



Drillisch AG

Company Presentation
H1 2017

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

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Highlights



Financial Indicators



Outlook

H1 2017 – successful course of the first half-year

- Improvement in the major indicators
 - MVNO subscribers +26.9% to 3.7m (H1 16: 2.9m)
 - Budget subscribers +38.7% to 3.2m (H1 16: 2.3m)
 - EBITDA adj. ⁽¹⁾ +44.9% to €74.0m (H1 16: €51.1m) - EBITDA Margin adj. ⁽¹⁾ 23.8% (H1 16: 15.0%)

1&1 transaction close to completion with ambition to create a strong #4 player in the German telco market

- Subscriber base of 12.1m (2016A)
- Significant synergy potential of €150m p.a. from 2020 expected and €250m p.a. expected from 2025
- Transaction approved by Drillisch shareholders at the EGM (with 97.85% support)
- Registration of capital increase II expected to take place this year

2017 and beyond – only MVNO at peer level with network operators

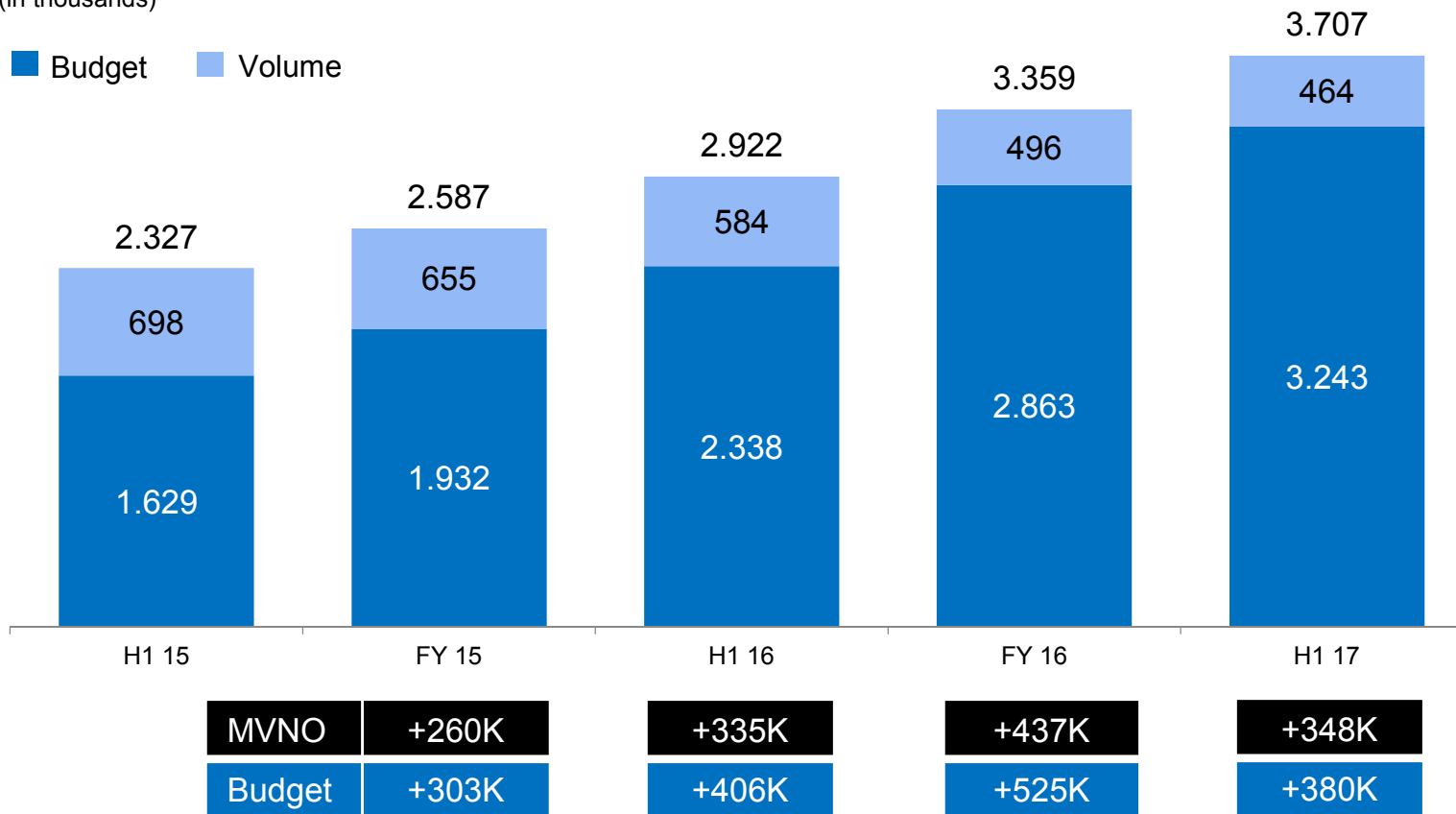
- EBITDA forecast (stand-alone) of €160-170m for 2017 confirmed (2016: €120.2m)
- Unrestricted access to all current and future technologies in the TEF D network
- Together with 1&1 creating a strong position in the German telco market, addressing the market with convergent products
- Acting as an MNO but with a sustained lower CAPEX obligation than a network operator

Drillisch's Success Story Continues

Focus on MVNO Subscriber Development

(in thousands)

■ Budget ■ Volume



Premium Brands

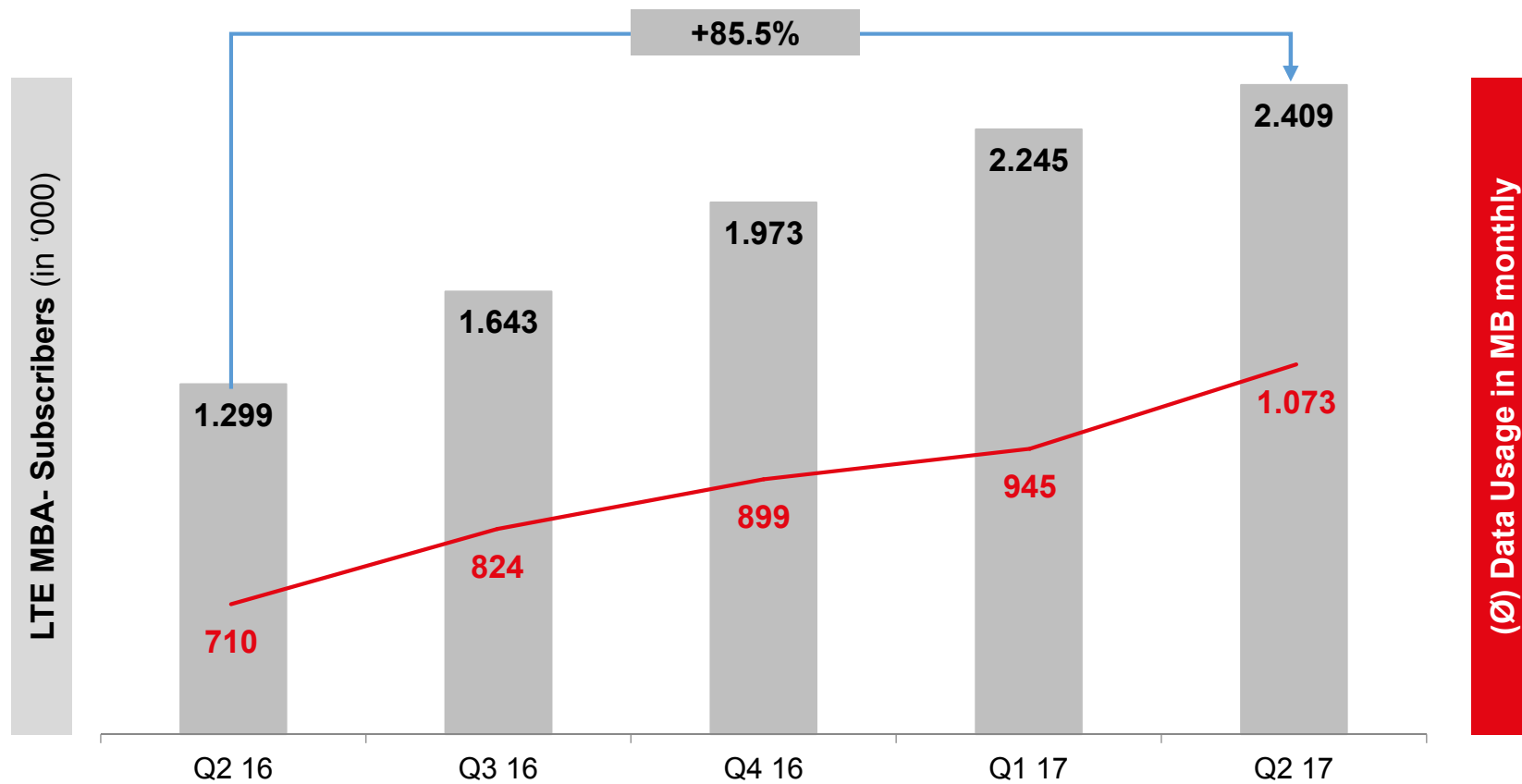


Other Brands



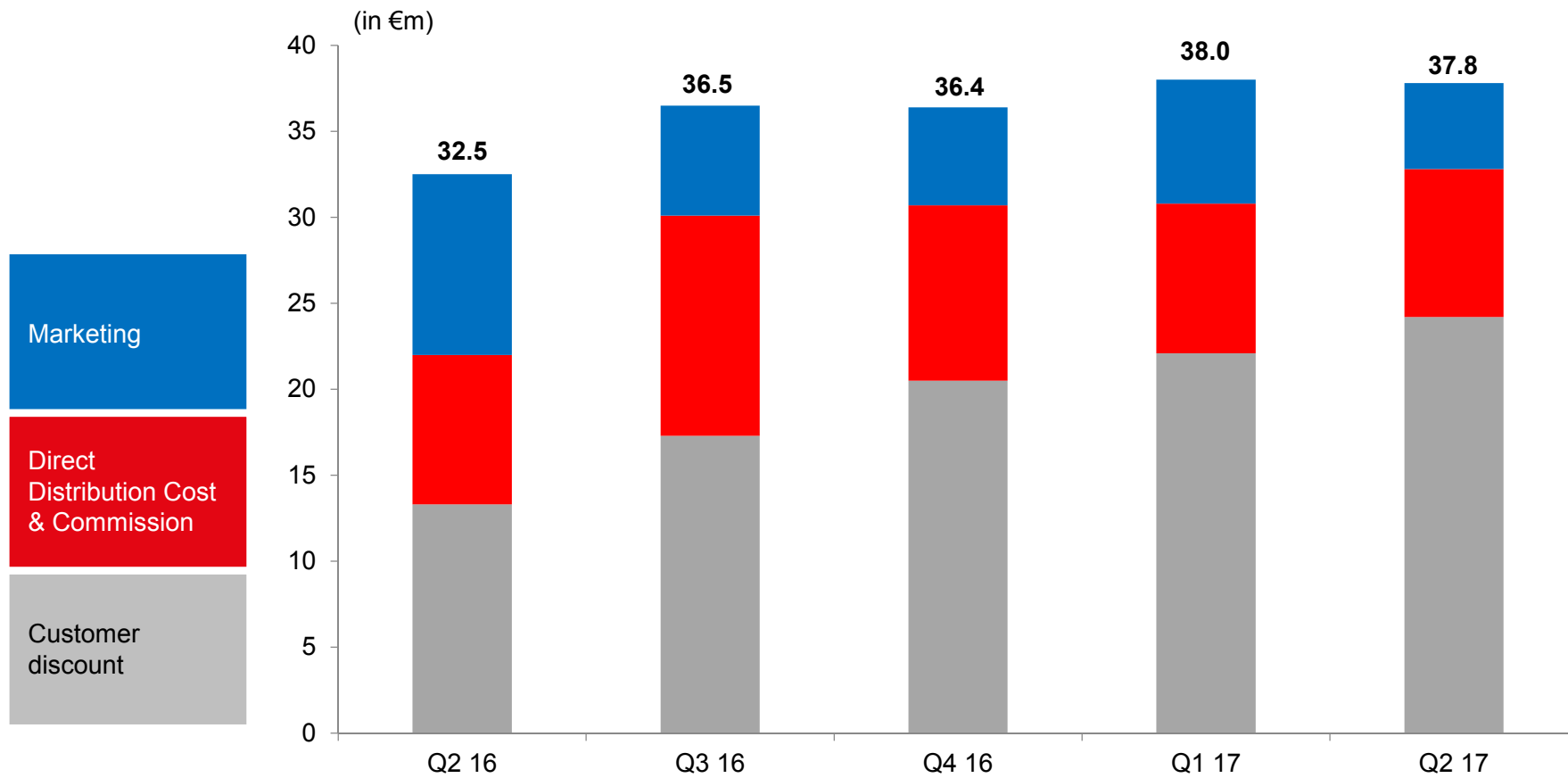
Strong and Sustained Net-add Trends – especially Dynamic Development of Budget Subscribers

LTE Subscriber and Data Usage



Dynamic Growth in Subscriber Base and Monthly Usage

Sustained Investment in Subscriber Growth

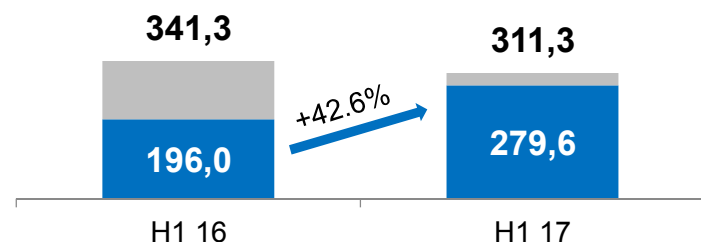


Dynamic Mix of Marketing, Commission and Customer Discount

Highlights H1 2017 vs. H1 2016

Revenue

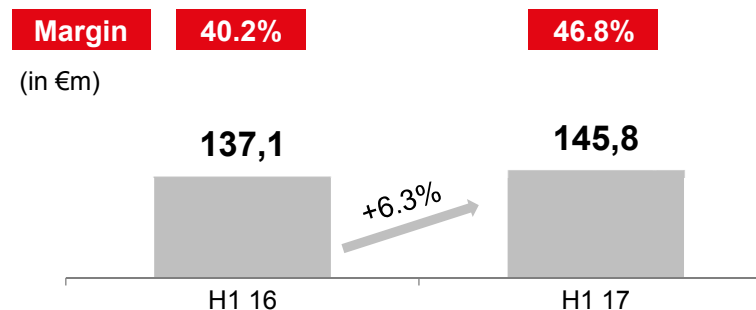
(in €m)



- Revenue -8.8% to €311.3m
- MBA Service Revenue Gross (incl. customer advantages) +42.6% to €279.6m
- Adjusted for customer advantages (=cost of distribution) MBA Service Revenue increased by 35.4% to €233.3m

Gross Profit

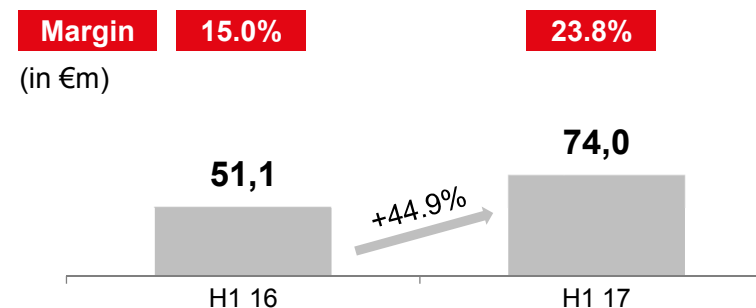
(in €m)



- Gross Profit rose by €8.7m as a consequence of the investment in subscriber growth and in spite of the sale of the distribution business
- Gross Profit margin increased by +6.6%-points

EBITDA (1)

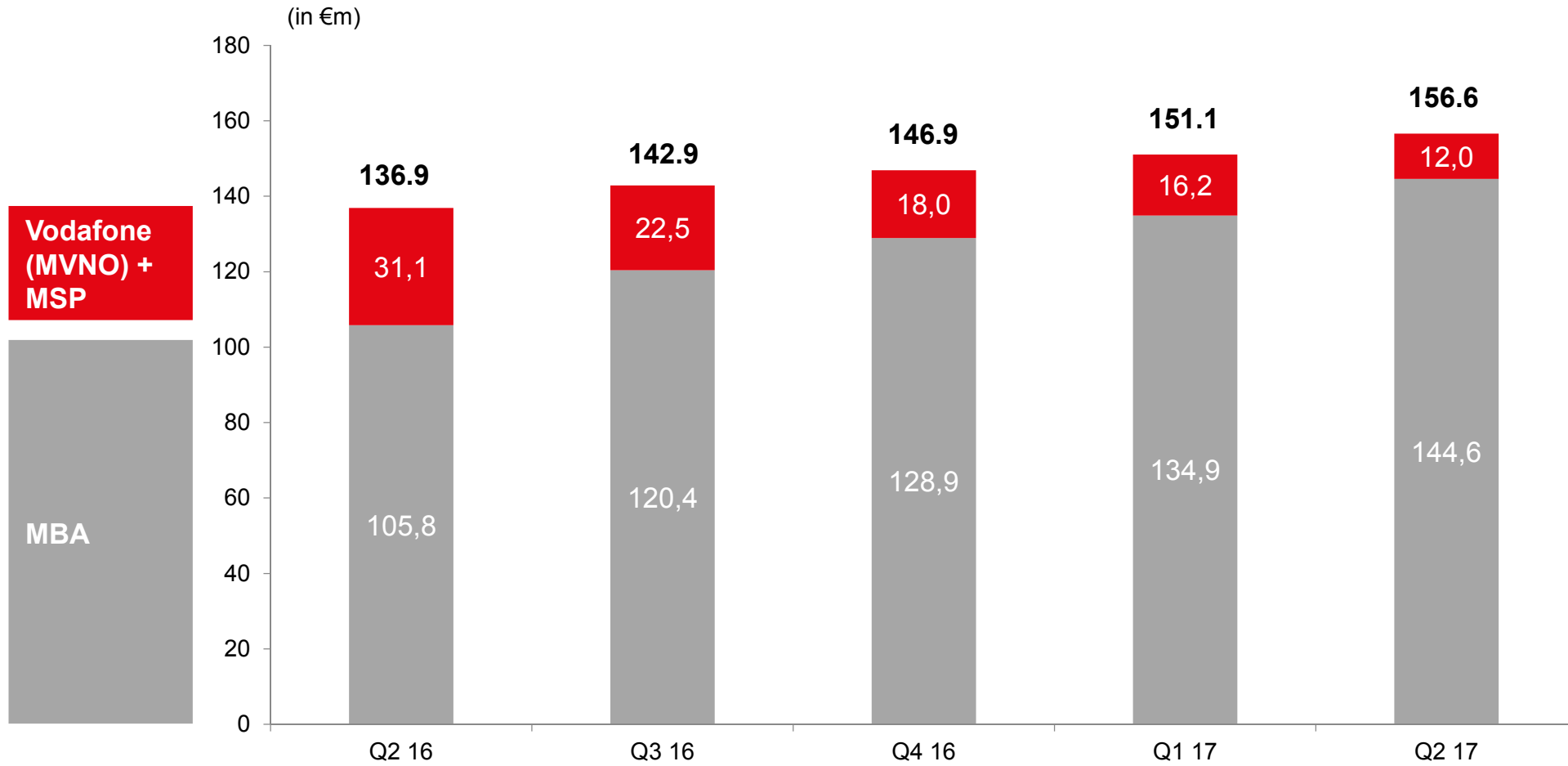
(in €m)



- EBITDA (adjusted) increased by €22.9m to €74.0m
- EBITDA margin increased by +8.8%-points
- Personnel expenses and other operating expenses declined by €4.1m and €10.8m, respectively

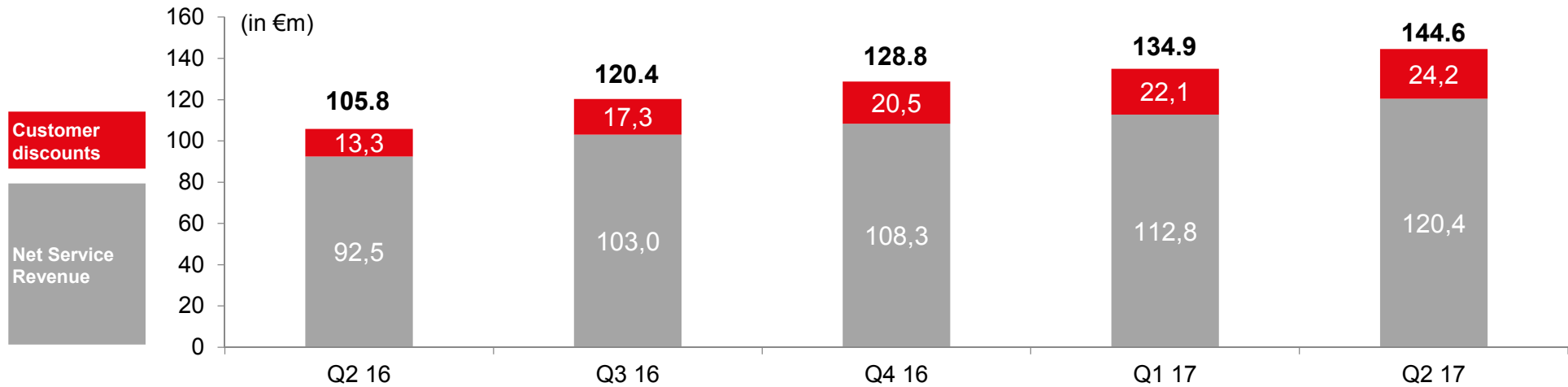
Excellent Development in H1 2017 – Guidance 2017 Confirmed

(1) Adjusted: Q II 2017 adjusted for advisory costs in relation to the acquisition of 1&1 Telecommunication SE.

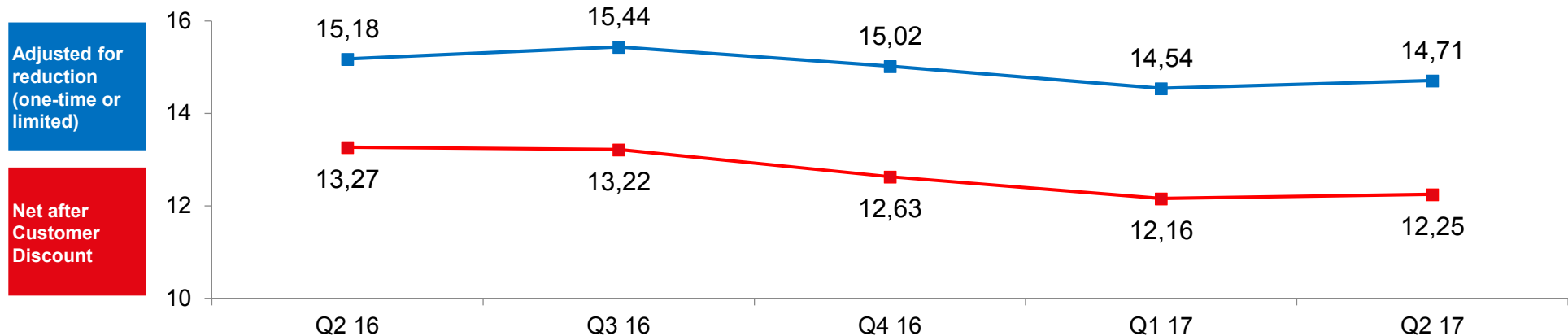


Sustainable Growth in MBA Service Revenue

MBA Service Revenue Gross/Net ⁽¹⁾



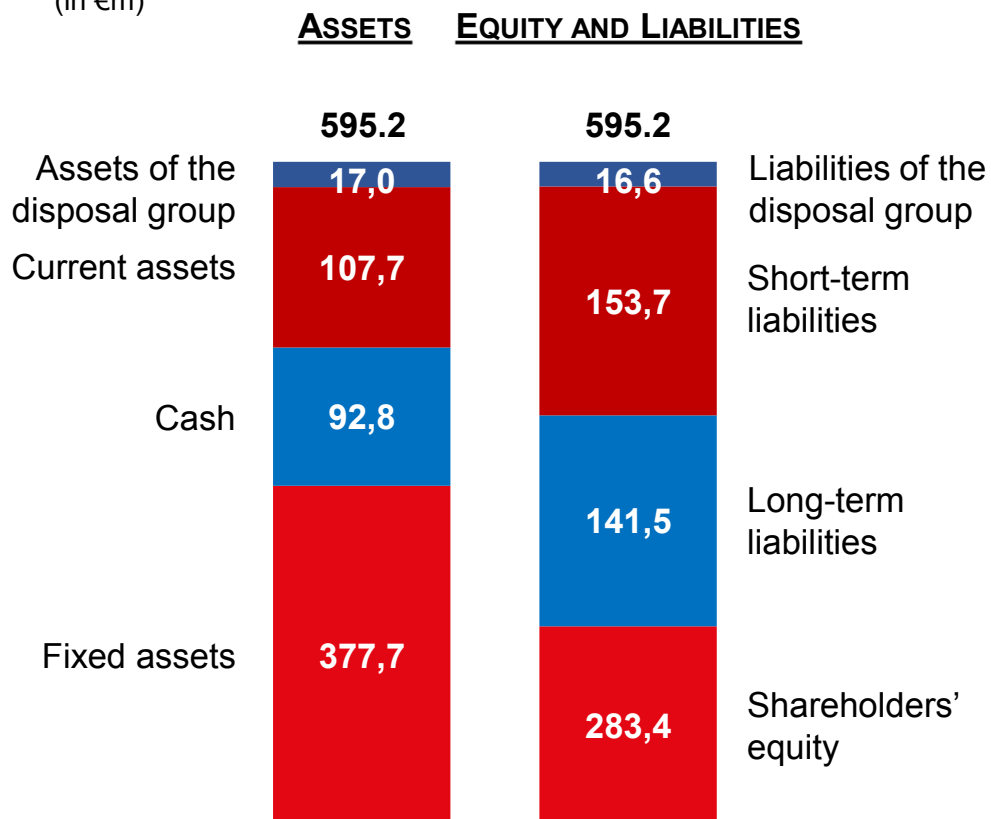
MBA Service Revenue per Subscriber in €/month



(1) Gross: including customer benefits
Net: after deduction of discounts

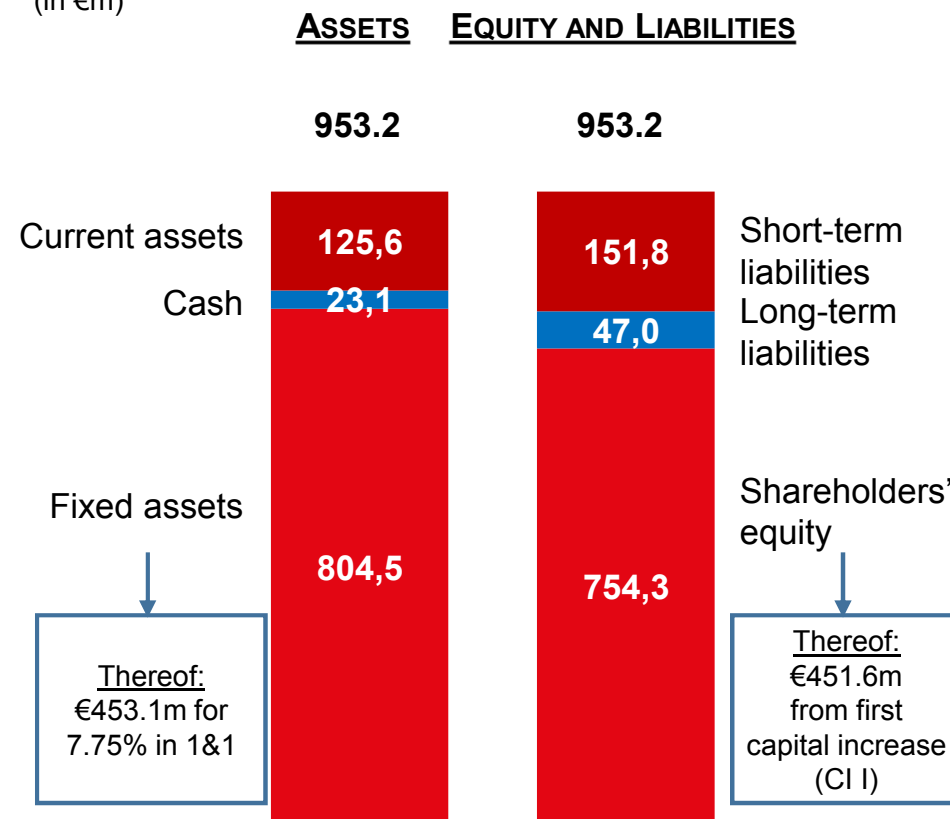
31 December 2016

(in €m)



30 June 2017

(in €m)



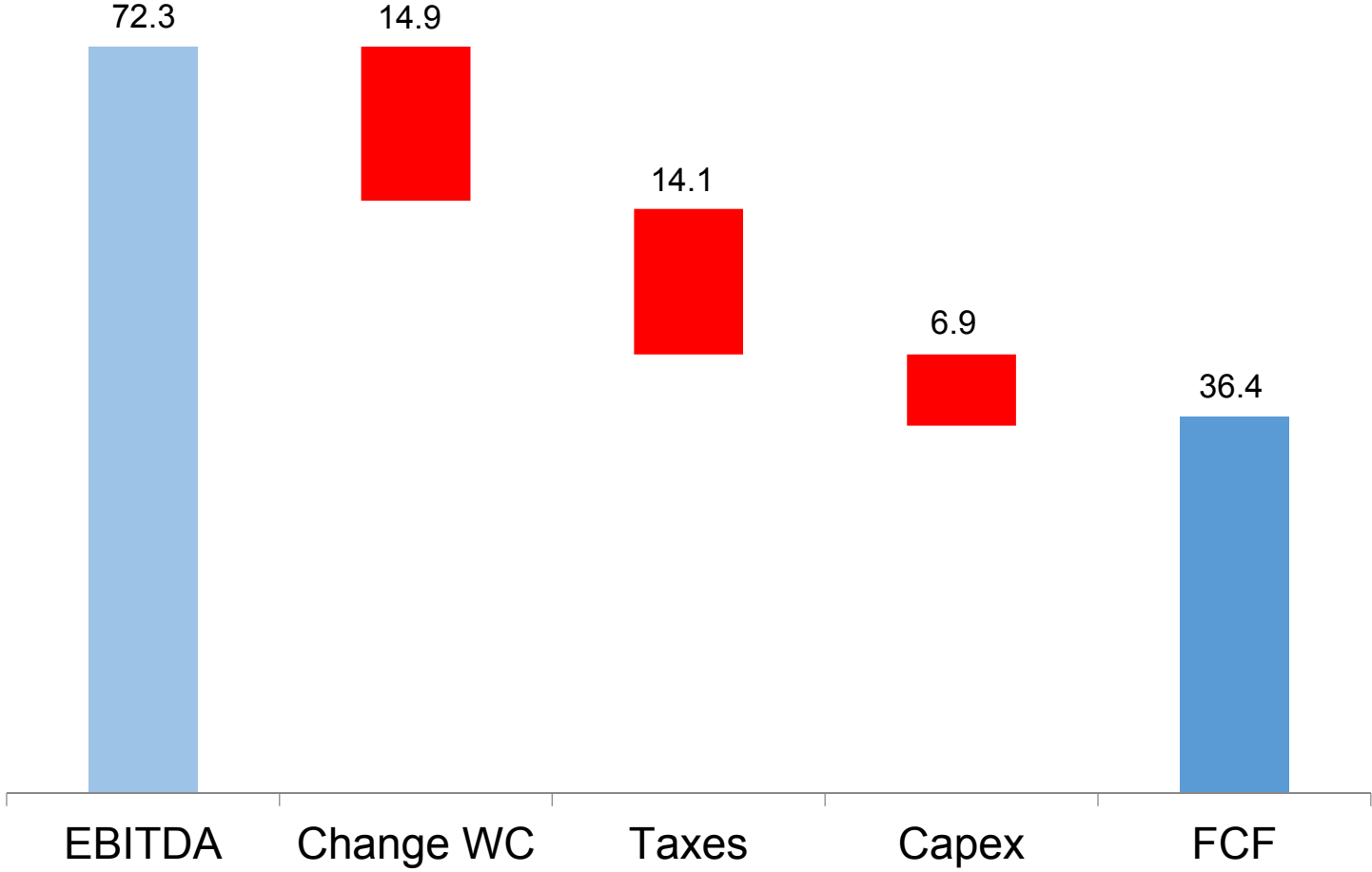
Equity Ratio 79.1% (31/12/2016: 47.6%)

(in €m)	H1 16	H1 17
Cash flow from current business activities	61.5	43.2
Cash flow from investment activities	(3.3)	(8.7)
Cash flow from financing activities	(86.8)	(104.3)
Free cash flow ⁽¹⁾	59.4	36.4

- €6.9m in payments for investments in tangible and intangible assets
- €1.3m in additional payments for the acquisition of Drillisch Logistik GmbH (former TPH Deutschland)
- €0.9m transaction cost related to investments in the acquisition of 1&1
- €104.3m mainly resulting from dividend (€98.6m) paid in May 2017 and paid interest (€5.2m)

(1) Definition FCF: Cashflow from current business activities less Capex

(in €m)



Positive H1-2017...

... with Prospect of #4 Player in the German Telco Market...



Year-on-year rate:

- + 26.9% MVNO Subscribers to 3.7m
- + 38.7% Budget Subscribers to 3.2m

In comparison with Q1 2017:

- + 4.5% MVNO Subscribers
- + 5.7% Budget Subscribers

- Integrated brand and product portfolio complemented by the highly regarded brand 1&1
- Strong presence in the German mobile and DSL market
- Best value for money with excellent product & service quality
- Leading online distribution combined with nationwide offline shop network
- Enlarged product offering: DSL products in Drillisch offline shops
- Access to #2 fibre network in Germany



EBITDA ⁽¹⁾ (y-o-y) +44.9% to €74.0m

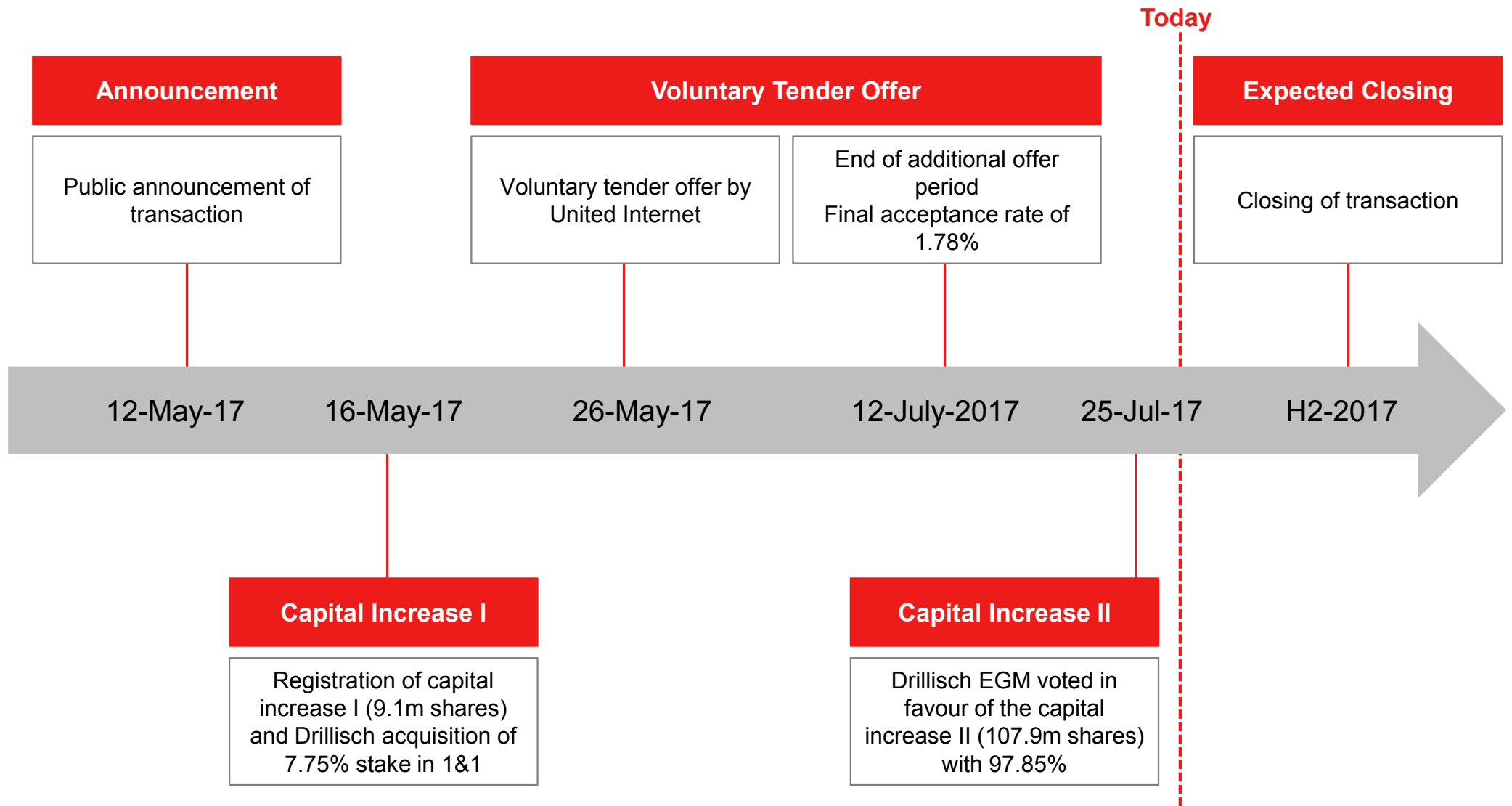
... and Confirmed Outlook for 2017

EBITDA outlook 2017: €160-170m (without 1&1)



Appendix

Transaction Timeline with Expected Closing in H2-2017





DRILLISCH AG

Thank you for your
Attention!

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Brands of Drillisch AG:

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