



Sunrise Communications Group AG

Q3'15 Financial Results

Agenda

- | | | |
|---|--------------------------|---------------------|
| 1 | Q3'15 Highlights | Libor Voncina (CEO) |
| 2 | Operational Update Q3'15 | Libor Voncina (CEO) |
| 3 | Financials Q3'15 | André Krause (CFO) |
| 4 | Conclusion | Libor Voncina (CEO) |
| 5 | Q&A | |

Q3'15 highlights

Strong subscriber momentum and financials as expected

- Sunrise continues to grow **subscribers** in its focus areas
 - Mobile postpaid recorded highest net adds since Q4'13
 - Internet and IPTV subscribers continue to grow in a seasonally weak quarter
 - Improved customer churn driven by continued focus on customers
- Q3'15 **Revenue** down 8.5% YoY
 - Mobile hardware and hubbing revenues negatively impacted by strengthened Swiss Franc
 - Roaming price reductions
 - Structural declines in prepaid mobile and landline retail voice; Freedom hardware unwind ¹⁾
- Q3'15 **adj. EBITDA** down 7.5% YoY, with margin (excl. hubbing) up 20bps
 - Cost efficiencies partially compensating revenue headwinds
 - Reported EBITDA impacted by restructuring expenses and IAS19 curtailment gains (pension fund)
- Improved **net profit** and equity **free cash flow**
 - Reduced interest expenses
 - Capex reduction in line with expectations
- Stable **leverage** ratio at 2.7x compared to Q2'15
 - Financial strength underpins commitment to our dividend guidance

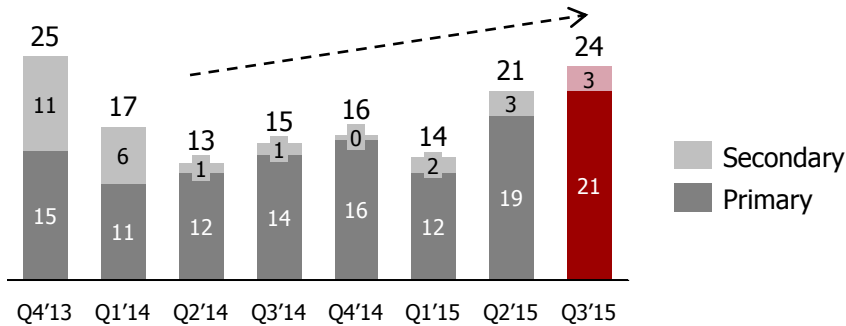
¹⁾ Pre-Freedom service revenues contain subsidized hardware component which is unwinding as customers migrate to Freedom offering

Agenda

- | | | |
|---|--------------------------|---------------------|
| 1 | Q3'15 Highlights | Libor Voncina (CEO) |
| 2 | Operational Update Q3'15 | Libor Voncina (CEO) |
| 3 | Financials Q3'15 | André Krause (CFO) |
| 4 | Conclusion | Libor Voncina (CEO) |
| 5 | Q&A | |

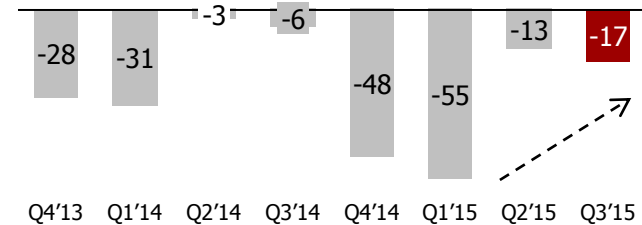
Solid Q3 subscriber momentum

Postpaid mobile quarterly net adds ('000)



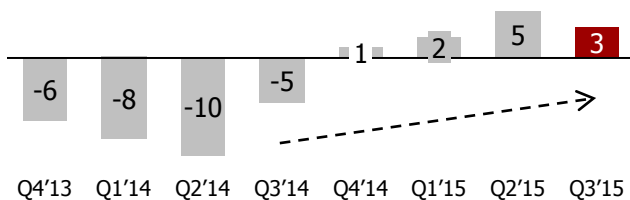
- **Postpaid** net adds accelerated, representing strongest quarter since Q4'13

Prepaid mobile quarterly net adds ('000)



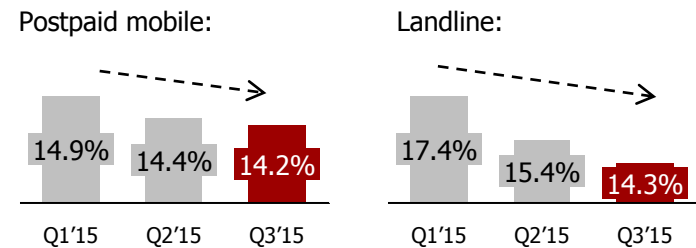
- **Prepaid** net adds back at normalized run rates
- Ongoing pre- to postpaid migration

Internet quarterly net adds ('000)



- **Internet** experiencing usual low market liquidity during summer months, improving in September
- 4P convergent customer base increased 21% YoY

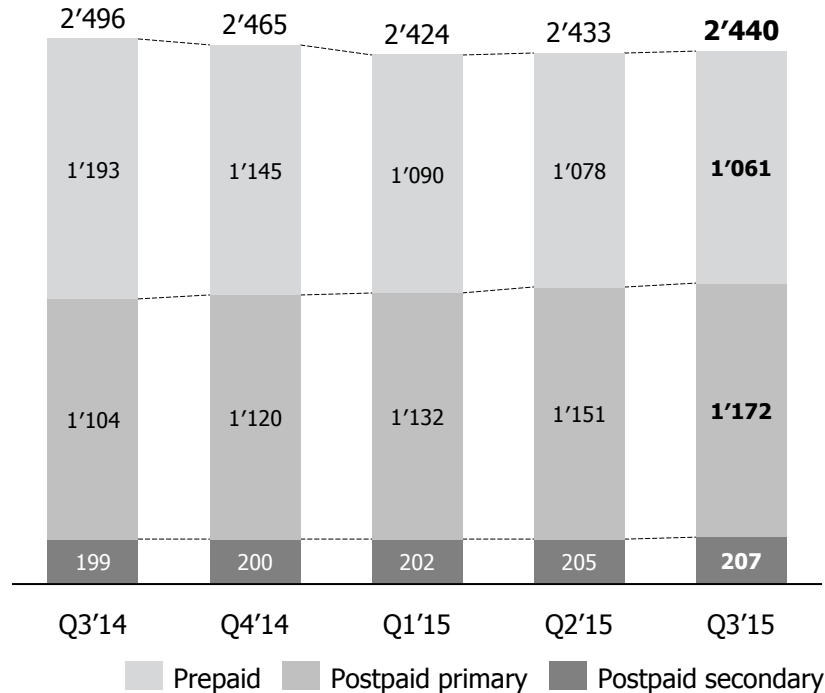
Churn LTM (%)



- Improved **Churn** supported by NPS and strong product portfolios

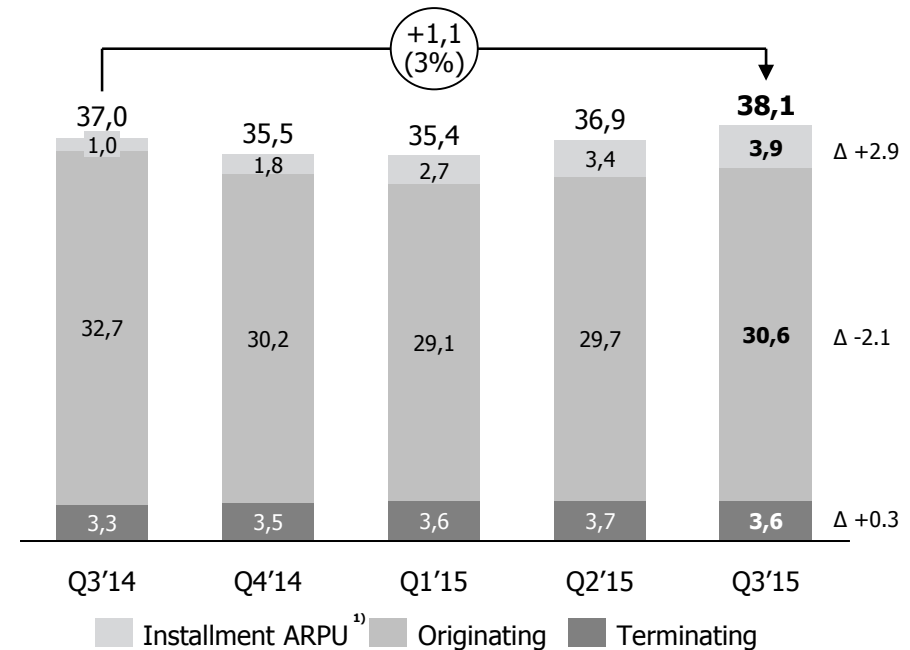
Strong mobile postpaid subscriber momentum

Mobile subscriptions ('000)



- Highest net additions in postpaid subscriptions since introduction of Freedom (+24k in Q3'15)
- 679k Freedom subscriptions per end of Q3'15

Blended mobile ARPU (CHF)

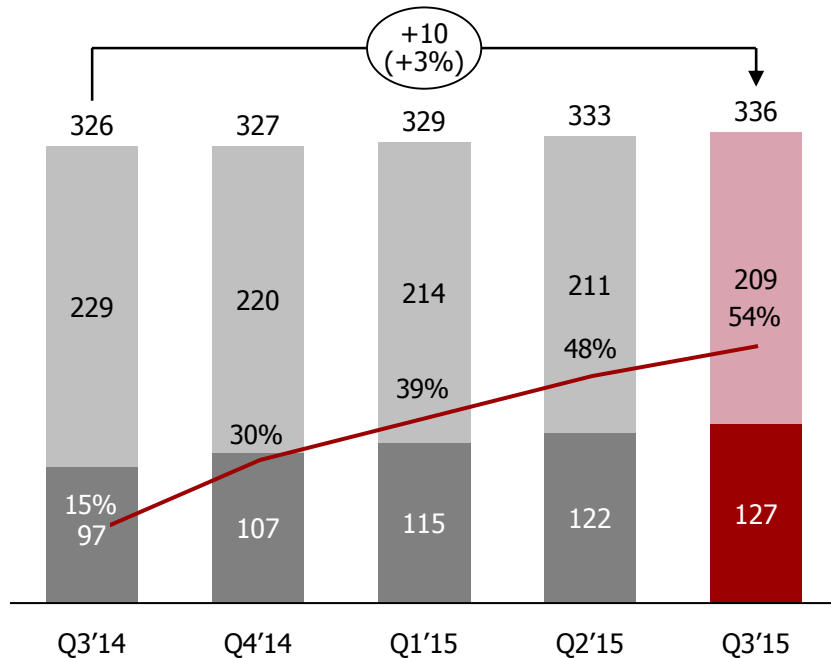


- Blended ARPU increase of 3% YoY supported by increasing mix of higher-value postpaid SIM base
- Blended ARPU excl. installment ARPU ¹⁾ down 5% to CHF 34.2, leading to lower Q3'15 mobile service revenue

¹⁾ To allow for like-for-like comparison: ARPU as of Q2'14 onwards includes the billed hardware installments of the Freedom tariff, which are only partly recognized in the P&L of the respective period. Please see Q1'15 IFRS report for further explanations.

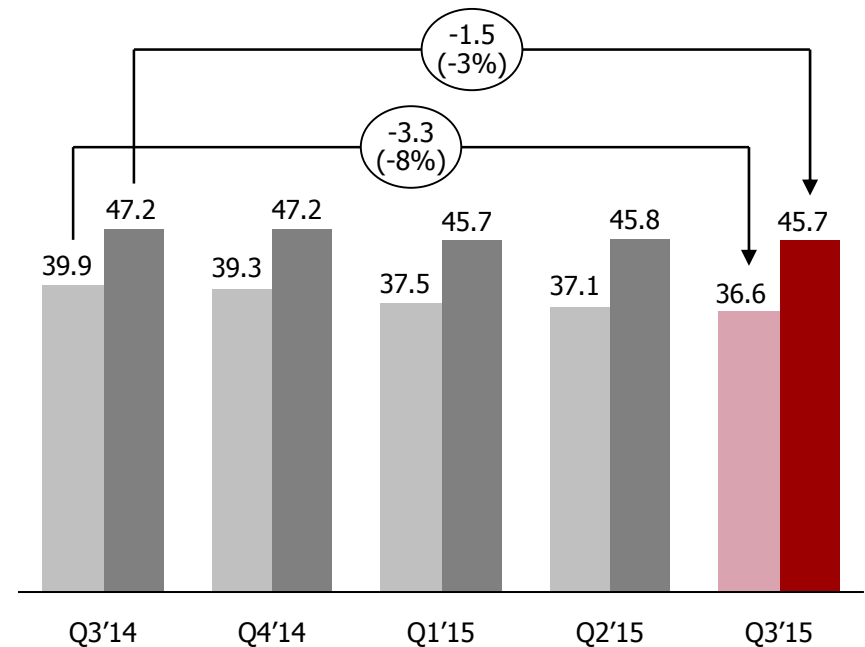
Continued Sunrise Home subscriber momentum

Landline internet subscriptions ('000)



— Home share Internet excl. TV Internet incl. TV

Landline internet ARPU (CHF)



Internet only Blended Internet+TV

- Q3'15 with lower trading seasonality impacting net add run rates
- More than half of internet subscribers on Home portfolio

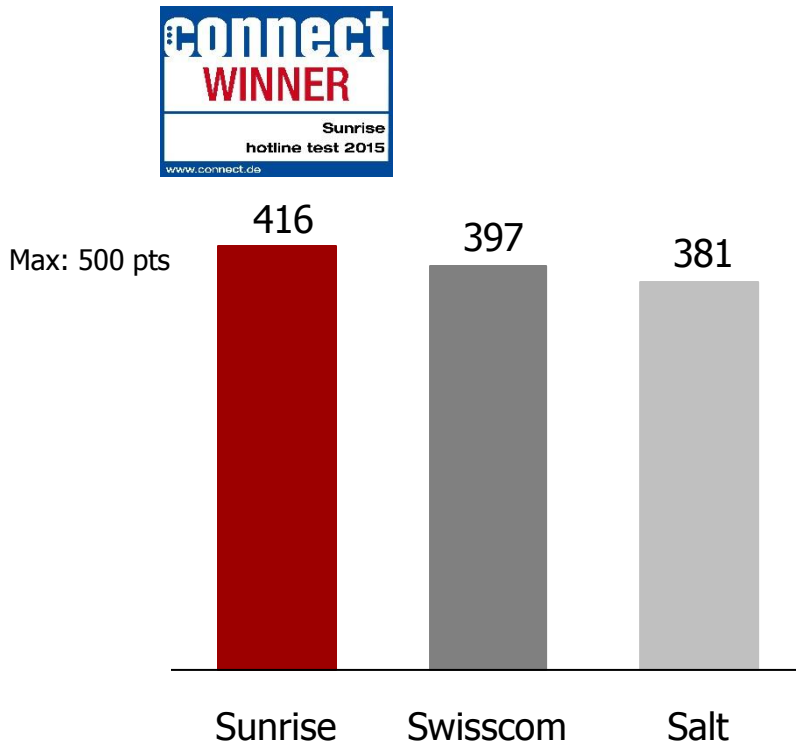
- Internet only ARPU impacted by migrations to new Sunrise Home portfolio
- Blended Internet + TV ARPU stabilizing

Organizational streamlining implemented

- Organizational **streamlining** announced on 22nd September 2015, enabling further simplification and digitalization
 - Commercial and service **activities reorganized** across the residential and business segments, forming one commercial and one customer service organization
 - Up to 175 **headcounts** (165 FTEs) have been reduced, not affecting front line employees in sales and service
- Financial impact and benefit
 - CHF 19.7m restructuring expenses booked in Q3'15 (CHF 1.0-1.5m expected in Q4'15) offset by IAS 19 curtailment gain (pension fund) amounting to CHF 16.4m; net impact of CHF -3.3m
 - Quarterly run rate **savings** of CHF 5.5m as of Q4'15 expected

Customer focused investments are paying off

Connect Hotline-Test 2015



- Sunrise has “with top advisors the best customer service” in Switzerland
- Accessibility, waiting times, friendliness and quality of advice were tested

Bilanz Telecom Rating 2015



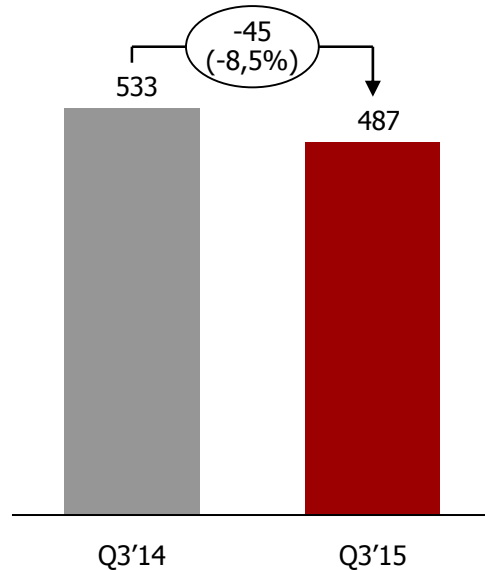
- Sunrise with the best result of the “nationwide” telecom providers in the residential segment
- For each product category (Mobile, Internet, TV and Fixed voice) five customer relevant criteria have been rated on a scale from 1-lowest and 6-highest

Agenda

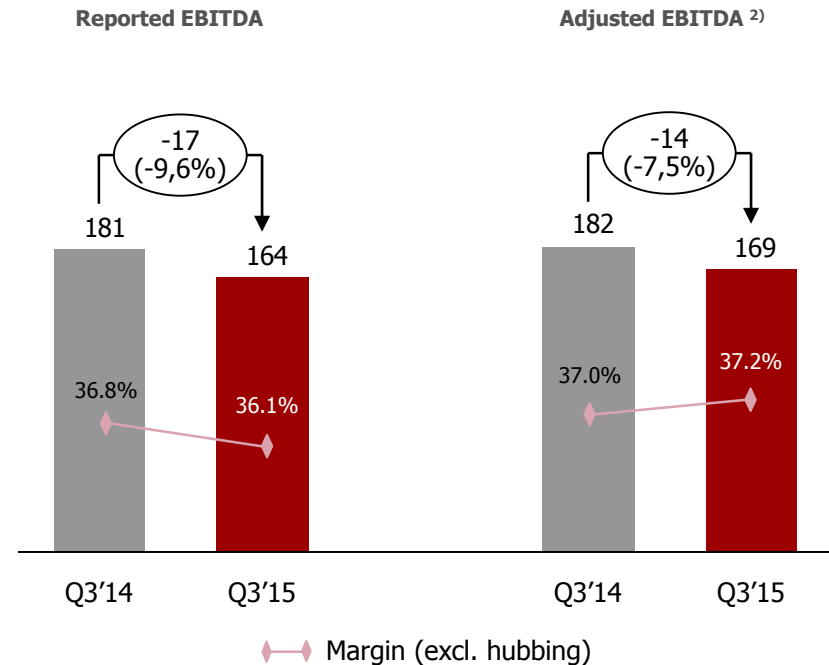
- | | | |
|---|--------------------------|---------------------|
| 1 | Q3'15 Highlights | Libor Voncina (CEO) |
| 2 | Operational Update Q3'15 | Libor Voncina (CEO) |
| 3 | Financials Q3'15 | André Krause (CFO) |
| 4 | Conclusion | Libor Voncina (CEO) |
| 5 | Q&A | |

Lower revenue with improving margin

Q3'15 Revenue (CHFm)



Q3'15 EBITDA (CHFm)



- Hubbing and mobile hardware revenues negatively impacted by strengthened Swiss Franc
- Roaming price reductions
- Structural declines in prepaid mobile and landline retail voice; Freedom hardware unwind ¹⁾

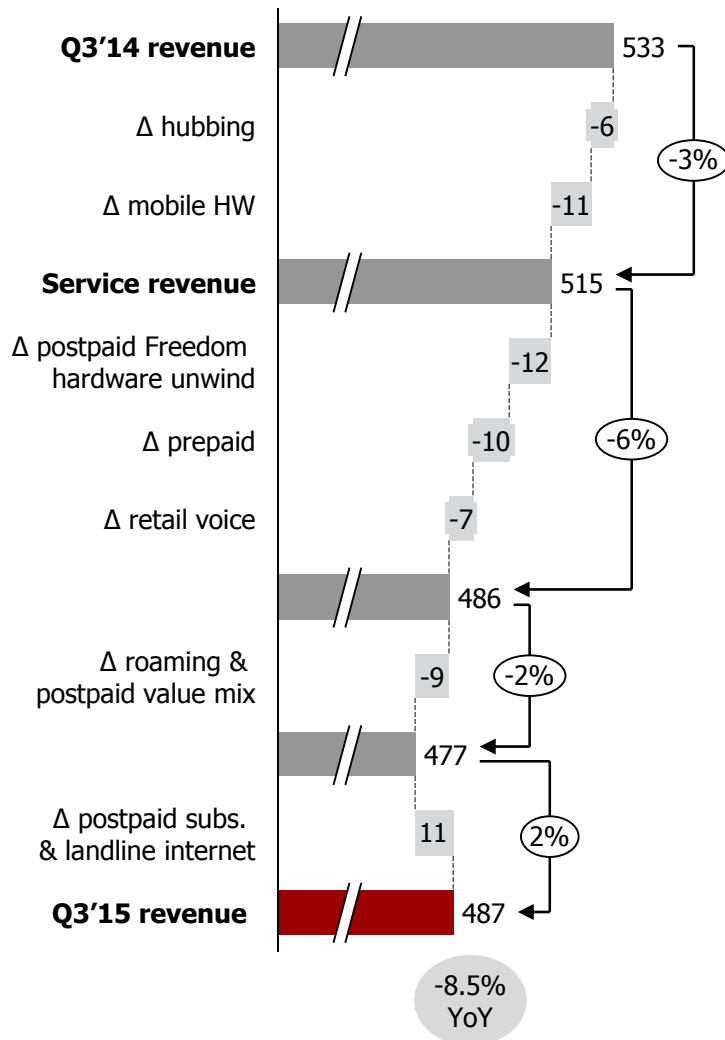
- Improving adj. EBITDA margin (excl. hubbing)
- Driven by cost focus and gross margin

¹⁾ Pre-Freedom service revenues contain subsidized hardware component which is unwinding as customers migrate to Freedom offering

²⁾ Total adjustments to reported EBITDA include out-of-period income and expenses, such as prior year related events, non recurring and/or non operating events and cost related to share-based payment.

Focus on Q3'15 revenue

Q3'15 revenue bridge (CHFm)



Hubbing: international trading business, done in foreign currencies, negatively impacted by recently strengthened CHF

Mobile HW: revenues dependent on handset innovations and launches, strengthened CHF also with impact as more customers purchase abroad

Postpaid Freedom hardware unwind: Freedom required a change in revenue recognition leading to immediate hardware upfront and subsequent lower mobile service revenue recognitions

Prepaid: Decline mainly due to pre to post paid migration (e.g. yallo postpaid)

Retail voice: Structural decline due to fixed to mobile substitution, migration to flat rates as part of fixed bundles, and OTT applications

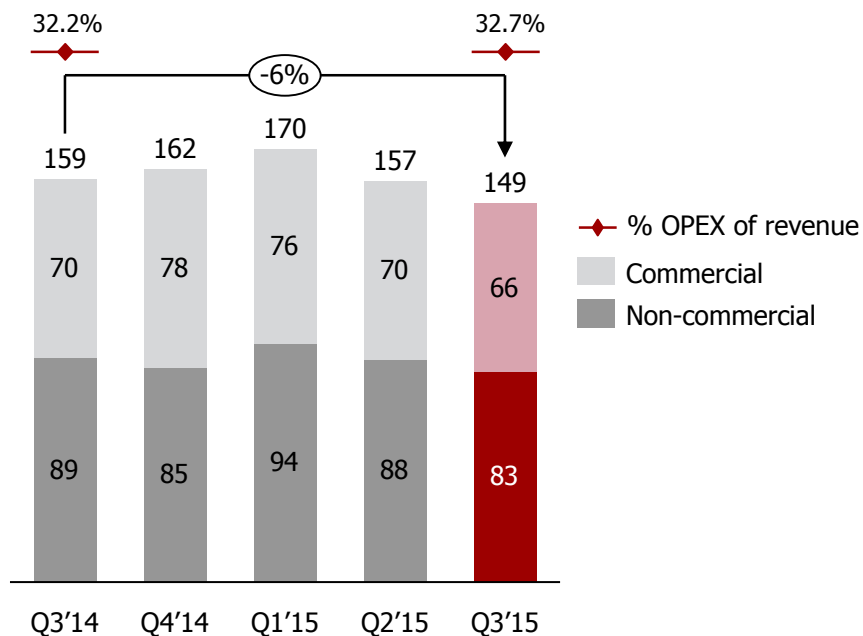
Postpaid value mix & roaming: Higher liquidity and more attractive offers at the value end of the market and roaming price change with negative ARPU impacts

Postpaid subscription: Impact of increased customer base driven by investments in customer service, innovation, brand, and network

Landline internet: Subscriber growth in internet and TV offset by negative ARPU impacts due to Home migration

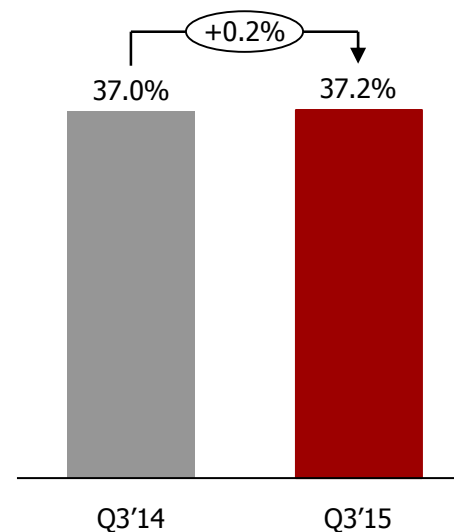
Cost containment supporting adjusted EBITDA margin

Adjusted Opex¹⁾ (CHFm)



- Adj. OPEX down 6% YoY to CHF 149m driven by lower marketing spending and reduced non-commercial costs

Adjusted EBITDA¹⁾ margin (excl. hubbing) (%)

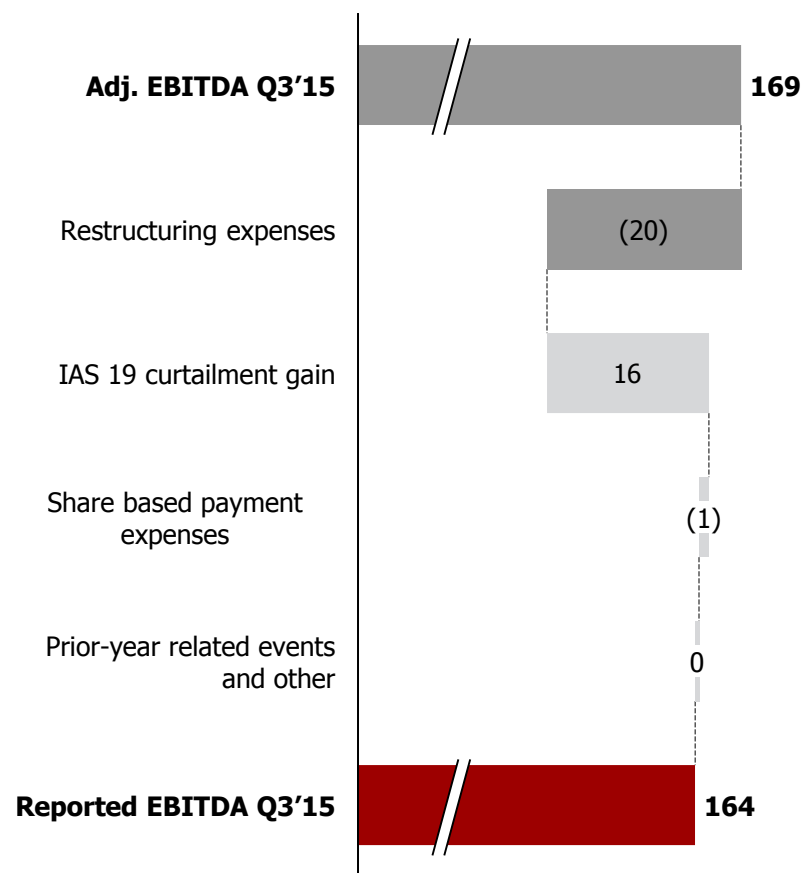


- Gross margin (excl. hubbing) improvement supported by lower HW revenues
- Reduced adj. Opex

¹⁾ Total adjustments to reported EBITDA include out-of-period income and expenses, such as prior year related events, non recurring and/or non operating events and cost related to share-based payment.

Adjusted to reported EBITDA bridge

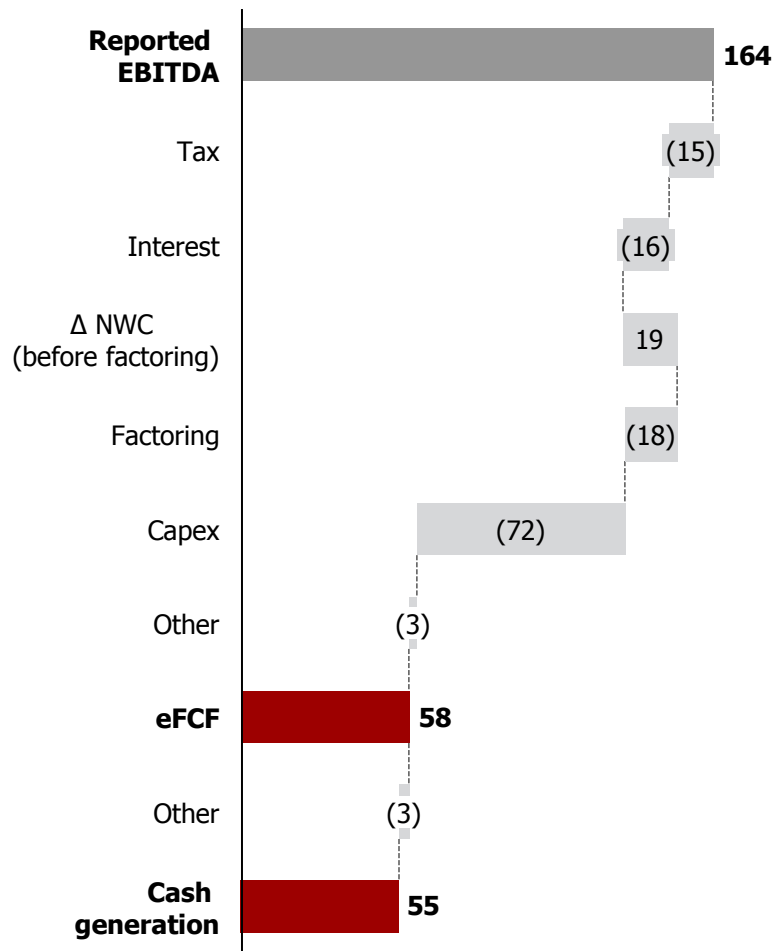
Q3'15 EBITDA adjustment bridge (CHFm)



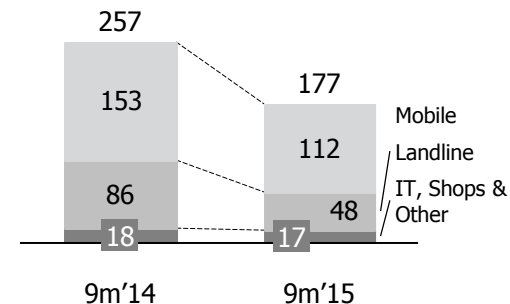
- **Restructuring** expenses of CHF 19.7m were recorded in Q3'15, further one-off expenses of about CHF 1.0 -1.5m expected in Q4'15
- Reduced headcount leads to a reduced pension liability, resulting in an IAS 19 **curtailment gain** of CHF 16.4m
- **Share based payment** provisions for multi-year compensation plans
- **Prior-year** related events mainly include correction of provisions/accruals based on newly available information

Solid eFCF leading to net debt reduction

Cash Flow Q3'15 (CHFm)

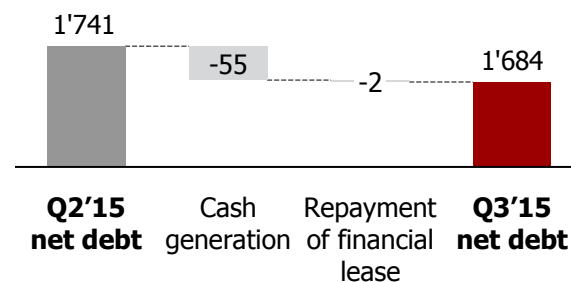


Reduced Capex YTD (CHFm)



- Q3'15 Capex of CHF 72m compared to CHF 144m in Q3'14

Improved net debt QoQ (CHFm)



- Net debt reduction leading to sequentially stable net debt / EBITDA ratio at 2.7x

Agenda

- | | | |
|---|--------------------------|---------------------|
| 1 | Q3'15 Highlights | Libor Voncina (CEO) |
| 2 | Operational Update Q3'15 | Libor Voncina (CEO) |
| 3 | Financials Q3'15 | André Krause (CFO) |
| 4 | Conclusion | Libor Voncina (CEO) |
| 5 | Q&A | |

Conclusion

- Continued **Q3'15** operating momentum
 - Strong subscriber growth and improved churn in mobile postpaid and landline businesses
 - Organizational streamlining implemented, cost base improved
 - Investments in network and customer service are paying off (strong BILANZ telecom rating and Connect hotline test results)
- Focus on commercial execution in **Q4'15**
 - Launch of enhanced Sunrise TV offering in November
 - Stimulate value mix by leveraging tactical opportunities in mobile postpaid
 - Continue to strengthen brand perception and value by increasing advertising spend
- Expected financial **dynamics**
 - Revenue headwinds expected to moderate going forward supported by continued subscriber growth
 - Remain committed to continuously drive cost efficiencies in Opex and Capex
 - Equity FCF expected to improve, supporting distribution policy
- 2015 **guidance** confirmed
 - Revenues down low-to-mid single digit YoY
 - Adj. EBITDA 2015 at a comparable level to 2014 (in line with analyst expectations)
 - Capex reiterated at CHF 270-280m
 - Dividend of at least CHF 135m for 2015 to be paid in 2016

Agenda

- | | | |
|---|--------------------------|---------------------|
| 1 | Q3'15 Highlights | Libor Voncina (CEO) |
| 2 | Operational Update Q3'15 | Libor Voncina (CEO) |
| 3 | Financials Q3'15 | André Krause (CFO) |
| 4 | Conclusion | Libor Voncina (CEO) |
| 5 | Q&A | |



Appendix

Overview of results – Income Statement

Financial Results	Q3 YTD 2015	Q3 YTD 2014	Q3 2015	Q3 2014
CHF million				
Mobile	966	984	325	354
Landline Services	349	383	113	127
<i>of which hubbing</i>	<i>106</i>	<i>116</i>	<i>34</i>	<i>40</i>
Landline Internet	149	153	50	51
Total revenues	1'464	1'520	487	533
% yoy growth	(3.7%)		(8.5%)	
Revenues (excl. hubbing)	1'357	1'404	454	493
% yoy growth	(3.3%)		(7.9%)	
Gross profit	935	993	317	341
% margin	63.9%	65.3%	65.0%	64.0%
% yoy growth	(5.8%)		(7.0%)	
EBITDA	450	472	164	181
% margin	30.8%	31.0%	33.6%	34.0%
% margin (excluding hubbing revenues)	33.2%	33.6%	36.1%	36.8%
% yoy growth	(4.6%)		(9.6%)	
Adjusted EBITDA	461	471	169	182
% margin (excluding hubbing revenues)	34.0%	33.6%	37.2%	37.0%
% yoy growth	(2.1%)		(7.5%)	
Depreciation and amortization	(355)	(329)	(126)	(119)
% yoy growth	(7.7%)		(6.2%)	
Operating income	95	142	38	62
Net financial items	(222)	(180)	(18)	(104)
Income taxes	(12)	(18)	(6)	(11)
Net (loss) / income	(138)	(56)	14	(53)
Thereof (before tax impact)				
IPO & refinancing transaction	(157)	-	(2)	-
PPA effect ¹⁾	(114)	(114)	(38)	(38)

¹⁾ Purchase Price Allocation (PPA) effect of fair value adjustments resulting from the acquisition of Sunrise Communications AG in 2011 & embedded derivatives on the condensed consolidated interim statements of income

Overview of results – Cash Flow Statement

Cash Flow	Q3 YTD 2015	Q3 YTD 2014	Q3 2015	Q3 2014
CHF million				
EBITDA	450	472	164	181
Change in net working capital	(54)	(82)	1	51
<i>thereof handset receivable factoring impact</i>	55	-	(18)	-
Movement in pension and provisions	4	(1)	2	(1)
Interest (paid) / received, net incl. foreign currency impact	(86)	(142)	(16)	(32)
<i>thereof IPO and refinancing transaction impacts</i>	(29)	-	-	-
Corporate income and withholding tax (paid) / received	(30)	6	(15)	1
Cash flow from operating activities	284	253	136	200
Capex	(177)	(257)	(72)	(144)
<i>% Capex-to-revenues (excl. hubbing revenues)</i>	<i>18.1%</i>	<i>26.1%</i>	<i>14.8%</i>	<i>27.5%</i>
Cash flow after investing activities	107	(4)	63	56
Repayment other financing items	(5)	(4)	(5)	(4)
Equity free cash flow	102	(9)	58	52
<i>Adjusted for IPO and refinancing transactions</i>	131	(9)	58	52
Proceeds / (repayments) from debts, net	(985)	(19)	(3)	18
<i>thereof payment of 2nd installment of mobile license</i>	(105)	-	-	-
Settlement of derivatives	(348)	2	-	2
Proceeds from initial public offering, net	1'311	-	(0)	0
Total cash flow	80	(26)	55	72
Cash and cash equivalents as of BoP	120	150	146	53
Foreign currency impact on cash	1	1	(0)	0
Cash and cash equivalents as of September 30	201	126	201	126

Cash generation compensating for lower EBITDA

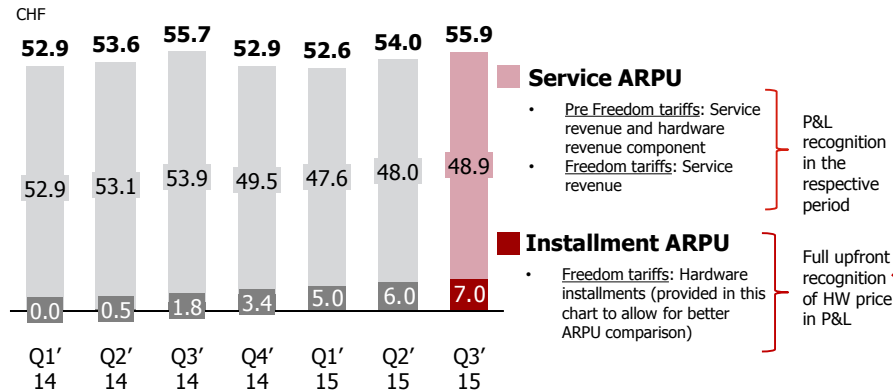
Net debt	September 30, 2015	June 30, 2015	Dec 31, 2014
CHF million			
Senior Secured Notes	-	-	746
Senior Secured Notes issued July 2012	-	-	520
Senior PIK Toggle Notes	-	-	631
Floating Rate Notes issued July 2012	-	-	201
Senior Unsecured Notes	-	-	675
Utilized RCF	-	-	73
Senior Secured Notes issued February 2015	500	500	-
Term loan B	1'360	1'360	-
Total cash-pay borrowings ¹	1'860	1'860	2'846
Fair value of cross currency swaps	-	-	149
Financial lease	25	27	30
Total debt	1'885	1'887	3'025
Cash & Cash Equivalents	(201)	(146)	(120)
Net debt	1'684	1'741	2'905
Net debt / EBITDA	2.7x	2.7x	4.6x
Book Equity ²	1'151	1'142	(21)

¹⁾ Nominal amounts, i.e. excluding capitalized debt issuance cost

²⁾ Equity as of June 30 and September 30, 2015 includes a share premium of CHF2.6 bn, which includes reserves which are freely available for distribution of dividends

Freedom tariff – P&L impact

Postpaid ARPU



Postpaid P&L

CHFm

Revenue

Postpaid Service
Total Mobile Hardware ²⁾
of which Freedom related

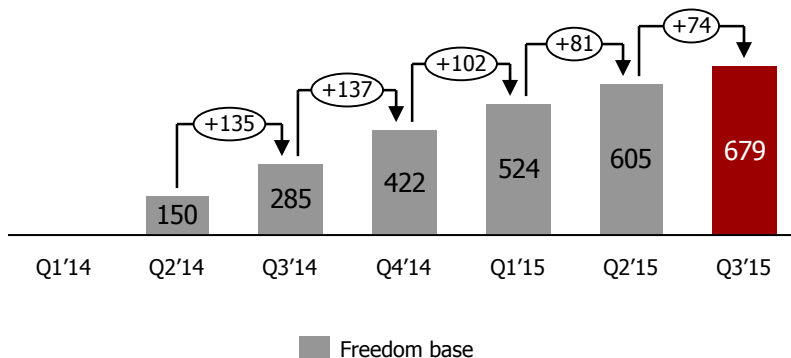
EBITDA contributions

Postpaid Service Gross Profit
Mobile Hardware
Postpaid SARC ³⁾

EBITDA impact

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	
Revenue	202	206	211	195	188	193	201	Q2 YoY -10 ↓
Total Mobile Hardware ²⁾	16	70	66	100	65	61	55	
of which Freedom related		51	49	73	48	48	42	
EBITDA contributions								
Postpaid Service Gross Profit	176	179	183	169	165	168	172	
Mobile Hardware	(0)	3	2	3	1	2	2	
Postpaid SARC ³⁾	(41)	(21)	(13)	(16)	(13)	(14)	(12)	
EBITDA impact	135	161	172	156	152	157	163	Q2 YoY -9 ↓

Freedom ¹⁾ subscriber development ('000)



Additional statistics:

- Total postpaid SIM only share of 30% as of Q3'15
- Below 200k subscribers left on pre-Freedom, subsidized rate plans
- Negative YoY postpaid service revenue due to pre-Freedom hardware unwind ⁴⁾, fading as migration nears completion in 2016

¹⁾ Freedom are postpaid mobile rate plans launched in April 2014 (see Q1'15 results report for more information)

²⁾ Mobile HW revenue increased in Q2'14 supported by upfront recognition

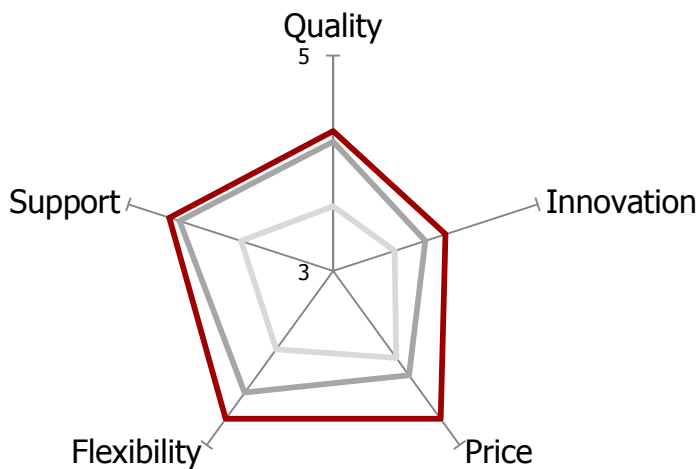
³⁾ Shift of HW costs from SARC to COGS as of Q2'14 (both times fully recognized upfront); Q2'14 EBITDA positively impacted by upfront recognition of HW

⁴⁾ i.e. pre-Freedom hardware revenue component is not existent under Freedom any longer

Sunrise BILANZ Telecom Ranking 2015

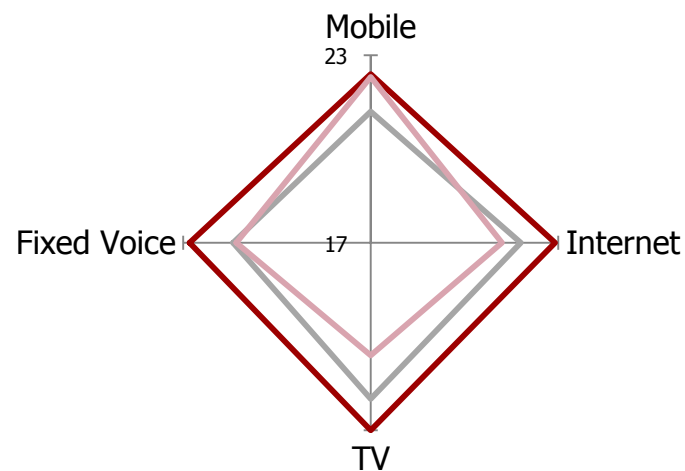
Sunrise with best results of «big providers» in Bilanz telecom ranking 2015 for the residential market

Mobile experience



— Sunrise — Swisscom — Salt

Full service (quad-play) experience



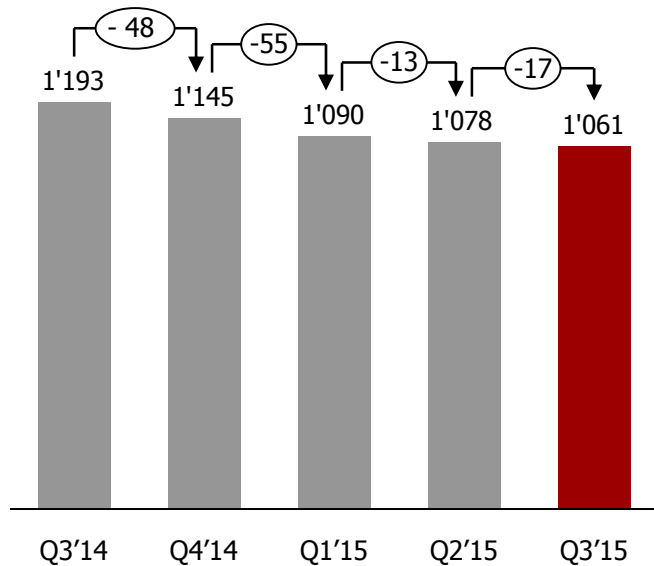
— Sunrise — Swisscom — upc

Prepaid customer development

Market and performance update

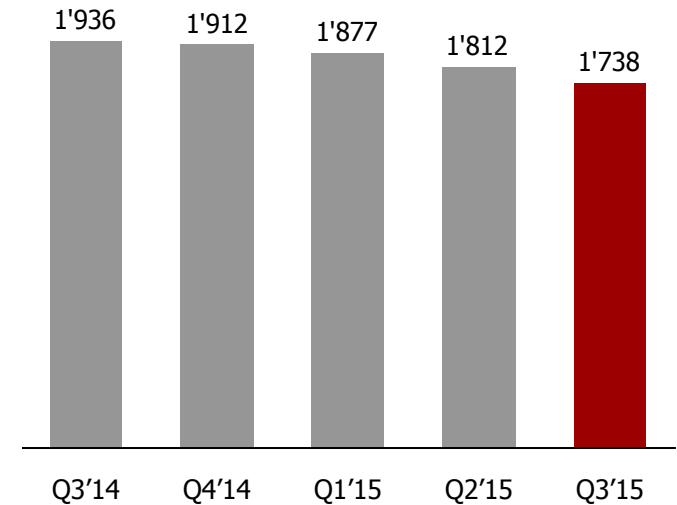
- Prepaid revenues are declining as smartphone penetration increases data consumption. This has in turn driven pre-to postpaid migration in a number of market segments
- Migration strategy focused on maximizing value through attractive postpaid SIM-only offers (Freedom, Yallo postpaid)

Prepaid customers: 3 month rule



- For transparency reasons, prepaid customers based on a 12 month activity rule are provided
- 3 month activity rule is a better representation of the prepaid market

Pro-forma prepaid customers: 12 month rule



Analyst expectations

FY15 sell side analyst consensus (CHFm)

	Min	Mean	Max
Q3'15 adjusted EBITDA		168	
FY'15 adjusted EBITDA	615	626	638

- Sell side consensus collected by Sunrise ¹⁾
- Contributors: Barclays, Berenberg, Citigroup, Deutsche Bank, Mirabaud, Morgan Stanley, New Street Research, RBC Capital Markets, Redburn, UBS, Vontobel

¹⁾ The consensus is derived by taking analysts into account who update their estimates on a regular basis and make them available to Sunrise every quarter



Thank you

Contact information

Investor contact



Sunrise Communications Group AG

Uwe Schiller
Head of Investor Relations
uwe.schiller@sunrise.net
+41 58 777 96 86

Media contact



Sunrise Communications Group AG

Stefan Kern
Head of Corporate Communications
stefan.kern@sunrise.net
+41 800 333 000

Thank you for your interest in Sunrise

Disclaimer

This document and any materials distributed in connection herewith (including any oral statements) (together, the "Presentation") do not constitute or form a part of, and should not be construed as, an offer for sale or subscription of or solicitation of any offer to purchase or subscribe for any securities, and neither this Presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, or act as an inducement to enter into, any contract or commitment whatsoever.

The information contained in this Presentation has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, reasonableness or correctness of the information or opinions contained herein. None of Sunrise Communications Group AG, its subsidiaries or any of their respective employees, advisers, representatives or affiliates shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this Presentation. The information contained in this Presentation is provided as at the date of this Presentation and is subject to change without notice.

Statements made in this Presentation may include forward-looking statements. These statements may be identified by the fact that they use words such as "anticipate", "estimate", "should", "expect", "guidance", "project", "intend", "plan", "believe", and/or other words and terms of similar meaning in connection with, among other things, any discussion of results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. Such statements are based on management's current intentions, expectations or beliefs and involve inherent risks, assumptions and uncertainties, including factors that could delay, divert or change any of them. Forward-looking statements contained in this Presentation regarding trends or current activities should not be taken as a representation that such trends or activities will continue in the future. Actual outcomes, results and other future events may differ materially from those expressed or implied by the statements contained herein. Such differences may adversely affect the outcome and financial effects of the plans and events described herein and may result from, among other things, changes in economic, business, competitive, technological, strategic or regulatory factors and other factors affecting the business and operations of the company. Neither Sunrise Communications Group AG nor any of its affiliates is under any obligation, and each such entity expressly disclaims any such obligation, to update, revise or amend any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this Presentation.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full-year results.