Stäfa, November 14, 2016, Lukas Braunschweiler, CEO & Hartwig Grevener, CFO

Half-Year 2016/17 Results

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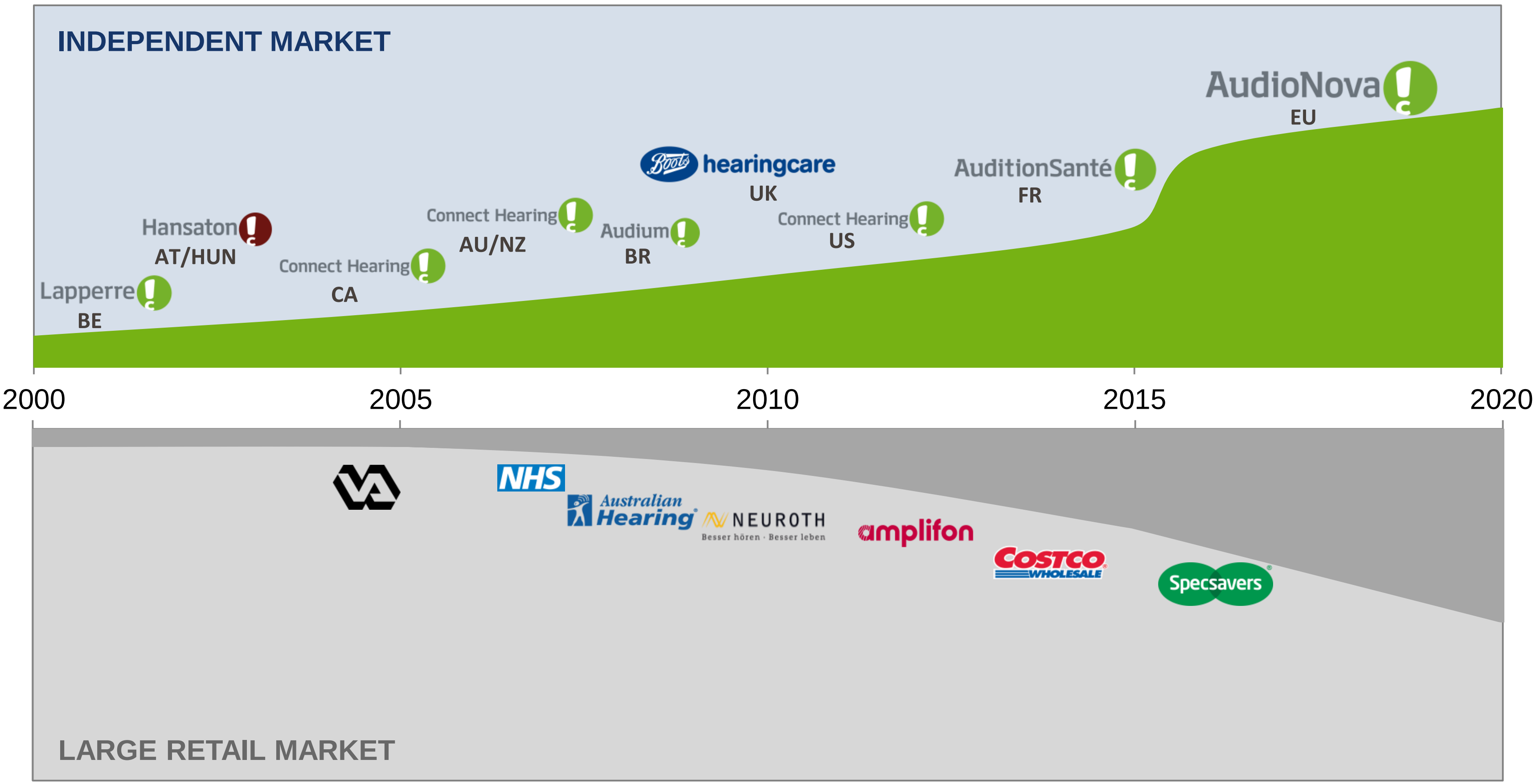
Agenda

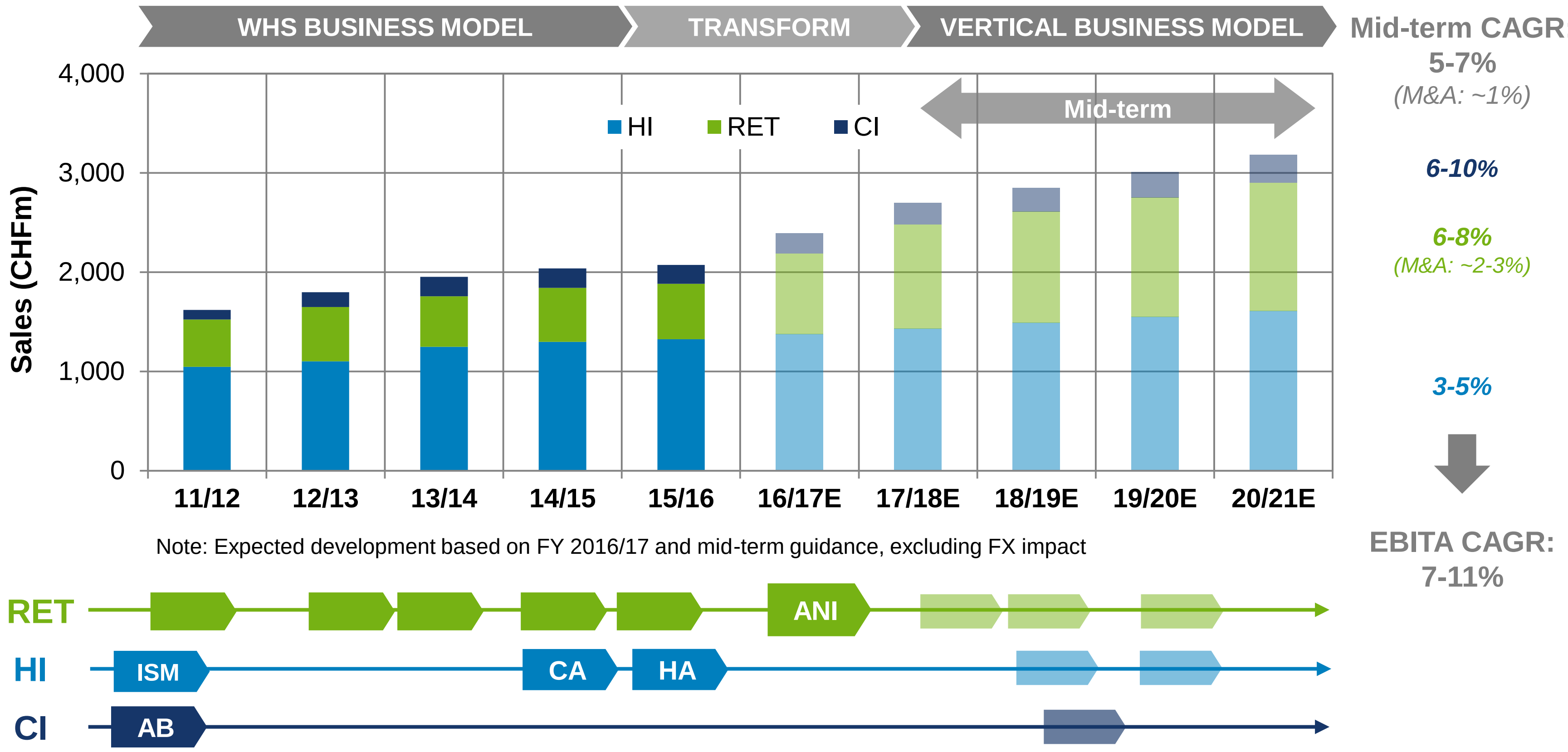
1. Sonova Group

Independent market – Strong position – Including AudioNova



Large retail market – Growing relationships

Retail to outgrow group average – Continued bolt-on acquisition activity



Transformation into unique vertically integrated business model

Business summary 1H 2016/17

- **Sonova Group: Steady progress in HI – solid growth in CI**
  - Sales of CHF 1,069.9 million up 6.7% as reported in CHF and up by 5.5% in LC
  - EBITA of CHF 205.9 million – margin of 19.2% (normalized for AudioNova one-time costs)
- **Hearing instruments: Slower start to the year – strong acceleration after new platform launch**
  - Sales of CHF 977.5 million up by 5.4% in LC – driven by organic growth and acquisitions
  - Performance in Germany affected by expected negative customer reactions
  - EBITA (normalized) of CHF 206.9 million – margin of 21.2%
- **Cochlear implants: Double-digit system sales growth – close to break-even EBITA**
  - Sales of 92.4 million, up 7.0% in LC – strong momentum from new products
  - EBITA of CHF -1.0 million – year-on-year improvement driven by higher sales
- **AudioNova acquisition successfully completed – included for one month in 1H 2016/17**
  - Incremental net sales contribution of CHF 29.2 million
  - CHF 10.1 million one-time costs mainly related to transaction execution
  - CHF 880 million bridge facility – refinanced through bond issuance in October 2016
- **Good cash conversion – stable cash flow – solid balance sheet**
  - Operating cash flow up 2.8%
  - Equity ratio 51% post AudioNova acquisition

Major developments and initiatives in 1H 2016/17

Go-to-market	– EU: Good growth despite headwind in DE – accelerating with new products – EU: AudioNova acquisition closed – creating one of Europe's largest retailers – US: Stable VA market share in recent months – slight growth YoY – US: Introduction of 2nd generation product at Costco – BR, IN: Reducing exposure to low margin channels and products
New products	– HI: Phonak Venture – successful completion with the rollout of Naída and Sky – HI: Phonak Belong – first products on new platform, including rechargeable – CI: Naída Link – first hearing aid specifically designed for bimodal solution
e-Solutions	– Distance support: Partnering with VA – pilot study to complete in 2017 – Continued investments: Developing complete solution and service offering

Executing well on strategic initiatives for sustainable profitable growth

Key Financials – As reported and normalized – variances in CHF

in CHF million	1H 2015/16 as reported	1H 2016/17 as reported	Δ % in CHF	One-time costs*	1H 2016/17 normalized	Δ % in CHF
Sales	**1,003.2**	**1,069.9**	+6.7%		**1,069.9**	+6.7%
Gross profit	**661.3**	**723.8**	+9.5%		**723.8**	+9.5%
- Gross profit margin	**65.9%**	**67.6%**			**67.6%**	
OPEX	**-465.5**	**-528.0**	+13.4%	**+10.1**	**-517.9**	+11.2%
EBITA	**195.8**	**195.8**	+0.0%	**+10.1**	**205.9**	+5.2%
- EBITA margin	**19.5%**	**18.3%**			**19.2%**	
EPS (in CHF)	**2.32**	**2.29**	-1.0%		**2.43**	+5.1%
Operating cash flow	**186.1**	**191.2**	+2.8%			

* One-time costs, consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova

Normalized EBITA up 5.2% as reported in CHF

Key Financials – As reported and normalized – variances in LC

in CHF million	1H 2015/16 as reported	1H 2016/17 as reported	Δ % in LC	One-time costs*	1H 2016/17 normalized	Δ % in LC
Sales	**1,003.2**	**1,069.9**	+5.5%		**1,069.9**	+5.5%
Gross profit	**661.3**	**723.8**	+8.2%		**723.8**	+8.2%
- Gross profit margin	**65.9%**	**67.6%**			**67.6%**	
OPEX	**-465.5**	**-528.0**	+12.6%	**+10.1**	**-517.9**	+10.5%
EBITA	**195.8**	**195.8**	-2.5%	**+10.1**	**205.9**	+2.7%
- EBITA margin	**19.5%**	**18.3%**			**19.2%**	

* One-time costs consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova

– Relative gain in Gross Profit margin mainly related to prior year currency losses on working capital and non-recurring warranty provisions in CI – solid underlying Gross Profit margin and stable ASP

– High normalized OPEX growth: (1) Impact of acquisitions, (2) Sales and marketing cost increase tracking ahead of sales, (3) Additional launch cost for bold new product introductions, (4) Development of eSolutions and (5) Continued investments in R&D pipeline and new technologies

Normalized EBITA up 2.7% in LC

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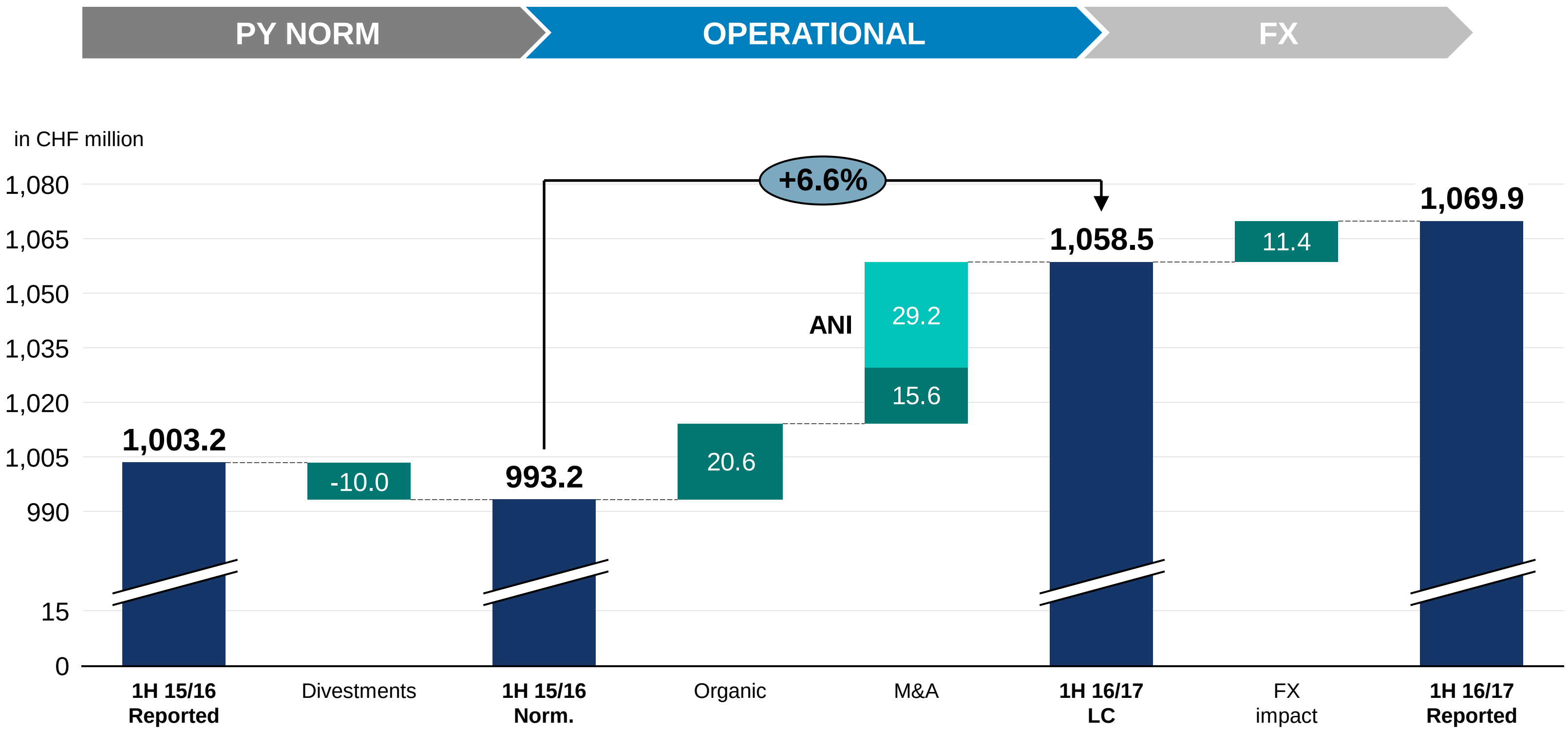
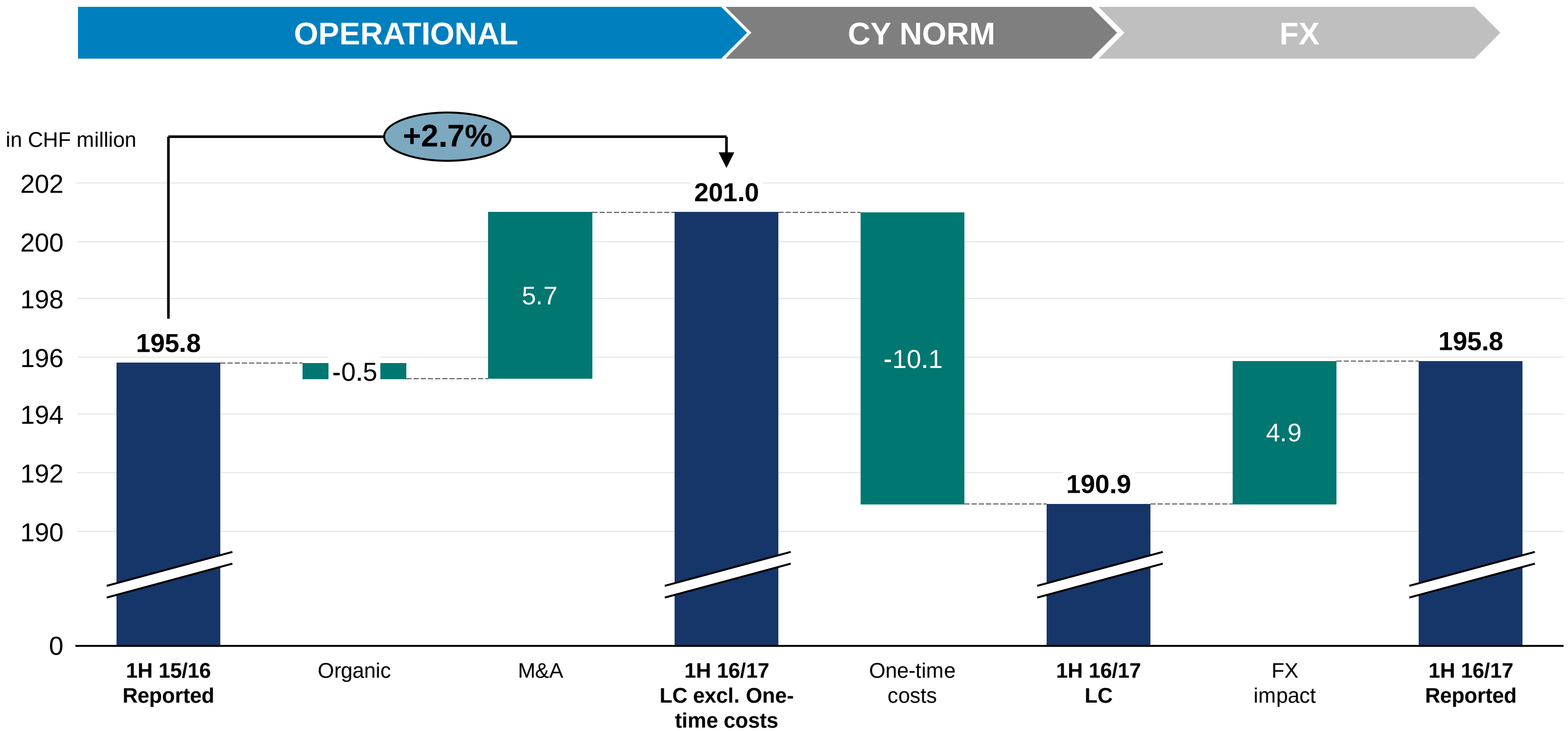
Sales and components – YoY



Growth components	-1.0%	**-1.0%**	+2.0%	+4.5%	**+5.5%**	+1.2%	**+6.7%**

Sales increase of +5.5% in LC – Increase of +6.6% adjusted for prior year divestment

EBITA and components – YoY



Margin	19.5%	-0.7%	+0.2%	19.0%	-1.0%	18.0%	+0.3%	18.3%

Lower organic growth, investments in marketing and innovation weigh on 1H margin

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Sales by regions and key markets

	1H 2015/16		1H 2016/17		
in CHF million	**Sales**	in %	**Sales**	in %	Δ % in LC
EMEA	**418.4**	42%	**470.0**	44%	+12.2%
USA	**375.5**	37%	**383.0**	36%	-0.1%
Americas (excl. USA)	**100.0**	10%	**102.7**	10%	+3.1%
Asia / Pacific	**109.3**	11%	**114.2**	10%	+1.6%
Total SONOVA	**1,003.2**	100%	**1,069.9**	100%	+5.5%

EMEA	– HI WHS: Good growth momentum and accelerating with new products – HI RET: Growth supported by acquisitions – CI: Double-digit growth in system sales, held back by limited upgrade business
US	– HI WHS: Solid and accelerating growth in Phonak, partially offset by Unitron – HI RET: Streamlining store network, focus on productivity and efficiency gains – CI: Double-digit growth in system sales, held back by limited upgrade business
APAC	– HI WHS: Slow Q1 start in China ahead of Phonak Venture launch – HI WHS: Re-focusing of business in India on higher ASP segments – CI: Exiting low-margin tender businesses (China, India)

Solid LC growth led by EMEA

2. Business review – Hearing instruments

Hearing instruments

Business summary 1H 2016/17

- **Slower start to the year – strong acceleration after new platform launch**
  - Sales of CHF 977.5 million up by 5.4% in LC – driven by organic growth and acquisitions
  - Strong performance in EMEA, some 1Q headwinds in other regions
  - Performance in Germany affected by expected negative reactions from wholesale customers
  - Phonak: successful completion of the Venture platform introduction (Naída, Sky, CN launch)
  - Phonak Belong™ launch – significant pent-up demand – strong positive initial response end of 2Q
  - Unitron: expanding the North platform with Moxi™ Now launch

- **Margin impacted by lack of operating leverage and in investments in operating platform**
  - EBITA (normalized) of CHF 206.9 million – margin of 21.2% (prior year: 21.6%)
  - Operating leverage held back by modest organic growth, by acquisitions, marketing investments
  - R&D investment continued at high level in R&D pipeline and new technologies
  - Continued development and expansion of eSolutions

- **Ongoing investment in retail professional services**
  - AudioNova acquisition closed – integration well on track
  - Creating broadest professional service networks in Europe

Hearing instruments

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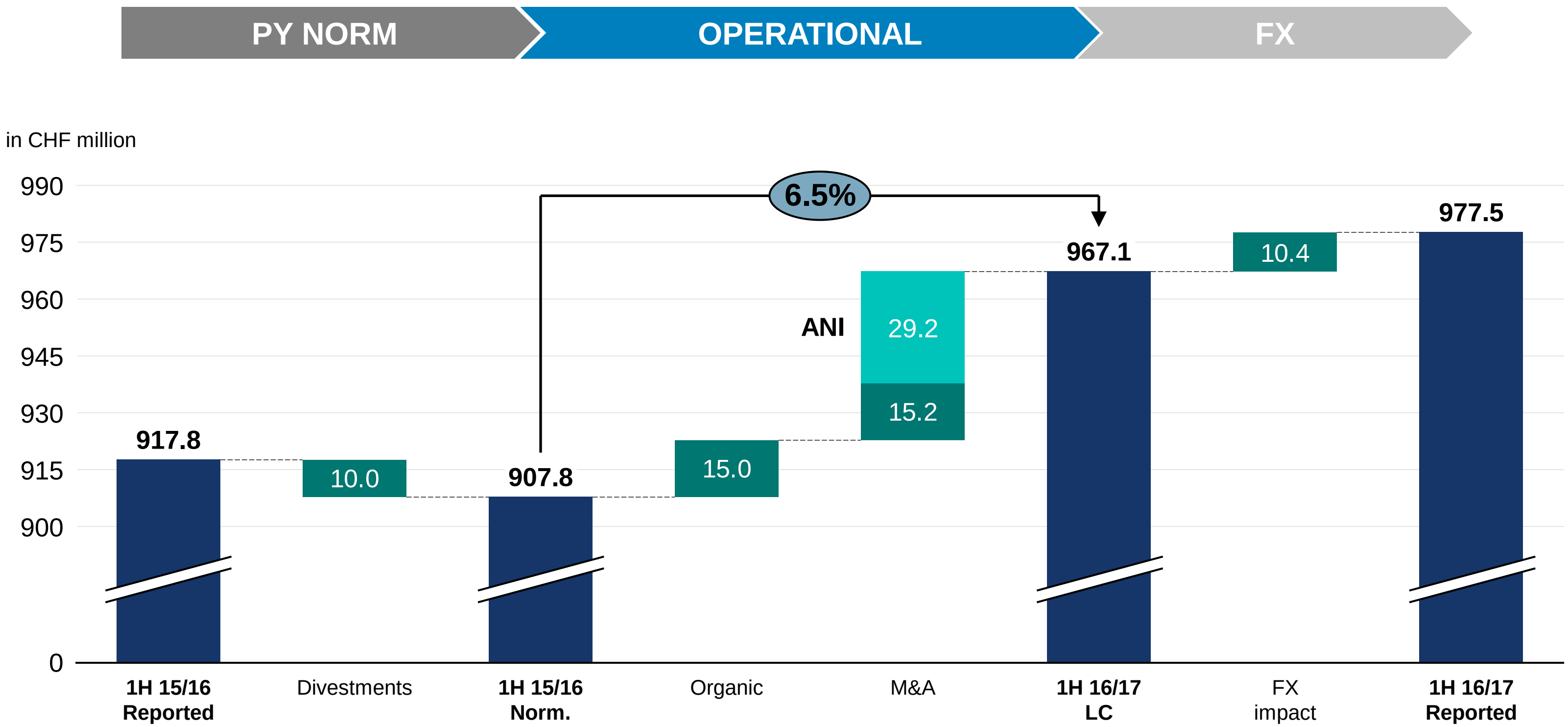
Sales and components – YoY



Growth components	-1.1%	**-1.1%**	+1.6%	+4.8%	**+5.4%**	+1.1%	**+6.5%**

More modest organic growth in 1Q ahead of platform launches

Hearing instruments

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Key Financials – As reported and normalized – variances in LC

in CHF million	1H 2015/16 as reported	1H 2016/17 as reported	Δ % in LC	One-off costs*	1H 2016/17 normalized	Δ % in LC
Sales	**917.8**	**977.5**	+5.4%		**977.5**	+5.4%
EBITA	**198.4**	**196.8**	-2.8%	**+10.1**	**206.9**	+2.3%
- EBITA margin	21.6%	20.1%			21.2%	

* One-time costs consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova

– Relative gain in Gross Profit margin mainly related to prior year currency losses on working capital – solid underlying Gross Profit margin and stable ASP

– High normalized OPEX growth: (1) Impact of acquisitions, (2) Sales and marketing cost increase tracking ahead of sales, (3) Additional launch cost for bold new product introductions, (4) Development of eSolutions and (5) Continued investments in R&D pipeline and new technologies

Normalized EBITA up 2.3% in LC

Hearing instruments

Sales by product groups

in CHF million	1H 2015/16	% Group sales	1H 2016/17	% Group sales	Δ % in LC
HI Premium	**246.8**	25%	**263.9**	25%	+6.4%
HI Advanced	**199.0**	20%	**203.1**	19%	+1.5%
HI Standard	**293.1**	29%	**313.0**	29%	+5.1%
Wireless communication	**43.9**	4%	**49.4**	4%	+11.2%
Miscellaneous	**135.0**	13%	**148.1**	14%	+7.9%
Total HI Segment	**917.8**		**977.5**		+5.4%

Continued positive mix trend with healthy ASP effect – Solid growth in wireless

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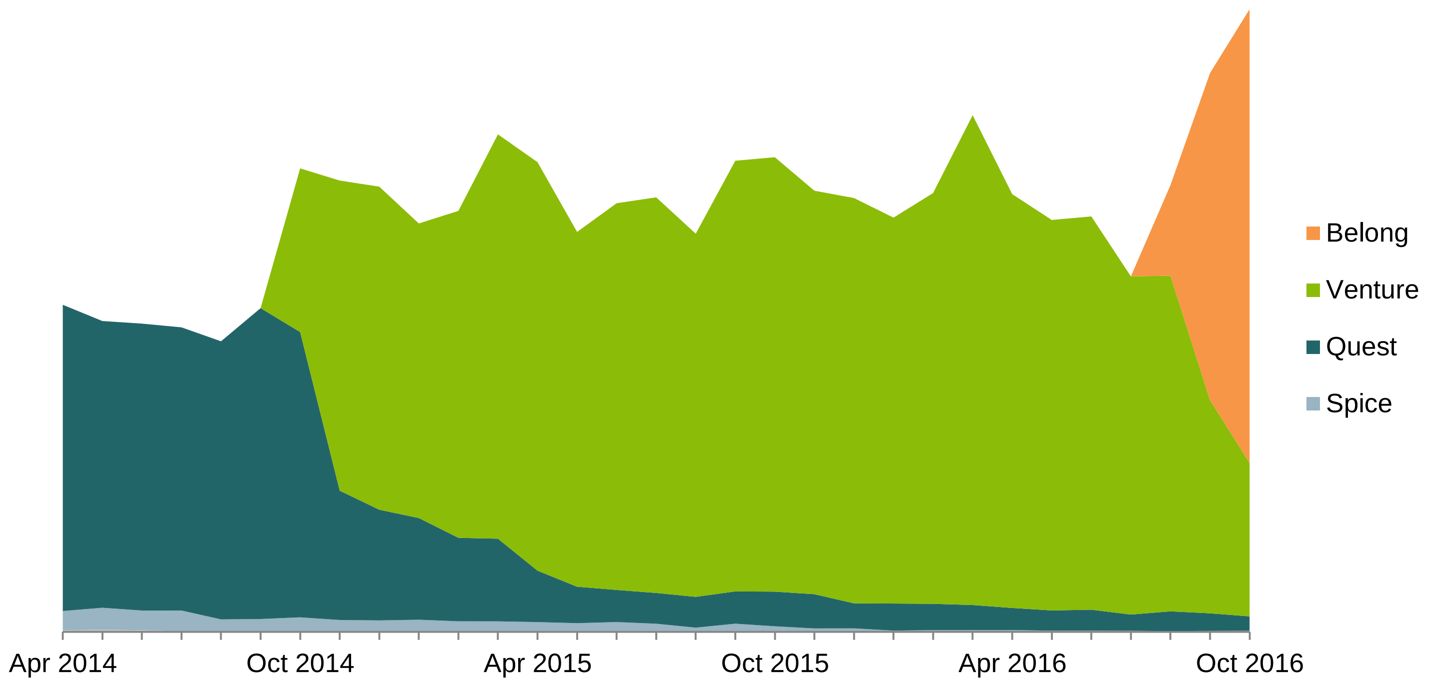
Phonak Belong launch – Fast conversion of Audéo B with high share of B-R



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

3. Business review – Cochlear implants

Cochlear implants

Business summary 1H 2016/17

- **Double digit system sales growth – strong momentum from new products**
  - Sales of 92.4 million – growth of 7.0% in LC
  - Naída CI Q-series – good market response
  - System sales growth – driven by Europe and North America
  - Temporarily lower upgrade sales – affected by low qualifying customer base
  - Introduction of Naída™ Link – first hearing aid designed for bimodal patients
  - Launch of HiRes™ Ultra implant in September 2016 – positive market response

- **Close to break-even EBITA**
  - EBITA at CHF -1.0 million
  - Adverse mix effect on gross profit offset by strict OPEX control

Cochlear implants

Key Financials – As reported – variances in LC

in CHF million	1H 2015/16 as reported	1H 2016/17 as reported	Δ % in LC
Sales	**85.4**	**92.4**	+7.0%
EBITA	**-2.6**	**-1.0**	NM
- EBITA margin	-3.0%	-1.1%	

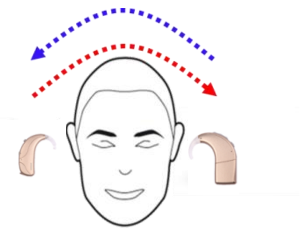
Solid growth driven by system sales – EBITA approaching break-even

Cochlear implants

AB – Building momentum with new products…

Naída™ Link bimodal hearing solution

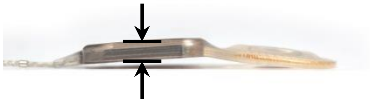
- Key performance benefits:
  - Shared signal processing, automation and controls
  - Ear-to-ear audio streaming
  - Bimodal streaming with wireless accessories
- Easy to program:
  - Adaptive Phonak Digital Bimodal fitting formula
  - Bimodal Fitting Report in SoundWave



Single CI with contralateral hearing aid

HiRes™ Ultra cochlear implant

- Most advanced technology in a thinner package:
  - 30% overall size reduction compared to previous generation
  - Minimal intrusive implantation
  - Built Kid Tough™, with superior impact resistance
- Improved MRI compatibility:
  - 3T compatibility with magnet removed
  - 1.5T compatibility with magnet in place



thickness: 4.5 mm

…ideal for adult and pediatric recipients

4. Financial Review

Financial highlights – 1H 2016/17

- **Sales** of CHF 1,069.9 million – driven by organic growth and acquisitions
- **Gross Profit** of CHF 723.8 million or 67.6% of sales
- **Reported EBITA margin** of 18.3%
  - Continued investment in innovation – R&D spending of CHF 77.6 million or 7.3% of sales
  - Higher sales and marketing cost ratio – increase from organic growth and acquisitions
  - CHF 10.1 million one-time costs consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova
- **Normalized basic EPS** of CHF 2.43 – up 5.1% vs. prior year
- **Operating cash flow** at 191.2 million – up 2.8% vs. prior year
- **Cash outflow for acquisitions** gross of debt acquired at CHF 948.3 million
  - CHF 880 million bridge facility refinanced through bond issuance in October
  - Solid balance sheet with equity ratio of 50.7% – increase in capital employed to CHF 2.6 billion

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Key Financials – As reported and normalized – variances in CHF

in CHF million	1H 2015/16 as reported	1H 2016/17 as reported	Δ % in CHF	One-time costs*	1H 2016/17 normalized	Δ % in CHF
Sales	**1,003.2**	**1,069.9**	+6.7%		**1,069.9**	+6.7%
Gross profit	**661.3**	**723.8**	+9.5%		**723.8**	+9.5%
- Gross profit margin	**65.9%**	**67.6%**			**67.6%**	
OPEX	**-465.5**	**-528.0**	+13.4%	**+10.1**	**-517.9**	+11.3%
EBITA	**195.8**	**195.8**	+0.0%	**+10.1**	**205.9**	+5.2%
- EBITA margin	**19.5%**	**18.3%**			**19.2%**	
EPS (in CHF)	**2.32**	**2.29**	-1.0%		**2.43**	+5.1%
Operating cash flow	**186.1**	**191.2**	+2.8%			

* One-time costs consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova

Normalized EBITA up 5.2% as reported in CHF

Operating expenses

in CHF million	1H 2015/16	1H 2016/17	Δ % in CHF	Δ % in LC	Comments
Research & Development *- in % of sales*	**-65.4** *6.5%*	**-68.0** *6.4%*	+4.0%	+3.6%	Investment in next generation platform
Sales & Marketing *- in % of sales*	**-313.4** *31.2%*	**-352.2** *32.9%*	+12.4%	+11.4%	Thereof: ~70% M&A ~25% organic / efficiency ~5% launch costs
General & Administration *- in % of sales*	**-95.5** *9.5%*	**-108.0** *10.1%*	+13.1%	+12.4%	AudioNova one-time costs of CHF 10.1 million
Other expenses	**8.7**	**0.2**			Vendor B release in prior year
Total OPEX *- in % of sales*	**-465.5** *46.4%*	**-528.0** *49.3%*	**+13.4%**	**+12.6%**	
Total OPEX normalized* *- in % of sales*	**-465.5** *46.4%*	**-517.9** *48.4%*	**+11.2%**	**+10.5%**	

* Excludes one-time costs of CHF 10.1 million, consisting of transaction cost and integration related restructuring costs in connection with the acquisition of AudioNova

Continued investment in innovation and expansion in sales and distribution

R&D spending

in CHF million	1H 2015/16	1H 2016/17	Δ % in CHF	Δ % in LC
R&D costs charged to the P&L *- in % of sales*	**65.4** *6.5%*	**68.0** *6.4%*	+4.0%	+3.6%
Capitalized development costs *- in % of sales*	**11.6** *1.2%*	**14.8** *1.4%*	+27.5%	+27.5%
Amortization of development costs *- in % of sales*	**-3.7** *-0.4%*	**-5.2** *-0.5%*	+42.1%	+42.1%
Total R&D spending *- in % of sales*	**73.3** *7.3%*	**77.6** *7.3%*	**+5.8%**	**+5.5%**

Continued high R&D spending in targeted corridor of 7-8% of sales (gross)

Reported results and income taxes

in CHF million	1H 2015/16	1H 2016/17	Δ % in CHF
EBITA	**195.8**	**195.8**	0.0%
Acquisition - related amortization	**-13.5**	**-15.3**	+13.3%
Operating profit (EBIT) *in % of sales*	**182.3** *18.2%*	**180.5** *16.9%*	-0.9%
Financial result	**-1.0**	**-4.8**	>100%
Income before taxes	**181.3**	**175.8**	-3.0%
Income taxes	**-23.9**	**-23.7**	-0.8%
- Income tax rate	**13.2%**	**13.5%**	
Income after taxes *- in % of sales*	**157.3** *15.7%*	**152.1** *14.2%*	-3.4%
EPS (in CHF)	**2.32**	**2.29**	-1.0%

Higher financial expense due to active currency hedging policy and bridge financing

Cash flow

in CHF million	1H 2015/16	1H 2016/17	Δ % in CHF
Cash flow before changes in NWC (incl. taxes paid)	**197.4**	**208.0**	+5.4%
Changes in net working capital	**-11.3**	**-16.9**	+48.9%
Operating cash flow *in % of sales*	**186.1** *18.5%*	**191.2** *17.9%*	+2.8%
Cash flow from investing activities (excl. acquisitions)	**-38.8**	**-44.4**	+14.2%
Operating free cash flow *in % of sales*	**147.2** *14.7%*	**146.8** *13.7%*	-0.3%
Cash consideration for acquisitions, net of disposals	**-71.7**	**-657.5**	NM
Free cash flow	**75.6**	**-510.7**	NM
Cash flow from financing activities	**-260.9**	**366.9**	NM
Changes in cash and cash equivalents	**-185.8**	**-144.4**	-22.3%

Growing operating cash flow – strong cash conversion – AudioNova acquisition

Balance sheet

In CHF million	31 Mar 2016	30 Sep 2016	Δ % in CHF
Net working capital	**185.5**	**230.1**	+24.1%
Days sales outstanding (DSO)	**64**	**60**	
Days inventory outstanding (DIO)	**132**	**144**	
Capital employed	**1,608.0**	**2,565.5**	+59.5%
Net cash	**298.3**	**-672.9**	NM
Equity	**1,906.3**	**1,892.6**	-0.7%
Equity in % of total assets	**69.3%**	**50.7%**	

Tight working capital management – Effects from AudioNova and product launches

5. Outlook

Outlook FY 2016/17

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Factors impacting 1H performance and considerations for outlook into 2H

Segment	Factor	1H 2016/17	2H 2016/17
Hearing instruments	**AudioNova acquisition**: Integration	Included for 1 month	Included for 6 months Integration, NL business model transformation
	AudioNova acquisition: DE customer reactions	Modest market share loss in wholesale DE	Stabilization, modest recovery in wholesale DE
	New product launch: Phonak Belong platform	Minimal benefit in selected NA and EU markets	Full benefit in major NA, EU and AP markets
	New product launch: Phonak Belong in VA	Preparation for November '16 VA introduction	Full benefit as of November '16
	New product launch: Product life cycle in Costco	Products in last quarter of 2-year life cycle	Full benefit of new offering
Cochlear implants	**New product launch**: Naída Link processor	1-2 months benefit	Full half year benefit
	New product launch: HiRes Ultra implant	1 month benefit	Full half year benefit
	Upgrades: customer base reaching 5 year maturity	Low qualifying customer base due to 2010 recall	Increased qualifying customer base

Outlook FY 2016/17

FY 2016/17 guidance and mid-term target

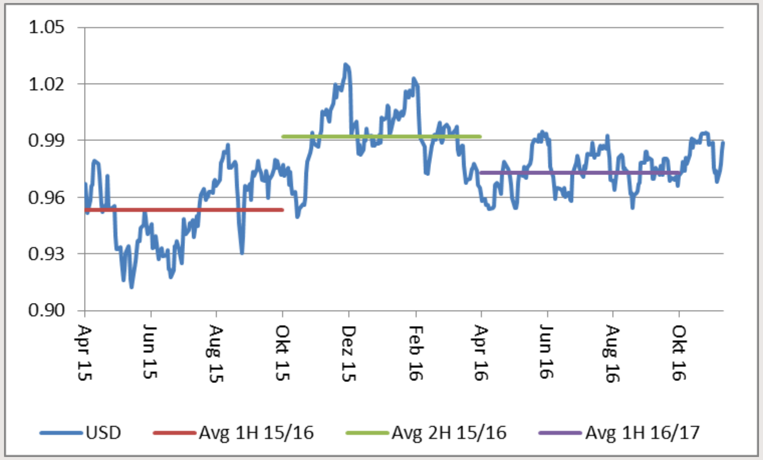
		FY 2016/17 Guidance[1] May 2016	FY 2016/17 Guidance[2] Nov 2016	Mid-term Target
Sales	**Sales growth in LC**	**+4%-6%**	**+14%-16%**	**+5%-7% p.a.**
	thereof effect of RET strategy on WHS	ca. -1%	ca. -1%	
	thereof M&A	ca. +1%	ca. +11%	ca. +1% p.a.
EBITA	**EBITA growth in LC**	**+3%-7%**	**+8%-12%**	**+7%-11% p.a.**

1) – Excluding the acquisition of AudioNova
2) – Includes the contribution from AudioNova
– EBITA guidance excluding one-time transaction and integration costs related to AudioNova acquisition

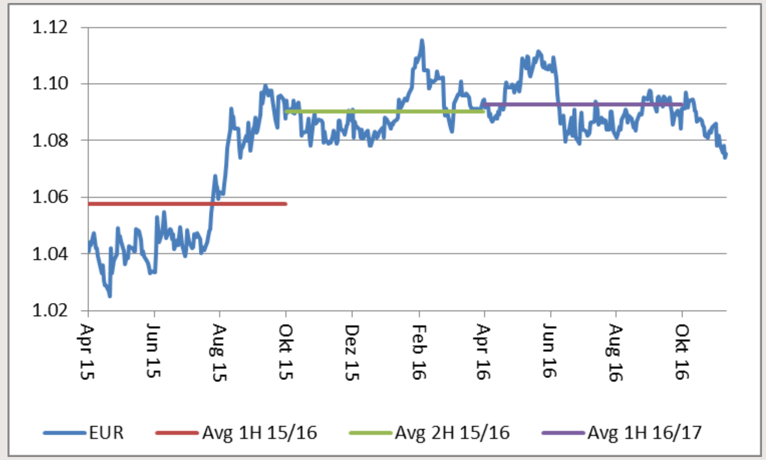
Outlook FY 2016/17

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 45 million	+/- CHF 17 million

Note: Sensitivities based on pro-forma numbers, which include AudioNova for 12 months

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

Outlook FY 2016/17

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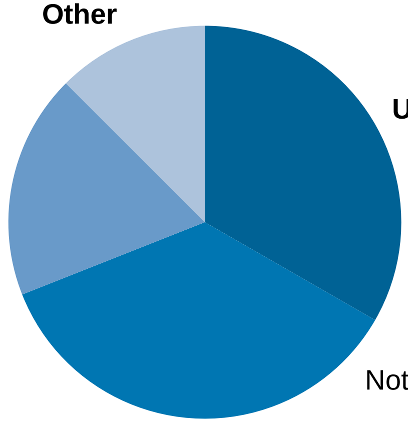
FX rates – Main currencies accounted for around 90% of Group sales



Note: Split based on pro-forma numbers, which include AudioNova for 12 months

	Avg 1H 2015/16	Avg 1H 2016/17	Effect	Avg FY 2015/16	Spot 10-Nov-16
USD	0.95	0.97	+	0.97	0.99
EUR	1.06	1.09	+	1.07	1.08
GBP	1.47	1.34	–	1.47	1.23
CAD	0.75	0.75	=	0.74	0.73
AUD	0.72	0.73	+	0.72	0.75
BRL	0.29	0.29	=	0.27	0.29
JPY 100	0.78	0.93	+	0.81	0.93

Positive impact from USD and EUR strength – Partly offset by strong GBP decline

6. Questions & Answers

7. Upcoming Events

Upcoming events

Important dates

15-23 Nov 2016	Roadshow Half-Year Results 2016/17
April 2017	Investor Call AudiologyNow!
16 May 2017	Publication Full-Year Results 2016/17
17-26 May 2017	Roadshow Full-Year Results 2016/17
13 Jun 2017	Annual General Meeting
17 Oct 2017	6. Sonova Investor & Analyst Day
14 Nov 2017	Publication & Call Half-Year Results 2017/18

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