We are ready for 2020 at a glance.
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“2020 at a glance” is a condensed version of our Annual Report. The full, detailed contents can be found at the link provided in each of the different sections.

swisscom.ch/report2020

The cover shows Dilan Mert, a shop manager in Shopville at Zurich main station.

Publishing details

Issued by
Swisscom Ltd, Berne

Realisation
Swisscom Ltd, Corporate Communications
Nordjungs Agency, Zurich

Production
MDD Management Digital Data AG, Lenzburg

Photography
Manuel Rickenbacher, Zurich

Translation
Lionbridge Switzerland AG, Basel

Printing
Stämpfli Publikationen AG, Berne

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Swisscom Ltd, Corporate Communications
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Climate-neutral operations

The company has itself saved 80% of emissions and now offsets the other 20% with myclimate.

Achieved for the first time by Swisscom in a real fixed network environment.

World champion in sustainability

Swisscom named world’s most sustainable telecommunications company.

Fastweb is growing!

Fastweb has more customers, more revenue and more EBITDA.

CHF 1.6 billion

Invested by Swisscom in Swiss network expansion and maintenance.

And everything turned “blue”

blue – the new blue entertainment experience, combining film, cinema, TV and news.

Test winner

No. 1

in all mobile network tests in Switzerland.
Dear Shareholders

Covid-19 has presented our society and economy with a whole new set of challenges. Swisscom negotiated this extraordinary year successfully and achieved pleasing figures under difficult conditions. Although over 80% of our employees worked from home, we were able to keep productivity high.

Despite home working, distance learning, film streaming and video calls, our capacities were sufficient at all times and our customers were able to use their digital tools without any limitations.

High investment in increasing digitisation

The coronavirus will accelerate ongoing digitisation. Accordingly, we constantly invest in our infrastructure: CHF 2.2 billion in 2020, CHF 1.6 billion of which was in Switzerland.

Robust income despite challenging environment

Despite price pressure and a decline in business during the lockdown, Swisscom achieved stable operating income: net revenue, at CHF 11,100 million, was only 3.1% below the previous year. Operating income before depreciation and amortisation (EBITDA) was up 0.6%. On a like-for-like basis and at constant exchange rates, revenue declined by 2.3% and EBITDA remained stable. Net income was down 8.4% at CHF 1'528 million.

Fastweb brings joy

Fastweb made a significant contribution to Swisscom’s good results. Despite market saturation and strong competition, our
Italian subsidiary was able to grow in all areas: revenue increased by 3.9% to EUR 2,304 million, and operating income rose 4.5% to EUR 784 million.

Ready for novelties and innovations
We continued to work on Swisscom’s future in the 2020 financial year: our entertainment services appear under a new brand with “Swisscom blue” – also as an app for every smartphone and tablet. In field tests, we were able to transport 50 Gbps over the fixed network and more than 1 Gbps via the mobile network in a moving train. And with over 900 apprentices, we are making a targeted investment in the top performers of tomorrow.

We are also particularly proud of two awards received in the year under review: Swisscom was rated the third-best mobile provider in Europe and the most sustainable telecommunications company in the world.

Many thanks!
The motto of this Annual Report is “ready”. This year, our employees demonstrated that they are ready to serve their customers even in extraordinary situations and from their home office. This commitment and motivation deserve our respect. Many thanks!

You too, dear shareholders, can rely on this Swisscom spirit – in the current crisis, but also as we continue on our journey to a successful future. We would like to thank you for your loyalty and hope that you remain ready and willing to place your trust in us.

Kind regards

Hansueli Loosli
Chairman of the Board of Directors of Swisscom Ltd

Urs Schaeppi
CEO of Swisscom Ltd
Stable business figures – despite an exceptionally difficult year

Solid financial result – decline in revenue and lower EBITDA in Switzerland – growth in revenue and EBITDA at Fastweb – capital expenditure remains high.

**Group**

Swisscom’s net revenue decreased by 3.1% to CHF 11,100 million, while operating income before depreciation and amortisation (EBITDA) rose by 0.6% to CHF 4,382 million. The Covid-19 pandemic had a negative impact, particularly on roaming revenues, but the overall net effect on operating income remained low. In contrast, revenue at Italian subsidiary Fastweb increased in local currency by EUR 86 million or 3.9%, driven by revenue growth in business with residential and business customers.

<table>
<thead>
<tr>
<th>Net revenue in CHF billion</th>
<th>EBITDA in CHF billion</th>
<th>Capital expenditure in CHF billion</th>
</tr>
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<tbody>
<tr>
<td>11.1</td>
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<table>
<thead>
<tr>
<th>Net income in CHF billion</th>
<th>Equity ratio in %</th>
<th>Employees in full-time equivalent (FTE)</th>
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</thead>
<tbody>
<tr>
<td>1.5</td>
<td>39.1</td>
<td>19,062</td>
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</table>

swisscom.ch/financial-review2020
Swisscom Switzerland
Swisscom Switzerland comprises the customer segments Residential Customers, Business Customers and Wholesale, as well as the IT, Network & Infrastructure division.

Net revenue for Swisscom Switzerland fell by CHF 298 million or 3.5% to CHF 8,275 million as a result of continuing competitive and price pressure and lower roaming revenues.

Fastweb
Fastweb is a telecommunications provider for residential and business customers in Italy. The product portfolio comprises voice, data, broadband and TV services, as well as video-on-demand for residential and business customers. Fastweb also delivers mobile services.

Fastweb’s net revenue rose by EUR 86 million or 3.9% year on year to EUR 2,304 million. Despite challenging market conditions, Fastweb’s broadband customer base grew by 110,000 or 4.2% to around 2.7 million.
Your fibre-optic gateway to the world.

Dany Kammacher, engineer, brings the fastest network to your living room.
Your future is our everyday life.

Patrick Weibel with his team ensures that you are always on the best network.

From left: Barbara Pytlik, Klaus Liechti, Patrick Weibel
The best network – our strongest asset

Overall CHF 2.2 billion invested in the networks – number 1 in all mobile tests in Switzerland – third-best mobile provider in Europe – doubling of FTTH by 2025 – world-first of 50 Gbps for the fixed network – over 1 Gbps on a moving train.

The lockdown has made it strikingly clear how important high-performance, secure and full-coverage networks are for our economy and society. By international standards, Switzerland has excellent network infrastructures – especially in rural regions.

Investments of CHF 1.6 billion in Switzerland
Swisscom aims to offer its customers the best network and invested another CHF 1.6 billion in the expansion and maintenance of its networks in Switzerland in the year under review.

These investments are paying off: last year, Swisscom once again won every mobile test and was also rated the third-best mobile provider in Europe.

The network outages at the beginning of the year hurt because they did not meet our high standards. Thanks to immediate action, the networks were quickly restored and coped with the massively higher load during the lockdown without any problems.

5G roll-out not keeping pace with data traffic
Currently Swisscom is already providing around 96% of Switzerland with 5G technology, largely using 4G antennas. However, if the fifth generation of mobile technology is to reach its full transmission power, modern 5G antennas are also required.

Such expansion is urgently needed, as although data traffic grew by 29% in 2019, Swisscom could only make 5% more capacity available. Health concerns have led to resistance – despite the much stricter limit values in Switzerland – even though the World Health Organisation (WHO) has again confirmed that health protection is already ensured with the internationally valid limit values, especially in relation to 5G.
Doubling of fibre-optic cables by 2025
Swisscom aims to provide 90% of businesses and homes in every Swiss municipality with 80 Mbps connectivity by 2021. It is on track to achieve this goal: in 2020, Swisscom already covered 82% with at least 80 Mbps.

It also aims to double its fibre-optic coverage by 2025, enabling up to 60% of all homes and businesses to use bandwidths of up to 10 Gbps.

Network innovations at home, at work and while on the move
Swisscom relies on an innovative mix of technologies in its network. In 2020, Swisscom achieved a world-first for the fixed network: 50 Gbps were measured in the access network for the first time under real conditions. This technology should be ready for market in two years.

In mobile communications, Swisscom put the first Swiss 5G in-house installation into operation in its shop and at Lucerne railway station. And to ensure that you are optimally connected not only in the station, but also on the train, Swisscom achieved download speeds of over 1 Gbit/s for the first time on a test track in a moving train. This is not only useful for travellers, but it is also very important for safety-critical railway applications.

Fastweb – number two with ambitions
As the number two in Europe’s fourth-largest broadband market, Fastweb has exciting growth options: In August, Fastweb signed a co-investment agreement to provide coverage across 56% of Italy with FTTH by 2025.

In the mobile market, Fastweb is building a 5G mobile network with Wind Tre.
For exciting movie nights.

Markus Gisi, Scheduling Director for blue TV, offers top entertainment whenever you want.
The best experiences – now also in blue

Brand value 5 billion – “Ready together” during lockdown – our entertainment turns blue – “inOne” for individuals and SMEs.

In 2020, Swisscom created the brand platform “ready” to revitalise its five billion brand value internally and externally.

“Ready together”
With this campaign, Swisscom provided individuals and companies with a range of uncomplicated support measures during the lockdown. For mobile subscriptions without a flat rate and prepaid customers, there were additional data volumes or the Internet speed was increased to 50 Mbps. People stranded abroad also received roaming credits of up to CHF 200. SMEs were given free home office solutions or support for the creation of online shops.

blue – ready for big emotions
Anything with Swisscom in it now also has “Swisscom blue” on it: Swisscom entertainment products with Swisscom TV, Teleclub, Bluewin and Kitag were combined under a new family name “blue”. blue TV also features on competitor platforms, enabling Swisscom to extend the reach of blue. However, the widest range of offers is still only available in combination with the Swisscom Box: now also with access to Prime Video from Amazon and ice hockey league games.

$_{inOne – standardised yet individual}$
In a saturated residential customers market, the modular and flexible inOne bundled offering – well suited to our customers’ personal needs – continues to enjoy great popularity. Home networking (smart home) for controlling lighting, music or alarm systems also grew strongly in 2020.

$_{inOne for business customers too}$
For smaller business customers, Swisscom launched “inOne SME” – a standardised product that can also be customised. Larger SMEs can use “Smart Business Connect”, an individualised communication solution with collaboration and networking features.

$_{Ranked 9th}$
among the strongest Swiss brands according to the Brand Finance Report 2020
For all of our futures.

Saskia Günther, Head of Sustainability Team, makes sure that Swisscom remains world leader in sustainability.
Responsibility for a digital future

World champion in sustainability – climate-neutral operation – 90% of employees recommend Swisscom – 5G for greater sustainability – 57,422 people trained in media skills.

The future requires a sustainable strategy. This year, Swisscom received recognition for its long-standing efforts by being named the world’s most sustainable telecommunications company. More than anything, though, this is an incentive not to stray from the path we have chosen.

**Climate-neutral in operations and with smartphone sales**

In 2020, for example, Swisscom made its operations climate-neutral and also offered its customers the option of climate compensation for smartphones and tablets. Sustainability also appeals to investors: in the year under review, Swisscom became the first listed company in Switzerland to issue a green bond worth over EUR 500 million.

**Recommended employer**

The loyalty that employees feel towards their company was also evident in the year under review: 90% would be very likely to recommend Swisscom to others.

This bond was also impressively confirmed during the lockdown: although at times more than 80% of its 16,000 employees in Switzerland were working from home, Swisscom continued to function “normally” and this year again trained around 900 apprentices in eight professions.

**Sustainability through digitisation**

Technical innovations are an important prerequisite for a more sustainable future: the potential of 5G was demonstrated in the Swisscom StartUp Challenge, which received 125 applications from 30 countries. The study by the University of Zurich and the Swiss Federal Laboratories for Materials Science and Technology also made it clear that 5G has environmental benefits and can help reduce CO₂ emissions.

**Digitisation for all**

So that everyone can profit from the opportunities offered by digitisation, for themselves and for greater sustainability, Swisscom trained 57,422 people this year – an important milestone for our goal of supporting two million people in the use of digital media by 2025.

swisscom.ch/cr-report2020
Corporate Governance

Corporate governance is a fundamental component of Swisscom’s corporate policy. Swisscom is committed to effective and transparent corporate governance as part of its effort to deliver long-term value.

Swisscom organisational chart

Remuneration Report
In 2020, the total remuneration paid to the Board of Directors was CHF 2.4 million (prior year: CHF 2.2 million). Remuneration paid to the Group Executive Board amounted to CHF 7.3 million (prior year: CHF 7.5 million), of which CHF 1.85 million was paid to the CEO (prior year: CHF 1.76 million).
Members of the Board of Directors as at 31 December 2020

- Hansueli Loosli
- Roland Abt
- Sandra Lathion-Zweifel
- Alain Carrupt
- Frank Esser
- Barbara Frei
- Anna Mossberg
- Michael Rechsteiner
- Renzo Simoni
- Michael Rechsteiner

1 Chairman | 2 Vice-Chairman | 3 Employee Representative | 4 Representative of the Swiss Confederation | 5 Member

Members of the Group Executive Board from 1 March 2021

- Eugen Stermetz
- Urs Lehner
- Urs Schaeppi
- Christoph Aeschlimann
- Klementina Pejc
- Dirk Wierzbitzki
- Urs Lehner
- Urs Schaeppi
- Christoph Aeschlimann
- Klementina Pejc
- Dirk Wierzbitzki

1 CEO | 2 CFO | 3 CPO | 4 Head of Business Customers | 5 Head of IT, Network & Infrastructure | 6 Head of Residential Customers
**Added value for shareholders**

**Swisscom share**
Swisscom’s market capitalisation as at 31 December 2020 amounted to CHF 24.7 billion (previous year: CHF 26.6 billion). The number of shares issued remained the same at 51.8 million. Par value per registered share is CHF 1. Each share entitles the holder to one vote. Voting rights can only be exercised if the shareholder is entered in the share register of Swisscom Ltd with voting rights. The Board of Directors may refuse to enter a shareholder with voting rights if such voting rights exceed 5% of the company’s share capital.

The Swiss Market Index (SMI) rose by 0.8% compared with the previous year. The Swisscom share price fell by 6.9% to CHF 477.10, outperforming the Stoxx Europe 600 Telecommunications Index (–16.0% in EUR).

The average daily trading volume increased by 21.4% year on year to 180,751 shares. The total trading volume of Swisscom shares in 2020 was CHF 23.0 billion.

**Shareholder return**
On 14 April 2020, Swisscom paid out an ordinary dividend of CHF 22 per share. Based on the closing price at the end of 2019, this equates to a return of +4.3%. Taking into account the decline in the share price, the Swisscom share achieved a total shareholder return (TSR) of −3.0% in 2020. The TSR for the SMI was +4.3% and for the Stoxx Europe 600 Telecommunications Index −12.0% in EUR.

**Stock exchanges**
Swisscom shares are listed on the SIX Swiss Exchange (SCMN, Securities No. 874251). In the United States (OtC, Level 1), they are traded in as ADR (1:10, SCMWY, Pink Sheet No. 69769).

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### Share performance 2020

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<th>Date</th>
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<th>SMI (indexed)</th>
<th>Stoxx Europe 600 Telcos (in CHF, indexed)</th>
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</tr>
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</table>
Financial outlook for 2021

The high competitive and price pressure will continue in 2021. The way the Covid-19 pandemic is evolving is leading to further uncertainty.

For 2021, Swisscom expects net revenue of around CHF 11.1 billion, EBITDA of around CHF 4.3 billion and capital expenditure of around CHF 2.3 billion. Swisscom expects revenue to be lower excluding Fastweb. Capital expenditure in Switzerland will be slightly higher than in 2020.

Revenue and EBITDA for Fastweb are expected to be slightly higher in 2021, with capital expenditure remaining at the prior-year level.

If the targets are met, Swisscom will again propose to the 2022 Annual General Meeting payment of an unchanged dividend of CHF 22 per share for the 2021 financial year.

Key dates

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
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<tr>
<td><strong>Q1</strong></td>
<td><strong>Q1</strong></td>
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<td>4 February 2021</td>
<td>February 2022</td>
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<td>Publication of 2020 Annual Results and Annual Report</td>
<td>2021 Annual Result</td>
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<td><strong>Q2</strong></td>
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<td>31 March 2021</td>
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<td>Annual General Meeting, via Internet</td>
<td>2021 Third-Quarter Results</td>
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