Sunrise

Sunrise Communications Group AG

FY 2017 financial results – 1 March 2018

Agenda

1 Summary & 2017 Review	O. Swantee (CEO)
2 Q4 Financials	A. Krause (CFO)
3 Outlook	O. Swantee (CEO)
4 Q & A	

Sunrise

Summary: Strong customer growth - financial stabilization – 20% dividend increase

- **FY'17** with successful transformation into Switzerland's quality challenger
  - Growth investments paying off, leading to **accelerated customer growth** and delivering service revenue growth (MTR adj.) and **stabilizing gross profit**
  - Global network leadership and 2nd consecutive Swiss mobile network 'connect' test win
  - **20% dividend increase** due to strong deleveraging after tower disposal
- **Q4** with ongoing **strong trends**
  - Service revenue growth (MTR adj.) led to gross profit stabilization, with organic adj. EBITDA slightly down driven by commercial expenses
  - B2B turnaround on-track, with attractive customer wins incl. 'Swiss Int. Air Lines' and 'Nestlé'
- **FY'18 guidance** with slight adj. EBITDA **growth** (Tower adj.)
  - **Long-term dividend policy maintained:** pay out at least 65% eFCF and targeting 85% if leverage is below 2.0x
  - **Target annual 4-6% dividend progression 2018-20** to buffer investors from near-term cash flow volatility due to fibre investments and spectrum auction

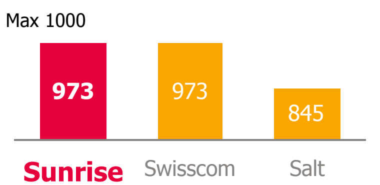
Sunrise

2017: Sunrise became Switzerland's quality challenger by investing into 3 growth priorities ...

connect OUTSTANDING

Network quality

Connect network score 2017



- Outstanding mobile network with leading **dropped call ratios**, 44 Mbit/s average experienced **download speed**, **VoLTE** launched, and 99.9%/95.0% **LTE** population/geographic coverage
- Landline access to speeds up to 1000 Mbit/s

Customer interface

Refurbished shops

- **Refurbishment** of shops ongoing: improve locations and refresh appearance
- **NPS** strongly up since introduction in 2013
- **No. 1** of 'big providers' in BILANZ residential category **'Support'** [1)]

Innovative converged products

Drive convergence

- Successful launch of converged tariff **'Sunrise ONE'** in March, driving new customer gains and cross selling
- **Q4:** Sunrise among first 5 telcos in Europe to offer mobile services on new Apple watch; B2B with launch of new UCaaS solution
- Increased focus on marketing and on communicating improved quality via **brand ambassador RF**, making Sunrise credible and authentic
- Leverage improving perception into **B2B**

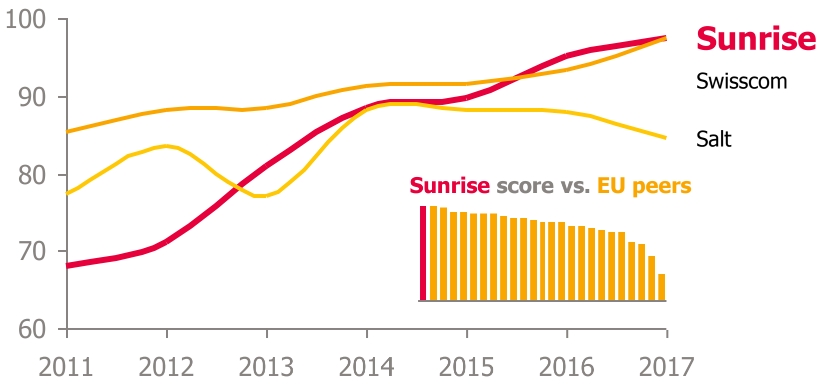
[1)] Source: BILANZ 09 2017; referring to residential results; average rating across Mobile Telephony, TV, and Internet Service Provider except for Salt which is Mobile Telephony only

Sunrise

… enabling globally leading mobile network quality

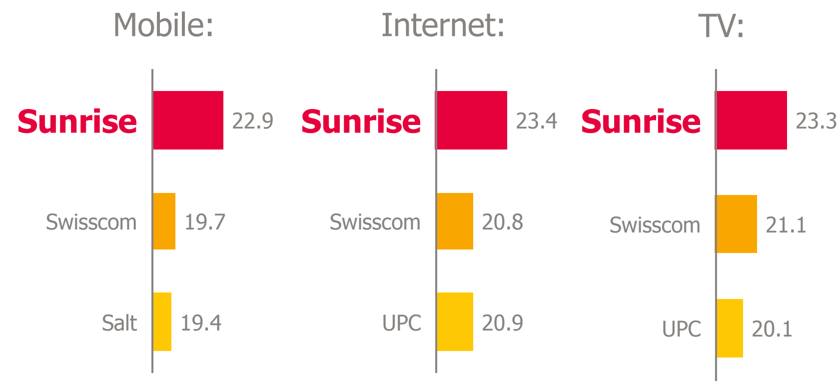
Leading connect network test 2017 1)

% reached of max points



- **Sunrise** defended its **top** position and continues to provide globally leading mobile network quality 1)
- **43% improvement** since 2011 supported by investments into network quality
- Q4: Sunrise and Huawei conducted first end-to-end 5G test in Switzerland, which also was the world's most extensive 5G test to date 3)

Leading BILANZ telecom ranking 2017 2)



- Sunrise was rated the **best universal provider** for mobile, internet, TV and landline voice in residential and SME categories
- **9k telecom users participated** in independent annual survey published by magazine BILANZ

[1] Source: connect 1/2018; www.connect.de; 2017 scores: Sunrise 973, Swisscom 973, Salt 845; Sunrise score vs. EU peers see appendix; Sunrise provides one of the world's best mobile networks beating the top P3 test scores in more than 70 countries

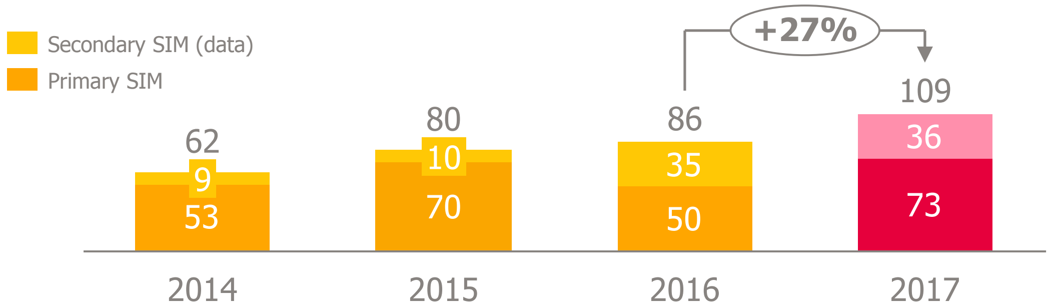
[2] Residential results; Source: BILANZ 09 2017

[3] In Dec 2017 Sunrise reached the fastest end-to-end 5G connection in Switzerland with 3.28 Gbit/s (single user throughput) in the 3.5 GHz (100MHz Band 42) frequency

Sunrise

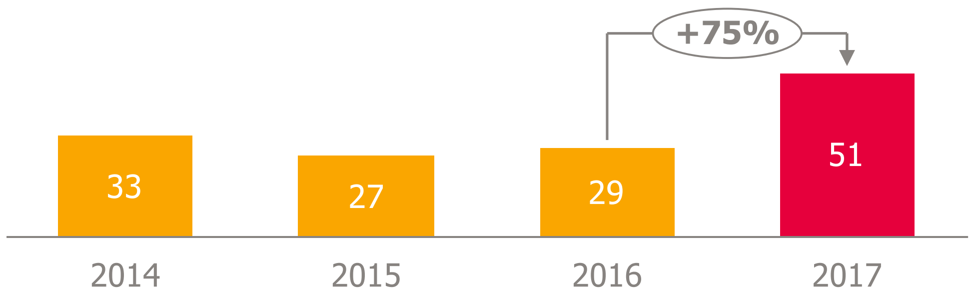
… driving customer growth acceleration

Mobile Postpaid subscriber growth YoY (‘000)



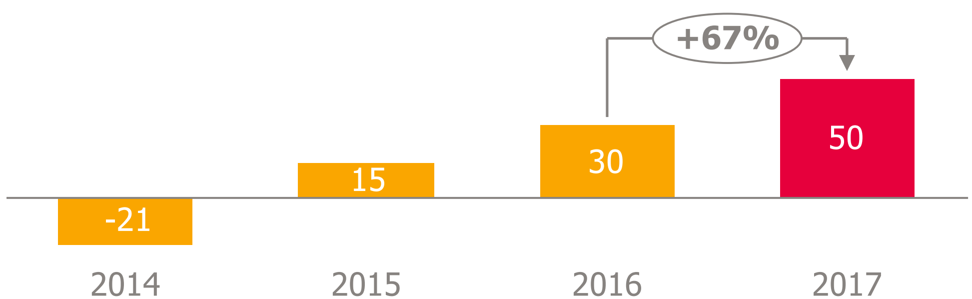
- **Postpaid** with accelerated primary net adds in 2017
- Secondary data SIMs supported by mobile broadband and Apple watch

TV subscriber growth YoY (‘000)



- **TV** showing acceleration supported by Sunrise ONE

Internet subscriber growth YoY (‘000)

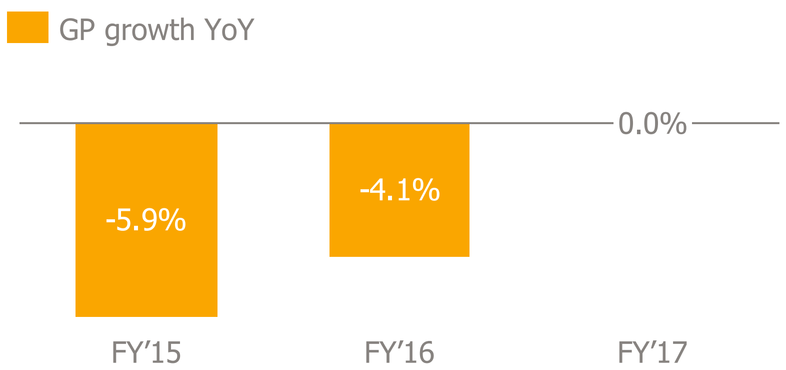


- **Internet** with further accelerated momentum after turnaround

Sunrise

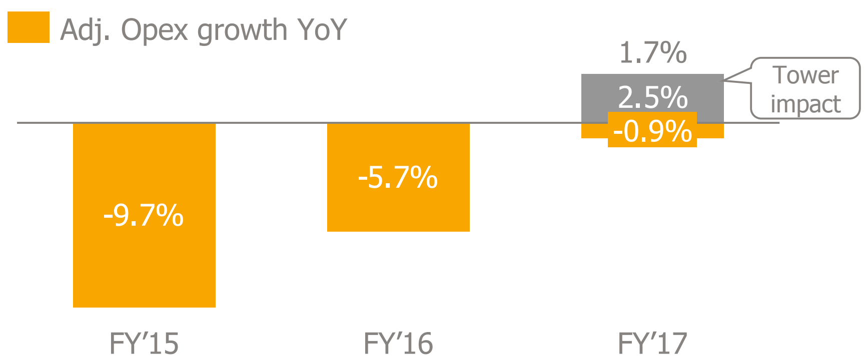
… leading to GP stabilization, with cost savings reinvested into growth

Gross profit stabilization [1)]



- **Gross profit stabilized** at CHF 1,193m in FY'17
- Driven by accelerated customer growth momentum, now able to compensate for lower ARPUs in landline voice and prepaid and for softening B2B revenue decline

Cost savings reinvested into growth [1)]



- Adj. Opex improved 0.9% like-for-like in FY'17
- Future **cost savings** identified based on sourcing and digitalization
- **Reinvestments** into **operational momentum**, such as commercial expenses and front line (e.g. shops and B2B)

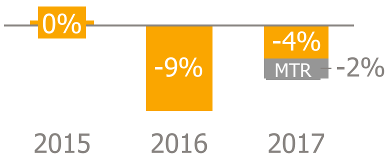
[1)] 'FY15 YoY comparison impacted by introduction of Freedom' tariffs in Q2 2014 (no hardware subsidy any longer), which increased COGS and reduced OPEX

Sunrise

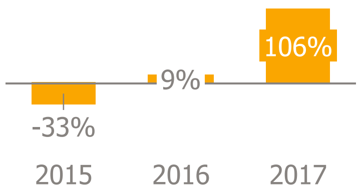
… to successfully transform B2B and launch Sunrise ONE

B2B with positive indications to take off

B2B revenue YoY:

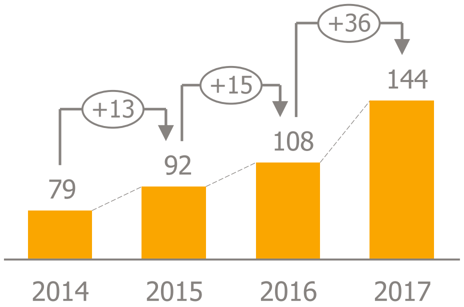


B2B one year order value YoY [1] :



- **Positive momentum** confirmed by increased orders and various recent **customer wins** incl. Swiss Int. Air Lines, Nestlé, and Belcolor
- **Product line-up renewal** ongoing, e.g. with launch of new UCaaS solution in Q4
- Focus on customer acquisition in the enterprise segment and cross selling initiatives at **SMEs**
- 6% increase in B2B **sales force** by YE'17; recent opening of new B2B support center to smoothly process higher orders

Sunrise ONE driving 4P billed customer base



- **Our converged high-end 4P tariff** was launched successfully in March, driving cross selling from Mobile (25% market share) into Internet (11%) and TV (5%)
- 46k or 32% of 4P billed customer base already on Sunrise ONE; primarily migrators with share of new customers increasing in H2
- Migrations to Sunrise ONE lead to **higher revenue** per billed customer

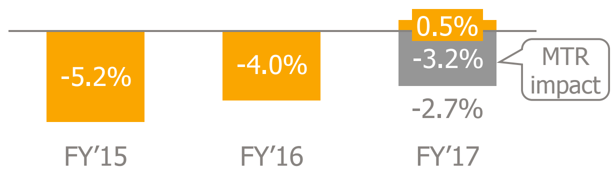
[1] One year order value does not take into account contract losses; excludes 'Integration' unit

Sunrise

20% dividend increase
Stabilizing trends and significant deleveraging in 2017

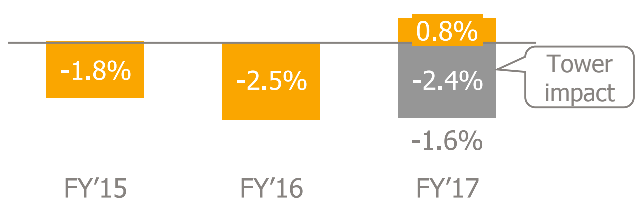
Service revenue growth

1 Strong customer **momentum** driven by growth investments, now able to compensate for lower ARPUs



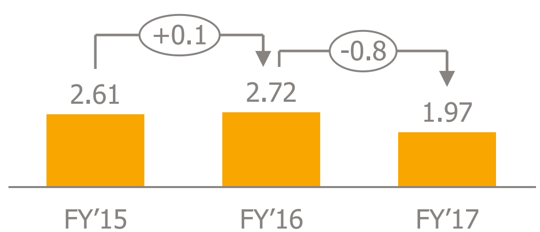
Adj. EBITDA growth

2 Reached organic **stabilization** with cost savings reinvested into key priorities



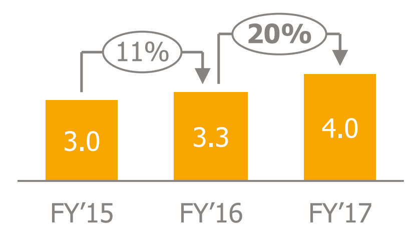
Significant deleveraging

3 Net debt/adj. EBITDA down driven by **tower disposal** proceeds and **eFCF**



Dividend per share

4



Q4 Financials

A. Krause (CFO)

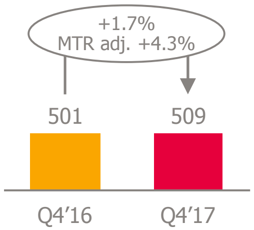
Sunrise

Financial Overview Q4

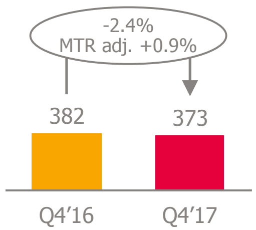
Revenue (CHFm)

- MTR[1] adj. **revenue up** +4.3% due to hardware sales
- MTR adj. **service revenue** [2] **up** +0.9% with customer growth partly offset by lower ARPUs; down from +2.3% in Q3 as Q3 benefited from higher integration (B2B) equipment sales (low margin)

Total revenue:



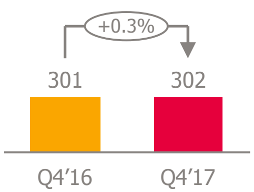
Service revenue [2]**:**



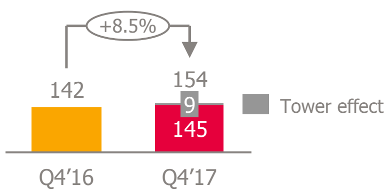
Gross profit & adj. Opex (CHFm)

- **Gross profit stabilization** trend confirmed in Q4
- Adj. Opex up +8.5% due to tower disposal in Aug 2017 leading to increased network service fees; like-for-like adj. Opex up +2.4% driven by commercial expenses

Gross profit:



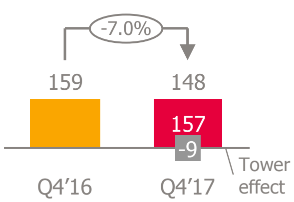
Adj. Opex:



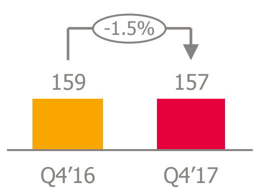
Adj. EBITDA (CHFm)

- **Adj. EBITDA down** -7.0%
- Adj. EBITDA down -1.5% when excluding higher network service fees after tower sale

Adj. EBITDA:



Adj. EBITDA organic:



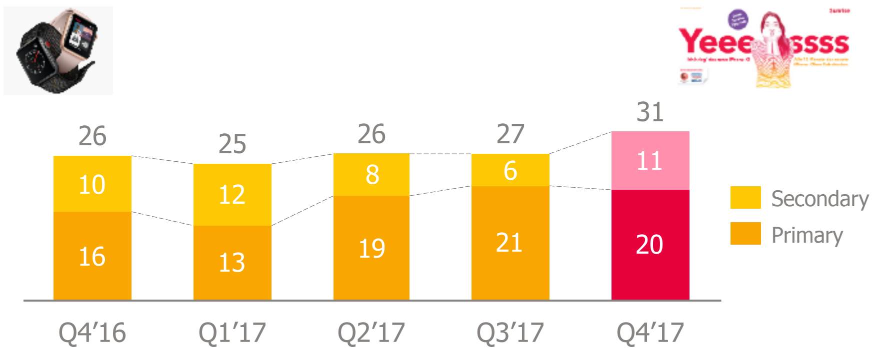
[1] MTR changes as per 1 Jan 2017 negatively impact revenue, but are largely neutral on gross profit level; see press release from 20 Oct 2016

[2] Total Revenue excluding hubbing and mobile hardware Revenues, which are low margin

Sunrise

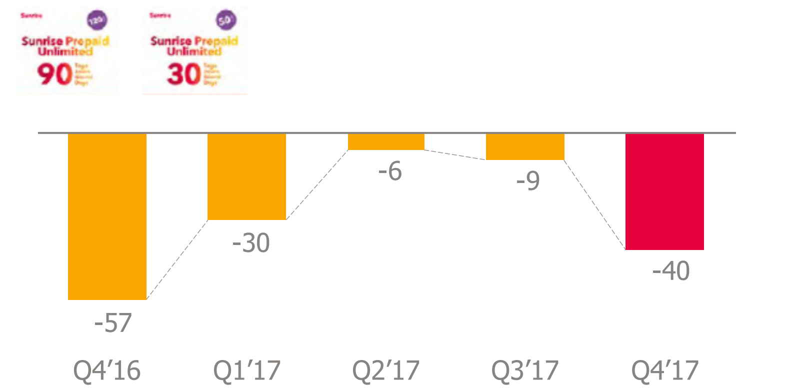
Accelerated mobile postpaid customer momentum

Postpaid mobile net adds ('000)



- **Postpaid** driven by primary SIMs, leading to 1.59m total subscriptions (+7.3% YoY vs. Q4'16: +6.1%)
- Primary SIMs (high value) driven by Sunrise ONE, multi brand approach, strong network quality, broad product offering with attractive price performance ratio, and diversified distribution channels
- iPhone X launch supported by Sunrise iPhone upgrade program
- Secondary data SIMs supported by Apple watch launch and demand for mobile broadband

Prepaid mobile net adds ('000)

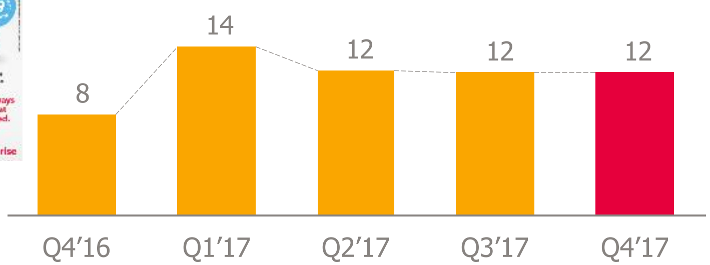


- **Prepaid** with ongoing pre- to postpaid migration, leading to 756k total subscriptions
- Q4 negatively impacted by seasonality; focus on valuable customer in-take maintained
- Q4 with launch of 90 days unlimited prepaid offer, following 30 days proposition launched in Q3

Sunrise

Internet and TV with double digit net adds

Internet net adds ('000)



TV net adds ('000)

- **Internet continues to see double digit net adds**: Sunrise now has 422k internet subscriptions
- Converged tariff 'Sunrise ONE' supported growth; 46k or 32% of billed 4P customer base already on Sunrise ONE (Q3: 37k or 28%); half of Sunrise ONE customer adds were new to Sunrise or came from cross selling in Q4
- Demand also driven by attractive modular 'Home' tariffs introduced in Q3'14, convergence benefit, and competitive Sunrise TV offering

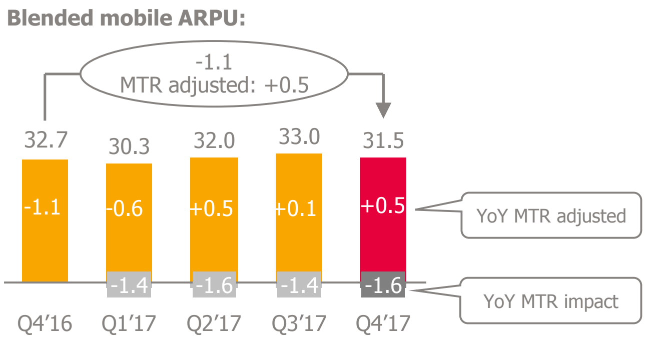
- **TV has solid growth**: Sunrise now has 214k TV subscriptions
- 34% YoY increase in 4P billed customer base
- Supported by enhanced Sunrise TV offering, improved TV sports content with Sky and Teleclub, as well as dedicated promos

Sunrise

ARPU trends continuing

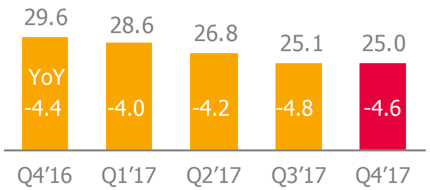
Blended mobile ARPU (CHF)

- **Blended mobile** ARPU up CHF +0.5 YoY (MTR adj.[1)]) due to growing postpaid subscribers, which have a higher ARPU than decreasing prepaid subscribers
- **Postpaid** down CHF -0.6 YoY (MTR adj.[1)]) mainly due to 2nd SIM dilution; softening decrease compared to Q3 (CHF -1.0 YoY) supported by mix
- **Prepaid** down CHF -0.8 (MTR adj.[1)]), due to high value prepaid customers migrating to postpaid and shift to OTT (vs. CHF -1.3 YoY in Q3)



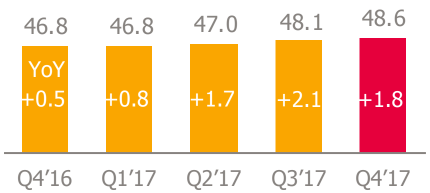
Landline voice ARPU (CHF)

- **Landline voice** down CHF -4.6 YoY due to migration to flat rate packages and fixed to mobile/OTT migration resulting in reduced voice usage



Blended internet & IPTV ARPU (CHF)

- **Blended internet & IPTV** up CHF +1.8 YoY driven by TV customer growth and fading 'Home' tariff migration impact
- Trends are also impacted by promotions and tariff changes

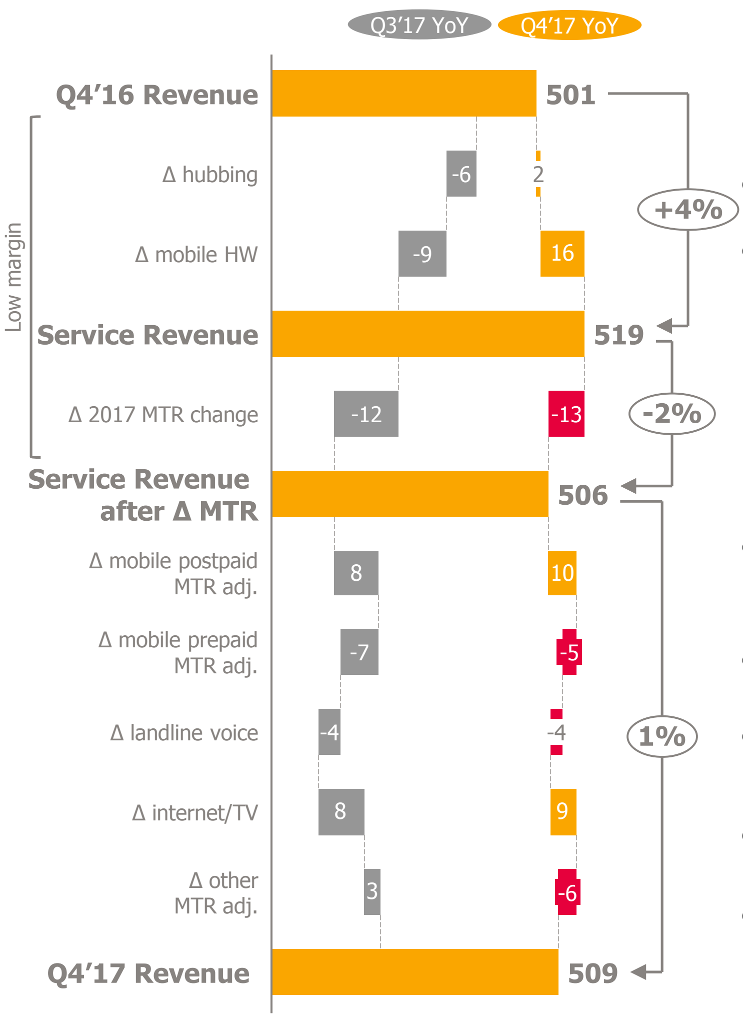


[1)] Mobile ARPU YoY decreases in Q4 not adjusted for MTR: Blended mobile CHF-1.1, Postpaid CHF-2.6, Prepaid CHF-1.8

Sunrise

Service revenue up, driven by postpaid, internet and TV

Revenue bridge (CHFm)

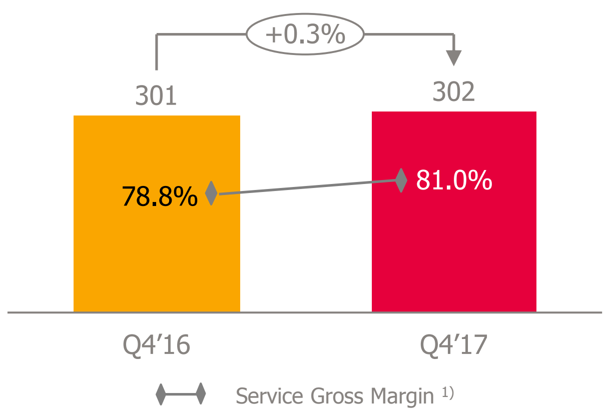


- **Hubbing**: international trading business which is volatile by nature
- **Mobile HW**: Revenue depends on handset innovations / launches, which vary across quarters (e.g. iPhone X launch in Q4'17) leading to revenue volatility
- **Postpaid** (MTR adj.): strong customer growth driven by investments in network, customer interface, and innovative converged products; offsetting lower ARPU
- **Prepaid** (MTR adj.): Pre- to postpaid migration and shift to OTT
- **Landline voice**: fixed to mobile substitution, migration to flat rates as part of fixed bundles, and OTT
- **Internet/TV**: strong customer growth
- **Other:** mainly driven by lower-margin areas such as volatility in B2B equipment sales and in wholesale

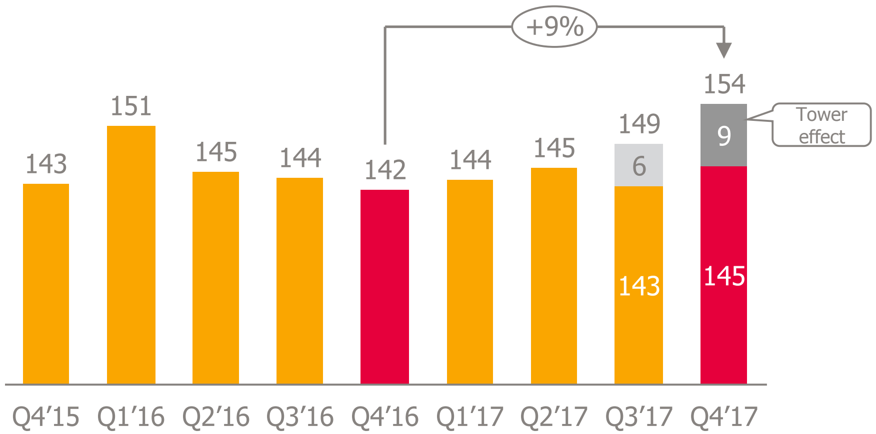
Sunrise

Q4 gross profit confirming stabilization trend

Gross profit (CHFm)



Adjusted Opex (CHFm)



- **Gross profit +0.3%** in Q4, confirming stabilization trend (0.0% in FY’17)
- Service gross margin [1] up driven by MTR change which lowers revenue significantly but not GP; furthermore minor effects from revenue mix

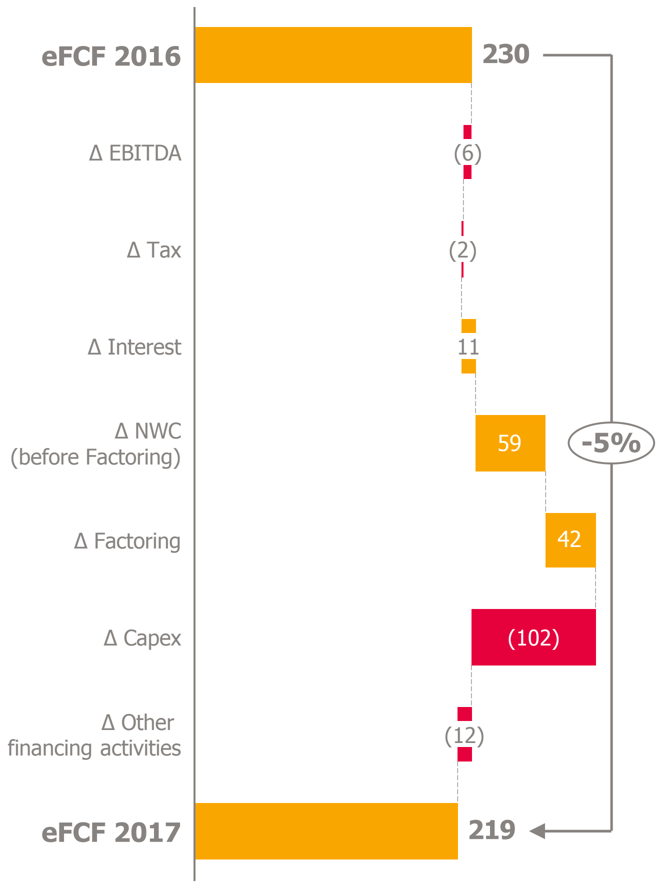
- Adj. **Opex up** to CHF 154m, mainly due to Tower deconsolidation, following disposal in Aug 2017, leading to higher network service fees (CHF 9m)
- Like-for-Like costs increasing to CHF 145m, driven by higher commercial expenses: Including communication of ‘connect’ test win and more bad debt provision due to higher hardware sales
- Opening of new stores; more B2B frontline staff; new B2B support center to smoothly process higher order volume

[1] Service gross margin is calculated as total gross profit divided by service revenue (i.e. revenue excluding low-margin hardware and hubbing revenue)

Sunrise

Equity FCF down 5% due to growth investments

Equity free cash flow (CHFm)



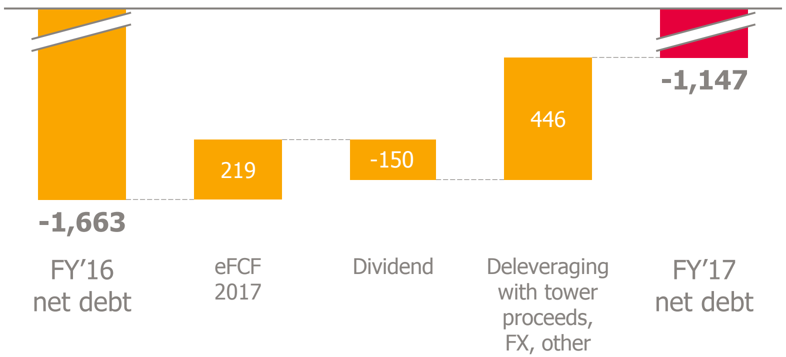
- **Reported EBITDA** down due to higher network service fees after tower disposal in August 2017
- **Tax** up due to higher statutory profit 2017, partly offset by tax repayment for 2015 and lower tax payments for 2016 due to tax deductible impairment of investments
- **Interest expenses** down supported by debt repricing in Dec 16 and reduced debt after tower disposal
- **NWC** supported by accrued roaming discounts and a positive impact related to the Tower disposal [1], partly offset by higher inventories
- **Factoring** terminated by end of 2016, leading to a cash out in 2016 which is not recurring in 2017
- **Capex** up YoY driven by growth investments (see next page) and timing of Capex payables; Capex CHF 20m above high-end of guidance; Capex supported by re-investment from tower proceeds
- **Other** impacted by installment payment to incumbent as part of 2014 landline access deal

[1] Prepayment of expenses to Swiss Towers (CHF 25m)

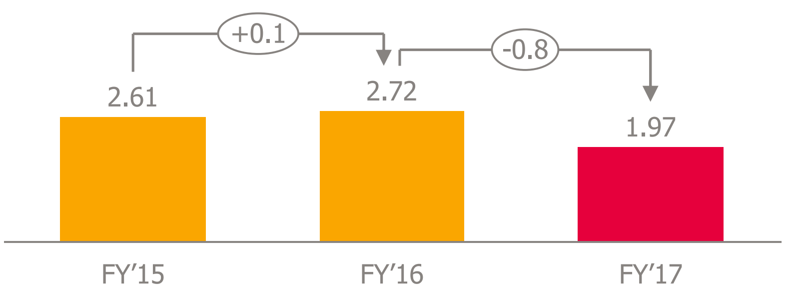
Sunrise

Significantly reduced leverage

Improved net debt (CHFm)



Improved leverage ratio



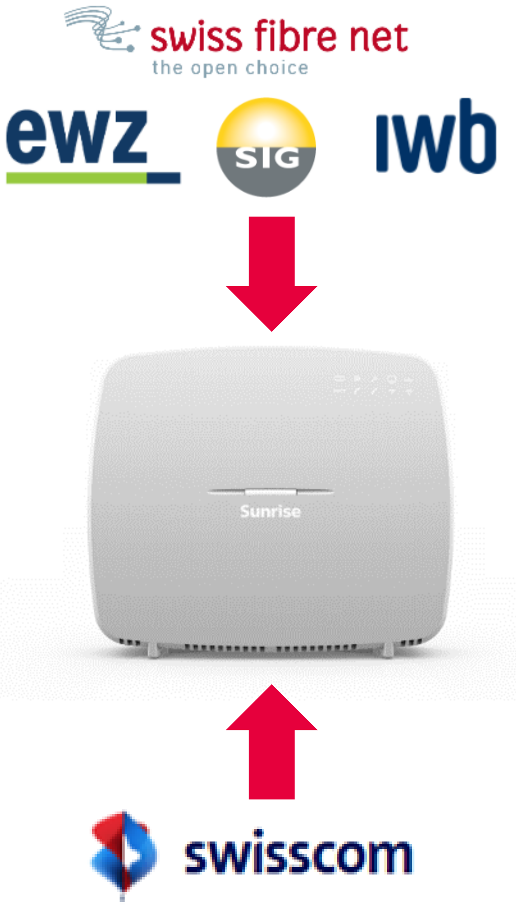
- **Net debt** decrease, due to organic eFCF and proceeds from tower disposal

- Reducing **net debt / adj. EBITDA** ratio from 2.72x at YE'16 to 1.97x pro forma at YE'17 [1)]

[1)] Pro forma taking into account annualized network service fees related to tower disposal

Sunrise

Securing long-term access to fibre infrastructure



Landline access via utilities

- Entered into new 20 year agreement with SFN, SIG and IWB, replacing previous wholesale agreements; SFN, SIG, IWB and EWZ with fibre population coverage of 22% [1)]
- **CHF 56m upfront investment** (Capex) for initial access line scope at SFN, SIG and IWB; **benefiting gross profit** by a low-single digit annual amount
- Extension of initial scope with SFN, SIG, IWB and EWZ likely beyond 2018, at similar terms: Further upfront investments and gross profit contributions
- Agreements are NPV accretive over contract period due to improved wholesale terms (see appendix); securing access to fibre infrastructure and providing price certainty

Landline access via Swisscom

- Current Swisscom access deal was closed in 2014 and included CHF 74m upfront investment [2)]; incl. FTTH and xDSL with~98% population coverage [1)]
- Will expire end of 2018; to be renewed

[1)] As of H2'17; SFN, SIG, IWB and EWZ population coverage taking into account primary households and businesses; Sunrise estimate
[2)] Whereof CHF45m was paid in 2014 and the rest was paid as installment in 2017 and 2018 (part of "other financing activities" in cash flow statement)

FTTH and own MBB expected to gain importance for landline access

Customers per landline technology [1)]

Outlook: improve unit costs and grow customer base through best price/performance

MBB

Sunrise

- Expected **increasing share** of own mobile broadband (MBB) primarily in rural/suburban areas, as speeds will increase with roll-out of 5G

Copper/xDSL

swisscom

Sunrise

- Expected **decreasing share** as customers migrate to FTTH or mobile broadband
- Status: Access deal with Swisscom for xDSL; Sunrise LLU providing low speeds

FTTH

swisscom

swiss fibre net

SIG

ewz

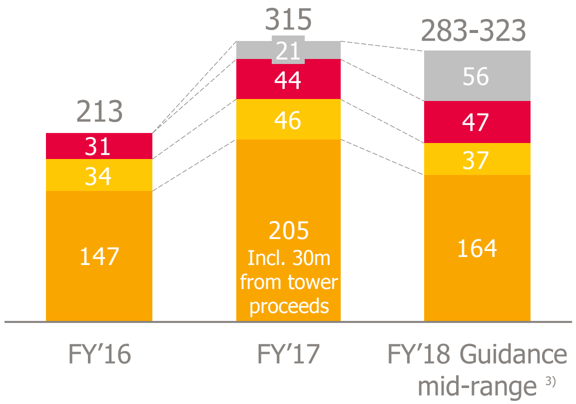
iwb

- Expected **increasing share**, with Sunrise shifting focus in urban areas to utility **fibre** with long-term contracts
- Status: Access deal with Swisscom (to be renewed); long-term access agreement with utilities SFN, EWZ, SIG and IWB

[1)] MBB excluding data SIMs for tablets

Growth investments driving momentum

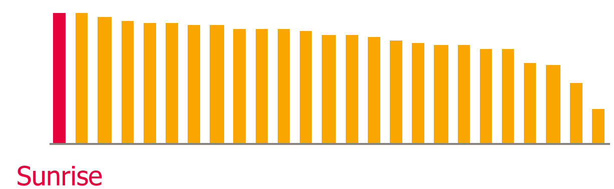
Capex (CHFm)



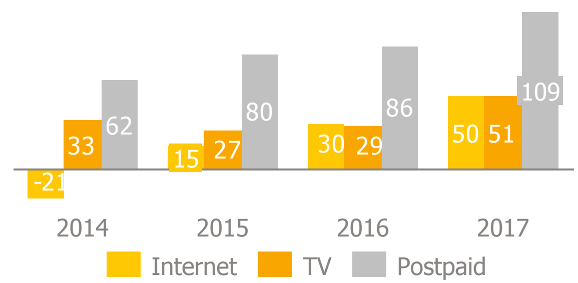
- **Landline access** includes upfront investment for landline fibre access to utility EWZ in 2017 [1]; 2018 impacted by SFN, SIG and IWB upfront investment
- **Customer growth** mainly related to capitalization of routers/set-top boxes in 2017; 2018 driven by further internet/TV growth (triggering capitalization) and B2B customer project investments (incl. indoor coverage) after recent customer wins
- **Innovation & Development** investments to drive innovation, digitalization, and process improvements
- **Infrastructure** includes Capex into network, IT, shops and facility management; 2018 spent reduced after accelerated 2017 investments led to 95% LTE geographic coverage (includes also change in Capex payables)

European network quality leadership

2017 connect score: Sunrise vs. European peers [2]

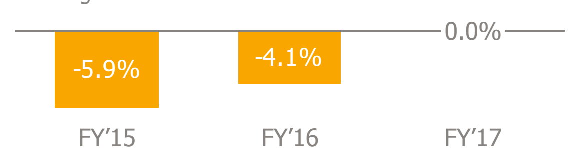


Accelerated customer net adds



Stabilizing gross profit

YoY growth:



[1] See press release of 10 April 2017
[2] Source: connect; see appendix
[3] Excludes potential spectrum payments and potential renewal of Swisscom access deal

Sunrise

Outlook

O. Swantee
CEO

Sunrise

2018 outlook

	2017 achievements	2018 objectives
Operational	• Repositioned Sunrise as the real quality challenger with strong propositions in **convergence** • Mobile **network leadership** for 2nd consecutive year; introduced fibre optic mobile speeds • **B2B** transformation on-track with attractive customer gains • Successfully disposed passive **towers**	• Innovate and invest into network and service **quality**, in order to become the most loved Telco in the eyes of our customers • Drive **B2B** stabilization and mid-term growth, with focus on all segments and a strong product line-up • Diversify **landline** access strategy by increasing focus on utility fibre and 5G MBB
Financial	• Accelerated customer momentum led to revenue and gross profit (GP) **stabilization** • Cost focus supported stabilization of organic adj. EBITDA and provided room for reinvestments • Strengthened balance sheet and **deleveraged** • Increased **dividend** by 20%	• Drive customer **momentum** by continued execution of 2017 achievements • **Reinvest** GP and cost savings into operational momentum (commercial expenses, shops, B2B) • **Spectrum** auction expected in H2'18 • Utility fibre access agreement impacting Capex and gross profit; Swisscom access to be renewed

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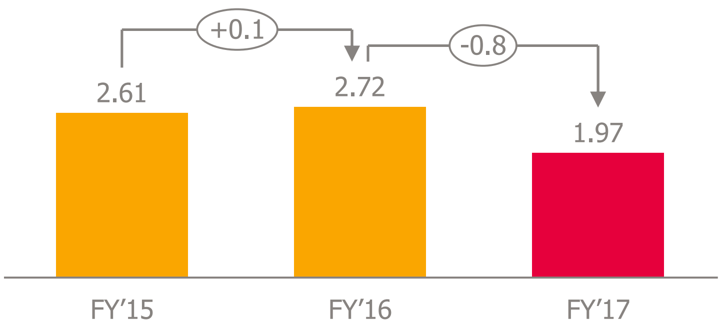
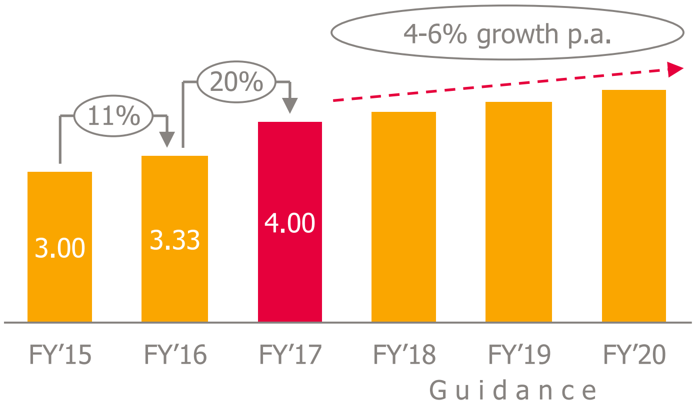
Progressive dividends supported by improved leverage

Improved leverage ratio



- **Improved leverage ratio** to 1.97x
- Supported by tower disposal and own eFCF generation

Progressive dividends per share



- **Long-term dividend policy unchanged:** at least 65% of eFCF dividend pay-out; targeting 85% if net debt/adj. EBITDA is below 2.0x
- **Near-term dividend policy:** Targeting 4-6% dividend growth p.a. from 2018-20
  - To buffer investors for near-term cash flow volatility related to landline access and spectrum investments
  - Gives flexibility for strategic investments, while still paying progressive dividends

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Financial outlook 2018

Stable revenue

- Cont'd customer momentum in mobile postpaid, internet, and TV driven by Sunrise ONE, 'connect' test win, and B2B recovery; supporting service revenue development
- Revenues of low-margin hardware and hubbing to remain volatile

adj. EBITDA slightly up (tower adj)

- Use potential gross profit upside and cost savings for growth investments, while maintaining cost control
- Tower disposal impact weighing on Jan-Jul Opex with around CHF 20m YoY, as previously communicated

Near-term cash flow volatility

- Landline upfront investments weighing short-term on Capex and benefiting gross profit long-term
- Spectrum auction expected in H2'18: not included in Capex guidance and will not impact dividends
- Near-term cash flow volatility supported by reduced leverage

Guidance 2018

		CHFm
Revenue		1,830 – 1,870
Adj. EBITDA [1]		580 – 595
Capex [2]	Reported	283 – 323
	Excl. upfront investm. [3]	227 – 267

Dividends 2018-20: 4-6% dividend growth p.a.

- Upon meeting guidance a dividend of CHF 4.15-4.25 per share is expected to be proposed to the AGM

Confirm long-term dividend policy: at least 65% of eFCF dividend pay-out; targeting 85% if net debt/adj. EBITDA is below 2.0x

[1] When compared to 2017, CHF 20m should be added to take into account the additional Opex related to the deconsolidation of Swiss Towers as of August 2017: pro forma 2018 adj. EBITDA of CHF600-615m
[2] Excludes potential spectrum payments and potential renewal of Swisscom access deal
[3] Excludes upfront investments for fibre access at SFN, IWB and SIG

Q & A

Appendix

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Income Statement

P&L (CHFm)	FY 2017	FY 2016	Q4 2017	Q4 2016
Mobile services	**1'231**	**1'264**	**341**	**331**
thereof mobile postpaid	*768*	*768*	*194*	*192*
thereof mobile prepaid	*122*	*161*	*28*	*36*
thereof hardware	*256*	*253*	*95*	*79*
Landline services	**378**	**419**	**103**	**114**
thereof landline voice	*137*	*152*	*33*	*37*
thereof hubbing	*128*	*132*	*41*	*39*
Landline internet & TV	**245**	**214**	**65**	**56**
Total revenue	**1'854**	**1'897**	**509**	**501**
% YoY growth	*(2.2%)*		*1.7%*	
Service revenue (total excl. hubbing & hardware)	1'470	1'511	373	382
% YoY growth	*(2.7%)*		*(2.4%)*	
COGS	(662)	(704)	(207)	(200)
Gross profit	**1'193**	**1'193**	**302**	**301**
% YoY growth	*(0.0%)*		*0.3%*	
% margin	*64.3%*	*62.9%*	*59.3%*	*60.1%*
Opex	(600)	(594)	(154)	(146)
EBITDA	**592**	**599**	**148**	**155**
% YoY growth	*(1.1%)*		*(4.6%)*	
Adjusted EBITDA	**601**	**611**	**148**	**159**
% YoY growth	*(1.6%)*		*(7.0%)*	
% margin	*32.4%*	*32.2%*	*29.1%*	*31.8%*
% margin (excluding hubbing revenues)	*34.8%*	*34.6%*	*31.6%*	*34.5%*
Depreciation and amortization	(428)	(460)	(110)	(116)
% YoY growth	*6.8%*		*4.8%*	
Operating income	**164**	**139**	**38**	**39**
Net financial items	(51)	(55)	(9)	(11)
Gain on disposal of subsidiary	420	0	0	0
Income taxes	(28)	3	(5)	19
Net income	**505**	**87**	**23**	**48**
Thereof (before tax impact):				
PPA effect	(133)	(127)	(32)	(32)
Additional information:				
Net income excl. gain on disposal of subsidiary	85	87	23	48
EPS excl. gain on disposal of subsidiary	1.89	1.94	0.52	1.08

Sunrise

Cash Flow Statement

Cash Flow (CHFm)	FY 2017	FY 2016	Q4 2017	Q4 2016
EBITDA	**592**	**599**	**148**	**155**
Change in net working capital	32	(68)	(11)	(34)
thereof handset receivable factoring impact	-	*(42)*	-	*(40)*
Movement in pension and provisions	(1)	(5)	(2)	(2)
Interest paid	(39)	(51)	(11)	(10)
Corporate income and withholding tax paid	(31)	(30)	1	(2)
Cash flow from operating activities	**553**	**446**	**124**	**107**
Capex	(315)	(213)	(119)	(43)
% Capex-to-revenue	*17.0%*	*11.2%*	*23.3%*	*8.6%*
Sales of assets	450	0	0	0
Cash flow after investing activities	**688**	**234**	**6**	**64**
Repayment other financing items	(20)	(8)	1	(2)
Proceeds/(repayments) from debt, net	(458)	(122)	(1)	(9)
Payment of dividend	(150)	(135)	0	0
Total cash flow	**60**	**(32)**	**5**	**53**
Cash and cash equivalents as of BoP	214	244	270	160
Foreign currency impact on cash	(2)	1	(2)	0
Cash and cash equivalents as of December 31	**272**	**214**	**272**	**214**

Equity Free Cash Flow CHF million	FY 2017	FY 2016	Q4 2017	Q4 2016
EBITDA	**592**	**599**	**148**	**155**
Change in net working capital	32	(68)	(11)	(34)
Interest paid	(39)	(51)	(11)	(10)
Corporate income and withholding tax paid	(31)	(30)	1	(2)
Capex	(315)	(213)	(119)	(43)
Other financing activities	(20)	(8)	1	(2)
Equity free cash flow	**219**	**230**	**9**	**64**

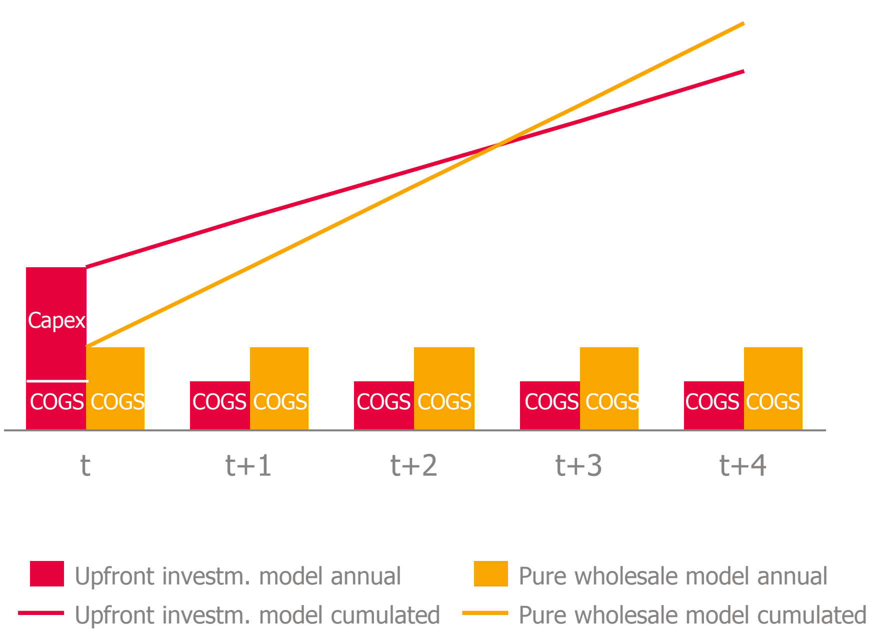
2017 deleveraging driven by tower proceeds

Net debt (CHFm)	December 31, 2017	September 30, 2017	December 31, 2016
Senior Secured Notes issued February 2015	500	500	500
Term loan B2	910	910	1'360
Total cash-pay borrowings	**1'410**	**1'410**	**1'860**
Financial lease	9	11	17
Total debt	**1'419**	**1'421**	**1'877**
Cash & Cash Equivalents	(272)	(270)	(214)
Net debt	**1'147**	**1'151**	**1'663**
Net debt / adj. EBITDA	**1.9x**	**1.9x**	**2.7x**
Net debt / pro forma adj. EBITDA [1)]	**2.0x**	**2.0x**	

[1)] Pro forma taking into account annualized network service fees related to tower disposal

Illustration of fibre access models

Payments in a 5 years example (illustrative) [1)]



Upfront inv. model impacting GP and Capex

- Upfront investment model with **short-term Capex** in 't', followed by better recurring payment terms (COGS) **benefiting gross profit**
- Upfront investment models tend to have lower cumulated payments due to long-term commitment

[1)] Assuming unchanged customer number; COGS = Cost of goods sold (part of P&L); simplified

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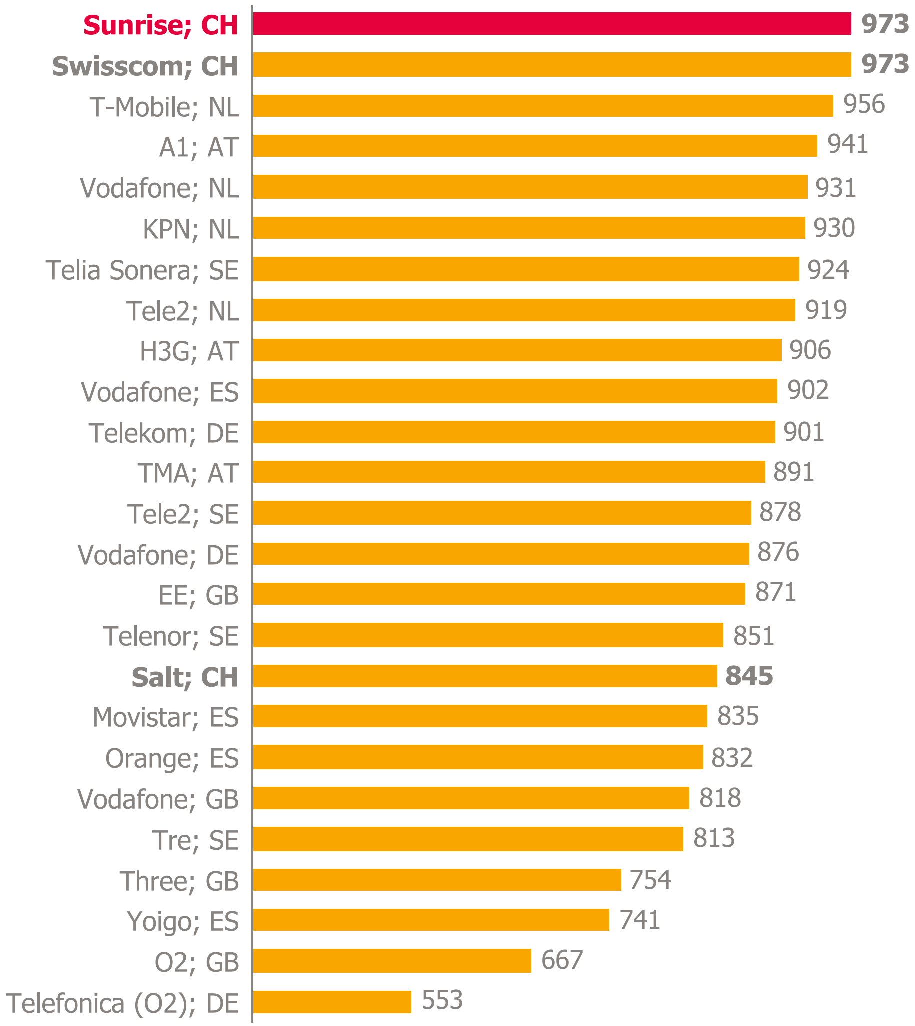
Sunrise with leading mobile network quality in Europe

Mobile network quality across EU countries in 2017 1)

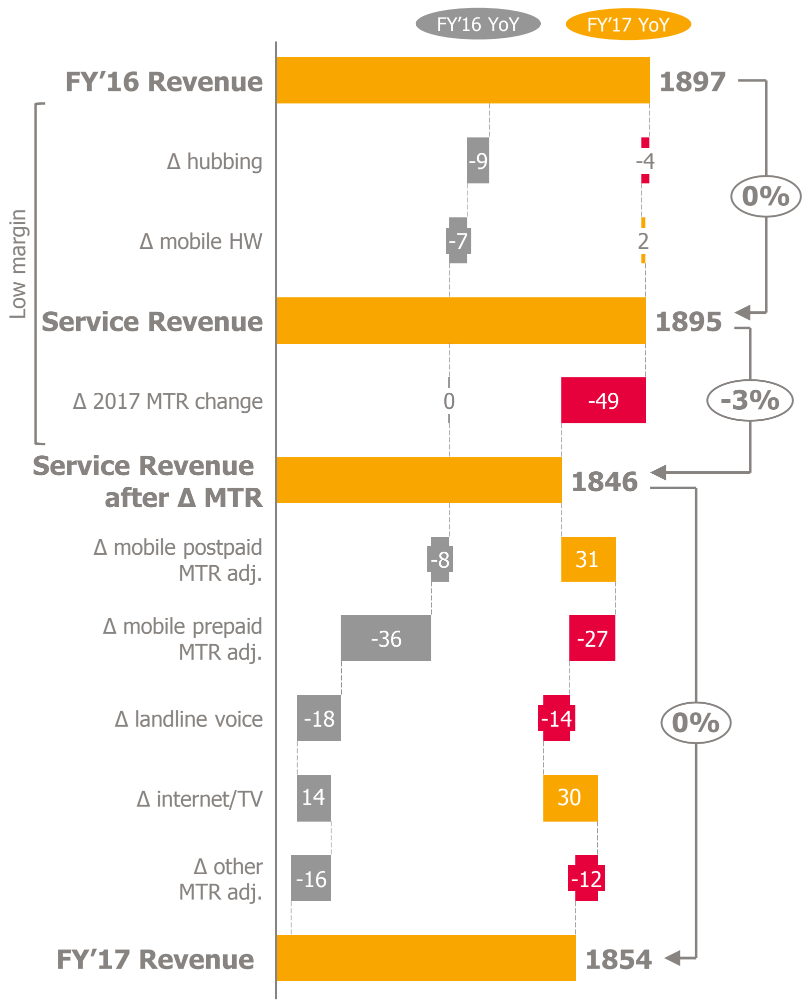
Max 1000 Pt.



1) Source: P3 as per 24 November 2017; for comparability reasons the shown scores focus on drive test only and exclude potential walk test and railway components, which are not executed in all markets - therefore scores may differ from the ones shown in the official publications

Revenue bridge FY'17

Revenue bridge (CHFm)



- **Hubbing**: international trading business which is volatile by nature
- **Mobile HW**: Revenue depends on handset innovations / launches leading to revenue volatility

- **Postpaid** (MTR adj.): Strong customer growth; softening ARPU pressure partly due to fading Freedom hardware unwind
- **Prepaid** (MTR adj.): Pre- to postpaid migration and shift to OTT

- **Landline voice**: Fixed to mobile substitution, migration to flat rates as part of fixed bundles, and OTT
- **Internet/TV**: strong customer growth
- **Other:** mainly driven by lower margin areas such as volatility in B2B equipment sales and in wholesale

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IFRS 15 update

IFRS 15 accounting standard

- Introduced as per Jan 2018, replacing previous standards; impact on:
- **Revenue recognition**: reallocation of service revenue to hardware sales; upfront recognition
- **Cost capitalization:** Incremental costs of obtaining and fulfilling a contract are capitalized under certain conditions; Commission paid to retailers or employees are capitalized and recognized as expenses over the contractual term

Impact at Sunrise [1)]

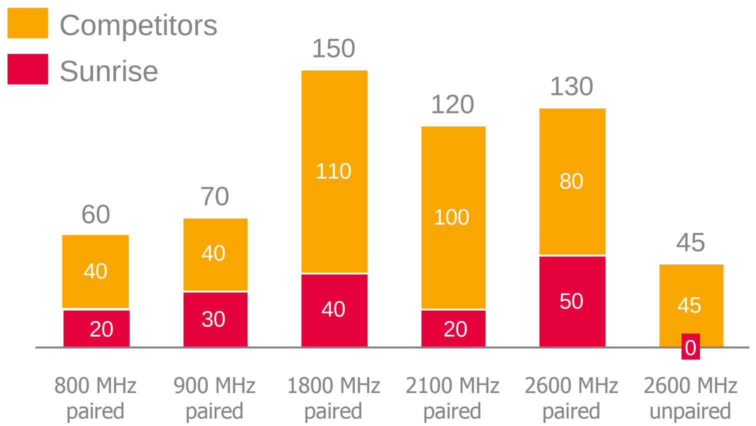
- **Revenue:** no significant impact expected
- **EBITDA 2018:** a mid single digit upside is expected for 2018, which becomes immaterial in 2020, leading to a low single-digit YoY headwind in 2019/20

  The upside is related to the capitalization of costs to obtain a contract
- **Opening Balance sheet:** an increase of equity is expected due to booking of approx. CHF 45m pre-tax in accumulated deficit for the cumulative effects of the changes, majority is related to capitalization of costs to obtain a contract
- Sunrise will not restate 2017; in order to provide YoY comparability, Sunrise will disclose 2018 trends also under IAS 18

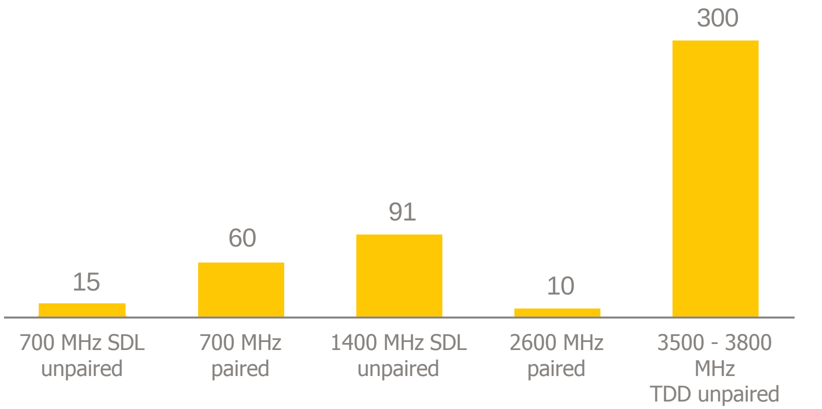
[1)] Indication based on the current progress of the implementation

Update on spectrum allocation

Spectrum in place (MHz)



Incremental spectrum to be allocated (MHz)



* Paired (FDD) 2xMHz (UL & DL)
Unpaired (TDD) 1xMHz (UL & DL)
SDL (supplementary DL) 1xMHz (DL)

- Acquired in 2012 - secured until 2028
- Sunrise’s current spectrum provides an outstanding 2G to 4G+ coverage to Sunrise’s 25% subscriber market share

- Spectrum allocation expected in H2’18
- Incremental spectrum important for 5G
- Relaxation of the emmission standards (NIS) needed to efficiently use incremental spectrum

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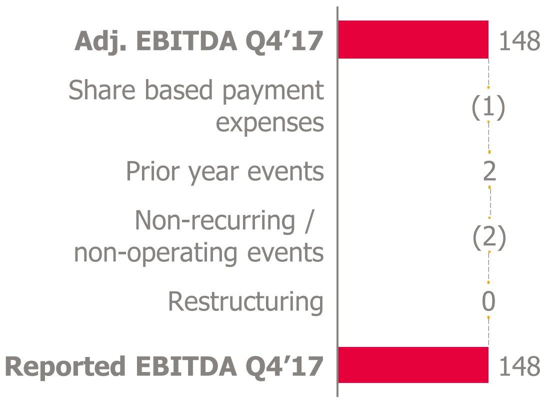
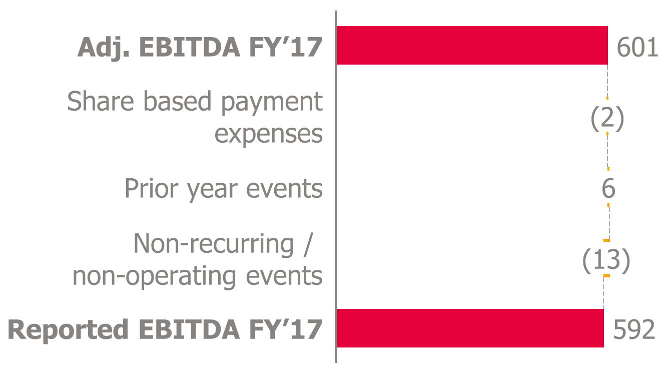
Bridge adjusted to reported EBITDA

Q4’17 EBITDA bridge



- Share-based payment provisions for multi-year compensation plans
- Prior year related events mainly include adjustments of provisions/accruals based on newly available information
- Non-recurring / non-operating events mainly represent costs for one-time expenses

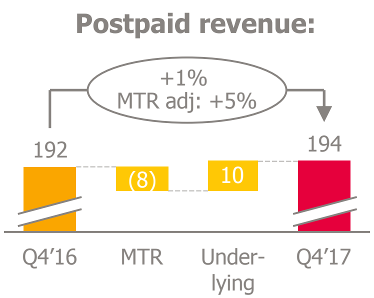
FY’17 EBITDA bridge

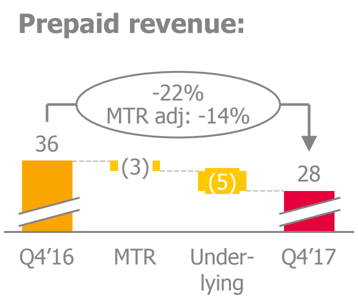


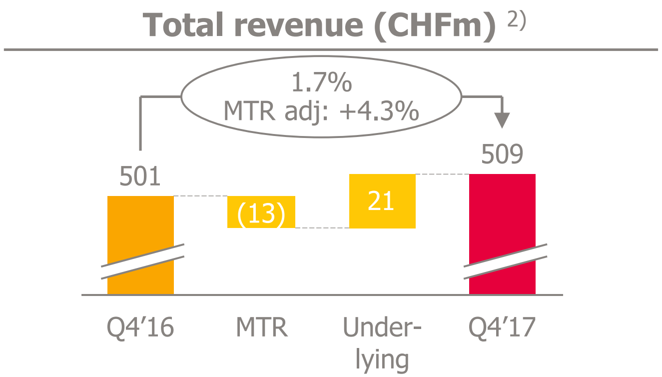
- Share-based payment provisions for multi-year compensation plans
- Prior year related events mainly include adjustments of provisions/accruals based on newly available information
- Non-recurring / non-operating events mainly represent costs for one-time expenses; CHF 7m are related to advisory fees for the set-up/preparation to make Swiss Towers AG available for sale

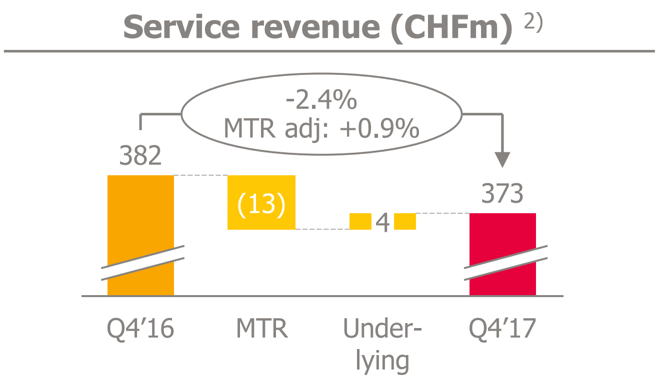
MTR change impacts revenue, but is largely neutral on gross profit

- **Mobile Termination Rates** [1] change as per 1 January 2017 negatively impacts revenue, but is largely neutral on gross profit level – as announced on 20 Oct 2016









[1] Mobile termination rates are transmission fees collected by a mobile communications provider when it accepts calls from another provider's landline or mobile network and passes them on to customers on its own network

[2] MTR impact is primarily in postpaid and prepaid, furthermore there is a CHF-1.9m impact in Landline Services; service revenue excludes hubbing and mobile hardware revenues

Sunrise

Thank you

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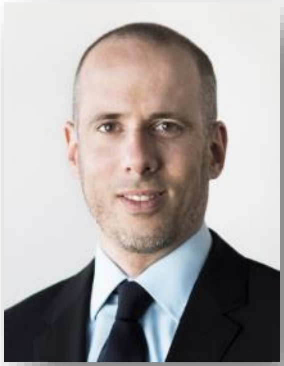

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