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Sunrise

Media release

Zurich, January 14, 2015

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Sunrise announces IPO on SIX Swiss Exchange

- **SIX listing planned for the first half of 2015**
- **Leading fully integrated challenger to Swisscom with state-of-the-art network**
- **Strong competitive position in the attractive Swiss market**
- **Strong brand recognised for innovation and customer-friendly service offering**
- **Positive growth momentum and growing profitability reflected in Q2 and Q3 2014 financial results and continued into Q4 2014**
- **Expected primary gross proceeds of about CHF 1.35 billion to substantially strengthen Sunrise's balance sheet, bringing leverage down to 2.7x net debt/EBITDA post IPO**
- **A highly attractive dividend distribution policy based on a strong and growing cash flow profile**
- **SIX listing reflects long-term commitment to domestic market**

Sunrise Communications AG («Sunrise» or the «Company») today announced its plan to list the shares of the newly incorporated holding company Sunrise Communications Group AG on the SIX Swiss Exchange during the first half of 2015. The proceeds from the initial public offering («IPO») will allow the Company to substantially strengthen its balance sheet and exploit future growth opportunities. The planned IPO demonstrates the Company's long-term commitment to the Swiss market and will support its corporate strategy of investing in state-of-the-art integrated mobile and fixed network technology.

Commenting on the planned IPO, Libor Voncina, CEO of Sunrise said: «I am enthusiastic about the prospect of welcoming public shareholders into the Sunrise family and enabling them to invest in the largest fully-integrated challenger in the Swiss telecommunications market. The planned IPO will underpin the execution of our strategy and facilitate our ongoing investments into technology, customer care and network to continue the improvement of customer experience and service quality for our valued Swiss customers. We are excited about our growth prospects and believe that our strong cash flow profile will enable us to reward shareholders with an attractive distribution policy going forward.»

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Leading and fully integrated challenger in the attractive Swiss market

Sunrise is the second largest telecommunications operator in Switzerland, with revenues of CHF2 billion and EBITDA of CHF 621 million for the twelve months ended 30 September 2014. The Company has over 3.3 million customer relationships in Switzerland and provides mobile, landline voice, landline internet and IPTV services. As the leading fully integrated challenger in Switzerland with market shares of 27% in mobile and 9% in fixed broadband, Sunrise is strongly positioned to capture the convergence opportunity in the consumer segment and to grow its market share in the B2B segment.

Switzerland is an attractive, quality focused and data savvy market given its superior GDP and population growth, high wealth characteristics and favourable business environment compared to other European markets. Switzerland's GDP is forecast to grow at 2.3% CAGR (2013-16) and it benefits from a GDP per capita which is double the corresponding level in the EU15. The Swiss market benefits from one of Europe's highest mobile ARPUs (CHF40 vs. CHF 21.2 for EU15) and a 13% LTM growth in Swiss convergent customers.

State-of-the-art integrated mobile and fixed networks resulting in the «Connect» award for the best network for mobile telephony out of all networks in Switzerland, Germany and Austria

Over the 3-year period until December 31, 2014, Sunrise has invested over CHF 1 billion in its network. In mobile, Sunrise holds 160MHz of spectrum secured until 2028, including 50MHz in the attractive sub-1GHz band. Already by the end of 2014, Sunrise achieved a 4G LTE mobile population coverage of over 85%. In fixed broadband, Sunrise is the largest alternative fixed network operator in Switzerland where it benefits from a nationwide state-of-the-art fibre backbone, 85% LLU coverage and economically attractive access to last-mile fibre.

Sunrise's significant investments in the networks have led to significant improvements in its customer experience and created opportunities for new and exciting offerings that have reignited customer growth.

The investments also resulted in Sunrise receiving the 2014 «Connect» award for the best network for mobile telephony out of all networks in Switzerland, Germany and Austria. Finally, these investments will enable a return of capex to more regular levels going forward resulting in significant cash flow conversion. This, coupled with a greater financial flexibility post-IPO is expected to support increasing cash flow generation in the coming years.

Strong growth momentum reflected in Q2 and Q3 2014 financial results and continued into Q4 2014

In Q2 2014, Sunrise launched three differentiated and innovative commercial propositions: a fair and transparent offer in mobile with Sunrise Freedom, a flexible fixed bundle with Sunrise

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Home, and an attractive convergence package with Sunrise Advantage. These new offers have been very well-received by the Swiss market, enabling Sunrise to reach an inflection point in 2014. In Q3 2014, postpaid mobile primary gross additions were up 40% y-o-y, weekly fixed orders were up 45% y-o-y and ARPU momentum continued in both mobile and fixed broadband.

As a result, over Q2 and Q3 2014, revenues grew 3.8% y-o-y while EBITDA grew 4.6% y-o-y and EBITDA margin (excluding hubbing) reached 34% in Q3 supported by continued cost discipline. Sunrise continued to experience strong momentum in Q4 2014, fuelled by growth in high value postpaid mobile and fixed broadband subscribers. The postpaid mobile subscriber base grew by over 16k to 1,320k as of 31 December 2014, mostly from primary postpaid contracts, which recorded the highest quarterly net additions for the last two years. Sunrise Freedom continues to drive this growth, with 37% of Sunrise's postpaid base already on such contracts at year-end. The number of mobile prepaid subscribers stood at 1,145k at year-end.

The momentum in Q4 2014 was positive also on the landline side with a clear stabilization of total subscriptions and a strengthening trend towards convergence. For the first time since Q2 2012, Sunrise recorded positive internet net additions increasing the total number of internet subscriptions to 327k. The 10k IPTV net additions were the highest since Q1 2013 and resulted in total subscriptions of 107k. The number of retail voice subscriptions has stabilized at 398k.

For the financial year ended December 31, 2014, we estimate a revenue and Adjusted EBITDA increase within a range of 2-3% on a y-o-y basis, supported by strong growth in the fourth quarter of 2014. We further estimate an Adjusted EBITDA margin (excluding voice hubbing revenue) in excess of 33% for the financial year ended December 31, 2014.

Attractive shareholder return policy

The base offering, before considering the possible exercise of the underwriters' over-allotment option, (the «Greenshoe») is expected to consist exclusively of primary shares offered by Sunrise. The expected gross proceeds from the primary offering are CHF 1.35 billion, which will be used to deleverage the balance sheet and materially reduce the Company's cost of debt. Further, CVC has agreed to make shares available in a possible Greenshoe, which, if exercised in full, would increase the IPO size by a standard 15%.

The reduced cost of debt, together with the operational performance and the return of capex to more regular levels, will enable Sunrise to implement an attractive and sustainable shareholder distribution policy post IPO. For 2015, Sunrise is committed to an absolute dividend of CHF 135 million which will be paid in 2016. From 2016 onwards, Sunrise is committed to a dividend pay-out ratio of at least 65% of equity free cash flow. In addition,

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once Sunrise reaches its target capital structure of 2.5x net debt to EBITDA, Sunrise plans to return excess cash to shareholders.

Highly experienced management and Board

The Company is led by an experienced and committed Board and executive management team which together offer more than a century of experience in the field of telecommunications, gained in several European markets including Switzerland, Austria, Germany, Belgium and Slovenia.

The Management Board is led by CEO Libor Voncina, who was previously CEO of the mobile challenger KPN Group Belgium and CEO of the incumbent Telekom Slovenia, and by CFO André Krause, former CFO of Telefónica Deutschland.

The Board of Directors includes Chairman Dominik Koechlin, a former member of the Swisscom Executive Committee, and Jesper Ovesen, formerly Executive Chairman of Nokia Siemens and CFO of the Danish telecommunications incumbent TDC.

Deutsche Bank and UBS are acting as Joint Global Coordinators and Joint Bookrunners for the IPO. Morgan Stanley and Berenberg are acting as additional Joint Bookrunners, while Bank Vontobel is acting as Co-Lead Manager in connection with the IPO. Lilja & Co. is acting as the independent adviser to CVC and Sunrise.

About Sunrise

Sunrise is the largest private telecommunications provider in Switzerland, with offices in Zurich, Kloten, Lucerne, Basel, Berne, Biel/Bienne, Prilly, Geneva and Lugano. Around 3.3 million customer relationships use Sunrise products and services in the areas of mobile telecommunications, landline network, the Internet and IPTV. Sunrise TV, the latest generation in entertainment, is distinguished by the largest selection of HD broadcasters in the basic package, the ComeBack TV and Live Pause functions, and a unique variety of TV and radio channels. The Business Sunrise business customer division offers individual communications solutions for business customers. The Sunrise mobile network, which is based on GSM, EDGE, UMTS, HSPA+ and 4G/LTE technologies, provides 99,9% of the population with modern mobile network services at transfer speeds up to 100 Mbit/sec. A high-performance fibre-optic network with a total length of 10,841 km enables provision of high-quality voice and data services throughout the country. Thanks to unbundling, Sunrise can reach approximately 85% of all households with its broadband services. Sunrise operates 93 Sunrise centers throughout Switzerland. Sunrise is a brand of Sunrise Communications AG. Sunrise has been owned by CVC since 2010. As the first and only telecom provider in Switzerland Sunrise attained the globally recognized ISO 27001 certification relating to all customer information.

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About CVC

CVC Capital Partners ('CVC') is one of the world's leading private equity and investment advisory firms. Founded in 1981, CVC today has a network of more than 20 offices and over 300 employees throughout Europe, Asia and US. Currently, CVC manages funds on behalf of over 300 investors from North America, Europe, Asia and the Middle East, who entrust their capital to CVC for periods of 10 years or more. Rose from pension funds, financial institutions and various other partners, CVC funds seek to identify attractive investments and develop sustainable, long-term value in close partnership with management teams. To date, CVC has secured commitments of US\$72 billion from some of the world's most discerning investors across our European and Asian private equity and credit funds. CVC has completed over 300 investments in a wide range of industries and countries across the globe, with an aggregate enterprise purchase value of over US\$150 billion. In total, the CVC Group manages over US\$50 billion of assets. Today, CVC funds have stakes in more than 60 companies worldwide, employing around 400,000 people in numerous countries. Together, these companies have combined annual sales of approximately US\$120 billion.

For more information regarding Sunrise, please visit: www.sunrise.ch.

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This announcement is not an offer of securities for sale in the United States. The securities to which this announcement relates have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an

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exemption from registration under the Securities Act. There will not be a public offering of securities in the United States.

This announcement is not an offering circular within the meaning of Article 652a of the Swiss Code of Obligations, nor is it a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or a prospectus under any other applicable laws. Investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information in any prospectus (and any supplement(s) thereto) which may be published in due course. Copies of any prospectus will, following publication, be available from the Company's registered office. This document does not constitute a recommendation regarding the shares.

This announcement is not an invitation nor are they intended to be an inducement to engage in investment activity for the purpose of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA"). In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this announcement relates is available only to, and will be engaged in only with, "qualified investors" (as defined in section 86(7) of the FSMA) and who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Persons in the United Kingdom who are not relevant persons should not take any action on the basis of this announcement and should not act or rely on it.

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This announcement contains statements that are, or may be deemed to be, forward-looking statements. In some case, these forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, including the words "expects", "targets", "designed", "intends" or "plans" or comparable terminology or by discussions of plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events, and are based on assumptions. By their nature, forward-looking statements are subject to known and unknown risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these statements and forecasts. Past performance of the Company cannot be relied on as a guide to future performance.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice. Neither the Company nor any other person undertakes any obligation to review, update, confirm, or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

Each of the Joint Global Coordinators, Joint Bookrunners and the Co-Lead Manager is acting exclusively for the Company in connection with the planned offering. They will not regard any other person as their respective client in relation to the planned offering and will neither be responsible nor provide protection to anyone other than the Company, nor will they provide advice to anyone other than the Company in relation to the planned offering, the contents of this announcement or any other matter referred to herein.

In connection with the offer or sale of the securities referred to herein, the underwriters may over-allot the securities or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the underwriters in accordance with all applicable laws and rules. Save as required by law or regulation, the underwriters do not intend to disclose the extent of any stabilisation action. No representation is made as to whether the underwriters will engage in any stabilisation activity or that this activity, if commenced, will not be discontinued without notice.