



Fiscal Year 2019 and Outlook 2020

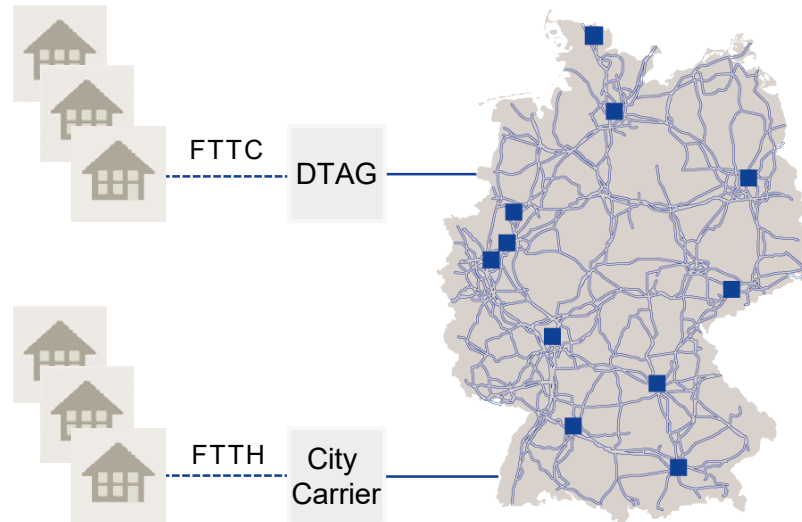
- Company development 2019
- Financial indicators
- Outlook 2020

Company development 2019

- Largest alternative DSL provider serving 4.34m broadband connections (ADSL, VDSL, FTTH)
- connect Landline Network Test: #1 in 2015, #2 in 2016, #1 in 2017, #2 in 2018, #3 in 2019



Households



Last mile:

- VDSL-Vectoring (FTTC) mainly through Layer 2-infrastructure of Deutsche Telekom, Layer 3 besides
- Optic fibre (FTTH) via City Carrier
- ADSL via further network operators

- Germany's leading MVNO serving 9.99 million mobile services contracts
- Broad market coverage



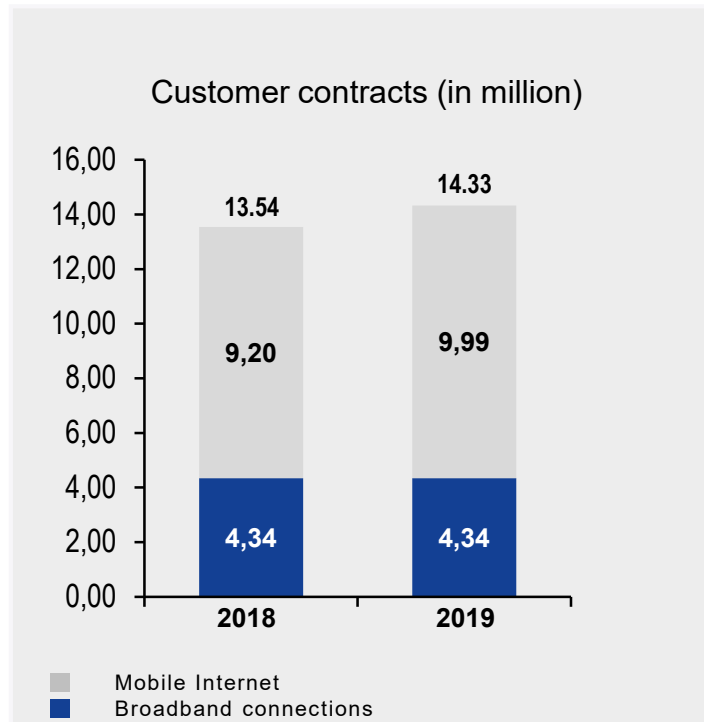
- Telefónica remedy partner with long-term guarantee of access to up to 30% of network capacity and all future technologies, incl. 5G
- Additional procurement of advance service from Vodafone

5G - Purchase of frequency blocks, in addition rental

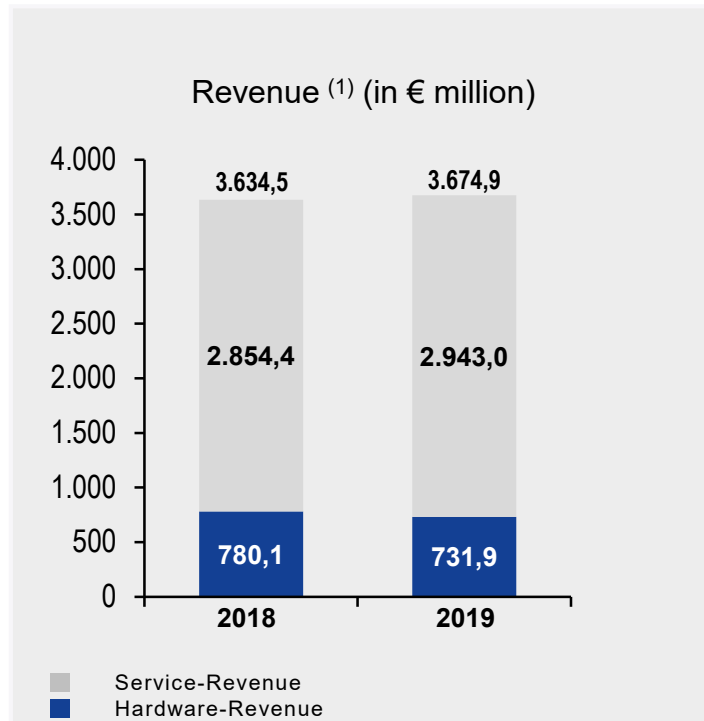
- 5x10 MHz in 3.6 GHz, available from 1 January 2021 at the latest
 - €61 million payable annually from 2019 until 2030

 - 2x10 MHz¹ in 2 GHz, available from 1 January 2026
 - €67 million payable annually from 2025 until 2030

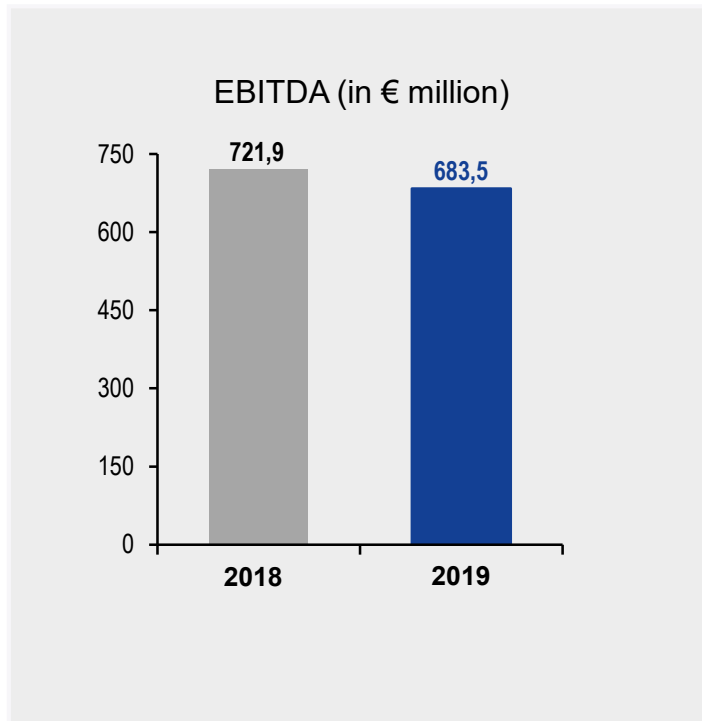
 - In addition: Spectrum lease of 2x10 MHz in the 2.6 GHz band based on a self-commitment by Telefónica until 31.12.2025
- ➔ Acquisition and leasing of frequencies for the transition period as a cornerstone for a successful positioning as the fourth mobile network operator



- 14.33 million customer contracts (+0.79 million) total, of which:
 - 9.99 million mobile internet (+0.79m, prev. year: +0.90m)
 - 4.34 million broadband lines (ADSL / VDSL / FTTH)
- Net Adds Mobile
 - Q1 2019: + 170k
 - Q2 2019: + 210k
 - Q3 2019: + 200k
 - Q4 2019: + 210k



- + 1.1 % Revenue to €3,674.9 million
 - Lower sales growth due to declining, low-margin hardware business
- + 3.1 % Service-Revenue to €2,943.0 million
 - High-margin core business in line with expectations



- – 5.3 % EBITDA to €683.5 million
 - + €6.9 million € from IFRS 16
 - €5.7 million initial costs for own 5G mobile network
 - €3.2 million One-Offs from integration (prev. Year: – €25.1m)
 - €8.8 million Regulation TAL price increase (07/19)
 - €5.6 million Regulation (EU) on SMS costs (05/19)
 - €83.1 million additional costs resulting from the loss of a of a rebate from an advanced provider
- 4.8 % comparable EBITDA growth without the above-mentioned effects
- 18.6 % EBITDA (previous year: 19.9 %)

	2018	2019	Change
Subscribers	13.54m	14.33m	+0.79m
Revenue	3,634.5m	3,674.9m	+ 1.1 %
Thereof Service Revenue	2,854.4m	2,943.0m	+ 3.1 %
EBITDA	721.9m	683.5m	– 5.3 %
EBIT	567.2m	528.5m	– 6.8 %
EPS	2.30	2.12	– 7.8 %

- Dividend proposal to the Annual General Meeting 2020: 0.05 € per dividend entitled share (minimum dividend according to AktG §254)

Financial indicators

Earnings

(in € million)	2018	2019	Change
Revenues	3,634.5	3,674.9	+ 1.1 %
Cost of sales	- 2,527.7	- 2,574.7	+ 1.9 %
Gross profit from turnover	1,106.8	1,100.2	- 0.6 %
Distribution costs	- 399.0	- 426.5	+ 6.9 %
Administration costs	- 104.9	- 92.2	- 12.1 %
Other operating expenses	- 1.8	- 3.3	+ 80.9 %
Other operating income	51.4	33.6	- 34.6 %
Impairment losses from financial assets	- 85.2	- 83.3	- 2.2 %
Profit/loss from operating activities	567.2	528.5	- 6.8 %
Financial result	- 4.6	- 6.1	+ 32.6 %
Profit before taxes	562.6	522.4	- 7.1 %
Tax expenses	- 156.5	- 148.8	- 4.9 %
Consolidated results	406.0	373.6	- 8.0 %

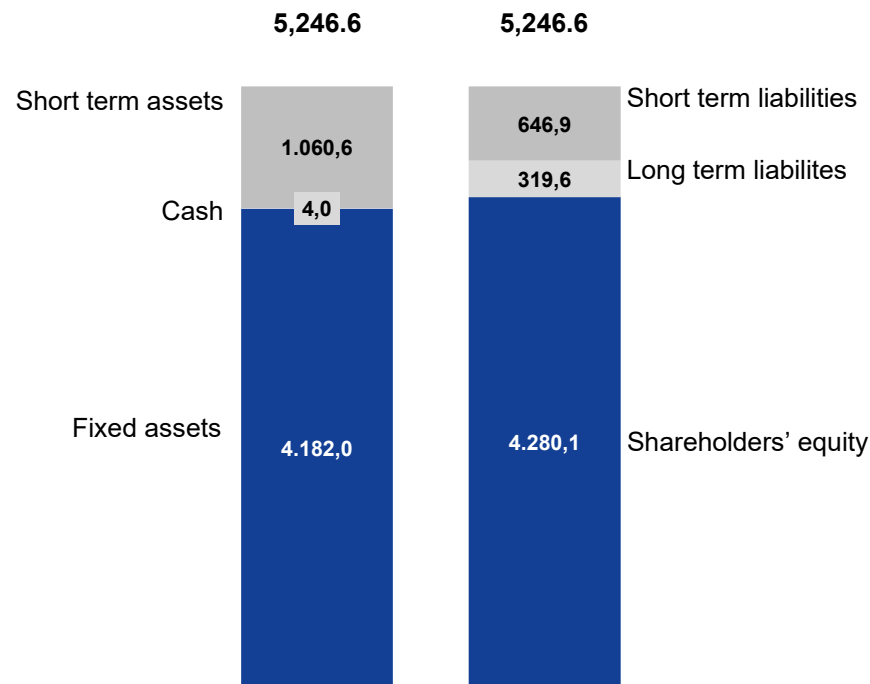
Balance Sheet

31 December 2018

31 December 2019

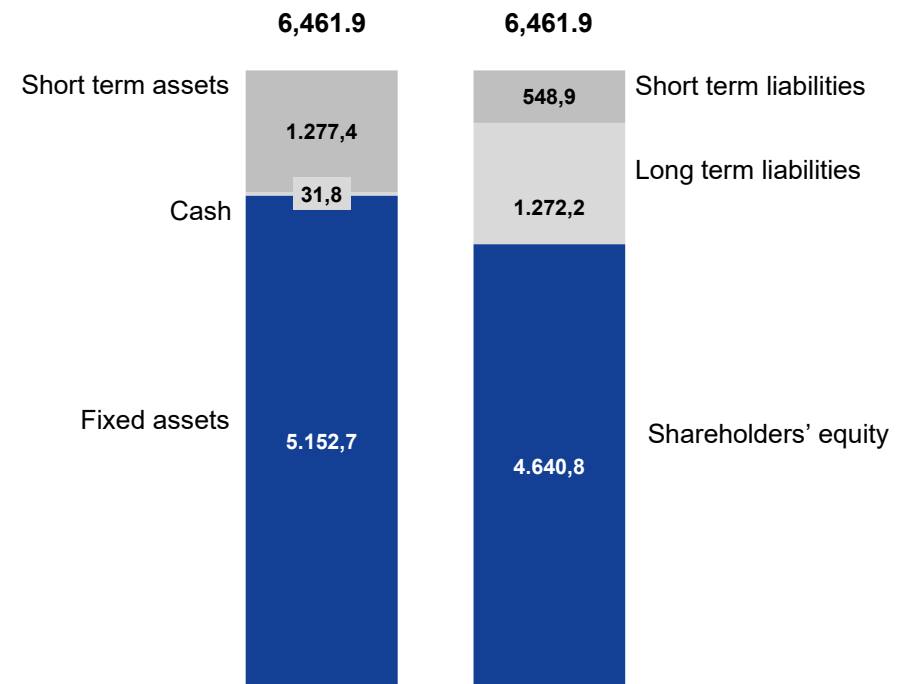
(in € million)

ASSETS EQUITY AND LIABILITIES



(in € million)

ASSETS EQUITY AND LIABILITIES

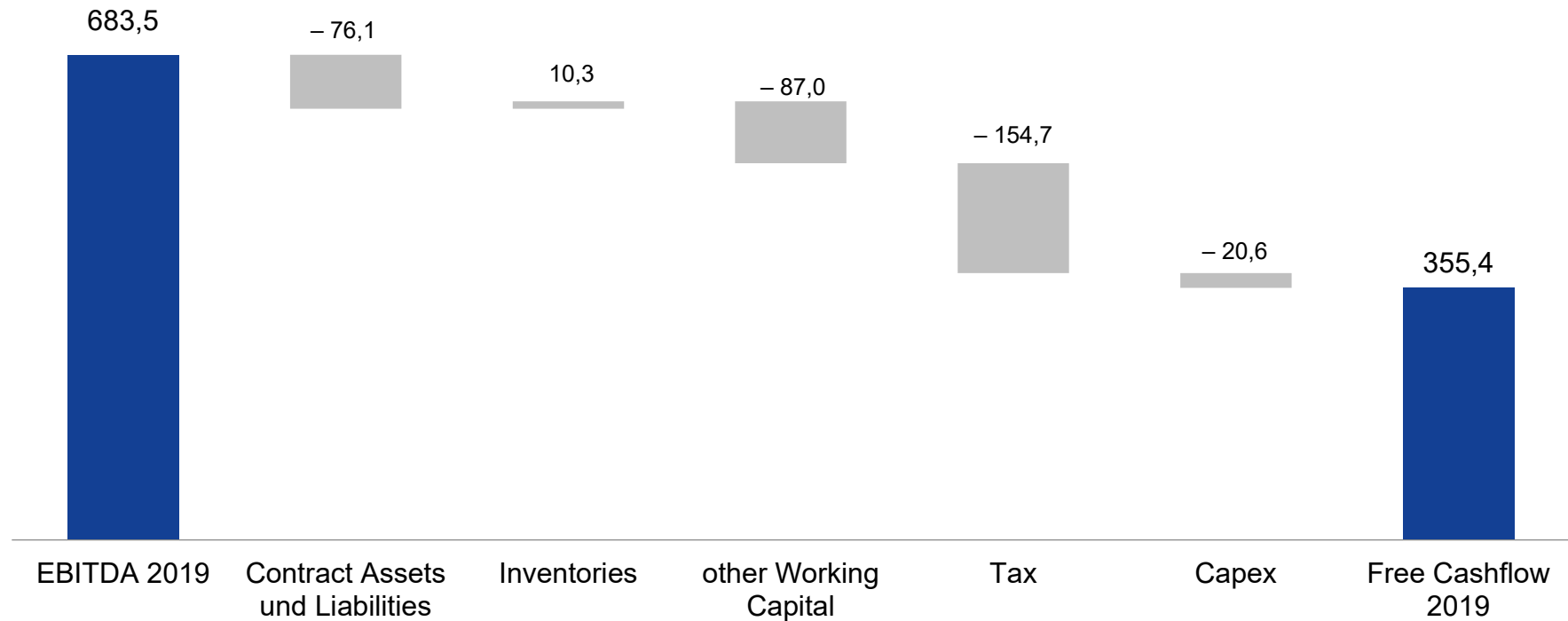


Cashflow

(in € million)	2018	2019	Change	Comment
Net inflow of funds from operating activities	155.6	375.7	+ 141.5 %	<ul style="list-style-type: none"> Change due to significantly lower outflows for hardware investments (– €90.8m in 2019 vs. – 241.4m in 2018) and the change in accrued expenses (– €5.4m in 2019 vs. €130.4m in 2018)
Cash flow from investment activities	– 21.5	– 230.6		<ul style="list-style-type: none"> – €20.6m Capex – €210.0m Investment of free cash with UTDI
Cash flow from financing activities	– 279.8	– 117.3	– 58.1 %	<ul style="list-style-type: none"> – €72.7m Repayment of financial liabilities (thereof €61.3m for the first instalment from frequency acquisition) – €8.8m Disbursement of dividends – €3.8m Acquisition of own stock – €32.0m Repayment of loans to UTDI
Free cash flow ⁽¹⁾	142.6	355.4	+ 149.3 %	

(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 (in € million)

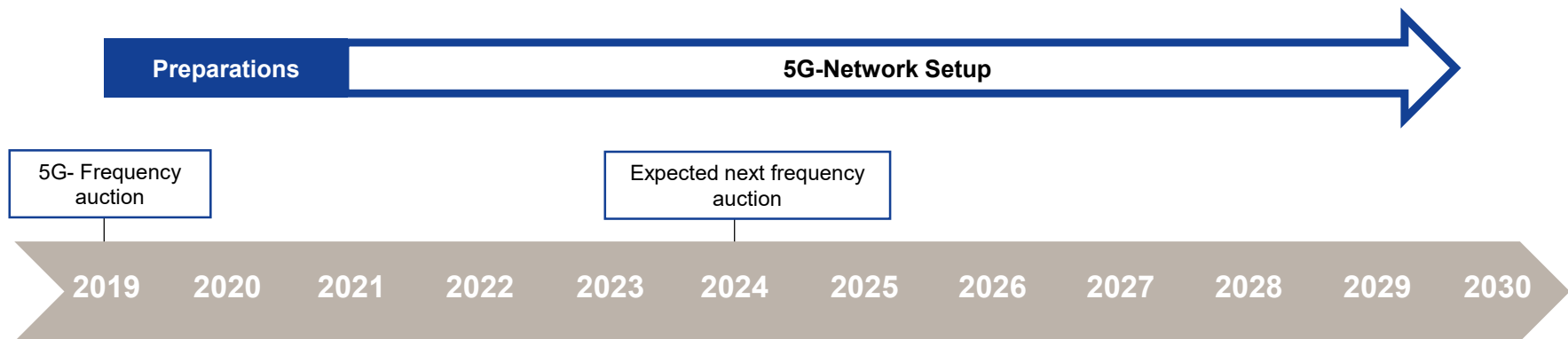


	EBITDA 2019	Contract Assets und Liabilities	Inventories	other Working Capital	Tax	Capex	Free Cashflow 2019
Q1	168.5	-42.1	-9.6	-61.9	-37.9	-2.3	14.7
Q2	172.0	-16.8	+8.5	-56.2	-38.1	-3.0	66.4
Q3	168.3	-11.8	+20.9	+5.4	-41.5	-3.5	137.8
Q4	174.7	-5.4	-9.5	+25.7	-37.2	-11.8	136.5

Outlook 2020

Preparation of the 5G network rollout

- Acquisition / leasing of frequencies ✓
- negotiations on national roaming and infrastructure-sharing ongoing
- Cooperation talks with mobile network equipment suppliers ongoing
- Expansion of the 1&1 Versatel fibre optic network ongoing



- More than 500,000 new customer contracts
- Sales and earnings at previous year's level



Fiscal Year 2019 and Outlook 2020

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.

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1&1 Drillisch AG

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