



H1 2021 and Outlook

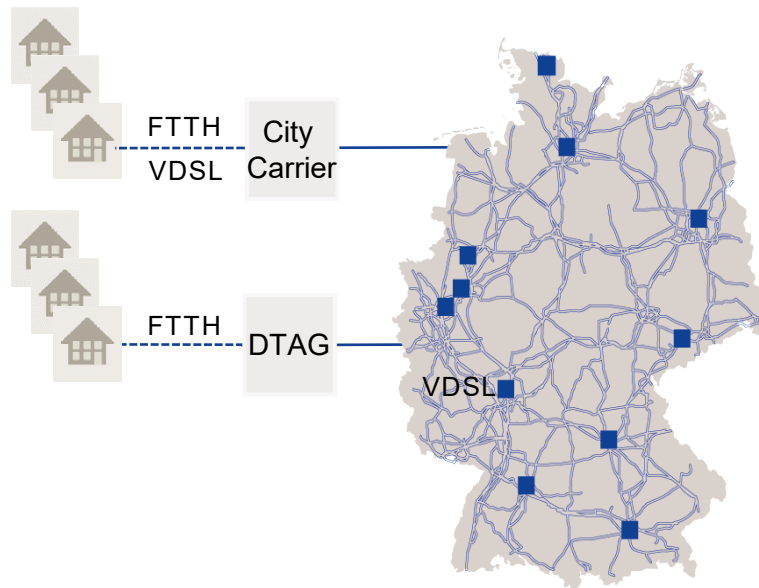
Ralph Dommermuth Company development
Forecast FY 2021

Markus Huhn Financials H1 2021

Company development

Product portfolio: Broadband connections

- Largest alternative DSL provider serving 4.28 million broadband connections
- VDSL and FTTH complete package including voice, IP-TV from a single source via 1&1 Versatel, last mile via Deutsche Telekom and City Carriers
- Frequent wins in connect's landline network test: 2020, 2017, 2015 (2nd place in 2021, 2018, 2016)



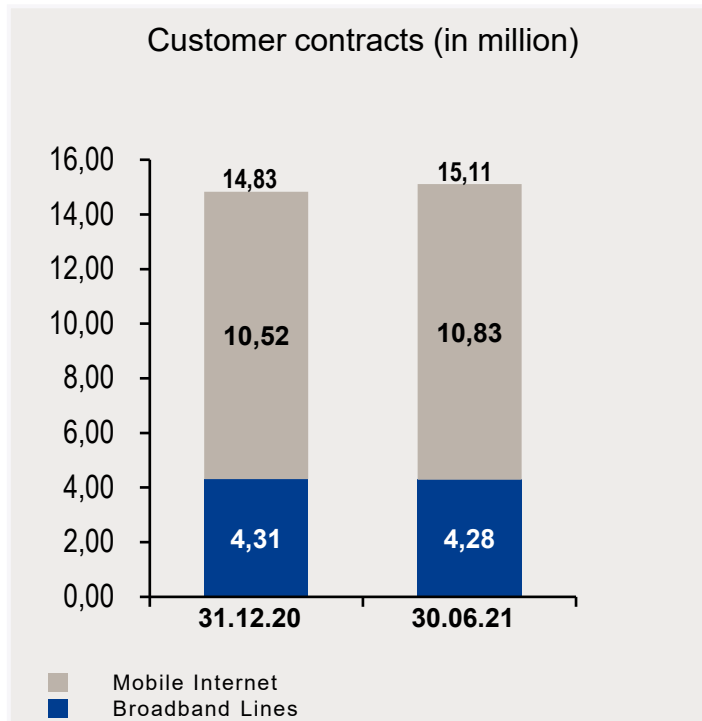
Product portfolio: Mobile

- Germany's leading MVNO with 10.83 million mobile services contracts
- Broad market coverage – target group-specific address of all market segments
- Frequent wins connect customer satisfaction

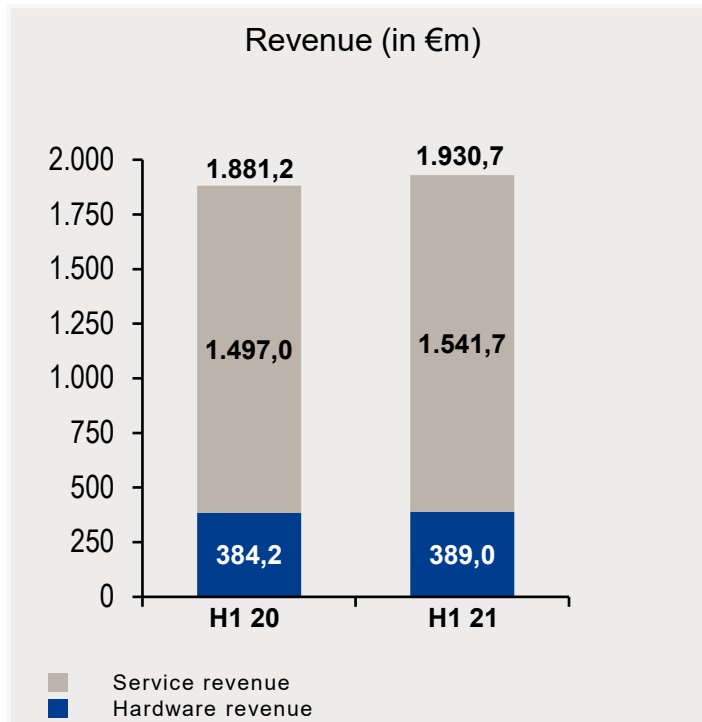


Primary brand	
Co brands	
Discount brands	

- Deployment of own 5G network
- MBA MVNO contract with Telefónica until start of own network
- Additional: Procurement of advance service from Vodafone



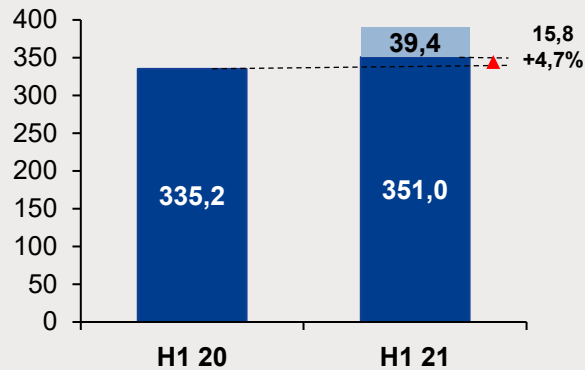
- 15.11m customer contracts (+ 0.28m)
 - 10.83m mobile internet (+ 0.31m)
 - 4.28m broadband lines (- 0.03m)



- €1,930.7m revenue (+ 2.6 %)
 - €1,541.7m service revenue (+ 3.0 %)
 - €389.0m other revenue, especially smartphones (+ 1.2 %)

EBITDA by segment

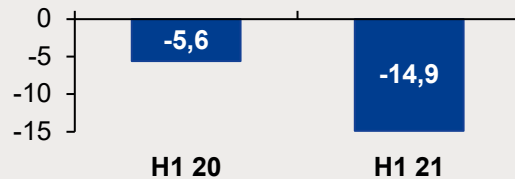
EBITDA Segment „Access“ (in €m)



Segment „Access“

- €390.4m EBITDA, incl.:
 - €39.4m Out-of-period reduction in cost of sales due to the application of recalculated wholesale prices (MBA MVNO) based on the agreed national roaming contract
 - €351.0m operational EBITDA (+ 4.7 %)

EBITDA Segment „5G“ (in €m)



Segment „5G“

- - €14.9m EBITDA due to initial activities for network setup

Status Network build

- Spectrum acquisition (3.6 GHz and 2.1 GHz) ✓
- Spectrum rental (2.6 GHz) via Telefónica Deutschland ✓
- National roaming agreement ✓
- Cooperation with mobile network vendors ✓
 - General contractor agreement with Rakuten ✓
 - Contracts with Tower Companies Q3/2021
- Expansion of 1&1 Versatel fiber optic network ongoing
- Start network construction Q4/2021

Traditional architecture

OpenRAN

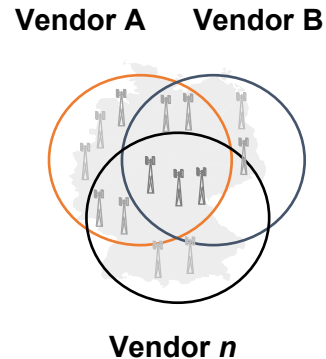
Advantage OpenRAN

Procurement

Supplier in defined regions



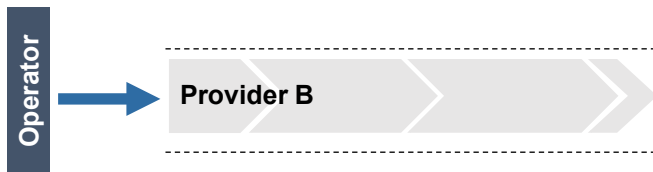
Multiple supplier in the same footprint



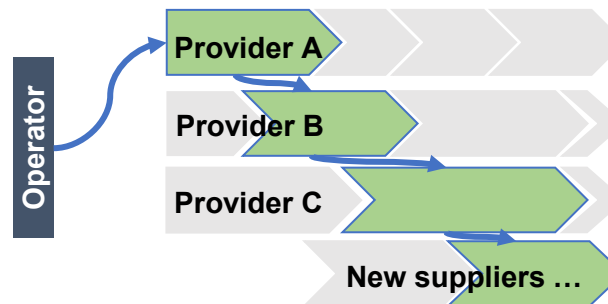
- Increased supplier competition
- Lower TCO and faster TTM as well as more innovations thanks to standard hardware, open interfaces and virtualization
- Lean organisation by focusing on automation and service architecture

Technology

„Locked-in“ provider roadmap



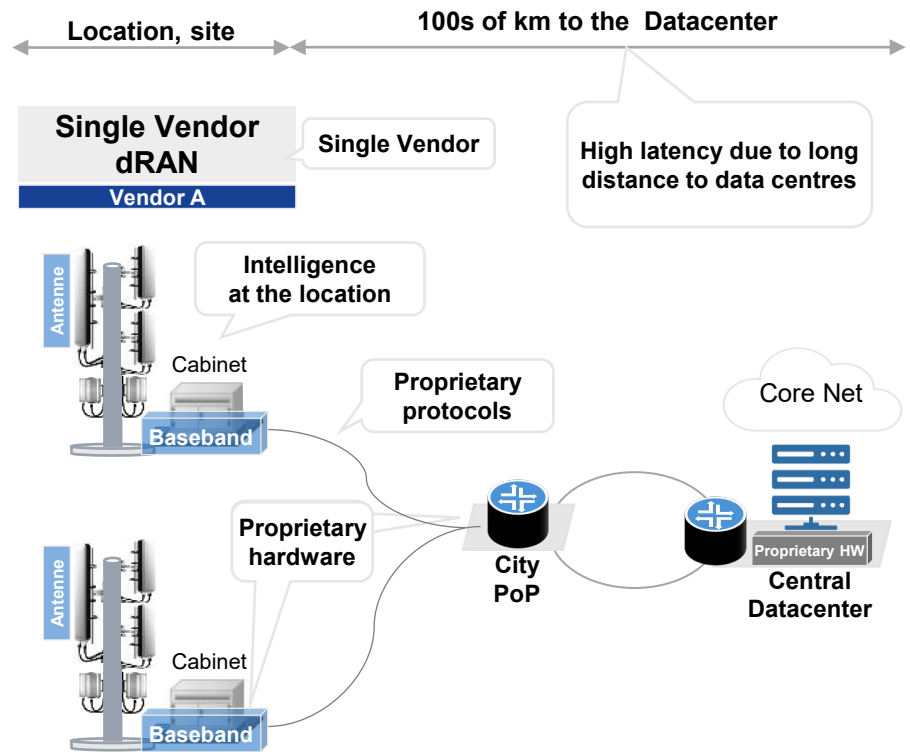
Flexible navigation through roadmaps



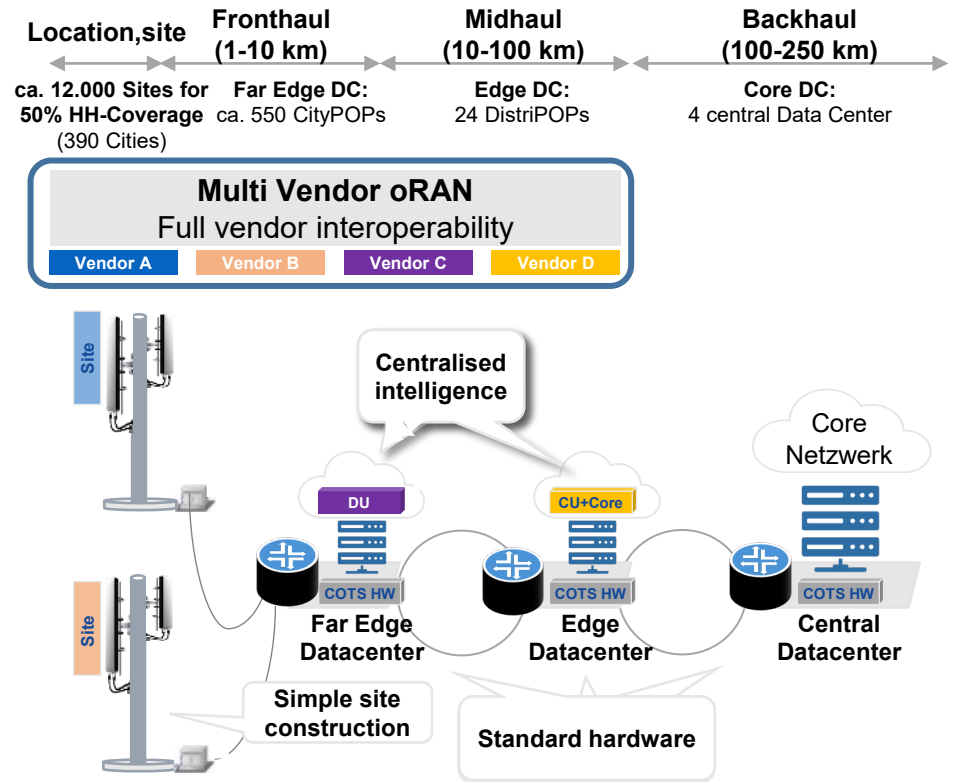
- Independence from the roadmap of a single provider

Traditional architecture vs. OpenRAN architecture

Traditional architecture



1&1 target architecture



- **Network intelligence** → Greater efficiency through pooling of resources
- **Applications closer to the end customer** → lower latency
- **Lean footprint at antenna site** → faster build-up, less maintenance

Virtualised OpenRAN in partnership with Rakuten

- First new built virtualised OpenRAN in Germany and Europe
- Planning and construction of the active network equipment through Rakuten
- Rakuten complements the United Internet Group's existing expertise in the operation of telecommunications networks, data centers and cloud applications
 - Experience from building and operating the first commercial virtualised OpenRAN
 - Responsibility for overall performance of the 1&1 mobile network
- Hybrid 4G and 5G network with fibre-optic connected gigabit sites
- Complete virtualisation for further developments via software updates
- Cost efficiency in maintenance and conversion thanks to extensive automation
- High flexibility and manufacturer neutrality through the use of standard hardware

Financials H1 2021

Earnings H1 2021



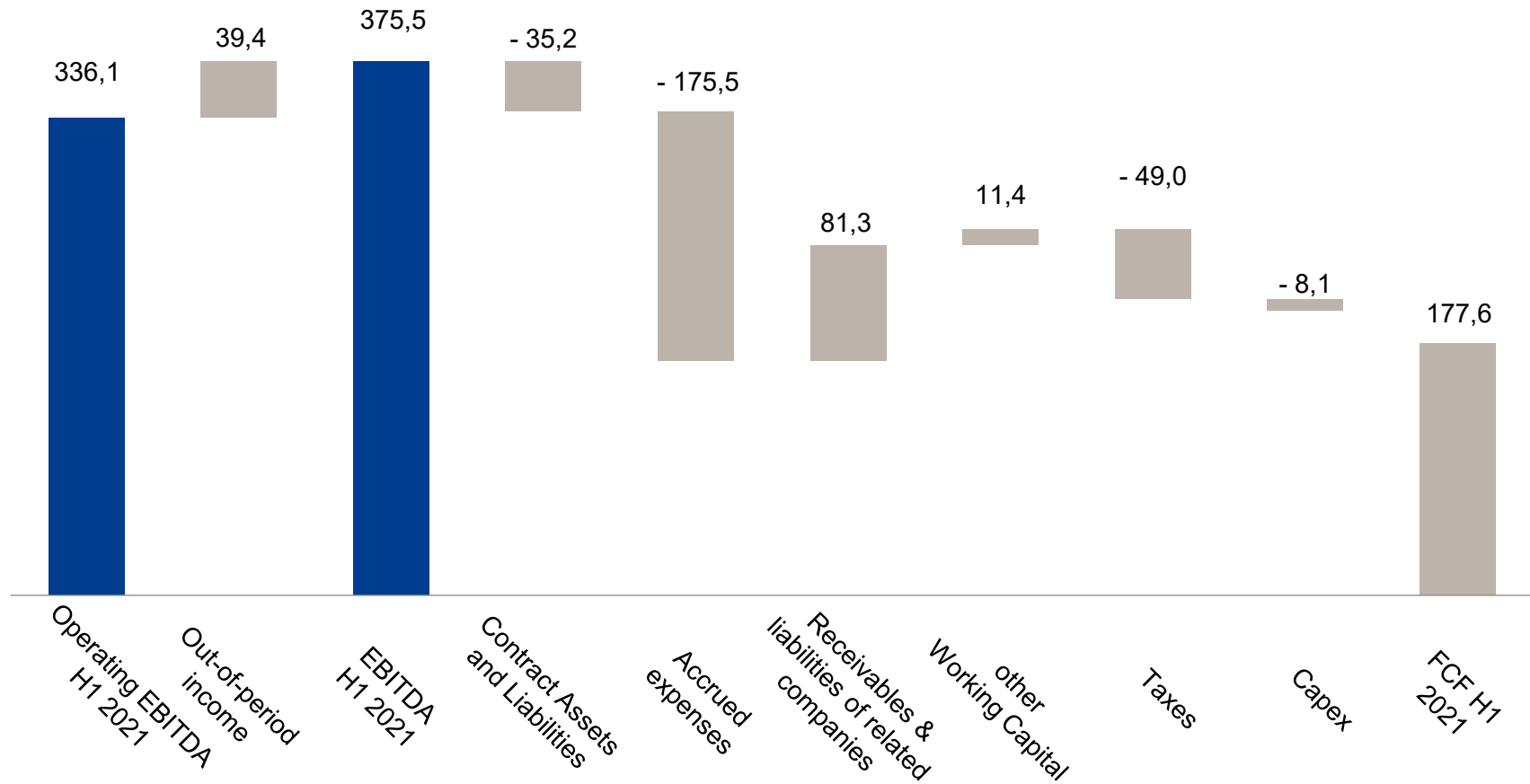
(in €m)	H1 2020	H1 2021	Change
Revenue	1,881.2	1,930.7	+ 2.6 %
Cost of Sales	- 1,341.5	- 1,313.9	- 2.1 %
Gross profits from turnover	539.7	616.8	+ 14.3 %
Distribution costs	- 213.7	- 235.2	+ 10.0 %
Administration costs ¹	- 48.1	- 59.6	+ 23.8 %
Other operating income/expenses	12.1	8.7	- 28.0 %
Impairment losses from receivables and contract assets	- 35.9	- 34.4	- 4.1 %
Profit/loss from operating activities	254.1	296.3	+ 16.6 %
Financial result	- 0.2	- 0.2	+ 13.9 %
Profit before taxes	253.9	296.1	+ 16.6 %
Tax expense	- 69.2	- 88.9	+ 28.4 %
Consolidated result	184.7	207.2	+ 12.2 %

(1) Incl. - €14.9m initial expenses for preparations for 5G mobile communications network (previous year: - €5.6m)

(in €m)	H1 20	H1 21	Change	Comments
Net inflow of funds from operating activities	197.7	185.8	- 6.1 %	<ul style="list-style-type: none"> ▪ €283.5m Cash flow from operating activities ▪ - €35.2m Contract Assets and Liabilities ▪ + €81.3m Change in receivables from and liabilities to related companies ▪ + €10.8m Increase in income tax ▪ + €16.9m Change in trade/other receivables and trade/other payables ▪ - €175.5m change in accrued expenses ▪ + €4.0m Decrease of inventories
Cash flow from investment activities	- 209.5	- 168.4	+ 19.6 %	<ul style="list-style-type: none"> ▪ - €8.1m Capex ▪ - €160.0m Investment of free cash with UTDI
Cash flow from financing activities	- 14.5	- 15.3	- 5.8 %	<ul style="list-style-type: none"> ▪ - €8.8m Dividend disbursement ▪ - €6.5m Repayment of lease liabilities
Free cash flow ⁽¹⁾	179.4	177.6	- 1.0 %	

(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)



Q1	167.9	34.4	202.3	-33.0	14.6	-21.0	-29.7	-32.0	-3.6	97.6
Q2	168.2	5.0	173.2	-2.2	-190.1	102.3	18.3	-17.0	-4.5	80.0

Forecast 2021

Forecast 2021

- Ca. €3.10bn service revenue (previous year: €3.02bn)
- Ca. €670m EBITDA (former guidance: ca. €650m; previous year: €468.5m after ca. €204.3m special items)
- Included unchanged in earnings forecast: ca. €30m initial 5G network cost
- On top: €39.4m positive effects from retroactive price adjustment of MBA MVNO wholesale services

Our success story
continues!

Disclaimer & Contact

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1&1 AG

Investor Relations

Wilhelm-Roentgen-Strasse 1-5

D-63477 Maintal

Contact

Telefon: +49 61 81 / 412 218

Internet: www.1und1.AG

Email: ir@1und1.de