



Drillisch AG

Company Presentation






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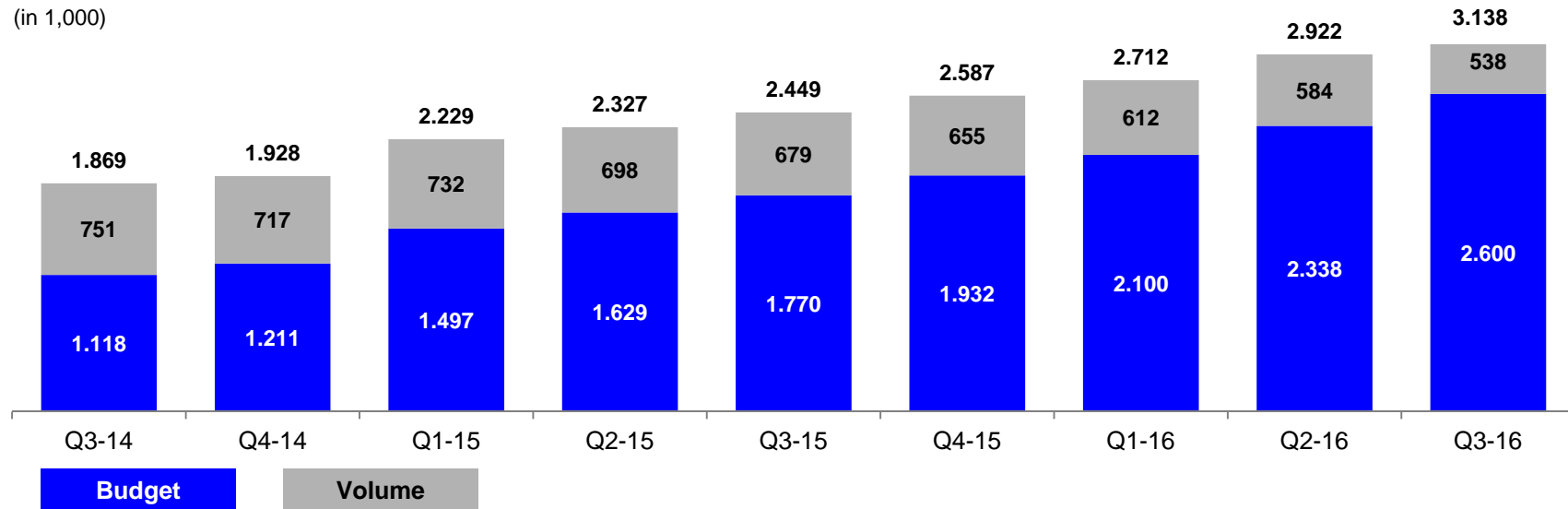
Agenda

-  **Highlights**
-  **Financial Indicators**
-  **Outlook and Guidance**

Drillisch Subscriber Development

Focus on MVNO subscriber development

(in 1,000)

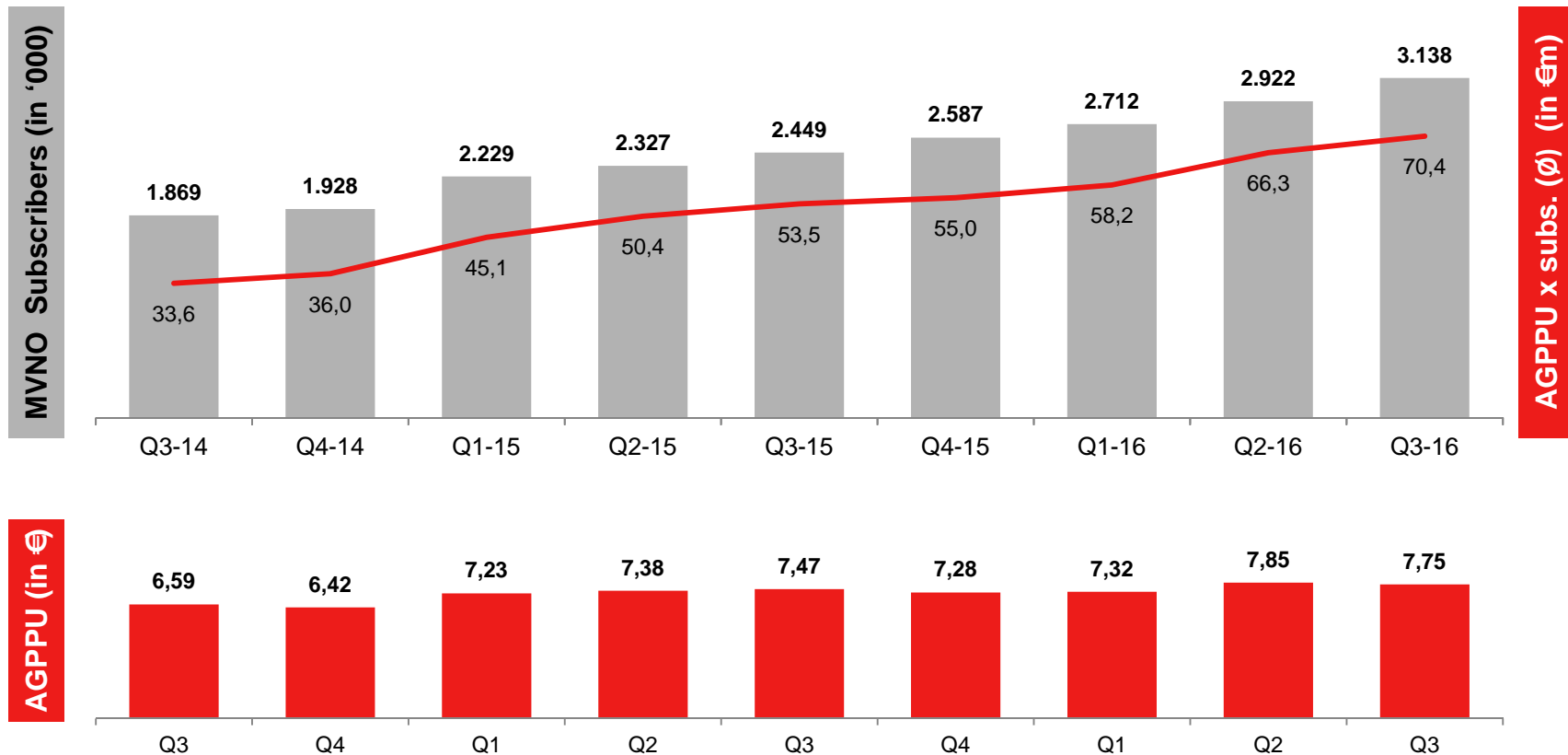


- Continuation of trends: strong dynamic with 216k MVNO subs in Q3 16(Q2 16: +210k; Q1 16: +125k; Q4 15: +138k); y-o-y +689k
- To be highlighted: net adds in the budget line Q3 2016 +262k; (Q2 16: +238k; Q1 16 +168k; Q4 15: +162k); y-o-y +830k
- Ongoing improvement of customer mix.
- Clear increasing net adds contribution from the offline segment

Strong dynamic net adds development - budget net adds again very dynamic



Subscriber and Gross Profit Growth

Strong subscriber growth, better tariff mix and better utilization of network capacities



Sustainable increasing gross profit from MBA MVNO operations

Comparison with Peers

	 LTE S	 LTE S	Telekom MagentaMobil M	Vodafone Red M	o2 Free L	1&1 All-Net-Flat Plus
Price SIM Only	Nur 1299⁽¹⁾ €/Monat	Nur 1299⁽¹⁾ €/Monat	3595€⁽²⁾	3599€⁽²⁾	3999€⁽¹⁾	1999€⁽¹⁾
Data Limit	4.0 GB	4.0 GB	3.0 GB	3.0 GB	4.0 GB	4.0 GB
Internet Speed	225 MBit/s⁽⁵⁾	225 MBit/s⁽⁵⁾	150 MBit/s	225 MBit/s	225 MBit/s	21.6 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⁾	--	--	467.04 €	468.00€	624.00€	144.00€

“Best-in-class” – Drillisch comparison with peer group

(1) Higher price from month 13
 (2) Higher price from month 25
 (3) Price advantage 24 months

(4) no nationwide LTE coverage, only in selected regions
 (5) max. speed can be booked with a €5 monthly option

Highlights

“Provider of the year 2016”



- Titel defended: For 2016, Tariftipp.de again chooses smartmobil.de the “Provider of the year” in the category “All-Net-Flats”
- Conclusion Tariftipp.de: “With LTE XS for €7.99 monthly, smartmobil.de again sets the benchmark. ”

“Best Mobile Provider of the year 2016 ”



- Research of Deutsches Kundeninstitut (DKI) on behalf of WirtschaftsWoche
- Ranked 7th – ahead of Blau, T-Mobile, klarmobil and o2

COMPUTER BILD
Readers’ Choice
“Goldener
Computer”



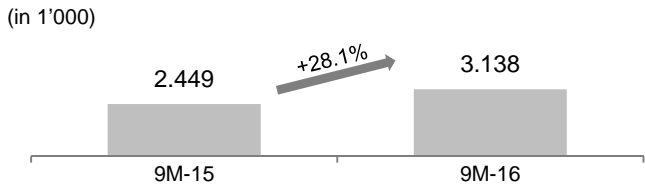
Quelle: ComputerBILD Ausgabe 20/2016, Seite 16/17.

- Coveted industry award, which is awarded the 19th time
- Drillisch was nominated the first time
- Ranked 3rd with 17.8% of the votes in the category “Provider”

Best value for money on the German mobile services market

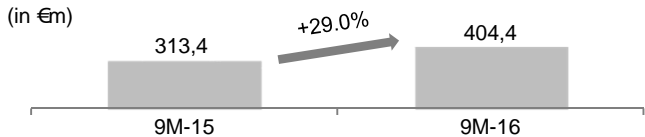
9M 2015 vs. 9M 2016

MVNO Subscribers total



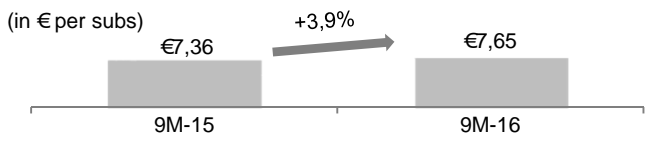
- MVNO subscribers grew by 689k
- The driver of the success is the growth in the budget line
 - +46.9% (830k) to 2.6 million subscribers

Service Revenue



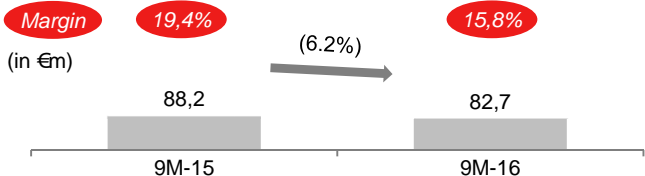
- Service Revenue grew stronger than revenue (+14.7% to €522.1 million)

AGPPU (blended)



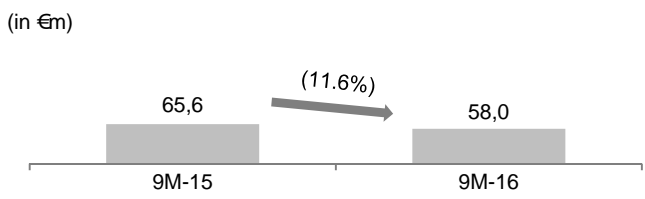
- AGPPU stable on high level

EBITDA



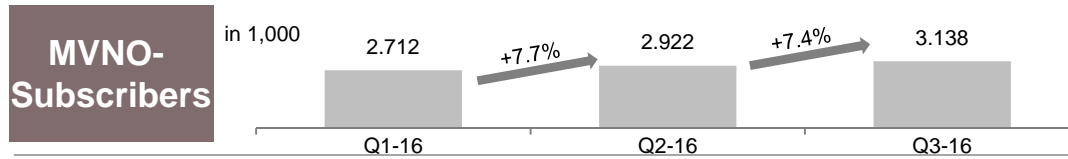
- Previous year was influenced by a contributory payment by TEF D for the offline launch

Cash Flow

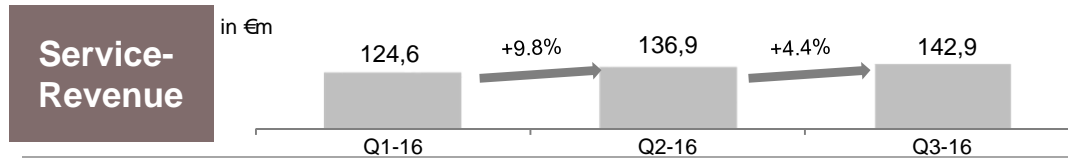


- Fluctuations during the year because of effects related to the closing dates and period shifts
- Billing and payment of MBA-Network costs in 2016 proceeds unsteady

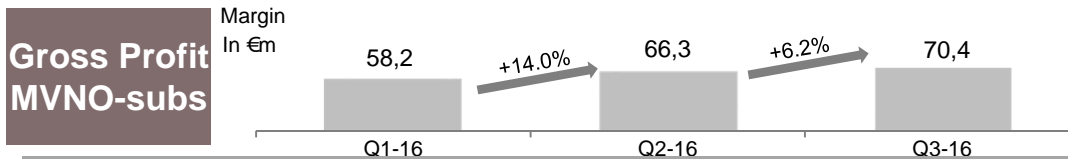
Drillisch achieves growth in the first nine months of the year



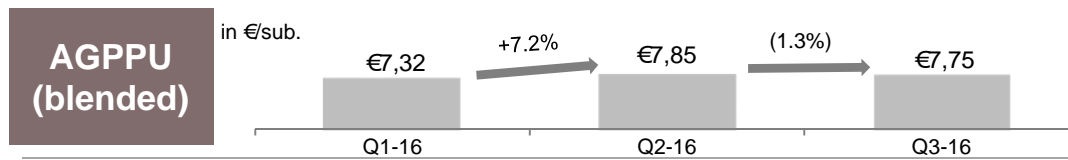
- Budget growth remains the driver
- MVNO Q1: +4.8% ; Q2: +7.7% ; Q3: +7.4%
- Budget Q1: +8.7%; Q2: +11.3% ; Q3: +11.2%



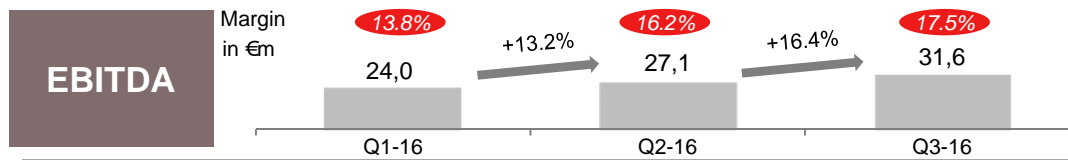
- Service Rev. Q1: +3.7% ; Q2: +9.8%; Q3: +4.4%
grew stronger than
- Revenue Q1: -0.6% ; Q2: -3.2% ; Q3: +7.8%



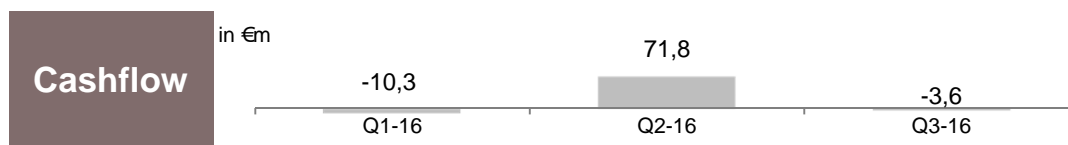
- Increasing gross profit contribution from MVNO subscribers
- Q1: €58.2m ; Q2: €66.3m ; Q3: €70.4m



- AGPPU stable on high level
- Slight decline in Q3 due to seasonal roaming effects



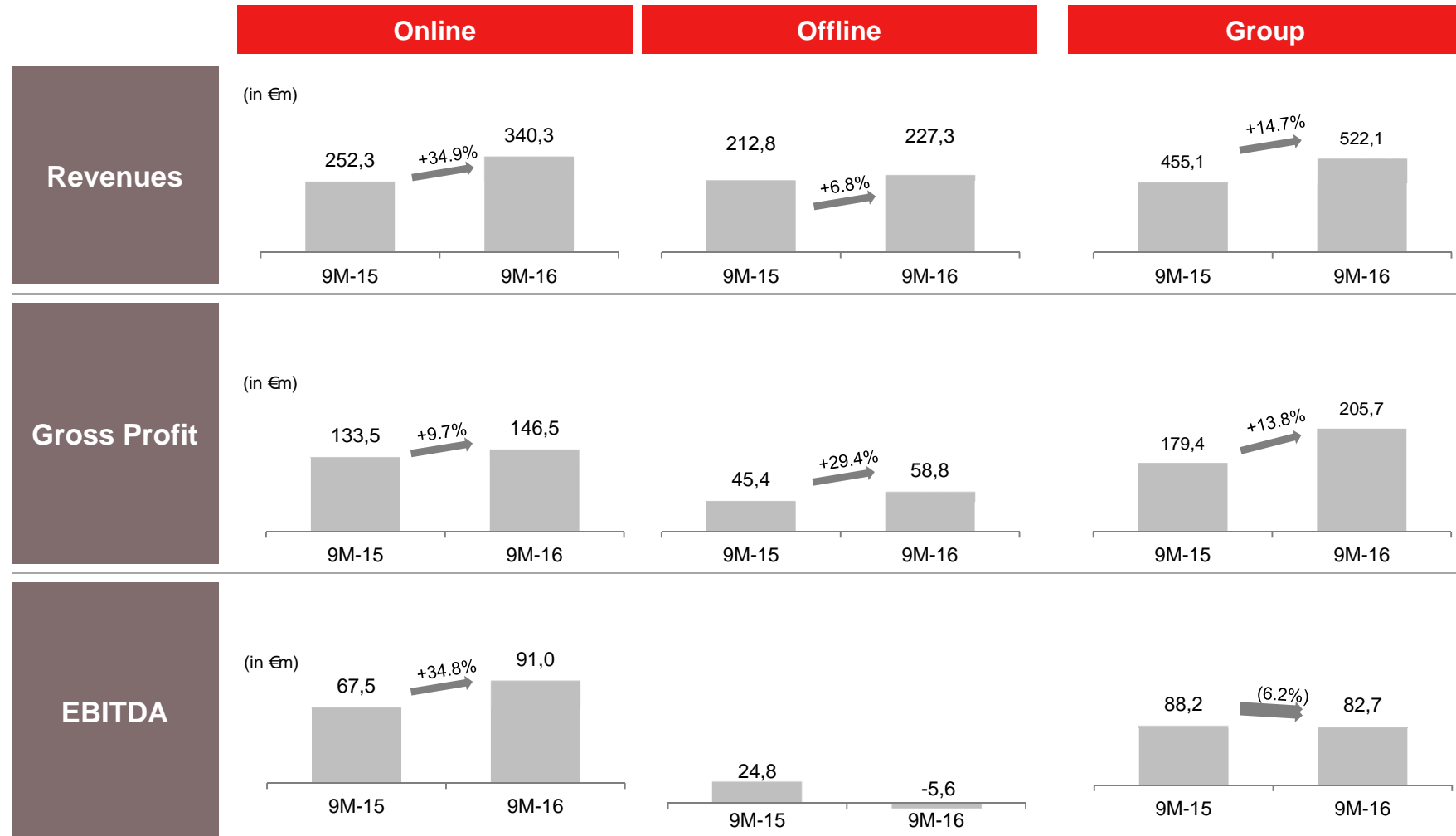
- Sustainably increasing EBITDA
- Targets 2016 and 2017 reconfirmed



- Fluctuations during the year because of effects related to the closing dates and period shifts

Drillisch achieves growth in the first nine months of the year

Segment Reporting 9M 2016



Cash Flow Development

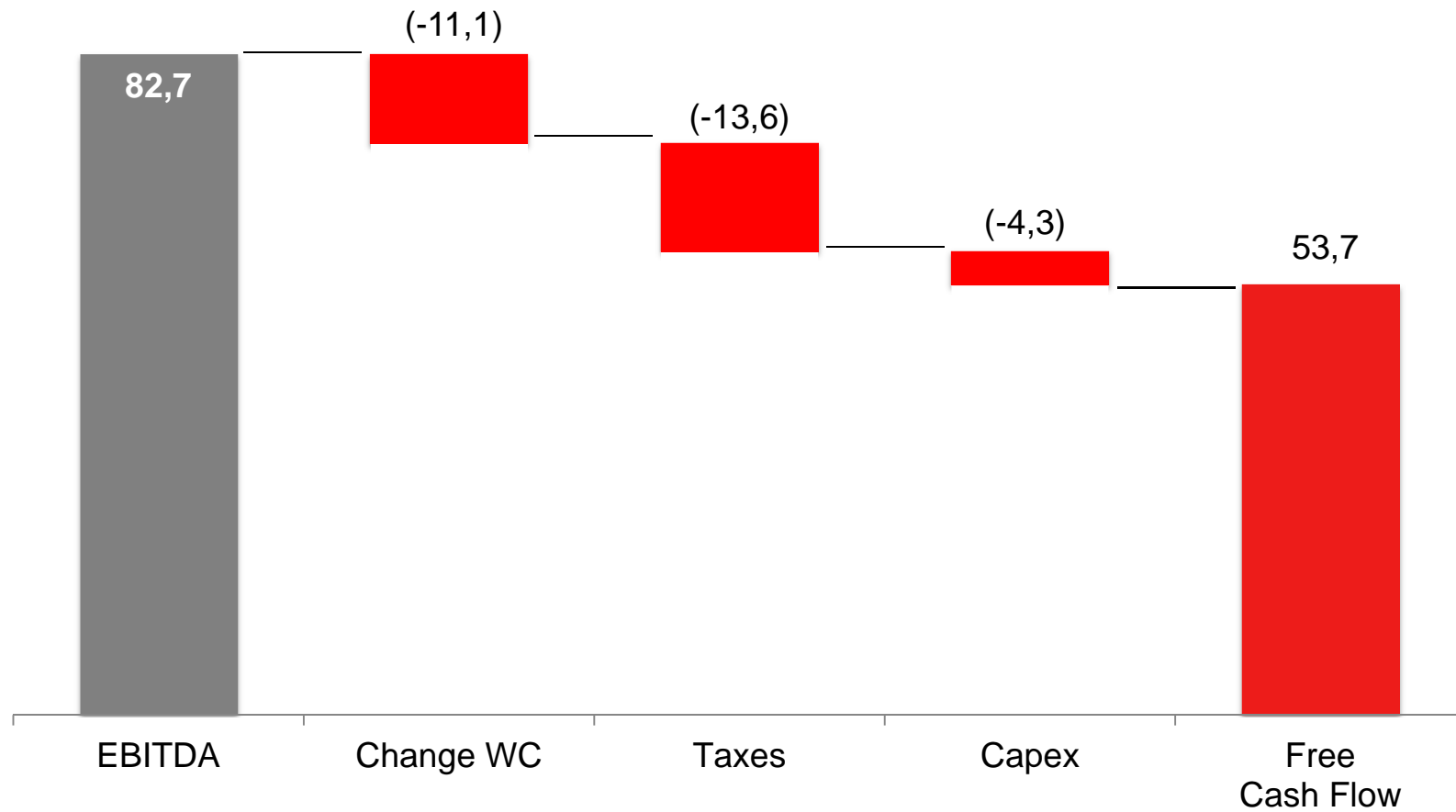
€m	9M-15	9M-16
Cash flow from current business activities	65.6	58.0
Cash flow from investment activities	(165.2)	(23.2)
Cash flow from financing activities	(100.0)	(87.2)
Free cash flow ⁽¹⁾	(95.3)	53.7

- Major fluctuations in 2016
- In 2015 incl. a contributory payment to advertising expenditures (WKZ Zahlung) by by Telefónica related to the shop-start
- Final instalment of earn out components to Dixons (€18m) from the acquisition of Phone House
- Dividend (€95.8 million)
- Utilisation of short-term financial loans €50 million
- Reduction of other financial liabilities (€40 million)
- 9M 2016: €4.3 million capex
- 9M 2015: €160.9 million capex

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

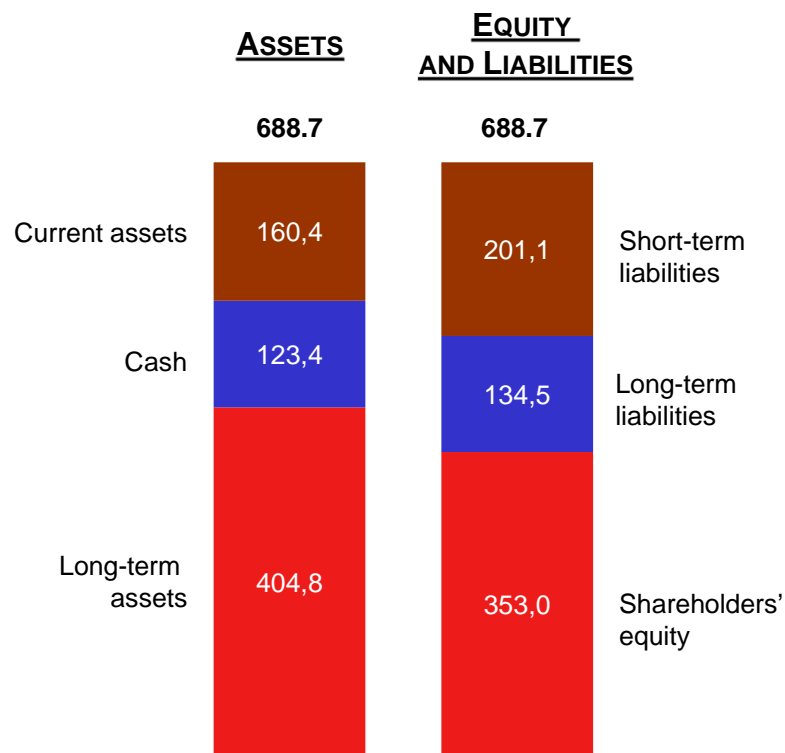
Bridge EBITDA to FCF

Free Cash Flow Bridge 9M 2016 in €m

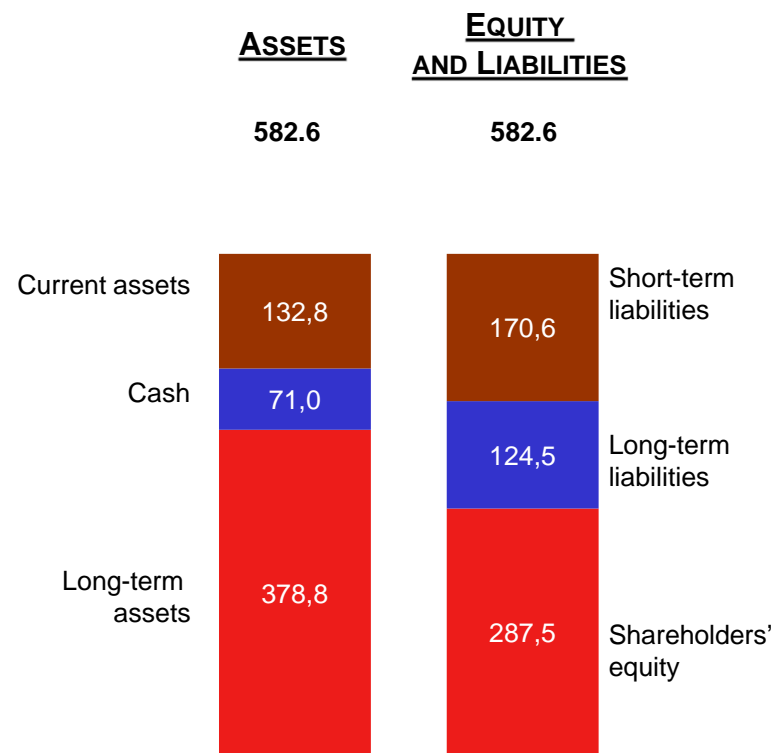


Balance Sheet in €m

31 December 2015



30 September 2016



Equity ratio at 49.3% (31 December 2015: 51.3%)

Outlook and Take-Aways

Drillisch has posted major accomplishments in 9M 2016...

- ✓ Offline distribution channel with increasing share to gross adds
- ✓ Online distribution with successful expansion on high level)
- ✓ Confirmed EBITDA⁽¹⁾ guidance of €115m-€120m (2016), €160m-to €170m (2017)
- ✓ Complete financial flexibility and liquidity makes continued growth possible

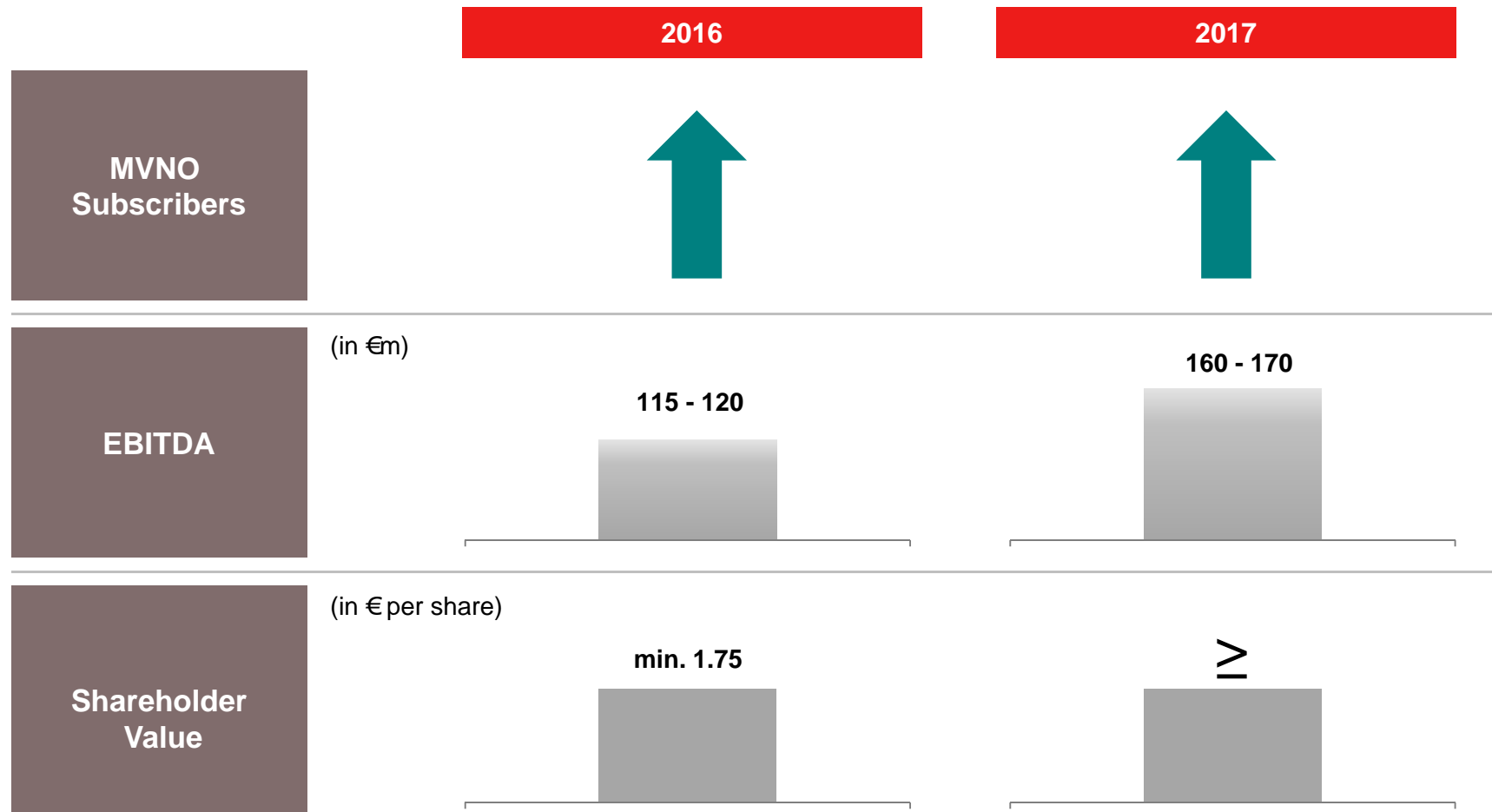
...and confirms the positive outlook

Subscriber growth in online and offline with best value for money to customers

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

Attractive shareholder value policy

(1) Adjusted EBITDA



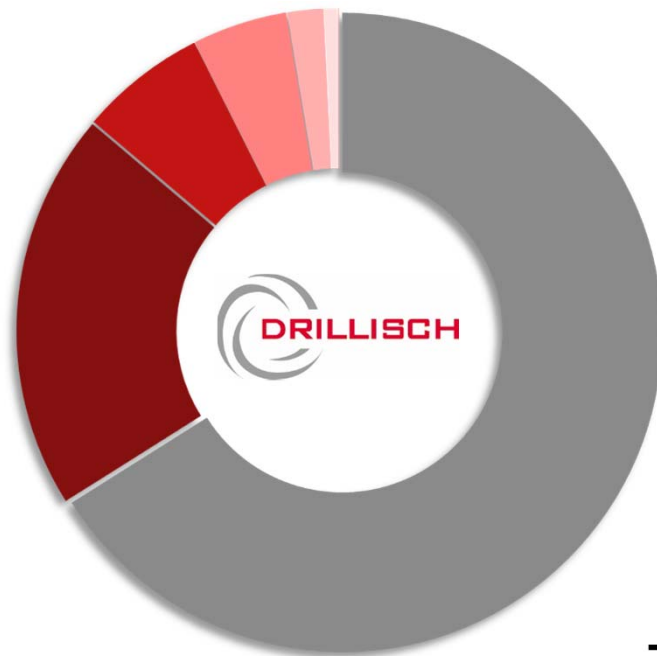
Success story continues – profitable growth planned for 2016 and furthermore

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

Annex

The Drillisch Stock

Shareholder Structure per 30 October 2016



Shareholder Structure	in %	in shares
Free Float	66.06%	36,180,262
United Internet Ventures AG	20.11%	11,012,730
Allianz Global	6.42%	3,516,787
Alken Luxembourg	4.78%	2,620,095
M Brucherseifer	1.86%	1,019,775
V Choulidis	0.73%	400,000
MV Beteiligungs GmbH	0.03%	15,000
Total	100.00%	54,764,649

Index Ranking (TecDAX + Blue Chip Indices Germany), October 2016

Index	Market cap.	Revenues
TecDAX 30	8	8
Blue Chip Indices Germany	68	69

EBITDA Forecast vs. Achieved EBITDA

	EBITDA (adjusted) History								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Forecast (to FY presentation of the previous year, (March)	Positive development	Positive development	€52m	€58m	€67m-€70m	(previous: €77m-€80m) ↗ €82m-€85m	€95m-€100m	€115m-€120m	€160m-€170m
Achieved EBITDA (IFRS)	€43.5m	€49.3m	€52.6m	€61.9m	€70.8m	€85.2m	€105.6m		
EBITDA Margin	n/a	13.6%	15.1%	19.1%	24.4%	29.4%	16.8%		
EBITDA Growth (y-o-y)	7.1%	13.3%	6.7%	17.8%	14.4%	20.3%	23.9%		

Comparison with forecast:	↑	↑	↑	↑	↑	↑	↑		
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Drillisch achieves sustained increases in profitability – whereby the forecast has always been exceeded