Stäfa, 14 October 2014

Sonova Investor & Analyst Day 2014

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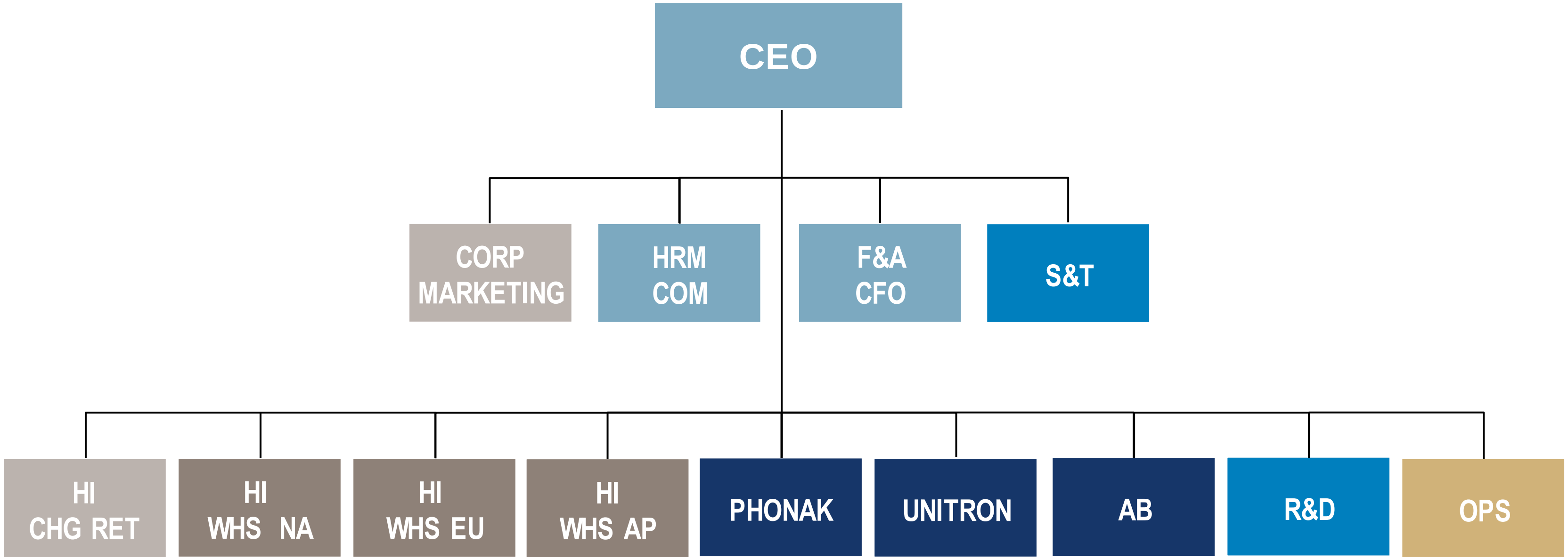
Program

08.30	**Reception, Coffee and Croissants**
09.00	**Introduction and market update** Lukas Braunschweiler, CEO
09.10	**Driving innovation to reach customers** Lukas Braunschweiler, CEO
09.30	**Driving innovation in marketing** Maarten Barmentlo, GVP Marketing
10.00	**Coffee break**
10.15	**Driving innovation with new products** Andi Vonlanthen, GVP Research & Development Martin Grieder, GVP Phonak Hartwig Grevener, CFO
12.00	**New products at market stands (look & feel)**
12.30	**Lunch break**
13.30	**Driving innovation in sales & distribution** Claude Diversi, VP Wholesale Phonak Europe & South America Paul Thompson, GVP Wholesale Phonak North America
14.30	**Summary and Q&A** Lukas Braunschweiler, CEO
15.00	**Factory tour**

Introduction and market update

Stäfa, 14 October 2014, Lukas Braunschweiler, CEO

Sonova Management Board (MB)



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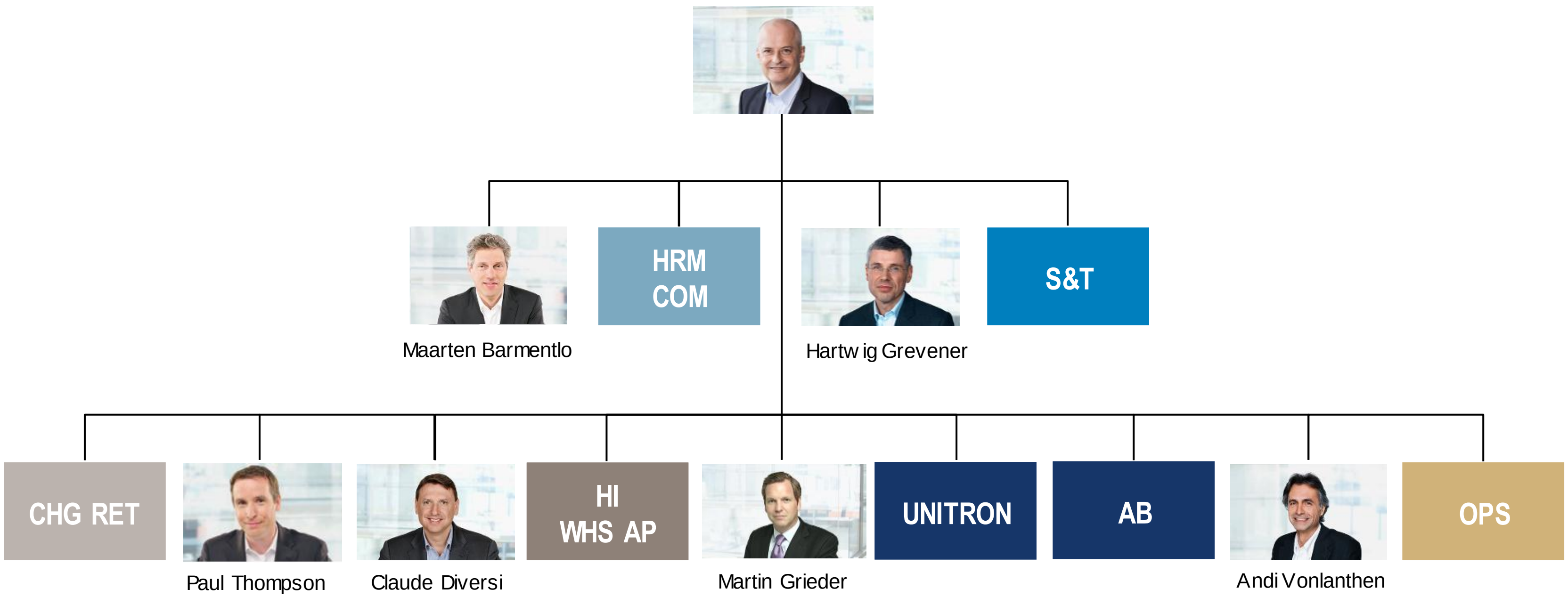
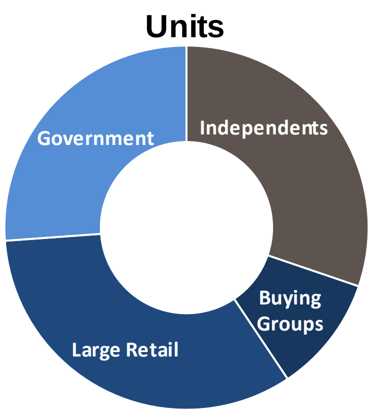
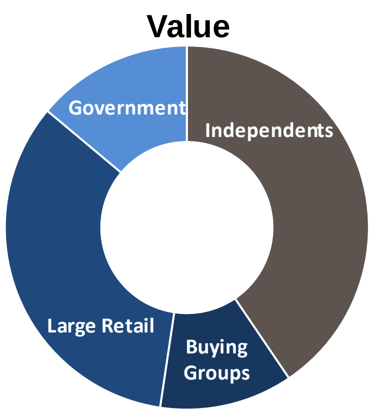
Sonova Management Board (MB)

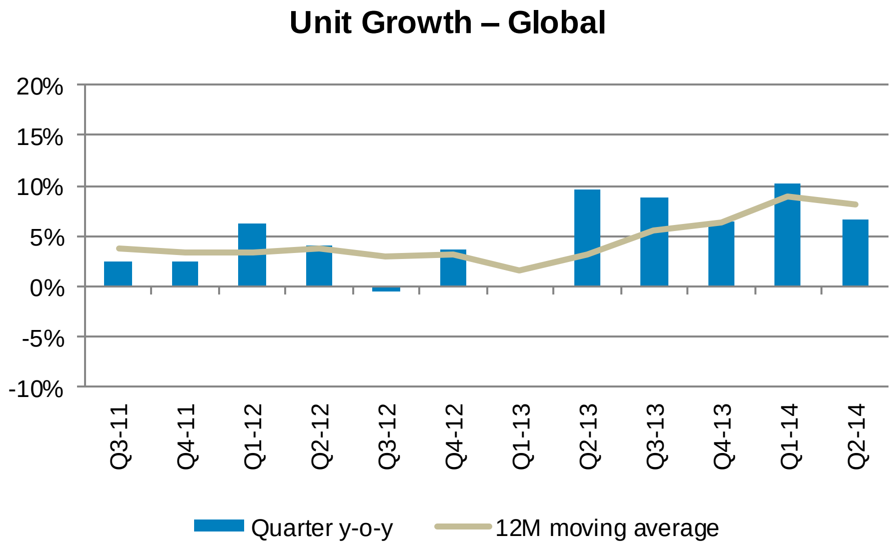


MB team members presenting today

Hearing instruments – Global







Recent market factors:

– Recent market growth somewhat above the long-term average

– Growth in recent quarters mainly driven by high FTC (free-to-client) growth in Europe

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

Sources:

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

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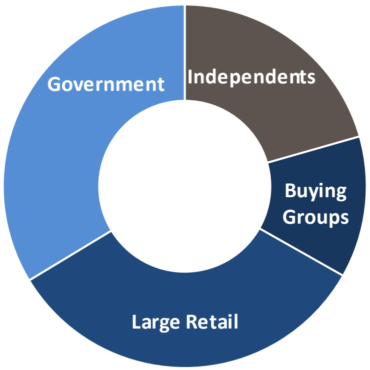
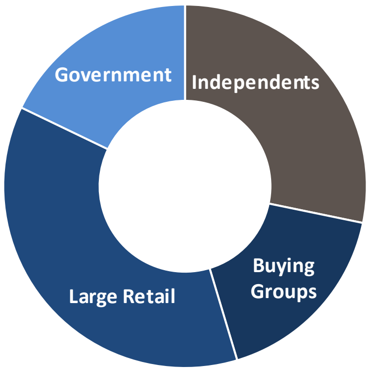
Hearing instruments – Europe

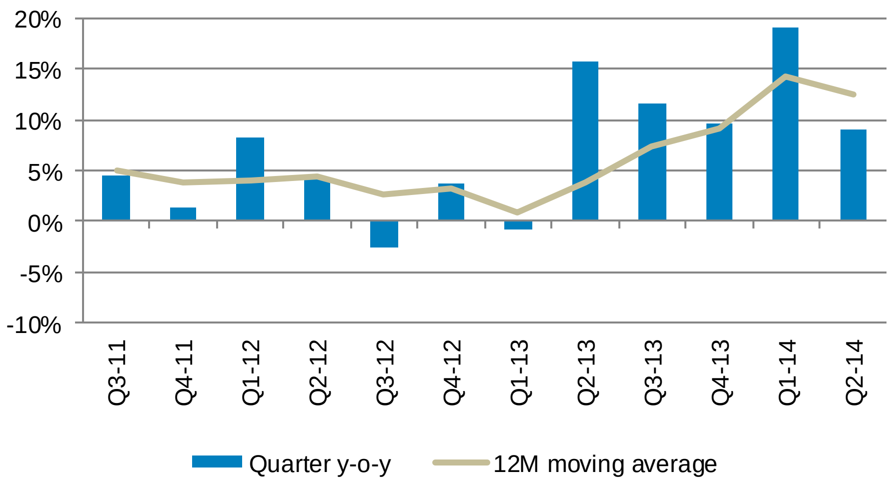
Units



Value



Unit growth – Europe



Recent market factors:

– DE: Jump in unit sales following higher reimbursement in Nov-13

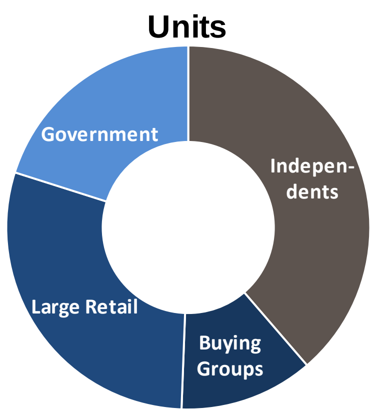
– UK: solid growth in the private market – NHS facing challenging base effect

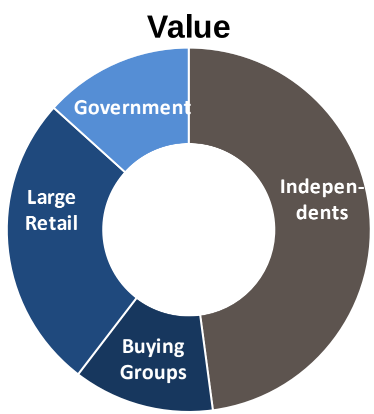
– CH, NL, DK, NO: continued recovery after reimbursement cuts in prior years

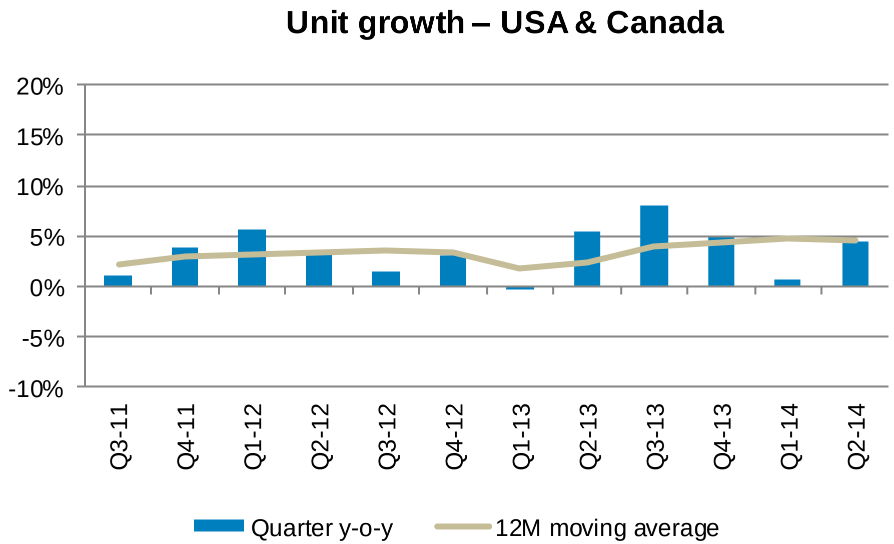
Sources:

- Unit and value split: Sonova estimates
- Unit growth: aggregated official local market statistics for Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland and UK

Hearing instruments – North America







Recent market factors:

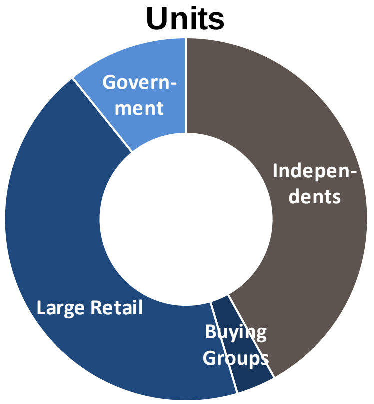
– US: growth rebounded in 2Q-14 after weakness in 1Q-14 – supported by solid VA growth

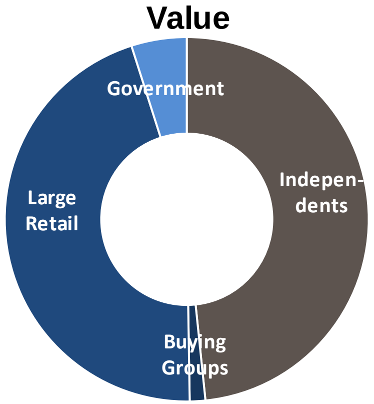
– CA: unit growth in line with long-term market trend

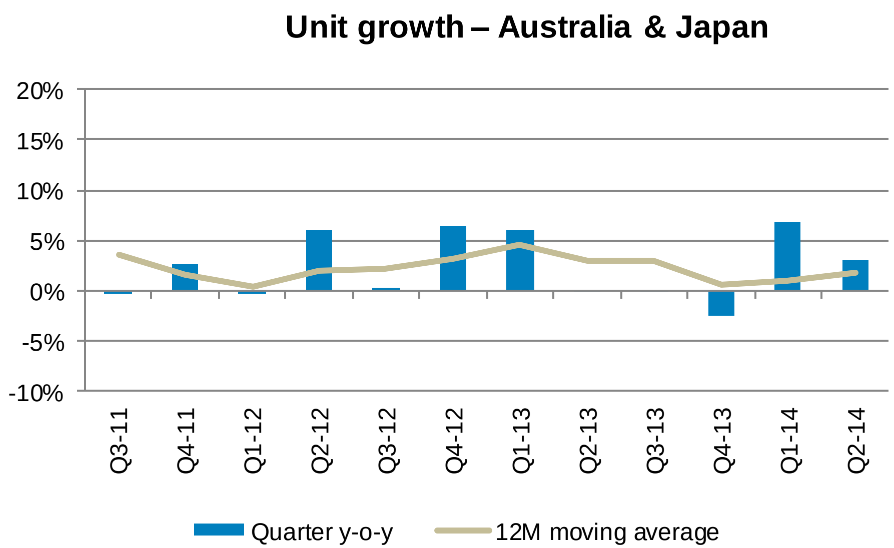
Sources:

- Unit and value split: Sonova estimates
- Unit growth: aggregated official local market statistics for US, CA

Hearing instruments – Asia Pacific







Recent market factors:

– AUS: market momentum remaining strong, lifting average market growth in the region

– JP: VAT increase in April weighing on already weak development in recent quarters

– CN, IN and SEA: continued very strong growth from a lower base

Sources:

- Unit and value split: Sonova estimates for Australia, Japan, China, India, Korea, New Zealand, Singapore & Taiwan
- Unit growth: aggregated official market statistics for Australia & Japan only

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Driving innovation to reach customers

Stäfa, 14 October 2014, Lukas Braunschweiler, CEO

Strategic choice

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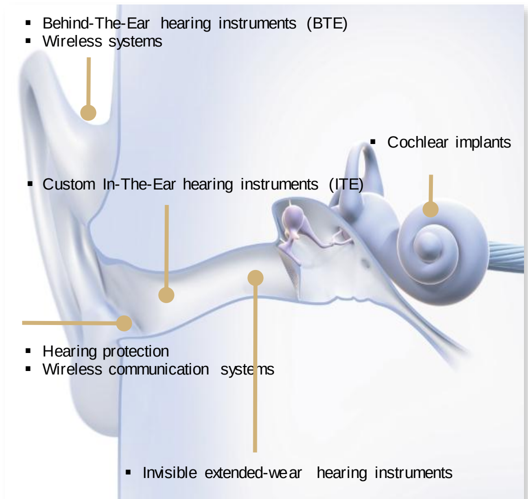
Focus on developing and offering hearing care solutions and services

2 – LEVERAGE

- ➢ CONNECTIVITY SOLUTIONS
- ➢ CONSUMER E-SERVICES
- ➢ CONSUMER ELECTRONICS



1 – FOCUS ON

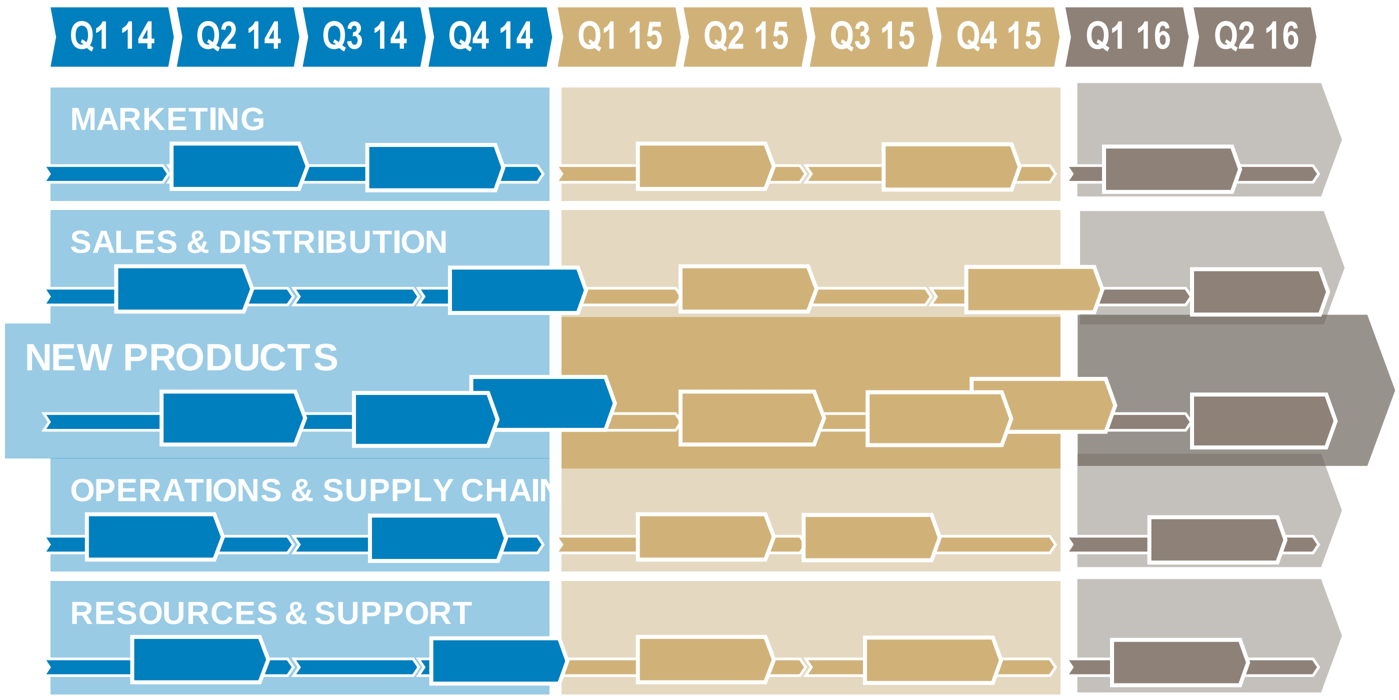
- ➢ HEARING CARE SOLUTIONS
- ➢ HEARING CARE SERVICES
- ➢ MEDICAL TECHNOLOGIES

HearingPlanet for hearing professionals | Lapperre | Connect Hearing | Boots hearingcare | AuditionSanté Laboratoire de correction auditive

Leverage connectivity solutions and consumer e-technology/services

Innovation strategy

Focus on continuous innovation to grow sales and earnings



Core: Drive strong new product pipeline – Gross R&D 7-8% of sales

Market strategy

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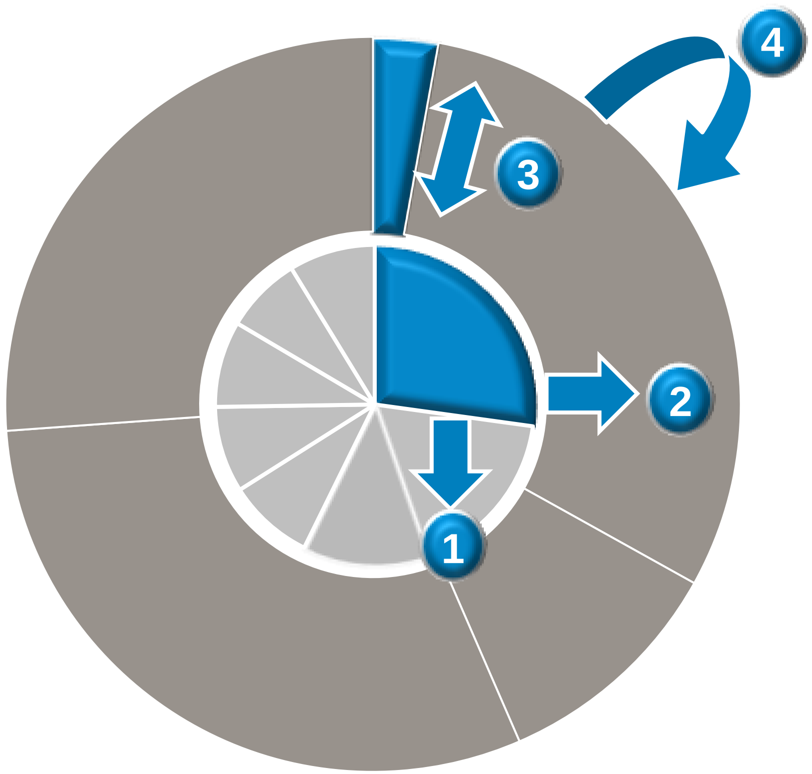
Grow market position along 4 main growth vectors

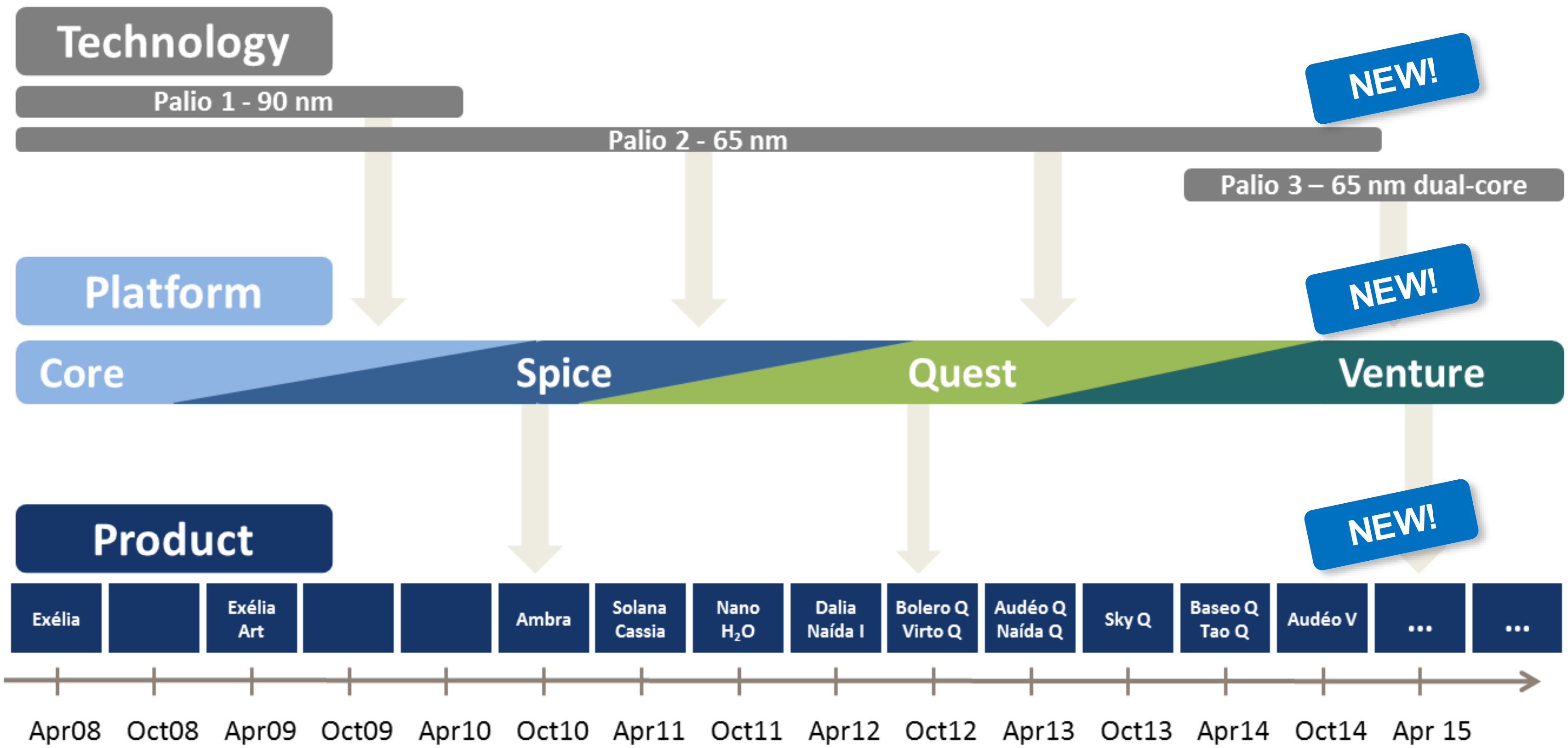


1. Penetrate existing markets
   - WHS account development
   - Dual-brand strategy
   - Continuous product innovation
2. Expand accessible markets
   - BRIC markets
   - New product formats
3. Integrate service channels
   - Retail network expansion
   - Integration & productivity
4. Develop consumer base
   - Direct marketing
   - Demand generation processes

Increase demand generation – Develop consumer base

Product strategy

Provide complete customer solutions: HW, SW and Services



Platform concept approach to solution development for HI & CI

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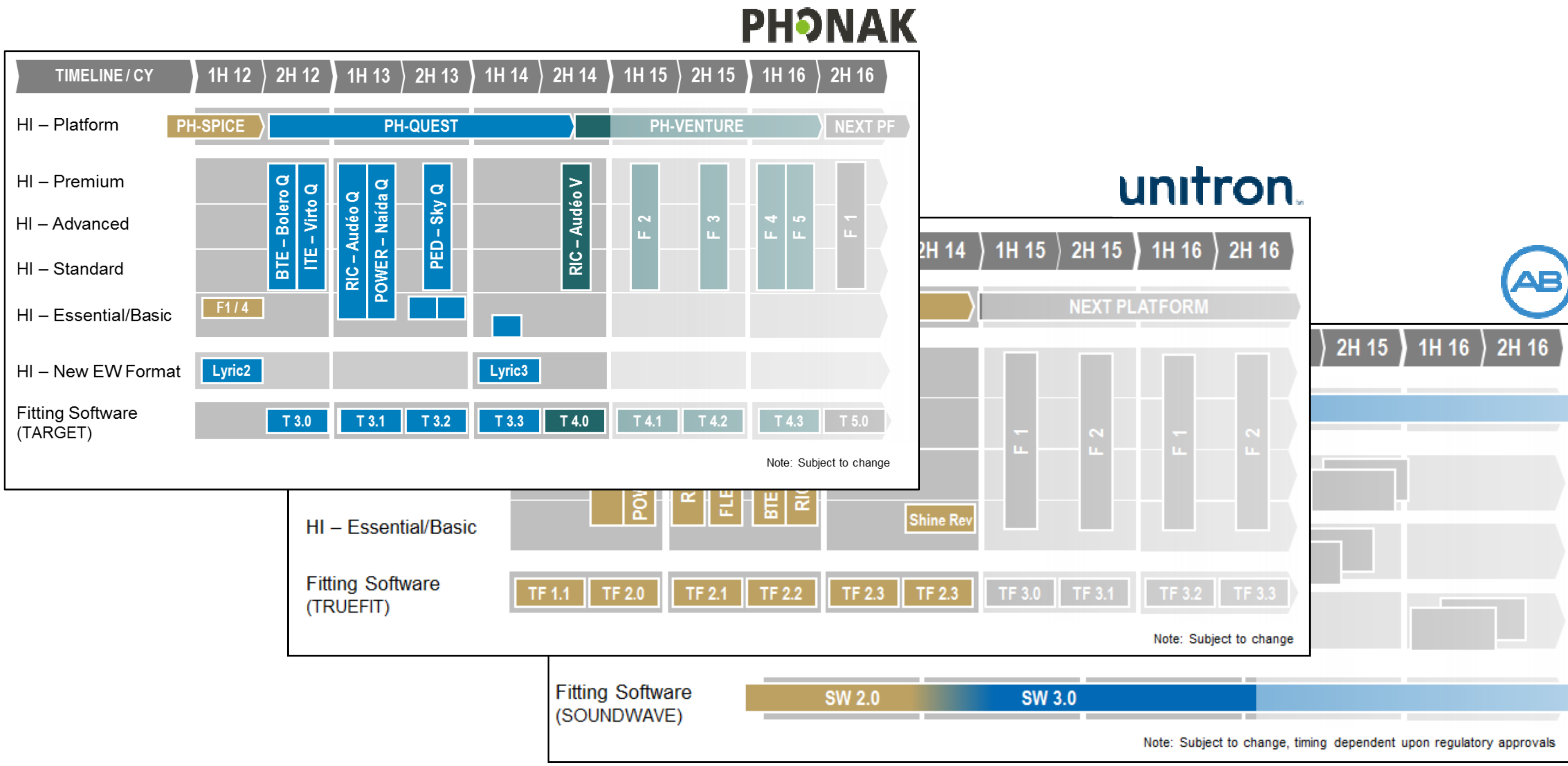
Product pipelines: Consistently meeting product development targets



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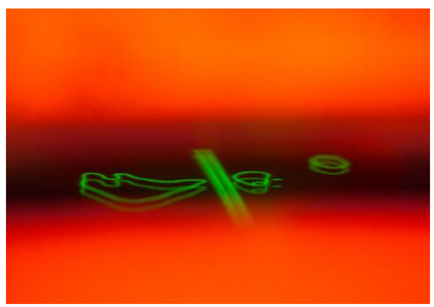
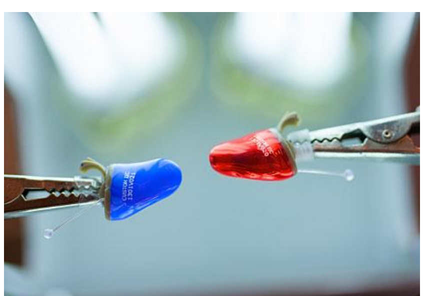
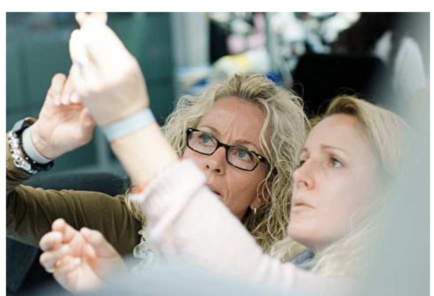
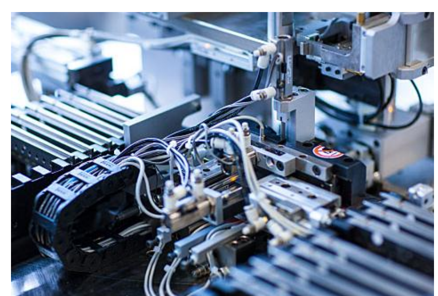
Driving innovation in marketing

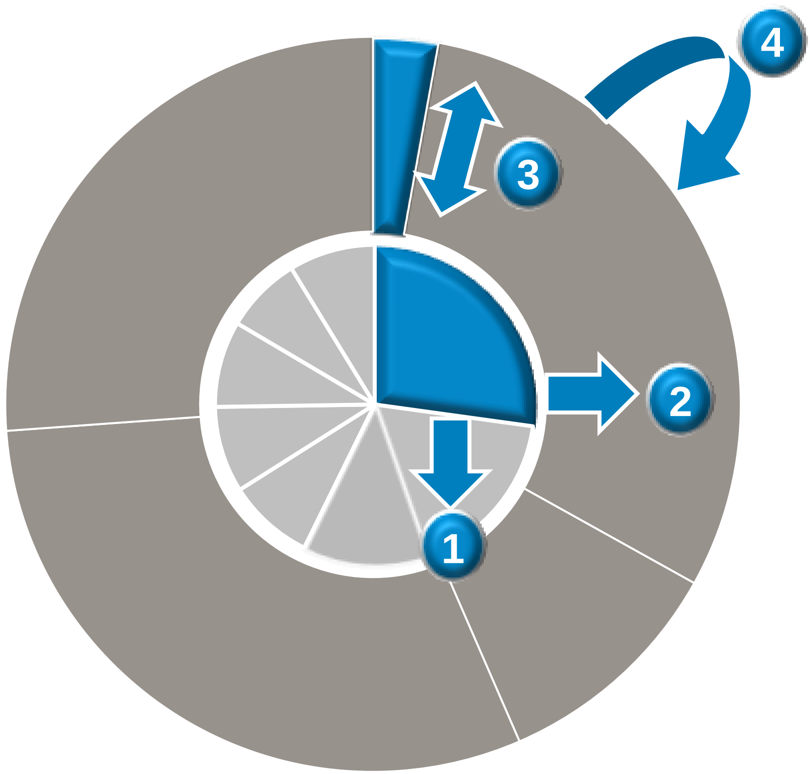
Stäfa, 14 October 2014, Maarten Barmentlo, GVP Marketing


Market strategy

Grow market position along 4 main growth vectors



1. **Penetrate existing markets**
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2. **Expand accessible markets**
   – BRIC markets
   – New product formats

3. **Integrate service channels**
   – Retail network expansion
   – Integration & productivity

4. **Develop consumer base**
   – Direct marketing
   – Demand generation processes

Increase demand generation – Develop consumer base

B2B & B2C marketing approach: Understanding our customer needs

Market Research

Retail customer interaction

Wholesale customer interaction

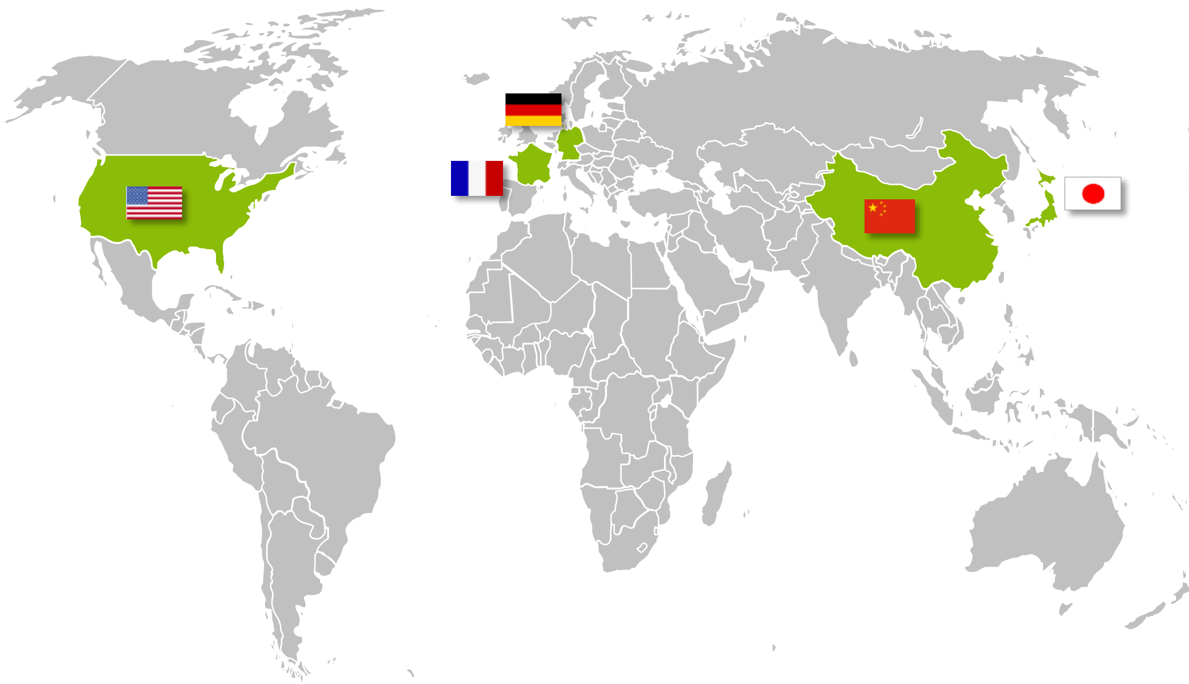
Web based customer interaction

Sonova business model provides multi-dimensional customer insight

B2C - Understanding the consumer

Customer insight

B2C: Consumer needs – Sonova study on hearing impaired in US, DE, FR, CN, JP



1800 consumers in 5 countries

Balanced sample per country

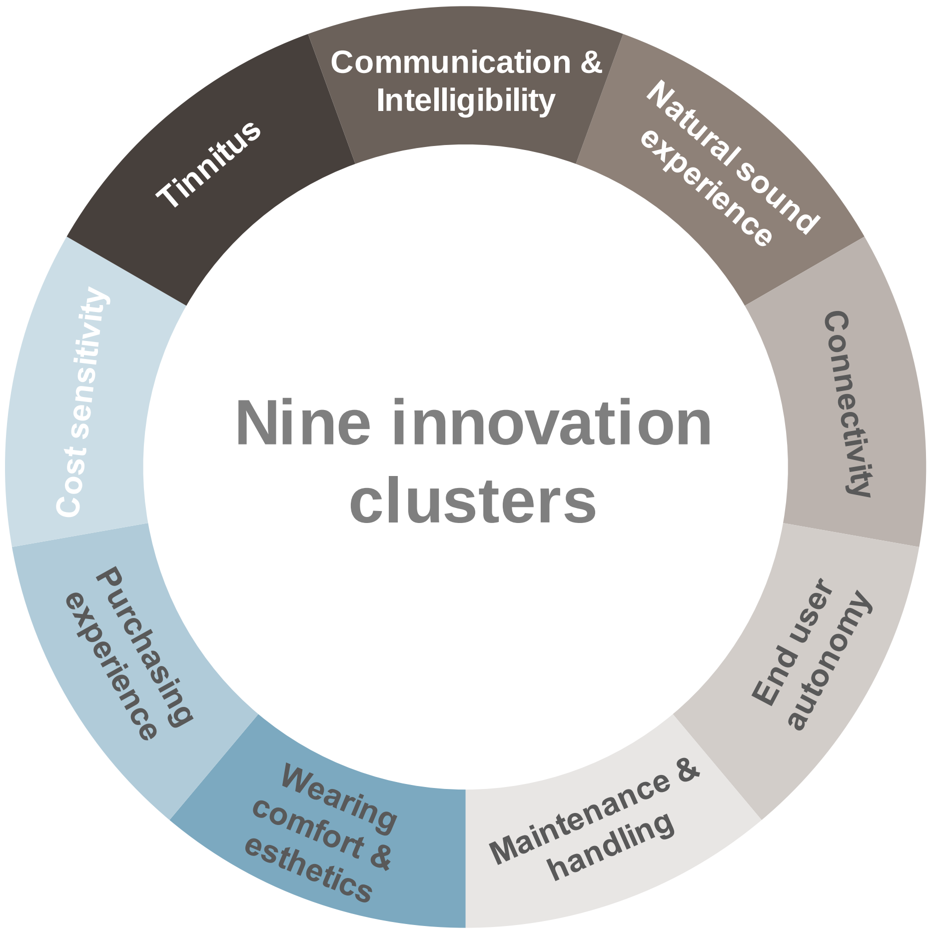
→ Sample: all hearing impaired

→ HI owners vs non-owners

→ Age 40+

→ Female and male

B2C: Consumer needs – Drive Sonova product and services innovation



Source: Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP)

Customer insight

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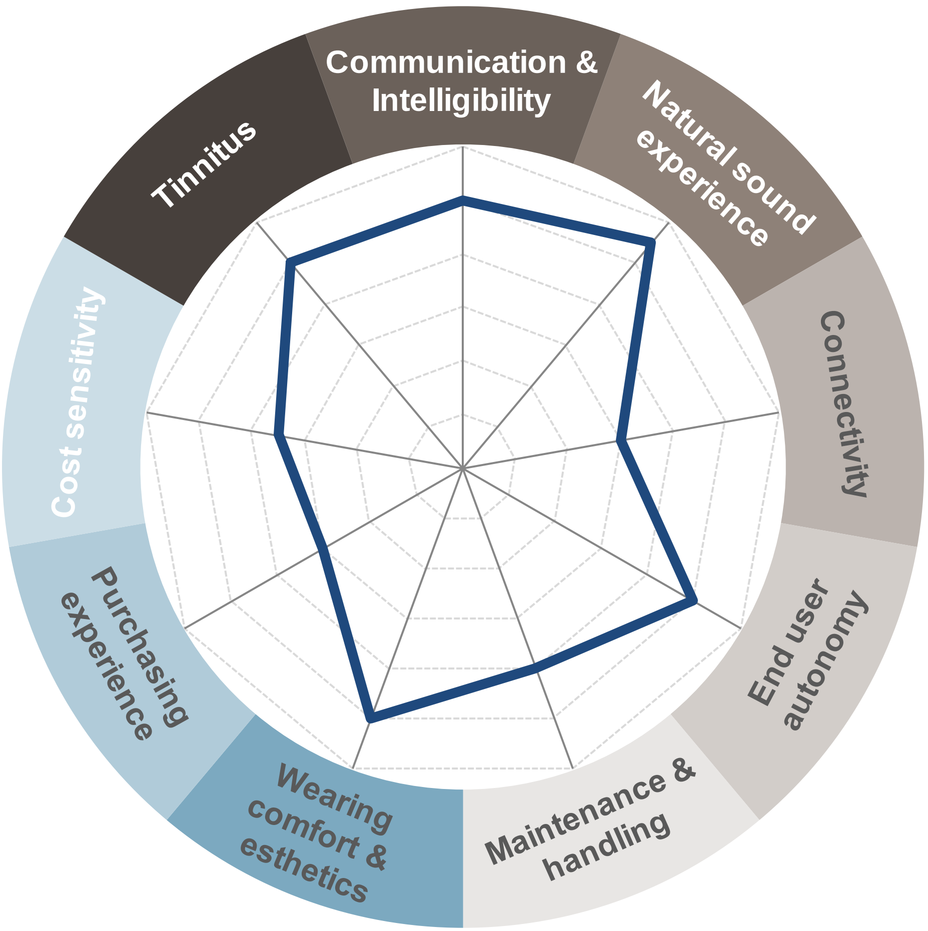
B2C: Consumer needs – Quantitative insights into relative importance



Most relevant needs' clusters

→ Communication & intelligibility (incl. tinnitus)

→ Natural sound experience

→ Wearing comfort & esthetics

Less relevant needs' clusters

→ Purchasing experience

→ Connectivity

Source: Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP)

B2C: Consumer needs – Translate into 4 crucial consumer questions

1 “Does it look good?”

2 “How well do I hear?”

3 “Is it easy to handle?”

4 “Does it provide value for money?”

Consumer needs – Drive Sonova product and services innovation

B2C: Consumer need – Product design – Phonak

Signature elements

Audéo V

New Phonak design – Recognizable through signature elements

Customer insight

B2C: Consumer need – Product design – Unitron

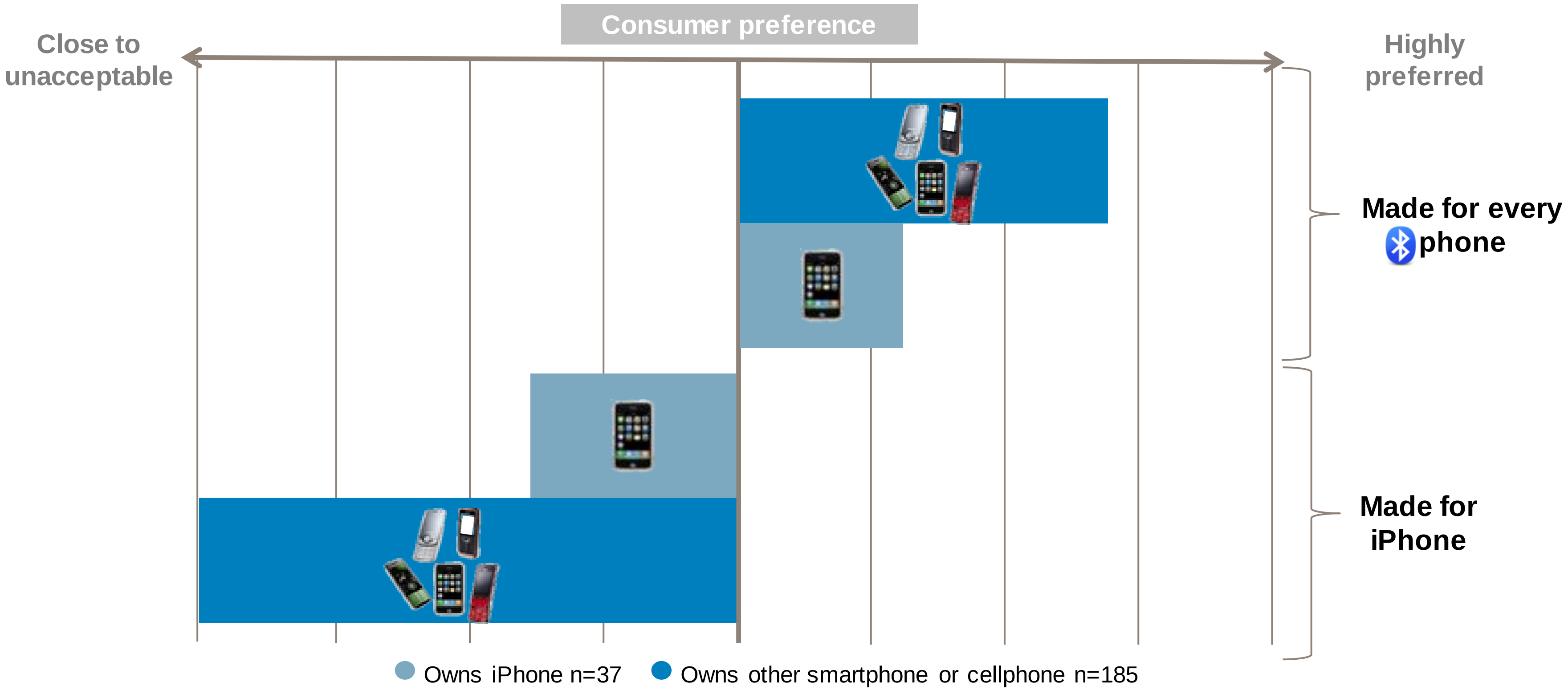
Signature elements

Moxi Kiss

New Unitron design – Differentiated from Phonak

Customer insight

B2C: Consumer need – Connectivity – Compatibility and flexibility

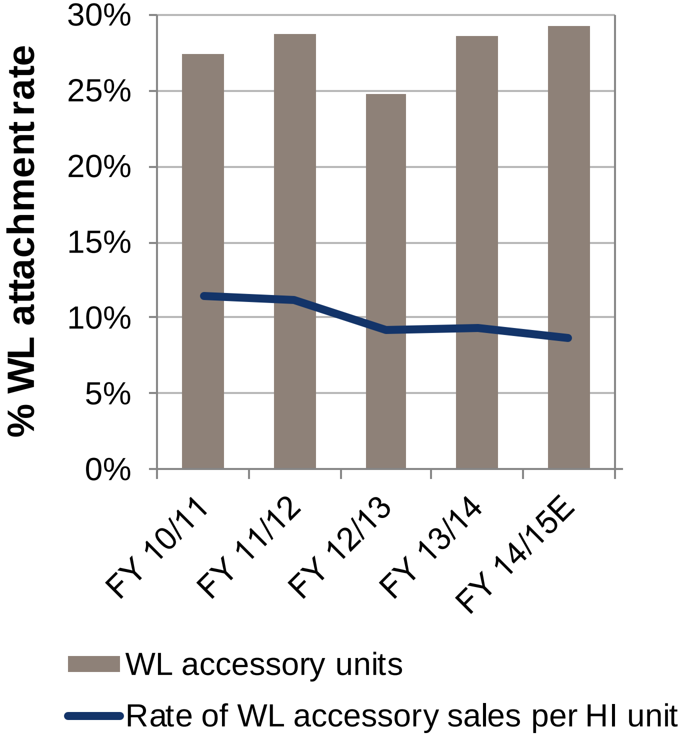


Source: Sonova study of 241 hearing aid users (US)

Connectivity is important – But flexibility is key

Customer insight

B2C: Consumer need – Connectivity – Wireless (WL) accessories

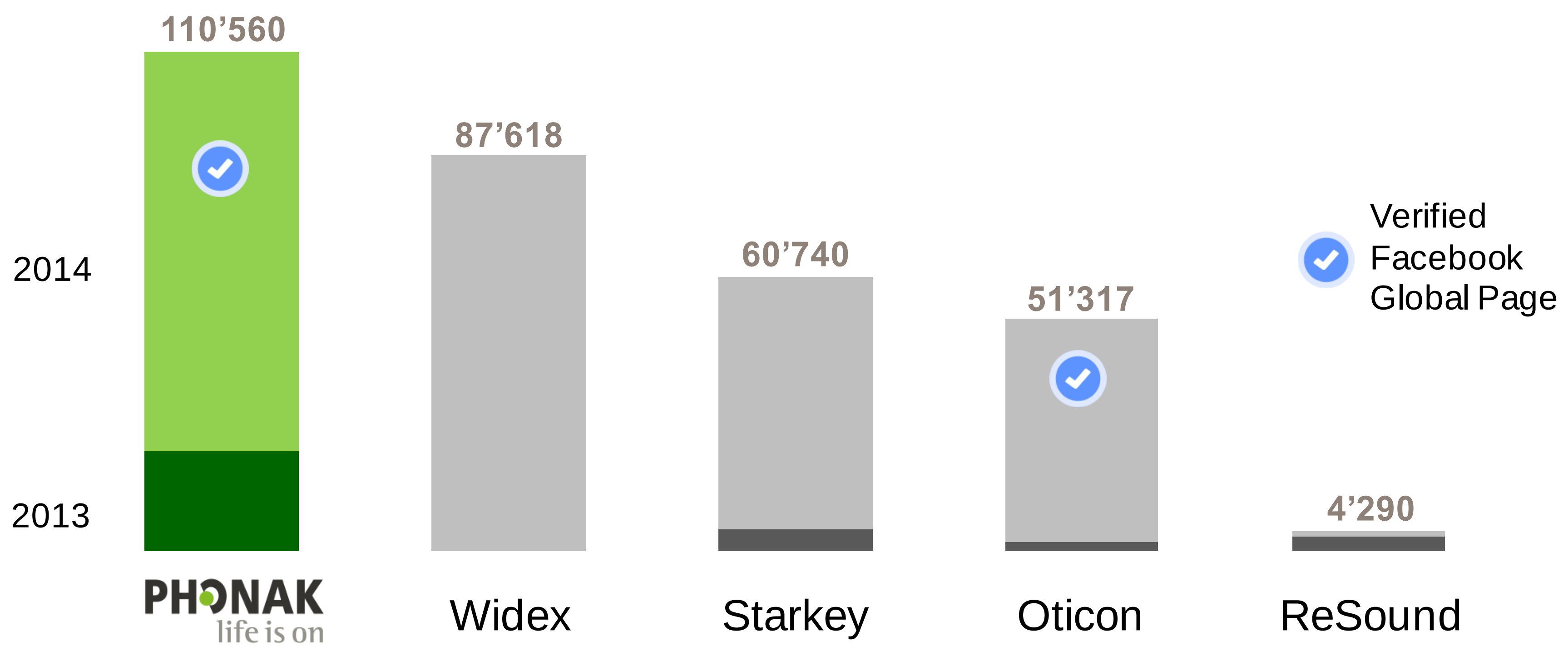


Source: Sonova internal reporting

Connectivity is important – But level of wireless accessory usage still low

Customer insight

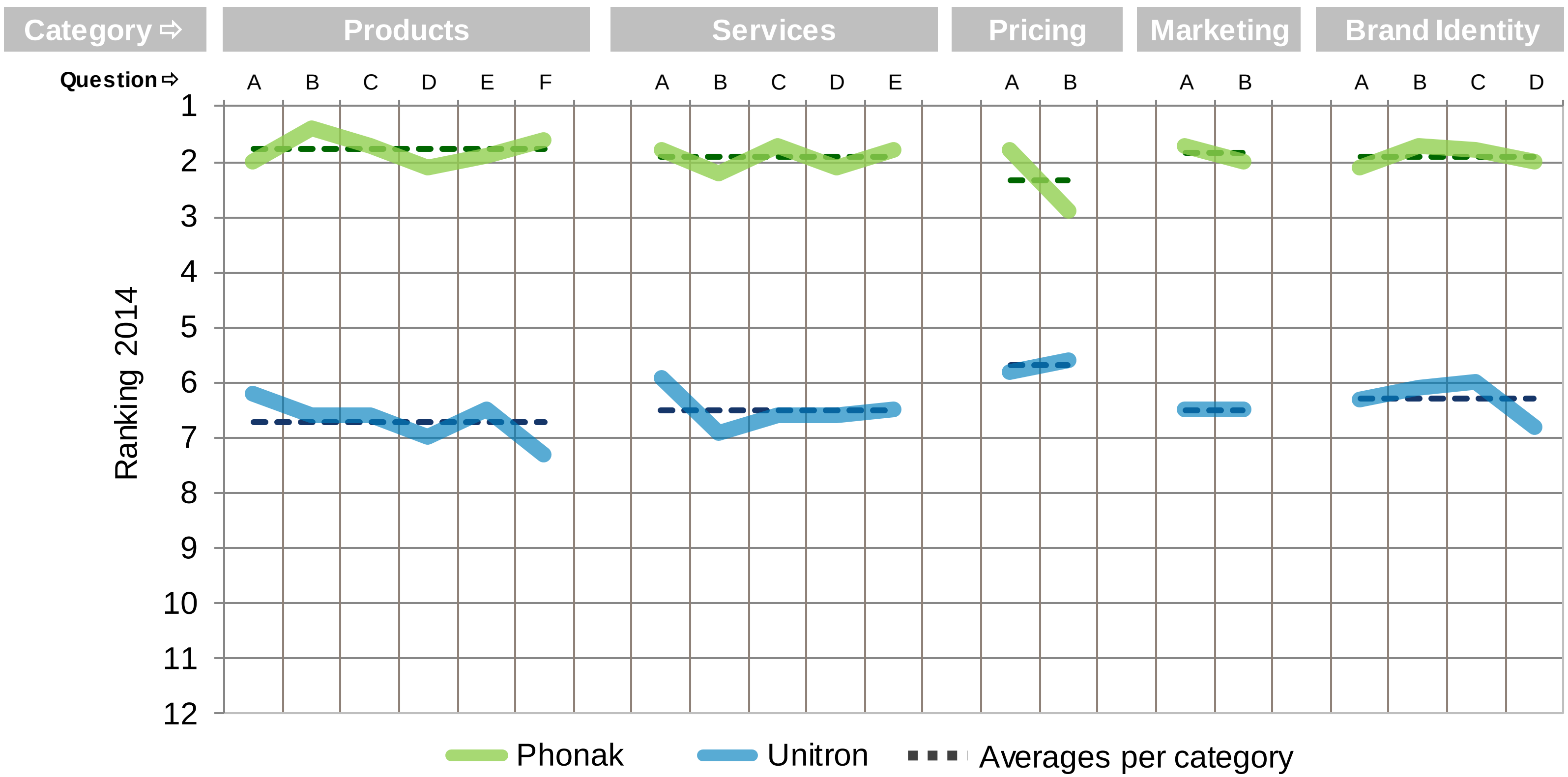
B2C: Consumer needs – Sonova approach increasingly extending to social media



Phonak well ahead of competition in terms of fans on Facebook e.g.

B2B - Understanding the HCP

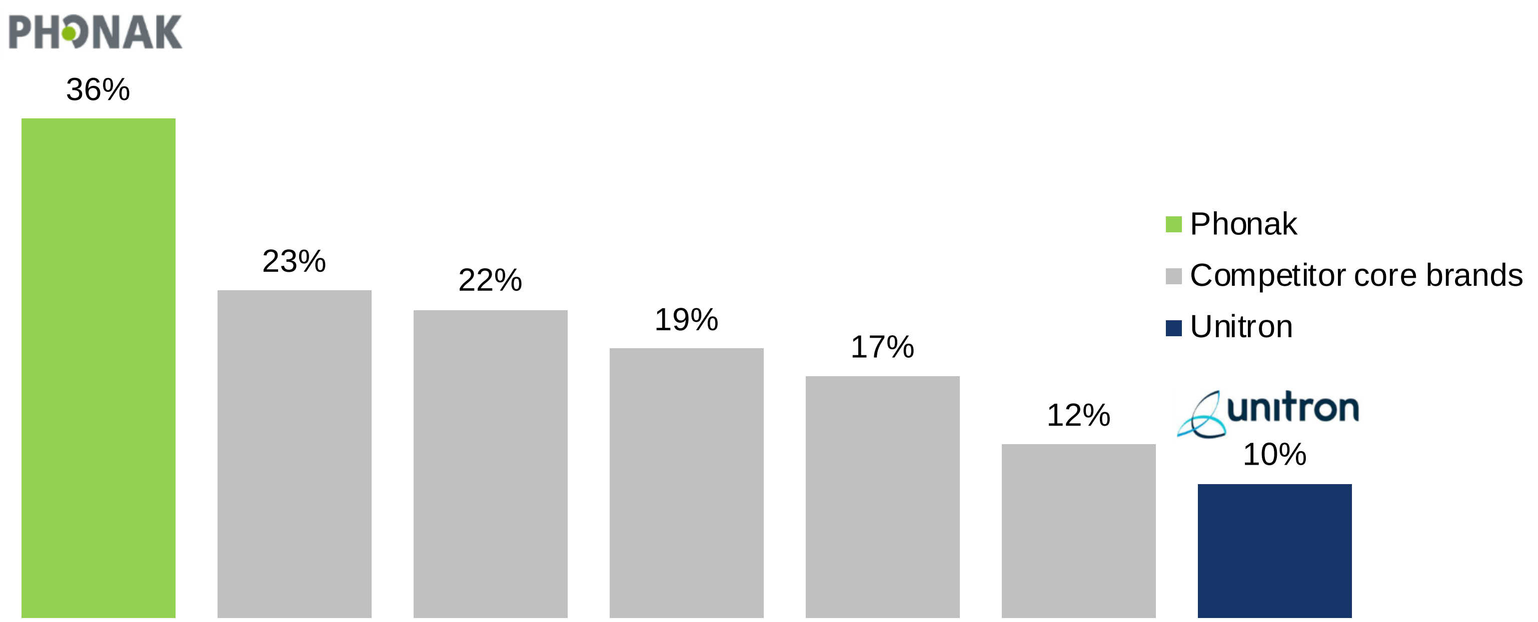
B2B: Phonak – Highest brand perception with HCPs



Source: Phonak Brand Tracker, June – July 2014, 12 markets, n=1347 HCPs; weighted averages

B2B: Unitron – Following closely behind competitor's core brands

B2B: Phonak – No 1 choice by HCPs for their personal use

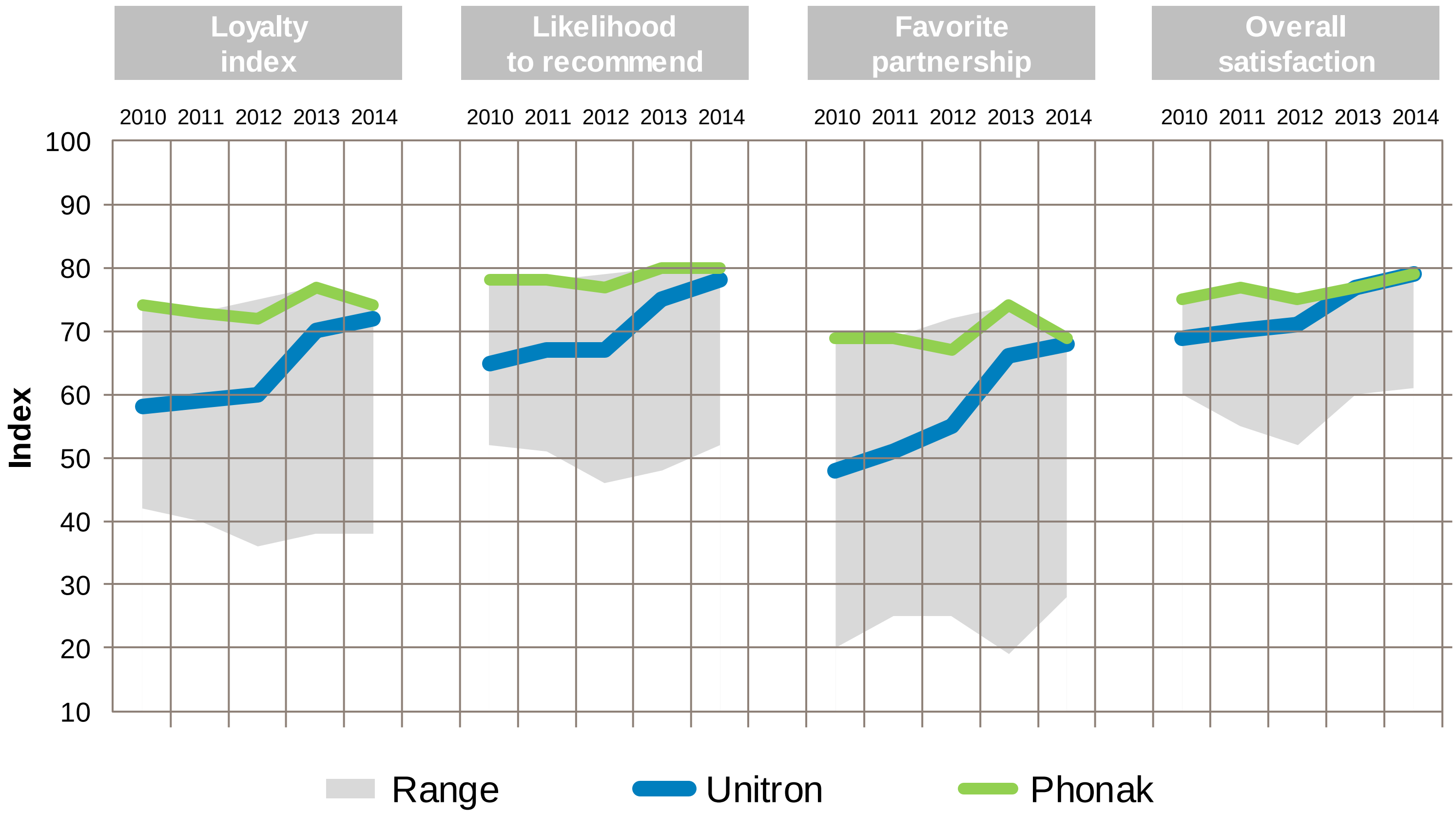


Source: Phonak Brand Tracker, June – July 2014, 12 markets, n=1347 HCPs

B2B: Unitron – Following closely behind competitor's core brands

Customer insight

B2B: Dual-brand approach continues to be successful in Germany



Source: BVHI Satisfaction Survey 2014, Total number of manufacturer ratings =941

Latest surveys show a ongoing positive trend

Customer insight

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B2B: Phonak Target – The leading fitting software – Example Germany

Source: BVHI Satisfaction Survey 2014, Total number of manufacturer ratings =941

Building on this success with the launch of Phonak Venture

Customer insight

B2B & B2C: Driver – Highly differentiated consistent brand communication

Quest

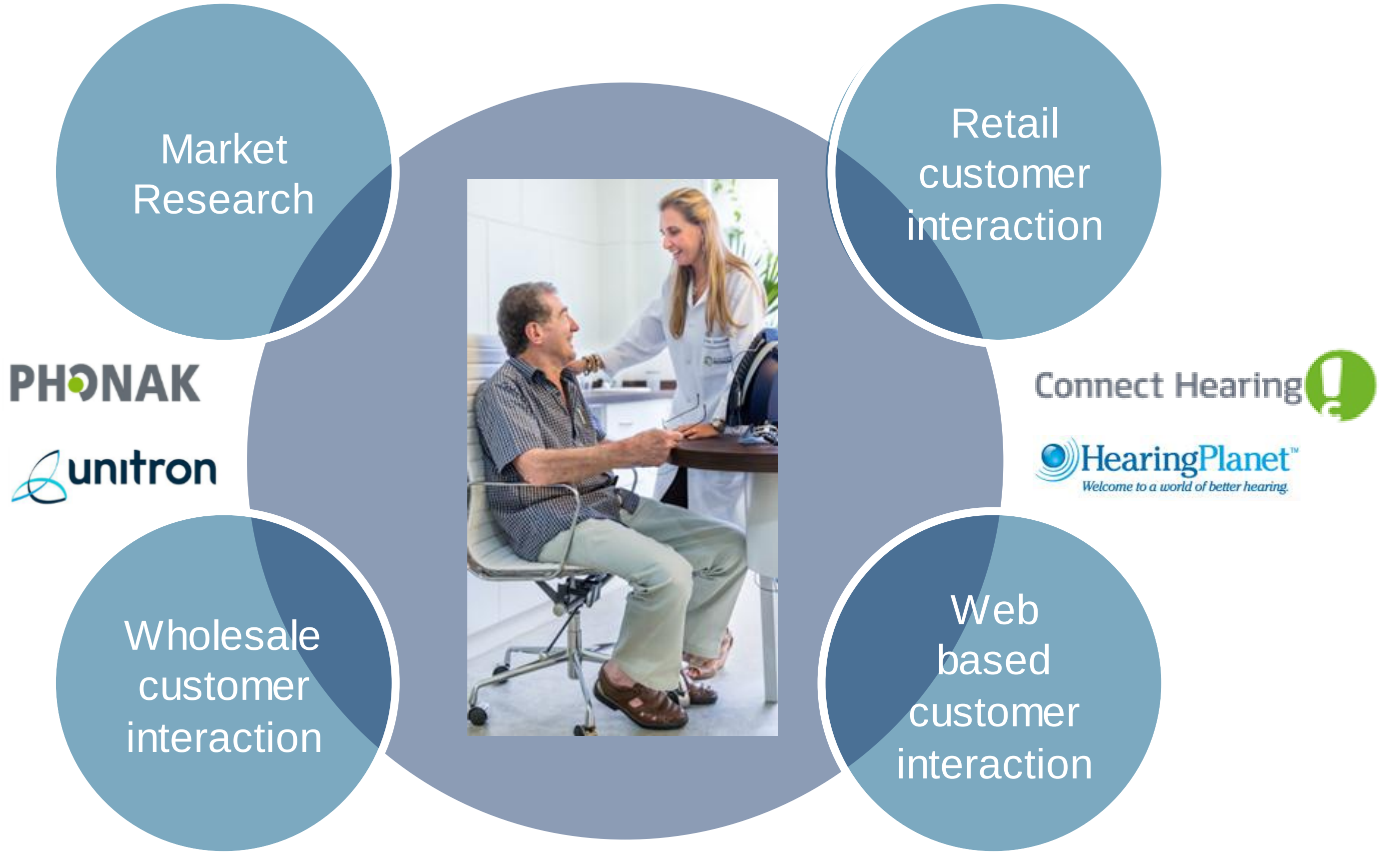
Sky Q

Roger

Venture

Customer insight

B2B & B2C: Marketing approach – Understanding our customer needs



Sonova business model provides multi-dimensional customer insight

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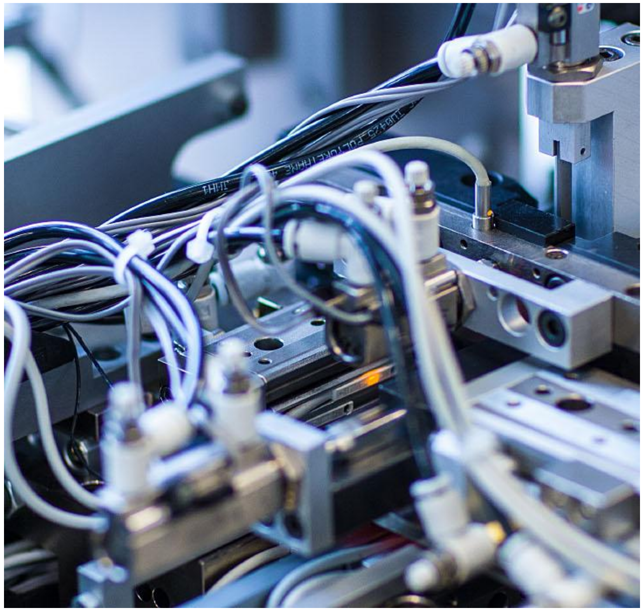
Driving innovation with new products

Stäfa, 14 October 2014, Lukas Braunschweiler, CEO



Product strategy

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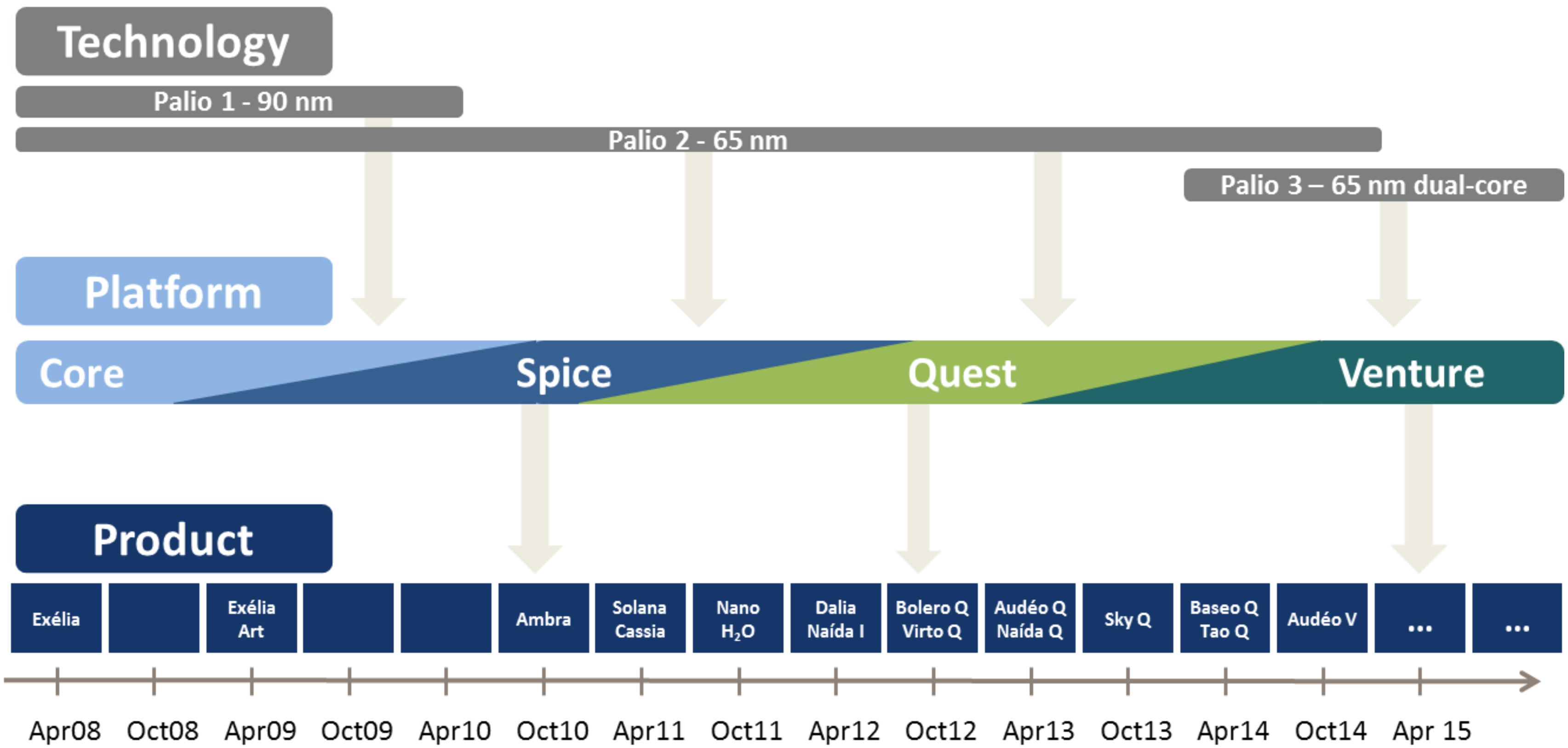
Provide complete customer solutions: HW, SW and Services



Platform concept approach to solution development for HI & CI

Product strategy

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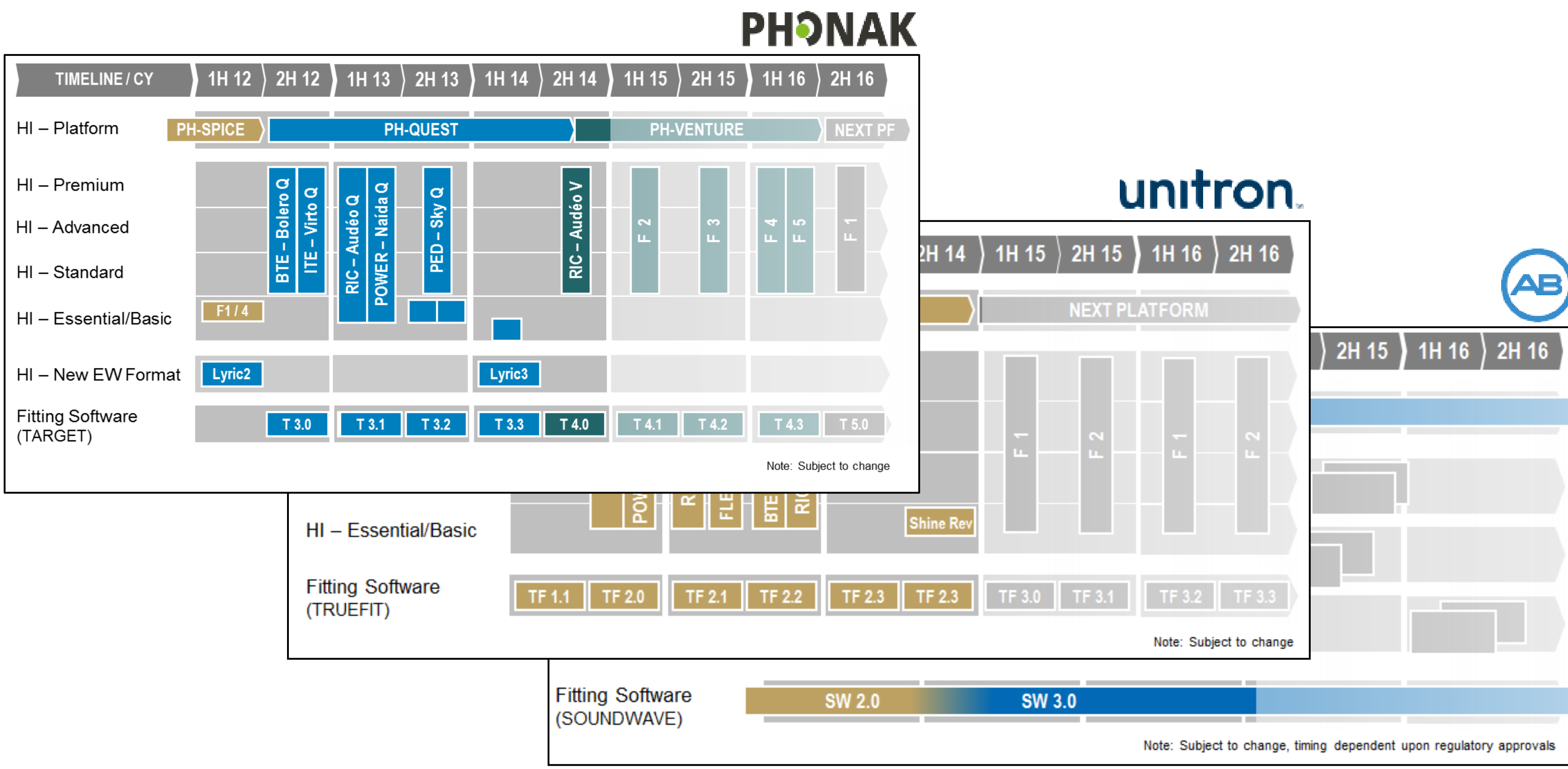
Product pipelines: Consistently meeting product development targets



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Technology platforms: Building blocks of our innovation strategy

Stäfa, 14 October 2014, Andi Vonlanthen, GVP Research & Development

Platform strategy

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A look back at 2005

	First class	Business class	Economy class
PHONAK	Savia Supero™ Claro™ Perseo 	Aero™ 	MAXX Amio 
unitron	liaison 	conversa 	unison 4 unison 2 

5 mechanical BTE Platforms, numerous ITE Models, 5 DSP Technologies

Platform strategy

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Palio 3: 3rd generation technology platform – Sonova's next big step

• Technology	Palio 1	Palio 2		Palio 3
• Products	PALIO CORE	SPICE	QUEST	VENTURE
• Core Algorithm SW on DSP- Platform	CORE	SPICE	QUEST	VENTURE
• DSP - Platform	130 nm	65 nm		65 nm dual-core
• ASP - Platform	250 nm	250 nm	250 nm	
• Wireless - Platform	180 nm	180 nm	180 nm	90 nm
• Wireless - Frequency	10.5 MHz	10.5 MHz	10.5 MHz	10.5 MHz
• HW - Housing	PALIO	SPICE	QUEST	VENTURE
• Fitting SW	iPFG	TARGET	TARGET	TARGET

Phonak Venture – The first product platform on new Palio 3 technology

Platform strategy

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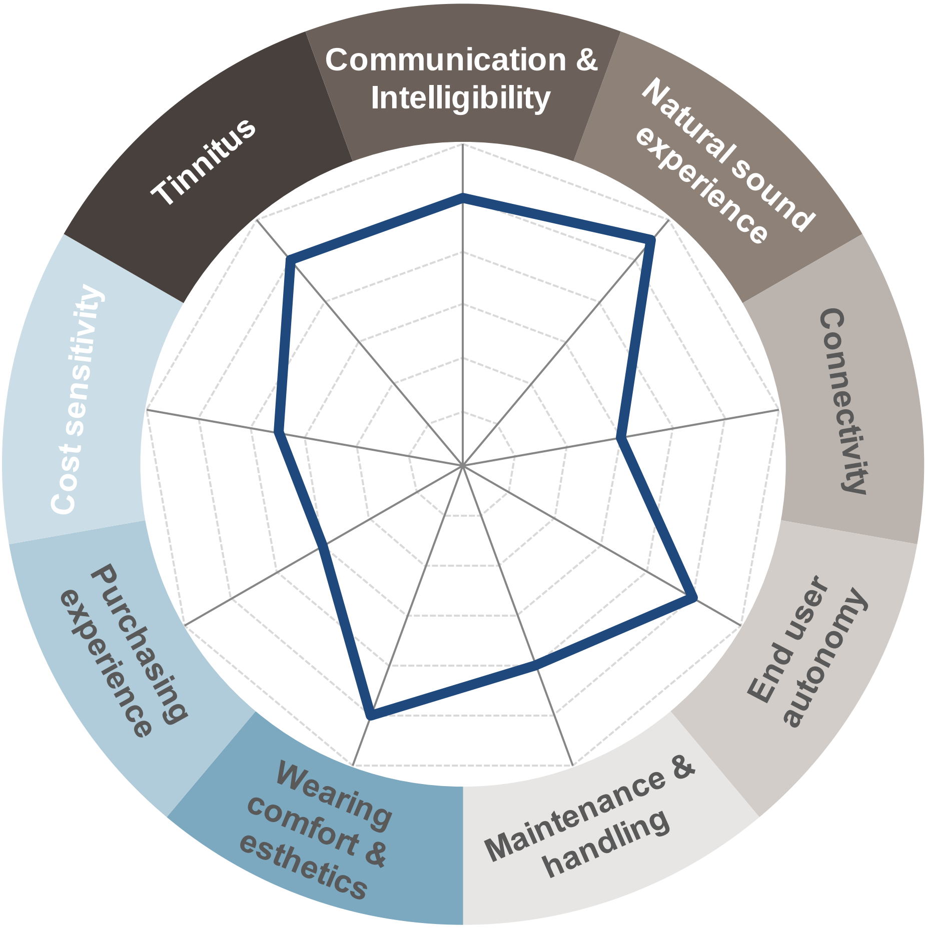
B2C: Consumer needs – Drive Sonova product and services innovation



→ ❶ **New HI architecture**
- Consistent EAM design
- New DSP feature
- New accessories

→ ❷ **Sound quality**
- Lower noise performance
- Less distortion
- Better directionality

→ ❸ **System performance**
- Full HI automation potential
- Higher system efficiency
- Lower current consumption
- Wireless connectivity options

Source: Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP), relevance is indicated by distance from the center

New Phonak Venture platform

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❶ New HI architecture: Complete new family – Based on same EAM* principles

* EAM = Electro – Acoustic – Mechanic

Enabling simultaneous introduction of 4 new form factors in 4 price segments

New Phonak Venture platform

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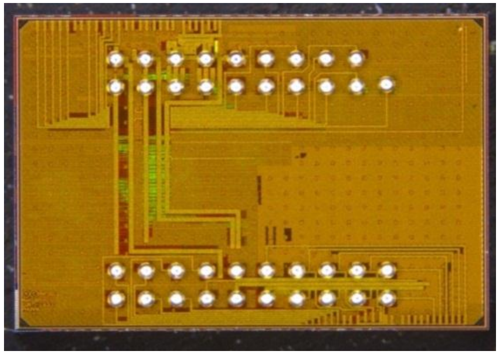
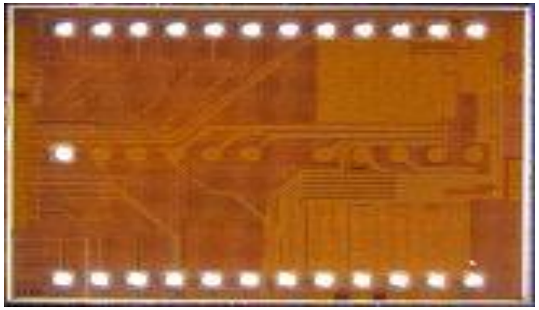
1 New HI architecture: Two new silicon chips

1st dual-core digital sound processor (DSP)	New high-performance wireless chip (WL)
– Double digital sound processing power – Dual-core 65nm processor technology – Lower (ultra-low) energy consumption – Low clock speed – high parallelism – Mastering challenges of parallel computing – Fully programmable – shorter times-to-market – Integrated analog front-end (ASP)	– Increased throughput – faster communication – Latest 90nm wireless processor technology – Lower (ultra-low) power consumption – Wider audio bandwidth – excellent binaural sound – Reliable and efficient 10.5 MHz transceiver





New Phonak Venture platform

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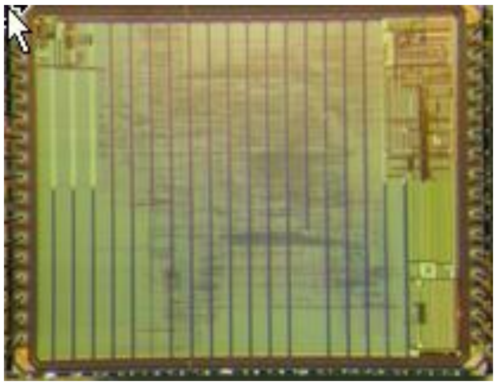
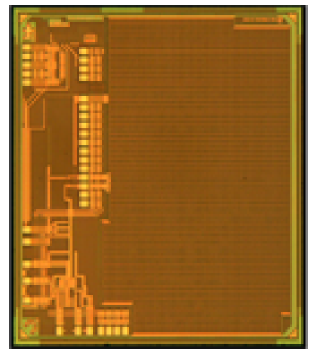
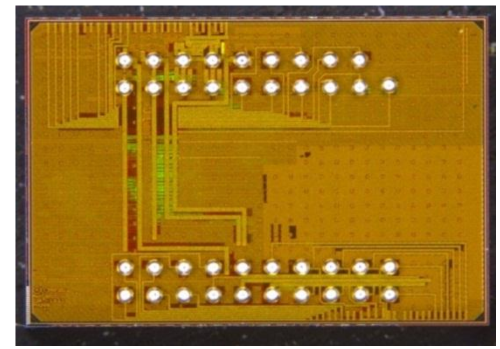
❶ New HI architecture: DSP chip platform – At the heart of every digital HI

PALIO 1 (2004)	PALIO 2 (2010)	PALIO 3 (2014)
		
1st single DSP platform for all products Technology: 130nm RAM: 450kBits, ROM = 1.0MBits Transistors: > 6'000'000 CPU clock (nominal): 5.24 MHz Million operations per second: 120	**DPRO 2 = DPRO 1 + mod. migrated to 65nm technology** Technology: 65nm RAM: 1.53MBits, ROM = 1.0MBits Transistors: > 14'000'000 CPU clock (nominal): 10.48 MHz Million operations per second: 200	**1st dual-core DSP architecture with integrated analog front-end** Technology: 65nm RAM: 2.48MBits, ROM = 1.48MBits Transistors: > 31'000'000 CPU clock (nominal): 5.68 MHz Million operations per second: 440

New Phonak Venture platform

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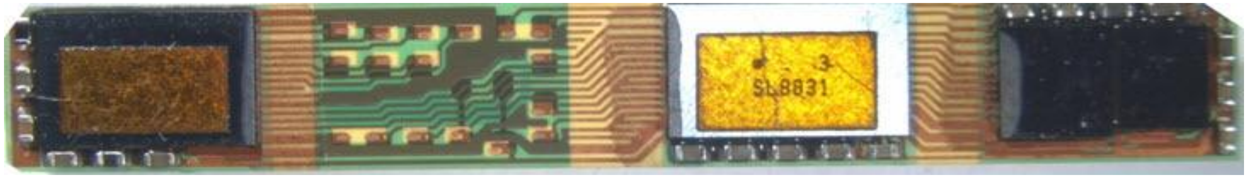
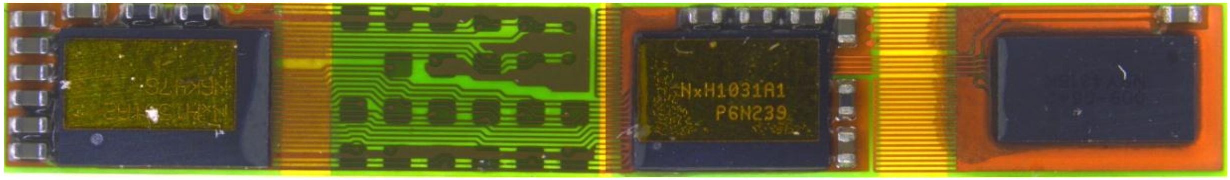
❶ New HI architecture: Hybrid with same dimensions

Palio 2 Quest

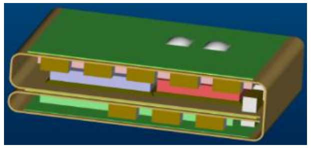


APRO 2 iWiPRO DPRO2 NVM

Palio 3 Venture



CORTI MARCONI NVM

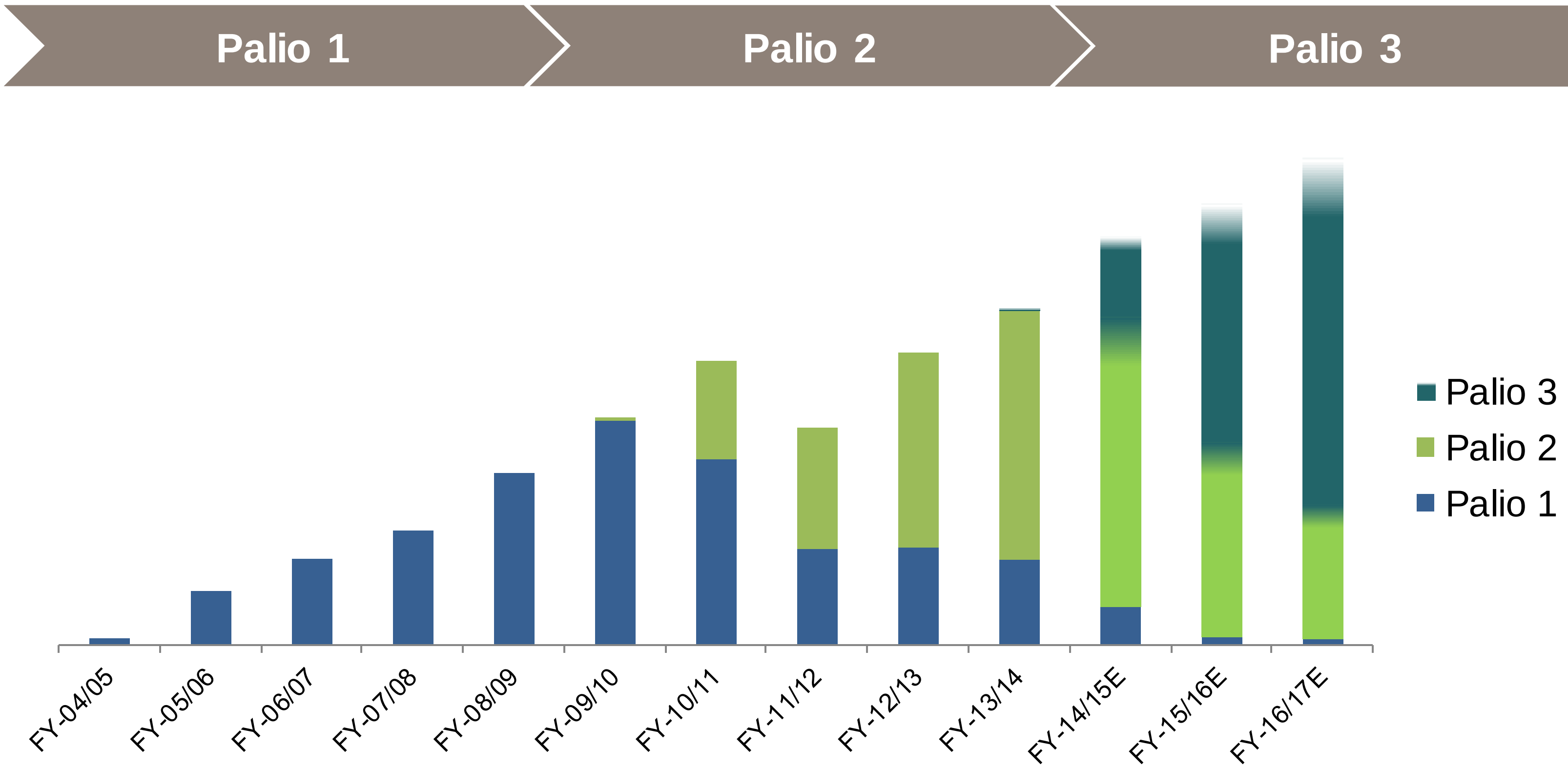


Efficiency: Use of same production tools and processes

New Phonak Venture platform

sonova
HEAR THE WORLD

❶ New HI architecture: Hybrid production volume



Efficiency: Platform approach as growth engine

New Phonak Venture platform

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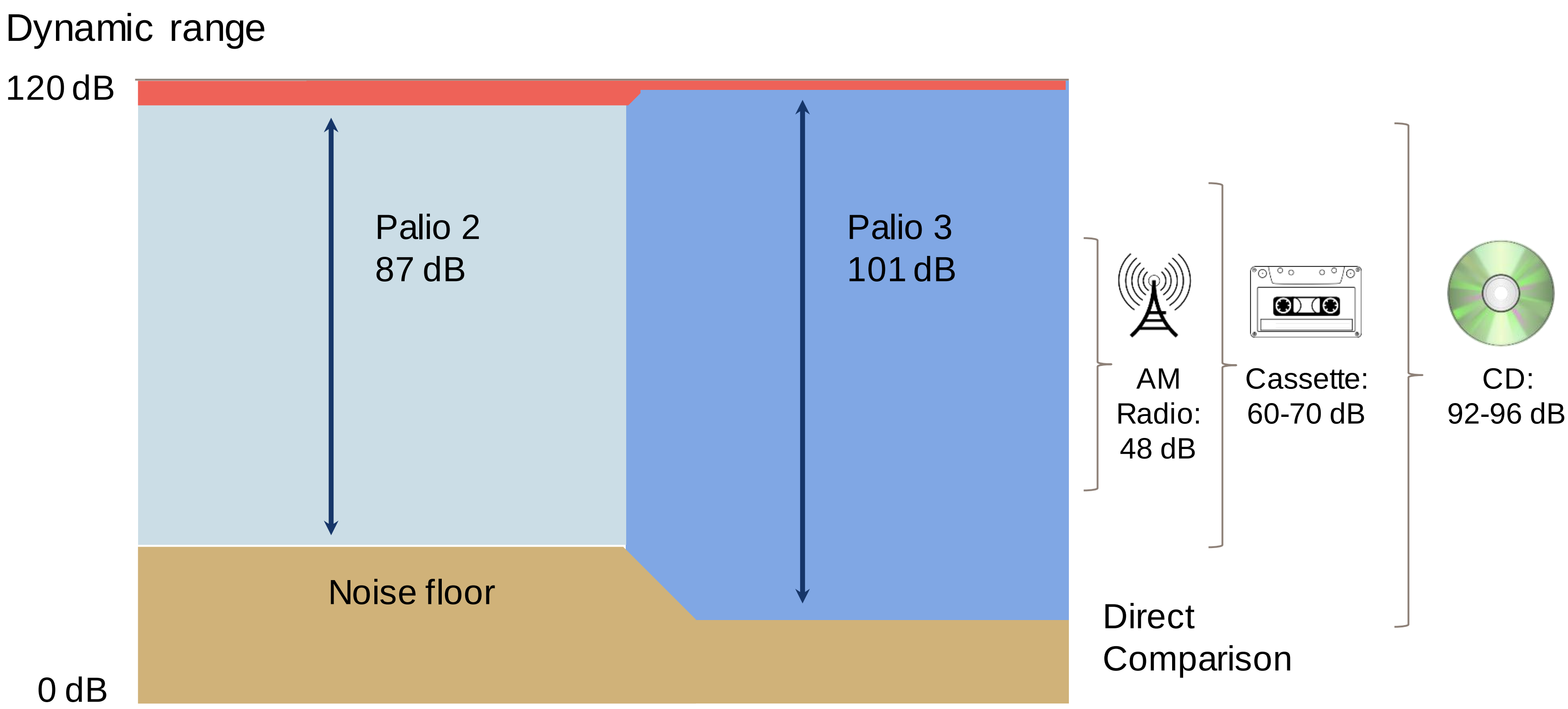
❷ Sound quality: Wider dynamic range boosting jump in sound quality – Amazing

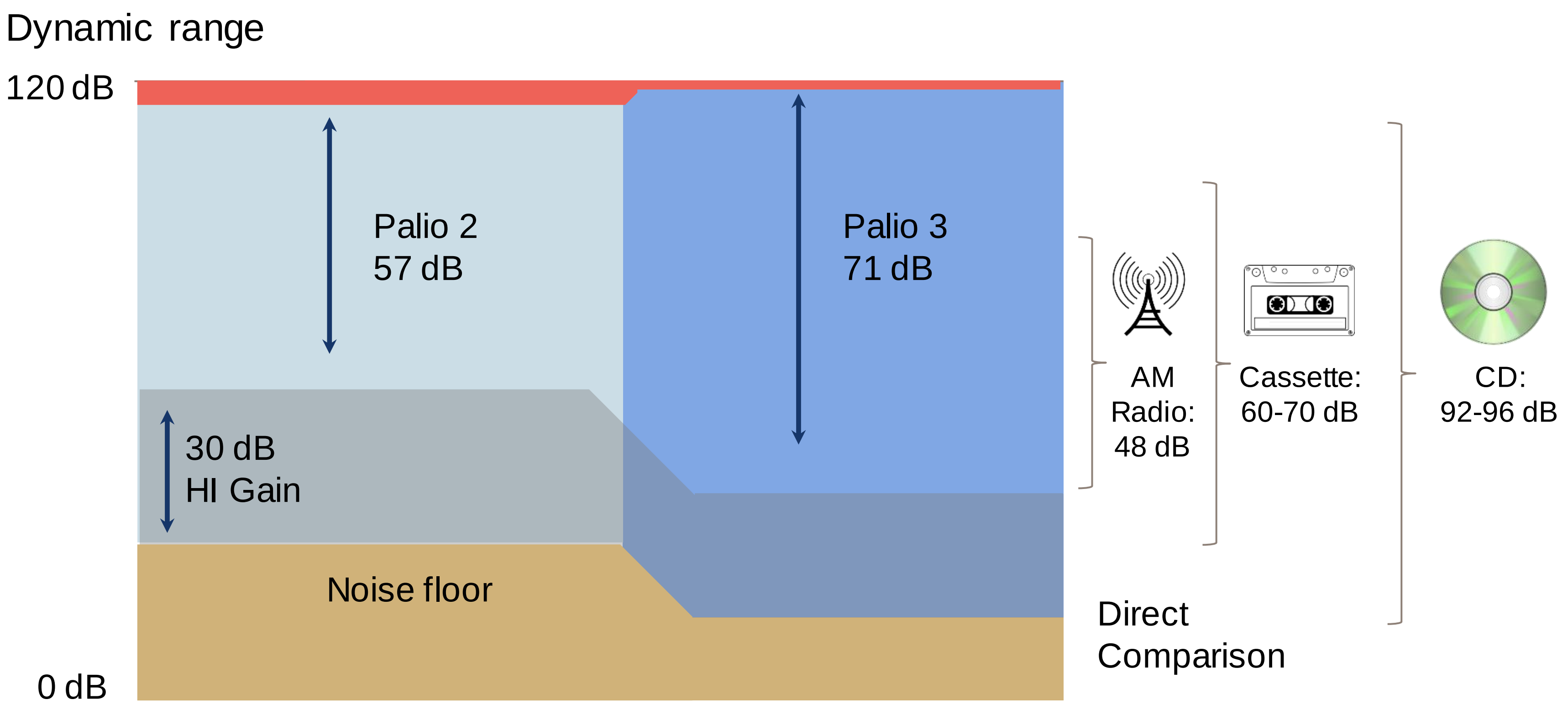


Palio 3: Lower noise floor providing significantly better audibility of soft sounds

New Phonak Venture platform

sonova HEAR THE WORLD

❷ Sound quality: Wider dynamic range boosting jump in sound quality – Amazing



Palio 3: Lower noise floor providing significantly better audibility of soft sounds

New Phonak Venture platform

sonova
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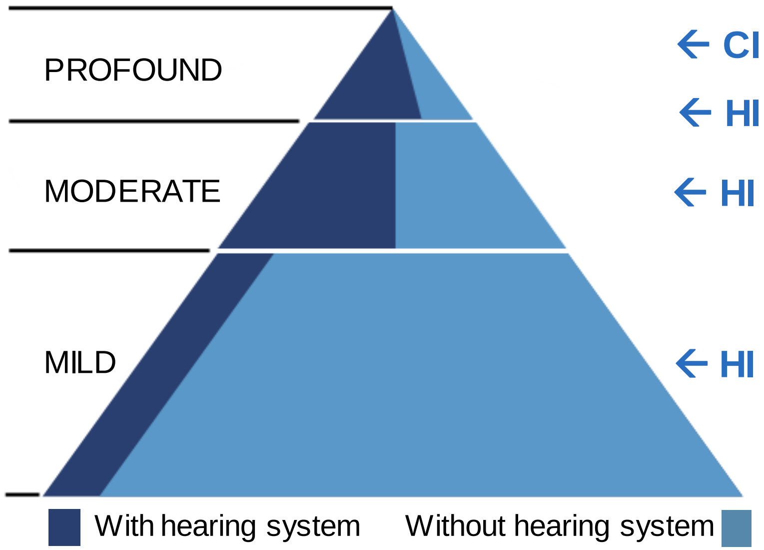
❷ Sound quality: Unheard of performance level in quiet environments



END-USER MARKET – PENETRATION*	
- Profound loss	70%
- Moderate loss	50%
- Mild loss	10%

* Source: Several industry statistics, Sonova estimates

The Venture platform – Key to tap large mild market segment

New Phonak Venture platform

sonova
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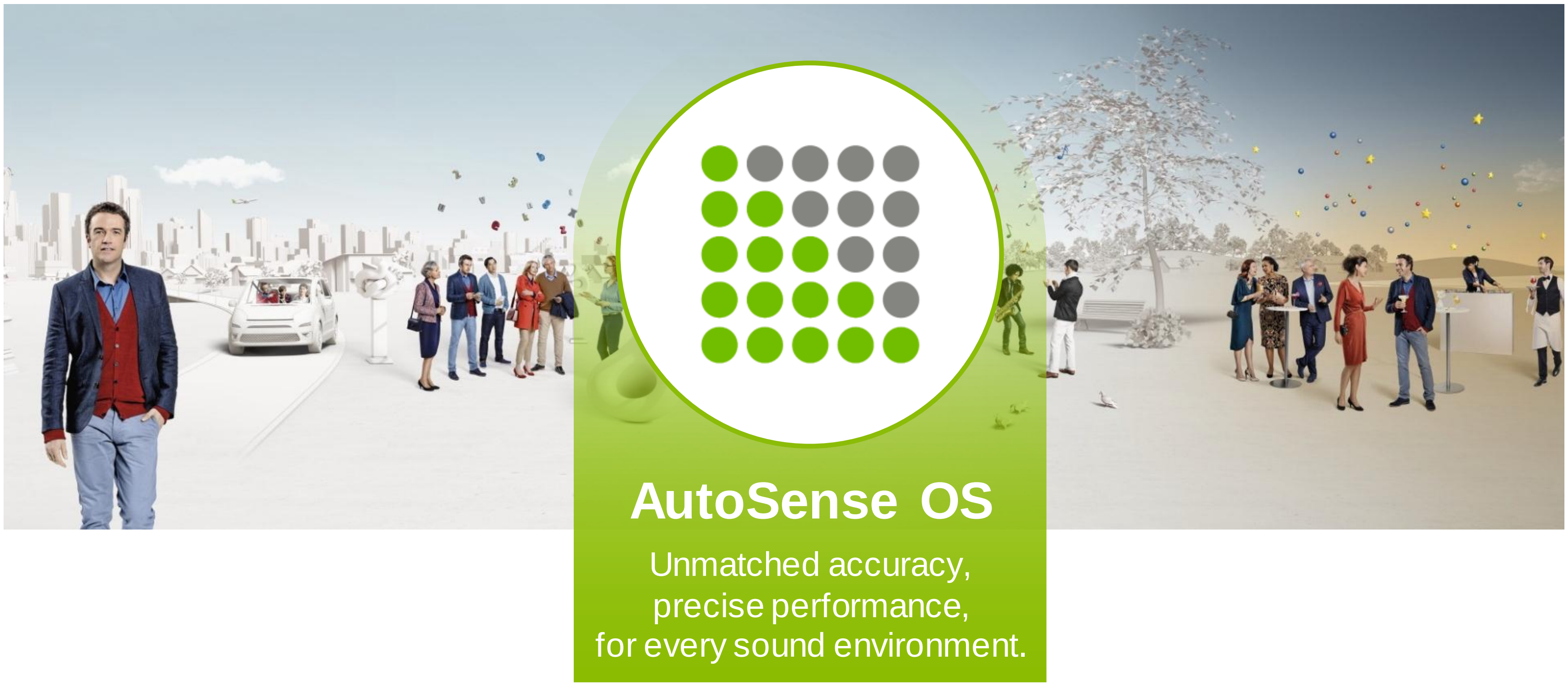
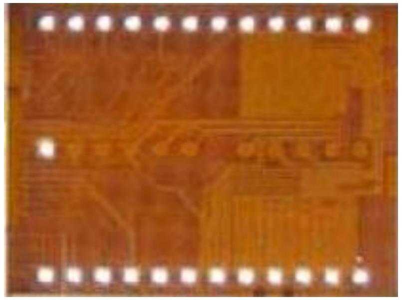
❸ System performance: Highest level of automation potential



AutoSense OS – Mastering the complexity of everyday sounds…

New Phonak Venture platform

❸ System performance: New wireless chip – Unmatched specifications

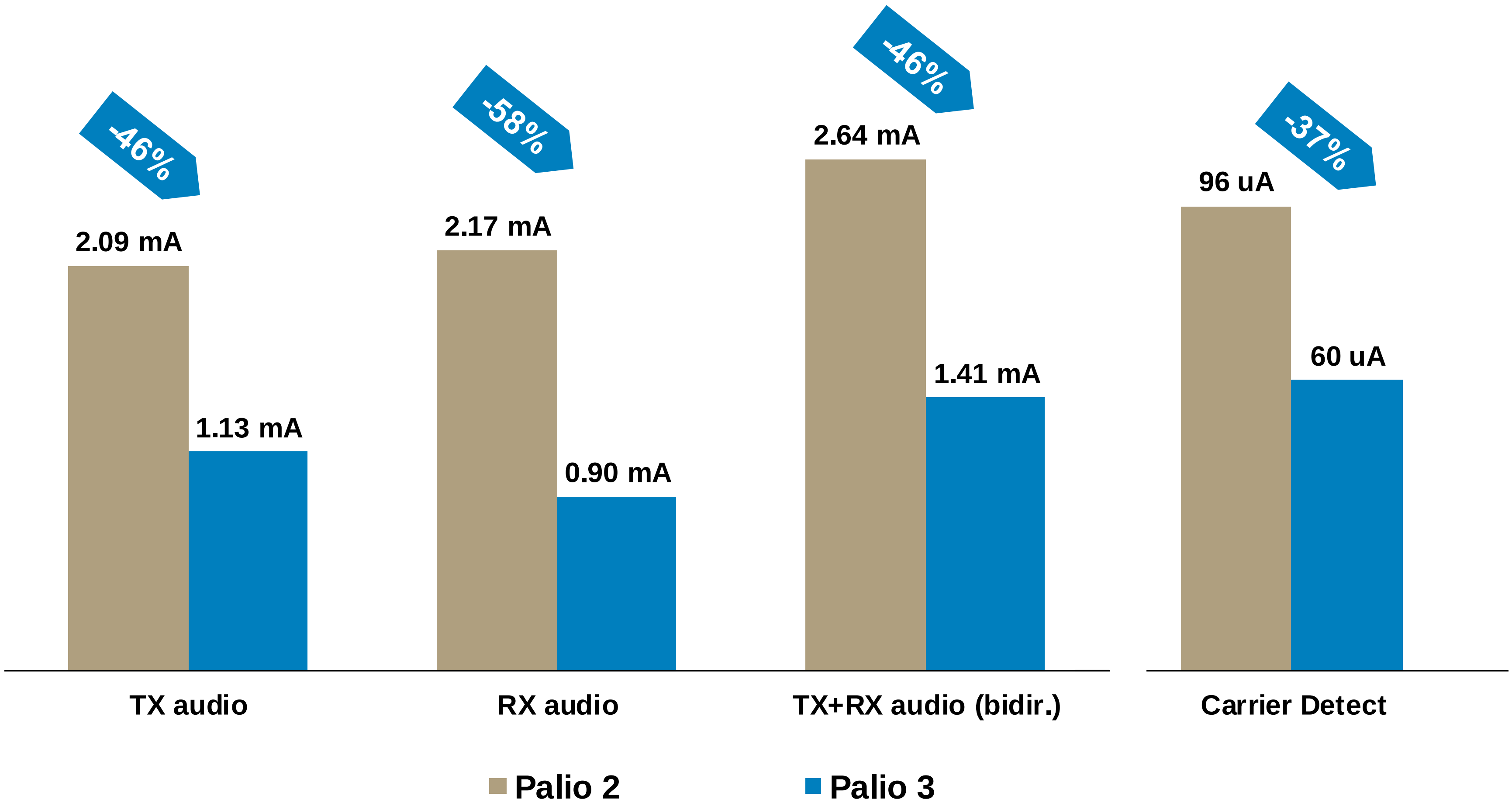


2008	2014 (Venture)
Technology: 180 nm	Technology: 90 nm
Transistors: > 2‘000'000	Transistors: > 9‘820'000
Audio sample rate: 20.48 kHZ	Audio sample rate: 22.05 kHZ
Radio channel speed: 298 kbps	Radio channel speed: 596 kbps
Latency: 5.1 ms	Latency: 4.6 ms

Base for reliable, easy-to-use and standardized wireless solutions

New Phonak Venture platform

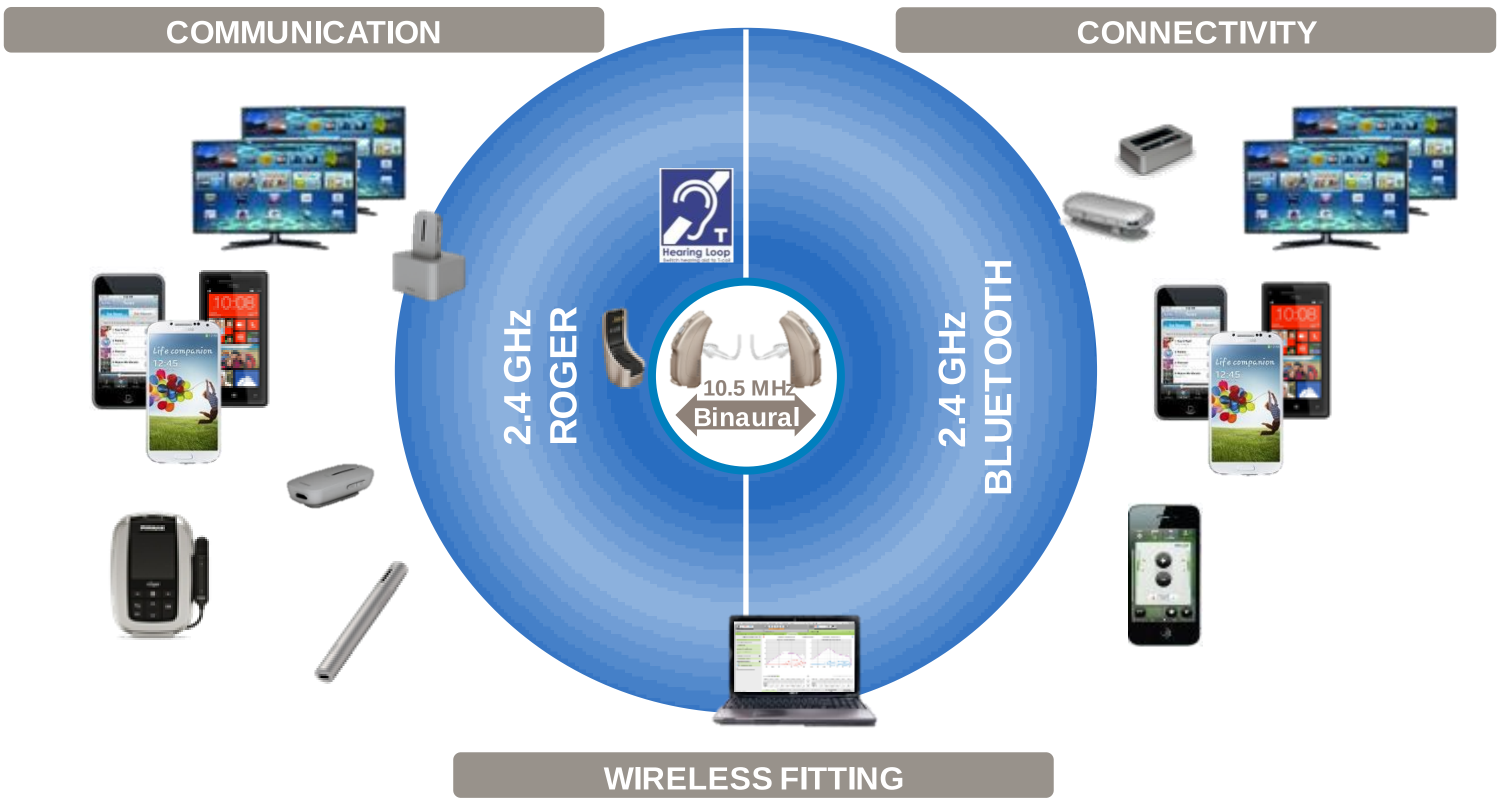
❸ System performance: New wireless chip – Significantly lower power consumption



…. at twice the industry-leading bandwidth of the Palio 3 chip

New Phonak Venture platform

❸ **System performance: New wireless chip – Reliable communication power…**



…enabling and powering "MFA", neckloop-free, etc. connectivity solutions

New Phonak Venture platform – Phonak Audéo V

Stäfa, 14 October 2014, Martin Grieder, GVP Phonak

Phonak Audéo V

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The market opportunity

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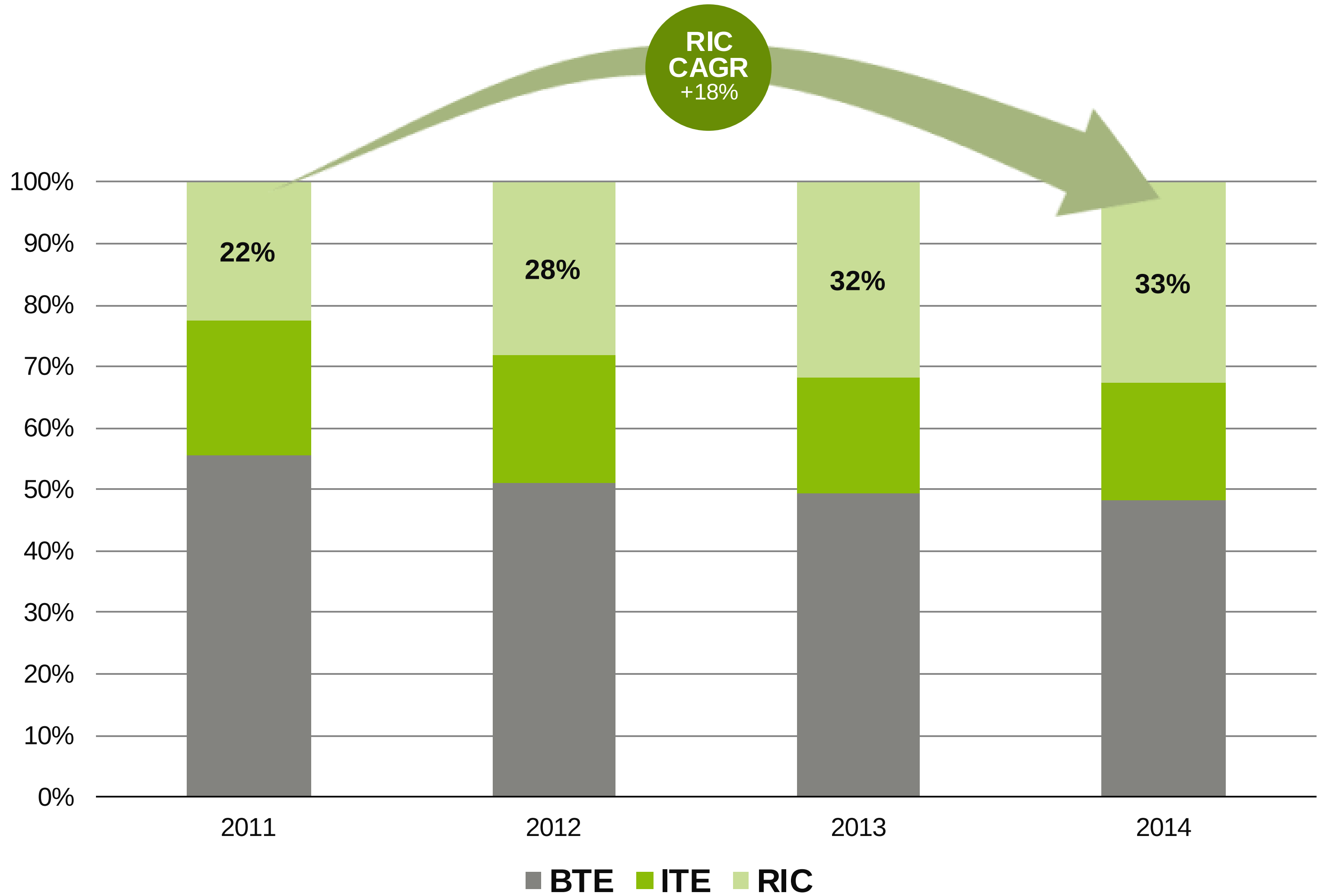
RIC form factor shows 18% market CAGR over the last 4 years



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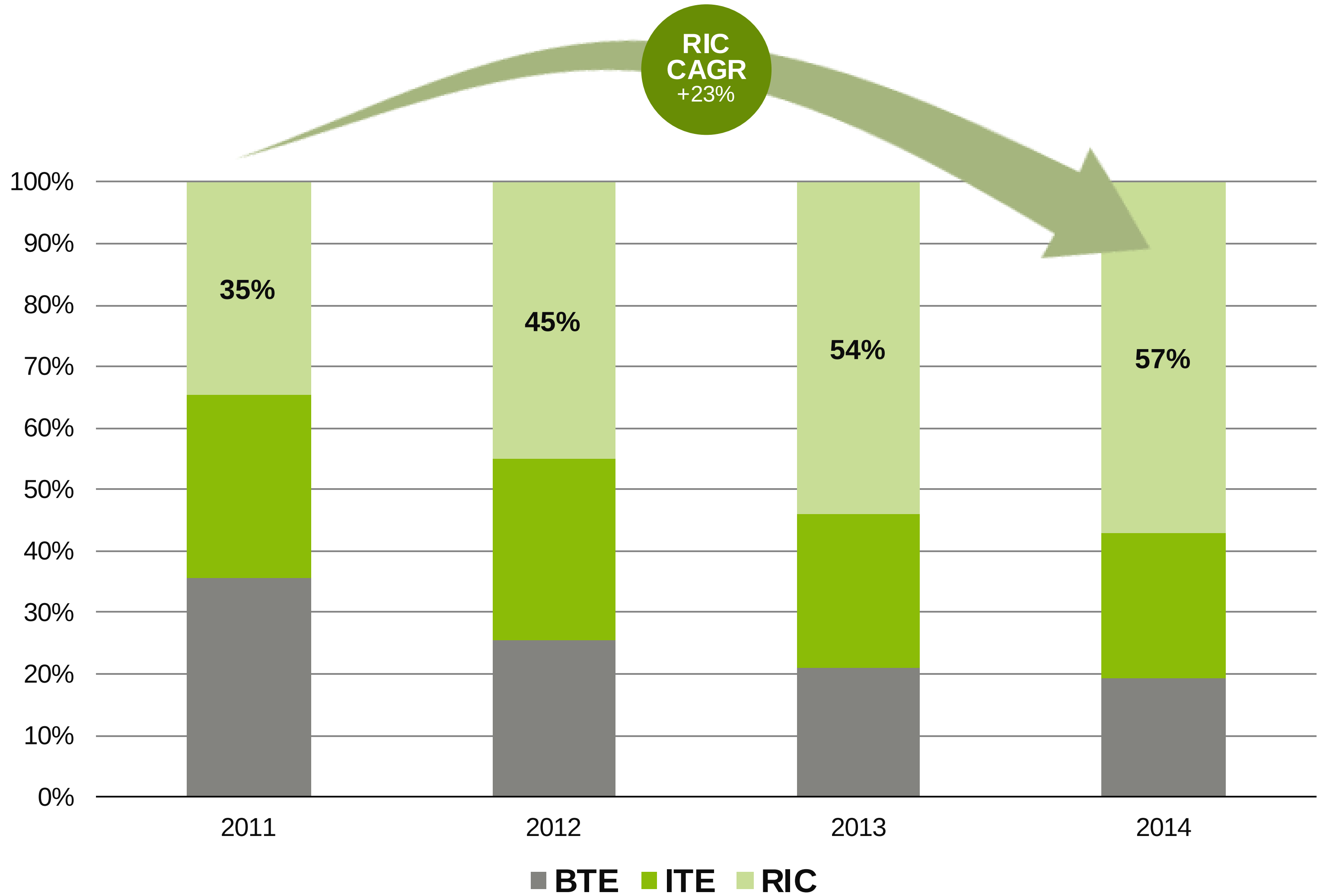
… and US market was a key contributor with 23% CAGR



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What consumers want and our matching product features

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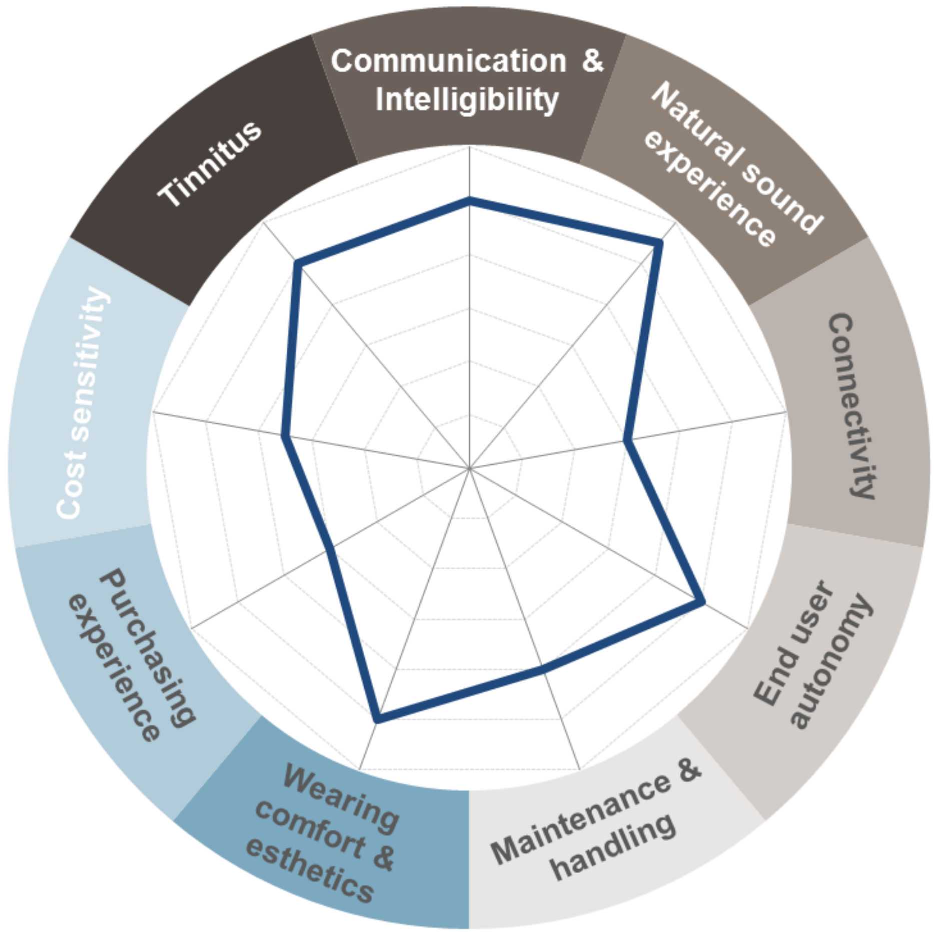
Hearing is more than listening…



Source: Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP), relevance is indicated by distance from the center

Crucial questions when selecting a hearing solution

1 “Does it look good?”

2 “How well do I hear?”

3 “Is it easy to handle?”

4 “Does it provide value for money?”

Phonak Audéo V comes in a beautiful & contemporary design

Venture range

Travel cases

TV link

Programming tool

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Major step change in design compared to previous product ranges

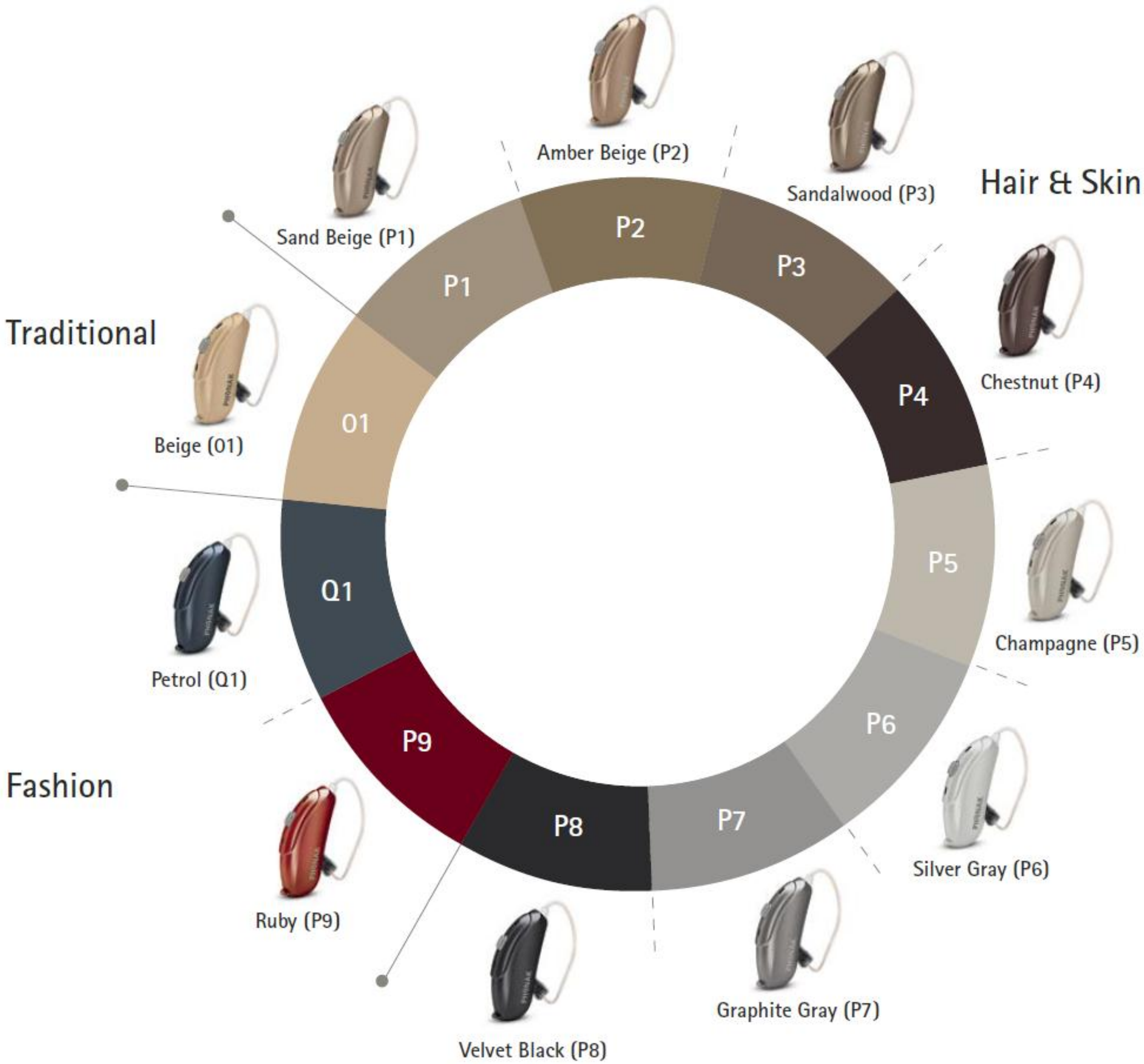
Audéo V

10 | 312 | 312T | 13

Audéo Q

10 | 312 | 312T

Provides a large choice of colors…



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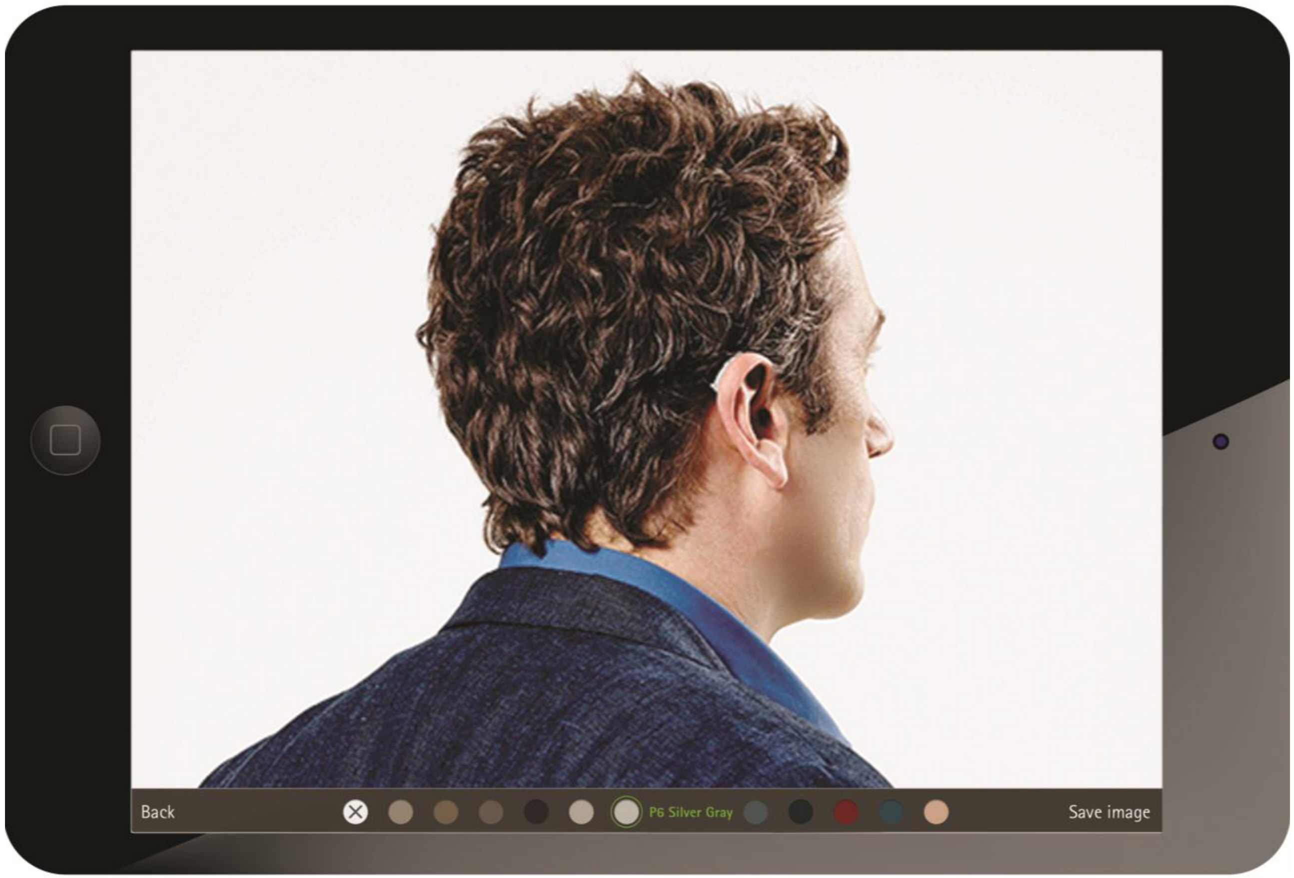
…and the Virtual Mirror

Innovative support tool to satisfy consumer needs



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Crucial questions when selecting a hearing solution

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2 “How well do I hear?”

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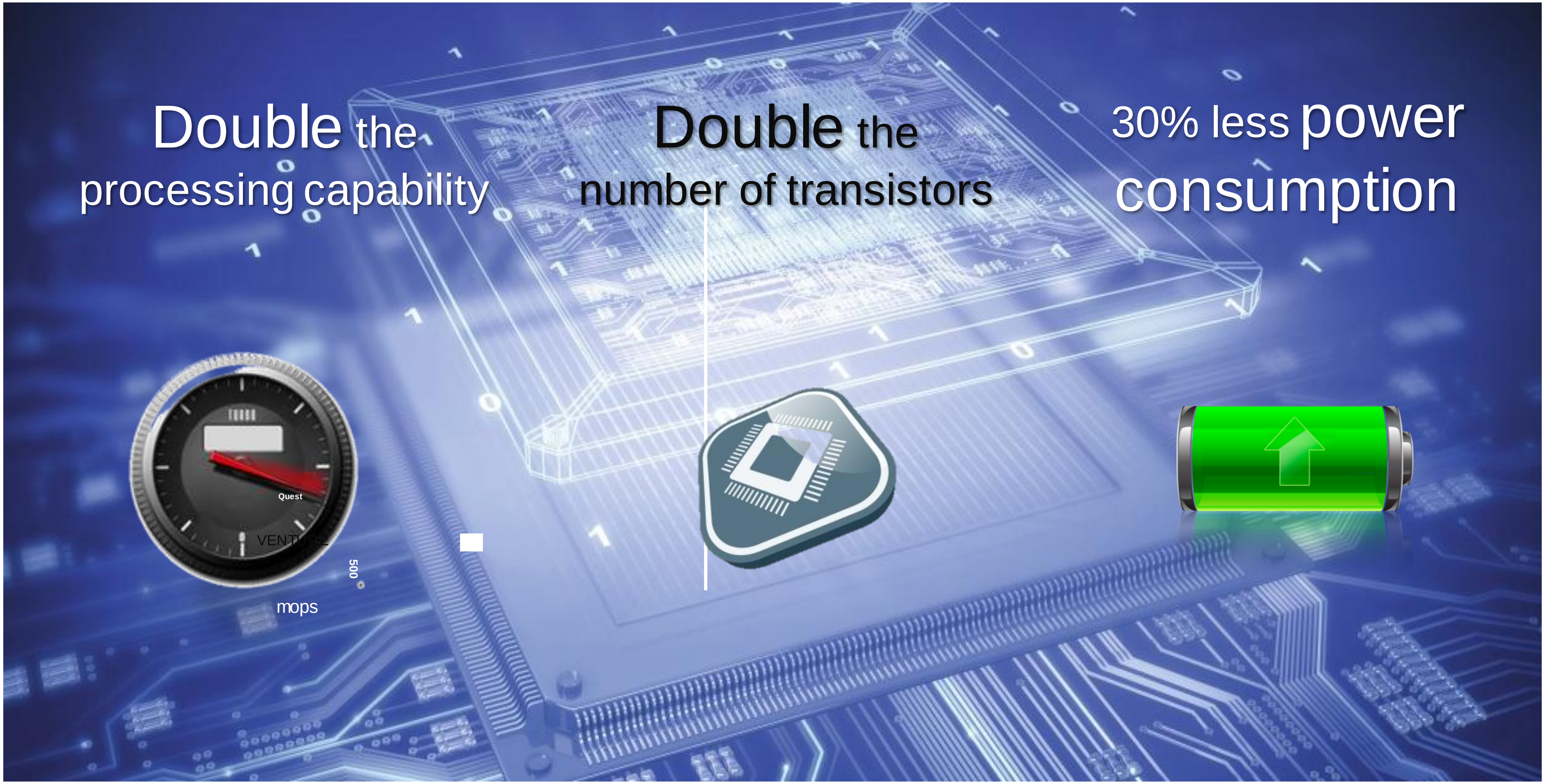
The power of the new Phonak Venture chip

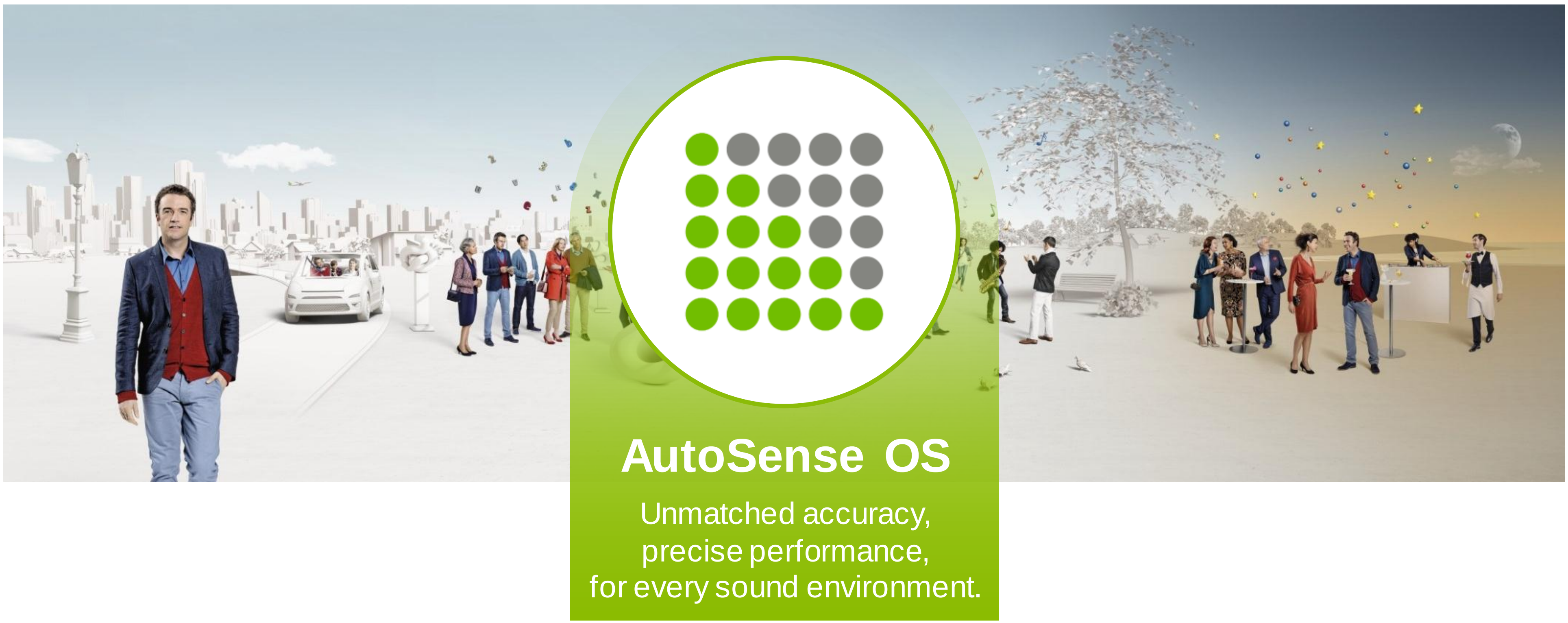
Our response to life's complexity and need for performance



PHONAK life is on

AutoSense OS – Seamless Life

Mastering the complexity of everyday sounds



AutoSense OS blends different programs seamlessly

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Speech in Loud Noise

Speech in Loud Noise program

StereoZoom, now adaptive, zooms in on a single voice in a diffuse noise environment, improving speech intelligibility.

*Source: Latzel, M & Konig, G. (2014) Binaural directional microphone

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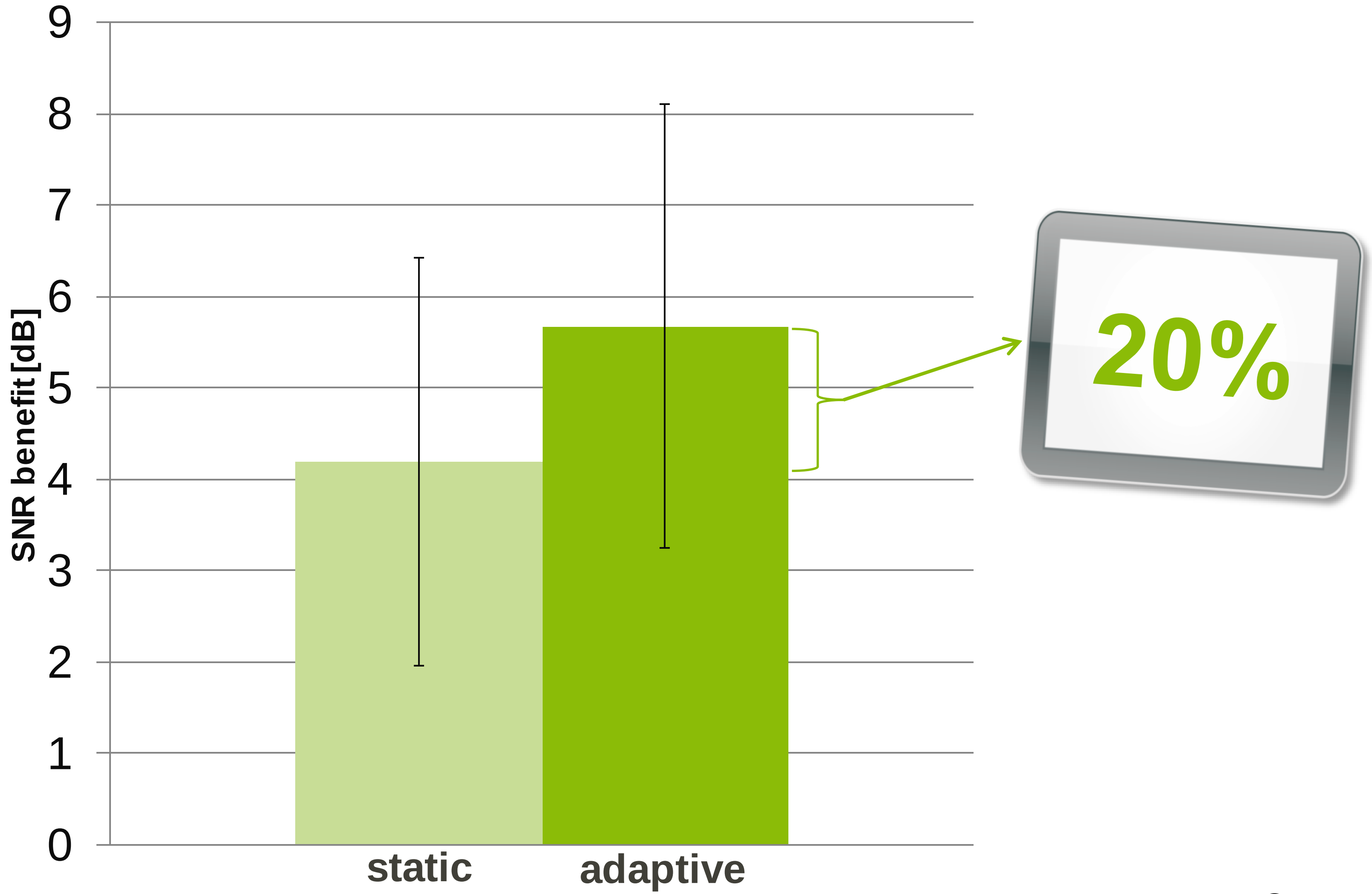
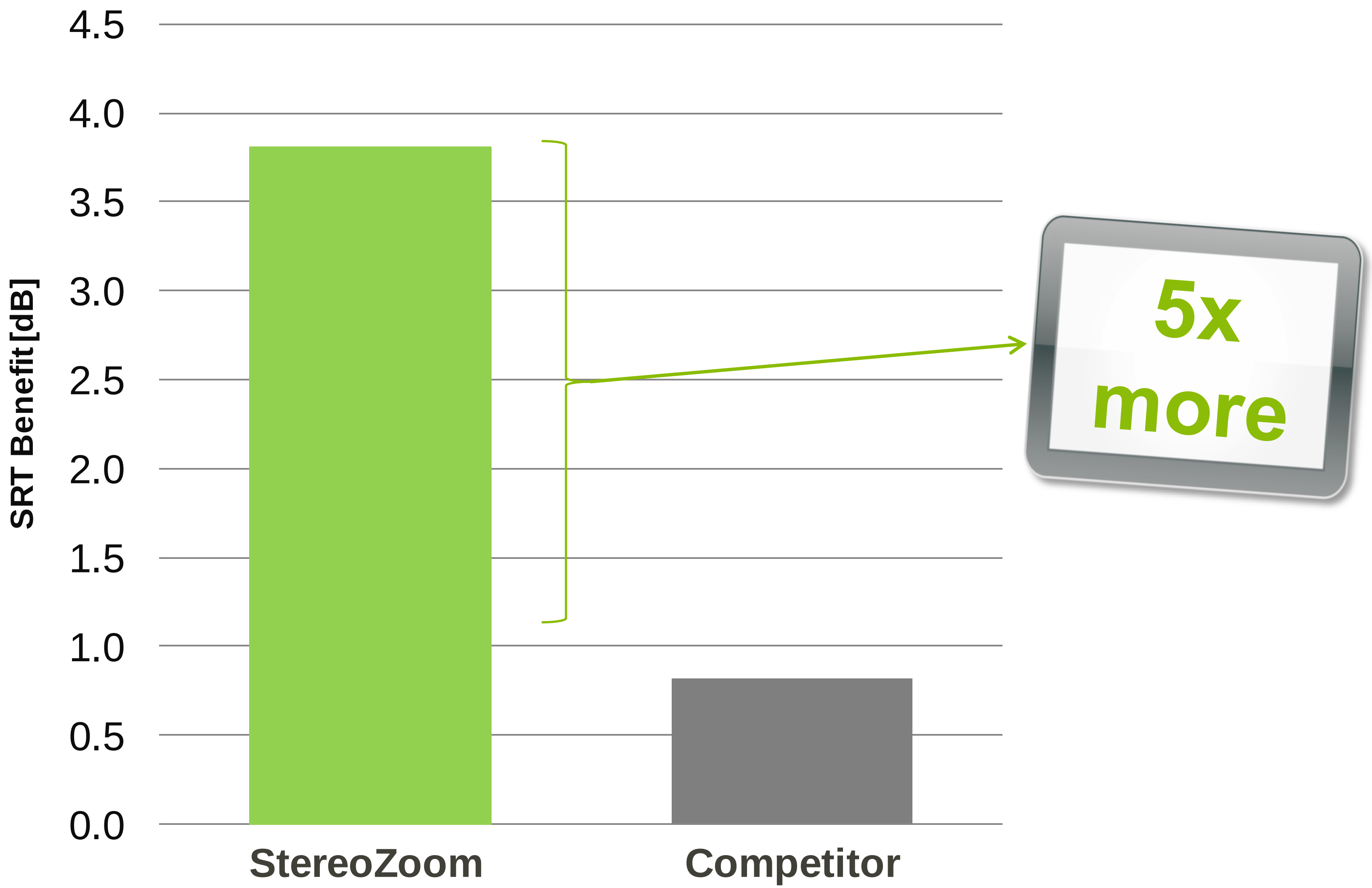
Static vs Adaptive StereoZoom – Performance increase of 20%



Source: Latzel, M & Konig, G. (2014) Binaural directional microphone

Adaptive StereoZoom – Vs. premium product from Competitor



Source: Latzel, M & Konig, G. (2014) Binaural directional microphone

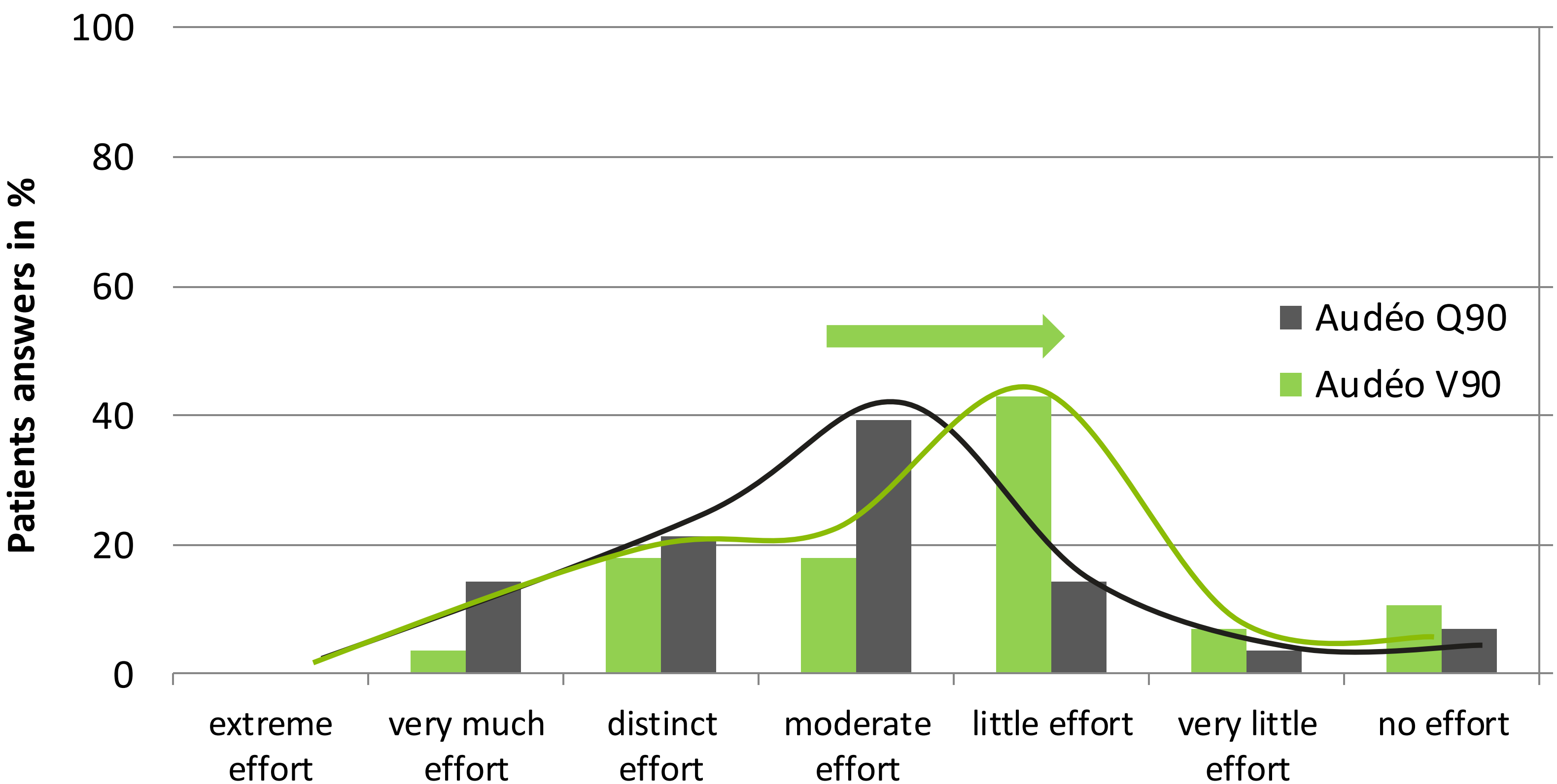
Speech in Car – Increased performance acknowledge by consumers

Speech in Car program

Reduces broadband noise to create a stable listening environment for easy communication.

*Source: Latzel, M., (2014) Speech in car

Speech in Car – Significantly increases consumer satisfaction



(n=28)

Source: Latzel, M., (2014) Speech in car

PHONAK life is on

Crucial questions when selecting a hearing solution

1 “Does it look good?”

2 “How well do I hear?”

3 “Is it easy to handle?”

4 “Does it provide value for money?”

Phonak EasyCall – Cell phone solution made for EVERY phone

Phonak EasyCall

- Direct connectivity to **all** cell phone brands (MFA)
- Compatible with all wireless Phonak hearing aids programmed on Phonak Target
- One button to operate
- Easy to attach and connect
- Seamless experience
- Combined 2.4GHz BT / 10.5 MHz technology

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Phonak EasyCall – Compatible with all phones and brands

Mobile phone models

Mobile phone brands

Phonak: MFA

Phonak EasyCall – Compatible with most Phonak hearing aid models

	HdO Produktelinie	IdO Produktelinie	RIC	Power	Pädiatrie
Premium	Bolero Q90	Virto Q90	Audéo V90	Naída Q90	Sky Q90
Advanced	Bolero Q70	Virto Q70	Audéo V70	Naída Q70	Sky Q70
Standard	Bolero Q50	Virto Q50	Audéo V50	Naída Q50	Sky Q50
Essential	Bolero Q30	Virto Q30	Audéo V30	Naída Q30	
Basic	Baseo Q	Tao Q			

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Phonak ComPilot Air – Streamer without neckloop

Phonak ComPilot Air

- Direct connectivity to **all** cell phone brands
- Compatible with all wireless Phonak hearing aids programmed on Phonak Target
- Three buttons to operate (remote control incl.)
- Interface to RemoteControl App
- Primary for phone and “normal” TV usage
- Seamless experience
- Hear the phone ringing in the hearing aid
- Combined 2.4GHz BT / 10.5 MHz technology

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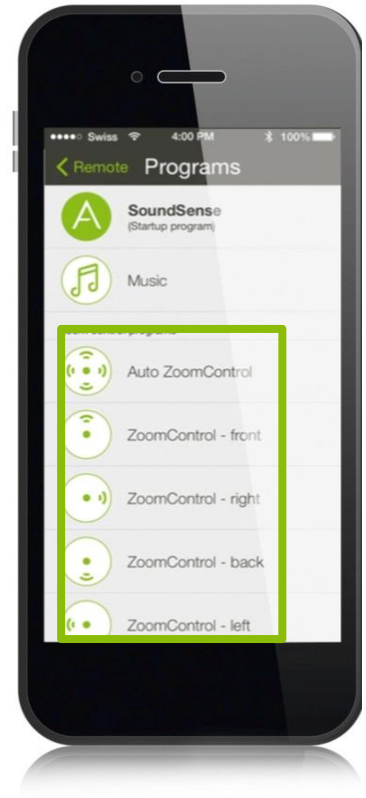
Phonak Remote Control Apps – Easy to use commands

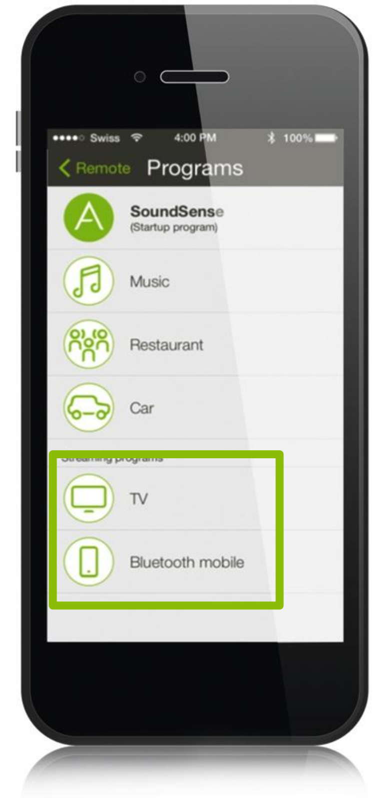
Bluetooth pairing

Configuration of streamer

Individual L/R volume control



ZoomControl



Direct selection of available audio source

A full range of wireless solutions for every need

PHONAK life is on

Crucial questions when selecting a hearing solution

1 “Does it look good?”

2 “How well do I hear?”

3 “Is it easy to handle?”

4 “Does it provide value for money?”

PHONAK life is on

Phonak Audéo V – Wear them – use them – love them!

Aesthetics	Performance	Ease of use	Value
AutoSense OS – *The operating system*			
4 new models	**New level of automation**	**Phonak EasyCall**	**4 performance levels**
New housing material	**New features** • Speech in Car • Comfort in Echo • Music	**Phonak ComPilot Air**	**More features across performance levels**
10-size wireless with push button	**Enhanced features** • Speech in Loud Noise	**Phonak RemoteControl App**	**Beats competition on features and performance**
Fitting Software Phonak Target			

PHONAK
life is on

Phonak Audéo V – 4 performance levels

		Programs											Features													
		AutoSense OS																								
		Calm situation	Speech in Noise	Comfort in Noise	Music	Comfort in Echo	Speech in Loud Noise	Speech in Car	Speech in Wind	Speech in Loud Noise	Speech in 360°	DuoPhone	SoundRecover	UltraZoom	FlexControl	FlexVolume	Real Ear Sound	Quick Sync	auto Acclimatization	WindBlock	SoundRelax	WhistleBlock	NoiseBlock	EchoBlock	Tinnitus Blance noise generator	Channels
Premium	90	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	20
Advanced	70	■	■	■	■					■	■	■	■	■	■	■	■	■	■	■	■	■	■		■	16
Standard	50	■	■	■								■	■	■	■	■	■	■	■			■	■		■	12
Essential	30	■	■										■	■					■			■	■		■	8

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life is on

Phonak Audéo V – Wear them, love them, forget them!

- ✓ "Stylish and discreet."
- ✓ "I can hear well."
- ✓ "Easy to handle."
- ✓ "Provides me with value."

PHONAK
life is on

…and one more thing

Phonak Target 4.0

Phonak Target 4.0 – Continue with a strong winner

This update features a new appearance and hundreds of improvements including:

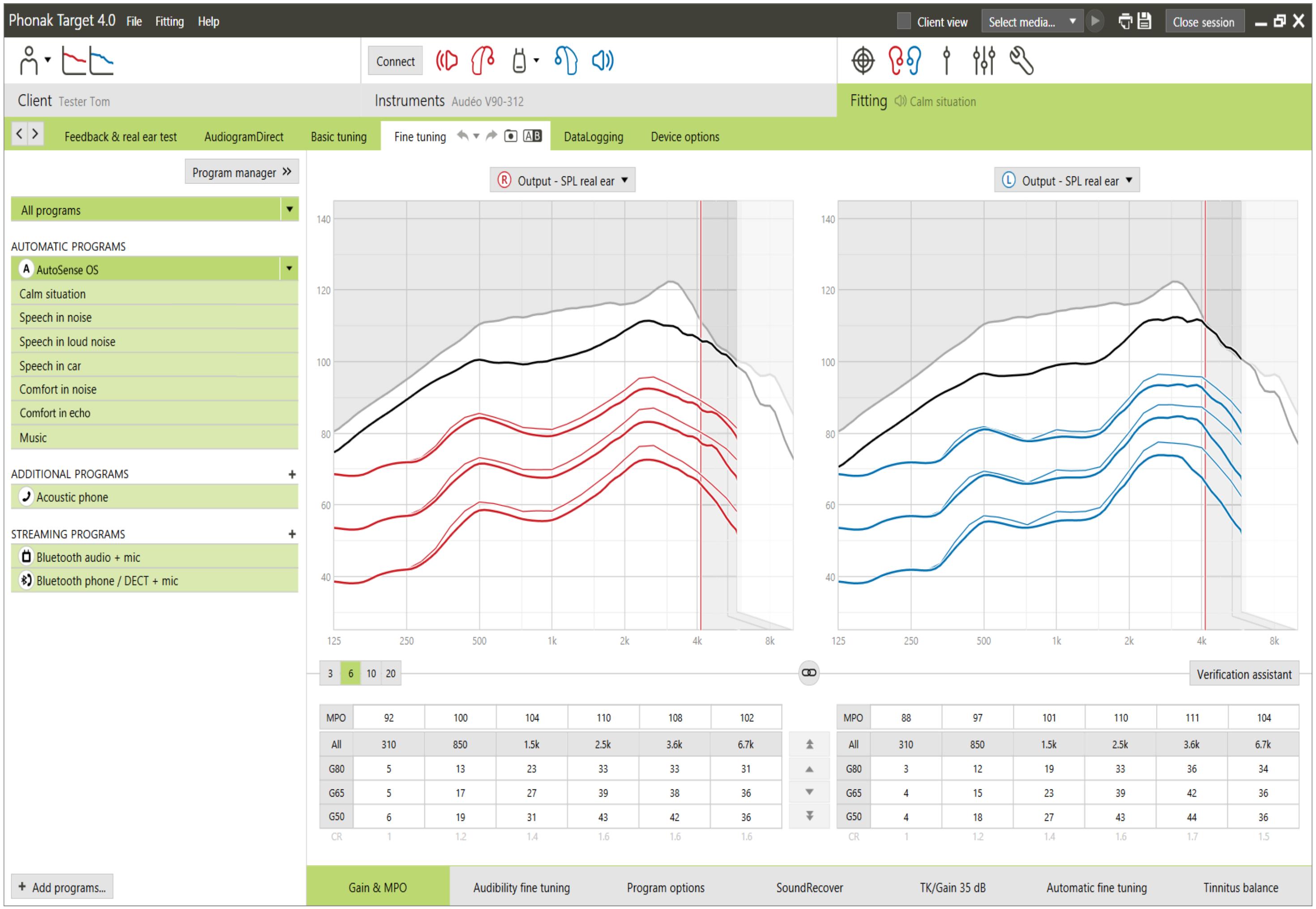
- AutoSense OS fitting features
- AudiogramDirect history
- Audibility Fine Tuning
- Binaural VoiceStream Technology during fitting
- DSL and NAL Junior Mode defaults
- Verification assistant with SoundRecover
- new feature animations
- new instruction movies

… and more.

PHONAK life is on

Phonak Target 4.0

Quite simply the world's favorite fitting software



PHONAK
life is on

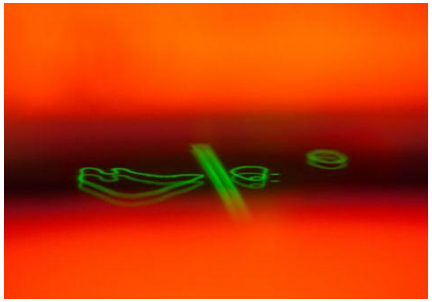
With the launch of Venture, we further pursue the vision of Sonova

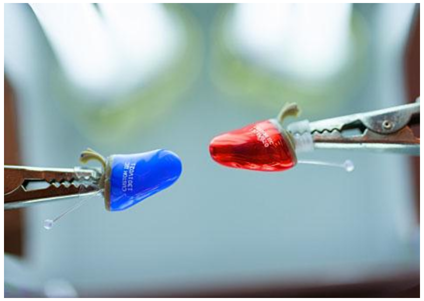
"We envision a world where everyone enjoys the delight of hearing and therefore lives a life without limitations"

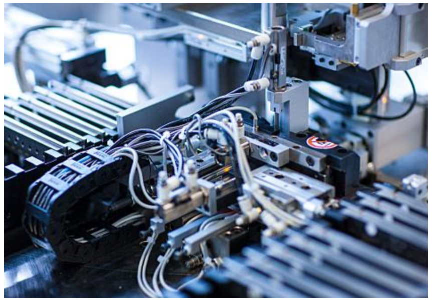
Thank you !

Setting the benchmarks in wireless communication

Stäfa, 14 October 2014, Hartwig Grevener, CFO

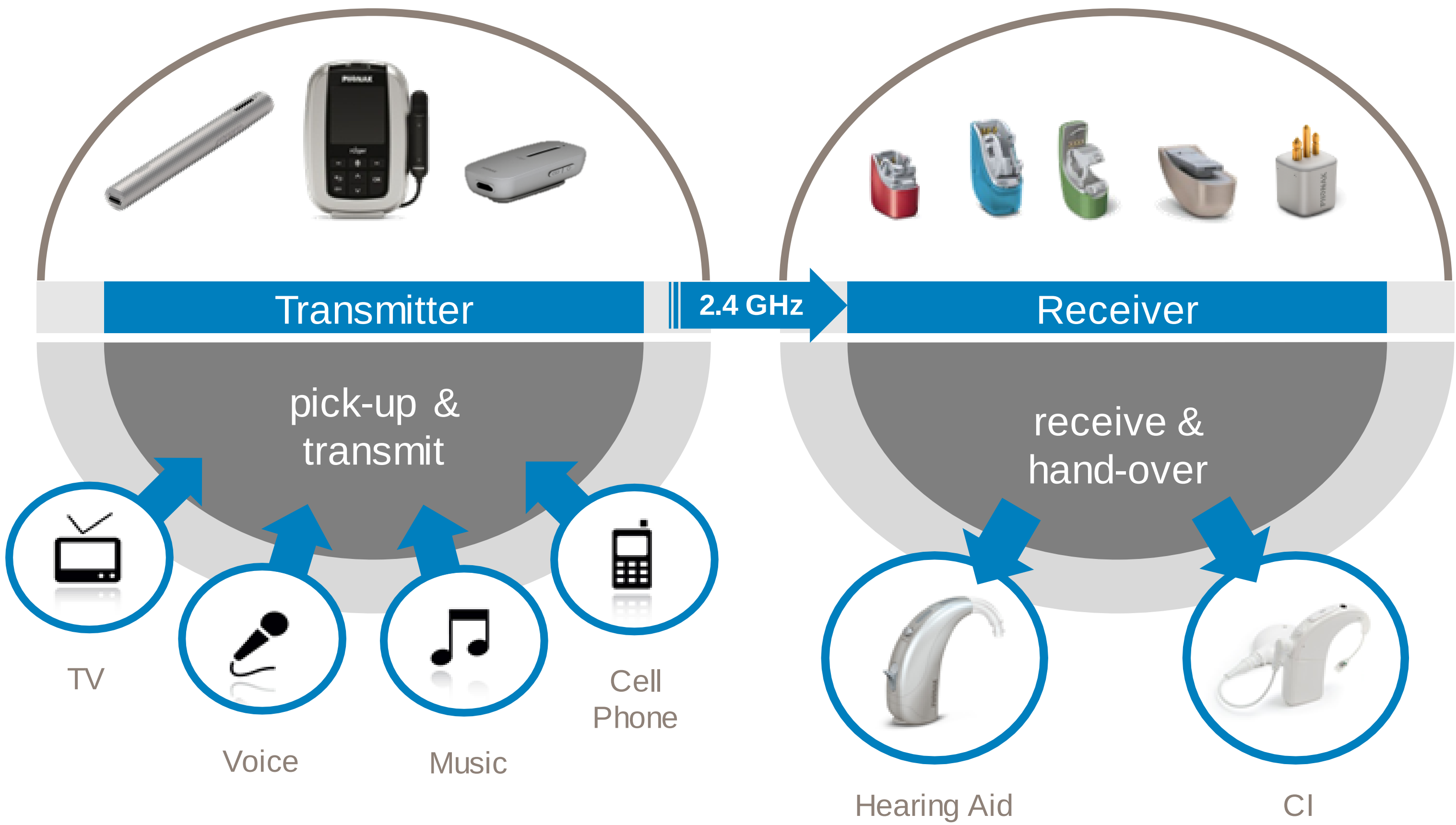





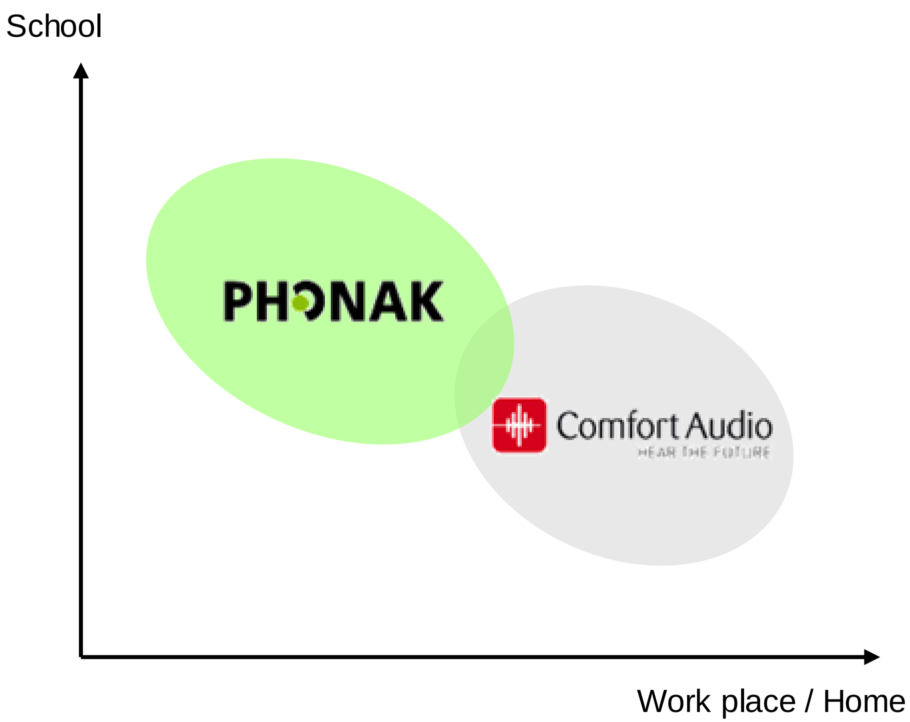

Wireless communication

Phonak – Leader in wireless communication for decades



Roger 2.4 GHz technology – Proven performance in the most challenging situations

Assistive listening devices (ALDs) – Main applications



Applications:

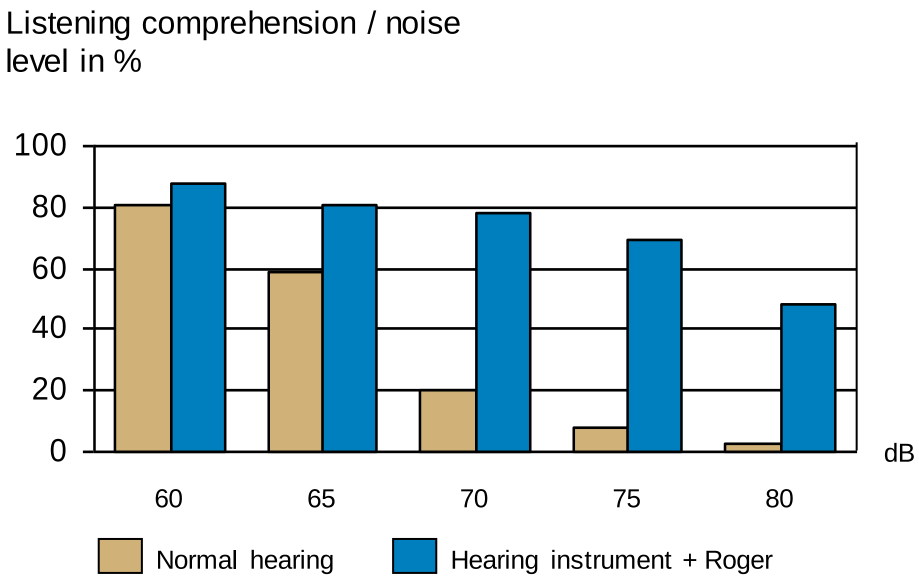
– School: teacher with microphone and transmitter, student with HI and receiver

– Work place / business: communication support of HI customer in meetings and conferences

– Home: communication with and direct connectivity to phone, TV etc.

ALDs are designed for school, work place and home use

Assistive listening devices (ALDs) – Main benefits



Source: Dr. Linda Thibodeau (2014, The American Journal of Audiology)

Benefits: listening comprehension in noise

- People with hearing loss: reach higher level of listening comprehension than normal hearing
- Industry terminology: often refers to “FM Systems” for ALD applications

ALDs significantly improve speech comprehension in noisy environments

Wireless communication

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Comfort Audio – Originating from Scandinavia – The most advanced ALD market

– Founded in 1994, headquartered in Halmstad, Sweden

– Significant manufacturer in the ALD market

– Strong customer home base in Scandinavia (23% of global market today)

– Significant presence in selected EU/NA countries

– Sales of CHF 19 million in 2013

– Modern and competitive range of products

– Early mover to digital wireless standards

Comfort Audio – A strong quality player in the ALD market

Wireless communication

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HEAR THE WORLD

Phonak and Comfort Audio – Comparison of solutions

Phonak	Comfort Audio
Technology (Roger) optimized for maximum intelligibility, accepting a longer latency (17ms) ⇨ Maximum intelligibility necessary for severe/profound hearing loss / delay of less relevance	Technology optimized for low latency (3ms) ⇨ Low latency is of interest for open fittings (typical for moderate loss) offering higher listening comfort
Roger with a very sophisticated beam former ⇨ Very effective for sources nearer than 1m ⇨ Preferred with severe/profound hearing loss	"Perceptual Speech Enhancement" (PSE) technology to enhance acoustical signal-to-noise ratio in a transmitter ⇨ Very effective for sources beyond 1m ⇨ Preferred with moderate hearing loss

Phonak and Comfort Audio – Combined application for broader market coverage

Wireless communication

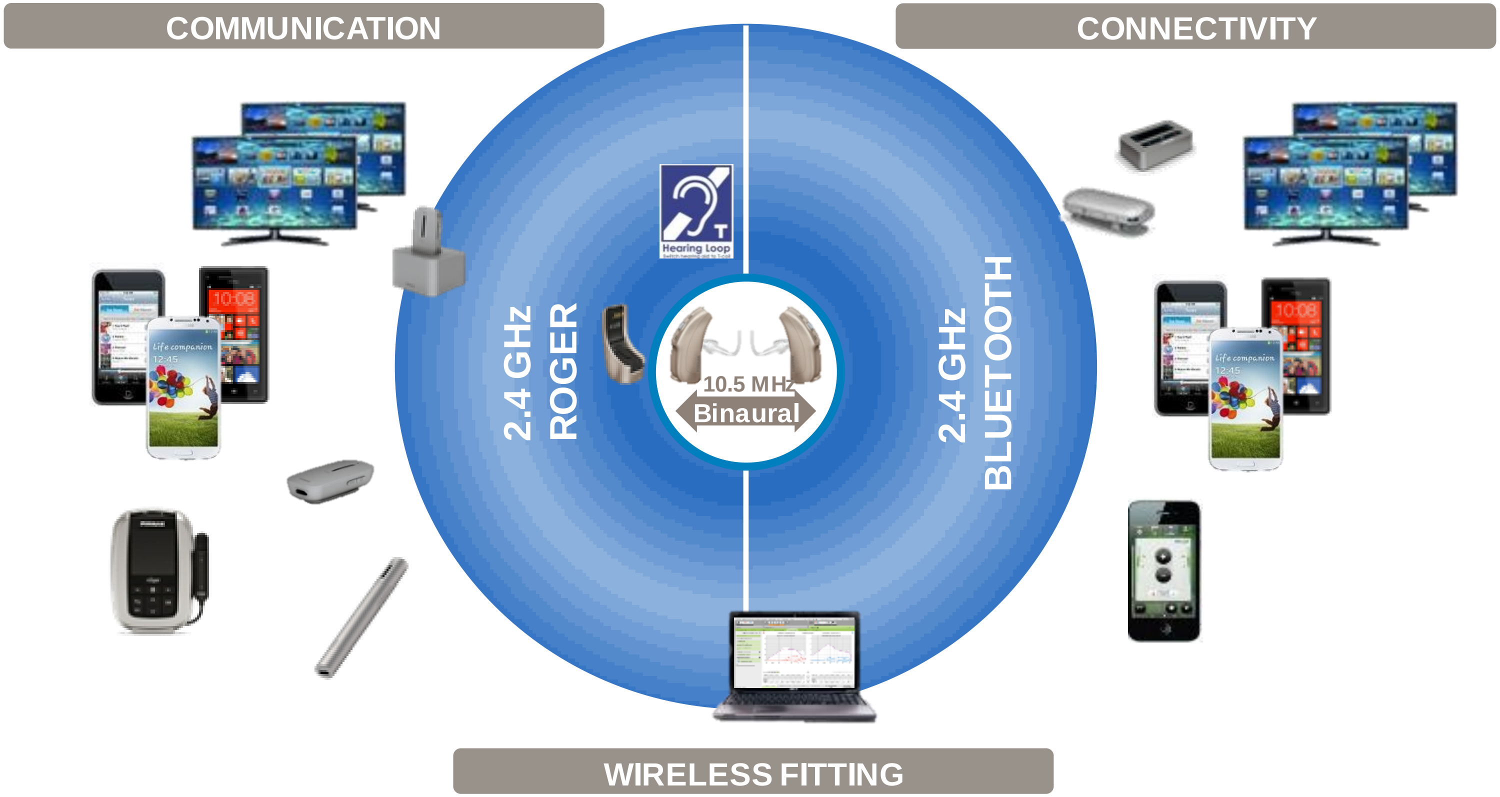
Sonova to expand leadership position in global ALD market

- Further strengthen Sonova's leading position in the attractive global ALD market
- Leverage Sonova's global sales and distribution network to grow sales of Comfort Audio products
- Broaden combined ALD solution & application range
- Merge and strengthen digital wireless technologies
- Exploit cost synergies in distribution, technology platforms and manufacturing / sourcing

Grow sales from a combined base of approximately CHF 100 million p.a.

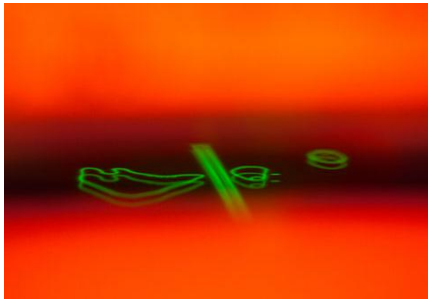
Wireless communication

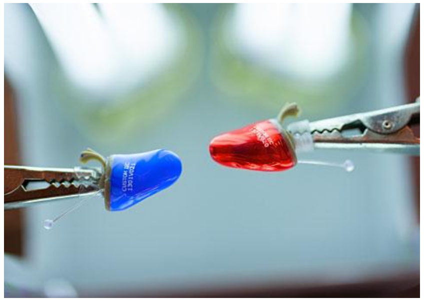
Comfort Audio added to Sonova's family of wireless communication solutions

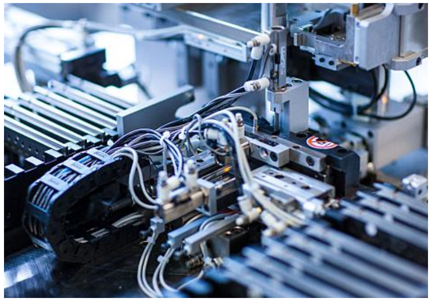


Driving innovation in sales & distribution

Stäfa, 14 October 2014, Lukas Braunschweiler, CEO

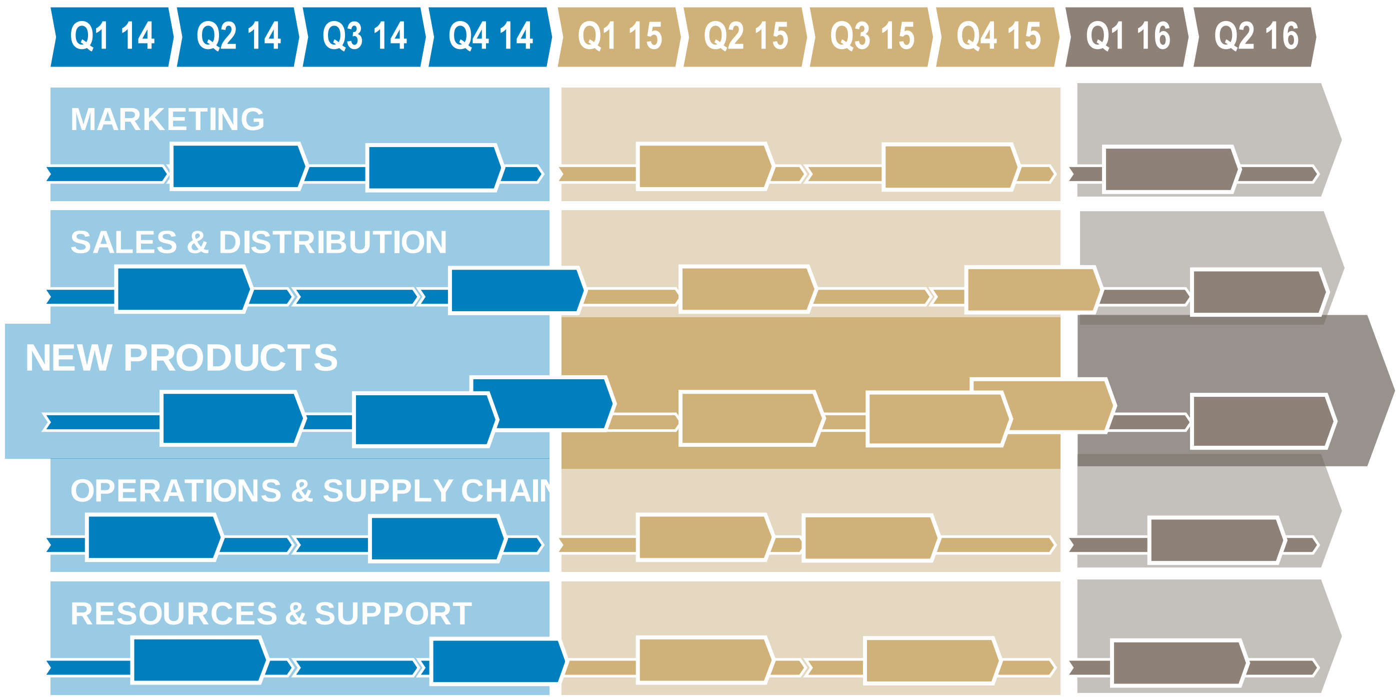






Innovation strategy

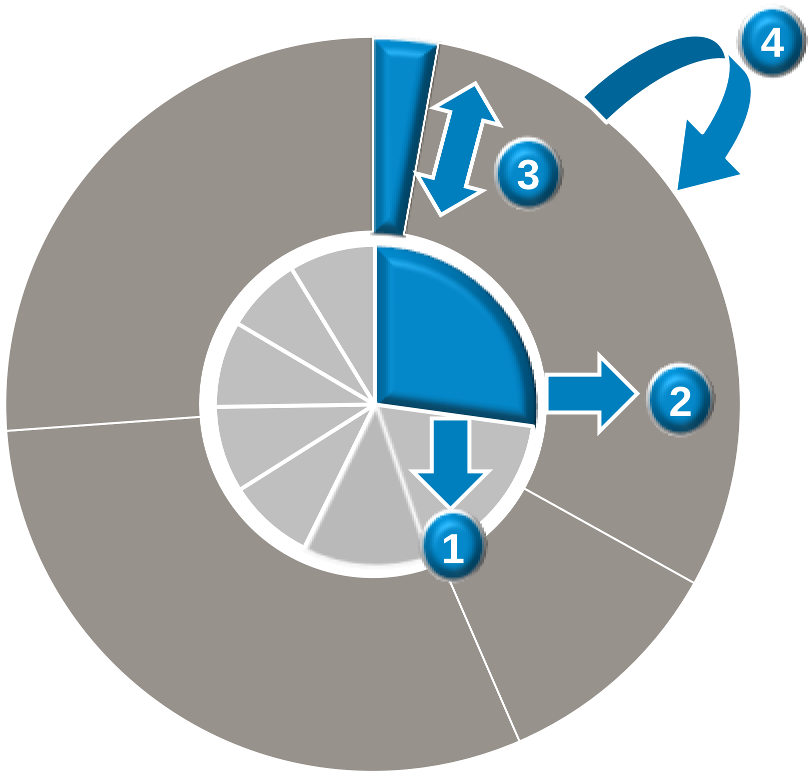
Focus on continuous innovation to grow sales and earnings



Core: Drive strong new product pipeline – Gross R&D 7-8% of sales

Market strategy

Grow market position along 4 main growth vectors

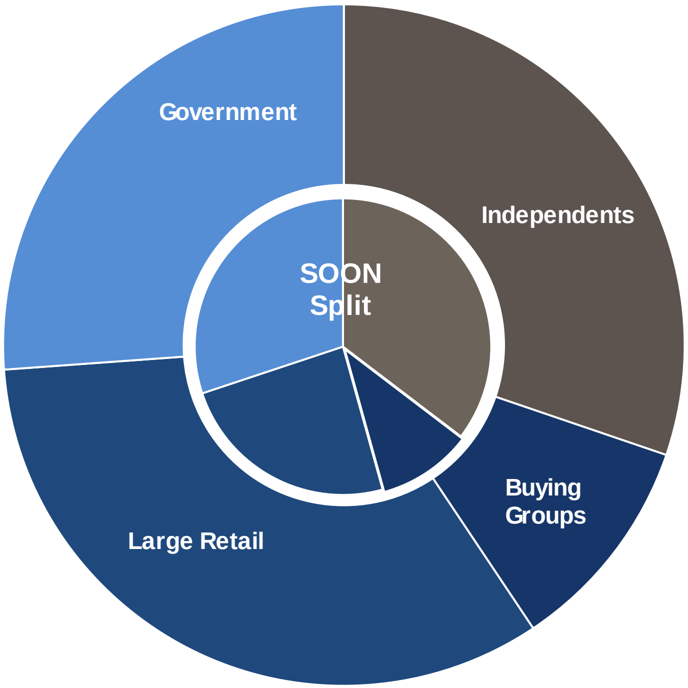


1. Penetrate existing markets
   - WHS account development
   - Dual-brand strategy
   - Continuous product innovation
2. Expand accessible markets
   - BRIC markets
   - New product formats
3. Integrate service channels
   - Retail network expansion
   - Integration & productivity
4. Develop consumer base
   - Direct marketing
   - Demand generation processes

Increase demand generation – Develop consumer base

Market strategy

Sales & distribution: Access to all channels – Drive development of new formats



Broad representation in all channels
- Diverse and stable market presence
- Increased brand awareness and access
- Higher growth potential

Open access to new larger channels
- Channel specific solutions
- Increased productivity and efficiency
- Short-term channel conflicts

Develop channels and new formats
- Vertical integration
- Shop-in-shop concepts with partners
- e-based lead and demand generation

Note: Unit split
Source: Sonova estimates

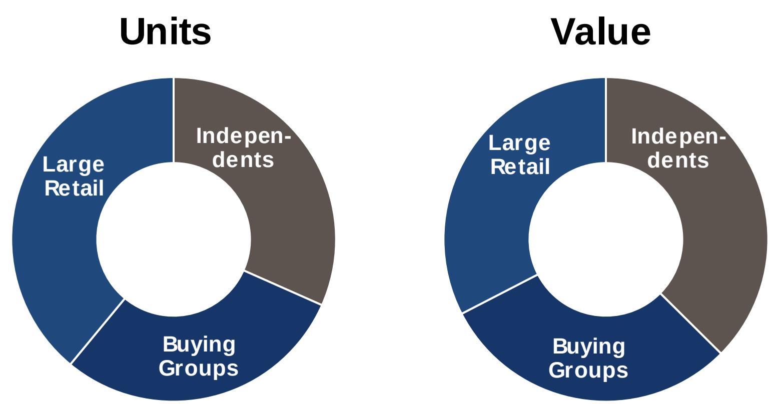
Increase demand generation – Develop consumer base

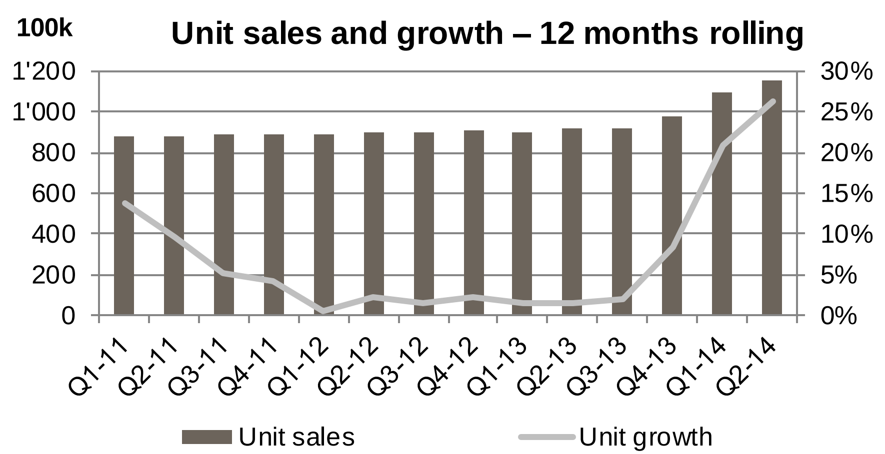
German market

Stäfa, 14 October 2014, Claude Diversi, VP Wholesale Phonak Europe & South America

German market

Overall structure and recent development





Key market factors:

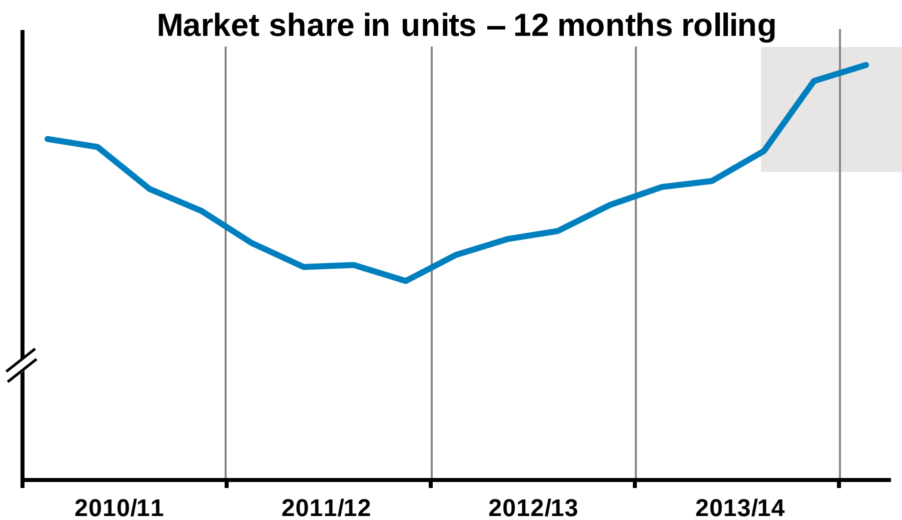
– Highly fragmented market
– Buying Groups important
– No Government Channel
– Comparative fitting requirement
– Strong unit growth after the reimbursement change in Nov-13
– Mix shift towards Basic / Essential performance categories
– Current development points towards a "soft landing", but outcome is uncertain

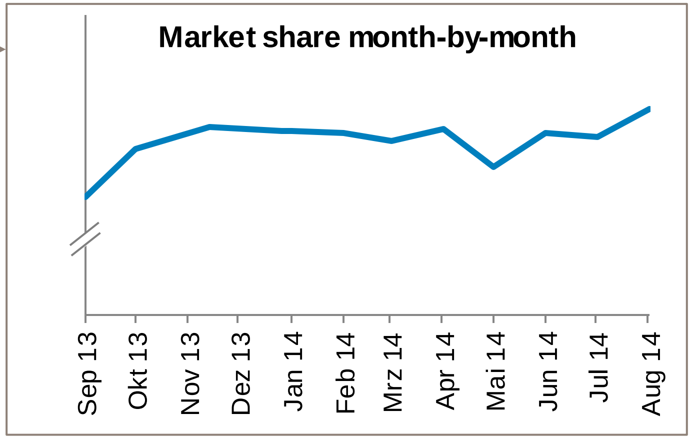
Source: - Unit and value split: Sonova estimates
- Market unit development and growth, official market statistics
- Market data: excluding Kind

Reimbursement change boosting market growth – Soft landing most likely

German market

Sonova market share development – Phonak and Unitron





Drivers of Sonova track record

- Success of Phonak Quest and Unitron Era incl. timely introduction of basic products ahead of reimbursement change
- Best-rated audiological support across the industry
- Strong supply chain

Source: Official market statistics, Sonova estimates

Strong Sonova market position – Continued increase of market share

German market

Private segment: Independents

- 1.5 POS per owner on average
- Traditional marketing approach
- Lead generation key bottleneck for growth

Key initiatives

- Broad portfolio addressing all degrees of hearing loss in all performance categories
- Lyric – A unique offering to attract customers
- Continuous investment into audiological support and practice development
- Differentiated sales coverage to maximize brand presence
- e-store incl. online document administration and order tracking

Sonova strongly represented in demanding and value generating channel

German market

Private segment: Large retail accounts / Buying groups

- Large retail accounts (LRA)
  - Gaining share through openings and acquisitions
  - Nation wide marketing approach
- Buying groups – Leveraging purchasing power

Key initiatives

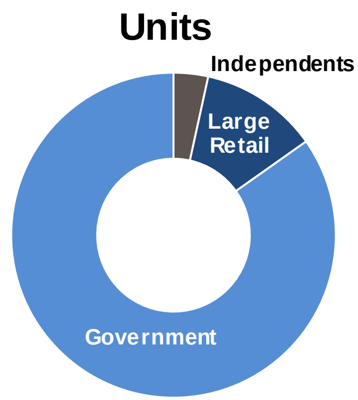
- Formed and dedicated key account management
- Private label offering
- Unitron Flex technology
- Product portfolio supporting the channel's free-to-client strategy
- Trade marketing support, e.g. co-branded campaigns
- Supply chain integration / service level agreements

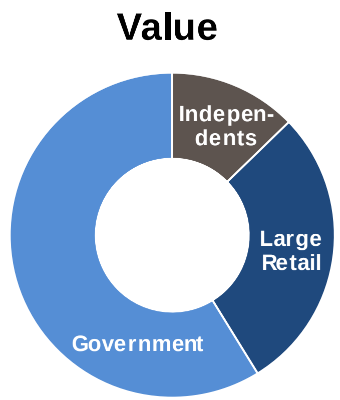
Sonova continuously gaining share in a growing channel

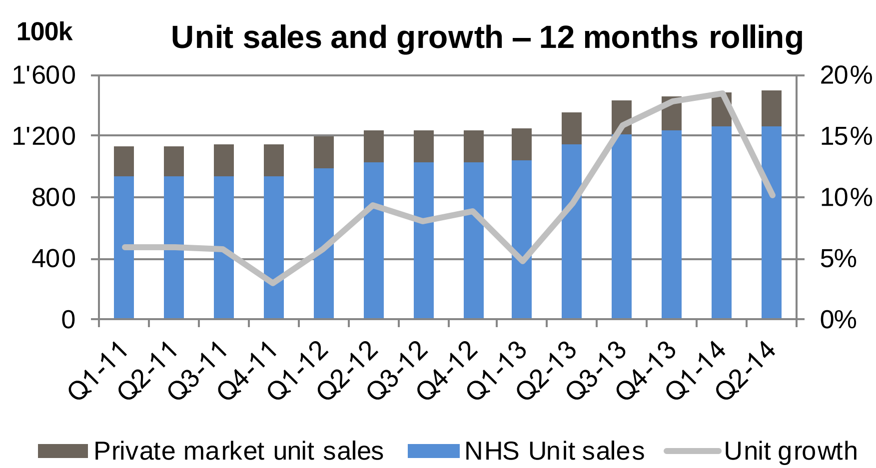
UK market

Stäfa, 14 October 2014, Claude Diversi, VP Wholesale Phonak Europe & South America

Overall structure and recent development







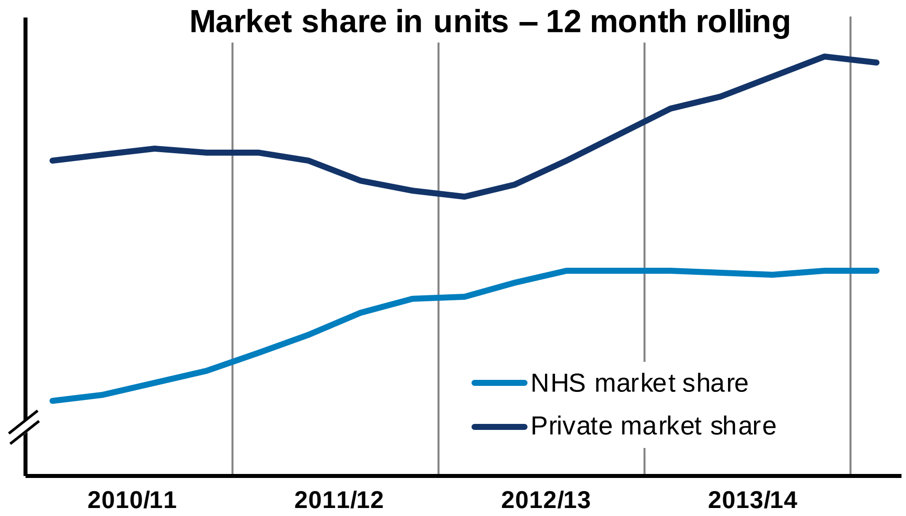
Key market factors:

- Government/NHS segment: large unit volume
- Private segment: attractive value and growth perspective – Large Retail and Independents
- NHS: 2013 growth fueled by AQP development – AQP stalling at ~15% of NHS volume due to cost pressure
- Private: booming in CY 2014 – Boots hearingcare contributing more than fair share to the growth

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

Strong market growth in both the government and private segment

Sonova market share development – Phonak and Unitron



Drivers of Sonova track record

- Channel specific product offering for NHS
- Double digit growth of Boots Hearingcare since formation of JV in early 2013
- Strong position in the independent segment

Source: Official market statistics, Sonova estimates

Significant market share increase in private segment through Boots JV

UK market

Government segment: NHS

- Offer specific category of products, differentiated from the private segment
- Limited patient choice
- Simplified supply chain - bulk shipment to central warehouse

Key initiatives

- Defend strong position as key provider of high-value severe to profound and pediatric products
- Offer value added services and special programs to complement product, e.g. Phonak Academy etc.
- Support on improving efficiency e.g. supply chain optimization

Sonova positioned as a key sustainable provider

UK market

Private segment: Independents

- Average of 2 POS per owner
- Traditional local marketing approach
- Lead generation key bottleneck for growth

Key initiatives

- Support differentiation (vs. NHS): broad product portfolio and fast innovation
- Support enhanced reputation through value added services, e.g. Consultant Approved Site, Partnership programs
- Strengthen position of Independents as the go-to for cosmetic solutions – Make them a Lyric Hearing Partner
- Offer additional business potential through AB Partnership Program

Sonova developing tools to strengthen loyalty to the segment

UK market

Private segment: Boots hearingcare Shop-in-shop concept

- Growth from 391 shops since the end of FY 2012/13 to 451 today
- Success founded on Sonova hearingcare operations competence and Boots brand value
- High utilization and efficiency – Many shops fully booked for rolling next 7+ days

Key initiatives

- Expansion into Boots Pharmacy format – Beyond Boots Optical
- Developing efficient patient care processes using on-line tools
- Creating awareness of hearing loss and solutions: The Great Big Hearing Check; International Longevity Centre
- Leveraging of Boots customer data base and loyalty program/Card
- Continuously increase efficiency by best in class appointment scheduling and staff rostering

Sonova premium market access by partnership with leading pharmacy chain

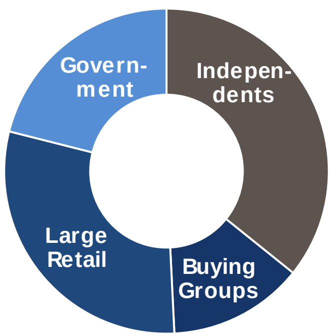
US market

Stäfa, 14 October 2014, Paul Thompson, GVP Wholesale Phonak North America

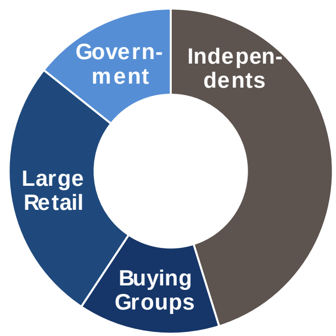
US market

Overall structure and recent development

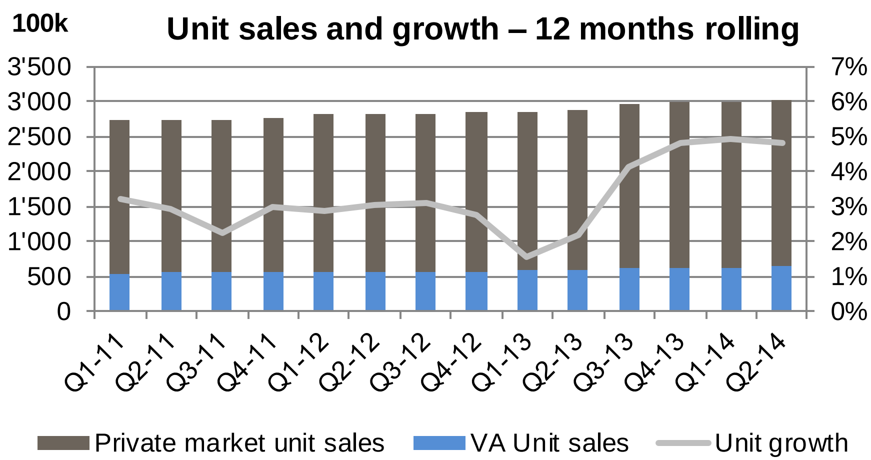
Units



Value



Unit sales and growth – 12 months rolling



Key market factors:

- Solid premium government segment (VA)
- Still high market share of Independents segment
- Growing share of Large Retail segment (Costco)
- Increasing consolidation of retail demand with fitting fulfillment subcontracted to independent clinics
- Private health insurances consolidating demand through turn key arrangements
- Established web based retail providers

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

World's largest market with relatively constant growth

US market

sonova
HEAR THE WORLD

Government segment: Veterans' Affairs (VA)

- Serving over 20 million US veterans
- Premium products only
- Leading fitting efficiency scores
- 5 year contract terms – new term starting Nov-14

Key initiatives
– Phonak and Unitron both qualified for new contract term – Select range of products; focus on Premium – Targeted solutions for VA needs (CROS, tinnitus program) – Efficient training through iLearn project – Remote-fitting research project

Market leading position of Sonova with Phonak & Unitron brands

US market

Private segment: Independents

- Fragmented, single or low number of POS per owner, ENTs participating
- Service oriented, often covering specialty fields like pediatric or tinnitus
- Traditional / local marketing approach – Lead generation key bottleneck for growth

Key initiatives

- Channel-specific products, including Lyric and Tinnitus solutions
- Lead generation tools – through digital marketing, HearingPlanet and EPIC
- Practice management program (including retail best practices from Connect Hearing)

Sonova strongly represented in a demanding channel with bespoke needs

Private segment: Large Retail – Connect Hearing US (owned-retail)

- Undergoing phase of increased integration efforts to consolidate bolt on acquisitions
- Harmonized branding and advanced shop appearance and customer brand experience
- Positioned for efficient lead generation and service delivery

Key initiatives

- Consistent and recognizable branding – Positive customer experience
- Focus on lead generation and consumer evaluations
- Develop leading practices in sales training, business process and information systems
- Harmonization of processes and introduction of advanced IT system
- Systems and processes suited for increasing insurance based business

Connect Hearing US being positioned for profitable growth

Sonova HEAR THE WORLD

Private segment: Large Retail – Costco (shop-in-shop)

- Shop-in-shop concept
- Products: branded (incl. Phonak) and private label (Kirkland)
- By far strongest growing channel in US commercial/private market

Key initiatives

- Global Phonak contract as of April 2014 – maturing supplier relationship
- Channel-specific products Phonak Brio – Focus on premium and RIC products
- Transaction efficiency through EDI
- Streamlined and efficient training approach

Phonak entering Costco to participate in high growth channel

US market

Private segment: Large Retail – HearingPlanet (www.hearingplanet.com)

- Web site and call center based lead funnel
- Fitting subcontracted to participating clinics
- Qualified consultants advising customers on product choices
- Increasing population of "silver surfers"

Key initiatives

- Lead generation
  - On-line organic and paid search
  - Lead nurturing
  - Lead allocation
- Lead management
  - Call center
  - Handover to specialty clinics
  - Scheduling; follow up
- Lead conversion
  - Direct sales to patient
  - Fitting fee paid to clinic

Sonova: strong position on US HI market overall – growing business

Thank you very much

Save-the-date – 4th Sonova Investor & Analyst Day on 13 October 2015