

Hold	Last Rating	Share data:	FY End: 31.12.	CAGR	2014	2015e	2016e	2017e	
	EUR 42,00		Last PT	in EUR m					(14-17e)
Price	EUR 38,49	Bloomberg:	DRI GR	Sales	290	584	714	859	
Upside	9,1 %	Reuters:	DRIG	EBIT	75	76	94	148	
		ISIN:	DE0005545503	Net income	50	45	56	94	
		Market Snapshot:	EUR m	EPS	23,7 %	0,93	0,84	1,06	1,76
		Market cap:	2.047	DPS	1,9 %	1,70	1,80	1,80	1,80
		No. of shares (m):	53	EV / Sales		3,2 x	3,6 x	3,0 x	2,5 x
		EV:	2.076	EV / EBIT		12,2 x	27,4 x	22,5 x	14,4 x
		Freefloat MC:	1.965	P / E		28,8 x	45,8 x	36,3 x	21,9 x
		Ø Trad. Vol. (30d):	10,76 m						

Preliminary Q2/15 results and outlook for 2016

- In Q2/15, Group sales were yoy up by +119% to EUR 154m (WRe: EUR 110m, consensus: EUR 103m). Revenue growth relates mainly to consolidation effects (yourfone and The Phone House) as well as organic growth driven by MVNO customer and service revenue growth. The high deviation to our expectation relates to the Phone House consolidation effect. It should be considered that revenues contributed from the Phone House have almost no margins. Hence the high deviation plays only a minor role and should not be seen as a positive surprise. The more important service revenues (ARPU multiplied by the average number of customers) came in slightly better than expected because of strong customer growth and improving APRU.. Service revenues qoq were up by +9.8% to EUR 104.5m (WRe: EUR 102m).
- Group EBITDA was flat compared to Q1/15 (EUR 26.4m vs. EUR 26.9m).
- MVNO customer base grew strongly with +98k to 2.327m and came in higher than anticipated (WRe: customer base end of Q2/15e 2.28m). Compared to the quarterly run-rate of 50k-70k net additions in 2014, net customer growth has accelerated in Q2/15. This is mainly a result of higher marketing expenses (1H/14: EUR 4.7m; 1H/15: EUR 25.4m).
- Outlook 2015 and 2016: Drillisch confirmed its outlook for 2015 and sees the upper range of its EBITDA guidance (EUR 95m to EUR 100m; WRe EUR 97m). In 2015, marketing expenses are expected to be substantially higher than in 2014 (as it was already in 1H/15 compared to 1H14). Moreover, in 2015 other operating income should be around EUR 34m (WRe: EUR 25m contributed from the takeover of the 300 shops from Telefonica, EUR 9m contributed from the yourfone acquisition). In 2016, Drillisch sees in EBITDA between EUR 115m to EUR 120m) which is in-line with our expectation of EUR 116m.
- Conclusion: In Q2/15, Drillisch showed impressive customer and service revenue growth. Strong growth of major KPI should continue in Q3/15 and Q4/15. Furthermore, we anticipate ongoing customer and EBITDA growth until 2019 (WRe EBITDA 2019e: EUR 268m) which is reflected at current share price levels. HOLD with a DCF-based PT of EUR 42 is reiterated.

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Drillisch	5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005545503.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

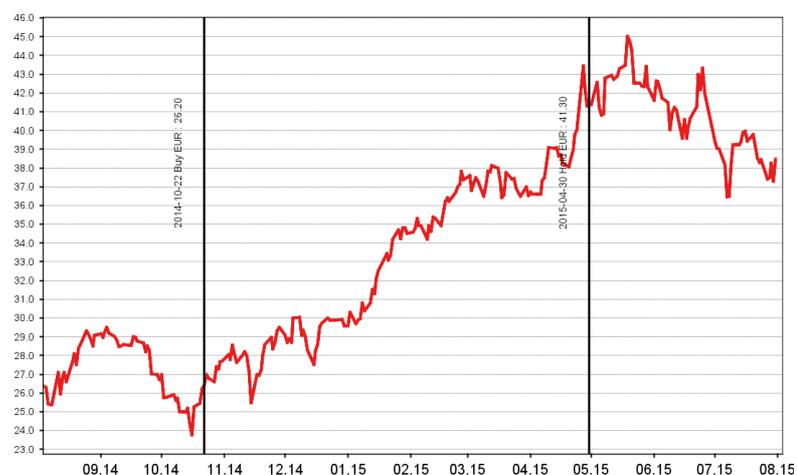
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Rating	Number of stocks	% of Universe
Buy	110	60
Hold	65	35
Sell	6	3
Rating suspended	3	2
Total	184	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

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Rating	Number of stocks	% of Universe
Buy	93	65
Hold	45	31
Sell	3	2
Rating suspended	2	1
Total	143	100

PRICE AND RATING HISTORY DRILLISCH AS OF 03.08.2015


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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