Sunrise Communications Group AG

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Agenda

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Strong 1st impressions - solid base to build on for the future

Innovative products via diversified channels

- Maintain innovation capacity supported by strategic partnerships
- Diversified distribution channels with upside in online channel

Challenges

- Structural declines in prepaid and landline voice
- Unlimited data market in Mobile
- B2B dominance of Swisscom

Convergent offering

- Best Swiss TV product as rated by Bilanz in 2015
- Market share of 26% in Mobile, 10% in broadband, 3% in TV, and 12% in landline voice

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Best voice network

- Number 1 in mobile voice telephony for 2nd time in a row (Connect Test 2015)
- Own LLU network in landline complemented by access deal with Swisscom and utility partnerships

Serving B2C and B2B

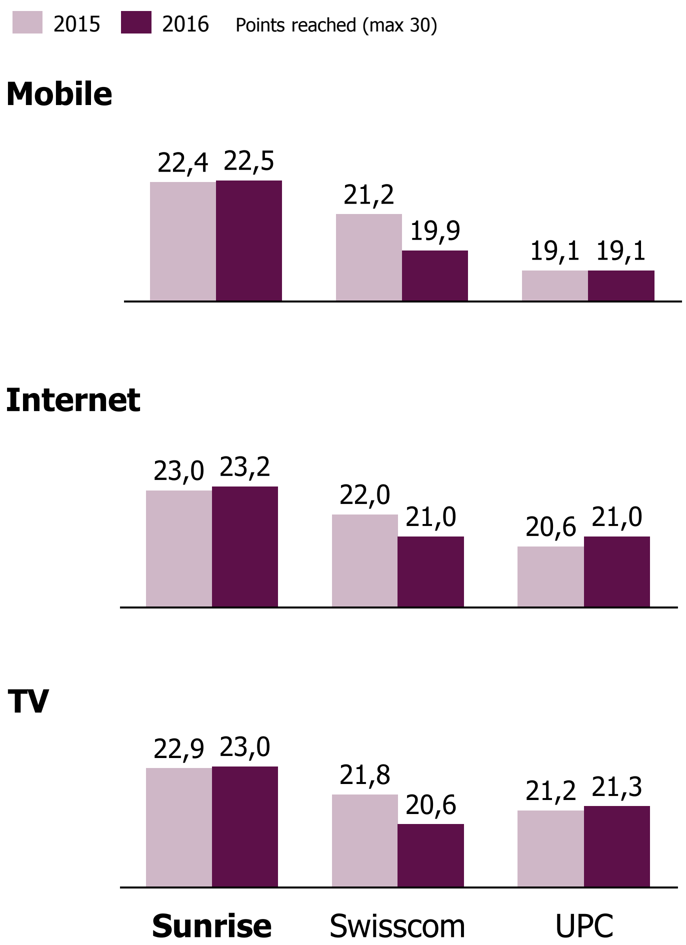
- Simple and relevant value proposition in B2C and B2B
- Prominent B2B customer portfolio (e.g. Swiss Post, Zurich Airport)

Awarded customer service

- Motivated and strong front line
- Best results of big providers in Bilanz Telecom Ranking 2015 and 2016
- Winner of 2015 Connect Hotline Test
- Mobile already on strong levels, with upside in fixnet related to its higher complexity

Sunrise BILANZ Telecom Ranking 2016

Residential Customer Results



Sunrise again with best results of «big providers» in Bilanz Telecom Ranking 2016 for the residential market.

Ranked number 1 in mobile for business customers, second time in a row.

Ranking of full-service providers

Rang	Anbieter / Punkte		
	Private	KMUs	Grosskunden
1	Sunrise 96,7	UPC 87,9	Sunrise 97,1
2	UPC 90,0	Sunrise 86,7	UPC 92,6
3	Swisscom 86,2	Swisscom 81,0	Swisscom 86,1

Source: Bilanz 18/2016; Five customer relevant criteria (quality, innovation, price, flexibility, support) have been rated on a scale from 1-lowest and 6-highest

Reinforce our position as the leading challenger

Solid base

Multi brands


Distribution & Customer care


Mobile - Internet - TV

Cost base


Infrastructure

Reinforcement focus

Continue focus on

- Brand awareness
- Customer experience & digitalization
- Innovative products
- Network quality

Increase focus on

- Customer base value management
- Churn management
- Profitable Prepaid subscriber base
- B2B and Internet/TV

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Q2 summary
Subscriber momentum alongside cost containment

- Continued **subscriber** growth momentum in key focus areas
  - Another strong quarter for mobile postpaid with 6.2% YoY growth, despite competitive environment
  - Accelerated internet growth of 7.3% YoY alongside 20.4% YoY IPTV growth
- **Revenue** of CHF 472m, decline moderated to -3.2% YoY
  - Moderation compared to -8.8% in Q1'16, due to stabilization of low-margin HW and hubbing revenue
  - Service revenue[1] down -4.1% (Q1'16: -4.4%) due to Freedom hardware unwind[2], roaming and postpaid value effect; decline in prepaid and landline voice offset by customer growth in focus areas
- Adj. **EBITDA** of CHF 150m, with margin up 20bps (excl. hubbing)
  - Headwinds to a large extent offset by cost efficiencies
- **Net income** amounted to CHF 10m
- LTM equity free **cash flow** of CHF 205m, in-line with company expectations; H1'16 equity free cash flow more than doubling YoY to CHF 93m
- **Guidance** 2016 reiterated

[1] Total revenue excluding hubbing and mobile hardware revenues
[2] Pre-Freedom service revenues contain a subsidized hardware component which is unwinding as customers migrate to Freedom offering

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Conclusion

Q2 recap	Outlook
• Continued **subscriber** growth momentum in focus areas • Moderation in service **revenue** decrease alongside stabilization in low-margin areas HW and hubbing • Continued Opex improvement YoY as expected, compensating revenue headwinds to a large extent on **EBITDA** level • Equity free **cash flow** in-line with expectations	• FY’16 **guidance** is reiterated

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