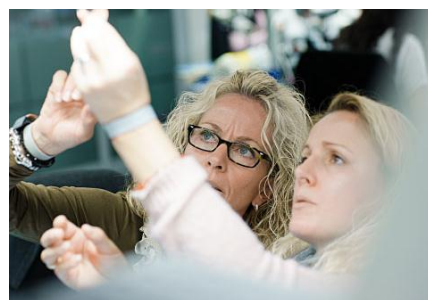


Investor & Analyst Presentation – AAA 2015

San Antonio, Texas, USA | 26 March 2015 | Lukas Braunschweiler, CEO





Sales & distribution

- US – Market update, commercial, VA
 - DE – Market update
 - DE – Acquisition of Hansaton
 - DE – Expanding market strategy
-



New products

- Expansion of VENTURE product platform
 - Phonak Bolero V BTE
 - Phonak CROS II
-

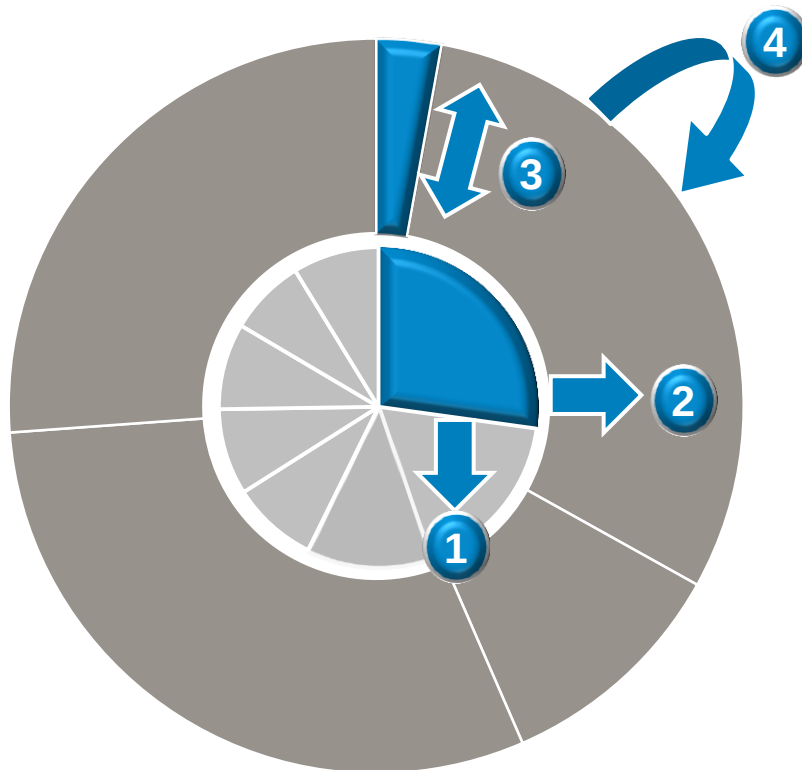


New products

- New product platform NORTH
- SoundNav
- Unitron Moxi BTE
- LogItAll and Flex

Sales & distribution

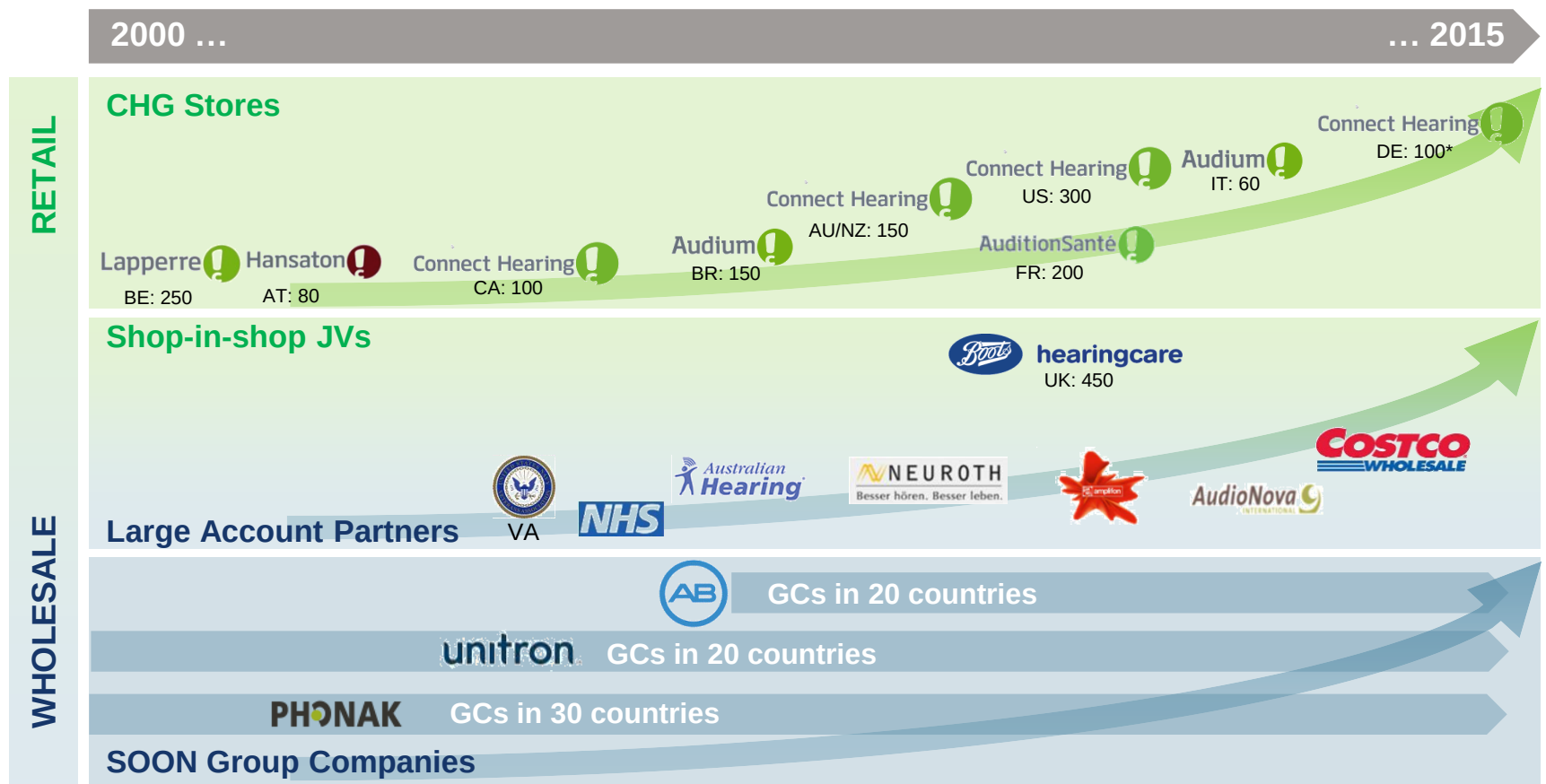
Grow market position along 4 main growth vectors



- 1** Penetrate existing markets
 - WHS account development
 - Multi-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

Retail: Strong expansion – Secure access to distribution and consumer



*Branding TBD

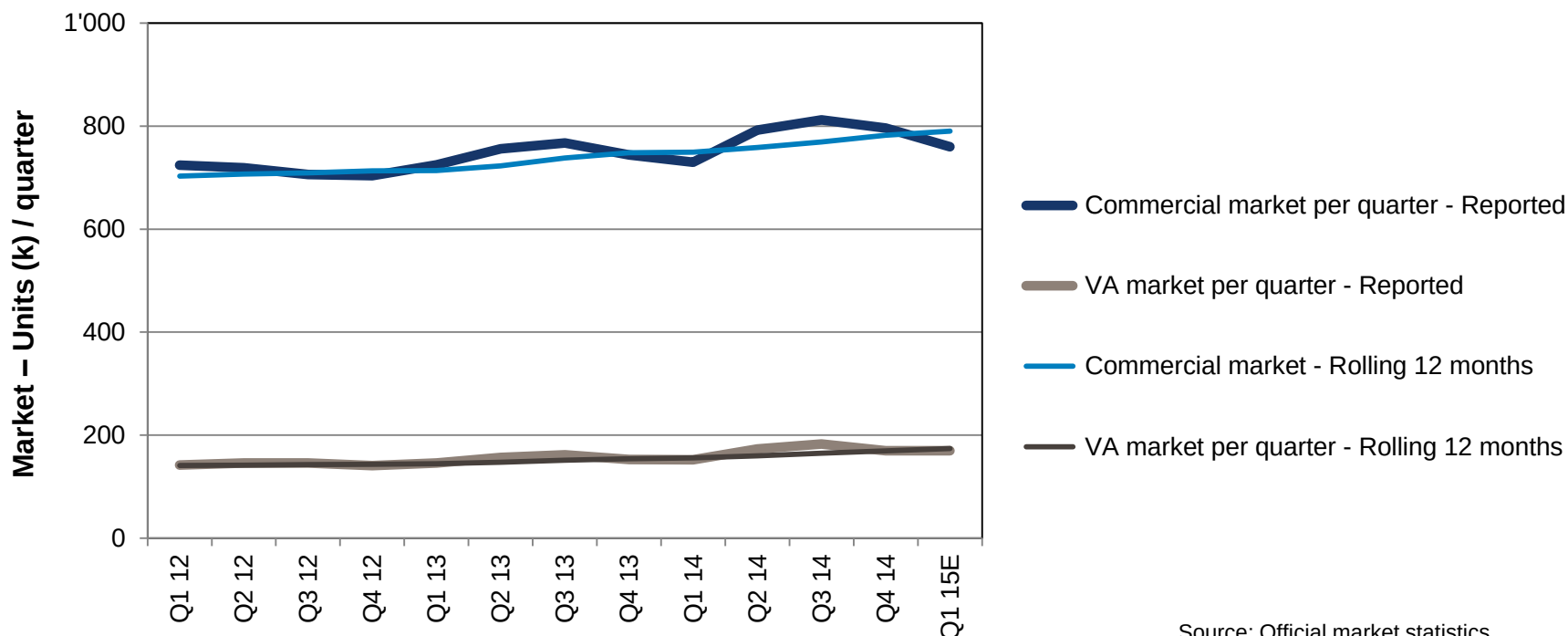
Wholesale: Largest global coverage – Support and service HCP partners worldwide

Commercial: Attractive size and HI volume – Steady mid-single digit growth

UPDATE

Characteristics and trends of US hearing aid market:

- Still high market share of Independents segment – Growing share of large retail segment
- Solid premium government segment (VA) accounting for >20% of unit sales



Source: Official market statistics

VA: Growth acceleration in past 2 years – New contract since November 2014

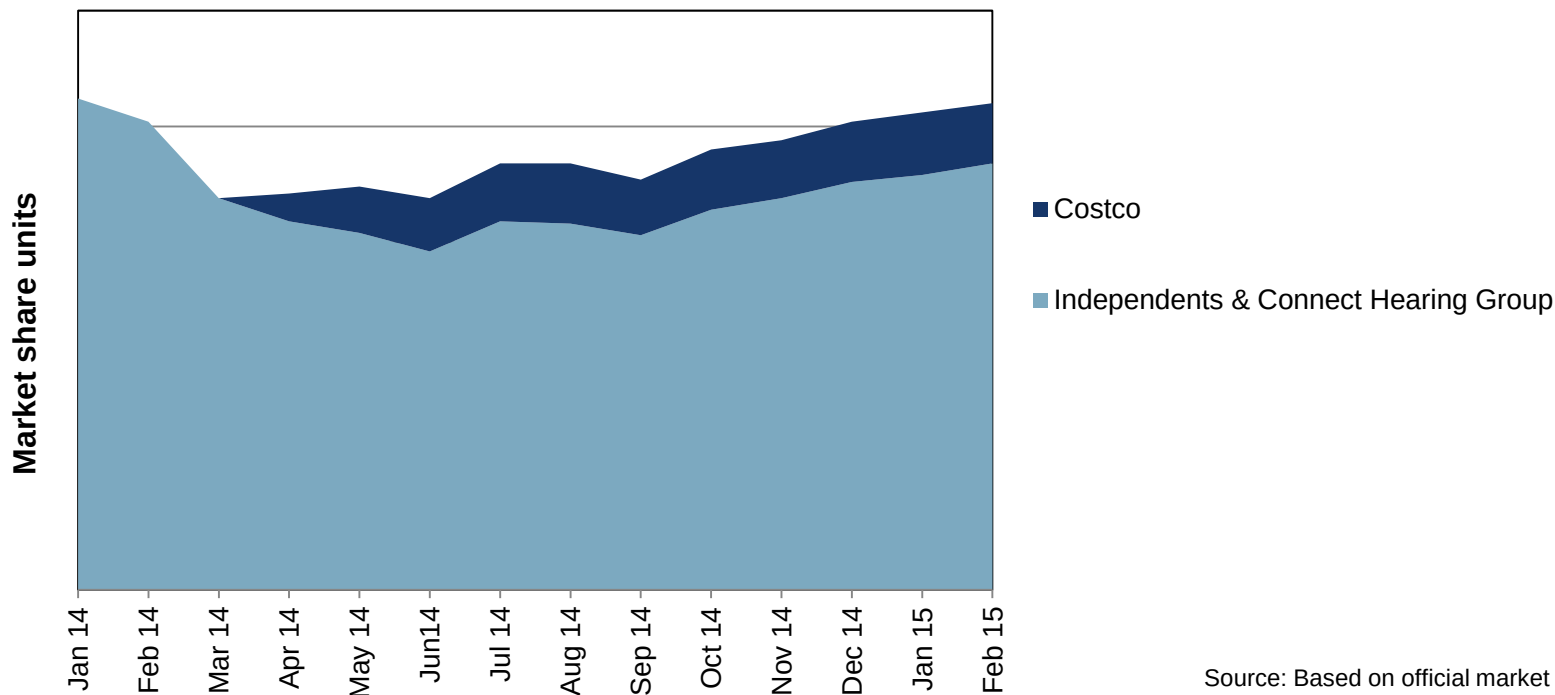
US – Commercial market

Sonova: Strategic move to enter fast growing Costco channel

UPDATE

Phonak US – Overall commercial market share development

- Solid recovery in last 12 months after initial negative reactions from Independent segment
- Access to 3 key segments – Independents, Connect Hearing and Costco



Source: Based on official market statistics

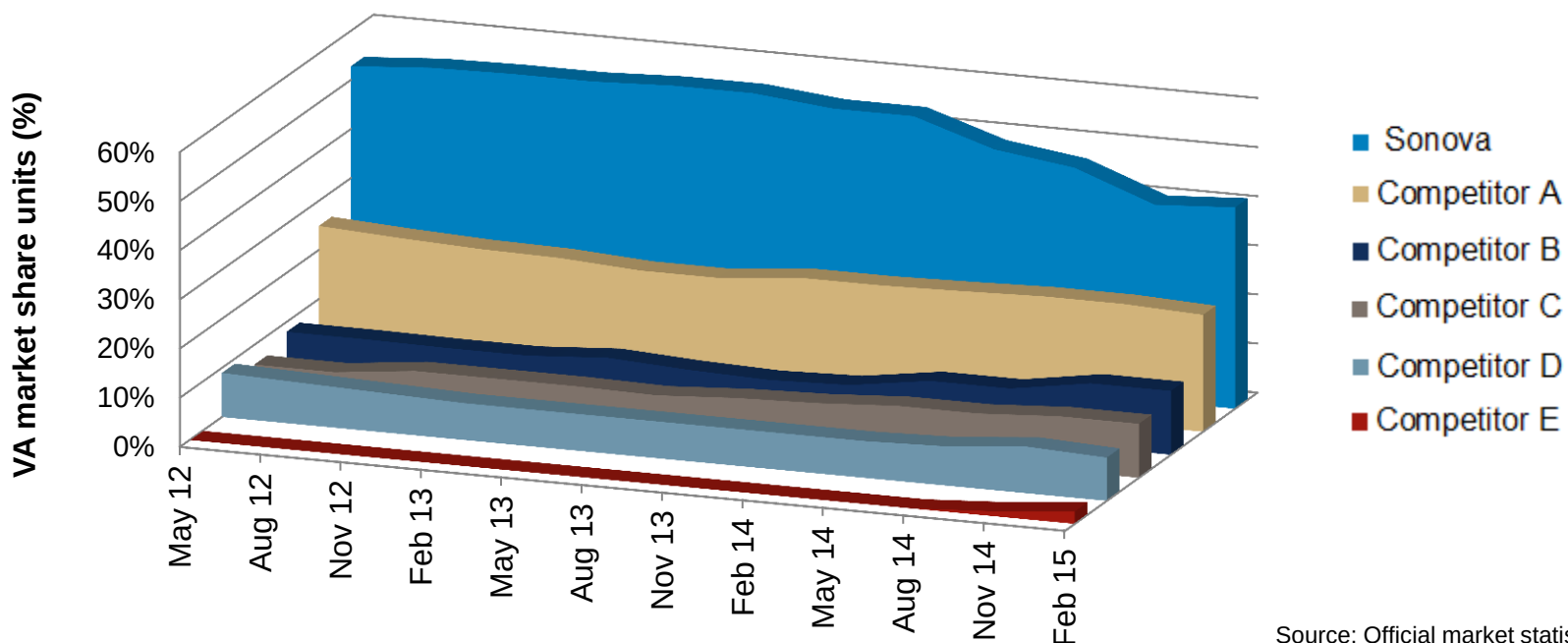
Sonova well positioned to exploit growth opportunities in all channels

Sonova: Regaining channel share after new contract implementation

UPDATE

Challenging transition from old to new VA hearing aid contract

- Old contract: value cap mitigation affecting Phonak brand in CY 2014
- New contract:
 - Consolidation into single contract for Phonak and Unitron
 - Revised order processing system covering both brands
 - Substantial price concessions by some competitors



Source: Official market statistics

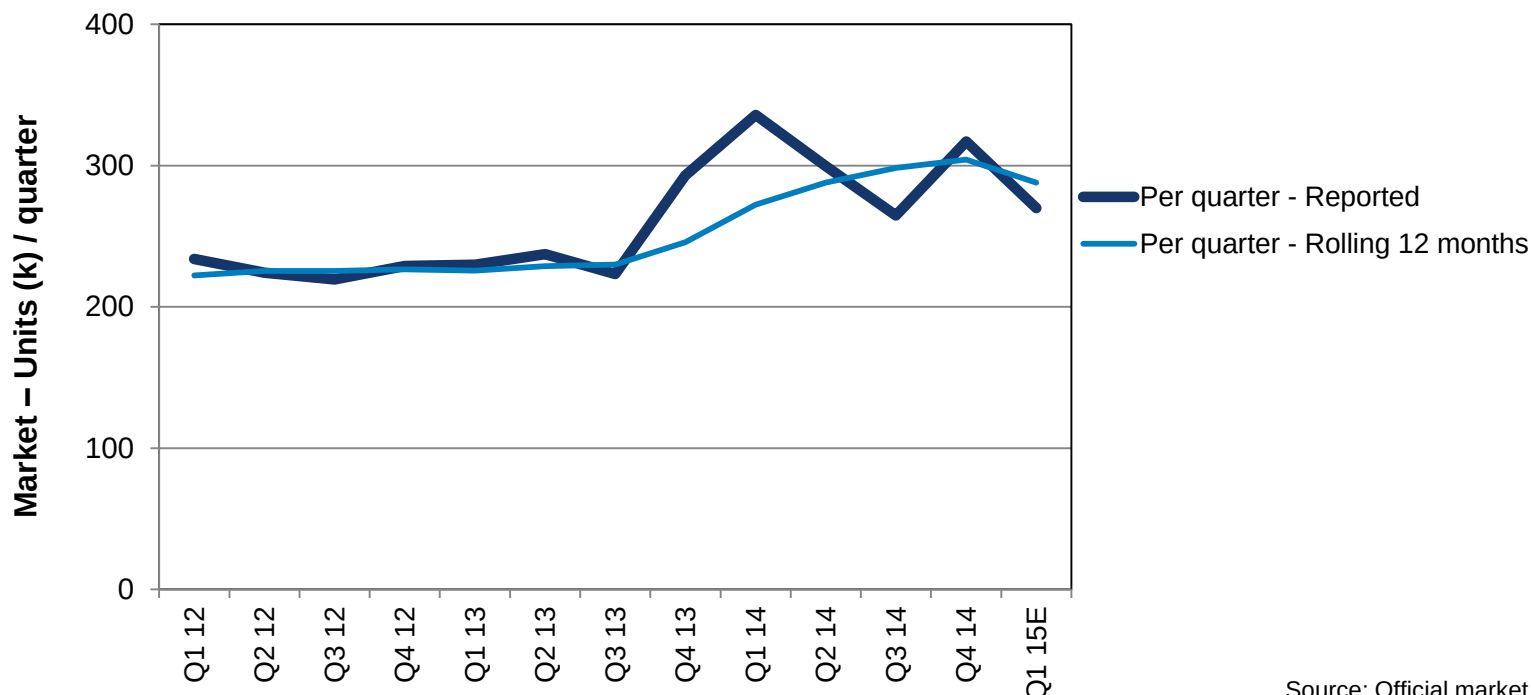
2014 share loss distributed among other vendors – Widex added to new contract

Attractive size and HI volume – Growth rate slowing in Q4 2014

UPDATE

Characteristics and trends of German hearing aid market:

- Independents / buying groups / large accounts at 70% – Global key accounts at 30% and growing
- Strong volume growth driven by reimbursement change end of 2013 – Mix shift towards Basic/Essential
- Pricing at wholesale level under pressure – Falling to a level of ~EUR 220 in last seven years



Source: Official market statistics

Fundamentals and trends of DE hearing aid market have changed

DE – Acquisition of Hansaton

Strategic move to broaden wholesale market access

NEW

Hansaton – Well established wholesale hearing aid company

- Growing business with sales of EUR 42 million in 2014 – Around 200 employees worldwide
- Direct wholesale organizations in Germany, France and the United States
- Well-established distributor network in over 70 countries
- A third-generation family-run business – With an over 50 year history
- Fischer family to stay on board in management roles



Sonova to acquire Hansaton

- Acquire 100% of the Hansaton business- Investment in wholesale market access
- Maintain well-established Hansaton brand – Expanding multi-brand strategy
- Realize growth and cost synergies – Unlock untapped potential of well established family business
- To be maintained as independent brand and wholesaler – Managed out of Hamburg, Germany

Sonova to become new technology partner for Hansaton replacing Siemens

- Further leveraging Sonova's technology platform – Benefitting from R&D synergies
- First products based on Sonova technology being introduced now
- Profiting from Sonova's efficient manufacturing setup in China and Vietnam

Integrating business into Sonova product and technology platform

Sonova expands strategic reach to drive profitable growth

NEW

German wholesale market – Sonova holds very solid position

- Strong performance – Well-established business base with independents, BGs and LRAs
- Relatively weak in growing segment of global accounts: Amplifon, ANI/Geers, Kind, Fielmann

German retail market – Limited position of Sonova

- Around 100 stores across Germany (Vitakustik, Fiebing) – Growing business in line with market
- Both companies focused on providing high-quality professional audiological services

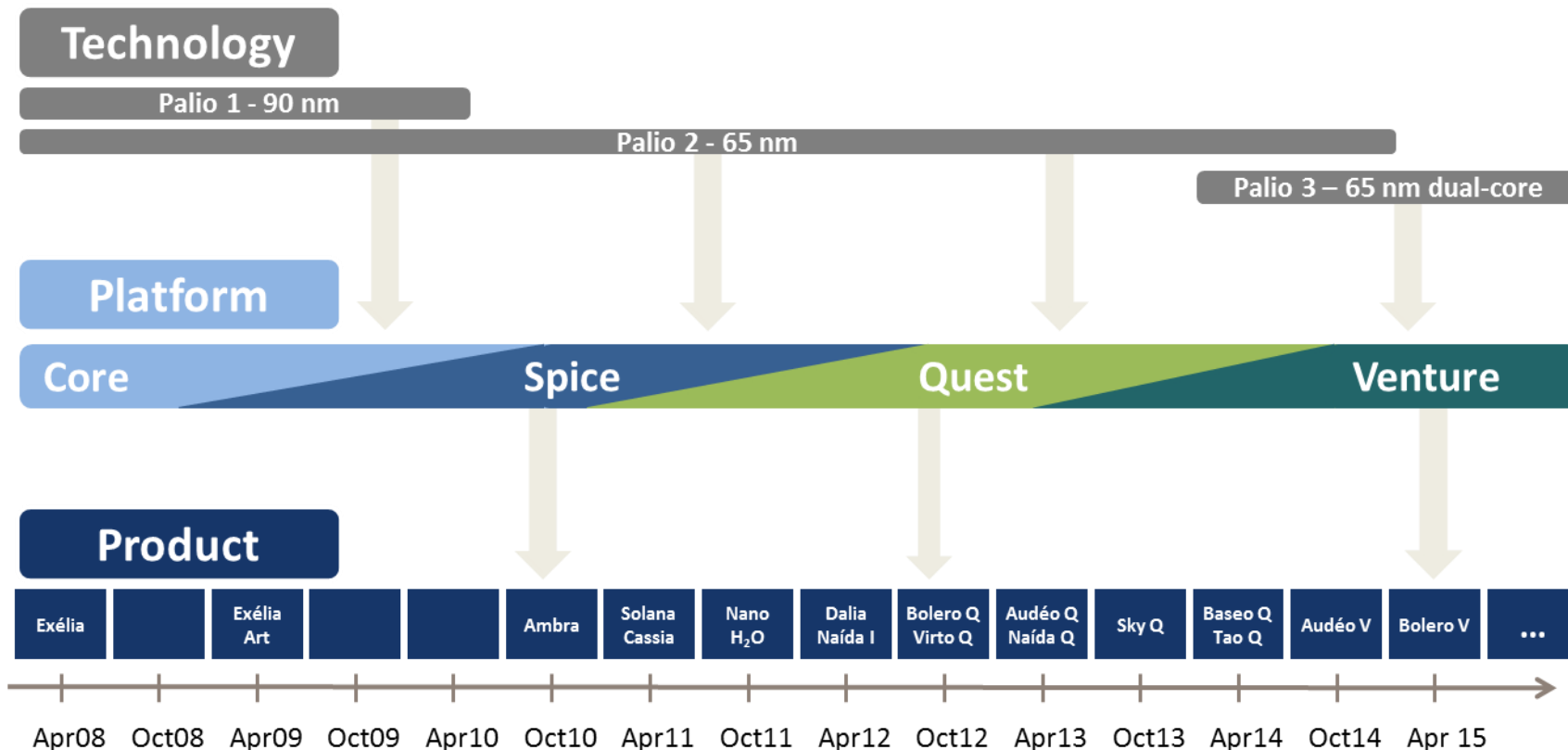
Maintain and expand first-class support for both wholesale and retail customers

- Retail to complement wholesale as element of the market strategy
- Maintain and support expansion of a strong base of audiological service provider
- Offer highest level of innovation and quality of products and services to all customers

Fundamentals and trends of DE hearing aid market have changed

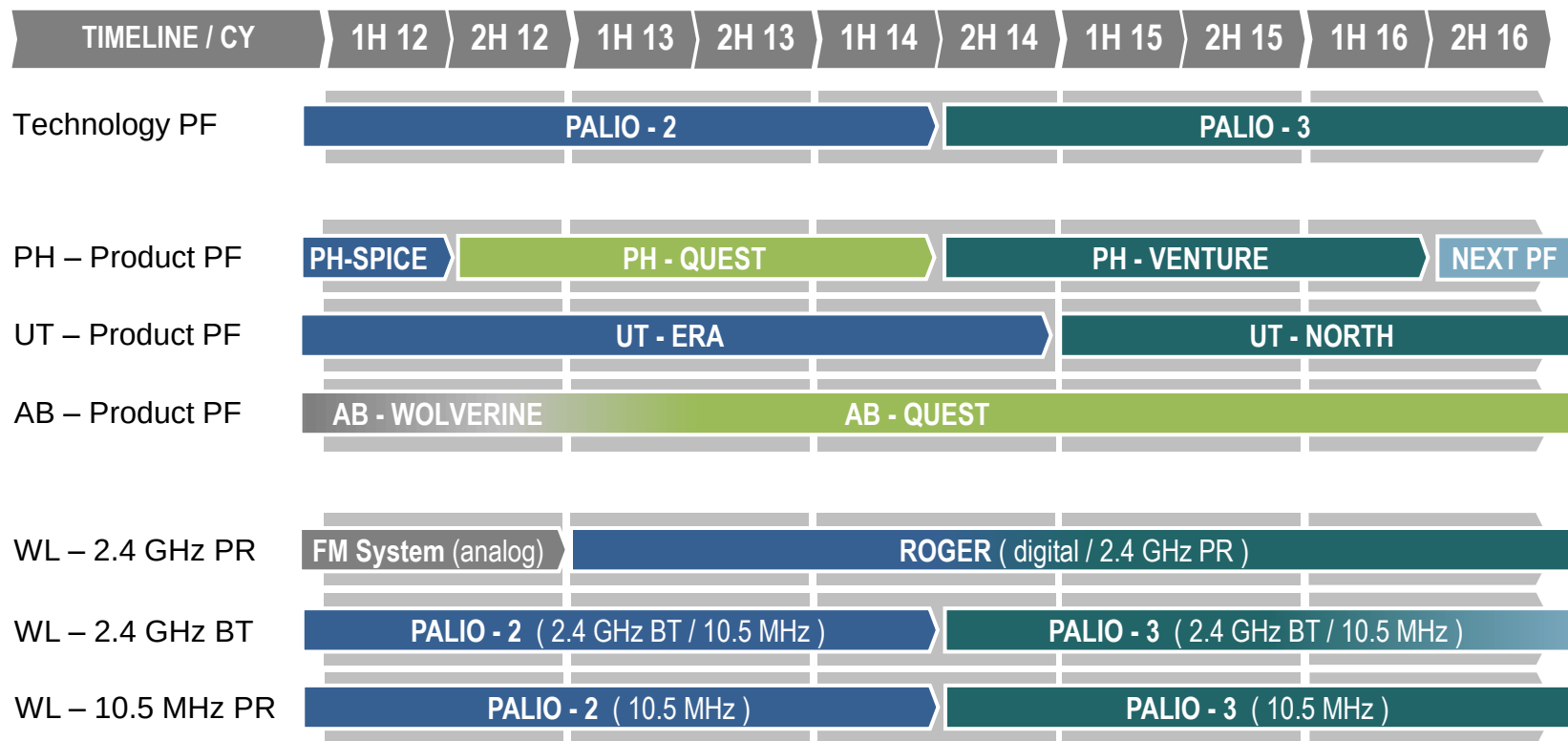
New products: **PHONAK**

Provide complete customer solutions – Hardware, software and services



Platform concept approach to solution development for HI & CI

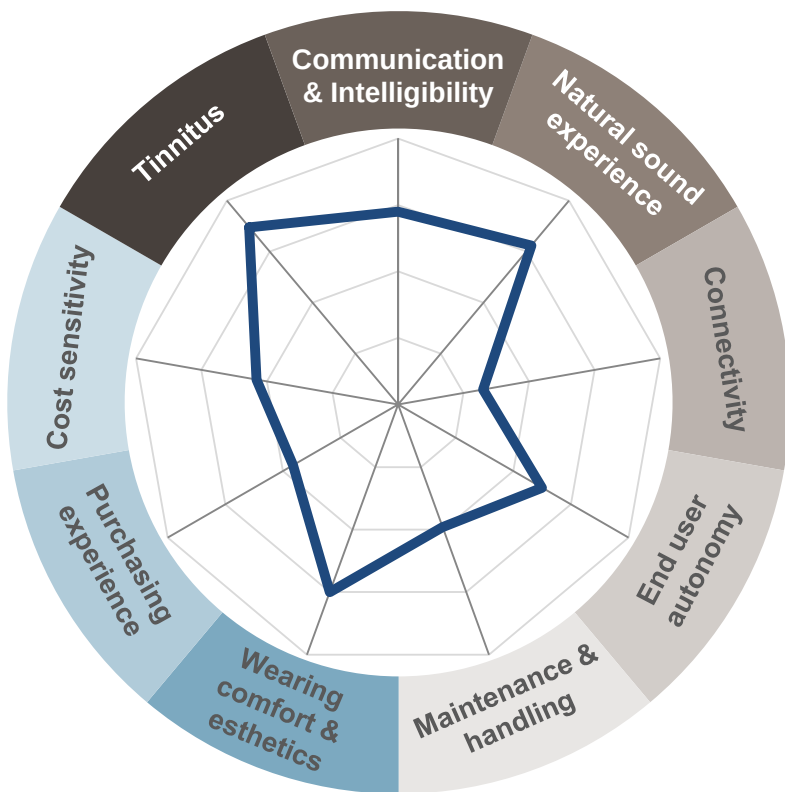
Consistent platform portfolio approach since 2005



Note: Subject to change

Short time to market – Increased efficiency for all products/brands

Consumer insights and needs: Drive Sonova product and services innovation



Critical questions buying a hearing aid:

1 How well do I hear?

Performance

2 Is it easy to handle ?

Ease of use

3 Does it look good ?

Aesthetics

4 Does it provide value for money ?

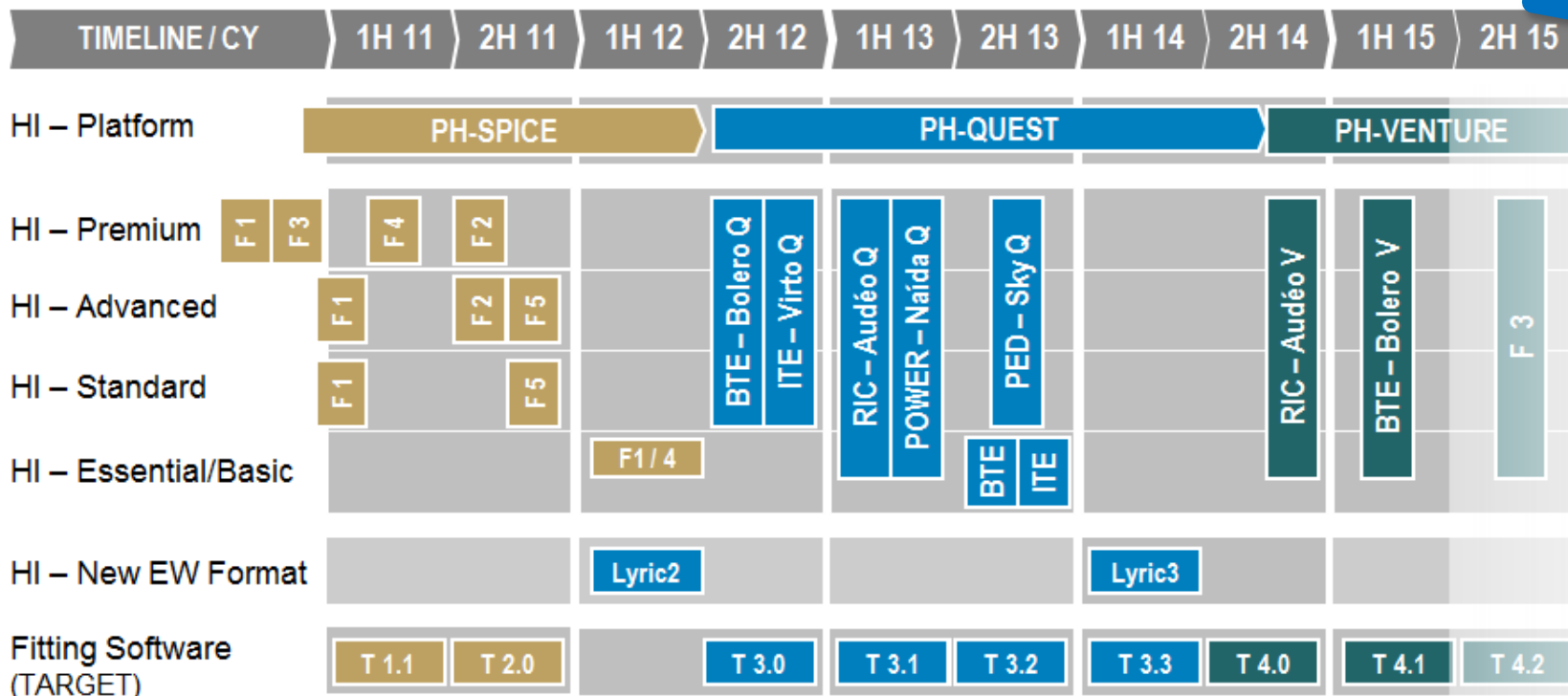
Value

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

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Product pipeline – Drive high innovation rate & rapid new product introduction

UPDATE



Note: Subject to change

Leverage platform approach to offer complete range of products

Audéo V RIC – Most successful launch in history of Phonak

UPDATE

High repurchase intention

- With 95% at very high level, comparable with Audéo Q launch

Outstanding first-fit acceptance

- Two thirds of HCPs rate Audéo V better or much better compared to Quest

Great sound quality

- 86% of HCPs rate better than for Quest products, particularly in noisy situations.

Strong ratings for Target

- 75% of HCPs rate the performance better or much better than previous versions

Source: Survey run in USA, Canada, Germany; February 2015; 171-463 HCPs answered who bought at least 5 new Audéo devices



Audéo V 10



Audéo V 312



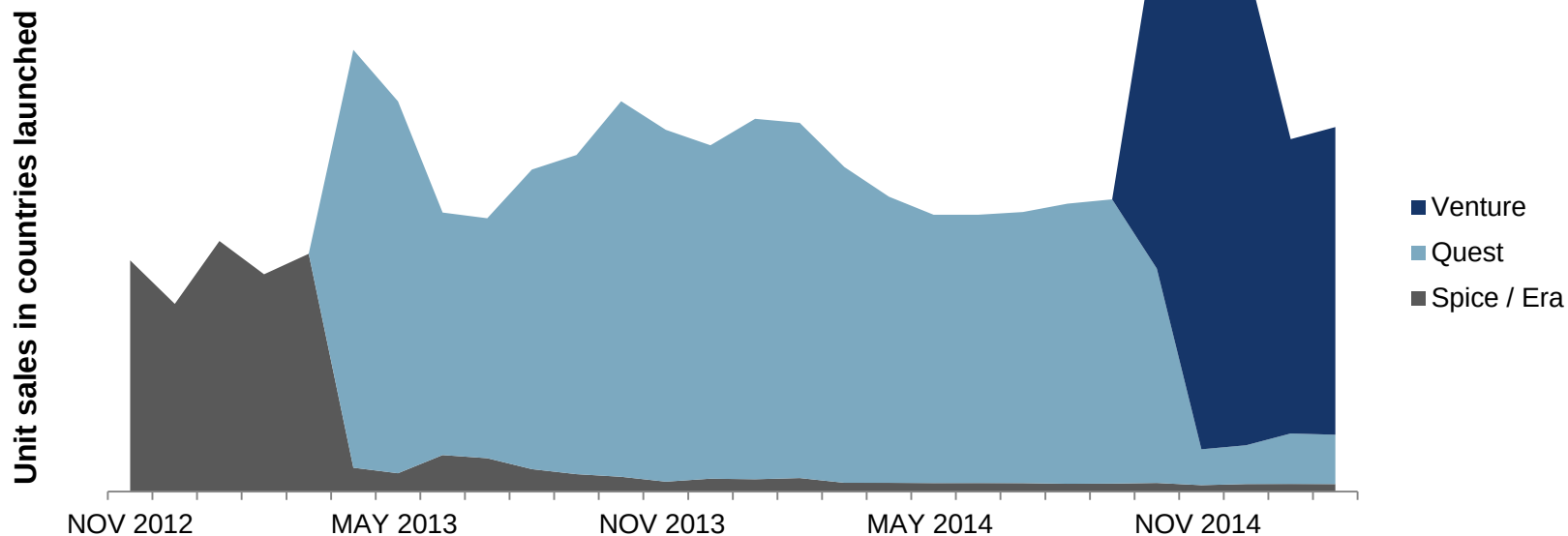
Audéo V 312T



Audéo V 13

Audéo V RIC – Very fast conversion indicates strong market acceptance

UPDATE



Source: Sonova sales statistics for Audéo products only comparing counties launched

„I am really most impressed. This feels much clearer. It sounds natural ... I am very excited.”

Patricia Bailey from Amersham, UK,
Phonak Venture hearing aid wearer

„The first is my elementary school music teacher that was fit with Audéo V 70-312 RICs. She is so incredibly pleased and recently had her piano tuned and could not believe the sound quality and fullness of the devices. She is so happy and loves her hearing aids”

Paul, Hearing Care Professional, USA

“She said, she has worn aids for 18 years and worn every version of Audéo. These are awesome---sound quality fabulous---programmed them in less than 5 minutes--no circuit noise”

Kate, Hearing Care Professional, USA

Bolero V BTE – Serving a wide range of hearing loss levels

NEW

Performance

- Phonak Venture technology + AutoSense OS
- 30% less battery consumption
- More powerful M model

Ease of use

- Fully automated – AutoSense OS
- Streamlined product offering
- IP67 rating for all models

Aesthetics

- 3 new BTE designs (M, P, SP)
- High-tech composite housing material
- 11 colors

Value

- More Phonak signature technology, AutoSense OS
- Across 4 performance levels
- Tinnitus Balance noise generator



Bolero V-M



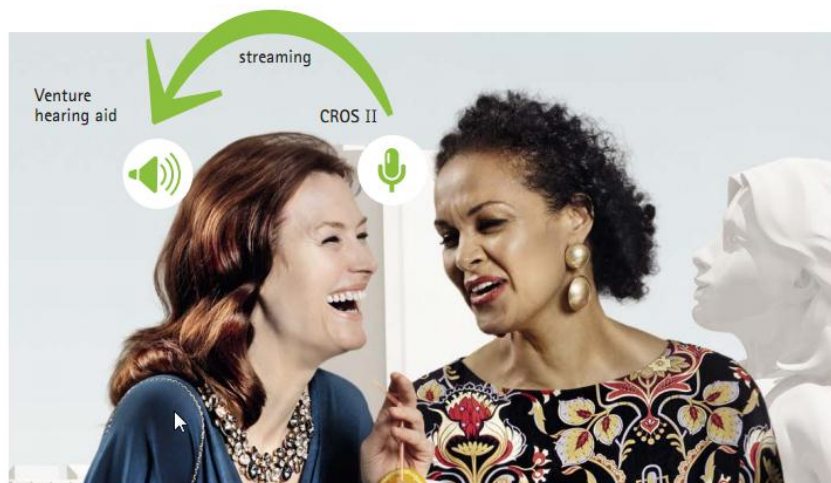
Bolero V-P



Bolero V-SP

CROS – Contralateral Routing of Signal

- For individuals with unaidable hearing loss on one side and normal hearing (CROS) or aidable hearing loss on the other side (BiCROS)
- A CROS system consists of two parts:
 - **The CROS aid:** picks up sounds and voices from the non hearing ear uses Binaural VoiceStream technology to transmit sound/signal wirelessly to the hearing aid
 - **The hearing aid:** receives the signal from the non hearing ear and plays it to the good ear



The non-surgical approach for single sided hearing

CROS II – The smart solution for single-sided hearing

NEW

Performance

- Phonak Venture technology
- StereoZoom: better speech understanding in noise
- 30% longer battery life

Ease of use

- Easy to fit
- Easy to demonstrate
- CROS volume control

Aesthetics

- New Audéo V housings and colors
- New CROS earpiece options

Value

- Upselling opportunity: speech in noise improves with each performance level of the hearing aid

CROS II

- + Easy to fit and demonstrate
- + Better speech understanding
- + Upselling opportunity
- + 30% longer battery life
- + Phonak Venture technology

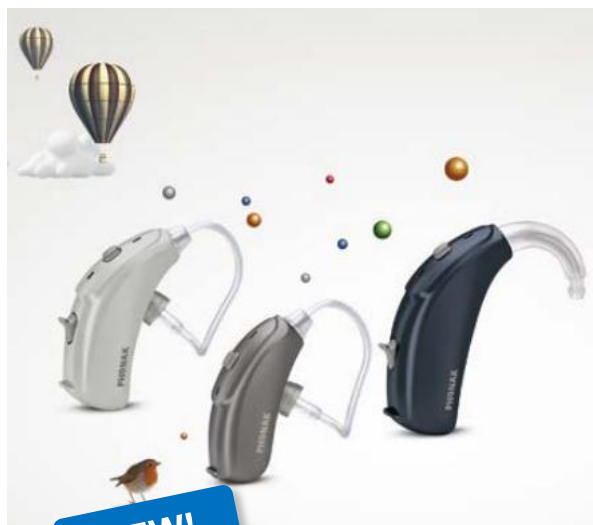
CROS

- Binaural VoiceStream Technology
- Water resistant



Phonak CROS II-312
Phonak CROS II-13

Venture platform successfully launched – Early indications very promising



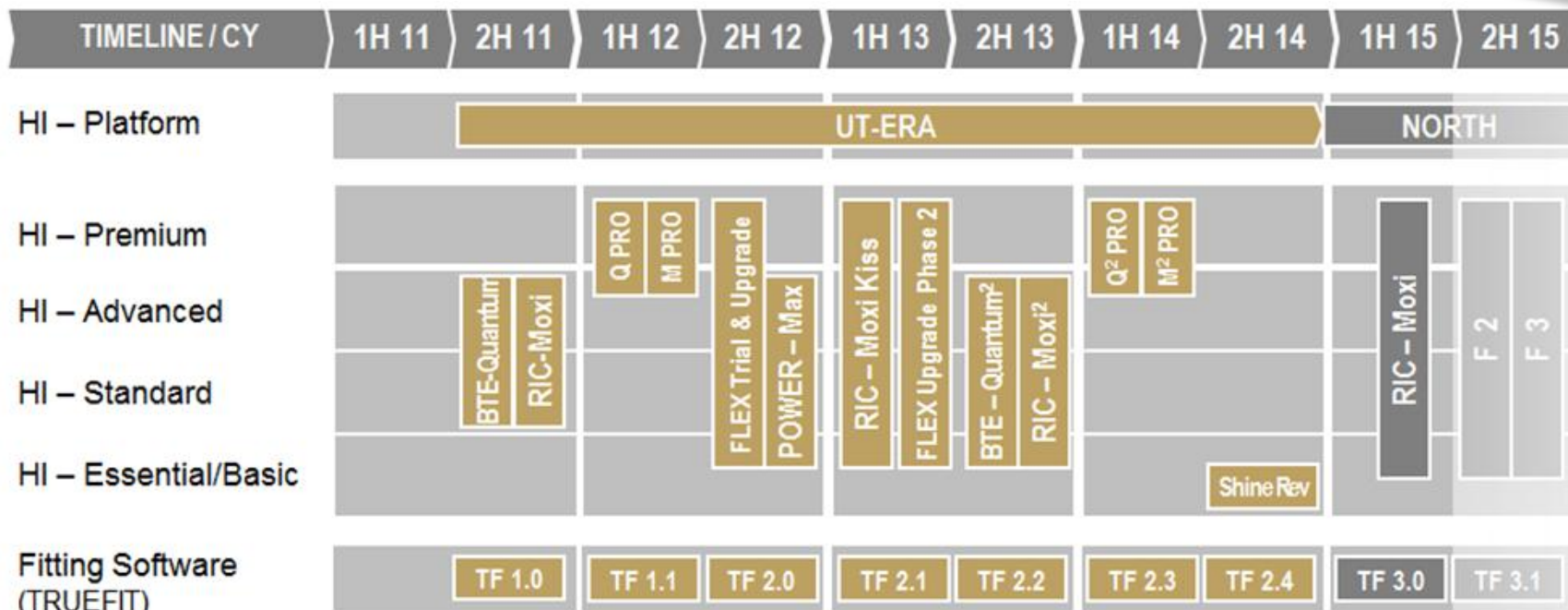
	BTE	Custom	RIC	Power	Pediatric
Premium	Bolero V90	Virto Q90	Audéo V90	Naída Q90	Sky Q90
Advanced	Bolero V70	Virto Q70	Audéo V70	Naída Q70	Sky Q70
Standard	Bolero V50	Virto Q50	Audéo V50	Naída Q50	Sky Q50
Essential	Bolero V30	Virto Q30	Audéo V30	Naída Q30	
Basic	Baseo Q	Tao Q			

Building on the success of our rigorous platform approach

New products: **unitron**TM

Product pipeline – Drive focused innovation & rapid new product introduction

UPDATE

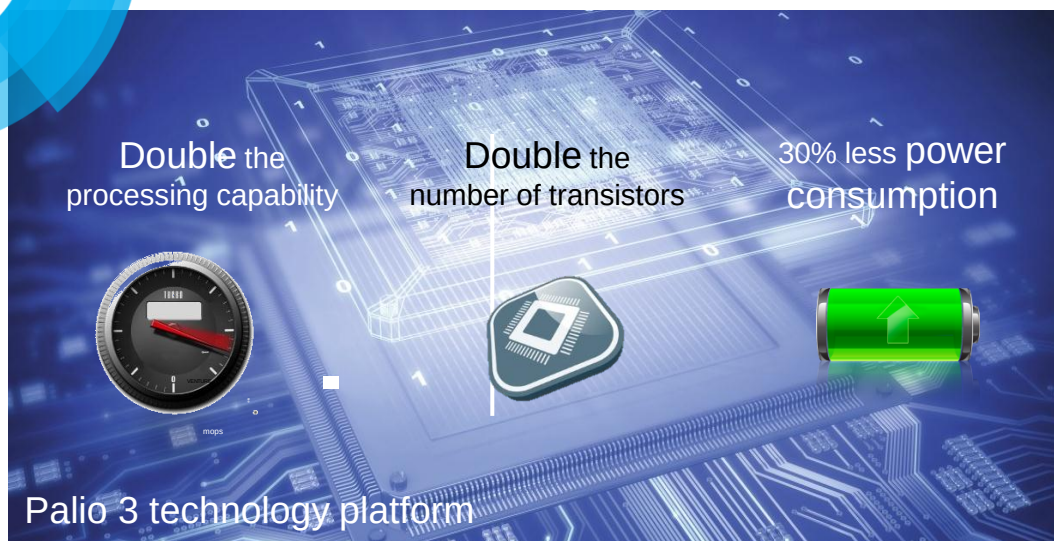


Note: Subject to change

Leverage platform approach to offer flexible range across 3 formats

North: New Unitron platform – Leveraging powerful Sonova Palio 3 technology

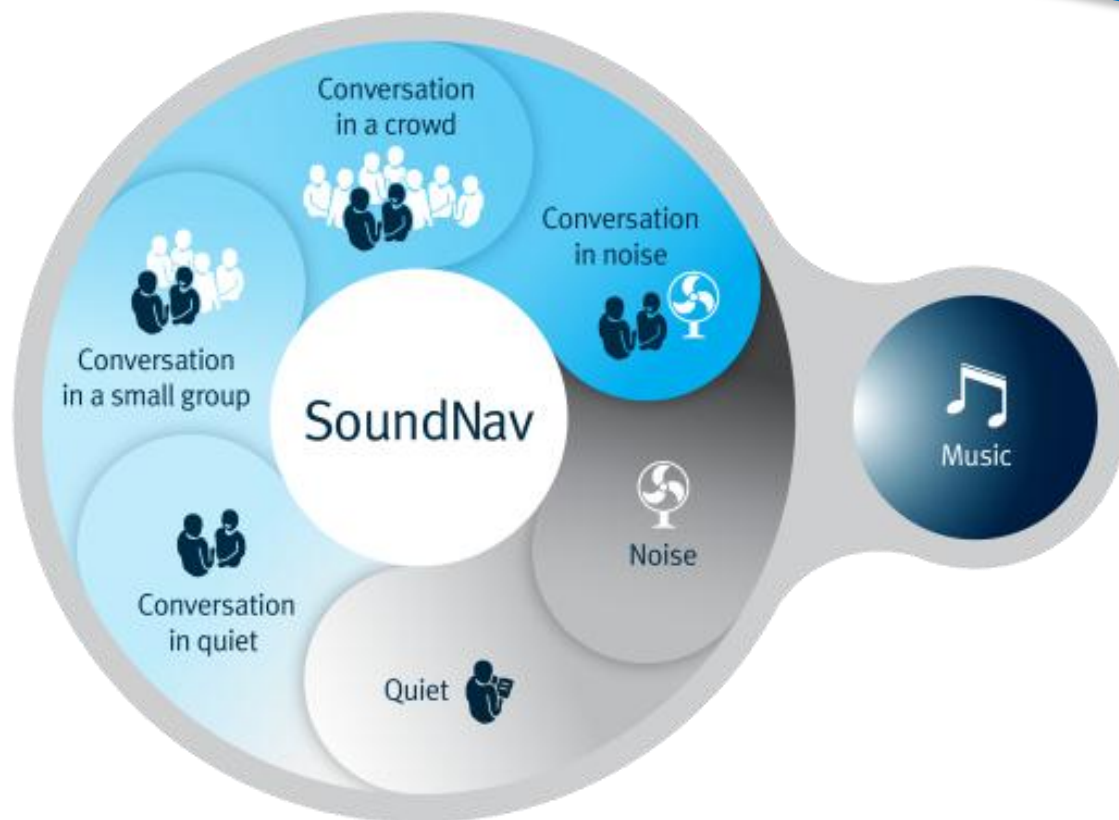
NEW



Wider dynamic range – Improved bandwidth – Clean handling of signals

North and SoundNav: Driving new direction in natural sound experience

NEW



Focus on different types of conversations – Highest level of automation

Moxi RIC – Three stylish RIC designs with five technology levels

NEW

Performance

- The new North platform – SoundNav
- 7 environment program – 4 focused on conversations
- 3 signature technologies

Ease of use

- 3 styles across 5 technology levels
- Intuitive easy to use fitting software (refresh)
- Industry only Flex trial and upgrade solution

Aesthetics

- 3 RICs delivering design excellence
- 12 colors

Value

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



Moxi Kiss
312 award
winning design



Moxi Fit
New 312 with
pushbutton and t-coil



Moxi Dura
13 with IP67

Log it All – Revolutionary enhancement of Flex:trial and Flex:upgrade

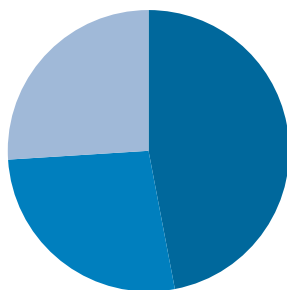
NEW

Flex solution

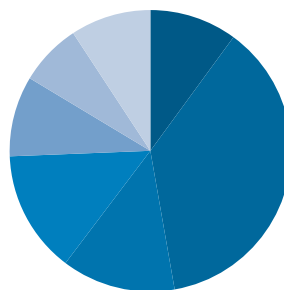
- Flex:trial – Experience HI on any performance level
- Flex:upgrade – Change performance level in clinic
- Very positive response form HCP and consumers

Log It All

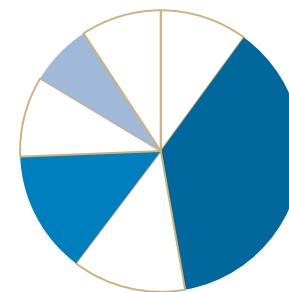
- Real-time monitoring of 7 listening situations
- Data logging info for 7 situations visible in HA
- Evidence based counselling and upselling tool



3 situation view



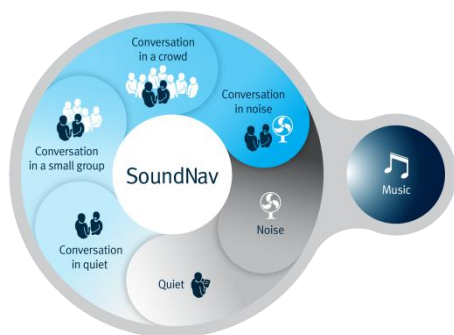
7 situation view



Comparison
Evidenced differences

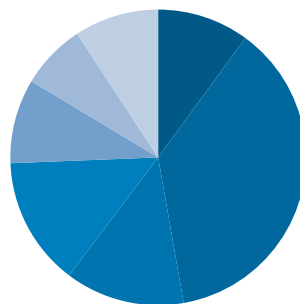
New level of patient insight for better evidence based counselling

The North advantage – A promising combination



SoundNav

better conversations



Log It All

better patient insight



Flex

more flexibility

New generation of products on new North platform



NEW!

	BTE	Custom	RIC	Power	Flex Trial & Upgrade
Premium	Quantum ² Pro	Quantum ² Pro	Moxi Pro		↑ Any Performance Level ↓
Advanced	Quantum ² 20	Quantum ² 20	Moxi 800	Max 20	
	Quantum ² 16	Quantum ² 16	Moxi 700		
Standard	Quantum ² 10	Quantum ² 10	Moxi 600	Max 6	
Essential	Quantum ² E	Quantum ² E	Moxi 500	Max E	
Basic	Shine Rev	Shine Rev			

Building on the success of the Flex solution

sonova
HEAR THE WORLD

Thank You

