

Media Release

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Subject	Sales and Profit Guidance for FY 2004/05
Date	April 26, 2005
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High Sustainable Growth driven by Superior Innovation

Record Sales of CHF 679 Million – Strong Increase in Profitability

The management of the Phonak Group is pleased to confirm its guidance for sales and EBITA for the fiscal year ended March 31, 2005.

The Phonak Group expects to post consolidated sales of CHF 679 million. Compared to the prior year, this represents a 9.4% increase in local currencies. The strengthening of the CHF, especially against the USD, led to a negative currency effect of 3.0% and a reported currency growth rate of 6.4%. Given this sales growth, management is confident to achieve an EBITA margin of more than 18%, compared to 16.2% in fiscal year 2003/04.

The Phonak Group continued to increase its global market share as sales developed favorably in all key markets, including Asia Pacific. Sales growth was driven by a broad base of product lines: the established full range of hearing instruments by Phonak and Unitron Hearing, Phonak's unique wireless FM systems and the recently launched **Savia** product line. Unitron Hearing again performed very well, particularly due to its successful **Unison** product line covering the digital economy segment.

Savia, launched by Phonak in February 2005, is the first hearing system to exploit the full potential of digital technology. Savia is receiving excellent feedback from both hearing aid specialists and end-users and early sales results reflect their enthusiasm. In fact, Savia represents the fastest and strongest product launch in the history of the Phonak Group. Hence, management is optimistic about the further market success of Savia as well as future additional products that will be based on the same proprietary digital platform.

More New Products Unveiled in March/April 2005

Several weeks ago, at the convention of the American Academy of Audiology in Washington, DC, the Phonak Group presented a number of new products that will boost sales in the fiscal year 2005/06. Phonak launched a new miniaturized Behind-the-Ear (BTE) hearing instrument called **miniValeo**, which offers all the proven functions of the Valeo mid-range digital product line, yet in a new, appealing and miniaturized BTE shell. In addition, Phonak launched another industry first, called **iLink**. iLink is a hearing system that combines, in one device, a digital multi-frequency FM receiver and a digital multi-channel hearing aid. In combination with **EasyLink**, an new, easy to operate remote microphone system, the advantages of wireless communication have never been so easily accessible to users. Finally, Unitron Hearing, presented the **Conversa.NT** product line which brings unequaled value into the mid-range digital segment. Conversa.NT is also available in a modern, miniaturized and easy-to-fit version called **Moda**.

Outlook for 2005/06

Management is confident that sales and profitability will continue to grow as the Group focuses on its strategy of product innovation, expanded sales and distribution channels, and proactive cost management. Specifically, management expects sales and profit improvement in 2005/06 to come from further Savia sales, as well as the new products launched in March/April 2005 and those that will be launched in October 2005. Finally, sales and profit growth will come from the entire product offering being sold through expanded sales channels.

Investor Relations Calendar

Media and Analysts Meeting on June 7, 2005

The audited financial statements for the fiscal year ended March 31, 2005 will be presented at the Media and Financial Analysts Meeting on June 7, 2005 at the Group headquarters in Stäfa. An audio webcast, as well as the media release, will be available in the Investors section of our homepage www.phonak.com.

Annual General Meeting on July 7, 2005

The meeting will be held at the Kongresshaus in downtown Zurich.