

Sunrise

Q3 2020 Financial Results

5 November 2020



Sunrise

Agenda

- Summary
- Operational Update
- Q3 Financials
- Outlook
- Q&A



Sunrise

Summary

Strong Q3 results

André Krause
CEO



Summary Q3

Customer growth driving financial growth

Confirm guidance



Financial growth ^{YoY}

+1.9%
Service revenue

+1.2%
Gross profit

+2.0%
Adj. EBITDA

Strong Q3 financials ...

... enable FY'20 guidance confirmation

+90% total shareholder return since IPO



Customer growth ^{Q3}

+46k
Postpaid

+26k
Prepaid

+8k
Internet

+4k
TV



Strategic priorities

Network

Service

Innovation

Sunrise

Transaction update and milestones

Creating a fully converged national champion

- 1 On 12 August, **Liberty Global** announced an **all-cash tender offer** to acquire 100% of Sunrise's share at an offer price of CHF110 per share and an enterprise value of CHF6.8bn ¹⁾
- 2 The offer price implied a **32% premium to the 60-day VWAP** prior to the announcement and represents a **total shareholder return of c.90%** ²⁾ since the IPO of Sunrise in 2015
- 3 The **tender offer was declared successful** on 14 October with 81.98% of Sunrise shares tendered; at the end of the additional acceptance period on 28 October, 96.60% of Sunrise shares were tendered
- 4 The transaction has **received regulatory approval** from COMCO/WEKO on 30 October; the approval was granted without any conditions or stipulations being imposed; the transaction is expected to close in mid-November
- 5 After completion, Liberty Global intends to initiate a squeeze-out procedure and delist Sunrise shares from trading on SIX Swiss Exchange; Sunrise will become a wholly-owned subsidiary within the Liberty Global group of companies
- 6 The combination will create a **stronger, fully converged nationwide challenger** with the scale to drive innovation, invest in new services and pursue growth by providing innovative and competitively priced offers; the combined business will be well positioned to continue its next generation network rollouts and drive competition with direct benefits for the Swiss economy and consumers

1) Based on Q1'20 net debt of CHF 1.6bn plus CHF 0.2bn of dividend paid in April 2020 and diluted securities of 45.4m shares

2) Assumes no dividend re-investment since IPO; total shareholder return of c.100% assuming dividend re-investment

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Operational Update

Highest postpaid net adds in 10 years;
successfully launched new portfolio

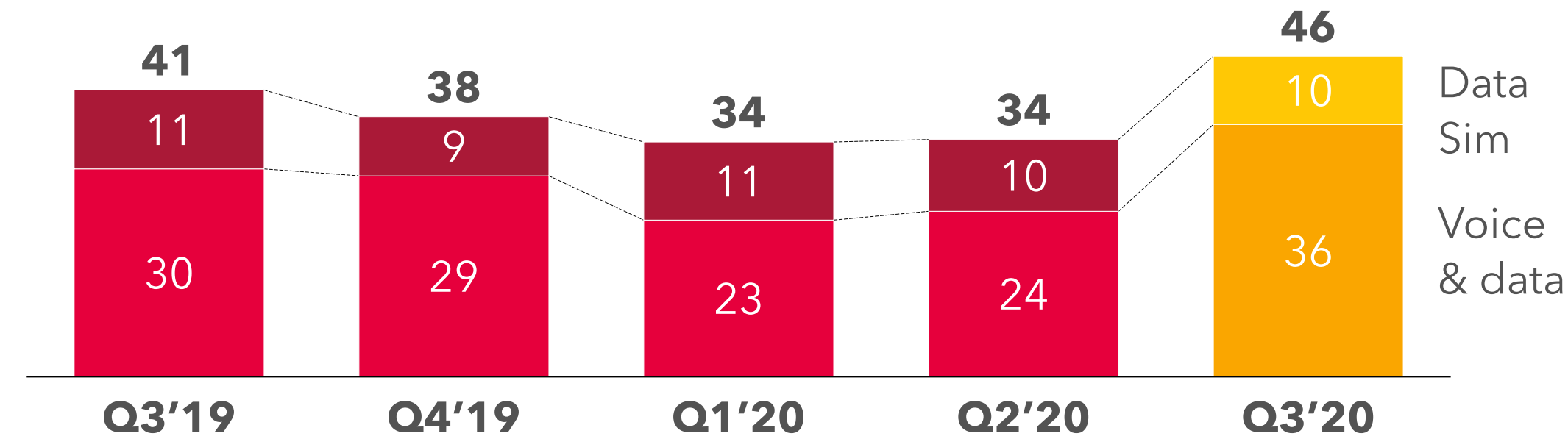
André Krause
CEO



Strongest postpaid net adds since 2010



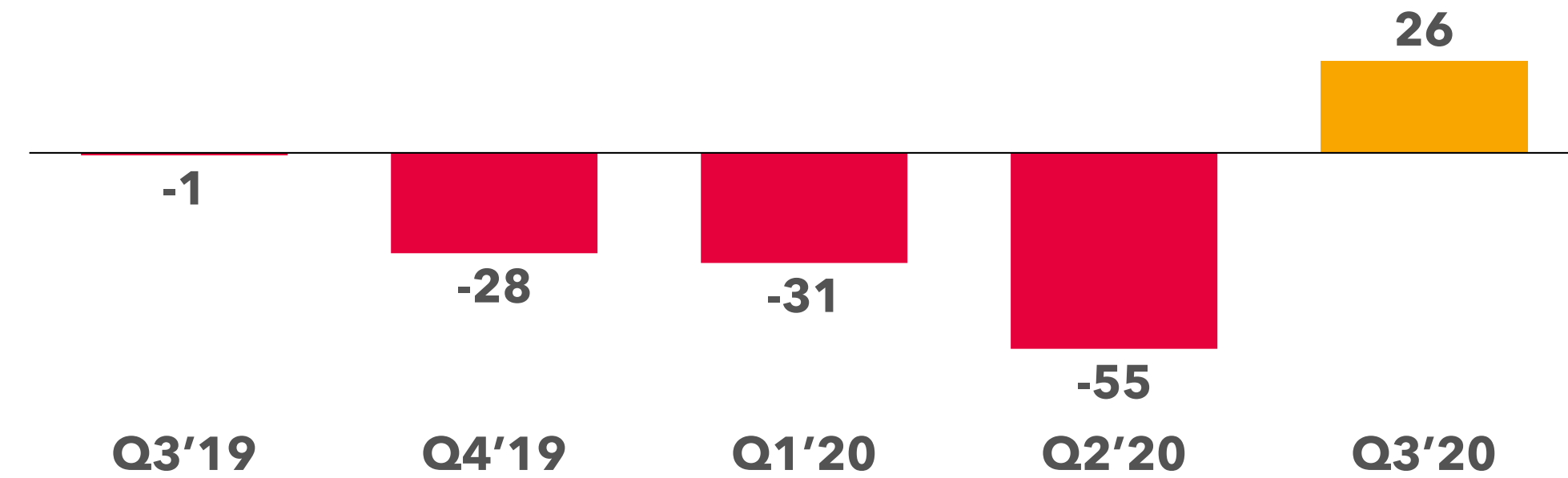
Postpaid mobile net adds ('000)



- Postpaid with **+8% subscription growth** YoY leading to 2.01m total subscriptions
- Driven by Sunrise main brand, B2B and yallo, strong network quality, broad product offering with attractive price performance ratio, and diversified distribution channels



Prepaid mobile net adds ('000)



- Prepaid with different **seasonality** due to COVID-19: less tourists in Q2 led to less churn in Q3
- Pre-to postpaid migration ongoing leading to 503k total subscriptions; focus on valuable customer in-take maintained



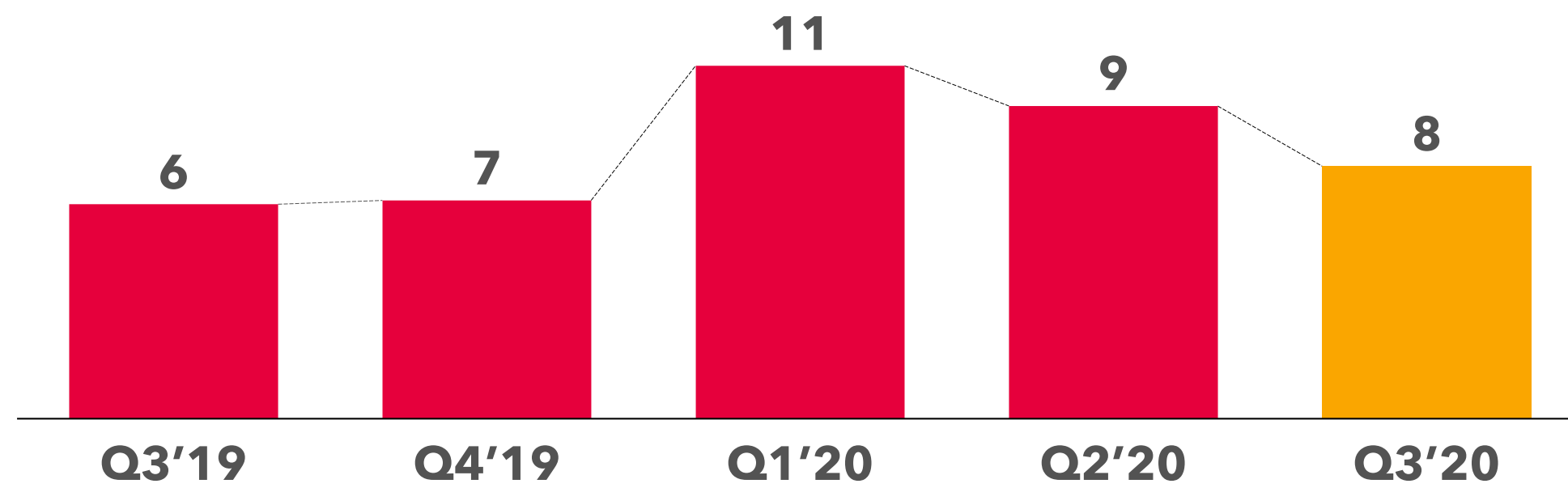
Prepaid Unlimited 7 days 5G



Solid internet and TV market share gains



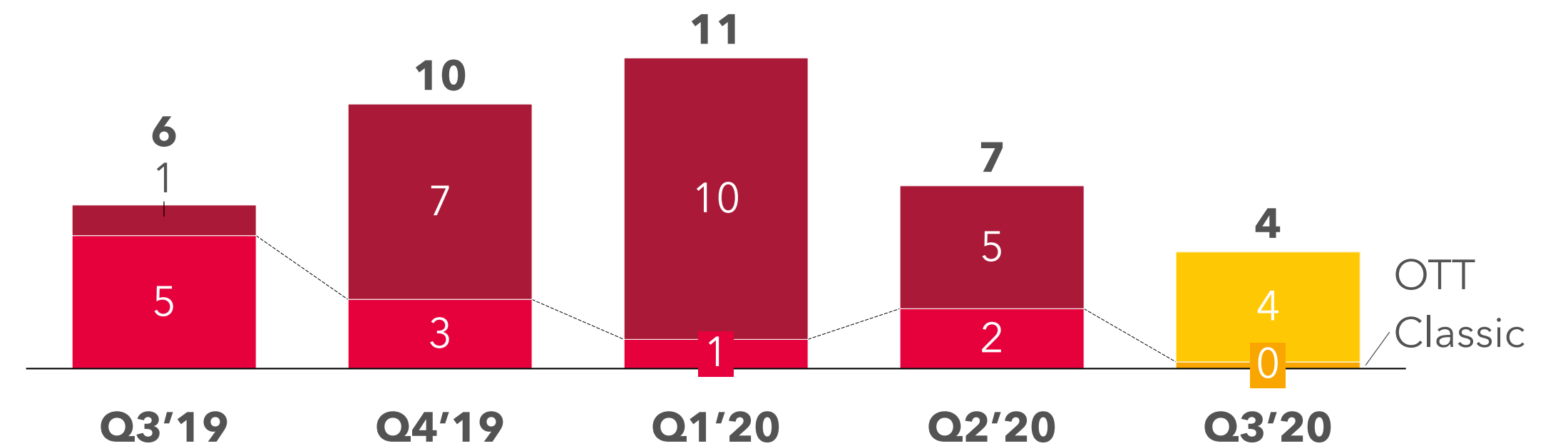
Internet net adds ('000)



- **Internet with strong growth** despite lower seasonality during summer months; Sunrise now has 524k subscriptions
- 7% YoY increase in converged billed customer base; ~29% of internet customers on fiber, growing ~17% YoY



TV net adds ('000)



- **TV continued to grow:** Sunrise now has 302k TV subscriptions; supported by strong Sunrise TV offering including attractive content
- Commercial activities focused on TV OTT

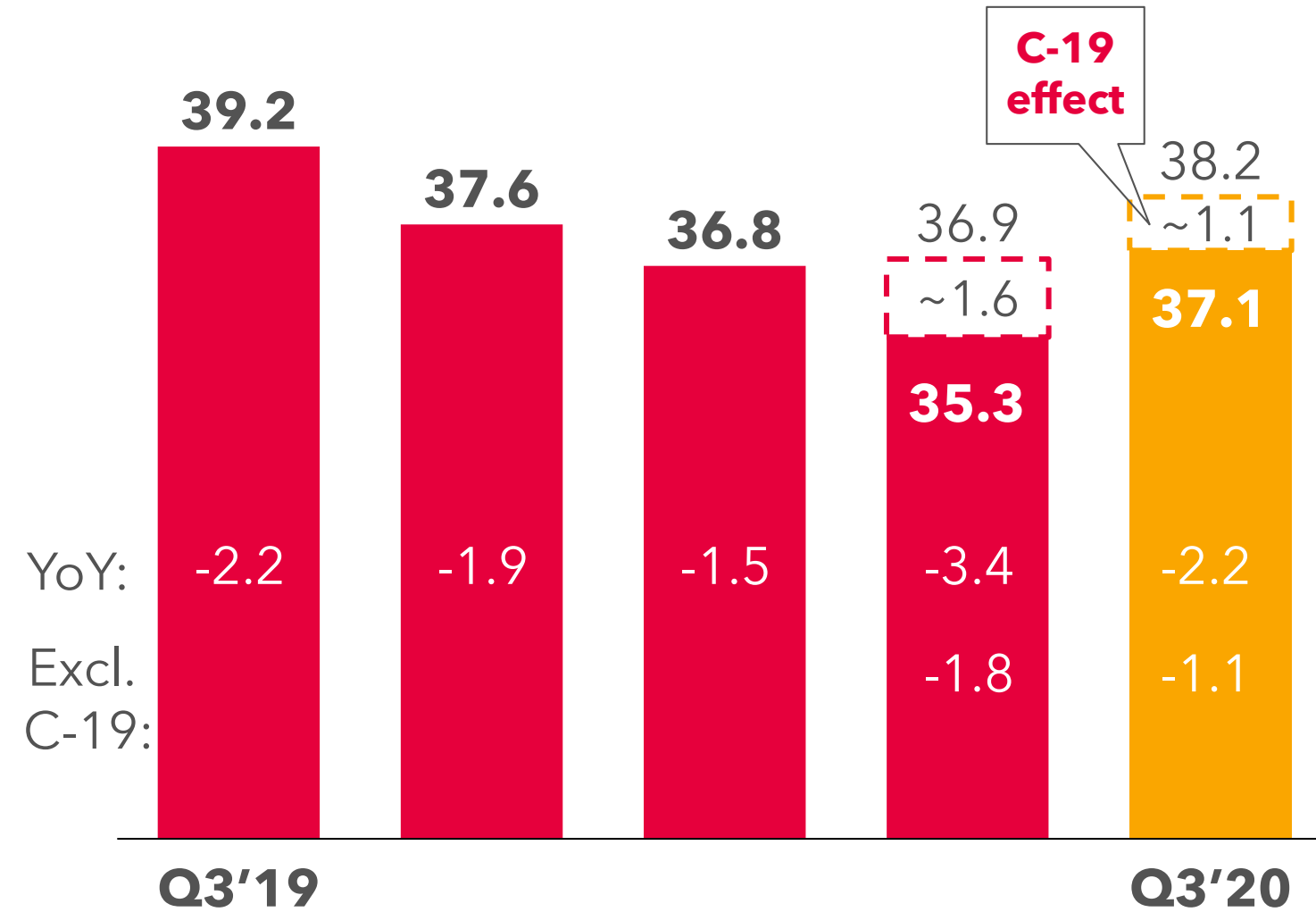


Softening postpaid ARPU decrease



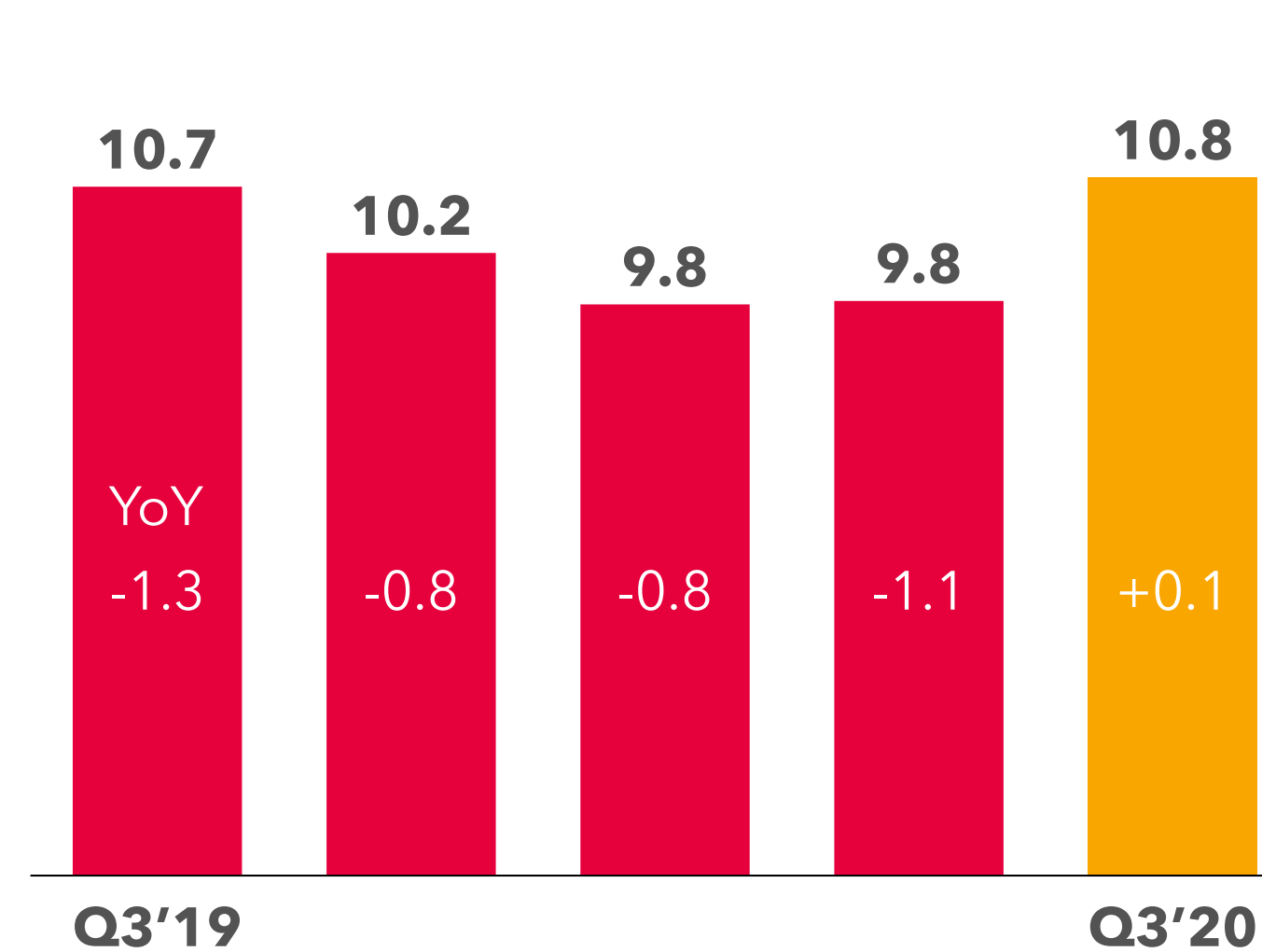
Mobile postpaid ARPU

Postpaid down CHF -2.2 YoY including temporary COVID-19 effect (roaming, MTR); ARPU decrease adjusted for COVID-19 softening to CHF -1.1 YoY supported by ongoing **value measures**



Mobile prepaid ARPU

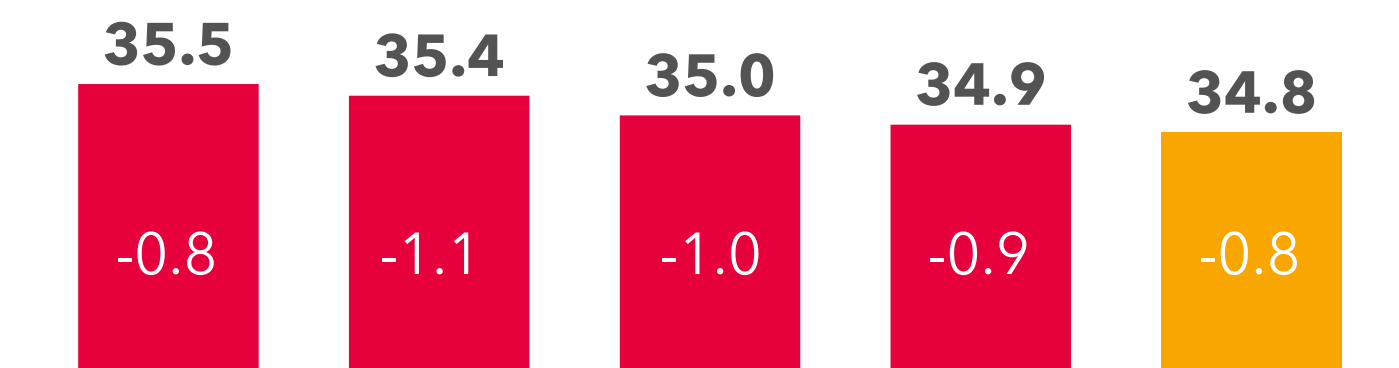
Prepaid up CHF +0.1 YoY (Q2: CHF -1.1) due to temporary change in customer composition related to COVID-19 (less tourists)



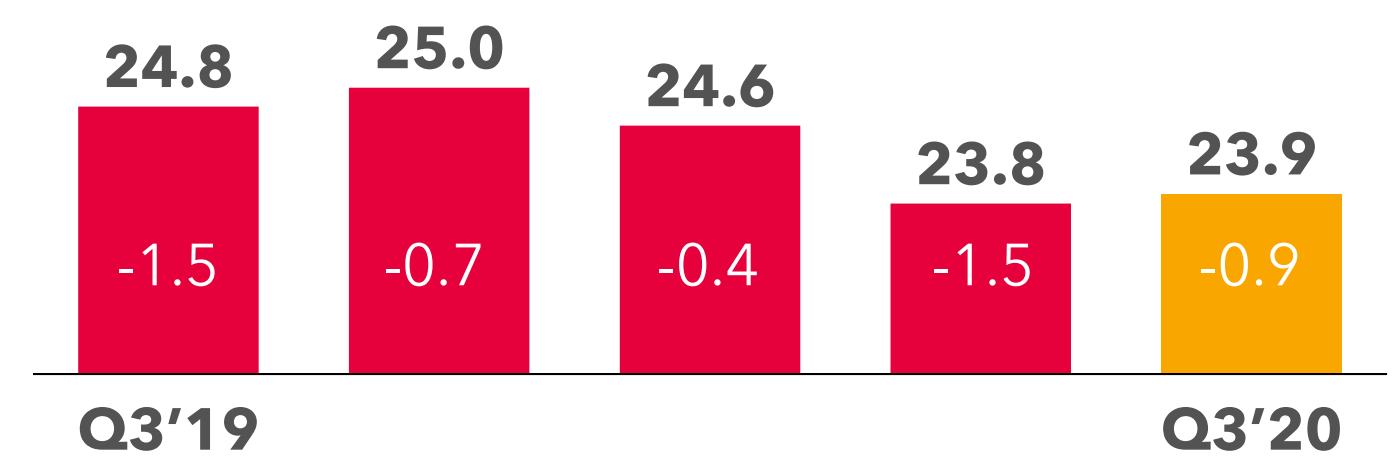
Internet & TV ARPU



Internet down CHF -0.8



TV down CHF -0.9 driven by TV OTT and continued promotions



Continued focus on strategic priorities ...

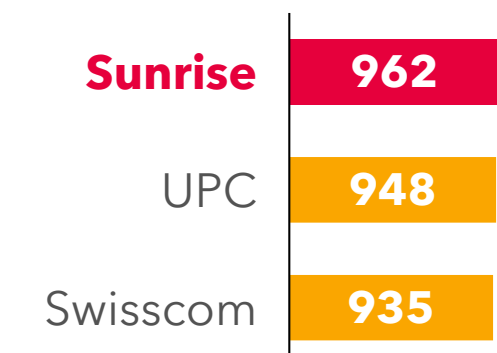


Network quality

Leading 5G and fastest internet

- Leading in ultrafast mobile broadband (3.5 Ghz), available in >621 cities/ towns by Oct
- >90% 5G pop coverage in lower bands by Oct

Internet network test



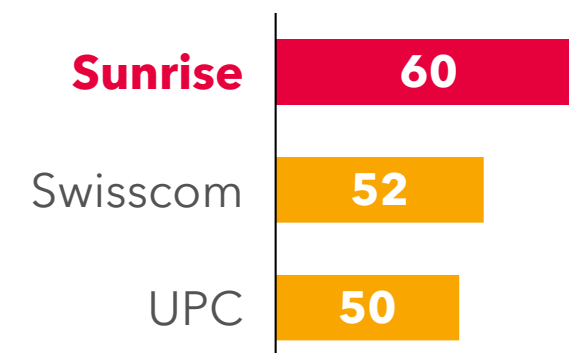
Broadband benchmark 'PC Magazin'



Customer interface

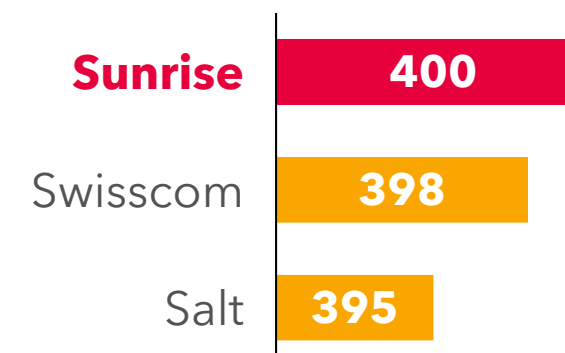
Continued top ratings

Customer orientation



Computerworld top 500 satisfaction study

Shop test



'connect' mobile shop test



Innovative converged products

Launch of new portfolio

- New mobile, internet and TV tariffs launched in Sep
- Designed to drive convergence, cross and upselling
- Focus on families



European 5G leadership

Leading customer interface

Drive convergence

Sunrise

... leading to strong BILANZ rating, again

Best Universal Provider in all customer categories



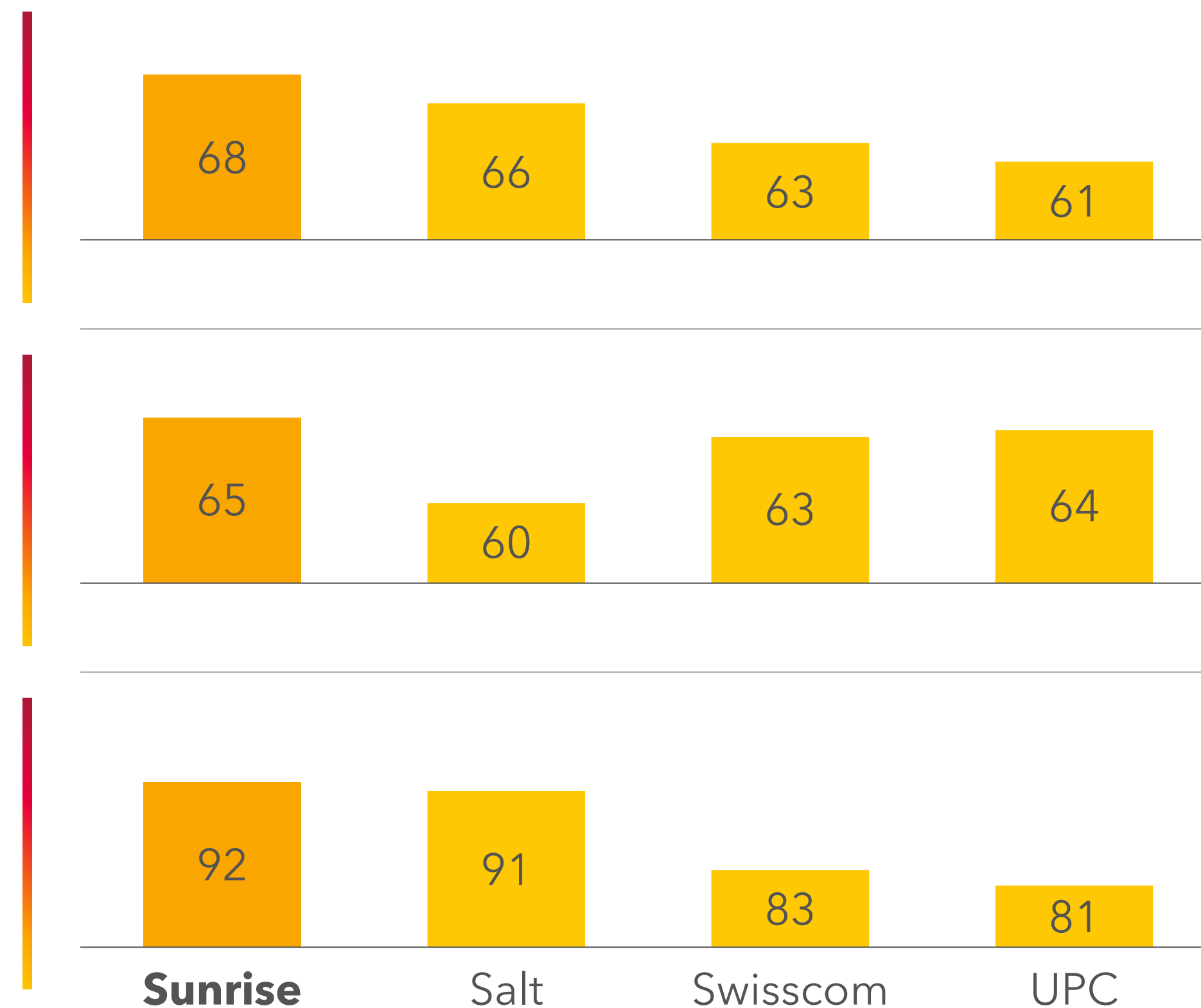
Enterprise



SME



Residential



 **Quality strategy paying off**

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Sunrise well positioned for Q4



**5G handsets
gaining traction**



**European 5G
leadership**



**Converged 5G
portfolio ready**



Ready to ride the next big wave

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Q3 Financials

Higher service revenue
and adj. EBITDA

Uwe Schiller
CFO



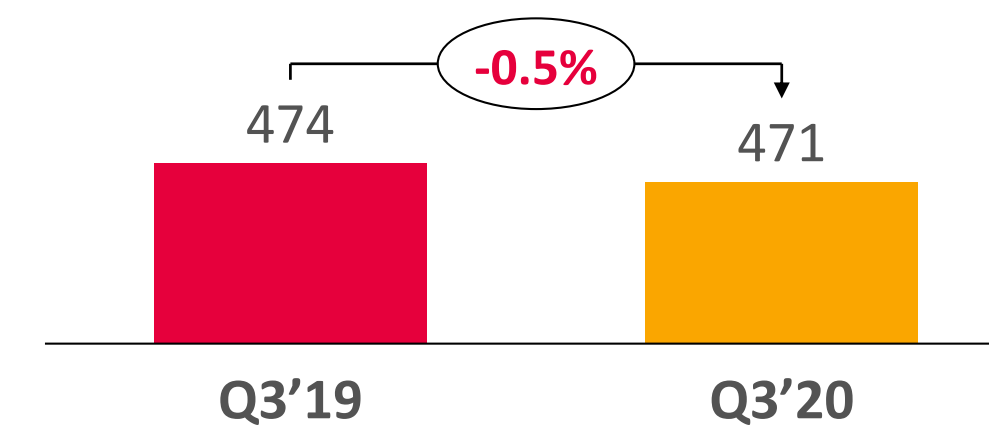
Financial Overview Q3



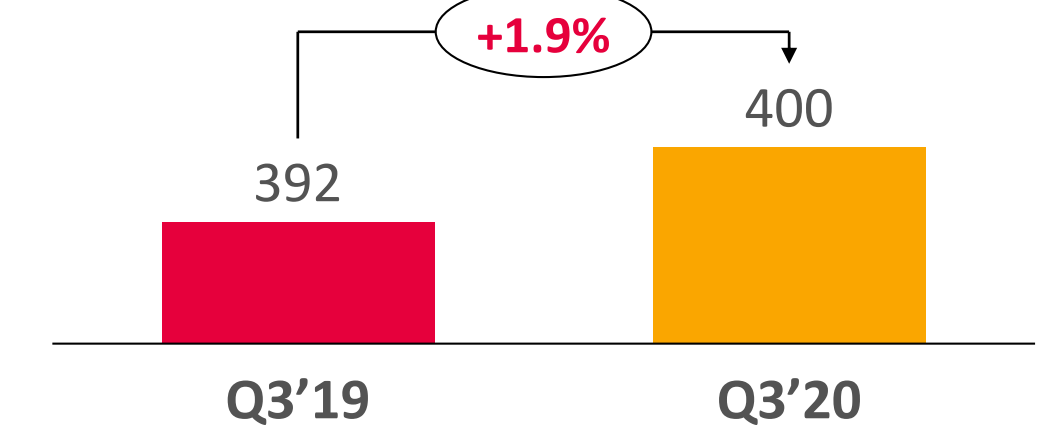
Service revenue

- **Revenue down -0.5%** driven by hubbing (low margin)
- **Service revenue up +1.9%** as strong customer growth over compensated for lower ARPUs / roaming revenue

Total revenue CHF m



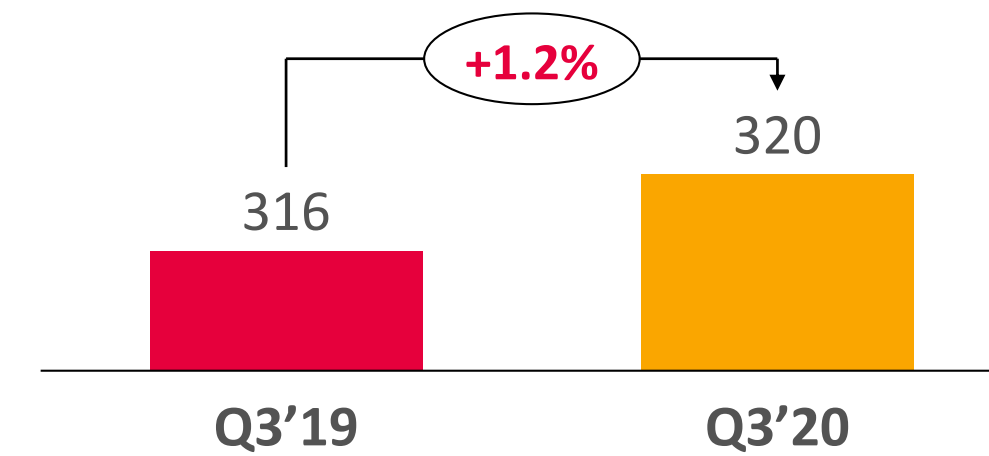
Service revenue



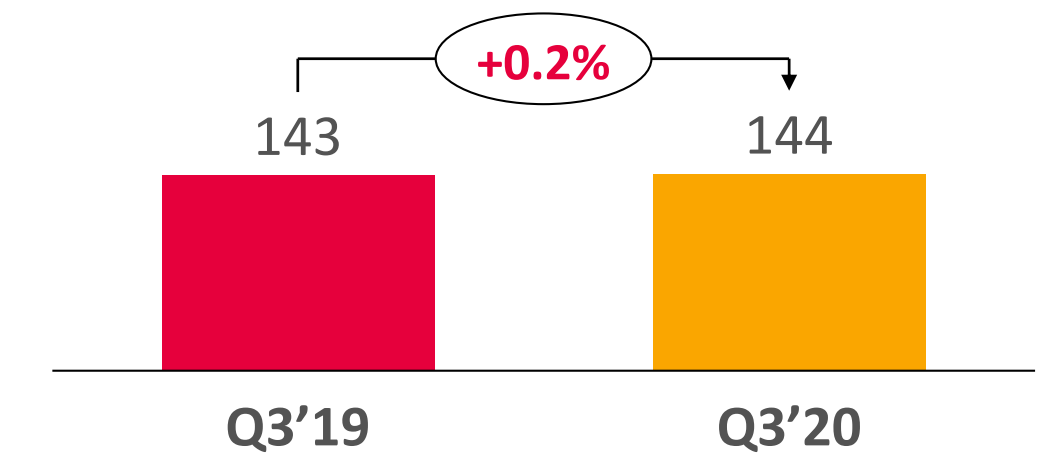
GP & Opex

- **Gross profit up +1.2%** driven by service revenue; service gross margin slightly down
- Adj. Opex roughly stable

Gross profit



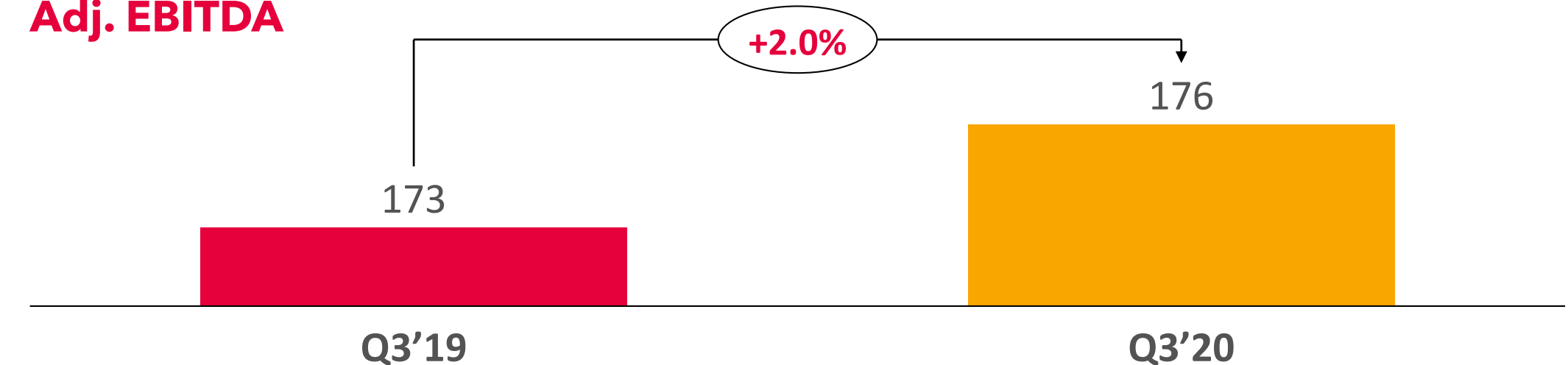
Adj. Opex



Adj. EBITDA

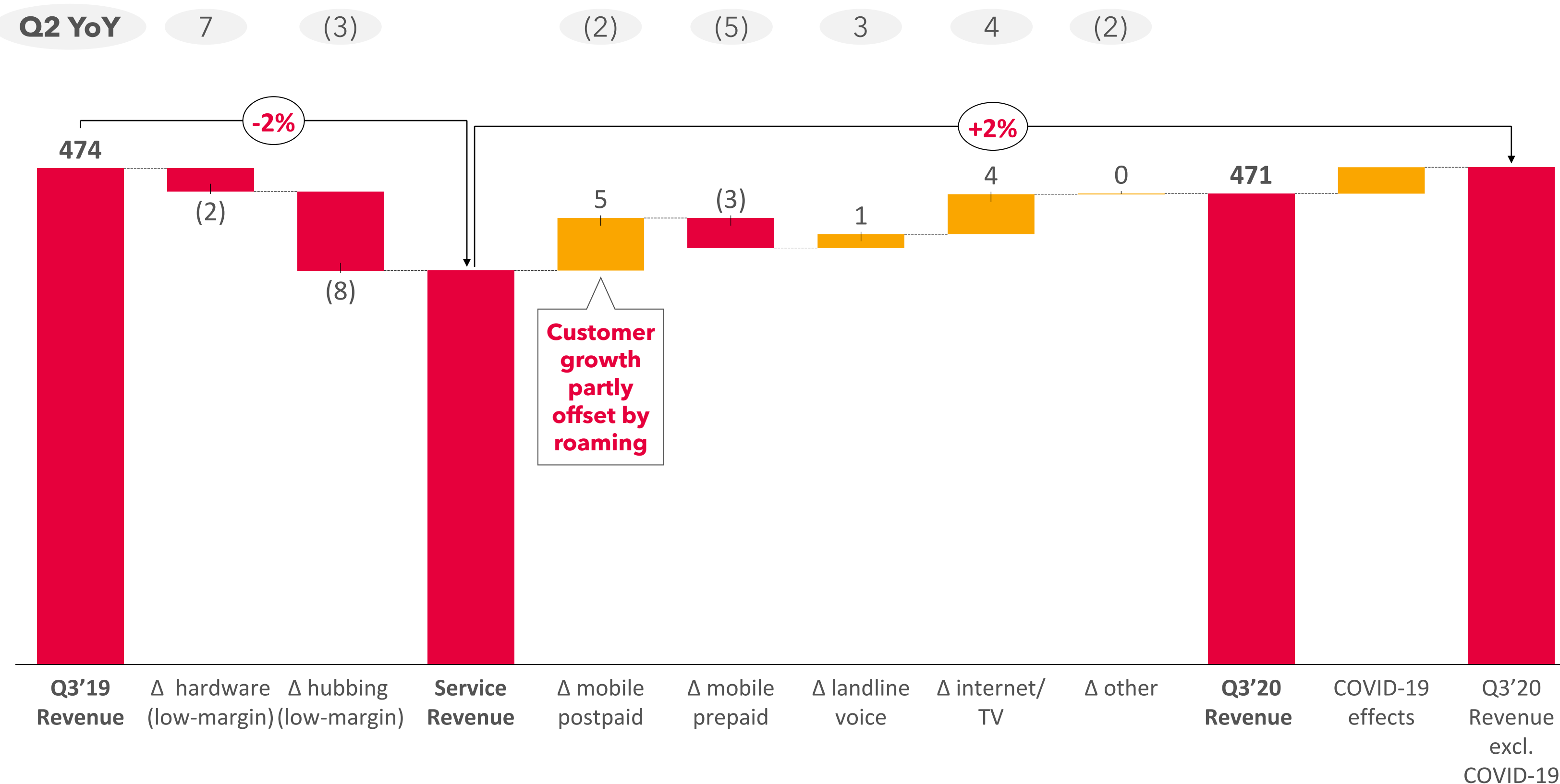
- **Adj. EBITDA up +2.0%** driven by gross profit and careful cost management

Adj. EBITDA



Service revenue growth despite roaming headwinds ...

CHF m



- **Hardware:** Volatile as it depends on innovation, launches, pricing and attachment rate
- **Hubbing:** International trading business with continued focus on profitable volumes
- **Postpaid:** Strong customer growth driven by investments into quality, partly offset by COVID-19 effects
- **Prepaid:** COVID-19 effects, pre- to postpaid migration and shift to OTT; prepaid accounting for ~3% of total revenue
- **Landline voice:** COVID-19 effects led temporarily to stable landline voice usage
- **Internet/TV:** Strong customer growth
- **Other:** stable, less project driven 'Integration' business (low-margin, volatile) was offset by more MVNO revenue

... leading to GP growth

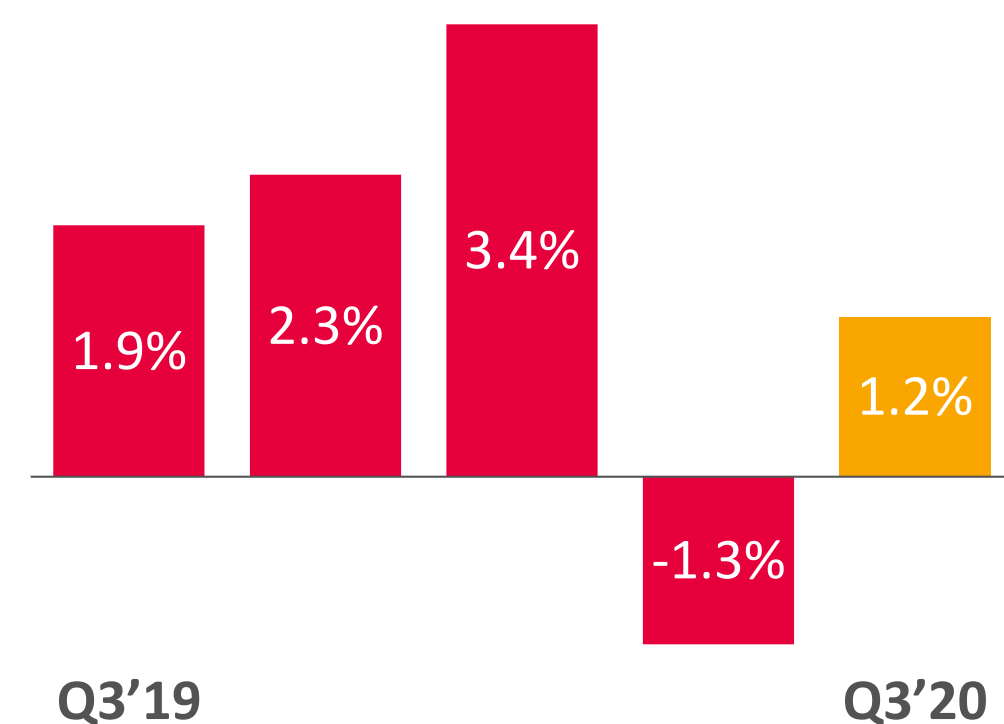


Gross profit regaining momentum

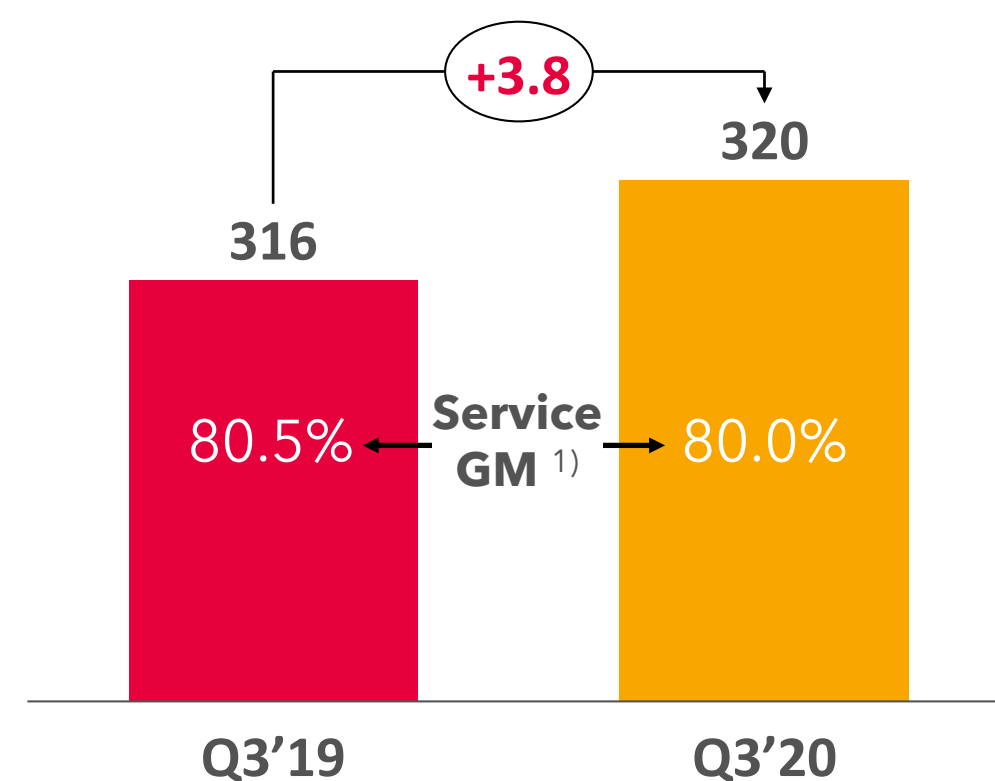


Continued careful cost management

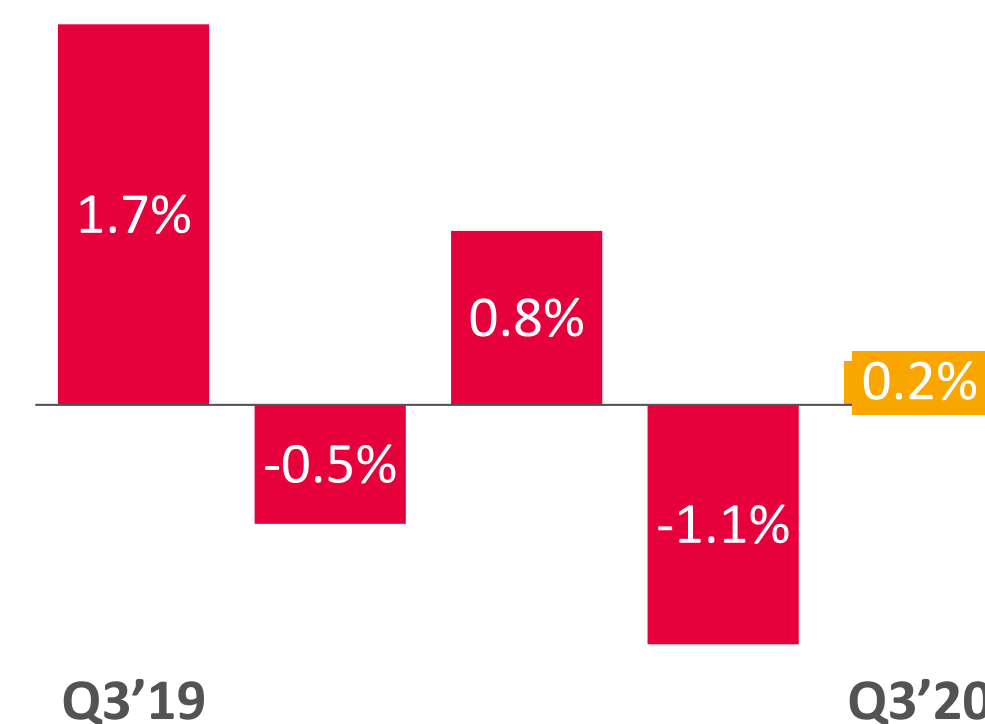
GP growth YoY



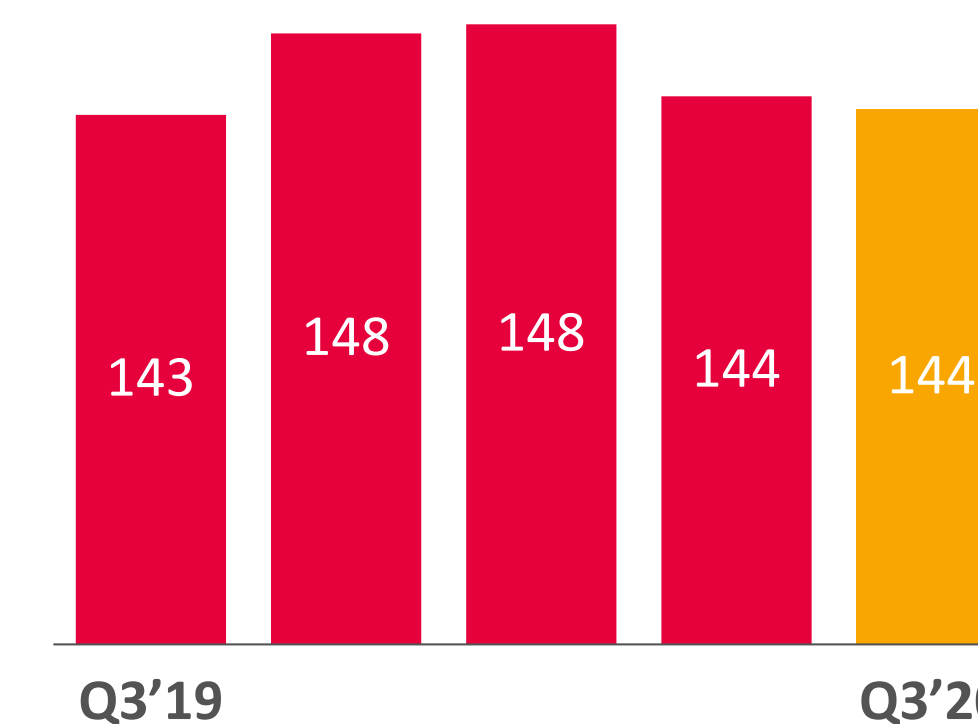
GP CHF m



Adj. Opex growth YoY 2)



Adj. Opex CHF m



- **Gross profit +1.2%** driven by service revenue
- Service gross margin slightly down YoY due to higher MTR revenue (low-margin) and lower roaming, partly offset by positive mix effect from less 'Integration' business

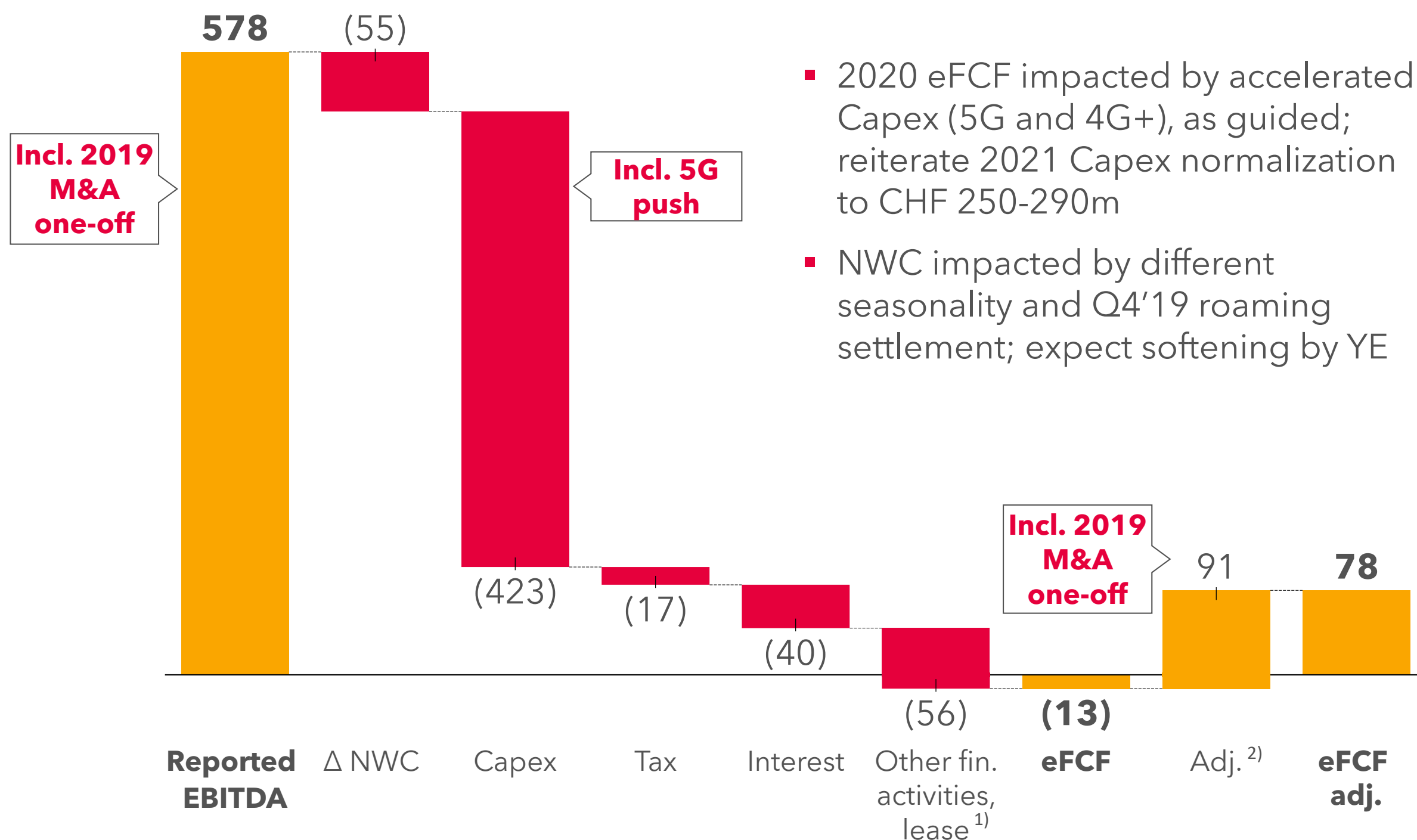
- **Adj. Opex roughly stable:** Gross profit growth and careful cost management enabled continued investments in commercial momentum

1) Service gross margin is calculated as total gross profit divided by service revenue (i.e. revenue excluding low-margin hardware and hubbing revenue)
 2) Excludes IFRS 16 for 2019 YoY as 2018 was not restated for IFRS 16

Focus on eFCF and leverage

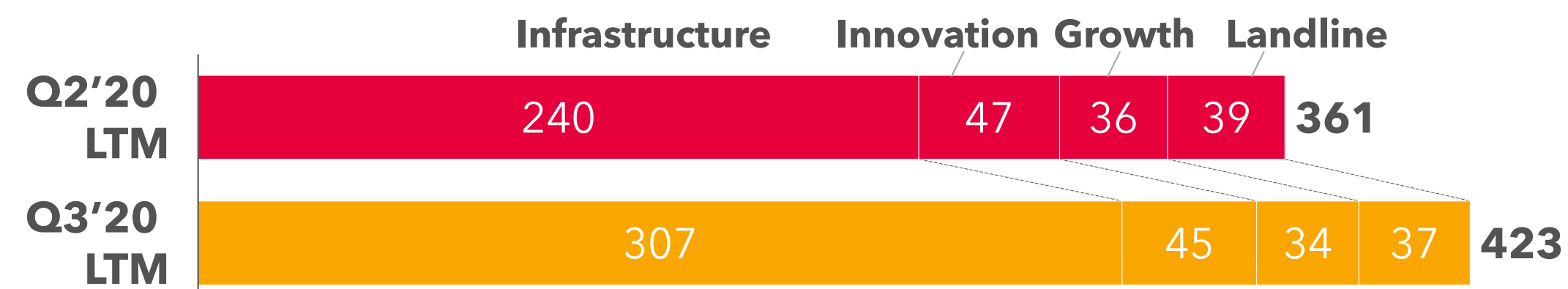


Q3 LTM CHF m



- 2020 eFCF impacted by accelerated Capex (5G and 4G+), as guided; reiterate 2021 Capex normalization to CHF 250-290m
- NWC impacted by different seasonality and Q4'19 roaming settlement; expect softening by YE

Capex CHF m



Leverage ratio

- Net debt / adj. EBITDA at 2.56x**, up from 2.35x in Q3'19, predominantly driven by accelerated 5G and 4G+ rollout Capex and by one-off costs related to last year's cancellation of the acquisition of UPC Switzerland

1) Landline access installments and IRUs are counted within "other financing activities" in IFRS report; lease includes repayments of lease liability
 2) Adjustments include UPC M&A one-off (2019)

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Conclusion

Q3 with growing financials and record customer growth in postpaid

André Krause
CEO



Strong Q3 - confirm guidance



Customers

- Continued **market share gains** including strongest postpaid net adds in ten years
- Leading 5G coverage in >621 cities / villages and >90% pop coverage (low band) by Oct; fastest internet in Switzerland



Revenue

- Service revenue **up** +1.9% driven by customer growth



Profitability

- Adj. EBITDA +2.0% **higher**, supported by GP growth and careful cost management



Outlook

- **Confirm** guidance with adj. EBITDA **at low to mid of CHF 675-690m guidance range** (previously at low-end)



**2020
guidance
reiterated**

Revenue	1,840-1,880m
Adj. EBITDA	675-690m
Capex	410-450m
Dividend	4.55-4.65

Sunrise would like to make shareholders aware of potential future changes to the current dividend policy after closing of the acquisition of Sunrise by Liberty Global

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One last thing

Achievements since IPO in February 2015

André Krause
CEO



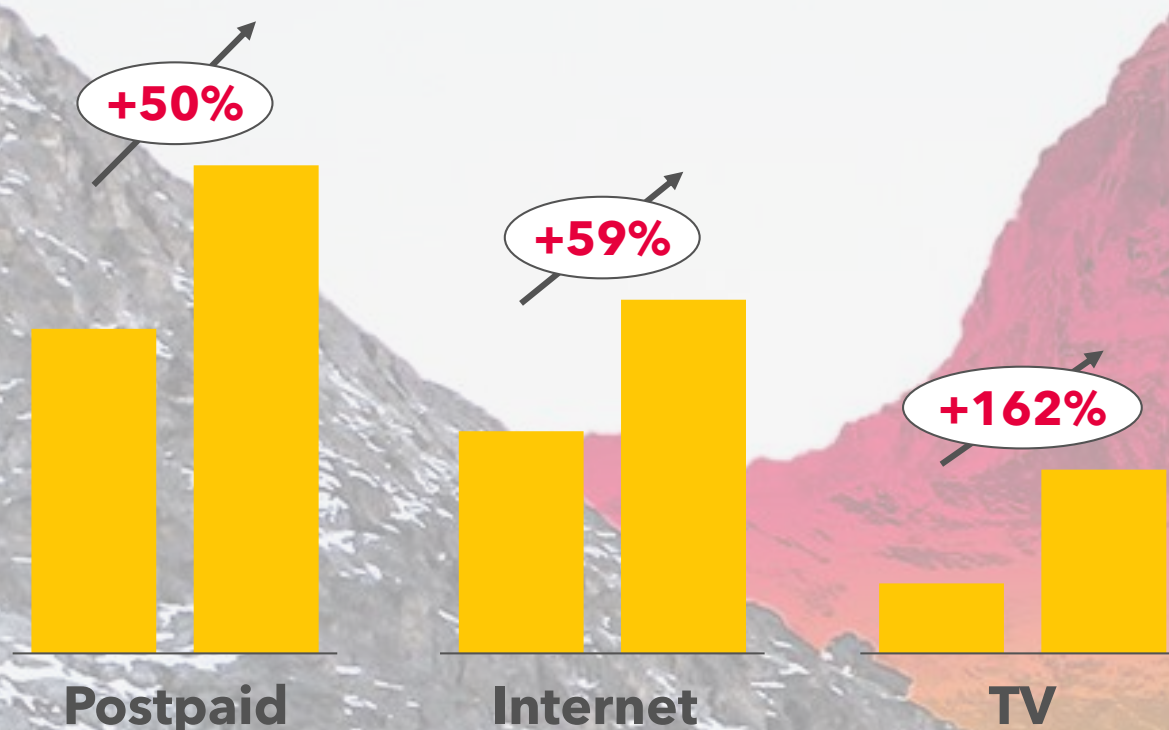
Transformed Sunrise and delivered returns

 We have delivered strong growth ...

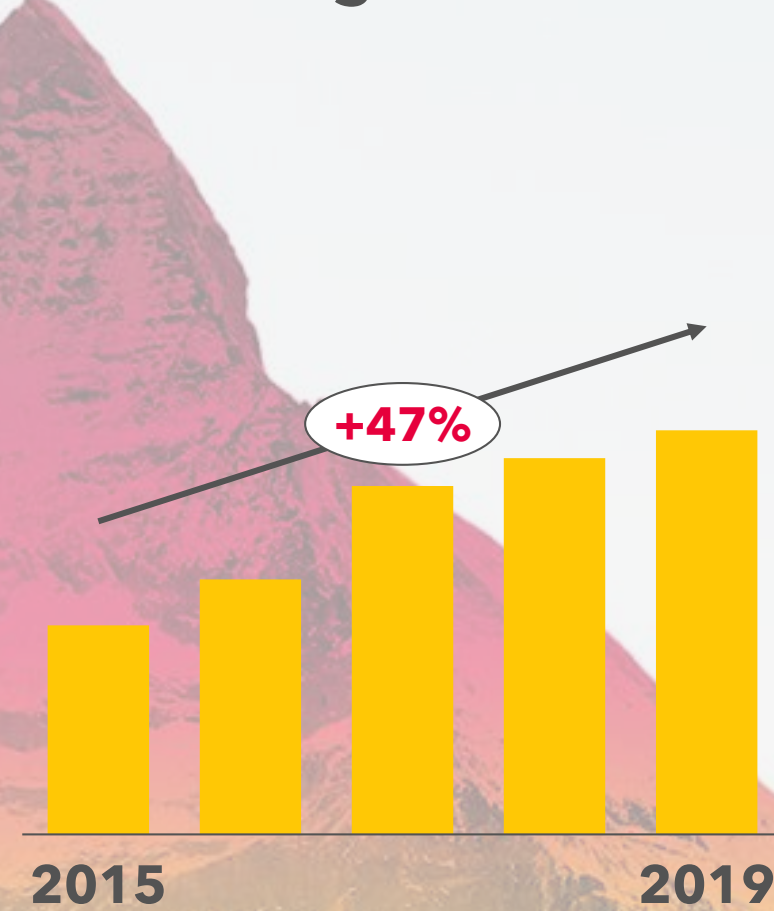
+90% shareholder return ...

with dedicated IR

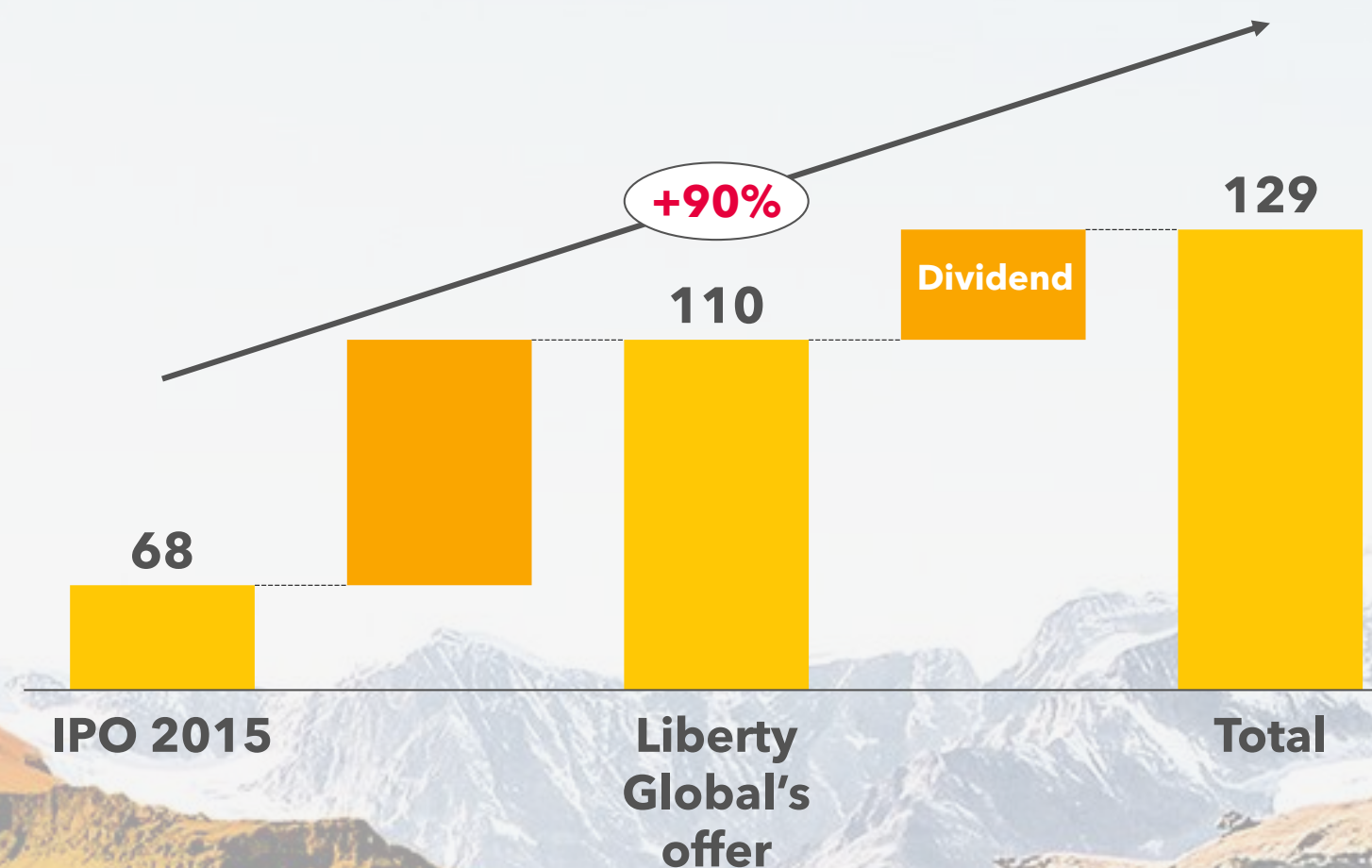
Subscriber growth Q1'15 to Q3'20



Dividend growth



Shareholder value generation



- More than **1'100 investor meetings** including ~40 conferences and ~50 roadshows
- Consensus beat** in 19 out of total 23 quarters

Thank you to our customers, shareholders, partners and employees

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Q&A



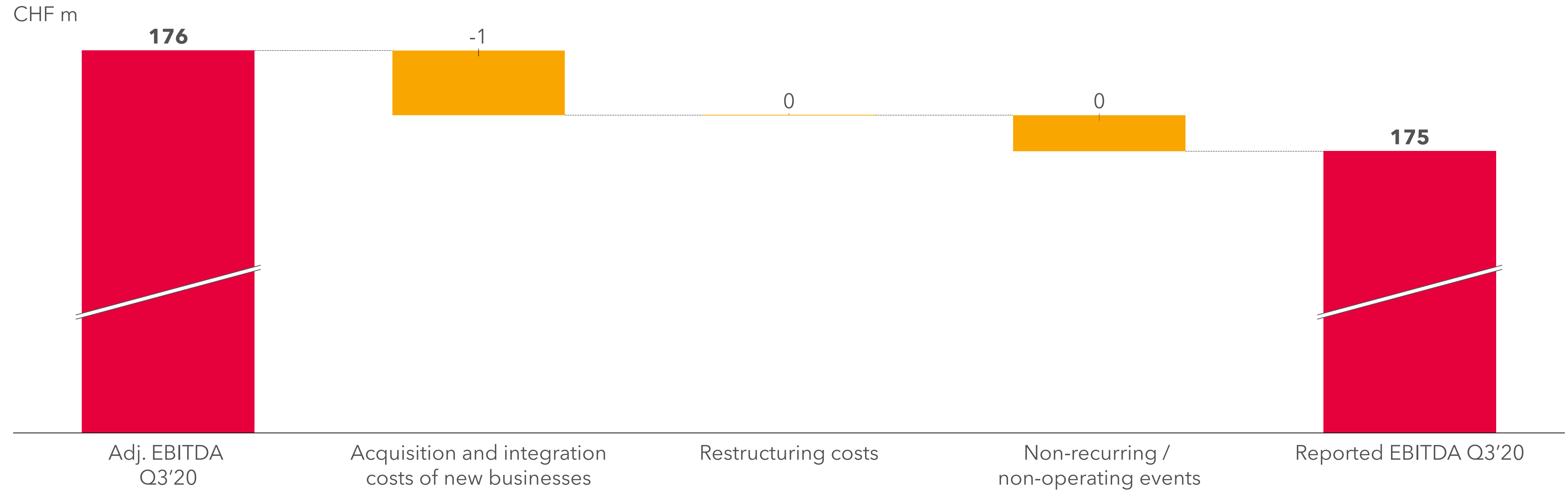
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Appendix



Adjusted to reported EBITDA bridge

Q3 EBITDA bridge



Income Statement

CHF million
July 1 - September 30

	Q3 2020	Q3 2019	Change CHF million	Change %
Revenue				
Mobile services	321	325	(4)	(1.2)
- <i>Thereof mobile postpaid</i>	221	215	5	2.4
- <i>Thereof mobile prepaid</i>	16	19	(3)	(15.6)
- <i>Thereof mobile hardware</i>	57	64	(7)	(10.9)
- <i>Thereof other</i>	28	27	1	3.6
Landline services	65	72	(7)	(10.1)
- <i>Thereof landline voice</i>	32	31	1	4.5
- <i>Thereof hubbing</i>	9	17	(8)	(46.0)
- <i>Thereof other</i>	24	25	(1)	(3.6)
Landline Internet and TV	85	76	9	11.3
- <i>Thereof landline hardware</i>	5	1	5	802.6
Total revenue	471	474	(2)	(0.5)
Revenue excl. hardware and hubbing	400	392	8	1.9
Gross profit	320	316	4	1.2
% margin	67.8%	66.7%		
% margin (excl. hubbing & hardware revenue)	80.0%	80.5%		
EBITDA	175	175	0	0.3
EBITDA adjusted	176	173	4	2.0
% margin	37.4%	36.4%		
% margin (excl. hubbing & hardware revenue)	44.1%	44.0%		
Net income	28	48	(20)	(41.3)

Cash Flow Statement

CHF million
July 1- September 30

	Q3 2020	Q3 2019	Change CHF million	Change %
Cash flow				
Reported EBITDA	175	175	0	0.3
Change in NWC	(15)	13	(28)	(214.2)
Net interest	(9)	(9)	(0)	5.4
Tax	(8)	(21)	13	(60.6)
CAPEX	(126)	(65)	(62)	95.0
Repayments of lease liabilities	(8)	(5)	(4)	77.1
Other financing activities	(21)	0	(21)	0.0
Equity free cash flow	(13)	88	(101)	(114.6)
Other	1	(14)	14	(104.8)
Total cash flow	(12)	74	(87)	(116.4)

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Leverage ratio

Leverage	September 30, 2020	June 30, 2020	September 30, 2019
Term loan B	1'410	1'410	1'410
Senior Secured Notes issued June 2018	200	200	200
RCF drawn	100	100	0
Total cash-pay borrowings	1'710	1'710	1'610
Operational lease	248	250	259
Total debt	1'958	1'960	1'869
Cash & Cash Equivalents	(221)	(233)	(315)
Net debt	1'737	1'727	1'554
Net debt / adj. EBITDA	2.6x	2.6x	2.4x

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Investor Relations



Stephan Gick

stephan.gick@sunrise.net



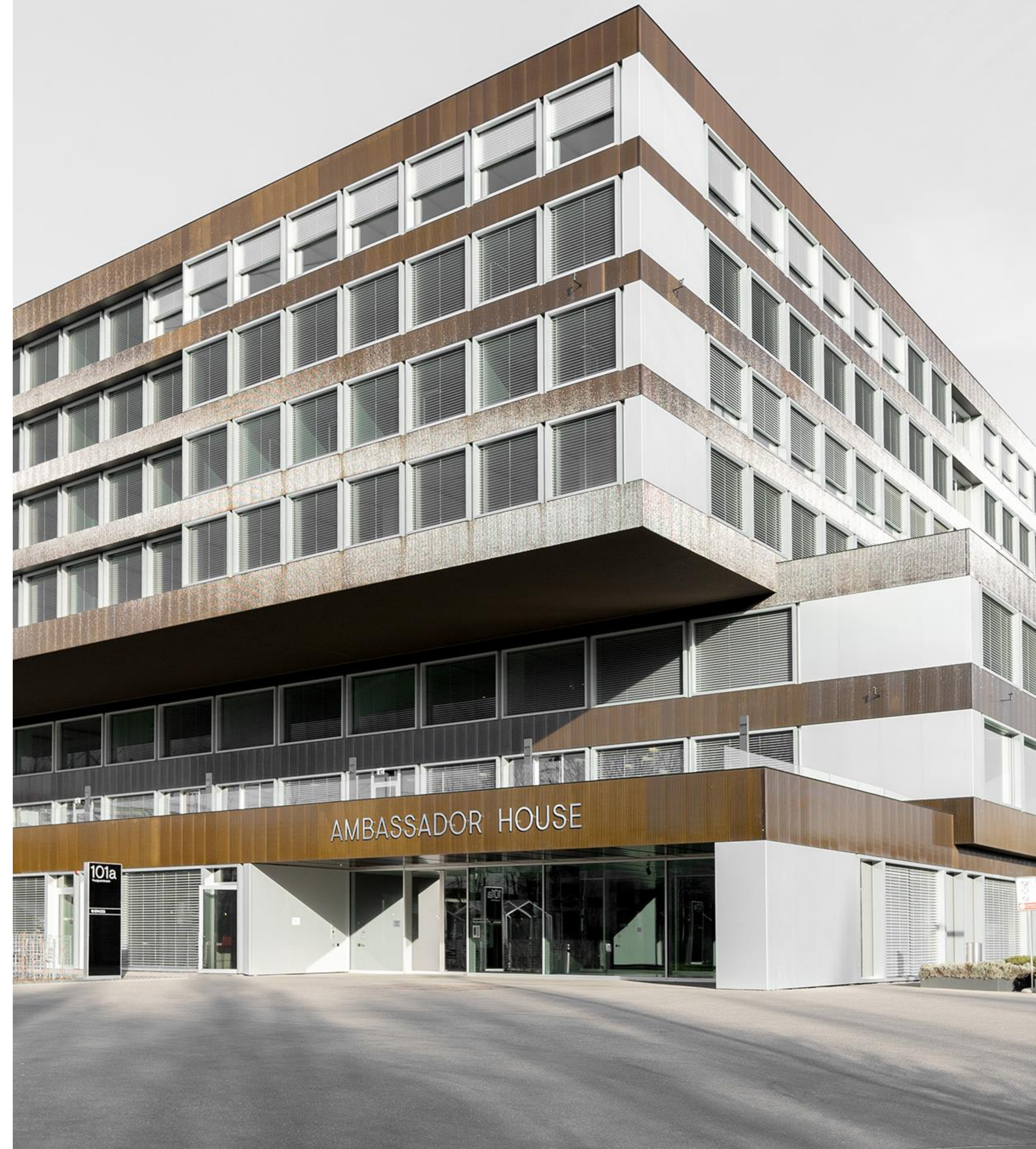
+41 58 777 96 86



investor.relations@sunrise.net



www.sunrise.ch/ir



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