Summary Report 2018/19

Highlights 2018/19

Sonova Group: Sales up 4.4 % in CHF

Group sales were CHF 2,763.2 million, an increase of 4.4 % in Swiss francs and of 4.1 % in local currencies. Organic growth stood at 4.9 % in local currencies.

Hearing instruments: Sales up 4.2 % in CHF

Sales in the hearing instruments segment reached CHF 2,524.8 million, an increase of 4.2 % in Swiss francs and 3.9 % in local currencies. The adjusted EBITA [1)] increased by 6.5 % in Swiss francs.

Cochlear implants: Sales up 7.0 % in CHF

Sales in the cochlear implants segment reached CHF 238.4 million, up 7.0 % in Swiss francs and 6.3 % in local currencies. This resulted in an EBITA of CHF 19.7million vs. CHF 11.9 million in the prior year.

Adjusted Group EBITA: Up 7.7 % in CHF

The adjusted Group EBITA [1)] reached CHF 594.0 million, up 7.7 % in Swiss francs and 6.7 % in local currencies. As reported, Group EBITA reached CHF 582.5 million, up 9.4 % over the prior year in Swiss Francs.

Earnings per share: Up 11.7 % to CHF 7.11

Sonova achieved a solid increase in adjusted earnings per share [1)], which rose by 11.7 % to CHF 7.11.

Dividend increase of 11.5 % proposed

The Board of Directors proposes to the 2019 Annual General Shareholders' Meeting a dividend of CHF 2.90, representing an adjusted payout ratio [1)] of 41 %.

Sonova Group key figures

in CHF million unless otherwise specified	2018/19	2017/18	Change in Swiss francs	Change in local currencies
Sales	2,763.2	2,645.9	4.4%	4.1%
EBITA[2)]	582.5	532.5	9.4%	8.4%
EPS (CHF)	6.98	6.13	13.9%	
Operating free cash flow	411.8	419.2	(1.8%)	
ROCE[3)]	20.6 %	18.4%		
EBITA (adjusted)[1)]	594.0	551.6	7.7%	6.7%
EBITA margin (adjusted)[1)]	21.5 %	20.8%		
EPS (CHF) (adjusted)[1)]	7.11	6.36	11.7%	

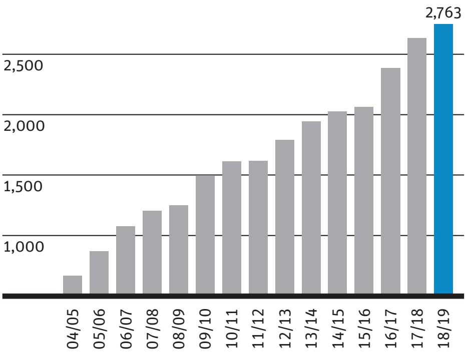
1) Excluding restructuring costs of CHF 11.5 million in 2018/19 to optimize local operations in selected markets and integration costs of CHF 19.2 million in 2017/18 in connection with the acquisition of AudioNova.

2) EBITA: Earnings before financial result, share of profit/(loss) in associates/joint ventures, taxes and acquisition-related amortization.

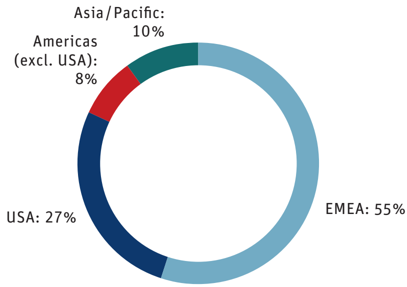
3) ROCE (Return on capital employed): EBIT in % of capital employed (average).

Key figures 2018/19

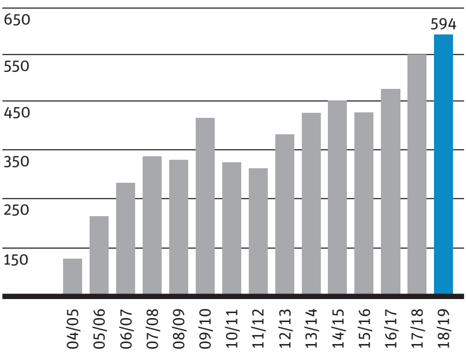
Sales in CHF m



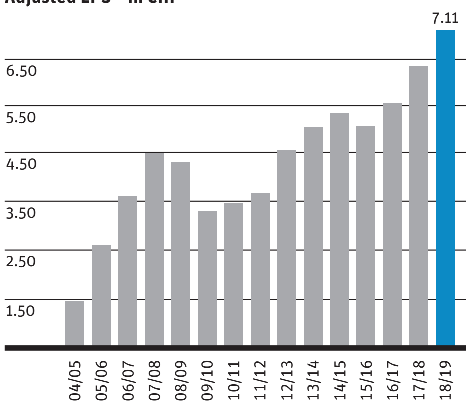
Sales by regions in 2018/19



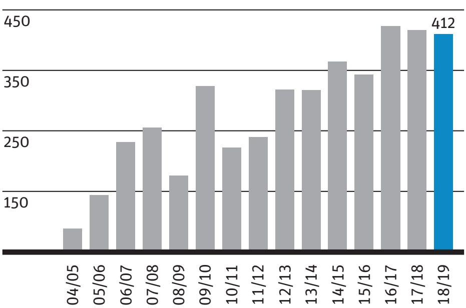
Adjusted EBITA 1) in CHF m



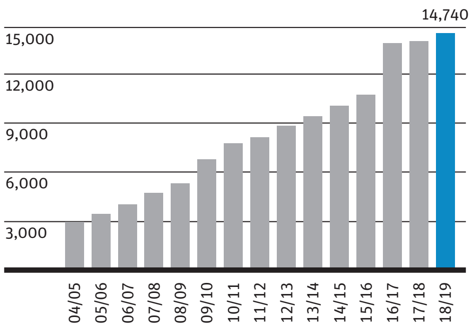
Adjusted EPS 1) in CHF



Operating free cash flow in CHF m



Number of employees



The French model Sophie Vouzelaud was born with profound hearing loss; thanks to being fitted with her Phonak hearing aids since her earliest childhood, she has learned to speak and make her way in the world. “I always had to struggle – but I have proved that I can achieve the same as anybody else.” You can find out more about Sophie Vouzelaud’s story in the online Annual Report.

Letter to shareholders

Dear shareholders,

2018 / 19 marked another year of solid financial performance, posting further record levels of sales and profits to which all three businesses contributed. Moreover – and as expected – growth accelerated from the first half-year to the second, driven by the launch of a number of innovative products and solutions.

Sonova affirmed its leading position in audiological performance with the release of the Marvel™ technology platform. Marvel takes full advantage of the unique connectivity enabled by our SWORD™ (Sonova Wireless One Radio Digital) chip and combines it with the proven convenience of our rechargeable solutions.

We also made significant progress in our retail business, which we have renamed "audiological care" for one simple reason: care is what we deliver. The expert service provided by our hearing care professionals adds key value for the consumer.

Our cochlear implants business launched a series of innovative new products to strengthen its leading position in this expanding market.

The global market in which we operate is poised for further growth, as developed countries see increasing demand from the "baby boomer" generation and developing countries begin to bridge the gap in hearing care provision. Our vertically integrated business model – covering every step from R & D, through manufacturing, all the way to the consumer – gives us the breadth and depth to thrive in this fast-evolving global environment. Our growth strategy emphasizes innovation and audiological performance, expansion of our differentiated audiological care network, and investment in high-growth developing markets. At the same time, we sustain profitability growth by extending our multi-channel distribution partnerships, and driving continuous structural and operational improvements.

As in previous years, we would also like to give you some specific examples of how we are implementing our strategy locally in one of our key markets: The feature story in this year's online Annual Report describes our business in France.

Success combines clear strategy with effective execution, and both depend on employee engagement. We already have a strong tradition of innovation and consumer awareness, and we are building on this to foster a company culture where growth mindedness, commercial execution, collaboration, and personal initiative are key. This year we conducted our first global employee survey, HearMe; around 90 % of employees participated, providing valuable information about ways we can boost collaboration across the Group. The first resulting initiatives have already been implemented, aiming to release untapped potential, identify key drivers of employee engagement, encourage effective leadership at all levels, and thus stimulate professional growth and business success.

The launch of Phonak's Audéo™ Marvel has brought a hearing aid to the French market that sets new standards for rechargeable solutions and direct connectivity. “I would never have imagined that a hearing aid could also be genuinely cool. Who else can make a call and leave their smartphone in their pocket?” says fashion journalist Barbara Markert, who has been wearing Marvel hearing aids for the past few months.

Hearing instruments segment

The hearing instruments segment saw a further rise in sales of 3.9 % in local currencies; the increase was driven by organic growth, while the net impact of acquisitions and divestments made at the beginning of the year slightly reduced growth. Both the hearing instruments and audiological care businesses contributed to sales growth.

A key highlight in the hearing instruments business was the launch of the Phonak Marvel product platform, which helped to accelerate sales growth in the second half-year. Marvel delivers exceptional sound quality from the first fit [1] – hence our slogan, "Love at first sound" – while improving speech understanding in the most difficult listening situations. It benefits from new connectivity solutions, further exploiting the capabilities of our SWORD chip: Consumers can make hands-free phone calls, stream music from electronic devices, and benefit from a wide range of life-enhancing apps. Combined with our proven rechargeable technology, the new platform is a true multifunctional marvel. The market reaction is very positive, reflecting the step-change that Marvel represents in the lives of consumers.

The audiological care business also contributed strongly to positive results this year. The highly-trained hearing care professionals in our international network deliver advanced audiological services and form an integral part of Sonova's strategy to expand direct consumer access. We have now completed the integration of AudioNova and created a strong platform for future growth.

We successfully addressed the challenges we faced in individual markets such as the US and Netherlands. In the US, we streamlined and reconfigured our store network with a bigger focus on the Sun Belt, where our highest consumer concentration is found. In the Netherlands, we optimized our store network while simultaneously introducing a new flagship store concept. This year's same-store sales growth in both markets confirmed the success of these initiatives. We have also made good use of our strongest brand by introducing Phonak Marvel throughout our own global network and supporting the launch with dedicated marketing campaigns, including television advertising.

Cochlear implants segment

Our cochlear implants segment generated another year of solid growth, with sales up 6.3 % in local currencies. Much of this rise was from new system sales, which is a reliable indicator of the competitiveness of our product range. We also made significant progress in profitability.

Advanced Bionics further expanded its range of implants this year with the launch of its HiRes™ Ultra 3D cochlear implant, which features an innovative magnet design that al-

[1] Jansen, S., & Woodward, J. (2018). Love at first sound: the new Phonak precalculation. Phonak Insight, retrieved from www.phonakpro.com / evidence, accessed October 16th, 2018.

lows cochlear implant recipients to undergo MRI scans without the need to surgically remove the magnet. This gives our recipients peace of mind and ensures that they can enjoy uninterrupted hearing if they need to go through this medical procedure.

In March 2019, Advanced Bionics introduced cochlear implant recipients to the universal direct connectivity made possible by Sonova's SWORD chip, once again highlighting the synergies between our businesses. We have further expanded our global partnerships with hearing care professionals (including those in our own audiological care business) and cochlear implant clinics to identify potential candidates for an implant solution among current hearing aid users and to manage their transition from hearing aids to the new experience of an implant.

Total shareholder return strategy

In October 2018, Sonova initiated a new share buyback program of up to CHF 1.5 billion, which will run for up to 36 months. The shares are repurchased for purposes of cancellation. In the event of an attractive larger acquisition opportunity, the program can be suspended or amended. In addition, the Board of Directors proposes a dividend of CHF 2.90 per share, an increase of 11.5 % and representing an adjusted payout ratio of 41 %. Our total shareholder return strategy, consisting of significant dividends and a steady share buyback program, is based on our confidence in Sonova's future cash generating capacity.

Corporate responsibility

Creating sustainable value for all our stakeholders and doing business responsibly are permanent elements of Sonova's corporate strategy. Our innovation and broad range of solutions create value for consumers and enable us to offer a path to better hearing for people around the world; this is why we continue to invest significantly in R & D. Of equal importance to us is that we continuously invest in the development of our employees and partners.

These efforts, along with our continuing pledge to apply eco-efficient practices across all our activities, have once again been recognized through our inclusion in the Dow Jones Sustainability and FTSE4Good Global indices for 2018. Our first-time selection to the Bloomberg Gender-Equality Index shows that our commitment to equality and a comprehensive diversity and inclusion strategy is bearing fruit.

The Hear the World Foundation, a key pillar of Sonova's social engagement, has supported people with hearing loss, especially disadvantaged children in developing countries, for more than twelve years. This year the foundation provided funding, hearing aid technology, and expertise for 23 projects, including in Peru assessing the hearing of over 20,000 children, fitting hearing aids, and training 50 speech therapy students to become audiology technicians.

Little Léa Corbin has been wearing bilateral cochlear implants made by Sonova brand Advanced Bionics since she was a baby. “Léa is extraordinary. She’s an excellent example of how a young person can develop when all the parameters mesh together perfectly,” says Adrian Travo, Clinical Engineering Manager at Advanced Bionics in France. That Léa has learned to speak so well is all down to the work her parents have put in – and to her Advanced Bionics cochlear implant system.

You can find more information about our activities and performance in the online Corporate Responsibility Report, which is part of the Sonova Annual Report.

Changes to the Management Board and Board of Directors

In November 2018, the Board announced the appointment of Victoria E. Carr-Brendel, effective April 1, 2019, as Group Vice President Cochlear Implants and President of Advanced Bionics, taking over from Hansjürg Emch. Having spent her entire career in healthcare, she has a background as an innovation and growth leader, bringing with her marketing, development, clinical, and strategic business experience in the medical device sector. The Board also announced that Ludger Althoff will be succeeding Hans Mehl as GVP Operations and member of the Sonova Management Board, effective April 1, 2019. He adds a wealth of experience in manufacturing of medical technology and life science products, global sourcing, and logistics, and is a highly experienced continuous improvement expert.

We are very pleased to welcome both new Management Board members, who will be important contributors to our team on our journey to further expand our business in a fast-moving global environment. We also want to sincerely thank Hansjürg Emch and Hans Mehl for the key roles they have played in past years.

Anssi Vanjoki, non-executive member of the Board of Directors, will not stand for re-election at the Annual General Shareholders' Meeting in June 2019. We warmly thank Anssi Vanjoki for his many years of most valuable contributions to the growth and strategic development of the Sonova Group.

Our thanks

Operating at the forefront of innovation and giving consumers ever better hearing experience requires not just the commitment to excel – it demands the desire to improve continually, year-on-year. Sonova employees show that desire: their enthusiasm for pushing the limits of hearing care is the source of our success. The collaboration we enjoy with researchers and hearing care professionals helps to ensure that our innovation is centered on the consumer's most critical needs. And the people who benefit from our solutions remain our inspiration and motivation, every working day. All this is enabled by the firm support of our shareholders, which allows us to make continued significant advances. We sincerely thank you all.

Outlook 2019 / 20

The global hearing care market offers both general and specific opportunities for continued growth. Our strategy is tuned to capture these benefits while delivering further advances in commercial excellence and operational efficiency. We therefore expect to increase consolidated sales in 2019 / 20 by 6 – 8 % in local currencies, while further expanding profitability.

Robert Spoerry
Chairman of the Board of Directors

Arnd Kaldowski
CEO

Financial review

Sales driven by organic growth – Momentum accelerating

In the 2018 / 19 financial year Sonova Group sales reached CHF 2,763.2 million, an increase of 4.4 % in Swiss francs. In local currencies, sales increased by 4.1 %, representing an organic growth of 4.9 %, while the net impact of acquisitions and divestments reduced growth by 0.8 %. Disposals consisted of the sale of the US hearing service plan business as well as the streamlining of the US store network. Exchange rate fluctuations had a small positive impact, and contributed 0.3 % to the reported growth in Swiss francs.

Sales driven by strong performance in the EMEA region

Europe, Middle East and Africa (EMEA), the Group's largest region, achieved a strong increase in sales of 8.3 % in local currencies. This was driven by the successful introduction of Phonak Marvel in November 2018, generating double-digit growth in the hearing instruments business since the launch. The audiological care business in the region grew by mid-single digits and benefited from strengthened operational execution. Sales in the cochlear implants business were mainly driven by strong upgrade sales.

As a result of previously announced divestments, sales in the United States declined by 3.7 % in local currency but were up 2.3 % excluding these divestitures. In the hearing instruments business, the successful introduction of Phonak Marvel to independent customers and a next generation Phonak Brio product at Costco drove strong growth. The streamlining and strategic repositioning of the audiological care store network was completed mid-year. Following the launch of the HiRes™ Ultra 3D implant, growth in the cochlear implants business accelerated. The rest of the Americas (excluding the US) posted a 2.7 % sales increase in local currencies.

Sales in the Asia / Pacific (APAC) region rose by 5.4 % in local currencies, with both the hearing instruments and the audiological care business growing in the high single digits. Sales in the cochlear implants business grew in the high teens excluding the impact of lower deliveries under central government tenders in China.

Solid margin development

Reported gross profit reached CHF 1,966.2 million. This included restructuring costs of CHF 8.8 million for the streamlining of operations in the UK, Germany, and Canada. Adjusted for these costs, gross profit reached CHF 1,975.1 million, an increase of 5.7 % in Swiss Francs and 5.3 % in local currencies. The adjusted gross profit margin was 71.5 %, up from 70.6 % in the prior year.

Excluding acquisition-related amortization, operating expenses were CHF 1,383.7 million (2017 / 18: CHF 1,335.7 million). These included restructuring costs of CHF 2.6 million (2017 / 18: AudioNova integration costs of CHF 19.2 million). In the following, we refer to the operating expenses adjusted for these items. Adjusted operating expenses before acquisition-related amortization rose by 4.9 % in Swiss francs or by 4.7 % in local currencies to CHF 1,381.1 million, reflecting the sales growth and continued investment in research and development, sales, and marketing.

Adjusted research and development (R & D) expenses before acquisition-related amortization were CHF 147.8 million, an increase of 3.2 % in local currencies, underpinning Sonova's continued commitment to innovation. Technology developments in the field of eSolutions, wireless connectivity, rechargeability, and audiological performance again represented an important share of R & D efforts. R & D spending as a percentage of sales was stable at 5.4 %.

Adjusted sales and marketing costs before acquisition-related amortization were up 4.2 % in local currencies to CHF 969.1 million. The increase reflects continued investment in expanding the audiological care store footprint and expansion of the sales force in the hearing instruments and cochlear implants businesses.

Adjusted general and administrative costs increased by 6.0 % in local currencies to CHF 268.6 million, representing 9.7 % of sales, up from 9.5 % in the prior year. The increase includes patent litigation cost in the cochlear implants business and investment in a new integrated IT platform for our audiological care business; together, these account for more than half of the increase. Other income for the current period was CHF 4.4 million, down from CHF 7.2 million in the prior year.

Adjusted operating profit before acquisition-related amortization (EBITA) was CHF 594.0 million (2017 / 18: CHF 551.6 million), an increase of 7.7 % in Swiss francs or 6.7 % in local currencies. The adjusted EBITA margin rose to 21.5 % (2017 / 18: 20.8 %). The reported EBITA increased by 9.4 % in Swiss francs or 8.4 % in local currencies to CHF 582.5 million, corresponding to a margin of 21.1 %. Reported operating profit (EBIT) reached CHF 536.2 million (2017 / 18: CHF 483.0 million), up by 11.0 % in Swiss francs.

Double-digit increase in earnings per share

Reflecting the growth in EBIT, basic earnings per share (EPS) reached CHF 6.98 (2017 / 18: CHF 6.13), a significant increase of 13.9 % from the prior year. The adjusted EPS increased 11.7 % to CHF 7.11.

Hearing instruments segment – New products and improved execution driving growth

Sales in the hearing instruments segment grew by 4.2 % in Swiss francs and 3.9 % in local currencies to CHF 2,524.8 million. Organic growth was 4.8 %, while the contribution from acquisitions in the reporting period and the full-year effect of prior year acquisitions was 1.0 %. Growth was reduced by 1.8 % through the previously mentioned disposals. Exchange rate fluctuations contributed 0.3 % to growth in Swiss francs.

After a more moderate start to the year, the hearing instruments business, which includes sales to independent audiologists, retail chains, multinational and government customers, but excludes our own audiological care business, had an excellent last four months of the year following the launch of the Phonak Marvel platform in November 2018. Sales reached CHF 1,474.7 million, an increase of 2.0 % in local currencies. Organic growth was 4.5 %, in part offset by the disposal of the US hearing service plan business, reducing sales by 2.5 %. Both Europe and Asia / Pacific achieved high single digit growth rates. The performance in the United States was held back by the upcoming product transition in the government channel (VA).

The audiological care business increased sales by 6.7 % in local currencies to CHF 1,050.1 million; the increase was driven by organic growth of 5.2 % along with bolt-on acquisitions, and partially offset by the disposal of a number of stores in the US. Many of the key markets, including Germany, New Zealand, Canada, and Italy, achieved above market growth rates. The streamlining and strategic repositioning of the business in the US and the Netherlands were successfully completed and the growth momentum in both countries accelerated significantly on a same store basis. France exhibited a slow-down in the second half of the year as a result of a reimbursement change in 2019 and the general economic environment. The roll-out is underway of a new integrated IT platform enabling better lead generation, consumer database management and store front and back office processes.

Reported EBITA for the hearing instruments segment amounted to CHF 563.1 million, up 7.1 % in local currencies. The adjusted EBITA increased by 5.4 % in local currencies to CHF 574.6 million, corresponding to an EBITA margin of 22.8 % (2017 / 18: 22.3 %). The segment achieved strong margin expansion through the sale of the low margin US hearing service plan business, tight cost controls, and a positive product and business mix.

Cochlear implants segment – Growth driven by new product introductions

The cochlear implants segment achieved sales of CHF 238.4 million, up 7.0 % in Swiss francs and 6.3 % in local currencies. The business achieved double-digit growth adjusted for the decreased level of sales under government tenders. Systems sales grew in high single digits, supported by the successful launch of the HiRes Ultra 3D implant. Upgrade revenue growth was moderate at 2.4 % against a challenging prior year comparison, particularly in the US, but accelerated in the second half. The segment also benefited from an improved position in the private market in China resulting from the roll-out of the Naída CI processor.

Improved pricing, driven by a better business mix and new product introductions, as well as by structural and productivity improvements, led to a step-up in profitability. The effects of increased litigation costs and a provision release for product liabilities broadly offset each other. EBITA for the year was CHF 19.7 million versus CHF 11.9 million in the prior year, resulting in a margin of 8.2 % (2017 / 18: 5.3 %).

Stable cash flow

Cash flow from operating activities was CHF 533.2 million, compared to CHF 523.4 million in the prior year. Net investments in tangible and intangible assets increased to CHF 117.3 million from CHF 95.5 million in the prior year. This resulted in an operating free cash flow of CHF 411.8 million, down by 1.8 %. Cash consideration for acquisitions net of disposals amounted to CHF 64.9 million, compared to 59.2 million in the prior year. In summary, this resulted in a free cash flow of CHF 346.9 million, compared to CHF 360.0 million in the prior year.

Balance sheet remains strong

Reported net working capital was CHF 163.0 million, compared to CHF 190.5 million at the end of the prior year. The implementation of IFRS 15 reduced both the capital employed and the company's equity position by CHF 127.2 million. Capital employed was CHF 2,630.0 million, a slight reduction from CHF 2,702.9 million in the prior year. The Group's equity position amounted to CHF 2,376.1 million, down from CHF 2,474.9 million in the previous year, partly as a result of the share buyback program, resulting in a solid equity ratio of 55.4 %. The net debt position stood at CHF 253.9 million, compared to CHF 228.0 million at the end of the prior year. The return on capital employed (ROCE) increased to 20.6 % from 18.4 % in the prior year. Excluding impact of the implementation of IFRS 15, the ROCE increased to 19.6 %.

Consolidated financial statements

Consolidated income statements

CHF million	2018 / 19	2017 / 18[1]
Sales	**2,763.2**	**2,645.9**
Cost of sales	(797.0)	(777.7)
Gross profit	**1,966.2**	**1,868.2**
Research and development[2]	(149.4)	(144.0)
Sales and marketing[2]	(1,015.7)	(982.8)
General and administration	(269.3)	(265.5)
Other income / (expenses), net	4.4	7.2
Operating profit (EBIT)[3]	**536.2**	**483.0**
Financial income	3.4	2.1
Financial expenses	(12.1)	(9.4)
Share of profit / (loss) in associates / joint ventures, net	2.1	3.2
Income before taxes	**529.6**	**478.9**
Income taxes	(69.4)	(71.5)
Income after taxes	**460.2**	**407.4**
Attributable to:		
Equity holders of the parent	454.1	400.1
Non-controlling interests	6.1	7.3
Basic earnings per share (CHF)	6.98	6.13
Diluted earnings per share (CHF)	6.95	6.11

1) The disclosure of the 2017 / 18 figures was adjusted to include acquisition-related amortization in the functions "Research and development" and "Sales and marketing". For details refer to Note 2.1 to the consolidated financial statement in the annual report.
2) Includes acquisition-related amortization of CHF 1.0 million (2017 / 18: 1.1 million) in "Research and development" and CHF 45.4 million (2017 / 18: 48.3 million) in "Sales and marketing". EBITA (Earnings before financial result, share of profit / (loss) in associates / joint ventures, taxes and acquisition-related amortization) amounts to CHF 582.5 million (2017 / 18: CHF 532.5 million).
3) Earnings before financial result, share of profit / (loss) in associates / joint ventures and taxes (EBIT).

Consolidated statements of comprehensive income

CHF million	2018/19	2017/18
Income after taxes	**460.2**	**407.4**
Other comprehensive income		
Actuarial (loss)/gain from defined benefit plans, net	(16.9)	15.0
Tax effect on actuarial result from defined benefit plans, net	2.3	(2.1)
Total items not to be reclassified to income statement in subsequent periods	**(14.6)**	**12.9**
Currency translation differences	(58.0)	93.2
Tax effect on currency translation items	1.3	(0.4)
Total items to be reclassified to income statement in subsequent periods	**(56.7)**	**92.8**
Other comprehensive income, net of tax	**(71.3)**	**105.7**
Total comprehensive income	**388.9**	**513.1**
Attributable to:		
Equity holders of the parent	383.6	504.0
Non-controlling interests	5.3	9.1

Consolidated balance sheets

Assets CHF million	**31.3.2019**	**31.3.2018**
Cash and cash equivalents	374.8	552.1
Other current financial assets	11.0	4.4
Trade receivables	520.6	449.5
Inventories	282.1	264.5
Other current operating assets and income tax receivables	123.5	97.3
Total current assets	**1,311.9**	**1,367.8**
Property, plant and equipment	324.9	315.5
Intangible assets	2,463.2	2,466.4
Investments in associates / joint ventures	12.8	13.7
Other non-current financial assets	29.0	23.9
Other non-current operating assets	6.5	
Deferred tax assets	144.2	114.6
Total non-current assets	**2,980.6**	**2,934.1**
Total assets	**4,292.5**	**4,302.0**

Liabilities and equity CHF million	**31.3.2019**	**31.3.2018**
Current financial liabilities	256.4	161.6
Trade payables	102.8	89.2
Current income tax liabilities	139.2	141.8
Short-term contract liabilities	106.5	
Other short-term operating liabilities	296.0	275.7
Short-term provisions	129.2	117.9
Total current liabilities	**1,030.1**	**786.3**
Non-current financial liabilities	372.6	619.1
Long-term provisions	122.9	166.5
Long-term contract liabilities	226.1	
Other long-term operating liabilities	26.0	113.9
Deferred tax liabilities	138.6	141.3
Total non-current liabilities	**886.3**	**1,040.8**
Total liabilities	**1,916.3**	**1,827.1**
Equity attributable to equity holders of the parent	**2,353.8**	**2,451.7**
Non-controlling interests	22.3	23.2
Equity	**2,376.1**	**2,474.9**
Total liabilities and equity	**4,292.5**	**4,302.0**

Consolidated cash flow statements

CHF million	2018 / 19	2017 / 18
Income before taxes	**529.6**	**478.9**
Depreciation and amortization of tangible and intangible assets	127.6	134.8
Loss on sale of tangible and intangible assets, net	0.4	0.5
Share of gain in associates / joint ventures, net	(2.1)	(3.2)
Decrease in long-term provisions and long-term contract liabilities	(16.3)	(29.0)
Financial (income) / expense, net	8.7	7.2
Share based payments	19.3	18.3
Other non-cash items	(19.4)	3.0
Income taxes paid	(64.4)	(46.8)
Cash flow before changes in net working capital	**583.5**	**563.7**
Increase in trade receivables	(84.5)	(31.2)
(Increase) / decrease in other receivables and prepaid expenses	(20.7)	10.4
(Increase) / decrease in inventories	(15.2)	2.2
Increase / (decrease) in trade payables	12.2	(8.3)
Increase / (decrease) in other payables, accruals, short-term provisions and short-term contract liabilities	57.9	(13.4)
Cash flow from operating activities	**533.2**	**523.4**
Purchase of tangible and intangible assets	(117.9)	(96.3)
Cash consideration for acquisitions, net of cash acquired	(66.4)	(82.5)
Cash consideration from divestments, net of cash divested	1.5	23.3
Other, net	(3.5)	(7.9)
Cash flow from investing activities	**(186.3)**	**(163.4)**
Repayment of borrowings	(150.6)	(0.1)
Share buyback program	(157.8)	
Sale of treasury shares	27.9	24.2
Purchase of treasury shares	(64.7)	(50.5)
Dividends paid by Sonova Holding AG	(169.8)	(150.3)
Other, net	(7.2)	(9.5)
Cash flow from financing activities	**(522.1)**	**(186.2)**
Exchange (losses) / gains on cash and cash equivalents	(2.2)	3.9
(Decrease) / increase in cash and cash equivalents	**(177.4)**	**177.6**
Cash and cash equivalents at the beginning of the financial year	552.1	374.5
Cash and cash equivalents at the end of the financial year	**374.8**	**552.1**

Consolidated changes in equity

CHF million

	Attributable to equity holders of Sonova Holding AG					
	Share capital	Retained earnings and other reserves	Translation adjustment	Treasury shares	Non-controlling interests	Total equity
Balance April 1, 2017	**3.3**	**2,419.2**	**(301.9)**	**(12.1)**[1]	**22.9**	**2,131.3**
Total comprehensive income		413.0	91.0		9.1	513.1
Capital decrease – share buyback program		(11.8)		11.8		
Share-based payments		4.5		11.3		15.8
Sale of treasury shares		(14.8)		39.0		24.2
Purchase of treasury shares				(50.5)		(50.5)
Dividend paid		(150.3)			(8.8)	(159.0)
Balance March 31, 2018	**3.3**	**2,659.9**	**(210.9)**	**(0.5)**	**23.2**	**2,474.9**

Balance April 1, 2018	**3.3**	**2,659.9**	**(210.9)**	**(0.5)**	**23.2**	**2,474.9**
Effect on initial application of IFRS 15 and IFRS 9		(132.9)			(0.1)	(133.1)
Total comprehensive income		439.5	(56.0)		5.3	388.9
Share-based payments		4.9		13.9		18.8
Sale of treasury shares		(17.3)		45.2		27.9
Purchase of treasury shares				(225.5)		(225.5)
Dividend paid		(169.8)			(6.1)	(175.8)
Balance March 31, 2019	**3.3**	**2,784.3**	**(266.8)**	**(166.9)**	**22.3**	**2,376.1**

[1] Includes derivative financial instruments on treasury shares.

Financial statements of Sonova Holding AG

Income statements

CHF million	2018 / 19	2017 / 18
Income		
Investment income	287.3	276.1
License income		6.5
Financial income	20.0	27.9
Total income	**307.2**	**310.5**
Expenses		
Administration expenses	(9.9)	(8.3)
Other expenses	(0.8)	(1.0)
Financial expenses	(34.3)	(19.3)
Direct taxes	0.2	(0.9)
Total expenses	**(44.8)**	**(29.5)**
Net profit for the year	**262.4**	**281.1**

Balance sheets

Assets CHF million	31.3.2019	31.3.2018
Cash and cash equivalents	12.4	34.4
Other receivables, third parties	0.0	2.8
Other receivables, group companies	3.8	6.4
Prepaid expenses	0.1	0.0
Total current assets	**16.3**	**43.6**
Loans, third parties	0.5	0.8
Loans, group companies	2,153.3	2,310.2
Investments	322.6	324.3
Total non-current assets	**2,476.4**	**2,635.3**
Total assets	**2,492.7**	**2,678.9**

Liabilities and shareholders' equity CHF million	**31.3.2019**	**31.3.2018**
Trade account payables, third parties	0.1	0.1
Short-term interest-bearing liabilities, group companies	46.2	17.6
Bond	250.0	150.0
Other short-term liabilities, third parties	8.9	0.2
Accrued liabilities	5.9	5.5
Total short-term liabilities	**311.1**	**173.4**
Bonds	360.0	610.0
Total long-term liabilities	**360.0**	**610.0**
Total liabilities	**671.1**	**783.4**
Share capital	3.3	3.3
Legal reserves	20.4	20.4
Balance carried forward	1,702.5	1,591.2
Net profit for the year	262.4	281.1
Treasury shares	(166.9)	(0.5)
Total shareholders' equity	**1,821.7**	**1,895.4**
Total liabilities and shareholders' equity	**2,492.7**	**2,678.9**

Appropriation of available earnings

As proposed by the Board of Directors to the Annual General Shareholders' Meeting of June 13, 2019:

CHF million	**31.3.2019**
Balance carried forward from previous year	**1,702.5**
Net profit for the year	262.4
Statutory retained earnings	**1,964.9**
Dividend distribution[1)]	(186.7)
Balance to be carried forward	**1,778.2**

1) If the Annual Shareholders' Meeting approves the proposed appropriation of available earnings, a gross dividend of CHF 2.90 per registered share of CHF 0.05 will be paid out (previous year CHF 2.60).

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Financial calendar

June 13, 2019
General Shareholders' Meeting of
Sonova Holding AG at
Messe Zurich, Halle 7, Zurich-Oerlikon

November 19, 2019
Publication of Semi-Annual Report
as of September 30, 2019
Media and Analyst Conference Call

May 19, 2020
Publication of Annual Report
as of March 31, 2020
Media and Analyst Conference

June 11, 2020
General Shareholders' Meeting of
Sonova Holding AG
Messe Zurich, Halle 7, Zurich-Oerlikon

Financial information

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Information on the General Shareholders' Meeting

Invitation and agenda
General Shareholders' Meeting presentations
General Shareholders' Meeting minutes
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