Full Year 2019/20

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Stäfa, May 19, 2020

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A year of good progress

- Sonova performed well **above expectations** until mid-March
- Broad-based **market share gains** driven by sustained momentum of Phonak Marvel
- Momentum supported by increased investments into the **sales coverage and commercial execution**
- **Margin expansion** on the back of strong top-line growth, structural improvements and G&A cost management
- March sales and profitability strongly **affected by COVID-19 pandemic** and CI field corrective action
- **Decisive measures taken** to address the challenges related to the COVID-19 pandemic
- Global uncertainty prevents accurate guidance at this point but attractive **market fundamentals remain intact**

1 Sonova Group

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Key highlights FY 2019/20

Sales	Sales YTD Feb	EPS (adj.)
+8.7% in LC	**> +10%**	**+11.6% in LC**
CHF 2,916.9 million	growth in LC	CHF 7.39 per share

EBITA (adj.)	EBITA margin (adj.) YTD Feb	Cash & undrawn facilities
+10.4% in LC	**> +150bps**	**> CHF 1 billion**
CHF 620.8 million	in LC	from strong 2019/20 cash flow and additional sources secured in April

Note: adj. refers to FY 2019/20 figures adjusted for one-time costs and returns for credit related to the voluntary field corrective action in the CI segment of CHF 47.8 million, restructuring costs in the HI segment of CHF 18.6 million (FY 2018/19: CHF 11.5 million) and one-time positive transition impacts of the Swiss tax reform of CHF 64.1 million; see slide 10 for details

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Summary FY 2019/20

Group	– Sales (reported) of CHF 2,916.9 million up +8.7% in LC (organic +8.1%), +5.6% in CHF – EBITA (adj.) of CHF 620.8 million – up +10.4% in LC, +4.5% in CHF – EBITA margin (adj.) of 21.2%, up +30bps in LC or up +90bps excl. allowance for bad debt from COVID-19
Hearing Instruments	– Sales up +9.6% in LC (organic +8.5%), +6.4% in CHF – Hearing Instruments business sales up +11.8% in LC growth – driven by ongoing success of Phonak Marvel – Audiological Care business delivering +6.5% in LC growth – affected by store closures from COVID-19
Cochlear Implants	– Sales (adj.) up +3.4% in LC, +1.4% in CHF – Strong growth in upgrade revenue – driven especially by US and DE – Good momentum in system sales prior to impact of voluntary field corrective action and COVID-19
EPS, Cash Flow, Balance sheet	– EPS (adj.) up +11.6% in LC to CHF 7.39 (incl. allowance for bad debt) – Strong operating free cash flow – driven by working capital improvements incl. strong collection through March – Solid cash position of CHF 450.2 million further supported by bond issued in April of CHF 330 million

Note: adj. refers to figures adjusted for restructuring costs as well as one-time costs and returns for credit related to the CI voluntary field corrective action and one-time positive transition impacts of the Swiss tax reform

► Strong sales momentum and margin progression partially offset by FX and impact from COVID-19

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FY 2019/20 sales and EBITA growth in LC

	Guidance Mid-point Feb 2020	YTD Feb 20	Negative impact of Mar 20 on FY results		FY 2019/20
			Sales decline	COVID-19 AR allowance	
Sales	+10%	**> +10%**	> 130bps	-	**+ 8.7%**
EBITA (adj.)	+15.5%	**> +15%**	> 200bps	>300bps	**+10.4%**
EBITA margin (adj.)	+110bps	**> +150bps**	>60bps	>60bps	**+30bps**

Sales

- Strong **double-digit LC growth** YTD Feb
- Driven by sustained momentum of Phonak Marvel
- Benefiting from increased investments into the sales coverage and commercial execution
- March sales strongly affected by COVID-19 pandemic
- CI business affected by voluntary field corrective action and deferral of non-essential surgeries due to COVID-19

EBITA

- Significant **margin expansion** YTD Feb
- Margin expansion driven by HI segment on the back of strong top-line growth, structural improvements and G&A cost management
- March decline in adj. EBITA driven by lower sales and increase in allowance for bad debt from COVID-19 of CHF 20.3 million
- CI business affected by lower sales as a result of voluntary field corrective action and deferral of non-essential surgeries

► Strong DD growth in sales and EBITA YTD Feb – well on track to reach updated guidance before COVID-19

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Major developments and initiatives

HI segment

HI business

- Sustained momentum of Phonak Marvel – 2 million units sold 16 months after launch
- US supported by significant market share gains in the VA and new private label contract
- Increased adoption of connectivity apps with the launch of the updated myPhonak app
- Restrictions of movement related to COVID-19 resulting in strong negative impact in the final weeks

AC business

- DD same-store growth across several key markets, including UK, FR, AT and Nordics
- Further pursued omnichannel strategy – Leveraging Blamey Saunders and Audilo acquisitions
- Leveraging established store brand awareness, completing single local champion brand by country
- Store closures and reduced opening hours related to COVID-19 in final weeks impacting growth

CI segment

CI business

- DD system sales growth YTD Jan – offset by impact of voluntary field corrective action
- Strong momentum in upgrade sales, supported by Launch of Naída™ CI Connect and Chorus™
- Start commercialization of AIM™ system to support surgical procedure in real-time
- Negative impact from deferral of non-essential surgeries due to COVID-19 and voluntary field action

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- Go-to-market investments and commercial excellence initiatives in all three businesses bearing fruit in 2H 2019/20
- Significant negative impact in March 2020 from COVID-19 pandemic

Note: LSD: low single-digit; MSD: mid-single-digit; HSD: high single-digit; DD: double-digit, HT: high-teens

► Significant progress achieved – Strong performance partly offset by CI field corrective action and COVID-19

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Key financials – As reported and adjusted

	FY 2018/19		FY 2019/20			
	CHF m	Margin	CHF m	Margin	Δ % in CHF	Δ % in LC
Sales (reported)	2,763.2		2,916.9		+5.6%	+8.7%
Sales (adj.)	2,763.2		2,928.0		+6.0%	+9.1%
Gross profit (adj.)	1,975.1	71.5%	2,106.9	72.0%	+6.7%	+10.4%
OPEX (adj.)	1,381.1		1,486.2		+7.6%	+10.4%
EBITA (adj.)	594.0	21.5%	620.8	21.2%	+4.5%	+10.4%
Adjustments	11.5		66.4			
EBITA (reported)	582.5	21.1%	554.3	19.0%	-4.8%	+1.0%
EPS (adj. in CHF)	7.11		7.39		+4.0%	+11.6%
EPS (reported in CHF)	6.98		7.61		+9.0%	+16.7%
Operating free cash flow (reported)	411.8		638.5		+55.1%	
ROCE (reported)	20.6%		18.2%	(20.1% pre IFRS 16)		

Note: adj. refers to FY 2019/20 figures adjusted for returns for credit of CHF 11.1 million and one-time costs of CHF 36.7 million related to the voluntary field corrective action in the CI segment, restructuring costs in the HI segment of CHF 18.6 million (FY 2018/19: CHF 11.5 million) and one-time positive transition impacts of the Swiss tax reform of CHF 64.1 million; see slide 10 for details

► Good performance in light of headwinds from FX and COVID-19 pandemic

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Overview of adjustments

in CHF million	FY 2019/20 Reported	Adjustments: 1 HI segment	Adjustments: 2 CI segment	Adjustments: 3 Other	Adjustments: Total	FY 2019/20 Adjusted
Sales	**2,916.9**	**-**	**11.1**	**-**	**11.1**	**2,928.0**
Cost of sales	-833.3	1.5	10.8	-	12.2	-821.1
Gross profit	**2,083.6**	**1.5**	**21.8**	**-**	**23.3**	**2,106.9**
Research & Development	*-166.1*	*0.9*	*2.0*	-	*2.9*	*-163.2*
Sales & Marketing	*-1,030.8*	*6.9*	-	-	*6.9*	*-1,023.8*
General & Administration	*-309.0*	*9.4*	*0.4*	-	*9.8*	*-299.3*
Other income/(expenses)	*-23.4*	-	*23.6*	-	*23.6*	*0.1*
Total OPEX	-1,529.3	17.2	26.0	-	43.1	-1,486.2
EBITA	**554.3**	**18.6**	**47.8**	**-**	**66.4**	**620.8**
EPS (in CHF)	**7.61**	**0.22**	**0.57**	**-1.01**	**-0.22**	**7.39**

1 **HI segment:** adjustments refer to restructuring costs related to further improving the operating structure (largely in 1H 2019/20)

2 **CI segment:** adjustments refer to one-time costs and returns for credit related to the voluntary field corrective action (2H 2019/20)

3 **Other:** adjustments refer to one-time positive transition impacts from the Swiss tax reform (CHF 64.1 million)

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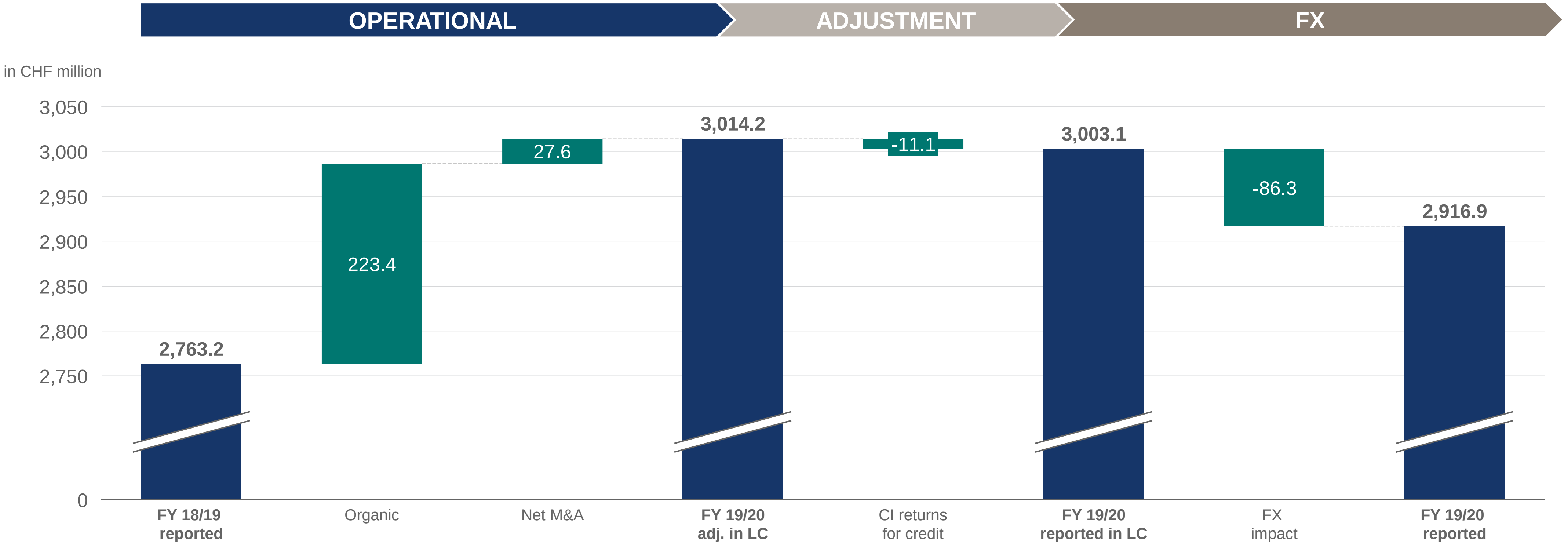
Sales components



Growth components	+8.1%	+1.0%	**+9.1%**	-0.4%	**+8.7%**	-3.1%	**+5.6%**

► Solid organic sales growth despite headwind from COVID-19 in March – Significant FX headwind

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Reported sales by regions and key markets – Half-year view

	1H 2019/20		2H 2019/20		FY 2019/20	
	CHF m	Δ % in LC	CHF m	Δ % in LC	CHF m	Δ % in LC
EMEA	738.5	+9.7%	805.9	+2.5%	1,544.4	+5.8%
USA	431.1	+20.3%	446.5	+16.0%	877.6	+18.0%
Americas (excl. USA)	110.9	+0.5%	110.0	-1.1%	220.9	-0.3%
Asia / Pacific	145.8	+11.5%	128.2	+1.9%	274.0	+6.7%
Total Sonova	**1,426.3**	**+12.0%**	**1,490.6**	**+5.8%**	**2,916.9**	**+8.7%**

EMEA	– HI business: Solid growth driven by strong performance in FR, AT, Nordics and developing markets – AC business: DD growth in the UK, Nordics and FR – CI business: Strong upgrade sales – system sales held back by voluntary field corrective action
US	– HI business: Significant market share gains across all sales channels driven by Phonak Marvel – AC business: HSD organic growth after successful store network streamlining prior to COVID-19 impact – CI business: Momentum in system sales halted by voluntary field corrective action – strong upgrade sales
OTHER	– HI business: DD growth in APAC driven by AU and CN, Americas held back by CA and ceased distribution contract in BR – AC business: Strong DD growth (incl. bolt-ons) in BR, APAC held back by AU – CI business: Strong DD growth in APAC led by CN prior to COVID-19 impact

► Sales driven by DD growth and market share gains in the US across all channels in the HI business

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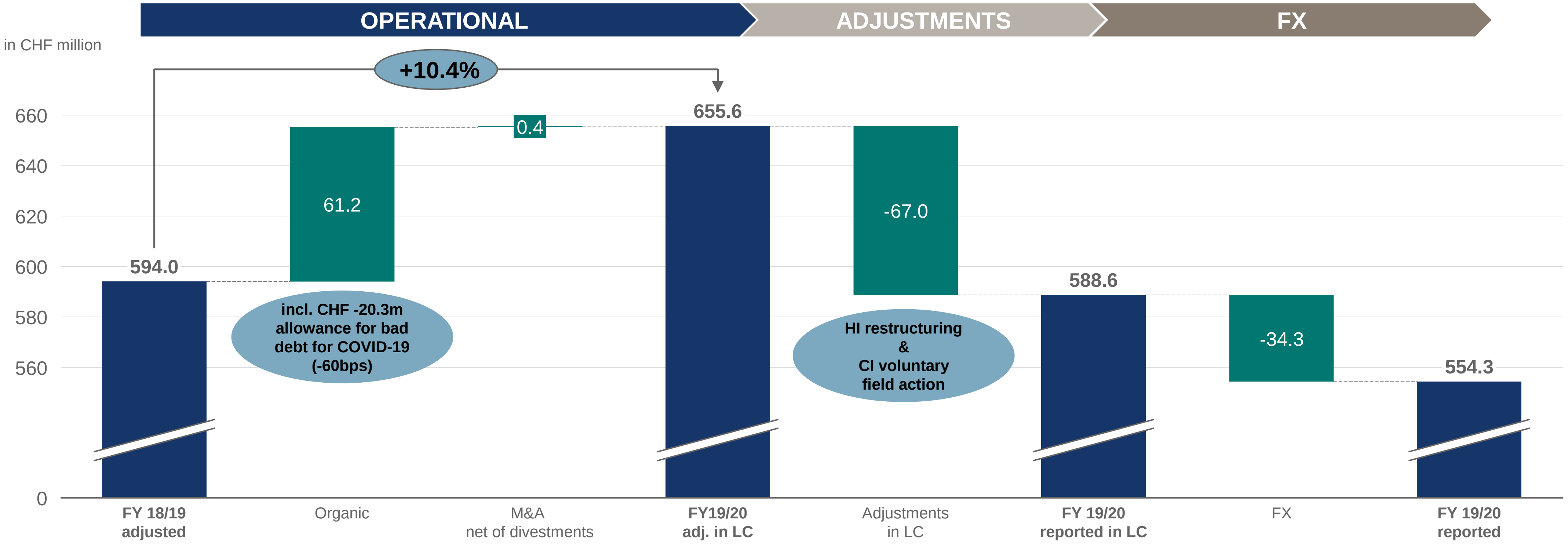
EBITA components



Margin	**21.5%**	+0.3%	+0.0%	**21.8%**	-2.3%	**19.5%**	-0.5%	**19.0%**

Note: adj. refers to figures adjusted for restructuring costs as well as one-time costs and returns for credit related to the CI voluntary field corrective action

► Adj. EBITA margin +90bps in LC excl. allowance for bad debt related to COVID-19 – Strong FX headwind

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Key financials – Half-year view

CHF m	1H 2019/20	Δ % in LC	2H 2019/20	Δ % in LC	FY 2019/20	Δ % in LC
Sales (adj.)	1,426.3	+12.0%	1,501.7	+6.5%	2,928.0	+9.1%
Gross profit (adj.)	1,011.1	+13.1%	1,095.8	+8.1%	2,106.9	+10.4%
- Gross profit margin (adj.)	70.9%		73.0%		72.0%	
OPEX (adj.)	731.6	+11.9%	754.6	+9.0%	1,486.2	+10.4%
EBITA (adj.)	279.5	+16.1%	341.3	+6.2%	620.8	+10.4%
- EBITA margin (adj.)	19.6%		22.7%		21.2%	
- Δ EBITA margin (adj.)	+30bps	+70bps	-80bps	-10bps	-30bps	+30bps

Note: adj. refers to figures adjusted for restructuring costs as well as one-time costs and returns for credit related to the CI voluntary field corrective action

– EBITA margin (adj.) +120bps in LC in 2H 2019/20 and +90bps in LC in FY 2019/20 excl. allowance for bad debt from COVID-19, despite negative sales impact

► Growth and margin expansion on track to reach updated guidance prior to impact from COVID-19 pandemic

2 *Hearing Instruments segment*

Hearing Instruments segment

Summary

Sales
+9.6% in LC

- Sales of CHF 2,686.2 million – up +9.6% in LC (organic growth +8.5%), +6.4% in CHF
- Strong momentum in HI business – sales up +11.8% in LC driven by Phonak Marvel and go-to-market investments
- Solid growth in the AC business – sales up +6.5% in LC (organic growth: +4.0%)
- Strong headwinds from store closures related to COVID-19 pandemic in final weeks of FY 2019/20

EBITA (adj.)
+13.5% in LC

- EBITA (adj.) of CHF 620.3 million – up +13.5% in LC, +8.0% in CHF
- EBITA margin (adj.) of 23.1%, up +80bps in LC or up +150 bps in LC excl. allowance for bad debt from COVID-19
- Ongoing growth investments (in R&D and go-to-market) driving OPEX development
- Strong underlying margin acceleration in 2H 2019/20

New Products

- Completion of the roll-out of the Phonak Marvel platform to all form factors
- Strong adoption of new comprehensive myPhonak app allowing for advanced customization options
- New private label contract with the largest US hearing aid retailer
- Expansion of MFA portfolio to Unitron and Hansaton

Note: adj. refers to figures adjusted for restructuring cost

► Good top-line growth driven by HI business – COVID-19 pandemic affecting growth and profitability

Hearing Instruments segment

Key financials – Half-year view

	1H 2019/20			2H 2019/20			FY 2019/20		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
Sales	**1,294.1**	**+8.4%**	**+11.0%**	**1,392.1**	**+4.6%**	**+8.4%**	**2,686.2**	**+6.4%**	**+9.6%**
Δ organic	119.0		+10.0%	96.3		+7.2%	215.2		+8.5%
Δ acquisitions	15.9		+1.3%	15.2		+1.1%	31.0		+1.2%
Δ disposals	-3.2		-0.3%	-0.2		-0.0%	-3.4		-0.1%
Δ FX	-31.5	-2.6%		-50.0	-3.8%		-81.5	-3.2%	
EBITA (adj.)	**271.2**	**+11.2%**	**+15.5%**	**349.1**	**+5.6%**	**+12.2%**	**620.3**	**+8.0%**	**+13.5%**
EBITA margin (adj.)	21.0%	+60bps	+90bps	25.1%	+30bps	+80bps	23.1%	+30bps	+80bps

Note: adj. refers to figures adjusted for restructuring costs

– EBITA margin (adj.) +230bps in LC in 2H 2019/20 and +150bps in LC in FY 2019/20 excl. allowance for bad debt from COVID-19, despite negative sales impact

► Excellent top and bottom line momentum YTD Feb – Strong headwind from impact of COVID-19 pandemic

3 *Cochlear Implants segment*

Cochlear Implants segment

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Summary

Sales (adj.) **+3.4% in LC**	– Sales (adj.) of CHF 241.8 million – up +3.4% in LC, +1.4% in CHF – HiRes™ Ultra 3D implant driving system sales before initiation of voluntary field corrective action on Feb 18, 2020 – Strong growth in upgrade revenue driven especially by US and DE
EBITA (adj.) **CHF 1.6 million**	– EBITA (adj.) of CHF 1.6 million – EBITA margin of 0.7% – Sharp sales decline in final weeks of FY 2019/20 related to field corrective action and COVID-19 – Productivity initiatives ongoing – paying for investments in sales & marketing
New Products	– Launch of Naída CI Connect, based on SWORD™ technology and Chorus sound processor – Commercial roll-out of AIM™ system to support surgical procedure in real-time – Introduction of improved version of HiRes™ Ultra and Ultra 3D – 80% availability by the end of March
Voluntary field action & COVID-19	– Voluntary field corrective action affecting demand and requiring credits where improved version is not yet available – Performance held back by product availability limitations of the improved version – Broad postponement CI surgeries, defined as non-essential, due to COVID-19 in the final weeks of FY 2019/20

Note: adj. figures adjusted for returns for credit of CHF 11.1 million and one-time costs of CHF 36.7 million related to the voluntary field corrective action

► Voluntary field corrective action and impact from COVID-19 pandemic significantly affecting performance

Cochlear Implants segment

Key financials – Adjusted half-year view

	1H 2019/20			2H 2019/20			FY 2019/20		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
Sales	**132.2**	**+20.9%**	**+22.3%**	**109.6**	**-15.1%**	**-12.6%**	**241.8**	**+1.4%**	**+3.4%**
Δ organic	24.3		+22.3%	-16.2		-12.6%	8.1		+3.4%
Δ FX	-1.4	-1.3%		-3.3	-2.6%		-4.7	-2.0%	
EBITA (adj.)	**8.9**	**+15.3%**	**+37.5%**	**-7.3**	**NM**	**NM**	**1.6**	**-91.7%**	**-77.8%**
EBITA margin (adj.)	6.7%	-40bps	+90bps	-6.7%	NM	NM	0.7%	-750bps	-640bps

Note: adj. refers to figures adjusted for one-time costs and returns for credit related to the CI voluntary field corrective action in 2H and FY 2019/20

► Reported EBITA development held back by sales decline in 2H and adverse FX impact

Cochlear Implants segment

Voluntary field corrective action

Background	– AB initiated voluntary field corrective action in February 18, 2020 – Initial version of the HiRes Ultra and Ultra 3D products have been removed from circulation – Not a device-related safety issue to the recipient but rather a decrease in efficacy – Devices with manufacturing improvements are being rolled out – 80% availability by the end of March
Business impact	– Performance of AB held back by product availability limitations of the improved version – Surgeon reaction has led to lower demand following the announcement – Shift of commercial focus from sales to patient and clinic support activities during field action period
Financial impact	– Returns for credit negatively affecting reported sales in FY 2019/20 by CHF 11.1 million – One-time costs of CHF 36.7 million in FY 2019/20 to cover inventory write-off and potential legal risk – Residual sales headwind expected in FY 2020/21
Mitigation steps	– Direct communication with implant centers and recipients to manage reputation and drive confidence in improved version – 93% of top 100 centers in the US and EU are now neutral/positive – Active management of claims – developments so far in line with expectations

>90% of top global accounts either purchased improved product post field action or have communicated intention to schedule cases post COVID-19

► Strong negative impact since Feb 2020 – Good progress on initiatives to mitigate impact going forward

4 Financial information

Financial information

Highlights

Sales

- Sales (adj.) of CHF 2,928.0 million
- Growth of +9.1% in LC (organic +8.1%), +6.0% in CHF
- Organic growth driven by HI business

Profitability & EPS

- Gross profit margin (adj.) of 72.0%, margin up +80bps in LC
- EBITA (adj.) of CHF 620.8 million, up +10.4% in LC, margin up +30bps in LC despite allowance for bad debt
- EPS (adj.) of CHF 7.39, up +11.6% in LC reflecting earnings growth and share buyback

OpFCF

- Operating free cash flow (OpFCF) at CHF 638.5 million, +55.1% increase
- Significant improvements in working capital management – CHF 112.4 million contribution from trade receivables
- Strong cash conversion (OpFCF/adj. EBITA) of 103%

TSR & Balance Sheet

- Stock dividend proposed to preserve liquidity – shares will be sourced from treasury shares from SBB program
- Solid cash position of CHF 450.2 million further supported by CHF 330 million bond issued in April
- Limited leverage (net debt/EBITDA ratio of 0.8x) providing financial flexibility
- Increase in capital employed from the adoption of IFRS 16 and one-time deferred tax impacts of the Swiss tax reform largely offset by the FX impact

Note: adj. refers to figures adjusted for restructuring costs as well as one-time costs and returns for credit related to the CI voluntary field corrective action and one-time positive transition impacts of the Swiss tax reform

Financial information

Key financials – As reported and adjusted

	FY 2018/19		FY 2019/20			
	CHF m	Margin	CHF m	Margin	Δ % in CHF	Δ % in LC
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Gross profit (adj.)	1,975.1	71.5%	2,106.9	72.0%	+6.7%	+10.4%
OPEX (adj.)	1,381.1		1,486.2		+7.6%	+10.4%
EBITA (adj.)	594.0	21.5%	620.8	21.2%	+4.5%	+10.4%
Adjustments	11.5		66.4			
EBITA (reported)	582.5	21.1%	554.3	19.0%	-4.8%	+1.0%
EPS (adj. in CHF)	7.11		7.39		+4.0%	+11.6%
EPS (reported in CHF)	6.98		7.61		+9.0%	+16.7%
Operating free cash flow (reported)	411.8		638.5		+55.1%	
ROCE (reported)	20.6%		18.2%	(20.1% pre IFRS 16)		

Note: adj. refers to FY 2019/20 figures adjusted for returns for credit of CHF 11.1 million and one-time costs of CHF 36.7 million related to the voluntary field corrective action in the CI segment, restructuring costs in the HI segment of CHF 18.6 million (FY 2018/19: CHF 11.5 million) and one-time positive transition impacts of the Swiss tax reform of CHF 64.1 million; see slide 10 for details

► Solid performance in light of headwinds from FX and COVID-19 pandemic

Financial information

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Operating expenses excluding acquisition-related amortization

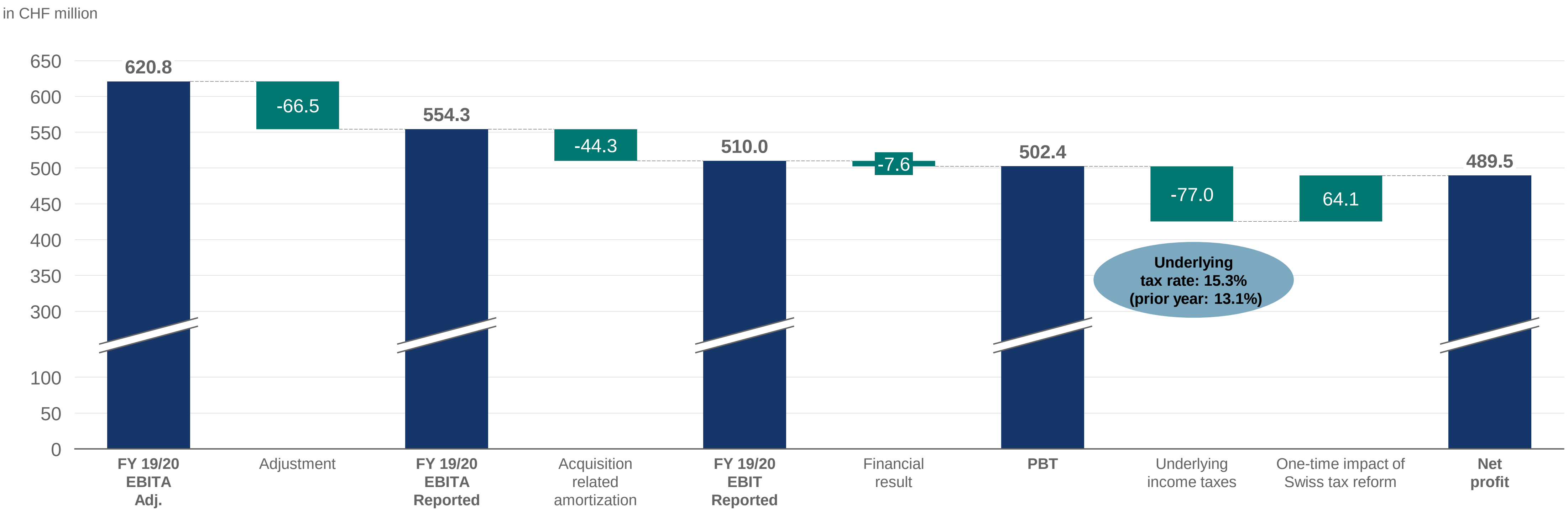
	FY 2018/19	FY 2019/20			
	CHF m	CHF m	Δ % in CHF	Δ % in LC	Comments
Research & Development (adj.) - in % of sales (adj.)	-147.8 5.4%	-163.2 5.6%	+10.4%	+10.8%	– Step-up in investment reflecting strong commitment to innovation
Sales & Marketing (adj.) - in % of sales (adj.)	-969.1 35.1%	-1,023.8 35.0%	+5.7%	+9.1%	– Investments in feet on the street in WHS and AB – Expanding store network, expert centers and lead generation
General & Administration (adj.) - in % of sales (adj.)	-268.6 9.7%	-299.3 10.2%	+11.4%	+13.5%	– +5.6% in LC excl. increase in allowance for doubtful receivables (CHF 20.3 million) related to COVID-19
Other income/expenses (adj.)	4.4	0.1	n/a	n/a	– 2018/19: incl. CHF 4.1 million CI provision release
Total OPEX (adj.) - in % of sales (adj.)	**-1,381.1** 50.0%	**-1,486.2** 50.8%	**+7.6%**	**+10.4%**	– OPEX growth broadly in line with top-line development adjusted for allowance for bad debt
Adjustments	-2.6	-43.1			– 2018/19: supply chain restructuring UK and DE – 2019/20: restructuring in US, DE, CH and CA; costs related to CI voluntary field corrective action
Total OPEX (reported) - in % of sales (reported)	**-1,383.7** 50.1%	**-1,529.3** 52.4%	**+10.5%**	**+13.4%**	

Note: adj. refers to figures adjusted for restructuring costs as well as one-time costs related to the CI voluntary field corrective action

► Ongoing investments in innovation, sales and marketing – Bad debt allowance affecting G&A expenses

Financial information

Reported results and income taxes



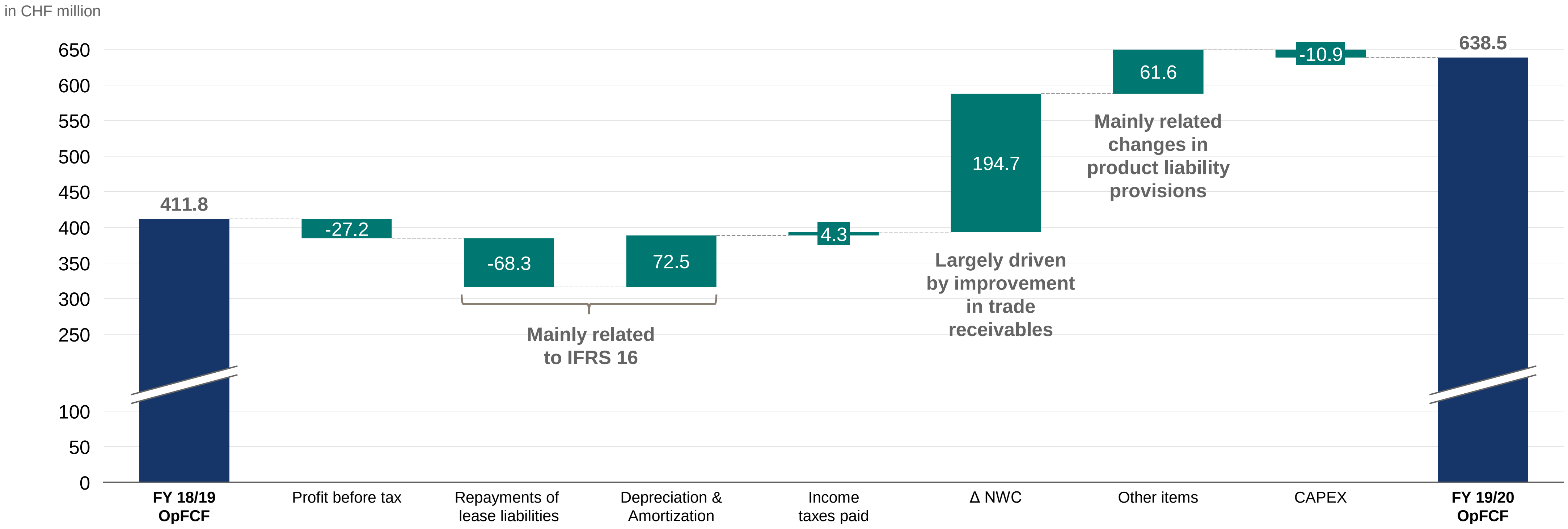
Margin	**21.2%**	**19.0%**	**17.5%**	**17.2%**	**16.8%**
Δ YOY	-30bps	-210bps	-190bps	-200bps	+10bps

Note: Adjustments adjusted for restructuring costs and one-time costs and returns for credit related to the CI voluntary field corrective action

► One-time transition impacts of the Swiss tax reform – Underlying tax rate affected by higher provisions

Financial information

Operating free cash flow (OpFCF)



Growth components	-6.6%	-16.6%	+17.6%	+1.0%	+47.3%	+15.0%	-2.6%	**+55.1%**

► NWC improvements driving strong OpFCF – Strong cash conversion (OpFCF/adj. EBITA) of 103%

Financial information

Balance sheet

CHF m	31 Mar 2019	31 Mar 2020	Comments
Days sales outstanding (DSO)	66	56	– Significant reduction of accounts receivables incl. strong collection through March
Days inventory outstanding (DIO)	128	133	– Reduction in inventory level offset by sales decline in March due to COVID-19
Capital employed	2,630.0	2,692.5	– Increase driven by the adoption of IFRS 16 and Swiss tax reform, offset by higher net debt
ROCE (reported)	20.6%	18.2%	– Decline mainly driven by IFRS 16 (20.1% pre IFRS 16)
Cash and cash equivalents	374.8	450.2	– Solid cash position further expanded in April 2020 through CHF 330 million bond issue
Net debt	253.9	663.0	– Driven mainly by the now suspended share buy back program and adoption of IFRS 16
Net debt/EBITDA	0.4x	0.8x	– Impacted by adoption of IFRS 16 and share buyback – Limited leverage provides financial flexibility

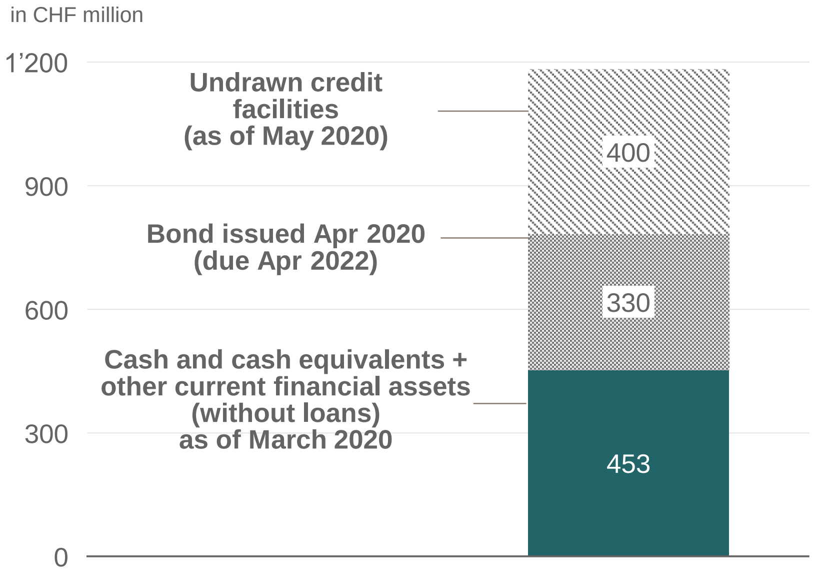
Note: DSO and DIO calculated on a 90 day basis

► Strong cash position and limited leverage

Financial information

Liquidity and debt position

Liquidity position



Debt position

	Amount (CHF million)	Maturity
Bond	100	Oct 2034
Bond	100	Oct 2029
Bond	360	Oct 2021
Lease liabilities	269	
Other long-term debt	32	
Other shot-term debt	255	
Total debt (as of March 2020)	**1,116**	
Bond (issued April 2020)	330	Apr 2022

Further measures to provide options for additional sources of liquidity:

- Suspension of the share buyback program – 1.8 million shares currently held in treasury not proposed for cancelation at this point
- Proposal of stock dividend to the AGM 2020 – shares to be sourced from shares bought back but not yet canceled
- Proposal to the AGM 2020 for creation of authorized capital – 6.4 million shares

► Solid liquidity position – Additional flexibility created in FY 2020/21

5 *Outlook*

Outlook

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Recent market development and short-term trends

Region	Share of Sonova sales	April 2020 Sonova sales level vs. prior year in LC	Market trends in recent weeks vs. April 2020
EMEA		~35%	Signs of recovery in AT, DE & Nordics, others (like UK, FR) still on very low level
United States		~35%	Mixed picture depending on restrictions in individual states
Americas (excl. US)		~20%	Continued weakness in CA, BR
APAC		~60%	CN largely recovered, AU, NZ improving, JP remains weak
Group		**~35%**	

- All major markets strongly impacted by restrictions and significant buyer hesitation
- Certain countries continue to be in almost complete lock-down, severely limiting business activity
- CI business affected by broad postponement of non-essential surgeries, smaller impact on upgrade sales
- Gradual easing of restrictions in selected markets driving muted recovery in recent weeks
- Risk of individual markets experiencing a second wave of infections resulting in a renewed tightening of restrictions
- Buyer hesitation likely to continue for some time

► Sharp decline in April revenues reflecting lock-downs – Significant short-term uncertainties remain

Outlook

Sonova action plan related to COVID-19 pandemic

Health & safety

- Extensive hygiene measures and usage of protective equipment
- Social distancing measures incl. broad implementation of home office and increased separation in operations
- Proactive safety measures to allow consumer interactions in store

Protecting the core

Cash flow & liquidity

- Suspension of share buyback
- Issue of CHF 330 million bond
- Extension of credit facilities
- Proposal for authorized capital
- Proposal of stock dividend
- Freeze on non-essential CAPEX
- Stop of M&A activities and greenfields
- Strict working capital management

Cost containment

- Subsidized work time reduction, furlough
- Effective hiring freeze
- Elimination of overtime
- Reduction of temporary workers
- Cut of non-critical activities
- Reduction of marketing spend
- Leadership compensation reduction (MB & BoD: >25% of cash salary)
- Reduction of production & purchasing

Maximize revenues

- Acceleration of new remote solutions platform to allow virtual hearing testing and remote support
- Supporting customers to safely open stores and to use remote solutions more
- Trained field sales reps and own HCPs to use remote solutions globally to maximize customer interactions
- Expansion of online distribution of batteries and accessories

Prepare for market rebound

➡ **Increase in the number of touchpoints and support of customers**

➡ **Investments in R&D continue as planned**

► Sonova took decisive measures to address the challenges related to the COVID-19 pandemic

Outlook

Example – Acceleration of new remote solutions platform for new and existing customers

Launched in April 2020

- A Online **hearing test** and needs assessment
- B Hearing aid shipment to HCP for **pre-programming** and delivery to consumer
- C HCP **remotely** performs AudiogramDirect*, first fit and fine-tuning
- D Repair **home delivery service**

* Phonak Remote Support with AudiogramDirect offers the world's first in-situ audiometry, directly via Phonak Marvel with any iOS or Android smartphone or tablet.

Patient will return to clinic for complete audiometry incl. otoscopy, feedback test and follow-up

– Introduction of new remote solutions platform accompanied by training of HCPs
– Additional support of HCPs through supply of hygiene equipment and education on procedures for safe in-store processes

► New solutions platform enables remote testing and fitting – Face-to-face follow-up when appropriate

Outlook

Example – Measures to drive AC sales and allow fittings during the COVID-19 pandemic

Customer segments	I	II	III
	– Customers in trial – Recent drop-outs	– Renewals – Known customers	– New customers

Focused lead-generation & communication campaigns

Key messages:

➡ Good hearing is important - Now more than ever
➡ We are still here to support you remotely and in-store, in full safety
➡ We are developing new technologies and opportunities for you

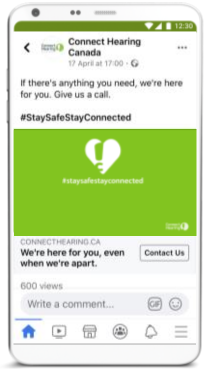
In-store

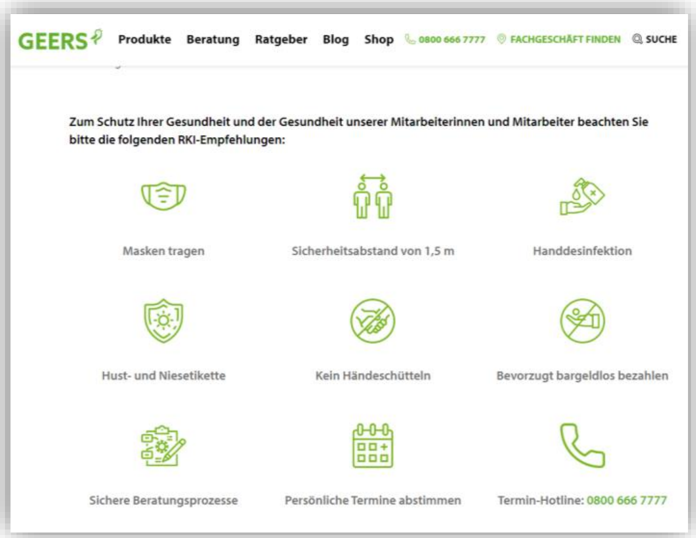
Strict safety protocols:

– Clear and strict process on hygiene and safety procedures
– Supply of Personal Protective Equipment (PPE) for each shop and consumer
– Expanded appointments schedules to avoid interactions and allow cleaning
– Limit number of people in POS to sustain physical distance
– etc.

Remote support

– Training of HCPs to leverage new remote solutions platform
– Maximize customer interactions where face-to-face sessions are not possible





► Strict in-store safety protocols & use of remote solutions to maximize customer interactions

Outlook

- ➡ Mid-term outlook: Attractive fundamentals of the hearing care market remain very much intact
- ➡ Global uncertainty about the development of the COVID-19 pandemic prevents accurate guidance for FY 2020/21
- ➡ Sonova will continue to grow faster than its market and increase its market share
- ➡ The Group is well prepared to capture these opportunities and is ready for the market rebound

► Global uncertainty prevents accurate guidance at this point - Attractive market fundamentals remain intact

6

Q&A

Thank you!

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7 *Appendix*

Appendix

Sonova Group – Adjusted sales by segment and sales components – Half-year view

	1H 2019/20			2H 2019/20			FY 2019/20		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
HI segment	1,294.1	+8.4%	+11.0%	1,392.1	+4.6%	+8.4%	2,686.2	+6.4%	+9.6%
CI segment	132.2	+20.9%	+22.3%	109.6	-15.1%	-12.6%	241.8	+1.4%	+3.4%
Total Sonova	**1,426.3**	**+9.4%**	**+12.0%**	**1,501.7**	**+2.9%**	**+6.5%**	**2,928.0**	**+6.0%**	**+9.1%**
Δ organic	143.3		+11.0%	80.1		+5.5%	223.4		+8.1%
Δ acquisitions	15.9		+1.2%	15.2		+1.0%	31.0		+1.1%
Δ disposals	-3.2		-0.2%	-0.2		-0.0%	-3.4		-0.1%
Δ FX	-32.9	-2.5%		-53.3	-3.7%		-86.3	-3.1%	

Note: adjusted refers to figures adjusted for returns for credit related to the CI voluntary field corrective action in 2H and FY 2019/20

► Good growth in HI despite March headwinds – CI held back by voluntary field corrective action

Appendix

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Hearing Instruments business – Sales and sales components – Half-year view

	1H 2019/20			2H 2019/20			FY 2019/20		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
Sales	**770.3**	**+10.6%**	**+12.2%**	**842.7**	**+8.3%**	**+11.5%**	**1,613.0**	**+9.4%**	**+11.8%**
Δ organic	84.5		+12.1%	89.0		+11.4%	173.5		+11.8%
Δ acquisitions	0.4		+0.1%	0.6		+0.1%	0.9		+0.1%
Δ FX	-11.3	-1.6%		-24.9	-3.2%		-36.1	-2.4%	

- Success of Phonak Marvel driving broad based market share gains – positive unit volume and ASP development
- Strong rebound in the VA – YOY doubling of market share by March 2020 (exit-rate)
- New private label contract with large US hearing aid retailer supporting growth in the US
- Expansion of coverage through more feet on the street and commercial excellence initiative – enabling increased competitive wins
- Sharp sales decline in the final weeks of FY 2019/20 related to COVID-19 restrictions starting in Europe with US lagging by a few weeks

► Strong organic growth of 11.8% – Broad based share gains across markets and channels

Appendix

Audiological Care business – Sales and sales components – Half-year view

	1H 2019/20			2H 2019/20			FY 2019/20		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
Sales	**523.8**	**+5.3%**	**+9.4%**	**549.4**	**-0.6%**	**+3.9%**	**1,073.2**	**+2.2%**	**+6.5%**
Δ organic	34.5		+6.9%	7.3		+1.3%	41.8		+4.0%
Δ acquisitions	15.5		+3.1%	14.6		+2.6%	30.1		+2.9%
Δ disposals	-3.2		-0.6%	-0.2		-0.0%	-3.4		-0.3%
Δ FX	-20.2	-4.1%		-25.2	-4.6%		-45.4	-4.3%	

- DD same-store growth across several key markets, including UK, FR, AT and Nordics
- Continued investment into digital and call center resources driving increased lead generation
- Improved in-store execution driving ASP and sales conversion
- Ongoing network expansion (greenfield and acquisitions) across the regions
- Positive consumer response to Phonak Marvel supporting unit growth and ASP and boosting product brand awareness
- COVID-19 impact materializing in line with government restrictions in respective countries in the last weeks of March

► Good organic sales momentum YTD February abruptly halted by store closures due to COVID-19

Appendix

Cochlear Implants segment – Adjusted sales by product groups – Half-year view

	1H 2019/20		2H 2019/20		FY 2019/20	
	CHF m	Δ % in LC	CHF m	Δ % in LC	CHF m	Δ % in LC
Cochlear implant systems	98.6	+23.0%	76.4	-19.7%	175.0	-0.4%
Upgrades and accessories	33.6	+20.1%	33.2	+9.9%	66.8	+14.8%
Total CI segment	**132.2**	**+22.3%**	**109.6**	**-12.6%**	**241.8**	**3.4%**

Note: adj. refers to figures adjusted for returns for credit related to the CI voluntary field corrective action in 2H and FY 2019/20

System sales:

- Strong momentum in 1H continued into 2H against a higher comparable base
- Sharp decline in final weeks of FY 2019/20 due to field corrective action and postponement of surgeries in countries affected by COVID-19

Upgrade sales:

- Introduction of Naída™ CI Connect and Chorus™ sound processors resulting in DD growth for the year
- Growth driven by significant growth in key markets including US and DE

► Flat development of system sales after strong 1H – Significant growth in upgrade sales

Appendix

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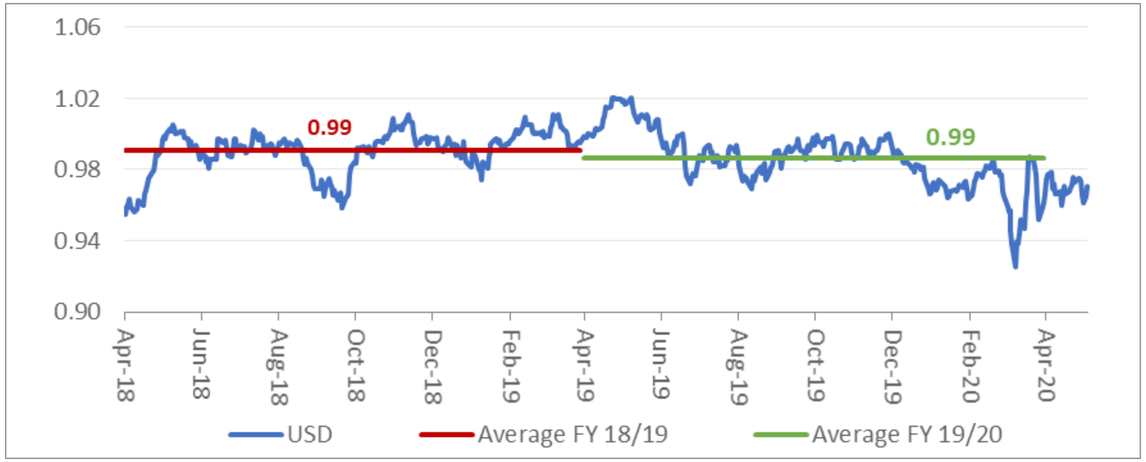
Sonova Group – Impact of IFRS 16 (implemented as of March 31, 2019) on FY 2019/20 financials

in CHF million	FY 2019/20 reported	IFRS 16 Impact	FY 2019/20 excl. IFRS16
P&L			
EBITDA	710.1	+68.8	641.3
EBITA	554.3	+2.9	551.5
EBIT	510.0	+2.9	507.1
Profit before tax	502.4	-1.1	503.5
Cash flow			
Cash flow from operating activities	843.3	+68.3	775.0
Cash flow from financing activities	-550.4	-68.3	-482.1
Balance sheet			
Capital employed	2,692.5	+267.7	2,424.7
Net debt	663.0	+268.7	394.3
Financial ratios			
Net debt / EBITDA	0.8x	+0.3x	0.5x
ROCE	18.2%	-190bps	20.1%

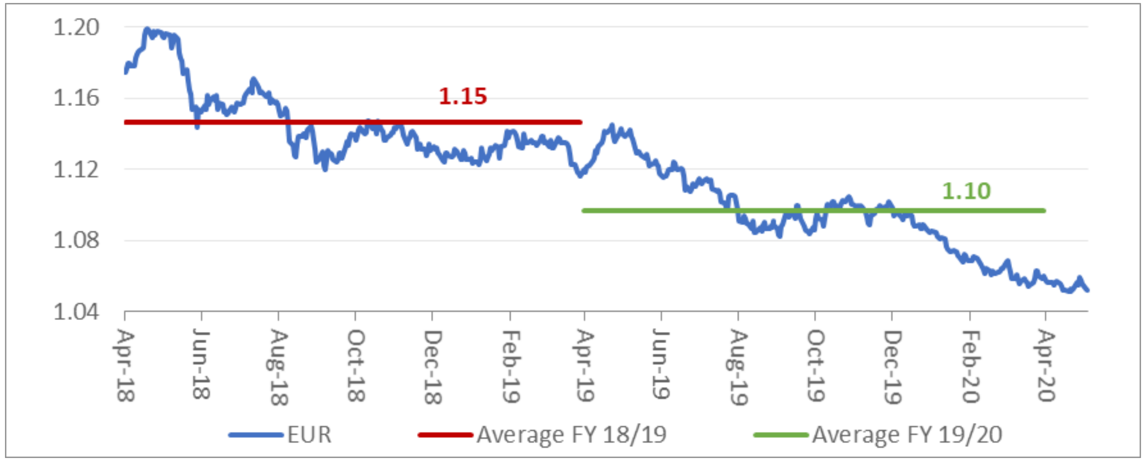
Appendix

Sonova Group – FX impact on sales and margins

USD/CHF



EUR/CHF

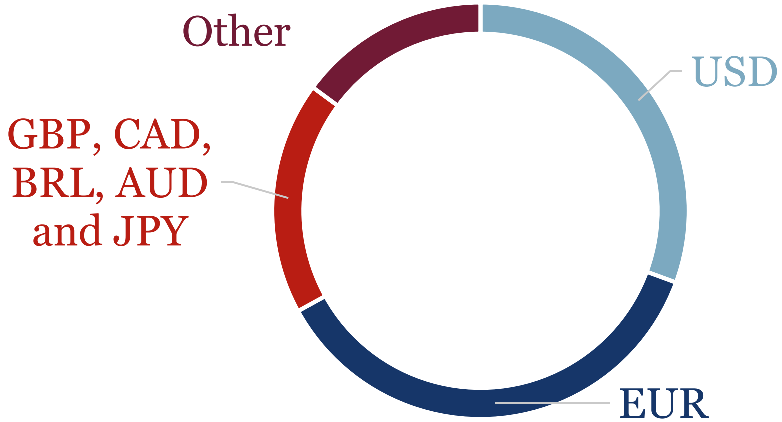


	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 45 million	+/- CHF 12 million
EUR/CHF	+/- 5%	+/- CHF 53 million	+/- CHF 23 million

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

Appendix

Sonova Group – Sales by currency and FX rates



	FY-18/19	1H-19/20	2H-19/20	FY-19/20	Effect FY-19/20	Spot May-2020
USD	0.99	0.99	0.98	0.99	=	0.97
EUR	1.15	1.11	1.08	1.10	-	1.05
GBP	1.30	1.25	1.26	1.25	-	1.21
CAD	0.75	0.75	0.74	0.74	-	0.69
AUD	0.72	0.69	0.66	0.67	-	0.62
BRL	0.26	0.25	0.23	0.24	-	0.18
JPY 100	0.89	0.92	0.90	0.91	+	0.91

► Seven main currencies account for around 85% of Group sales