



# Drillisch AG

Company Presentation

This presentation contains statements and forecasts related to future developments; they express the current assessments of the Drillisch AG management. These assessments and statements may be subject to changes and/or uncertain general conditions which, in the majority of cases, are difficult to predict and are beyond the control of Drillisch AG.

Drillisch AG does not assume any obligation in the event of changes in these general conditions to publish the information on which the assessments and statements are based or to announce any revisions of the information.

Drillisch AG  
Investor Relations  
Wilhelm-Röntgen-Strasse 1-5  
D-63477 Maintal  
Phone: + 49 (0) 61 81 / 412 218  
Internet: [www.drillisch.de](http://www.drillisch.de)  
Email: [ir@drillisch.de](mailto:ir@drillisch.de)

# Agenda

---

 **Highlights HY1 2015**

 **Financial Indicators**

 **Outlook**

# Highlights HY1 2015

<p>Acquisition of yourfone</p>	<ul style="list-style-type: none"> <li>✓ Acquisition of <b>yourfone</b> concluded in January 2015 <small>FÜR DICH. FÜR SIE. FÜR ALLE.</small></li> <li>✓ Established brand on German wireless services market offering potential for further growth</li> </ul>
<p>Acquisition of GTCOM</p>	<ul style="list-style-type: none"> <li>✓ Acquisition of a 97.5% holding in the prepaid provider <b>GTCOM</b> in February 2015 <small>global telecom</small></li> <li>✓ Expansion of the distribution platform in cooperation with interesting partners</li> </ul> <div style="text-align: center;">  </div>
<p>Acquisition of The Phone House DE</p>	<ul style="list-style-type: none"> <li>✓ April 2015: Acquisition of <b>Phone House</b> (completed on 5 May 2015)</li> <li>✓ One of the largest distributors of wireless services and landline contracts as well as the related devices and services, operating about 4,800 POS</li> <li>✓ June 2015: capital in kind increase by issue of 1,575,634 Drillisch shares</li> </ul>
<p>Acquisition yourfone Retail AG</p>	<ul style="list-style-type: none"> <li>✓ June 2015: Acquisition of Telefónica Germany Shoptransfer AG → yourfone Retail AG</li> <li>✓ Takeover of 301 shop sites (102 own shops, rollout of 199 partner shops in the second half of 2015)</li> </ul>
<p>Rate Plan Portfolio</p>	<ul style="list-style-type: none"> <li>✓ April 2015: Attractive portfolio of new package and flat-rate plans for use all across Europe</li> <li>✓ July 2015: yourfone shop rollout featuring price-leading LTE products</li> </ul>
<p>Offline Sales</p>	<ul style="list-style-type: none"> <li>✓ Establishment of the offline distribution channel, laying the foundation for continued growth in subscriber numbers and revenue</li> </ul>

# Highlights HY1 2015

## Revenues & Subscribers

- ✓ Revenues +78.9% to €253.6 million (HY1 2014: €141.8m)
- ✓ Service revenue +43.5% to €200.3 million (HY1 2014: €139.6m)
- ✓ MVNO subscribers +28.2% to 2.327 million (HY1 2014: 1.815 million)
- ✓ Budget subscribers +59.2% to 1.629 million (HY1 2014: 1.023 million)

## Gross Profit & EBITDA

- ✓ Gross profit +51.7% to €103.2 million (HY1 2014: €680m)
- ✓ Average gross profit per MVNO user (AGPPU) +13.5% to €7.30 (HY1 2014: €6.43)
- ✓ EBITDA (adjusted) +30.1% to €55.1 million (HY1 2014: €42.4m)
- ✓ EBITDA margin (adjusted) at 21.7% (HY1 2014: 29.9%)

## Solid Financing

- ✓ €32.1 million cash flow from current business activities (HY1 2014: €36.9m)
- ✓ €240.4 million cash (31/12/2014: €317.1m)
- ✓ €90.4 million in disbursed dividends in May 2015
- ✓ Net debt at -1.5x (LTM EBITDA)
- ✓ Available unused credit line of €100 million

# Drillisch Group Structure

## Group structure provides the framework for consistent realisation of the strategy

### Online sales

#### Online AG

- Low-cost and efficient online sales
- Price, innovation and technology leader with clear transparency and high quality standard
- Multiple brand strategy with attractive product portfolio and own IT platform

### Offline sales

#### yourfone GmbH

#### yourfone Retail AG

#### Phone House

- Starting July 2015: sales network with 301 shops at attractive locations (rollout of the partner shops in 2<sup>nd</sup> half of year)
- New offline competence with existing management, workforce and systems
- Access to independent specialist retailers
- One of the largest distributors in Germany (Phone House)

### Brand Portfolio

#### Multiple Brand Portfolio Online



#### Premium Brand Online



#### Premium Brand Offline



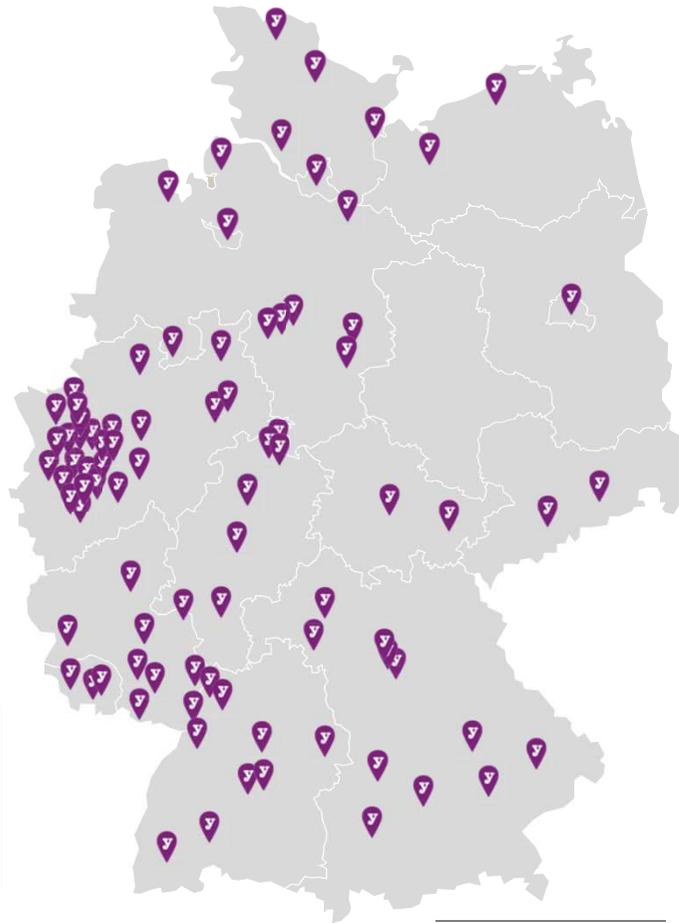
### IQ Optimize

- IT competence within own company (e.g. own billing, own source code etc)

## Outstanding position for continued growth

# Build-out of Offline Sales Channel

## yourfone shops since 1 July 2015



- 102 own shops operating since July 2015
- Rollout of 199 partner shops in the second half of 2015
- Offline strategy with nationwide coverage

# Comparison Online + Offline World

With LTE rate plans — success with outstanding quality and transparent products ...

## Online Products



### Our competitors with LTE products

<b>LTE 500</b> Nur <b>12,99</b> €/Monat <b>500 MB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil S €29.95</li> <li>○ TEF D Blue Select €19.99</li> <li>○ VOD Smart L €34.99</li> </ul>
<b>LTE 1500</b> Nur <b>19,99</b> €/Monat <b>1,5 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil M €39.95</li> <li>○ TEF D All in M €29.99</li> <li>○ VOD Red 1,5 GB €44.99</li> </ul>
<b>LTE 3000</b> Nur <b>24,99</b> €/Monat <b>3 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil L €49.95</li> <li>○ TEF D All-in L €39.99</li> <li>○ VOD Red 3 GB €54.99</li> </ul>
<b>LTE 5000</b> Nur <b>39,99</b> €/Monat <b>5 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mob. L Plus €79.95</li> <li>○ TEF D All-in XL €49.99</li> </ul>
<b>LTE 10000</b> Nur <b>69,99</b> €/Monat <b>10 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ TEF D All-in Premium €79.99</li> <li>○ VOD Red 8 GB €74.99</li> </ul>

## Offline Products



### Our competitors with LTE products

<b>LTE XS</b> Nur <b>19,99</b> EURO/Monat <b>500 MB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil S €29.95</li> <li>○ TEF D All-in S €19.99</li> <li>○ VOD Smart L €34.99</li> </ul>
<b>LTE S</b> Nur <b>29,99</b> EURO/Monat <b>1 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil M €39.95</li> <li>○ VOD Red 1,5GB €44.99</li> <li>○ TEF D All-in M €29.99</li> </ul>
<b>LTE M</b> Nur <b>34,99</b> EURO/Monat <b>2 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil M €39.95</li> <li>○ VOD Red 1,5 GB €44.99</li> </ul>
<b>LTE L</b> Nur <b>39,99</b> EURO/Monat <b>3 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mobil L €49.95</li> <li>○ VOD Red 3 GB €54.99</li> <li>○ TEF D All-in L €39.99</li> </ul>
<b>LTE XL</b> Nur <b>49,99</b> EURO/Monat <b>5 GB mit 50 Mbit/s</b> (Voice und SMS Flat)	<ul style="list-style-type: none"> <li>○ DTE Magenta Mob. L Plus €79.95</li> <li>○ VOD Red 8 GB €74.99</li> <li>○ TEF D All-in XL €49.99</li> </ul>

... and since 1 July 2015 the only MBA MVNO with the features of a network operator

# Comparison Online and Offline

Online prices (special offer)	Offline prices	Price difference Offline vs. Online 24 Months*	Dealer commission**
 LTE 500 Nur <b>9,99</b> €/Monat	 LTE XS <b>19,99</b> EURO/Monat	240 €	170 €
LTE 1500 Nur <b>14,99</b> €/Monat	LTE S <b>29,99</b> EURO/Monat	360 €	210 €
 LTE M 2GB Nur <b>14,99</b> €/Monat	LTE M <b>34,99</b> EURO/Monat	480 €	230 €
LTE 3000 Nur <b>24,99</b> €/Monat	LTE L <b>39,99</b> EURO/Monat	360 €	250 €
LTE 5000 Nur <b>39,99</b> €/Monat	LTE XL <b>49,99</b> EURO/Monat	240 €	290 €

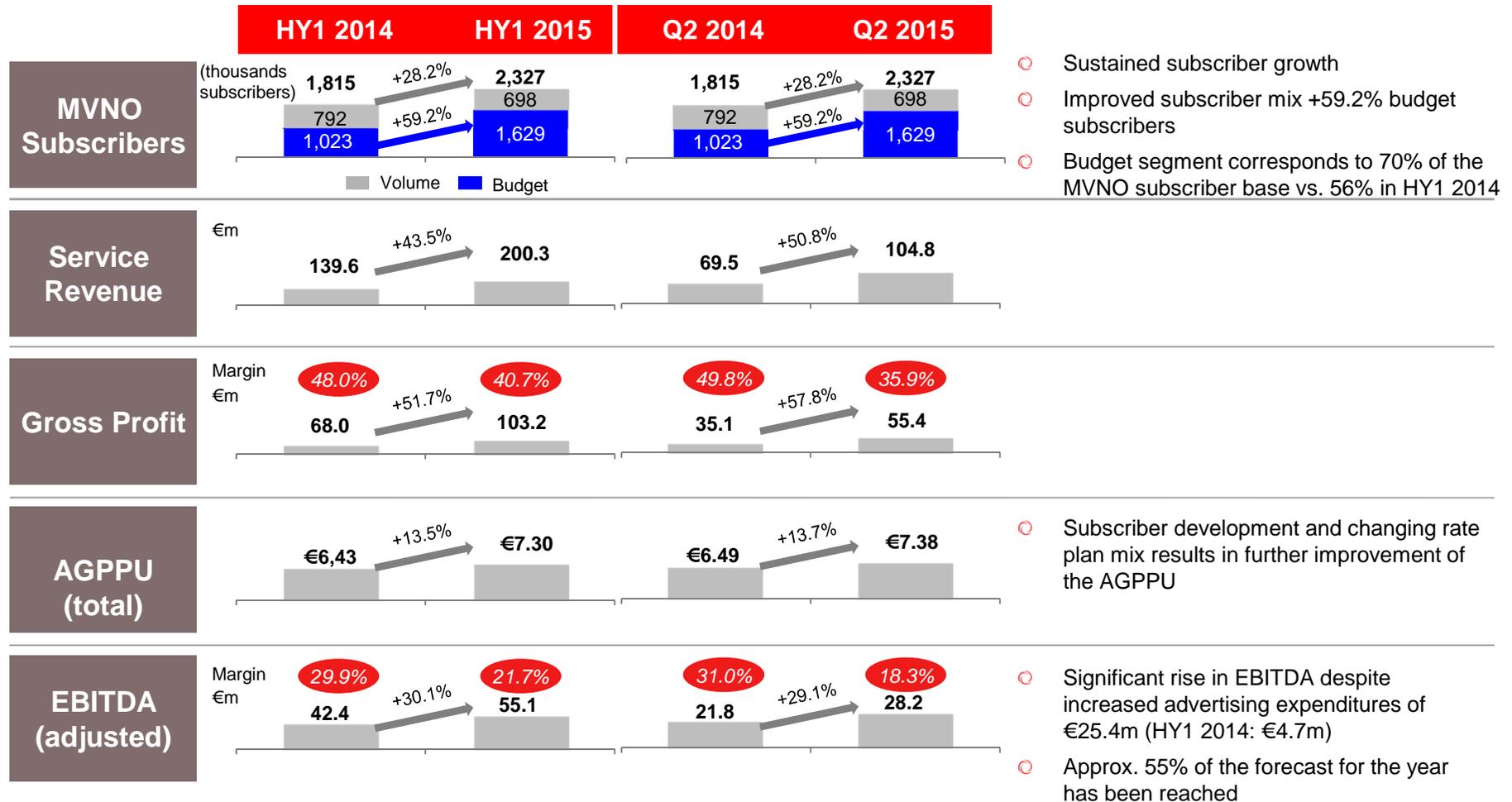
## Offline

- ✓ Products better as competitors
- ✓ Income for dealer better as with competitors
- ✓ Cost-effectiveness: Offline > Online

## Advantage Drillisch

\*price difference is „gross“. - \*\*Source dealer commission is „net“: Telecom Handel , 10 August 2015

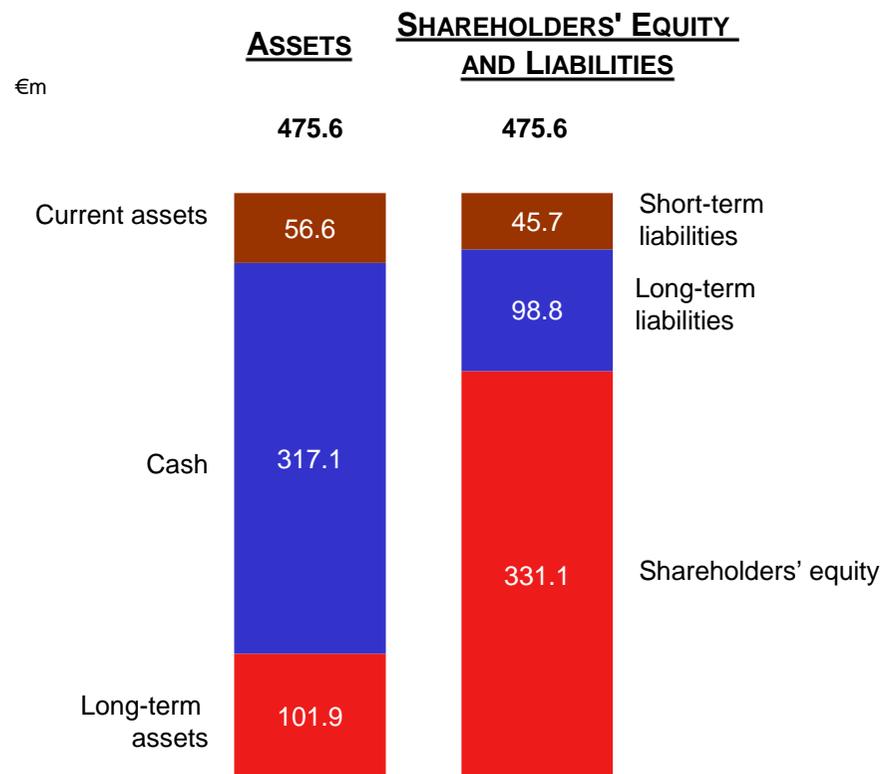
# Highlights Figures HY1 and Q2 2015



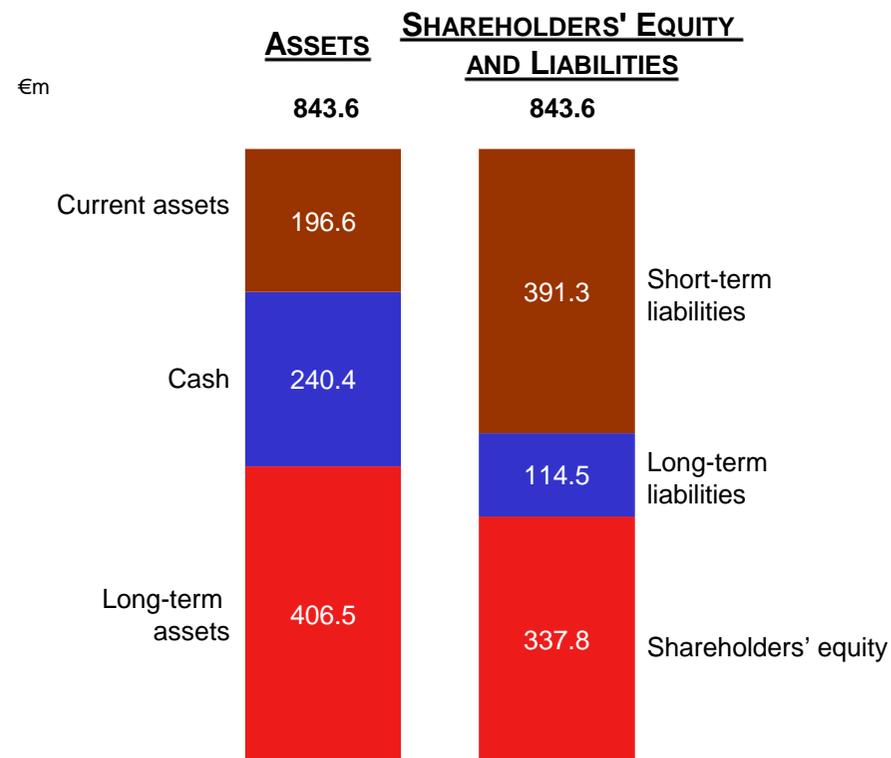
**Positive Development in HY1 2015**

# Balance Sheet in €m

## 31 December 2014



## 30 June 2015



**Equity ratio comes to 40.1% (31/12/2014: 69.6%)**

# Cash Flow Development

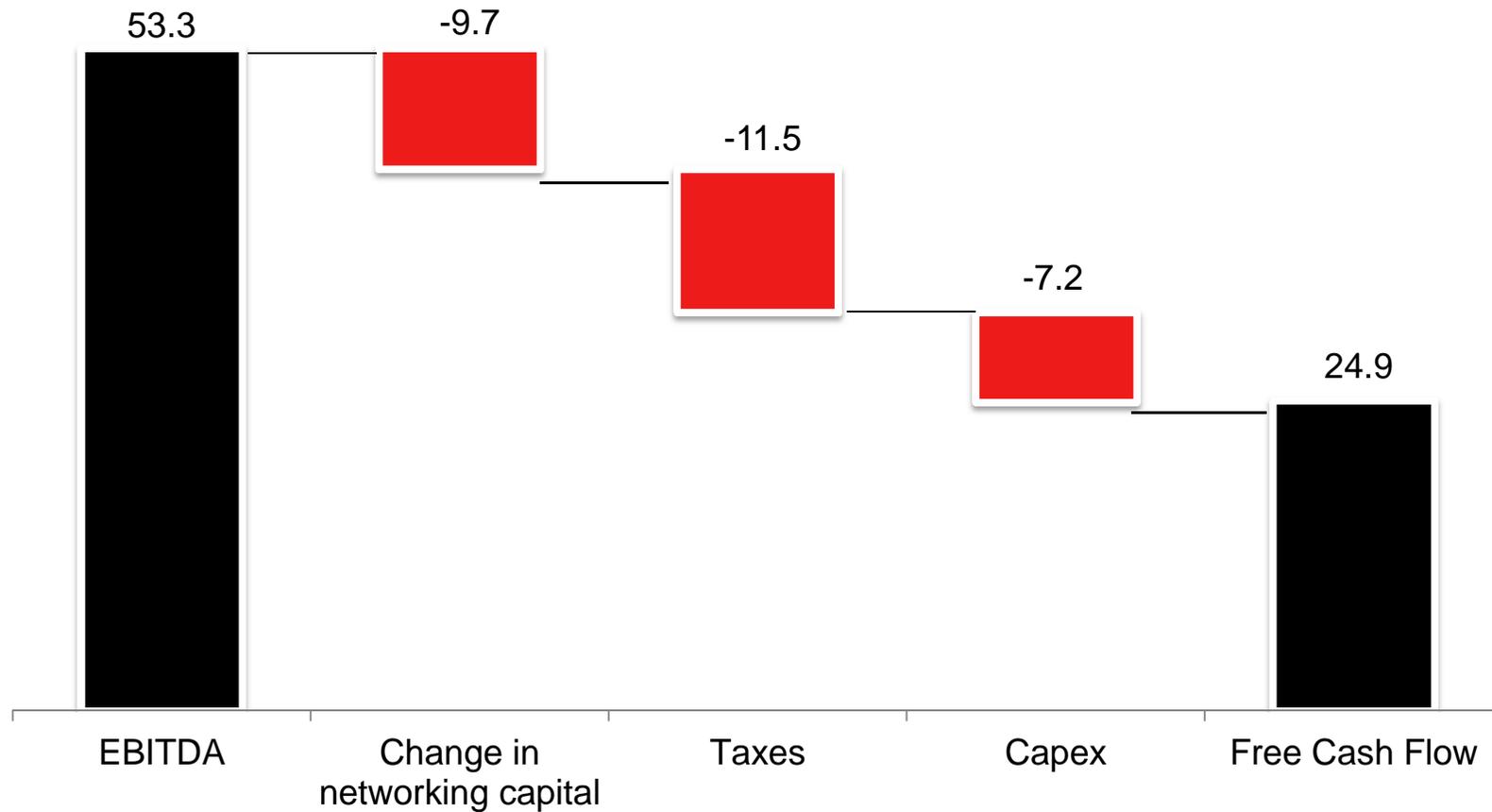
€m	HY1 14	HY1 15	
Cash flow from current business activities	36.9	32.1	○ Including €5.4m tax payments for previous year
Cash flow from investment activities	-1.7	-9.2	○ €2.1m for acquisition payments ○ €7.2m payments for investments in tangible and intangible assets
Cash flow from financing activities	-77.5	-99.7	○ Outflow of funds primarily for dividends distributed in May (€90.4m)
Free cash flow <sup>(1)</sup>	34.9	24.9	

**Sustained positive FCF supports growth strategy**

(1) Definition of free cash flow: cash flow from current business activities less CAPEX

# Bridge EBITDA to FCF

Free Cash Flow Bridge January–June 2015 in €m



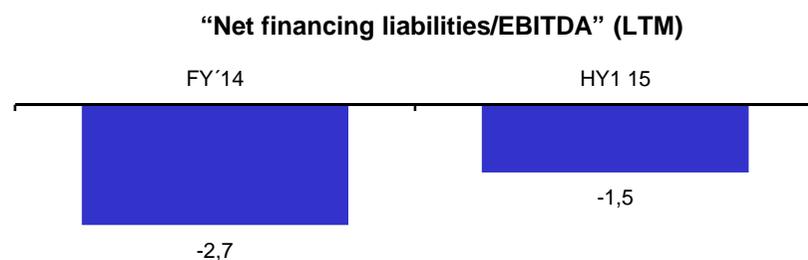
# Overview of Liabilities and Cash

## Development in net financing liabilities

€m	2014	HY1 15
Bank loans and overdrafts	0.0	0.0
Convertible bonds	88.8	90.1
Leasing liabilities	2.1	1.6
<b>Financial liabilities</b>	<b>90.9</b>	<b>91.7</b>
Cash and cash equivalents	-317.1	-240.4
<b>Net financing liabilities</b>	<b>-226.2</b>	<b>-148.7</b>
EBITDA	85.2	53.3

## Secured financing from available cash

€m	HY1 2015
Cash	240.4
Credit line since December 2014 (not utilised)	Up to 100
Up-front payment MBA MVNO contract	[-150]

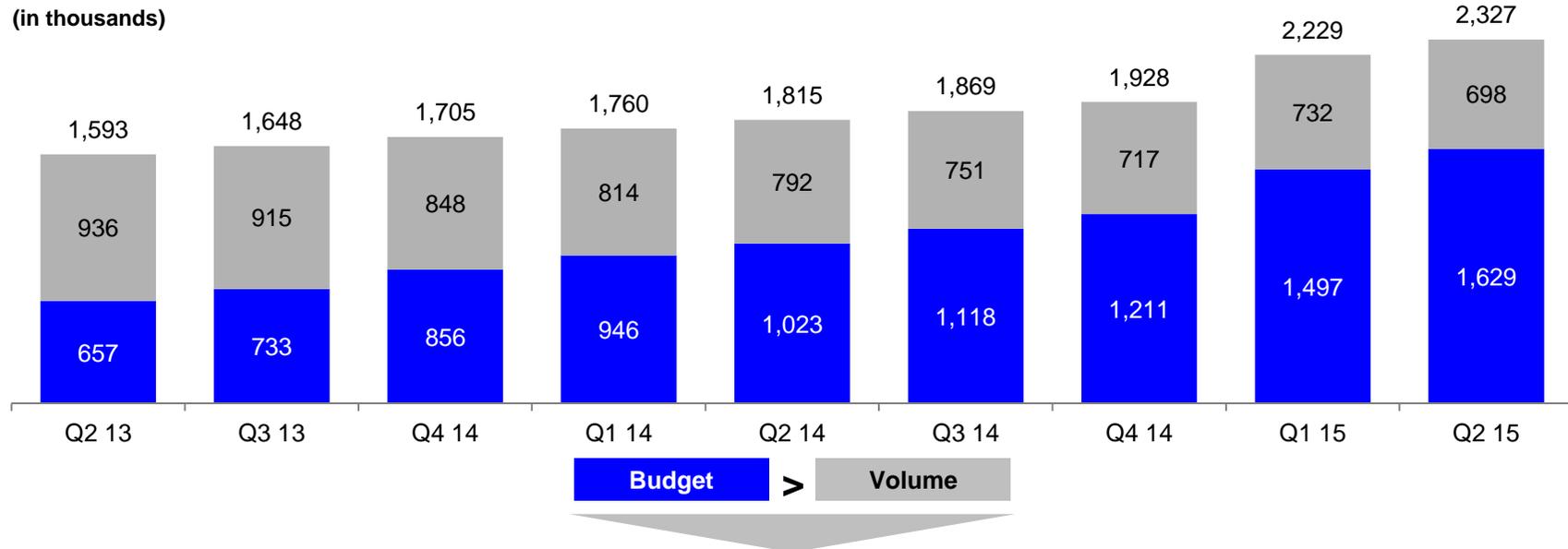


- Even after the acquisition transactions in the first half of the year and the dividend disbursement (€90.4m), Drillisch still has high cash reserves that can be used to drive growth further

**Future growth financed by earning power and current cash reserves**

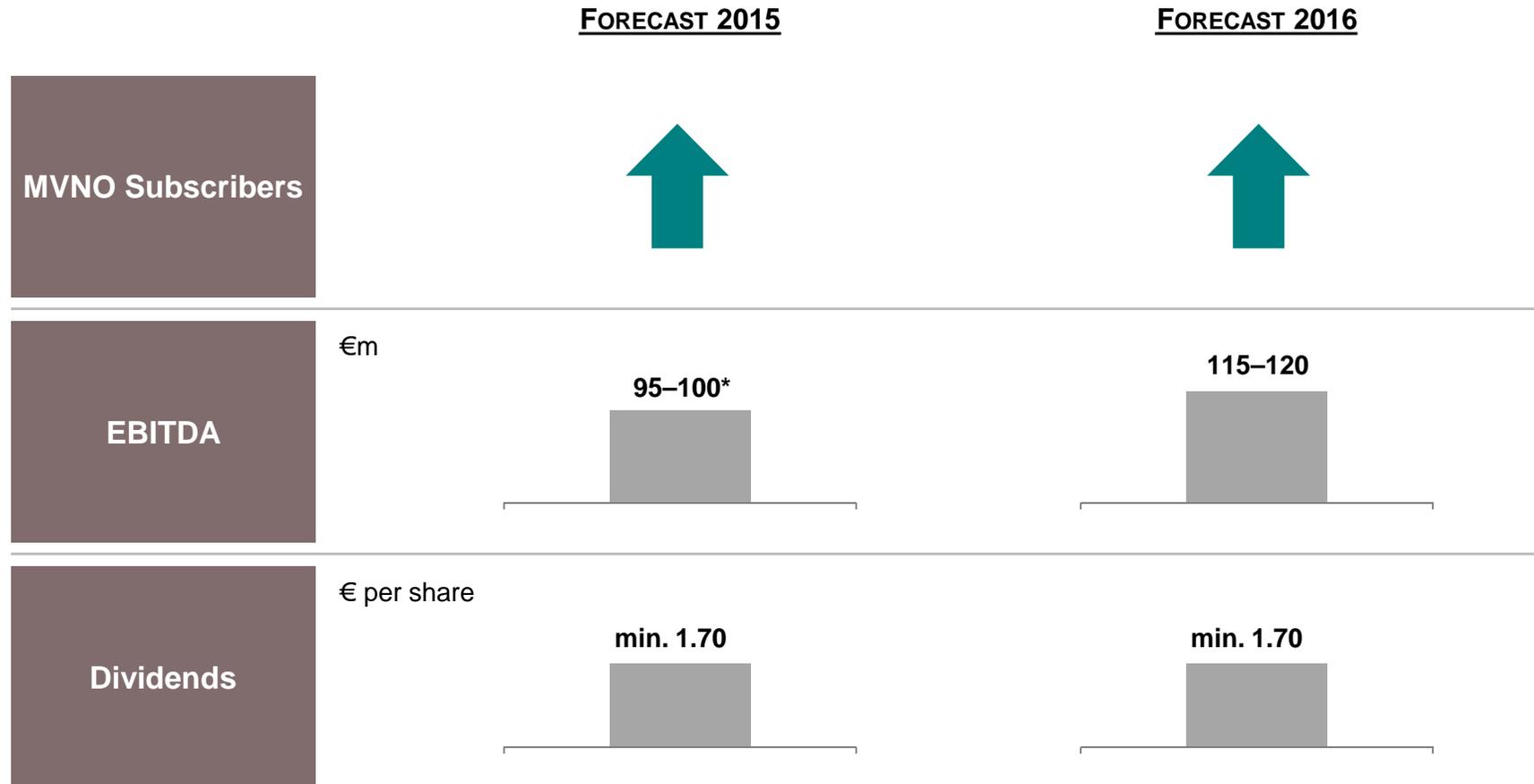
# Drillisch Subscriber Development

## Focus on MVNO subscriber development



- Growth in MVNO clientele since Q2 2013 by about 734,000 (+46%) to more than 2.3 million subscribers
- Sustained improvement in subscriber mix; 70% of the MVNO subscribers are budget subscribers (HY1 2014: 56%)

## Sustained MVNO subscriber growth focusing on budget subscriber segment



**Continuation of the success story — profitable growth planned for 2015 and 2016 as well**

\*Ad-hoc 31/07/2015: increase in EBITDA guidance "in upper range of the guidance"

# Outlook and Takeaways



**Continued rise in EBITDA planned for 2016 (15<sup>th</sup> year in succession)**



**MBA MVNO rollout on track**



**Continued increase in MVNO subscribers planned**



**> 50% of the EBITDA guidance had already been achieved at the end of the first half of the year**



**Attractive dividend policy — in the amount of €1.70 as paid in May 2015 as a minimum**



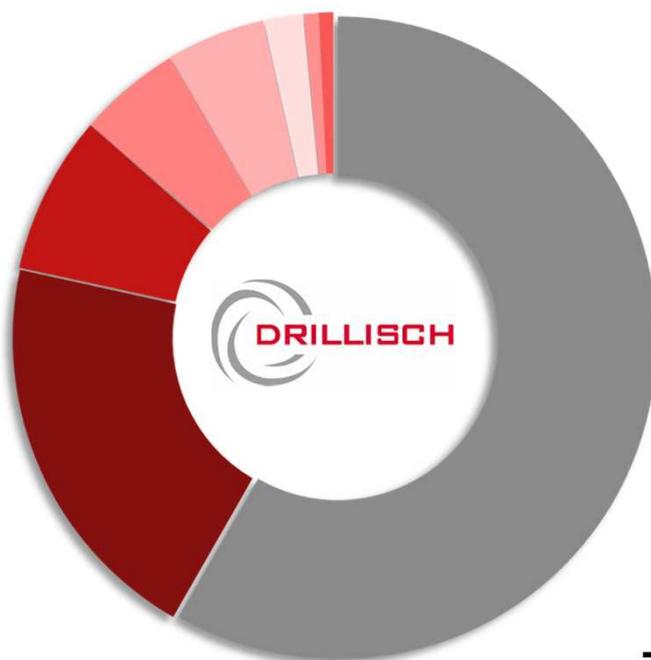
**Full financial flexibility and liquidity the foundation for continued growth**

---

# **Annex**

# Drillisch Stock

## Shareholder Structure per 23 July 2015



Shareholder Structure	in %	in shares
Free Float	58.30%	31,927,779
United Internet Ventures AG	20.11%	11,012,730
Deutsche Bank	7.96%	4,360,599
Alken Luxembourg	5.13%	2,810,681
Allianz Global	5.00%	2,737,449
M Brucherseifer	1.97%	1,077,565
P Choulidis	0.78%	425,000
V Choulidis	0.73%	400,000
J Weindl	0.02%	10,439
Dr H Lennertz	0.00%	2,407
<b>Total</b>	<b>100.00%</b>	<b>54,764,649</b>

## Index Ranking (TecDAX + Blue Chip Indices Germany), July 2015

Index	Market cap.	Revenues
TecDAX 30	8	7
Blue Chip Indices Germany	69	52

# EBITDA Forecast vs Achieved EBITDA

		EBITDA (adjusted) History							
		2009	2010	2011	2012	2013	2014	2015	2016
FY	Positive development	Positive development	€52m.	€58m.	€67m-€70m.	(prev.: €77m-€80m) ↗ €82-€85m	€95m-€100m.	€115m-€120m	
Q1	€41m-€42m ↑	€46m ↑	✓	✓	✓		✓		
Q2	✓	✓	✓	€60m-€61m ↑	Upper end ↑	Upper end ↑	Upper end ↑		
Q3	€43m ↑	€48m ↑	✓	✓	€70m				
EBITDA (IFRS)	€43.5m	€49.3m	€52.6m	€61.9m	€70.8m	€85.2m			
EBITDA Growth (YoY)	7.1%	13.3%	6.7%	17.8%	14.4%	20.3%	~ +[14]%	~ + [21]%	

Comparison with guidance:	Exceeded ↑					
---------------------------	------------	------------	------------	------------	------------	------------

**Drillisch achieves sustained increases in profitability (annual growth in EBITDA of 14.4% over the period from 2009 to 2014), whereby the forecast has always been exceeded**