

Media release

Zurich, August 20, 2015

Page 1/5

Sunrise customer growth accelerated – lower revenues largely offset by cost reductions

- Accelerated mobile postpaid subscriber growth in Q2'15 (+21,300 QoQ) with the highest net addition since Q4'13
- Internet net additions of 4'500 in Q2'15 confirm continued broadband subscriber growth
- Revenue decrease of 6.9% YoY to CHF 488 million in Q2'15 as postpaid subscriber growth did not compensate the CHF induced decline in hubbing and mobile hardware as well as the structural decline of prepaid and fixed voice businesses
- Adjusted EBITDA of CHF 155 million; margin improving 160 bps to 34.2% largely offsetting the revenue headwinds
- Net income of CHF 14 million in Q2'15 (+CHF 7 million YoY) and equity free cash flow of CHF 120 million (+CHF 132 million YoY)

In the second quarter of 2015, Sunrise accelerated postpaid customer growth despite intensified competition. Revenue declined 6.9% YoY to CHF 488 million as postpaid subscriber growth did not compensate the CHF induced decline in hubbing and mobile hardware as well as the structural decline of prepaid and fixed voice businesses. Furthermore, mobile revenues were negatively impacted by a lower value mix. The revenue decline was largely offset by cost efficiency measures resulting in a 1.6% adjusted EBITDA decrease YoY to CHF 155 million and a margin improvement of 160 bps to 34.2% (excl. hubbing). Net income amounted to CHF 14 million (+ CHF 7 million YoY) and was supported by lower interest expenses following debt refinancing in February 2015. FY 2015 revenues are expected to be softer, now indicating a low to mid-single digit YoY decline. FY 2015 adjusted EBITDA and dividend guidance remains unchanged. Cash flow acceleration continues to be well on-track.

Libor Voncina, CEO of Sunrise, comments on the results of the second quarter of 2015 and the upcoming half year: "Our continued focus on customers has resulted in a solid development of our customer numbers in Q2'15. Despite current revenue headwinds from a tougher market environment, we remain committed to our FY 2015 adjusted EBITDA guidance, supported by efficiency measures."

Accelerating subscriber momentum in mobile postpaid and internet

Positive momentum in subscriber development continued with mobile postpaid recording 66,800 net new customers (+ 5.2%) YoY, reaching a total of 1.36 million customers. In the second quarter 2015 alone, Sunrise added 21,300 new postpaid customers. The acceleration was supported by a good customer intake within the youth segment (MTV mobile) and the

Media release

Zurich, August 20, 2015

Page 2/5

recently launched Yallo postpaid offer which is successfully capturing pre- to postpaid migrations. Prepaid mobile net additions returned to normalised levels following the exit from the free SIM business which impacted Q4'14 and Q1'15.

Internet subscriber net additions improved for the fourth quarter in succession supported by attractive Home tariffs and convergence benefits, with the 4,500 recorded net additions in Q2'15 representing the best quarter since Q1'11. In TV, Sunrise increased the customer base by 33,100 customers YoY (+ 37%) to a total of 122,300 (Q2'15: +7,300).

Business Sunrise is further growing and added renowned companies such as the Strabag Group, Maestrani, Flumroc and agencies like UNICEF and IATA to its business customer portfolio. The fact that business customers are generally becoming more price sensitive supports the perception of Sunrise as a highly attractive alternative.

Revenue decrease

Q2'15 revenue decreased 6.9% YoY from CHF 524 million to CHF 488 million. In mobile, revenue declined from CHF 344 million to CHF 321 million. Positive momentum from postpaid subscription growth was offset by customers migrating to the SIM-only Freedom tariff and a lower value mix driven by higher intake from the MTV and Yallo brands. The value end of the market is characterized by more attractive flat rate packages leading to a lower value postpaid mix, alongside accelerated pre- to postpaid migrations and fixed- to mobile substitutions. Furthermore, low-margin mobile hardware sales declined by CHF 8 million (Q2'15: CHF 61 million). The decrease in landline services revenue from CHF 128 million to CHF 117 million is primarily attributable to CHF 5 million less low-margin hubbing revenue (Q2'15: CHF 34 million) and structurally declining fixed line voice revenue. Internet services revenue remained broadly stable at CHF 50 million.

Improved EBITDA margin and net income

Q2'15 adjusted EBITDA decreased YoY by 1.6% to CHF 155 million. Ongoing efficiency initiatives contributed to an adjusted EBITDA margin improvement from 32.6% to 34.2% (excl. hubbing). Sunrise continues to focus on efficiency measures.

After a net loss in Q1'15, strongly impacted by IPO and refinancing costs, the Q2'15 net income turned positive to CHF 14 million (Q2'14: CHF 7 million). The main driver for the YoY increase was the reduced interest expenses following debt refinancing in February 2015.

Strongly improved equity free cash flow

Equity free cash flow increased from CHF -12 million in Q2'14 to CHF 120 million in Q2'15. The CHF 132 million YoY increase was driven by lower interest expenses following debt refinancing and a positive net working capital impact including the factoring of handset receivables (Q2'15: CHF 57 million). CAPEX slightly increased YoY to CHF 66 million in Q2'15, as the CAPEX spending pattern across 2015 is slightly differing from 2014. Sunrise continues to expect CHF 270-280 million CAPEX in FY15, implying a CAPEX reduction of around CHF 80

Media release

Zurich, August 20, 2015

Page 3/5

million YoY. Net debt/EBITDA remained stable at 2.7x, despite CHF 105 million spectrum payment in Q2'15. The final spectrum payment is due in Q4'16.

Financial outlook

Sunrise guides for a low to mid-single digit percentage revenue decline in FY 2015 compared to FY 2014. Adjusted EBITDA guidance is reiterated with FY 2015 at a comparable level to FY 2014. Current revenue headwinds should be mitigated by efficiency measures. Cash flow is expected to increase strongly compared to FY14, underpinned by CAPEX normalization, net working capital improvements, and lower interest expenses following recent debt refinancing. Distribution policy remains unchanged with a dividend of at least CHF 135 million (equalling CHF 3 per share) for 2015 to be paid in 2016.

Media release

Zurich, August 20, 2015

Page 4/5

	H1 2015	H1 2014	Q2 2015	Q2 2014
Total revenue (CHF million)	976	988	488	524
Mobile services	641	630	321	344
Landline services	237	256	117	128
Landline internet	99	103	50	51
EBITDA (CHF million)	286	291	153	159
EBITDA margin (excl. hubbing)	31.7%	31.9%	33.8%	32.8%
Adjusted EBITDA	293	289	155	158
Adjusted EBITDA margin (excl. hubbing)	32.4%	31.7%	34.2%	32.6%
Operating income	58	80	38	52
Net (loss) / income	(152)	(3)	14	7
thereof IPO and refinancing cost	(155)	n/a	-	n/a
Basic and diluted earnings per share (CHF)	(3.71)	n/a	0.32	n/a
Customer development (thousand)				
Mobile				
Postpaid	1,355	1,288		
Prepaid	1,078	1,199		
Landline				
Retail voice	395	410		
Internet	333	330		
IPTV	122	89		

Sunrise Communications Group AG published its financial results for Q2 2015 today. Please see <http://corporate.sunrise.ch/ir/reports-and-presentations/> for the report, the presentation and further information.

Sunrise

Corporate Communications

P.O. Box

CH-8050 Zürich

media@sunrise.net

www.sunrise.ch

Phone: +41 800 333 000

Fax: +41 58 777 61 67

Media release

Zurich, August 20, 2015

Page 5/5

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

Disclaimer

The information contained in this media release 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 Group AG, 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 media release. The information contained in this media release is provided as at the date of this media release and is subject to change without notice.

Statements made in this media release 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 media release 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 Group AG 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 media release.

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.