

News around AudiologyNOW!

Stäfa, March 31, 2017

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Phonak – Pioneer in hearing instruments for 70 years



Breakthrough products & technologies – Setting industry standards

Breakthrough products & technologies – Setting industry standards



PRODUCTS

CORE
+ Real-time
binaural audiolink
+ SoundRecover

SPICE
+ Binaural beam-
former
(StereoZoom)
+ **TARGET** fitting
software

QUEST
+ BVST
(BinauralVoice
Stream
Technology™)

VENTURE
+ AutoSense OS™

BELONG™
+ Li-Ion recharge
+ New AutoSense OS™
+ SoundRecover 2
+ Titanium shell

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

TECHNOLOGIES

PALIO 1
First free
programmable
DSP platform

PALIO 2
First single-DSP
platform

PALIO 3
First dual-core
DSP platform

ROGER™
First PROPRIETARY
2.4 GHz digital
wireless platform

XYZ
First UNIVERSAL
2.4 GHz digital
wireless platform

RECHARGE
First Li-Ion
rechargeable
wireless platform

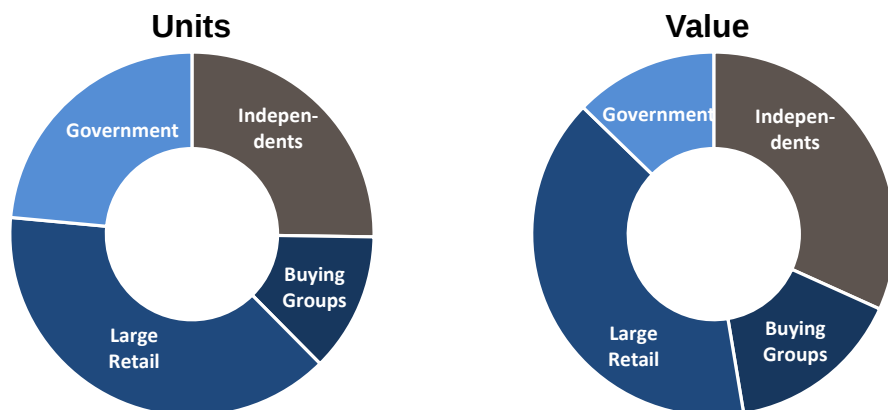
Phonak – Pioneer in hearing instruments for 70 years

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Market update

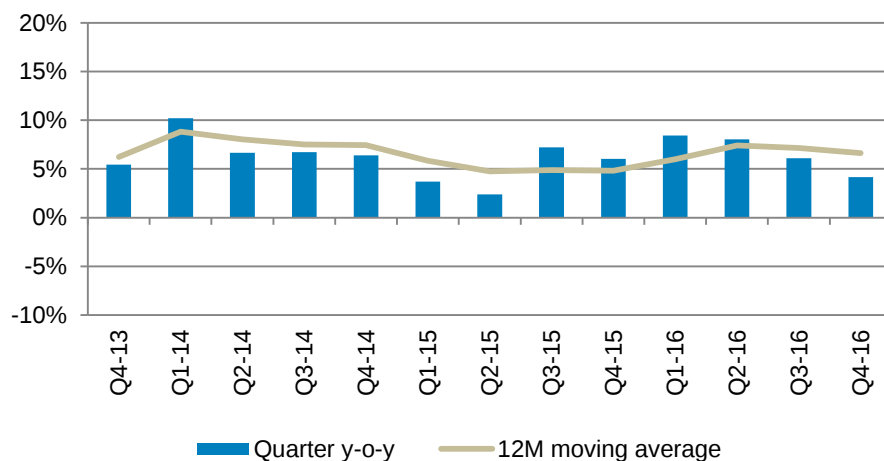
Hearing instruments – Global



Recent market factors:

- Solid growth largely driven by key markets such as US, CA, FR, DE, UK (private) and AU
- Modest sequential slowdown in Q3/Q4-16

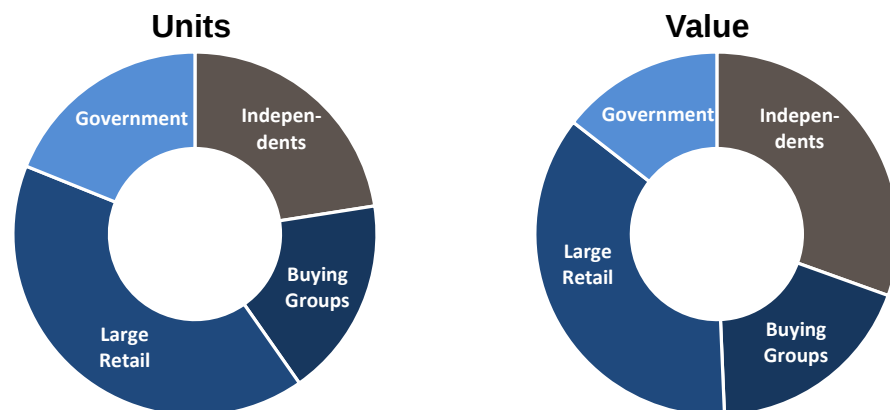
Unit Growth - Global



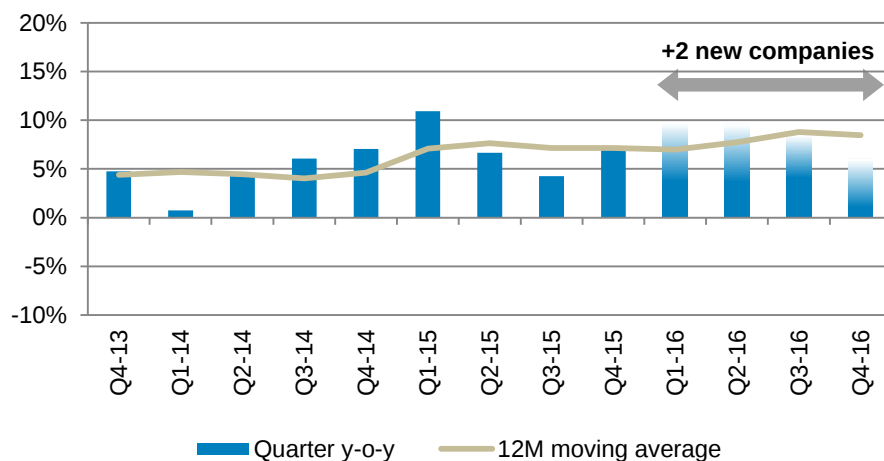
Sources: Unit and value split: Sonova estimates

Unit growth: aggregated official local market statistics, representing around 70-75% of the global market

Hearing instruments – North America



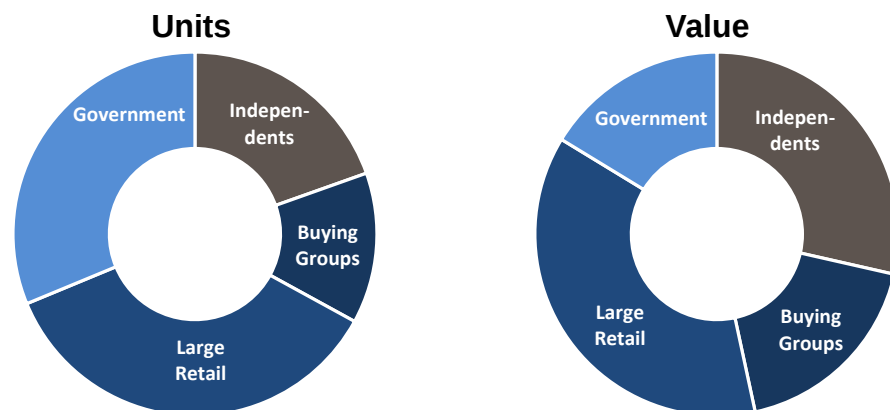
Unit Growth – US & Canada



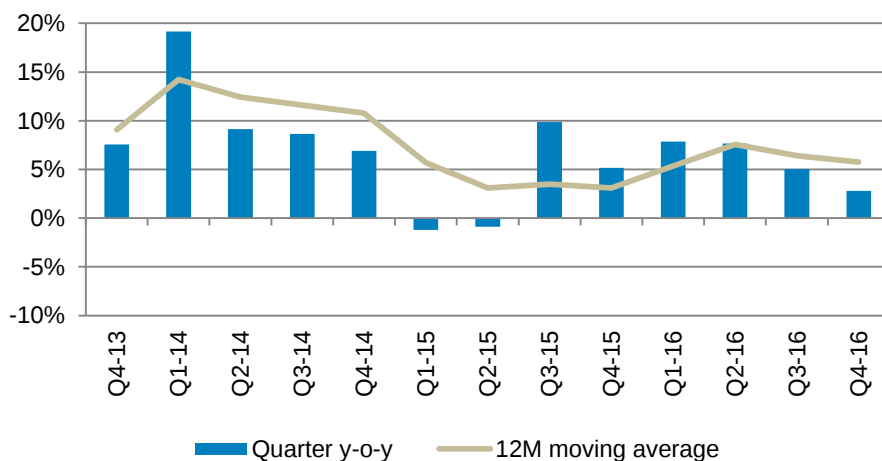
Recent market factors:

- US market growth in CY2016 boosted by around 4-5% due to the inclusion of two new companies in HIA
- US: Unit growth largely from private market
 - Private: Growth driven by strong product launches, aggressive promotional offers and increased 3rd party involvement (i.e. insurance)
- VA: continues to operate at capacity, resulting in slight growth in CY2016
- CA: Continued YoY market growth with overall positive trend.
 - Private market: Increased manufacturer-owned retail consolidation

Hearing instruments – Europe



Unit Growth – Europe



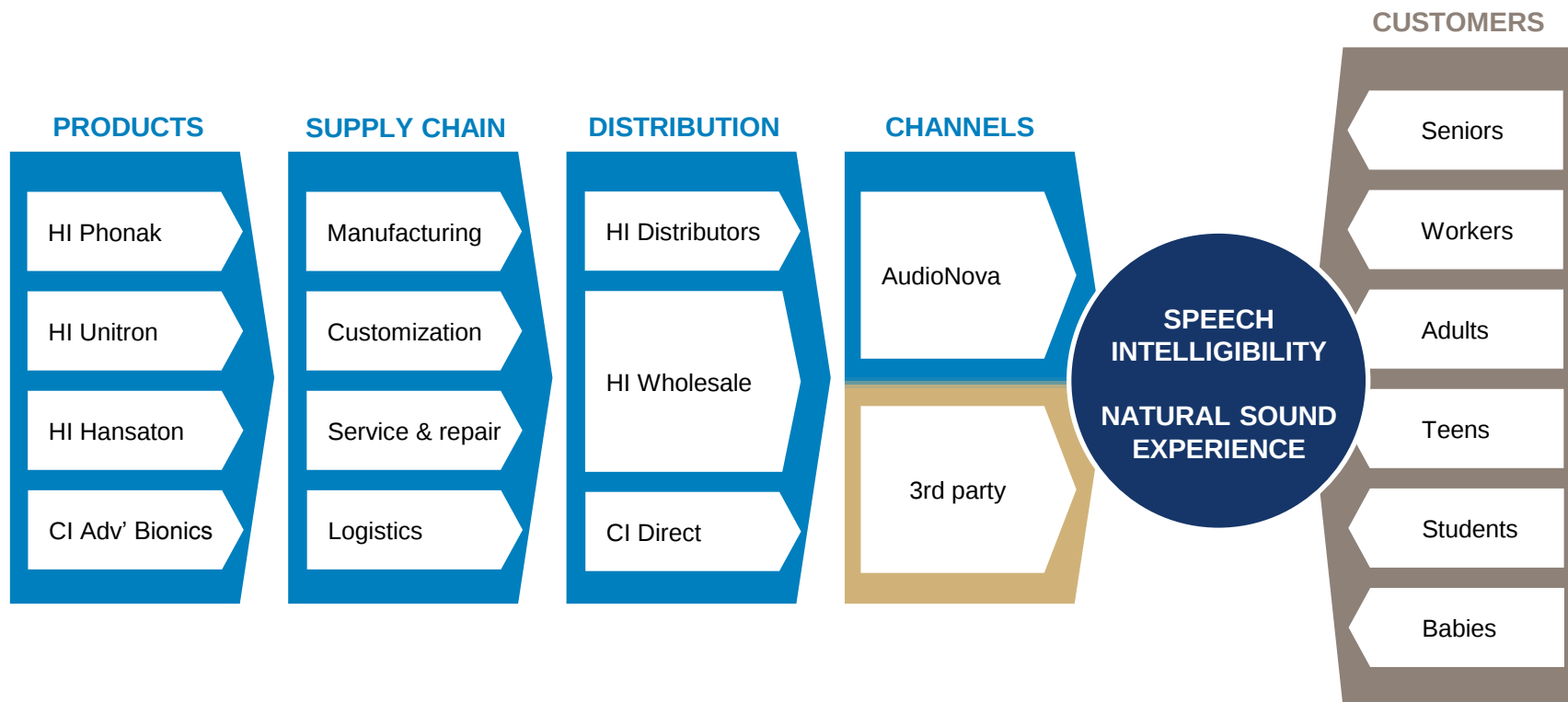
Recent market factors:

- DE: Unit market growth back to long-term average growth after consolidation in CY2015; unit growth mainly in low-end segments at very competitive prices (*Kassengerät*)
- FR: Solid YoY growth driven by new store openings. Increased presence of optical retail chains and private insurance companies
- UK: strong growth driven by private market
- Private: Continued market growth from larger retail chains and independents
- NHS: Continued growth both in units and revenue

Sonova Group

Business model

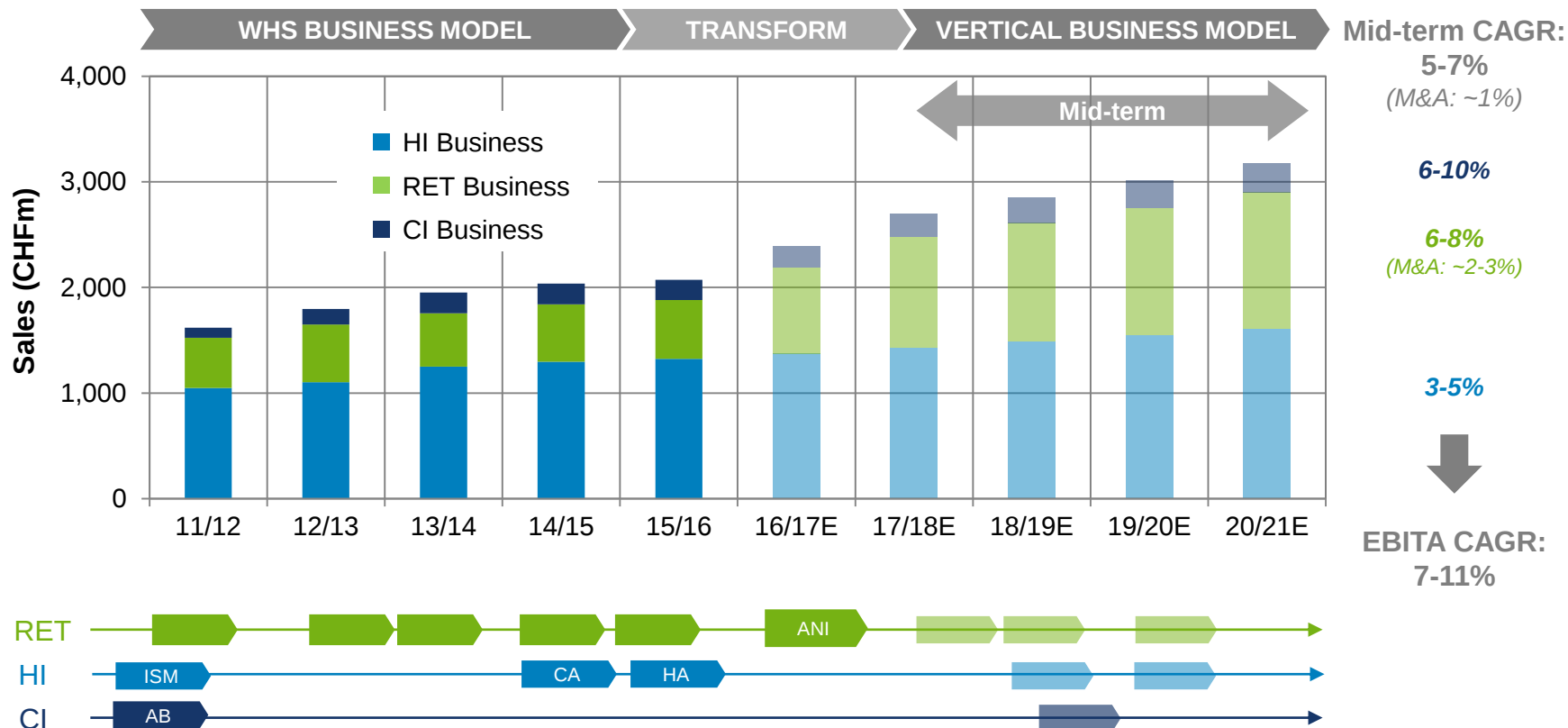
Unique vertically integrated business model – Focused on customer value



Own technology, products, supply chain, wholesale and retail networks

Mid-term outlook

Transformation into unique vertically integrated business model



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

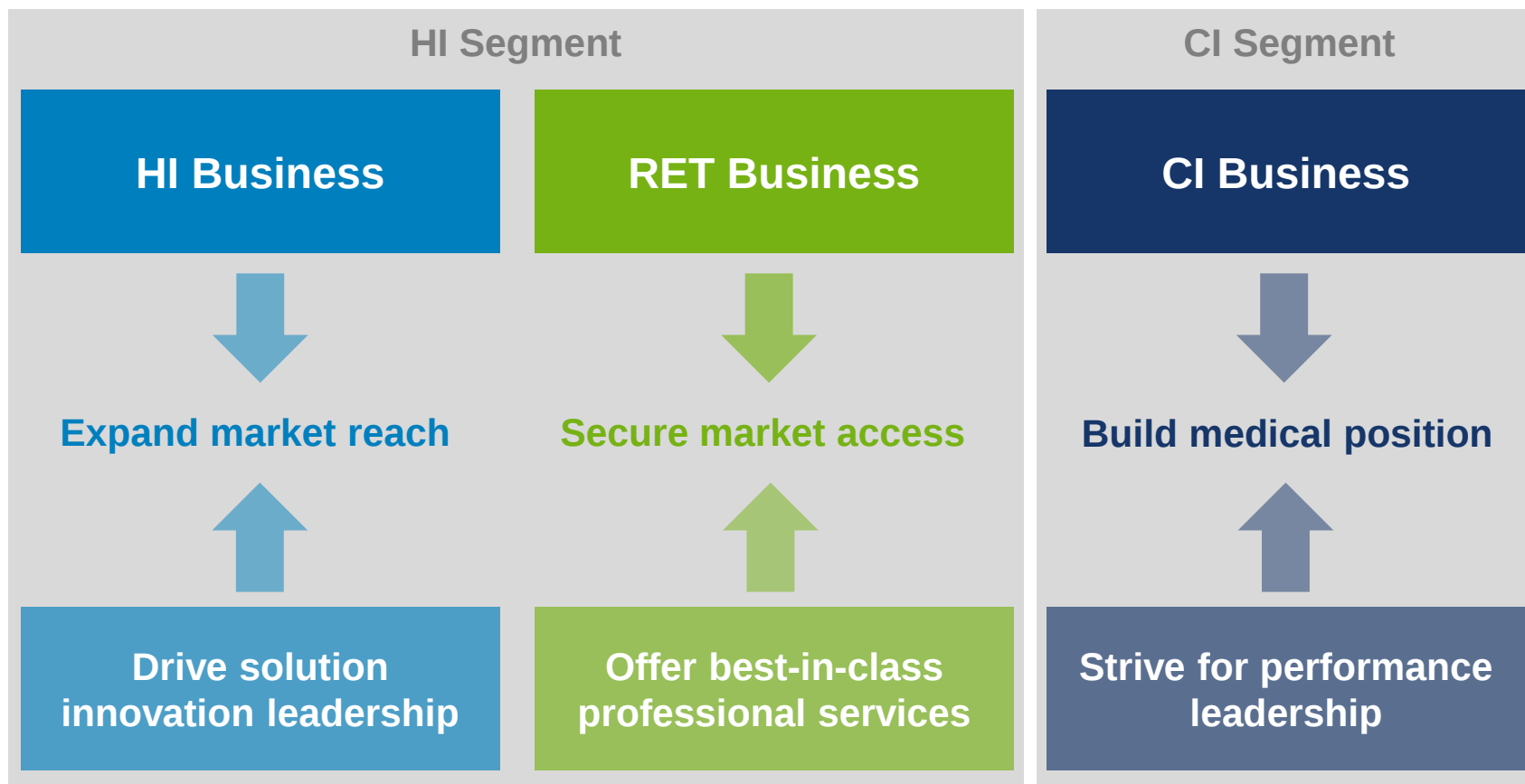
Strategic focus

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



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

Businesses and strategies



HI Business

New products

Phonak Belong™ – Next platform – Expanding technology leadership in ...

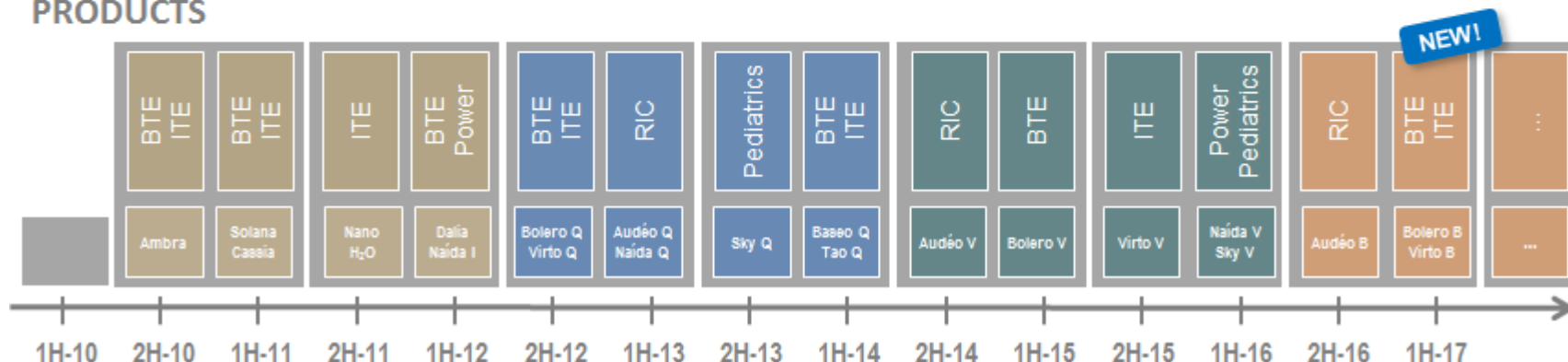
TECHNOLOGY



PLATFORM

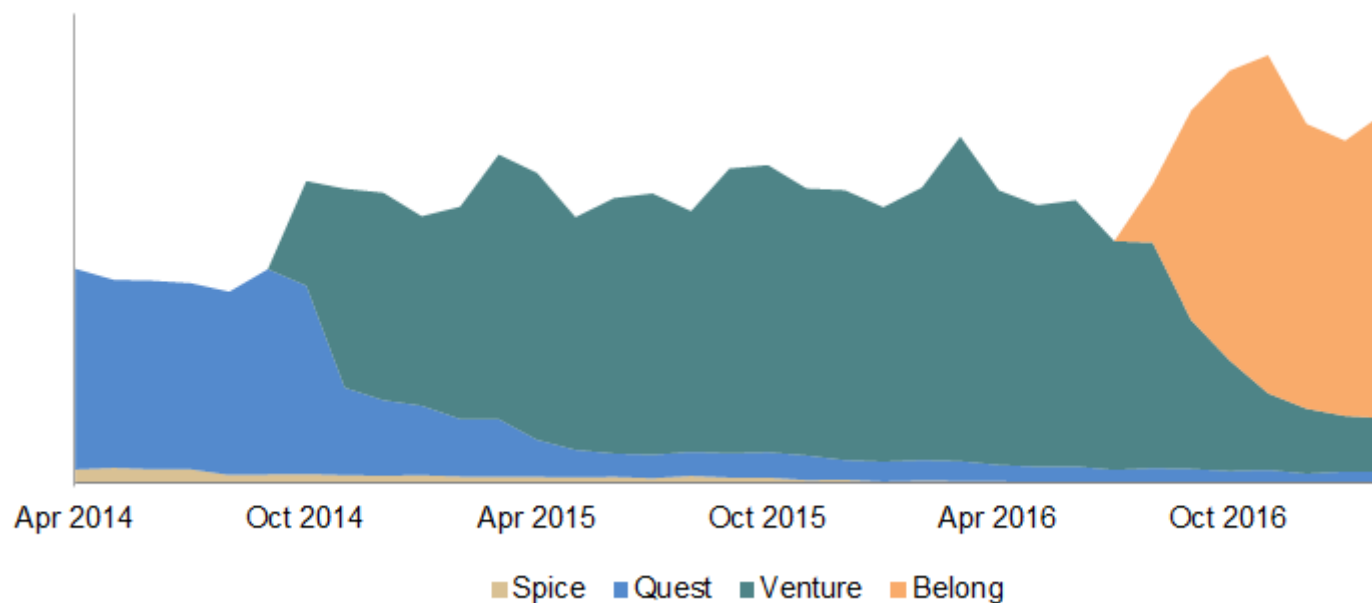


PRODUCTS



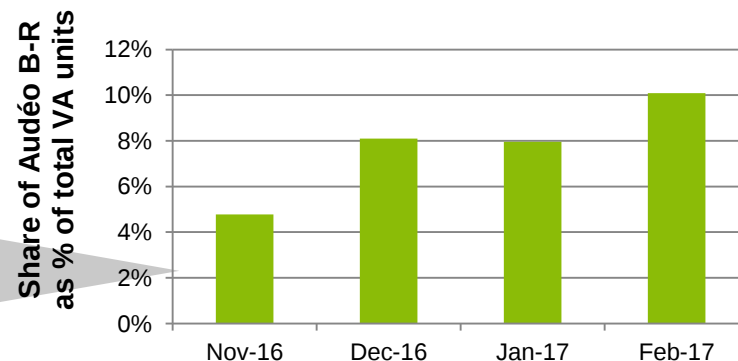
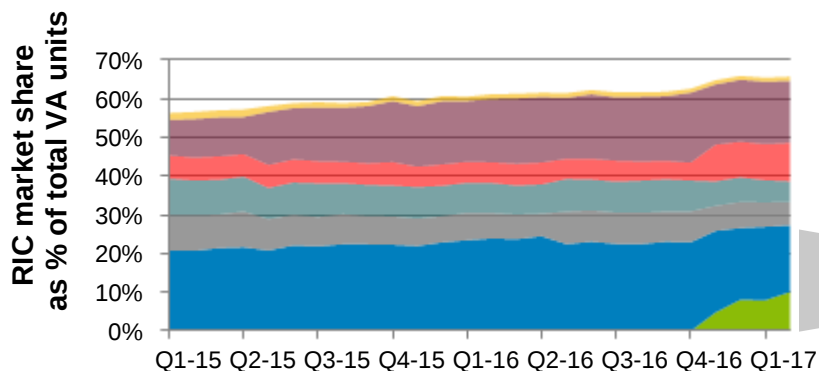
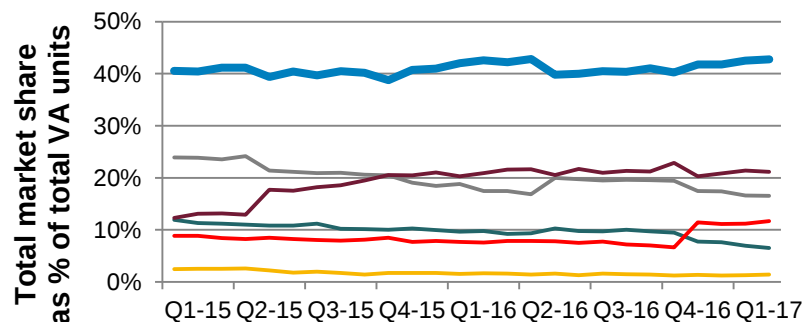
... hearing performance, automation, power supply and design

Phonak Belong – Launch of Audéo™ B RIC – Strong uptake with high share of B-R



New products

Phonak Belong – VA historical market share trends



■ Sonova Rechargeable ■ Sonova ■ Starkey ■ Sivantos ■ William Demant ■ GN ReSound ■ Widex

Strong uptake of Audéo B-R RIC – Accounting for >10% of total VA units in Feb-17

New products

Phonak Belong – Bolero™ B



High-tech BTE hearing aid with

- New B-PR **Li-Ion rechargeable** model
- New **designed** housings
- Bigger, **easier** to use push button
- New microphone openings for less hair noise and **higher protection** against dust and water (IP67)

Phonak Belong – Bolero B, including Bolero B-PR – Key features

1 Ease of use

- Built in Lithium-ion battery technology
- 24 hours* of hearing with one simple charge
- Bigger, easier to use push button
- T-coil, volume control

2 Hearing performance

- Phonak Belong technology
- New AutoSense OS™
- SoundRecover 2
- Across four performance levels and four models

3 Esthetics and design

- New color “Alpine White”
- Including innovative compact rechargeable system solution



Phonak Belong – Virto™ B-Titanium – Extending Belong platform into ITE's



High-tech titanium custom hearing aid

- The **smallest** Phonak custom product ever
- Made from **medical grade titanium** using sophisticated 3D printing technology
- Up to **26% smaller size** leads to **64% improvement IIC fit rate***
- **Price premium** over standard acrylic shell product

The smallest Phonak custom product ever – Super discreet and better fitting

Phonak Belong – Virto B-Titanium – Key features

1 Ease of use

- 20% longer battery life vs. Virto V-nano

2 Hearing performance

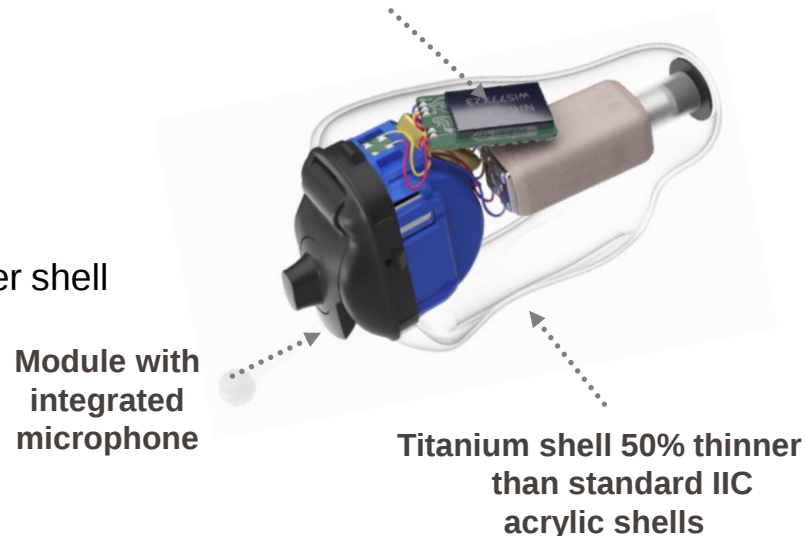
- Phonak Belong technology
- New AutoSense OS
- SoundRecover 2
- Across two performance levels

3 Esthetics and design

- 15x stronger than standard acrylic shells*
- Medical grade titanium shell
- 30% more additional interior room due to 50% thinner shell
- 64% increased IIC fit rate*
- Water and dust resistant



60% smaller electronics*



First Phonak ITE made from titanium

New products

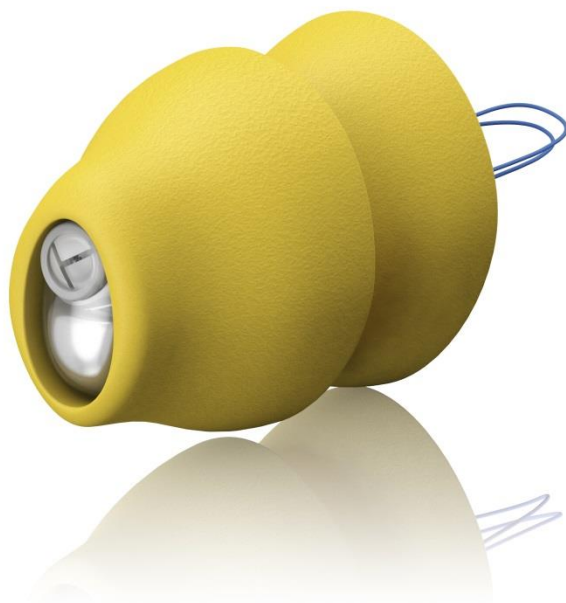
Phonak Belong – New product formats Bolero B and Virto B Titanium



	RIC	BTE NEW!	Custom NEW!	Power	Pediatric
Premium	Audéo™ B/B-R 90	Bolero™ B/B-PR 90	Virto™ B90-Titanium	Naída™ V90	Sky™ V90
Advanced	Audéo™ B/B-R 70	Bolero™ B/B-PR 70	Virto™ B70-Titanium	Naída™ V70	Sky™ V70
Standard	Audéo™ B/B-R 50	Bolero™ B/B-PR 50	Virto™ V50	Naída™ V50	Sky™ V50
Essential	Audéo™ B30	Bolero™ B30	Virto™ V30	Naída™ V30	Sky™ V30
Basic		Baseo™ Q	Tao™ Q		

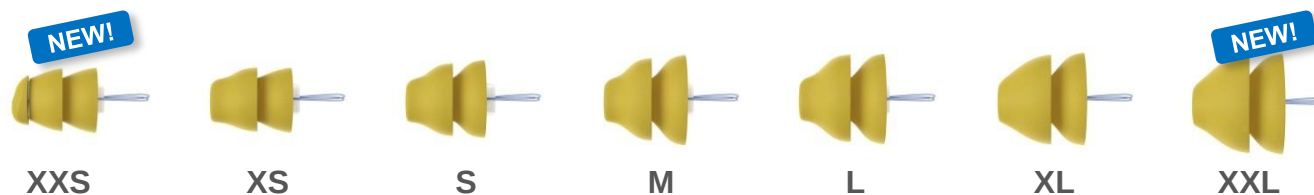
Launched in February 2017 – Extending the platform into BTEs and ITEs

Phonak Lyric 3 – The world's only 100% invisible hearing aid



Now in two new sizes providing more client satisfaction and higher trial success*

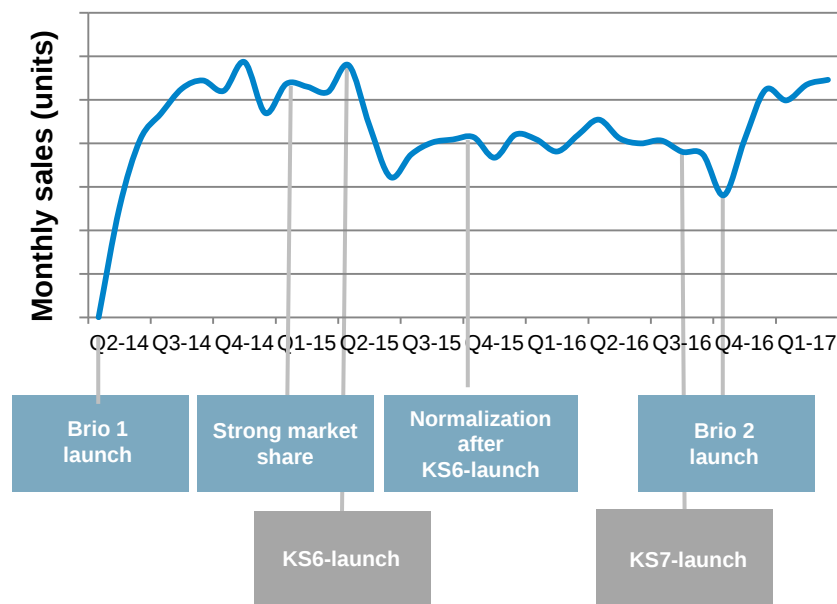
- New Lyric3 XXS provides **enhanced wearing comfort** for smaller ear canals*
- 36% **increase in the trial success rate** for Lyric3 XXS compared to Lyric3 XS*
- 77% of people with large ear canals **prefer** Lyric3 XXL to Lyric3 XL*



Solid positive growth trend in recent trials in the US

New products

Phonak Brio 2 – Next generation Costco product



- Phonak Brio 1 – Since Q2-14:
 - Strong uptake after introducing bespoke Phonak Brio 1 product in April 2014
 - Holding on to significant market share throughout 2014/15
 - Drop in market share after launch of Costco KS6 in April 2015
 - Normalization of share since Q3-15
- Phonak Brio 2 – Since Q4-16
 - Launch of Phonak Brio 2 in October 2017 delivering strong results
 - Estimated value channel share: currently one-third*

Strong position in branded HI offering

New products

Unitron Tempus™ – Launch of next generation product platform



Know the environment



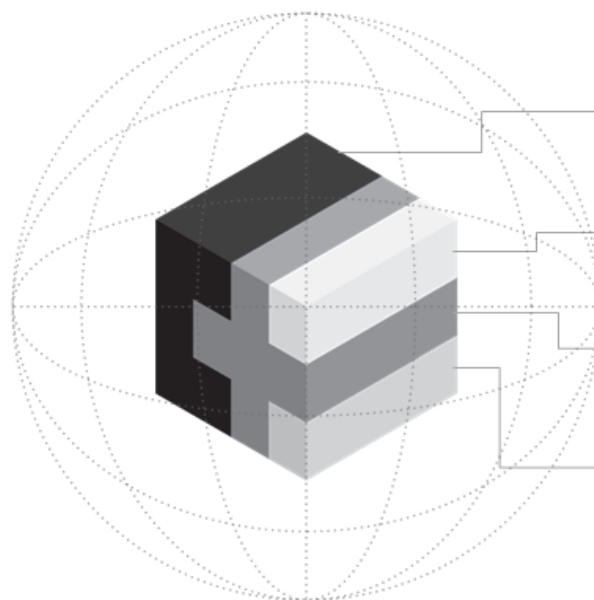
Get the right balance



Keep it real



Put speech in its place



SoundNav
knows the environment

SpeechPro
puts speech in its place

Sound Conductor
gets the right balance

Spatial Awareness
keeps it real

SoundCore™
Best in conversations

SoundCore™ – Intelligent classification system boosting natural conversations

Unitron Tempus – Next generation product platform – Key features

1 Ease of use

- Moxi™ Fit R (RIC) adding rechargeable feature (Silver Zinc technology)
- 24+ hours of hearing with one simple charge
- Battery lifetime at least a year (around 400 cycles)
- Traditional zinc-air batteries used any time

2 Hearing performance

- SoundCore with SoundNav, SpeechPro, SoundConductor and Spatial Awareness
- Automatic system boosting natural conversations
- 50% more accurate and 36% faster at locating speech better than previous PF*

3 Esthetics and design

- New complete RIC and BTE family, across 4 performance levels and 4 models
- Moxit Fit R 25% smaller in volume than next smallest competitor rechargeable hearing aid**



Tempus with Moxi Fit R – The world's smallest rechargeable hearing aid in its class

New products

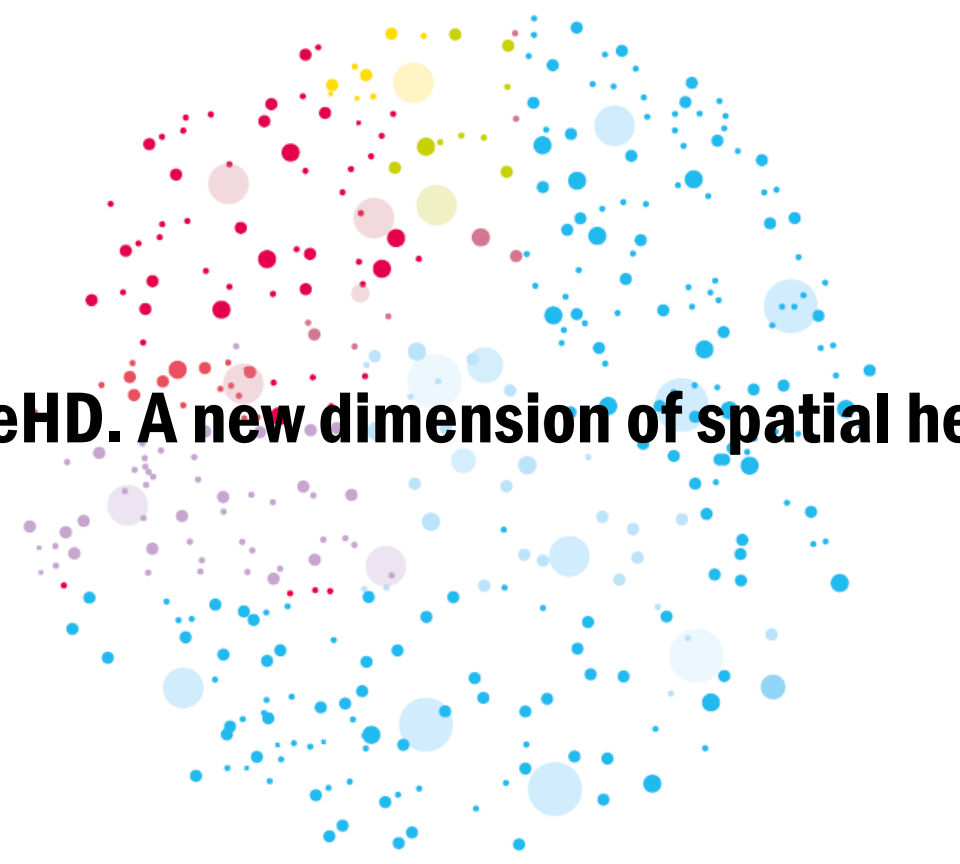
Unitron Tempus – Next generation product platform



	RIC NEW!	BTE NEW!	Custom	Power	Flex:trial™ & Upgrade
Premium	Moxi™ T Pro	Stride™ T Pro	Stride™ Pro		↑ Any Performance Level ↓
Advanced	Moxi™ T 800/700	Stride™ T 800/700	Stride™ 800/700	Max™ 20	
Standard	Moxi™ T 600	Stride™ T 600	Stride™ 600	Max™ 6	
Essential	Moxi™ T 500	Stride™ T 500	Stride™ 500	Max™ E	
Basic		Shine Rev™	Shine Rev™		

Launched in February 2017 – New complete RIC and BTE family

Hansaton SphereHD – Launch of next generation product platform



SphereHD. A new dimension of spatial hearing.

New dimension in spatial hearing – Including Lithium-ion rechargeable technology

Hansaton SphereHD – Next generation product platform – Key features

1 Ease of use

- AQ HD: Limitless Freedom – 24 hours of guaranteed hearing without batteries
- RIC: Unique usability – Optimized battery door

2 Hearing performance

- SurroundSupervisor SHD – Classification
- AutoSurround SHD – Automatic program
- SphereSound SHD – Spatial awareness
- SpeechBeam SHD – Speech focus

3 Esthetics and design

- In RIC and BTE format, across 4 performance levels
- The HANSATON Design Success Story continues



New products

Hansaton SphereHD – Next generation product platform



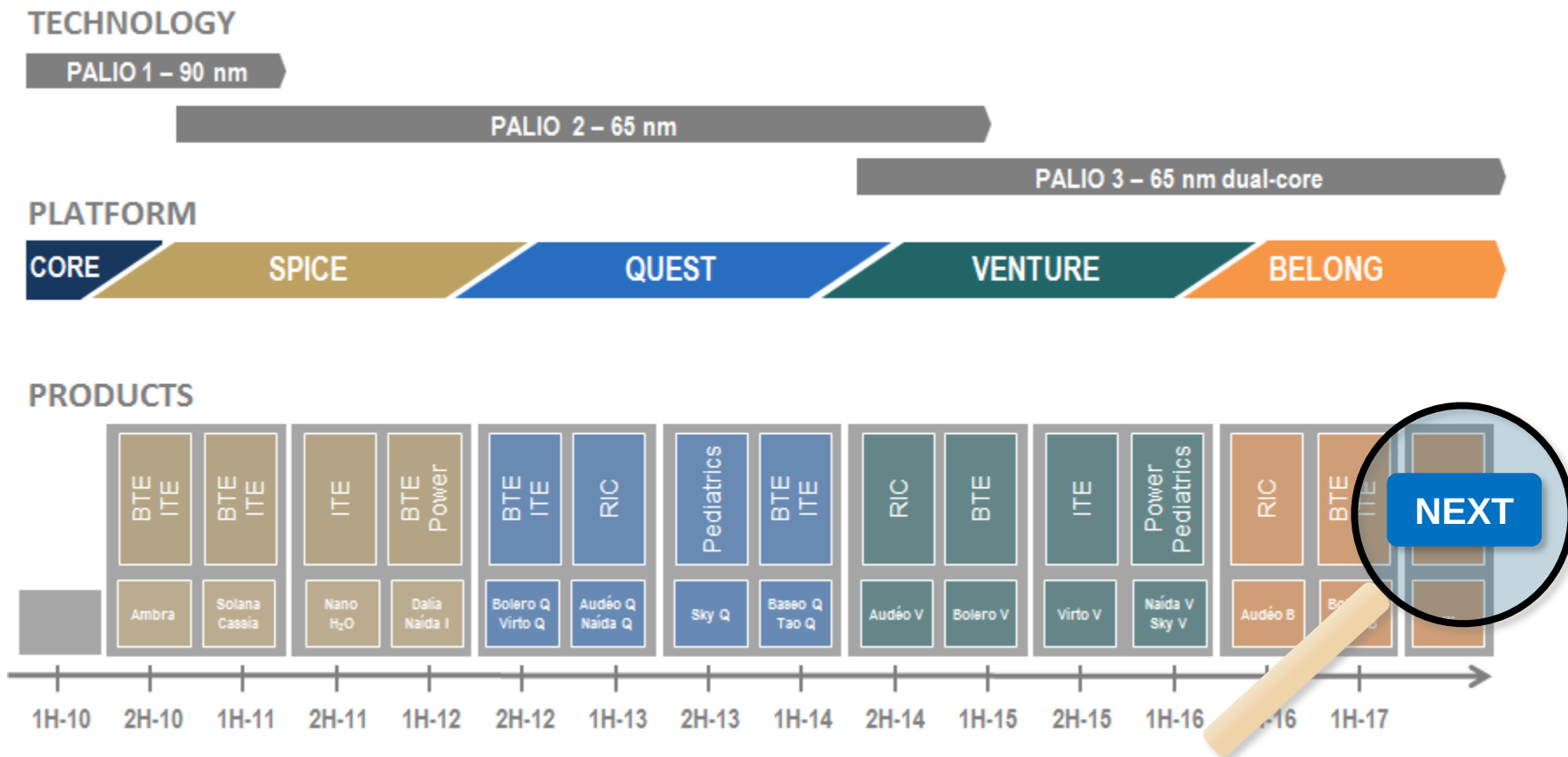
	RIC	BTE	Custom	Power
Premium	sound SHD 9	jam HD 9	jamHD 9	
Advanced	sound SHD 7	jam HD 7	jamHD 7	beat 7
Standard	sound SHD 5	jam HD 5	jamHD 5	
Essential	sound SHD 3	jam HD 3	jamHD 3	beat 3
Basic		flow 2 / flow 1	flow 2	

Launched in February 2017 – RIC and BTE format

HI Business – What is coming next?

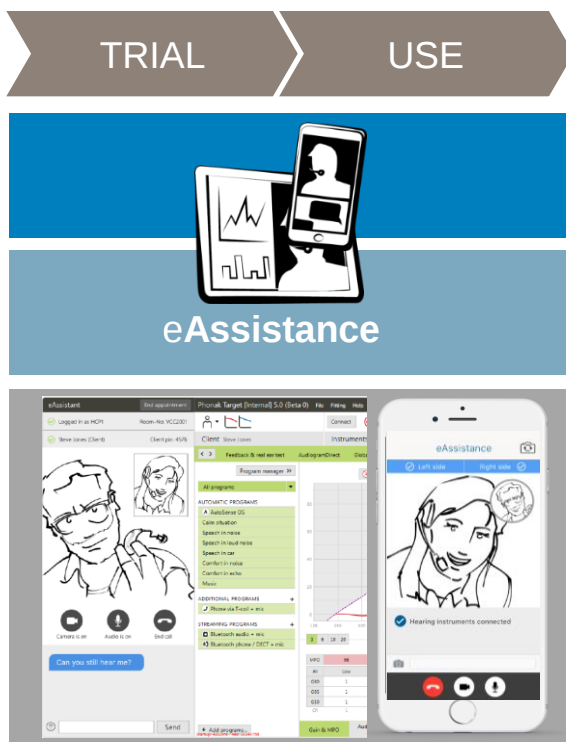
New products

Phonak Belong – Next platform extension – Expanding technology leadership ...



... with new universal 2.4 GHz digital wireless platform!

Example Phonak DS 1.0 – On-line follow-up fit – Connecting consumer and HCP



Key features:

- Distance support solution compatible with all directly connected products
- System including support App, target fitting software, backend services
- Business model provides for:
 - Billing services
 - End user authentication
 - Data collection

Development steps:

- Pilot project with VA in 2017 on track:
→ **New direct BT connected HA in use!**
- Strong interest from large retail
- Broader commercial solution

RET Business

AudioNova – Four post merger integration workstreams

1 Build strong global leadership team

- Retention of key employees
- Determine global leadership of retail business
- Assess key management staff
- Confirm / determine country GM's
- Coordinate with workers councils
- HR: LTI program, leadership culture, systems, processes and policies

3 Corporate integration

- Financial reporting – internal/external: Systems, processes and policies
- Corporate policies
- Tax structuring
- Portfolio sale of ANI businesses in FR and PT

2 Secure operational & value chain integration

- Process harmonization (local, global)
- Product portfolio
- Branding (local, global)
- Supply chain
- Back office shared service centre in Poland
- Country level harmonization and integration
 - DE, BE, NL, DK/SE, IT, HU

4 Define & build Sonova integrated IT system

- Define future IT systems and platforms
- Multi/Omni channel marketing / lead generation
- CRM system (lead management)
- In-store POS system (store management)
- Back office system (accounting, SCM)

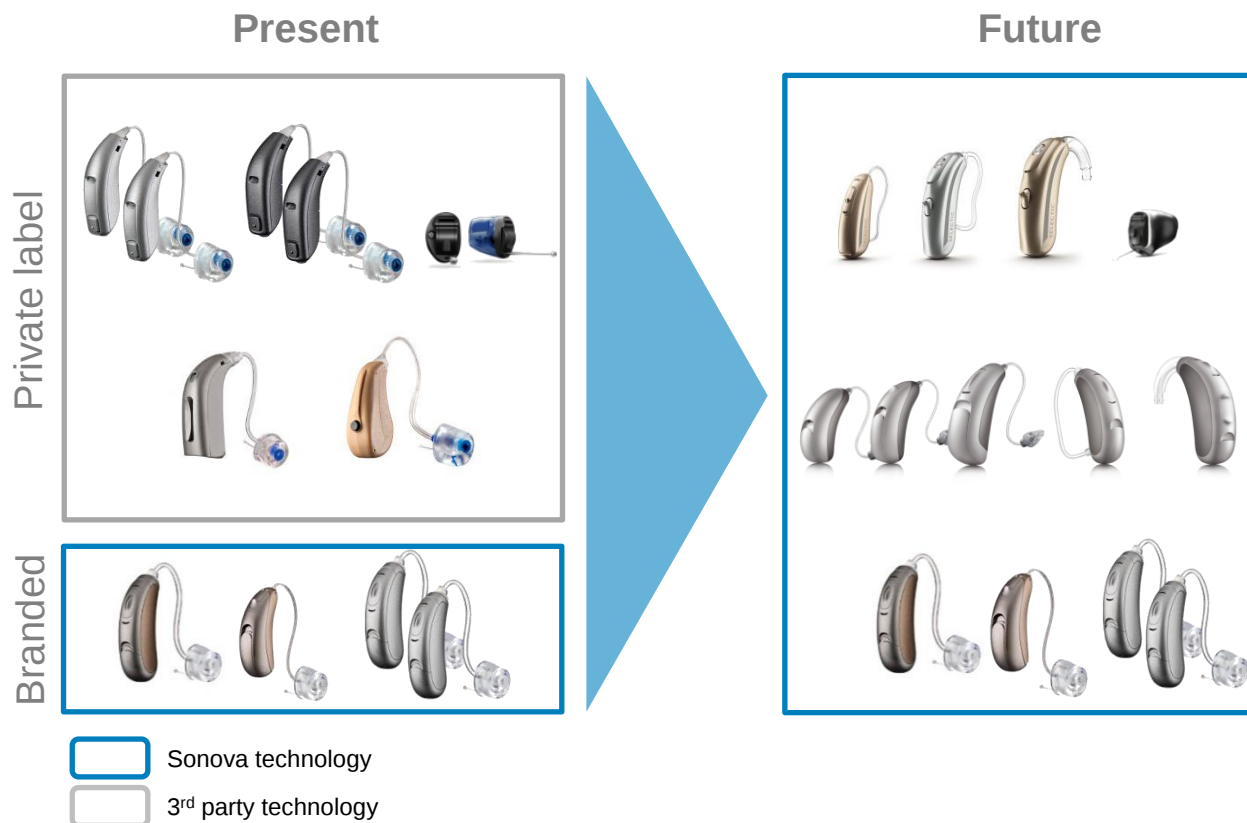
Integration well on track – Strong progress made during last few months

AudioNova – Future product range – Sonova technology


SELECTIC

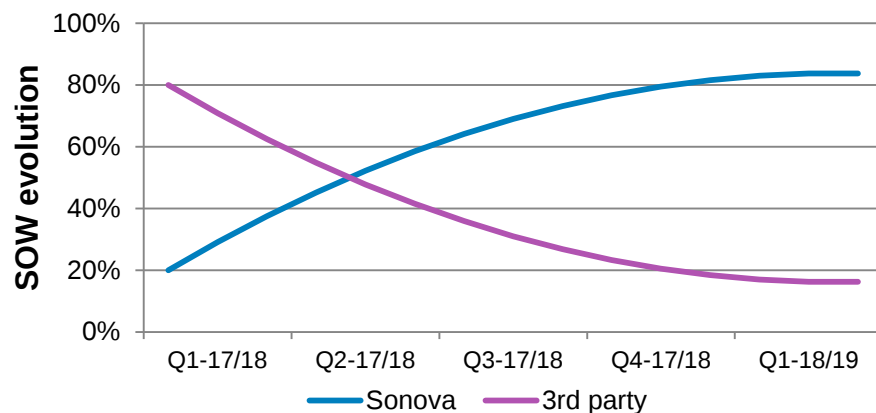
Novasense

unitron™
& 3rd party products



Introduction of additional Sonova technology – Starting from April 2017

AudioNova – Future product range – Rapid transition and expansion of Sonova SOW



- 3rd party legacy supply honored
- Transition to start in Q1 of FY 17/18
- Rapid transition expected

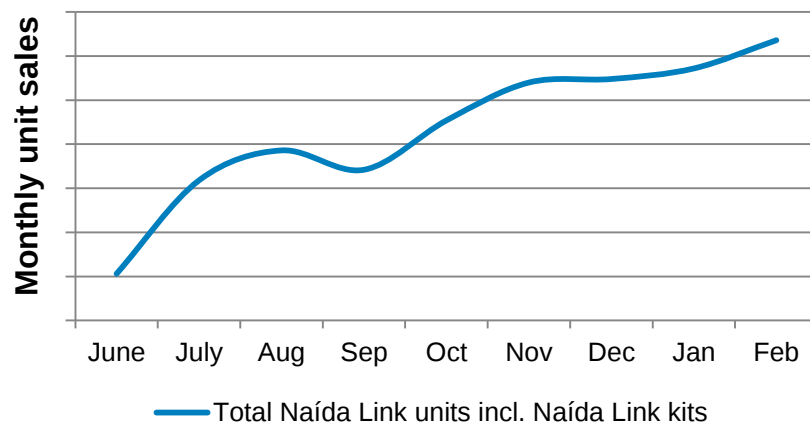
Sonova technology – Targeting a share of wallet of 80-90% by early FY 18/19

AudioNova – Strong line up and positions in key markets

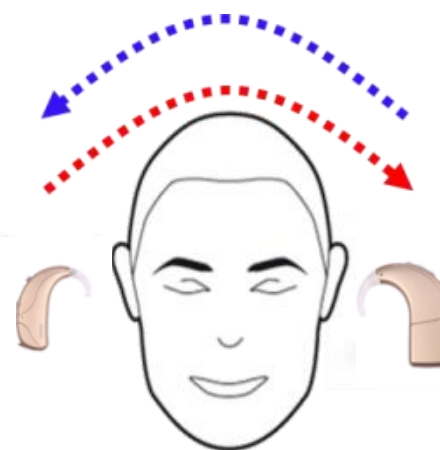
AudioNova (# of stores)	740	500	290	200	200	180	160	130	120	290	130	190	180	0
Amplifon	●	●	●	●	●	●	●		●	●	●	●	●	●
William Demant		●	●	●	●	●	●	●	●	●	●	●	●	●
Sivantos	●	●		●	●					●	●	●		●
GN								●	●	●	●	●		
Widex		●			●	●	●	●		●	●	●	●	
Starkey							●		●	●		●	●	

CI Business

Advanced Bionics Naída™ Link – Bimodal solution



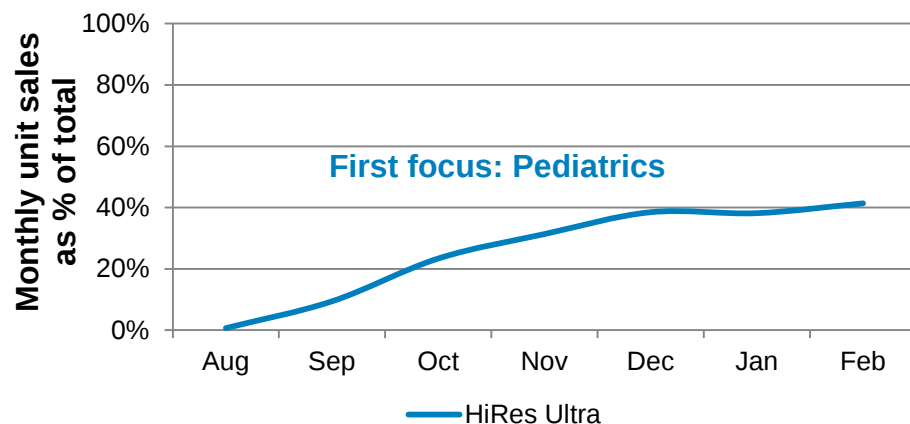
- Strong launch and ramp-up: Confirming great benefits of Nadia Link for bimodal users
- Naída Link CROS device coming



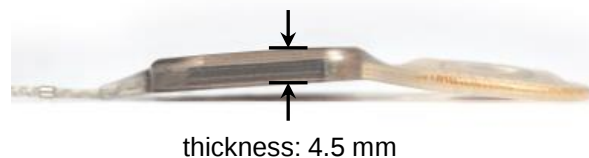
Single CI with
contralateral hearing aid

Strong uptake of Sonova Bimodal solution

Advanced Bionics HiRes™ Ultra – Strong uptake of new implant system sales



- 30% overall size reduction compared to previous generation implant
- Ideal solution for patients of all ages including pediatrics
- Minimal intrusive implantation due to surface mount implant placement indication



Fast adoption of Ultra in the US and Europe – Increased pediatric clinic penetration

AudiologyNOW! Q&A meeting



for investors & analysts

Thursday, April 6, 2017 at 12:30 pm

Please register at ir@sonova.com

Q & A