

Media release

Zurich, August 21, 2014

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Continued strategic investments and new products return Sunrise to growth in the second quarter

- **Total revenue in Q2 up by 5.6% year-on-year**
- **EBITDA in Q2 up by 5.7% year-on-year**
- **Subscriber base continues to grow for mobile (+13,200) and TV (+6,400) in second quarter**
- **Targeted investments in blend of new technologies increased to CHF 114 million (+16.1%) to ensure best user experience**

Sunrise continues its strategy of investment for growth in a competitively challenging environment. During the second quarter, Switzerland's largest private telecommunications provider introduced new residential products, further improved its customer care, and continued targeted investment in new technologies and network infrastructure.

Return on investment begins to show in revenue and profitability

Sunrise recorded total revenue of CHF 996 million for the first half of 2014, an increase of 1.1% over the same period last year. The rate of expansion in the second quarter came to 5.6%, underlining the steady acceleration of the growth rate. EBITDA in the second quarter increased to CHF 159 million, which is 5.7% higher year-on-year.

Positive customer momentum, partly driven by Switzerland's most customer-friendly mobile plan

During the second quarter, Sunrise launched Switzerland's first unbundled mobile plan (Freedom), which offers maximum flexibility for residential customers. Within 12 weeks of its launch, 150,000 mobile customers had subscribed to the new mobile portfolio. Thanks to the new wireline plan (Home) launched at the end of the quarter, orders grew by more than 25%, though this will affect the third quarter figures.

The mobile postpaid customer base increased by 71,400 (+5.9%) year-on-year. In the second quarter, 13,200 new postpaid customers were added. The total mobile customer base grew by 345,600 year-on-year, boosted by the acquisition of Lebara (Switzerland) and Ortel, two providers of prepaid offers with a focus on low cost international calls and data services. This brought the total mobile subscriber base up to 2.49 million (+16.1% year-on-year).

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Investments in customer care showing success

Sunrise drive to offer the best customer care of any Swiss telecommunications provider is well on track. Targeted investments and the measures launched last year to enhance service quality by increasing capacity, as well as efficiency and customer interaction, have resulted in a significant improvement. By increasing the number of customer advisors by approximately 25%, accessibility was raised to an excellent level of around 93%. Moreover, the percentage of customer issues resolved on first contact (efficiency) continues to rise. Both these KPIs are updated on a weekly basis and published on the Sunrise website.

<http://www.sunrise.ch/customersatisfaction>

Additionally, reports from Ombudscom show a continued fall in the number of customer complaints and confirm that far less than 10% of all the inquiries handled by the telecommunications conciliation body in the last three months involved Sunrise.

Ongoing investment in network infrastructure

The company's commitment to customer experience is reflected by capital expenditure of CHF 114 million in the first half of 2014, an increase of 16.1%. Targeted investments in network infrastructure are further enhancing the comprehensive 4G/3G-integrated high-speed data layer on low frequency bands (800/900 MHz). This benefits customers by improving deep indoor and rural coverage.

The commitment to investment also includes the connection to a comprehensive fiber-optic network. Sunrise launched its fiber-optic service in Berne at the beginning of 2014. Customers in Zurich, St. Gallen, Lucerne, Winterthur and Geneva already benefit from this service. Customers in Fribourg will be provided with fiber-optic services in due course, with more towns to follow.

Libor Voncina, CEO of Sunrise, comments on the results for the first half of 2014:

"We believe that the way for Sunrise to ensure continued healthy financial growth is to be the best choice for Swiss customers for all of their telecommunications needs. This requires continuous investment to ensure Sunrise leads on network quality, customer care and new products that give customers even more value. This has begun to bear fruit and we will continue delivering products with this strategy. That makes sense."

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Time period 1.1.2014 – 30.6.2014	First half of 2014	First half of 2013	Change	Q2'2014	Q1'2014	Change
Total revenues (in CHF million)	996	984	+1.2%	526	470	+11.9%
Mobile network services	637	613	+4.0%	346	291	+18.9%
Landline network services	256	274	-6.8%	128	128	-
<i>Landline network services (without hubbing)</i>	180	206	-12.8%	89	91	-2.2%
Internet services	103	97	+5.6%	51	51	-
EBITDA (in CHF million)	291	292	-0.2%	159	132	+20.5%
EBITDA margin	29.3%	29.7%		30.3%	28.1%	
EBITDA margin (without hubbing)	31.7%	31.9%		32.8%	30.5%	
Total customers (in million)	3.23	2.96	+9.2%	3.23	3.24	-0.3%

Sunrise

Sunrise is the largest private telecommunications provider in Switzerland, with offices in Zurich, Kloten, Lucerne, Basel, Berne, Biel/Bienne, Prilly, 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 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.