



ZKB Swiss Equities Conference

# Swisscom - at the centre of digitalization

4 November 2020

swisscom





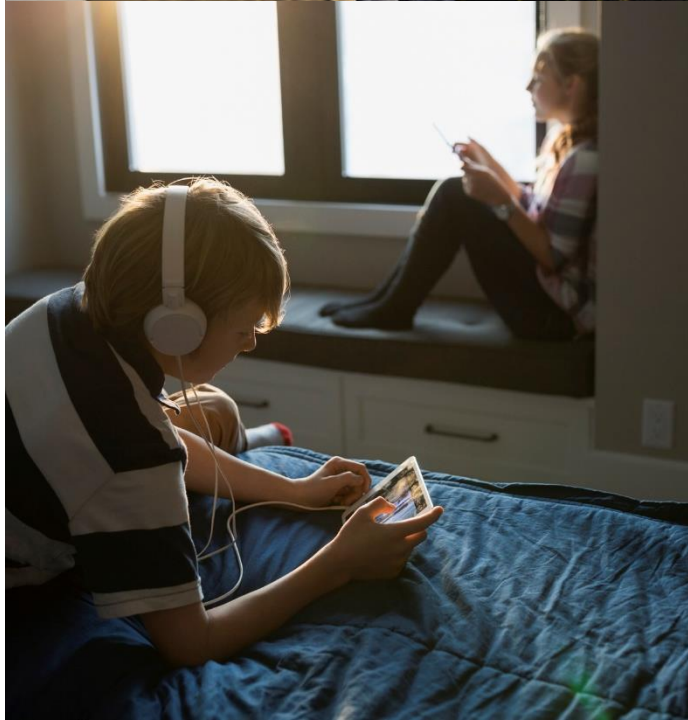
**Q3 Highlights & performance**



**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**



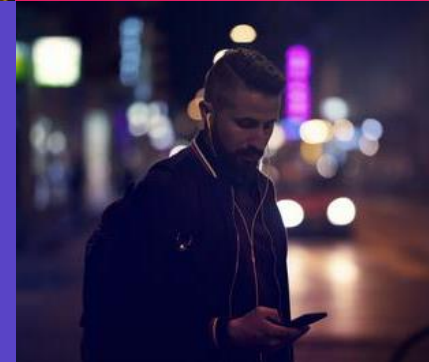
**Ranked # 1  
in ESG**  
out of 197 telecoms



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:**

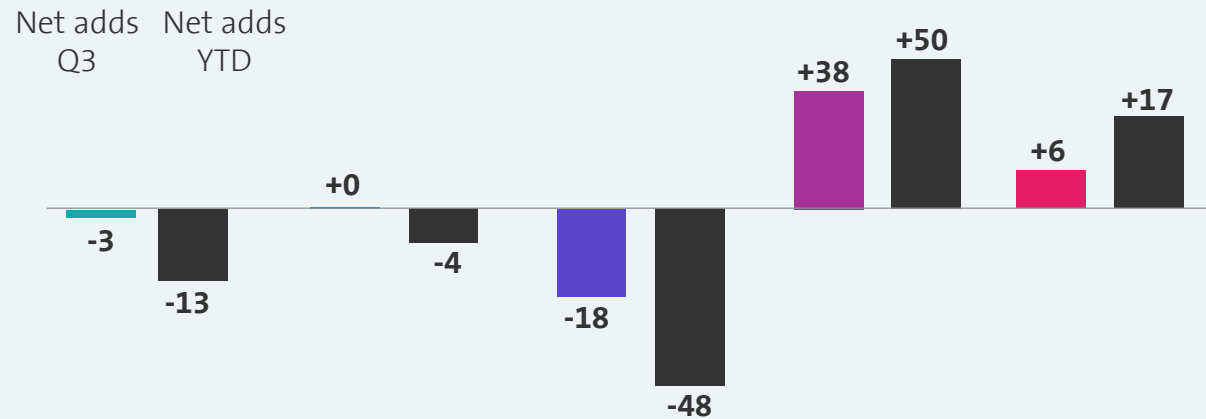
Net revenue  
CHF ~11.0bn,  
EBITDA CHF ~4.3bn  
CAPEX CHF ~2.3bn



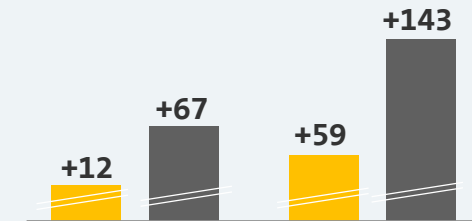
## Q3 market (share) performance

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)



RGUs in k

Converged B2C share

Market share <sup>1)</sup>

Broadband

2'045

46%

53%

TV

1'551

37%

Fixed voice

1'546

Postpaid

4'821

41%

58%

Wholesale

602

Broadband

2'704

34%

16%

Mobile

1'889

2%

<sup>1)</sup> as per 30.06.2020

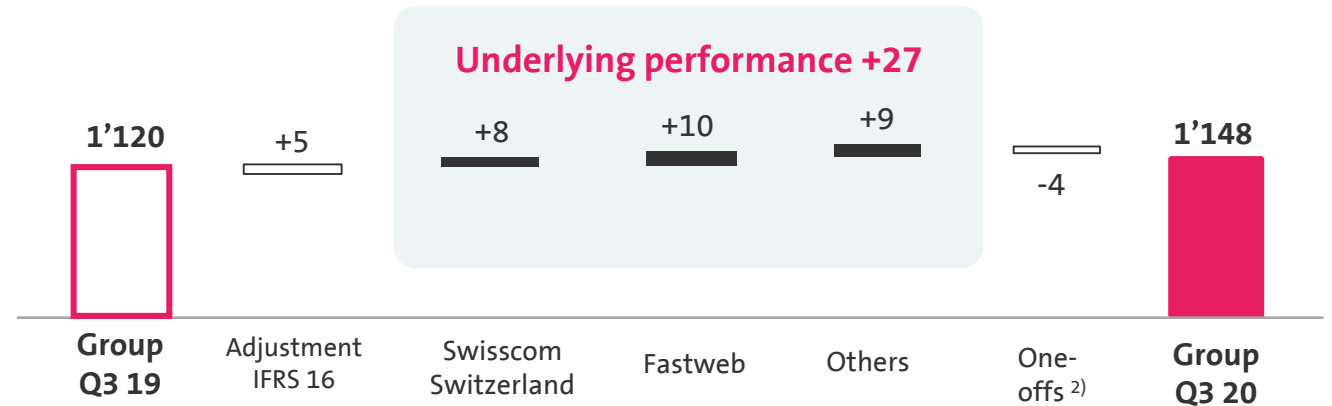


## Q3 financial performance

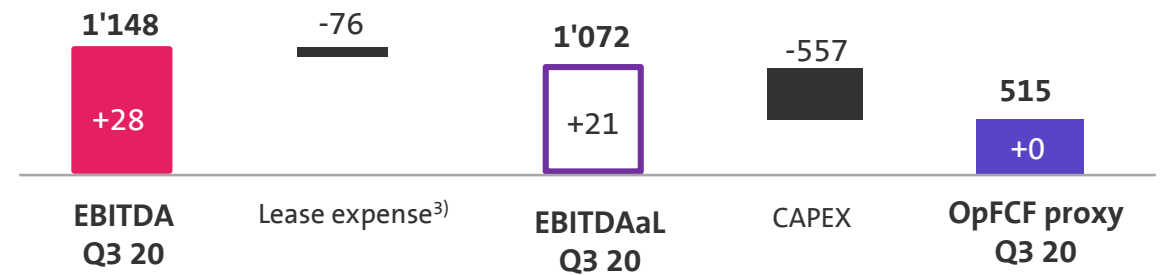
EBITDA up thanks to successful cost management in Switzerland and Fastweb growth

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



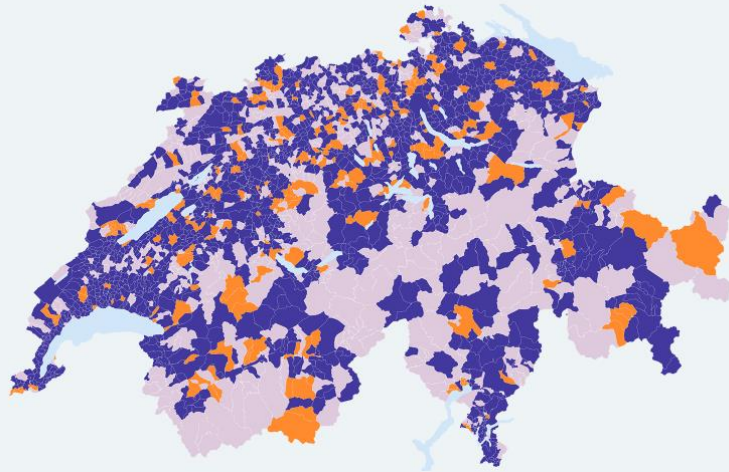


# The best fully converged network of Switzerland ...

... 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		<b>Swisscom</b> (77.9 points*)	
Voice App Experience			<b>Swisscom</b> (81.6 points*) <b>Salt</b> (81.5 points*)
Download Speed Experience			<b>Swisscom</b> (49.7 Mbps) <b>Sunrise</b> (33.9 Mbps) <b>Salt</b> (33.2 Mbps)
Upload Speed Experience	<b>Swisscom</b> (18.2 Mbps)	<b>Salt</b> (14.2 Mbps) <b>Sunrise</b> (13.1 Mbps)	

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



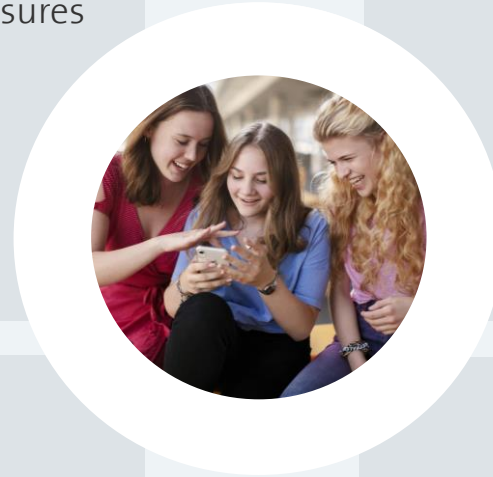
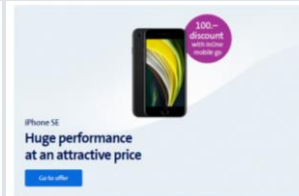
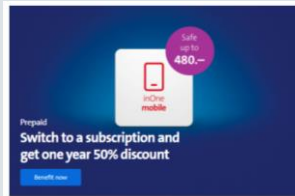


# Unchanged competitive intensity weighs on B2C market dynamics

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

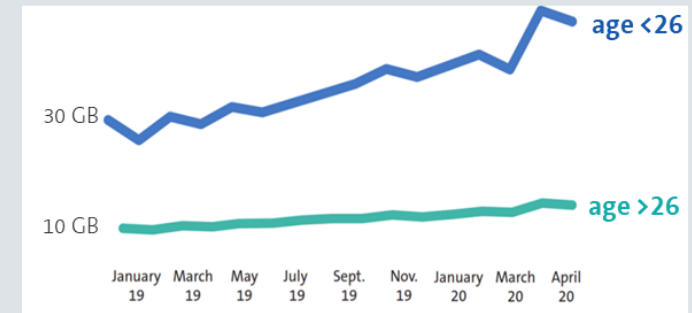
## B2C ramping up commercial activities in Q3

- 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

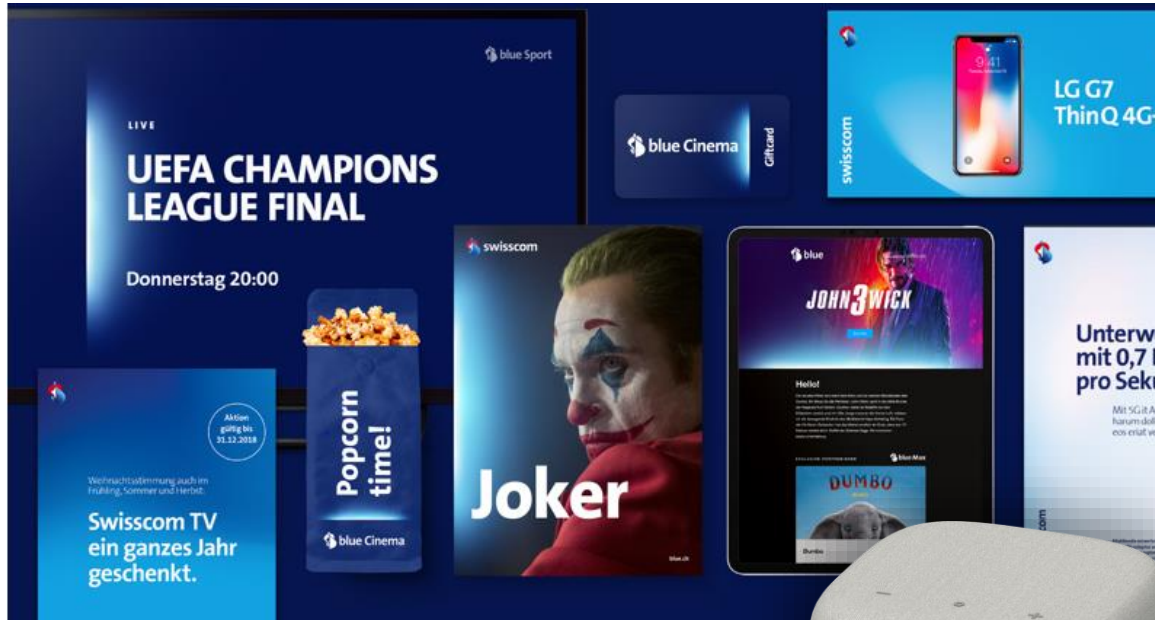
- One name for Swisscom's entertainment services





# 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

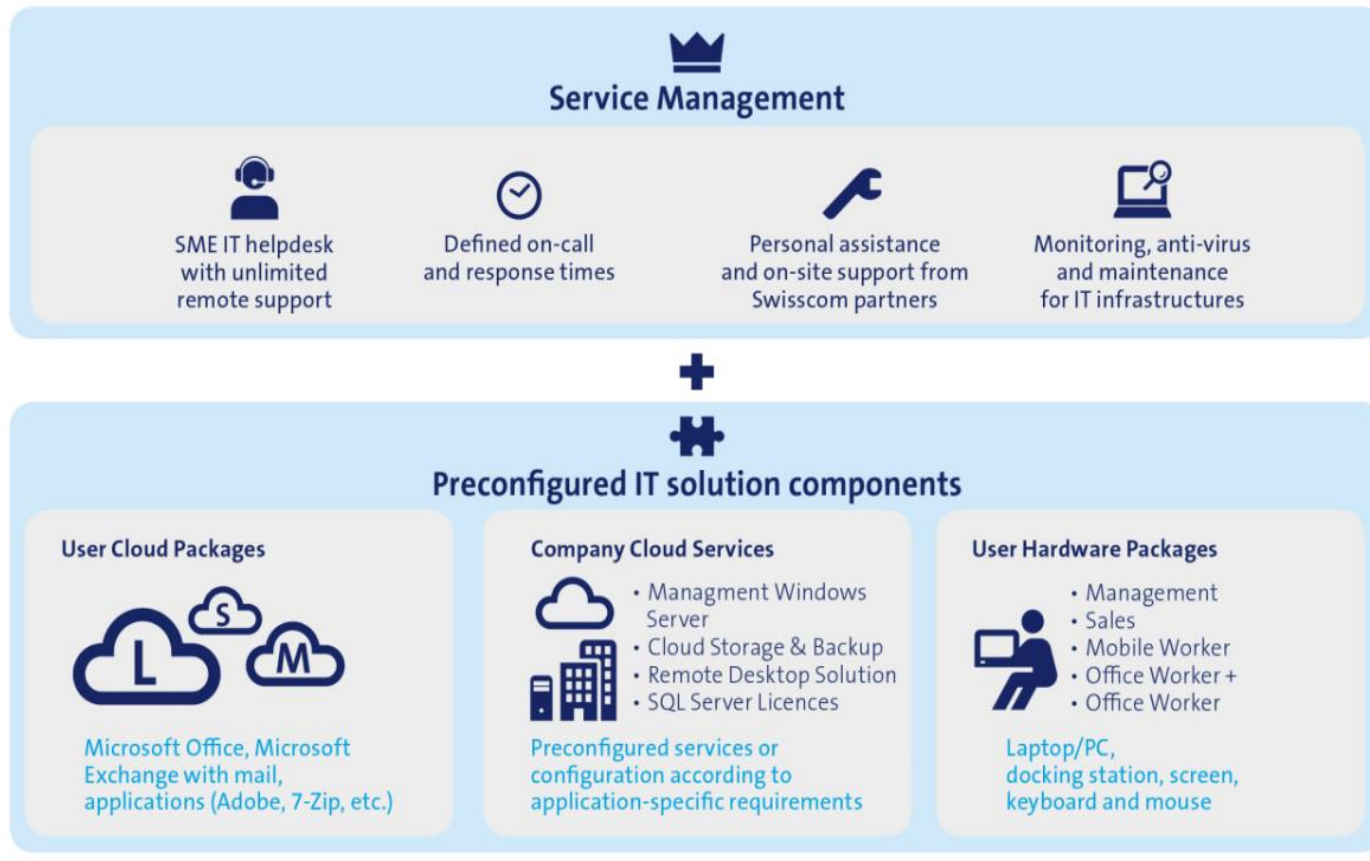




# Lever Swisscom's strong market position in SME by extending its ICT offerings

Microsoft Azure enhances Swisscom's own cloud portfolio for SMEs

## The ICT portfolio for SMEs ...



## ... serving all customers needs

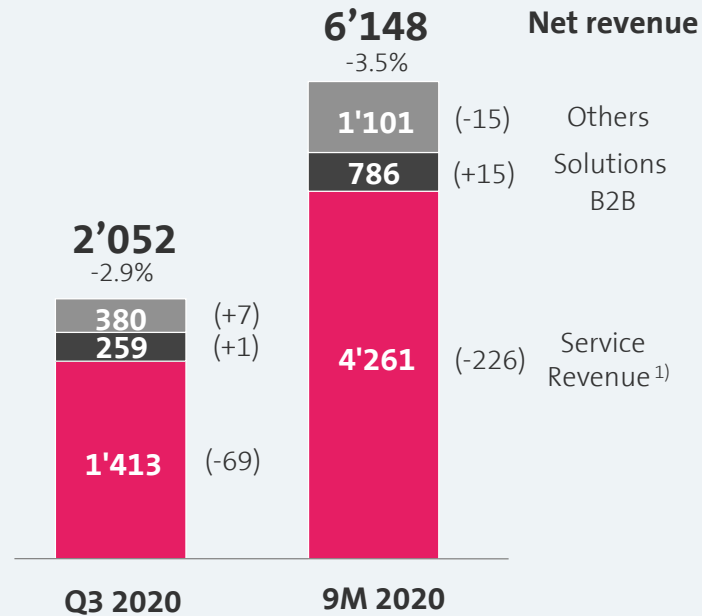
- **One-stop shop** with a complete and perfectly tailored package
- **Integrated all-in-one solution from a single source**
- **Customised Cloud outsourcing** depending on customers demand
- **Local support** providing appropriate technical expertise and advice
- **Transparent costs** enabling SMEs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



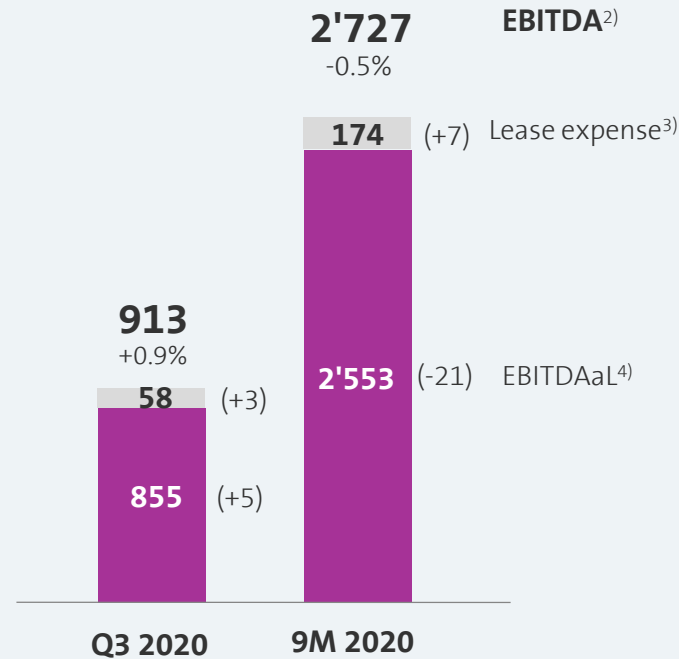
# Financial performance of Swisscom Switzerland

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

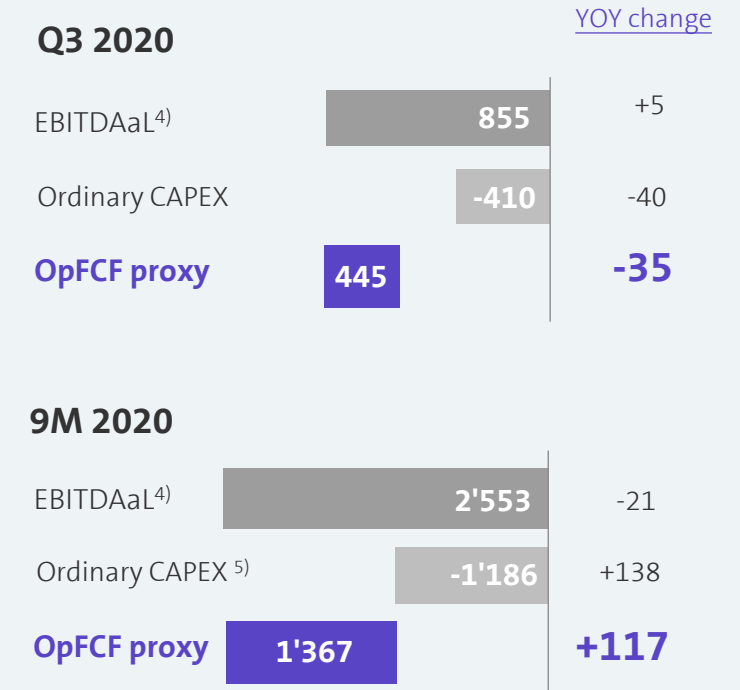
## Net revenue in CHF mn (YOY changes)



## 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





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

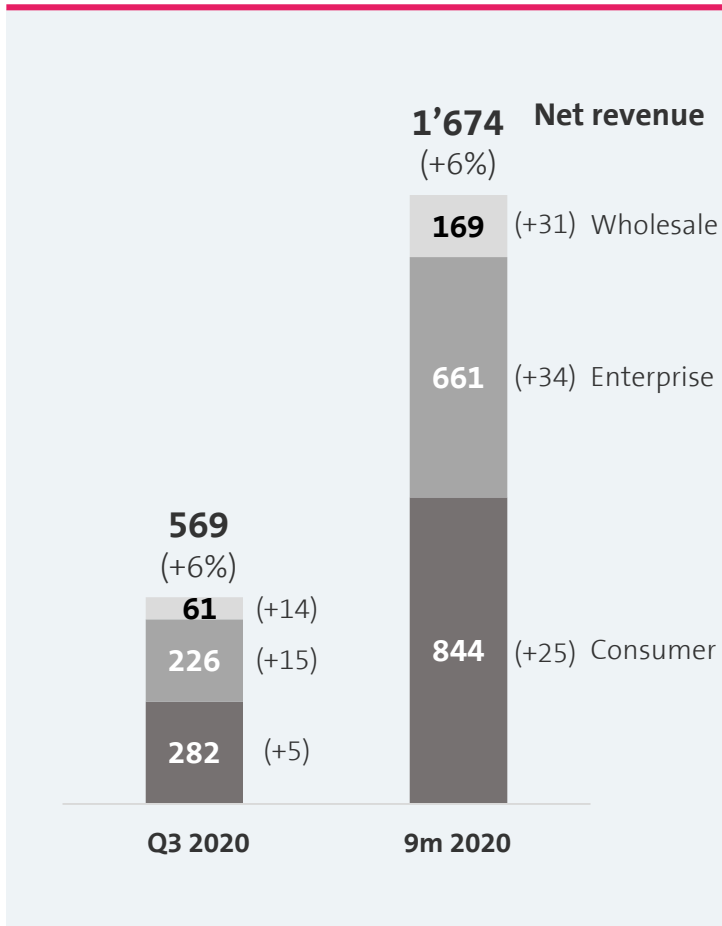




# Financial performance of Fastweb

Performance in line with guidance

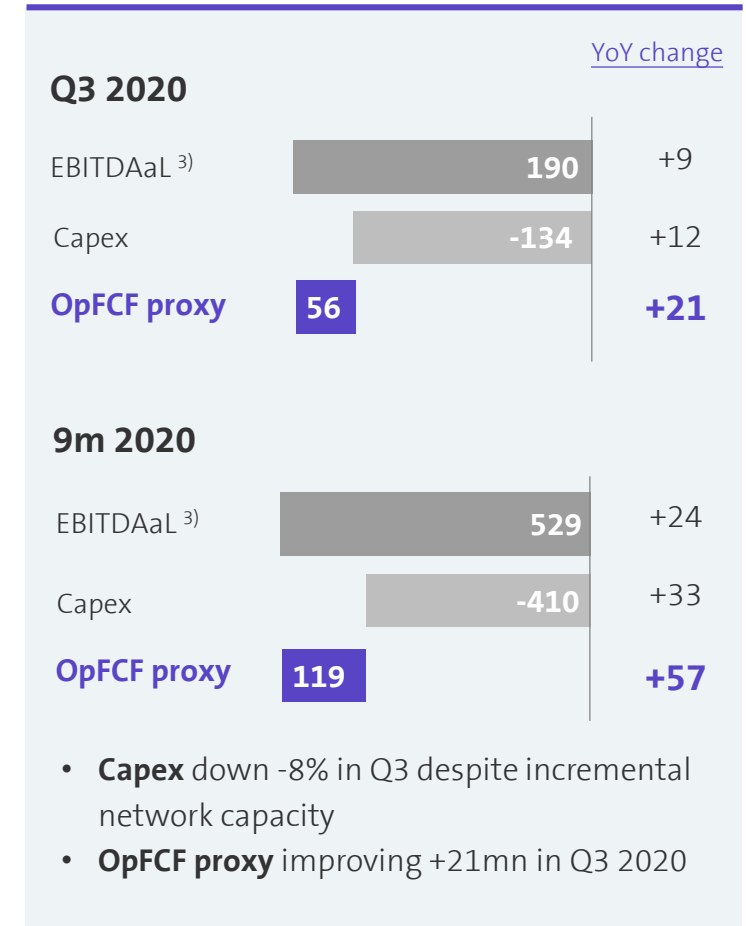
## Net revenue in EUR mn (YoY)



## 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 <sup>3</sup>
Revenue	11.453	~ 11.0
EBITDA <sup>1</sup>	4.358	~ 4.3
CAPEX <sup>2</sup>	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

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- **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

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- Become an **'infrastructure-based' OTT**
- Achieve **market share growth** across all segments





# Thank you!

swisscom







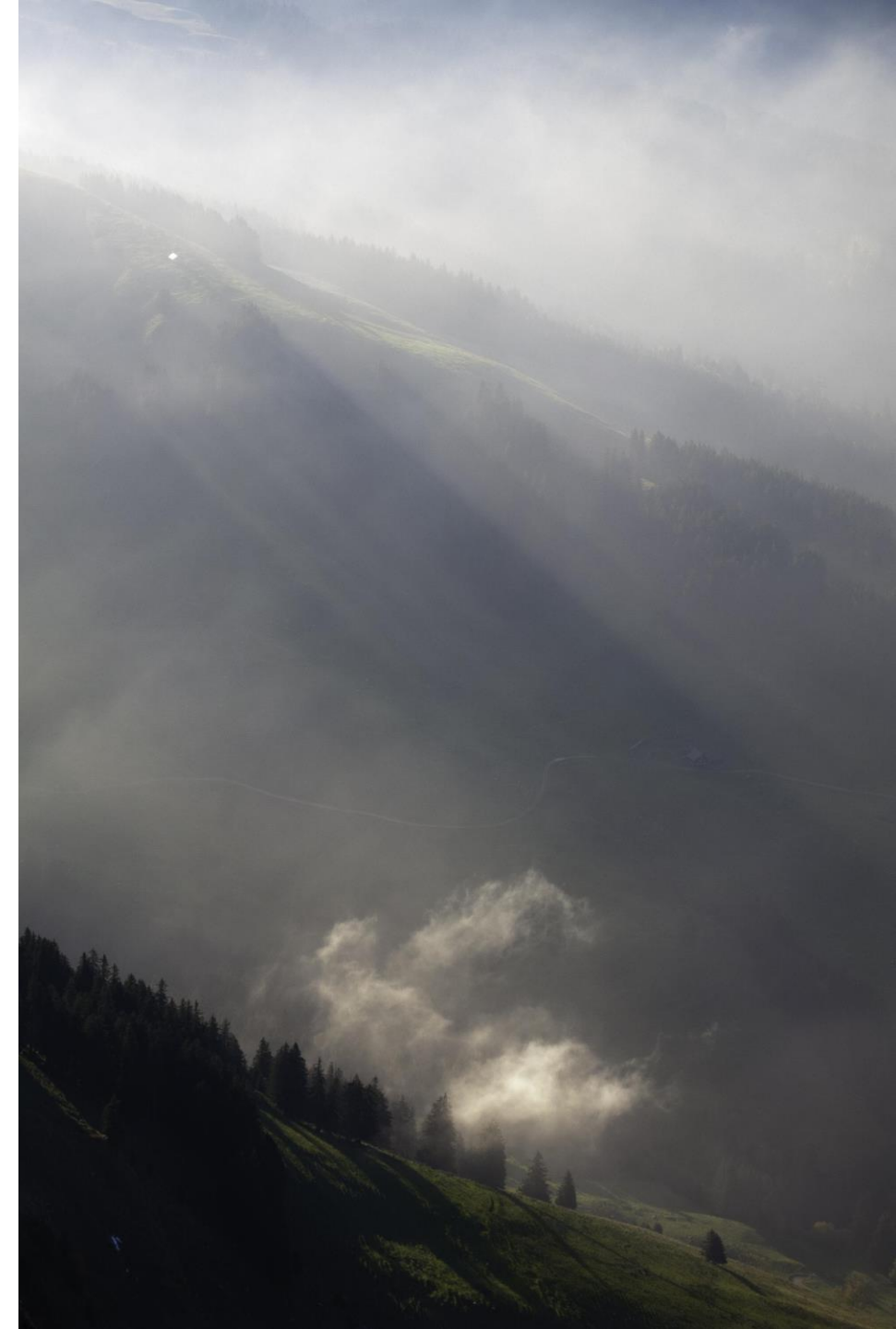
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