

Media Release

Sonova addresses challenges related to COVID-19 and updates outlook for FY 2019/20

Stäfa (Switzerland), March 25, 2020 – Sonova Holding AG, a leading provider of hearing solutions, proactively addresses the rapidly changing situation related to the global spread of the novel coronavirus (COVID-19). Following the Group's strong growth trajectory over the last two years, the steps are aimed at preserving the Group's competitiveness, maintaining liquidity and to be best-positioned for the expected market recovery once the restrictive measures related to COVID-19 are lifted. Reflecting a steep deterioration of market conditions in the global hearing care industry in the final weeks of FY 2019/20, Sonova updates its outlook. In local currencies, the Group now expects sales for the financial year to grow by around 8% (previous guidance: 9%-11%) and a rise in adjusted EBITA below the previous guidance. While the growth in adjusted EBITA was well in line with the updated guidance until the start of the pandemic, an accurate estimate for FY 2019/20 is not possible at this time due to the rapidly changing environment.

Sonova showed strong growth momentum over the last two years and performed well above expectations until very recently, as evidenced by the increase of the outlook in mid-February. Since the beginning of March, the Group's business activities have however been severely impacted by the global health and economic crisis resulting from the COVID-19 pandemic. The strong restrictions in many major markets, aimed at slowing down the spread of the virus, are impacting the entire hearing care industry, including Sonova as a market leader. Audiology stores – the primary distribution channel for hearing care products and services to consumers – have reduced operating hours or are temporarily closed, which affects both Sonova's Audiological Care and Hearing Instruments business. In addition senior citizens, who account for a large part of the hearing care consumers, are part of the high-risk group for COVID-19 and have been asked to stay at home to protect their health. Further, the Cochlear Implant business is affected, because many countries are deferring elective surgeries.

Given its market and innovation leadership, Sonova is well positioned to benefit from the expected gradual recovery of demand once the situation starts to normalize. The attractive fundamentals of the hearing care market remain intact, despite the temporary impact from the pandemic. The Group is therefore focused on taking responsible and foresighted measures to bridge this challenging phase, to mitigate the financial impact of COVID-19, to preserve its competitiveness, and ensure it is ready for the market rebound. Strict cost control measures are implemented across the global organization. This includes a hiring freeze, leveraging the available government subsidized work time reductions to preserve jobs and talent for the long-run, the postponement of non-critical spending and investments, and a strong focus on working capital management.

At the same time, investments in R&D will continue as planned in order to protect Sonova's innovation leadership in the hearing health care market for the future.

The Group has a healthy cash position, access to additional financing through existing credit lines, and is pursuing further sources of liquidity. Measures have been put in place to bolster its financial strength, including strict cash management. In this context, Sonova has also suspended its share buyback program earlier this month. The dynamic global development of the situation continues to pose significant uncertainties. Coupled with the sharp slowdown in consumer demand in recent weeks, Sonova now expects sales to grow by around 8% (previous guidance: 9%-11%) in local currencies. Until the start of the pandemic, growth in adjusted EBITA was well in line with the updated guidance provided in February 2020. However, due to the rapidly changing environment in recent weeks and the challenging circumstances of our customers, the growth in adjusted EBITA for FY 2019/20 cannot be accurately estimated at this time. The strong mid-term prospects for the Group remain intact. Sonova is scheduled to report its results for FY 2019/20 on May 19 and will provide more details at that time.

Arnd Kaldowski, CEO of Sonova, says: “During these challenging times, it is essential that we act decisively to protect health and safety of our employees and customers and the strengths of Sonova, while at the same time taking decisive actions to mitigate the financial impact of COVID-19. I am convinced that we will weather this storm successfully, and that the market will come back strongly. Hearing remains a fundamental human need, and as such, hearing solutions remain a vital segment in the global health care sector.”

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About Sonova

Sonova, headquartered in Stäfa, Switzerland, is a leading provider of innovative hearing care solutions. The Group operates through its core business brands Phonak, Unitron, Hansaton, Advanced Bionics and AudioNova. Sonova offers its customers one of the most comprehensive product portfolios in the industry – from hearing instruments to cochlear implants to wireless communication solutions.

Pursuing a unique vertically integrated business strategy, the Group operates through three core businesses – hearing instruments, audiological care and cochlear implants – along the entire value chain of the hearing care market. The Group's sales and distribution network, the widest in the industry, comprises over 50 own wholesale companies and more than 100 independent distributors. This is complemented by Sonova's audiological care business, which offers professional audiological services through a network of around 3,500 locations in 19 key markets.

Founded in 1947, the Group has a workforce of over 14,000 dedicated employees and generated sales of CHF 2.76 billion in the financial year 2018/19 as well as a net profit of CHF 460 million. Across all businesses, and by supporting the Hear the World Foundation, Sonova pursues its vision of a world where everyone enjoys the delight of hearing and therefore lives a life without limitations.

For more information please visit www.sonova.com and www.hear-the-world.com.

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