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# Business Update and Outlook 2021

February 15, 2021

- 5G-network and national roaming
- VDSL and FTTH
- Preliminary figures for FY 2020
- Forecast FY 2021

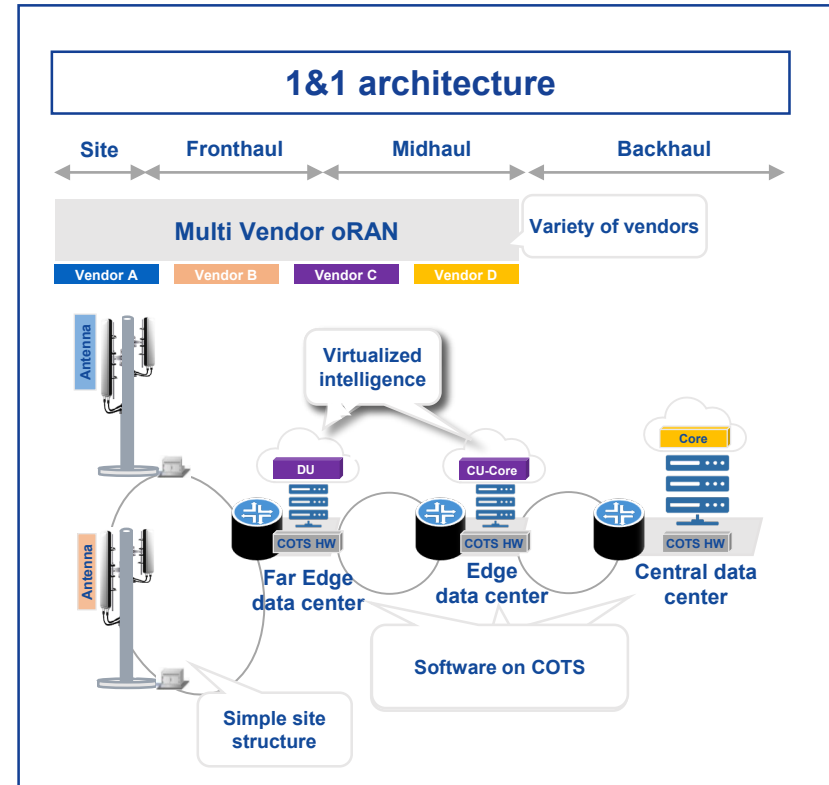
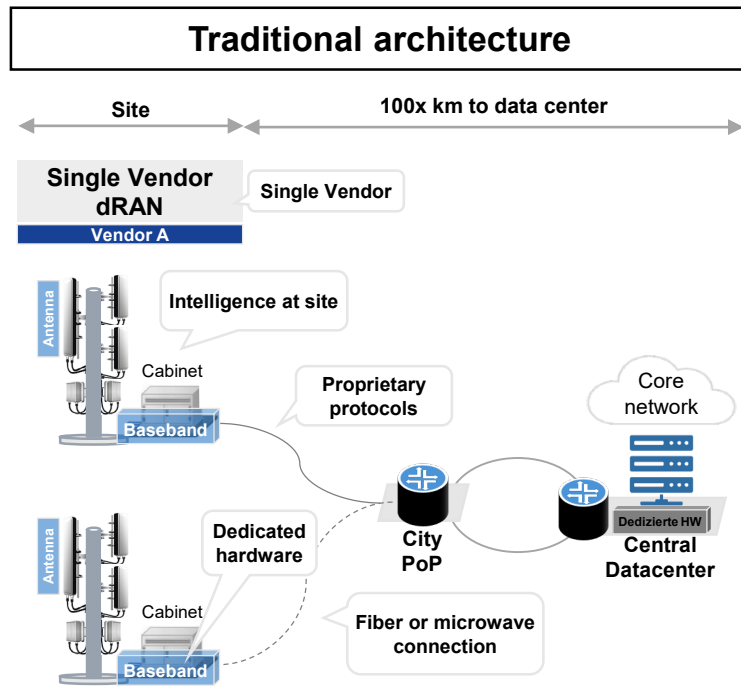
## 5G-network and national roaming

# 5G Network rollout

- Spectrum acquisition (3.6 GHz and 2.1 GHz) ✓
- Spectrum rental (2.6 GHz) via Telefónica Deutschland ✓
- National roaming agreement
  - Commercial agreement on national roaming ✓
  - National roaming contract Q2 /2021
- Cooperation with mobile network vendors
  - Negotiated final offers from network vendors available ✓
  - Contracts with vendors Q2 / 2021
- Expansion of 1&1 Versatel fibre optic network ongoing



# Architecture of 5G network



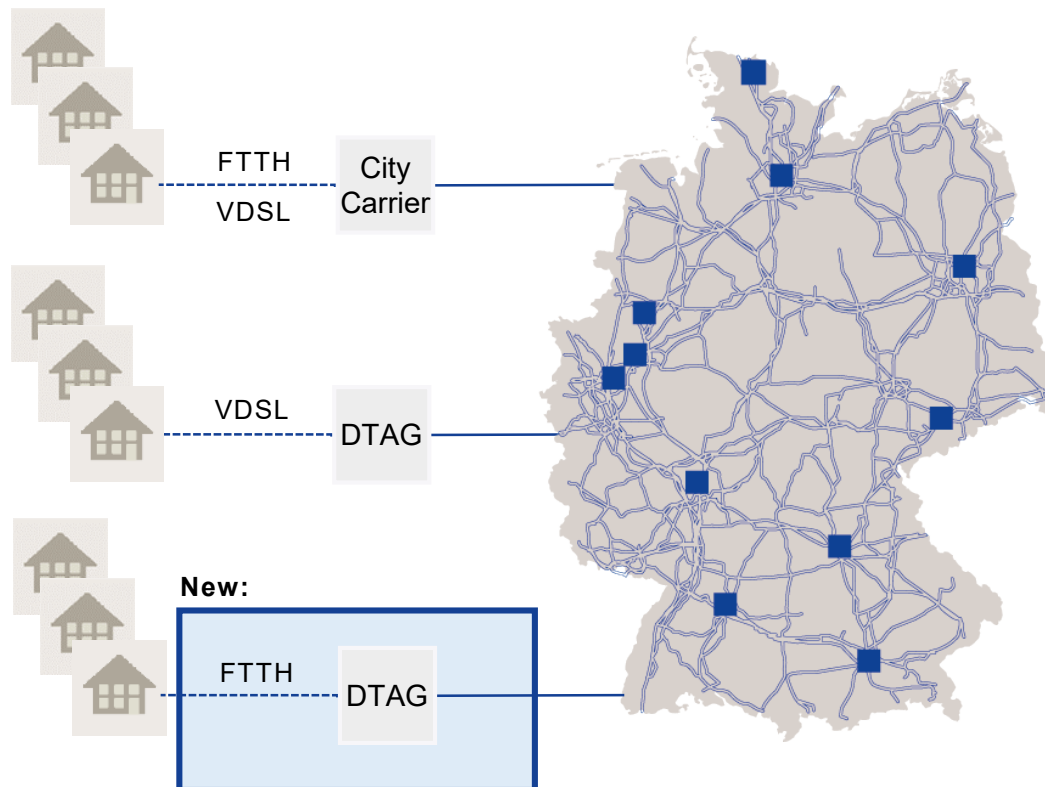
**dRAN** = Distributed RAN; **oRAN** = Open RAN; **CU** = Centralized Unit; **DU** = Distributed Unit; **COTS** = components off-the-shelf (serial products); **EDGE Data Center** (COTS locations geographically distributed in the network); **Far EDGE Data Center** (Sites in the nearest City POP); **Fronthaul** (Antennas connection); **Midhaul** (Connection of the City POPs); **Backhaul** (Transport network with connection to the Central Data Center)

- 1&1 Drillisch has accepted the offer of Telefónica Deutschland as of 5 February, 2021
  - July 1, 2020 until June 30, 2025
  - Prolongation option until 30 June 2029 according to defined rules
  - Second renewal option of up to 5 years at non-discriminatory prices, negotiating in good faith
  - Price agreement retroactively from 1 July 2020 (also for MBA MVNO business reference)
  - Price development based on the methodology of the first 5 years (especially falling data price)
  - MBA MVNO services include unchanged 5G network coverage; after 5G network goes live, national roaming includes 2G/3G/4G
- Continuing right for yearly price reviews

# VDSL and FTTH

# New cooperation with 1&1 Versatel and Deutsche Telekom (1) **1&1** DRILLISCH

- VDSL and FTTH complete package including Voice, IP-TV from a single source via 1&1 Versatel
- Fiber optic coverage expanded to home connections of Deutsche Telekom , in addition new VDSL contract



Transport network and value-added services

- 1&1 Versatel

Regional networks / last mile

- VDSL-Vectoring through Deutsche Telekom (mainly Layer 2)
- Optic fibre (FTTH) via City Carrier
- **New:** Approx. 750,000 FTTH connections via Deutsche Telekom; Number to yearly increase by approx. 2 million households

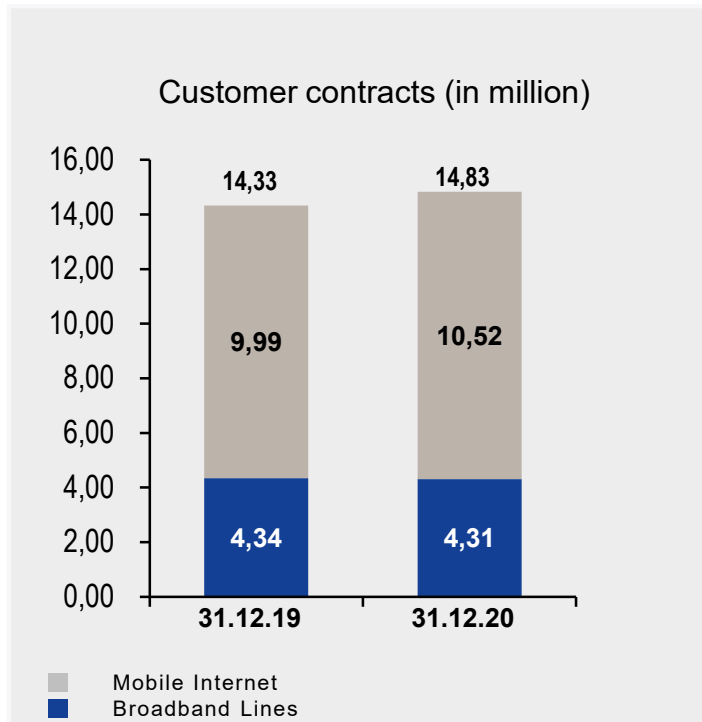


## New cooperation with 1&1 Versatel and Deutsche Telekom (2) DRILLISCH

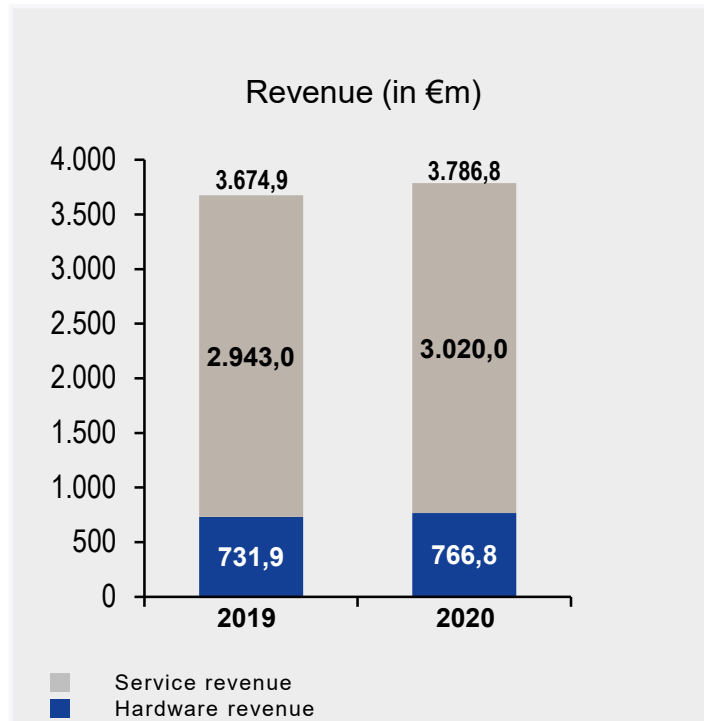
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- 1 April 2021 to 31 March 2031
- Attractive conditions
- Termination of the existing contingent contracts (VDSL), resulting in a write-off for remaining available contingents amounting to €130 million
- Derecognition is non-cash effective and will be significantly exceeded in the long term by positive effects from the expanded cooperation with 1&1 Versatel and Deutsche Telekom
- New VDSL/FTTH agreement between 1&1 Versatel and Deutsche Telekom is subject to approval of the Federal Network Agency (Bundesnetzagentur)

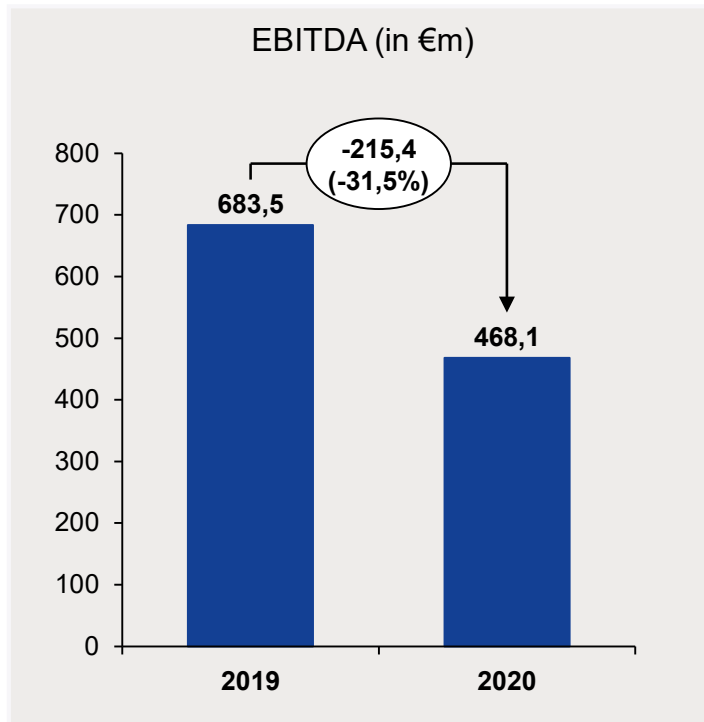
Preliminary figures for FY 2020



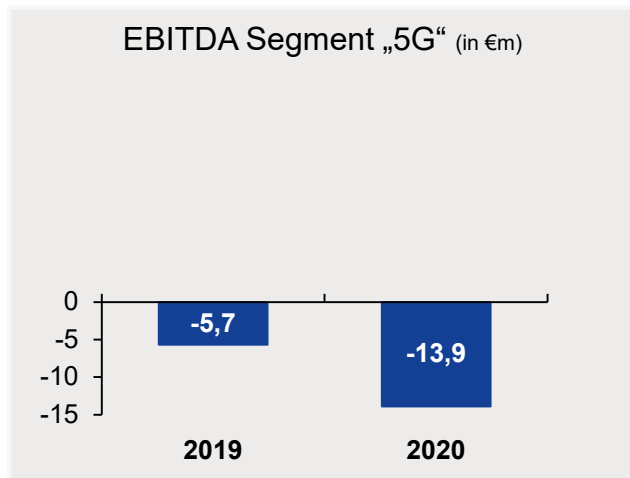
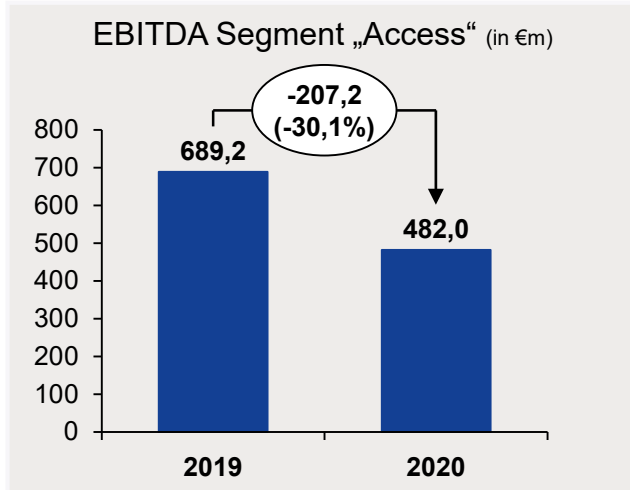
- 14.83m customer contracts (+ 050m)
  - 10.52m mobile Internet (+ 0.53m)
  - 4.31m broadband lines (- 0.03m)



- + 3.0 % Revenue to €3,786.8m
  - + 2.6 % Service revenue to €3,020.0m  
(+ 3.4 % adjusted for coronavirus effects, particularly due to lower international roaming)
  - + 4.8 % Other revenue, mostly low-margin hardware business



- – 31.5 % EBITDA to €468.1m



## Segment „Access“

- €482m EBITDA, comprising ca. €203m special factors
  - – €130.0m one-off unused VDSL contingent\*
  - – €34.4m from overcharge Telefónica wholesale billing (expected to be charged to other periods in 2021)
  - – €25.2m due to coronavirus-pandemic
  - – €8.2m regulation (TAL increase)
  - – €5.5m regulation (SMs cost)

## Segment „5G“

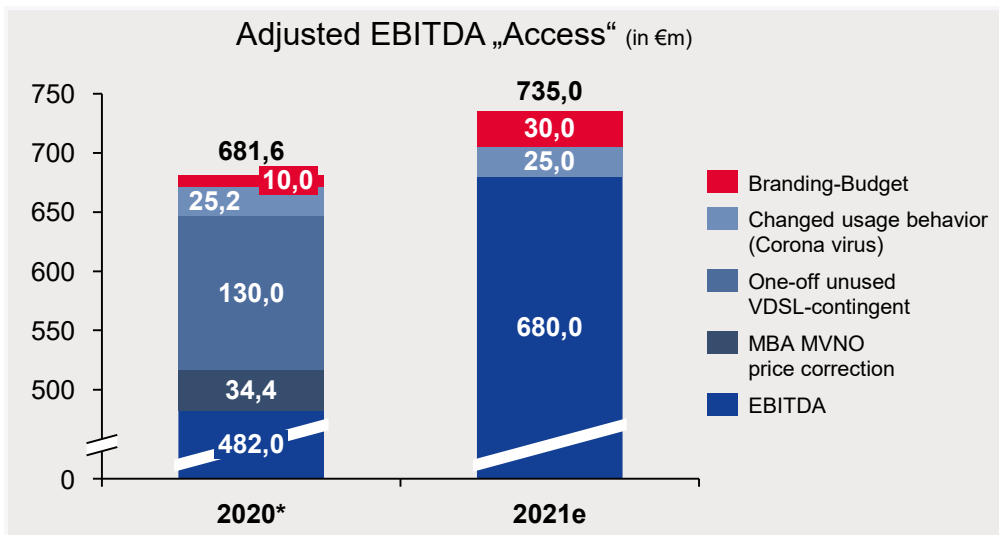
- – €13.9m EBITDA drawing from initial activities

\* The existing VDSL wholesale contract (1&1 Drillisch and Deutsche Telekom) was terminated earlier in view of the advantages of the new contract constellation, this resulted in the write-off of an accrued asset for contingents still available for use, which is to be amortized in the amount of €130m without an impact on cash.

# Forecast FY 2021

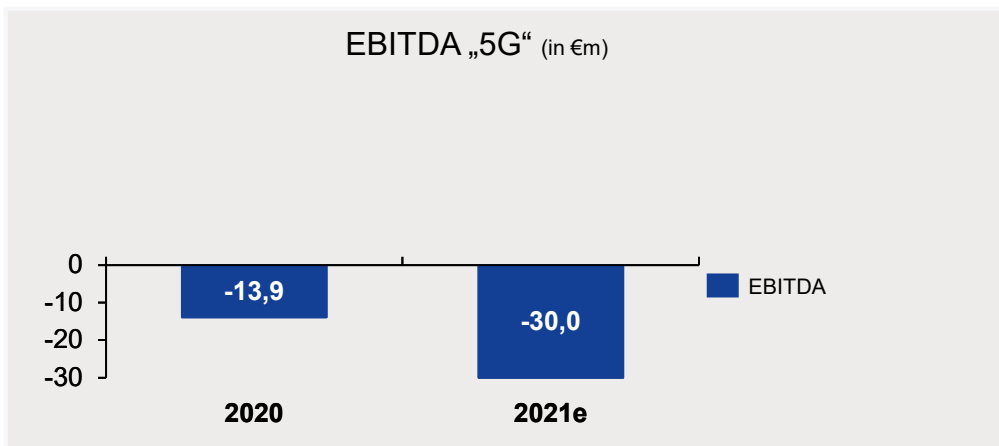
- Service revenue: ca. €3.1bn (previous year: ca. €3.02bn)
- EBITDA: ca. €650m (previous year: ca. €468,1 m, (after €203 m special factors))
- ca. - €55m included in earnings forecast
  - ca. €30m initial 5G network costs
  - ca. €25m negative effects from the coronavirus pandemic
- Not included: ca. € 34,4 m positive effects from retroactive price adjustment of MBA MVNO wholesale services (expected to be booked in 2021 outside the period)





## Segment „Access“

- €680m EBITDA, after
  - ca. €25m corona effect and
  - ca. €30m branding budget (+ € 20 m)



## Segment „5G“

- ca. €30m initial costs for the roll-out of an own 5G-mobile network

**Our Success Story  
Continues!**

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