

Media Release

Place, Date Staefa (Switzerland), May 22, 2012
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Continuous growth across all segments and markets

Staefa (Switzerland), 22.05.2012 – Sonova Holding AG, the world's leading provider of hearing systems, announced full-year results for the financial year ending March 31, 2012. The Group generated yet another sales record of CHF 1,619.8 million in fiscal 2011/12, an increase of 11.6% in local currencies and 0.2% in reported Swiss francs compared to the previous year. The hearing instruments segment recorded a strong growth rate of 9.7 % in local currencies. Sales of the hearing implants segment exceeded original expectations. Consolidated operating profit (EBITA) was CHF 315.2 million or 19.5% of sales. Excluding the negative effect of currencies, EBITA would have increased by approximately CHF 71 million or by 21.6% over the prior year.

- Record sales of CHF 1,620 million in financial year 2011/12 - an increase of 11.6% in local currencies and 0.2% in Swiss francs
- Solid performance in both business segments - hearing instruments and hearing implants
- EBITA of CHF 315.2 million - slightly down as reported but strongly up based on constant exchange rates
- Continued high innovation rate - R&D investments up 8%
- Basic earnings per share (EPS) of CHF 3.71
- Distribution to shareholders proposed - CHF 1.20 per share
- Positive Outlook on 2012/13 - Sales expected to grow in the range of 7-9% and EBITA in the range of 15-20% in local currencies

Another year of strong local currency sales growth

Sonova remained the market leader in the hearing care industry due to the very innovative and most comprehensive product portfolio. Sonova achieved sales of CHF 1,619.8 million in the financial year (FY) 2011/12, which marked yet another record for the company. Net sales increased by 11.6% as measured in local currencies and by 0.2% as reported in Swiss francs. The contribution from acquisitions was 4.9%. The impact of the strengthening of the Swiss franc, primarily against the euro and the US dollar, was significant: the negative currency effect on reported sales was 11.4% or approximately CHF 184 million in FY 2011/12.

Sustained growth across key regions

All major geographic regions contributed to the record sales in FY 2011/12 and to the strong growth rate in local currencies. The EMEA region (Europe, Middle East, and Africa; excluding

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Switzerland) accounted for 39% of Group sales and performed very well as a result of increased demand and market share gains. The U.S. accounted for 36% of total Group sales in 2011/12 and reported growth rates in the high single-digits. The Group achieved good growth in the rest of Americas driven by increased demand for Sonova's products in Brazil. The Asia/Pacific region grew at above-average growth rates, in both the hearing instruments and hearing implants segment, and accounted for 10% of total sales.

Strong earnings growth and margins in local currencies

In FY 2011/12, Sonova posted an operating profit before acquisition-related amortization and impairment (EBITA) of CHF 315.2 million, down slightly from the CHF 326.6 million reported a year ago. The negative currency effects reduced EBITA by approximately CHF 82 million; hence, excluding the negative effect of currencies, EBITA would have increased by approximately CHF 71 million or by 21.6% over the prior year, driven by the strong sales growth of 11.6% and reduced operating expense growth of 7.7% as measured in local currencies.

Above market growth in hearing instruments

Sonova's core business, the hearing instruments segment, performed well: sales of CHF 1'524 million, totaling 94% of group sales, were up 9.7% in local currencies (organic growth: 4.5%). The successful launch of a whole series of new Phonak Spice and Unitron Era platform based hearing instruments contributed to the substantial growth. Product innovation has long been a strategic driver of growth for Sonova. Introducing regular and substantial improvements in technology and products allowed Sonova to generate 71% of its total sales with hearing instruments that have been on the market for less than two years. The segment EBITA of CHF 339.3 million corresponds to an EBITA margin of 22.3%. Excluding the negative currency impact, EBITA would have been approximately CHF 424 million in FY 2011/12 or 25.0% of sales.

Sales above expectations for hearing implants

After the voluntary recall of the HiREs 90K cochlear implant device in November 2010, Advanced Bionics returned to the market in FY 2011/12. The re-introduction of the product was well received in all markets. Sales of CHF 96.3 million were ahead of original expectations and included first shipments of Neptune, the world's first waterproof sound processor suitable for swimming. The hearing implants segment achieved an EBITA loss of CHF 24.1 million, which reflects the mid-year return to the market as well as the costs of CHF 2.7 million related to the closure of the Phonak Acoustic Implants site in Switzerland. The FY 2011/12 EBITA loss represents a CHF 21.0 million improvement over prior year. Sonova expects that the hearing implants segment will achieve the projected break-even EBITA result in 2012/13.

Stable margins and solid cost control

Sonova reported again strong gross profits at CHF 1,105.9 million. The gross profit margin of 68.3% was slightly lower than the 69.2% reported a year ago. The reduction was mainly due to

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the negative currency impact of around 100 basis points when compared to the previous financial year.

Research and development spending was at 7.2% of sales (prior year 6.7%) and increased by 7.8% over the prior year mainly driven by more projects launched in the hearing implants segment. Sales and marketing expenses remained at 31.1% of sales, a similar level as last year, and a slight increase primarily due to acquisitions of smaller distribution companies during the current and prior financial years. General and administration expenses of CHF 168.7 million decreased to 10.4% of sales, also reflecting the strong focus on pro-active cost management during FY 2011/12.

Solid increase in profits

Financial income decreased on a comparable basis, because of gains booked in FY 2010/11 related to the re-valuation of equity investments under IFRS 3. Financial expenses also decreased, primarily due to the lower level of net debt in the current financial year; in FY 2010/11 substantial costs were booked related to the unwinding of discounted earn-out provisions and value adjustments for loans for the completed acquisitions. Income taxes for the financial year totaled CHF 35.4 million. The overall tax rate increased to 12.6%, up slightly from the prior year's rate of 11.2%.

Income after taxes totaled CHF 246.4 million, up 6.6% from the previous year. In the reporting period, basic earnings per share were CHF 3.71 compared to CHF 3.50 in the previous year.

Strong cash flows and sustainable investment for the future

Operating free cash flow increased during the year under review, from CHF 221.5 million to CHF 239.5 million. During FY 2011/12, Sonova continued to invest substantially in the future of the business, including the development of new technologies and products and the further global expansion of own sales and distribution channels. Overall, cash flow from investing activities decreased to CHF 148.4 million in FY 2011/12 compared to previous year's CHF 273.0 million, and included the completion of several smaller acquisitions. Free cash flow increased significantly to CHF 156.4 million compared to CHF 71.6 million in the previous year. The cash flow from financing activities fell to CHF 127.5 million; the prior year's amount of CHF 236.1 million included the repayment of CHF 200 million in loans related to the acquisition of Advanced Bionics.

Low net debt and solid balance sheet

As of March 31, 2012, the Group reported net debt of CHF 64.4 million compared to CHF 111.3 million in the previous year. The Group's equity increased to CHF 1,475.9 million. At 64.5%, the equity financing ratio (equity as a percentage of total assets) remained at a high level.

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Unchanged distribution of CHF 1.20 per share

Recognizing the solid performance and cash flow generation of the core business in FY 2011/12, as well as the strong financial position of the Group, the Board of Directors will propose a distribution of CHF 1.20 per share to the Annual General Shareholders' Meeting on June 19, 2012, equal to the previous year's distribution level and again without withholding taxes.

Outlook 2012/13

Sonova expects to achieve solid growth in sales and earnings in FY 2012/13, both in the hearing instruments and hearing implants segment, reflecting the success of its current product and solution portfolio as well as its continued commitment to innovation. Sonova expects overall sales to grow in the range of 7-9% in local currencies, and EBITA to increase in the range of 15-20% assuming exchange rates of CHF 1.21 to the euro and CHF 0.88 to the US dollar. While actual reported results may vary based on currency fluctuations, Sonova continues to mitigate the impact of the strong Swiss franc on earnings growth through its long-term global resource allocation strategy.

The Annual Report 2011/12 is available on our website:
<http://www.sonova.com/en/investors/AnnualReports/Pages/default.aspx>

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KEY FIGURES SONOVA GROUP (CONSOLIDATED)

in 1,000 CHF unless otherwise specified	2011/12	2010/11
Sales	1,619,848	1,616,700
change compared to previous year (%)	0.2	7.8
Gross profit	1,105,924	1,118,681
change compared to previous year (%)	(1.1)	5.7
in % of sales	68.3	69.2
Research & development costs	116,178	107,760
in % of sales	7.2	6.7
Sales & marketing costs	503,354	498,589
in % of sales	31.1	30.8
Operating profit before acquisition-related amortization and impairment (EBITA)	315,199	326,622
change compared to previous year (%)	(3.5)	(22.3)
in % of sales	19.5	20.2
Operating profit (EBIT)	287,699	270,810
change compared to previous year (%)	6.2	7.7
in % of sales	17.8	16.8
Income after taxes	246,410	231,080
change compared to previous year (%)	6.6	6.7
in % of sales	15.2	14.3
Number of employees (average)	7,970	7,291
change compared to previous year (%)	9.3	22.9
Number of employees (end of period)	8,223	7,840
change compared to previous year (%)	4.9	14.6
Net cash¹⁾	(64,448)	(111,287)
Net working capital²⁾	163,434	158,190
in % of sales	10.1	9.8
Capital expenditure (tangible and intangible assets)³⁾	80,073	111,457
Capital employed⁴⁾	1,540,326	1,455,999
in % of sales	95.1	90.1
Total assets	2,287,202	2,171,644
Equity	1,475,878	1,344,712
Equity financing ratio (%)⁵⁾	64.5	61.9
Free cash flow⁶⁾	156,406	71,593
Operating free cash flow⁷⁾	239,535	221,541
in % of sales	14.8	13.7
Return on capital employed (%)⁸⁾	19.2	19.0
Return on equity (%)⁹⁾	17.5	17.7
Basic earnings per share (CHF)	3.71	3.50
Diluted earnings per share (CHF)	3.71	3.47
Cash-based basic earnings per share (CHF)¹⁰⁾	4.01	4.27
Distribution per share (CHF)	1.20¹¹⁾	1.20

¹⁾ Cash and cash equivalents + other current financial assets (without loans) – short-term debts – other current financial liabilities – non-current financial liabilities.

²⁾ Receivables (incl. loans) + inventories – trade payables – current income tax liabilities – other short-term liabilities – short-term provisions.

³⁾ Excluding goodwill and intangibles relating to acquisitions.

⁴⁾ Total assets – cash and cash equivalents – other current financial assets (without loans) – trade payables – other liabilities – provisions – tax liabilities.

⁵⁾ Equity in % of total assets.

⁶⁾ Cash flow from operating activities + cash flow from investing activities.

⁷⁾ Free cash flow – cash consideration for acquisitions, net of cash acquired.

⁸⁾ EBIT in % of capital employed (average).

⁹⁾ Income after taxes in % of equity (average).

¹⁰⁾ Excluding the amortization of acquisition-related intangibles, impairment and unwinding effect of the discount on acquisition-related earn-out payments, net of tax

¹¹⁾ Proposal to the Annual General Shareholders' Meeting of June 19, 2012.

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Disclaimer

This Media Release may contain forward-looking statements which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

About Sonova

Sonova Holding AG, headquartered in Staefa, Switzerland, is the leading manufacturer of innovative hearing care solutions. The group operates through its three core business brands Phonak, Unitron, Advanced Bionics. Sonova develops and distributes advanced hearing care solutions such as hearing instruments, cochlear implants, wireless communication systems for audiological applications as well as professional solutions for hearing protection. With the most extensive product portfolio and the highest R&D investment in the industry, Sonova aims to be the recognized innovation leader in the global hearing care market. Present across the globe in over 90 countries, and with a workforce of over 8,000 dedicated employees, Sonova generated sales of CHF 1,62 billion in the financial year 2011/12 and a net profit of CHF 246 million. A focused corporate strategy drives Sonova sustainably further in a growing and still significantly under-penetrated market. Founded in 1947, the company has been devoted to promoting better understanding and communication for over 65 years, thus considerably improving people's hearing ability and speech intelligibility and thereby their quality of life.

For more information please visit www.sonova.com.

Sonova shares (ticker symbol:SOON) have been listed on the SIX Swiss Exchange since 1994. **The securities of Sonova have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States of America except pursuant to an exemption from the registration requirements under the U.S. Securities Act, or outside the United States of America in reliance on Regulation S under the U.S. Securities Act.**