

# J.P. Morgan Healthcare Conference 2024

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# Sustainable market leader in an attractive industry

## Attractive market

- Attractive secular growth drivers
- Significant penetration potential in mild and moderate hearing loss population and high growth developing markets
- Continued potential to innovate “Better Hearing”
- Opportunity to elevate hearing aid adoption and value capture through focus on known comorbidities

## Leading market position

- Leading position in the Hearing Industry
- Advanced vertically integrated business model
- Broadest and most advanced product offering
- Global and differentiated distribution network, with scaled direct consumer access



## Focus on sustainability

- Strong purpose and positive impact on society by providing advanced hearing health care
- *IntACT* ESG strategy executed Group-wide
- Ambitious climate actions linked to science-based targets
- Industry leading ESG performance, recognized by major rating agencies

## Strong financials

- Attractive profit margins
- Strong balance sheet and cash generation
- Moderate leverage and long-term debt structure at low interest rates
- Significant capacity for organic and inorganic growth investments
- Low tax rate

► The fundamentals of Sonova’s business remain strong and offer attractive value creation opportunities

# Product and service offering

Broadest and most advanced offering of hearing care solutions

## Audiological Care



- Individual diagnostics and analysis
- Hearing assessments and counseling, personalized fitting of hearing aids
- After care and hearing aid maintenance services



## Hearing Instruments | PHONAK unitron.



Receiver-In-Canal (RIC) hearing instruments



Behind-The-Ear (BTE) hearing instruments



In-The-Ear (ITE) hearing instruments



Roger wireless systems

## Consumer Hearing | SENNHEISER A brand licensed by Sonova



Premium & True Wireless headphones



Audiophile



Enhanced hearing



Self-fitting hearing aids (OTC)

## Cochlear Implants | AB ADVANCED BIONICS



Cochlear implant systems with electrodes



Sound processors



# Our strategy

Strategic pillars

Lead innovation in audiological performance & consumer experience

Leverage **M&A** to accelerate growth strategically

Continuous **process** improvement through Sonova X & structural optimization

Invest in high growth developing markets

Expand consumer access through **omni-channel** audiological care network and consumer device business

Extend reach through **multi-channel, value-adding** partnerships & commercial excellence



► Consistent implementation of our proven strategy continuing

# Our growth ambition

Ambition to gain market share through customer-focused growth strategy and strong execution capability

## Mid-term targets

**Sales CAGR**  
6-9% p.a. in LC  
*organic: +5-7%*  
*M&A: ~+1-2%*

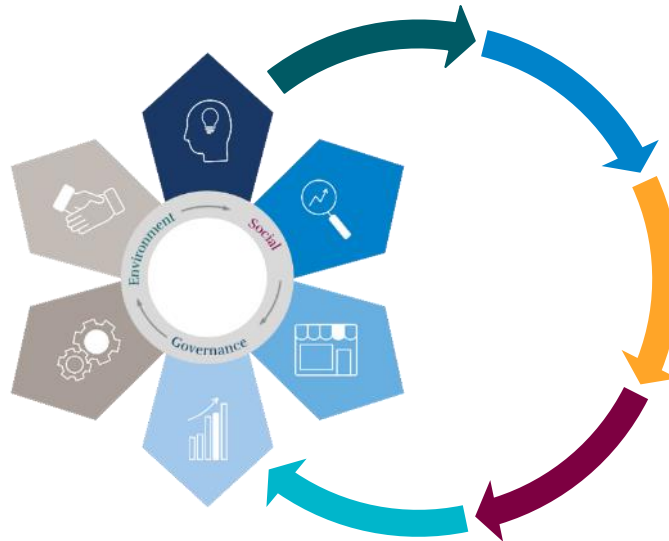
**adj. EBITA CAGR**  
7-11% p.a. in LC

## Market growth (in value)

**Mid-term CAGR**  
4-6% p.a.

## Sonova growth strategy

Executing on our strategic pillars to drive above-market growth



## Key focus areas

Targeted growth initiatives in 5 focus areas enabled by continued growth investments



► Mid-term targets and strategy unchanged – Continuing to drive above-market growth and margin expansion

# Key growth drivers

Customer centricity and growth initiatives driving sustainable, above-market growth

Lead innovation		Broaden consumer access	Deliver commercial excellence	Accelerate high growth markets
<b>Advance audiological performance</b> <b>Pioneer technology &amp; deliver best-in-class audiological performance</b>	<b>Expand consumer value</b> <b>Deliver consumer-centric value-add through differentiated solutions</b>	<b>Provide broad consumer access to pinnacle audiological services &amp; solutions</b>	<b>Be the partner of choice through state-of-the art &amp; customer-oriented service</b>	<b>Expand presence in markets with high growth potential</b>
<b>Key growth drivers</b>				
<ul style="list-style-type: none"> <li>– Elevate <b>core hearing performance</b> by expanding <b>processing power and algorithms</b> (incl. AI technologies)</li> </ul>	<ul style="list-style-type: none"> <li>– Enhance consumer value through <b>technology-enabled medical services</b> and expand category with <b>early-entry hearing devices</b></li> </ul>	<ul style="list-style-type: none"> <li>– Expand network through <b>M&amp;A and greenfield openings</b></li> <li>– Elevate <b>consumer journey</b> through <b>digitization and omni-channel interaction</b></li> </ul>	<ul style="list-style-type: none"> <li>– Elevate relationships with B2B customers through <b>value-added services, feet on the street investments</b> and <b>commercial excellence</b></li> </ul>	<ul style="list-style-type: none"> <li>– Scale up <b>Audiological Care business network</b> and further build on <b>consumer audio brand in China</b></li> </ul>

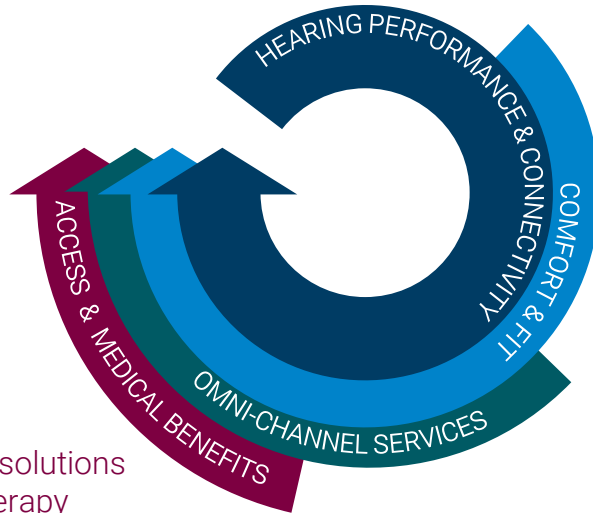
► Key growth drivers, each with more than CHF 100 million sales upside

# Advance audiological performance & expand consumer value

Building on core strength in hearing aids and driving market expansion

## Innovation framework

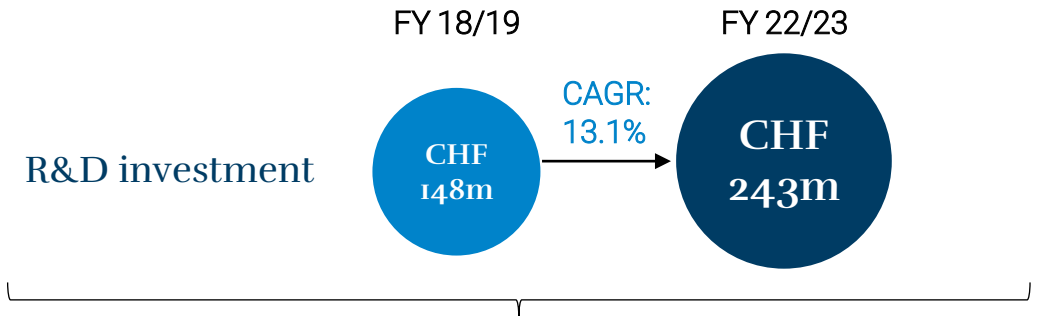
- Effortless communication in daily life
- Natural and authentic sound quality
- Seamless adaptation to environment
- Multi-media streaming
- ...



- Wearing comfort
- Size, aesthetics, handling
- Rechargeability
- Reliability
- Waterproof
- ...

- Fitting tool innovation
- Personalization / user empowerment
- Audiology Service Innovation
- ...

- Early-entry solutions
- Tinnitus therapy
- Other clinical comorbidities
- ...



### Broad and comprehensive solution portfolio including:

- MFA: industry-leading universal connectivity
- Audéo Life: world's first waterproof rechargeable hearing aid
- Pediatric & Power: leading solutions for most difficult hearing challenges
- All-Day Clear: early-entry hearing solutions



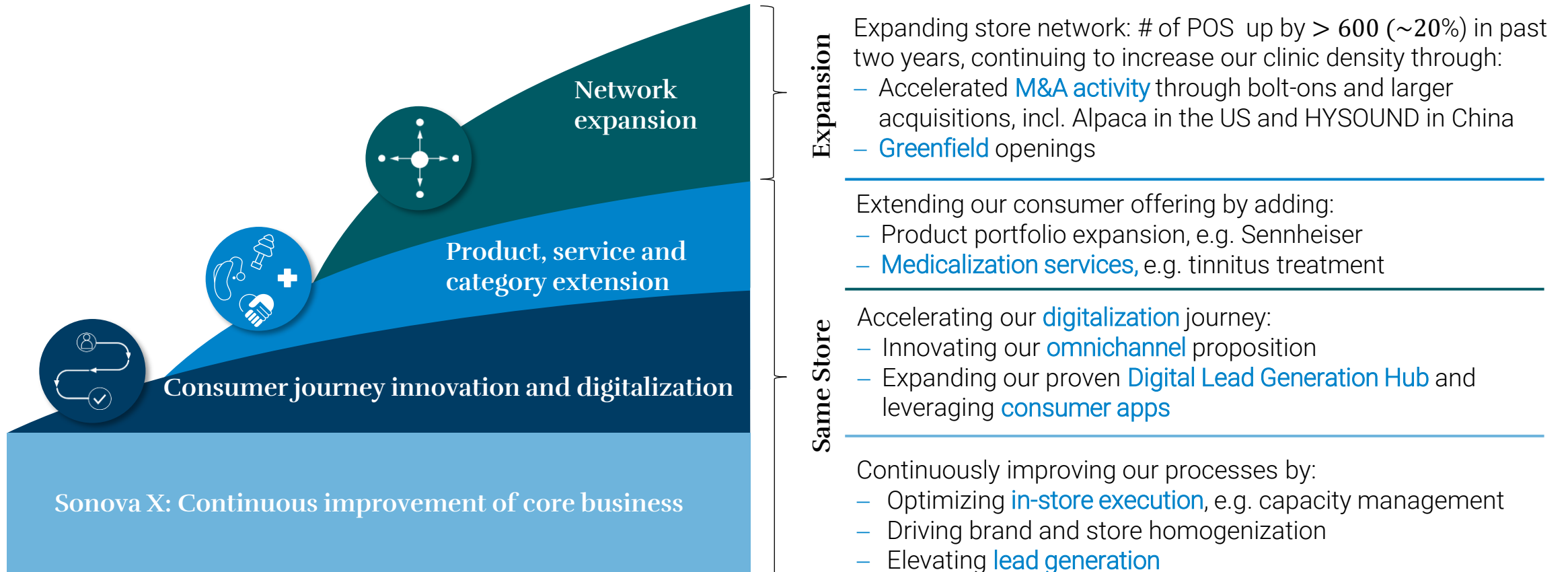
- Expansion of processing power by advancing chip technology and algorithms with AI technologies to significantly enhance hearing performance
- Enriching functionality towards additional medical benefits

▶ Advancing innovation to elevate audiological performance and consumer experience



# Broaden consumer access and enhance consumer journey

Key drivers of above market growth in Audiological Care



► Driving profitable growth by expanding reach and offering

# Accelerate high growth markets

China – elevating hearing care and gaining direct consumer access

## China structural growth drivers:

- **Aging population:** 280 million people >age 60 in 2022, growing to >400 million by 2035
- **Growing household disposable income:** 59 million households (26%) with >30K USD disposable income in 2022; tripled in past 10 years
- **Governmental support:** Increasing awareness of hearing care
- **Low penetration rates for hearing aids:** estimated at only 3%

## Achievements so far:

- More than 200 clinics in China, per store sales well above market
- Strong digital marketing capabilities established
- Strong sales growth in 1H 2023/24, well above market

## Our path forward:

- Integrate and further elevate HYSOUND business
- Start POS expansion (greenfield & bolt-ons)
- Elevate in-store and online consumer experience

## ► Sonova's strategy:

Market entry – expansion – elevate consumer value



# ESG ratings

Overview of Sonova's rating results for environmental, social, and governance (ESG) factors

## Sonova ESG ratings

**B**

Status: Prime (C+ or better)  
Industry position: Top 2%

Last rating update: 21 Nov 2022

**AAA**

MSCI ESG Rating of AAA in 2023, up from AA in 2022

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Last rating update: 24 Nov 2023

**Low ESG risk**

Score and Risk Category

**16.0** Low Risk

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

Legend

- Industry (Healthcare)
- Subindustry (Medical Devices)

Rank | Percentile  
(1st = Top Score)

41 / 608 | 8th  
2 / 210 | 1st

Last rating update: 4 Sept 2023

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

**DJSI member**

Member of indices  
DJSI World & DJSI Europe  
for 10 consecutive years

4<sup>th</sup>

4<sup>th</sup> out of 279  
assessed  
companies in the  
medical devices  
industry

Last rating update: 18 Dec 2023

▶ Leading the way with top ESG ratings from prominent agencies

# Gaining momentum in 2H 2023/24

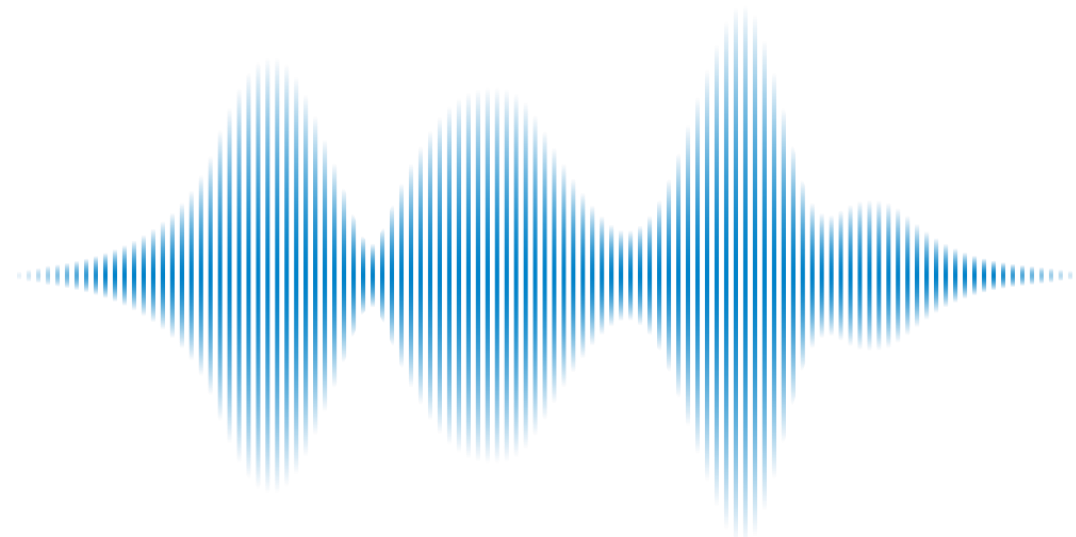
- **Solid hearing care market supporting growth** – strong fundamentals in North America, Canada and Europe ex. Germany and France
- **HI business started to regain positive momentum** – leveraging new products improving net promoter score and gaining back share sequentially in key markets
- **Strong execution in AC business**, continuing to expand our footprint through M&A and greenfield investments
- **Higher investments to sustain the positive trajectory in HI and AC** to accelerate sales in the second half **while expecting continued margin expansion**
- Continued focus on **executing our proven strategy** – sustained growth investments into innovation, our digital ecosystem and AC network expansion
- **Continued high focus on innovation** – expansion of processing power and augmentation of algorithms to significantly enhance speech understanding and hearing performance
- **Negative FX impact expected:** FY 2023/24 sales growth in CHF expected to be reduced by 6-7%-pts and adj. EBITA growth in CHF by 12-14%-pts\*

<b>in local currencies (LC)</b>	<b>Guidance FY 2023/24</b>	<b>Mid-term Target</b>
Sales growth <small>(incl. M&amp;A)</small>	+3% to +7%	+6% to +9% p.a.
adj. EBITA growth	+4% to +8%	+7% to +11% p.a.

Note: \* Reflecting average exchange rates YTD and exchange rates as of end-December for the remainder of FY 2023/24



# Q&A



Thank you!