

Press Release

Opfikon, November 5, 2020; 06:45 a.m. CET

Q3 with strong financials and record postpaid customer growth

- Strong customer momentum continued in mobile postpaid (+8% YoY), internet (+7%) and TV (+12%); mobile postpaid achieved strongest net adds in ten years
- Service revenue growth accelerated to +1.9% YoY supported by customer momentum; total revenue down slightly due to hubbing (low margin)
- Adj. EBITDA growth of +2.0% supported by service revenue and careful cost management
- 2020 guidance confirmed supported by solid Q3

Revenue (CHF m)	Q3'19	Q3'20	YoY
Mobile services	325	321	(1.2%)
Landline services	72	65	(10.1%)
Landline internet	76	85	11.3%
Total revenue	474	471	(0.5%)
Service revenue (total excl. hubbing & hardware)	392	400	1.9%
Gross profit	316	320	1.2%
EBITDA	175	175	0.3%
Adjusted EBITDA	173	176	2.0%
Net income	48	28	(41.3%)
Equity free cash flow	88	(13)	(114.6%)
Customers (in k)			
Mobile Postpaid	1,854	2,006	8.2%
Mobile Prepaid	591	503	(14.9%)
Landline Voice	497	518	4.1%
Internet	490	524	6.9%
TV	269	302	12.0%

André Krause, CEO of Sunrise, comments: "Our last quarter as an independent group has been extraordinary successful: Sunrise continued to win market share and achieved solid financial growth, despite challenging circumstances. Strong execution and our strategic focus on quality across networks, services and products have ultimately supported a total shareholder return of +90% since our IPO in 2015. This success would not have been possible without the outstanding engagement of all our employees and partners."

Strongest mobile postpaid customer growth in 10 years

Momentum in subscriber additions continued, with Sunrise achieving 46,300 mobile postpaid net adds in Q3'20. This represents the strongest net adds since 2010 and drives a solid +8.2% YoY increase in the mobile postpaid customer base. The strong performance was driven by residential and B2B customer growth, and a focus on going the extra mile for customers. Sunrise's mobile prepaid customer base decreased YoY as customers continue to migrate to postpaid tariffs. Internet and TV subscribers rose by +6.9% YoY and +12.0% YoY, respectively. These substantial increases were supported by 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 growth accelerated in Q3

Solid customer growth led to a service revenue increase of +1.9% YoY to CHF 400m, after a slight YoY decrease in Q2. This rebound was supported by customer momentum, less intense headwinds in roaming and project driven 'Integration' business, as well as an improving trend in postpaid value mix. Total Q3 revenue slightly decreased to CHF 471m, as service revenue growth was offset by less hubbing business (low margin).

Adjusted EBITDA up +2%

Q3 gross profit increased by +1.2% YoY to CHF 320m, driven by service revenue. Service gross margin contracted slightly as a result of roaming and MTR. Adjusted Opex remained roughly stable YoY (+0.2%) as continued investments in commercial momentum were counterbalanced by careful cost management. Adjusted EBITDA gained momentum and increased +2.0% YoY. Net income decreased from CHF 48m in 2019 to CHF 28m, driven by higher depreciation and amortization. Furthermore, last year's net income benefited from a significant reduction in deferred tax liability.

eFCF and leverage as expected

Q3 equity free cash flow (eFCF) decreased from CHF 88m to CHF -13m YoY, primarily due to accelerated investments in the mobile network and a landline access payment to Swisscom, in line with guidance. Net debt to adjusted EBITDA ratio stood at 2.56x at the end of Q3. This represents a slight increase compared to 2.35x in Q3 2019, also predominantly driven by investments in the mobile network, along with expenses related to last year's cancelled acquisition of UPC Switzerland.

FY'20 guidance confirmed

Sunrise reiterates its FY'20 guidance supported by a solid Q3 financial performance: Revenue and adjusted EBITDA continue to be expected between CHF 1,840-1,880m and CHF 675-690m, respectively. FY'20 Capex remains to be expected between 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 12th, Liberty Global has made a tender offer to the shareholders of the Group to acquire Sunrise. After closing of the transaction, Liberty Global intends to delist Sunrise shares from trading on the SIX exchange. As such, Sunrise would like to make shareholders aware of potential future changes to its current dividend policy.

Complementary 9m'20 results table

Revenue (CHF m)	9m'19	9m'20	YoY
Mobile services	929	932	0.3%
Landline services	218	206	(5.4%)
Landline internet	229	249	8.8%
Total revenue	1,375	1,387	0.8%
Service revenue (total excl. hubbing & hardware)	1,146	1,165	1.6%
Gross profit	933	943	1.1%
EBITDA	506	496	(1.9%)
Adjusted EBITDA	496	507	2.1%
Net income	109	71	(34.3%)
Equity free cash flow	92	101	10.1%

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 and 056563066

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.