Q1 2017

Interim Financial Report

Three-month period as of March 31, 2017

Sunrise

Content

Operational and Financial Review

Financial KPIs

CHF million January 1 – March 31	2017	2016	Change (%)
Revenue			
Mobile services	279	297	(6.0)
Thereof mobile postpaid	*181*	*185*	*(2.2)*
Thereof mobile prepaid	*30*	*42*	*(26.9)*
Thereof mobile hardware	*48*	*52*	*(9.0)*
Landline services (incl. voice)	95	97	(2.3)
Thereof landline voice	*37*	*39*	*(7.3)*
Thereof hubbing	*31*	*26*	*20.3*
Landline internet and TV	57	52	10.6
Total revenue	**431**	**446**	**(3.3)**
Service revenue excl. hubbing & mobile hardware	352	368	(4.1)
Gross profit	**286**	**291**	**(1.6)**
% margin	66.4%	65.3%	1.8
% margin (excl. hubbing & hardware revenue)	81.2%	79.1%	2.6
EBITDA	**141**	**139**	**1.4**
EBITDA adjusted	**143**	**140**	**2.1**
% margin	33.1%	31.4%	5.6
% margin (excl. hubbing & hardware revenue)	40.5%	38.0%	6.5
Net income	**13**	**7**	**89.6**
Cash flow			
Reported EBITDA	141	139	1.4
Change in NWC (incl. factoring)	(14)	(64)	(77.9)
Net interest	(14)	(15)	(10.1)
Tax	(7)	(13)	(48.3)
CAPEX	(60)	(69)	(12.7)
Oher financing activities	(17)	(1)	1,392.9
Equity free cash flow	**29**	**(24)**	**(220.5)**
Other	(1)	(6)	(82.6)
Total cash flow	**28**	**(30)**	**(193.1)**
Net debt	**1,633**	**1,666**	**(2.0)**
Net debt/adj. EBITDA (LTM)	2.7×	2.6×	

Operational KPIs

CHF million January 1 – March 31	**2017**	2016	Change (%)
ARPU (CHF)			
Mobile blended	**29.4**	**31.4**	**(6.4)**
Postpaid	40.3	43.9	(8.2)
Thereof origination	*36.9*	*38.6*	*(4.2)*
Thereof termination	*3.4*	*5.4*	*(37.0)*
Prepaid	11.3	13.9	(18.7)
Landline blended	**68.4**	**70.7**	**(3.3)**
Retail Voice	28.6	32.6	(12.4)
Internet	35.2	36.2	(2.7)
Internet and IPTV	46.8	46.0	1.7
Subscription base (in ’000)			
Mobile			
Postpaid	1,510.1	1,417.5	6.5
– Primary	1,253.7	1,197.6	4.7
– Secondary	256.4	219.9	16.6
Prepaid (3-month rule)	890.1	980.6	(9.2)
Prepaid (12 month rule)	1,448.6	1,611.2	(10.1)
Landline			
Retail voice	423.0	397.3	6.5
Internet	386.0	348.5	10.7
Thereof coupled to IPTV	*175.8*	*140.4*	*25.2*
Thereof without IPTV	*210.2*	*208.1*	*1.0*
LTM Churn (%)			
Postpaid	14.0	14.0	(0.3)
Landline	12.8	13.2	(2.9)
Employees			
FTEs	1,650	1,691	(2.4)
Apprentices	107	104	2.9

Financial Review

Q1 2017 financial performance was in line with the guidance provided by Sunrise. Revenue decreased mainly due to lower mobile termination rates (MTRs) but could be overcompensated by OPEX cost-saving measures focused on efficiency, simplification and digitization, resulting in a slightly increased EBITDA. MTR are transmission fees collected by a mobile communications provider when it accepts calls from another provider's landline or mobile network and passes them on to customers on its own network. Reductions in mobile termination rates have no direct impact on customer tariffs, since both the revenue and costs of mobile operators are reduced. Therefore, the effect of the decrease in mobile termination rates is largely offset at the gross profit level. On the revenue level, the reduced mobile termination rates lead to a decrease compared to the same period in prior year.

Revenue

The Sunrise Group financial results for the three-month period ended March 31, 2017 showed a decrease in total revenue of 3.3% driven mainly by reduced MTRs as of January 1, 2017. Adjusted for the MTR effect, revenue decreased by 1.0% mainly driven by lower mobile prepaid and landline service revenue.

Mobile Services

Revenue from mobile services declined by 6.0% to CHF 279 million for the three-month period ended March 31, 2017. Excluding low-margin mobile hardware revenue, the decrease was 5.4%, thereof 4.1% are related to the reduction in MTRs.

While the postpaid subscription base increased by 6.5% year-over-year, postpaid revenue decreased in Q1 2017 due to lower average revenue per user (ARPU).

The postpaid ARPU reduction was mainly driven by lower MTR (CHF −1.9 ARPU impact) as well as value mix, secondary SIM dilution and easing pressure from freedom hardware unwind. The postpaid subscription base totaled 1,510 thousand subscribers as of March 31, 2017 (March 31, 2016: 1,418 thousand). The subscription base increase was driven by improved network quality and customer service as well as competitive flat-rate and mobile data plans, and prepaid to postpaid migration. The continuous growth of mobile data traffic is reflected in the increase of secondary subscriptions (such as secondary SIM-cards used for data) 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 year-over-year ARPU reduction of CHF 2.6 was partly driven by lower MTR (CHF −0.9 ARPU impact). The prepaid subscription base shrank year-over-year by 9.2% to 890 thousand subscribers as of March 31, 2017. High value prepaid customers migrating to postpaid, competitive pressure, and less international prepaid calls related to more attractive postpaid offers and increased OTT usage contributed to the change.

Hardware revenue (low margin) decreased year-over-year by 9.0% to CHF 48 million for the three-month period ending March 31, 2017. Hardware revenue depends on handset innovation/launches and volatile sales to retailers.

Landline Services

Landline service revenue decreased by 2.3% to CHF 95 million for the three-month period ended March 31, 2017, driven mainly by lower retail voice and integration revenue.

Even though hubbing revenue increased by 20.3% an ARPU decrease of 12.4% as a result of fixed-to-mobile substitution, voice flat rates and increased use of OTT services lowered retail voice revenue. The decrease of lower margin integration revenue is mainly related to a product transition phase.

Landline Internet and TV

Internet and TV revenue increased by 10.7% to CHF 57 million for the three-month period ended March 31, 2017.

The total Internet subscription base increased by 10.8% year-over-year to 386 thousand subscriptions. The main drivers for the increase include a competitive product offering with attractive pricing together with a strong IPTV product. The IPTV product can be purchased alongside Internet service and increased its customer base by 25.2% year-over-year to 176 thousand subscribers. 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 over-proportionally (6.5%) to the revenue decline (3.3%) and totaled CHF 145 million for the three-month period ended March 31, 2017., mainly due to the reduction in the MTRs, which are low margin and have no major impact on gross profit. As a result gross profit decreased only by 1.6% to CHF 286 million.

Adjusted EBITDA

Adjusted EBITDA as of March 31, 2017 amounted to CHF 143 million and was CHF 2 million higher than the reported EBITDA. This represents an increase of CHF 3 million compared to adjusted EBITDA for the same period in 2016. The table below shows one-time adjustments from reported EBITDA to adjusted EBITDA for the first three months in 2017 and 2016.

in CHFk January 1 – March 31	**2017**	2016
Reported EBITDA	**141,154**	**139,248**
Prior-year-related events	(2,016)	96
Non-recurring and/or non-operating events	3,435	756
Costs relatd to share-based payment	139	(339)
Adjusted EBITDA	**142,712**	**139,761**

Reported EBITDA

The Group generated an EBITDA of CHF 141 million for the three-month period ended March 31, 2017, a year-over-year increase of CHF 2 million, or 1.4%, from CHF 139 million for the same period in 2016. Despite lower revenue, EBITDA developed positively year-over-year due to ongoing strong cost focus.

Other Operating Expenses

In Q1 2017 other operating expenses decreased by CHF 4 million, or 4.5%, from CHF 100 million to CHF 96 million year-over-year, primarily attributable to various cost efficiency measures as well as lower marketing expenses ahead of the Sunrise ONE launch on March 6, 2017.

Wages, Salaries and Pension Costs

Wages, salaries and pension costs totaled CHF 51 million for the three-month period ended March 31, 2017. This represents a 4.1% year-over-year reduction partly driven by the streamlining of mid-level management, announced with the Q3 2016 results.

Although the pension fund of Sunrise Communications AG is overfunded by 20% as of December 31, 2016, according to Swiss GAAP FER 26, the Group reports a net pension liability of CHF 100 million in its condensed consolidated interim financial statements as of March 31, 2017. 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 and Expenses, Net

Other income decreased by CHF 0.2 million for the three-month period ended March 31, 2017 compared to the same period in the prior year. This is mainly attributable to lower early termination fees.

Net Income

The Group reported a net income of CHF 13 million for the three-month period ended March 31, 2017, a year-over-year improvement of CHF 6 million from a net income of CHF 7 million for the prior-year period. Lower financial expenses following the repricing of Senior Facilities Agreement at the end of December 2016, decreased depreciation and amortization as well as a stronger EBITDA, led to an increase in 2017.

Amortization and Depreciation and impairment losses

Depreciation and amortization are CHF 3 million lower than in the prior period. For the three-month period as of March 31, 2017, depreciation and amortization totaled CHF 110 million, of which CHF 32 million related to the amortization of purchased intangibles (CHF 32 million in Q1 2016). 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 2 million to CHF 12 million for the three-month period as of March 31, 2017, and mainly consist of interest expenses. With the 2016 repricing transaction, the weighted average cost of debt was further be reduced to 2.0% per annum.

Income Taxes

For Q1 2017 the net income tax expense of CHF 6 million (Q1 2016: net income tax expense of CHF 4 million) consists of a CHF 12 million (Q 2016: CHF 8 million) tax expense related to current income taxes and a tax benefit of CHF 6 million (Q1 2016: CHF 5 million) related to the change in deferred taxes. The higher current income tax expense is mainly related to a higher taxable profit in Q1 2017.

Net Working Capital

Net working capital represents short-term assets reduced by short-term liabilities.

Net working capital includes current assets and liabilities as well as non-current prepaid expenses, Freedom receivables and deferred income. Changes in trade and other payables related to the mobile license and non-cash capital expenditures related to Indefeasible Rights of Use (IRU) are excluded.

Compared to the same period in 2016, the change in net working capital for Q1 2017 showed an improvement of CHF 50 million. This is mainly due to a higher positive change in trade and other receivables of CHF 29 million, thereof CHF 17 million is due to a net cash outflow related to the factoring of handset receivables in Q1 2016. In December 2016 the Group decided to discontinue the use of the factoring facility for strategic and operational reasons and the remaining balances were settled. The remaining CHF 12 million improvement in change in trade and other receivables is mainly due to a higher decrease in device plan receivables in Q1 2017 compared to the same period in prior year.

Cash Flow

Cash and cash equivalents totaled CHF 242 million as of March 31, 2017, an increase of CHF 28 million compared to the cash position held as of December 31, 2016. The increase is mainly driven by a strong cash flow from operating activites (CHF 107 million) mainly due to a significantly lower change in net working capital as well as lower paid corporate income and withholding taxes and interest.

Cash Flow from Operating Activities

The year-over-year increase of CHF 64 million in Q1 2017, is primarily attributable to a lower outflow from net working capital. Compared to prior year period, inflow from changes in trade and other receivables increased by CHF 29 million, mainly due to a net cash outflow related to the factoring of handset receivables of CHF 17 million in Q1 2016 as well as a higher decrease in handset receivables in Q1 2017.

Cash Flow Used in Investing Activities

Purchase of tangible and intangible assets for the three-month period ended March 31, 2017 amounted to CHF 60 million. This represents a decrease of CHF 9 million compared to the prior-year period as is mainly impacted by the timing of payments.

Cash Flow Used in Financing Activities

Cash flow used in financing activities increased by CHF 16 million in Q1 2017 compared to same period in prior period. The increase is mainly due to the payment of the second installment related to the investment into broadband connectivity services from Swisscom of CHF 15 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 1,845 million (nominal value: CHF 1,860 million), of which CHF 7 million is expected to be paid within 12 months. Net debt at nominal value totaled CHF 1,633 million as of March 31, 2017 resulting in a net debt to EBITDA leverage ratio of 2.7× (December 31, 2016: 2.7×).

Dividend Proposal and Distribution Policy

At the Annual General Meeting on April 11, 2017, the payment of an ordinary dividend from statutory reserves from capital contributions in the total amount of CHF 150 million (CHF 3.33 per share) in respect of the 2016 financial year was approved. The dividend payment was made on April 19, 2017.

Sunrise reiterates its dividend policy of paying out at least 65% of equity free cash flows until the Company has reached its 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.

Risks

Overview

Sunrise operates a centralized risk management system that distinguishes between strategic and operating risks. Competition, impairment of supply relationships and interruptions to network performance 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 Sunrise group's Board of Directors, the last of which was performed on November 8, 2016. 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, aggressive promotional campaigns by Salt and other low-priced national flat rates as well as competition in roaming prices put pressure on mobile postpaid segment prices while over-the-top services are cannibalizing international call as well as roaming voice revenue and are impacting the IPTV growth potential which could also result from a potential entry of Salt into the Internet market. Sunrise actively monitors market developments and offers attractive bundles with flat rate components to cover customers' needs comprehensively.

Supplier Relationships

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 with providers of fiber- and copper-based access technologies for landline services of Sunrise that are undertaken to ensure continued cost-effective access.

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.

Financial Risks

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 26 to the 2016 Consolidated Financial Statements of the Group.

Additional Disclosures

Material Affiliate Transactions	**Change in the Board of Directors** At the ordinary Annual General Meeting on April 11, 2017 Lorne Somerville resigned as a member of the Board of Directors. All other Board memebers were re-elected for an additional one-year term. **Change in the Executive Leadership Team (ELT)** Timm Degenhardt, Chief Consumer Officer since May 2016 and Member of the ELT since February 2013, has decided to leave the company by the end of February 2017. On May 11, 2017, Sunrise Communications Group AG announced the appointment of Bruno Duarte, Chief Consumer Officer, effective June 12, 2017. Sunrise Communications Group AG furthermore announced the resignation of Massimiliano Nunziata, Chief Business Officer, with immediate effect. **Dividend Payment** At the Annual General Meeting on April 11, 2017, the payment of an ordinary dividend from statutory reserves from capital contributions in the total amount of CHF 150 million (CHF 3.33 per share) in respect of the 2016 financial year was approved. The dividend payment was made on April 19, 2017.
Material Contractual Arrangements	In January 2017, Sunrise joined the international telecommunications organisation (FreeMove) as a partner. Formed in 2003, FreeMove brings together four leading mobile operators: Orange, Telecom Italia, Deutsche Telekom and Telia Company, and collectively serves 400 million customers across the world. Under the agreement, FreeMove will now be able to access the leading mobile network of Sunrise.
Certain Other Contractual Commitments	Total contractual and purchase commitments as of March 31, 2017 amounted to CHF 100 million, consisting of future investments in property, plant and equipment and intangible assets.
Credit Ratings	As of March 31, 2017, 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) remains unchanged at BB+, Ba2 and BB+, respectively. In addition, the notes and term loan facilities are still rated BBB- by Fitch and Ba2 by Moody's. S&P revised its rating for the notes and term loan facilities from a BB+ to BBB- in 2016.
Acquisitions, Disposals and Recapitalization	No material acquisitions, disposals or recapitalization occurred in Q1 2017.
Material development after the balance sheet date	On April 10, 2017, Sunrise expanded its fiber-to-the-home partnership with EWZ (the city of Zurich's electricity company) and will take over operation of 30,000 minimum fiber optic connections on ewz.zürinet by 2025. Under the new framework agreement, Sunrise is making an advance investment in the EWZ infrastructure (Layer 1) and will receive a long-term, irrevocable right of use (IRU) for ewz.zürinet.
Research and Development	Sunrise is not currently investing in research and development itself but is partnering with its suppliers in order to benefit from their experience and know-how.

Outlook

2017 Guidance

Sunrise reiterates the guidance for 2017.

Revenue is expected to range from CHF 1,820 million to CHF 1,860 million. Adjusted EBITDA is expected to be between CHF 595 million and CHF 610 million. Capex for 2017 is expected to be within a range of CHF 225 million to CHF 265 million. Upon meeting its 2017 guidance, Sunrise expects to propose a dividend to the Annual General Meeting for 2017 in the range of CHF 3.45 to CHF 3.55 per share to be paid from capital contribution reserves in 2018.

Condensed Consolidated Interim Financial Statements (unaudited)

Sunrise Communications Group AG

Condensed Consolidated Interim Statements of Income

CHFk January 1 – March 31	Note	2017	2016
		Unaudited	Unaudited
Revenue	**6,7**	**430,968**	**445,588**
Transmission costs and cost of goods sold		(144,713)	(154,740)
Other operating expenses		(95,681)	(100,201)
Wages, salaries and pension costs		(50,988)	(53,179)
Other income	8	1,548	1,787
Other expenses	8	20	(7)
Income before depreciation and amortization, net financial items and income taxes		**141,154**	**139,248**
Amortization		(63,166)	(62,080)
Depreciation and impairment losses		(47,282)	(51,733)
Operating income		**30,706**	**25,435**
Foreign currency gains, net		436	398
Financial income		3	–
Financial expenses		(12,759)	(15,202)
Net financial items	**9**	**(12,320)**	**(14,804)**
Income before income taxes		**18,386**	**10,631**
Income taxes		(5,516)	(3,842)
Net income		**12,870**	**6,789**
Net income attributable to equity holders of the parent company		**12,870**	**6,789**
Basic and diluted earnings per share (in CHF)	**10**	**0.29**	**0.15**

The accompanying Notes form an integral part of the consolidated financial statements.

Condensed Consolidated Interim Statements of Comprehensive Income

CHFk January 1 – March 31	2017	2016
	Unaudited	Unaudited
Net income	**12,870**	**6,789**
Actuarial gain/(losses) related to defined benefit pension plans	2,833	(30,477)
Income tax effect	(578)	6,399
Net other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods	**2,255**	**(24,078)**
Other comprehensive income/(loss), net of tax	**2,255**	**(24,078)**
Total comprehensive income/(loss)	**15,125**	**(17,289)**
Comprehensive income/(loss) attributable to equity holders of the parent company	**15,125**	**(17,289)**

The accompanying Notes form an integral part of the consolidated financial statements.

Condensed Consolidated Interim Statements of Financial Position

Assets

CHFk	Note	March 31, 2017	December 31, 2016
		Unaudited	Audited
Non-current assets			
Intangible assets		2,299,723	2,348,900
Property, plant and equipment	16	755,336	883,792
Non-current portion of trade and other receivables		48,864	55,830
Non-current portion of prepaid expenses		844	583
Deferred tax assets		433	433
Total non-current assets		**3,105,200**	**3,289,538**
Current assets			
Inventories		32,487	28,741
Current portion of trade and other receivables		366,261	393,856
Current portion of prepaid expenses	16	33,616	7,916
Cash and cash equivalents		242,106	214,175
		674,470	**644,688**
Assets held for sale	15	114,078	-
Total current assets		**788,548**	**644,688**
Total assets		**3,893,748**	**3,934,226**

The accompanying Notes form an integral part of the consolidated financial statements.

Equity and liabilities

CHFk	Note	March 31, 2017	December 31, 2016
		Unaudited	Audited
Equity			
Common shares		45,000	45,000
Share premium		2,490,071	2,489,962
Other reserves		(776,143)	(776,143)
Accumulated deficit		(607,406)	(622,531)
Total equity	**11**	**1,151,522**	**1,136,288**
Non-current liabilities			
Non-current portion of loans and notes	12	1,829,862	1,828,327
Non-current portion of financial leases	12	7,726	9,236
Non-current portion of trade and other payables	16	1,200	16,043
Deferred tax liabilities		179,233	184,881
Non-current portion of provisions		68,638	118,222
Employee benefit obligations		99,994	102,234
Non-current portion of deferred income		8,639	10,409
Total non-current liabilities		**2,195,292**	**2,269,352**
Current liabilities			
Current portion of financial leases	12	7,423	7,597
Current portion of trade and other payables		436,262	476,271
Income tax payable		7,968	3,873
Current portion of provisions		5,964	6,146
Current portion of deferred income		35,514	33,710
Other current liabilities		1,475	989
		494,606	**528,586**
Liabilities directly associated with the assets held for sale	15	52,328	–
Total current liabilities		**546,934**	**528,586**
Total liabilities		**2,742,226**	**2,797,938**
Total equity and liabilities		**3,893,748**	**3,934,226**

The accompanying Notes form an integral part of the consolidated financial statements.

Condensed Consolidated Interim Statements of Cash Flow

CHFk January 1 – March 31	Note	2017	2016 Restated[1]
		Unaudited	Unaudited
Income/(loss) before income taxes		**18,386**	**10,631**
Amortization		63,166	62,080
Depreciation and impairment losses		47,282	51,733
Gain on disposal of property, plant and equipment		(18)	–
Movement in pension		1,003	972
Movement in provisions		(182)	(4,639)
Change in net working capital	14	(14,116)	(63,908)
Cash flow from operating activities before net financial items and tax		**115,521**	**56,869**
Financial income	9	(3)	–
Financial expense	9	12,759	15,202
Foreign currency gains, net		(260)	(131)
Interest received		3	–
Interest paid		(13,737)	(15,276)
Corporate income and withholding tax paid		(6,946)	(13,424)
Total cash flow from operating activities		**107,337**	**43,240**
Purchase of property, plant and equipment	16	(39,212)	(41,343)
Purchase of intangible assets		(21,283)	(27,962)
Sale of property, plant and equipment		18	–
Total cash flow used in investing activities		**(60,477)**	**(69,305)**
Proceeds from long-term loans and notes		(321)	(240)
Repayments of capital leases	12	(1,685)	(2,275)
Other financing activities		(17,183)	(1,151)
Total cash flow used in financing activities		**(19,189)**	**(3,666)**
Total cash flow		**27,671**	**(29,731)**
Cash and cash equivalents as of January 1		214,175	244,388
Foreign currency impact on cash	9	260	153
Cash and cash equivalents as of March 31		**242,106**	**214,810**

[1] see Note 3
The accompanying Notes form an integral part of the consolidated 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, 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 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**
Net income for the period	–	–	–	–	80,304	80,304
Other comprehensive income	–	–	–	–	38,475	38,475
Total other comprehensive income	**-**	**-**	**-**	**-**	**118,779**	**118,779**
Share based payment	–	2,027	–	–	–	2,027
Dividend payment	–	(135,000)	–	–	–	(135,000)
Equity as of December 31, 2016	**45,000**	**2,489,962**	**(776,143)**	**-**	**(622,531)**	**1,136,288**
Equity as of January 1, 2017	**45,000**	**2,489,962**	**(776,143)**	**-**	**(622,531)**	**1,136,288**
Net income for the period	–	–	–	–	12,870	12,870
Other comprehensive income		–	–	–	2,255	2,255
Total comprehensive income	**-**	**-**	**-**	**-**	**15,125**	**15,125**
Share-based payment	–	109	–	–	–	109
Equity as of March 31, 2017	**45,000**	**2,490,071**	**(776,143)**	**-**	**(607,406)**	**1,151,522**

The accompanying Notes form an integral part of the consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

NOTE

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, 2017, 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 4G technologies. In connection with the services it provides, Sunrise also resells handsets manufactured by third party suppliers.

These condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on May 9, 2017.

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, 2017, 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. 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 related disclosures at the reporting date. The accounting estimates and judgments considered material to the preparation of the financial statements are summarized in Note 4.

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, 2016.

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

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the precise underlying amount rather than the presented rounded amount.

Foreign currency translation

The financial 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 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 transaction-date and settlement-date rates are recognized as net financial items in the condensed consolidated interim 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	
CHF	**March 31, 2017**	December 31, 2016	**January 1 – March 31, 2017**	January 1 – March 31, 2016
Euro	1.0690	1.0721	1.0826	1.1030
US Dollar	1.0026	1.0190	1.0207	1.0100

NOTE 3

Changes in presentation

In prior years Sunrise was not able to split Capex into paid and unpaid invoices. All investments in Capex were shown as cash additions to the cash flow used in investing activities in the statements of cash flow. A system upgrade in 2016 made it possible for Sunrise to identify not yet paid Capex invoices and accruals. The impact on the condensed consolidated interim statements of cash flow as well as on the change in net working capital for the three-month period as of March 31, 2016 is shown in the table below:

CHFk	**Reported**	Adjustment	**Restated**
Impact on figures for the three-month period as of March 31, 2016			
Cash flow used in investing activities	*(32,013)*	*(37,292)*	*(69,305)*
Thereof purchase of property, plant and equipment	*(19,097)*	*(22,246)*	*(41,343)*
Thereof purchase of intangible assets	*(12,916)*	*(15,046)*	*(27,962)*
Thereof sale of property, plant and equipment	*–*	*–*	*–*
Change in net working capital	(101,200)	37,292	(63,908)

NOTE 4

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 consolidate financial statements for the financial year ended December 31, 2016.

NOTE 5

New accounting standards

None of the amendments to existing International Financial Reporting Standards (IFRSs) and Interpretations effective as of January 1, 2017 is relevant to the Group. The amendments will not have any impact on the Group's result or financial position.

NOTE 6

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 telecommunications products and services: Residential, Business, Wholesale and a reportable Head Office segment which includes the 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, a 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 6

Segment reporting

Activities

CHFk January 1 – March 31	RESIDENTIAL 2017	RESIDENTIAL 2016	BUSINESS 2017	BUSINESS 2016	WHOLESALE[1] 2017	WHOLESALE[1] 2016	HEAD OFFICE ACTIVITIES 2017	HEAD OFFICE ACTIVITIES 2016	TOTAL 2017	TOTAL 2016
Revenue										
External customers	303,160	318,480	63,504	69,566	54,801	49,162	9,503	8,380	430,968	445,588
Inter-segment revenue	–	–	–	–	7,746	10,762	–	–	7,746	10,762
Total	**303,160**	**318,480**	**63,504**	**69,566**	**62,547**	**59,924**	**9,503**	**8,380**	**438,714**	**456,350**
Transmission costs and costs of goods sold										
External customers	(85,130)	(95,567)	(18,773)	(21,676)	(40,828)	(37,497)	18	–	(144,713)	(154,740)
Inter-segment costs	(7,746)	(10,762)	–	–	–	–	–	–	(7,746)	(10,762)
Total	**(92,876)**	**(106,329)**	**(18,773)**	**(21,676)**	**(40,828)**	**(37,497)**	**18**	**-**	**(152,459)**	**(165,502)**
Other operating expenses	(33,247)	(35,904)	(4,569)	(3,577)	(1,108)	(1,053)	(56,757)	(59,667)	(95,681)	(100,201)
Wages, salaries and pension costs	(15,303)	(15,069)	(8,729)	(7,959)	(1,037)	(1,024)	(25,919)	(29,127)	(50,988)	(53,179)
Other income	7	15	–	–	–	–	1,541	1,772	1,548	1,787
Other expenses	–	(225)	–	–	–	–	20	218	20	(7)
EBITDA	**161,741**	**160,968**	**31,433**	**36,354**	**19,574**	**20,350**	**(71,594)**	**(78,424)**	**141,154**	**139,248**

[1] Including hubbing revenue of CHF 30.9 million generated in the three-month period ended as of March 31, 2017, and CHF 25.7 million generated in the three-month period ended as of March 31, 2016.

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

CHFk January 1 – March 31	2017	2016
EBITDA from reportable segments	**141,154**	**139,248**
Unallocated:		
– Amortization	(63,166)	(62,080)
– Depreciation	(47,282)	(51,733)
– Net financial items	(12,320)	(14,804)
Income before income taxes	**18,386**	**10,631**

NOTE 7

Revenue

CHFk January 1 – March 31	**2017**	2016
Mobile services	278,947	296,829
Landline services	94,596	96,825
Thereof hubbing	*30,897*	*25,692*
Landline internet and TV	57,425	51,934
Total	**430,968**	**445,588**

CHFk January 1 – March 31	**2017**	2016
Sales of goods	57,608	65,007
Sales of services	373,360	380,581
Total	**430,968**	**445,588**

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 Voice over Internet Protocol (VOIP) and PSTN / ISDN) 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 8

Other income and other expenses

CHFk January 1 – March 31	2017	2016
Other income		
Early termination fees	290	585
Sub-leases	1,240	1,202
Other	18	–
Total	**1,548**	**1,787**

CHFk January 1 – March 31	2017	2016
Other expenses		
Restructuring expenses	(66)	–
Reversal of provision from prior periods	105	–
Other	(19)	(7)
Total	**20**	**(7)**

NOTE 9

Net financial items

CHFk **January 1 – March 31, 2017**	Interest	**Total financial income/ (expenses) before foreign currency**	Net foreign currency gains/(losses)	**Total**
Income				
Cash and cash equivalents	–	–	260	260
Other	3	3	176	179
Total	**3**	**3**	**436**	**439**
Expenses				
Financial liabilities measured at amortized cost	(11,401)	(11,401)	–	(11,401)
Other	(1,358)	(1,358)	–	(1,358)
Total	**(12,759)**	**(12,759)**	**-**	**(12,759)**
Net financial items	**(12,756)**	**(12,756)**	**436**	**(12,320)**

CHFk January 1 – March 31, 2016	Interest	**Total financial income/ (expenses) before foreign currency**	Net foreign currency gains/(losses)	**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)**

NOTE 10

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.

January 1 – March 31	**2017**	2016
Basic earnings per share		
Net income attributable to equity holders of SCG (CHFk)	12,870	6,789
Weighted average number of shares outstanding	45,000,000	45,000,000
Basic earnings per share (in CHF)	**0.29**	**0.15**
Diluted earnings per share		
Net income attributable to equity holders of SCG (CHFk)	12,870	6,789
Weighted average number of shares outstanding	45,135,095	45,000,000
Diluted earnings per share (in CHF)	**0.29**	**0.15**

If the vesting conditions were fully met as of March 31, 2017, a maximum of 181,350 shares (December 31, 2016: 191,319) would have a dilutive effect.

NOTE 11

Equity

CHFk	**March 31, 2017**	December 31, 2016
Common shares	45,000	45,000
Share premium[1]	2,490,071	2,489,962
Other reserve	(776,143)	(776,143)
Accumulated deficit	(607,406)	(622,531)
Total equity	**1,151,522**	**1,136,288**

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

Share capital

As of March 31, 2017, the total number of authorized and issued ordinary shares comprised 45,000,000 shares with a nominal value of CHF 1 each. Holders of these shares are entitled to dividends and one vote per share at General Meetings of the Company.

Other reserve

The change in other reserve represents the difference in the 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 the 2015 financial report for more information.

Accumulated deficit

Actuarial gains and losses, net of taxes, the impact of the business restructuring, 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 11, 2017, the payment of an ordinary dividend from statutory reserves from capital contributions in the total amount of CHF 149.9 million (CHF 3.33 per share) in respect of the 2016 financial year was approved. The dividend payment was made on April 19, 2017.

NOTE 12 **Borrowings**

CHFk	Nominal value at inception	Capitalized debt issuance cost [1]	Debt repayments	**March 31, 2017**	December 31, 2016
Floating rate					
Term loan B – CHF[2]	1,360,000	(25,015)	–	1,334,985	1,333,709
Fixed rate					
Senior secured notes – CHF[3]	500,000	(5,123)	–	494,877	494,618
Total loans and notes	**1,860,000**	**(30,138)**	**-**	**1,829,862**	**1,828,327**
Other					
Debt relating to finance leases	–	–	(1,685)	15,149	16,833
Total borrowings				**1,845,011**	**1,845,160**
Thereof current				*7,423*	*7,597*
Thereof non-current				*1,837,588*	*1,837,563*

[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 is requested to perform covenant testing as of each half year date within the financial year of the Group. Nevertheless, the last covenant testing, performed as of March 31, 2017, 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.

Repricing and amendment of Senior Facilities Agreement

On December 30, 2016, Sunrise successfully closed on a repricing transaction for its credit facilities. As a result of this transaction, Sunrise achieved a margin reduction of 25 bps on its revolving credit facility and 50 bps on its term loan B facility. In addition to the repricing, the amendment of the senior facilities agreement includes an updated margin ratchet as well as an extension of maturity on the revolving credit facility to August 2021 and on the term loan B facility to February 2022. Other technical and legal amendments were also implemented. In connection with the repricing transaction the Group incurred transaction costs in the amount of CHF 8.0 million which are capitalized as debt issuance cost on the consolidated statement of financial position as of December 31, 2016.

NOTE 13

Fair value estimation

The fair value of current financial assets and liabilities at amortized cost is 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 calculate the fair value of 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, 2017 and the three-month period ending March 31, 2016.

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, 2017**	CARRYING AMOUNT (BY MEASUREMENT BASIS) Amortized cost	 **Total**	Comparison Fair value[1]
Financial assets			
Cash	242,106	242,106	
Trade and other receivables	415,125	415,125	
Financial liabilities			
Trade payables and other payables	(425,389)	(425,389)	
Loans and notes	(1,829,862)	(1,829,862)	(1,871,800)
Financial leases	(15,149)	(15,149)	
Other current liabilities	(1,475)	(1,475)	

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

CHFk December 31, 2016	CARRYING AMOUNT (BY MEASUREMENT BASIS) Amortized cost	 **Total**	Comparison Fair value[1]
Financial assets			
Cash	214,175	214,175	
Trade and other receivables	449,686	449,686	
Financial liabilities			
Trade payables and other payables	(481,632)	(481,632)	
Loans and notes	(1,828,327)	(1,828,327)	(1,869,500)
Financial leases	(16,833)	(16,833)	
Other current liabilities	(989)	(989)	

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

NOTE 14

Change in net working capital

CHFk January 1 – March 31	**2017**	2016
Change in inventories	(3,747)	(2,563)
Change in trade and other receivables	34,547	5,384
Change in trade and other payables	(13,510)	(34,521)
Change in other items, net	(31,406)	(32,208)
Total	**(14,116)**	**(63,908)**

Net working capital includes current assets and liabilities as well as non-current prepaid expenses, Freedom receivables and deferred income. Changes in trade and other payables related to the mobile license, and non-cash capital expenditures related to IRUs are excluded.

Compared to the same period in 2016, the change in net working capital for Q1 2017 showed an improvement of CHF 50 million. This is mainly due to a higher positive change in trade and other receivables of CHF 29 million, thereof CHF 17 million is due to a net cash outflow related to the factoring of handset receivables in Q1 2016. In December 2016 the Group decided to discontinue the use of the factoring facility for strategic and operational reasons and the remaining balances were settled. The remaining CHF 12 million improvement in change in trade and other receivables is mainly due to a higher decrease in device plan receivables in Q1 2017 compared to the same period in prior year.

NOTE 15

Assets/Liabilities held for sale

The management of Sunrise committed to a plan to sell a part of its passive tower infrastructure, which is held by the subsidiary "Swiss Towers AG". The Group has been engaged in sales negotiations with interested parties since March and expects to realize the sale within twelve months. Accordingly, non-current assets and associated liabilities were classified as held for sale as of March 31, 2017. Assets and liabilities classified as held for sale are measured at their carrying value and comprised the following assets and liabilities:

CHFk March 31	**2017**
Assets	
Property, plant and equipment	107,157
Current portion of prepaid expenses	6,921
Total assets held for sale	**114,078**
Liabilities	
Deferred tax liabilities	(126)
Non-current portion of provisions	50,052
Employee benefit obligations	600
Income tax payable	813
Current portion of deferred income	989
Total liabilities directly associated with the assets held for sale	**52,328**

No gains or losses from remeasurement of these items were recorded in the condensed consolidated interim statements of income.

NOTE 16

Other balance sheet items

Property, plant and equipment

During the three-month period ended March 31, 2017 the Group acquired assets of CHF 26.0 million (March 31, 2016: CHF 19.3 million). In the same period, the Group paid CHF 39.2 million (Q1 2016: CHF 41.3 million) of property, plant and equipment additions of which CHF 13.4 million related to assets acquired in 2016.

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.

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 3rd installment (due in January 2018) 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 now presented as current portion of trade and other payables as of March 31, 2017.

NOTE 17

Contractual commitments

The total contractual and purchase commitments as of March 31, 2017 amounted to CHF 100.2 million (December 31, 2016: CHF 92.9 million) consisting of future investments in property, plant and equipment and intangible assets.

NOTE 18

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.

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 19

Events after the balance sheet date

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

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To the Annual General Meeting of
Sunrise Communications Group AG, Zurich

Zurich, 9 May 2017

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 13 to 33) of Sunrise Communications Group AG for the three-month period from 1 January 2017 to 31 March 2017. 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

Willy Hofstetter	Tobias Meyer
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

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