

August 24, 2011

Sunrise Communications Holdings S.A.

Financial Results
January – June 2011

Key Messages

Sunrise continues its good financial performance driven by postpaid and LLU customer growth:

- **Mobile postpaid** subscriber base grew by **+140.5** thousand or **+15.5%** YoY with a **postpaid** subscriber base growth of **+32.7** thousand in **Q2'2011** alone (excluding M2M subscribers)
- Continued **EBITDA growth** from CHF 279.9 to 287.4 million or **+2.7%** YoY despite higher marketing spendings of CHF 19.9 million YoY partly offset by tight cost control
- **Gross profit growth** from CHF 628.9 to 681.7 million or **+8.4%** YoY thanks to ongoing growth of mobile customer base
- **Mobile revenue** increased to CHF 626.3 million or **+8.4%** YoY driven by increased postpaid customer base

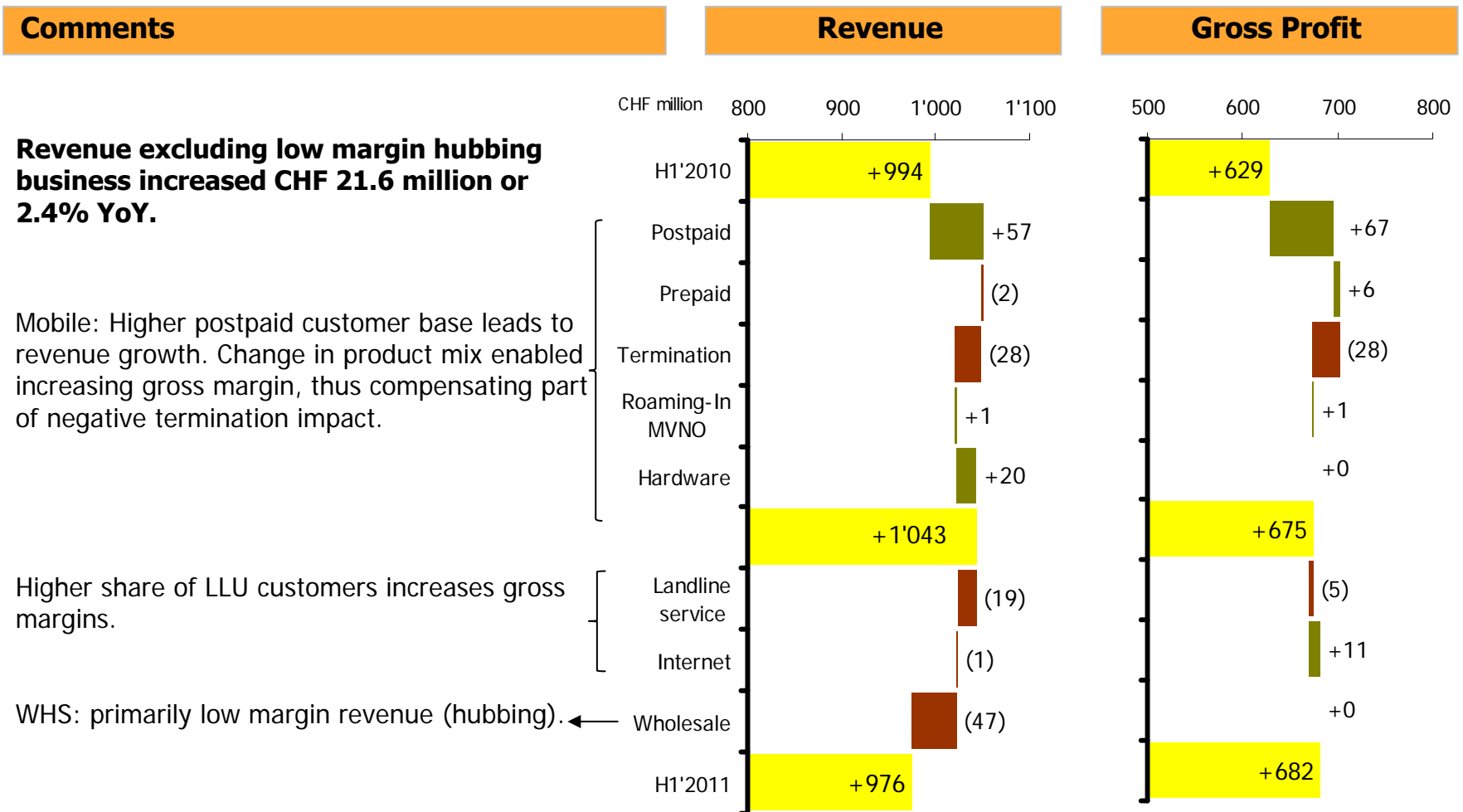
Customer growth translated into a **mobile network market share** increased from 23.0% to **24.0%** for Q2'2010 and Q2'2011, respectively.

Overview of Results

Income statement	Year to date		Quarter to date	
CHF million	2011	2010	Q2'11	Q2'10
Mobile	626	578	327	297
Landline Services	262	328	128	158
<i>of which hubbing</i>	63	103	30	47
Landline Internet	87	89	44	44
Revenues	976	994	499	499
Revenues (excl. Hubbing)	913	891	469	452
<i>% growth</i>	2.4%		3.8%	-
Gross profit	682	629	351	319
<i>% margin</i>	69.9%	63.3%	70.4%	64.0%
<i>% yoy growth</i>	8.4%	-	9.9%	-
EBITDA	287	280	146	149
<i>% margin (excl. Hubbing)</i>	31.2%	31.2%	30.9%	32.8%
<i>% growth</i>	2.7%	-	(1.7%)	-
Capex	(48)	(78)	(33)	(38)
<i>% Capex-to-revenues (excl. Hubbing)</i>	5.3%	8.8%	7.1%	8.5%
EBITDA-Capex	239	201	113	111
Change in working capital	(59)	(125)	8	43
Operating free cash flow	180	76	121	154

The half year financial results are based on the pro forma condensed combined financial statements for the 6 month and 3 month periods ended June 30, 2010.

Revenue and Gross Profit Development



Net gross profit effect of change in mobile termination rates: CHF (15.4) million YoY

Operational Trends

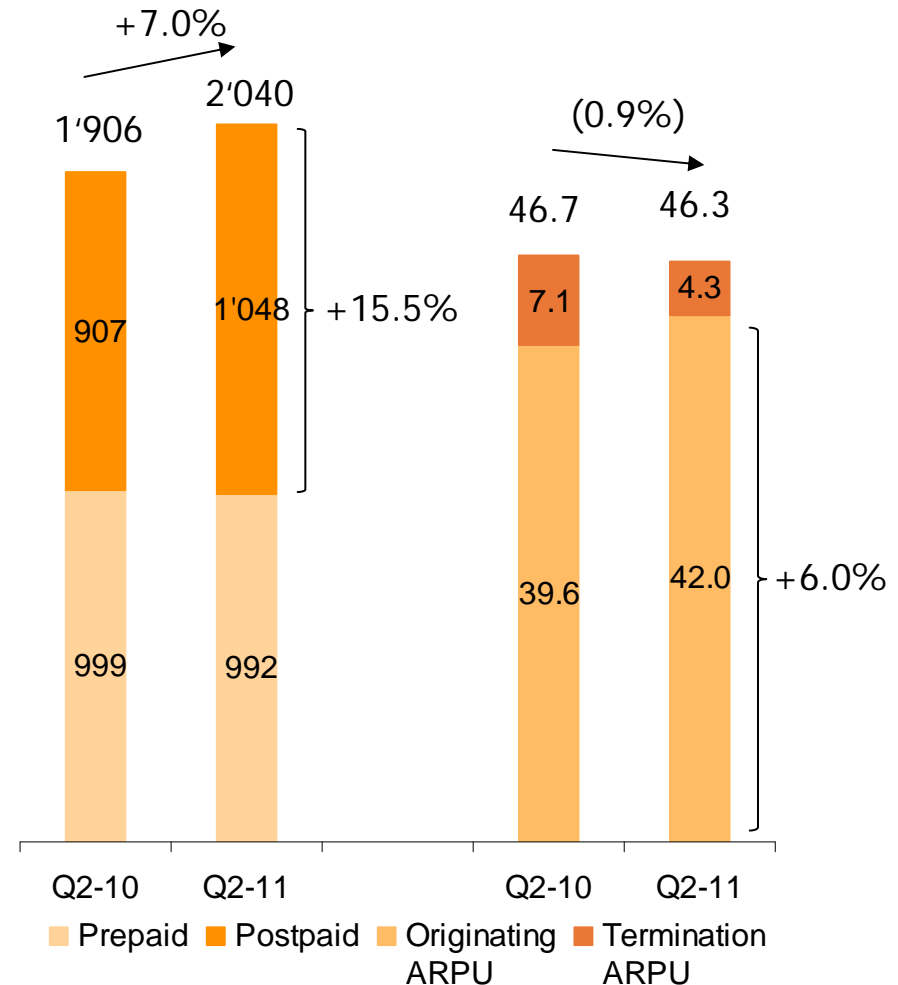
Operational Trends: Mobile

Comments

- Mobile subscribers up 7.0% YoY driven especially by strong intake of postpaid
- Still strong demand for smart phones
- Underlying originating ARPU increased by 6.0% to CHF 42.0
- MTR cut reduced termination ARPU to CHF 4.3, CHF 2.8 down from Q2-2010
- Mobile network market share increased from 23.0% as of June 30, 2010 to 24.0% as of June 30, 2011

'000 Subscriber

ARPU (CHF)



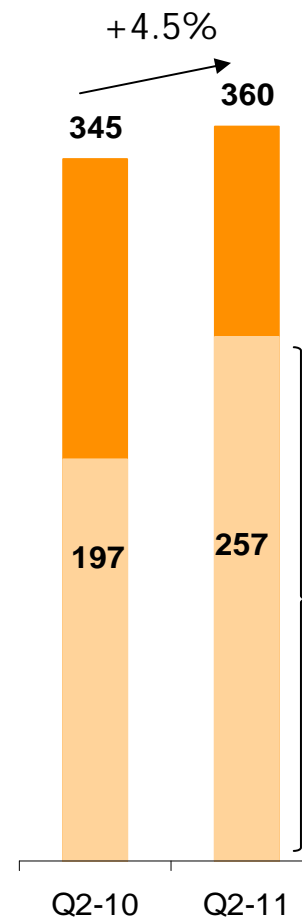
Mobile subscriber numbers exclude M2M SIM cards.

Operational Trends: Landline Retail Bundles

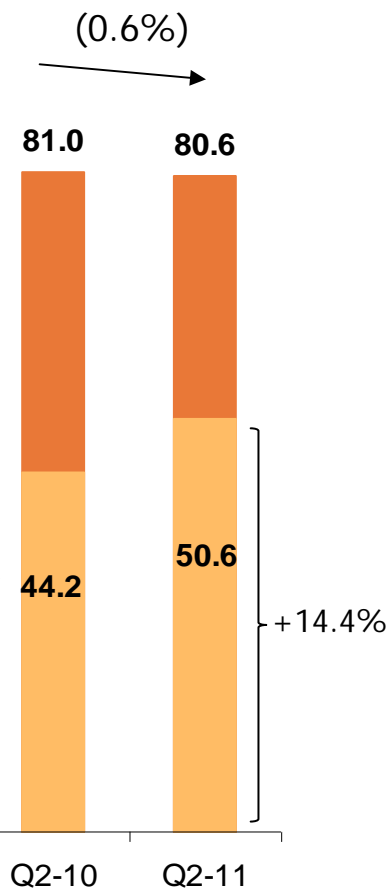
Comments

- Double play connections (landline retail voice and ADSL) have grown +4.5% YoY driven by
 - Attractive bundle prices including line rental, voice services and xDSL
 - Triple play offer bundling fixed line with mobile services
 - Improved sales channel performance
- Number of customers connected to the LLU network has increased by +30.3% YoY
 - Sunrise invested more than CHF 100 million in the past to cover more than 85% of Swiss households
 - Migrating subscriber to LLU results in a gross margin increase
- ARPU has declined by (0.6%) due to:
 - Lower retail prices for LLU products and bundle discounts related to mobile/fixed bundles (triple play)
 - Partly compensated by higher share of access rebilling and LLU customers adding line rental fees to ARPU

'000 Subscriber



ARPU/AMPU (CHF)



■ xDSL ■ LLU ■ ARPU ■ AMPU

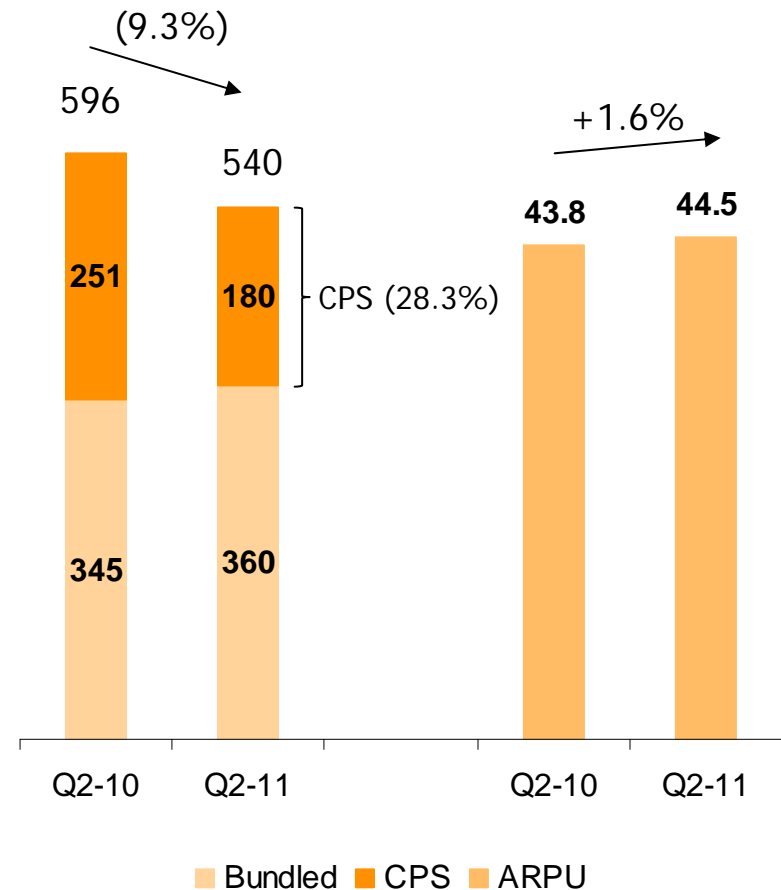
Operational Trends: Landline Retail Voice

Comments

- Low margin CPS Voice customers – mostly acquired as part of the Tele 2 acquisition - continue to churn to double play products, off the Sunrise network or are substituting their service with mobile
- ARPU increased 1.6% YoY due to higher share of ARB and LLU customers enabling the charging of the line rental cost by Sunrise

'000 Subscriber

ARPU (CHF)



Capital Expenditure Development

Comments

Change in office building (9)

- In H1'2010, Sunrise Communications AG exchanged its Zurich office location with Credit Suisse. The CAPEX is related to the leasehold improvements for the new headquarter

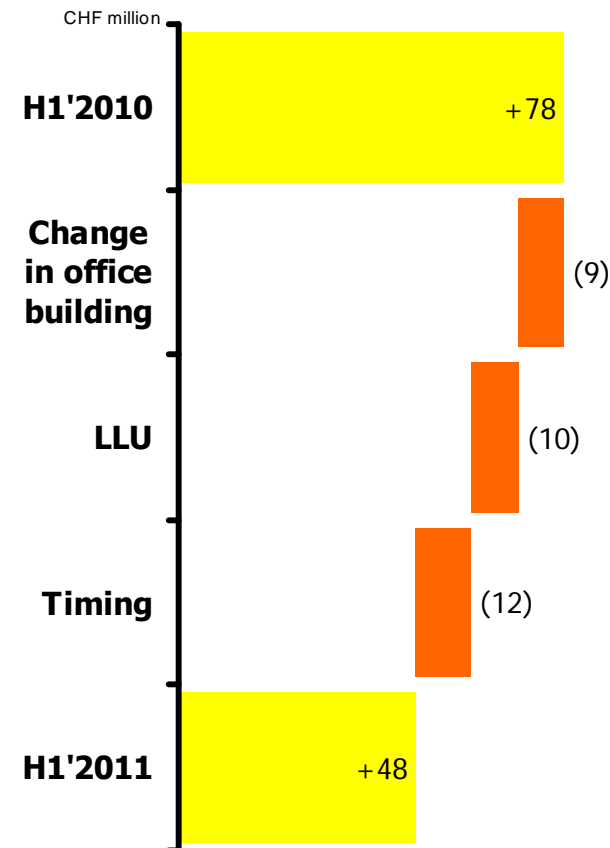
LLU (10)

- LLU roll-out completed, household coverage around 85%. 2011 has only minor LLU spending

Timing (12)

- Timing and scoping of U900 site roll-out
- Lower spending on software licenses in H1'2011

CAPEX



CHF 1 billion of CAPEX planned over next 5 years.

Working Capital Development

Comments

- **Trade AR:** Seasonal pattern in customer payment behavior – higher customer payments in December.
- **Trade AP:** Higher spending in Q4 (Capex and Marketing) leads to cash out in Q1.
- **Other:** Driven by upfront rental payments for mobile sites as well as seasonality in deferred income.

Change Net Working Capital

CHF million	H1 2011
Trade AR	(12)
Trade AP	(35)
Inventory	(1)
Other	(11)
Δ Working capital	(59)

Net Cash Debt Development

Net Debt	Dec 31, 2010	Jun 30, 2011
million CHF		
Term Loan A	500	481
Term Loan B ⁽¹⁾	312	309
Senior Secured Notes ⁽²⁾	765	752
Total senior debt	1'577	1'543
Senior Notes ⁽³⁾	704	684
Total cash borrowings	2'281	2'227
Fair value of cross currency swaps	95	131
Adjusted cash debt	2'376	2'357
Financial lease	51	49
Total cash debt	2'427	2'406
Cash	(127)	(126)
Net cash debt	2'300	2'280
EBITDA LTM	542	557
Net cash debt / EBITDA	4.24x	4.08x

(1) Hereof EUR 73 million converted at spot rate EUR/CHF@ 1.21876 as of June 30, 2011.

(2) Hereof EUR 371 million converted at spot rate EUR/CHF@ 1.21876 as of June 30, 2011.

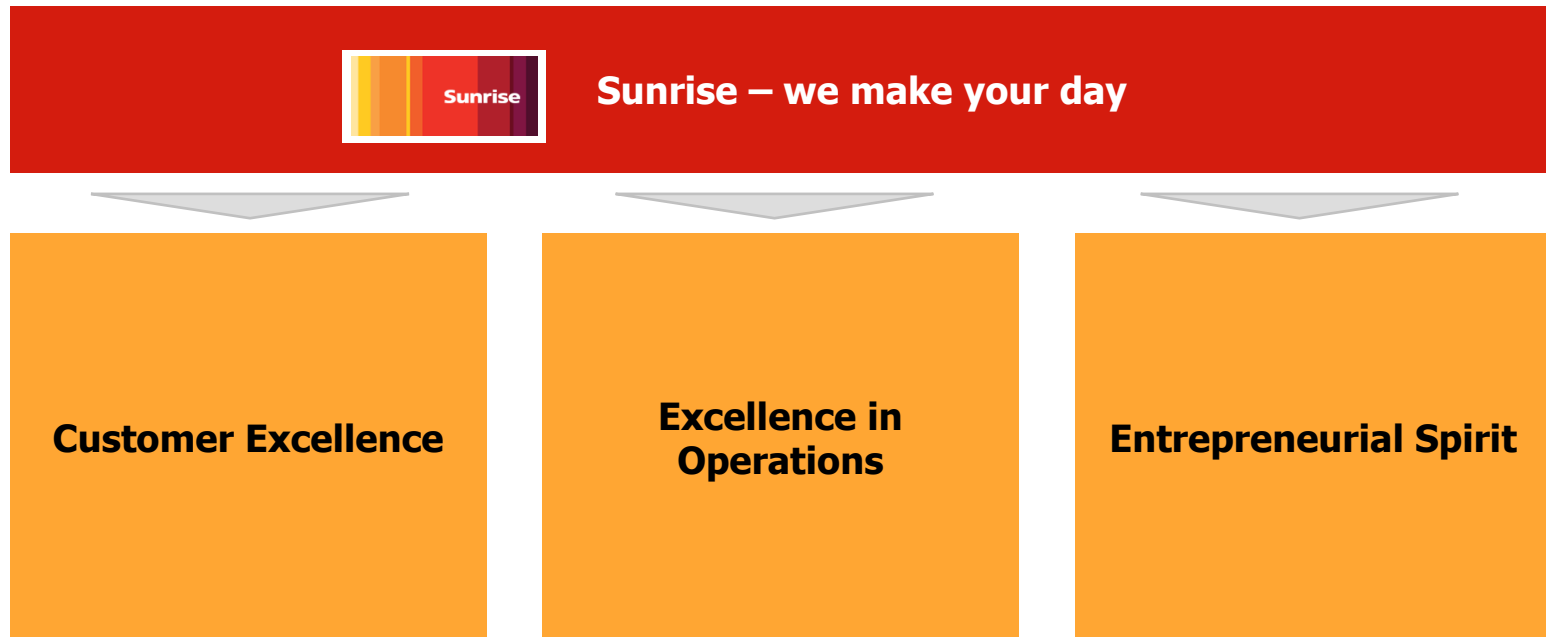
(3) Hereof EUR 561 million converted at spot rate EUR/CHF@ 1.21876 as of June 30, 2011.

- 87.4% of the floating rate debt is secured with interest rate derivatives at June 30, 2011.
- December 31, 2010 CHF 24 million interest were accrued on Senior Secured Notes and Senior Notes. These interests were paid June 30, 2011.

Update on Markets and Operations

CEO Agenda – Objective 2014

Sunrise aims for achieving a clear positioning and sound performance around Customer Excellence, Excellence in Operations and Entrepreneurial Spirit



Sunrise Brand Relaunch – June 6th, 2011

Guten Morgen, Schweiz.

Der Sonnenaufgang ist immer der Beginn von etwas Neuem.

Nichts verbreitet so viel Wärme und Energie, Freude und Optimismus. Wir als Sunrise wollen das, was wir in unserem Namen tragen, auch an unsere Kunden weitergeben. An Kunden, die sich jeden Tag darauf verlassen, dass wir sie bei der Verwirklichung ihrer Ideen, Ziele und Wünsche begleiten. Mit besten Services, Produkten und Tarifen.

Warum wir das tun? Weil wir uns freuen, immer wieder dort zu sein, wo wir die Nähe zu unseren Kunden – und zu unserem Namensgeber – spüren dürfen. Das ist eigentlich alles.

Einen schönen Tag!

PS: Machen Sie mit bei unserer grossen «I♥CH»-Aktion auf [sunrise.ch/facebook](https://www.sunrise.ch/facebook)

Alles für deinen Tag. **Sunrise**

Retail chain expansion

- Opening of 8 new shops in the first half year of 2011
- 2 new shops in August (Brugg AG on August 18 and Gossau SG on August 25)
- Around 10 new shops in urban and regional areas still to come until end of 2011
- More than 40 new jobs by end of 2011
- Shops are pre-eminent customer touch points and support customer experience and operational excellence.



New Mobile Postpaid Portfolio

Extension of the
successful flatrate
portfolio:

Sunrise sunflat

For all those who want to
make endless phone
calls.



→ Carefree phone calls
and surfing in six
variants

Introduction of a new
product line:

Sunrise flex

For all those who want to
make flexible phone calls to
all Swiss networks.



→ Discount rates with
inclusive minutes and
data in three sizes
S/M/L

Retention of the
successful youth offer:

MTV mobile

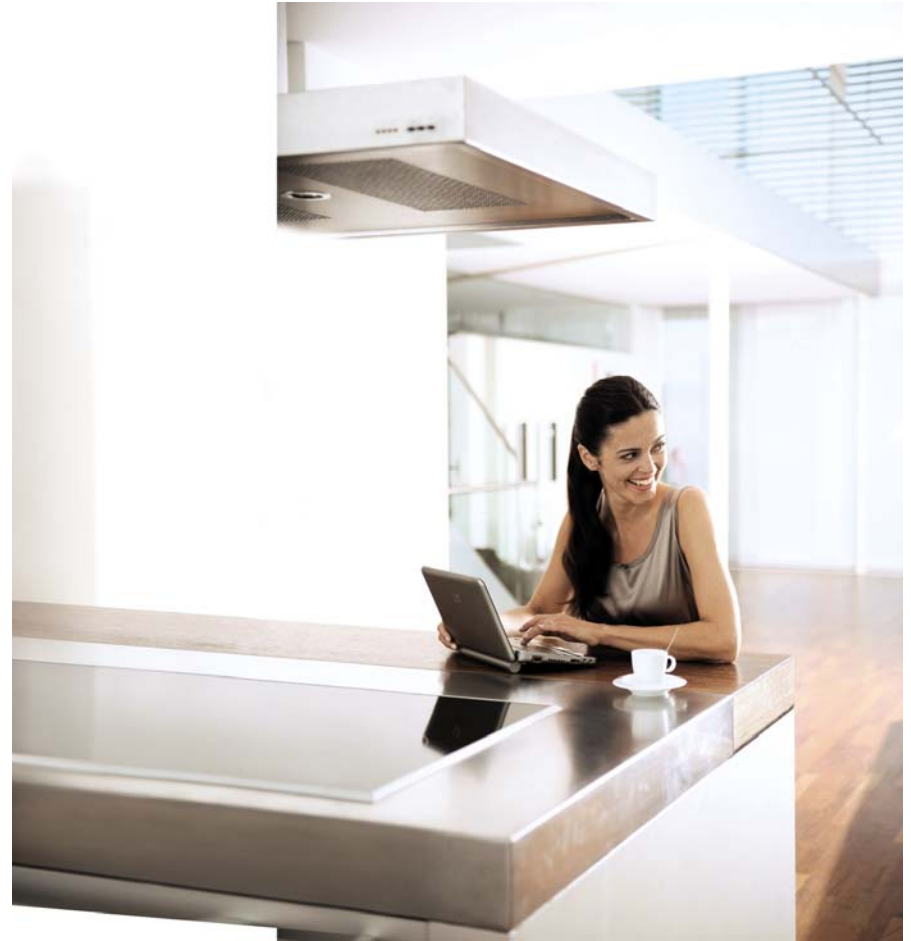
For all those under 26.



→ Unlimited SMS/MMS,
unlimited surfing, unlimited
calls to Sunrise mobiles

Customer Experience

- Bi-weekly customer experience board with top management involvement in place
- Top issues identified, e.g. contact center strategy, invoice, network outages
- End-2-End Process Management structure defined
- Short term measures:
 - Communication of first service promise towards customers: We solve your request – Promised!
 - Extension of “Kümmerer-Team”: 2nd call is transferred to specialist
 - Revision of letters towards customers
 - New mobile rateplans with need oriented information at POS and on website



Business Sunrise

- On track after the launch of the new sub-brand in January
- New customers in all segments: self-employed, small and medium companies and large customers
- Several deals won, cases such as Valora or the Canton of Berne (BEWAN project)
- Compared to the first half year of 2010, Business Sunrise increased its over-all customer base by 22% and its mobile customer base even by 29%
- Business Sunrise will hire additional 30 employees

Immer da für Business-Kunden
Jon Erni, Leiter Business Sunrise

Jetzt gibt es ein Kommunikationsunternehmen, das sich mehr für Unternehmen jeder Grösse engagiert. Zum Beispiel mit einem exzellenten Kundenservice sowie mit durchdachten und flexiblen Kommunikationslösungen, die genau auf Ihre Ansprüche zugeschnitten sind. Und natürlich mit attraktiven und klaren Preisen – wie man es von Sunrise kennt.

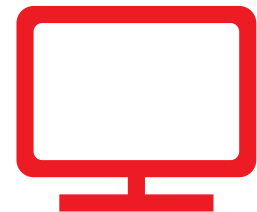
business-sunrise.ch



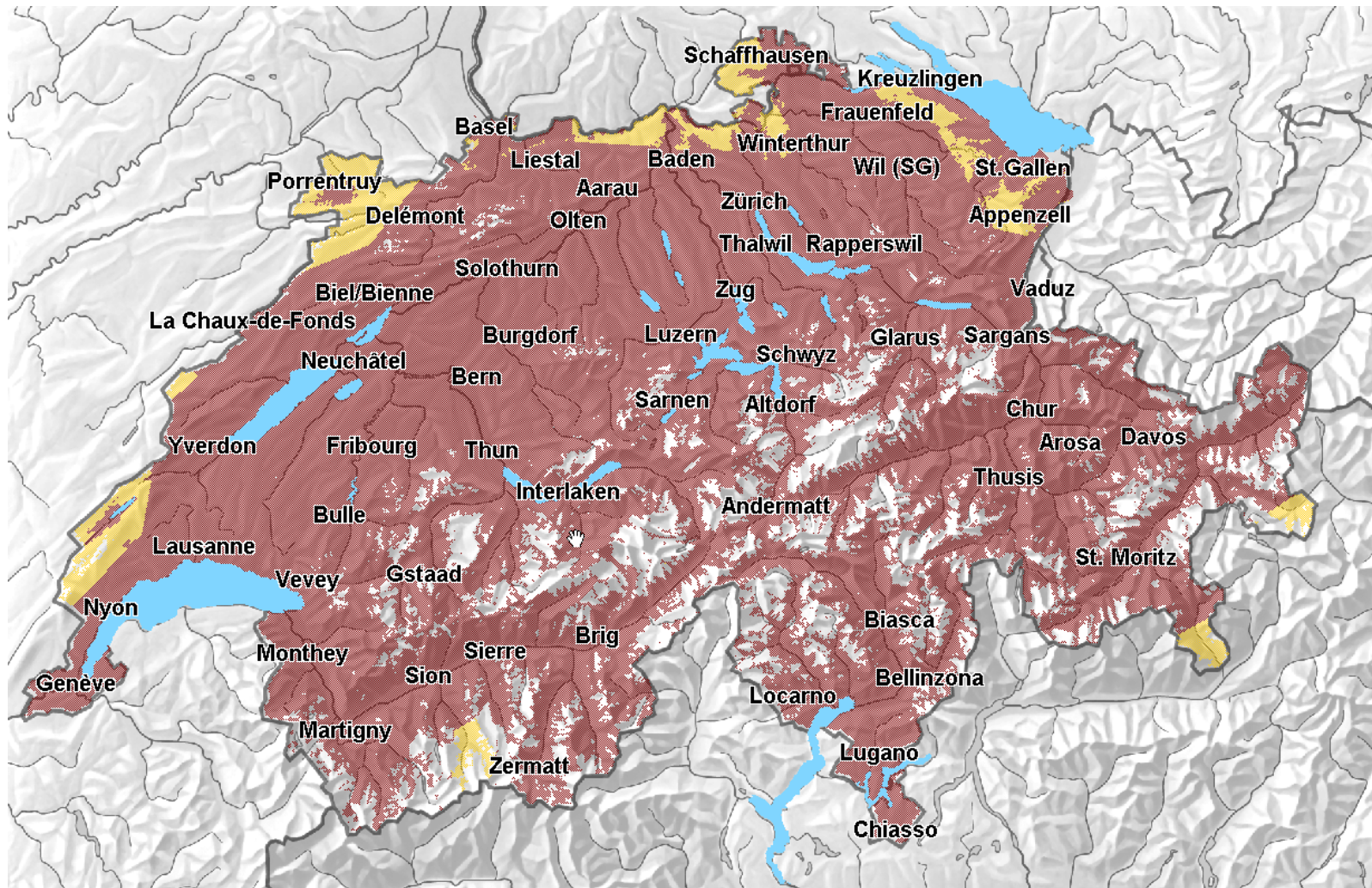
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IPTV Service

- Sunrise aims at offering quadruple play out of one hand.
- The Sunrise IPTV project is on track.
- Technical trials are ongoing.
- Friendly user trial will start beginning of October 2011.
- Launch is anticipated by end of 2011 or beginning 2012.
- IPTV is seen primarily as a product to retain customers.



UMTS 900 MHz Introduction on Mobile Broadband Network



UMTS



EDGE

Update Regulatory Topics

Topics	Sunrise position / status
LRIC method	<ul style="list-style-type: none">• High level of ULL and IC prices due to LRIC method• Federal administrative court confirmed application of LRIC method• Pointed out possibility to change LRIC in ordinance
Mobile license auction	<ul style="list-style-type: none">• 16th of May ComCom published revised conditions for mobile auction to be held in February/March 2012• Sunrise is well positioned to undertake all necessary actions for future infrastructure investments
FTTH	<ul style="list-style-type: none">• LOI with several cities for FTTH access• WEKO case between Swisscom and utility companies for joined roll-out pending

Sunrise Management Board

As per end of October 2011



Oliver Steil

CEO



Andreas Gregori

Chief Commercial Officer



André Krause

CFO, replacing Daniel Pindur



Jon Erni

Executive Director Business Sunrise



Kamran Ziaee

Chief Technical Officer



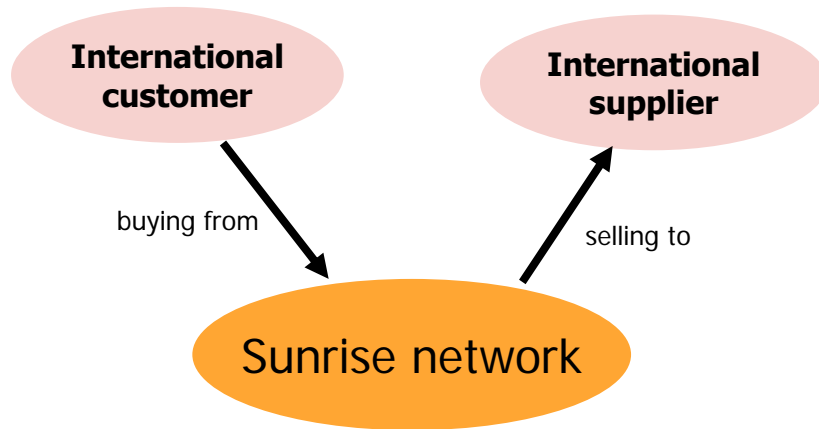
Hans Jörg Denzler

Executive Director Wholesale

Appendix

Hubbing – Business Logics

Business scheme



Business logic

- Trading high volumes of international voice minutes with our voice platform in the worldwide market
- Opportunistic business approach without long-term commitments
- Focus on high margin destinations, mainly in Asia and Africa
- Increase attractiveness of platform by adding new destinations and increase customer base

Requirements

- Trading experts (specialized know-how with good relationship to trading partners)
- Pricing, routing & billing tools
- Interconnects with carriers
- Risk management process

Focus 2011

- Increased focus on gross profit margin, rather than revenue
- Management of counterparty risk

Disclaimer

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Thank you