

# Investora Zürich

Zürich, September 20, 2017 | Thomas Bernhardsgrütter, Director Investor Relations

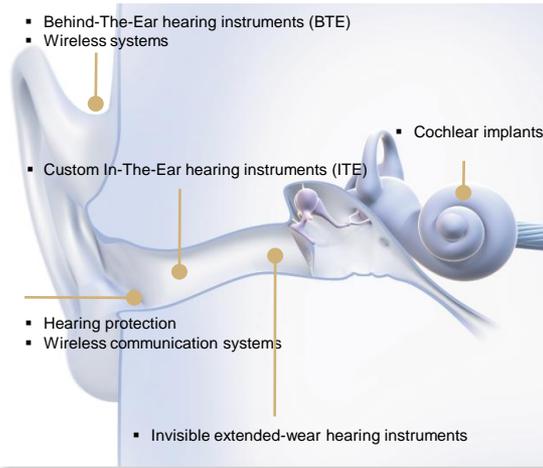


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## Broadest and most advanced offering – Hearing instruments, cochlear implants ...

### HI Hearing Instruments

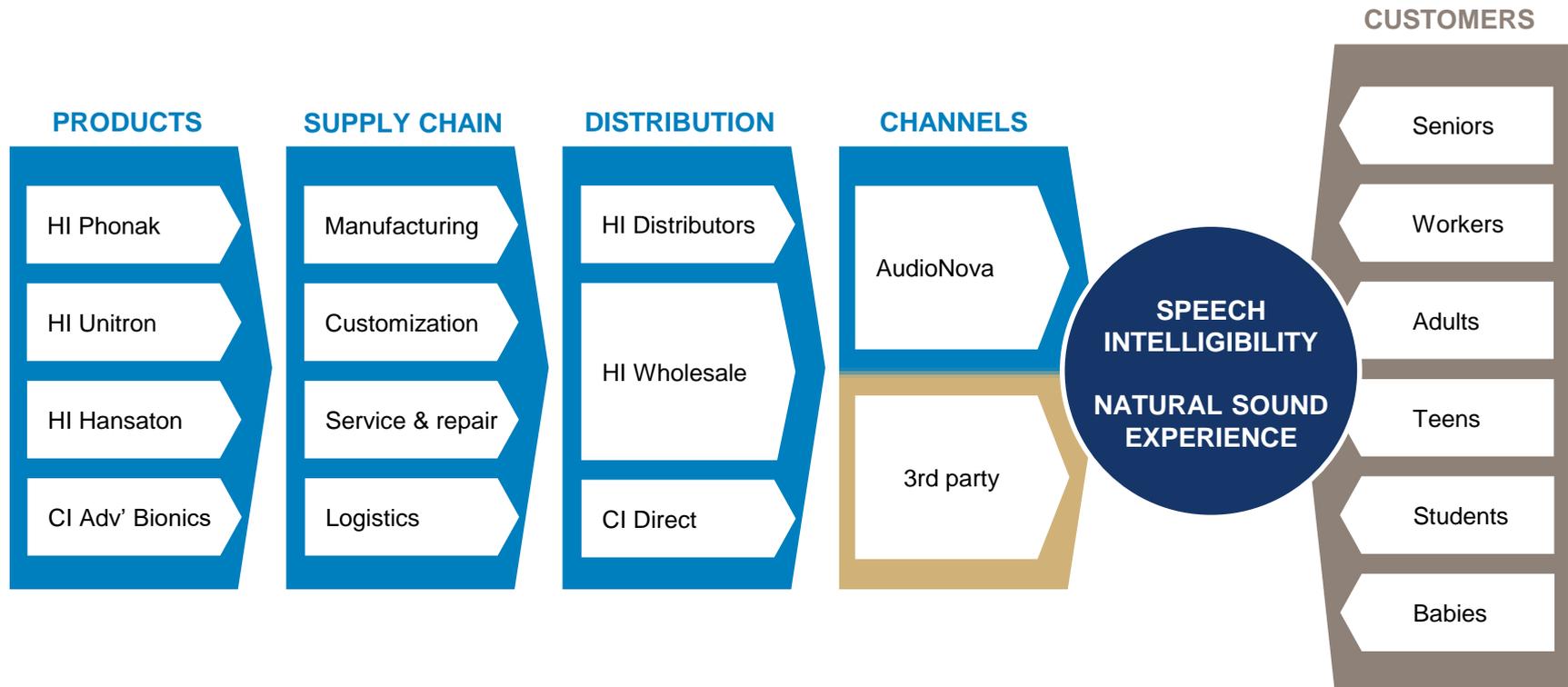


### CI Cochlear Implants



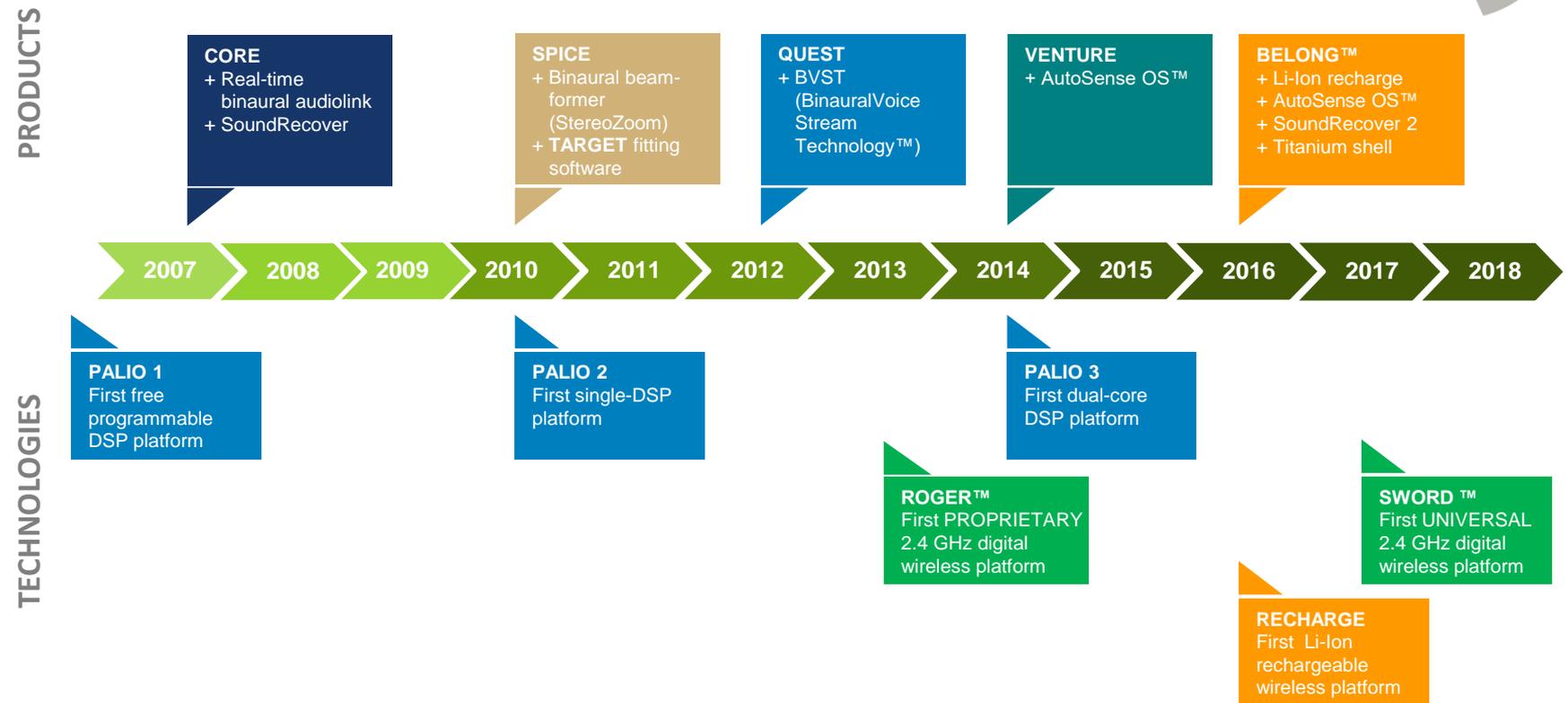
... and professional audiological services

## Unique vertically integrated business model – Focused on customer value



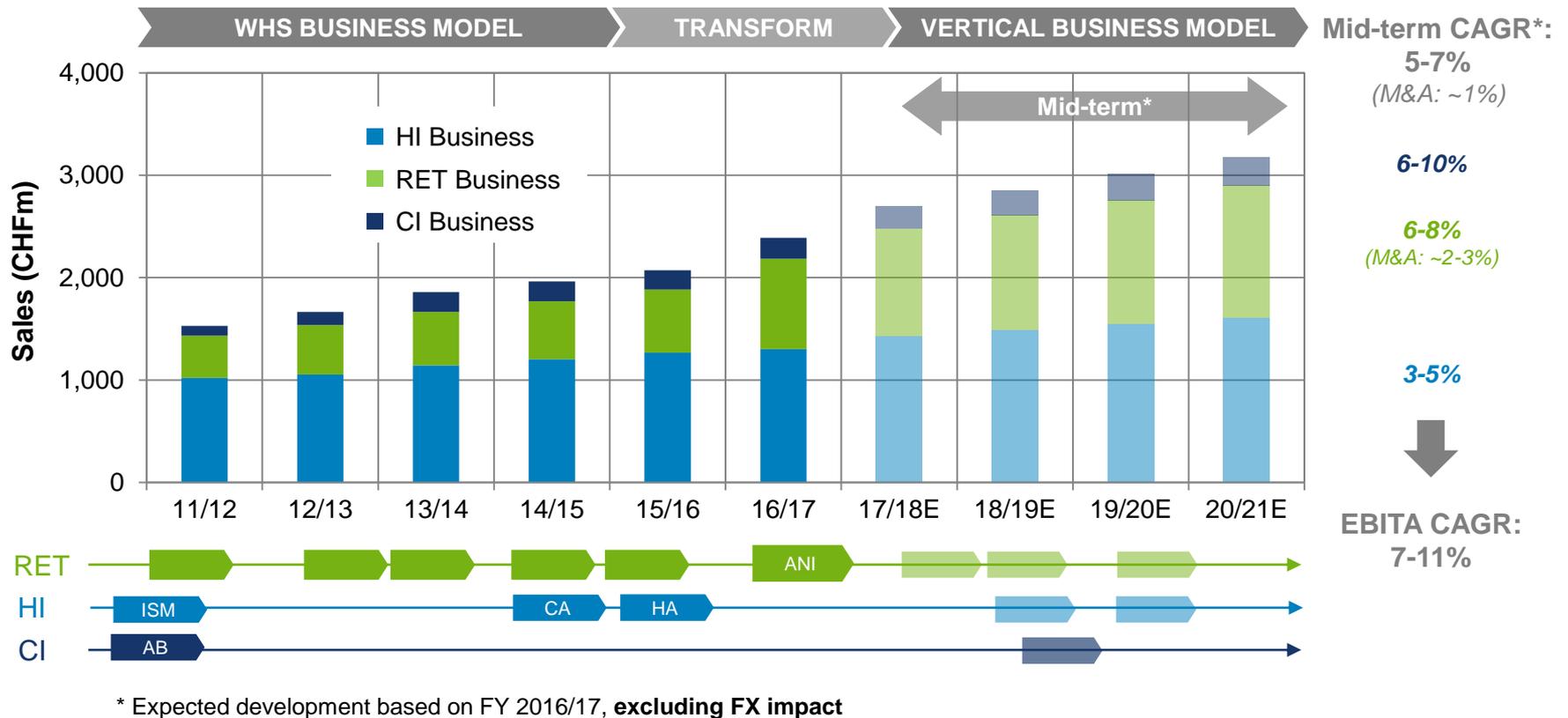
Own technology, products, supply chain, wholesale and retail networks

## Breakthrough products & technologies – Setting industry standards



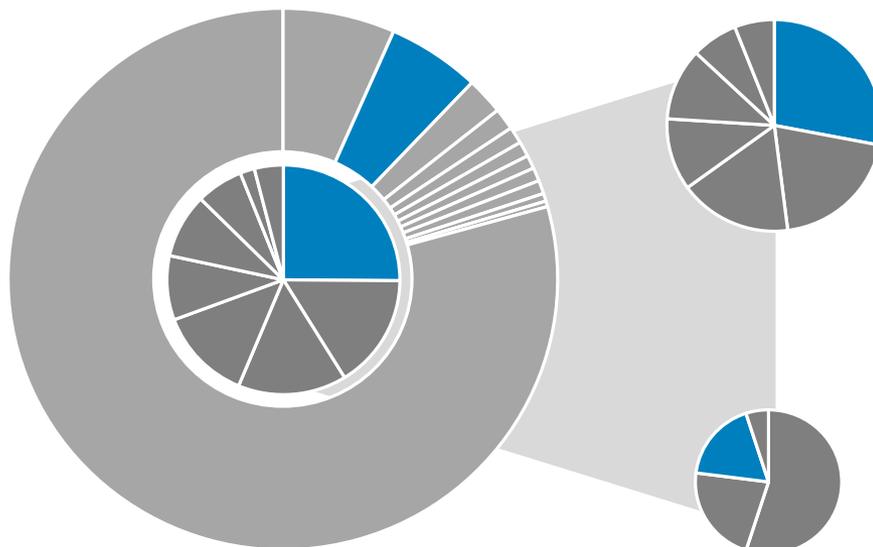
## Phonak – Pioneer in hearing instruments for 70 years

## Mid-term outlook – Solid growth and margin expansion



## Transformation into unique vertically integrated business model

## Expanding into larger hearing care market – Leverage strong HI position



Note: Unit split

### TOTAL HEARING CARE MARKET

- Market Size	~ CHF 16 billion
- Market CAGR	~ + 4-5%
- HI Size (units)	~ 14 million
- CI Size (units)	~ 60 thousand

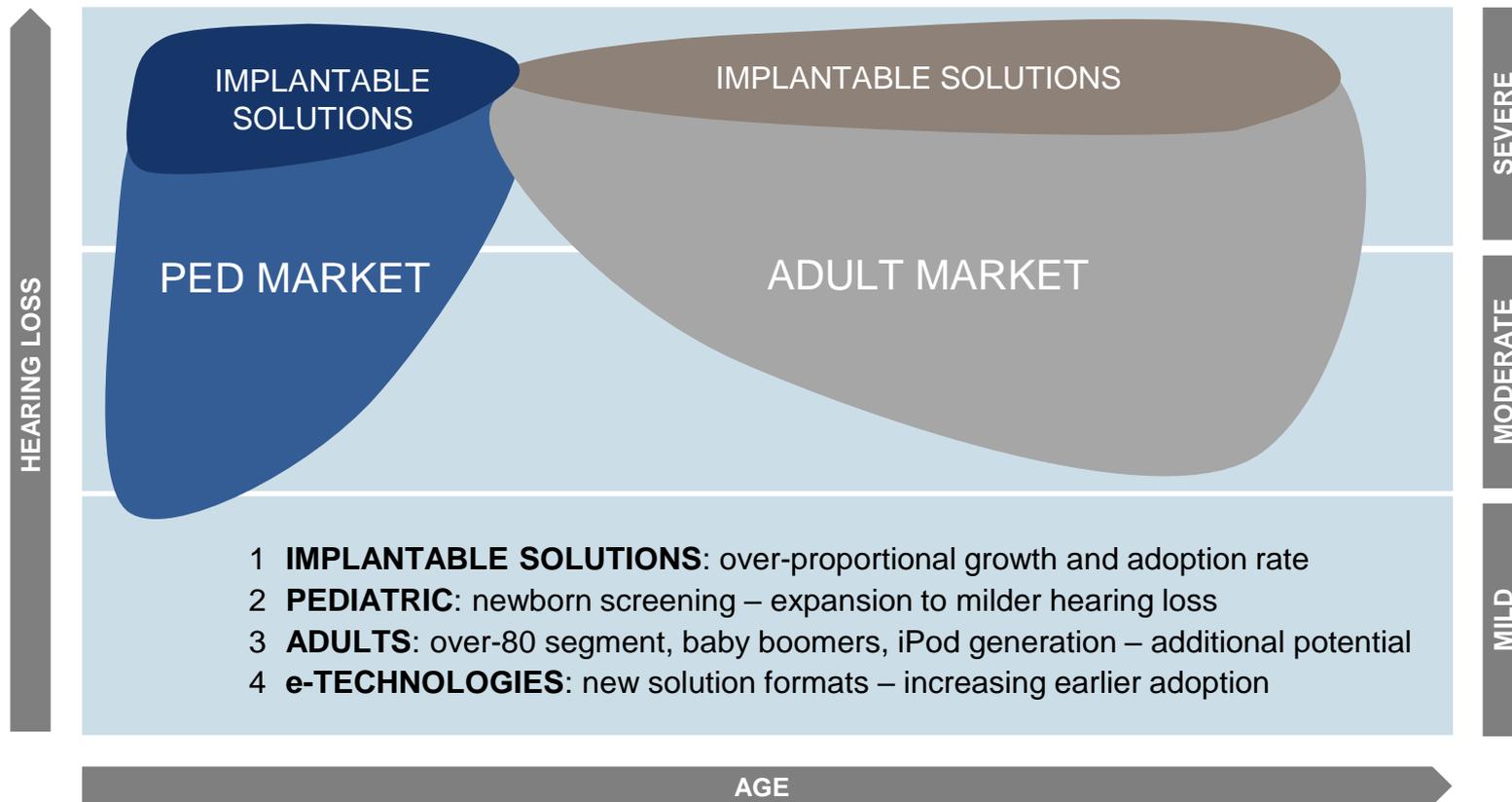
### HEARING INSTRUMENTS HI

- Market Size	~ CHF 5 billion
- Market CAGR	~ + 3-5%
- HI Size (units)	~ 14 million

### COCHLEAR IMPLANTS CI

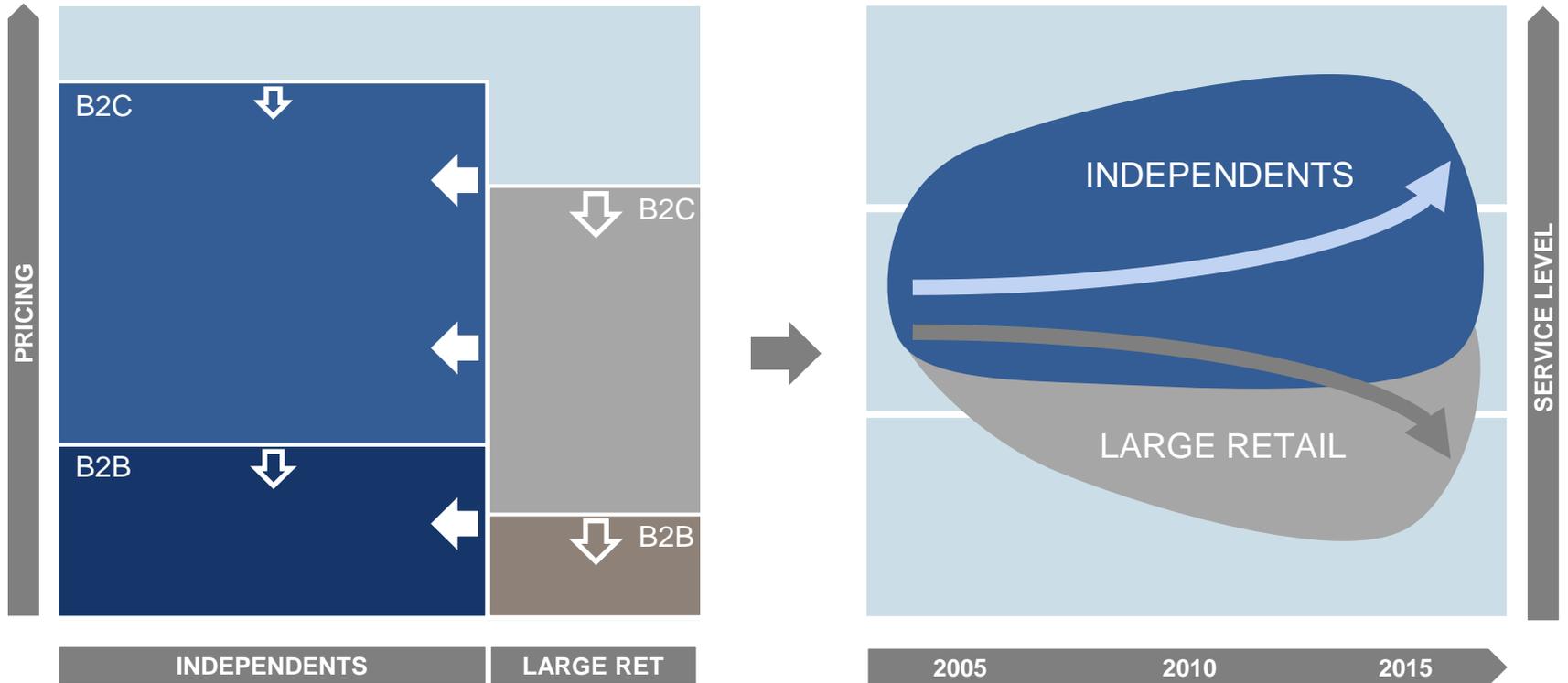
- Market Size	~ CHF 1.1 billion
- Market CAGR	~ + 5-10%
- CI Size (units)	~ 60 thousand

## Trend 1 – Increased adoption of implantable solutions – Aging population increasing



## Conclusion – Provide complete HI and CI solutions – Leverage eTechnologies

## Trend 2 – Accelerated bi-furcation of professional service channels



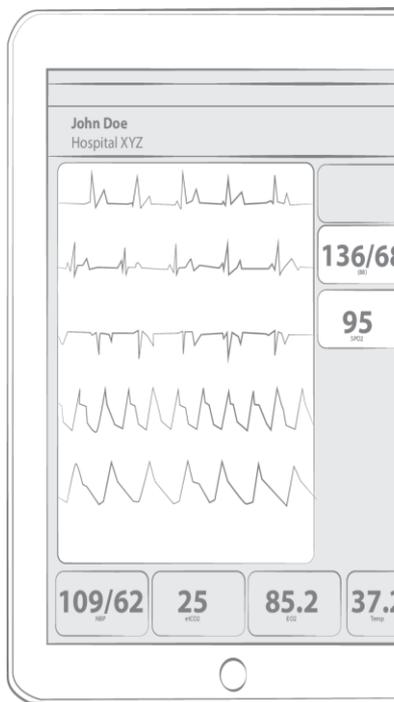
**Conclusion – Vertical integration to access value-added potential and consumer**

## Trend 3 – eHealth and eHearingcare – Expanding digital value proposition



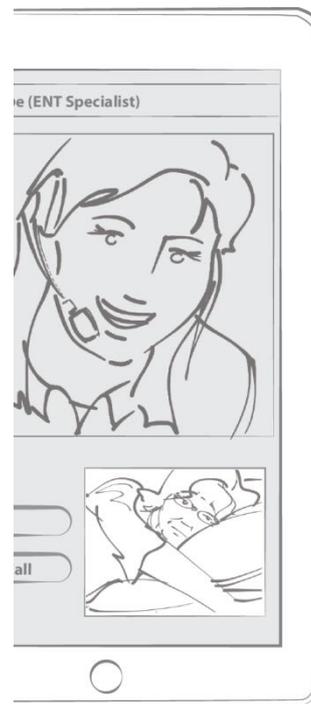
Self Diagnostic

i.e. Diabetes App



Monitoring

Remote Patient Data



Virtual Care

Online Care Services



Self Adjust

Hand Prosthesis App

## Conclusion – Develop eHearingcare solution offering based on eTechnologies

# Strategic focus

Focus on hearing care – Continuous innovation to grow sales, earnings & cash flow



Lead digital (r)evolution and eBusiness transformation in hearing care

# New product strategy

## Implement consistent platform approach for HI & CI solution development

### TECHNOLOGY

PALIO 1 – 90 nm

PALIO 2 – 65 nm

### PLATFORM

PALIO 3 – 65 nm dual-core

CORE

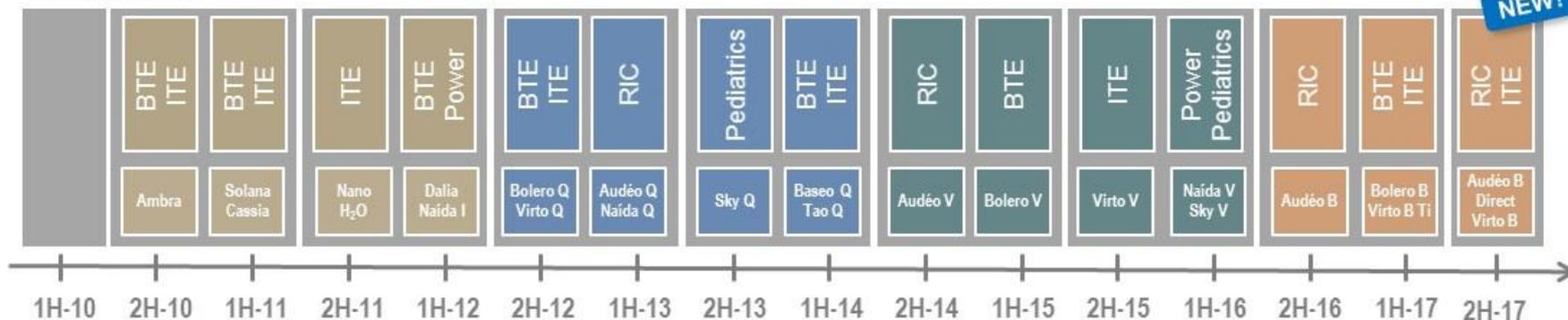
SPICE

QUEST

VENTURE

BELONG

### PRODUCTS



## Drive strong new product pipelines – Gross R&D around 7% of sales

## **SWORD™ (Sonova Wireless One Radio Digital) – New wireless chip**

### **1 Hearing aid batteries**

- SWORD™ is the world's first Bluetooth® Classic chip compatible with small hearing aid batteries
- Low-voltage radio chip with lowest power consumption of any hearing aid using Bluetooth® Classic

### **2 One radio chip and one antenna**

- 40 nm CMOS technology

### **3 Future proof**

- Entire Bluetooth® protocol stack on the chip
- Ready for additional features and future Bluetooth® standards (e.g. HAP) to connect to hundreds of multimedia audio sources

### **4 Additional applications**

- Also supports Sonova proprietary 2.4 GHz wireless protocols such as AirStream™ technology



## **Proprietary 2.4 GHz chip that handles multiple communication protocols**

\* Bluetooth® is a registered trademark owned by Bluetooth SIG, Inc.

## Phonak Belong – Audéo B-Direct – Key features

### 1 Ease of use

- “Made for All” direct connectivity with any cell phone\*
- Answer/reject phone calls by touching a pushing button on the hearing aid
- Hands-free calls using your hearing aids as a wireless headset
- Excellent TV sound quality using proprietary AirStream™ technology



### 2 Hearing performance

- Phonak Belong technology
- New AutoSense OS™
- SoundRecover2
- Across three performance levels (90/70/50)

### 3 Esthetics and design

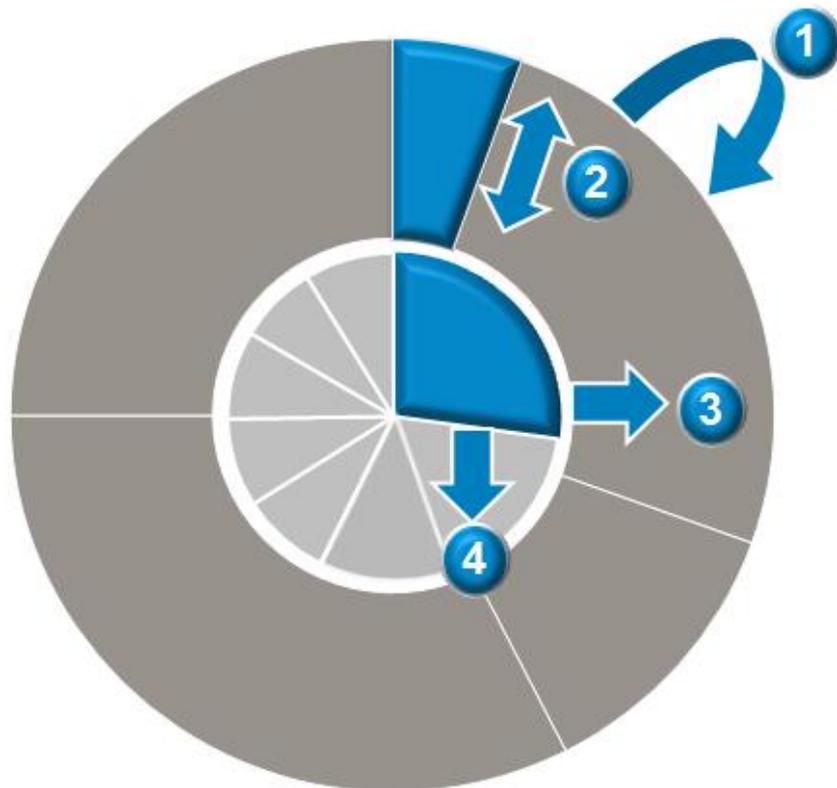
- Bigger push button
- Smallest Phonak RIC with a 13-size battery



\*with Bluetooth® 4.2 wireless technology and most older Bluetooth® phones

**First Phonak product based on new SWORD™ chip**

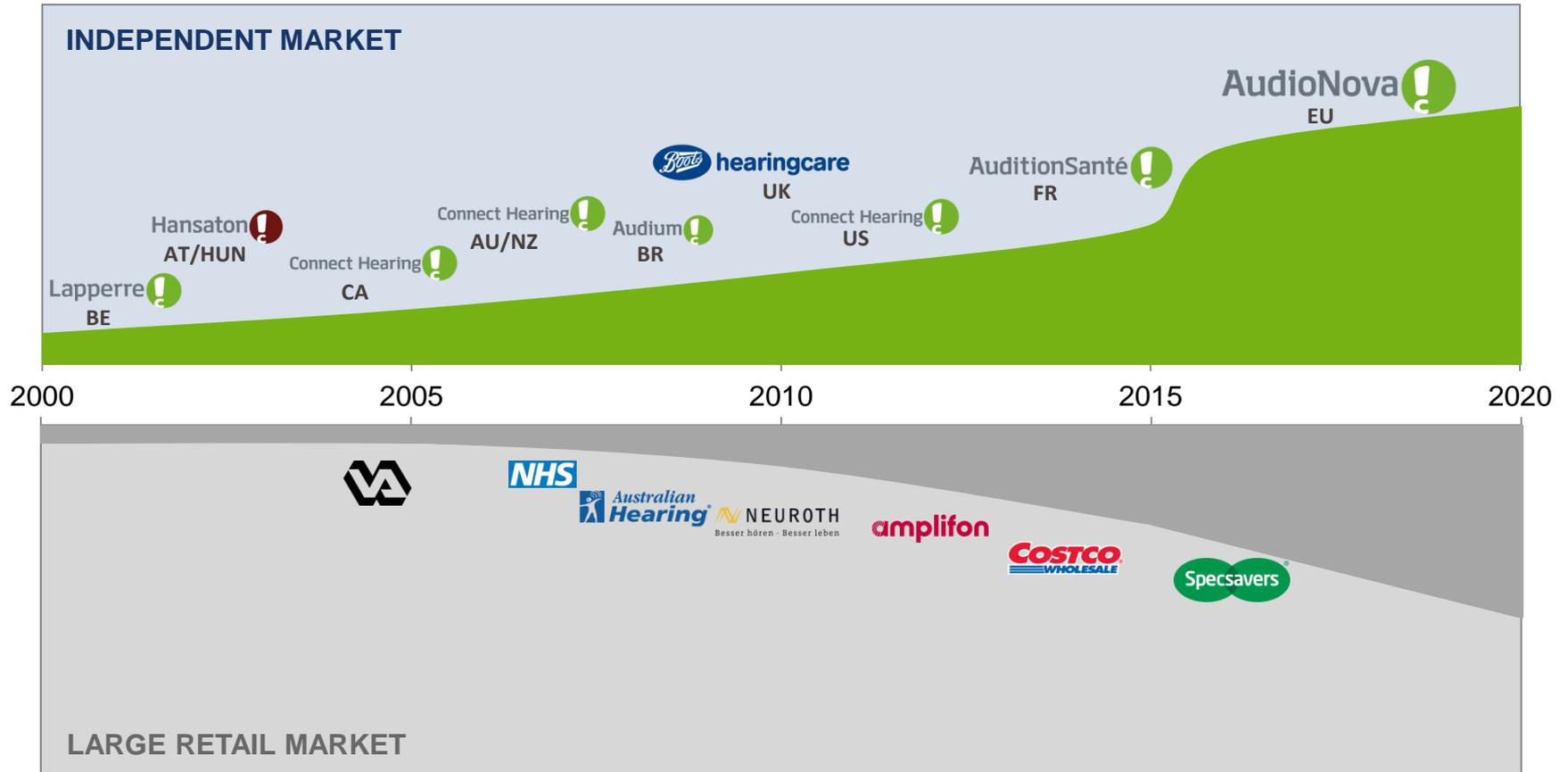
## Grow market position along 4 main vectors – Drive vertical integration



- 1** Develop consumer base
  - e-Marketing / direct marketing
  - Demand generation processes
- 2** Integrate service channels
  - Retail network expansion
  - Integration & productivity
- 3** Expand accessible markets
  - Emerging markets
  - New product formats
- 4** Penetrate existing markets
  - Multi-brand strategy
  - Continuous product innovation

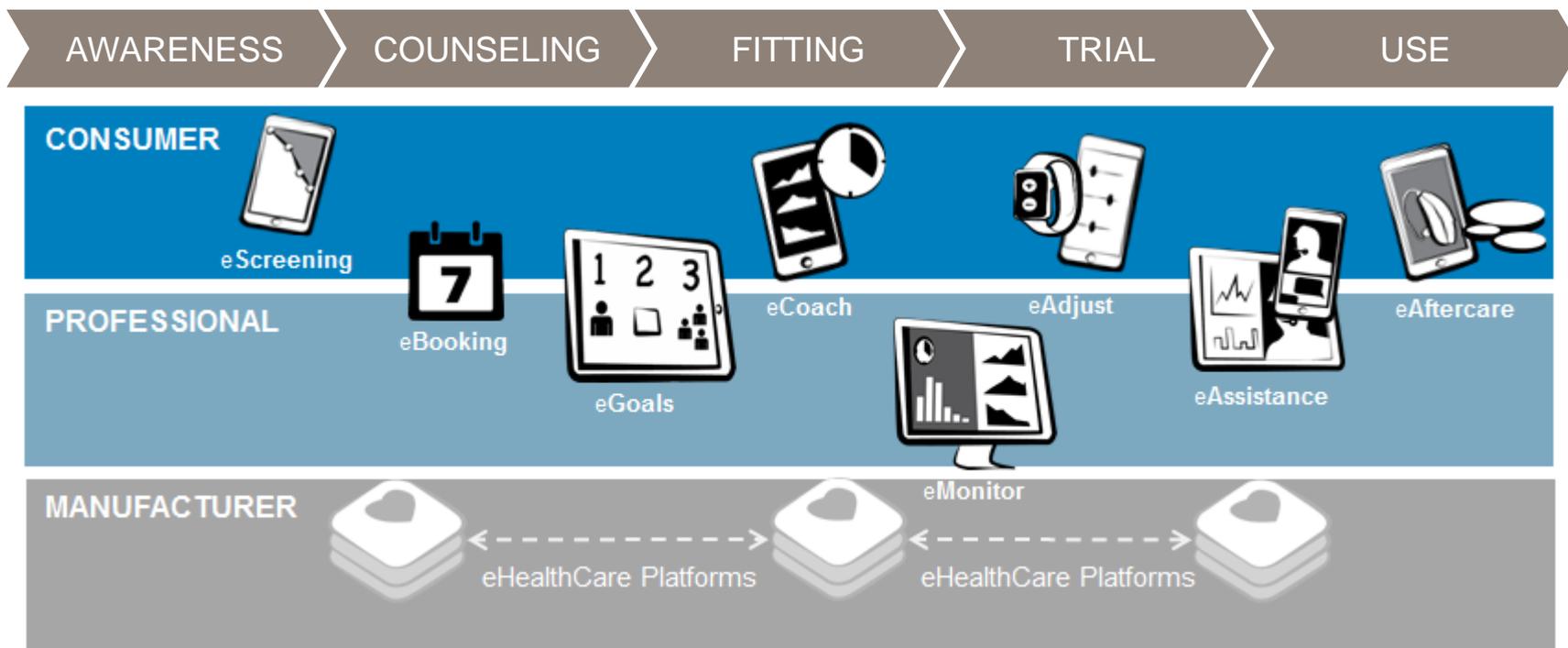
## Increase customer demand generation – B2B and B2C e-Marketing approach

## Independent market – Strong position – Including own AudioNova group



## Large retail market – Growing relationships

## Develop complete solution and service offering based on eTechnologies



## Expand technology platform approach to include e-based technologies

## FY 2017/18 guidance and mid-term target

		Actual* FY 2016/17	Guidance* FY 2017/18	Mid-term Target
<b>Sales</b>	<b>Sales growth in LC</b>	<b>+15.3%</b>	<b>10%-12%</b>	<b>+5%-7% p.a.</b>
	thereof M&A	+11.0%	ca. +6.0%	ca. +1.0% p.a.
	FX-impact	+0.3%		
	Total sales growth in CHF	+15.6%		
<b>EBITA</b>	<b>EBITA growth in LC</b>	<b>+12.1%</b>	<b>10%-14%</b>	<b>+7%-11% p.a.</b>
	FX-impact	-0.3%		
	Total EBITA growth in CHF	+11.8%		

\* EBITA FY 2016/17 and FY 2017/18 excluding one-time transaction and integration costs related to AudioNova acquisition



sonova  
HEAR THE WORLD

Thank you