

**Sunrise**



upc Switzerland

# Acquisition of UPC Switzerland

## Creating a stronger and more valuable Sunrise

Investor presentation  
30 September 2019

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**Sunrise**

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**Executive summary and transaction update**

## New Sunrise – creating the leading fully-integrated Swiss telecommunications challenger

- 1 Converged customer base with scale**
  - ✓ Creates the leading **fully-integrated nationwide challenger** – a stronger and more valuable Sunrise
  - ✓ New Sunrise will **more than double Sunrise's current customer base**: 3.0 million mobile (~27% share)<sup>1)</sup>, 1.2 million broadband (~30% share) and 1.3 million TV (~31% share) customers
- 2 Two highly complementary companies**
  - ✓ **Sunrise's best-in-class mobile network** with strong brand and distribution network
  - ✓ **UPC's state-of-the-art high-speed broadband network** combined with its industry-leading TV and entertainment platform
  - ✓ Combines Sunrise's nationwide sales footprint and B2B growth with UPC's established B2B market position
- 3 Switzerland's best high-speed broadband infrastructure**
  - ✓ Creates a high-quality integrated nationwide telecommunications network – **superior next-generation infrastructure that is unique in Switzerland**
  - ✓ Combines Sunrise's world-class 4G/5G spectrum assets and fibre partnerships with UPC's high-speed fibre optic network
  - ✓ Potential to provide **90% of Swiss households<sup>2)</sup> with broadband Internet speeds of up to 1 Gbit/s by 2021**
- 4 Synergies and market share opportunity**
  - ✓ **Significant expected cost, capex and revenue synergies** resulting from the acquisition, with a **NPV of ~CHF3.1bn** (after integration costs)
  - ✓ **Sunrise shareholders retain in excess of 60% of expected synergies**
  - ✓ Winning new customers and market share through a combination of attractive offerings coupled with Sunrise quality standards
- 5 Significant and demonstrable value creation for shareholders**
  - ✓ Expected to be **significantly equity FCF / share accretive from year 1** (before integration costs and including run-rate synergies)
  - ✓ Returns from the acquisition of UPC Switzerland are expected to exceed the weighted average cost of capital of UPC Switzerland by year 3
  - ✓ **Favourable multiples** relative to precedent convergence transactions, **even more so when considering low Swiss interest and tax rates**

1) Customer market share; including prepaid customers based on the 12-month activity rule; excluding MVNOs

2) Number of households excluding vacation homes

# Update on acquisition of UPC Switzerland

1

Management roadshow in September with strong support on the strategic, industrial logic and the significant value creation from clearly identified in-market synergies

2

Approval from the Swiss Competition Commission (WEKO) received on 26 September 2019 without any conditions

3

Significantly reduced rights issue size by CHF1.3bn to CHF2.8bn, broadly doubling equity FCF per share accretion compared to originally announced transaction structure

4

Reduced rights issue size results in an LTM Jun-19 leverage of 3.6x post run-rate cost synergies<sup>1)</sup>. Sunrise is committed to maintaining a prudent capital structure with a clear de-leveraging path

5

FY'19 dividend amount in the range of CHF350-370m based on the higher number of shares expected to be outstanding post the rights issue. Sunrise expects to maintain a progressive policy, with a 4-6% annual DPS growth thereafter, and will introduce a cash-or-title-option (“COTO”)

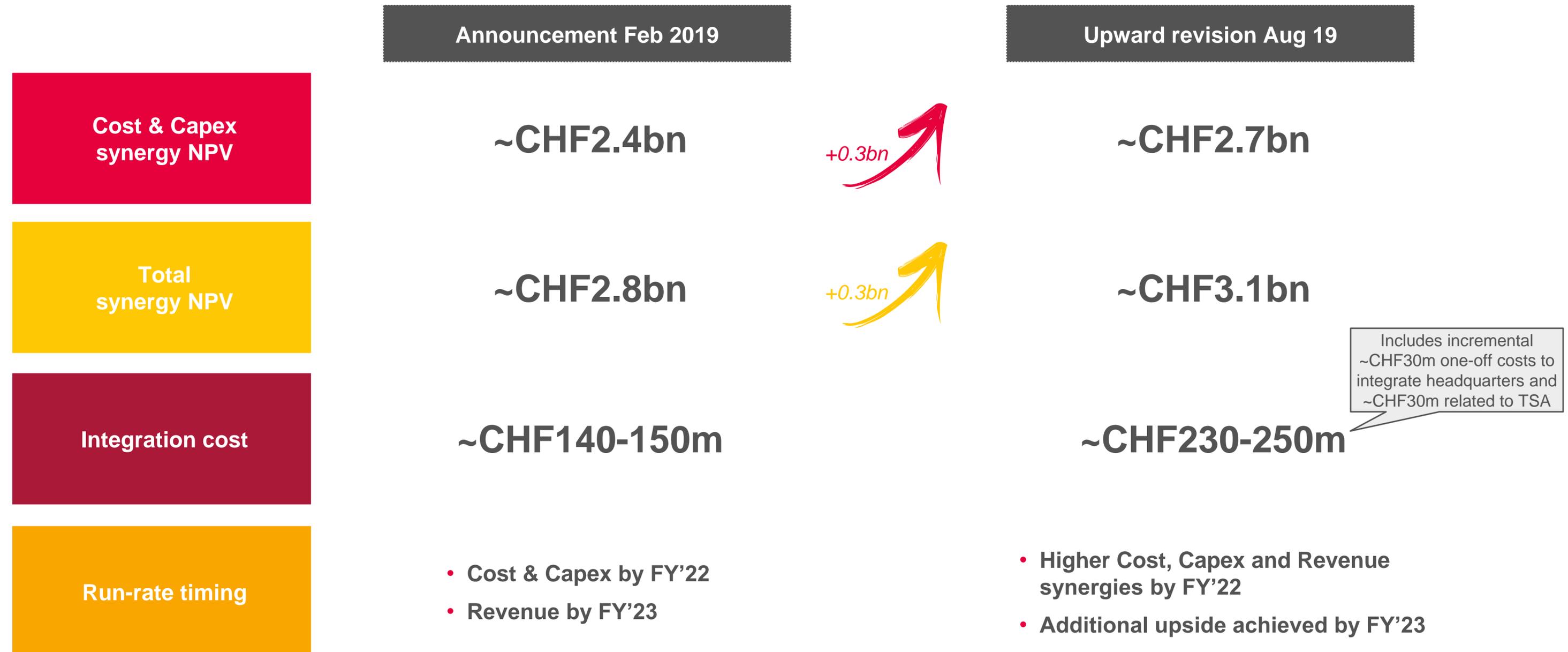
6

Sunrise published the invitation to the EGM on 30 September 2019 and hold the EGM on 23 October 2019

<sup>1)</sup> 4.2x reported leverage LTM Jun-19, excluding synergies; IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x

# Significant cost, capex and revenue synergies

Synergies NPV of ~CHF3.1bn – Sunrise shareholders retain >60%



# Revised funding mix – CHF2.8bn rights issue

CHF1.3bn reduction in rights issue size, with higher leverage supported by higher synergies and lower blended WACD<sup>1)</sup>

CHFbn

Sources	Feb-19	Revised	Uses	Feb-19	Revised
Rights Issue	4.1	2.8	Cash payment to LGI	2.7	2.7
UPC Switzerland net debt contributed <sup>2)</sup>	3.6	3.6	UPC Switzerland net debt contributed <sup>2)</sup>	3.6	3.6
Cash on balance sheet	0.0	0.1	<b>Enterprise Value</b>	<b>6.3</b>	<b>6.3</b>
			Sunrise debt paydown / (debt raised)	1.1	(0.1)
			Transaction costs	0.2	0.2
<b>Total</b>	<b>7.6</b>	<b>6.4</b>	<b>Total</b>	<b>7.6</b>	<b>6.4</b>
			<b>WACD<sup>1)</sup></b>	<b>~3.6%</b>	<b>~3.2%</b>

<sup>1)</sup> Weighted Average Cost of Debt

<sup>2)</sup> Relating to the outstanding senior secured notes issued by UPCB Finance IV Limited and UPCB Finance VII Limited and other debt-like items; net debt includes lease obligations

# Dividend guidance and policy

CHF350-370m FY'19 total dividend and continued progressive dividend policy

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1

FY'19 dividend amount in the range of CHF350-370m based on the higher number of shares expected to be outstanding post the rights issue

2

At the 2020 AGM, Sunrise shareholders will be given a choice to receive the FY'19 dividend in cash, in newly issued Sunrise shares, or as a combination thereof through a cash-or-title-option (“COTO”) mechanism

3

COTO for the FY'19 dividend allows shareholders to avoid the recycling of proceeds from the capital increase and participate in Sunrise's future growth at favourable terms, while Sunrise can accelerate its deleveraging profile. Subject to annual approval by the shareholders at the AGM, Sunrise will consider application of the COTO in future years

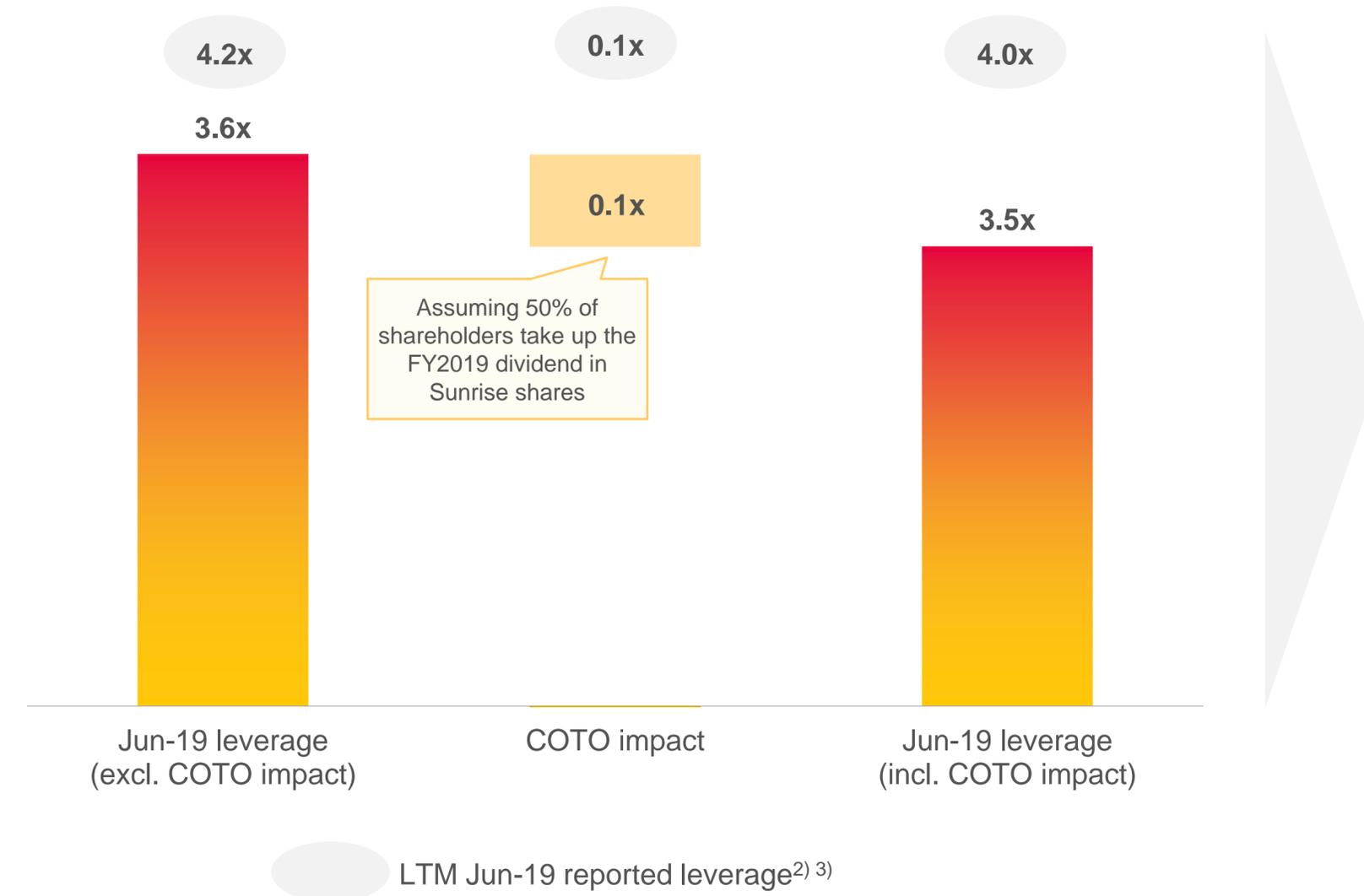
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Sunrise expects to maintain a progressive dividend policy post-transaction, with a 4-6% annual DPS growth post the FY'19 dividend

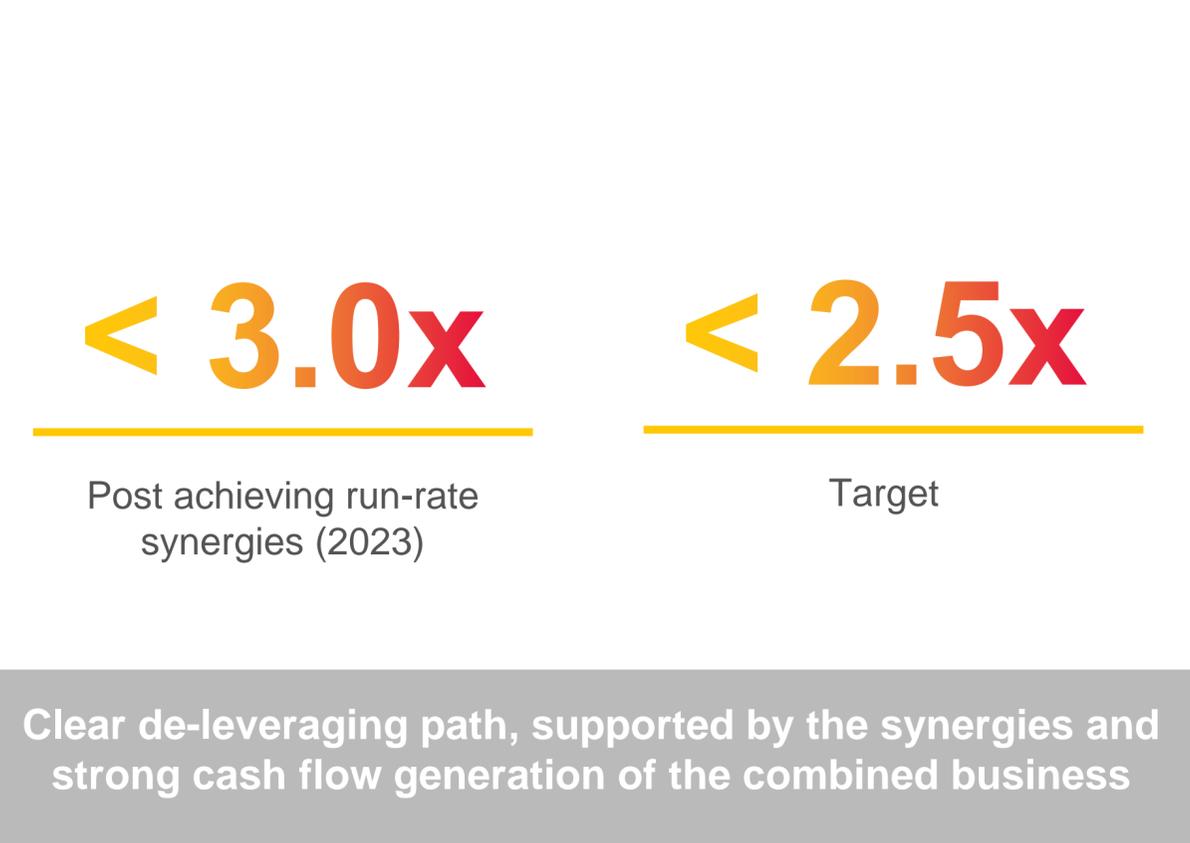
# ~3.6x<sup>1)</sup> Jun-19 leverage post run-rate cost synergies

Reported leverage below 3.0x post achieving run-rate synergies, thereafter targeting below 2.5x

LTM Jun-19 leverage post run-rate cost synergies<sup>1) 2) 3)</sup>



Medium-to-long term reported leverage<sup>2)</sup>



<sup>1)</sup> Based on run-rate cost synergies of ~CHF190m and combined LTM adj. EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)

<sup>2)</sup> IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x

<sup>3)</sup> Based on combined LTM adj. EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)

# Key dates and next steps

Date	Milestone
30 September 2019	Publication of EGM invitation on the website of Sunrise
30 September 2019	Publication of Shareholder Information Document
1 October 2019	Publication of EGM invitation in official gazette ( <i>Schweizer Handelsamtsblatt</i> )
2 October 2019	Dispatch of EGM invitation to shareholders by mail
23 October 2019	EGM
24 October 2019	Publication of rights issue prospectus
29 October 2019	Cut-off date for determination entitlement to subscription rights
30 October 2019	Beginning of rights trading and rights exercise period
5 November 2019	End of rights trading period (17:30 CET)
7 November 2019	End of rights exercise period (12:00 CET)
11 November 2019	First trading day of newly issued shares
End of November 2019	Transaction expected to close

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Creating the leading Swiss telecommunications challenger

# New Sunrise – creating the leading fully-integrated Swiss telecommunications challenger

- 1** **Converged customer base with scale**
  - ✓ Creates the leading **fully-integrated nationwide challenger** – a stronger and more valuable Sunrise
  - ✓ New Sunrise will **more than double Sunrise's current customer base**: 3.0 million mobile (~27% share)<sup>1)</sup>, 1.2 million broadband (~30% share) and 1.3 million TV (~31% share) customers
- 2** **Two highly complementary companies**
  - ✓ **Sunrise's best-in-class mobile network** with strong brand and distribution network
  - ✓ **UPC's state-of-the-art high-speed broadband network** combined with its industry-leading TV and entertainment platform
  - ✓ Combines Sunrise's nationwide sales footprint and B2B growth with UPC's established B2B market position
- 3** **Switzerland's best high-speed broadband infrastructure**
  - ✓ Creates a high-quality integrated nationwide telecommunications network – **superior next-generation infrastructure that is unique in Switzerland**
  - ✓ Combines Sunrise's world-class 4G/5G spectrum assets and fibre partnerships with UPC's high-speed fibre optic network
  - ✓ Potential to provide **90% of Swiss households<sup>2)</sup> with broadband Internet speeds of up to 1 Gbit/s by 2021**

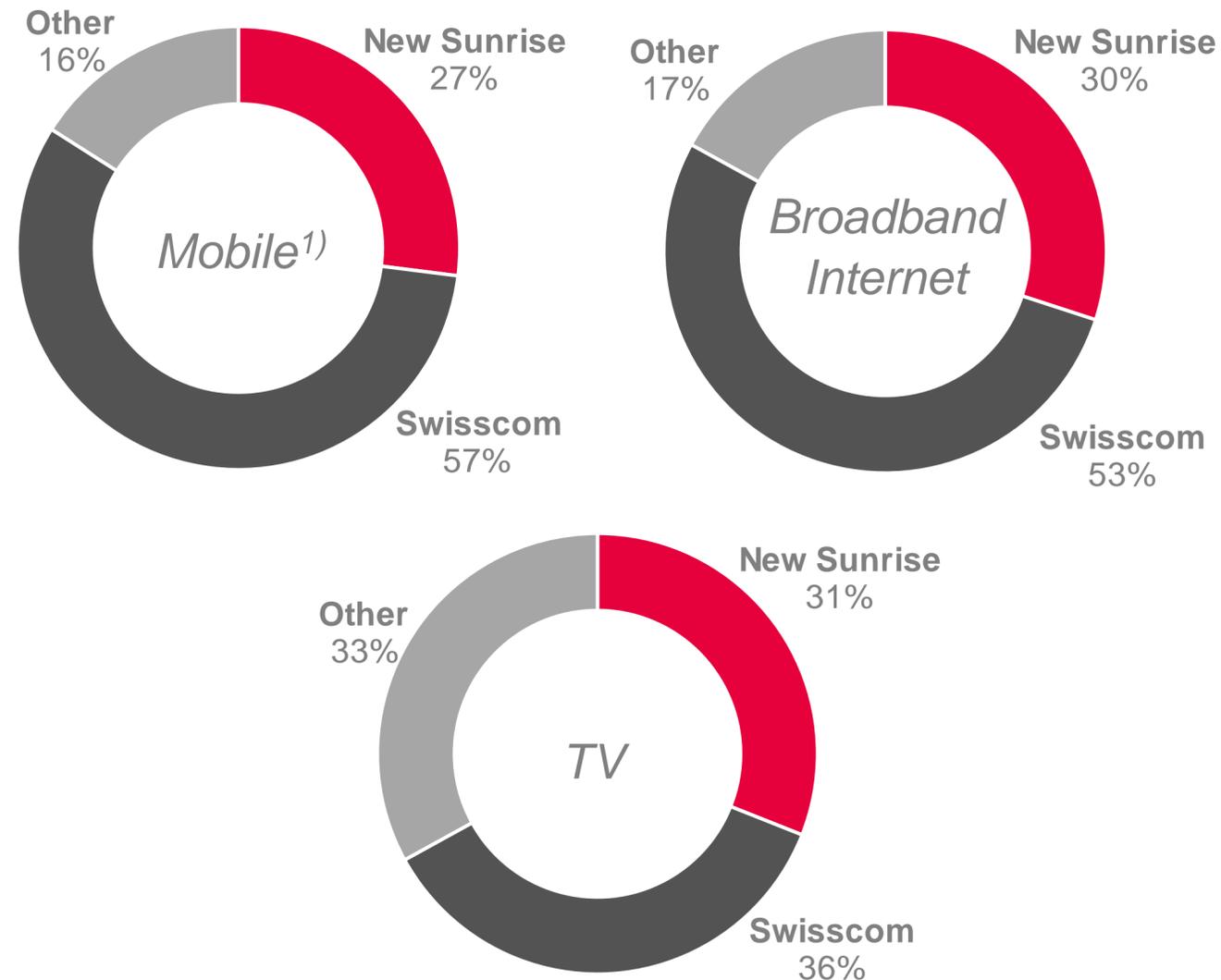
1 Customer market share; including prepaid customers based on the 12-month activity rule; excluding MVNOs

2 Number of households excluding vacation homes

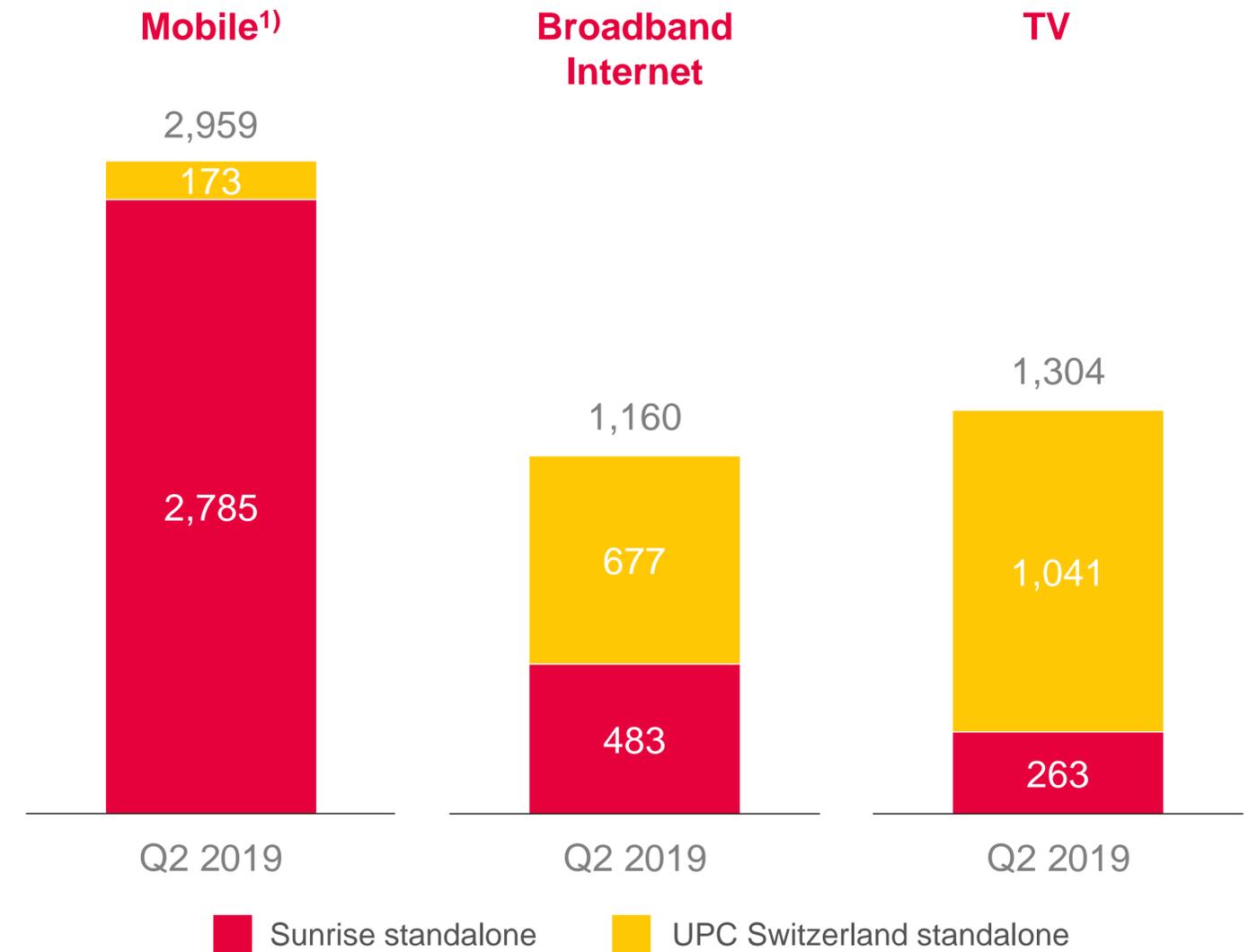
# Sunrise

## 1 New Sunrise – recurring scale across all elements of the bundle

Gaining Market Share



New Sunrise Customers



<sup>1</sup> Customer market share; including prepaid customers based on the 12-month activity rule; excluding MVNOs

# 2 New Sunrise – combining two highly complementary companies



Sunrise



<sup>1</sup> Customer market share; including prepaid customers based on the 12-month activity rule; excluding MVNOs

# 3 New Sunrise – securing the broadest and deepest digital infrastructure in Switzerland

Technology	Sunrise access	Download speed (Mbit/s)	Swiss household coverage	Expected future evolution
<b>Mobile BB</b>	<ul style="list-style-type: none"> <li>Own mobile network can be used for Mobile Broadband (MBB); 5G roll out to push use of MBB</li> </ul>	Up to 900 	MBB  ~100%	 (reach & speed)
<b>Cable / HFC</b>	<ul style="list-style-type: none"> <li>Own infrastructure with DOCSIS 3.0/3.1</li> </ul>	Up to 1,000 <sup>1)</sup> 	DOCSIS  ~60% <sup>2)</sup>	 (speed)
<b>FTTH</b>	<ul style="list-style-type: none"> <li>Access deal with Swisscom</li> <li>Long-term access agreements with utilities SFN, EWZ, SIG and IWB</li> </ul>	Up to 1,000 	FTTH <sup>3)</sup>  ~30%	 (reach & speed)
<b>Copper / xDSL</b>	<ul style="list-style-type: none"> <li>Own LLU with above 600 PoPs</li> <li>Access deal with Swisscom for xDSL</li> </ul>	Up to 25 	LLU  ~85%	
	Up to 100 	VDSL <sup>4)</sup>  ~93%		

Sources: Company reporting, Swisscom, UPC, Salt, Suissedigital, Swiss federal statistic department

1 Speed available with DOCSIS 3.1

2 Based on UPC Switzerland DOCSIS 3.0 coverage

3 Representing fibre, based on Swisscom reporting; the fibre network is typically co-built between Swisscom and local utilities in Switzerland

4 Including FTTH, FTTS/C-Vectoring, FTTC, and FTTS G.fast (allowing for speeds up to 500 Mbit/s); taking into account primary households and businesses; Swisscom xDSL with c.a. 98% coverage

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Transaction offers attractive valuation, substantial synergies

## Sunrise

# UPC transaction accelerates Sunrise's transformation at an attractive valuation

1

Offers immediate access to UPC's leading nationwide owned high-speed broadband network as well as TV and entertainment platform

2

Creates the leading fully-integrated Swiss telecommunications challenger – Mobile, Broadband and TV

3

Delivers unique transformation and scale immediately

4

Attractive value compared to precedent convergence transactions, even more so when considering low Swiss interest and tax rates

5

Significant expected synergies with an NPV of ~CHF3.1bn (after integration costs) – 80% of value from cost and capex synergies; >60% retained by Sunrise shareholders

# Attractive valuation compared to precedents

Favourable multiples relative to precedent convergence transactions even when based on trough FY'19 financials and more so when considering low Swiss interest and tax rates

EV / EBITDA<sup>1)</sup> – UPC Switzerland

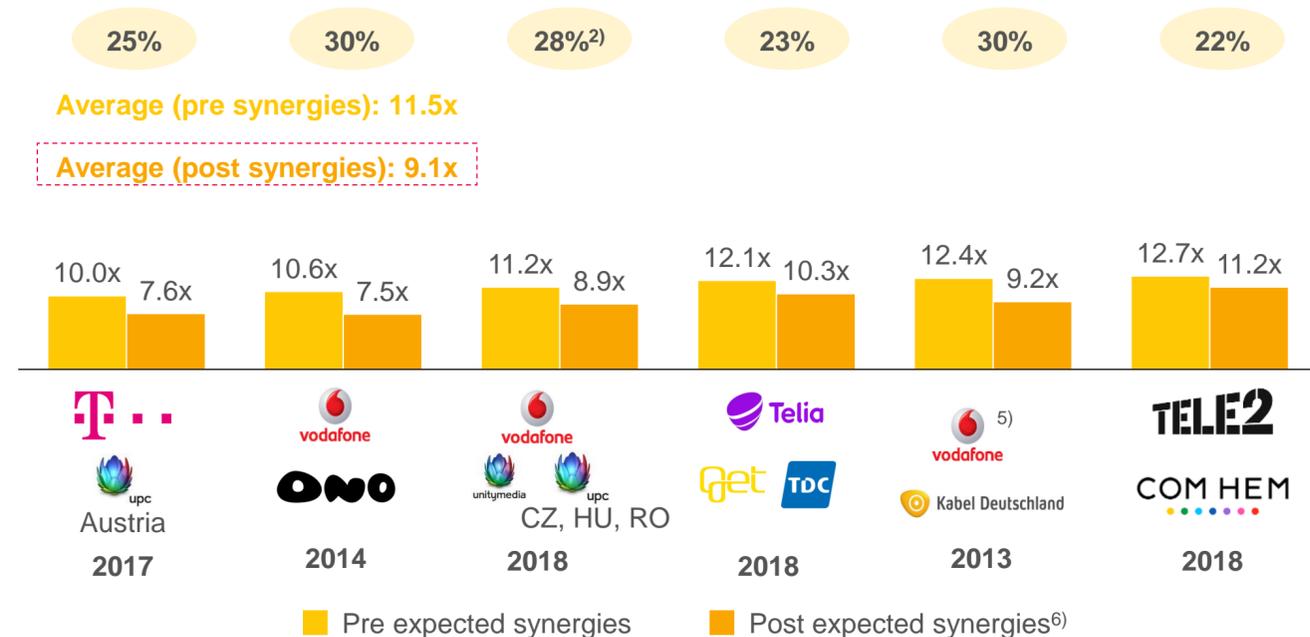


■ Pre expected synergies ■ Post expected synergies<sup>6)</sup> ■ Post expected synergies/CH-adjusted<sup>9)</sup>

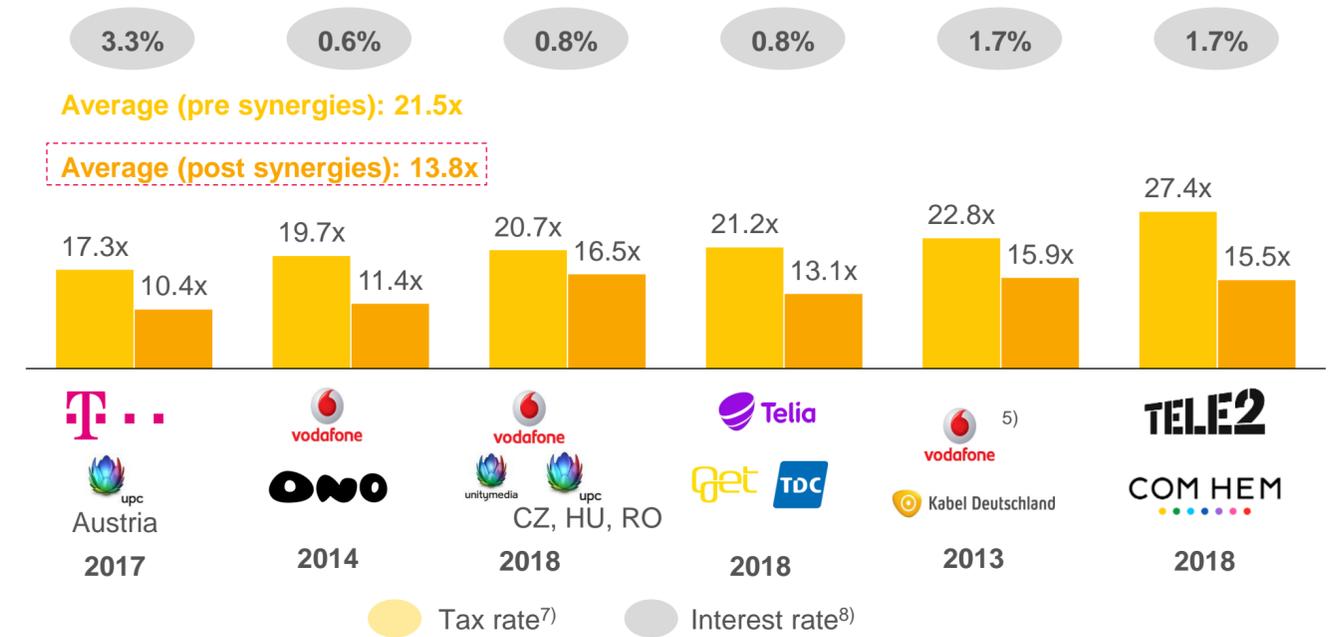
EV / OpFCF<sup>1)</sup> – UPC Switzerland



LTM EV / EBITDA<sup>1)</sup> - Precedents



LTM EV / OpFCF<sup>1)</sup> - Precedents



1) Based on publicly announced figures for last twelve months prior to announcement of transaction  
 2) Blended tax rate of Germany, Hungary, Romania and Czech Republic, weighted on respective EBITDA  
 3) Assuming SEK450m of Opex and Capex synergies split into 83% Opex and 17% Capex as per allocation from other precedent transactions  
 4) Assuming announced run-rate opex & capex synergies of EUR300m to be fully allocated to opex synergies  
 5) Based on fiscal year-end number as per Mar-13

6) Post run-rate opex synergies for EV / EBITDA and cost & capex synergies for EV / OpFCF, excluding revenues synergies and integration costs  
 7) As per KPMG annual tax survey for the respective countries and year of announcement  
 8) Based on prevailing local 10y government bond yields for the respective countries of the target at the time of announcement  
 9) Assuming 2x premium on EV/EBITDA and 3x premium on EV/OpFCF (based on Sunrise and Swisscom average vs WE PTT average including Proximus, DT, KPN, Orange, Telekom Italia and Telefonica)  
 Source: Company filings and public announcements

# UPC Switzerland – 2019 H1 results in-line with Liberty’s turnaround plan

Ahead of Sunrise expectations leading to CHF10-15m higher FY’19 OpFCF expectation

## Turnaround plan on track

- **RGU net adds, revenue, OCF targets achieved**
- Success in major investments in UPC TV, 1 Gbps and digitisation
- RGU losses continue to slow down while customer ARPU continues to grow
- Continued strong momentum in mobile base

## Successful TV transformation

- **Roll out of UPC TV progressing well, in line with Liberty’s expectation for >50% of video base by FY’19 <sup>1)</sup>**
- 190k TV boxes deployed by July 2019 <sup>1)</sup>
- Best-in-class TV experience with clear signs of improvements: **NPS significantly higher than legacy TV platform**

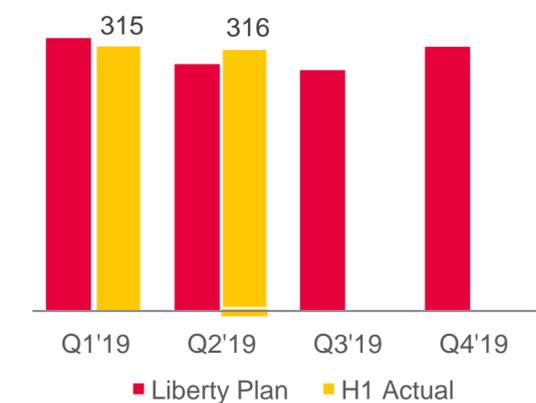
## Increasing fixed-mobile convergence

- **Increase in convergent customers: 16% customers subscribe to convergent offerings (4pp increase YoY) <sup>1)</sup>**
- Convergence driving churn benefits resulting in slow down of fixed RGU losses (-28k in Q2’19 vs. -43k in Q1’19)
- Mobile subs net adds of +14k in Q2’19 (Q1: +13k), resulting in ~170k mobile customer base <sup>1)</sup>

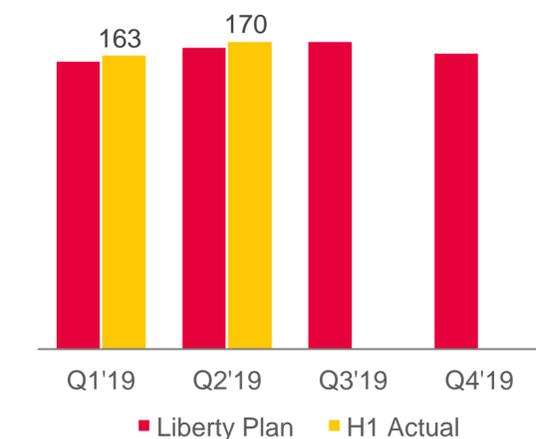
## Improved network quality

- **Plan to roll-out 1 Gbps internet product with DOCSIS 3.1 ahead of plan, recently announced to launch in Q3’19**
- Maximum internet speed reached of 600 Mbps, with UPC customers already experiencing average of >250 Mbps <sup>1)</sup>
- Investment expected to contribute to EBITDA stabilization

UPC Switzerland revenue (CHFm)<sup>2)</sup>



UPC Switzerland OCF (CHFm)<sup>2)</sup>

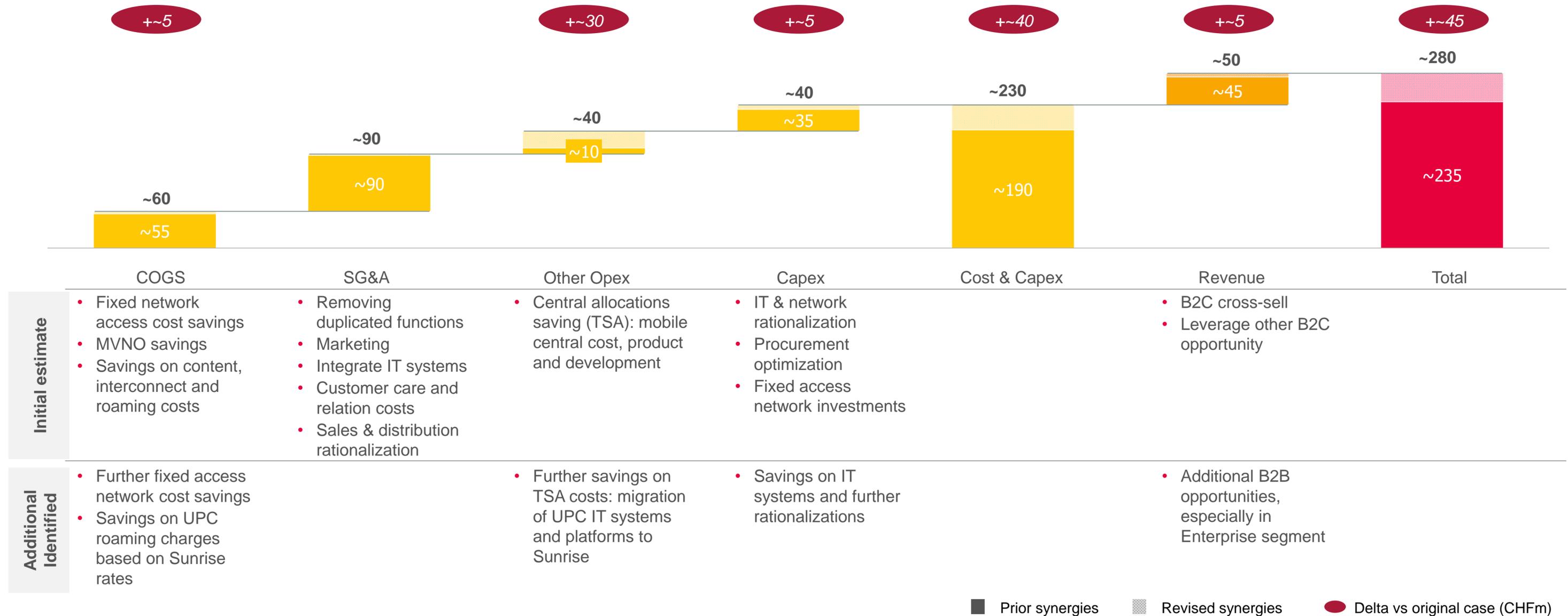


<sup>1)</sup> As per Liberty Global Q2’19 results presentation, p. 8 & 9

<sup>2)</sup> Content costs and partner wholesale revenues from MySports channel are higher in Q1 and Q4, due to the relative weighting of Winter sports such as Ice Hockey

# Substantial and actionable synergies with NPV of CHF 3.1bn

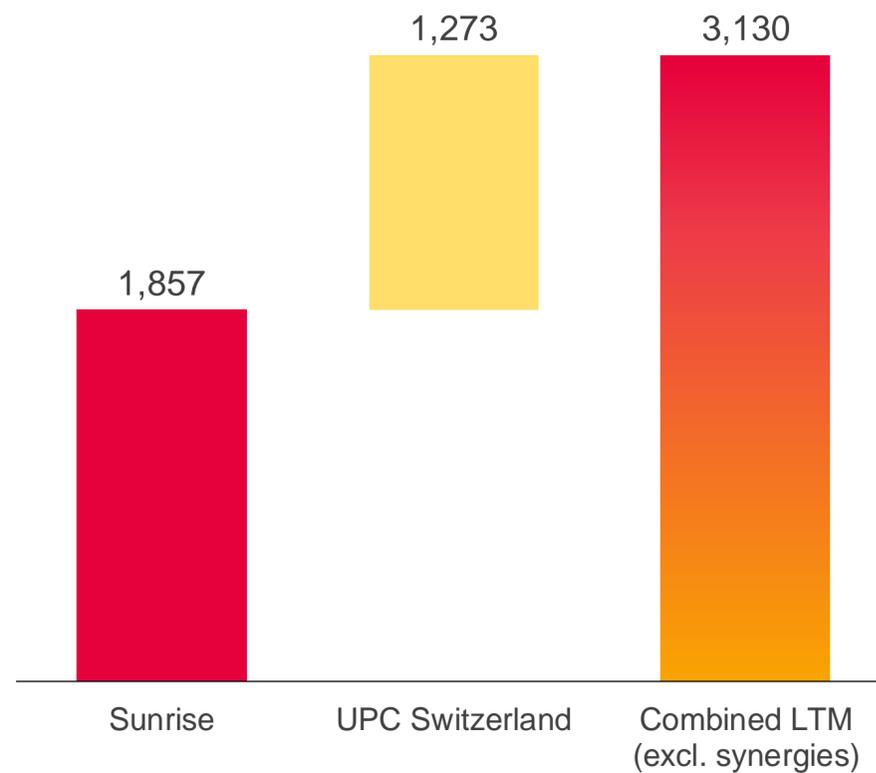
Run-rate synergy estimates (CHFm)



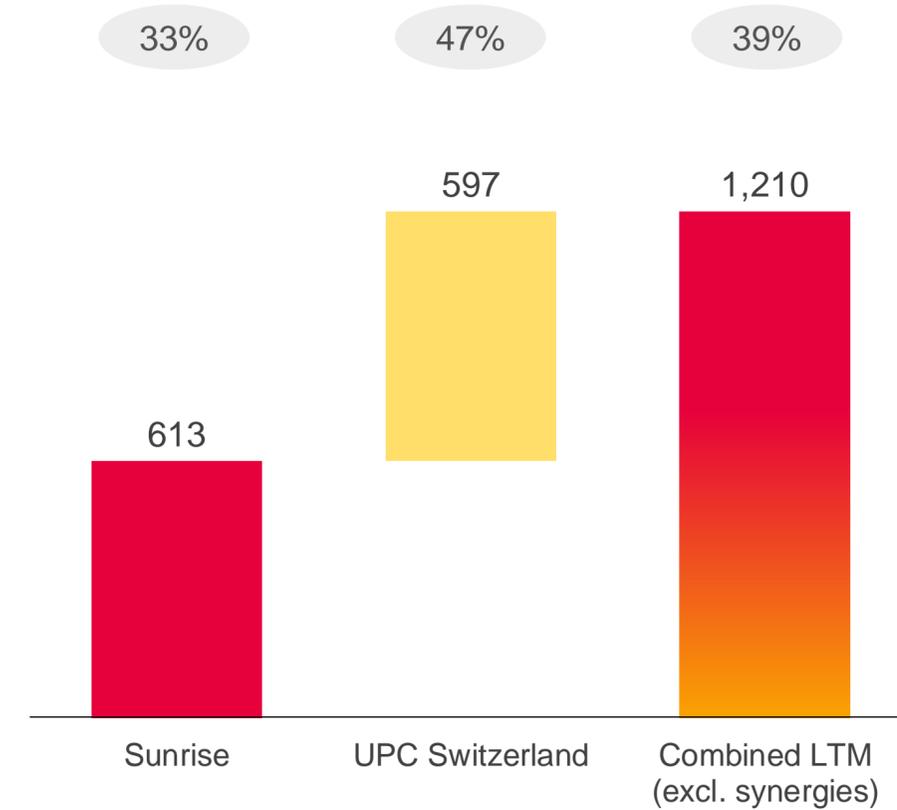
# New Sunrise – a stronger and more stable company

UPC has potential to add significant scale and profitability to Sunrise and accelerate the Company's transformation process

LTM June 2019 combined revenues<sup>1)</sup> (CHFm)



LTM June 2019 combined adj. EBITDA<sup>1), 2)</sup> (CHFm)



Adj. EBITDA<sup>1</sup> margin

Source: Sunrise financials prepared in accordance with IFRS, but excl. IFRS 16; UPC Switzerland financials prepared in accordance with US GAAP and based on carve-out financials

1 Aggregated figures not reflecting a common IFRS accounting framework

2 Adjusted as post central opex & capex allocations and other adjustments

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**Sunrise's track record of financial and operational outperformance**

# Sunrise's management and Board – Experience, expertise and track record of value creation

## Management team and...

	<p><b>Olaf Swantee</b>  <i>Chief Executive Officer</i></p> <ul style="list-style-type: none"> <li>Former CEO, EE (UK)</li> </ul>		<p><b>André Krause</b>  <i>Chief Financial Officer</i></p> <ul style="list-style-type: none"> <li>Former CFO, O2 Germany</li> </ul>
	<p><b>Robert Wigger</b>  <i>Chief Business Officer</i></p> <ul style="list-style-type: none"> <li>Former VP (Service Providers EMEA), Hewlett Packard Enterprise</li> </ul>		<p><b>Marcel Huber</b>  <i>Chief Administrative Officer &amp; General Counsel</i></p> <ul style="list-style-type: none"> <li>Former Chief of Corporate Affairs &amp; General Counsel, Salt Mobile</li> </ul>
	<p><b>Bruno Duarte</b>  <i>Chief Consumer Officer</i></p> <ul style="list-style-type: none"> <li>Former Managing Director (Operations, Pricing &amp; Strategy), EE (UK)</li> </ul>		<p><b>Elmar Grasser</b>  <i>Chief Technology Officer</i></p> <ul style="list-style-type: none"> <li>Former CTO, Orange Austria Telecommunication</li> </ul>
	<p><b>Françoise Clemes</b>  <i>Chief Services Officer</i></p> <ul style="list-style-type: none"> <li>Former Chief Customer Services, EE (UK)</li> </ul>		<p><b>Tobias Foster</b>  <i>Chief Human Resources Officer</i></p> <ul style="list-style-type: none"> <li>Former Director (Compensation, Benefits &amp; Payroll), Sunrise Communications</li> </ul>

## ...Board of Directors with significant leadership experience

	<p><b>Peter Kurer, Chairman</b>  <i>Partner, BLR &amp; Partners</i></p> <ul style="list-style-type: none"> <li>Former Chairman and Group General Counsel, UBS</li> </ul>		<p><b>Ingrid Deltenre</b></p> <ul style="list-style-type: none"> <li>Former CEO, Swiss Television</li> <li>Former CEO, Publisuisse</li> </ul>
	<p><b>Peter Schöpfer, Vice-Chairman</b>  <i>Group Chief Advisory Officer &amp; CMO, Avaloq</i></p> <ul style="list-style-type: none"> <li>Former CEO &amp; Country Manager (Brazil), T-Systems</li> </ul>		<p><b>Michael Krammer</b>  <i>Founder &amp; Managing Partner, Ventocom</i></p> <ul style="list-style-type: none"> <li>Former CEO, ONE / Orange Austria Telecommunication</li> </ul>
	<p><b>Robin Bienenstock</b>  <i>Partner, RBMP Capital</i></p> <ul style="list-style-type: none"> <li>Former Partner, Marlin Sams Fund</li> </ul>		<p><b>Jesper Ovesen</b></p> <ul style="list-style-type: none"> <li>Former CFO, TDC Group</li> <li>Former CEO, Kirkbi Group</li> </ul>
	<p><b>Christoph Vilanek</b>  <i>CEO, freenet</i></p> <ul style="list-style-type: none"> <li>Former VP (Customer Care &amp; Customer Management), debitel</li> </ul>		<p><b>Ingo Arnold</b>  <i>CFO, freenet</i></p> <ul style="list-style-type: none"> <li>Former Head of Controlling, Treasury, Bad Debt Management, Internal Audit and Investor Relations, freenet</li> </ul>

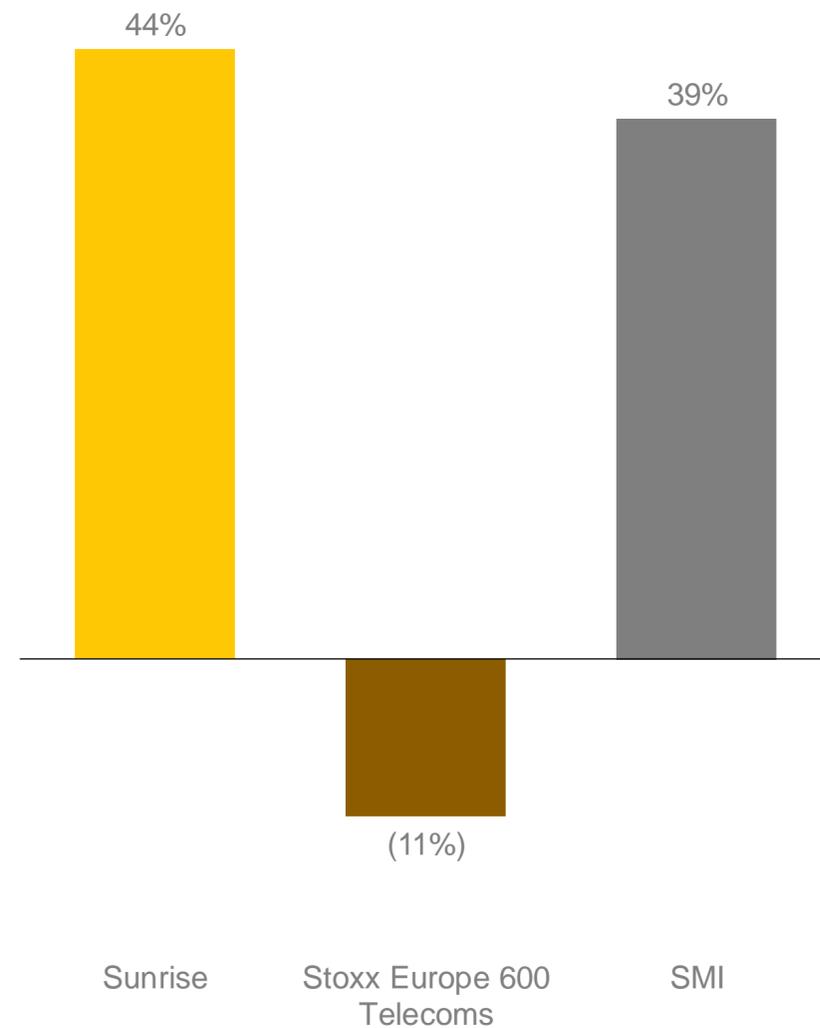
Indicates Board Chairs<sup>1</sup>

- ✓ Aggregated over their public C-Level and Board tenures, our management and directors helped deliver TSR which outperformed the STOXX 600 by 82%<sup>2</sup>
- ✓ Sunrise management and directors have completed 14 public deals over CHF1bn<sup>2</sup> - Olaf Swantee has significant M&A experience, most recently executing the sale of EE to British Telecom
- ✓ Best-in-class corporate governance – Sunrise was awarded its second #1 ranking by InRate's zRating study in September 2019

<sup>1</sup> Peter Kurer is the Chairman of the Board of Directors; Peter Schöpfer is the Chairman of the Nomination and Compensation Committee; Jesper Ovesen is the Chairman of the Audit Committee  
<sup>2</sup> Factset as of 27 September 2019 – Based on the Sunrise Directors' current and previous Board and management positions (CEO and CFO) – TSR represents the average outperformance of their previous employers versus the Euronext 100 during their tenure at each employer

# Sunrise has outperformed peers since IPO

**Total Shareholder Return**  
(Since IPO %)

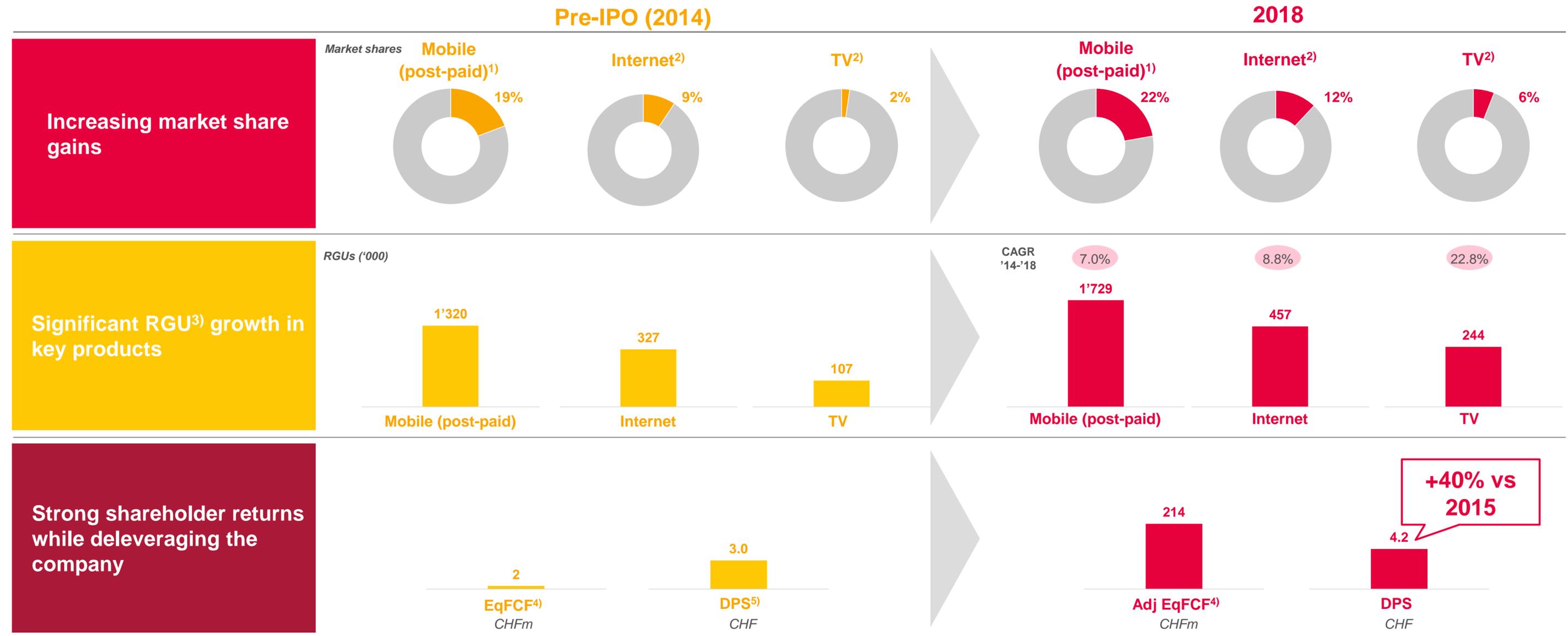


**Indexed Returns**  
(Since IPO)



Source: Company filings, Bloomberg and FactSet as of 27 September 2019

# Sunrise has added market share, grown subscriber numbers and delivered shareholder value since IPO



Source: Annual reports, Q1-19 factsheet and company information

1 Post-paid customer market share, excluding MVNOs

2 Salt broadband / TV customers based on estimates as not published

3 RGU refers to a "Revenue Generating Unit"

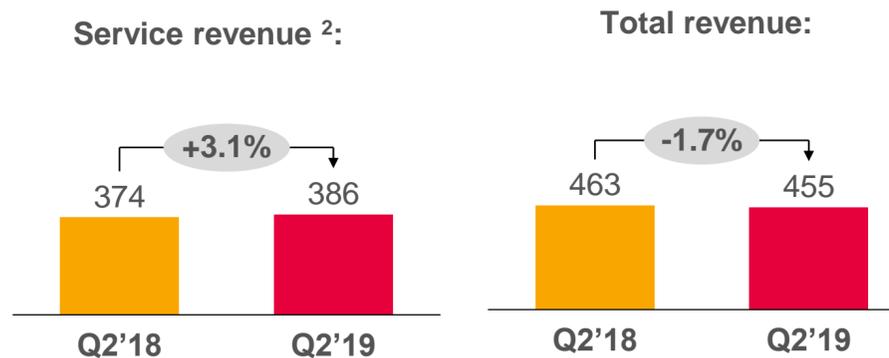
4 Adjusted EqFCF defined as EBITDA – Capex – Changes in Net Working Capital – Interest expense – Other financing activities – taxes, before dividend payment of CHF180m.

5 As of first Sunrise dividend payment declared for FY15, paid in Apr-16

# Continued momentum – Evidenced by Q2 '19 financial results

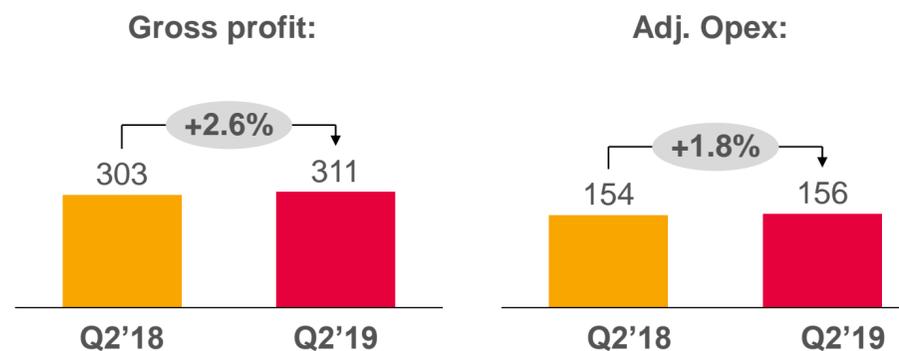
## Revenue (CHFm)

- **Service revenue up** +3.1% driven by customer growth, offsetting lower ARPUs; sequential acceleration (Q1: +2.7% YoY) driven by lower-margin areas such as volatile B2B equipment sales
- **Revenue down** -1.7% due to lower revenues from mobile hardware and hubbing (both low margin)



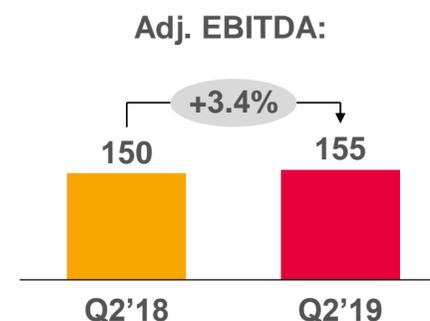
## Gross Profit & adj. Opex

- **Gross profit growth** of +2.6% driven by service revenue, with service GM impacted by mix
- Adj. Opex up +1.8% mainly due to variable growth expenses supporting momentum



## Adj. EBITDA

- **Adj. EBITDA up** +3.4% driven by gross profit



<ul style="list-style-type: none"> <li>• Strong subscriber <b>growth</b> in mobile postpaid, internet and TV</li> <li>• 5G coverage in 262 cities / villages by mid August</li> </ul>	<b>Customers</b>
<ul style="list-style-type: none"> <li>• Continued service revenue <b>growth</b> driven by customer momentum</li> <li>• Ongoing service revenue diversification in terms of product category and customer segments</li> </ul>	<b>Revenue</b>
<ul style="list-style-type: none"> <li>• GP growth partly reinvested into operational momentum; B2B transition reconfirmed</li> </ul>	<b>Profitability</b>
<ul style="list-style-type: none"> <li>• Equity FCF <b>as expected</b>; reduced leverage after tower disposal gives flexibility for strategic investments</li> </ul>	<b>Cash Flow</b>

Note: Incl. IFRS 16: Q2 GP +2.6%, adj EBITDA +10.3%;

<sup>1</sup> Service revenue is total revenue excluding hubbing and mobile hardware revenue, which are low-margin

# Strong board oversight of process, extensive diligence and detailed integration planning

- **We involved an experienced board at all stages of the process**
  - Board consistently involved throughout strategic process: 40 meetings to discuss UPC opportunity alone
  - Board reviewed all aspects of the transaction with management, including due diligence, valuation, synergies, technology and impact on shareholders
  - dedicated board transaction sub-committee oversaw all aspects of the process
- **We conducted deep due diligence on the UPC business and quality of the network**
  - analysis based on conservative, risk-adjusted projections for UPC and Sunrise
  - projections for UPC were both below peers and Liberty management projections
  - UPC's H1 2019 results consistent with turnaround and ahead of Sunrise expectations
- **We identified actionable synergies and rigorously planned integration**
  - CHF3.1bn NPV of specific, actionable in-market cost, capex and revenue synergies (after integration costs)
  - Rigorous integration planning to drive successful execution
  - dedicated Board integration sub-committee to oversee all aspects of the integration
- **We negotiated a better deal for shareholders**
  - discussions with Liberty Global were held for 15 months prior to the transaction announcement
  - multiple alternative transaction and financing structures were explored
  - enhanced transaction structure delivers even more value for shareholders

**Sunrise**

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Summary conclusions

# New Sunrise – A stronger and more valuable Sunrise

- Creates the **leading fully-integrated Swiss telecommunications challenger** with scale and increased market share
- Combines Sunrise's best-in-class mobile network with UPC's state-of-the-art high-speed broadband network, TV and entertainment platforms
- Purchased at an attractive price for shareholders – **among the lowest multiples paid** based on recent precedent cable transactions
- **Enhanced transaction structure** will yield **improved equity FCF accretion** – rights issue significantly reduced by CHF1.3bn to CHF2.8bn, **broadly doubling equity FCF per share accretion**
- **Significant expected CHF3.1bn net present value of cost, capital expenditure and revenue synergies** (after integration costs)
- Commitment to **prudent capital structure, deleveraging and progressive dividend policy**
- **Regulatory approval received in support of the transaction** – closing estimated by the end of November 2019
- Overseen by a Board and management team with **strong track records of creating value for shareholders**

**Sunrise**

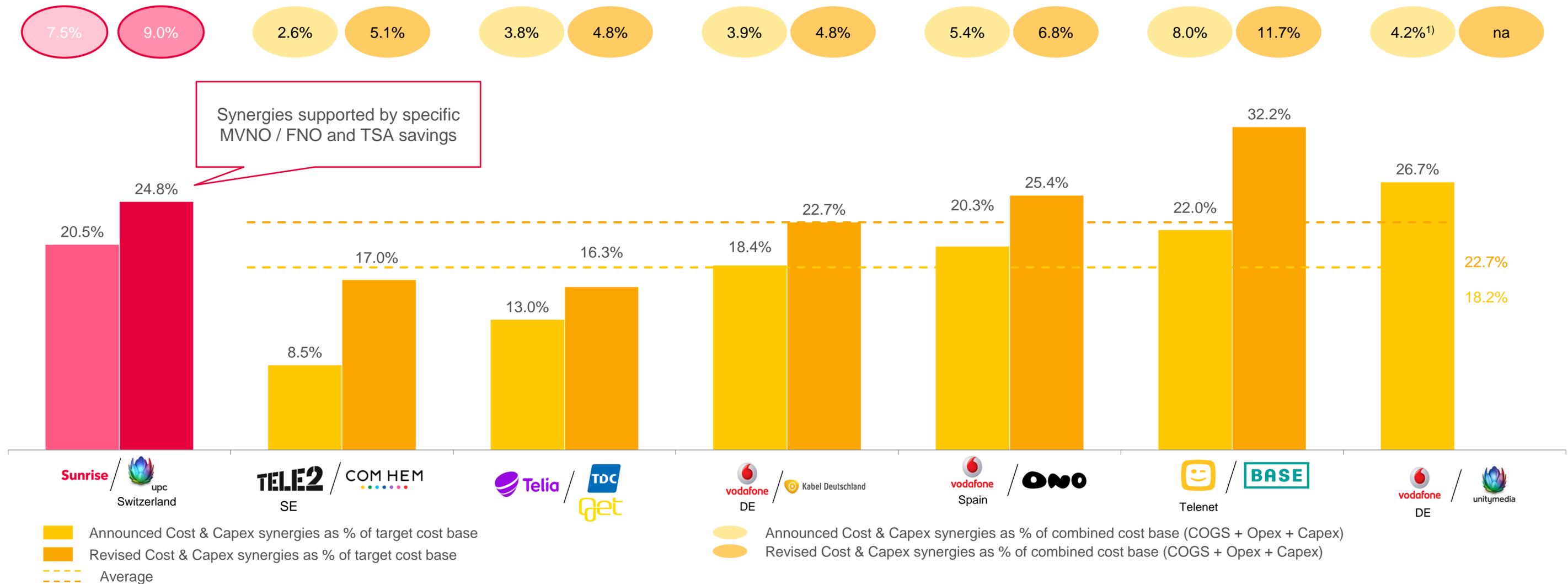
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Appendix and supplemental information

# Synergies supported by industry benchmarks

UPC Switzerland MVNO and TSA charges plus Sunrise fixed access costs underpin saving opportunity

Cost & Capex synergies as % of combined cost base (COGS + Opex + Capex)



1) Vodafone DE figures calendarized to Dec-17 for comparability with Unitymedia. Synergies, costs and capex generated outside of the German perimeter are excluded  
Source: Company information

# UPC Switzerland is the leading business and consumer broadband cable business in Switzerland

## Business Overview

- UPC is a leading provider of communication and entertainment
- Provides video, broadband internet and telephony services to 2.2 million RGUs
  - 1.0 million video subscribers
  - 0.7 million broadband internet subscribers
  - 0.5 million telephony subscribers
  - 0.2 million mobile subscribers
- High proportion of glass fibre and the latest network technology making UPC's network the most modern information superhighway covering the whole of Switzerland



**UPC Fixed Line**



**UPC Broadband**



**Horizon Go**



**UPC E.OS box**

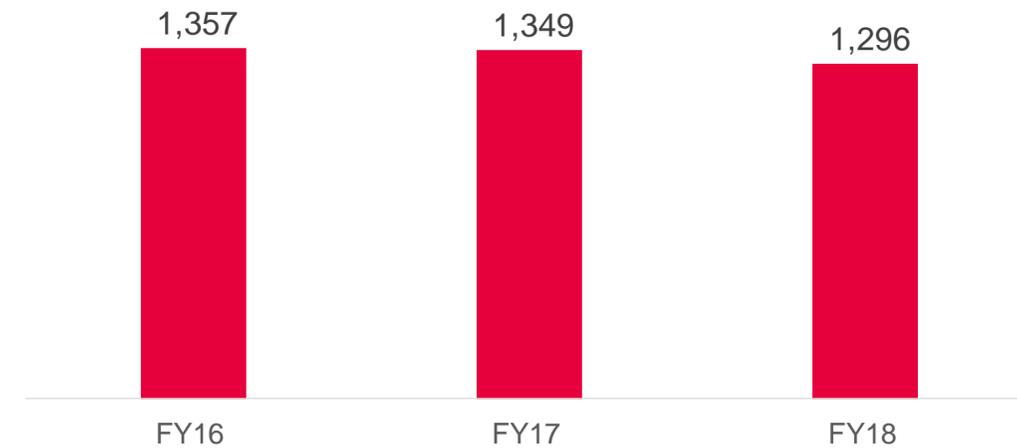


**UPC On Demand**

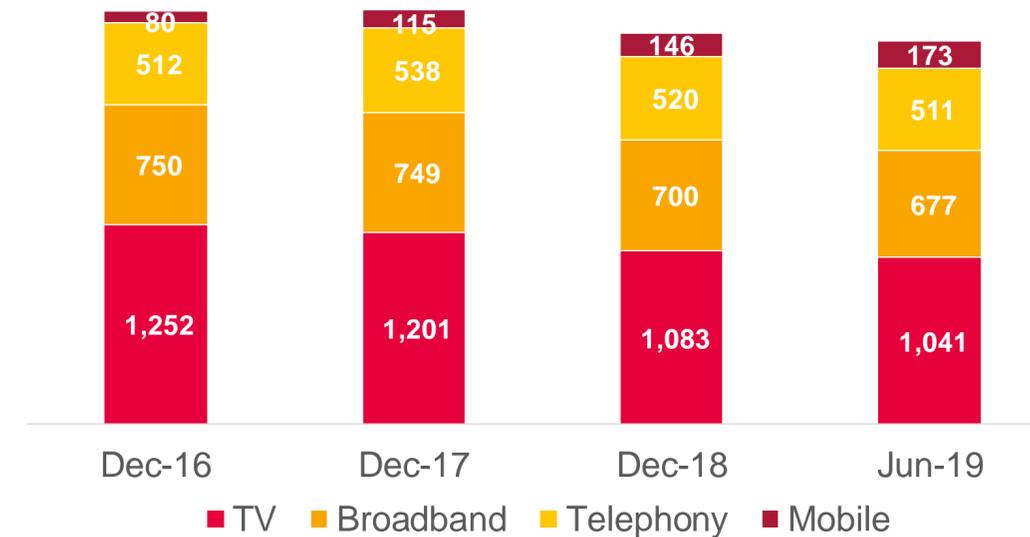


**Proprietary Broadband Content**

## Historical Revenues (CHFm)

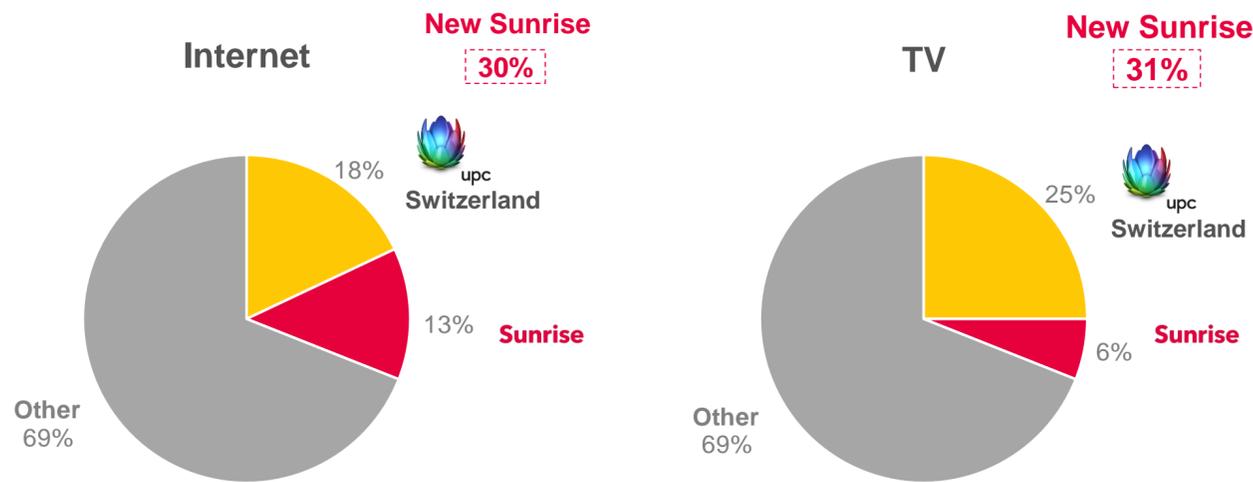


## Number of Subscribers (RGUs in thousands)

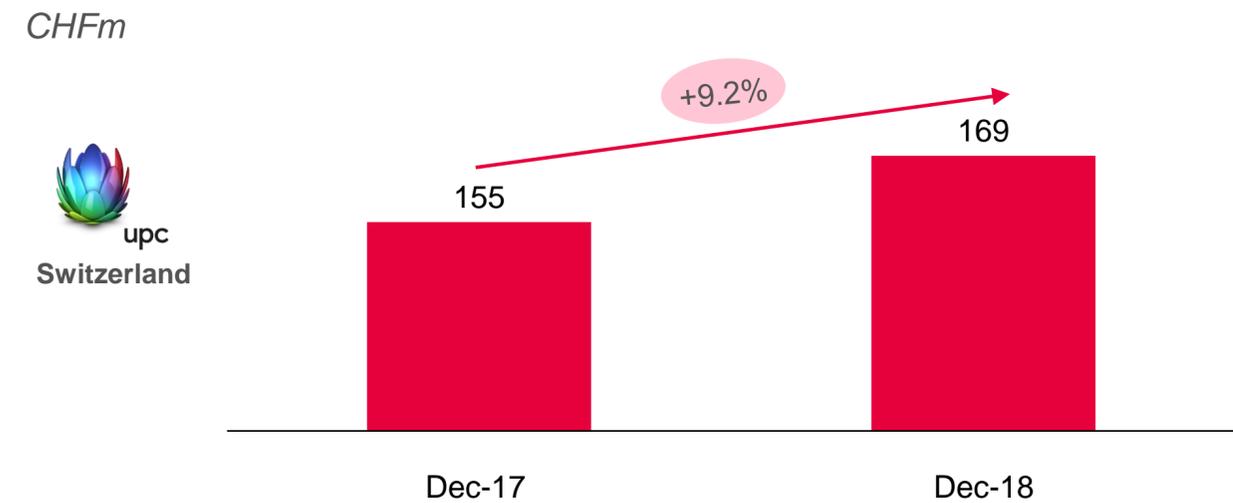


# UPC Switzerland – a strong 3P provider

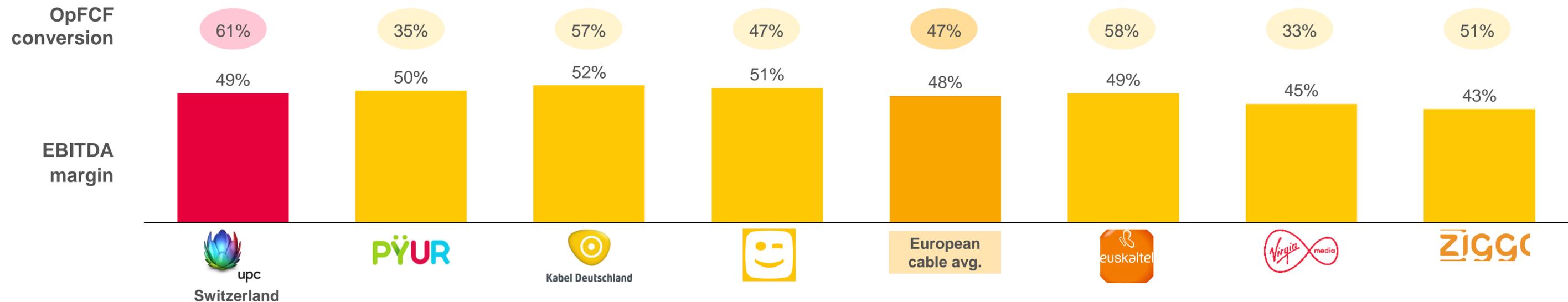
Switzerland's #2 broadband internet and TV provider<sup>1)</sup>



Strong and growing B2B business<sup>2)</sup>



Attractive margins and best in class cash flow conversion profile<sup>3) 4)</sup>



1 FTTH providers are not fully represented in the chart because no public information is available  
 2 Fixed B2B revenues (CHFm)  
 3 Based on Q318 LTM financials for Ziggo, Virgin Media, Euskatel, Telenet and PYUR (TeleColumbus). PYUR margin is based on normalised EBITDA as company reported. Kabel Deutschland financials based on latest available full year results as of Mar-18  
 4 UPC Switzerland EBITDA adjusted as post central opex & capex allocations and other adjustments. Adj. OpFCF calculated as adj. EBITDA (as defined before) less recurring capex. Virgin Media as reported OCF

# New Sunrise – Growing in B2B

Bringing together 2 proven and complementary B2B operators

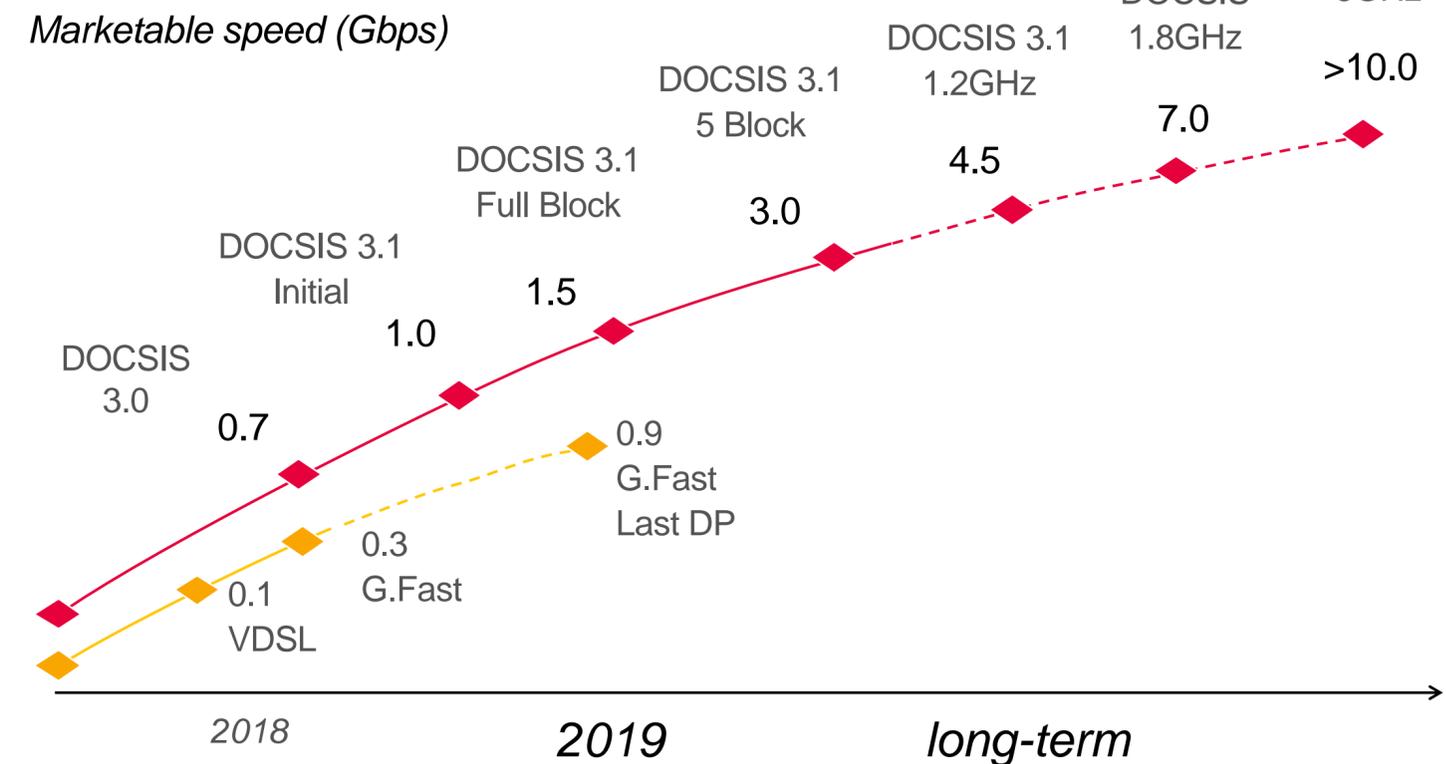


## Sunrise

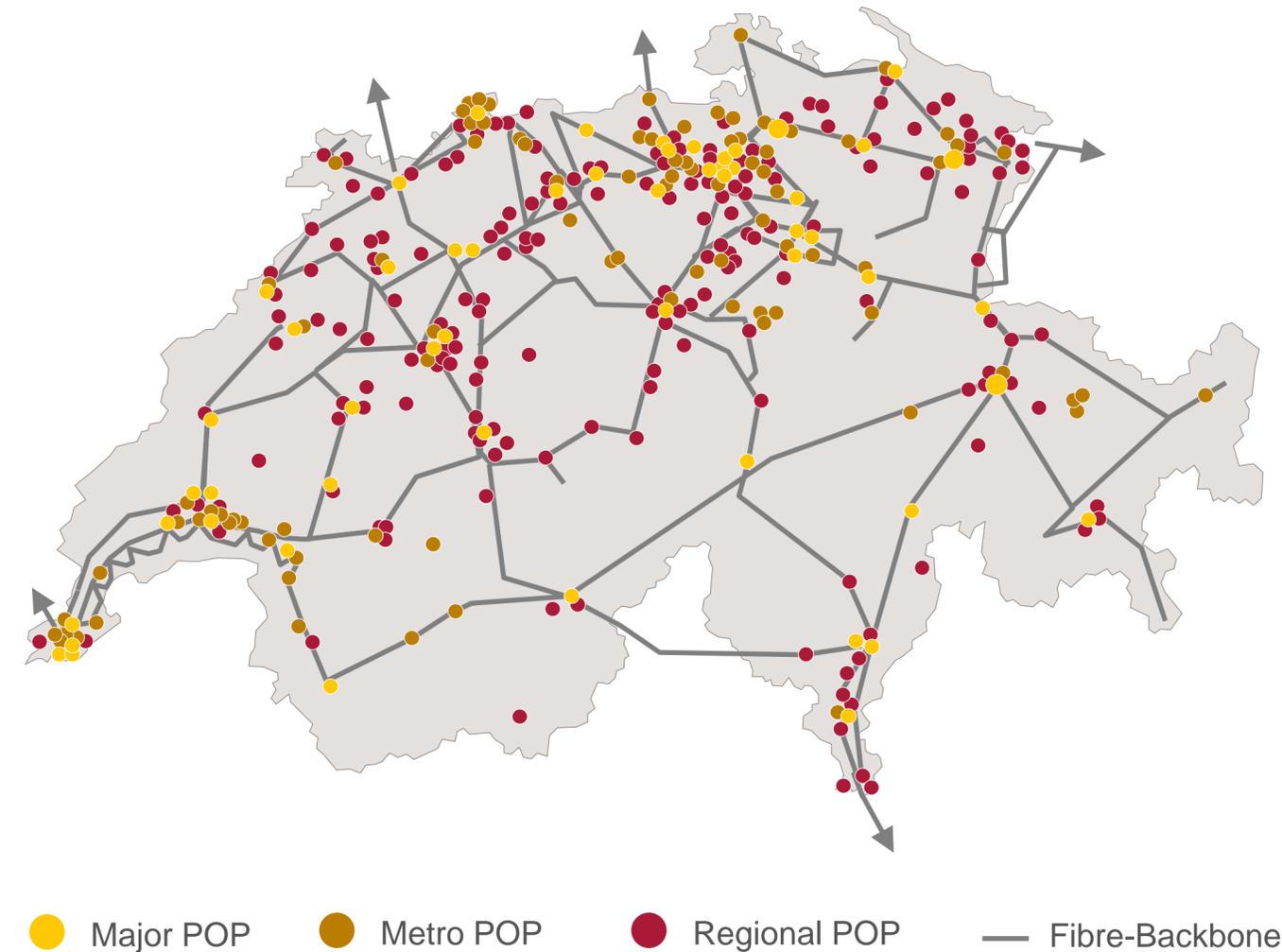
# UPC Switzerland has a well invested and upgradeable network

### HFC network

- Network currently based on DOCSIS 3.0, with partial migration to **DOCSIS 3.1. UPC has announced availability of 1GB/s in their entire network until the end of September 2019**
- Clear roadmap to 1Gbps speed via DOCSIS 3.1 upgrades that will enable **speeds of up to 10Gbps** over time and drive enhanced customer experience
- Capacity in UPC Switzerland network is well dimensioned and can handle higher speeds and volumes
- Backbone and transmission network provides best in class business services



### Outstanding backbone and transmission network



- 18,000km fibre optics data network that covers 60% of households
- High-speed broadband Internet with roadmap

# UPC Switzerland B2C business overview

## Business Overview

- Provides customers with television, internet, telephony and mobile products
- Mobile offering includes handsets and SIM-only contracts
- Payment for handsets can be spread over time
- Internet customers receive additional access to Wi-Fi hotspots across Switzerland
- Provides integrated service through its 'Happy Home' bundle
- Includes access to MySports – includes live Swiss sports weekly
- Advanced cable network will secure access to 2.3m homes (~60% households)<sup>1)</sup>

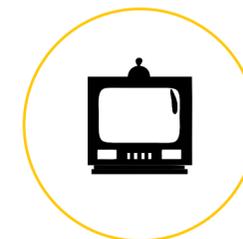
## New industry leading Video Platform – UPC TV:

- **Launched** in October 2018
- **4K** box, **cloud** based
- Fast **zapping**, full trick play
- **Voice control** remote (incl. Swiss German)
- New **UPC TV app** with 360° experience – industry leading, high scores in app stores
- Multi-room
- Fully loaded app store, including Netflix, Youtube, SKY, etc.
- Developing a software upgrade to Horizon platform to enable similar UI as new UPC Switzerland TV, rolling out over the course of 2019

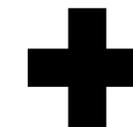
## Happy Home



- **New UPC TV** + new remote control
- Up to 500 channels, including MySports ONE
- **360°** experience: new **UPC TV app**



TV



Internet



Phone

## MySports

### Cable offer



Best sports content available to all DTV Customers

Integrated in **Happy Home** Offer

### OTT offer



App version of MySportsPro, within the Sky Sports OTT App

All live matches and 24h sports channels

# UPC Switzerland B2B business overview

## Business Overview

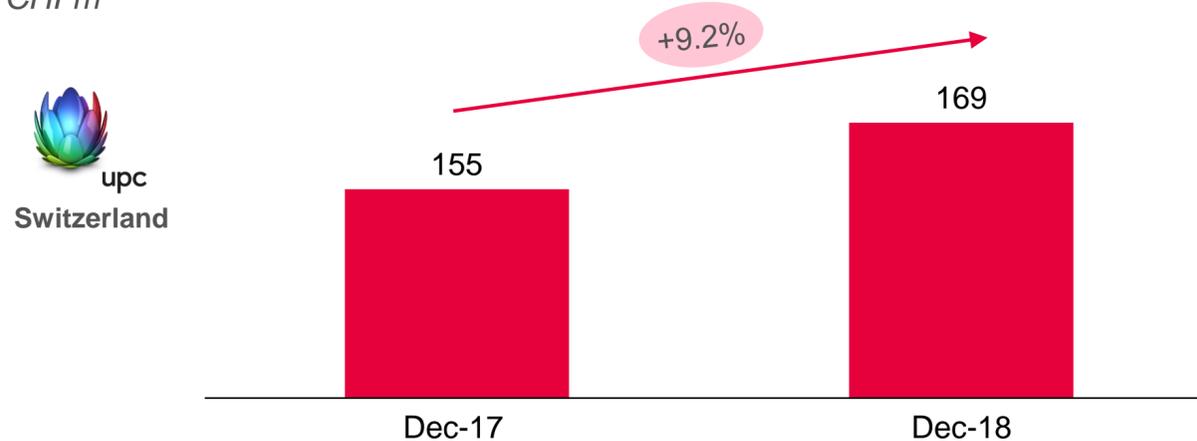
- Established full-service telecommunications provider with strong ICT partners
- Contracts for TV, Internet and Phone
- Offers end-to-end solutions across Mobile, Network Services, Security, Voice and TV
- Serves over 16,000 business customers across key sectors, including finance, healthcare and authorities
- #2 landline network B2B provider, quality leader for large-scale companies
- Operates a partner ecosystem across Switzerland

## Benefits for New Sunrise

- Company can use its own infrastructure and connect its landline and mobile communications networks to offer more innovative and higher quality services
- Using complementary strengths to become the leading integrated telecom provider for SoHo (small office / home office) and SME customers
- Specific offer for business customers with different needs
- Customized telecommunication solutions thanks to increased independence
- As a fully-integrated provider, it can provide a first-class “Unlimited Mobile Workplace” portfolio
- Using the strong UPC field service and partner network to gain customer proximity

## Strong and growing B2B business<sup>1</sup>

CHFm



# Overview of combined capital structure (1/2)

CHFbn	Feb-19		Revised	
	Amount	Pro forma leverage <sup>1)</sup>	Amount	Pro forma leverage <sup>1)</sup>
UPC Switzerland net debt contributed	3.5	2.9x	3.5	2.9x
Sunrise Term Loan B ("TLB")	0.5	0.4x	1.4	1.2x
Incremental Sunrise Term Loan B ("TLB")	-	-	0.3	0.2x
Sunrise CHF notes	-	-	-	-
<b>Total gross debt</b>	<b>4.0</b>	<b>3.3x</b>	<b>5.2</b>	<b>4.3x</b>
Lease obligation <sup>2)</sup>	0.0	0.0x	0.0	0.0x
Cash	(0.2)	(0.1x)	(0.2)	(0.1x)
<b>Transaction net debt</b>	<b>3.9</b>	<b>3.2x<sup>3)</sup></b>	<b>5.1</b>	<b>4.2x<sup>3)</sup></b>

2.8x incl. 100% of run-rate cost synergies<sup>3)</sup>

3.6x incl. 100% of run-rate cost synergies and excluding any COTO benefit<sup>3)</sup>

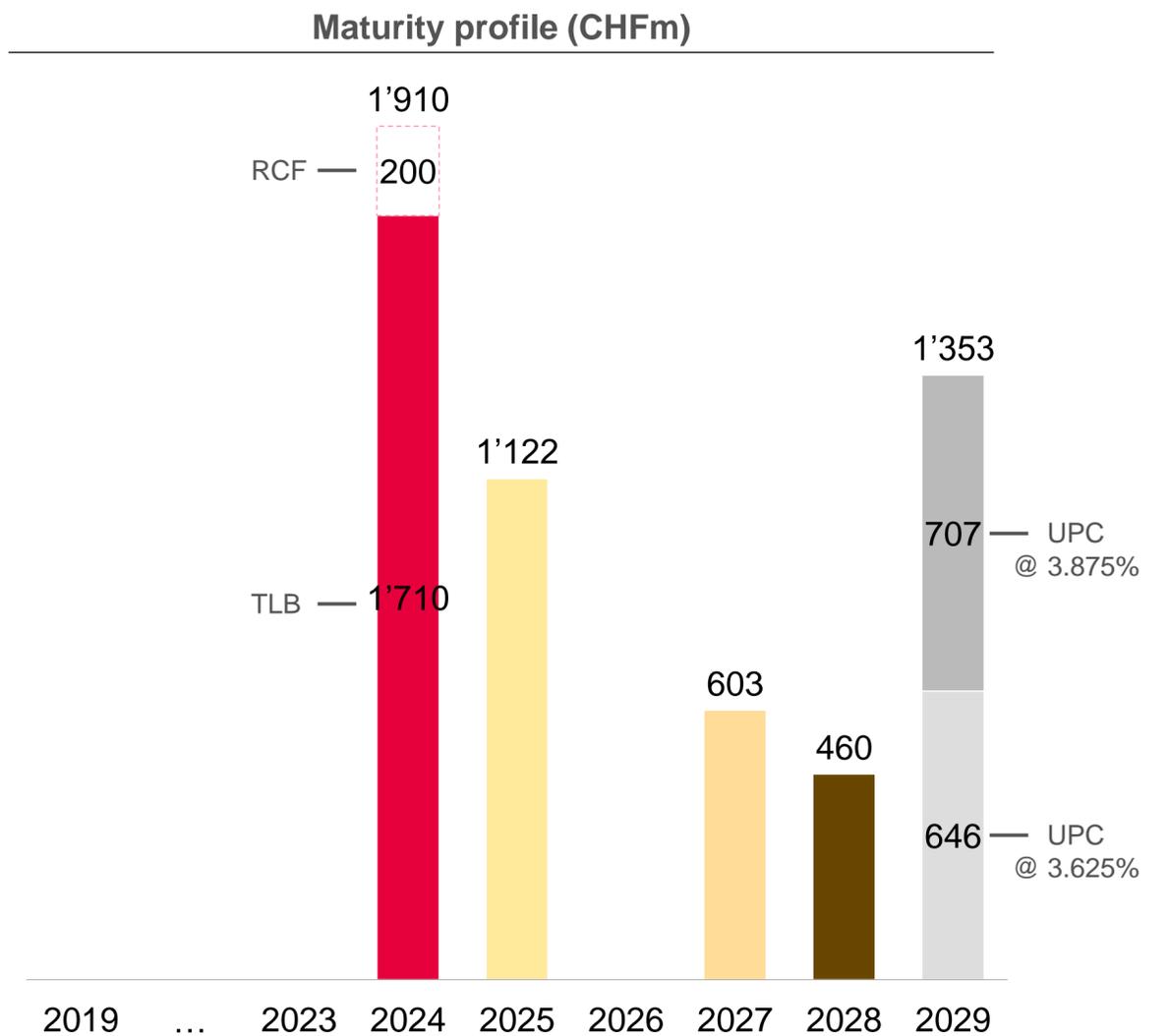
<sup>1)</sup> Based on combined LTM EBITDA of CHF1.2bn as of Jun-19 (incl. IFRS 15 but excl. IFRS 16)

<sup>2)</sup> Including both Sunrise and UPC Switzerland lease obligations (excluding IFRS 16)

<sup>3)</sup> IFRS 16 adjustments increase pro-forma reported leverage by up to 0.1x

# Overview of combined capital structure (2/2)

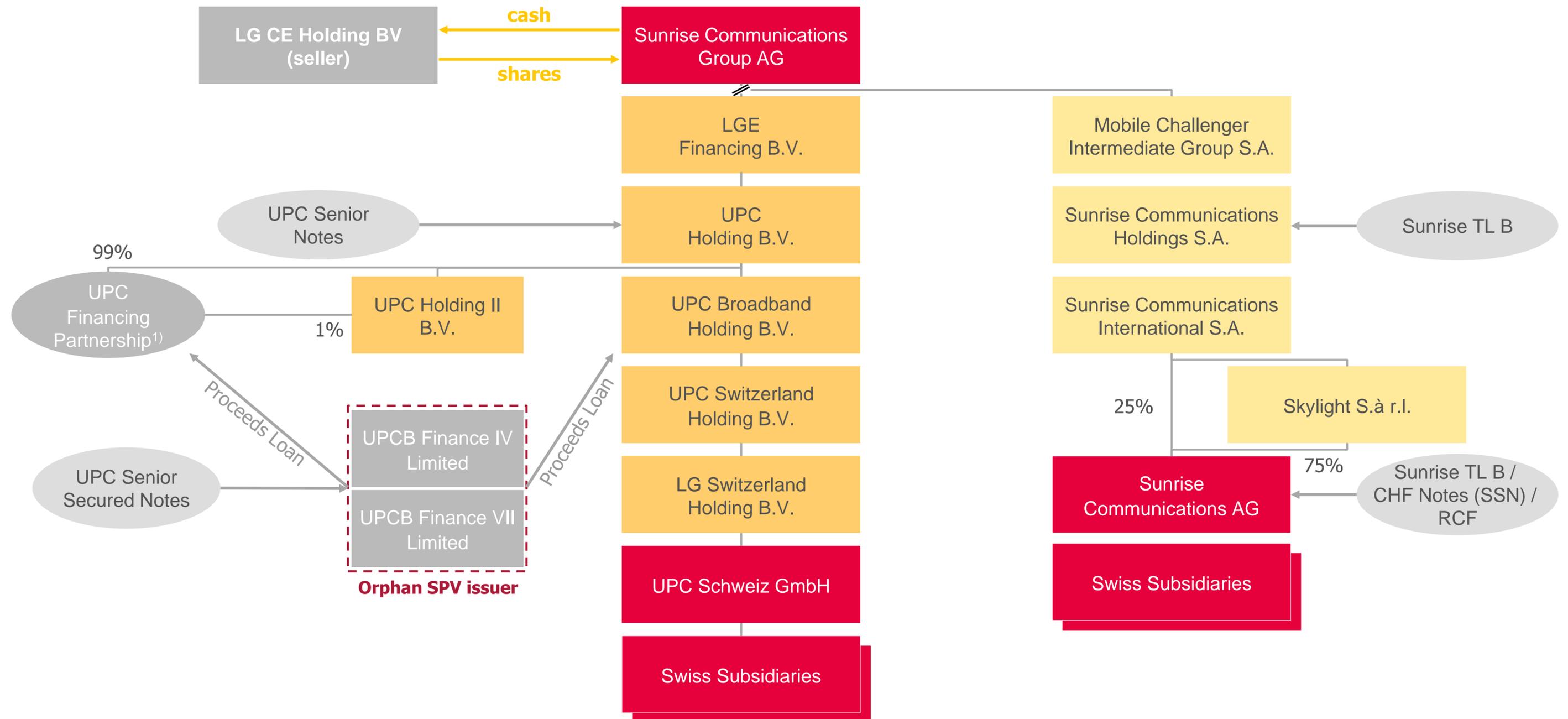
	CHFm, unless stated otherwise	Sunrise (H1'19)	Adjustments	Combined (H1'19)	Maturity	Cost of debt
<b>Sunrise</b>	Sunrise Term Loan B ("TL B")	1,410	300	1,710	2024	2.00% <sup>2)</sup>
	Sunrise CHF notes	200	(200)	-		
<b>UPC Switzerland<sup>1)</sup></b>	UPCB Finance IV Ltd 5.375% (\$)	-	1,122	1,122	Jan-25	WACD contributed: ~3.8% <sup>3)</sup>
	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	
<b>Total gross debt</b>	<b>1,610</b>	<b>3,638</b>	<b>5,248</b>			
Lease obligation <sup>4)</sup>	3	17	20			
<b>Total gross debt (incl. leases)</b>	<b>1,613</b>	<b>3,655</b>	<b>5,268</b>			
RCF (Sunrise)	200	-	200	2024		
RCF (UPC)	€990	€(990)	-			



**WACD: ~3.2%**

<sup>1)</sup> Total UPC Switzerland nominal debt of CHF3,538m (at swapped rates)  
<sup>2)</sup> Based on LTM Jun-19 leverage post/pre run-rate cost synergies of 3.6x/4.2x, defined as net debt post rights issue and spectrum payment  
<sup>3)</sup> WACD for Weighted Average Cost of Debt; average of 4 years cost of debt  
<sup>4)</sup> Lease obligation excl. IFRS 16

# Pro forma simplified structure at closing



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