

# DRILLISCH AG | 9-Month Report 2015



Key Indicators of the Drillisch-Group	I-III/2015	I-III/2014	III/2015	II/2015	I/2015
<b>Statement of Income</b>					
Revenue in €m	455.1	213.0	201.6	154.4	99.2
Service Revenues in €m	313.4	209.8	113.2	104.8	95.4
Gross Profit in €m	179.4	105.3	76.2	55.4	47.8
Gross Profit Margin in % of Revenue	39.4%	49.4%	37.8%	35.9%	48.2%
EBITDA in €m	88.2	64.6	34.9	26.4	26.9
EBITDA Margin in % of Revenue	19.4%	30.3%	17.3%	17.1%	27.1%
EBITDA (adj.) in €m	90.5	64.6	35.3	28.2	26.9
EBITDA Margin (adj.) in % of Revenue	19.9%	30.3%	17.5%	18.3%	27.1%
Depreciation excluding good will in €m	18.3	7.4	11.2	3.7	3.4
EBIT in €m	69.8	57.2	23.7	22.7	23.5
EBIT Margin in % of Revenue	15.3%	26.9%	11.7%	14.7%	23.7%
EBT in Mio. €	67.3	55.3	22.9	21.8	22.7
EBT Margin in % of Revenue	14.8%	26.0%	11.3%	14.1%	22.8%
Consolidated Profit in €m	47.6	38.7	16.5	15.3	15.8
Consolidated Profit Margin in % of Revenue	10.5%	18.2%	8.2%	9.9%	15.9%
Profit/Loss per Share in €	0.88	0.81	0.30	0.28	0.30
<b>Cash Flow</b>					
Cash-Flow from current business activities in €m	65.6	53.2	33.5	14.2	18.0
Cash-Flow from investment activities in €m	-165.2	-2.1	-156.1	58.7	-67.8
Cash-Flow from financing activities in €m	-100.0	-77.7	-0.3	-98.8	-0.9
Cash in €m	117.5	160.5	117.5	240.4	266.3
<b>Balance Sheet</b>					
Balance Sheet total in €m	683.1	312.4	683.1	843.6	524.5
Equity in €m	354.4	179.5	354.4	337.8	346.9
Equity Ratio (equity as % of balance sheet total)	51.9%	57.5%	51.9%	40.0%	66.1%
Convertible Bond in €m	90.8	88.1	90.8	90.1	89.4
Financial Liabilities in €m	0.0	0.0	0.0	0.0	0.0
<b>Staff</b>					
Staff as Annual Average (incl. Management Board)	655	355	655	520	386
<b>Mobile Customers<sup>(1)</sup></b>					
thereof MVNO Customers	2,449	1,869	2,449	2,327	2,229
thereof Budget Customers <sup>(2)</sup>	1,770	1,118	1,770	1,629	1,497
thereof Volume Customers <sup>(3)</sup>	679	751	679	698	732
<b>Gross Profit per Customer (AGPPU)</b>					
AGPPU <sup>(4)</sup> Budget Customers	9.20 €	8.83 €	9.12 €	9.28 €	9.20 €
AGPPU <sup>(4)</sup> Volume Customers	3.15 €	3.50 €	3.31 €	3.06 €	3.07 €
<b>AGPPU<sup>(4)</sup> Customers (total)</b>	<b>7.36 €</b>	<b>6.49 €</b>	<b>7.47 €</b>	<b>7.38 €</b>	<b>7.23 €</b>

(1) - incl. 69K Prepaid Customers and 29K Postpaid Customers (Service-Provider-Model)

(2) - Rate Plan with Included Volume (Voice, Text Message, Data)

(3) - Rate Plans with Billing based on Usage "Pay as you go"

(4) - AGPPU = Average Gross Profit per User

## Index

<b>To Our Shareholders</b>	<b>4</b>
Letter from the Management Board	4
<b>Commercial Development of Drillisch Group per 30 September 2015</b>	<b>9</b>
Group Companies	10
The Wireless Services Market	12
Turnover and Earnings Position	18
Assets, Liabilities and Financial Position	20
Opportunities and Risks of Future Business Development	23
Important Events Occurring After 30 September 2015	24
Outlook	24
<b>Abridged Consolidated Interim Accounts per 30 September 2015</b>	<b>25</b>
Consolidated Comprehensive Income Statement	26
Consolidated Balance Sheet	27
Consolidated Change in Equity Statement	29
Consolidated Cash Flow Statement	30
Abbreviated Consolidated Notes	31
<b>Investor Relations</b>	<b>38</b>
Financial Calendar	38
Information About Our Stock	38
<b>Service Corner</b>	<b>40</b>
Announcements	40
Your Contacts	40
Information and Order Service	40
Legal Information	41
yourfone-shops - in your neighbourhood too	42

**Favourable LTE Rate Plans**

**equal footing with the three network operators**

**4G LTE**

**top quality**

**from € 4.99 monthly**

**up to 50 Mbit/s  
with 500 MB and up to 10 GB**

**smartmobil.de**

www.smartmobil.de

**yourfone**

FÜR DICH. FÜR SIE. FÜR ALLE.

www.yourfone.de

Please visit us in a shop  
in your town (page42)

## Letter from the Management Board



**Paschalis Choulidis**  
Executive-Board Spokesman,  
Financial Communication and IT

**Vlasios Choulidis**  
Director of Sales

**André Driesen**  
Director of Finances

### Dear Shareholders,

The first nine months of 2015 were a highly successful period for our Company, and we were once again able to increase our most important performance indicators, above all the EBITDA, the number of MVNO subscribers and the average profit per MVNO user.

Since 1 July 2015, we have been the sole MBA MVNO and have the right to use a defined share (that increases monthly) of the total capacity of Germany's largest wireless services network, the Telefónica network. Thanks to a procurement model that has been contractually secured for the next 15 years and to unrestricted access to 4G (LTE) as well as to any and all more sophisticated technologies of the future, we can continue to operate independently in the conceptualisation and marketing of our products. We have now reached an important milestone in the development of Drillisch AG and have set our course for sustained, long-term growth. The following pages contain reports we have prepared for you, describing how the markets relevant for our business are developing at this time and what measures we have initiated or continued to ensure the ongoing development of our distribution structure and product portfolio; our actions are all aimed at securing the greatest possible benefits from the major trends in our in-

dustry and from our rising network capacity. At the conclusion of our report, we will take a look at the figures of the first nine months before finishing with our outlook and future projections.

### **The telecommunications market in a state of transformation**

Mobile communication in Germany as a whole continues to grow at a very rapid rate and is taking place above all on smartphones and not on laptops. This was the finding of a study entitled *Global Mobile Consumer Survey 2015* released by the consultancy Deloitte in the middle of September 2015. Three-fourths of the consumers surveyed in Germany answered that they had access to the mobile internet via a smartphone. In the age group between 18 and 24, 90% use a smartphone for mobile access to the internet. The dynamics of the mobile internet have been confirmed by a study conducted by the Postbank; its results indicate that more and more people in this country are replacing their PC at home with the smartphone that can be used anywhere and everywhere. In the meantime, 57% of all Germans use their smartphones to go online an average of about 18 hours a week. The figure rises to just under 52 hours for the "digital natives" in the age group from 18 to 24.

## Letter from the Management Board

The special significance of the smartphone for the young generation is impressively underscored by yet another study, this one from the consultancy Prophet of 17 September 2015, and directly illustrates as well the social transformation and the high value of mobile communication. In response to the question "What role does your car play in your life?", 37% of the consumers between the ages of 18 and 34 stated that "High-quality smartphones, computers and laptops are more important to me than having my own car." Just one year before, only 31% had agreed with this statement.

Data traffic is rising dynamically because of the growing number of smartphones in use, the rising utilisation of high-speed wireless connections via LTE and utilisation scenarios with ever increasing intensity of data use. The recent study by VATM in cooperation with DIALOG CONSULT from 21 October 2015 projects an increase totalling 29.1% to 510 million GB in the development of data traffic on wireless networks in Germany in 2015 (2014: 395 million GB). The average data volume per user and month is forecast to rise correspondingly by 30.4% to 377 MB (2014: 289 MB) in 2015. Dynamic development can be expected to continue apace in the future because there will be even more new and interesting technologies and applications that are today still at best in the testing phase and hardware is becoming increasingly powerful as well.

**Drillisch is supporting the proven product benefits and distribution channels for smartmobil.de – the focus brand in the Online segment – with a major marketing campaign**

We have been working to broaden awareness of the premium brand smartmobil.de in recent months with the aim of

exploiting and profiting from these market trends even more extensively with our smartphone rate plans and bundles, enabling our continued and further growth. At the beginning of October, the Gesellschaft für Konsumforschung (GfK) conducted a third representative survey of brand awareness on the German wireless services market. The responses to the open question about wireless services brands showed smartmobil.de increasing in brand awareness from 2.1% in April 2015 and 4.7% in August to the current 6.3%. Within only six months, the premium brand of our online business has been able to treble its level of brand awareness. The clear focus of the communicated message for smartmobil.de is "High-speed Surfing with LTE", communicated in the media, for example, through the current commercial with Heino and the slogan "Ja, ja, so schnell, schnell, schnell ist das LTE" [Oh, yes, so fast, fast, fast, that's LTE]. In addition, the campaign launched at the end of August entitled "LTE Hammer" for €12.99 a month and featuring all-net flat rate and LTE high speed of up to 50 Mbit/s set a unique price benchmark. Moreover, in contrast to many of its competitors, smartmobil.de offers its high-speed LTE rate plans without long-term contracts. This is clearly a competitive advantage that is also forcefully communicated in the commercial. Furthermore, the "LTE Hammer" marks another successful media cooperation agreement with Springer-Verlag and bild.de, ensuring that the smartmobil.de offers, the price leaders, reach an extraordinarily large target group.

Besides the focus brand, we have offered various special rate plans to different user groups in the other established online brands such as DeutschlandSIM, simply, winSIM, maXXim or helloMobil

## Letter from the Management Board

in recent months and have also announced an extremely broad range of special rate plans for different user groups. The “summer specials”, for instance, doubled the data volume of the popular all-net flat rates LTE 1500 and LTE 3000 while maintaining the same prices of €19.99 and €24.99 per month, respectively. Heavy surfers could enjoy plenty of surfing pleasure of 3 GB and 6 GB at a uniquely low price. These special offers were Drillisch’s appropriate response to the increasing demand for data from many subscribers and provide attractive rate packages to heavy users that can be obtained from other providers only at substantially higher monthly costs. Similarly, Drillisch uses LTE mini rate plans to accommodate users who do not need the full service of an all-net flat rate, but nevertheless are looking for more data volume than the 500 MB usually available on the market for smartphone rate plans with minute/text message packages. The brands winSIM and maXXim have posted especially strong success among this subscriber group by offering these LTE mini rate plans. These special rate plans include 1 GB and 2 GB of data volume along with a flat rate for text messages and 50 and 100 call minutes a month, respectively, at no extra charge. These plans are the ideal choice for all smartphone users who are frequently online but communicate more frequently by text message, Messenger or on social networks and only occasionally make phone calls. So Drillisch gives these users a low-cost entry into the world of LTE starting at €4.99.

Our standard online rate plans are also “tops”, however. As Stiftung Warentest has just recently confirmed once again, the Drillisch brands offer the best product for every type of user. In its 10/2015 issue of the magazine “test”, for instan-

ce, Stiftung Warentest contrasted volume rate plans and all-net flat rates. Drillisch products took the top places in both categories. In the category of the all-net flat rates comprising flat rates for telephony, text messages and internet usage, the Drillisch brands sim.de, maXXim, discoPLUS, DeutschlandSIM and Phonex took the first five places.

### **Focus on new target groups – yourfone picks up speed in brick-and-mortar trade**

Since opening the first 100 shops of its own for the premium brand yourfone in July, Drillisch has steadily built out its presence in brick-and-mortar trade. The subsequent rollout of the partner shops has to date created more than 200 locations for exclusive marketing of the attractive products from yourfone. We continuously work on integrating additional partners.

In alignment with the catch brand message, “Für Dich. Für Sie. Für Alle.”, yourfone also offers rate plans appropriate to every user and to his or her individual use behaviour. There is a choice of various full flat rates; all of them include voice and text message flat rates and have data packages ranging from 500 MB to 5 GB. An all-net flat rate with up to 50 Mbit/s high speed starting at €14.99 can be obtained at yourfone, and this price level clearly outshines the competition. Moreover, yourfone has a rate plan for entry-level subscribers with a package of call minutes/text messages and 300 MB LTE data volume for less than €10.

In contrast to online business, a majority of the customers in the shop want to purchase a mobile phone along with their subscription line, so yourfone has winning combinations of the best rate plans on the market and the latest in top smartphones. At this time, for example,

## Letter from the Management Board

yourfone offers its LTE XS with voice and text message flat rate and a 500 MB LTE data package in combination with the iPhone 6 for only €29.99 a month. This is an unbeatably low price in comparison with all of the similar offers from network operators.

The further expansion of the sales structure and heightening of brand awareness for yourfone will be driven in Q4 with the help of a highly diversified media mix, including TV campaigns with commercials and joint contests conducted with far-reach broadcasters, a nationwide radio campaign and cinema advertising. Specifically placed poster and information screen advertising in the proximity of the shops plus print ads and local promotion campaigns will complete the palette of measures aimed at increasing customer frequency.

### The operating business

As previously announced and described in our outlook for both fiscal years 2015 and 2016, our operating business during this period will be marked by high investments in future growth. During the first 9 months of 2015, the expenditures for campaign-related advertising alone and the general brand build-up in many different media came to a total of €42.4 million (9M 2014: €8.4 million). In Q4 2015, we raised advertising pressure and the related costs once again, and the budget for next year also includes investments in additional growth at a comparable level. During the first nine months of 2015, we were able to grow dynamically and significantly increase the number of subscribers despite our operating in a market environment that remains intensely competitive, yet without ever losing sight of our EBITDA target.

In comparison with the closing date of

the previous year, our clientele grew by 526,000 (26.0%) to 2.547 million subscribers (9M 2014: 2.021 million). We posted significantly larger figures especially in the MVNO subscriber segment per 30 September 2015. Thanks to growth of 580,000 subscribers (31.0%), their numbers have risen to a total of 2.449 million subscribers in the last 12 months (9M 2014: 1.869 million). We achieved strong growth above all in the highly profitable budget subscriber segment, posting an increase of 652,000 subscribers (58.3%) to 1.770 million subscribers (9M 2014: 1.118 million). As a consequence of the improvement in subscriber and rate plan mix, the average gross profit per MVNO user (AGPPU) rose again and now comes to €7.36 (9M 2014: €6.49) for the first nine months of 2015.

In the first nine months of fiscal year 2015, revenues increased by €242.1 million (113.7%) to €455.1 million (9M 2014: €213.0 million). The largest share of revenues, €244.7 million, came from the Online segment (9M 2014: €212.0 million). In the Offline segment, €81.9 million (9M 2014: €0) was realised during the reporting period. The low-margin distribution business reached €127.8 million as early as May 2015 because of the acquisition of The Phone House Group.

Adding a strong rise in service revenues of 49.4% to a total of €313.4 million (9M 2014: €209.8 million), we generated a gross profit in the first nine months of 2015 that, at €179.4 million, grew even more strongly by €74.1 million (70.4%) and is significantly higher than the level of the previous year (9M 2014: €105.3 million). Here as well, the greatest part (€133.5 million) came from the Online segment.

Compared with the same period last year, the consolidated EBITDA, one of the most important performance indicators in

## Letter from the Management Board

our business, increased by €23.6 million (36.5%) to €88.2 million (9M 2014: €64.6 million). Despite the substantial increase in advertising expenditures, the Online segment was able to increase slightly in comparison with the previous year to €67.5 million (9M 2014: €67.1 million) and to make far and away the greatest contribution to profits. The Offline segment made its first contribution to the Company's earnings, a total of €28.8 million. We are planning a further increase in advertising expenditures for Q4, even though they had already risen in the first nine months to €42.4 million (9M 2014: €8.4 million). These funds will be used to drive forward the build-out of the focus brands smartmobil.de and yourfone and to add to the corresponding clientele.

Based on the highly positive development in our earnings position, we generated an operating cash flow of €65.6 million in the first nine months of fiscal year 2015, representing an increase of €12.4 million (23.2%) over the same period last year (9M 2014: €53.2 million).


Following disbursement of the dividends in the amount of €90.4 million (previous year: €76.8m) in Q2 and the agreed payment to Telefónica in Q3 of €150.0 million related to the launch of the MBA MVNO model for the expansion of the LTE net-

work and future technologies, cash at the end of the reporting period amounted to €117.5m (31/12/2014: €317.1m). In combination with attractive financing opportunities, Drillisch AG has adequate flexibility to expand or supplement its business activities as expedient even after these payments.

### Outlook

In view of the successful course of our business during the first nine months of 2015, the accelerating dynamics in the expansion of our MVNO clientele and the outstanding market opportunities presented to us in our position as an MBA MVNO, we are full of confidence as we look to the future. We confirm the raised guidance and expect to increase the EBITDA for fiscal year 2015 to the upper end of the forecast of between €95 million and €100 million (2014: €85.2 million). We have no cause to change our projection of a further increase to between €115 million and €120 million for fiscal year 2016. We want to continue to share the success of the Company with you, the shareholders, in the future as well and are still planning a dividend of at least €1.70 per share for fiscal years 2015 and 2016.

Best regards from Maintal,



Paschalis Choulidis,



Vlasios Choulidis

and



André Driesen



COMMERCIAL DEVELOPMENT OF DRILLISCH GROUP  
PER 30 SEPTEMBER 2015

## Group Companies

### **Drillisch AG – Successful nine months in 2015**

#### **The Drillisch Group**

Drillisch AG, Maintal, along with its subsidiaries ("Drillisch"), is a mobile bitstream access mobile virtual network operator (MBA MVNO) operating exclusively in Germany. During the first nine months of 2015, the Company added to the many years of its success story of profitable growth and once again raised its operating profit.

One of the most profitable and innovative providers of rate plans for voice and data communications in Germany, Drillisch is a regular source of new driving ideas on the German wireless services market. Operating as an MBA MVNO, Drillisch compiles packages of flexible services based on its own product ideas, drawing on standardised and unbundled advance services from the network operators Telefónica Germany GmbH & Co. OHG ("Telefónica") and Vodafone GmbH ("Vodafone"). The most important sales channels are the internet and the firm's own shop channel operating under the brand name yourfone. Drillisch cooperates as well with selected sales and cooperation partners and the traditional wireless services specialist trade through its subsidiary The Phone House Deutschland GmbH, Münster, ("Phone House"), one of the largest distributors of contracts for wireless and landline services in Germany. The Group expects its successful corporate history to continue for fiscal year 2015 as a whole and for fiscal year 2016 as well.

Drillisch continues to serve current customers in the Telekom Deutschland GmbH ("Telekom") and – until 30 June 2015 – in the former E-Plus Mobilfunk GmbH ("E-Plus") networks on the basis of existing service provider agreements. The share of the clientele in this less profitable segment is declining as planned.

#### **Drillisch – sole MBA MVNO on the German wireless services market**

Pursuant to the MBA MVNO agreement concluded with Telefónica last June, Telefónica grants to Drillisch (as the only competitor on the German wireless services market) access to up to 30% of the utilised network capacity in the controlled wireless network of Telefónica and E-Plus that is available after the merger. This right extends as well to all future as well as present technologies and includes an accelerated and unrestricted market entry right for LTE. At the same time, Drillisch obtains access rights to the so-called "Golden Grid Network" of Telefónica that has been created by the merger. This means access to the enhanced footprint of the wireless network of Telefónica, including all necessary technical specifications and the technical capability to reduce speed and restrict transport in the event of excessive data utilisation by end customers.

In accordance with the concluded agreement, there are also the following options: (1) becoming a so-called full MVNO in the wireless network of Telefónica, that is, a wireless services provider that operates its own full core network and uses solely the access network of Telefónica ("Full MVNO"), and/or (2) becoming a licensed mobile network operator ("MNO").

## Group Companies

Furthermore, Drillisch, acting through its wholly-owned subsidiary yourfone AG, concluded a business transfer agreement with Telefónica in June 2015 regulating the transfer of a total of 301 own shops and partner shops. Of these locations, Drillisch quickly re-opened the first approximately 100 of its own shops at the beginning of July and has subsequently followed with more than 100 partner shops under the name yourfone. The integration of further locations will follow successively.

### Change in the Group structure

By merging the previously separate operations of the subsidiaries Drillisch Online AG ("Drillisch Online") (formerly Drillisch Telecom GmbH), MS Mobile Services GmbH ("MS Mobile") (registered office of both in Maintal) and eteleon AG ("eteleon") (registered office in Munich) into a single company at the beginning of April 2015, Drillisch bundled its online competence in wireless services sales in one single company and simultaneously optimised the processes and structures in this area. The full scope of online sales has now been incorporated into Drillisch Online AG.

Another step was taken with the acquisition of yourfone AG, Maintal ("yourfone") (formerly yourfone GmbH, Hamburg), concluded on 2 January 2015, and the selection and acquisition of 301 shop sites previously operating for Telefónica and BASE that have now been used by Drillisch to build up and expand a strong pillar of business in the offline sector as well. Above all, the shops in highly frequented locations and in shopping centres of downtown urban commercial districts will attract additional customer groups.

The purchase contract for the acquisition of Phone House, concluded on 15 April 2015 completes Drillisch's build-up of a new offline distribution channel with full-area coverage. Phone House has had many years of experience in distribution and brick-and-mortar sales, has outstanding access to independent specialist retailers and is in possession of all of the technical requirements necessary for the complete operation of partner shops as well as its own shops, including the provision of hardware.

### Drillisch AG is the Group's holding

Within Drillisch Group, Drillisch AG, the parent company, concentrates on holding tasks such as management, finances and accounting, controlling, cash management, human resources, risk management, corporate communications and investor relations along with the definition, management and monitoring of the global corporate strategy.

### Drillisch Online AG

Drillisch Online AG is in charge of the wireless services operating business in the online segment with all of the Group's established online brands such as smartmobil.de, maXXim, sim.de, winSIM, DeutschlandSIM or simply.

### yourfone AG

yourfone AG acts under its brand name and is responsible for the full range of offline sales. Its two wholly-owned subsidiaries yourfone Retail AG (formerly Telefónica Germany Shoptransfer AG) and yourfone Shop GmbH (formerly Telefónica Germany Retail Ausgliederungs GmbH), both headquartered in Düsseldorf, have been handling the operating shop business since July 2015.

## The Wireless Services Market

### GCom GmbH

GCom GmbH is a wireless services provider specialising in prepaid products and operating in Germany as a subsidiary of Drillisch AG.

### The Phone House Deutschland GmbH

Phone House is now a Drillisch AG subsidiary and is one of the largest distributors for mobile communications in Germany. Within Drillisch Group, Phone House manages both partner and own shops in full and is in charge of the provision of the complete line of hardware for offline sales.

### IQ-optimize Software AG is the IT service provider for the Group

The IT competence of Drillisch Group is bundled in the subsidiary IQ-optimize. This company provides virtually all of the IT services for the Group's wireless services providers in particular.

### Employees

In the first nine months of 2015, an average of 655 employees (including the three members of the Drillisch AG Management Board) was on the payroll of Drillisch Group (previous year: 355). The number of vocational trainees, who are not included in the above figure, was 50 (previous year: 47). The change over the previous year results primarily from the acquisition of Phone House, the own shops and the employees working in this company.

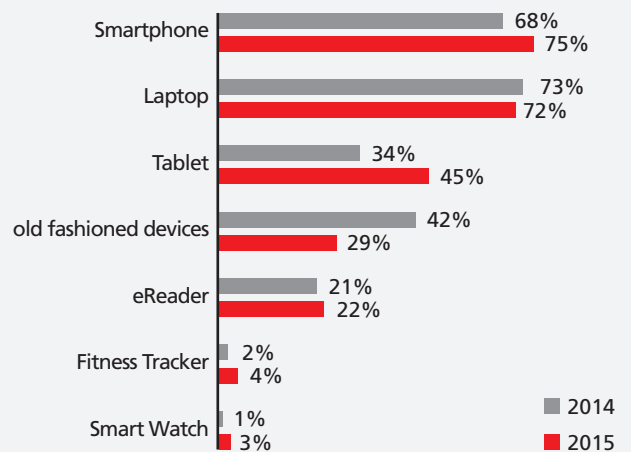


### The wireless services market

#### Mobile communications – not without my smartphone

The smartphone, not the laptop, is the device used primarily for mobile communications. This was the finding of a study entitled Global Mobile Consumer Survey 2015 released by the consultancy Deloitte in the middle of September 2015. Responding to the survey conducted in more than 31 countries, three-fourths of the consumers in Germany answered that they had access to the mobile internet via a smartphone. The popularity of these devices is even higher in the age group of the 18- to 24-year-olds, where 90% use a smartphone. A steady increase of mobile internet usage is also confirmed in the study Convergence Monitor from the opinion research institute TNS Infratest in August 2015. This poll found that 67% of the 14- to 64-year-olds own a smartphone. The same survey in the previous year showed a result of 59% and in 2013 of only 43%.

#### Popularity of devices in German households



Source: Global Mobile Consumer Survey, Deloitte, September 2015

## The Wireless Services Market

The special significance of the smartphone is impressively underscored by a study from the consultancy Prophet (17 September 2015), and illustrates the social transformation and the high value of mobile communication. In response to the question, "What role does your car play in your life?" 37% of the consumers between the ages of 18 and 34 stated that "High-quality computers, laptops and smartphones are more important to me than having my own car." Only a little more than a year before, only 31% had agreed with this statement.

### About 60% of all Germans surf 18 hours a week on mobile devices

On the average, Germans surf the World Wide Web 40 hours a week; the figure for those with a special affinity to online services rises to 54 hours. More and more people are replacing their PC at home with the smartphone that is available everywhere for this purpose. According to a study by the Postbank, 57% of all Germans spend 18 hours online with their smartphones every week. The figure rises to just under 52 hours for the "digital natives" in the age group from 18 to 24.

### Sales of smartphones exceed expectations; whilst tablets sales growing more slowly

According to a forecast by BITKOM from September 2015, sales of smartphones in Germany will grow more rapidly than was expected just last spring. Overall, the industry experts expect total sales of €9.1 billion, 7% more than in the previous year. A new sales record for smartphones will be set this year – 25.6 million devices sold, corresponding to 5% growth over 2014. The development for tablet computers, in contrast, is moving at a slightly slower pace. While sales are

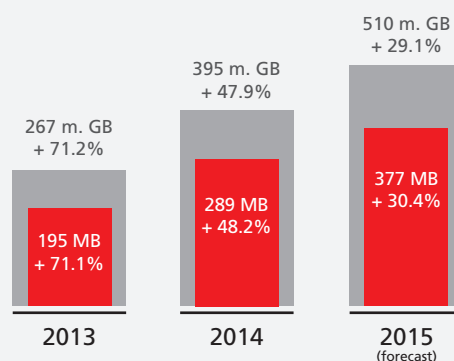
expected to reach 7.74 million devices sold (about 4% more than in 2014), revenues will increase only by just under 2% to €2.09 billion.

### Worldwide data volume grows by 60%; 30% more data volume expected in Germany

Data traffic is rising dynamically because of the growing number of smartphones in use, the rising utilisation of high-speed wireless connections via LTE and utilisation scenarios with ever increasing intensity of data use. In their "Forecast: Mobile Data Traffic" (press release of 22 July 2015), the market researchers at Gartner calculate that worldwide data traffic in wireless services will reach the level of 52 million terabytes by the end of the year, an increase of 59% in comparison with the previous year. A recent study by VATM in cooperation with DIALOG CONSULT from 21 October 2015 projects an increase totalling 29.1% to 510 million GB (2014: 395 million GB) in the development of data traffic on wireless networks in Germany in 2015, whilst the average monthly usage per subscriber should increase by 30.4% to 377 MB (2014: 289 MB).

#### Mobile Data Traffic in Germany

■ Average volume per user and month ■ Data Volume per year



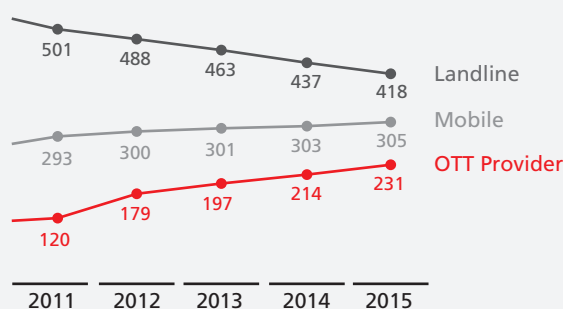
Source: Marktstudie VATM / Dialog Consult, October 2015

## The Wireless Services Market

A breakdown in the distribution of revenues outside of telephony shows that the share in revenues of data will rise from €9.6 billion in 2014 to €10.6 billion in the year 2015. While total revenues remain stable at €24.8 billion (2014: €25.0 billion), data revenues now comprise a share of 42.7% (2014: 38.4%). The proportion realised from telephony, estimated at €12.9 billion in 2015 (share: 52.1%), will decline slightly in comparison with the €13.9 billion in 2014 (share: 55.6%).

A major factor for this decline is the increasing availability of flat rates for voice services. The call minutes from mobile subscriptions every day, however, is expected to rise slightly from 303 million minutes in 2014 to 305 million minutes in this year. In contrast, daily calls from landlines will fall from 437 million minutes last year to 418 million minutes in 2015.

Outgoing Minutes (per Day in million)



Source: Marktstudie VATM / Dialog Consult, October 2015

There has also been a significant increase in voice traffic via the so-called OTT applications, calls that are not billed by a subscription network operator. Such calls are those made via VoIP providers such as Skype or FaceTime, for instance, most of which are still being made via landline networks. VATM and DIALOG

CONSULT expect call minutes to increase from 214 million minutes a day in 2014 to 231 million minutes a day in 2015. The future potential inherent in the trend to voice over data, i.e. the use of data packages for telephony, in wireless services as well should not be underestimated as it will make a substantial contribution to the continued dynamics in the development of mobile data revenues.

In its Global Mobile Data Traffic Forecast (February 2015), the network outfitter Cisco predicts a sevenfold increase of current mobile data traffic in Germany by the year 2019. Mobile data traffic is expected to continue to grow rapidly in the long term as well. The use of applications requiring growing amounts of storage volume is regarded as a major factor for the strong increase in mobile data traffic. Here are a few examples:

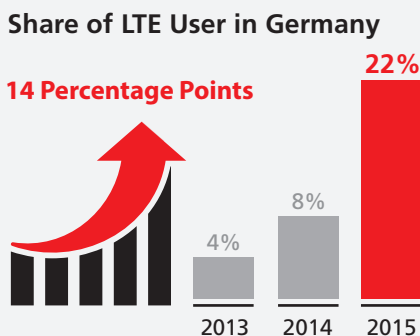
- ➔ **Sharing photos:** Almost two-thirds of all smartphone users (63%) 14 and older share photos via social networks such as Instagram, Facebook, Twitter, Snapchat, Flickr and all the rest. In comparison, only 38% took advantage of such opportunities in 2011. (BITKOM 10/2015)
- ➔ **Video streaming:** Online users now spend 17% of their time on the internet with video content; in 2014, the corresponding figure was only 12%. This development is also being driving by the growing availability of more powerful hardware. The average use by Germans of a video stream via wireless services amounts to 10.6 minutes (Gartner).
- ➔ **Sharing video clips:** 60% of all smartphone users in Germany use their mobile phones to record short film clips. More than half of them (54%) share their own videos at least oc-

## The Wireless Services Market

asionally with other users on social networks such as Facebook, Twitter, Instagram, Vine and the others. (BITKOM 08/2015)

### LTE becoming a mass market – and that is not the end

According to the findings of Deloitte in its Global Mobile Consumer Survey 2015, 22% of the German wireless services customers are already using the fast broadband service, 14% more than in the previous year.



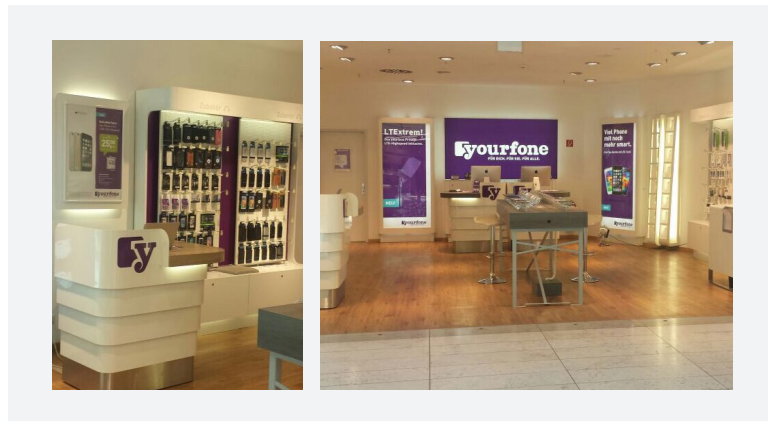
Source: Global Mobile Consumer Survey, Deloitte, September 2015

A projection from the network outfitter Cisco indicates that in four years more than 80% of the total mobile data traffic will be transmitted by the LTE high-speed network. Yet networks of the next generation (5G) with transmission rates of 10 GBit/s are already in trial operation today. In five years – as claimed by EU Commissioner Oettinger in an interview at the beginning of October – the first 5G networks in Europe will presumably be launched.

### yourfone steadily expands sales network in brick-and-mortar trade

Since the beginning of July, Drillisch has also become a presence in brick-and-mortar trade all over Germany, operating un-

der the premium brand name yourfone. With a striking visual appearance and the catchy message “Für Dich. Für Sie. Für Alle.”, Drillisch is using its premium brand name to attract consumers in top locations of high-traffic pedestrian zones and shopping centres. A proven shop concept as well as the introduction of newly created design elements tailored to the yourfone brand have created a new shop experience for customers and generated a high recognition effect.



Moreover, yourfone draws attention with its attractive services and offers optimal combinations with top smartphones at unbeatable terms and conditions. All of the rate plans from yourfone are based on the latest 4G wireless standard LTE, for instance. At yourfone, customers can choose between so-called full flat rates including a voice and text message flat rate together with data packages ranging from 500 MB to 5GB and rate plans with minute/text message packages. Every user can find the rate plan that best fits his or her individual usage behaviour. yourfone offers rate plans with LTE high speed and minute/text message packages starting at €9.99 a month for entry-level customers and low-level callers. An all-net flat rate with up to 50 Mbit/s high speed starting at €14.99 can be obtained at yourfone and clearly outshines the competition.

## The Wireless Services Market

Since July, when yourfone started out with about 100 of its own shops, more than 100 additional partner shops have been added (status per 30/09/2015) to the yourfone distribution network. Potential customers can use the practical shop finder on the website [www.yourfone.de](http://www.yourfone.de) (see page 42 in the report) to find the nearest shop quickly and easily. yourfone will continue to expand its proximity to customers and its presence in many business areas of German cities by adding up to 100 more partner shops. The opening of the shops is being accompanied by nationwide radio campaigns, special poster and information screen advertising in the vicinity of the shops and by print ads, media cooperation and promotion campaigns in the area. A TV campaign on channels with high reach and commercials in cinemas complete the diversified media mix.

In addition, Drillisch has been able to acquire Lekkerland as a distribution partner for the yourfone prepaid products. For instance, the yourfone 8-cent prepaid rate plan and cards for topping up accounts are available not only in the yourfone shops, but in many petrol stations that are supplied exclusively by Lekkerland as well.

### **Phone House opens additional sales channels and supports the yourfone shops.**

The distributor Phone House, which has been a member of Drillisch Group since the beginning of May 2015, gives Drillisch access to independent specialist retailers. Phone House opens additional sales channels by integrating indirect trade. The initial sales cooperation agreements were concluded at the beginning of July 2015. In future, yourfone products will be offered all over Germany with partners such as Stahlgru-

ber Communication and EinsAmobile, Faro-com, Selectric and WES. Moreover, Phone House will handle management of the IT processes, provide sales and hardware support and ensure services for the yourfone shops. In addition, Phone House will coordinate the regional marketing activities. Based on its many years of experience in brick-and-mortar sales, qualified employees and tried and proven processes, Phone House will support yourfone with all of the required competencies in the offline sales sector.

### **Drillisch puts its trust in strong distribution cooperation agreements and unique campaign offers with online brands**

In recent months, Drillisch has verifiably and dynamically expanded even further the brand awareness of its premium brand name smartmobil.de. At the beginning of October, the Gesellschaft für Konsumforschung (GfK) conducted a third survey of brand awareness on the German wireless services market. The responses to the open question about wireless services brands showed smartmobil.de increasing in brand awareness from 2.1% in April 2015 and 4.7% in August to the current 6.3%. While competitors were able to post only slight gains or none at all over the same period, the premium brand smartmobil.de made a significant jump.

“High-speed surfing with LTE” is clearly at the focus of the communication here, which is supported by the current commercial with Heino and the message, “Yes, yes, so fast, fast, fast is LTE”. In addition, the campaign launched at the end of August entitled “LTE Hammer” for €12.99 a month and featuring all-net flat rate and LTE high speed of up to 50 Mbit/s set a unique price benchmark.



## The Wireless Services Market

In contrast to many of its competitors, however, smartmobil.de offers the high-speed LTE rate plans without long-term contracts. This is clearly a competitive advantage that is also forcefully communicated in the commercial.

JA, JA, SO SCHNELL,  
SCHNELL, SCHNELL  
IST DAS LTE ...

LTE HAMMER

**12,99**  
€/MONAT

Furthermore, the “LTE Hammer” marks another successful media cooperation agreement with Springer-Verlag. The price leaders from smartmobil.de are reaching new target groups in collaboration with bild.de.

Another highlight was smartmobil.de’s presence in the special issue of the BILD-Zeitung on the occasion of “25 Years German Unity” that was distributed free of charge to more than 42 million German households at the beginning of October. In celebration of the reunification of the country, smartmobil.de improved the rate plan even further and promised a bonus of €25 as well as a 6-month price reduction and the possibility to keep the previous phone number.

### Attractive special rate plans for all types of users for other online brands

In recent months, Drillisch has offered various special rate plans to different user groups in the other established online brands such as DeutschlandSIM, simply, winSIM, maXXim or helloMobil. Among the “summer specials”, the popular all-

net flat rates LTE 1500 and LTE 3000 doubled the data volume while maintaining the same prices of €19.99 and €24.99 per month, respectively. Heavy surfers could

LTE 1500 *Special*  
Die Allrounder-Flat jetzt mit  
**doppeltem** Highspeed-Volumen!

**Sparpreis**

**nur 19,99€** mtl.

→ Tariffdetails

Jetzt bestellen

Mobil in der EU  
✓ 100 Freieinheiten  
✓ 100 MB Internet  
inklusive

**Doppeltes Datenvolumen**

- ✓ Telefonie-Flat in alle dt. Netze
- ✓ SMS-Flat in alle dt. Netze
- ✓ **3 GB** LTE Internet statt 4,5-GB bis zu 50 Mbit/s + Datenautomatik
- ✓ Flexibel monatlich kündbar

enjoy plenty of surfing pleasure of 3 GB and 6 GB at a uniquely low price. These special offers were Drillisch’s appropriate response to the increasing demand for data and provide attractive rate packages to heavy users that can be obtained from other providers only at substantially higher monthly costs.

At the same time, Drillisch uses LTE mini rate plans to address users who do not need the full service of an all-net flat rate, but nevertheless want more data volume than the 500 MB usually available on the market for smartphone rate plans with minute/text message packages. The brands winSIM and maXXim have been especially successful with the LTE mini rate plans. These special rate plans include 1 GB and 2 GB of data volume along with a flat rate for text messages and 50 and 100 call minutes a month, respectively, at no extra charge. These rate plans are the ideal choice for all smartphone users who are frequently online but communicate more frequently by Messenger or on social networks and only occasionally make phone calls. So Drillisch gives these users a low-cost entry into the world of LTE starting at €4.99.

## Turnover and Earnings Position

### Stiftung Warentest confirms again: Drillisch brands are the least-expensive providers for every type of user

Stiftung Warentest contrasted volume rate plans and all-net flat rates in its 10/2015 issue of the magazine "test". Drillisch products took the top places in both categories. In the all-net flat rate category, the testers examined rate plans with a three-way flat rate comprising telephony, text messages and internet. Drillisch brands took first to fifth place in this category with the familiar TV brand sim.de and maXXim, discoPLUS, DeutschlandSIM and Phonex.

Volume rate plans are a low-cost alternative for users who do not require the full range of a full flat rate. The test compared rate plans with at least 200 minutes, 100 text messages and 1 GB of data volume. The results are convincing: Drillisch took first to eighth place among the Top 10. The group was led by the prepaid rate plans Express Mobil, n-tv go! and the yourfone 8-cent prepaid rate plan, followed by the smartphone rate plans of DeutschlandSIM and BigSIM.



Source: test 10/2015

#### Ranking of the first 5 provider

##### volume rate plan with at least 200 minutes, 100 text messages and 1 GB data volume

Provider (network)	Rate plan + options	price	included text messages and minutes	included data package
Expressmobil (O <sub>2</sub> )	Expressmobil + Clever L	9.95 Euro	200/200	1,000 MB
N-tv go! (O <sub>2</sub> )	N-tv go! + Clever L	9.95 Euro	200/200	1,000 MB
Yourfone (O <sub>2</sub> )	8 Cent Prepaid + Clever L	9.95 Euro	200/200	1,000 MB
BigSim (O <sub>2</sub> )	All-in 1000	12.95 Euro	250/250	1,000 MB
DeutschlandSim (O <sub>2</sub> )	Smart 1000	12.95 Euro	250/250	1,000 MB

##### Three -way flatrate with 1 Gb data volume

Phonex (O <sub>2</sub> )	LTE S	14.95 Euro	Flatrate	1,000 MB
Sim.de (O <sub>2</sub> )	LTE Eins	14.95 Euro	Flatrate	1,000 MB
DiscoPlus (O <sub>2</sub> )	Flat L 1000	19.95 Euro	Flatrate	1,000 MB
maxxim (O <sub>2</sub> )	Flat XM 1000 plus	19.95 Euro	Flatrate	1,000 MB
DeutschlandSim (O <sub>2</sub> )	LTE 1500	19.99 Euro	Flatrate	1,500 MB

### Revenue and earnings position

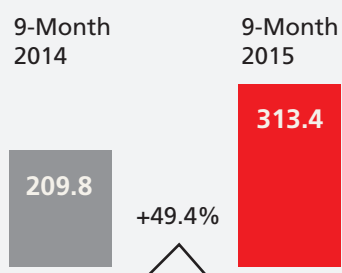
Further EBITDA growth in the first nine months of 2015 is impressive evidence that Drillisch has maintained its operating earning power. This good development of our business is supported by the ongoing dynamic developments in the fields of wireless services and mo-

bile internet. It is enhanced by the initial consolidation of yourfone GmbH, amongst others. Drillisch uses innovative products in conjunction with efficient marketing and distribution concepts to maintain its top position in the German telecommunications industry.

## Turnover and Earnings Position

The “service revenues”, essentially the income from the provision of the ongoing wireless services (voice and data transmission) and their billing on the basis of the current subscriber contracts, amounted to €313.4 million in the first nine months of 2015 (previous year: €209.8 million).

### Service Revenues (in €m)



The low-margin “Other revenues” rose by €138.4 million to €141.7 million (previous year: €3.3 million). The change in comparison with the previous year results essentially from the brokerage and hardware revenues of Phone House (acquired at the beginning of May 2015) that were included in the interim consolidated financial statements for the first time per 30 June 2015. In addition, this item includes sales from the software services in the amount of €13,000 (previous year: €50,000).

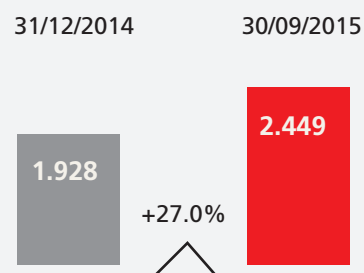
Total revenue in the first nine months 2015 amounted to €455.1 million (previous year: €213.0 million).

Revenues from external third parties in the segment Online rose by €32.7 million to €244.7 million (previous year: €212.0 million). Sales revenues in the segment Offline during the reporting period amounted to €81.9 million (previous year: €0.0) and in Q3 included sa-

les revenues from an agreement with Telefónica related to the start of the brick-and-mortar sales after the takeover of Telefónica locations at the end of June 2015 in addition to revenues from the provision of telecommunications services. In the segment Distribution, revenues from external third parties amounted to €127.8 million (previous year: €0.0). In the segment Miscellaneous/Holding, revenues from external third parties declined by €0.3 million from €1.1 million per 30 September 2014 to €0.8 million per 30 September 2015.

The MVNO clientele increased further from the beginning of the year by 521,000 (27.0%) to 2.449 million subscribers (31 December 2014: 1.928 million MVNO subscribers).

### MVNO Subscribers (in m)



The number of qualitatively higher-value budget subscribers increased by 46.1% to 1.769 million subscribers per 30 September 2015 (31 December 2014: 1.211 million subscribers). The number of volume subscribers decreased slightly from 717,000 per 31 December 2014 to 679,000 subscribers per 30 September 2015.

The number of subscribers in the traditional service provider business decreased to 98,000 (31 December 2014: 143,000).

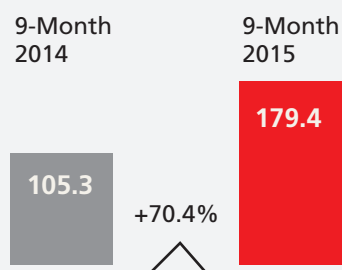
## Assets, Liabilities and Financial Position

The total number of customers rose by 477,000 to 2.547 million (31 December 2014: 2.070 million).

The cost of materials increased in the first nine months of 2015 by 155.9% to €275.7 million (previous year: €107.7 million).

Gross profit improved by €74.1 million from €105.3 million in the first nine months of 2014 to €179.4 million in the first nine months of 2015.

### Gross Profit (in €m)

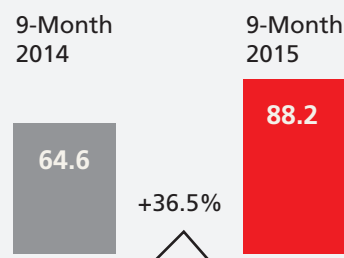


The gross profit margin came to 39.4% (previous year: 49.4%). Personnel expenses increased by 64.5% to €31.1 million (previous year: €18.9 million) as a result of the major growth in headcount. The personnel expenses ratio in the first nine months of 2015 declined by 2.1% to 6.8% (previous year: 8.9%). Other operating expenses rose by a total of €51.9 million to €76.0 million (previous year: €24.1 million). The change in comparison with the same period of the previous year results essentially from the major increase of €34.0 million in advertising costs to €42.4 million (previous year: €8.4 million), in particular for the television, radio and out-of-home campaigns for the smartmobil.de brand. Expenses for third-party services rose by €7.3 million from €1.2 million in the first

nine months of 2014 to €8.5 million. In addition, legal and professional expenses rose by €4.0 million to €6.3 million (previous year: €2.3 million) primarily as a consequence of the company acquisitions during the reporting period.

EBITDA (earnings before interest, taxes, depreciation and amortisation) – one of the most important management indicators in the Drillisch Group – improved by 36.5% to €88.2 million (previous year: €64.6 million).

### EBITDA (in €m)



The EBITDA margin came to 19.4% (previous year: 30.3%). The adjusted EBITDA – adjustments were made for the expenses in consulting and due diligence services – improved to €90.5 million (previous year: €64.4 million)

Essentially a consequence of the significant increase in advertising expenditures, the EBITDA in the segment Online increased only marginally by €0.4 million to €67.5 million (previous year: €67.1 million). In the segments Offline and Distribution, the segment EBITDA amounted to €28.8 million and €-4.0 million, respectively. The EBITDA in the segment Miscellaneous/Holding per 30 September 2015 amounted to €-4.1 million (previous year: € 2.5 million). The

## Assets, Liabilities and Financial Position

change over the same period of the previous year is essentially a consequence of the higher legal and professional expenses incurred during the reporting period pursuant to the company acquisitions.

Amortisation and depreciation rose by €10.9 million to €18.3 million (previous year: €7.4 million). The increase in depreciation and amortisation results essentially from the initial inclusion of yourfone and Phone House in the consolidated interim accounts and from Drillisch's contribution of €150 million agreed with Telefónica as part of the MBA MVNO model to the investments previously made and to be made in future by Telefónica in the expansion of the LTE network and in future technologies; this contribution was capitalised under Other intangible assets and will be written off over the expected useful life of 15 years. The EBIT (earnings before interest and taxes) during the reporting period amounted to €69.8 million (previous year: €57.2 million). The EBIT ratio declined by 11.5% to 15.4% (previous year: 26.9%).

The interest result in the first nine months of 2015 amounted to €-2.5 million (previous year: €-2.0 million).

Taxes on income rose by €3.1 million to €19.7 million (previous year: €16.6 million). Consolidated profit amounted to €47.6 million (previous year: €38.7 million). The consolidated comprehensive result per 30 September 2015 also amounted to €47.6 million (previous year: €38.7 million) and thus reflects exclusively the earning power of the operating business. The undiluted profit per share came to €0.88 (previous year: €0.81).

### Assets, liabilities and financial position

Long-term assets increased in total by €320.9 million to €422.8 million (31 December 2014: €101.9 million) during the first nine months of 2015. The increase results in part from the goodwill totalling €75.2 million provisionally disclosed in the balance sheet pursuant to the acquisition of yourfone, GTCom and Phone House until the conclusion of the purchase price allocation of these companies. Moreover, the rise of €219.8 million in the Other intangible assets reflects Drillisch's contribution of €150.0 million to the investments in the expansion of the LTE network and in future technologies (that Telefónica has already made and will make in future) as agreed with Telefónica within the scope of the MBA MVNO model and the assets of €76.9 million provisionally identified at this time within the scope of the purchase price allocation of yourfone. Deferred tax reimbursements increased by €18.4 million to €19.1 million (31 December 2014: €0.7 million). This rise is primarily a consequence of the initial consolidation of Phone House.

The cash balance declined by €199.6 million to €117.5 million (31 December 2014: €317.1 million). This decline was essentially caused by outflow of funds for the acquisition of yourfone and the related payment of the purchase price, the payment of the Drillisch contribution within the framework of the MA MVNO model agreed with Telefónica and the dividend disbursement in May 2015. A positive effect was recorded from the assumption of cash related to the acquisition of Phone House in addition to the cash flow from current business activities. Trade receivables amounted to €80.5 million (31 December 2014: €47.5 million). This rise is also basically

## Assets, Liabilities and Financial Position

a further consequence of the initial consolidation of yourfone and Phone House. In total, current assets decreased by €113.3 million to €260.3 million (31 December 2014: €373.6 million).

The balance sheet total for Drillisch Group increased by a total of €207.6 million to €683.1 million per 30 September 2015 (31 December 2014: €475.6 million).

In comparison with the previous year, equity increased by a total of €23.3 million to €354.4 million (31 December 2014: €331.1 million). The rise in Subscribed capital and Capital surplus results from the issue of 1,575,634 new shares with a nominal value of €1.10 per share related to the acquisition of Phone House. Subscribed capital rose by €1.7 million to €60.2 million (31 December 2014: 58.5 million) and Capital surplus by €64.3 million to €295.5 million (31 December 2014: €231.2 million). Owing to the dividend disbursement in May 2015, unappropriated retained earnings (balanced against the nine-month profit totalling €42.8 million) declined to €-32.0 million (31 December 2014: €10.8 million). The item Other equity of €-0.6 million (31 December 2014: €-0.6 million) reflects the actuarial gain or loss from the measurement of the pension provisions recognised as non-operating results in accordance with IAS 19. The equity ratio per 30 September 2015 came to 51.9% (31 December 2014: 69.6%).

Long-term liabilities rose by €27.6 million to €126.4 million (31 December 2014: €98.8 million). The major reason for this increase is the rise in Other liabilities. This item of €9.7 million comprises essentially liabilities from the acquisition of Phone House and GTCCom within the framework

of a long-term earn-out component.

In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0 million and a term of five years; this bond was disclosed in the balance sheet per 30 September 2015 at a value of €90.8 million (31 December 2014: €88.8 million). The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. The term of the bond ends on 12 December 2018.

Short-term liabilities increased with respect to the end of fiscal year 2014 by €156.8 million to €202.3 million (31 December 2014: €45.6 million). Trade accounts payable rose by €25.2 million to €47.0 million (31 December 2014: €21.8 million). The increase basically came from the initial inclusion of yourfone and Phone House in the consolidated interim accounts. Short-term provisions increased, primarily owing to the provisions to be disclosed in the balance sheet as part of the acquisition of Phone House and yourfone, by €43.4 million (31 December 2014: €0.1 million). The Other financial liabilities of €40.0 million (previous year: €0.0 million) also result from the initial inclusion of Phone House in the consolidated interim accounts of Drillisch. Tax liabilities increased by €9.7 million to €17.1 million (31 December 2014: €7.4 million). Payments received on account declined slightly to €5.6 million (31 December 2014: €5.9 million). Other liabilities rose by €38.9 million to €48.4 million (31 December 2014: €9.5 million) and include €29.9 million in liabilities from the acquisition of Phone House within the framework of a long-term earn-out component.

## Opportunities and Risks of Future Business Development

### Cash flow

Cash flow from current business activities in the first nine months of 2015 amounted to €65.6 million (previous year: €53.2 million), and this increase over the same period of the previous year reflects once again the earning power of the operating business.

Cash flow from investment activities totalling €-165.2 million (previous year: €-2.2 million) results from €160.9 million (previous year: €-2.7 million) for payments for investments in fixed and intangible assets, from €-4.1 million (previous year: €0.0 million) for payments for acquisitions less acquired cash and from received interest of €0.3 million (previous year: €0.5 million).

During the first nine months of 2015, there was overall an outflow of funds from financing activities of €100.0 million (previous year: outflow of funds of €77.5 million) resulting largely from €90.4 million (previous year: €76.8 million) in dividend disbursements paid in May 2015 and from €7.6 million (previous year: €0.0 million) in the change in Other financial liabilities and from €1.3 million (previous year: €0.5 million) in interest paid.

### Opportunity and risk report

The risk management system is an integral component of corporate policy aimed at early exploitation of opportunities and the detection and limitation of risks. Drillisch operates a risk management system throughout the Group that includes continuous observation to ensure early recognition and the standardised recording, assessment, control

and monitoring of risks. The objective is to obtain information about negative developments and the related financial effects as early as possible so that the appropriate measures can be initiated to counteract them. The management of the company results and company value makes use of the instruments of risk management, which can thus become a strategic success factor for the Company's management for both subsidiaries and Drillisch itself.

Opportunities and risks of ongoing business activities as an MBA MVNO – in comparison with the risks described in the annual report for the year 2014 – did not change appreciably during the first nine months of fiscal year 2015. Additional opportunities and risks have arisen, however, from the acquisition of Phone House. On the one hand, Drillisch can now benefit from the years of experience in brick-and-mortar sales and outstanding access to independent specialist retailers, thereby acquiring additional customers of its own. The change in network operator conditions at Phone House, one of the largest distributors on the German wireless services market, can on the other hand lead to a worsening in the margin situation because the brokerage of network operator contractors is a major part of the revenue flows of Phone House. Nonetheless, Drillisch does not consider the risks to profit and liquidity that result to be of existential nature.

In the opinion of the Management Board, adequate precautions have been taken to counter all current existing and identified risks.

## Important Events Occurring After 30 September 2015 Outlook

### Important events occurring after 30 September 2015

No important events occurred after the balance sheet date.

### Outlook

The Management Board, based on the current position, expects an adjusted consolidated EBITDA at the upper end of the forecast of between approx. €95 million and €100 million for 2015 and a further increase to between €115 million and €120 million for 2016. Management intends to continue the expansion in the clientele.





ABRIDGED CONSOLIDATED INTERIM ACCOUNTS  
PER 30 SEPTEMBER 2015

## Consolidated Comprehensive Income Statement

	I-III/2015	I-III/2014	III/2015	III/2014	II/2015	II/2014	I/2015	I/2014
	€K	€K	€K	€K	€K	€K	€K	€K
Sales	455,130	213,024	201,562	71,261	154,368	70,439	99,200	71,324
Other own work capitalised	1,805	1,449	519	510	606	419	680	520
Other operating income	14,077	857	4,407	227	4,807	336	4,863	294
Raw material, consumables and services used	-275,732	-107,734	-125,339	-34,000	-98,966	-35,337	-51,427	-38,397
Personnel expenses	-31,087	-18,898	-14,303	-6,269	-9,651	-6,313	-7,133	-6,316
Other operating expenses	-76,011	-24,092	-31,982	-9,492	-24,774	-7,702	-19,255	-6,898
Amortisation and depreciation	-18,339	-7,371	-11,208	-2,458	-3,695	-2,438	-3,436	-2,475
<b>Operating result</b>	<b>69,843</b>	<b>57,235</b>	<b>23,656</b>	<b>19,779</b>	<b>22,695</b>	<b>19,404</b>	<b>23,492</b>	<b>18,052</b>
Interest income	484	760	156	100	155	373	173	287
Interest and similar expenses	-3,006	-2,707	-947	-904	-1,055	-913	-1,004	-890
<b>Financial result</b>	<b>-2,522</b>	<b>-1,947</b>	<b>-791</b>	<b>-804</b>	<b>-900</b>	<b>-540</b>	<b>-831</b>	<b>-603</b>
<b>Profit before taxes</b>	<b>67,321</b>	<b>55,288</b>	<b>22,865</b>	<b>18,975</b>	<b>21,795</b>	<b>18,864</b>	<b>22,661</b>	<b>17,449</b>
Taxes on income	-19,740	-16,609	-6,334	-5,697	-6,527	-5,632	-6,879	-5,280
<b>Consolidated results</b>	<b>47,581</b>	<b>38,679</b>	<b>16,531</b>	<b>13,278</b>	<b>15,268</b>	<b>13,232</b>	<b>15,782</b>	<b>12,169</b>
Items which can be included in operating results in the future	0	0	0	0	0	0	0	0
Items which cannot be included in operating results in the future	0	0	0	0	0	0	0	0
<b>Consolidated comprehensive results</b>	<b>47,581</b>	<b>38,679</b>	<b>16,531</b>	<b>13,278</b>	<b>15,268</b>	<b>13,232</b>	<b>15,782</b>	<b>12,169</b>
<b>Profit per share (in €)</b>								
Undiluted	0.88	0.81	0.30	0.28	0.28	0.28	0.30	0.25
Diluted	0.85	0.77	0.29	0.26	0.28	0.27	0.28	0.24

## Consolidated Balance Sheet

<b>ASSETS</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	€K	€K
<b>Fixed assets</b>		
Other intangible assets	251,143	31,302
Goodwill	142,357	67,206
Tangible assets	10,038	2,596
Other financial assets	96	93
Deferred taxes	19,157	743
<b>Fixed assets, total</b>	<b>422,791</b>	<b>101,940</b>
<b>Current assets</b>		
Inventories	18,933	5,488
Trade accounts receivable	80,540	47,503
Tax reimbursement claims	11,585	1,507
Cash	117,467	317,090
Other current assets	31,799	2,023
	<b>260,324</b>	<b>373,611</b>
Long-term assets held for sale	25	0
<b>Current assets, total</b>	<b>260,349</b>	<b>373,611</b>
<b>ASSETS, TOTAL</b>	<b>683,140</b>	<b>475,551</b>

## Consolidated Balance Sheet

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	€K	€K
<b>Shareholders' equity</b>		
Subscribed capital	60,241	58,508
Capital surplus	295,559	231,232
Earnings reserves	31,123	31,123
Other equity	-550	-550
Accumulated deficit/Unappropriated retained earnings	-32,010	10,830
<b>Equity, total</b>	<b>354,363</b>	<b>331,143</b>
<b>Long-term liabilities</b>		
Pension provisions	1,561	1,525
Deferred tax liabilities	23,159	3,051
Debenture bonds	90,783	88,787
Leasing liabilities	694	1,212
Other liabilities	10,248	4,267
<b>Long-term liabilities, total</b>	<b>126,445</b>	<b>98,842</b>
<b>Short-term liabilities</b>		
Short-term provisions	43,500	106
Tax liabilities	17,120	7,382
Trade accounts payable	46,949	21,784
Payments received on account	5,638	5,890
Other financial liabilities	40,000	0
Leasing liabilities	688	885
Other liabilities	48,437	9,519
<b>Short-term liabilities, total</b>	<b>202,332</b>	<b>45,566</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL</b>	<b>683,140</b>	<b>475,551</b>

## Consolidated Change in Equity Statement

	Number of shares	Subscribed capital	Capital surplus	Earnings reserves	Other equity	Accumulated deficit/ Unappropriated retained earnings	Equity, total
		€k	€k	€k	€k	€k	€k
<b>Per 01/01/2014</b>	<b>48,000,000</b>	<b>52,800</b>	<b>96,368</b>	<b>31,123</b>	<b>-204</b>	<b>37,555</b>	<b>217,642</b>
Dividend payments		0	0	0	0	-76,800	-76,800
Capital Increase	0	0	0	0	0	0	0
Consolidated comprehensive results		0	0	0	0	38,679	38,679
<b>Per 30/09/2014</b>	<b>48,000,000</b>	<b>52,800</b>	<b>96,368</b>	<b>31,123</b>	<b>-204</b>	<b>-566</b>	<b>179,521</b>
<b>Per 01/01/2015</b>	<b>53,189,015</b>	<b>58,508</b>	<b>231,232</b>	<b>31,123</b>	<b>-550</b>	<b>10,830</b>	<b>331,143</b>
Dividend payments		0	0	0	0	-90,421	-90,421
Capital Increase	1,575,634	1,733	64,327	0	0	0	66,060
Consolidated comprehensive results		0	0	0	0	47,581	47,581
<b>Per 30/09/2015</b>	<b>54,764,649</b>	<b>60,241</b>	<b>295,559</b>	<b>31,123</b>	<b>-550</b>	<b>-32,010</b>	<b>354,363</b>

## Consolidated Cash Flow Statement

	I-III/2015	I-III/2014
	€K	€K
Consolidated earnings before interest and taxes	69,843	57,235
Income tax paid	-18,035	-9,655
Income tax received	2,425	1,062
Amortisation and depreciation	18,339	7,371
Results from the disposal of fixed assets	54	0
Change in inventories	-3,647	1,135
Change in receivables and other assets	-24,834	1,823
Change in trade payables, other liabilities and provisions	22,157	-4,167
Change in payments received on account	-694	-1,567
<b>Cash flow from current business activities</b>	<b>65,608</b>	<b>53,237</b>
Payments for investments in tangible and intangible assets	-160,939	-2,650
Payments for acquisitions less acquired cash	-4,584	0
Interest received	285	503
<b>Cash flow from investment activities</b>	<b>-165,238</b>	<b>-2,147</b>
Dividend payments	-90,421	-76,800
Interest paid	-1,257	-450
Change in Other financial liabilities	-7,600	0
Change in investment liabilities	-715	-403
<b>Cash flow from financing activities</b>	<b>-99,993</b>	<b>-77,653</b>
<b>Change in cash</b>	<b>-199,623</b>	<b>-26,563</b>
Cash at end of period	117,467	160,469
Cash at beginning of period	317,090	187,032

## Abbreviated Consolidated Notes

### 1. General information

Drillisch AG is a listed stock corporation which offers telecommunication services. Drillisch was founded in 1997. The core business of Drillisch Group is telecommunications and is essentially conducted by the wholly-owned subsidiaries Drillisch Online AG and yourfone AG, both of which are registered in Maintal. The distribution business is the responsibility of Phone House Deutschland GmbH and its subsidiaries, all of them registered in Münster.

At the beginning of April 2015, the former operating companies MS Mobile Services GmbH (Maintal), eteleon AG (Munich) and MSP Holding GmbH (Maintal) were merged into Drillisch Telecom GmbH. The company, which is registered in Maintal, was renamed Drillisch Online AG on 24 September 2015.

On 2 January 2015, Drillisch AG executed the letter of intent regarding the purchase of 100% of the shares of yourfone GmbH, Hamburg, concluded with E-Plus Mobilfunk GmbH & Co. KG and acquired the company, including all of the trademark rights and the clientele. Within the framework of its integration into Drillisch Group, yourfone GmbH was renamed yourfone AG on 24 September 2015. yourfone AG is a wireless services provider operating in Germany. The acquisition expanded the Drillisch portfolio with the addition of another brand name that is well established on the German wireless services market, increasing its potential for future growth as well as its customer base, because yourfone AG orients its brand and its subsidiaries to customers who would like to conclude their wireless services contracts in a brick-and-mortar store.

At the beginning of February 2015, Drillisch AG directly acquired 97.5% of the shares of GTCom GmbH, Düsseldorf. GTCom GmbH is a mobile virtual network operator (MVNO) operating in Germany and has had many years of experience in marketing prepaid products.

Furthermore, Drillisch AG acquired all of the shares of The Phone House Deutschland GmbH, Münster, pursuant to a purchase contract with Dixons Carphone PLC executed on 5 May 2015. The Phone House Deutschland GmbH has had many years of experience in brick-and-mortar sales, has outstanding access to independent specialist retailers and is in possession of all of the technical requirements necessary for the complete operation of partner shops as well as its own shops, including the provision of hardware.

At the end of June 2015, yourfone AG executed the letter of intent regarding the purchase of 100% of the shares in the companies yourfone Retail AG (formerly Telefónica Germany Shoptransfer AG) and yourfone Shop GmbH (formerly Telefónica Germany Retail Ausgliederungs GmbH) (both companies registered in Düsseldorf) concluded with Telefónica Germany GmbH & Co. OHG and acquired the two companies.

Further details related to the acquisitions are provided in Item 3, Change in the consolidated group.

The Group has concluded an MBA MVNO agreement with the network operator O<sub>2</sub> and an MVNO agreement with the network operator Vodafone and, in addition to these agreements, has service provider licences from the networks Telekom, Vodafone, E-Plus and O<sub>2</sub>. The Drillisch business comprises essentially the marketing of postpaid and prepaid products in the O<sub>2</sub> and Vodafone networks.

## Abbreviated Consolidated Notes

The address and registered office of Drillisch AG as 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.

### 2. Applied accounting principles

The abridged consolidated interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. All of the applicable IFRS that have been adopted by the EU and became mandatory per 1 January 2015 have been taken into consideration.

The same accounting and valuation methods were applied as to the consolidated annual accounts per 31 December 2014. This abridged interim report per 30 September 2015 has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the German accounting standard DRS 16 "Interim Financial Reporting". The rate for the consolidated tax on income remains unchanged at 30.25%. The preparation of the interim report requires management to make a number of assumptions and estimates, a situation which can lead to discrepancies between the values disclosed in the interim report and the actual values.

In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0m and a term of five years. The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. It has been possible to convert the bonds with a nominal value of €100k each into Drillisch AG stock since 22 January 2014. The conversion right

is recognised in the capital surplus at a value of €12.4m. In accordance with the terms and conditions of the bonds, the conversion price was adjusted from the original €24.2869 to €21.9783 per share following the disbursement of cash dividends in May 2014 and May 2015, corresponding to 4,549.942 shares per partial debenture. The term of the bond ends on 12 December 2018.

The liability for the bond will be discounted in accordance with the effective interest rate method.

The 100% participation in The Phone House Management GmbH, acquired at the beginning of May with the intention to resell, is disclosed in the item "Long-term assets held for sale".

### 3. Change in the consolidated group

On 2 January 2015, Drillisch AG executed the letter of intent regarding the purchase of 100% of the shares of yourfone GmbH, Hamburg, concluded with E-Plus Mobilfunk GmbH & Co. KG in November 2014 and acquired the company, including all of the trademark rights and the clientele. Within the framework of its integration into Drillisch Group, yourfone GmbH was renamed yourfone AG. yourfone AG is a wireless services provider operating in Germany. This acquisition expanded the Drillisch portfolio to include another brand name well established on the German wireless services market, thereby not only increasing the number of subscribers, but also the potential for future growth. The provisional balanced net purchase price amounts to €51.4m and is calculated as the purchase price less acquired cash and a receivable from the seller. The final calculation of the purchase price and a final detailed distribution of the purchase price among



## Abbreviated Consolidated Notes

the identifiable assets and liabilities at the attributable fair value in accordance with the provisions of IFRS 3 cannot yet be finally provided with these interim accounts because the final values and their allocation were not yet available at the time of preparation of the accounts. The assets in the form of customer relationships and the brand name yourfone that have been identified have been capitalised at their current values as intangible assets. The remaining value of the purchase price less the cash and previously identified values which must be distributed has provisionally been allocated to the item goodwill.

At the beginning of February 2015, Drillisch AG directly acquired 97.5% of the shares of GTCOM GmbH, Düsseldorf. GTCOM GmbH is a mobile virtual network operator (MVNO) operating in Germany and has had many years of experience in marketing prepaid products. The purchase price for these shares amounted to €1.6m. There is a mutual call-put option for the remaining 2.5% of the shares at the same variable strike price that Drillisch may exercise at any time. The application of the anticipated acquisition method results in the disclosure of a full acquisition in the balance sheet at this time. The variable purchase price liability resulting from the option components was measured in the amount of the maximum figure of €6.8m in the interim accounts. A detailed distribution of the purchase price among the identifiable assets and liabilities at the attributable fair value in accordance with the provisions of IFRS 3 cannot yet be provided with these interim accounts because a final purchase price allocation was not yet available at the time of their preparation. For this reason, the distributable value calculated as the purchase price

less cash has been temporarily allocated to goodwill. Within the context of the purchase price allocation, the resulting distributable value will presumably comprise essentially the clientele of GTCOM GmbH and goodwill.

Furthermore, Drillisch AG acquired all of the shares of The Phone House Deutschland GmbH, Münster, pursuant to a purchase contract with Dixons Carphone PLC concluded on 15 April 2015 and executed on 5 May 2015. The Phone House Deutschland GmbH has had many years of experience in brick-and-mortar sales, has outstanding access to independent specialist retailers and is in possession of all of the technical requirements necessary for the complete operation of partner shops as well as its own shops, including the provision of hardware. The preliminary purchase price amounted to €66.6m and was paid by issue of 1,575,634 no-par shares of Drillisch AG directly to the seller. Moreover, a variable purchase price component resulting from certain future cash flow surpluses of The Phone House was agreed with the seller. The purchase price liability resulting from these options was measured as a maximum amount of €32.8m in the interim accounts. The final calculation of the purchase price and a detailed distribution of the purchase price among the identifiable assets and liabilities at the attributable fair value in accordance with the provisions of IFRS 3 cannot yet be provided with these interim accounts because the final values and their allocation were not yet available at the time of preparation of the accounts. For this reason, the distributable value calculated as the purchase price less cash has been temporarily allocated to goodwill. Within the context of the purchase price allocation, the resulting distributable

## Abbreviated Consolidated Notes

value will presumably comprise essentially intangible assets and goodwill.

Pursuant to a purchase contract of 26 June 2015, Drillisch AG, acting through its wholly-owned subsidiary yourfone GmbH, acquired all of the shares in Telefónica Germany Shoptransfer AG from Telefónica Germany GmbH & Co. OHG and renamed the company yourfone Retail AG. yourfone Retail AG in turn holds 100% of the shares in yourfone Shop GmbH (previously Telefónica Germany Retail Ausgliederungs GmbH). The purchase contract was executed on 29 June 2015. Both of these companies are registered in Düsseldorf and are responsible for operation of the shop locations acquired from Telefónica. The preliminary purchase price for these shares amounted to €38k. A detailed distribution of the purchase price among the identifiable assets and liabilities at the attributable fair value in accordance with the provisions of IFRS 3 cannot yet be provided with these interim accounts because a final purchase price allocation was not yet available at the time of their preparation.

#### 4. Capital Increase

The Annual General Meeting of 21 May 2014 authorised the Management Board, subject to the approval of the Supervisory Board, to increase the Company's share capital by as much as €23,403,166.60 by a single or multiple issue of new shares against cash contributions and/or contributions in kind before the lapse of 20 May 2019 (approved capital).

In May 2015, the Management Board exercised this authorisation and issued 1,575,634 new no-par share at a share price of €42.2687. The capital increase against contributions in kind was carried

out in utilisation of the approved capital and with the exclusion of any purchase rights of the shareholders; its purpose was to provide one component of the purchase price for acquisition of The Phone House Deutschland GmbH.

The total issue value amounted to €66.6m. The number of shares after the capital increase amounts to 54,764,649. The capital subscribed since that time amounts to €60.2m.

#### 5. Treasury stock

The Annual General Meeting on 21 May 2015 adopted a resolution authorising the Drillisch AG Management Board to acquire treasury stock totalling up to 10% of the share capital at the time of the Annual General Meeting 2015 on or before 20 May 2020 (including the use of derivatives). Per the closing date 30 September 2015, Drillisch AG did not hold any shares of its own stock.

#### 6. Profit per share

The undiluted profit per share is calculated in accordance with IAS 33.9 et seqq. by dividing the consolidated profit from continuing business operations by the weighted average of the number of ordinary shares outstanding.

The diluted profit per share is calculated in accordance with IAS 33.30 et seqq. by dividing the consolidated results, adjusted for the after-tax effects of any interest recognised in the period related to potential ordinary shares, from continuing business operations by the weighted average number of shares outstanding plus the weighted number of shares which would be issued on the conversion of all dilutive potential shares into ordinary shares.

## Abbreviated Consolidated Notes

	I-III/2015	I-III/2014
Consolidated profit in €k	47,581	38,679
Weighted average less own shares held (number)	53,771,942	48,000,000
<b>Undiluted consolidated profit per share in €</b>	<b>0.88</b>	<b>0.81</b>
Consolidated profit in €k	47,581	38,679
Net effect on results from convertible bond in €k	1,785	1,733
<b>Adjusted consolidated profit in €k</b>	<b>49,366</b>	<b>40,412</b>
Weighted average less own shares held (number)	53,771,942	48,000,000
Shares from convertible bond to be included as average (number)	4,549,942	4,276,240
<b>Diluted consolidated profit per share in €</b>	<b>0.85</b>	<b>0.77</b>

### 7. Explanatory comments on capital flow statement

The liquidity (cash) shown in the cash flow statement includes cash on hand and cash in banks that is shown under Cash in the consolidated balance sheet.

The cash flow statement has been prepared in compliance with IAS 7 and breaks down the changes in cash according to payment flows from current business, investment and financing activities. The cash flow from current business activities in this case is determined according to the indirect method.

### 8. Segment presentation

As part of the expansion in business activities and the related adaptations in the corporate structure, the segment reporting has been adapted to conform to the changes in the internal organizational and reporting structure of the Group.

The Drillisch Group companies operating in the two segments Online and Offline essentially market wireless services in the Telefónica O<sub>2</sub> Germany GmbH & Co. network. Drillisch bundles the advance services acquired from Telefónica pursuant

to the MBA MVNO agreement into rate plans based on the Company's own calculations, which are then resold to end consumers by the Company for its own account.

The segment Online includes the ongoing provision of telecommunications services and the care of the complete clientele for all of the established Drillisch brands in addition to the Drillisch Group activities for the sale of telecommunications services via the internet. In addition, the segment Online encompasses the activities of Drillisch Online AG as the service provider for other affiliated companies in the Group.

The segment Offline includes the Drillisch Group activities in the sector brick-and-mortar sales and the ongoing provision of telecommunications services under the yourfone brand. The acquisition of new customers is handled essentially by yourfone shops operated by the company itself and via exclusive yourfone partners.

The segment Distribution covers all activities of The Phone House Group from the brokerage of original network operator rate plans to specialist trade, as well as the logistics services for offline sales.

## Abbreviated Consolidated Notes

The segment Miscellaneous/Holding essentially encompasses all other business activities of Drillisch AG from its holding activities and the activities of IQ-optimize Software AG in the development and marketing of its own workflow management software.

In the same period of the previous year, the Drillisch AG business activities related to its holding activities were attributed to the segment Telecommunications. The business activities of IQ-optimize Software AG were presented in the segment Software Services in the same period of the previous year.

Segment Report 01/01/2015 - 30/9/2015	ONLINE	OFFLINE	DISTRI- BUTION	MISCELLANEOUS /HOLDING	CONSOLI- DATION	TOTAL
	€K	€K	€K	€K	€K	€K
Sales with third parties	244,677	81,850	127,777	827	0	455,130
Inner-company sales	7,619	1,917	1,277	7,989	-18,803	0
<b>Segment sales</b>	<b>252,296</b>	<b>83,767</b>	<b>129,054</b>	<b>8,815</b>	<b>-18,803</b>	<b>455,130</b>
Cost of materials external third parties	-117,307	-36,944	-121,163	-319	0	-275,732
Cost of materials from inner-company relationships	-1,446	-8,995	-285	-179	10,905	0
<b>Cost of materials for segment</b>	<b>-118,753</b>	<b>-45,939</b>	<b>-121,448</b>	<b>-497</b>	<b>10,905</b>	<b>-275,732</b>
<b>Gross profit for segment</b>	<b>133,543</b>	<b>37,828</b>	<b>7,607</b>	<b>8,318</b>	<b>-7,898</b>	<b>179,398</b>
<b>Segment EBITDA</b>	<b>67,488</b>	<b>28,803</b>	<b>-3,991</b>	<b>-4,118</b>	<b>0</b>	<b>88,182</b>

Segment Report* 01/01/2014 - 30/9/2014	ONLINE	OFFLINE	DISTRI- BUTION	MISCELLANEOUS /HOLDING	CONSOLI- DATION	TOTAL
	€K	€K	€K	€K	€K	€K
Sales with third parties	211,969	0	0	1,055	0	213,024
Inner-company sales	57	0	0	5,521	-5,578	0
<b>Segment sales</b>	<b>212,026</b>	<b>0</b>	<b>0</b>	<b>6,576</b>	<b>-5,578</b>	<b>213,024</b>
Cost of materials external third parties	-107,656	0	0	-78	0	-107,734
Cost of materials from inner-company relationships	-7	0	0	-57	64	0
<b>Cost of materials for segment</b>	<b>-107,663</b>	<b>0</b>	<b>0</b>	<b>-135</b>	<b>64</b>	<b>-107,734</b>
<b>Gross profit for segment</b>	<b>104,363</b>	<b>0</b>	<b>0</b>	<b>6,441</b>	<b>-5,514</b>	<b>105,290</b>
<b>Segment EBITDA</b>	<b>67,138</b>	<b>0</b>	<b>0</b>	<b>-2,533</b>	<b>0</b>	<b>64,605</b>

\* adjusted

## Abbreviated Consolidated Notes

All business relations within and/or between the segments are eliminated in the course of consolidation. Such relations are essentially the offsetting of the expenses and income within the Group. The accounting principles (IFRS as they are to be applied in the EU) are identical for all of the segments.

The transfer prices correspond on principle to the prices determined by arm's length comparison. Since Drillisch Group is active only in Germany, there are no geographic segments. The major segment expenditures and income without effect on payments contain the allocations to the provisions.

### 9. Relations to relatives and companies

Per 30 September 2015, there were amounts (income and expenses) owed from and owed to relatives and companies as shown below:

The company PM Choulidis oHG, Gelnhausen, consisting of the shareholders Paschalis Choulidis and Marianne Choulidis, has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent expenses for the first 9 months of 2015 amounted to €380k (previous year: €380k).

The company VPM Immobilien Verwaltungs GmbH, Maintal (shareholders: Vlasios Choulidis, Paschalis Choulidis and Marc Brucherseifer), has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent expenses for the first 9 months of 2015 amounted to €134k (previous year: €112k).

There were no amounts due to or due from the related parties mentioned above per 30 September 2015.

The company Flexi Shop GmbH, Frankfurt am Main (shareholder Jannis Choulidis), realised sales in the amount of €11k (previous year: €51k) with Drillisch Group in the first 9 months of 2015. The amount of €0k (previous year: €4k) was owed to this company per 30 September 2015.

The company Frequenzplan GmbH, Grärfeling (shareholder Tobias Valdenaire), realised sales in the amount of €773k (previous year: €260k) with Drillisch Group in the first 9 months of 2015. The amount of €175 (previous year: €0k) was owed to this company per 30 September 2015.

### 10. Financial instruments

The book value in each case for short-term financial assets and liabilities that are not derivatives is a reasonable approximation of the attributable fair value.

No measurements at Level 1 (publicly noted prices) and/or Level 2 (derived from market value) of the fair value hierarchy for long-term financial assets and liabilities measured at fair value have been made. The variable purchase price liability from the acquisition of GTCom GmbH and The Phone House Deutschland GmbH was measured in accordance with Level 3 (no observable market values, valuation based on valuation models). The measurement is oriented to the maximum amount which must be paid. In total, €39.6m (previous year: €0.0m) is to be classified at Level 3.

## Financial Calendar · Information About Our Stock

### 1. Financial Events Calendar

Financial Dates 2015		Subject to change
Date	Subject	
Thursday, 12 November	Quarterly Close Q3 2015	

### 2. Investor Relations

Communications are conducted in conformity with the fair disclosure principle, i.e. all shareholders and interested parties are simultaneously provided with the same type of information about all important developments. The ongoing work can be followed and tracked equally by all investor groups on our investor relations home page where all of our relevant reports can be viewed. Many of the people interested in our Company also take advantage of the opportunity for personal contact via email and/or telephone.

### 3. Current Analyst Assessments (Last Revised 1 October 2015)

In view of the Company's performance (EBITDA of €85.2 million in fiscal year 2014) slightly overdelivered on the already increased EBITDA guidance) we expect the adjusted EBITDA for 2015 to reach the upper end of the previously forecast range of between €95 million and €100 million. For fiscal 2016, we expect the adjusted EBITDA to increase further to between €115 million and €120 million Euro. With a continued rise in operating business as well as a long-term dividend policy and the good strategic positioning on the German wireless services market, the capital market rates the Drillisch stock overall as promising.

#### Current Analyst Assessments (Last Revised 1 October 2015)

Analysis	Votum	Price Target	Date
Warburg Research	„Hold“	€43.00	01 October 2015
Hauck & Aufhäuser	„Sell“	€31.00	30 September 2015
Macquarie	„Outperform“	€50.00	24 September 2015
Goldman Sachs	„Buy“	€48.00	24 September 2015
Lampe	„Buy“	€51.00	24 September 2015
CITI	„Buy“	€50.00	09 September 2015
Berenberg	„Buy“	€53.00	03 September 2015
Barclays	„Overweight“	€60.00	27 August 2015
Kepler Cheuvreux	„Hold“	€45.00	20 August 2015
Jefferies	„Buy“	€51.00	19 August 2015
LBBW	„Hold“	€43.00	18 August 2015
Equinet	„Accumulate“	€50.00	04 August 2015
DZ Bank	„Buy“	€44.00	04 August 2015
Commerzbank	„Reduce“	€26.00	03 August 2015
ODDO Seydler	„Buy“	€44.00	03 August 2015
Redburn	„Hold“	€43.00	29 April 2015

***A constantly updated overview of the analysts' recommendations can be found on the Drillisch AG IR home page***

[www.drillisch.de](http://www.drillisch.de)

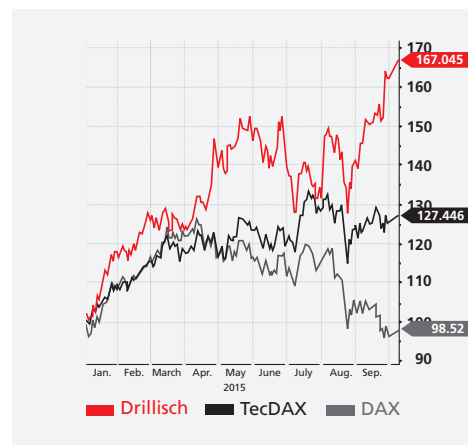
➔ Investor Relations ➔ Analysen

## Information About Our Stock

### 4. Share Price Development in the first nine months of 2015

#### Drillisch stock with impressive performance

	2014 year end	30 September 2015	% change
Drillisch	€29.58	€46.51	+ 57.2
TecDAX	1,366.36	1,727.18	+ 26.4
DAX	9,805.55	9,509.25	- 3.0



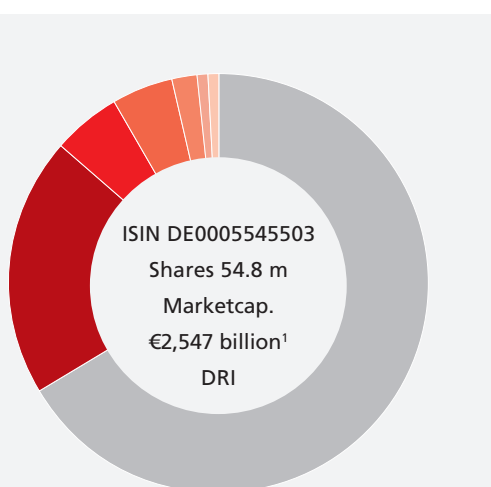
### 5. Dividend Policy

The Annual General Meeting decided to pay a dividend for the past fiscal year 2014 in the amount of €1.70 per voting share, an increase of 6.25%. Our target for fiscal years 2015 and 2016 will be to distribute a dividend of the same amount as a minimum.

### 6. Directors' Holdings per 30 September 2015

Management Board	No-par shares
Paschalis Choulidis	425,000 → 0.78%
Vlasios Choulidis	400,000 → 0.73%
Supervisory Board	No-par shares
Marc Brucherseifer, Dipl.-Kfm. (Chair)	1,077,565 → 1.97%
Horst Lennertz, Dr.-Ing.	2,407 → 0.00%

### 7. Shareholder Structure



66.26 % Free Float Shs. 36,288,378
20.11 % United Internet Ventures AG Shs. 11,012,730
5.13 % Alken Luxemburg Shs. 2,810,681
5.00 % Allianz Global Investors Europe GmbH Shs. 2,737,449
1.97 % M. Brucherseifer, Dipl.-Kfm. Shs. 1,077,565
0.78 % P. Choulidis Shs. 425,000
0.73 % V. Choulidis Shs. 400,000
0.01 % Dr. H. Lennertz Shs. 2,407

Source: Disclosures by the corporations pursuant to sections 21 ff German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and unless the company was not informed of a more recent figure.

1) On the basis of the XETRA closing price (€46.51) on 30 September 2015. Free Float acc. to the rule of Dt. Boerse AG: 79,89%.

## Announcements · Your Contacts Information and Order Service

### Publications

The present report on the first nine months of 2015 is also available in a German version.

You can view and download our business and quarterly reports, ad-hoc announcements, press releases and other publications about Drillisch AG at [www.drillisch.de](http://www.drillisch.de).

### Information and Order Service

Please use our online order service in the Investor Relations section on our website at [www.drillisch.de](http://www.drillisch.de)

We will of course be glad to send you the requested information by post or fax as well. We will also be glad to help you with any personal queries by telephone.

## Your Contacts

We will also be glad to help you with any queries about Drillisch AG and our brands:

**Oliver Keil,**  
Head of Investor Relations

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

Telephone: +49 (0) 6181 / 412 200  
Fax: +49 (0) 6181 / 412 183  
E-mail: [ir@drillisch.de](mailto:ir@drillisch.de)

**Peter Eggers,**  
Press Spokesman (Professional Journals)

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

Telephone: +49 (0) 6181 / 412 124  
Fax: +49 (0) 6181 / 412 183  
E-mail: [presse@drillisch.de](mailto:presse@drillisch.de)

# 4G LTE

## Price Leadership: Favourable LTE Rate Plans

from €4.99 monthly

up to 50 Mbit/s

with 500 and up to 10 GB

**You still have not found the right tariff? You have the choice!**

**yourfone**  
FÜR DICH. FÜR SIE. FÜR ALLE.

[www.yourfone.de](http://www.yourfone.de)

▶ [Contactformular](#)

**smartmobil.de**

[www.smartmobil.de](http://www.smartmobil.de)

▶ [kontakt@smartmobil.de](mailto:kontakt@smartmobil.de)

**simply**  
Und gut.

[www.simplytel.de](http://www.simplytel.de)

▶ [kontakt@simplytel.de](mailto:kontakt@simplytel.de)

**maXXim**

[www.maXXim.de](http://www.maXXim.de)

▶ [kontakt@maxxim.de](mailto:kontakt@maxxim.de)

**sim.de**  
...ganz einfach besser!

[www.sim.de](http://www.sim.de)

▶ [Contactformular](#)

**McSIM**

[www.mcsim.de](http://www.mcsim.de)

▶ [kontakt@mcsim.de](mailto:kontakt@mcsim.de)

**hello mobil**

[www.hellomobil.de](http://www.hellomobil.de)

▶ [kontakt@hellomobil.de](mailto:kontakt@hellomobil.de)

**DeutschlandSIM**  
Alles drin

[www.deutschlandsim.de](http://www.deutschlandsim.de)

▶ [Contactformular](#)

**DISCOTEL**

[www.discotel.de](http://www.discotel.de)

▶ [Contactformular](#)

**PHONEX**

[www.phonex.de](http://www.phonex.de)

▶ [kontakt@phonex.de](mailto:kontakt@phonex.de)

**PremiumSIM**  
Exklusive Smartphone-Tarife

[www.premiumsim.de](http://www.premiumsim.de)

▶ [Contactformular](#)

**winSIM**

[www.winsim.de](http://www.winsim.de)

▶ [Contactformular](#)



## Legal Information



### Company Headquarters:

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

Telephone: +49 (0) 6181 / 412 3  
Fax: +49 (0) 6181 / 412 183

### Responsible:

Drillisch AG

### Management Board:

Paschalis Choulidis (Spokesperson)  
Vlasios Choulidis  
André Driesen, since 1 April 2015

### Supervisory Board:

Marc Brucherseifer, Dipl.-Kfm. (Chair)  
Dr Susanne Rückert (Deputy Chair)  
Horst Lennertz, Dr.-Ing.  
Frank A. Rothauge, Dipl.-Kfm.  
Dr Bernd H. Schmidt  
Johann Weindl, Dipl.-Kfm.  
(until 22 July 2015)

### Investor Relations Contact:

Telephone: +49 (0) 6181 / 412 200  
Fax: +49 (0) 6181 / 412 183  
E-mail: [ir@drillisch.de](mailto:ir@drillisch.de)

### Commercial Register Entry:

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

### Disclaimer:

The information provided in this publication is checked carefully. However, we cannot guarantee that all specifications are complete, correct and up to date at all times. Please note that the number format may cause small differences between the sub-totals and totals because figures are rounded off.

### Future-oriented Statements:

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the management of the Drillisch Group. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessments shown here. Such factors include those which we described in reports to the Frankfurt securities exchange. The Company does not undertake any obligation to update such future-oriented statements and to adapt them to future events or developments.

# DIE NEUEN KOMMEN. FÜR DICH. FÜR SIE. FÜR ALLE.



## yourfone-shops - in your neighbourhood too

Aachen 2x	Dortmund 2x	Goslar 1x	Kiel 2x	Münster 1x	Schwerin 1x
Aalen 2x	Dresden 2x	Göppingen 1x	Koblenz 1x	Neumünster 2x	Schwerte 1x
Ahrensfelde 1x	Duisburg 1x	Greifswald 1x	Köln 8x	Neunkirchen 1x	Solingen 1x
Augsburg 1x	Düren 1x	Grevenbroich 1x	Konstanz 1x	Neuss 1x	Speyer 1x
Aurich 2x	Düsseldorf 2x	Gummersbach 1x	Krefeld 1x	Nordhausen 1x	St. Ingbert 1x
Bad Hersfeld 1x	Eggenfelden 1x	Halle 1x	Landshut 1x	Nürnberg 4x	Stralsund 1x
Bad Kreuznach 1x	Erfurt 1x	Haltern 1x	Langenhagen 1x	Oberhausen 1x	Straubing 1x
Bad Oldesloe 1x	Erlangen 1x	Hamburg 7x	Lehrte 1x	Offenbach 1x	Stuttgart 1x
Bad Segeberg 1x	Eschwege 1x	Hamel 1x	Leipzig 3x	Oranienburg 1x	Trier 2x
Baunatal 1x	Essen 3x	Hamm 1x	Lemgo 1x	Osnabrück 1x	Troisdorf 1x
Berlin 12x	Esslingen 1x	Hanau 1x	Lengerich 1x	Paderborn 1x	Tübingen 1x
Bernau 1x	Euskirchen 1x	Hannover 3x	Leverkusen 1x	Peine 1x	Unna 1x
Bocholt 1x	Eutin 1x	Hattingen 1x	Lübeck 1x	Pirmasens 1x	Velbert 1x
Bochum 2x	Flensburg 1x	Heidelberg 1x	Lübbecke 1x	Potsdam 2x	Vellmar 1x
Bonn 1x	Frankfurt am Main 2x	Heidenheim 1x	Lüdenscheid 1x	Rastatt 1x	Villingen-Schwenningen 1x
Braunschweig 1x	Freiburg 1x	Helmstadt 1x	Ludwigshafen 1x	Regensburg 1x	Waiblingen 1x
Bremen 3x	Freising 1x	Hennef 1x	Lüneburg 1x	Reutlingen 1x	Weißfels 1x
Bruchsal 2x	Friedberg 1x	Herford 1x	Mainz 2x	Remscheid 1x	Wiesbaden 1x
Chemnitz 3x	Fürth 1x	Idar-Oberstein 1x	Mannheim 1x	Rostock 1x	Wilhelmshaven 1x
Cottbus 1x	Gaggenau 1x	Ingolstadt 1x	Marl 1x	Saarbrücken 1x	Witten 1x
Cuxhaven 1x	Geesthacht 1x	Iserlohn 1x	Meißen 1x	Saarlouis 1x	Wolfsburg 1x
Datteln 2x	Gera 2x	Itzehoe 1x	Menden 1x	Schenefeld 1x	Wuppertal 1x
Deggendorf 1x	Gerbsen 1x	Jena 1x	Merseburg 1x	Siegen 1x	Würzburg 1x
Dessau 1x	Gelsenkirchen 1x	Kaiserslautern 1x	Minden 1x	Sindelfingen 1x	Zwickau 1x
Dinslaken 2x	Gevelsberg 1x	Karlsruhe 1x	Mönchengladbach 1x	Schorndorf 1x	
Dormagen 2x	Gießen 1x	Kassel 1x	Mülheim a. d. Ruhr 1x	Schweinfurt 1x	
Dorsten 1x	Gladbeck 1x		München 3x		

Weitere yourfone-Shop Eröffnungen folgen...

