

Media release

Zurich, August 22, 2013

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Price reductions and lower roaming result in decreasing revenues in the first half of 2013

- **Decrease in revenues (-3.8%) and EBITDA (-6.2%)**
- **Investments up by 40.7%, UMTS 900 swap completed and LTE roll-out accelerated**
- **Acquisition of Lebara and Ortel Mobile strengthens position in prepaid mobile services with focus on low cost international calls**

In a competitive market environment, Sunrise generated total revenues of CHF 984 million in the first half of 2013 (-3.8%). This development is mainly due to new and existing customers benefiting from more attractive prices of the Sunrise mobile rate plans and roaming. Meanwhile, the majority of the customers eligible for migration have already chosen a more convenient rate plan. The operational earnings (EBITDA) of the largest private telecommunications provider in Switzerland amounted to CHF 292 million, a decrease of 6.2% compared to the same period in the previous year (CHF 311 million). The mobile postpaid customer base increased by 45.600 (+4.0%) year on year but did not fully compensate the effects of the considerable price reductions in the tariff portfolio and lower roaming revenues.

Growth in TV customer base drives internet revenue growth

The Sunrise TV customer base continues to grow strongly to almost 60.000 customers, in particular the higher value Sunrise TV Set start and Sunrise TV Set comfort. An entry level Sunrise TV basic was also launched in April 2013 and provides an attractive entry point to the Sunrise TV product range.

Ongoing investments in network infrastructure

Capital expenditure increased by 40.7% to CHF 97.9 million in the first half of 2013, mainly driven by the completion of the UMTS 900 swap, improved network capacity and the launch of the LTE network in June. Sunrise will continue the comprehensive upgrade of its network infrastructure by investing heavily into its mobile phone and landline network. By the end of October, more than 50% of all Sunrise customers will be able to surf ultra-fast on 4G/LTE. Both prepaid and postpaid customers with 4G/LTE-compatible end devices may use the LTE technology within the context of their existing speed and volume quotas. Customers opting for the simple and customer-oriented tariff model Sunrise NOW introduced in May stand to benefit from the fastest available speed in all pricing options, both on 2G/3G (up to 42 Mbit/s) and on 4G/LTE (up to 100 Mbit/s).

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Sunrise becomes Switzerland's clear number one for low-cost international calls

With the acquisition of Lebara GmbH Switzerland and Treternity Ortel Mobile AG in July, Sunrise further strengthened its customer focus for prepaid mobile services in general and its footprint in multicultural communities in particular. Sunrise will continue to operate both Lebara and Ortel Mobile as separate companies under their existing brands. Together with its own brand yallo, the acquisition puts Sunrise at the forefront of the Swiss market for mobile prepaid offers with focus on low cost international calls and data services.

Libor Voncina, CEO of Sunrise, comments: "The current financial figures reflect the challenging market environment. Customers benefit from major price reductions in our portfolio. Our dedicated network improvement and customer service initiatives, along with the acquisition of Lebara and Ortel Mobile, position Sunrise favorably for future growth as the only alternative full-service provider in Switzerland and the operator of choice for every kind of customer."

Time period 1.1.2013 – 30.6.2013	First half of 2013	First half of 2012	Change
Total sales (in CHF million)	984	1'023	-3.8%
Mobile network services	613	639	-4.1%
Landline network services	274	294	-6.7%
<i>Landline network services (without hubbing)</i>	206	227	-9.3%
Internet services	97	90	+8.4%
EBITDA (in CHF million)	292	311	-6.2%
EBITDA margin	29.7%	30.4%	
EBITDA margin (without hubbing)	31.9%	32.6%	
Total customer number (in million)	2,93	2,98	-1.4%

Sunrise Communications AG
Sunrise Media Hotline
P.O. Box
CH-8050 Zurich

E-mail media@sunrise.net
Internet www.sunrise.ch
Telephone 0800 333 000
Fax +41 58 777 61 67

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Sunrise is the largest private telecommunications provider in Switzerland, with offices in Zurich, Kloten, Lucerne, Basel, Berne, Biel/Bienne, Renens, Geneva and Lugano. Around 3 million customers use Sunrise products and services in the areas of mobile telecommunications, landline network, the Internet and IPTV. Sunrise TV, the latest generation in entertainment, is distinguished by the largest selection of HD broadcasters in the basic package, the ComeBack TV and Live Pause functions and a unique variety of TV and radio channels. The Business Sunrise business customer division offers individual communications solutions for business customers. The Sunrise mobile network, which is based on GSM, EDGE, UMTS, HSPA+ and 4G/LTE technologies, provides 99% of the population with modern mobile network services at transfer speeds up to 100 Mbit/sec. A high-performance fiber-optic network with a total length of 10,000 km enables provision of high-quality voice and data services throughout the country. Thanks to unbundling, Sunrise can reach approximately 85% of all households with its broadband services. Sunrise operates around 100 Sunrise centers throughout Switzerland. Sunrise is a brand of Sunrise Communications AG.