

Octavian Seminar

Films, January 14, 2021
Hartwig Grevener, CFO




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Key highlights

 <p>Sales</p> <p>CHF 1,070m</p> <hr/> <p>-20.9% in LC</p>	 <p>EPS (adj.)</p> <p>CHF 1.97</p> <hr/> <p>-29.1% in LC</p>	 <p>Sales outlook</p> <p>+4-8%</p> <hr/> <p>growth in LC in 2H 2020/21</p>
 <p>EBITA (adj.)</p> <p>CHF 174.3m</p> <hr/> <p>margin of 16.3%</p>	 <p>Innovation</p> <p>Phonak Paradise</p> <hr/> <p>A new paradigm in hearing aid sound quality</p>	 <p>EBITA outlook</p> <p>+20-30%*</p> <hr/> <p>growth in LC in 2H 2020/21</p>

Note: adj. refers to 1H 2020/21 figures adjusted for restructuring costs of CHF 21.9 million (1H 2019/20: CHF 15.5 million) and damages awarded in patent infringement lawsuit to Advanced Bionics of CHF 99.0 million (1H 2019/20: one-time positive transition impacts of the Swiss tax reform in of CHF 154.3 million); see slide 12 for details

* EBITA guidance excludes restructuring costs in both 2H 2019/20 and 2H 2020/21 as well as one-time costs and returns for credit related to the voluntary field corrective action in the CI segment in 2H 2019/20

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



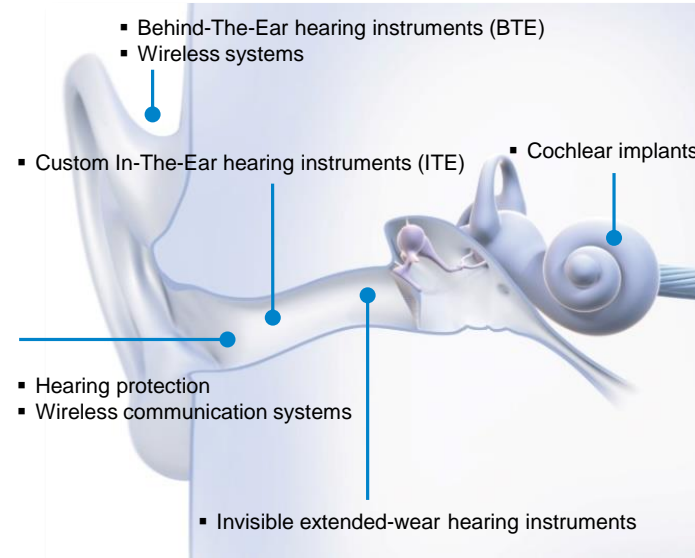
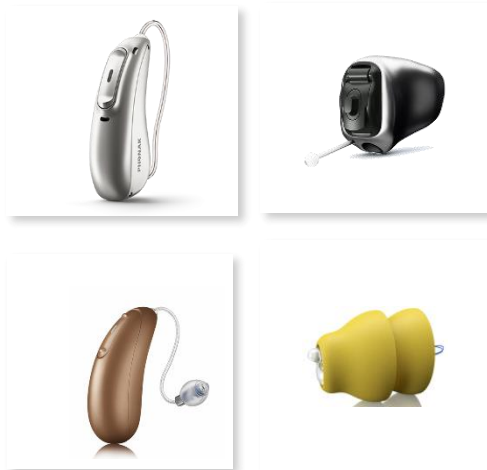
STRONG FINANCIALS

- 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

Broadest and most advanced hearing care product offering

Hearing Instruments



Cochlear Implants

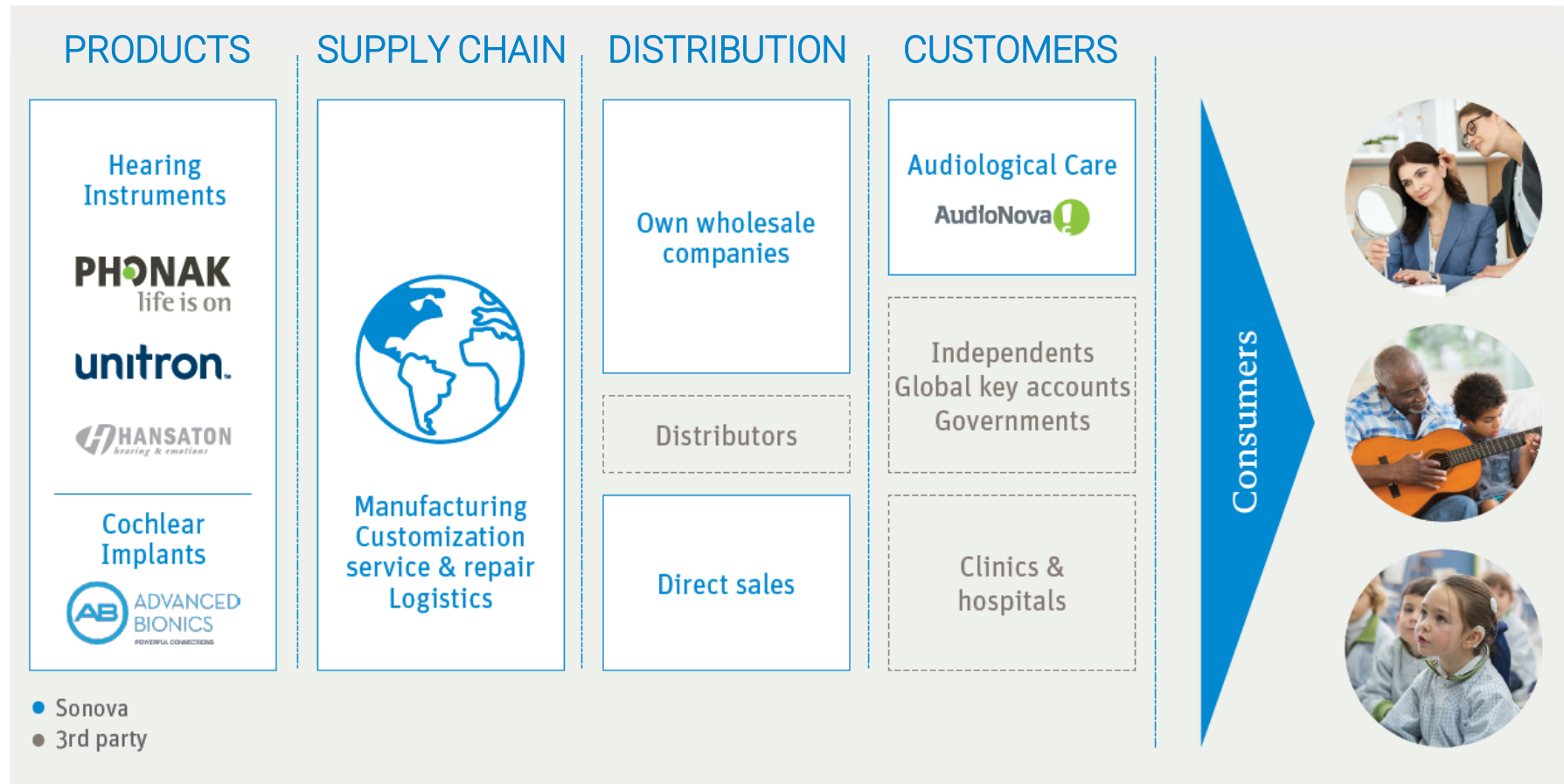


Audiological Care



Sonova Group




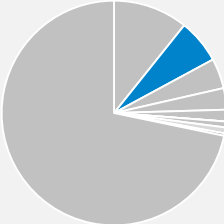

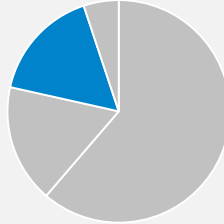

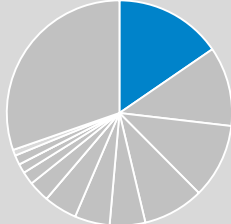
Unique vertically integrated business model – Focused on customer value



► Covering the whole value chain from product to the consumer

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%
 <p># 1 in the HI market</p> 	 <p># 2 in the retail market</p> 	 <p># 2/3 in the CI market</p> 	 <p># 1 in the hearing care market</p> 

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

Market trends

Evolving consumer and customer expectations and needs



Continuous innovation in:

- Audiological performance
- Comfort and fit
- Connectivity and apps
- Added functionalities

Driving change by demanding:

- Continued advancement of hearing performance
- Flexible, omnichannel service engagement models
- Broader benefits of hearing aids
- HCP support for key interactions over full consumer journey

Adapting the service model to:

- Build broader marketing and service capabilities
- Adapt to increasing importance of digital and segment specific needs
- Broaden offering to solutions beyond hearing aids

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

Sonova's strategy

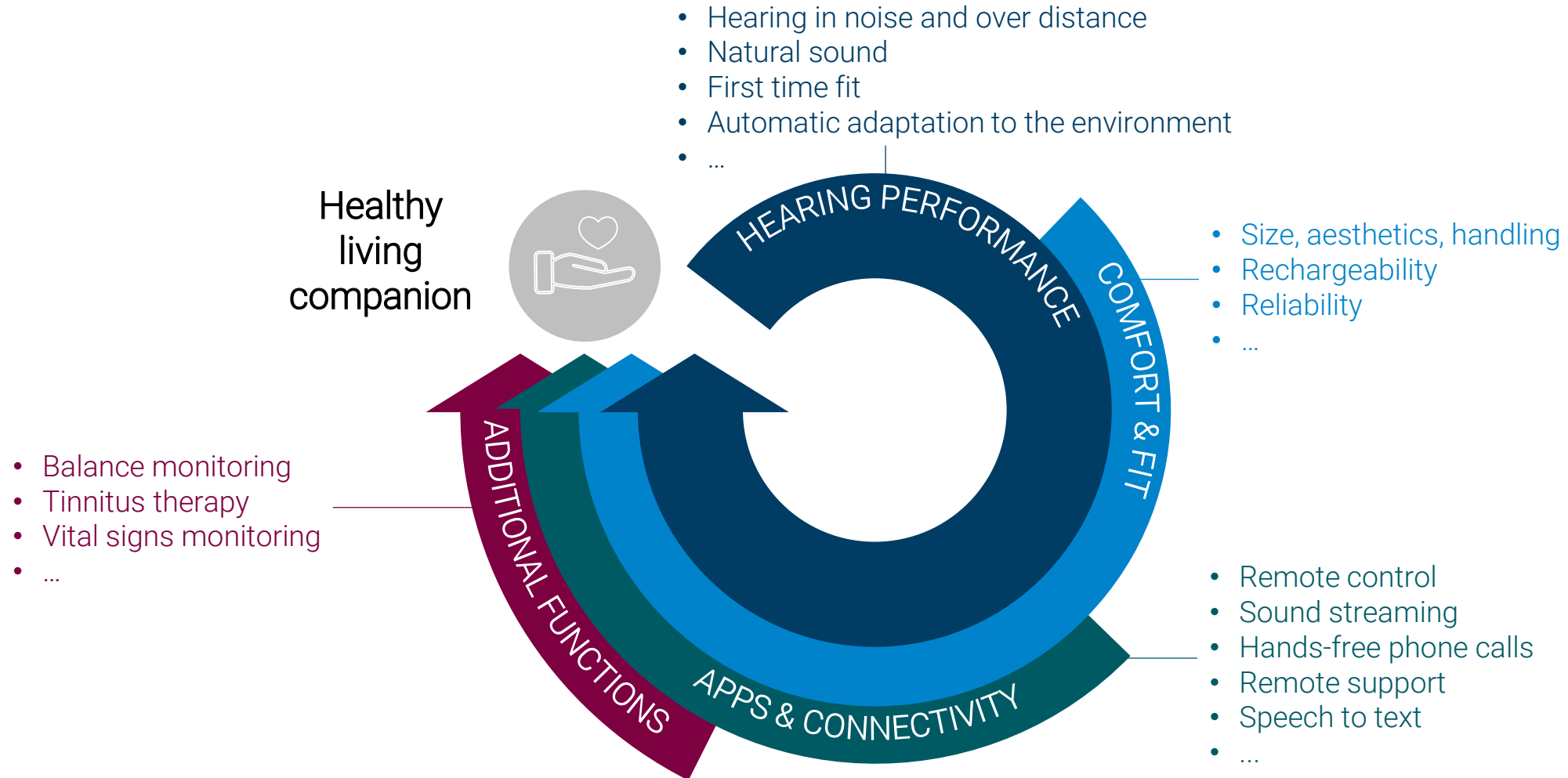
Strategic pillars



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

Lead innovation

Innovation framework



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

Lead innovation

Our most recent product launches

4Q-19/20

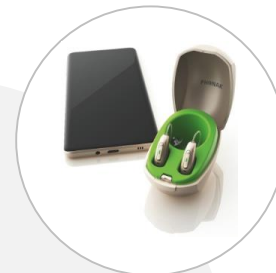
Virto™ Black Marvel

Designed to blur the lines between a hearing aid and a hearable

PHONAK



PHONAK



2Q-20/21

Audéo™ Paradise

A new paradigm in hearing aid sound quality coupled with industry-leading wireless technology.

3Q-20/21

Naída™ CI Marvel and Sky CI™ Marvel sound processors*

Wearers of all ages benefit from the breakthrough Marvel hearing technology

AB ADVANCED BIONICS



unitron.



2Q-20/21

Unitron Discover Next platform

Enhanced listening experience with new Soft speech lift and Spectral Speech

HANSATON



1Q-20/21

EXCITE Pro platform

Enhanced hearing experience coupled with advanced wireless features

Note: approved in the US and Canada, pending approval in other markets

► **Sonova continues to advance its innovative product portfolio**

Lead innovation

Example: Phonak Audéo™ Paradise launched in August 2020

Unrivaled sound quality

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



Personalized digital solutions

- New Hearing Screener 2.0
- New myPhonak 4.0 app
 - Hearing Diary 2.0
 - AudiogramDirect (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

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

Expand and optimize omni-channel AC network

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**

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

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

▶ A successful start now followed by a rapid expansion

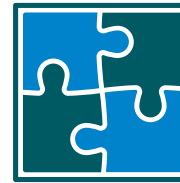
Extend reach through commercial excellence

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

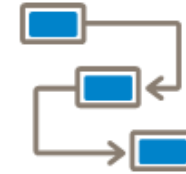
Sales excellence: Improving funnel management and targeting to increase # of visits/rep and to target segments with biggest growth potential

2

Sales coverage: Right size territories and expand feet on the street where growth potential exists

3

Marketing excellence: Improving B2B marketing to increase market visibility and ability to drive segment specific campaigns



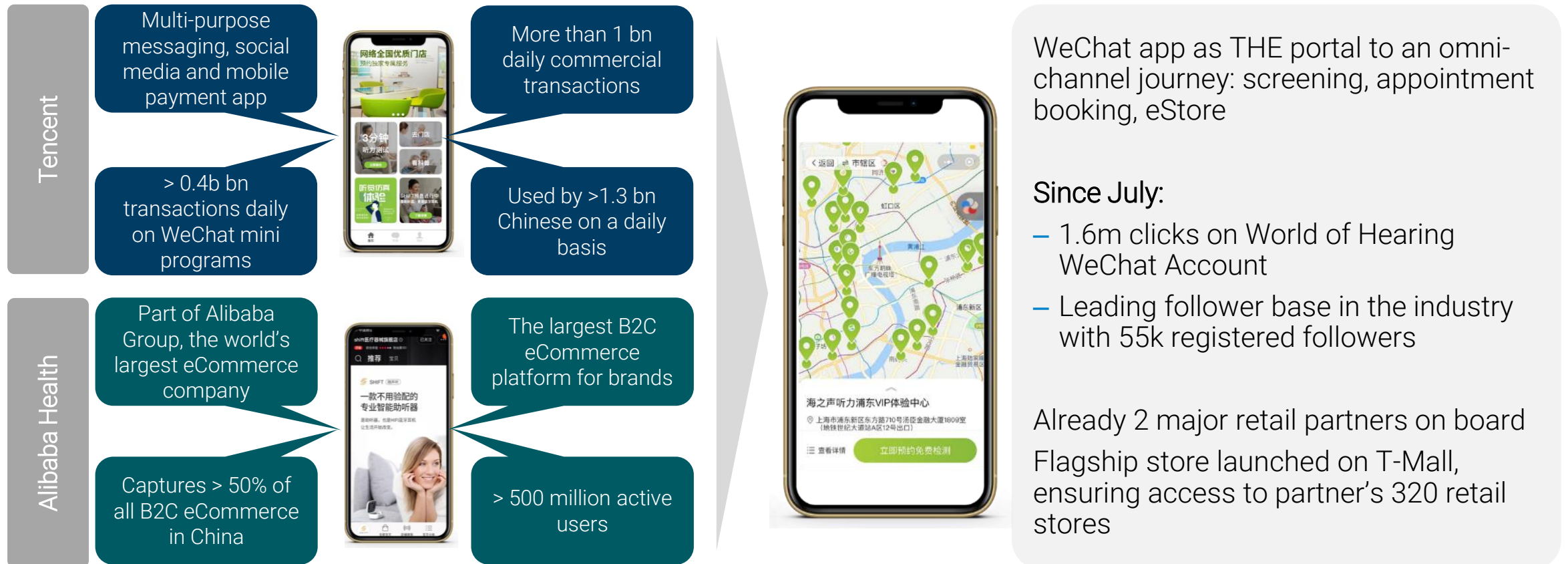
Rollout plan

- Current focus on key markets
- 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

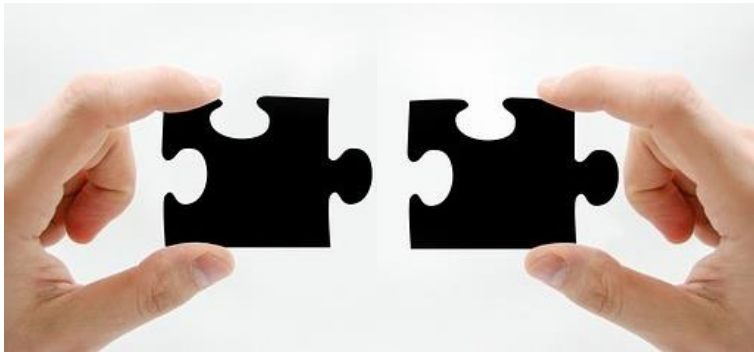
Harvest cost savings opportunities by driving structural optimization

	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
	Run-rate benefit (CHFm)	7	10	50-70
				→ Attractive ROI of measures by leveraging attrition in 1H

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

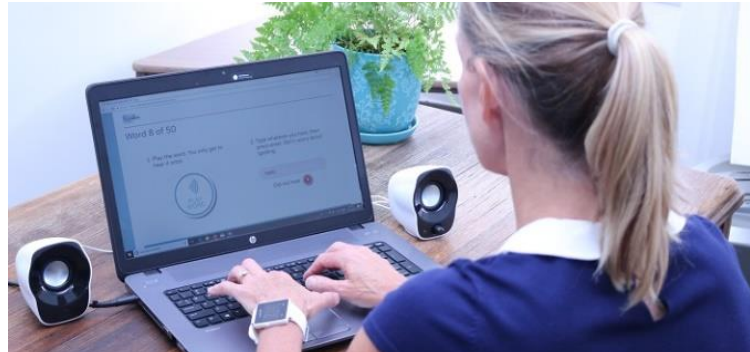
Leverage M&A to accelerate growth strategically

Acquisitions in the area of AC bolt-ons and novel retail & distribution formats



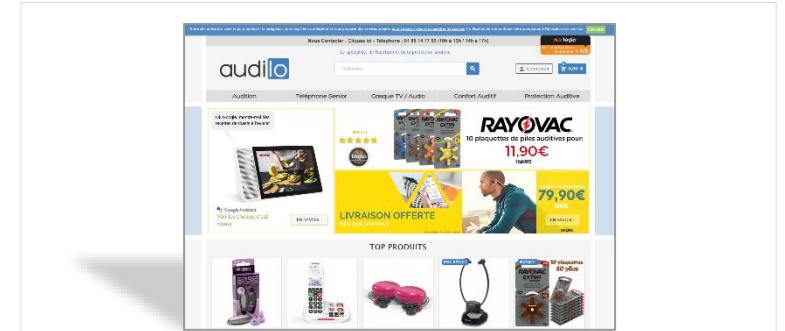
Bolt-ons

- Continuation of bolt-on acquisitions to expand and optimize our differentiated Audiological Care network
- Target remains to add 2-3% incremental sales p.a. in AC



Blamey Saunders hears

- Australian omnichannel hearing aid retailer with a distinctive blended service model
- Addressing younger customers
- Acquired in April 2019



Audilo

- Leading French online provider of batteries and accessories for hearing aid users
- Strong customer database offers significant marketing and cross-selling opportunities
- Acquired in February 2019

► M&A supports our strategy to extend our differentiated Audiological Care network

Sonova's commitment to sustainable success

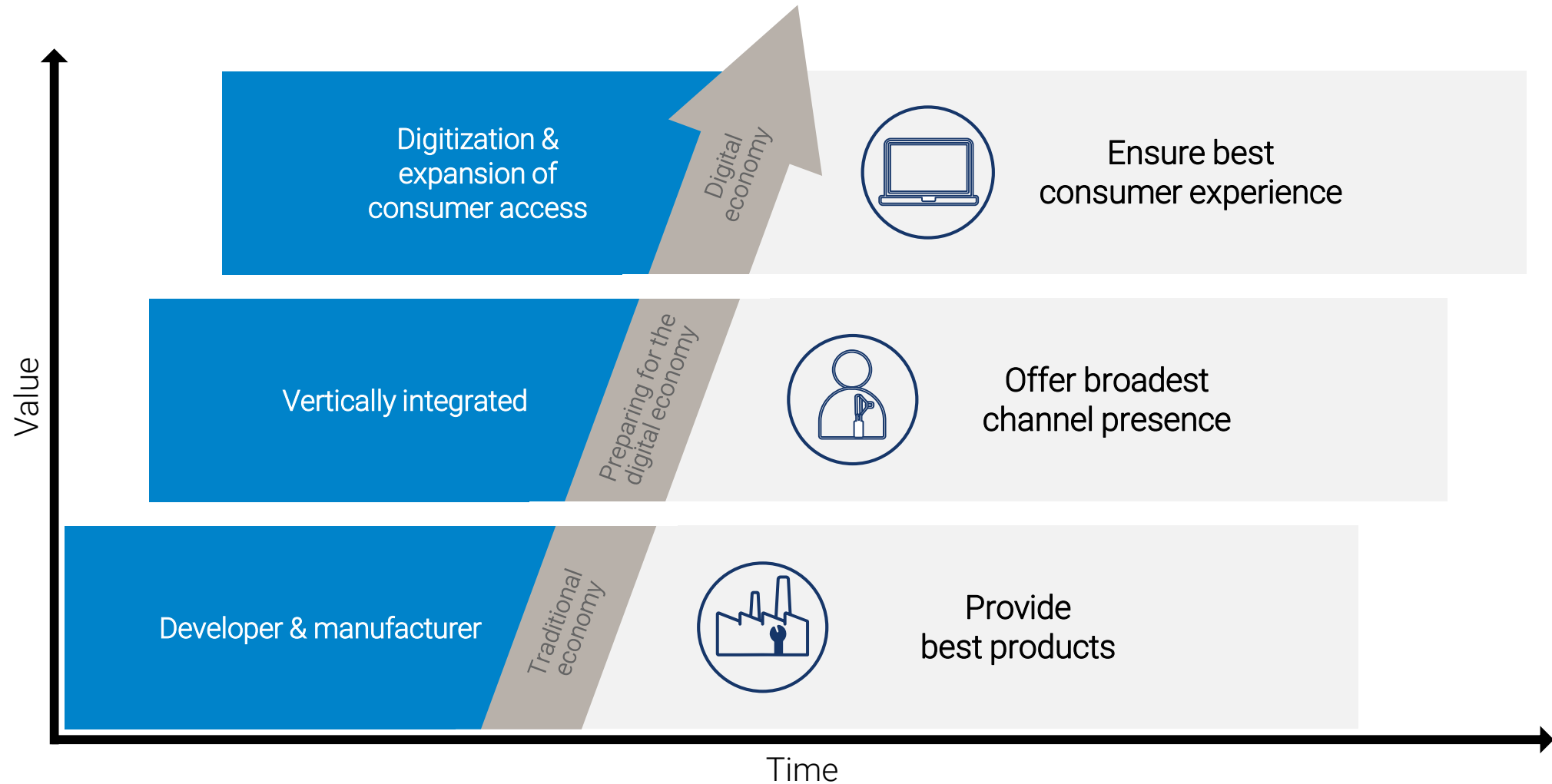
Corporate Responsibility is integrated in our business and culture

Sonova ESG ratings

<p>B</p>	<p>AA</p>	<p>Low Risk</p>	<p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Member</p>										
<p>Status: Prime (C+ or better)</p> <p>Last update: 07/2020</p>	<p>As of 08/2020, Sonova received an MSCI ESG Rating of AA.</p> <p><small>THE USE BY SONOVA OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF SONOVA BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.</small></p>	<p>ESG Risk Rating</p> <p>17.5 Low Risk</p> <table border="1"> <tr> <td>Negl.</td> <td>Low</td> <td>Med.</td> <td>High</td> <td>Severe</td> </tr> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </table> <p>Ranking</p> <p>INDUSTRY GROUP Healthcare 25 out of 483</p> <p>Last update: 11/2020</p>	Negl.	Low	Med.	High	Severe	0-10	10-20	20-30	30-40	40+	<p>Status: Member DJSI world (72 or better) and DJSI Europe (64 or better)</p> <p>97th Percentile</p> <p>78 Scoring: 1-100</p> <p>Last update: 11/2020</p>
Negl.	Low	Med.	High	Severe									
0-10	10-20	20-30	30-40	40+									

► 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

Outlook

Guidance for 2H & FY 2020/21

	Actual 1H 2020/21	Guidance 2H 2020/21	Implied guidance FY 2020/21
Sales growth in LC	-20.9%	+4% to +8%	-6% to -8%
adj. EBITA growth* in LC	-28.5%	+20% to 30%	~0%

* EBITA guidance excludes restructuring costs in both FY 2019/20 and FY 2020/21, damages awarded in patent infringement lawsuit to Advanced Bionics in FY 2020/21 as well as one-time costs related to the voluntary field corrective action in the CI segment in FY 2019/20

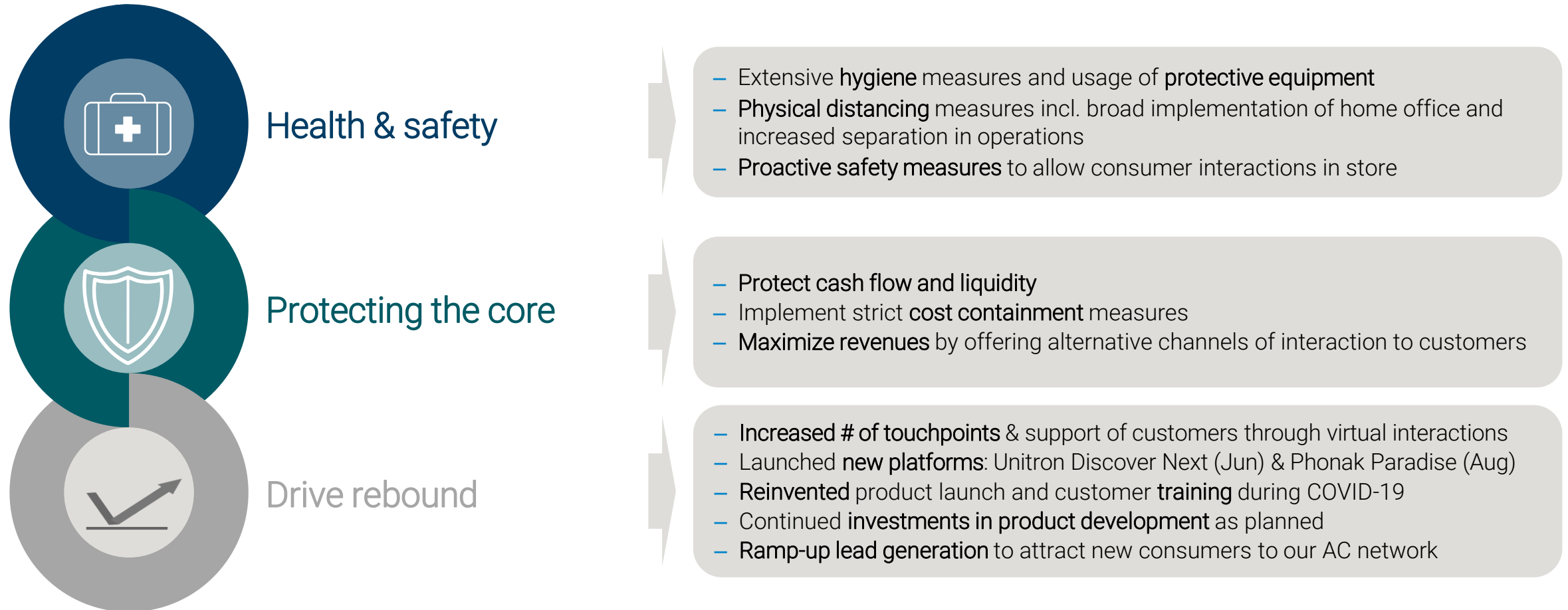
Considerations for 2H & FY 2020/21

- Guidance considers a limited temporary impact from the recent rise in infection rates and re-tightening of lockdown restrictions
- Positive market reception of Phonak Paradise and strong commercial execution helping to offset short-term market headwinds
- Continued gradual market recovery expected after current impact from the reacceleration of the pandemic is over
- Reflecting November FX rates, reported sales and EBITA growth are expected to be reduced by 5 and 10%-pts respectively in FY 2020/21

► Paradise & strong commercial execution helping to offset limited temporary lockdowns

Outlook

Sonova action plan during the pandemic



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

Thank you

sonova
HEAR THE WORLD