

## Media release

Zurich, November 09, 2015

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### Sunrise continues customer growth in Q3 2015, full year guidance confirmed

- Accelerated growth of mobile postpaid customers (+23,900 QoQ)
- Positive momentum in internet (+2,900 QoQ) and TV subscriber base (4,500 QoQ)
- Revenue decrease, as expected, of 8.5% YoY to CHF 487m YoY
- As expected, adjusted EBITDA decrease of 7.5% YoY to CHF 169m; 20 bps YoY margin improvement
- Net income with CHF 67m YoY increase to CHF 14m
- Strong equity free cash flow of CHF 58m (+12%)
- 2015 guidance confirmed

In the third quarter of 2015, Sunrise accelerated mobile postpaid customer growth in a competitive market environment. Despite this positive trend, revenue declined YoY due to the Swiss Franc strength, Freedom hardware unwind, and a continued structural decline in the prepaid and fixed voice businesses. Sunrise continued to optimise its cost base on a road to simplification and digitalisation and thereby improved its adjusted EBITDA margin. Net income significantly increased YoY as a result of lower interest expenses.

Libor Voncina, CEO of Sunrise, comments on the results of the third quarter: "In a competitive environment, our ability to maintain the customer growth through quality and customer focus, remained unchanged. With our initiatives to drive simplification and digitalisation, we are well positioned for the future."

#### Strong subscriber momentum in mobile postpaid, internet and TV

Positive momentum in subscriber development continued in Q3'15 with mobile postpaid recording 75,500 net new customers (+ 5.8%) YoY, reaching a total of CHF 1.38 million. In the third quarter 2015 alone, Sunrise added 23,900 new postpaid customers, representing the strongest quarter since Q4'13. Internet subscriber net additions grew by 2,900 in Q3'15, supported by attractive Home tariffs and convergence benefits. TV subscribers increased by 4,500 QoQ, thereby lifting the 4P customer base by 21% YoY.

#### Revenue drivers

Q3'15 revenue decreased 8.5% YoY from CHF 533m to CHF 487m. Subscriber growth in mobile postpaid, internet and TV did not compensate for both short-term and structural revenue declines. Short-term effects occurred from roaming price changes and from the strengthening Swiss Franc, which impacted Sunrise's handset and hubbing revenues. Structural changes continued to be present within mobile prepaid and landline voice businesses. The Freedom hardware unwind, related to mobile customers migrating to Freedom tariffs, represented a further adverse revenue impact in comparison with Q3'14, an effect which is however expected to largely fade out by end of 2016. In the first nine months Sunrise posted total revenue of CHF 1,464m, corresponding to a decrease of 3.7%.

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### Cost drivers and restructuring

Sunrise continued to work on its cost base and reduced Q3'15 adjusted Opex by 6% YoY. The company's recently announced organisational streamlining impacted Q3'15 with CHF 20m implementation costs, which were partly offset by CHF 16m from the associated curtailment of pension provisions.

### Improved adjusted EBITDA margin and net income

Q3'15 adjusted EBITDA decreased YoY by 7.5% to CHF 169m. Adjusted EBITDA margin improved from 37.0% to 37.2% (excl. hubbing), driven by cost efficiencies and segment mix (less low-margin hardware revenue). In the first nine months, the adjusted EBITDA amounted to CHF 461m, corresponding to a 2.1% YoY decrease. Q3'15 net income increased by CHF 67m YoY to CHF 14m, particularly driven by reduced interest expenses.

### Increased equity free cash flow and stable leverage ratio

Equity free cash flow increased from CHF 52m in Q3'14 to CHF 58m in Q3'15. The increase was driven by reduced CAPEX and lower interest expenses following debt refinancing. The net debt/EBITDA ratio remained sequentially stable at 2.7x, with cash generation counter balancing the lower EBITDA.

### Expected financial dynamics

Revenue headwinds are expected to moderate going forward supported by continued subscriber growth. Sunrise remains committed to continuously driving efficiencies in Opex and Capex as part of its simplification and digitalisation initiatives. Equity free cash flow is expected to improve and supporting our dividend policy.

### Winner of connect and Bilanz ratings

Swiss economic magazine Bilanz rated Sunrise as offering the best mobile network and in particular as providing the best TV offer in terms of quality, innovation and flexibility in the residential market. The investments in customer orientation are paying off by the rating as best in service quality. According to the independent magazine "connect" in the latest issue (12/2015) Sunrise has the best customer hotline care from all Swiss mobile network providers.

### Launch of new Smart TV

With the launch of the new Smart TV, Sunrise has made the next step ahead. Thanks to the cloud-based recording function, customers can simultaneously record as many programmes as they like, whilst also recording programmes that they have missed in the last seven days from ComeBack TV. Sunrise Smart TV can be used on the TV and on up to five mobile devices.

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### 2015 guidance reiterated

Sunrise continues to guide for a low to mid-single digit percentage revenue decline in 2015 compared to 2014. The company expects year-end adjusted EBITDA to be at comparable levels to 2014 (in-line with analyst expectations). Sunrise reiterates a dividend of at least CHF 135m (equalling CHF 3 per share) for 2015 to be paid in 2016.

	9m 2015	9m 2014	Q3 2015	Q3 2014
<b>Total revenue</b> (CHF million)	<b>1,464</b>	<b>1,520</b>	<b>487</b>	<b>533</b>
Mobile services	966	984	325	354
Landline services	349	383	113	127
Landline internet	149	153	50	51
<b>EBITDA</b> (CHF million)	<b>450</b>	<b>472</b>	<b>164</b>	<b>181</b>
EBITDA margin (excl. hubbing)	33.2%	33.6%	36.1%	36.8%
<b>Adjusted EBITDA</b>	<b>461</b>	<b>471</b>	<b>169</b>	<b>182</b>
Adjusted EBITDA margin (excl. hubbing)	34.0%	33.6%	37.2%	37.0%
<b>Operating income</b>	<b>95</b>	<b>142</b>	<b>38</b>	<b>62</b>
<b>Net (loss) / income</b>	<b>(138)</b>	<b>(56)</b>	<b>14</b>	<b>(53)</b>
<b>Basic and diluted earnings per share (CHF)</b>	<b>(3.26)</b>	<b>n/a</b>	<b>0.32</b>	<b>n/a</b>
<b>Customer development</b> (thousand)				
Mobile				
Postpaid	1,379	1,304		
Prepaid	1,061	1,193		
Landline				
Retail voice	394	401		
Internet	336	326		
IPTV	127	97		

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Sunrise Communications Group AG published its financial results for Q3 2015 today. Please see <http://corporate.sunrise.ch/ir/reports-and-presentations/> for the report, the presentation and further information.

### Sunrise

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### About Sunrise

Sunrise Communications Group AG (Sunrise) is listed on the SIX Swiss Exchange in Zurich and is the leading fully-integrated challenger delivering a full range of services across all market segments. Sunrise is the leading non-incumbent operator in both the mobile (prepaid and postpaid) and landline retail voice markets, as well as the third-largest landline internet provider with IPTV, with approximately 3.3 million customer relationships, as of December 31, 2014. Sunrise is committed to deliver a best-in-class convergent experience.

Sunrise benefits from a 10,800 km nationwide state-of-the-art fibre network backbone. Sunrise provides mobile services through its own network based on GSM/GPRS/EDGE, UMTS/HSPA and LTE/4G technologies. On the fixed side, Sunrise leverages more than 600 points of presence in its fully-invested LLU network, with coverage of approximately 85% of households in Switzerland. The company has full access to the most advanced next-generation access technologies, such as vectoring, FTTS, FTTB and FTTH thanks to its long-term agreement with the incumbent, SFN and local utilities.

For the financial year ended December 31, 2014, Sunrise generated total revenue of CHF 2,075 million and adjusted EBITDA of CHF 638 million. Sunrise is headquartered in Zurich and had a total of 1,985 employees (including 111 apprentices) allocated to divers business locations across the entire country as of December 31, 2014.

For more information regarding Sunrise, please visit: [www.sunrise.ch](http://www.sunrise.ch)

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