

Media release

Zurich, 22 May 2014

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Major investments in Q1'14 to lay the foundations for further growth

- 78,600 mobile post-paid customers added last year (+17,200 Q1'14)
- TV subscriber base grew by 32,800 (+ 65.5%) with 8,500 new customers in Q1'14
- Revenues decline 3.4% following 2012 price reduction
- Investment in higher marketing communications and a market environment with aggressive mobile subsidies further impacted EBITDA (-6.6% YoY)
- Continued high investments in network infrastructure (Capex +41.4% YoY)

Sunrise's mobile postpaid customer base grew by 78,600 subscribers (+6.6%) compared to Q1'13 (+17,200 in Q1'14). Sunrise TV subscriber growth continued with an addition of 8,500 subscribers in Q1'14 to 82,800 subscribers (+65.5% compared to Q1'13).

Revenues for the first 3 months of 2014 were CHF 470.2 million, down by CHF 16.3 million compared to Q1'13. The full customer base migration impact of 2012 price reductions only in Q1'14 (>90% already migrated) affected revenues and gross profit negatively and could not be fully compensated by the increased subscriber base. EBITDA for Q1'14 was CHF 132.0 million, a reduction of CHF 9.3 million compared to Q1'13. Higher than expected mobile subsidies, driven by the aggressive subsidies of one of our competitors and higher investments into marketing communication expenses to support the new MTV portfolio and prepare the launch of Sunrise Freedom affected EBITDA negatively.

A substantial step-up in infrastructure investments, utilizing UMTS and LTE in the low frequency band with a focus on the best blend of technologies to offer enhanced mobile voice and data user experience, increased capital expenditure by 41.4% compared to Q1'13.

Since the beginning of the year, Sunrise has introduced several changes that have re-energized its mobile product portfolio. February saw the relaunch of the MTV Mobile brand and various new features for MTV mobile, the service targets the young generation under 30: data sent over WhatsApp is now included in the price plan. Thanks to the partnership with SBB Swiss Railways, MTV mobile customers can also claim a 50% discount on a new half-fare rail card. Sunrise now also offers internet and TV services under the MTV Home brand.

With the new travel packs, which were launched in February, Sunrise reduced the price of data roaming to a European level, (e.g. 500 MB costs CHF 49.00 / > 10 cents/MB). In mid-April the roaming tariff for mobile calls in other European countries was reduced by 39%; Sunrise customers who choose the CHF 10 per month roaming option now pay only CHF 0.30 per minute which is still the best offer, even after the recent price adjustments of the competitors. This means that for the first time, a call in another European country costs the same as a call in Switzerland.

Another of the many new features in the mobile sector is the Indoor box. This works like a mobile antenna to improve 2G/3G reception within the home. Sunrise is giving the Indoor box to customers free of charge.

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Sunrise is also working intensively on rolling out a comprehensive fibre-optic network to replace the existing DSL infrastructure. Sunrise started its fibre-optic service in Berne at the start of 2014. Customers in Zurich, St. Gallen, Lucerne and Geneva have also already benefited from Sunrise's fibre-optic service. Further towns will be added soon.

In the first quarter of 2014, Sunrise invested heavily in the preparations for the new Sunrise Freedom mobile services. This was launched on April 7th, 2014 and guarantees the maximum flexibility for customers.

	Q1 2014	Q1 2013	Change
Total sales (CHF million)	470	487	-3.4 %
Mobile network service	291	304	-4.0 %
Landline services	128	135	-5.5 %
Internet services	51	48	7.1 %
EBITDA (CHF million)	132	141	-6.6 %
EBITDA margin (excl. hubbing)	30.5 %	31.1 %	
Total customers (million)	3.24	2.97	

Sunrise

Sunrise is the largest private telecommunications provider in Switzerland, with offices in Zurich, Kloten, Lucerne, Basel, Berne, Biel/Bienne, Renens, Geneva and Lugano. Around 3.2 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 a large 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.