



Presentation H1 2020 and Outlook

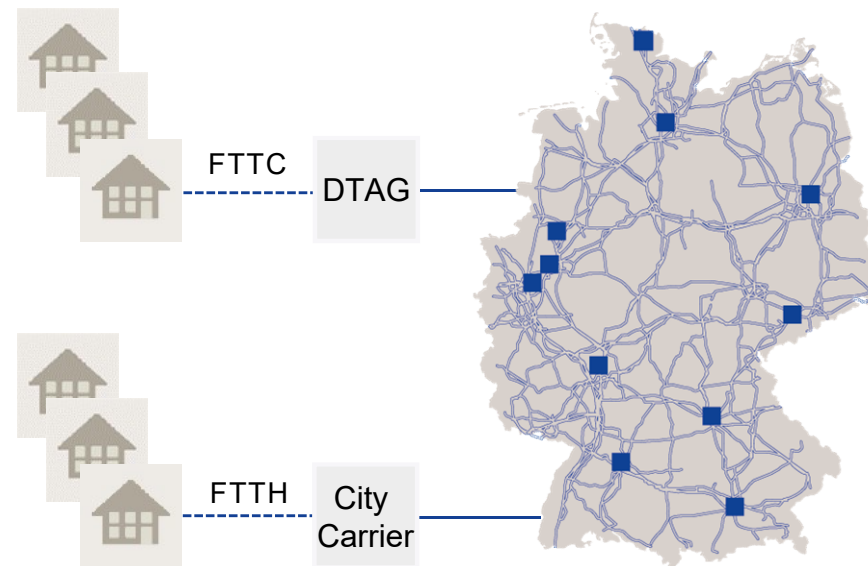
- Business Development
- Results H1 2020
- Outlook 2020

Business Development

- Largest alternative DSL provider serving 4.33 million broadband connections (ADSL, VDSL, FTTH)
- Winner connect Landline Network Test: 2020, 2017 and 2015 (2nd place in 2018 and 2016)



Households



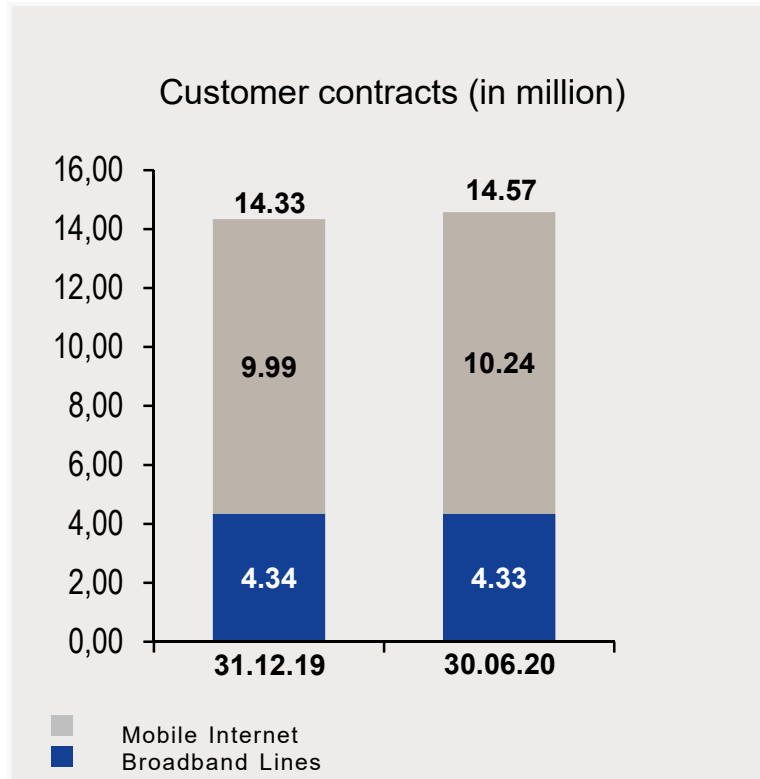
Last mile:

- 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

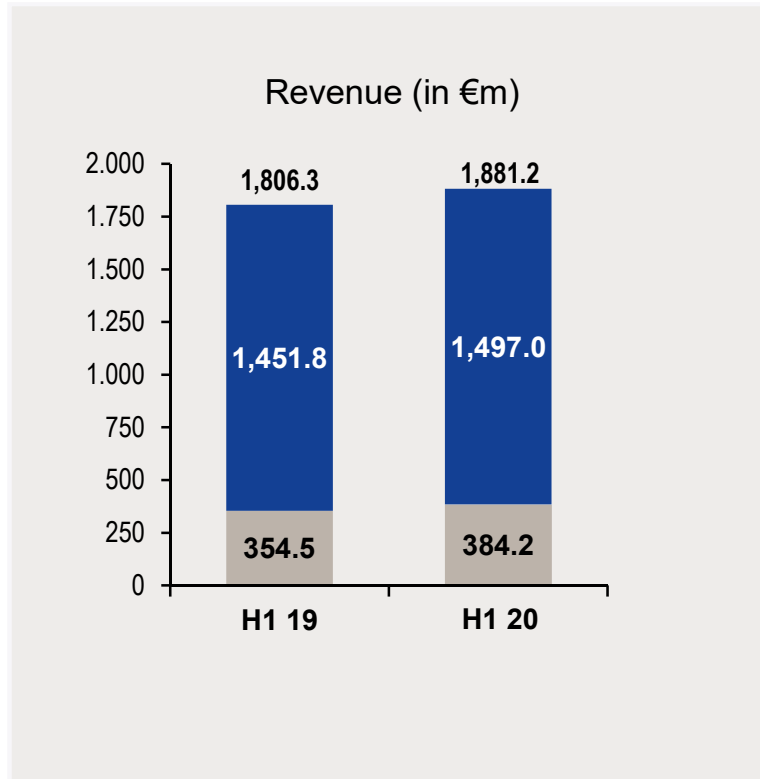
- Germany's leading MVNO serving 10.24 million mobile services contracts
- Broad market coverage



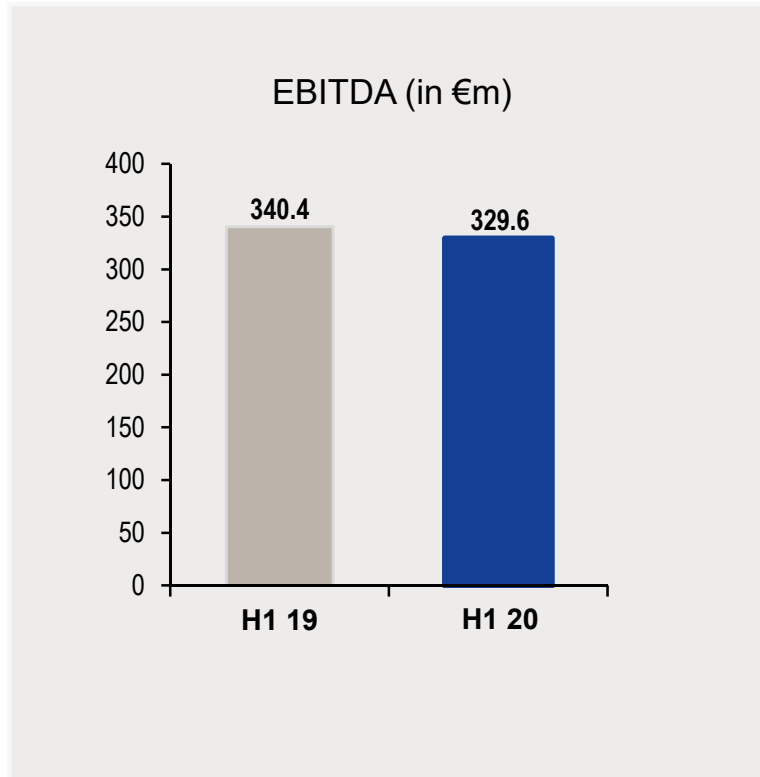
- Telefónica remedy partner with long-term guarantee of access to up to 30% of network capacity and all future technologies, incl. 5G
- Additional procurement of advance service from Vodafone



- 14.57m customer contracts (+ 0.24m)
 - 10.24m mobile internet (+ 0.25m)
 - 4.33m broadband lines (ADSL / VDSL / FTTH) (-0.01m)

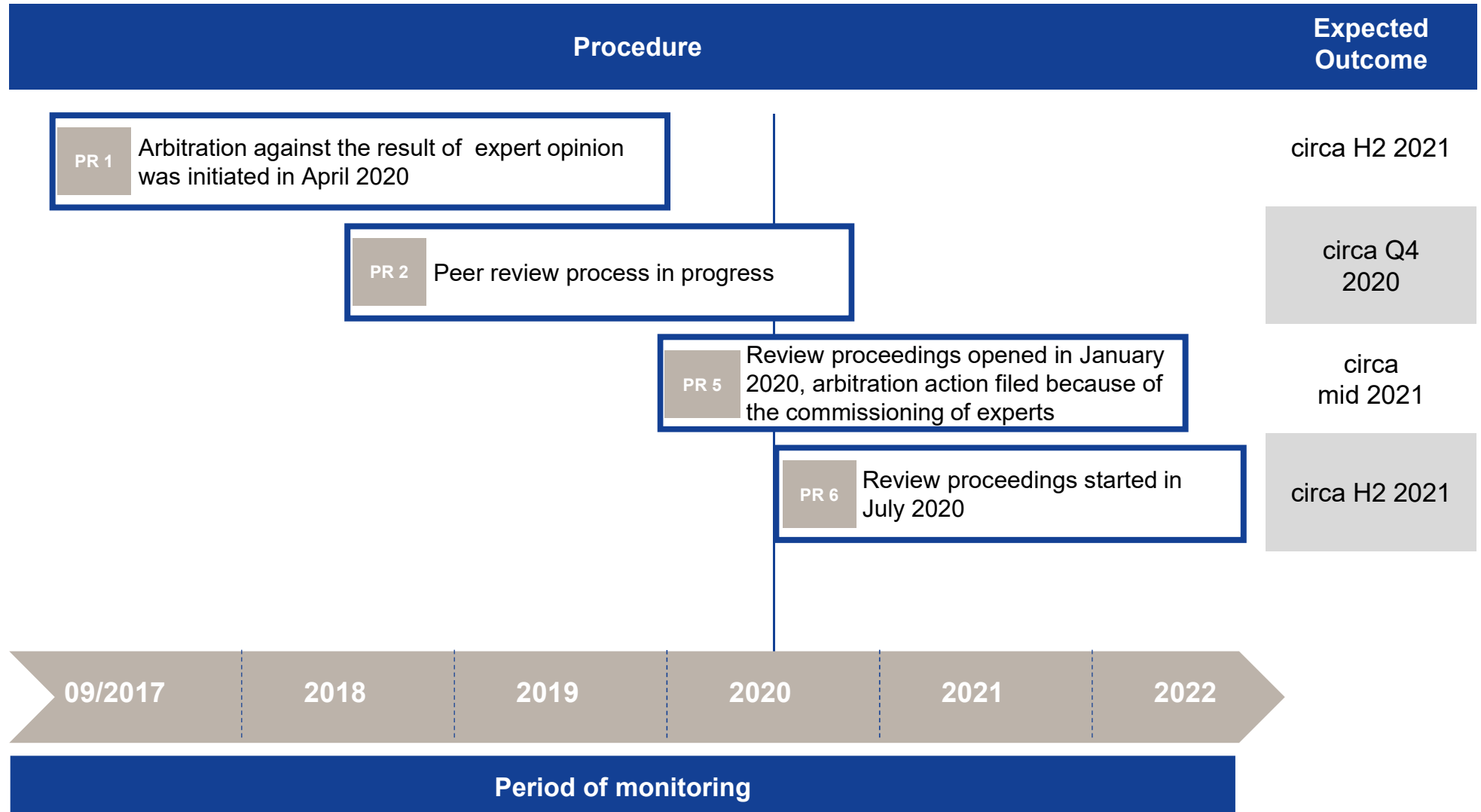


- + 4.1 % Revenue to €1,881.2m
 - + 3.1 % Service revenue to €1,497.0m
(+ 3.4 % adjusted for coronavirus effects especially due to lower international roaming revenues)
 - + 8.4 % Other revenue, especially low-margin hardware business

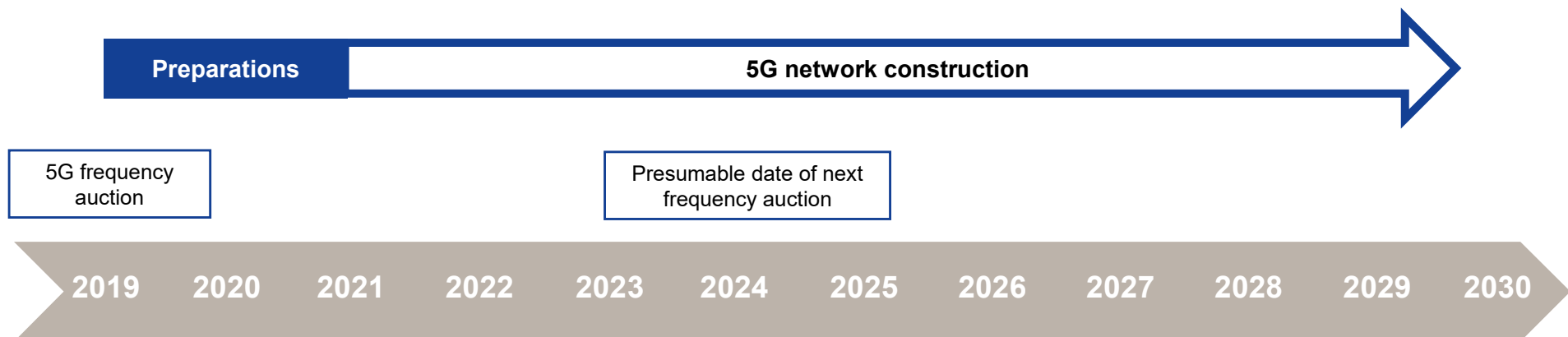


- – 3.2 % EBITDA to €329.6m
 - 17.5 % EBITDA margin (prev. year: 18.8 %)
 - EBITDA includes:
 - – €5.6m initial costs for 5G wireless network (previous year: – €1.9m)
 - – €0.4m one-offs from integration projects (previous year: – €2.3m)
 - – €10.2m one-offs from changed usage behaviour because of coronavirus-pandemic
 - – €8.2m regulation „subscriber line price increase“ (07/19)
 - – €5.5m regulation „text message costs EU“ (05/19) (previous year: – €1.0m)
- ➔ + 4.0 % EBITDA adjusted for aforementioned effects

Review of MBA-MVNO prices



- Purchase/Rent of frequencies ✓
- Negotiations regarding national roaming and infrastructure sharing ongoing
- Cooperation discussions with wireless network suppliers ongoing
- Expansion of 1&1 Versatel fibre optic network ongoing



Key figures for H1 2020

	H1 2019	H1 2020	Change
Customer contracts	13.92m	14,57m	+ 0.65m
of which Mobile Internet	9.58m	10.24m	+ 0.66m
of which broadband (ADSL, VDSL, FTTH)	4.34m	4.33m	- 0.01m
Revenue	€1,806.3m	€1,881.2m	+ 4.1 %
of which service revenue	€1,451.8m	€1,497.0m	+ 3.1 %
Comparable service revenues without effects of coronavirus pandemic	€1,451.8m	€1,501.6	+ 3.4 %
EBITDA	€340.4m	€329.6m	- 3.2 %
Comparable EBITDA excluding special effects ¹	€345.6m	€359.5m	+ 4.0 %
EPS	€1.01	€1.05	+ 3.5 %

(1) Initial costs 5G (H1 2020: -€5.6m, H1 2019: -€1.9m), Expenses for integration projects (H1 2020: -€0.4m, H1 2019: -€2.3m), regulation „subscriber line price increase“ (H1 2020: -€8.2m, H1 2019: €0m), regulation „text message costs EU“ (H1 2020; - €5.5m, H1 2019: -€1.0m), Increased usage behaviour through corona (H1 2020: - €10.2m, H1 2019: €0,0m)

Results H1 2020

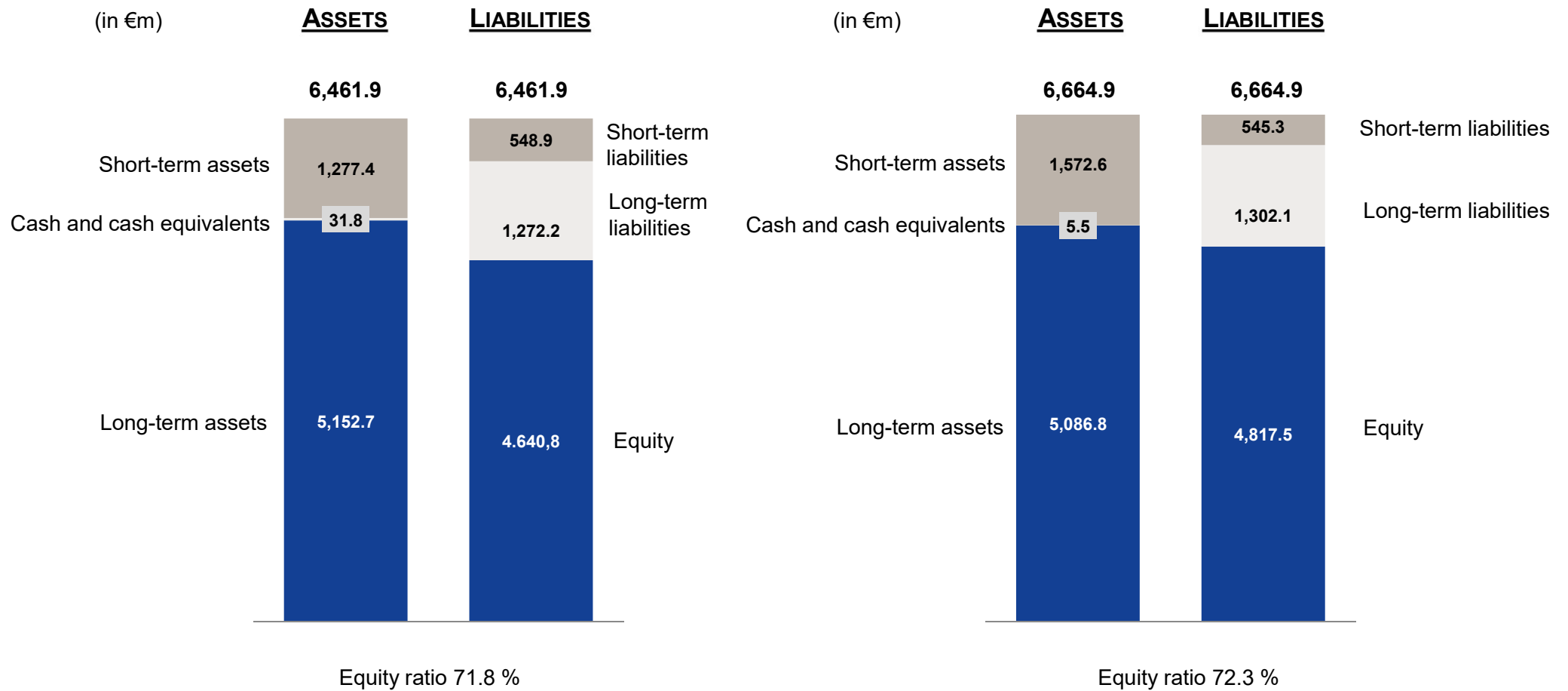
Earnings Situation

(in €m)	H1 2019	H1 2020	Change
Revenue	1,806.3	1,881.2	+ 4.1 %
Cost of Sales	- 1,265.7	- 1,341.5	+ 6.0 %
Gross Profit from Revenues	540.6	539.7	- 0.2 %
Distribution costs	- 213.9	- 213.7	- 0.1 %
Administration costs	- 42.9	- 48.1	+ 12.0 %
Other operating income/expenses	14.9	12.1	- 19.0 %
Impairment losses from receivables and contract assets	- 37.6	- 35.9	- 4.4 %
Results from Operating Activities	261.1	254.1	- 2.7 %
Financial Results	- 5.1	- 0.2	- 97.0 %
Profit before Taxes	256.0	253.9	- 0.8 %
Tax expenses	- 77.0	- 69.2	- 10.2 %
Consolidated Profit	178.9	184.7	+ 3.2 %

Balance Sheet

31 December 2019

30 June 2020

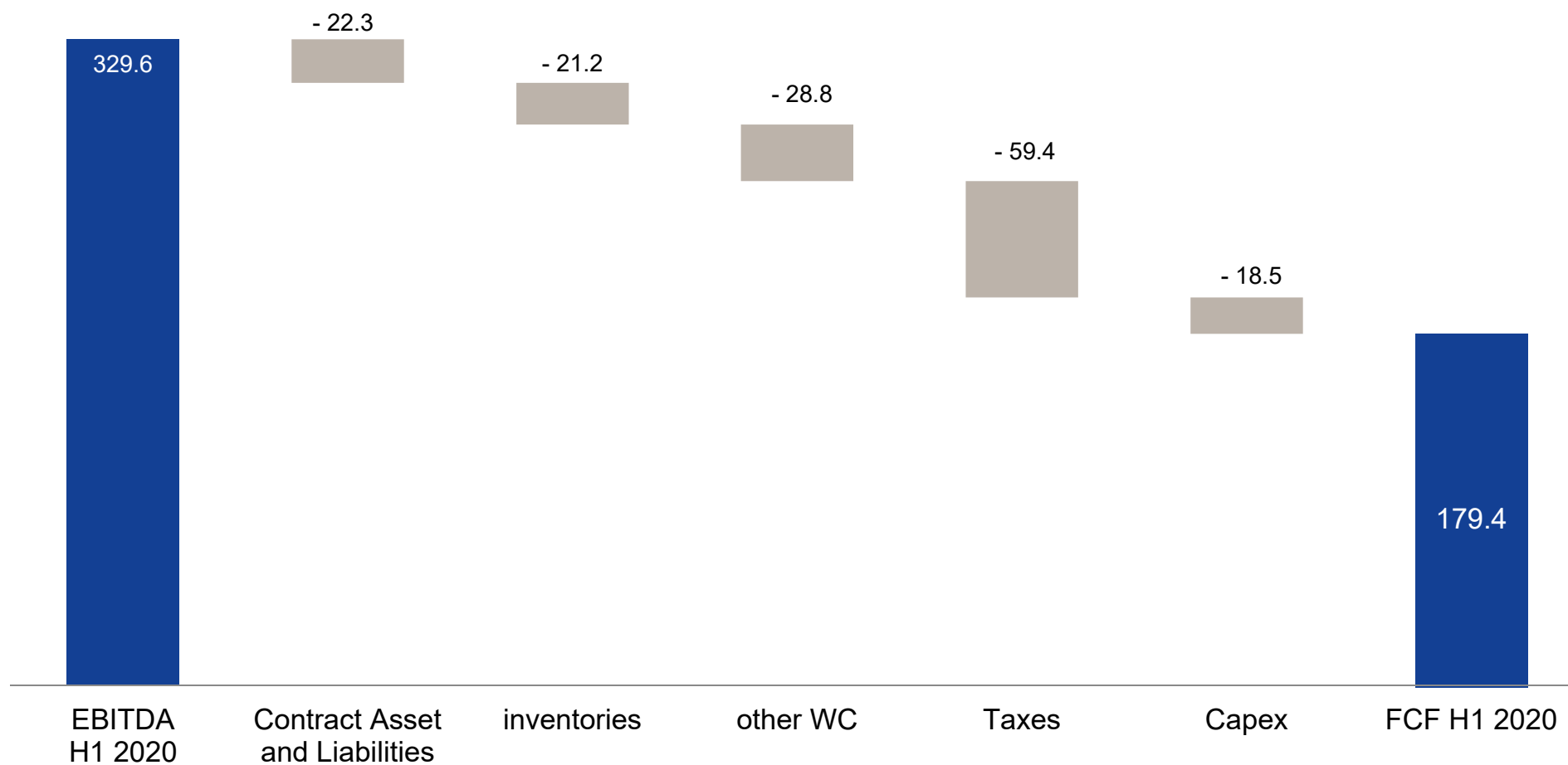


Cash Flow

(in €m)	H1 2019	H1 2020	Change	Comments
Net inflow of funds from operating activities	67.2	197.7	+ 194.1 %	<ul style="list-style-type: none"> ▪ €258.0m Cash flow from operating activities ▪ – €22.3m from the change in contract assets and contract liabilities ▪ – €21.2m Increase in inventories ▪ – €18.8m from the change in receivables from and liabilities to related parties ▪ + €2.0m from the change in trade receivables and payables and other assets and liabilities
Cash flow from investment activities	– 14.3	– 209.5		<ul style="list-style-type: none"> ▪ – €18.5m Capex ▪ – €191.0m Investment of free cash at UTDI
Cash flow from financing activities	– 52.0	– 14.5	- 72.1 %	<ul style="list-style-type: none"> ▪ – €8.8m Dividends paid ▪ – €5.7m Repayment of financial liabilities
Free cash flow ⁽¹⁾	62.1	179.4	+ 188.8 %	

(1) Definition of free cash flow: free cash flow is calculated as the net payments from operating activities in continued operations (items disclosed in the capital flow statement) less investments in intangible and tangible assets plus payments from the disposal of intangible and tangible assets.

Bridge EBITDA to FCF



	EBITDA H1 2020	Contract Asset and Liabilities	inventories	other WC	Taxes	Capex	FCF H1 2020
Q1	164.0	- 2.1	+ 6.7	- 25.6	- 37.9	- 7.6	97.5
Q2	165.6	- 20,2	- 27.9	- 3.2	- 21.5	- 10.9	81.9

Outlook 2020

- More than 500,000 new customer contracts
- Total revenue: approx. 4 percent up on previous year
- Service revenue: 2 to 3 percent (approx.) up on previous year
- EBITDA at last year's level (approx.)
- This forecast is still subject to uncertainties due to the ongoing effects of the coronavirus pandemic



Presentation H1 2020 and Outlook

This presentation contains future-oriented statements and forecasts representing the current assessments of the management at 1&1 Drillisch AG.

These assessments and statements are subject to changes and uncertain framework conditions that are for the most part difficult to predict and are beyond the control of 1&1 Drillisch AG.

1&1 Drillisch AG is not under any obligation to publish any information resulting in changes in framework conditions or to publish revised information.

1&1 Drillisch AG

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