



9M 2019 and Outlook

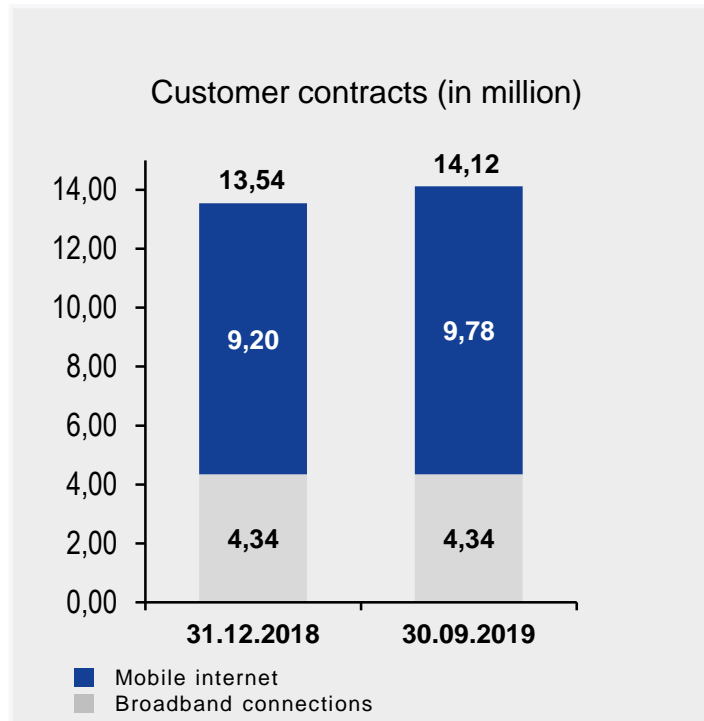
- Business development
- Outlook

Business development

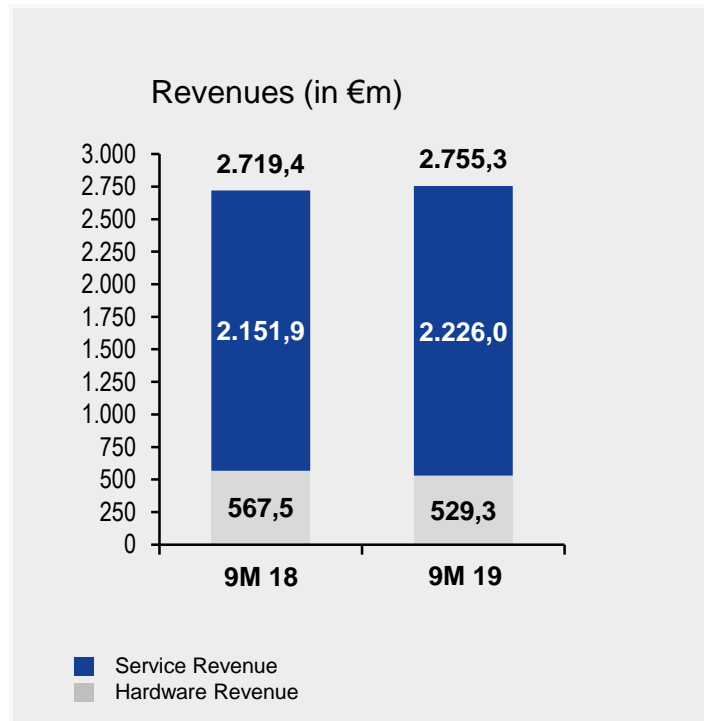
Key figures 9M 2019

	9M 2018	9M 2019	Change
Subscribers in current product lines	13.26m	14.12m	+ 0.86m
thereof Mobile Internet	8.93m	9.78m	+ 0.85m
thereof Broadband (ADSL, VDSL, FTTH)	4.33m	4.34m	+ 0.01m
Revenue	€2,719.4m	€2,755.3m	+ 1.3 %
thereof Service Revenue	€2,151.9m	€2,226.0m	+ 3.4 %
EBITDA	€524.8m	€508.7m	- 3.1 %
adjusted EBITDA excluding effects from IFRS 16, one-offs from integration projects, initial 5G costs, the regulatory decision on the increase of TAL prices and the discontinuation of a price adjustment mechanism of a prepayment agreement ⁽¹⁾	€537.2m	€573.7m	+ 6.8 %

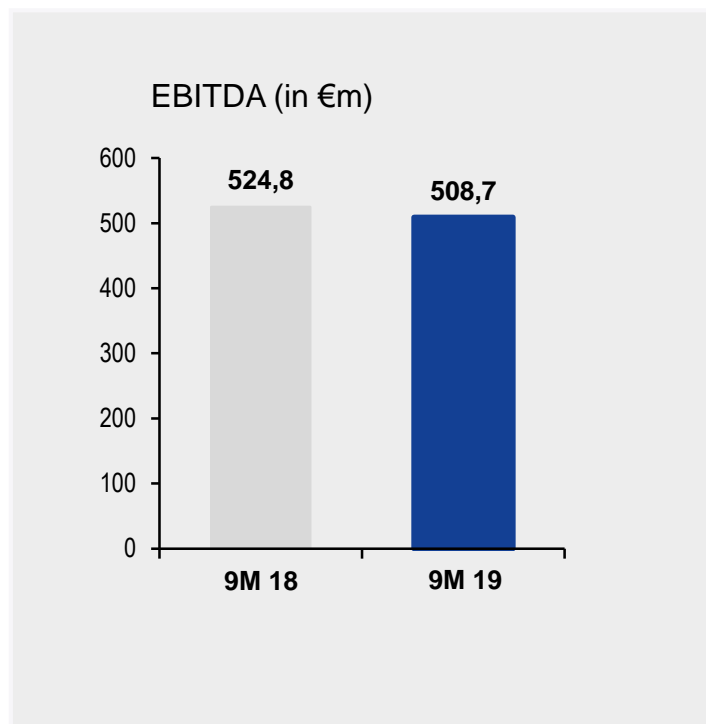
(1) IFRS 16 (9M 2019: €+4.7 million, 9M 2018: €0.0 million), expenses for integration projects (9M 2019: €-3.8 million, 9M 2018: €-12.4 million), initial 5G cost (9M 2019: €-2.5 million, 9M 2018: €0.0 million), the regulatory decision on the increase of TAL prices (9M 2019: €-4.4 million, 9M 2018: €0.0 million), discontinuation of a price adjustment mechanism of a wholesale contract (9M 2019: €-59.0 million, 9M 2018: €0.0 million)



- 14.12 million customer contracts (+ 580k)
 - 9.78 million Mobile Internet (+ 580k)
 - 4.34 million Broadband (ADSL / VDSL / FTTH)
- Net Adds Mobile
 - Q1 2018: + 240k
 - Q2 2018: + 190k
 - Q3 2018: + 200k
 - Q4 2018: + 270k
 - Q1 2019: + 170k
 - Q2 2019: + 210k
 - Q3 2019: + 200k

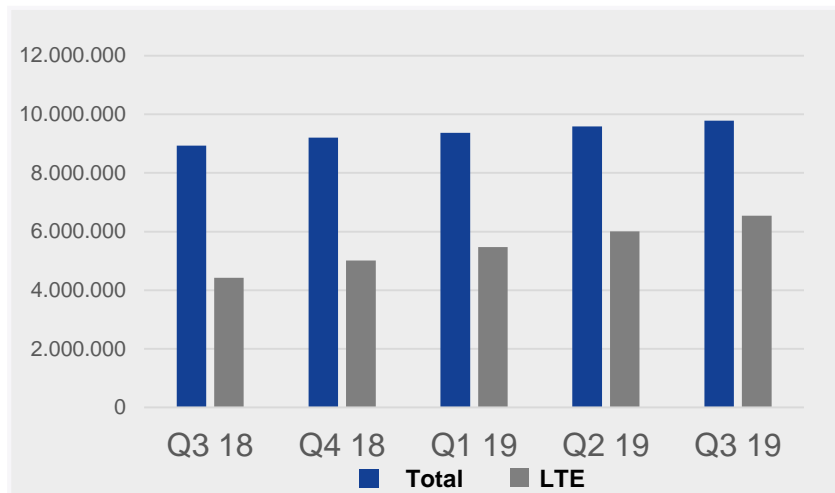


- + 3.4 % Service revenue to €2,226.0 million
- - 6.7 % Other revenues, in particular low-margin hardware business
- + 4.7 % like-for-like service revenues without effect of increasing LTE demand of existent customers (higher sales deductions due to reduced tariff prices in the first 12 months)



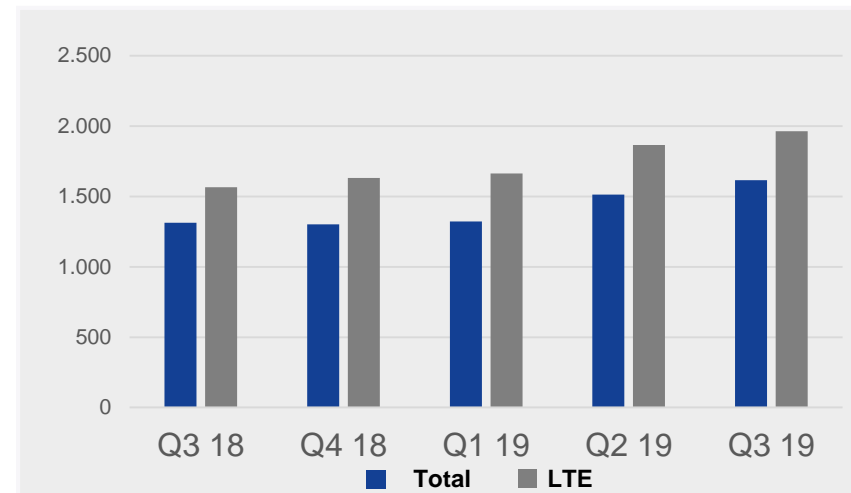
- - 3.1 % EBITDA to € 508.7 million
- 18.5 % EBITDA margin (previous year: 19.3 %)
- EBITDA 9M 2019 includes:
 - €+4.7 million from the first-time application of IFRS 16
 - €-3.8 million expenses in connection with integration projects (previous year: - € 12.4 million)
 - €-4.4 million from regulatory decision to increase TAL prices (previous year: €0.0 million)
 - €-2.5 million initial 5G costs
 - €-59.0 million preliminary effect of the elimination of the price adjustment mechanism of a prepayment agreement; the permanent advance performance prices are currently the subject of arbitration proceedings
- + 6.8 % like-for-like without the aforementioned effects

Mobile contracts



- 9.78 million customer contracts in total
- LTE growth of 2.1 million contracts to 6.5 million contracts

Mobile data usage per contract in MB/month



- Data usage per contract (total) + 23.1 %
- Data usage per LTE contracts + 25.3 %

Profitability 9M 2019 vs. 9M 2018

(in €m)	9M 2018	9M 2019	Change
Revenues	2,719.4	2,755.3	+ 1.3 %
Cost of sales	- 1,913.8	- 1,937.2	+ 1.2 %
Gross profit from turnover	805.6	818.2	+ 1.6 %
Distribution costs	- 303.5	- 315.2	+ 3.9 %
Administration costs	- 68.3	- 76.1	+ 11.4 %
Other operating expenses / income	25.4	22.6	- 11.0 %
Impairment losses from receivables and contract assets	-50.2	- 58.3	+ 16.1 %
Profit/loss from operating activities	409.1	391.3	- 4.3 %
Financial result	- 1.3	- 8.1	
Profit before taxes	407.7	383.2	- 6.0 %
Tax expenses	- 127.7	- 115.5	- 9.6 %
Consolidated results from continued operation	280.0	267.7	- 4.4 %
EBITDA	524.8	508.7	- 3.1 %

Balance Sheet

31 December 2018

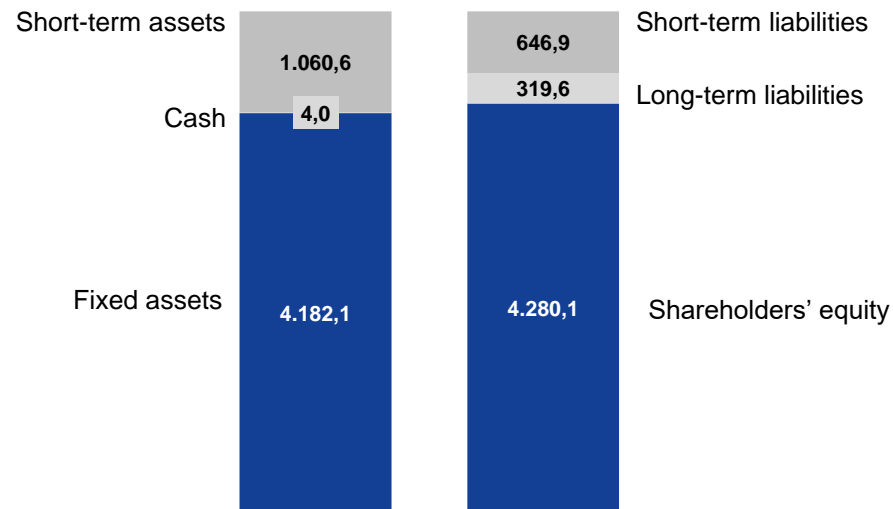
30 September 2019 ⁽¹⁾

(in €m)

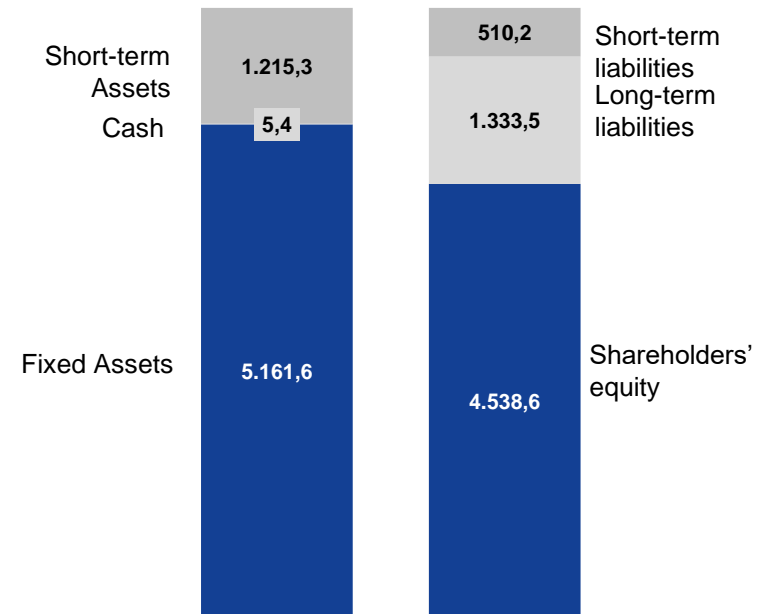
AKTIVA **EQUITY & LIABILITIES**
5.246,6 **5.246,6**

(in €m)

ASSETS **EQUITY AND LIABILITIES**
6,382.3 **6,382.3**



Equity ratio 81.6 %



Equity ratio 71.1 %

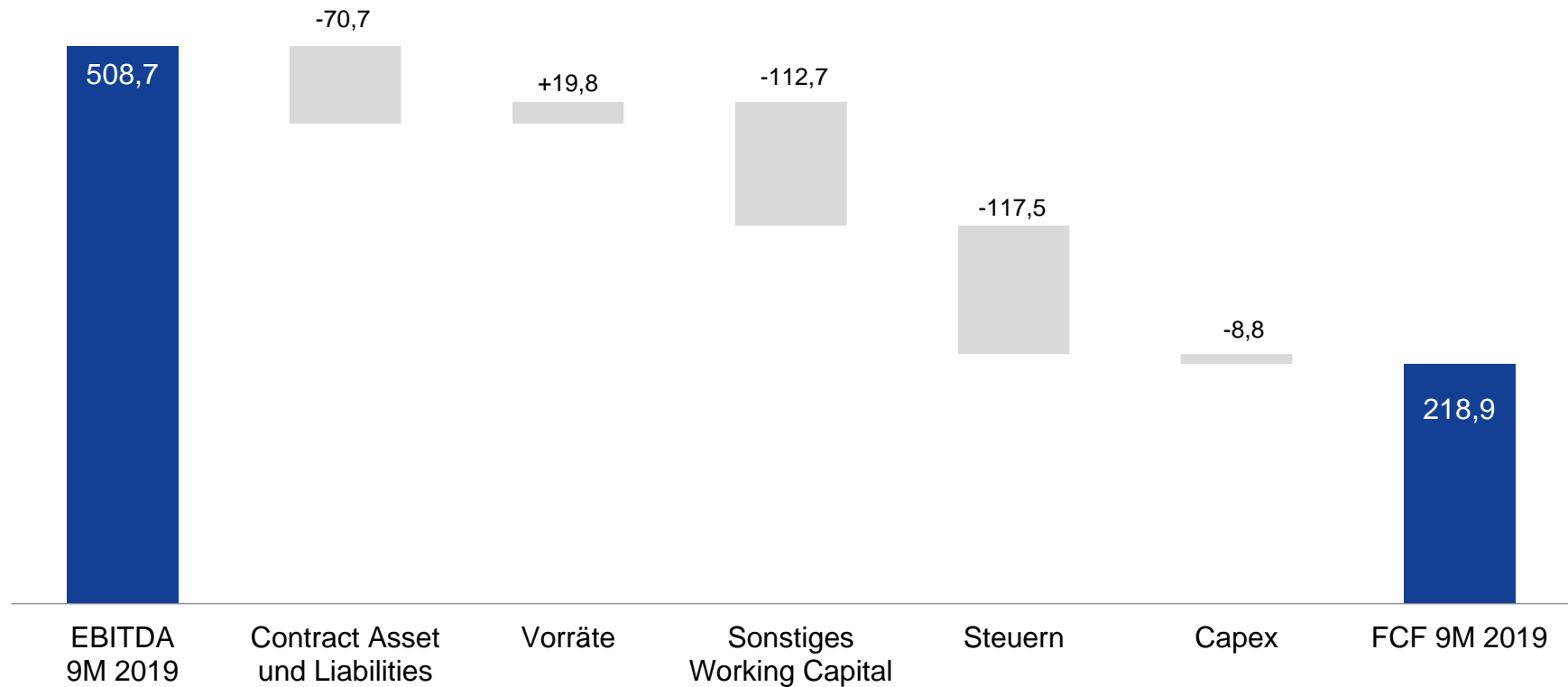
(1) Per 30 Sep. 2019 initial recognition of acquired 5G frequencies => Assets: Intangible Assets €1,029.0 million; Liabilities: Other financial Liabilities €1,029.9 million

Cashflow

(in €m)	9M 2018	9M 2019	Change	Comment
Net inflow of funds from operating activity	121.1	227,5	+ 87,9 %	<ul style="list-style-type: none"> ▪ + 390.2 €m Cash flow from operating activities ▪ - 102.7 €m Change in trade accounts payable ▪ - 70,7 €m Change of Contract Assets and Contract Liabilities ▪ - 17.9 €m Change in deferred expenditures ▪ + 19.8 €m Change in inventories ▪ + 8.8 €m other Working Capital
Cash flow from investment activities	- 15.6	- 8.8	+ 43.4 %	<ul style="list-style-type: none"> ▪ - 8.8 €m Capex ▪ - 8.3 €m retroactive outflow of funds with respect to deconsolidated yourfone in H1 2018
Cash flow from financing activities	- 251.2	- 217.3	+ 13.5 %	<ul style="list-style-type: none"> ▪ - 32.0 €m Repayment of loans to United Internet ▪ - 163.0 €m Invest short term free cash in United Internet ▪ - 8.8 €m Dividend payments ▪ - 3.8 €m Stock repurchase
Free cash flow ⁽¹⁾	113.9	218,9	+92,1 %	

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

Bridge EBITDA to FCF (in €m)



	EBITDA 9M 2019	Contract Asset und Liabilities	Vorräte	Sonstiges Working Capital	Steuern	Capex	FCF 9M 2019
Q1	168.5	- 42.1	- 9.6	- 61.9	- 37.9	- 2.3	14.7
Q2	172.0	- 16.8	+ 8.5	- 56.2	- 38.1	- 3.0	66.4
Q3	168.3	- 11.8	+ 20.9	+ 5.4	- 41.5	- 3.5	137.8

Outlook

- Service Revenue
 - Increased demand for LTE tariffs from existing customers leads to increased sales deduction
 - Ca. 3 % growth in service revenues higher sales deductions due to reduced tariff prices in the first 12 months

- EBITDA
 - ca. €85 million additional costs, subject to any changes in the final report of the arbitrator
 - Updated EBITDA outlook 2019: ca. €690 million (2018: €721.9 million)

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