Swisscom in a nutshell
Leading in Switzerland. Attacking in Italy. Healthy financials

Corporate profile

Leading operator in Switzerland
- Strong market position in Telco and ICT
- Best-in-class networks - both in wireless and fixed
- Excellent innovation and customer experience

Alternative operator in Italy through Fastweb
- Service differentiation via own 360° infrastructure
- Growing across all segments

Value focus
- Solid strategy with outstanding track record in execution
- Stable and disciplined management team
- High commitment to long-term value generation

Trustworthy brand
- Winner of several quality and service tests
- Trust with positive impact on willingness to pay

Financial profile

Steady financial performance since many years
- Solid financial year 2018, meeting expectations
- Underlying EBITDA 2018 of CHF 4.26 billion, nearly flattish YOY
- OpFCF proxy 2018 of CHF ~1.8 billion, like-for-like stable

Free cashflow matters
- Operational excellence a top priority
- Targeted cost savings 2016-2020 of CHF 425 million

Conservative behaviour
- Net debt to EBITDA of 1.8x *
- A2/A (both stable) ratings
- Among the best-rated EU Telecoms

Robust dividend
- CHF 22 per share since 2011
- High predictability and sustainability
- Attractive yield in Swiss francs

* excl. IFRS16 implication
Shape the future with proven strategy
Inspire people. Bundle forces. Enable growth

Best customer experience
- Best infrastructure
- Innovative products
- Best services

Operational excellence
- Efficient operations
- Digital transformation
- Smart investing

New growth
- Extend core business
- Push in adjacent markets
- Approach internet-based business models
Best ultrafast broadband network in Switzerland
Swisscom continuously invests in UBB extension to increase competitive edge

YE 2018

<table>
<thead>
<tr>
<th>Speed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;80 Mbps</td>
<td>64%</td>
</tr>
<tr>
<td>&gt;200 Mbps</td>
<td>35%</td>
</tr>
</tbody>
</table>

Rollout focus 2019 and beyond

UBB extension via a hybrid approach
- FTTS enabling much faster rollout, contributing to lower avg. rollout cost
- G.fast boosting FTTS bandwidth further
  - Awarded by Huawei for Best Consumer Service based on G.fast
- Leverage DSL / 5G Bonding bringing UBB even to most rural areas
- Be prepared for the future
- Upgrade to 10 Gbps in FTTH turf possible

Target 2021

<table>
<thead>
<tr>
<th>Speed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 80 Mbps</td>
<td>90%</td>
</tr>
<tr>
<td>&gt; 200 Mbps</td>
<td>75%</td>
</tr>
</tbody>
</table>
Swisscom making 5G a reality
Additional spectrum successfully acquired to deliver nationwide Gigabit 4G and 5G

Auction 2019: 445 MHz new spectrum allocated

<table>
<thead>
<tr>
<th>MHz</th>
<th>Total available</th>
<th>t/o Swisscom acquired</th>
</tr>
</thead>
<tbody>
<tr>
<td>3500 TDD</td>
<td>300</td>
<td>1 x 120</td>
</tr>
<tr>
<td>2600 FDD</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>1400 Side bands</td>
<td>50</td>
<td>1 x 25</td>
</tr>
<tr>
<td>1400 Core band</td>
<td>40</td>
<td>1 x 25</td>
</tr>
<tr>
<td>700 SDL</td>
<td>15</td>
<td>1 x 15</td>
</tr>
<tr>
<td>700 FDD</td>
<td>60</td>
<td>2 x 15</td>
</tr>
</tbody>
</table>

Targets met

- Reasonable price: CHF 196mn
- Better allocation than peers: Swisscom with 45% share
- License expected per Q2 2019. Validity of 15 years (YE 2033)

5G opens up a wealth of new possibilities

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

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

TDD: Time Division Duplex, FDD: Frequency Division Duplex, SDL: Supplementary Downloadlink
#1 in digital TV innovation and market share in Switzerland
Swisscom with best bouquet of entertainment to penetrate households and leverage subs base with FM bundles

Next TV Entertainment generation

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

Teleclub

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

3rd party content

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

TV leadership extended

<table>
<thead>
<tr>
<th>customer base (in k)</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1'467</td>
<td>1'519</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>market share (in %)</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33%</td>
<td>35%</td>
</tr>
</tbody>
</table>

eSports

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

Profile Strategy 2019 focus Outlook Summary
Manage long-term customer value with outstanding core offering

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

Swisscom's convergence flagship

<table>
<thead>
<tr>
<th>inOne home</th>
<th>inOne mobile go</th>
<th>inOne benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>🌍 📱 📞</td>
<td>📱</td>
<td>=</td>
</tr>
</tbody>
</table>

The best for our customers

- Fully customisable
- Value add
- FM bundles offering discounts
- Extendable up to 5 mobile subscriptions

The best for our customers … and impacting customer value positively

- Postpaid value churn ratio p.a.: 7.5%
- Broadband churn ratio p.a.: 8.8%
- FM bundled churn ratio p.a.: 5.4%

inOne performance

Penetration is growing …

- Dec 18
  - 30%
  - 54%
- Dec 17
  - 34%
  - 57%

inOne mobile
RGUs within Retail postpaid base

inOne broadband
RGUs within Retail BB base
Swisscom's B2C portfolio with multi-brands covering max customer clusters
2nd and 3rd brand as price aggressive offerings to attack competitors and defend market shares at today's level

Our brand portfolio further strengthened

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

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

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

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

---

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

<table>
<thead>
<tr>
<th>Postpaid value subs (in k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2nd/3rd Brands</td>
</tr>
<tr>
<td>Own Brand</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2'836</td>
</tr>
<tr>
<td>+17.8%</td>
</tr>
<tr>
<td>304</td>
</tr>
<tr>
<td>3'140</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Broadband subs (in k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2nd/3rd Brands</td>
</tr>
<tr>
<td>Own Brand</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>1'937</td>
</tr>
<tr>
<td>+15.4%</td>
</tr>
<tr>
<td>39</td>
</tr>
<tr>
<td>1'976</td>
</tr>
</tbody>
</table>

---

2nd / 3rd Brand 11%
Core Brand 89%

2nd / 3rd Brand 2%
Core Brand 98%
Enterprise Customers - B2B with heterogeneous revenue sources
Diverging dynamics in the B2B space: connectivity business with price pressure, Solutions with positive outlook

<table>
<thead>
<tr>
<th><strong>Swisscom with unique value proposition</strong></th>
<th><strong>B2B offerings with CHF ~2.3bn revenues in 2018</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully integrated network</td>
<td><strong>Telco business</strong> (~45% of revenues)</td>
</tr>
<tr>
<td>Strong ICT capabilities and B2B presence</td>
<td>Wireless</td>
</tr>
<tr>
<td>Attractive market with many multi-nationals</td>
<td>Wireline</td>
</tr>
<tr>
<td>Fixed, mobile and converged services</td>
<td><strong>Solutions business</strong> (~45% of revenues)</td>
</tr>
<tr>
<td></td>
<td>Verticals</td>
</tr>
<tr>
<td></td>
<td>Digital Business</td>
</tr>
<tr>
<td></td>
<td>Cloud &amp; Net Services</td>
</tr>
<tr>
<td></td>
<td>UCC(^1) &amp; Workplace</td>
</tr>
<tr>
<td></td>
<td>Other Solutions</td>
</tr>
<tr>
<td></td>
<td><strong>Other business</strong> (~10% of revenues)</td>
</tr>
<tr>
<td></td>
<td>Hardware and Other</td>
</tr>
</tbody>
</table>

1 Unified Communication & Collaboration
Operational excellence a key management priority
Constant focus identifying new cost saving potentials primarily in core

A list of initiatives ...

- Simplicity
- Workforce management
- Digitalisation
- Migration
- Project efficiency
- Network rollout

Optimise CAPEX
Reduce OPEX

... to realise cost savings until 2020

Cumulative (gross) cash savings of CHF -425mn

Profile
Strategy
2019 focus
Outlook
Summary
Growth in core by inspiring with new B2C services
Value enrichment through top-line contribution and higher customer loyalty

Digital Products & Services
Strengthen our offerings with **more value** to realise up- and cross-selling

- Multi-devices
- Next Entertainment generation
- Swisscom Internet Box and Home App

Value-Added Services
Increase customer stickiness by tapping new business opportunities

- **My Service**: personal expert for your technical issues
- **Internet Security**: total protection for all devices
- **Mobile insurance** against damage
- **My Cloud**: the Swiss storage portal for B2C customers

Smart Work
**IT workstation from the cloud** enriched with artificial intelligence
- Zero IT-touch setup
- Operated by Swisscom
- Butler for support & help
- Baseline security
- Web-shop for hardware
- Service management dashboard
- Software kiosk

- **All IP** migration with upselling opportunities
- Realize **long-term lock-in effect**
Several growth catalysts in the B2B space
Swisscom to capitalise on major growth opportunities

**IoT Business**

- **Key Opportunities** for IoT Business are locally delivered, globally available and scaling platforms and professional services
- Swisscom focuses on **enabling businesses**
  - Deliver global scaling solutions
  - Data Management & Analytics
  - Connectivity & Device Management
- YE 2018 figures an excellent base to **scale further**
  - >500 customers
  - +20-25k things/week
  - 1mn (+250k) connected devices

**Cloud, Data Centre and Security Solutions**

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

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

**5G Campus Network Solution**

- **Connecting things** over a powerful, secure and stable 5G network slice
- In combination with **edge computing** permitting close to real-time data processing
Fastweb with positive outlook thanks to new growth opportunities
All segments expected to contribute to top-line and EBITDA development in 2019

**Business focus**

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

**Key levers**

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

**Market share targets (by 2022)**

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

¹ Wholesale perimeter includes non-regulated services: data, BTS fibre connections, voice
Swisscom plans to propose again a dividend of CHF 22/share, upon meeting its 2019 targets.

Key EBITDA changes YOY:

- **Voice line losses**: -
- **Convergence discounts**: --
- **B2B**: --
- **Cost cutting**: ++
- **Fastweb**: +
- **IFRS16**: +200mn

2019 guidance:

- **Revenue**: CHF ~11'400mn
- **EBITDA**: CHF >4'300mn
- **CAPEX ***: CHF ~2’300mn

- Swisscom plans to propose again a dividend of CHF 22/share, upon meeting its 2019 targets.

* excl. cost for additional (5G) spectrum in Switzerland
Our credo of maximum value generation
Approach OPEX and CAPEX efficiently to deliver dividend promise while keeping current leverage level

Stabilise top-line key for management
Reliable cashflows enabling solid shareholder remuneration every year
Cost management a top priority
Smart investing with stable CAPEX envelope
Committed to healthy financial profile
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.

• Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

• Swisscom disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise."