

Sunrise

Q2 2020 Financial Results

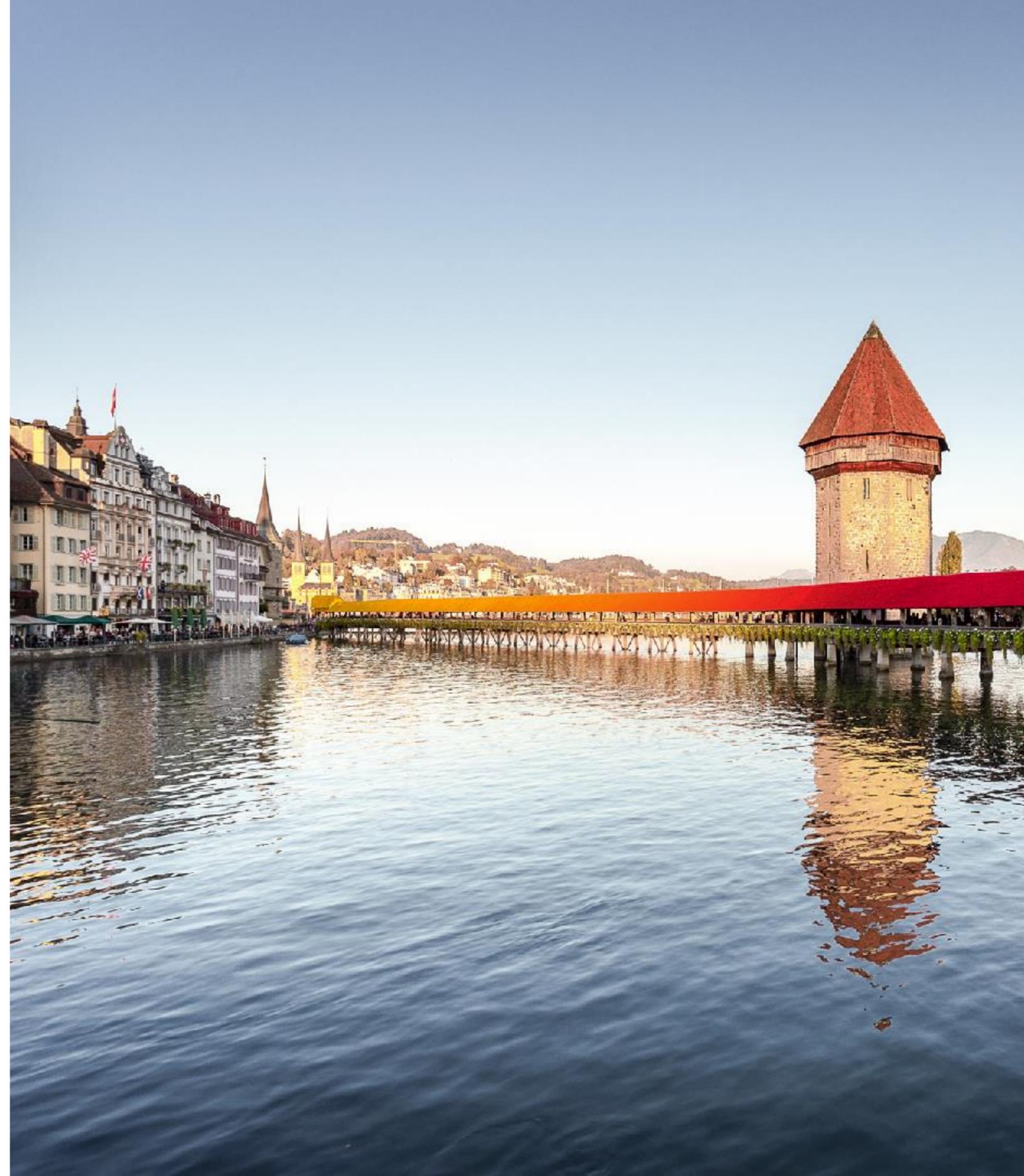
27 August 2020



Sunrise

Agenda

- > Summary
- > Operational Update
- > Q2 Financials
- > Outlook
- > Q&A



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Summary

Q2 with underlying growth; Liberty Global's offer recognizes strong track-record since IPO

André Krause
CEO



Summary Q2

Resilient underlying growth offset by roaming in Q2

Confirm guidance



Financial growth YoY

-0.6%
Service revenue

-1.3%
Gross profit

-1.4%
Adj. EBITDA

180m
Adj. eFCF LTM



Customer growth Q2

+34k
Postpaid

-55k
Prepaid

+9k
Internet

+7k
TV



Strategic priorities

Network

Service

Innovation

Temporary slowdown due to global pandemic

See gradual roaming recovery

Reiterate FY'20 guidance

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Transaction update and milestones

Creating a fully converged national champion

- 1 On 12 August, **Liberty Global** announced an **all cash tender offer** for all publicly held shares of Sunrise; the offer was recommended by the Sunrise Board of Directors
- 2 The offer price of CHF110 per share implied a **32% premium** to the 60 day VWAP
- 3 The offer is subject to customary conditions set out in the pre-announcement, incl. tender of at least 66 2/3% shares and receipt of required merger clearance and other approvals
- 4 Prospectus launched on 27 August, with the main offer period expected to run from 11 September to 8 October; the additional acceptance period would run from 15 October until 28 October (subject to an extension of the main offer period), with **closing expected around year-end**
- 5 Sunrise will continue to operate independently during the offer period and will continue to pursue its B2B and consumer initiatives
- 6 After completion, Liberty Global intends to initiate a squeeze-out procedure and **delist** Sunrise shares

Strong value generation since IPO



Network quality



Customer interface

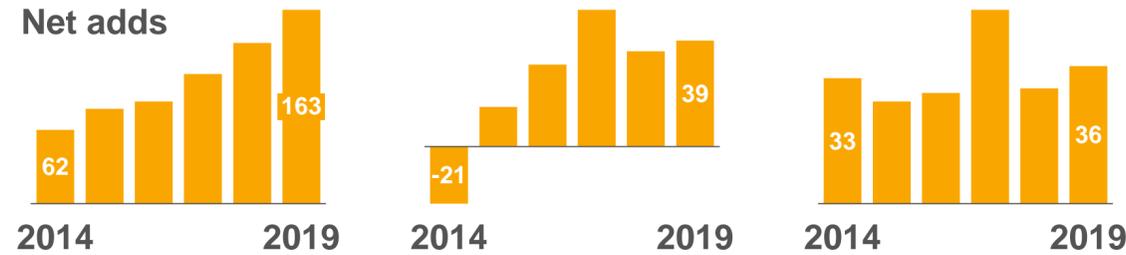


Innovation

Accelerated customer growth

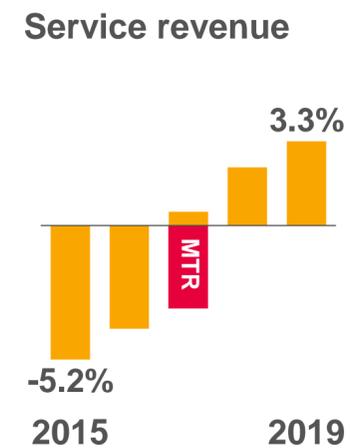


Net adds

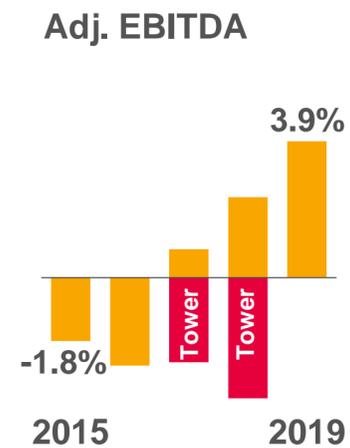


Accelerated financial growth

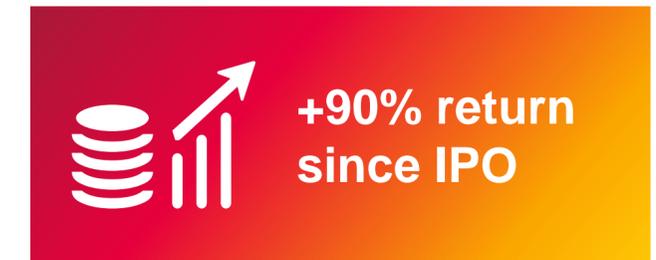
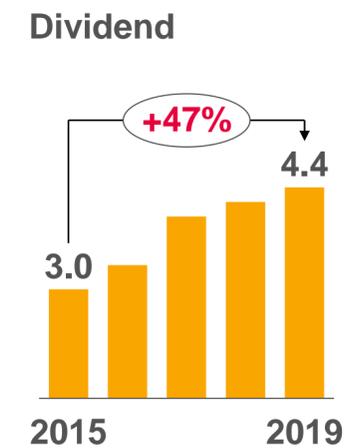
Service revenue



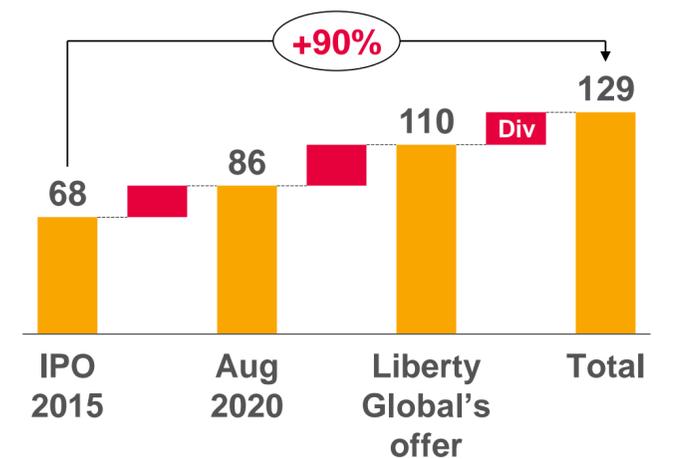
Adj. EBITDA



Dividend



Total shareholder return



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Operational Update

Continued market share gains

André Krause
CEO



Sunrise

COVID-19 update

Resilient underlying business



Trading

- **Strong net adds** in Q2 supported by online, telesales and slightly lower churn, partly offset by shop closures
- **100% own shops again open** as per mid May with strong order in-take; focus on marketing FWA, home entertainment and home office



Costs

- **Opex focus:** careful management of commercial and operational costs



Capex

- Continued with accelerated 5G rollout

Q2 financials impacted by roaming

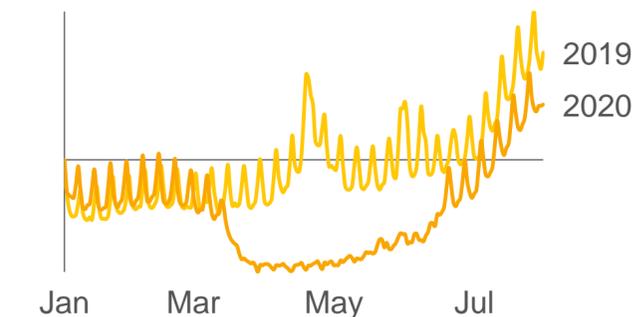


Roaming

- **Travel bans weighed** on metered roaming-off revenue in Q2; roaming-in revenue and roaming-off costs largely fixed
- Roaming recovery driven by Europe and residential customers

Number of roamers

indexed to 0



**Roaming recovery
on-track**

Continued focus on strategic priorities



Network quality

Continued 5G rollout

- Leading in 3.5 Ghz, available in >595 cities/ towns by Aug
- 90% 5G pop coverage in lower bands targeted by Q3

One of the world's best mobile networks



Sunrise

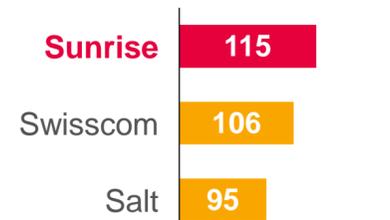
Top 10 telcos in international benchmark results by 'umlaut'



Customer interface

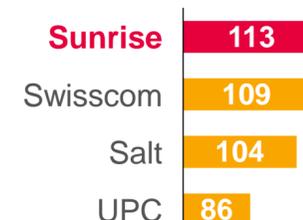
Top customer satisfaction in Q2

Mobile



Kundenbarometer survey by 'connect'

Internet



Kundenbarometer survey by 'PC Magazin'

Leading customer interface



Innovative converged products

Enhancing B2B and TV proposition

- New 5G B2B offer which is simple and easy adaptable for mobile and landline business needs
- Technology acquisition of TV OTT pioneer 'Wilmaa' to enhance Sunrise TV OTT



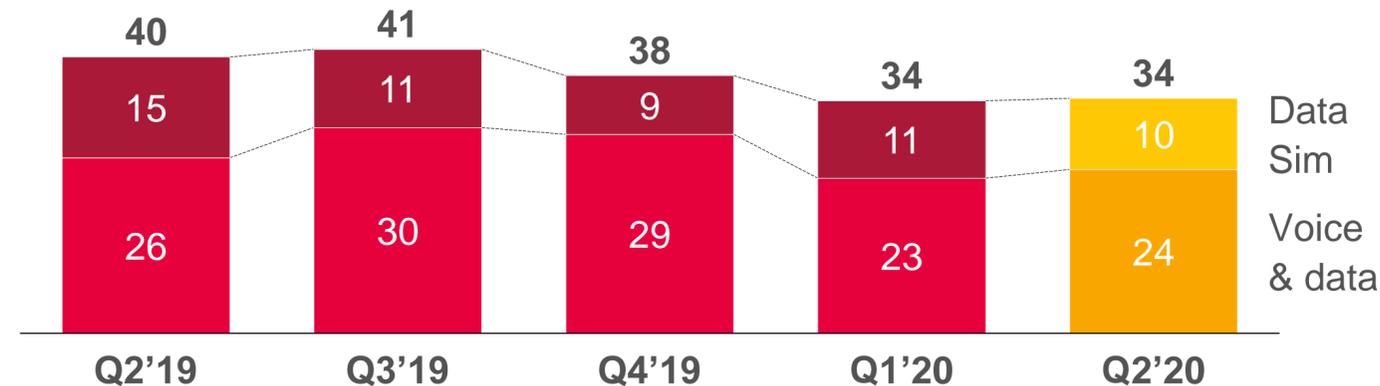
Drive convergence

European 5G leadership

Market share gains in postpaid



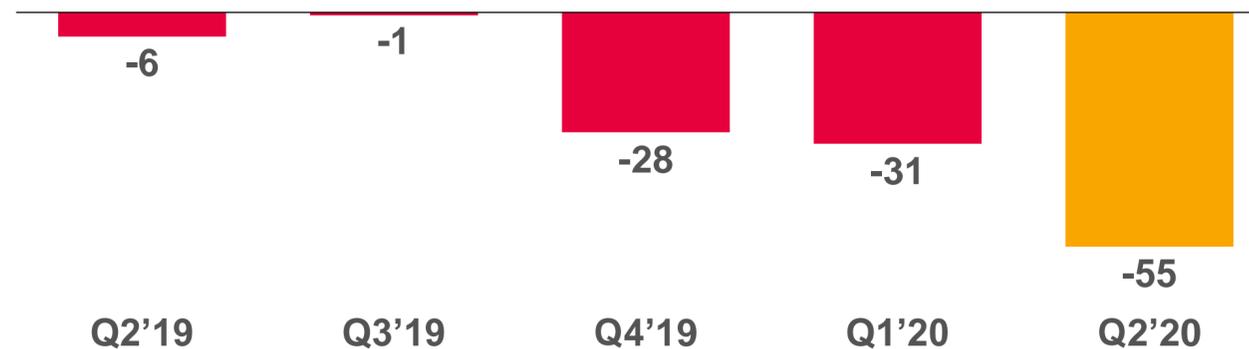
Postpaid mobile net adds ('000)



- Postpaid with **+8% subscription growth** YoY driven by B2B, yallo and Sunrise brand, leading to 1.96m total subscriptions
- Supported by online, telesales and slightly lower churn; solid in-take after shop reopening in mid May



Prepaid mobile net adds ('000)



- Global pandemic led to **less tourists** and temporary closure of physical POS (important for yallo and Lebara), leading to 477k total subscriptions
- Ongoing pre- to postpaid migration; prepaid accounts for ~3% of total revenue



Prepaid Unlimited 7 days 5G



Continued internet and TV customer growth



Internet net adds ('000)



- **Internet continues to grow** to 516k internet subscriptions; supported by online, telesales and slightly reduced churn; expect softer Q3 due to usual summer seasonality
- Attractive 2-4P bundled offers supported 7% YoY increase in converged billed customer base; ~28% of internet customers on fiber, growing ~18% YoY



TV net adds ('000)



- **TV with solid growth:** Sunrise now has 298k TV subscriptions; supported by strong Sunrise TV offering including attractive content
- Commercial activities focused on TV OTT
- Launch of installment plan for home entertainment devices to strengthen customer relationship



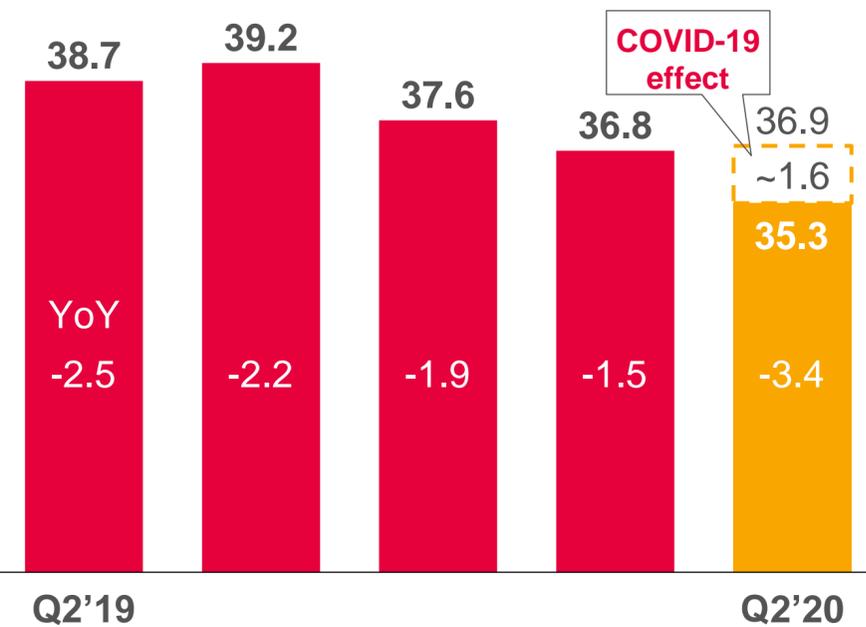
Postpaid ARPU impacted by travel bans



Mobile postpaid ARPU

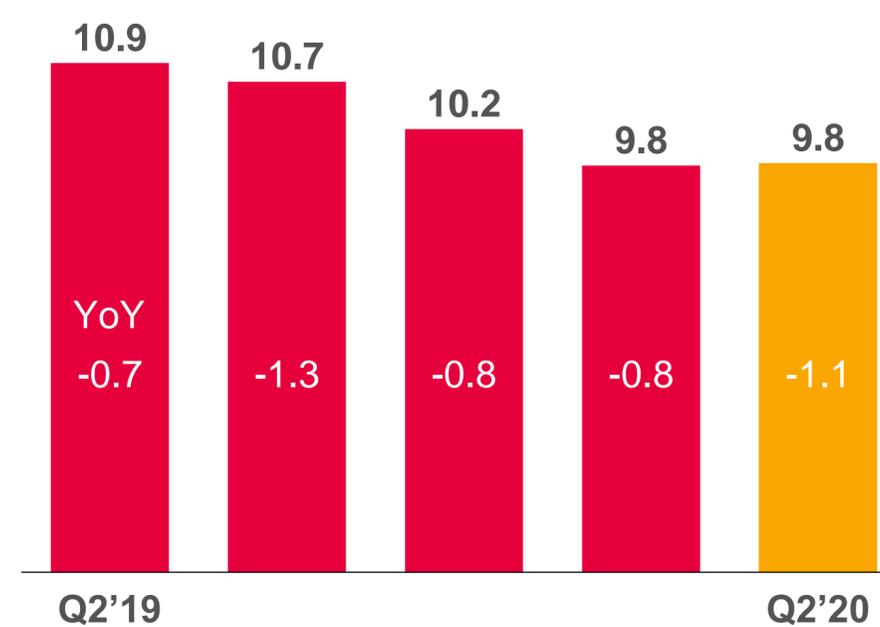
Postpaid down CHF -3.4 YoY (Q1: CHF -1.5) due to temporary COVID-19 effect (roaming, MTR)

Value measures have been put in place in Q3'19 and will be monitored



Mobile prepaid ARPU

Prepaid down CHF -1.1 YoY (Q1: CHF -0.8)



Internet & TV ARPU



Internet down CHF -0.9 (Q1: -1.0)



TV down CHF -1.5 (Q1: -0.4) driven by TV OTT and temp. discounts during lockdown



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Q2 Financials

Broadly stable adj. EBITDA supported by
cost containment

Uwe Schiller
CFO



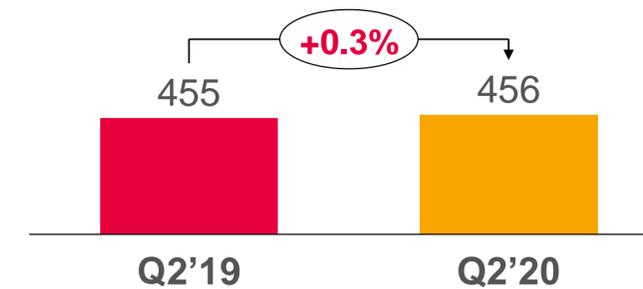
Financial Overview Q2



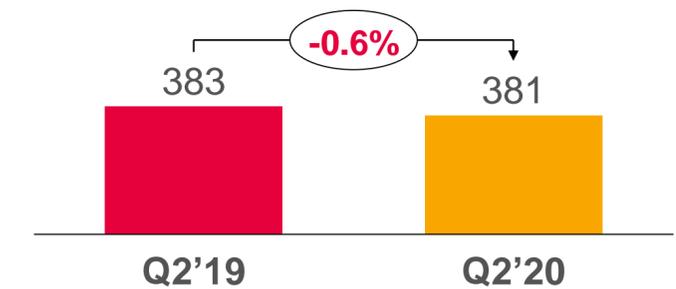
Revenue

- **Revenue up +0.3%** driven by mobile hardware
- Service revenue down -0.6% as customer growth was offset by lower roaming revenue and less project driven 'Integration' business

Total revenue CHF m



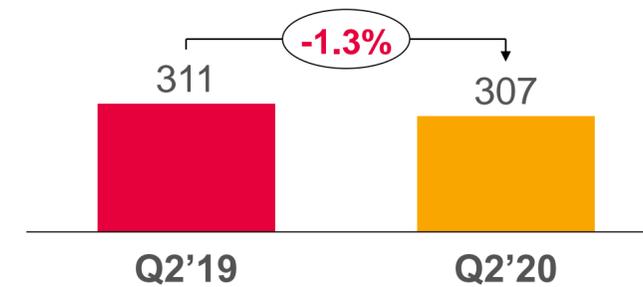
Service revenue



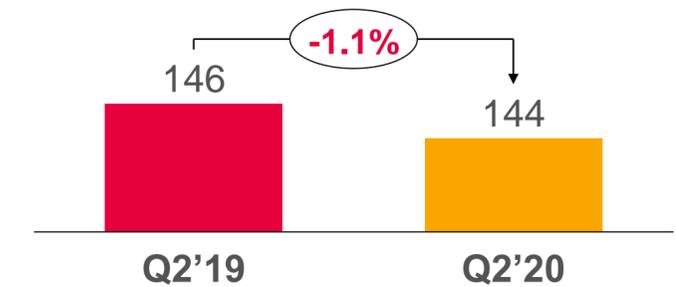
GP & Opex

- **Gross profit down -1.3%** driven by service revenue and a slight service gross margin contraction
- Adj. Opex reduced by -1.1%

Gross profit



Adj. Opex



Adj. EBITDA

- **Adj. EBITDA slightly down**, in-line with expectation communicated with Q1 results
- GP decline counteracted with careful cost management

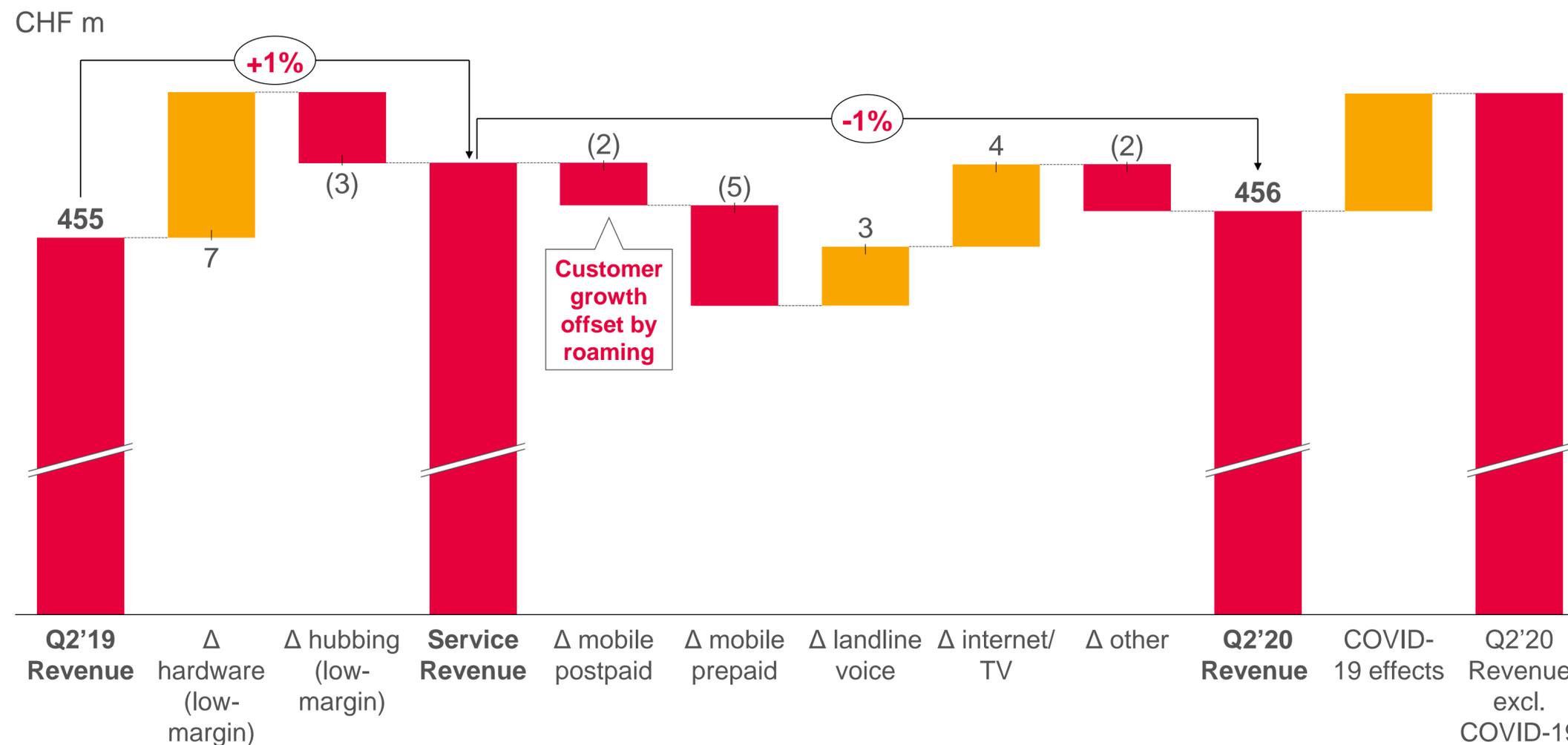
Adj. EBITDA



Service revenue impacted by COVID-19



Service revenue affected by roaming due to travel bans



- **Hardware:** supported by accessories and strong handset sales in June
- **Hubbing:** International trading business with continued focus on profitable volumes
- **Postpaid:** Strong customer growth driven by investments into quality, offset by lower ARPU (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 more landline voice usage
- **Internet/TV:** Strong customer growth
- **Other:** down due to project driven 'Integration' business (low-margin, volatile), includes also MVNO and fees

Careful cost management

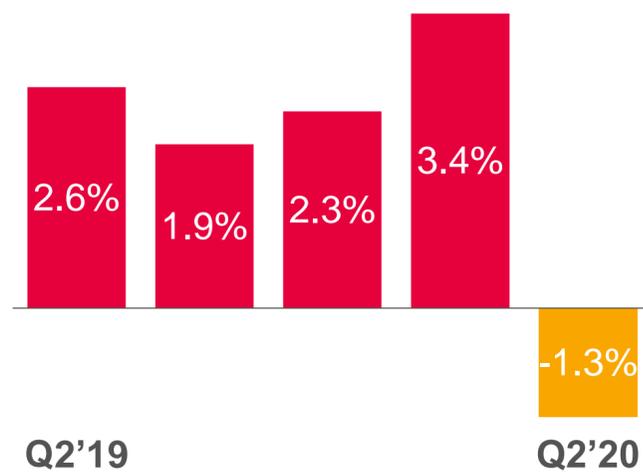


Modest gross profit decline...

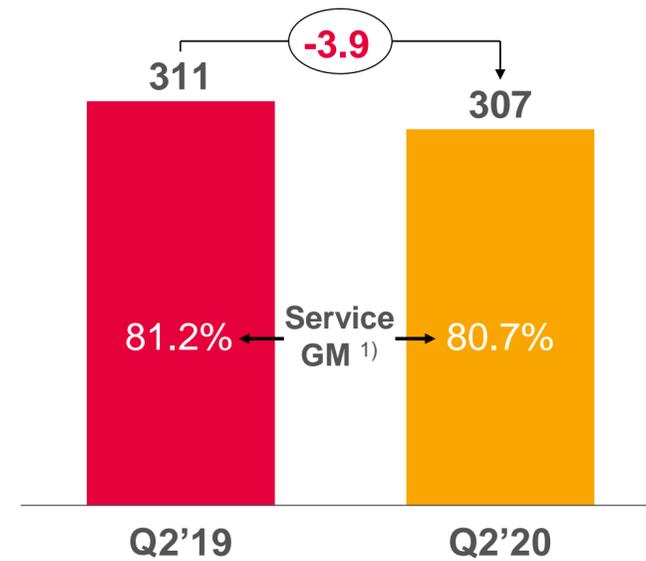


...largely compensated by careful cost management

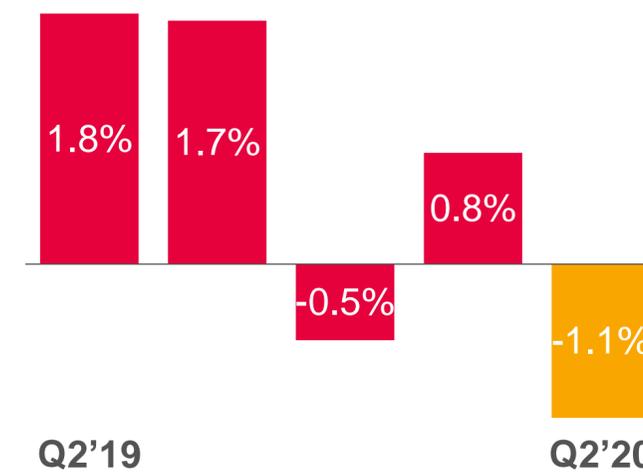
GP growth YoY



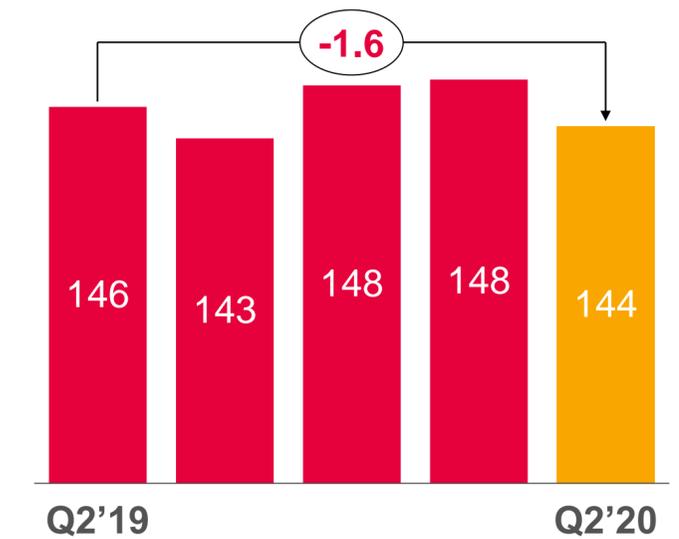
GP CHF m



Adj. Opex growth YoY²⁾



Adj. Opex CHF m



- **Gross profit -1.3%** driven by service revenue
- Service gross margin slightly down YoY due to roaming and MTR, partly offset by positive mix effect from less 'Integration' business

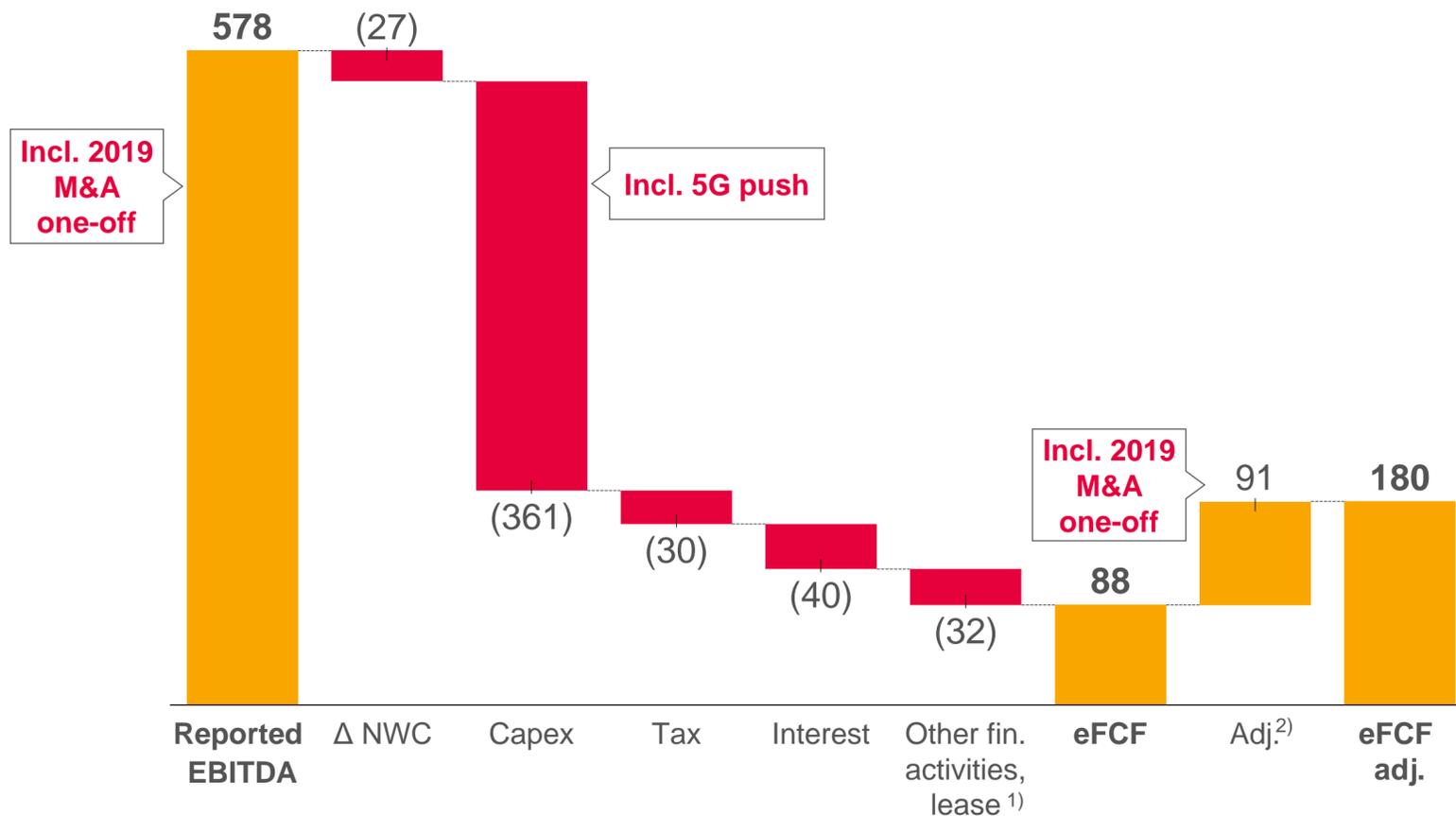
- **Adj. Opex slightly down:** Continued investments in commercial momentum counteracted with careful cost management

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

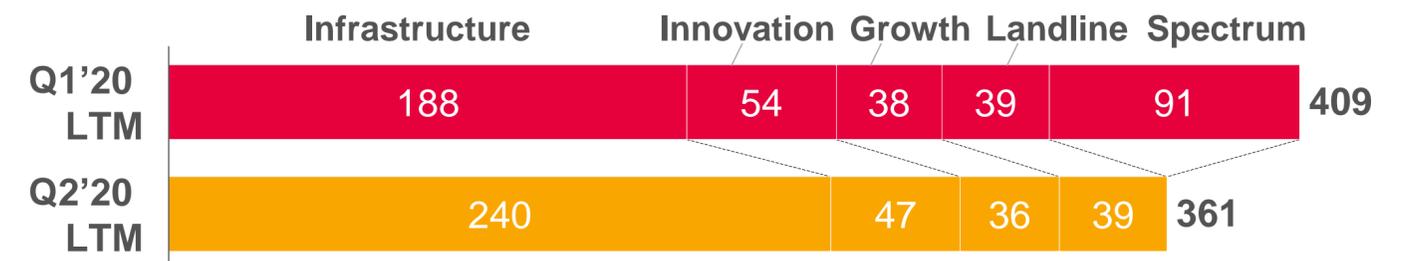
Equity FCF

Q2 LTM CHF m



Capex and Leverage

Capex CHF m



Leverage ratio

- Net debt / adj. EBITDA at 2.56x, up from 2.49x in Q2'19, predominantly driven by one-off costs related to last year's cancellation of the acquisition of UPC Switzerland
- Increase vs. Q1'20 (2.34x) driven by dividend payment

1) Landline access installments and IRUs are counted within "other financing activities" in IFRS report; lease includes repayments of lease liability

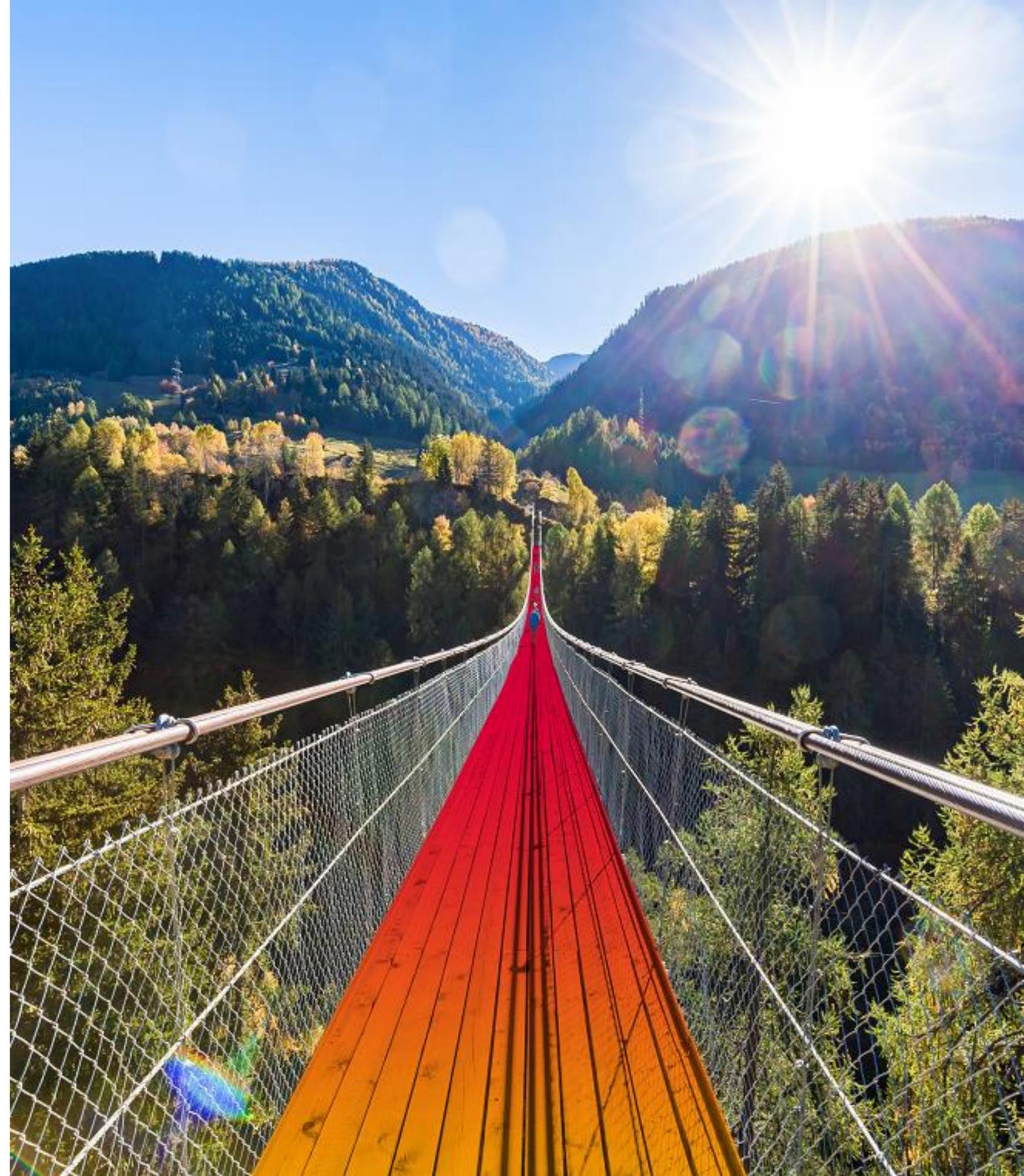
2) Adjustments include UPC M&A one-off (2019) and IAS 19 pension plan adjustment (Q3'19)

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Conclusion

Solid underlying growth – confirm guidance

André Krause
CEO



Cont. operational momentum – confirm guidance



Customers

- Customer **growth** and market share gains in postpaid, internet and TV supported by online, telesales and slightly lower churn
- 5G coverage in >595 cities / villages by Aug



Revenue

- Customer momentum offset by **roaming** due to travel bans, impacting service revenue



Profitability

- Adj. EBITDA **broadly stable**, with temporary GP slowdown largely compensated by careful cost management



Outlook

- Continue to expect adj. EBITDA at the lower end of FY guidance, supported by gradual roaming recovery and cost containment
- Guidance reiteration based on continuation of current recovery trends and no significant worsening



**2020
guidance
reiterated**

Revenue 1,840-1,880m

Adj. EBITDA 675-690m

Capex 410-450m

Dividend 4.55-4.65

Sunrise wants to make shareholders aware of possible future changes to the current dividend policy as a result of Liberty Global's tender offer to acquire Sunrise

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Q&A



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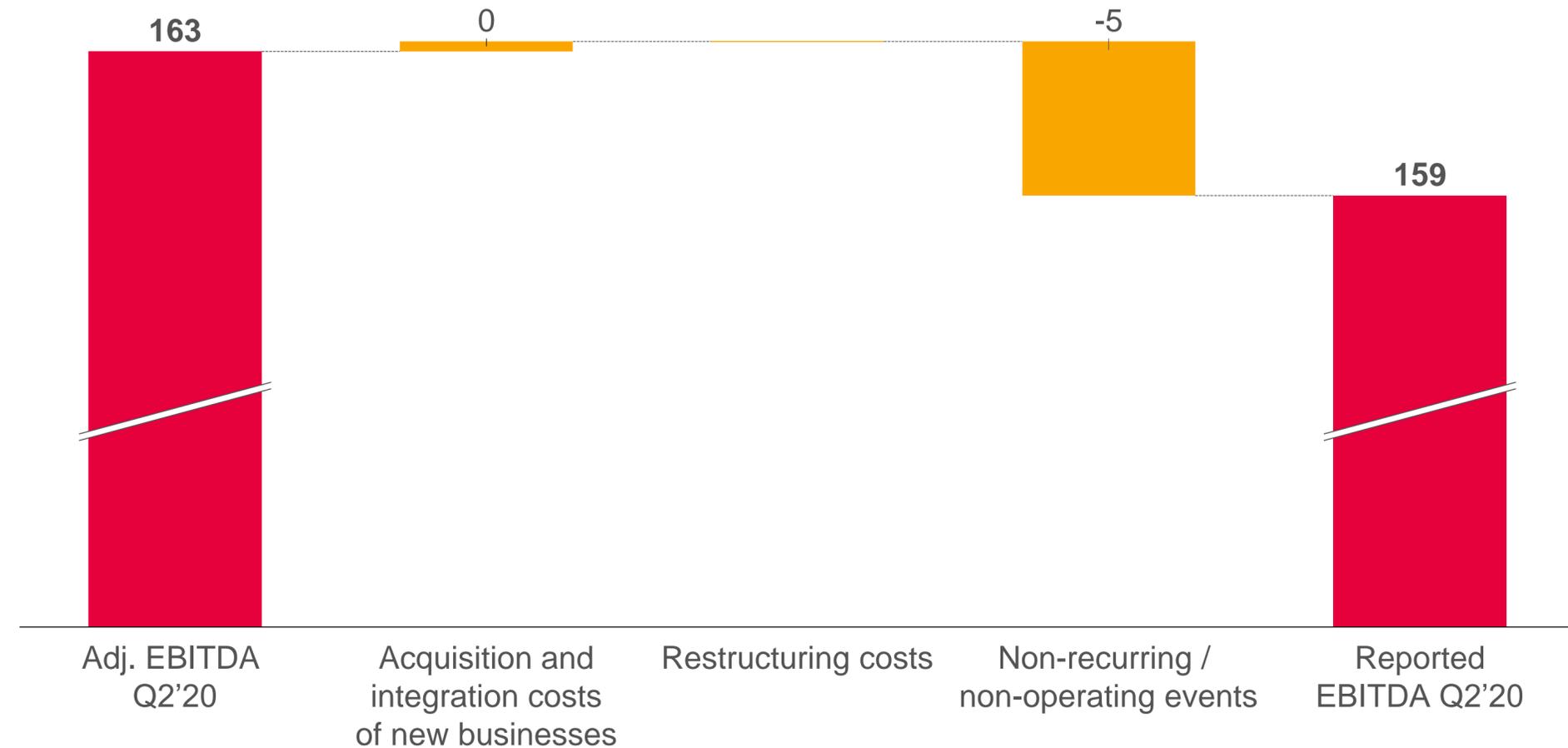
Appendix



Adjusted to reported EBITDA bridge

Q2 EBITDA bridge

CHF m



- **Acquisition and integration** costs of new businesses with a small gain caused by the release of an accrual
- **No restructuring costs** in Q2
- **Non-recurring / non-operating events** driven by CHF -4.3m effect of employee share participation program (ESPP); total ESPP effect of CHF -8.6m in H1 – no further costs expected

Income Statement

| CHF million April 1- June 30 | Q2 2020 | Q2 2019 | Change CHF million | Change % |
|---|------------|------------|-----------------------|---------------|
| Revenue | | | | |
| Mobile services | 305 | 302 | 2 | 0.8 |
| - <i>Thereof mobile postpaid</i> | 206 | 208 | (2) | (1.0) |
| - <i>Thereof mobile prepaid</i> | 15 | 20 | (5) | (24.9) |
| - <i>Thereof mobile hardware</i> | 60 | 53 | 7 | 13.9 |
| - <i>Thereof other</i> | 24 | 23 | 2 | 8.4 |
| Landline services | 70 | 74 | (5) | (6.3) |
| - <i>Thereof landline voice</i> | 34 | 31 | 3 | 9.2 |
| - <i>Thereof hubbing</i> | 12 | 16 | (3) | (21.6) |
| - <i>Thereof other</i> | 23 | 27 | (4) | (15.1) |
| Landline Internet and TV | 82 | 78 | 4 | 4.8 |
| - <i>Thereof landline hardware</i> | 3 | 3 | (0) | (8.9) |
| Total revenue | 456 | 455 | 1 | 0.3 |
| Revenue excl. hardware and hubbing | 381 | 383 | (2) | (0.6) |
| Gross profit | 307 | 311 | (4) | (1.3) |
| % margin | 67.4% | 68.4% | | |
| % margin (excl. hubbing & hardware revenue) | 80.7% | 81.2% | | |
| EBITDA | 159 | 157 | 2 | 1.2 |
| EBITDA adjusted | 163 | 165 | (2) | (1.4) |
| % margin | 35.7% | 36.3% | | |
| % margin (excl. hubbing & hardware revenue) | 42.8% | 43.1% | | |
| Net income | 21 | 26 | (4) | (17.3) |

Cash Flow Statement

| CHF million April 1- June 30 | Q2 2020 | Q2 2019 | Change CHF million | Change % |
|---------------------------------|-------------|--------------|-----------------------|----------------|
| Cash flow | | | | |
| Reported EBITDA | 159 | 157 | 2 | 1.2 |
| Change in NWC | (1) | (20) | 18 | (92.7) |
| Net interest | (12) | (12) | (0) | 0.6 |
| Tax | (2) | (1) | (1) | 160.8 |
| CAPEX | (95) | (143) | 48 | (33.3) |
| Repayments of lease liabilities | (8) | (6) | (2) | 25.2 |
| Other financing activities | (0) | (5) | 5 | (93.8) |
| Equity free cash flow | 40 | (29) | 70 | (237.0) |
| Other | (86) | (190) | 104 | (54.5) |
| Total cash flow | (46) | (219) | 173 | (79.0) |

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Leverage ratio

| Leverage | June 30, 2020 | March 31, 2020 | June 30, 2019 |
|---------------------------------------|--------------------------|---------------------------|--------------------------|
| Term loan B | 1'410 | 1'410 | 1'410 |
| Senior Secured Notes issued June 2018 | 200 | 200 | 200 |
| RCF drawn | 100 | 0 | 0 |
| Total cash-pay borrowings | 1'710 | 1'610 | 1'610 |
| Operational lease | 250 | 253 | 266 |
| Total debt | 1'960 | 1'863 | 1'876 |
| Cash & Cash Equivalents | (233) | (279) | (240) |
| Net debt | 1'727 | 1'584 | 1'636 |
| Net debt / adj. EBITDA | 2.6x | 2.3x | 2.5x |

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Investor Relations



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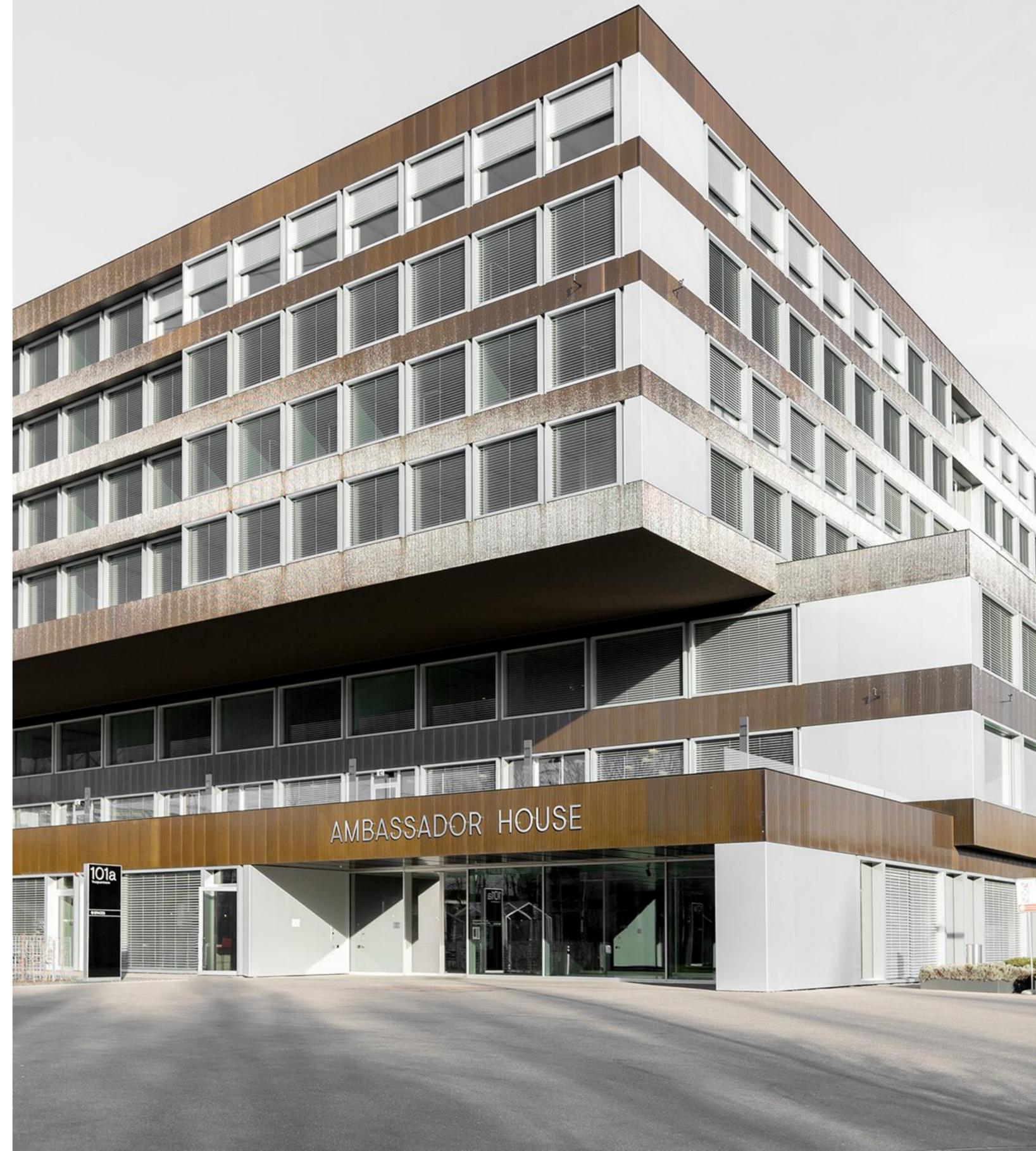
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