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## **9M 2022 and Outlook 2022**

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**Markus Huhn**

Company development 9M 2022

1&1 mobile network

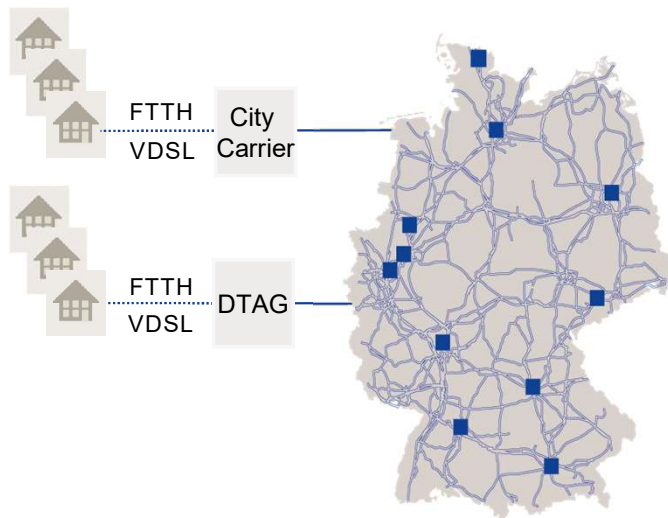
Financials 9M 2022

Forecast 2022

## Company development 9M 2022

## Product portfolio: Broadband connections

- Largest alternative DSL Provider serving 4.13 million broadband connections
- VDSL and FTTH complete package including voice, IP-TV-subscription from a single source via 1&1 Versatel, last mile via Deutsche Telekom and City Carriers
- Frequent wins in connect's landline test: 2020, 2017, 2015 (2<sup>nd</sup> place in 2022, 2021, 2018, 2016)



# Product portfolio: Mobile



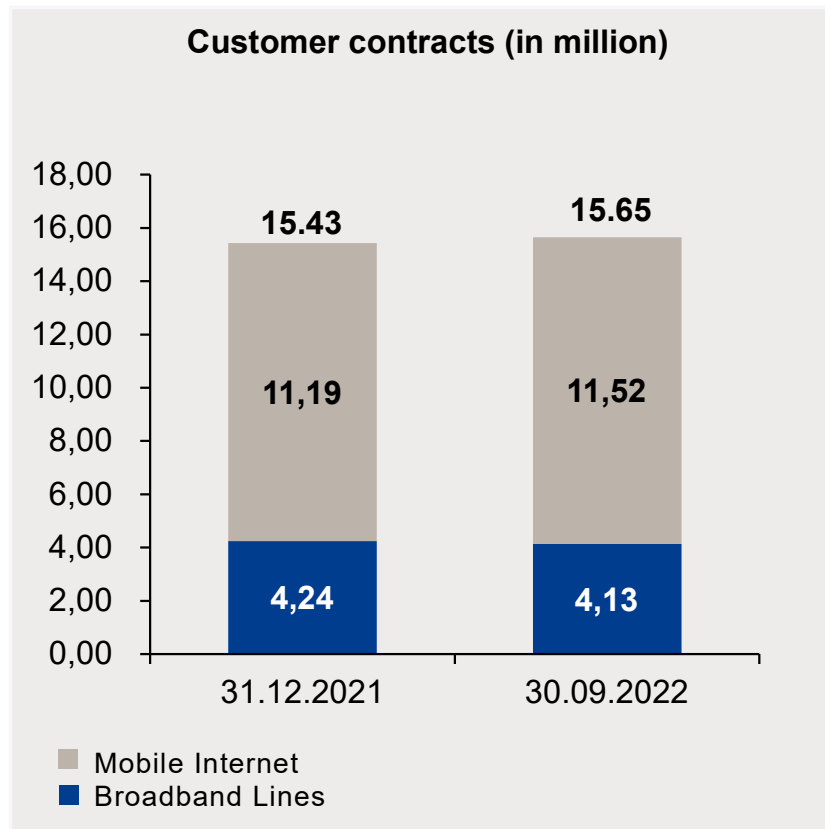
- Germany's leading MVNO with 11.52 million mobile services contracts
- Broad market coverage – Target group specific marketing approach
- High level of customer satisfaction



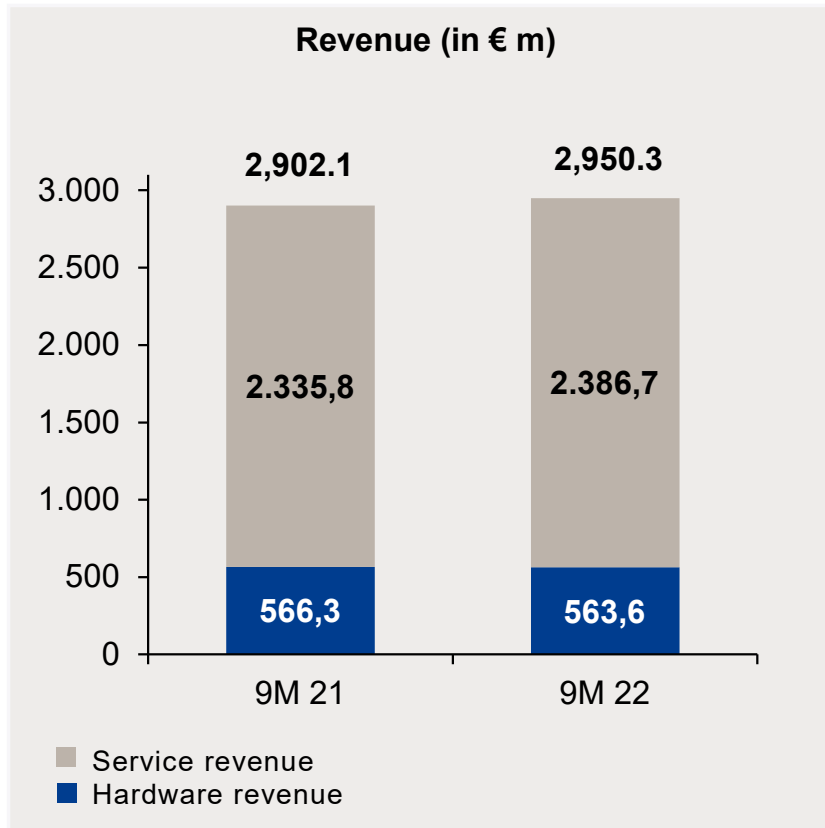
Primary brand	
Co brands	
Discount brands	 

- Building a powerful 5G network
- Until network launch: MVNO with wholesale procurement from Telefónica and Vodafone

# Customer contracts

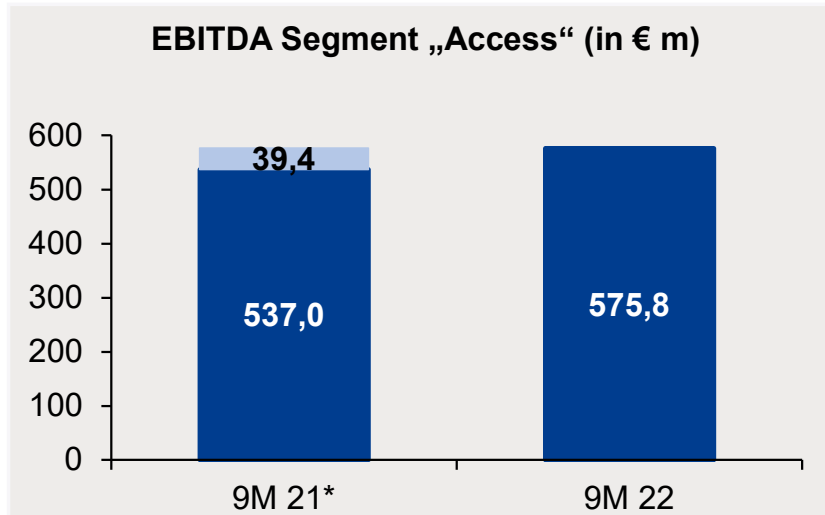


- 15.65m customer contracts (+ 0.22m)
  - 4.13m Broadband Lines (- 0.11m)  
thereof - 0.03m operational growth as well as - 0.08m due to the latest TKG amendment
  - 11.52m Mobile Internet (+ 0,33m)  
thereof + 0.48m operational growth as well as - 0.15m due to the latest TKG amendment



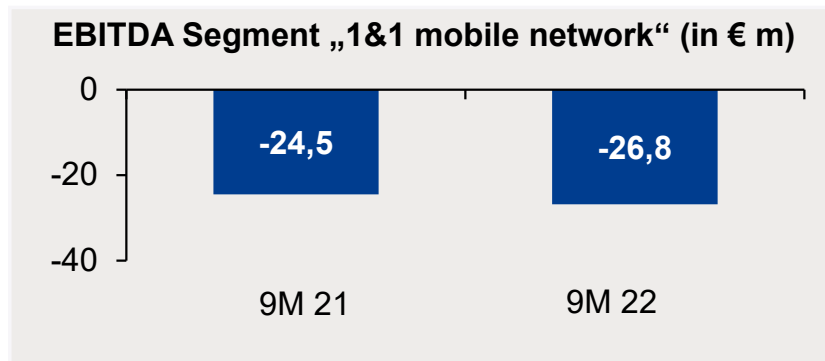
- €2,950.3m revenue (+ 1.7 %)
  - €2,386.7m service revenue (+ 2.2 %)
  - €563.6m other revenue
    - especially smartphones (- 0.5 %)

# EBITDA by segments



## Segment „Access“

- €575.8m EBITDA (+ 7.2 %\*)



## Segment „1&1 mobile network“

- - €26.8m EBITDA ( - €2.3m increased expenses for building the mobile network)

\* 9M 2021 excluding €39.4 million in non-period income due to retroactive price adjustment for MBA MVNO wholesale services.



1&1 mobile network

## Next steps

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- Q4 2022
  - Start of operations of regional edge data centers, decentralized edge data centers and 2 core data centers
  - First product: Fixed Wireless Access (FWA)
- Q1 2023
  - Connection to national Telecom networks
- Q2 2023
  - Connection to international Telecom networks
  - National Roaming test phase
- Q3 2023
  - Operational start of 3<sup>rd</sup> and 4<sup>th</sup> core data centres
  - National roaming functionality – nationwide marketing launch
  - Discontinuation of MVNO sales
- Q4 2023
  - Start of migration of existing customers

## Key financial figures 9M 2022

## Earnings 9M 2022 vs. 9M 2021



(in € m)	9M 2021	9M 2022	Change
<b>Revenue</b>	2,902.1	2,950.3	+ 1.7 %
Cost of Sales <sup>(1)</sup>	- 1,989.5	- 1,997.4	+ 0.4 %
<b>Gross profit from revenues</b>	912.6	952.9	+ 4.4 %
Distribution costs	- 348.9	- 374.2	+ 7.3 %
Administration costs <sup>(2)</sup>	- 95.5	- 92.1	- 3.6 %
Other operating income/expenses	14.6	19.0	+ 30.1 %
Impairments on receivables and contract assets	- 52.4	- 76.8	+ 46.6 %
<b>Profit/loss from operating activities</b>	430.5	428.8	- 0.4 %
Financial result	- 0.5	- 4.6	
<b>Profit before taxes</b>	430.0	424.2	- 1.4 %
Tax expense	- 126.6	- 127.5	+ 0.7 %
<b>Consolidated result</b>	303.4	296.7	- 2.2 %

(1) 9M 2021 included €39.4 million reduction in cost of sales relating to other periods due to retroactive price adjustment for MBA MVNO preliminaries

(2) Incl - €26.8 million in expenses for the construction of the 1&1 mobile communications network (prior year: - €24.5 million).

# Balance sheet



31 December 2021

30 September 2022

(in € m)

**ASSETS**

**LIABILITIES**

7,063.7

7,063.7

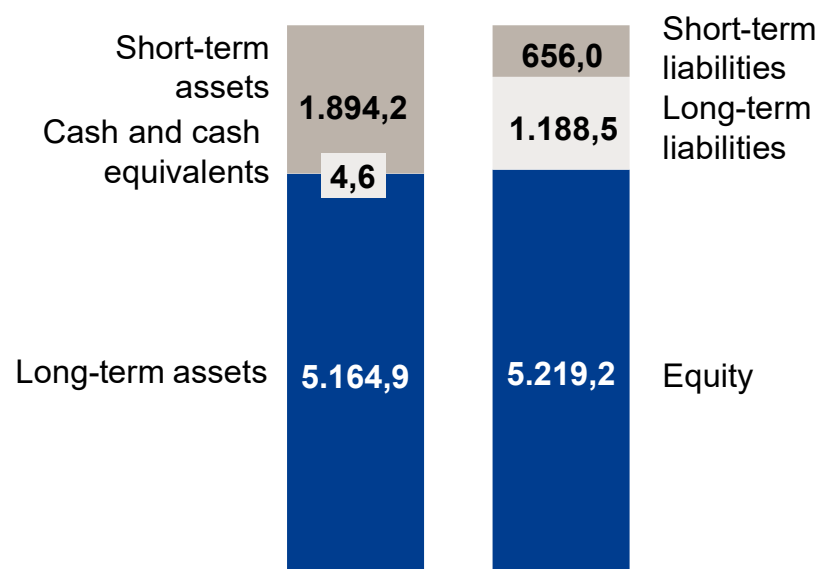
(in € m)

**ASSETS**

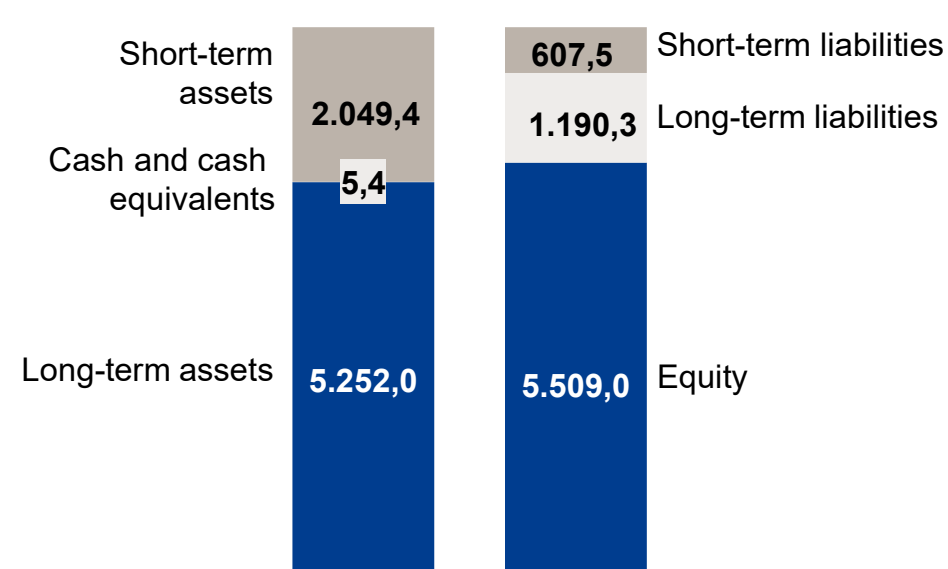
**LIABILITIES**

7,306.8

7,306.8



Equity Ratio 73.9 %



Equity Ratio 75.4 %

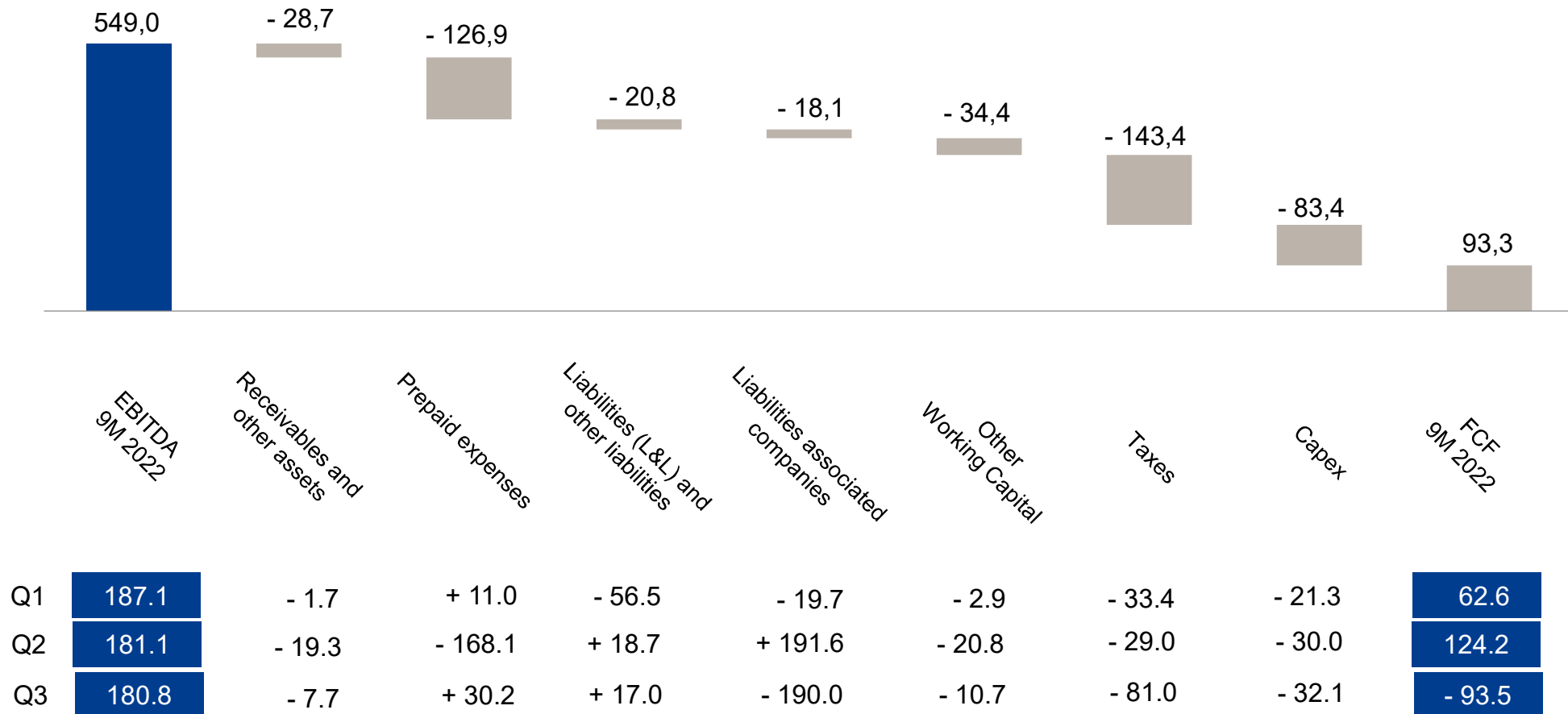
# Cashflow



(in € m)	9M 21	9M 22	+/-	Comments
Net inflow of funds from operating activities	239.4	176.7	- 26.2 %	<ul style="list-style-type: none"> <li>▪ €410.8m Cash flow from operating activities</li> <li>▪ - €28.7m Changes in receivables and other assets</li> <li>▪ - €10.7m Change in Contract Assets and Liabilities</li> <li>▪ - €17.0m Change of in inventories</li> <li>▪ - €126.9m Change in prepaid expenses</li> <li>▪ - €18.1m Changes in receivables from and payables to associated companies</li> <li>▪ - €32.7m Change in liabilities and in other liabilities and income tax liabilities</li> </ul>
Cash flow from investment activities	- 217.8	- 156.8	+ 28.0 %	<ul style="list-style-type: none"> <li>▪ - €83.4m Capex</li> <li>▪ - €73.0m Investment of free cash with United Internet</li> </ul>
Cash flow from financing activities	- 17.8	- 19.0	- 6.7 %	<ul style="list-style-type: none"> <li>▪ - €10.2m Repayment of lease liabilities</li> <li>▪ - €8.8m dividend payment</li> </ul>
Free cash flow <sup>(1)</sup>	218.8	93.3	- 57.4 %	

(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)



Forecast 2022



## Forecast 2022 confirmed

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- Service Revenue + ca. €100m to ca. €3.2bn (2021: €3.1bn)
- EBITDA increase to ca. €690m (2021: €672m)
  - Included in earnings forecast: ca. - €60m costs for building the mobile network (2021: - €38m)
- Ca. 350,000 new contracts
  - Operating subscriber growth ca. 600,000 (2021: 600,000)
  - ca. - 250,000 contracts shift effect due to recent TKG amendment
- Ca. €250 m Cash-Capex (2021: €37 m) mainly for our new mobile network (antennas, computers, software etc.)

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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