



Drillisch AG

Company Presentation



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Agenda

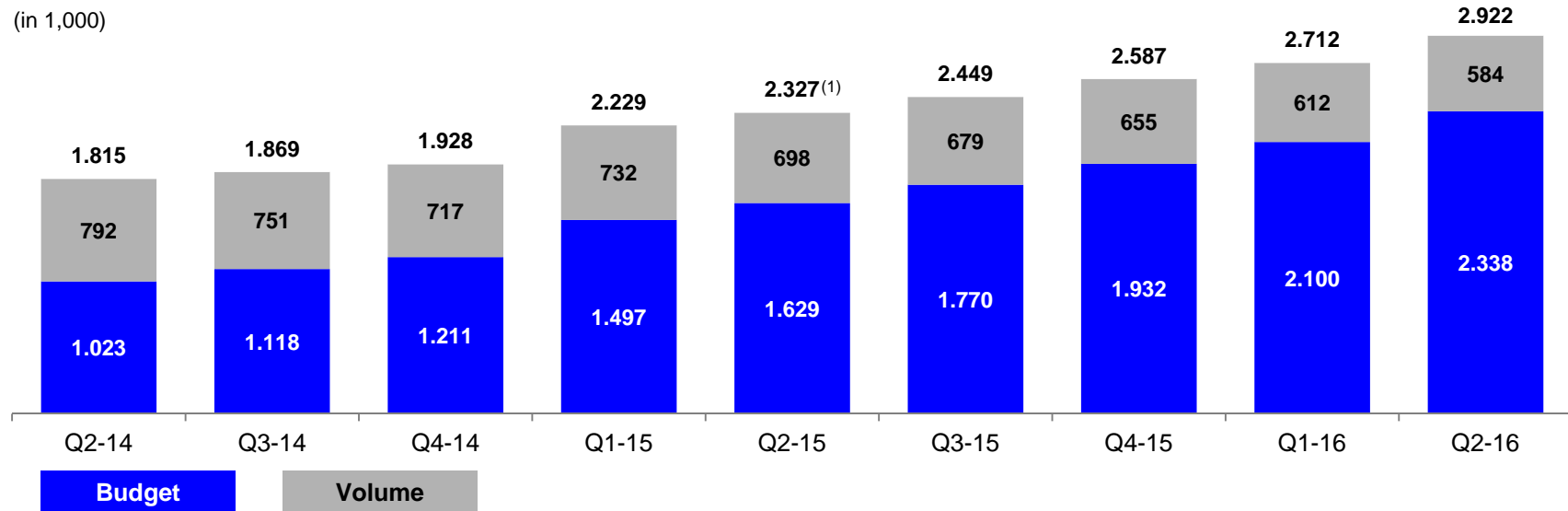
 **Highlights**

 **Financial Indicators**

 **Outlook**

Drillisch Subscriber Development

Focus on MVNO Subscriber Development



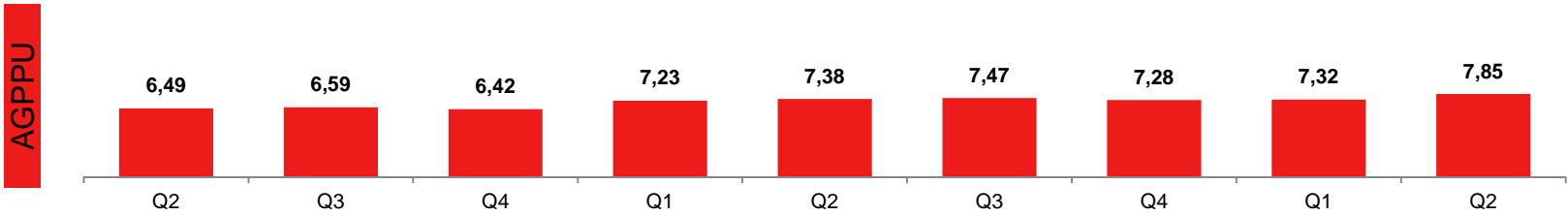
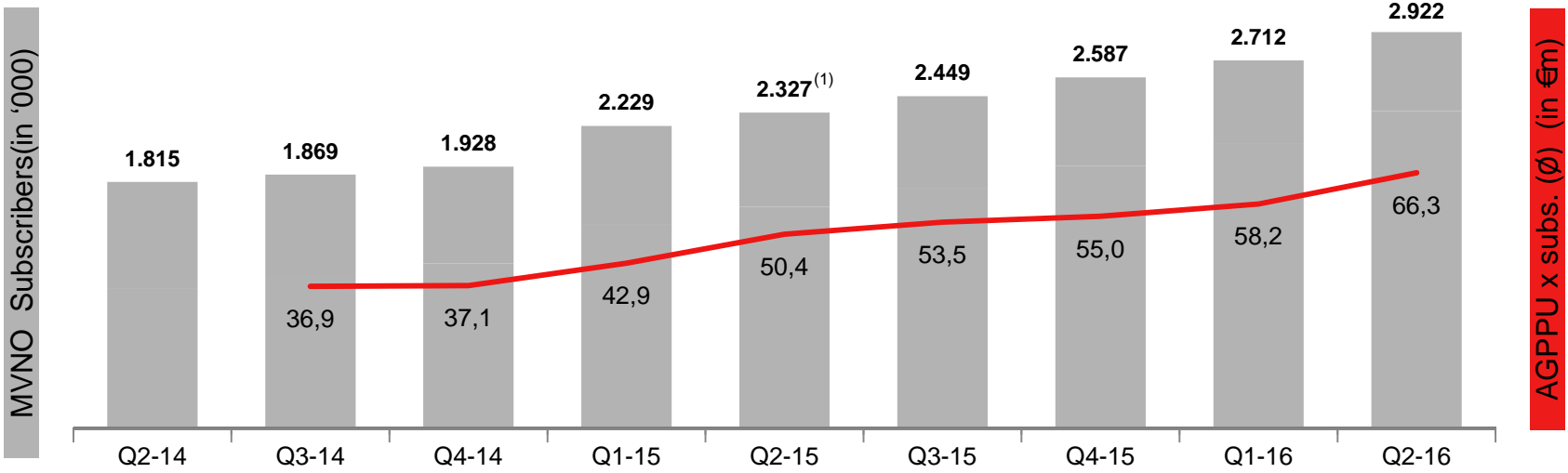
- Continuation of trends: Strong dynamic in net adds trend with 210k MVNO subs in Q2 (Q1 2016: +125k; Q4 2015: +138k); y-o-y +595k
- To be highlighted: Net Adds development in d the Budget line Q2 2016 +238k; (Q1 2016 +168k; Q4 2015: +162k); y-o-y +709k;
- Ongoing improvement of customer mix.
- Clear increasing net adds contribution from the offline segment

Strong Dynamic Net Adds Development on the Back of Marketing Spend & Price Leadership

(1) Includes yourfone and GTCOM



Subscriber and Gross Profit Growth

Strong subscriber growth, better tariff mix and better utilisation of the network capacities



Sustainable increasing Gross Profit



Comparison with Peers

| |  LTE S |  LTE S | Telekom MagentaMobil M | Vodafone Red M | o2 Blue All-in L | 1&1 All-Net-Flat Plus |
|----------------------------------|--|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Price SIM Only | Nur 1299⁽¹⁾ €/Monat | Nur 1299⁽¹⁾ €/Monat | 44⁹⁵€⁽²⁾ | 39⁹⁹€⁽²⁾ | 39⁹⁹€⁽¹⁾ | 19⁹⁹€⁽²⁾ |
| Data Limit | 4.0 GB | 4.0 GB | 3.0 GB | 3.0 GB | 4.0 GB | 4.0 GB |
| Internet Speed | 50 MBit/s | 50 MBit/s | 150 MBit/s | 225 MBit/s | 50 MBit/s | 50 MBit/s⁽⁴⁾ |
| Voice & SMS | Flat | Flat | Flat | Flat | Flat | Flat |
| Contract Duration | 24 Months | 24 Months | 24 Months | 24 Months | 24 Months | 24 Months |
| Advantage in € ⁽³⁾ | -- | -- | 683.04 € | 564.00€ | 564.00€ | 204.00€ |

“Best-in-class” - Drillisch Comparison with Peer Group

- (1) Higher price form month 13
- (2) Higher price from month 25
- (3) Price advantage 24 months
- (4) no nation wide coverage, only in selected regions

Comparison with Secondary Brands (MNO)

| |  LTE S |  LTE S | congstar Allnet Flat Plus (Telekom) | otelo Allnet-Flat Max (Vodafone) | Blau Allnet XL (o2) |
|-------------------------------------|--|--|---|--|---|
| Price SIM Only | Nur 1299⁽¹⁾ €/Monat | Nur 1299⁽¹⁾ €/Monat | 30⁰⁰€ | 29⁹⁹€ | 21⁹⁹€⁽²⁾ |
| Data Limit | 4.0 GB | 4.0 GB | 4.0 GB | 4.0 GB | 3.0 GB |
| Internet Speed | 50 MBit/s | 50 MBit/s | 42 MBit/s | 42,2 MBit/s | 21,6 MBit/s |
| Voice & SMS | Flat | Flat | Flat | Flat | Flat |
| Contract Duration | 24 Months | 24 Months | 24 Months | 24 Months | 24 Months |
| Advantage in €⁽³⁾ | -- | -- | 324.24€ | 324.00€ | 132.00€ |

“Best-in-class” - Drillisch Comparison with Peer Group

- (1) Higher price form month 13
- (2) Higher price from month 25
- (3) Preisvorteil für 24 Monate

Highlights

GfK-Survey Brand Awareness



- Representative survey of market research company GfK
- Aided brand awareness of smartmobil.de increased from 20% in April 2015 to 30,9% in April 2016
- Referring to the unaided brand awareness, smartmobil.de is better known than Blau, Base and mobilcom-debitel

Shop-Tests



- Stiftung Warentest tested shops of the network operators and mobile service providers
- yourfone took first place in the categories “Price” and “Customer Focus”

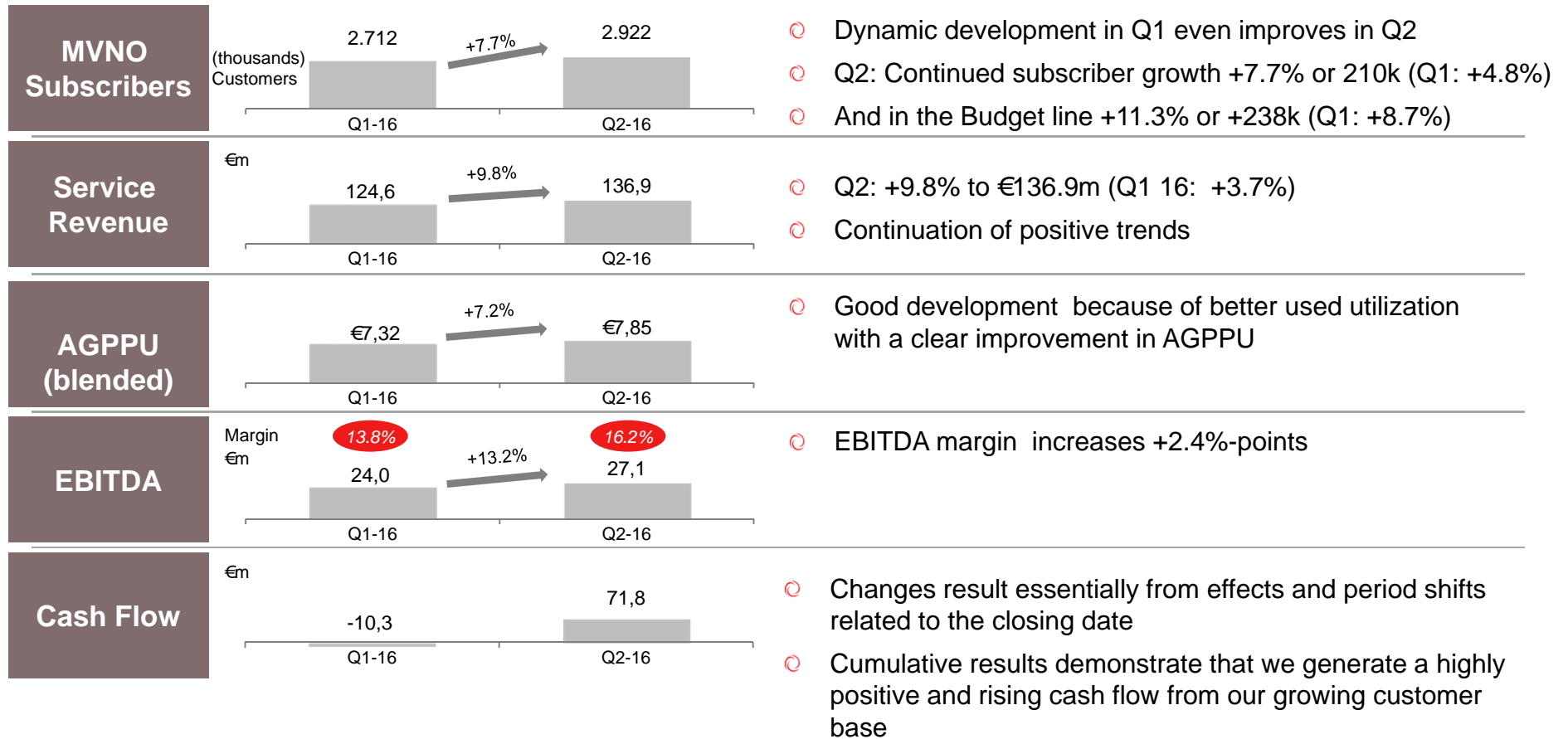
“Deutschlands Spar-Champion”- Award



- Brand simply celebrated 11th birthday with a special price promotion
- Survey by Deutsches Institut für Service-Qualität: simply proved to be “Germany’s Spar-Champion 2016” in the category mobile service providers

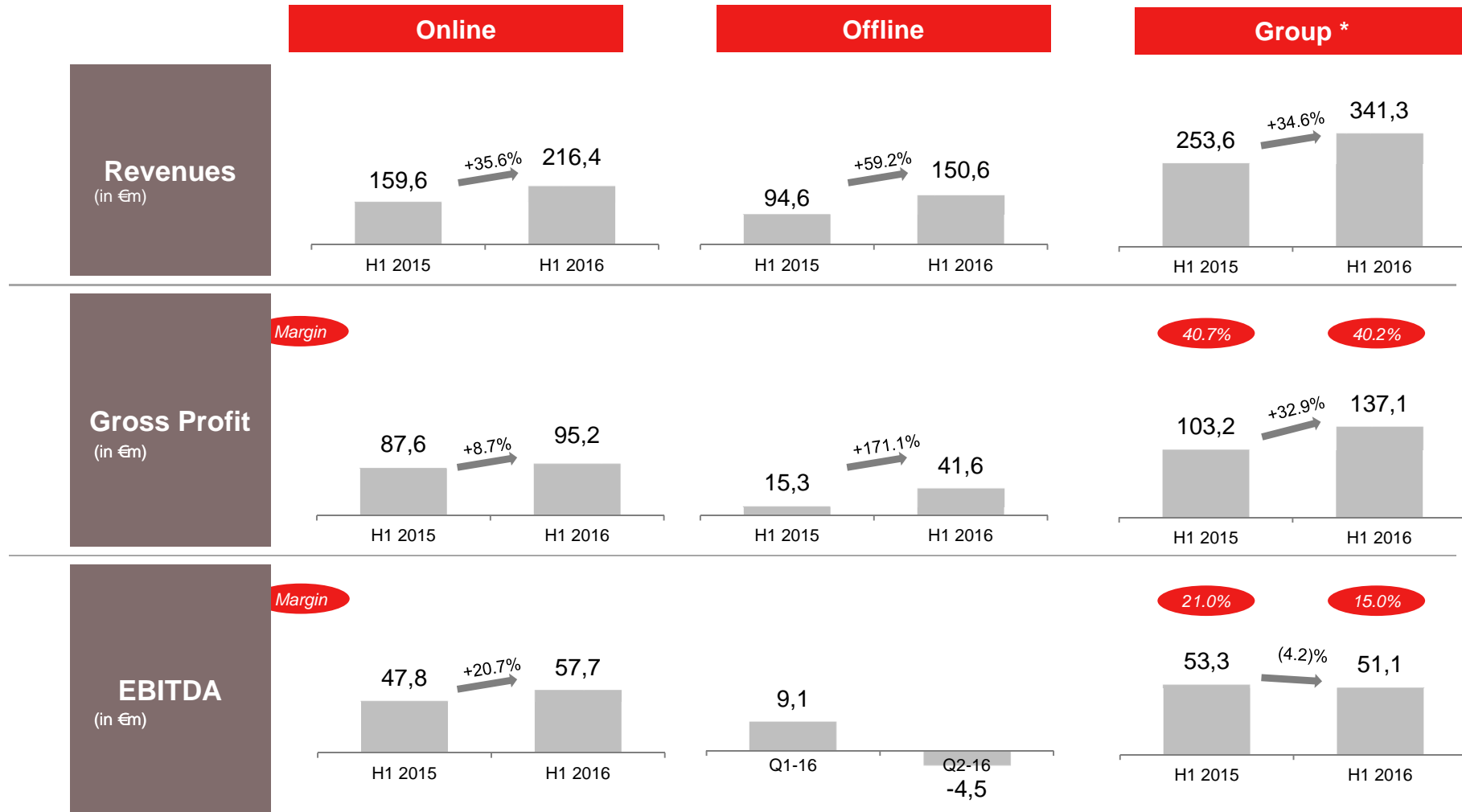
Best value for money on the German mobile services market

Q1 2016 vs. Q2 2016



Sustainable dynamic development in Q2 2016 compared with Q1 2016

Segment Reporting H1 2016



Online delivers on a high level - Offline is on a good way

(*) incl. Segment Miscellaneous and Consolidation – H1 2016 report, page 34

Cash Flow Development

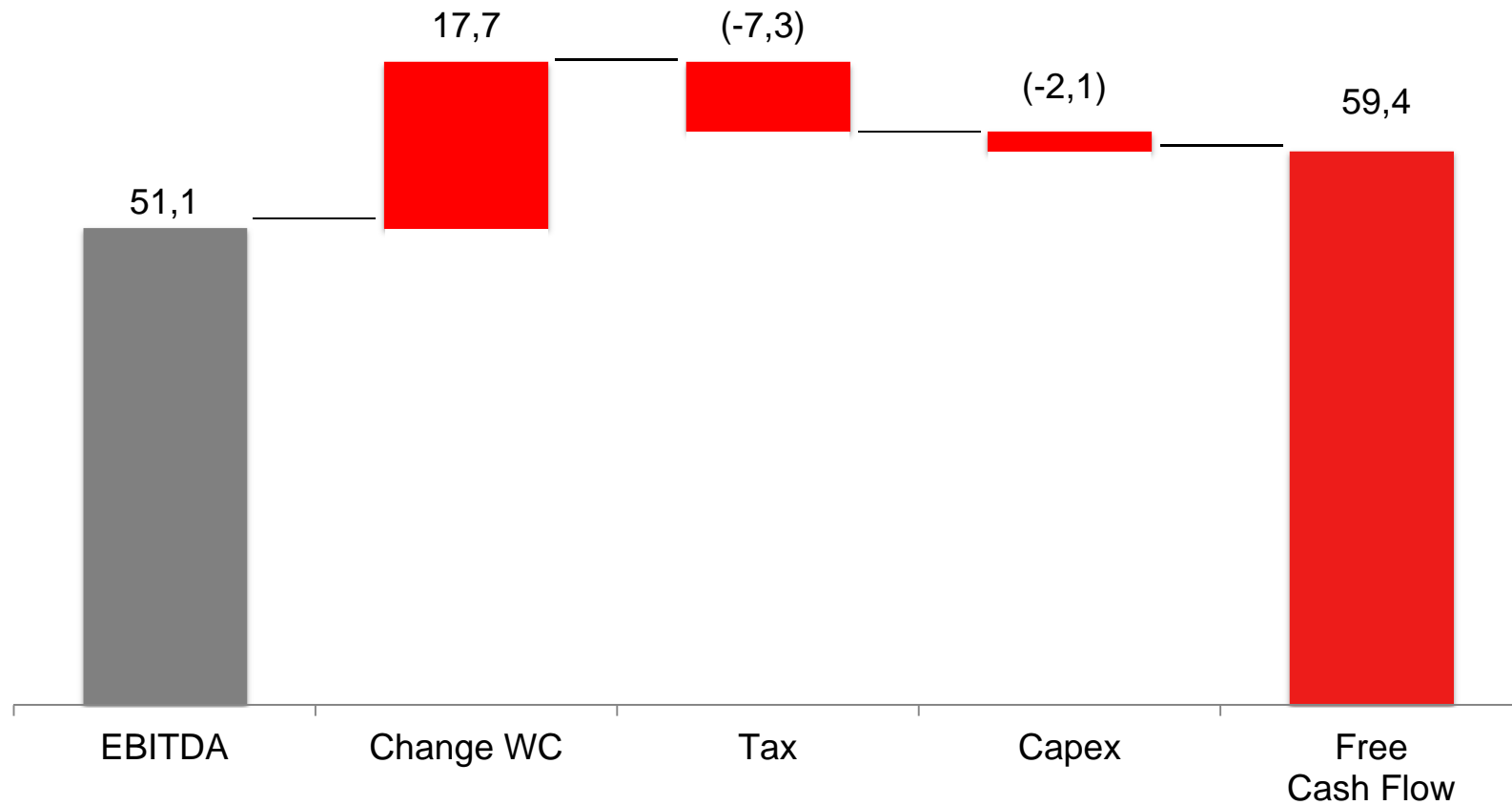
| €m | H1 15 | H1 16 |
|--|--------|--------|
| Cash flow from current business activities | 32.1 | 61.5 |
| Cash flow from investment activities | (9.2) | (3.3) |
| Cash flow from financing activities | (99.7) | (86.8) |
| Free cash flow ⁽¹⁾ | 24.9 | 59.4 |

- Changes result essentially from effects and period shifts related to the closing date
- Charges for network capacities are dependent on the capacity measurement by the trustee and the review by the commission of the EU
- €1.5 million in payments for acquisitions of the remaining shares in GTCom
- €2.1 million in payments for investments in tangible and intangible assets (Capex)
- Dividend distribution (-€95.8m)
- Outflow: Reduction in Other financial liabilities (-€40m)
- Inflow: From utilisation of short-term financial loans (+€50m)

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

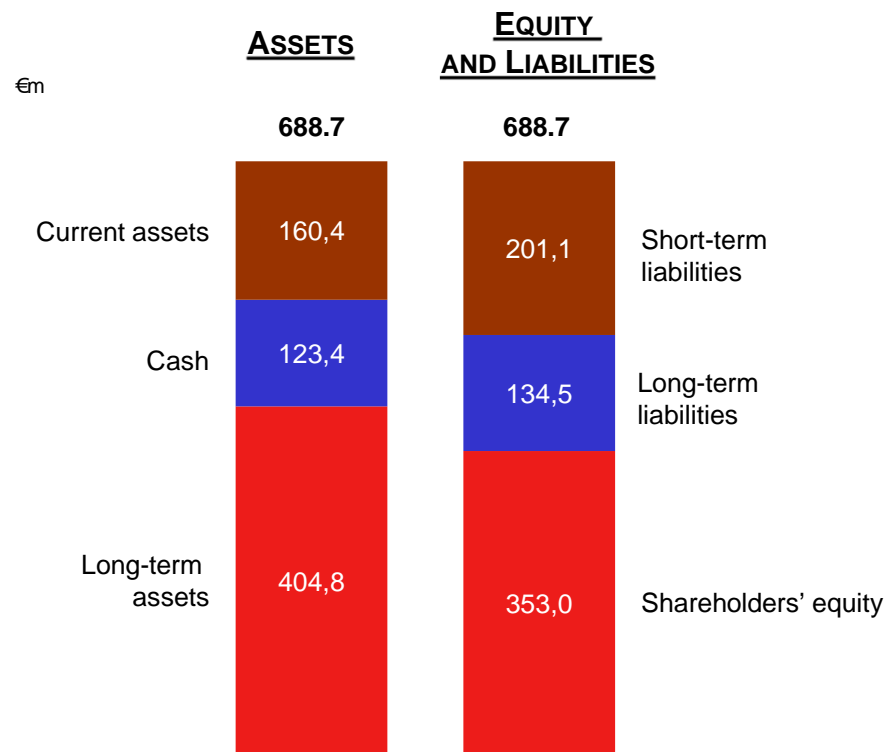
Bridge EBITDA to FCF

Free Cash Flow Bridge H1 2016 in €m

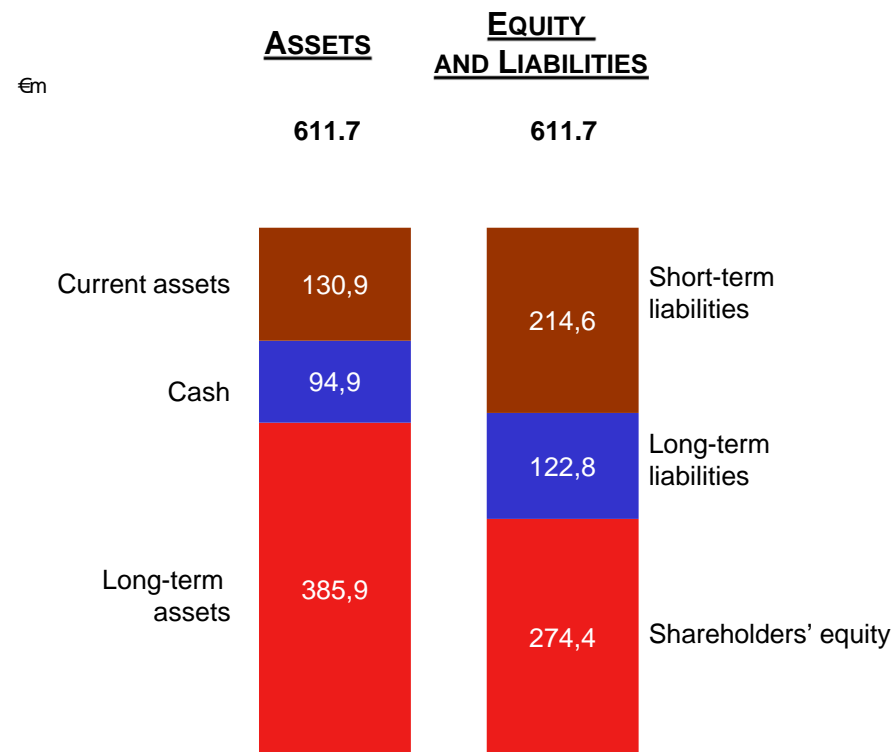


Balance Sheet in €m

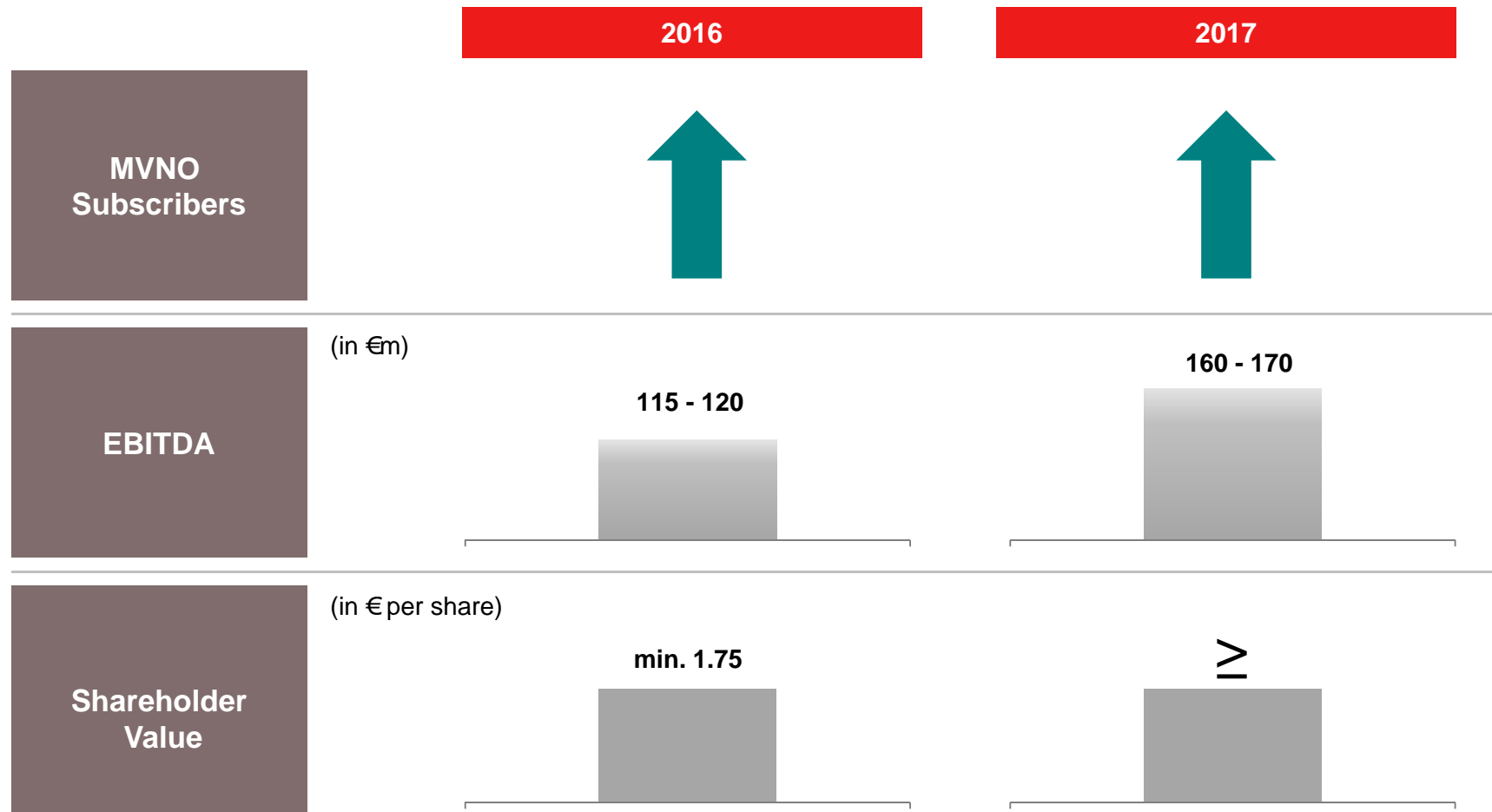
31 December 2015



30 June 2016



Equity ratio at 44.9% (31 December 2015: 51.3%)



Success Story Continues — Profitable Growth Planned for 2016 and Furthermore

(*) Shareholder Value = Dividend + potential share buy back

Outlook and Take-Aways

Drillisch has Posted Major Accomplishments in H1 2016...

- ✓ Offline distribution channel with increasing share to gross adds
- ✓ Confirmed EBITDA⁽¹⁾ guidance of €115m-€120m (2016), €160m-to €170m (2017)
- ✓ Complete financial flexibility and liquidity makes continued growth possible
- ✓ Sound increase of brand awareness smartmobil and yourfone as premium brands According to independent research

...and Confirms the Positive Outlook

Subscriber growth in online and offline channels

Rise in EBITDA planned for 2016 and 2017 as well (15th & 16th year in succession)

Attractive shareholder value policy

Drillisch is able to provide best value for money to customers

(1) Adjusted EBITDA