



Sunrise Communications Holdings S.A.

Financial results

Second quarter 2014

Q2 Highlights

- **Successful launch of new offers accelerates growth momentum**
 - Freedom – new mobile portfolio: 150k new Freedom subscribers per end of Jun'14
 - Sunrise Home - new wireline portfolio: >25% increase in weekly orders vs. 2014 average
- **Growing subscriber base in Mobile and TV**
 - Mobile Postpaid growth continued (+13k net adds in Q2), especially with high value postpaid voice net adds (+12k in Q2)
 - TV growth continued (+6k net adds in Q2)
- **Return to positive revenue growth in Q2 of +5.6% yoy**
 - Growth momentum and slowing customer base migration impact of 2012 price reductions
- **Continued high level of investments** in Infrastructure (**H1'14 Capex +16.1% yoy** to CHF 114 million), Customer Service and Innovations to further accelerate growth
- Positive top line momentum triggered growth in operating profits:
Recurring Q2 EBITDA +2.4% yoy, reported EBITDA +5.7% yoy and EBITDA LTM up by 1.4% compared to Q1'14 to **CHF 613 million**
- **Q2'14 Operating FCF CHF 66 million, -27% yoy**, mainly impacted by anticipated change in working capital

Agenda

- 1 Delivering Value
- 2 Growth Momentum
- 3 Financial performance
- 4 Conclusions and Outlook

Delivering value - Our approach

1

Invest

Invest into mobile and fixed network and customer experience:

- LTE rolled-out and backhaul capacity increased, Mobile core exchanged
- Capex LTM CHF 297m
- Customer care capacity increased by 25% and training improved

2

Innovate

Launch customer relevant innovations in all services:

- Mobile (Sunrise Freedom – April)
- Fixed bundles (Sunrise Home - June)
- Converged fixed / Mobile packages (Sunrise Advantage - June)

3

Growth Momentum

Growing customer base and converged customers:

- >150k Freedom customers
- +13k Q2 postpaid mobile net adds
- +31k TV customers yoy

Improved Customer Experience:

- Net Promoter Scores (NPS) further improved

4

Value Creation

Revenue and EBITDA growth:

- Revenue: CHF 526m (+5.6% yoy)
- EBITDA: CHF 159m (+5.7% yoy)

Free cash flow generation:


- Operating FCF: CHF 66m (-27% yoy)

Sunrise Freedom – Contract freedom for everyone




Unique mobile proposition in Switzerland fulfilling the need of our customers for transparency and flexibility



The beginning of a new era in 3 simple steps



Sunrise
FREEDOM FOR EVERYBODY.

-  Pick a Sunrise Freedom calling plan.
-  Pick the phone you want.
-  Additional options for your Sunrise Freedom rate plan.

Flexibility, courtesy of Sunrise Freedom

- ✓ **Fair:**
 - No obligations, no commitment
 - New mobile phone at any time
- ✓ **Transparent:**
 - Subscription costs decoupled from the hardware costs
- ✓ **Customer Oriented:**
 - **Flexible:** Switch plans at any time
 - **Simple:** Everything included
 - **Competitively priced**

- Powerful endorsement of consumer association has already translated into strong sales
- 150k subscribers by end of Jun'14, gross adds in Q2'14 increased by more than 30% yoy
- NPS increased by 18pp




Sunrise Home – Only pay for what you need

New fixed portfolio with competitive positioning and attractive bundling opportunities



New, flexible offer for internet, TV and landline

Our recommendation for you:

1.  Internet	internet start <i>Ideal to surf</i> Upto 15 Mbit/s download, 1,5 Mbit/s upload (Fiber optic: up to 15 Mbit/s download and upload) <input type="radio"/> CHF 40.–	internet comfort <i>Ideal to stream movies</i> Upto 40 Mbit/s download, 4 Mbit/s upload (Fiber optic: up to 40 Mbit/s download and upload) <input checked="" type="radio"/> CHF 65.–	internet max <i>Fiber optic</i> Upto 100 Mbit/s download, and upload <input type="radio"/> CHF 75.–
	2.  Telephony	phone start At low per-minute rates. <input checked="" type="radio"/> free	phone comfort The flat rate to all Swiss networks. <input type="radio"/> CHF 15.–
3.  TV	TV start 200+ channels, up to 40 in HD, ComeBack TV 30 hours. <input type="radio"/> CHF 20.–	TV comfort 220+ channels, up to 70 in HD, ComeBack TV 7 days, Live Pause, recording function <input checked="" type="radio"/> CHF 30.–	

CHF95.–

✓ Fair & Transparent:

- Customise package so you only pay for what you need
- Take advantage of Sunrise Advantage convergence discounts

✓ Customer Oriented:





- **Flexible:** Adapt your service to your needs at any time
- **Simple:** Easy to choose
- **Competitive:** Best offer in the market

- Early indicators show >25% weekly order increase (compared to 2014 weekly average)
- Up to 100 Mbit/sec where fibre is available

Unique convergence Advantage

The best offer for a household in Switzerland - Customer benefits from a discount if he combines Sunrise Home with a mobile subscription

New Fixed / Mobile convergence solution

Sunrise Home			Sunrise Mobile	Sunrise Advantage
 Internet	 Landline	 TV	+  Mobile Phone	= 10% Every month
Internet comfort Ideal to stream movies Up to 40 Mbit/s download, 4 Mbit/s Upload (Fiber optic: up to 40 Mbit/s download and upload) ✓ CHF 65.-	phone start At low per-minute rates ✓ free	TV comfort 220 + channels, up to 70 HD, ComeBack TV 7 days, Live Pause, recording function ✓ CHF 30.-	Sunrise Freedom classic ✓ 1 GB unlimited surfing in Switzerland incl. high speed Internet up to 4G ✓ unlimited calls to all networks in Switzerland ✓ unlimited SMS/MMS to all networks in Switzerland ✓ CHF 50.- 2x	CHF 195.- Combined package price - CHF 19.50 Sunrise Advantage 10% discount
95.^{CHF} /month			100.^{CHF} /month	Package price 175.⁵⁰ /month

- ✓ **Fair:**
The more services customers pick, the more they benefit
- ✓ **Transparent:**
Advantages clearly shown on the bill
- ✓ **Customer Oriented:**
 - **Simple:** Always a 10% discount on any billed services
 - **Competitive:** Attractiveness for convergent households

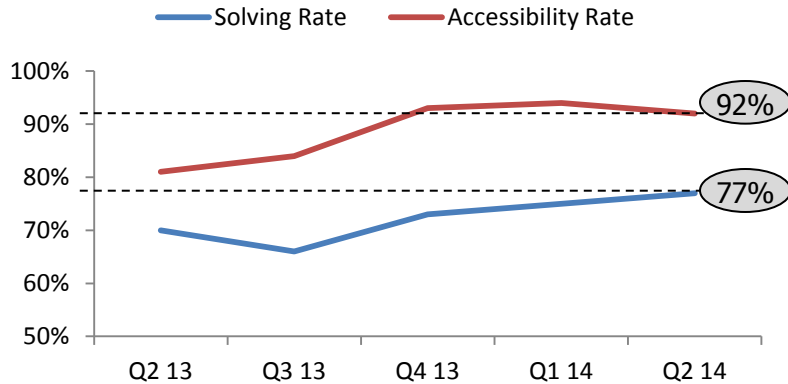
➤ Easy to understand and unique in the Swiss market

Agenda

- 1 Delivering Value
- 2 Growth Momentum
- 3 Financial performance
- 4 Conclusions and Outlook

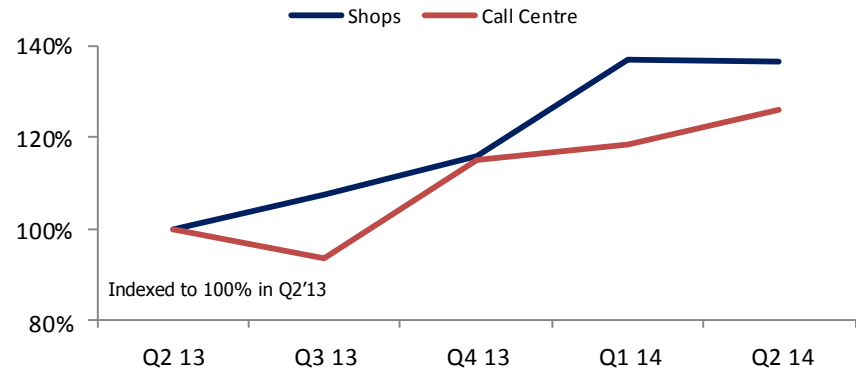
Achieving service excellence

Solving rate and accessibility rate improving



- 25% capacity increase in call centers
- Simplified call routing and handling
- New agent on-boarding and coaching

Shops and call centre NPS improving



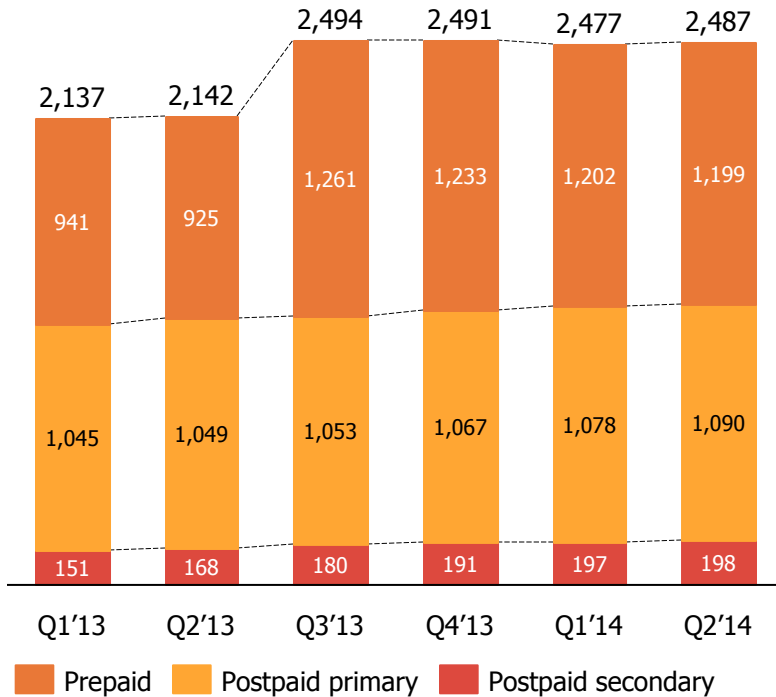
- Stringent people management based on closed loop feedback process
- Integrated Voice-of-Customer solution

- 90% complaints elimination related to premium SMS
- Shop waiting time satisfaction improved by 180% in 5 months
- Reduction of ombudscom* cases from 22.9% in 2013 to 13.8% in H1'14, declining trend

* ombudscom - telecommunications conciliation body

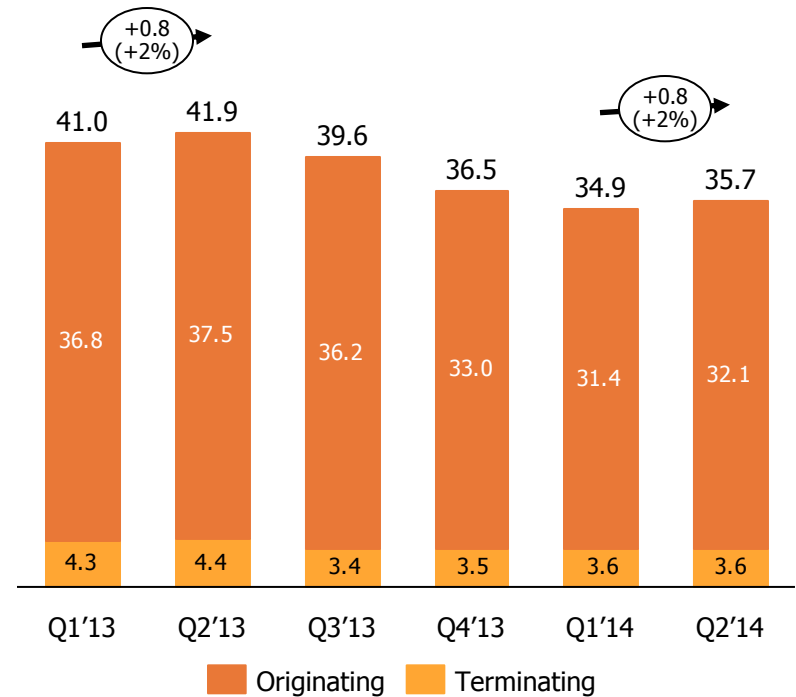
Mobile subscribers and ARPU momentum

Mobile subscribers ('000)



Positive Freedom trading momentum results in +13k postpaid net additions

Blended ARPU (CHF)



Q2'14 ARPU +2%, includes the billed hardware installments* for the Sunrise Freedom portfolio

* Please refer to the Q2'14 Financial Report for more information on the change in ARPU definition

Postpaid primary versus secondary

Why introducing a new postpaid subscriber split



From single to multi-device

- Increasing use of multiple devices, e.g. tablets, requiring additional SIM cards, driven by convergence – accessing content from everywhere
- Sunrise is serving this increasing customer need by offering multi-SIM and data SIM cards whilst providing monetization opportunities

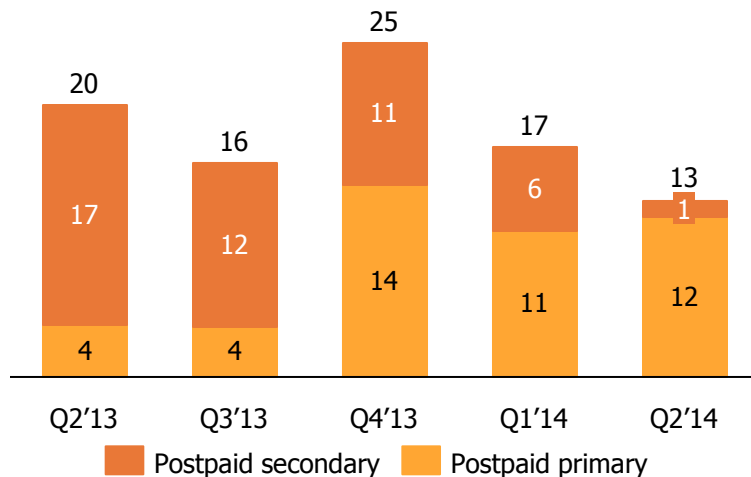
Blended ARPU is impacted by secondary SIMs

- These additional (secondary) SIM cards have a different ARPU and usage profile
- Increasing shares of secondary SIM cards will impact ARPU per SIM card negatively but increase the revenue from a customer

Strong primary net add momentum

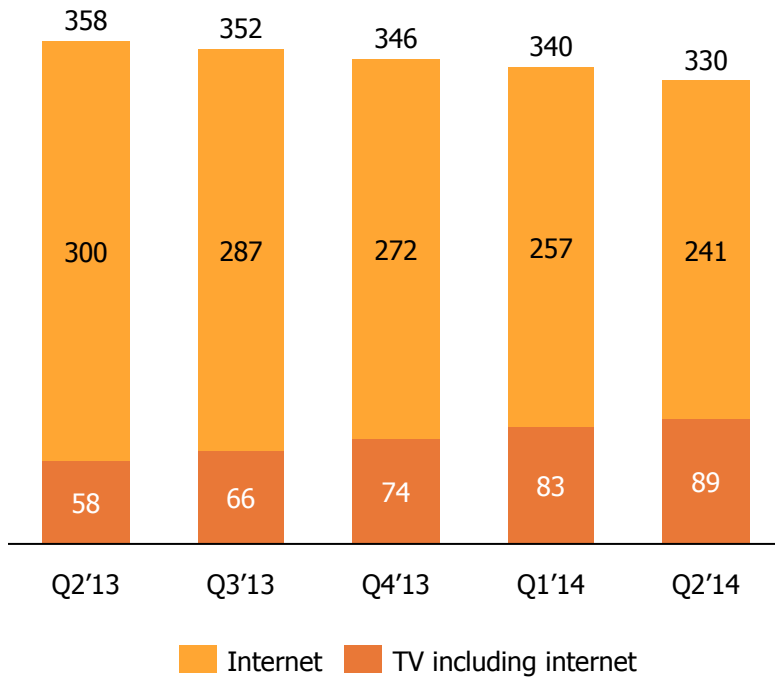
- Following improvement in network and customer care quality, Sunrise reinvested into marketing activities in Q4'13 and Q1'14
- Together with the introduction of Freedom, this has yielded in a strong growth momentum of primary net adds

Postpaid net adds ('000)



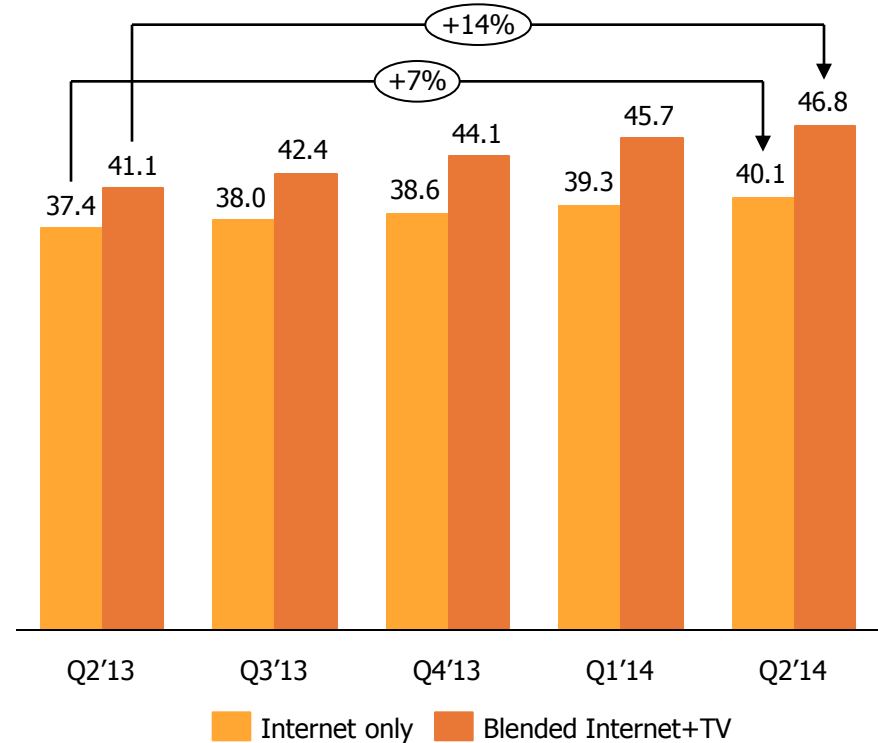
Landline internet subs. and ARPU momentum

Subscribers ('000)



- Continued growth of TV subscribers
- Launch of Sunrise Home increased weekly order intake by >25%

Internet and Sunrise TV ARPUs (CHF)



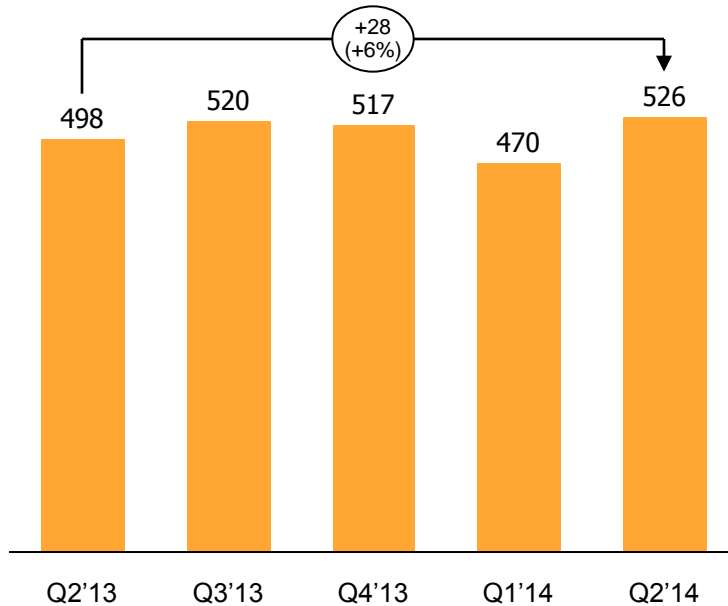
- Increase of internet-only ARPU due to product mix; Sunrise TV bundles are positively impacting blended ARPU

Agenda

- 1 Delivering Value
- 2 Growth Momentum
- 3 Financial performance
- 4 Conclusions and Outlook

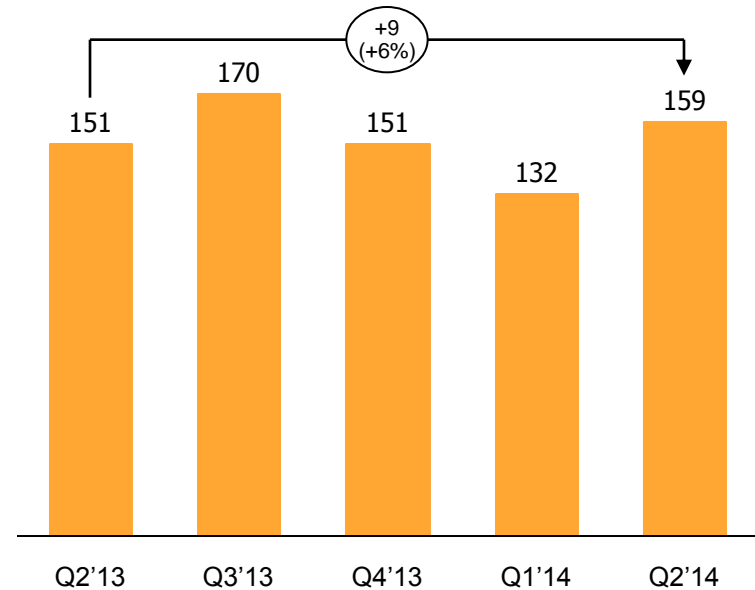
Revenue and EBITDA

Revenue (CHF million)



Growth momentum and reduced customer migration effects triggered revenue growth
Revenue LTM up by 1.4% compared to Q1'14 to CHF 2'033 million

EBITDA (CHF million)

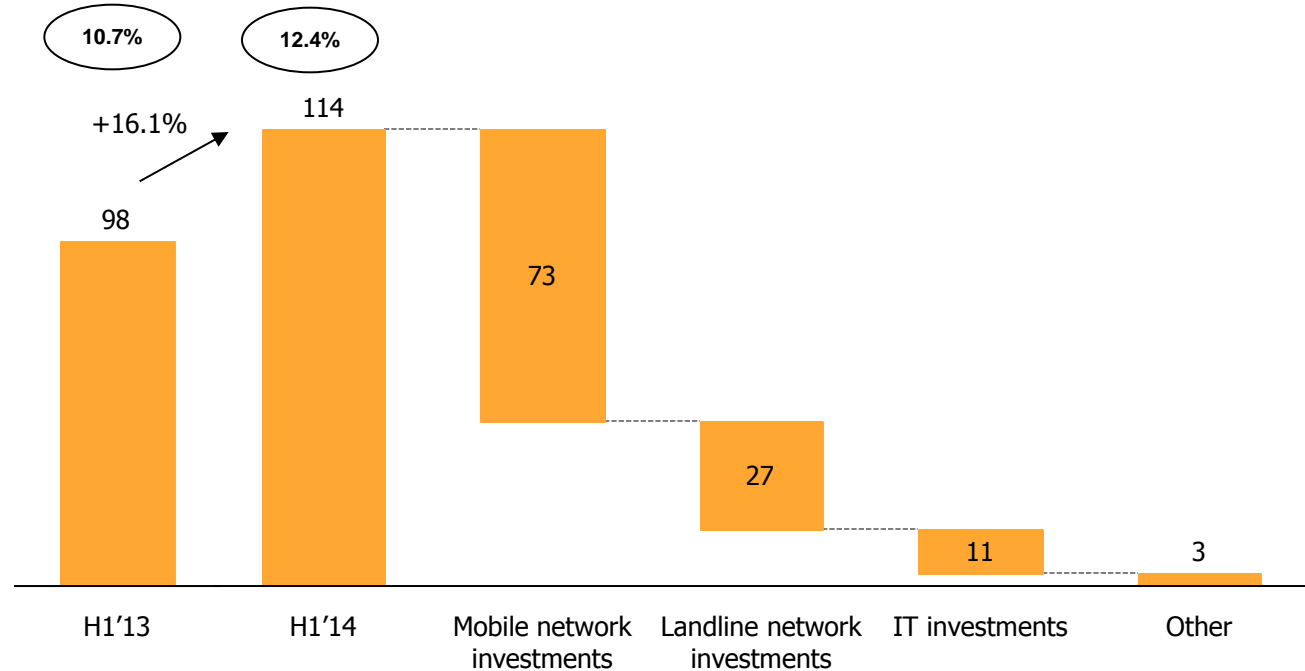


Positive top line trend reflected in proportionately growing reported EBITDA
EBITDA LTM up by 1.4% compared to Q1'14 to CHF 613 million

Capital expenditure breakdown

Capex as a % of revenues

CHF million



- Substantial step-up in infrastructure investments with focus on best blend of technologies and spectrum to offer enhanced mobile voice and data user experience
- Utilizing UMTS and LTE in low frequency bands (800/900MHz)
 - Enhancing deep indoor coverage
 - Enabling nationwide coverage, including rural areas
- Upgrading backhaul capacity with fibre or high bandwidth microwave connectivity

Overview of results

Financial Results	H1 - 2013	H1 - 2014	Q2'2013	Q2'2014
CHF million				
Mobile	613	637	309	346
Landline Services	274	256	139	128
<i>of which hubbing</i>	69	76	36	39
Landline Internet	97	103	49	51
Total revenues	984	996	498	526
% yoy growth		1.1%		5.6%
Revenues (excl. hubbing)	916	920	462	486
% yoy growth		0.4%		5.4%
COGS	(310)	(344)	(160)	(194)
Gross profit	674	652	338	331
% margin	68.5%	65.5%	67.9%	63.1%
% yoy growth		(3.3%)		(1.9%)
Opex	(382)	(360)	(187)	(172)
EBITDA	292	291	151	159
% margin	29.7%	29.3%	30.3%	30.3%
% margin (excluding hubbing revenues)	31.9%	31.7%	32.7%	32.8%
% yoy growth		(0.2%)		5.7%
EBITDA recurring	299	289	154	158
% yoy growth		(3.3%)		2.4%
Capex	(98)	(114)	(59)	(59)
% Capex-to-revenues (excl. hubbing revenues)	10.7%	12.4%	12.8%	12.1%
EBITDA-Capex	194	178	92	101
Change in working capital	(22)	(133)	(1)	(34)
Operating free cash flow	173	45	91	66

Net debt and leverage ratio

Net debt	Dec 31, 2013	Jun 30, 2014
CHF million		
Senior Secured Notes	755	753
Senior Secured Notes issued July 2012	523	522
Floating Rate Notes issued July 2012	205	203
Senior Unsecured Notes	689	683
Utilized RCF	95	60
Total cash-pay borrowings ¹⁾	2'267	2'221
Fair value of cross currency swaps	116	131
Financial lease	35	33
Total debt	2'418	2'385
Cash & Cash Equivalents	(149)	(53)
Net debt	2'269	2'332
Net debt / EBITDA ²⁾	3.6x	3.8x
Senior PIK Toggle Notes	642	634
MCIG ³⁾ net debt / EBITDA ²⁾	4.7x	4.8x
Net Income Basket (NIB)	Jan-Dec'2013	Jan-Jun'2014
Balance at BoP	21.4	44.7
Utilized ⁴⁾	(47.5)	(27.8)
Additions	70.9	38.2
Balance at EoP	44.7	55.2

¹⁾ Nominal amounts, i.e. excluding capitalized debt issuance cost

²⁾ EBITDA includes annual pro-forma EBITDA of acquired entities Lebara and Ortel in Switzerland

³⁾ Mobile Challenger Intermediate Group S.A.

⁴⁾ Original PIK repayment and PIK Toggle interests

Agenda

- 1 Delivering Value
- 2 Growth Momentum
- 3 Financial performance
- 4 Conclusions and Outlook

Conclusion - Q2'14 marks an inflection point

1

Invest

Invest into mobile and fixed network and customer experience:

- Connect network test 2013 - #2 with strongest improvements
- Continued network investments utilizing UMTS/LTE in low frequency bands
- Customer care KPIs significantly increased
- Ombudscom cases reduced from 22.9% (2013) to 13.8% (H1'14)

2

Innovate

Launch customer relevant innovations in all services:

- Unique Swiss market propositions for mobile and fixed bundles - Freedom, Sunrise Home and Sunrise Advantage
- Innovation pipeline filled

3

Growth Momentum

Growing customer base and converged customers:

- Continued growth in mobile postpaid and TV net adds - tangible benefits from renewed portfolio

Improved Customer Experience:

- Further improved Net Promoter Scores (NPS)
- Successful repositioning of brands

4

Value Creation

- Positive business trends drive revenue and EBITDA growth - inflection point reached for financial performance
- Operating free cash flow still impacted by high extraordinary investments into the network (mobile and fixed) and anticipated change in NWC in 2014
- Cost discipline maintained

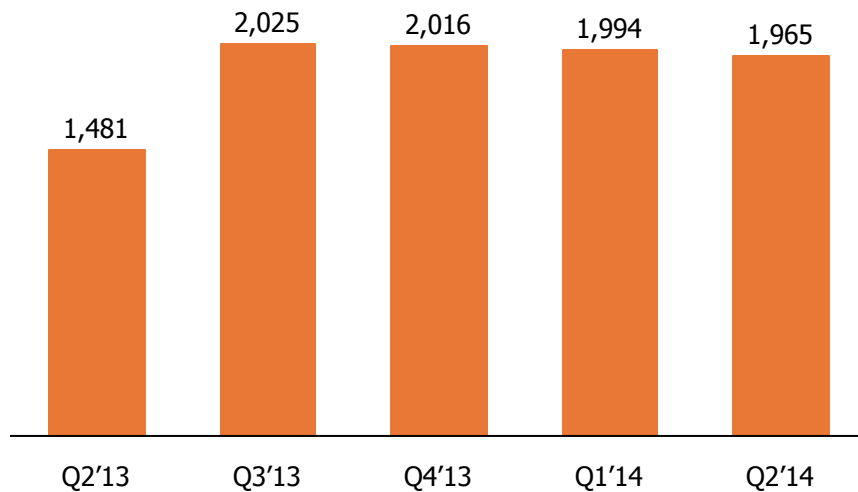
BACKUP

Pro-forma mobile prepaid subscriber statistics

12 month activity rule

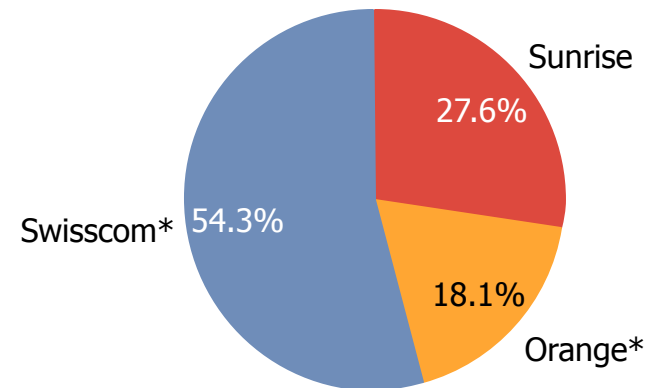
- For transparency reasons, pro-forma mobile prepaid subscribers based on a 12 month activity rule instead of Sunrise's 3 month activity rule are provided
- Sunrise still believes, that the 3 month activity rule is a fairer representation of the prepaid market

Pro-forma prepaid subscribers ('000)



Based on 12 month activity, Sunrise does not count marketing SMS sent to subscribers as an activity

Pro-forma mobile network market share Q1'14



Network market share excluding MVNOs; Sunrise does not count M2M SIM cards into the subscriber base

* Source: Q1'14 Financial statements of Swisscom and Orange

Thank you



Disclaimer

This presentation and any materials distributed in connection herewith (together, the "Presentation") do not constitute or form a part of, and should not be construed as, an offer for sale or subscription of or solicitation of any offer to purchase or subscribe for any securities, and neither this Presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, or act as an inducement to enter into, any contract or commitment whatsoever.

The information contained in this Presentation has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, reasonableness or correctness of the information or opinions contained herein. None of Sunrise Communications Holdings S.A., its subsidiaries or any of their respective employees, advisers, representatives or affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this Presentation. The information contained in this Presentation is provided as at the date of this Presentation and is subject to change without notice.

Statements made in this Presentation may include forward-looking statements. These statements may be identified by the fact that they use words such as "anticipate", "estimate", "should", "expect", "guidance", "project", "intend", "plan", "believe", and/or other words and terms of similar meaning in connection with, among other things, any discussion of results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. Such statements are based on management's current intentions, expectations or beliefs and involve inherent risks, assumptions and uncertainties, including factors that could delay, divert or change any of them. Forward-looking statements contained in this Presentation regarding trends or current activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes, results and other future events may differ materially from those expressed or implied by the statements contained herein. Such differences may adversely affect the outcome and financial effects of the plans and events described herein and may result from, among other things, changes in economic, business, competitive, technological, strategic or regulatory factors and other factors affecting the business and operations of the company. Neither Sunrise Communications Holdings S.A. nor any of its affiliates is under any obligation, and each such entity expressly disclaims any such obligation, to update, revise or amend any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this Presentation.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full-year results.