Interim Statement Q3 2019

DATA & FACTS

Selected key figures	9M 2019	9M 2018	Change	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Profit (in €m)							
Revenues	2,755.3	2,719.4	1.3%	929.7	913.5	912.1	943.1
Service revenues	2,226.0	2,151.9	3.4%	755.0	740.7	730.4	730.4
Hardware and Other revenues	529.3	567.5	-6.7%	174.7	172.8	181.7	212.6
EBITDA	508.7	524.8	-3.1%	168.3	172.0	168.5	197.2
EBITDA margin in % of revenue	18.5%	19.3%		18.1%	18.8%	18.5%	20.9%
EBIT excluding PPA write-offs	476.8	494.8	-3.6%	158.5	160.9	157.4	186.8
EBIT margin in % of revenue excluding PPA write-offs	17.3%	18.2%		17.0%	17.6%	17.3%	19.8%
EBIT	391.3	409.1	-4.3%	130.2	132.3	128.8	158.2
EBIT margin in % of revenue	14.2%	15.0%		14.0%	14.5%	14.1%	16.8%
EBT	383.2	407.7	-6.0%	127.2	128.4	127.5	154.8
EBT margin in % of revenue	13.9%	15.0%		13.7%	14.1%	14.0%	16.4%
Profit per share in € excluding PPA write-offs	1.85	1.92	-3.4%	0.61	0.62	0.62	0.83
Profit per share (in €)	1.52	1.58	-4.1%	0.51	0.51	0.50	0.71
Cash flow (in €m)							
Net inflow of funds from operating activities	227.5	121.1	87.9%	141.3	69.2	17.0	34.5
Net outflow of funds from investments	-8.8	-15.6	43.4%	-3.6	-3.0	-2.3	-5.9
Free Cashflow	218.9	113.9	92.1%	137.8	66.4	14.7	28.7
Headcount (incl. Management Board)							
Total per end of September	3,082	3,130	-1,5%	3,082	3,108	3,123	3,150
Customer contracts (in millions)							
Access, contracts	14.12	13.26	6.5%	14.12	13.92	13.72	13.54
of which mobile internet	9.78	8.93	9.5%	9.78	9.58	9.37	9.20
of which broadband (ADSL, VDSL, FTTH)	4.34	4.33	0.2%	4.34	4.34	4.35	4.34

	30/09/2019	31/12/2018	Change	30/09/2019	30/06/2019	31/03/2019	31/12/2018
Balance sheet (in €m)							
Short-term assets	1,220.7	1,064.6	14.7%	1,220.7	1,073.0	1,059.6	1,064.6
Long-term assets	5,161.6	4,182.1	23.4%	5,161.6	4,150.4	4,206.3	4,182.1
Shareholders' equity	4,538.6	4,280.1	6.0%	4,538.6	4,448.7	4,366.0	4,280.1
Balance sheet total	6,382.3	5,246.6	21.6%	6,382.3	5,223.4	5,265.9	5,246.6
Equity ratio	71.1%	81.6%		71.1%	85.2%	82.9%	81.6%

INDEX




LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,

1&1 Drillisch AG continued on its course of growth in the first nine months of 2019. The Company was again able to improve its customer base and revenues. On a like-for-like basis, EBITDA also rose further insofar as effects with a significant impact on earnings that are not comparable with the previous year were eliminated in the calculation. Parallel to these accomplishments, we have continued to invest in new customer acquisition and the strengthening of our existing customer relationships.

Thanks to the positioning of our brands and products in the mobile internet and broadband sectors, we can count ourselves among the leading providers offering comprehensive services and outstanding value for money in Germany.

We expect our customers' demands on their internet access to continue to increase in future as well and want to keep pace with this trend by offering powerful telecommunications products.

With this in mind, we successfully participated in the 5G auction that ended on 12 June 2019 and acquired two frequency blocks à 2 x 5 MHz in the 2 GHz range and five frequency blocks à 10 MHz in the 3.6 GHz range. The total hammer price was around €1.07 billion. The frequency blocks in the 3.6 GHz range are available immediately and the frequency blocks in the 2 GHz range will be available from 1 January 2026. Prior to this point in time, we have the opportunity to lease frequencies in the scope of 2 x 10 MHz in the 2.6 GHz range pursuant to a voluntary commitment of Telefónica Germany made as part of the EU cartel approval of the merger with E-Plus. This spectrum will be available until 31 December 2025. By acquiring the new frequencies, we have laid the cornerstone for successful and long-term positioning of 1&1 Drillisch Group as the fourth mobile network operator in Germany and are planning to establish a powerful mobile services network.

Moreover, on 5 September 2019, we concluded an agreement with the Federal Ministry of Transport and Digital Infrastructure (BMVI) and the Federal Ministry of Finance (BMF) regarding the construction of mobile communications sites in so-called “white spots”. By taking this action, we help to close existing coverage gaps and, by building hundreds of antenna sites, are making a contribution to improving mobile communications coverage in rural regions. In return, we profit from the agreement of instalment payments for the costs of the acquired 5G frequencies. This means that the licence costs originally payable in 2019 and 2024 can now be transferred to the federal agencies in instalments until 2030. Our credit line of €2.8 billion originally arranged to finance the highest bids from the frequency auction and other actions is in consequence no longer needed and has been returned in full. The agreement with the BMVI and the BMF fits in with our long-term financing strategy, which provides for the majority of the expenditures for the construction of a modern 5G network to be financed from current income.

Now for the operating side of the business:

During the first nine months of 2019, 1&1 Drillisch continued to invest in new customer contracts as well as in retention and increased value of current customer relationships to secure sustained growth in profits. The number of customer contracts in the current product lines rose by 580,000 to 14.12 million contracts (31/12/2018: 13.54 million) during the first nine months. The new contracts were acquired in the mobile internet business where the number of customers rose to 9.78 million (31/12/2018: 9.20 million). Broadband lines of 4.34 million contracts remained constant. In comparison with the closing date of the previous year, the number of customer contracts increased in total by 860,000 (6.5%).

Revenues increased by €35.9 million (1.3%) to €2,755.3 million (9M 2018: €2,719.4 million). The high-margin service revenues increased by €74.1 million (3.4%) to €2,226.0 million during the first nine months of 2019 (9M 2018: €2,151.9 million). These earnings are the subject of our focus because they are sustainable and determine our profit. Besides the new customers, our current customers who have previously used our plans in the Vodafone mobile network are displaying heightened interest in changing to fast LTE rate plans. As LTE rate plans are offered at reduced prices in the first contract year, service revenue growth in the first nine months decreased by 1.3%; otherwise, it would have amounted to 4.7%.

In contrast, the low-margin Other sales – essentially from the realisation of hardware sales brought forward (in particular from investments in smartphones that will be reimbursed by the customers over the minimum contract term in the form of higher package prices) – declined by €38.2 million (6.7%) from €567.5 million in the previous year to €529.3 million in the first nine months of 2019. The hardware sales were below expectations, but this business fluctuates according to season and is dependent on the attractiveness of new devices and the model cycles of the hardware manufacturers. However, this has no significant impact on our EBITDA development.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) in the first 9 months of 2019 declined by €16.1 million (3.1%) to €508.7 million (9M 2018: €524.8 million). Excluding the effects of IFRS 16 (€+4.7 million), the announced one-offs (€-3.8 million; previous year: €-12.4 million), the regulatory decision on the increase in subscriber line charges (€-4.4 million), the initial costs for our 5G mobile network (€-2.5 million) and, in particular, the additional costs for our advance service purchases following the expiration of the temporary adjustment mechanism of an advance service contract at the end of 2018 (€ 59.0 million), an EBITDA adjusted for these factors would have increased by 6.8%.

Contrary to our original expectations, a replacement or compensation for the expired adjustment mechanism was not decided during the reporting period. However, the advance service prices are the subject of several arbitration proceedings we initiated, in the course of which we expect binding decisions on the type and amount of permanent price adjustments in the form of retrospectively lower advance service prices. On 24 October 2019, we received the draft of the arbitration assessment in the first price review procedure initiated in September 2017 (Price Review 1). It did not accept our request for a retroactive reduction of advance service prices from that date. The final assessment in Price Review 1 is expected to be issued in mid-November. The draft of the arbitration assessment indicates that the business figures for 2017 and – for the time being, at least – the results for 2018 and 2019 will not be improved by any price reductions. In addition, the aforementioned price increase remains valid – for the time being, at least – owing to the elimination of the contractual adjustment mechanism and will now be the subject of further price reviews.

Earnings before interest and taxes (EBIT), which were virtually unaffected by IFRS 16 accounting, fell by 4.3% from €409.1 million to €391.3 million. The negative effect on earnings and one-offs mentioned above are also included in the EBIT.

We have some concluding remarks about our forecast. We did not include any reductions in the advance service prices in our forecast for the year 2019 issued in March, but nevertheless assumed that we would be able to avert a price increase as part of a price review caused by the expiration of the adjustment mechanism that would take effect from January 2019 in an environment of constantly falling market prices for mobile data use. According to the present draft of the assessment of the arbitrator as part of Price Review 1 (per September 2017), this effort has not proved successful, and the increase will now be the subject of further price reviews. Decisions in the three further price reviews we initiated (retroactively effective to July 2018 (Price Review 2), January 2019 (Price Review 3) and July 2019 (Price Review 4)) are expected in 2020. These are separate proceedings which must be assessed on the basis of their respective dates and market conditions.

Unless there are changes in the final arbitration assessment, we are now assuming that – at least until a possible clarification in the course of further price reviews – the price increase will result in additional costs of around €85 million in fiscal year 2019. In view of these circumstances, we corrected our EBITDA forecast for the current fiscal year by approximately €85 million in an ad hoc announcement dated 24 October 2019 and now expect an EBITDA of around €690 million. Our expectation of an increase of about 3% (2018: €2,882.3 million) in the service revenues remains unchanged.

We are in a good position to take the next steps in our Company's development, and we are optimistic as we look ahead to the future. We want to express our special thanks to all of our employees for their commitment and work and to our shareholders and business partners for the trust they have placed in 1&1 Drillisch AG.

Best regards from Maintal

Ralph Dommermuth | André Driesen | Markus Huhn | Alessandro Nava

Maintal, 12 November 2019

QUARTERLY RELEASE PER 30 SEPTEMBER 2019

Successful participation in the 5G frequency auction

1&1 Drillisch successfully participated in the 5G auction that ended on 12 June 2019 and acquired two frequency blocks à 2 x 5 MHz in the 2 GHz range and five frequency blocks à 10 MHz in the 3.6 GHz range. The total hammer price was around €1.07 billion. The frequency blocks in the 3.6 GHz range are available immediately and the frequency blocks in the 2 GHz range will be available from 1 January 2026. Prior to this point in time, 1&1 Drillisch has the opportunity to lease frequencies in the scope of 2 x 10 MHz in the 2.6 GHz range pursuant to a voluntary commitment of Telefónica Germany made as part of the EU cartel approval of the merger with E-Plus. This spectrum will be available until 31 December 2025.

Moreover, on 5 September 2019, 1&1 Drillisch concluded an agreement with the Federal Ministry of Transport and Digital Infrastructure (BMVI) and the Federal Ministry of Finance (BMF) regarding the construction of mobile communications sites in so-called “white spots”. By taking this action, 1&1 Drillisch helps to close existing coverage gaps and, by building hundreds of antenna sites, is making a contribution to improving mobile communications coverage in rural regions. In return, 1&1 Drillisch will benefit from the agreement of instalment payments for the costs of the acquired 5G frequencies. This means that the licence costs originally payable in 2019 and 2024 can now be transferred to the federal agencies in instalments until 2030. The credit line of €2.8 billion originally arranged to finance the highest bids from the frequency auction and other actions is in consequence no longer needed and has been returned in full. The agreement with the BMVI and the BMF fits in with 1&1 Drillisch’s long-term financing strategy, which provides for the majority of the expenditures for the construction of a modern 5G network to be financed from current income.

By acquiring the new frequencies, 1&1 Drillisch has laid the cornerstone for successful and long-term positioning as the fourth mobile network operator in Germany and is planning to establish a powerful mobile network.

The initial recognition of the acquired 5G frequencies results in intangible assets of €1,029.0 million and other financial liabilities of €1,029.9 million per 30 September 2019. In accordance with IFRS rules, intangible assets and other financial liabilities resulting from the acquisition must be recognised at fair value or present value.

First-time application of IFRS 16

The International Accounting Standards Board (IASB) released a new accounting regulation governing leases (IFRS 16) on 13 January 2016. Application is mandatory for reporting periods starting on 1 January 2019 and later and is therefore applicable for the first time to this quarterly release for Q3 2019.

1&1 Drillisch is exclusively a lessee. Most of the leases in the Group are related to the leasing of buildings and vehicles.

In accordance with IFRS 16, leases are no longer regarded as classic rentals, but are classified as financing transactions. The lessee acquires a right of use to the subject of the lease and finances this subject by paying the leasing instalments. Consequently, the lessee must recognise a right of use for the use of the leased object on the left-hand side and a liability on the right-hand side of the balance sheet. Every lease and rental agreement is presented in the balance sheet in this way. Leases or rental contracts with terms of up to twelve months and agreements with a low-value volume are excepted from the obligation for disclosure in the balance sheet.

In applying IFRS 16 for the first time, 1&1 Drillisch decided to recognise the asset value for the granted right of use at the value of the corresponding lease liability per 1 January 2019 and not to apply the standard retroactively to every earlier reporting period that is presented. In addition, 1&1 Drillisch exercises the exemption option provided in the standard for leases with a term that expires within twelve months from the point in time of the initial application and the exemption option for leases for which the underlying asset is of low value.

The application of the new regulation led to an increase in assets (for the rights of use) and simultaneously to an increase in financial liabilities (owing to the payment obligations) in the consolidated balance sheet of 1&1 Drillisch. This led to a reduction in rent expenses, higher write-offs and higher interest expenses in the profit and loss account and a corresponding rise in the EBITDA.

The first-time application of IFRS 16 per 30 September 2019 has a positive effect on the EBITDA in the Group in the amount of €4.7 million. The EBITDA effect occurred primarily in the segment “Access” (€+4.3 million).

COURSE OF BUSINESS

Development in the segment “Access”

The Group’s operating business activities take place primarily in the reporting segment “Access”. This is where the Group’s mobile and landline access products subject to charge, including the related applications (such as home networks, online storage, telephony, video on demand or IPTV), are grouped together. The segment reporting is aligned with the internal organisation and reporting structure.

1&1 Drillisch operates exclusively in Germany and is one of the country’s leading providers in the telecommunications sector. The Company uses the landline network of the affiliate 1&1 Versatel GmbH, a member company of United Internet AG Group, and the access right to the Telefónica network; in addition, it purchases standardised network services from various providers of advance services. Access to the mobile or landline networks is combined with devices, own developments of applications and services to create a distinctive portfolio that sets the Company apart from its competitors.

The Access products are marketed via (for example) the well-known brands 1&1, smartmobil.de or yourfone, which are employed to address the market comprehensively in orientation to specific target groups.

During the first nine months of 2019, 1&1 Drillisch invested in the acquisition of new customers and in the retention of current customer relationships. Focus was on the marketing of mobile internet contracts.

The number of contracts subject to charge rose in the first nine months of 2019 by 0.58 million to 14.12 million contracts. All new contracts were acquired in the mobile internet business, increasing the number of customers here to 9.78 million. The number of contracts for broadband lines remained at a constant level of 4.34 million subscriber contracts in comparison with the end of fiscal year 2018.

Development of contracts during the first 9 months of 2019 (in millions)

	30/09/2019	30/06/2019	31/03/2019	31/12/2018	Change 9M
Total contracts	14.12	13.92	13.72	13.54	+ 0.58
of which mobile internet	9.78	9.58	9.37	9.20	+ 0.58
of which broadband lines	4.34	4.34	4.35	4.34	+ 0.00

Revenue in the segment “Access” rose by €36.0 million (1.3%) to €2,755.2 million (previous year: €2,719.2 million).

In the segment “Access”, the cost of materials rose by €32.5 million to €1,870.0 million (previous year: €1,837.5 million).

At €511.7 million, segment EBITDA fell slightly short of the previous year’s figure (€525.5 million). This decline is due in particular to additional costs of around €59.0 million for the purchase of advance services after the temporary adjustment mechanism of an advance service agreement expired at the end of 2018. Contrary to the original expectations, the expired regulation was not compensated by a price reduction during the reporting period. However, the advance service prices are subject of several arbitration proceedings 1&1 Drillisch initiated, in the course of which 1&1 Drillisch expects binding decisions in the form of lower advance service prices. On 24 October 2019, 1&1 Drillisch received the draft of the arbitration assessment in the first price review procedure initiated per September 2017 (Price Review 1). It did not accept 1&1 Drillisch’s request for a retroactive reduction of advance service prices from that date. The final assessment in Price Review 1 is expected to be issued in mid-November. The draft of the arbitration assessment indicates that the business figures for 2017 and – for the time being, at least – the results for 2018 and 2019 of 1&1 Drillisch will not be improved by any price reductions. In addition, the aforementioned price increase remains valid – for the time being, at least – owing to the elimination of the contractual adjustment mechanism and will now be the subject of further price reviews.

The EBITDA also includes one-off expenses of €3.8 million from ongoing integration projects (previous year: €-12.4 million) and additional expenses resulting from the regulatory decision for an increase in the subscriber line charges in the amount of around €4.4 million. Excluding all aforementioned effects and a positive IFRS 16 effect of €4.3 million, a comparable EBITDA would increase by 6.8%.

Major revenue and profit indicators in the segment “Access”

	9M 2019	9M 2018	Change
Revenue (in €m)	2,755.2	2,719.2	+ 36.0
Service revenue (in €m)	2,226.0	2,151.9	+ 74.1
EBITDA (in €m)	511.7	525.5	- 13.8
EBITDA margin (in %)	18.6	19.3	-0.7

Quarterly development: Change over same quarter of previous year

	Q3 2019	Q3 2018	Change
Revenue (in €m)	929.7	900.4	+ 29.3
Service revenue (in €m)	755.0	728.6	+ 26.4
EBITDA (in €m)	168.9	185.6	-16.7
EBITDA margin (in %)	18.2	20.6	-2.4

Segments “5G” and “Miscellaneous”

The expenses and income relating to the preparation and conduct of the 5G frequency auction and resulting from the establishment, expansion and operation of the Company’s own 5G network will be disclosed in the segment “5G”.

The segment “Miscellaneous” comprises essentially all the activities related to the offering of custom software solutions and of maintenance and support services.

Owing to the limited profit contributions of this segment, no further details will be reported.

SITUATION IN THE GROUP

Earnings

Growth in the first nine months of 2019 was carried above all by the contract customer business. The number of customer contracts subject to charge increased by 0.58 million to 14.12 million contracts.

Revenues rose in the first nine months of 2019 by 1.3% from €2,719.4 million in the previous year to €2,755.3 million. The positive revenue development results from the continued rise in the number of contract customers and the related monthly payments. During the period, the high-margin service revenues, essentially the income related to the billing of current customer relationships, increased by €74.1 million (3.4%) from €2,151.9 million in the previous year to €2,226.0 million in the first nine months of 2019. These are sustained earnings that determine profit. Besides the new customers, our current customers who have previously used our plans in the Vodafone mobile network are displaying heightened interest in changing to fast LTE rate plans. As LTE rate plans are offered at reduced prices in the first contract year, service revenue growth in the first nine months of 2019 decreased by €38.7 million (1.3%) (previous year: €-10.6 million); otherwise, it would have amounted to 4.7%. Contrary to this development, the low-margin Other sales declined from €567.5 million in the previous year to €529.3 million in the first nine months of 2019. These sales concern primarily revenues from the realisation of hardware sales brought forward (in particular from investments in smartphones that will be reimbursed by the customers over the minimum term of the contract in the form of higher package prices). The hardware sales during the first nine months of the year were below expectations, but this business fluctuates according to season and is dependent on the attractiveness of new devices and the model cycles of the hardware manufacturers. However, this effect has no significant impact on EBITDA development.

Cost of sales increased in the first nine months of 2019 by €23.4 million (1.2%) to €1,937.2 million (previous year: €1,913.8 million). The gross margin increased slightly from 29.6% in the previous year to 29.7%. Gross profit rose by €12.6 million from €805.6 million in the previous year to €818.2 million.

Distribution costs rose from €303.5 million in the previous year to €315.2 million in the first nine months of 2019. In relation to revenue, distribution costs amounted to 11.4% in the first nine months of 2019 (previous year: 11.2%). Administration costs increased from €68.3 million in the previous year (2.5% of revenue) to €76.1 million (2.8% of revenue). This was a consequence of increased expenditures for third-party services, professional services and higher personnel expenses.

The EBITDA in the first nine months of 2019 amounted to €508.7 million (previous year: €524.8 million). This decline is due in particular to additional costs of around €59.0 million for the purchase of advance services after the temporary adjustment mechanism of an advance service agreement expired at the end of 2018. Contrary to the original expectations, the expired regulation was not compensated by a price reduction during the reporting period. However, the advance service prices are subject of several arbitration proceedings 1&1 Drillisch initiated, in the course of which 1&1 Drillisch expects binding decisions in the form of lower advance service prices. On 24 October 2019, 1&1 Drillisch received the draft of the arbitration assessment in the first price review procedure initiated per September 2017 (Price Review 1). It did not accept 1&1 Drillisch's request for a retroactive reduction of advance service prices from that date. The final assessment in Price Review 1 is expected to be issued in mid-November. The draft of the arbitration assessment indicates that the business figures for 2017 and – for the time being, at least – the results for 2018 and 2019 of 1&1 Drillisch will not be improved by any price reductions. In addition, the aforementioned price increase remains valid – for the time being, at least – owing to the elimination of the contractual adjustment mechanism and will now be the subject of further price reviews.

The EBITDA also includes one-off expenses of €3.8 million (previous year: expenses of €12.4 million) from ongoing integration projects, expenses of €4.4 million from the regulatory decision regarding the increase in the subscriber line charges and initial costs of €2.5 million relating to the planning and preparations for the 5G mobile communications network. Excluding the aforementioned effects, including the increased prices for advance services and in addition a positive IFRS 16 effect of €4.7 million, a comparable EBITDA would increase by 6.8%.

The EBITDA margin came to 18.5% (previous year 19.3%).

Earnings before interest and taxes (EBIT) in the first nine months of 2019 amounted to €391.3 million (previous year: €409.1 million). The EBIT margin came to 14.2% (previous year: 15.0%). Excluding the effects from PPA write-offs, the EBIT amounted to €476.8 million and the EBIT margin to 17.3% (previous year: €494.8 million and 18.2%, respectively).

Financing expenses in the first nine months of 2019 amounted to €8.5 million (previous year: €1.6 million). The change over the same period of the previous year results by and large from the conclusion of a line of credit with a European bank syndicate in January 2019 and the related one-time fees as well as expenses from the provision of these lines of credit and from compounding of the long-term other financial liabilities relating to the acquisition of the 5G frequencies. Financial income remained virtually constant at €0.4 million (previous year: €0.3 million).

Earnings before taxes (EBT) in the first nine months of 2019 amounted to €383.2 million (previous year: €407.7 million). Tax expenses amounted to €115.5 million (previous year: €127.7 million).

Consolidated earnings amounted to €267.7 million (previous year: €280.0 million).

Profit per share per 30 September 2019 came to €1.52 (30 September 2018: €1.58). Excluding the effects of the PPA write-offs, the profit per share per 30 September 2019 amounted to €1.85 (30 September 2018: €1.92).

Major revenue and profit indicators (in €m)

	9M 2019	9M 2018	Change
Revenues	2,755.3	2,719.4	+ 35.9
Service revenues	2,226.0	2,151.9	+ 74.1
EBITDA	508.7	524.8	- 16.1
EBITDA margin (in %)	18.5	19.3	- 0.8
EBIT	391.3	409.1	- 17.8
EBIT margin (in %)	14.2	15.0	- 0.8

Financial position

Cash flow from operating activities in the first nine months of 2019 amounted to €390.2 million (previous year: €385.8 million). Net inflow of funds from operating activities rose significantly from €121.1 million in the same period of the previous year to €227.5 million in the first nine months of 2019. In the same period of the previous year, changes in contract assets and accrued expenses resulted in significantly higher cash outflows than in the first nine months of 2019. On the other hand, the reduction in trade payables led to higher outgoing payments in the current reporting period.

Cash flow from investments shows total net outgoing payments of €8.8 million during the reporting period (previous year: outgoing payments of €15.6 million). Outgoing payments of €8.8 million and payments received of €0.2 million were realised for investments in tangible and intangible assets (previous year: outgoing payments of €7.8 million and payments received of €0.7 million). A retroactive outflow of funds in the amount of €8.3 million occurred with respect to yourfone Shop GmbH, which was deconsolidated per 31 December 2017.

Free cash flow, defined as net inflow of funds from operating activities less investments in intangible and tangible assets plus inflow of funds from disposals of intangible and tangible assets, amounted to €218.9 million in the first nine months of 2019 (previous year: €113.9 million). In the previous year, basically the investments in mobile service contracts with hardware, which were significantly increased for the first time, led to higher outflows of funds that will be reversed or amortised in the following periods.

The decisive elements for the cash flow from the financing sector in the first nine months of 2019 were primarily outflows for the repayment of loans in the amount of €32.0 million to, and the short-term investment of free cash in the amount of €163.0 million in, United Internet (previous year: outflow and inflow of €100 million each from the short-term investment of free cash as well as inflows of €+200.0 million from the utilisation of a loan from, and outflow of €-158.0 million for loan repayment to, United Internet), the disbursement of dividends in the amount of €8.8 million in May (previous year: €282.8 million) and outflows from the acquisition of own stock in the amount of €3.8 million (previous year: €0.0). Outflows in the amount of €5.0 million (previous year: €10.0 million) and of €4.6 million (previous year: €0.4 million) resulted from the repayment of liabilities from rights of use and finance lease liabilities, respectively.

Cash and cash equivalents per 30 September 2019 amounted to €5.4 million in comparison with €4.0 million per 31 December 2018.

Assets and liabilities

The balance sheet total increased from €5,246.6 million per 31 December 2018 to €6,382.3 million per 30 September 2019.

Short-term assets rose from €1,064.6 million per 31 December 2018 to €1,220.7 million per 30 September 2019. The cash holdings disclosed in the short-term assets increased from €4.0 million to €5.4 million. Trade accounts receivable increased from €230.2 million per 31 December 2018 to €246.5 million per 30 September 2019. Receivables from associated companies increased from €41.9 million per 31 December 2018 to €168.5 million per 30 September 2019 and, at €163.0 million (previous year: EUR 0.0 million), relate mainly to receivables from the short-term investment of free cash at United Internet.

Prepaid expenses increased from €42.6 million to €46.9 million and concern essentially prepaid utilisation fees that will not be recognised through expenditures until later periods. The line item short-term contract assets rose by €72.9 million from €414.9 million per 31 December 2018 to €487.8 million per 30 September 2019 and includes short-term receivables with a term of up to one year from customers from the revenue realisation brought forward because of the application of IFRS 15. The line items costs for contract acquisition and costs for contract fulfilment include the short-term expenditures related to customer acquisition and costs of contract fulfilment during the term of the contracts and declined as a total by €1.4 million from €157.2 million per 31 December 2018 to €155.8 million per 30 September 2019.

Other short-term financial assets declined from €45.5 million per 31 December 2018 to €28.8 million per 30 September 2019. The other non-financial assets fell from €38.8 million to €11.2 million and concern primarily short-term income and value-added tax claims.

Long-term assets increased in total from €4,182.1 million per 31 December 2018 to €5,161.6 million per 30 September 2019. Intangible assets rose substantially from €746.8 million per 31 December 2018 to €1,672.1 million per 30 September 2019. This major change results from the first-time recognition in the balance sheet of the acquired 5G mobile frequencies. The assets determined as part of the 1&1 Drillisch purchase price allocation were reduced as scheduled by depreciation and amortisation attributable to these items. Tangible assets rose by €48.0 million from €14.3 million per 31 December 2018 to €62.3 million per 30 September 2019. The increase in the amount of €48.0 million is a consequence of the initial application of IFRS 16.

The long-term prepaid expenses increased from €182.3 million per 31 December 2018 to €195.9 million per 30 September 2019 and comprise basically advance payments made pursuant to long-term purchase contracts. The line items contract assets, costs for contract acquisition and costs for contract fulfilment include analogously to the short-term assets the long-term part of the receivables due from customers from the application of IFRS 15 and declined as a total by €7.6 million from €304.3 million per 31 December 2018 to €296.7 million per 30 September 2019.

Short-term debts decreased in total from €646.9 million per 31 December 2018 to €510.2 million per 30 September 2019. Short-term trade accounts payable decreased by €102.7 million to €262.5 million (31 December 2018: €365.2 million). Accounts due to associated companies declined from €129.3 million per 31 December 2018 to €40.1 million per 30 September 2019 and are related to liabilities due to United Internet AG and to other group undertakings of United Internet Group pursuant to the procurement of advance services and other cost allocations. Short-term Other financial liabilities increased by €72.5 million from €39.5 million to €112.0 million. The change mainly results from the first-time recognition of short-term liabilities from the acquisition of the 5G mobile frequencies, the first payment of which in the amount of €61.3 million is due pro rata in December 2019.

Contract liabilities include short-term liabilities from reimbursement obligations for one-time fees for revoked contracts and deferred income from one-time fees related to the application of IFRS 15. Income tax liabilities fell from €38.0 million per 31 December 2018 to €13.6 million per 30 September 2019.

Long-term debts rose from €319.6 million per 31 December 2018 to €1,333.4 million per 30 September 2019. The fundamental cause for this is especially the increase in Other financial liabilities from €0.1 million per 31 December 2018 to €1,012.9 million per 30 September 2019. The increase in the amount of €968.6 million results essentially from the first-time recognition of long-term liabilities from the acquisition of 5G mobile frequencies and from the first-time application of IFRS 16. Deferred tax liabilities rose by €1.6 million from €247.9 million per 31 December 2018 to €249.5 million per 30 September 2019. The contract liabilities in the amount of €4.9 million (previous year: €4.5 million) include long-term income from one-time fees that is to be deferred in accordance with the application of IFRS 15.

The equity in the Group rose from €4,280.1 million per 31 December 2018 to €4,538.6 million per 30 September 2019. As a consequence of the stock repurchase programme that was prematurely terminated at the beginning of March 2019, share capital declined by €0.1 million from €194.0 million per 31 December 2018 to €193.9 million. The share capital is distributed in 176,764,649 no-par shares issued to the bearer with a proportionate share in the share capital of €1.10 each and represents the share capital of 1&1 Drillisch AG. As of the balance sheet closing date 30 September 2019, a total of 500,000 1&1 Drillisch AG shares had been acquired as part of the stock repurchase programme. Per 30 September 2019, the number of shares outstanding declined to 176,264,649 shares. The balancing of the consolidated profit per 30 September 2019 of €267.7 million and the dividend disbursement of €8.8 million in May 2019 lead to an increase of the cumulative consolidated profit of €258.9 million. The equity ratio decreased from 81.6% per 31 December 2018 to 71.1% per 30 September 2019 owing to the first-time recognition of liabilities from the acquisition of 5G mobile frequencies.

SUPPLEMENTARY REPORT

On 24 October 2019, 1&1 Drillisch received the draft of the arbitration assessment in the first price review procedure initiated per September 2017 (Price Review 1). It did not accept 1&1 Drillisch's request for a retroactive reduction of advance service prices from that date. The final assessment in Price Review 1 is expected to be issued in mid-November. The draft of the arbitration assessment indicates that the business figures for 2017 and – for the time being, at least – the results for 2018 and 2019 of 1&1 Drillisch will not be improved by any price reductions. In addition, a price increase due to the discontinuation of a contractual adjustment mechanism limited to the end of 2018 (an impact of approximately €85 million in 2019) remains valid for the moment.

1&1 Drillisch did not include any reductions in the advance service prices in its 2019 annual forecast issued in March 2019, but assumed on the basis of a Price Review that it would be able to avert a price increase caused by the expiration of the adjustment mechanism that would take effect from January 2019 in an environment of constantly falling market prices for mobile data use. According to the present draft of the arbitration opinion as part of Price Review 1 (per September 2017), this effort has not proved successful, and the increase will now be the subject of the further price reviews.

Decisions in the three further price reviews initiated in the interim by 1&1 Drillisch (retroactively effective to July 2018 (Price Review 2), January 2019 (Price Review 3) and July 2019 (Price Review 4)) are expected in 2020. These are separate proceedings which must be assessed on the basis of their respective dates and market conditions.

Unless there are changes in the final arbitration assessment, 1&1 Drillisch now assumes that – at least until a possible clarification in the course of further price reviews – the price increase as a consequence of the expiration of the price adjustment mechanism will cause additional costs of around €85 million in fiscal year 2019.

In view of these circumstances, 1&1 Drillisch corrected its EBITDA forecast for the current financial year by approximately €85 million in an ad hoc announcement dated 24 October 2019 and now expects EBITDA of around €690 million.

Parallel to the price reviews, the legitimacy of a price increase relating to the frequency auction 2015 requested by the advance service provider in December

2018 will be reviewed in further arbitration proceedings. The sum in question is approximately €12 million annually for a five-year performance period from July 2015 to June 2020. A decision on this issue is also expected in 2020. 1&1 Drillisch does not consider this claim to be legitimate.

No further events of particular significance that would have a major impact on the earnings, assets and liabilities, and financial position of the Company or the Group and on accounting and reporting occurred at 1&1 Drillisch after the balance sheet date of 30 September 2019.

REPORT ON RISKS AND OPPORTUNITIES

1&1 Drillisch Group pursues risk and opportunity policies that are oriented to the objective of maintaining and raising sustainably the Company's value by taking advantage of opportunities and by recognising and managing risks at an early stage. The risk and opportunity management as practised ensures that 1&1 Drillisch can carry out its business operations in a controlled corporate environment.

The risk and opportunity management regulates the responsible handling of uncertainties that are always a part of entrepreneurial activities.

General statement from the Management Board regarding the Group's risk and opportunity situation

The assessment of the overall risk situation is the result of a consolidated consideration of all major risk areas and specific risks, taking into account interdependencies.

The overall risks and opportunities situation in the first nine months of 2019 remained largely stable in comparison with the reporting of risks and opportunities in the annual financial statements for 2018. Risks threatening the existence of 1&1 Drillisch from either specific risk positions or the overall risk situation were not discernible during the reporting period and at the point in time of preparation of this quarterly release.

On 24 October 2019, 1&1 Drillisch received the draft of the arbitration assessment in the first price review procedure initiated per September 2017 (Price Review 1). It did not accept 1&1 Drillisch's request for a retroactive reduction of advance service prices from that date. Decisions in the three further price reviews initiated by 1&1 Drillisch (retroactively effective to July 2018 (Price Review 2), January 2019 (Price Review 3) and July 2019 (Price Review 4)) are expected in 2020. These are separate proceedings which must be assessed on the basis of their respective dates and market conditions.

By expanding even further the scope of its risk management, 1&1 Drillisch counters the identified risks and limits them, in so far as sensible, to a minimum by implementing specific actions.

FORECAST REPORT

The Management Board is expecting the number of customers to continue to grow throughout all of 2019. The expectation of an increase of about 3% (2018: €2,882.3 million) in the service revenues remains unchanged.

Unless there are changes in the final arbitration assessment, 1&1 Drillisch now assumes that – at least until a possible clarification in the course of further price reviews – the price increase as a consequence of the expiration of the price adjustment mechanism will cause additional costs of around €85 million in fiscal year 2019. In view of these circumstances, 1&1 Drillisch corrected its EBITDA forecast for the current fiscal year by approximately €85 million in an ad hoc announcement dated 24 October 2019 and now expects EBITDA of around €690 million.

Future-oriented statements and forecasts

This quarterly release contains future-oriented statements that are based on the current expectations, assumptions and forecasts of the 1&1 Drillisch AG Management Board and the information available to the Board at this time. The future-oriented statements are subject to various risks and uncertainties and are based on expectations, assumptions and forecasts that may possibly prove in future to be false. 1&1 Drillisch AG does not guarantee that the future-oriented statements will prove to be true, and it neither assumes any obligation nor has the intention to adjust or update any future-oriented statements made in this quarterly release report.

EXPLANATORY COMMENTS ON THE QUARTERLY RELEASE

Information about the Company

1&1 Drillisch Group, together with 1&1 Drillisch Aktiengesellschaft, Maintal, the listed parent company (hereinafter: "1&1 Drillisch AG" or, along with its subsidiaries, "1&1 Drillisch"), is a telecommunications provider that operates solely and exclusively in Germany. 1&1 Drillisch, a leading German internet specialist, is able to use the optic fibre network (one of Germany's largest) operated by 1&1 Versatel GmbH, Düsseldorf, an associated company that belongs to the corporate group of United Internet AG. A virtual mobile network operator, 1&1 Drillisch has guaranteed access to a defined share of the mobile network capacity of Telefónica in Germany (so-called mobile bitstream access mobile virtual network operator = MBA MVNO). In addition, 1&1 Drillisch uses capacities from Vodafone. The Group's business unit Access offers landline- and mobile network-based internet access products. They include, among others, landline and mobile access products subject to charge, including the related applications such as home networks, online storage, telephony, video on demand or IPTV.

The address and registered office of 1&1 Drillisch AG, the parent company of the Group, is Wilhelm-Röntgen-Strasse 1–5, 63477 Maintal, Germany. The Company is registered at Hanau Local Court under HRB 7384.

Major accounting, valuation and consolidation principles

The quarterly release from 1&1 Drillisch AG per 30 September 2019 was prepared, just as the consolidated annual financial statements per 31 December 2018, in compliance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU).

The quarterly release does not represent an interim report within the sense of IAS 34. The accounting and valuation principles applied in the quarterly release are consistent with the methods applied per 31 December 2018 with the exception of the standards whose application has newly been mandated and must be viewed in the context of the consolidated annual financial statements per 31 December 2018.

Application of assumptions and estimates

During preparation of the quarterly release, management makes discretionary decisions, estimates and assumptions that affect the amounts of the income, expenses, assets and liabilities disclosed on the closing date and the disclosure of contingent liabilities. The uncertainty related to these assumptions and estimates may lead to results that in future require substantial adjustments in the book value of the relevant assets or liabilities.

Use of financial performance indicators relevant for business

Financial performance indicators such as EBITDA, EBITDA margin, EBIT, EBIT margin or free cash flow are used in addition to the disclosures required by the International Financial Reporting Standards (IFRS) in the Company's annual and interim financial statements to ensure a clear and transparent presentation of 1&1 Drillisch's business development. Information about the use, definition and calculation of these performance indicators is available in the Annual Report 2018 of 1&1 Drillisch AG, beginning on page 38.

The performance indicators used by 1&1 Drillisch have been adjusted for special effects to the extent this is necessary for a clear and transparent presentation. As a rule, the special effects are related solely to those effects that, because of their nature, frequency and/or scope, are capable of negatively affecting the meaningfulness of the financial performance indicators for the financial and income development of the Company. All special effects are pointed out and explained in the relevant chapter of the financial statements for the purpose of the rollover to the unadjusted financial performance indicators.

Miscellaneous

All the subsidiaries are included in the consolidated financial statements. The group of consolidated companies is unchanged over the consolidated annual financial statements per 31 December 2018.

No enterprises have been acquired or sold during the reporting period 2019.

The quarterly release has not been audited pursuant to Section 317 HGB [German Commercial Code] or subjected to a review by an independent accountant.

CONSOLIDATED FINANCIAL STATEMENTS PER 30 SEPTEMBER 2019

CONSOLIDATED BALANCE SHEET

Per 30 September 2019

	30/09/2019 €k	31/12/2018 €k
ASSETS		
Short-term assets		
Cash and cash equivalents	5,368	3,968
Trade accounts receivable	246,531	230,224
Receivables due from associated companies	168,519	41,879
Inventories	69,795	89,548
Contract assets	487,829	414,925
Costs of obtaining contracts	87,881	83,484
Costs of fulfilling contracts	67,888	73,686
Prepaid expenses	46,898	42,551
Other financial assets	28,803	45,513
Other non-financial assets	11,197	38,806
	1,220,709	**1,064,584**
Long-term assets		
Other financial assets	1,643	1,408
Tangible assets	62,286	14,259
Intangible assets	1,672,059	746,816
Goodwill	2,932,943	2,932,943
Contract assets	165,371	166,105
Costs of obtaining contracts	83,309	84,501
Costs of fulfilling contracts	48,043	53,690
Prepaid expenses	195,910	182,334
	5,161,564	**4,182,056**
TOTAL ASSETS	**6,382,273**	**5,246,640**

	30/09/2019 €k	31/12/2018 €k
LIABILITIES AND EQUITY		
Short-term liabilities		
Trade accounts payable	262,521	365,202
Liabilities due to associated companies	40,053	129,333
Contract liabilities	39,044	46,106*
Other provisions	4,161	8,766
Other financial liabilities	112,046	39,530
Other non-financial liabilities	38,788	20,002
Income tax liabilities	13,627	37,985
	510,240	**646,924**
Long-term liabilities		
Contract liabilities	4,873	4,543
Other provisions	66,141	67,090
Other financial liabilities	1,012,936	128
Deferred tax liabilities	249,499	247,880
	1,333,449	**319,641**
TOTAL LIABILITIES	**1,843,689**	**966,565**
Equity		
Share capital	193,891	194,000
Capital reserves	2,433,266	2,433,531
Cumulative consolidated results	1,912,131	1,653,248
Other equity	-704	-704
TOTAL EQUITY	**4,538,584**	**4,280,075**
TOTAL LIABILITIES AND EQUITY	**6,382,273**	**5,246,640**

* The items Deferred earnings and Payments on account that were disclosed separately per 31 December 2018 are presented under contract liabilities.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

from 1 January to 30 September 2019

	2019 January - September €k	2018* January - September €k
Sales	2,755,326	2,719,385
Cost of sales	-1,937,167	-1,913,750
GROSS PROFIT FROM REVENUES	**818,159**	**805,635**
Distribution costs	-315,159	-303,456
Administration costs	-76,057	-68,305
Other operating income/expenses	22,637	25,411
Impairment losses from receivables and contract assets	-58,303	-50,221
RESULTS FROM OPERATING ACTIVITIES	**391,277**	**409,064**
Financing expenses	-8,501	-1,626
Financial income	375	306
PROFIT BEFORE TAXES	**383,151**	**407,744**
Tax expenses	-115,454	-127,725
CONSOLIDATED PROFIT	**267,697**	**280,019**
Profit per share (in €)		
- undiluted	1,52	1,58
- diluted	1,52	1,58
Weighted average number of shares outstanding (in millions)		
- undiluted	176,68	176,76
- diluted	176,68	176,76

Rollover to total consolidated profit

CONSOLIDATED PROFIT	**267,697**	**280,019**
Categories that may subsequently be reclassified in the profit and loss account (net)	0	0
Categories that will not subsequently be reclassified in the profit and loss account (net)	0	0
TOTAL CONSOLIDATED PROFIT	**267,697**	**280,019**

* The consolidated comprehensive income statement January to September 2018 has been restated for better comparability.

CONSOLIDATED CASH FLOW STATEMENT

from 1 January to 30 September 2019

	2019 January - September €k	2018* January - September €k
RESULTS FROM OPERATING ACTIVITIES		
Consolidated profit	267,697	280,019
Allowances for rollover of consolidated results to incoming and outgoing payments		
Depreciation on intangible and tangible assets	22,311	20,255
Depreciation on assets capitalised within the framework of corporate acquisitions	95,117	95,453
Personnel expenses from employee stock ownership programmes	3,469	834
Changes in the adjustment items for deferred tax assets	1,620	-10,789
Correction profits/losses from the sale of tangible assets	5	48
Other items not affecting payments	0	29
CASH FLOW FROM OPERATING ACTIVITIES	**390,219**	**385,849**
Changes in assets and liabilities		
Change in receivables and other assets	28,014	16,572
Change in contract assets	-72,170	-180,841
Change in inventories	19,753	-20,363
Change in costs of obtaining and fulfilling contracts	8,241	-13,796
Change in deferred expenditures	-17,924	-144,581
Change in trade accounts payable	-102,681	88,165
Change in other provisions	-5,554	-18,663
Change in income tax liabilities	-24,358	23,193
Change in other liabilities	31,590	6,033
Change in receivables due from/liabilities due to associated companies	-20,919	-15,310
Change in contract liabilities	-6,733	-5,208
Changes in assets and liabilities, total	**-162,741**	**-264,799**
Net inflow of funds from operating activities	**227,478**	**121,050**

* The consolidated cash flow statement January to September 2018 has been restated for better comparability.

	2019 January - September €k	2018* January - September €k
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-8,767	-7,848
Inflow of funds from disposal of intangible and tangible assets	184	739
Investments in other financial assets	-238	-182
Reimbursements from other financial assets	2	7
Outflow of funds from disposal of financial assets or from deconsolidation	0	-8,300
Net outflow of funds in investment sector	**-8,819**	**-15,584**
CASH FLOW FROM FINANCING SECTOR		
Acquisition of treasury stock	-3,844	0
Dividend payment	-8,813	-282,823
Repayment of liabilities from rights of use	-5,000	-10,000
Repayment of finance leasing liabilities	-4,602	-395
Outflow of funds for the grant of loans to associated companies	-163,000	0
Inflow of funds from loans received from associated companies	0	200,000
Outflow of funds to associated companies in repayment of loans	-32,000	-158,000
Net outflow of funds in financing sector	**-217,259**	**-251,218**
Net increase/decline in cash and cash equivalents	1,400	-145,752
Cash and cash equivalents at beginning of fiscal year	3,968	149,681
Cash and cash equivalents at end of reporting period	**5,368**	**3,929**

* The consolidated cash flow statement January to September 2018 has been restated for better comparability.

CONSOLIDATED CHANGE IN EQUITY STATEMENT

in Fiscal Years 2019 and 2018

	Share capital		Capital reserves	Cumulative consolidated results	Other equity	Total equity
	Denomination	€k	€k	€k	€k	€k
Per 31 December 2017	**176,764,649**	**194,441**	**2,447,085**	**1,163,554**	**0**	**3,805,080**
Effects recognised in equity pursuant to new IFRS standards		0	0	372,716	0	372,716
Per 1 January 2018	**176,764,649**	**194,441**	**2,447,085**	**1,536,270**	**0**	**4,177,796**
Consolidated profit		0	0	280,019	0	280,019
Total results		**0**	**0**	**280,019**	**0**	**280,019**
Dividend payments		0	0	-282,823	0	-282,823
Employee stock ownership programme		0	834	0	0	834
Per 30 September 2018	**176,764,649**	**194,441**	**2,447,919**	**1,533,465**	**0**	**4,175,825**
Per 1 January 2019	**176,363,945**	**194,000**	**2,433,531**	**1,653,248**	**-704**	**4,280,075**
Consolidated profit		0	0	267,697	0	267,697
Total results		**0**	**0**	**267,697**	**0**	**267,697**
Dividend payments		0	0	-8,813	0	-8,813
Employee stock ownership programme		0	3,469	0	0	3,469
Acquisition of own shares	-99,296	-109	-3,734	0	0	-3,844
PER 30 SEPTEMBER 2019	**176,264,649**	**193,891**	**2,433,266**	**1,912,131**	**-704**	**4,538,584**

SEGMENT REPORTING

from 1 January to 30 September 2019

	Access €k	5G €k	Miscellaneous €k	Consolidation €k	Total €k
Revenues with third parties	2,755,235	0	91	0	2,755,326
Intercompany revenues	0	0	9,506	-9,506	0
SEGMENT REVENUES	**2,755,235**	**0**	**9,597**	**-9,506**	**2,755,326**
Cost of materials external third parties	-1,870,034	0	-16	0	-1,870,050
Cost of materials from intercompany relationships	0	0	-6	6	0
COST OF MATERIALS FOR SEGMENT	**-1,870,034**	**0**	**-22**	**6**	**-1,870,050**
GROSS PROFIT FOR SEGMENT	**885,201**	**0**	**9,575**	**-9,500**	**885,276**
SEGMENT EBITDA	**511,730**	**-2,531**	**3,222**	**-3,715**	**508,706**

from 1 January to 30 September 2018

	Access €k	Miscellaneous €k	Consolidation €k	Total €k
Revenues with third parties	2,719,178	207	0	2,719,385
Intercompany revenues	0	8,494	-8,494	0
SEGMENT REVENUES	**2,719,178**	**8,701**	**-8,494**	**2,719,385**
Cost of materials external third parties	-1,837,506	-19	0	-1,837,525
Cost of materials from intercompany relationships	0	-8	8	0
COST OF MATERIALS FOR SEGMENT	**-1,837,506**	**-27**	**8**	**-1,837,525**
GROSS PROFIT FOR SEGMENT	**881,671**	**8,674**	**-8,485**	**881,860**
SEGMENT EBITDA	**525,547**	**1,875**	**-2,649**	**524,772**

OTHER

FINANCIAL CALENDER

12 November 2019 Quarterly Statement Q3 2019

CONTACTS

Our Investor Relations and Press Department will be glad to answer any questions you may have concerning 1&1 Drillisch AG and the report.

Investor Relations:

Wilhelm-Röntgen-Straße 1-5
D-63477 Maintal

Telephone: +49 (0) 61 81 / 412 200
Telefax: +49 (0) 61 81 / 412 183
E-Mail: ir@1und1-drillisch.de

Press:

Wilhelm-Röntgen-Straße 1-5
D-63477 Maintal

Telephone: +49 (0) 61 81 / 412 124
Telefax: +49 (0) 61 81 / 412 183
E-Mail: presse@1und1-drillisch.de

LEGAL INFORMATION

1&1 Drillisch AG is a member of the United internet Group.

Company Headquarters:

Wilhelm-Röntgen-Straße 1-5
D-63477 Maintal

Telephone: +49 (0) 61 81 / 412 3
Fax: +49 (0) 61 81 / 412 183

Responsible:

1&1 Drillisch AG

Investor Relations Contact:

Telephone: +49 (0) 61 81 / 412 200
Fax: +49 (0) 61 81 / 412 183
E-Mail: ir@1und1-drillisch.de

Commercial Register Entry:

HRB 7384 Hanau
VAT ID No.: DE 812458592
Tax No.: 03522506037
Offenbach City Tax Office

Management Board:

» Ralph Dommermuth (CEO)

» Martin Witt (Deputy Chairman) (until 30 June 2019)

» André Driesen

» Markus Huhn (since 1 July 2019)

» Alessandro Nava (since 1 July 2019)

Supervisory Board:

» Michael Scheeren (Chairman)

» Kai-Uwe Ricke (Deputy Chairman)

» Dr Claudia Borgas-Herold

» Vlasios Choulidis

» Kurt Dobitsch

» Norbert Lang

Disclaimer

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.). This Interim Statement is available in German and English. Both versions can also be downloaded from www.1und1-drillisch.de. In all cases of doubt, the German version shall prevail.

Future-oriented Statements:

This Interim Statement contains certain forward-looking statements which reflect the current views of 1&1 Drillisch AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this Interim Statement are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which 1&1 Drillisch often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of 1&1 Drillisch AG. 1&1 Drillisch AG does not intend to revise or update any forward-looking statements set out in this Interim Statement.

MEMBER OF united internet

1&1 DRILLISCH AG

Wilhelm-Röntgen-Str. 1-5
D-63477 Maintal

www.1und1-drillisch.de