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## 9M 2021 and Outlook

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**Markus Huhn**

Company development

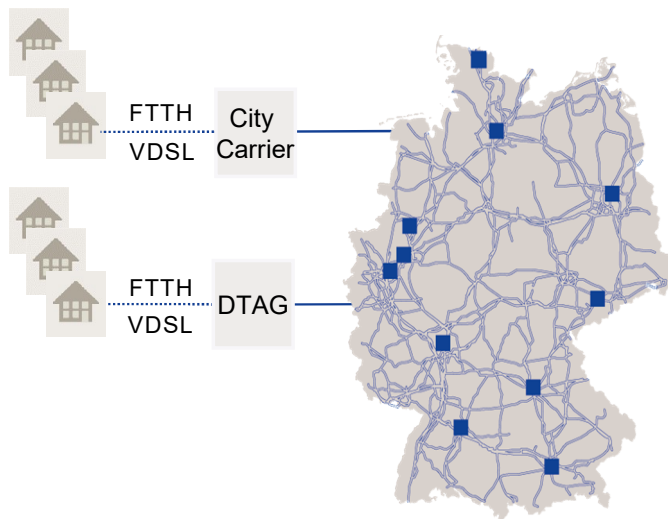
Financials 9M 2021

Forecast FY 2021

Company development

## Product portfolio: Broadband connections

- Largest alternative DSL provider serving 4.26 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

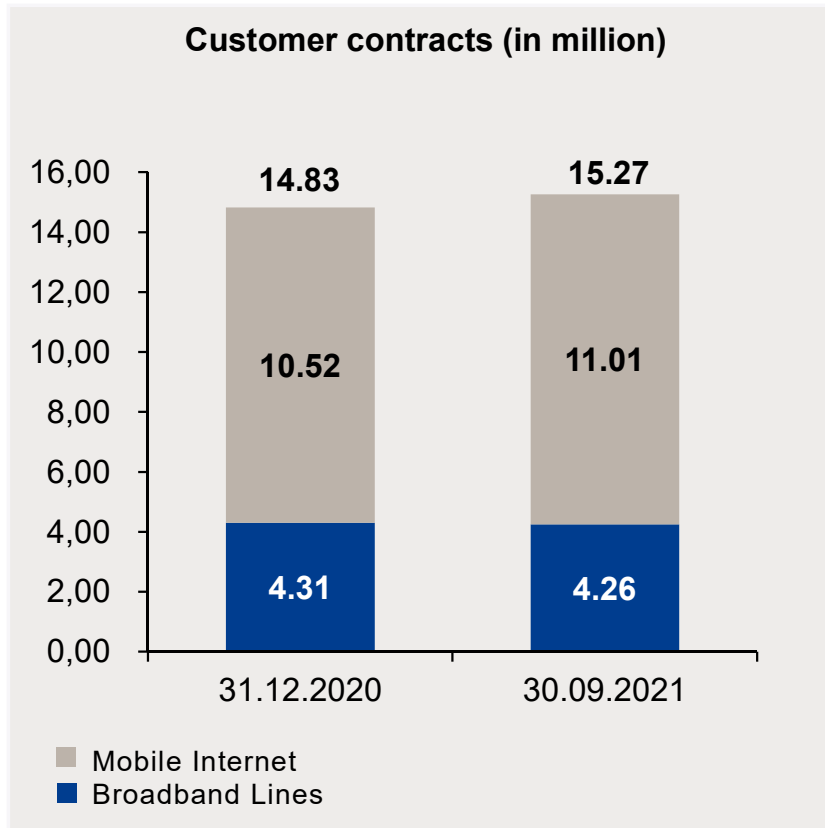


- Germany's leading MVNO with 11.01 million mobile services contracts
- Broad market coverage – target group-specific addressing of all market segments
- Frequent wins connect customer satisfaction

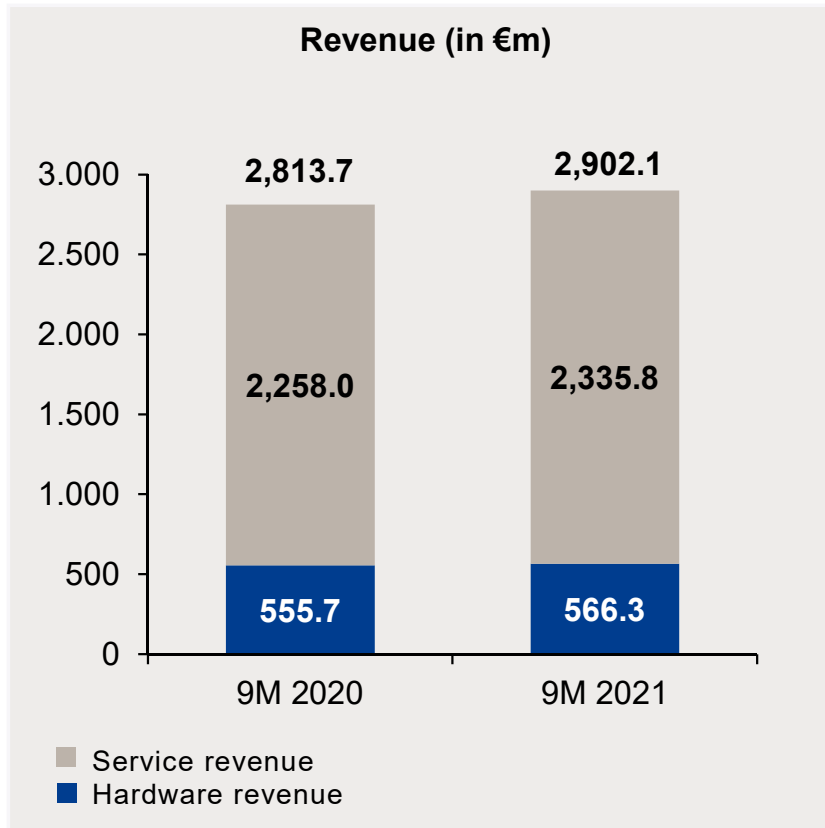


- Deployment of own 5G network
- MBA MVNO contract with Telefónica until start of own network
- Additional: Procurement of advance service from Vodafone

# Customer contracts

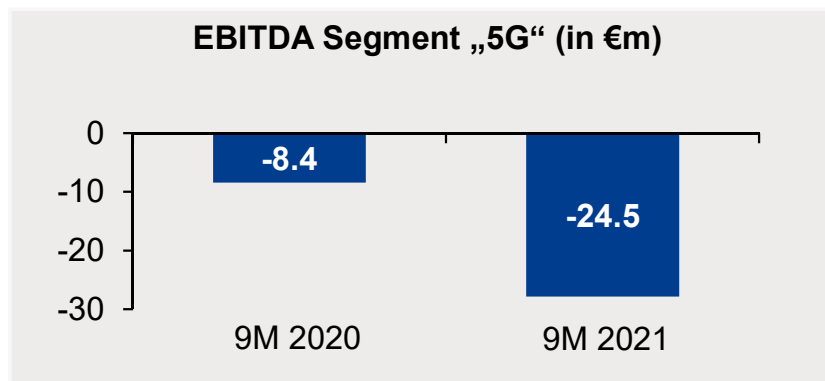
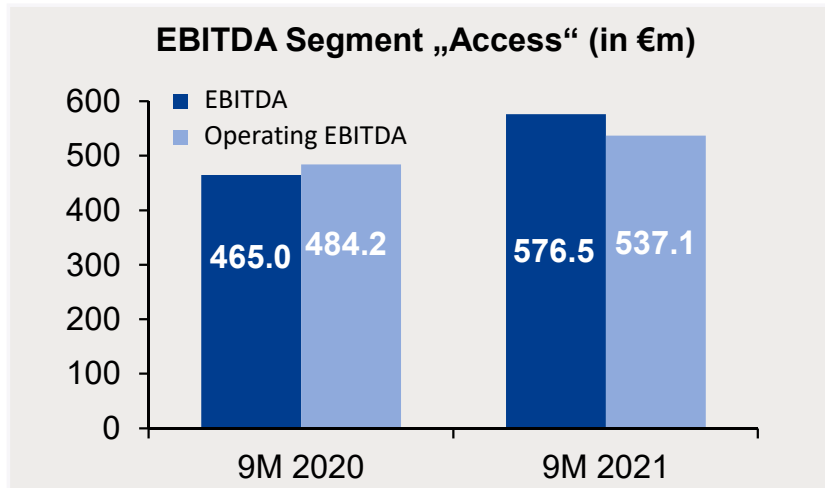


- 15.27m customer contracts (+ 0.44m)
  - 11.01m mobile internet (+ 0.49m)
  - 4.26m broadband lines (- 0.05m)



- €2,902.1m revenue (+ 3.1 %)
  - €2,335.8m service revenue (+ 3.4 %)
  - €566.3m other revenue, especially smartphones (+ 1.9 %)

# EBITDA by segments



## Segment „Access“

- €576.5m 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 (thereof €19.2m attributable to Q3 2020)
  - €537.1m operating EBITDA (+ 10.9 %)

## Segment „5G“

- - €24.5m EBITDA due to initial activities for 5G 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 Q4/2021
- Expansion of 1&1 Versatel fiber optic network ongoing
- Start network construction Q4/2021

# Financials 9M 2021

# Earnings 9M 2021



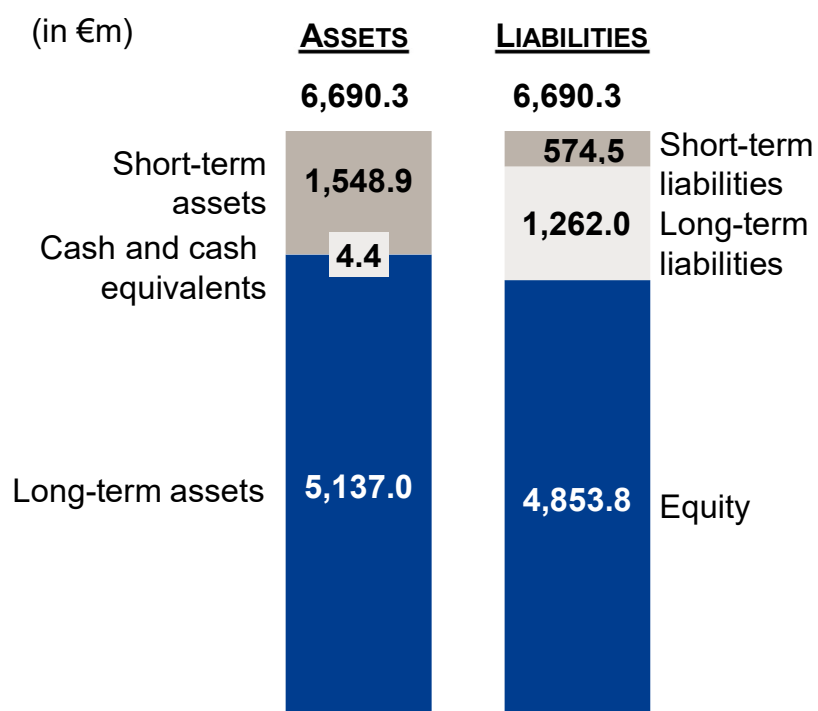
(in €m)	9M 2020	9M 2021	Change
<b>Revenue</b>	2,813.7	2,902.1	+ 3.1 %
Cost of Sales	- 2,029.0	- 1,989.5	- 2.0 %
<b>Gross profits from turnover</b>	784.7	912.6	+ 16.3 %
Distribution costs	- 331.0	- 348.9	+ 5.4 %
Administration costs <sup>1</sup>	-73.3	- 95.5	+ 30.3 %
Other operating income/expenses	16.5	14.6	- 11.5 %
Impairment losses from receivables and contract assets	- 55.8	- 52.4	- 6.1 %
<b>Profit/loss from operating activities</b>	341.1	430.5	+ 26.2 %
Financial result	- 0.1	- 0.5	
<b>Profit before taxes</b>	341.0	430.0	+ 26.1 %
Tax expense	- 100.7	- 126.6	+ 25.8 %
<b>Consolidated result</b>	240.3	303.4	+ 26.3 %

(1) Incl. - €24.5m initial expenses for preparations for 5G mobile communications network (previous year: - €8.4m)

# Balance sheet

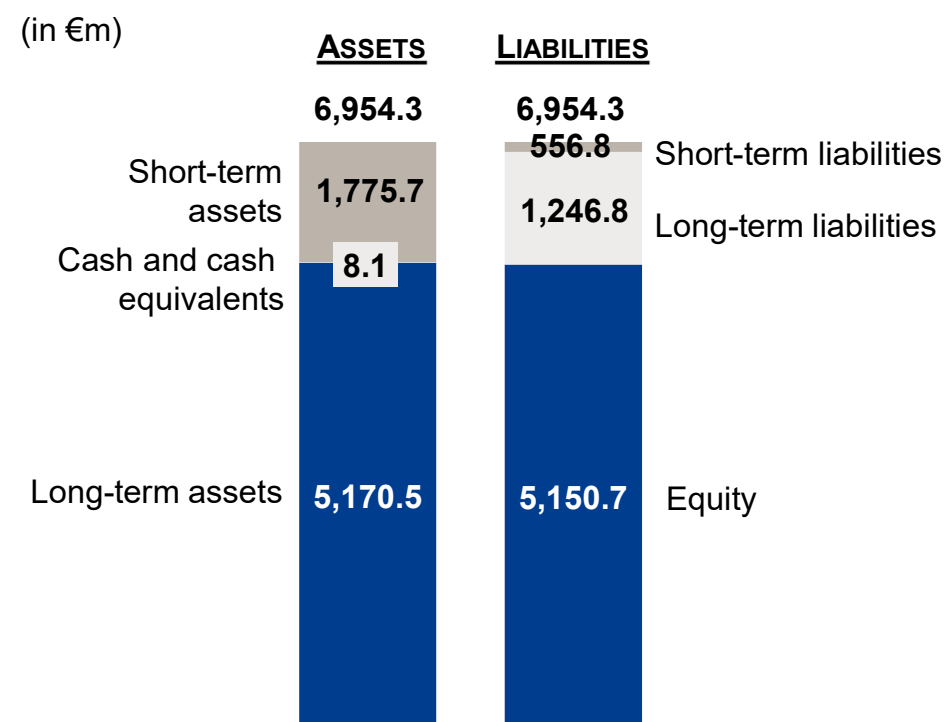


## December 31, 2020



Equity ratio 72.5 %

## September 30, 2021



Equity ratio 74.1 %

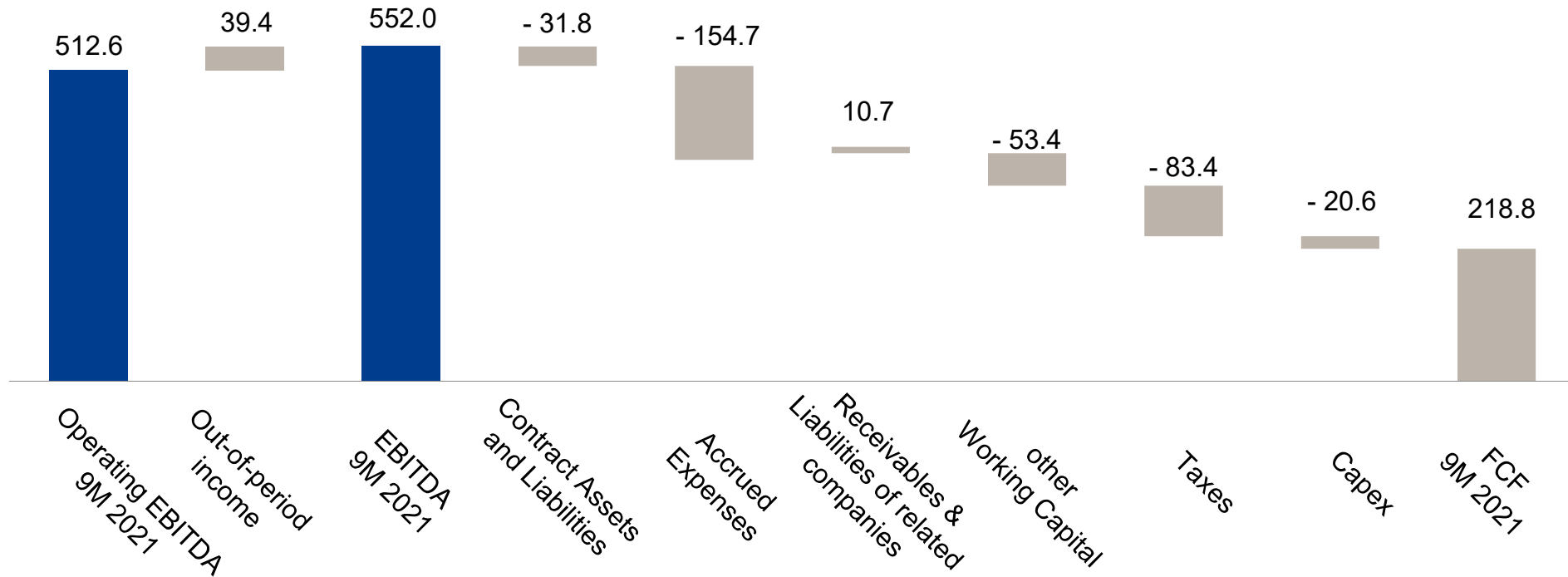
# Cashflow



(in €m)	9M 2020	9M 2021	Change	Comments
Net inflow of funds from operating activities	390.5	239.4	- 38.7 %	<ul style="list-style-type: none"> <li>▪ €418.6m Cash flow from operating activities</li> <li>▪ - €31.8m Contract Assets and Liabilities</li> <li>▪ + €10.7m Change in receivables from and liabilities to related companies</li> <li>▪ + €8.9m Increase in income tax</li> <li>▪ - €20.7m Change in trade/other receivables and trade/other payables</li> <li>▪ - €154.7m Change in accrued expenses</li> <li>▪ + €8.4m Decrease of inventories</li> </ul>
Cash flow from investment activities	- 400.2	- 217.8	+ 45.6 %	<ul style="list-style-type: none"> <li>▪ - €20.6m Capex</li> <li>▪ - €197.0m Investment of free cash with UTDI</li> </ul>
Cash flow from financing activities	- 17.2	- 17.8	- 4.0 %	<ul style="list-style-type: none"> <li>▪ - €8.8m Dividend disbursement</li> <li>▪ - €9.0m Repayment of lease liabilities</li> </ul>
Free cash flow <sup>(1)</sup>	197.5	218.8	+ 10.8 %	

(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 (in €m)



	Operating EBITDA 9M 2021	Out-of-period income	EBITDA 9M 2021	Contract Assets and Liabilities	Accrued Expenses	Receivables & Liabilities of related companies	Working Capital other	Taxes	Capex	FCF 9M 2021
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
Q3	176.5	0.0	176.5	3.4	20.8	-70.6	-42.0	-34.4	-12.5	41.2

## Forecast 2021

## Forecast 2021

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- Ca. €3.10bn service revenue
- Ca. €670m EBITDA (increased with H1 report in August, previously: ca. €650m)
- 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!

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

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

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