



Swisscom

Annual Results Press Conference 2020

6 February 2020



swisscom



Stefan Nünlist

Chief Group Communications & Responsibility



Urs Schaeppi

Chief Executive Officer



The Swiss telco market in 2019



Environment

Saturated markets, high price pressure and competitive pressure



Market performance

Top products: inOne mobile go & Swisscom TV, success with the cloud, IT outsourcing and security solutions, growth at Fastweb



Infrastructure

5G launch, Group-wide investment of more than 20% of revenue



Results

Revenues down slightly; EBITDA practically stable on a comparable basis

A person is shown from the chest up, their face and clothing completely covered in a thick layer of vibrant, multi-colored powder. The powder is a mix of bright yellow, magenta, and blue, creating a textured, almost ethereal look. The person's eyes are closed, and their expression is one of peaceful surrender. The background is a solid, deep black, which makes the bright colors of the powder stand out dramatically. The overall mood is one of joy, freedom, and embracing life's messiness.

Ready for life

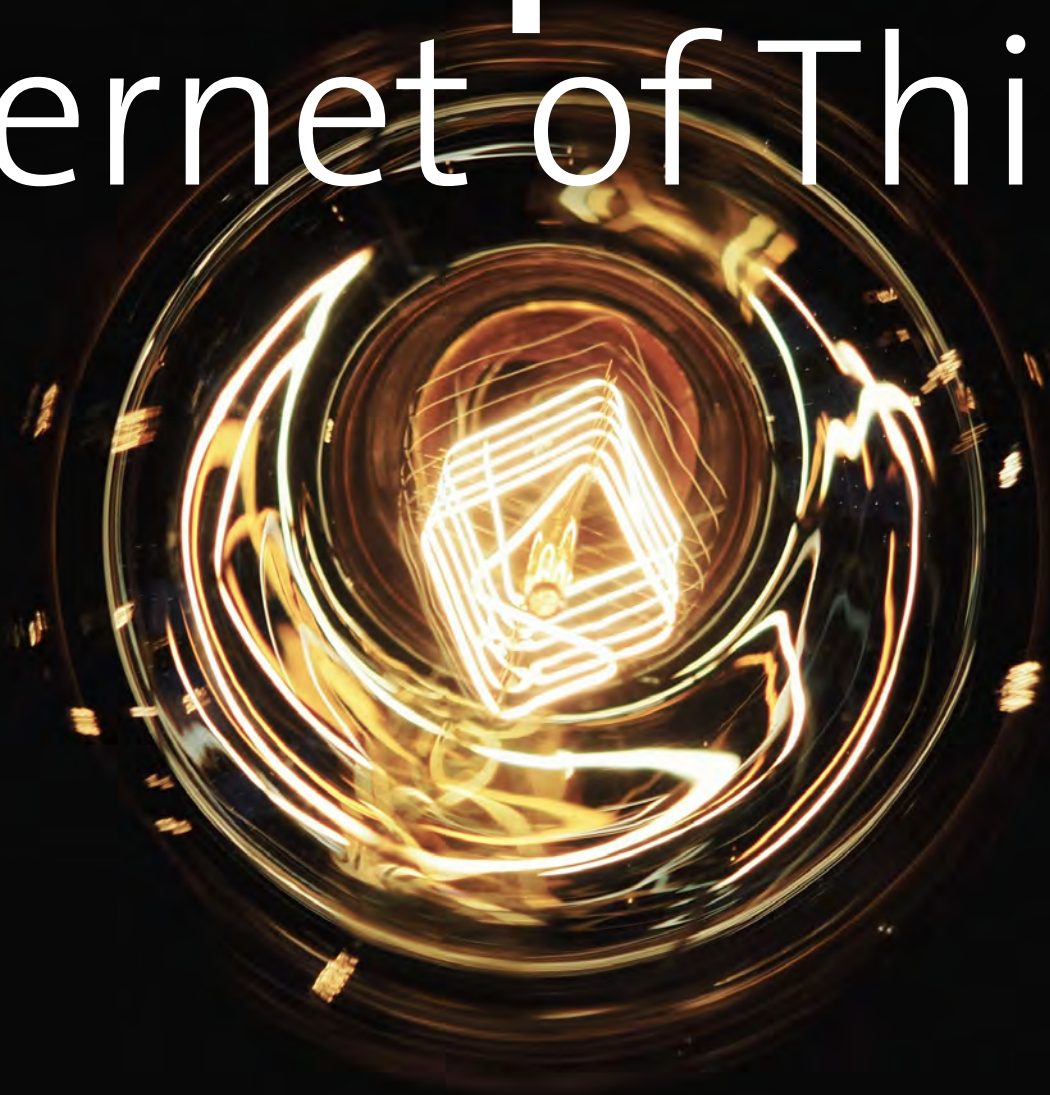
Simple mobile connections



A man with a beard and glasses, wearing a grey t-shirt, sits on a brown sofa holding a remote control. A woman with dark hair, wearing a purple top, leans her head against his shoulder, smiling. They are both looking towards the left. A large green plant is behind them, casting shadows on the wall. A coffee table with a bowl of fruit and some papers is in front of them. The scene is dimly lit, creating a cozy atmosphere.

Best entertainment

Simplest Internet of Things





More security for SMEs

Outstanding networks



Fast connections
90% 5G coverage





2019 key figures at a glance

Solid performance in spite of fierce competition and price pressure

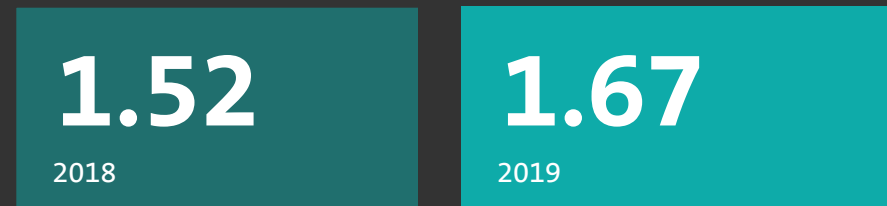
Revenue in CHF billion



EBITDA in CHF billion



Net income in CHF billion



Investment in CHF billion

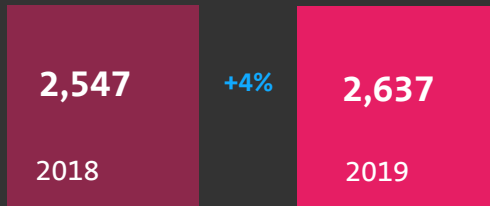




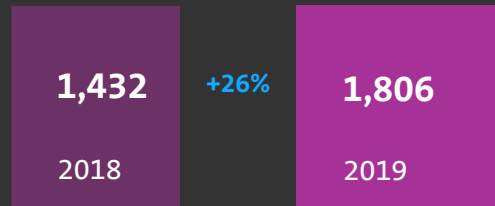
Fastweb performs well on markets

Growth in all customer segments

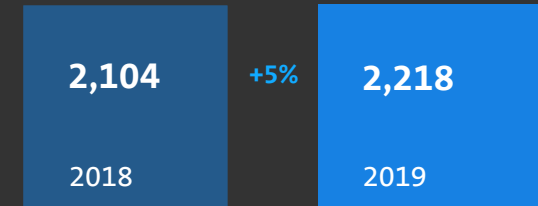
Broadband customers (in thousands)



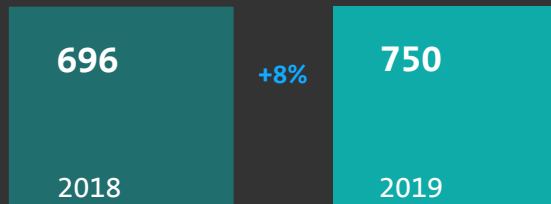
Mobile customers (in thousands)



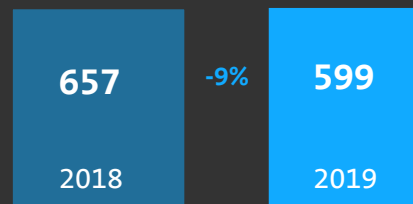
Revenue (in EUR millions)



EBITDA (in EUR millions)



Investment (in EUR millions)





Mario Rossi

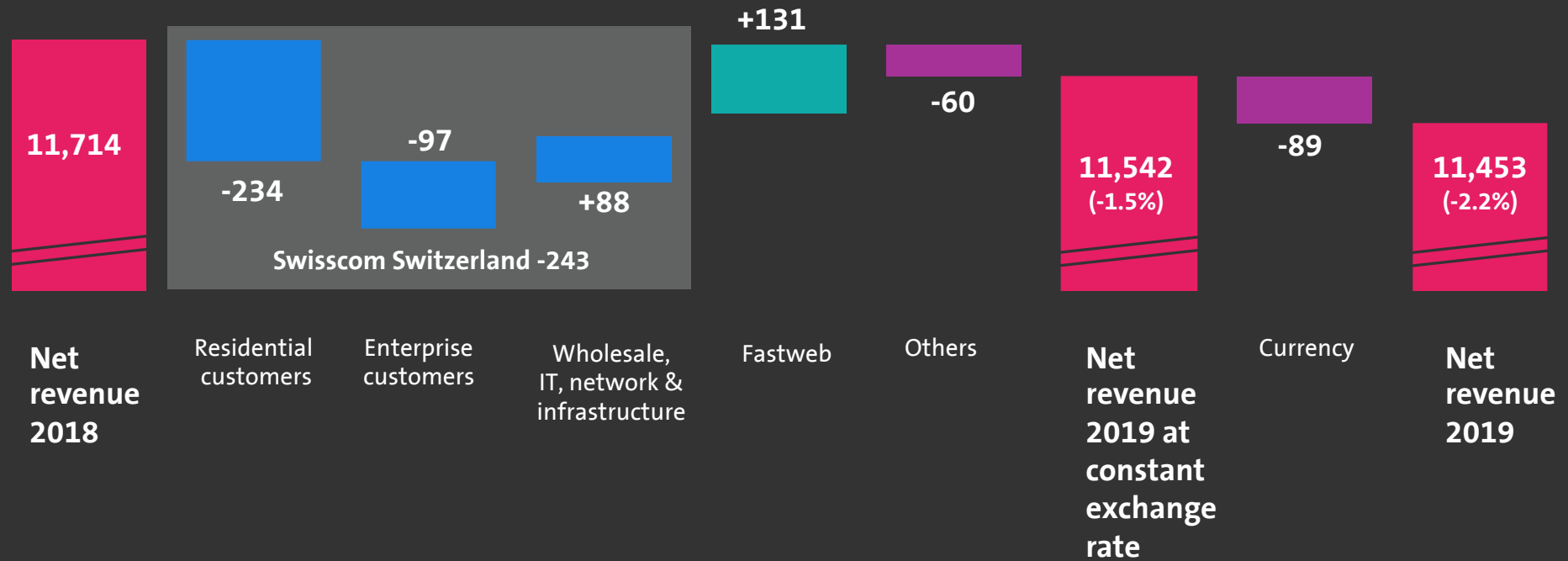
Chief Financial Officer



Net revenue

down slightly (-2.2%) on previous year

(in CHF millions)

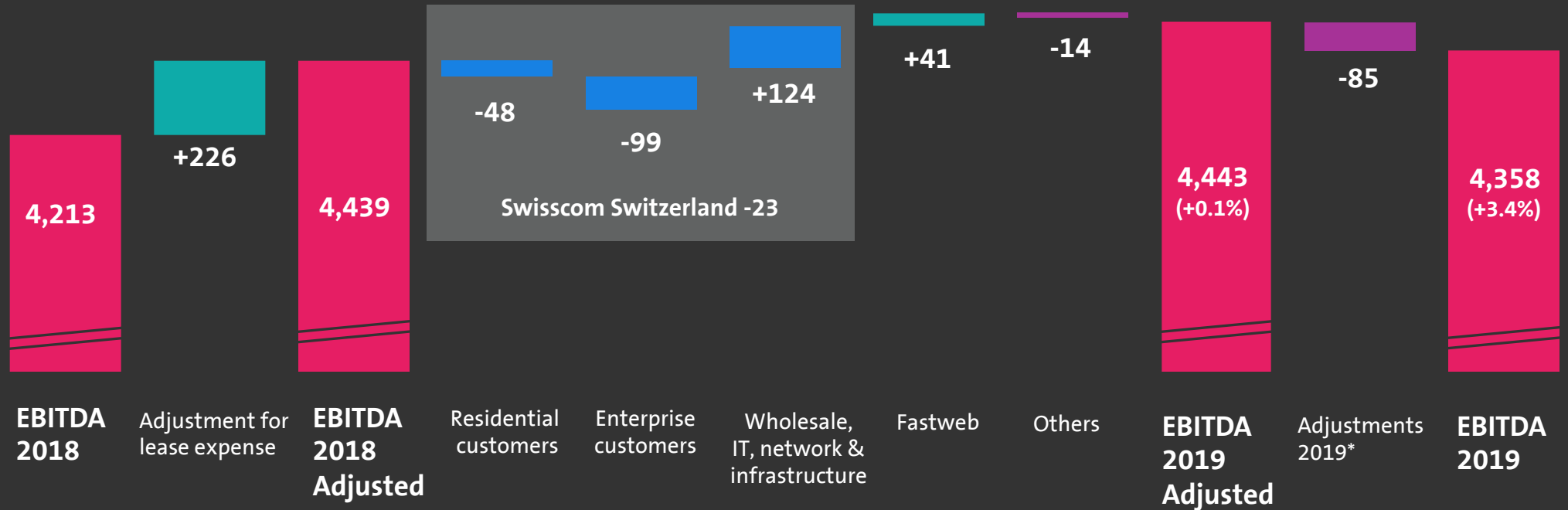




Operating result

EBITDA constant on adjusted basis (+0.1%)

(in CHF millions)





Cost management

Potential savings primarily in core business

Continue cost-cutting programme ...

... through execution at three levels

Ambitions for 2020-2022

~ CHF 100 million

2020

~ CHF 100 million

2021

~ CHF 100 million

2022

Digitisation

Operational business

Network



Income statement

Net income of CHF 1.67 billion

in CHF millions

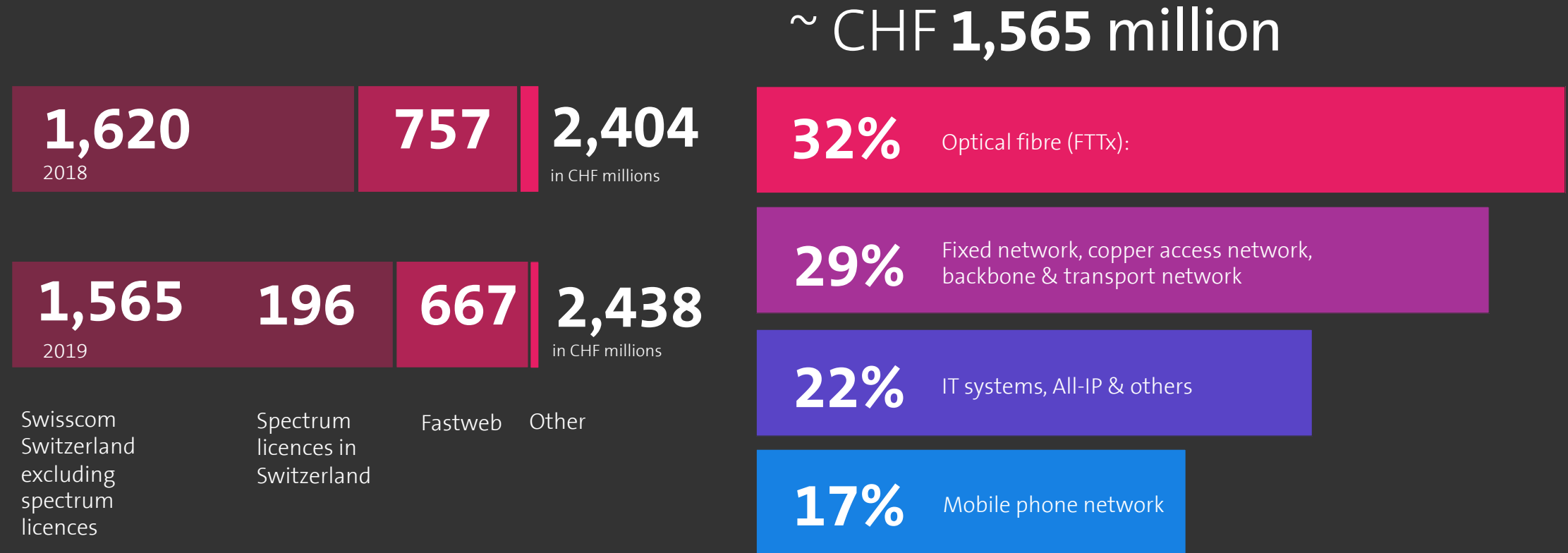
												Earnings per share 32.28
2019	4,358	-2,166	-282	1,910	-62	-42	-54	-28	-55	1,669	+3	1,672
	EBITDA	Depreciation	Depreciation Rights of use	EBIT	Net interest	Interest costs for leasing liabilities	Other financial results	Affiliated companis	Tax expenses	Net income	Minority shareholdings	Net income of Swisscom shareholders
2018	4,213	-2,144	-0	2,069	-104	-24	-30	+5	-395	1,521	+6	1,527

- The tax expenses of CHF -55m in 2019 include an extraordinary (non-cash) effect of CHF +269m from deferred tax liability adjustments due to corporate tax reform in Switzerland



Investment

CHF 2.4 billion invested, or one fifth of net revenue

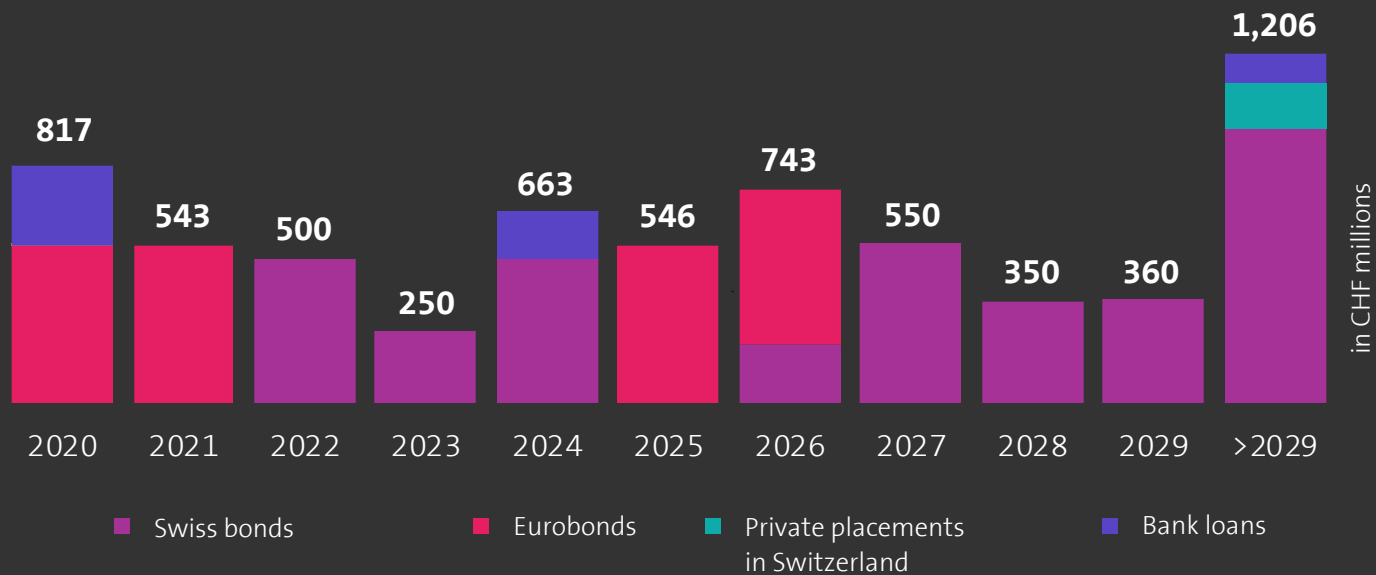


- Investment in Switzerland driven by fibre optic expansion and modernisation of the mobile network
- Fastweb investment lower due to acquisition of mobile frequencies (EUR 64 million) in previous year
Ongoing investment in network infrastructure keeping Fastweb's CAPEX at a stable level in local currency



Maturity profile of financial liabilities as at 31.12.2018

Financing costs optimised further



Refinancing transactions in 2019

- CHF 200 million, coupon 0.5%, 10 years
- CHF 80 million, coupon 0.75%, 14.5 years
- CHF 125 million, coupon 0.0%, 25 years

Average

term of fixed-interest rate: 5.5 years

Average

financing costs: 1%

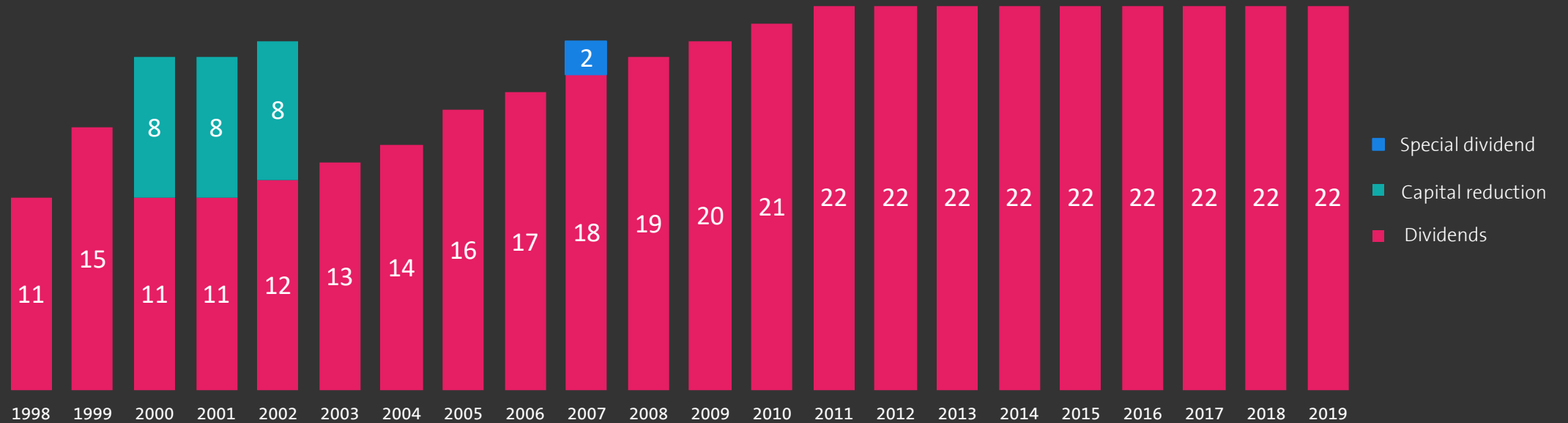
Stable credit ratings

- S&P: A stable
- Moody's: A2 stable



Return since IPO

Some CHF 33 billion have been distributed to shareholders since the IPO



- GV 2019: Dividend of CHF 22 per share
- Swisscom is pursuing a policy of stable dividend payments commensurate with cash flow and the capital allocation
- Swisscom is striving to maintain a solid A **rating**, an **equity ratio** of 30% and a **net debt/EBITDA ratio** of **1.9x** (without taking IFRS 16 into account)



Urs Schaeppi

Chief Executive Officer



Outlook for 2020

in CHF millions

	2019	Expected change Swisscom excl. Fastweb	Expected change Fastweb in EUR millions	2020 outlook**	Divided into:
Revenue	11,453	< 0	> 0	~11,100	~CHF 8.7 billion for Swisscom without Fastweb + ~EUR 2.3 billion for Fastweb
EBITDA	4,358	< 0	> 0	~4,300	~CHF 3.5 billion for Swisscom without Fastweb + ~EUR 0.8 billion for Fastweb
CAPEX*	2,438	0	0	~2,300	~CHF 1.6 billion for Swisscom without Fastweb + ~EUR 0.6 billion for Fastweb

* The 2019 figures include costs of CHF 196 million for (5G) spectrum in Switzerland

** For consolidation reasons, a CHF-EUR exchange rate of 1.07 was used (compared to 1.11 for the 2019 financial year)

Upon achievement of targets unchanged dividend of CHF 22 per share



Challenges in 2020 and beyond

Ever greater demands amid fierce competition

Market environment

- Global competition
- Fierce competition nationally & internationally
- Increasing consolidation
- Lack of skilled workers in the ICT area

ICT trends

- High level of investment in network expansion
- Increasing data consumption
- Increasingly high demands for availability, security & data protection
- Increasing pressure on prices

Political

- Digitisation strategy and climate targets for 2050
- Data protection legislation
- General conditions for mobile network expansion

Enthralling residential customers

**inOne portfolio
Entertainment
5G usage**



Business customers

Focussing on core business

**Cloud, security
work smart, digital business
connectivity, Internet of Things**

Growth with Fastweb

Business customer market
5G expansion



MILANO
STATE
SOCIOL



Expansion of our networks

Higher bandwidth
Greater coverage



Swisscom's networking history

2006 **FTTC** – Ready for digital TV.
3G – Ready for the mobile Internet.

2008 **FTTH** – Ready for increased data demand and digitisation in urban centres.

2012 **4G mobile network** – Ready for mobile digitisation and rapidly growing video content.

2014 **FTTH and FTTS/B** – Ready for rural digitisation.

2019 **5G Mobile** – Ready for the mobile digital applications of the new decade.



The hunger for data is growing unchecked

Enormous data growth since 2010



12,200%

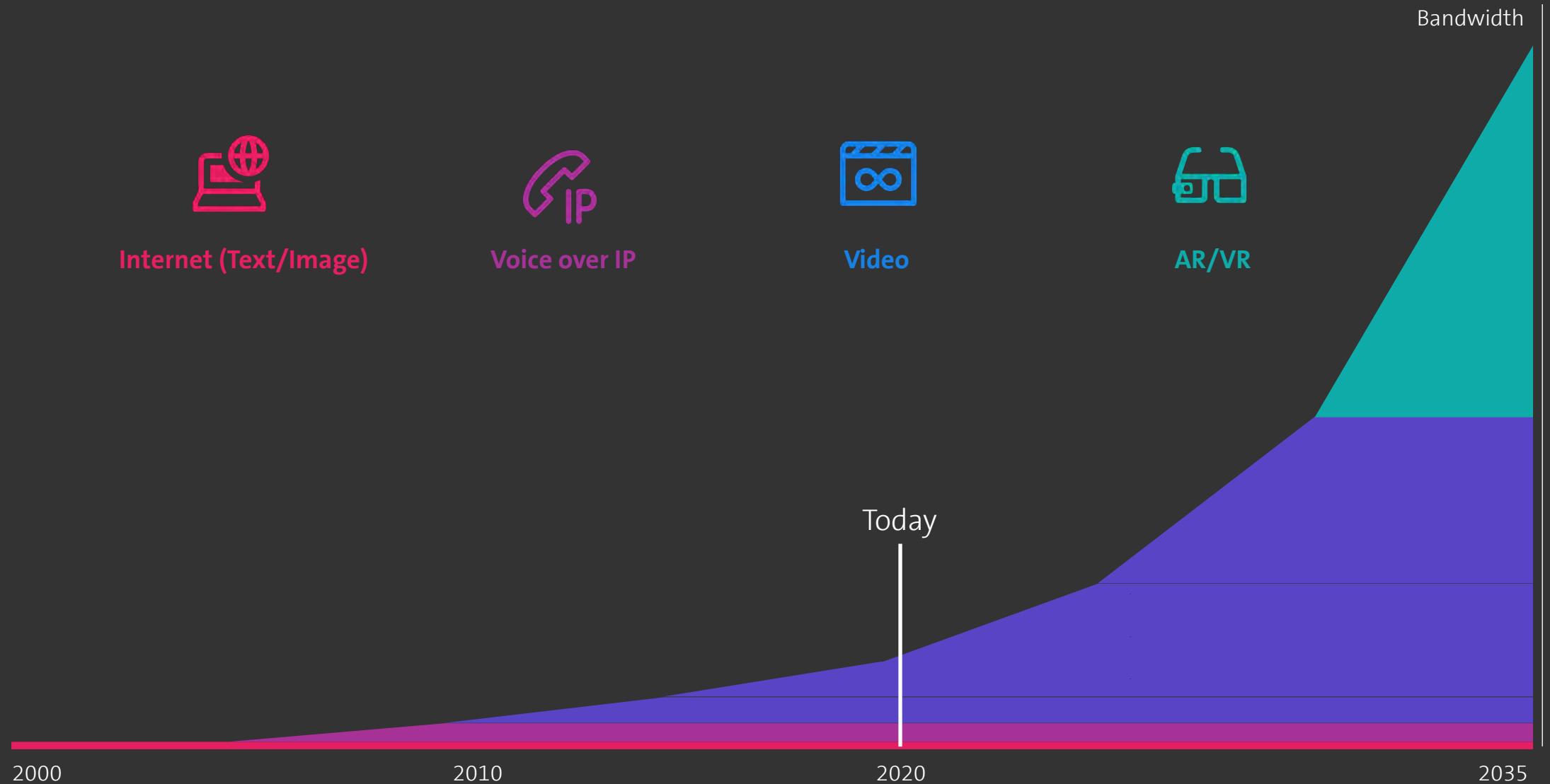



1,040%





Increasing networking and digitisation is leading to increased broadband demand





**“Switzerland is ready to seize opportunities
as a community in the new decade, while Swisscom
is providing the necessary network technologies
and capacities”**



2025

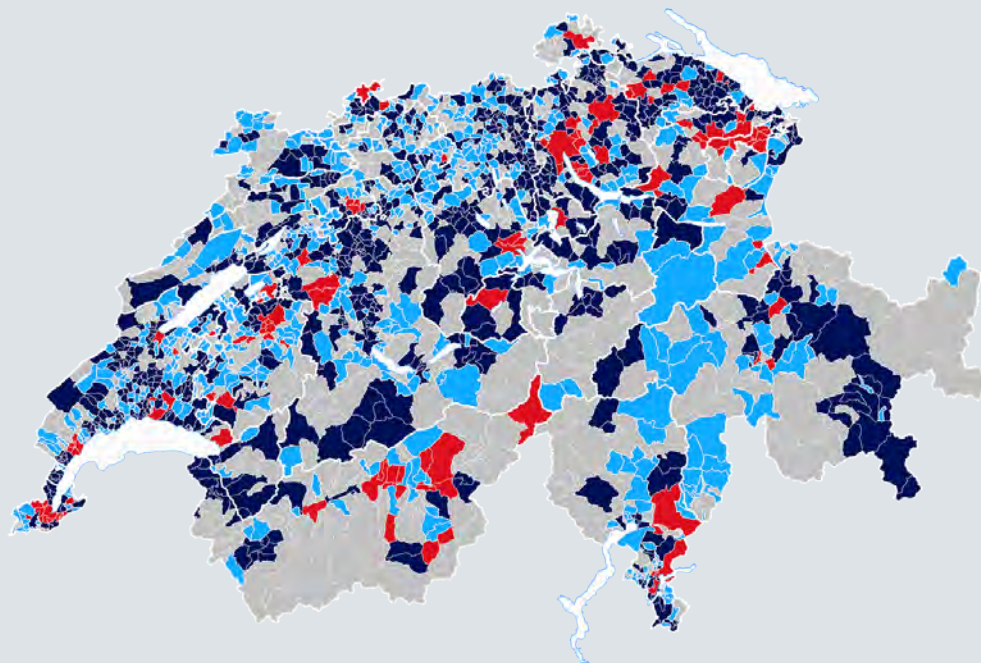
Swisscom's next networking chapter for a new decade



Christoph Aeschlimann

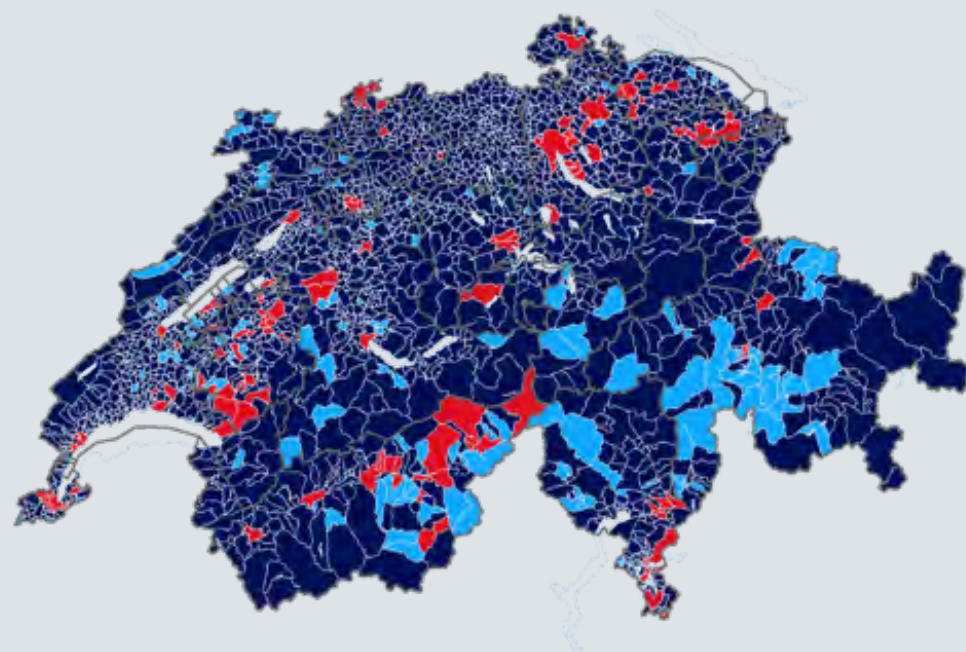
Chief Technology & Information Officer

Well supplied



Today

■ FTTH ■ FTTS/B ■ FTTC/C+



2021

Swisscom's network strategy until the end of 2025

Our claim



Best performance



Best reliability

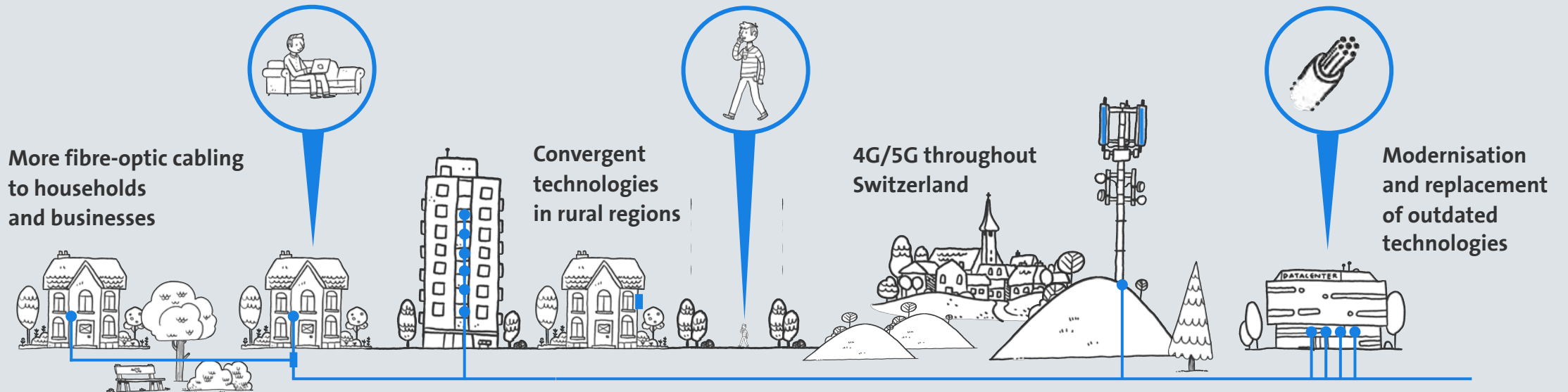


Best coverage

What will we do by the end of 2025

Best experiences at home ...

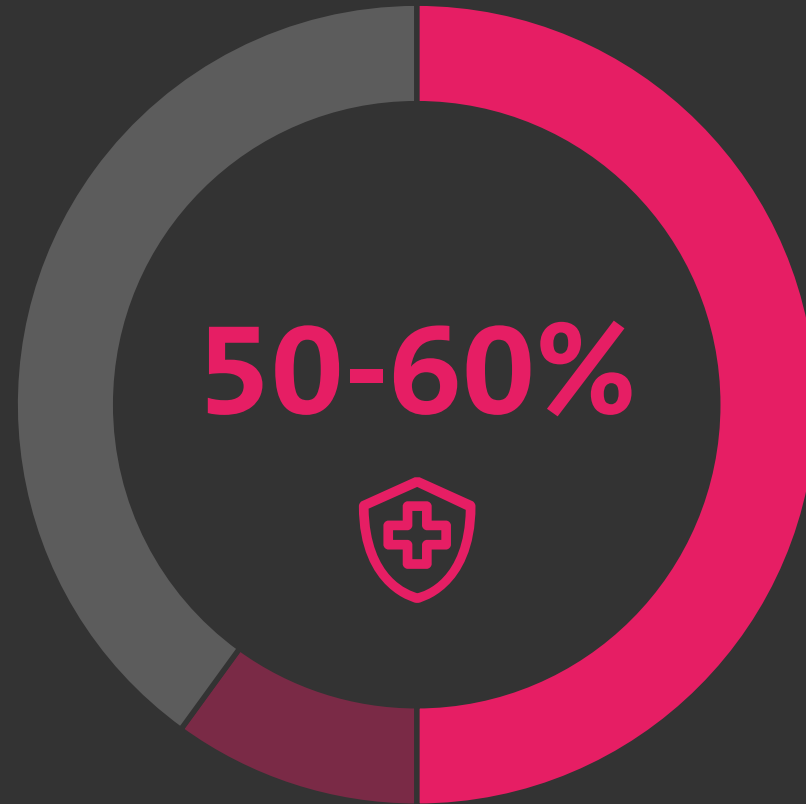
... and when travelling





2025 network strategy

10 Gbps





10 Gbps

Upload that 1GB CAD
file in 1 second

Ready to
deliver today

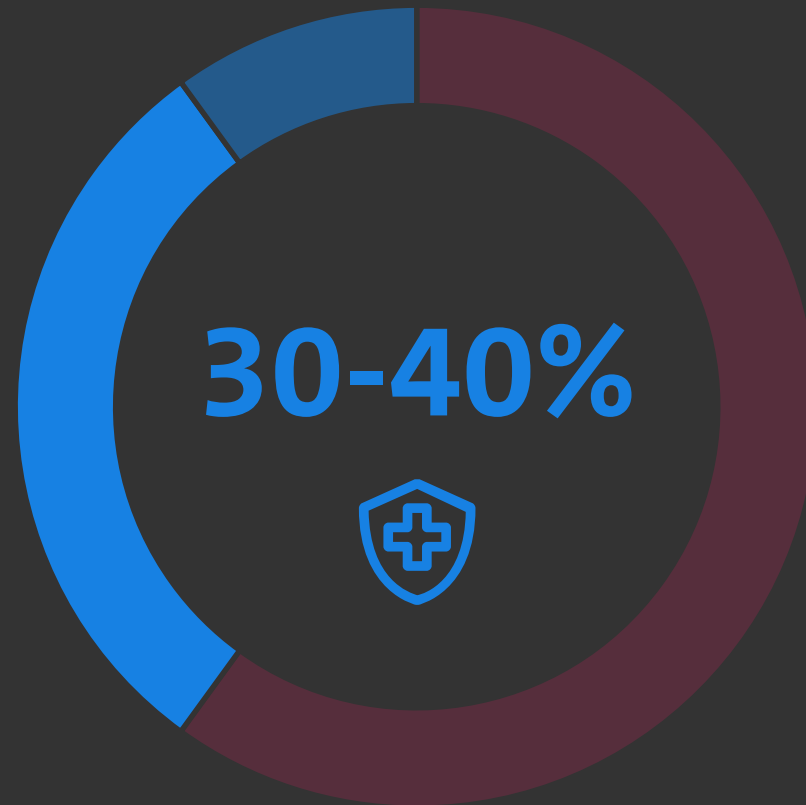


Download the latest game
in 30 seconds

Ready to conquer
the rankings



300-500 Mbps






300-500 Mbps

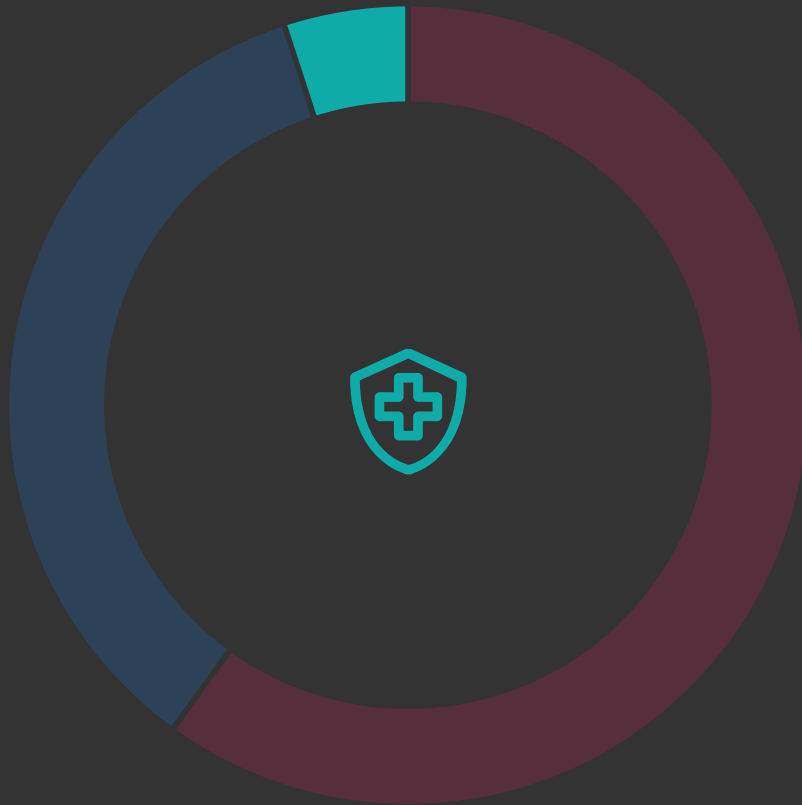
**Download the new system
update in 1 minute**

**Ready to continue
discovering the
world**



**Upload 100 MB of holiday
snaps in 1.6 seconds**

**Ready to share with
the grandparents**

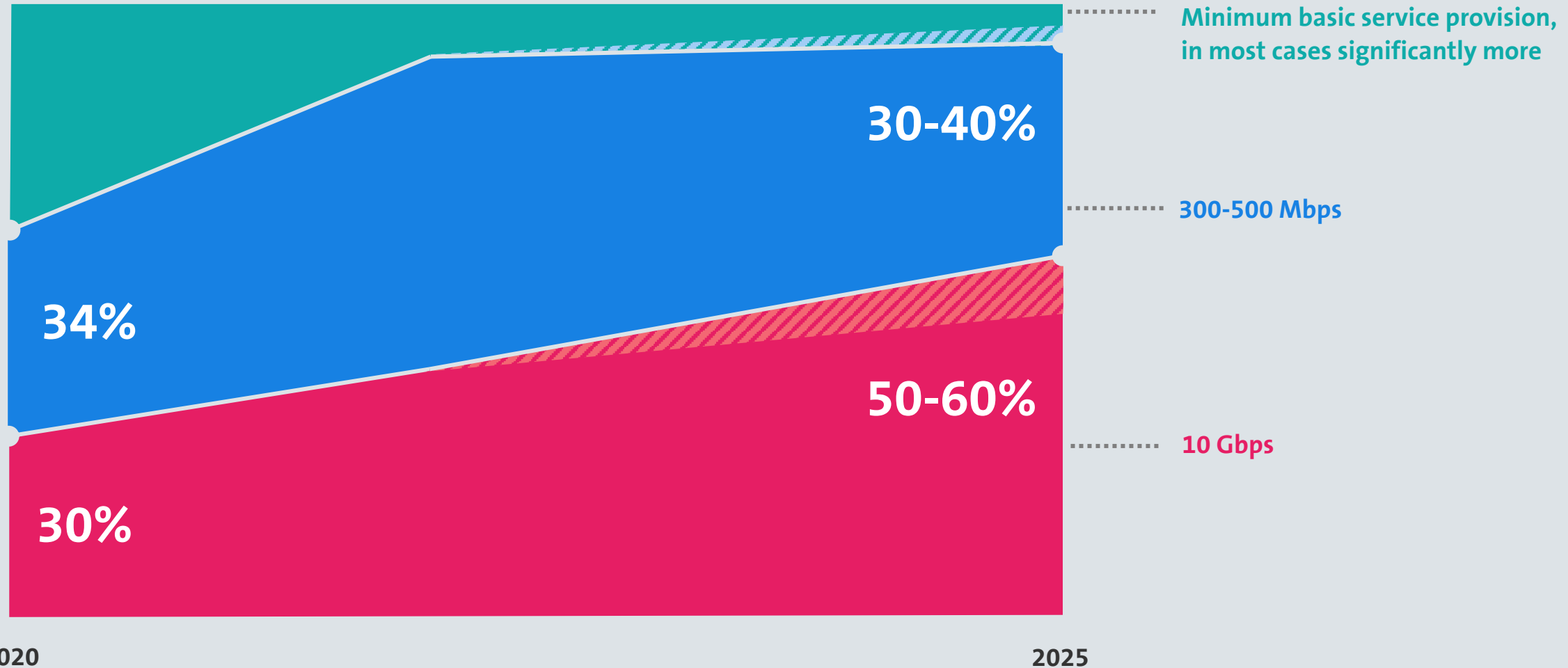


Rural areas

Minimum basic service provision, in most cases significantly more



Developments in coverage by 2025





Switzerland's best 4G and 5G mobile network

Expansion of 5G and the optimisation of 4G by the end of 2025

2G to be deactivated by the end of 2020.





Investment in Switzerland

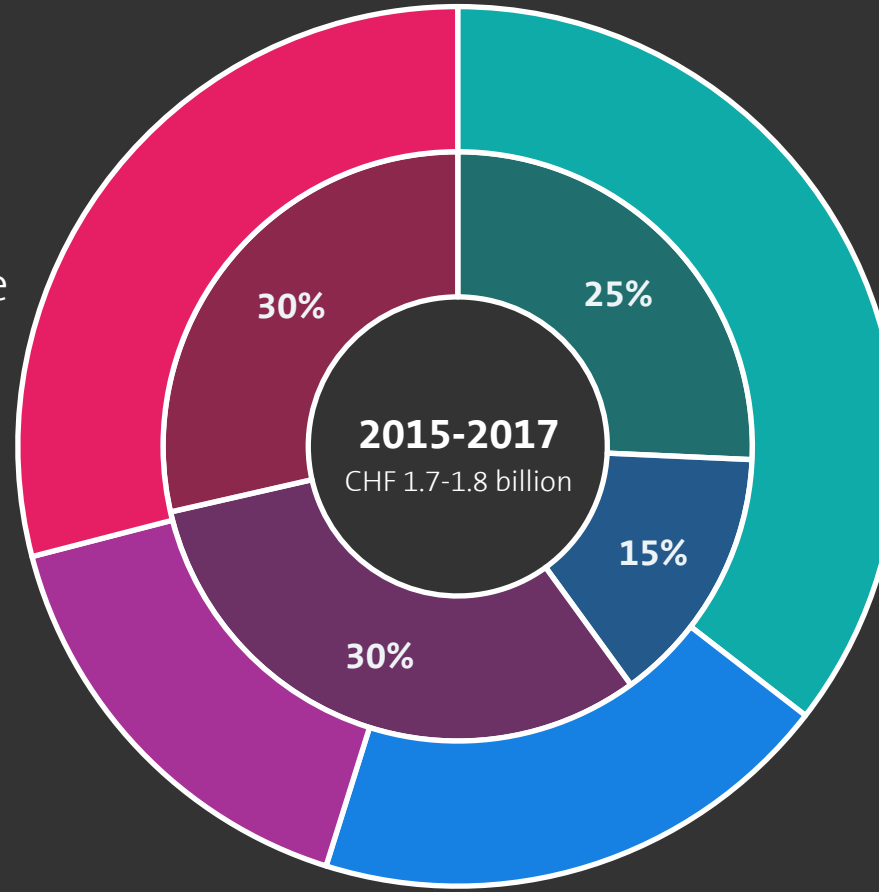
Stable investment of about CHF 1.6 billion since 2018

30%

Fixed network, copper access network, backbone & transport network

15%

IT systems, All-IP & others



35%

Optical fibre (FTTx):

20%

Mobile phone network



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