

Press Release

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Continued customer growth and successful integration

- Strong customer momentum in mobile postpaid (+42,000 after alignment of base definitions), broadband (+14,400) and TV (+ 6,600), resulting in a strong net increase of 56,000 RGU's across all product lines.
- Continued growth of fixed mobile convergence (FMC) ratio resulting in 55% of fixed broadband customers across the company opting for mobile postpaid subscriptions.
- Financial results in line with expectations
- Continued high customer satisfaction at a record level for the combined business (including UPC NPS +38% YoY).
- Successful launch of the first joint market offers, rapid progress with ongoing integration program.

André Krause, CEO of Sunrise UPC, comments:

“Based on the very good start in 2021 with a strong Q1, we continued our considerable market momentum. Despite the impacts of COVID-19 on mobile roaming and B2B wholesale revenue, Q1 rebased revenue¹ was stable, with a decline of 0.3% year-over-year. Rebased Operating Free Cash Flow¹ (OFCF) was down, a decline of 6.8% year-over-year, primarily due to CHF 18 million of costs to capture² synergies and growth-related opex from marketing and scaling up B2B business. We achieved an impressive RGU growth across all product lines. In March, we successfully launched our ‘Together more WOW’ campaign, aligning promotions across Sunrise and UPC and raising the awareness of our powerful combination. We are moving forward rapidly on our integration path towards a combined residential and B2B portfolio. All this is only possible thanks to the high level of commitment of our employees who deliver outstanding results and support the ongoing process.”

Operational results

Continued growth momentum can be witnessed across products including 14,400 net broadband additions in this quarter, and 6,400 more video subscriptions. Mobile postpaid subscriptions grew by 50,200 in this quarter, including an additional 42,000 post-paid subscriptions across consumer and SOHO customers. In Q1 2021, Sunrise UPC thus gained a reported net total of +56,000 fixed and mobile RGUs. As a result, the company currently has 2.83 million mobile RGU, 1.17M million broadband RGU and 1.26M million TV RGU in Switzerland as of the end of Q1³.

Positive development in the business customer segment

Sunrise UPC's business customer segment continued its positive development with growth across all segments, except in the provision of wholesale voice services, which was affected by the pandemic. During the quarter under review, the company announced numerous new contracts and extensions/upgrades of existing customer relationships. These included SRG SSR, CH Media, the SV Group (national companies for Germany and Austria), Emmi Switzerland AG and the Swiss Red Cross.

Rapidly progressing integration program

On "Commercial Day One" on 1 March 2021, the customers were able to enjoy first advantages just 3 months after the merger of Sunrise and UPC. Despite Covid-related restrictions, the joint campaign "Together more Wow" was successfully launched. The offers are available in all Sunrise and UPC shops. Customers benefit from more shops, comprehensive advice and support for all products – in customer service, B2B customer care and online channels. New contracts are rewarded with attractive gifts and customer loyalty with attractive benefits.

Combined Q1 Fixed and Mobile Customer (FMC) penetration makes up 55% of our broadband base, including customers across brands. However, with less than a third of all fixed and mobile customers currently converged, there is a great opportunity ahead to cross and upsell bundles with our increased value proposition. The continuous increase and demand for converged bundles proves the strong position of owning Switzerland's leading gigabit fiber optic cable network and one of the best mobile networks in the world. Sunrise UPC's 5G mobile network remains unbeaten in terms of reliability and speed, as confirmed by the most recognized industry benchmark (connect mobile network test, issue 1/2021). Sunrise UPC currently covers more than 780 cities and towns with high-speed 5G (up to 2 Gbit/s) and more than 93.6% of the Swiss population with basic 5G (up to 1 Gbit/s). The Sunrise UPC mobile network was deemed "outstanding" for the fifth time in a row and thus provides the leading mobile network experience for its customers, supporting the record level of customer satisfaction in the first quarter of 2021.

Network acquisitions and technological strategies for an ecological future

In addition to the first marketing campaign of the consolidated company, as mentioned above, the acquisition of the cable networks in Glarus, Kaltbrunn and Weggis-Vitznau-Gersau, with a total of around 13,000 connected households, stood out in the quarter under review.

To further increase the energy efficiency of its 5G mobile network, Sunrise UPC has introduced the "PowerStar" energy-saving solution in the 5G mobile network. PowerStar enables the company to reduce the electricity consumption of its 5G mobile network by around 4 GWh per year, which is equivalent to the annual electricity consumption of a small Swiss community with around 650 inhabitants.

The company also demonstrated its technological leadership by unveiling a smart metering-based energy ecosystem that enables providers to develop new, green and cost-saving applications. In doing so, companies benefit from a complete ecosystem for the energy management of the future.

UPC Holding, the credit pool combining Liberty Global's operations in Switzerland and CEE, refinanced existing debt with its very first Sustainability Linked Term Loans in April, with a direct link between Sunrise UPC's sustainable targets and the term loan's margins. These targets include a commitment to announce a combined Sunrise UPC ESG strategy by 20 June 2022. Beyond that, there will be annual tests for Sunrise UPC, starting at the end of the year, that consist of testing for a 10% annual improvement in network efficiency and a move towards 100% renewable energy.

Financial results

Sunrise UPC's detailed financial results are included in the UPC fixed-income release <https://www.libertyglobal.com/wp-content/uploads/2021/05/Fixed-Income-Q1-2021-Release.pdf>

¹ Rebase results are consistent with those as presented by our parent company. These non-GAAP measures should be viewed as supplement to, and not a substitute to U.S.GAAP measures included in our parent company's financial statements, please see the UPC Holding Q1 2021 earnings release for definitions and reconciliations as applicable

² Costs to capture generally include incremental, third-party operating and capital related costs that are directly associated with integration activities, restructuring activities, and certain other costs associated with aligning an acquiree to our business processes to derive synergies. These costs are necessary to combine the operations of a business being acquired (or joint venture being formed) with ours or are incidental to the acquisition. As a result, costs to capture may include certain (i) operating costs that are included in Adjusted EBITDA, (ii) capital related costs that are included in property and equipment additions and OFCF and (iii) certain integration related restructuring expenses that are not included within Adjusted EBITDA or OFCF. Given the achievement of synergies occurs over time, certain of our costs to capture are recurring by nature, and generally incurred within a few years of completing the transaction.

³ Equivalent balances under Liberty Global reporting definitions: 2.20m mobile subscribers, 1.15m Broadband and 1.24m TV

For more details, please look at the [Q1 2021 Fixed Income Release](#)

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