

Media release

Zurich, May 12, 2016

Page 1/4

Sunrise with ongoing customer momentum and positive net income in Q1'16

- Ongoing growth of mobile postpaid customers (+83,700 YoY, +6%)
- Accelerated internet growth (+19,700 YoY, +6%) and solid TV customer growth (+25,400 YoY, +22%)
- Revenue decrease of 8.8% YoY to CHF 446m
- Adjusted EBITDA up 1.6% YoY to CHF 140m with 270 bps margin improvement
- Net income of CHF 7m (+CHF 174m YoY)

In the first quarter 2016, Sunrise continued with mobile postpaid customer growth in a competitive market environment. The internet and TV customer base developed favourably supported by attractive Home tariffs and the recent Sunrise Smart TV enhancement. Revenue declined YoY due to less hubbing and handset sales, Freedom hardware unwind, and a continued 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.

Olaf Swantee, newly appointed CEO of Sunrise, comments: "While having joined Sunrise only this week I am pleased and have a good first impression so far. The network quality, the customer orientation and the innovative products are on a high level. I look forward to further strengthening our position."

Strong subscriber momentum in mobile postpaid, internet and TV

Despite an increased competition the positive momentum in subscriber development continued in Q1'16 with mobile postpaid recording 83,700 net new customers YoY (+6.3%), reaching a total of 1.42m customers. In the first quarter 2016 alone, Sunrise added 17,900 new postpaid customers, representing another strong quarter. Secondary SIMs had a strong impact showing the growing relevance and focus on data. The prepaid customer base continued its decline as a result of the competitive environment and a growing number of customers using the broad range of postpaid offers.

Internet subscribers grew by 19,700 YoY (+6.0%) to a total of 348'500, representing the strongest quarterly net adds (+7'000) in more than five years. TV subscribers increased YoY by 25,400 to 140'400 customers. Drivers for the strong internet and TV performance include the attractive Home tariffs, convergence benefits, increased broadband speeds and the recent Sunrise TV enhancement. Subscriber growth also continued in B2B – for example by welcoming Georg Fischer (GF) as a new client of the Sunrise landline and mobile network.

Revenue drivers

Q1'16 revenue decreased 8.8% YoY from CHF 489m to CHF 446m. Subscriber growth in mobile postpaid, internet and TV could not compensate for headwinds. Hubbing and mobile

Media release

Zurich, May 12, 2016

Page 2/4

hardware revenues, which carry low margins, accounted for more than half of the total revenue decrease. The latter was adversely impacted as handset innovation came in only late in the first quarter. Negative effects also occurred from roaming price changes. 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 Q1'15, an effect which is expected to largely fade out by the end of 2016.

Improved adjusted EBITDA and net income

Q1'16 adjusted EBITDA increased 1.6% YoY to CHF 140m. Adjusted EBITDA margin improved from 30.6% to 33.3% (excl. hubbing), supported by cost efficiencies and segment mix (less low-margin hardware revenue). Sunrise continued to improve its cost base and reduced Q1'16 adjusted Opex by 11.2% YoY. Q1'16 net income turned positive to CHF 7m from CHF -167m in the same period last year. Main drivers for the improvement include lower interest expenses and non-recurring extra ordinary costs from the IPO and debt refinancing last year.

Improved equity free cash flow

On a rolling last twelve month view, equity free cash flow improved from CHF 153m by the end of Q4'15 to CHF 208m by the end of Q1'16. Q1 typically tends to have lower equity free cash flows than the remaining quarters of the year, due to net working capital seasonality. Nevertheless, Q1 equity free cash flow increased by CHF 54m from CHF -78m in Q1'15 to CHF -24m in Q1'16. The improvement was mainly driven by lower interest expenses following debt refinancing and by CHF -29m IPO and refinancing transactions impacts, which occurred in Q1'15. The net debt/EBITDA ratio remained sequentially stable at 2.6x.

4K TV box amongst other innovation

Sunrise continued its product innovation by expanding the partnership with WhatsApp on its Freedom products and by launching the new Yallo Swiss postpaid proposition. With the newly introduced Sunrise Pay customers can purchase apps, games, music, eBooks, movies, tickets and much more from their smartphone or tablet and pay for them conveniently via their monthly bill or prepaid balance. In the upcoming weeks, Sunrise will launch the new UHD (4K) TV box which enhances the new smart TV proposition.

2016 guidance reiterated

Sunrise reiterates its financial guidance provided in March 2016. Revenues are expected to be in the range of CHF 1,890m to CHF 1,930m in 2016. Adjusted EBITDA is expected to be between CHF 600m and CHF 620m. Capital expenditure guidance is reiterated to be between CHF 220m and CHF 230m. Cash taxes are expected to be in the range between CHF 45m to CHF 50m. Upon meeting its 2016 guidance, Sunrise expects to propose a dividend to the AGM for the financial year 2016 in the range of CHF 3.24 and CHF 3.36 per share to be paid from reserves from capital contribution in 2017.

Media release

Zurich, May 12, 2016

Page 3/4

	Q1 2016	Q1 2015
Total revenue (CHF million)	446	489
Mobile services	297	320
Landline services	97	119
Landline internet	52	49
EBITDA (CHF million)	139	133
Adjusted EBITDA	140	138
Adjusted EBITDA margin (excl. hubbing)	33.3%	30.6%
Operating income	25	19
Net (loss) / income	7	(167)
Net income (adj. for IPO/refinancing costs)	7	(12)
Basic and diluted earnings per share (CHF)	0.15	(4.48)
Customer development (thousand)		
Mobile		
Postpaid	1,418	1,334
Prepaid	981	1,090
Landline		
Retail voice	397	395
Internet	349	329
IPTV	140	115

Sunrise Communications Group AG published its financial results for Q1 2016 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, May 12, 2016

Page 4/4

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, 2015. 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, 2015, Sunrise generated total revenue of CHF 1,976 million and adjusted EBITDA of CHF 627 million. Sunrise is headquartered in Zurich and had a total of 1,762 employees (including 108 apprentices) allocated to divers business locations across the entire country as of December 31, 2015.

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.