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HALF-YEAR 2011/12 RESULTS

– *Media Conference*

Stæfa, 15 November 2011



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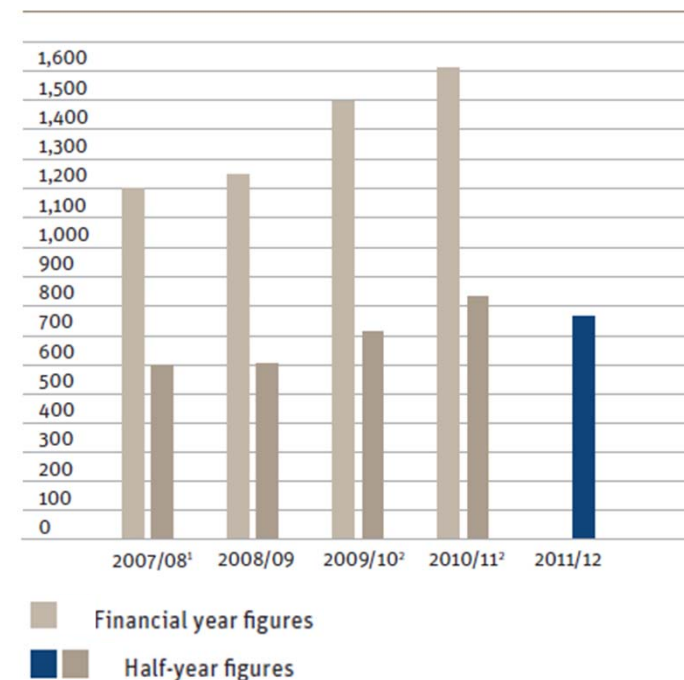
BUSINESS REVIEW

Half Year 2011/12

Highlights

- **Sales of CHF 763.0 million**
 - Total sales growth of +8.3% in Ic
 - Negative currency effect of 16.5%
- **Group EBITA of CHF 138.4 million or 18.1% of sales**
 - Negative currency effect of CHF 53.2 million
- **Solid core business hearing instruments**
 - Growth of 11.4% in Ic
 - Organic growth of 7.0% in Ic
 - EBITA margin of 22.0%
 - On-going product innovation
- **Hearing implants sales of CHF 39.2 million**
 - Outside U.S. markets performed well after TÜV-approval
 - U.S. market re-entry effective September 13, 2011
 - Focus on cochlear implant market opportunities
 - EBITA of CHF -20.6 million (incl. restructuring charges of CHF 3.9 million related to the closure of Phonak Acoustic Implants)

SALES
in CHF m



¹⁾ Excluding one-off costs for the prohibited acquisition of the GN ReSound Group
²⁾ Restated based on finalization of the acquisition accounting of Advanced Bionics

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Key topics for 2011/12

Topic	Initiatives	Status
AB temporary recall	Complete submission and receive FDA approval; resume selling in U.S.A.	✓
AB Neptune product launch	Complete launch of new off-the-ear, water-proof power supply	On track
AB next generation product	Continue development of next generation cochlear implant	On track
Unitron ERA product launches	Launch of product portfolio based on new platform technology according to existing product roadmap	✓
Lyric	Complete integration of Lyric into Phonak – expand U.S. market reach Next generation Lyric device in development	✓ On track
Phonak product launches	According to existing product roadmap	✓
Next generation hardware platform	Continued development of next generation chip platform for hearing instruments	On track
Cost management	Target operational leverage	On track

EUHA 2011 - Highlights



Preliminary H1 2011/12 sales results

- Solid local currency sales growth
- Innovation leadership continues with Spice



More than ever the industry's leading brand

- Spice+, the next significant step forward
- Innovations in performance, miniaturization, water resistance, connectivity

Lyric

Next generation in clinical trial phase

- Integration into Phonak complete



Back in growth mode

- Continuous product innovation
- Sona joins Unitron

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Sona ready to go mainstream

- Transfer of distribution, service & product development into Unitron







Back in the market worldwide

- FDA-approval received
- New Neptune sound processor
- Strong commitment to next generation development

Phonak

The best performing portfolio in the industry – now on Spice+

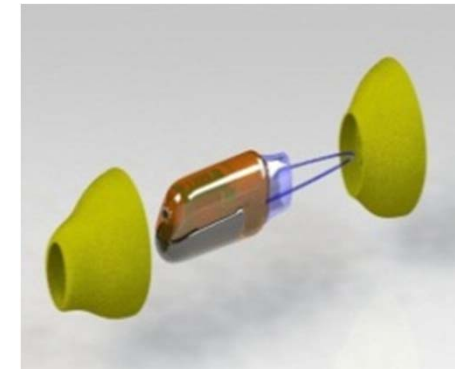
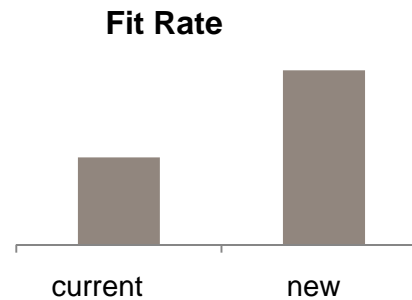
	Power			Standard				CRT			CROS/ BiCROS
Segment											
Premium			AVAILABLE NOW	AVAILABLE NOW Nano CIC	AVAILABLE NOW		AVAILABLE NOW				
Advanced	Naída S SP	Naída S UP	Naída S CRT		Power Custom		Water Resistant portfolio	Audéo S YES	Audéo S SMART	Audéo S MINI	CROS
Standard											
Accessories	Phonak TVLink			Phonak PilotOne				Phonak ComPilot			AVAILABLE NOW

Phonak

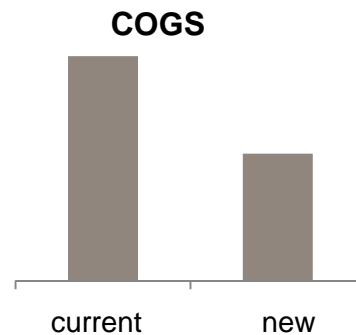
Next generation Lyric (in clinical trial phase)

Next Generation Lyric will improve on following attributes:

- Smaller in size
- significantly improved fit rate








- Industrialized by Sonova
- Improved reliability
- Improved COGS



Launch planned in course of 2012

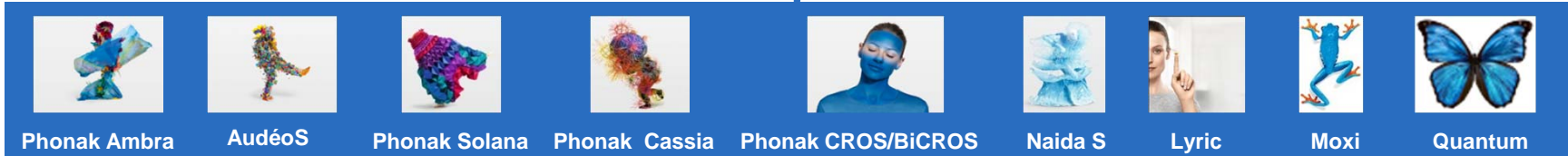
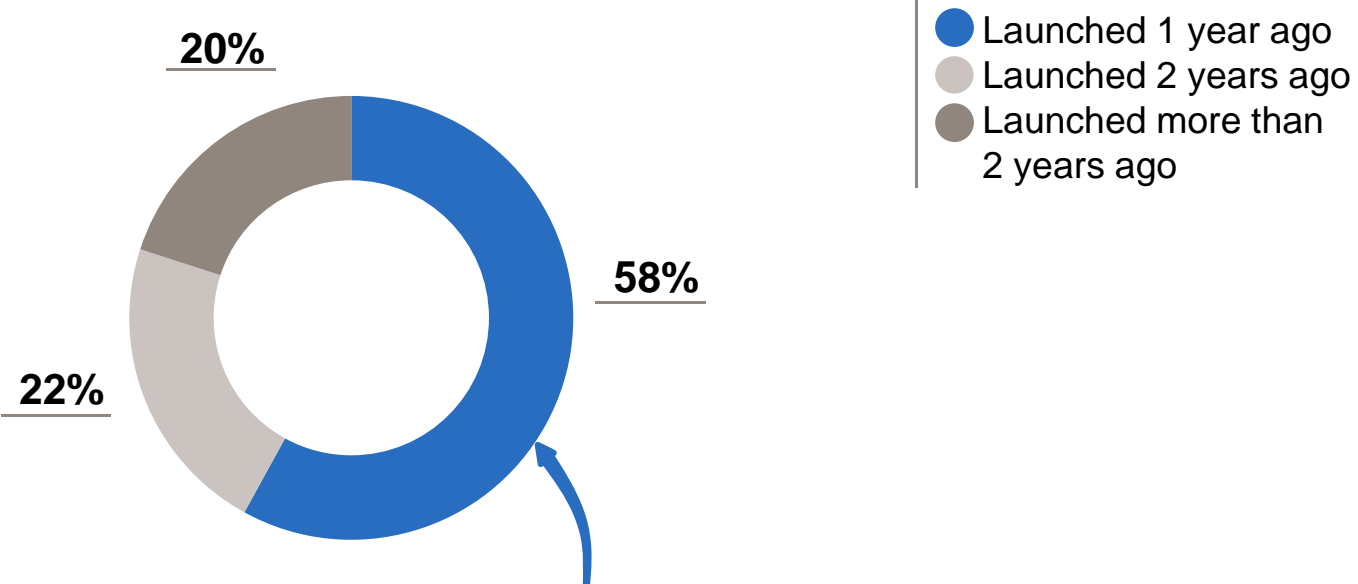
Unitron

Enhanced product portfolio

	Super Power	Traditional BTEs	CRT	ITEs (custom)	Sona:
Segment					
Premium		Passport	Passport	Passport	<p>Business is in the process of being transferred into Unitron Hearing</p> <p>vogue:ric vogue:micro vogue:intro</p>
Advanced	360	Quantum 20, 12, 6	Moxi 20, 12, 6	Quantum 20, 12, 6	
Standard Basic		Quantum micro 312 BTE NEW	Latitude 4	Latitude 4	
		Shine	Shine	Shine	
		Ziel			
Accessories	Unitron Remote Control NEW				

Strongest product portfolio in the industry

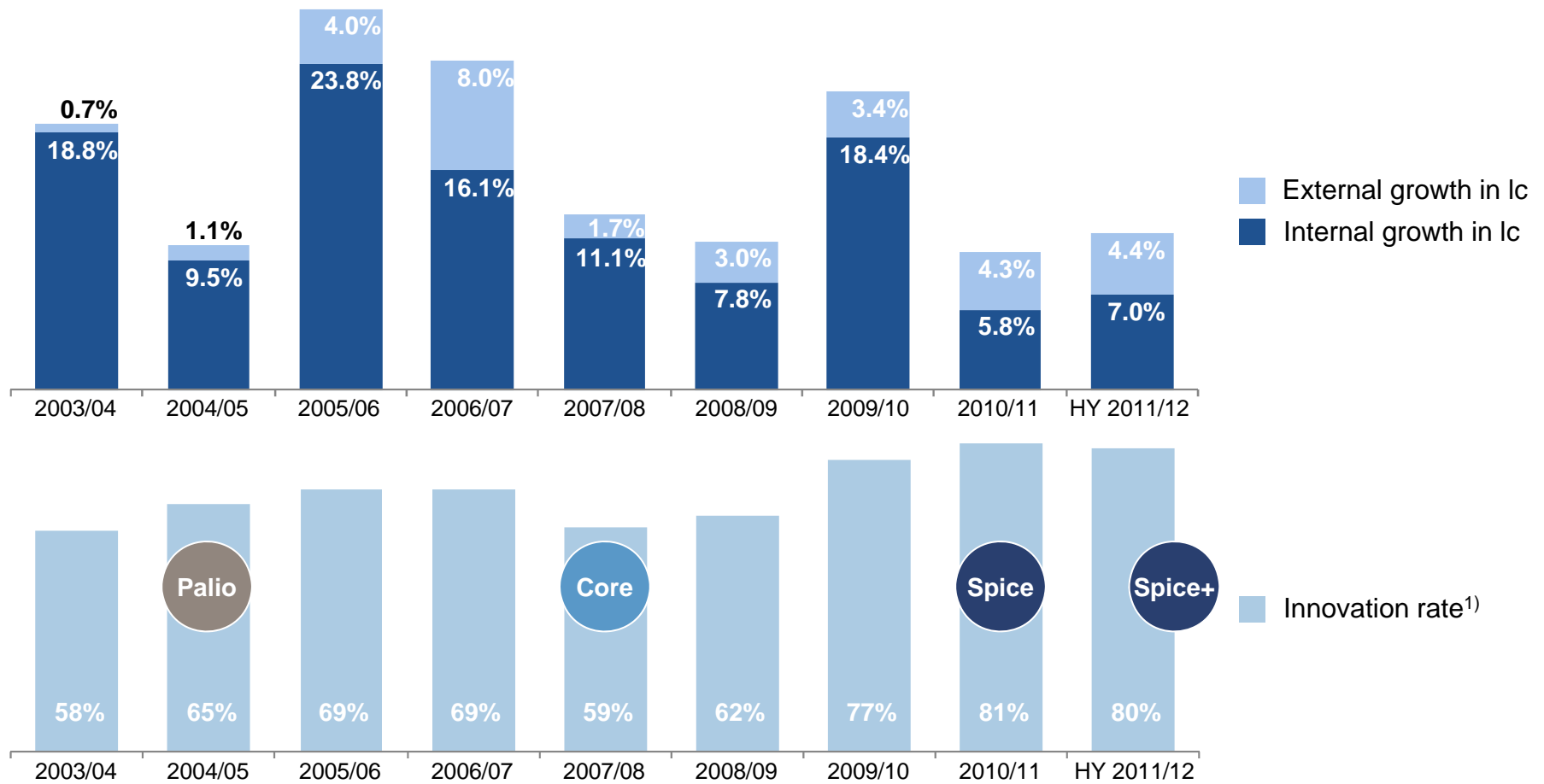
High innovation rate of 80%



Continuously outperforming the market

Sonova is the innovation leader

Launch of new platforms drives organic growth in hearing instruments segment



¹⁾ Sales of products launched less than 2 years ago in % of total sales

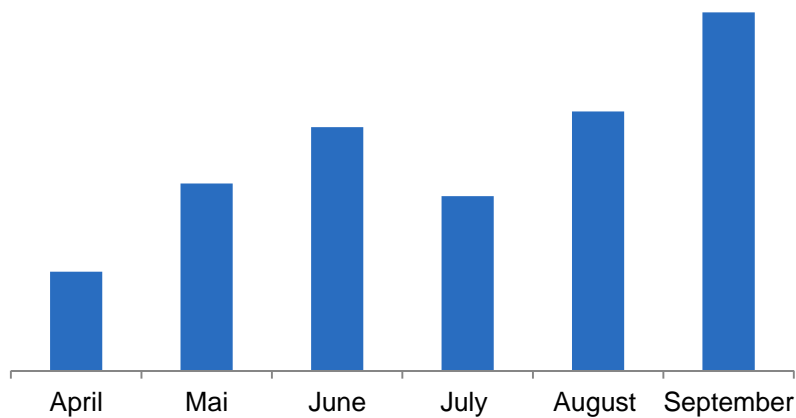
Advanced Bionics

Back on the market worldwide

On **September 13th, 2011** the Advanced Bionics HiRes 90K cochlear implant was **FDA approved** for market re-entry. Therefore Advanced Bionics has resumed distribution in the United States and **re-entered all markets worldwide**.

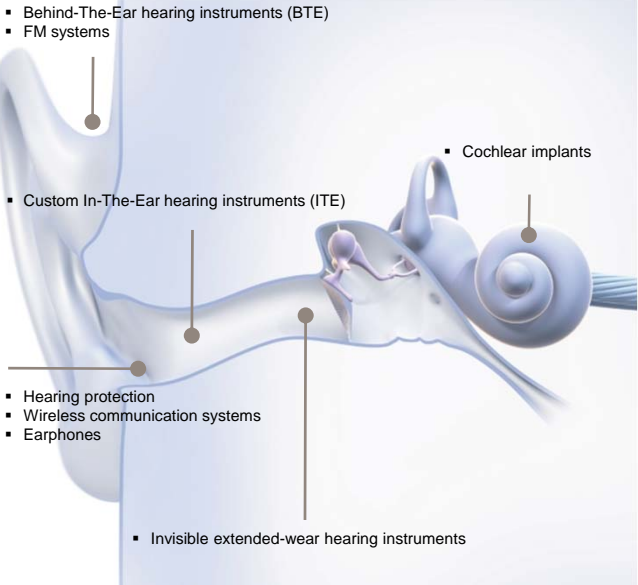
Hearing implants sales H1 2011/12

■ in CHF million



Sonova – The Hearing Care Company

Hearing instruments 95% of revenue

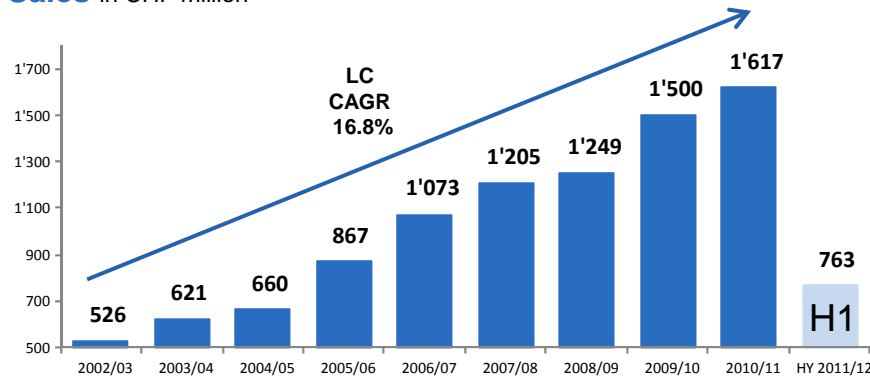


Hearing implants 5% of revenue

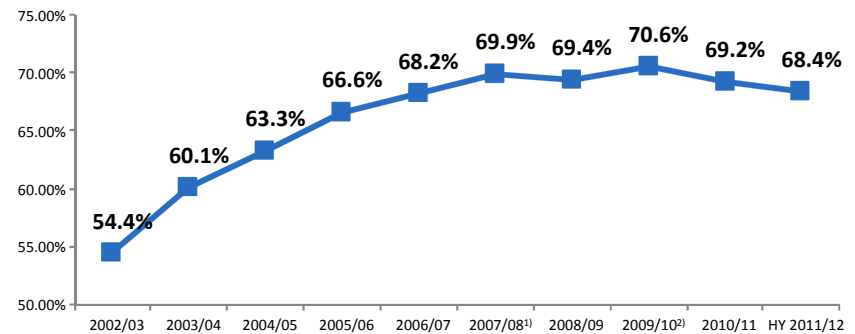


Financial Track Record

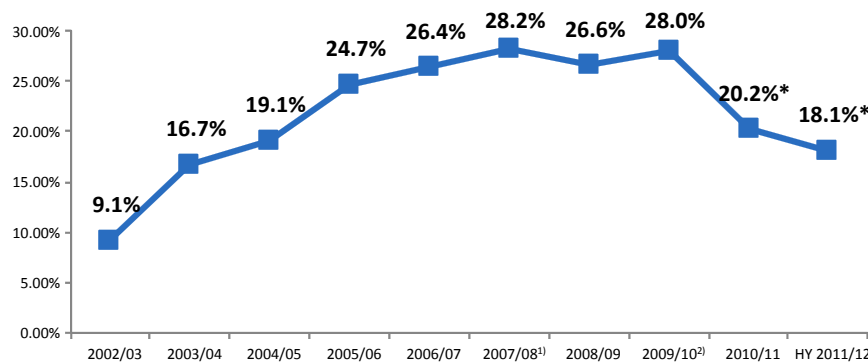
Sales in CHF million



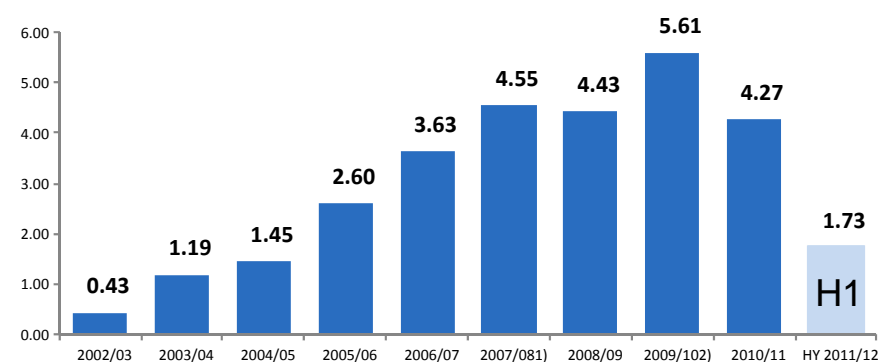
Gross profit margin in % of sales



EBITA margin in % of sales



Cash-based basic EPS** in CHF



*Impacted by FX development and AB voluntary recall

**EPS: Excluding the amortization of acquisition-related intangibles, impairment and unwinding effect of the discount on acquisition-related earn-out payments, net of tax.

¹⁾ Excluding one-off costs for the prohibited acquisition of the GN ReSound Group
²⁾ Restated based on finalization of the acquisition accounting of Advanced Bionics



The business case for Sonova

Sonova serves an attractive market

Sonova has strong leading positions in this market

Significant opportunities for market share gains

- Highest R&D spend – fast rate of product innovation
- Multi-channel strategy
- Multi-brand strategy

Growth strategies

- Innovation
- Marketing
- Global distribution
- Margin expansion

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FINANCIAL REVIEW

Half Year 2011/12

Solid financial performance

In CHF million	H1 2011/12	Change	H1 2010/11 ¹⁾
Sales	763.0	-8.2%	831.5
Gross profit	522.1	-10.5%	583.4
Gross profit margin	68.4%		70.2%
EBITA	138.4	-32.3%	204.4
EBITA margin	18.1%		24.6%
Operating free cash flow	83.8	+2.2%	82.0
Cash-based basic EPS (in CHF)	1.73	-36.2%	2.71
ROCE	8.5%		14.0%

¹⁾ Restated based on finalization of the acquisition accounting of Advanced Bionics

Half Year 2011/12

Substantial FX impact on results

In CHF million	H1 2011/12 reported	H1 2011/12 (constant currencies)	H1 2010/11 ¹⁾
Sales	763.0	899.9	831.5
Gross Profit	522.1	623.3	583.4
Gross Profit margin	68.4%	69.3%	70.2%
EBITA	138.4	191.6	204.4
EBITA margin	18.1%	21.3%	24.6%
USD (average rate)	0.848	1.071	1.071
EUR (average rate)	1.210	1.372	1.372

¹⁾ Restated based on finalization of the acquisition accounting of Advanced Bionics

Half Year 2011/12

Sales results

In CHF million	H1 2011/12	H1 2010/11 ¹⁾	Growth in Ic	Internal Growth	External Growth	FX impact
Hearing instrument sales	723.8	766.0	+11.4%	+7.0%	+4.4%	-129.4 (-16.9%)
Hearing implant sales	39.2	65.5	-28.8%	-28.8%	-	-7.4 (-11.3%)
Consolidated sales	763.0	831.5	+8.3%	+4.2%	+4.1%	-136.8 (-16.5%)

- Hearing instrument sales account for 95% of consolidated sales
- Strong growth in hearing instruments
- Sales ahead of expectation in hearing implants; below prior year due to recall

¹⁾ Restated based on finalization of the acquisition accounting of Advanced Bionics

Half Year 2011/12

Solid growth in local currencies

in CHF million	H1 2011/12			H1 2010/11	
	Sales	in %	Growth in lc	Sales	in %
EMEA (excl. Switzerland)	289	38%	8.1%	303	36%
Switzerland	21	3%	29.3%	16	2%
USA	277	36%	9.6%	319	39%
Americas (excl. USA)	102	13%	2.4%	117	14%
Asia/Pacific	74	10%	7.2%	77	9%
Total sales	763	100%	8.3%	832	100%

- Above market growth in all regions (despite recall effect)

Half Year 2011/12

Operating expenses

in CHF million	H1 2011/12	H1 2010/11 ¹⁾	Change in CHF	Change in lc	Thereof acquisition related in lc
Research & Development	58.6	59.6			
in % of sales	7.7%	7.2%	-1.6%	+3.6%	+0.0%
Sales & Marketing	237.1	234.7			
in % of sales	31.1%	28.2%	+1.0%	+17.0%	+9.4%
General & Administration	83.9	84.0			
in % of sales	11.0%	10.1%	-0.1%	+10.9%	+3.0%

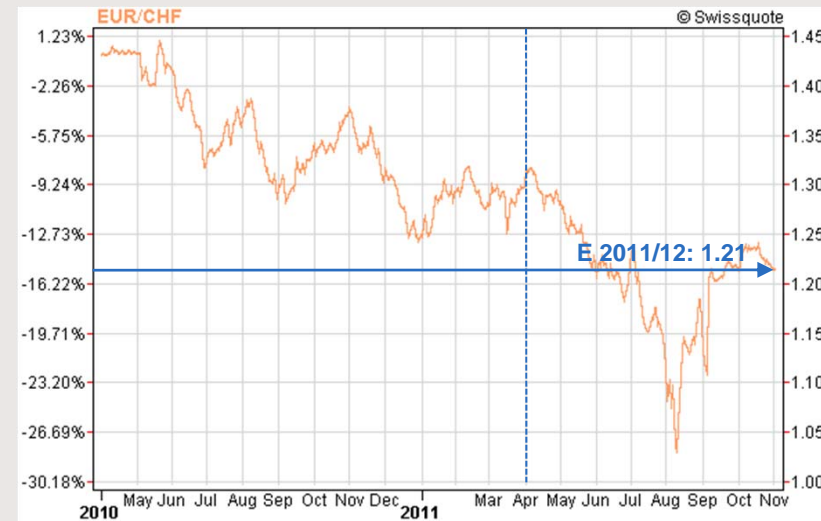
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OUTLOOK

Outlook

FX impact on sales and margins likely to continue



	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 30 million	+/- CHF 10 million
EUR/CHF	+/- 5%	+/- CHF 25 million	+/- CHF 15 million

Outlook

Original 2011/12 guidance is confirmed

in CHF million	Original Guidance 2011/12	Actual Year-to-September 2011	Confirmed Guidance 2011/12
Sales		763	
Sales growth in Ic	8%-10%	8.3%	8%-10%
	incl. 2%-3% acquisition growth	incl. 4.1% acquisition growth	incl. approx. 3% acquisition growth
EBITA		138	
in % of sales	20%-21%	18.1%	19%-20%
FX (average rates)			
USD	0.89	0.85	0.87
EUR	1.28	1.21	1.21

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THANK YOU