Full-Year 2015/16 Results

Stäfa, May 18, 2016, Lukas Braunschweiler, CEO & Hartwig Grevener, CFO

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Agenda

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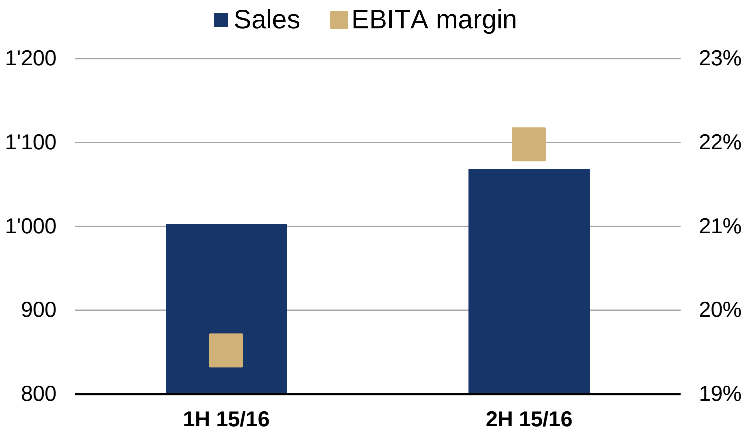
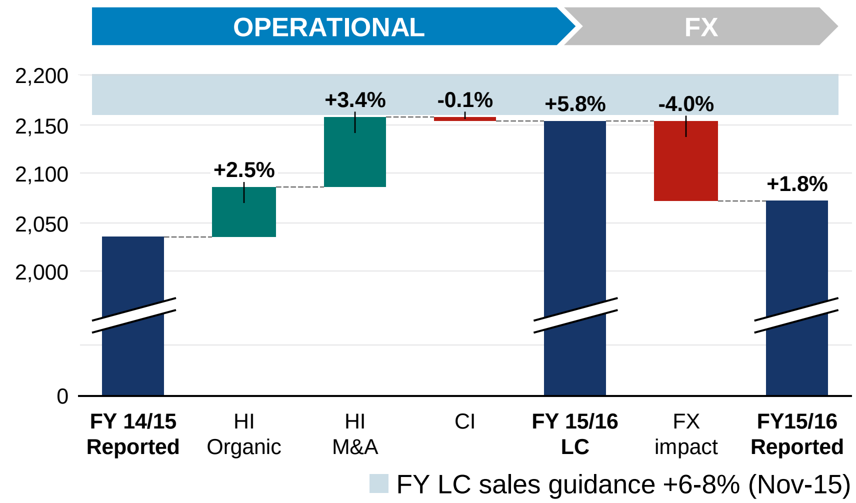
1. Sonova Group – FY 2015/16 – Business review
2. Sonova Group – Acquisition of AudioNova
3. Sonova Group – FY 2016/17 – Outlook
4. Hearing Instruments – FY 2015/16 – Business review
5. Cochlear Implants – FY 2015/16 – Business review
6. Sonova Group – FY 2015/16 – Financial review
7. Upcoming events

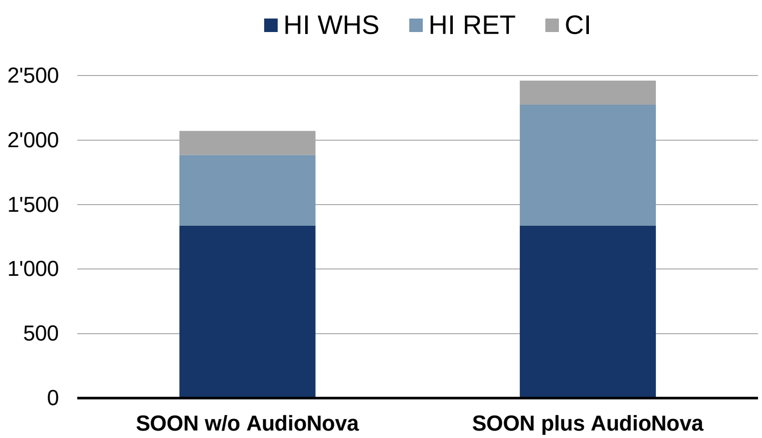
FY 2015/16 – Challenging year in CI, DE and Costco

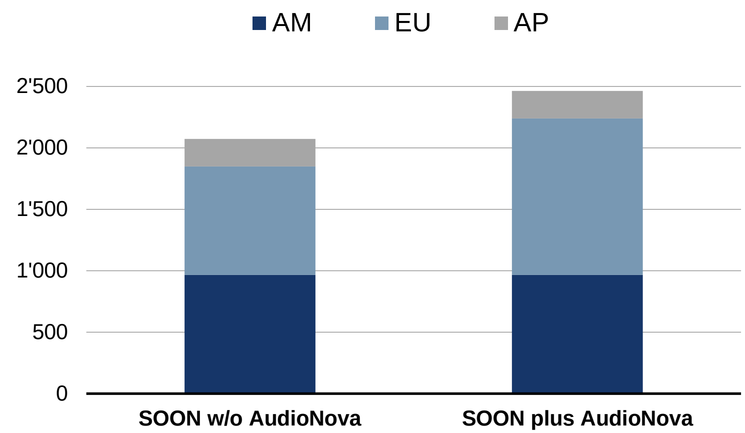




- Substantial sequential pick-up in 2H 2015/16 – in both reported sales and EBITA margin
  - CI: Business returned to growth in 2H – reported double-digit growth in Q4
  - HI: Transition impact of retail strategy – disclosure in DE – improving trend in Q4
- FY sales growth 200 bps below original FY target (May-15) – mainly due to CI business and Costco shortfall
- Solid underlying core business expansion
  - NA: Returned to growth in VA – stable commercial market share – Costco: KS challenge
  - EU: Solid growth overall – stabilizing situation in DE – difficult environment in BR
  - AP: Good progress overall – AUS, JP, CN, KR leading growth, IN below potential
- Strong rich technology and product pipeline – series of product launches in 1-2 years

AudioNova acquisition – Impact on Sonova footprint





Note: considers 2015/16 values for Sonova, 2015 values for AudioNova

- FY 2015/16 subsequent event: signed agreement to acquire AudioNova – closing in FY 2016/17
- Consequent implementation of Sonova go-to-market strategy
- Substantial expansion of HI retail/professional service business – move to No 1 position in EU
- Temporary negative impact expected from WHS customers in some EU countries (DE, IT)

FY 2016/17 – AudioNova acquisition – Year of transformation

1. Sonova Group – FY 2015/16 – Business Review

Business highlights FY 2015/16

- **Further increase in reported sales, despite currency headwinds**
  - Sales of CHF 2,071.9 million – up 1.8% in Swiss francs and 5.8% in LC
  - Organic sales growth of 2.2% – driven by EMEA and APAC region
- **Progression of EBITA-margin held back by FX, CI segment and acquisitions impact**
  - EBITA of CHF 430.6 million – up 1.4% in LC, down 5.5% in Swiss francs
  - EBITA-margin of 20.8% – contracting by 90 bps in LC and by 160 bps as reported
- **Solid growth in hearing instruments – Supported by M&A**
  - Sales growth of 6.6% in LC – stable EBITA margin in LC
  - Acquisitions contributing strongly to sales – dilutive effect on the EBITA margin
- **Improving momentum in cochlear implants – Returning to growth in 2H 2015/16**
  - Slight sales decline in LC for the year due to slow 1H – acceleration after 2H product launches
  - Break-even result for the year – positive in 2H 2015/16
- **Strong cash flows – Solid balance sheet – Increase in dividend proposed**
  - Operating free cash flow of CHF 344.2 million – reflecting strong cash conversion
  - Net cash position of CHF 298.3 million – dividend increase of CHF 0.05 to CHF 2.10 proposed

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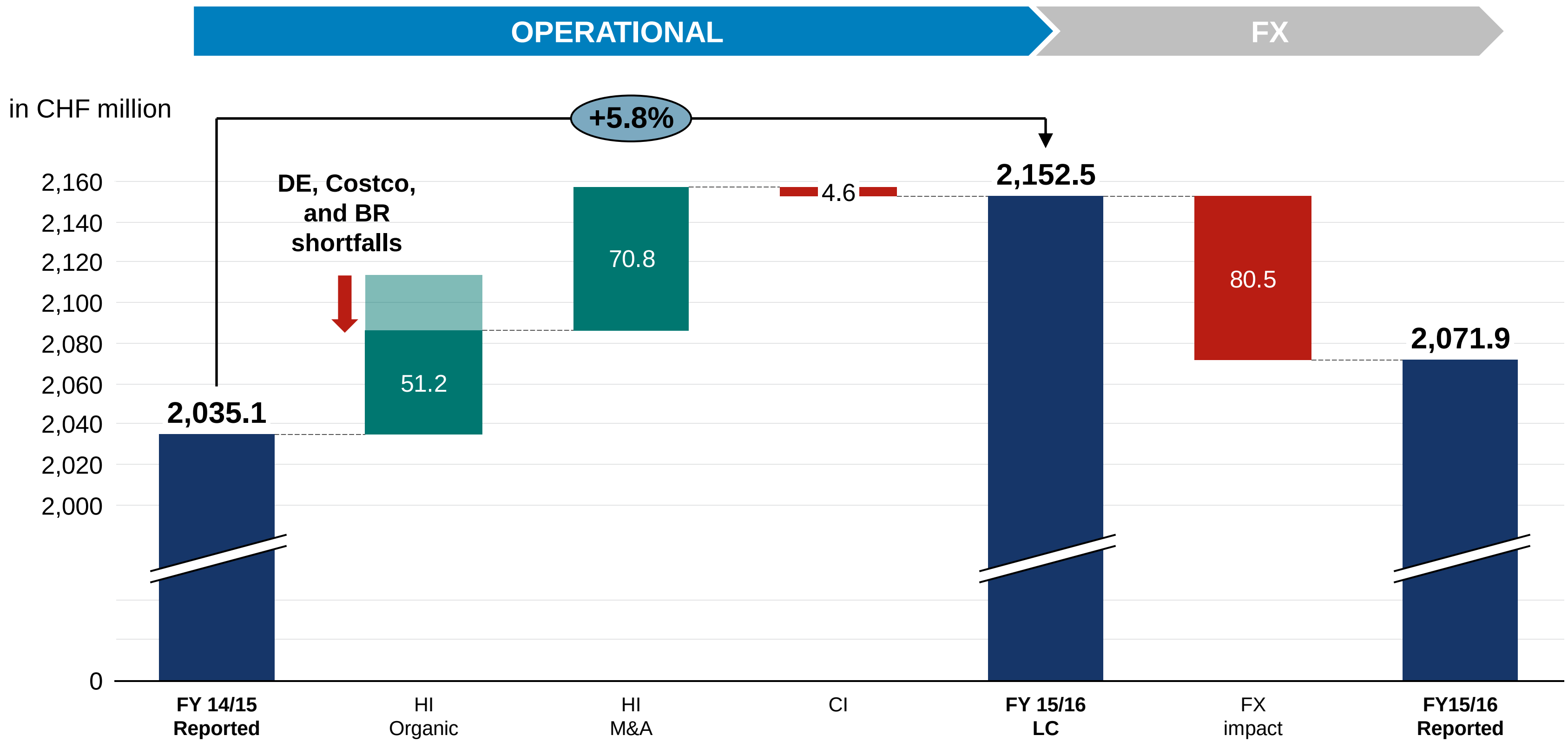
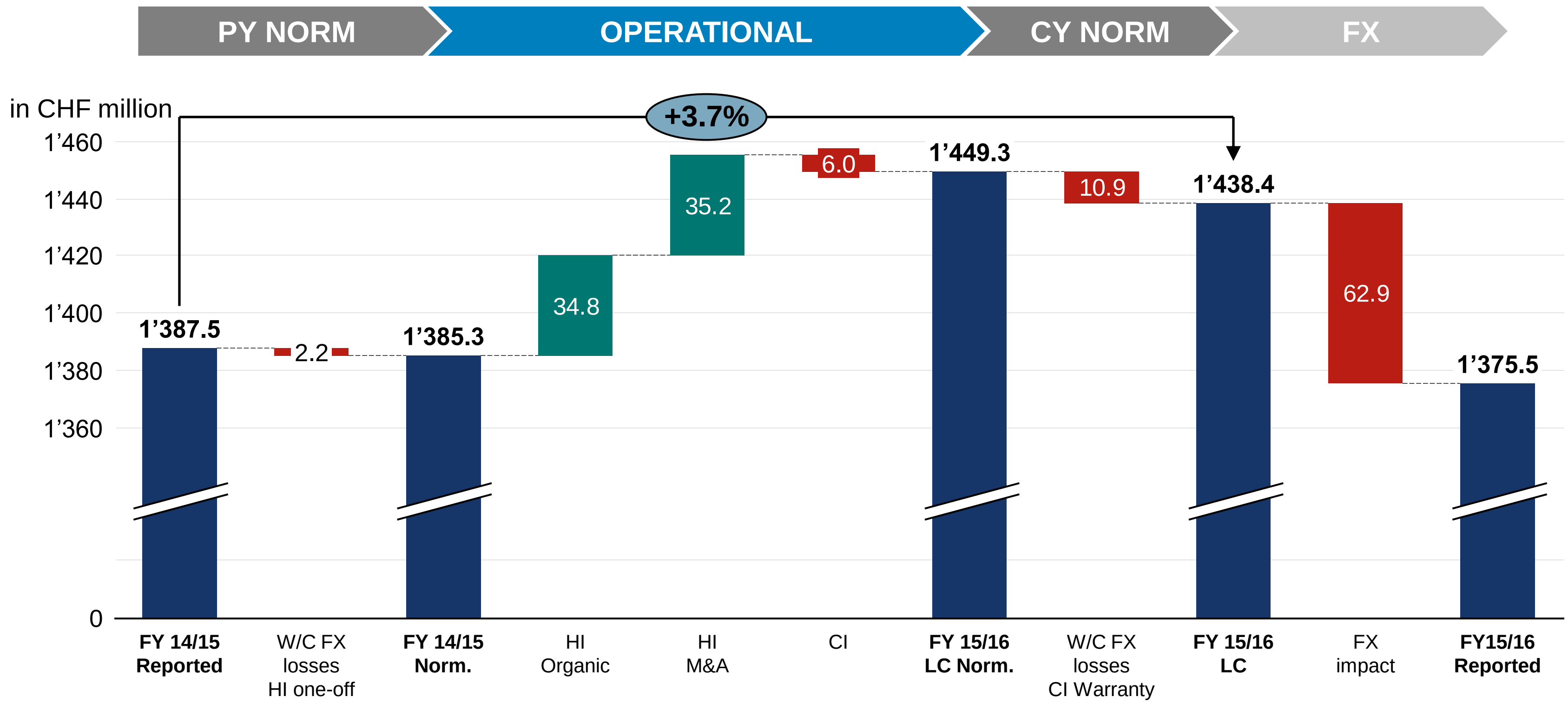
Sales and components – YoY



Growth components	+2.5%	+3.4%	-0.1%	**+5.8%**	-4.0%	**+1.8%**

Sales increase of 5.8% in LC carried by HI segment – Strong acquisition impact

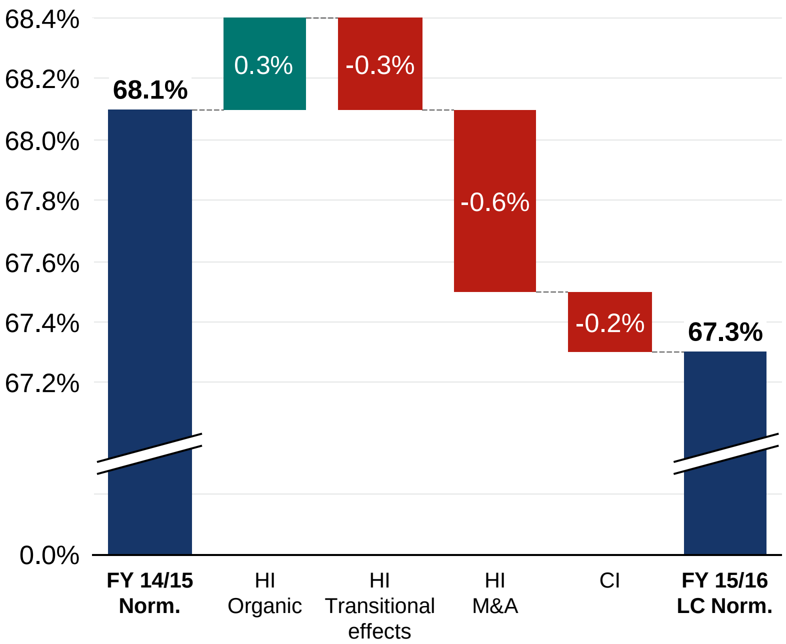
Gross profit and components – YoY



Margin	**68.2%**	-0.1%	**68.1%**	0.0%	-0.6%	-0.2%	**67.3%**	-0.5%	**66.8%**	-0.4%	**66.4%**

Stable GP in HI – Dilution from CI segment and HI acquisitions

GP margin analysis



HI Organic:
– Positive ASP trend

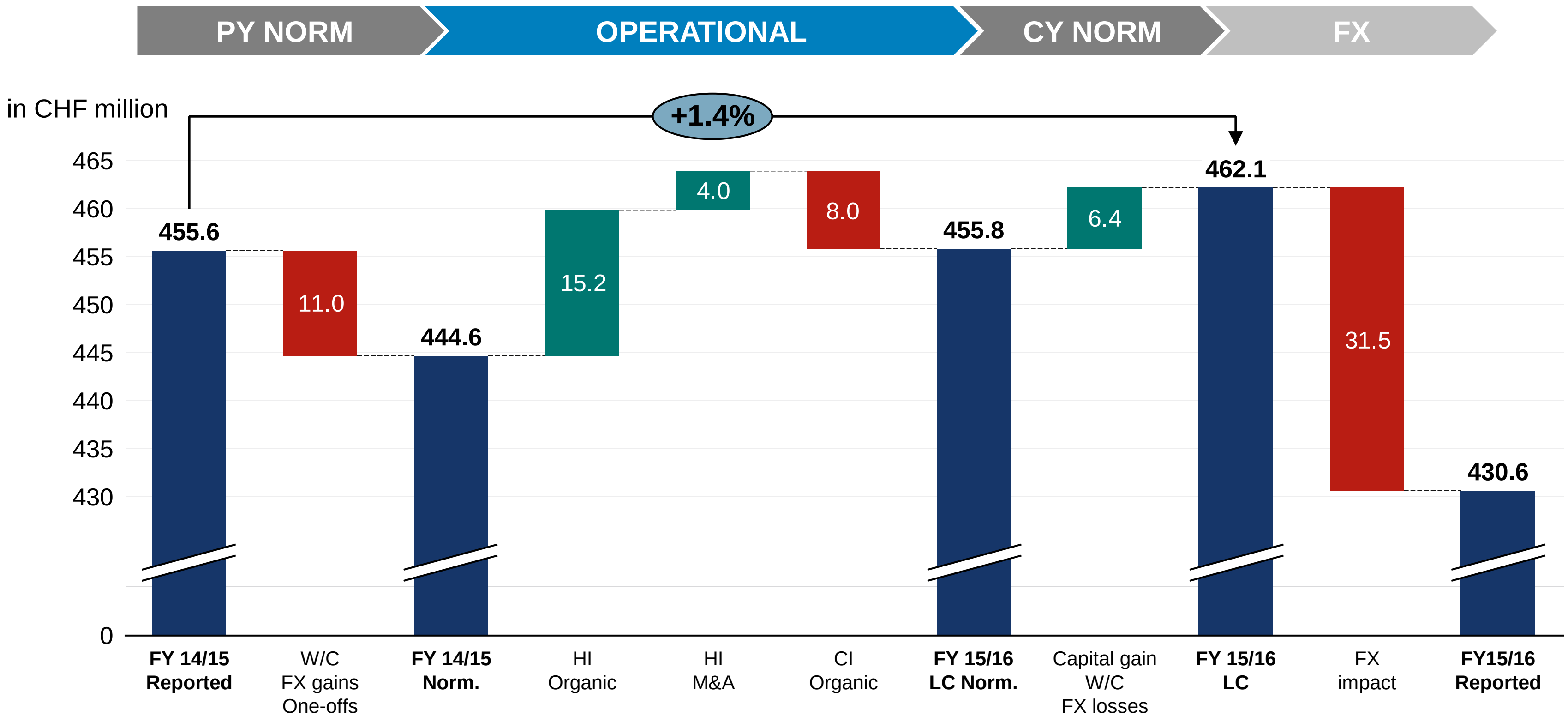
HI transitional effects:
– Lower efficiency of UK ITE manufacturing lab during rapid expansion
– Brazil – ASP decline in government channel addressed towards end of the year

HI M&A:
– Hansaton transition to Sonova technology and products

CI:
– Lower sales, shift in sales mix (geographic and product)

Modest ASP increase in HI – Offset by transitional effects and CI decline

EBITA and components – YoY



Margin	**22.4%**	-0.6%	**21.8%**	+0.2%	-0.5%	-0.3%	**21.2%**	+0.3%	**21.5%**	-0.7%	**20.8%**

EBITA growth of 1.4% in LC – Held back by CI decline in 1H and HI acquisitions

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FY 2015/16 result vs. guidance issued in November 2015

	FY 15/16 Guidance Nov 2015	FY 15/16 Actual	Comment
SALES – growth in LC	**6-8%**	**5.8%**	Held back by CI, Costco and BR
thereof acquisitions	*~ 3%*	*3.5%*	
FX impact		-4.0%	
SALES – growth in CHF		1.8%	
EBITA - growth in LC	**3-7%**	**1.4%**	Held back by CI and HI acquisitions
thereof FX effect on W/C	*~ -4.0%*	*-2.7%*	Strengthened FX hedging
FX impact		-6.9%	
EBITA - growth in CHF		-5.5%	

Key Financials – YoY variances in LC

in CHF million	1H 2015/16	Δ % in LC	2H 2015/16	Δ % in LC	FY 2015/16	Δ % in LC
Sales	**1,003.2**	+6.7%	**1,068.7**	+4.8%	**2,071.9**	+5.8%
Gross profit	**661.3**	+3.5%	**714.2**	+3.8%	**1,375.5**	+3.7%
- Gross profit margin	**65.9%**		**66.8%**		**66.4%**	
OPEX	**-465.5**	+4.8%	**-479.3**	+4.7%	**-944.8**	+4.8%
EBITA	**195.8**	+0.7%	**234.9**	+2.1%	**430.6**	+1.4%
- EBITA margin	**19.5%**		**22.0%**		**20.8%**	

Substantial sequential pick-up in 2H 2015/16 – In reported sales and EBITA margin

Sales – YoY variances

	1H 2015/16			2H 2015/16			FY 2015/16		
in CHF million	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC
Sales	**1,003.2**	**+1.3%**	**+6.7%**	**1,068.7**	**+2.3%**	**+4.8%**	**2,071.9**	**+1.8%**	**+5.8%**
Δ organic	25.7		+2.6%	20.1		+1.9%	45.8		+2.2%
Δ M&A	41.2		+4.2%	30.4		+2.9%	71.6		+3.5%
Δ FX	-53.8	-5.4%		-26.7	-2.6%		-80.5	-4.0%	

2H: slower organic growth in specific markets – Disposals & lower M&A contribution

Sales – Regions and key markets – YoY variances

	1H 2015/16		2H 2015/16		FY 2015/16	
in CHF million	Sales	Δ % in LC	Sales	Δ % in LC	Sales	Δ % in LC
EMEA	**418.3**	+9.0%	**464.7**	+5.4%	**883.0**	+7.2%
USA	**375.5**	+1.9%	**392.1**	+1.6%	**767.6**	+1.8%
Americas (excl. USA)	**100.0**	+8.2%	**97.1**	+4.0%	**197.1**	+6.1%
Asia / Pacific	**109.3**	+11.9%	**114.9**	+14.7%	**224.2**	+13.3%
Total SONOVA	**1,003.2**	+6.7%	**1,068.7**	+4.8%	**2,071.9**	+5.8%

EMEA	– 2H impacted by more difficult comparison base in Germany – sale of Italian retail
AMERICAS	– Costco shift to private label KS segment – reduction of government business in Brazil
APAC	– Strong AU performance in HI – executing on CN growth strategy

2H growth impacted by Costco, DE disclosure, BR and disposals – APAC accelerating

Key Financials – Operational growth components – Normalized

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in CHF million	FY 2014/15 normalized	Growth contribution			FY 2015/16 in LC normalized
		HI Organic	HI M&A	CI	
Sales	**2,035.1**	51.2	70.8	-4.6	**2,152.5**
- Δ % to prior year		+2.5%	+3.4%	+0.1%	+5.8%
Gross profit	**1,385.3**	34.8	35.2	-6.0	**1,449.3**
- Δ % to prior year		+2.5%	+2.5%	-0.4%	+4.6%
- Gross profit margin	68.1%	±0 bps	-60 bps	-20 bps	67.3%
EBITA	**444.6**	15.2	4.0	-8.0	**455.8**
- EBITA growth		+3.4%	+0.9%	-1.8%	+2.5%
- EBITA margin	21.8%	+20 bps	-50 bps	-30 bps	21.2%

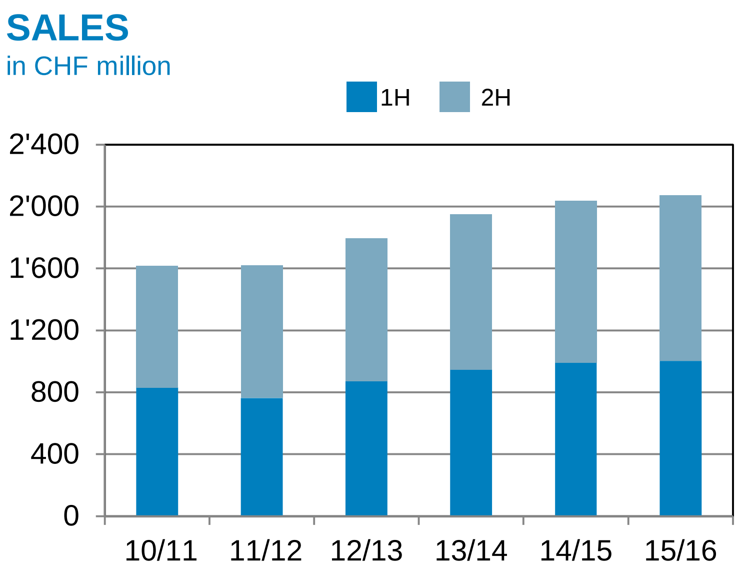
Organic improvement of EBITA margin – Dilution from acquisitions and CI

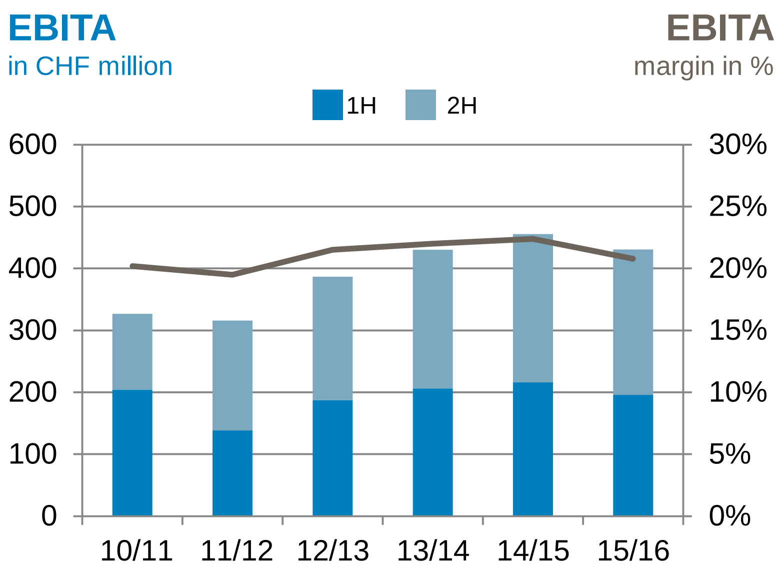
Key Financials – As reported

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF	Δ % in LC
Sales	**2,035.1**	**2,071.9**	+1.8%	+5.8%
Gross profit	**1,387.5**	**1,375.5**	-0.9%	+3.7%
- Gross profit margin	**68.2%**	**66.4%**		
OPEX	**-932.0**	**-944.8**	+1.4%	+4.8%
EBITA	**455.6**	**430.6**	-5.5%	+1.4%
- EBITA margin	**22.4%**	**20.8%**		
Operating free cash flow	**366.4**	**344.2**	-6.1%	
EPS (in CHF)	**5.37**	**5.11**	-4.8%	
ROCE	**29.1%**	**26.0%**		

Strong operating free cash flow – Continued high cash conversion

Performance history



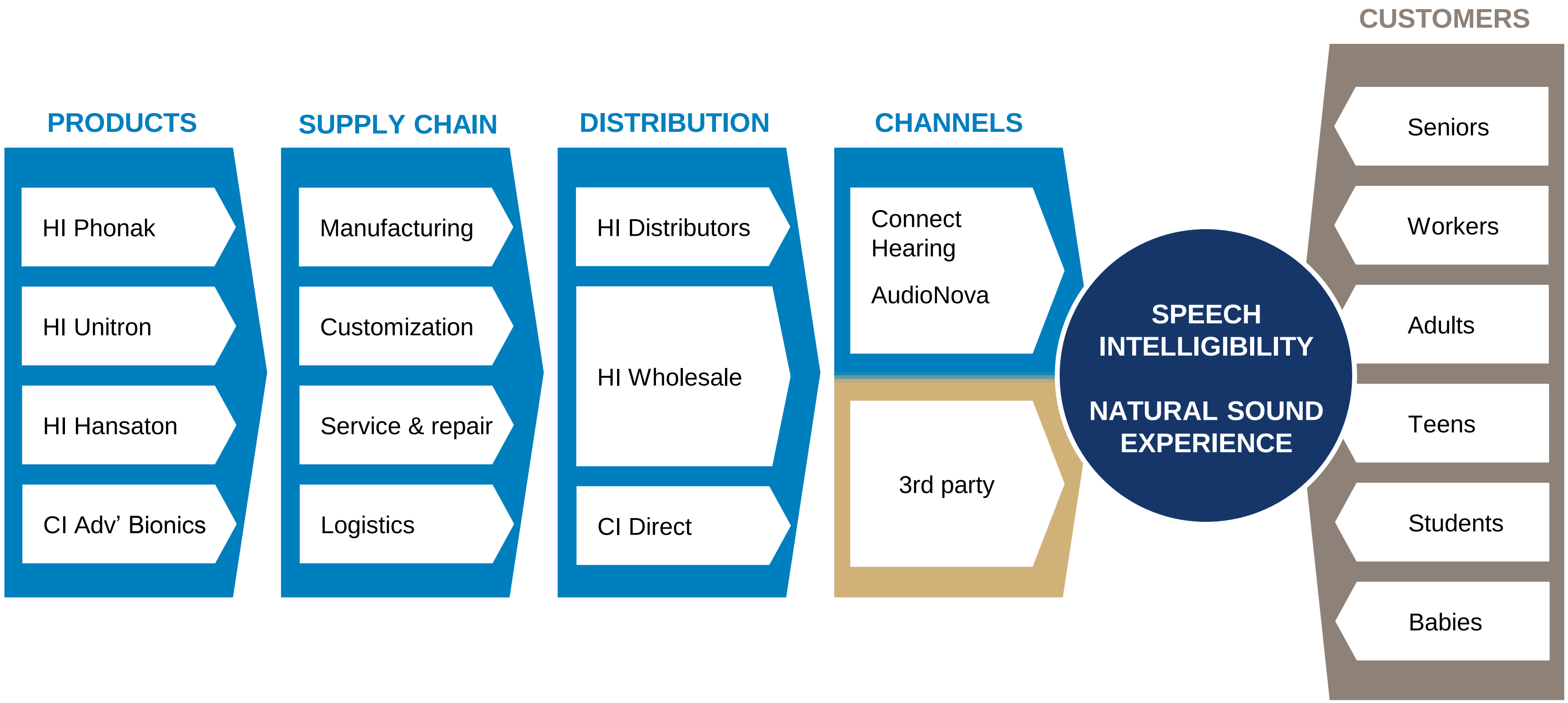


	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	CAGR 5-y
Sales growth reported	+7.8%	+0.2%	+10.8%	+8.7%	+4.3%	+1.8%	+5.1%
Sales growth in LC	+13.3%	+11.6%	+7.4%	+11.7%	+6.2%	+5.8%	+8.5%
Organic sales growth in LC	+5.8%	+6.7%	+5.2%	+11.0%	+5.1%	+2.2%	+6.0%
EBITA margin	+20.2%	+19.5%	+21.5%	+22.0%	+22.4%	+20.8%	n/a
Basic EPS	3.50	3.71	4.60	5.08	5.37	5.11	+7.9%

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

2. Sonova Group – Acquisition of AudioNova

Unique vertically integrated business model



AudioNova business

Strong European exposure with a leading presence in eight countries

One of the leading hearing care service providers in Europe

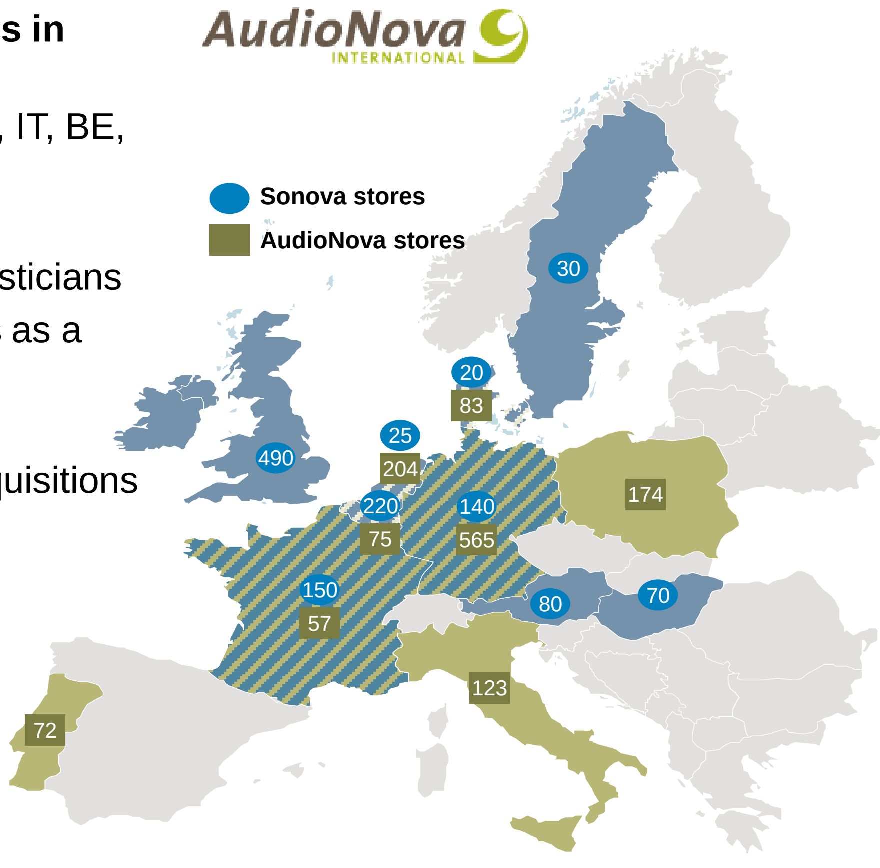
- Over 1,300 stores across eight countries (DE, NL, IT, BE, PL, DK, FR, PT)
- Over 300,000 hearing aids sold p.a.
- More than 2,750 employees including 1,600 acousticians
- Founded 90 years ago in Rotterdam, Netherlands as a hearing aid store
- Acquired by HAL Investments B.V. in 2000
- Expanded through store openings and further acquisitions in EU (e.g. Geers)

Strong leading local brands

- DE and PL: Geers
- NL: Schoonenberg
- PT: Minisom

Solid track record

- Well-managed and profitable business
- Sales of approximately EUR 360 million

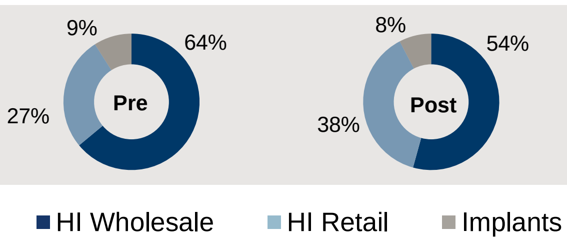


Sonova and AudioNova – Convincing strategic rationale of the combination

- Sonova and AudioNova create one of the broadest hearing aid retail service network in Europe with attractive market positions
- Combination supports Sonova's go-to-market strategy and the integrated retail / professional services strategy
- Unique opportunity to significantly expand Sonova's retail business and gain critical mass in the European hearing aid retail market
- Very complementary country portfolio of AudioNova including key market Germany
- Sonova to further gain proximity to customers by adding around 1,350 stores
- Share of Sonova products sold in the AudioNova retail stores will be significantly increased from currently around 25%

SONOVA Retail exposure

Sales



No stores

	Pre-acquisition		Post-acquisition:
EU		1,230	2,592
Global		2,000	3,362

Creating one of the broadest global retail service networks – In line with Sonova strategy

Sonova and AudioNova – Transaction

Deal values AudioNova at EUR 830 million

– Net purchase consideration will be paid in cash
– Financed with cash and debt resulting in a pro forma Net debt/EBITDA ratio of around 1.1x
– Transaction expected to be EPS accretive in the first financial year after closing

The transaction is subject to regulatory approval – expected to close in the second half of 2016

3. Sonova Group – FY 2016/17 – Outlook

Outlook FY 2016/17

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Considerations and expectations related to the FY 2016/17 outlook

Market	– Healthy worldwide market growth expected in line with long-term trends – Ongoing market bifurcation in the US driven by Costco – German market expected to return to growth following year of stagnation – Brazilian market – challenging environment expected to continue
Hearing Instruments	– Good sales momentum expected to continue – supported by new product introductions impacting 2H 2016/17 – EU: Initial push-back from selected customer groups and key accounts expected after announcement of AudioNova acquisition – NA: Sequential improvement in independent channel and VA – AP: Continued implementation of growth strategy – AudioNova acquisition to add significant scale to our European retail footprint – closing subject to regulatory approval expected in 2H – consolidation not reflected in outlook – Lower net effects of other acquisitions mainly from annualisation effects of retail expansion in FY 2015/16
Cochlear Implants	– Further sales recovery expected in NA and EU – Building momentum with new product launches – Increasing leverage through close cooperation with Sonova retail and Phonak

Outlook FY 2016/17

FY 2016/17 guidance and mid-term target

		Actual FY 2015/16	Guidance[1)] FY 2016/17	Mid-term Target
Sales	**Sales growth in LC**	**+5.8%**	**+4%-6%**	**+5%-7% p.a.**
	thereof effect of retail strategy on wholesale	ca. -1.0%	ca. -1.0%	
	thereof M&A	+3.5%	ca. +1.0%	ca. +1.0% p.a.
	FX-impact	-4.0%		
	Total sales growth in CHF	+1.8%		
EBITA	**EBITA growth in LC**	**+1.4%**	**+3%-7%**	**+7%-11% p.a.**
	FX-impact	-6.9%		
	Total EBITA growth in CHF	-5.5%		

[1)] Guidance 2016/17: – Does not include contributions from the announced acquisition of AudioNova
– Considers impact of retail strategy on wholesale
– Considers effects from sale of Italian retail business early in Q4-15/16

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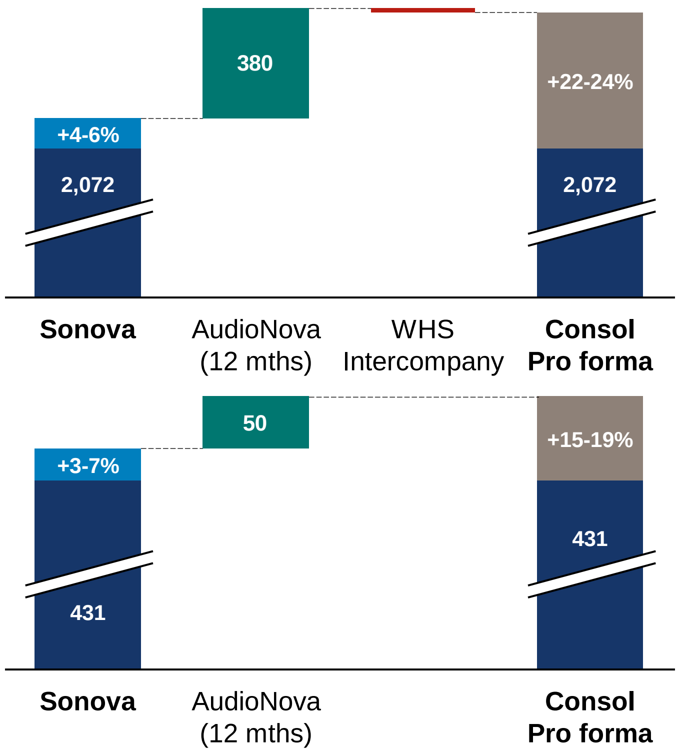
AudioNova acquisition – Pro forma combined view based on 2016 / 17 guidance

in CHF million

Net Sales

EBITA



Margin:	Sonova	AudioNova (12 mths)	Consol Pro forma
EBITDA	23 - 24%	~16%	22 - 23%
EBITA	20 - 21%	~13%	19 - 20%

In local currencies, excluding synergies, one-off transaction and integration costs

Consolidation effects (to show from 2017/18 on)

- Net contribution to Sonova sales of ca. CHF 370 million
- Share of retail sales up from 27% to 38%
- Improved Group gross margin
- Around 100bps Group EBITA margin impact
- ROCE reduction of ca. 650bps incl. increased amortization of intangible assets – to recover after 2017/18

Additional integration effects (over 2-3 years)

- Retail integration synergies – high single digit CHF million p.a., approx. CHF 15 million one-time rebranding and restructuring costs
- Wholesale – share of wallet increase in AudioNova from currently ~25% to >80%
- One time corporate transaction and integration costs of ca. CHF 15-20 million

Bottom line impact

- Double-digit EPS accretive once synergies fully realized

2015/16 actuals excluding AudioNova
2016/17 guidance excluding AudioNova
2016/17 pro-forma consolidated view

Outlook FY 2016/17

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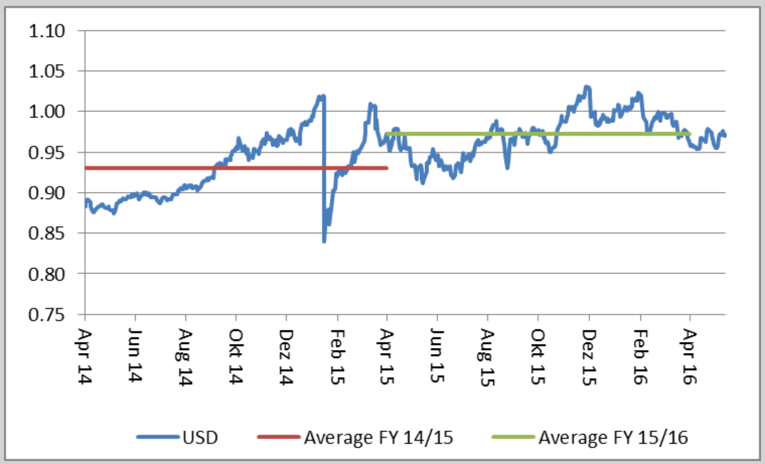
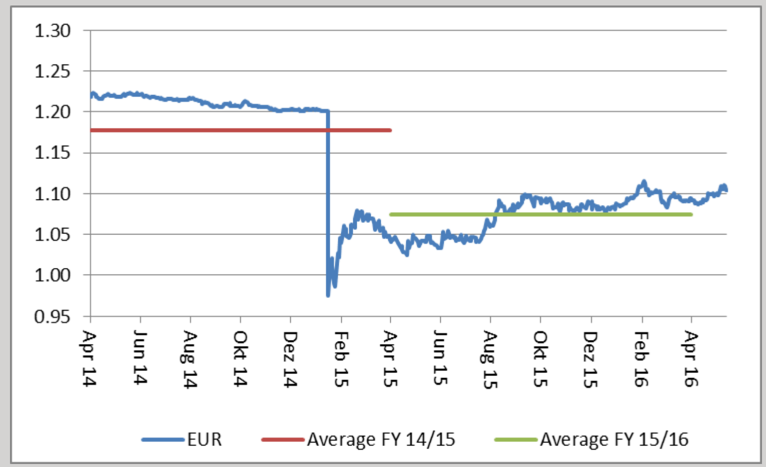
FX impact on sales and margins

USD/CHF



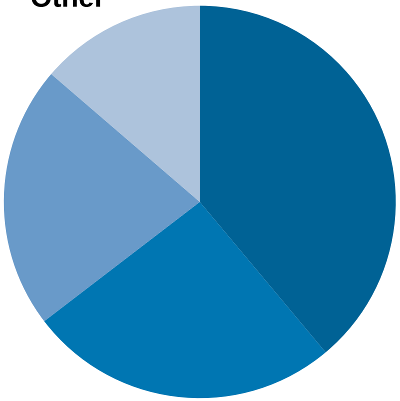
EUR/CHF



	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 42 million	+/- CHF 13 million
EUR/CHF	+/- 5%	+/- CHF 27 million	+/- CHF 14 million

USD and EUR account for roughly two thirds of the overall FX exposure

FX rates – Main currencies accounted for around 90% of Group sales



	FY-14/15	1H-15/16	2H-15/16	FY-15/16	Effect	Spot May 2016
USD	0.93	0.95	0.99	0.97	+	0.97
EUR	1.18	1.06	1.09	1.07	–	1.11
GBP	1.50	1.47	1.46	1.47	–	1.40
CAD	0.82	0.75	0.73	0.74	–	0.76
AUD	0.81	0.72	0.72	0.72	–	0.71
BRL	0.38	0.29	0.26	0.27	–	0.28
JPY 100	0.85	0.78	0.84	0.81	–	0.89

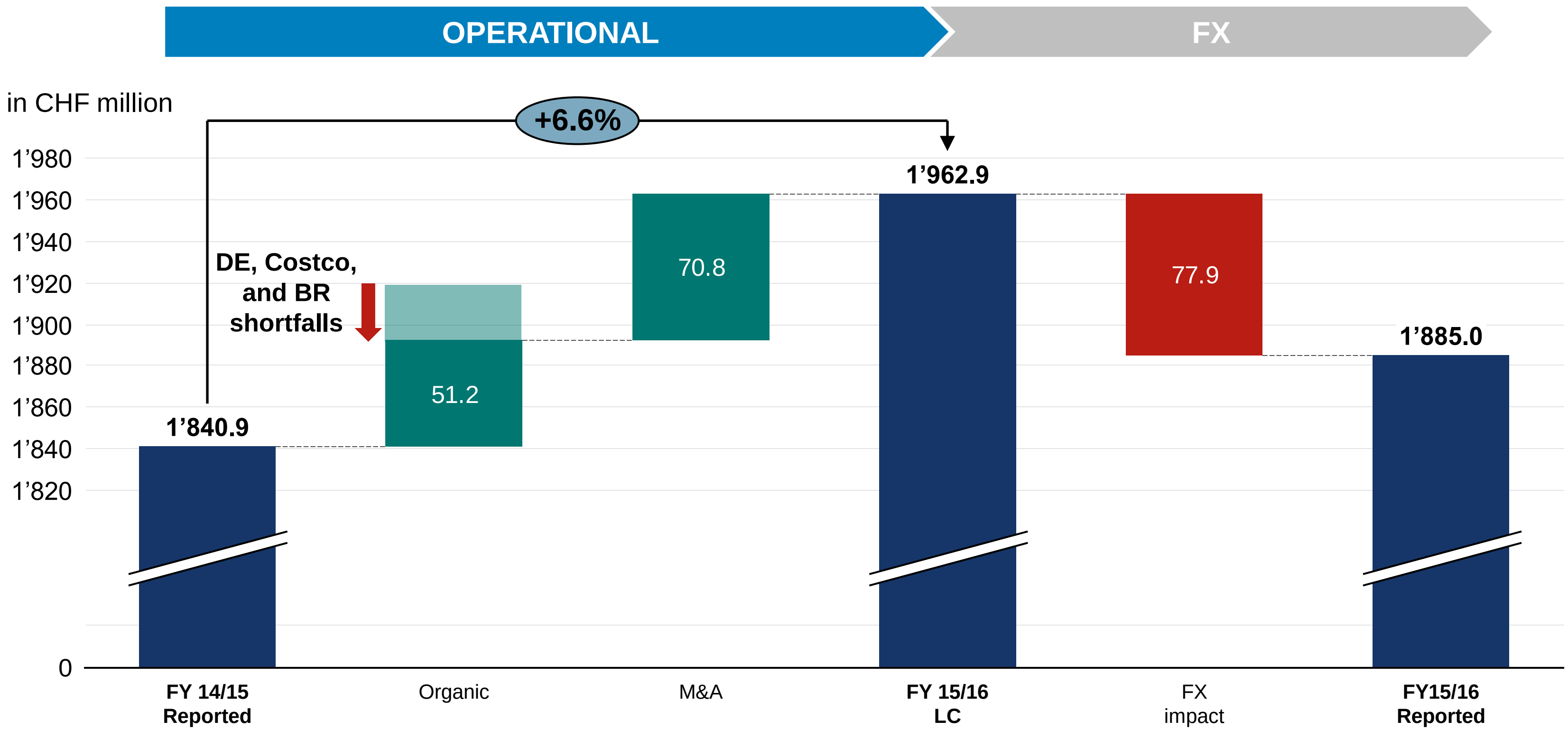
4. Hearing Instruments FY 2015/16 – Business review

Business summary FY 2015/16

- **Solid underlying sales progression**
  - Sales up by 6.6% in LC to CHF 1,885.0 million
  - Organic growth of 2.8% and strong contribution from M&A
  - Palio-3 based product platforms: complete and performing well – broad based high single digit growth
  - Growth impacted by specific channel and market effects
    - DE: retail strategy effects on buying groups
    - US: Costco shift to white label
    - BR: market conditions and reduction of government channel exposure
  - Slower M&A growth in 2H – disposal of sub-critical IT retail and SA wholesale distribution

- **Underlying margin further improved**
  - Normalized EBITA growth of 4.4% in LC
  - Transitional margin dilution from Hansaton integration – underlying margin progression of 20 bps offset by acquisitions (-70 bps)
  - FX headwind reduces normalized EBITA by CHF 29.0 million – impact on margin of -50 bps
  - Reported results include CHF 8.7 million gain from disposal of non core businesses

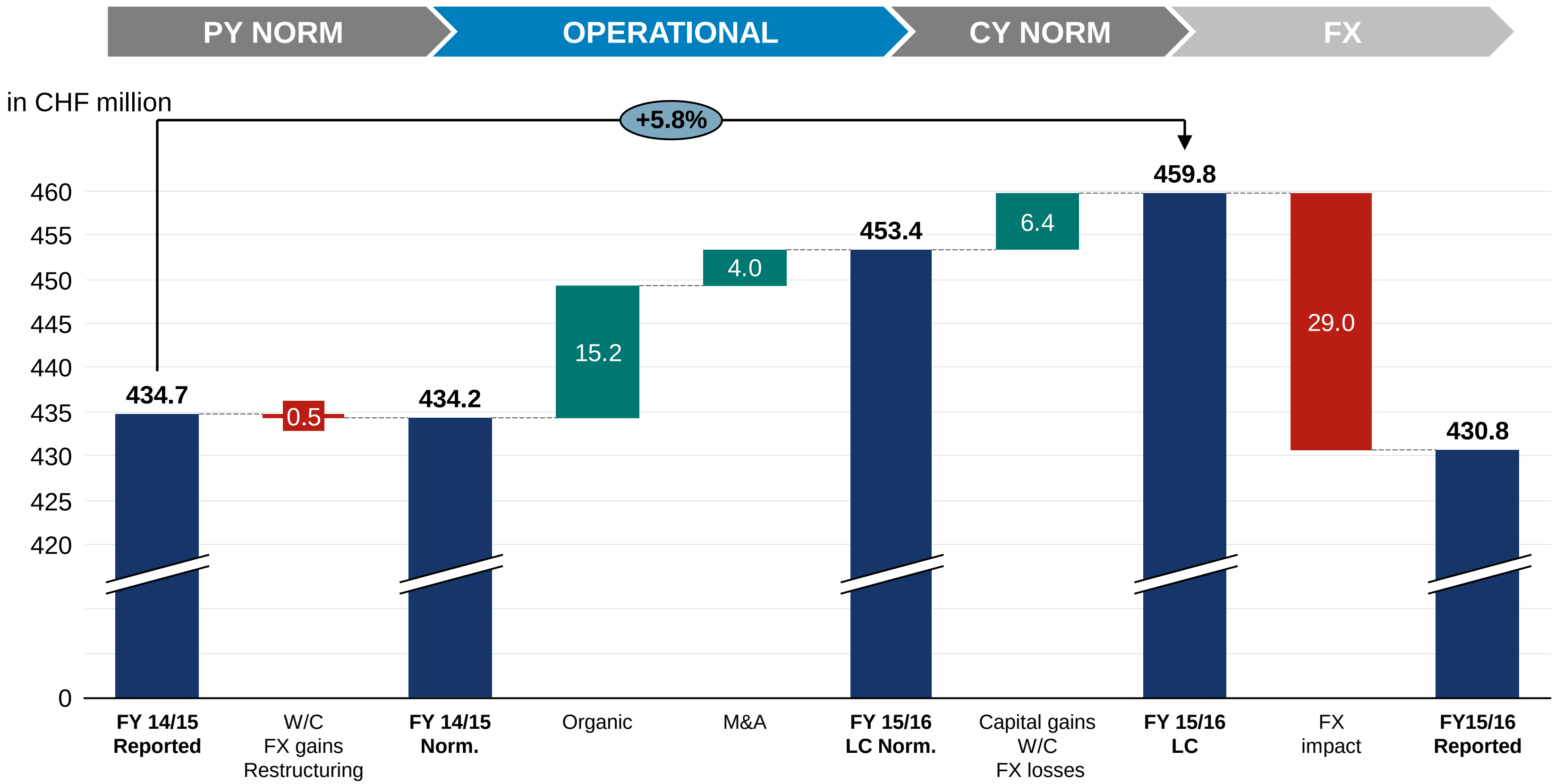
Sales and components – YoY



Growth components	+2.8%	+3.8%	**+6.6%**	-4.2%	**2.4%**

New products selling well – Growth held back by DE disclosure, US (Costco) and BR

EBITA and components – YoY



Margin	**23.6%**	0.0%	**23.6%**	+0.2%	-0.7%	**23.1%**	+0.3%	**23.4%**	-0.5%	**22.9%**

Organic improvement of EBITA margin – Dilution from temporary acquisition effects

Hearing Instruments

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Key financials – YoY variances

	1H 2015/16			2H 2015/16			FY 2015/16		
In CHF million	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC
Sales	**917.8**	**+2.9%**	**+8.7%**	**967.1**	**+1.9%**	**+4.7%**	**1,885.0**	**+2.4%**	**+6.6%**
Δ organic	37.0		+4.1%	14.2		+1.5%	51.2		+2.8%
Δ M&A	40.8		+4.6%	30.0		+3.2%	70.8		+3.8%
Δ FX	-52.1	-5.8%		-25.8	-2.7%		-77.9	-4.2%	
EBITA	**198.4**	**-4.7%**	**+5.0%**	**232.4**	**+2.6%**	**+6.5%**	**430.8**	**-0.9%**	**+5.8%**
EBITA-margin	21.6%			24.0%			22.9%		

Organic growth impacted by specific effects in the US, DE and BR

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Sales – Product groups – YoY variances

in CHF million	1H 2015/16	Δ % in LC	2H 2015/16	Δ % in LC	FY 2015/16	Δ % in LC
HI Premium	**246.8**	+10.6%	**266.0**	+3.8%	**512.8**	+7.0%
HI Advanced	**199.0**	+3.3%	**204.5**	+0.3%	**403.5**	+1.8%
HI Standard	**293.1**	+9.5%	**306.7**	+5.8%	**599.8**	+7.6%
Wireless communication	**43.9**	+21.1%	**46.6**	+0.9%	**90.5**	+10.0%
Miscellaneous	**135.1**	+8.0%	**143.4**	+11.6%	**278.5**	+9.8%
Total HI segment	**917.8**	+8.7%	**967.1**	+4.6%	**1’885.0**	+6.6%

2H impacted by Costco in HI premium – Lower wireless com’ volume in BR

Key Financials – Operational growth components – Normalized

OPERATIONAL

in CHF million	FY 2014/15 normalized	Growth contribution		FY 2015/16 in LC normalized
		Organic	M&A	
Sales	**1,840.9**	51.2	70.8	**1,962.9**
- Δ % to prior year		+2.8%	+3.8%	+6.6%
EBITA	**434.2**	**15.2**	**4.0**	**453.4**
- EBITA growth		+3.5%	+0.9%	+4.4%
- EBITA margin	23.6%	+20 bps	-70 bps	23.1%

EMEA	– Broad based high single digit growth – PH DE with double digit decline (retail strategy) – Margin impacted by Hansaton product transition
AMERICAS	– Share gains in VA – declines in Costco due to private label KS shift – Market decline in BR – business decision to reduce government channel exposure
APAC	– Double digit growth carried by CN, AU and KR

Solid progression – Partly offset by specific effects in DE, US and BR

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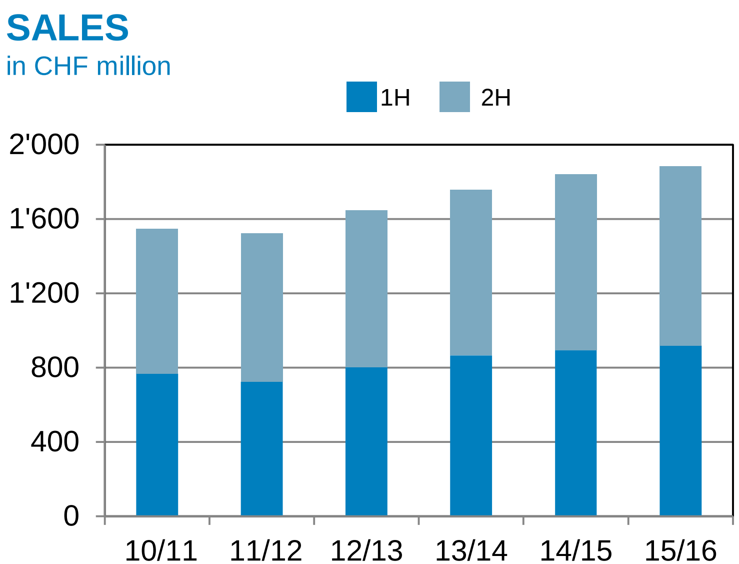
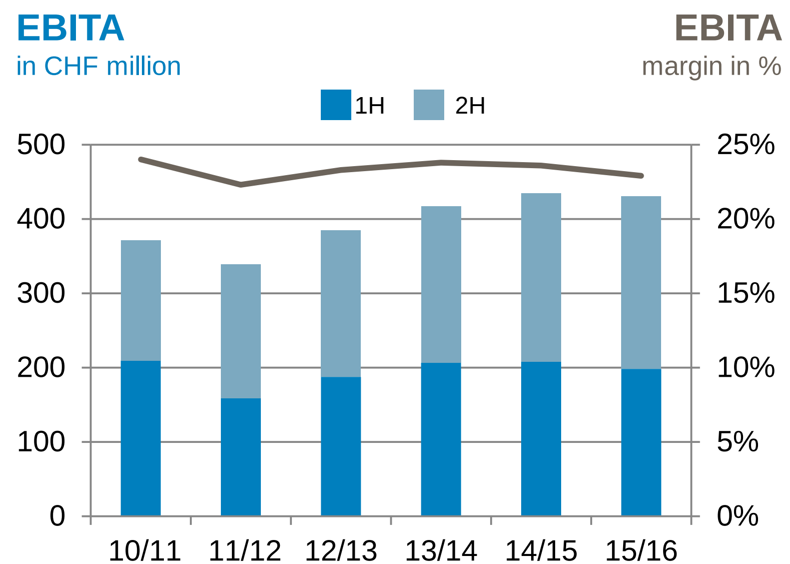
Performance history





	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	CAGR 5-y
Sales growth reported	+4.8%	-1.4%	+8.2%	+6.5%	+4.8%	+2.4%	+4.0%
Sales growth in LC	+10.1%	+9.7%	+4.9%	+9.5%	+6.9%	+6.6%	+7.5%
Organic sales growth in LC	+5.8%	+4.5%	+2.6%	+8.8%	+5.6%	+2.8%	+4.8%
EBITA margin	+24.1%	+22.3%	+23.3%	+23.8%	+23.6%	+22.9%	n/a

5. Cochlear Implants
FY 2015/16 – Business review

Cochlear Implants

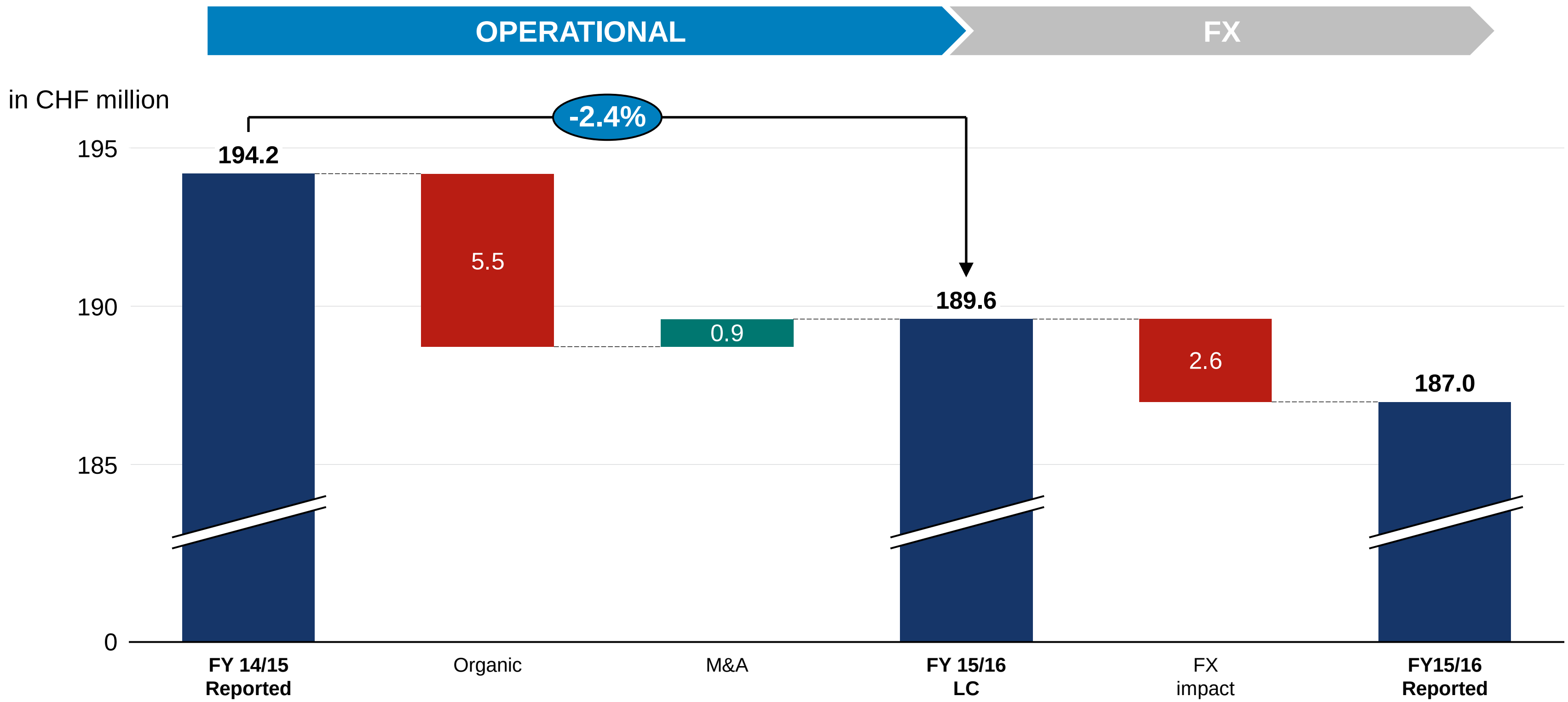
Business summary FY 2015/16

- **Improving momentum after slow start to the year**
  - Sales of CHF 187.0 million – 2.4% decline in LC
  - 6.7% growth in 2H 2015/16 – double digit growth in Q4 2015/16
  - Successful launch of new Q series processors:
    - Performing well – high customer confidence
    - Sales pick up in US and EU

- **Focused cost management**
  - Break-even EBITA for the year– return to profitability in 2H 2015/16
  - High OPEX cost discipline
  - Lower gross profit reflecting high share of fixed manufacturing cost (volume sensitivity)
  - Adverse product and geographic mix in 1H
  - Continued favorable development in Vendor B product liability claims

Cochlear Implants

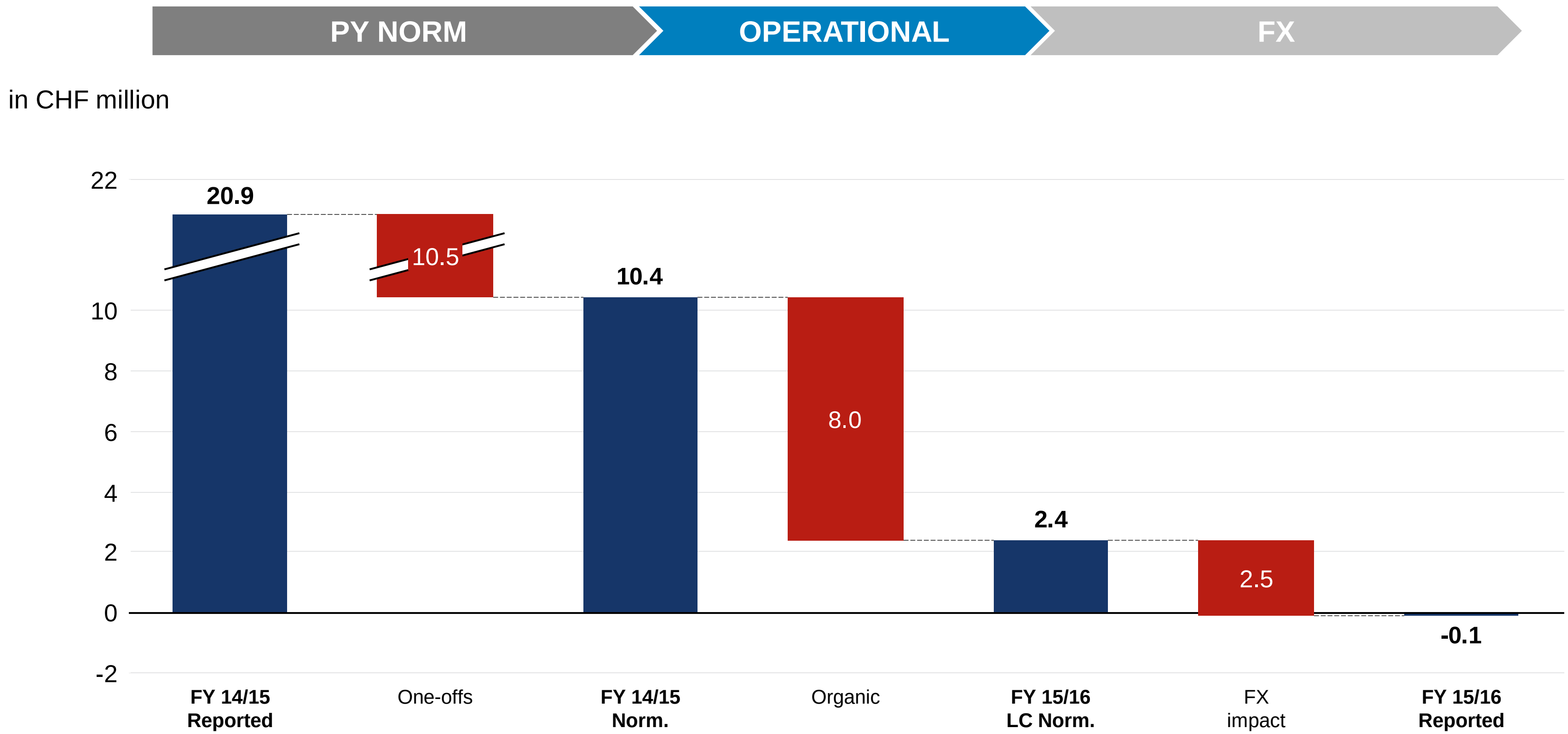
Sales and components – YoY



Growth components	-2.8%	+0.4%	**-2.4%**	-1.3%	**-3.7%**

Revenue decline from difficult 1H – Return to growth in 2H

EBITA and components – YoY



Margin	**10.7%**	-5.3%	**5.4%**	-4.2%	**1.2%**	n/m	**n/m**

Sales decline partially compensated by OPEX discipline – Break-even result

Cochlear Implants

Key financials – YoY variances

	1H 2015/16			2H 2015/16			FY 2015/16		
In CHF million	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC	Reported	Δ % in CHF	Δ % in LC
Sales	**85.4**	**-12.9%**	**-11.2%**	**101.6**	**+5.7%**	**+6.7%**	**187.0**	**-3.7%**	**-2.4%**
Δ organic	-11.4		-11.6%	5.9		+6.2%	-5.5		-2.8%
Δ M&A	0.4		+0.4%	0.5		+0.5%	0.9		0.4%
Δ FX	-1.7	-1.7%		-1.0	-1.0%		-2.6	-1.4%	
EBITA	**-2.6**			**2.5**			**-0.1**		
EBITA-margin	-12.9%			2.4%			-0.1%		

Return to growth in 2H with new processors – Smaller distribution acquisition in IL

Cochlear Implants

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Key financials – Operational growth components – Normalized

OPERATIONAL

in CHF million	FY 2014/15 normalized	Growth contribution		FY 2015/16 in LC normalized
		Organic	M&A	
Sales	**194.2**	-5.5	+0.9	**189.6**
- Δ % to prior year		-2.8%	+0.4%	-2.4%
EBITA	**10.4**	**-8.0**	**0.0**	**2.4**
- EBITA growth		+77.2%	+0.0%	-77.2%
- EBITA margin	5.4%	-420 bps	±0 bps	1.2%

EMEA	– Solid progression helped by new processors
AMERICAS	– Sales pick up after successful launch of Q series processors – Q4 recovery in the US
APAC	– Increasing representation in emerging markets at less favorable ASPs

Return to growth in 2H – Normalized 2015/16 EBITA at CHF 2.4 million

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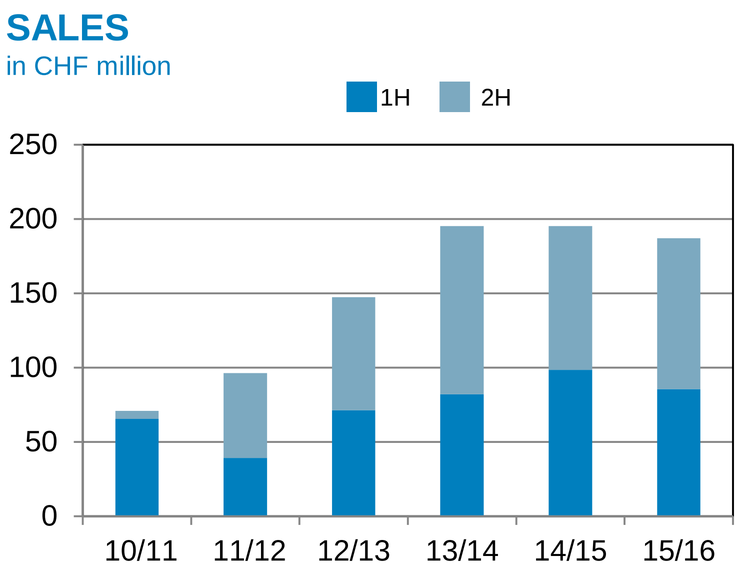
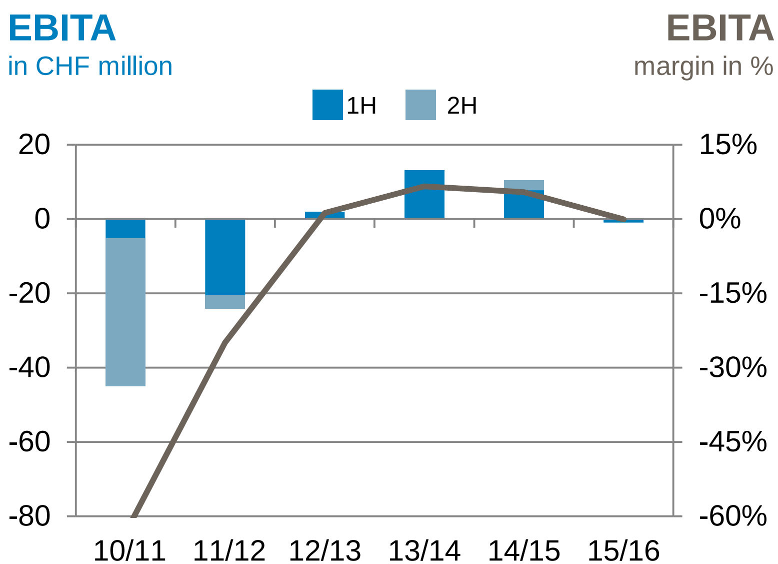
Performance history





	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	CAGR 5-y
Sales growth reported	+180.5%	+36.0%	+52.3%	+33.1%	-0.6%	-3.7%	+21.4%
Sales growth in LC	+202.1%	+53.5%	+47.1%	+36.0%	+0.0%	-2.4%	+24.5%
EBITA margin*	-63.4%	-25.0%	+1.2%	+6.6%	+5.4%	-0.1%	n/a

Notes: FY 2012/13 Excluding one-off cost for AB Vendor B provision increase, AB Rixheim restructuring and settlement with a group of investors
FY 2014/15 normalized for non-recurring items mainly related to indirect tax and partial release of AB Vendor B provision

6. Sonova Group – FY 2015/16 – Financial review

Financial highlights FY 2015/16

- **Sales** of CHF 2,071.9 million – driven by solid sales growth in the hearing instruments segment
- **Gross profit** of CHF 1,375.5 million or 66.4 % of sales – CI segment and adverse currency impact
- Reported **EBITA margin** of 20.8% – down 90 bps in LC
  - FX headwind – reduces reported EBITA margin by 70 bps
  - Good OPEX control – driving underlying margin improvement
  - Adverse impact from acquisitions of 50 bps
  - CI underperformance of 30 bps
  - Continued investment in R&D – net R&D spending of CHF 148.2 million or 7.2% of sales
- **ROCE** of 26.0% – staying on track towards our mid-term financial targets
- **Basic EPS** of CHF 5.11, down by 4.8% – roughly in line with operating profit
- **Net cash** increased to CHF 298.3 million – down CHF 84.1 million from March 2015

Continued organic operating leverage – Strong cash conversion

Key financials

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF	Δ % in LC
Sales	**2,035.1**	**2,071.9**	+1.8%	+5.8%
Gross profit	**1,387.5**	**1,375.5**	-0.9%	+3.7%
- Gross profit margin	**68.2%**	**66.4%**		
OPEX	**-932.0**	**-944.8**	+1.4%	+4.8%
EBITA	**455.6**	**430.6**	-5.5%	+1.4%
- EBITA margin	**22.4%**	**20.8%**		
Operating free cash flow	**366.4**	**344.2**	-6.1%	
EPS (in CHF)	**5.37**	**5.11**	-4.8%	
ROCE	**29.1%**	**26.0%**		

Continuous operating leverage and margin extension – Strong cash flows

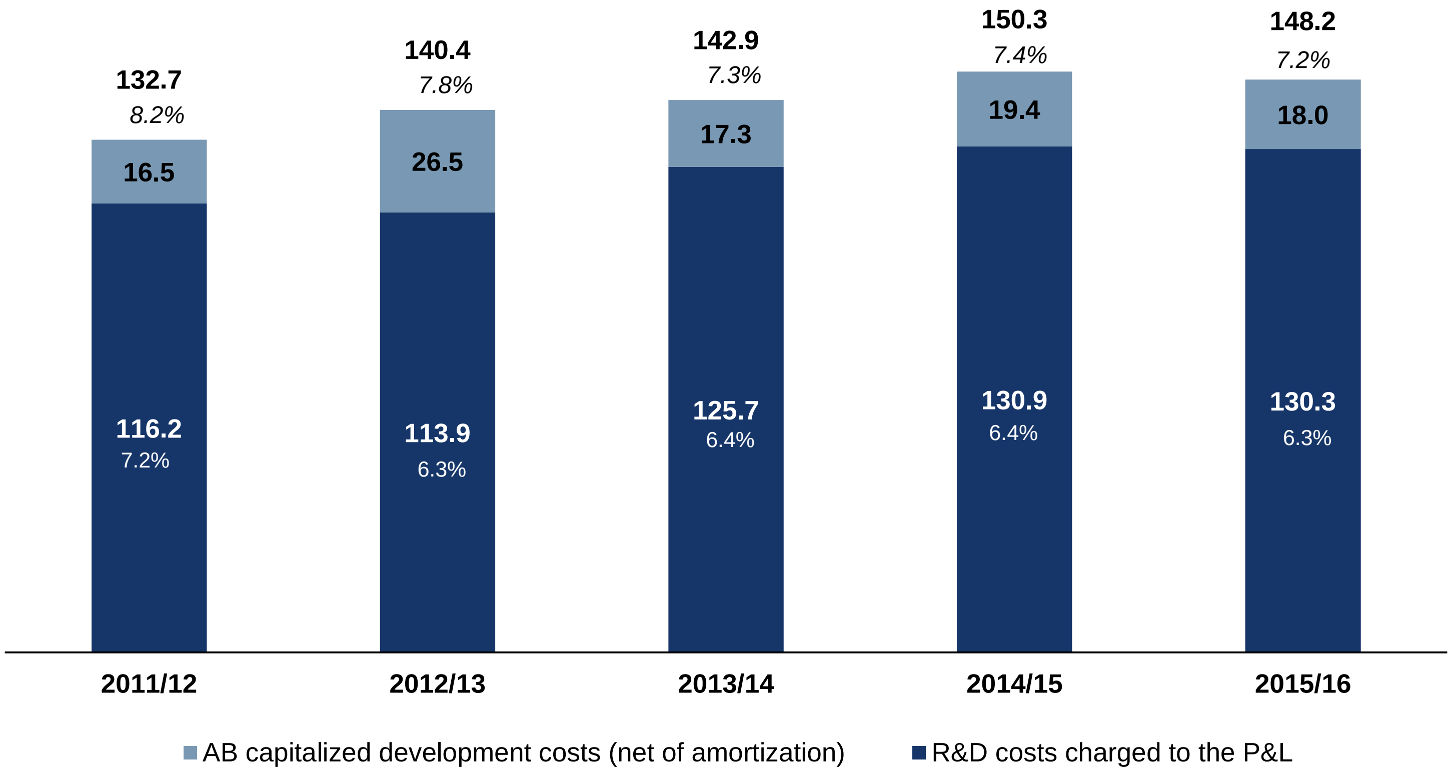
Operating expenses

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF	Δ % in LC
Research & Development	**-130.9**	**-130.3**	-0.5%	-0.5%
in % of sales	6.4%	6.3%		
Sales & Marketing	**-613.2**	**-638.2**	+4.1%	+8.5%
in % of sales	30.1%	30.8%		
General & Administration	**-201.0**	**-194.2**	-3.4%	-1.3%
in % of sales	9.9%	9.4%		
Other income / (expenses), net	**13.2**	**17.9**		
Total OPEX	**-932.0**	**-944.8**	**+1.4%**	**+4.8%**
in % of sales	45.8%	45.6%		

Underlying OPEX growth below top-line increase – Solid operating leverage

Costs – R&D spending

in CHF million / % of sales



Continuing strong R&D investments driving innovation – Gross 7.2% of sales

Reported results and income taxes

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF
EBITA	**455.6**	**430.6**	-5.5%
Acquisition-related amortization	**-26.5**	**-27.2**	2.6%
Operating profit (EBIT) in % of sales	**429.1** 21.1%	**403.4** 19.5%	-6.0%
Financial result (incl. result from associates)	**-8.8**	**-6.4**	-27.1%
Income before taxes	**420.3**	**397.1**	-5.5%
Income taxes	**-52.0**	**-51.2**	-1.5%
- Income tax rate	**12.4%**	**12.9%**	
Income after taxes in % of sales	**368.3** 18.1%	**345.8** 16.7%	-6.1%
EPS	**5.37**	**5.11**	-4.8%

Income after taxes and EPS tracking well with EBITA development in reported CHF

Cash flow

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF
Cash flow before changes in NWC (incl. taxes paid)	**504.7**	**449.1**	-11.0%
Changes in net working capital	**-45.2**	**-20.6**	
Cash flow from operating activities in % of sales	**459.5** 22.6%	**428.4** 20.7%	-6.8%
Cash flow from investing activities (excl. acquisitions)	**-93.1**	**-84.2**	-9.5%
Operating free cash flow in % of sales	**366.4** 18.0%	**344.2** 16.6%	-6.1%
Cash consideration for acquisitions net of disposals	**-57.7**	**-91.6**	+58.9%
Free cash flow	**308.7**	**252.6**	-18.2%
Cash flow from financing activities	**-327.3**	**-325.6**	-0.5%
Changes in cash and cash equivalents	**-19.5**	**-73.2**	

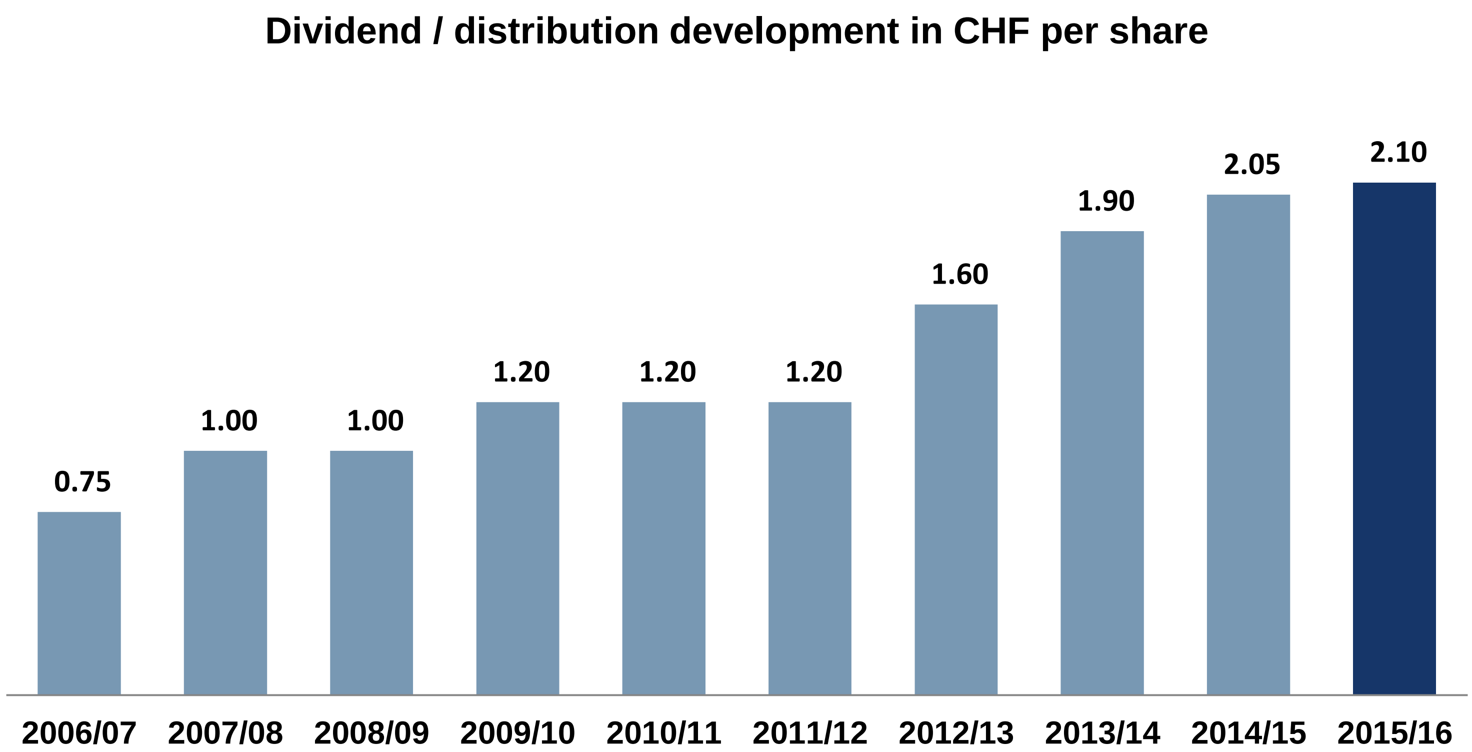
Strong operating free cash flow – Continued high cash conversion

Key balance sheet numbers

in CHF million	FY 2014/15	FY 2015/16	Δ % in CHF
Net working capital	**181.4**	**185.5**	+2.3%
Days sales outstanding (DSO)	**67**	**64**	
Days inventory outstanding (DIO)	**143**	**132**	
Capital employed	**1,489.5**	**1,608.0**	+8.0%
Net cash	**382.3**	**298.3**	-22.0%
Equity	**1,871.8**	**1,906.3**	+1.8%
Equity in % of total assets	**69.5%**	**69.3%**	

Solid balance sheet – Strong net cash position

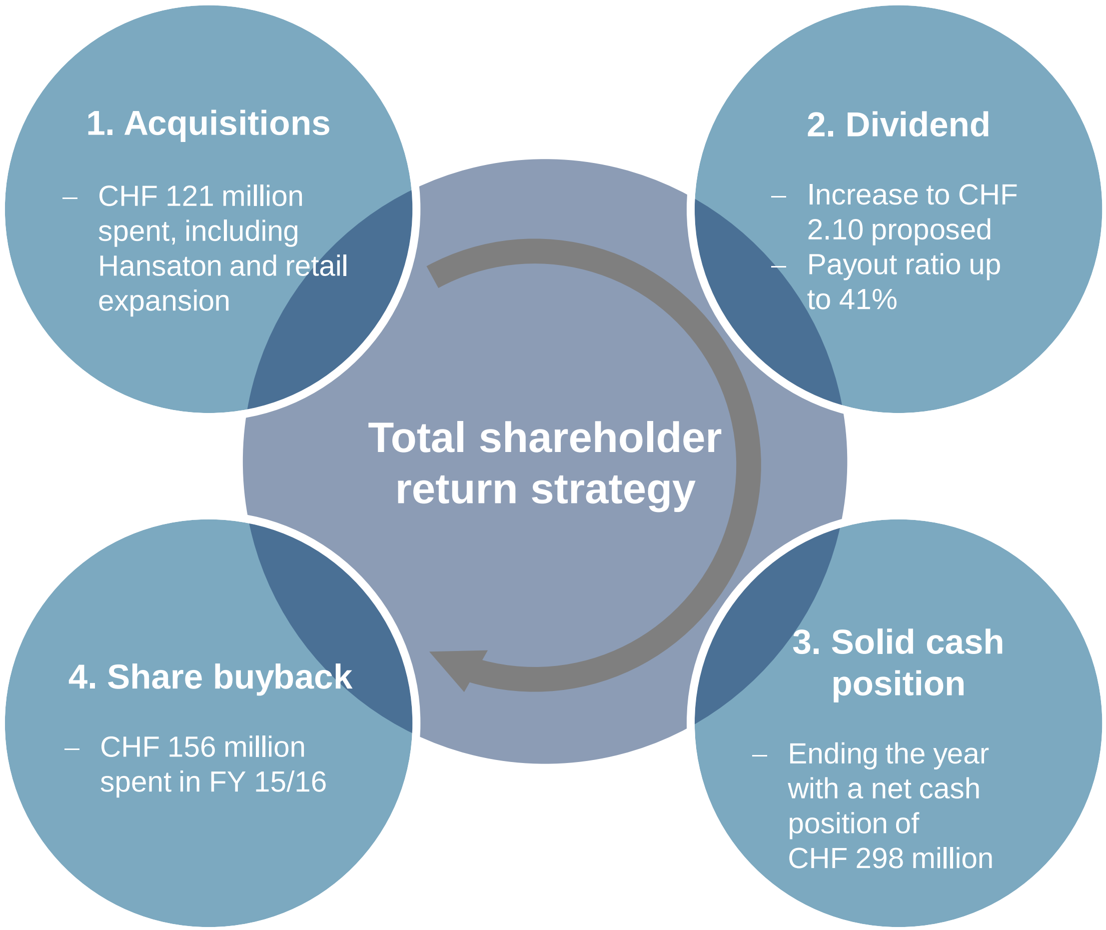
Dividend – Proposed increase to CHF 2.10



Proposed dividend represents payout ratio of 41.1% – Up from 38.2% in prior year

Total shareholder return

Cash deployment strategy – Achievements in FY 15/16



Share buy-back suspended following the announced acquisition of AudioNova

7. Upcoming events

Upcoming events

Important dates

19-27 May	Roadshow Full-Year Results 2015/16	
14 June	Annual General Meeting	Zürich
18 October	5. Sonova Investor & Analyst Day	Stäfa
19-21 October	EUHA Congress	Hannover
14 November	1H 2016/17 Results	

Contacts

Investor Relations

Thomas Bernhardsgrütter
Director Investor Relations
Phone +41 58 928 33 44
Mobile +41 79 618 28 07
Email thomas.bernhardsgruetter@sonova.com

Nicole Jenni
Investor Relations Associate
Phone +41 58 928 33 22
Email nicole.jenni@sonova.com

Corinne Hofmann
Investor Relations Associate
Phone +41 58 928 33 22
Email corinne.hofmann@sonova.com

Media Relations

Michael Isaac
Head of Media Relations
Phone +41 58 928 33 24
Mobile +41 79 420 29 56
Email michael.isaac@sonova.com

Patrick Lehn
Corporate Communications Manager
Phone +41 58 928 33 23
Mobile +41 79 410 82 84
Email patrick.lehn@sonova.com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