

News around AAA conference 2018

Stäfa, April 12, 2018, Arnd Kaldowski, CEO



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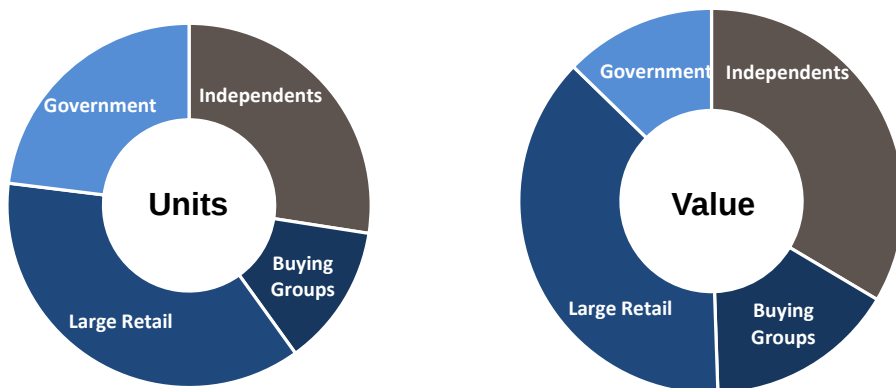
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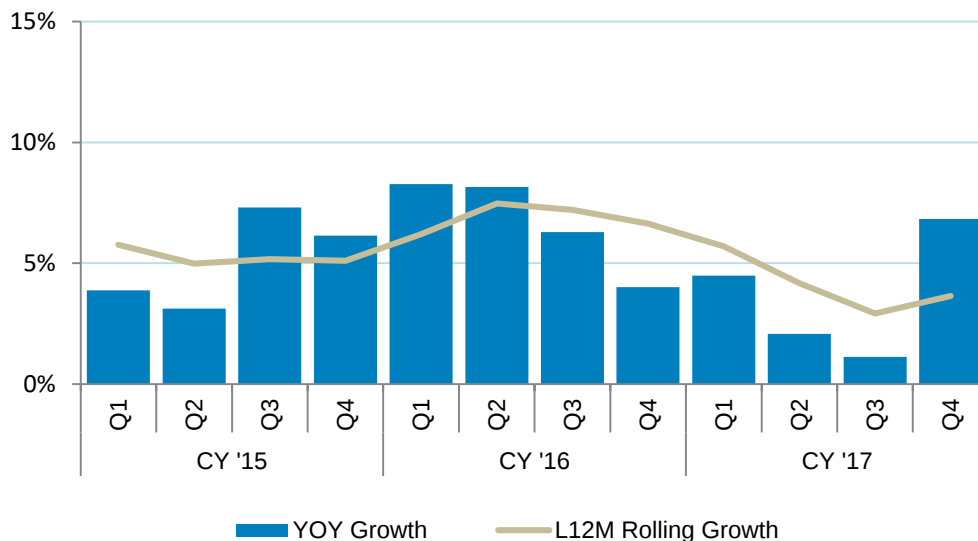
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Market update

Hearing instruments – Global



Unit Growth – Global

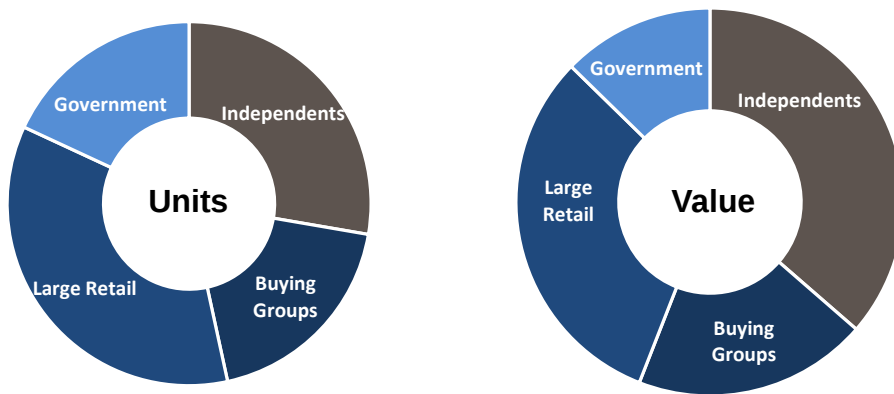


2017 market trends

- CY 2017 unit growth slowing down from CY 2016, but staying within the longer term historic range of +3% to +5%
- Growth driven by key markets: US, UK, Canada and France
- Improved volume in Q4:
 - Double-digit growth in UK public sector
 - Strong unit growth in US driven by end of year sales activities
 - Increasing demand in Germany after previous quarters with negative to flat development

CY 2016 growth rate bolstered by the introduction of two new companies being tracked within North America, which has impacted average growth

Hearing instruments – North America



Unit Growth – North America

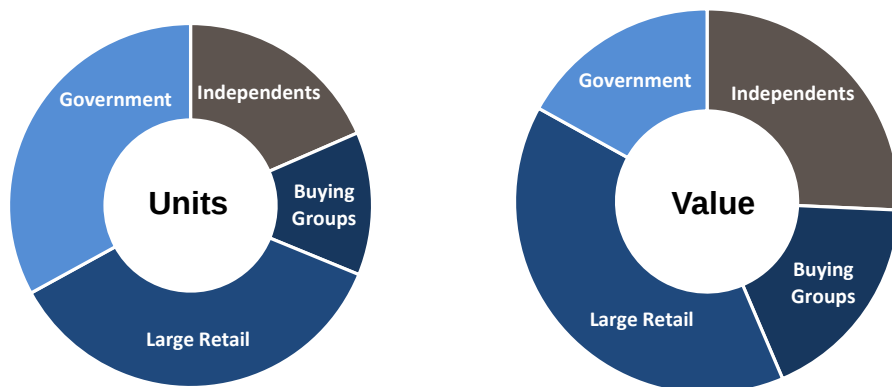


2017 market trends

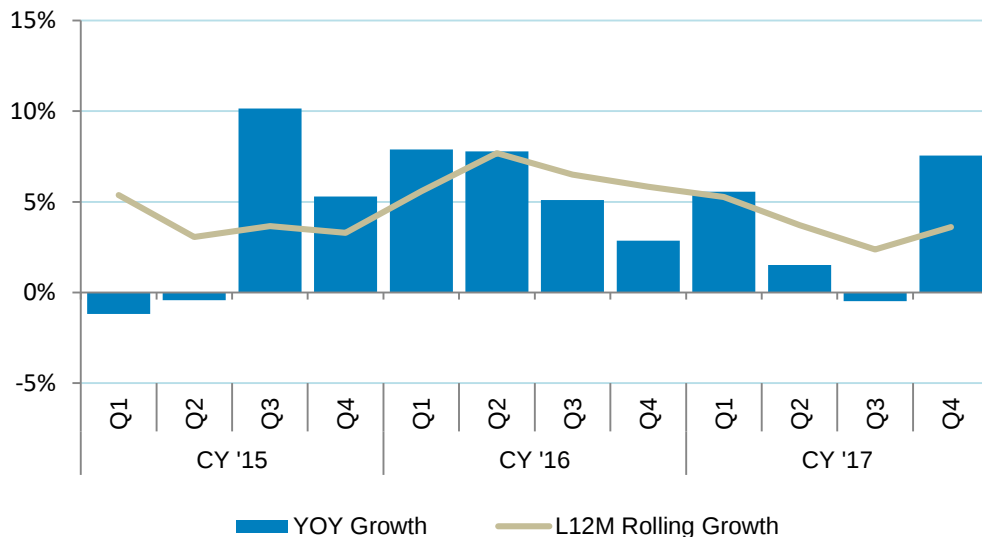
- US and Canada growth driven by private market
- US private market benefitting from increasing coverage by managed care plans, Q4 increase driven by aggressive promotional offers
- Increasing role of new distribution formats and referral networks in the US
- Pronounced retail consolidation trend in Canada driven by manufacturers
- VA operating at capacity, resulting in low single digit growth
- RIC gaining share at the expense of BTE and ITE

US market growth boosted by around 4-5% due to the inclusion of two new companies in HIA in CY 2016. Starting in Q1-2017, YoY growth rates are comparable

Hearing instruments – Europe



Unit Growth – Europe



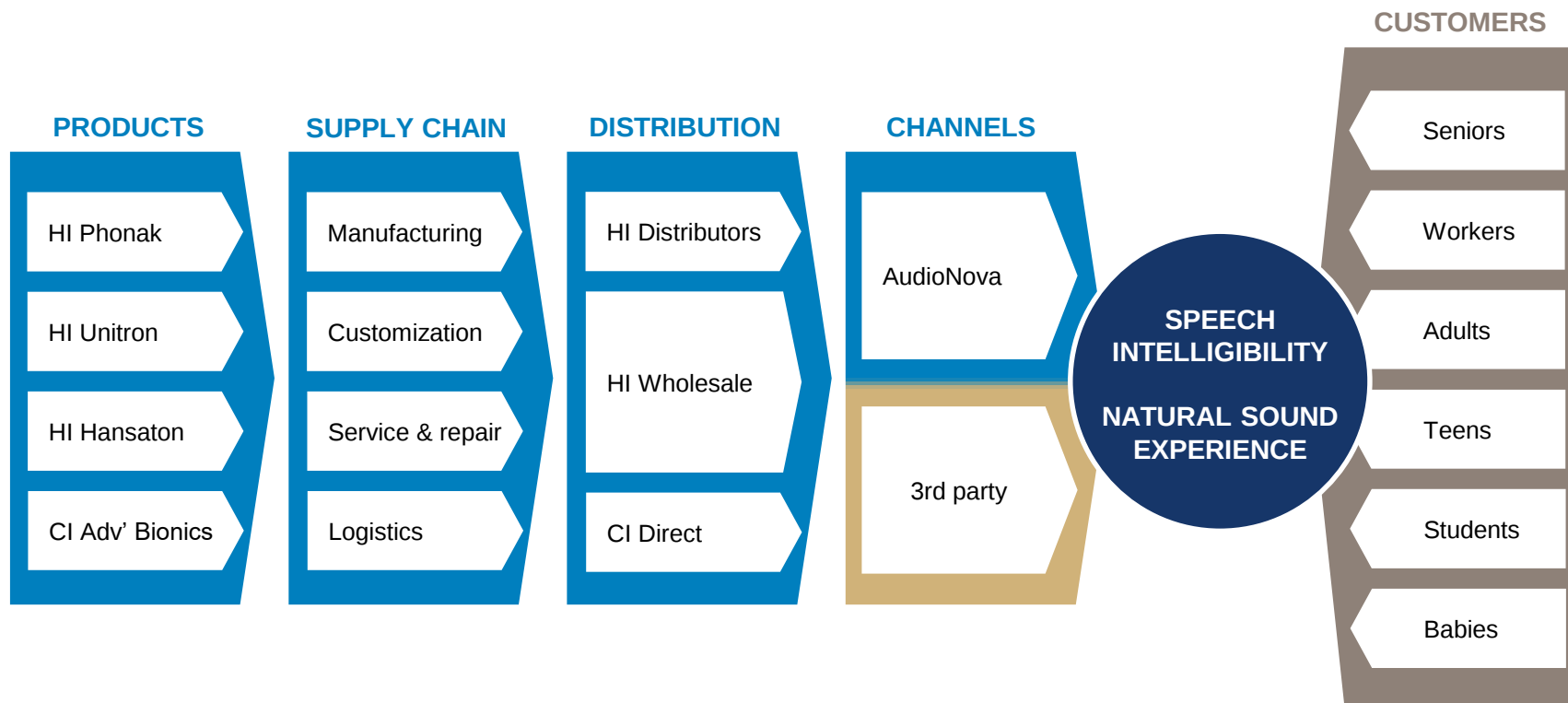
2017 market trends

- Germany: Acceleration of customer demand in Q4 after negative to flat development in previous quarters
- Momentum from new product launches
- France: Steady YoY growth driven by new store openings and increase of first time users
- Risk of slowdown ahead of potential favorable reimbursement change
- UK: Significant volume growth in Q4 driven by public sector (NHS), solid and steady private market growth

Sonova Group

Business Model

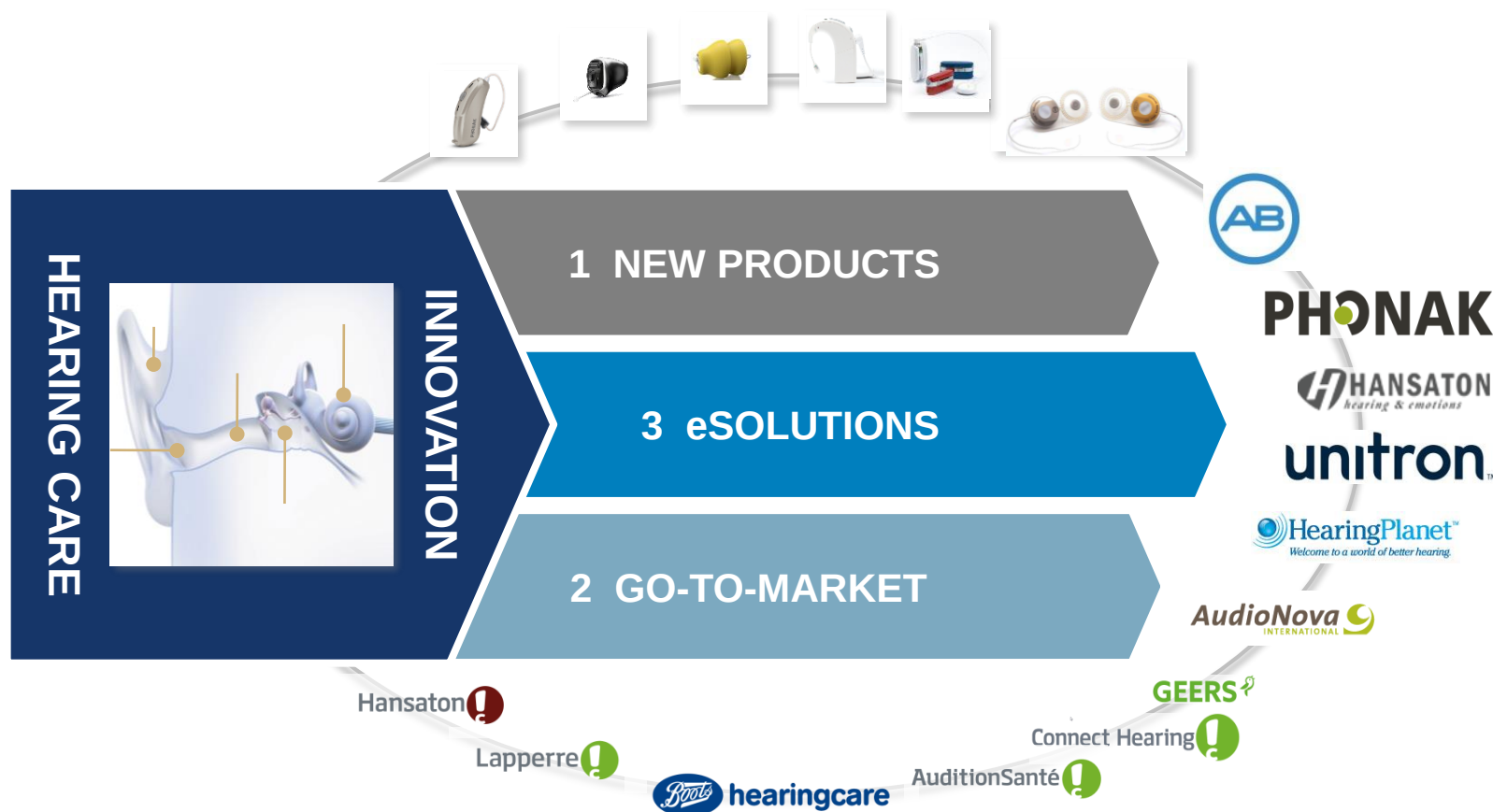
Unique vertically integrated business model – Focused on customer value



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

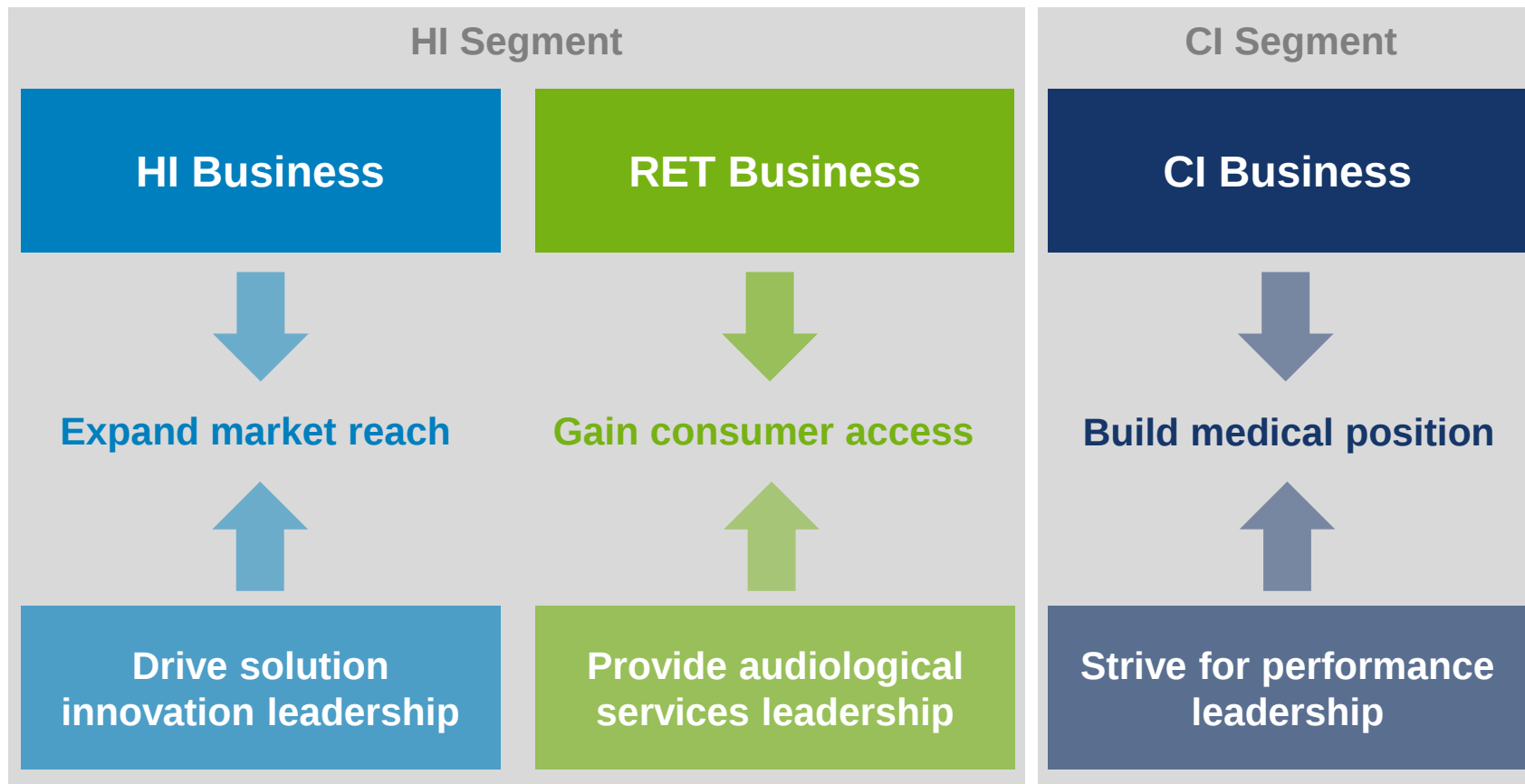
Strategic focus

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



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

Business strategies – Focus on hearing care

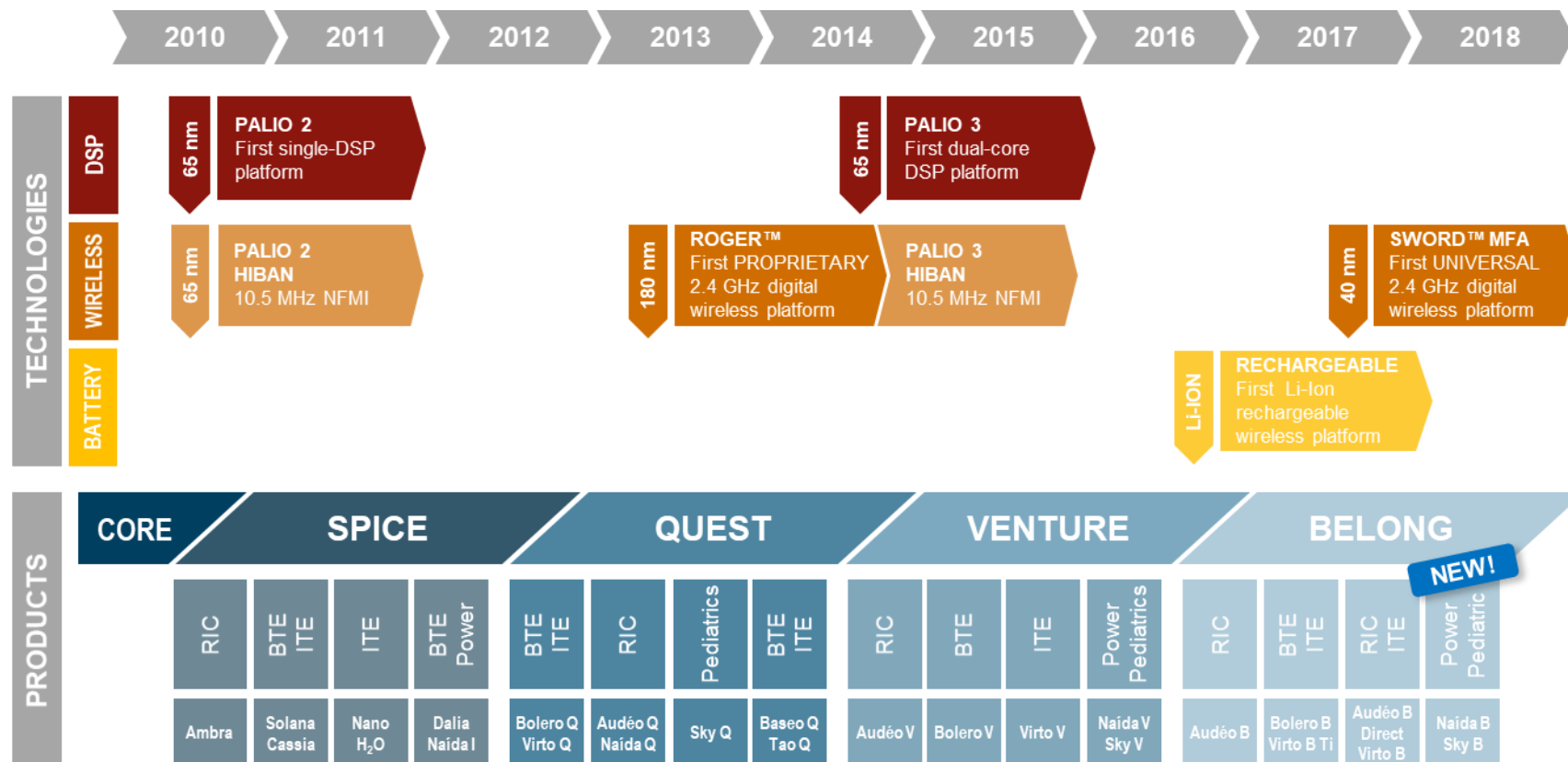


Expand market access & leadership positions to grow sales, earnings & cash flow

PHONAK

New product strategy

Implement consistent platform approach for HI & CI – Example Phonak



Drive strong product pipelines – Gross Sonova R&D spending > CHF150 million



Naída B



Naída V



Naída Q



Naída



Naída S



When dedicated power
hearing technology brings
you closer,
life is on.

Introducing the 5th generation
of the world's most trusted
power hearing aid:

Phonak Naída™ B

Phonak Belong – Naída B and Naída B-R



Globally, more than

57 million

people have severe to profound hearing loss*

They face a unique set of challenges due to

- Loss of auditory resolution
- Loss of high-frequency hearing
- Loss of signal-to-noise ratio

Just more power is not enough!

When dedicated power hearing technology brings you closer, life is on

Phonak Belong – Naída B and Naída B-R – The 5th generation of power hearing aids



- Developed for the broad diversity of **severe to profound** hearing losses
- New dedicated fitting formula **Adaptive Phonak Digital Contrast** for more fitting flexibility
- More audibility of high-frequency sounds with **SoundRecover2***
- **Enhanced performance in noise nearby and over distance** when combined with Roger wireless solutions**
- Phonak Naída B-R: the **most feature-rich rechargeable** model from Phonak

New dedicated fitting formula for severe to profound hearing loss

Phonak Belong – Naída B and Naída B-R – Key features

- 1 Hearing performance**
 - Phonak Belong technology
 - New Adaptive Phonak Digital Contrast
 - SoundRecover2 & Binaural VoiceStream Technology™
 - Across four performance levels and three models

- 2 Ease of use**
 - Built in Lithium-ion battery technology
 - 24 hours* of hearing with one simple charge

- 3 Esthetics and design**
 - Including innovative compact rechargeable system solution
 - Water and dust resistant



The world's most trusted power solution – With enhanced performance and features

Phonak Belong – CROS B-R – The non-surgical approach for single-sided hearing



A CROS system consists of two parts:

- **CROS device**: picks up sounds and voices from the non-hearing ear and **uses Binaural VoiceStream Technology™** to transmit sound/signal wirelessly to the hearing aid
- **Hearing aid**: receives the signal from the non-hearing ear and plays it to the good ear

Our proven CROS solution now available as rechargeable solution



When hearing technology
unlocks a child's full potential,
life is on.

Introducing a comprehensive
portfolio of pediatric
technology:

Phonak Sky™ B

New products

Phonak Belong – Sky B and pediatric solutions

To be ready for school a child needs to



Hear approximately
45 million words
by the age of 4 years.*



Have **20,000 hours of listening** in infancy and early childhood as a basis for reading.**



Greater hearing performance where kids need it the most

Phonak Belong – Sky B and Sky B-R – A comprehensive pediatric portfolio



- Only* **rechargeable** hearing aid designed **for children**
- Outstanding hearing performance with **AutoSense Sky OS, SoundRecover2 and Roger and directional**
- **Water resistant**** and **robust housings** with tamperproof options for little ears
- **Compatible** to **Roger** and the wireless communication portfolio
- More than 1000 **Mix & Match** color combinations

Accessing the brain with better hearing performance

Note: * Sky B-PR: Valid February 2018

**IP68 indicates that the hearing aid is water resistant and dust tight. It survived continuous immersion in 1 meter of water for 60 minutes and 8 hours in a dust chamber as per the IEC60529 standard, no traces of dust were evident within the housing.

Phonak Belong – Sky B and Sky B-R – Key features

- 1 Hearing performance**
 - Phonak Belong technology
 - AutoSense Sky OS and SoundRecover2
 - Across four performance levels and six models
- 2 Ease of use**
 - Built in Lithium-ion battery technology
 - 24 hours* of hearing with one simple charge
 - Indicator lights for clear status notification
- 3 Esthetics and design**
 - Including innovative compact rechargeable system solution
 - Water and dust resistant & robust housing**
 - Tamperproof options providing safety for the youngest
 - Mix & Match colors for personalization



A comprehensive portfolio of pediatric technology

Source: * Expected results when fully charged, with up to 80 minutes wireless streaming time. Please refer to www.phonakpro.com/evidence

**IP68 indicates that the hearing aid is water resistant and dust tight. It survived continuous immersion in 1 meter of water for 60 minutes and 8 hours in a dust chamber as per the IEC60529 standard, no traces of dust were evident within the housing.

When you feel at the heart
of the conversation,
life is on.

Introducing
Roger Select™
and
Roger Table Mic™ II
based on
MultiBeam Technology

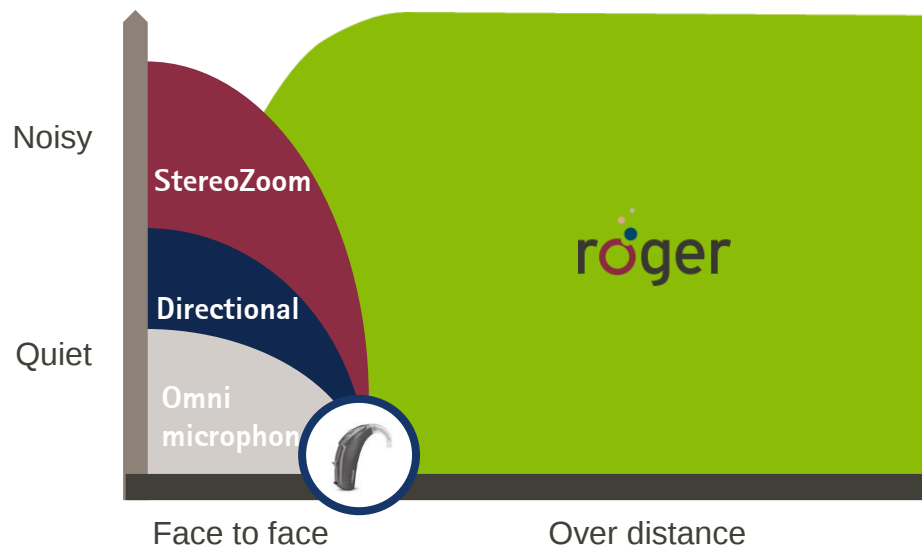
Roger™ Wireless Solutions – Expanded offering



31% of hearing aid wearers report they still have **challenges** in noisy situations.*



There are **situations** where **hearing performance** in noise could be **improved**.**



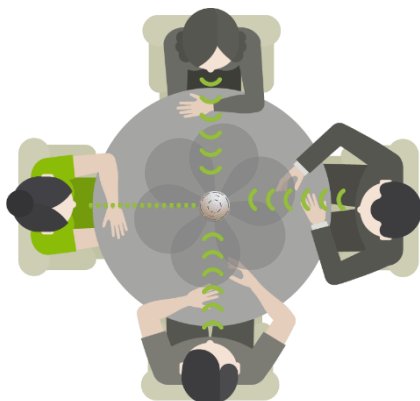
A complete solution for conversations in the near field and over distance

New products

Phonak Roger – Bridging the understanding gap with MultiBeam Technology



Roger Table Mic II



Roger Select

- Roger improves speech understanding up to 61% in group conversations in loud noise* compared to using hearing aids alone.
- Roger at the next performance level with the groundbreaking new MultiBeam Technology.
- By utilizing multiple microphones, beams are created in six directions, covering 360°.

Roger enables the user to communicate, participate & contribute at home & at work

Phonak – Roger Select



- **MultiBeam Technology** for superior performance in noise, like restaurants*
- **Easy to use** with fully automatic directional microphones within **360°**
- **Hassle-free** automatic detection of orientation
- **Single touch** to manually select speaker(s) and the conversation to focus on
- Wideband **Bluetooth®** connectivity for phone calls
- Connectivity to **TV and multimedia**

A versatile microphone providing improved performance* and ease-of-use

Phonak – Roger Table Mic II



- **MultiBeam Technology** for superior performance in noise, like busy meetings*
- **MultiTalker Network** in table mode for full participation in large meetings
- Only two buttons for **ease of use**
- Full day use with **long autonomy**
- Remote control for adjustable **pick-up range** for comfort in all types of listening situations
- Dedicated to **people at work** with all degrees of hearing loss who need to focus on work rather than on hearing

A microphone for work situations providing improved performance* and ease-of-use

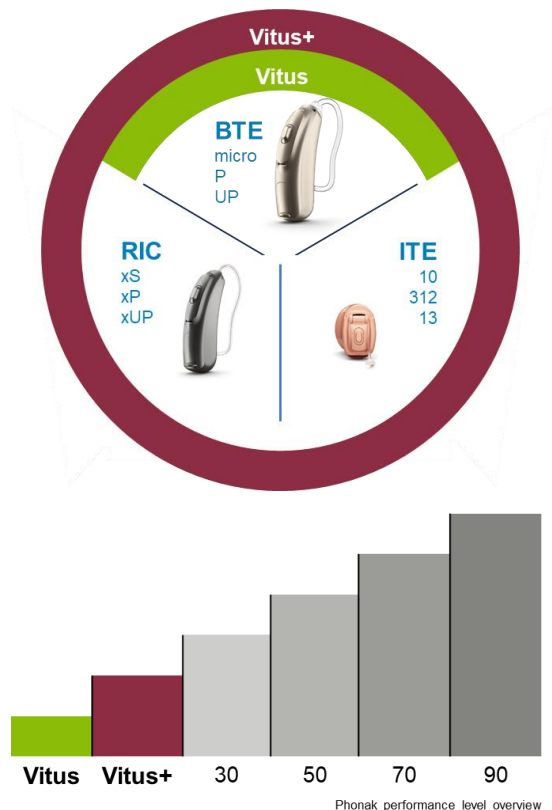


The key to confident
hearing

Introducing
Phonak Vitus™,
a hearing aid for customers
for whom affordability is a
priority

New products

Phonak Vitus – Top value for money



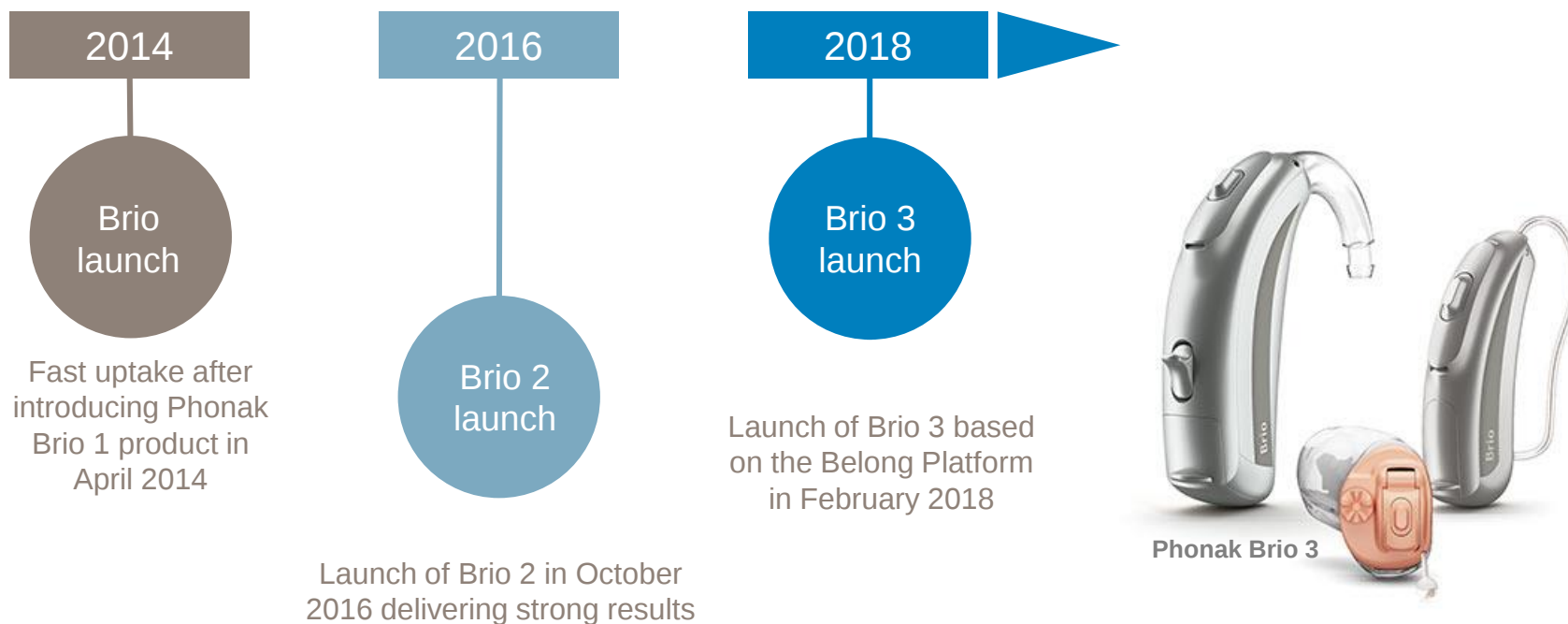
- Proven Phonak technology
- Quality sound and hearing performance
- Durable housings, water* and dust resistant
- Well suited for reimbursement markets (e.g. Kassengeräte in DE)



Covering a broad spectrum of hearing loss

New products

Phonak Brio™ 3 – Successful history with Costco



Strong position in branded HI offering in fastest growing US commercial channel

New products

Phonak Belong – Introducing Naida B, Sky B and Vitus/Vitus+



	RIC	BTE	Custom	Power NEW!	Pediatric NEW!
Premium	Audéo™ B/B-R 90 Audéo™ B90-Direct	Bolero™ B/B-PR 90	Virto™ B90/Titanium	Naida™ B90 Naida™ B90-R RIC	Sky™ B90 Sky™ B90-PR
Advanced	Audéo™ B/B-R 70 Audéo™ B70-Direct	Bolero™ B/B-PR 70	Virto™ B70/Titanium	Naida™ B70 Naida™ B70-R RIC	Sky™ B70 Sky™ B70-PR
Standard	Audéo™ B/B-R 50 Audéo™ B50-Direct	Bolero™ B/B-PR 50	Virto™ B50	Naida™ B50 Naida™ B50-R RIC	Sky™ B50 Sky™ B50-PR
Essential	Audéo™ B30	Bolero™ B30	Virto™ B30	Naida™ B30	Sky™ B30
Basic NEW!	Vitus+	Vitus / Vitus+ Baseo™ Q	Vitus+ Tao™ Q		

Bringing the performance of Belong and rechargeability to the full product range

unitron™

Your best conversations
can now happen on any
mobile phone too

Introducing
Unitron Tempus™
Moxi™ All
MFA hearing aids with
freedom of rechargeability

All conversations.
All mobile phones.
All the freedom
of rechargeable.

Moxi All

New products

Unitron Tempus – Moxi All and Moxi All R



- **SWORD chip** for truly hands-free calls with **all phones***
- Easy-to-use **rechargeable** model
- Enhanced with **FLEX™** taking personalization to the next level
- New **patient insights** with the combination of **Patient Ratings** from the new **Remote Plus app** and **Log It All**
- **AirStream™** technology for the **TV Connector**

Driven by Tempus, including all Unitron high-end binaural features

Unitron Tempus – Moxi All – Key features

- 1 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 platform*
- 2 Ease of use**
 - Seamless connectivity to all phones** – Hands-free
 - AirStream Sonova propriety protocols for audio streaming with the TV Connector
 - Moxi™ All R (RIC) adding rechargeable feature (Silver Zinc technology)
 - Conversations all day on a single overnight charge
 - Traditional zinc-air batteries can alternatively be used any time
- 3 Esthetics and design**
 - Fully integrated rechargeable battery door
 - Available in 12 colors (rechargeable in 6 colors)
 - IP68 dust and dirt proof



Moxi All R



Unitron
Charger Case

Tempus with Moxi All R – Enhancing the Unitron rechargeable family

Note:* Compared to the North platform in recognizing and locating speech

** Smartphones and traditional mobile phones with Bluetooth® 4.2 wireless technology and most older Bluetooth® versions

*** Average 16 hours of use including 2 hours of phone calls and 5 hours of TV

New products

Unitron Tempus – Introducing Moxi All



	RIC NEW!	BTE	Custom	Power
Premium	Moxi™ T Pro All /All R Moxi™ T Pro	Stride™ T Pro M/M R	Insera™ T Pro	
Advanced	Moxi™ T 800/700 All /All R Moxi™ T 800/700	Stride™ T 800/700 M/M R	Insera™ T 800/700	Max™ 20
Standard	Moxi™ T 600 All /All R Moxi™ T 600	Stride™ T 600 M/M R	Insera™ T 600	Max™ 6
Essential	Moxi™ T 500 All /All R Moxi™ T 500	Stride™ T 500 M/M R	Insera™ T 500	Max™ E
Basic		Shine Rev™	Shine Rev™	

Bringing SWORD™ technology with MFA connectivity to Unitron





HearIntelligence™ strategy:
Binaural hearing intelligence
combined with 2.4 GHz
SWORD technology

Because natural hearing
connects

Introducing
sound SHD stream (RIC)

Hansaton – sound SHD stream (RIC)



- **HearIntelligence™ strategy:** Binaural excellence combined with **2.4 GHz** technology (SWORD)
- Connectivity to **any Bluetooth® phone***
- **Hands-free** phone calls with one simple click
- Easily make video calls using the hearing system
- **TV streaming** straight to the hearing system by using the TV Connector
- Highly appealing aesthetics

Combines binaural hearing intelligence with 2.4 GHz SWORD technology

New products

Hansaton – Introducing the sound SHD stream and AQ jam SHD product family



	RIC NEW!	BTE NEW!	Custom	Power
Premium	sound SHD stream 9 AQ sound SHD 9 sound SHD 9	AQ jam SHD 9 jam SHD 9	jam SHD 9	
Advanced	sound SHD stream 7 AQ sound SHD 7 sound SHD 7	AQ jam SHD 7 jam SHD 7	jam SHD 7	beat 7
Standard	sound SHD stream 5 AQ sound SHD 5 sound SHD 5	AQ jam SHD 5 jam SHD 5	jam SHD 5	
Essential	sound SHD stream 3 AQ sound SHD 3 sound SHD 3	AQ jam SHD 3 jam SHD 3	jam SHD 3	beat 3
Basic		flow 2 / flow 1	flow 2	

Combining SWORD and SphereHD technology with rechargeability options

sonova

Sonova rechargeable portfolio

The most complete range of rechargeable solutions in the market



PHONAK



unitron[™]



HANSATON
hearing & emotions

Available under all Sonova brands to make peoples life even more easy

Sonova SWORD portfolio

Broadening the initial offering based on SWORD technology



Audéo B-Direct

PHONAK



Moxi All R*

unitron[™]



sound SHD stream (RIC)

HANSATON
hearing & emotions

MFA connectivity now available across all brands

Sonova US update

The US market is undergoing significant structural changes

Channel	Developments	Sonova response
Independents	– Accelerated market bi-furcation – Increasing impact of referral networks	– Provide differentiated offering – Support specialty categories – Offer value added services
Managed care referral networks	– Insurance companies showing increased interest in hearing coverage	– Leverage own position in managed care referral networks – partnership with large US insurance provider
Own retail	– Significant regional differences in market attractiveness – Sub-critical footprint in certain regions – Relatively high HCP turnover	– Streamline own retail footprint and build local clusters
New formats	– New formats emerging (e.g. big box retail, pharmacies) – OTC	– Evaluate and selectively exploit new channels (e.g. Costco) – Evaluate feasibility of (potentially channel specific) OTC offers

We are actively reshaping our go-to-market strategy to address these trends

Transfer of EPIC to large US insurance provider and long term supply agreement



EPIC

- Close to USD 50 million sales in Hearing Service Plans
- Leading provider of hearing benefits for Managed Care Organizations (MCOs) and other insurance providers
- Referral network with around 5'000 members

Background on the deal

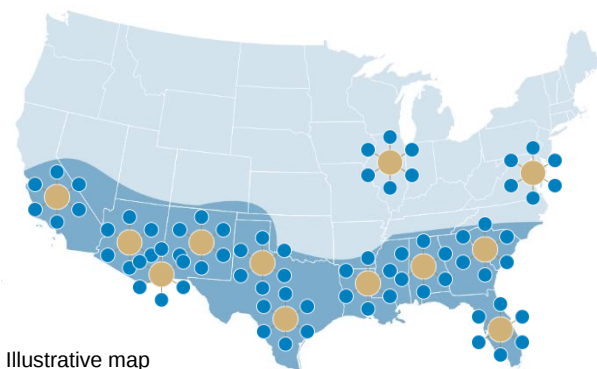
- 100% ownership of EPIC Hearing Service Plan business transferred to large US health insurance provider and large customer of EPIC
- Transaction effective March 30th 2018
- Expanded relationship through long-term supply agreement

Rationale of the deal

- New owner best positioned to propel growth of EPIC by leveraging:
 - Own customer base
 - Partnerships with insurance companies (B2B)
- Sonova poised to benefit from accelerated growth of EPIC
- Buyer to benefit through access to sophisticated product offering and innovations

Sonova in pole position to benefit from managed care growth through new partnership

Streamlining of own US retail network



- **Provide full range** of professional audiological services, including specialties (e.g. pediatrics, S2P, Roger, etc.)
- **Focus geographic footprint** on demographically attractive areas such as the Sun Belt or large metropolitan areas (high share of retirees, high level of disposable income)
- **Roll out hub and spoke business model** with clusters of excellence centers surrounded by smaller satellite offices providing basic services and acting as lead generators for the centers
- **Streamline existing store network** by divesting around 100 centers outside of the geographic focus and lacking critical mass to loyal Sonova customers

Focused geographic strategy – Completion expected by summer 2018

Q&A



Small group meetings at the booth for investors & analysts

Thursday, April 19, 2018 at 1:00-2:00 pm

Registration required

Please contact ir@sonova.com

Thank you

