

Media release

Zurich, November 8, 2018; 6:45 a.m. CET

Customer and gross profit growth continued in Q3

- **Strong customer growth in mobile postpaid (+7.9% YoY), internet (+9.4% YoY) and TV (+17.2% YoY), driven by growth investment in network, service and products**
- **Revenue increase of +1.9% in Q3, with customer momentum driving service revenue growth**
- **Gross profit growth of +1.4%; gross profit improvement partly reinvested into growth momentum**
- **Adj. EBITDA up +1.3% when adjusting for tower disposal (incl. IFRS 15: +1.8%)**
- **FY'18 guidance confirmed**

Revenue (CHF m)	Q3'17 excl. IFRS 15	Q3'18 incl. IFRS 15	Q3'18 excl. IFRS 15	YoY incl. IFRS 15	YoY excl. IFRS 15
Mobile services	309	321	321	3.9%	4.0%
Landline services	89	77	77	(13.7%)	(13.7%)
Landline internet	63	72	71	14.3%	13.6%
Total revenue	460	469	469	1.9%	1.9%
Service revenue (total excl. hubbing & hardware)	380	385	386	1.3%	1.4%
Gross profit	306	310	311	1.2%	1.4%
EBITDA	154	154	154	0.2%	(0.3%)
Adjusted EBITDA	158	158	157	0.0%	(0.6%)
Tower adjusted				1.8%	1.3%
Net income	442	32		(92.9%)	
Excl. gain on tower disposal	22	32		42.5%	
Equity free cash flow	100	58		(41.8%)	
Customers (in k)					
Mobile Postpaid	1,563	1,686		7.9%	
Mobile Prepaid	796	677		(14.9%)	
Landline Voice	435	460		5.9%	
Internet	410	449		9.4%	
TV	201	236		17.2%	

Olaf Swantee, CEO of Sunrise, comments: "Q3 results continue to show underlying EBITDA growth, supported by improved B2B financials and our appealing propositions for mobile and landline customers. This solid performance and our strong score in the BILANZ telecom ranking reconfirm our strategy to be Switzerland's quality challenger."

Growing customer base in Q3

Momentum in subscriber additions continued, with Sunrise achieving 31,000 postpaid net adds in Q3'18. These include 23,200 primary SIM net adds, which represents Sunrise's strongest performance since 2012. B2B customer wins (Q3: Canton Luzern, Edelweiss Air) and a strategic focus on quality across network, service and products enabled this development. YoY, Sunrise added +7.9% net new mobile postpaid customers, up from +7.7% in the previous quarter. The mobile prepaid customer base decreased YoY as customers continue to migrate to postpaid tariffs. Q3 internet subscribers rose by +9.4% YoY to 448,700, while TV subscribers grew by +17.2% YoY to 235,500. These substantial increases were supported by the converged 'Sunrise ONE' tariff, improved TV content (e.g. 'Sky Show'), focus on service excellence, and dedicated promotions.

Service revenue growth driven by postpaid, internet/TV and B2B

Total revenue increased by +1.9% (incl. IFRS 15 +1.9%) YoY to CHF 469m, driven by hardware and service revenue. The latter increased by +1.4% YoY as a result of mobile postpaid, internet / TV and B2B revenue growth. Roaming summer promotions led to a slowdown in service revenue growth, compared to +2.9% YoY in our previous quarter, as indicated at Q2 results in August.

Q3 adj. EBITDA up 1.3% (excl. tower)

Gross profit rose by +1.4% YoY to CHF 311m, driven by service revenue. Adjusted EBITDA fell -0.6% (incl. IFRS 15 0.0%) to CHF 157m, due to higher network service fees after the tower disposal in August 2017. Excluding this impact, adjusted EBITDA would have increased by +1.3%, with gross profit improvements partially reinvested into growth momentum (adjusted Opex +1.5% YoY). Attractive roaming summer promotions reduced the quarter's adjusted EBITDA growth rate, compared to +2.8% YoY in Q2 (tower adjusted). Net income improved from CHF 22m to CHF 32m YoY, adjusted for last year's tower disposal gain.

Leverage ratio of 2.08x

Equity free cash flow was impacted by a different Capex seasonality than last year. Additionally net working capital was negatively affected by higher handset prices. As a result, equity free cash flow decreased from CHF 100m last year to CHF 58m in Q3'18, in line with company expectations. Net debt saw an improvement in Q3, to CHF 1,239m vs. CHF 1,297m in Q2 - driven by equity free cash flow. Net debt to adj. EBITDA ratio improved from 2.19x at Q2'18 to 2.08x at Q3'18.

FY'18 guidance confirmed

FY'18 revenue and adj. EBITDA continue to be expected between CHF 1,830-1,870m and CHF 595-605m, respectively. FY'18 Capex is reiterated in the range of CHF 283-323m. Upon meeting its FY'18 guidance, Sunrise expects to propose a dividend in the range of CHF 4.15-4.25 per share for FY'18, paid out of capital contribution reserves in FY'19.

Complementary 9m'18 results table

Revenue (CHF m)	9m'17 <i>excl. IFRS 15</i>	9m'18 <i>incl. IFRS 15</i>	9m'18 <i>excl. IFRS 15</i>	YoY <i>incl. IFRS 15</i>	YoY <i>excl. IFRS 15</i>
Mobile services	890	938	938	5.3%	5.4%
Landline services	275	245	245	(11.0%)	(10.9%)
Landline internet	180	208	207	15.7%	15.4%
Total revenue	1,345	1,390	1,390	3.4%	3.4%
Service revenue (total excl. hubbing & hardware)	1,097	1,121	1,123	2.2%	2.4%
Gross profit	890	907	910	1.8%	2.1%
EBITDA	444	439	434	(1.3%)	(2.4%)
Adjusted EBITDA	453	448	443	(1.2%)	(2.3%)
Tower adjusted				3.3%	2.2%
Net income	481	72		(85.0%)	
Excl. gain on tower disposal	62	72		17.1%	
Equity free cash flow	210	92		(56.3%)	

Please see www.sunrise.ch/reports for the IFRS report, the investor presentation, and further information.

Sunrise Communications Group AG

Corporate Communications

media@sunrise.net

www.sunrise.ch

Phone: 0800 333 000

Outside of Switzerland: +41 58 777 76 66

SRCG / Valor 026729122

Disclaimer

The information contained in this media release has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, reasonableness or correctness of the information or opinions contained herein. None of Sunrise Communications Group AG, its subsidiaries or any of their respective employees, advisers, representatives or affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this media release. The information contained in this media release is provided as at the date of this media release and is subject to change without notice.

Statements made in this media release may include forward-looking statements. These statements may be identified by the fact that they use words such as "anticipate", "estimate", "should", "expect", "guidance", "project", "intend", "plan", "believe", and/or other words and terms of similar meaning in connection with, among other things, any discussion of results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. Such statements are based on management's current intentions, expectations or beliefs and involve inherent risks, assumptions and uncertainties, including factors that could delay, divert or change any of them. Forward-looking statements contained in this media release regarding trends or current activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes, results and other future events may differ materially from those expressed or implied by the statements contained herein. Such differences may adversely affect the outcome and financial effects of the plans and events described herein and may result from, among other things, changes in economic, business, competitive, technological, strategic or regulatory factors and other factors affecting the business and operations of the company. Neither Sunrise Communications Group AG nor any of its affiliates is under any obligation, and each such entity expressly disclaims any such obligation, to update, revise or amend any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this media release.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full-year results.