



## 9M 2018 with Outlook

**This presentation contains statements and forecasts related to future developments; they express the current assessments of the 1&1 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 1&1 Drillisch AG.

In the event of changes in these general conditions, 1&1 Drillisch AG does not assume any obligation to publish the information on which these assessments and statements are based or to publish any revisions of this information.

## **1&1 Drillisch AG**

Investor Relations

Wilhelm-Roentgen-Strasse 1-5

D-63477 Maintal

## **Contact**

Telefon: +49 61 81 / 412 218

Internet: [www.1und1-drillisch.de](http://www.1und1-drillisch.de)

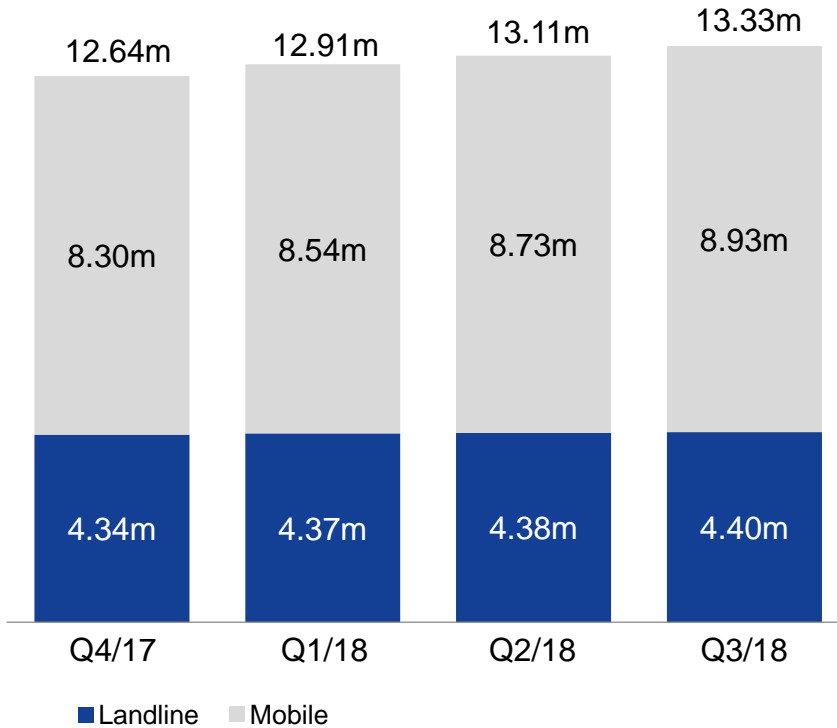
E-Mail: [ir@1und1-drillisch.de](mailto:ir@1und1-drillisch.de)

- Business development 9M 2018
- Outlook

## Germany's leading MVNO and largest alternative DSL provider

	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	Change
Subscribers in current product lines (in m)	12.39	13.33	+7.6 %
- thereof Mobile Internet	8.06	8.93	+10.8 %
- thereof DSL / VDSL	4.33	4.40	+1.6 %
Revenues (in €m)	1,992.0	2,719.4	+36.5 %
EBITDA (in €m)	352.7	524.8	+48.8 %
<i>Margin</i>	17.7 %	19.3 %	
EBIT (in €m)	328.9	409.1	+24.4 %
<i>Margin</i>	16.5 %	15.0 %	

# Development of customer contracts



## Net Adds mobile

Q4/17: +240k

Q1/18: +240k

Q2/18: +190k

Q3/18: +200k

## Net Adds landline

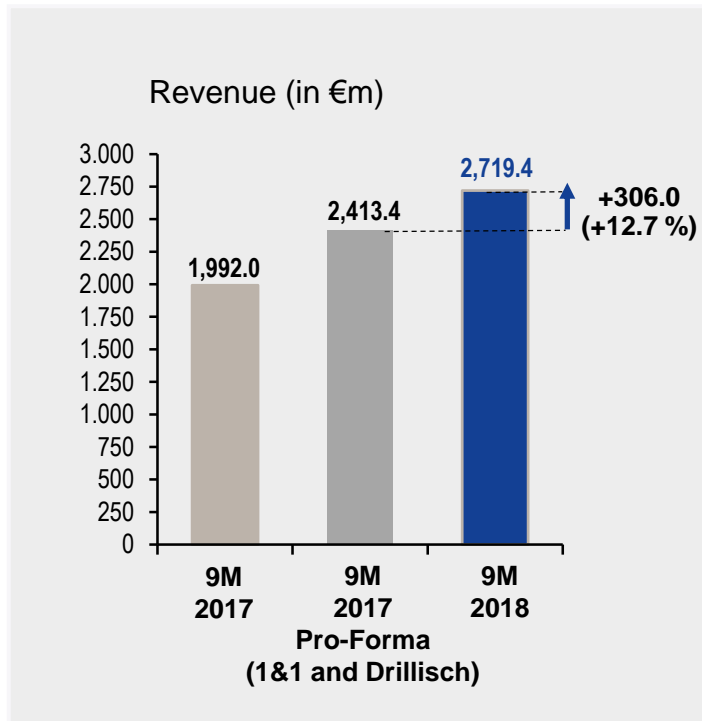
Q4/17: +10k

Q1/18: +30k

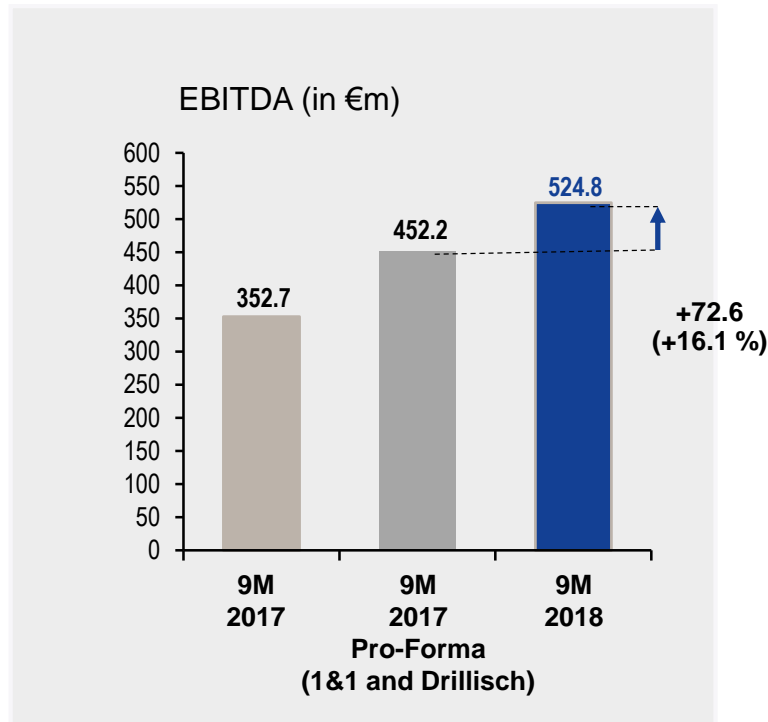
Q2/18: +10k

Q3/18: +20k

- 690k Net Adds in 9M 2018 and 940k Net Adds LTM



- 9M 2018:  
IFRS 15 effect of  
+€202.2m (+8.0 %) included
- Increase in revenue +12.7 % or  
+€306.0m (Pro-Forma)
- Revenue decline from Q2 to Q3 (from  
€914.7m to €900.4m) resulting from ca.  
€20m lower low-margin hardware revenue



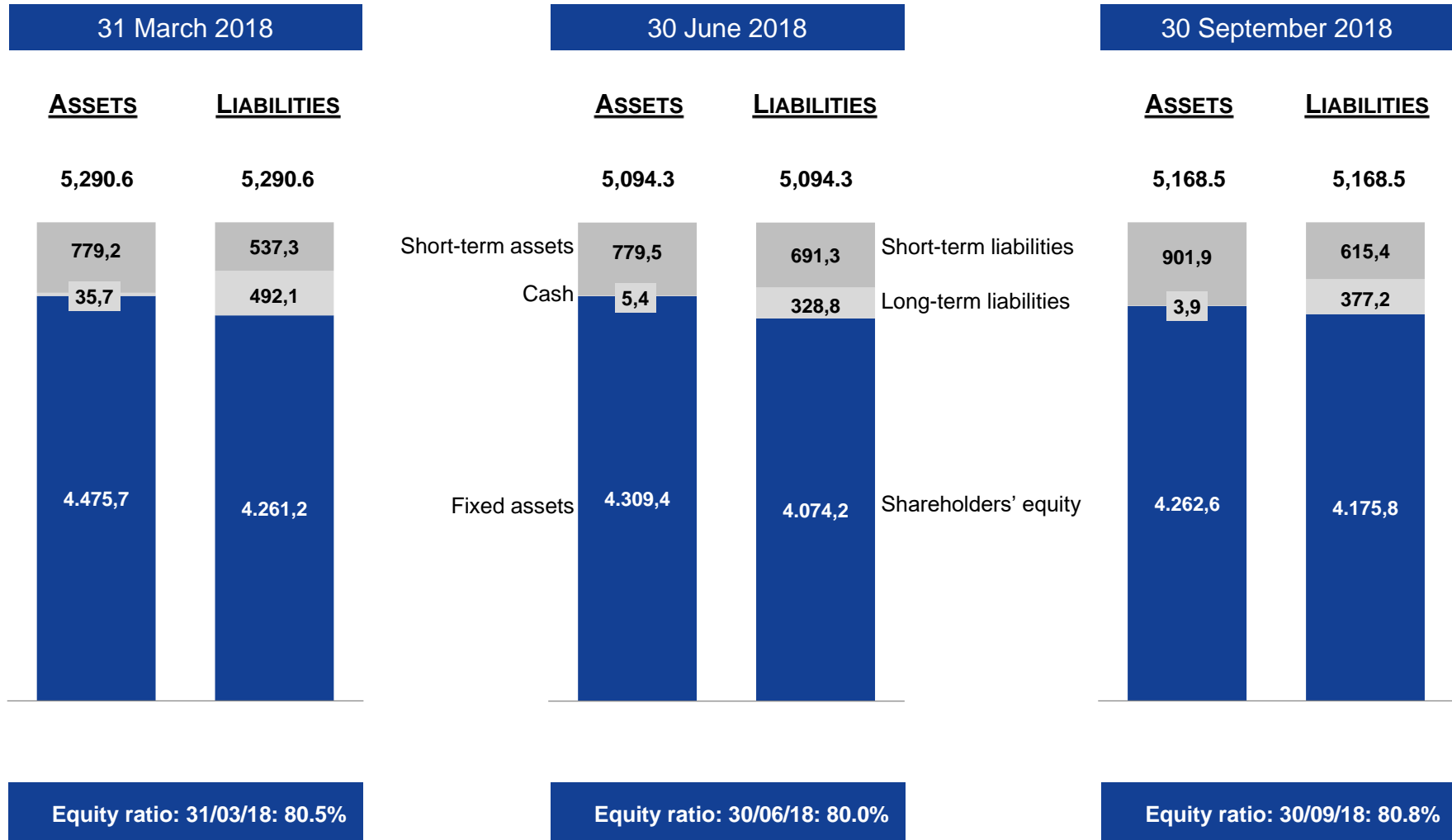
- 9M 2018:
  - IFRS 15 Effekt of
    - + €198.9m included, offset
    - €198.9m for additional smartphone invest
  - Furthermore:
    - €12.4m (- 2.4%) One-Offs for integrations projects

# Profitability Q3/18 vs. Q2/18 vs. Q1/18 and 9M 2018

(in €m)	Q1/18 (IFRS 15)	Q2/18 (IFRS 15)	Q3/18 (IFRS 15)	Change Q3/ Q2	9M 2018
<b>Revenues</b>	904.3	914.7	900.4	-1.6 %	2,719.4
Cost of sales	-640.8	-646.8	-620.2	-4.1 %	-1,907.9
<b>Gross profit from turnover</b>	263.5	267.9	280.2	+4.6 %	811.5
Distribution costs	-104.5	-100.2	-98.9	-1.3 %	-303.7
Administration costs	-21.8	-23.4	-22.1	-5.6 %	-67.2
Other operating expenses	-20.8	-20.7	-25.5	+23.1 %	-66.9
Other operating income	10.6	12.1	12.7	+5.2 %	35.4
<b>Profit/loss from operating activities</b>	127.0	135.7	146.4	+7.9 %	409.1
<b>Financial result</b>	0.0	-0.2	-1.1		-1.3
<b>Profit before taxes</b>	127.0	135.5	145.3	+7.2 %	407.7
Tax expenses	-42.3	-40.9	-44.5	+8.8 %	-127.7
<b>Consolidated results</b>	84.7	94.6	100.8	+6.5 %	280.1
<b>EBITDA</b>	165.5	174.5	184.8	+5.5 %	524.8



# Balance sheet (in €m)

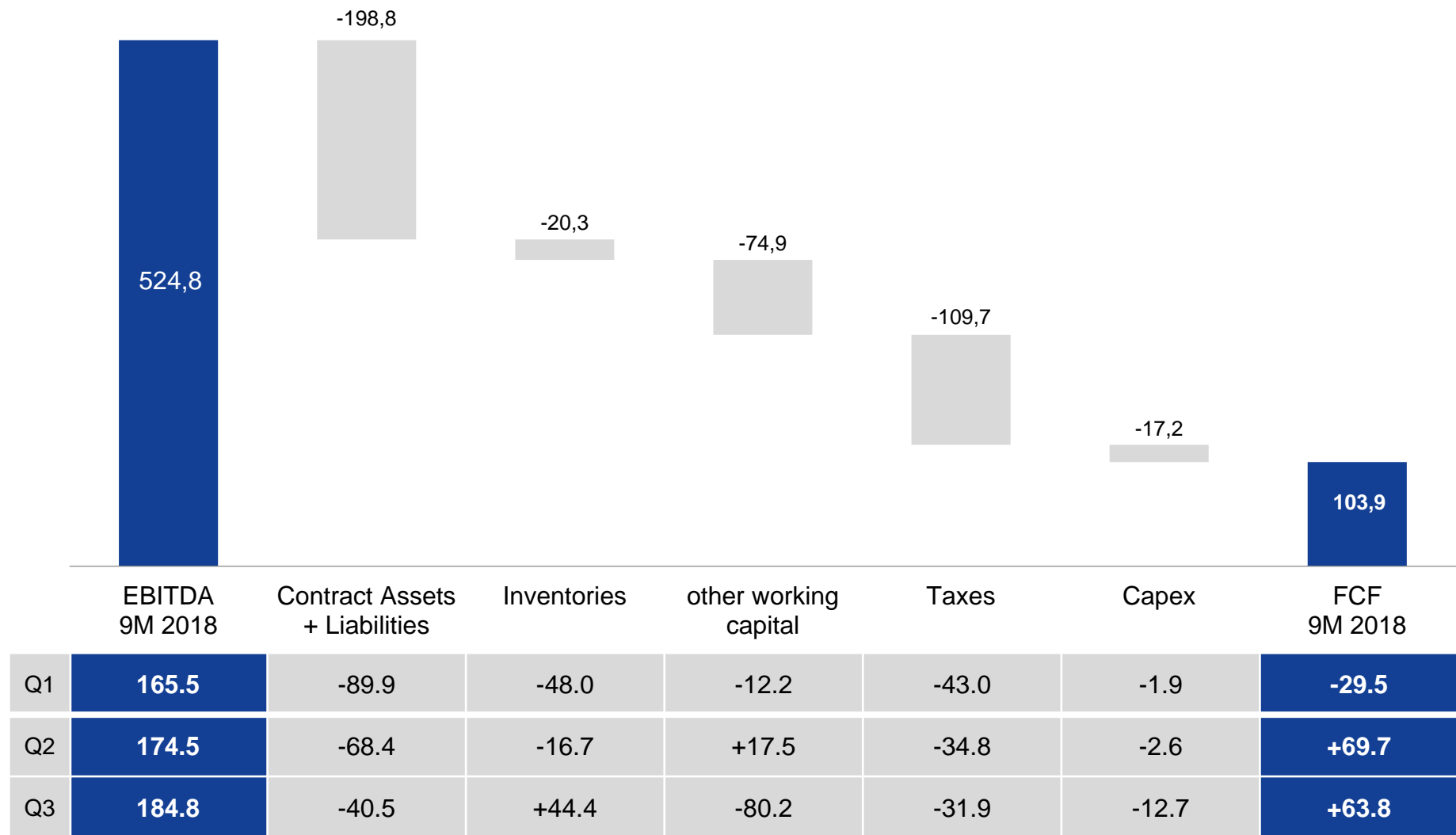


# Cash Flow

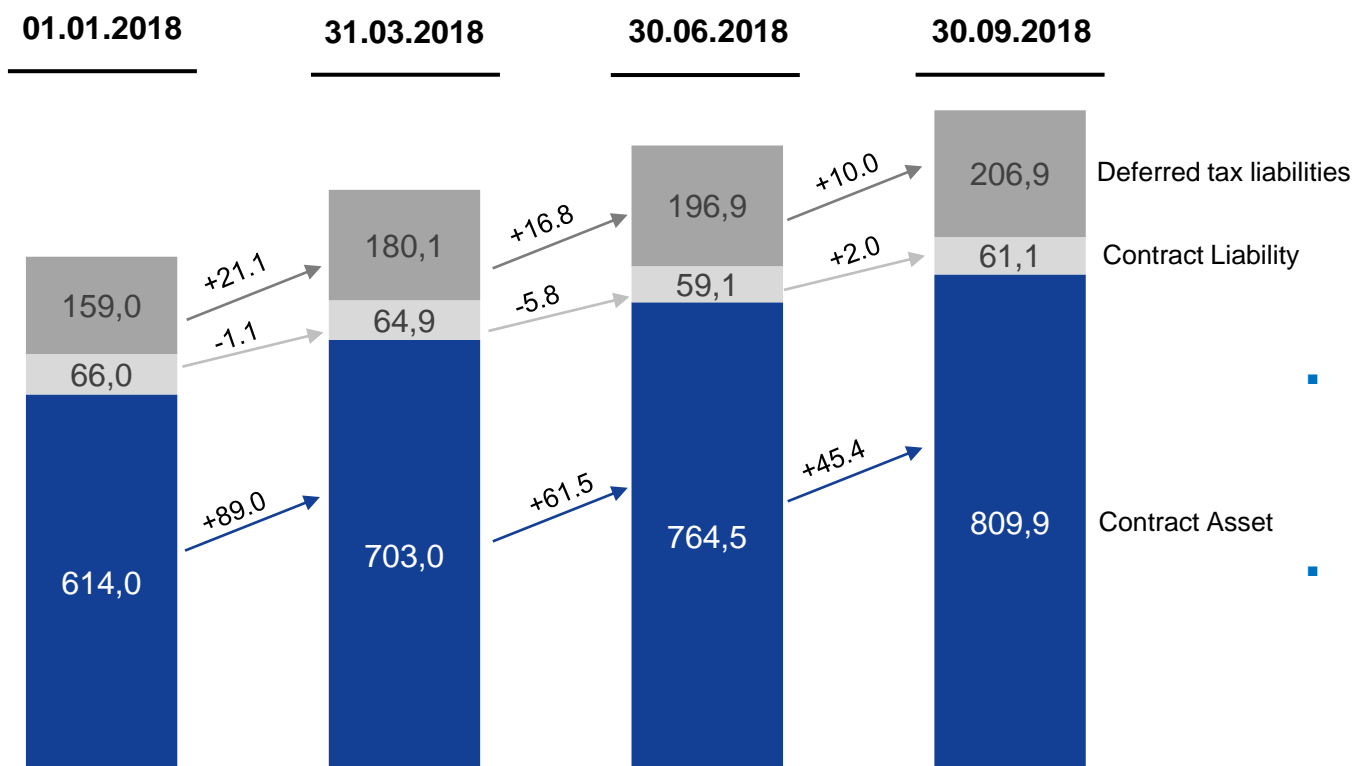
(in €m)	Q1/18	Q2/18	Q3/18	9M 2018	Remarks
Net inflow of funds from operating activities	-27.6	72.2	76.5	121.1	<ul style="list-style-type: none"> <li>Q3/18</li> <li>-45.4m increase in contract assets</li> <li>+44.4m reduction in inventories</li> <li>-80.2m increase other working capital</li> </ul>
Cash flow from investment activities	-10.2	-2.5	-12.9	-25.6	<ul style="list-style-type: none"> <li>Q3/18</li> <li>-12.7m Capex</li> <li>(thereof 10m for an already acquired trademark in 2016)</li> </ul>
Cash flow from financing activities	-76.1	-100.0	-65.1	-241.2	<ul style="list-style-type: none"> <li>Q3/18</li> <li>+65.0m net incurrence of cash at United Internet</li> </ul>
Free cash flow <sup>(1)</sup>	-29.5	69.7	63.8	103.9	

(1) Definition of free cash flow: Free cash flow is calculated as the net incoming payments from operating activities from continued operation (disclosed in the cash flow statement) less investments in intangible and tangible assets plus incoming payments from disposals of intangible and tangible assets.

# Bridge EBITDA to FCF (in €m)



# IFRS 15 – Impact on Balance Sheet (in €m)



- Growth in contract assets results primarily from the investment in subscriber growth and retention of subscribers
- Hardware investment and other customer acquisition costs as well as non recurring income in connection with the conclusion of a contract are allocated over the term of the minimum contract period

# Outlook

- Increased smartphone use for new and current customers (returns from higher rate plan prices) => realised
- Unified management team => started work already
- Merger of the organisations previously operating separately => ongoing process
- Tightening of the trademark portfolio => ongoing process
- Expansion of current customer marketing => ongoing process
- Improvement in the retention process for discount brands => proven 1&1 process established

- Customers
  - Approx. 1 million contracts to 13.64 million
  
- Revenue
  - Approx. €3.7 billion
  
- EBITDA
  - Approx. €750 million

Our Success Story  
Continues!

---