



Drillisch AG

Company Presentation

This presentation contains forward-looking statements that reflect the current views of the management of Drillisch AG with respect to future events. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond the control of Drillisch AG.

Drillisch AG does not undertake any obligation to publicly update or revise information provided during this presentation.

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 **Part 1: A successful Q3-2014**

 Part 2: Drillisch – Quo Vadis?

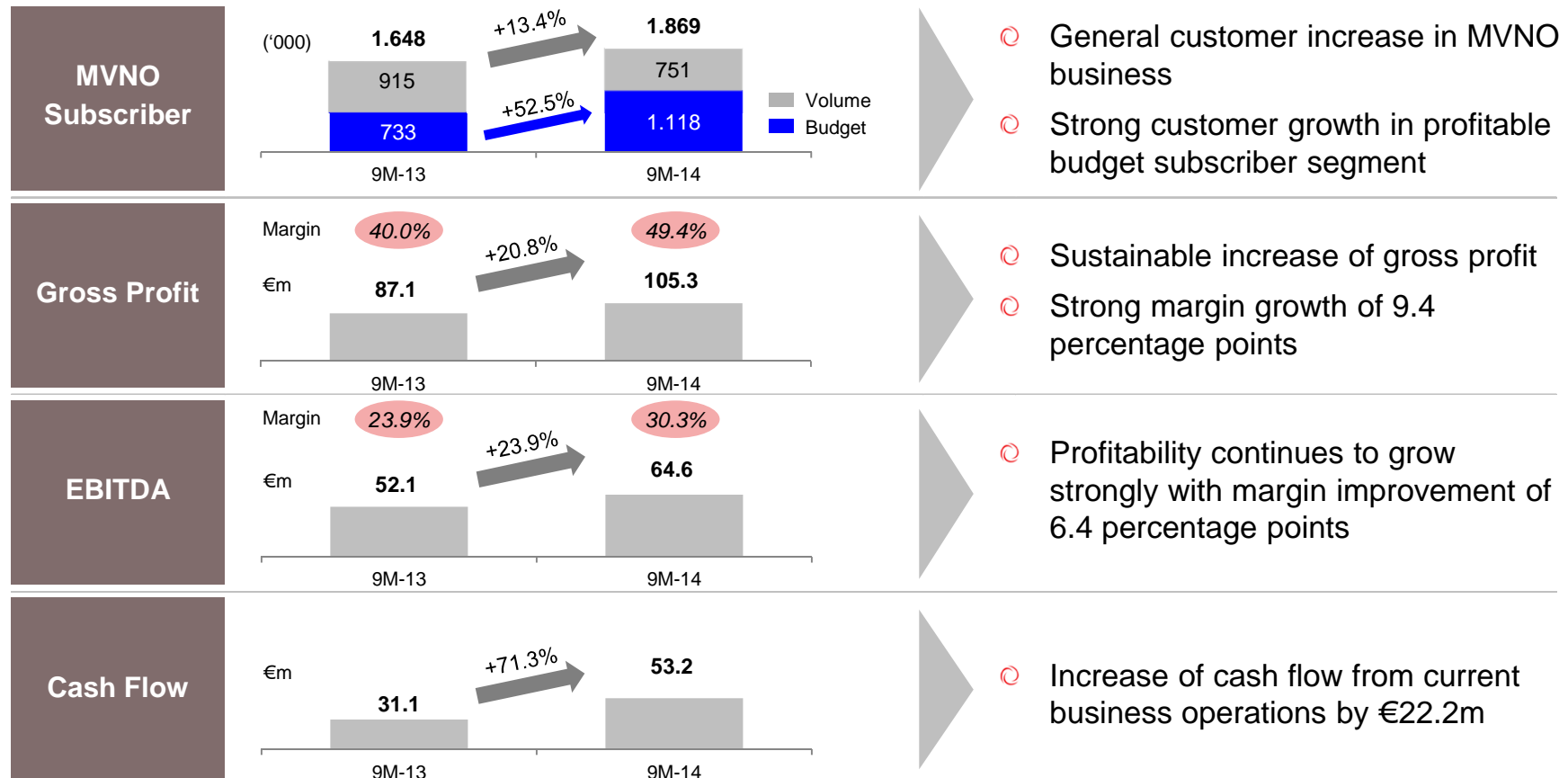
 Part 3: Guidance and Outlook

A successful Q3-2014

 **Highlights 9M-2014**

 **Financial Performance**

Highlights 9M-2014



Positive Development in 9M- 2014 – all Expectations Reached or Outperformed

Drillisch Product World LTE

With 4G Rate Plan – Today with Excellent Quality and Transparent Products Successful...



Only Competitors with 4G Products*

- No Competitor in the market

- DTE Magenta S €29.95
- TEF D All-in M €29.99
- VOD Red 1.5 GB €44.99

- DTE Magenta M €39.95
- TEF D All-in L €39.99
- VOD Red 1.5 GB €44.99

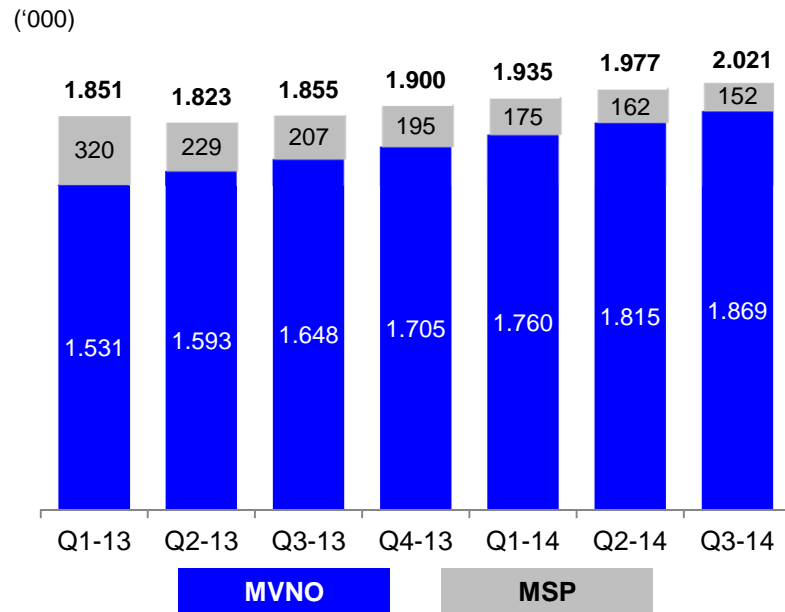
- DTE Magenta L €49.95
- TEF D All-in L €39.99
- VOD Red 3 GB €54.99

...Tomorrow the Only Provider (MBA MVNO) with the Opportunities of a MNO

*Rate Plans do differentiate in some components for example Data allowances and bandwidth

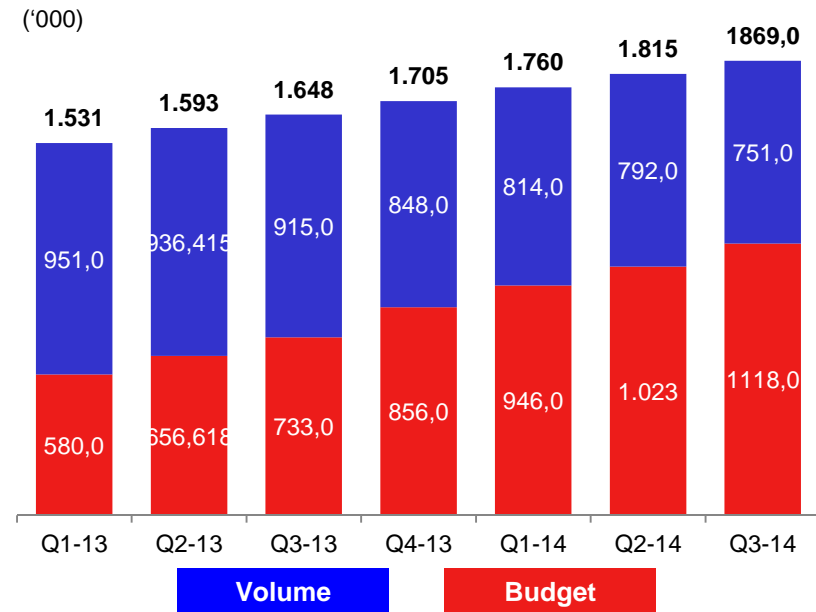
Drillisch Subscriber Development

Subscriber Development*



- **MVNO** subscriber growth
 - + 221k to 1,869k (prev. year: 1,648k)
- **Total subscriber**
 - +16k to 2,021 (prev. year: 1,855k)

Subscriber Focus in MVNO Business

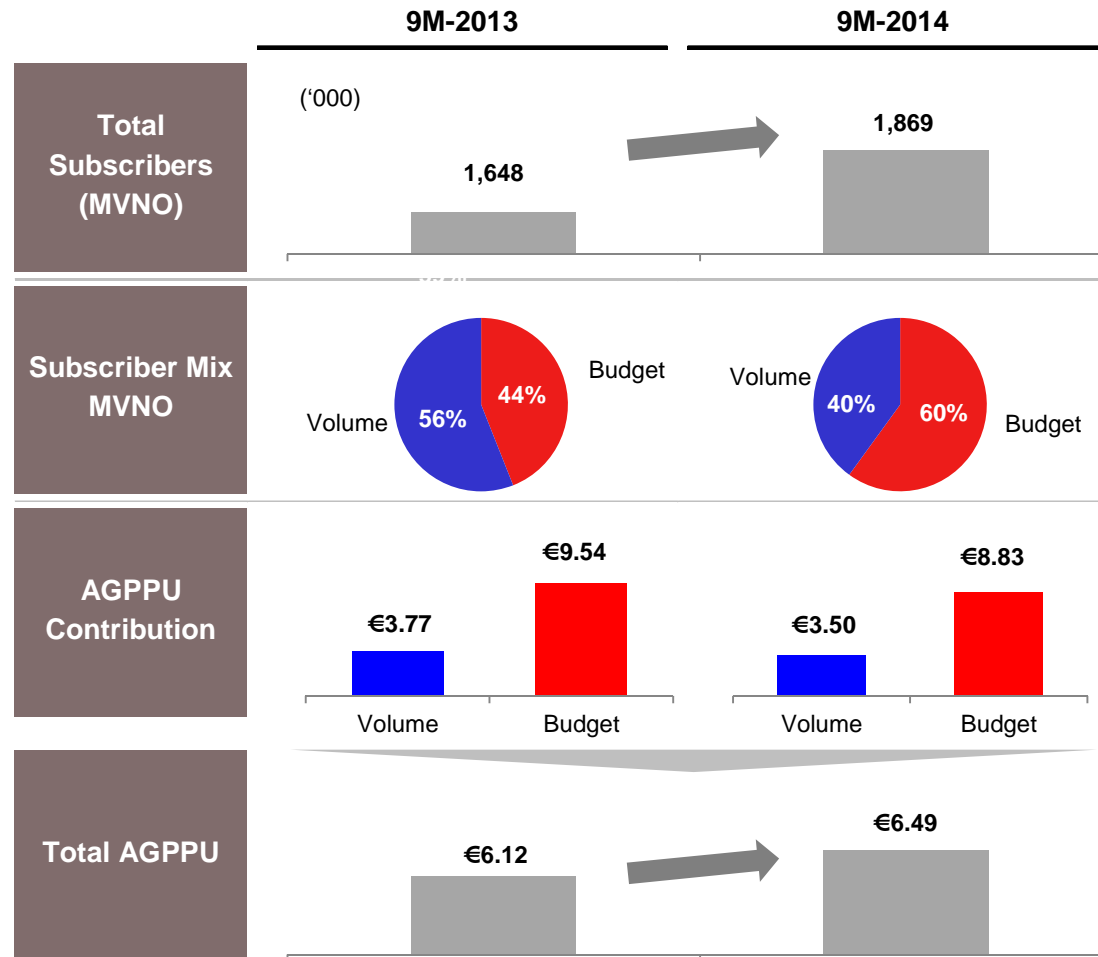


- **Budget** subscriber
 - + 385k to 1,118k (prev. year: 733k)
- **Volume** subscriber
 - -164k to 751k (prev. year: 915k)

Sustainable MVNO Subscriber Growth With Focus on Budget Subscriber Segment

*Growth after adjustment of the former MSP business

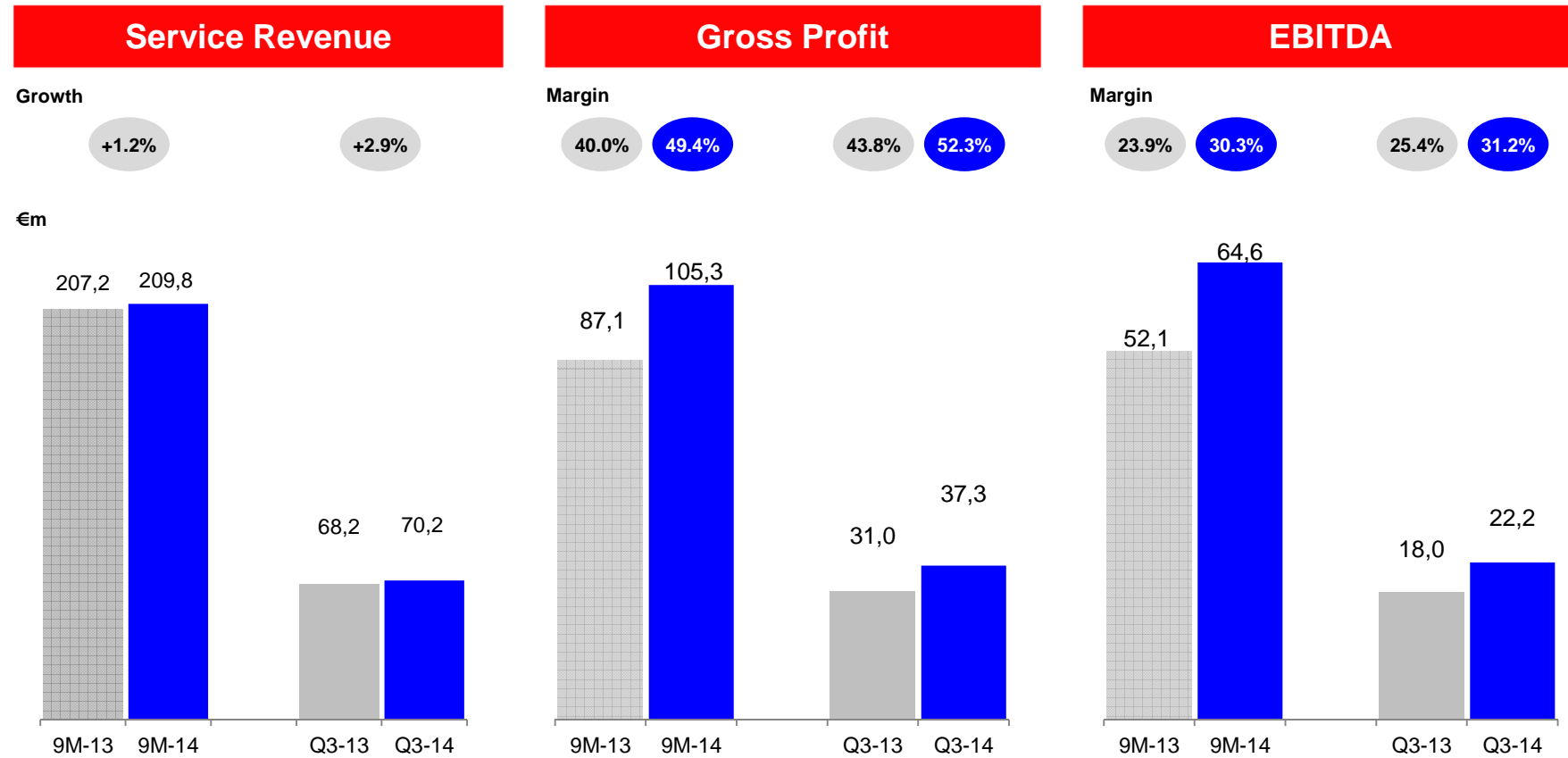
Average Gross Profit per User (AGPPU)



- Addressing the whole market leads to absolute subscriber growth
- Focus on profitable budget subscribers
- Significant growth in budget segment leads to slightly declining budget AGPPU
- Improved customer mix leads to increase in AGPPU for the whole customer base

Improving Customer Mix and Addressing the Whole Market Lead to Increasing Profitability

Revenue and Profitability Development



Increased Profitability and Stable Revenues Lead to Higher Earnings

Cash Flow Development

€m	9M-14	9M-13
Cash flow from current business activities	53.2	31.1
Cash flow from investment activities	(2.1)	340.7
Cash flow from financing activities	(77.7)	(396.4)
Free cash flow ⁽¹⁾	50.6	12.0

○ Significant increase in accordance with profitability in operating business in 9M-14

○ Mainly due to cash inflows of €347.2m from selling freenet shares in 9M-13

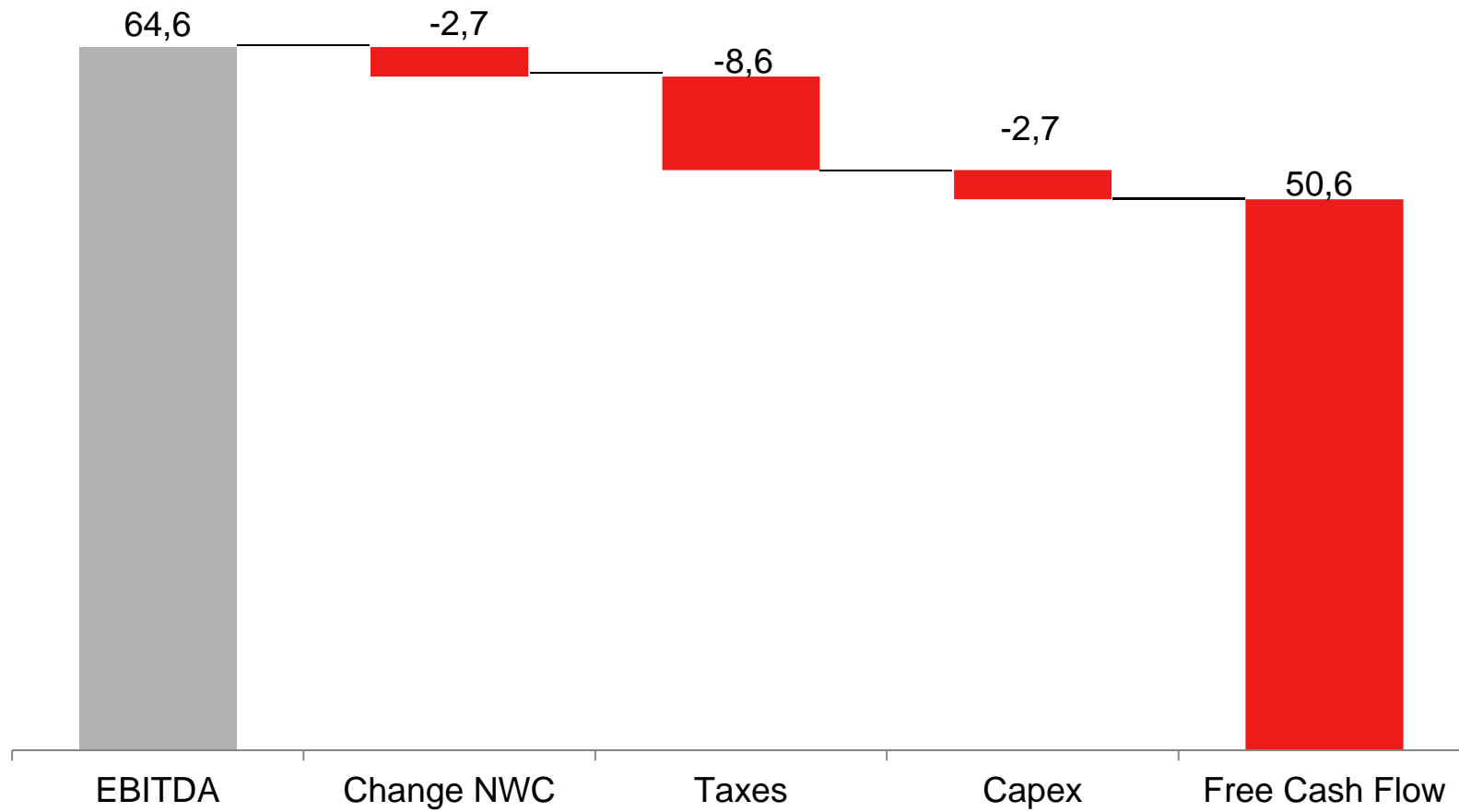
○ 9M-14 mainly relates to paid dividends of €76.8m – 9M-13 includes paid dividends of €62.4m, redemption of a bond of €125.0m as well as borrowing and repayment of loans with regards to the former freenet investment

Clear Improvement of Cash Flow From Operating Business

(1) Free Cashflow = Cash Flow from current business activities ./ Capex

EBITDA to FCF

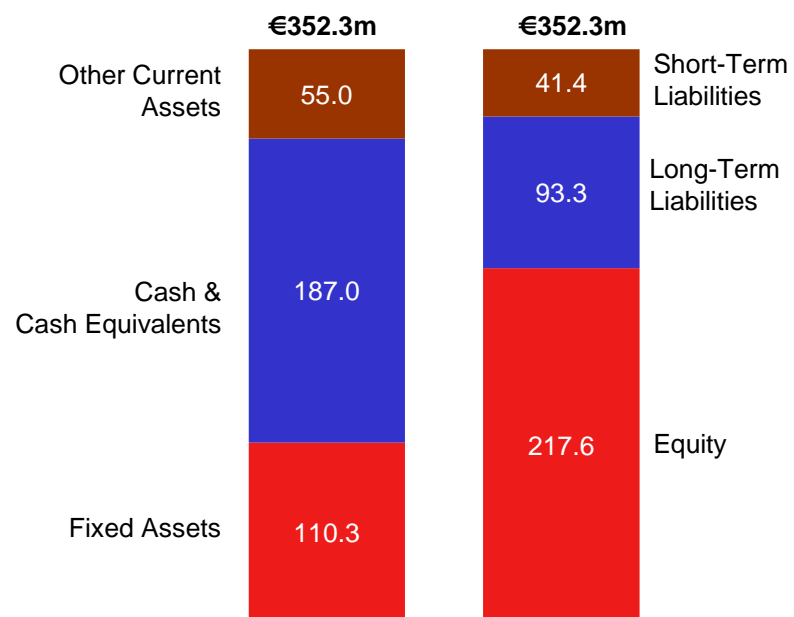
Free Cash Flow Bridge January – September 2014 in €m



Balance Sheet in Million Euro

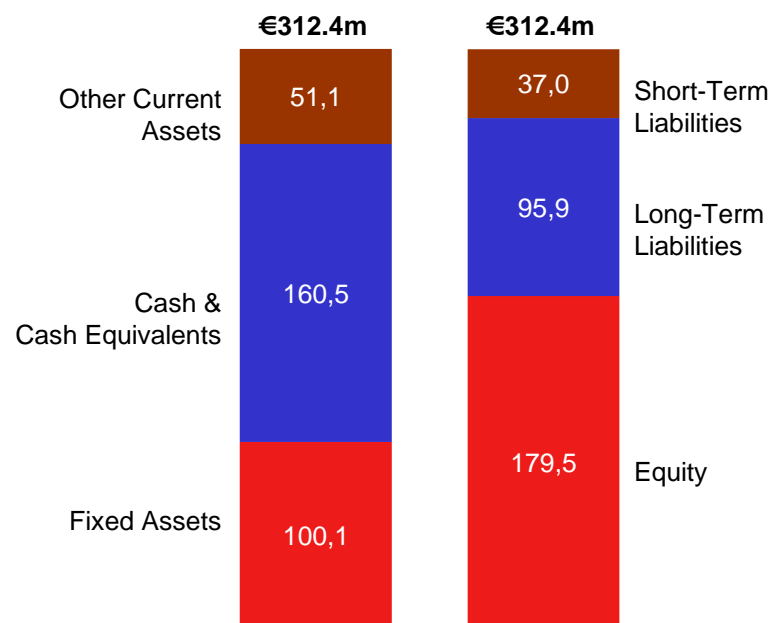
31 December 2013

ASSETS EQUITY & LIABILITIES



30 September 2014

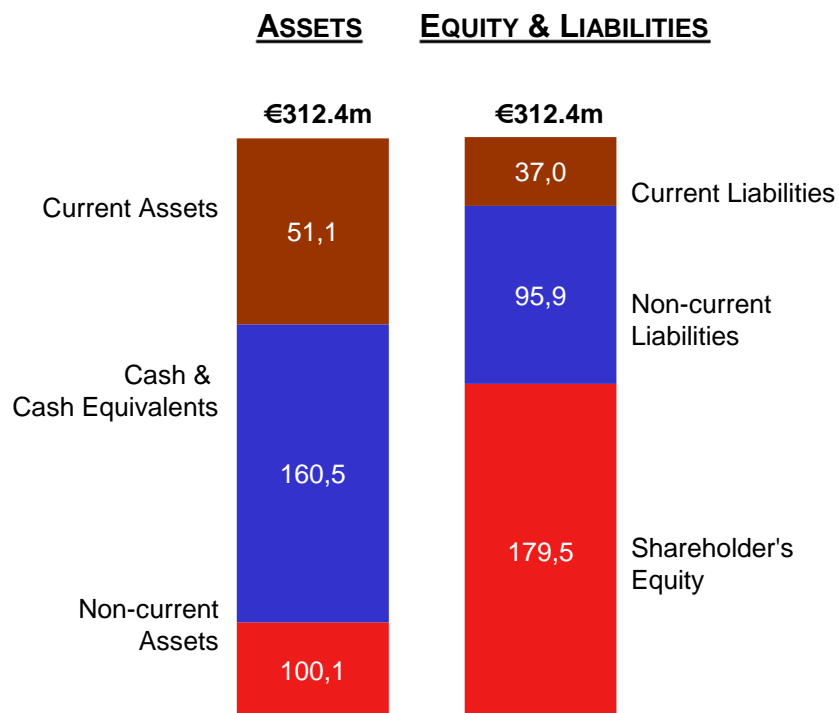
ASSETS EQUITY & LIABILITIES



Strong Balance Sheet With High Cash Position and Equity Ratio of 57.5%

Balance Sheet and Liquidity

Balance Sheet as at 30 September 2014



Liquidity

As at 30 September 2014	€m
Cash & Cash Equivalents	160.5
Convertible Bond ⁽¹⁾	(88.1)
Leasing Liabilities	(0.7)
Net Cash	71.7

- 5.19m treasury shares (9.76% of share capital)⁽²⁾
- Excellent access to debt capital markets
 - €100m convertible bond issued December 2013
 - €125m exchangeable bond issued April 2012 (repaid)

Drillisch has Ample Financial Flexibility to Fund Future Growth

(1) Current strike price of convertible bond at €22.85, due December 2018

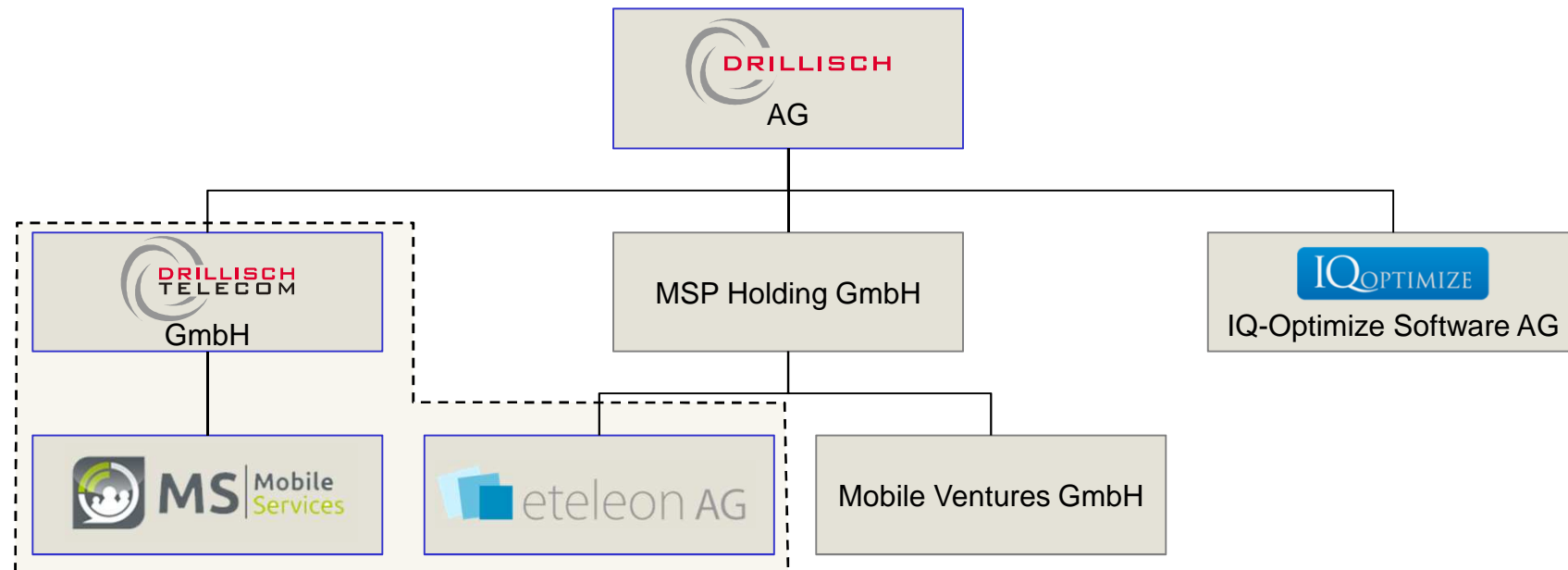
(2) At current share price of €27.98 (Closing Price 12 November 2014) equivalent to c.€145.2m

 Part 1: A Successful Q3-2014

 **Part 2: Drillisch – Quo Vadis?**

 Part 3: Guidance and Outlook

Drillisch Group Structure until 2014








Operating mobile business handled via subsidiaries

Drillisch Core Competences

- ✓ „Best-in-Class” Mobile Distribution based on strong and successful Online-Competence
- ✓ IT-Competence in-house (own billing structure with own source code etc.) (IQ-Optimize Software AG)

Market Approach Online and Offline

Online - Distribution

- ✓ Cost-effective online-distribution
- ✓ Price / Quality and Technology leadership with a clear transparency and quality standard
- ✓ Multi-brand strategy with attractive product portfolio and proprietary IT platform

NEW

Offline - Distribution

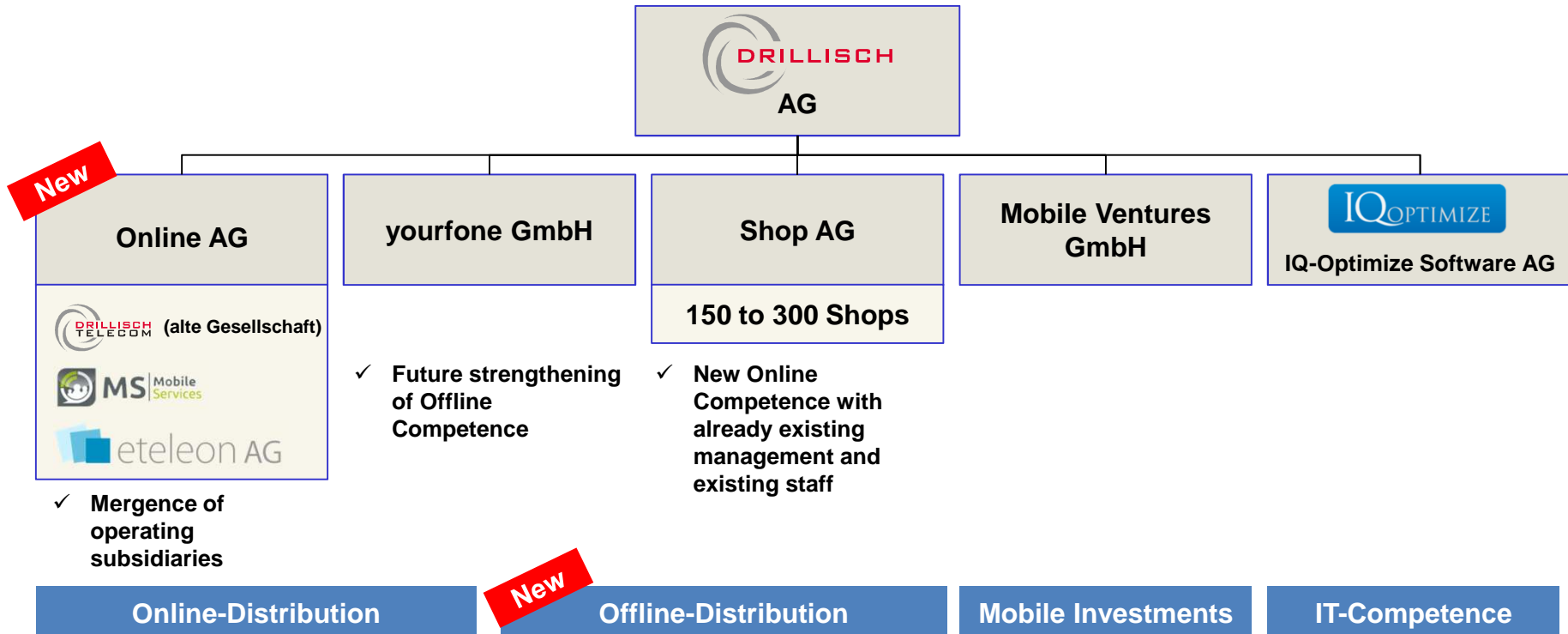
SHOP

DISTRIBUTION

- ✓ From H2-2015 - Distribution network all over Germany with nationwide coverage in attractive locations (150 to 300 shops)
- ✓ Clear increase of distribution power expected. Expansion of product offers with access to new subscriber groups

Growth Potential with enlarged Distribution Network and Adressing New Customer Groups with Attractive Product Offers





Drillisch Group Structure from January 2015



Drillisch Core Competence

- ✓ „Best-in-Class” Mobile Distribution based on proven and strong Online-Competence
- ✓ IT-Competence in-house (own billing , own source-code, etc.) (IQ-Optimize Software AG)
- ✓ Strong Offline-Distribution
- ✓ Clear Mapping over Drillisch AG Subsidiaries

Summary of Ad Hoc

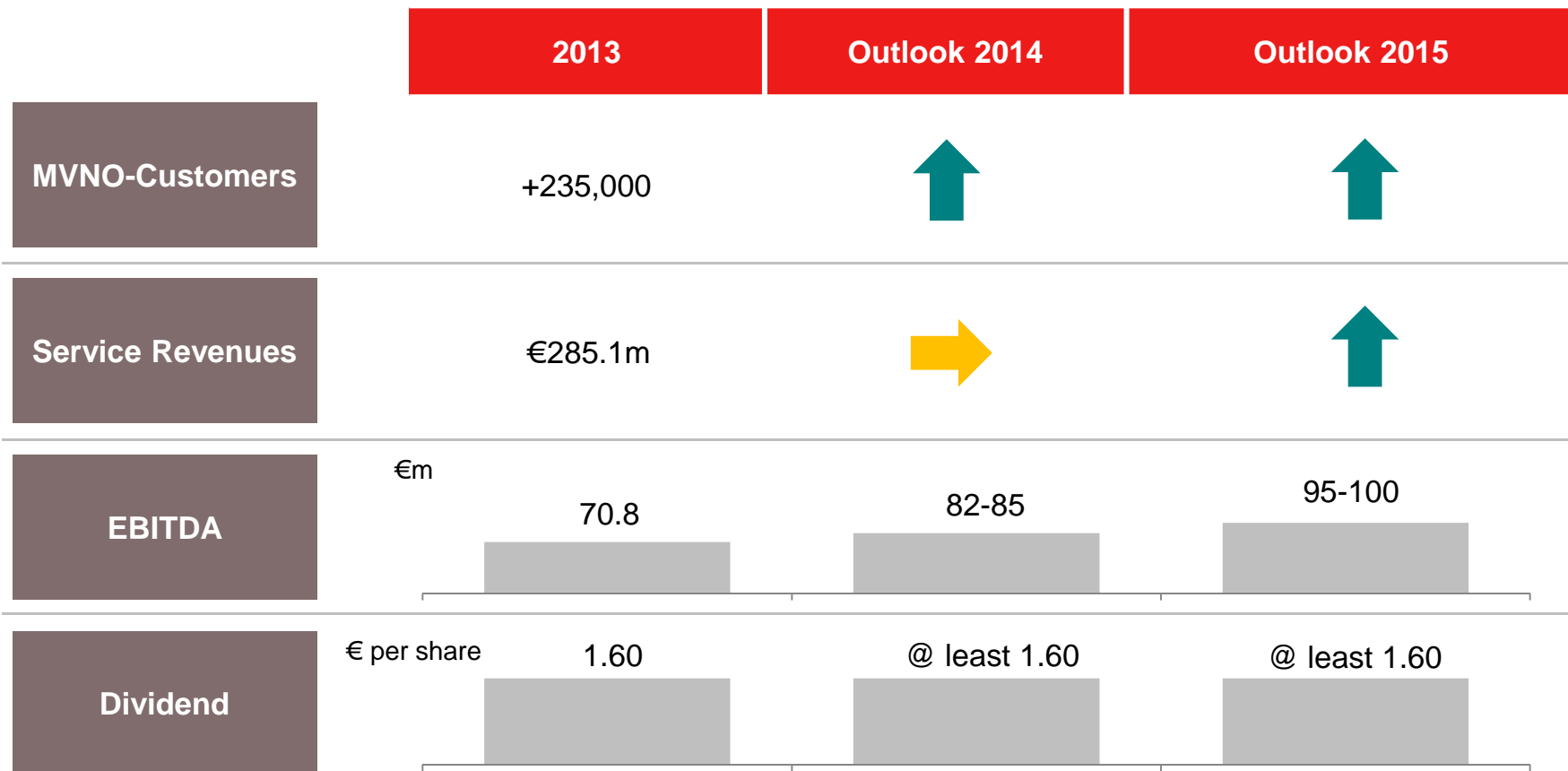
-  LOI for the acquisition of yourfone GmbH Hamburg
-  Acquisition is subject to final approval of the bodies
-  Established brand with circa 235,000 active subscribers
-  Purchase Price in a mid to a high double-digit million range

 Part 1: A Successful Q3-2014

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 **Part 3: Guidance and Outlook**

Guidance 2014 and 2015

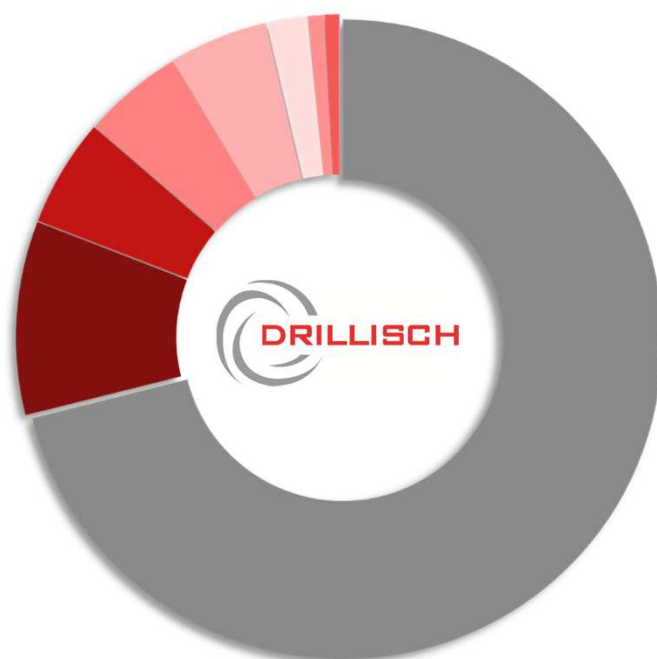


**Further Profit Growth Expected –
2-year Dividend Guidance with at Least €1.60 per Share**

Appendix

Drillisch Share

Shareholder Structure as of 12 November 2014



Shareholder Structure	in %	in Shares
Free Float	71.14%	37,840,529
Treasury Shares	9.76%	5,189,015
Fidelity FMR, Boston	5.45%	2,896,567
Union Investment Privatfonds	5.07%	2,694,500
Allianz Global Investors	4.99%	2,652,993
M. Brucherseifer	2.03%	1,077,565
P. Choulidis	0.80%	425,000
V. Choulidis	0.75%	400,000
J. Weindl	0.02%	10,439
Dr. H. Lennertz	0.01%	2,407
Total	100.00%	53,189,015

	Drillisch Position based on	
Index Membership (October)	Market Cap	Revenue
TecDAX 30	9	6
Blue Chip Indices Germany	74	54

EBITDA Guidance vs. Actual EBITDA

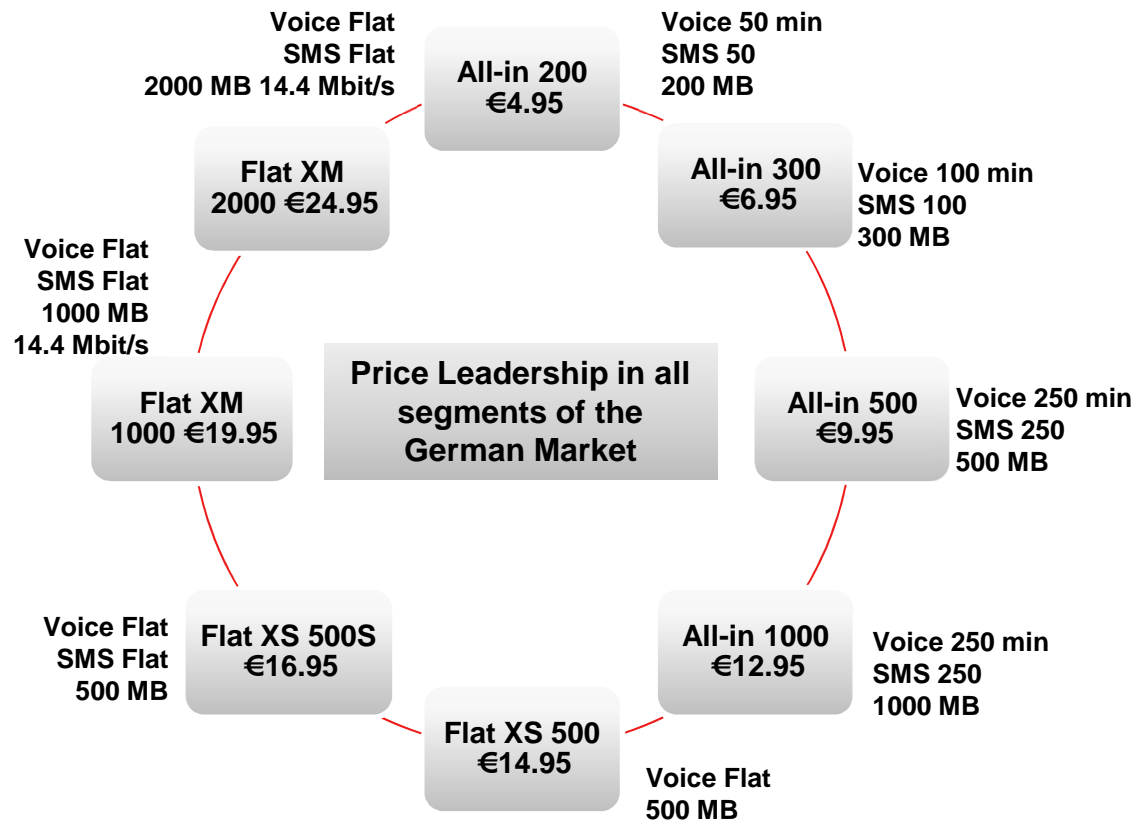
	EBITDA (adjusted) Guidance						
	2009	2010	2011	2012	2013	2014	2015
FY	Positive Development	Positive Development	€52m	€58m	€67-70m	(old: €77-80m) ↗ €82-85m	€95-100m
Q1	€41-42m ↑	€46m ↑	✓	✓	✓		
Q2	✓	✓	✓	€60-61m ↑	Upper end ↑	Upper End ↑	
Q3	€43m ↑	€48m ↑	✓	✓	€70m		
EBITDA (IFRS)	€43.5m	€49.3m	€52.6m	€61.9m	€70.8m		
Growth (YoY)	7.1%	13.3%	6.7%	17.8%	14.4%	~ +16%-20% (e)	~ +17%

Comparison with Guidance:	Outperformed ↑	Outperformed ↑	Outperformed ↑	Outperformed ↑	Outperformed ↑	Increased ✓
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**Drillisch is Delivering Sustainable Profit Increase (EBITDA)
With Continuously Outperforming Initial Guidance**

Drillisch Product Portfolio

Price Leader in all Segments – Successful From Basic to Full-Flat Tariffs...



Price Leadership in all segments

- From €4.95 for Basic tariff
- To €24.95 Full-Flat

Speed

- Up to 14.4 Mbit/s
- Data bundles as required

LTE Rate

- Over all brands

High speed as driver

- Data monetisation

... With Excellent Quality and Transparent Products