



sonova
HEAR THE WORLD

Investor & Analyst Day 2020

Stäfa, October 6, 2020

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Investor & Analyst Day 2020

Management team members presenting today



Arnd Kaldowski, CEO

Market and strategy update – Successfully navigating a challenging environment



Martin Grieder, GVP HI Marketing & Fabia Mueller, Launch Program Manager

Phonak Paradise – Rediscovering the wonders of sound



Christophe Fond, GVP Audiological Care

Audiological Care – Extending reach through augmented consumer journey



Claude Diversi, GVP HI Wholesale & Sandy Brandmeier, President HI Wholesale US

Hearing instruments business – Driving growth through commercial excellence

Investor & Analyst Day 2020

Agenda

09.00	Market and strategy update – Successfully navigating a challenging environment Arnd Kaldowski, CEO
09.30	Phonak Paradise – Rediscovering the wonders of sound Martin Grieder, GVP HI Marketing & Fabia Mueller, Launch Program Manager
10.00	Short break and dial-in for Q&A session
10.10	Q&A session
10.40	Audiological Care – Extending reach through augmented consumer journey Christophe Fond, GVP Audiological Care
11.10	Hearing instruments business – Driving growth through commercial excellence Claude Diversi, GVP HI Wholesale & Sandy Brandmeier, President HI Wholesale US
11.40	Short break and dial-in for Q&A session
11.50	Summary and Q&A session
12.20	End of the event

Market and strategy update

Successfully navigating a challenging environment

Arnd Kaldowski, CEO
Stäfa, October 6, 2020

ATTRACTIVE MARKET

- Attractive secular growth drivers
- Low penetration rate in both HI & CI
- Relative resilience to economic cycles
- Continued potential to innovate “Better Hearing”
- Opportunity to elevate hearing aids to become a “healthy living companion”

LEADING MARKET POSITION

- Leading positions in key market segments
- Unique vertically integrated business model
- Broadest most advanced product offering
- Global and differentiated distribution network



STRONG FINANCIALS

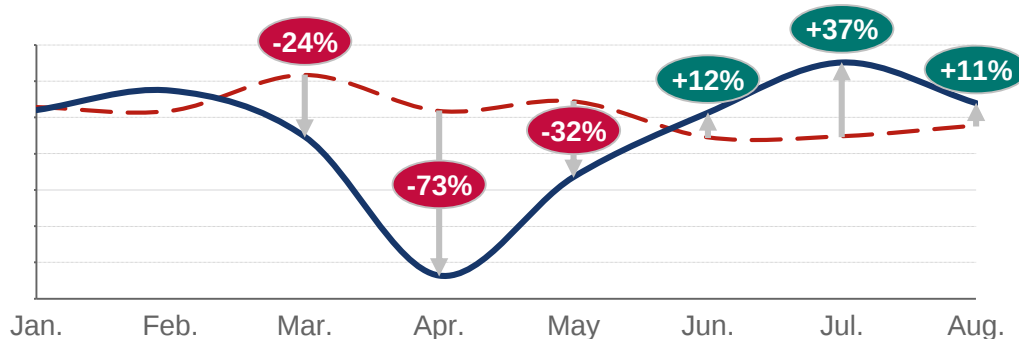
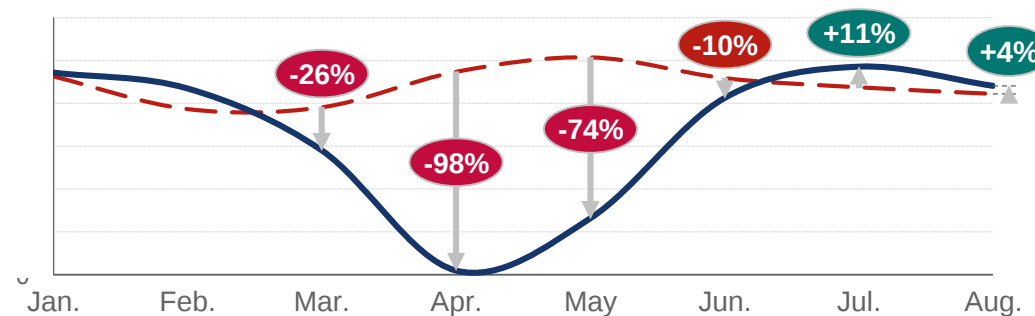
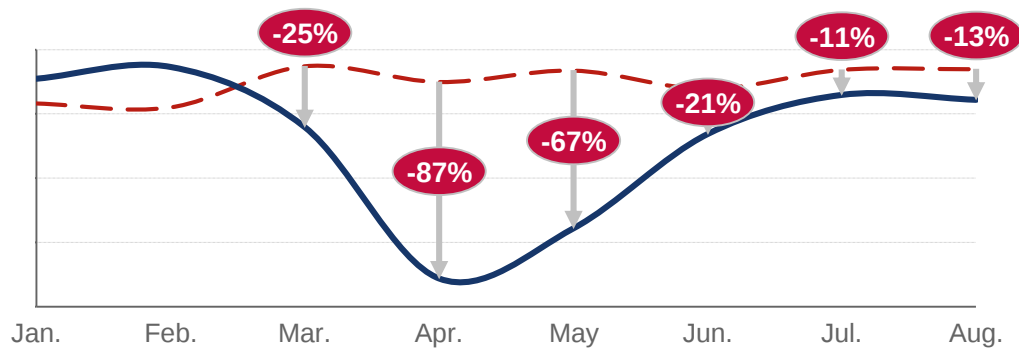
- Attractive margin with further upside
- Strong balance sheet
- Solid free cash flow and low tax rate
- Proactive and agile cost management

► Strong fundamentals and attractive growth potential remain intact

Market and business update

Hearing instruments – Unit market trend in key markets

--- SPY — CY2020



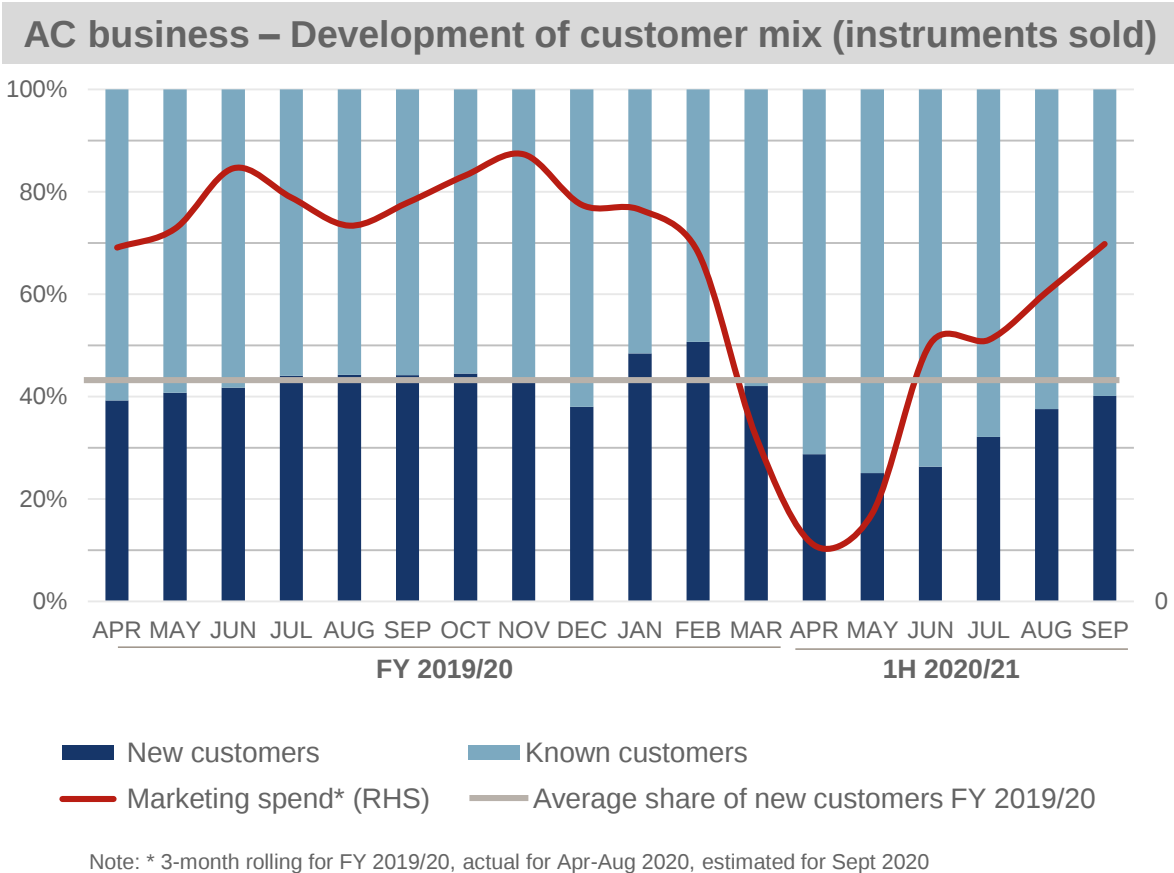
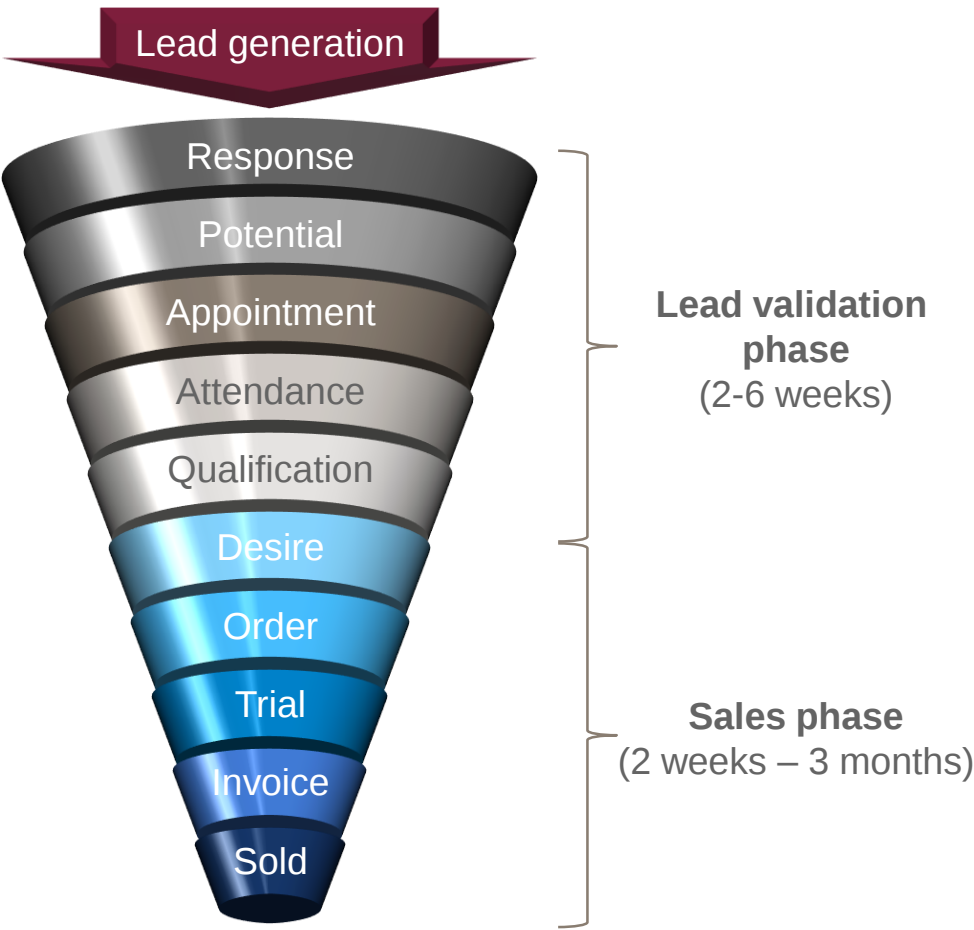
- Major markets recovering to PY levels in 2Q 2020/21, in part supported by pent-up demand
- Improvement driven by the commercial market while important segments like the VA are trailing in the recovery
- Some large markets incl. the UK are lagging as more restrictive lockdown measures continued longer
- Overall situation remains dynamic

Source: Official Industry Reports (HIA, CAEA, BVHI)

► Global recovery well underway in key markets with certain segments and countries still lagging

Market and business update

Hearing instruments – Lead generation and customer mix



► Lead generation stepped back up in June – Share of new customers getting closer to pre-COVID level

Market and business update

Cochlear implants – Performance drivers

Market

- Market **gradually recovering** in line with hospitals slowly re-opening for elective surgeries. At the end of September:
 - 75-80% of hospitals implanting CIs in North America
 - 85-90% of hospitals implanting CIs in Europe
- Many hospitals operating at **reduced surgical volume** and audiology counselling capacity
- Developed markets **prioritizing immediate needs** (e.g. pediatric patients)

Sonova

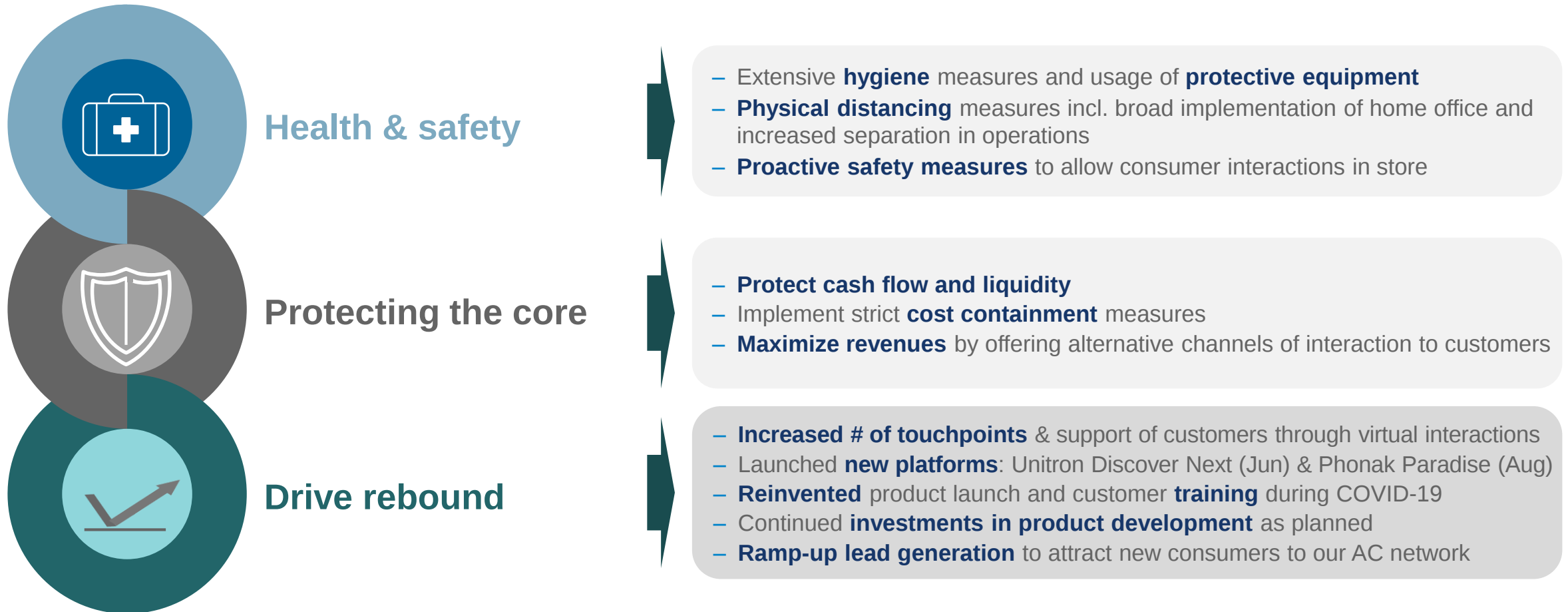
- **Maintaining customer engagement** through virtual interactions both 1:1 and in larger groups
- **Field action recovery continues** with >95% of accounts having started to purchase improved product post field action
- **Higher availability** of the improved product, rising from around 40% at the time of the voluntary field action to 93% today



► CI market recovery lagging – Good progress on mitigating impact of voluntary field corrective action

Market and business update

Sonova action plan during the pandemic



► Decisive measures taken to address the pandemic – Focus has shifted to driving sales in the rebound

Market and business update

Summary of September 28 business update

- ➔ **Faster than anticipated market recovery** in major markets driving performance in the HI segment with sales above PY levels in September
 - ➔ Initial focus on satisfying **pent-up demand** from existing pipeline and repurchases
 - ➔ **Gradual normalization** of customer base towards previous mix of new and existing customers
 - ➔ **CI segment lagging** as a result of hospital capacity restrictions and residual impact of voluntary field corrective action
 - ➔ Decisive measures taken to address the impacts of the pandemic coupled with strong execution on growth and productivity initiatives resulting in **better than expected sales development and strong profitability**
- Solid 1H performance reflecting strong execution



Outlook

Guidance issued on September 28, 2020

	Guidance 1H 2020/21	Guidance 2H 2020/21	Implied guidance FY 2020/21*
Sales level vs. prior year in LC	~79%	104%-108%	92%-94%
adj. EBITA growth* in LC	~ -30%	+20%-30%	~0%

* EBITA guidance excludes restructuring costs and damage awarded in patent infringement lawsuit to Advanced Bionics

- 1H 2020/21 guidance implies an adj. EBITA margin of ~15% in Swiss francs

Considerations for 2H & FY 2020/21

- Guidance assumes a continued gradual market recovery and does not reflect potential significant re-tightening of lockdown restrictions
- Current rise in infection rates in several markets illustrates the continued risk to the expected upward trend
- Uncertainty regarding the potential mid-term impact on demand incl. from current pent-up demand and the general economical development
- At late September FX rates, reported sales and EBITA growth are expected to be reduced by 4 and 10%-pts respectively in FY 2020/21

- Updated guidance reflects faster than expected recovery and swift actions on cost management

Sonova's strategy

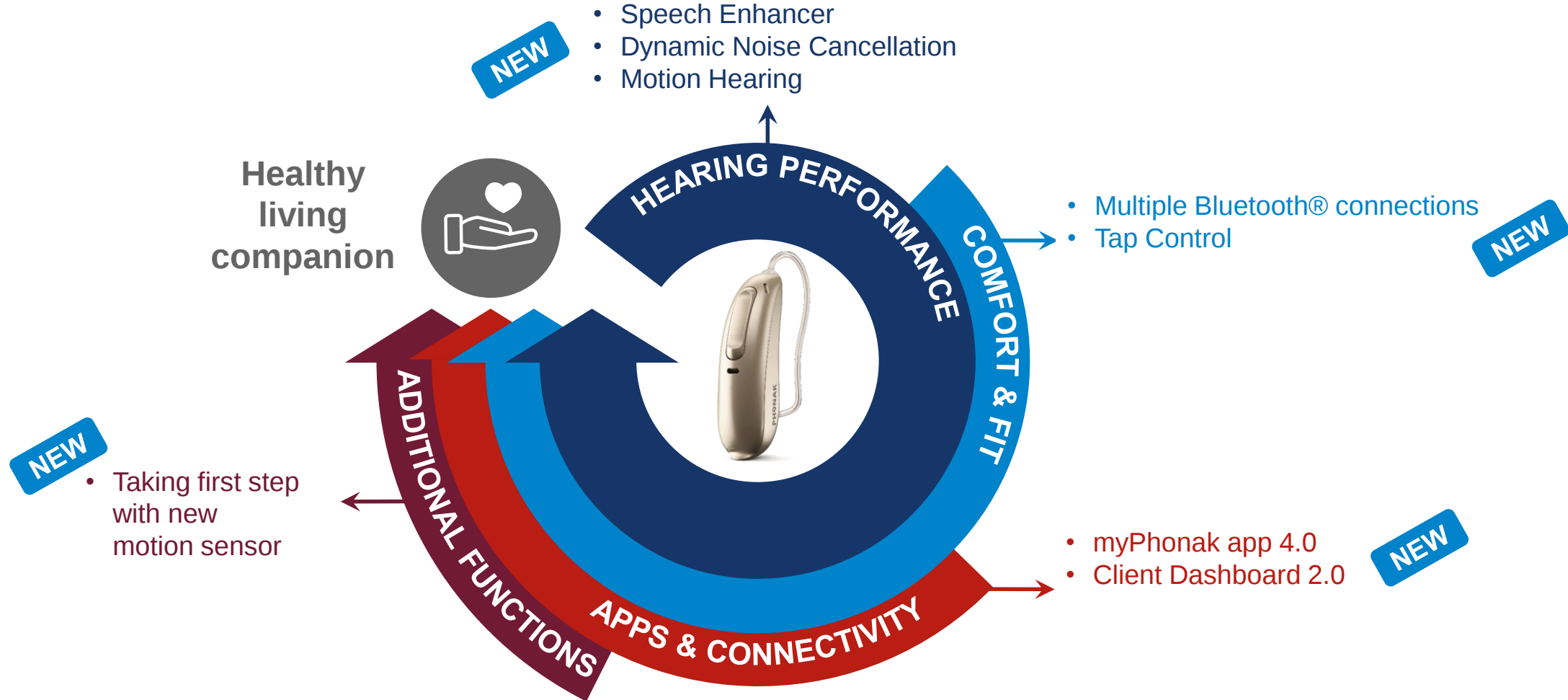
Strategic pillars



► Our strategy remains unchanged and has proven to be effective throughout the COVID-19 pandemic

Lead innovation

Innovative new key features of Phonak Paradise



► Strong progress made with Phonak Paradise – Ongoing development efforts along all four vectors

Process improvement & structural optimization

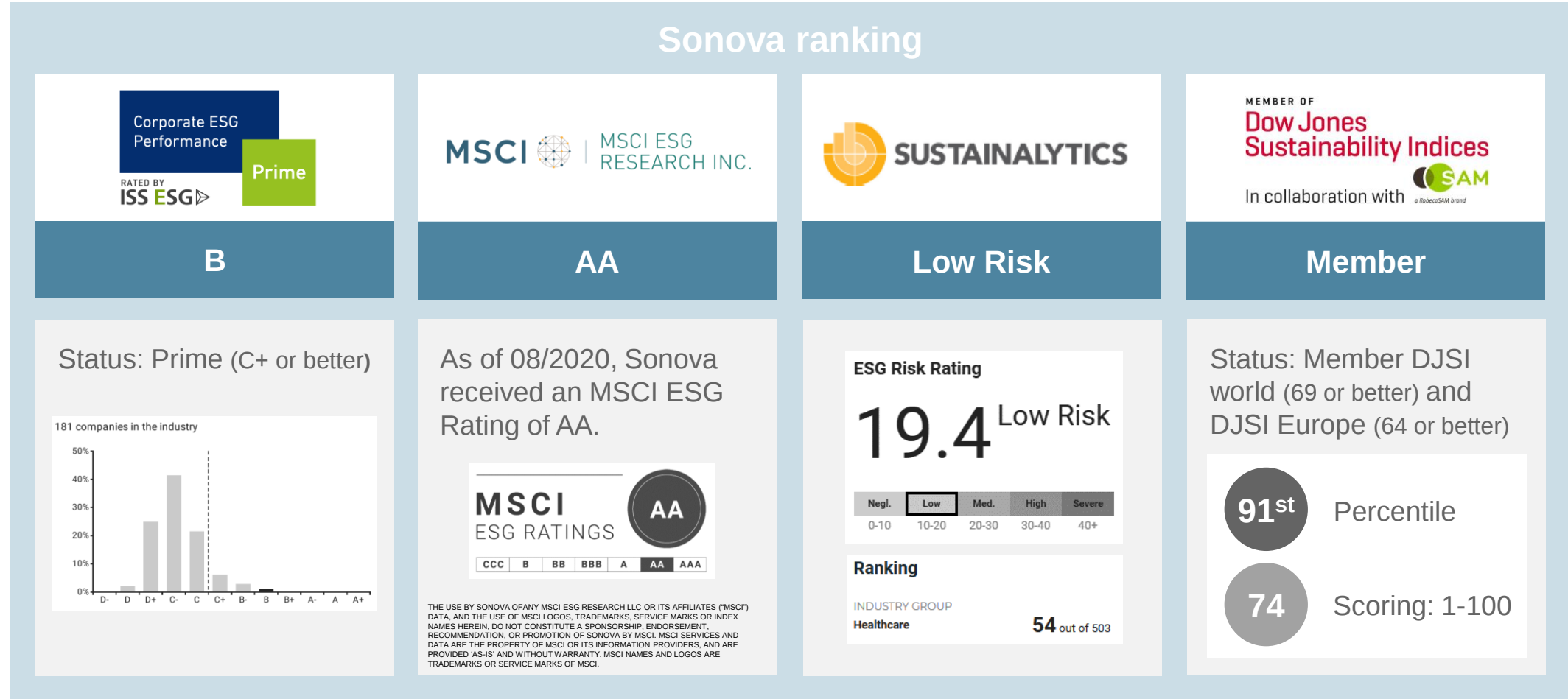
Harvest cost savings opportunities by driving structural optimization

		2018/19	2019/20	2020/21	
Footprint	Reduction of rooftops	✓  	✓✓  	✓ 	Satellite support & warehouses, consolidation of sites
	Streamlining of AC POS			✓✓ 	200-300 POS, largely sales neutral
Processes & Organization	Operations site improvement	✓  		✓✓ 	Supply chain consolidation, logistics network optimization
	Back office, shared services & CoE	✓ 	✓  	✓✓ 	Finance, IT and sales back office
	Span of Control			✓ 	Leadership efficiency opportunities
Economics	Restructuring costs (CHFm)	11.5	18.6	40-60	→ Attractive ROI of measures by leveraging attrition in 1H
	Run-rate benefit (CHFm)	7	10	50-70	

► Structural optimization initiatives well on track

Sonova's commitment to sustainable success

Corporate Responsibility is integrated in our business and culture



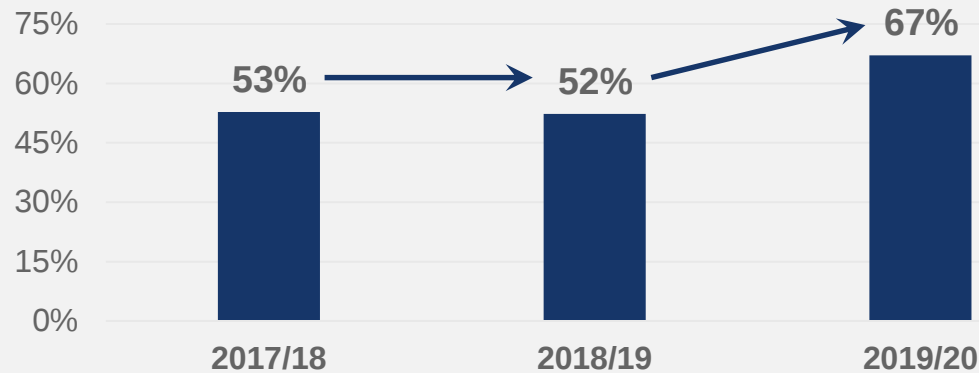
► Major rating agencies confirm Sonova's industry-leading ESG performance

Sonova's commitment to sustainable success

Continued investments in environmental, social and governance initiatives

Social

Example: Internal Leadership recruitment rate



➡ 92 significant moves* in the last 18 months of which:



Cross-functional / cross-business: 27

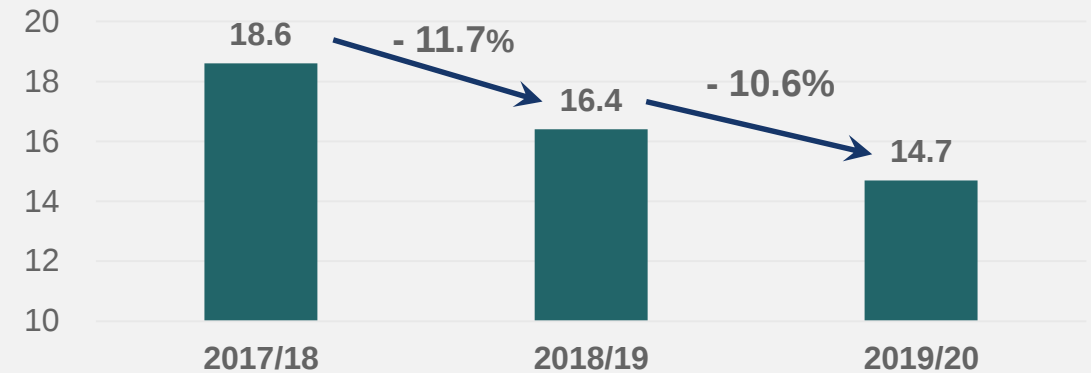


Across countries: 10

Note: * Leaders in the top 3 levels below the Sonova management board

Environmental

Example: Tons of CO₂ equivalents (per CHFm in revenues)



➡ 21% CO₂e reduction relative to revenue vs. 2017/18 thanks to e.g.:



Energy efficiency: New state of the art building in Murten (CH)

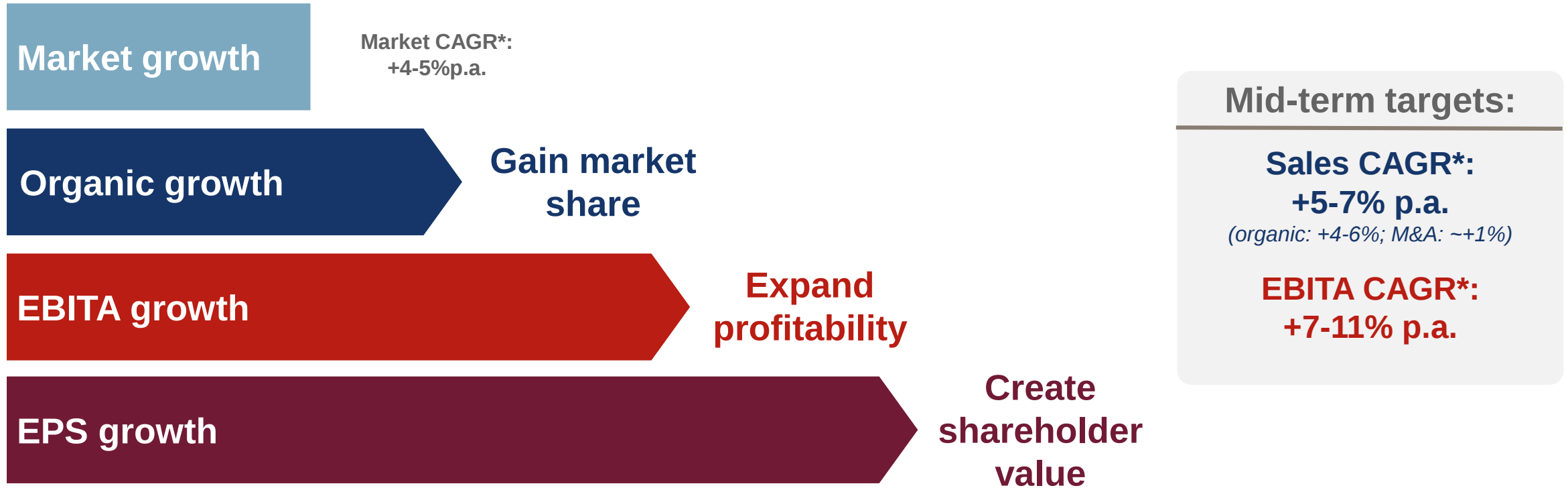


Renewable Energy: Solar panels in Vietnam & China facilities

► Good progress achieved in several key focus areas

Mid-term guidance

The four pillars of growth and our mid-term targets



► Mid-term guidance remains valid post normalization of the COVID-19 pandemic impact

Key take-aways

- **Solid 1H performance** reflecting strong execution and ongoing market recovery
- Faster than expected H1 market recovery with solid **rebound of new customers** in 2Q
- **CI market recovery lagging** – good progress on mitigating impact of voluntary field action
- Expecting **return to profitable growth in 2H**
- **Strategy remains unchanged** and has proven itself throughout the pandemic
- **Structural optimization** initiatives well on track





Phonak Paradise – Rediscovering the wonders of sound

Martin Grieder – GVP HI Marketing

A Sonova brand

PHONAK
life is on

The world loves Marvel

**Clear,
rich sound**

Connects to
smartphones,
TV and more

Smart
apps

Rechargeable

Love at first sound

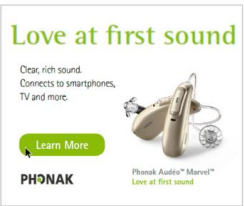


Why has Marvel become such a success?

Full and continued launch plan for Marvel ensuring continued sales uplift and momentum

Marvel

- Audéo M-312 and M-R
- myPhonak 2.0
- Marvel TV campaign



- Audéo M-312T and M-13T
- Slim-tip Titanium

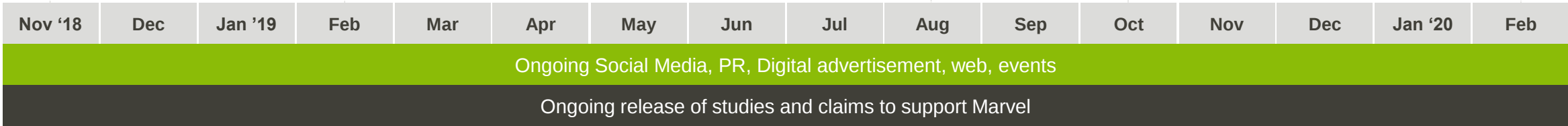


Marvel 2.0

- Audéo M-RT
- Bolero M-M and M-PR
- Sky M-M and M-PR
- RogerDirect
- Wireless Accessories
- myPhonak 3.0



- Virto M
- Sky M-SP, Naída SP

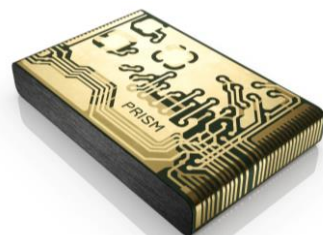


> 2 Mio Marvels



**But we were determined
to take it to the next level.**

New platform with more powerful technology



New sound processing chip PRISM

Processing Real-time Intelligent Sound Management

- Double the memory
- Enables the new sound quality features
- Enables universal connectivity

New motion sensor

- Ultra-low power tri-axial accelerometer
- Enables the new Motion Sensor Hearing feature
- Enables Tap Control

Key take-aways

- The new powerful technology PRISM and the new motion sensor enable the new Paradise features
- In addition, with the new sound processing chip PRISM and new motion sensor we are future proofed to help with the speed of innovation

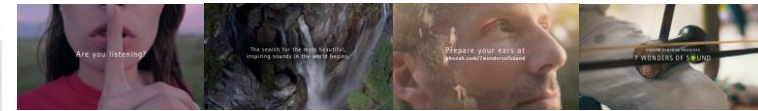
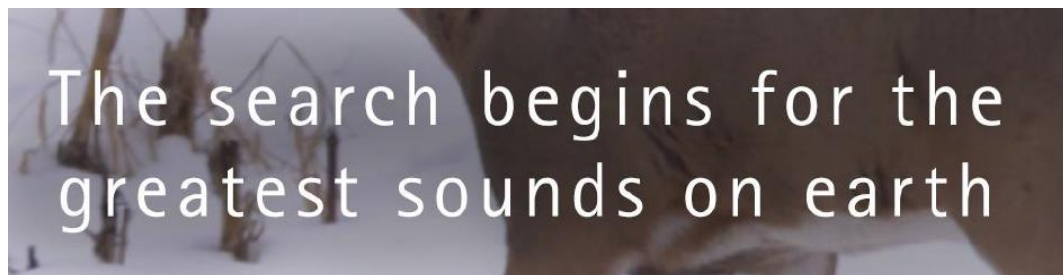
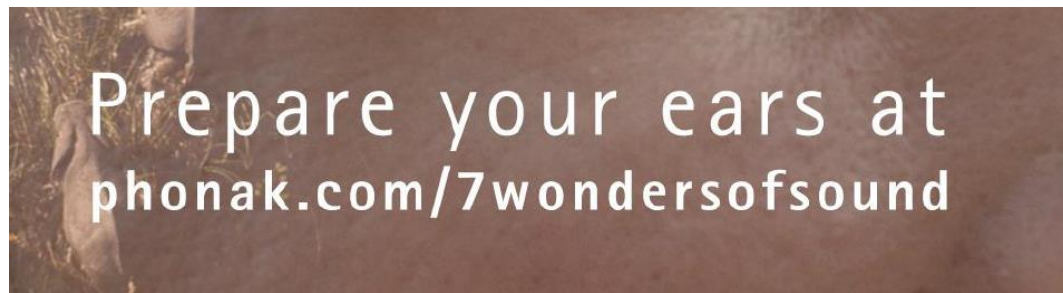
Introducing Phonak Audéo Paradise

There's nothing like
the sound of Paradise

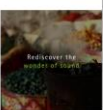
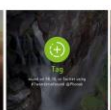


Social Activation Campaign: 7 wonders of sound

Goal of the campaign is to create awareness and buzz around the wonders of sound and Phonak Paradise on social media with a global contest for the #7WondersOfSound  



Phonak Paradise Presents
7 WONDERS OF SOUND





Introducing Phonak Audéo Paradise

Fabia Méline Müller – Launch Program Manager

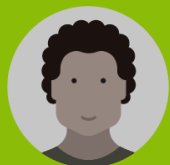
A Sonova brand

PHONAK
life is on

Taking a closer look at the core needs of our consumers

► With Paradise we cover many of the top core needs repeatedly mentioned in market research studies

Sound quality*



"I want to communicate easily in quiet"



"I want to communicate easily in noise"



"I want more natural sound quality"

Ease of use



"I need hearing aids which can be adapted to my changing hearing needs"



"I need a device which is easy to handle and to adjust"

Würgler, A. (2014) Market Research ID588.; Knorr, H. (2019) Market Research ID1384. Please contact marketinsight@phonak.com if you are interested in further information.

* The three sound quality needs are amongst the top 7 mentioned needs

Key innovations of Audéo Paradise

Unrivalled sound quality

- New sound processing chip - PRISM™
- New motion sensor
- New AutoSense OS™ 4.0
 - Speech Enhancer
 - Dynamic Noise Cancellation
 - Motion Sensor Hearing
- New APD 2.0



Personalized digital solutions

- New Hearing Screener 2.0
- New myPhonak 4.0 app
 - Hearing Diary 2.0
 - AudiogramDirect (via Remote Support)
 - Remote Control
- New Client Dashboard 2.0

Universal connectivity

- Connects to smartphones, TV & more
- MFA
- Multiple Bluetooth® connections
- New Tap Control for easy access to Bluetooth functionalities

Paradise is available with groundbreaking lithium-ion rechargeable technology

Unrivalled sound quality: New AutoSense OS™ 4.0



Speech Enhancer

For quiet situations

Adaptive feature that is designed to enhance the peaks of a speech signal in quiet situations up to 10dB and hence provide **better speech intelligibility** and **less listening effort**.¹



Dynamic Noise Cancellation

For conversations with background noise

Spatial noise cancellation system that works in combination with a directional beamformer and provides up to 4dB improvements in SNR ratio in challenging environments and hence provides **less listening effort** and **better sound quality**.¹



Motion Sensor Hearing

For conversations whilst walking

Detects whether the client is stationary or moving and seamlessly steers the microphone mode and Dynamic Noise Cancellation settings which leads to a **better speech understanding** (73%) and a **better overall listening experience** (71%).²

¹ Appleton, J. (2020) AutoSense OS™ 4.0 provides better speech intelligibility and reduced listening effort *Phonak Field Study News*, in preparation. Expected end of 2020

² Voss, S., Pichora-Fuller, M. K., Ishida, I., Pereira, A. E., Seiter, J., ElGuindi, N., Kuehnel, V., & Qian, J. (2020, August 13). Evaluating the Benefit of Hearing Aids with Motion-Based Beamformer Steering in a Real-World Setup. <https://doi.org/10.31219/osf.io/5xdpj>. Shown is the percentage of subjects who agreed with the statement.

Unrivaled sound quality: New APD 2.0



New APD 2.0

(Adaptive Phonak Digital – proprietary fitting formula)

- New processing algorithm and new precalculation
- APD 2.0 leads to reduced listening effort in noise³
- Designed to provide consumers with a **naturalness of sound**⁴

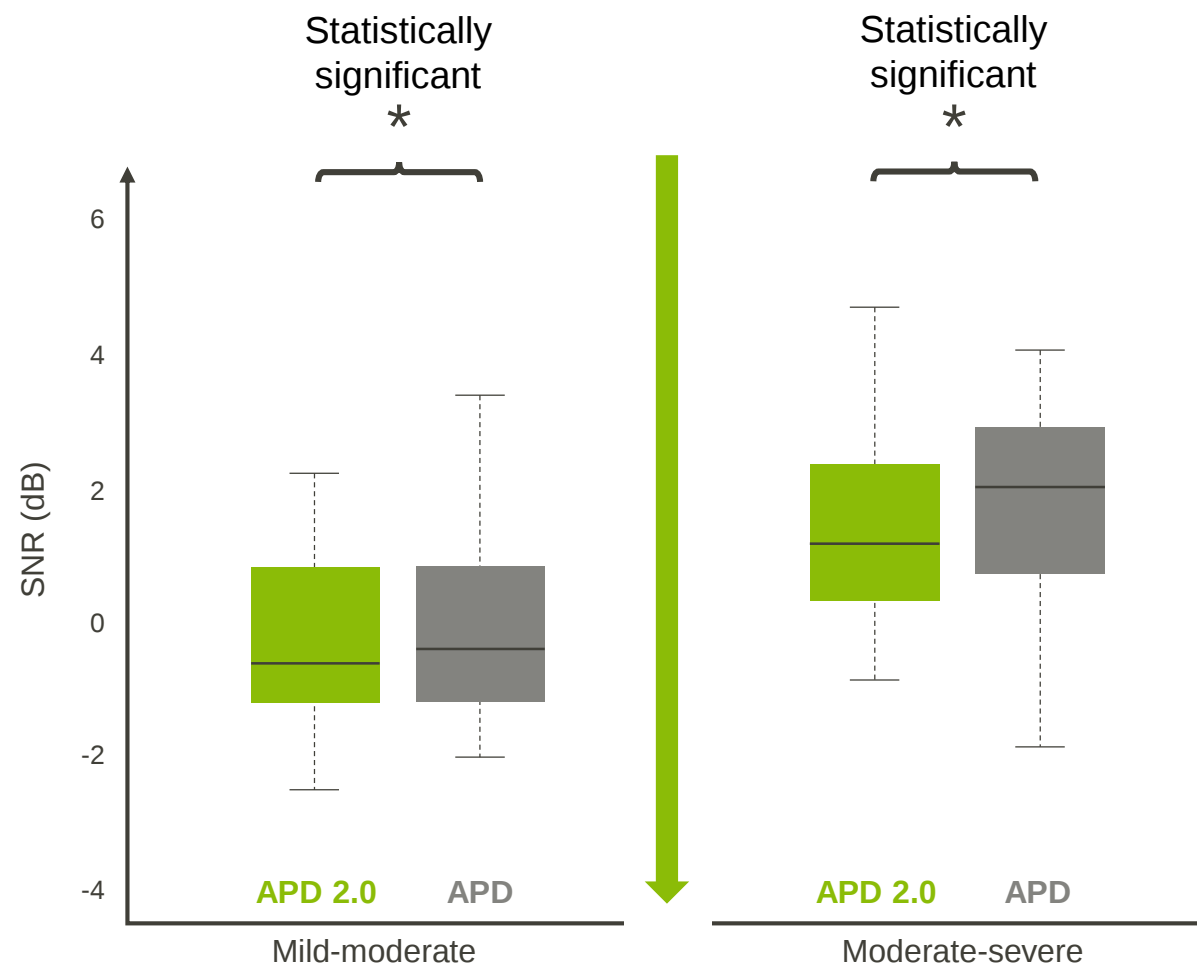


Figure: boxplots of ACALEs results (SNR for all listening effort categories averaged) for each group, in SiN condition. Significant differences between marked with*

³ Wright, A. (2020), Adaptive Phonak Digital 2.0 - Next-level fitting formula with adaptive compression for reduced listening effort, Phonak Field Study News, retrieved from www.phonakpro.com/evidence, accessed August, 19th 2020.

⁴ Hassager, H. G., Wiinberg, A., and Dau, T. (2017). "Effects of hearing-aid dynamic range compression on spatial perception in a reverberant environment," J. Acoust. Soc. Am. 141, 2556 -2568.

Personalized digital solutions

Hearing Screener 2.0

- Helps consumers build awareness with estimated hearing loss results and guides them to next steps
- HCP obtains estimated results in dBHL for left and right ear
- HCP has the option for customized lead gen and targeted marketing



myPhonak app 4.0

- **Remote Control** with improved Speech Focus Slider for Dynamic Noise Cancellation
- **Hearing Diary 2.0** with goals and tasks for consumers and their partners to evaluate progress towards personal goals and share feedback with their HCP
- **AudiogramDirect** now via Remote Support directly through the hearing aids to provide a more personalized fitting experience



Client Dashboard 2.0

- Online dashboard to visualize feedback from consumers and their partners, usage and datalogging information
- It enables the HCP to create tasks and set goals for consumers and their partners to allow for fine-tuning in follow-up sessions
- It's designed to help improve overall satisfaction and build a strong relationship between HCP and consumer



Universal connectivity - MFA



2 active Bluetooth® connections

at the same time:

- First hearing instrument with 2 simultaneous Bluetooth connections to allow the consumer to seamlessly switch from one device to another
- In addition, 8 pairings with different devices are possible*



Tap Control

for easy access to Bluetooth functionalities:

Double tap on pinna allows the consumer to steer Bluetooth features:

- Accept/end phone calls**
- Pause/resume streaming
- Activate voice assistant apps (e.g. Siri**)

*With Marvel only one connection and two pairings were possible

** First hearing instrument which allows these functions via Tap Control

In conclusion

Phonak Audéo Paradise

The world's first and only hearing instrument offering speech enhancement, motion sensor technology, tap control and universal Bluetooth® technology

Speech enhancement



Motion sensor



Tap control



Universal Bluetooth technology



Full RIC product range from day one

P-312



P-13T



P-R



P-RT



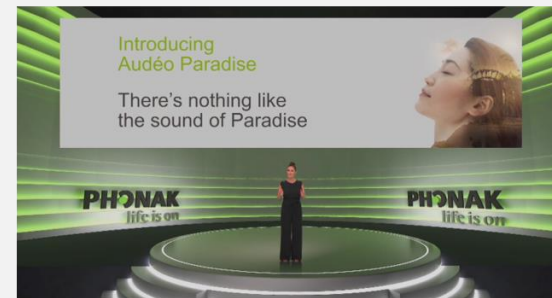
Different charging options



Virtual launch events

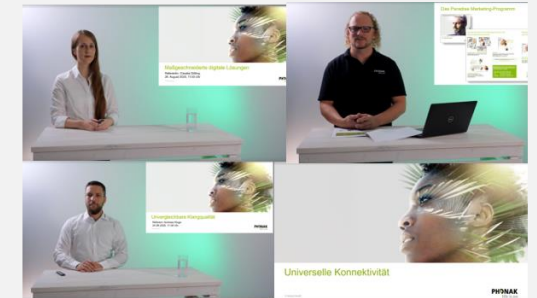
- Virtual launch events executed in >14 countries with **>8000 live attendees** globally to date and thousands of downloads afterwards
- Much higher reach of customers and potential customers

Example: Germany



Virtual launch event

- >1600 live participants
- >2000 additional downloads
- ▶ 4 times more participants than with Marvel



Individual trainings

- >1100 online trainings
- ▶ 4 times more trainings than with Marvel in the first 6 weeks after launch

Feedback from the press

“2 years ago I wrote that Phonak Audéo Marvel 90 was the best hearing aid in the world. I have to revise that today. (...) In the Audéo line, the Audéo PR-90 is miles ahead. Even better voice recognition, noticeably better understanding of conversations with background noise and crystal clear sound simply score again.”



Peter Wilhelm – Hörgeräte-Info

“I have been really impressed with these aids in the last week. The functionality is excellent, the connectivity has been really stable and the tap feature is outstanding.”



Geoff Cooling – HearingAidKnow

“All in all, I don’t think I could be happier with the Audéo Paradise hearables. The over the ear design is lightweight and comfortable for all-day wear, while sound performance and sound quality far exceeded my expectations.”



Vincent Nguyen – Slashgear

“I’m not sure how Phonak did it, but I think that they may have just released a hearing aid that is even better than the already impressive Marvel line.”



Dr. Cliff - Youtuber

Key take-aways

- Phonak Audéo Paradise is the world's first and only hearing instrument offering **speech enhancement, motion sensor technology, tap control** and **universal Bluetooth® technology**
- Paradise delivers **unrivalled sound quality**, exceeding its already strong predecessor Marvel¹
- **Full range** of RIC products from day one
- Captivating campaign including a **social activation contest** to increase awareness
- Virtual launch events to **reach more customers** than ever before

¹ Appleton, J. (2020) AutoSense OS™ 4.0 provides better speech intelligibility and reduced listening effort *Phonak Field Study News*, in preparation. Expected end of 2020





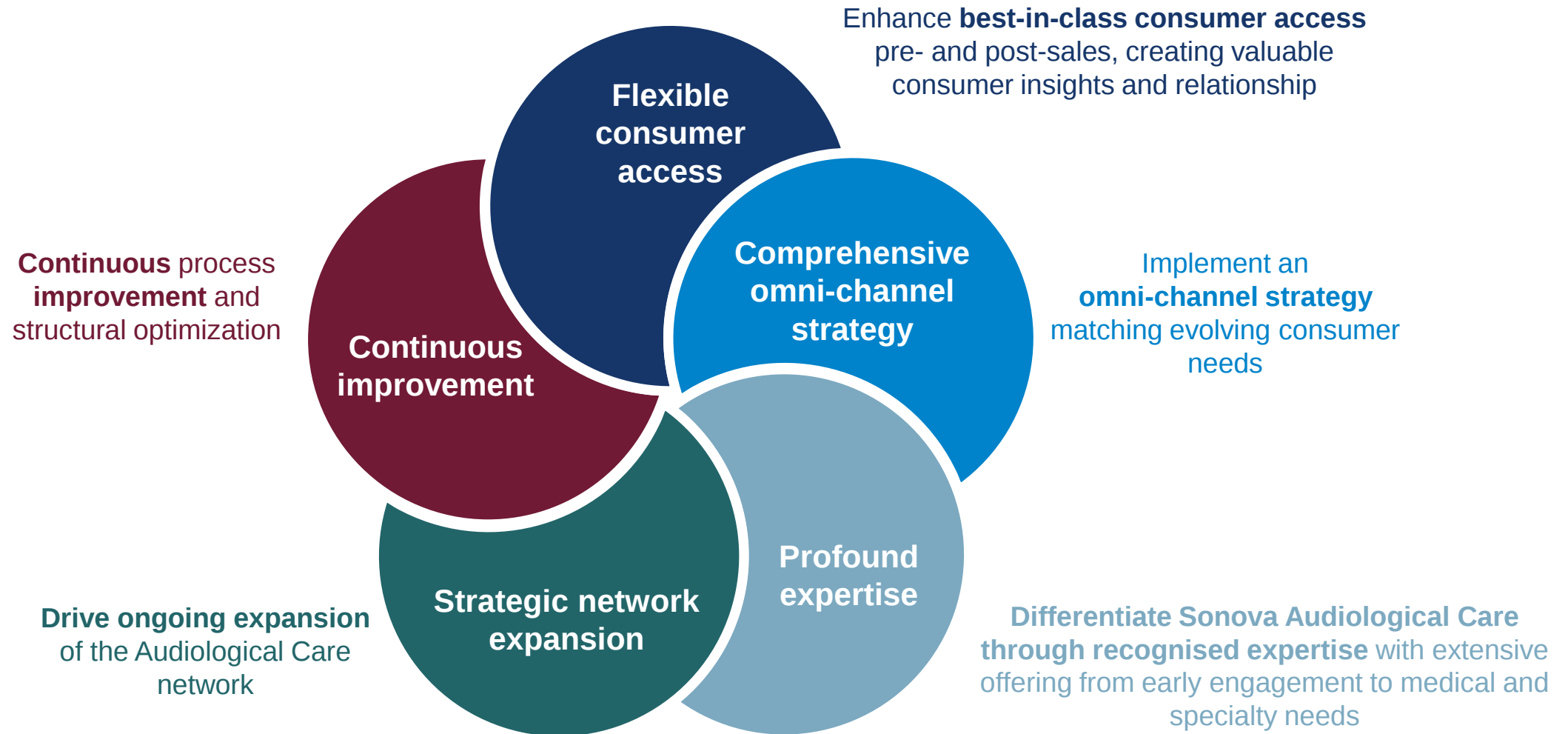
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Audiological Care

*Extending reach through
augmented consumer journey*

Christophe Fond, GVP Audiological Care
Stäfa, October 6, 2020

We drive profitable growth by consistently executing our key strategic priorities



► Driving profitable growth by consistently executing our key strategic priorities

Sonova's Audiological Care business spans five continents

More than 3,300 points of sales and 7,000 employees

- A leading global platform of more than **3,300 points of sales**
- More than **7,000 employees** in Sonova Audiological Care across **20 markets**
- High concentration of networks in **Europe** with over **2,600** stores in 13 countries
- More than **CHF 1bn revenues** in FY19/20
- Active in eCommerce for accessories in **11 markets** today
- **Omni-channel journey** initiated or in development in majority of the countries

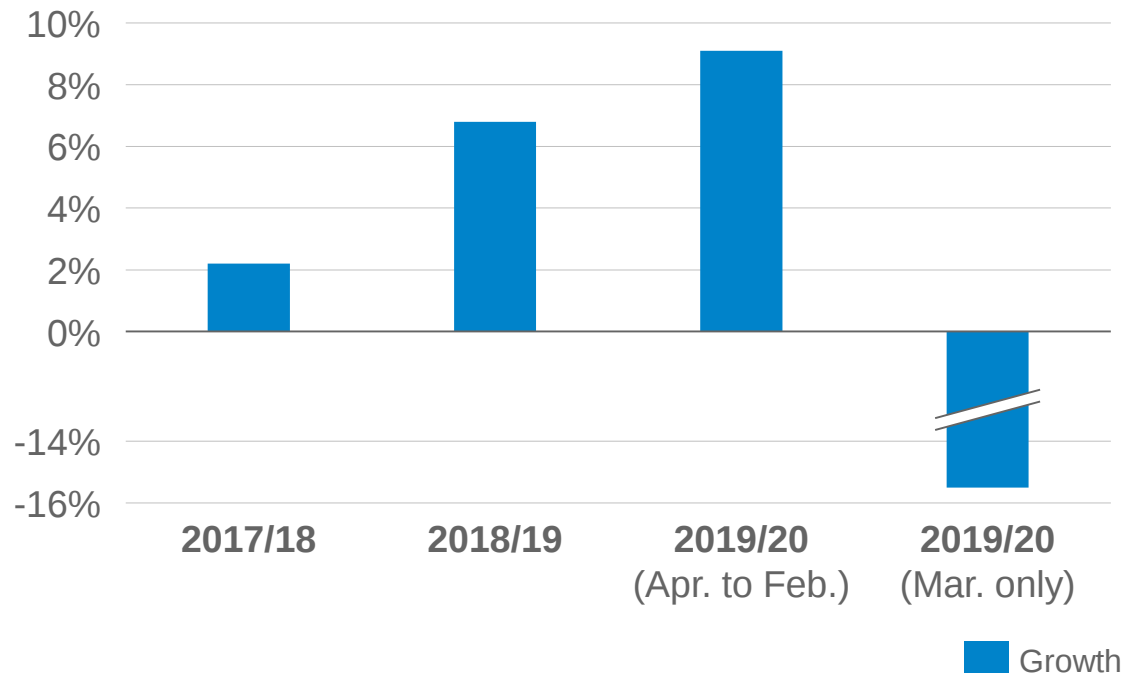


► No. 2 global provider with significant growth runway

Our Audiological Care journey is fast-paced

Strong retail performance after AudioNova integration

Audiological Care Business



Boosting our retail performance

- Brand harmonisation in each country
- Restructured NL and US networks
- Improved in-store sales execution
- Strengthened lead generation capability
- Developed one of a kind hub & spoke model incl. new pioneering World of Hearing store concept
- Intensified greenfield openings and bolt-ons strategy
- On a 5-year journey (half way) to implement global IT backbone “Beyond”

► Sustained growth at an intense pace and significantly above market

Our Audiological Care journey is fast-paced

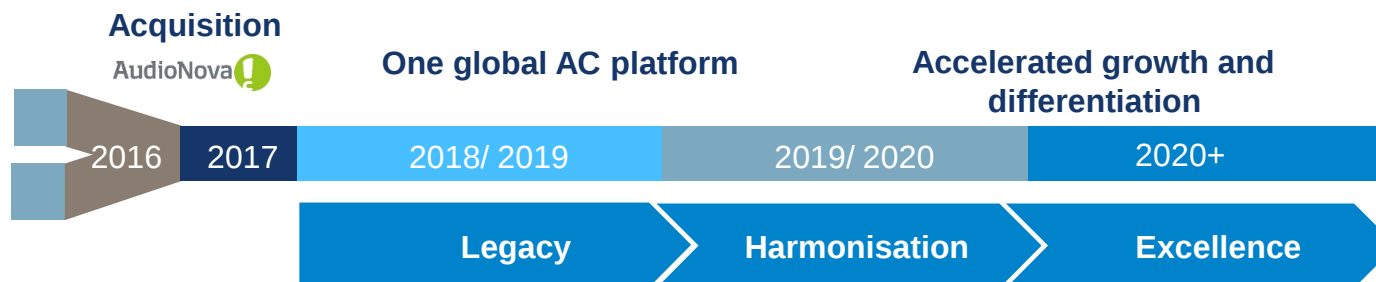
Achievements since AudioNova's acquisition

Status of AudioNova's integration

- Journey started 2016
- AudioNova's integration successfully finalised in FY19/20
- Integration leveraged strengths of both entities
- Today: new shared culture building on talented and motivated teams ready to fulfil customers' individual requirements

Results in AC countries

- Local central offices consolidation resulted in higher efficiency and profitability
- AC showed definite growth above market, thus increasing market share
- Overall average sales price significantly increased
- Sonova's share of wallet markedly improved to 95%+, creating more benefits for Sonova Group due to vertical integration



► We continue to drive efficiency and strengthen the local competitive position of Audiological Care

Executing a comprehensive omni-channel strategy

Omni-channel: Touchpoints offered pre- and post-sale through a multitude of channels

Benefits to consumers

- 24/7 service, 365 days/year even during lockdown
- Increased choice and comprehensive flexibility between channels
- Social distancing easily possible
- Significantly reduced need to leave home

Benefits to AC and Sonova

- Increase demand and customer satisfaction (loyalty)
- Ensure business continuity even during lockdowns
- Leverage opportunity to optimize brick & mortar store network
- Be a first mover and display innovation leadership

Possible contact points



► Omni-channel approach is key to fulfilling consumers' evolving requirements

Our strong basis for implementing the omni-channel strategy

Setting up a Lead Generation Factory in Europe

Overview

Mission

- Create in-house digital lead generation expertise to serve the Audiological Care Business, drive additional revenues at lower cost per lead vs. today
- Address younger segments through omni-channel proposition
- Positioning company as attractive for digital talents

Setup

- Project started Q2 2019/20, live since Q3 2019/20
- First independent hub established in Berlin
- Currently serving the DE market – EU international expansion to be started

Initial results

- **Tens of thousands leads** acquired so far
- **Younger, more affluent customers** reached, with interest in getting the **latest high end devices**
- **Higher sales price** than more conventional channels
- **Significant revenue growth**
- **Cost per lead markedly reduced** as know-how is gathered



► Creating comprehensive digital lead generation expertise in-house

Our web stores will enhance best-in-class consumer access

Rollout of webstores, accelerated during Covid-19

Local Brand eShop

- Increase AC consumer value through broadened offer
- Fulfil Sonova's Hearing Instrument consumers' needs
- Standardize and scale current online assets
- Monetize existing traffic

Audilo (acquired 2019)

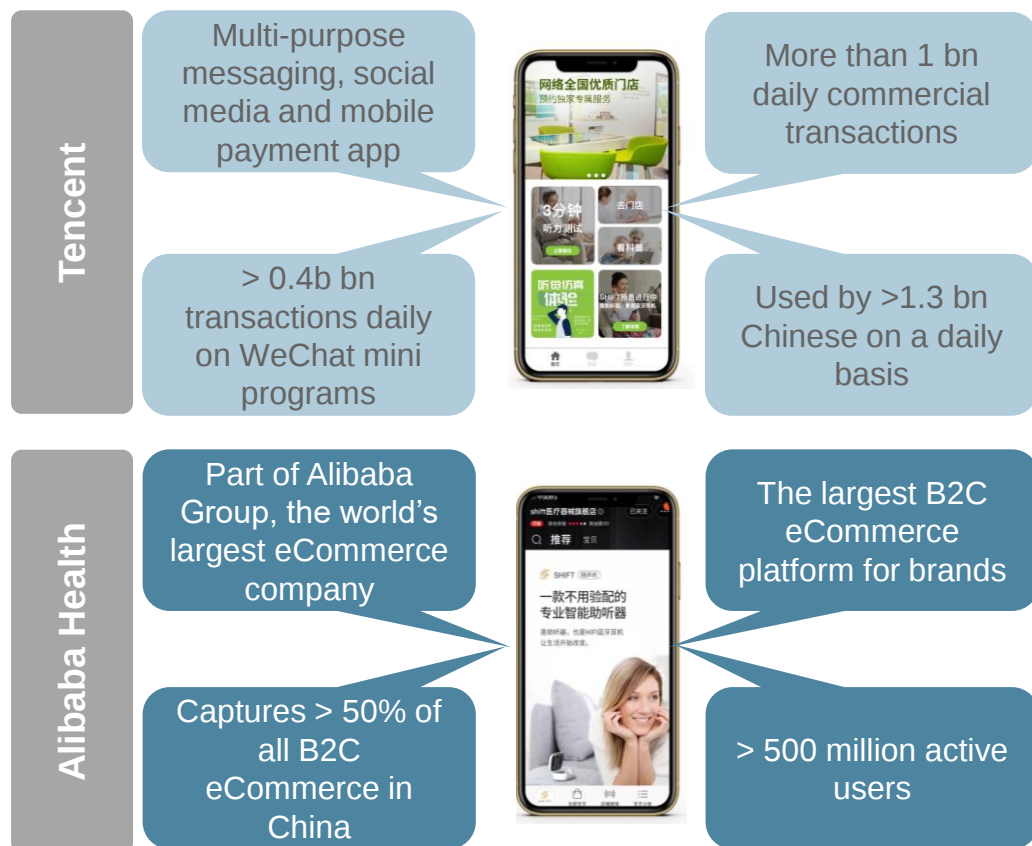
- Reach non AC consumers and fulfil their needs
- Launch in countries where AC business is not present to gain additional consumer access
- Increase revenues in accessories, addressing all consumers independent of the HI brand of choice



► Initial focus on accessories, batteries and hearing-health related categories

Market entry in China: ongoing expansion of the AC network

Entering the Chinese market with omni-channel proposition



WeChat app as THE portal to an omni-channel journey: screening, appointment booking, eStore

Since July:

- 1.6m clicks on World of Hearing WeChat Account
- Leading follower base in the industry with 55k registered followers

Already 2 major retail partners on board
Flagship store launched on T-Mall, ensuring access to partner's 320 retail stores

► WeChat and T-Mall presence enables us to reach millions of customers through the apps they use daily

Market entry in China: ongoing expansion of the AC network

World of Hearing WeChat app and T-Mall's Sonova branded flagship store launched

World of Hearing APP on WeChat

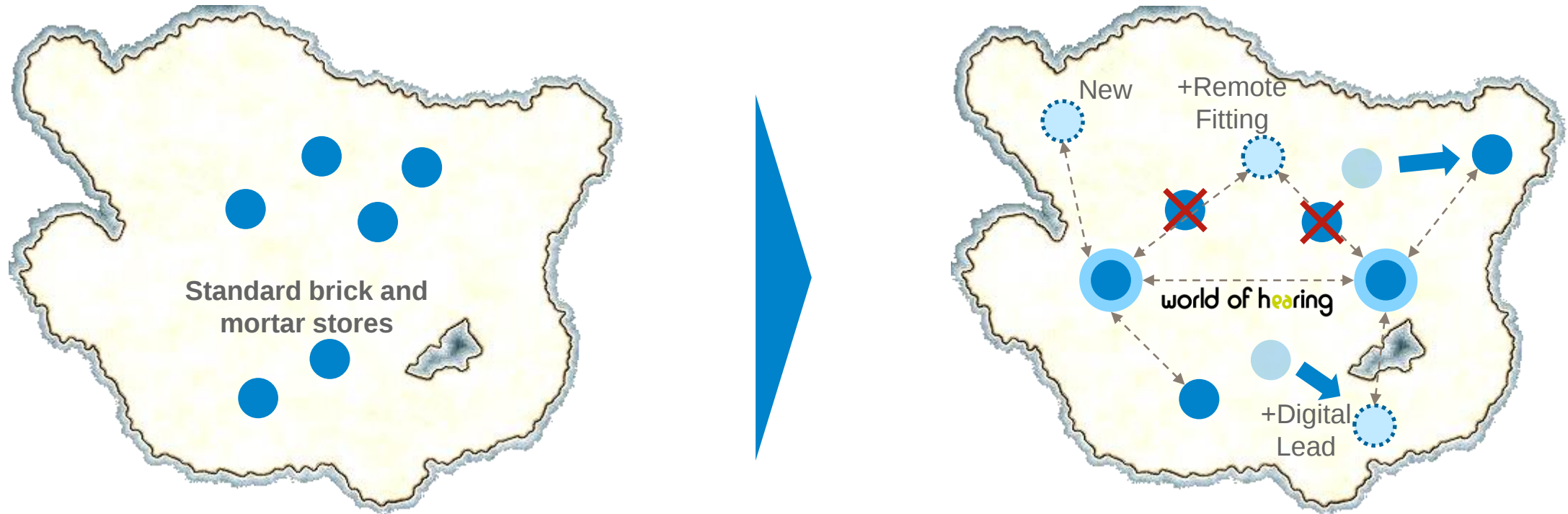


Flagship Store on Alibaba's T-Mall



► Partnering with WeChat and T-Mall is the foundation of a fast omni-channel launch in China

Store network optimization accelerated to serve evolving consumers' requirements



- ➔ **Improving stores density** to cover white spots, improve zip codes coverage and optimise distance to relevant consumers' segments
- ➔ Streamlining current network (200-300 POS) and transfer of customer database to nearby store to **protect revenues**
- ➔ Leveraging different store formats (shop in shop, **remote fitting centres**, ...) to improve efficiency and support the **omni-channel journey**
- ➔ Opening **World of Hearing flagship stores** as regional centres of expertise, leveraging satellite stores' referrals

► Store network optimisation accelerated to serve evolving consumers' requirements

Differentiating Audiological Care through profound expertise

World of Hearing: a successful start now followed by a rapid expansion



2018

**Concept
launch**



Present

**4 openings
realized**

**Several builds
in progress**



2020+

**Scale
globally**

Reduced lead time



Customers can view and understand their different HI choices and experience them instantly in life like situations

Younger customers



Open and low barrier environment attracts younger age group with active lifestyle

Increased average sales price



Premium experience and elevated value proposition reflect in higher achieved average sales price

► Now rolling out a successful concept globally

Four pillars of our future success

- Building on the confirmed success of our **Hearing Health strategy** we will maintain the course to provide the **highest-quality hearing solutions and services**
- Accelerating the roll-out of our **omni-channel journey**, providing **more flexibility** to consumers in times of COVID-19 lockdowns and social distancing
- Expanding the new **digital lead generation factory** to establish **in-house capabilities** serving the **whole of Europe**
- **Creating footprint in China** in close collaboration with leading local players to **quickly generate traffic** to app, e-store and stores





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Driving growth through commercial excellence

Claude Diversi, GVP HI Wholesale
Stäfa, October 6, 2020

Commercial Excellence

Our focus summarized



Sonova eXellence drives continuous improvement in the **commercial execution** by

- Cultivating a **customer-centric** mindset, focusing on customer values and needs
- Developing **sales capabilities & skill-sets** to secure consistent quality of interaction
- Elevating **territory, strategic** account, and sales **funnel** management processes

to create **sustainable competitive advantage**

► Our goal: Add additional growth lever beyond product innovation

Commercial Excellence

What



- Commercial excellence is an important part of the Sonova Growth toolbox

Commercial excellence

How – Territory design



Available unit potential

Balance distribution of available unit potential across territories



Activity level

Drive activity levels to be within target range for each territory



Territory size

Minimize driving time/distance within each territory



Customer disruption

Minimize the disruption to customer relationships

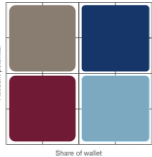
► A journey of reshaping the sales force and the territories started in early 2019/20

Commercial excellence

How – Segmentation and Targeting



Focus on expanding market share by targeting the **high-growth potential accounts**



Increase the visit activity to build relationships in new accounts while keeping engagement with existing accounts



Build solid **market visibility** as a fundamental to enable and drive smart targeting

► Target segment reported significant hearing instrument sales growth in selected geographies



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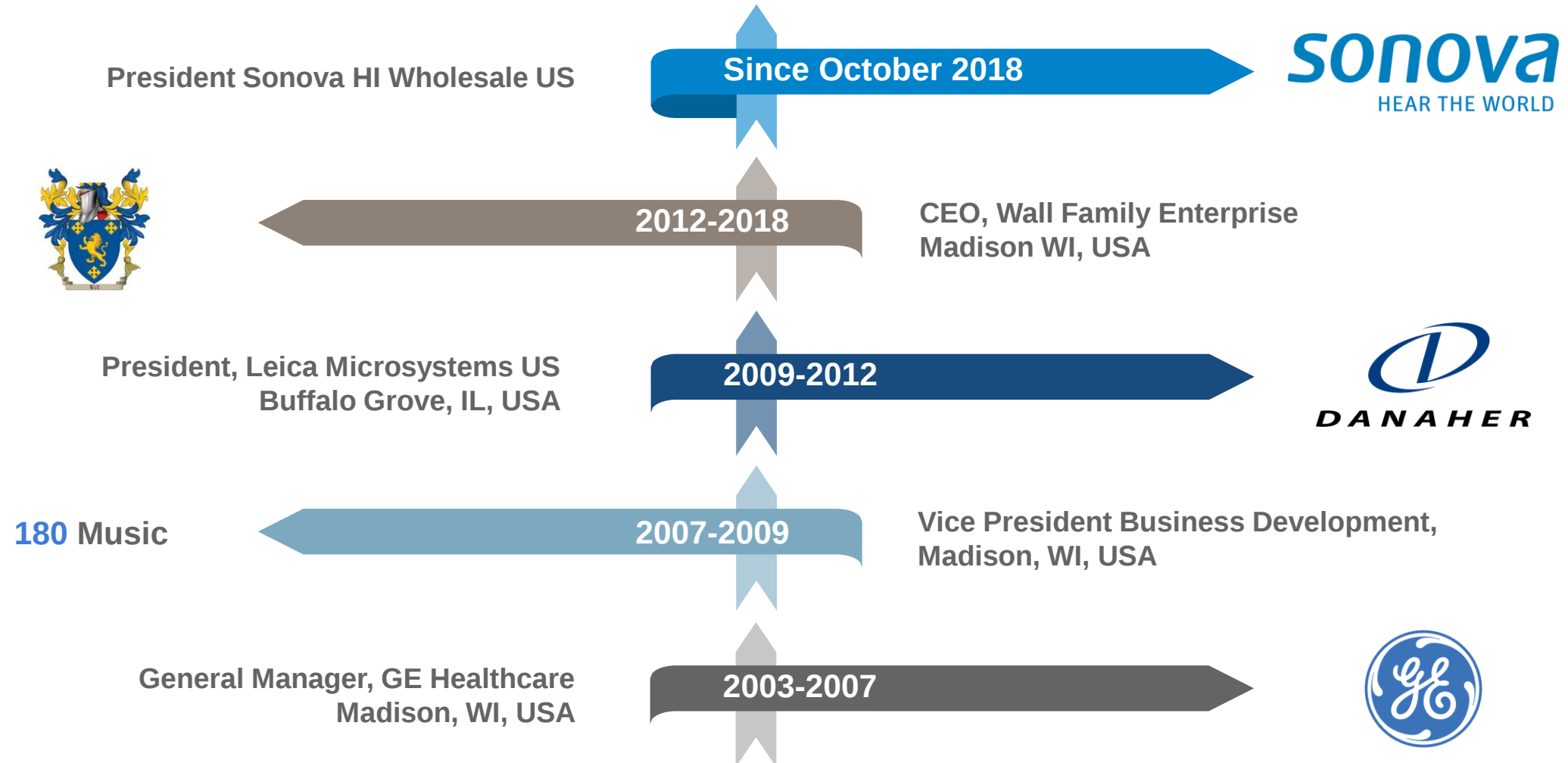
Driving growth through commercial excellence

The US success story

Sandy Brandmeier, President HI Wholesale US
Stäfa, October 6, 2020

Professional experience

Sandy Brandmeier – President HI Wholesale US



The US hearing instruments market

Market overview

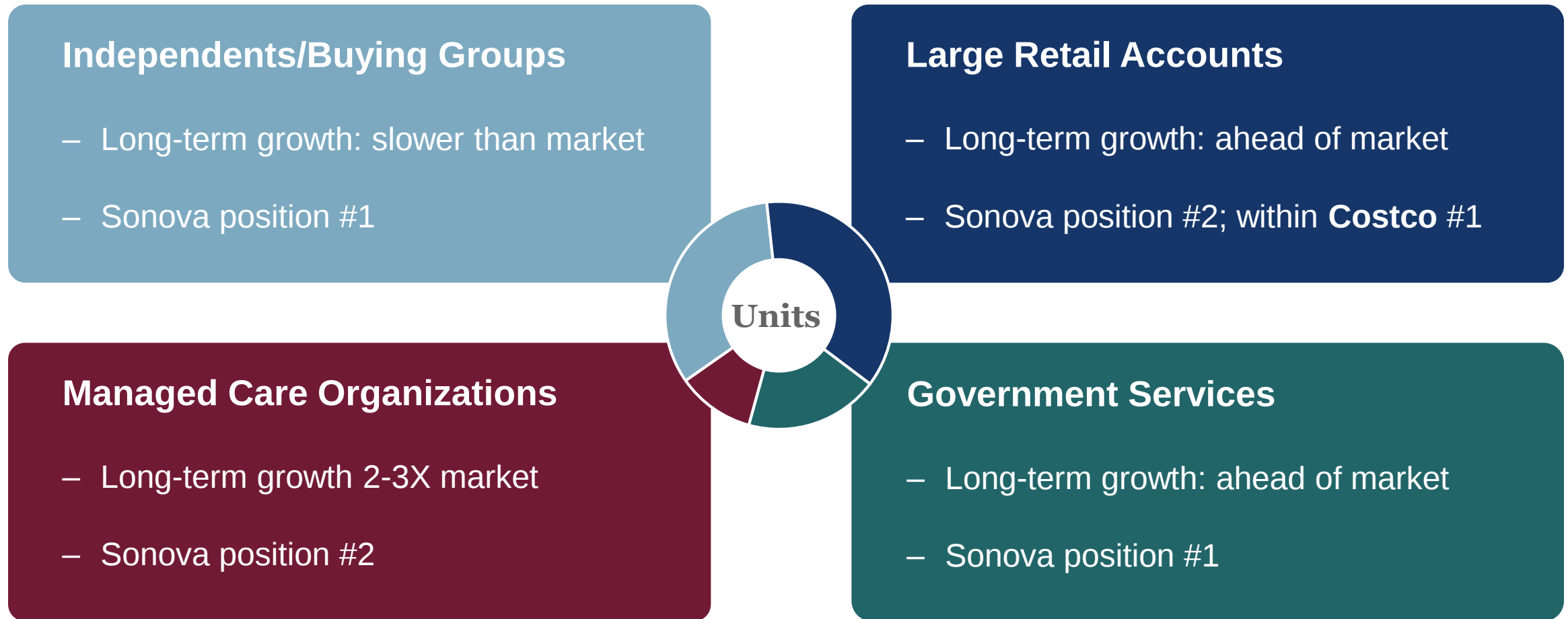
- **USD 2 bn** hearing instruments market growing at mid-single digit
- Over **21k hearing care professionals** serving consumers through more than **25k points of sale**
- Complex **multi-channel environment**



- Opportunity to increase adoption through innovation in technology, consumer interaction and through insurance coverage

US multi-channel partnerships

Market structure



► Sonova serves the entire spectrum of the US market

Channel focused strategy

Specific strategies tailored to various channels

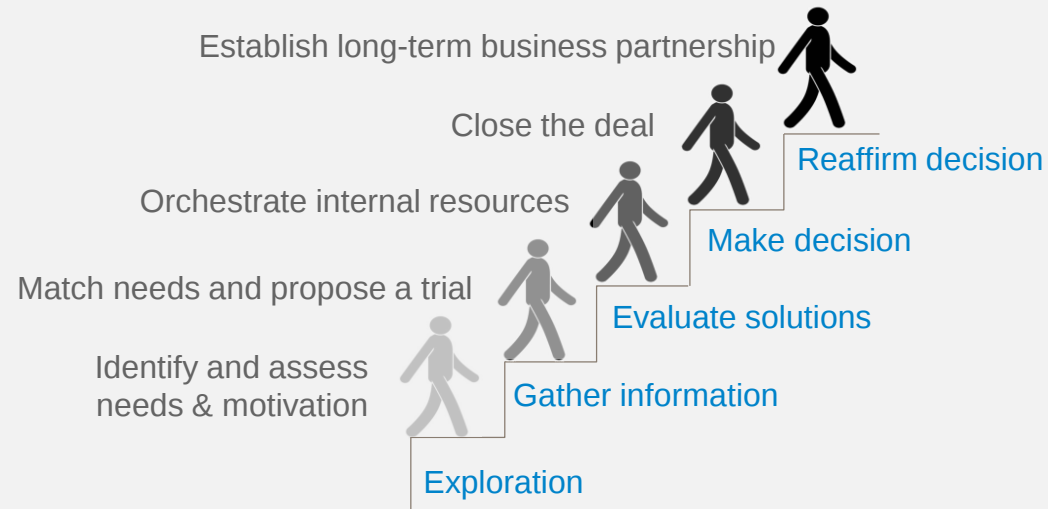
	Independents & Buying Groups	Costco	Managed Care Organizations	Government Services
Growth drivers 	– Aging population – Innovation and advancements in technology – Increasing adoption	– Premium hearing instruments at affordable prices – Complementary hearing care services	– Aging population – Increasing adoption of Medicare Advantage	– Increasing productivity of government clinics to serve more veterans – Bilateral hearing loss and tinnitus disabilities among veterans
Sonova strategy 	– Segment specific service offerings – Territory design and FOS investments for optimal coverage – Value added services	– Focus on customer training and education – Best-in-class customer support	– Emphasis on product leadership – Strategic collaboration with healthcare leaders	– Emphasis on innovation leadership – Customer engagement and sales execution

► Product and service offerings tailored by segment

Customer engagement process

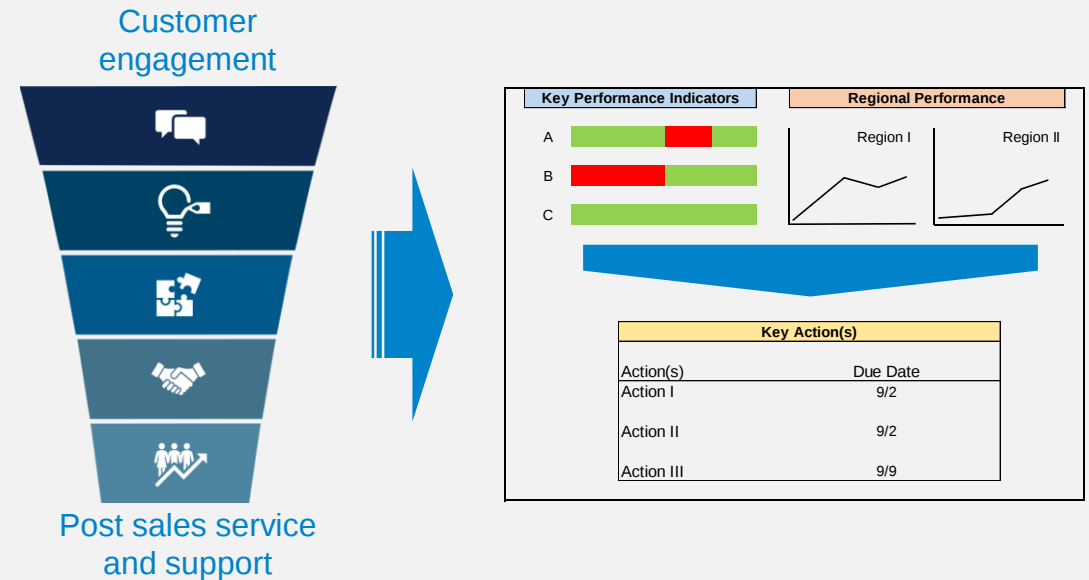
Processes and tools aiding in improved customer experience

B2B customer buying journey



- Customer buying journey and decision making process
- Solutions to support customer at each stage of the journey

Daily management & Problem solving



- Visibility and management of customer needs
- Cross-functional collaboration and faster decision making
- Accelerate sales cycle and improve win rate
- Coach and guide team

► Commercial Excellence signifies the essence of the Sonova Values to our customers

Government services

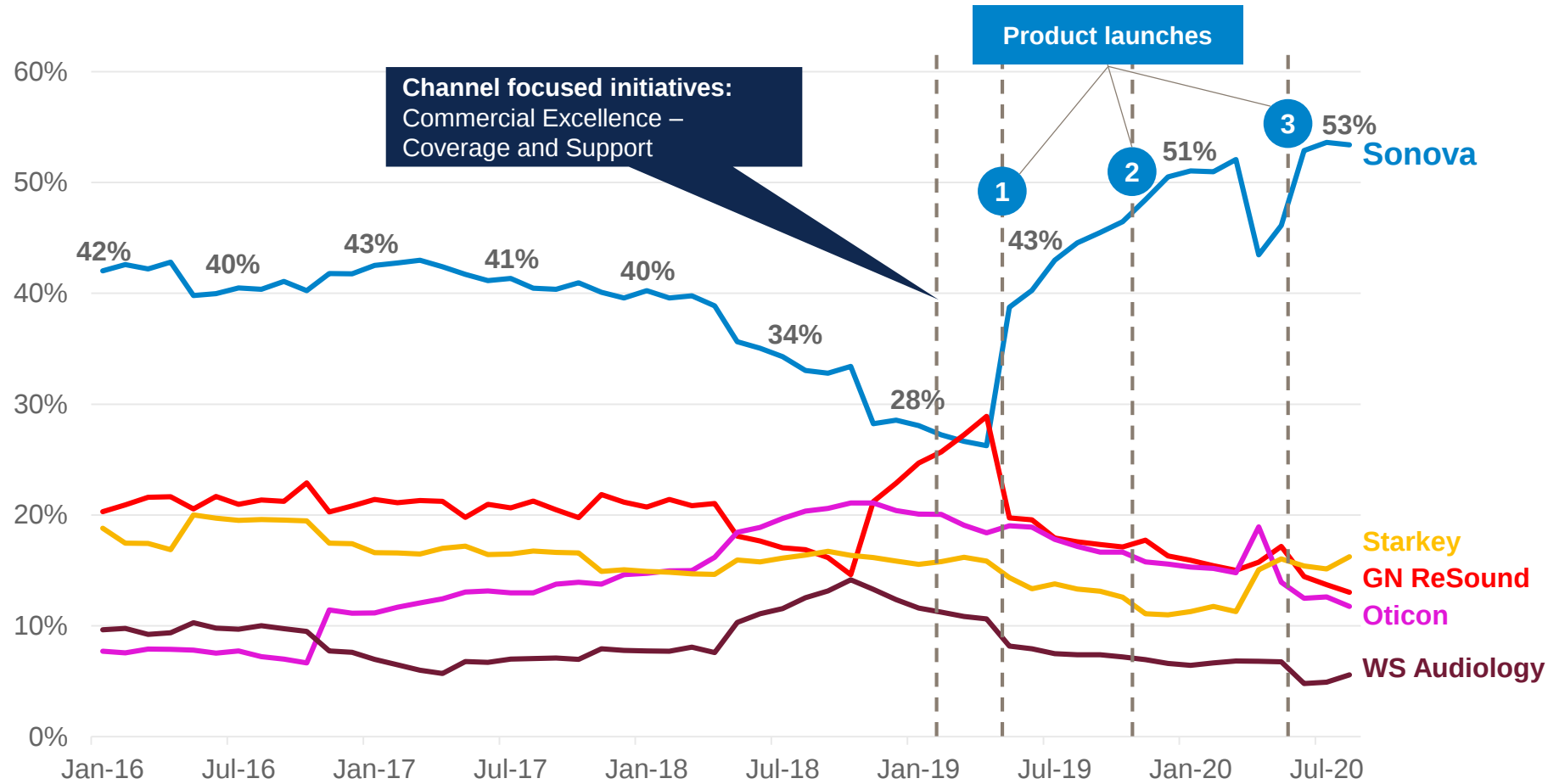
A success story

- **Launch of Marvel** as breakthrough innovation
 - **Adoption of commercial excellence** to optimize coverage with adequate touch points through all stages of customer buying journey
 - **Collaboration with KOLs** to launch creative business models
 - Development of **customized remote support** solution
 - **Best-in-class support** and personalized customer experience
- 20% market share growth in the last 12 months



Government services

Market share development - Units



► Innovation and Commercial Excellence strategy are key to share performance

Key take-aways

- Commercial Excellence is **at the core** of our wholesale strategy
- It is instrumental to **drive sustainable growth** beyond product innovation
- Commercial Excellence is not an initiative but it is **a change of mindset**
- It is a journey which is part of our **continuous improvement** strategy





Summary and Q&A

Arnd Kaldowski, CEO
Stäfa, October 6, 2020

Key take-aways

- Thanks to decisive measures to address the impacts of the pandemic and supported by the ongoing market recovery, **Sonova successfully** addressed the current challenges
- The Group continues to **drive innovation** and to execute on its **growth and productivity initiatives** to ensure its long-term success
- The **strong fundamentals** and attractive **growth potential** of the hearing care market remain intact

