

DRILLISCH AG | 9-Month Report 2014



Key Indicators of the Drillisch-Group	9M-2014	9M-2013	III/2014	II/2014	I/2014	IV/2013	III/2013
Statement of Income							
Revenue in €m	213.0	217.9	71.3	70.4	71.3	72.6	70.9
Service Revenues in €m	209.8	207.2	70.2	69.5	70.0	70.0	68.2
Gross Profit in €m	105.3	87.1	37.3	35.1	32.9	31.9	31.0
Gross Profit Margin in % of Revenue	49.4%	40.0%	52.3%	49.8%	46.2%	44.0%	43.8%
EBITDA in €m	64.6	52.1	22.2	21.8	20.5	18.7	18.0
EBITDA Margin in % of Revenue	30.3%	23.9%	31.2%	31.0%	28.8%	25.7%	25.4%
Depreciation excluding good will in €m	7.4	7.3	2.5	2.4	2.5	2.4	2.4
EBIT in €m	57.2	44.9	19.8	19.4	18.1	16.3	15.6
EBIT Margin in % of Revenue	26.9%	20.6%	27.8%	27.5%	25.3%	22.5%	22.1%
EBT in Mio. €	55.3	161.5	19.0	18.9	17.4	16.5	12.7
EBT Margin in % of Revenue	26.0%	74.1%	26.6%	26.8%	24.5%	22.7%	17.8%
Consolidated Profit in €m	38.7	147.1	13.3	13.2	12.2	8.7	7.8
Consolidated Profit Margin in % or Revenue	18.2%	67.5%	18.6%	18.8%	17.1%	12.0%	11.0%
Profit/Loss per Share in €	0.81	3.06	0.28	0.28	0.25	0.18	0.16
Cash Flow							
Cash-Flow from current business activities in €m	53.2	31.1	16.4	26.7	10.2	25.9	18.0
Cash-Flow from investment activities in €m	-2.1	340.7	-0.5	-1.1	-0.5	9.8	62.1
Cash-Flow from financing activities in €m	-77.7	-396.4	-0.1	-77.3	-0.2	98.7	-71.0
Cash in €m	160.5	52.7	160.5	144.7	196.5	187.0	52.7
Balance Sheet							
Balance Sheet total in €m	312.4	236.5	312.4	300.9	359.1	352.3	236.5
Equity in €m	179.5	196.1	179.5	166.2	229.8	217.6	196.1
Equity Ratio (equity as % of balance sheet total)	57.5%	82.9%	57.5%	55.2%	64.0%	61.8%	82.9%
Convertible Bond in €m	88.1	0.0	88.1	87.5	86.9	86.2	0.0
Financial Liabilities in €m	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Staff							
Staff as Annual Average (incl. Management Board)	355	357	355	356	360	358	357
Mobile Customers (in thousands.)⁽¹⁾							
thereof MVNO Customers	1,869	1,648	1,869	1,815	1,760	1,705	1,648
thereof Budget Customers ⁽²⁾	1,118	733	1,118	1,023	946	856	733
thereof Volume Customers ⁽³⁾	751	915	751	792	814	848	915
Gross Profit per Customer (AGPPU)							
AGPPU ⁽⁴⁾ Budget Customers	8.83 €	9.60 €	8.73 €	8.86 €	8.91 €	9.33 €	9.90 €
AGPPU ⁽⁴⁾ Volume Customers	3.50 €	3.77 €	3.51 €	3.50 €	3.50 €	3.58 €	3.74 €
AGPPU ⁽⁴⁾ Customers (total)	6.49 €	6.12 €	6.59 €	6.49 €	6.39 €	6.38 €	6.40 €

(1) - incl. 96K Prepaid Customers and 56K Postpaid Customers (Service-Provider-Model)

(2) - Rate Plan with Included Volume (Voice, Text Message, Data)

(3) - Rate Plans with Billing based on Usage "Pay as you go"

(4) - AGPPU = Average Gross Profit per User

Index

Data and Facts	2
To Our Shareholders	4
Letter from the Management Board	4
Commercial Development of the Drillisch Group as per 30 September 2014	7
Group Companies	8
The Wireless Services Market	10
Turnover and Earnings Position	14
Assets, Liabilities and Financial Position	16
Opportunity and risk report	18
Important events occurring after 30 September 2014	19
Outlook	19
Abridged Consolidated Interim Accounts per 30 September 2014	20
Consolidated Comprehensive Income Statement	21
Consolidated Balance Sheet	22
Consolidated Statement of Change in Capital	24
Consolidated Capital Flow Statement	25
Abridged Notes to the Consolidated Accounts	26
Investor Relations	31
Financial Calendar	31
Share Information	31
Service Corner	33
Publications · Your Contacts	33
Information and Order Service	33
Editorial Information	34

New: LTE plans best value for money



from €9.95 monthly

up to 50 Mbit/s

with 1 GB, 2 GB or 3 GB

smartmobil.de
www.smartmobil.de

PremiumSIM
www.premiumsim.de

Letter from the Management Board



Vlasios Choulidis
Director of Sales, Marketing and Customer Care

Pascal Choulidis
Executive-Board Spokesman, Director of Finances, Financial Communication, Controlling and IT

Dear Shareholders,

Besides our daily business, there was one topic above all which held our close attention in July and August: answering the questions posed by the European Commission and the trustee its members had designated. Even though the European Commission had given its fundamental approval to the merger project of Telefónica Deutschland and E-Plus at the beginning of July, this approval was only provisional and subject to a follow-up review of whether the agreements which were concluded fulfilled the charges and whether Drillisch is in a position to implement these agreements in collaboration with Telefónica. Our task was to convince the experts that it would actually be possible to utilise the network capacities we would be obligated to purchase with the products, customer profiles, distribution channels etc. we had planned and to acquire customers for this utilisation so that the functioning of viable competition on the market would be assured. We succeeded in achieving this objective completely in every aspect, and on 29 August 2014, the European Commission confirmed our suitability and other qualities and gave its final approval to the merger.

Upon conclusion of the acquisition of the E-Plus Group by Telefónica Deutschland on 01 October 2014, the final condition precedent had been fulfilled and the MBA MVNO agreement became valid.

This was our starting signal for the preparation phase of the realisation. At the moment, we are examining the data from as many as 600 shops which Telefónica is offering to sell to us. We will make a reasonable selection from among these locations

so that we have nationwide coverage in Germany, enabling us to offer our attractive products at physical locations in cities, shopping centres and pedestrian zones as a supplement to our established and successful online sales; this will give us opportunities to develop additional buyer groups to whom we have had little access in the past. Moreover, we are considering new cooperative ventures with well-known companies, some of which have actively approached us because they want to be a part of the realisation of the outstanding opportunities for development now open to us.

As we explained in detail in the semi-annual report, the agreements concluded with Telefónica put Drillisch Group into a unique position which will enable it to expand its market position and its business volume to a substantial degree in the next few years while at the same time always ensuring access to products and technologies which are now and in the future will be available in the largest German wireless services network. In terms of flexibility and freedom in the design of our products, we are thus on an equal footing with the three remaining German network operators.

Just why this is so important to us becomes clear when you look at the way the wireless services market has developed in the last few years and how it will continue to grow in the future. Current forecasts based on recognised studies in the telecommunications sector, e.g. the VATM/Dialog Consult study from October 2014, assume that the dynamics of the market will continue to be driven essentially by significant growth in data volumes. In the past four years alone

Letter from the Management Board

– the period from 2011 to 2014 – the average data consumption of a mobile network user has grown from 76 MB to 283 MB a month, more or less quadrupling use. All in all, the total data transmission volume on wireless networks in 2014 is expected to reach a level of 395 million gigabytes. Already today, about 45% of the mobile data traffic is transmitted via LTE networks, even though nationwide coverage in Germany is still in the installation phase. This makes one thing clear: parallel to the implementation of the latest technologies and the construction of fast and full-coverage networks, customers are changing their usage behaviour, and data consumption is rising substantially. This will continue to be the case as technology makes further leaps in the future.

But let us talk now about our business operations.

During Q3 2014, we added another chapter to our success story of profitable growth. Operating in a highly competitive market environment, we have grown dynamically and been able to increase strongly both our profitability indicators and the number of subscribers.

In comparison with the closing date of the previous year, our clientele grew by 166,000 (8.9%) to 2.021 million subscribers (9 months 2013: 1.855 million). We posted significantly larger figures especially in the MVNO subscriber segment per 30 September 2014. Thanks to growth of 221,000 subscribers (13.4%), their numbers have risen to a total of 1.869 million subscribers in the last 12 months (9 months 2013: 1.648 million). We achieved above-average and sustained growth especially in the highly profitable budget subscriber segment, posting an increase of 385,000 subscribers (52.5%) to 1.118 million subscribers (9 months 2013: 733,000).

This also translated into another increase in the profit margin per MVNO subscriber with respect to both the previous year and the previous quarter.

Adding a slight rise in service revenues to €209.8 million (9 months 2013: €207.2 million), we generated a gross profit in the first nine months of 2014 which, at €105.3 million, is €18.2 million (20.8%) higher than the level of the previous year (9 months 2013: €87.1 million), a significant increase. Compared with the same period last year, the consolidated EBITDA, for us one of the most important performance indicators in our business, increased by €12.5 million (23.9%) to €64.6 million (9 months 2013: €52.1 million).

Based on this highly positive development in our earnings position, we generated an operating cash flow of €53.2 million in the first nine months of fiscal year 2014, representing an increase of €22.1 million (71.0%) over the same period last year (9 months 2013: €31.1 million). The ability to generate sustainably positive payment flows, the cash reserves (which amounted to €160.5 million as of the closing date) and other attractive financing opportunities ensure that we have the flexibility to continue the expansion of or additions to our business by reasonable means in the future and to seize any opportunities which arise.

We are well-known for offering transparent and high-performance products at especially attractive prices. We constantly adapt our rate plan portfolio to the needs of various user groups so that we can provide a plan from our product line which is a precise fit for virtually any potential customer. By obtaining long-term guarantees for procurement opportunities, we have ensured that we will be able to offer such products in the future as well, and always on the basis of state-of-the-art technology. We introduced the first of our own LTE

Letter from the Management Board

rate plans on the market at the beginning of October 2014 in the brands PremiumSIM and smartmobil.de. The offers encompass three highly transparent and attractive rate plans, all of them including a voice flat rate to all German networks. In addition, customers can also choose between data packages of 1GB, 2GB or 3GB and can surf on their mobile devices at speeds of up to 50 Mbit/s. These extraordinarily attractive LTE products are gradually being extended to include the other Drillisch brands and give end customers access to the LTE world at prices starting as low as €9.95 a month, a tremendous price advantage over the rate plans of the network operators.

Our initial experience with the marketing of the new LTE rate plans has demonstrated to us that these services secure a good

position for us and give us sound reasons to remain assured about the future.

The successful course of business during the first nine months of 2014 and a good start to Q4 are the source of our confidence as we look ahead. We confirm the raised guidance and expect to increase the EBITDA for fiscal year 2014 to the upper end of the forecast of between €82 million and €85 million (2013: €70.8 million). We have no cause to change our projection of a further increase of between €95 million and €100 million for fiscal year 2015. We want to continue to share the success of the Company with you, the shareholders, in the future as well and are still planning a dividend of at least €1.60 per share for fiscal years 2014 and 2015.

Best regards,



Vlasios Choulidis

and



Pascal Choulidis

COMMERCIAL DEVELOPMENT OF THE DRILLISCH GROUP
AS PER 30 SEPTEMBER 2014

Group Companies

Drillisch AG - Successful nine months in 2014

The Drillisch Group

Drillisch AG, Maintal, along with its subsidiaries, collectively "Drillisch", is a mobile virtual network operator (MVNO) operating solely in Germany. During the first nine months of 2014, the Company added to the many years of its success story of profitable growth and once again raised its operating profit.

One of the most profitable and innovative providers of rate plans for voice and data communications in Germany, Drillisch is a regular source of new driving ideas on the German wireless services market. Operating as an MVNO, Drillisch compiles packages of flexible services based on its own product ideas, drawing on standardised and unbundled advance services from the network operators Telefónica Germany GmbH & Co. OHG ("Telefónica") and Vodafone GmbH ("Vodafone"). The internet is its most important sales channel. Moreover, Drillisch works with selected distribution and cooperation partners as well as with some classic wireless services retailers. Drillisch expects its successful corporate history to continue for fiscal year 2014 as a whole and for fiscal year 2015 as well.

Drillisch continues to serve current customers in the Telekom Deutschland GmbH ("Telekom") and E-Plus Mobilfunk GmbH ("E-Plus") networks on the basis of existing service provider agreements. However, the share of the clientele in this less profitable segment is declining as planned.

Transformation from an MVNO to an MBA MVNO

On 25 June 2014, MS Mobile Services GmbH, a wholly-owned subsidiary of Drillisch AG, concluded an MBA MVNO (Mobile Bitstream Access) agreement with Telefónica. Telefónica grants to MS Mobile, as the only competitor on the German wireless services market, access to up to 30% of the utilised network capacity that is available after the merger in the controlled wireless network of Telefónica and E-Plus, for all present and future technologies. The acquisition of this network capacity also includes an accelerated and unconditional right to enter the market for 4G as well as any more advanced technologies of the future.

In accordance with the agreement reached, MS Mobile also has the option of (1) becoming a so-called full MVNO in the wireless network of Telefónica, that is, a wireless services provider that operates its own full core network and uses only the access network of Telefónica ("Full MVNO"), and/or (2) becoming a licensed mobile network operator ("MNO").

In addition, the companies have agreed that MS Mobile will select sites from a "basket" of 600 shops (both own as well as partner shops) which will mesh to create a full-coverage distribution network for MS Mobile. The process of selecting the sites began at the first of October. The aim is to conclude this selection process during Q1 2015 so that Telefónica will presumably hand over the chain of shops in Q2 or Q3 2015.

The technical launch, that is, the startup as an MBA MVNO, will take place at the earliest on 1 January 2015 and at the latest on 1 July 2015.

Group Companies

Drillisch AG is the Group's holding

Within Drillisch Group, Drillisch AG, the parent company, concentrates on holding tasks such as management, finances and accounting, controlling, cash management, human resources, risk management, corporate communications and investor relations along with the definition, management and monitoring of the global corporate strategy. The subsidiaries Drillisch Telecom GmbH, Maintal ("Drillisch Telecom"), MS Mobile Services GmbH, Maintal ("MS Mobile"), and eteleon AG, Munich ("eteleon"), are responsible for the operational wireless services business. The IT know-how of Drillisch Group has been concentrated in IQ-optimize Software AG, Maintal ("IQ-optimize"). MSP Holding GmbH, Maintal ("MSP"), is a subsidiary of Drillisch AG set up with the objective of holding and administrating investments.

Strong brands in mobile communications

Drillisch AG offers attractive rate plans customised to meet specific customer needs through its subsidiaries, which operate the online brands McSIM, hello-Mobil, simply, PHONEX, smartmobil.de, maXXim, PremiumSIM, fiotel, winSIM, DeutschlandSIM, discoTEL and discoSURF plus the premium brands VICTORVOX and Telco. Every single customer will find a combination of mobile communications services just right for his/her needs in the current rate plan portfolio – even in the high-speed LTE network if desired. Anyone using a number of mobile devices while on the go can choose multi-SIM products and simultaneously utilise smartphone, tablet and hands-free devices in the car, for instance, with only one phone number, one mailbox and one bill.

One great advantage for the subscribers of all Drillisch brands is that they can always use the state-of-the-art technology they require – today as well as in the future, and always on the basis of transparent rate plans.

What is more, customers can go to their online shops to choose the equipment best suited for their purposes from a large selection of the latest smartphones, tablet PCs and notebooks and to add useful accessories.

IQ-optimize guarantees IT expertise

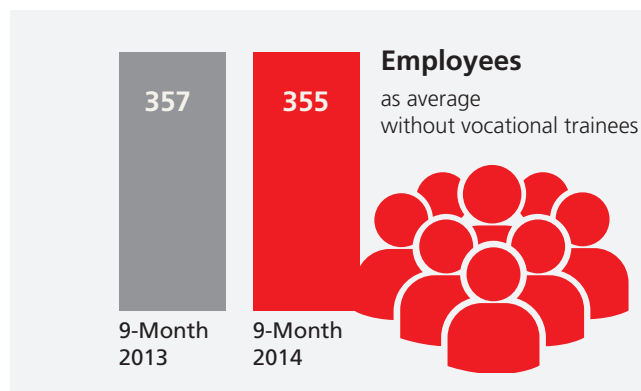
Drillisch has bundled its IT expertise in its subsidiary IQ-optimize. This company performs almost all of the IT services for the Group companies.

MSP Holding

MSP, a subsidiary of Drillisch AG, held 100% of the stock in eteleon and in Mobile Ventures GmbH, Maintal ("Mobile Ventures"), per 30 September 2014.

Employees

In the first nine months of 2014, an average of 355 employees (previous year: 357), including the two members of the Management Board, was on the payroll of the Drillisch Group. The number of vocational trainees, who are not included in the above figure, was 47 (previous year: 62).



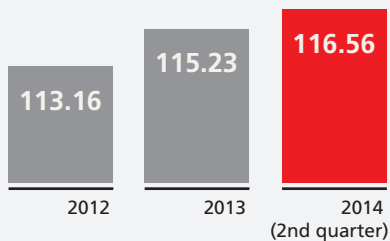
The Wireless Services Market

The wireless services market

Wireless subscriptions at a record level

In its annual report (May 2014), the German Federal Network Agency noted an increase by 1.33 million (per Q2 2014) over the previous year in the number of wireless subscribers. There are now about 116.56 million wireless subscriptions registered in Germany. The Federal Network Agency expects the dynamic development in business with wireless services to continue over the remainder of 2014.

Number of Sim cards as per Q2/2014
(in m)



Source: Bundesnetzagentur via statista

A mobile society displaying dynamic behaviour in mobile usage

Smartphones have become the standard device for mobile communications. At this time, two-thirds of the end customers in Germany own a multimedia device of this type, and the units have become "indispensable" for their owners (Goldmedia Custom Research GmbH, July 2014). According to a survey conducted by BITKOM (July 2014), 61% would "under no circumstances" be willing to forego the use of their devices. In the age group 30 and younger, the corresponding figure rises all the way to 74%. Smartphones have become the most important high-tech device for their users. Tablet computers are mentioned by 58% of their users and have a

similarly high ranking. Laptops are mentioned by 48% and conventional mobile phones by only 46% of the respondents as indispensable. These results are a confirmation of the continuing trend in the mobile communications sector.

The Goldmedia study also examined the usage behaviour and the type of usage, and questions were asked about the most popular functions. The smartphone is regarded first and foremost as the communications "command post". 94% of the respondents in all age groups use it for making phone calls and 81% write text messages on their devices. Two-thirds surf the internet (66%) with the devices, and for more than half they are important for the use of social media (55%) and mobile navigation (56%). Online games and listening to music are important applications for 46% and 40%, respectively, of users and are also important components of usage behaviour. But smartphones are being used more and more frequently in other areas as well, including the search for product information or price comparisons and for online shopping.

It has already become important today for 20% of the respondents that they can use the internet for their phone calls. And this is an important trend which is still at the very beginning of its development and will become significantly stronger with the continued expansion of LTE networks and increasing availability of the devices featuring this capability.

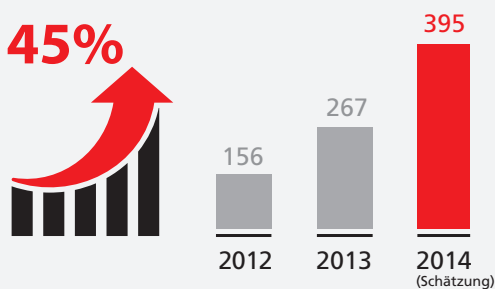
One noteworthy finding and possibly in some ways an indication of future development concerns the usage behaviour of young people and young adults. Communication via message services such as WhatsApp, Threema or ChatON and the use of social networks is replacing personal conversation to an increasingly

The Wireless Services Market

greater extent. The usage behaviour of the “always online” generation is clearly revealed in the BITKOM survey. It shows that text messages (for 70%) are the most popular way to communicate with friends for the age group of 10 to 18.

The trends in the development of mobile communications are confirmed by figures from the Federal Network Agency. The current annual report mentions the ongoing decline in landline telephony. Its decrease by 3% to 169 billion minutes (previous year: 174 billion minutes) contrasts with a rise in mobile calls to 110 billion minutes (previous year: 109 billion minutes). While mobile telephony behaviour is growing slowly, the use of the mobile internet is continuing to develop at a pace unabated in its dynamics. It must be assumed that this positive trend will continue.

Mobile Data Traffic (in million GB)



Source: Marktstudie VATM / Dialog Consult, October 2014

A study by VATM in cooperation with Dialog Consult from October 2014 projects an increase totalling 47.9% to 395 million GB (2013: 267 million GB) in the development of data traffic on wireless networks in 2014. The average data volume per user and month is forecast to rise correspondingly by 45.1% to 283 MB (2013: 195 MB) in 2014.

Turning now to look at the distribution of non-voice services revenues, the share in revenues generated by text messages in the last two years has declined by €1.5 billion. In 2012, the share of text messages in non-voice services revenues still came to 35.0%. The share for 2014 is expected to be no more than 13.7%. During the same period, the data share in non-voice revenues is projected to rise from 65.0% in 2012 to 86.3% in 2014. Data revenues will presumably amount to €8.2 billion in 2014 (2012: €5.2 billion). In other words, straightforward data utilisation, adjusted for the messenger share (text message decline by €1.5bn) would rise by 57.7%.

In total, an increase in non-voice services revenues from €8.0bn in 2012 to €9.5bn in 2014 is predicted.

The projection indicates not only an increase in mobile data consumption overall; estimates for 2014 indicate an increase in the average utilisation per subscriber per month. If the forecast for 2014 is accepted, 32.3% of the subscribers will use more than 250 MB a month (2013: 30.8%). This study shows that 34% of the subscribers (2013: 32.1%) use between 50 and 250 MB a month. The development among subscribers with maximum monthly usage of 50 MB is correspondingly in the opposite direction. A decline here of 3.4% to 33.7% of subscribers (2013: 37.1%) is expected here.

Use of new technologies is becoming increasingly important for subscribers. According to estimates by VATM/Dialog Consult, 45% of mobile data volume will be transmitted via LTE networks and devices as early as in 2014.

The Wireless Services Market

Sales of smartphones and tablet PCs still rising

Projections indicate that 24 million smartphones and 9.2 million tablet computers will be sold in Germany in 2014. These estimates were released by BITKOM in advance of the Internationale Funkausstellung (IFA) in September in Berlin and are based on figures from the market research companies GfK and EITO. The corresponding figures for 2013 were 22.6 million smartphones and 8 million tablet computers.

Stiftung Warentest confirms: Drillisch is the price leader in high-performance rate plans for all users

At the end of September 2014, Stiftung Warentest published a comprehensive comparison of all-net flat rates for telephony, text messages and data packages in two categories in the magazine "test" (Issue 10/2014). The testers examined about 4,000 rate plans for their comparison. The criteria for a "worry-free complete package" were simple and transparent. In addition to a flat rate for voice and text messages, the rate plan had to include a minimum of 500 megabytes in data volume. Stiftung Warentest recommended the rate plans Flat M 500 from DeutschlandSIM and the Flat XS 500S plus from helloMobil, simply, maXXim, McSIM, Phonex or smartmobil as the least expensive all-net flat rates.

In the second category, the testers looked at all-net flat rates with a minimum of 1,000 megabytes in data volume for heavy surfers. Drillisch products took the leading position in this comparison as well, reaffirming their claim to price leadership on the German wireless services market. Just two years ago – as shown in the study results – comparable rate plans would have cost almost twice as much. This comparison test, undoubtedly of interest to all

consumers, captured attention across all media and positioned the Drillisch brands in far-reaching print media such as FOCUS, Süddeutsche Zeitung or BILD Zeitung as well as in many daily newspapers and the leading online magazines.

The optimisation and enhancement of the existing transparent selection of available rate plans was communicated by the media as a confirmation of the effectiveness of competition in which Drillisch, thanks to its well-conceived product portfolio of flat rates for normal and heavy users, holds the top position. Every user, whether newcomer or heavy user, can find the product tailored precisely to fit his or her needs.

Drillisch is the first independent service provider to offer its own high-performance LTE rate plans

At the beginning of October 2014, Drillisch Group introduced Germany's lowest-price LTE high-speed rate plans to the market in the brands PremiumSIM and smartmobil.de.



DIE 4G LTE
TARIF-KRACHER

The offers encompass three highly transparent and attractive rate plans, all of them including a voice flat rate to all German networks and, in part, a flat rate for text messages. Customers can also choose between data packages of 1GB, 2GB or 3GB and can surf on their mobile devices at speeds of up to 50 Mbit/s. In the meantime, these extraordinarily attractive LTE rates have been extended to all of the Drillisch brands.



The Wireless Services Market

The rate plan portfolio has been tailored to satisfy the needs of many different user groups while offering price advantages of as much as 75% over the rate plans of the network operators. Being the price leader, Drillisch offers its usual transparent and low-price rate plans, always based on state-of-the-art technology and with the accustomed good service quality.

Attractive EU rate plans for holidays

By introducing new EU rate plans, Drillisch has made it possible for its subscribers –once again, the first provider on the German wireless services market to do so – to use the units included in their rate plans both domestically and in all EU countries as well as for calls to other European countries since the start of Q2 2014. Just in time for the summer holiday season, the brands in Drillisch Group packaged attractive offers which enable subscribers to use their smartphones at home, on holiday or during business trips to other countries in the EU free of worry and at the price of a normal all-net flat rate. Drillisch is putting its trust in simple, transparent and low-price services, usable in other European countries and not only in Germany, and confirms once more its own standard of being the designer of innovative wireless services products in line with the changing marketplace.

Renewed confirmation of the high standards of service quality and secure online shopping

For several years now, all Drillisch Group brands have undergone regular, critical quality inspections by impartial experts. During the latest audit by TÜV Saarland of the product portfolio, online ordering processes and the customer service,

the audited corporate brands simply, maXXim, helloMobil, McSIM, smartmobil.de and PHONEX each received the highest ranking of “Excellent” for their outstanding value for money. This ranking of “Excellent” also expresses the above-average level of customer satisfaction which goes hand in hand with the readiness of more than 90% of subscribers to recommend Drillisch to others.

The results have confirmed Drillisch's high standards, not only for being price leader with its products, but also for consistently meeting stringent external quality requirements at all times. Major focus is on simple and transparent ordering procedures, understandability of invoices, professional competence and fast resolution of problems by qualified customer service representatives. Customer-friendly rate plans without minimum terms which can be terminated by giving one month's notice round off the offering and also contribute to the positive experience of subscribers.

All of the Drillisch Group online shops are regularly examined by TÜV SÜD during a comprehensive audit. The major point of the critical review is on the technical and organisational procedures, but above all on the data and system security and focusing on the customers. Owing to the positive ranking, all of the Group's websites bear the recognised and respected signal of quality s@fer-shopping.



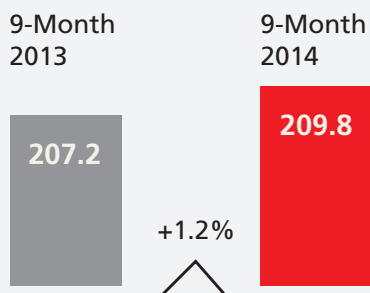
Turnover and Earnings Position

Revenue and earnings position

Further EBITDA growth in the first nine months of 2014 is impressive evidence that Drillisch has maintained its operative earning power. This good development of our business is supported by the ongoing dynamic developments in the fields of wireless services and mobile internet. Drillisch uses innovative products in conjunction with efficient marketing and sales concepts to sustain its top position in the German telecommunications industry.

The "service revenues", essentially the income from the provision of the ongoing wireless services (voice and data transmission) and their billing on the basis of the current subscriber contracts, amounted to €209.8 million in the first nine months of 2014 (previous year: €207.2 million).

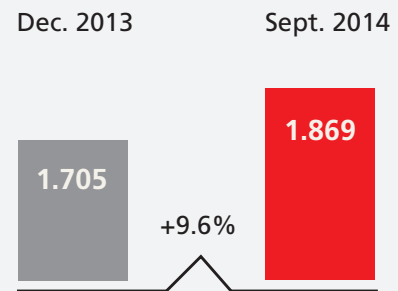
Service Revenues (in €m)



"Other revenues" declined further by €7.4 million to €3.3 million (previous year: €10.7 million). In addition, this item includes sales from the software services segment in the amount of €50k (previous year: €63k).

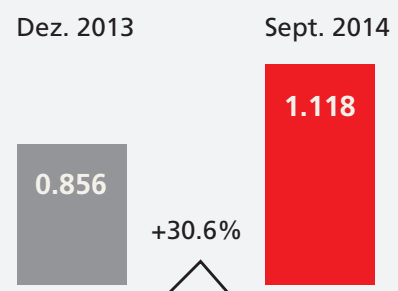
Total turnover in the first nine months of 2014 amounted to €213.0 million (previous year: €217.9 million).

MVNO Subscribers (in m)



The MVNO clientele has increased once again since the beginning of the year by 164,000 (9.6%) to 1.869 million subscribers (31 December 2013: 1.705 million MVNO subscribers). The number of qualitatively higher-value budget subscribers increased by 30.6% to 1.118 million subscribers per 30 September 2014 (31 December 2013: 856,000 subscribers).

Budget Subscribers (in m)



The number of volume subscribers decreased as expected from 848,000 subscribers per 31 December 2013 to 751,000 subscribers per 30 September 2014.

The total number of subscribers in the postpaid sector rose by 148,000 to 1.925 million (31 December 2013: 1.777 million subscribers).

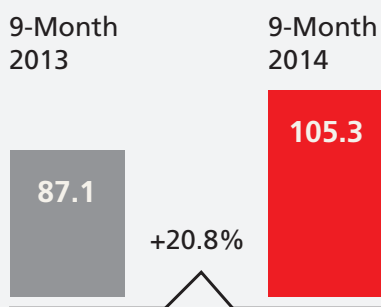
Turnover and Earnings Position

The number of subscribers in the prepaid sector decreased as expected to 96,000 (31 December 2013: 123,000). Overall, the ratio of postpaid to prepaid subscribers has improved and is now 95.3% to 4.7%, an increase of 1.8% for postpaid compared to the end of 2013 (31 December 2013: 93.5% postpaid to 6.5% prepaid).

The total number of subscribers has risen by 121,000 to 2.021 million (31 December 2013: 1.900 million). This continues the trend of a rising total number of subscribers which began in the previous quarters, and the decrease in subscribers in the previous service provider business no longer has any major impact.

The cost of materials declined, overproportionately to the decline in revenues, in the first nine months of 2014 by 17.6% to €107.7 million (previous year: €130.8 million).

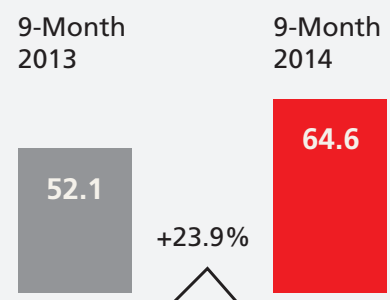
Gross Profit (in €m)



Gross profit rose significantly as a consequence by €18.2 million, from €87.1 million in the first nine months of 2013 to €105.3 million in the first nine months of 2014. The gross profit margin increased by 9.4% to 49.4% (previous year: 40.0%). Personnel expenses increased by 7.7% to

€18.9 million (previous year: €17.6 million). Correspondingly, the personnel expenses ratio in the first nine months of 2014 rose by 0.8% to 8.9% (previous year: 8.1%). Other operating expenses rose by a total of €3.6 million to €24.1 million (previous year: €20.5 million). The change in comparison with the same period last year results largely from increased advertising costs, a rise in expenditures from bad debts and valuation allowances and higher legal and professional fees. Contrary to this trend, the costs for subcontracting, for instance, declined.

EBITDA (in €m)



The consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation), one of the most important management indicators in Drillisch Group, rose by 23.9% to €64.6 million (previous year: €52.1 million). The EBITDA margin came to 30.3% (previous year: 23.9%). Write-offs remained virtually constant at €7.4 million (previous year: €7.3 million). The EBIT (earnings before interest and taxes) amounted to €57.2 million (previous year: €44.9 million). The EBIT margin improved by 6.3% to 26.9% (previous year: 20.6%).

Assets, Liabilities and Financial Position

The results from the financial assets shown in the balance sheet according to the equity method in the first nine months of 2014 amounted to €0.0 (previous year: €10.3 million). In the previous year, the shares in freenet AG held by MSP and Drillisch AG were measured according to the equity method until 20 March 2013 because of the significant influence on the company from the voting rights quota of more than 20%.

Other financial results per 30 September 2014 also amounted to €0.0 (previous year: €155.5 million). In the same period of last year, the Other financial results essentially comprised income from the reclassification of securities as AFS (available for sale) assets and expenditures and income from the closing-date measurement and reversal of financial derivatives and hedging transactions which were sold or reversed completely in the course of fiscal year 2013.

The interest result improved by €47.2 million to €-2.0 million (previous year: €-49.2 million). In the same period last year, the interest result was essentially attributed to interest expenses in connection with cash compensation for exchanged debenture bonds as well as a significantly higher volume of long-term liabilities subject to interest charges.

Taxes on income rose by €2.2 million to €16.6 million (previous year: €14.4 million). Consolidated profit amounted to €38.7 million (previous year: €147.1 million). In the first nine months of 2013, the consolidated profit was essentially marked by effects from the conversion of the measurement of the freenet holding to the AFS method and the market valuation of hedging transactions as well as de-

rivatives. Excluding these effects, the consolidated profit in the first nine months of 2013 amounted to €38.2 million. The consolidated comprehensive result per 30 September 2014 also amounted to €38.7 million (previous year: €146.7 million) and thus reflects exclusively the earning power of the operating business. The undiluted profit per share came to €0.81 (previous year, excluding consideration of the freenet holding: €0.80).

Assets, liabilities and financial position

Long-term assets declined in total by €9.4 million to €100.9 million (31 December 2013: €110.3 million) during the first nine months of 2014. Other intangible assets declined by €4.4 million to €29.8 million (31 December 2013: €34.2 million). Deferred tax reimbursements declined by €4.7 million to €2.7 million (31 December 2013: €7.4 million).

Owing to the dividend disbursement in May 2014, balanced against the positive cash flow of the first nine months of 2014, cash declined by €26.5 million to €160.5 million (31 December 2013: €187.0 million). Trade receivables amounted to €43.4 million, a slight decline (31 December 2013: €45.2 million). In total, current assets declined by €30.5 million to €211.6 million (31 December 2013: €242.1 million).

The balance sheet total for Drillisch Group declined by a total of €39.9 million to €312.4 million per 30 September 2014 (31 December 2013: €352.3 million).

As a result of the disbursement of dividends, balanced against the results per 30 September 2014, equity declined in comparison to 31 December 2013 by a total of €38.1 million to €179.5 million

Assets, Liabilities and Financial Position

(31 December 2013: €217.6 million). The item Other equity of €-0.2 million (previous year: €-0.2 million) is unchanged and reflects the actuarial gain or loss from the measurement of the pension provisions recognised as non-operating results in accordance with IAS 19. The equity ratio per 30 September 2014 came to 57.5% (31 December 2013: 61.8%).

Long-term liabilities rose by €2.6 million to €95.9 million (31 December 2013: €93.3 million). This is primarily a consequence of the rise in liabilities from bonds related to the effective interest as well as the increase in Other liabilities.

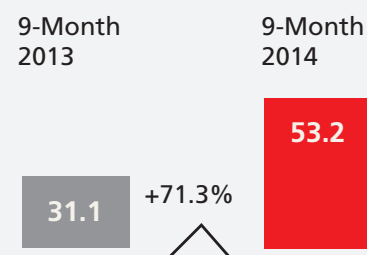
In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0 million and a term of five years; this bond was disclosed in the balance sheet per 30 September 2014 at a value of €88.1 million (31 December 2013: €86.2 million). The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. The term of the bond ends on 12 December 2018.

Short-term liabilities declined by €4.4 million to €37.0 million in comparison with the end of fiscal year 2013 (31 December 2013: €41.4 million). Trade payables decreased by €2.5 million to €13.3 million (31 December 2013: €15.8 million). Tax liabilities increased by €0.9 million to €10.6 million (31 December 2013: €9.7 million). Payments received on account fell by €1.6 million to €5.9 million (31 December 2013: €7.5 million). Other liabilities decreased by €1.0 million to €6.6 million (31 December 2013: €7.6 million).

Cash flow

Cash flow from current business activities in the first nine months of 2014 amounted to €53.2 million (previous year: €31.1 million), and this substantial increase over the same period of the previous year reflects the earning power of the operating business.

Cash flow from current business activities (in €m)



Cash flow from investment activities totalling €-2.2 million (previous year: €340.7 million) results from payments for investments in fixed and intangible assets in the amount of €2.7 million (previous year: €19.1 million) and received interest of €0.5 million (previous year: €0.9 million). In the first nine months of the previous year, cash flow from investment activities besides the above-mentioned payments for investments in tangible and intangible assets was mainly characterised by income from the disposal of freenet shares in the amount of €347.2 million and received dividends of €11.7 million.

Opportunity and risk report

In the first nine months of 2014, a total outflow of funds amounting to €77.7 million (previous year: outflow of funds of €396.4 million) came from financing activities and is related essentially to disbursed dividends of €76.8 million (previous year: €62.4 million). This high outflow of funds in the same period of the previous period essentially resulted from the repayment of a debenture bond in the amount of €125.0 million, from the taking out and amortisation of financing loans in the bottom-line amount of €-158.3 million, from paid interest amounting to €41.9 million and payments for the acquisition of own stock in the amount of €8.4 million.

Opportunity and risk report

The risk management system is an integral component of corporate policy aimed at early exploitation of opportunities and detection and limitation of risks. Drillisch operates a risk management system throughout the Group which includes continuous observation to ensure early recognition and the standardised recording, assessment, control and monitoring of risks. The objective is to obtain information about negative developments and the related financial effects as early as possible so that the appropriate measures can be initiated to counteract them. The management of the company results and company value makes use of the instruments of risk management. It can thus become a strategic success factor for the Company's management for subsidiaries as well as for Drillisch itself.

Opportunities and risks – in comparison with the risks described in the annual report for the year 2013 – of ongoing business operations did not change apprecia-

bly during the first nine months of fiscal year 2014. However, the agreement reached between MS Mobile and Telefónica Deutschland on 25 June 2014 will give rise to new opportunities and risks in the future. Drillisch now has the opportunity to improve its market position as well as its business volume significantly in the years to come on the basis of all products and technologies available in Germany at the moment and in the future. Unrestricted access to 4G as well as to further-reaching future technologies guarantees Drillisch the long-term freedom to be absolutely flexible in the design of new products, thus allowing fair competition on an equal footing with the three remaining German network operators. The acquisition of stationary shop locations offers Drillisch the opportunity to expand substantially its wide-scale distribution capacity at central, established locations. The basic term of the agreement of 5 years and the unilateral option of extending this to a total of 15 years offer Drillisch the opportunity for continuing long-term, successful corporate development as well as a high degree of planning security. Through the obligation to take over at least 20% of the present and future network capacity for new customers as well as additional defined capacity for existing customers, there is a risk that Drillisch may not be able to fully utilise the purchased volume in future. Any unused capacities can entail costs that are not directly covered by income. However, the ensuing risk to liquidity and earnings is not considered by Drillisch to be a threat to its existence. In the opinion of the Management Board, adequate precautions have been taken to counter all current existing and identified risks.

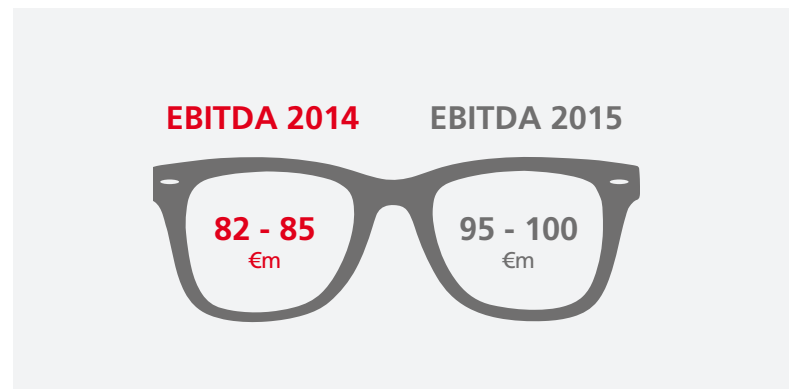
Important events occurring after 30 September 2014 Outlook

Important events occurring after 30 September 2014

There were no important events after the end of the reporting period.

Outlook

The Management Board, based on the current position, expects an EBITDA at the upper end of the forecast of between approx. €82 million and €85 million for 2014 and a further increase to between €95 million and €100 million for 2015 in the telecommunications segment. Management intends to continue the expansion in the size of the MVNO clientele.



**ABRIDGED CONSOLIDATED INTERIM ACCOUNTS
PER 30 SEPTEMBER 2014**

Consolidated Comprehensive Income Statement

	I-III/2014	I-III/2013	III/2014	III/2013	II/2014	II/2013	I/2014	I/2013
	€k	€k	€k	€k	€k	€k	€k	€k
Sales	213,024	217,891	71,261	70,894	70,439	72,269	71,324	74,728
Other own work capitalised	1,449	1,785	510	557	419	639	520	589
Other operating income	857	1,220	227	497	336	320	294	403
Raw material, consumables and services used	-107,734	-130,754	-34,000	-39,864	-35,337	-42,714	-38,397	-48,176
Personnel expenses	-18,898	-17,548	-6,269	-5,987	-6,313	-5,732	-6,316	-5,829
Other operating expenses	-24,092	-20,459	-9,492	-8,076	-7,702	-6,856	-6,898	-5,527
Amortisation and depreciation	-7,371	-7,268	-2,458	-2,388	-2,438	-2,439	-2,475	-2,441
Operating result	57,235	44,867	19,779	15,633	19,404	15,487	18,052	13,747
Result from financial investments shown in the balance sheet according to the equity method	0	10,281	0	0	0	0	0	10,281
Other financial results	0	155,507	0	4,471	0	45,651	0	105,385
Interest income	760	849	100	293	373	285	287	271
Interest and similar expenses	-2,707	-50,037	-904	-7,745	-913	-39,469	-890	-2,823
Financial results	-1,947	116,600	-804	-2,981	-540	6,467	-603	113,114
Profit before taxes	55,288	161,467	18,975	12,652	18,864	21,954	17,449	126,861
Taxes on income	-16,609	-14,377	-5,697	-4,880	-5,632	-4,393	-5,280	-5,104
Consolidated results	38,679	147,090	13,278	7,772	13,232	17,561	12,169	121,757
Change in attributable market value of financial assets available for sale	0	-405	0	3,811	0	-6,646	0	2,430
Taxes on income	0	6	0	-58	0	101	0	-37
Items which in future can be reclassified in the income statement	0	-399	0	3,753	0	-6,545	0	2,393
Items which in future cannot be reclassified in the income statement	0	0	0	0	0	0	0	0
Consolidated comprehensive results	38,679	146,691	13,278	11,525	13,232	11,016	12,169	124,150
Profit per share (in €)								
Undiluted	0.81	3.06	0.28	0.16	0.28	0.37	0.25	2.53
Diluted	0.77	3.06	0.26	0.16	0.27	0.37	0.24	2.53

Consolidated Balance Sheet

ASSETS	30/09/2014	31/12/2013
	€k	€k
Fixed assets		
Other intangible assets	29,786	34,228
Goodwill	67,206	67,206
Tangible assets	1,134	1,412
Other financial assets	33	33
Deferred taxes	2,729	7,374
Fixed assets, total	100,888	110,253
Current assets		
Inventories	5,107	6,242
Trade accounts receivable	43,375	45,227
Tax reimbursement claims	102	1,015
Cash	160,469	187,032
Other current assets	2,496	2,560
Current assets, total	211,549	242,076
ASSETS, TOTAL	312,437	352,329

Consolidated Balance Sheet

SHAREHOLDERS' EQUITY AND LIABILITIES	30/09/2014	31/12/2013
	€k	€k
Shareholders' equity		
Subscribed capital	52,800	52,800
Capital surplus	96,368	96,368
Earnings reserves	31,123	31,123
Other equity	-204	-204
Unappropriated retained earnings	-566	37,555
Equity, total	179,521	217,642
Long-term liabilities		
Pension provisions	994	976
Deferred tax liabilities	2,786	2,928
Debenture bonds	88,138	86,216
Leasing liabilities	240	594
Other liabilities	3,760	2,621
Long-term liabilities, total	95,918	93,335
Short-term liabilities		
Short-term provisions	173	205
Tax liabilities	10,589	9,744
Trade accounts payable	13,288	15,775
Payments received on account	5,895	7,462
Leasing liabilities	468	519
Other liabilities	6,585	7,647
Short-term liabilities, total	36,998	41,352
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL	312,437	352,329

Consolidated Statement of Change in Capital

	Number of shares	Subscribed capital	Capital surplus	Earnings reserves	Other equity	Unappropriated retained earnings Accumulated deficit	Equity, total
	€k	€k	€k	€k	€k	€k	€k
Per 1.1.13	48,706,514	53,577	91,571	31,123	-243	-55,819	120,209
Dividend payments		0	0	0	0	-62,400	-62,400
Change in own shares	-706,514	-777	-7,591	0	0	0	-8,368
Consolidated comprehensive result		0	0	0	-399	147,090	146,691
Per 30.9.13	48,000,000	52,800	83,980	31,123	-642	28,871	196,132
Per 1.1.14	48,000,000	52,800	96,368	31,123	-204	37,555	217,642
Dividend payments		0	0	0	0	-76,800	-76,800
Change in own shares	0	0	0	0	0	0	0
Consolidated comprehensive result		0	0	0	0	38,679	38,679
Per 30.9.14	48,000,000	52,800	96,368	31,123	-204	-566	179,521

Consolidated Capital Flow Statement

	I-III/2014	I-III/2013
	€k	€k
Consolidated earnings before interest and taxes	57,235	44,867
Income tax paid	-9,655	-13,670
Income tax received	1,062	829
Amortisation and depreciation	7,371	7,268
Change in inventories	1,135	261
Change in receivables and other assets	1,823	-3,712
Change in trade payables, other liabilities and provisions	-4,167	-3,800
Change in payments received on account	-1,567	-958
Cash flow from current business activities	53,237	31,085
Payments for investments in tangible and intangible assets	-2,650	-19,074
Interest received	503	849
Dividends received	0	11,714
Incoming payments from the sale of financial assets that are reported according to the equity method and of other financial assets	0	347,242
Cash flow from investment activities	-2,147	340,731
Change in own shares	0	-8,368
Dividend payments	-76,800	-62,400
Outgoing payments for amortisation of loans	0	-192,633
Incoming payments from the taking out of loans	0	34,370
Interest paid	-450	-41,935
Payments from repayment of debenture bonds	0	-125,000
Change in investment liabilities	-403	-458
Cash flow from financing activities	-77,653	-396,424
Change in cash	-26,563	-24,608
Cash at end of period	160,469	52,695
Cash at beginning of period	187,032	77,303

Abridged Notes to the Consolidated Accounts

1. General information

Drillisch AG is a listed stock corporation which offers telecommunication services. Drillisch was founded in 1997. The business field telecommunications represents the core business of Drillisch Group and is essentially located in the wholly-owned subsidiaries Drillisch Telecom GmbH and MS Mobile Services GmbH (both in Maintal) and in eteleon AG (Munich). In addition to the service provider licences held for the networks Telekom, Vodafone, E-Plus and O₂, the Group has concluded MVNO agreements with the network operators O₂ and Vodafone and markets primarily postpaid products for the O₂ and Vodafone networks. The address and registered office of Drillisch AG as the parent company of the Group is Wilhelm-Röntgen-Straße 1–5, 63477 Maintal, Germany. The Company is registered at the Hanau Local Court under HRB 7384.

2. Applied accounting principles

The abridged consolidated interim accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. All of the applicable IFRS which have been adopted by the EU and became mandatory per 01 January 2014 have been taken into consideration.

The same accounting and valuation methods were applied as to the consolidated annual accounts as per 31 December 2013. This abridged interim report per 30 September 2014 has been prepared in compliance with IAS 34 "Interim Financial Reporting" and the German accounting standard DRS 16 "Interim Financial Reporting". The rate for the consolidated tax on income remains unchanged at

30.25%. The preparation of the interim report requires management to make a number of assumptions and estimates, a situation which can lead to deviations between the values disclosed in the interim report and the actual values.

In December 2013, Drillisch AG issued a non-subordinated convertible bond with a total volume of €100.0m and a term of five years. The convertible bond includes an annual coupon of 0.75%. The bond was issued at 100% of the nominal value and will also be redeemed at 100%. The convertible bond was issued pursuant to the related authorisation adopted by the Annual General Meeting on 16 May 2013. The conversion right is recognised in the capital surplus at a value of €12.4m. It has been possible to convert the 1,000 bonds with a nominal value of €100k each into Drillisch AG stock since 22 January 2014,

In accordance with the terms and conditions of the bonds, the conversion price was adjusted from the original €24.2869 to €22.8509 per share following the disbursement of a cash dividend in May 2014, corresponding to 4,376.195 shares per partial debenture. The term of the bond ends on 12 December 2018.

The liability for the bond will be discounted in accordance with the effective interest rate method.

3. Treasury stock

The Annual General Meeting on 21 May 2014 adopted a resolution authorising the Drillisch AG Management Board to acquire treasury stock totalling up to 10% of the share capital at the time of the Annual General Meeting 2014 on or before 20 May 2019. This repurchase right has not been exercised in the current fiscal year.

Abridged Notes to the Consolidated Accounts

Per 30 September 2014, Drillisch AG held 5,189,015 shares of treasury stock acquired pursuant to the previous authorisations representing €5,707,916.50 (9.76%) of the share capital.

4. Profit per share

The undiluted profit per share is calculated in accordance with IAS 33.9 et seqq. by dividing the consolidated profit from continuing business operations by the weighted average of the number of ordi-

nary shares outstanding.

The diluted profit per share is calculated in accordance with IAS 33.30 et seqq. by dividing the consolidated results, adjusted for the after-tax effects of any interest recognised in the period related to potential ordinary shares, from continuing business operations by the weighted average number of shares outstanding plus the weighted number of shares which would be issued on the conversion of all dilutive potential shares into ordinary shares.

	I-III/2014	I-III/2013
Consolidated profit in €k	38,679	147,090
Weighted average less own shares held (number)	48,000,000	48,024,792
Undiluted consolidated profit per share in €	0.81	3.06
Consolidated profit in €k	38,679	147,090
Net effect on results from convertible bond in €k	1,733	0
Adjusted consolidated profit in €k	40,412	147,090
Weighted average less own shares held (number)	48,000,000	48,024,792
Shares from convertible bond to be included as average (number)	4,276,240	0
Diluted consolidated profit per share in €	0.77	3.06

5. Explanatory comments on cash flow statement

The liquidity (cash) shown in the cash flow statement includes cash on hand and cash in banks which are shown under Cash in the consolidated balance sheet.

The cash flow statement has been prepared in compliance with IAS 7 and breaks down the changes in cash according to payment flows from current business, investment and financing activities. The cash flow from current business activities in this case is determined according to the indirect method.

6. Segment presentation

The segment report is based on the internal organisation and reporting structure. It differentiates among the products and services offered by the various segments of Drillisch Group. The software services segment and – in the previous year – the freenet AG holding segment are shown in addition to the telecommunications segment.

The activities of the Group in the sector of wireless services are bundled in the telecommunications segment. The operating companies in Drillisch Group market wireless services from all four of the wireless services network operators active in Ger-

Abridged Notes to the Consolidated Accounts

many. The advance services acquired from the network operators Telekom Deutschland GmbH, Vodafone D2 GmbH, E-Plus Mobilfunk GmbH and Telefónica O₂ Germany GmbH & Co. OHG are sold further to the end consumers for the Company's own account and at rates established by Drillisch on the basis of its own calculations.

Activities related to the development and marketing of a workflow management software are bundled in the software services segment.

In the previous year, the holding in freenet AG was disclosed in the freenet holding segment; this holding was sold completely in fiscal year 2013.

Segment Report 1.1.2014 - 30.9.2014	Telecommu- nications	Software services	Total
	€k	€k	€k
Sales with third parties	212,974	50	213,024
Inner-company sales	0	5,538	5,538
Consolidation	0	-5,538	-5,538
Segment sales	212,974	50	213,024
Segment EBITDA	64,645	-39	64,606
Amortisation and depreciation	-7,371	0	-7,371
Segment EBIT	57,274	-39	57,235
Result from financial investments shown in the balance sheet according to the equity method	0	0	0
Result from fair value measurement of hedge transactions	0	0	0
Result from fair value measurement of financial derivatives related to the issue of a debenture bond	0	0	0
Result from change in valuation methods	0	0	0
Other financial results	0	0	0
Other financial results per comprehensive income statement	0	0	0
Interest income	760	0	760
Interest and similar expenses	-2,707	0	-2,707
Financial result	-1,947	0	-1,947
Profit before taxes	55,327	-39	55,288
Taxes on income	-16,609	0	-16,609
Consolidated results	38,718	-39	38,679

Abridged Notes to the Consolidated Accounts

Segment Report 1.1.2013 - 30.9.2013	Telecommu- nications	Software services	freenet holding	Total
	€k	€k	€k	€k
Sales with third parties	217,828	63	0	217,891
Inner-company sales	0	5,121	0	5,121
Consolidation	0	-5,121	0	-5,121
Segment sales	217,828	63	0	217,891
Segment EBITDA	52,174	-39	0	52,135
Amortisation and depreciation	-7,268	0	0	-7,268
Segment EBIT	44,906	-39	0	44,867
Result from financial investments shown in the balance sheet according to the equity method	0	0	10,281	10,281
Result from fair value measurement of hedge transactions	0	0	25,904	25,904
Result from fair value measurement of financial derivatives related to the issue of a debenture bond	0	0	13,625	13,625
Result from change in valuation methods	0	0	115,856	115,856
Other financial results	0	0	122	122
Other financial results per comprehensive income statement	0	0	155,507	155,507
Interest income	849	0	0	849
Interest and similar expenses	-78	0	-49,959	-50,037
Financial result	771	0	115,829	116,600
Profit before taxes	45,677	-39	115,829	161,467
Taxes on income	-7,405	0	-6,972	-14,377
Consolidated results	38,272	-39	108,857	147,090

Abridged Notes to the Consolidated Accounts

The Group's assets and liabilities are almost exclusively attributable to the telecommunications segment.

All relations within and/or between the segments are eliminated in the course of consolidation. Such relations are essentially the offsetting of the expenses and income within the Group. The accounting principles (IFRS as they are to be applied in the EU) are identical for all of the segments.

The transfer prices correspond on principle to the prices determined by arm's length comparison. Since Drillisch Group is active only in Germany, there are no geographic segments. The most important non-operating segment expenses and income include the allocations to the provisions and, in the previous year, the measurement of the hedging transactions and the equity result.

7. Relations to relatives and companies

Per 30 September 2014, there were claims due from and liabilities due to relatives and companies as shown below:

The Baugemeinschaft Maintal, consisting of the shareholders Pascal Choulidis and Marianne Choulidis, has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent expenses for the first 9 months of 2014 amounted to €380k (previous year: €380k).

The company VPM Immobilien Verwaltungs GmbH, Maintal (partners: Vlasios Choulidis, Pascal Choulidis and Marc Brucherseifer), has let office space in Maintal to Drillisch Group. The lease runs until 31 December 2020. Rent expenses for the first 9 months of 2014 amounted to €112k (previous year: €0k).

The company Frequenzplan GmbH, Plannegg (shareholder Mr Tobias Valdenaire), realised sales in the amount of

€260k (previous year: €212k) with Drillisch Group in the first 9 months of 2014.

There were no amounts due to or due from the relatives and companies mentioned above per 30 September 2014 and per 30 September 2013.

The company Flexi Shop GmbH, Frankfurt am Main (shareholder Mr Jannis Choulidis), realised sales in the amount of €51k (previous year: €111k) with Drillisch Group in the first 9 months of 2014. The amount of €4k (previous year: €11k) was owed to this company per 30 September 2014.

8. Financial instruments

The book value in each case for short-term financial assets and liabilities which are not derivatives is a reasonable approximation of the attributable fair value.

No measurements at Level 1 (publicly noted prices), Level 2 (derived from market value) and Level 3 (no observable market values, valuation based on valuation models) of the fair value hierarchy for long-term financial assets and liabilities measured at fair value have been made.

Financial Calendar · Share Information

1. Financial calendar as previously

Financial Dates 2014

Subject to change

Date	Topic
Friday, 14. November	9-Month Report 2014
November	DVFA Analysts' Event

2. Latest analyst assessments (per 30 September 2014)

Thanks to the targeted increase in the EBITDA to the upper end of the original guidance of between €82 million and €85 million in fiscal year 2014 and a further increase to between €95 million and €100 million in fiscal year 2015 (fiscal year 2013: €70.8 million) as well as a long-term dividend policy and the good strategic positioning on the German wireless services market, the capital market rates the Drillisch stock as promising.

Latest analyst assessments (per 05 November 2014)

Analysis	Rating Price	Target	Date
Close Brothers Seydler	„Buy“	€35.00	05 November 2014
Bankhaus Lampe	„Buy“	€39.00	05 November 2014
Commerzbank	„Reduce“	€23.00	04 November 2014
Warburg Research	„Buy“	€32.00	22 October 2014
LBBW	„Buy“	€31.00	06 October 2014
Citi	„Buy“	€42.00	03 October 2014
Equinet	„Accumulate“	€32.00	29 August 2014
Berenberg	„Buy“	€31.00	30 June 2014

A constantly updated overview of the analysts' recommendations can be found on the Drillisch AG IR home page

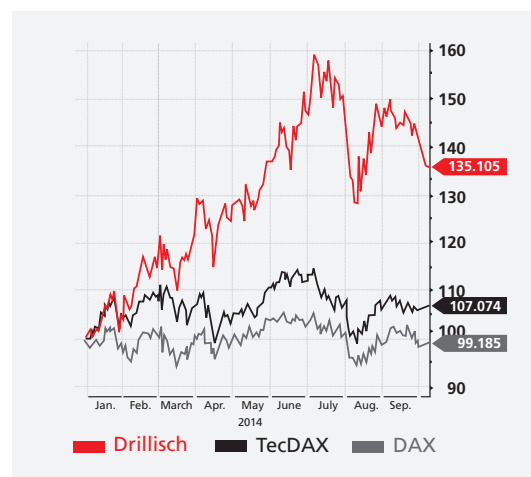
www.drillisch.de

→ Investor Relations → Analysen

3. Stock price trends in the first nine months of 2014

Drillisch stock with impressive performance

	Close-out 2013	30 September 2014	% change
Drillisch	€21.00	€26.70	+ 27.1
TecDAX	1,166.83	1,249.36	+ 7.1
DAX	9,552.16	9,474.30	- 0.8



Share Information

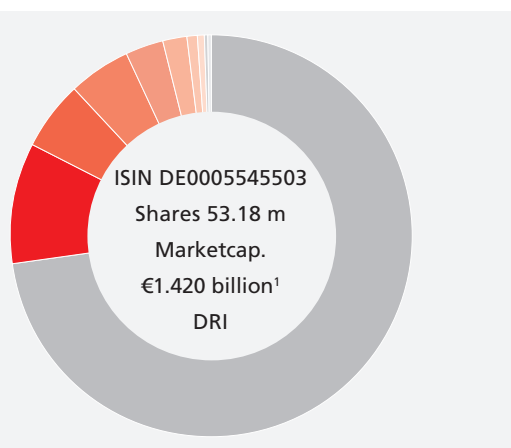
4. Dividend policy

On 21 May 2014, the Annual General Meeting decided to pay a dividend for the past 2013 fiscal year in the amount of €1.60 per voting share, an increase of 23%. Our target for fiscal years 2014 and 2015 will be to distribute a dividend (€1.60/share) of the same amount as a minimum.

5. Directors' Holdings per 30 September 2014

Company	No-par shares
Pascal Choulidis	425,000 → 0.80%
Vlasios Choulidis	400,000 → 0.75%
Supervisory Board	No-par shares
Marc Brucherseifer, Dipl.-Kfm. (Chair)	1,077,565 → 2.03%
Johann Weindl, Dipl.-Kfm.	10,439 → 0.02%
Horst Lennertz, Dr.-Ing.	2,407 → 0.01%

6. Shareholder Structure (as of 30 September 2014)



73.09 % Free Float Shs. 38,875,344
9.76 % Own Shares Shs. 5,189,015
5.45 % FidelityFMR LLC, Boston Shs. 2,896,567
5.07 % Union Investment Privatfonds Shs. 2,694,500
3.04 % Allianz Global Investors Europe GmbH Shs. 1,618,178
2.03 % M. Brucherseifer, Dipl.-Kfm. Shs. 1,077,565
0.80 % P. Choulidis Shs. 425,000
0.75 % V. Choulidis Shs. 400,000
0.02 % J. Weindl Shs. 10,439
0.01 % Dr H. Lennertz Shs. 2,407

Source: Disclosures by the corporations pursuant to sections 21 ff German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) and unless the company was not informed of a more recent figure.

1) On the basis of the XETRA closing price €26.70 on 30 September 2014. Free Float acc. to the rule of Dt. Boerse AG: 90.24%.

7. Investor Relations

Communications are conducted in conformity with the fair disclosure principle, i.e. all shareholders and interested parties are simultaneously provided with the same type of information about all important developments. The ongoing work can be followed and tracked equally by all investor groups on our investor relations home page, where all relevant reports can be viewed. Many interested parties also take advantage of the opportunity for personal contact via email and/or telephone.

Publications · Your Contacts Information and Order Service

Publications

The present report on the first nine months of 2014 is also available in an German version.

You can view and download our business and quarterly reports, ad-hoc announcements, press releases and other publications about Drillisch AG at www.drillisch.de -> **Investor Relations**

Information and Order Service

Please use our online order service in the Investor Relations section on our website at www.drillisch.de -> **Order service**

We will of course be glad to send you the requested information by post or fax as well. We will also be glad to help you with any personal queries by telephone.

Your Contacts

We will also be glad to help you with any queries about Drillisch AG and our brands:

Oliver Keil,

Head of Investor Relations

Wilhelm-Röntgen-Straße 1-5
D – 63477 Maintal

Telephone: +49 (0) 6181 / 412 200
Fax: +49 (0) 6181 / 412 183
E-mail: ir@drillisch.de

Peter Eggers,

Press Spokesman (Products)

Wilhelm-Röntgen-Straße 1-5
D – 63477 Maintal

Telephone: +49 (0) 6181 / 412 124
Fax: +49 (0) 6181 / 412 183
E-mail: presse@drillisch.de



New: LTE plans best value for money

from €9.95 monthly

up to 50 Mbit/s

with 1 GB, 2 GB or 3 GB

You still have not found the right tariff? You have the choice!

hello mobil

www.hellomobil.de

kontakt@hellomobil.de

maxxim

www.maXxim.de

kontakt@maxxim.de

McSIM

www.mcsim.de

kontakt@mcsim.de

PHONEX

www.phonex.de

kontakt@phonex.de

simply
Und gut.

www.simplytel.de

kontakt@simplytel.de

fiotel

www.fiotel.de

kontakt@fiotel.de

DeutschlandSIM
Alles drin

www.deutschlandsim.de

[▶contactformular](#)

DISCOTEL

www.discotel.de

[▶contactformular](#)

smartmobil.de

www.smartmobil.de

kontakt@smartmobil.de

PremiumSIM
Exklusive Smartphone-Tarife

www.premiumsim.de

[▶contactformular](#)

winSIM

www.winsim.de

[▶contactformular](#)

Editorial Information



Company Headquarters:

Wilhelm-Röntgen-Straße 1-5
D – 63477 Maintal

Telephone: +49 (0) 6181 / 412 3
Fax: +49 (0) 6181 / 412 183

Responsible:

Drillisch AG

Management Board:

Pascal Choulidis (Spokesperson)
Vlasios Choulidis

Supervisory Board:

Marc Brucherseifer, Dipl.-Kfm. (Chairman)
Dr Susanne Rückert (Deputy Chairperson)
Dr Horst Lennertz, Ingenieur
Frank A. Rothauge, Dipl.-Kfm.
Dr Bernd H. Schmidt
Johann Weindl, Dipl.-Kfm.

Investor Relations Contact:

Telephone: +49 (0) 6181 / 412 200
Fax: +49 (0) 6181 / 412 183
E-mail: ir@drillisch.de

Commercial Register Entry:

HRB 7384 Hanau
VAT ID No.: DE 812458592
Tax No.: 03522506037
Offenbach City Tax Office

Disclaimer:

The information provided in this publication is checked carefully. However, we cannot guarantee that all specifications are complete, correct and up to date at all times.

Future-oriented Statements:

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the management of the Drillisch Group. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the Company to deviate substantially from the assessments shown here. Such factors include those which we described in reports to the Frankfurt securities exchange. The Company does not undertake any obligation to update such future-oriented statements and to adapt them to future events or developments.

