

Message to Shareholders



Libor Voncina
Chief Executive Officer (left)

Lorne Somerville
Chairman of the Board (right)

Dear Readers,

A commitment to quality and customer focus enabled Sunrise to maintain contracted customer growth last year in a competitive environment. In mobile postpaid, Sunrise recorded 80,000 net new customers (+6.0 %) and the number of TV subscribers increased by 27,000 year over year (+25.0 %). Revenue declined to CHF 1.976 billion, while EBITDA decreased to CHF 616 million, reflecting the impact in our highly competitive market of both the lower cost of our new tariffs and the significantly strong Swiss franc.

A Momentous Year

2015 was a momentous year for Sunrise, defined by our initial public offering (IPO) on February 6. CVC Capital Partner's (CVC) decision to list Sunrise on the SIX Swiss Exchange has increased both international awareness of the company and the strength of our brand in our home market. As a result, we were able to strengthen our market position throughout the course of the year, and were delighted to welcome Roger Federer on board as our Brand Ambassador. Although it was a year of change, our key values haven't changed: fairness, transparency and customer orientation are at the heart of our organization and will continue to drive our activities.

Our former Chairman Dominik Koechlin sadly passed away unexpectedly in July. He was the first independent member to join the board when CVC made its investment in Sunrise in October 2010. He served as our Chairman until last year, and successfully led Sunrise through its IPO. His passing is a tragic loss for us all, and we extend our most sincere condolences to his family.

Demanding Economic Environment

The economic landscape was challenging in 2015. In particular, the removal of the Swiss franc/euro exchange rate cap had significant consequences for the Swiss export industry in general and for Sunrise in specific which experienced a decline in hardware and hubbing revenue as a result. However, this also created an opportunity for Sunrise, as many businesses were reassessing their telecommunications costs and putting contracts out for bid again.

Changing Market Environment

For several years now, the rapidly growing popularity of smartphones has dominated the global mobile phone market, a trend also fueled by a continuous expansion of the product range. In Switzerland, data traffic volume has roughly doubled every year. In addition, users increasingly favor bundled offers that combine TV, mobile, landline and internet services, making convergent providers such as Sunrise an attractive option. Customers now look for simple, easy-to-use, comprehensive solutions. As such, we have continued to consolidate our residential and commercial product offers to include combined TV and broadband packages with flat rates.

Award-winning Customer Focus

Throughout 2015, Sunrise received wide recognition for its strong customer focus and won a significant number of notable awards in this area:

- The Swiss business magazine Bilanz assessed Sunrise in the areas of quality, innovation and flexibility and rated the company as the best mobile network and TV provider in Switzerland.
- In its December 2015 issue, the independent magazine connect published a provider service test which showed that Sunrise has the best customer service hotline of all mobile providers in Switzerland.
- This year, connect again gave the Sunrise mobile phone network a rating of “very good.” And, for the second year running, we received recognition for having the best network for mobile telephony in the German-speaking countries (DACH region).
- The Swiss Contact Center Association honored Sunrise with a Golden Headset Award in the Employee Focus category and a certificate in Customer Focus.

Strong Customer Growth

Sunrise customers showed high levels of satisfaction with our products. The mobile postpaid customer base rose 6.0 % (equaling 80,000 net customer gains), and we ended the year with a total of 1.4 million subscribers. Sunrise Freedom continues to be our primary growth driver, and 756,000 Sunrise postpaid customers already opted for a Sunrise Freedom contract by the end of the year. Our new Sunrise Smart TV is also playing an important role in the company’s success during the year. At the end of 2015, 134,000 customers had Sunrise TV subscriptions, with Christmas sales boosting the figure, which represents a net growth of 27,000 subscriptions (+25.0 %) in 2015. The landline sector had a strong year, with the total number of subscriptions leveling out in favor of a growing trend toward convergent offers. Our 4P customer base grew 16.8 % compared to the previous year.

2015 was a successful year for Business Sunrise. We have partnered with several leading companies, including Cofely, Strabag and SR Technics.

”

**2015 WAS A
SIGNIFICANT
YEAR FOR
SUNRISE,
DEFINED BY
THE IPO
IN FEBRUARY.**

LORNE SOMERVILLE,
CHAIRMAN OF THE BOARD

”

**IN 2015,
SUNRISE
RECEIVED WIDE
RECOGNITION
FOR ITS
STRONG
CUSTOMER
FOCUS.**

LIBOR VONCINA,
CHIEF EXECUTIVE OFFICER



Data Growth Driving Network Investments

With changing customer behavior and growing data volumes, operators must ensure that they have a first-rate network by aligning their landline and mobile phone infrastructures with high-speed broadband services. In 2015, Sunrise continued to invest in the expansion and improvement of its network infrastructure and is providing LTE to 98 % of the Swiss population. Thanks to our cooperation with Swiss Fibre Net AG, the joint venture of local energy providers in Switzerland, and local utilities and Swisscom, we offer fiber-to-the-home service to our customers.

Simplification through Digitalization

Sunrise embarked on a large-scale organizational transformation in 2015. As a consequence, the company reduced its headcount by 160. Our efforts are ultimately aimed at effectively streamlining and digitalizing the company's activities, making them easier to navigate and more intuitive for our customers.

2015 was a significant and successful year for Sunrise thanks to the unwavering trust of our customers and the loyalty of our stakeholders. We would also like to thank all Sunrise employees for their commitment to the company's vision and values, and for putting them into action every day.

Lorne Somerville
Chairman of the Board

Libor Voncina
Chief Executive Officer