



Bond Investor update

May 2024



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Swisscom at a glance

Swisscom is...



#1 in the Swiss Telecoms market with the strongest brand



Leading challenger in Italy with continuous growth for over 10 years across all metrics



An innovation leader



A pioneer in sustainability among telecommunications companies in the world



Committed to maintain A credit ratings

Swisscom offers...



Best in class mobile & fixed network services and products



Information & communication technology (ICT) solutions for all needs



Innovative beyond core services and products

Key financials (FY 2023)

Revenue	EBITDA margin	Net Income	Net debt / EBITDA	FCF	Employees (FTEs)
CHF 11.1bn	41.7%	CHF 1.7bn	1.5x	CHF 1.5bn	19'729

Swisscom Switzerland

Residential Customers

Mobile and fixed-line services to residential customers

Business Customers

Telco services & overall communications solutions for large corporations and SME customers

Wholesale

Enables other telco providers to use the Swisscom fixed and mobile network

Infrastructure & Support Functions

Plans, operates & maintains the network and IT infrastructure in Switzerland

Revenue
CHF **8.1bn**

Fastweb

Broadband & mobile phone services to residential, business and wholesale customers in Italy

Fastweb also offers comprehensive ICT solutions for business customers

Revenue
CHF **2.6bn**

Other Operating Segments

With subsidiaries in the area of network construction and maintenance (cablex Ltd) and broadcast services (Swisscom Broadcast Ltd), Swisscom is supplementing its core business in related areas

Other Operating Segments also include the business with online directories (localsearch), as well as the Trust Services area, which encompasses the business with trust services such as the electronic signature and digital certificates

Revenue¹
CHF **1.1bn**



Swisscom strategy



Our Purpose

Empowering the digital future



Our Vision

Innovators of Trust

The most trusted Swiss tech innovator creating unique customer experiences with positive impact for society.



Our Values

trustworthy, committed, curious



The Swisscom group goals

Our business and financial ambitions 2024



Trusted leader in digital life and business

- Number 1 in Switzerland
- Leading challenger in Italy
- Key player in IT with substantial growth



Rock-solid financials

- Long-term value creation
- Attractive dividend
- Strong balance sheet



Outstanding in innovation reliability

- Innovative growth areas
- Most resilient networks, IT, infrastructure



Pioneer in sustainability

- Net-zero emissions target
- Trusted corporate citizen
- Responsibility for digital society



High- performing teams

- Best and diverse talent
- Winning culture and inspiring leadership
- Employer of choice



The Swisscom group strategy



Delight customers

Create unique customer experiences every day



Innovate for growth

Deliver digital products and services of the future



Achieve more with less

Drive transformation at pace with AI, digitalization and simplification



Perform together

Develop ourselves and our collaboration relentlessly



The Swisscom strategy for Switzerland and Italy

How we achieve our vision



Delight customers

Strong brand play and quality positioning through enhanced differentiation: multi-brand excellence in Switzerland and TU SEI FUTURO in Italy

Best customer experience with innovative offerings and outstanding service

Stimulating customer lifetime loyalty through strong value touch and seamless phygital experience

Cementing strong network proposition with delivering Gigabit speed and highest resilience



Innovate for growth

Future-proof networks with latest architecture models and converged services

Convincing **new business propositions beyond the core** such as in next generation entertainment, insurance, energy and trust services

Fostering innovative ICT solutions through focused investments to drive digital transformation (e.g. in Cloud, (Gen) AI, Workplace)

Exploit **new opportunities in wholesale markets** of Switzerland and Italy



Achieve more with less

High efficiency driven by AI and automation and technology modernisation while continuously decreasing energy consumption

Simplified IT fostered by lifecycle management

Standardisation of processes and operating model transformation

Sales and service excellence with digital push, (Gen) AI tools and channels' efficiency



Perform together

Performance culture through incentives, performance tracking and transversal collaboration

Skill transformation to accelerate the journey from Telco to Techco

Diversity and talents by anchoring diversity criteria in people processes, talent recruiting and retention measures

Effective organisation forms



Committed to sustainability for a quarter of a century

Successful in performance and ambitious in targets

Our achievements



Our strategy



Environment



People



Digital Society

- Net-zero by 2035 as defined by the SBTi for the Group
- Increase energy efficiency and 100% renewable energy
- Develop circular economy with second-life programs
- Top 3 ICT employers
- Promote our talents
- Increase diversity across gender and age
- Support people in the use of digital media
- Enable access to the network
- Committed to ethical principle
- Ensure data protection and security
- Ensure fair working conditions in our supply chain

Our journey to net-zero



Net zero by 2035 for the Group as defined by the SBTi (Science-Based Targets initiative)

Near-term targets by 2030 (baseline 2018)

- – 80% scope 1 and 2 emissions
- – 60% scope 3 emissions
- Maintaining 100% renewable electricity

Net-zero and long-term target by 2035 (baseline 2018)

- – 90% absolute scope 1, 2 and 3 emissions across the entire value chain
- Residual carbon emissions will be neutralized through climate protection projects



Financial highlights FY 2023



Achievements FY 2023

Another successful year with many highlights along our group goals



Delivered again

Satisfying operational results and financial targets achieved



Strong delivery in innovation

Launch of several next generation services and non-stop investments in future-proof network



Leading in Switzerland

Strongest brand¹, NPS leadership and win of connect shop, service apps and network tests²



Strong track record of ESG achievements

Ambitious net-zero group target validated by SBTi³ and Fastweb awarded as Europe's climate leader⁴



Growing in IT

Top line increased and Asept acquisition further strengthened position as key player in IT



Attractive employer

Women's choice award and top IT employer in Switzerland⁵ and among best employers in Italy⁶



Successful challenger in Italy

>10 years of steady growth



Rock-solid balance sheet

Strong A credit ratings and leverage at comfortable 1.5x (as of FY 2023), with a well-diversified maturity profile

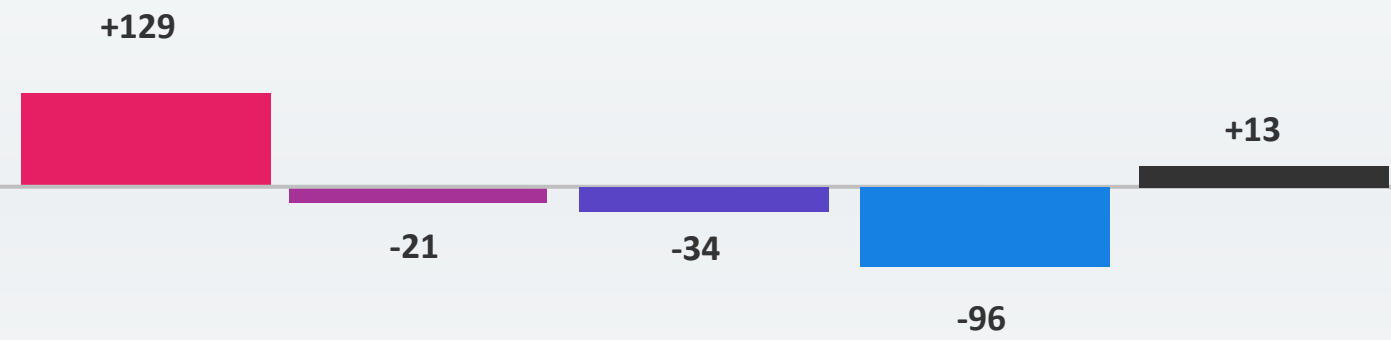


Operational performance FY 2023

Satisfying results with total RGU base being stable in Switzerland and growing in Italy

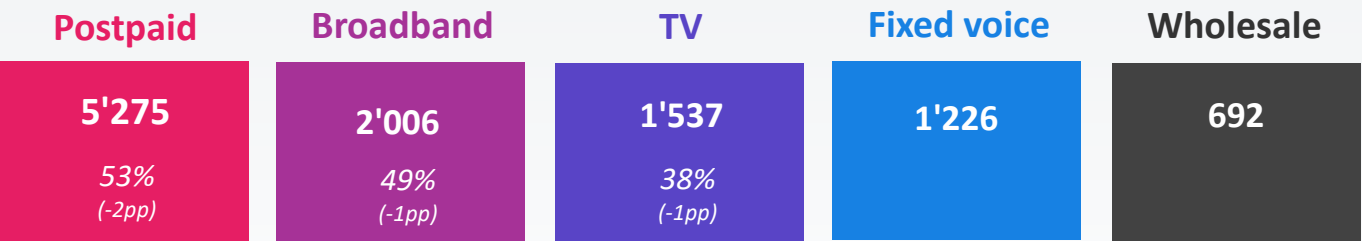
Swisscom Switzerland

Net adds
in k

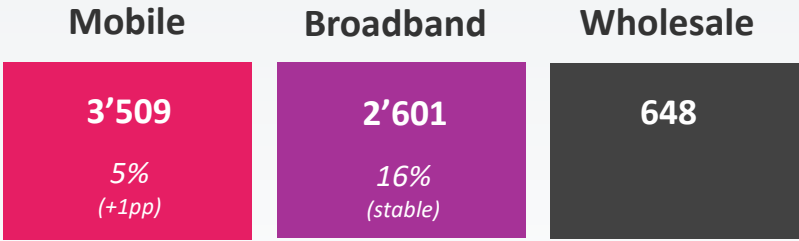
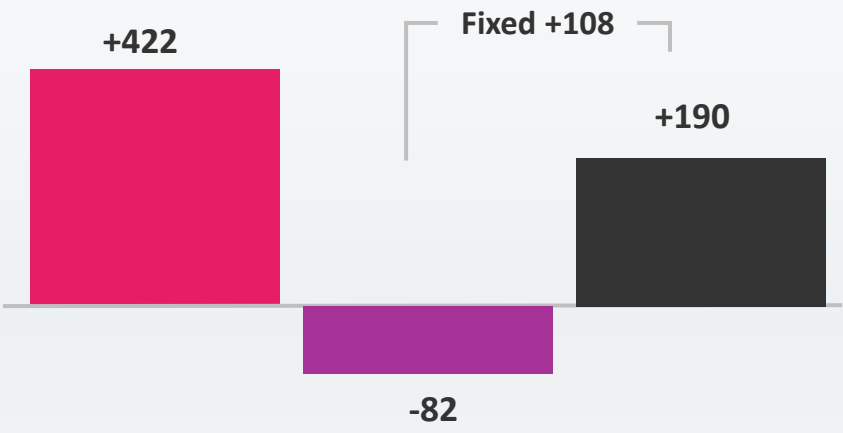


RGUs¹
in k

Market share²
(YOY)



Fastweb



1) Revenue generating unit, 2) As per 30 Sept 2023



Financial results FY 2023

Rock-solid financial performance with higher EBITDA, free cashflow and net income

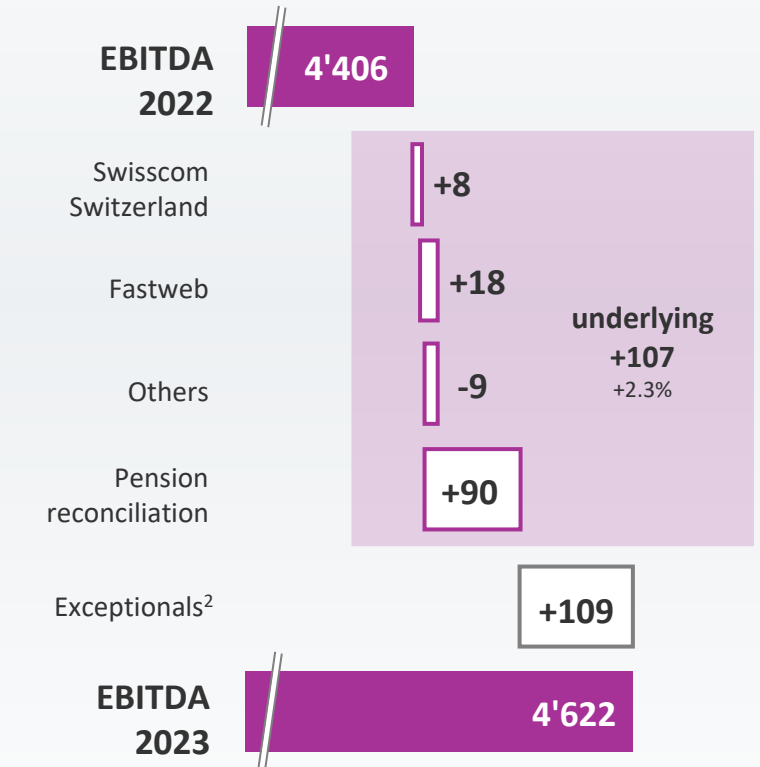
Key figures

in CHF mn, YOY

Revenue 11'072 +0.2%	EBITDA 4'622 +4.9%	EBITDA in % 41.7% +1.8pp	EBITDAaL 4'334 +5.2%
CAPEX 2'292 -0.7%	CAPEX/sales 20.7% -0.2pp	OpFCF proxy 2'042 +12.8%	FCF 1'480 +9.7%
Net income 1'711 +6.7%	EPS 33.03 +6.8%	Net debt¹ 7'071 -4.1%	Leverage 1.5x -0.2x

EBITDA

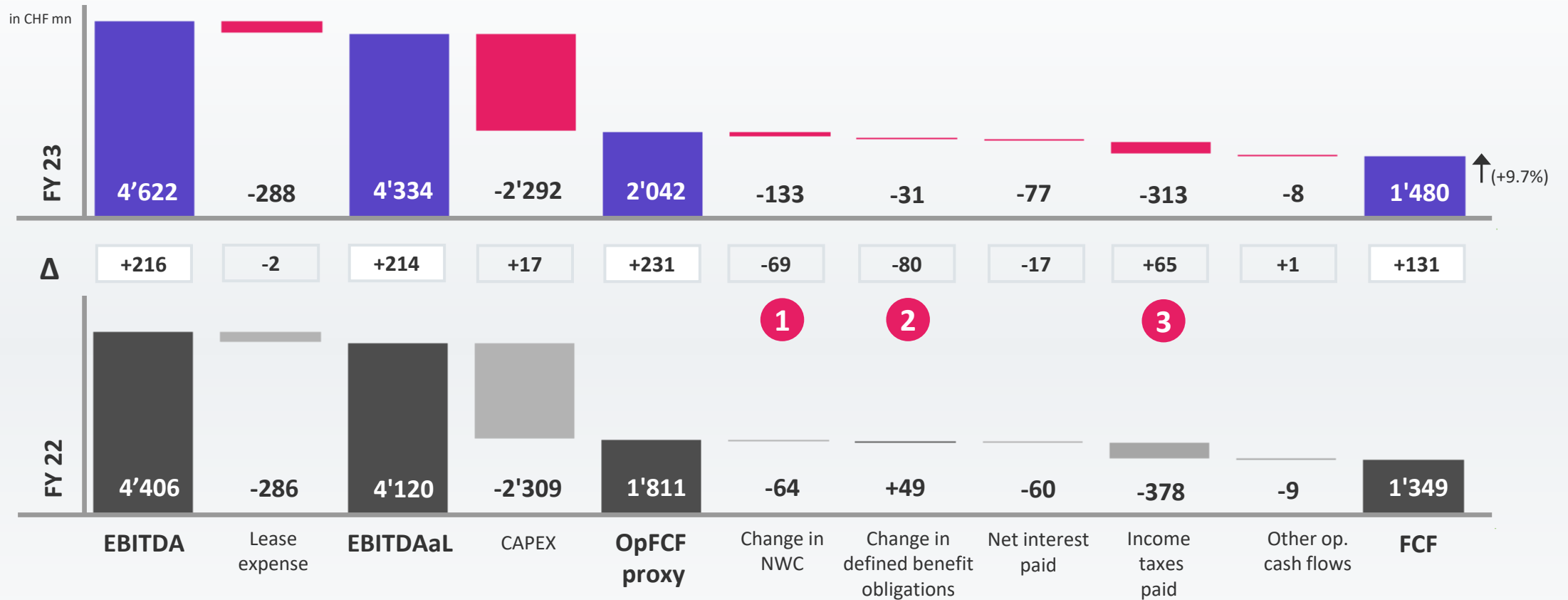
in CHF mn, YOY





Free cash flow

Solid FCF generation, slightly higher compared to 2022



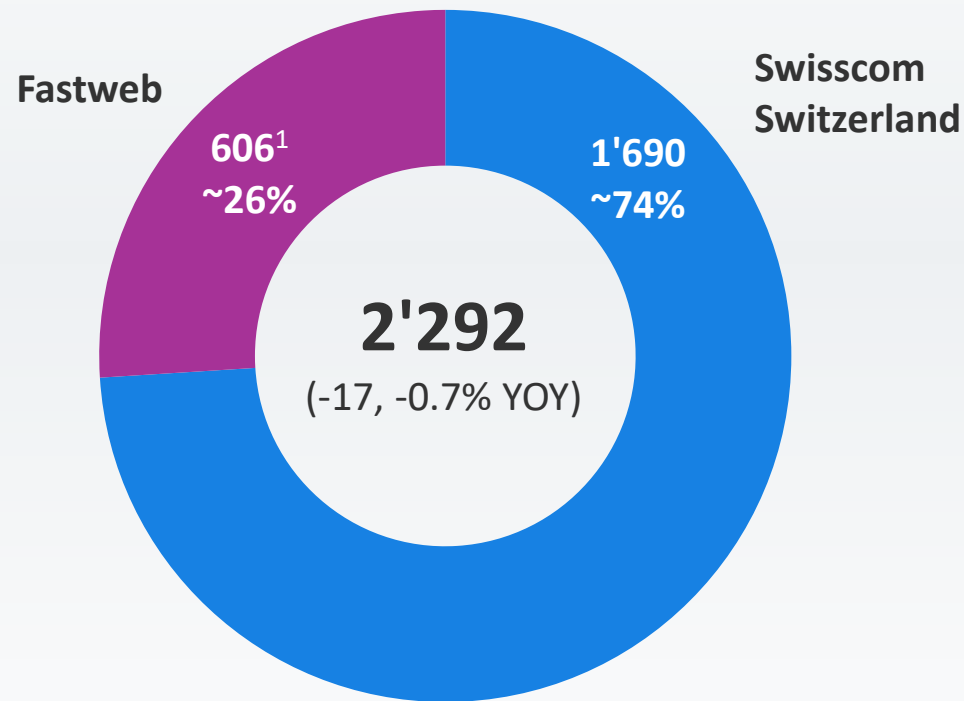


Capital expenditures

Group CAPEX in line with FY guidance of CHF ~2.3bn

Group CAPEX FY 2023

in CHF mn (YOY)



Group CAPEX of CHF ~2.3bn reaches 21% of revenue, with investments in:

- **Wireless** network (incl. investments in 5G+ coverage extension)
- **Wireline** network (incl. Fiber roll-out)
- **Backbone** and transport **infrastructure**
- **IT** (to push digitalisation, drive customer experience and increase efficiency)
- **Others** (e.g. projects-driven)

CAPEX in Switzerland slightly below prior year (CHF - 8mn or -0.5% YOY)

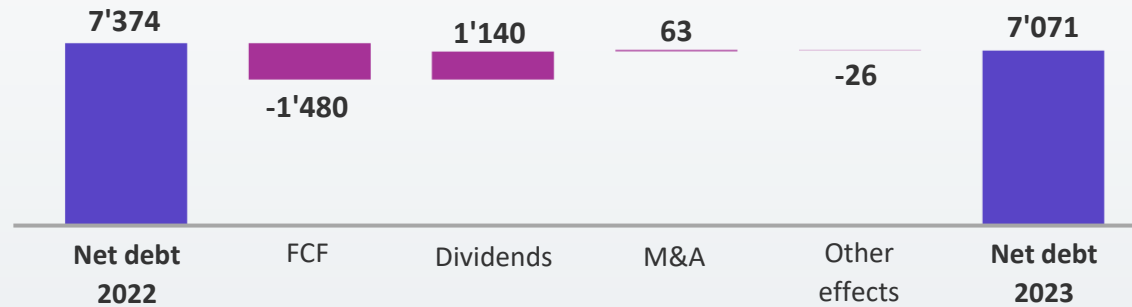
CAPEX in Italy (Fastweb) CHF -13mn below previous year (- 2.1% YOY), however stable in local currency terms (+1.1%)



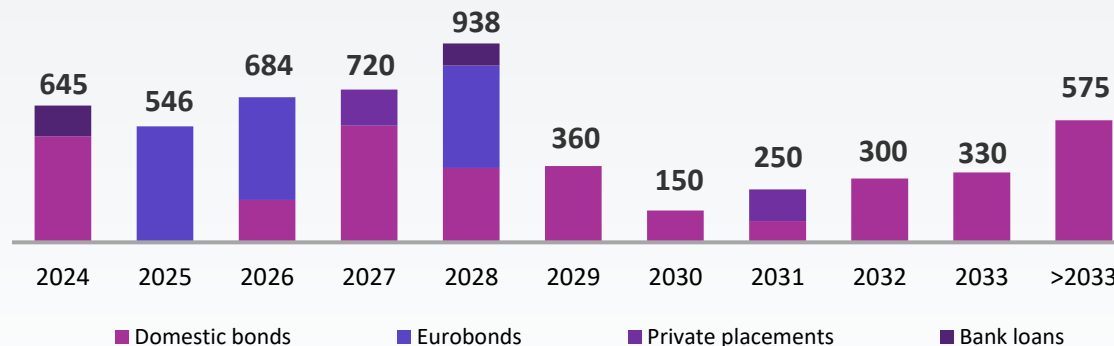
Swisscom committed to sound financial profile

Well balanced and diversified maturity profile

Net debt development FY 2023 (in CHF mn)



Debt maturity profile¹ as of FY 2023



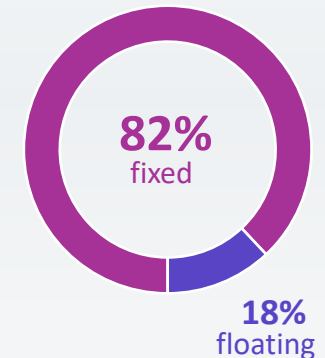
Leverage

1.5x (-0.2x)² as of FY 2023

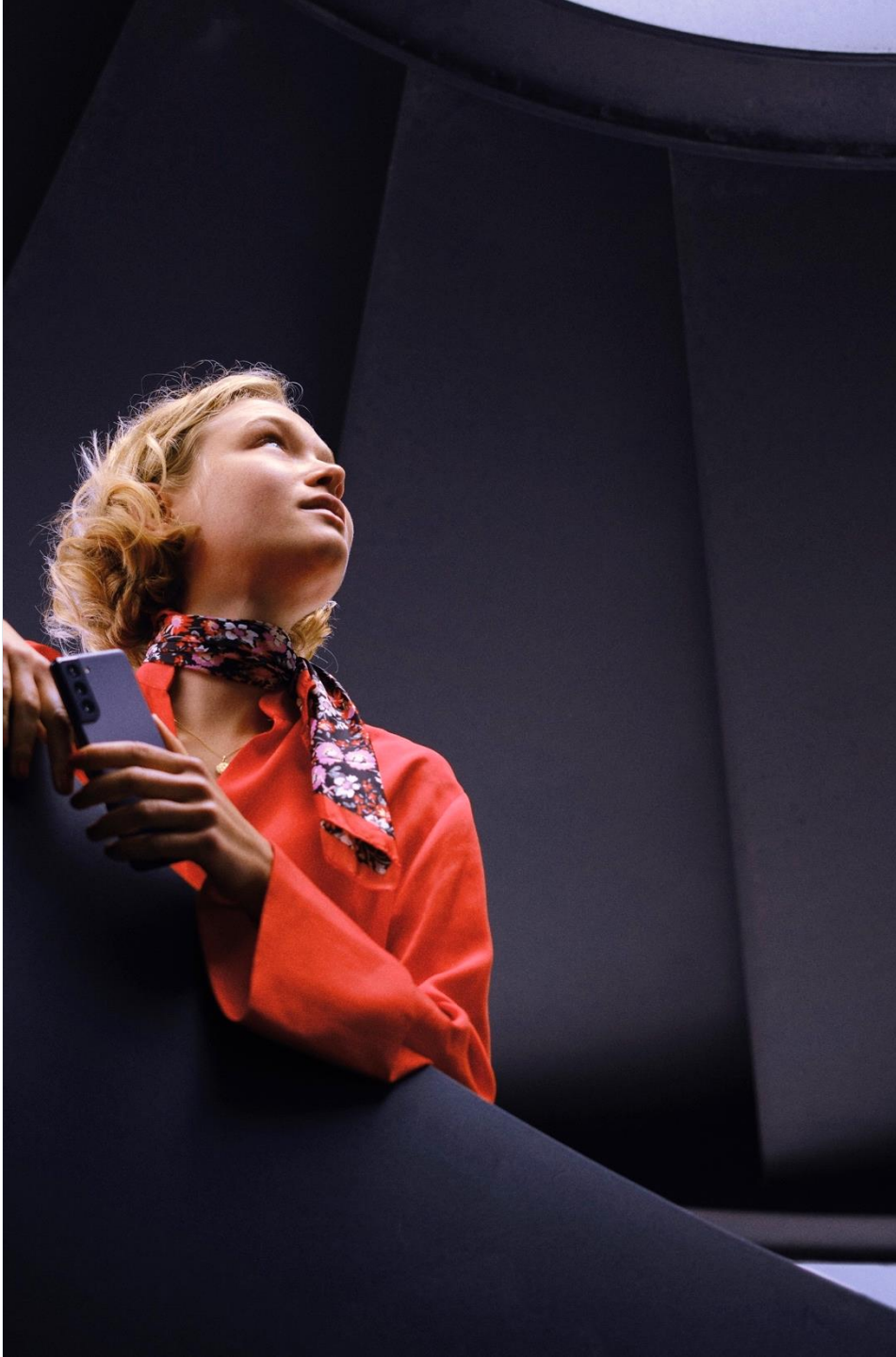
Credit ratings³

S&P: **A positive** (FY 2023)
Moody's: **A1 stable** (FY 2023)

Debt mix



- Ø interest rate of **1.1%** (FY 2023)
- Debt portfolio **duration** of **5.0 years** (FY 2023)
- **CHF 2.2bn** (unused) **committed credit lines** (FY 2023)



Acquisition of Vodafone Italia



A unique opportunity to create a leading converged challenger in Italy

Swisscom to acquire Vodafone Italia for EUR 8.0bn EV and combine it with Fastweb

Transaction terms



- **Acquisition of 100% of Vodafone Italia**, fully consolidated and controlled as of closing
- Purchase price of **EUR 8.0bn** (EV), 100% debt-financed
- **Expected closing in Q1 2025**, subject to regulatory and other customary approvals

Compelling strategic rationale



- **Creation of a leading converged challenger in Italy**, able to compete effectively based on improved **scale**, **convergence** and **infrastructure**
 - **Scale: achieve sizeable #2** with the necessary scale to be profitable, invest and innovate
 - **Convergence: a leading converged player**, with a well-balanced position in fixed and mobile in all customer segments, providing a high-quality one-stop shop for consumers and businesses
 - **Infrastructure: extensive infrastructure** footprint in mobile and fixed (and FWA) yielding owner economics and operating leverage
- **Combination with clear benefits for customers and Italy**

Substantial value creation

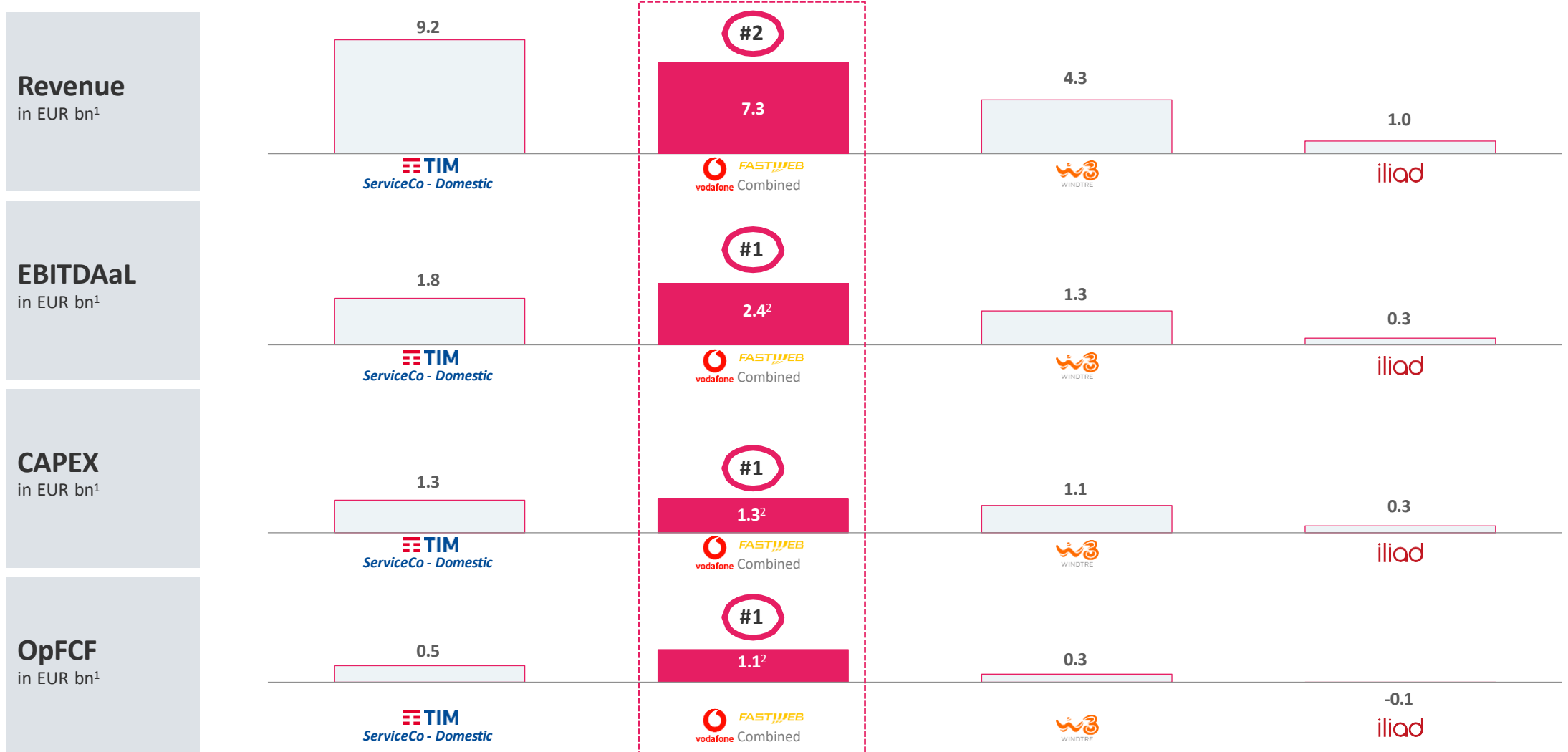


- **High and tangible synergies**
- **FCF neutral in year 1 and accretive from year 2** (excluding integration costs), **continuous FCF growth** prospects as synergies materialise
- **Commitment** to maintain a **strong balance sheet** with **A credit ratings**, supported by a **deleveraging ambition (target leverage (net debt / EBITDA) at 2.4x by YE 2027¹)**



Combined entity will be a sizeable #2 in the market with the necessary scale

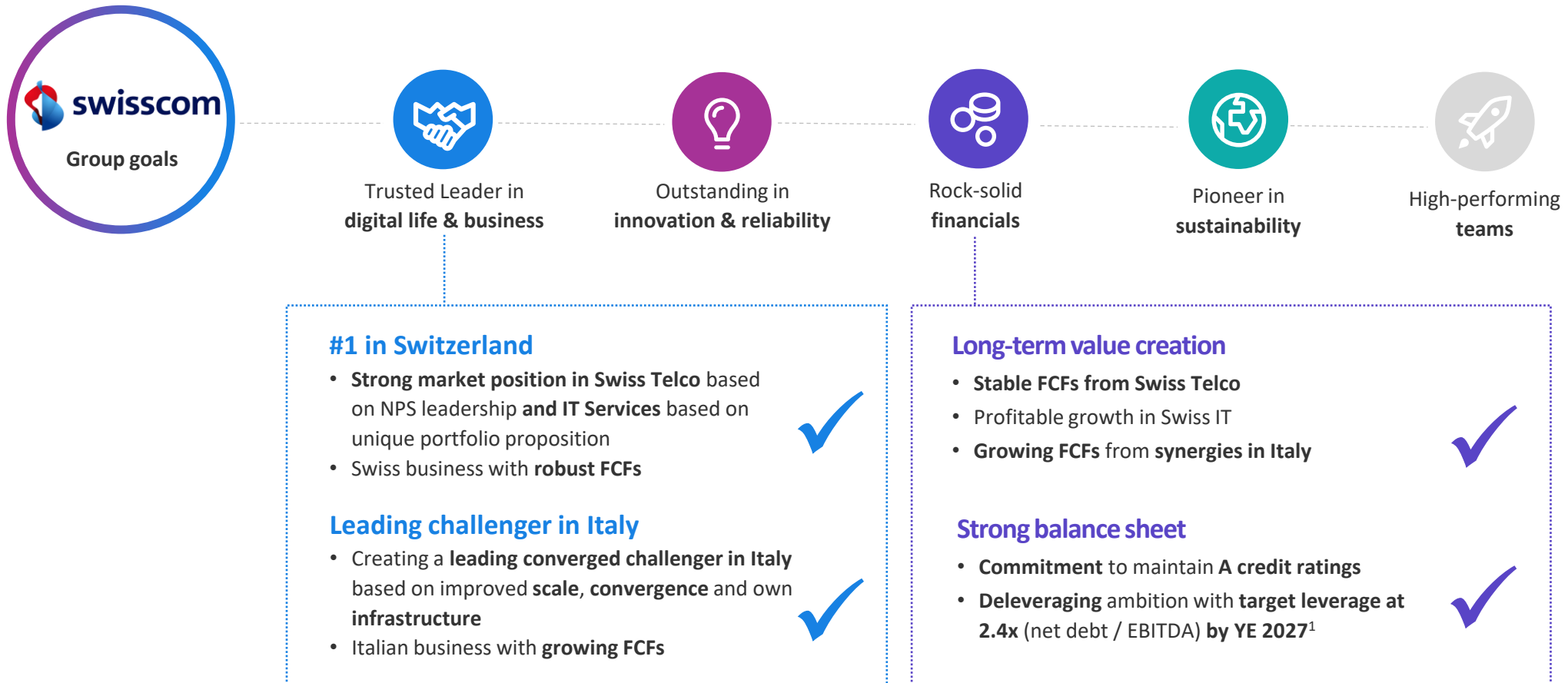
... to be profitable, innovate, invest and compete effectively with the incumbent





Strategically stronger, financially rock-solid

Transaction strengthens Swisscom's profile in Italy and adds FCF growth to its rock-solid financials



Highly stable and resilient Swiss business with enhanced growth profile in Italy, underpinning dividend increase

1) Subject to closing of acquisition of Vodafone Italia as expected in Q1 2025



Swisscom committed to maintain sound financial profile also after closing

Leverage

Post-closing target:
at **2.4x** by YE 2027¹

Credit ratings

S&P: **A credit watch negative**
Moody's: **A1 credit watch negative**
Post-closing target: **A credit ratings**

Committed credit lines

Increase to **CHF 2.9bn** (CHF +700mn) per closing

- Entered into a **EUR 8.1bn unsecured facilities agreement** on 15 March 2024, comprising
 - **EUR 5.1bn bridge facility**
 - **EUR 3.0bn term loan facility**

MOODY'S

Issuer Rating: A1

Outlook:

Credit watch negative
(Mar 24)

- "Status as the **leading integrated telecom operator in Switzerland** with strong market shares across all segments"
- "**High-quality network and strong brand**, which support Swisscom's competitive position and differentiation"
- "**Enhanced position in the Italian market** post acquisition of Vodafone Italia"
- "We acknowledge the merits of the transaction which will **strengthen Swisscom's positioning in the Italian market**, through a larger scale and a fully convergent proposition. The **merger will create a stronger operator** with the second-largest share of the broadband market and the largest share of mobile, as per exhibit below."
- "**Any potential downgrade of the rating will likely be limited to one notch**"

S&P Global

Issuer Rating: A

Outlook: Credit watch negative
(Mar 24)

- "We anticipate that **Swisscom's earnings will gradually increase** over the longer term as the Italian unit realizes synergies"
- "Over time, we expect the **acquisition to have a positive effect on Swisscom's profitability and cash flow generation**, as cost synergies between Fastweb and Vodafone Italy will gradually materialize"
- "**We aim to resolve the CreditWatch placement upon completion of the acquisition, likely with a one-notch downgrade**"



Q1 2024 performance



Highlights

The Italian transaction as key highlight



Satisfying Q1 results and as expected

- Top line slightly lower
- EBITDA of CHF 1.16bn ahead of consensus¹
- Margin robust at 43%
- FY guidance reiterated



Following value over price in Switzerland

- Operationally mixed
- Diverging top-line: Telco down, IT up
- Several test wins²
- New InsurTech offerings
- FTTH coverage expanded



Growing with Fastweb in Italy

- Growing across KPIs
- Launch of Fastweb Energia
- Several new B2B contracts
- Wholesale growing
- TU SEI FUTURO: among top 10 Italian brands³



Acquisition of Vodafone Italia and merging with Fastweb

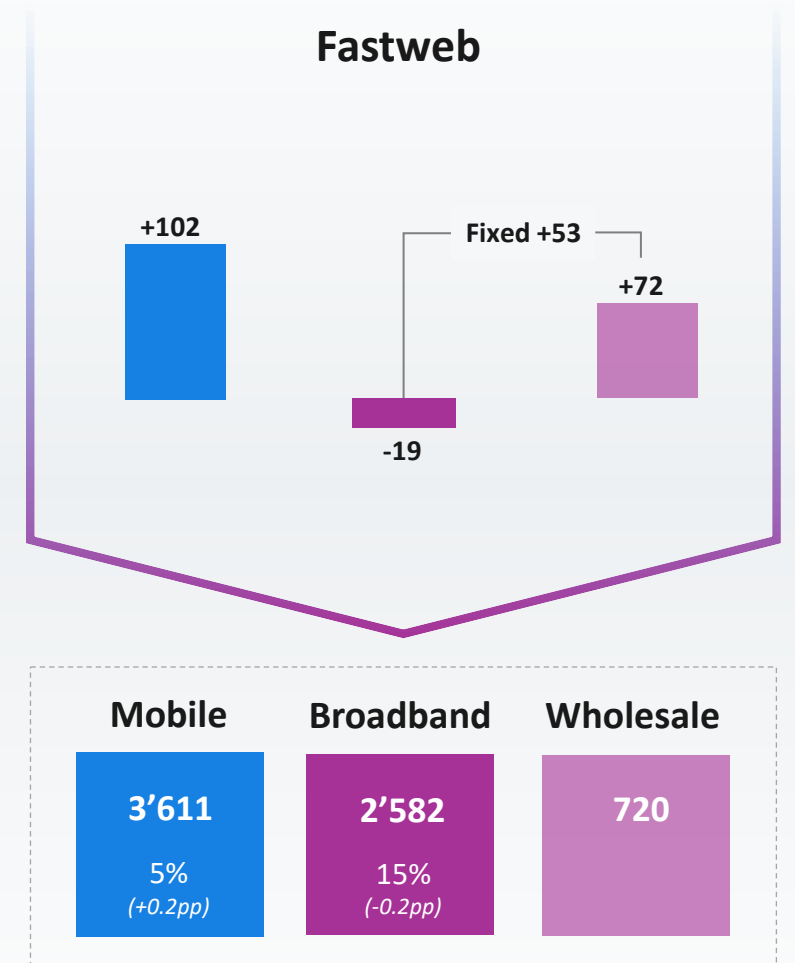
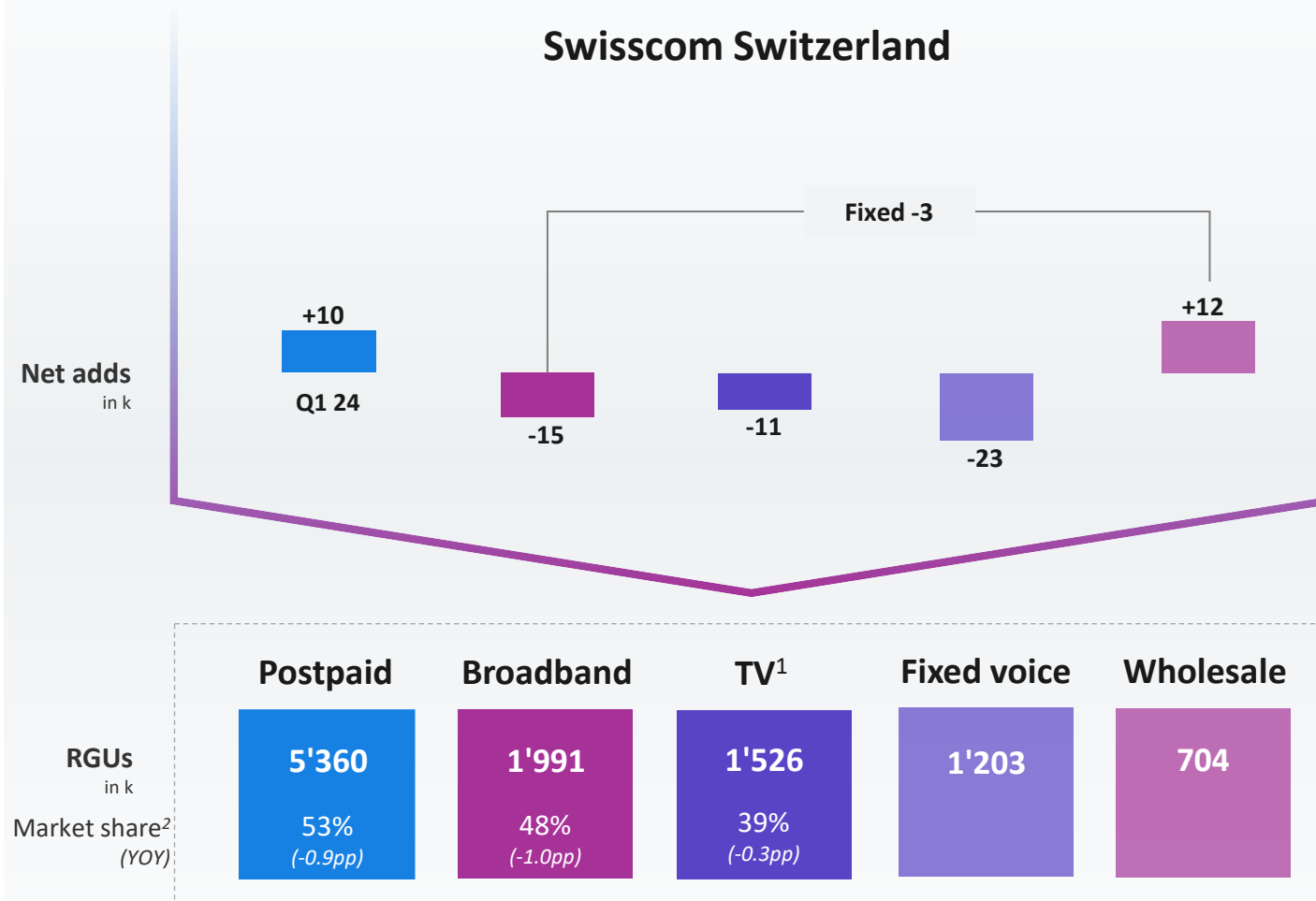
- Attractive valuation
- Compelling strategic rationale
- Substantial value creation
- Closing expected in Q1 2025





Operational performance

Mobile growing. Fixed broadly stable in Switzerland and increasing in Italy



1) RGUs without OTT subs, 2) As per 31 Dec 2023; market shares figures have been updated versus figures available in FY2023 Swisscom Annual Report (as per 30 Sept 2023)



Financial results

EBITDA development as expected and OpFCF lower due to seasonally higher capital expenditures

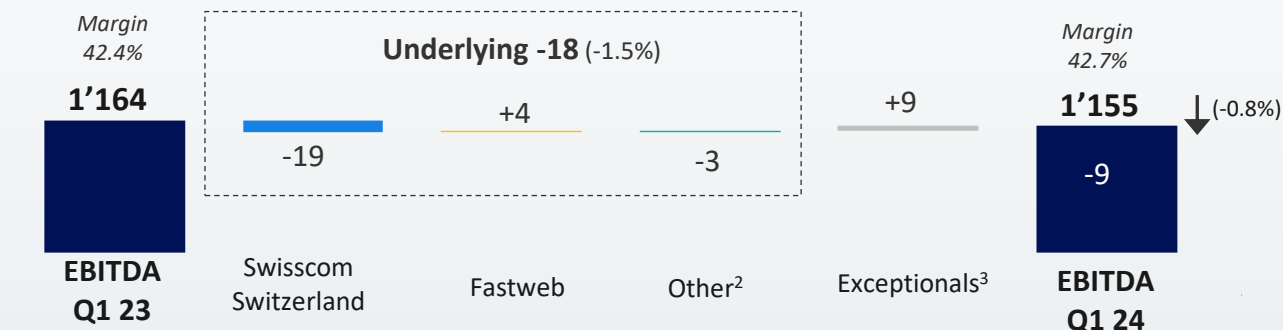
Q1 24 key figures

in CHF mn

Revenue	2'703 (-1.6% YOY)
EBITDA	1'155 (-0.8% YOY)
Net income	455 (+2.9% YOY)
CAPEX	594 (+9.0% YOY)
Net debt ¹	6'941 (-3.2% YOY)

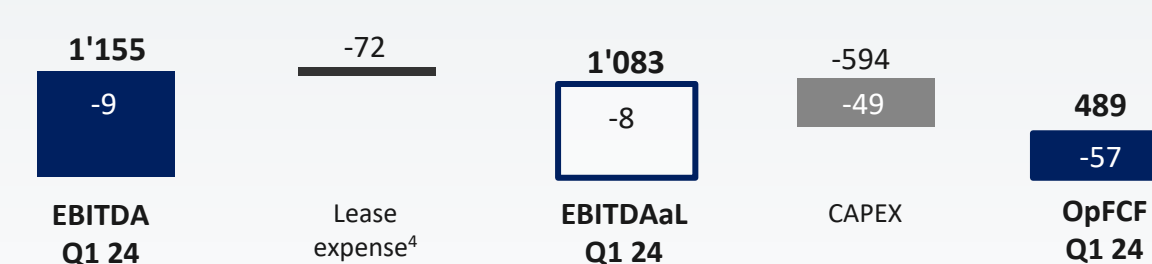
Q1 24 EBITDA development

in CHF mn, YOY



Q1 24 OpFCF development

in CHF mn



1) Including lease liabilities, 2) Includes Other operating segments, intersegment elimination group level and pension reconciliation, 3) Includes currency impact (CHF -9mn), regulatory litigations (CHF +24mn), transaction cost Vodafone Italia (CHF -6mn), 4) Consists of depreciation right of use assets excluding IRU of CHF -60mn and interest expense leases of CHF -12mn



Wrap-up



Key credit highlights

Innovators of trust with rock-solid financials

 #1 in Switzerland	Leading Telecoms operator in Switzerland with strong market shares across all segments
 Leading challenger in Italy	Continuous growth in Italy where it is a leading challenger
 Best-positioned	High-quality network, strong brand and increased efficiency, all supporting Swisscom's strategy of competitive position, differentiation and innovation
 Acquisition of Vodafone Italia	Merger which will strengthen Swisscom's positioning in the Italian market, creating a leading converged challenger in Italy based on improved scale, convergence and own infrastructure
 Rock-solid financials	Stable and resilient cash flows in Switzerland. Growth across all metrics in Italy. Conservative and sound financial policy driving balance-sheet strength
 Strong credit ratings	Committed to maintain A credit ratings, target leverage post-acquisition (net debt/EBITDA) at 2.4x by YE 2027 ¹
 Pioneer in Sustainability	Strong track record of ESG achievements and ambitious commitment to Net-Zero target for 2035, validated by SBTi

1) Subject to closing of acquisition of Vodafone Italia as expected in Q1 2025



Appendix



Key financials

In CHF mn	FY 2022	FY 2023	YOY
Revenue	11'051	11'072	+0.2%
EBITDA	4'406	4'622	+4.9%
<i>EBITDA adjusted¹</i>	4'558	4,638	+1.8%
Net income	1'603	1'711	+6.7%
Free Cash Flow	1'349	1'480	+9.7%
CAPEX	2'309	2'292	-0.7%
Net debt	7'374	7'071	-4.1%



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