Interim Financial Report

Three-month period as of March 31, 2016

Operational and Financial Review

Financial KPIs

CHF million January 1 - March 31,	2016	2015	Change (%)
Revenue			
Mobile services	297	320	(7.3)
Thereof mobile hardware	52	65	(20.7)
Landline services (incl. voice)	97	119	(18.8)
Thereof hubbing	26	39	(33.4)
Landline internet and TV	52	49	5.5
Total revenue	**446**	**489**	**(8.8)**
Service revenue excl. hubbing & mobile hardware	368	385	(4.3)
Gross profit	**291**	**306**	**(4.9)**
% margin	65.3%	62.6%	
% margin (excl. hubbing & hardware revenue)	79.0%	79.5%	
EBITDA	**139**	**133**	**4.8**
EBITDA adjusted	**140**	**138**	**1.6**
% margin	31.4%	28.1%	
% margin (excl. hubbing & hardware revenue)	38.0%	35.7%	
Net income	**7**	**(167)**	**(104.1)**
Cash flow			
Reported EBITDA	139	133	4.8
Change in NWC (incl. factoring)	(101)	(110)	(8.0)
CAPEX	(32)	(38)	(16.6)
Tax	(13)	(2)	610.3
Net interest	(15)	(60)	(75.1)
Other [1]	(7)	117	(106.3)
Total cash flow	**(30)**	**40**	**(175.1)**
Net debt	**1,666**	**1,727**	**(3.5)**
Net debt / adj. EBITDA (LTM)	2.6x	2.7x	

[1] including IPO/debt refinancing net effects in Q1 2015

Operational KPIs

January 1 - March 31,	2016	2015	Change (%)
ARPU (CHF)			
Mobile blended (excl. installment)	**31.4**	**32.7**	**(3.8)**
Mobile blended (incl. installment)	36.5	35.4	3.0
Postpaid (excl. installment)	43.9	47.6	(7.7)
Thereof origination	38.6	42.3	(8.9)
Thereof termination	5.4	5.3	1.7
Postpaid (incl. installment)	52.5	52.6	(0.2)
Prepaid	13.9	15.1	(7.7)
Landline blended	**70.7**	**73.2**	**(3.3)**
Retail Voice	32.6	36.7	(11.2)
Internet	36.2	37.5	(3.4)
Internet and IPTV	46.0	45.7	0.7
Subscription base (in '000)			
Mobile			
Postpaid	1,417.5	1,333.8	6.3
Prepaid (3-month rule)	980.6	1,090.1	(10.0)
Landline			
Retail voice	397.3	394.9	0.6
Internet	348.5	328.8	6.0
Thereof coupled to IPTV	140.4	115.0	22.1
Thereof without IPTV	208.1	213.8	(2.7)
LTM Churn (%)			
Postpaid	14.4	14.9	(3.6)
Landline	13.2	17.4	(23.9)
Employees			
FTEs	1,691	1,883	(10.2)
Apprentices	104	112	(7.1)

Financial Review

Revenue

The Sunrise Group financial results for the three-month period ended March 31, 2016 showed a decrease in total revenue of 8.8 % driven mainly by lower mobile and landline services revenue.

Mobile services

Revenue in mobile services declined by 7.3 % to CHF 297 million for the three-month period ended March 31, 2016.

While the postpaid subscription base increased by 6.3 % year-over-year, postpaid revenue decreased in the first three months in 2016 due to lower average revenue per user (ARPU) (excl. handset installment). The postpaid ARPU reduction (excl. handset installment) is mainly attributable to the Freedom mobile handset unwind, i.e., customers migrating from older subsidized rate plans to the Freedom offering, which is effectively a SIM only plan. Further negative ARPU impacts included roaming and value effects. The postpaid subscription base totaled 1,418 thousand subscribers as of March 31, 2016 (March 31, 2015: 1,334 thousand). The base increase was driven by prepaid to postpaid migration, improved network quality and customer service as well as competitive flat-rate and mobile data plans. The continuous growth of mobile data traffic is reflected in the increase of secondary subscriptions (e.g., multi-SIM and data-SIM) used by customers in addition to their primary subscriptions.

Mobile prepaid revenue declined year-over-year due to a decreasing subscription base and lower ARPU. The ARPU decrease of 7.7 % (CHF 1.2) year-over-year is attributable to high-value prepaid customers migrating to postpaid offerings, increased use of prepaid options and ongoing usage cannibalization by over-the-top services. The prepaid subscription base shrank year-over-year by 10.0 % to 981 thousand subscribers as of March 31, 2016. Ongoing pre-to postpaid migrations are driven by cost control via postpaid flat rates, flexibility via the Freedom portfolio and by demand for high value smart phone instalment plans, which are not available in prepaid. The prepaid subscription base was further negatively impacted by competitive pressure and Sunrise focusing on valuable prepaid subscriptions.

Hardware revenue decreased by 20.7 % to CHF 52 million for the three-month period ended March 31, 2016. The strong Swiss Franc and lower releases of new top selling handsets impacted the hardware revenue negatively in Q1 2016.

Landline services

Landline service revenue decreased by 18.8 % to CHF 97 million for the three-month period ended March 31, 2016. Excluding low margin hubbing revenue, the decrease is 11.8 %.

The total number of retail voice subscriptions increased slightly by 0.6 % to 397 thousand however the retail voice ARPU decreased by 11.2 % to CHF 32.6 primarily due to fixed-to-mobile substitution, increased penetration of rate plans including voice flat rates and increased use of OTT (Over The Top).

A further negative impact within landline services came from lower hubbing revenue due to an increased focus on profitability from Sunrise.

Landline internet and TV

Internet and TV revenue increased by 5.5% to CHF 52 million for the three-month period ended March 31, 2016.

The total internet subscription base increased 6.0 % year-over-year to 349 thousand subscriptions. Main drivers for the increase include a competitive product offering and attractive pricing alongside a strong IPTV product. The IPTV product can be purchased alongside internet service and increased its customer base by 22.1 % year-over-year. The revenue increase was also supported by a stabilization of the internet and IPTV ARPU.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold decreased disproportionately by 15.4 % compared to the revenue decline of 8.8% and totaled CHF 155 million for the three-month period ended March 31, 2016. The main driver behind this development was that a part of the revenue decrease was related to products with below average costs like hardware and hubbing revenue.

Adjusted EBITDA

Adjusted EBITDA for the first three month in 2016 amounted to CHF 140 million and was CHF 1 million higher than the reported EBITDA. This represents an increase of CHF 2 million compared to adjusted EBITDA of Q1 2015. The table below shows one-time adjustments from reported EBITDA to adjusted EBITDA for Q1 2016.

Overview adjustments to reported EBITDA

	January 1 - March 31, 2016
Reported EBITDA	**139,248**
Prior-year-related events	96
Non recurring and/or non operating events	756
Costs related to share-based payment	(339)
Adjusted EBITDA	**139,761**

Reported EBITDA

The Group generated an EBITDA of CHF 139 million for the three-month period ended March 31, 2016, a year-over-year increase of CHF 6 million, or 4.8 %, from CHF 133 million for the three-month period ended March 31, 2015. Due to the mix of the revenue decline (mainly hardware and hubbing with below average margin) gross profit decreased disproportionally and could partially compensate the negative development. Furthermore a reduced cost base in September 2015 (see below) overcompensated the CHF 15 million decrease in gross profit.

Other operating expenses

In the first three months in 2016 other operating expenses decreased by CHF 14.5 million, or 12.6%, from CHF 115 million to CHF 100 million quarter-over-quarter, primarily attributable to various cost efficiency measures, including year-over-year slightly lower marketing expenses.

Wages, salaries and pension costs

Wages, salaries and pension costs totaled CHF 53 million for the three-month period ended March 31, 2016, a year-over-year decrease of 12.3 %. Following the organizational streamlining in September 2015, the lower number of FTEs led to lower expenses.

Although the exact overfunding of the pension fund of Sunrise Communications AG as of December 31, 2015 is not yet finally disclosed, management doesn't expect any significant variation compared to 2014 (2014: overfunded by 16% according to Swiss GAAP FER 26). The Group reports a net pension liability of CHF 147 million in its condensed consolidated interim financial statements as of March 31, 2016. The different results are driven by differences in valuation methods; Swiss GAAP FER 26 prescribes a static valuation method whereas IFRS (IAS 19) requires the use of a dynamic valuation method. Therefore, the IFRS pension liability should not be considered a current cash liability based on current facts and circumstances.

Other income

Other income decreased by CHF 1 million in Q1 2016 compared to the same period in the prior year. This is mainly attributable to lower early termination fees in the amount of CHF 1 million.

Net income

The Group reported a net income of CHF 7 million for the three-month period ended March 31, 2016, a year-over-year improvement of CHF 173 million from a net loss of CHF 167 million for the Q1 2015. The net loss in Q1 2015 is mainly impacted by the IPO and refinancing transactions from the beginning of the year, which resulted in CHF 155 million transaction-related expenses as well as lower financial expenses following the debt refinancing at the beginning of the year.

Depreciation and amortization

Depreciation and amortization are in line with prior period. As of March 31, 2016, depreciation and amortization totaled CHF 114 million, thereof CHF 32 million related to the amortization of purchased intangibles. Those intangibles, created in 2010 in the amount of CHF 1,477 million and amortized over a maximum of 10 years, are related to the acquisition of Sunrise by MCG in October 2010.

Net financial items

Net financial items decreased by CHF 173 million to CHF 15 million for the three-month period as of March 31, 2016. Q1 2015 was negatively impacted by one-off costs related to switching to lower financing cost, IPO costs, early termination fees for bonds and EUR/CHF hedging instruments and certain other non-cash balance sheet items. This reduced the weighted average cost of debt from 7.1 % to 2.4 % per annum following this refinancing transaction.

Income taxes

For Q1 2016 income taxes (CHF 4 million) consist of CHF 9 million expenses related to current income taxes and an income of CHF 5 million related to deferred taxes. The change from a total tax income of CHF 1 million in Q1 2015 to a tax expense of CHF 4 million for the three-month period as of March 31, 2016 is mainly due to the one-time recording of costs related to the refinancing and IPO transaction during Q1 2015.

Net working capital

Net working capital represents short-term assets minus short-term liabilities. The increase in net working capital for the three-month period ended March 31, 2016 is primarily attributable to changes in trade and other payables driven by different spending patterns and timing of payments. Payments of prepaid expenses and the annual bonus payment further increased the change in net working capital.

Cash flow

Cash and cash equivalents totaled CHF 215 million as of March 31, 2016, a decrease of CHF 30 million compared to the cash position held as of December 31, 2015. The decrease is mainly driven by a seasonally low cash flow from operating activities in Q1 related to the increase in net working capital. Q1 2015 experienced an increase in cash of CHF 40 million due to the positive impact of the IPO / debt refinancing on the cash flow from financing activities.

Cash flow from operating activities

The year-over-year increase of CHF 44 million in Q1 2016, is primarily attributable to lower interest charges related to the IPO and refinancing transactions in Q1 2015 and lower outflow from net working capital. This was partially offset by higher paid taxes in Q1 2016.

Cash flow used in investing activities

Investments in tangible and intangible assets for Q1 2016 amount to CHF 32 million. This represents a decrease of CHF 6 million compared to the prior year period.

Cash flow from /(used in) financing activities

Following the IPO in February 2015, the cash flow from /(used in) financing activities in Q1 2015 was primarily affected by the proceeds from the IPO and the refinancing transactions as well as the redemption and settlement of all existing debt and derivative instruments. This resulted in a positive cash flow of financing activities of CHF 116 million in Q1 2015. In Q1 2016 the only financing activities included the repayment of capital leases and other financing activities, resulting in a negative cash flow from financing activities of CHF 4 million.

Net debt

The Group’s consolidated debt position – consisting of a term loan B facility, senior secured notes and capital leases – amounted to CHF 1,853 million, of which CHF 7 million is expected to be paid within 12 months. Net debt at nominal value totaled CHF 1,666 million as of March 31, 2016, resulting in a net debt to EBITDA leverage ratio of 2.6x (December 31, 2015: 2.6x).

Dividend and Distribution policy

At the Annual General Meeting on April 15, 2016, the payment of an ordinary dividend from statutory reserves from capital contribution in the total amount of CHF 135.0 million (CHF 3 per share) in respect of the 2015 financial year was approved. The dividend payment was made on April 21, 2016.

Sunrise reiterates its dividend policy of paying out at least 65 % of equity free cash flows. The company has a net debt / EBITDA leverage target of 2.5×. Once this threshold is reached, cash in excess of 65 % will be used for dividends, share buybacks or further deleveraging, as appropriate at that time.

The accounting treatment of mobile hardware sales under the Freedom proposition has a negative impact on net working capital as it increases the receivable balance. In order to minimize this negative impact, Sunrise currently includes the cash flow generated by monetization of freedom hardware receivables under the factoring agreement in the definition of equity free cash flow. Sunrise expects the negative impact on networking capital to cease during 2017 and therefore intends to exclude such cash flows from the definition of equity free cash flow from 2017.

Risks

Overview

Sunrise operates a centralized risk management system that distinguishes between strategic and operating risks. Competition, network performance and maintenance, changes in regulation and market acceptance of newly launched products are the main risks and uncertainties the Group is facing. All identified risks are quantified (according to their realization probability and impact) and tracked on a risk schedule. This risk schedule is subject to an annually recurring detailed discussion process among the Group's Board of Directors, the last of which was performed in the 4th quarter of 2015. The key risks identified are as follows:

Market competition

Price erosion and a further move by customers toward bundle plans that tend to offer more value for the same price could lead to a reduction in revenue. Additionally, over-the-top services are cannibalizing international call and roaming voice revenue. Sunrise actively monitors market developments and offers attractive bundles with flat rate components to cover customer's needs comprehensively.

International termination costs and revenue

The fact that EU regulations do not apply to Swiss operators has led certain operators in the EU to increase the termination rates charged to Swiss operators for voice traffic originating in Switzerland, leading to a higher cost of goods sold for Sunrise. Pricing with EU operators is the subject of ongoing negotiations and arbitration.

Business continuity and information security

Telecom services are becoming more and more complex and are thereby heavily dependent on highly sophisticated technological infrastructures. Software or hardware failure, human error, viruses or hacking can decrease service quality or, in the worst case scenario, lead to system outages. The certification of the Sunrise Information Security Management System in accordance with the ISO 27001 standard, along with the Sunrise business continuity management plan, ensures that Sunrise services meet the standards that customers demand.

The Group is exposed to a variety of financial risks, namely market risk, credit risk and liquidity risk. A detailed description of the financial risks is given in Note 17 to the condensed consolidated interim financial statements of the Group.

Additional Disclosure

Material affiliate transactions

Change in the Board of Directors

On March 10, 2016 Sunrise announced, that effective on April 15, 2016:

- Lorne Somerville will step down as Chairman of the Board of Directors but will stand for re-election as a member of the Board of Directors on the ordinary Annual General Meeting (AGM).
- Daniel Pindur and Siddharth Patel will resign as members of the Board of Directors.

Therefore the Board of Directors proposed to the General Meeting of Shareholders to elect:

- Peter Kurer as new Chairman of the Board of Directors of SCG
- Michael Krammer and Robin Bienenstock as new Board members

As a result of the sale of shares in SCG by the major shareholder CVC Capital (see below), Christoph Vilanek, CEO and Joachim Preisig, CFO of the new major shareholder freenet AG, were proposed to the General Meeting of Shareholders as new Board members as well.

At the ordinary Annual General Meeting on April 15, 2016 all above changes to the Board of Directors were endorsed by the Shareholders of Sunrise Communications Group AG.

The Board of Directors of Sunrise Communications Group AG now consists of Peter Kurer (Chairman, new), Peter Schöpfer (re-elected), Lorne Somerville (re-elected), Jesper Ovesen (re-elected), Michael Krammer (new), Robin Bienenstock (new), Christoph Vilanek (new) and Joachim Preisig (new).

Change in Management Board

On March 10, 2016, Sunrise announced that Libor Voncina will step down as CEO of Sunrise and will be replaced by Olaf Swantee, effective on May 9, 2016.

Change in major shareholder of SCG

CVC Capital Partners, major shareholder of SCG, sold 23.8% of its shares (approx. 10.7 million) to freenet AG. Christoph Vilanek, CEO and Joachim Preisig, CFO of freenet AG, join the Board of Directors of Sunrise.

Material contractual arrangements

In January, Sunrise extended its broad partnership agreement with Telefónica. This allows the cooperation under the framework of Telefónica Partners Program for the exchange of know-how and enables the possibility of conducting procurement of services, network equipment, IT and devices through TGS, Telefónica's global procurement services unit.

In February, Sunrise and NFON AG expanded their collaboration on cloud telephone systems. Business cloud PBX "powered by NFON" defines the two partners' collaboration in the area of cloud-based phone system solutions for small, medium-sized, and large companies in conjunction with the services provided by Business Sunrise.

Certain other contractual commitments	Total contractual and purchase commitments as of March 31, 2016, amounted to CHF 143 million consisting of future investments in property, plant and equipment and intangible assets.
Credit ratings	As of March 31, 2016, the corporate family rating for Sunrise Communications Holding S.A., 100 % indirectly owned by Sunrise Communications Group AG, by the credit rating agencies Fitch, Moody's and Standard & Poor's (S&P) is unchanged at BB+, Ba2 and BB+, respectively. In addition, the notes and term loan facilities are still rated BBB- by Fitch, Ba2 by Moody's and BB+ by S&P.
Acquisitions, disposals and recapitalization	No material acquisitions, disposals or recapitalization occurred in three-month period ended March 31, 2016.
Research and development	Sunrise is not investing in research and development itself but rather is partnering with its suppliers in order to benefit from their experience and know-how.

Outlook

Guidance

The guidance for 2016 remains unchanged.

Revenue for the financial year 2016 is expected to range from CHF 1,890 million to CHF 1,930 million. Adjusted EBITDA is expected to be between CHF 600 million and CHF 620 million. Capital expenditure guidance is reiterated at between CHF 220 million and CHF 230 million. Cash taxes are expected to range between CHF 45 million and CHF 50 million.

Sunrise reiterates its dividend pay-out guidance of at least 65 % of equity free cash flow. Upon meeting its guidance, Sunrise expects to propose a dividend to the AGM for the financial year 2016 in the range of CHF 3.24 to CHF 3.36 per share to be paid from reserves from capital contributions.

Condensed Consolidated Interim Financial Statements (unaudited)

Sunrise Communications Group AG

Condensed Consolidated Interim Statements of Income

CHFk January 1 - March 31,	Note	2016	2015
		Unaudited	Unaudited
Revenue	**5,6**	**445,588**	**488,542**
Transmission costs and cost of goods sold		(154,740)	(182,856)
Other operating expenses		(100,201)	(114,735)
Wages, salaries and pension costs		(53,179)	(60,671)
Other income	7	1,787	2,751
Other expenses		(7)	(217)
Income before depreciation and amortization, net financial items and income taxes		**139,248**	**132,814**
Amortization		(62,080)	(63,753)
Depreciation and impairment losses		(51,733)	(49,648)
Operating income		**25,435**	**19,413**
Foreign currency gains, net		398	220,477
Financial income		-	97,948
Financial expenses		(15,202)	(505,963)
Net financial items	**8**	**(14,804)**	**(187,538)**
Income / (loss) before income taxes		**10,631**	**(168,125)**
Income taxes		(3,842)	1,453
Net income / (loss)		**6,789**	**(166,672)**
Net income / (loss) attributable to equity holders of the parent company		**6,789**	**(166,672)**
Basic and diluted earnings / (loss) per share (in CHF)	**9**	**0.15**	**(4.48)**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Comprehensive Income

CHFk January 1 - March 31,	2016	2015
	Unaudited	Unaudited
Net income / (loss)	**6,789**	**(166,672)**
Actuarial losses related to defined benefit pension plans	(30,477)	(17,409)
Income tax effect	6,399	3,656
Net other comprehensive loss not to be reclassified to profit and loss in subsequent periods	**(24,078)**	**(13,753)**
Cash flow hedge gains	-	8,357
Net other comprehensive income to be reclassified to profit and loss in subesquent periods	**-**	**8,357**
Other comprehensive loss, net of tax	**(24,078)**	**(5,396)**
Total comprehensive loss	**(17,289)**	**(172,068)**
Comprehensive loss attributable to equity holders of the parent company	**(17,289)**	**(172,068)**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Financial Position

Assets

CHFk	Note	March 31, 2016	December 31, 2015
		Unaudited	Unaudited
Non-current assets			
Intangible assets		2,472,154	2,521,090
Property, plant and equipment	15	920,458	952,903
Non-current portion of trade and other receivables		36,163	44,873
Non-current portion of prepaid expenses		873	847
Deferred tax assets		823	823
Total non-current assets		**3,430,471**	**3,520,536**
Current assets			
Inventories		32,478	29,915
Current portion of trade and other receivables		351,832	346,994
Current portion of prepaid expenses	15	38,496	7,893
Cash and cash equivalents		214,810	244,388
Total current assets		**637,616**	**629,190**
Total assets		**4,068,087**	**4,149,726**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Equity and liabilities

CHFk	Note	March 31, 2016	December 31, 2015
		Unaudited	Unaudited
Equity			
Common shares		45,000	45,000
Share premium		2,622,935	2,623,723
Other reserves		(776,143)	(776,143)
Valuation reserve		-	(23)
Accumulated deficit		(741,310)	(724,021)
Total equity	**10**	**1,150,482**	**1,168,536**
Non-current liabilities			
Non-current portion of loans and notes	11	1,832,426	1,831,128
Non-current portion of financial leases	11	13,984	16,331
Non-current portion of trade and other payables	15	18,346	33,496
Deferred tax liabilities		195,848	207,391
Non-current portion of provisions		137,752	135,560
Employee benefit obligations		147,089	115,369
Non-current portion of deferred income		11,139	11,690
Total non-current liabilities		**2,356,584**	**2,350,965**
Current liabilities			
Current portion of financial leases	11	6,841	6,769
Current portion of trade and other payables		494,303	553,655
Income tax payable		8,780	11,707
Current portion of provisions		8,301	14,445
Current portion of deferred income		41,562	42,895
Other current liabilities		1,234	754
Total current liabilities		**561,021**	**630,225**
Total liabilities		**2,917,605**	**2,981,190**
Total equity and liabilities		**4,068,087**	**4,149,726**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Cash Flow

CHFk January 1 - March 31,	Note	2016	2015
		Unaudited	Unaudited
Income / (loss) before income taxes		**10,631**	**(168,125)**
Amortization		62,080	63,753
Depreciation and impairment losses		51,733	49,648
Gain on disposal of property, plant and equipment		-	(16)
Movement in pension		972	1,055
Movement in provisions		(4,639)	(36)
Change in net working capital	14	(101,200)	(110,054)
Cash flow from operating activities before net financial items and tax		**19,577**	**(163,775)**
Financial income	8	-	(97,948)
Financial expense	8	15,202	505,963
Foreign currency gains, net		(131)	(219,848)
Interest received		-	89,233
Interest paid		(15,276)	(150,024)
Corporate income and withholding tax paid		(13,424)	(1,890)
Total cash flow from operating activities		**5,948**	**(38,289)**
Purchase of property, plant and equipment		(19,097)	(26,145)
Purchase of intangible assets		(12,916)	(12,263)
Sale of property, plant and equipment		-	16
Total cash flow used in investing activities		**(32,013)**	**(38,392)**
Incorporation of SCG	10	-	100
Issue of shares	10	-	20,000
Proceeds on the initial public offering		-	1,339,302
Fees in connection with the initial public offering		-	(29,708)
Proceeds from long-term loans and notes		(240)	1,838,040
Repayments of long-term loans and notes	11	-	(2,625,066)
Settlement of derivatives		-	(328,134)
Cost of early debt redemption and derivative settlement		-	(96,073)
Repayments of capital leases	11	(2,275)	(1,837)
Other financing activities		(1,151)	(356)
Total cash flow used in financing activities		**(3,666)**	**116,268**
Total cash flow		**(29,731)**	**39,587**
Cash and cash equivalents as of January 1		244,388	120,185
Foreign currency impact on cash	8	153	1,547
Cash and cash equivalents as of March 31		**214,810**	**161,319**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statements of Changes in Equity

CHFk	COMMON SHARES	SHARE PREMIUM	OTHER RESERVES	VALUATION RESERVE	Accumulated deficit	**Total**
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Equity as of January 1, 2015	**-**	**-**	**397,812**	**(8,380)**	**(410,834)**	**(21,402)**
Net loss for the period	-	-	-	-	(166,672)	(166,672)
Other comprehensive income / (loss)	-	-	-	8,357	(13,753)	(5,396)
Total other comprehensive income / (loss)	**-**	**-**	**-**	**8,357**	**(180,425)**	**(172,068)**
Incorporation of SCG	100	-	-	**-**	**-**	100
Effect of business restructuring	24,900	1,325,000	(1,173,955)	**-**	(175,945)	-
Issue of shares in initial public offering	20,000	1,339,302	-	**-**	**-**	1,359,302
Transaction costs	-	(47,635)	-	**-**	**-**	(47,635)
Share based payment	-	1,492	-	**-**	**-**	1,492
Equity as of March 31, 2015	**45,000**	**2,618,159**	**(776,143)**	**(23)**	**(767,204)**	**1,119,789**
Net income for the period	-	-	-	-	53,751	53,751
Other comprehensive loss	-	-	-	-	(10,568)	(10,568)
Total other comprehensive income	-	-	-	-	**43,183**	**43,183**
Transaction costs	-	2,571	-	**-**	**-**	2,571
Share based payment	-	2,993	-	**-**	**-**	2,993
Equity as of December 31, 2015	**45,000**	**2,623,723**	**(776,143)**	**(23)**	**(724,021)**	**1,168,536**
Equity as of January 1, 2016	**45,000**	**2,623,723**	**(776,143)**	**(23)**	**(724,021)**	**1,168,536**
Net income for the period	-	-	-	**-**	6,789	6,789
Other comprehensive loss		-	-	**-**	(24,078)	(24,078)
Total other comprehensive loss	**-**	**-**	**-**	**-**	**(17,289)**	**(17,289)**
Share based payment	-	(788)	-	**-**	**-**	(788)
Other	-	-	-	23	**-**	23
Equity as of March 31, 2016	**45,000**	**2,622,935**	**(776,143)**	**-**	**(741,310)**	**1,150,482**

The accompanying Notes form an integral part of the Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

Note 1 General information

Sunrise Communications Group AG (SCG or the Company) was incorporated in Switzerland on January 13, 2015. The registered offices of the Company are located at Binzmühlestrasse 130, CH-8050 Zurich, Switzerland.

The condensed consolidated interim financial statements for the three-month period ended March 31, 2016, comprise SCG and its subsidiaries (together referred to as the Group or Sunrise). The Group's principal operating company, Sunrise Communications AG, is the second-largest full-range telecommunications provider in Switzerland and offers mobile voice and data, landline services (retail and wholesale voice, business and integration services) and landline internet including Internet Protocol Television (IPTV) services to both residential and business customers as well as to other operators.

Sunrise has its own national backbone landline and IP network as well as its own mobile network based on GSM / EDGE, UMTS / HSDPA and LTE technologies. In connection with the services it provides, Sunrise also resells handsets manufactured by third party suppliers.

Following reorganizations on January 23, 2015, SCG became the ultimate holding company of the Group. From January 1, 2014, to January 23, 2015, Mobile Challenger Group S.à r.l. (MCG) was the ultimate shareholder of Mobile Challenger Intermediate Group S.A. (MCIG), parent to Sunrise Communications Holdings S.A. Subsequently, on February 6, 2015, SCG made an initial public offering (IPO) in Switzerland and was listed on the SIX Swiss Exchange.

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on May 11, 2016.

Note 2 Basis of preparation

The condensed consolidated interim financial statements of the Group as of and for the three-month period ended March 31, 2016, have been prepared in compliance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except derivative financial instruments measured at fair value. The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures at the reporting date. The accounting estimates and judgments considered material to the preparation of the condensed financial interim statements are summarized in Note 3.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2015.

Except where otherwise indicated, the numbers in all tables are shown in CHF thousand and in the text in CHF million.

Foreign currency translation

The condensed financial interim statements are presented in Swiss francs, which is the functional currency of the parent company and each of its subsidiaries. The functional currency is the currency applied in the primary economic environment of each enterprise's operations. Transactions in currencies other than the

Note 2

Basis of preparation

functional currency are transactions in foreign currencies. Such transactions are translated at the transaction-date exchange rates. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognized as net financial items in the statement of income. Cash, loans and other amounts receivable or payable in foreign currencies (monetary assets and liabilities), if any, are translated into the functional currency at the official exchange rates as quoted at the reporting date.

The following table summarizes the principal exchange rates used by the Group (shown against CHF):

CURRENCY	BALANCE SHEET		INCOME STATEMENT AND CASH FLOW	
	March 31, 2016	December 31, 2015	January 1 - March 31, 2016	January 1 - March 31, 2015
Euro	1.0945	1.0882	1.1030	1.1451
US Dollar	0.9618	1.0021	1.0100	0.9642

Note 3 Significant accounting policies

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Those estimates affect mainly provisions, goodwill impairment tests, employee benefit obligations, allowance for doubtful receivables and direct taxes. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the condensed consolidated interim financial statements for the financial year ended December 31, 2015.

Note 4 New accounting standards

None of the amendments to existing International Financial Reporting Standards (IFRSs) and Interpretations effective as of January 1, 2016 is relevant to the Group. The amendments will not have any impact on the Group’s result or financial position.

Note 5 Segment reporting

Operating segments have been determined based on management reports reviewed by the Board of Directors. The Group's organizational structure reflects the different customer groups to which the Group provides its telecommunication products and services: Residential, Business, Wholesale and a reportable Head Office segment which includes finance, IT and technology functions of the Group.

Residential provides fixed line and mobile services to residential end customers as well as sales of handsets. Through its investments in local-loop unbundling and IPTV as well as its contractual arrangements with Swiss Fibre Net AG, the joint venture of local energy providers in Switzerland, and Swisscom, Sunrise focuses on selling its products in the Swiss telecommunications market by marketing bundled offers in fixnet / internet, mobile and IPTV.

Business provides a full range of products and services, from fixed-line and mobile communications to internet and data services as well as integration services to different business areas: Small Office and Home Office, Small and Medium Enterprises and large corporate clients.

The Wholesale product portfolio covers voice, data, internet and infrastructure services such as carrier and roaming services, which are marketed to national and international telecom service providers as well as mobile virtual network operators.

Head Office activities comprise support units such as Network, IT and Operations (customer care) as well as staff functions like finance, human resources and strategy. Furthermore certain fees and sundry revenue and payments of reminder fees are allocated to this operating segment.

Performance is measured based on EBITDA as included in the internal financial reports reviewed by the Board of Directors. EBITDA is defined as operating income before depreciation and amortization, net financial result items and income tax expenses. The EBITDA earned by each segment is considered an adequate measure of the operating performance of the segments reported to the Board of Directors for the purposes of resource allocation and performance assessment. Assets and liabilities are not allocated to operating segments in the management reports reviewed by the Board of Directors, as the review focuses on changes in net working capital on a Group level.

Note 5 Activities

Segment reporting

CHFk January 1 - March 31,	RESIDENTIAL 2016	 2015	BUSINESS 2016	 2015	WHOLESALE[1] 2016	 2015	HEAD OFFICE ACTIVITIES 2016	 2015	TOTAL 2016	 2015
Revenue										
External customers	318,480	347,144	69,566	72,662	49,162	61,708	8,380	7,028	445,588	488,542
Inter-segment revenue	-	-	-	-	10,762	12,561	-	-	10,762	12,561
Total	**318,480**	**347,144**	**69,566**	**72,662**	**59,924**	**74,269**	**8,380**	**7,028**	**456,350**	**501,103**
Transmission costs and costs of goods sold										
External customers	(95,567)	(107,182)	(21,676)	(22,540)	(37,497)	(53,134)	-	-	(154,740)	(182,856)
Inter-segment costs	(10,762)	(12,561)	-	-	-	-	-	-	(10,762)	(12,561)
Total	**(106,329)**	**(119,743)**	**(21,676)**	**(22,540)**	**(37,497)**	**(53,134)**	**-**	**-**	**(165,502)**	**(195,417)**
Other operating expenses	(35,904)	(39,511)	(3,577)	(5,857)	(1,053)	(987)	(59,667)	(68,380)	(100,201)	(114,735)
Wages, salaries and pension costs	(15,069)	(15,406)	(7,959)	(13,511)	(1,024)	(673)	(29,127)	(31,081)	(53,179)	(60,671)
Other income	15	-	-	-	-	-	1,772	2,751	1,787	2,751
Other expenses	(225)	-	-	-	-	-	218	(217)	(7)	(217)
EBITDA	**160,968**	**172,484**	**36,354**	**30,754**	**20,350**	**19,475**	**(78,424)**	**(89,899)**	**139,248**	**132,814**

[1] Including hubbing revenue of CHFk 25,692 generated in the three-month period ending as of March 31, 2016, and CHFk 38,551 generated in the three-month period ending as of March 31, 2015.

Reconciliation of net income before interest, tax, depreciation and amortization (EBITDA)

CHFk January 1 - March 31,	**2016**	**2015**
EBITDA from reportable segments	**139,248**	**132,814**
Unallocated:		
- Amortization	(62,080)	(63,753)
- Depreciation	(51,733)	(49,648)
- Net financial items	(14,804)	(187,538)
Income / (loss) before income taxes	**10,631**	**(168,125)**

Note 6 Revenue

CHFk January 1 - March 31,	2016	2015
Mobile services	296,829	320,114
Landline services	96,825	119,193
Thereof hubbing	*25,692*	*38,551*
Landline internet	51,934	49,235
Total	**445,588**	**488,542**

CHFk January 1 - March 31,	2016	2015
Sales of goods	65,007	82,811
Sales of services	380,581	405,731
Total	**445,588**	**488,542**

Mobile services include revenue from voice and data traffic, subscription and connection fees for mobile devices and interconnection traffic as well as roaming revenue from Group subscribers traveling abroad.

Landline telephony includes revenue from traffic, subscription and connection for PSTN / ISDN and Voice over Internet Protocol and other revenue from services, which primarily relate to business services.

Internet services comprise revenue from subscription fees for xDSL, related traffic charges for internet traffic and IPTV services.

Sales of goods include sales of mobile devices and distribution and sales of ICT and telecommunication products in the e-business sector as well as installation, operation and maintenance services for these products.

Note 7 Other income

CHFk January 1 - March 31,	2016	2015
Other income		
Early termination fees	585	1,629
Sub-leases	1,202	1,104
Other	-	18
Total	**1,787**	**2,751**

Note 8 Net financial items

CHFk January 1 - March 31, 2016	INTEREST	DEBT REDEMPTION AND DERIVATIVE SETTLEMENT COSTS	FAIR VALUE ADJUST-MENTS	TOTAL FINANCIAL INCOME/ (EXPENSES) BEFORE FOREIGN CURRENCY	FAIR VALUE ADJUST-MENTS	Total
Income						
Cash and cash equivalents	-	-	-	-	153	153
Other	-	-	-	-	245	245
Total	**-**	**-**	**-**	**-**	**398**	**398**
Expenses						
Financial liabilities measured at amortized cost	(12,960)	-	-	(12,960)	-	(12,960)
Other	(2,242)	-	-	(2,242)	-	(2,242)
Total	**(15,202)**	**-**	**-**	**(15,202)**	**-**	**(15,202)**
Net financial items	**(15,202)**	**-**	**-**	**(15,202)**	**398**	**(14,804)**

CHFk January 1 - March 31, 2015	INTEREST	DEBT REDEMPTION AND DERIVATIVE SETTLEMENT COSTS	FAIR VALUE ADJUST-MENTS	TOTAL FINANCIAL INCOME/ (EXPENSES) BEFORE FOREIGN CURRENCY	FAIR VALUE ADJUST-MENTS	Total
Income						
Cash and cash equivalents	2	-	-	2	1,547	1,549
Financial liabilities measured at amortized cost	-	-	-	-	218,587	218,587
Cash flow hedges and economic hedges	97,895	-	-	97,895	-	97,895
Other	51	-	-	51	343	394
Total	**97,948**	**-**	**-**	**97,948**	**220,477**	**318,425**
Expenses						
Financial liabilities measured at amortized cost	(30,737)	(81,064)	-	(111,801)	-	(111,801)
Amortization of existing debt transaction cost	-	(46,903)	-	(46,903)	-	(46,903)
Cash flow hedges and economic hedges	(104,130)	(19,849)	(178,471)	(302,450)	-	(302,450)
Embedded derivatives[1]	-	-	(38,140)	(38,140)	-	(38,140)
Other	(3,530)	(3,139)	-	(6,669)	-	(6,669)
Total	**(138,397)**	**(150,955)**	**(216,611)**	**(505,963)**	**-**	**(505,963)**
Net financial items	**(40,449)**	**(150,955)**	**(216,611)**	**(408,015)**	**220,477**	**(187,538)**

[1] Embedded derivatives represent early redemption options related to financial instruments issued by the Group

Note 9 Earnings per Share

Basic Earnings per Share is calculated by dividing net profit / (loss) for the period attributable to ordinary equity holders of the parent company by the weighted number of ordinary shares outstanding during the period. SCG was only incorporated on January 13, 2015, and the capital was increased via a contribution in kind on January 23, 2015, to 25,000,000 shares. For the consistency of the calculation it was assumed that SCG had this number of shares outstanding from January 1, 2015, to February 6, 2015 (the date of the IPO).

January 1 - March 31,	2016	2015
Basic earnings / (loss) per share		
Net (loss) / income attributable to equity holders of SCG (CHFk)	6,789	(166,672)
Weighted average number of shares outstanding	45,000,000	37,222,222
Basic earnings per share (in CHF)	**0.15**	**(4.48)**
Diluted earnings per share		
Net (loss) / income attributable to equity holders of SCG (CHFk)	6,789	(166,672)
Weighted average number of shares outstanding	45,000,000	37,222,222
Diluted earnings per share (in CHF)	**0.15**	**(4.48)**

If the vesting conditions were met as of March 31, 2016, a maximum of 154,991 (2015: 204,396 shares) shares would have a dilutive effect.

Note 10 Equity

CHFk	March 31, 2016	December 31, 2015
Common shares	45,000	45,000
Share premium[1]	2,622,935	2,623,723
Other reserve	(776,143)	(776,143)
Valuation reserve	-	(23)
Accumulated deficit	(741,310)	(724,021)
Total equity	**1,150,482**	**1,168,536**

[1] Share premium includes reserves which are freely available for distribution of dividends.

Share capital

As of December 31, 2015, the total authorized and issued number of ordinary shares comprised 45,000,000 shares with a nominal value of CHF 1 each.

Note 10

Equity

Ordinary shares issued and fully paid

	Number of shares	Nominal value per share (CHF)	Total amount (CHFk)
January 1, 2015	-	-	-
Issued on January 13, 2015 for incorporation	100,000	1.00	100
Issued on January 23, 2015 for capital increase via CIK[1]	24,900,000	1.00	24,900
Issued on February 6, 2015 for initial public offering	20,000,000	1.00	20,000
December 31, 2015	**45,000,000**	**1.00**	**45,000**
January 1, 2016	45,000,000	1.00	45,000
Increase / (decrease)	-	-	-
March 31, 2016	**45,000,000**	**1.00**	**45,000**

[1] Contribution in kind

On January 13, 2015, the new holding company Sunrise Communications Group AG (SCG) was incorporated with a fully paid-in share capital of CHFk 100.

On January 23, 2015, SCG increased its existing share capital of CHFk 100 by CHF 24.9 million to CHF 25.0 million by issuing 24,900,000 registered shares with a nominal value of CHF 1 in exchange for the entire share capital of MCIG from its individual shareholders.

Subsequently SCG made an IPO in Switzerland and was listed on the SIX Swiss Exchange on February 6, 2015.
A total of 20,000,000 shares were issued at CHF 68 per share with a nominal value of CHF 1 amounting to CHF 1,360.0 million in gross proceeds. Transaction costs of CHF 45.1 million directly related to the share issuance were deducted from the share premium.

Other reserve

The change in other reserve represents the difference in fair value of the contribution in kind and the book value of assets and liabilities as part of the business restructuring in 2015. Please see Note 1 for more information.

Accumulated deficit

Actuarial gains and losses, net of taxes, the results for the current period and earnings or losses carried forward are recognized in accumulated deficit.

Dividend

At the Annual General Meeting on April 15, 2016, the payment of an ordinary dividend from statutory reserves from capital contribution in the total amount of CHF 135.0 million (CHF 3 per share) in respect of the 2015 financial year was approved. The dividend payment was made on April 21, 2016.

Note 11 Borrowings

CHFk	NOMINAL VALUE AT INCEPTION	CAPITALIZED DEBT ISSUANCE COST INCLUDING DISCOUNTS AND PREMIUM[1)]	LOAN AND FINANCE LEASE PROCEEDS/ (REPAYMENTS), NET	March 31, 2016	December 31, 2015
Floating rate					
Term loan B - CHF [2]	1,360,000	(21,452)	-	1,338,548	1,337,504
Fixed rate					
Senior secured notes - CHF [3]	500,000	(6,122)	-	493,878	493,624
Total loans and notes	**1,860,000**	**(27,574)**	**-**	**1,832,426**	**1,831,128**
Other					
Debt relating to finance leases	-	-	(2,275)	20,825	23,100
Total borrowings				**1,853,251**	**1,854,228**
Thereof current				6,841	6,769
Thereof non-current				1,846,410	1,847,459

[1] At issuance of the borrowings.

[2] Issued February 13, 2015 (CHF 1,000.0 million) and February 18, 2015 (CHF 360.0 million).

[3] Issued February 18, 2015.

The Group's financial indebtedness is governed by financial covenants specified in the senior facilities agreement dated February 9, 2015. The main covenant is the leverage ratio. The Group performs covenant testing as of each half year date within the financial year of the Group. The last covenant testing, performed as of December 31, 2015, showed that the Group was in compliance with the applicable financial covenants.

Liabilities relating to finance leases are related primarily to lease agreements on fiber networks.

Note 12 Derivatives

On February 13, 2015 the Group settled all existing cross currency principal and interest rate swap agreements partially and terminated all remaining portions on February 18, 2015. At the balance sheet date of this report, the Group does not hold any derivative financial instrument contracts.

The fair values of existing derivative financial instruments were settled through the statement of income:

CHFk January 1 - March 31,	2016	2015
The change in the fair value of derivatives in the period can be summarized as:		
Cash flow hedges – movement in hedge reserve	-	(135,947)
Economic hedges	-	(42,524)
Total impact of hedging derivatives in the statement of income (Note 8)	**-**	**(178,471)**
Impact of embedded derivatives in the statement of income (Note 8)	-	(38,140)
Total impact of derivatives in the statement of income (Note 8)	**-**	**(216,611)**

Note 13 Fair value estimation

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Techniques that use inputs with a significant effect on the recorded fair value and that are not based on observable market data

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no transfers between the different hierarchy levels in the three-month period ending March 31, 2016 and the three-month period ending March 31, 2015.

Note 13
Fair value estimation

The table below shows a comparison by class of the carrying amounts and fair values of the Group's financial instruments carried in the condensed consolidated interim financial statements:

CHFk March 31, 2016	CARRYING AMOUNT (BY MEASUREMENT BASIS) AMORTIZED COST	 **Total**	COMPARISON FAIR VALUE [1]
Financial assets			
Cash	214,810	214,810	
Trade and other receivables	383,775	383,775	
Financial liabilities			
Trade payables and other payables	(500,434)	(500,434)	
Loans and notes	(1,832,426)	(1,832,426)	(1,840,650)
Financial leases	(20,825)	(20,825)	
Other current liabilities	(1,234)	(1,234)	

CHFk December 31, 2015	CARRYING AMOUNT (BY MEASUREMENT BASIS) AMORTIZED COST	 **Total**	COMPARISON FAIR VALUE [1]
Financial assets			
Cash	244,388	244,388	
Trade and other receivables	389,159	389,159	
Financial liabilities			
Trade payables and other payables	(575,187)	(575,187)	
Loans and notes	(1,831,128)	(1,831,128)	(1,819,350)
Financial leases	(23,100)	(23,100)	
Other current liabilities	(754)	(754)	

[1] The fair value of borrowings for disclosure purposes is based on quoted prices in an active market for identical liabilities (Level 1).

Note 14 Change in net working capital

CHFk January 1 - March 31,	2016	2015
Change in inventories	(2,563)	(12,047)
Change in trade and other receivables	5,384	(3,674)
Change in trade and other payables	(71,813)	(50,799)
Change in other items, net	(32,208)	(43,534)
Total	**(101,200)**	**(110,054)**

Net working capital includes long- and short-term term prepaid expenses, deferred income and Freedom receivables. Changes in trade and other payables related to the mobile license and non-cash capital expenditures related to IRUs are excluded.

In January 2015, Sunrise entered into a factoring agreement with UBS under which Sunrise may sell residential customer receivables from device plans to UBS. As of March 31, 2016, CHF 24.7 million in receivables are derecognized (March 31, 2015: CHF 15.1 million).

The change in net working capital is primarily attributable to changes in trade and other payables driven by different spending patterns and timing of payments as well as payments of prepaid expenses and the annual bonus amount.

Note 15 Other balance sheet items

Current portion of prepaid expenses

The balance mainly consists of prepaid rent expenses and prepaid IT related payments for licenses and services. The prepayments are normally made at the beginning of the year and amortized of the contractual duration. Contracts with duration of more than 1 year are split into a current- and non-current portion.

Property, plant and equipment

During the three-month period ended March 31, 2016 the Group acquired assets of CHF 19.3 million, thereof cash additions of CHF 19.1 million.

Non-current portion of trade and other payables

The decrease in this condensed financial interim statement item is mainly due to the reclassification of the 2nd installment (due in January 2017) related to the investment into broadband connectivity services from Swisscom in the total amount of CHF 14.8 million from non-current to current portion of trade and other payables. The 3rd installment which is due in January 2018 is still shown as non-current portion of trade and other payables as of March 31, 2016.

Note 16 Contractual commitments

On March 20, 2015 Sunrise extended the scope of the contract with its network provider resulting in an additional CHF 100.0 million purchase commitment. The total contractual and purchase commitments as of March 31, 2016 amounted to CHF 143.0 million consisting of future investments in property, plant and equipment and intangible assets.

Note 17 Financial risk management

The Group operates a centralized risk management system that distinguishes between strategic and operating risks. The Group's overall risk management program focuses on the unpredictability of financial market risks and seeks to minimize potential adverse effects on the Group's financial performance. All identified risks are quantified (according to their realization probability and impact) and noted on a risk schedule. This risk schedule is subject to an annual detailed review and discussion process by the Board of Directors. The Group is exposed to a variety of financial risks, namely market risk, credit risk and liquidity risk. With the refinancing transaction at the beginning of the year, the Group released all held derivative financial instruments, such as cross currency interest rate swaps and interest rate swaps. As the newly held debt instruments in CHF are no longer exposed to any currency risks, there is no need for derivative financial instruments to hedge those risk exposures.

The Group's financial risk management is governed by policies approved by key management personnel. These policies provide guidelines for overall risk management as well as specific areas such as interest rate risk.

Note 18 Events after the balance sheet date

There are no significant subsequent events to report after the balance sheet date.

Report on the review of condensed consolidated interim financial statements

as of 31 March 2016 of

Sunrise Communications Group AG, Zürich

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To the Board of Directors of

Sunrise Communications Group AG, Zurich

Zurich, 11 May 2016

Report on the review of condensed consolidated interim financial statements

Introduction
We have reviewed the condensed consolidated interim financial statements (consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes; pages 16 to 35) of Sunrise Communications Group AG for the three-month period from 1 January 2016 to 31 March 2016. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”.

Ernst & Young Ltd

André Schaub Licensed audit expert (Auditor in charge)	Willy Hofstetter Licensed audit expert