

## Continued growth in mobile postpaid and Internet subscriptions in Q1 2023

- **Continued commercial momentum in Q1 2023: net increase of +48,000 mobile postpaid<sup>1)</sup> subscriptions in the mobile segment and +7,200 Internet subscriptions in the broadband segment.**
- **Sustained growth in fixed-mobile convergence (FMC): as of March 31, 2023, 57.6% of fixed broadband customers were also using a mobile postpaid plan (+0.9% YoY).**
- **Revenue<sup>2)</sup> decreased slightly in Q1 2023 (-1.7% on a rebased basis) compared to the same period last year and reached CHF 747.1 million.**
- **As expected, Q1 2023 financial results continued to be affected by rightpricing of the fixed-line customer base. But the impact has already diminished and is expected to moderate further in H2 2023. Full year 2023 financial guidance is confirmed.**
- **Segment Adjusted EBITDA<sup>2)</sup> decreased in Q1 2023 on a rebased basis by -9.2% YoY (including «costs to capture»<sup>3)</sup>) and reached CHF 243.3 million.**
- **Sunrise continued to invest heavily in infrastructure and product innovations in Q1 2023 with CHF 137.8 million.**
- **Acquisition of EBL and other partner cable networks in the municipalities of Dottikon, Dintikon, Boniswil, Mogelsberg and Ebersol completed.**

"We convince our customers with our services. Thanks to the high quality of our networks and customer service, as comparative tests have confirmed, we've been able to continue our market momentum and successfully drive growth in our customer base. This is despite introducing less aggressive new-customer offers to the market since mid-February," emphasizes André Krause, CEO of Sunrise. "While the financial results are temporarily affected by harmonization of prices from the UPC brand to Sunrise, as well as increased costs, we're on track to achieving our annual targets."

### Operational results

Sunrise made a solid start to 2023 despite a highly competitive environment and continued to grow its customer base successfully in all segments. This resulted in a net increase of +48,000 mobile postpaid<sup>1)</sup> subscriptions as well as +7,200 Internet and +300 (Enhanced Video) TV subscriptions in Q1 2023.

As of the end of March 2023, there were a total of 2.791 million mobile RGUs (3.232 million including secondary SIM cards), 1.191 million Internet RGUs (1.252 million including SMEs) and 1.240 million TV RGUs (1.294 million including SMEs). FMC penetration reached 57.6%, which was up +0.9% compared to the same period last year. FMC rate growth continues to be driven by sales of convergent products such as the Sunrise Up portfolio in the existing customer base.

### Focus on outstanding service and strengthened market positioning

Alongside the continuous evolution of the product portfolio, the focus in all market segments has been directed at further developing service quality and strengthening market positioning.

Main brand [Sunrise](#): The quality of the Sunrise networks, customer service and products has been recognized in multiple tests (connect mobile network test, PC Magazin broadband benchmark), with one

example being the shortened hotline waiting times that have received the top rating (connect mobile hotline test). Thanks to investments in quality Sunrise continues to grow its customer base, even despite no longer offering 24-month discounts to new customers since mid-February.

[yallo](#) continued to improve its positioning as the full-service provider for price-conscious, digitally savvy customers. With its new multi-channel [campaign](#) launched in March, yallo is demonstrating what it really can do well.

[Sunrise Business](#) again won many new contracts as well as contract renewals/upgrades, such as those with Swissport (contract renewal and new mobile contract) and Casale (new mobile contract). With new customer acquisitions and innovative products Sunrise Business continues to expand its market position: for example, with the recently launched Mobile Private Network (MPN) solution that offers customized 5G networks. Sunrise Business is underpinning its position with the new B2B campaign launched in March together with [Sanitas Troesch](#) and [Zaptec](#). The campaign concentrates on Sunrise Business mobile products for smart collaboration, such as Mobile as a Service (MaaS) and IoT solutions.

## Financial results

**Revenue** declined slightly to CHF 747.1 million (-1.7% YoY) on a rebased basis in Q1 2023. The decline on a rebased basis is mainly attributable to lower revenue in the fixed-line business. This is due to ARPU pressure in the main-brand fixed offerings as a result of rightpricing activity and the continued competitive dynamics, partially offset by strong commercial momentum for yallo.

The individual business units contributed to the Q1 results as follows: Consumer Mobile CHF 305.4 million (-0.8% YoY on a rebased basis), Consumer Fixed (including Internet, TV, telephony and other services) CHF 280.8 million (-5.1% YoY on a rebased basis), B2B CHF 140.9 million (+0.6% YoY on a rebased basis) and other revenue CHF 20.0 million.

**Segment Adjusted EBITDA<sup>2)</sup>** decreased by -9.2% YoY in Q1 2023 on a rebased basis and reached CHF 243.3 million, including CHF 3.4 million in «costs to capture»<sup>3)</sup>. The decrease in Segment Adjusted EBITDA<sup>2)</sup> on a rebased basis is mainly attributable to lower revenue in the fixed-line segment combined with higher costs for marketing (Swiss-Ski and Starzone), hardware, programming and phasing costs, as well as some inflation-related increases in the spend on network maintenance and logistics.

**Adjusted EBITDA less P&E additions<sup>2)4)</sup>** decreased in Q1 2023 on a rebased basis by -18.2% YoY to a total of CHF 105.5 million, including CHF 12 million «costs to capture», primarily due to the decline in Segment Adjusted EBITDA combined with continued high levels of investment of CHF 137.8 million (18.4% of revenue), which include CHF 8.6 million «costs to capture» in P&E additions.

	Three months ended March 31, 2023	
<i>In CHF million, exception % figures</i>		On rebased basis in % <sup>2)</sup>
<b>Revenue</b>	747.1	(1.7%)
- Consumer Mobile	305.4	(0.8%)
- Consumer Fixed	280.8	(5.1%)
- B2B	140.9	0.6%
- Other	20.0	38.8%
<b>Segment Adjusted EBITDA<sup>2)</sup></b>	243.3	(9.2%)
<b>Adjusted EBITDA less P&amp;E additions<sup>2)4)</sup></b>	105.5	(18.2%)

## Confirmation of FY 2023 financial guidance:

- Low single-digit decline in revenue
- Low to medium single-digit decline in Segment Adjusted EBITDA<sup>2)</sup> (including «costs to capture»<sup>3)</sup>)
- Opex and Capex «costs to capture»<sup>3)</sup> ~CHF 50 million (~CHF 10 million in Opex)
- Property and equipment additions as a percentage of revenue (including «costs to capture»<sup>3)</sup>) 15-17%
- Adjusted FCF<sup>2)</sup>: Between CHF 320-350 million (growth vs. 2022)

The detailed financial results for Sunrise can be found in the [UPC Holding Q1 2023 Fixed Income Release](#).

## Acquisition of partner networks

As of January 1, 2023, Sunrise has taken over EBL's telecom business as well as the cable networks in Dottikon, Dintikon, Boniswil, Mogelsberg and Ebersol. The total of around 60,000 existing telecom customers of the EBL telecom division as well as the total of around 4,500 households in Dottikon, Dintikon, Boniswil, Mogelsberg and Ebersol, which previously received Sunrise services (including UPC and yallo products) via the partner networks, will continue to benefit from the attractive [Sunrise portfolio](#), which will now be offered from a single source.

## Sunrise and Swiss-Ski: tremendous first snow sports season

Sunrise has been the [main partner of Swiss-Ski](#) since May 1, 2022, and can look back with pride on an incredibly successful [2022/2023 World Cup season](#) for Swiss-Ski, in which it managed to reclaim Switzerland's status as the best alpine skiing nation. These results perfectly reflect the Sunrise brand promise to «Dream Big. Do Big.».

The World Cup events in Switzerland would not have been possible without the Sunrise project teams that provided all the ICT implementation. Sunrise ensured smooth operations, 100% network coverage of the events and flawless connections at all World Cup races, with a 0% failure rate. Fiber-optic lines covering a total length of 339 km were installed for the Swiss-Ski events. They provide the World Cup venues with the best Sunrise Internet, while locals and vacationers alike also benefit from improved Internet and mobile coverage.

Sunrise customers also had the opportunity to enjoy unforgettable experiences at the Swiss World Cup events throughout the season with [Sunrise Moments](#).

## Sunrise

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<sup>1)</sup> Including B2B and second SIM cards; excluding second SIM cards in line with LG's definition, organic postpaid adds were 36,100 in Q1 2023.

<sup>2)</sup> The results on a rebased basis and matched to the LG definitions are consistent with the results presented by the parent company. These non-GAAP figures are intended to supplement, and not replace, the U.S. GAAP figures contained in the financial statements of the parent company. The [UPC Holding Q1 2023 Fixed Income Release](#) should be consulted for any definitions and adjustments.

<sup>3)</sup> «Costs to capture» generally include incremental, third-party operating and capital costs directly related to integration activities, restructuring measures and certain other costs associated with aligning an acquired company with the business processes of the parent company to achieve synergies. These costs are necessary to align the operations of a business to be acquired (or a joint venture to be formed) with those of the parent company, or are associated with the acquisition. As a result, the costs to be recognized may include certain (i) operating costs included in Adjusted EBITDA, (ii) capital-related costs included in P&E additions and Adjusted EBITDA less P&E<sup>4)</sup>, and (iii) certain integration-related restructuring costs that are not included in Adjusted EBITDA or Adjusted EBITDA less P&E additions<sup>4)</sup>. As the achievement of synergies occurs over time, certain costs to be recognized are recurring by nature and are generally incurred within a few years of the closing of the transaction.

<sup>4)</sup> Due to a comment by the U.S. Securities and Exchange Commission SEC, Liberty Global has changed its formerly used term «OFCF» to «Adjusted EBITDA less P&E additions» as of Q3 2021.