



# Presentation Q1 2019 and Outlook

---

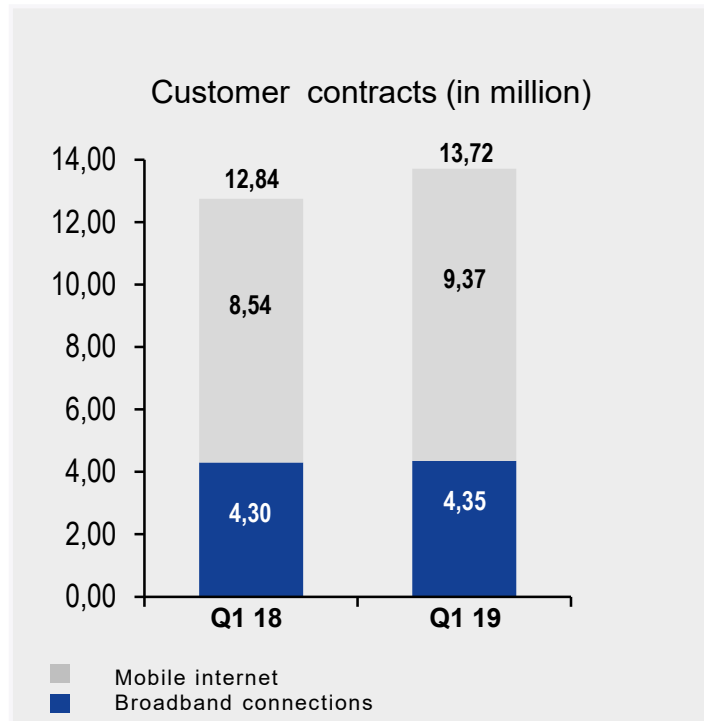
- Business development Q1 2019
- Outlook 2019

# Business development Q1 2019

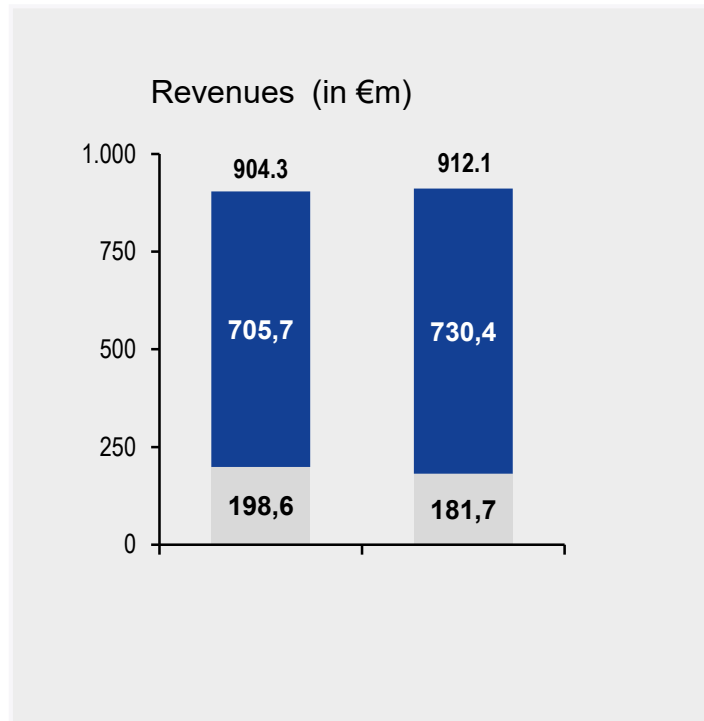
# Key figures Q1 19

	Q1 2018	Q1 2019	Change
Subscribers in current product lines	12.91	13.72	+ 0.88m
Thereof Mobile Internet	8.54	9.37	+ 0.83m
Thereof Broadband	4.30	4.35	+ 0.05m
Revenue	904.3	912.1	+ 0.9 %
Service-Revenue	705.7	730.4	+ 3.5 %
Adjusted Service Revenues excluding effects from changed load split with focus on mobile contracts on the basis of Telefónica-advanced services	706.9	740.6	+ 4.8 %
EBITDA	165.5	168.5	+ 1.8 %
Adjusted EBITDA excluding effects from IFRS 16, one-offs from integration projects and the discontinuation of the temporary price adjustment mechanism of a prepayment agreement <sup>1</sup>	170.5	187.0	+ 9.7 %

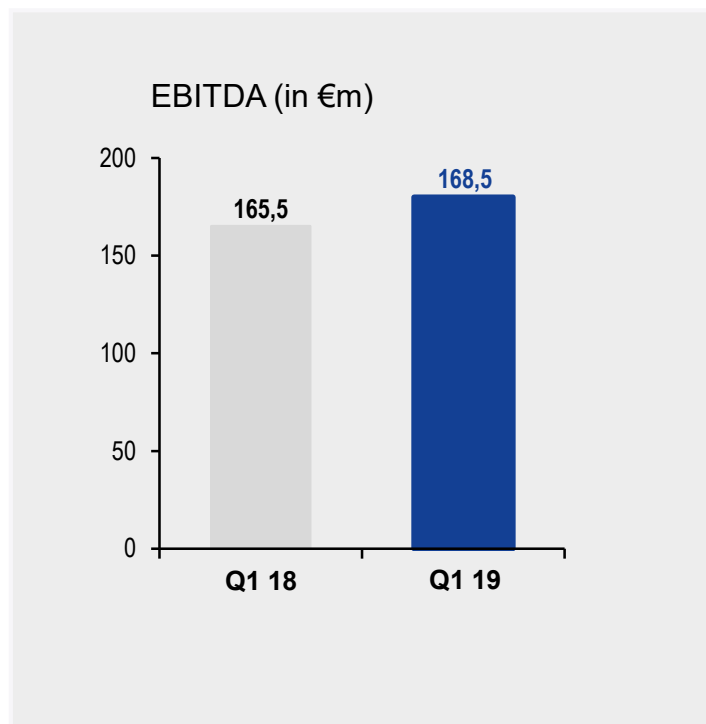
(1) IFRS 16 (Q1 2018: €0 million, Q1 2019: €+ 1.1 million), expenses for integration projects (Q1 2018: € - 5.0 million, Q1 2019: € - 2.1 million), temporary price adjustment mechanism of a wholesale contract (Q1 2018: €0 million, Q1 2019: € - 17.5 million)



- 13.72 million customer contracts (+ 0.88m)
    - 9.37 million Mobile Internet (+ 0.83m)
    - 4.35 million Broadband ADSL / VDSL / FTTH (+ 0.05m), of which +10k in Q1 2019
  - Net Adds Mobil
    - Q1 2018: + 240k
    - Q2 2018: + 190k
    - Q3 2018: + 200k
    - Q4 2018: + 270k
    - Q1 2019: + 170k
- Outlook Q2 2019: + ca. 200k new customer contracts

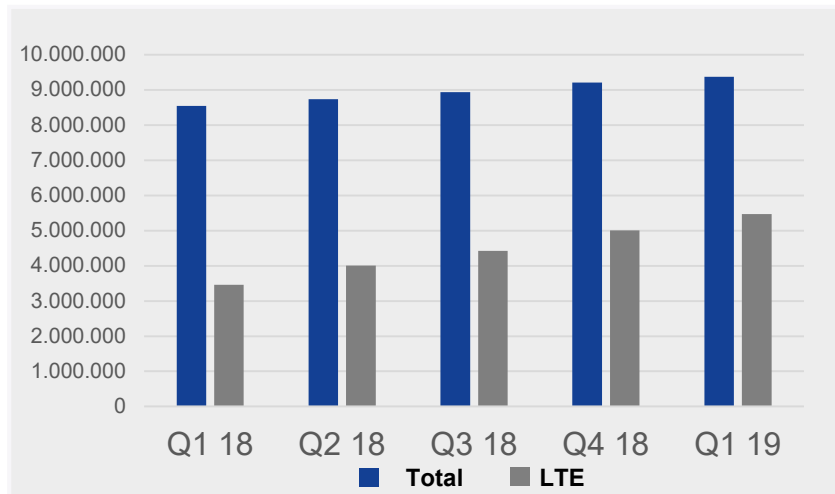


- + 0.9 % Revenue to €912.1 million
- + 3.5% Service-Revenue to €730.4 million
- - 8.7 % Other Revenues, in particular low-margin hardware business
- + 4,8 % Service revenues adjusted for the effect of the changed capacity split with focus on mobile advanced services from Telefónica (higher sales deductions due to reduced tariff prices in the first 12 months)



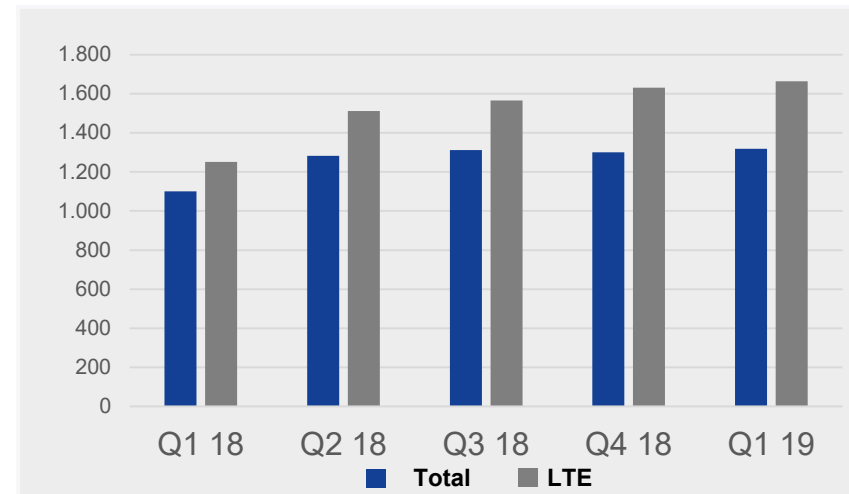
- + 1.8 % EBITDA to € 168.5 million
- 18.5 % EBITDA margin (previous year: 18.3%)
- EBITDA Q1 2019 includes:
  - €+1.1 million from the first-time application of IFRS 16
  - €-2.1 million expenses in connection with integration projects (previous year: - € 5.0 million)
  - € - 17.5 million preliminary effect of the elimination of the preliminary price adjustment mechanism of a prepayment agreement; the permanent advance performance prices are currently the subject of arbitration proceedings
- + 9.7 % EBITDA adjusted for the aforementioned effects

## Mobile contracts



- 9.4 million customer contracts in total
- LTE growth of 2.0 million contracts to 5.5 million contracts

## Mobile data usage per contract in (MB/month)



- Data usage per contract (total) + 20.0 %
- Data usage per LTE contracts + 32.9%



# Profitability Q1 2019 vs. Q1 2018

(in €m)	Q1 2018	Q1 2019	Change
<b>Revenues</b>	904.3	912.1	+ 0.9 %
Cost of sales	-642.8	-642.5	- 0.0 %
<b>Gross profit from turnover</b>	256.2	269.6	+ 3.1 %
Distribution costs	-105.6	-107.1	- 1.4 %
Administration costs	-22.3	-25.8	- 15.7 %
Other operating expenses	-0.3	-1.1	- 266.7 %
Other operating income	10.6	10.9	+ 2.8 %
Impairment losses from financial assets	-17.1	-17.8	- 4.1 %
<b>Profit/loss from operating activities</b>	127.0	128.8	+ 1.4 %
<b>Financial result</b>	0.0	-1.3	
<b>Profit before taxes</b>	127.0	127,5	+ 0.4 %
Tax expenses	-42.3	-38.8	+ 9.0 %
<b>Consolidated results from continued operation</b>	84.7	89.0	+ 5.1 %

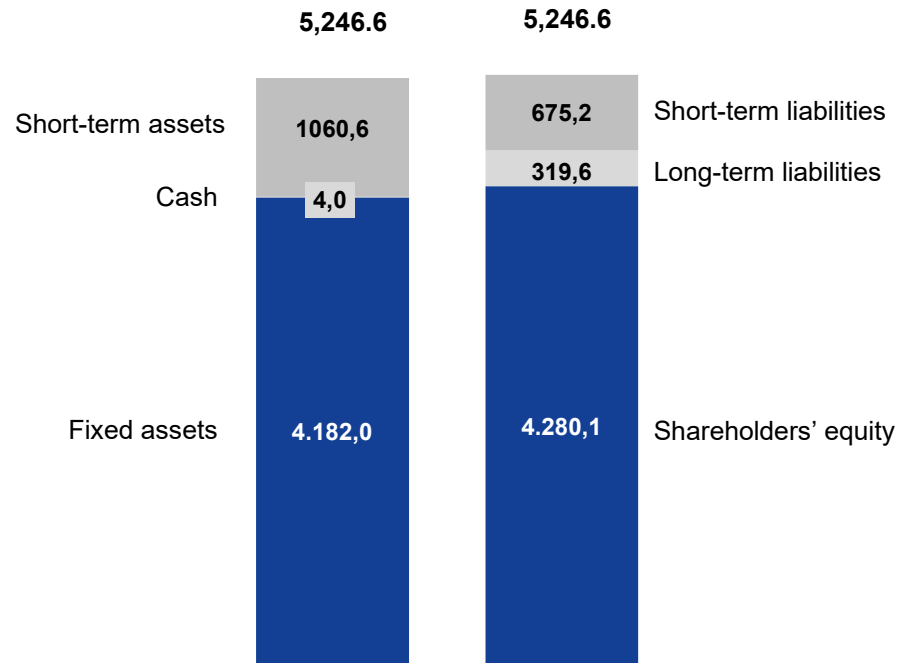
# Balance Sheet

31 December 2018

31 March 2019

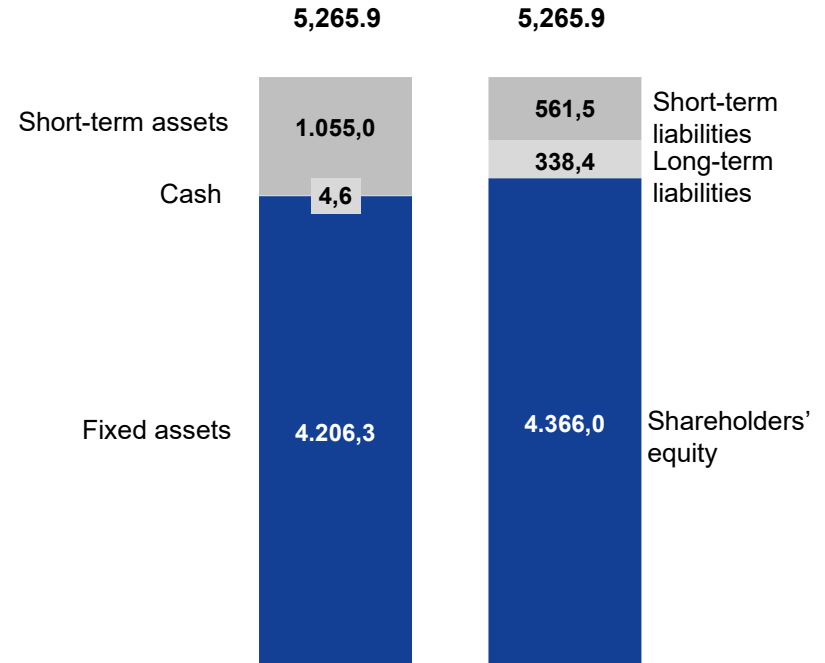
(in €m)

**ASSETS EQUITY AND LIABILITIES**



(in €m)

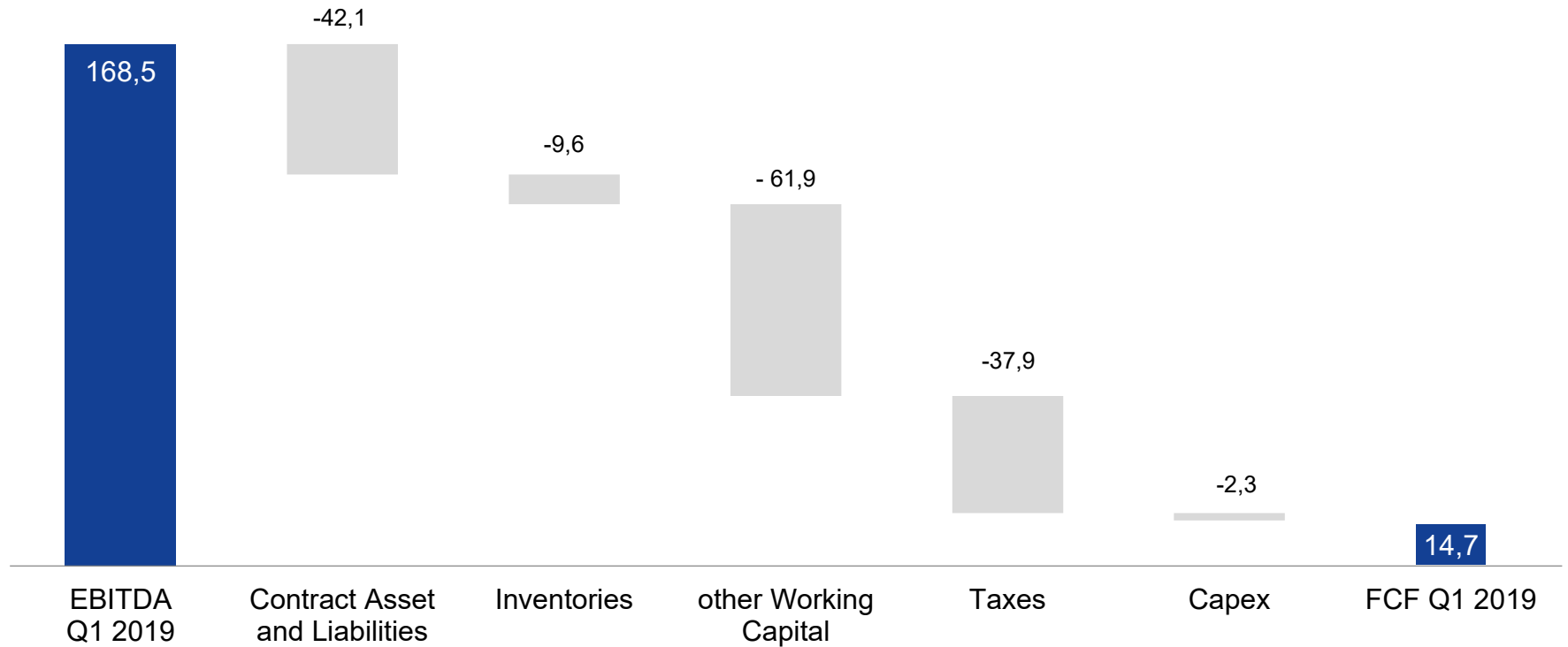
**ASSETS EQUITY AND LIABILITIES**



(in €m)	Q1 2018	Q1 2019	Change	Comment
Net inflow of funds from operating activity	-27,6	17.0	+ 161.5%	<ul style="list-style-type: none"> <li>126.1m Cashflow from operating activities</li> <li>-42.1m Increase of Contract Assets and Contract Liabilities</li> <li>- 41,3 Mio. € from the change of deferred expenses</li> <li>- 24,9 Mio. € from the change in liabilities and receivables due to associated companies</li> <li>-9.6m Increase in inventories</li> </ul>
Cash flow from investment activities	-10,2	-2.3	+ 77.5%	<ul style="list-style-type: none"> <li>-2.3m Capex</li> <li>-8.3m Outflow of funds (yourfone) from sale of yourfone Shop GmbH in Q1-2018</li> </ul>
Cash flow from financing activities	-76.1	-14.0	+ 81.6 %	<ul style="list-style-type: none"> <li>+9.0m repayment of borrowings from United Internet</li> <li>-3.9m for own shares</li> <li>-76.0 Investment of free Cash at United Internet in Q1-2018</li> </ul>
Free cash flow <sup>(1)</sup>	-29,5	14.7		

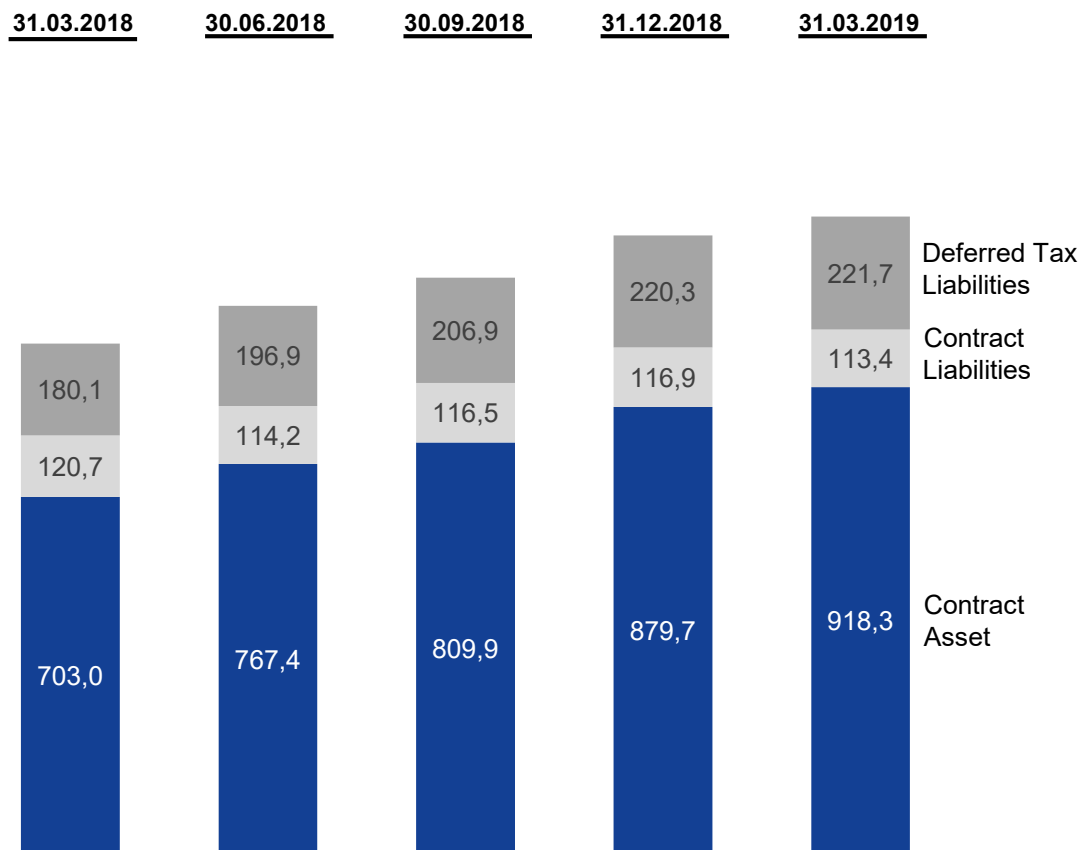
(1) Definition of free cash flow: Free cash flow is calculated as the net inflow of funds from operating activities from continued operation less the investments in intangible and tangible assets plus inflow of funds from disposals of intangible and tangible assets.

# Bridge EBITDA to FCF



Q1	<b>168.5</b>	-42.1	-9.6	61.9	-37.9	-2.3	<b>14.7</b>
----	--------------	-------	------	------	-------	------	-------------

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



- Changes in contract assets and contract liabilities mainly result from increased investments in acquiring and retaining valuable customers
- 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 2019

- Continued strong growth in number of contracts
- Further consolidation of the organizations of 1&1 and Drillisch
- Continuous increase in customer satisfaction through new service offerings
- Operating own 5G network
  - Acquisition of frequencies
  - Conclusion of National Roaming Agreement
  - Preparation of the Network Setup

## Growth continues to be profitable

- Revenues
  - High-margin service revenues: approx. 4 % growth
  - Low-margin hardware business: depending on attractiveness of new devices
  
- EBITDA
  - About 10% growth (to about €800 million, including about €10 million in one-offs from integration projects)
  - More specific statement after conclusion of the assessor arbitration regarding the pending price adjustment procedure



**Our Success Story  
Continues!**

---

**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)