<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
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<tbody>
<tr>
<td>08.30</td>
<td>Reception, Coffee and Croissants</td>
</tr>
<tr>
<td>09.00</td>
<td>Driving innovation in hearing care</td>
</tr>
<tr>
<td></td>
<td>Lukas Braunschweiler, CEO</td>
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<tr>
<td>09.45</td>
<td>e-Solutions – The e-Hearingcare opportunity</td>
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<tr>
<td></td>
<td>Martin Grieder, GVP Phonak</td>
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<td></td>
<td>Jonathan Gardner, Managing Director Boots Hearingcare</td>
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<tr>
<td>10.30</td>
<td>Coffee break</td>
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<td>10.45</td>
<td>Go-to-market – China, exploiting a fast growing market</td>
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<tr>
<td></td>
<td>Albert Chin-Hwee Lim, VP Wholesale Asia/Pacific</td>
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<tr>
<td>11.30</td>
<td>New products – Hearing instruments</td>
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<tr>
<td></td>
<td>Martin Grieder, GVP Phonak</td>
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<td>Jan Metzdorff, VP Unitron</td>
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<tr>
<td>12.15</td>
<td>Lunch break</td>
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<tr>
<td>13.30</td>
<td>New products – Cochlear implants</td>
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<td>Hansjürg Emch, GVP Medical</td>
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<tr>
<td>14.30</td>
<td>Summary and Q&amp;A</td>
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<td></td>
<td>Lukas Braunschweiler, CEO</td>
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<tr>
<td>15.00</td>
<td>Factory tour</td>
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Investor & Analyst Day 2015

Sonova Management Board (MB)

MB team members presenting today
Driving innovation in hearing care
Stäfa, Switzerland | 13 October 2015 | Lukas Braunschweiler, CEO
1. Sonova Group
## Summary

**Clear and focused strategy – Customer driven innovation – Strong cash conversion**

| Broadest product and service offering | - Phonak, Unitron, Hansaton: Leading position in hearing instruments  
|                                      | - Advanced Bionics: Strong contender on cochlear implants |
| Significant market share gain potential | - High R&D spend – fast product introduction  
|                                      | - Differentiated multi-brand strategy  
|                                      | - Optimized multi-channel approach |
| Strong and expanding global sales & distribution network | - Phonak, Unitron, Hansaton, Advanced Bionics: over 50 wholesale group companies and more than 100 independent distributors  
|                                      | - Connect Hearing: over 2’000 POS retail clinics in 10 key markets |
| Strong new product pipelines | - High innovation rate and rapid new product introduction |
| Productivity / efficiency gains | - Leverage existing global infrastructure to expand margins |
| Mid-term financial targets (excluding FX impact) | - EBITA margin: expand to mid-twenties at constant FX  
|                                      | - ROCE: expand to low-thirties |
Products & services

Brodest and most advanced offering – Hearing instruments, cochlear implants …

HI Hearing Instruments

- Behind-The-Ear hearing instruments (BTE)
- Wireless systems
- Custom In-The-Ear hearing instruments (ITE)
- Hearing protection
- Wireless communication systems
- Invisible extended-wear hearing instruments

CI Cochlear Implants

- Cochlear implants

… and professional audiological services
Sales & distribution

Retail – Strong expansion – Secure access to distribution and consumer


INDEPENDENTS & CHG STORES

Connect Hearing CA: 110 AU/NZ: 170
Hansaton BE: 250

LARGE RETAIL ACCOUNTS

US VA
UK
AU
AT/CH/DE
US/EU
EU
US/CA/AU

SOON WHOLESALe

unitron

PHONAK

Wholesale – Largest global coverage – Support and service HCP partners worldwide
Global position & network

Strong global presence – Well established network and infrastructure

- AMERICAS: 46%
  - Sales CAGR 2010-15: +11.0% in LC
- EUROPE: 44%
  - Sales CAGR 2010-15: +13.4% in LC
- APAC: 10%
  - Sales CAGR 2010-15: +12.9% in LC

- PH, UT, HA, AB: over 50 wholesale group companies – more than 100 independent distributors
- CHG: over 2’000 POS retail clinics in 10 key markets
- R&D: 6 product and development competence centers (2 CH, 2 US, 1 CA, 1 CN)
- Operations: 4 production centers (1 CH, 1CN, 1 VI, 1 US)

Largest global sales and distribution network in the industry – Wholesale and retail
2. Hearing care market
# Hearing care market – Attractive size and growth potential – Strong fundamentals

## Market
- About 15% of adults with some hearing impairment – Low penetration rate
- Total market size of CHF 15-16 billion – CAGR of +3-5%
- HI: 12-13 million units / year – CAGR of +2-4%
- CI: 50 thousand units / year – long-term CAGR of +10% (short term: +5%)
- Service channels: 75% of value added – Key to access/support end-users/consumers

## Market position Sonova
- Expanding into larger hearing care market – Leverage strong HI position
- Channel mix – Balanced approach to all service providers
- HI: leading No 1 position in wholesale - Multi-brand strategy
- CI: runner-up No2/3 position behind strong market leader
- Professional services/retail: strongly expanding No2 position

## Market trends
- Trend 1: Increased adoption of implantable solutions – Aging population
- Trend 2: Accelerated bi-furcation of professional service channels
- Trend 3: e-Health and e-Hearing care – Expanding digital value proposition
Hearing care market – Instruments, implants and services

TOTAL HEARING CARE MARKET
- Market Size ~ CHF 15-16 billion
- Market CAGR ~ + 3-5%
- HI Size (units) ~ 12 million
- CI Size (units) ~ 50 thousand

HEARING INSTRUMENTS HI
- Market Size ~ CHF 4.5 billion
- Market CAGR ~ + 2-4%
- HI Size (units) ~ 12 million

COCHLEAR IMPLANTS CI
- Market Size ~ CHF 1 billion
- Market CAGR ~ +10%
- CI Size (units) ~ 50 thousand

Service channels – Key to access and support consumers

Note: Unit split
**Market**

**Hearing instruments – Global**

**Recent market factors:**

- Sequential slowdown in recent quarters, mainly driven by previous FTC (free-to-client) growth in Europe (DE, NL)

- Quarterly growth numbers remain volatile and driven by short-term factors

**Unit Growth – Global**

**Sources:**
- Unit and value split: Sonova estimates
- Unit growth: aggregated official local market statistics, representing around 70-75% of the global market
Market

Hearing instruments – North America

Recent market factors:

– US: current growth above historic average – private and VA segment contributing

– US: Costco continuing to outpace commercial market growth

– CA: healthy unit growth

Source:
• Unit and value split: Sonova estimates
• Unit growth: aggregated official local market statistics for US, CA
Recent market factors:

- **DE**: Market decline in 1H-15 after reimbursement driven boom in 2014. Market stabilizing in Q3
- **FR**: Double digit growth driven by B2C activities, faster renewals and new store openings
- **UK**: Continued solid growth in the private market – Public market (NHS) facing challenging base and freeze of the AQP roll-out
- **IT**: Mid-high single digit growth in 1H-15 compared to a lower base in 2014

Sources:
- Unit and value split: Sonova estimates
- Unit growth: aggregated official local market statistics for 10 large European markets
Market trends

Trend 1 – Increased adoption of implantable solutions – Aging population increasing

IMPLANTABLE SOLUTIONS

PED MARKET

ADULT MARKET

1 IMPLANTABLE SOLUTIONS: over-proportional growth and adoption rate
2 PEDIATRIC: newborn screening – expansion to milder hearing loss
3 ADULTS: over-80 segment, baby boomers, iPod generation – additional potential
4 e-TECHNOLOGIES: new solution formats – increasing earlier adoption

Conclusion – Provide complete HI and CI solutions – Leverage e-Technologies
Market trends

Trend 2 – Accelerated bi-furcation of professional service channels

Conclusion – Vertical integration to access value-added potential and consumer
Trend 3 – e-Health and e-Hearing care – Expanding digital value proposition

CONSUMER
- eScreening
- eBooking
- eCoach
- eAdjust
- eAssistance
- eAftercare

PROFESSIONAL
- eGoals
- eCoach
- eAdjust
- eMonitor

MANUFACTURER
- eHealthCare Platforms

1 PROFESSIONALS: ➔ cost efficiencies, relationships, insights
2 CONSUMERS: ➔ accessibility, seamlessness, control, autonomy, convenience
3 MANUFACTURERES: ➔ differentiation, relationship, lock-in, insights

Conclusion – Develop complete solution offering based on e-Technologies
3. Corporate strategy
### Corporate strategy – Drive innovation to grow sales, earnings and cash flows

| Strategic focus | - Focus on hearing care  
|                 | - Continuous innovation to grow sales, earnings and CF  
|                 | - Lead digital (r)evolution and e-business transformation in hearing care |

| 1 New products | - Implement consistent platform approach for HI & CI solution development  
|                | - Drive strong new product pipelines – Gross R&D 7-8% of sales |

| 2 Go-to-market | - Grow market position along 4 main vectors – Drive vertical integration  
|                | - Increase customer demand generation – B2B and B2C e-Marketing approach |

| 3 e-Solutions | - Develop complete solution offering based on e-Technologies  
|              | - Expand technology platform approach to include e-based technologies |

| 4 Resources  | - Leverage global infrastructure to expand margins – Create natural hedge |
| 5 Acquisitions | - Invest to leverage existing channels and products – Strict acquisition criteria |
| 6 Business portfolio | - Develop balanced portfolio of profitable growth businesses |
| 7 Branding | - Develop business brands for markets – Sonova brand for public and employees |
Strategic focus

Focus on hearing care – Continuous innovation to grow sales and earnings

Lead digital (r)evolution and e-business transformation in hearing care
New product strategy

Implement consistent platform approach for HI & CI solution development

Technology
- Palio 1 - 90 nm
- Palio 2 - 65 nm
- Palio 3 – 65 nm dual-core

Platform

Core
- Spice
- Quest
- Venture

Product
- Exélia
- Exélia Art
- Ambra
- Solana Cassia
- Nano H2Q
- Dalla
- Naida i
- Bolero Q
- Virtu Q
- Audéo Q
- Naida Q
- Sky Q
- Baseo Q
- Vee Q
- Audéo V
- Bolero V
- Virtu V

Drive strong new product pipelines – Gross R&D 7-8% of sales
New product strategy

Leverage platform approach to offer complete range of products

Product pipelines: Consistently meeting product development targets
Grow market position along 4 main vectors – Drive vertical integration

1. Develop consumer base
   - e-Marketing / direct marketing
   - Demand generation processes

2. Integrate service channels
   - Retail network expansion
   - Integration & productivity

3. Expand accessible markets
   - Emerging markets
   - New product formats

4. Penetrate existing markets
   - Multi-brand strategy
   - Continuous product innovation

Increase customer demand generation – B2B and B2C e-Marketing approach
Develop complete solution and service offering based on e-Technologies

Expand technology platform approach to include e-based technologies
... and one more thing
Wireless technology

Main applications for hearing aids

**WL COMMUNICATION**

**Application:** transmitting voice of a distant speaker or sound provided by 3rd party devices to the hearing aids

**Challenges:**
- Multiple receivers
- Multiple transmitters
- Sound quality (interference)

**WL CONNECTIVITY**

**Application:** transmitting a control-signal and/or streaming sound from a 3rd party device to the hearing aids

**Challenges:**
- Point-to-point – single/pair HA
- Compatibility with all phones
- Power consumption

**WL BINAURAL**

**Application:** streaming sound and transmitting control signal between two hearing aids

**Challenges:**
- Power consumption, bandwidth
- Interference

**WL FITTING**

**Application:** adjusting hearing aid settings to an individual's hearing loss

**Challenges:**
- Standardization
- Reliability, interference
Wireless technology

Strategic approach – Move wireless platform to 2.4 GHz radio technology

2013

2014

2015

2016

2017

WL COMMUNICATION

- Networked, multiple devices
- Direct connectivity
- Longer distances
- 2.4 GHz, global radio standard
- Proprietary protocol (ROGER)

SPEECH INTELLIGIBILITY

WL COMMUNICATION

+ WL CONNECTIVITY

- Networked, multiple devices
- Point-to-point, pair of devices
- Direct connectivity
- Shorter distances
- 2.4 GHz, global radio standard
- Standard protocols (BT-HAP etc.)

EASE OF USE

1st Generation

2.4 GHz chip
ROGER protocol

FM ➔ 2.4 GHz

2nd Generation

NEW 2.4 GHz chip
+ standard protocols

HIBAN ➔ 2.4 GHz
Wireless technology

New 2.4 GHz radio chip

NEW 2.4 GHz chip + standard protocols

☑ Compatibility – “MFA” (*) connectivity to all BT phones, TVs, devices
☑ Flexibility – independent from devices, vendors, partnerships
☑ Standards – embedded standard and proprietary protocols
☑ Power – lowest energy for hearing aid applications, usage
☑ Ease of use – reducing complexity, standardization of accessories
☑ Universal – use one radio technology long-term
☑ Complexity – migrate complete product range to new technology
☑ Leap frog – apply latest radio chip technology
☑ Long-term – get ready for broader wearables market

(*) “MFA” = made for all

Specification targets achieved – Long-term application challenges solved
Evolution of 2.4 GHz radio chip technology

1st Generation
- Chip area = 18.04 mm²
- 6.8M transistors

2nd Generation
- Chip area = 6.80 mm²
- 37.9M transistors
e-Solutions
The e-Hearingcare opportunity
Stäfa, Switzerland | 13 October 2015 | Martin Grieder, GVP Phonak
Digital transformation in healthcare - Reality

• **MayoClinic myCare** e-solution app allows doctors to track post-surgery pain and activity level of patients.

• **Twine** provides patients with an e-solution to set health goals and track medication.

• **Healthtap** offers users to connect to health specialists through videochat in realtime and provide electronic prescription directly to the pharmacy.

Source: Apigee Institute Report, The App is Not Enough: Keys to Unlocking the Full Value of Digital
Digital value propositions in hearing care

**PROFESSIONALS**
Costs, efficiency, relationship, insights

**CONSUMERS**
Accessibility, seamlessness, control, autonomy, convenience

**MANUFACTURERS**
Differentiation, relationship, lock-in, insights
Future Sonova hearing care platform

Connected products and services – Change of consumer experience

- MONITOR
- CONTROL
- OPTIMIZE
- AUTONOMY

Smart & connected products

Health care platforms

Product Cloud

Smart B2C solutions

Smart B2B solutions

Sonova
Example 1: Phonak
Short 3 minute web hearing check with high accuracy...


Example 2: Boots Hearingcare
Responsive design for all devices and brands...

(http://www.bootshearingcare.com/online-hearing-check/)
Monitor, engage and empower

- Personalized services and care
- Engage and inform
- Monitor wearing time and satisfaction
- Provide access to personal health data

The first 2 weeks after getting a hearing aid are crucial for the success and adoption
B2B dashboard for professionals

User: John Doe, HCA
Future Sonova hearing care platform

Connected products and services – Change of consumer experience

- MONITOR
- CONTROL
- OPTIMIZE
- AUTONOMY

Smart & connected products

Product Cloud

Health care platforms

Smart B2C solutions

Sonova

Smart B2B solutions
Boots Hearingcare UK
Exploiting the e-health opportunity
Stäfa, Switzerland | 13 October 2015 | Jonathan Gardner, MD Boots Hearingcare
Boots Hearingcare - Background

Our Mission
To be the UK’s best healthcare-led hearingcare provider

Our Purpose
We believe no one should live with untreated hearing loss. We are obsessive about restoring people’s words.

Leveraging our unique customer proposition of Personalized, Professional Care

- 470+ Hearingcare Centres
- 350+ Hearingcare Professionals
- We helped 675,000 customers to hear better last year
- UK Private Market Leader
Boots – A One Health Strategy

Combined healthcare strategy delivering complete care for customers

- Opticians
  - 690 Boots Opticians Stores

- Consumer Healthcare

- Hearingcare
  - 470+ Boots Hearingcare Stores

- Pharmacy
  - 2300 Boots pharmacy Stores
One day at Boots

2min screening

Direct appointment booking

Needs Assessment

Review listening goals

Coach user

Monitor and act

Self adjust

Remote assistance & adjustment
Steve is struggling... he’s known for some time
One day at Boots
3 min hearing check, calibrated for iPad
4 frequencies, L/R
5 – 10 dB accurate
Direct booking into Boots Hearingcare CRM
Utilization

_trial in boots opticians & pharmacy_

hearing check app calibrated for iPad
eScreening – Results so Far

Results to date

– **Over 15,000** e-Hearing Checks completed online since launch in March 2015
– Attracting a younger **50-55** customer demographic
– Conversion level to appointment **comparable** to other marketing driven activities
– **27%** of customers surveyed said they would **not** have booked in store otherwise
– **94%** of customers said it was easy to use and **89%** said they would recommend it

“The test was clear and straightforward and enabled me to go through it at an easy pace. The interpretation of the results was spot on for how I feel about my hearing loss. I look forward to my appointment.”
Insights and benefits

Customer Insight

- Having to come into store for a first step appointment can be a barrier to many customers

- There is a growing group of tech-savvy customers who want to access information and services online for greater control, speed and convenience

Business Benefit

- Increase access to a new younger customer group

- Extend our reach into the Boots UK store portfolio

- Improved clinic capacity

- Increased personalisation and efficiency of the first face to face appointment
Go to market – China, exploiting a fast growing market

Stäfa, Switzerland | 13 October 2015 | Albert Lim, VP Wholesale Asia/Pacific
## Sonova in China

### Building on an established presence

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>2003</td>
<td>Largest hearing aid manufacturing plant established in Suzhou</td>
</tr>
<tr>
<td>2006</td>
<td>Establishment of Phonak distribution company in Shanghai</td>
</tr>
<tr>
<td>2009</td>
<td>First plant expansion in Suzhou</td>
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<tr>
<td>2012</td>
<td>Launch of China growth strategy, targeting China to become largest market for Sonova outside the US</td>
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<tr>
<td>2013</td>
<td>Albert Chin-Hwee Lim appointed as the first dedicated management board member for the region (ex Medtronic Greater China)</td>
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<td>Expanding expertise for the region in the Board of Directors by appointing Jinlong Wang (ex Starbucks Greater China)</td>
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<tr>
<td></td>
<td>Establishment of AB Group Company in Shanghai</td>
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<tr>
<td>2015</td>
<td>Second plant expansion in Suzhou</td>
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<td>China becoming second largest market for Sonova in the APAC region</td>
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</tbody>
</table>
China – Market overall

Background information – Age structure trend of the Chinese population

China is fast becoming an ageing society

Source: US Census
China – Market overall

Background information – Healthcare expenditure

Planned further increase in healthcare spending provides attractive opportunities

Source: WHO
China – Hearing instrument market

End customer segments

**Volume**
- 2006: CAGR: +18%
- 2011: CAGR: +10%
- 2016: CAGR: +13%

**Value**
- 2006: CAGR: +10%
- 2011: CAGR: +24%
- 2016: CAGR: +13%

Source: Roland Berger (indexed)

Significant market growth – Pediatric segment accelerated by public health care
China – Hearing instrument market

Wholesale customer segments

- **Growing government sector:**
  - subsidies
  - tenders
  - reimbursement

- **Products:** Growth in both basic and premium product categories

- **Bottleneck:** population of qualified audiologists

- **Market size:** ~800k units (excl. PSAPs and pocket instruments)

Source: Unit and value split: Sonova estimates
Market unit development and growth: Sonova estimates & iData Research Report May 2013

Government and private segment with distinct growth opportunities
## Sonova – Selected initiatives to drive growth in China

<table>
<thead>
<tr>
<th>Sales &amp; distribution</th>
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<tbody>
<tr>
<td>– Government: increased funding driving usage</td>
<td></td>
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<tr>
<td>– Private: channel expansion to tier 2 and tier 3 cities increasing end user reach</td>
<td></td>
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<tr>
<td>– Improved professional knowledge of fitter increasing users’ confidence and willingness to purchase</td>
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<tr>
<td>– Continued public awareness campaigns</td>
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<table>
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<tr>
<th>New products</th>
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<tr>
<td>– Made for China solutions – Driving new users</td>
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<tr>
<td>– Strong Phonak pediatric portfolio – Recognized as “gold standard”</td>
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<tr>
<th>Productivity &amp; efficiency</th>
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<tbody>
<tr>
<td>– Excellent product and service quality – Phonak and Unitron</td>
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<tr>
<td>– Strong service organization support – Proximity to operational center</td>
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</table>
China – Hearing instrument market

Sonova – Strong growth in recent years

Past 5 year sales (indexed)

Products:
- Expansion in basic and premium segments
- First launch of made-for-China products in 2014 (Basic performance category)
- Strong custom form factor capability to address end users unmet needs

Market /customers:
- Growth in government tenders – e.g. Shanghai reimbursement program
- Large retail accounts – Increasing share of wallet in growing networks
- Increasing number of professional dispensers/fitters for Sonova HI products
China – Hearing instrument market

Sonova – CRRCDC Cooperation

March 2014
Signing of 3-year framework agreement

June 2015
Signing of supplemental agreement

November 2014
1st train-the-trainer session in Stäfa

November 2015
2nd train-the-trainer session in Beijing

August 2015
Hold first 4th level pediatric certification program
China – Hearing instrument market

National certificate in hearing aid dispensing
Cost-conscious market booming in China:
- Aging population continuously growing
- Senior citizens from poor rural and sub-urban areas highly price conscious – Prefer easy to operate hearing aids
- HCPs in China – Need for easy fitting and gaining in consumer satisfaction for basic hearing aids fitting

Phonak Baseo/Tao – 1st Made-for-China hearing aids:
- Launched in June 2014 to enter into basic market segment
- Advantages of easy fitting – Great sound and great value to fulfill needs of both Chinese consumers and HCPs
- Great success in China – 15% volume share of total basic market segment
China – Hearing instrument market

Phonak Hangzhou – 1st Made-for-China fitting software

- **Specific China conditions:**
  - Require Made-for-China hearing solution
  - High noisy environment
  - Tonal language of Chinese mandarin
  - Flat hearing loss audiogram of Chinese people
  - Favorite acoustic coupler for HCPs fitting

- **1st Made-for-China fitting software:**
  - Launched in May 2015 to fully satisfy China specific needs
  - Significant improvement in Chinese speech intelligibility and overall preference

---

**Overall preference**

- Adaptive Phonak Digital: 23%
- Adaptive Phonak Digital Tonal: 67%
- Neither / nor: 10%

Data source: 2014 Beijing Tongren hospital clinical study
Customer segments

- **Government segment:**
  - Market size: ~5k units
  - Pediatric focus
  - Tender based allocation
  - Strict criteria
  - Large volume / lower price
  - Important for vendor reputation

- **Private market:**
  - Market size: ~3-4k units
  - Growth rate at ca. 10-15%
  - Demanding regarding product performance and service
  - Higher ASP

Source: - Unit and value split: Sonova estimates
- Market unit development and growth, official market statistics

**Government tender investments drive acceleration of private market**
## China – Cochlear implant market

### Sonova – Selected initiatives to drive growth in China

<table>
<thead>
<tr>
<th>Sales &amp; distribution</th>
<th>Consolidated Hong Kong and Taiwan sales markets under China – Optimize pricing model, leverage resources and capture “cross-boarder” market</th>
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<tbody>
<tr>
<td></td>
<td>Continued optimization of sales model – Expand market coverage and provide market-leading support services</td>
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<tr>
<td></td>
<td>Develop in-country marketing expertise to target local needs</td>
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<tr>
<td>New products</td>
<td>General innovation in implant, electrode and waterproof technology</td>
</tr>
<tr>
<td></td>
<td>Leading edge processor – Best-in-class audiological and connectivity features</td>
</tr>
<tr>
<td>Productivity &amp; efficiency</td>
<td>Establish Suzhou Temporal Bone Lab as APAC “Center of Excellence”</td>
</tr>
<tr>
<td></td>
<td>Option to establish new cochlear implant manufacturing operation in Suzhou</td>
</tr>
</tbody>
</table>
China – Cochlear implant market

Sonova – Strong growth of installed base in recent years

- AB entered the CI market in China in 2001
- Solid CI customer base in the private market – Exceeding 1’000 after ten years
- Successful central government tender bids in 2012 and 2013 – Adding close to 3’000 new patients in the last 3 years
- High pediatric market share – Strategic value for growth in installed base

Central government tenders helped to build reputation
New products – Phonak Virto V
Stäfa, Switzerland | 13 October 2015 | Martin Grieder, GVP Phonak
1. The Phonak Venture Platform – Revisited
2. Phonak Virto V – More than «just» another Venture form factor
3. Phonak Virto V – Performance beyond the product…
Consumer insights and needs

Crucial questions buying a hearing aid:

1. How well do I hear? (Performance)
2. Is it easy to handle? (Ease of use)
3. Does it look good? (Aesthetics)
4. Does it provide value for money? (Value)

Source: Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP)
© Results not to be reproduced without the permission of Sonova
Phonak Venture success
Delivering value!

Performance
- AutoSense OS – 20% better speech understanding*
- Binaural VoiceStream Technology
- 30% less battery consumption
- Tinnitus Balance noise generator

Ease of use
- AutoSense OS – Fully automated
- IP67 rating for all models
- Full range of universally compatible accessories
- Nano-coating

Aesthetics
- New RIC, BTE and ITE designs
- Smaller sized custom products
- High-tech composite housing material
- 11 colors

Value
- Across 4 performance levels
- More features across performance levels
- Beats competition on key features and performance
- Competitively prices

Source: University of Applied sciences Lübeck, Automatic classification of acoustic situation versus manual selection
Phonak Venture success
Strong consumer feedback

- **Performance**
  - "No problems with any listening environments. The hearing aids work wonderful."
  - Bob (USA)

- **Ease of use**
  - "The hearing aids themselves are wonderfully simple!"
  - Mark (USA)

- **Aesthetics**
  - "Josef’s in the ear hearing instruments are so tiny they are almost invisible"
  - Esther (Switzerland)

- **Value**
  - "These hearing aids have significantly impacted my life I didn’t realize how much I was missing"
  - Rose (USA)
Agenda

1. The Phonak Venture Platform – Revisited
2. Phonak Virto V – More than «just» another Venture form factor
3. Phonak Virto V – Performance beyond the product…
Custom product market
Market forecast per region in units – Strong growth in Asia

Market will grow because of change in regional mix towards Asia
Ambition to rekindle growth in the US

Sorted by market share (units)

<table>
<thead>
<tr>
<th>Country</th>
<th>Custom Product Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>72%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>44%</td>
</tr>
<tr>
<td>China</td>
<td>42%</td>
</tr>
<tr>
<td>Japan</td>
<td>38%</td>
</tr>
<tr>
<td>Mexico</td>
<td>38%</td>
</tr>
<tr>
<td>Hungary</td>
<td>38%</td>
</tr>
<tr>
<td>Spain</td>
<td>25%</td>
</tr>
<tr>
<td>Poland</td>
<td>24%</td>
</tr>
<tr>
<td>India</td>
<td>24%</td>
</tr>
<tr>
<td>Canada</td>
<td>23%</td>
</tr>
<tr>
<td>US</td>
<td>23%</td>
</tr>
<tr>
<td>Singapore</td>
<td>20%</td>
</tr>
<tr>
<td>Brazil</td>
<td>20%</td>
</tr>
<tr>
<td>Australia</td>
<td>20%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Official market statistics, Sonova estimates
Custom product market
Market forecast by styles in units – Small size segment growing

Smaller styles are growing at the expense of bigger devices

Source: Industry sources
Custom product market
Why end users want a custom product

- 40% of non owners prefer a custom hearing aid
- 98% of CIC hearing aid wearers report the highest satisfaction, more than any other hearing aid styles

Preference by form factor of “non users”

Unit sales by form factor

Discreetness
Comfort
Ease of use

Users: Satisfaction scores by hearing aid type

- 78% ITE
- 82% RIC
- 84% ITC
- 85% BTE
- 98% CIC
Phonak Virto V – The new custom product benchmark
Audibly big & visibly small – Built to perform. Customized for discretion

Two new wireless models in focus

Virto V-13  Virto V-312  Virto V-10  Virto V-10 O  Virto V-10 NW O  Virto V-nano
Phonak Virto V
You won’t find a smaller hearing aid, capable of this much performance!

- **Performance**: 20% better speech understanding\(^1\)
- **Ease of use**: 20% increased convenience\(^2\)
- **Aesthetics**: 25% smaller faceplate 10 wireless\(^3\)
- **Value**: Double-digit order uptake (US, 4 weeks)

**Autosense OS**
**New push-button & volume control**
**Floating Antenna™**
**Delivering on consumer needs**

Sources:
\(^1\) University of Applied sciences Lübeck, Automatic classification of acoustic situation versus manual selection
\(^2\) Validation, Phonak Research Center in Staefa
\(^3\) Compared to the previous generation. Phonak Research Center in Staefa
Phonak Virto V
How well do I hear? – Clear audiological performance benefits

**AutoSense OS**
20% better speech understanding in noisy environments

Source: University of Applied sciences Lübeck, Automatic classification of acoustic situation versus manual selection

**Binaural VoiceStream Technology™**
15% better speech understanding than Competitor I
33% better than Competitor II

Source: Hörzentrum Oldenburg, Germany. „Benchmark Study of modern custom-made hearing devices“
Phonak Virto V

How easy is it to use? – 20% increased convenience

95% of people rated the push-button usability just right – a 20% increase compared to the previous generation product

![Push button usability - CH (n=20) V-10 vs. Q-312 -](image)

Phonak Virto V
Does it look good? – New, visibly smaller mechanical design

Compared to Quest
- 25% less visible surface area
- 95% of devices could be designed smaller

Source: Phonak Research Center in Stäfa; Phonak Virto V-10 in a direct comparison to Q-312

Compared to competition
- Significant reduction in size without compromise in performance measured against smallest, full performance competitor devices

Source: Hörzentrum Oldenburg, Germany, „Benchmark Study of modern custom-made hearing devices“

Virto V  Competitor A  Competitor B

Floating Antenna™
&
Size 10 battery
Agenda

1. The Phonak Venture Platform – Revisited
2. Phonak Virto V – More than «just» another Venture form factor
3. Phonak Virto V – Performance beyond the product…
Phonak Virto V
Custom products – Key success factors

Sophisticated technology = Venture

Attractive product = Virto V

Well-established manufacturing network

Excellent services
Phonak Virto V
Digital manufacturing @ Sonova

Key success factors

- In-house developed modeling software
- Integrated computer system
- Common equipment material & processes

Sonova digital manufacturing sites
Phonak Virto V
Digital manufacturing – Proven system for mass customization

- Audiogram
- Ear impression

- Fitting
- Assembly, Testing, Pre-Programming
- 3D Scanning
- 3D Printing
- 3D Modeling

Standard turnaround time: 3 days
Phonak Virto V

Key takeaways

• Custom Products show **substantial future growth potential**

• Virto V delivers on **key tangible end user benefits**

• State of the art **digital manufacturing** delivering service excellence

• **Great opportunity** to help independent audiologists **differentiate** vs. other channels through professional service and know-how
New products - Unitron
Stäfa, Switzerland | 13 October 2015 | Jan Metzdorff, VP Unitron
Unitron North platform

- North platform – Combining 3 signature technologies
- 7 environment program – 4 focused on conversations

- SoundNav – Highest level of automation
- Intuitive easy to use fitting software

- Delivering design excellence across the entire range
- Full range of styles – Expanding the range to BTE and ITE
- Wide variety of colors

- 5 technology levels
- Industry only trial and upgrade solutions with Flex
- Log It All – Unitron unique – Evidence-based counselling

Powered by North
Does it look good?

Moxi Fit – Award winning design
How well do I hear?

North – Three technologies working together

- SpeechZone 2
- SoundNav
- Sound Conductor

- 7 destination automatic program
- Optimum blend of advanced sound processing features
- Natural Sound

Determines the direction of speech
Is it easy to handle?

North and SoundNav: Driving new direction in natural sound experience

Highest level of automation – Focus on four different types of conversations
Does it provide value for money?

Flex:trial + Flex:upgrade

Industry first trial and upgrade solutions
“How do patients typically respond when they learn that you can offer them the possibility of an upgrade in technology?”

83% responded

“Patients feel more confident in their decision.”

67% responded

“This reassurance positively influences my patients experience.”

83% said an at home trial was important to them.

83% of HHCPs report an increase in patients purchasing hearing instruments.

“How important is the ability to have an “at home trial” of the hearing aids prior to purchase?”
Log it All – Expanding the Flex concept

- Real-time monitoring of 7 listening situations
- Data logging info for all 7 situations visible for the audiologist and the customer during the counseling process
- Enables evidence based counselling and provides an upselling tool to the audiologist
Log it All – Expanding the Flex concept

- Real-time monitoring of 7 listening situations
- Data logging info for all 7 situations visible for the audiologist and the customer during the counseling process
- Enables evidence based counselling and provides an upselling tool to the audiologist
“To what extent do you agree with the following statements regarding the combination Flex:trial and Log It All?”

“It enhances my patient counselling.”

89% agree

“It helps me, to build patient trust.”

85% agree

“It helps me, to motivate patients to pursue amplification.”

85% agree

“It has a positive impact on my patient's satisfaction.”

87% agree
Hansaton

*Transition to Sonova technology well on track – The entire family: HD technology*
Hearing as Unique as You are

Introducing the Naída CI Q Series by Advanced Bionics

Stäfa, Switzerland | 13 October 2015
Hansjuerg Emch, GVP Medical
President, Advanced Bionics

Advanced Bionics
Naída CI Q Series
Hearing as Unique as You Are

Naída CI Q30
Setting the Bar

Naída CI Q70
Raising the Bar

Naída CI Q90
Surpassing the Bar
Naída CI Q30
Sound Processor

Setting the Bar
The ideal hearing solution for those seeking outstanding performance in noise and wireless connectivity while enjoying simplicity and ease of use.

Candidate’s Profile

• Requires maximum audiological performance
• Values ease and simplicity of use
• Benefits from AB’s unique automation capabilities in everyday listening environments
• Benefits from unilateral, bilateral and bimodal streaming of music, phone conversations and TV
• Wants access to the largest choice of wireless technology
• Values the option for a design-integrated Roger solution
• Wants to enjoy uncovered, uncompromised, underwater hearing
Naída CI Q30

Phonak UltraZoom
ClearVoice™ Speech Enhancement
AutoSound™ Technology
Phonak Bluetooth Wireless
Uncompromised, Underwater Hearing
T-Mic & Headpiece Mic
- Noise: Restaurant noise at 72 dB SPL
- Mean improvement of **4.4 dB**
- Equivalent to **35% improvement** in speech understanding (HINT 1 dB ≈ 8.5%)

Gifford et al. 2008
Wireless Connectivity
with or without the Phonak ComPilot Accessory
New digital wireless standard that enables you to **hear and understand more speech in loud noise and over distance** by transmitting sound from a microphone directly to a design-integrated receiver attached to your Naída CI processors.
Hear Clearly on the Phone

New Phonak wireless streaming accessories to transmit sound directly to Naída CI processors from any kind of cell phone.

AB T-Mic™ 2  Phonak ComPilot  Phonak EasyCall  Phonak DECT Phone
n = 15

Results are statistically significant [0.005 significance level, Wilcoxon Test]

Independent study. Schulte, M. (2013) DECT CP1 study, Hearing Center Oldenburg, Germany
Most Comprehensive Portfolio of Wireless Connectivity Solutions
Unique Automation Capabilities

- Understand speech easily in quiet or in noise
- Enjoy music and understand song lyrics clearly
- Follow conversations effortlessly in cars, trains, or buses
AB & Phonak noise technologies all together let AB recipients hear *almost as well as they do in quiet*. 

**Agrawal 2014**
**UltraZoom Feature**

*Target*

**UltraZoom**

- **Omni (Noise)**
- **UltraZoom (Noise)**
- **Better CI**
- **Both CIs**
- **CI+Acont**
- **CI+Abilat**

**Percent Correct**

- **AB Zoom**
  - Omni
  - UltraZoom
- **Bilateral CI**
  - Better CI
  - Both CIs
- **Hearing Pres. CI**
  - CI+Acont
  - CI+Abilat

*+31*

*+20*

*+20*

*Dorman et al, 2015*
For speaker in front of listener, unilateral UltraZoom provides superior speech understanding in noise compared to:

- Bilateral CIs

- Unilateral CI and bilateral low-frequency residual hearing (preservation of hearing)

*Dorman et al, 2015*
The Naída CI Q30 is Competitive!

Improvement in SRT shows:
- Nucleus 6* = SCAN ON minus OFF
- Naída CI = UltraZoom & ClearVoice ON minus OFF

*Mauger et al. (2014)
Naída CI Q70
Sound Processor

Raising the Bar

The premium hearing solution for recipients who benefit from additional comfort and advanced binaural features.

Candidate’s Profile

• Requires maximum audiological performance and takes advantage of everything that the Naída CI Q30 offers

In addition:

• Values additional listening comfort when outdoors in the presence of wind (WindBlock), in reverberant environments like large assembly halls (EchoBlock), or is particularly sensitive to sudden loud sounds (SoundRelax)

• Benefits from advanced automation capabilities that includes WindBlock and SoundRelax in everyday listening environments

For bilateral users:

• Appreciates advanced binaural capabilities to maximize their hearing performance with two ears working together (ZoomControl, DuoPhone)
<table>
<thead>
<tr>
<th>Feature</th>
<th>Naída CI Q30</th>
<th>Naída CI Q70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phonak UltraZoom</td>
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<tr>
<td>ClearVoice™ Speech Enhancement</td>
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<tr>
<td>AutoSound™ Technology</td>
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<tr>
<td>Phonak Bluetooth Wireless</td>
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<tr>
<td>Uncompromised, Underwater Hearing</td>
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<tr>
<td>T-Mic &amp; Headpiece Mic</td>
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</tr>
</tbody>
</table>

**NEW!**
- **AutoSound™ Technology**

**ENHANCED!**
- **Uncompromised, Underwater Hearing**
Bring on the Comfort
Effortless hearing in challenging listening situations

**WindBlock Feature**
reduces wind noise to improve the listening experience in windy conditions

**EchoBlock Feature**
improve your listening experience in places that echo, such as large assembly halls

**SoundRelax Feature**
softens sudden loud sounds, such as slamming doors or clanging dishes
Simply **Automatic**

- Understand speech easily in quiet or in noise
- Enjoy music and understand song lyrics clearly
- Follow conversations effortlessly in cars, trains, or buses
Binaural VoiceStream Technology™

The Best for Hearing with Both Ears

Unilateral Hearing
with one ear

Examples:
• 1 Cochlear Implant
• 1 Hearing Aid
• 1 Electro Acoustic Stimulation System (EAS)

Bilateral Hearing
with two ears working independently

Examples:
• 2 Cochlear Implants
• 2 Hearing Aids
• 2 Electro Acoustic Stimulation (EAS) Systems
• 1 Cochlear Implant & 1 Hearing Aid
• 1 Cochlear Implant & 1 EAS System

Binaural Hearing
with two ears working together

Examples:
• 2 Normal Hearing Ears
• 2 Phonak Hearing Aids
  with Phonak Binaural VoiceStream Technology™
• 2 AB Naida CI Sound Processors
  with Phonak Binaural VoiceStream Technology
Phonak Binaural VoiceStream™ Technology
Naída CI Q90
Sound Processor

Surpassing the Bar

The Naída CI Q90 is the premium solution for recipients who benefit from all Q70 features and accessories and in addition from unique automatic capabilities, the most focused binaural beamformer and EAS capabilities.

Candidate’s Profile

- Requires maximum audiological performance and takes advantage of everything that Naída CI Q70 offers

In addition:

- Enjoys the most premium automation capabilities for complex, quick-changing and very loud listening and communication environments (AutoSound™ OS).

For bilateral users:

- Benefits from the most focused beamformer to improve understanding for conversations in the most challenging listening situations (StereoZoom)

For patients with residual hearing:

- Values the option of simultaneous acoustic and electric simulation in one seamless device (EAS)
Surpassing the Bar

Naída CI

EAS
- Phonak StereoZoom
- Phonak QuickSync
- Phonak DuoPhone
- Phonak ZoomControl
- Phonak SoundRelax
- Phonak EchoBlock
- Phonak WindBlock
- Phonak UltraZoom
- ClearVoice™ Speech Enhancement
- AutoSound™ Technology
- Phonak Bluetooth Wireless
- Uncompromised, Underwater Hearing
- T-Mic & Headpiece Mic

NEW!

ENHANCED!

Naída CI Q30
Phonak QuickSync
Phonak DuoPhone
Phonak ZoomControl
Phonak SoundRelax
Phonak EchoBlock
Phonak WindBlock
Phonak UltraZoom
ClearVoice™ Speech Enhancement
AutoSound™ Technology
Phonak Bluetooth Wireless
Uncompromised, Underwater Hearing
T-Mic & Headpiece Mic

Naída CI Q70
Phonak QuickSync
Phonak DuoPhone
Phonak ZoomControl
Phonak SoundRelax
Phonak EchoBlock
Phonak WindBlock
Phonak UltraZoom
ClearVoice™ Speech Enhancement
AutoSound™ Technology
Phonak Bluetooth Wireless
Uncompromised, Underwater Hearing
T-Mic & Headpiece Mic

Naída CI Q90
Phonak QuickSync
Phonak DuoPhone
Phonak ZoomControl
Phonak SoundRelax
Phonak EchoBlock
Phonak WindBlock
Phonak UltraZoom
ClearVoice™ Speech Enhancement
AutoSound™ Technology
Phonak Bluetooth Wireless
Uncompromised, Underwater Hearing
T-Mic & Headpiece Mic
How does it work?

Phonak Binaural VoiceStream Technology™ feature that extracts a single voice from a noisy crowd to improve speech understanding in a one-on-one conversation.
Evidence with AB users

StereoZoom yields an additional benefit of \( \varnothing \) 1.5 dB

\( \text{Büchner et al. 2015} \)
Phonak RemoteMic
StereoZoom
ClearVoice™ & UltraZoom
Omni Microphone

Hear Clearly in Every Situation

NOISE ▲
Loud bar
Noisy restaurant
Quiet environment

Face to face
DISTANCE ► 20 meters

StereoZoom
ClearVoice™ & UltraZoom
Omni Microphone
Phonak RemoteMic
Simply **Automatic**

As you move through your day, you experience many different sound environments. With AutoSound™ OS, your Naída CI adapts automatically and intelligently to the sound around you.

- Understand speech easily in quiet or in noise
- Enjoy music and understand song lyrics clearly
- Follow conversations effortlessly in cars, trains, or buses
- Hear comfortably in wind or in the presence of sudden, loud noises
In quiet
- T-Mic™ better than UltraZoom
  \[ \rightarrow \text{up to 28\% better understanding, with speech from the rear} \]
- auto UltraZoom recognizes the situation and \textbf{stays in T-Mic mode}

In noise
- UltraZoom more suitable than T-Mic
  \[ \rightarrow \text{Up to 5.1 dB improvement in SRT} \]
- auto UltraZoom correctly selects the UltraZoom setting

In both listening situations \textbf{auto UltraZoom} selects the most suitable microphone setting!

Büchner et al. 2015
Naída CI Q90 EAS System

An integrated electro-acoustic hearing solution

HiFocus™ Mid-Scala Electrode
Naída CI Q90 Sound Processor and Acoustic Earhook
SoundWave™ Fitting Software

*Not approved in the US
• Literature on hearing preservation rates 50-60% with competitive electrodes
  – Mean hearing loss typically > 20 dB
  – Adunka, 2013 (n=18): 24 dB loss in LFPTA for 20 mm insertions
  – Friedman, 2015: 50% of CI422s & 40% of Hybrid-L lost > 20 dB LFPTA

• HiFocus Mid-Scala electrode designed for minimal trauma
  – Physical measurements show low insertion force
  – Temporal bone studies show zero translocations

• Hearing preserved in 81% of HiFocus Mid-Scala cases
  – Mean HiFocus Mid-Scala loss of 12 dB
<table>
<thead>
<tr>
<th>Study</th>
<th>Hunter</th>
<th>Jiang</th>
<th>Benghalen</th>
<th>Tong</th>
<th>Cuda</th>
<th>Mean or total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number with preserved hearing pre-CI</td>
<td>37</td>
<td>24</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>78 (total)</td>
</tr>
<tr>
<td>Percentage with preserved hearing post-CI</td>
<td>79</td>
<td>71</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>81 % (mean)</td>
</tr>
<tr>
<td>Mean dB loss pre- to post- (250-1000 Hz)</td>
<td>18</td>
<td>4</td>
<td>5</td>
<td>13</td>
<td>11</td>
<td>12 dB (mean)</td>
</tr>
<tr>
<td>Follow up in (months)</td>
<td>6 m</td>
<td>24 m</td>
<td>6 m</td>
<td>6 m</td>
<td>&gt; 3 m</td>
<td>12 months (mean)</td>
</tr>
</tbody>
</table>
All-in-One Processor that Adapts to Different Hearing Needs

Naída CI Q90 EAS Processor

EAS
To utilize residual acoustic hearing

Naída CI Q90 Sound Processor + Naída CI Q90 Acoustic Earhook = EAS Processor

T-Mic™ 2

Electric only
Should residual hearing change over time

*Not approved in the US
Overall goal:
Align acoustic towards electric stimulation

- **Alignment of frequency response**
  - Maximize effective audibility
  - Reduce gain in dead regions
- **Alignment of loudness growth**
  - Acoustic input/output curve same as electric
- **Alignment of dynamic behavior**
  - Acoustic loudness fluctuation same as electric

**New AB-Phonak Fitting Formula**
- Unique for Bimodal Hearing
- Unique for Bimodal and EAS Hearing
- Unique for Bimodal and EAS Hearing
Smaller Size. Same Battery Life!

Smaller Battery (ca.-4 mm)

Longer Battery Life (>35%)
<table>
<thead>
<tr>
<th>Naída CI Q30</th>
<th>Naída CI Q70</th>
<th>Naída CI Q90</th>
<th>Competitor A</th>
<th>Competitor B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phonak QuickSync</td>
<td>Phonak QuickSync</td>
<td>Phonak QuickSync</td>
<td>Wind Noise Reduction</td>
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<td>Phonak DuoPhone</td>
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<td>SmartSound IQ</td>
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<td>AutoSound™ Technology</td>
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<td>Phonak SoundRelax</td>
<td>Phonak SoundRelax</td>
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<td>Phonak Bluetooth Wireless</td>
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<td>Phonak EchoBlock</td>
<td>Phonak EchoBlock</td>
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<td>Uncompromised Underwater Hearing</td>
<td>Uncompromised Underwater Hearing</td>
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<td>Phonak WindBlock</td>
<td>Phonak WindBlock</td>
<td>Phonak WindBlock</td>
<td>T-Mic &amp; Headpiece Mic</td>
<td>T-Mic &amp; Headpiece Mic</td>
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<tr>
<td>Phonak UltraZoom</td>
<td>Phonak UltraZoom</td>
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<td>T-Mic &amp; Headpiece Mic</td>
<td>T-Mic &amp; Headpiece Mic</td>
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<td>ClearVoice™ Speech Enhancement</td>
<td>ClearVoice™ Speech Enhancement</td>
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<td>AutoSound™ Technology</td>
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<td>Aqua+</td>
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<td>T-Mic &amp; Headpiece Mic</td>
<td>T-Mic &amp; Headpiece Mic</td>
<td>T-Mic &amp; Headpiece Mic</td>
<td>WaterWear</td>
<td>WaterWear</td>
</tr>
</tbody>
</table>
...one more thing
Significant untapped potential

- Existing bimodal users: approx. ~30% WW and >60% in Germany
A Phonak Naída HI and an AB Naída CI Q70/Q90 processor will be able to wirelessly communicate with each other.
### Already today…

Many features are synchronized between

an Advanced Bionics cochlear implant

and

a Phonak hearing aid

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<tr>
<td>Naída CI Q90</td>
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### Coming Soon…

All Phonak Binaural VoiceStream Technology™ features will be available between

an Advanced Bionics cochlear implant

and

a Phonak hearing aid

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<tr>
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</tbody>
</table>
The Bimodal Opportunity

Today

- Discontinued use of contralateral HI
- Lost HI customer over time

Tomorrow

- Performance benefits from AB/Phonak USP of binaural hearing
- Continued use of contralateral Phonak HI
- Phonak Binaural VoiceStream Technology™ customer for life
The Power of Two *Working Together as One*

The innovation DNA of AB and Phonak have combined to deliver performance technologies that will change the way you hear.