



Drillisch AG

Company Presentation

This presentation contains statements and forecasts related to future developments; they express the current assessments of the Drillisch AG management. These assessments and statements may be subject to changes and/or uncertain general conditions which, in the majority of cases, are difficult to predict and are beyond the control of Drillisch AG.

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Agenda



Highlights 2014



Market Development












Financial Indicators



Outlook

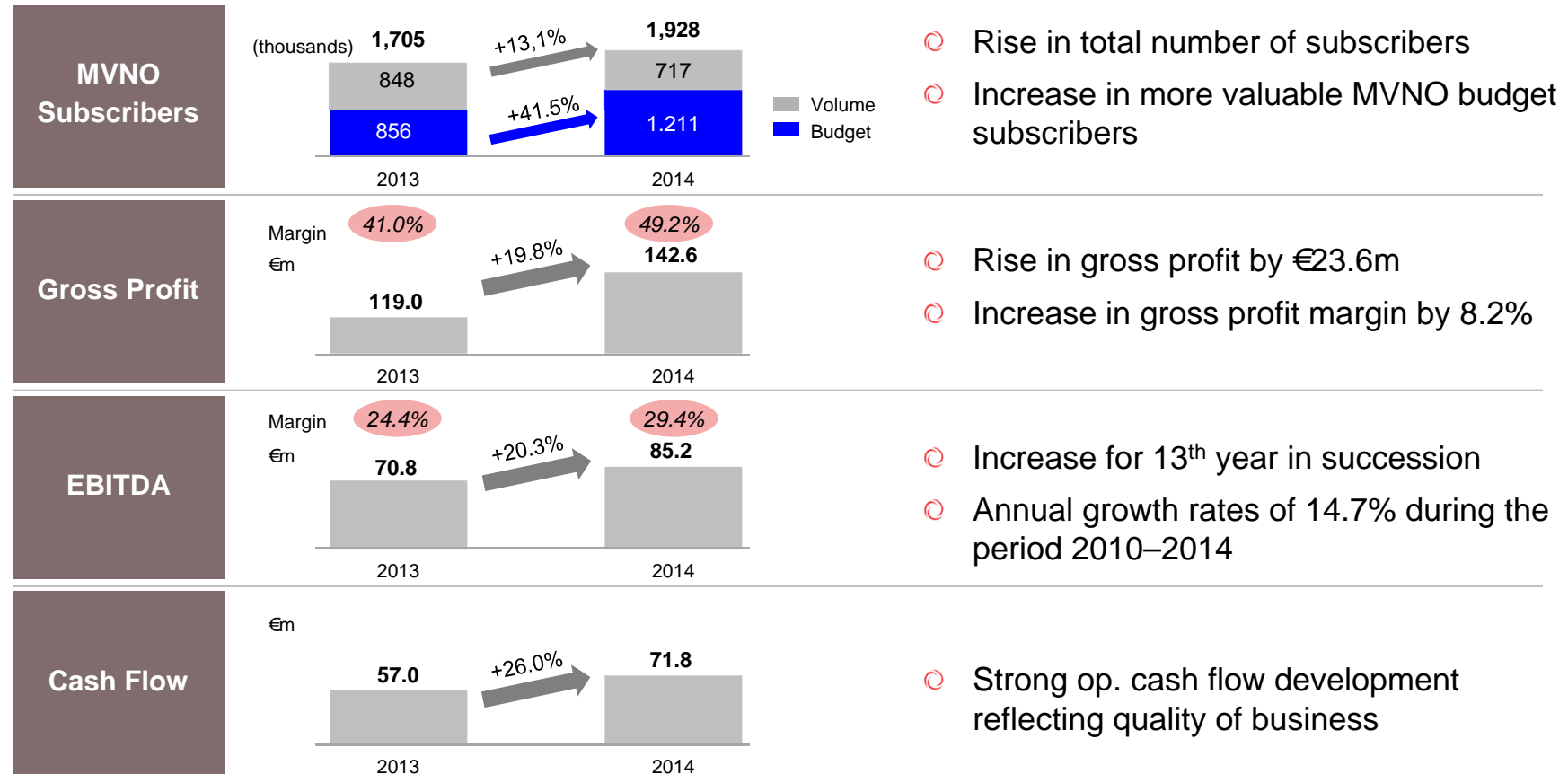
Overview of the Highlights

MBA MVNO Agreement	<ul style="list-style-type: none"> ✓ Conclusion of the MBA MVNO agreement with Telefónica Germany in June 2014 ✓ European Commission confirms agreement on the usage of network capacities with Drillisch In August 2014 ✓ After completion of the technical realisation in July 2015, Drillisch will be on equal footing with the network operators
Acquisition of yourfone	<ul style="list-style-type: none"> ✓ Conclusion of the acquisition of yourfone for €51.4m⁽¹⁾ in January 2015  ✓ Established brand on German wireless services market offering potential for further growth
Acquisition of GTCom	<ul style="list-style-type: none"> ✓ Acquisition of 97.5% interest in the prepaid provider GTCom for €1.6m⁽¹⁾ at the beginning of February 2015  ✓ Expansion of the distribution platform in cooperation with interesting partners       
Offline Sales	<ul style="list-style-type: none"> ✓ Establishment of the offline distribution channel, laying the foundation for continued growth in subscriber numbers and revenue ✓ Selection of about 300 shop locations in the first half of 2015
EU and LTE Rate Plans	<ul style="list-style-type: none"> ✓ April 2014: Attractive portfolio of new package and flat-rate plans for use all across Europe ✓ October 2014: Successful introduction and various awards for the new LTE and data rate plans⁽²⁾

(1) Final calculation of the purchase price not yet available

(2) Stiftung Warentest All-net Flat Rate Test Winner (10/14) and Stiftung Warentest Finance Test All-net LTE Rate Plans Test Winner (03/15)

Overview of Fiscal Year 2014

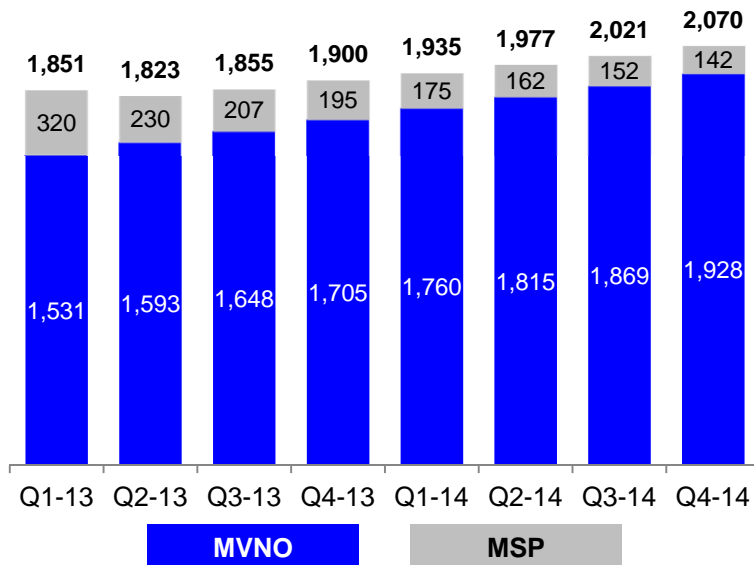


Positive development in fiscal year 2014 — all expectations were met or exceeded

Drillisch Subscriber Development

Subscriber Development

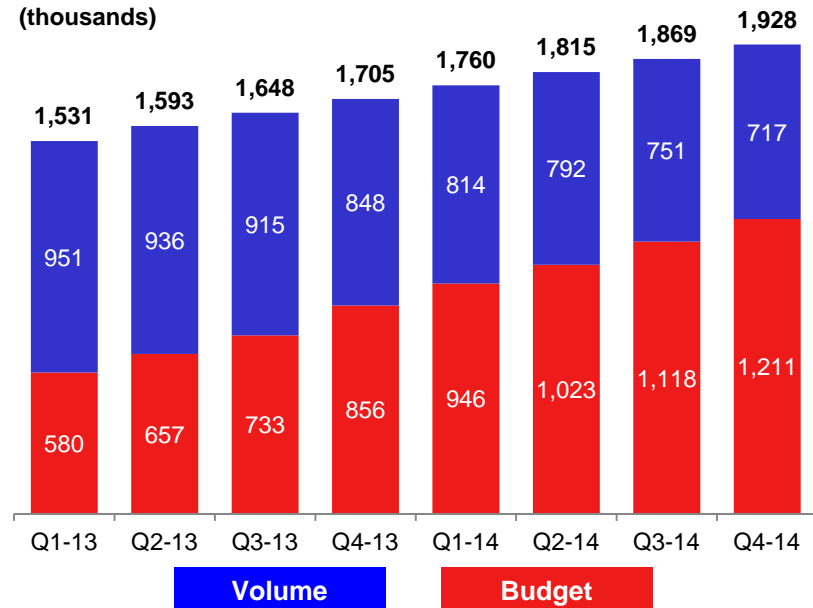
(thousands)



- **MVNO** subscriber growth
 - +223,000 to 1,928,000 (PY: 1,705,000)
- **Total subscribers**
 - +170,000 to 2,070,000 (PY: 1,900,000)

Subscriber Focus in MVNO Business

(thousands)



- **Budget** subscribers
 - +355,000 to 1,211,000 (PY: 856,000)
- **Volume** subscribers
 - -131,000 to 717,000 (PY: 848,000)

Sustained MVNO subscriber growth focusing on budget subscriber segment

Benefits of the MBA MVNO Contract

MBA MVNO contract opens up new strategic opportunities



Access to network capacity

- Access to up to 30% of network capacity
- Unrestricted 4G access no less than 12 months before other non-MNOs from *1 July 2015*



Expansion of distribution network

- Significant increase in distribution capacity with access to new customer groups
- Expansion of the “best in class” online distribution channel for additional capacities
- Acquisition of shops for establishment of offline channel



Participation in technology and network development

- Unlimited access to all current and future technologies (4G, 5G, etc)
- Option to become a Full MVNO or a “MNO light”
- On equal footing with network operators for future network developments



Attractive terms and conditions

- Contract security at attractive terms and conditions
- Network access guaranteed for up to 15 years (contract term of 5 years and 2 options for renewal of 5 years each)
- Planning security thanks to fixed long-term terms and conditions of purchasing

MBA MVNO contract gives Drillisch the chance to expand its leadership in pricing and innovation on the market for wireless services

Drillisch Brand Portfolio

Success with innovative services and transparent products

Drillisch portfolio (excerpt)

Premium Brands

New

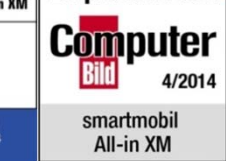


Multiple Brand Strategy

PremiumSIM
Exklusive Smartphone-Tarife



Awards for pricing and quality (excerpt)



Sustained high standard in quality management again confirmed by external audits



Mobile Awards 2014:

The winners have been crowned








High customer satisfaction and willingness to recommend to others (as high as 90%)

LTE Tariff Comparison by Stiftung Warentest⁽¹⁾

- Stiftung Warentest's Finance Test compared 19 LTE mobile offers⁽²⁾
- "Where do you get high-speed internet particularly cheap?"
 - "Premium SIM, sim.de and simply offers best value for money..."
- "In our opinion, simple and cost-effective use of mobile internet will remain the key growth drivers in our industry for the years to come"

Test Winner

All top positions for LTE

Rank	Brand	Tariff	Price (€)	Mbit/s / Highspeed volume (MB)
1	 PremiumSIM Exklusive Smartphone-Tarife	LTE M	19.95	50 / 2,000
2	 sim.de ...ganz einfach besser!	LTE Zwei	19.95	50 / 2,000
3	 simply Und gut.	LTE M Plus	19.95	50 / 2,000
4	 yourfone.de MEHR FÜR DICH.	LTE M	19.95	50 / 2,000
5	 DeutschlandSIM Alles drin	LTE M	24.95	50 / 2,000

Top five positions in Stiftung Warentest's LTE tariff comparison are held by Drillisch brands

⁽¹⁾Finanztest Allnet-LTE tariffs 03/15

⁽²⁾LTE with at least 50 Mbit/s, telephone flat for calls to German landlines, all German mobile networks and SMS flat

Drillisch Product World

With 4G rate plans — with outstanding quality and transparent products successful today...

LTE 500 12,99 €	500 MB at 50 Mbit/s (Voice + SMS Flat)
LTE 1.500 19,99 €	1,5 GB at 50 Mbit/s (Voice + SMS Flat)
LTE 3.000 24,99 €	3 GB at 50 Mbit/s (Voice + SMS Flat)
LTE 5.000 39,99 €	5 GB at 50 Mbit/s (Voice + SMS Flat)
LTE 10.000 69,99 €	10 GB at 50 Mbit/s (Voice + SMS Flat)

Our competitors with 4G products*

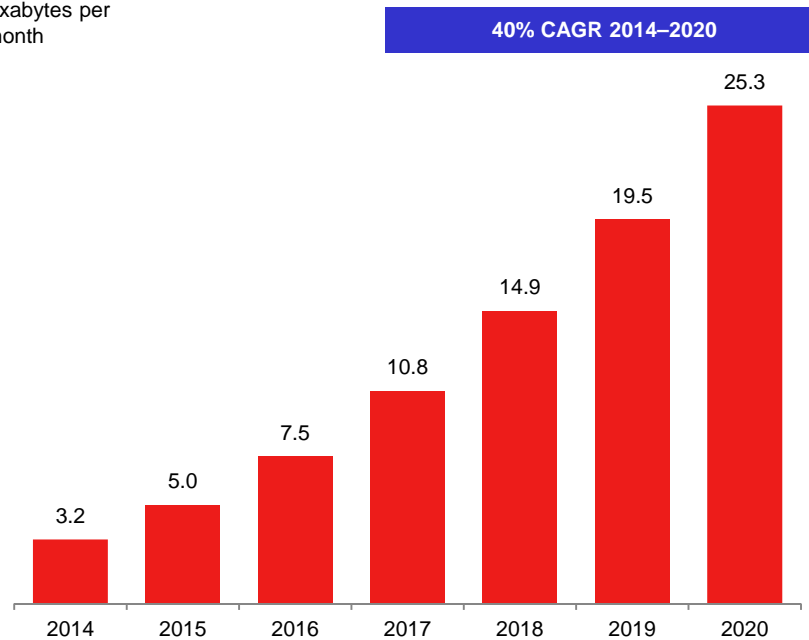
○ VOD	Smart L	€29.99
○ DTE	Magenta Mobil S	€28.45
○ TEF D	Select	€19.99
○ DTE	Magenta Mobil M	€37.95
○ VOD	Red 1,5 GB	€34.99
○ TEF D	All in M 1 GB	€29.99
○ DTE	Magenta Mobil L	€47.45
○ TEF D	All-in L	€39.99
○ VOD	Red 3 GB	€39.99
○ DTE	Magenta Mobil L Prem	€109.95
○ DTE	Magenta Mobil L Plus	€75.95
○ TEF D	All-in XL	€49.99
○ TEF D	All-in Premium	€79.99

...tomorrow the only MBA MVNO with the features of a network operator

Mobile Data Traffic as Growth Driver

Projection of global mobile data traffic until 2020 ⁽¹⁾

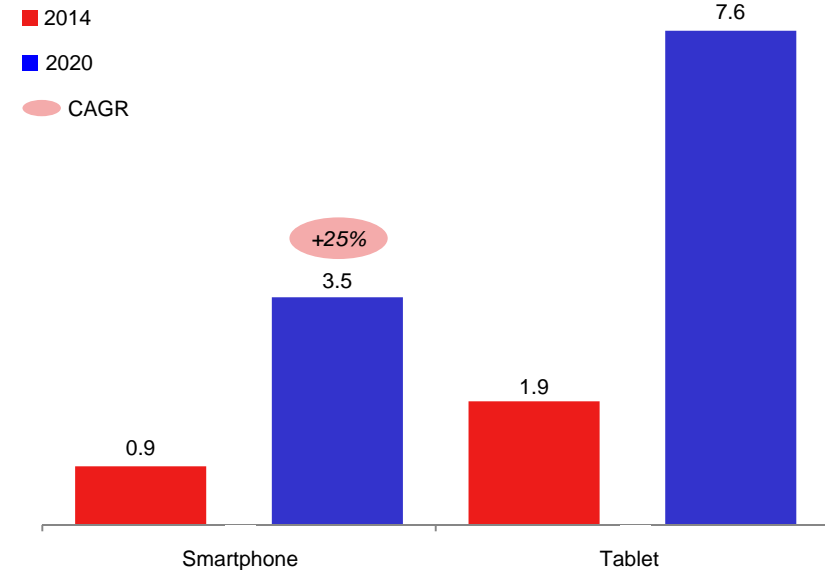
Exabytes per month



- Global mobile data traffic growth of 40% p.a. in 2014–2020
- In 2014, mobile internet users⁽²⁾ in Germany grew by 5% to 37m citizens

Growth in mobile data utilisation based on various devices (2014 vs 2020)⁽¹⁾

Gigabytes per month



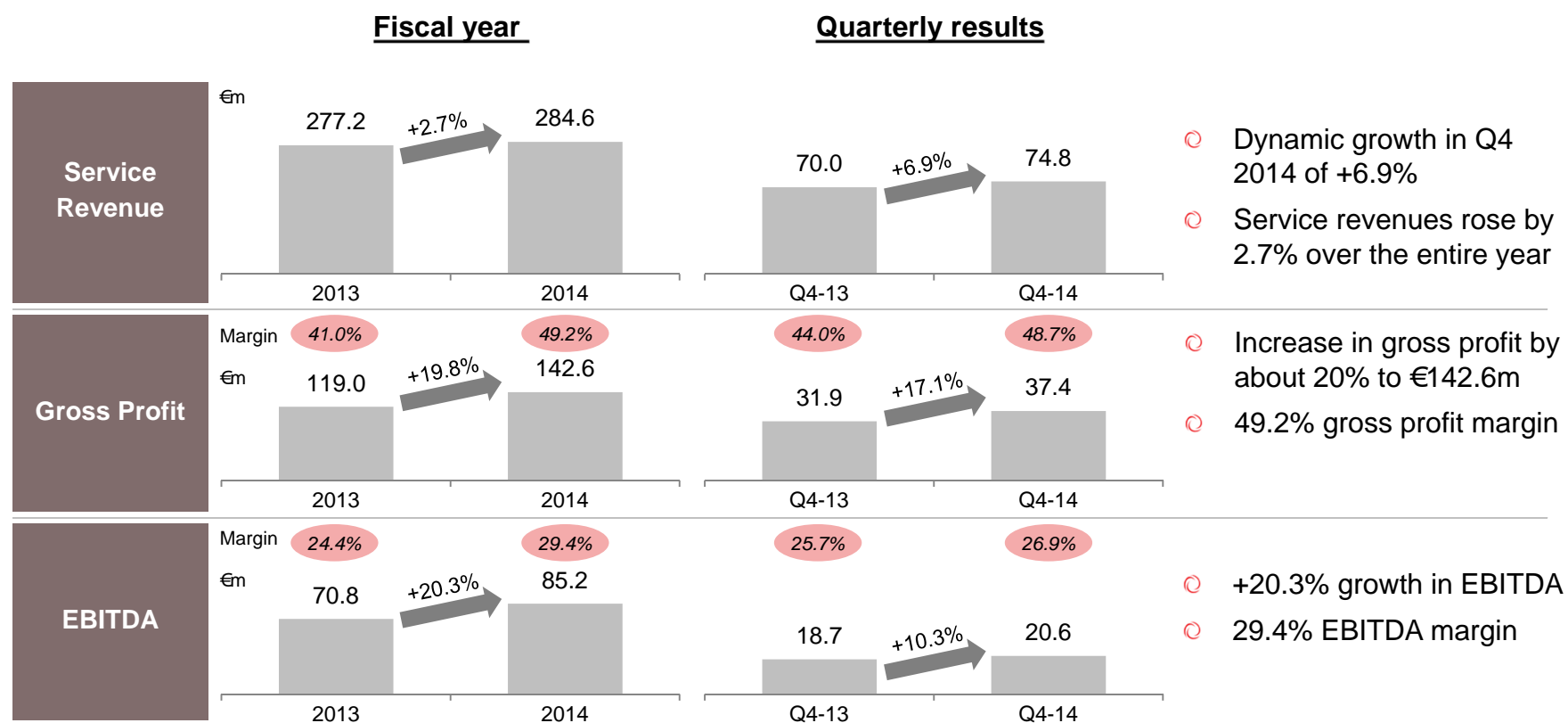
- Monthly utilisation of smartphones and tablets expected to increase significantly by 25% p.a. until 2020
- Main drivers of future mobile data traffic expected to be video and streaming offers

⁽¹⁾Source: Ericsson Mobility Report, Nov-2014

⁽²⁾Including users over the age of 10 years

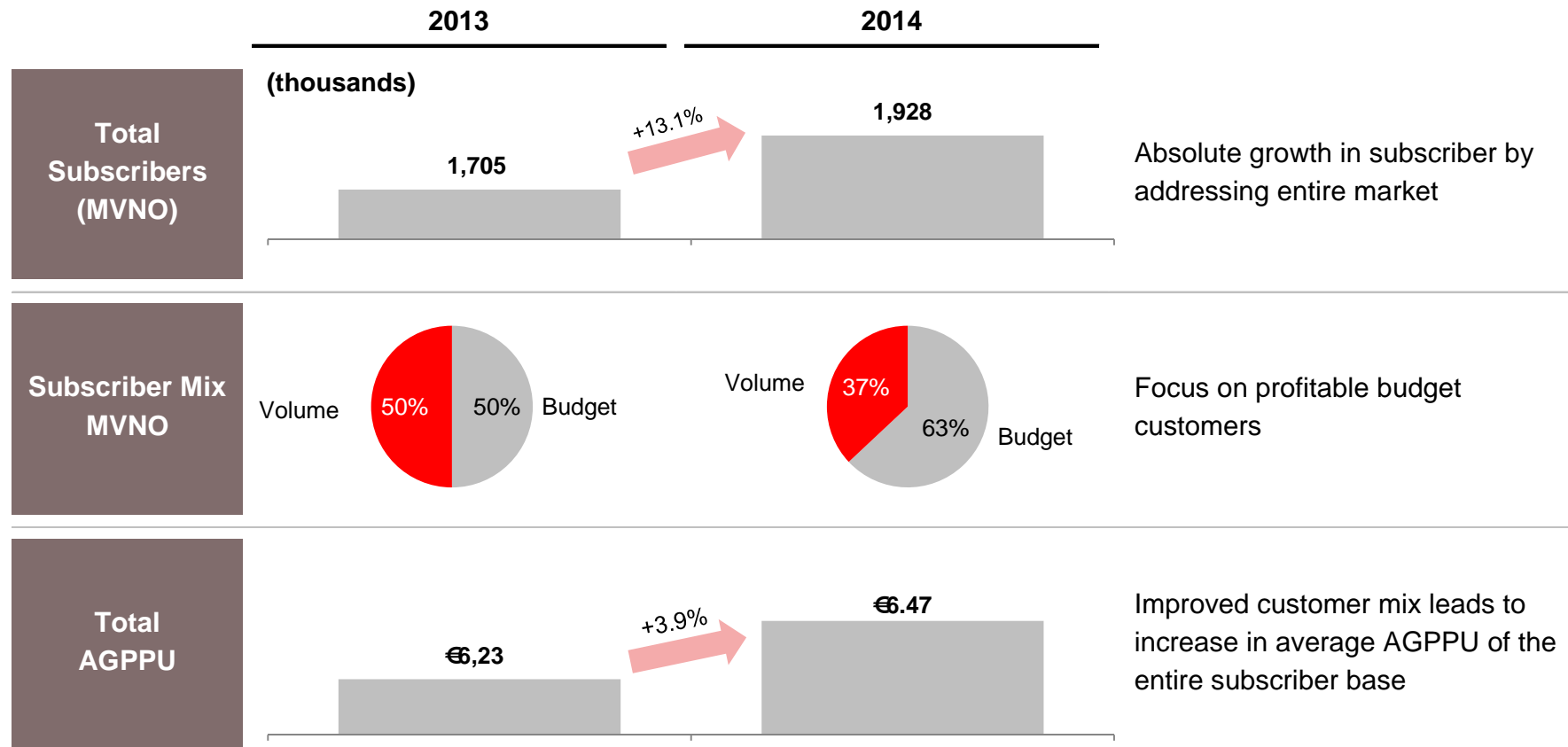
Key Financial Indicators

Increase of earnings figures from relatively stable service revenues



Enhanced profitability from stable revenues leads to an improvement in earnings position

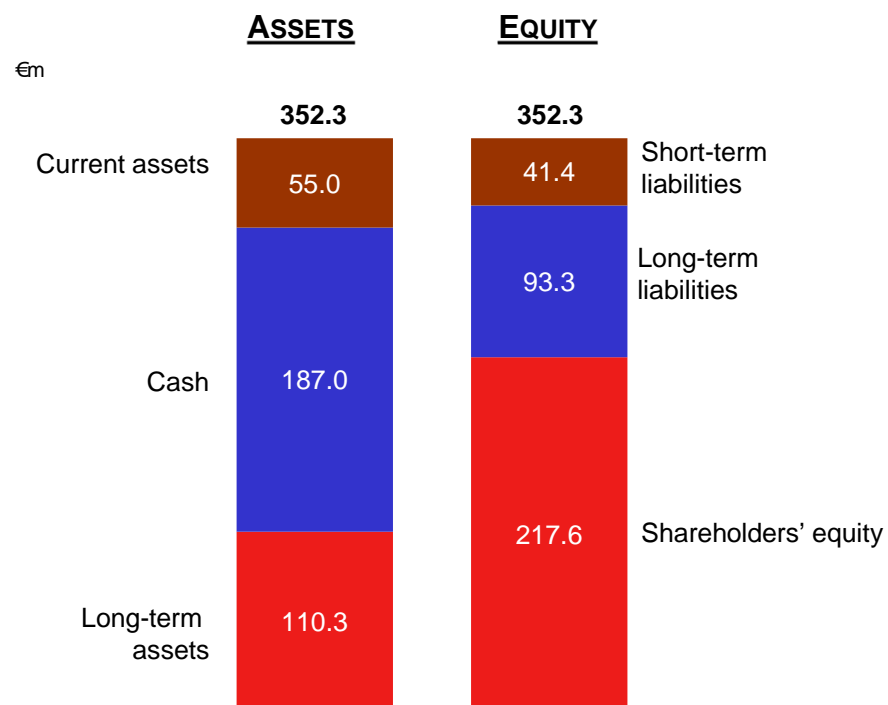
AGPPU (Average Gross Profit per User)



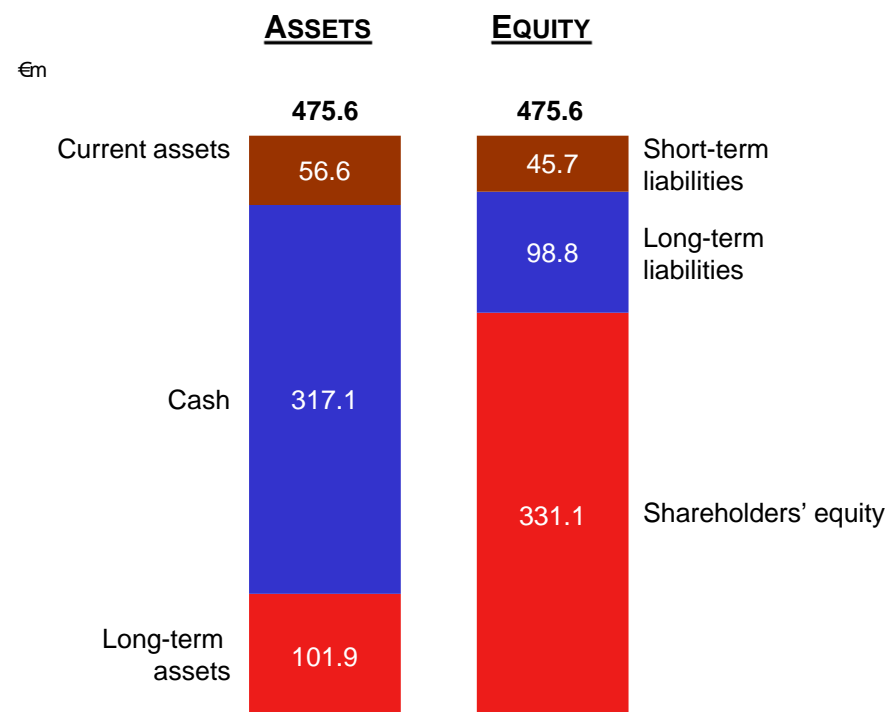
Rising profitability from better customer mix and addressing of total market

Balance Sheet in €m

31 December 2013



31 December 2014



Equity ratio rises to 69.9% (31/12/2013: 61.8%)

Cash Flow Development

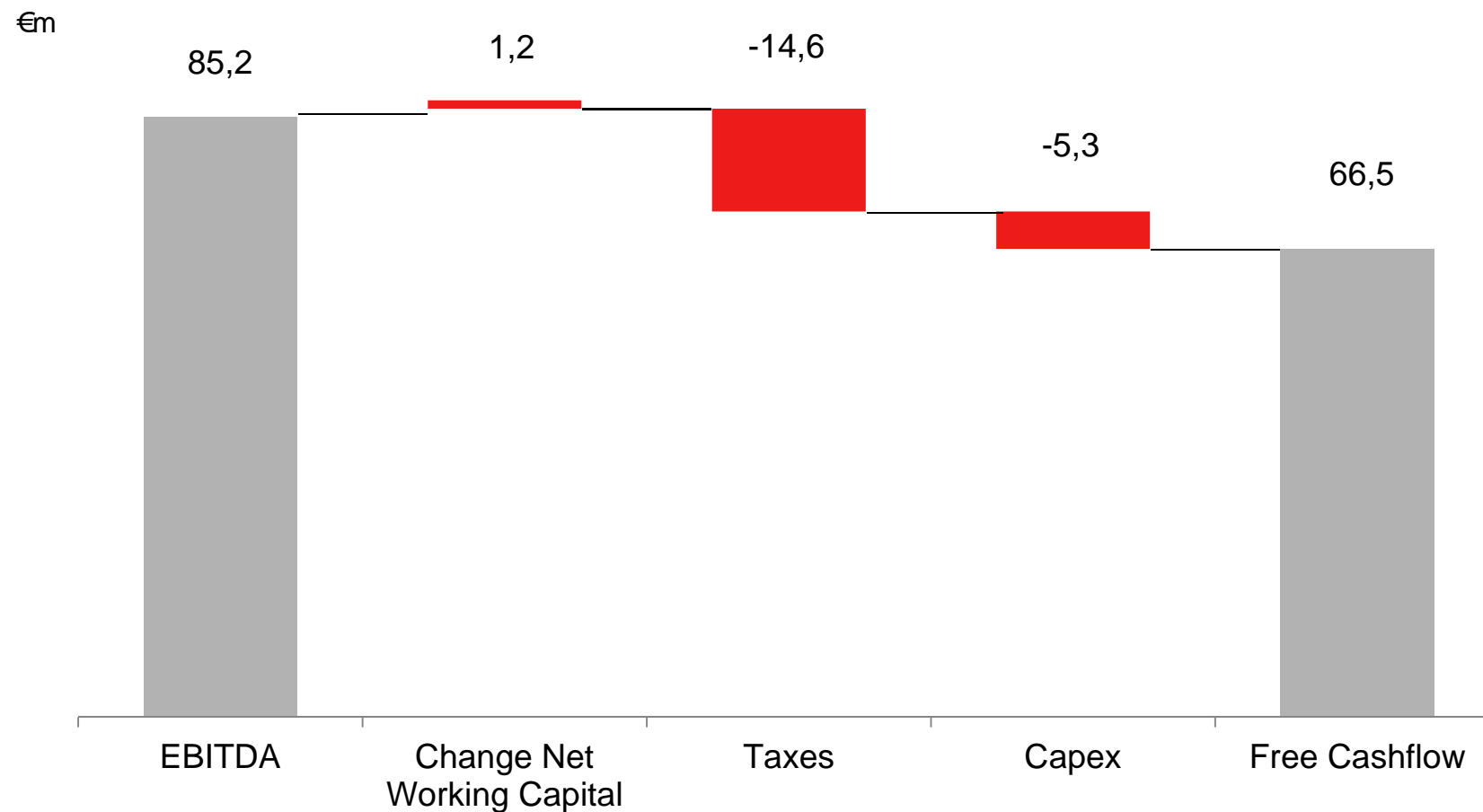
€m	2013	2014	
Cash flow from current business activities	57.0	71.8	Reflects the strength of operating business
Cash flow from investment activities	350.5	-4.8	2013: Marked by sale of freenet stock (€357.3m) and received dividends of (€11.7m) 2014: Investment in tangible assets
Cash flow from financing activities	-297.7	63.1	2013: Repayment of a debenture bond (€125m), repayment of finance loans (€159.3m) and interest payments (€43.7m) 2014: Payments of €139.7m from the sale of treasury stock and €76.8m in paid dividends
Free cash flow ⁽¹⁾	34.9	66.5	FCF 2015 will be affected through increase in capex and upfront payment (TEF D)

Substantial increase in cash flow from current business activities

⁽¹⁾Definition of free cash flow: cash flow from current business activities less CAPEX

EBITDA to FCF

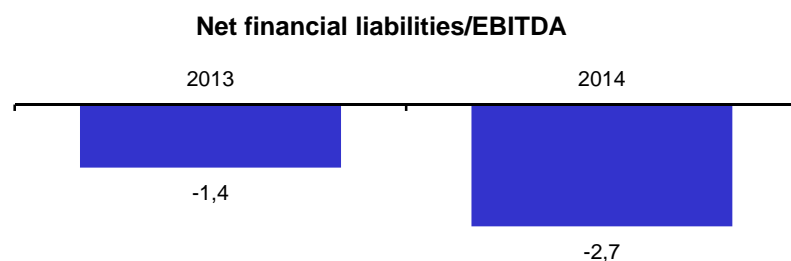
Free Cash Flow Bridge January–December 2014



Overview of Liabilities and Cash

Development in net financial liabilities

€m	2013	2014
Bank loans and overdrafts	0.0	0.0
Convertible bond	86.2	88.8
Leasing liabilities	1.1	2.1
Financial liabilities	87.3	90.9
Cash and cash equivalents	-187.0	-317.1
Net financial liabilities	-99.7	-226.2
EBITDA	70.8	85.2



Secured financing from available cash

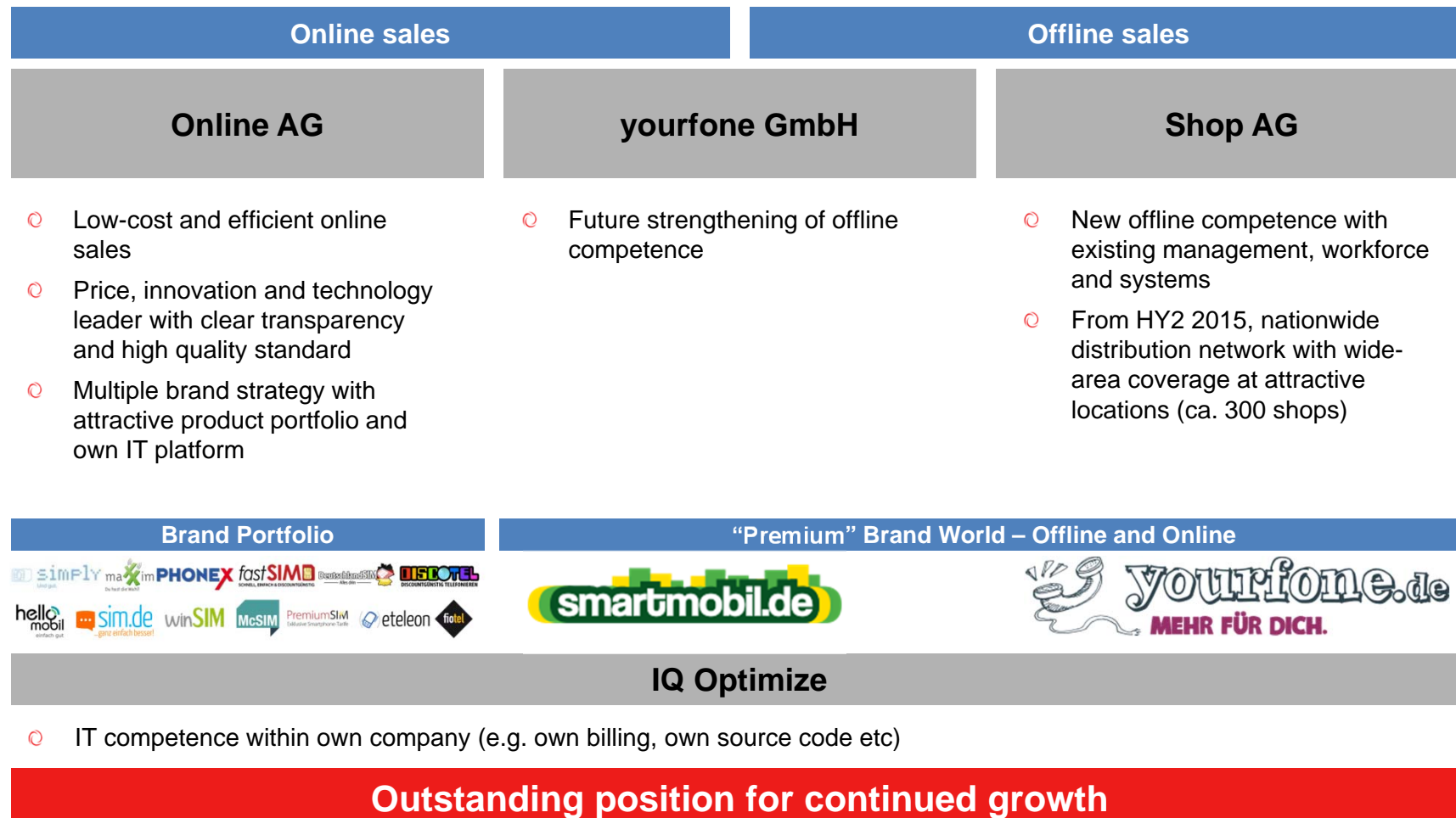
€m	Beginning of 2015
Cash	317.1
Credit line since December 2014 (not utilised)	Up to 100
Up-front payment MBA MVNO contract	-[150]
Dividend 2014	-[85]

- Even after the yourfone acquisition, Drillisch has high cash reserves which can be used to drive growth

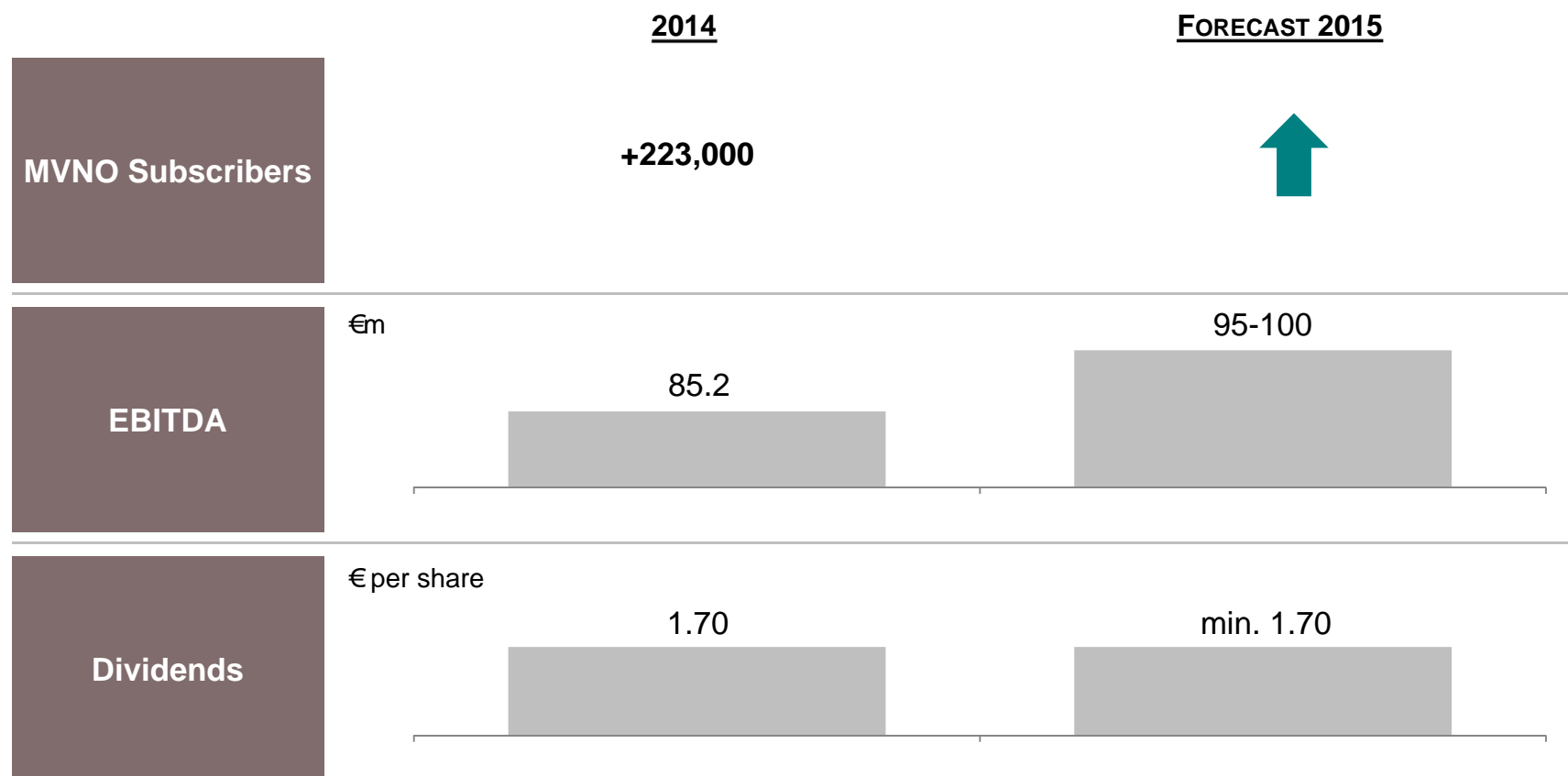
Future growth financed by earning power and current cash reserves

Drillisch Group Structure

Group structure provides the framework for consistent realisation of the strategy



Forecast 2015



Continuation of the success story — profitable growth planned for 2015 as well

Take-Aways



EBITDA forecast exceeded and profitability increased again



EBITDA increase planned for 2015 as well



Attractive dividend policy — €1.70 for fiscal year 2014; minimum for 2015 & 2016



Total yield for shareholders, including dividend, of 48%⁽¹⁾ in 2014

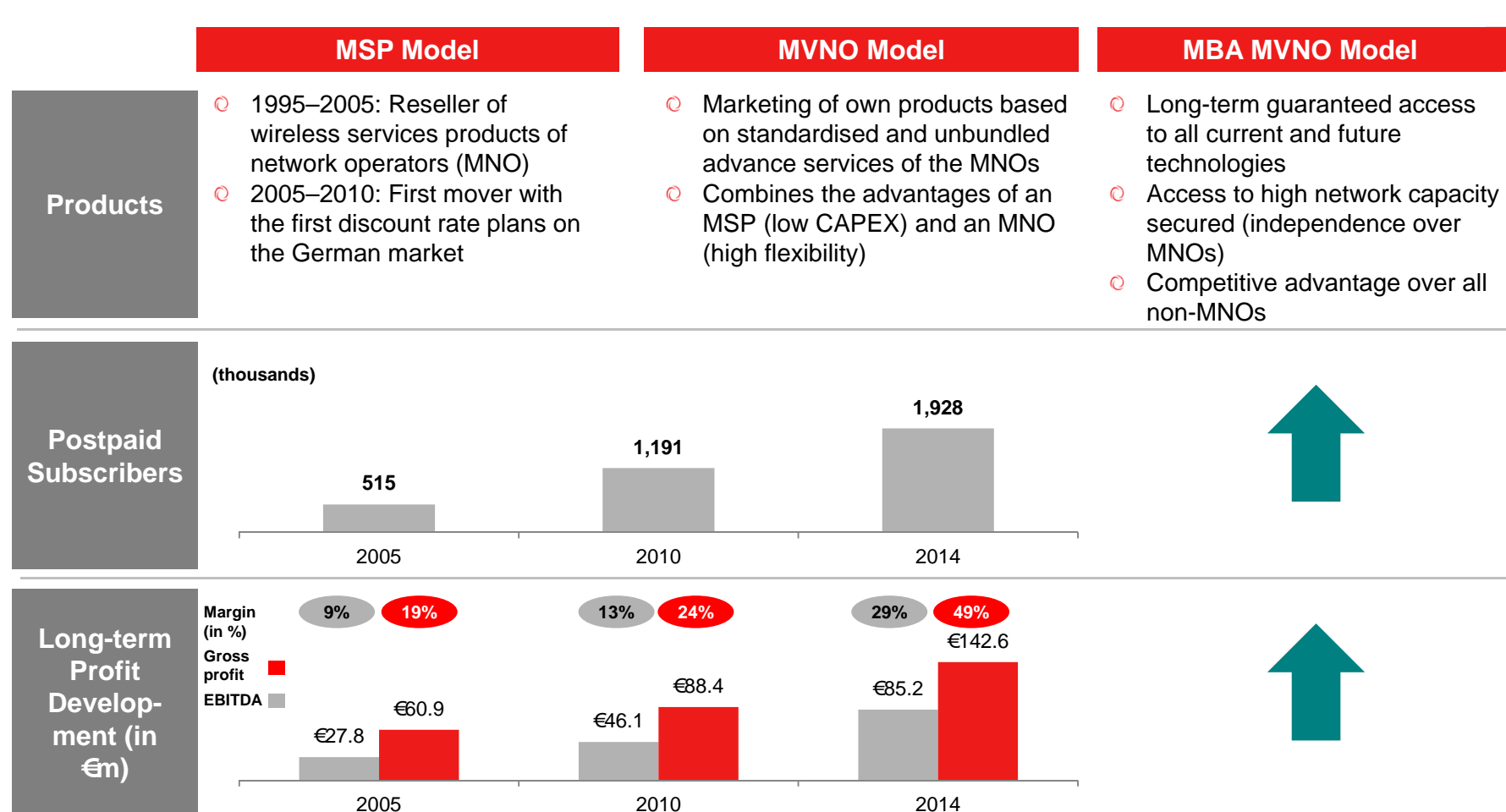


Full financial flexibility and liquidity the foundation for continued growth

⁽¹⁾Share price increase in 2014 plus dividend, based on closing price 2013

Annex

Successful Further Development of the Business Model



Drillisch has continuously evolved its business model and increased profitability and independence

EBITDA Forecast vs Achieved EBITDA

	EBITDA (adjusted) Forecast						
	2009	2010	2011	2012	2013	2014	2015
FY	Positive Development	Positive Development	€52m	€58m	€67-70m	(prev.: €77-80m) ↗ €82-85m	€95-100m
Q1	€41-42m ↑	€46m ↑	✓	✓	✓		
Q2	✓	✓	✓	€60-61m ↑	Upper range ↑	Upper range ↑	
Q3	€43m ↑	€48m ↑	✓	✓	€70m		
EBITDA (IFRS)	€43.5m	€49.3m	€52.6m	€61.9m	€70.8m	€85.2m	
EBITDA Growth (YoY)	7.1%	13.3%	6.7%	17.8%	14.4%	20.3%	~ +[14]%

Comparison with forecast:	Exceeded ↑	Exceeded ↑	Exceeded ↑	Exceeded ↑	Exceeded ↑	Exceeded ↑
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Drillisch achieves sustained increases in profitability (annual growth in EBITDA of 14.4% over the period from 2009 to 2014), whereby the forecast has always been exceeded

The New LTE Data Rate Plans from Drillisch⁽¹⁾

	Internet Flat 1 GB S	Internet Flat 2 GB M	Internet Flat 3 GB L	Internet Flat 5 GB XL
Internet flat rate	1 GB	2 GB	3 GB	5 GB
Speed	LTE 21.1 Mbit/s	LTE 50 Mbit/s	LTE 50 Mbit/s	LTE 50 Mbit/s
Network	o2	o2	o2	o2
Basic monthly rate term 1 month	€6.99	€9.99	€12.99	€17.99
Basic monthly rate for of 24 months	€2.99 first 12 months, then €6.99	€4.99 first 12 months, then €9.99	€7.99 first 12 months, then €12.99	€9.99 first 12 months, then €17.99
Installation fee	€29.99	€29.99	€29.99	€29.99
Starting credit	€0.00	€0.00	€0.00	€0.00
Telephony and voice	€0.15	€0.15	€0.15	€0.15
Term	1 month or 24 months	1 month or 24 months	1 month or 24 months	1 month or 24 months

Source: Company data

(1) All prices shown including VAT

Overview of Competing LTE Rate Plans

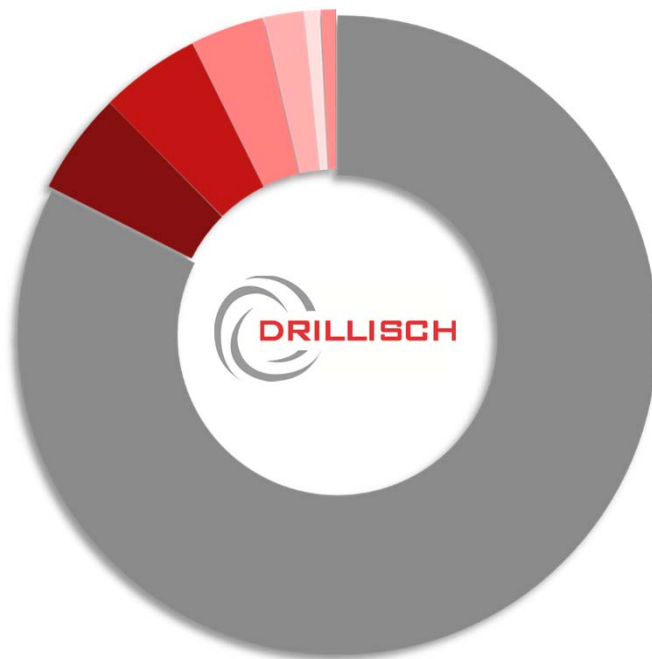
Provider	Rate Plan	Basic Rate	Phoning	Text Message	Data	Speed MBit/s	Installation Fee	Total Costs 24 Months ⁽¹⁾
LTE 500								
Drillisch	LTE 500	€12.99	Flat	Flat	500	50.00	€29.99	€341.75
o2	Select	€19.99	Flat O2 + 100 minutes + flat rate to one network	Flat	500	21.60	€0.00	€455.76
Vodafone	VF SMART L	€29.99	Flat	Flat	500	21.60	€29.99	€659.78
Telekom	Telekom Magenta Mobil S	€28.45	Flat	Flat	500	16.00	€29.95	€712.75
LTE 1500								
Drillisch	LTE 1500	€19.99	Flat	Flat	1500	50.00	€29.99	€509.75
o2	All In M 1 GB	€29.99	Flat	Flat	1000	21.10	€0.00	€719.76
Vodafone	RED 1.5 GB	€34.99	Flat	Flat	1500	100.00	€29.99	€764.78
Telekom	Telekom Magenta Mobil M	€37.95	Flat	Flat	1500	50.00	€29.95	€940.75
LTE 3000								
Drillisch	LTE 3000	€24.99	Flat	Flat	3000	50.00	€29.99	€629.75
Vodafone	RED 3 GB	€39.99	Flat	Flat	3000	100.00	€29.99	€869.78
o2	ALL In L	€39.99	Flat	Flat	3000	50.00	€0.00	€911.76
Telekom	Telekom Magenta Mobil L	€47.45	Flat	Flat	3000	100.00	€29.95	€1168.75
Telekom	Telekom Magenta Mobil L Premium	€79.95	Flat	Flat	3000	100.00	€29.95	€1948.75
LTE 5000								
Drillisch	LTE 5000	€39.99	Flat	Flat	5000	50.00	€29.99	€989.75
o2	ALL In XL	€49.99	Flat	Flat	5000	50.00	€0.00	€1139.76
Telekom	Telekom Magenta Mobil L Plus	€75.95	Flat	Flat	5000	100.00	€29.95	€1852.75
Telekom	Telekom Magenta Mobil L Plus Premium	€109.95	Flat	Flat	5000	100.00	€29.95	€2668.75
LTE 10000								
Drillisch	LTE 10000	€69.99	Flat	Flat	10000	50.00	€29.99	€1709.75
o2	ALL IN Premium	€79.99	Flat	Flat	10000	50.00	€0.00	€1823.76

Source: Company data

(1) Including VAT and rebate campaigns

Drillisch Stock

Shareholder structure per 16 March 2015



Shareholder	in %	in shares
Free Float	82.46%	43,863,191
Allianz Global	5.15%	2,737,449
Union Investment Privatfonds	5.07%	2,694,500
FMR LLC	3.72%	1,978,464
M. Brucherseifer	2.03%	1,077,565
P. Choulidis	0.80%	425,000
V. Choulidis	0.75%	400,000
J. Weindl	0.02%	10,439
Dr. H. Lennertz	0.01%	2,407
Total	100.00%	53,189,015

Drillisch position in the index family (February)

Index	Market cap.	Revenue
TecDAX 30	8	6
Blue Chip Indices Germany	62	53