



March 2017

DRILLISCH AG

Company Presentation

on Fiscal Year 2016

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.

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Drillisch AG

Investor Relations

Wilhelm-Röntgen-Strasse 1–5

D–63477 Maintal

Contact

Phone: + 49 61 81 / 412 218

Internet: www.drillisch.de

Email: ir@drillisch.de



Highlights



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Outlook



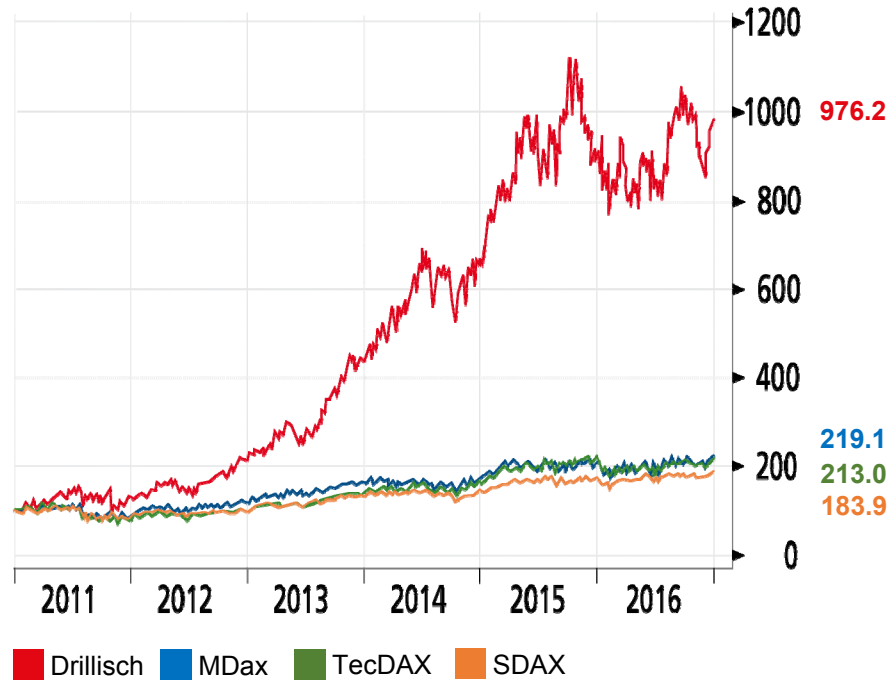
Highlights
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The Drillisch Stock 2011–2016

Consistently better performance than indices

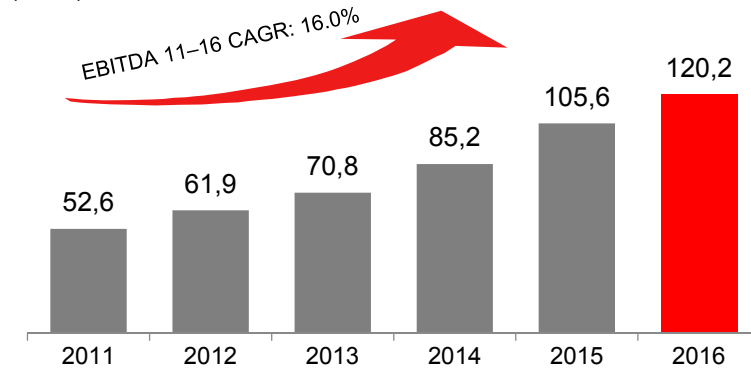
(reference 100)

Bloomberg	L5Y	L3Y	L1Y
	+687.0%	+125.3%	+9.5%



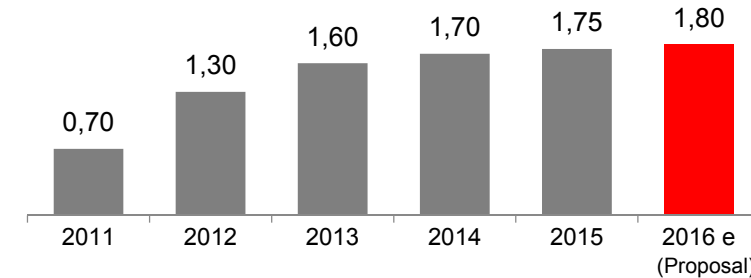
Strong growth curve of EBITDA

(in €m)



Sustained sharing of profits with shareholders

(in € per share each fiscal year)



Long-term Shareholder Value Approach



Highlights

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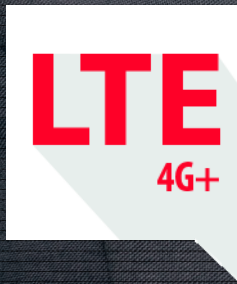
Outlook

Highlights 2016

- **2016 - Successful company story continues**
 - Improvement in the major indicators
 - EBITDA forecast 2016 exceeded slightly
 - Continuation of attractive and sustained shareholder value policy
 - Eighth dividend increase in succession
- **2017 and beyond - only MVNO at peer level with network operators**
 - EBITDA forecast for 2017 confirmed
 - Unrestricted access to all current and future technologies in the TEF D network
 - Sustained lower CAPEX obligation than a network operator
 - Impact of regulatory changes (roaming effect) taken into account in the planning

Continuation of Successful History of the Company

With UP TO 10 GIGABYTE IN THE PREMIUM SEGMENT



Up to
225 MBit/s

BEST VALUE FOR MONEY IN GERMANY'S LARGEST
WIRELESS SERVICE NETWORK



FLAT RATE
in all
German
mobile
networks

FLAT RATE
in German
landline
network

From 6.99 € monthly

Mobile Market Germany - Best Value for Money in Germany's largest network

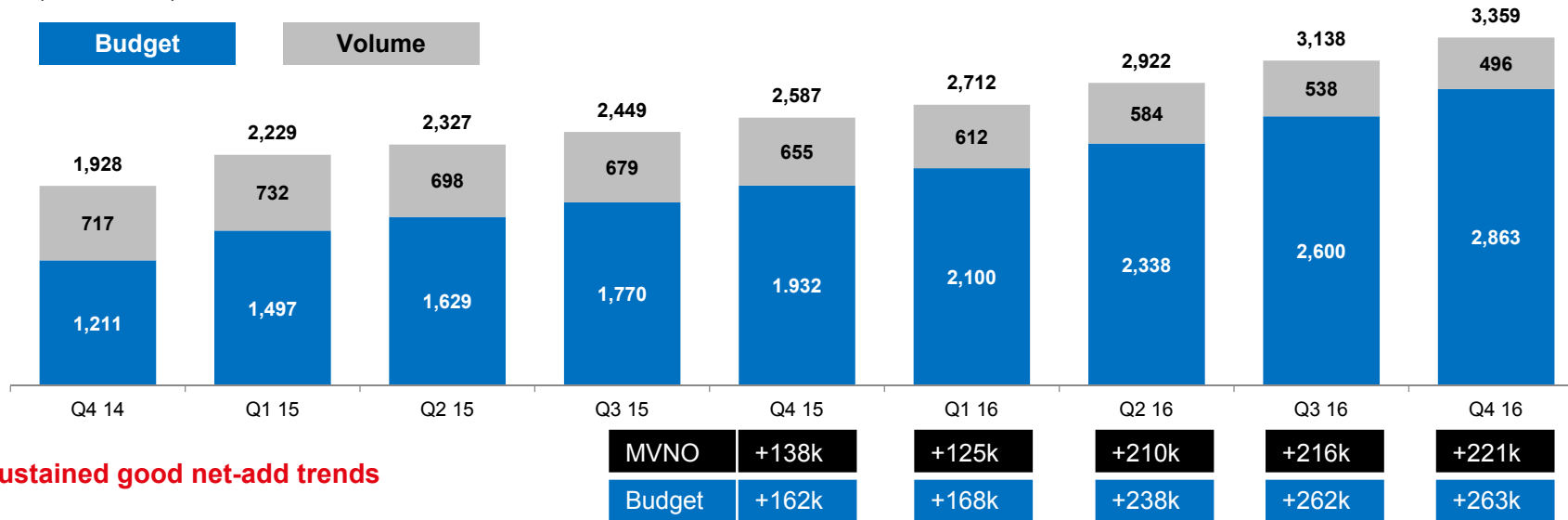


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Drillisch Subscriber Development

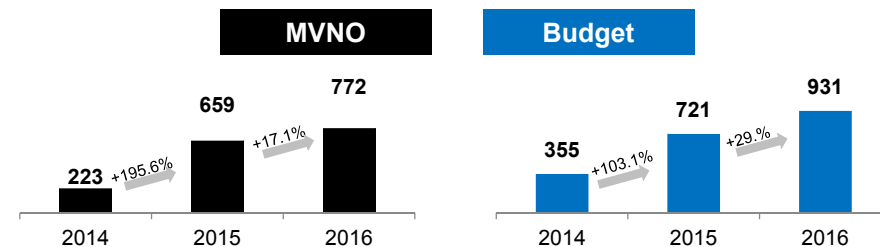
Focus on MVNO Subscriber Development

(in thousands)



Sustained good net-add trends

2014 to 2016:
- Dynamic and sustained net-add trends



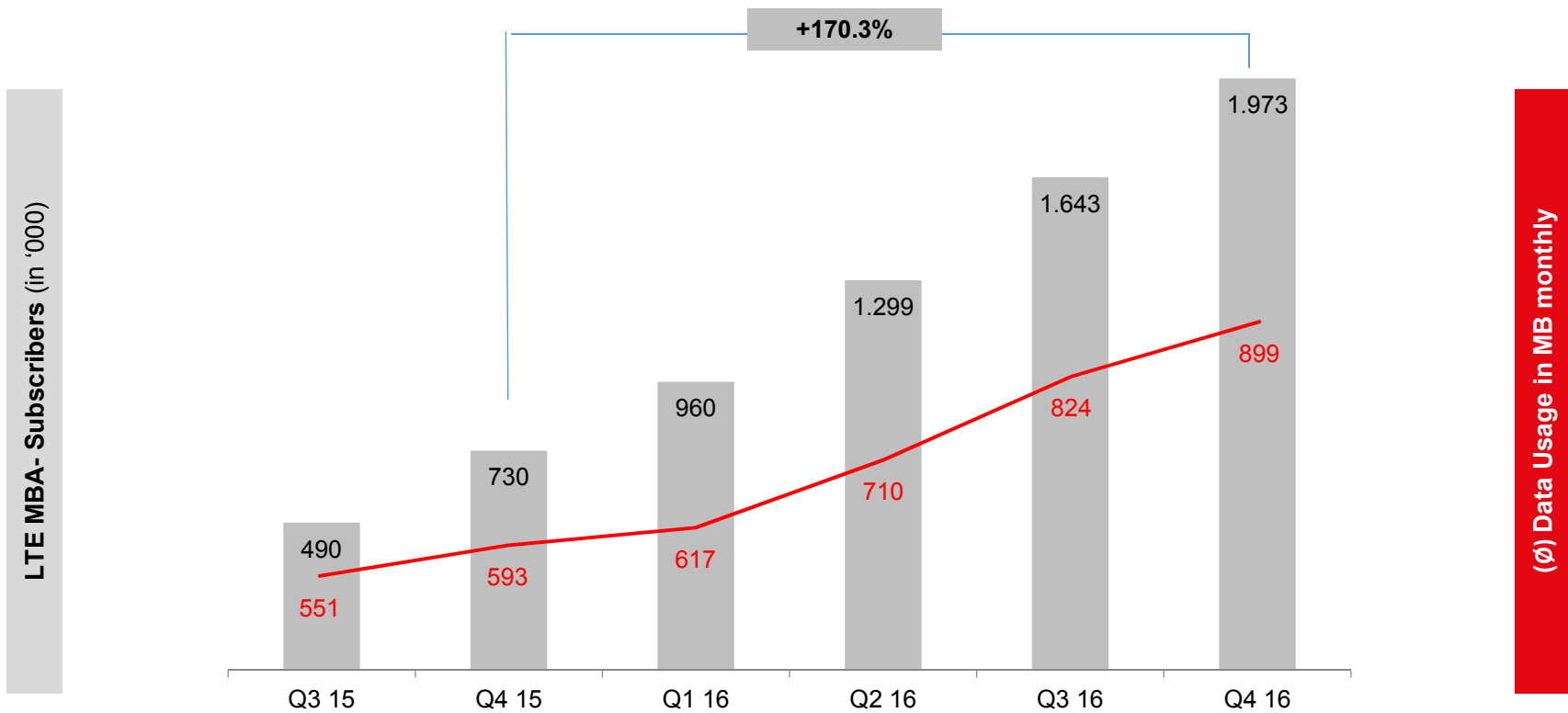
Strong and sustained net-add trends — especially dynamic development for budget subscribers



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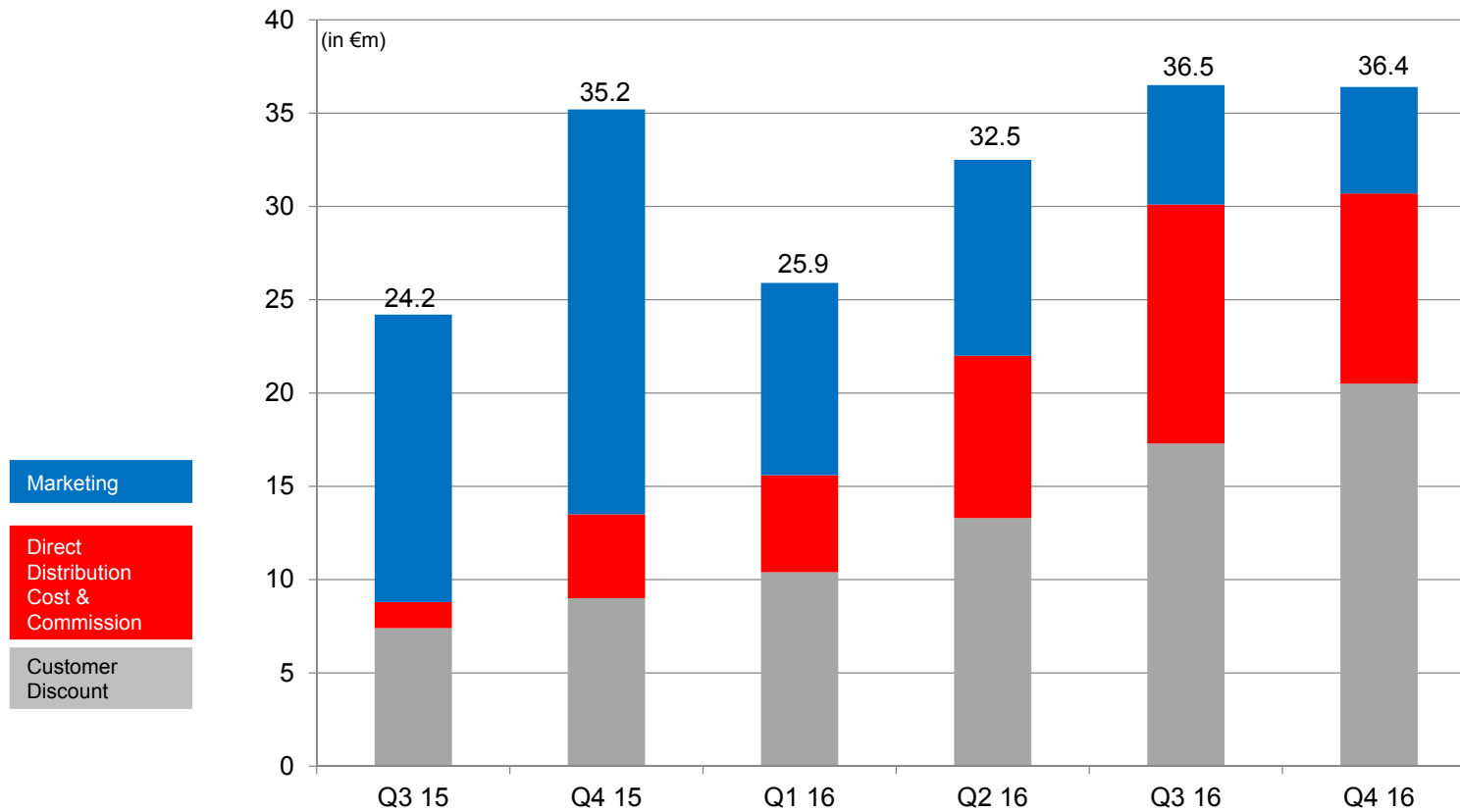
Highlights

LTE Subscriber and Data Usage



Dynamic Growth in Subscriber Base and Monthly Usage

Investment in Subscriber Growth



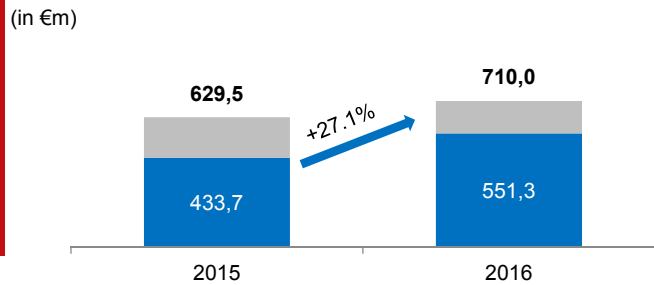
Rise in Distribution Costs in 2016



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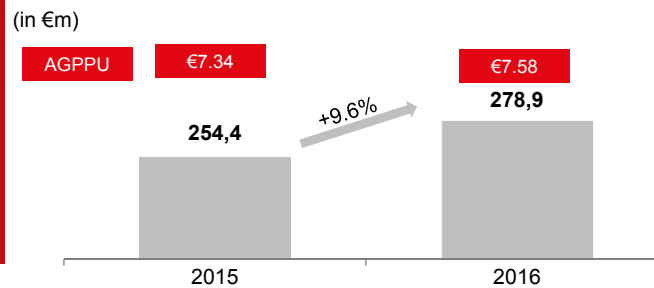
Highlights FY 2016

Revenue



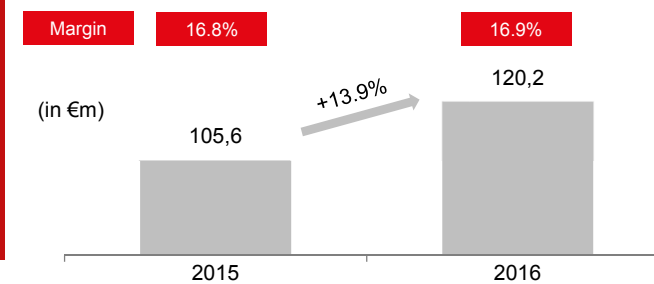
- Revenue increases by 12.8% to €710.0 million
- Greater increase in service revenue by 27.1% to €551.3 million

Gross Profit



- Increase in gross profit by €24.5 million (9.6%)
- AGPPU (blended) +3.3% to €7.58

EBITDA



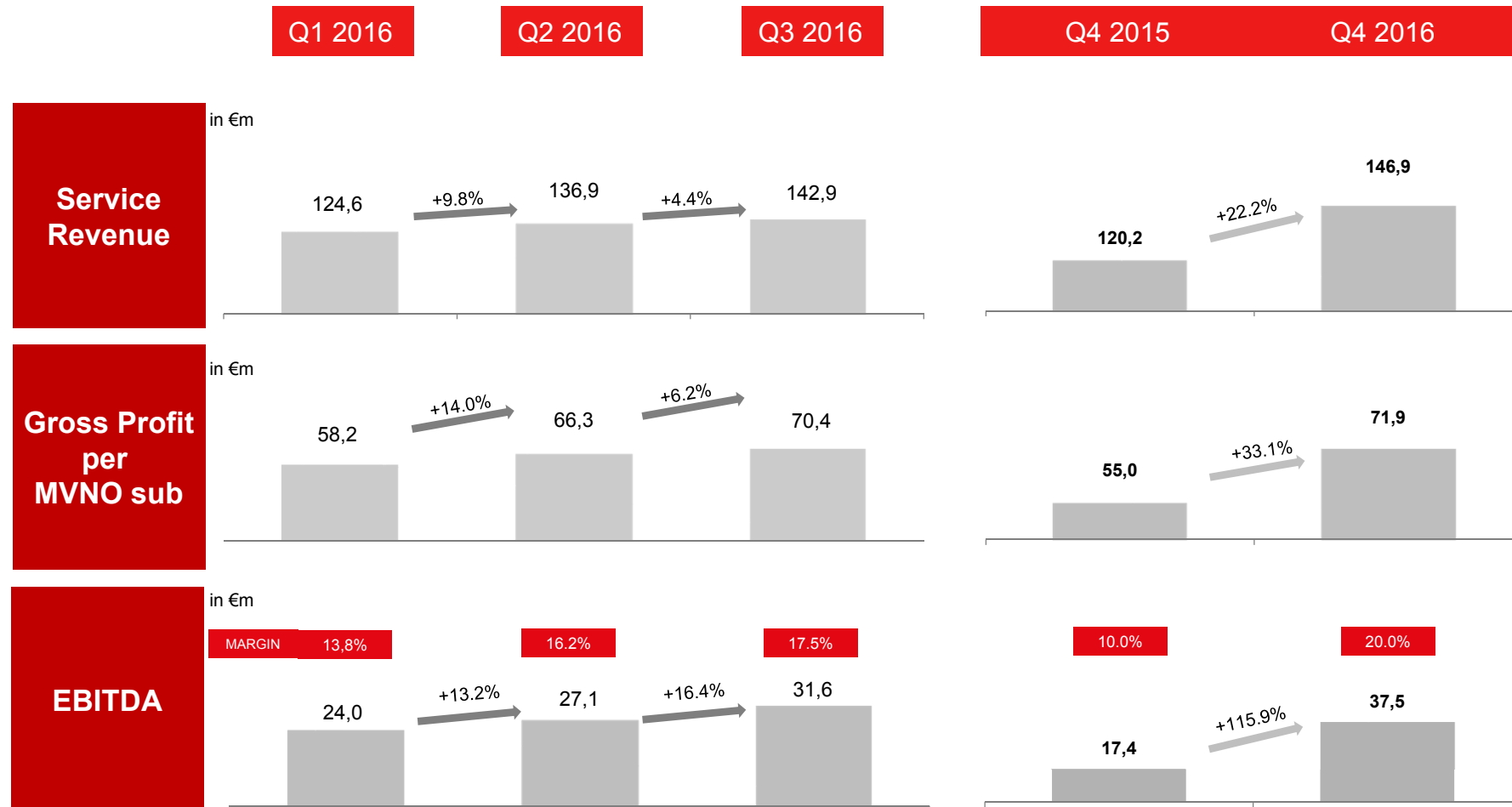
- EBITDA exceeds forecast of €115 million to €120 million
- Growth of 13.9%

Excellent development in fiscal year 2016 — all targets met or exceeded



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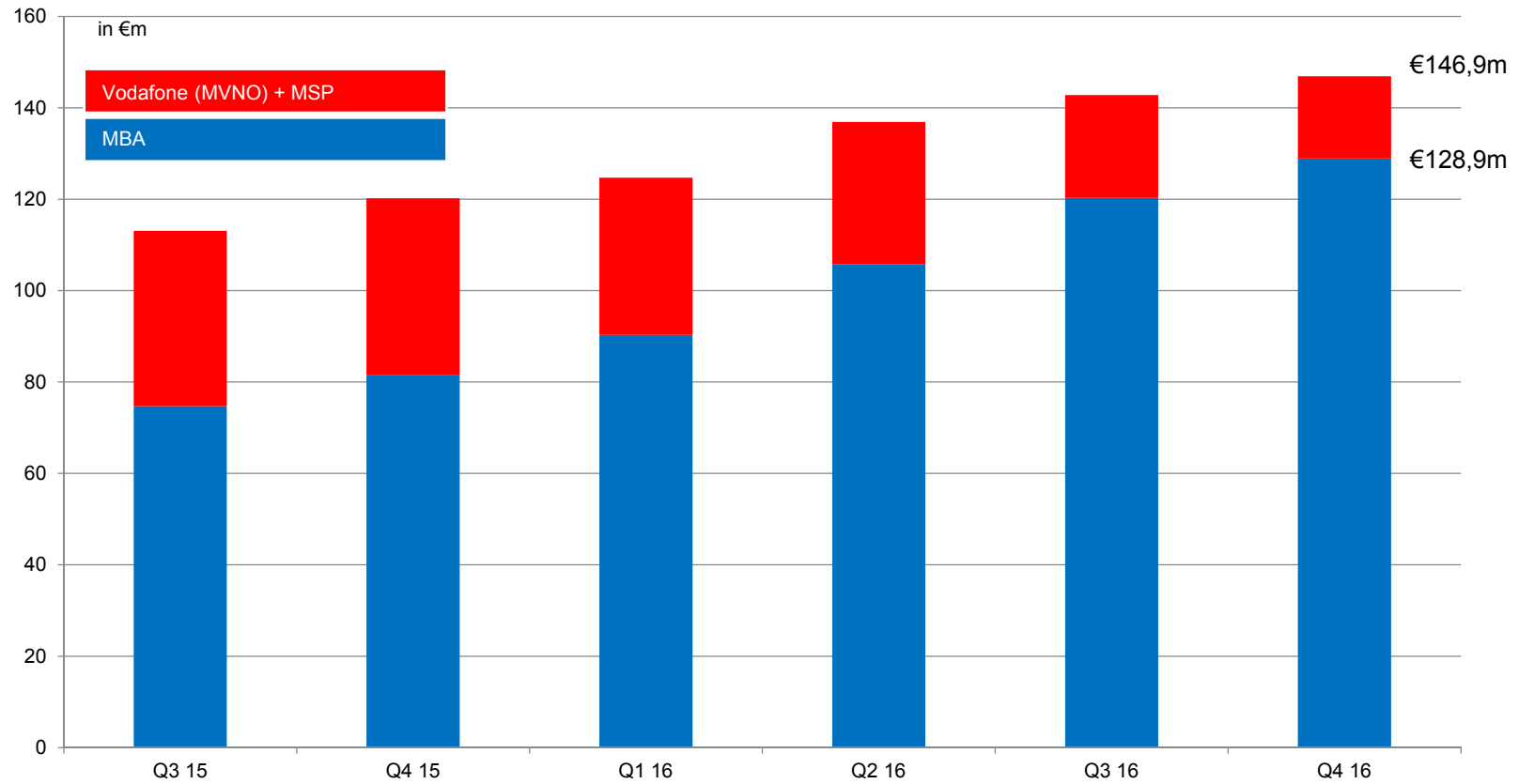
Ongoing Growth on a Quarterly Basis





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Service Revenue



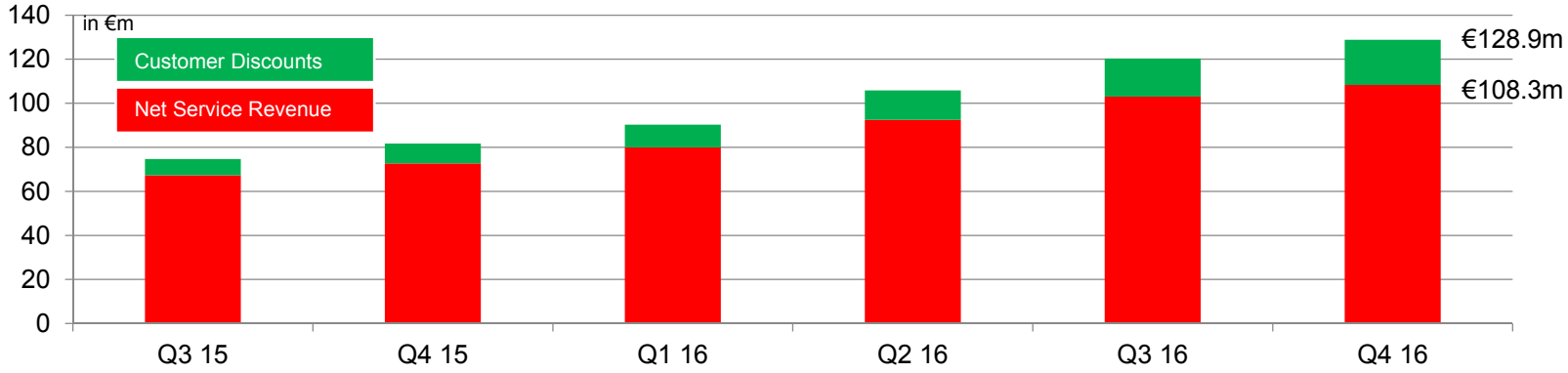
Dynamic Growth in Service Revenue



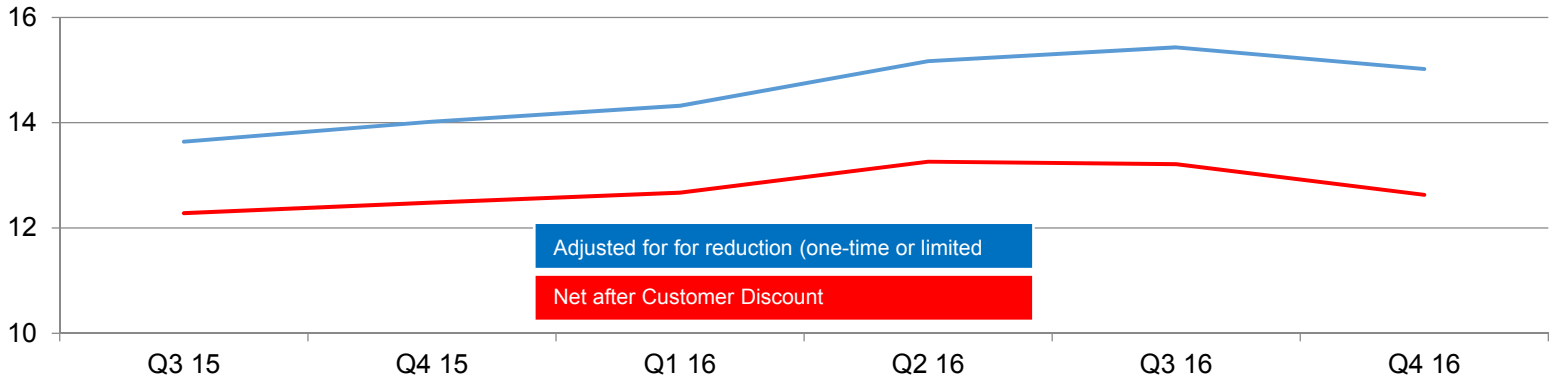
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MBA Service Revenue

MBA Service Revenue Gross/Net



Revenue per MBA Subscriber





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Highlights FY 2016

- **Restructuring of Phone House**

- Sale of the brokerage business (incl. network operator contracts) that does not belong to MBA MVNO core business
- Core competencies retained in the company
 - Hardware procurement, management of shop locations, access to distribution channels

- **Effect of restructuring of Phone House: Δ -€18,7 million**

- Non-cash value reduction in goodwill of the company by €9.2 million
- Non-cash value additional expenses from taxes on income and of no recognition of deferred taxes: €9.5 million
- Consolidated profit: €26.4 million, adjusted for the effects related to the restructuring of Phone House, consolidated profit reaches €45.1 million (2015: €46.1 million)

Restructuring Phone House – Core Competencies Retained in the Company



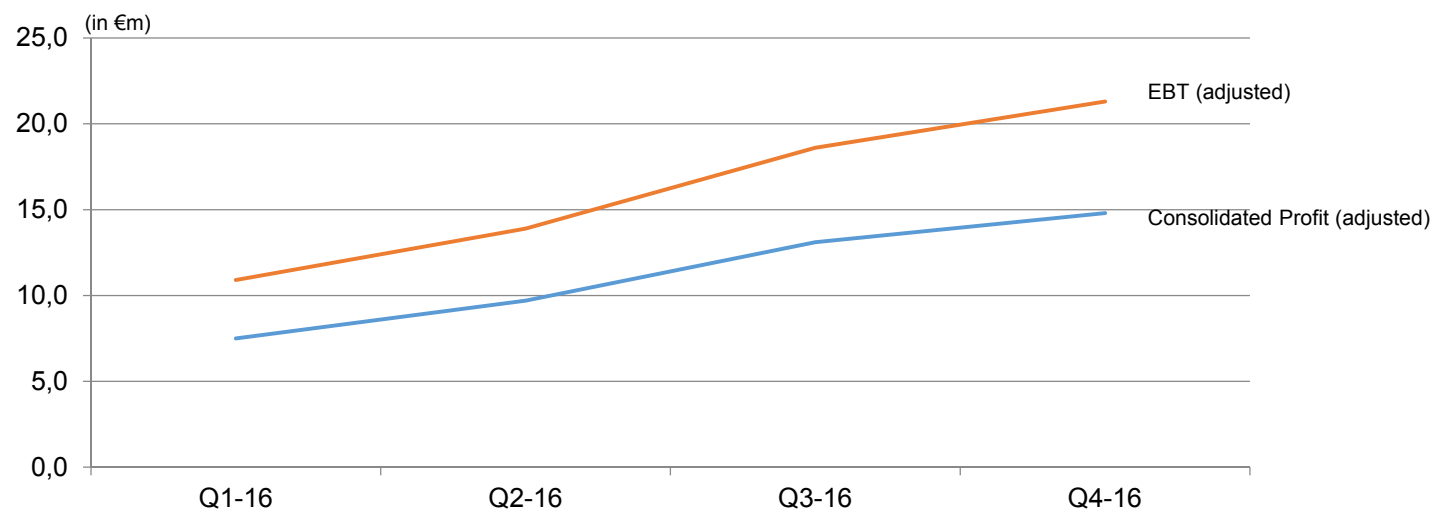
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Phone House

	Q1 16	Q2 16	Q3 16	Q4 16	2016	2015
EBT in €m	10.9	13.9	18.6	12.1	55.6	66.1
EBT in €m - adjusted	10.9	13.9	18.6	21.3	64.8	66.1
Consolidated Profit in €m	7.5	9.7	13.1	-3.9	26.4	46.1
Consolidated Profit in €m - adjusted	7.5	9.7	13.1	14.8	45.1	46.1



Sustained Growth from Operations

31 December 2015

31 December 2016

ASSETS EQUITY AND LIABILITIES

ASSETS EQUITY AND LIABILITIES

(in €m)

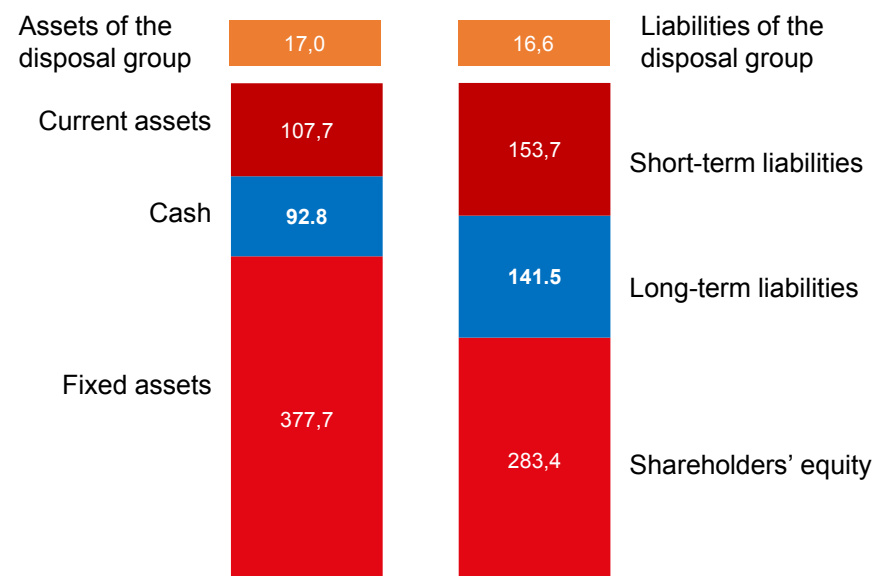
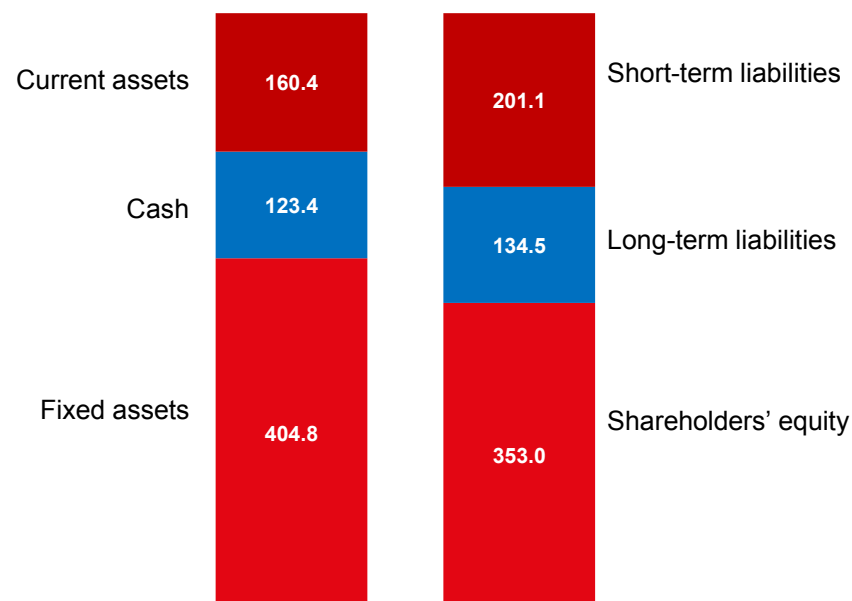
688.7

688.7

(in €m)

595.2

595.2



Equity ratio 47.6% (31/12/2015: 51.3%)



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Cash Flow Development

(in €m)	FY 2015	FY 2016	
Cash flow from current business activities	76.2	80.5	
Cash flow from investment activities	(169.2)	(24.5)	<ul style="list-style-type: none"> • €19.5 million related to payments for acquisitions (payment for contingent purchase price liabilities) for Phone House and GTCom • €5,8 million – investment in tangible and intangible assets
thereof CAPEX	(162.7)	(5.8)	
Cash flow from financing activities	(100.7)	(86.6)	<ul style="list-style-type: none"> • Dividend paid (May 2016): (€95.8 million) • Remainder is the balance from the utilisation of the credit line and the reduction in other financial liabilities (+€9.2m)
thereof dividends	(90.4)	(95.8)	
Free cash flow ⁽¹⁾	(86.5)	74.7	
Cash at end of period	123.4	92.8	

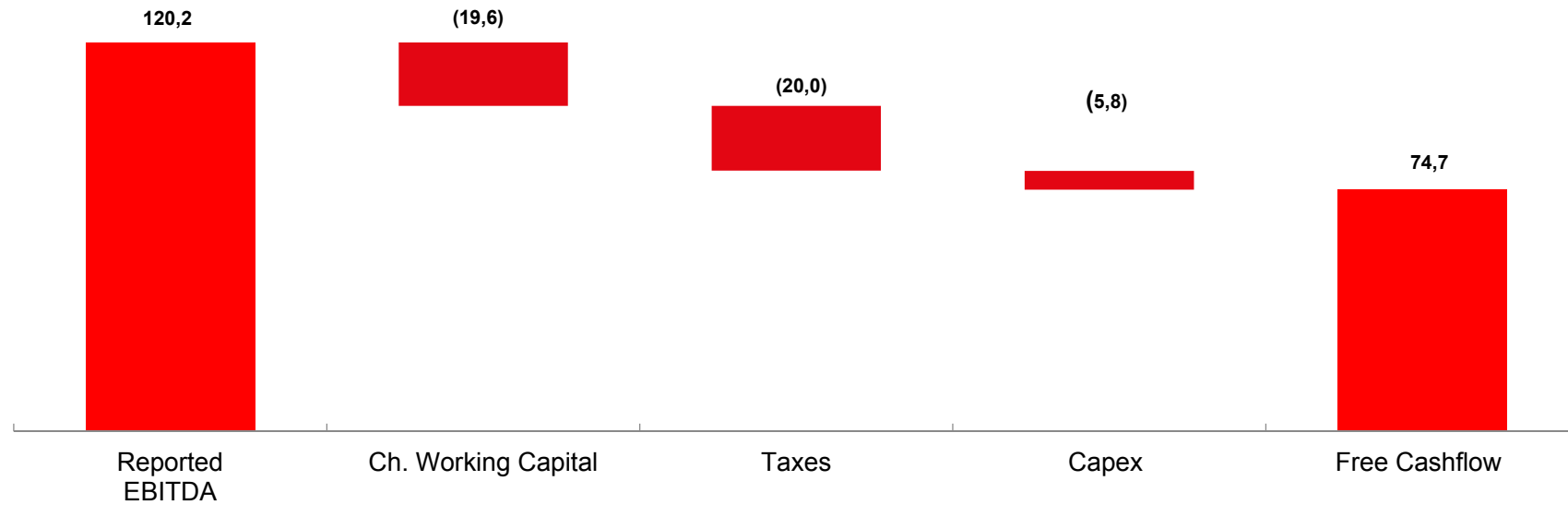
FCF in fiscal year 2016 back to growth after one-time effects in 2015

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



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FCF Bridge 2016 (in €m)





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Outlook and Takeaways

Drillisch exceeded on 2016 targets ...

✓ +772k MVNO subscribers; +931k budget customers

✓ EBITDA 2016 +13.9% to €120.2m

✓ Dividend proposal of €1.80 per share , which is entitled to dividend

... and confirms guidance 2017

Continuation of customer and revenue growth

EBITDA forecast for 2017 €160m–€170m confirmed

Attractive Shareholder Value Policy



DRILLISCH AG

Thank you for your attention!

Drillisch AG | Wilhelm-Röntgen-Strasse 1-5 | D-63744 Maintal

Phone: + 49 (0) 61 81 / 412 218 | Internet: www.drillisch.de | Email: ir@drillisch.de

Drillisch AG brands:

