



## Half-Year Results 2020/21

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Stäfa, November 16, 2020

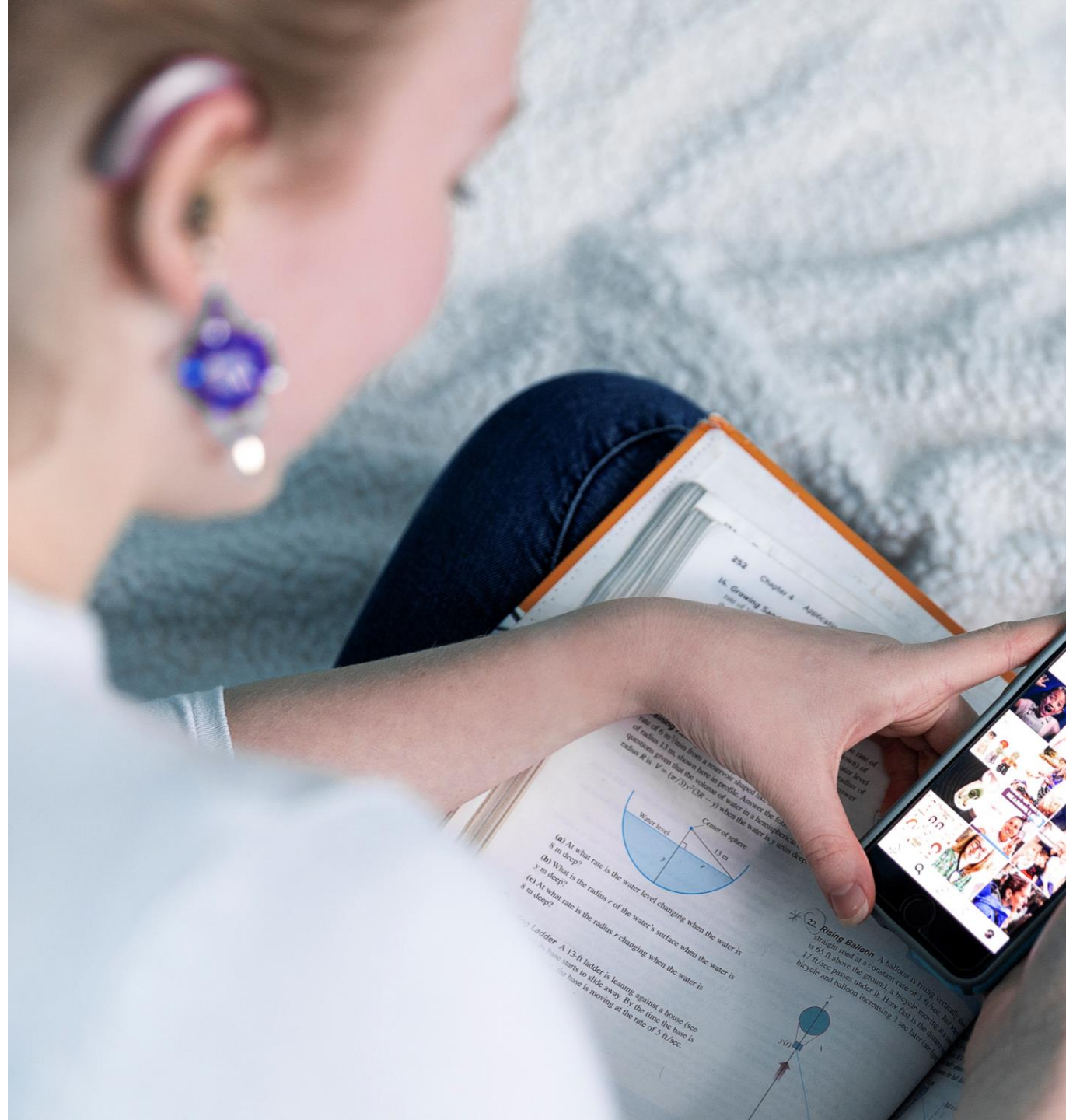
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# Successfully navigating in a challenging environment

- **Solid 1H performance** reflecting strong execution and ongoing market recovery
- Faster than expected H1 market recovery with solid **rebound of new customers** in 2Q
- **CI market recovery lagging** – good progress on mitigating impact of voluntary field action
- **Structural optimization** initiatives well on track
- Expecting **return to profitable growth in 2H** despite temporary market headwinds
- **Strategy remains unchanged** and has proven itself throughout the pandemic



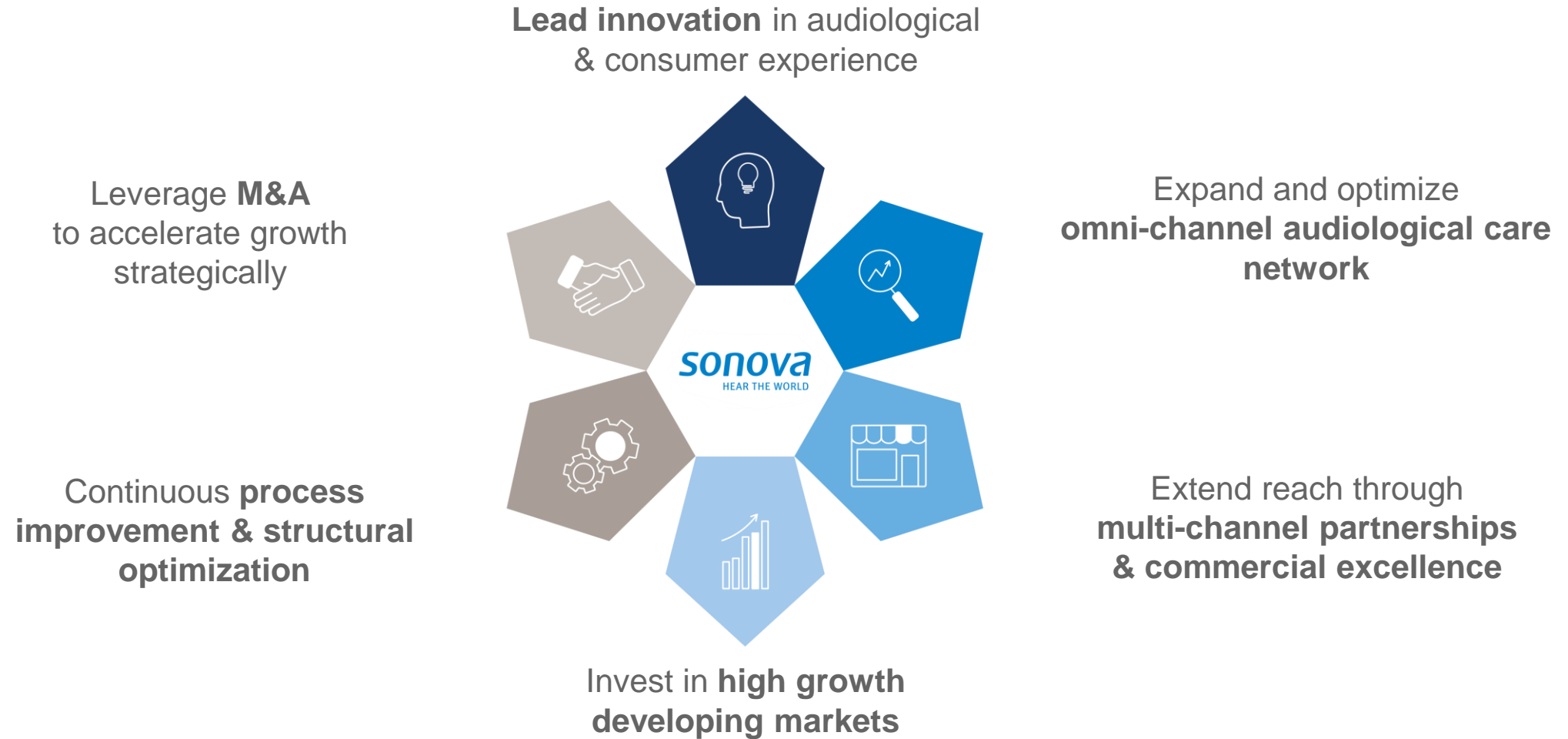
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*Sonova Group*

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

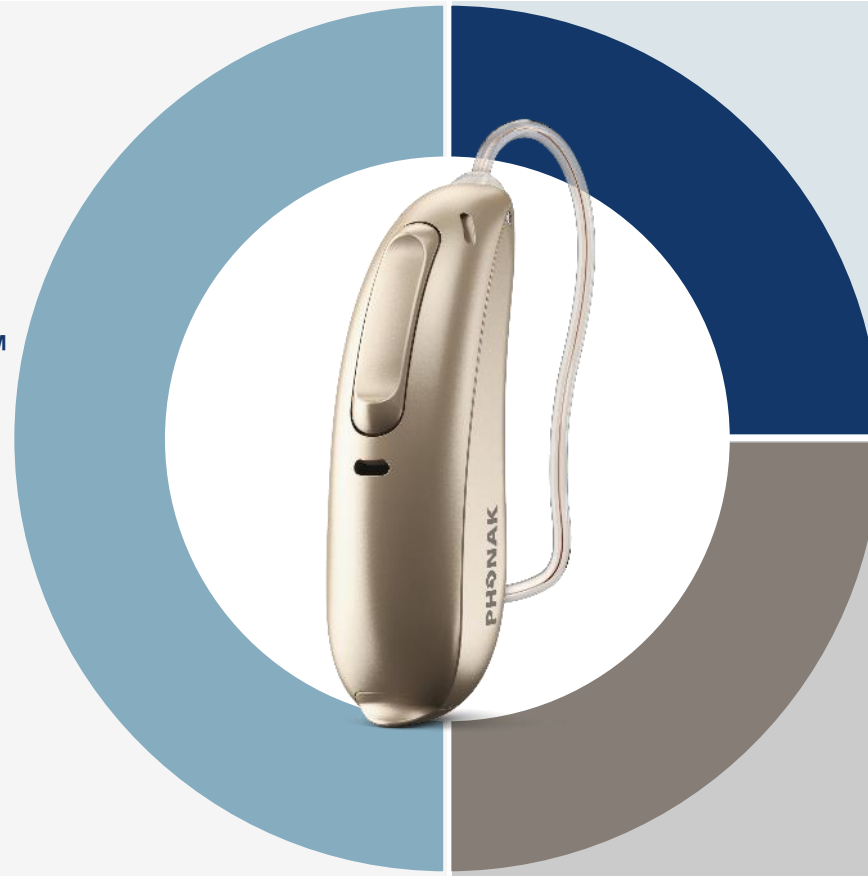


► Our strategy remains unchanged and has proven to be effective throughout the COVID-19 pandemic

Lead Innovation – 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**

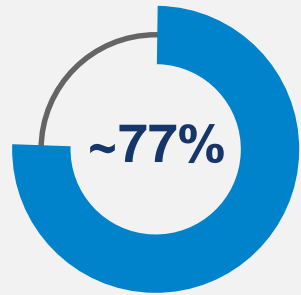
## Universal connectivity

- Connects to smartphones, TV & more
- MFA
- **Multiple Bluetooth® connections**
- **New Tap Control for easy access to Bluetooth functionalities**

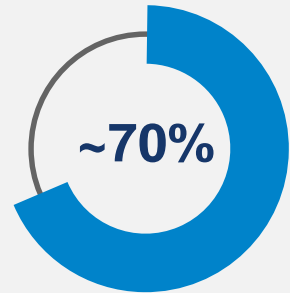
► Designed with a clear focus on delivering an excellent sound experience for consumers

## Market reception of Phonak Audéo™ Paradise – 9 weeks after launch

### Commercial metrics



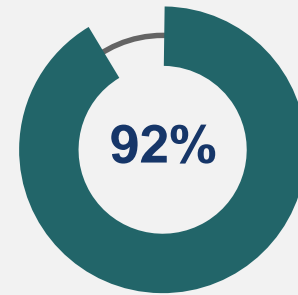
Paradise **accounts for three quarters** of Phonak Audéo orders in the local open market



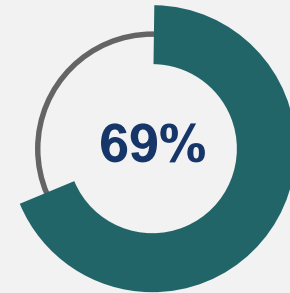
Already **two thirds of HCPs have re-ordered** Paradise in the 2<sup>nd</sup> week after the their first order

➔ **Commercial metrics similar to Marvel**

### Customer feedback



Vast majority of customers **would recommend Paradise** hearing aids to other HCPs



Large proportion of HCPs agree that Paradise is **taking Marvel to the next level**

➔ **Very positive customer feedback**

Note: commercial metrics based on local open market data in 6 key countries (US, UK, FR, DE, CA, AU) 9 weeks post launch; customer feedback based on US customer survey (n=116)

▶ **Strong market reception – Good start on commercial metrics and very positive customer response**



## Summary 1H 2020/21

### Group

- Sales of CHF 1,069.6 million (-20.9% in LC) – close to PY in 2Q, HSD growth in September
- EBITA (adj.) of CHF 174.3 million – down -28.5% in LC, -37.6% in CHF (FX headwind: CHF 25.5 million)
- Good EBITA margin (adj.) of 16.3% (-190bps in LC) in light of lower sales – 2Q well above prior year period
- EPS (adj.) down -29.1% in LC to CHF 1.97

### Hearing Instruments

- Sales of CHF 607.8 million (-16.7% in LC) – strong pick up in momentum with MT growth in September
- Launch of Phonak Paradise platform – strong initial demand and good conversion to Phonak Paradise
- Driving sustained market outperformance through commercial execution and continued innovation

### Audiological Care

- Sales of CHF 378.7 million (-23.8% in LC) – returning to MSD growth September
- Lead generation stepped back up in June – share of new customers getting closer to pre-COVID level
- Network streamlining underway – transfer of customer database to nearby store to protect revenues
- Further driving omni-channel strategy – market entry in China and broader roll-out of webstores

### Cochlear Implants

- Sales of CHF 83.1 million (-33.8% in LC) – improvement in 2Q but recovery flattening out in recent months
- Slower market recovery as hospitals continue to operate at reduced volumes
- Headwind from Feb-2020 voluntary field corrective action, continued progress on mitigation measures

Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics  
MSD: mid single-digit; HSD: high single-digit; MT: mid-teens

► **Solid performance in light of COVID-19 – Successful execution on growth and productivity initiatives**

Harvesting cost saving opportunities by driving structural optimization

	2018/19	2019/20	2020/21	
<b>Footprint</b>	Reduction of rooftops	✓	✓✓	✓  Satellite support & warehouses, consolidation of sites
	Streamlining of AC POS			✓✓  200-300 POS, largely sales neutral
<b>Processes &amp; Organization</b>	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
<b>Economics</b>	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

## Key financials – As reported and adjusted

	1H 2019/20		1H 2020/21			
	CHF m	Margin	CHF m	Margin	Δ % in CHF	Δ % in LC
Sales	1,426.3		1,069.6		-25.0%	-20.9%
Gross profit (adj.)	1,011.1	70.9%	740.3	69.2%	-26.8%	-22.0%
OPEX (adj.)	731.6		566.0		-22.6%	-19.5%
EBITA (adj.)	279.5	19.6%	174.3	16.3%	-37.6%	-28.5%
Adjustments	-15.5		77.1		NM	NM
EBITA (reported)	264.0	18.5%	251.4	23.5%	-4.8%	6.6%
EPS (adj. in CHF)	3.32		1.97		-40.6%	-29.1%
EPS (reported in CHF)	5.55		3.25		-41.5%	-33.3%
Operating free cash flow (reported)	268.5		252.8		-5.8%	
ROCE	20.6% <sup>1)</sup>		17.4%			

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

<sup>1)</sup> 1H 2019/20 ROCE pre IFRS 16; 1H 2020/21 pre IFRS 16: 19.2%

► Strong sales and profitability in light of COVID, healthy cash flow – But significant FX headwind

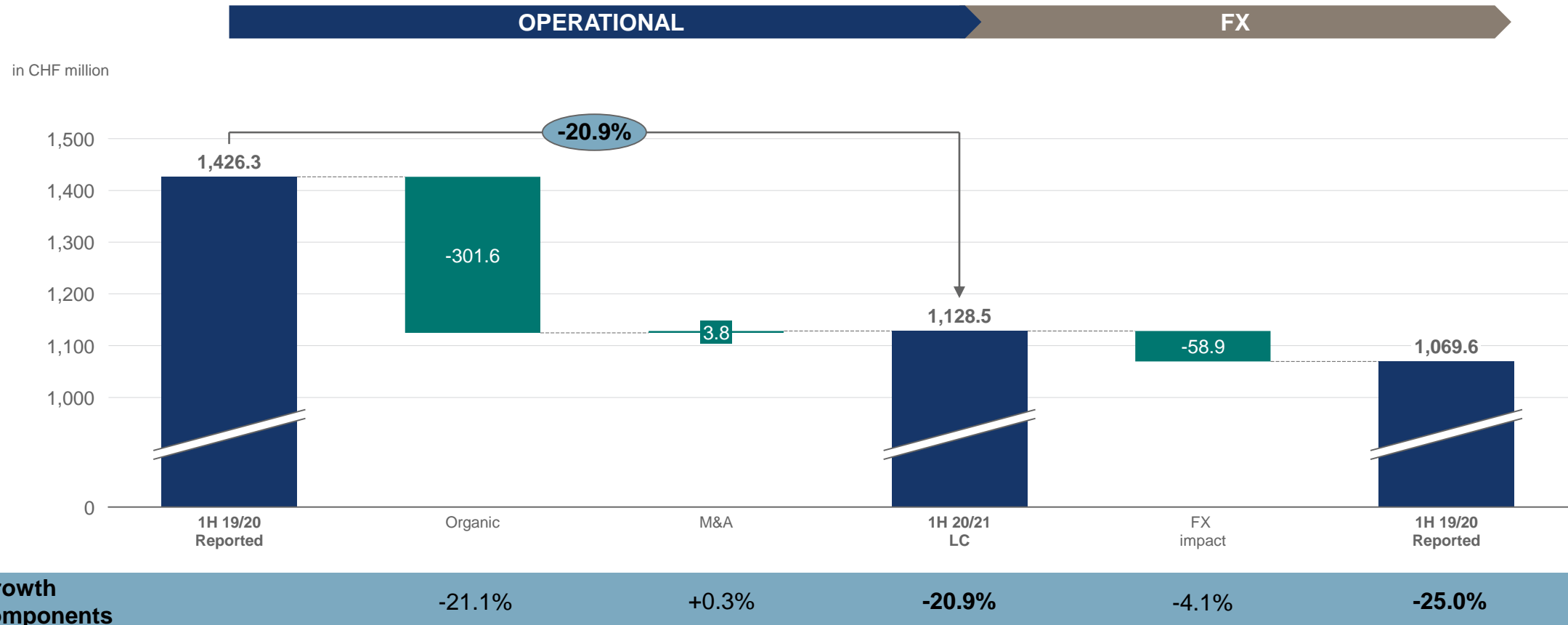
## Overview of adjustments

in CHF million	1H 2020/21	Adjustments			1H 2020/21
	Reported	① HI segment	② CI segment	Total	Adjusted
<b>Sales</b>	<b>1,069.6</b>	-	-	-	<b>1,069.6</b>
Cost of sales	-330.6	1.0	0.3	1.3	-329.3
<b>Gross profit</b>	<b>739.0</b>	<b>1.0</b>	<b>0.3</b>	<b>1.3</b>	<b>740.3</b>
<i>Research &amp; Development</i>	-78.3	0.0	0.2	0.2	-78.1
<i>Sales &amp; Marketing</i>	-384.8	16.4	0.1	16.6	-368.2
<i>General &amp; Administration</i>	-124.0	3.3	0.5	3.8	-120.2
<i>Other income/(expenses)</i>	99.5	-	-99.0	-99.0	0.5
Total OPEX	-487.6	19.7	-98.2	-78.4	-566.0
<b>EBITA</b>	<b>251.4</b>	<b>20.8</b>	<b>-97.9</b>	<b>-77.1</b>	<b>174.3</b>
<b>EPS (in CHF)</b>	<b>3.25</b>	<b>0.28</b>	<b>-1.56</b>	<b>-1.28</b>	<b>1.97</b>

① **HI segment:** adjustments refer to restructuring costs related to further improving the operating structure and AC streamlining

② **CI segment:** adjustments refer to restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics

## Sales components



► Organic growth in 1Q heavily impacted by government restrictions – Return to prior year level in 2Q

## Sales by segment and sales components

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
<i>HI business</i>	770.3	+10.6%	+12.2%	607.8	-21.1%	-16.7%
<i>AC business</i>	523.8	+5.3%	+9.4%	378.7	-27.7%	-23.8%
HI segment	1,294.1	+8.4%	+11.0%	986.5	-23.8%	-19.6%
CI segment	132.2	+20.9%	+22.3%	83.1	-37.2%	-33.8%
<b>Total Sonova</b>	<b>1,426.3</b>	<b>+9.4%</b>	<b>+12.0%</b>	<b>1,069.6</b>	<b>-25.0%</b>	<b>-20.9%</b>
Δ organic	143.3		+11.0%	-301.6		-21.1%
Δ acquisitions	15.9		+1.2%	3.8		+0.3%
Δ disposals	-3.2		-0.2%	-		
Δ FX	-32.9	-2.5%		-58.9	-4.1%	

► Sales recovery from COVID-19 led by HI segment – CI held back by COVID-19 and voluntary field action

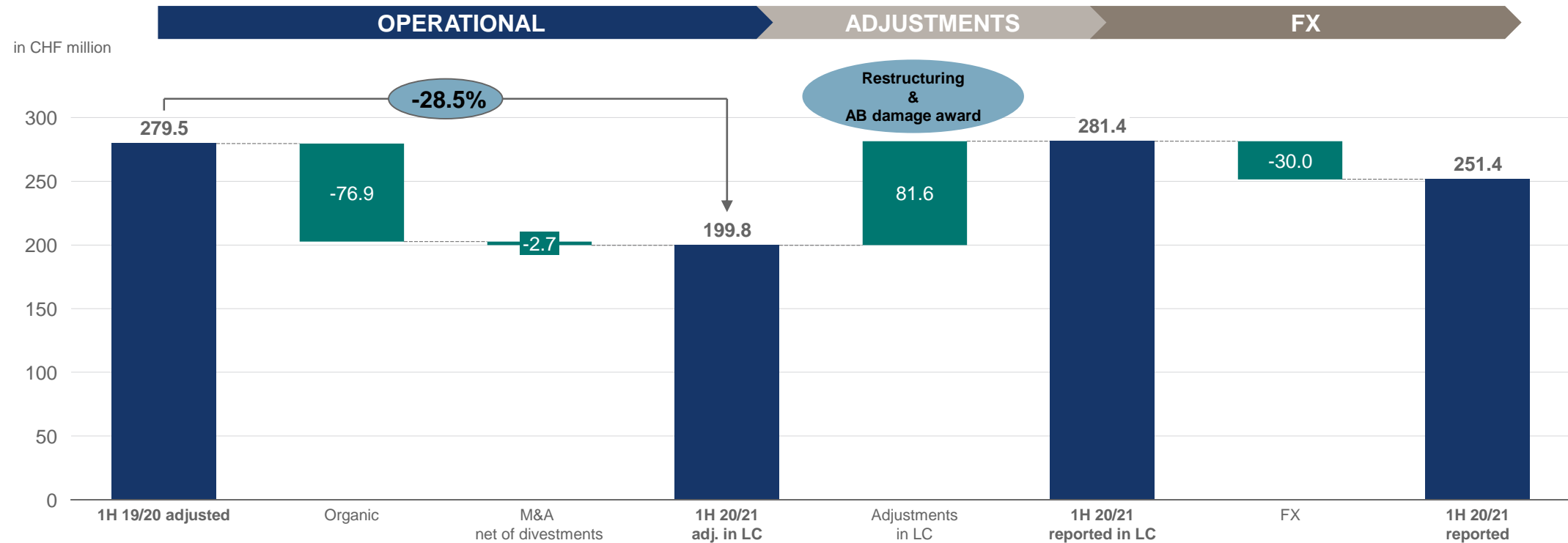
## Sales by regions and key markets

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in LC	% Group sales	CHF m	Δ % in LC	% Group sales
EMEA	738.5	+9.7%	52%	572.9	-19.1%	54%
USA	431.1	+20.3%	30%	302.3	-26.0%	28%
Americas (excl. USA)	110.9	+0.5%	8%	71.7	-26.7%	7%
Asia / Pacific	145.8	+11.5%	10%	122.8	-10.5%	11%
<b>Total Sonova</b>	<b>1,426.3</b>	<b>+12.0%</b>	<b>100%</b>	<b>1,069.6</b>	<b>-20.9%</b>	<b>100%</b>

<b>EMEA</b>	<ul style="list-style-type: none"> <li>– HI business: Faster than expected rebound led by DE, FR and Nordics</li> <li>– AC business: Performance led by FR, NL and Benelux, significant headwind from the UK</li> <li>– CI business: Sales affected by lower surgery volume and voluntary field action, particularly in DE, UK and NL</li> </ul>
<b>US</b>	<ul style="list-style-type: none"> <li>– HI business: Market share gains in the private market, held back by slower VA rebound</li> <li>– AC business: Dynamic recovery across the network</li> <li>– CI business: Sales heavily impacted by postponement of elective surgeries and strong competitive pressure</li> </ul>
<b>OTHER</b>	<ul style="list-style-type: none"> <li>– HI business: Early recovery in APAC led by CN, Americas held back by strong economic impact from the pandemic in BR</li> <li>– AC business: NZ, AU outperforming, headwind from slow recovery in BR</li> <li>– CI business: Strong growth in CN supporting performance</li> </ul>

► APAC and EMEA region leading the recovery – US lagging in part due to slower rebound at the VA

## EBITA components



<b>Margin</b>	<b>19.6%</b>	<b>-1.6%</b>	<b>-0.3%</b>	<b>17.7%</b>	<b>+7.2%</b>	<b>24.9%</b>	<b>-1.4%</b>	<b>23.5%</b>
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Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics

► Strict cost control and government support limiting margin impact – 2Q in LC well above prior year period



# 2

## *Hearing Instruments segment*

# Hearing Instruments segment

Key financials – Adjusted

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
<b>Sales</b>	<b>1,294.1</b>	<b>+8.4%</b>	<b>+11.0%</b>	<b>986.5</b>	<b>-23.8%</b>	<b>-19.6%</b>
Δ organic	119.0		+10.0%	-256.9		-19.9%
Δ acquisitions	15.9		+1.3%	3.8		0.3%
Δ disposals	-3.2		-0.3%	-		-
Δ FX	-31.5	-2.6%		-54.5	-4.2%	
<b>EBITA (adj.)</b>	<b>271.2</b>	<b>+11.2%</b>	<b>+15.5%</b>	<b>184.3</b>	<b>-32.0%</b>	<b>-22.6%</b>
EBITA margin (adj.)	21.0%	+60bps	+90bps	18.7%	-230bps	-80bps

Note: adj. refers to figures adjusted for restructuring costs

► Focus on commercial execution and successful launch of Paradise leading to market share gains

# Hearing Instruments segment

Hearing Instruments business

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
<b>Sales</b>	<b>770.3</b>	<b>+10.6%</b>	<b>+12.2%</b>	<b>607.8</b>	<b>-21.1%</b>	<b>-16.7%</b>
Δ organic	84.5		+12.1%	-129.6		-16.8%
Δ acquisitions	0.4		+0.1%	0.9		0.1%
Δ FX	-11.3	-1.6%		-33.8	-4.4%	

- Elevating commercial execution driving market outperformance
- Continued strong competitive position of Phonak Audéo™ Marvel
- Strong reception of new Phonak Audéo™ Paradise platform based on next generation processing chip PRISM™ after August 2020 launch
- Expansion of Phonak eSolutions including AudiogramDirect, addressing the need for remote audiological care during the pandemic
- Introduction of new platforms at Unitron and Hansaton at the end of 1Q 2020/21

► Mid-teens growth in September driven by market recovery, strong execution and Paradise launch

# Hearing Instruments segment

Audiological Care business

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
<b>Sales</b>	<b>523.8</b>	<b>+5.3%</b>	<b>+9.4%</b>	<b>378.7</b>	<b>-27.7%</b>	<b>-23.8%</b>
Δ organic	34.5		+6.9%	-127.3		-24.3%
Δ acquisitions	15.5		+3.1%	2.9		0.5%
Δ disposals	-3.2		-0.6%	-		-
Δ FX	-20.2	-4.1%		-20.7	-3.9%	

- Extensive hygiene measures implemented to enable safe in-store processes following easing of lockdown restrictions
- Marketing efforts stepped back up in June with share of new consumers getting closer to pre-COVID level by September
- Setting up a Lead Generation Factory in Europe to create comprehensive digital and call center expertise in-house
- Network streamlining well underway, transfer of customer database to nearby store to protect revenues
- Driving omni-channel strategy including entrance into fast-growing Chinese market and broader roll-out of webstores

► Returning to growth in September helped by market rebound – Good progress made on strategic initiatives

# 3

## *Cochlear Implants segment*

# Cochlear Implants segment

## Key financials

	1H 2019/20			1H 2020/21		
	CHF m	Δ % in CHF	Δ % in LC	CHF m	Δ % in CHF	Δ % in LC
<b>Sales</b>	<b>132.2</b>	<b>+20.9%</b>	<b>+22.3%</b>	<b>83.1</b>	<b>-37.2%</b>	<b>-33.8%</b>
Δ organic	24.3		+22.3%	-44.7		-33.8%
Δ FX	-1.4	-1.3%		-4.4	-3.3%	
<b>EBITA (adj.)</b>	<b>8.9</b>	<b>+15.3%</b>	<b>+37.5%</b>	<b>-10.1</b>	<b>NM</b>	<b>NM</b>
EBITA margin	6.7%	-40bps	+90bps	-12.2%	NM	NM

Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics

- Slower market recovery as hospitals continue to operate at reduced surgical volumes and audiology counselling capacity
- Continued headwind from February 2020 voluntary field corrective action
- Increased customer engagement through virtual interactions both 1:1 and in larger groups – supporting customer confidence
- Decisive steps taken to adapt cost to lower volume and to realize structural cost improvements

► **Negative sales impact from pandemic and voluntary field action – Mitigation measures progressing**

# Cochlear Implants segment

## Sales by product groups

	1H 2019/20		1H 2020/21	
	CHF m	Δ % in LC	CHF m	Δ % in LC
Cochlear implant systems	98.6	+23.0%	60.6	-35.4%
Upgrades and accessories	33.6	+20.1%	22.5	-29.1%
<b>Total CI segment</b>	<b>132.2</b>	<b>+22.3%</b>	<b>83.1</b>	<b>-33.8%</b>

### System sales:

- Sharp decline due to field corrective action and postponement of elective surgeries due to the pandemic
- YOY growth performance affected by strong sales increase in the prior year period

### Upgrade sales:

- Upgrade volumes affected by reduced audiology counselling capacity as hospitals focused on COVID-19 patients

► Both system and upgrade sales strongly affected by reduced hospital capacity for elective procedures

# 4

## *Financial information*



# Financial information

## Highlights

### Sales

- Sales of CHF 1,069.6 million
- Growth of -20.9% in LC (organic -21.1%), -25.0% in CHF (FX headwind: CHF 58.9 million)
- Faster than expected recovery – close to PY in 2Q with return to HSD growth in September

### Profitability & EPS

- Gross profit margin (adj.) of 69.2%, margin down -100bps in LC – strong YOY improvement in 2Q
- EBITA (adj.) of CHF 174.3 million, down -28.5% in LC, margin down -190bps in LC
- 2Q EBITA margin (adj.) well above prior year period – good progress on optimization initiatives & cost control
- EPS (adj.) of CHF 1.97, down -40.6% reflecting earnings development and strong FX headwind (-29.1% in LC)

### OpFCF

- Operating free cash flow (OpFCF) at CHF 252.8 million, -5.8% decrease
- Stable working capital versus strong improvement in the prior year period
- Benefit from lower taxes paid and freeze of non-essential CAPEX
- Positive impact of CHF 99.0 million from damages awarded in patent infringement lawsuit to Advanced Bionics

### TSR & Balance Sheet

- Share buyback program remains suspended
- Net debt reduced to CHF 424.8 million, driven by positive free cash flow
- Strengthening financial position by bonds and US private placement totaling CHF 1 billion and stock dividend
- Cash and cash equivalents of CHF 1.4 billion – comfortable position to withstand market challenges

Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics; HSD: high single-digit

# Financial information

Key financials – As reported and adjusted

	1H 2019/20		1H 2020/21			
	CHF m	Margin	CHF m	Margin	Δ % in CHF	Δ % in LC
Sales	1,426.3		1,069.6		-25.0%	-20.9%
Gross profit (adj.)	1,011.1	70.9%	740.3	69.2%	-26.8%	-22.0%
OPEX (adj.)	731.6		566.0		-22.6%	-19.5%
EBITA (adj.)	279.5	19.6%	174.3	16.3%	-37.6%	-28.5%
Adjustments	-15.5		77.1		NM	NM
EBITA (reported)	264.0	18.5%	251.4	23.5%	-4.8%	6.6%
EPS (adj. in CHF)	3.32		1.97		-40.6%	-29.1%
EPS (reported in CHF)	5.55		3.25		-41.5%	-33.3%
Operating free cash flow (reported)	268.5		252.8		-5.8%	
ROCE	20.6% <sup>1)</sup>		17.4%			

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

<sup>1)</sup> 1H 2019/20 ROCE pre IFRS 16; 1H 2020/21 pre IFRS 16: 19.2%

► Strong sales and profitability in light of COVID-19, healthy cash flow – Significant FX headwind

# Financial information

## Operating expenses excluding acquisition-related amortization

	1H 2019/20	1H 2020/21			Comments
	CHF m	CHF m	Δ % in CHF	Δ % in LC	
Research & Development (adj.) - in % of sales	-80.3 5.6%	-78.1 7.3%	-2.7%	-1.4%	<ul style="list-style-type: none"> <li>– Sustained commitment to invest in innovation</li> <li>– Government support of CHF 1.8 million</li> </ul>
Sales & Marketing (adj.) - in % of sales	-510.0 35.8%	-368.2 34.4%	-27.8%	-24.1%	<ul style="list-style-type: none"> <li>– Strict management of discretionary spend</li> <li>– Reduced marketing in AC and rent reduction</li> <li>– Government support of CHF 31.3 million</li> </ul>
General & Administration (adj.) - in % of sales	-141.5 9.9%	-120.2 11.2%	-15.1%	-12.1%	<ul style="list-style-type: none"> <li>– Ongoing investment in IT platform for AC business</li> <li>– Government support of CHF 5.9 million</li> </ul>
Other income/expenses (adj.)	0.2	0.5	NM	NM	
<b>Total OPEX (adj.)</b> - in % of sales	<b>-731.6</b> 51.3%	<b>-566.0</b> 52.9%	<b>-22.6%</b>	<b>-19.5%</b>	
Adjustments	-14.0	78.4	NM	NM	<ul style="list-style-type: none"> <li>– 1H 2019/20: restructuring</li> <li>– 1H 2020/21: restructuring and AB damage award</li> </ul>
<b>Total OPEX (reported)</b> - in % of sales	<b>-745.6</b> 52.3%	<b>-487.6</b> 45.6%	<b>-34.6%</b>	<b>-32.2%</b>	

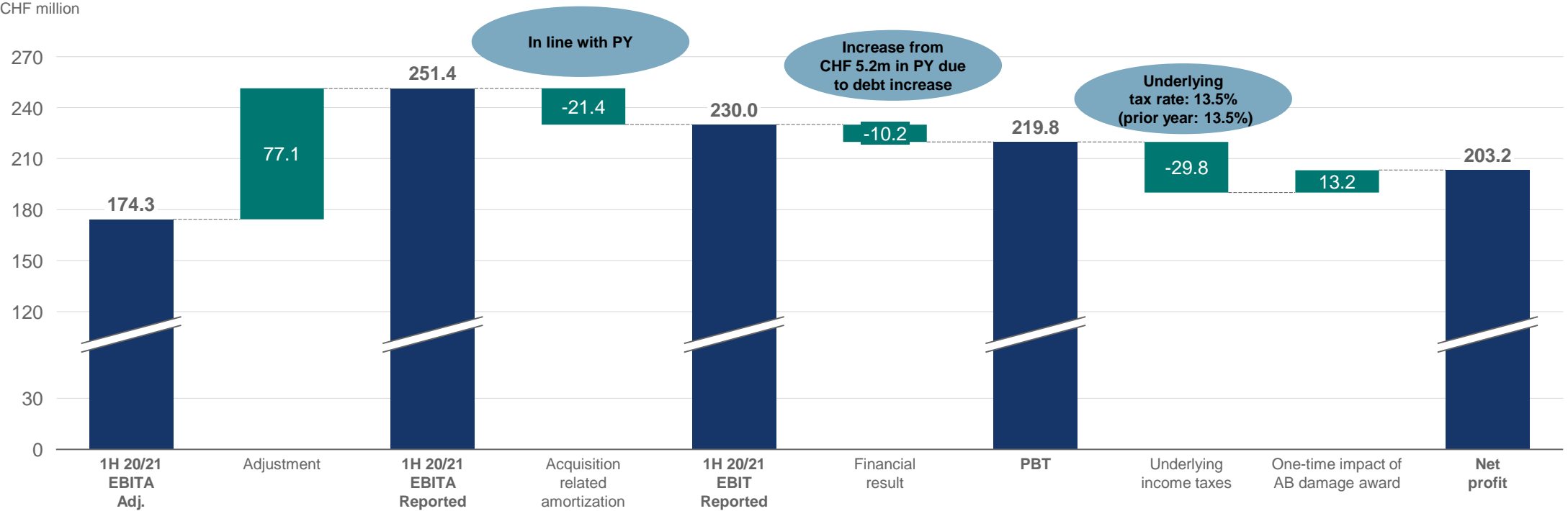
Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics; functional OPEX lines exclude acquisition-related amortization

► **Strict discipline in discretionary SG&A spend – Sustained investments in innovation and AC IT systems**

# Financial information

## Reported results and income taxes

in CHF million



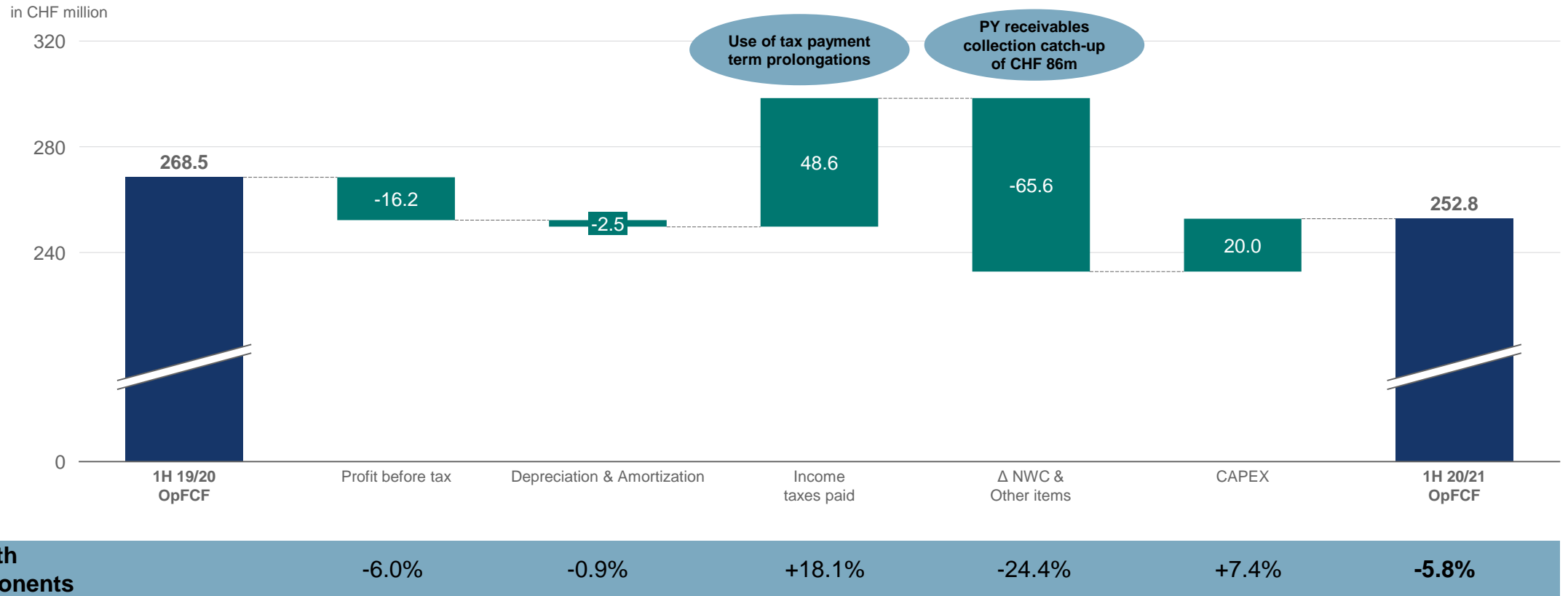
<b>Margin</b>	<b>16.3%</b>	<b>23.5%</b>	<b>21.5%</b>	<b>20.5%</b>	<b>19.0%</b>
<b>Δ YOY</b>	<b>-330bps</b>	<b>+500bps</b>	<b>+460bps</b>	<b>+400bps</b>	<b>-610bps</b>

Note: adj. refers to figures adjusted for restructuring costs and damages awarded in patent infringement lawsuit to Advanced Bionics

► Positive one-time impact from AB patent infringement award on reported EBIT and tax rate

# Financial information

## Operating free cash flow (OpFCF)



Note: 1H 19/20 OpFCF reflects repayment of lease liabilities after adoption of IFRS 16

► Strong OpFCF reflecting lower taxes paid, strict CAPEX control and PY collections effect

# Financial information

## Balance sheet

CHF m	30 Sep 2019	30 Sep 2020	Comments
Days sales outstanding (DSO)	58	58	– Strong collection management throughout the pandemic
Days inventory outstanding (DIO)	130	137	– Increase driven by product lifecycle (Paradise launch) – Targeted stock increases to mitigate supply chain risks
Capital employed	3,008.2	2,712.3	– Stable vs. March 31, 2020
ROCE (pre IFRS 16)	20.6%	19.2%	– Reflecting profit development
ROCE (post IFRS 16)	n/a	17.4%	
Net debt	755.8	424.8	– Driven by positive free cash flow and stock dividend – Solid cash position further expanded through bond issues and US private placement together totaling CHF 1 billion to mitigate market uncertainties
Net debt/EBITDA (pre IFRS 16)	0.7x	0.3x	
Net debt/EBITDA (post IFRS 16)	n/a	0.6x	

Note: DSO and DIO calculated on a 90 day basis

► Working capital well under control, strong cash position to ensure ample liquidity throughout the pandemic

# 5 *Outlook*

# Outlook

Guidance for 2H & FY 2020/21

	Actual 1H 2020/21	Guidance 2H 2020/21	Implied guidance FY 2020/21
<b>Sales growth in LC</b>	-20.9%	+4% to +8%	-6% to -8%
<b>adj. EBITA growth* in LC</b>	-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

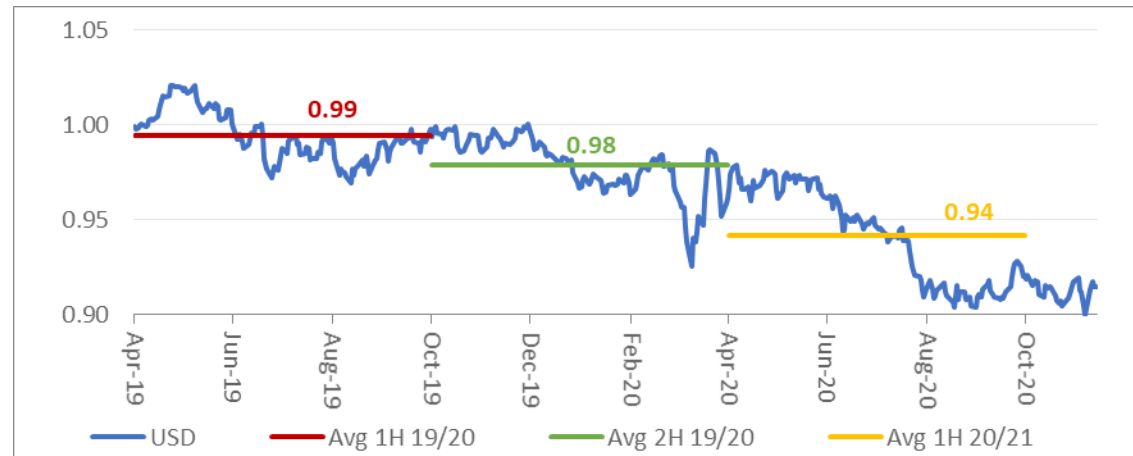
► **Guidance unchanged – Paradise & strong commercial execution helping to offset limited temporary lockdowns**



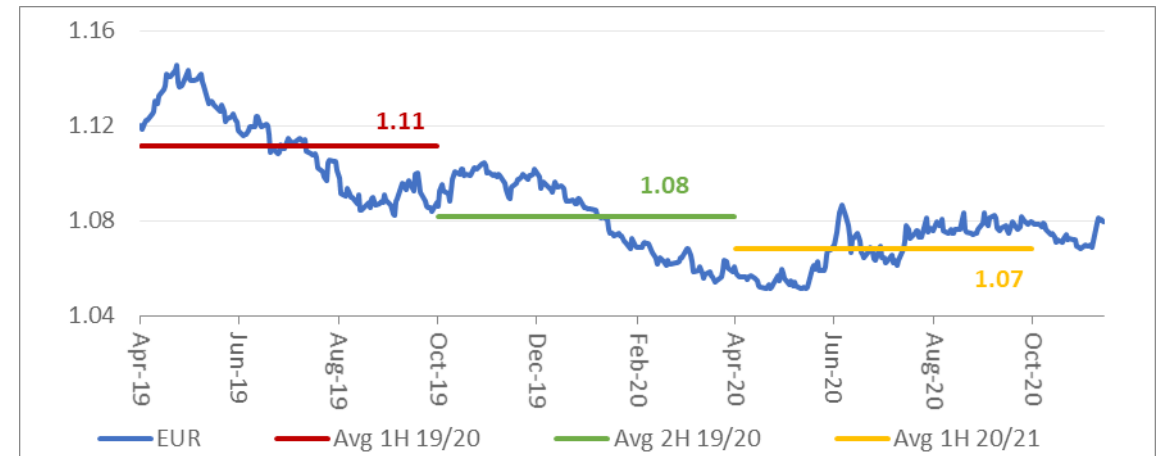
# Appendix

Sonova Group – FX impact on sales and margins

## USD/CHF



## EUR/CHF

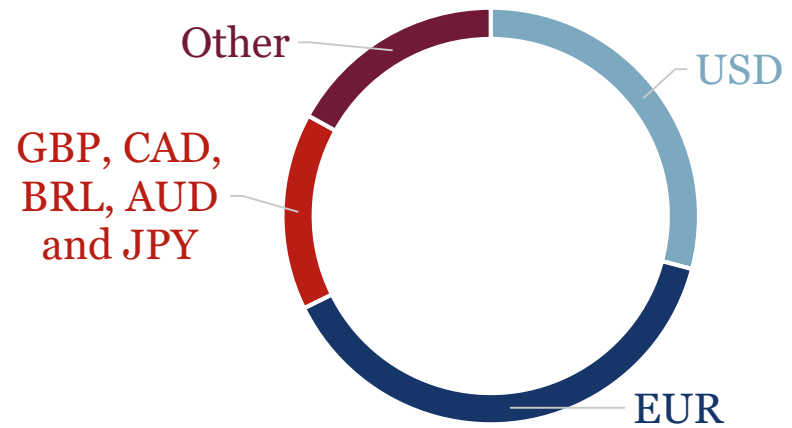


	Rate	Sales	EBITA
USD/CHF	+/- 5%	+/- CHF 39 million	+/- CHF 14 million
EUR/CHF	+/- 5%	+/- CHF 49 million	+/- CHF 22 million

► USD and EUR account for roughly two thirds of the overall FX exposure

# Appendix

Sonova Group – Sales by currency and FX rates



	1H-19/20	1H-20/21	Effect 1H-20/21	2H-19/20	FY-19/20	Spot Nov-2020
USD	0.99	0.94	—	0.98	0.99	0.91
EUR	1.11	1.07	—	1.08	1.10	1.08
GBP	1.25	1.19	—	1.26	1.25	1.20
CAD	0.75	0.69	—	0.74	0.74	0.70
AUD	0.69	0.65	—	0.66	0.67	0.66
BRL	0.25	0.18	—	0.23	0.24	0.17
JPY 100	0.92	0.88	—	0.90	0.91	0.87

► Seven main currencies account for around 83% of Group sales

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Q&A

Thank you!

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*sonova*  
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