Media Release

Subject **Full-Year Results 2009/10**
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Sonova posts new sales record and significant earnings growth for the financial year 2009/10

Sonova generated a new sales record of CHF 1,500 million, an increase of 20.1% in Swiss francs. The Group was able to consolidate its leading position due to an organic growth rate of 18.4% in local currencies and 5.4% growth through acquisitions. Profitability rose significantly, as indicated by an EBITA margin of 28.0%, while income after taxes totaling CHF 355 million was a clear 24.9% above the previous-year level.

- The Sonova Group posted a new sales record of CHF 1,500 million for financial year 2009/10, representing an increase of 20.1% in Swiss francs, despite a negative currency effect of 3.7%

- Organic sales growth of 18.4% in local currencies significantly exceeded the market growth of the hearing instrument industry

- The integration of the newly acquired companies Advanced Bionics and InSound Medical proceeds according to plan; 5.4% sales growth in total through acquisitions

- The EBITA margin increased to 28.0% from 26.6%

- The Group posted cash-based basic earnings per share of CHF 5.602; 26.4% higher than in the previous year

- 77% of total sales were generated with products launched within the last two years; new products such as Exélia Art, Audéo MINI & SMART by Phonak and Fuse by Unitron set new benchmarks in hearing instrument technology

- Higher dividend of CHF 1.20 per share proposed to the Annual General Shareholders' Meeting

- Based on current market conditions, the Sonova Group expects organic sales growth of 8–10% in local currencies and, taking into account investments in new market segments and expenditures for the integration of the acquired companies, an EBITA margin of 26–27%

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Strong organic sales growth
The Sonova Group increased its sales in financial year 2009/10 to CHF 1,500.3 million from CHF 1,249.2 million, thus posting an excellent growth rate of 20.1% in Swiss francs, despite a negative currency effect of 3.7%. The Group achieved organic growth of 18.4% in local currencies, which significantly surpassed the market as a whole. Market growth in 2009/10 is estimated at around 4% in units sold. In addition, the Sonova Group completed two major strategic acquisitions: Advanced Bionics, one of the leading manufacturers of cochlear implants, and InSound Medical, producer of the world's first invisible extended-wear hearing device. Following further smaller acquisitions in the distribution of hearing systems in selected countries, growth from acquisitions amounted to 5.4%.

Significant growth in all regions
Sonova recorded broad-based growth in the last financial year, characterized by additional market share gains, further expansion in growth markets, and the acquisitions mentioned. The strongest growth was achieved in the US, as a result of significant market share gains in the private market and an excellent performance in the "Department of Veterans Affairs" (VA), which supplies American veterans with hearing systems. A growth rate of 29.3% was thus achieved in local currencies. The Europe, Middle East and Africa (EMEA) region incl. Switzerland achieved a growth rate of 23.0% in local currencies, to which key markets such as France and Italy, and particularly Germany, made a marked contribution. The Group achieved growth of 15.3% in local currencies in the Asia/Pacific region, owing to increased sales in Japan in particular and further market penetration in China.

Marked increase in profitability
In spite of negative currency effects, Sonova was able to increase its gross profit to CHF 1,058.4 million from CHF 867.2 million, primarily due to significant organic growth. The gross profit margin was 70.5%, a definite improvement over the previous-year figure of 69.4% mainly as a result of economies of scale, increased efficiency in manufacturing and savings in procurement.

Including additional acquisition-related expenses and investments in new projects – the launch of the new Sona brand being one example – the Sonova Group posted an operating profit before acquisition-related amortization (EBITA) of CHF 420.1 million in financial year 2009/10, up from CHF 331.8 million a year earlier. The EBITA margin also increased to 28.0% from 26.6%, a result that includes a negative currency effect of around 90 bps. However, the negative effects were more than offset by the strong growth, economies of scale in production, and the sustainability of the ongoing Group-wide cost-saving program.

New products contributed markedly to sales growth
The great importance of research and development was strikingly apparent in 2009/10 due to the contribution of new products to sales growth. The Sonova Group generated 77% of its total sales with hearing instruments that had been on the market for less than two years, which allowed it to sustainably expand and consolidate its technological lead over its competitors. This is attributable above all to the success of the entire Phonak product portfolio based on the CORE platform and to the expansion of the miniaturized CRT product family Audéo. Overall, the Phonak brand achieved an above-average increase in sales in financial year 2009/10. The Unitron brand also contributed to this success through further technological development and the expansion of most of its product portfolio.

The hearing instruments segment achieved significant growth of 21.8% in local currencies over the previous year, primarily thanks to outstanding growth of 26.5% in business class hearing instruments. Increased demand for first class hearing instruments was apparent after declining sales in the previous year, this area grew by 21.0%. Sales of economy class hearing instruments grew by 24.7%, also a substantial increase.

Integration of the newly acquired companies on track
With the completion of the acquisition of Advanced Bionics at the end of December 2009, the Sonova Group took the strategic step of expanding into the market segment of cochlear implants, thus exploiting its leading position as a global provider of hearing systems. Advanced Bionics achieved sales of USD 123 million in 2009 and has reported sales of CHF 25 million for the first consolidated quarter of 2010. A strong competitive environment and the focus on the integration of the company into the Sonova Group led to this result. Over the course of the first quarter, a positive trend emerged towards customer acceptance and growth. As already communicated, Advanced Bionics' current product portfolio needs substantial further development to achieve the medium-term growth targets. This will not be achieved until new products are launched over the next few years. Sonova is planning to double the sales of Advanced Bionics within the next three to five years and increase the EBITA margin to at least 20%.

Sustainable investment for the future
At CHF 324.8 million, operating free cash flow before acquisitions exceeded the previous-year level of CHF 176.3 million. Sonova invested cash funds of CHF 626.1 million in acquisitions, which is considerably more than in the previous year due to the acquisition of Advanced Bionics and InSound Medical. Sonova's free cash flow for financial year 2009/10 was thus CHF –301.4 million compared with CHF 79.0 million in the previous year. Cash flow from operating activities rose by 51.8% in the year under review, from CHF 281.8 million to CHF 427.7 million. The higher cash flow from operating activities is mainly due to higher pre-tax profits and improved management of working capital.

Higher earnings per share
Income after taxes totaled CHF 354.8 million, up from CHF 284.1 million in the previous year. The increase resulted from higher operating profit, a slightly lower financial result and somewhat higher tax expenses. Financial income was negatively affected, primarily by the generally lower interest rate level on the income side, while higher costs for the completed acquisitions had an adverse effect on financial expenses. Earnings per share amounted to CHF 5.412 versus CHF 4.348 in the previous year. Excluding acquisition-related non-cash items, cash-based basic earnings per share amounted to CHF 5.602 compared with CHF 4.433 in the previous year. In view of the Group's positive result, the Board of Directors will propose to the Annual General Shareholders' Meeting on June 15, 2010, to pay out a higher dividend of CHF 1.20 per share.

New member proposed for election to the Board of Directors
The Board of Directors will propose the election of John Zei as a new Board member at the Annual General Shareholders' Meeting on June 15, 2010. John Zei (born 1944, US citizen) was CEO of Knowles Electronics, the primary supplier of acoustic components for the hearing instruments industry, through the end of 2009. Since his retirement he now acts as Senior Advisor for the company. He will contribute his in depth expertise in the healthcare market, especially the hearing instruments industry.

Positive outlook unchanged
Based on current market conditions and subject to unforeseen events, Sonova expects an organic sales growth of 8–10% in local currencies and, taking into account investments in new market segments and expenditures for the integration of the acquired companies, an EBITA margin of 26–27% for the financial year 2010/11.

The Sonova Annual Report 2009/10 can be downloaded from:
www.sonova.com/en/investors/AnnualReports

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Key Figures Sonova Group (Consolidated)

in 1,000 CHF unless otherwise specified	2009/10	2008/09[1]
Sales	**1,500,306**	**1,249,197**
change compared to previous year (%)	20.1	3.7
Gross profit	**1,058,427**	**867,218**
change compared to previous year (%)	22.0	3.0
in % of sales	70.5	69.4
Research & development costs	**87,034**	**77,377**
in % of sales	5.8	6.2
Sales & marketing costs	**402,626**	**340,312**
in % of sales	26.8	27.2
Operating profit before acquisition-related amortization (EBITA)	**420,106**	**331,778**
change compared to previous year (%)	26.6	(2.3)
in % of sales	28.0	26.6
Operating profit (EBIT)	**406,753**	**325,014**
change compared to previous year (%)	25.1	(2.9)
in % of sales	27.1	26.0
Income after taxes	**354,813**	**284,110**
change compared to previous year (%)	24.9	(6.9)
in % of sales	23.6	22.7
Number of employees (average)	**5,933**	**5,108**
change compared to previous year (%)	16.1	17.4
Number of employees (end of period)	**6,843**	**5,339**
change compared to previous year (%)	28.2	12.5
Net cash[2]	**(126,029)**	**227,689**
Net working capital[3]	**177,011**	**152,355**
in % of sales	11.8	12.2
Capital expenditure (tangible and intangible assets)[4]	**89,272**	**75,985**
Capital employed[5]	**1,534,387**	**798,934**
in % of sales	102.3	64.0
Total assets	**2,409,257**	**1,426,560**
Equity	**1,408,358**	**1,026,623**
Equity financing ratio (%)[6]	**58.5**	**72.0**
Free cash flow[7]	**(301,388)**	**79,003**
Operating free cash flow[8]	**324,754**	**176,285**
in % of sales	21.6	14.1
Return on capital employed (%)[9]	**34.9**	**46.2**
Return on equity (%)[10]	**29.1**	**29.2**
Basic earnings per share (CHF)	5.412	4.348
Diluted earnings per share (CHF)	5.356	4.330
Cash-based basic earnings per share (CHF)[11]	**5.602**	**4.433**
Dividend per share (CHF)	1.20[12]	1.00

[1] All changes compared to previous year are based on the underlying performance 2007/08.
[2] Cash and cash equivalents + other current financial assets (excl. loans) – short-term debts – other current financial liabilities – non-current financial liabilities.
[3] Receivables (incl. loans) + inventories – trade payables – current income tax liabilities – other short-term liabilities – short-term provisions.
[4] Excluding goodwill and intangibles relating to acquisitions.
[5] Total assets – cash and cash equivalents – other current financial assets (excl. loans) – trade payables – other liabilities – provisions – tax liabilities.
[6] Equity in % of total assets.
[7] Cash flow from operating activities + cash flow from investing activities.
[8] Free cash flow – cash consideration for acquisitions, net of cash acquired.
[9] EBIT in % of capital employed (average).
[10] Income after taxes in % of equity (average).
[11] Excluding the amortization of acquisition-related intangibles and unwinding effect of the discount on acquisition-related earn-out payments, net of tax.
[12] Proposal to the Annual General Shareholders' Meeting of June 15, 2010.

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 is the leading provider of innovative hearing healthcare solutions. The globally active group is the world's top manufacturer of hearing systems, the market leader in wireless communication systems for audiology applications, develops and manufactures advanced cochlear implant systems and provides professional solutions for hearing protection. Sonova is pursuing a clear growth strategy and is intent to grow faster than the market. To this end it is constantly expanding its existing business segments and branching out into other areas of the hearing healthcare industry.

Present in over 90 countries, and with a workforce of over 6,800 employees, Sonova generated sales of CHF 1.5 billion in the financial year 2009/10 and a net profit of CHF 355 million. This financially strong group of companies bases its success on innovation, customer focus and proactive cost management.

The company has been successfully promoting understanding and communication for over 60 years, and is ideally positioned to benefit from the trends in this growth industry.

For more information please visit www.sonova.com.Sonova shares (ticker symbol: SOON) have been listed on the SIX Swiss Exchange since 1994.