fixed line, Electricity savings in the range of 10’000 households

2007
Media training for elderly people, children, parents and teachers
Already 570k people trained
More than 20 years of Sustainability history (2/2)
Core pillar of strategy since many years

2011
Member of Joint Audit Committee (JAC) for a fair supply chain
Until today 1.3 mn working places audited and improved

2012
Swisscom Mobile Aid
Old mobile phones for children in need
Until today 700k mobiles for 3.5mn meals

2016
Swiss Internet of Things as base for environmental friendly services
Swisscom customers save ~ 600’000 t CO₂ per year

2019
Introduction of "Levante" and "Scirocco - efficient cooling in the mobile network, saves electricity in the amount of 2000 households
Installation of the 80th solar plant in Worblaufen with 730 kWp
Swisscom awarded as the most sustainable SMI listed company in Switzerland
2019 another year of sustainability highlights

Highlights 2019

Circular economy in action
Mobile aid gives second life to old phones. In 2019 86,000 devices financed 430,000 meals for children in need

529,665 tonnes of CO₂ saved by Swisscom customers thanks to use of Swisscom services

80% more efficient cooling of mobile phone antennas in the future thanks to an energy-efficient in-house innovation

Largest Swisscom solar station put into operation
The new solar system on the roof of the headquarters in Worblaufen cover the electricity needs of around 200 households

Learning robots Thymio introduced five primary school classes to computational thinking in a pilot project

4,935 schools connected to the Internet
Since 2020, Swisscom has provided all schools in Switzerland with free Internet access and numerous services

57,436 people trained in the responsible use of digital media

The workplaces of 300,000 people were audited by Swisscom and checked for compliance with human rights law, employment law and the protection of occupational health
Awarded as one of the world's most sustainable companies
External recognition of Swisscom's ESG commitments and achievements

Global Compact

SBTi: Science-based Target initiative

RE100: Initiative 100% renewable energy*

VBE Energie-Vorbild

EnAW: Energie-Agentur der Wirtschaft

* Since 2010 Swisscom has been using 100% of electricity from renewable sources

Member of several CR Ratings

FTSE4Good

EcoVadis 2017 CSR Rating
Gold Recognition Level

Dow Jones Sustainability Index

Carbon Disclosure Project
A List Climate Change 2017

MSCI ESG Ratings
AAA
Our environment - market and sector challenges
Swisscom is at the heart of the digital transformation and well positioned to benefit from it

Stable environment in Switzerland
- Switzerland, a synonym of quality, stability and solidity
- Reliable political system
- Quality conscious consumer base

Leading Telco and ICT operator in domestic markets
- Best network – both wireless and fixed
- Strong market positions across all segments
- 11.5mn RGUs with continuing bundle migration

Leading attacker in Italy
- #2 in Italy with growing market shares in consumer (16%) and corporate (33%)
- >2.6mn broadband subs and 1.8mn SIM cards
- Under-penetrated PC market leaves room for further growth

Saturated markets in Switzerland
FM substitution
Bundle migration
Digital opportunities
Convergence advancing
Our strategy
Distinctive value proposition translates into leading market position in Switzerland since many years

Best infrastructure
- 99% of population with 4G and
  72% with 4G+ (up to 500 Mbps);
- Strong UBB footprint: 74%
- Excellent network quality
- All IP migration

Excellent customer service
- Personalised customer service
- Since many years outstanding customer satisfaction

Outstanding product portfolio
- Converged offerings – one subscription covers everything
- Flexibility and simplicity for our customers
- Multibrand approach with value offerings, Wingo, M-Budget and Coop Mobile

Innovation leader in Switzerland
- Successful launch of new TV platform 4.0 with voice assistant
- Well positioned with outstanding cloud infrastructure portfolio; partnership with Microsoft
- No fibre regulation by Telecom Act

Brand awareness
- Swisscom awarded as most trusted Telco brand
- Winner of all mobile network tests
- Trust in Swisscom with positive impact on willingness to pay
Technologies explained

- Swisscom uses the term “fibre-optic technologies” to mean Fibre to the Home (FTTH) as well as network architectures in which copper cables are used in the last few metres of the connection, such as:
  - Fibre to the Curb (FTTC)
  - Fibre to the Street (FTTS)
  - Fibre to the Building (FTTB)
- Optical fibre is getting ever closer to the customer
**Audit**: Term for a check carried out by external (or internal) experts regarding the fulfilment of requirements and guidelines.

**CEA**: Collective employment agreement

**Circular economy**: The circular economy is characterized by the fact that raw materials are used efficiently and for as long as possible. If we succeed in closing material and product cycles, raw materials can be used again and again. (Source: BAFU)

**CO2 eq**: CO2 equivalents (CO2 eq) are a unit of measurement for standardising the climate impact of the various greenhouse gases. (Source: myclimate)

**Code of Conduct SIEA**: The Code of Conduct as drafted by the Swiss Interactive Entertainment Association SIEA (www.siea.ch) to promote and ensure the active protection of minors in Switzerland with regard to age ratings/accessibility of interactive entertainment software.

**CSR**: “Corporate Social Responsibility” refers to corporate responsibility for people, society and the environment.

**EcoVadis**: EcoVadis supports the enforcement of environmental and social standards in global supply chains through uniform sustainability rankings of suppliers. As part of its risk management system, Swisscom bases its purchasing activities on the declarations of its suppliers, which are carried out with EcoVadis.

**Electricity mix**: Composition of the electricity by type of energy production (e.g. hydro, wind power)

**Electromagnetic fields**: Electromagnetic fields occur naturally or are generated technically. The EM fields used for ICT are not ionising. This means that they do not have enough energy to change the building blocks of matter. Electromagnetic fields are divided into low frequency and high frequency according to the number of oscillations per second.

**EnAW**: Energy Agency for Industry. Swisscom joined the Energy Agency in 2003 and signed a new agreement on objectives to increase its energy efficiency. The current agreement on objectives runs until 2020.

**EU Code of Conduct for Broadband Equipment**: The Code of Conduct sets out the basic principles to be followed by all parties involved in broadband equipment, operating in the European Community, in respect of energy efficient equipment

**GeSi**: Global e-Sustainability Initiative (GeSi). The GeSi is an initiative of companies from the ICT sector, whose aim is to promote sustainability. Swisscom works within the framework of the initiative to promote fair and sustainable supply chains in particular.

**Greenhouse gases**: Greenhouse gases, also referred to as “climate gases”. Gases such as CO2, methane, Sulphur hexafluoride, N2O and F-gases that cause the “greenhouse effect” by reflecting the sun’s rays within the atmosphere.

**GRI**: The Global Reporting Initiative (GRI) is an organization that develops guidelines for the preparation of corporate sustainability reports in a participatory process.

**GRI standards**: The GRI standards represent global best practice for public reporting on various economic, environmental and social impacts. Sustainability reporting based on the standards provides information about the positive or negative contributions of an organisation to sustainable development. (Source: globalreporting.org)

**ISO 14001**: An international environmental management standard that sets globally recognised requirements for an environmental management system.

**ISO 14064**: An international standard for the conduct of an greenhouse gas inventory

**JAC**: Joint Audit Cooperation. The elimination of any vulnerabilities identified is reviewed on a regular basis to ensure compliance with the environmental and social standards we expect. As part of the JAC, an international association of telecommunications companies plans and conducts CSR audits of suppliers. Swisscom has been a member of the JAC since 2012.

**myclimate**: The myclimate foundation supports Swisscom in the environmental assessment of its smartphone range, comparisons of sustainable ICT solutions and the review of climate balances and is an educational partner of the “Energy and Climate Pioneers” initiative.
Glossary
Sustainability terms (2/2)

**NISV:** In the Ordinance on Protection against Non-ionising Radiation (NISV), Switzerland has regulated the limits for the maximum permissible electrical, magnetic and electromagnetic radiation from fixed installations in the frequency range from 0 Hz to 300 GHz. A two stage protection concept was applied. At all accessible places, the exposure limit value, which corresponds to the recommendations of the WHO, must be observed. In order to take account of the precautionary principle required by the Environmental Protection Act, values which are ten times stricter were set as a precautionary measure for places which are heavily used where people stay for long periods of time, based on technical feasibility and economic viability.

**RE100:** The RE100 initiative brings together companies worldwide who want to obtain 100% of their electrical energy from renewable sources as soon as possible (at the latest by 2050). Swisscom has already achieved its target.

**Scope 1:** Direct GHG emissions resulting from own activities (e.g. from the combustion of fossil fuels for heating and mobility or from refrigerants).

**Scope 2:** Indirect GHG emissions resulting from purchased energy.

**Scope 3:** All other GHG emissions resulting from upstream and downstream activities (e.g. in the supply chain).

**Sponsors:** Members of the Group Executive Board as well as the Head of Group Communications & Responsibility are sponsors for the different strands of the sustainability strategy and contribute accordingly.

**Radiation:** Radiation is a form of energy that propagates as electromagnetic waves. A distinction is made between ionising and non-ionising radiation. Ionising radiation can change the building blocks of matter such as molecules or atoms, non-ionising radiation has too little energy for this. Therefore, non-ionising radiation cannot change atoms or molecules. Mobile networks use non-ionising radiation.

**UN Global Compact:** The United Nations Global Compact is the world’s largest initiative for corporate sustainability. Its members work around the globe to uphold principles on human rights, working conditions, environmental protection and anti-corruption.

**Sustainable Development Goals (SDGs):** The 17 Sustainable Development Goals with their 169 sub-goals are at the heart of the 2030 Agenda. They take into account the economic, social and environmental dimensions of sustainable development in a balanced way and, for the first time, bring poverty reduction and sustainable development together into one agenda. (Source: DFA)

**Work Smart Initiative:** The Work Smart association was created from the Home Office Day foundation. Swisscom is one of the sponsors of the newly founded association and, together with its partners, is supporting a nationwide program aimed at raising awareness of flexible and mobile working.

**WWF:** Swisscom has been working with the WWF since 2006 with the aim of reducing its carbon footprint and promoting climate-friendly services. Together, we will demonstrate the potential of digitisation for a more sustainable, energy-efficient and comfortable lifestyle, and make it work. Swisscom also supports the WWF Footprint Calculator and the WWF Advisor App as a partner.
### Glossary

#### Technical terms

**4G/LTE (Long-Term Evolution):** 4G/LTE is the fourth generation of mobile technology. At present, LTE enables mobile broadband data speeds of up to 150 Mbps.  

**4G+/LTE Advanced:** 4G+/LTE enables theoretical broadband data speeds of up to 700 Mbps via the mobile network. To do so, it bundles 4G/LTE frequencies to achieve the required capacity.  

**5G:** 5G is the latest generation in mobile network technology. 5G brings with it even more capacity, very short response times and higher bandwidths, and supports the digitisation of Swiss business and industry.  

**All IP:** All IP means that all services such as television, the Internet and fixed-line phone run over the same IT network. Swisscom switched all existing communication networks to Internet Protocol (IP) by the end of 2019. The IP services within Switzerland thus operate on Swisscom’s own network, thereby enhancing security and availability in comparison with other voice services on the World Wide Web.  

**Bandwidth:** Bandwidth refers to the transmission capacity of a medium, also known as the data transmission rate. The higher the bandwidth, the more information units (bits) can be transmitted per unit of time (second). It is defined in bps, kbps or Mbps.  

**Cloud:** Cloud computing makes it possible for IT infrastructures such as computing capacity, data storage, ready-to-use software and platforms to be accessed dynamically via the Internet as needed. The data centres, along with the resources and databases, are distributed via the cloud. The term “cloud” refers to such hardware which is not precisely locatable.  

**FTTH (Fibre to the Home):** FTTH refers to the end-to-end connection of homes and businesses using fibre-optic cables instead of traditional copper cables.  

**FTTIS (Fibre to the Street)/FTTB (Fibre to the Building)/FTTC (Fibre to the Curb):** FTTS, FTTB and FTTC in conjunction with vectoring refer to innovative, hybrid broadband connection technologies (optical fibre and copper). With these technologies, optical fibre is brought as near as possible to buildings and in the case of FTTB right to the building’s basement; the existing copper cables are used for the remaining stretch. The future technological evolution from VDSL2 to G.fast will significantly increase the bandwidths for FTTS and FTTB.  

**Optical fibre:** Optical fibre is a transport medium for optical data transmission – in contrast to copper cables, which transmit data through electrical signals. ICT (Information and Communication Technology): The terms “information technology” and “communication technology” were first combined in the 1980s to denote the convergence of information technology (information and data processing and the related hardware) and Communication technology (technically aided communications).  

**IoT (Internet of Things):** The connecting of things, devices and machines to enable recording of status and environmental data. These data provide the basis for optimising processes, such as early identification of failing machine components. IoT facilitates new business models based on these data or opens up new opportunities for interacting with customers.  

**Roaming:** Roaming is when a mobile user makes calls, uses other mobile services or participates in data traffic outside his or her home network, i.e. usually abroad. This requires that the mobile device in question is compatible with the roaming network. In Europe all GSM networks use the same frequency bands. Other countries such as the USA or countries in South America use a different frequency range. Most mobile telephones today are tri-band or quad-band and support 900 MHz and 1800 MHz networks (which are most commonly used in Europe) as well as 850 MHz and 1900 MHz networks.  

**Router:** A router is a device for connecting or separating several computer networks. The router analyses incoming data packets according to their destination address and either blocks them or forwards them accordingly (routing). Routers come in different types, ranging from large machines in a network to the small devices used by residential customers.  

**TDM (Time Division Multiplexing):** Platform for the transport of traditional voice signal  

**Ultra-fast broadband:** Ultra-fast broadband denotes broadband speeds of more than 50 Mbps – on both the fixed-line and mobile networks.  

**WLAN (Wireless Local Area Network):** A wireless local area network (WLAN) connects several computers wirelessly and links them to a central information system, printer or scanner.
Glossary
Other terms

**Federal Office of Communications (OFCOM):** OFCOM deals with issues related to telecommunications and broadcasting (radio and television) and performs official and regulatory tasks in these areas. It prepares the decisions of the Swiss Federal Council, the Federal Department of the Environment, Transport, Energy and Communications (DETEC) and the Federal Communications Commission (ComCom).

**ComCom (Federal Communications Commission):** ComCom is the decision-making authority for telecommunications. Its primary responsibilities include issuing concessions for use of the radio frequency spectrum as well as basic service licences. It also provides access (unbundling, interconnection, leased lines, etc.), approves national numbering plans and regulates the conditions governing number portability and freedom of choice of service provider.

**FTE (full-time equivalent):** Throughout this report, FTE is used to denote the number of full-time equivalent positions.