Update on acquisition of UPC Switzerland

Update on capital structure

30 September 2019

Sunrise

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New Sunrise – creating the leading fully-integrated Swiss telecommunications challenger

1 **Converged customer base with scale**	✓ Creates the leading **fully-integrated nationwide challenger** – a stronger and more valuable Sunrise ✓ New Sunrise will **more than double Sunrise's current customer base**: 3.0 million mobile (~27% share)[1], 1.2 million broadband (~30% share) and 1.3 million TV (~31% share) customers
2 **Two highly complementary companies**	✓ **Sunrise's best-in-class mobile network** with strong brand and distribution network ✓ **UPC's state-of-the-art high-speed broadband network** combined with its industry-leading TV and entertainment platform ✓ Combines Sunrise's nationwide sales footprint and B2B growth with UPC's established B2B market position
3 **Switzerland's best high-speed broadband infrastructure**	✓ Creates a high-quality integrated nationwide telecommunications network – **superior next-generation infrastructure that is unique in Switzerland** ✓ Combines Sunrise's world-class 4G/5G spectrum assets and fiber partnerships with UPC's high-speed fiber optic network ✓ Potential to provide **90% of Swiss households[2] with broadband Internet speeds of up to 1 Gbit/s by 2021**
4 **Synergies and market share opportunity**	✓ **Significant expected cost, capex and revenue synergies** resulting from the acquisition, with a **NPV of ~CHF3.1bn** (after integration costs) ✓ **Sunrise shareholders retain in excess of 60% of expected synergies** ✓ Winning new customers and market share through a combination of attractive offerings coupled with Sunrise quality standards
5 **Significant and demonstrable value creation for shareholders**	✓ Expected to be **significantly equity FCF / share accretive from year 1** (before integration costs and including run-rate synergies) ✓ Returns from the acquisition of UPC Switzerland are expected to exceed the weighted average cost of capital of UPC Switzerland by year 3 ✓ **Favourable multiples** relative to precedent convergence transactions, **even more so when considering low Swiss interest and tax rates**

1) Customer market share; including prepaid customers based on the 12-month activity rule; excluding MVNOs
2) Number of households excluding vacation homes

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Update on acquisition of UPC Switzerland

1. Management roadshow in September with strong support on the strategic, industrial logic and the significant value creation from clearly identified in-market synergies
2. Approval from the Swiss Competition Commission (WEKO) received on 26 September 2019 without any conditions
3. Significantly reduced rights issue size by CHF1.3bn to CHF2.8bn, broadly doubling equity FCF per share accretion compared to originally announced transaction structure
4. Reduced rights issue size results in an LTM Jun-19 leverage of 3.6x post run-rate cost synergies[1]. Sunrise is committed to maintaining a prudent capital structure with a clear de-leveraging path
5. FY'19 dividend amount in the range of CHF350-370m based on the higher number of shares expected to be outstanding post the rights issue. Sunrise expects to maintain a progressive policy, with a 4-6% annual DPS growth thereafter, and will introduce a cash-or-title-option ("COTO")
6. Sunrise published the invitation to the EGM on 30 September 2019 and hold the EGM on 23 October 2019

[1] 4.2x reported leverage LTM Jun-19, excluding synergies; IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x

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Significant cost, capex and revenue synergies

Synergies NPV of ~CHF3.1bn – Sunrise shareholders retain >60%

	Announcement Feb 2019		Upward revision Aug 19
Cost & Capex synergy NPV	~CHF2.4bn	+0.3bn	~CHF2.7bn
Total synergy NPV	~CHF2.8bn	+0.3bn	~CHF3.1bn
Integration cost	~CHF140-150m		~CHF230-250m (Includes incremental ~CHF30m one-off costs to integrate headquarters and ~CHF30m related to TSA)
Run-rate timing	• Cost & Capex by FY'22 • Revenue by FY'23		• Higher Cost, Capex and Revenue synergies by FY'22 • Additional upside achieved by FY'23

Revised funding mix – CHF2.8bn rights issue

CHF1.3bn reduction in rights issue size, with higher leverage supported by higher synergies and lower blended WACD[1)]

CHFbn

Sources	Feb-19	Revised
Rights Issue	4.1 →	2.8
UPC Switzerland net debt contributed[2)]	3.6	3.6
Cash on balance sheet	0.0	0.1
Total	**7.6**	**6.4**

Uses	Feb-19	Revised
Cash payment to LGI	2.7	2.7
UPC Switzerland net debt contributed[2)]	3.6	3.6
Enterprise Value	**6.3**	**6.3**
Sunrise debt paydown / (debt raised)	1.1 →	(0.1)
Transaction costs	0.2	0.2
Total	**7.6**	**6.4**
WACD[1)]	~3.6% →	~3.2%

[1)] Weighted Average Cost of Debt
[2)] Relating to the outstanding senior secured notes issued by UPCB Finance IV Limited and UPCB Finance VII Limited and other debt-like items; net debt includes lease obligations

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Dividend guidance and policy

CHF350-370m FY'19 total dividend and continued progressive dividend policy

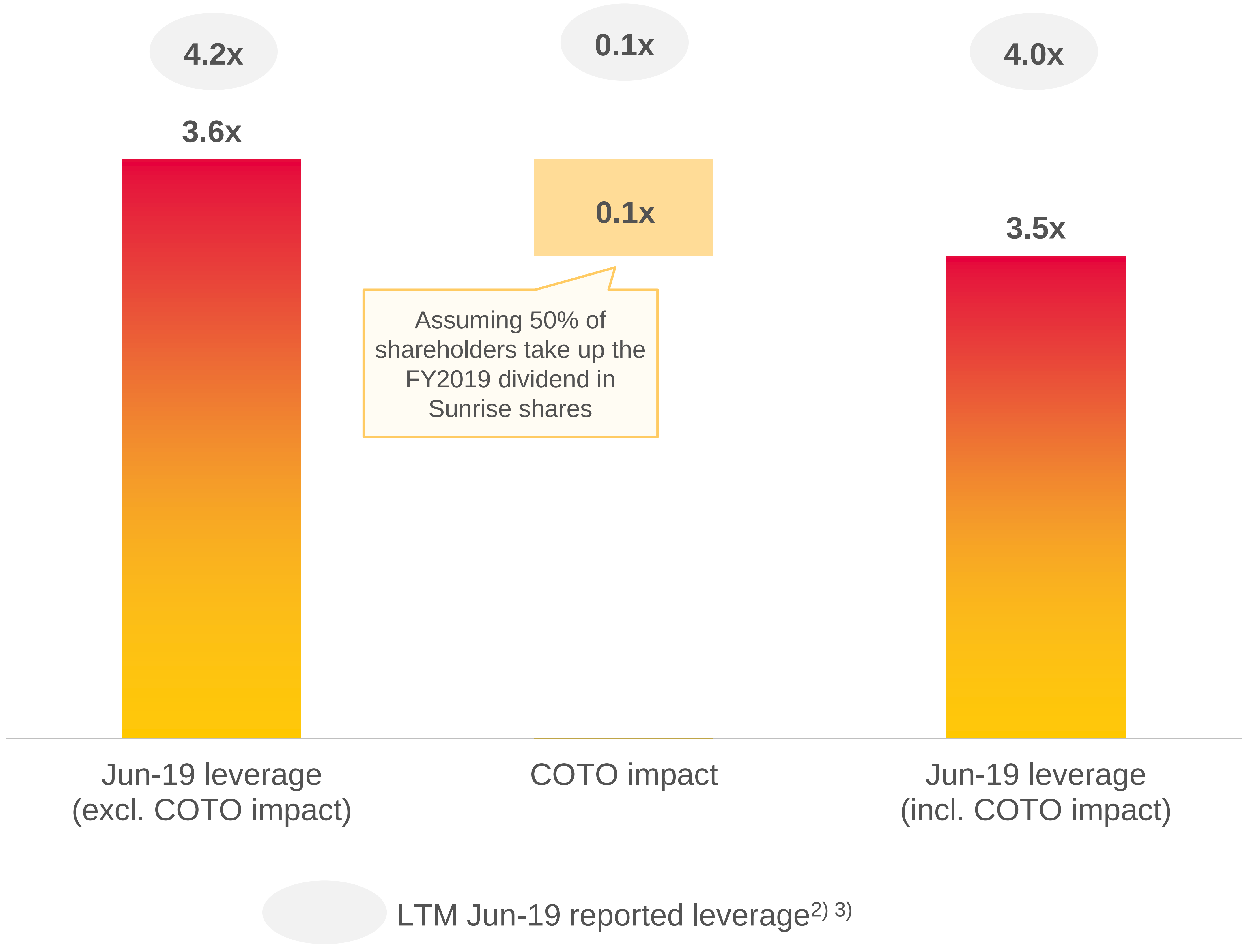
1. **FY'19 dividend amount in the range of CHF350-370m based on the higher number of shares expected to be outstanding post the rights issue**
2. **At the 2020 AGM, Sunrise shareholders will be given a choice to receive the FY'19 dividend in cash, in newly issued Sunrise shares, or as a combination thereof through a cash-or-title-option ("COTO") mechanism**
3. **COTO for the FY'19 dividend allows shareholders to avoid the recycling of proceeds from the capital increase and participate in Sunrise's future growth at favourable terms, while Sunrise can accelerate its deleveraging profile. Subject to annual approval by the shareholders at the AGM, Sunrise will consider application of the COTO in future years**
4. **Sunrise expects to maintain a progressive dividend policy post-transaction, with a 4-6% annual DPS growth post the FY'19 dividend**

Sunrise

~3.6x[1] Jun-19 leverage post run-rate cost synergies

Reported leverage below 3.0x post achieving run-rate synergies, thereafter targeting below 2.5x

LTM Jun-19 leverage post run-rate cost synergies[1) 2) 3)]



Medium-to-long term reported leverage[2)]

< 3.0x	< 2.5x
Post achieving run-rate synergies	Target

Clear de-leveraging path, supported by the synergies and strong cash flow generation of the combined business

[1)] Based on run-rate cost synergies of ~CHF190m and combined LTM adj. EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)
[2)] IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x
[3)] Based on combined LTM adj. EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)

Key dates and next steps

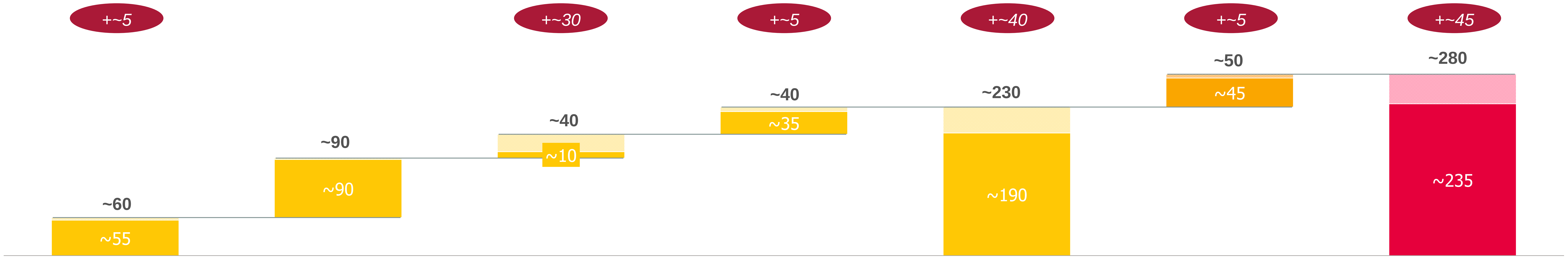
Date	Milestone
30 September 2019	Publication of EGM invitation on the website of Sunrise
30 September 2019	Publication of Shareholder Information Document
1 October 2019	Publication of EGM invitation in official gazette *(Schweizer Handelsamtsblatt)*
2 October 2019	Dispatch of EGM invitation to shareholders by mail
23 October 2019	EGM
24 October 2019	Publication of rights issue prospectus
29 October 2019	Cut-off date for determination entitlement to subscription rights
30 October 2019	Beginning of rights trading and rights exercise period
5 November 2019	End of rights trading period (17:30 CET)
7 November 2019	End of rights exercise period (12:00 CET)
11 November 2019	First trading day of newly issued shares
End of November 2019	Transaction expected to close

Appendix

Sunrise

Substantial and actionable synergies with NPV of CHF 3.1bn

Run-rate synergy estimates (CHFm)



	COGS	SG&A	Other Opex	Capex	Cost & Capex	Revenue	Total
Initial estimate	• Fixed network access cost savings • MVNO savings • Savings on content, interconnect and roaming costs	• Removing duplicated functions • Marketing • Integrate IT systems • Customer care and relation costs • Sales & distribution rationalization	• Central allocations saving (TSA): mobile central cost, product and development	• IT & network rationalization • Procurement optimization • Fixed access network investments		• B2C cross-sell • Leverage other B2C opportunity	
Additional identified	• Further fixed access network cost savings • Savings on UPC roaming charges based on Sunrise rates		• Further savings on TSA costs: migration of UPC IT systems and platforms to Sunrise	• Savings on IT systems and further rationalizations		• Additional B2B opportunities, especially in Enterprise segment	

Prior synergies   Revised synergies   Delta vs original case (CHFm)

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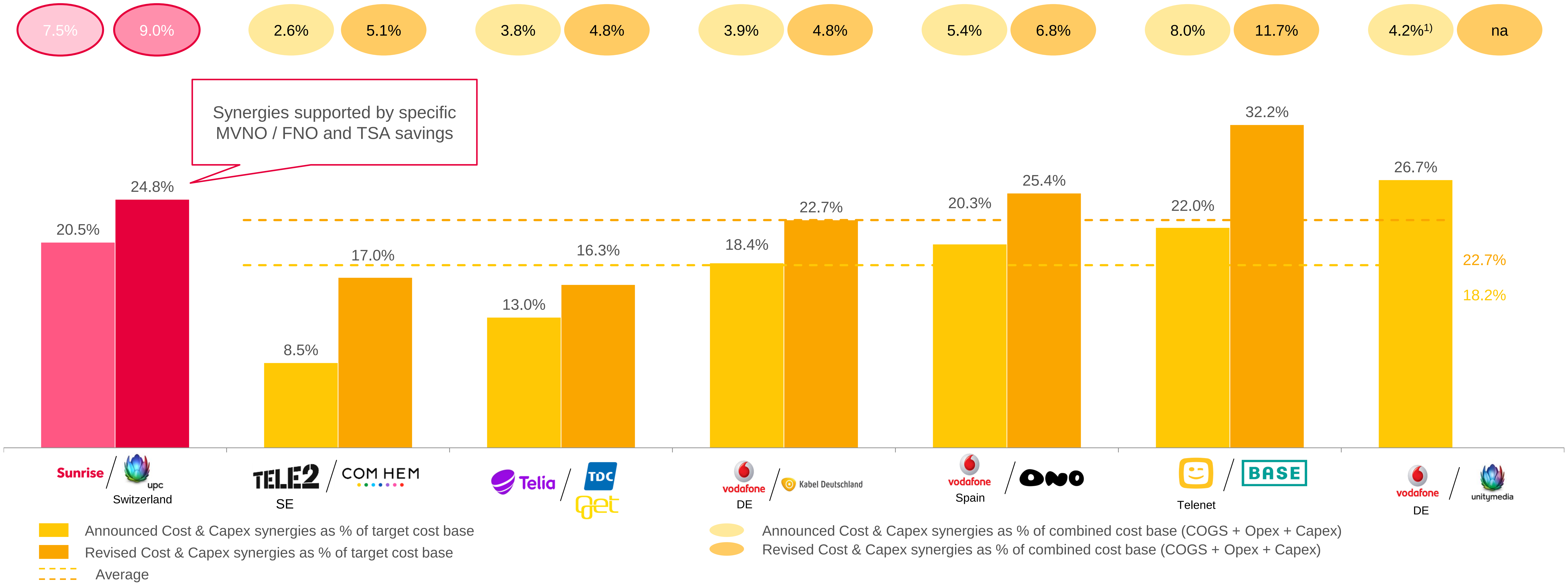
Synergies supported by industry benchmarks

UPC Switzerland MVNO and TSA charges plus Sunrise fixed access costs underpin saving opportunity

Cost & Capex synergies as % of combined cost base (COGS + Opex + Capex)



1) Vodafone DE figures calendarized to Dec-17 for comparability with Unitymedia. Synergies, costs and capex generated outside of the German perimeter are excluded

Source: Company information

Attractive valuation compared to precedents

Favourable multiples relative to precedent convergence transactions even when based on trough FY'19 financials and more so when considering low Swiss interest and tax rates

EV / EBITDA[1] – UPC Switzerland

EV / OpFCF[1] – UPC Switzerland

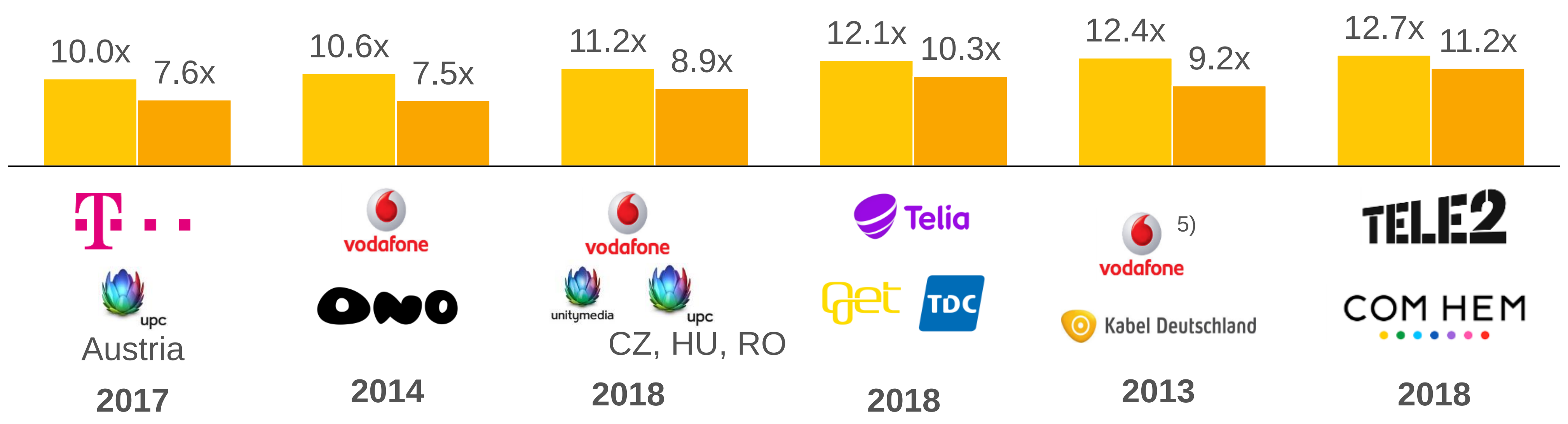
Pre expected synergies | Post expected synergies[6] | Post expected synergies/CH-adjusted[9]

LTM EV / EBITDA[1] - Precedents

25% | 30% | 28%[2] | 23% | 30% | 22%

Average (pre synergies): 11.5x

Average (post synergies): 9.1x

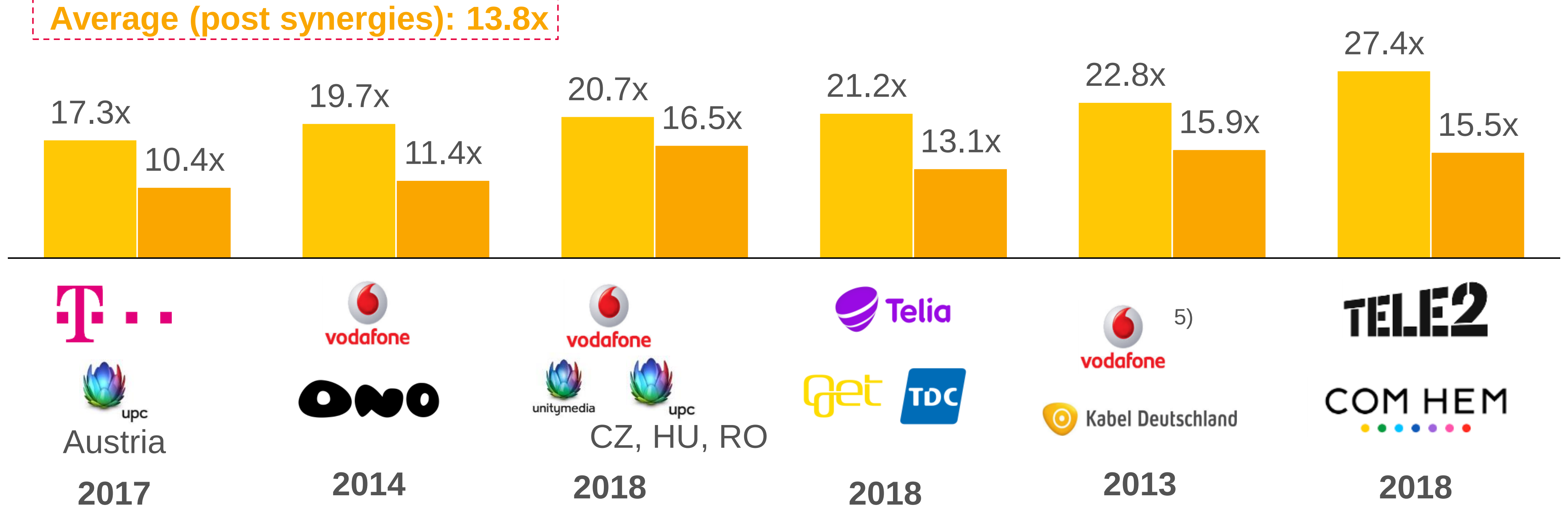


LTM EV / OpFCF[1] - Precedents

3.3% | 0.6% | 0.8% | 0.8% | 1.7% | 1.7%

Average (pre synergies): 21.5x

Average (post synergies): 13.8x



Pre expected synergies | Post expected synergies[6]

Tax rate[7] | Interest rate[8]

1) Based on publicly announced figures for last twelve months prior to announcement of transaction
2) Blended tax rate of Germany, Hungary, Romania and Czech Republic, weighted on respective EBITDA
3) Assuming SEK450m of Opex and Capex synergies split into 83% Opex and 17% Capex as per allocation from other precedent transactions
4) Assuming announced run-rate opex & capex synergies of EUR300m to be fully allocated to opex synergies
5) Based on fiscal year-end number as per Mar-13
6) Post run-rate opex synergies for EV / EBITDA and cost & capex synergies for EV / OpFCF, excluding revenues synergies and integration costs
7) As per KPMG annual tax survey for the respective countries and year of announcement
8) Based on prevailing local 10y government bond yields for the respective countries of the target at the time of announcement
9) Assuming 2x premium on EV/EBITDA and 3x premium on EV/OpFCF (based on Sunrise and Swisscom average vs WE PTT average including Proximus, DT, KPN, Orange, Telekom Italia and Telefonica)

Source: Company filings and public announcements

Sunrise

Overview of combined capital structure (1/2)

CHFbn	Feb-19		Revised	
	Amount	**Pro forma leverage[1]**	**Amount**	**Pro forma leverage[1]**
UPC Switzerland net debt contributed	3.5	2.9x	3.5	2.9x
Sunrise Term Loan B ("TLB")	0.5	0.4x	1.4	1.2x
Incremental Sunrise Term Loan B ("TLB")	-	-	0.3	0.2x
Sunrise CHF notes	-	-	-	-
Total gross debt	**4.0**	**3.3x**	**5.2**	**4.3x**
Lease obligation[2]	0.0	0.0x	0.0	0.0x
Cash	(0.2)	(0.1x)	(0.2)	(0.1x)
Transaction net debt	**3.9**	**3.2x[3]**	**5.1**	**4.2x[3]**

2.8x incl. 100% of run-rate cost synergies[3]

3.6x incl. 100% of run-rate cost synergies and excluding any COTO benefit[3]

[1] Based on combined LTM EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)
[2] Including both Sunrise and UPC Switzerland lease obligations (excluding IFRS 16)
[3] IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x

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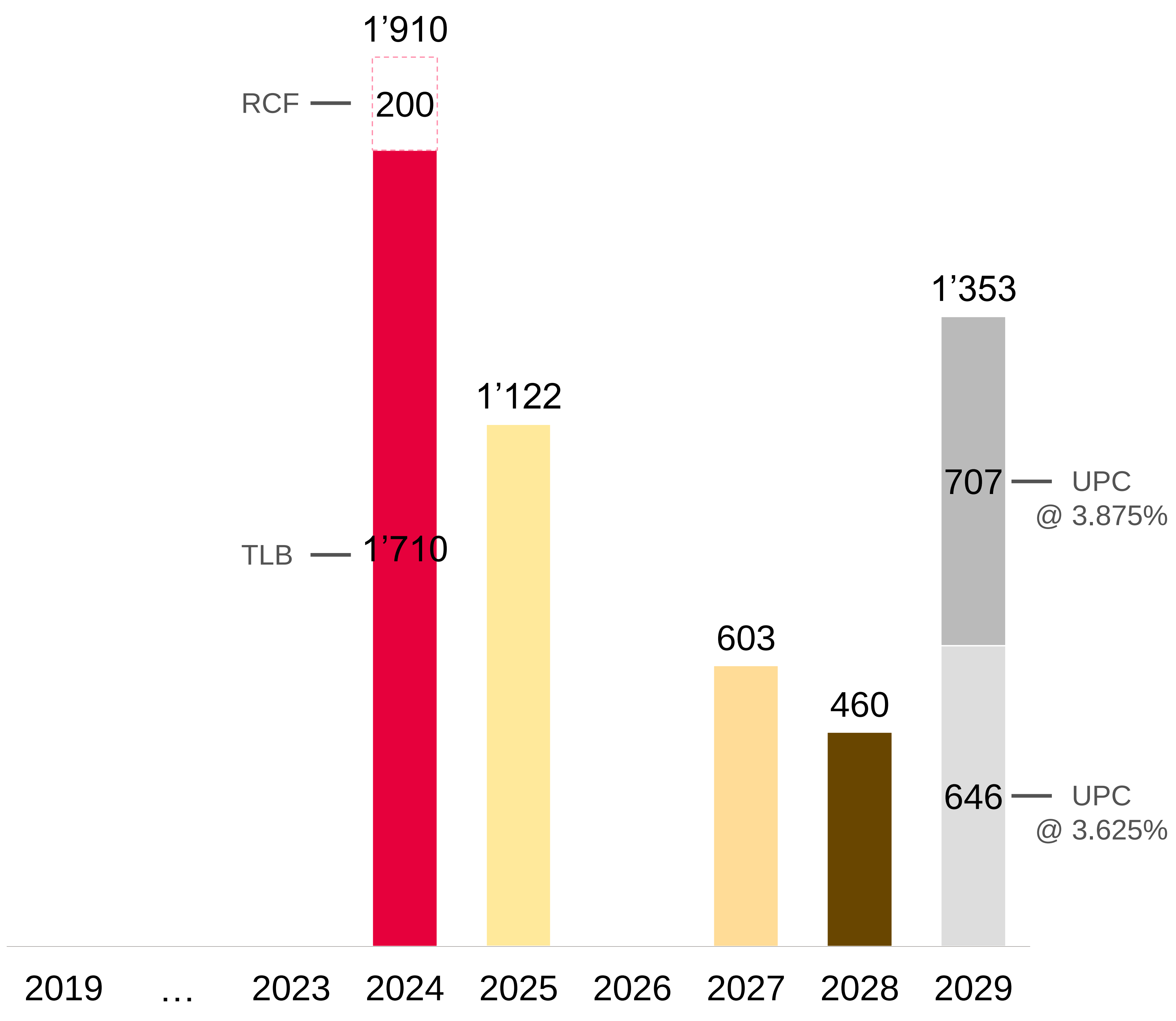
Overview of combined capital structure (2/2)

	CHFm, unless stated otherwise	Sunrise (H1'19)	Adjustments	Combined (H1'19)	Maturity	Cost of debt
Sunrise	Sunrise Term Loan B ("TL B")	1,410	300	1,710	2024	2.00%[2]
	Sunrise CHF notes	200	(200)	-		
UPC Switzerland[1]	UPCB Finance IV Ltd 5.375% ($)	-	1,122	1,122	Jan-25	WACD contributed: ~3.8%[3]
	UPC Holding 5.5% ($)	-	460	460	Jan-28	
	UPCB Finance IV Ltd 4% (€)	-	603	603	Jan-27	
	UPC Holding 3.875% (€)	-	707	707	Jun-29	
	UPCB Finance VII Ltd 3.625% (€)	-	646	646	Jun-29	
	Total gross debt	**1,610**	**3,638**	**5,248**		
	Lease obligation[4]	3	17	20		
	Total gross debt (incl. leases)	**1,613**	**3,655**	**5,268**		
	RCF (Sunrise)	200	-	200	2024	
	RCF (UPC)	€990	€(990)	-		

WACD: ~3.2%

Maturity profile (CHFm)



[1] Total UPC Switzerland nominal debt of CHF3,538m (at swapped rates)
[2] Based on LTM Jun-19 leverage post/pre run-rate cost synergies of 3.6x/4.2x, defined as net debt post rights issue and spectrum payment
[3] WACD for Weighted Average Cost of Debt; average of 4 years cost of debt
[4] Lease obligation excl. IFRS 16

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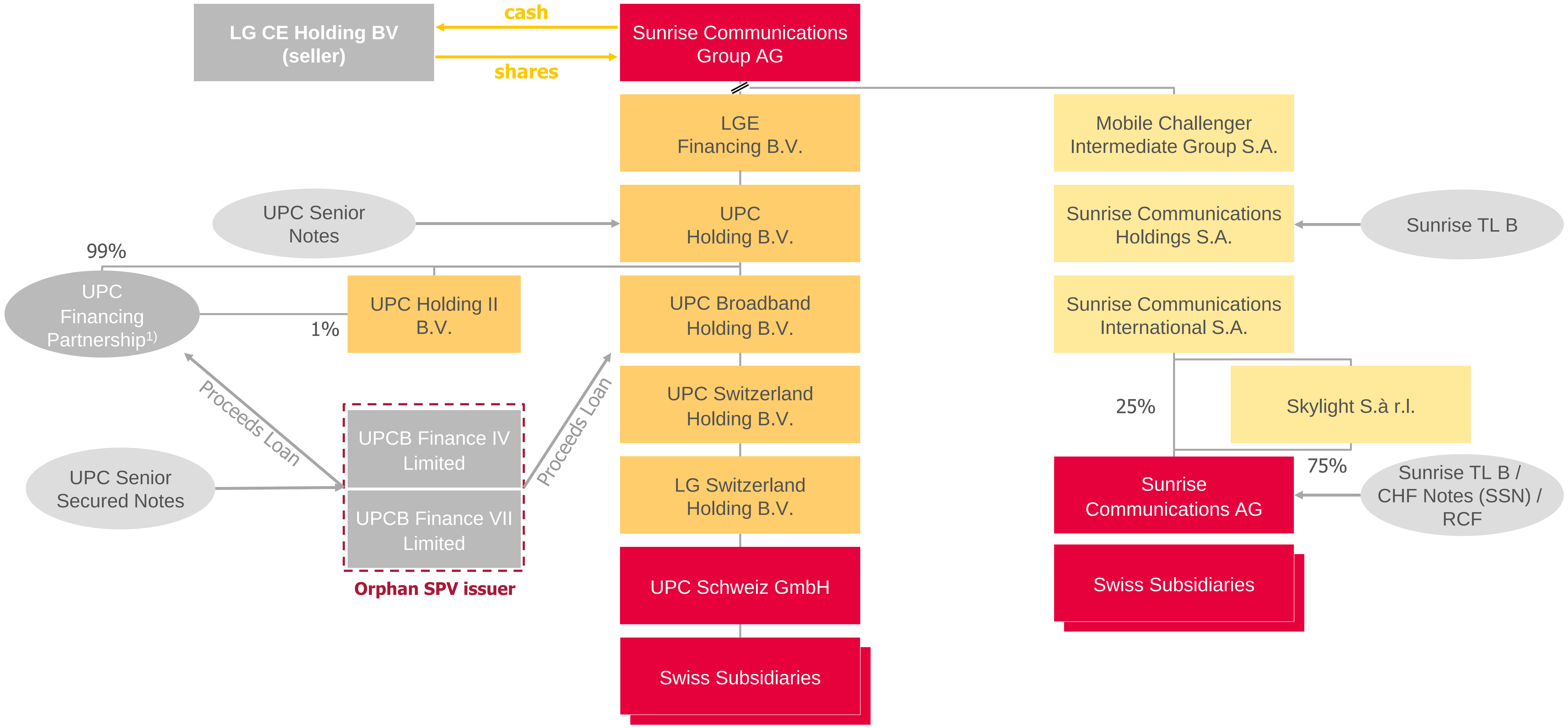
Pro forma simplified structure at closing



[1] UPC SSNs are issued via orphan SPV structure and on lent to UPC Financing Partnership under the UPC Senior Secured Credit Facility