

## Press release

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## Q2 with continued market share gains

- Strong customer momentum continued in mobile postpaid (+8% YoY), internet (+7%) and TV (+13%)
- Customer growth largely offset less roaming and project driven 'Integration' business, leading to a slight decrease in service revenue; stable total revenue supported by hardware sales
- Adj. EBITDA broadly stable supported by careful cost management
- Impacts of global pandemic in-line with company expectation; 2020 guidance reiterated, supported by ongoing gradual roaming recovery and cost containment

| Revenue (CHF m)                                  | Q2'19      | Q2'20      | YoY           |
|--|------------|------------|---------------|
| Mobile services                                  | 302        | 305        | 0.8%          |
| Landline services                                | 74         | 70         | (6.3%)        |
| Landline internet                                | 78         | 82         | 4.8%          |
| <b>Total revenue</b>                             | <b>455</b> | <b>456</b> | <b>0.3%</b>   |
| Service revenue (total excl. hubbing & hardware) | 383        | 381        | (0.6%)        |
| <b>Gross profit</b>                              | <b>311</b> | <b>307</b> | <b>(1.3%)</b> |
| EBITDA   | 157        | 159        | 1.2%          |
| Adjusted EBITDA                                  | 165        | 163        | (1.4%)        |
| Net income                                       | 26         | 21         | (17.3%)       |
| Equity free cash flow                            | (29)       | 40         | 237.2%        |
| <b>Customers (in k)</b>                          |            |            |               |
| Mobile Postpaid                                  | 1,812      | 1,960      | 8.1%          |
| Mobile Prepaid                                   | 592        | 477        | (19.3%)       |
| Landline Voice                                   | 491        | 514        | 4.6%          |
| Internet   | 483        | 516        | 6.8%          |
| TV   | 263        | 298        | 12.9%         |

André Krause, CEO of Sunrise, comments: "Despite the global pandemic, Sunrise continued to define the market pace in Q2: We won market share, launched a new B2B portfolio and continued to roll out 5G. This strong performance is also reflected in our financials, which continued to grow when adjusting for roaming."

### Solid customer growth and market share gains

Momentum in subscriber additions continued, with Sunrise achieving 34,300 postpaid net adds in Q2'20. This represents an acceleration compared to 33,900 net adds in Q1 and drives a solid +8.1% YoY increase in the mobile postpaid customer base. B2B and residential customer growth was achieved via online and telesales channels and was supported by slightly lower churn. Sunrise's mobile prepaid customer base decreased YoY as customers continue to migrate to postpaid tariffs, and as the pandemic decreased tourism and temporarily closed physical points of sale. Internet and TV subscribers rose by +6.8% YoY and +12.9% YoY, respectively. These substantial increases were supported by 2-4P bundled offers, attractive TV content (including Netflix, Sky Sports and Sky Show), a focus on service excellence, demand for the OTT TV product and dedicated promotions.

### Service revenue impacted by roaming

Service revenue decreased slightly by -0.6% YoY in Q2. Customer growth largely compensated for lower roaming revenues driven by temporary travel bans related to the global pandemic. Furthermore revenue from project driven

'Integration' business declined due to a difficult YoY base. Total Q2 revenue was stable at CHF 4,56m, supported by increased mobile hardware sales.

## **Adjusted EBITDA broadly stable supported by cost containment**

Q2 gross profit decreased by -1.3% YoY to CHF 307m due to service revenue and a slight contraction in service gross margin related to roaming and MTR. Q2 adjusted EBITDA decreased slightly from CHF 165m to CHF 163m, supported by careful cost management. Net income decreased from CHF 26m in 2019 to CHF 21m, driven by higher depreciation and amortization.

## **Higher eFCF and leverage as expected**

Q2 equity free cash flow (eFCF) increased from CHF -29m to CHF 40m YoY, primarily due to 5G spectrum-related payments of CHF 91m last year. Adjusted for spectrum, eFCF decreased slightly as a result of accelerated network investments, in-line with guidance. Net debt to adjusted EBITDA ratio stood at 2.56x at the end of Q2. This represents a slight increase compared to 2.49x in Q2 2019, predominantly driven by last year's cancellation of the acquisition of UPC Switzerland.

## **FY'20 guidance confirmed**

Sunrise reiterates its FY'20 guidance supported by the Q2 financial performance: Revenue and adjusted EBITDA continue to be expected between CHF 1,840-1,880m and CHF 675-690m, respectively. Guidance is based on continued cost containment and an expected gradual recovery in roaming. FY'20 Capex is reiterated in the range of CHF 410-450m. Upon meeting its FY'20 guidance, Sunrise expects to propose a dividend in the range of CHF 4.55-4.65 per share for FY'20, to be paid out of foreign capital contribution reserves in FY'21. As communicated on August 12<sup>th</sup>, Liberty Global has made a tender offer to the shareholders of the Group to acquire Sunrise. In case of a successful offer, Liberty Global intends to delist Sunrise shares from trading on the SIX exchange. As such, Sunrise wants to make shareholders aware of possible future changes to the current dividend policy.

## Complementary HY'20 results table

| Revenue (CHF m)                                  | H1'19      | H1'20      | YoY            |
|--|------------|------------|----------------|
| Mobile services                                  | 604        | 611        | 1.1%           |
| Landline services                                | 145        | 141        | (3.0%)         |
| Landline internet                                | 152        | 164        | 7.6%           |
| <b>Total revenue</b>                             | <b>901</b> | <b>915</b> | <b>1.5%</b>    |
| Service revenue (total excl. hubbing & hardware) | 754        | 765        | 1.5%           |
| <b>Gross profit</b>                              | <b>617</b> | <b>623</b> | <b>1.1%</b>    |
| EBITDA   | 331        | 321        | (3.1%)         |
| <b>Adjusted EBITDA</b>                           | <b>324</b> | <b>331</b> | <b>2.2%</b>    |
| <b>Net income</b>                                | <b>61</b>  | <b>43</b>  | <b>(28.8%)</b> |
| <b>Equity free cash flow</b>                     | <b>3</b>   | <b>114</b> | <b>3354.8%</b> |

Please see [www.sunrise.ch/reports](http://www.sunrise.ch/reports) for the IFRS report, the investor presentation, and further information.

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