

Acquisition of UPC Switzerland

Transaction structure

5 March 2019

Overview of transaction structure (1/2)

- **CHF6.3bn acquisition of UPC Switzerland by Sunrise Communications Group AG (“Sunrise”) for 100% in cash**, funded by CHF3.6bn of acquired debt and a CHF4.1bn Rights Issue
- Sunrise will acquire 100% of the shares of **LGE Financing BV and certain of its direct and indirect Dutch subsidiaries, its US financing vehicle and its Swiss subsidiaries (“Target Group”)**. All other non-Swiss UPC operating entities are expected to be carved out pre-closing, including but not limited to:
 - certain entities related to the Liberty Global / Vodafone transaction (i.e. UPC Hungary, Czech and Romania) and the disposal of UPC DTH
 - UPC Poland, UPC Slovakia and the affiliated CEE holding companies
 - certain Dutch subsidiaries of UPC Broadband Holding BV
 - French subsidiaries of UPC Schweiz as well as LGE HoldCo 2 BV
- **All existing UPC bonds (c.CHF3.5bn equivalent)** and associated derivatives / swap portfolios will move across with the UPC operations to Sunrise
 - acquiring c.CHF2.4bn equivalent of senior secured credit facilities (relating to the outstanding \$1.14bn of 5.375% notes due 2025, €540m of 4.000% notes due 2027, €600m of 3.625% notes due 2029, issued by UPCB Finance IV Limited and UPCB Finance VII Limited respectively)
 - acquiring c.CHF1.2bn equivalent of Senior Notes (US\$535m of 5.500% notes due 2028; €594m of 3.875% notes due 2029)
 - acquiring rolling hedging (i.e. cross currency and interest rate swaps, swaptions and FX) agreements between certain financial institutions and members of the Target Group
- The existing **\$1,645m UPC Term Loan (“TL AR”)** facility will be repaid and cancelled at or prior to closing, as will the **€990m undrawn RCF**

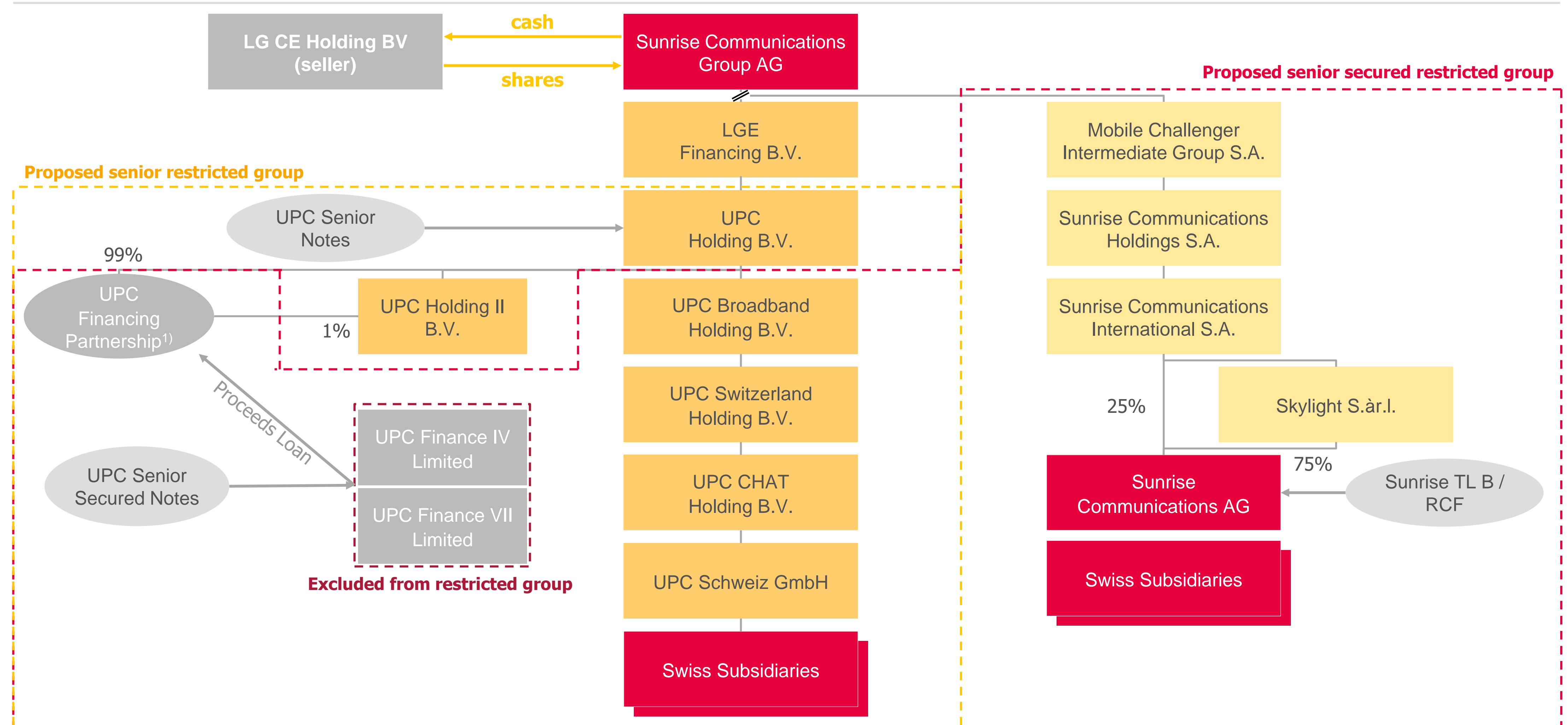
Overview of transaction structure (2/2)

- **No change of control triggered** in proposed structure as the change of control entity for the UPC debt is being acquired
- **The existing Sunrise Term Loan B (“TL B”) of CHF1.41bn** is expected to be **reduced to CHF500m** and the **existing CHF200m Senior Secured Notes 1.5% 2024 issued by Sunrise Communications AG (“SCAG”) are expected to be repaid** as soon as practicable after closing. Sunrise SFA Amend & Extend process with the following changes has been secured (subject to satisfying customary conditions precedent):
 - amendment and extension to come into force if the Transaction is consummated
 - repaying and cancelling in full the CHF500m Facility B3 borrowed by Sunrise Communications Holdings S.A.
 - repaying and cancelling a minimum aggregate principal amount of at least CHF410m Facility B3 borrowed by SCAG (or such higher amount as determined by SCAG in its sole discretion)
 - extension of maturity to 5 years post completion¹⁾
 - cross collateralisation of Sunrise residual TL B and UPC senior secured credit facilities
- **TL B to rank *pari-passu* with UPC Senior Secured credit facilities, while UPC Senior Notes are subordinated to the TL B**
- **Combined leverage @ ~3.0x / ~2.7x pre / post run-rate synergies as of Dec-18²⁾ with no limitation on the realisation of synergies**

¹⁾ Expected closing during the second half of 2019

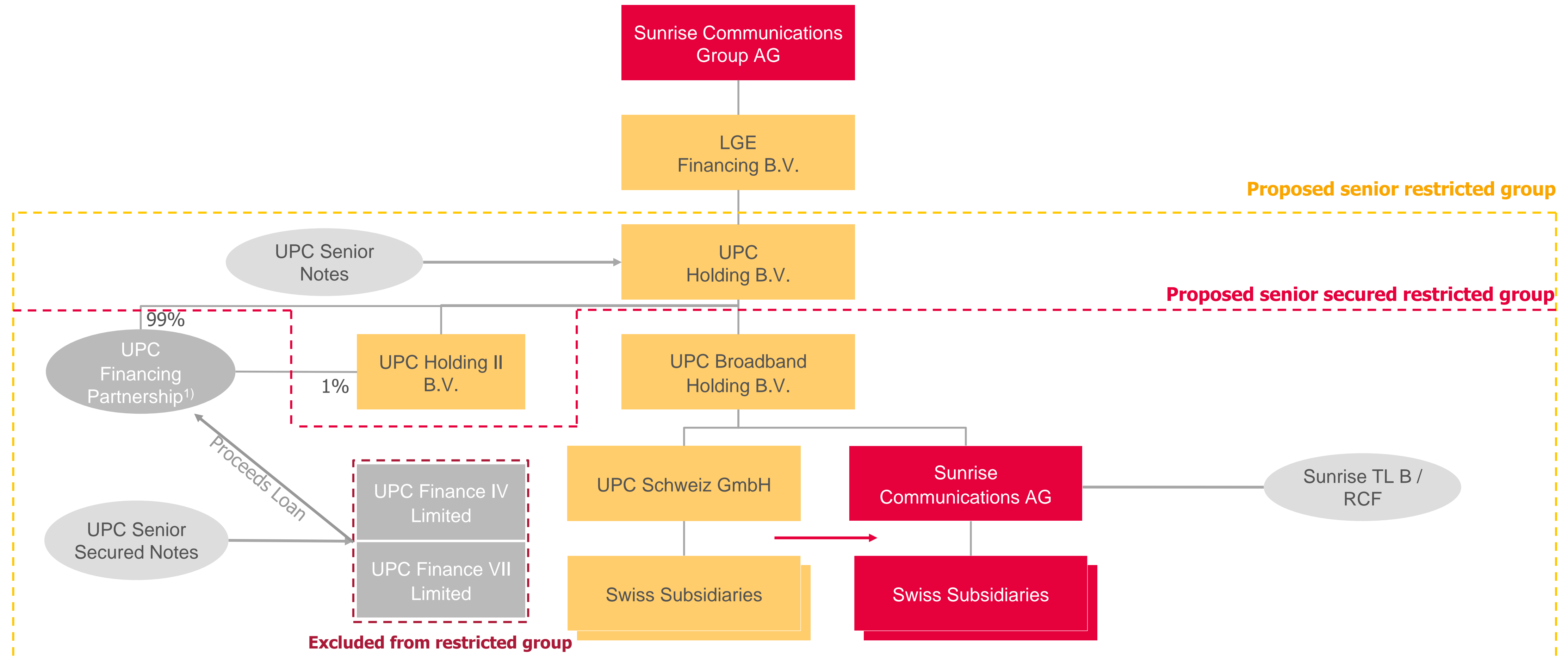
²⁾ Post synergies leverage as of Dec-18 based on net debt post rights issue and spectrum payment and FY'18 combined adj. EBITDA / adj. EBITDA (including run-rate cost synergies estimates)

Pro forma simplified structure at closing



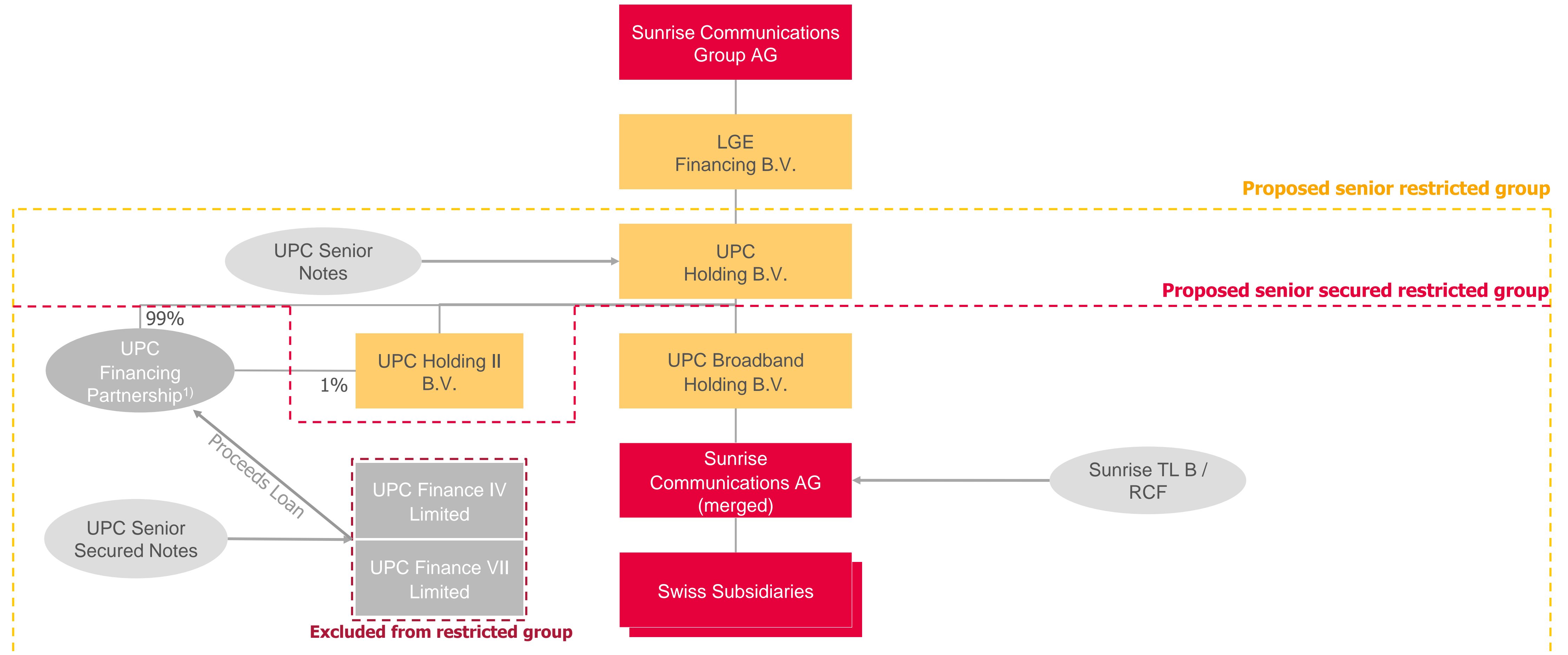
¹⁾ UPC SSNs are issued via orphan SPV structure and on lent to UPC Financing Partnership under the UPC Senior Secured Credit Facility

Collapse of Luxembourg Finance Structure and transfer of SCAG below Dutch Finance structure and subsequent merger of UPC Switzerland into SCAG



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Pro forma target structure by 2020



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Overview of combined capital structure

	CHFm, unless stated otherwise	Sunrise (FY'18A)	Adjustments	Combined (FY'18A)	Maturity	Cost of debt	
Sunrise	Sunrise Term Loan B ("TL B")	1,410	(910)	500	2024	2.00% ²⁾	Maturity profile (CHFm)
	Sunrise CHF notes	200	(200)	-			
UPC Switzerland¹⁾	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	2,428	4,038				
Lease obligation	5	17	21				
Total gross debt (incl. leases)	1,615	2,445	4,059				
RCF (Sunrise)	200	-	200	2024			
RCF (UPC)	€990	(990)	-				

WACD: ~3.6%

¹⁾ Total UPC Switzerland nominal debt of CHF3,538m (at swapped rates)

²⁾ Based on leverage as of Dec-18, defined as net debt post rights issue and spectrum payment over FY'18 combined adj. EBITDA, of 3.0x

³⁾ WACD for Weighted Average Cost of Debt; average of 4 years cost of debt

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