



# 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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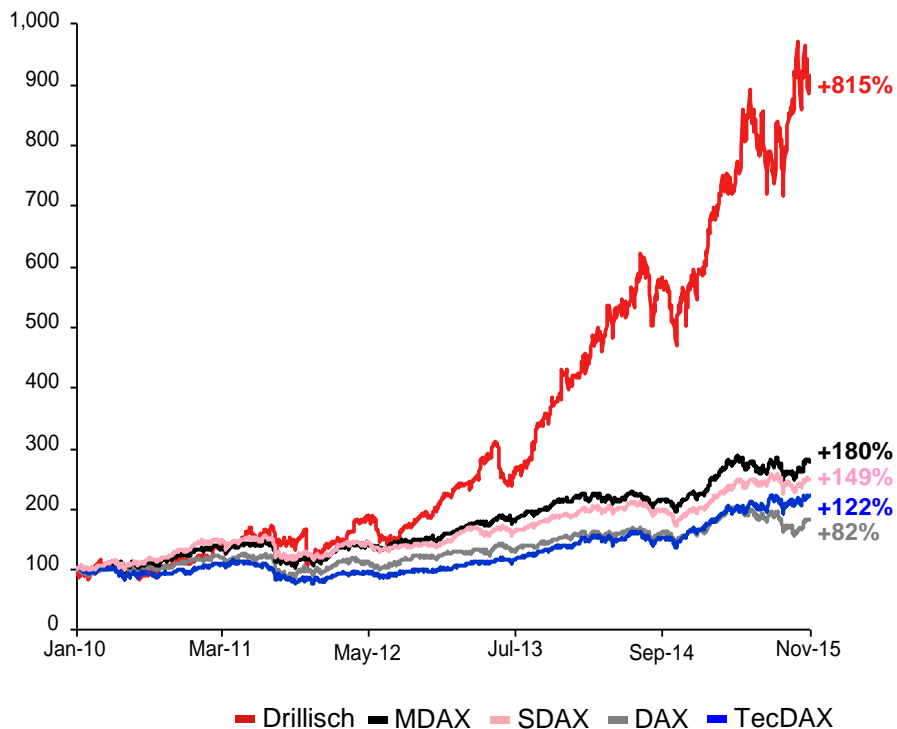
 **Highlights**

 **Financial Indicators**

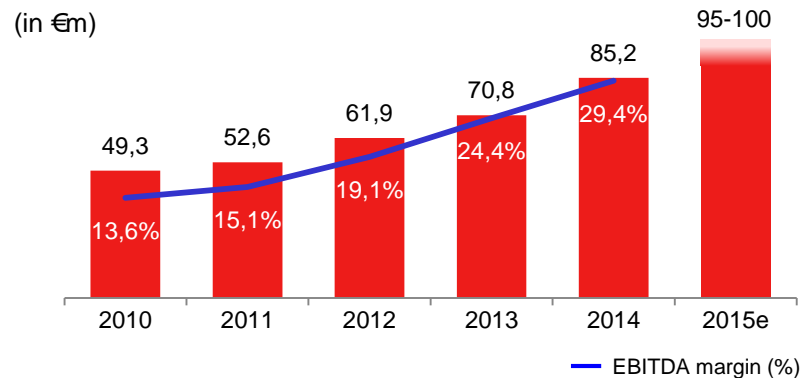
 **Outlook**

# The Drillisch Stock 2010–2015

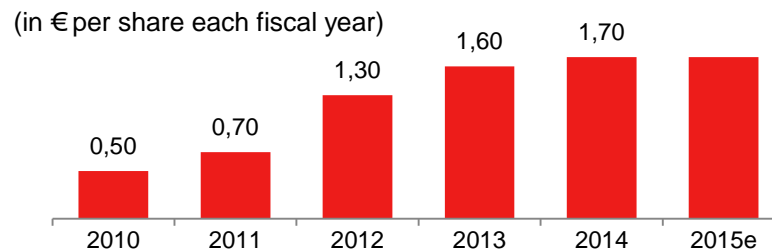
## Indices show steadily improving development



## Strong growth curve of EBITDA

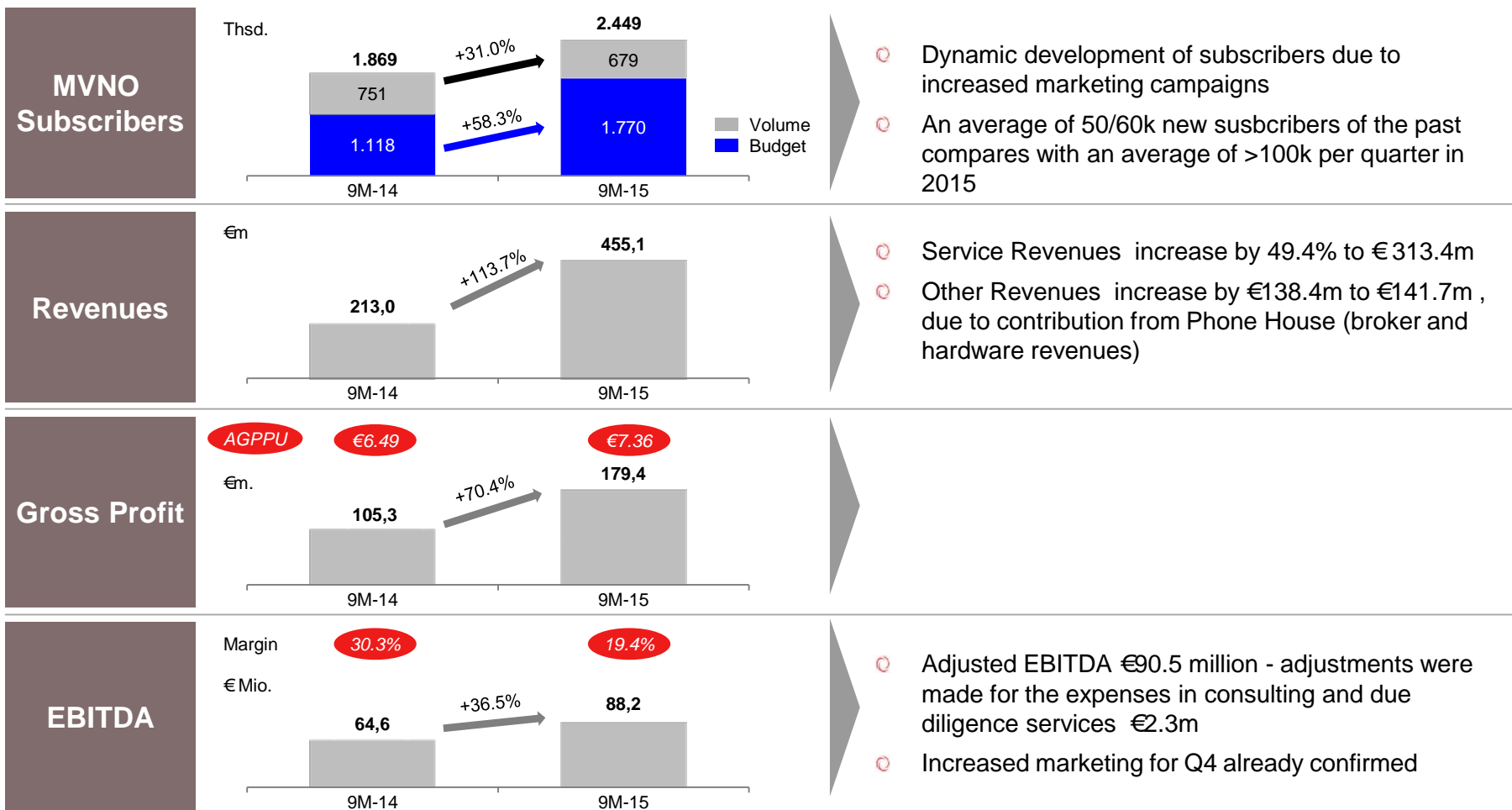


## Sustained sharing of profits with shareholders



## Significant increase in value of Drillisch stock over long term

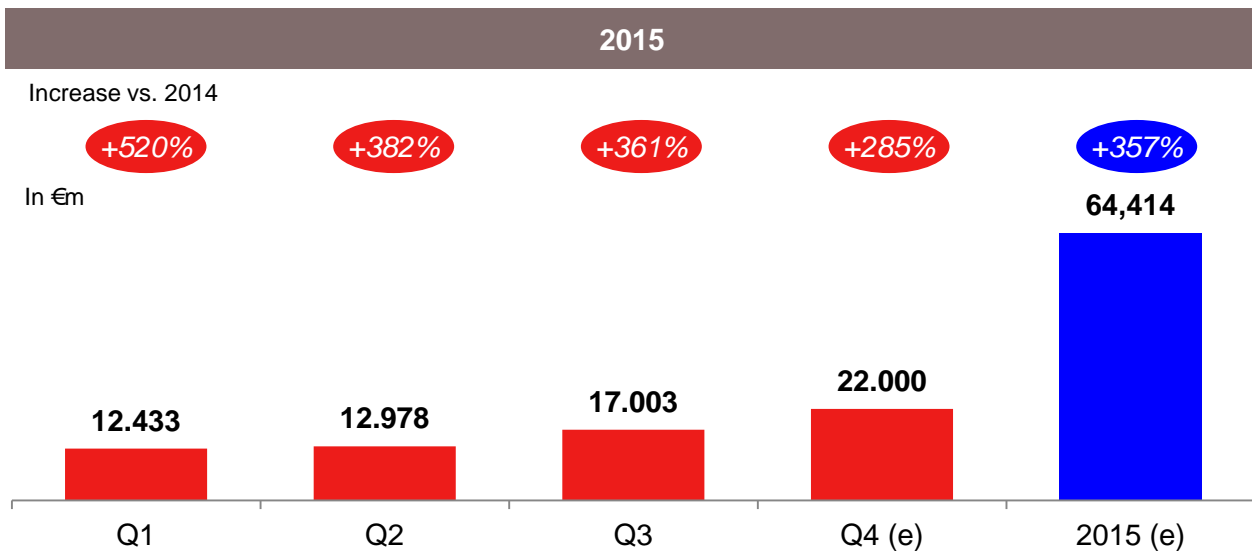
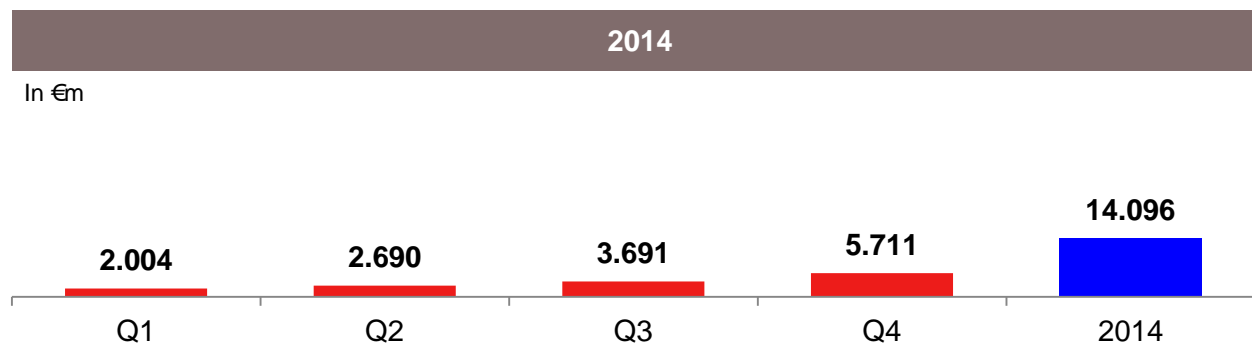
# Highlights 9M-2015



**Positive developments — all expectations met or exceeded**

# Investment in Growth

## Advertising 2014-2015



- Focus Brands:  
**smartmobil.de** (online)  
**yourfone** (offline)

- **More than €50 million** Increase in advertising

- 2016:  
ongoing investment in growth, **advertising 2016 to be expected > 2015**

# Map of Advertising

## Clips TV / Cinema



## Print Media/ Online

**smartmobil.de**

JETZT  
**DOPPELTES DATENVOLUMEN**  
BEIM LTE 1500\*

**3 GB LTE STATT 1,5 GB**  
MIT BIS ZU 50 MB LTE & DATENVERSICHERUNG

**FLAT TELEFONIE & SMS**  
IN ALLE DEUTSCHEN NETZE

**MONATLICH KÜNDBAR**

**Nur für 30.11.**

**19 99\***  
€ / Monat

Gutscheincode: F909YBDR

Jetzt einlösen unter [www.smartmobil.de/magazin](http://www.smartmobil.de/magazin)

Nicht nur Highspeed laufen, sondern auch Highspeed surfen?  
Dann auf zu yourfone!

iPhone 6 mit Allnet-Flat in alle dt. Netze\* **0,5€**

**2999**  
€ / Monat

Allnet-Flat mit iPhone 6:

- ☑ Telefonie-Flat in alle dt. Netze\*
- ☑ SMS-Flat in alle dt. Netze\*
- ☑ 500 MB LTE Highspeed in alle dt. Netze\* (Datenversichert)

Jetzt neu im Shop in Ihrer Nähe und auf [www.yourfone.de/fforfun](http://www.yourfone.de/fforfun)

**yourfone**  
FÜR DICH. FÜR SIE. FÜR ALLE.

## Radio

**ENERGY R1**  
HIT MUSIC ONLY!

**LIVE** **planet radio** **youfm**  
Radio Eins Live YOUNG FRESH MUSIC

**RPR1. bigFM** **charivari 95.5**  
müchens hitradio

**Ostseewelle HIT-RADIO**  
Mecklenburg-Vorpommern

**bigFM SAARLAND**

**MDR JUMP**

**u.v.m.**

## Billboard/ Poster

**yourfone**  
FÜR DICH. FÜR SIE. FÜR ALLE.

**iPhone. yourfone.**

iPhone 6 mit Allnet-Flat in alle dt. Netze\* **0,5€**

**2999**  
€ / Monat

☑ Telefonie-Flat in alle dt. Netze\*

☑ SMS-Flat in alle dt. Netze\*

☑ 500 MB LTE Highspeed in alle dt. Netze\* (Datenversichert)

**Jetzt im yourfone Shop in Ihrer Nähe**

## Launch of the MBA MVNO model

- First quarter as MBA MVNO
- Business model protected by regulations
- Drillisch at peer level with network operators
- Competitive advantage over MVNOs and MSPs from contractually regulated access to all future technologies
- Rising profitability according to guidance



## Integration of the acquisitions

- Opening of 102 own shops
- Contractual basis with 112 Partner Shops
- Extension of specialist shops and link with distributor



## Clearly defined corporate structure and segments with premium image

### Online Segment



### Offline Segment



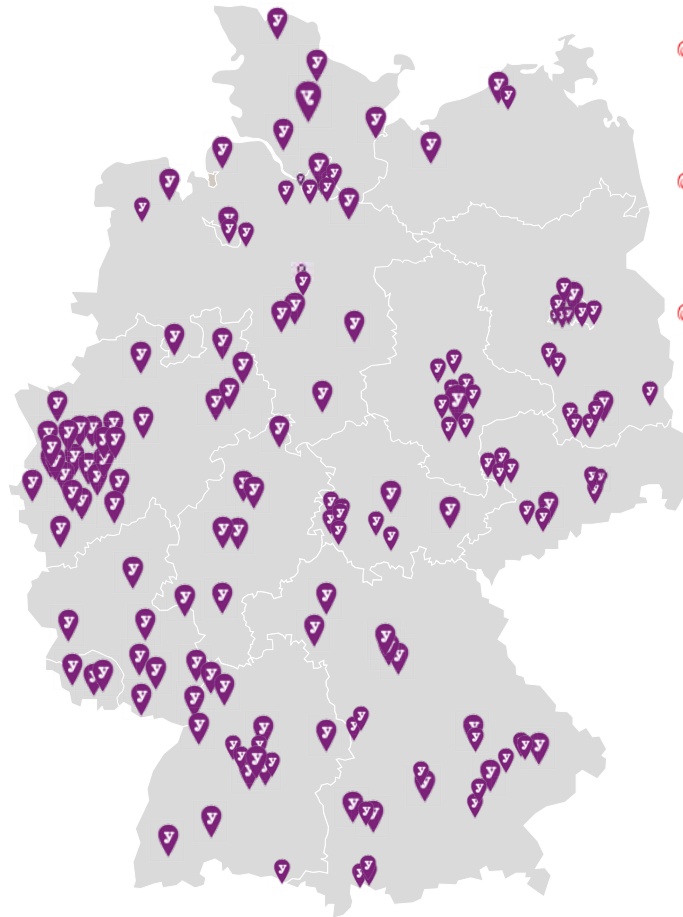
### Distribution Segment





# Build-out of Offline Channel since July 2015

## Offline Strategy with Nationwide Coverage



○ 102 own shops operating since July 2015

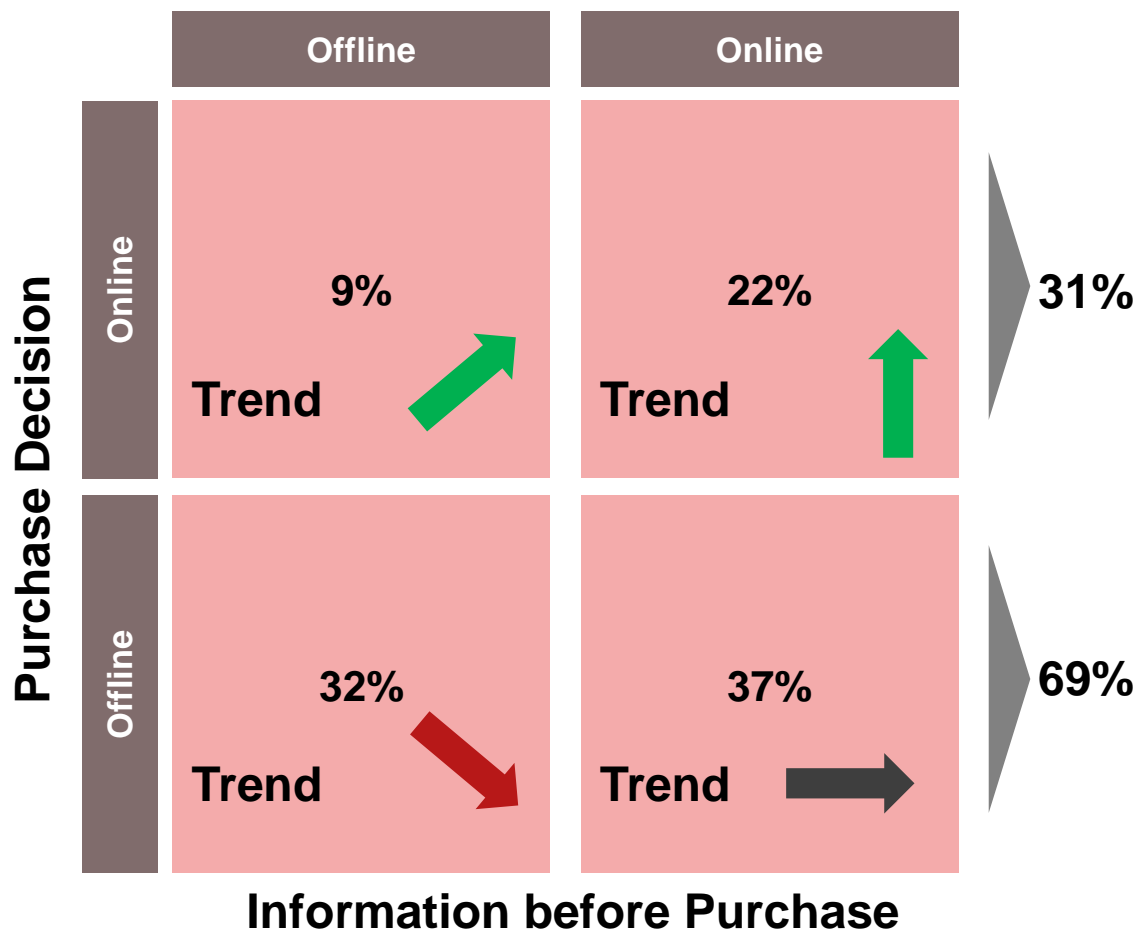
○ Rollout of partner shops continuing

○ Actual  
102 own shops  
112 partner shops

○ Own Shops  
- Staff of ca. 270 people  
- Cost from rental and salary

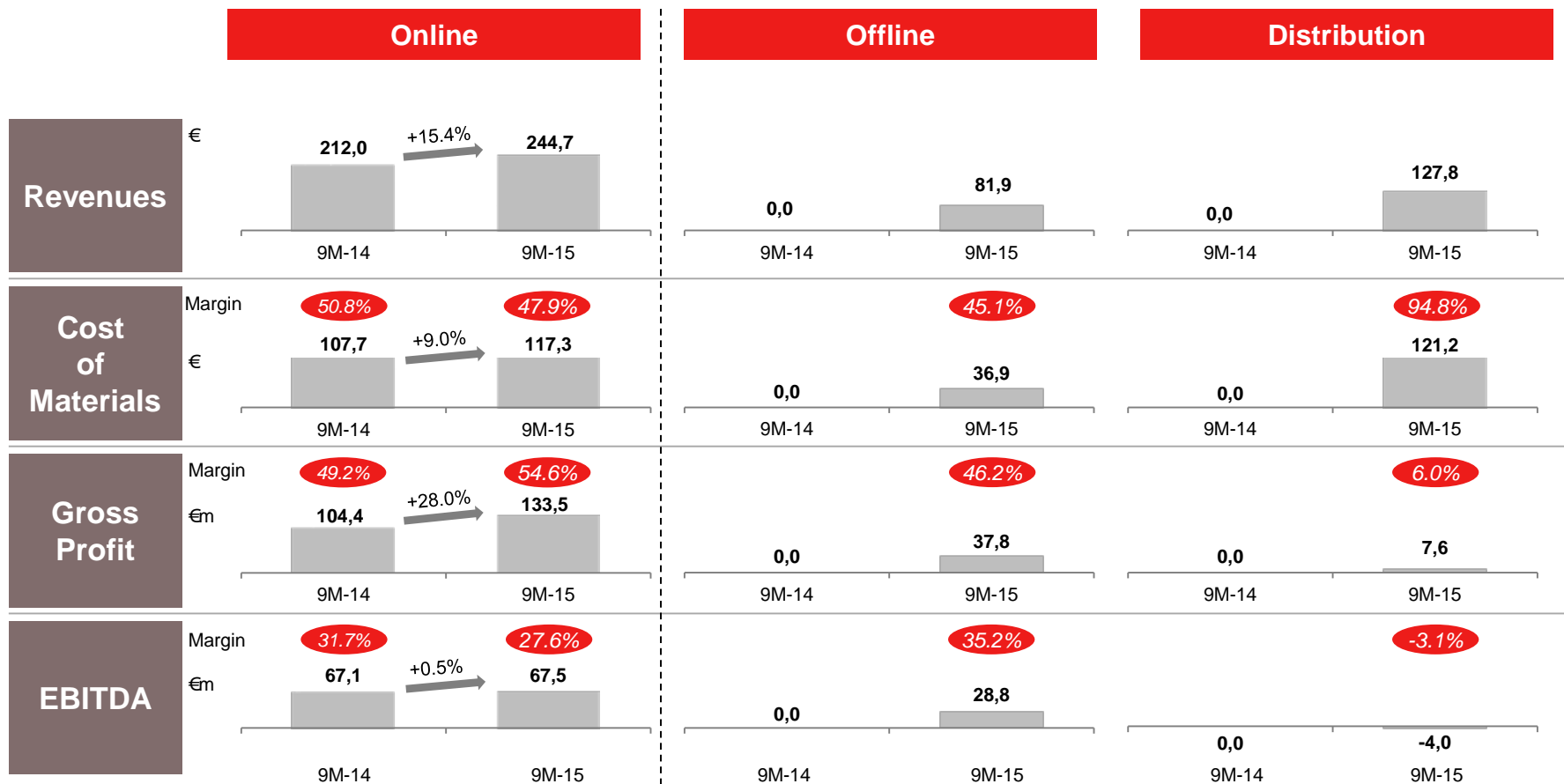
○ Partner Shops  
- cost on commission basis

## Information and Purchase Behaviour of Mobile Customers



- Many potential buyers are **changing the shopping channel during the information process**
- **Digitale & (price) comparable products** see more **online** shopping
- For mobile telecom provider, the **Internet as a source for information, is becoming more important** until the final purchase decision
- **We want to tap the full potential possible in the offline channel**

# Highlights Segment 9M 2015



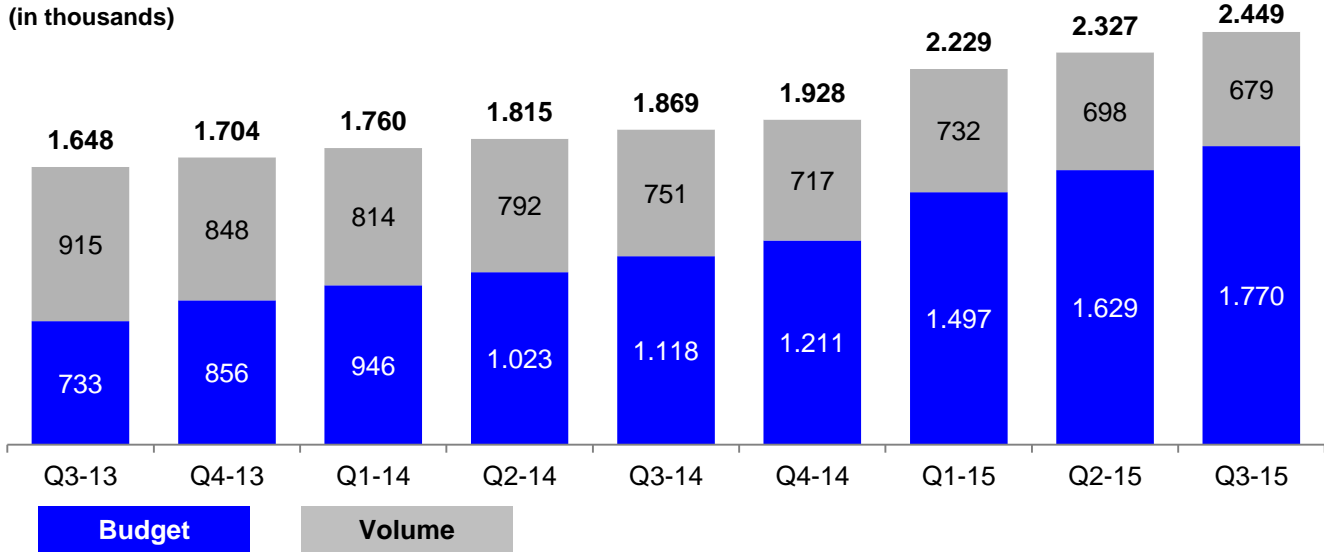
**Proven Market Presence**

**Distribution supports Offline Buildup**

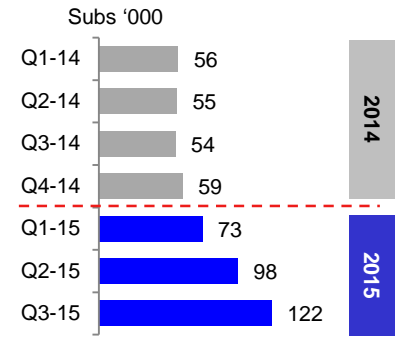
# Drillisch Subscriber Development

## Focus on MVNO subscriber development

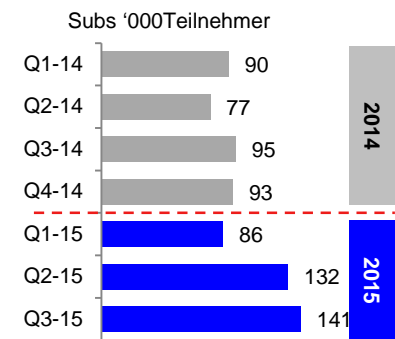
(in thousands)



## MVNO Net Adds \*



## Budget Net Adds \*

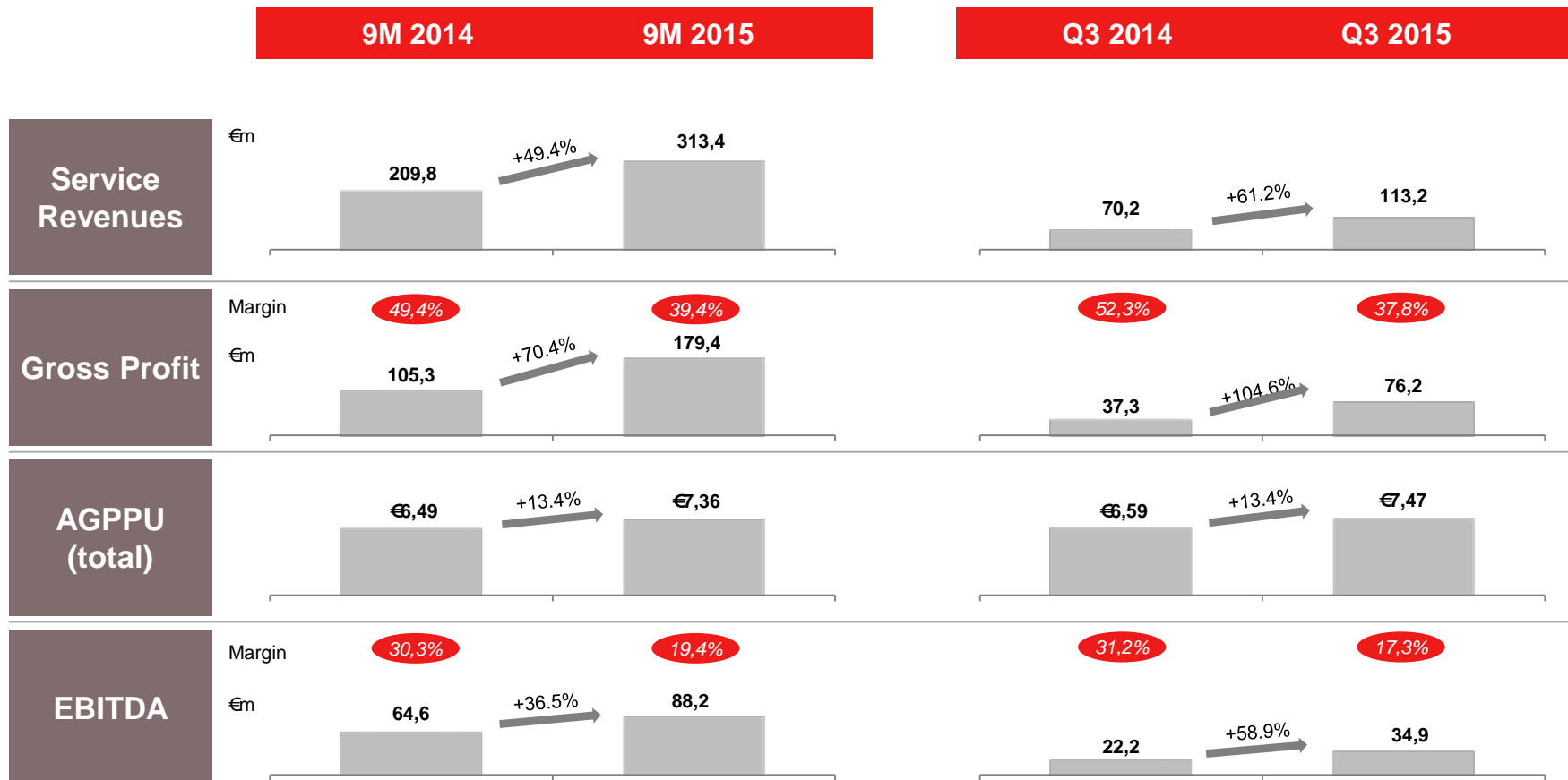


- Dynamic in gaining new subscribers, Sustainable improve of customer mix
- In the very first three quarters of 2015 with an obvious dynamic
- Incl. VOD (predominantly Budget subscribers, which are declining slightly)
- Increased investment in marketing campaigns for future growth

## Increase in Marketing Spend with Obvious Dynamic Development in the very first Quarters 2015

\* - MVNO Net Adds without yourfone and GTCCom

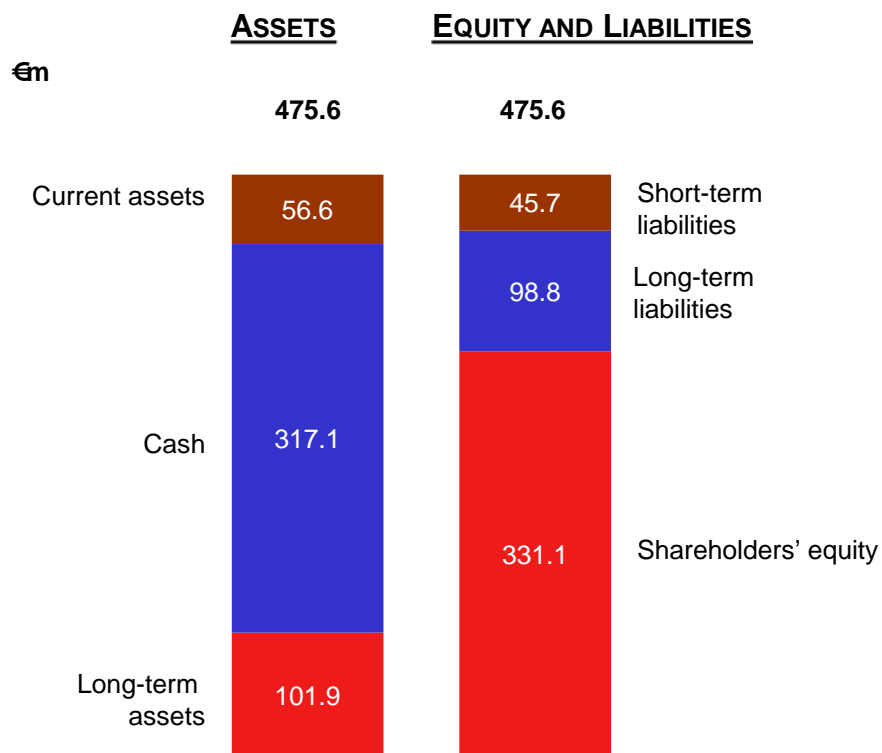
# Highlights Figures 9M and Q3 2015



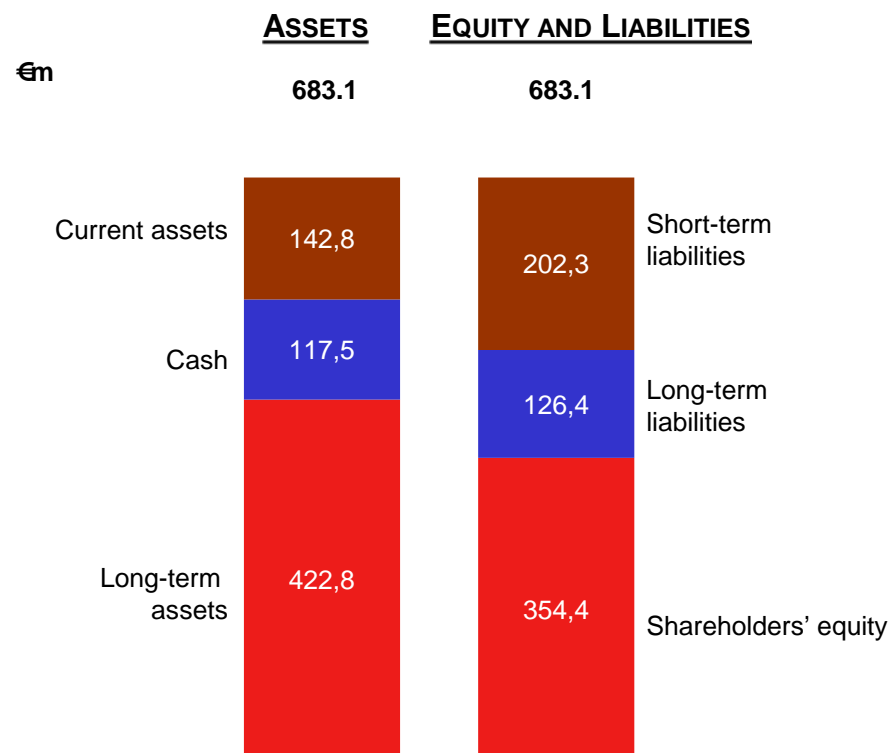
Positive development in the first nine months of 2015

# Balance Sheet in €m

## 31 December 2014



## 30 September 2015



**Equity ratio comes to 51.9% (31/12/2014: 69.6%)**

# Cash Flow Development

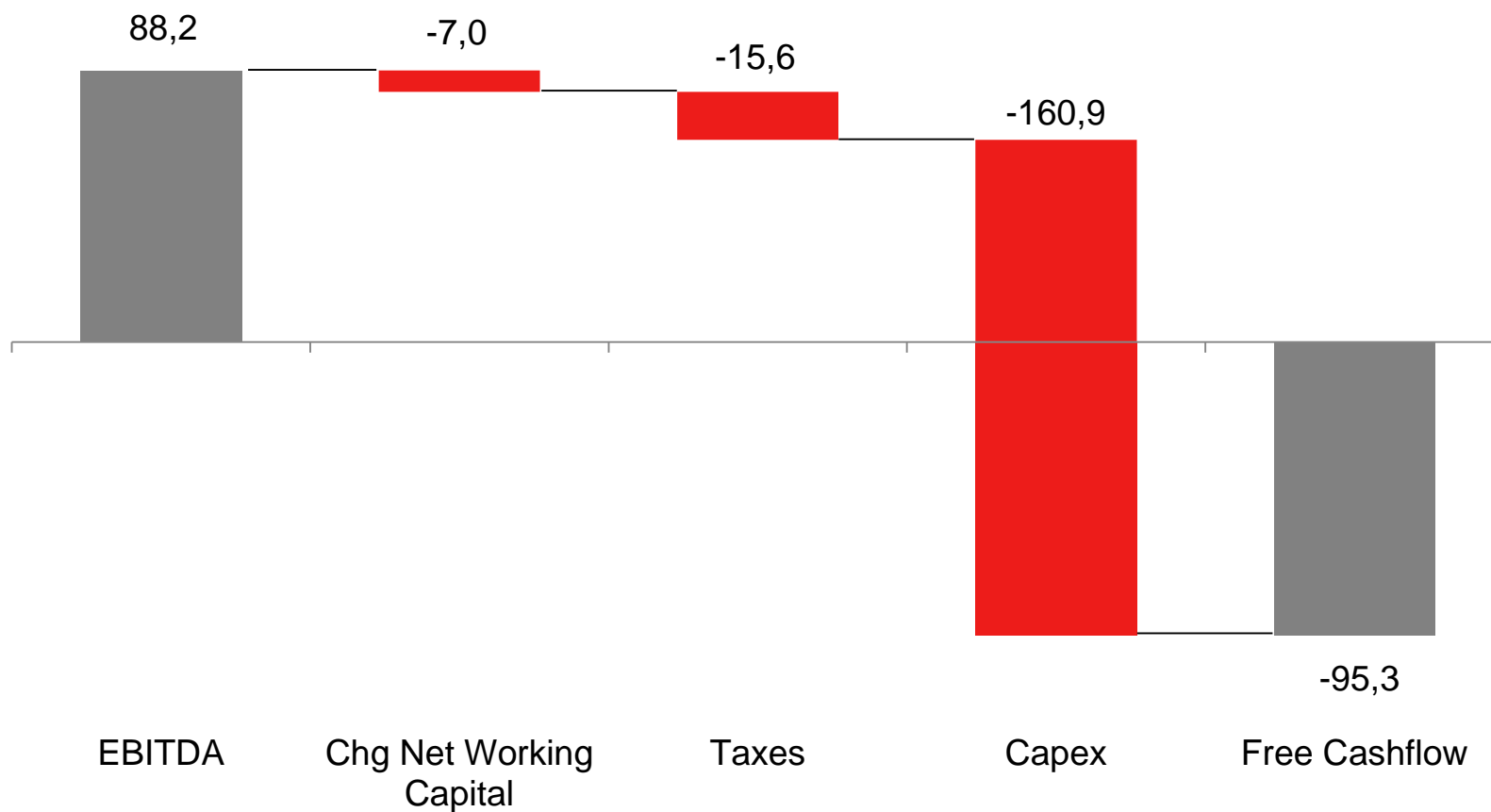
€m	9M 14	9M 15	
Cash flow from current business activities	53.2	65.6	
Cash flow from investment activities	-2.1	(165.2)	○ Payments of €160.9 million for investments in fixed and intangible assets
Cash flow from financing activities	-77.7	(100.0)	○ Outflow of funds resulting largely dividend disbursements (€90.4 million) and from the change in Other financial liabilities (€7.6 million)
Free cash flow <sup>(1)</sup>	50.6	(95.3)	○ Outflow of funds (Acquisitions + payment to TEF D (€150m) for expansion LTE network and future technologies)

**FCF development in 2015 weighted due to One-off Effect (Capex) in 2015**

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

# Bridge EBITDA to FCF

## Free Cash Flow Bridge January–September 2015 in €m



**FCF influenced by one-off investment**



2015

2016

MVNO  
Subscribers



€m

EBITDA

95-100 \*

115-120

€ per share

Dividend

min. 1,70

min. 1,70

**Success story continues — profitable growth planned for 2015 and beyond**

\*Ad hoc 4/11/2015: Reconfirmed increase in EBITDA guidance "in upper range of the guidance"

# Outlook and Takeaways

**Drillisch has posted major accomplishments in 2015...**

✓ **MBA MVNO rollout on track**

✓ **Per end Q3 already ~ 90% of EBITDA forecast for 2015 reached**

✓ **Complete financial flexibility and liquidity make continued growth possible**

**and confirms the positive outlook**

**MBA MVNO provides regulatory security and guaranteed access to all current and Future technologies**

**Further increase in MVNO subscribers planned**

**Rise in EBITDA planned for 2016 as well (15<sup>th</sup> year in succession)**

**Attractive dividend policy — minimum of €1.70 per share**

# EBITDA Forecast vs Achieved EBITDA

## EBITDA (adjusted) History

	2009	2010	2011	2012	2013	2014	2015
Forecast (to FY presentation of the previous year) (March)	Positive development	Positive development	€52m	€58m	€67m-€70m	(previous: €77m-€80m) ↗ €82m-€85m	€95m-€100m <sup>(1)</sup>
Q1 Presentation (May)	€41m-€42m ↑	€46m ↑	✓	✓	✓	✓	✓
Q2 Presentation (August)	✓	✓	✓	€60m-€61m ↑	Upper end ↑	Upper end ↑	Upper end ↑
Q3 Presentation (November)	€43m ↑	€48m ↑	✓	✓	€70m	✓	✓
Achieved EBITDA (IFRS)	€43.5m	€49.3m	€52.6	€61.9	€70.8m	€85.2m	
EBITDA Growth (over previous year)	7.1%	13.3%	6.7%	17.8%	14.4%	20.3%	

Announcement of the MBA MVNO agreement (25 June 2014)

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**

Source: Company data

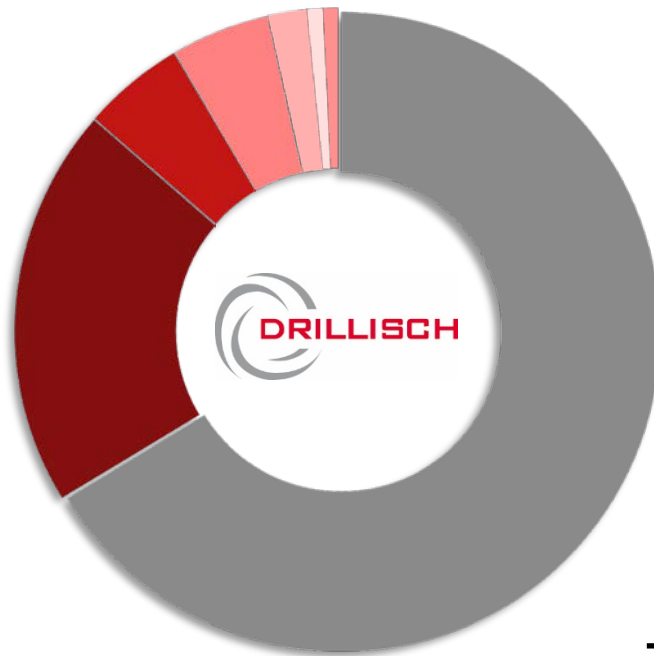
(1) Forecast announced on 12 May 2014.

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# **Annex**

# The Drillisch Stock

## Shareholder Structure per 31 October 2015



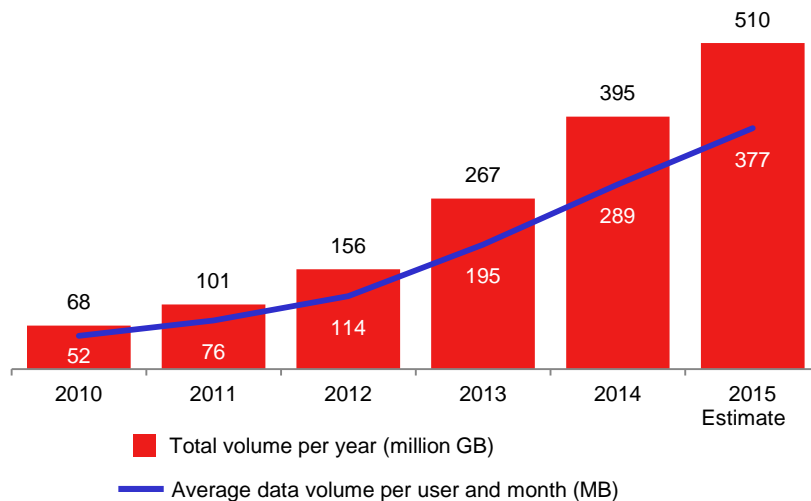
Shareholder Structure	in %	in shares
Free Float	66.28%	36,301,224
United Internet Ventures AG	20.11%	11,012,730
Alken Luxembourg	5.13%	2,810,681
Allianz Global	5.00%	2,737,449
M Brucherseifer	1.97%	1,077,565
P Choulidis	0.78%	425,000
V Choulidis	0.73%	400,000
H. Lennertz	0.00%	2,407
<b>Total</b>	<b>100.00%</b>	<b>54,764,649</b>

### Index Ranking (TecDAX + Blue Chip Indices Germany), October 2015

Index	Market cap.	Revenues
TecDAX 30	7	6
Blue Chip Indices Germany	61	53

# Outlook Mobile Data Traffic

## Data traffic from wireless networks in Germany

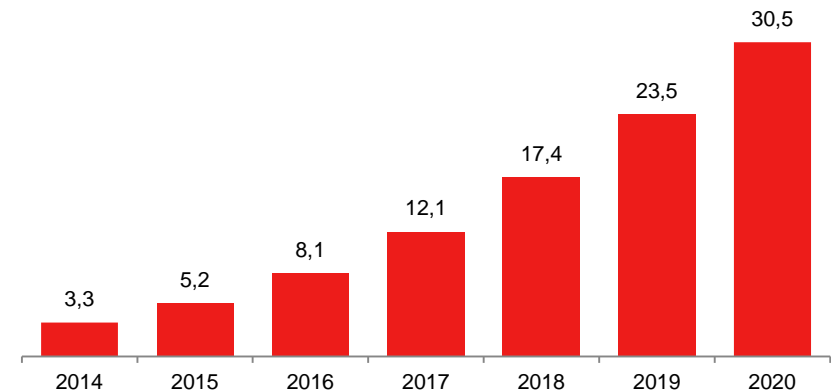


- Mobile data volume rose in Germany with a CAGR of 55% between 2010 and 2014
- Strong growth expected to continue in 2015
- In 2014, the number of mobile internet users(1) in Germany grew by 25% to 37 million

## Projection of global mobile data traffic to 2020

Exabytes per month

45% annual growth 2014–2020



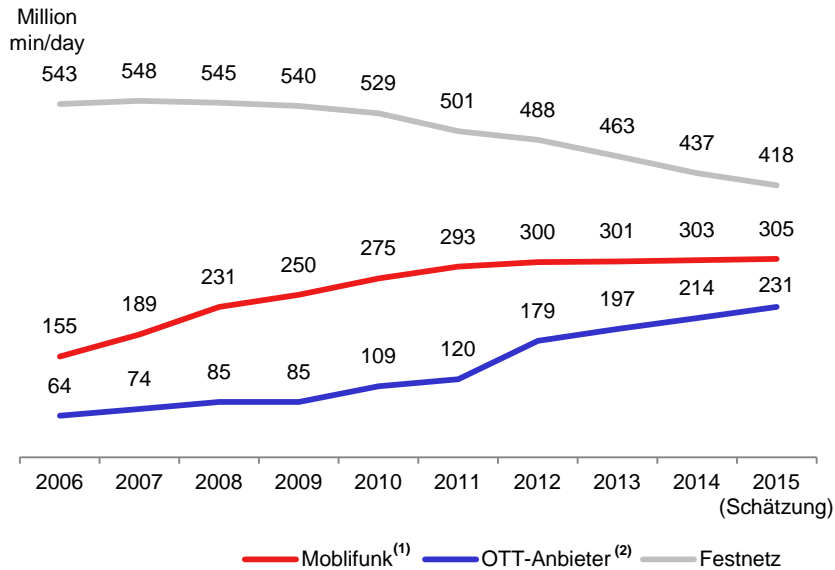
- Development in smartphone and tablet segment driving growth in mobile data traffic
  - Especially the growing number of mobile internet users

## Mobile data traffic a growth driver for Drillisch

(1) Users age 10 and older  
Source: DIALOG CONSULT/VATM analyses, Ericsson Mobility Report (June 2015)

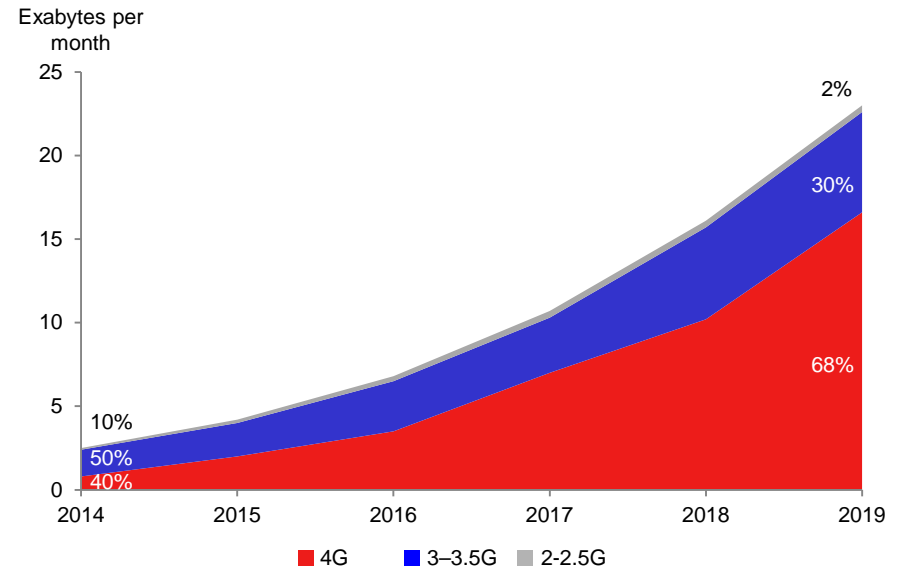
# Standards in Mobile Data Traffic

## Minutes of outgoing calls



- Software-based telephony applications continue to gain in importance in 2015
- OTT share (for example Skype) mainly used via landline at home, for the time being

## Mobile data traffic per wireless standard



- 4G will comprise 68% of total mobile data traffic by 2019
- Drillisch with unlimited access to all current and future technologies (4G, 5G, etc)
- Drillisch profits in comparison with “non -network operators” from greater flexibility in product design and marketing

## Growing use of data-based telephony

(1) Excluding roaming traffic (German SIM cards in foreign networks or foreign SIM cards in German networks)

(2) Call minutes that are not billed by a line network provider (Skype, FaceTime, vtok and many more)

Source: DIALOG CONSULT/VATM analyses, Cisco VNI Mobile (2015)

# Comparison of Online and Offline Product Worlds

With LTE rate plans — success with outstanding quality and transparent products ...

## Online Product World



### Competitors with LTE products

<b>LTE 500</b> Nur <b>12,99</b> €/Monat	500 MB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D Smart €19.99
		○ DTE Magenta Mobil S €29.95
		○ VOD Smart L €34.99

<b>LTE 1500</b> Nur <b>19,99</b> €/Monat	1.5 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in M €29.99
		○ DTE Magenta Mobil M €39.95
		○ VOD Red 1.5 GB €44.99

<b>LTE 3000</b> Nur <b>24,99</b> €/Monat	3 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in L €39.99
		○ DTE Magenta Mobil L €49.95
		○ VOD Red 3 GB €54.99

<b>LTE 5000</b> Nur <b>39,99</b> €/Monat	5 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in XL €49.99
		○ DTE Magenta Mob. L Plus €79.95

<b>LTE 10000</b> Nur <b>69,99</b> €/Monat	10 GB at 50 Mbit/s (Unlimited calls and text messages)	○ VOD Red 8 GB €74.99
		○ DTE Magenta Mob. L Plus €79.95
		○ TEF D All-in Premium €79.99

## Offline Product World



### Competitors with LTE products

<b>LTE XS</b> Nur <b>19,99</b> EURO/Monat	500 MB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in S €19.99
		○ DTE Magenta Mobil S €29.95
		○ VOD Smart L €34.99

<b>LTE S</b> Nur <b>29,99</b> EURO/Monat	1 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in M €29.99
		○ DTE Magenta Mobil M €39.95
		○ VOD Red 1.5 GB €44.99

<b>LTE M</b> Nur <b>34,99</b> EURO/Monat	2 GB at 50 Mbit/s (Unlimited calls and text messages)	○ DTE Magenta Mobil M €39.95
		○ VOD Red 1.5 GB €44.99

<b>LTE L</b> Nur <b>39,99</b> EURO/Monat	3 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in L €39.99
		○ DTE Magenta Mobil L €49.95
		○ VOD Red 3 GB €54.99

<b>LTE XL</b> Nur <b>49,99</b> EURO/Monat	5 GB at 50 Mbit/s (Unlimited calls and text messages)	○ TEF D All-in XL €49.99
		○ DTE Magenta Mob. L Plus €79.95
		○ VOD Red 8 GB €74.99

... and since 1 July 2015 the only MBA MVNO with the features of a network operator