Fairness Opinion

On the voluntary public takeover offer of UPC Schweiz GmbH for all publicly held shares of Sunrise Communications Group AG

August 26, 2020

Overview

Content & Contacts

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1 Introduction

Introduction

Transaction background and Offer terms (1/2)

Transaction background

- UPC Schweiz GmbH ("**UPC**" or the "**Offeror**"), a wholly owned subsidiary of Liberty Global plc, a public limited company organized under the United Kingdom Companies Act 2006, with registered office in London/United Kingdom ("**Liberty**"), is expected to launch within six weeks a public tender offer ("**Offer**") pursuant to art. 125 et seq. of the Swiss Federal Act on Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading of June 19, 2015 (*Bundesgesetz über die Finanzmarktinfrastrukturen und das Marktverhalten im Effekten und Derivatehandel*), as amended, and its implementing ordinances for all publicly held registered shares (*Namenaktien*) of Sunrise Communications Group AG, Opfikon/Switzerland ("**Sunrise**") ("**Proposed Transaction**"). Liberty will guarantee UPC's obligations to the extent required.
- On August 12, 2020 ("**Announcement Date**"), Liberty and Sunrise announced that both parties entered into a transaction agreement pursuant to which the Offeror agreed to, submit, publish and conduct the Offer, and the Sunrise's Board of Directors ("**BoD**") has unanimously resolved, inter alia, to recommend the Offer for acceptance by the shareholders of Sunrise.
- On the same date, Liberty and freenet AG, Büdelsdorf/Germany ("**Freenet**"), a stock corporation organized under the laws of Germany holding 11,051,578 Sunrise shares, corresponding to 24.4% of Sunrise's share capital as of the date of the transaction announcement, entered into a tender undertaking in which Freenet agreed to tender all 11,051,578 Sunrise shares held by Freenet into the Offer.
- Against this background, the Offeror published a pre-announcement ("**Pre-Announcement**") on August 12, 2020 regarding a voluntary public takeover offer for all publicly held Sunrise shares with a nominal value of CHF 1.00 each.
- As of the Valuation Date, the number of fully diluted shares outstanding amounts to 45,425,664[1)].
- Subject to the offer restrictions (as outlined on the following page), the Offer will extend to all publicly held Sunrise shares, except for:
  - Sunrise shares held by Liberty or any of its direct or indirect subsidiaries,
  - Sunrise shares held by Sunrise or any of its subsidiaries (together "**Sunrise Group**"), or
  - the American Depositary Receipts of Sunrise which are traded over the counter in the United States of America.
- The offer price for each Sunrise share is CHF 110.00 net in cash ("**Consideration**").

Note: 1) 45,265,446 issued shares plus a maximum of 160,218 shares with a dilutive effect. See Interim Financial Report as of March 31, 2020 on p. 35.

Transaction background and Offer terms (2/2)

Offer terms

- The Consideration will be reduced by the gross amount of any dilutive effects in respect of the Sunrise shares prior to the consummation of the Offer ("**Settlement**", and the date of such Settlement, the "**Settlement Date**"), including dividend payments and other distributions of any kind, stock splits or reverse stock splits, demergers and spin-offs, capital increases and the sale of treasury shares at an issuance or sale price per Sunrise share below the Consideration, the purchase by Sunrise or any of its subsidiaries of Sunrise shares at a purchase price above the lower of the Consideration and the prevailing share price, the issuance by the Sunrise or any of its subsidiaries of options, warrants, convertible securities or other rights to acquire Sunrise shares or other securities of Sunrise, and repayments of capital in any form.
- The Consideration implies a premium of c. 32% to the volume-weighted average price (CHF 83.17) of all on-exchange transactions in Sunrise shares executed on the SIX Swiss Exchange Ltd. ("**SIX**") during the sixty SIX trading days (each a "**Trading Day**") prior to transaction announcement.
- The offer prospectus relating to the Offer ("**Offer Prospectus**") is expected to be published within six weeks from the Announcement Date. After the lapse of the cooling-off period of ten Trading Days, the Offer will be open for acceptance for at least twenty Trading Days ("**Offer Period**"). The Offeror reserves the right to extend the Offer Period once or several times to a maximum of forty Trading Days or, with the approval of the Swiss Takeover Board ("**TOB**"), beyond forty Trading Days. If the Offer is successful, after the expiration of the (possibly extended) Offer Period, there will be an additional acceptance period of ten Trading Days for the subsequent acceptance of the Offer ("**Additional Acceptance Period**").
- The Offer Prospectus is expected to be published on August 27, 2020 and applying the minimum periods above, the Offer Period would run from about September 11, 2020 until about 4 p.m. Swiss time on October 8, 2020, and the Additional Acceptance Period would run from about October 15, 2020 until about 4 p.m. Swiss time on October 28, 2020.
- The Offer is subject to the following conditions[1]:
  - Minimum acceptance rate of 66 2/3% of the fully diluted share capital of Sunrise as at the end of the (possibly extended) Offer Period;
  - Merger clearances and other approvals including expiration or termination of a waiting periods, approval, clearance, non-prohibition or non-objection (each a "**Clearance**");
  - No injunction or prohibition;
  - No material adverse effect as outlined in the Pre-Announcement;
  - Registration of the offeror in the share register of Sunrise;
  - Resignation and appointment of members of the BoD of Sunrise;
  - No adverse resolutions by the general meeting of shareholders of Sunrise as outlined in the Pre-Announcement; and
  - No acquisition or sale of material assets or incurrence or repayment of material indebtedness.
- The Offeror reserves the right to waive, in whole or in part, one or more of the Conditions.

Note: 1) Please refer to the Pre-Announcement published on August 12, 2020 for further details.

Scope of Engagement

ValueTrust Engagement

- In respect to the Proposed Transaction, ValueTrust will provide a Fairness Opinion (the "**Opinion**" or "**Fairness Opinion**") to Sunrise's BoD as to whether the Consideration offered in the Proposed Transaction is fair to the Sunrise shareholders from a financial point of view in connection with the issuance of the BoD's report to the shareholders of Sunrise in connection with the Offer (the "**Board Report**").
- In order to assess the fairness of the Consideration, the Opinion determines the fairness from a financial point of view on a stand-alone basis for the existing Sunrise business.
- The Fairness Opinion is intended solely for the use by the BoD as part of the Board Report (in compliance with the Ordinance of the TOB on Public Takeover Offers).
- In accordance with the TOB decision of May 2, 2018, ValueTrust is suitably qualified to prepare public Fairness Opinions in Switzerland (*Besondere Befähigung*).
- In performing the Services, we complied with international best practice standards for Fairness Opinions which include the analysis of the Consideration based on a variety of valuation techniques including both, intrinsic and market valuation approaches.
- The valuation analysis was performed as of August 11, 2020 („**Valuation Date**").
- Our analysis and fairness assessment was reviewed and approved by our independent Fairness Opinion Review Committee ("**FORC**") comprised of industry and technical experts on August 7, 2020.
- The Fairness Opinion does not constitute a recommendation to the public shareholders of Sunrise to accept or reject the Offer.
- The Fairness Opinion may be used for publication in connection with and as part of the Board Report. It may also be referred to in the Swiss offer prospectus of the Offeror. Sunrise may disclose this Fairness Opinion in accordance with the relevant provisions of the engagement letter ("**Engagement Letter**") dated July 31, 2020 to selected third parties provided that such receiving parties are bound by law to a professional obligation to maintain confidentiality and/or have entered into a confidentiality agreement, respectively.
- We emphasize that the type of work carried out by us differs substantially in its scope as well as in its objectives from an audit of the financial statements, a due diligence or similar examinations. Thus, we did not issue any audit opinion or any other certificate or confirmation relating to the financial statements, the internal controlling system, planning system of the transaction parties or any other valuation purpose, but the Opinion.
- In preparing the Fairness Opinion, ValueTrust has assumed and relied upon the accuracy and completeness of financial and other information concerning the Transaction Parties, provided by the Client and other third parties including publicly available information, without accepting responsibility for the independent verification of such information. Our responsibility is limited to the careful and professional analysis and evaluation of the information provided to us.
- A representation letter, dated August 19, 2020 has been submitted to us by Sunrise stating that all information, which is relevant to the preparation of this Fairness Opinion, has been provided completely, accurately and to the best of the Client's knowledge. No significant information essential to the Fairness Opinion has been withheld from us.

Scope of analysis and basis of preparation

Scope of analysis

- The Services in performing this Engagement included such inquiries, analyses, and other procedures as we deemed necessary to render the Opinion. In this context ValueTrust considered its assessment of general economic, market and financial conditions, as well as its experience in securities and company and asset valuation, in general, and in particular with respect to similar transactions.
- Furthermore, the Fairness Opinion does not contain an assessment of:
  - Payment terms and conditions of the Offer,
  - legal and tax assessment of the transaction structure,
  - future value of the Sunrise share and
  - possible effects at the individual shareholder level, such as tax effects.
- The fairness conclusion is based on:
  - Analysis of general Swiss market environment and Swiss telecommunications market;
  - DCF valuation based on management business plan and sensitivity analysis;
  - DCF valuation based on consensus broker estimates and sensitivity analysis;
  - Trading multiple analysis of Sunrise and a group of comparable companies ("**Peer Group**");
  - Analysis of comparable telecommunications transactions and public takeovers in Switzerland in general, also with a focus on the analysis of premiums paid in such transactions;
  - Analysis of broker target prices.

Information basis

- The Fairness Opinion is based on information received from Sunrise and/or its advisors, publicly available information regarding Sunrise, including broker reports from various investment banks, and the Peer Group.
- In particular, our analysis is based, amongst other, on:
  - Publicly available information on Sunrise. This includes the audited annual reports and audited financial statements for the fiscal years 2017, 2018 and 2019 as well as first quarter of 2020;
  - Publicly available investor presentations of Sunrise;
  - Broker reports from various investment banks for Sunrise;
  - Business Plan derived from broker consensus estimates ("**Broker Plan**");
  - Management business plan prepared by Sunrise and approved by management and BoD ("**Management Plan**");
  - Capital market data and financial data of Sunrise as well as of selected peer companies as of the Valuation Date;
  - Publicly available Peer Group information;
  - Data on corporate transactions considered comparable.
- The information and considerations contained in this document relate to the date of preparation of this document and may therefore be subject to change.
- This Fairness Opinion is also available in German and French.

2 Business overview and competitive environment

Sunrise in the Swiss telecommunications market

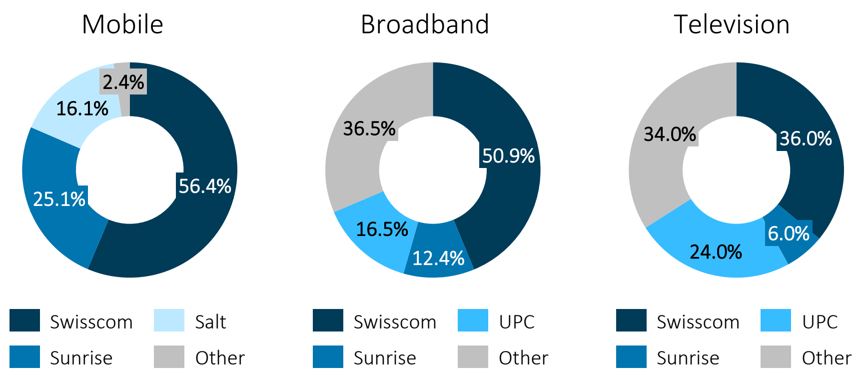
Telecommunications industry

Value chain	Infrastructure and platform vendors · Device vendors · **Operators** · OTT, content, advertising services · Retail and distribution
Swiss market information	▪ The telecommunications sector comprises fixed line networks (e.g. for broadband internet and television), mobile networks and roaming. ▪ Switzerland possesses a sophisticated telecommunications sector and high standards of quality within the mobile networks segment. ▪ Competitive market served by three mobile network operators[1)] (Swisscom AG, Sunrise, Salt Mobile SA) and a number of MVNOs[2)]. ▪ Sunrise became a full-service provider in mid-2018 adding fiber-based broadband and pay-TV services to its existing mobile voice and data offers.[3)]
Selected services	Broadband · Television · Fixed line telephony · Mobile **Main players in the Swiss market:** swisscom, upc, Salt., Sunrise
Additional information	Sunrise ▪ Sunrise is the second-largest full-range telecommunications provider in Switzerland in both mobile and landline network sectors serving approximately 3.7 million customers. ▪ With about 68% of revenues coming from Sunrise´s mobile segment, the focus is clearly on mobile services. ▪ Sunrise is the first provider in Europe to launch the fifth generation of mobile communications, 5G, and has the fastest and largest 5G network in Switzerland offering 5G in 426 cities.

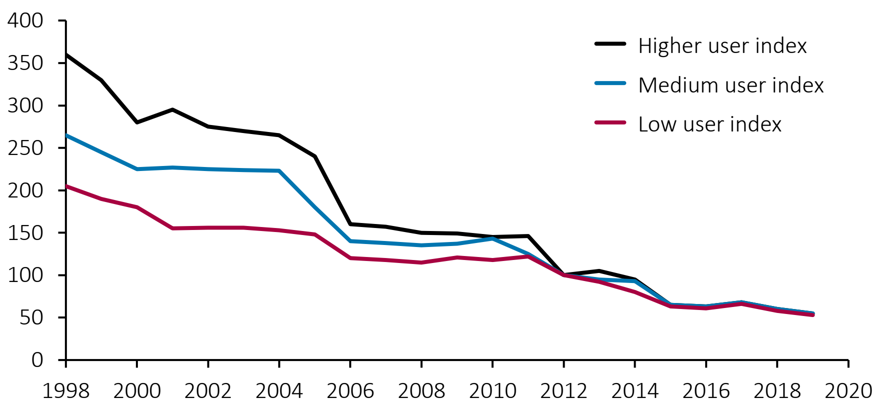
Note: [1)] MNOs. [2)] Mobile virtual network operator. [3)] In March 2018 Sunrise entered into a new fiber optics access agreement with SFN (Swiss Fibre Net AG) and IWB Industrielle Werke Basel (Basel Industrial Works).
Source: ValueTrust analysis.

Overview of the Swiss telecommunications market

Market shares in the Swiss telecommunications market



Development of end-user prices on the Swiss mobile market 1998 – 2019 [1)]



Source: Company information, Federal Communications Commission, Broker, ValueTrust analysis;
Note: [1)] index of costs according to user profile, 100 = 2012

Market trends in the Swiss telecommunication market

- The Swiss telecommunication market is highly competitive market and provides one of the highest levels of service quality in the world.
- Swisscom is the largest Swiss MNO followed by its challengers Sunrise and Salt. Each of the three MNOs has its own nationwide network infrastructure with a spectrum license granted until 2028.
- In addition to the MNOs, there are branded wholesale resellers on all three mobile networks, as well as MVNOs that use the MNOs' infrastructure to provide their services.
- Sunrise has a strong position in the mobile segment with 25.1% market share in 2019 but falls behind in the Broadband and Television segments.
- With approx. 11.2 m connections for a total population of 8.59 m, mobile penetration in Switzerland is approx. 131% at the end of 2019.
- The mobile communications market has reached saturation point and the number of mobile customers fell again in 2019 by approx. 1% to approx. 11,235 k units.
- Following a tangible fall in mobile communications prices in 2018, 2019 saw a further drop in prices for all customer types. The prices of the cheapest offers from the three largest Swiss service providers fell by an average of 7.8% for customers with high usage requirements, by 8.4% for those with medium usage requirements and by 5.5% for the low-usage customer segment.

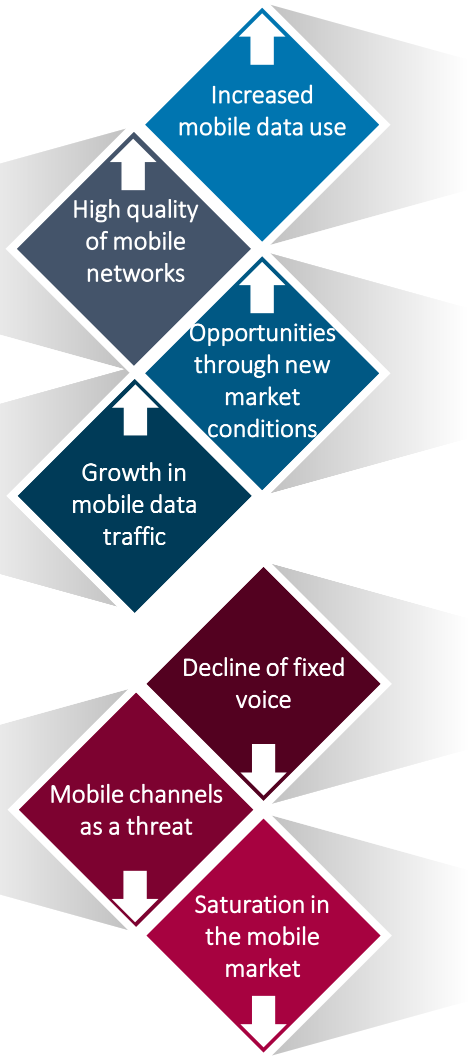
Business overview and competitive environment

Major market trends in the telecommunications industry

Switzerland possesses an advanced telecommunications sector and mobile networks of very high quality, which is reflected in Swisscom, Sunrise and Salt all scoring highly on network tests.

Users are online virtually around the clock and are consuming ever increasing amounts of data, particularly in the form of videos. This is leading to an enormous increase in data traffic on the mobile networks.

The mobile channel, which has become a widely accepted medium for video channel delivery, is overtaking traditional TV as the leading growth channel.



Trend towards higher mobile data use among consumers in line with the extended reach of LTE. Extended use of mobile data services helps to offset declining ARPU and lower traffic in the SMS segment.

Changing market circumstances and consumer preferences, as well as the introduction of 5G technologies, are expected to create entirely new revenue streams and bolster current revenue sources.

Market volume of fixed voice is expected to decrease further due to replacement by mobile and VoIP-to-VoIP calling.

The mobile communications market has reached saturation point and further growth is thereby hampered.

Source: Company information, ValueTrust analysis.

Sunrise in a nutshell

Company description

- Headquartered in Opfikon, Sunrise has 1,798 employees, 6 offices and 95 retail locations in all regions of Switzerland.
- Sunrise is the largest non state-controlled telecommunications company in Switzerland, offering its mobile, Internet, TV and landline services to private and business customers.
- Sunrise is the leading challenger of Swisscom, focusing on quality with an excellent mobile and fixed network infrastructure, including 5G leadership and a pioneering role as a provider of fixed wireless access over 5G.
- As of May 19, 2020, Sunrise and Salt announced plans to enter a strategic partnership to create a leading fiber to the home ("FTTH") platform.

Company brands

- Sunrise offers its services through their main brands Sunrise and yallo.
- Additionally, Sunrise offers prepaid voice and data services under the brands ALDI SUISSE mobile, Ortel and Lebara to appeal to different market segments and their diverse needs.

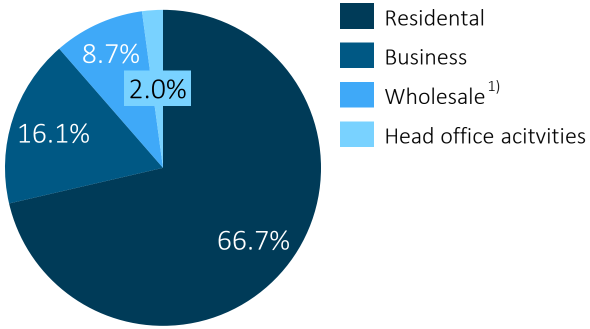
Business Activities

Residential Customers	Business Customers	Wholesale
Sunrise offers its residential customers mobile calling (postpaid and prepaid), landline, Internet and TV services from a single source.	Business customers can select from a full range of products and services, from mobile offers, landline voice, Internet and data solutions to systems integration and management of services.	Wholesale operations provide mobile voice and data, as well as Internet services to national and international carriers.

References

Sunrise business snapshot (1/2)

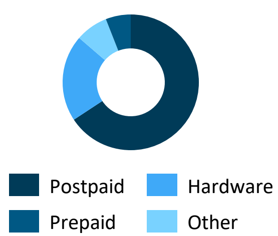
Sunrise's revenue distribution by segments (2019)

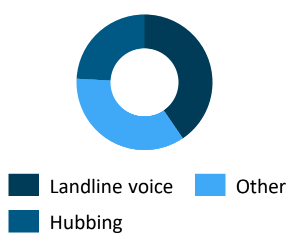


Sunrise's revenue by services (2019)

Sunrise

Mobile – CHF 1,271 m 67.4% of Sunrise revenues	Landline – CHF 307 m 16.3% of Sunrise revenues	Internet & TV – CHF 309 m 16.4% of Sunrise revenues





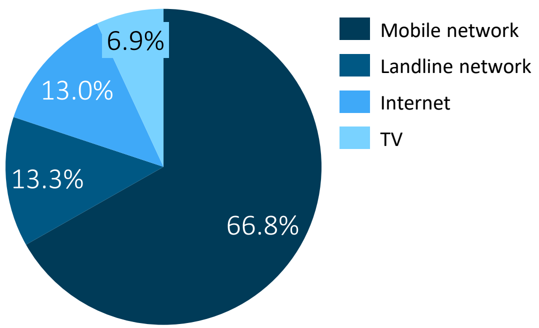
Comments

- Sunrise as a fully integrated communications provider in Switzerland brings mobile voice and data, landline voice landline Internet and IPTV services to residential customers, business customers and other carriers across Switzerland using an integrated nationwide landline and mobile network. In 2019, the company generated revenues of CHF 1,887 m.
- Residential (approx. 67% of revenues) provides fixed-line and mobile services to residential end customers as well as sales of handsets. Sunrise focuses on selling its products in the Swiss telecommunications market by marketing bundled offers in Fixnet/Internet, mobile and IPTV.
- Business (approx. 16% of revenues) provides a full range of products and services, from fixed-line and mobile communications to Internet and data services as well as integration services to different business areas.
- The Wholesale (approx. 9% of revenues) product portfolio covers voice, data, Internet and infrastructure services such as carrier and roaming services, which are marketed to national and international telecom service providers as well as mobile virtual network operators.
- Head Office (approx. 2% of revenues) activities comprise support units such as Network, IT and Operations as well as staff functions like Finance, HR and Strategy. Certain fees, sundry revenue and reminder fee payments are allocated to this operating segment.

Note: [1] Including hubbing revenue of CHF 74 m.
Source: Company information, ValueTrust analysis.

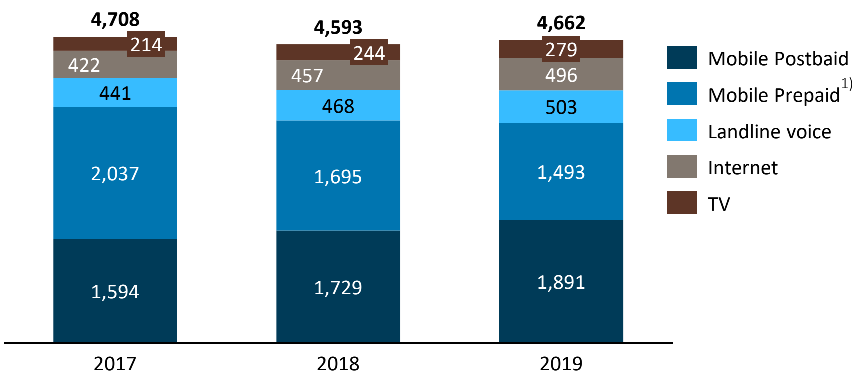
Sunrise business snapshot (2/2)

Sunrise's customers by subscription type (2019)



Development of Sunrise's subscription base

in thousands



Comments

- The subscription base increased from 4,593 k in 2018 to 4,662 k in 2019.
- The mobile postpaid base increased by 9.4% year-over-year due to the prepaid to postpaid migration and the continuous growth in mobile data traffic.
- As a result of the migration of prepaid customers to postpaid and increased OTT usage mobile prepaid base[1)] decreased by 11.9% from 2018 to 2019.
- The total Internet subscription base increased by 8.5% year-over-year to 496 k subscriptions. The TV product, which can be purchased along with Internet service, increased its customer base by 14.6% year-over-year to 279 k subscribers.
- Internet and TV customer growth was supported by convergent 2 – 4P bundle offers, TV offerings including newly launched TV OTT offering "TV Neo", enhanced TV content such as sports and promotional activities.

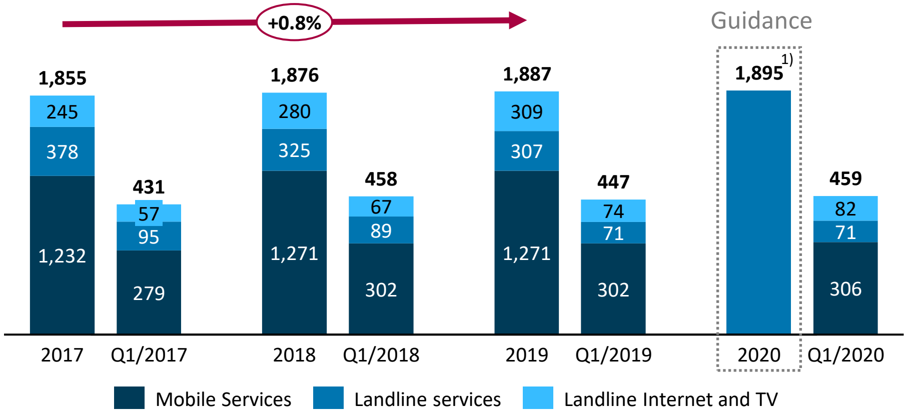
Note: [1)] Including prepaid 3-month and 6-month rule

Source: Company information, ValueTrust analysis.

Historical financials

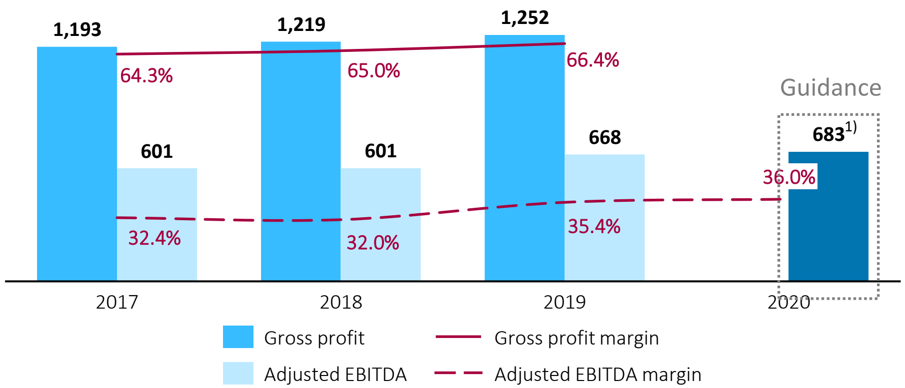
Revenues by business services

in CHF m



Gross Profit and adjusted EBITDA[1]

in CHF m



Revenues

- Sunrise generates revenues of CHF 1,887 m in 2019, corresponding to a year-over-year growth of 0.5%.
- The mobile postpaid revenue increased by 4.1% in 2019 compared to the prior-year period, which is attributable to an increased postpaid base (9.4%). The increase was offset by a decrease in mobile prepaid revenue (-21.5%) and lower mobile hardware revenue (-6.2%).
- Landline services revenue decreased by 5.7% to CHF 307 m in 2019, mainly driven by declining hubbing revenue. The lower revenue base however leads to improved hubbing profitability.
- Increased Landline Internet and TV subscription base led to a revenue increased by 10.2% to CHF 309m in 2019.
- For 2020, Sunrise expects total revenues to be in the range from CHF 1,875 m to 1,915 m.

Profitability

- Adjusted EBITDA[2] increased to CHF 668 m in 2019, corresponding to a year-over-year increase of 11.1% (excl. IFRS 16: CHF 624 m). The increase is mainly driven by decreased cost of sales, which is partly compensated by higher operating expenses to support the commercial momentum as well as slightly increased network service fees following the sale of 133 telecom towers in January 2019.
- For 2020, Sunrise EBITDA expectation is in the range from CHF 675 m to CHF 690 m.

Note: [1] Corresponds to the midpoint of Sunrise's guidance for 2020; [2] Adjusted EBITDA 2019 not comparable with prior years, as EBITDA 2019 includes IFRS 16 effects. Source: Company information, ValueTrust analysis.

SWOT analysis Sunrise

Strengths

- Strongly positioned for continued market share gains in the current market environment.
- Sunrise has a crisis-proof business model as it acted as safe haven during the most recent market turbulence, driven by COVID-19.
- Strong network quality, being awarded the largest and fastest 5G network in Switzerland.

Weaknesses

- Failure to roll-over favorable commercial terms to access Swisscom and utility networks in the fixed-line market.
- Sunrise relies heavily on one major supplier both in the core and radio network.
- Weaker market position in the Broadband and Television segments.
- Higher demand for fiber increases dependency on Swisscom for landline access.

Opportunities

- The B2B market faces structural challenges as barriers to entry have fallen as customers move to cloud solutions.
- Although not yet agreed upon implementation and regulatory approvals outstanding, Sunrise and Salt intend to form a joint venture aiming to increase FTTH coverage in Switzerland to 70% in the mid-term.
- Continuous technological innovation and digitalization open up new business opportunities and services for Sunrise customers.

Threats

- Rising competitive intensity of the Swiss market due to Swisscom's focus on the lower end sub brands and Salt's/UPC promotional activity.
- Severe macro disruption driven by COVID-19, leading to high unemployment rates and SME business closures.
- Rising technological complexity of the solutions and the growing volume of available data combined with shorter and shorter innovation cycles increase the complexity of technical implementations.

Chances

- Sunrise could benefit from more contract wins in the B2B area as businesses are likely to review their spending, driven by COVID-19.
- The excellent network quality with investments in 4G+ and 5G, combined with Swisscom´s recent network outages, might attract new clients.

Risks

- Promotional intensity by all operators, offering low domestic and roaming flat rates, and competition in the landline and TV market could put pressure on Sunrise on almost all market segments.
- Continued price erosion and a growing customer preference for bundle plans that tend to offer more value for the same or even lower price might lead to a decrease in revenue, while investments need increase.

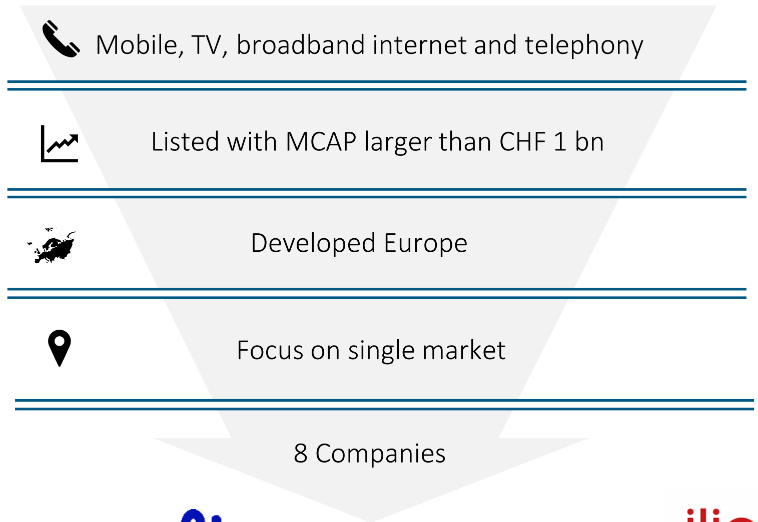
Source: Broker reports, ValueTrust analysis.

Peer Group selection

Overview of selected Peer Group companies

- The group of comparable companies (Peer Group) is an essential component of a company valuation, since it is required for the market-oriented valuation (e.g. multiple method) and the derivation of the cost of capital (e.g. beta factor).
- Companies in the same sector or with comparable products and market structure are generally suitable for selecting the Peer Group. It is neither possible nor necessary for the companies surveyed according to these criteria to be identical with the valuation objects.
- For the market-oriented valuations and the derivation of the cost of capital, capital market data are required which are often only published by listed companies. In practice, therefore, only listed companies are included in the Peer Group.
- Against this background, the Peer Group consists of listed companies which predominantly operate in the telecommunications industry with a similar business model as Sunrise, focusing on mobile as well as TV, broadband internet and telephony.
- Additionally, the Peer Group companies are supposed to have a market capitalization above CHF 1 bn, operate in similar geographic regions (focus on developed Europe) and concentrate on a single national market.

Peer Group selection for Sunrise



(Belgium)

Source: Company information, ValueTrust analysis, Copyright © 2019, S&P Global Market Intelligence (and its affiliates, as applicable).

Overview of selected Peer Group companies

Overview of selected Peer Group companies

- Furthermore, a scoring model is used to rank the comparable companies. The criterion “Business fit" ensures that the effects of operational influencing factors and trends on the valuation object are reflected in the Peer Group. The “Geographical fit" ensures the geographical reference to the valuation object. Companies operating in different markets may be subject to different political, economic and cultural influences and may therefore not be directly compared with each other.
- Sunrise has its operating business mainly in Switzerland. Therefore, the Peer Group includes listed companies which predominantly have their telecommunication operations in developed Europe.
- As a result, the analysis led to the following Peer Group, ranked by best qualitative and quantitative comparability to Sunrise:

Comparable Companies	Country	Business Fit	Geographical Fit	Revenue LTM	Revenue CAGR 2019-2022	Ø EBITDA Margin 2020-2022	Asset Turnover 2019	Total Score
Elisa Oyj	Finland	Strong Fit	Strong Fit	1,881	1.8%	38.6%	0.7x	
Tele2 AB (publ)	Sweden	Strong Fit	Strong Fit	2,577	0.3%	39.2%	0.3x	
Swisscom AG	Switzerland	Strong Fit	Best Fit	10,492	-1.4%	41.3%	0.5x	
Telefónica Deutschland Holding A	Germany	Best Fit	Strong Fit	7,641	0.6%	31.2%	0.5x	
Orange Belgium S.A.	Belgium	Medium Fit	Strong Fit	1,340	2.3%	24.6%	0.8x	
TalkTalk Telecom Group PLC	United Kingdom	Medium Fit	Strong Fit	1,795	-0.7%	19.8%	0.9x	
MásMóvil Ibercom, S.A.	Spain	Medium Fit	Strong Fit	1,796	9.2%	33.7%	0.5x	
iliad S.A.	France	Medium Fit	Strong Fit	5,332	5.5%	33.3%	0.3x	
Sunrise (Consensus Estimates)				1,899	0.7%	35.8%	0.5x	
Peer group median				2,229	1.2%	33.5%	0.5x	
Peer group average				4,107	2.2%	32.7%	0.6x	

Source: Company information, ValueTrust analysis, Copyright © 2019, S&P Global Market Intelligence (and its affiliates, as applicable);
Note: Sunrise figures based on Broker Consensus

3 Valuation approach and methodology

General remarks

General remarks

- This Fairness Opinion is based on a variety of valuation methods, of which the DCF method is in practice the most common. In addition to the DCF method, market-oriented valuation methods such as trading multiples and analysis of precedent transactions were considered to assess the fairness of the Proposed Transaction from a financial point of view.
- The principles of the DCF method, which is based on the capitalized earnings value, are explained in more detail on the following pages.
- Additionally, trading and transaction multiple methods were used as market-based valuation approaches.
  - In context of the trading multiple method, the market valuation of comparable listed companies was analyzed. This is particularly the case when companies are similar in terms of business model, geographical fit, risk and opportunity profiles, growth and profitability profiles. It is neither possible nor necessary for the companies surveyed according to these criteria to be comparable with the valuation objects.
  - In the transaction multiple method, previous M&A transactions are analyzed in which the target companies are comparable to the valuation object. The prices paid in such transactions (and the implied valuations) are highly dependent on the specific interests of the parties involved and therefore to some extent reflect subjective value attributions.

General remarks (cont'd)

- The Management Plan and Broker Plan formed the basis for the DCF analysis. Based on discussions with Sunrise management and/or their advisors as well as under consideration of publicly available information, we prepared a fully integrated business plan model for both, Management Plan and Broker Plan.
- The underlying Valuation Date is August 11, 2020. First, we determined the enterprise value as of the technical Valuation Date December 31, 2019, and than compounded to the Valuation Date August 11, 2020.

Discounted cash flow method

Discounted cash flow method

- The fundamental idea of the DCF method is that the business value results from the financial surpluses (cash flows) the company generates under the going concern assumption. The value of future cash flows depends primarily on the capacity of the business to generate financial surpluses. Therefore, a DCF valuation requires a projection of the entity's future distributable cash flows. However, only those cash flows that are placed at the owner's disposal as net proceeds are used for valuation purposes (so-called benefits principle).
- The equity value can be directly derived by net capitalization using the so-called dividend discount method or the cash flow to equity method ("**Equity approach**"), or indirectly by using gross capitalization in accordance with the concept of the weighted average cost of capital approach ("**WACC approach**"), the adjusted present value approach or the total cash flow approach.
- In the case of the Equity approach, the total financial surpluses, reduced by the cost of debt, are discounted in one step. In case of the WACC approach, the discounting refers to the financial surpluses from the entire business activities and a subsequent reduction of the aggregate business value (enterprise value) determined in this manner by the interest-bearing debt.
- If applied consistently, both methods, the Equity approach and the WACC approach lead to the same equity value of the company. In this Fairness Opinion, the WACC approach is applied.

Discounted cash flow method (cont'd)

- The relevant cash flow to discount in the context of the WACC approach is the free cash flow to firm ("**FCF**"). FCF is defined as the difference between cash provided by the operating activities and cash invested in the operating activities of the business. It can be derived from financial projections as follows:

Earnings before interest and taxes (EBIT)

+/- Applicable adjustments

= EBIT after applicable adjustments

- Adjusted taxes on income (assuming 100% equity financing)

= Net operating profit less adjusted taxes (NOPLAT)

+ Depreciation & amortization (D&A)
+ Other non-cash charges to the income statement
- Gross investments in fixed assets (Capex)
-/+ Changes in Working capital (WC)

Change in invested capital

= Free cash flow to firm (FCF)

- The planning of the FCFs used for valuation purposes is normally performed in three steps. The first so-called detailed planning period includes a period of three to five years and is based in general on a detailed business plan of the company to be valued. Because the valuation object has often not yet reached the "steady state" at the end of the detailed planning period, corresponding assumptions are made in a convergence phase, e.g. with regards to long-term investment or product life cycles in order to derive the sustainable financial surpluses.

Discounted cash flow method

Discounted cash flow method (cont'd)

- The third, so-called continuing phase (hereinafter, the "**Terminal Value**" or abbreviated, the "**TV**") assumes a balanced or stable condition within which the annual financial surpluses are assumed to grow constantly or at a constant rate.
- In order to value a business, the future expected FCFs are discounted to the Valuation Date using an appropriate discount rate. This discount rate is developed from the (expected) earnings and the price of the best alternative use of capital compared to the business to be valued.
- Economically, the discount rate reflects the alternative decision of an investor, comparing the return of an investment in the specific business to be valued with the return of a corresponding alternative investment in corporate shares. Consequently, the discount rate represents the return of an adequate alternative investment that is equivalent to investing in the business to be valued with regards to risk and timing of cash flows.
- Since FCFs are net cash proceeds from operations available to both, equity holders and debt holders, the appropriate discount rate is the weighted average cost of capital ("**WACC**"), which takes the return requirements of both, equity holders and debt holders into account. Formally, the WACC can be stated as follows.

$$\text{WACC} = r_{\text{e}}^{L}\,\frac{\text{E}}{\text{EV}} + r_d \times (1-\text{t}) \times \frac{\text{D}}{\text{EV}}$$

Discounted cash flow method (cont'd)

- Whereby the variables have the following meaning:

r_{e}^{L}	Levered cost of equity
E	Market value of equity
D	Market value of debt
EV	Enterprise value (market value of equity plus market value of debt)
r_d	Cost of debt
t	Tax rate

- The levered cost of equity can be determined using the capital asset pricing model ("**CAPM**"). The CAPM is an equilibrium capital market model which explains the cost of equity by the risk-free interest rate and a risk premium, which depends on the individual company's exposure towards the broad equity markets. It can be formally stated as follows.

$$r_{\text{e}}^{L} = r_f + \beta_l \times \text{MRP}$$

- Whereby the variables have the following meaning:

r_f:	Risk-free interest rate
β_l:	Levered beta
MRP:	Market risk premium

- The cost of debt is typically determined by adding a credit spread, which is expected to compensate for the credit risk of the investment, to the risk-free interest rate.

Special items and multiple method

Special items and non-operating assets

- Assets which cannot be reflected or can only be incompletely reflected when determining the equity value using the DCF method, must generally be valued separately and then added to the calculated value. Special items are, in particular non-operating assets, such as excess cash. Assets, which can be freely sold without affecting the actual operational business, are considered to be not necessary for the business. The sum of the equity value calculated by using the DCF method and special items ultimately leads to the equity value of the valuation subject.
- No special items or non-operating assets were considered.

Multiple method

- In addition to the derivation of the business value and the presentation of value ranges on the basis of the DCF method, we determine business values and value ranges using the multiple method.
- The multiple method constitutes a comparative market valuation. The value of the business is considered to be the product of a variable (frequently a variable concerning revenue or profit) of the business and a corresponding multiple normally derived from comparable companies. Analogous to the DCF and dividend discount method, the multiple method can be used for determining the aggregate business value.
- The theoretical foundation of multiple valuations is the so-called “Law of One Price”, which states that same goods should trade at the same price in all markets, otherwise arbitrage opportunities would arise. Broadly, it may also be understood that comparable assets (such as companies or shares of companies) should trade at comparable prices.

Multiple method (cont'd)

- In the case of a valuation on the basis of multiples, the business value is accordingly the product of a reference variable (frequently revenue or profit) of the company and the corresponding multiple, which is normally derived from listed comparable companies (trading multiples) as well as from comparable transactions (transaction multiples). The assumption is made that there is a proportional relationship between the underlying reference variables and the business value.
- The stated reference variables are used as a proxy, because normally no forecasts for cash flow and return on investment variables are prepared and published by analysts (especially for the Peer Group). The decisive aspect in the multiple method is that the starting point for the valuation are prices that are observed in the market. In order to establish the necessary equivalency with the company being valued, however, these prices are adjusted using various steps in the valuation, in order to receive an estimate of the fundamental value of the business (as analogy to the DCF method) as a final result. Such adjustments can be necessary in the case of distortions in the development of the market price resulting from external shocks.
- One benefit from the multiple based business valuation is its strict connection to the market. The underlying relationships in pricing can be observed and are used in the capital markets and/or corporate transactions. On the other hand, this valuation method (just as the determination of the capitalization rate based on capital market data) is also subject to inadequacies and inefficiencies in the market, which can lead to deviations between observed prices and intrinsic values and must be corrected by the valuation expert using adjustments to the valuation.

Multiple method

Multiple method (cont'd)

- Especially in times of crisis, the available market prices are often viewed critically due to potential distortions and special situations.
- A valuation based on multiples, as it is the case with discounting methods, uses internal business planning and internal information. The determined multiples of the Peer Group companies are applied to the realized reference variables and the planned reference variables of the business (on the basis of the same business plan used also for the DCF method). However, the available period of time for the forecast is much shorter than when applying the discounting method.
- The multiple is the result of the ratio of the price to the reference variable of the comparable company. Analyses are normally based on multiples from the last twelve months or the last year as well as the subsequent years (so-called forward multiples). Forward multiples are generally preferred in a market price-oriented valuation. Historical multiples, such as last-twelve-months (“**LTM**”) multiples, can be distorted by special effects. Forward multiples, however, are typically based on normalized estimates, while the actual values form the basis of LTM multiples. LTM multiples are primarily applied in the case of transaction multiples in order to maintain consistency in terms of time.
- In the case of multiples derived on the basis of transaction prices one needs to consider that actual purchase prices are influenced by subjective interests of the transaction parties. The transaction prices take into account, for example, synergy effects and other subjective expectations, which can only be realized as a result of the intended transaction. There are also interdependencies between the prices paid and the structure of the purchase contract (e.g. guarantees etc.).

Multiple method (cont'd)

- Purchase prices paid for majority stakes can accordingly contain premiums. In general, reference is made in this regard to so-called takeover premiums, which consider these effects, contrary to trading multiples, which do usually not contain any such premiums prior to rumors about a takeover.
- Conceptually, takeover premiums consist of premiums for financial control and strategic control, the latter reflecting the potential for synergies and business optimization. Thus, when considering trading multiples, a premium for financial control must be applied.
- For this Fairness Opinion, we relied upon forward EBITDA and Operating Free Cash Flow (EBITDA less Capex, “**OpFCF**”) multiples for the trading multiple valuation.
- Transaction multiple valuation is based on LTM Revenue and LTM EBITDA multiples.

4 Valuation analysis

Basis of preparation

Basis of preparation

- The valuation analysis of Sunrise assumes a stand-alone premise.
- The Management Plan and Broker Plan form the basis for the DCF valuations, and both cover the planning period from 2020 until 2025.
- Neither the Management Plan nor the Broker Plan contain the potential financial effects of the announced Fiber Joint Venture, Swiss open Fiber, as the Joint Venture is not yet formed and the financial impact of such a Joint Venture is not incorporated into a financial plan.
- The valuation analysis of Sunrise comprises:
  1) a benchmarking of the Broker Plan against the Peer Group and analyses considering market expectations, industry outlooks and the development of historical key financials;
  2) the stand-alone valuations of Sunrise based on Management Plan ("**Management DCF**") and Broker Plan ("**Broker DCF**") with corresponding sensitivity analysis (see page 45) and including cost of capital analysis to derive risk-appropriate discount rates;
  3) trading multiple valuation based on Peer Group forward multiples for the year 2020, historical average Peer Group multiples and regression analysis and management guidance for 2020;
  4) trading multiple valuation based on Peer Group forward multiples for the years 2020, 2021 and 2022, historical average Peer Group multiples and regression analysis and Broker Plan KPIs;
  5) transaction multiple valuation based on LTM Revenue and LTM EBITDA multiples; and
  6) analysis of transaction premiums.

Basis of preparation (cont'd)

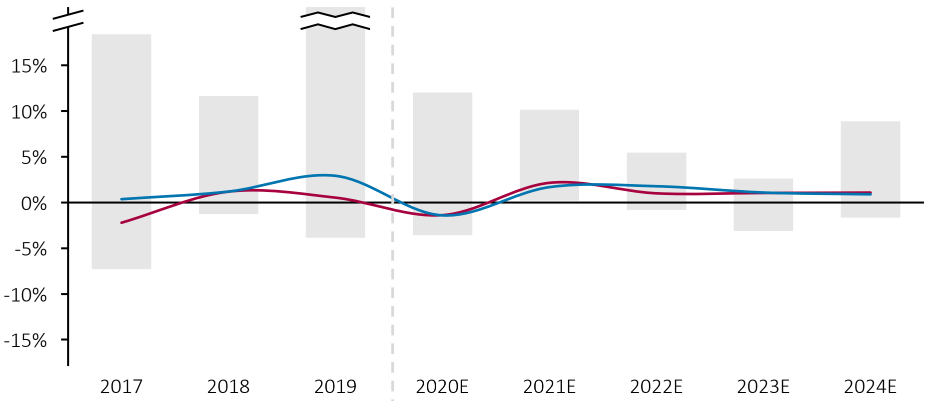
- The transaction perimeter includes the operating business of Sunrise as well as non-trading entities. Non-trading entities are primarily composed of cash, senior notes and long-term debt.
- Interest-bearing liabilities of Sunrise's consist of a term loan, senior secured note and financial leases as of March 30, 2020. In addition, Sunrise has drawn down a financing revolver of CHF 100 m in Q2 2020 in connection with the COVID-19 environment.
- Including the COVID-19 financing revolver, interest-bearing liabilities amount to CHF 1,960 m as of the Valuation Date.
- The analysis of market and book value of Sunrise's interest-bearing liabilities revealed no significant differences.
- A premium for financial control of 10% applied on trading multiple valuation range.[1)]
- We assume all cash to be operating.

Note: [1)] See Grebenic/Zunk, The Value of Control: Transaktionsorientierte Kontrollprämien für Europa, 2015, p. 16 ff; Eichner, Übernahmeprämien bei M&A, 2017, p. 191. and Grebenic, Transaction Control Premium/Minority Discount Study Deutschland, 2014, p. 26 ff.

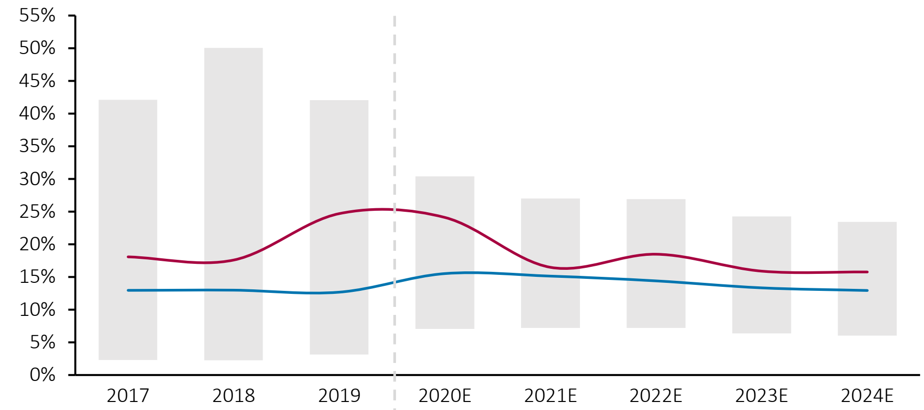
Valuation analysis

Benchmarking: Broker Plan KPIs and Peer Group[1)]

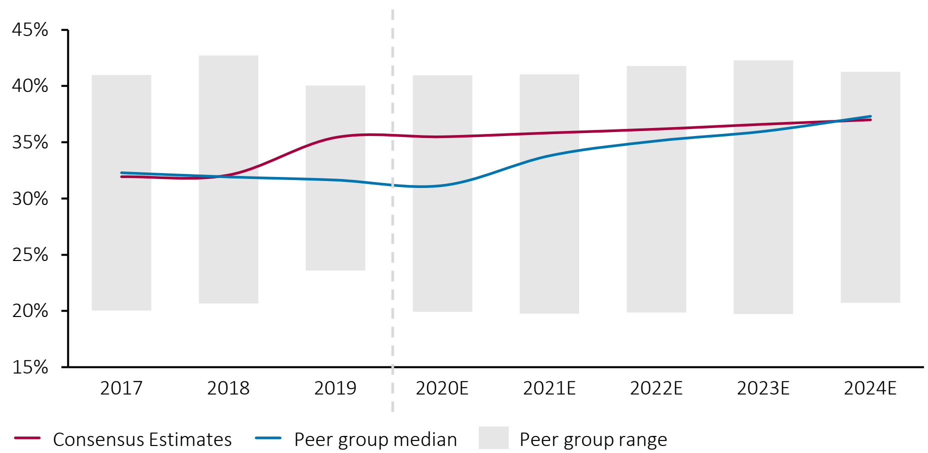
Revenue growth benchmarking



Capex to revenue benchmarking



EBITDA margin benchmarking[2)]



Comments

- Overall, consensus estimates for Sunrise are in-line with Peer Group expectations.
- In particular, telecommunication players (and markets) are characterized by low single digit revenue growth expectations.
- Given that Sunrise currently is in a period of investment since 2019, consensus Capex estimates for 2020 are above the Peer Group.
- Going forward, consensus Capex estimates for Sunrise are slightly above the Peer Group average corresponding to EBITDA margin estimates at the upper end of the Peer Group.
- The Management Plan supports the benchmarking results, although KPIs differ slightly up- or downwards.

Note: [1)] See page 41 for Broker Plan details. [2)] EBITDA margin for 2018 and previous years are not comparable with EBITDA margins 2019 onwards, since EBITDA-margins include IFRS 16 effects.

Valuation analysis

DCF valuation – Broker Plan

Parameter	Broker Plan (2020-2025)[1]	TV (2028)[2]	Sensitivity
Revenue	▪ Revenue CAGR at 1.3%, representing an increase from CHF 1.861 m in 2020 to CHF 1.984 m in 2025 ▪ Market share gains driven by new B2B and digitalization offerings	▪ TVGR at 0.8% in accordance with the median of broker assumptions	▪ TV-growth at 0.5%
EBITDA margin (reported) [3]	▪ Increase from 35.5% (CHF 660 m) in 2020 to 37.2% (CHF 738 m) in 2025, a growth of 2.2% on average (CAGR 2020 – 2025) driven by opex efficiencies, digitalization and procurement cost negotiations	▪ Sustainable margin at 37.2% in accordance with broker last year expectations and market benchmarking	▪ No change
Taxes	▪ Effective tax rate from 19.0% to 26.9% (based on IFRS accounts)	▪ Sustainable effective corporate tax rate of 19.0% in accordance with broker last year expectations	▪ No change
Capex ratio	▪ Capex ratio from 15.8% to 24.1%, while 24.1% in 2020 represent the highest ratio as a result of the currently ongoing 5G investment phase	▪ Sustainable Capex ratio at 17.8% in accordance with broker last year expectations and market benchmarking	▪ No change
WACC parameters	▪ WACC at 5.72% in accordance with the median of broker assumptions		▪ WACC at 5.0% in accordance with the minimum of broker assumptions
Enterprise value[4]	CHF 6,030 m		CHF 6,690 m
Interest-bearing debt	▪ Loans and notes as of June 30, 2020 CHF 1,710 m ▪ Lease liabilities as of June 30, 2020 CHF 250 m	▪ Revolver drawn CHF 100 m (COVID-19 revolver) ▪ All cash assumed to be operating	
Number of shares	45,425,664		
Value per share	CHF 90.1[5]		CHF 104.9[5]

Note: [1] See page 41 for Broker Plan details. Revenue and margin drivers as stated by various brokers. [2] The business plan was extended by a convergence phase for the years 2026 to 2027 to ensure the transition into the Terminal Value. [3] including IFRS 16 effects. [4] As of June 30, 2020. [5] Equity value compounded to the Valuation Date with the levered cost of equity for 2020.

DCF valuation – Management Plan

Parameter	Management Plan (2020-2025)	TV (2028)[1]	Sensitivity
Revenue	▪ Revenue estimates in line with the Broker Case and Peer Group Benchmarking ▪ Growth driven by further fixed-mobile convergence and shift in product mix towards mobile services	▪ Terminal Value growth rate ("TVGR") at 0.3% → 0.5% above current risk-free rate and in accordance with long term inflation expectations in Switzerland	▪ TV-growth increased to 0.5%
EBITDA margin (reported) [2]	▪ EBITDA margin expectations slightly above Broker Plan (i.e. 37.2% in 2025) and Peer Group ▪ Margin increase driven by ongoing Opex efficiency program and as a result of improved product mix	▪ TV EBITDA margin considering Peer Group expectations, historically achieved margins and Management Plan	▪ Converging towards market consensus of Swisscom
Taxes	▪ Based on company tax planning with 19% statutory tax rate in 2020 and 18% from 2021 onwards	▪ In accordance with last year business plan	▪ No change
Capex ratio	▪ Slightly higher capex compared to Broker Plan (i.e. 17.8% in 2025) corresponding to higher EBITDA margin ▪ Accelerated 5G roll-out drives higher capex spending	▪ TV Capex ratio in line with Peer Group and broker estimates	▪ Increased Capex in line with historical ratios
WACC parameters	▪ Risk-free rate at -0.2% ▪ Unlevered beta at 0.7 ▪ Beta re-levered in accordance with period-specific leverage (Debt/Equity) from 31.4% to 39.7%	▪ Market risk premium at 7.5%[3] ▪ Cost of debt at 1.5%[4] ▪ Period specific WACC from 4.84% to 4.97%	
Enterprise value[5]	CHF 6,713 m		CHF 6,859 m
Interest-bearing debt	▪ Loans and notes as of June 30, 2020 CHF 1,710 m ▪ Lease liabilities as of June 30, 2020 CHF 250 m	▪ Revolver drawn CHF 100 m (COVID-19 revolver) ▪ All cash assumed to be operating	
Number of shares	45,425,664		
Value per share	CHF 105.4[6]		CHF 108.6[6]

Note: [1] The business plan was extended by a convergence phase for the years 2026 to 2027 to ensure the transition into the Terminal Value. [2] including IFRS 16 effects [3] Market risk premium derived based on ValueTrust DACH Capital Market Study. [4] Refers to loans and notes. Interest rate for lease liabilities is 4.91% [5] As of June 30, 2020. [6] Equity value compounded to the Valuation Date with the levered cost of equity for 2020.

Trading multiple valuation – Broker Plan

Trading multiples

- The trading multiple valuation is based on consensus EBITDA and Capex estimates for Sunrise.
- EBITDA and OpFCF multiples are the most common multiples in the telecommunications industry and are therefore used for the trading multiple valuation. As forward multiples are usually not affected by one-off items, forward multiples for the forecast years 2020, 2021 and 2022 were applied.
- With respect to the underlying growth, margin and Capex profile of Sunrise and the Peer Group, the historical average (2015 – 2019) and the average of the Peer Group for the respective year is considered comparable to Sunrise.
- A regression analysis considering the relation of the observed multiples and respective KPIs of the Peer Group was performed. The resulting regression parameters were used to determine the multiple value range.
- Valuation using the multiples method regularly takes into account premiums (e.g. acquisition or financial control premiums) and discounts (e.g. liquidity discounts) on the equity value determined with trading multiples. As Sunrise is a listed company only a financial control premium of 10.0% was applied while no liquidity discount was considered.
- The Consideration in the Offer corresponds to an implied EBITDA multiple of 10.2x based on 2019 and 10.2x based on 2020 EBITDA. Thus, the Consideration implies EBITDA multiples at the upper end of the historical and forward Peer Group multiple range.

Derivation of value per share based on trading multiples

in CHF k

	Selected multiple range				Value range	
Selected multiples	Historical Average (2015-2019)	Average Peer Group	Regression Analyses	Consensus Estimates	Min	Max
EBITDA multiple 2020	8.4x	9.2x	8.9x	660	5,563	6,044
EBITDA multiple 2021	8.4x	8.6x	8.3x	681	5,686	5,868
EBITDA multiple 2022	8.4x	8.2x	7.7x	694	5,355	5,851
Enterprise value based on trading multiples (Ø)					**5,535**	**5,921**
- Book value of debt[1]					-1,963	-1,963
Equity value (before discount/premium)					**3,572**	**3,958**
+ Premium for financial control (10%)					357	396
Equity value					**3,929**	**4,354**
# of shares in k					*45.4*	*45.4*
Value per share in CHF					***86.49***	***95.85***

	Selected multiple range				Value range	
Selected multiples	Historical Average (2015-2019)	Average Peer Group	Regression Analyses	Consensus Estimates	Min	Max
OpFCF multiple 2020	17.0x	16.8x	n.m.	352[2]	5,914	5,960
OpFCF multiple 2021	17.0x	15.1x	n.m.	368	5,558	6,241
OpFCF multiple 2022	17.0x	14.1x	n.m.	340	4,804	5,757
Enterprise value based on trading multiples (Ø)					**5,425**	**5,986**
- Book value of debt[1]					-1,963	-1,963
Equity value (before discount/premium)					**3,462**	**4,023**
+ Premium for financial control (10%)					346	402
Equity value					**3,809**	**4,425**
# of shares in k					*45.4*	*45.4*
Value per share in CHF					***83.84***	***97.42***

Based on the trading multiples, a per share value range of CHF 83.84 to CHF 97.42 was derived as of the Valuation Date.

Note: [1] Corresponds to the book value of debt as of March 31, 2020 and the COVID-19 revolver drawdown in Q2 / 2020; [2] Adjusted by one-off Capex

Trading multiple valuation – Company Guidance

Company Guidance

- 2020 revenue and adjusted EBITDA are expected to be in the range from CHF 1,875 m to CHF 1,915 m and from CHF 675 m to CHF 690 m, respectively. This guidance includes the effects of IFRS 16, which are expected to be roughly stable year-over-year.
- The 2020 Capex is expected to be in the range of CHF 410 m to CHF 450 million. This includes investments of CHF 130 m to CHF 150 m in an accelerated rollout of 4G+ and 5G, which will drive network excellence and customer momentum and provide fixed wireless access in selected areas without fiber. The guidance also includes slightly elevated upfront payments for landline access due to higher than expected customer demand for fiber.
- Given the company guidance for adjusted EBITDA and Capex, a value range can be determined by the derived trading EBITDA and OpFCF multiples.

Derivation of value per share based on trading multiples and company guidance

in CHF k

	Selected multiple range				Value range	
Selected multiples	Average (2015-2019)	Average Peer Group	Regression Analyses	Reference Value	Min	Max
EBITDA multiple 2020	8.4x	9.2x	8.9x	683 [1]	5,750	6,247
Enterprise value based on trading multiples (Ø)					**5,750**	**6,247**
- Book value of debt					-1,963	-1,963
Equity value (before discount/premium)					**3,787**	**4,284**
+ Premium for financial control (10%)					379	428
Equity value					**4,166**	**4,713**
# of shares in k					*45.4*	*45.4*
Value per share in CHF					***91.71***	***103.74***

	Selected multiple range				Value range	
Selected multiples	Average (2015-2019)	Average Peer Group	Regression Analyses	Reference Value	Min	Max
OpFCF multiple 2020	17.0x	16.8x	n.m.	373 [2]	6,266	6,314
Enterprise value based on trading multiples (Ø)					**6,266**	**6,314**
- Book value of debt					-1,963	-1,963
Equity value (before discount/premium)					**4,303**	**4,351**
+ Premium for financial control (10%)					430	435
Equity value					**4,734**	**4,787**
# of shares in k					*45.4*	*45.4*
Value per share in CHF					***104.21***	***105.37***

Based on company guidance and trading multiples for 2020, a per share value range of CHF 91.71 to CHF 105.37 was derived as of the Valuation Date.

Note: [1] Corresponds to the midpoint of Sunrise's EBITDA guidance; [2] Adjusted by one-off Capex and annualized Swisscom landline access Capex.

Transaction multiple valuation

Transaction multiples

- For the valuation based on transaction multiples, the revenue and EBITDA were considered as reference variables.
- Comparable transactions in the telecommunication industry with a focus on mobile, TV, broadband internet and telephony since 2017 were assessed. The regional focus was specified on developed countries in Europe as well as North America.
- Given the wide range of multiples paid as well as undisclosed and individual terms of the transactions, the value range was determined by the median and average revenue and EBITDA multiples.
- The resulting transactions yield a revenue multiple range from 3.0x to 3.2x (median to average) and an EBITDA multiple range of 10.0x to 10.3x (average to median) respectively.
- A detailed list of the considered transactions is presented in the Appendix (see page 50).

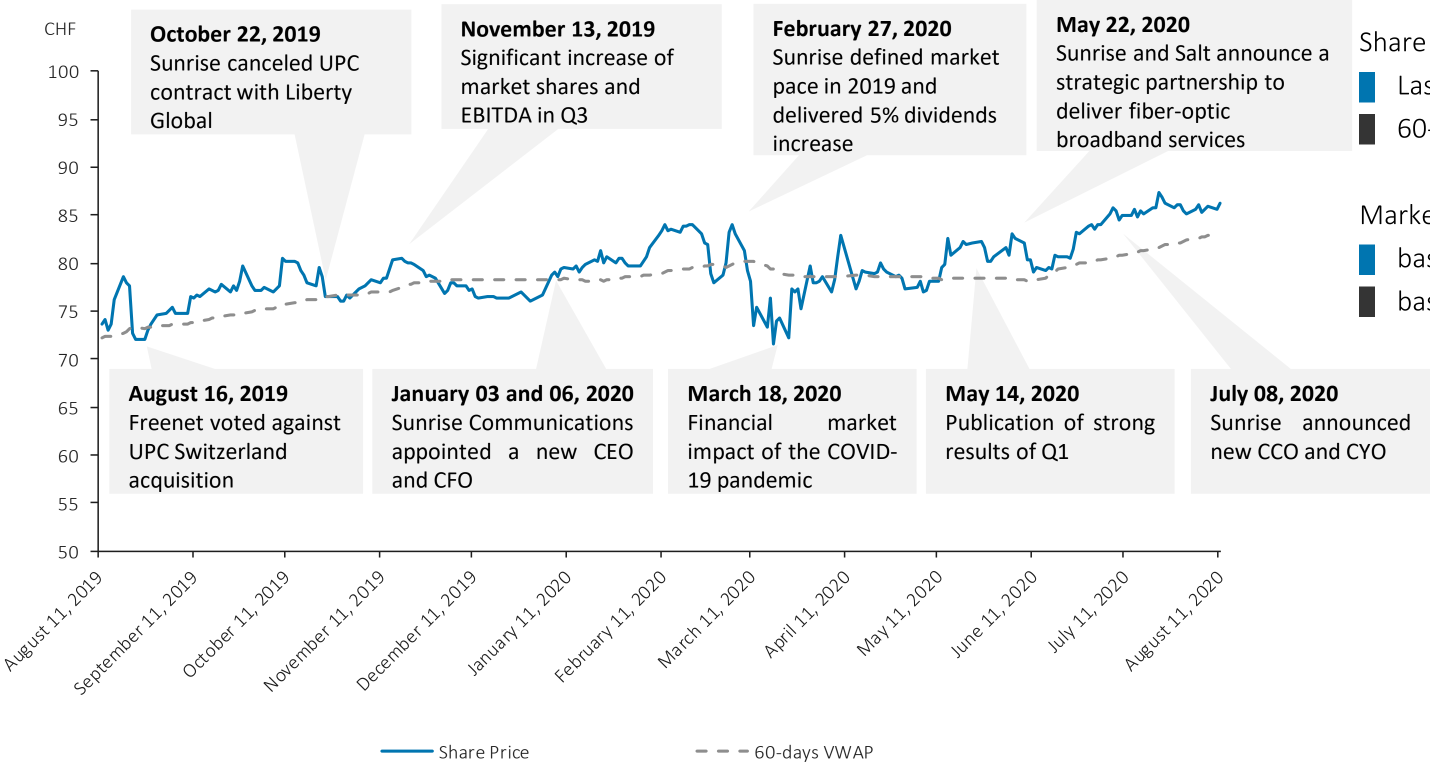
Derivation of value per share based on transaction multiples

in CHF k

	Selected multiple range			Value range	
Selected multiples	Average	Median	Reference value (2019)	Min	Max
Revenue multiple	3.2x	3.0x	1,887	5,646	6,081
EBITDA multiple	10.0x	10.3x	668	6,679	6,886
Enterprise value based on transaction multiples (Ø)				**6,163**	**6,483**
- Book value of debt				-1,963	-1,963
Equity value				**4,200**	**4,520**
# of shares in k				*45.4*	*45.4*
Value per share in CHF				*92.45*	*99.51*

Share price analysis

Sunrise's share price development (1-year)



Market data as of August 11, 2020[1]

Share price in CHF	
Last close price	86.00
60-days VWAP	83.17
Market capitalization in CHF m	
based on last close price	3,892.8
based on 60-days VWAP	3,764.7

Despite the failed acquisition of UPC Switzerland in 2019 and the recent COVID-19 environment, Sunrise shares show a slow and steady increase over the last 12 months. Strong results and an increased dividend supported the share price development. Broker price targets further underline the positive trend with the consensus estimate at approx. CHF 90 (see page 35). As of the Valuation Date, the share price of Sunrise' amounts to CHF 86.00.

Note: [1)] The share of Sunrise is considered liquid. A detailed analysis of liquidity is presented in the Appendix.

Premium analysis

Premium analysis

Analysis based on public transactions in Switzerland

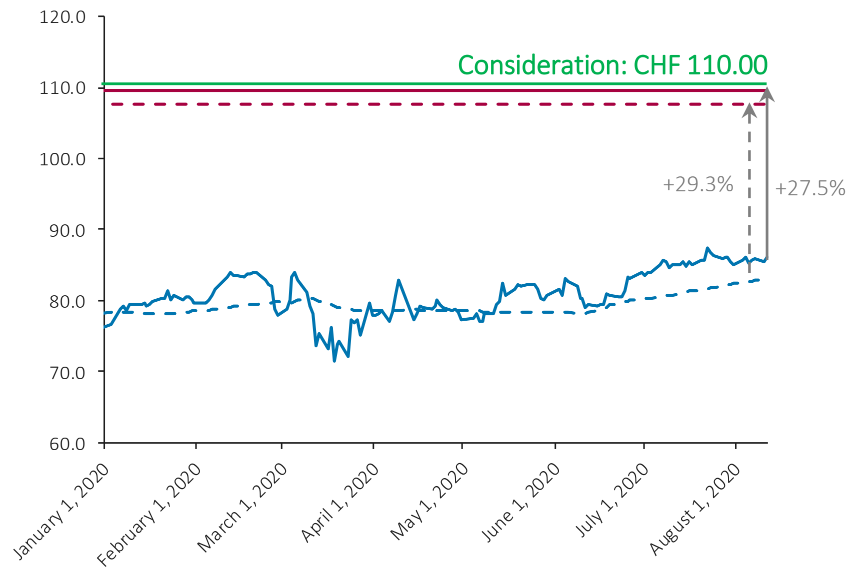
- In order to empirically analyze the takeover premiums, more than 70 public transactions from different industries with the target headquartered in Switzerland were considered. Out of these only the transactions that match the following criteria were selected for the final evaluation:
  - Transactions since 2007
  - Implied equity value of at least CHF 50 m
  - Consideration of only liquid shares
  - Consideration of only cash offers
  - Exclusion of real estate companies
- Based on our analysis, an average premium of 29.3% compared to the 60-days VWAP was derived for the Swiss market (see page 49).
- Applying the premium of 29.3% to the 60-days VWAP of CHF 83.17 results in a value of CHF 107.56 per Sunrise share.

Analysis based on comparable transactions in the telecommunications market

- The premium analysis on transactions with listed targets within the telecommunications industry results in an average premium of 27.5% compared to the share price prior to announcement (see page 50).
- Applying the premium of 27.5% to the share price of CHF 86.00 as of August 11, 2020 results in a value of CHF 109.64 per Sunrise share.

Application of derived takeover premiums

In CHF per share (as of August 11, 2020)



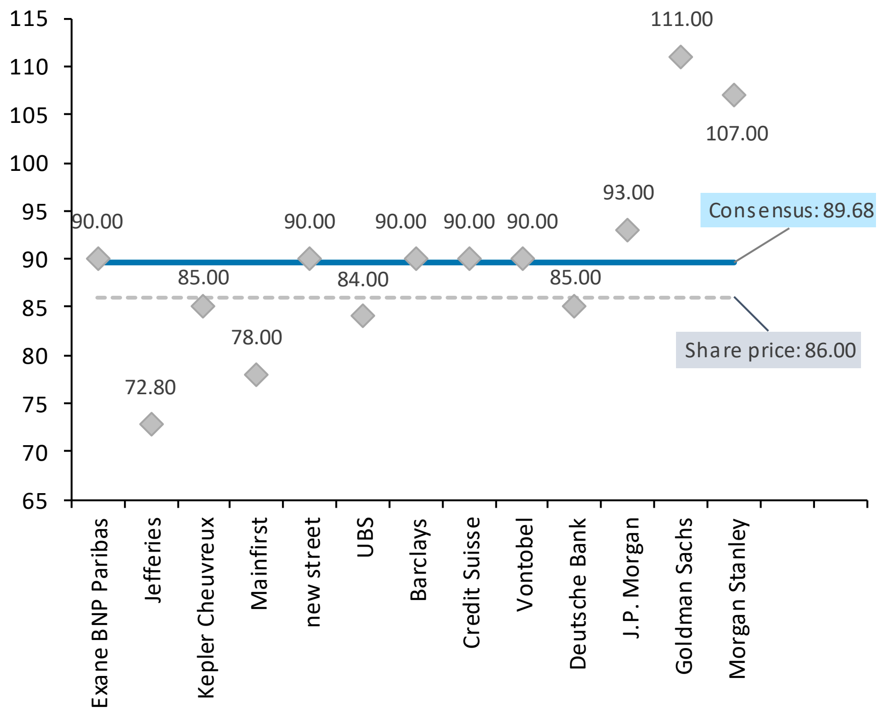
Share price	CHF 86.00
Share price incl. takeover premium (27.5%)	CHF 109.64
60-days VWAP	CHF 83.17
60-days VWAP incl. takeover premium (29.3%)	CHF 107.56

The Consideration exceeds the share price and the 60-days VWAP prior to announcement when applying the respective average premiums.

Analysts’ estimates

Analysts' target price estimates

in CHF per share



Analysts’ quotes on current situation

- *“Good growth, solid dividend and, above all, superior visibility. Top-line growth should continue to be underpinned by market share gains in B2C and plenty of room to expand in B2B. This should feed into attractive c.1-2% top-line growth pa over the next three years (Service revenue excl. hubbing & hardware, other).“* Morgan Stanley – July 21, 2020
- *“We estimate Sunrise has been able to take c. 1.5/3pp of share in the last three years in fixed/mobile driven by improved mobile network quality and converged offerings. We believe this should continue given its network quality and scope to take share from Swisscom, which currently hold a >50% market share in fixed and mobile.”* Goldman Sachs – June 25, 2020
- *“Sunrise offers an attractive 5.8% dividend yield, which we expect to grow by ~4% over the medium term. Consistent performance, the stability of the Swiss telco market and the Swiss Franc’s safe haven status all add to Sunrise’s defensive quality characteristics.“* J.P. Morgen – June 18, 2020

Analysts’ risks to downside

- *“A deterioration of the competitive environment could pressure ARPUs further.”* Morgan Stanley – July 21, 2020
- *“Higher-than-expected capex: Sunrise is guiding to elevated 2020 capex due to spending on 4G+/5G network improvements. While the company is guiding to normalised 2021 capex, we note the risk that 2021 capex does not normalise.”* Goldman Sachs – June 25, 2020

Analysts’ estimates are concentrated within the core bandwidth from CHF 84.00 to CHF 93.00 with two outliers up- and downwards each. The average of the outliers is well within the core bandwidth.

Evaluation of alternatives for Sunrise shareholders

Alternative transaction structures

- A potential alternative transaction with Sunrise acquiring UPC has failed in 2019.
- Given the market structure and market positioning of Sunrise on the one side and Liberty and UPC on the other, there is not much room for alternative structures. To our knowledge, there were no other transaction structures for this transaction considered.
- Sunrise management and BoD have discussed and qualitatively analyzed the result of a potential failure of the Proposed Transaction. However, in a negative scenario a failed transaction could lead to a weakened market position for Sunrise, if Liberty acquires or seek cooperation with a competitor.
- We have not independently reviewed or analyzed such scenarios.

Sale of Sunrise shares on the market

- Selling shares via the open market is a generally practicable alternative to accepting the Offer, but only advantageous to the shareholder, if the share price exceeds the Consideration.
- In principle, it would be financially more attractive for the Sunrise shareholders if Sunrise shares traded at a price above the Consideration (according to the offer prospectus) at the end of the Offer Period.
  - A prediction of the development of the Sunrise share price throughout the Offer Period is not possible. However, we observed that the share price ranged between CHF 71.55 and CHF 87.45 during the last 12 months, and around CHF 109.00 since Pre-Announcement.
  - Broker consensus estimate prior to the Announcement Date was CHF 89.7.

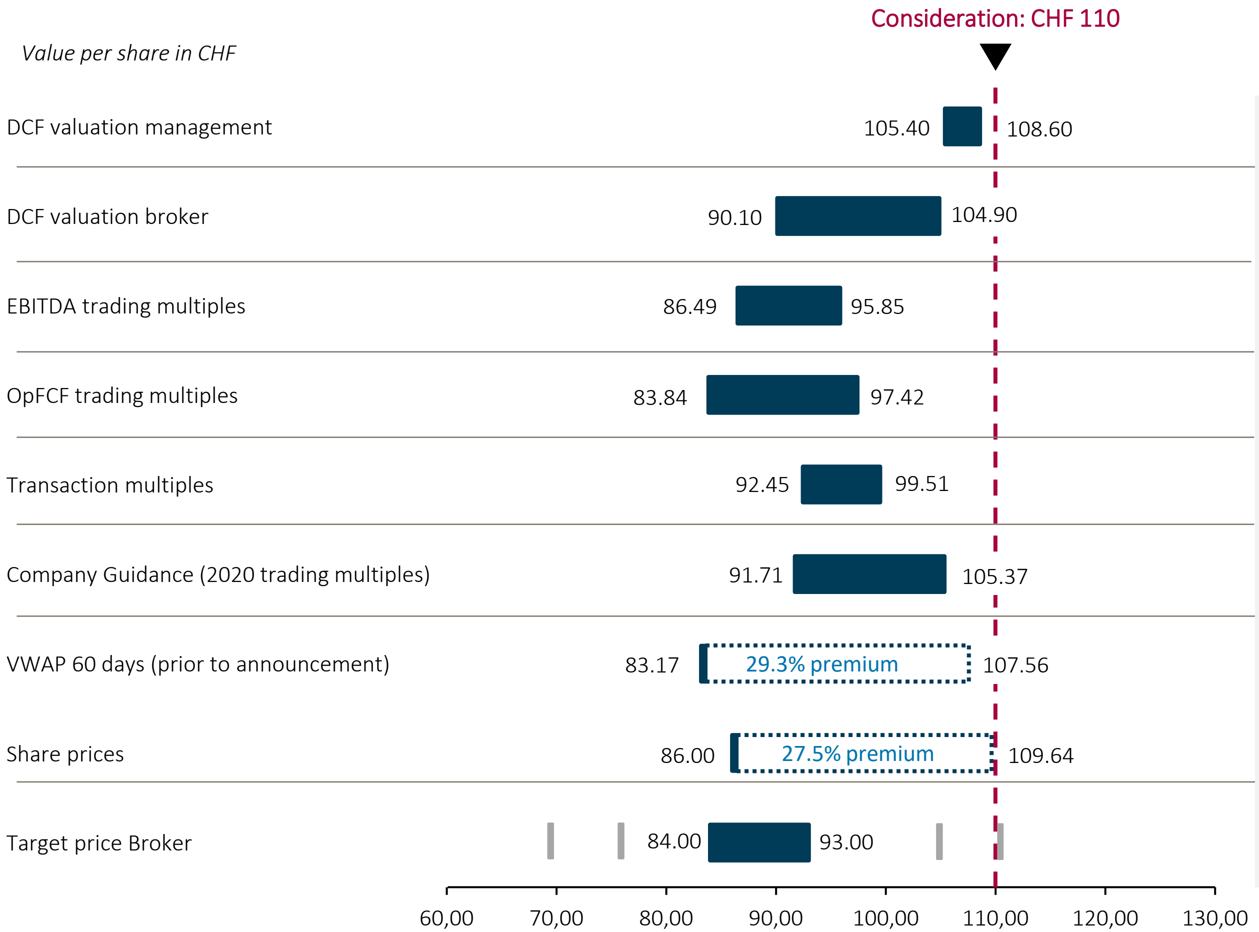
Rejection of the offer

- Public shareholders of Sunrise could reject the Offer with the intention and expectation to thereby block it.
  - The Offer foresees among other conditions, a minimum acceptance rate of 66 2/3% of the fully diluted share capital of Sunrise as at the end of the Offer Period in order to be successful.
  - Freenet, holding 11,051,578 Sunrise shares, corresponding to 24.4% of Sunrise's share capital as of the date of this Opinion, entered into a tender undertaking and agreed to tender all 11,051,578 Sunrise shares held into the Offer.
  - Overall, feedbacks received from investors are supportive of the Proposed Transaction.
- The Management Plan and the Broker Plan are based on a stand-alone premise, therefore do not consider any potential effects of the acceptation or rejection of the Offer.
- A rejection of the Offer could lead to the mentioned negative scenario (see left column).
- Acceptation or rejection of the Offer may have a significant tax impact on individual shareholder level. We have not performed an analysis of tax effects on individual shareholder level.

5 Fairness conclusion

Fairness conclusion

Valuation approach | Valuation results in CHF per share



Key takeaways

- All value ranges derived from different valuation approaches are below the Consideration of CHF 110 per Sunrise share
- DCF value ranges were derived under consideration of further upside potentials in the terminal value, although expectations for Sunrise are already at the upper end of Peer Group estimates
- The implied transaction multiples of the Proposed Transaction are at the upper end or (partly significantly) above Peer Group trading multiples
- The Consideration implies a significant premium on
  - i) the current share price (27.9%),
  - ii) the 60-days VWAP (32.3%)

The Consideration of CHF 110 per Sunrise share exceeds the value ranges **in all cases** and is therefore fair to the shareholders from a financial point of view

Fairness conclusion

Summary of analysis

- We analyzed the stand-alone value of Sunrise applying various valuation approaches including intrinsic (DCF) and market (trading and transaction multiples) valuation.
- In addition, we analyzed the recent share price performance of Sunrise, takeover premiums paid in Switzerland and in the telecommunications industry and took most recent broker estimates prior to transaction announcement into account.
- The valuation analysis was performed with the aim to assess the fairness of the Consideration from a financial point of view.
- We concluded, that
  - the DCF value ranges derived based on the Management Plan and the Broker Plan are both below the Consideration,
  - the multiple value ranges derived from Peer Group multiples with reference values from management guidance for 2020 and the Broker Plan for 2020, 2021 and 2022 are all below the Consideration,
  - the transaction multiple value range is below the Consideration and the Consideration includes a significant premium above observable premiums for comparable transactions and overall public takeovers in Switzerland, and,
  - the Consideration is significantly higher than the broker consensus reflecting market expectations.
- For informational purposes, we note that Sunrise's major shareholder Freenet with a total share of approx. 24.4% entered into a tender undertaking and agreed to tender all 11,051,578 Sunrise shares held into the Offer.

Based on the analysis described herein, we conclude that the Consideration of CHF 110 is fair from a financial point of view to the shareholders of Sunrise as of the Valuation Date.

Prof. Dr. Christian Aders
CEFA, CVA
Senior Managing Director

Florian Starck
Steuerberater
Senior Managing Director

Appendix

Appendix

Broker Plan – Consensus estimates details

Parameter		Consensus estimates (in CHF m) 2020	2021	2022	2023	2024	2025	Comments	Management Plan
Revenue	abs.	**1,861**	**1,901**	**1,920**	**1,941**	**1,962**	**1,984**	▪ CAGR (2020-2025) at 1.3%	▪ In line with Broker Plan
	growth	*-1.4%*	*2.2%*	*1.0%*	*1.1%*	*1.1%*	*1.1%*		
EBITDA	abs.	660	681	694	710	726	738	▪ CAGR (2020-2025) at 2.2% ▪ Margin increase by 1.7%-pts	▪ Slightly above Broker Plan in the long-term
	margin	*35.5%*	*35.8%*	*36.2%*	*36.6%*	*37.0%*	*37.2%*		
EBIT	abs.	183	223	299	320	345	355	▪ CAGR (2020-2025) at 14.3% ▪ Margin increase by 8.1%-pts	
	margin	*9.8%*	*11.7%*	*15.6%*	*16.5%*	*17.6%*	*17.9%*		
Capex	abs.	**-449**	**-313**	**-355**	**-308**	**-309**	**-352**	▪ Higher capex ratio in 2020-2022 due to intensive investment period	▪ Capex in line with EBITDA slightly above Broker Plan
	in % rev.	*-24.1%*	*-16.5%*	*-18.5%*	*-15.9%*	*-15.8%*	*-17.8%*		
OpFCF	abs.	212	368	340	402	417	385	▪ CAGR (2020-2025) at 12.7% ▪ Margin increase by 8.0%-pts	
	in % rev.	*11.4%*	*19.4%*	*17.7%*	*20.7%*	*21.2%*	*19.4%*		

Discounted cash flow: Cost of capital

Using the Capital Asset Pricing Model, the derivation of the cost of equity for Sunrise was conducted as follows.

Risk-free rate

- The risk-free rate is a return available on a security that the market generally regards as free of default risk. Based on the respective yield curve, a uniform risk-free rate is derived under the assumption of present value equivalence to an infinite time horizon. Using data from the Swiss National Bank and the Svensson method, a current three-month average risk-free rate of -0.2% was derived for Switzerland as of the Valuation Date.

Market risk premium

- Based on ValueTrust analyses of the Swiss capital market, the implied market return as of the Valuation Date is 7.3%[1)]. Historical market data lead to a range from 6.9% to 8.9% for the market return, supporting the current implied market returns. Therefore, as a forward-looking valuation is conducted, a market risk premium of 7.5% was chosen for valuation purposes.

Size premium

- For the DACH region, no validated empirical data regarding size premiums is available. The existing empirical evidence of size premiums for the US market is only partially applicable to the Swiss capital market and the results are sensitive to the actual model used. Furthermore, the selected Peer Group comprises companies of different sizes (see page 18) and the average size of the Peer Group companies is very comparable to Sunrise. Hence, a size premium was not applied.

Beta

- Since Sunrise is a listed company, the own beta can be empirically observed. Therefore, Sunrise's own betas (see next page) were analyzed. Furthermore, we analyze Peer Group betas to confirm Sunrise's own beta.
- The betas were determined using a linear regression with a one-year observation period and weekly data points for the last five years. Taking into account Sunrise's own beta and the average of the Peer Group beta, a rounded unlevered beta of 0.7 was applied.
- The resulting unlevered cost of equity amounts to 5.05%.

Cost of debt

- The effective average cost of debt is calculated as interest expenses in relation to the average interest-bearing liabilities on a period-by-period basis.

WACC

- According to the period-specific capital structure of the valuation object, the period-specific WACC falls in a range from 4.84% to 4.97%.

Note: [1)] Market return derived based on ValueTrust DACH Capital Market Study.

Beta

Beta derivation

- Since Sunrise is a listed company, the own beta can be empirically observed. Therefore, Sunrise's own betas were analyzed.
- To foster Sunrise own beta, we determine betas for the Peer Group. Betas were derived using a regression against the broadest local market index of the respective Peer Group company. In order to consider the specific financing structure of the valuation object, the historically observed beta factors for the Peer Group companies were converted into unlevered beta factors. The betas were determined using a linear regression with a one-year observation period and weekly data points for the last five years.
- As of the Valuation Date a rounded unlevered beta of 0.70 was applied considering the Peer Group betas, Sunrise's own beta and the current market uncertainties around COVID-19.

Beta derivation: 1 year weekly / last 5 years

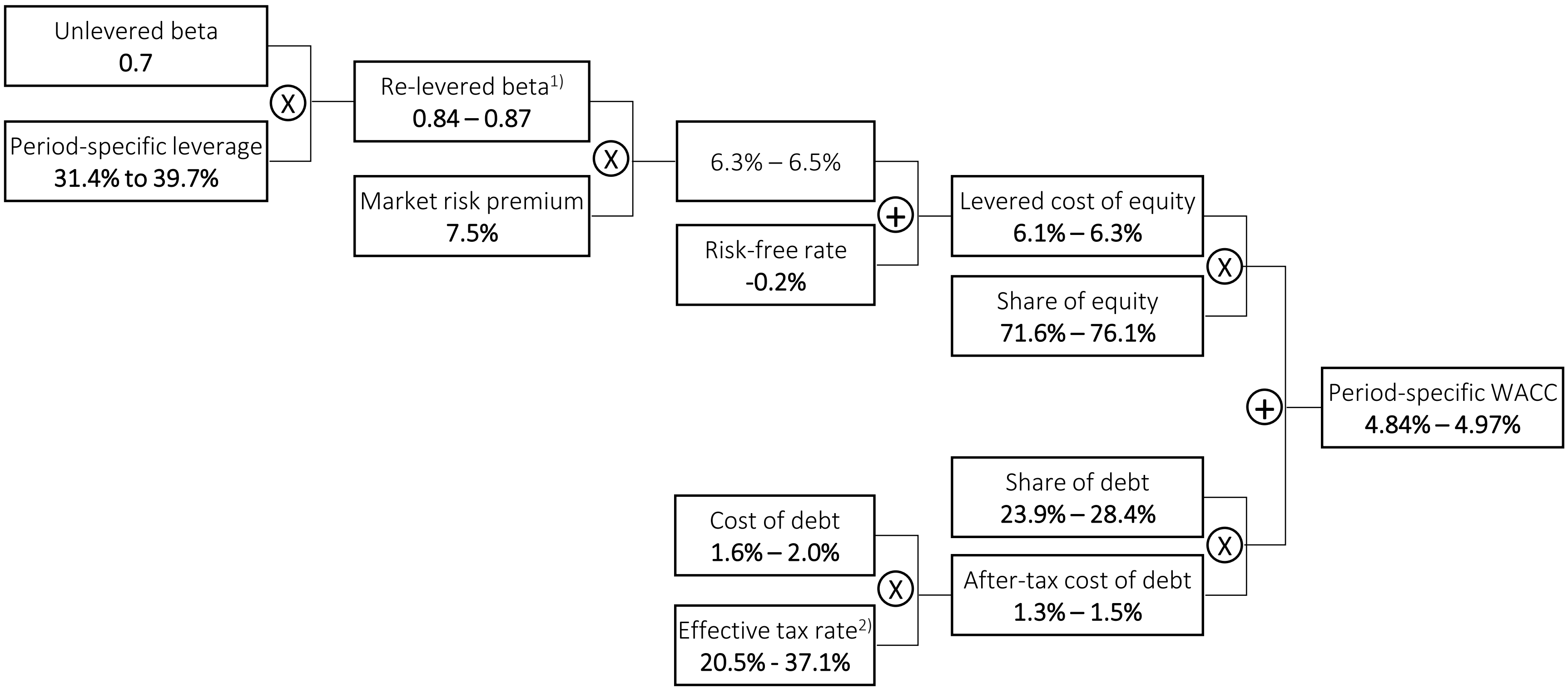
Company	Index	2020	2019	2018	2017	2016	Ø 5 years
Elisa Oyj	Finland OMXH Total Return Index	0.59	n.a.	0.69	0.67	0.62	0.64
iliad S.A.	Paris CAC 40 Index	0.48	n.a.	n.a.	0.69	0.63	0.60
Tele2 AB (publ)	OMX Stockholm 30 Index	0.64	n.a.	0.76	0.62	0.71	0.68
Swisscom AG	Swiss Performance Index (Total Return)	0.67	0.57	0.66	0.60	0.67	0.63
Telefónica Deutschland Holding AG	CDAX Index (Total Return)	0.51	n.a.	0.77	0.83	0.65	0.69
Orange Belgium S.A.	Brussels BEL 20 Index	0.60	n.a.	0.69	n.a.	0.62	0.64
TalkTalk Telecom Group PLC	FTSE 100 Index	0.75	n.a.	n.a.	n.a.	0.88	0.82
MásMóvil Ibercom, S.A.	Madrid Ibex 35 Index	0.81	n.a.	n.a.	n.a.	n.a.	0.81
Min		0.48	0.57	0.66	0.60	0.62	0.60
Median		0.62	0.57	0.69	0.67	0.65	0.66
Average		**0.63**	**0.57**	**0.71**	**0.68**	**0.68**	**0.69**
Max		0.81	0.57	0.77	0.83	0.88	0.82
Sunrise		**0.58**	**n.a.**	**0.76**	**0.61**	**0.64**	**0.65**

Note: Statistically not significant betas (t-test, confidence interval: 95%) are not being considered.
Source: ValueTrust analysis, Copyright © 2020, S&P Global Market Intelligence (and its affiliates, as applicable).

WACC – Management DCF

WACC composition

- Numbers shown below are rounded but were calculated with exact numbers based on period-specific values. Re-calculation of the WACC may lead to deviations in subtotals or totals shown.



Note: [1)] Re-levering with Harris/Pringle formula considering Debt-beta: $\beta L = \beta U + (\beta U - \beta D) * D/E$. [2)] Effective tax rate calculated on IFRS accounts. Difference to statutory tax rate of 18% due to persisting difference between statutory and IFRS accounts. In 2020, tax rate is distorted upwards as a result of non tax-relevant amortization.

DCF valuation – Sensitivity analysis

A sensitivity analysis unveils how the uncertainty in the output of a mathematical model can be divided and allocated to different sources of uncertainty in its inputs. Sensitivities can be tested by altering one or more parameters, with the one-factor-at-a-time analysis (OFAT, ceteris paribus) being the most common approach.

While the sensitivity performed to the Management Plan shown on slide 29 considers reasonable changes to various parameters at one time, the below presented OFAT analysis is simpler by disclosing mathematical effects for a maximum of two parameters (from two consecutive OFATs). For some combinations, the approach may result in a set of parameters being not meaningful or irrational to the underlying business. Such combinations have been shaded in grey.

With the vast majority of meaningful share prices derived form the OFAT analysis falling below the Consideration, the sensitivity analysis supports the fairness conclusion.

Broker Plan

In CHF per share

WACC \ TVGR	0.4%	0.5%	0.6%	0.7%	0.8%
4.75%	110.8	113.4	116.1	119.0	121.9
5.00%	102.6	104.9	107.2	109.7	112.3
5.25%	95.2	97.2	99.3	101.5	103.8
5.50%	88.5	90.3	92.2	94.1	96.1
5.72%	83.2	84.8	86.5	88.2	90.1

TV-EBITDA margin \ TVGR	0.3%	0.4%	0.5%	0.6%	0.7%
36.5%	97.8	99.4	101.0	102.7	104.5
37.0%	100.5	102.2	103.9	105.7	107.6
37.2%	101.5	103.1	104.9	106.7	108.6
37.5%	103.3	105.0	106.8	108.7	110.6
38.0%	106.1	107.8	109.7	111.6	113.6

Management Plan

In CHF per share

WACC \ TVGR	0.1%	0.2%	0.3%	0.4%	0.5%
4.80%	105.9	107.6	109.4	111.3	113.3
4.90%	103.7	105.3	107.0	108.8	110.7
4.97%	102.2	103.8	105.4	107.2	109.0
5.00%	101.6	103.1	104.8	106.5	108.3
5.10%	99.5	101.0	102.6	104.2	105.9

TV-EBITDA margin \ TVGR	0.1%	0.2%	0.3%	0.4%	0.5%
37.0%	97.4	98.9	100.4	102.0	104.0
37.5%	100.0	101.6	103.2	104.8	106.8
37.9%	102.2	103.8	105.4	107.1	108.9
38.5%	105.3	106.9	108.6	110.4	112.5
39.0%	107.9	109.6	111.3	113.2	115.4

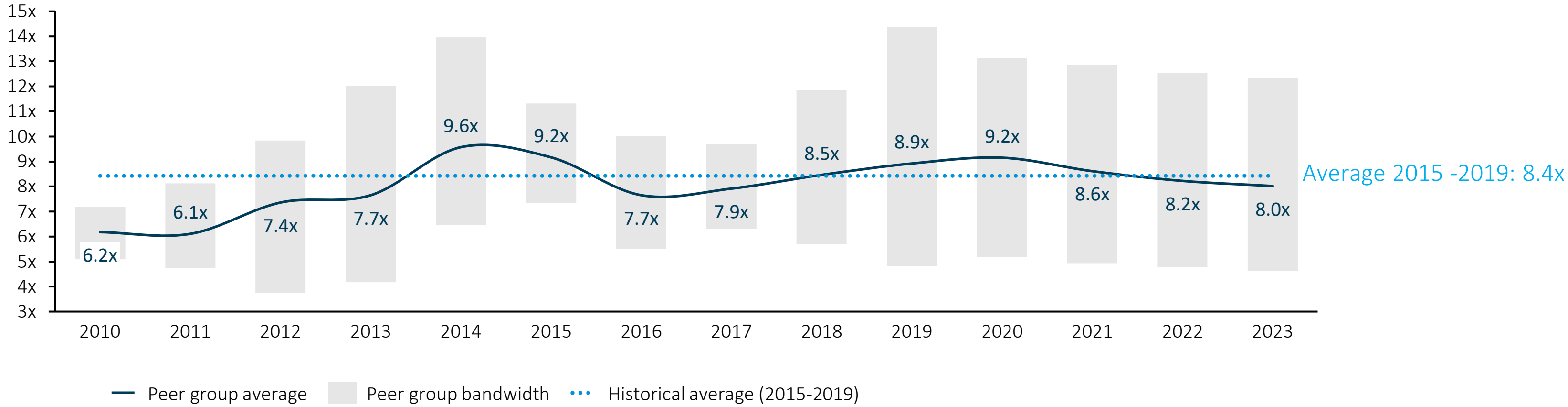
Appendix

Historical and forward EBITDA trading multiples

Historical LTM and forward EBITDA multiples

	MVIC/EBITDA														
	Historicals										Projections				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Swisscom AG	6.7x	6.4x	7.3x	8.4x	9.1x	9.5x	8.8x	9.4x	9.0x	8.9x	8.5x	8.5x	8.4x	8.3x	8.4x
Telefónica Deutschland Holding AG	n.m.	n.m.	8.1x	7.8x	14.0x	9.5x	8.7x	7.5x	6.5x	6.0x	6.3x	6.1x	6.0x	5.6x	5.8x
Tele2 AB (publ)	5.1x	5.6x	8.1x	5.2x	6.4x	7.3x	6.8x	7.4x	11.9x	11.2x	12.1x	11.5x	10.8x	10.5x	11.1x
Elisa Oyj	6.3x	6.2x	6.5x	7.7x	8.2x	11.3x	10.0x	9.7x	10.1x	13.1x	13.1x	12.9x	12.5x	12.3x	12.1x
iliad S.A.	7.2x	8.1x	9.8x	8.3x	9.8x	9.7x	7.5x	7.9x	7.3x	8.0x	11.8x	10.5x	9.5x	8.8x	7.7x
Orange Belgium S.A.	6.3x	5.6x	3.7x	4.2x	7.9x	7.9x	6.3x	6.3x	5.7x	5.0x	5.2x	4.9x	4.8x	4.6x	4.9x
TalkTalk Telecom Group PLC	5.5x	4.8x	8.1x	12.0x	11.6x	9.0x	5.5x	6.8x	6.5x	4.8x	6.5x	6.5x	6.5x	6.4x	6.2x
MásMóvil Ibercom, S.A.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	8.4x	10.8x	14.4x	9.8x	8.0x	7.4x	7.7x	7.3x
Average	6.2x	6.1x	7.4x	7.7x	9.6x	9.2x	7.7x	7.9x	8.5x	8.9x	9.2x	8.6x	8.2x	8.0x	7.9x
Median	6.3x	5.9x	8.1x	7.8x	9.1x	9.5x	7.5x	7.7x	8.1x	8.4x	9.1x	8.2x	7.9x	8.0x	7.5x

EBITDA multiple development



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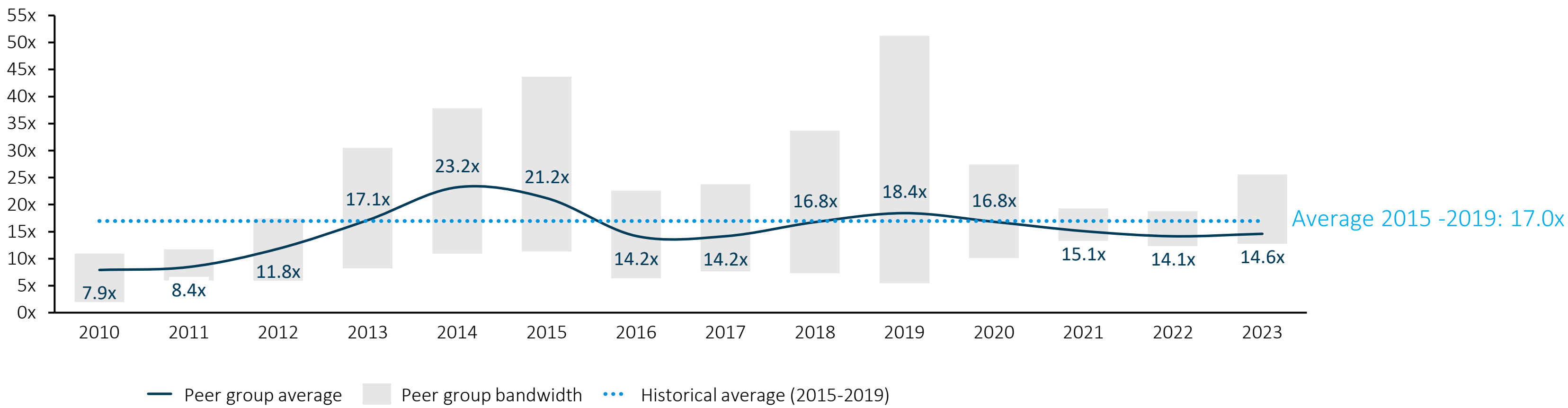
Appendix

Historical and forward OpFCF trading multiples

Historical LTM and forward OpFCF multiples

	MVIC/OpFCF														
	Historicals										Projections				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Swisscom AG	10.9x	11.7x	17.4x	20.2x	21.4x	23.7x	22.6x	23.8x	23.5x	20.8x	16.9x	17.1x	16.7x	16.5x	16.7x
Telefónica Deutschland Holding AG	n.m.	n.m.	14.4x	16.4x	29.4x	20.6x	19.0x	13.7x	11.2x	10.9x	14.6x	13.8x	12.1x	10.5x	12.6x
Tele2 AB (publ)	6.8x	8.5x	13.5x	8.2x	10.9x	14.0x	11.8x	10.4x	16.2x	13.2x	17.6x	17.1x	15.3x	14.6x	15.3x
Elisa Oyj	9.5x	9.4x	9.8x	12.1x	12.3x	17.2x	15.1x	15.7x	15.4x	19.7x	19.7x	19.3x	18.8x	18.2x	17.6x
iliad S.A.	n.m.	n.m.	n.m.	30.5x	36.3x	43.7x	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	25.6x	19.6x
Orange Belgium S.A.	10.8x	8.8x	5.9x	89.1x	37.8x	18.1x	10.3x	11.6x	10.1x	7.7x	11.3x	14.5x	14.4x	9.7x	10.4x
TalkTalk Telecom Group PLC	7.3x	6.0x	10.0x	15.4x	14.5x	11.3x	6.4x	7.7x	7.3x	5.5x	10.1x	10.3x	10.1x	9.5x	8.7x
MásMóvil Ibercom, S.A.	2.0x	6.2x	n.m.	n.m.	n.m.	n.m.	n.m.	16.3x	33.7x	51.2x	27.4x	13.6x	11.7x	12.3x	10.8x
Average	7.9x	8.4x	11.8x	27.4x	23.2x	21.2x	14.2x	14.2x	16.8x	18.4x	16.8x	15.1x	14.1x	14.6x	14.0x
Median	8.4x	8.7x	11.7x	16.4x	21.4x	18.1x	13.4x	13.7x	15.4x	13.2x	16.9x	14.5x	14.4x	13.4x	13.9x

OpFCF multiple development



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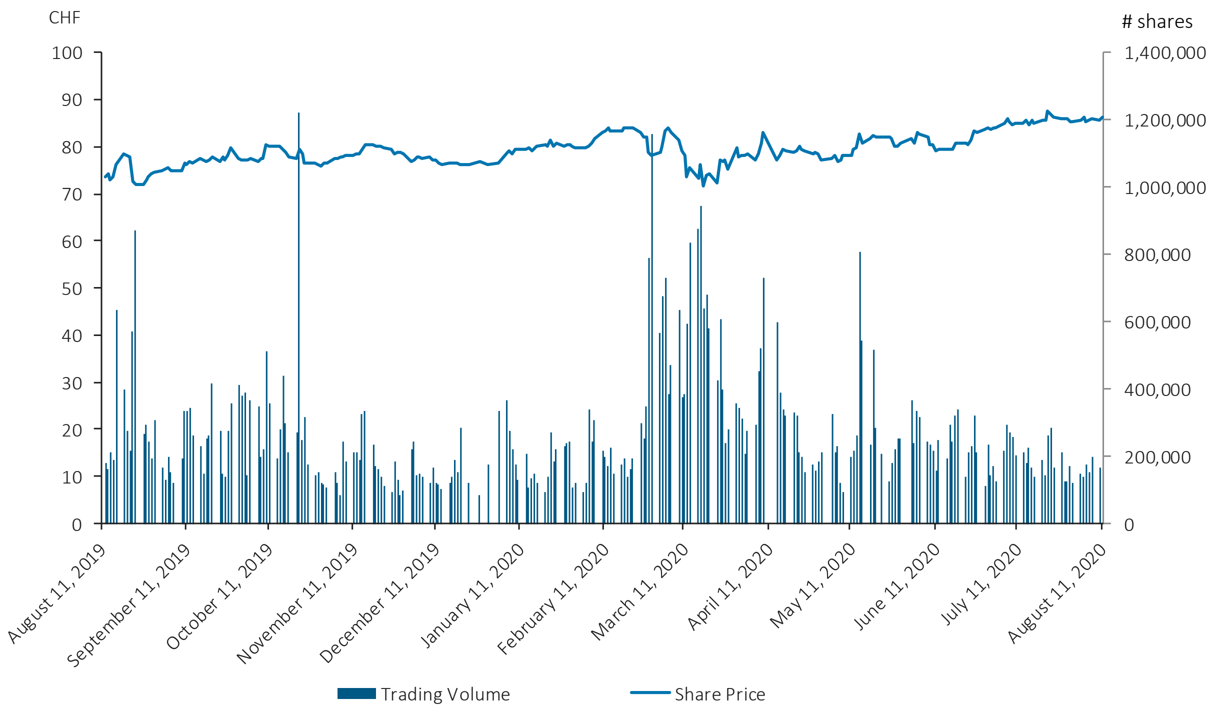
Appendix

Liquidity analysis

Sunrise's daily trading volume (1-year)



Liquidity analysis

- A security not included in the SLI Swiss Leader Index of the SIX Swiss Exchange (SLI) shall be deemed liquid within the meaning of Art. 42, para. 4 FMIO-FINMA if the monthly median of the daily volume of on-exchange transactions is equal to or greater than 0.04% of the tradable portion of the relevant security (free float) in at least 10 of the 12 full months preceding the publication of the offer or the pre-announcement.
- In case of Sunrise, the monthly median of the daily volume is greater than 0.04% of the free float in at least 10 of the 12 full months preceding the publication of the offer.

Sunrise's monthly median of the daily volume of on-exchange transactions is greater than 0.04% of the free float in at least 10 of the 12 full months preceding the publication of the offer. Therefore, the share is considered to be liquid in accordance with Art. 42, para. 4 FMIO-FINMA.[1)]

Note: [1)] TOB Circular No. 2: Liquidity in the context of takeover law.

Appendix

Public takeover premium analysis

Takeover premium analysis of public transactions in Switzerland, 2007-2019

Date	Acquiror	Target	Offer type	Consideration	Impled equity value in CHF m	Offer price in CHF	Premium based on 60-days VWAP
26.11.2018	CMA CGM SA	CEVA Logistics AG	Voluntary	Cash	1,656	30.0	12.2%
20.06.2018	Basler Kantonalbank	Bank Cler AG	Voluntary	Cash	878	52.0	23.0%
22.12.2017	Tamedia AG [1)]	Goldbach Group AG	Voluntary	Cash	217	35.5	3.7%
26.01.2017	Janssen Holding GmbH [1)]	Actelion Ltd	Voluntary	Cash	30,173	280.0	46.4%
19.09.2016	Sempione Retail AG [1)]	Charles Vögele Holding AG	Voluntary	Cash	56	6.4	0.0%
11.04.2016	HNA Aviation (Hong Kong) Air Catering Holding [1)]	gategroup Holding AG	Voluntary	Cash	1,420	53.0	37.0%
03.02.2016	CNAC Saturn (NL) B.V. [1)]	Syngenta AG	Voluntary	Cash	44,115	474.6	26.9%
02.02.2016	Kiwi Holding IV S.à r.l. [1)]	Kuoni Reisen Holding AG	Voluntary	Cash	1,387	370.0	34.1%
17.12.2015	TDK Magnetic Field Sensor G.K. [1)]	Micronas Semiconductor Holding AG	Voluntary	Cash	223	7.5	69.7%
03.11.2014	4T S.A.	Advanced Digital Broadcast Holdings SA	Voluntary	Cash	78	15.5	20.2%
25.09.2014	KUKA AG [1)]	Swisslog Holding AG	Voluntary	Cash	339	1.4	14.4%
15.09.2014	Danaher Corporation [1)]	Nobel Biocare Holding AG	Voluntary	Cash	2,117	17.1	6.7%
16.05.2014	Swisscom AG [1)]	PubliGroupe AG	Competing	Cash	501	214.0	73.4%
25.11.2013	Walter Fust	Tornos Holding AG	Voluntary	Cash	93	4.7	3.8%
09.10.2013	Alpine Select AG	Absolute Invest AG	Voluntary	Cash	171 [2)]	28.5 [2)]	3.3%
02.10.2013	Pharma Strategy Partners GmbH [1)]	Acino Holding AG	Voluntary	Cash	398	115.0	52.8%
28.06.2013	Venetos Holding AG [1)]	Schmolz + Bickenbach AG	Mandatory	Cash	337	2.9	0.0%
31.07.2012	JSH S.A.	Bank Sarasin & Cie AG	Mandatory	Cash	1,393	27.0	2.6%
08.11.2011	Toyota Industries Corporation	Uster Technologies AG	Mandatory	Cash	372	44.0	39.7%
20.06.2011	Axpo Holding AG	EGL AG	Voluntary	Cash	2,244	850.0	20.8%
26.04.2011	HarbourVest Acquisition GmbH [1)]	Absolute Private Equity AG	Voluntary	Cash	835 [2)]	18.5 [2)]	13.8%
20.01.2011	M.R.S.I. Medical Research, Services & Investme	Genolier Swiss Medical Network SA	Mandatory	Cash	118	19.0	7.7%
06.12.2010	3M (Schweiz) AG [1)]	Winterthur Technologie AG	Voluntary	Cash	364	62.0	23.0%
28.07.2010	Adobe Systems Benelux B.V. [1)]	Day Software Holding AG	Voluntary	Cash	219	139.0	59.2%
04.05.2009	Aquamit B.V. [1)]	Quadrant AG	Voluntary	Cash	237	86.0	57.8%
15.09.2008	BASF Handels- und Exportgesellschaft mbH [1)]	Ciba Holding AG	Voluntary	Cash	3,453	50.0	64.3%
10.07.2008	Novartis Pharma AG	Speedel Holding AG	Mandatory	Cash	1,016	130.0	80.1%
11.12.2007	LAM Research Corporation [1)]	SEZ Holding AG	Voluntary	Cash	639	38.0	53.8%
12.12.2007	Aktionärsgruppe von Finck	Von Roll Holding AG	Mandatory	Cash	1,576	8.5	0.0%
Average							**29.3%**
Median							23.0%

Note: [1)] Transactions where the acquiror held a share of less than 33.3% before the public takeover with the offer object to move up above the 33.3% threshold stake. [2)] Values in USD.
Source: Swiss Takeover Board, ValueTrust analysis.

Appendix

Comparable transactions

Buyer	Target	Country	Closing	Publich target	Implied EV (CHF m)	Stake Acquired	LTM EV/ Revenue	LTM EV/EBITDA	Derived premium
Transaction Details							Selected Multiples		
MásMóvil Ibercom, S.A.	Lycamobile Spain Limited	Spain	2020	No	387	100.0%	2.7x	8.0x	n/a
T-Mobile US, Inc.	Sprint Corporation	United States	2020	Yes	79,094	100.0%	2.5x	6.0x	n/m
Apax Partners LLP	Inmarsat Group Holdings plc	United Kingdom	2019	Yes	5,530	100.0%	3.8x	7.5x	47.1%
Socadif SA	Wifirst S.A.S.	France	2019	No	228	55.0%	4.3x	10.5x	n/a
Macquarie	KCOM Group PLC	United Kingdom	2019	Yes	901	100.0%	2.6x	16.9x	21.8%
Basalt Infrastructure Partners II A L.P.	Manx Telecom plc	Isle of Man	2019	Yes	398	100.0%	3.7x	12.2x	19.4%
Liberty Ventures (nka:GCI Liberty, Inc.)	General Communication, Inc.	United States	2018	No	2,791	100.0%	3.0x	10.3x	n/m
Tele2 AB (publ)	Com Hem Holding AB (publ)	Sweden	2018	Yes	4,328	100.0%	5.1x	12.7x	15.6%
CK Hutchison Holdings Limited	Wind Tre S.p.A.	Italy	2018	No	18,813	50.0%	2.8x	7.7x	n/a
Monaco Telecom S.A.M.	MTN Cyprus Limited	Cyprus	2018	No	304	100.0%	2.1x	8.0x	n/a
PFA Pension	TDC A/S	Denmark	2018	Yes	9,449	100.0%	3.0x	7.3x	30.9%
Davidson Kempner Capital Management LP	eir Limited	Ireland	2018	No	4,098	100.0%	2.7x	6.7x	n/a
EQT Partners AB; EQT Infrastructure, L.P.	Segra	United States	2017	Yes	871	100.0%	4.2x	10.3x	11.1%
CenturyLink, Inc.	Level 3 Communications, Inc.	United States	2017	Yes	34,548	100.0%	4.3x	13.1x	50.7%
Telia Company AB (publ)	Phonero AS	Norway	2017	No	272	100.0%	2.1x	10.6x	n/a
BCE Inc.	Manitoba Telecom Services Inc.	Canada	2017	Yes	2,854	100.0%	3.8x	12.2x	23.3%
EQT Partners AB; EQT Infrastructure, L.P.	Delta Comfort BV	Netherlands	2017	No	528	100.0%	2.3x	n/a	n/a
Mean all							**3.2x**	**10.0x**	**27.5%**
Median all							3.0x	10.3x	22.5%
Mean pure mobile player							**2.8x**	**8.9x**	**21.3%**
Median pure mobile player							2.7x	8.0x	21.3%

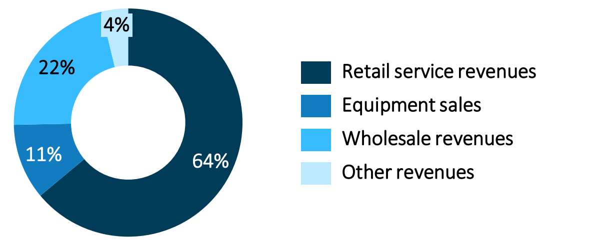
Appendix

Peer Group

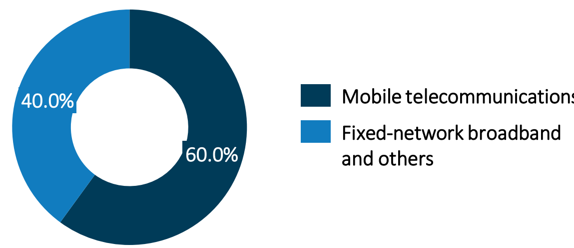
Company description

- **Orange Belgium S.A.** provides telecommunication services in Belgium and Luxembourg.
- The company provides mobile telecommunication, broadband Internet, and TV services to residential clients, as well as mobile and fixed line services to businesses and corporates.
- It also sells telecommunications products and services for individuals through a network of 10 stores in Wallonia; and 12 Orange shops in the Brussel.

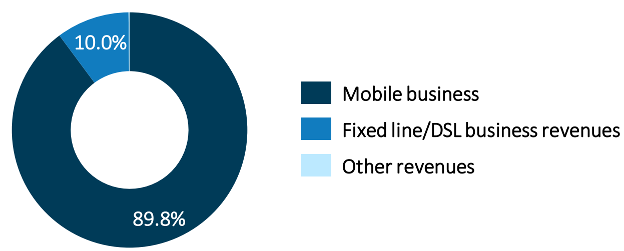
Revenue segmentation



- **Elisa Corporation,** provides telecommunications and digital services.
- It operates in Consumer Customers and Corporate Customers segments.
- The company offers its services under the Elisa, Elisa Saunalahti, Elisa Videra, Elisa Santa Monica, Elisa Automate, and Elisa Smart Factory brands.
- It serves approximately 2.8 million consumer, corporate, and public administration organization customers in Finland, Estonia, and internationally.



- **Telefónica Deutschland Holding AG** provides telecommunication and connectivity solutions to private and business customers in Germany
- The company offers voice, data, and value-added services in mobile and fixed line networks; and access to infrastructure and services for its wholesale partners.
- It also provides Unbundled Local Loop services, including fixed line telephony and high-speed Internet; and digital products and services in the fields of Internet of Things and data analytics.



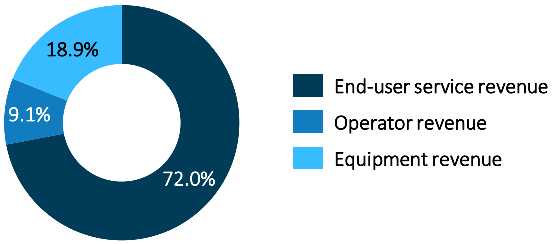
Appendix

Peer Group

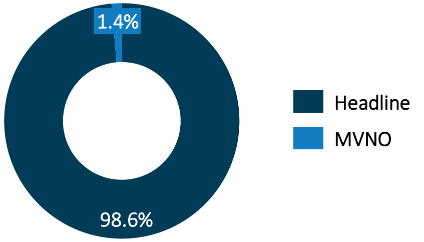
Company description

Revenue segmentation

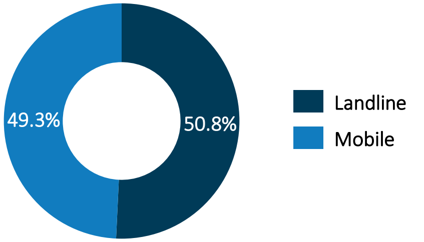
- **Tele2 AB**, a telecom operator, provides telecommunication services for residential and business customers.
- The company offers mobile voice telephony, handset data, messaging, and value-added services as well as mobile broadband service, fixed voice and broadband, TV, fixed and mobile telephony services.
- In 2018, Tele2 acquired Com Hem Holding, a communications company providing digital TV, fixed telephony and broadband services.
- Tele2 was founded in 1993 and is headquartered in Stockholm, Sweden.



- **TalkTalk Telecom Group PLC** provides telecommunications services to consumers and business to business customers in the United Kingdom.
- It offers fiber, broadband, landline, TV, and mobile services under the TalkTalk and TalkTalk Business brands.
- TalkTalk Telecom Group PLC was founded in 2002 and is based in Salford, the United Kingdom.

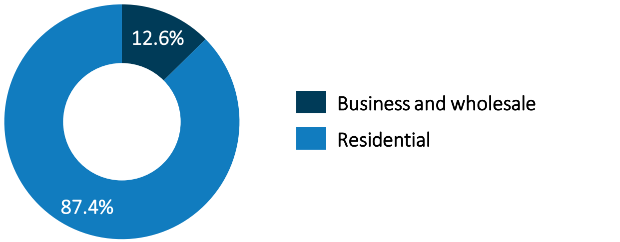
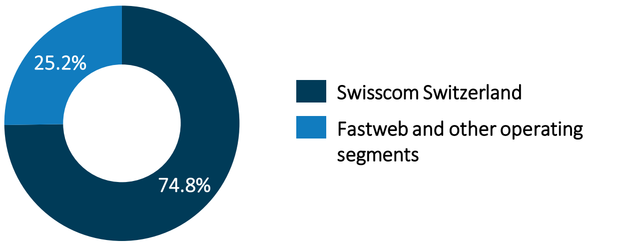


- **iliad S.A.** provides integrated fixed and mobile telecommunications services in France and Italy
- The company offers VoIP, IPTV, and flat-rate calling plans, as well as provides Freebox, a multiservice box on ADSL
- As of March 31, 2020, it had 20 million subscribers in France and 5.8 million subscribers in Italy
- The company was founded in 1999 and is based in Paris, France.



Appendix

Peer Group

Company description	Revenue segmentation
▪ **MásMóvil Ibercom, S.A.** provides telecommunications services to residential customers, businesses, and operators in Spain. It operates in three segments: Residential, Business, and Wholesale. ▪ It offers fixed and mobile connectivity services to private end customers; virtual switchboards and cloud with unified communications; internet connectivity solutions; VPN solutions; and data center services. The company provides its services under the Yoigo, Pepephone, MASMOVIL, Hits Mobile Lebara, and Llamaya brand names.	
▪ **Swisscom AG** is the incumbent Swiss market leader for mobile telecommunications, fixed line telephony and television. ▪ The company also occupies a leading market position in a wide range of IT business segments and network services. ▪ The subsidiary Fastweb is a leading alternative provider for both retail and business customers in the Italian fixed line market. ▪ Swisscom was founded in 1998 and is headquartered in Bern, Switzerland.	

Macroeconomic outlook

Percentage change in real gross domestic product (GDP)

- As a result of the COVID-19 pandemic, the economy in the Euro area is projected to contract sharply by -7.5% in 2020 and recover by 4.7% in 2021 as economic activity normalizes, helped by policy support.
- Switzerland showed decreasing GDP growth rates from 2.5% to 0.6% between the period 2017 and 2019. Due to the COVID-19 pandemic, the economy in Switzerland is expected to contract -6.0% in 2020 and recover by 3.8% in 2021.

Percentage change in the consumer price index (CPI) (Inflation)

- Inflation is expected to decline from 3.6% in 2019 to 3.0% in 2020 worldwide and from 1.2% in 2019 to 0.2% in 2020 in the Euro area. Due to the current accommodative fiscal policy of the European Central Bank, inflation is projected to be 1.0% in 2021.
- Prices in Switzerland are expected to decrease to -0.4% in 2020 but recover to a reasonable level of 0.6% in 2021.

- An outlook beyond 2021 is neither available for GDP nor CPI expectations due to COVID-19 uncertainties.

Percentage change in real gross domestic product

				Estimates	
	2017	2018	2019	2020	2021
World	3.9	3.6	2.9	-3.0	5.8
Euro area	2.5	1.9	1.2	-7.5	4.7
Switzerland	2.5	1.5	0.6	-6.0	3.8

Percentage change in consumer price index

				Estimates	
	2017	2018	2019	2020	2021
World	3.2	3.6	3.6	3.0	3.3
Euro area	1.5	1.8	1.2	0.2	1.0
Switzerland	1.7	2.0	1.3	-0.4	0.6

Taking into account
i. the overall saturation of the mobile market in Switzerland,
ii. the overall macroeconomic outlook with negative risk-free rates,
iii. and current COVID-19 uncertainties going forward
a TVGR of 0.3 – 0.5% was determined to be appropriate for Sunrise.

Source: International Monetary Fund, World Economic Outlook, April 2020.

Appendix

List of abbreviations

%	Percentage
#	Number
Ø	Average
4G	Fourth generation
5G	Fifth generation
AB	Aktiebolag (limited company)
AG	Aktiengesellschaft (Stock corporation)
Approx.	approximately
ARPU	Average revenue per user
Art.	Article
B2B	Business-to-Business
B2C	Business-to-Consumer
bn	Billion
BoD	Board of Directors
BV	besloten vennootschap (Dutch; private limited liability company)
c./ca.	Circa
CAGR	Compound annual growth rate
Capex	Capital expenditure
CAPM	Capital asset pricing model
CCO	Chief Consumer Officer
CEFA	Certified European Financial Analyst
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Swiss Franc
cont'd	Continued
COVID-19	Corona Virus Disease 2019
CPI	Customer price index
CVA	Certified Valuation Analyst
CYO	Chief YOL Officer
D&A	Depreciation and amortization
DACH	Germany, Austria and Switzerland
DCF	Discounted cash flow
DPS	Dividend per share
e.g.	For example
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
Et seq.	Et sequentes (“and the following”)
Etc.	Et cetera
EU	European Union
EUR	Euro
EV	Enterprise Value
Excl.	Excluding
FCF	Free cash flow
FtD	Flow to debt
FMIO-FINMA	Financial Market Infrastructure Ordinance
FORC	Fairness Opinion Review Committee
FttH	Fiber to the home
GDP	Gross domestic product
HR	Human Resources
Inc.	Incorporated
Incl.	Including
IFRS	International Financial Reporting Standards

List of abbreviations (cont'd)

IPTV	Internet Protocol television
IT	Information technology
JV	Joint venture
K	Thousand
KPI	Key performance indicator
LLP	Limited liability partnership
LP	Limited Partnership
LTE	Long-Term Evolution
LTM	Last twelve months
m	Million
max	Maximum
min	Minimum
M&A	Mergers and acquisitions
MCAP	Market Capitalization
MRP	Market risk premium
MNO	Mobile network operator
MVIC	Market value of invested capital
MVNO	Mobile virtual network operator
n.a.; n/a	Not applicable
n.m.; n/m	Not meaningful
NOPLAT	Net operating profit less adjusted taxes
OFAT	One-factor-at-a-time analysis
OpFCF	Operating free cash flow
OTT	Over-the-top content
Oyj.	Julkinen osakeyhtiö (public limited company)
p.	Page
p.a.	Per annum
Para.	paragraph
plc.	Public Limited Company
pp	Percentage point
Publ	Public
Q1	First quarter
Q2	Second quarter
Q3	Third quarter
S.A.	Société anonyme (public limited company)
S.A.S.	Société par actions simplifiée
SLI	Swiss Leader Exchange
SME	Small and medium-sized enterprises
SMS	Short Message Service
S.p.A.	Società per azioni
TOB	Swiss Takeover Board
TV	Terminal Value
TV	Television
TVGR	Terminal Value growth rate
US	United States
VoIP	Voice over internet protocol
VPN	Virtual private network
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WC	Working Capital
WEKO	Swiss Competition Commission
y-o-y	Year-on-year

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