FY 2012/13 RESULTS

Staefa | 21 May 2013 | Lukas Braunschweiler, CEO & Hartwig Grevener CFO

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BUSINESS CASE

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CLEAR AND FOCUSED STRATEGY – CUSTOMER DRIVEN INNOVATION

SONOVA: «HEAR THE WORLD»	
Key to our success	- Our customers and our employees
Broadest product and service offering / portfolio	- Hearing instruments (Phonak, Unitron) - Cochlear implants (Advanced Bionics) - Professional services (Connect Hearing Group)
Strong competitive positions	- Leading position in hearing instruments - Strong contender on cochlear implants - Strong position in selected key retail markets
Significant market share gain potential	- High R&D spend – fast product introduction - Differentiated multi-brand strategy - Optimized multi-channel approach
Strong product pipelines	- High innovation rate and rapid new product introduction
Productivity / efficiency gains	- Leverage existing global infrastructure to expand margins
5-year financial targets (at constant FX rates)	- EBITA margin: return to mid-twenties - ROCE: expand to low-thirties

SONOVA GROUP

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BALANCED PORTFOLIO OF PROFITABLE GROWTH BUSINESSES

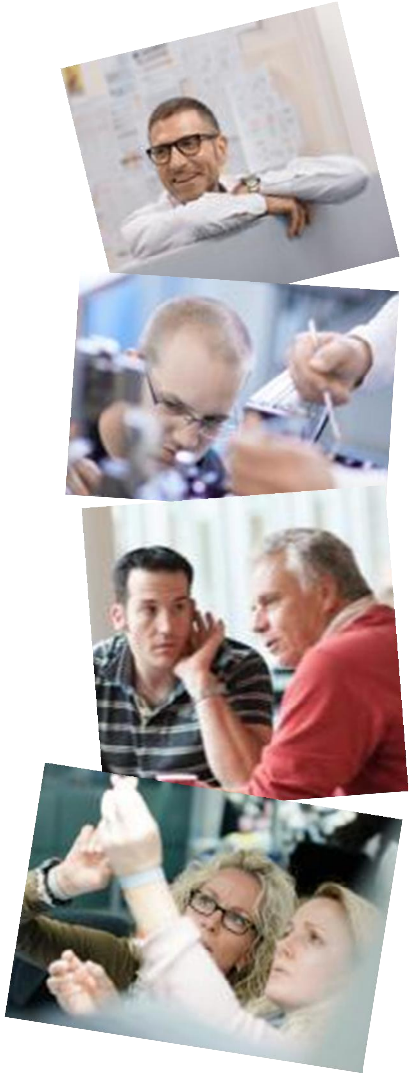
SONOVA Group

HEARING INSTRUMENT (HI) Segment

IMPLANT (CI) Segment

HI RETAIL Business	HI UNITRON Business	HI PHONAK Business	CI ADVANCED BIONICS Business
Connect Hearing	unitron	PHONAK	AB

01 BUSINESS – SONOVA GROUP

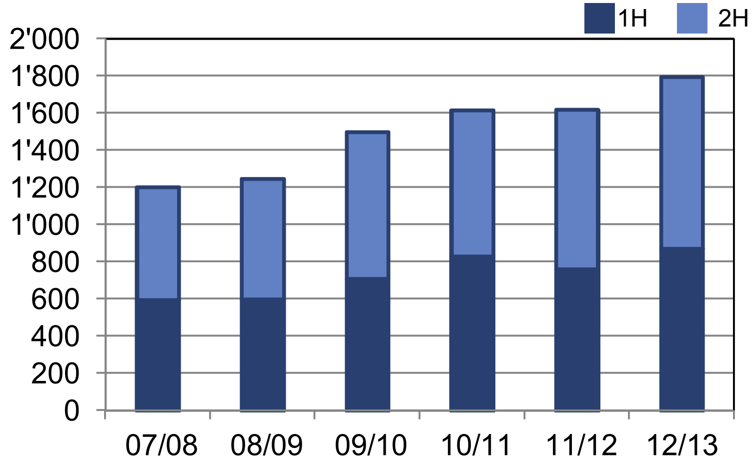


HIGHLIGHTS FY 2012/13

- **Solid sales growth**
  - Sales of CHF 1’795.3 million – up 10.8% in Swiss francs and 7.4% in LC
  - All major regions contributing to the increase
- **Strong EBITA growth and margin expansion – normalized for one-off charges**
  - Normalized EBITA of CHF 386.4 million – up 22.6% in Swiss francs and 15.4% in LC
  - Normalized EBITA margin of 21.5%, expanding by 200 bps and by 140 bps in LC
  - Reported EBITA of CHF 182.8 million – fully reflecting Vendor B provision increase
- **Both segments contributing**
  - Robust growth in hearing instruments (+4.9% in LC) – EBITA margin expanding by 100 bps
  - Break-even target reached in cochlear implants – supported by a strong growth of +47.1% in LC
- **High rate of innovation continues**
  - Successful launch of the Phonak Quest platform – the most comprehensive introduction in history
  - Full pipeline in cochlear implant – new implant, processor and electrode to be available in 2013
- **High growth in cash flow – significant dividend increase proposed**
  - Operating free cash flow of CHF 318.6 million – up 33% in Swiss francs
  - Net cash position of CHF 185.8 million - dividend increase of 33% to CHF 1.60 proposed
  - Normalized ROCE of 22.6%, up from 19.2% in FY 2011/12

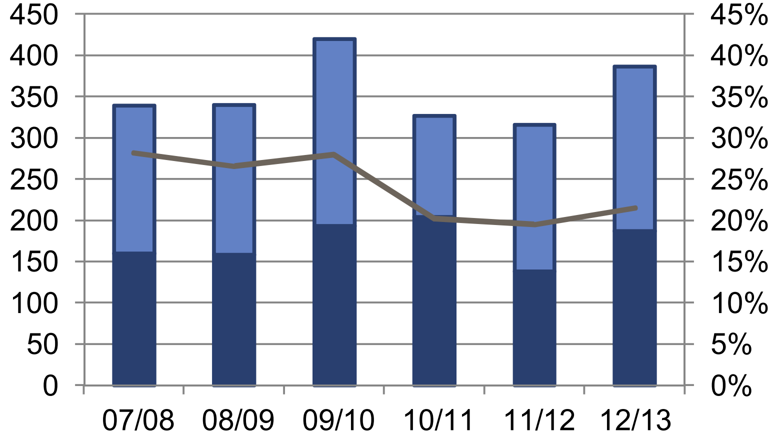
PERFORMANCE HISTORY – STRONG FINANCIAL TRACK RECORD

SALES
in CHF million



EBITA
in CHF million

EBITA
margin in %



	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	CAGR 5-y
Sales growth reported	+3.7%	+20.1%	+7.8%	+0.2%	+10.8%	+8.3%
Sales growth in LC	+10.8%	+23.8%	+13.3%	+11.6%	+7.4%	+13.2%
EBITA margin	26.6%	28.0%	20.2%	19.5%	21.5%	N/A
Basic EPS	4.35	3.32	3.50	3.71	4.62	+0.3%

Notes: FY 2007/08 Excluding one-off cost for the prohibited acquisition of the GN ReSound Group
FY 2009/10 Restated based on finalization of the acquisition accounting of Advanced Bionics
FY 2012/13 Excluding one-off cost for AB Vendor B provision increase, AB Rixheim restructuring and settlement with a group of investors

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KEY FINANCIALS – AS REPORTED AND NORMALIZED – VARIANCES IN CHF

in CHF million	FY 2011/12	FY 2012/13 REPORTED	Δ %	ONE-OFF COST*	FY 2012/13 NORMALIZED	Δ %
Sales	**1’619.8**	**1’795.3**	10.8%		**1'795.3**	10.8%
Gross profit	**1’105.9**	**1’240.1**	12.1%		**1'240.1**	12.1%
- Gross profit margin	**68.3%**	**69.1%**			**69.1%**	
OPEX	**790.7**	**1’057.3**	33.7%	**203.6**	**853.7**	8.0%
EBITA	**315.2**	**182.8**	-42.0%	**-203.6**	**386.4**	22.6%
- EBITA margin	**19.5%**	**10.2%**			**21.5%**	
Operating free cash flow	**239.5**	**318.6**	33.0%		**318.6**	33.0%
EPS (in CHF)	**3.71**	**1.66**	-55.3%	**-2.96**	**4.62**	24.5%
ROCE	**19.2%**	**10.5%**			**22.6%**	

* One-off cost: AB Vendor-B provision increase CHF 197.8m (2H), restructuring AB Rixheim CHF 3.2m (2H), settlement with a group of investors CHF 2.6m (1H)

SIGNIFICANT STEP TOWARDS LONG-TERM EBITA MARGIN AND ROCE TARGETS

KEY FINANCIALS – NORMALIZED – VARIANCES IN CHF

in CHF million	1H 2012/13	Δ %	2H 2012/13	Δ %	FY 2012/13	Δ %
Sales	**872.4**	14.3%	**922.8**	7.7%	**1'795.3**	10.8%
Gross profit	**600.7**	15.1%	**639.4**	9.5%	**1'240.1**	12.1%
- Gross profit margin	**68.9%**		**69.3%**		**69.1%**	
OPEX	**411.1**	7.1%	**442.6**	8.7%	**853.7**	8.0%
EBITA	**189.6**	37.0%	**196.8**	11.3%	**386.4**	22.6%
- EBITA margin	**21.7%**		**21.3%**		**21.5%**	
Operating free cash flow	**127.1**	51.6%	**191.4**	22.9%	**318.6**	33.0%
EPS (in CHF)	**2.28**	46.2%	**2.34**	8.8%	**4.62**	24.5%

REPORTED SALES AND EARNINGS GROWTH: 2H SEQUENTIALLY SLOWER DUE TO SMALLER POSITIVE CURRENCY EFFECT, CI BASE EFFECT AND OPEX PHASING

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KEY FINANCIALS – NORMALIZED – VARIANCES IN LC

in CHF million	1H 2012/13	Δ % in LC	2H 2012/13	Δ % in LC	FY 2012/13	Δ % in LC
Sales	**872.4**	7.9%	**922.8**	6.9%	**1'795.3**	7.4%
Gross profit	**600.7**	7.6%	**639.4**	8.8%	**1'240.1**	8.2%
- Gross profit margin	**68.9%**		**69.3%**		**69.1%**	
OPEX	**411.1**	2.7%	**442.6**	7.9%	**853.7**	5.4%
EBITA	**189.6**	21.2%	**196.8**	10.8%	**386.4**	15.4%
- EBITA margin	**21.7%**		**21.3%**		**21.5%**	

HIGHER OPEX GROWTH IN 2H DRIVEN BY RETAIL ACQUISITION INTEGRATION, CONCENTRATED PRODUCT LAUNCH AND LYRIC RAMP UP EFFORTS

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GROWTH COMPONENTS

in CHF million	1H 2012/13	Growth Contribution	2H 2012/13	Growth Contribution	FY 2012/13	Growth Contribution
Growth in LC	**60.4**	**7.9%**	**59.0**	**6.9%**	**119.5**	**7.4%**
- Thereof organic	45.4	5.9%	38.8	4.5%	84.1	5.2%
- Thereof acquisitions	15.1	2.0%	20.3	2.4%	35.3	2.2%
Currency effect	49.0	6.4%	6.9	0.8%	56.0	3.4%
Growth in CHF	**109.4**	**14.3%**	**66.0**	**7.7%**	**175.4**	**10.8%**

POSITIVE CURRENCY IMPACT REDUCING SIGNIFICANTLY IN 2H

SALES – BUSINESS SEGMENTS

in CHF million	1H 2012/13	Δ % in LC	2H 2012/13	Δ % in LC	FY 2012/13	Δ % in LC
HI Hearing Instruments	**801.2**	4.5%	**847.4**	5.2%	**1’648.5**	4.9%
CI Hearing Implants	**71.3**	70.5%	**75.5**	31.0%	**146.7**	47.1%
Total SONOVA	**872.4**	7.9%	**922.8**	6.9%	**1’795.3**	7.4%

HI BUSINESS ACCELERATING IN 2H – SEQUENTIALLY SLOWER CI SALES GROWTH IN 2H

SALES – REGIONS AND KEY MARKETS

in CHF million	1H 2012/13	Δ % in LC	2H 2012/13	Δ % in LC	FY 2012/13	Δ % in LC
EMEA	**331.6**	5.8%	**373.9**	4.8%	**705.5**	5.3%
USA	**338.9**	9.2%	**332.5**	4.7%	**671.4**	6.8%
Americas (excl. USA)	**114.2**	9.7%	**108.1**	5.9%	**222.3**	7.8%
Asia / Pacific	**87.7**	9.7%	**108.3**	24.6%	**196.0**	17.7%
Total SONOVA	**872.4**	7.9%	**922.8**	6.9%	**1'795.3**	7.4%

IN 2H: EU HOLDING UP – US WITH SLOWER CI BUSINESS – AP ACCELERATING

FINANCIAL TARGETS

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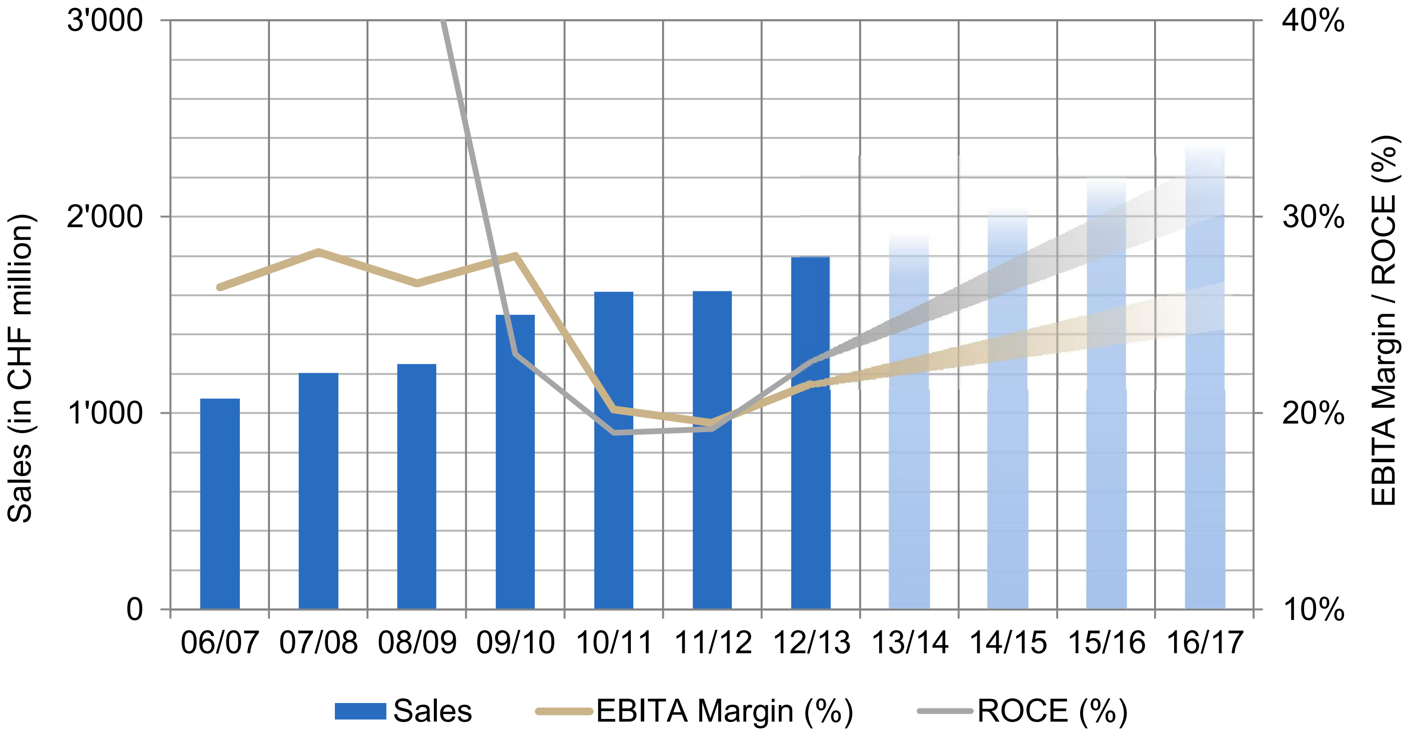
ON COURSE FOR MID TERM FINANCIAL TARGETS



Notes: FY 2007/08 Excluding one-off cost for the prohibited acquisition of the GN ReSound Group
FY 2009/10 Restated based on finalization of the acquisition accounting of Advanced Bionics
FY 2012/13 Excluding one-off cost for AB Vendor B provision at AB, AB Rixheim restructuring and settlement with a group of investors

02 BUSINESS – HEARING INSTRUMENTS




HEARING INSTRUMENTS

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BUSINESS SUMMARY FY 2012/13

- **Solid growth despite difficult markets**
  - Growth accelerated in 2H driven by US and AP markets
  - Significantly higher growth of Premium products in 2H
  - Continuing challenges in some EU markets: reimbursement changes, added to by public tenders
  - Connect Hearing Group with solid sales growth in all 9 key markets – organic and by acquisitions

- **Strengthening organization and investment into future growth**
  - Successful start of Asia Pacific strategy implementation – new regional management, complemented by Sonova board appointment
  - Strong UK business – successful transformation of DOHC into long-term partnership with Boots
  - Connect Hearing Group increasing productivity – focus on operational integration in US
  - Broad based product launches, very well received by the market

HEARING INSTRUMENTS

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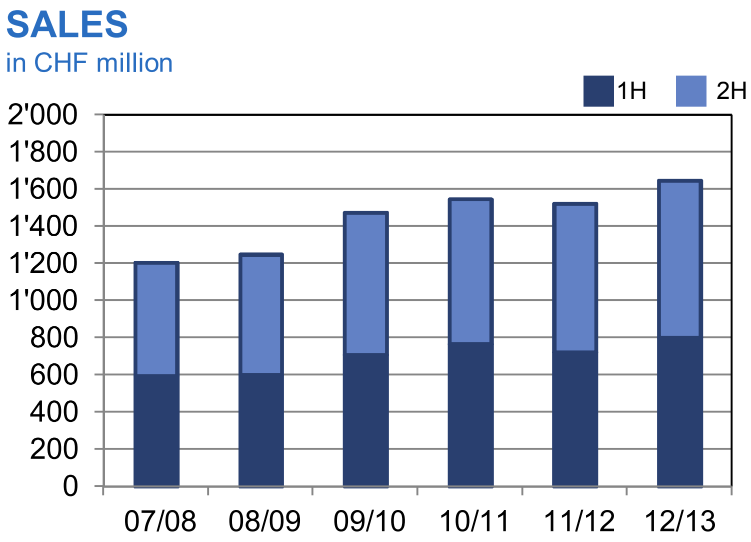
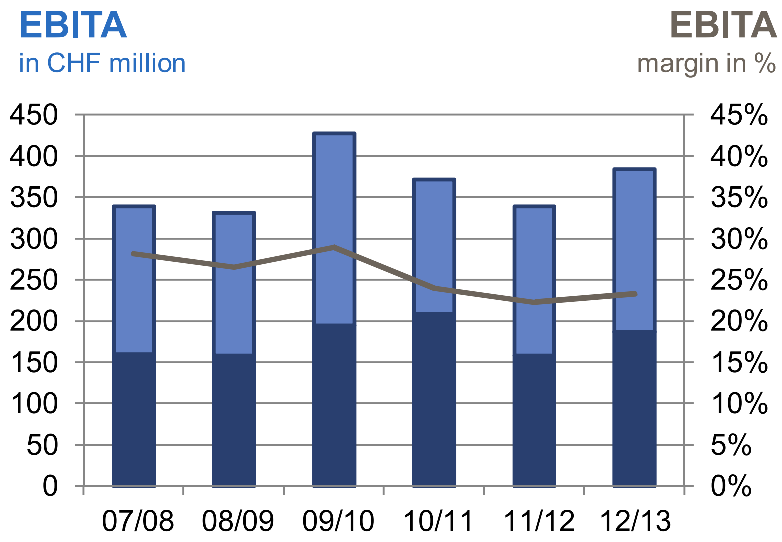
PERFORMANCE HISTORY – STRONG FINANCIAL TRACK RECORD





	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	CAGR 5-y
Sales growth reported	+3.7%	+18.1%	+4.8%	-1.4%	+8.2%	+6.5%
Sales growth in LC	+10.8%	+21.7%	+10.1%	+9.7%	+4.9%	+11.3%
EBITA margin	27.2%	29.0%	24.1%	22.3%	23.3%	N/A

Note: FY 2007/08 Excluding one-off cost for the prohibited acquisition of the GN ReSound Group

HEARING INSTRUMENTS

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FINANCIAL PERFORMANCE

in CHF million	1H 2012/13	Δ % in CHF	2H 2012/13	Δ % in CHF	FY 2012/13	Δ % in CHF	Δ % in LC
Sales	**801.2**	10.7%	**847.4**	6.0%	**1'648.5**	8.2%	4.9%
EBITA	**187.6**	18.0%	**197.1**	9.3%	**384.7**	13.4%	6.7%
- EBITA margin	**23.4%**		**23.3%**		**23.3%**		

EBITA MARGIN EXPANDING BY 100 BPS – 2H EBITA GROWTH IMPACTED BY RETAIL ACQUISITION INTEGRATION, CONCENTRATED PRODUCT LAUNCH AND LYRIC RAMP UP EFFORTS

SALES – GROWTH COMPONENTS

in CHF million	1H 2012/13	Δ % COMP'	2H 2012/13	Δ % COMP'	FY 2012/13	Δ % COMP'
Growth in LC	**32.8**	**4.5%**	**41.4**	**5.2%**	**74.1**	**4.9%**
- Thereof organic	17.7	2.4%	21.1	2.7%	38.8	2.6%
- Thereof acquisitions	15.1	2.1%	20.3	2.5%	35.3	2.3%
Currency effect	44.6	6.2%	6.3	0.8%	50.9	3.3%
Growth as reported	**77.4**	**10.7%**	**47.6**	**6.0%**	**125.0**	**8.2%**

LC GROWTH ACCELERATION IN 2H – DECLINING CURRENCY IMPACT

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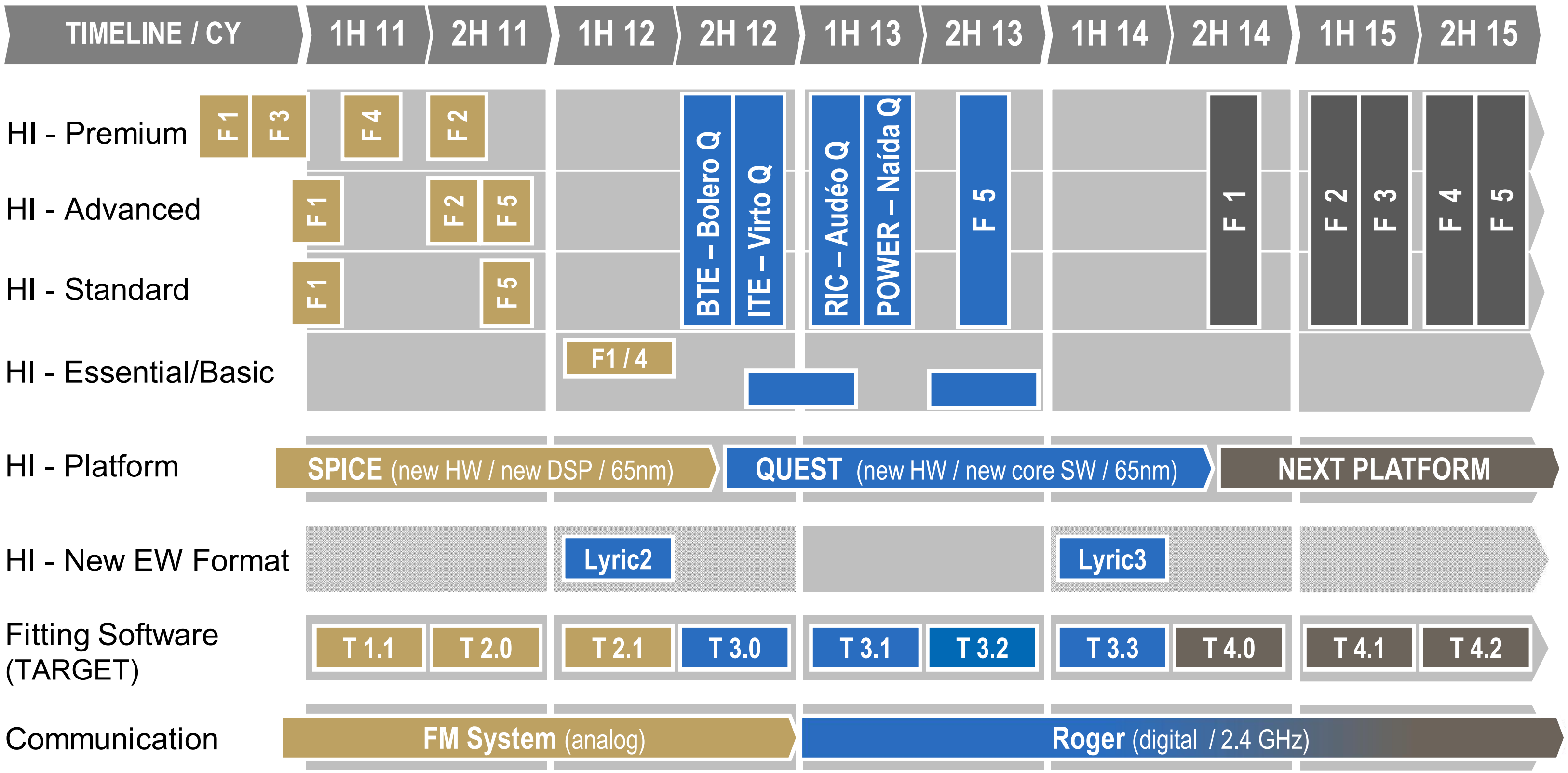
SALES – PRODUCT GROUPS

in CHF million	1H 2012/13	Δ % in LC	2H 2012/13	Δ % in LC	FY 2012/13	Δ % in LC
HI Premium	**192.1**	2.2%	**201.2**	8.0%	**393.3**	4.8%
HI Advanced	**211.5**	9.8%	**223.0**	1.3%	**434.5**	5.4%
HI Standard	**239.8**	0.9%	**256.1**	6.7%	**495.9**	3.6%
Wireless communication	**31.3**	-14.4%	**32.9**	4.2%	**64.2**	-5.8%
Miscellaneous	**126.5**	12.9%	**134.1**	4.9%	**260.6**	9.6%
Total HI Segment	801.2	4.5%	847.4	5.2%	1'648.5	4.9%

HI PREMIUM AND STANDARD: STRONG 2H GROWTH AND ACCELERATION

PRODUCT PIPELINE: DRIVE HIGH INNOVATION & PRODUCT LAUNCH RATE



Note: Subject to change

COMPLETE RANGE ACROSS ALL FORMATS AND PERFORMANCE LEVELS

PHONAK QUEST

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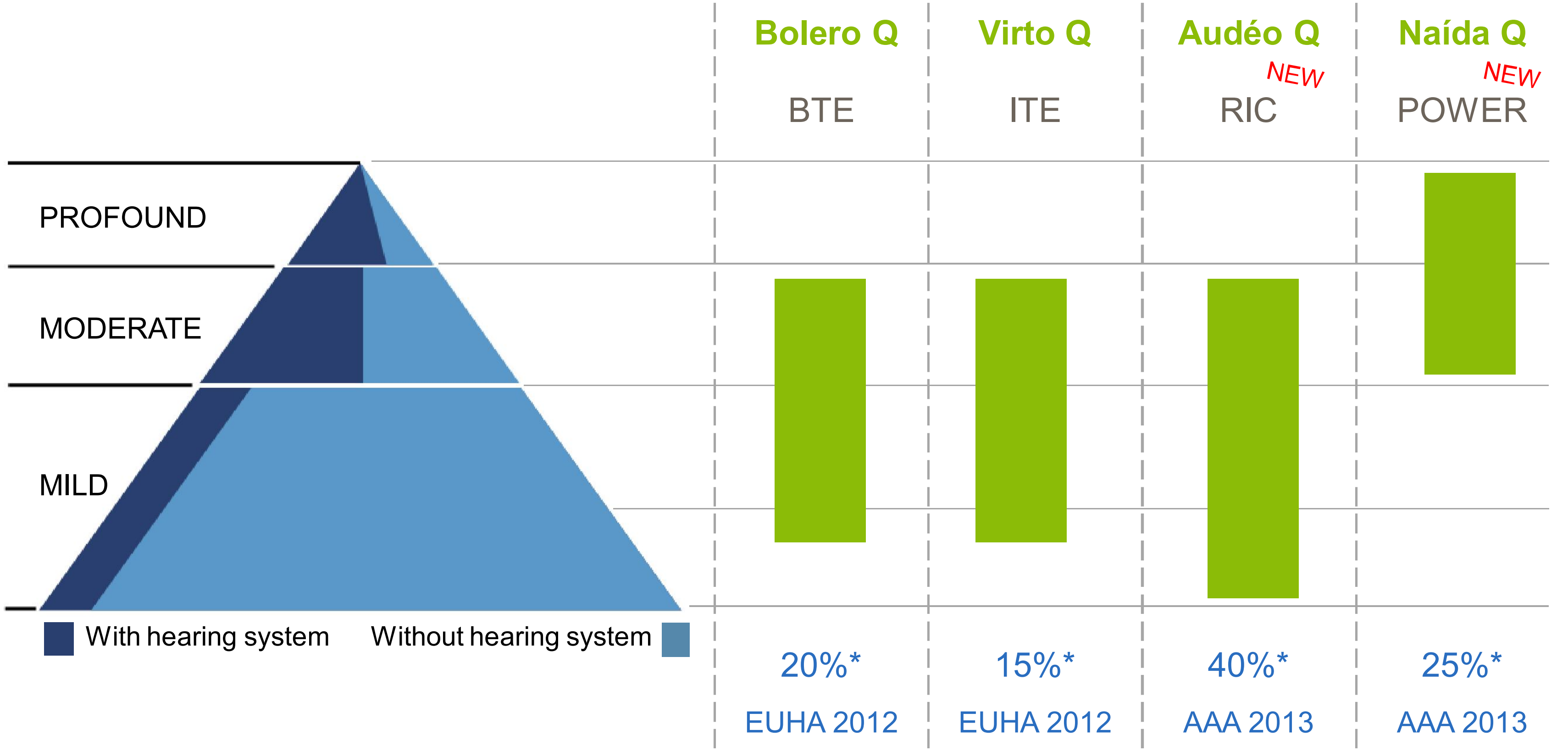
THE MOST COMPREHENSIVE PRODUCT PORTFOLIO



* % of the overall market

BINAURAL VOICESTREAM TECHNOLOGY FOR ALL PRODUCT SEGMENTS

PHONAK QUEST

THE FULL CHOICE OF PHONAK PRODUCT SOLUTIONS

Performance levels	Bolero Q BTE	Virto Q ITE	NEW Audéo Q RIC	NEW Naída Q POWER
Q90	●	●	●	●
Q70	●	●	●	●
Q50	●	●	●	●
Q30			●	●

FOUR PERFORMANCE LEVELS – NEW FEATURES – NEW HOUSING

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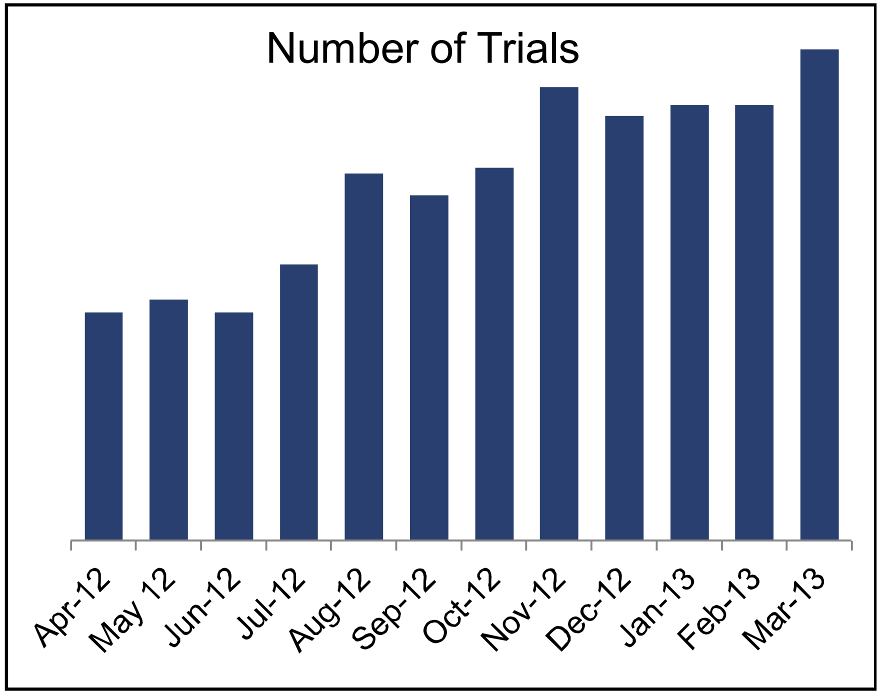
LYRIC: TRIAL AND CONVERSION DATA

Achievements FY2012/13

- Phonak-branded DTC drives lead generation
- Active subscriptions up 75%
- Trial Success Rate up by 33%
- Renewal rate trending up



SUCCESSFUL INTRODUCTION AND RAMP-UP OF NEW GENERATION OF LYRIC

PHONAK ROGER

NEW DIGITAL WIRELESS COMMUNICATION TECHNOLOGY ON 2.4 GHZ

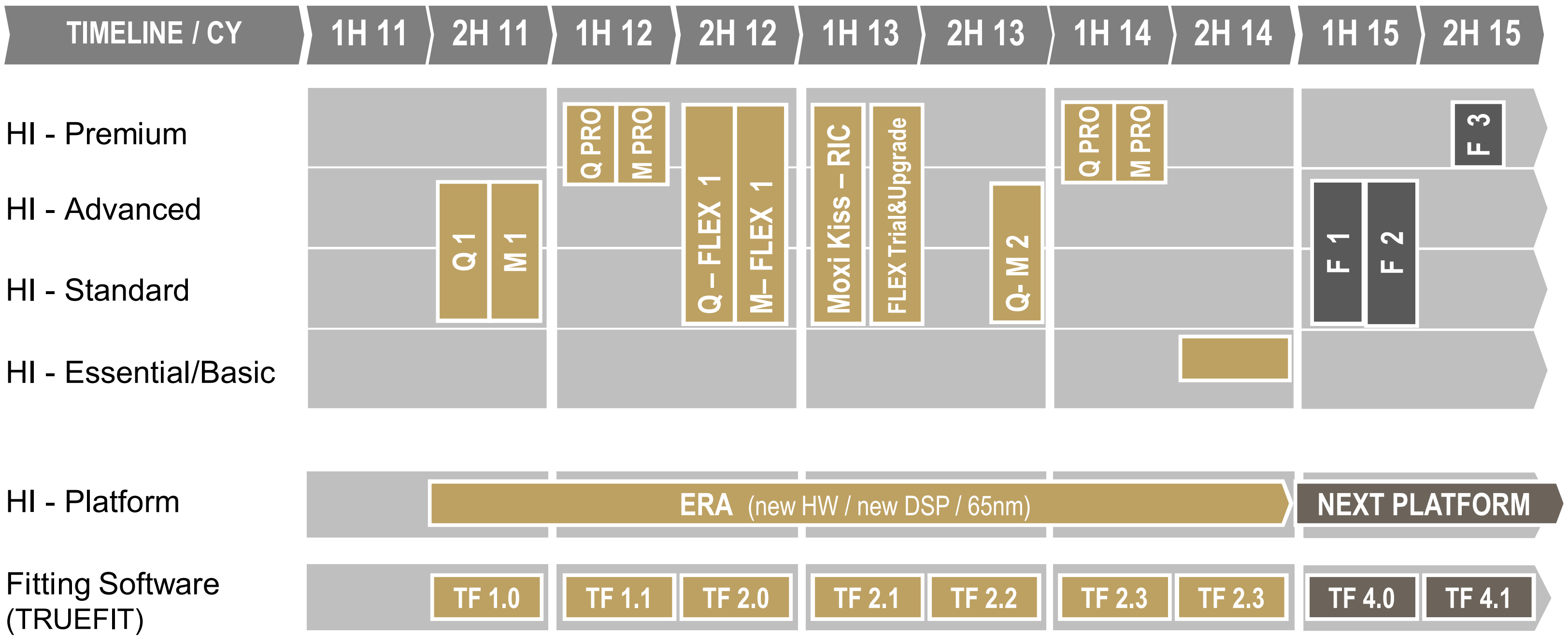
Scope of ROGER technology:
- Long range broadcast in noise
- Operates on 2.4 GHz band (ISM)
- Parallel audio and data transmission

Outstanding performance:
- Most demanding use case: schools !
- Miniature low-power receivers
- Low-delay signal processing

Full system compatibility:
- New DM chip for HI / CI integration
- Simple transitioning from FM to DM
- Compatible with HI and CI processors
- Use cases: HI/CI direct TV link etc.

SETTING THE NEW INDUSTRY BENCHMARK AND STANDARD

PRODUCT PIPELINE: DRIVE FOCUSED PRODUCT INNOVATION



Note: Subject to change

FLEXIBLE RANGE ACROSS 3 FORMATS AND ALL PERFORMANCE LEVELS

MOXI KISS – INSPIRED NEW RIC DESIGN

Powered by the Era platform:
- High-fidelity, natural sound
- Fully wireless
- New dual colour concept
- Includes tinnitus masker
- Proven Moxi features and technology

Natural sound experience:
- Automatic SmartFocus for easy, natural listening
- SpeechZone for better speech understanding in the toughest listening situations

UNITRON FLEX

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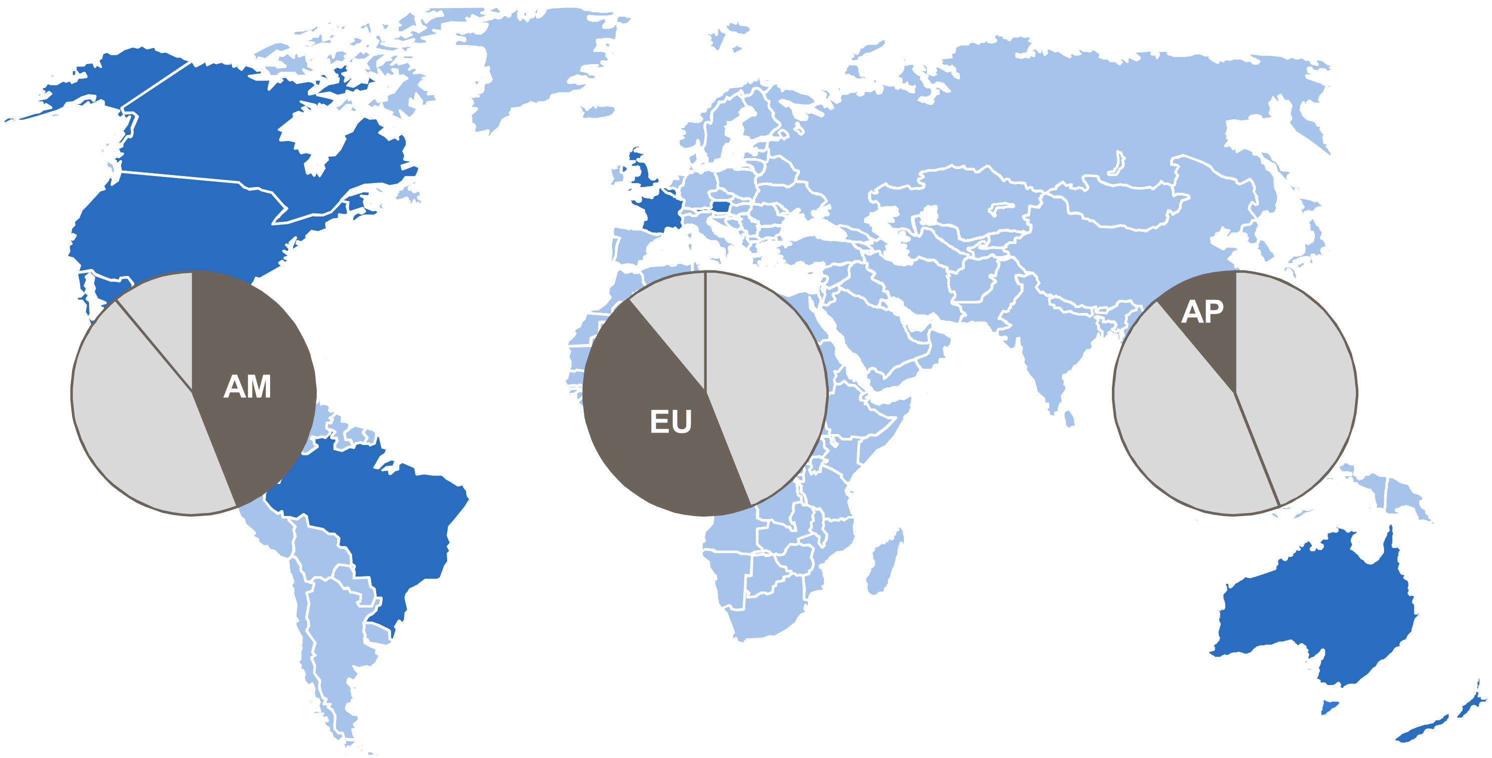
FLEX:TRIAL AND FLEX:UPGRADE – ONE INTO MANY

TrueFit

- Pro
- 20
- 12
- 6
- E

AVAILABLE ON ERA PLATFORM QUANTUM AND MOXI PRODUCTS

MARKETS: BUILD STRONG SERVICE POSITIONS IN KEY MARKETS



FOCUS ON: US, CA, BR, UK, FR, BE, AT, AUS/NZ

CONNECT HEARING

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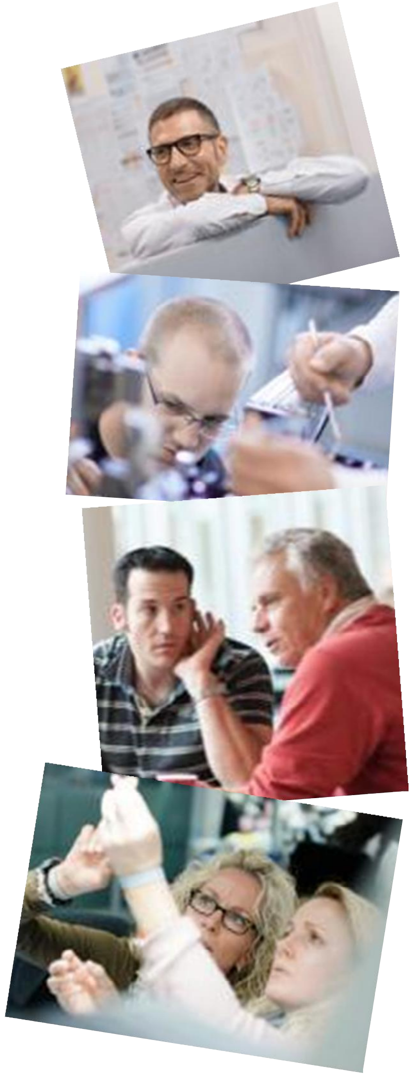
MARKET LEADING SHOP IN SHOP CONCEPT

- Well-established partnership between David Ormerod Hearing Centres (DOHC) and Boots since 2003
- Number of locations in the UK grew from 64 to more than 340 during that time
- Boots hearingcare offers professional audiological services at attractive locations
- Clear synergies for both sides from increased store traffic
- Partnership expanded through 49% minority stake in DOHC by Boots

PREMIUM MARKET ACCESS BY PARTNERSHIP WITH LEADING PHARMACY CHAIN

03 BUSINESS – COCHLEAR IMPLANTS



COCHLEAR IMPLANTS

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BUSINESS SUMMARY FY 2012/13

- **Record sales – surpassing break-even (normalized for one-off cost)**
  - Sales of CHF 146.7 million – growth of 52.3% in Swiss francs and of 47.1% in LC
  - Strong 1H performance in NA – sequentially slowing in 2H in line with the market
  - Robust performance and progress in EU across major markets
  - Significant 2H acceleration in AP – driven by China tender
  - 2H EBITA impacted by mix effect: AP (China tender) vs. NA volume

- **Charged for further growth**
  - Record number of new products announced in 2H – implant, electrode and processor
  - Attractive product pipeline driving future sales

COCHLEAR IMPLANTS

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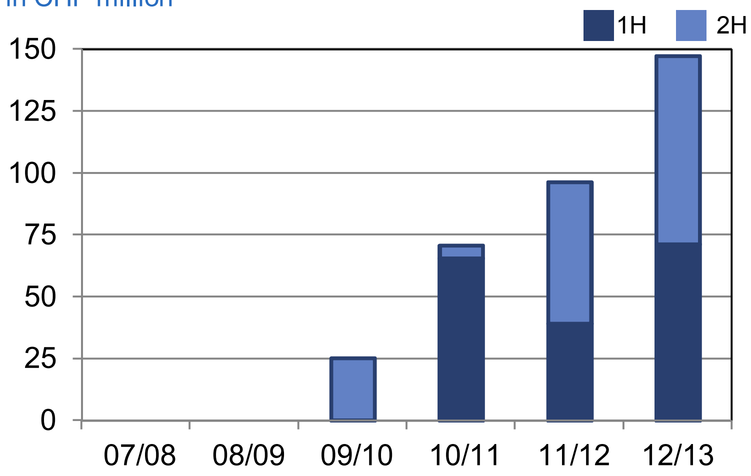
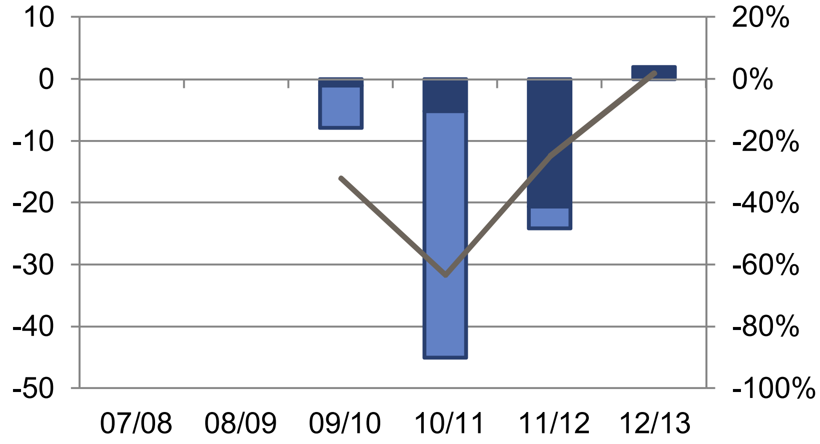
PERFORMANCE HISTORY

SALES
in CHF million



EBITA
in CHF million

EBITA
margin in %



	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	CAGR 3-y
Sales growth reported	--	--	+180.5%	+36.0%	+52.3%	> +80.0%
Sales growth in LC	--	--	+202.1%	+53.5%	+47.1%	> +80.0%
EBITA margin*	--	-31.0%	-63.4%	-25.0%	1.2%	N/A

* FY 2012/13 Excluding one-off cost for AB Vendor B provision at AB, AB Rixheim restructuring and settlement with a group of investors

COCHLEAR IMPLANTS

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KEY FINANCIALS – NORMALIZED

in CHF million	1H 2012/13	Δ % in CHF	2H 2012/13	Δ % in CHF	FY 2012/13	Δ % in CHF	Δ % in LC
Sales	**71.3**	81.8%	**75.5**	32.1%	**146.7**	52.3%	47.1%
EBITA	**2.0**	n/a	**-0.3**	n/a	**1.8**	n/a	n/a
- EBITA margin	**2.8%**		**-0.3%**		**1.2%**		

RECORD SALES – REACHING EBITA BREAK-EVEN

COCHLEAR IMPLANTS

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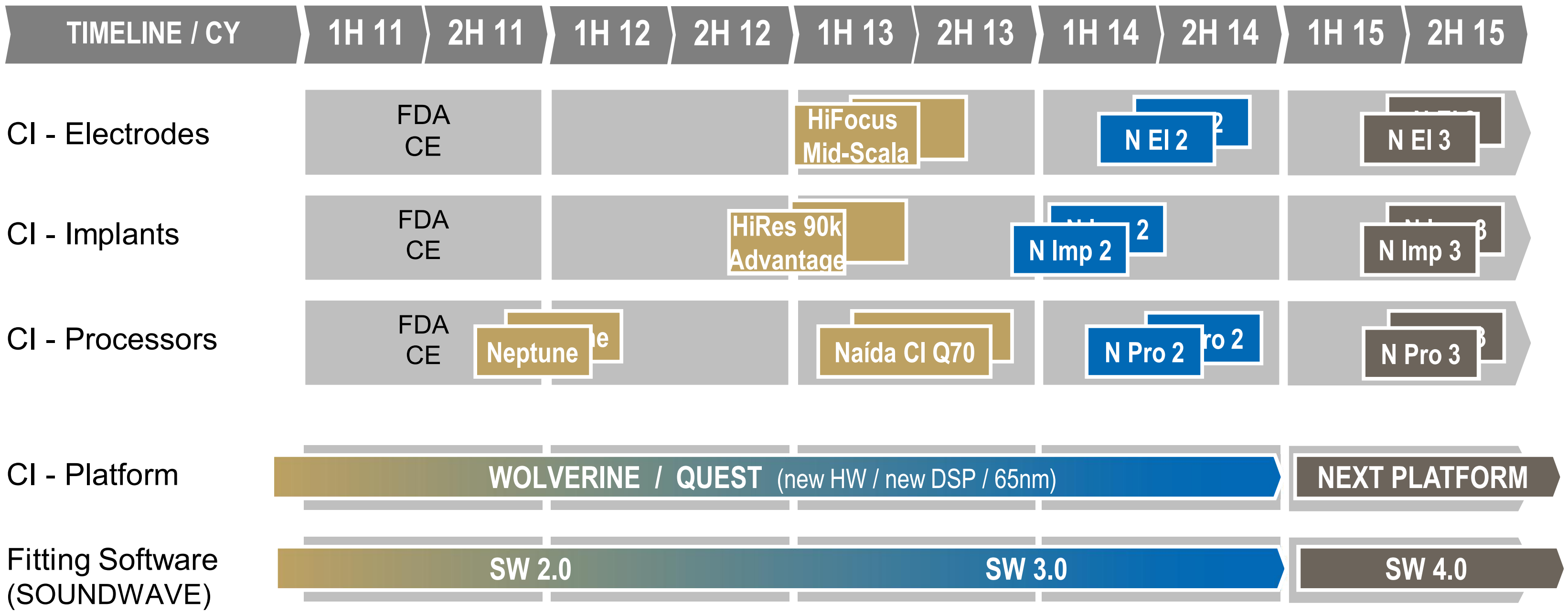
SALES – GROWTH COMPONENTS

in CHF million	1H 2012/13	Δ % COMP'	2H 2012/13	Δ % COMP'	FY 2012/13	Δ % COMP'
Growth in LC	**27.7**	**70.5%**	**17.7**	**31.0%**	**45.3**	**47.1%**
Currency effect	4.4	11.3%	0.7	1.1%	5.1	5.2%
Growth as reported	**32.1**	**81.8%**	**18.3**	**32.1%**	**50.4**	**52.3%**

STRONG GROWTH IN LC – NARROWING POSITIVE CURRENCY EFFECT

PRODUCT PIPELINE: ACCELERATE INNOVATION RATE – LEVERAGE PHONAK



Note: Subject to change, timing dependent upon regulatory approvals

EXPAND RANGE OF INNOVATIVE PROCESSORS, IMPLANTS, ELECTRODES

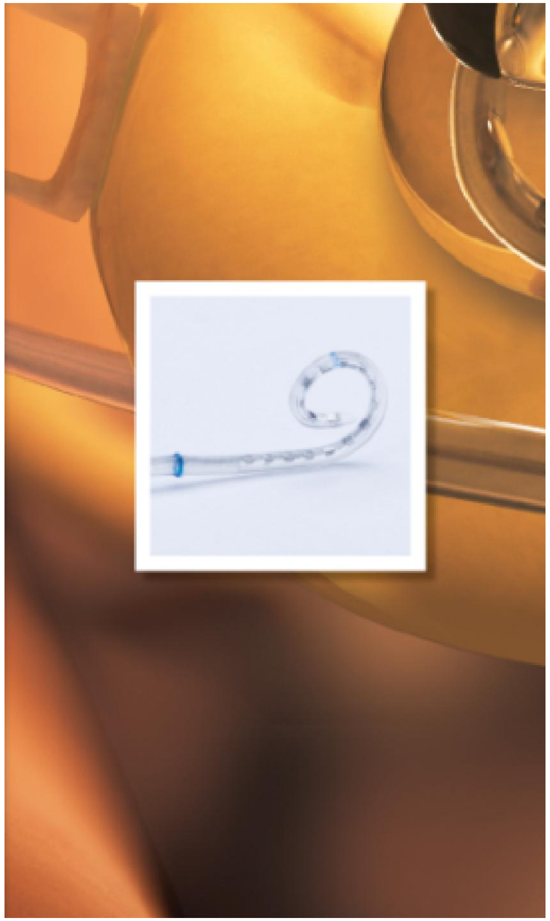
ADVANCED BIONICS IMPLANTS

HIRES 90K ADVANTAGE IMPLANT

The world's most advanced cochlear implant:

- Industry's highest case impact resistance; able to withstand 6 joules
- Nearly unlimited ways to deliver stimulation
- The only device with 16 independent current sources that facilitates current steering
- Low-profile design conforms to head shape
- High-precision gold coil for industry's fastest stimulation rate
- Widest dynamic range

HIFOCUS MID-SCALA ELECTRODE



Designed to protect delicate cochlea structures:

- Mid-scala placement
- Smallest pre-curved electrode
- Designed for surgical flexibility and ease of use

Note: Approved in Europe and Canada, pending regulatory approval in the United States.

NAÍDA CI Q70 PROCESSOR – INTEGRATED PHONAK TECHNOLOGY

Small size – Big performance:

- 40% smaller than Harmony BTE
- With Phonak Binaural VoiceStream Technology
  - DuoPhone
  - ZoomControl
  - QuickSync
- Wireless connectivity
  - Using the AccessLine
  - Bimodal technology
- Proven AB innovations
  - T-Mic 2
  - AutoSound
  - ClearVoice*
  - HiRes Fidelity 120*
  - HiRes Optima*

Note: Pending regulatory approval

*Not approved for pediatric use in the United States.

04 FINANCIAL REVIEW

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FINANCIAL HIGHLIGHTS

- Solid growth in both sales and earnings
- Gross Profit of CHF 1'240.1 million – Gross Profit margin of 69.1%, up 80 basis points
- Normalized OPEX growth of 5.4% in LC compared to 7.4% sales growth in LC
  - Significant net R&D cost of CHF 113.5 million or 6.3% of sales
  - In addition CHF 28.3 million development cost capitalized (PY 16.8 million)
- Normalized EBITA margin increased to 21.5%; excluding FX impact: 20.9%
- Normalized Basic EPS of CHF 4.62, up by 24.5%
- Operating free cash flow up by 33.0% to CHF 318.6 million
- Net cash increased to CHF 185.8 million from net debt of CHF 64.4 million in March 2012

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SOLID FINANCIAL PERFORMANCE – NORMALIZED

in CHF million	FY 2011/12	FY 2012/13	Δ % in CHF	Δ % in LC
Sales	**1'619.8**	**1'795.3**	10.8%	7.4%
Gross profit	**1'105.9**	**1'240.1**	12.1%	8.2%
- Gross profit margin	**68.3%**	**69.1%**		
OPEX	**790.7**	**853.7**	8.0%	5.4%
EBITA	**315.2**	**386.4**	22.6%	15.4%
- EBITA margin	**19.5%**	**21.5%**		
Operating free cash flow	**239.5**	**318.6**	33.0%	
EPS (in CHF)	**3.71**	**4.62**	24.5%	
ROCE	**19.2%**	**22.6%**		

EXPANSION OF GROSS PROFIT MARGIN - IN BOTH SEGMENTS

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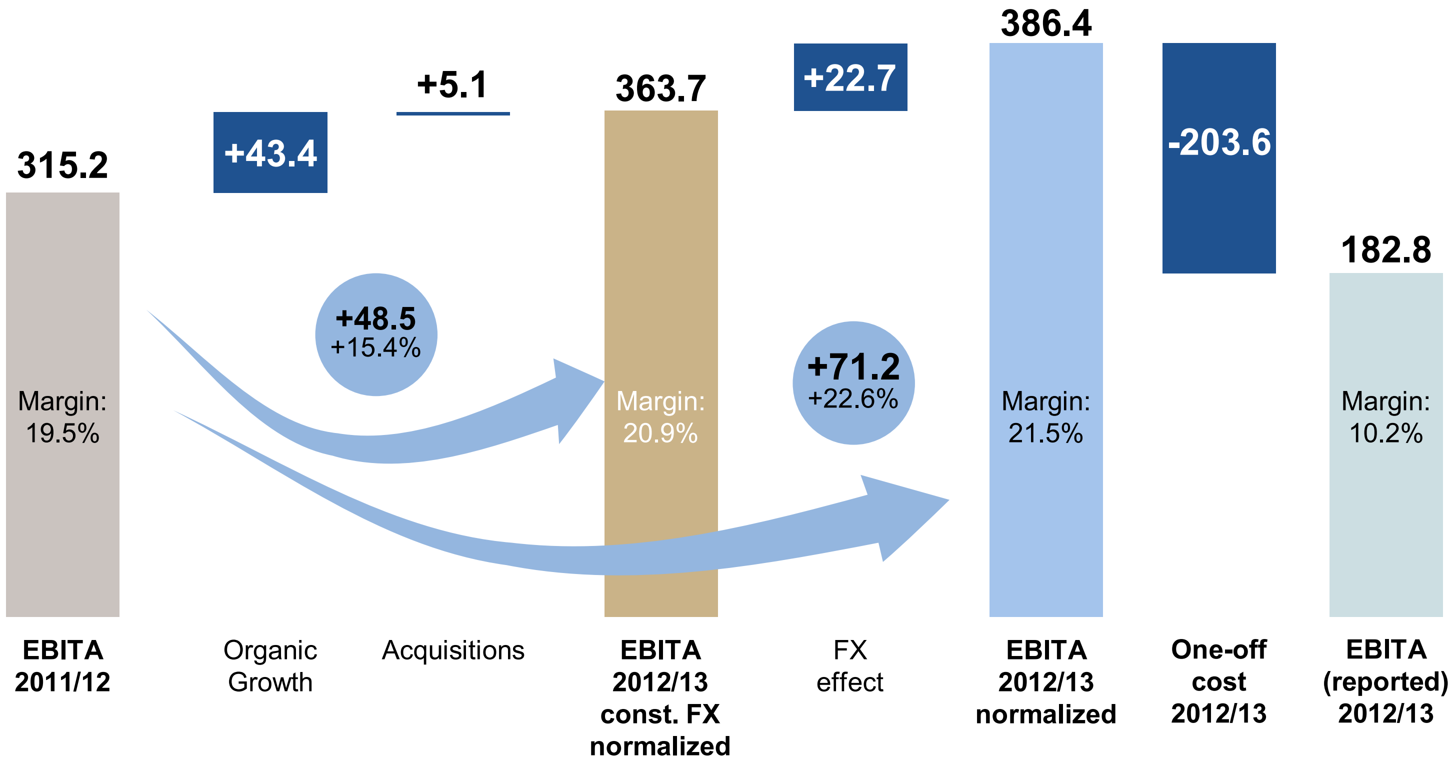
GROUP EBITA DEVELOPMENT



Notes: Average FX rates: USD/CHF 0.94 (prior year: 0.88) and EUR/CHF 1.21 (prior year: 1.21)
One-off cost: AB Vendor-B case CHF 197.8m, restructuring AB Rixheim CHF 3.2m, settlement with a group of investors CHF 2.6m

SOLID EBITA IMPROVEMENT FROM ORGANIC GROWTH – CI BREAKING EVEN

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OPERATING EXPENSES

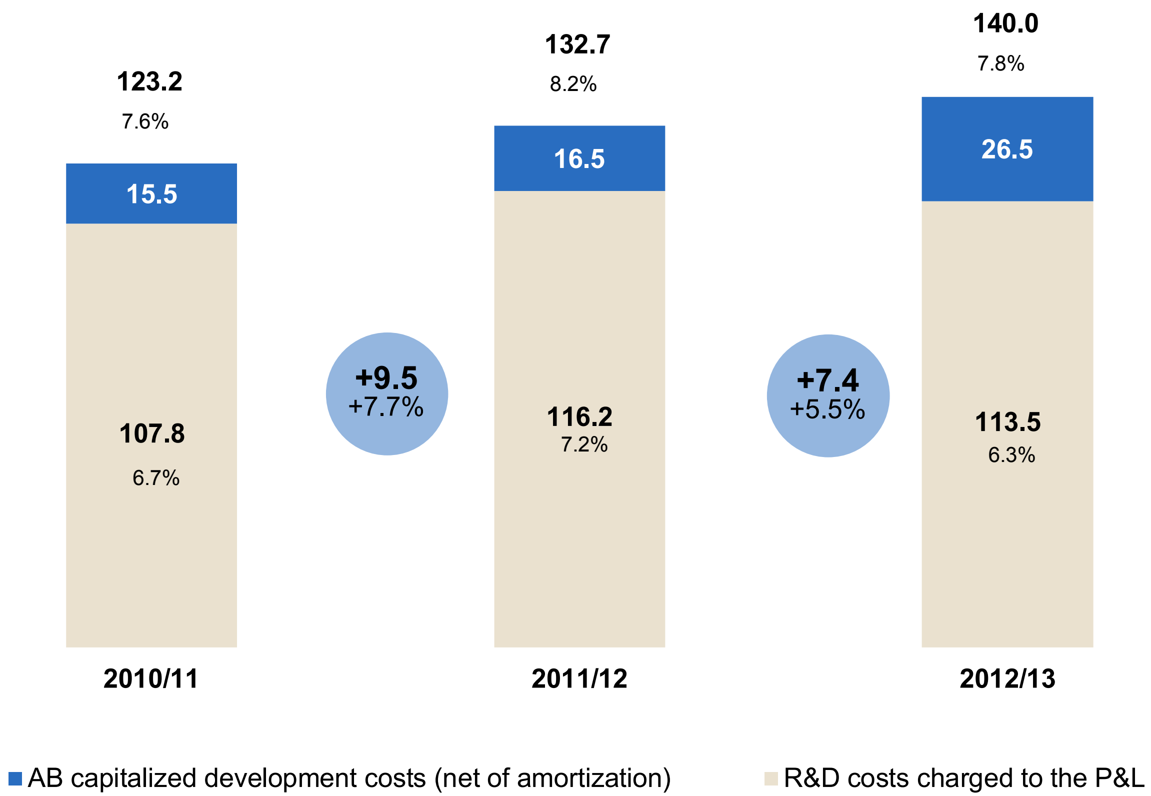
in CHF million	FY 2011/12	FY 2012/13	Δ % in CHF	Δ % in LC
Research & Development	**116.2**	**113.5**	-2.3%	-3.7%
in % of sales	**7.2%**	**6.3%**		
Sales & Marketing	**503.4**	**558.9**	11.0%	8.0%
in % of sales	**31.1%**	**31.1%**		
General & Administration	**168.7**	**181.3**	7.5%	5.4%
in % of sales	**10.4%**	**10.1%**		
Subtotal	**788.2**	**853.7**	8.3%	5.7%
in % of sales	**48.7%**	**47.6%**		
Other expenses*	**2.5**	**203.6**		

* One-off cost: AB Vendor B case CHF 197.8m, restructuring AB Sarl CHF 3.2m, settlement with group of investors CHF 2.6m

SALES & MARKETING, G&A INCREASE: DRIVEN BY RETAIL ACQUISITION INTEGRATION, CONCENTRATED PRODUCT LAUNCH AND LYRIC RAMP UP EFFORTS

R&D SPENDING

in CHF million / % of sales



CONTINUING STRONG R&D INVESTMENTS DRIVE INNOVATION

ONE-OFF COST CONSIDERED IN REPORTED RESULTS

- **Increase of Advanced Bionics product liability provisions (CHF 197.8 million)**
  - Product liability provision increase by CHF 197.8 million related to the “Vendor B” recall
    - Voluntary recall issued by Advanced Bionics in March 2006 (prior to its acquisition by Sonova)
    - In April 2013 a verdict by a US district court awarded unexpectedly high damages on a case
    - Provision increase considers pending cases and new cases expected in the future; total provision for “Vendor B” cases amounts to CHF 250 million
  - Worldwide, just over 4,000 devices affected by the recall were implanted
    - Roughly a third of these implants have been explanted due to recall related failures
    - Advanced Bionics estimates that ultimately, up to about 50% of the Vendor B implants may fail

- **One-off restructuring and settlement cost (CHF 5.8 million)**
  - As previously announced: restructuring of Advanced Bionics in Rixheim, France, is reflected in a CHF 3.2 million provision
  - Payment of CHF 2.6 million to a group of investors in full settlement of alleged claims related to the March 2011 profit warning without acknowledging any legal obligation (recognized in 1H)

COMPREHENSIVE COVERAGE OF PRODUCT LIABILITY RISKS IN FY 2012/13

REPORTED RESULTS AND INCOME TAXES

in CHF million	FY 2011/12	FY 2012/13	Δ % in CHF
EBITA	**315.2**	**182.8**	-42.0%
Amortization / Impairment	**-27.5**	**-26.1**	-5.0%
Operating profit (EBIT) in % of sales	**287.7** 17.8%	**156.7** 8.7%	-45.5%
Financial result	**-5.9**	**-6.9**	15.9%
Income before taxes	**281.8**	**149.8**	-46.8%
Income taxes	**-35.4**	**-37.8**	6.8%
- Income tax rate	**12.6%**	**25.2%**	
Income after taxes in % of sales	**246.4** 15.2%	**112.0** **6.2%**	-54.5%

POTENTIAL TAX EFFECT OF VENDOR B PROVISION INCREASE NOT CAPITALIZED

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SIGNIFICANT INCREASE IN CASH FLOW

in CHF million	FY 2011/12	FY 2012/13	Δ % in CHF
Cash flow before changes in NWC	**387.5**	**443.7**	14.5%
Changes in net working capital and taxes paid	**-82.7**	**-56.6**	-31.5%
Operating cash flow in % of sales	**304.8** 18.8%	**387.1** 21.6%	27.0%
Cash flow from investing activities (excl. acquisitions)	**-65.3**	**-68.5**	4.9%
Operating free cash flow in % of sales	**239.5** 14.8%	**318.6** 17.7%	33.0%
Cash consideration for acquisitions	**-83.1**	**-56.2**	-32.4%
Free cash flow	**156.4**	**262.4**	67.7%
Cash flow from financing activities	**-127.5**	**-21.8**	n/a
Changes in cash and cash equivalents	**26.8**	**242.8**	> 100%

OPERATING FREE CASH FLOW INCREASING 33.0%

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BALANCE SHEET

in CHF million	FY 2011/12	FY 2012/13	Δ % in CHF
Net working capital	**163.4**	**187.1**	14.5%
Days sales outstanding (DSO)	**72**	**71**	-1.4%
Days inventory outstanding (DIO)	**122**	**148**	21.3%
Capital employed	**1'540.3**	**1'449.5**	-5.9%
Net cash	**-64.4**	**185.8**	> 100%
Equity	**1'475.9**	**1'635.3**	10.8%
Equity in % of total assets	**64.5%**	**61.0%**	

TURNING NET CASH POSITIVE – INVENTORY INCREASES DRIVEN BY LAUNCHES

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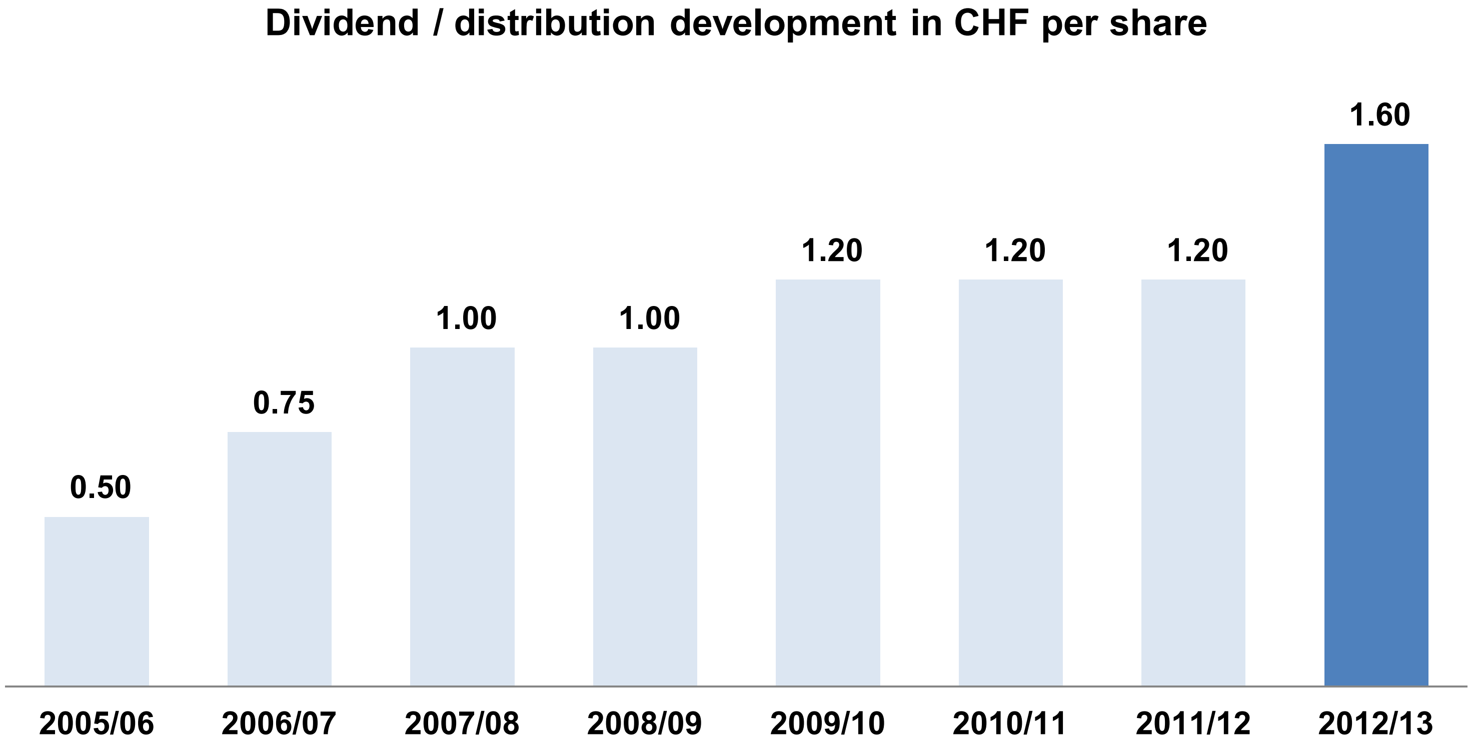
DIVIDEND – PROPOSED INCREASE BY 33% TO CHF 1.60



PROPOSED DIVIDEND REPRESENTS 35% OF NORMALIZED INCOME AFTER TAXES

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05 OUTLOOK

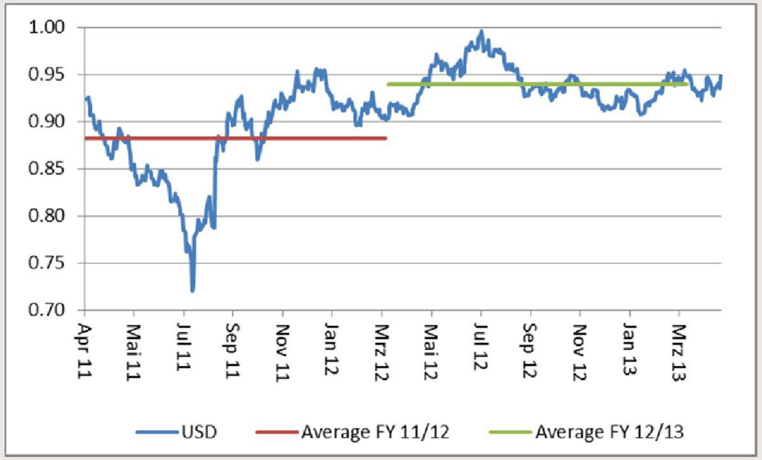



FY 2013/14 GUIDANCE – IN LOCAL CURRENCIES

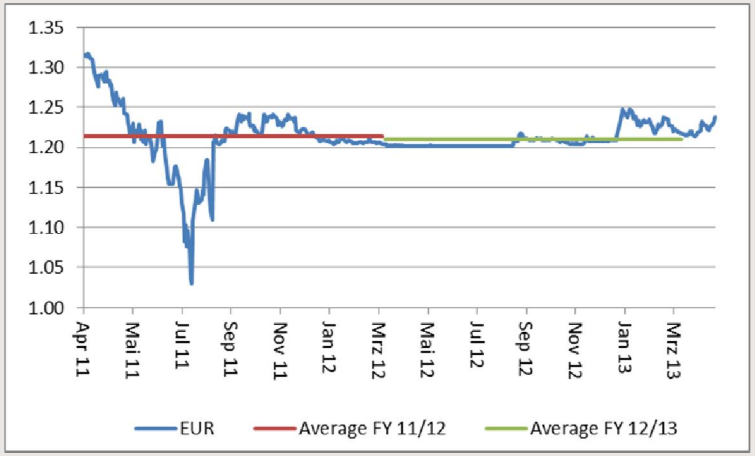
	Guidance FY 2013/14	Actual - normalized FY 2012/13
Sales		
Sales growth in LC	6%-8%	7.4%
thereof acquisition related growth	approx. 1%	2.2%
FX-impact	n/a	3.4%
Total sales growth in CHF	n/a	10.8%
EBITA		
EBITA growth in lc	9%-13%	15.4%
FX-impact	n/a	7.2%
Total EBITA growth in CHF	n/a	22.6%

FY 2013/14 GUIDANCE – FX IMPACT ON SALES AND MARGINS

USD/CHF

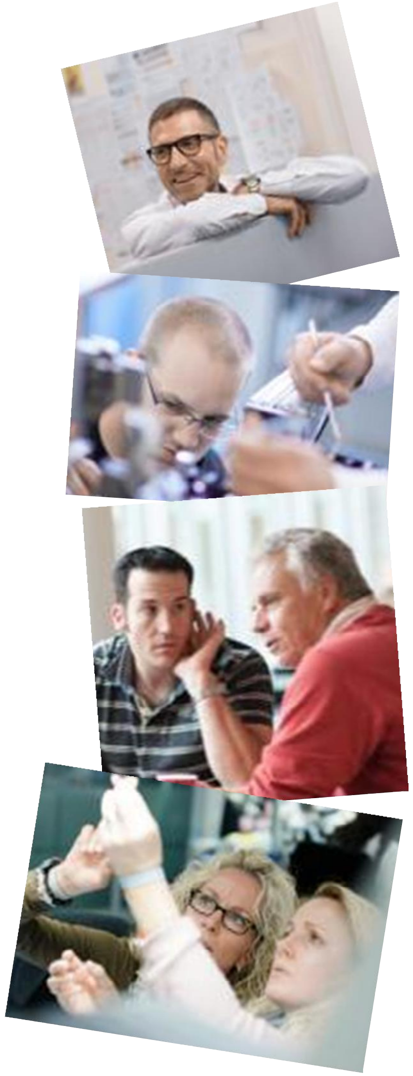


EUR/CHF



	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 38 million	+/- CHF 11 million
EUR/CHF	+/- 5%	+/- CHF 24 million	+/- CHF 12 million

06 UPCOMING EVENTS



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IMPORTANT UPCOMING EVENTS

18 June	Annual General Meeting	Zurich
17/18 September	2. Sonova Investor & Analyst Day	Staefa
16-18 October	EUHA Congress	Nuremberg
18 November	HY 2013/14 Results	Staefa

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HEAR THE WORLD

THANK YOU VERY MUCH