

Investor Presentation

June 2021

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Sonova Group & hearing care market



Key highlights

Sales



CHF 2,602m

-6.8% in LC
(2H: +6.6% in LC)

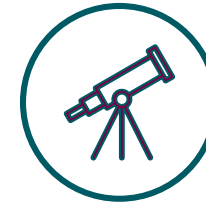
EPS (adj.)



CHF 7.71 per share

+4.3% in CHF

Sales outlook



+24-28%

growth in LC
in FY 2021/22

EBITA (adj.)



CHF 603m

+5.6% in LC
(2H: +33.6% in LC)

Innovation



Phonak Paradise

successful launch &
market share gains

EBITA outlook



+34-42%*

growth in LC
in FY 2021/22

Summary FY 2020/21

Group	– Sales of CHF 2,601.9 million down -6.8% in LC (organic -7.1%), -10.8% in CHF – growth of +6.6% in LC in 2H – EBITA (adj.) of CHF 603.0 million, up +5.6% in LC, +33.6% in LC in 2H – structural optimization fully delivering to plan – EBITA margin (adj.) of 23.2%, up +290bps in LC – strong margin improvement in 2H (+600bps in LC) – EPS (adj.) up +15.5% in LC to CHF 7.71
Hearing Instruments	– Sales of CHF 1,463.9 million (-4.7% in LC) – returning to positive growth in 2H with sales up +6.1% in LC – Successful launch of Phonak Paradise platform – strong market response driving broad-based market share gains – Advancing excellence in commercial execution to drive sustained market outperformance and profitable growth
Audiological Care	– Sales of CHF 953.5 million (-8.1% in LC) – good momentum in 2H with sales up +6.9% in LC – Advancing omni-channel strategy – stepping up online lead generation while entering new markets and channels – Network streamlining on track – combining store locations to improve efficiency while protecting sales
Cochlear Implants	– Sales of CHF 184.5 million (-15.9% in LC) – strong recovery towards year-end supported by new processor launches – Strong headwind from COVID-19 pandemic and residual impact from Feb 2020 voluntary field corrective action – Good initial market response from launch of Naída™ CI Marvel for adults and Sky CI™ Marvel sound processors

► Returning to growth in 2H – Strong margin expansion while maintaining high level of growth investments

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Reasons to invest in Sonova

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

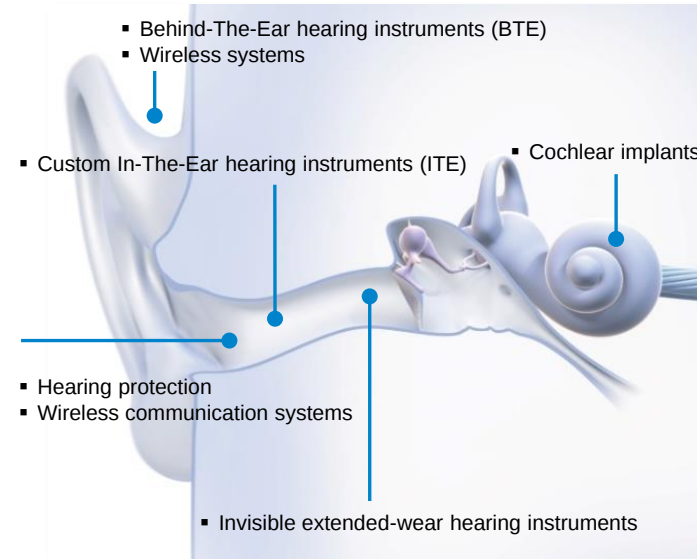
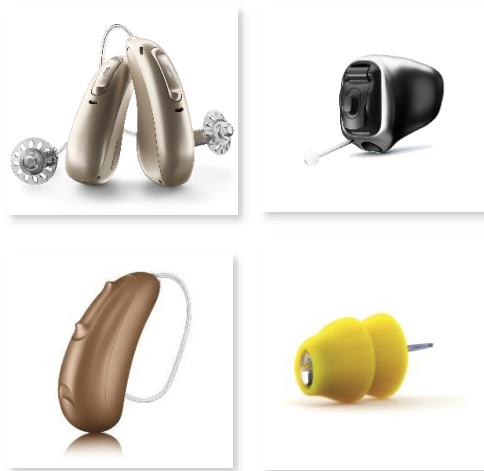
► Strong fundamentals and attractive growth potential remain intact

Sonova Group

sonova
HEAR THE WORLD

Broadest and most advanced hearing care product offering

Hearing Instruments



Cochlear Implants



PHONAK **unitron** **HANSATON**

AB **ADVANCED BIONICS**
POWERFUL CONNECTIONS

Audiological Care

Connect Hearing 

Hansaton 

Lapperre 

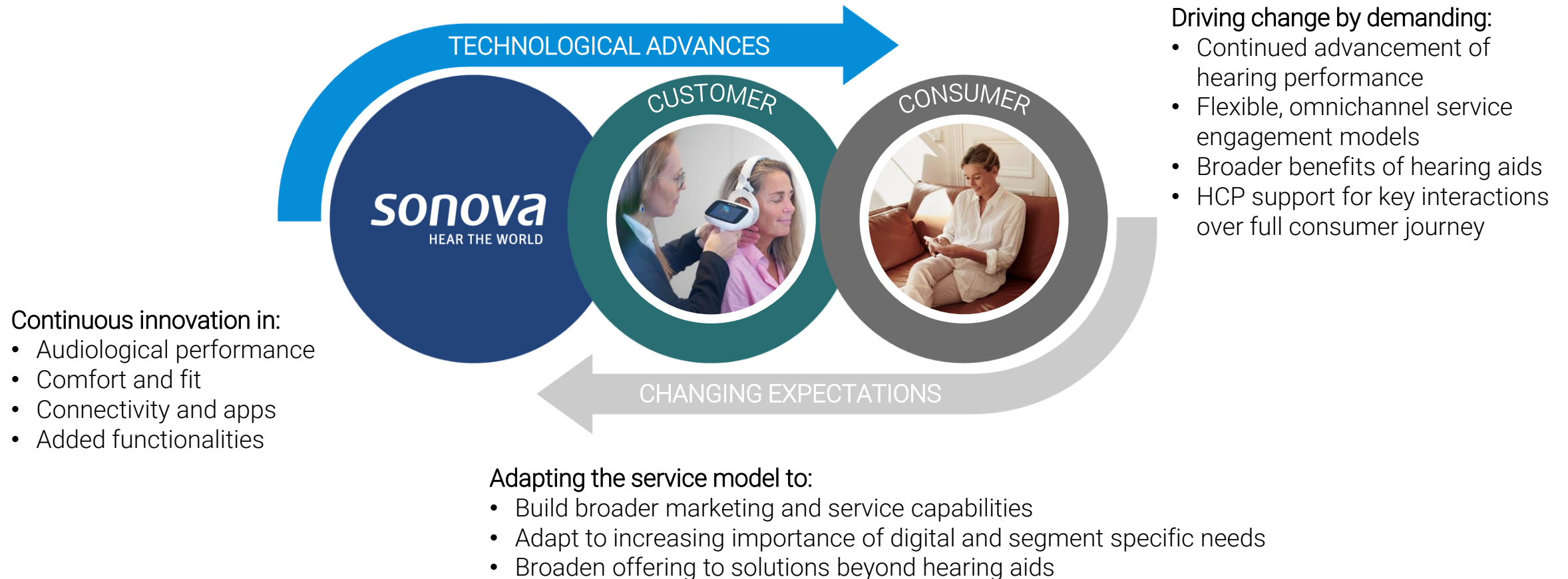
AudioNova 

 **hearingcare**

AuditionSanté 

Market trends

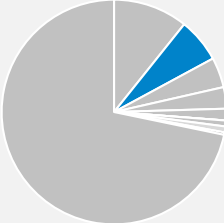
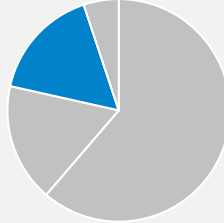
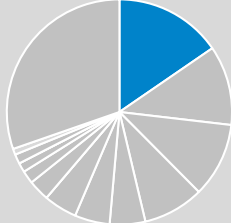
Evolving consumer and customer expectations and needs



► **Sonova's opportunity: Innovation leadership to elevate consumer and customer journey**

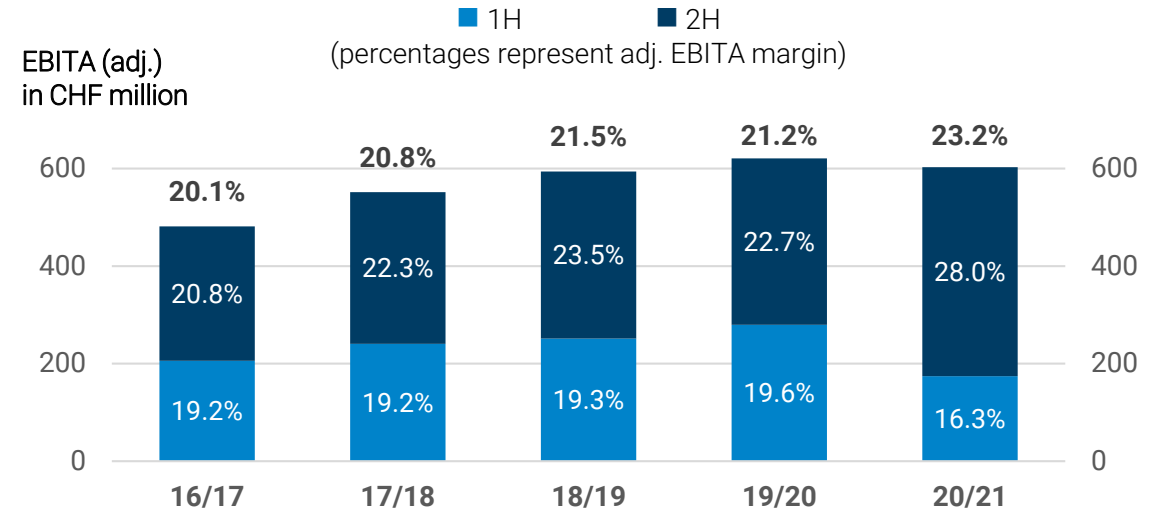
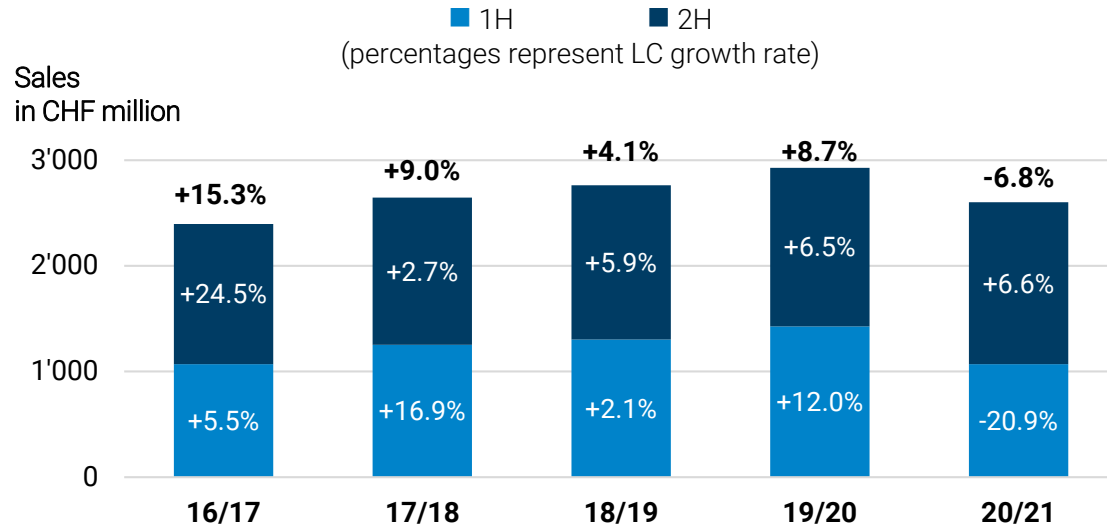
Market

The hearing care market – Attractive size and growth potential

HI MANUFACTURERS ~ CHF 6.5 bn (~ 16.5m units) Market CAGR: ~3-5%	HI RETAILERS ~ CHF 11 bn value added Market CAGR: ~3-5%	CI MANUFACTURERS ~ CHF 1.5 bn (~ 65k units) Market CAGR: ~5-10%	HEARING CARE MARKET ~ CHF 19 bn Market CAGR: ~4-5%
 # 1 in the HI market 	 # 2 in the retail market 	 # 2/3 in the CI market 	 # 1 in the hearing care market 

► Sonova – #1 position in the overall hearing care market

Performance history



	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Sales growth reported	+15.6%	+10.4%	+4.4%	+5.6%	-10.8%
Sales growth in LC	+15.3%	+9.0%	+4.1%	+8.7%	-6.8%
Organic sales growth in LC	+4.3%	+3.8%	+4.9%	+8.1%	-7.1%
EBITA Margin (adj.)	20.1%	20.8%	21.5%	21.2%	23.2%

► Solid growth in recent years with FY 2020/21 affected by COVID – Strong margin progression despite FX

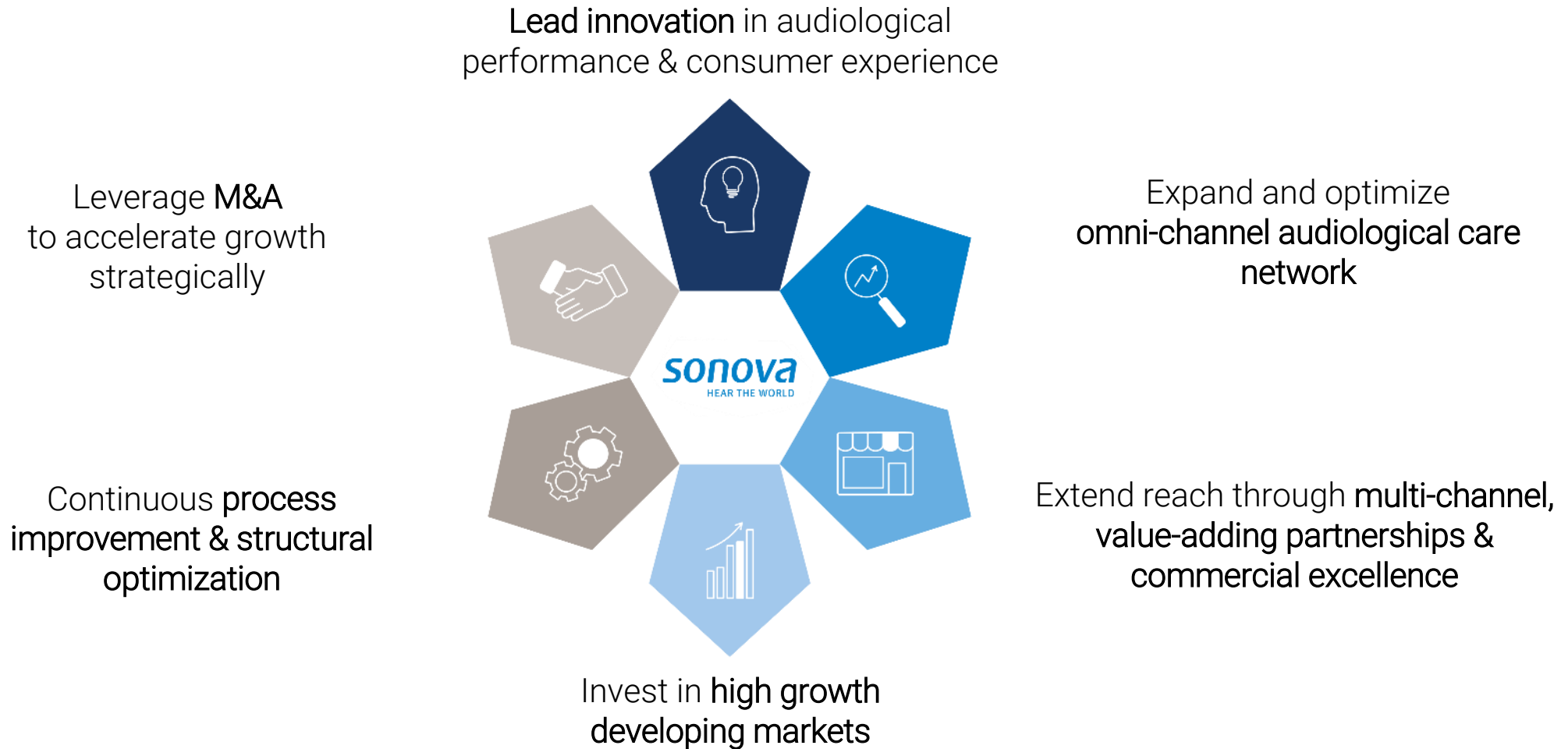
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Sonova's strategy



Sonova's strategy

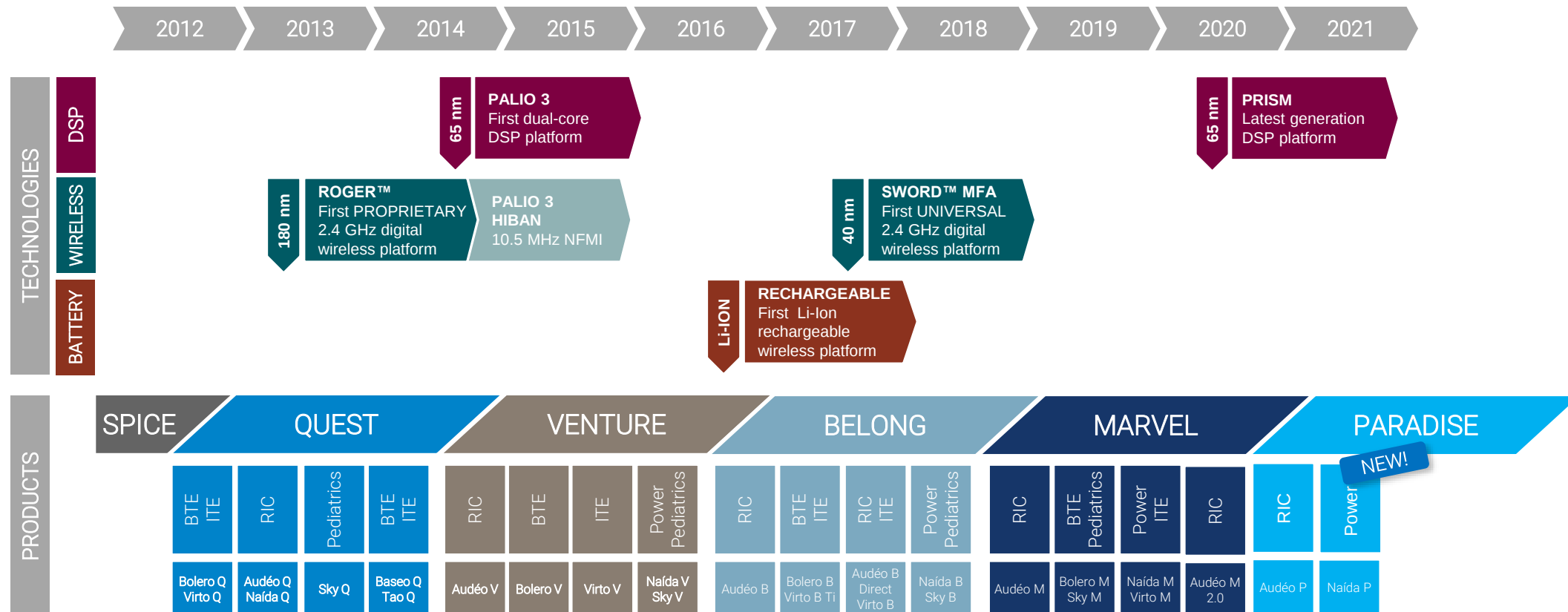
Strategic pillars



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

Lead innovation

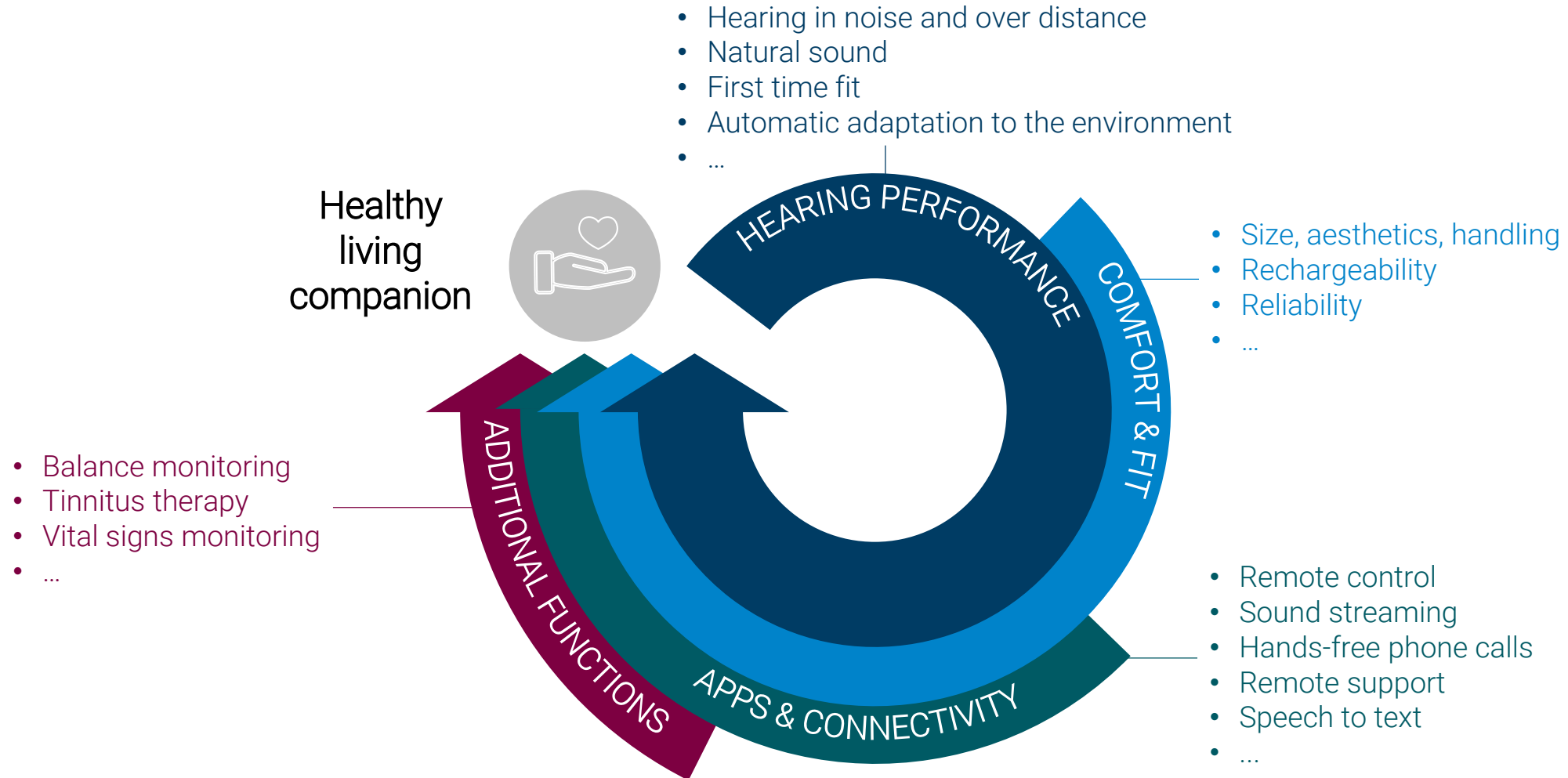
Implement consistent platform approach for HI & CI – Example Phonak



► Driving strong product pipelines – Gross R&D spending > CHF180 million

Lead innovation

Innovation framework



► Driving innovation to elevate hearing aids to become healthy living companions

Lead innovation

Our most recent product launches

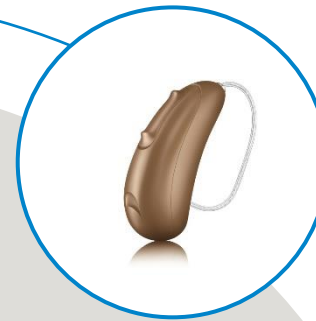
Phonak

Audéo™ Paradise
2Q 20/21



Unitron

BLU platform
1Q 21/22



Advanced Bionics

Naída™ CI Marvel and
Sky CI™ Marvel sound
processors
3Q 20/21



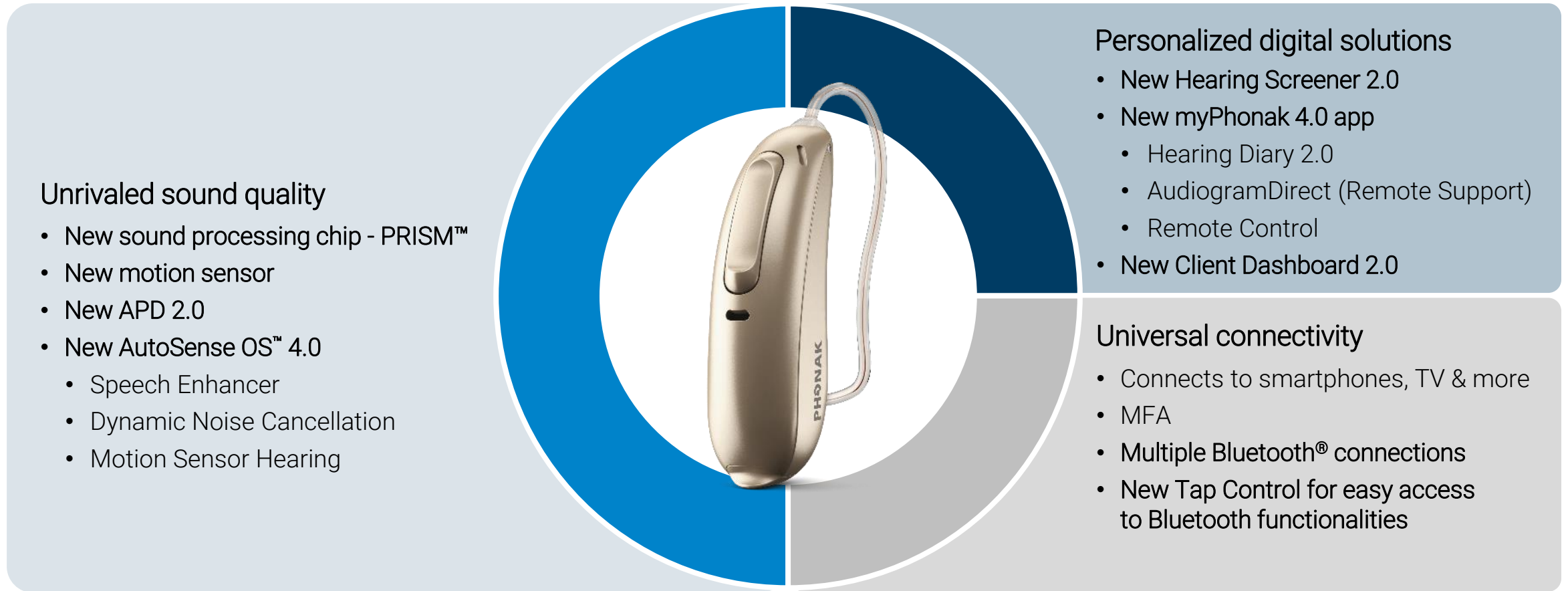
Hansaton

STRATOS platform
1Q 21/22



Lead innovation

Example: Phonak Audéo™ Paradise launched in August 2020

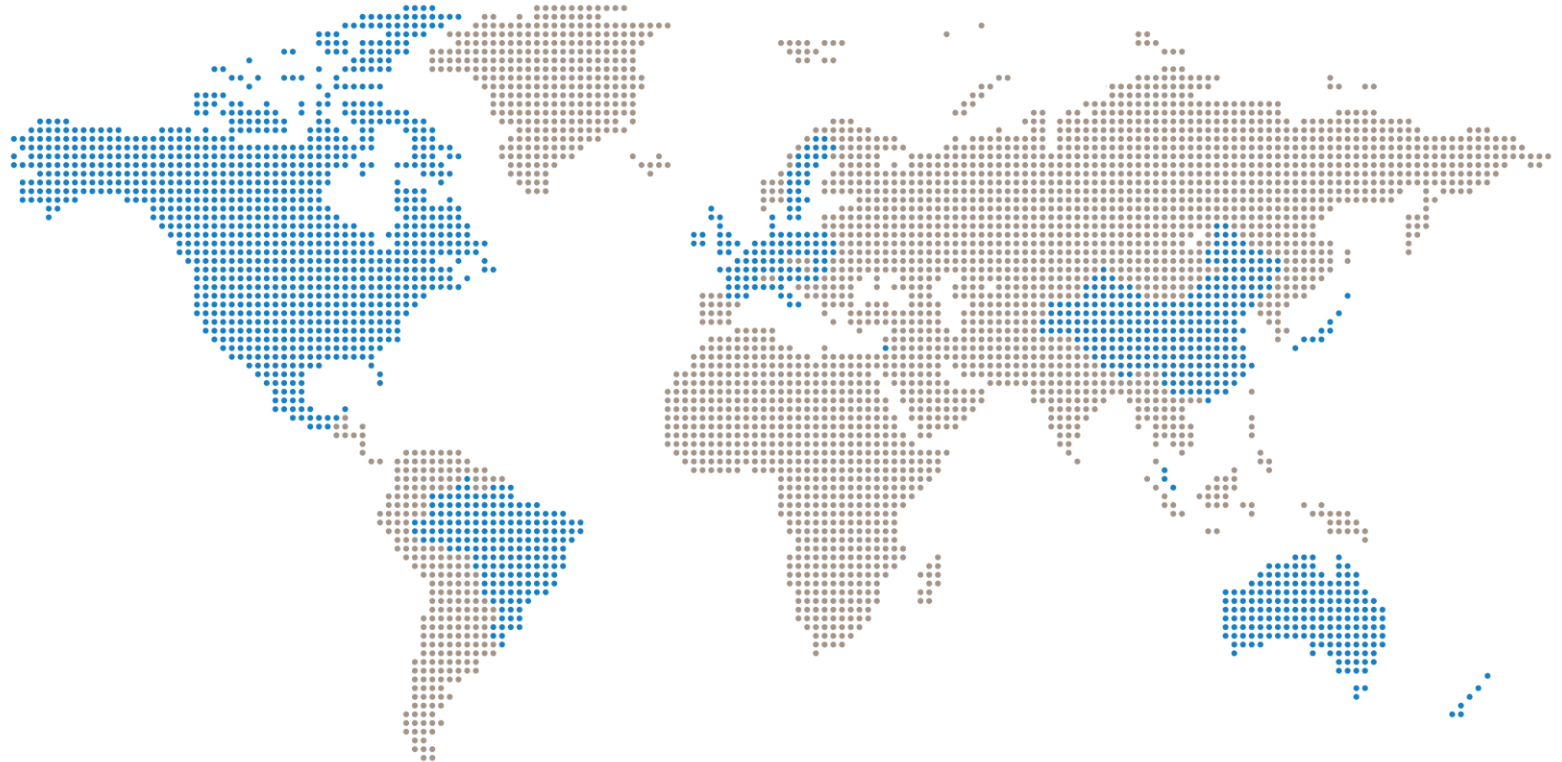


► Designed with a clear focus on delivering an excellent sound experience for consumers

Expand and optimize omni-channel AC network

More than 3,200 points of sales and 6,500 employees

- A leading global platform of around **3,200 points of sales**
- More than **6,500 employees** in Sonova Audiological Care across **20 markets**
- High concentration of networks in **Europe** with over **2,600** stores in 13 countries
- Close to **CHF 1bn revenues** in FY20/21
- 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

Expand and optimize omni-channel AC network

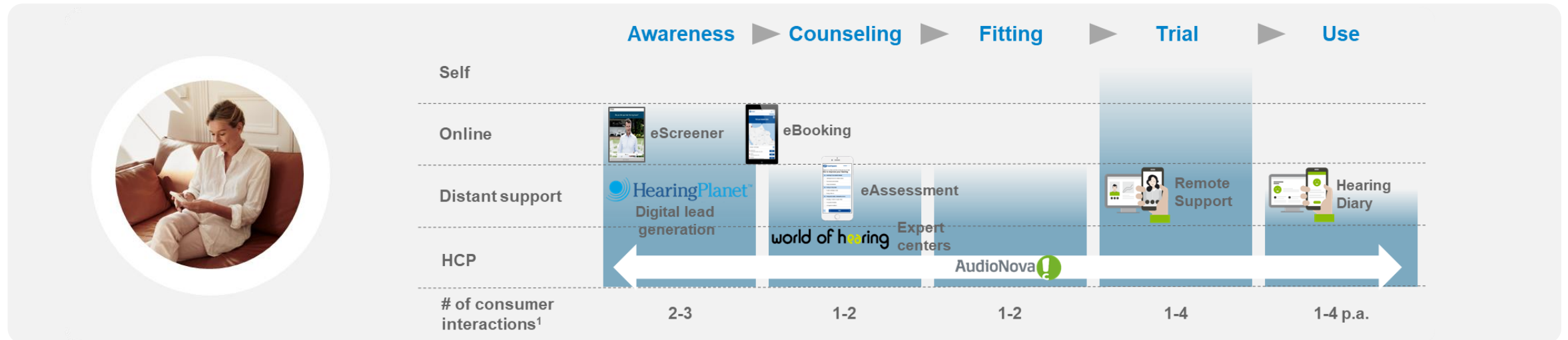
Touchpoints offered pre- and post-sale through a multitude of channels

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



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

Expand and optimize omni-channel AC network

Example World of Hearing: Flagship stores as regional centers of expertise, leveraging satellite stores' referrals



2018

Concept
launch



Present

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

► A successful start now followed by a rapid expansion – 12 stores as of June 2021

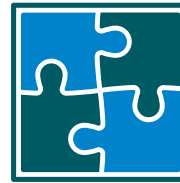
Extend reach through commercial excellence

Driving growth beyond product innovation (example HI business, also deployed in CI business)



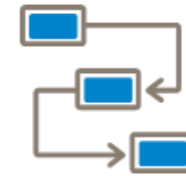
Enabling sustainable market share gains

- Elevating commercial execution to drive market penetration
- Driving growth beyond product launches and innovation



Three workstreams

- 1 **Sales excellence:** Improving sales productivity and funnel management to unlock or grow target segments with biggest growth potential
- 2 **Marketing excellence:** Improving B2B marketing to increase market visibility and ability to drive segment specific campaigns
- 3 **Pricing Excellence:** Building pricing capabilities by strengthening pricing execution process and enablers



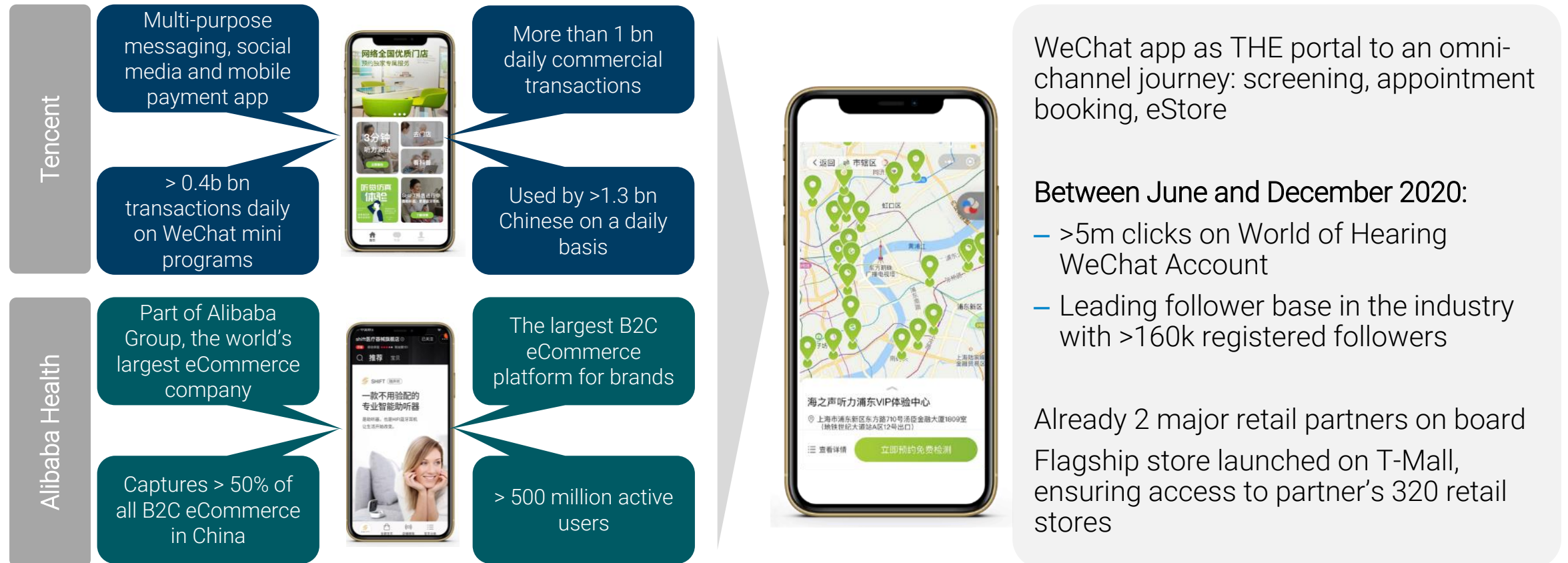
Rollout plan

- Continuous improvement in Wave 1 Summit GCs (US, DE, FR, UK)
- Sales Ex deployment in Wave 2 countries (CA, ES) – launched in Dec. 2020
- GTM phase 2 in the US (more FOTS)
- Processes and learnings to be standardized for global deployment

► Grow customer base through better coverage and commercial execution

Invest in high growth developing markets

Example: Entering the Chinese market with omni-channel proposition



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

Continuous process improvement & structural optimization

Harvest cost savings opportunities by driving structural optimization

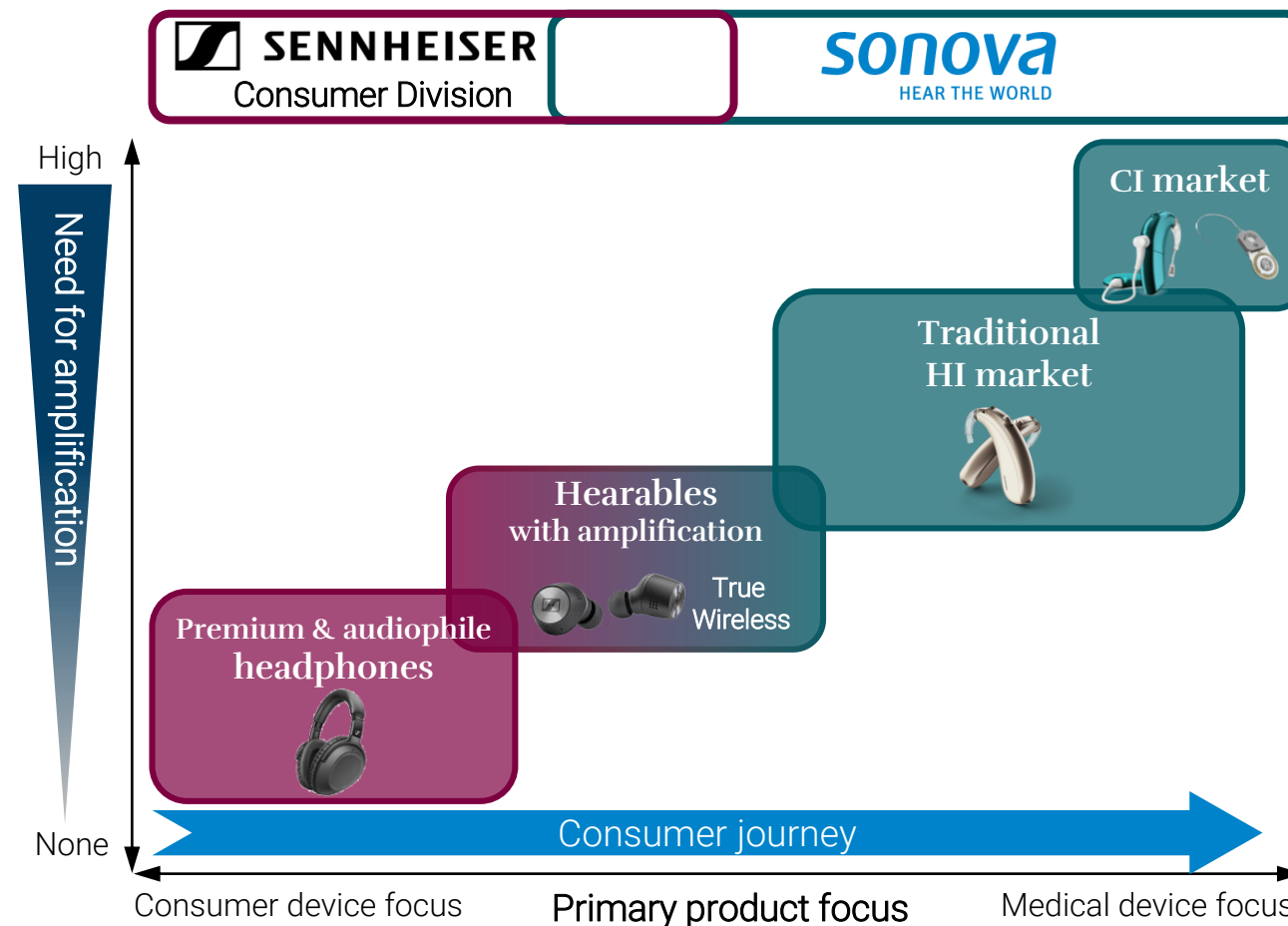
		2018/19	2019/20	2020/21	
Footprint	Reduction of rooftops	✓  	✓✓  	✓ 	Satellite support & warehouses, consolidation of sites
	Streamlining of AC POS			✓✓ 	200-300 POS, largely sales neutral
Processes & Organization	Operations site improvement	✓  		✓✓ 	Supply chain consolidation, logistics network optimization
	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	>70M	

► Initiatives on track – Run rate cost savings at end of 1H around half of the year-end target

Leverage M&A to accelerate growth strategically

Strategic rationale of the Sennheiser Consumer Division acquisition

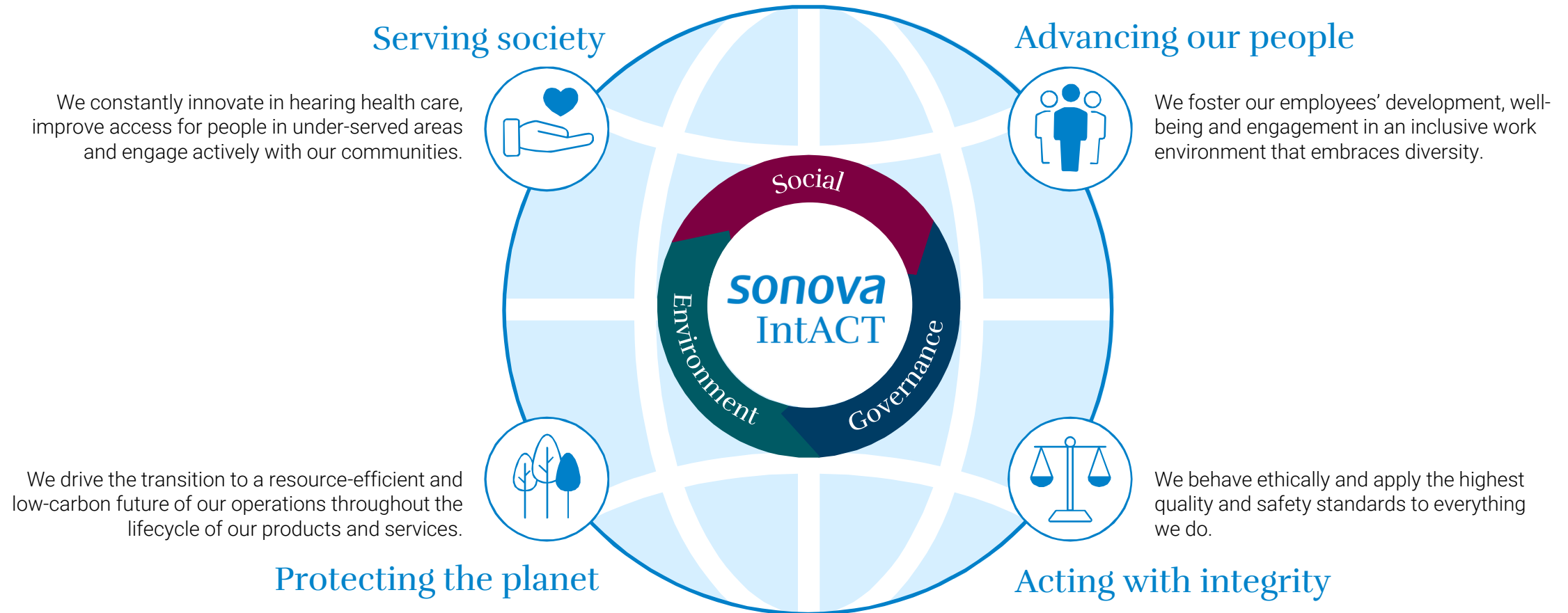
- Joining forces in rapidly developing segment of **hearables with amplification**, jump-starting Sonova's own efforts
- Adding an **additional growth vector** by entering the fast-growing market of True Wireless headsets
- Expanding reach by capturing potential hearing instrument consumers **earlier on their journey**
- Gaining **access to new channels** and leveraging the strong Sennheiser brand
- **Leveraging the combined strengths** of Sonova's audiological expertise and Sennheiser's know-how in premium sound delivery
- Exploiting **significant synergies** in production, R&D and channel access



► Expanding Sonova's reach along the consumer journey leveraging Sennheiser's well established platform

Sonova's commitment to sustainable success

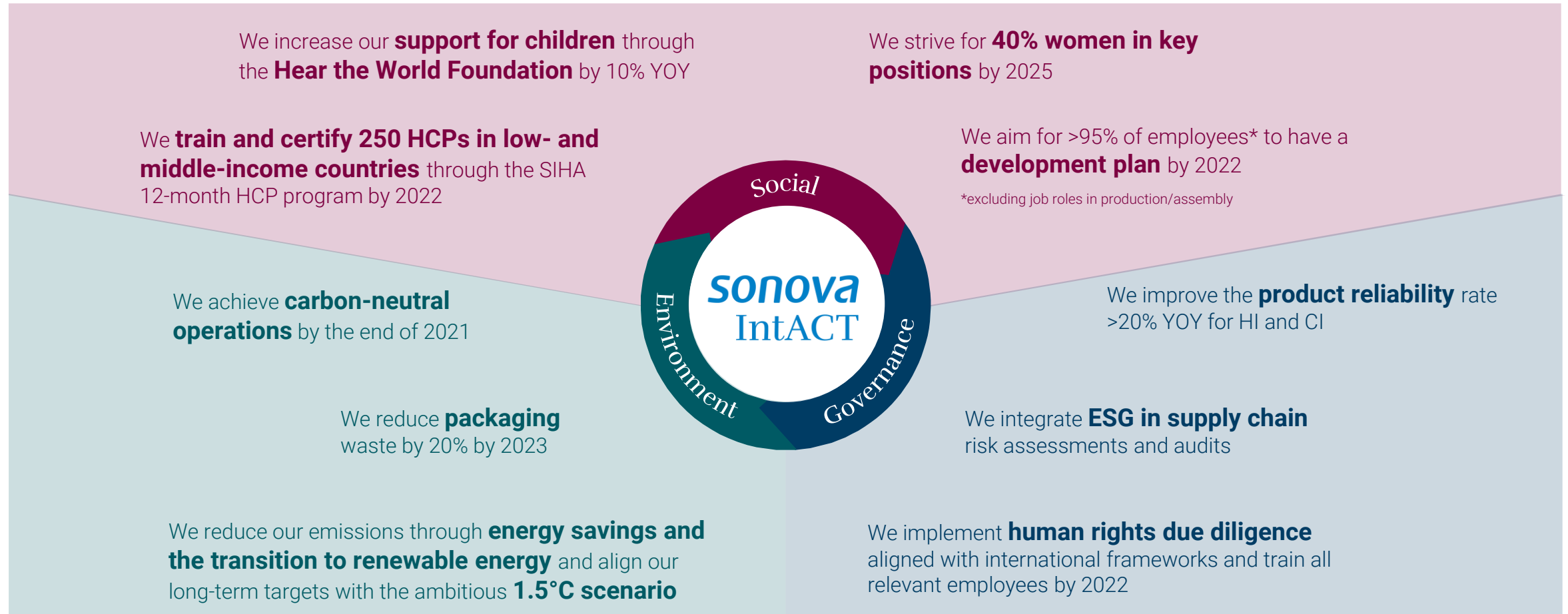
IntACT – Sonova's ESG Strategy



► Advanced ESG strategy clustered around four strategic areas

Sonova's commitment to sustainable success

Elevated ESG commitments for Sonova



► Tangible, impactful and measurable ESG commitments

Sonova's ESG ratings and performance

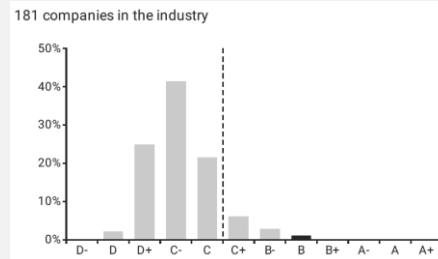
Commitment to sustainability is integrated in our business and culture

Sonova ESG ratings



B

Status: Prime (C+ or better)

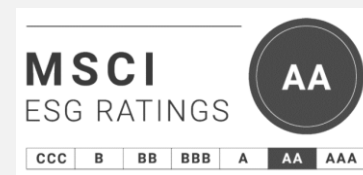


Last update: 07/2020



AA

As of 08/2020, Sonova received an MSCI ESG Rating of AA.



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Low Risk

ESG Risk Rating

17.8 Low Risk



Ranking

INDUSTRY GROUP
Healthcare

31 out of 549

Last update: 04/2021

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Member

Status: Member DJSI world (72 or better) and DJSI Europe (64 or better)

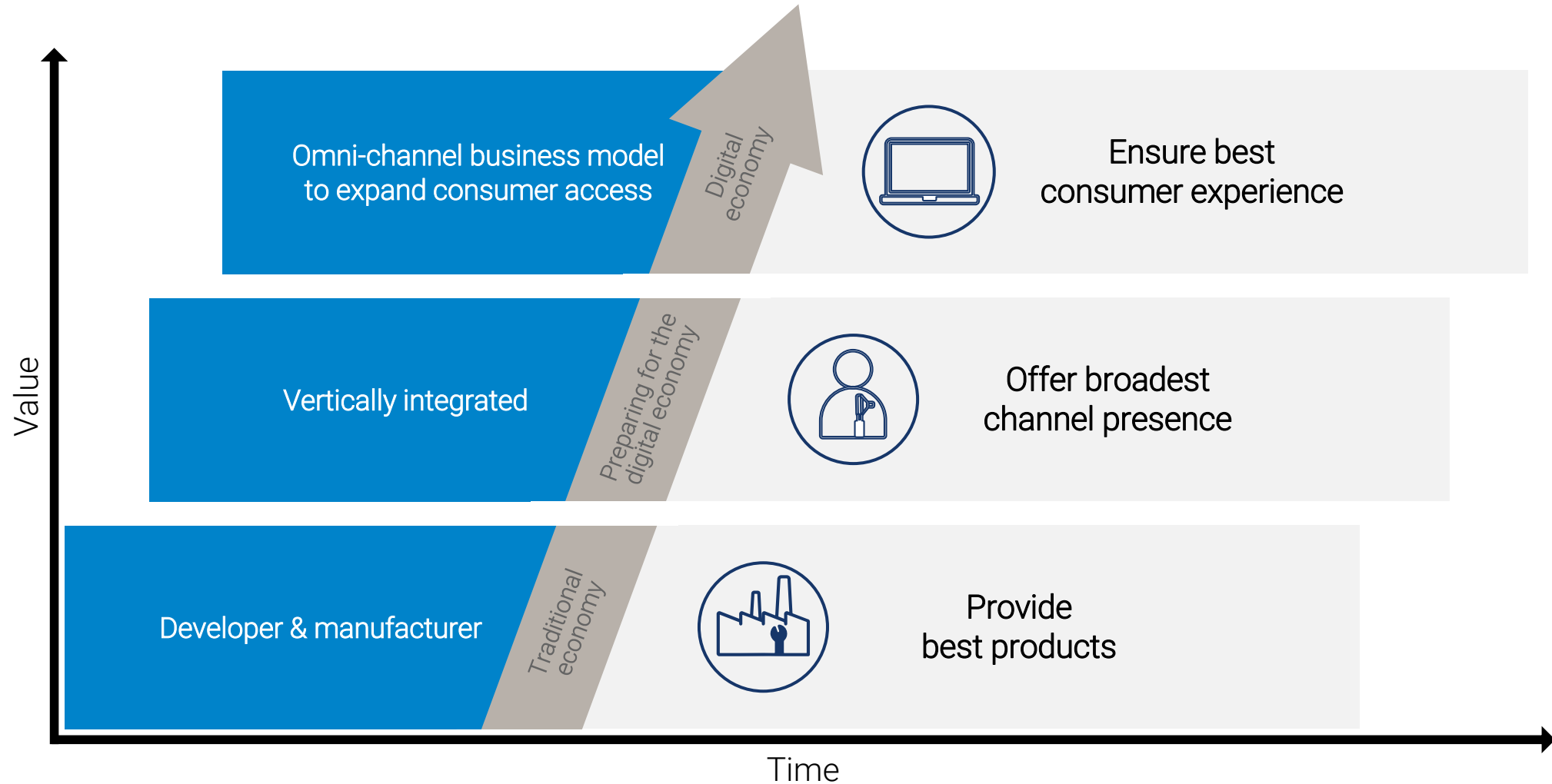
97th Percentile

78 Scoring: 1-100

Last update: 11/2020

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

Sonova's strategy development



► Transforming our business strategy by expanding of our access to consumers

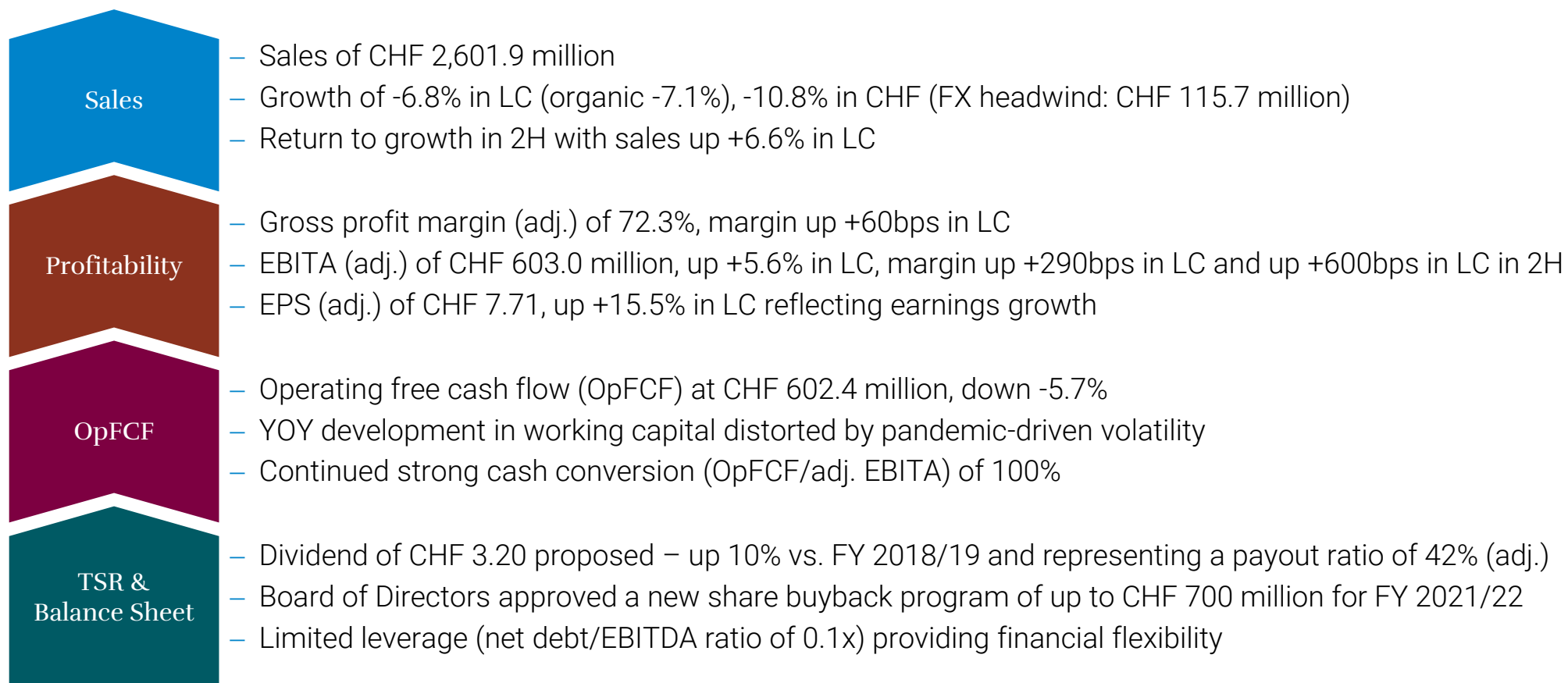
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Financial information



Financial information

Highlights



Full-Year 2020/21

Sonova Group – Key financials – As reported and adjusted

	FY 2019/20		FY 2020/21			
	CHF m	Margin	CHF m	Margin	Δ % in CHF	Δ % in LC
Sales (reported)	2,916.9		2,601.9		-10.8%	-6.8%
Gross profit (adj.)	2,106.9	72.0%	1,880.2	72.3%	-10.8%	-6.4%
OPEX (adj.)	1,486.2		1,277.1		-14.1%	-11.4%
EBITA (adj.)	620.8	21.2%	603.0	23.2%	-2.9%	+5.6%
Adjustments	-66.4		60.3			
EBITA (reported)	554.3	19.0%	663.3	25.5%	+19.7%	+30.5%
EPS (adj. in CHF)	7.39		7.71		+4.3%	+15.5%
EPS (reported in CHF)	7.61		9.23		+21.3%	+33.7%
Operating free cash flow (reported)	638.5		602.4		-5.7%	
ROCE (reported)	18.2%		22.3%			

► Sustained market share gains – Strong profitability and solid cash flow despite FX and COVID-19 headwind

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Full-Year 2020/21

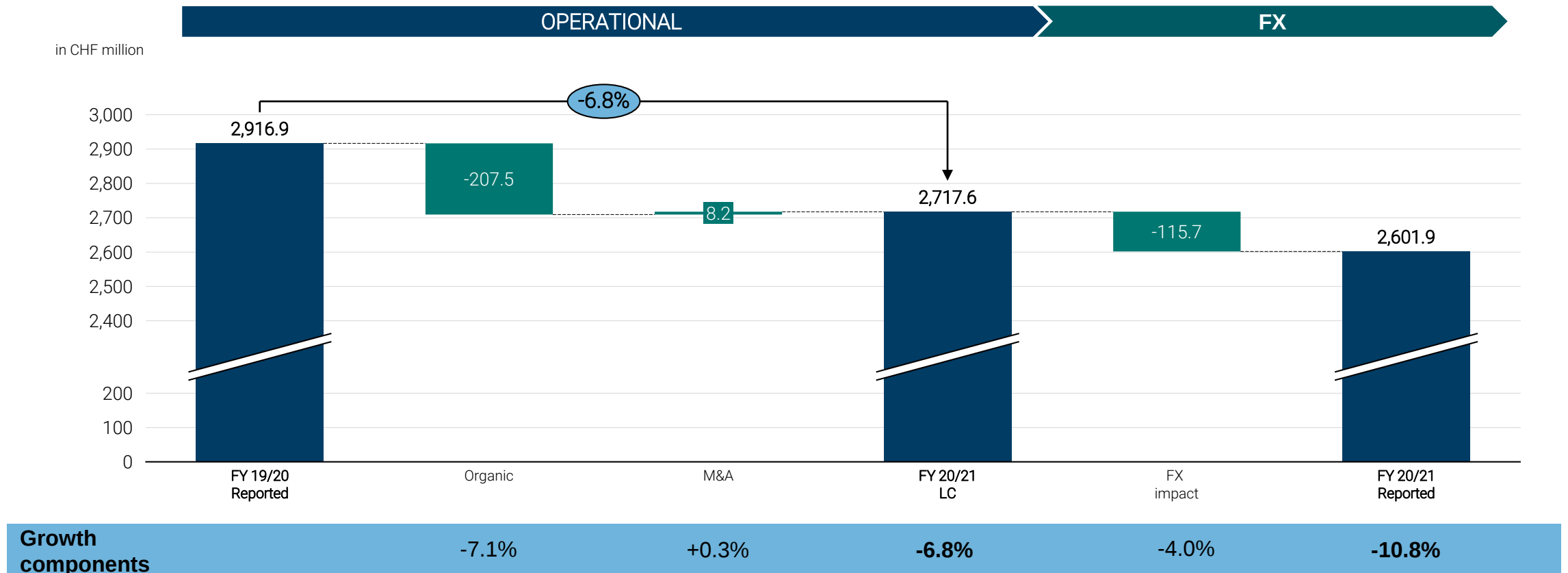
Sonova Group – Key financials – As reported and adjusted

in CHF million	FY 2020/21	Adjustments				FY 2020/21
	Reported	① HI segment	② CI segment	③ Other	Total	Adjusted
Sales	2,601.9	-	-	-	-	2,601.9
Cost of sales	-728.3	5.5	1.1	-	6.6	-721.7
Gross profit	1,873.5	5.5	1.1	-	6.6	1,880.2
Research & Development	-203.9	0.5	25.5	-	26.0	-177.9
Sales & Marketing	-881.2	22.1	0.5	-	22.6	-858.6
General & Administration	-250.9	8.3	0.6	-	8.9	-242.0
Other income/(expenses)	125.8	-	-124.4	-	-124.4	1.4
Total OPEX	-1,210.3	31.0	-97.8	-	-66.9	-1,277.1
EBITA	663.3	36.5	-96.7	-	-60.3	603.0
EPS (in CHF)	9.23	0.46	-1.54	-0.45	-1.53	7.71

- ① **HI segment:** restructuring costs (CHF 36.5 million) related to further improving the operating structure and AC streamlining
- ② **CI segment:** restructuring costs (CHF 2.3 million), award in patent infringement lawsuit to AB (CHF 124.4 million) and impairment of capitalized development costs (CHF 25.3 million)
- ③ **Other:** positive transition impacts from the Swiss tax reform (CHF 28.0 million)

Full-Year 2020/21

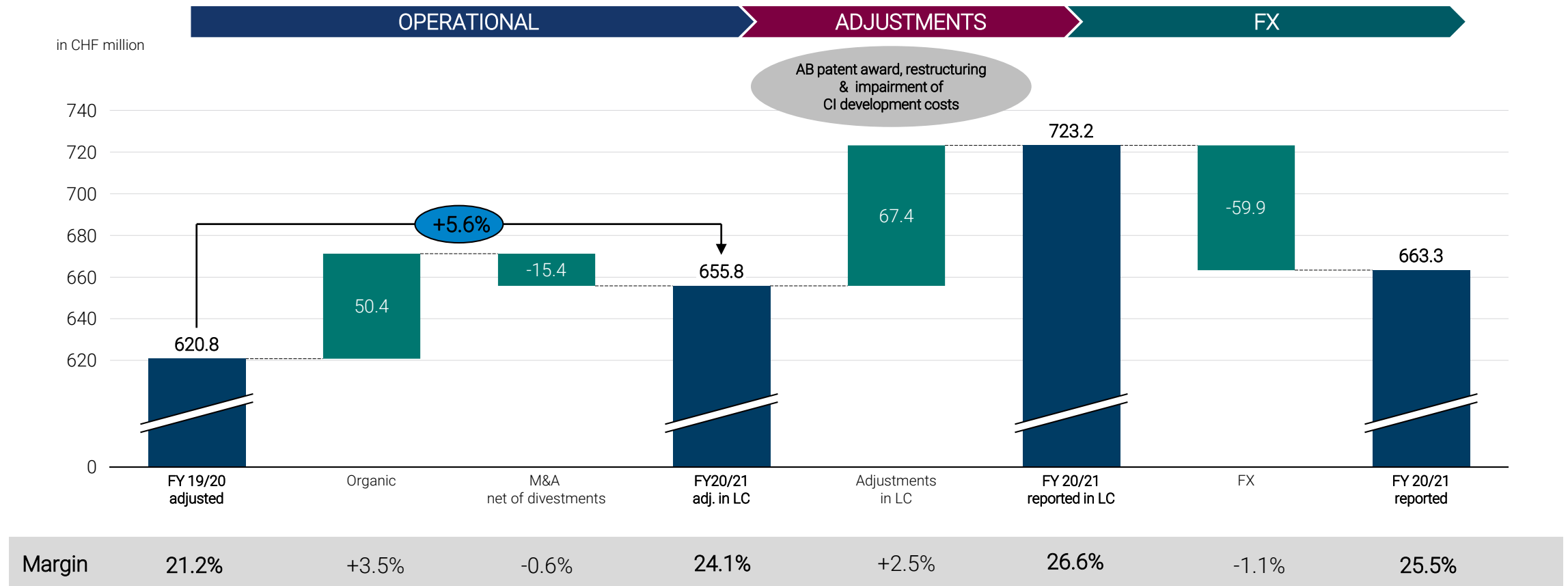
Sonova Group – Sales Components



► Solid sales momentum in light of market headwinds – Sustained market outperformance

Full-Year 2020/21

Sonova Group – EBITA components



► Strong margin development – Increase of investments in growth initiatives & structural optimization

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Full-Year 2020/21

Sonova Group – Operating expenses excluding acquisition-related amortization

	FY 2019/20	FY 2020/21			Comments
	CHF m	CHF m	Δ % in CHF	Δ % in LC	
Research & Development (adj.) - in % of sales (adj.)	-163.2 5.6%	-177.9 6.8%	+9.0%	+10.3%	– Increased level of investment in innovation despite COVID – Earn out expenses from recent technology acquisition
Sales & Marketing (adj.) - in % of sales (adj.)	-1,023.8 35.0%	-858.6 33.0%	-16.1%	-13.0%	– Increased investment in customer-facing resources – Otherwise strict cost control and COVID-related savings – Benefits from structural initiatives, in particular in AC
General & Administration (adj.) - in % of sales (adj.)	-299.3 10.2%	-242.0 9.3%	-19.1%	-16.6%	– Ongoing investment in IT platform for AC business – Benefits from ongoing back office consolidation – Release of bad debt provision (CHF 16.3 million), largely offset by higher legal provisions
Other income/expenses (adj.)	0.1	1.4	n/a	n/a	
Total OPEX (adj.) - in % of sales (adj.)	-1,486.2 50.8%	-1,277.1 49.1%	-14.1%	-11.4%	– Government support of CHF 42.5 million, largely in 1H
Adjustments	-43.1	66.9			– FY 2019/20: restructuring and voluntary field action – FY 2020/21: restructuring, AB award and impairment of capitalized development costs
Total OPEX (reported) - in % of sales (reported)	-1,529.3 52.4%	-1,210.3 46.5%	-20.9%	-18.8%	

► Strict cost control and benefits from optimization initiatives supporting sustained investments in growth

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Full-Year 2020/21

HI Segment – Key financials – Half-year view

	1H 2020/21			2H 2020/21			FY 2020/21		
	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	986.5	-23.8%	-19.6%	1,430.8	+2.8%	+6.5%	2,417.3	-10.0%	-6.1%
Δ organic	-256.9		-19.9%	86.0		+6.2%	-170.9		-6.4%
Δ acquisitions	3.8		+0.3%	4.3		+0.3%	8.2		+0.3%
Δ disposals	-		-	-		-	-		-
Δ FX	-54.5	-4.2%		-51.6	-3.7%		-106.1	-3.9%	
EBITA (adj.)	184.3	-32.0%	-22.6%	432.8	+24.0%	+32.2%	617.1	-0.5%	+8.3%
EBITA margin (adj.)	18.7%	-230bps	-80bps	30.2%	+510bps	+600bps	25.5%	+240bps	+350bps

- Return to growth in 2H, driven both by HI and AC business
- Structural optimization initiatives announced in June 2020 well on track with attractive payback
- Margin improvement driven by sustainable cost savings, lower COVID-related marketing and travel spend as well as 1H government support
- Additional savings from structural optimization initiatives expected in FY 2021/22

► Sustained market outperformance – Strong execution and structural optimization initiatives lift margin

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Full-Year 2020/21

HI Segment – Hearing Instruments business

	1H 2020/21			2H 2020/21			FY 2020/21		
	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	607.8	-21.1%	-16.7%	856.0	+1.6%	+6.2%	1,463.9	-9.2%	-4.7%
Δ organic	-129.6		-16.8%	51.7		+6.1%	-77.8		-4.8%
Δ acquisitions	0.9		+0.1%	0.7		+0.1%	1.6		+0.1%
Δ FX	-33.8	-4.4%		-39.1	-4.6%		-72.9	-4.5%	

- Successful launch of Phonak Audéo™ Paradise platform in August 2020 supporting market share gains across channels and geographies
- Continued market outperformance driven further by progress in elevating commercial execution
- ASP lift from launches and temporary shift in channel mix – pressure from normalization and French reimbursement change towards year end
- Further market share gains in the VA, reaching highest level in over seven years in March 2021 (exit-rate)
- Renewed private label contract with large US hearing aid retailer to support growth in the US going forward
- Introduction of new platforms at Unitron and Hansaton in 1Q 2021/22, powered by the Sonova PRISM™ chip

► Market share gains across channels and geographies driven by Paradise and strong commercial execution

Full-Year 2020/21

HI Segment – Audiological Care business

	1H 2020/21			2H 2020/21			FY 2020/21		
	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	378.7	-27.7%	-23.8%	574.8	+4.6%	+6.9%	953.5	-11.2%	-8.1%
Δ organic	-127.3		-24.3%	34.2		+6.2%	-93.1		-8.7%
Δ acquisitions	2.9		+0.5%	3.6		+0.7%	6.6		+0.6%
Δ disposals	-			-			-		
Δ FX	-20.7	-3.9%		-12.6	-2.3%		-33.2	-3.1%	

- Expansion of marketing efforts starting in June driving new consumer demand with increased traffic from digital lead generation
- Accelerated network streamlining on track – combing store locations to improve efficiency while protecting sales
- Advances in omni-channel strategy – expanding online lead generation, entrance into Chinese market and broader roll-out of webstores
- Step-up of M&A and greenfield openings in 2H after temporary slowdown due to the pandemic
- World of Hearing store concept further expanded – 10 stores in four markets opened by the end of FY 2020/21

► Good progress on strategic growth initiatives and solid sales performance despite impacts from COVID

Full-Year 2020/21

CI Segment – Key financials – half-year view

	1H 2020/21			2H 2020/21			FY 2020/21		
	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	83.1	-37.2%	-33.8%	101.4	+3.0%	+8.2%	184.5	-20.0%	-15.9%
Δ organic	-44.7		-33.8%	+8.1		+8.2%	--36.6		-15.9%
Δ FX	-4.4	-3.3%		-5.2	-5.2%		-9.6	-4.1%	
EBITA (adj.)	-10.1	NM	NM	-4.2	NM	NM	-14.3	NM	NM
EBITA margin (adj.)	-12.2%	NM	NM	-4.1%	NM	NM	-7.8%	NM	NM

- Development significantly restricted by reduction in the number of elective surgeries as hospitals focused on the pandemic
- Good progress in reducing impact from voluntary field corrective action through targeted customer engagement
- Launch of new sound processors based on proven Marvel technology driving interest and supporting momentum towards year-end
- Structural savings with 4% ROS benefit in product cost and OPEX, continuous improvement momentum accelerating

► Gradual improvement in sales and profitability supported by product launch and engagement initiatives

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

4

Outlook



Outlook

Guidance and mid-term target

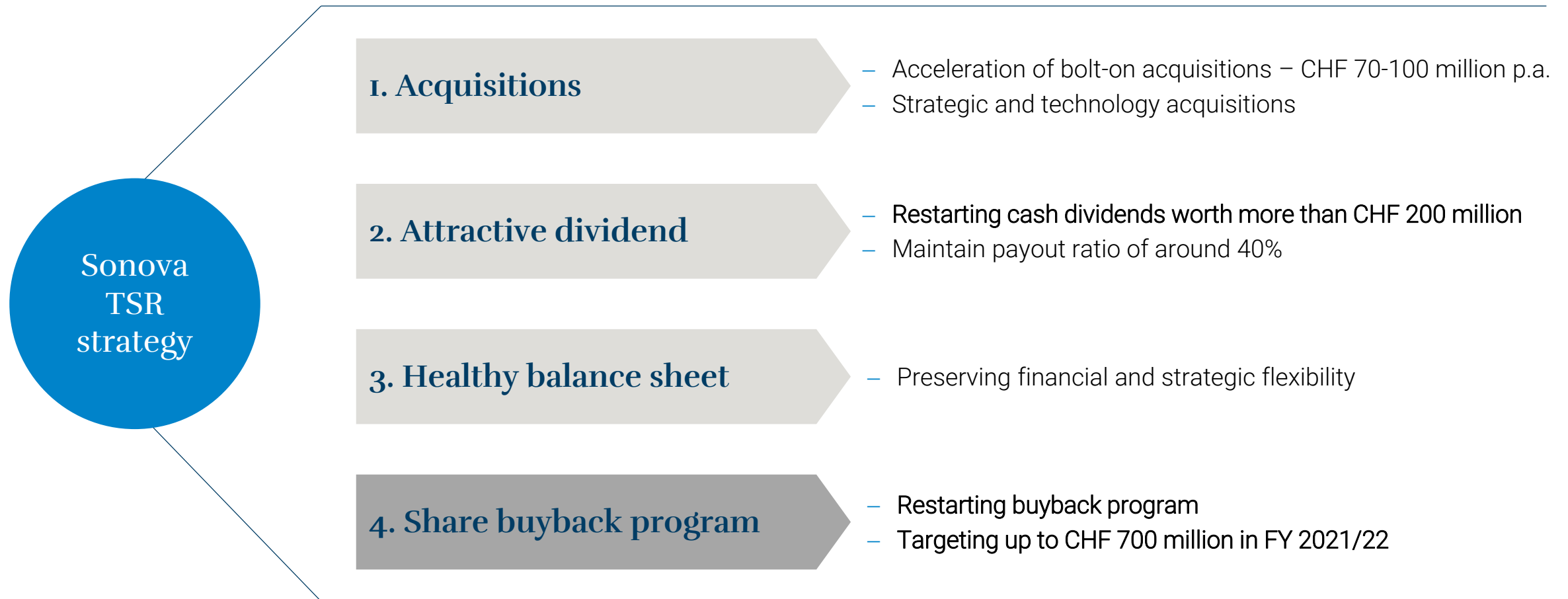
	Actual FY 2020/21	Guidance FY 2021/22	Mid-term Target
Sales growth in LC	-6.8%	+24% to +28%	+5% to +7% p.a.
adj. EBITA growth in LC	+5.6%	+34% to +42%	+7% to +11% p.a.

Considerations for FY 2021/22

- Guidance assumes further market normalization, supported by progress of vaccination programs in major developed markets
- The outlook builds on the strong momentum and sustained market share gains in the past two years
- Sales growth expected to be skewed towards 1H 2021/22, reflecting significant sales decline in 1H 2020/21
- Strong YOY margin improvement expected in 1H from compounding benefit of significantly higher sales and structural improvements
- Resilience of consumer demand coupled with release of pent-up demand expected to support the market recovery
- The impact of the acquisition of the Sennheiser Consumer Division is not yet reflected in the guidance
- Reflecting May 2021 FX rates, reported sales and EBITA growth are expected to be lifted by 2 and 4 %-pts respectively in FY 2021/22

► Further sales recovery expected, supported by pent-up demand – Strong fall-through on profitability

Total shareholder return (TSR) – Cash deployment strategy



► TSR strategy aimed at creating shareholder value – Re-initiation of share buyback program decided

5

Appendix



Appendix

Non-GAAP adjustments

Adjustments for (in CHF m):	2019/20			2020/21		
	1H	2H	FY	1H	2H	FY
Restructuring	15.5	3.1	18.6	21.9	16.9	38.8
<i>thereof HI segment</i>	15.5	3.1	18.6	20.8	15.7	36.5
<i>thereof CI segment</i>	-	-	-	1.1	1.2	2.3
Patent infringement lawsuit	-	-	-	-99.0	-25.4	-124.4
Impairment of capitalized development costs	-	-	-	-	25.3	25.3
Voluntary field corrective action	-	47.8	47.8	-	-	-
Total adjustments to EBITA	15.5	51.9	66.4	-77.1	16.8	-60.3
Swiss tax reform (affecting net profit and EPS)	-154.3	90.2	-64.1	-	-28.0	-28.0

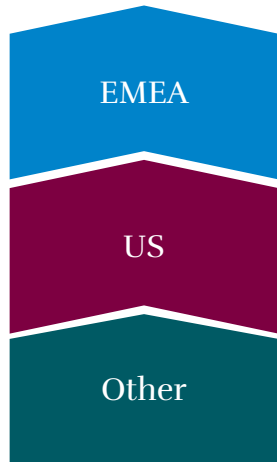
Note: positive values indicate a positive impact on the adjusted vs. the respective reported financial metric and vice versa

► Net effect of EBITA adjustments over two years neutral – Transitional effect of Swiss tax reform on EPS

Full-Year 2020/21

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

	1H 2020/21		2H 2020/21		FY 2020/21	
	CHF m	Δ % in LC	CHF m	Δ % in LC	CHF m	Δ % in LC
EMEA	572.9	-19.1%	843.7	+5.9%	1'416.6	-6.0%
USA	302.3	-26.0%	429.9	+3.8%	732.2	-10.8%
Americas (excl. USA)	71.7	-26.7%	106.4	+7.4%	178.2	-9.7%
Asia / Pacific	122.8	-10.5%	152.2	+19.9%	275.0	+3.7%
Total Sonova	1,069.6	-20.9%	1,532.2	+6.6%	2,601.9	-6.8%



- HI business: Solid recovery led by positive growth in FR, DE, Nordics and CH
- AC business: Good momentum in major markets in continental Europe, held back by lagging recovery in the UK and 2H slowdown in DE
- CI business: Sales supported by upgrade sales – system sales impacted by postponement of elective surgeries due to the pandemic
- HI business: Significant market share gains across all sales channels driven by Phonak Paradise – faster recovery with independent channel
- AC business: Dynamic recovery across the network, partially held back by temporary lockdowns in 2H
- CI business: Business affected by strict lockdowns and voluntary field corrective action – faster recovery in 4Q supported by product launch
- HI business: 2H rebound in APAC led by CN, KR and NZ, development in Americas muted by impacts from the pandemic in BR, MX
- AC business: APAC lifted by strong momentum in NZ, Americas held back by lock-down in CA, partly offset by bolt-ons in BR
- CI business: Strong DD growth throughout the year in CN offsetting sharp declines in other markets

► **Market recovery led by APAC – All regions returning to positive growth in 2H**

Full-Year 2020/21

Sonova Group – Key financials – Half-year view

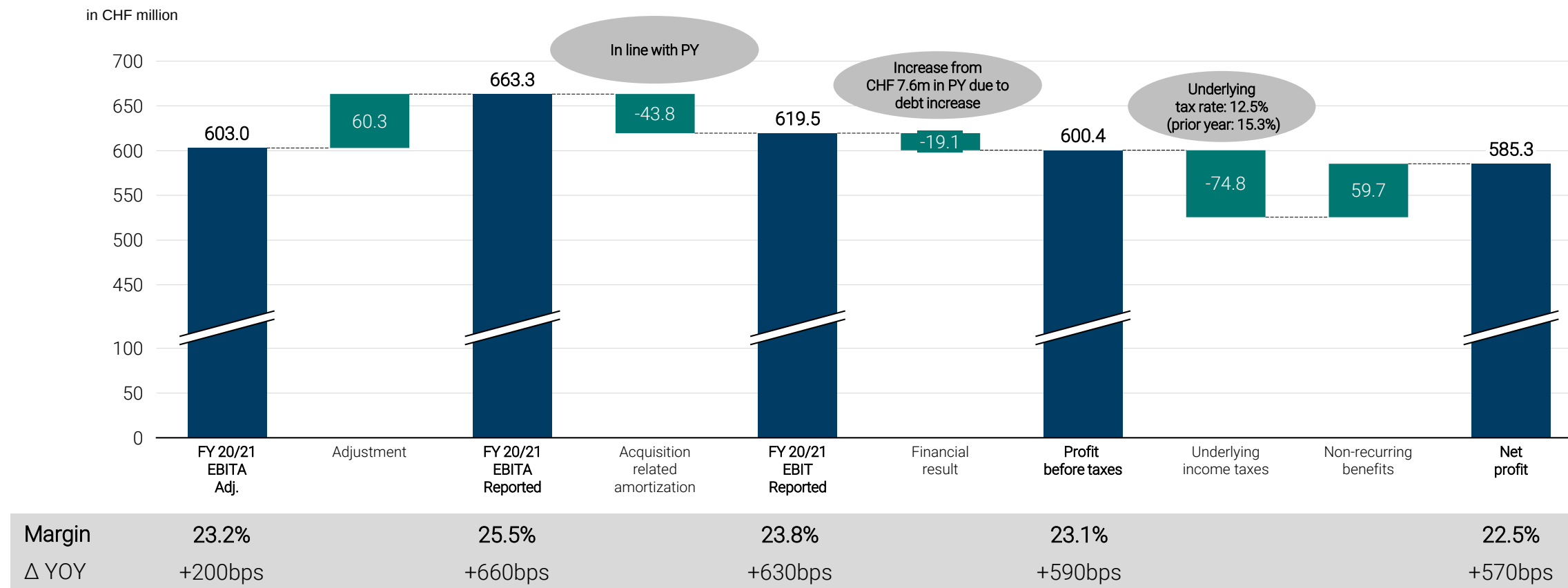
CHF m	1H 2020/21	Δ % in LC	2H 2020/21	Δ % in LC	FY 2020/21	Δ % in LC
Sales	1,069.6	-20.9%	1,532.2	+6.6%	2,601.9	-6.8%
Gross profit (adj.)	740.3	-22.0%	1,139.8	+8.0%	1,880.2	-6.4%
- Gross profit margin (adj.)	69.2%		74.4%		72.3%	
OPEX (adj.)	566.0	-19.5%	711.1	-3.6%	1,277.1	-11.4%
EBITA (adj.)	174.3	-28.5%	428.7	+33.6%	603.0	+5.6%
- EBITA margin (adj.)	16.3%		28.0%		23.2%	
- Δ EBITA margin (adj.)	-330bps	-190bps	+530bps	+600bps	+200bps	+290bps

► Returning to growth and significant profitability expansion – Structural optimizations fully delivering to plan

Note: adj. refers to adjusted figures; for details, please refer to Appendix – Non-GAAP adjustments

Full-Year 2020/21

Sonova Group – Reported results and income taxes



► Positive impact from AB patent infringement award and transition impact from Swiss tax reform

Full-Year 2020/21

CI Segment – Sales by product groups

	1H 2020/21		2H 2020/21		FY 2020/21	
	CHF m	Δ % in LC	CHF m	Δ % in LC	CHF m	Δ % in LC
Cochlear implant systems	60.6	-35.4%	68.7	+10.5%	129.3	-17.1%
Upgrades and accessories	22.5	-29.1%	32.7	+3.7%	55.2	-12.8%
Total CI segment	83.1	-33.8%	101.4	+8.2%	184.5	-15.9%

System sales

- Good sequential progress after sharp decline in 1H from pandemic headwinds and impact of voluntarily field corrective action
- YOY sales comparison in 2H distorted by returns for credit related to the voluntary field corrective action in the prior year period

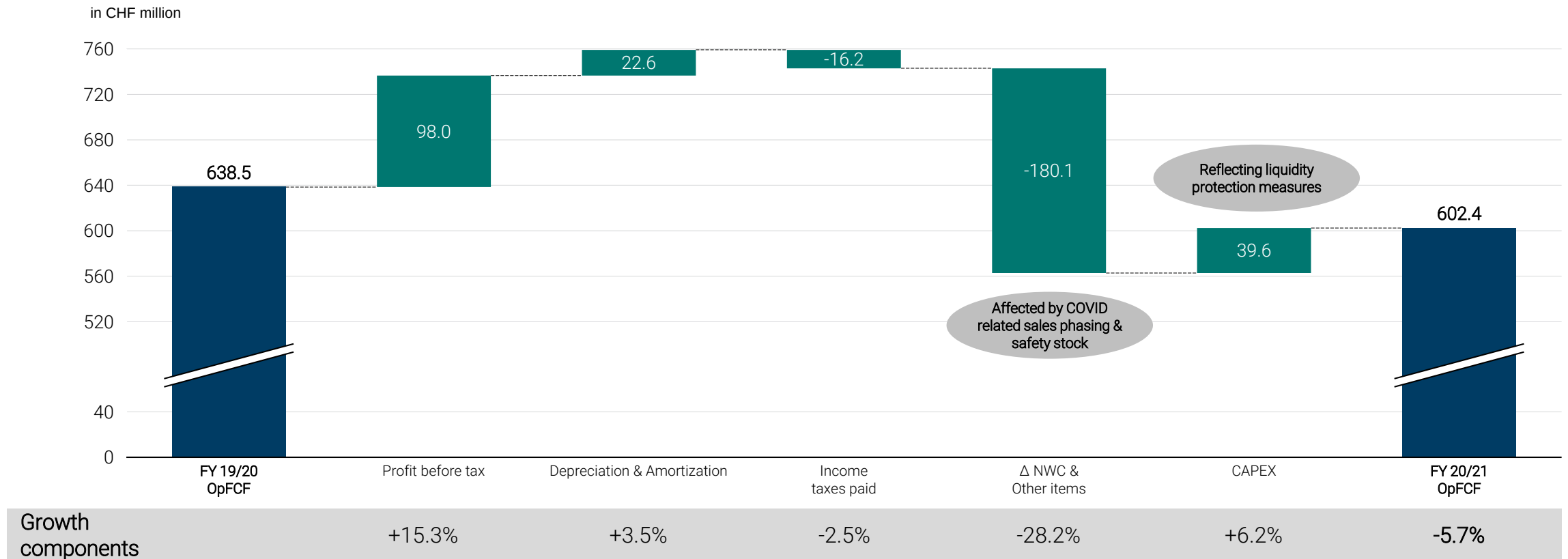
Upgrade sales

- Reduced audiology counselling capacity as hospitals focused on COVID-19 patients affecting upgrade volumes throughout the year
- Introduction of two new sound processors towards the end of the period – Naída™ CI Marvel for adults and Sky CI™ Marvel for children
- CI Marvel processors based on proven Marvel technology – bringing leading sound processing and wireless connectivity to CI recipients
- Strong market reception of new sound processors by both consumers and clinicians, expected to help AB regain market share

► Sequential improvement driven by expansion in hospital capacity in 2H and launch of new sound processors

Full-Year 2020/21

Sonova Group – Operating free cash flow (OpFCF)



► NWC change distorted by pandemic-driven volatility – Strong cash conversion (OpFCF/adj. EBITA) of 100%

Full-Year 2020/21

Sonova Group – Balance sheet

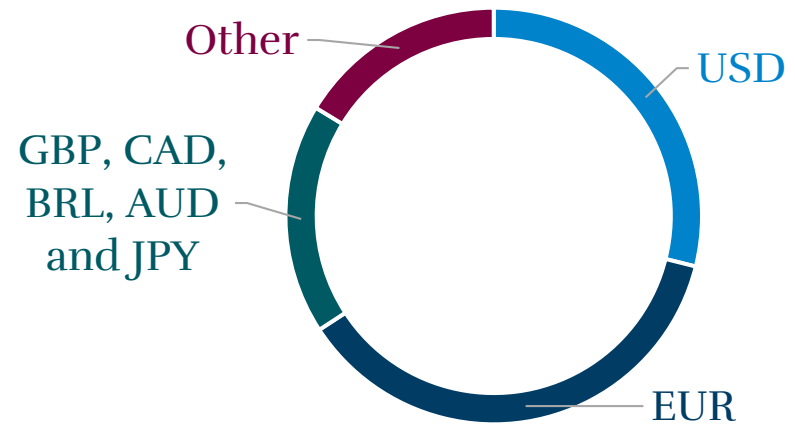
CHF m	31 Mar 2020	31 Mar 2021	Comments
Days sales outstanding (DSO)	56	56	– Strong collection management throughout the pandemic
Days inventory outstanding (DIO)	133	154	– Targeted stock increases to mitigate supply chain risks
Capital employed	2,692.5	2,855.7	– Higher receivables due to strong March vs. PY – Increased safety stock
ROCE (reported)	18.2%	22.3%	– Improvement driven by operating performance and AB patent infringement award
Net debt	663.0	83.3	– Driven by solid cash flow – Supported by suspension of cash dividend and SBB
Net debt/EBITDA	0.8x	0.1x	

► Strong balance sheet provides strategic flexibility

Note: DSO and DIO calculated on a 90 day basis

Appendix

Sonova Group – FX impact on sales and margins



	FY-19/20	1H-20/21	2H-20/21	FY-20/21	Effect FY-20/21	Spot May-2021
USD	0.99	0.94	0.90	0.92	–	0.90
EUR	1.10	1.07	1.08	1.08	–	1.10
GBP	1.25	1.19	1.22	1.21	–	1.27
CAD	0.74	0.69	0.70	0.70	–	0.75
AUD	0.67	0.65	0.68	0.66	–	0.70
BRL	0.24	0.18	0.17	0.17	–	0.17
JPY 100	0.91	0.88	0.86	0.87	–	0.83

► Seven main currencies account for over 80% of Group sales