



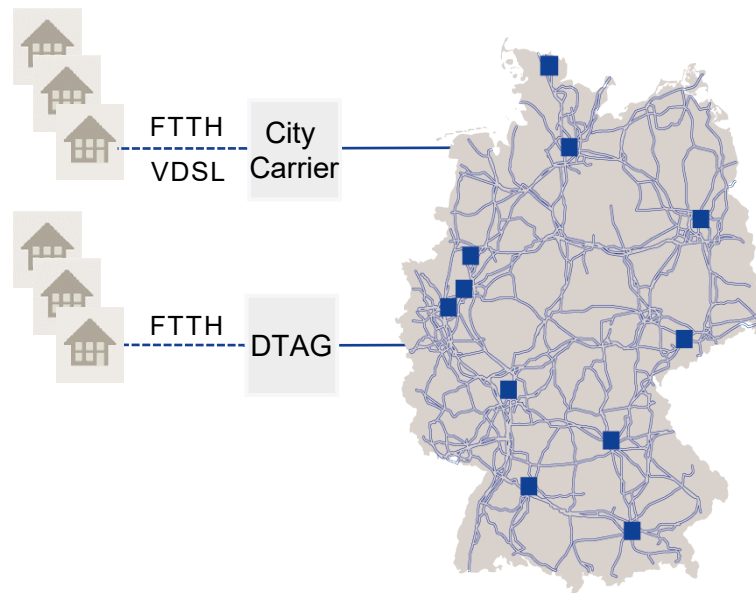
Fiscal Year 2020 and Outlook 2021

Ralph Dommermuth Company development 2020
5G network and National Roaming
Forecast FY 2021

Markus Huhn Financials 2020

Company development 2020

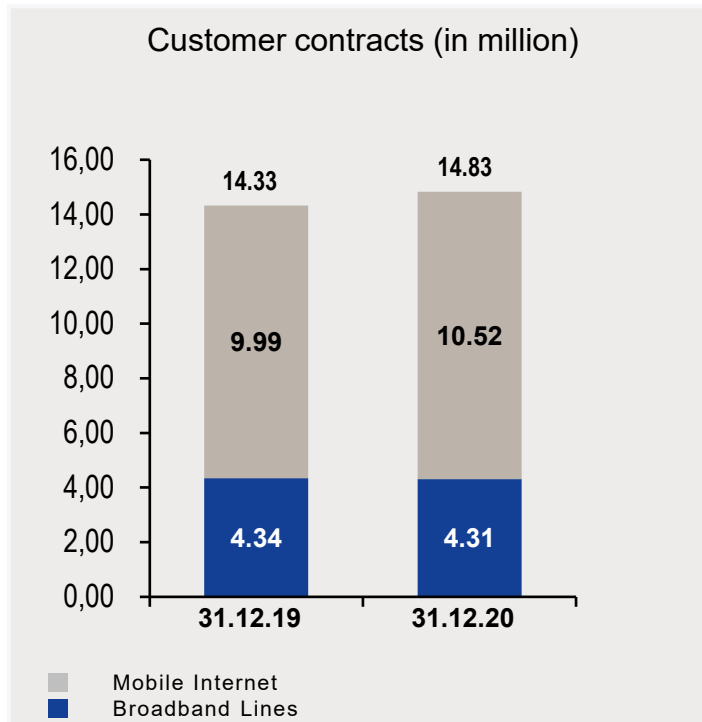
- Largest alternative DSL provider serving 4.31 million broadband connections (ADSL, VDSL, FTTH)
- VDSL and FTTH complete package including voice, IP-TV from a single source via 1&1 Versatel
- Winner of the connect landline network test: 2020, 2017 and 2015 (2nd place in 2018 und 2016)



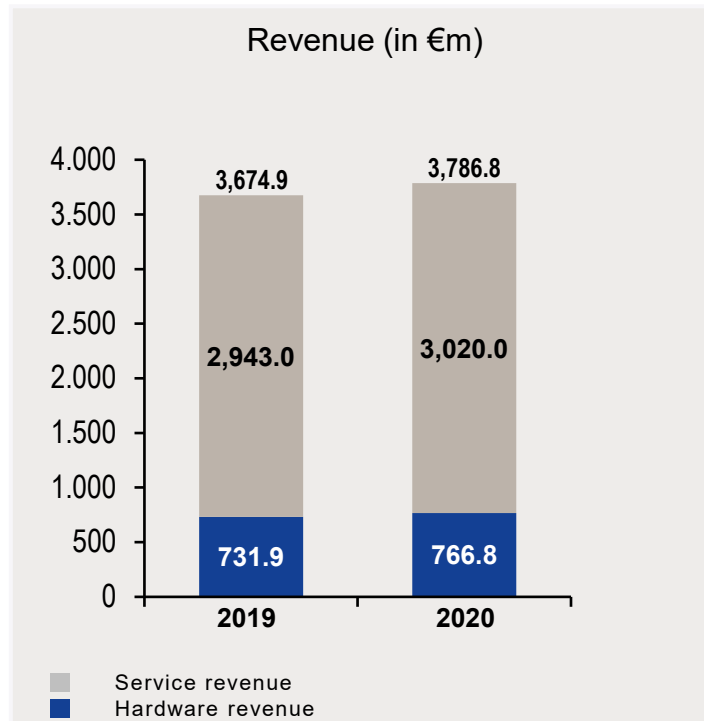
- Germany's leading MVNO with 10.52 million mobile services contracts
- Extensive market coverage



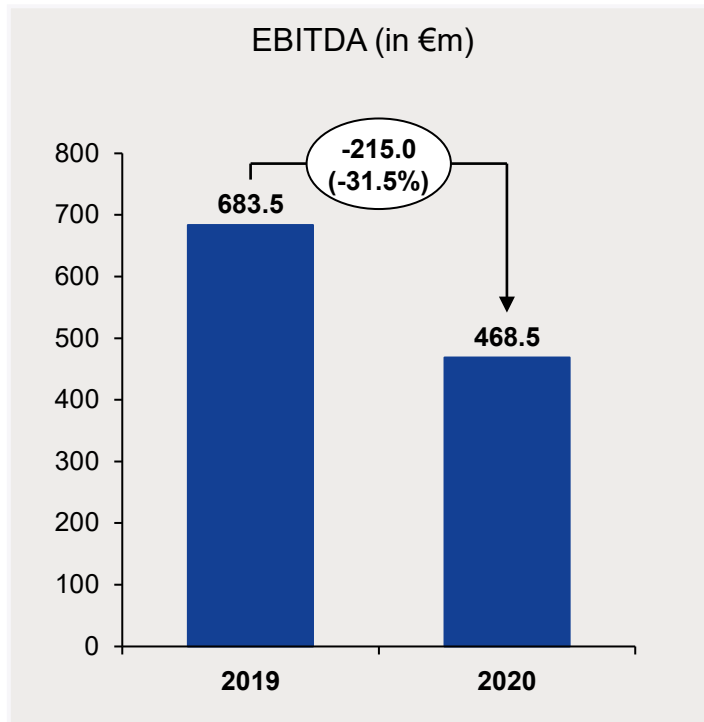
- Telefónica remedy partner with guaranteed long-term access to up to 30% of network capacity and all future technologies
- Additional procurement of advance service from Vodafone



- 14.83m customer contracts (+ 0.50m)
 - 10.52m mobile internet (+ 0.53m)
 - 4.31m broadband lines (- 0.03m)

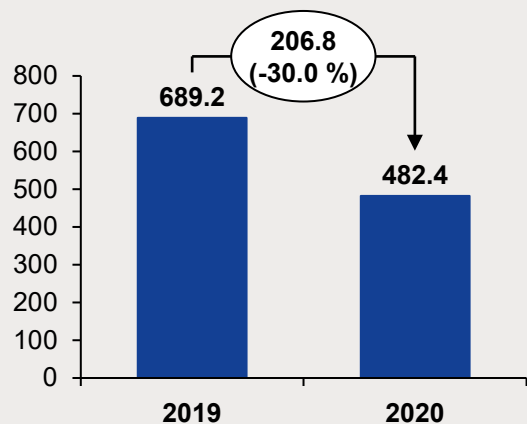


- + 3.0 % Revenue to €3,786.8m
 - + 2.6 % Service revenue to €3,020.0m
(+ 3.4 % adjusted for coronavirus effects,
in particular due to lower revenues from international
roaming)
 - + 4.8 % other revenue, mainly low-margin hardware business

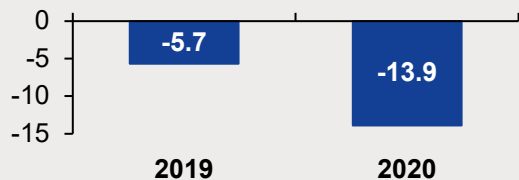


- – 31.5 % EBITDA to €468.5m

EBITDA Segment „Access“ (in €m)



EBITDA Segment „5G“ (in €m)



Segment „Access“

- €482.4m EBITDA, incl. ca. €204.3m special items
 - – €129.9m one-off unused VDSL contingents*
 - – €34.4m from excessive Telefónica wholesale billing in 2020 (expected as prior-period income in 2021)
 - – €25.2m from altered customer usage behaviour due to the coronavirus pandemic
 - – €8.2m regulation effect („TAL increase“)
 - – €5.5m regulation effect („SMS cost“)
 - – €1.1m one-off effect from ongoing integration projects

Segment „5G“

- – €13.9m EBITDA due to 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 led to the derecognition of an accrued asset for contingents still available for use, which is to be amortized in the amount of €129.9m without an impact on cash.

	2019	2020	Change
Customer contracts	14.33m	14.83m	+ 0.50m
Revenue	€3,674.9m	€3,786.8m	+ 3.0 %
of which service revenue	€2,943.0m	€3,020.0m	+ 2.6 %
EBITDA	€683.5m	€468.5m	– 31.5 %
EBIT	€528.5m	€313.1m	– 40.8 %
EPS (undiluted)	€2.12	€1.25	– 41.2 %

- Dividend proposal to the Annual General Meeting 2021 : €0.05 per voting share (minimum dividend according to sec. 254 AktG)

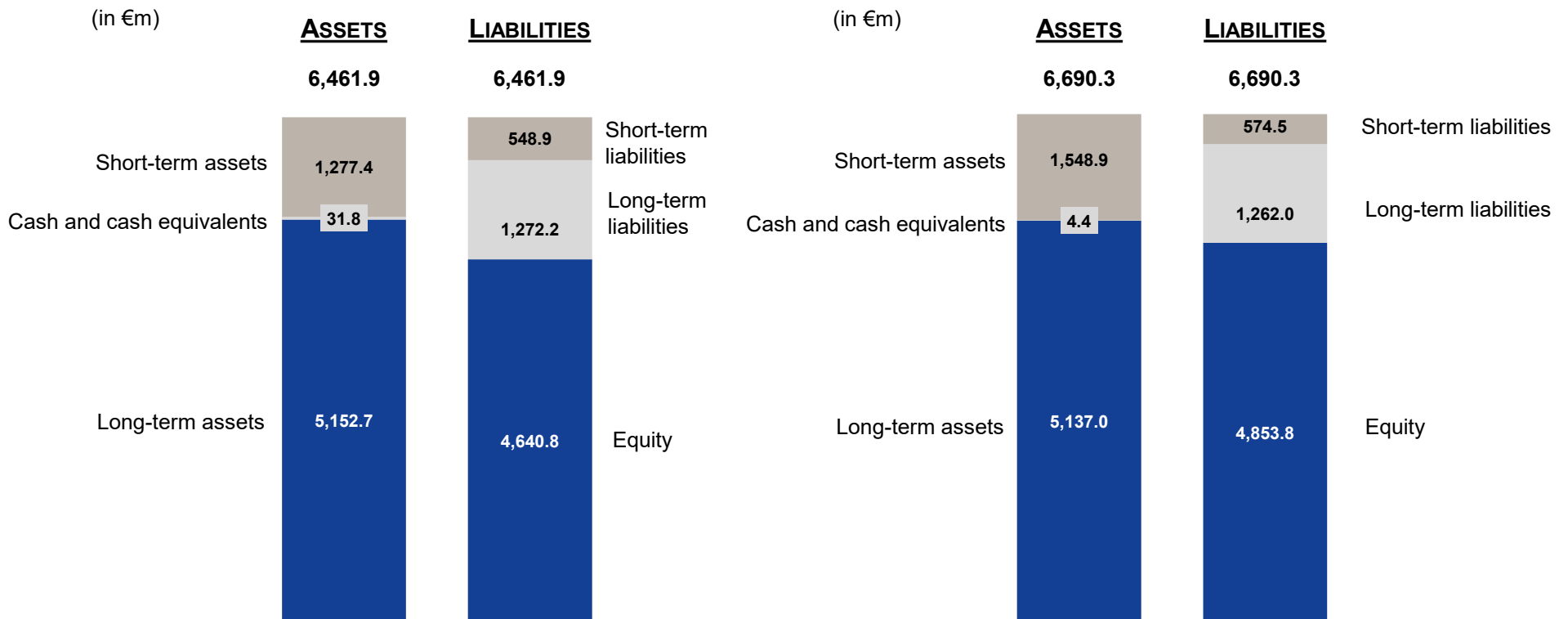
Financials 2020

(in €m)	2019	2020	Change
Revenues	3,674.9	3,786.8	+ 3.0 %
Cost of Sales	- 2,574.7	- 2,881.8	+ 11.9 %
Gross profit from turnover	1,100.2	905.0	- 17.7 %
Distribution costs	- 426.5	- 442.3	+ 3.7 %
Administration costs	- 92.2	- 99.4	+ 7.8 %
Other operating income/expenses	30.3	32.2	+ 6.2 %
Impairment losses from receivables and contract assets	- 83.3	- 82.4	- 1.2 %
Profit/loss from operating activities	528.5	313.1	- 40.8 %
Financial results	- 6.1	- 0.5	- 91.8 %
Profit before taxes	522.4	312.6	- 40.2 %
Tax expenses	- 148.8	- 93.0	- 37.5 %
Consolidated results	373.6	219.6	- 41.2 %

Balance sheet

31 December 2019

31 December 2020

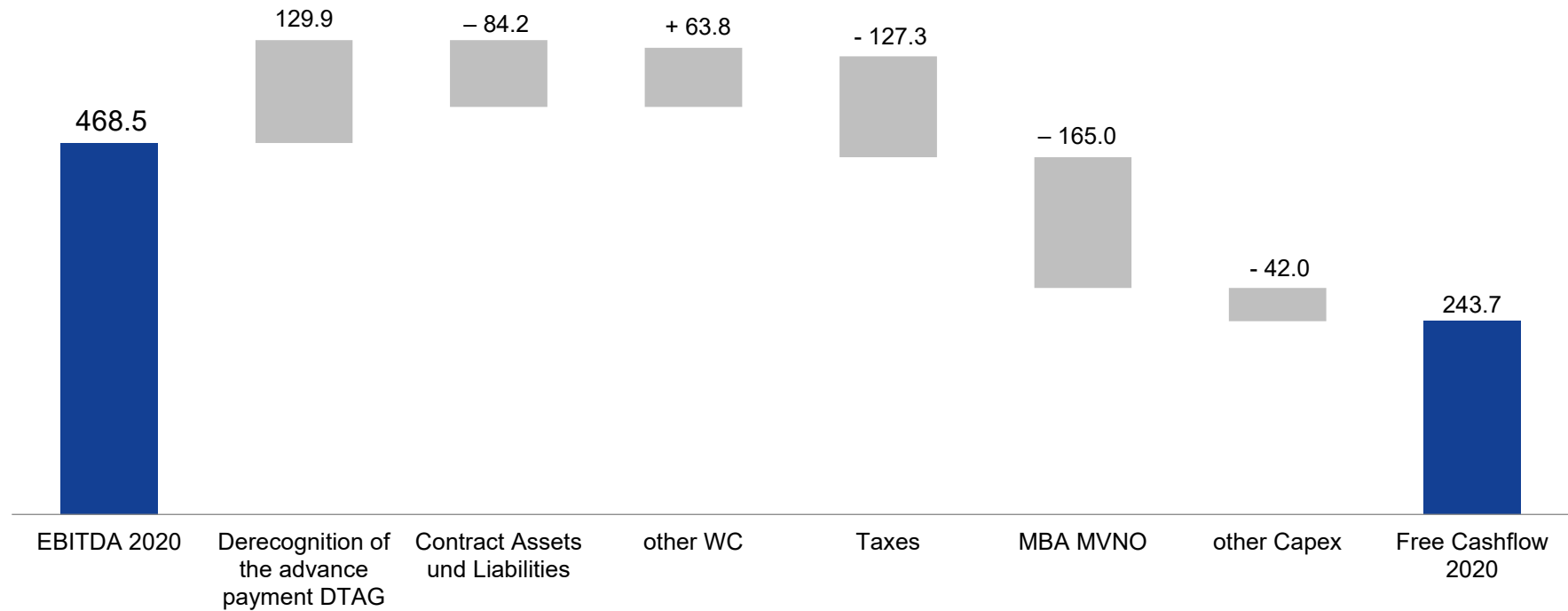


Cash flow

(in €m)	2019	2020	Change	Comments
Net inflow of funds from operating activities	375.7	450.7	+ 20.0 %	<ul style="list-style-type: none"> ▪ €511.3m Cash flow from operating activities ▪ - €84.2m Contract Assets and Liabilities ▪ + €53.5m Trade accounts payable ▪ + €45.9m Prepaid expenses ▪ - €37.1m Receivables and other assets ▪ - €19.2m Receivables/liabilities due from associated companies ▪ - €19.5m Others
Cash flow from investment activities	- 230.5	- 397.4	- 72.4 %	<ul style="list-style-type: none"> ▪ - €42.0m Capex ▪ - €165.0m Extension of MBA MVNO contract ▪ - €190.0m Investment of free cash with UTDI
Cash flow from financing activities	- 117.3	- 80.7	- 31.2 %	<ul style="list-style-type: none"> ▪ - €71.9m Repayment of financial liabilities (thereof €61.3m for the second instalment from frequency auction) ▪ - €8.8m Dividend disbursement
Free cash flow ⁽¹⁾	355.4	243.7	- 31.4 %	

(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.

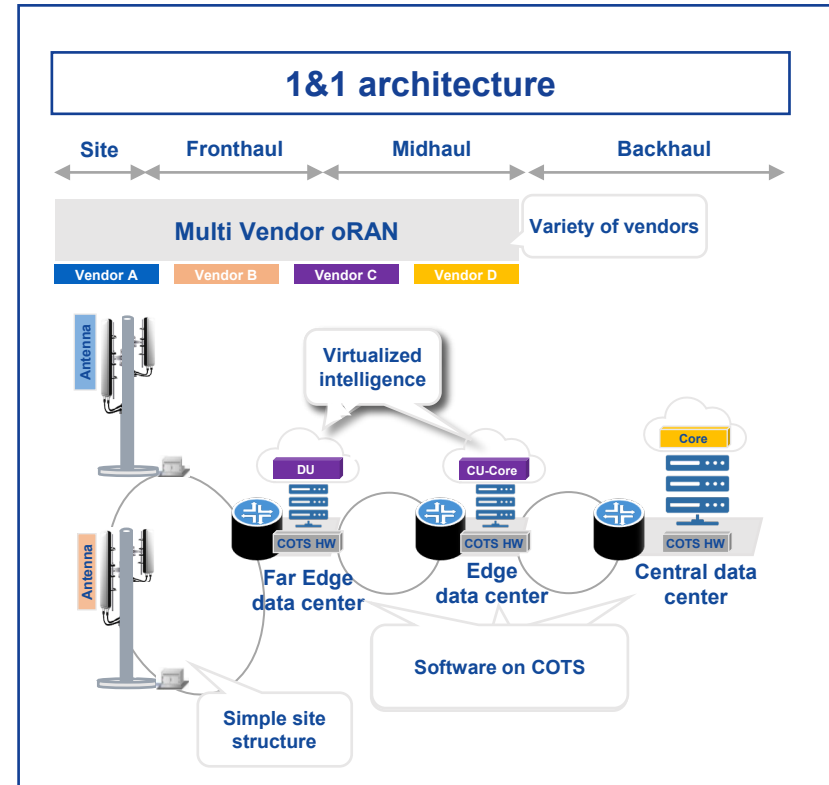
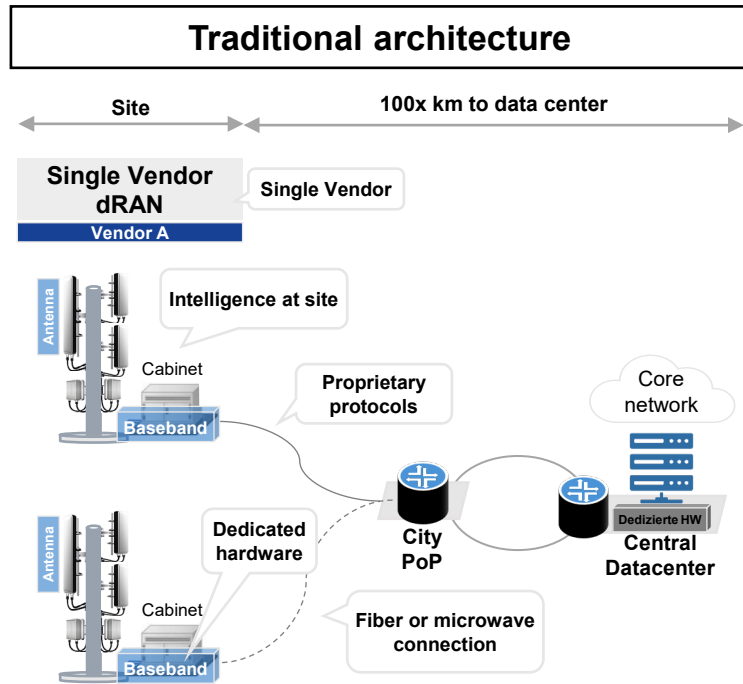
Bridge EBITDA to FCF (in €m)



	EBITDA 2020	Derecognition of the advance payment DTAG	Contract Assets und Liabilities	other WC	Taxes	MBA MVNO	other Capex	Free Cashflow 2020
Q1	164.0	0.0	- 2.1	- 18.9	- 37.9	0.0	- 7.6	97.5
Q2	165.6	0.0	- 20.2	- 31.1	- 21.5	0.0	- 10.9	81.9
Q3	127.0	0.0	- 5.7	+ 109.3	- 38.0	- 165.0	- 9.5	18.1
Q4	11.9	+ 129.9	- 56.2	+ 4.5	- 29.9	0.0	- 14.0	46.2

5G network and National Roaming

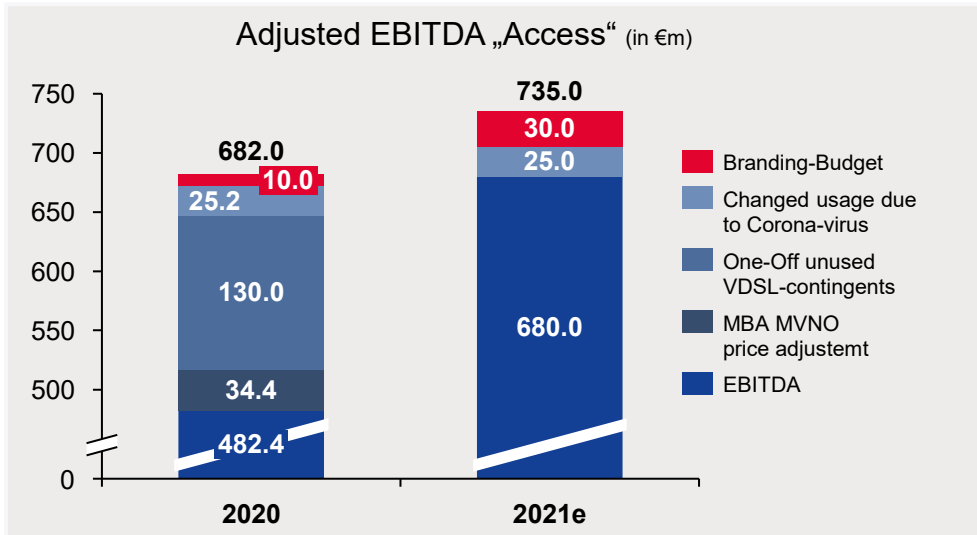
- Spectrum acquisition (3.6 GHz and 2.1 GHz) ✓
- Spectrum rental (2.6 GHz) via Telefónica Deutschland ✓
- National roaming agreement
 - Commercial agreement on national roaming ✓
 - National roaming contract Q2/2021
- Cooperation with mobile network vendors
 - Negotiated final offers from network vendors available ✓
 - Contracts with vendors Q2/2021
- Expansion of 1&1 Versatel fibre optic network ongoing
- Start of the 5G network rollout Q3/2021



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)

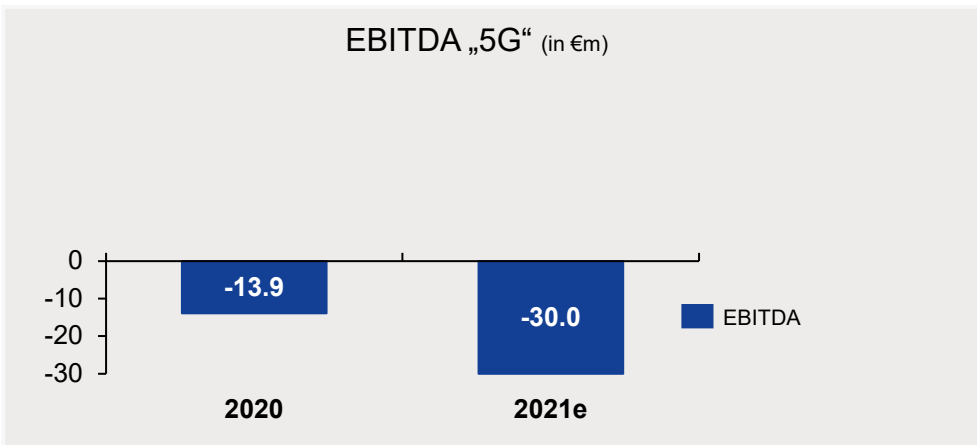
Forecast FY 2021

- Service revenue: ca. €3.1bn (previous year: ca. €3.02bn)
- EBITDA: ca. €650m (previous year: ca. €468.5m after ca. €204.3m special items)
- Included in earnings forecast: ca. €30m initial 5G network costs and ca. €25m effects from the coronavirus pandemic
- Not included: ca. €34.4m positive effects from retroactive price adjustment of MBA MVNO wholesale services (expected to be booked in 2021 as an out-of-period income)



Segment „Access“

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



Segment „5G“

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

Our success story
continues!

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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