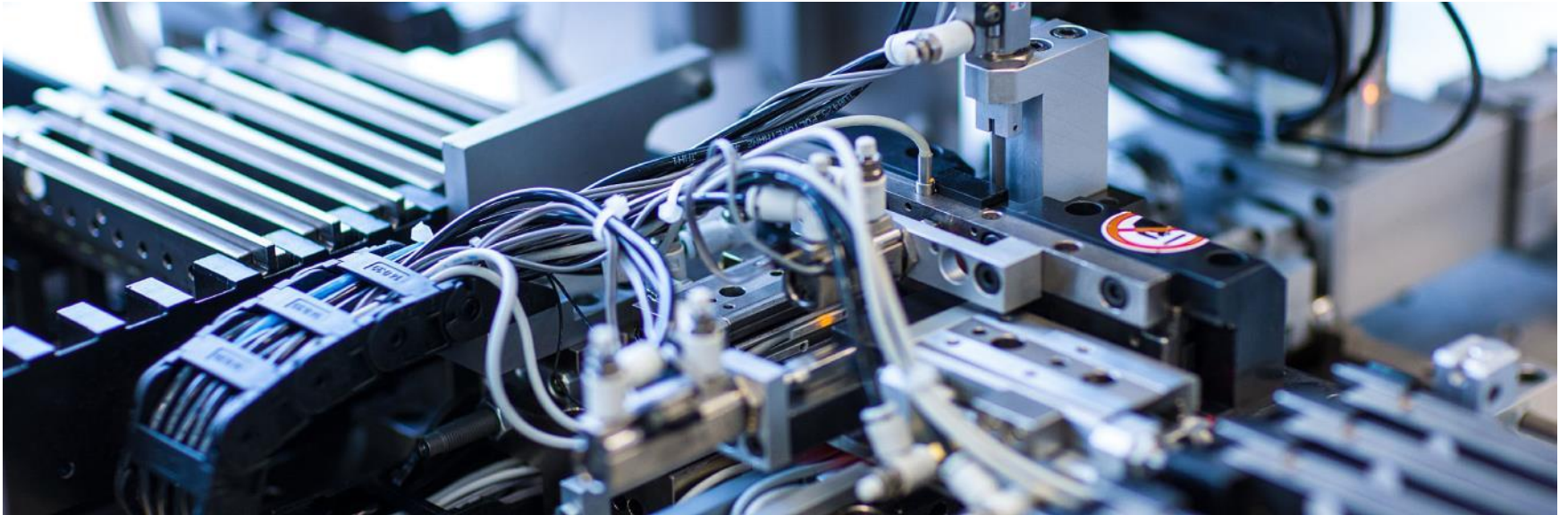


New Phonak Belong™ platform

Stäfa, 27 June, 2016, Lukas Braunschweiler, CEO



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Phonak to launch next generation product platform – Phonak Belong

New platform – Phonak Belong

- Launch of next generation Phonak Belong hearing aid platform with new Phonak Audéo B RIC product range – Less than 24 months after successful introduction of Phonak Venture platform

New products – Phonak Audéo B/B-R

- New Phonak Audéo B product range includes first ever hearing aid to feature a built-in lithium-ion rechargeable battery – Providing 24 hours* of hearing – Quickest charging, longest lasting rechargeable hearing aid ever produced
- New Phonak Audéo B platform and products run on AutoSense OS™, the cutting edge, industry leading operating system – Further substantially enhanced for unmatched hearing performance¹ in every day listening situations
- New Phonak Audéo B products come in a new industrial design – Available in 4 (B-R in 3) performance levels – Includes a compact rechargeable system solution



Including the first mainstream lithium-ion rechargeable hearing aid – Audéo B-R

Strategic focus

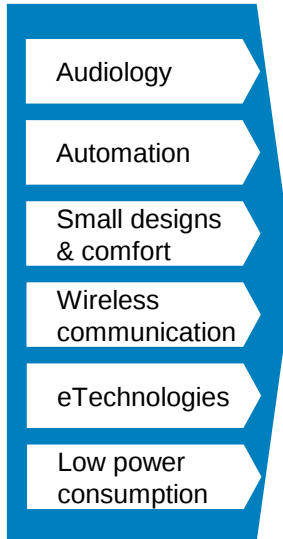
Focus on hearing care – Continuous innovation to grow sales, earnings & cash flow



Lead digital (r)evolution and e-business transformation in hearing care

What matters – Ultimate customer value proposition

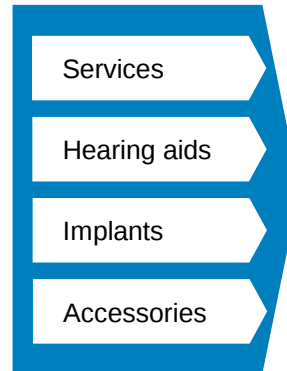
TECHNOLOGIES



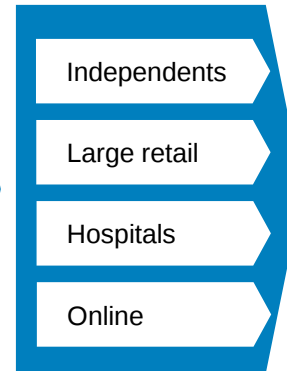
VALUES



PRODUCTS



CHANNELS



STRATEGY



Speech intelligibility and natural sound experience – In every listening situation

New product strategy

Implement consistent platform approach for HI & CI solution development

TECHNOLOGY

PALIO 1 – 90 nm

PALIO 2 – 65 nm

PALIO 3 – 65 nm dual-core

PLATFORM

Core

Spice

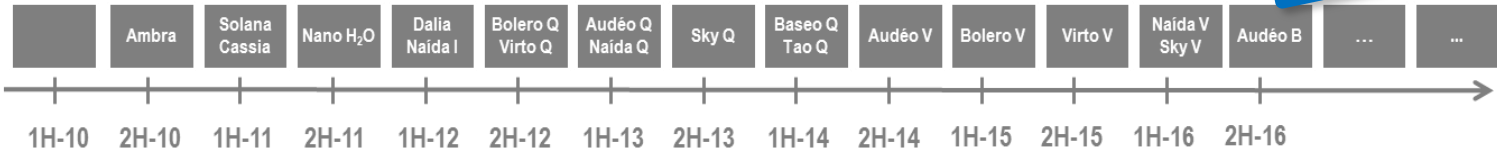
Quest

Venture

Belong

NEW!

PRODUCT

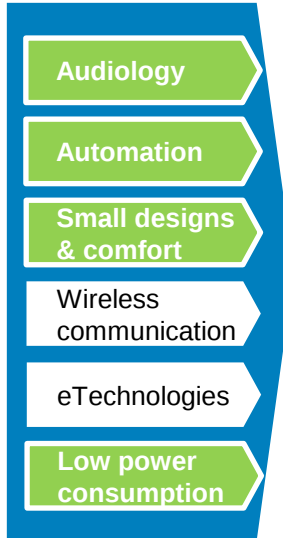


Drive strong new product pipelines – Gross R&D 7-8% of sales

New product strategy

Phonak Belong platform – Expanding technology leadership in ...

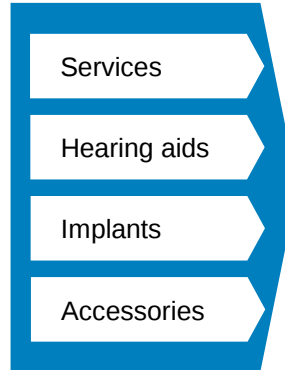
TECHNOLOGIES



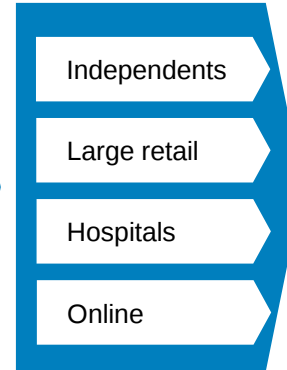
VALUES



PRODUCTS



CHANNELS



STRATEGY



... hearing performance, automation, power supply and design

New product strategy

Product launch approach – Change in product launch pattern

PREVIOUS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AudiologyNOW! / EUHA				◆						◆		
US commercial market launch												
US VA launch windows												
EU and AP market launch												

NEW

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AudiologyNOW! / EUHA				◆						◆		
US commercial market launch												
US VA launch windows												
EU and AP market launch												

US VA requirement for new products – 2 months of commercial market experience

Introducing **Phonak Belong**

Stäfa, June 27, 2016

Lukas Braunschweiler, CEO



Content

1 New platform – Phonak Belong

2 Consumer insights

3 New products – Phonak Audéo B/B-R

- Ease-of-use: **Breakthrough Li-Ion rechargeable battery technology**
- Hearing performance: **AutoSense OS**
- Esthetics: **New design**

4 Consumer & customer feedback

Together, we change lives

1 New platform - Phonak Belong

Phonak Belong – Life is on!



Follow our teaser campaign
at www.phonakpro.com

Phonak Belong – Setting new industry standards

1 Ease of use

- Breakthrough Lithium-ion battery technology
- 24 hours* of hearing with one simple charge
- Quickest charging, longest lasting rechargeable HI – 3 hours of charging time
- Fast charging option – 30 minutes for 6 hours of use
- Battery lifetime 4 years plus
- No disposable battery hassle

2 Hearing performance

- AutoSense OS with SoundRecover2
- Industry leading automatic system provides unmatched hearing performance¹
- 20% better speech understanding thanks to automatic selection²

3 Esthetics and design

- New industrial design – Innovative microphone positioning – New push button & indicator light
- Including innovative compact rechargeable system solution

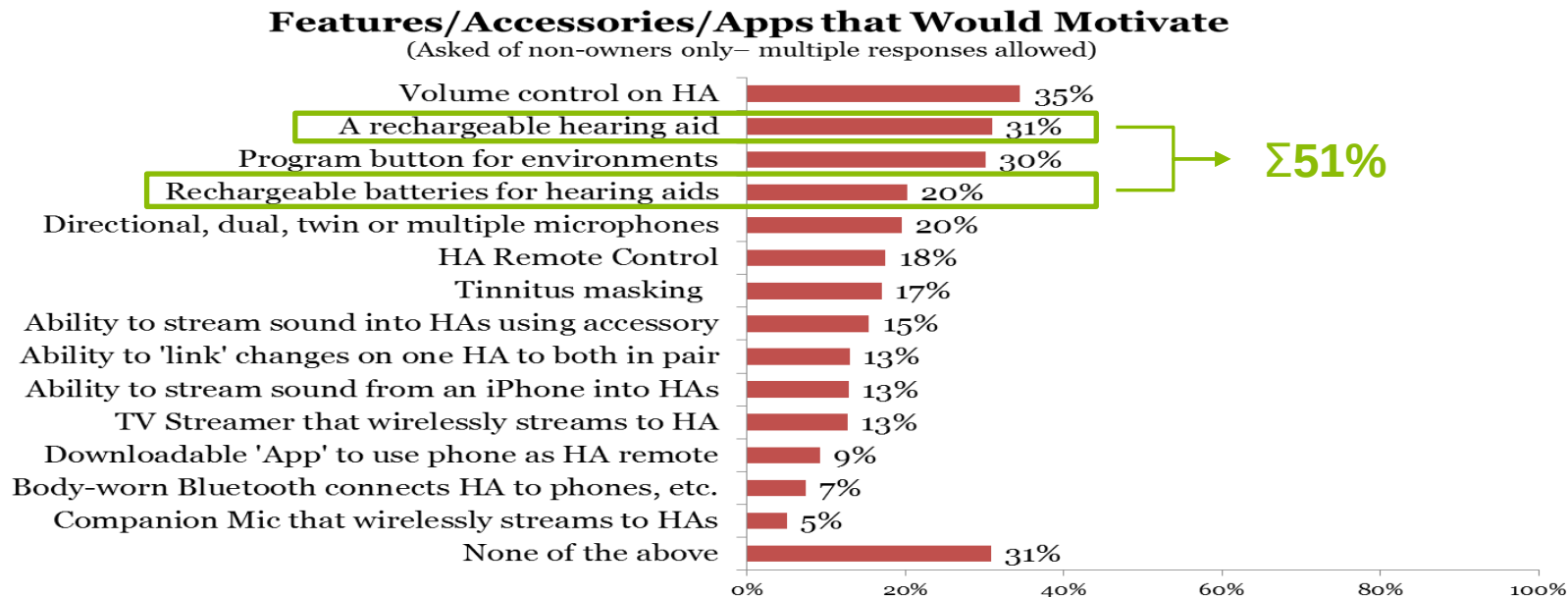


The essence of
Phonak Belong is about
simplifying the lives of
consumers

2 Consumer insights

Key HI features/accessories to motivate non-owners⁴– Rechargeability!

- The most compelling technology features to non-owners (top-of-mind) are very practical (e.g. volume control, rechargeable, program button for different listening environments)



Key consumer needs for hearing aid owners – Rechargeability!



1 Performance

“How well do I hear?”

2 Esthetics

“Does it look good?”

3 Ease of use

“Is it easy to handle?”

4 Value

“Does it provide value for money?”

**Rechargeability is a key
reason to motivate
consumers when selecting
a hearing aid**

3 New products – Phonak Audéo B/B-R

Phonak Audéo B/B-R RIC products – Setting new industry standards

1 Ease of use

- Breakthrough Lithium-ion battery technology
- 24 hours* of hearing with one simple charge
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3 New products – Phonak Audéo B/B-R

Ease-of-use: Breakthrough Li-Ion rechargeable battery technology

Breakthrough Li-Ion technology in HI – Building on effective rechargeable technology in everyday products



Digital cameras



Electric toothbrush



Tablets



Laptops



Electric cars

Breakthrough Li-Ion technology in HI – Superior performance on all counts

	Nickel-Metal Hydride (Ni-MH)	Silver-Zinc (Ag-Zn)	Lithium-ion (Li-ion)	Consumer benefit Phonak Audéo Belong rechargeable Li-Ion
Voltage (V)	1.2	1.6	3.6	24 hours* of hearing
Capacity (mAh)	30	35	42	
Charge time (h)	5	6	3	Just 3 hours for a full charge Fast-charging option
Charging cycles	500	400	1500	Battery lifetime 4 years plus
Expected Battery lifetime (years)	1	1	4	
Self-discharge per month	<20%	<5%	1-2%	

Phonak Pioneering

Breakthrough Li-Ion technology in HI – Strong consumer benefits

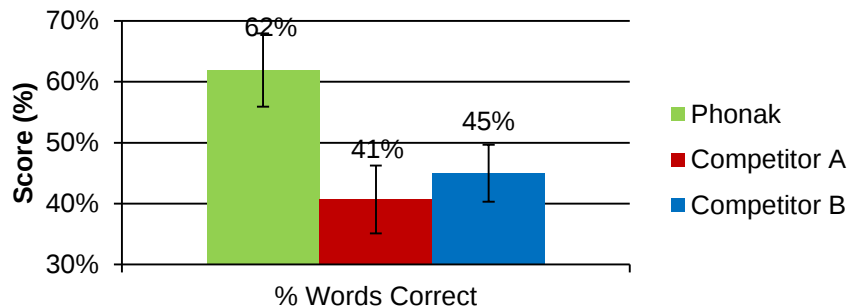
- 24 hours* – full day use
- Quickest charging, longest lasting rechargeable HI – 3 hours of charging time
- Fast charging option – 30 minutes for 6 hours use
- Battery lifetime 4 years plus
- Higher convenience – no battery hassle

3 New products – Phonak Audéo B/B-R

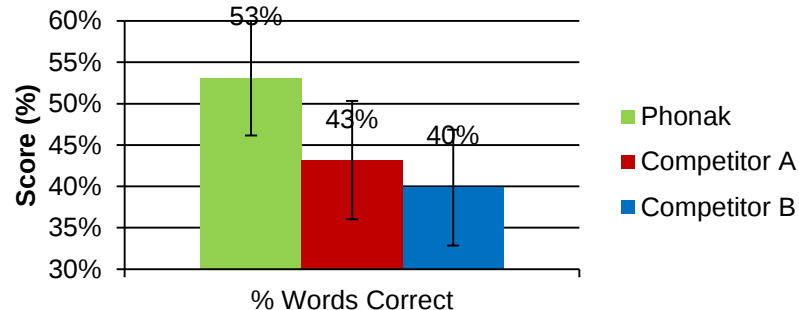
Hearing performance: AutoSense OS

AutoSense OS – Industry leading automatic hearing system

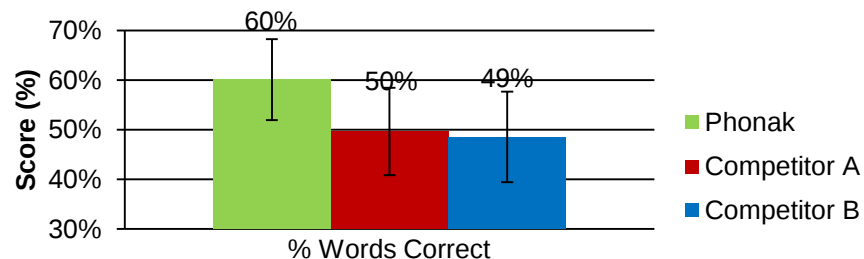
% of words correct - Poor acoustics



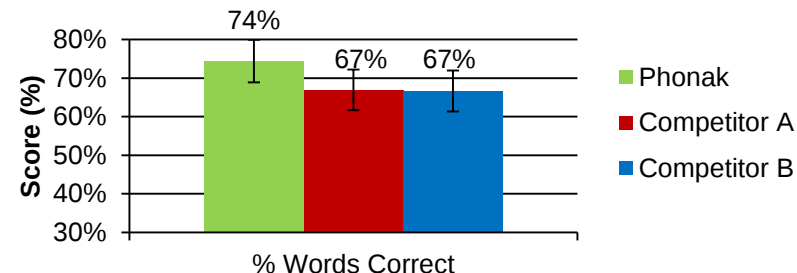
% of words correct- Car



% of words correct - soft sentences



% words correct - Bustling coffee shop



AutoSense OS – Better speech understanding and effortless hearing

- Up to 20% better when benchmarked with competition¹
- 20% better speech understanding thanks to the automatic selection²
- 60% improvement in speech understanding in a noisy environment⁵
- 37% reduction in effort when listening to conversations in cars⁶
- 10% improvement in soft speech understanding⁷

3 New products – Phonak Audéo B/B-R

Esthetics: New design

New design – Phonak Audéo B setting new standards



Audéo B RIC

Audéo B-R RIC

Bigger push button
+ indicator light for
rechargeable models

IP 68

Sealed battery
compartment

New microphone positioning



New design – Phonak Audéo B-R compact rechargeable system solution



Phonak Charger Case



Phonak Power Pack



Phonak Mini Charger



Sealed battery compartment

Audéo B-R RIC

4 Consumer & customer feedback

Consumer and customer feedback – Intensive pre-launch field test of rechargeable RIC and system

Field test period:

- April to August 2016

Setup:

- Markets: France and US
- HCPs: ~25 accounts
- HIs: over 700 sold and tested

Product:

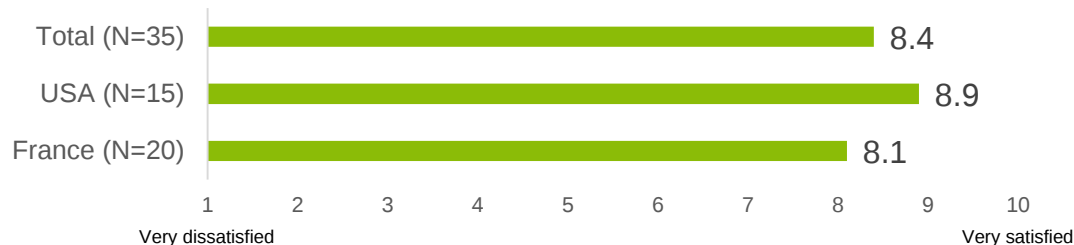
- Audéo V90-R (Audéo B-R Hardware, V90 feature set)
- Product CE marked and sold

Commercial price test positioning:

- Audéo V90-R positioned significantly above Audéo V90

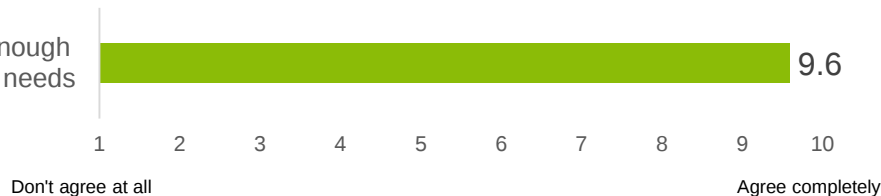
Consumer and customer feedback – B2B – Very high satisfaction with Phonak Audéo rechargeable RIC

How satisfied are you overall with the Phonak Audéo rechargeable RIC?



With the experience you have had so far, to what extent do you agree to the following statement?

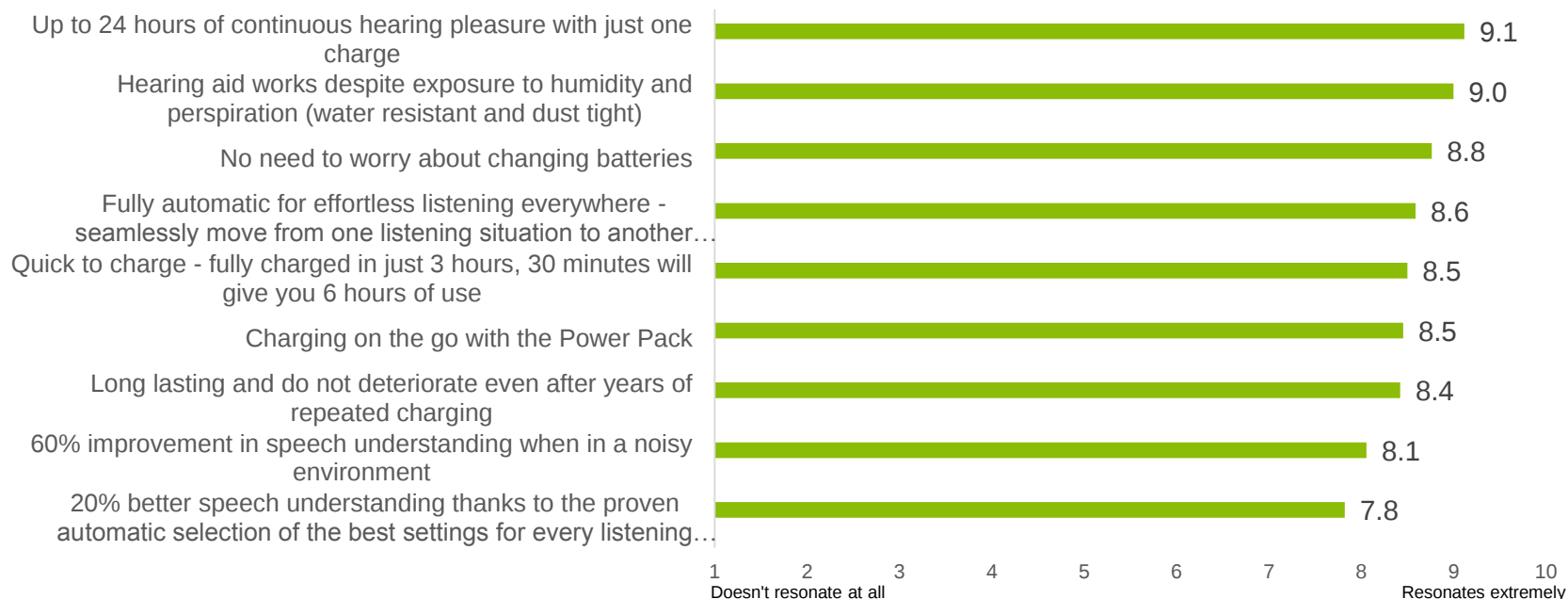
The Phonak Audéo rechargeable RIC offers enough battery life to satisfy my clients' full day usage needs



Total: N=32

Consumer and customer feedback – B2B – Very high satisfaction with Phonak Audéo rechargeable RIC

These are messages regarding the new Phonak Audéo rechargeable RIC. To what extent do they resonate with you?



Total: N=33

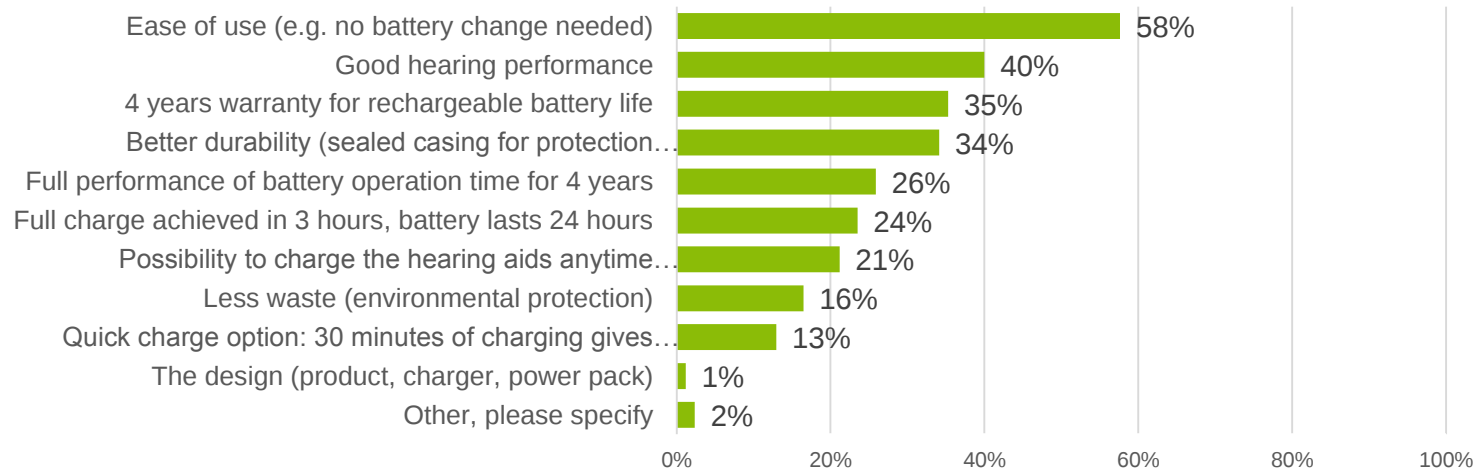
Consumer and customer feedback – B2C – Very high satisfaction with Phonak Audéo rechargeable RIC

How satisfied are you overall with your new rechargeable hearing aid(s)?



Total: N=85

In your experience, what are the main advantages you see of your rechargeable hearing aids?



Consumer and customer feedback – B2B and B2C – Key take aways market field test

- Strong overall satisfaction with both customers and consumers
- Phonak Belong delivers on key customer and consumer needs
- Strong appeal of value proposition and messaging to customers and consumers
- Significant pricing potential



We expect strong traction of Phonak Belong – also with LRA (VA etc.)

Summary



New platform – Phonak Belong

- Setting new industry standards in terms of (1) ease-of-use, (2) hearing performance, and (3) esthetics and design

Consumer insights

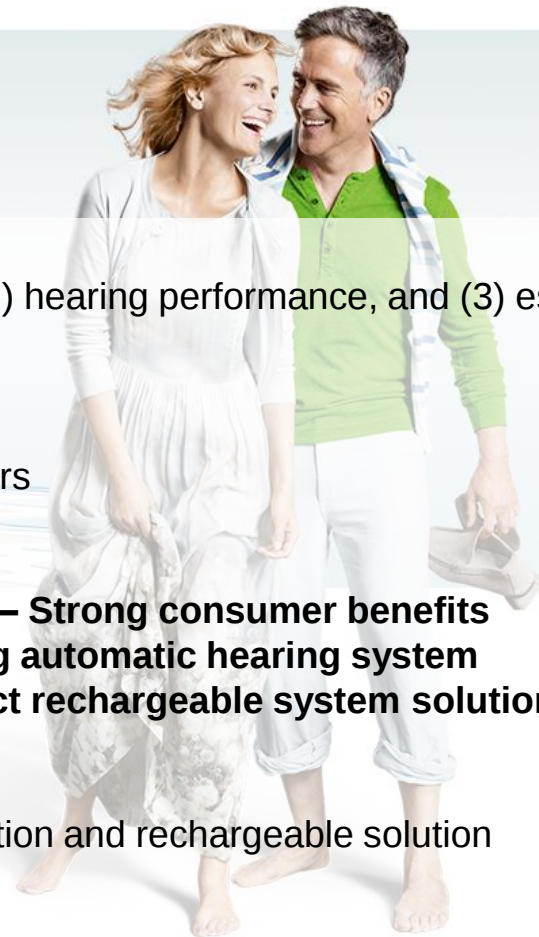
- Rechargeability is a key consumer need for hearing aid owners

New products – Phonak Audéo B/B-R

- Ease of use: **Breakthrough Li-ion technology – Strong consumer benefits**
- Hearing performance: **AutoSense OS – Industry leading automatic hearing system**
- Esthetics and design: **Setting new standards – Compact rechargeable system solution**

Consumer & customer feedback

- Very high satisfaction with Phonak Audéo B/B-R value proposition and rechargeable solution



With Phonak Belong we
change lives, together

- ¹ Field Study News under development, Oct 2016 (anticipated availability). Comparing objective and subjective outcomes of Automatic Classification Systems Across Manufacturers
- ² Überlacker, Tchorz, and Latzel, 2014, Automatic classification of acoustic situation versus manual selection, University of Applied sciences Lübeck and Phonak AG, Hörakustik January 2015 edition
- ³ Sonova study of 1800 hearing impaired end consumers (US/DE/FR/CN/JP). Relevance is indicated by distance from the center; © Results not to be reproduced without the permission of Sonova
- ⁴ Marketrak 2015, asked of non-owners only (n=2099) - multiple responses allowed
- ⁵ Phonak Field Study News, April 2011. StereoZoom Improved speech understanding even with open fittings.
- ⁶ Phonak Internal Validation, 2014. Speech in Car study.
- ⁷ Phonak Internal Report, Jan 2015. Results of investigation completed at University of Lübeck.
- ⁸ Phonak Field Study News, June 2016. The Phonak rechargeable hearing solution.



Thank you

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HEAR THE WORLD