sonova

Media Release

Subject **Full-Year Results 2008/09**
Place, Date Stäfa, May 19, 2009
Editor Dr. Valentin Chapero (CEO) and Oliver Walker (CFO)

Sonova achieves strong organic sales growth of 7.8% and extends its position as market and innovation leader

Despite the adverse economic climate, Sonova managed to achieve record sales of CHF 1,249 million and further expanded its market share on the back of organic growth of 7.8% in local currencies and 3.0% growth from acquisitions. Profitability was maintained at a high level, with an EBITA margin of 26.6%. Income after taxes amounted to CHF 284 million.

– New sales record of CHF 1,249 million – the Sonova Group has increased its market share to around 23%, making it the world's biggest manufacturer of hearing systems according to sales

– Organic sales growth of 7.8% significantly exceeded hearing instrument market growth

– 3.0% growth by acquisitions – distribution network further strengthened through acquisitions and foundation of new Group Companies

– EBITA margin of 26.6% maintained at a high level despite negative currency effects

– 62% of sales achieved with products launched less than two years ago – most innovative and comprehensive product portfolio in the industry

– New product releases: the hearing systems Versáta, Certéna, Audéo YES, Next and 360 set new benchmarks in hearing system technology

– Solid income after taxes of CHF 284 million achieved – proposal of unchanged dividend of CHF 1.00 to the Annual General Shareholders' Meeting

– Board of Directors proposes the election of three new members to the Annual General Shareholders' Meeting

– Positive outlook for the financial year 2009/10: based on current market conditions, the Sonova Group expects an organic growth of 6–8% in local currencies and an EBITA margin around the previous year's level

Sonova Holding AG
Laubisrütistrasse 28 · 8712 Stäfa · Switzerland
Phone +41 58 928 33 33 · Fax +41 58 928 33 99 · www.sonova.com

Significant organic sales growth
In the financial year 2008/09, the Sonova Group increased its sales from CHF 1,204.8 million to CHF 1,249.2 million, achieving solid overall growth of 3.7% in Swiss francs. The Group's organic sales growth was 7.8% in local currencies. The Swiss franc appreciated against all major currencies in which Sonova generates sales, with the exception of the Chinese yuan and Japanese yen. Overall, this resulted in a negative currency impact of 7.1% on sales. Sonova also completed a series of acquisitions which contributed a combined 3.0% to sales growth. The growth of the overall hearing instrument market for the financial year 2008/09 is estimated to be around 2% in terms of units sold. "We significantly exceeded market growth and expanded our market share to around 23% in value terms," CEO Valentin Chapero said. "This makes us the world's biggest manufacturer of hearing systems according to sales."

The highest growth was achieved in the Asia/Pacific region, at 18.4% in local currencies, mainly as a result of increased sales in Japan and the continuing penetration of the Chinese market. Europe posted a very solid performance, achieving growth of 6.9% in local currencies. Key markets such as Germany, France and Italy continued to benefit from robust demand. The Americas region reported growth of 12.9% in local currencies, with especially strong growth achieved in the USA, Canada and Brazil.

In 2008/09 the growth of the various product groups was disproportionately influenced by strong demand for business class and economy class hearing systems. Growth in these market segments came to 24.6% and 18.1% respectively in local currencies. First class hearing systems now account for a smaller proportion of Group sales. During the financial year 2008/09, first class hearing systems accounted for 26% of Sonova's Group sales, compared with 23% for business class and 30% for economy class systems.

Wireless communication systems achieved growth of 13.0% in local currencies. Sonova's sales from miscellaneous products and services increased by 11.5% in local currencies.

High level of profitability
During the reporting period Sonova was able to increase its gross profit from CHF 841.6 million to CHF 867.2 million despite the challenging market conditions. The gross profit margin of 69.4% lowered somewhat from last year's figure of 69.9%.

During the financial year 2008/09 Sonova achieved an operating profit (EBITA) of CHF 331.8 million, compared with CHF 339.8 million in the previous year. The EBITA margin slipped from 28.2% to 26.6% mainly due to the negative currency effects mentioned above. The adverse effects were partly offset by savings in materials procurement, economies of scale in production and the early launch of a cost-saving program across the entire Group. The proportion of added value from Asia increased, while production facilities in Vietnam and China were expanded further, thus improving the efficient cost structure of Sonova's production network. During the reporting period spending on sales, marketing and administration increased to 36.7% of total sales, compared with 35.2% in the prior year. Sales and marketing was expanded, mainly through a number of acquisitions to strengthen existing sales channels.

Because of the lower operating profit, the slight decline in the financial result and the modest increase in tax expenses, Sonova's income after taxes for the financial year 2008/09 came to CHF 284.1 million compared with CHF 305.2 million in the previous financial year.

In view of the Group's positive result, the Board of Directors will be submitting a proposal to the Annual General Shareholders' Meeting on June 10, 2009 to pay out a dividend of CHF 1.00 per share, the same as last year.

Lead in innovation further extended
In the financial year 2008/09 the Sonova Group generated 62% of sales with products less than two years old, demonstrating its technological leadership over its competitors. Spending on Research & Development (R&D) came to 6.2% of Group sales, the same level as last year. Under its two core brands Phonak and Unitron, Sonova launched several new products on the market in 2008/09 and was able to establish Phonak's entire portfolio on the new CORE platform within 12 months. Unitron managed to significantly improve its market position and strengthen its brand. New product releases such as the hearing systems Versáta, Certéna, Audéo YES, Next and 360 have been accepted very well by the market and set new benchmarks in hearing system technology. Sonova today offers the most innovative and comprehensive product portfolio in the industry.

Increased investment activity
Sonova's free cash flow in the financial year 2008/09 was CHF 79.0 million compared with CHF 219.4 million in the previous year. During the reporting period the Sonova Group invested heavily in the future of the business, including new production facilities in Stäfa, Switzerland and in Suzhou, China. Sonova invested cash funds of CHF 97.3 million in various smaller acquisitions, CHF 60.8 million more than last year. The free cash flow was mainly used for increasing dividend payments to shareholders and for the share buy-back program. Shares have been bought back until October 2008, to date Sonova has repurchased 3.2% of outstanding shares.

Proposal for the election of new members to the Board of Directors
The Board of Directors will propose the election of three new members to the Annual General Shareholders' Meeting on June 10, 2009. Anssi Vanjoki, Ronald van der Vis, and Dr. Valentin Chapero are nominated for election to the Board of Directors. Anssi Vanjoki (born in 1956, Finnish citizen) is Executive Vice President and General Manager of Nokia's "Markets" unit since 2008 and a member of the Nokia Group Executive Board since 1998. In addition, he is Chairman of the Board of Directors of Amer Group Plc, one of the world's leading sports equipment companies, headquartered in Finland. Ronald van der Vis (born in 1967, Dutch citizen) was Chief Executive Officer of Pearle Europe B.V., a leading optical retail group, until May 2009. In June 2009, he will be appointed Executive Director of Esprit Holdings Limited, an international fashion group. Following a transition period, he will also be appointed Group Chief Executive Officer. In addition, he is a member of the Supervisory Board of Grand Vision S.A., France, a leading European optical retail chain. Valentin Chapero (born in 1956, Spanish citizen) is CEO of the Sonova Group since October 2002. He is also Chairman of the industry body European Hearing Instrument Manufacturers' Association (EHIMA).

Media Release

Positive outlook unchanged
The Sonova Group does not expect any change in the key growth drivers of the hearing instrument market. In the medium to long term, demographic trends, higher market penetration and the Group's expanding market share will ensure that Sonova will grow faster than the long-term trend for the overall market of 4–7% p.a. measured by units sold. For the financial year 2009/10 based on the current market conditions and barring unforeseen events, the Sonova Group expects organic sales growth of 6–8% in local currencies and an EBITA margin around the previous year's level.

The Annual Report 2008/09 can be downloaded from:
www.sonova.com/en/investors/annualreports

Contact Dr. Holger Schimanke
Director Investor & Corporate Relations
Phone +41 58 928 33 44
Email holger.schimanke@sonova.com

Gina Francioli
Investor & Corporate Relations
Phone +41 58 928 33 47
Email gina.francioli@sonova.com

Key Figures Sonova Group (Consolidated)

in 1,000 CHF unless otherwise specified	2008/09[1]	Reported performance 2007/08[2]	Underlying performance 2007/08[2)/3]
Sales	1,249,197	1,204,779	1,204,779
change compared to previous year (%)	3.7	12.3	12.3
Gross profit	867,218	841,584	841,584
change compared to previous year (%)	3.0	15.0	15.0
in % of sales	69.4	69.9	69.9
Research & development costs	77,377	76,454	76,454
in % of sales	6.2	6.3	6.3
Sales & marketing costs	340,312	309,200	309,200
in % of sales	27.2	25.7	25.7
Operating profit before acquisition-related amortization (EBITA)	331,778	331,737	339,752
change compared to previous year (%)	(2.3)	17.0	19.8
in % of sales	26.6	27.5	28.2
Operating profit (EBIT)	325,014	326,743	334,758
change compared to previous year (%)	(2.9)	16.8	19.7
in % of sales	26.0	27.1	27.8
Income after taxes	284,110	274,140	305,196
change compared to previous year (%)	(6.9)	12.9	25.7
in % of sales	22.7	22.8	25.3
Number of employees (average)	5,108	4,351	4,351
change compared to previous year (%)	17.4	14.1	14.1
Number of employees (end of period)	5,339	4,746	4,746
change compared to previous year (%)	12.5	18.0	18.0
Net cash[4]	227,689	311,647	311,647
Net working capital[5]	152,355	107,890	107,890
in % of sales	12.2	9.0	9.0
Capital expenditure (tangible and intangible assets)[6]	75,985	55,892	55,892
Capital employed[7]	798,934	608,207	608,207
in % of sales	64.0	50.5	50.5
Total assets	1,426,560	1,273,928	1,273,928
Equity	1,026,623	919,854	919,854
Equity financing ratio (%)[8]	72.0	72.2	72.2
Free cash flow[9]	79,003	219,392	219,392
in % of sales	6.3	18.2	18.2
Return on capital employed (%)[10]	46.2	56.6	57.9
Return on equity (%)[11]	29.2	30.2	33.6
Basic earnings per share (CHF)	4.348	4.087	4.551
Diluted earnings per share (CHF)	4.330	4.044	4.503
Dividend per share (CHF)	1.00[12]	1.00	1.00

1) All changes compared to previous year are based on the underlying performance 2007/08.
2) Restated as a result of initial application of IFRIC 14, for details refer to Note 2 in the consolidated financial statements of the Annual Report 2008/09.
3) Excluding one-off costs for the prohibited acquisition of the GN ReSound Group (see Note 2 in the consolidated financial statements of the Annual Report 2008/09). Balance sheet and cash flow as reported.
4) Cash and cash equivalents + other current financial assets – short-term debts – other current financial liabilities – non-current financial liabilities.
5) Receivables + inventories – trade payables – current income tax liabilities – other short-term liabilities – short-term provisions.
6) Excluding goodwill and intangibles relating to acquisitions.
7) Total assets – cash and cash equivalents – other current financial assets – trade payables – other liabilities – provisions – tax liabilities.
8) Equity in % of total assets.
9) Cash flow from operating activities + cash flow from investing activities.
10) EBIT in % of capital employed (average).
11) Income after taxes in % of equity (average).
12) Proposal to the Annual General Shareholders' Meeting of June 10, 2009.

Disclaimer
This Media Release contains forward-looking statements which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

This is Sonova
Sonova is the leading provider of innovative hearing healthcare solutions. This globally active group of companies is one of the world's top three manufacturers of hearing systems, the market leader in wireless communication systems for audiology applications and a provider of professional solutions for hearing protection. Sonova is pursuing a clear growth strategy and is intent on building its market share. To this end it is constantly expanding its existing business segments and branching out into other areas of the hearing healthcare industry.

Present in over 90 countries, and with a workforce of over 5,300 employees, Sonova generated sales of CHF 1.249 billion in the financial year 2008/09 and a net profit of CHF 284 million. This financially strong group of companies bases its success on innovation, customer focus and proactive cost management.

Communication is a megatrend in our society. Modern communication requirements and the sheer volume of audio information available - whether music or the spoken word - continue to increase, so that hearing is becoming an increasingly important facility. Due to demographic trends and harmful environmental impacts, more and more people now suffer from hearing loss, and yet only roughly a fifth of them make use of professional hearing solutions. Sonova therefore wants to raise public awareness of the importance of hearing and highlight the social and emotional impact of hearing loss, as well as providing information on potential solutions. In the *Hear the World* initiative, for example, world-famous celebrities stress the importance of good hearing.

The company has been successfully promoting understanding and communication for over 60 years, and is ideally positioned to benefit from the trends in this growth industry.

For more information please visit www.sonova.com.
Sonova shares (ticker symbol: SOON) have been listed on the SIX Swiss Exchange since 1994.