ZKB Swiss Equities Conference

Swisscom - at the centre of digitalization

4 November 2020
In a nutshell

Highlights
Q3 in a nutshell
Another successful quarter

Q3 financials positive: ahead of street expectations

Swisscom Switzerland with solid indirect cost savings (CHF -88mn YOY)

Global Winner: fastest mobile upload speed experience

Fastweb purchases 70% of 7Layers to strengthen its ICT in cybersecurity services

FY guidance confirmed:
Net revenue CHF ~11.0bn, EBITDA CHF ~4.3bn
CAPEX CHF ~2.3bn

Ranked # 1 in ESG out of 197 telecoms

Global Winner: fastest mobile upload speed experience

Ranked # 1 in ESG out of 197 telecoms
Q3 market (share) performance
Positive: Switzerland with stable BB/TV and growing postpaid/wholesale RGU base. Italy with RGU growth

**Swisscom Switzerland** (RGUs in k)

<table>
<thead>
<tr>
<th>Service</th>
<th>RGUs in k</th>
<th>Market Share</th>
<th>Net Adds Q3</th>
<th>Net Adds YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>2'045</td>
<td>46%</td>
<td>-3</td>
<td>+0</td>
</tr>
<tr>
<td>TV</td>
<td>1'551</td>
<td>37%</td>
<td>-13</td>
<td>-4</td>
</tr>
<tr>
<td>Fixed voice</td>
<td>1'546</td>
<td>37%</td>
<td>-18</td>
<td>-48</td>
</tr>
<tr>
<td>Postpaid</td>
<td>4'821</td>
<td>41%</td>
<td>+38</td>
<td>+50</td>
</tr>
<tr>
<td>Wholesale</td>
<td>602</td>
<td>58%</td>
<td>+6</td>
<td>+17</td>
</tr>
</tbody>
</table>

**Fastweb** (RGUs in k)

<table>
<thead>
<tr>
<th>Service</th>
<th>RGUs in k</th>
<th>Market Share</th>
<th>Net Adds Q3</th>
<th>Net Adds YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband</td>
<td>2'704</td>
<td>34%</td>
<td>+12</td>
<td>+67</td>
</tr>
<tr>
<td>Mobile</td>
<td>1'889</td>
<td>16%</td>
<td>+59</td>
<td>+143</td>
</tr>
</tbody>
</table>

1) as per 30.06.2020
# Q3 financial performance

EBITDA up thanks to successful cost management in Switzerland and Fastweb growth

<table>
<thead>
<tr>
<th><strong>Q3 2020</strong></th>
<th><strong>9M 2020</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenue</strong></td>
<td>CHF 2’758mn (-1.3% YoY)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>CHF 430mn (+7.2% YoY)</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>CHF 557mn (+3.9% YoY)</td>
</tr>
<tr>
<td><strong>Net debt</strong> 1)</td>
<td>CHF 8’622mn (-3.5% YoY)</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td>2.0x (stable YoY)</td>
</tr>
</tbody>
</table>

**EBITDA development** in CHF mn and YoY changes

<table>
<thead>
<tr>
<th><strong>Underlying performance +27</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Q3 19</td>
</tr>
<tr>
<td>1’120</td>
</tr>
</tbody>
</table>

**OpFCF proxy development** in CHF mn

<table>
<thead>
<tr>
<th><strong>+21</strong></th>
<th><strong>-557</strong></th>
<th><strong>515</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Q3 20</td>
<td>Lease expense 3)</td>
<td>EBITDAaL Q3 20</td>
</tr>
</tbody>
</table>

1) including lease liabilities of CHF 1’997mn, 2) consists of FX impact of CHF -4mn, 3) consists of depreciation right of use assets excluding IRU of CHF -70mn and interest expense leases of CHF -6mn, 4) YoY change excluding prior year spectrum CAPEX of CHF 186mn
The best fully converged network of Switzerland ... 
... by continuously investing and smartly combining different technologies

Making Switzerland highspeed ready ...

- **UBB rollout on track** to achieve 2025 targets of 50-60% with 1-10 Gbps and ~90% with 200-500 Mbps

- Swisscom with **successful NG.PON technology** field tests enabling download speeds of 50 Gbps by upgrading existing optical line termination

... and cementing network leadership

<table>
<thead>
<tr>
<th></th>
<th>Global Winner</th>
<th>Swiss Global Leaders</th>
<th>Swiss High Performers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video Experience</td>
<td></td>
<td>Swisscom (77.9 points*)</td>
<td></td>
</tr>
<tr>
<td>Voice App Experience</td>
<td></td>
<td></td>
<td>Swisscom (81.6 points*)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Salt (81.5 points*)</td>
<td></td>
</tr>
<tr>
<td>Download Speed Experience</td>
<td></td>
<td></td>
<td>Swisscom (49.7 Mbps)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunrise (33.9 Mbps)</td>
<td>Salt (33.2 Mbps)</td>
</tr>
<tr>
<td>Upload Speed Experience</td>
<td>Swisscom (18.2 Mbps)</td>
<td>Salt (14.2 Mbps)</td>
<td>Sunrise (13.1 Mbps)</td>
</tr>
</tbody>
</table>

Source: Opensignal Research 'Global Mobile Network Experience Awards 2020', Sept. 2020

* of total 100 possible score points
Unchanged competitive intensity weighs on B2C market dynamics
Swisscom with different commercial and innovative activities in Q3 to defend its market position

B2C ramping up commercial activities in Q3
- Pre-to-Post push
- Local FTTx campaigns
- Intensified direct marketing
- Proactive retention and customer loyalty measures
- Selective promotions

Adaption of mobile offerings for people under 30
- More data: up to 3x more data
- More speed: flat-rate users surf up to 20x faster

Wingo boost for more growth
- Now available in 120 mobilezone shops
- Broader portfolio
- Answering aggressive offers to defend market shares

Switzerland sees blue
- One name for Swisscom's entertainment services

Adaptation of mobile offerings for people under 30

30 GB
10 GB
January 19
March 19
May 19
July 19
September 19
November 19
January 20
March 20
April 20
age <26
age >26
Blue brings all our entertainment offers together
Inspire customers throughout Switzerland with one unique entertainment brand – anytime and anywhere

- Better perception with one consistent entertainment brand enabling better cross- and up-selling
- New OTT proposition: Smart TV App for Samsung, blue TV Air (250 channels, 30h Replay, 60h Recording at CHF 10) and distribution of Pay TV content on other operator boxes to increase Swisscom’s market share further
- Exclusive sports content, now including UPC MySports and renewed content rights for LaLiga Santander (as of 2021)
- New fictional content pack “blue Max” at competitive pricing CHF 19.90 bringing latest movies on demand and replaces legacy products
- Twitch, the leading streaming platform for live gaming and eSports now available on a Swiss TV platform
Lever Swisscom's strong market position in SME by extending its ICT offerings
Microsoft Azure enhances Swisscom’s own cloud portfolio for SMEs

The ICT portfolio for SMEs ...

- **Service Management**
  - SME IT helpdesk with unlimited remote support
  - Defined on-call and response times
  - Personal assistance and on-site support from Swisscom partners
  - Monitoring, anti-virus and maintenance for IT infrastructures

- **Preconfigured IT solution components**
  - **User Cloud Packages**
    - Microsoft Office, Microsoft Exchange with mail, applications (Adobe, 7-Zip, etc.)
  - **Company Cloud Services**
    - Management Windows Server
    - Cloud Storage & Backup
    - Remote Desktop Solution
    - SQL Server Licences
    - Preconfigured services or configuration according to application-specific requirements
  - **User Hardware Packages**
    - Management
    - Sales
    - Mobile Worker
    - Office Worker +
    - Office Worker
    - Laptop/PC, docking station, screen, keyboard and mouse

... serving all customers needs

- **One-stop shop** with a complete and perfectly tailored package
- **Integrated all-in-one solution from a single source**
- **Customised Cloud outsourcing** depending on customers demand
- **Local support** providing appropriate technical expertise and advice
- **Transparent costs** enabling SMEs to plan their outgoings with no need for own investments
Financial performance of Swisscom Switzerland
Cost savings nearly compensate top-line decline. OpFCF proxy in line with FY expectation

<table>
<thead>
<tr>
<th>Period</th>
<th>Net revenue in CHF mn (Y/Y changes)</th>
<th>EBITDA in CHF mn (Y/Y changes)</th>
<th>OpFCF proxy in CHF mn</th>
<th>Y/Y change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2020</td>
<td>6'148 (-3.5%)</td>
<td>2'727 (-0.5%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M 2020</td>
<td>4'261</td>
<td>2'553</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1'101 (-15)</td>
<td>174</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>786 (+15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2'052 (-2.9%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1'413 (-69)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>380 (+7)</td>
<td>913</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>259 (+1)</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 (1)</td>
<td>855</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) 9M with outbound roaming (Covid-19) impacts of CHF -47mn (Q1 CHF -5mn, Q2 CHF -22mn, Q3 CHF -20mn), 2) reported EBITDA, 3) consists of depreciation right of use assets and interest expense leases, 4) EBITDA minus lease expense, 5) reported figures
“Infrastructure-OTT” strategy confirmed and accelerated with dedicated initiatives
Building sustainable growth through differentiation

Fastweb strategy is to become an ‘infrastructure-based OTT’

Strategic initiatives

July 2020
100% stake in Cutaway (covered in Q2 presentation)

July 2020
5G FWA in White Areas (covered in Q2 presentation)

August 2020
4.5% stake in FiberCop (see slide 17)

October 2020
70% stake in 7Layers (see slide 18)
**Financial performance of Fastweb**

**Performance in line with guidance**

### Net revenue in EUR mn (YoY)

<table>
<thead>
<tr>
<th>Q3 2020</th>
<th>9m 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1’674 (+6%)</td>
<td>569 (+6%)</td>
</tr>
<tr>
<td>169 (31) Wholesale</td>
<td>61 (14) (25) Consumer</td>
</tr>
<tr>
<td>661 (34) Enterprise</td>
<td>226 (15)</td>
</tr>
<tr>
<td>844</td>
<td>282 (+5)</td>
</tr>
</tbody>
</table>

### EBITDA in EUR mn (YoY)

<table>
<thead>
<tr>
<th>Q3 2020</th>
<th>9m 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>203 (+5%)</td>
<td>568 (+5%)</td>
</tr>
<tr>
<td>13 (+0)</td>
<td>39 (+1)</td>
</tr>
<tr>
<td>190 (+9)</td>
<td>529 (+24)</td>
</tr>
</tbody>
</table>

- **EBITDA aL** growth confirmed +5% YoY, in line with prior year and FY guidance
- **YoY increase** driven by higher gross margin on all business units

### OpFCF proxy in EUR mn (YoY)

<table>
<thead>
<tr>
<th>Q3 2020</th>
<th>9m 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA aL 1)</td>
<td>190</td>
</tr>
<tr>
<td>Capex</td>
<td>-134</td>
</tr>
<tr>
<td><strong>OpFCF proxy</strong></td>
<td>56</td>
</tr>
</tbody>
</table>

- **Capex** down -8% in Q3 despite incremental network capacity
- **OpFCF proxy** improving +21mn in Q3 2020

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1) Reported EBITDA, 2) Consists of depreciation right of use assets and interest expense leases, 3) EBITDA minus lease expense
Outlook & Summary
FY 2020 guidance reiterated
Net revenue of CHF ~11.0bn, EBITDA of CHF ~4.3bn and CAPEX of CHF ~2.3bn

<table>
<thead>
<tr>
<th>in CHF bn</th>
<th>2019 reported</th>
<th>2020 outlook²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>11.453</td>
<td>~ 11.0</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>4.358</td>
<td>~ 4.3</td>
</tr>
<tr>
<td>CAPEX²</td>
<td>2.438</td>
<td>~ 2.3</td>
</tr>
</tbody>
</table>

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

¹ EBITDA¹ 2020 outlook for Swisscom: CHF ~4.0bn
² 2019 figure includes cost for additional (5G) spectrum in Switzerland of CHF 196mn
³ For consolidation purposes, CHF/EUR of 1.07 has been used (vs. 1.11 for fiscal year 2019)
En route with 2020 key success factors ...
... to deliver another successful business year

Maximise core in Switzerland

• Invest sustainably in leading network position
• Drive innovation to achieve outstanding customer experience today and tomorrow
• Value and convergence focus in B2C through strong differentiation
• Transform B2B to reach next level of Solutions growth

Bring Fastweb to the next growth level

• Become an 'infrastructure-based' OTT
• Achieve market share growth across all segments
Thank you!
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