



Swisscom FY results 2018

Analyst and investor meeting

7 February 2019 in Zurich

swisscom



Agenda

WELCOME

1. Group Results
2. Strategic Update
3. Swisscom Switzerland
4. Fastweb
5. Group Financials
6. Final Remarks

Q&A

Appendix

Louis Schmid, Head IR Swisscom





Program



13:30

GROUP RESULTS

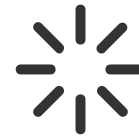
Urs Schaeppi
CEO Swisscom



13:40

STRATEGIC UPDATE

Urs Schaeppi
CEO Swisscom



14:00

SWISSCOM SWITZERLAND

Urs Schaeppi
CEO Swisscom



14:20

FASTWEB

Alberto Calcagno
CEO Fastweb



14:40

BREAK



15:00

GROUP FINANCIALS

Mario Rossi
CFO Swisscom



15:20-15:30

FINAL REMARKS

Urs Schaeppi
CEO Swisscom



15:30-16:30

Q&A



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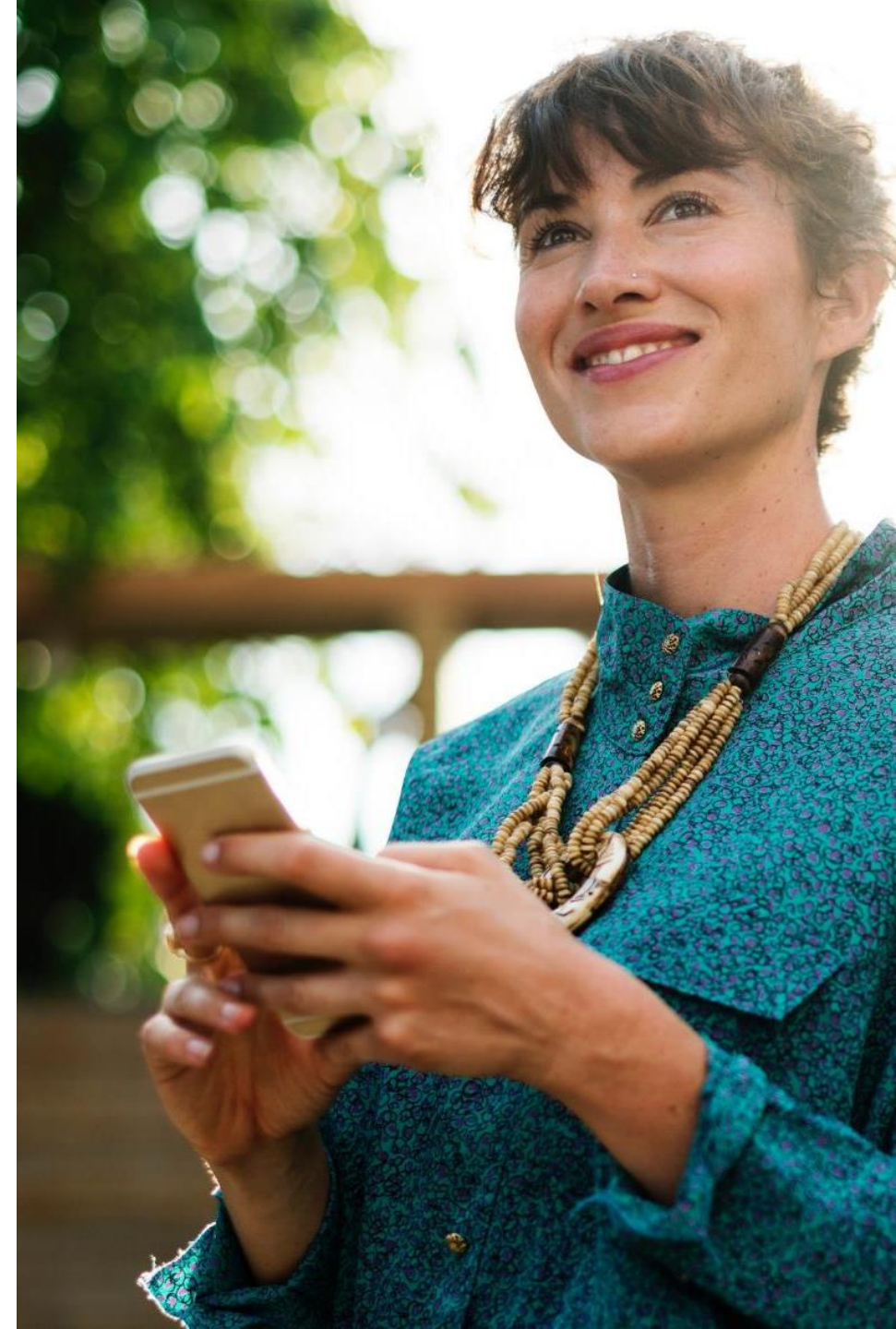
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Urs Schaeppi, CEO Swisscom





Highlights

Successful 2018 thanks to effective execution along strategic settings

World premiere:
1st smartphone live on **5G** network

Telecoms Act:
No fibre regulation foreseen



FASTWEB

Acquisition of **40 MHz** in **3.5GHz** and **6mn HH FWA access** in Italy

1st place:
best services for Swiss SMEs



ICT leadership strengthened



IP All IP close to complete migration

Successful **CHF and EURO** bond transactions, interest rate down to 1%

Swisscom TV with **exclusive access to premium football**



Efficiency matters: workforce down YOY by 661 FTEs



#1 in mobile



20 years listed
TSR of 5% p.a. in CHF

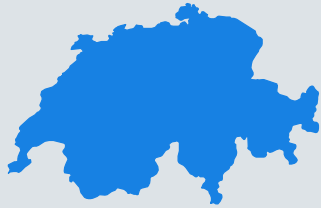


Robust performance across all market segments

Stable #1 position in Switzerland with (FM) bundles further growing. Fastweb with RGU base on the rise



B2C



- **Solid market shares.**
TV #1 position extended
- **inOne** with **+1'902k** RGUs
- **Bundled RGUs +303k** YOY
- **FM penetration** of **38%**
and **churn** of **5%**
- **Q4 ARPB up** to CHF 140



- **2.55mn BB subs** (+4% YOY)
with **55% UBB** penetration
- **1.43mn mobile subs**
(+367k YOY)
- **FM penetration** of **30%**

B2B

- **Stable W- RGU base**,
price pressure impacts
on ARPU CHF 30 (-6% YOY)
- **All IP impacting W+**
- **Solutions** with
diverging dynamics
- **CHF 2.5bn order entry**

- Gained **new top customers**
- **Market share at 31%**
(+2pp YOY)

Network

- **64% UBB coverage**
with **>80 Mbps**
or 50% of all 2'222 Swiss
communities
- **95% 4G+ coverage**
with up to 300 Mbps
- **5G tests live**

- **Own UBB** reaching
45% coverage
- **5G spectrum** acquired



Solid financial results thanks to decreased OPEX and higher CAPEX efficiency

Another robust financial year with FY 2018 results meeting expectations

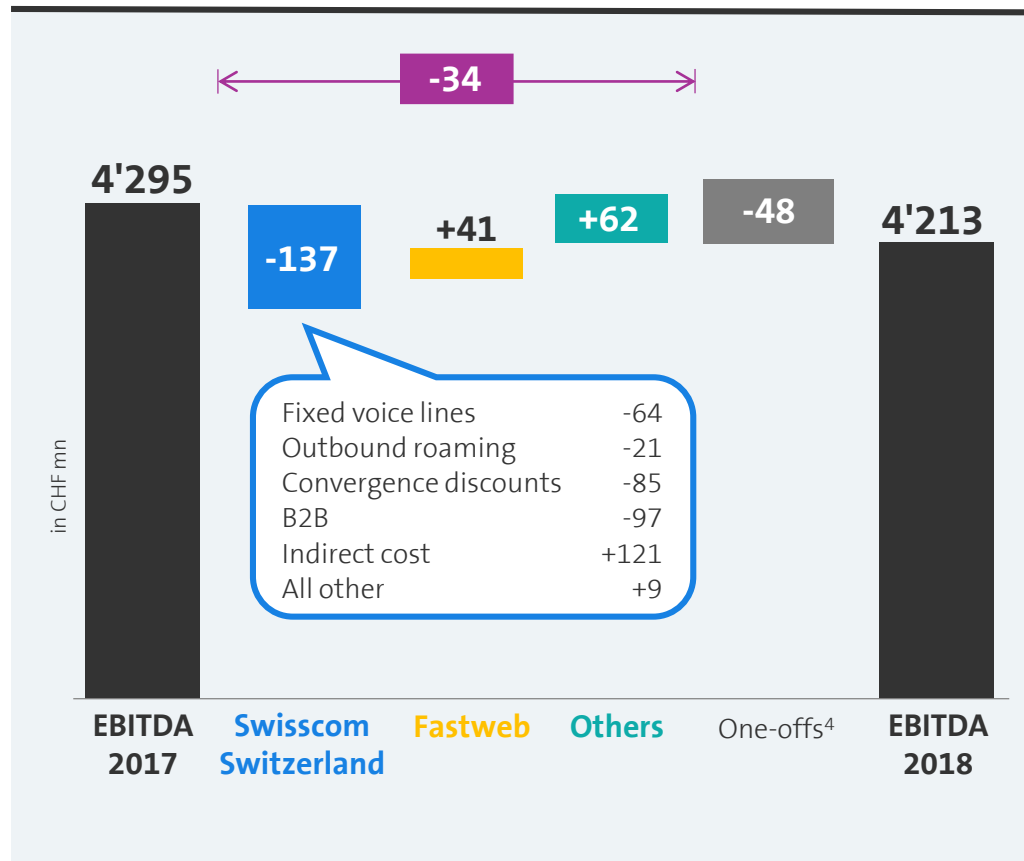


2018

	2017	2018
reported, in CHF mn		
Net revenue	11'662	11'714
EBITDA	4'295	4'213
to sales	36.8%	36.0%
CAPEX ¹	2'378	2'404
to sales	20.4%	20.5%
OpFCF proxy ²	1'917	1'809
Dividend	1'140	1'140
Payout ratio ³	66.5%	86.5%
Net debt	7'447	7'393
to EBITDA	1.73x	1.75x
Equity ratio	35.3%	36.3%

1) 2018 incl. extra CAPEX of CHF 71mn for spectrum acquisitions in Italy, CAPEX to sales ratio w/o extra CAPEX at 19.9%, 2) Reported EBITDA minus CAPEX, 3) Distribution ratio of FCF

Nearly flattish underlying EBITDA YOY



4) Consists of other income from litigations at Fastweb in 2017 (CHF -102mn), provision for restructuring (CHF +61mn), currency impacts (CHF +24mn), gain of sale of real estate (CHF +12mn) and IFRS15 adjustments in 2018 (CHF -43mn)



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Urs Schaeppi, CEO Swisscom





Multi levers impacting life and business fundamentally

Technology innovations effect Swisscom's ecosystem and trigger structural changes in the market

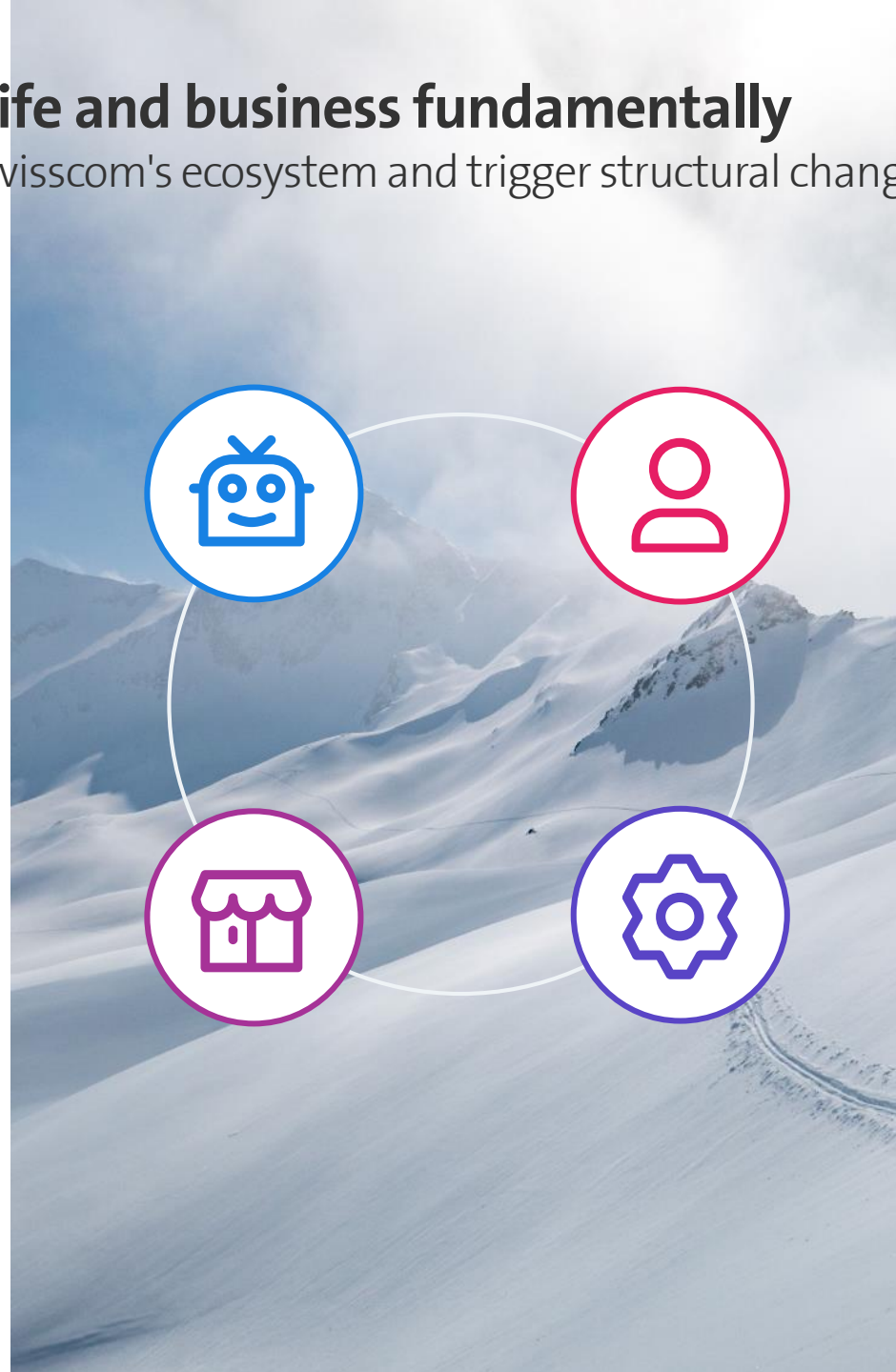


Innovation trends

- Reliable and **unlimited interconnection** everywhere
- Unlock value from **data insights for automation**
- **Security** and **personalised experiences** gaining traction

Market situations

- **Switzerland** a mature market with a clear **value focus** but **intensifying competition**
- **Italy** with ongoing **high price pressure** and **market dynamics**



Customer needs

- **Price/quality sensitivity** increasing
- Growing momentum to **integrated convergence** propositions
- **Self-service demand** up

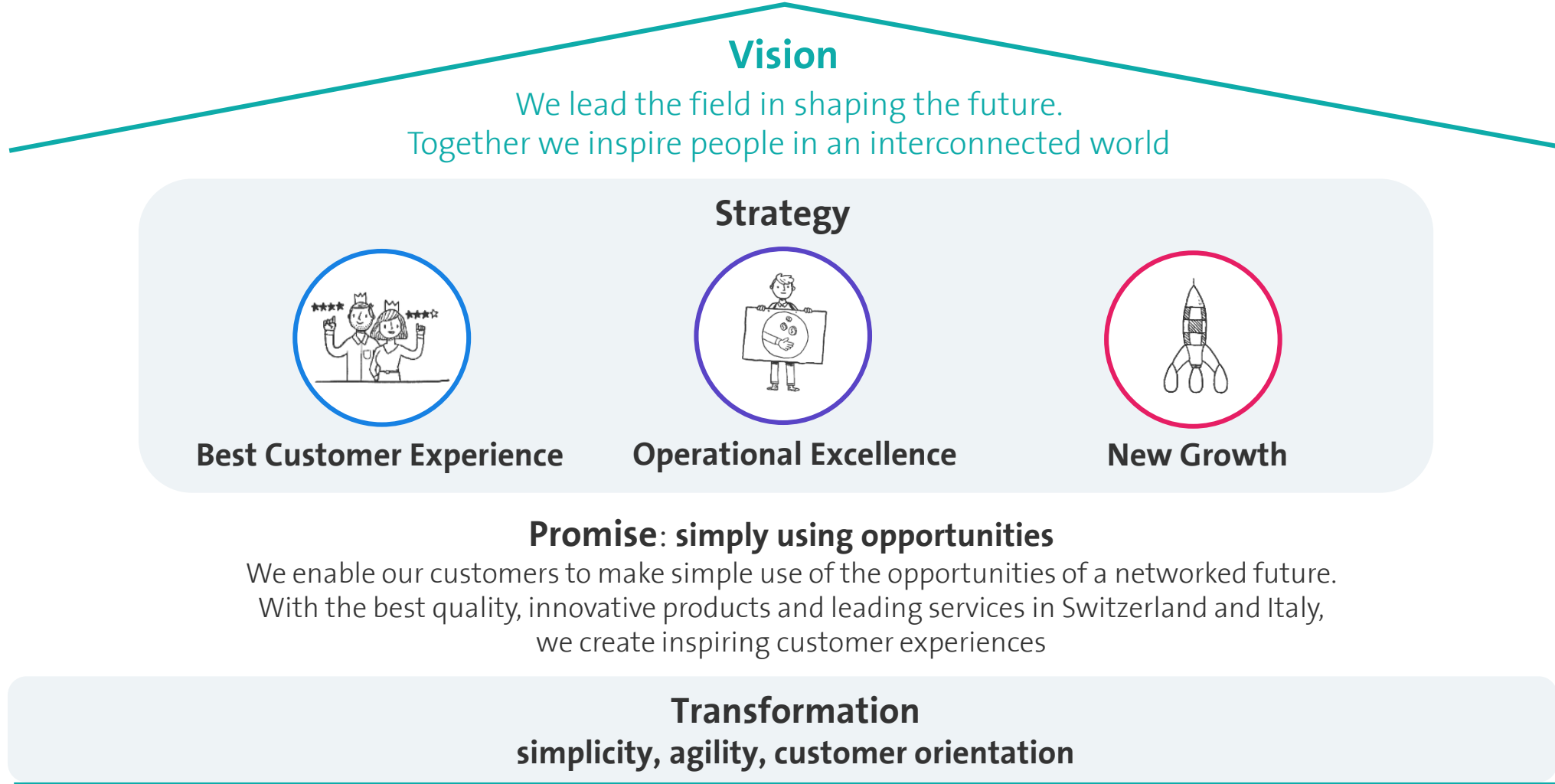
Efficiency focus

- Increasing **cost pressure**
- **Digital transformation**
- Next generation of **fluid delivery models**



The Swisscom Story in a nutshell

Proven strategic setting





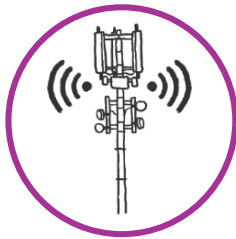
Best Customer Experience

Deliver maximum value to all customers, anywhere and anytime



Best Customer Experience

Best Network



- **Technology leadership** key for differentiation
- Push **UBB** forward
- Complete **All IP** migration
- Drive **Telco Cloud** to the next level
- Boost **5G** investments

Best Offerings



- Shape market with **strong FM offerings** through **multi-brands**
- Inspire customers with **1st class entertainment**
- Push **multi-device, value-added services** and **Smart ICT**
- Develop B2B portfolio with **Solutions** services

Best Services



- **Meet customers' needs** no matter what touchpoints
- Work constantly on **quality improvements**
- Deliver maximum customer experience through **empathy** and **emotions**



Operational Excellence

Constant focus identifying new cost saving potentials primarily in core



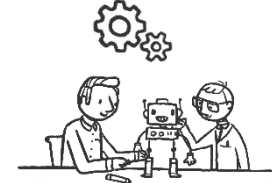
Drive operational efficiency

- Simplification and standardisation
- All IP and Cloud migration
- Agile organisation
- Workforce optimisation



Shape digital opportunities

- Shift to online
- Automation
- Network virtualisation
- Artificial Intelligence



Boost CAPEX efficiency

- Agile delivery models
- Technology mix
- Partnering
- Innovation power

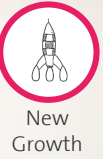
Cost saving targets (achievements)





New Growth

Consolidate forces to grow in core business and beyond



▶▶ Boost FM penetration

- Develop **inOne** story and leverage extended UBB footprint
- Inspire with **VAS** and **multi-device offerings**

⚙️ Push Smart Services

- Create added value with **Digital Products** and **Services** for B2C
- Drive **Smart ICT for SME**

🔒 Develop Solutions business

- Make **Cloud solutions** and **Outsourcing** viable in the long term
- Advance **Security** as critical business factor

🔗 Initialise IoT business

- Use **IoT market growth** and add value beyond connectivity in the platform and application business
- **Pilot Campus Solutions**

🔄 Use Wholesale opportunities

- **Convergence** driving new business opportunities
- **OTT services** with growth chances

★ Push Fastweb further

- Hybrid network extension improving **FM offering** for B2C
- B2B with growth from **Corporate** segment and **Wholesale** business





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'Value over volume' matters in Switzerland and pays off

Strong market positions successfully defended and in TV even extended. Positive Retail migration trends



RGUs as per YE 2018 (YOY)

Broadband

2'033k (+19k)

Market share 53%
+14% Wholesale
Penetration ~100%

TV

1'519k (+52k)

Market share 35%
Penetration ~115%

Postpaid

4'676k (+34k)

Market share 60%
Penetration ~125%

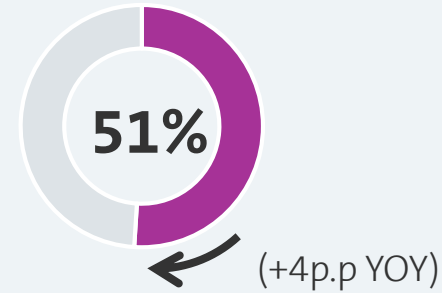
Fixed Voice

1'788k (-259k)

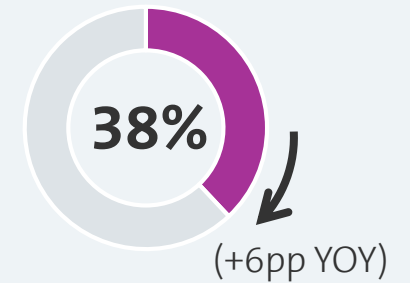
Decline softened (2017 -320k).
Fully in line with expectations

Retail KPIs as per YE 2018 (YOY)

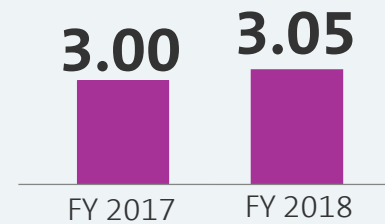
RGUs in bundles



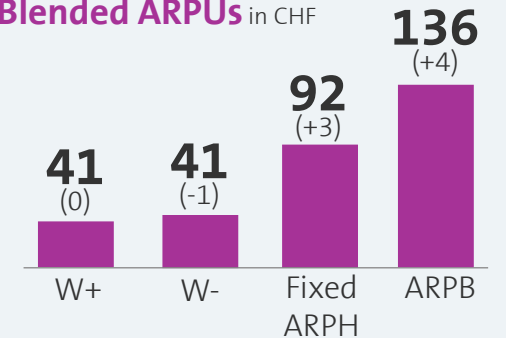
FM share of postpaid value subs



RGUs per bundle



Blended ARPUs in CHF





Swisscom Switzerland with steady cashflow generation

Top-line pressure compensated by OPEX and CAPEX optimisations. Bundles revenue growing

reported, in CHF mn

Net Revenue **8'817**
YOY **-241** (-2.7%)

t/o underlying -250
 t/o Service Revenue ¹ -243

EBITDA **3'408**
YOY **-92** (-2.6%)

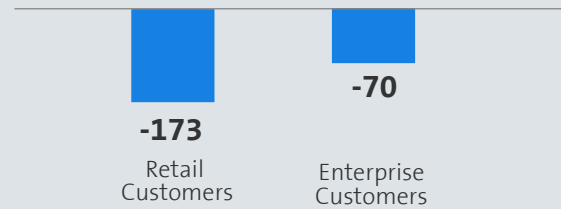
t/o underlying -137
 EBITDA margin 38.7%

OpFCF proxy² **1'788**
YOY **-58** (-3.1%)

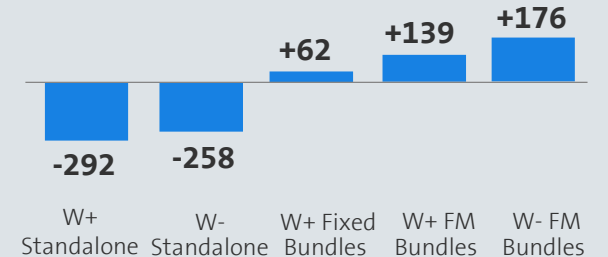
FCF proxy margin 20.3%

¹ t/o wireless CHF -117mn, wireline CHF -125mn and business numbers CHF -1mn
² Reported EBITDA minus CAPEX
³ Segment Retail Customers

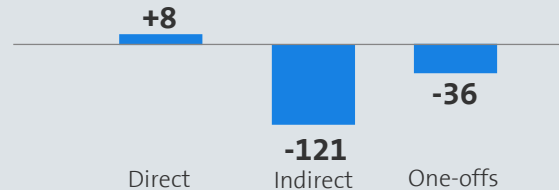
Service Revenue **6'222**
YOY **-243** (-3.8%)



Service Rev. Retail³ **5'191**
YOY **-173** (-3.2%)



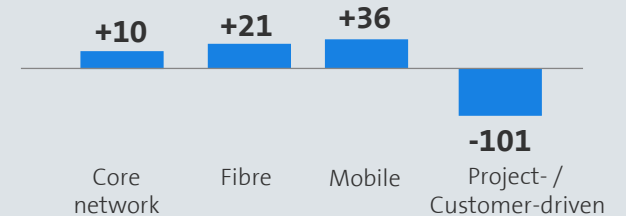
OPEX **5'409**
YOY **-149** (-2.7%)



CAPEX **1'620**
YOY **-34** (-2.1%)

CAPEX to Sales

18.4%



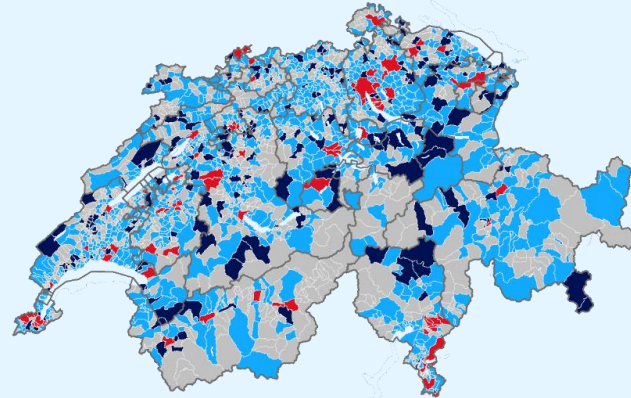
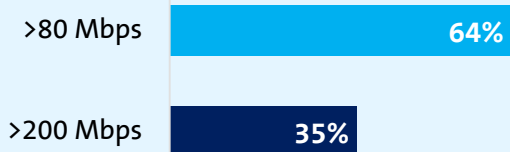


Best ultrafast broadband network in Switzerland

Swisscom continuously invests in UBB extension to increase competitive edge ...



YE 2018



■ FTTH ■ FTTS/B ■ FTTC and other

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

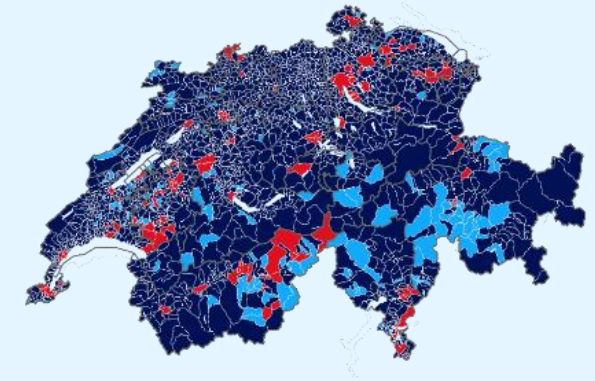
G.fast

- 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



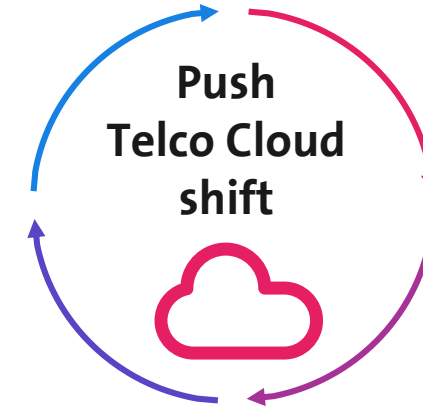
■ FTTH ■ FTTS/B ■ FTTC and other

... and to achieve 2021 coverage targets of 90% with >80 Mbps and 75% with >200 Mbps



All IP and Telco Cloud progressing well

The Cloud is live and plays an active role in shaping digitisation



Overall **94%** of All IP migration completed



- **TDM phase out on course**
 - In 2019 several hundred networks elements expected to be dismantled and recycled
 - Cost benefits kicking-in
- Continuation of **geographic oriented migration**
 - Low complaint level
 - Voice line cancellations flattening out

Telco Cloud key for being **more efficient** and **agile**



- **Highly scalable architecture** to absorb the ever growing demand for Telco services
- **Automation** of operational processes
- Proven **faster time-to-market** for new Telco services
- Ready for slicing concepts and the support of **tailored services for various customer segments**

Phase-out of legacy platforms realises cost-savings and fosters simplicity



Leading wireless infrastructure in Switzerland

Push the needle to ever higher 4G speeds and 5G



Continuous network modernisation



- Best coverage and capacity per customer nationwide
 - 4G with 99% coverage
 - 4G+ progressing well: 95% with speeds up to 300 Mbps and 72% with up to 500 Mbps
- The **densest network (>8k sites)** in Switzerland, with **indoor** coverage boosted by **>2.5k sites**
- Leading in **different** tests for **best mobile network in Switzerland**



Test winner
91/100 points



Test winner
95.3/100 points



Test winner
973/1000 points

5G the next logic step



- Swisscom best positioned
 - Being a **fully integrated network** operator
 - >99%** of all **antennas fibre-connected**
 - 5G **partner program** for Switzerland
- Unlimited interconnection** requests **more sites** and **small cells**



- 5G **softly launched** on a test frequency in selected locations in 7 Swiss towns

Maintain undisputed technology leadership in wireless

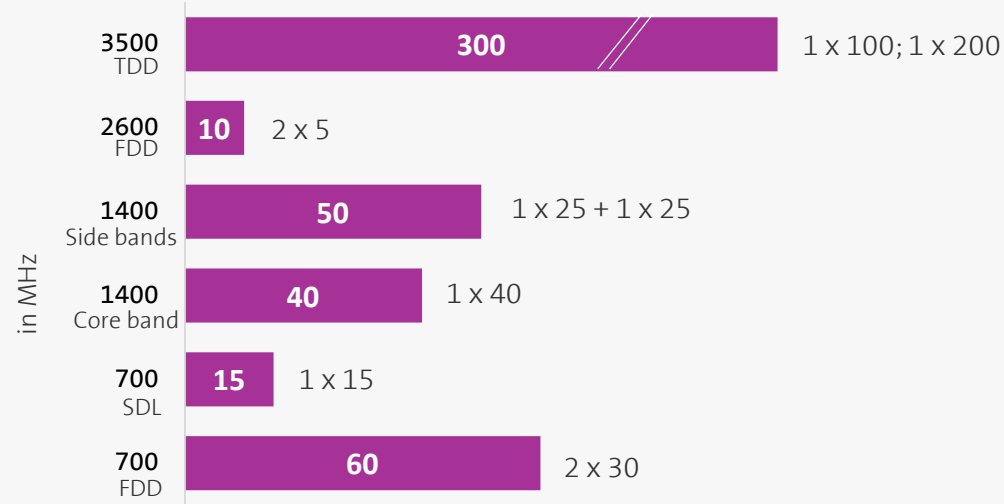


Swisscom making 5G a reality

Additional spectrum available to fulfil our wireless mission to deliver nationwide Gigabit 4G and 5G



Overview of additional spectrum in 2019



Key characteristics

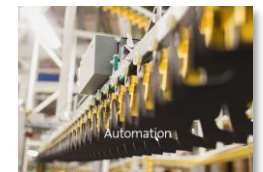
- **Reserve price** of CHF 220mn
- Max allocation (**cap**) 235 MHz (**49%**). Currently Swisscom with 44% of total spectrum
- **Validity of 15 years** (YE 2033), 2.6 GHz 10 years (YE 2028)



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



Swisscom will be the 5G leader and unlock even more value opportunities for its customers



Regulatory update

Telecoms Act passed parliament, fibre regulation rejected, ensuring favourable investment dynamics

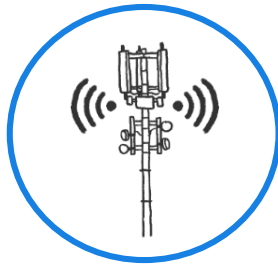


Telecoms Act



Electromagnetic Fields

(EMF)



Fibre regulation

- **Fully rejected** because of nationwide network investments and competitive wholesale offerings

Roaming

- New possibility to set price caps
- **Negligible for Swisscom** being ahead with current price plans

Net neutrality

- **Still a gap in interpretation** between both Chambers

Execution plan

- Settlement of net neutrality differences in spring session 2019
- Enactment **not before 2020**

Emission limits

- Switzerland with 10x stricter limits
- **No weakening foreseen**

Next steps

- **Working group** with all stakeholders about EMF protection and 5G started
- **1st results** expected in 2019

Swisscom with positive outlook – review by the Federal Council every 3 years

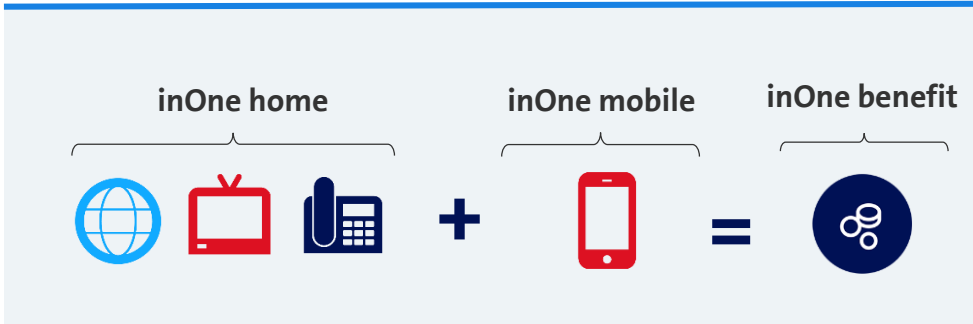


Manage long-term customer value with outstanding core offering

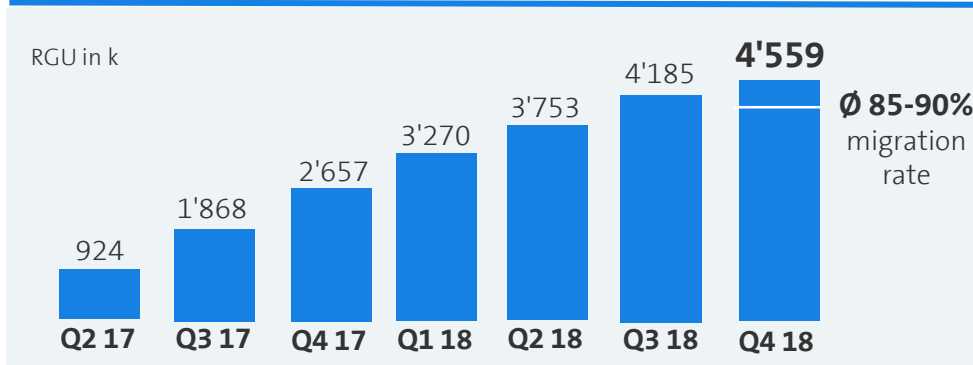
inOne a success story thanks to value-add for Swisscom's customers



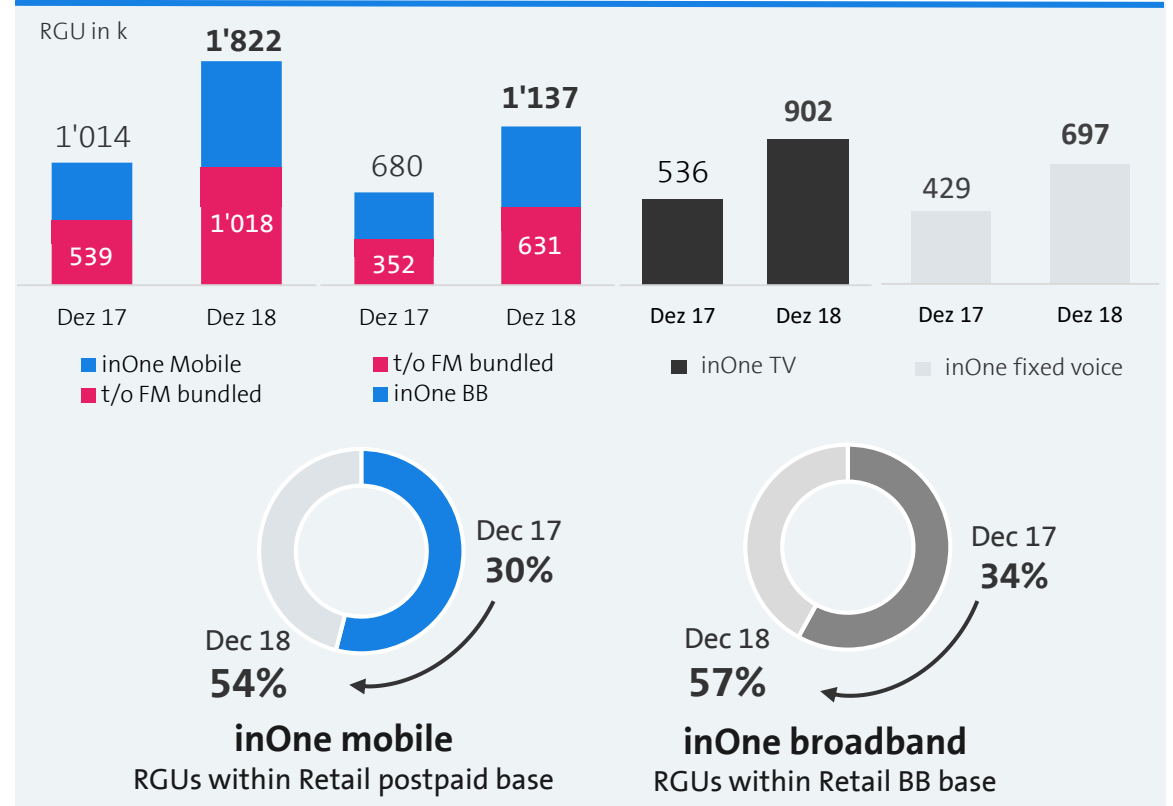
Proposition of convergence flagship



RGU evolution: 2'328k customers with ø 1.96 RGUs



RGU breakdown and inOne penetration



inOne's market success primarily driven by simplicity, freedom of choice and constant value enrichment

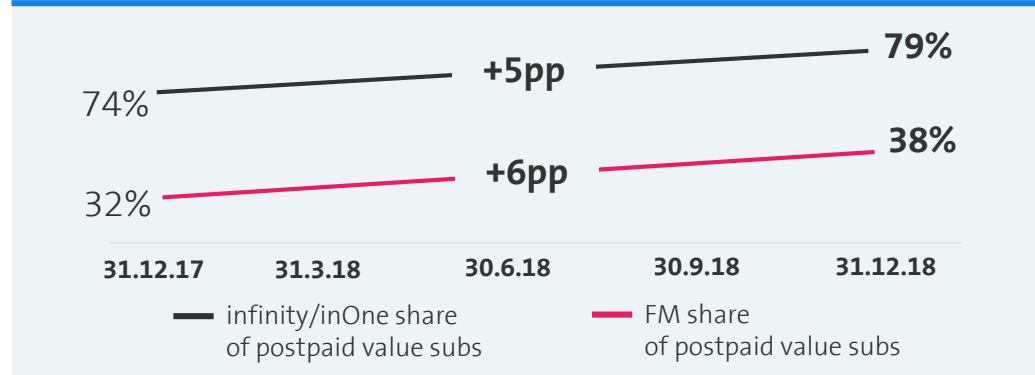


Increasing FM penetration with positive loyalty impact but at some cost

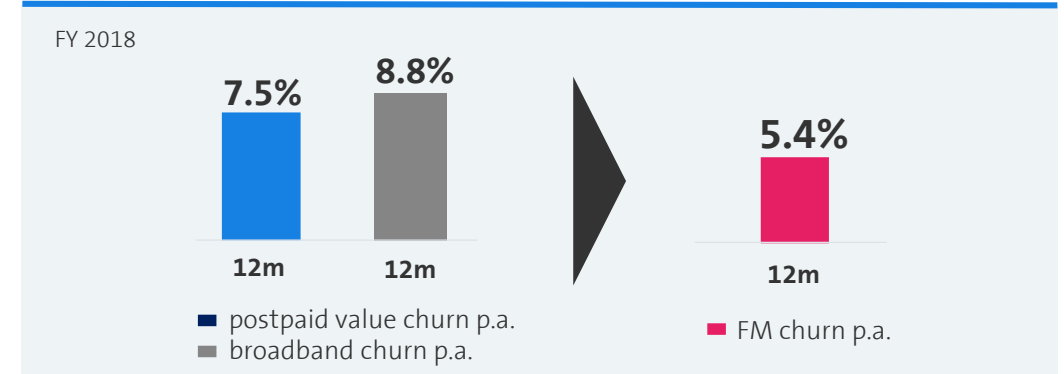
Convergence advantage effects churn positively



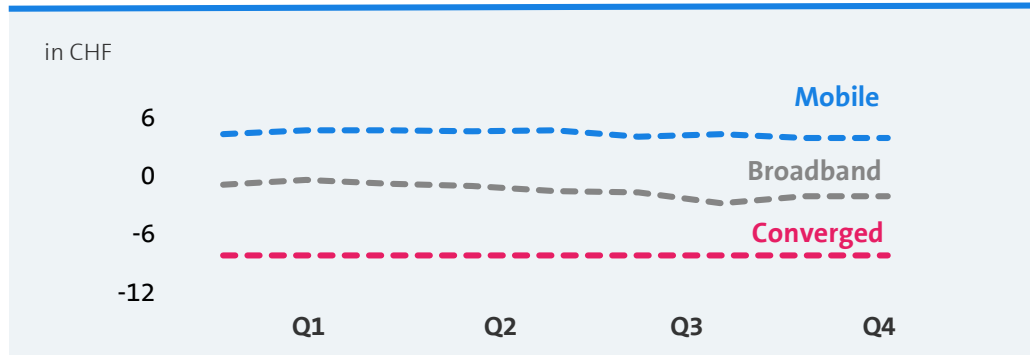
infinity/inOne and FM penetration growing



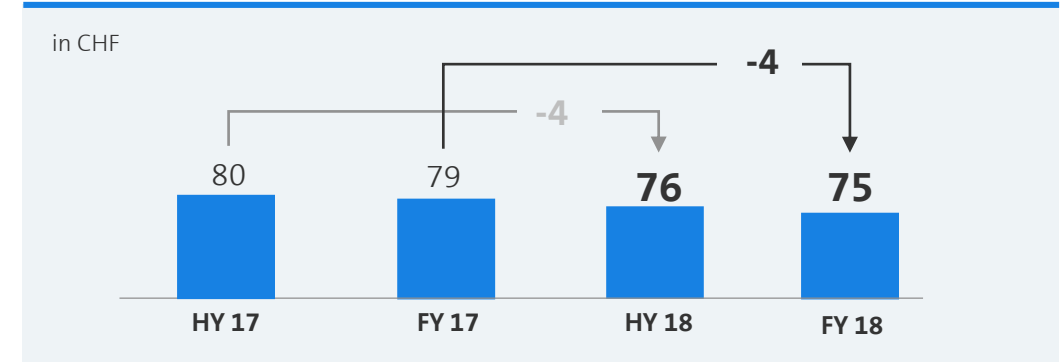
FM bundling with positive churn impacts



ARPU changes through inOne migration



Infinity/ inOne W- ARPU down due to convergence

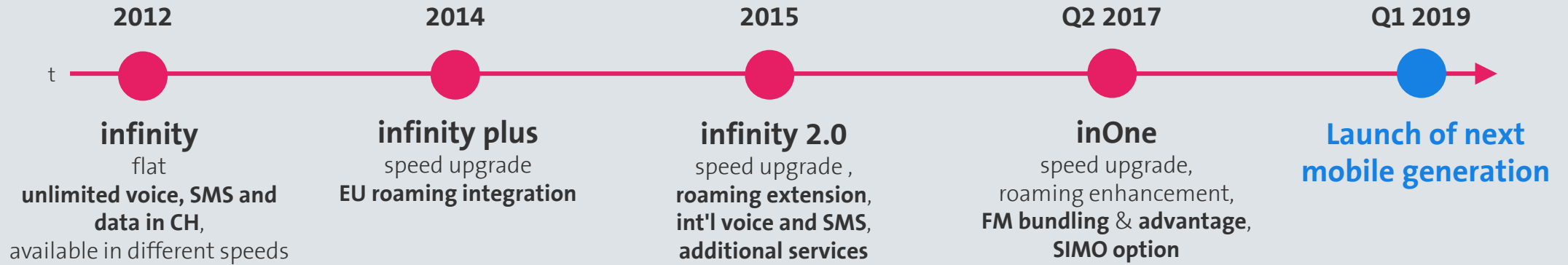


Growth of inOne migration flattens and softens convergence impact on margin over-time



Shape B2C market with launch of next generation of mobile offerings

More value and increased flexibility to serve maximum customer clusters and needs



Hero features of next product innovation



Unlimited roaming in Europe

Infinite amount of roaming days and data usage ¹



Extra customisation possible

Changing and diverging customer needs requiring more flexibility in product tailoring



Evolution of speed and value differentiation

Monetization through extra (5G) experiences and options



Complete debundling device and subscription

New device pricing improving perceived price/value ratio, ARPU dilution (over-)compensated by lower SAC/SRC per subs

More value in a future-proofed frame to increase competitiveness and stimulate financials positively



¹ 40 GB/month highspeed volume in EU, then limited speed of 128 Kbps



Strengthen differentiation of mobile portfolio with extra value and features

Launch of next inOne mobile generation on 25 February 2019 to push market success soon



	mobile swiss light	mobile swiss flat	inOne mobile basic	flagship inOne mobile go	inOne mobile premium	
Tariff plans 	Voice	unlimited on-net	unlimited CH	unlimited CH/EU	unl. CH/EU/world	
	SMS	unlimited CH	unlimited CH	unlimited CH/EU	unl. CH/EU/world	
	Data	500 MB	unlimited CH	2GB CH/EU	unlimited CH/EU ¹	unl. CH/EU/world ²
	Speed	50 Mbps	50 Mbps	50 Mbps	100 Mbps	max
	Multi-SIM					+5 device SIMs
	Extras					comfort package ³
CHF/month	25	65	45	80	200	
FM discount				-20 ⁵	-20 ⁵	
CHF/month				60	180	
Extra plans 	Connect	Intercontinental	inOne multi-SIM	inOne wearables	inOne tracker	
	max speed +3 device SIMs	unlimited USA/Canada ⁴	+1 device SIM	+1 wearable SIM	+1 tracker SIM	
	CHF/month	20	70	10	5	3
	International	Premium Speed	Data Travel World	myCloud pro	DaaS	
unlimited calls to EU, USA/Canada	max speed	10GB data/30 days in 100 countries	2TB storage	service, insurance, express repair, ...		
CHF/month	20	10	79.90	6.90	25	

Defend leading market position with outstanding value propositions and ...

...
increase share of wallet with inspiring extra options

Positive stimulation of RGU dynamics and NPS development expected also thanks to best customer services

1. highspeed volume in EU of 40 GB, 2. highspeed volume in EU, USA and Canada of 100 GB 3. consists of protection plus insurance, express repair, myCloud Premium and personalised hotline service, 4. highspeed volume in EU, USA and Canada of 40 GB, 5. 1st and 2nd SIM with CHF 20 discount while 3rd, 4th and 5th SIM with CHF 40 discount



Swisscom's B2C portfolio with multi-brands covering max customer clusters

Satisfying every customer with the right offer



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

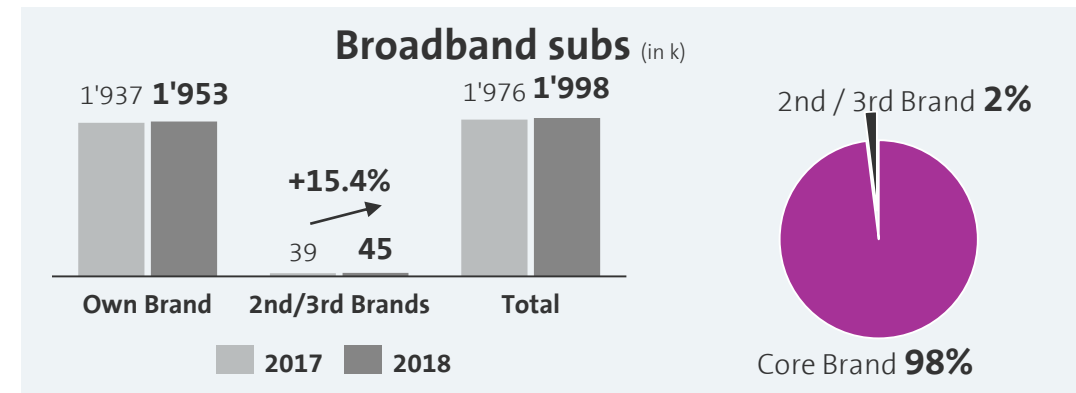
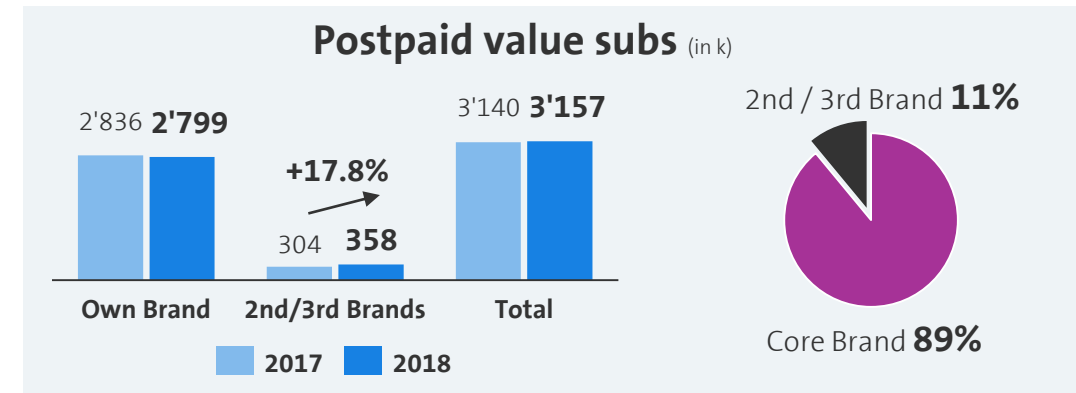
- improved plans with more speed, included roaming-packages and family advantages
- portfolio extension (MINI, MAXI and MEGA)



Simplest brand

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

2nd and 3rd brands growing



2nd and 3rd brand as price aggressive offerings to attack competitors and defend market shares at today's level



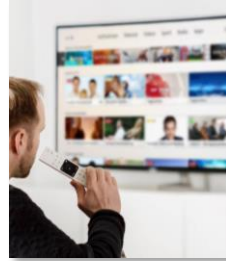
Swisscom TV further enriched with new features and entertainment attributes

#1 in digital TV innovation and market share in Switzerland

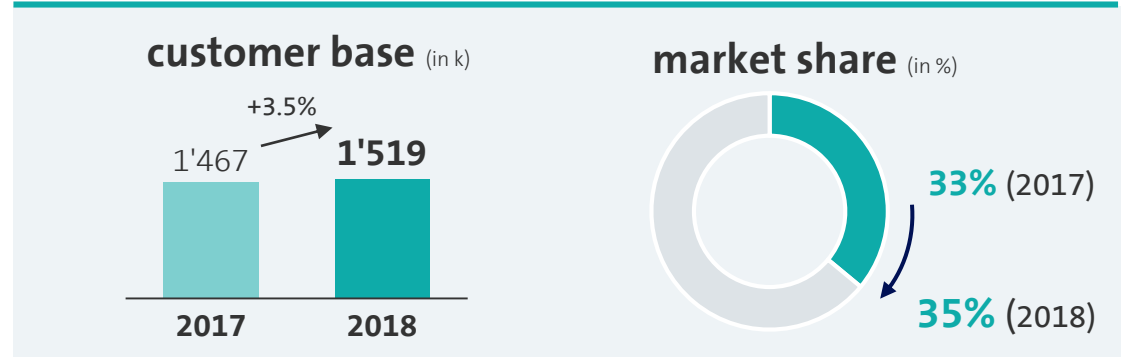


Next TV Entertainment generation

- 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**



TV leadership extended



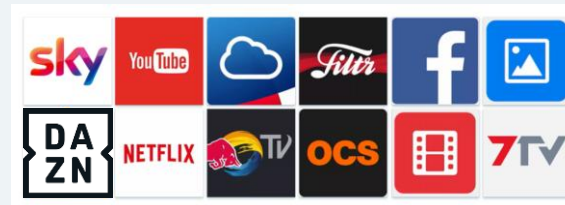
Teleclub

- 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**



eSports

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



Delivering the best bouquet of entertainment to penetrate households and leverage subs base with FM bundles



The modular all-in-one solution for SME

Swisscom, the ultimate source for ICT expertise and cloud based services managed in Switzerland



Unique value proposition

- **Extensive partner network** with experts building a solid market position
- **Best 7x24h services**
- Benefits of **advanced network technology** thanks to All IP
- Access to largest **fibre-optic network** with speed of 1Gbps
- **Innovative relationship tools**
 - Online counsellor
 - Product configurator

Connectivity business

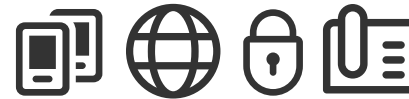
inOne SME

- ≤5 employees
- FM advantage with 15% discount on all mobile subs



Smart Business Connect

- ≥6 employees
- Components



Managed ICT business

Smart ICT

- IT **service management**
- Internet with **fail-safe** guarantee
- **Managed workplace** incl. Office 365, standard applications and anti-virus protection
- **Cloud** server and backup
- **Hardware packages**
- Advanced **IP telephony**
- **SDN solution**



Attack market with Smart ICT offerings and defend strong SME position

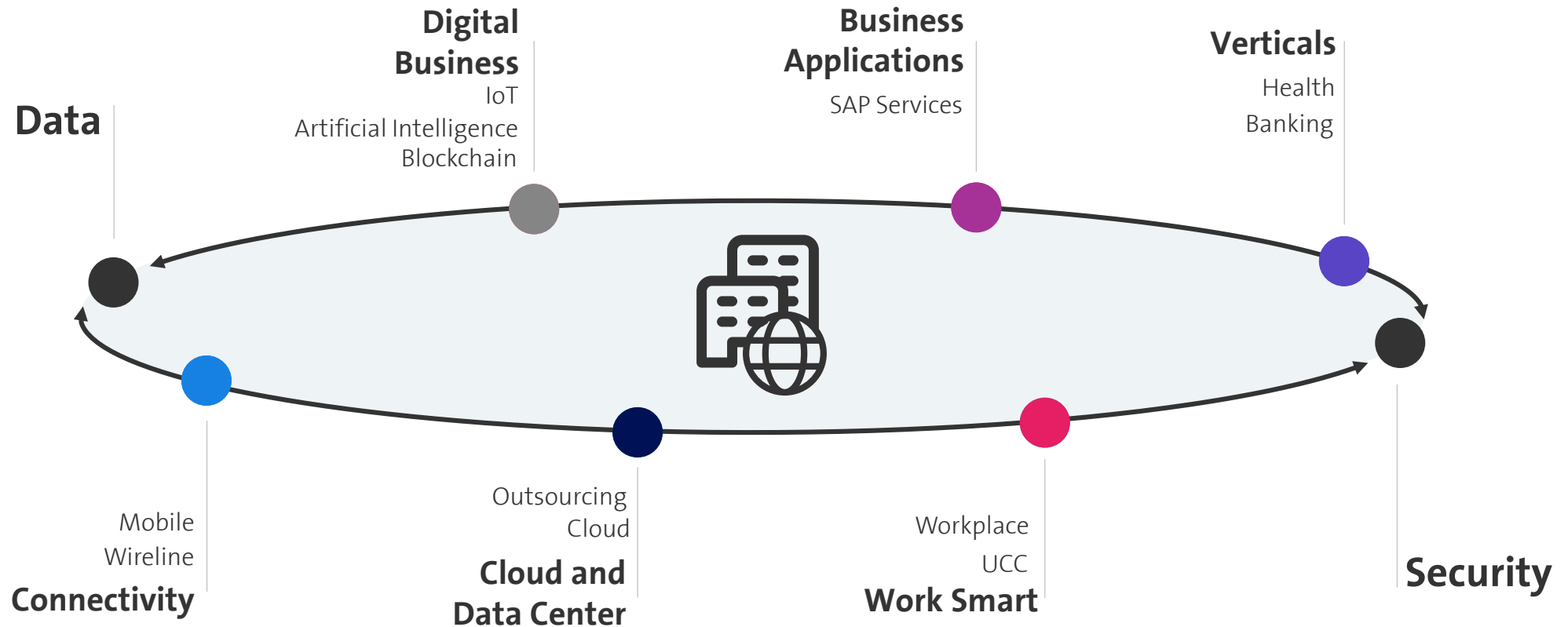


Swisscom portfolio from Data to Security for Enterprise Customers

Comprehensive and secure offerings



Best B2B Offerings



The more services subscribed by a customer, the higher the lifetime value

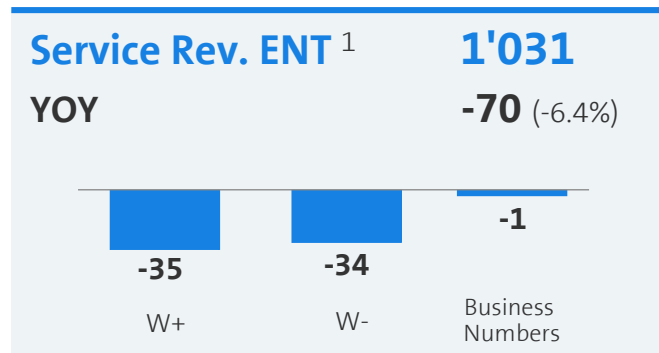
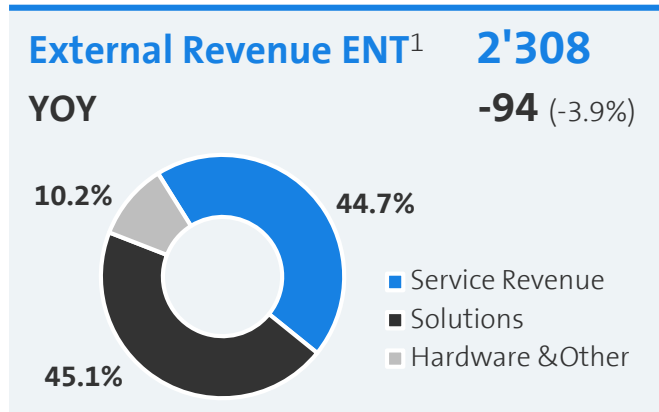


Structural amendments in the connectivity business of Enterprise Customers

Swisscom continuously invests in the renewal and modernisation of its B2B wireline offerings





in CHF mn



¹ Segment Enterprise Customers

Stabilise W+ Telco revenue of CHF ~0.5bn

- Continue All IP migration**
 - 75% of Enterprise Customers migrated, implying **voice line cancellations (-60k YOY)**
 - All IP as vehicle for the **journey into efficient service models** enabling cost optimisation and transparency improvement
- Existing portfolio renewed**
 - Clear **value focus**
 - Innovation** and **additional value** (e.g. **Security**)
 - Foster **cloud**-based network services
- Driving digital² transformation** to push top-line contribution from **business networks (54% of total W+ revenue, +4pp YOY)**

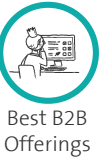
² Consists of Software Defined Networking (SDN) and Network Function Virtualization (NFV)

Push service revenue stabilisation through outstanding experiences



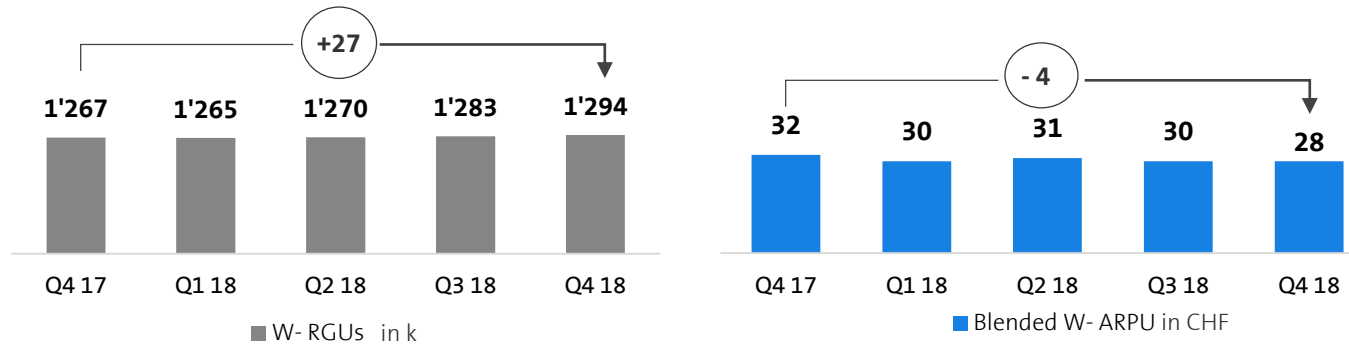
Approaching B2B customers with value offerings in wireless

Stable W- RGUs thanks to value differentiation and continuous portfolio enrichments



Defend strong W- market position

- Market position successfully maintained with **stable W- customer base** YoY, nevertheless **price pressure** weighs on W- ARPU



- Benefit from mobile** as focal point of B2B processes by enhancing **modular connectivity portfolio** to push upselling
 - Connectivity:** NatelGo
 - Services:** Mobility Management, Devise as a Service, Mobility for Work, Inhouse as a Service
 - Data:** Analytics and Reporting
- Actively develop **IoT** ecosystems to create new businesses

Keep pricing discipline at maximum to hold ARPU up



Shaping the Solutions portfolio to the next level

Further increasing share of wallet with existing and new customers ...



Solutions with volatile characteristics

- **High dynamics in project** and **volume driven business**
- **Sales cycle** varying and may take up to **12-18 months** with transition phase before implementation of business
- Customers may decide at **short notice**
- Revenue depending on **volume called off by customers**

Positive outlook

- Unchanged **positive long-term ICT perspectives**
- **Security** market further growing
- Swisscom continues to **push Cloud**

... to profit from growing ICT Services market in Switzerland



Service differentiation key to inspire all customers, anywhere and anytime

Constantly working on services in order to satisfy customers



Quality improvements

- **Listen** to **customer needs**, no matter what touchpoints
- **Keep promises, exceed them** and foster **dialogue with customers** in order to improve our service
- Cycle of **continuous learning** thanks to flow of information from customer to employee



Best service offensive

- **Improve connection and access at home/at office** as well as stability of our platforms
- Offer **counselling about infrastructure at home** when needed
- **Plug-and-Play-approach;** just plug it in and start playing immediately



Engagement and experience

- **Reward existing customers** and make them "Swisscom fans"
- **Boost customer engagement** to increase loyalty
- Best-in-class services through **empathy and emotions**

Best-in-class services to increase value for Swisscom customers



People make the difference in delivering best services

Hard work every day to underpin Swisscom's value standing and premium offerings



B2C levers to boost service differentiation

- **Generate 'Wow' effect across all touchpoints**
 - **Empowerment** of agents
 - **Evolution of Retail stores**
 - Establishment of **new digital touchpoints**
 - Customer dialogue focused on **empathy**
- **NPS ambition 2019: staying ahead**
 - Increase **'First time right'** rate
 - Improve **quality** and **stability**
 - More focus on **rewarding customer loyalty**
 - Use of **AI** and **Data Analytics** for **proactive problem solving**



B2B ingredients for best B2B services

- **Count on proven success factors**
 - "Nobody knows customer better than WE!"
 - 1 contact and **trusted expertise**
- **New Customer Care Model** introduced in 2018
 - **4 customer divisions** to increase focus and quality
 - **3.3mn customer interactions p.a.**
 - **Continuous customer trainings**
- **2019 roadmap to keep NPS level high**
 - Push **online** and **automation**
 - **Improve service integration** and **transparency**



Be service champion to have a real competitive advantage and keep NPS leadership



Increase operational efficiency in Swiss operations

Enhance standardisation and simplification



Operational
Excellence

Less is more

- **Portfolio streamlining:** decrease number of tariff plans
- **Switching-off TDM** platforms by regions

All IP and Cloud benefits

- **New service models** with which investment and operating costs can be optimised and made more transparent



Boost standardisation

- Consolidate **IT systems**
- Several initiatives to **standardise sales2activation** and **problem2solution** processes

Optimise workforce

- Proactive **vacancy management**
- **Agile** organisation
- Increase **share of domestic outsourcing**



Swisscom as digital champion to achieve incremental cost savings

Transform business and operating models through the use of digital technologies

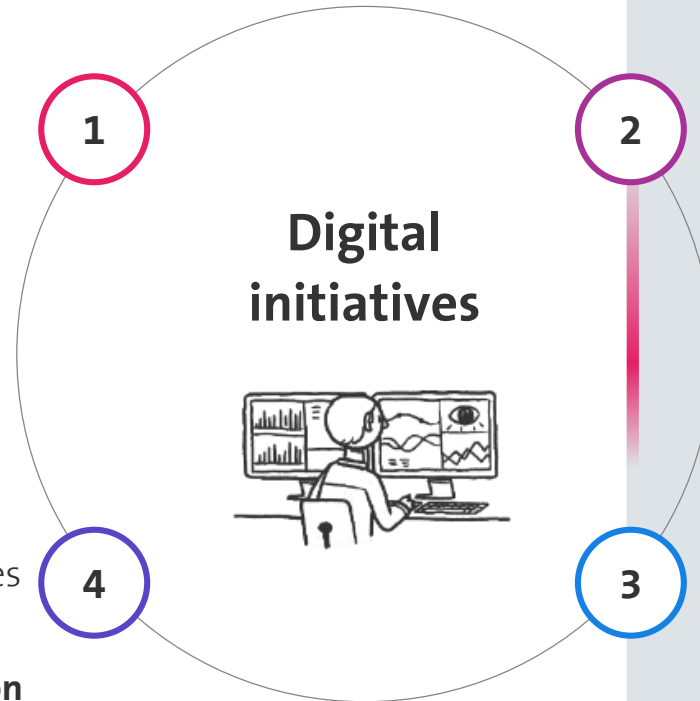


Online first

- Increase **online importance** for our customers
- Use **chatbot** for customer self-service interactions

Network virtualisation

- Leverage **Telco Cloud** capabilities
- Adopt **Software Defined Networks** and **Network Function Virtualisation** and enable faster innovation and less power consumption



Automation

- Increase **robotic process automation** in network and IT operations
- Push automation in **support functions** further

AI and advanced analysis

- **Automatic fault detection** by using analytics to monitor customer services
- **Optimise productivity** through artificial intelligence permanent system learning



Boost efficiency in Swiss capital expenses

Foster smart investments for network expansion



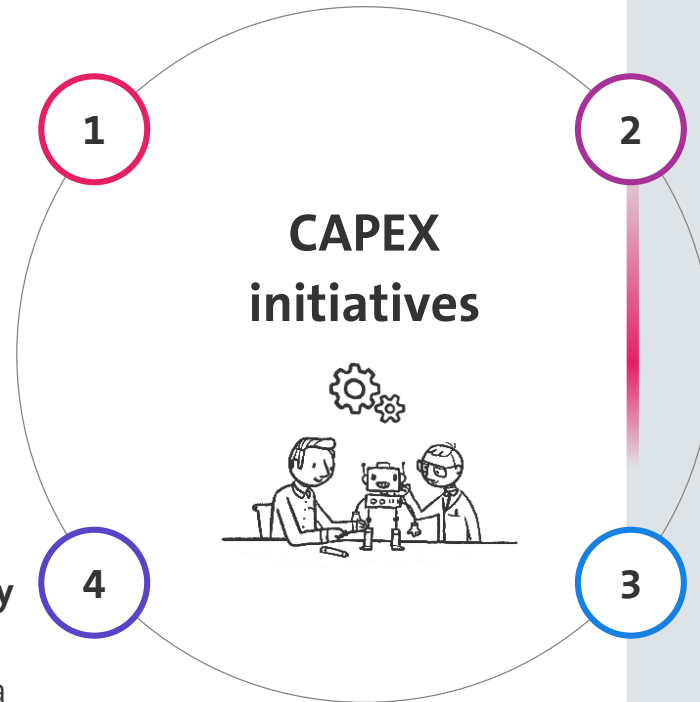
Operational
Excellence

Agile development

- **Fostering agile development** methods in testing and implementation
- Ambition to gain **speed, higher efficiency** as well as higher **quality**

Partnering

- **Increasing** the level of **efficiency** by establishing a **full-service contractor approach** in the area of network expansion to **lower costs per unit** and **faster FTTx rollout**



Scale matters

- Renewal of transportation networks with **new technologies**
- Enabling even more efficient **scalability** considering the continuous rise of data volumes

Optimise procurement

- Continuously optimising procurement, partly with **new ways of commercial agreements**



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**

Increase share of wallet and life time value thanks to innovative value-added services



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
- accelerate the Journey to the Cloud of our customers and **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** it permits **close to real-time data processing**

... to increase its standing in existing and new market segments



Wholesale business with positive growth momentum

Swisscom uniquely positioned to lever network investments as 2nd best option



Fixed access

- Nation-wide **UBB access on Copper and Fibre**
- **Renewed deal with Sunrise** for another 3.5 years
- At YE 2018 almost **600k active connections**

MVNO

- Nation-wide **access to best w- coverage and capacity network**
- MVNO **contract with UPC** starting from Jan 2019

Leased Lines

- 5G impacts demand for **leased line, backbone and backhaul business** positively

OTT Services

- **Application business** with ongoing future growth
- Increased number of **digital partnerships and products**



Growing wholesale revenues and value creation on Swisscom network



Agenda

Welcome

1. Group Results

2. Strategic Update

3. Swisscom Switzerland

4. FASTWEB

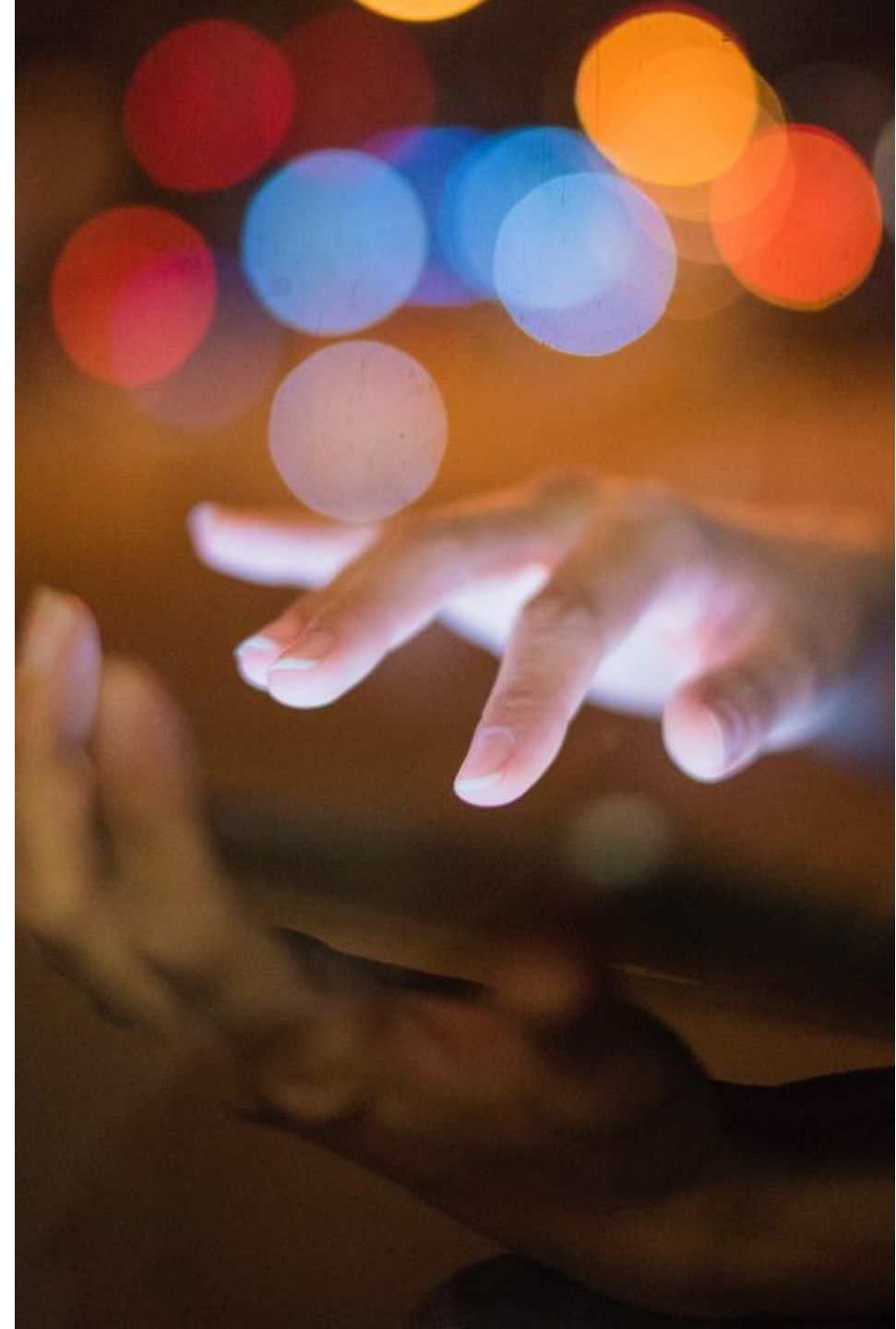
5. Group Financials

6. Final Remarks

Q&A

Appendix

Alberto Calcagno, CEO Fastweb





Strong delivery across all market segments

2018 main achievements



B2C

Overall B2C customer base

- **4.0mm subscribers** (fixed and mobile)

Fixed

- **2.55mn BB subs** (+4% YoY)
- 1.40mn UBB subs (+36% YoY)
- **55% UBB penetration**

Mobile and convergence

- **1.43mn mobile subs** (+34% YoY)
- **30% convergence penetration**

Customer Experience

- **Leader in wireline NPS** with 18pp gap vs. second best
- **Strong mobile NPS** aligned to market top performer

B2B

Corporate

- Revenues up 10% YoY, thanks to **successful PA business** and **VAS growth**
- Acquired **new top** customers



- **Market share** further growing **+2pp to 31%**
- NPS at 64%

Wholesale performance

- **Revenues up** +11% YoY
- **New opportunities** in UBB wholesale access services

Network

UBB footprint

- Own UBB further strengthened with **FWA footprint**
 - ✓ **6.0mn HHs** and >800 mobile sites
 - ✓ Network integration already started
- **Own UBB** at **45% coverage**
- **Overall UBB** coverage at **80%** including wholesale

5G

- **Spectrum acquired**
 - ✓ 3.5 GHz from Tiscali
 - ✓ 26 GHz from auction
- **Ready to start roll-out**



Positive financial performance in 2018

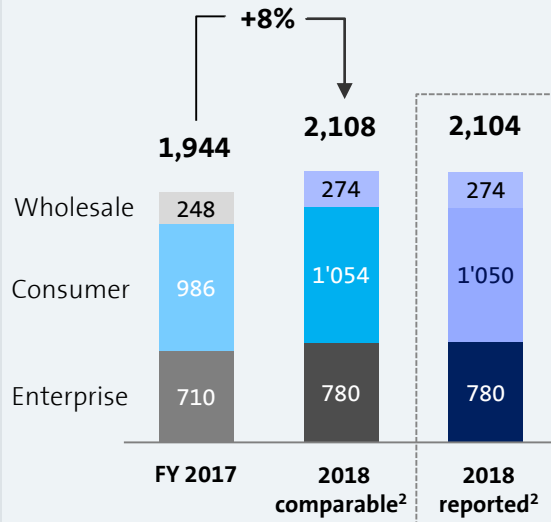
+8% revenues and +6% organic EBITDA growth YOY



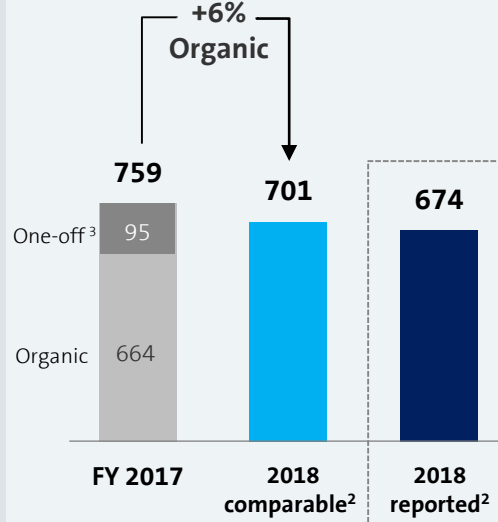
2018

Net revenues ¹

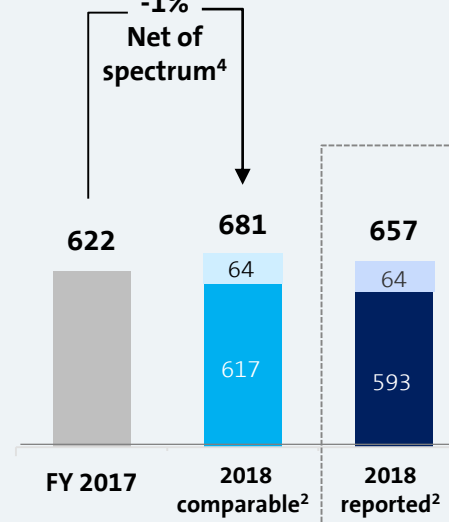
in EUR mn



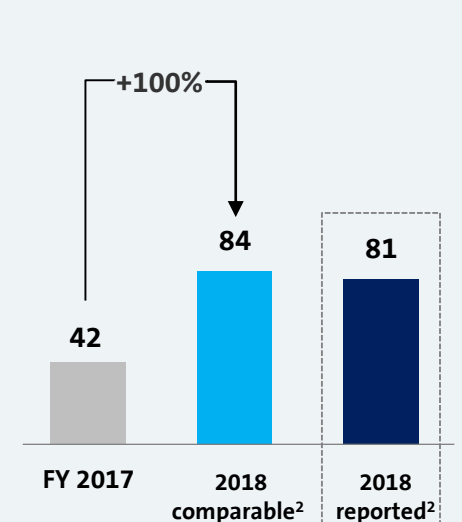
EBITDA



Capex



Organic OpFCF proxy ⁵



Significant improvement of underlying operating free cash flow generation

¹4 weeks billing impact FY 2018 vs. FY 2017: EUR +27mn ²2018 figures are presented according to old accounting standard for comparison with previous year (comparable) and according to new accounting under IFRS 15 (reported) ³EUR 95mn from litigations in 2017 ⁴Spectrum: expense for i) 40 MHz 3.5 GHz license acquired from Tiscali, until 2029 ii) license for 20 MHz 26 GHz acquired in auction ⁵Excluding EBITDA One-off and Spectrum CAPEX



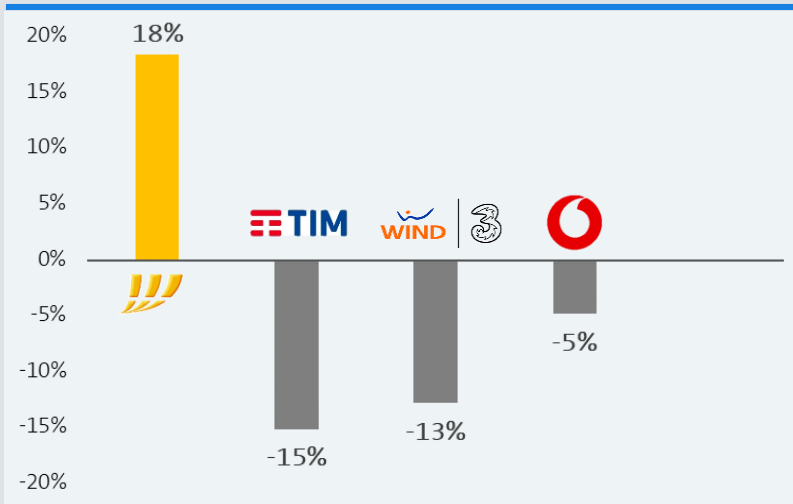
A unique growth story in the Italian market

Mediobanca report on Italian Telecom market, January 2019



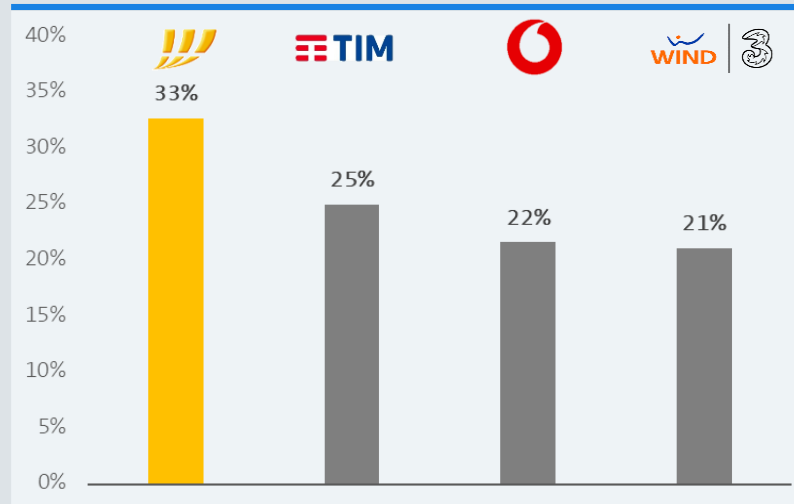
2018

Revenue growth 2013-2017 YOY



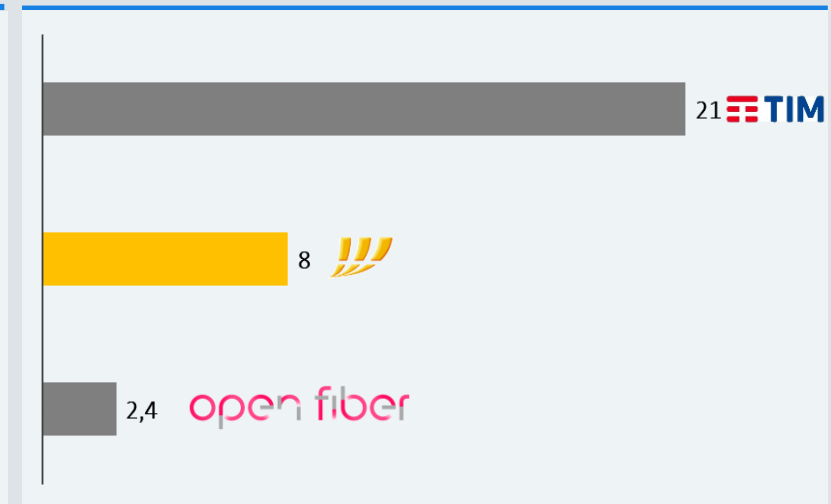
Fastweb is the only Italian Telco with top-line growth 2013-2017

Avg. Capex/Sales 2013-2017 (%)



Fastweb has the highest investment ratio and invested EUR 9bn to deploy 47'000 km of fibre

NGA coverage EoP 2017, mn HHs



Fastweb owns the 2nd largest NGN infrastructure in Italy

A success story based on investments and innovation, with an increasing focus on cashflow generation

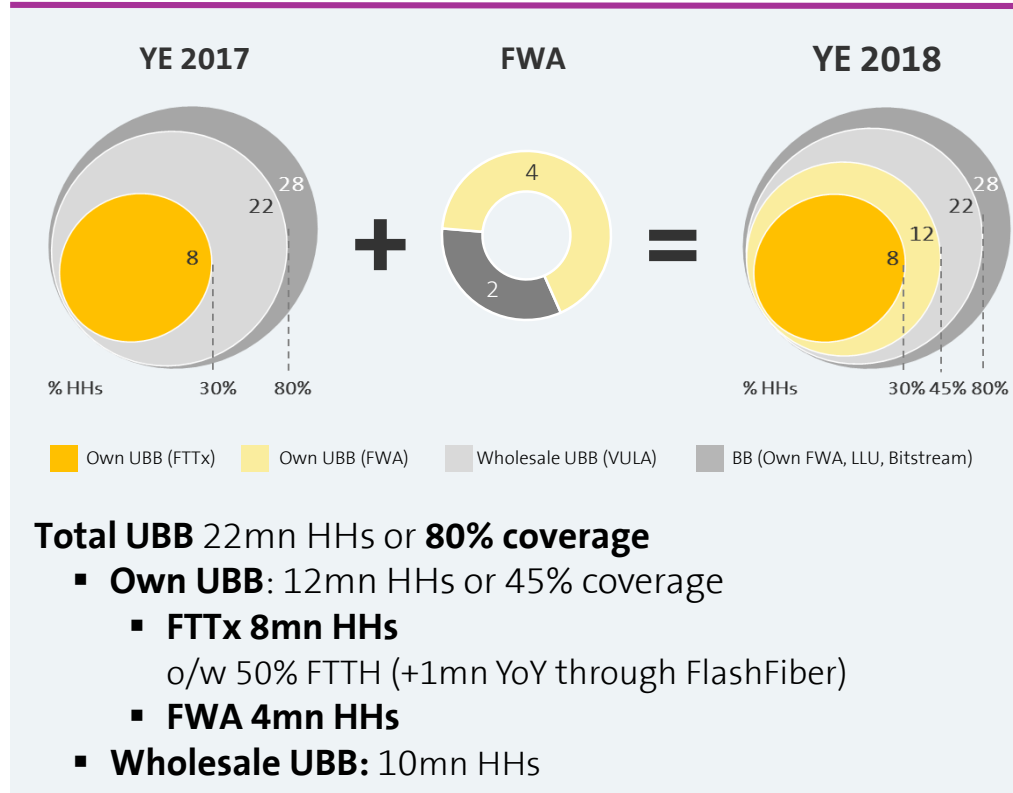


UBB capabilities further strengthened with FWA footprint, 5G spectrum secured

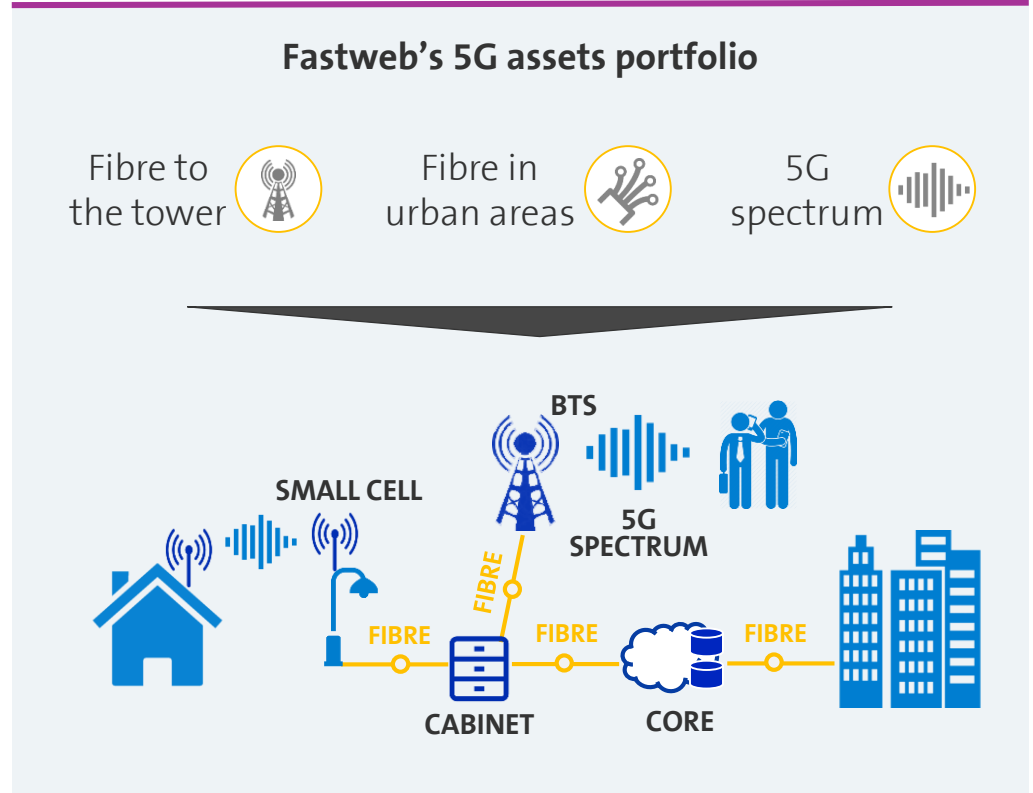
5G an opportunity for Fastweb to position as a leading convergent player



Fastweb coverage evolution in mn HHs



Convergent Fibre-5G network



Unchanged 2019 Capex envelope with focus gradually switching to mobile

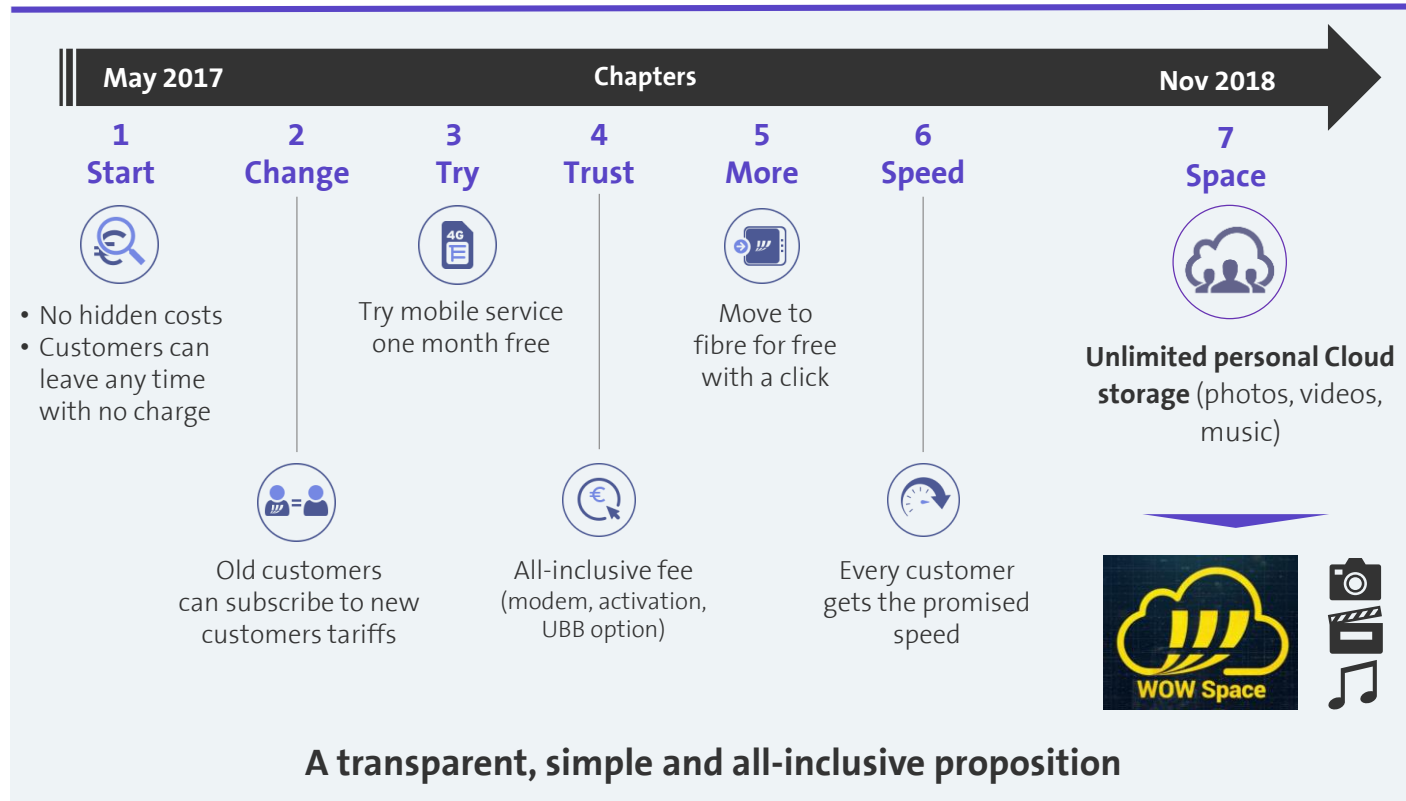


Uniquely positioned in B2C leveraging transparency and simplicity

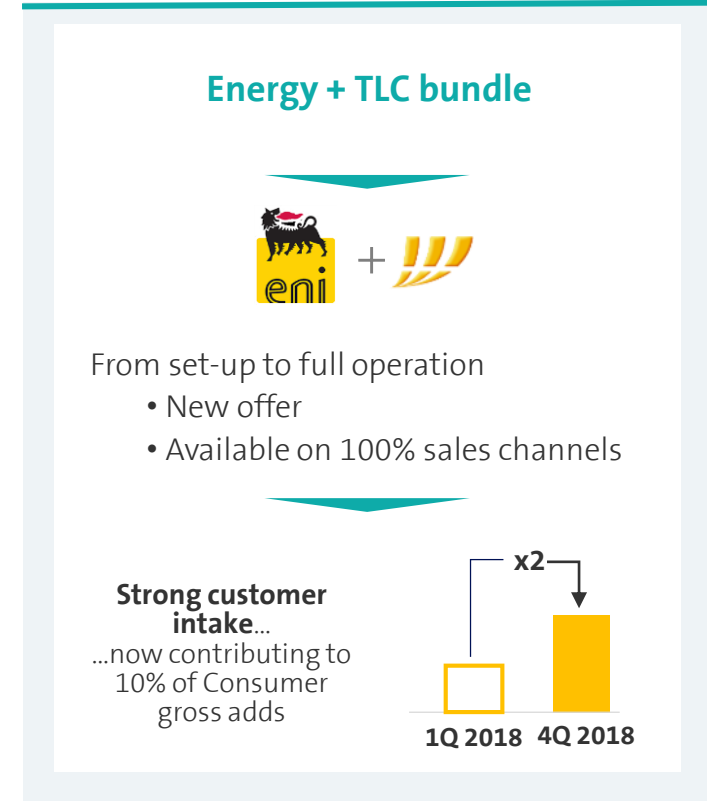
Building scale through distinctive commercial strategy and partnerships



Customer 'champion' positioning through #nientecomeprima¹



ENI partnership



Fastweb goal is to offer unparalleled distinctive value to customers

¹#Niente Come Prima (Nothing Like Before)

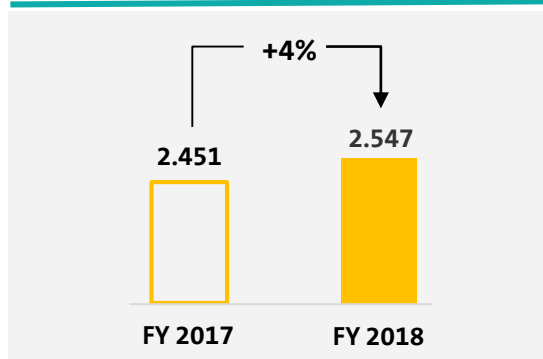


Largely beyond +30% growth in UBB and mobile customer base

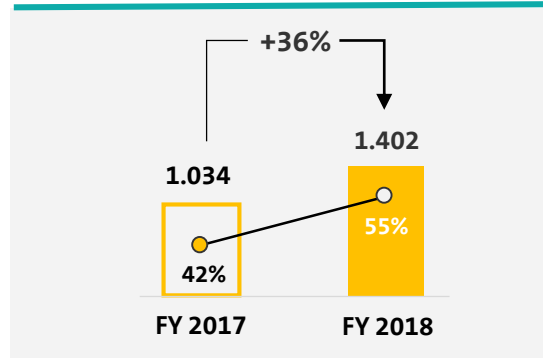
A result of flawless execution



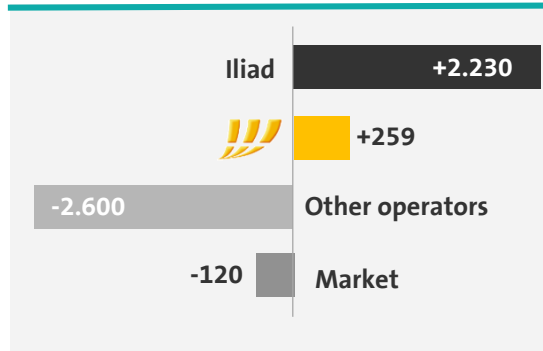
Broadband subs (k)



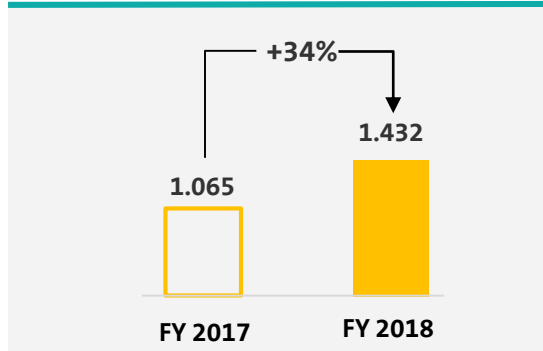
UBB subs (k) and penetration



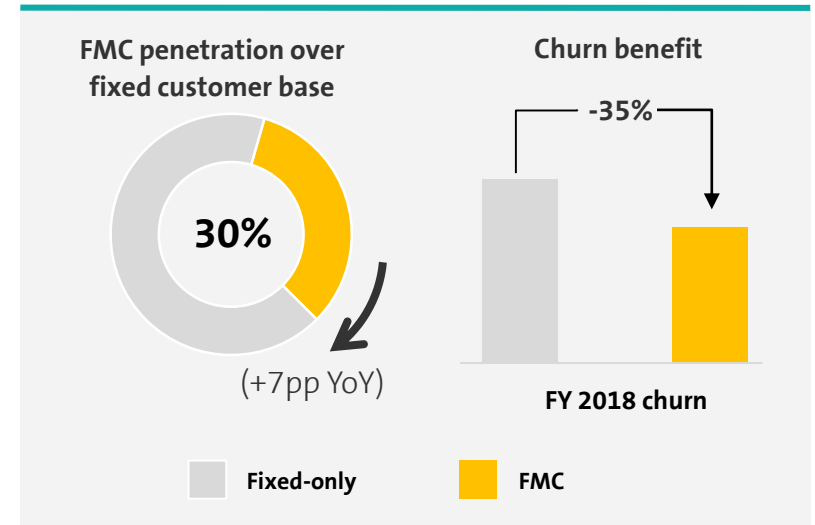
Mobile net adds¹ (k, 9M 2018)



Mobile subs (k)



FMC and churn impact



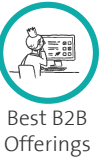
Accelerating UBB and FMC penetration to increase share of wallet and reduce churn

¹Source: public information and analyst data



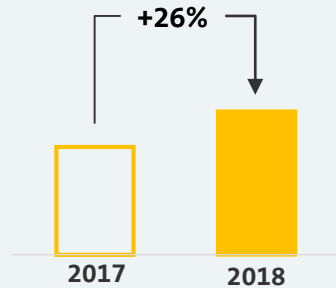
Strong performance in Corporate leading to further market share growth

Development of ICT capabilities further strengthening B2B offering

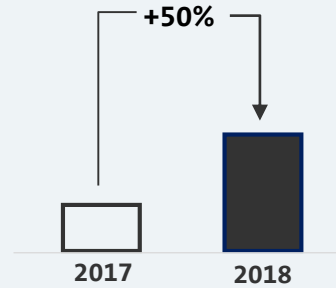


Key growth drivers

Revenues from PA



Revenues from ICT VAS



Highlights

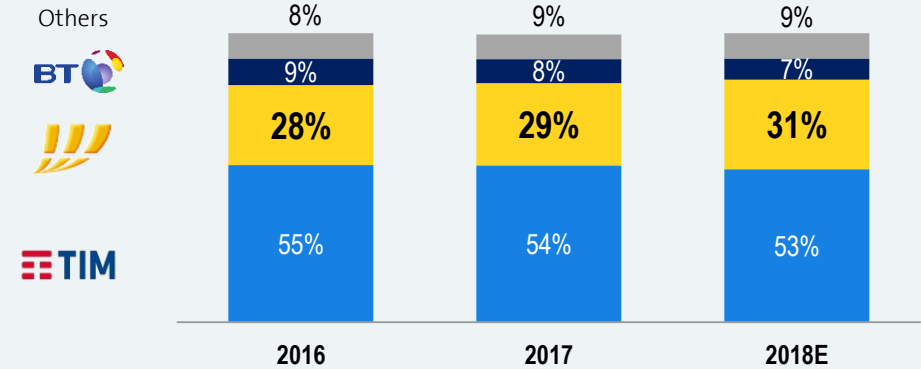


- **Public sector:** monetizing all framework agreements and 1st deal with Tiscali
- **ICT VAS:** Fastweb leveraging ICT capabilities, mainly in Cloud and Security
- **Innovation:** launched 1st nation-wide SD-WAN offer and 1st Italian 5G use-cases



Market performances

Market share on revenues¹



Highlights¹



- **Overall** market share: 31% (+2 p.p. YoY)
- **PA:** 39% (+6 p.p. YoY)
- **Data services:** 50% (+3 p.p. YoY)
- **ICT VAS:** 21% (+5 p.p. YoY)

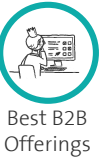
Focus on service quality and innovation is paying off

¹Source: analyst data




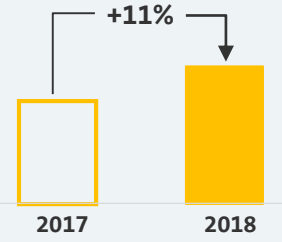


Growing wholesale business further monetizing network investments

Data and BTS backhauling primarily contributing to growth






Top-line growth...

<p>Data Services</p>  <p>Wireline transport for other carriers</p>	<p>BTS backhauling</p>  <p>Dark Fibre to connect mobile BTS</p>	<p>Voice Services</p>  <p>Low-margin, strongly reducing business</p>
<p>Revenues</p>  <p>2017 2018</p>		
<ul style="list-style-type: none"> ▪ Strong growth mainly due to BTS backhauling market ▪ Fastweb provider of all mobile and fixed OLOs 		



...and business innovation

<p> Drivers</p> <p> Assets</p> <p> Opportunities</p>	<p>Market drivers</p> <ul style="list-style-type: none"> ▪ UBB retail access market expected to grow steadily (13mn in 2021, +30% vs. 2018)¹ ▪ New fixed players expected to enter the market with light-infrastructure models <p>Fastweb assets</p> <ul style="list-style-type: none"> ▪ Capillar fibre coverage ▪ Flexibility and service customisation ▪ FWA network <p>Fastweb opportunities</p> <ul style="list-style-type: none"> ▪ Launch of wholesale UBB access services in 4Q 2018 for Tiscali retail customers ▪ Opportunity to build leading position also in this market
--	---

Robust 2018 growth coupled to new opportunities in 2019

¹Source: analyst data



Outstanding NPS across the entire service portfolio

Delivering superior experience throughout all customer journeys



Consumer NPS - Fixed

Strong improvement in **overall NPS** (+8pp YOY) and in specific areas

- **Technical assistance** +17pp YOY
- **On boarding** + 11pp YOY

Consumer NPS - Mobile

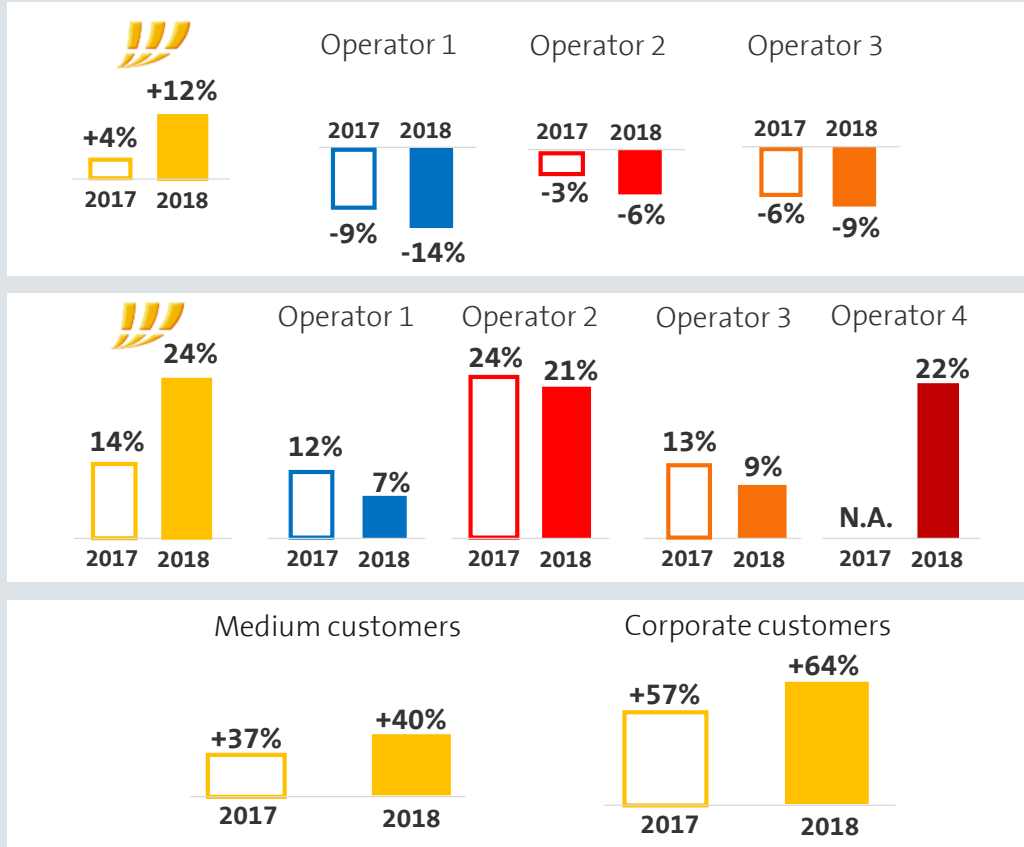
Best NPS and **10pp YOY growth** thanks to

- Coverage/performance of **4.5G network**
- Improvements on **on-boarding** process

Enterprise NPS - Fixed

Further improving

- Wireline and ICT VAS **enhanced portfolio**
- Unique capabilities to deliver **E2E solutions**



Consolidating service leadership by pushing on process automation and digital interaction



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



Leading wholesale operator in UBB



Further strengthen Corporate leadership



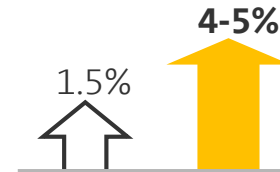
Key levers

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

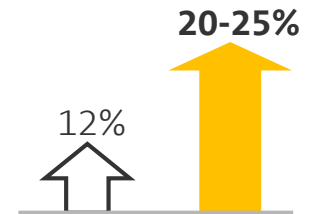


Market share targets (by 2022)

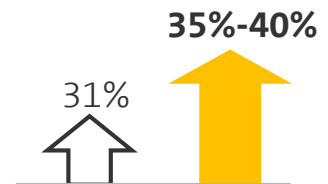
Mobile Consumer



Wholesale¹



Corporate



...to deliver significant FCF growth to Swisscom Group

¹ Wholesale perimeter includes non regulated services: data, BTS fibre connections, voice



Agenda

Welcome

1. Group Results

2. Strategic Update

3. Swisscom Switzerland

4. Fastweb

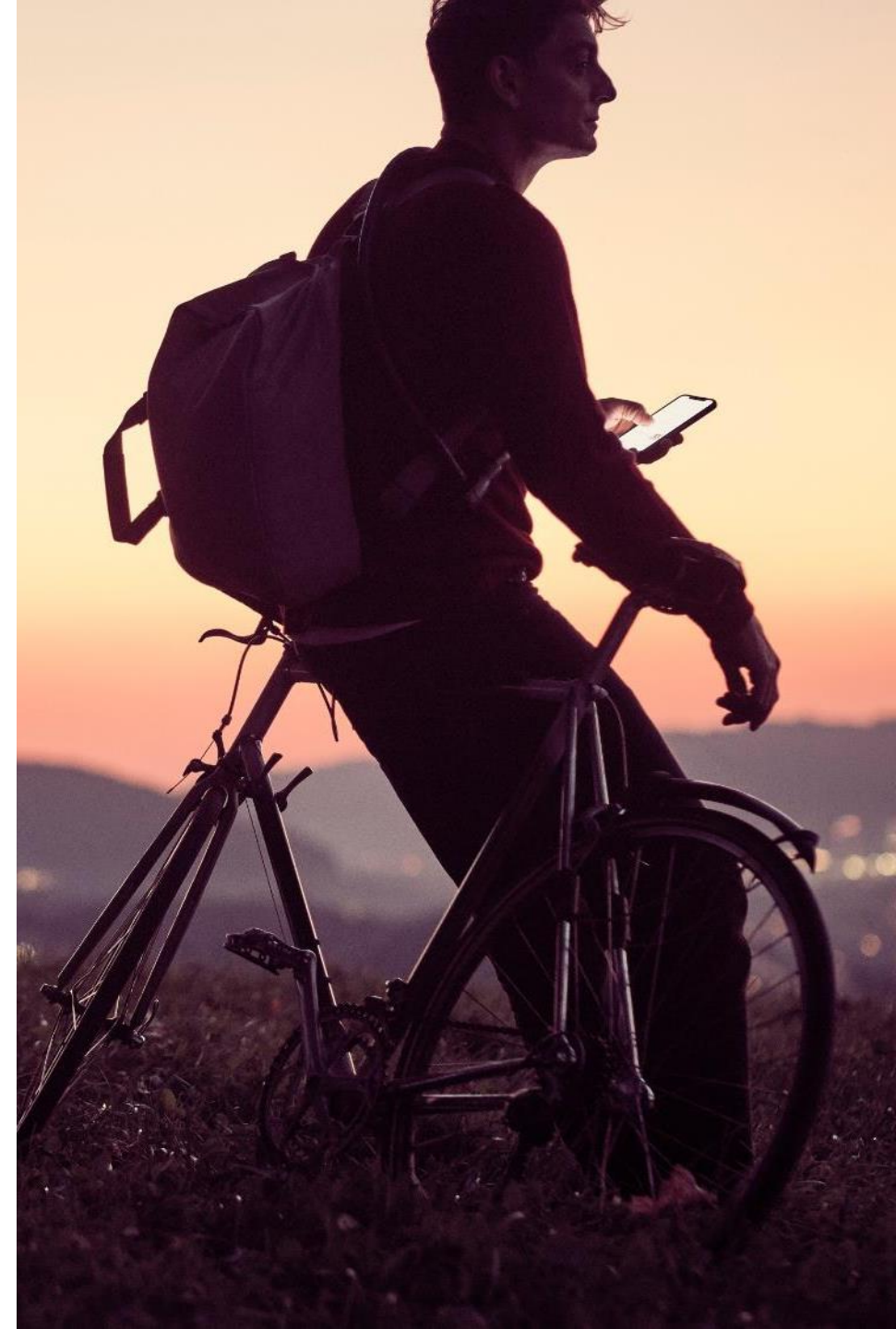
5. GROUP FINANCIALS

6. Final Remarks

Q&A

Appendix

Mario Rossi, CFO Swisscom





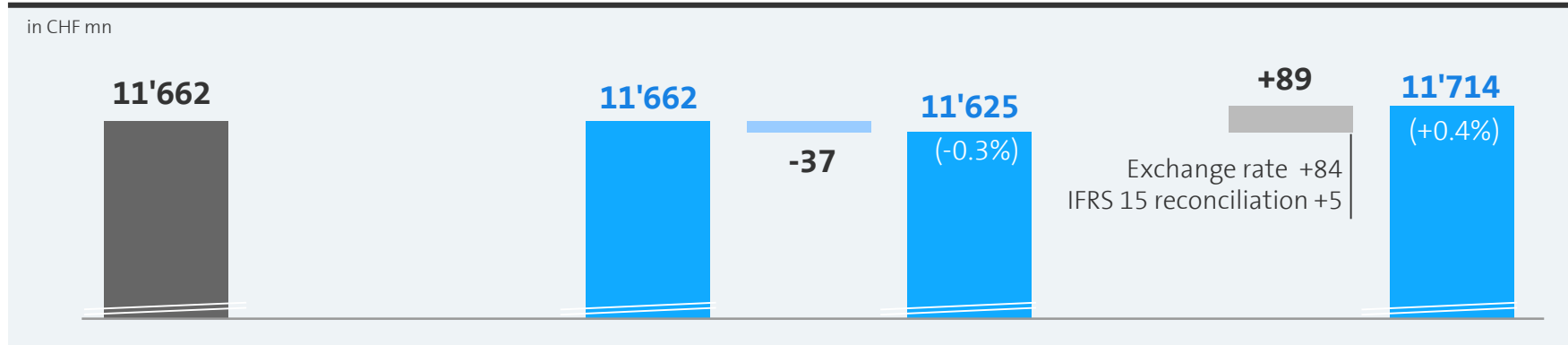
Reconciliation of key financials

Financial performance in line with guidance

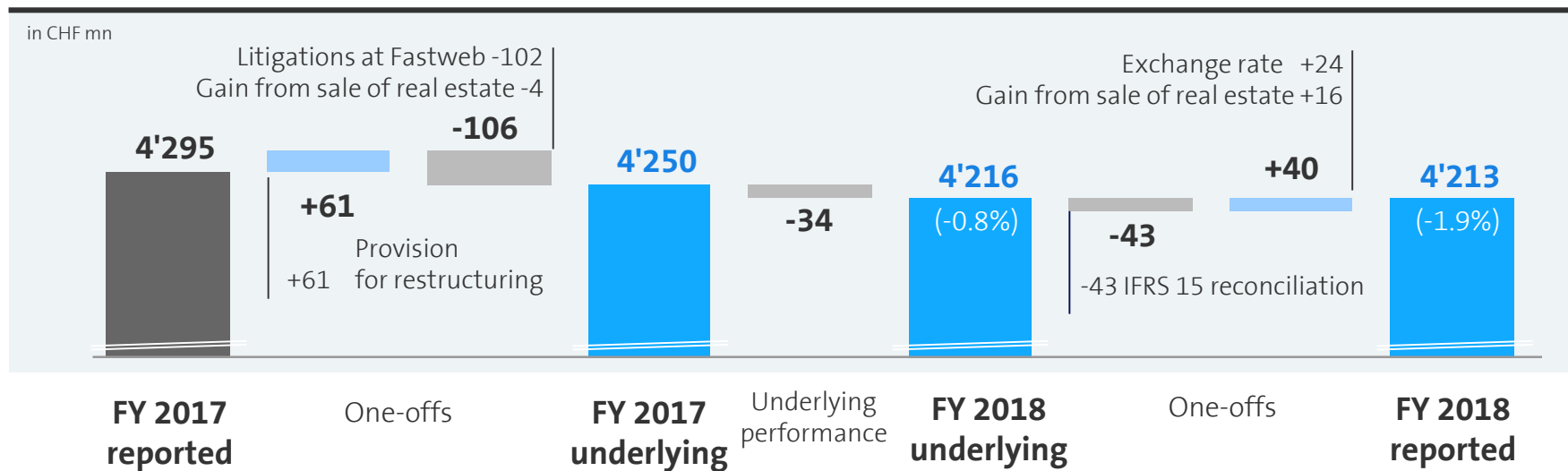


2018 financials

Net revenue



EBITDA





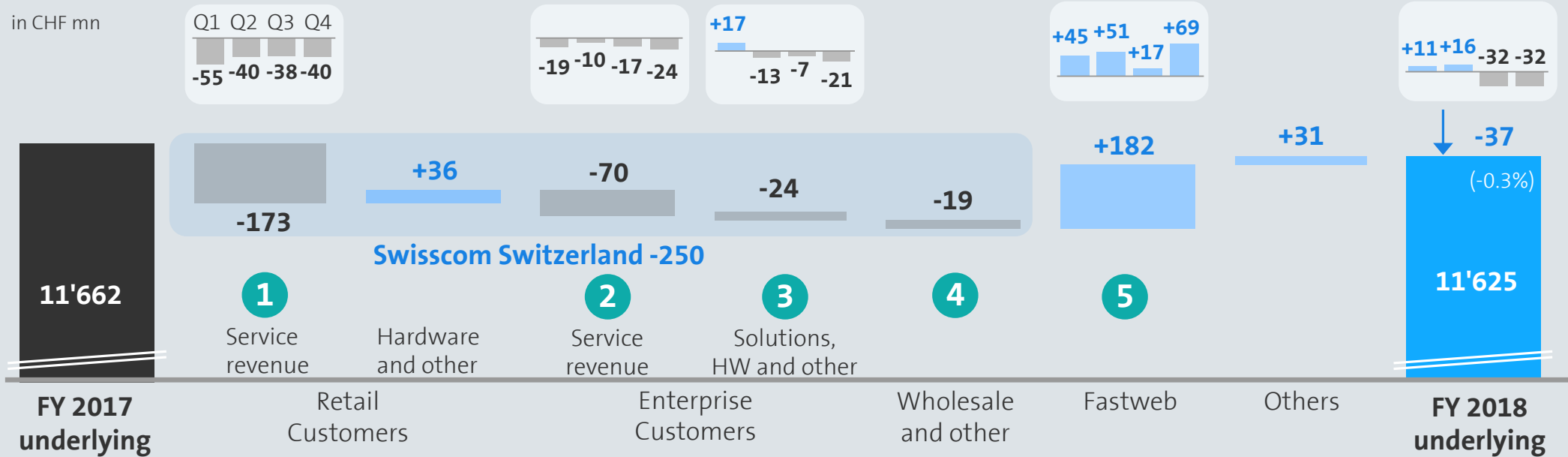
Revenue breakdown by segments

Divergent top-line evolutions - as expected - with Switzerland down and Italy up



2018 financials

in CHF mn



- 1 ↘ Decrease of voice access lines
 → TV, BB and wireless RGUs affected by market saturation
 ↘ W- revenue impacted by roaming and convergence
- 2 ↘ Price pressure in wireless
 ↘ Wireline with structural changes due to All IP and increased market intensity

- 3 Solutions business with a decrease of -42mn, primarily driven by Banking due to project volatility and changed customer requirements whereas Cloud Services report growth. Hardware & other with an increase of +18mn
- 4 Lower inbound roaming and termination (lower rates) partly compensated by higher wholesale (BB) connectivity services
- 5 Increase supported by growing customer base in Consumer segment as well as 4-weeks billing and wholesale deals

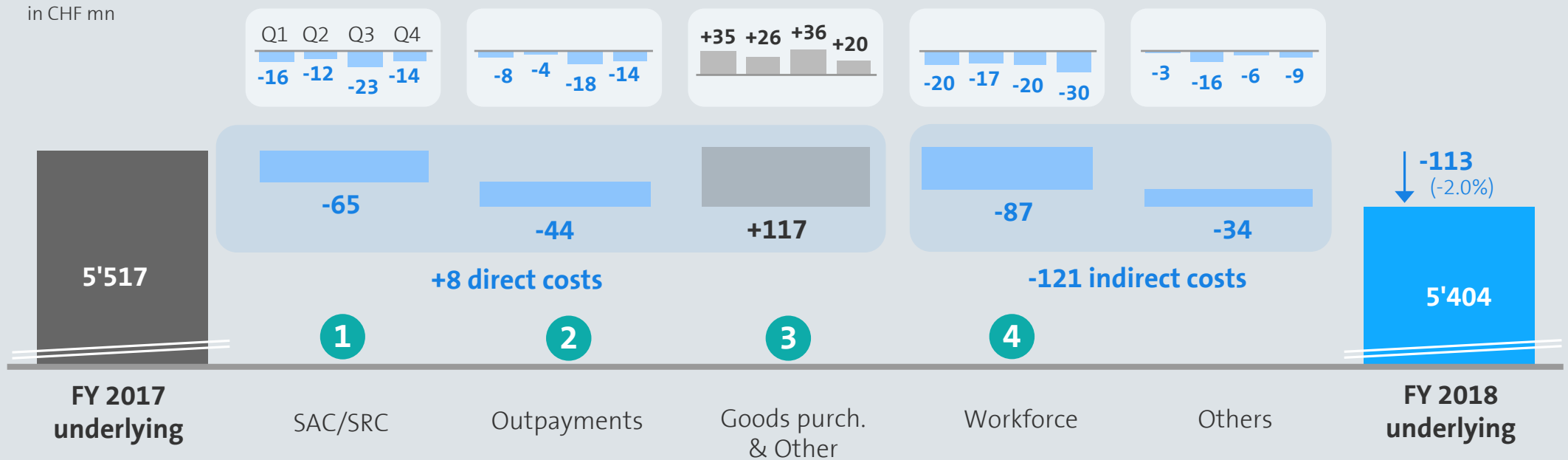


OPEX of Swisscom Switzerland

Operational excellence initiatives with expected impacts to lower OPEX on a recurring basis



2018 financials



1 YOY down due to lower subsidies for TV boxes and routers as well as lower wireless acquisition and retention cost

2 Lower outpayments for roaming and termination

3 Increase driven by higher hardware sales, additional cost for assurance material and TV content

4 Operational excellence leads to a FTE reduction at Swisscom Switzerland of -679 YoY

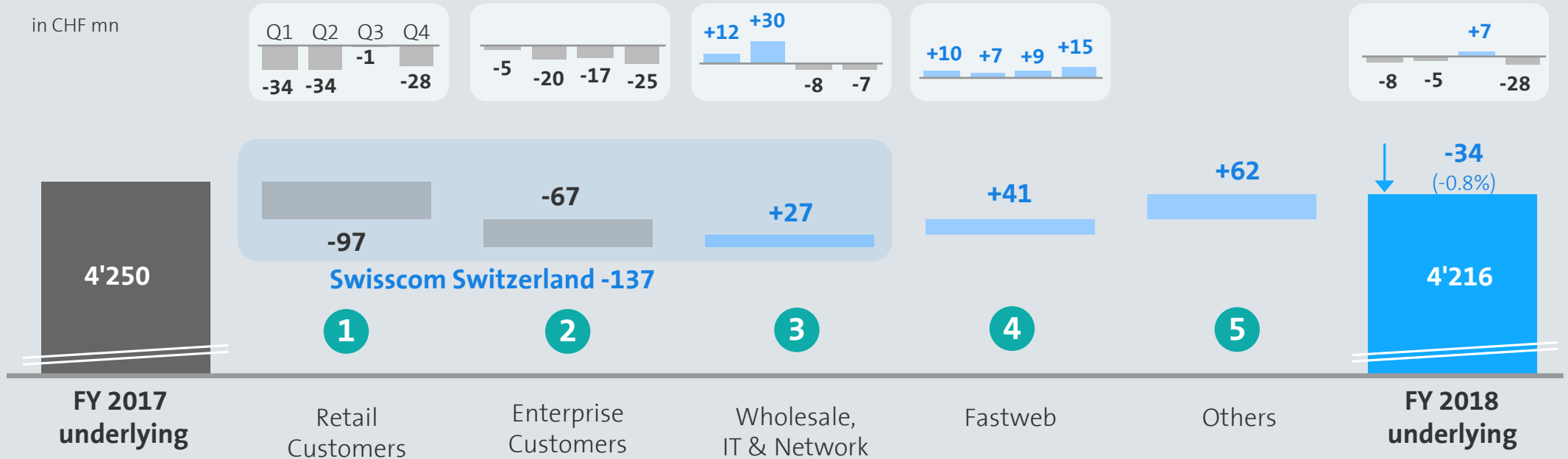


EBITDA breakdown by segments

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



2018 financials



- 1 Lower costs partly compensate lower service revenue, improvement in Q3 supported by lower SAC/SRC
- 2 Price pressure and structural effects in the connectivity and Solutions business lead to lower contribution
- 3 Increase is supported by lower cost for support functions and higher revenue for wholesale services. Q3 and Q4 impacted by lower inbound roaming
- 4 EBITDA up revenue driven due to volume growth and price changes, despite 2017 was positively impacted by a retroactive change in regulated bitstream prices
- 5 t/o +32mn reconciliation pension cost IAS 19
+10mn from sold companies (from Publigroupe takeover) with negative EBITDA contribution
+10mn cost savings at group headquarter



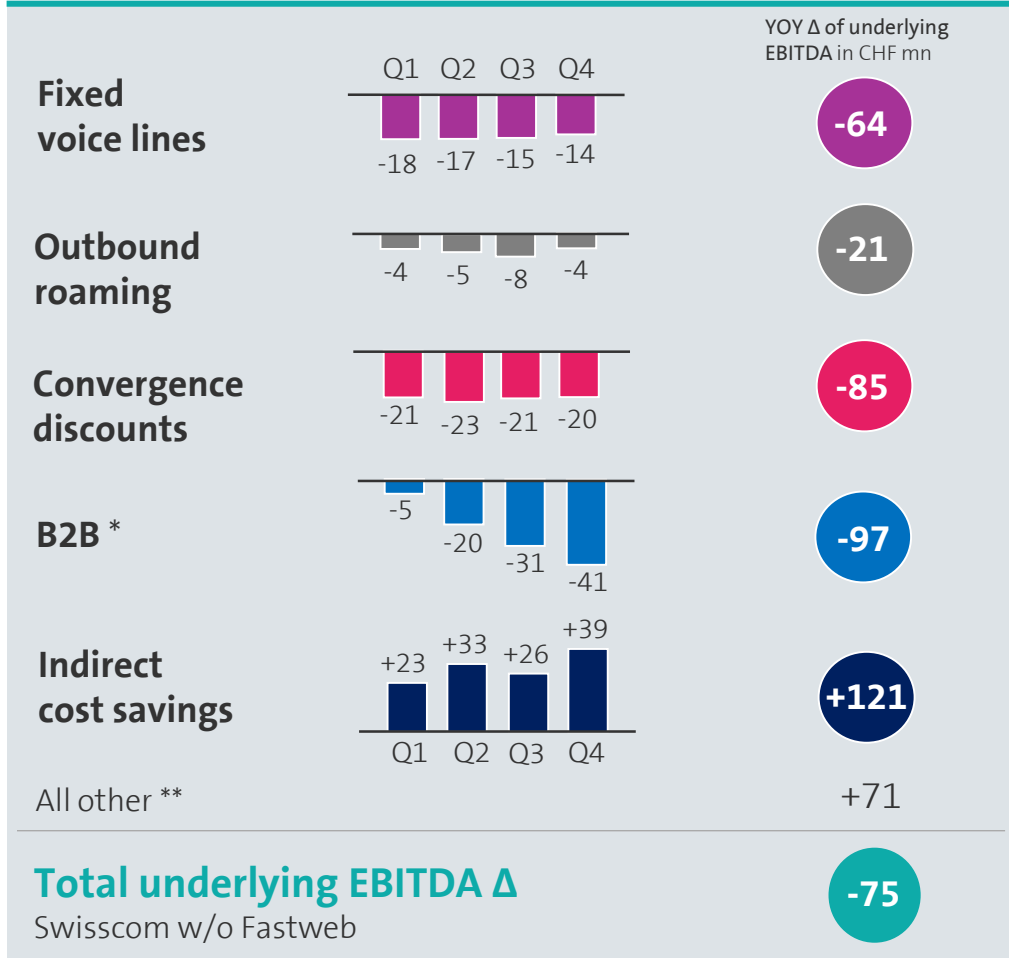
Underlying EBITDA changes for Swisscom w/o Fastweb

All YOY tendencies in line with FY estimate except B2B

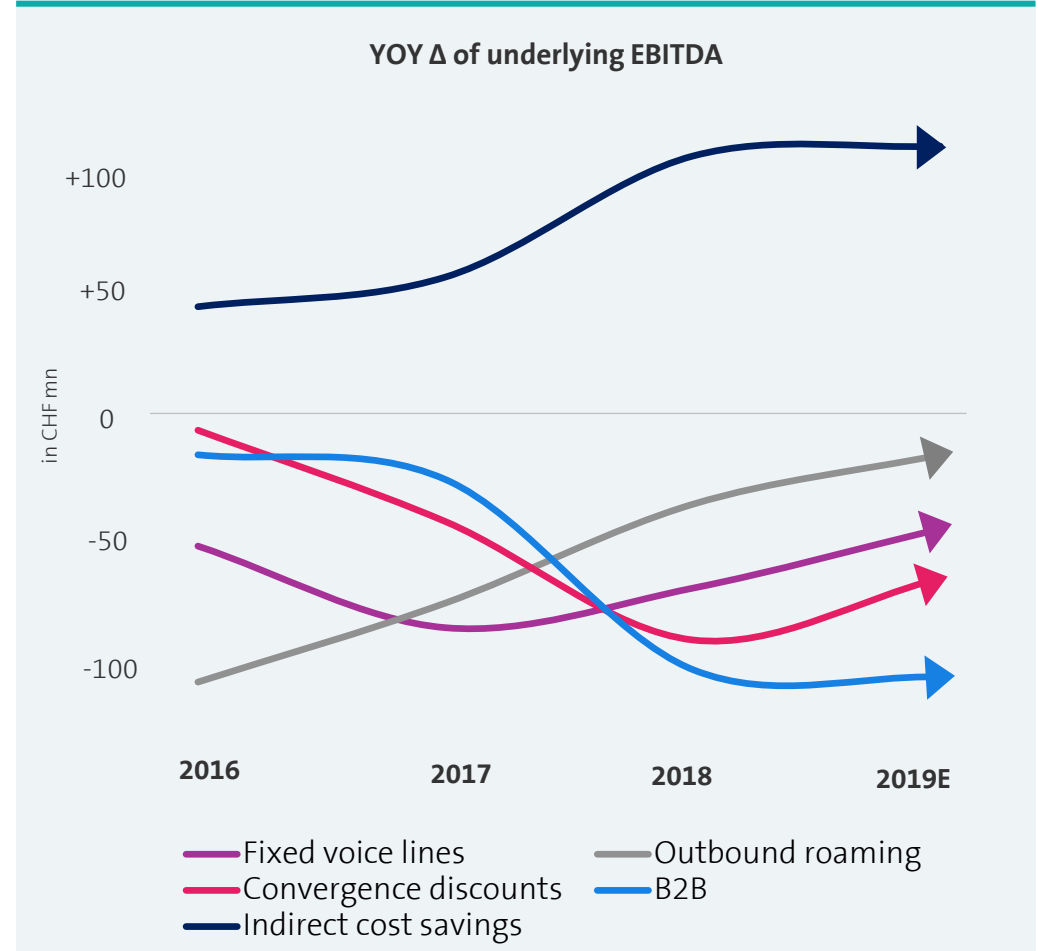


2018 financials

Quarterly and FY 2018 impacts



Evolution and indicative outlook of YOY tendencies



* consists of underlying EBITDA change YOY (CHF -67mn) excl. indirect cost savings (CHF +30mn) of Enterprise Customers
 ** t/o CHF +32mn reconciliation pension cost IAS 19, CHF + 10mn from sold companies with negative EBITDA from Publigroupe takeover, +10mn cost savings group headquarter

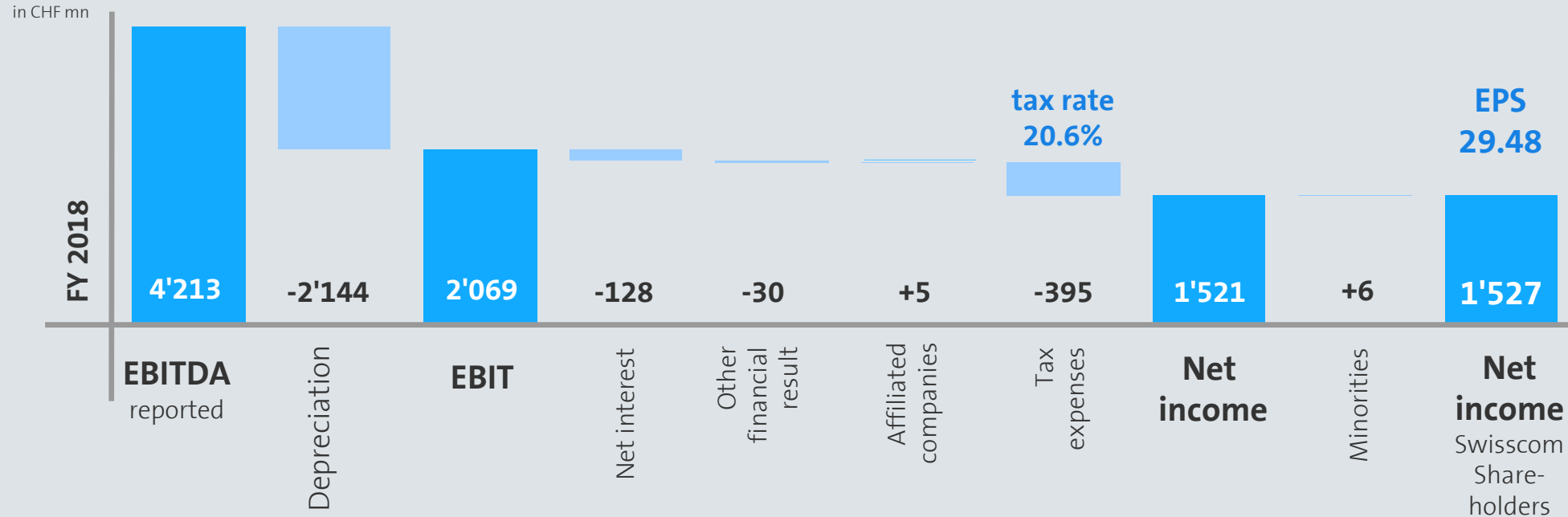


Net income

Bottom-line down (-3.0% YOY) driven by lower reported EBITDA



2018 financials



Prior Year	4'295	-2'164	2'131	-149	-11	-11	-392	1'568	+2	1'570
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- Further optimised debt portfolio led to lower net interest expenses
- Lower other financial result due to higher foreign exchange losses (CHF -16mn YOY)

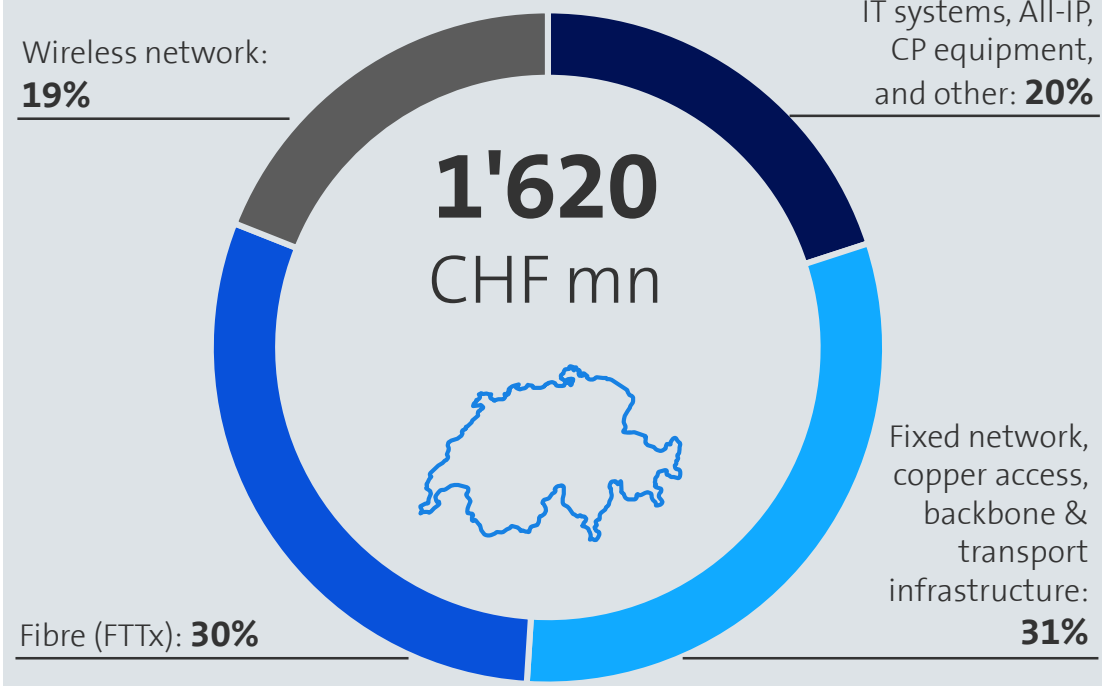
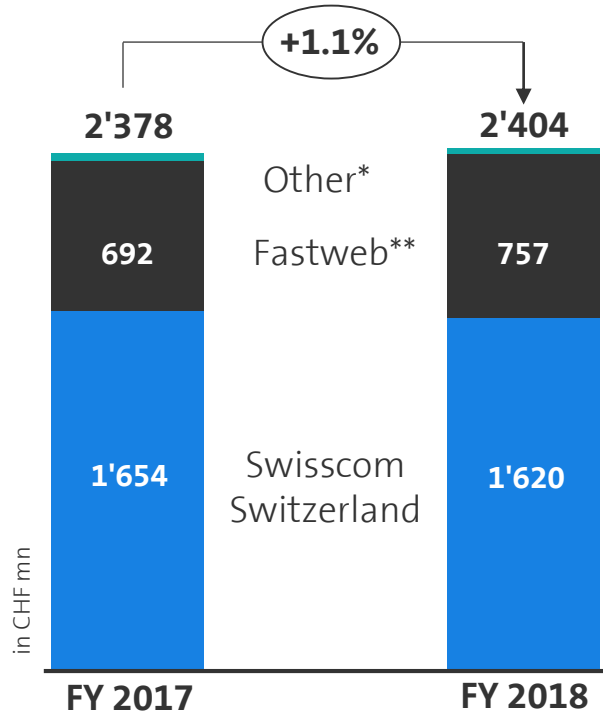


Capital expenditures

YOY up by +1.1% primarily driven by higher CAPEX of Fastweb



2018 financials



- CAPEX of Swisscom Switzerland driven by continuing fibre network roll out and upgrading of mobile network
- In local currency Fastweb's CAPEX remains on a high level, ongoing investments in network infrastructures
- Fastweb's CAPEX up extraordinary, driven by investment in mobile spectrum (EUR 64 mn)

* in FY 2018 CHF 27mn, in FY 2017 CHF 32mn, ** in local currency in FY 2018: EUR 657mn, in FY 2017: EUR 622mn

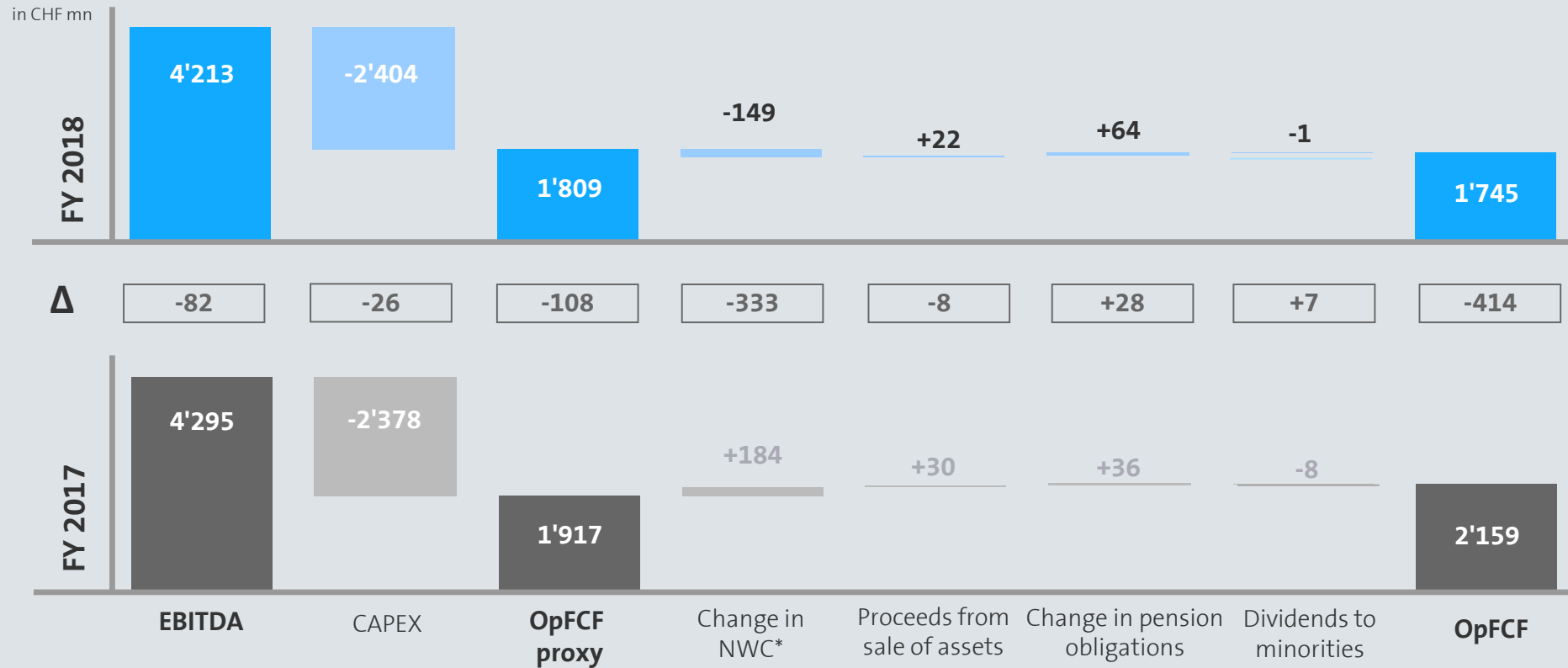


Operating free cash flow

Decrease in cash from operating activities due to higher net working capital compared to YE 2017



2018 financials



- Higher net working capital compared to YE 2017 mainly due to decreasing trade payables
- In 2017 lower change in pension obligations due to an extraordinary payment (CHF 50mn)

* Change in net working capital and other cash flow from operating activities



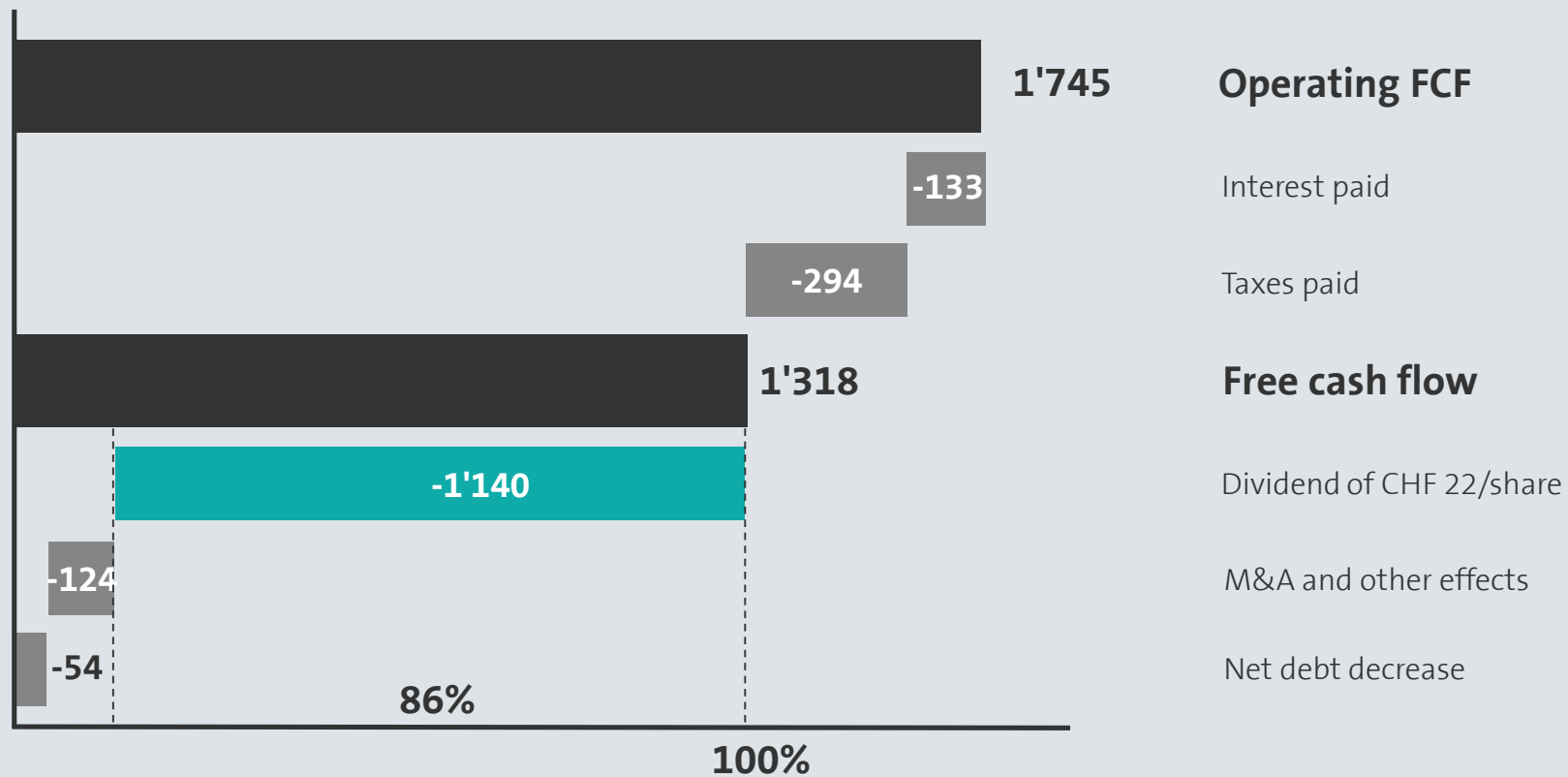
Use of 2018 free cash flow

More than four fifth of free cash flow used for shareholder payments



2018 financials

in CHF mn



Dividend with a free cash flow distribution of 86% well covered



Shareholder return since IPO

Since IPO CHF ~32bn distributed to shareholders and annualised TSR of 5% (in CHF) achieved



in CHF per share



- 2018: **proposal to AGM to pay CHF 22 per share**
- Dividend **time table**: 3 April last trading date with entitlement to dividend, 4 April ex-date, 8 April payment date
- Swisscom targets a solid shareholder distribution aligned with **cash flow generation** and **capital allocation**
- Committed to preserve a solid **single A Rating** and a **targeted equity ratio** of around **30%** and an (unadjusted) **net debt/EBITDA ratio** of around **1.9x** (w/o consideration of IFRS 16 impact)

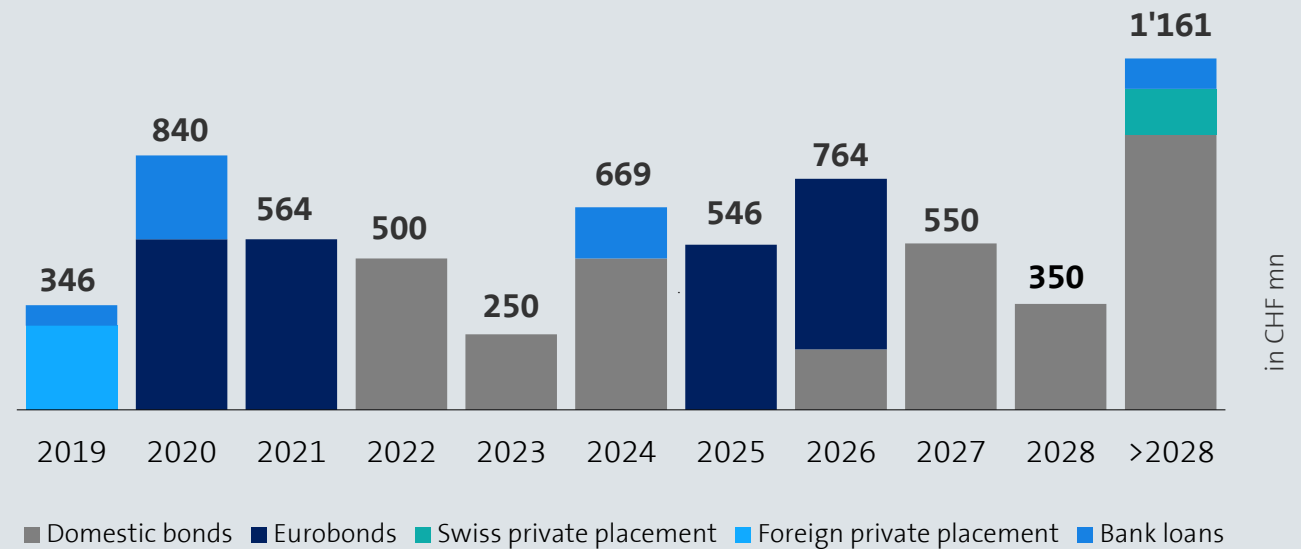


Swisscom's maturity profile as per 31.12.2018 *

Further improvement of financing costs reached



- Sources for refinancing: **EURO** and **domestic capital markets**
- Debt portfolio actively managed and with a **duration** of **5.4 years**
- **1% average interest rate** of debt portfolio
- **Active management of interest rate risk** within well defined risk limits
- Debt portfolio **mix**:
 - **fix 74%**
 - **floating 26%**



* excl. short-term money market borrowings



IFRS 16 - the new standard for lease accounting

Considerations and implications for Swisscom



Key points

In general

- IFRS 16 standard **effective from 1st January 2019**
- **Lessee** has to **recognise a right-of-use asset** and a **lease liability** for lease contracts

Financial considerations

- **Reported EBITDA up** as distinction between operating (OPEX) and finance leases (depreciation and interest expense) disappearing
- Future lease liabilities on B/S leading to **higher net debt** (and leverage) and **interest**
- **Impact on net income negligible**
- Bottom line **FCF does not change**

Swisscom implications

Reporting approach from Q1 2019 onwards

- **No restatement** of 2018 figures
- **2019 reporting**
 - Reported EBITDA w/o lease expense
 - All lease expense details separately disclosed
- **Outlook including new IFRS 16 requirements**

Financial implications (approx. in CHF mn)

	Net debt as per 1.1.2019	EBITDA FY 2019
Total impact	~ 1'300	~ 200

- **Leverage** as per **1.1.2019** at **2.0x**
- **No impact on credit ratings** expected as agencies already adjust for it

Implementation of IFRS 16 impacts Swisscom's accounts but free cash flow with no change



Guidance FY 2019

Net revenue of CHF ~11.4bn, EBITDA CHF >4.3bn and CAPEX CHF ~2.3bn



in CHF mn	2018 reported	Approx. IFRS 16 impact**	Expected YOY change Swisscom w/o Fastweb	Expected YOY change Fastweb in EUR mn	2019 outlook***	Splits into:
Revenue	11'714	0	- 300	> 0	~ 11'400	CHF ~9.0bn for Swisscom w/o Fastweb + EUR >2.1bn for Fastweb
EBITDA	4'213	+ 200	< 0	> 0	> 4'300	CHF <3.6bn for Swisscom w/o Fastweb + EUR >0.7bn for Fastweb
CAPEX*	2'404	0	< 0	< 0	~ 2'300	CHF ~1.6bn for Swisscom w/o Fastweb + EUR ~0.6bn for Fastweb

* 2018 including one-off CAPEX of EUR 64mn (CHF 71mn) for spectrum acquisitions in Italy, 2019 guidance excluding cost for additional (5G) spectrum in Switzerland

** t/o CHF ~180mn Swisscom w/o Fastweb and CHF ~20mn Fastweb

*** For consolidation purposes, CHF/EUR of 1.13 has been used (vs. 1.15 for fiscal year 2018)

Upon meeting its targets, Swisscom plans to propose again a dividend of CHF 22/share (payable in 2020)



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2. Strategic Update

3. Swisscom Switzerland

4. Fastweb

5. Group Financials

6. FINAL REMARKS

Q&A

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Urs Schaeppi, CEO Swisscom





Business tendencies and focus 2019

Overall unchanged



In B2C value management matters

Increasing bundling migration drives **FM penetration** at some cost but with **positive impact on life time value** of a customer



Swiss fixed trends to improve

Revenue **headwinds will soften** (analogue roaming in wireless). **B2B impacted** by IP migration. Encouragingly, **fibre remains unregulated**



Operational excellence crucial

Drive efficiency increases to the next level to achieve **incremental cost savings of CHF 100mn**



New revenue streams

Focus on **more-for-more in Switzerland**, driven by investments (**5G** to come and **VAS**). B2B with **IoT, Security, Cloud** and **Wholesale** growing



Fastweb uniquely positioned

Confident **BB** penetration further **growing**. More **rationality in B2C**. **5G** with business opportunities. **B2B and Wholesale** growing



2019





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

Committed to
healthy
financial profile

Reliable
cashflows
enabling
solid
shareholder
remuneration
every year

Cost management
a top priority

Smart investing
with
stable CAPEX envelope



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APPENDIX





Key financials

Reported and underlying revenue and EBITDA

in CHF mn	2017				2018				Change Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue, reported	2'831	2'859	2'914	3'058	2'885	2'920	2'884	3'025	+54	+61	-30	-33
o/w currency effect					47	43	4	-10	+47	+43	+4	-10
IFRS 15 reconciliation					-4	2	-2	9	-4	+2	-2	+9
Revenue, underlying change									+11	+16	-32	-32
EBITDA, reported	1'073	1'187	1'094	941	1'058	1'085	1'088	982	-15	-102	-6	+41
o/w gain from real estate				4		3	2	11		+3	+2	+7
restructuring cost				-61								+61
income from litigations		102								-102		
currency effect					13	15	2	-6	+13	+15	+2	-6
IFRS 15 reconciliation					-20	-13	-17	7	-20	-13	-17	+7
EBITDA, underlying change									-8	-5	+7	-28



IFRS15

P&L adjustments



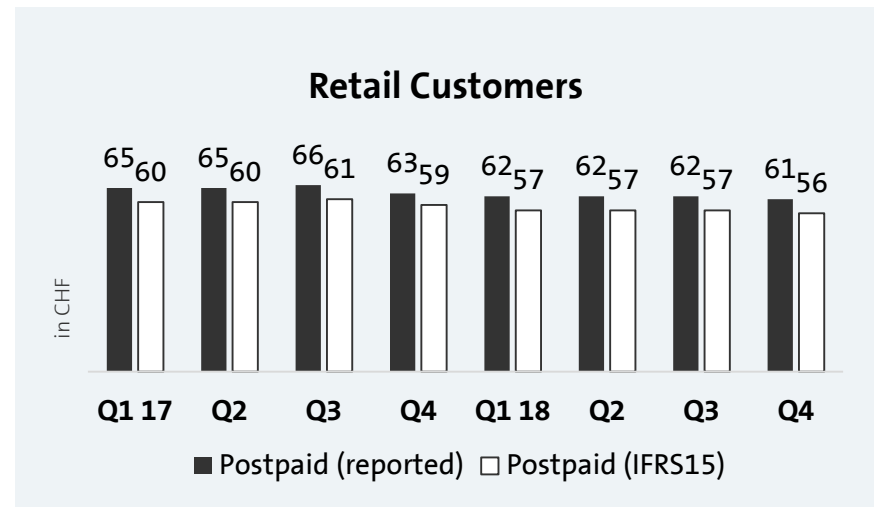
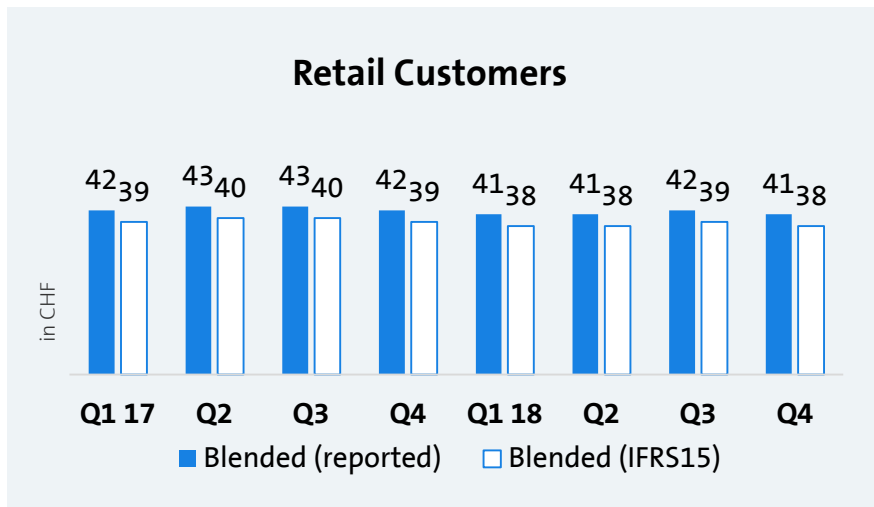
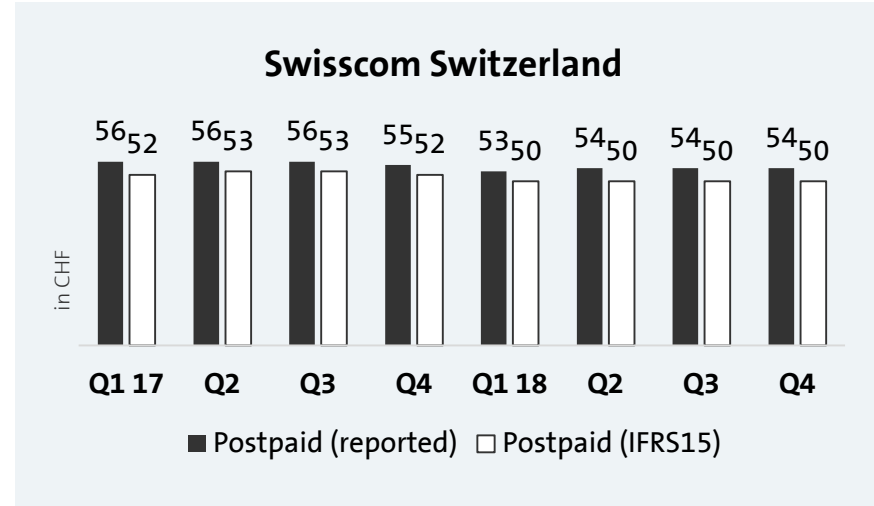
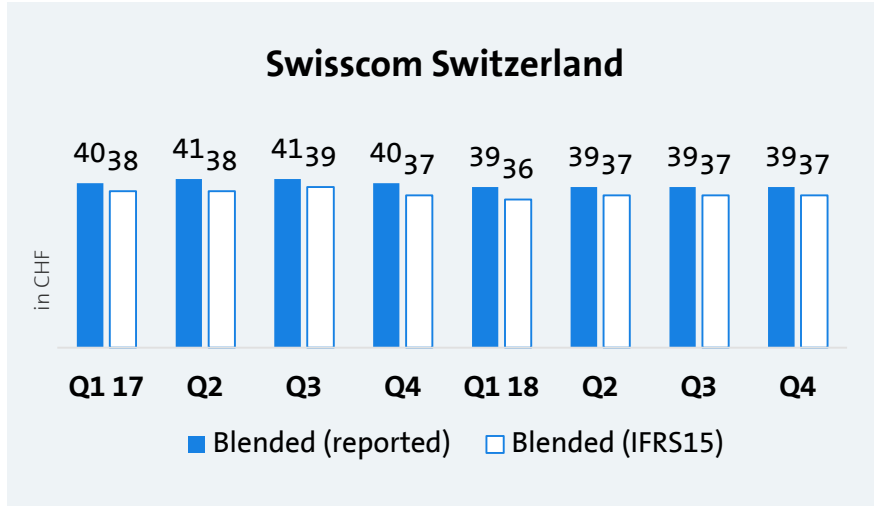
Appendix

in CHF million	2017				2018 reported				2018 IFRS15 adj.			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Retail Customers	1'497	1'481	1'478	1'515	1'456	1'448	1'457	1'482	1'457	1'448	1'459	1'470
Enterprise Customers	586	599	586	631	584	576	562	586	584	576	562	586
Wholesale	138	135	157	148	141	145	148	132	141	145	148	132
IT, Network & Infrastructure	6	7	6	7	5	5	5	5	5	5	5	5
Swisscom Switzerland	2'227	2'222	2'227	2'301	2'186	2'174	2'172	2'205	2'187	2'174	2'174	2'193
Fastweb	482	508	554	611	572	604	575	667	575	602	575	670
Other operating segments	122	129	132	146	127	142	137	152	127	142	137	152
Group Headquarters	0	0	1	0	0	0	0	1	0	0	0	1
Net revenue from external customers	2'831	2'859	2'914	3'058	2'885	2'920	2'884	3'025	2'889	2'918	2'886	3'016
t/o Net revenue IFRS15 impact Swisscom Switzerland					(1)	0	(2)	12				
t/o Net revenue IFRS15 impact Fastweb					(3)	2	0	(3)				
Direct costs	(606)	(607)	(698)	(810)	(704)	(692)	(723)	(835)	(688)	(677)	(708)	(833)
Personnel expenses	(753)	(738)	(695)	(816)	(723)	(714)	(661)	(717)	(723)	(714)	(661)	(717)
Other operating expenses	(490)	(517)	(513)	(632)	(503)	(540)	(519)	(632)	(503)	(540)	(519)	(632)
Capitalized costs and other income	91	190	86	141	103	111	107	141	103	111	107	141
Operating income (EBITDA)	1'073	1'187	1'094	941	1'058	1'085	1'088	982	1'078	1'098	1'105	975
t/o EBITDA IFRS15 impact Swisscom Switzerland					(9)	(9)	(10)	16				
t/o EBITDA IFRS15 impact Fastweb					(11)	(4)	(7)	(9)				



Swisscom Switzerland

Wireless ARPU and IFRS15 adjustments





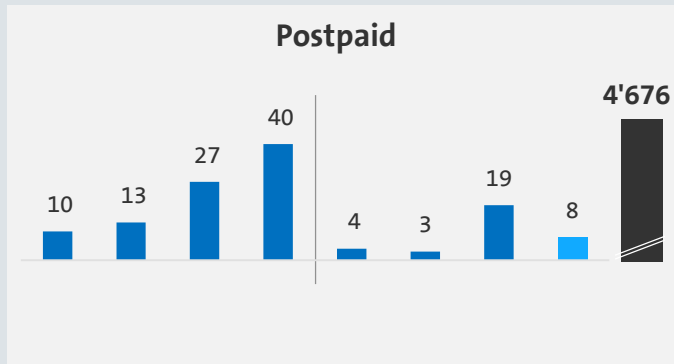
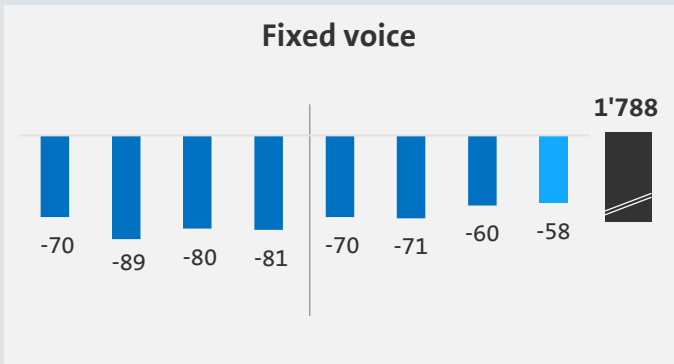
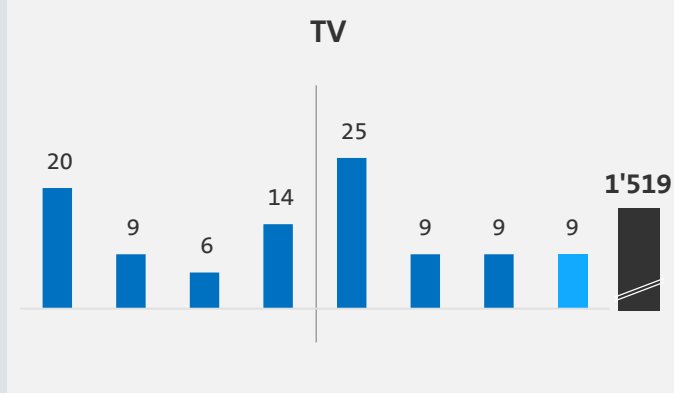
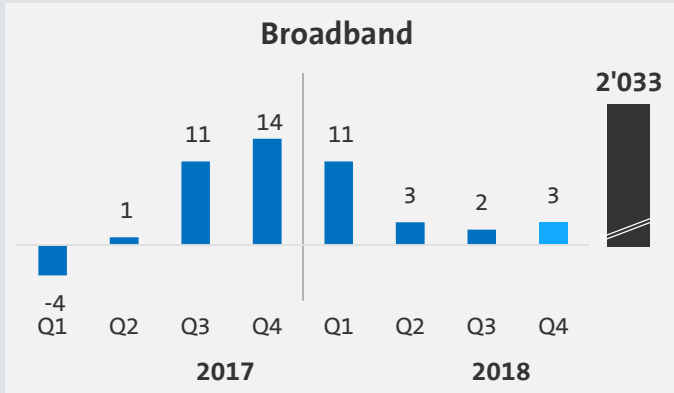
Net adds performance

Swisscom Switzerland with robust RGU momentum and Fastweb with ongoing RGU growth

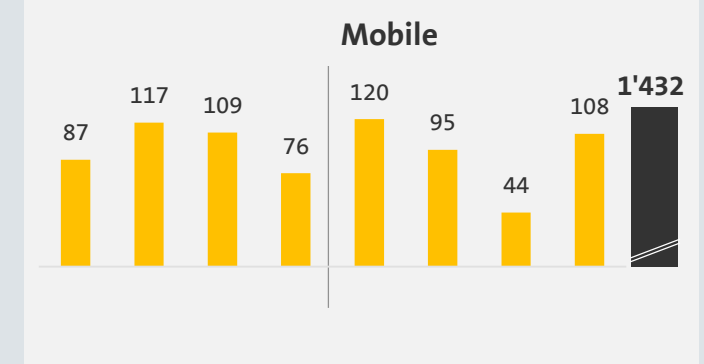
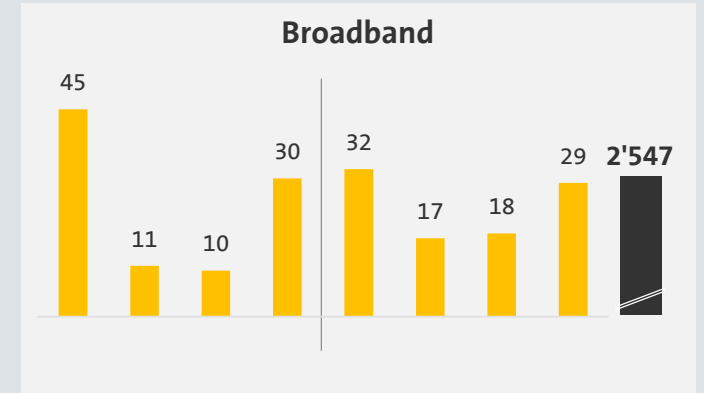


Appendix

Swisscom Switzerland (RGUs in k)



Fastweb (RGUs in k)

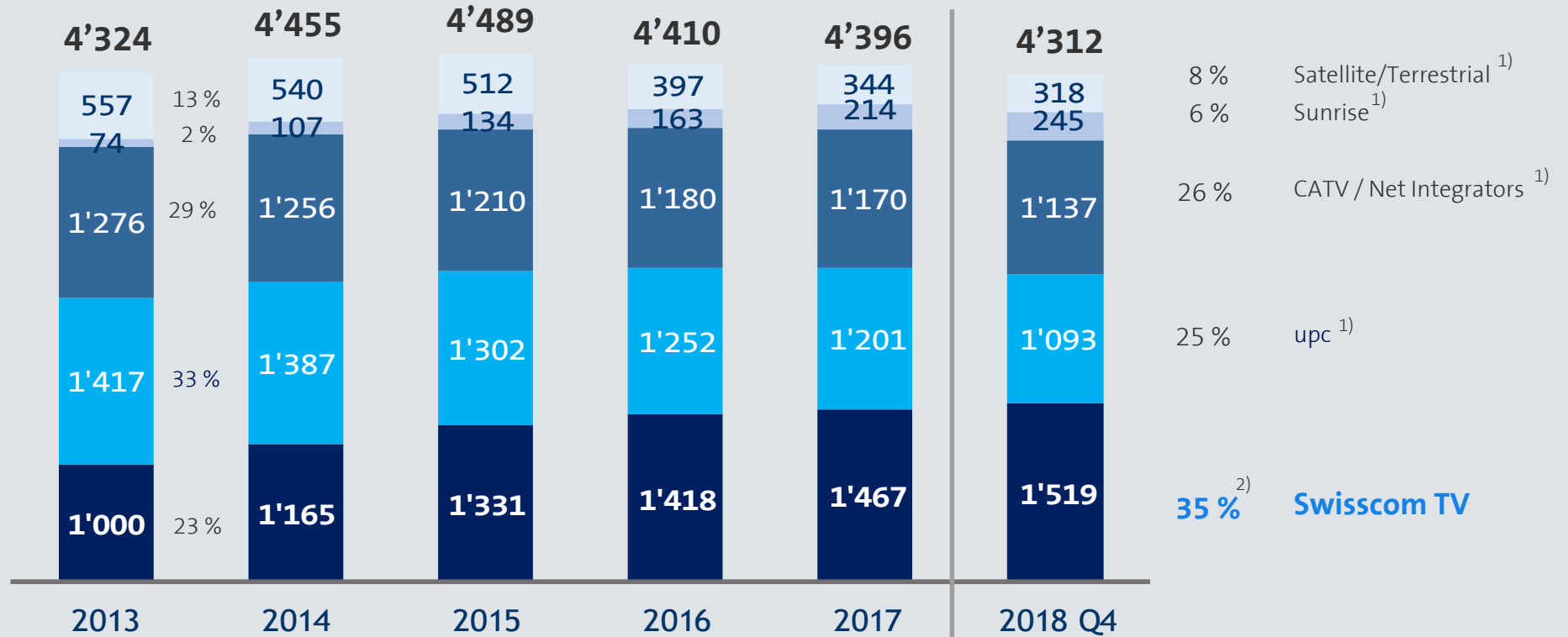




TV market in Switzerland

Swisscom #1 with 35% market share (+12pp since YE 2013)

Market subscriptions in k



1) Estimates for Q4 2018

2) Figures in 2016 and 2017 exclude non-active TV light customers



Retail Customers

Segment reporting as per 31.12.2018



Appendix

Net revenue decreased driven by a lower service revenue, increase in hardware sales partly compensates.

Service revenue decreased (-3.2%) due to higher discount volumes (inOne), a decrease in access lines and lower roaming revenue.

Contribution margin 2 decreased by 3.1%. Lower Service revenue was partly compensated by lower SAC/SRC and lower indirect cost (mostly workforce).

	Q4 2018	Q4/Q4	31.12.2018	YoY
Net revenue in MCHF ¹⁾	1'502	-2.2%	5'924	-2.1%
Direct costs in MCHF	-408	-3.1%	-1'411	0.9%
Indirect costs in MCHF ²⁾	-313	-2.8%	-1'140	-2.8%
Contribution margin 2 in MCHF	781	-1.5%	3'373	-3.1%
Contribution margin 2 in %	52.0%		56.9%	
CAPEX in MCHF	-54	-19.4%	-170	-11.5%
FTE's	-63		5'334	-5.7%
Broadband lines in '000 ³⁾	+5		1'998	1.1%
Voice lines in '000 ³⁾	-43		1'641	-10.8%
Wireless customers Prepaid in '000	-47		1'875	-6.0%
Wireless customers Postpaid in '000 ³⁾	-3		3'382	0.2%
Blended wireless ARPU in CHF	41	-2.4%	41	-2.4%
TV subs in '000 ³⁾	+9		1'519	3.5%

1) incl. intersegment revenues

2) incl. capitalised costs and other income

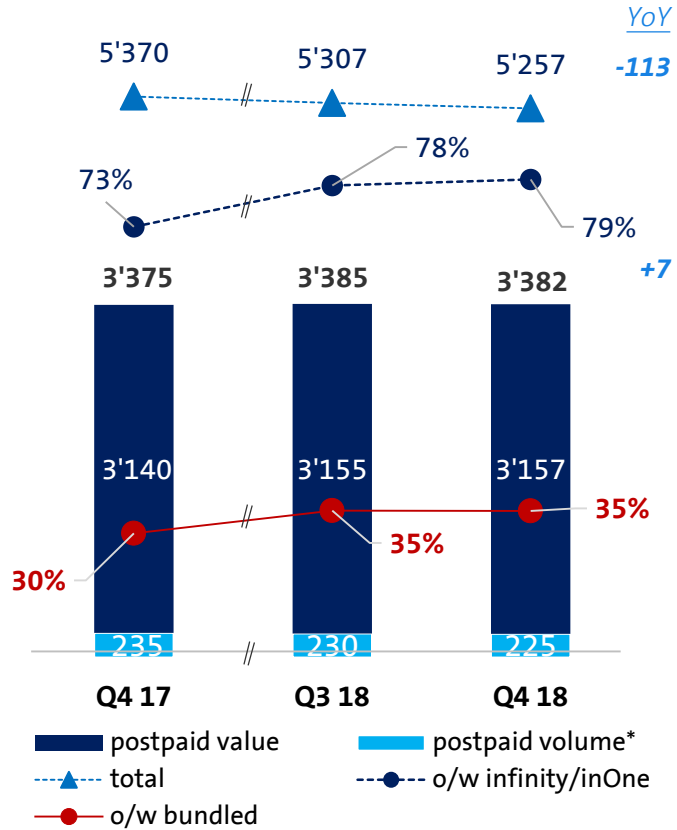
3) sum of single play and bundles



Retail Customers

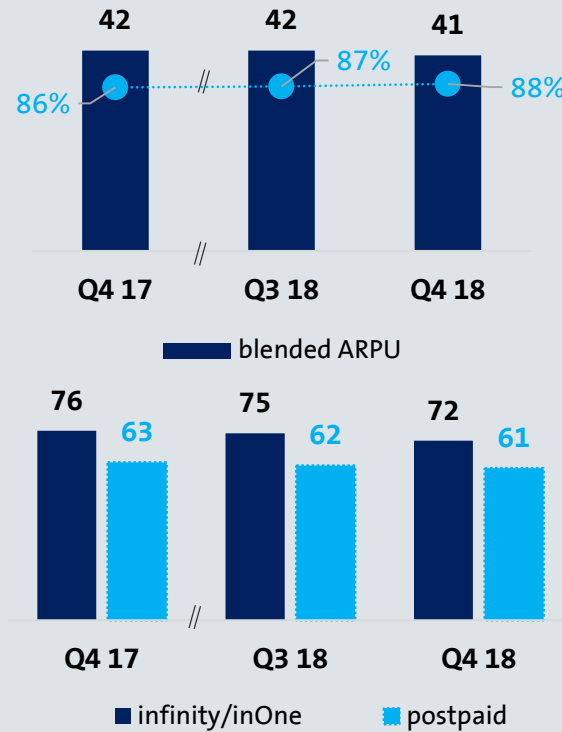
Wireless performance

Subscriptions (in k)

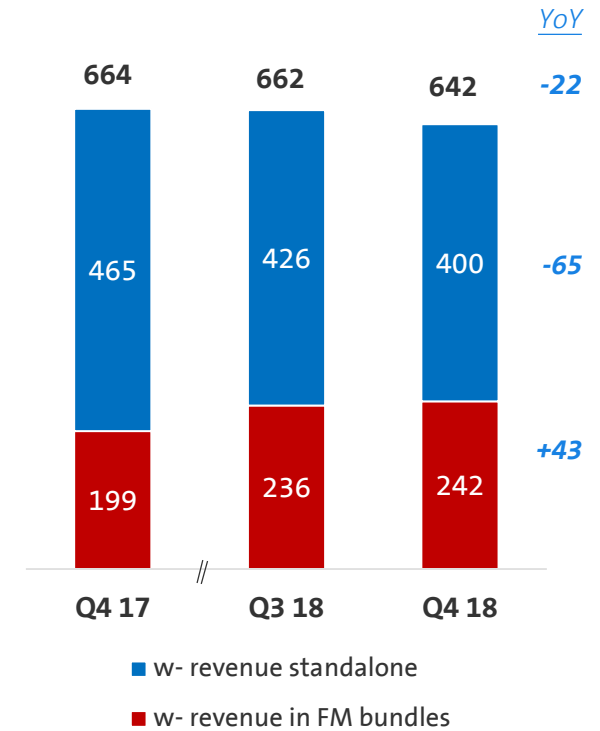


* consists of data and multi SIM cards

ARPU (in CHF)



Service Revenue (in CHF mn)

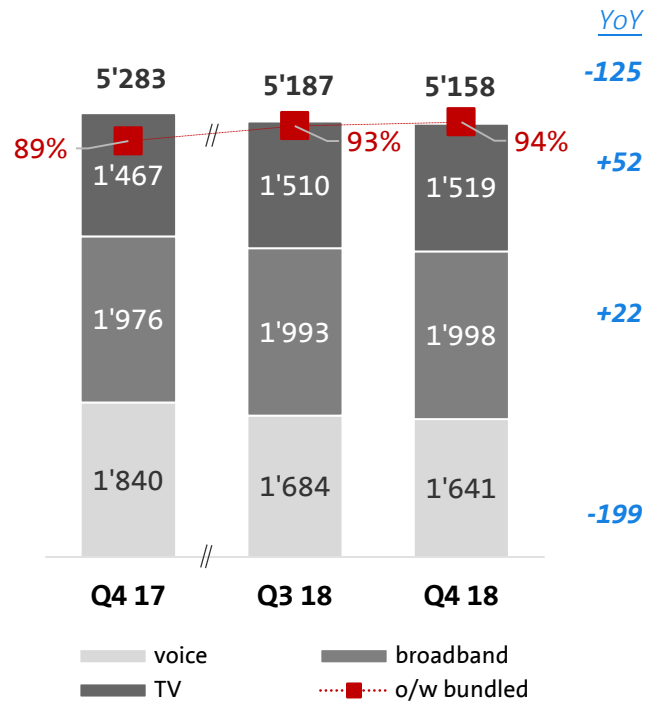




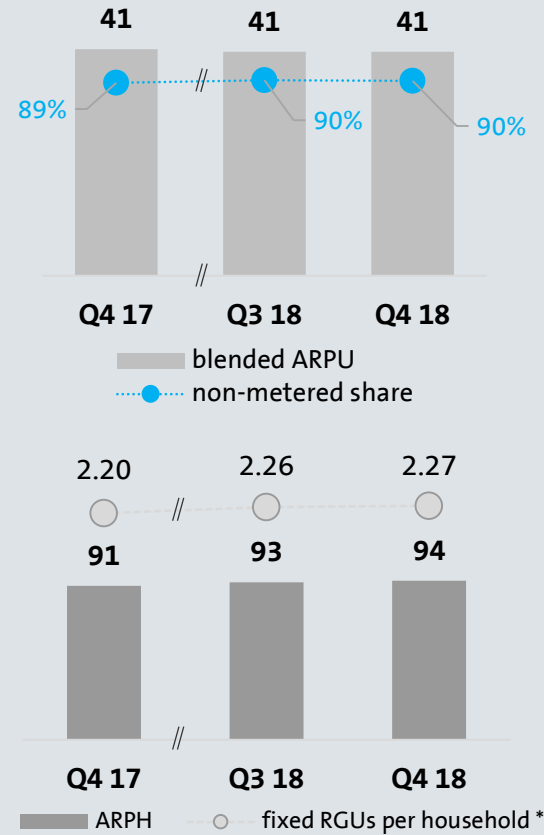
Retail Customers

Wireline performance

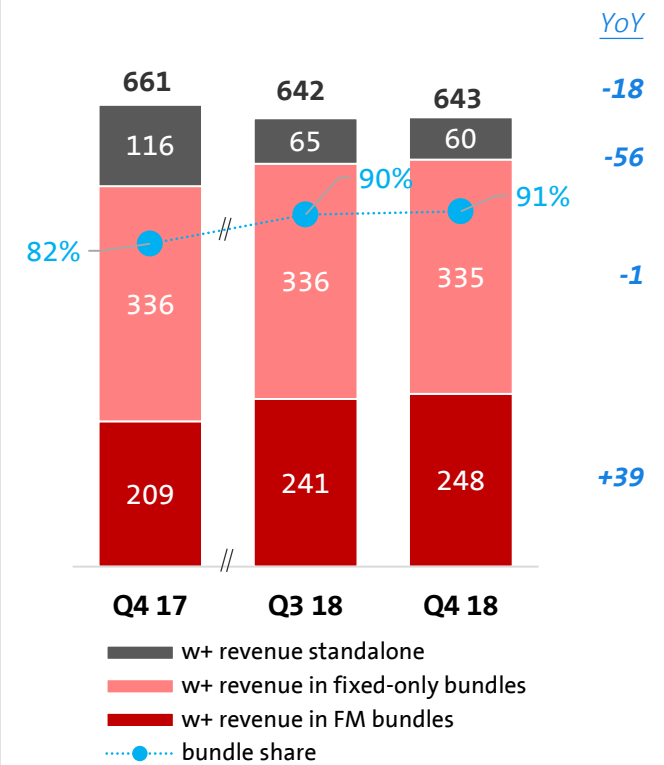
Subscriptions (in k)



ARPU and ARPH (in CHF)



Service Revenue (in CHF mn)



* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]



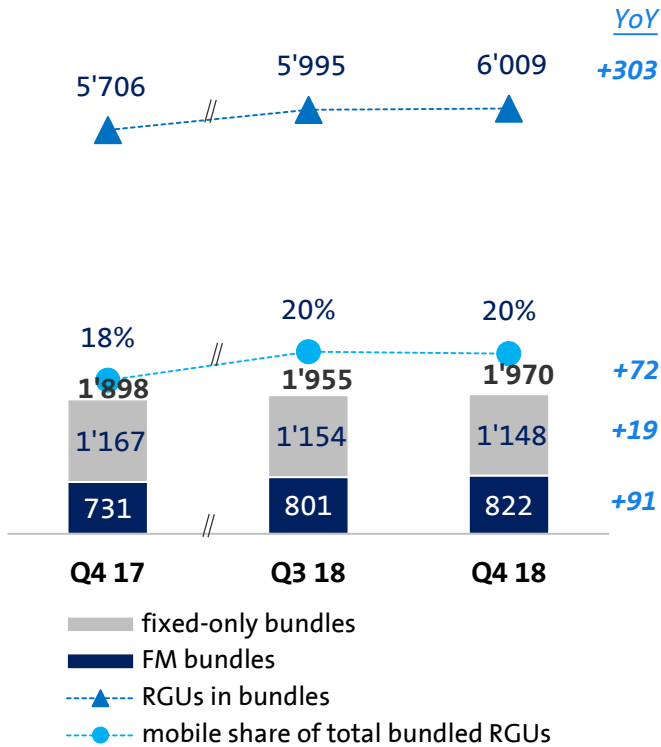
Retail Customers

Performance of fixed and FM bundles

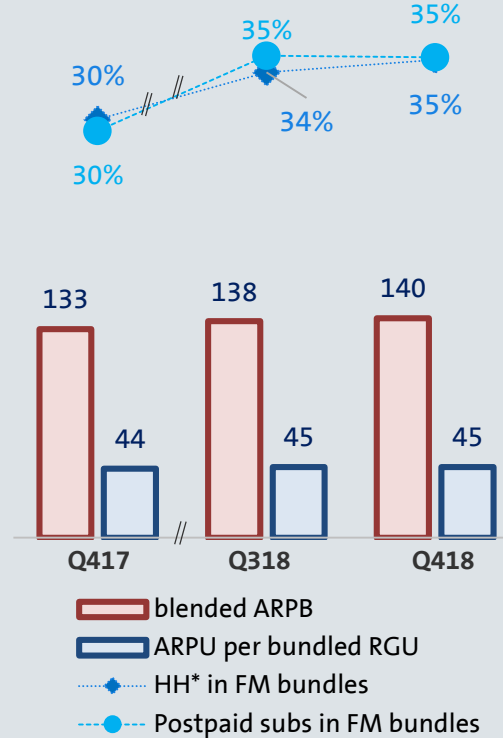


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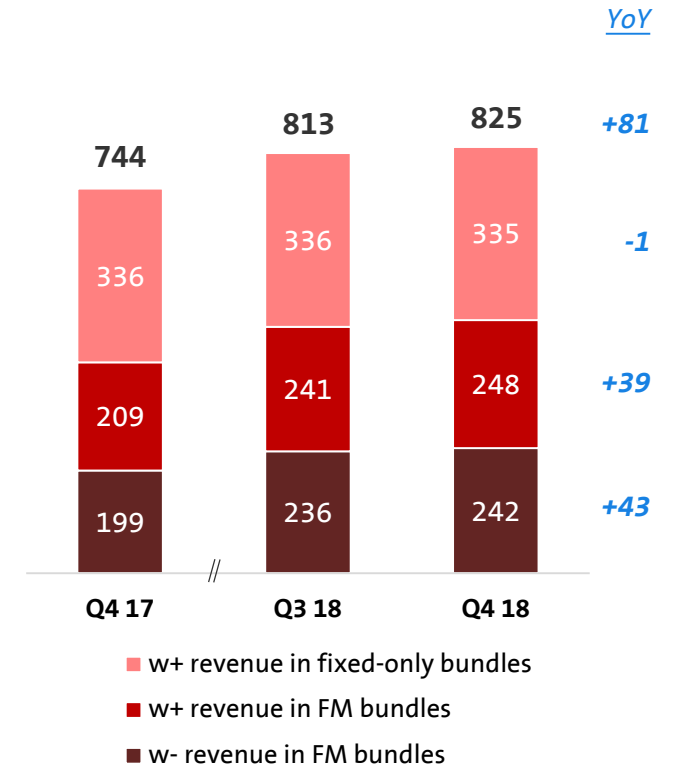
Subscriptions and Bundles (in k)



ARPB/U (in CHF) and FM penetration (in %)



Service Revenue (in CHF mn)



* HH = total broadband subscriptions + [total 1P voice subs – total 1P broadband subs]

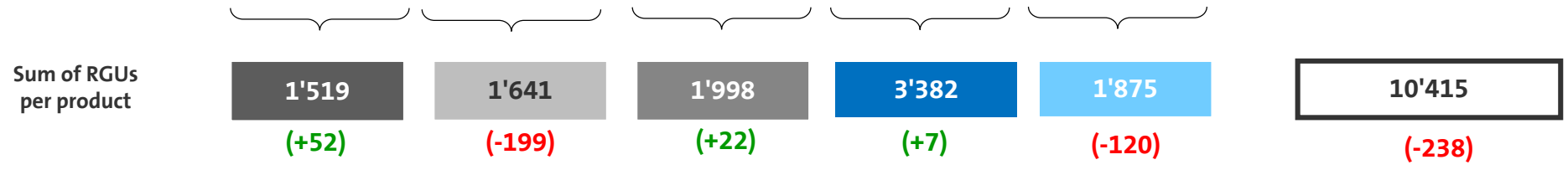
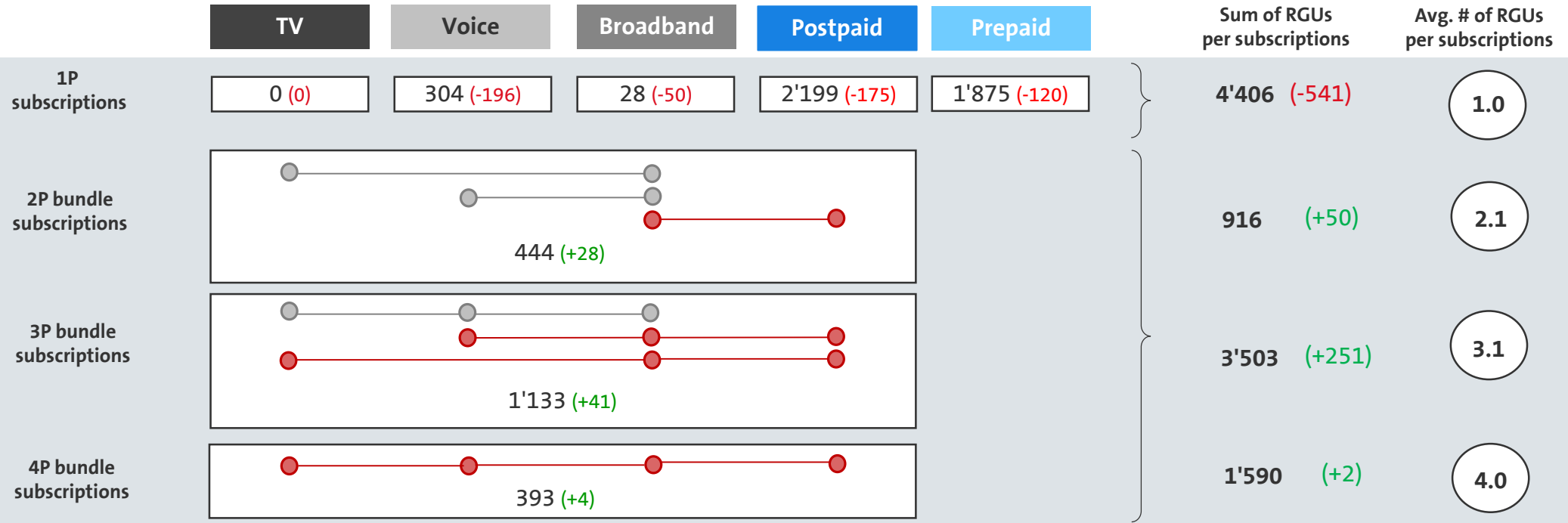


Retail Customers

RGUs and 1P-4P bundle subscriptions as per 31.12.2018

Retail Customers

in k, YTD (change to 31.31.2017 in brackets)





Retail Customers

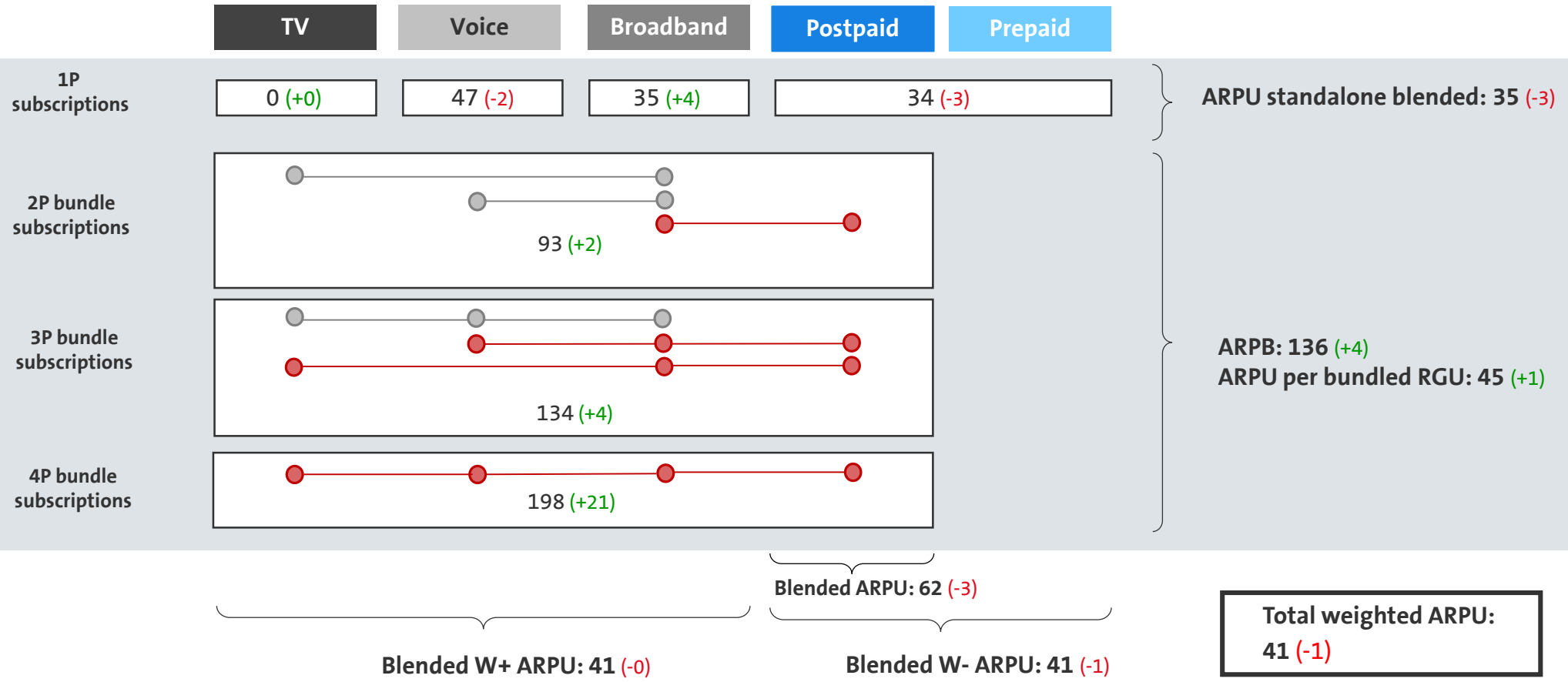
Q4 2014 ARPUs



Appendix

Retail Customers

in CHF YTD, (Change to 31.12.2017 in brackets)



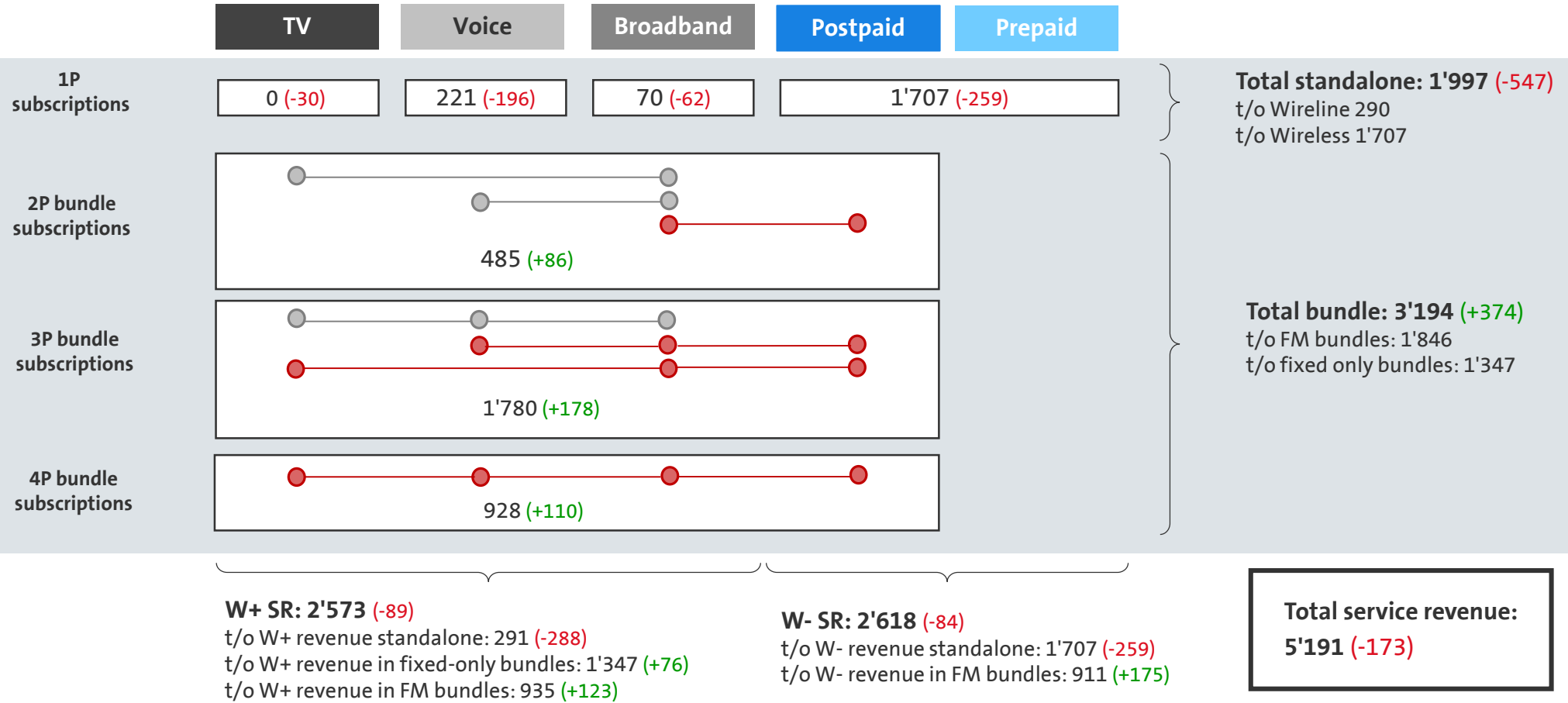


Retail Customers

Q4 2018 service revenue

Retail Customers

in CHF mn YTD, (Change to 31.12.2017 in brackets)





Enterprise Customers

Segment reporting as per 31.12.2018



Appendix

Net revenue down -4.0%, decrease in service revenue (-6.4%) due to price erosion and lower volume. Hardware sales partly compensate.

Solutions revenue down 3.9%, change in customer requirements in the banking segment is only partly compensated by new business.

Contribution margin 2 decreased by 8.2%, driven by the revenue decrease. Lower costs partly compensate.

	Q4 2018	Q4/Q4	31.12.2018	YoY
Net revenue in MCHF ¹⁾	612	-7.0%	2'410	-4.0%
Direct costs in MCHF	-203	-1.0%	-755	1.9%
Indirect costs in MCHF ²⁾	-233	-8.3%	-900	-5.0%
Contribution margin 2 in MCHF	174	-12.6%	755	-8.2%
Contribution margin 2 in %	28.4%		31.3%	
CAPEX in MCHF	-16	-15.8%	-54	-21.7%
FTE's	+82		4'466	-3.0%
Broadband lines in '000	-2		35	-7.9%
Voice lines in '000	-15		147	-29.0%
Wireless customers in '000	+11		1'294	2.1%
Blended wireless ARPU in CHF	28	-12.5%	30	-6.3%

1) incl. intersegment revenues

2) incl. capitalised costs and other income



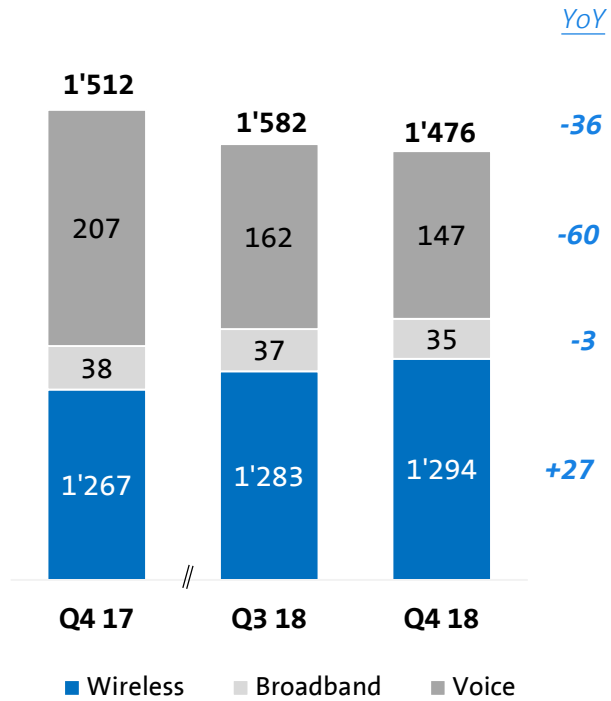
Enterprise Customers

Subs and revenue performance

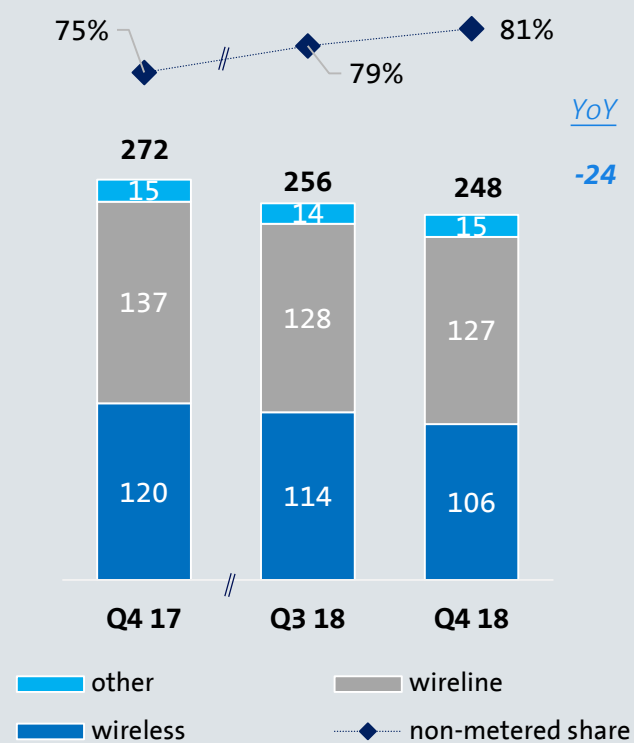


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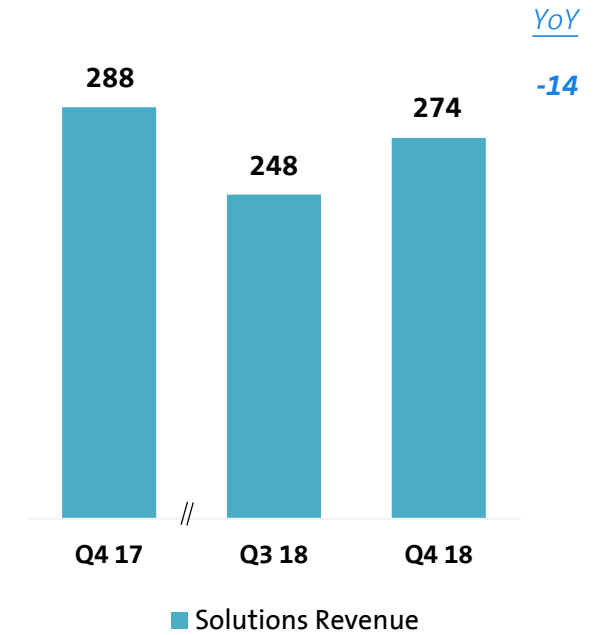
Subscriptions (in k)



Service Revenue (in CHF mn)



Solutions Revenue (in CHF mn)



* Consists of revenues from vertical businesses, digital solutions, cloud and network services and other solutions



Wholesale

Segment reporting as per 31.12.2018



Appendix

Revenue from external customers down by 2.1%. Lower revenue for inbound roaming and termination services is partly compensated by an increase in volume driven wholesale connectivity services.

Intersegment revenue down as lower outpayments (lower roaming cost and lower termination fees) are invoiced to the customer segments of Swisscom Switzerland.

Contribution margin 2 remains unchanged on prior year level.

	Q4 2018	Q4/Q4	31.12.2018	YoY
External revenue in MCHF	132	-10.8%	566	-2.1%
Intersegment revenue in MCHF	84	-14.3%	328	-10.4%
Net revenue in MCHF	216	-12.2%	894	-5.3%
Direct costs in MCHF	-107	-13.7%	-430	-10.0%
Indirect costs in MCHF ¹⁾	-5	-16.7%	-18	-10.0%
Contribution margin 2 in MCHF	104	-10.3%	446	0.0%
<i>Contribution margin 2 in %</i>	<i>48.1%</i>		<i>49.9%</i>	
CAPEX in MCHF	-		-	
FTE's	+0		83	-5.7%
Full access lines in '000	-4		87	-18.7%
BB (wholesale) lines in '000	+9		481	10.6%

1) incl. capitalised costs and other income



Wholesale portfolio

Access offerings



Appendix

Solution Business
Mass Market

Carrier Line Service Basic und Premium

- Dedicated high-quality Point-to-Point Data Transmission, 2M to 100G symmetric

Carrier Ethernet Service Basic und Premium

- Layer 2 Service for low-cost and flexible Ethernet connections, 2M to 10G symmetric

Low End Copper and Low End Fibre

- Cost-efficient low-end-access, 2M to 1G symmetric

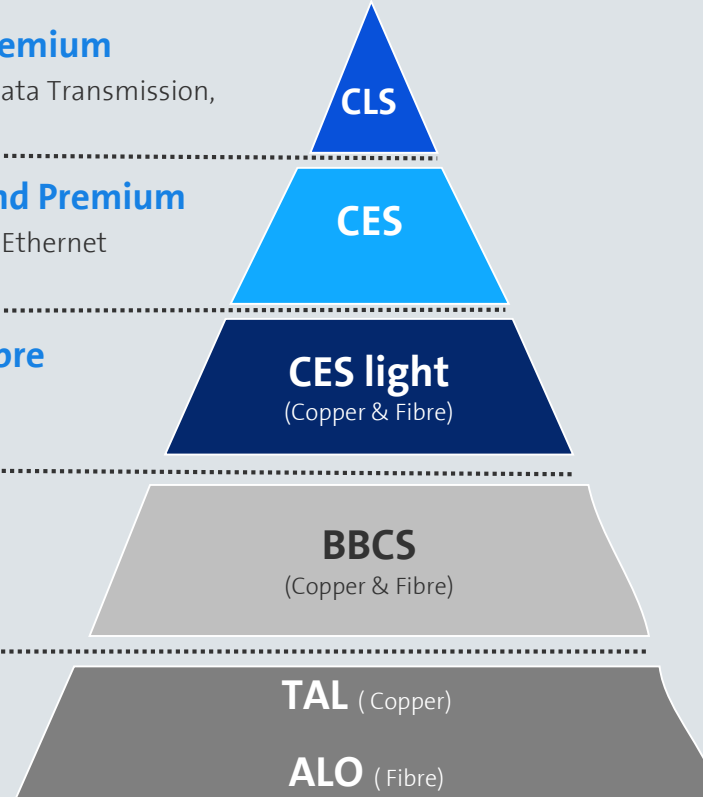
Broadband Connectivity Service

- Swiss-wide broadband access, 2M to 1G, asymmetric and symmetric

Unbundled Line (TAL)

Access Line Optical (ALO)

- Layer 1 line rental



Monthly mass market prices ¹

Broadband Connectivity Service BBCS, Layer 3, 15/3 Mbit/s	CHF 22
Broadband Connectivity Service BBCS, Layer 3, 40/8 Mbit/s	CHF 23
Broadband Connectivity Service BBCS, Layer 3, 100/20 Mbit/s	CHF 27
Unbundled Access Line TAL, Layer 1, Copper*	CHF 12.70
Access Line Optical ALO, Layer 1, Fibre*	CHF 27

¹ From 1st March 2019 onwards



IT, Network and Infrastructure

Segment reporting as per 31.12.2018



Appendix

Contribution margin 2 improved by 6.7%. Prior year impacted by a provision for restructuring. On a comparable level, the improvement amounts to 2.2%, driven by lower workforce expenses.

Headcount decreased by 4.4%.

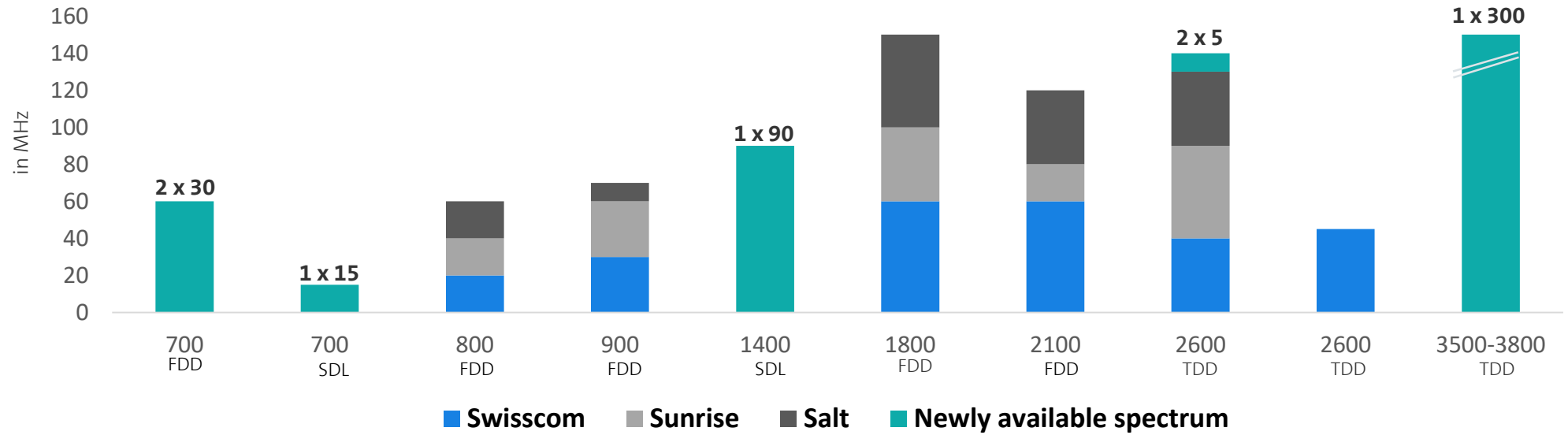
	Q4 2018	Q4/Q4	31.12.2018	YoY
Net revenue in MCHF	40	-4.8%	159	-4.8%
Direct costs in MCHF	-2	-33.3%	-10	-16.7%
Workforce expenses in MCHF	-216	-20.0%	-834	-7.2%
Rent in MCHF	-45	-6.3%	-174	-2.8%
Maintenance in MCHF	-51	-1.9%	-188	1.1%
IT expenses in MCHF	-52	-8.8%	-184	-8.5%
Other OPEX in MCHF	-111	-11.9%	-400	-4.5%
Indirect costs in MCHF	-475	-14.1%	-1'780	-5.5%
Capitalised costs and other income in MCHF	125	-13.2%	465	-2.9%
Contribution margin 2 in MCHF	-312	-15.7%	-1'166	-6.7%
Depreciation, amortisation and impairment in MCHF	-320	0.6%	-1'296	1.3%
Segment result in MCHF	-632	-8.1%	-2'462	-2.6%
CAPEX in MCHF	-448	-7.8%	-1'395	0.1%
FTE's	-91		4'595	-4.4%



Spectrum situation in Switzerland

Swisscom with a current spectrum share of 44%. Cap of new spectrum at 49%

Spectrum 2013-2028 allocation and new spectrum 2019-2033 overview



Source: ComCom press conference presentation 6.7.2018



Consumer revenue up by 6.5% YoY driven by the increase in customer base. ARPU nearly stable on prior year level (-1%).

EBITDA down by -11.2% YoY including an income from a settlement of a legal dispute (EUR 95 million) in the previous year.

On a comparable basis EBITDA up by 5.6% YoY driven by the revenue increase.

	Q4 2018	Q4/Q4	31.12.2018	YoY
Consumer revenue in MEUR	265	0.8%	1'050	6.5%
Enterprise revenue in MEUR	222	15.6%	780	9.9%
Wholesale revenue in MEUR ¹⁾	101	34.7%	274	10.5%
Net revenue in MEUR ¹⁾	588	10.9%	2'104	8.2%
OPEX in MEUR ²⁾	-397	15.4%	-1'430	20.7%
EBITDA in MEUR	191	2.7%	674	-11.2%
<i>EBITDA margin in %</i>	32.5%		32.0%	
CAPEX in MEUR	-225	24.3%	-657	5.6%
FTE's	+14		2'484	-0.8%
BB customers in '000	+29		2'547	3.9%
Wireless customers in '000	+108		1'432	34.5%
In consolidated Swisscom accounts				
EBITDA in MCHF	217	0.0%	777	-8.0%
CAPEX in MCHF	-256	23.1%	-757	9.4%

1) incl. revenues to Swisscom companies

2) incl. capitalised costs and other income



Other

Segment reporting as per 31.12.2018



Appendix

Net revenue up by 6.7% YoY due to higher revenue at Calex for construction services, revenue up for external customers as well as for the internal customer Swisscom Switzerland.

FTE up by 2.7% YoY. The headcount increase at Calex is partly compensated by sale of subsidiaries.

	Q4 2018	Q4/Q4	31.12.2018	YoY
External revenue in MCHF	152	4.1%	558	5.5%
Net revenue in MCHF ¹⁾	253	6.3%	907	6.7%
OPEX in MCHF ²⁾	-206	10.2%	-721	7.6%
EBITDA in MCHF	47	-7.8%	186	3.3%
<i>EBITDA margin in %</i>	<i>18.6%</i>		<i>20.5%</i>	
CAPEX in MCHF	-15	-21.1%	-46	-20.7%
FTE's	+62		2'649	2.7%

1) incl. intersegment revenues

2) incl. capitalised costs and other income



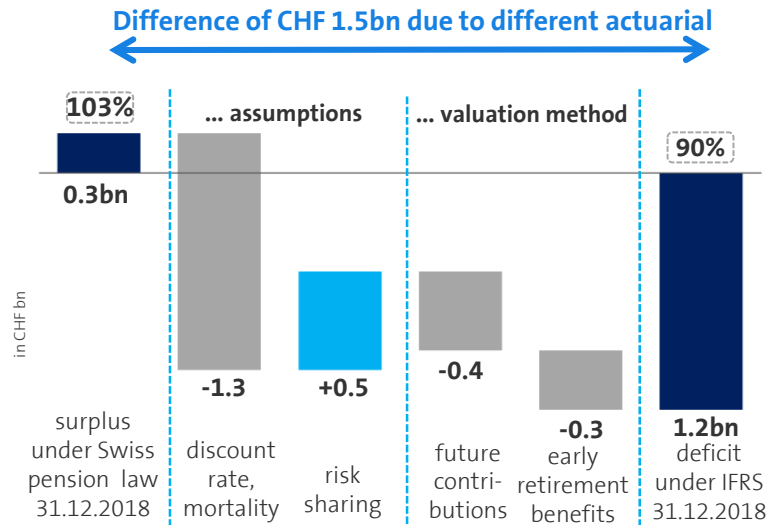
Pension plan

Situation as per 31.12.2018



Appendix

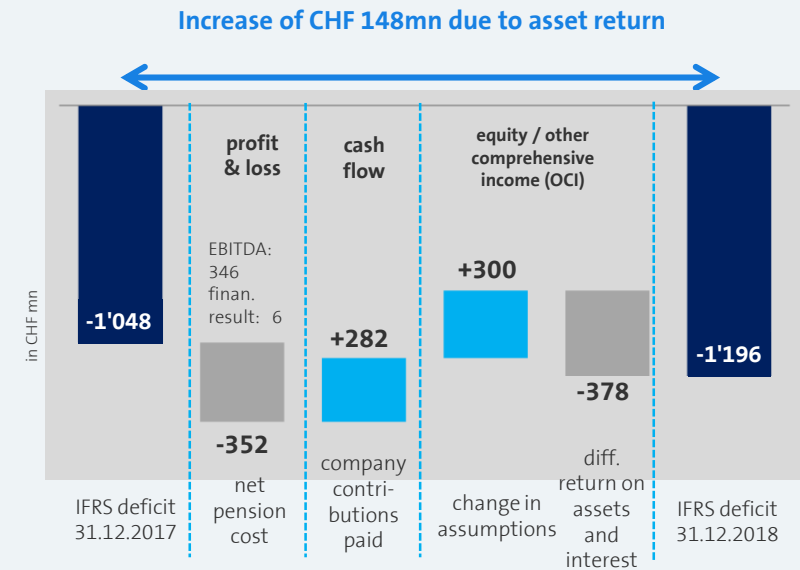
Valuation differences between Swiss pension law and IFRS



- Funding requirements are based on the actuarial valuation in accordance with Swiss pension law, IFRS not relevant
- Coverage ratio under Swiss pension law: 103%
- Main actuarial assumptions:

	Swiss pension law	IFRS
Discount rate	2,00% based on expected long-term asset return	0.86% based on yield corporate bonds AA-rated
Mortality	Periodical tables	Generational tables

Evolution IFRS deficit in 2018



- Net pension cost significantly higher than cash contributions
- Decrease of pension deficit (IFRS) resulting mainly from a negative return on asset (minus 3.0%) in 2018



Pension plan

Reported costs and outlook



Appendix

in CHF mn	2017 reported	2018 reported	Change 19/18	2019 estimated
Operating pension cost (EBITDA)	375	346	-7	339
Net interest (financial result)	11	6	2	8
Total pension cost (P&L)	386	352	-18	347
Company contributions (cash payments)	338	282	1	283
Operating pension cost less cash payments	37	64	-8	56

Operating pension cost

- Costs recognized in EBITDA measured in accordance with IFRS
- Costs are highly sensitive to changes of discount rate assumption

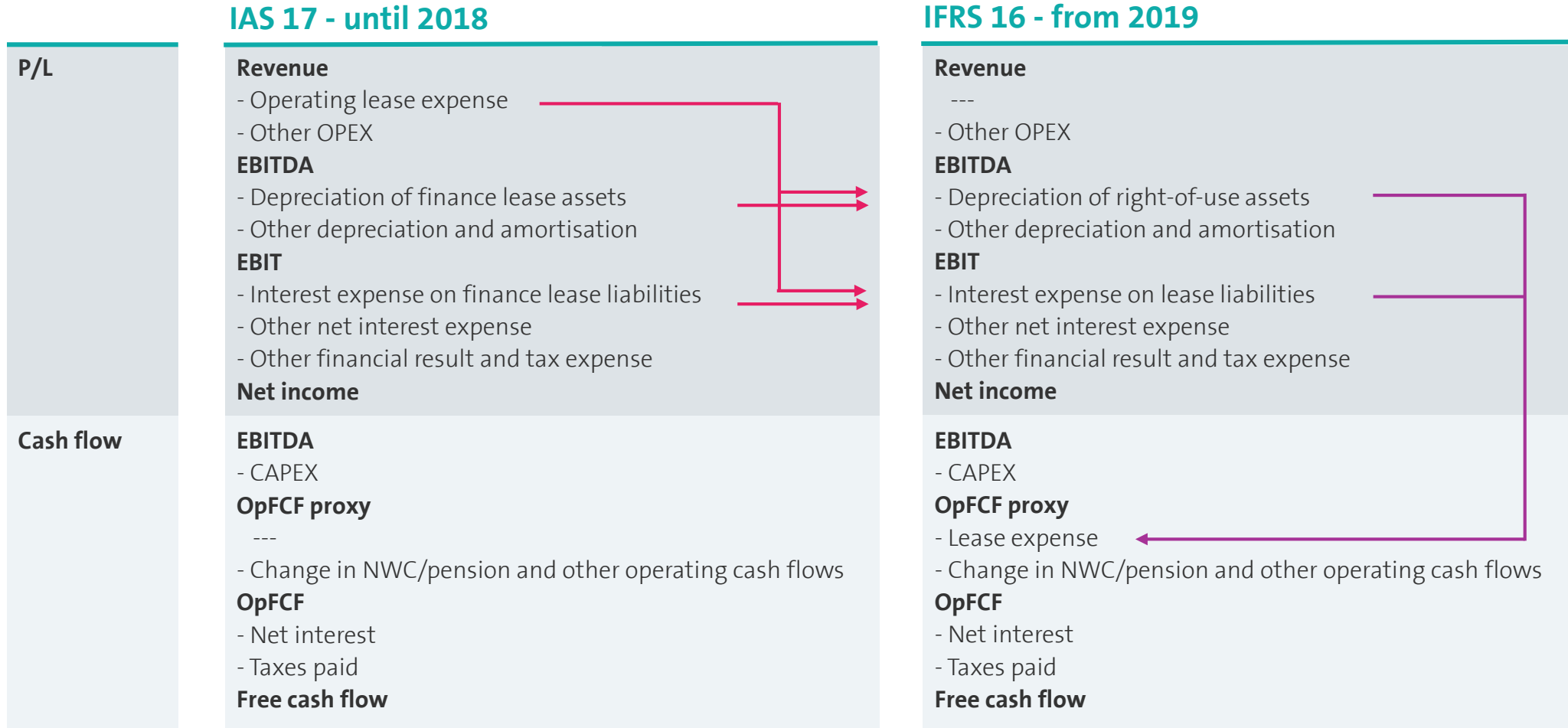
Cash payments

- Cash contributions are not based on IFRS actuarial valuation method
- Contributions are lower than IFRS pension cost
- Special contribution of CHF 50mn paid in 2017 related to plan amendments



IFRS 16 - the new standard for lease accounting

Illustrative example of changes in P/L and cash flow metrics





Corporate Responsibility

Sustainability fundamental for Swisscom in doing business



Appendix

More for the people



- **516k people**
trained in media competence
- **1'030k people**
supported in our supply chain to achieve better working conditions

More for the environment



- **569k t CO₂-savings**
by customers using Swisscom products
- **100% electricity**
generated from renewable energy resources since 2010

More for the country



- **1'111 municipalities**
covered with ultra broadband
- **5'233 schools**
connected to the internet free of charge by YE 2018

Swisscom being member of several CSR ratings:

ROBECOSAM
We are Sustainability investing.

Dow Jones Sustainability Index



Carbon Disclosure Project
A-List Climate Change 2017



FTSE4Good

FTSE4Good Index
Top 10 Developed Europe

ecovadis

EcoVadis 2017 CSR Rating
Gold Recognition Level



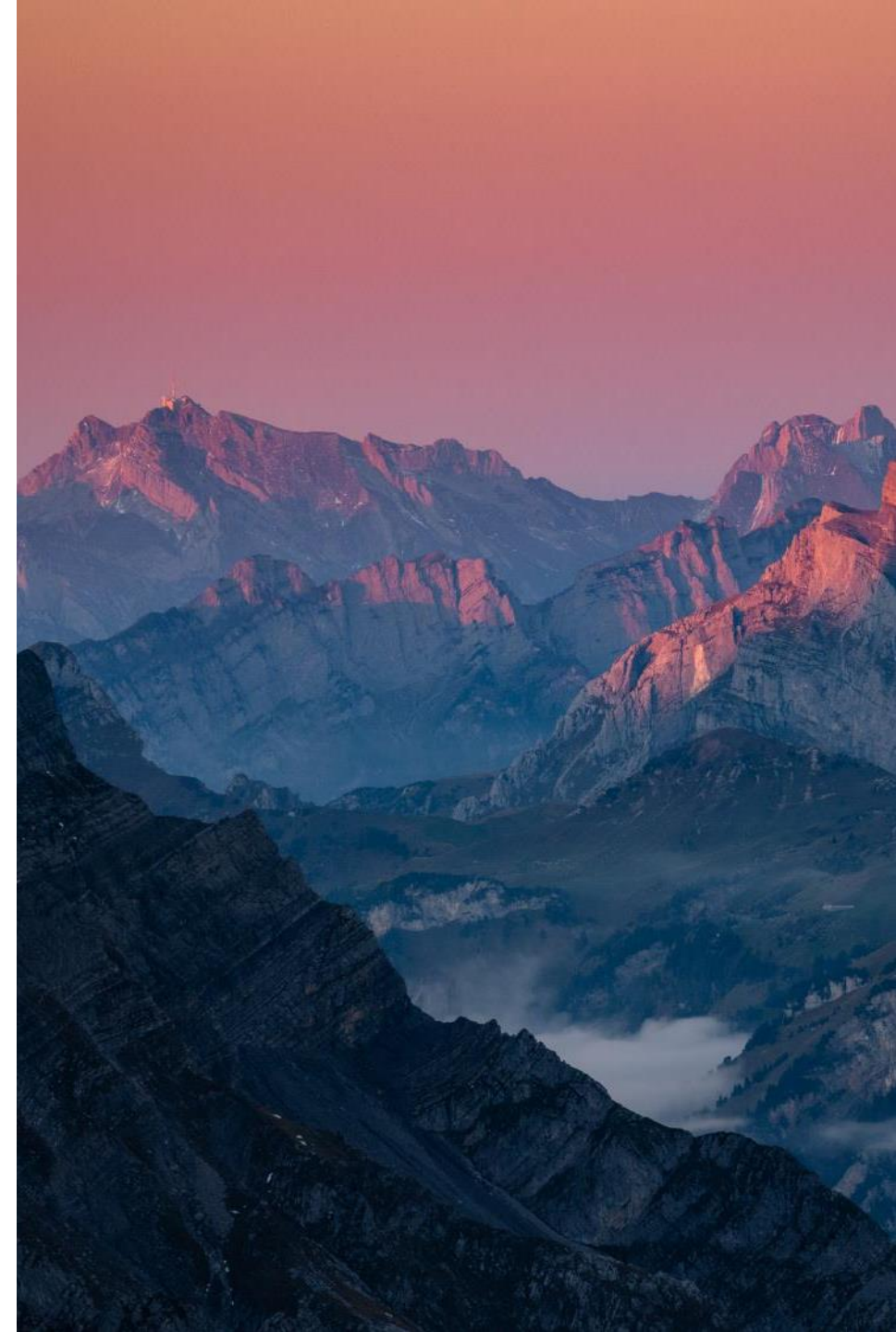
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