

Sunrise

Sunrise Communications Group AG

**Investor Presentation –
March 2018**



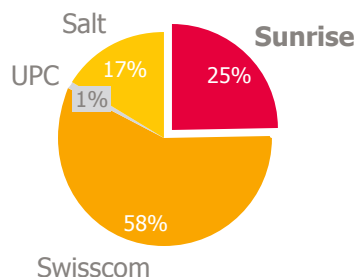
Sunrise – leading fully integrated challenger in Switzerland

Fully integrated Swiss telco provider

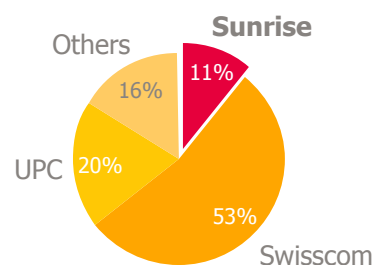
- Present in the affluent and **quality focused** Swiss market
- Diversified company set-up:
 - Fully integrated player benefiting from **cross-selling** and convergence opportunity
 - Serving **residential** (71% of revenue), **business**, and **wholesale** customers
 - Strong **multi-brand** portfolio
- Awarded own mobile network¹; landline wholesale access including co-investments
- Listed at SIX with around CHF 4.0bn market cap (75% free float) and CHF 5.2bn EV

Leading challenger

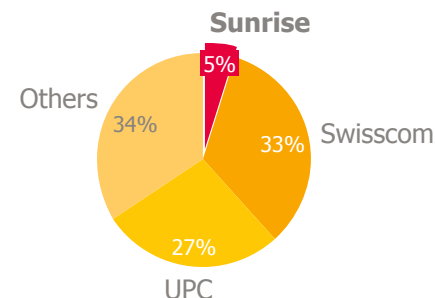
Mobile market share FY'17²



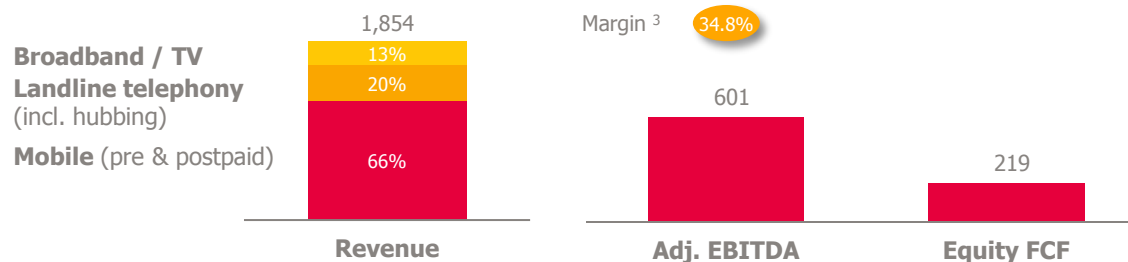
Broadband market share FY'17



TV market share FY'17



Key financials FY'17 (CHFm)



Sources: Company reporting, Swisscom, UPC, Salt, Suissedigital

Notes:

¹ The independent network tester "Connect" ranked Sunrise's mobile network number 1 in Switzerland and the DACH region in 2017 (Connect 1/2018)

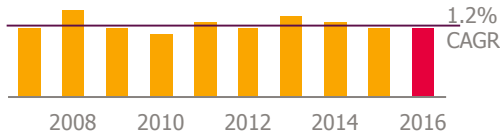
² Market share including prepaid customers based on the 12-month activity rule; Salt as of Q3'17

³ Based on revenues excluding hubbing

Present in quality focused Swiss market

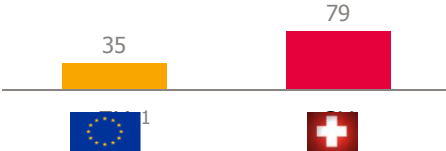
Attractive Swiss market environment

Steady population growth



Strong GDP per capita

Nominal GDP per capita (2016, USDk)



Favourable business environment

10y Govi yield ²



Ø corporate tax rate ³



Sources: PWC, KPMG, Bloomberg, Swiss Federal Statistical Office, OECD.Stat, Company data

Notes:

1 Represents Euro area

2 Average of 10-year gov yields (11 EU members) as of 21 Nov 2017

3 Corporate tax rates as of 2017 (Switzerland) and 2016 (EU)

4 Based on ComCom FY16 annual report and Strategy Analytics, UK (Teligen price benchmarking); including a defined amount of voice and data and focusing on the cheapest products marketed by the largest operators in a country

5 Based on PWC "mobile network cost study" September 2013; CH indexed to 100; on a per capita base

6 Based on OECD.Stat, not adjusted for PPP; 2016

Healthy frame conditions

Customers focusing on quality

Limited space for new entrants

- 3 mobile MNO-player market
- Available mobile spectrum secured until 2028; incremental 5G spectrum to be allocated in H2 2018

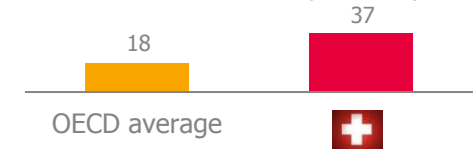
Ex-post regulation

- Intervention by the regulator only if industry negotiations fail
- Partial revision of telecommunication act ongoing with final implementation of law earliest expected in 2019 or beyond

Above Ø tariff prices related to above Ø costs

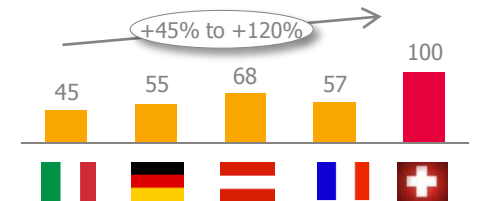
Above average mobile tariff prices

Mobile basket voice and data ⁴ (2016, EUR)

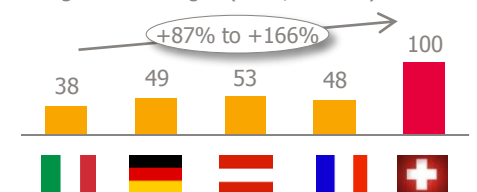


Above average costs

Costs to construct, operate and maintain a mobile network infrastructure (2012, indexed) ⁵



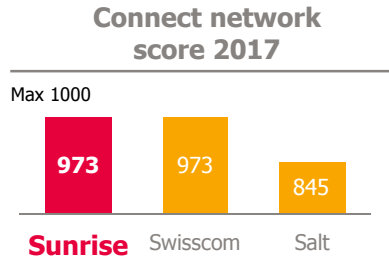
Average annual wages (2016, indexed) ⁶



Sunrise strategic priorities



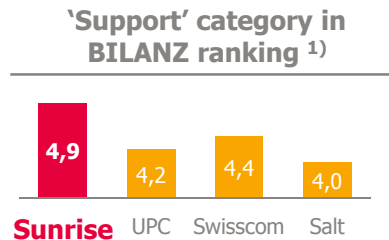
Network quality



- Outstanding mobile network with leading **dropped call ratios**, 44 Mbit/s average experienced **download speed**, **VoLTE** launched, and 99.9%/95.0% **LTE** population/geographic coverage
- Landline access to speeds up to 1000 Mbit/s; wholesale/upfront investment model with incumbent and local utilities



Customer interface



- **No. 1** of 'big providers' in BILANZ residential category '**Support**' ¹⁾
- **NPS** strongly up since introduction in 2013
- **Refurbishment** of shops ongoing: improve locations and refresh appearance



Innovative converged products



- Successful launch of converged tariff '**Sunrise ONE**' in 2017, driving new customer gains and cross selling
- Increased focus on marketing and on communicating improved quality via **brand ambassador RF**, making Sunrise credible and authentic
- Leverage improving perception into **B2B**

¹⁾ Source: BILANZ 09 2017; referring to residential results; average rating across Mobile Telephony, TV, and Internet Service Provider except for Salt which is Mobile Telephony only

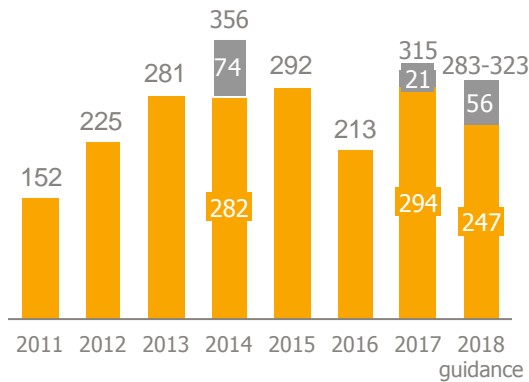
Emerged with leading mobile network quality

Network investment ramp-up

Capex/revenue ¹⁾



Capex (CHFm) ¹⁾



■ Landline upfront investment

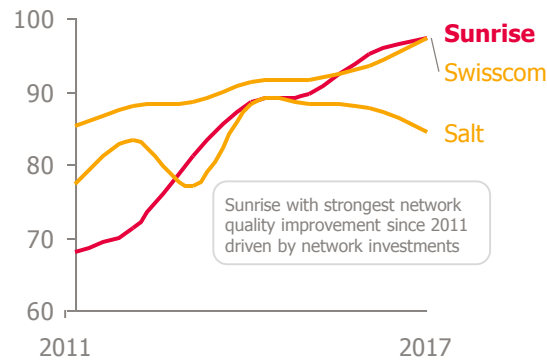
Achieved best network quality

Connect score reached in 2017



Connect score 2011-2017

% reached of max

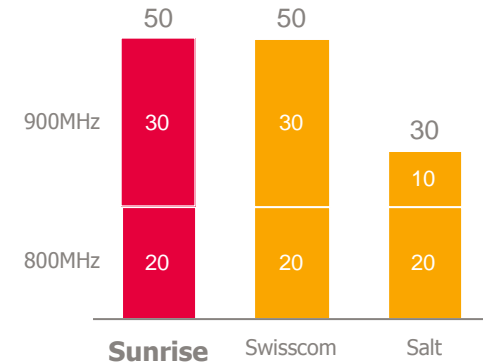


Strong spectrum position (160MHz)

Sub 1GHz spectrum per million mobile subscriber ²⁾



Sub 1GHz spectrum allocation in CH ²⁾



Sources: Company reporting, connect.de









Notes:

1 Excl. CHF 482m spectrum investments phased-in over 2012 (CHF 289m), 2015 and 2016

2 Paired spectrum; Salt subscribers as of Q3'17; prepaid subscribers counted with 12 month rule

Diversified landline access across various speeds

Sunrise landline access

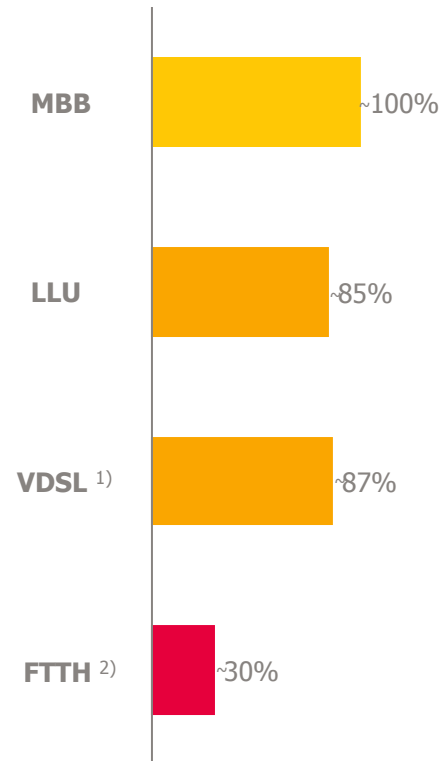
MBB 	<ul style="list-style-type: none"> • Own mobile network can be used for Mobile Broadband (MBB); 5G roll out to push use of MBB
Copper/xDSL  	<ul style="list-style-type: none"> • Own LLU with above 600 PoPs • Access deal with Swisscom for xDSL
FTTH     	<ul style="list-style-type: none"> • Access deal with Swisscom • Long-term access agreements with utilities SFN, EWZ, SIG and IWB

Download speed

Mbit/s



Swiss household coverage



Sources: Company reporting, Swisscom, Swiss federal statistic department

Notes:

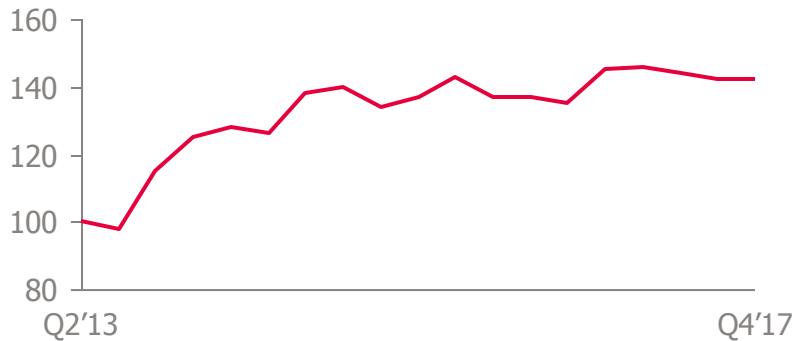
1 Including FTTH, FTTS/C-Vectoring, FTTC, and FTTS G.fast (allowing for speeds up to 500 Mbit/s); taking into account primary households and businesses; Swisscom xDSL with c.a. 98% coverage

2 Representing fibre, based on Swisscom Q3'17 reporting; the fibre network is typically co-built between Swisscom and local utilities in Switzerland

Customer focused investments are paying off

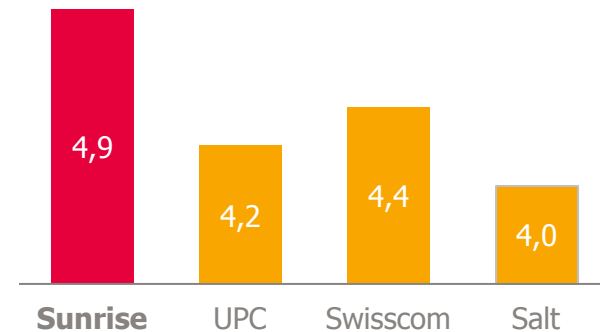
Net promoter score (NPS) ¹⁾

Q2'13 rebased to 100



- **Introduction** of Net Promoter Score in **2013** with closed loop feedback process led to strong improvements

BILANZ ranking 2017: Category "Support" ²⁾



- **Nr. 1** of 'big providers' in residential category '**Support**'
- 9k telecom user participated in independent annual survey published by magazine BILANZ

¹⁾ NPS based on touch points (e.g. shops and call centers)

²⁾ Source: BILANZ 09 2017; Referring to residential results; average rating across Mobile Telephony, TV, and Internet Service Provider except for Salt which is Mobile Telephony only

Well positioned with multi-brand set-up

Follow multi-brand strategy

Sunrise

- Differentiate **Sunrise brand** as the premium challenger through outstanding quality and brand experience, customer service, as well as relevant and innovative convergent offerings at a non-monopolistic price

yallo

- Use **multi-brand** approach to compete in Budget segments

ortel
MOBILE

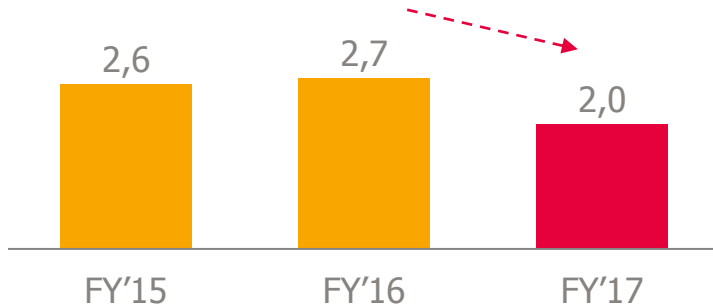
- Further increase awareness for Sunrise **B2B** and provide simple and relevant solutions based on business customer needs

Lebara mobile

- Increase awareness of the Sunrise brand via brand ambassador Roger Federer
- Follow a segmented go to market approach by utilizing multi brands
- Focus on growth within mobile postpaid, internet and TV as well as B2B

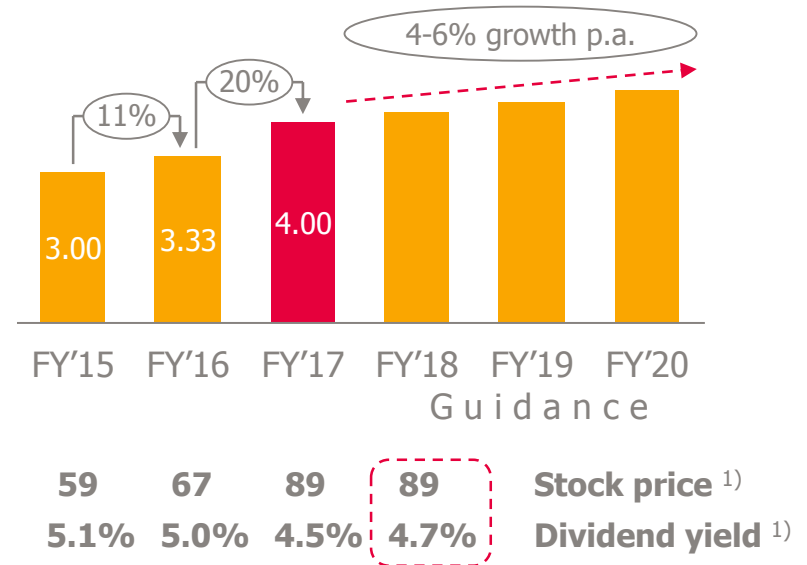
Progressive dividends supported by improved leverage

Improved leverage ratio



- **Improved leverage ratio** supported by tower disposal and own eFCF generation

Progressive dividends per share



¹⁾ Based on year end stock price; 2018 based on closing of 1 March 2018 and on mid-range of 4.15-4.25 dividend guidance

Financial outlook 2018

Stable revenue

- Cont'd customer momentum in mobile postpaid, internet, and TV driven by Sunrise ONE, 'connect' test win, and B2B recovery; supporting service revenue development
- Revenues of low-margin hardware and hubbing to remain volatile

adj. EBITDA slightly up (tower adj)

- Use potential gross profit upside and cost savings for growth investments, while maintaining cost control
- Tower disposal impact weighing on Jan-Jul Opex with around CHF 20m YoY, as previously communicated

Near-term cash flow volatility

- Landline upfront investments weighing short-term on Capex and benefiting gross profit long-term
- Spectrum auction expected in H2'18: not included in Capex guidance and will not impact dividends
- Near-term cash flow volatility supported by reduced leverage

Guidance 2018

	CHFm
Revenue	1,830 – 1,870
Adj. EBITDA ¹⁾	580 – 595
Capex ²⁾	Reported 283 – 323
	Excl. upfront investm. ³⁾ 227 – 267

Dividends 2018-20: 4-6% dividend growth p.a.

- Upon meeting guidance a dividend of CHF 4.15-4.25 per share is expected to be proposed to the AGM

Confirm long-term dividend policy: at least 65% of eFCF dividend pay-out; targeting 85% if net debt/adj. EBITDA is below 2.0x

¹⁾ When compared to 2017, CHF 20m should be added to take into account the additional Opex related to the deconsolidation of Swiss Towers as of August 2017: pro forma 2018 adj. EBITDA of CHF600-615m

²⁾ Excludes potential spectrum payments and potential renewal of Swisscom access deal

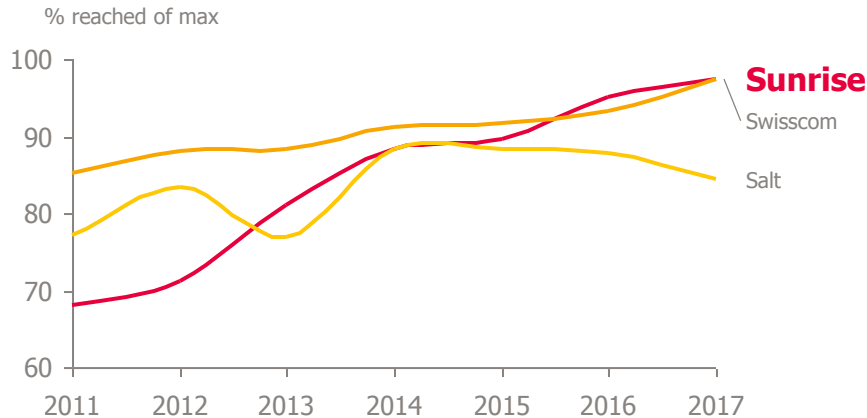
³⁾ Excludes upfront investments for fibre access at SFN, IWB and SIG

Appendix



Leading connect network test 2017

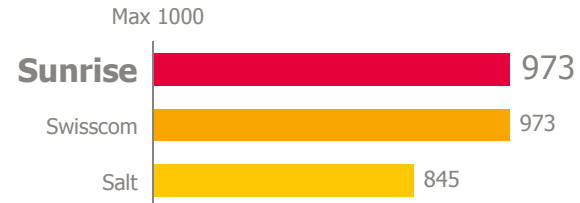
Strongest improvement since 2011



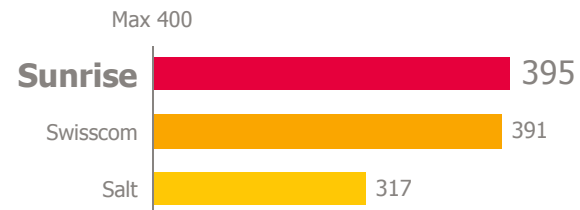
- **Sunrise** maintains best mobile network quality in Switzerland and DACH region
- Investments in network quality are paying off; 973 points reached – highest score ever measured by connect
- 43% **improvement** since 2011 supported by continuous focus on quality and relevant innovations
- Connect ¹⁾ represents independent mobile network tester

¹⁾ Source: Connect 1/2018; www.connect.de

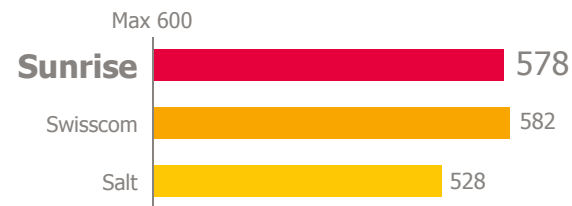
Total Connect score 2017



Mobile Voice sub category



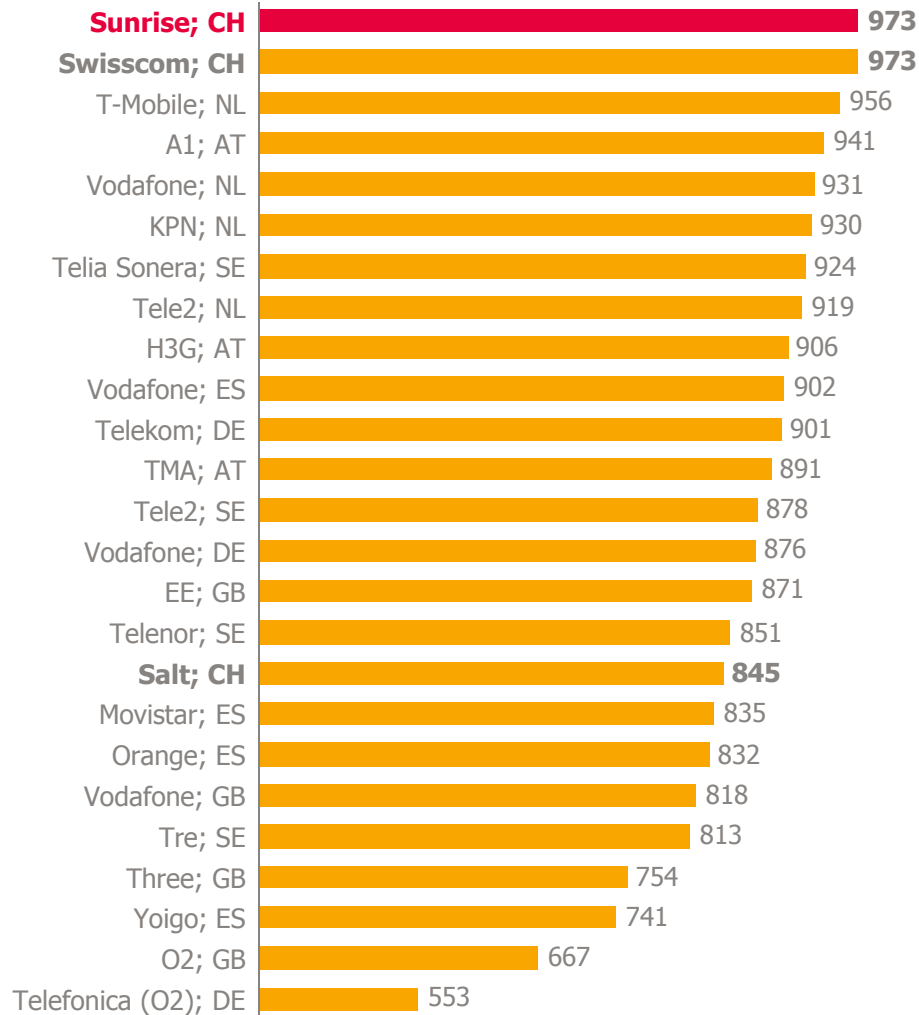
Mobile Data sub category



Sunrise with leading mobile network quality in Europe

Mobile network quality across EU countries in 2017 ¹⁾

Max 1000 Pt.



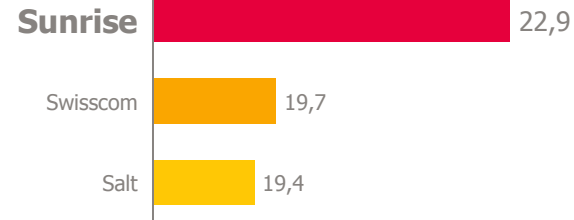
Leading BILANZ telecom ranking 2017 (1/2)



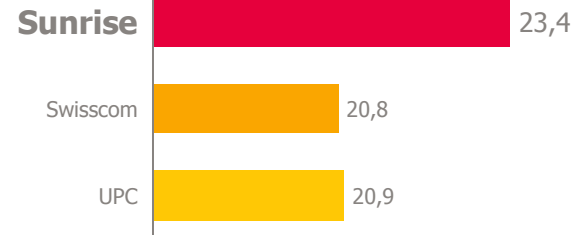
- Sunrise again with **best results** of «big providers» in residential market
- **9k telecom users participated** in independent annual survey published by magazine BILANZ
- Result **confirms strategic priorities** of Sunrise: network quality, customer interaction, innovative converged products

Mobile ¹⁾

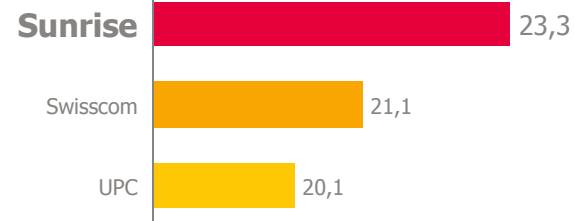
Points reached (max 30)



Internet ¹⁾



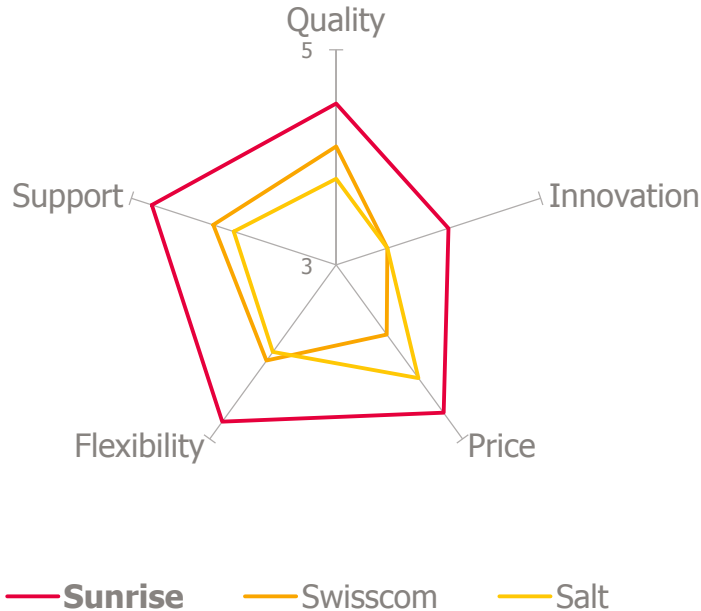
TV ¹⁾



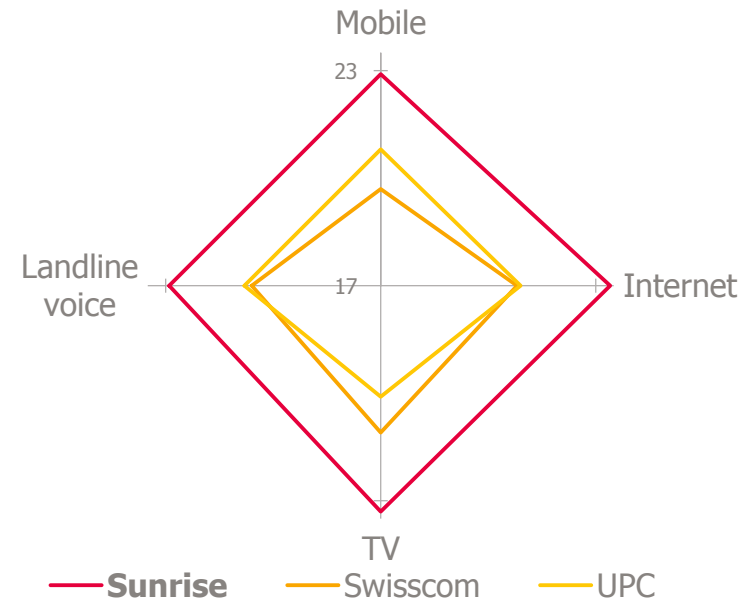
¹⁾ Residential results; Source: BILANZ 09 2017

Leading BILANZ telecom ranking 2017 (2/2)

Mobile experience



Full service experience (4P)



- Rated were **quality, innovation, price, flexibility** and **support** on a scale from 1-lowest and 6-highest
- Sunrise leading both the mobile and 4P experience ¹⁾

¹⁾ Source: BILANZ 09 2017

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