



ZKB Swiss Equities Conference

Swisscom - at the centre of digitalization

4 November 2020

swisscom





Q3 Highlights & performance



Business review



Outlook & Summary



Highlights



Q3 in a nutshell

Another successful quarter

Q3 financials positive:
ahead of street expectations

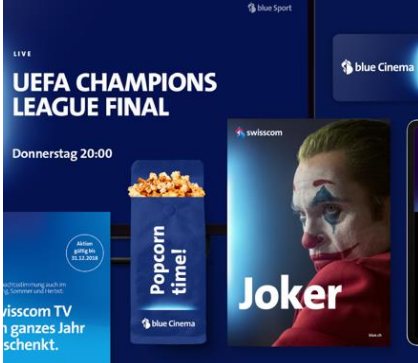


Global Winner:
fastest mobile upload speed experience

OPENSIGNAL



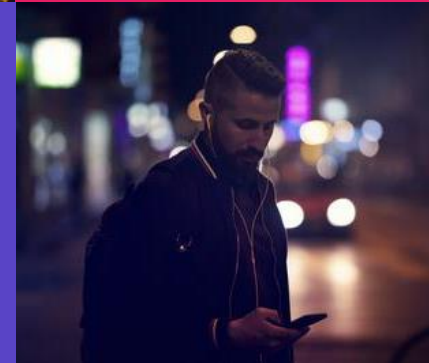
Ranked # 1 in ESG
out of 197 telecoms



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



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



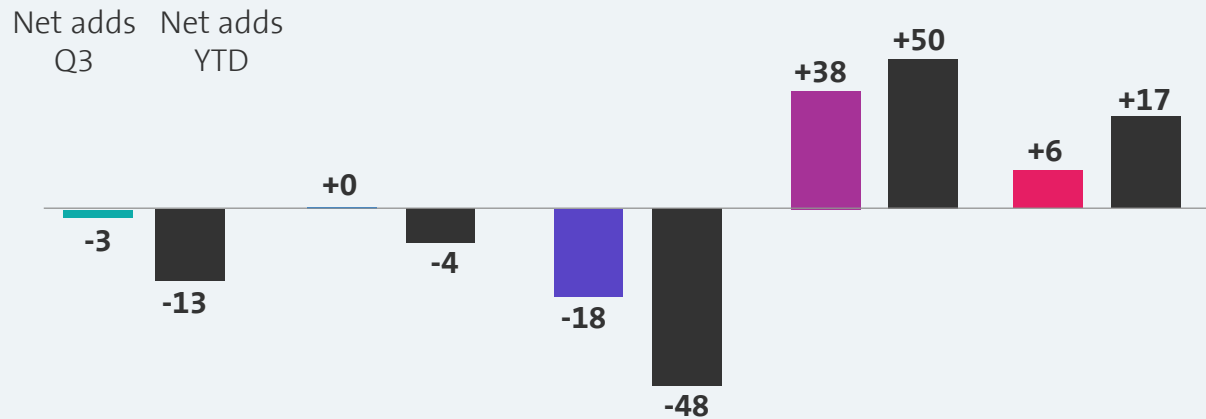
FY guidance confirmed:
Net revenue CHF ~11.0bn,
EBITDA CHF ~4.3bn
CAPEX CHF ~2.3bn



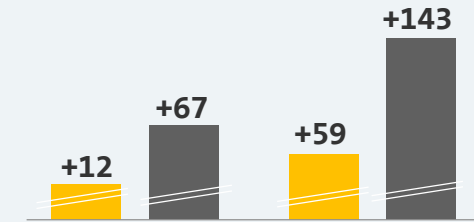
Q3 market (share) performance

Positive: Switzerland with stable BB/TV and growing postpaid/wholesale RGU base. Italy with RGU growth

Swisscom Switzerland (RGUs in k)



Fastweb (RGUs in k)



	Broadband	TV	Fixed voice	Postpaid	Wholesale	Broadband	Mobile
RGUs in k	2'045	1'551	1'546	4'821	602	2'704	1'889
Converged B2C share	46%			41%		34%	
Market share ¹⁾	53%	37%		58%		16%	2%

1) as per 30.06.2020

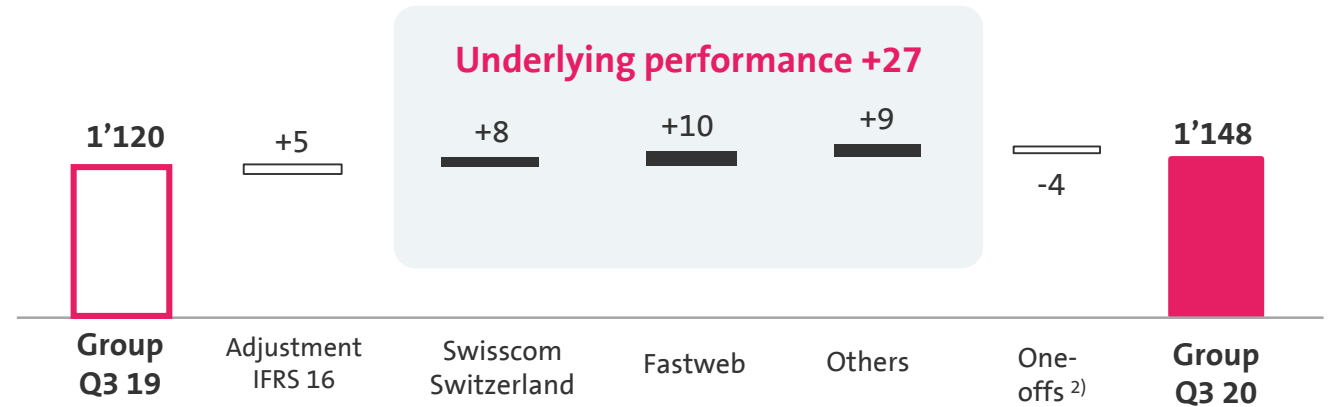


Q3 financial performance

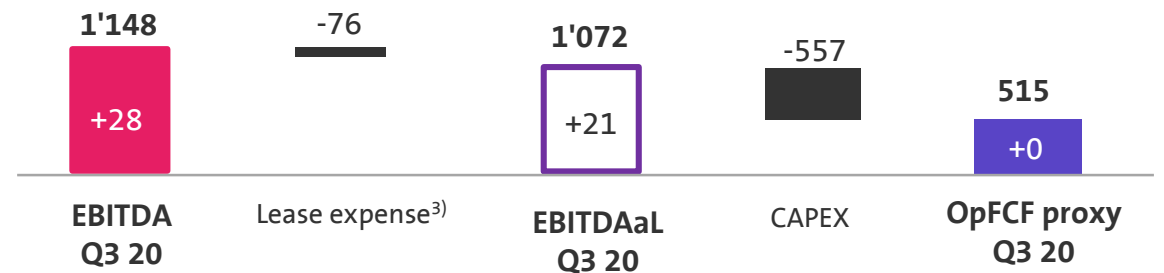
EBITDA up thanks to successful cost management in Switzerland and Fastweb growth

	<u>Q3 2020</u>	<u>9M 2020</u>
Net revenue	CHF 2'758 mn (-1.3% YoY)	CHF 8'201 mn (-3.0% YoY)
Net income	CHF 430 mn (+7.2% YoY)	CHF 1'166 mn (-1.3% YoY)
CAPEX	CHF 557 mn (+3.9% YoY)	CHF 1'632 mn (-0.3% YoY) ⁴⁾
Net debt¹⁾		CHF 8'622 mn (-3.5% YoY)
Leverage		2.0x (stable YoY)

EBITDA development in CHF mn and YOY changes



OpFCF proxy development in CHF mn



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 196mn



Business Review

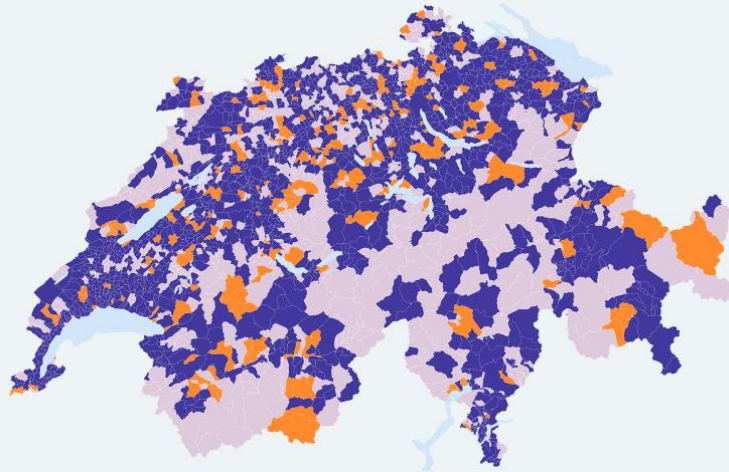


The best fully converged network of Switzerland ...

... 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



■ Highspeed Internet available: 1421 communities
 ■ Highspeed Internet under construction: 347 communities
 ■ Highspeed Internet planned: 434 communities

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

... and cementing network leadership

	Global Winner	Swiss Global Leaders	Swiss High Performers
Video Experience		Swisscom (77.9 points*)	
Voice App Experience			Swisscom (81.6 points*) Salt (81.5 points*)
Download Speed Experience			Swisscom (49.7 Mbps) Sunrise (33.9 Mbps) Salt (33.2 Mbps)
Upload Speed Experience	Swisscom (18.2 Mbps)	Salt (14.2 Mbps) Sunrise (13.1 Mbps)	

Source: Opensignal Research 'Global Mobile Network Experience Awards 2020', Sept. 2020
* of total 100 possible score points

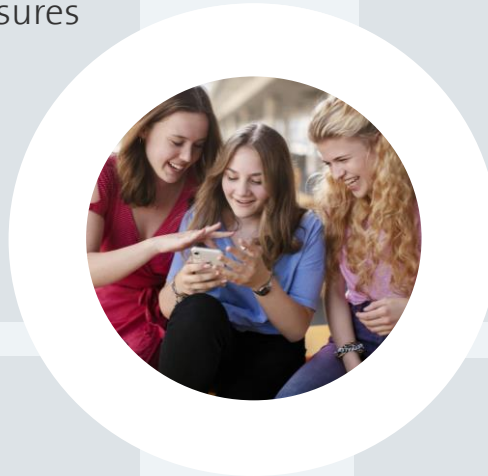
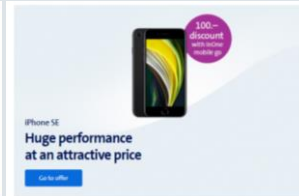
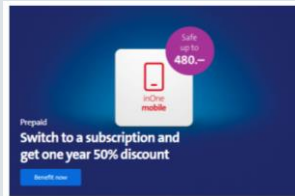


Unchanged competitive intensity weighs on B2C market dynamics

Swisscom with different commercial and innovative activities in Q3 to defend its market position

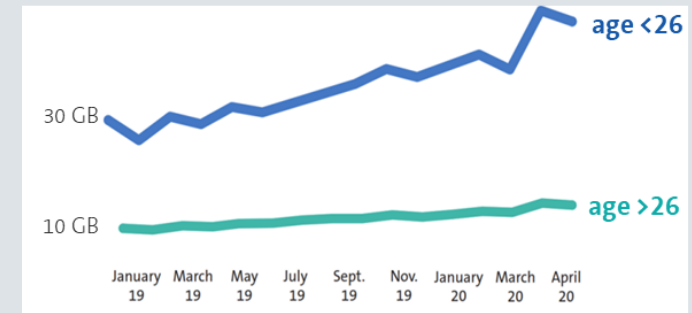
B2C ramping up commercial activities in Q3

- 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

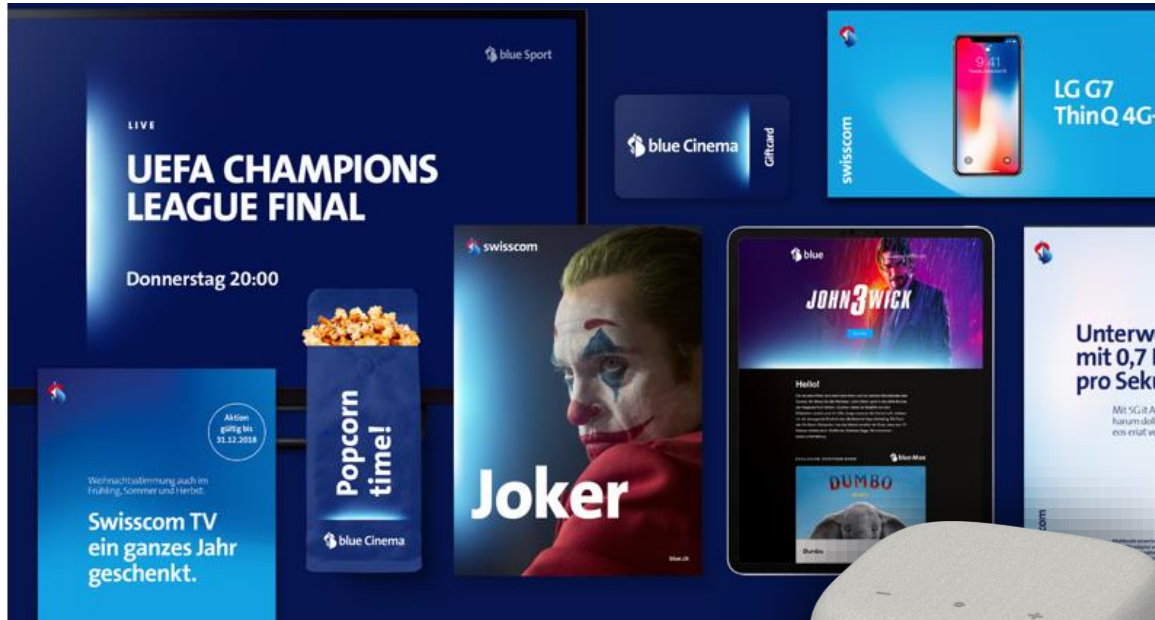
- One name for Swisscom's entertainment services





Blue brings all our entertainment offers together

Inspire customers throughout Switzerland with one unique entertainment brand – anytime and anywhere



blue TV



blue +



blue News



blue Cinema



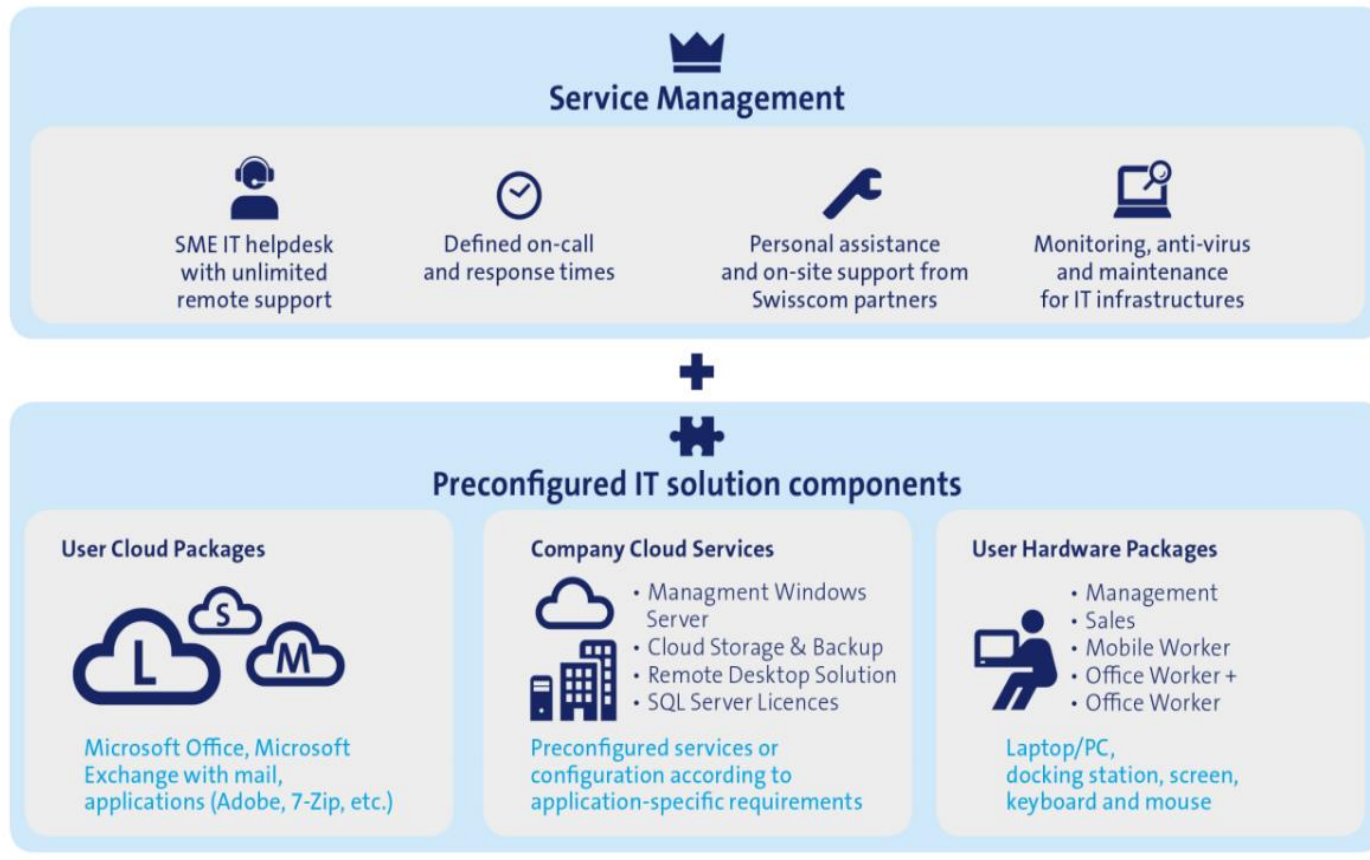
- **Better perception** with one consistent entertainment brand enabling **better cross- and up-selling**
- **New OTT proposition: Smart TV App** for Samsung, blue TV Air (250 channels, 30h Replay, 60h Recording at CHF 10) and distribution of Pay TV content on other operator boxes to **increase Swisscom's 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 ...



... serving all customers needs

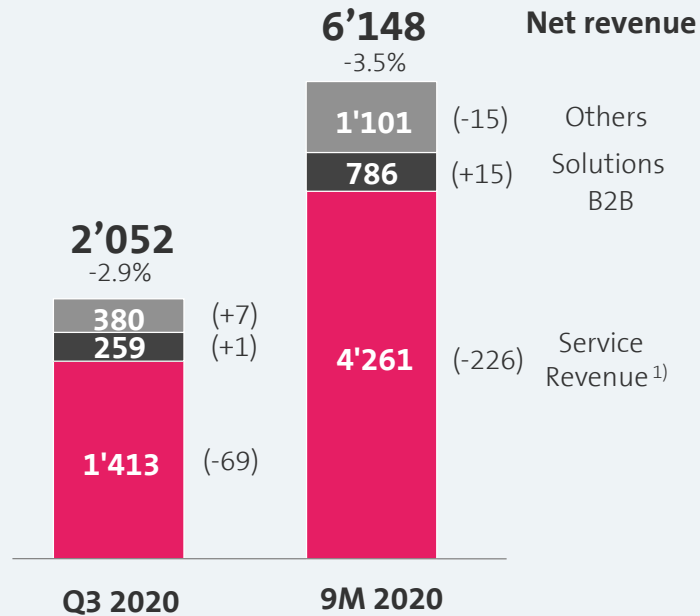
- **One-stop shop** with a complete and perfectly tailored package
- **Integrated all-in-one solution from a single source**
- **Customised Cloud outsourcing** depending on customers demand
- **Local support** providing appropriate technical expertise and advice
- **Transparent costs** enabling SMEs to plan their outgoings with no need for own investments



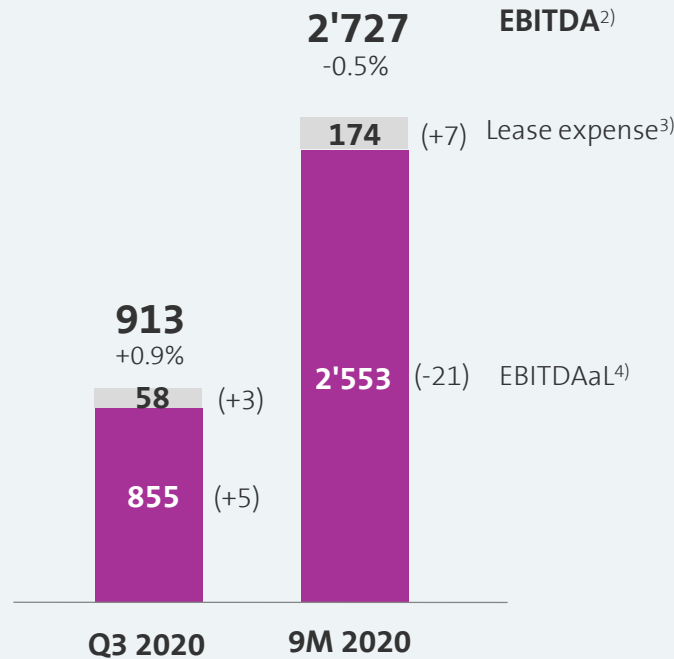
Financial performance of Swisscom Switzerland

Cost savings nearly compensate top-line decline. OpFCF proxy in line with FY expectation

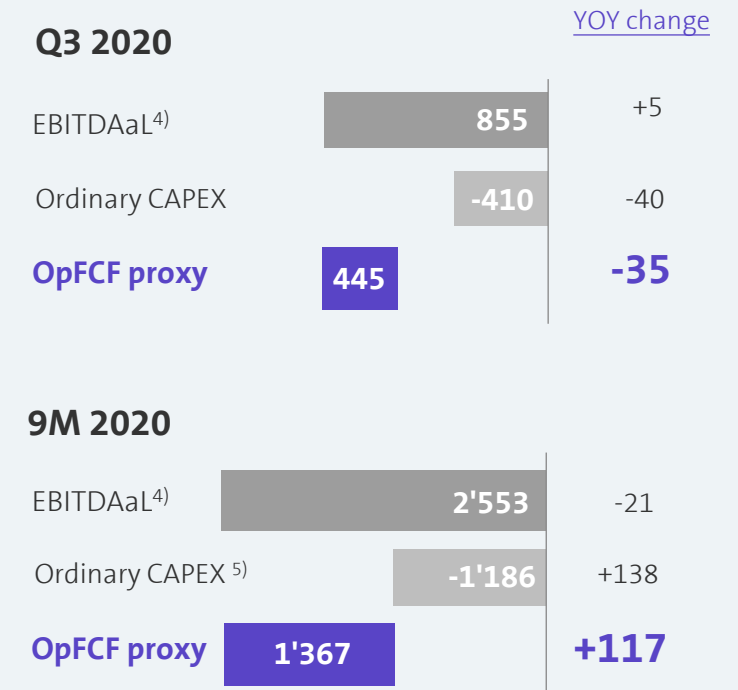
Net revenue in CHF mn (YOY changes)



EBITDA in CHF mn (YOY changes)



OpFCF proxy in CHF mn



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

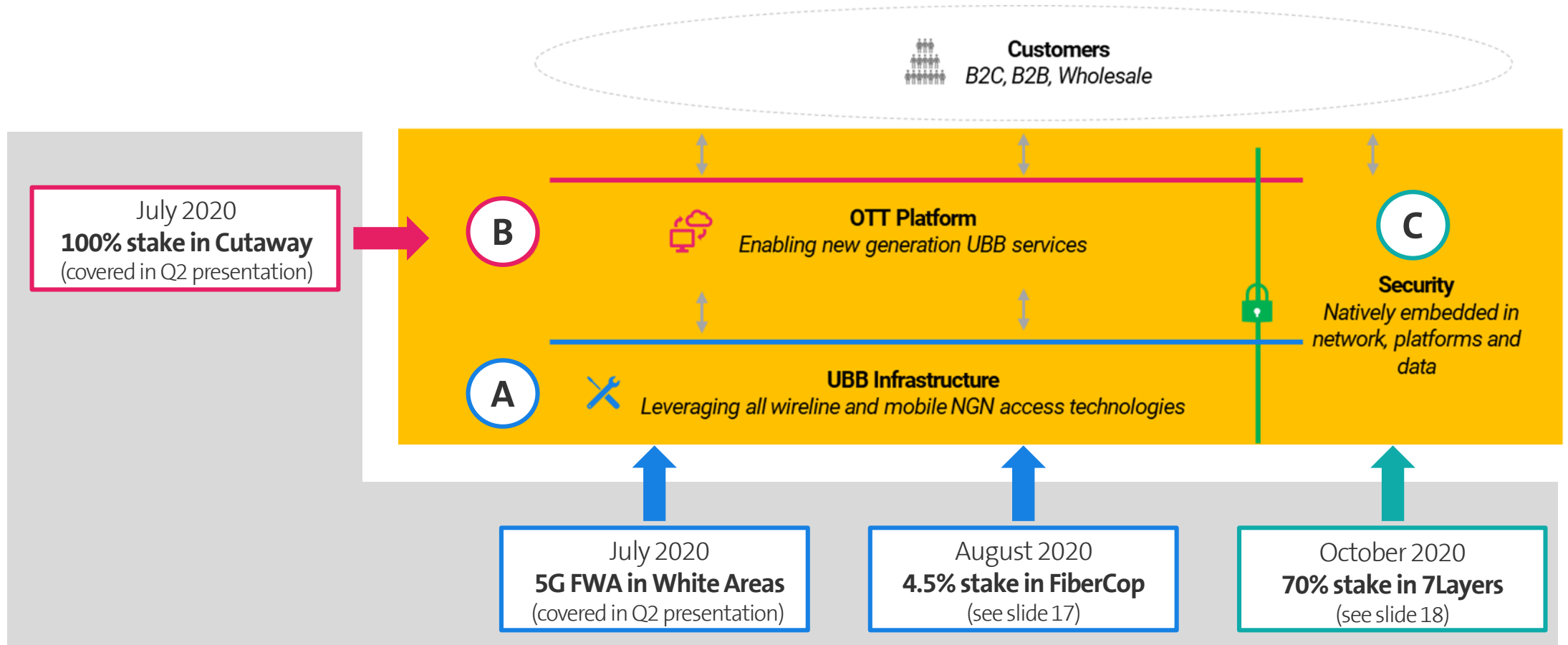


“Infrastructure-OTT” strategy confirmed and accelerated with dedicated initiatives

Building sustainable growth through differentiation

Strategic initiatives

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

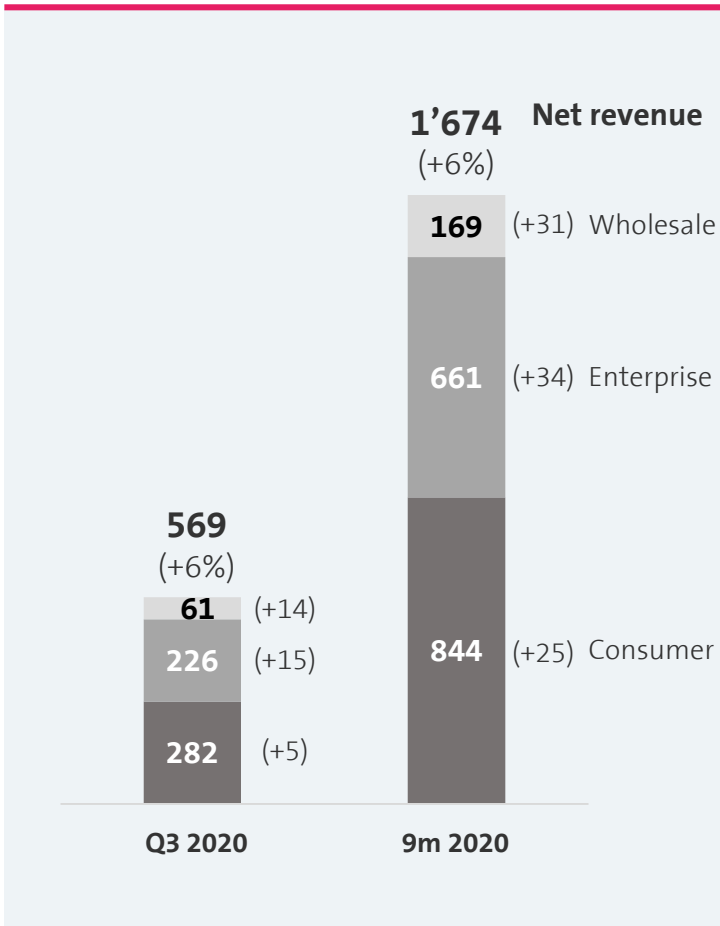




Financial performance of Fastweb

Performance in line with guidance

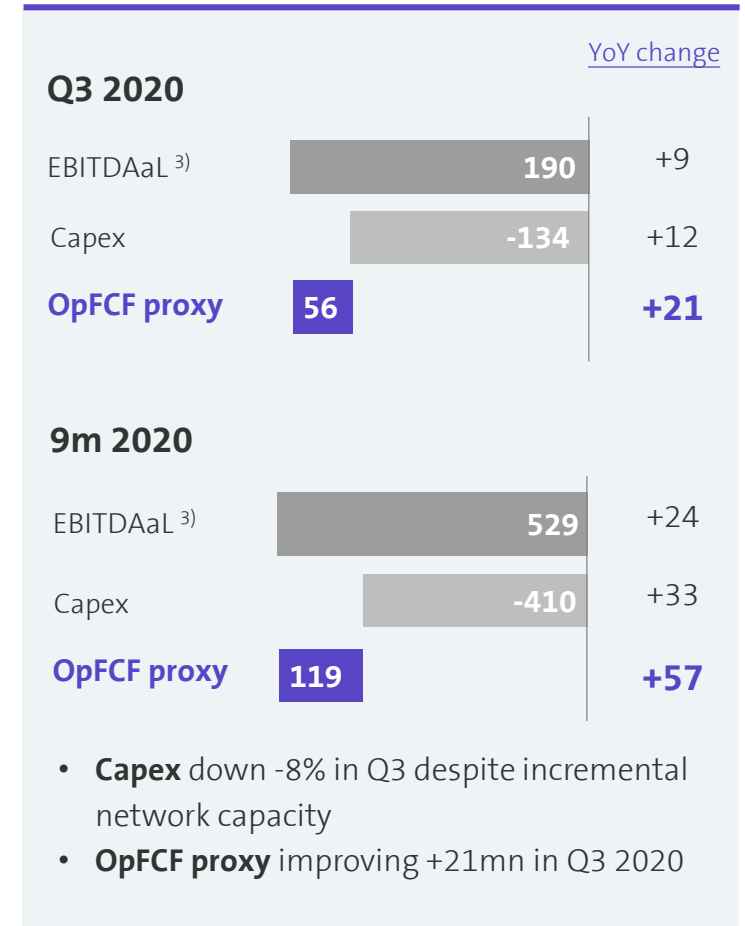
Net revenue in EUR mn (YoY)



EBITDA in EUR mn (YoY)



OpFCF proxy in EUR mn (YoY)



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

in CHF bn	2019 reported	2020 outlook ³
Revenue	11.453	~ 11.0
EBITDA¹	4.358	~ 4.3
CAPEX²	2.438	~ 2.3

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

1 EBITDAaL 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!

swisscom





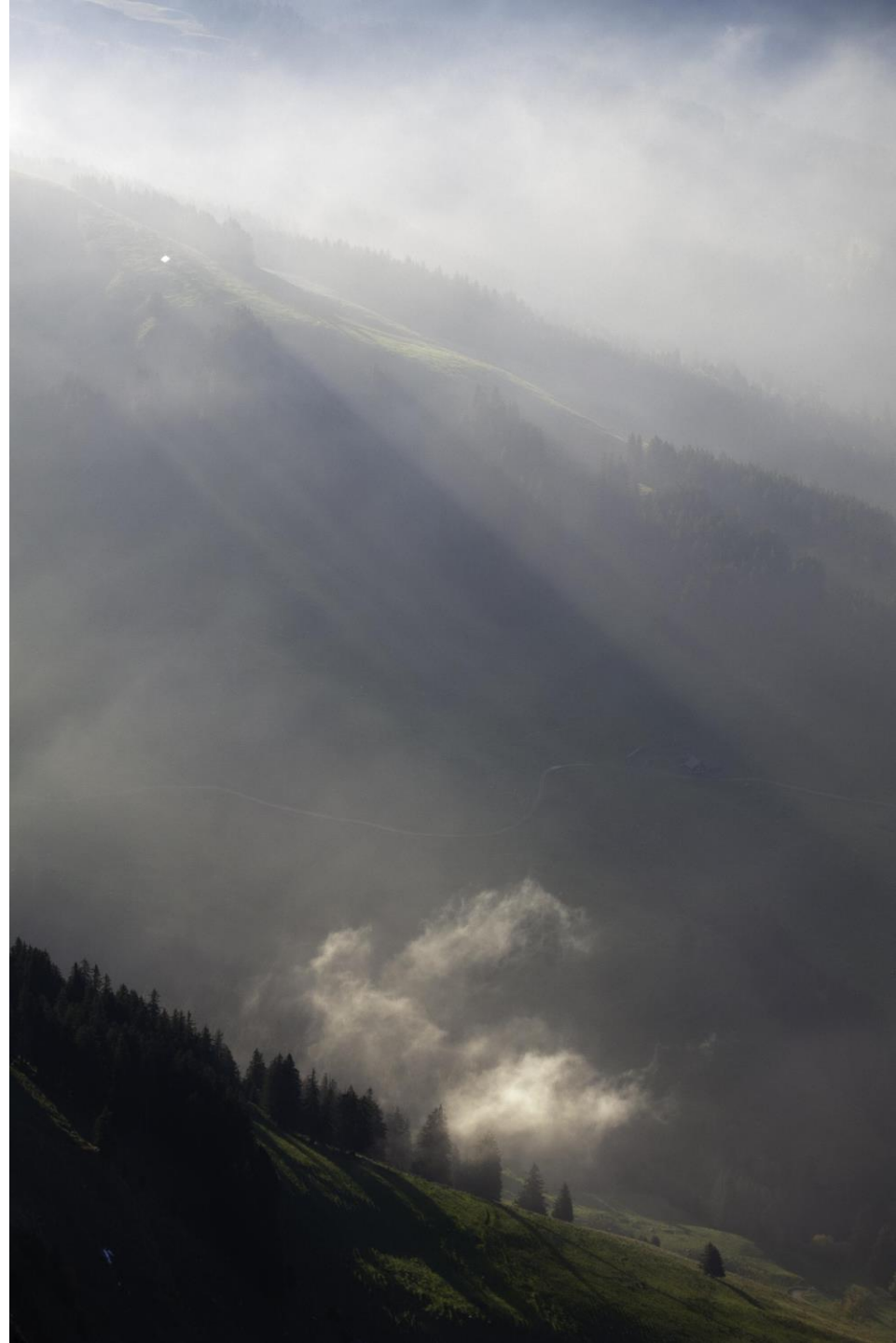
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