



Drillisch AG

Company Presentation

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Agenda

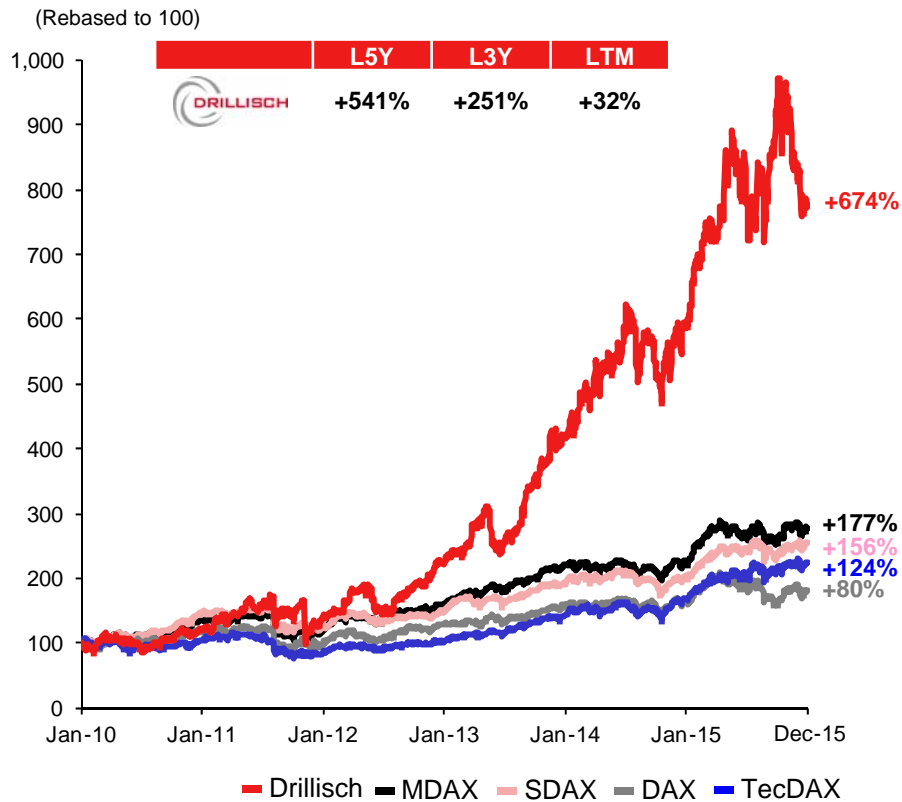
 **Highlights**

 **Financial Indicators**

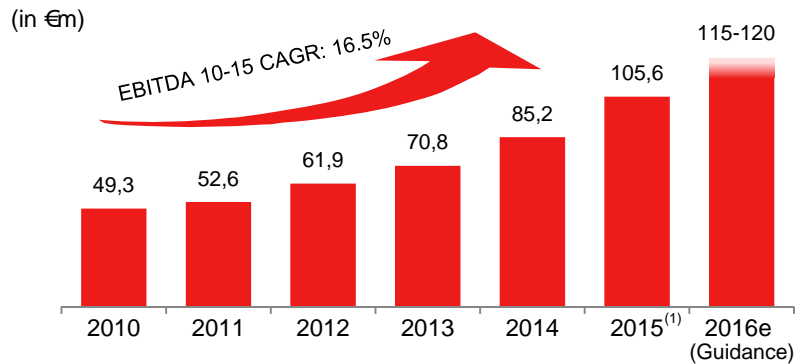
 **Outlook**

The Drillisch Stock 2010–2015

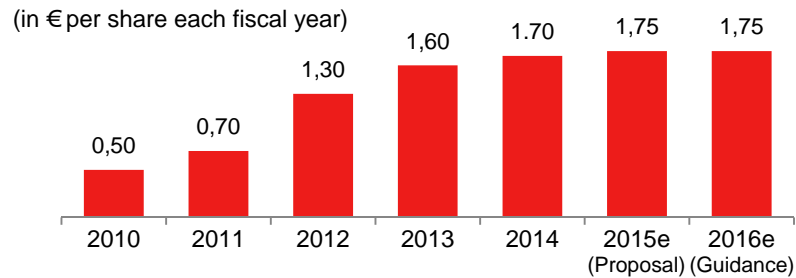
Drillisch Shows Steadily Improving Development



Strong EBITDA Growth



Sustainable Dividend Distribution



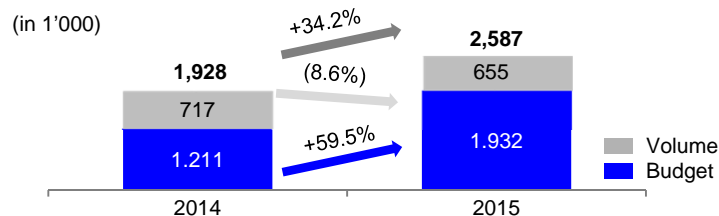
Significant and Constant Shareholder Value Creation

Source: FactSet, 31 December 2015

(1) EBITDA 2015 includes results from closed divisions of €310k

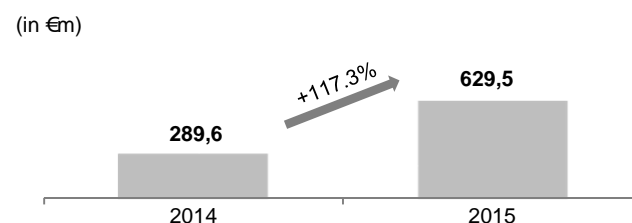
Financial Highlights FY 2015

MVNO Subscribers



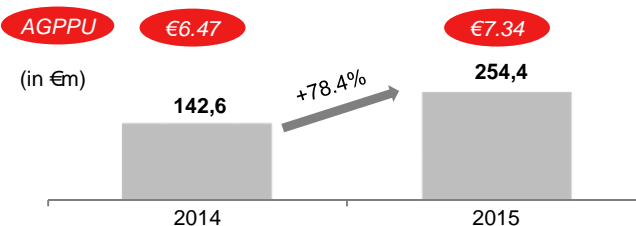
- Subscriber growth better than expected (+500k)
- 2015: Growth of 659k MVNO subscribers
- 2015: Growth of 721k Budget subscribers

Revenues



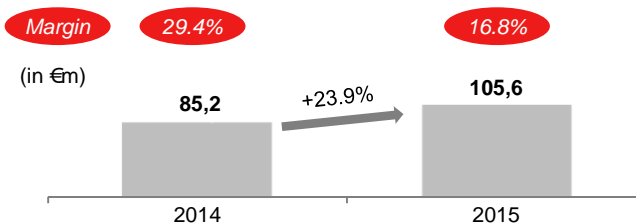
- Service revenues increase by 52.4% to € 433.7m
- Other revenues increase by €190.8m to €195.8m, (Phone House: broker and hardware revenues)

Gross Profit



- Rise in gross profit by €111.8m
- AGPPU increased by 13.4% to €7.34

EBITDA

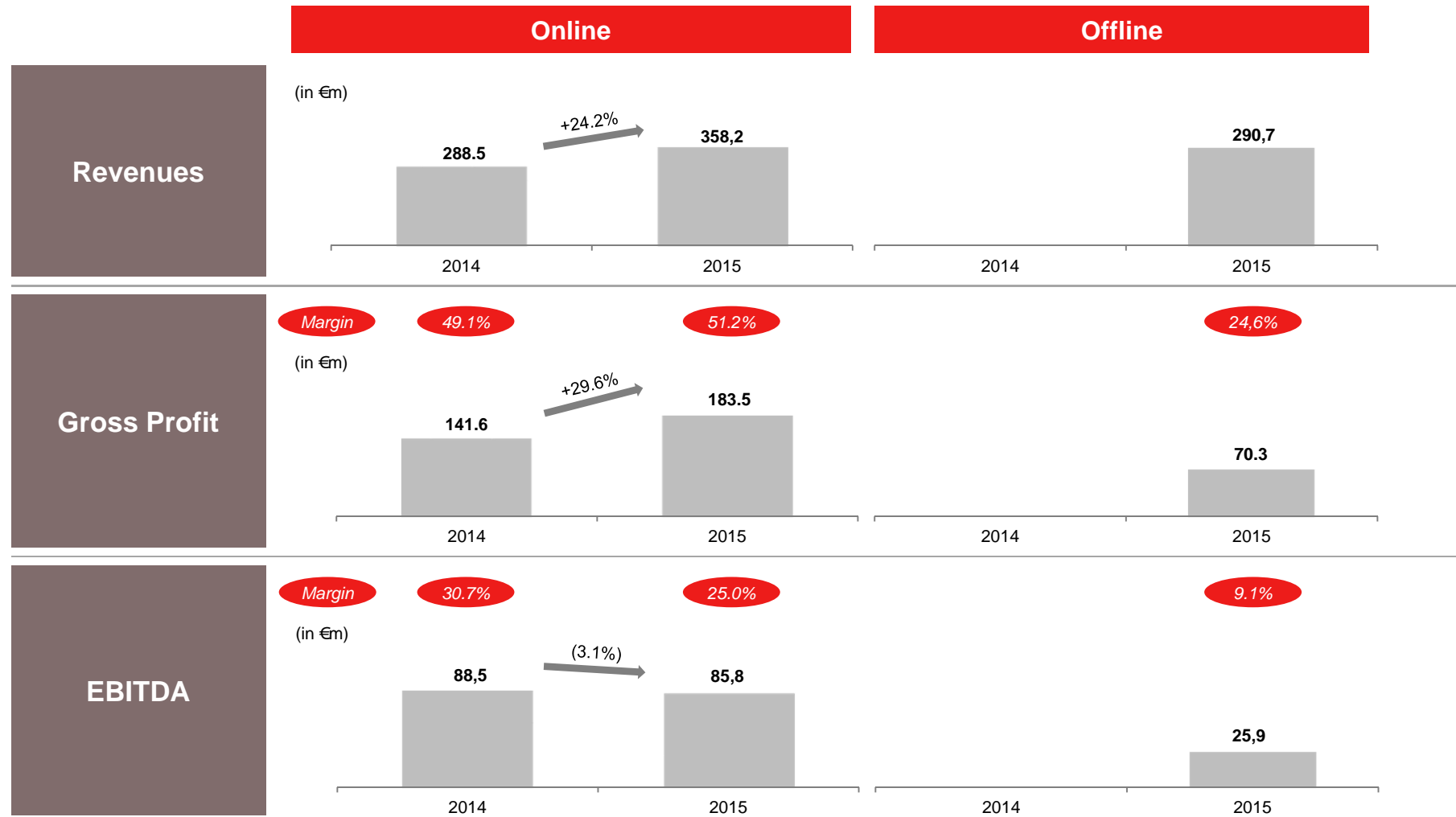


- EBITDA of €105.6m⁽¹⁾ – increased guidance exceeded
- Old outlook (€95-€100m) increased to €105m in December 2015

Positive Developments in FY 2015 — All Expectations Met or Exceeded

(1) Includes results from closed divisions of €310k

Segment Reporting 2015



Successful build-out of the online activities and launch of offline segment

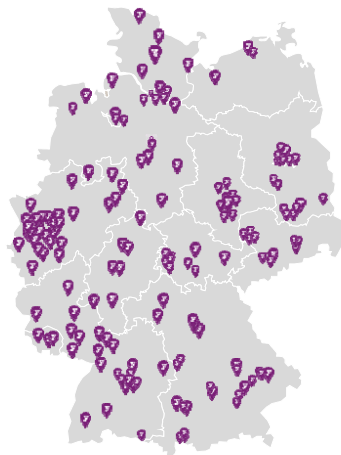
Qualitative Highlights FY 2015

Premium Brand Building



- Premium brand building through highly extensive and nation-wide marketing mix (€64.5m; 2014: €14.1m)
- Establishment of nationwide brand recognizability, e.g. via Heino TV-campaign for smartmobil or yourfone motto campaign „Für Dich. Für Sie. Für Alle.“

Offline Shop Roll-out

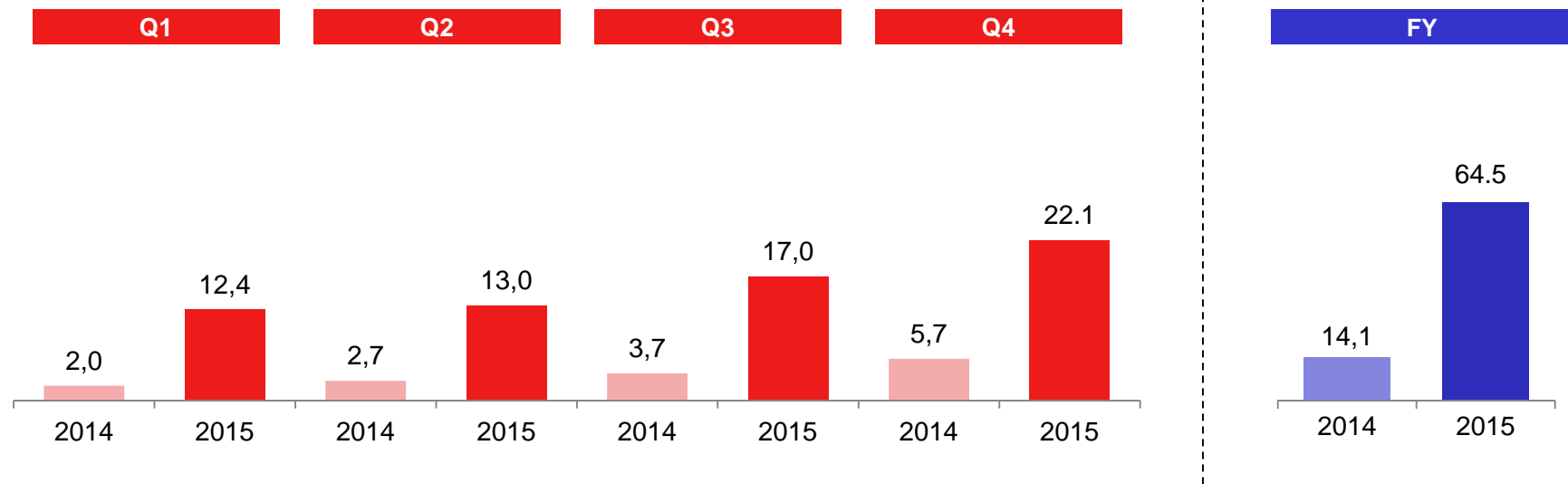


- 101 own shops in all major cities
- 114 Partner shops
- Shops based in prime locations such as shopping streets and centers
- Refurbishing and modernization of shops
- New distribution cooperations with well-known partners

Investment in Growth

Advertising Expenses 2014 vs. 2015

(in €m)




- Focus on premium brands: **smartmobil.de** (online) and **yourfone** (offline)
- **More than €50m** increase in advertising with focus on **print media, radio, posters, TV and cinema campaigns as well as local promotions**

Continuous Investments in Brands to Ensure Sustainable Growth

smartmobil LTE Tariffs (1)


With LTE Rate Plans — Success With Outstanding Network Quality and Transparent Products ...

	Price (1)	Data Limit / Internet Speed	Calls & Text Messages
LTE XS	Nur 7⁹⁹ €/Monat	1.5 GB LTE 50 Mbit/s	Unlimited Calls and Text Messages
LTE S	Nur 12⁹⁹ €/Monat	3 GB LTE 50 Mbit/s	Unlimited Calls and Text Messages
LTE M	Nur 17⁹⁹ €/Monat	4 GB LTE 50 Mbit/s	Unlimited Calls and Text Messages
LTE L	Nur 22⁹⁹ €/Monat	5 GB LTE 50 Mbit/s	Unlimited Calls and Text Messages

... and the Only MBA MVNO With the Features of a Network Operator

(1) SIM-only & Contract duration 24 months, after the first year, price increases for €7 monthly

smartmobil Competitor Benchmarking

	 LTE S	Telekom Magenta Mobil M	Vodafone Red 1.5 GB	o2 Blue All-in L	1&1 All-Net-Flat Plus
Price SIM Only	Nur 12⁹⁹ ⁽¹⁾ €/Monat	35⁹⁵ € ⁽¹⁾	32⁴⁹ €	34⁹⁹ € ⁽¹⁾	19⁹⁹ € ⁽¹⁾
Data Limit	3.0 GB	2.0 GB	1.5 GB	3.0 GB	3.0 GB
Internet Speed	50 MBit/s	150 MBit/s	225 MBit/s	50 MBit/s	25 MBit/s
Calls & Text Messages	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Contract Duration	24 months	24 months	24 months	24 months	24 months

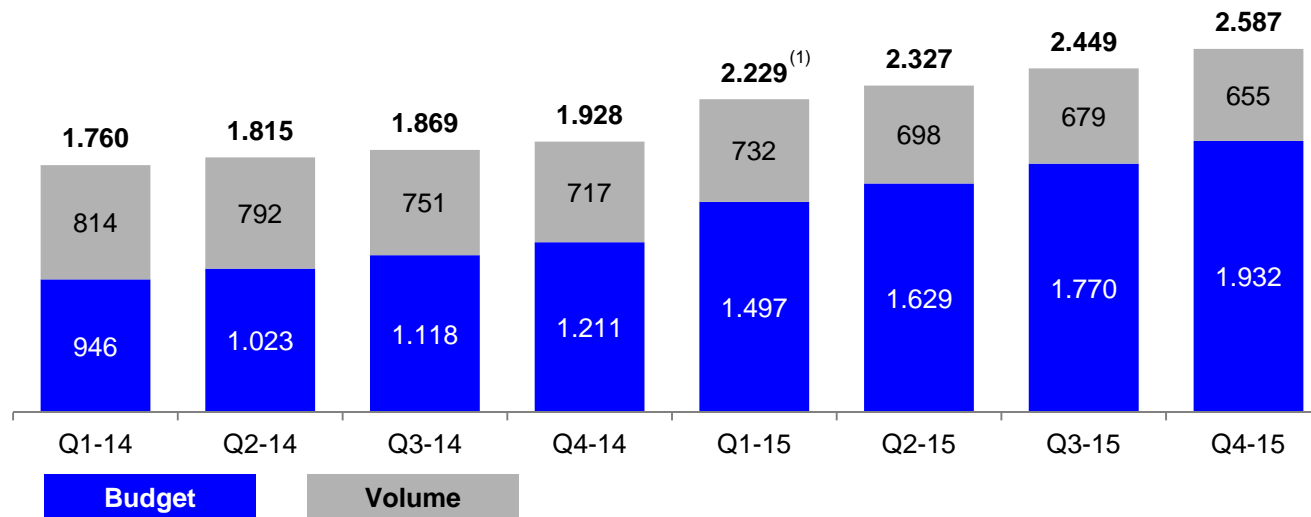
“Best-in-class” Tariffs – Drillisch in comparison with competition

(1) Increasing tariffs as of 13th month

Drillisch Subscriber Development

Focus on MVNO Subscriber Development

(in 1,000)

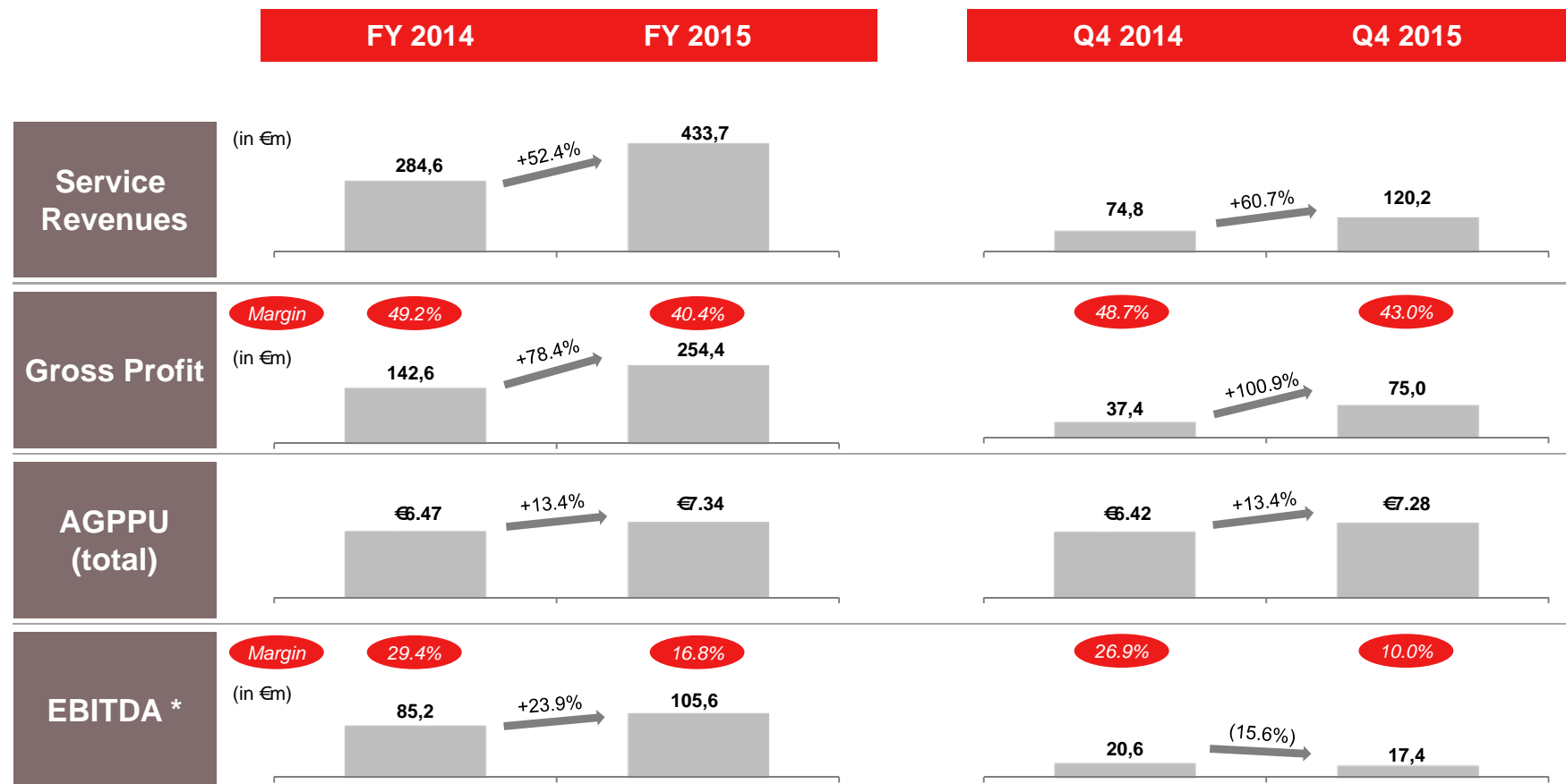


- Strong dynamic in gaining new subscribers with 659k MVNO net adds in 2015 (2014: +223k), sustainable improvement of customer mix with increasing share of budget subscribers (75% in 2015 vs. 63% in 2014)
- High investment in subscriber growths
- Budget Net Adds 2015 +721k (2014: 355k); Q4 2015: +162k vs Q4 2014: +93k

Strong Dynamic Development in Subscriber Growth in 2015 on the Back of Marketing Spend

(1) Includes yourfone and GTCOM

Highlights Figures FY 2015 and Q4 2015



Positive Development in 2015

(1) EBITDA 2015 includes results from closed divisions of €310k

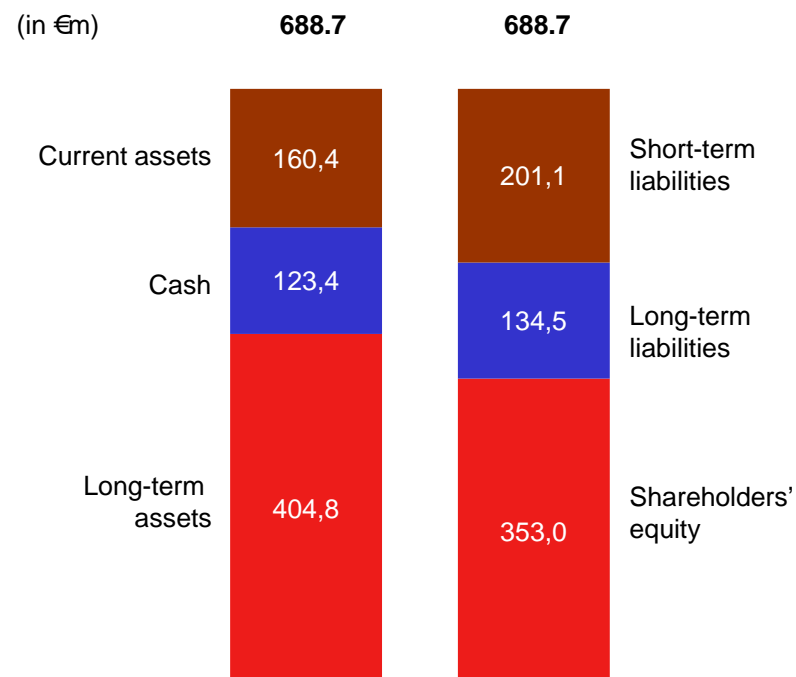
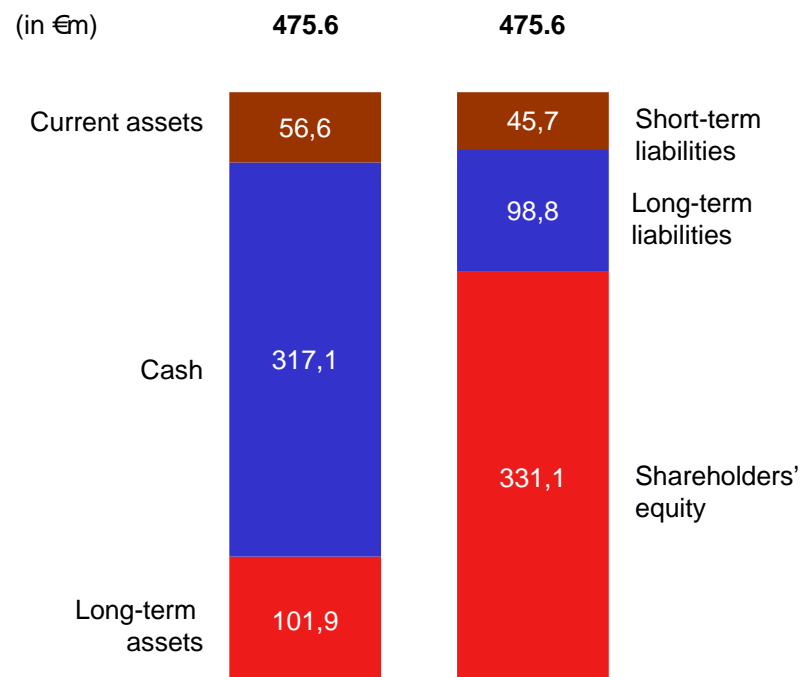
Balance Sheet in €m

31 December 2014

31 December 2015

ASSETS EQUITY AND LIABILITIES

ASSETS EQUITY AND LIABILITIES



Equity Ratio 51.3% (31/12/2014: 69.6%)

(1) Defined as Net Debt / EBITDA

Cash Flow Development

(in €m)	FY 2014	FY 2015
Cash flow from current business activities	71.8	76.2
Cash flow from investing activities	(4.8)	(169.2)
thereof capex	(5.3)	(162.7)
Cash flow from financing activities	63.1	(100.7)
thereof dividends	(76.8)	(90.4)
Free cash flow ⁽¹⁾	66.4	(86.5)
Cash at end of period	317.1	123.4

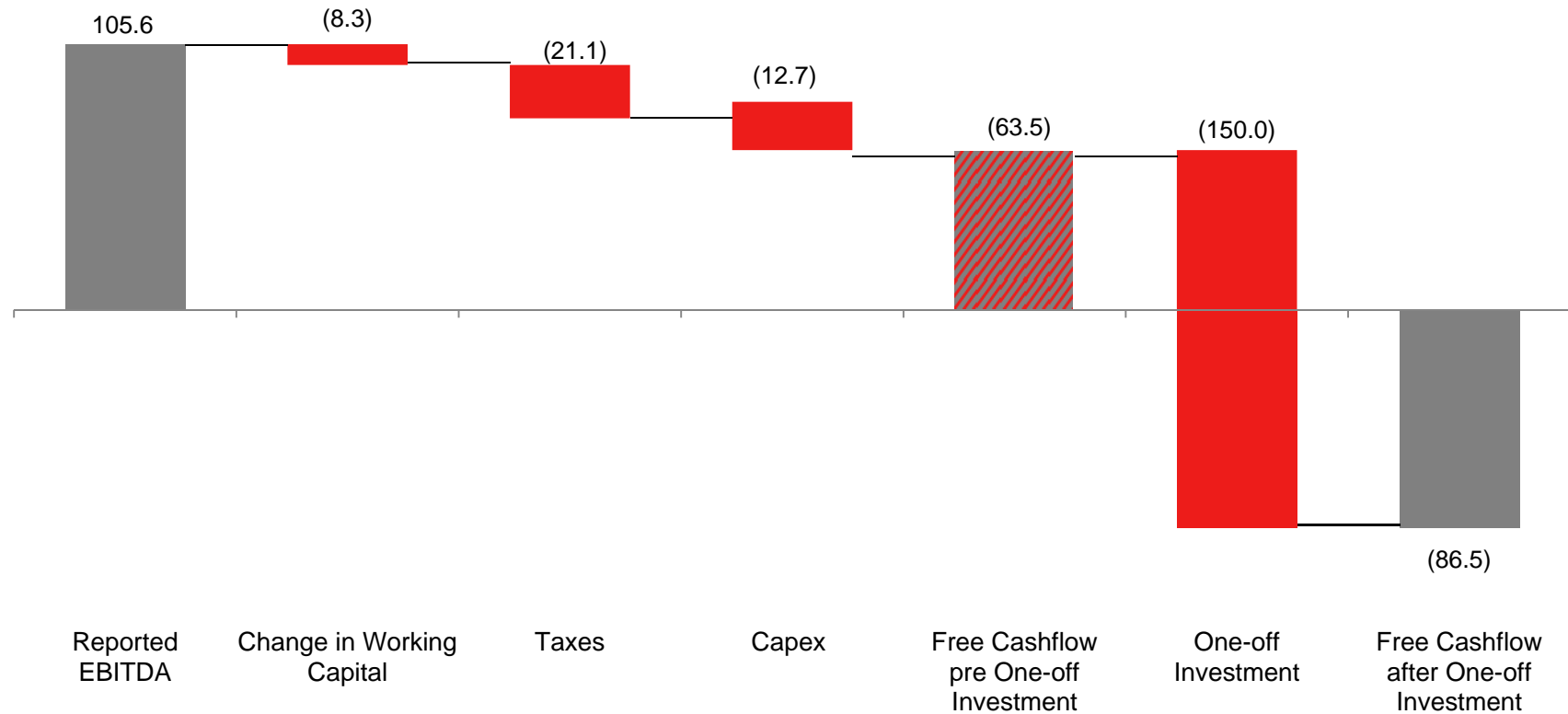
- €162.7m capex for investments in fixed and intangible assets
- €7.3m payments for acquisitions less acquired cash
- 2014: Payments of €139.7m from the sale of treasury stock and €76.8m in paid dividends
- 2015: dividend payment of €90.4m
- 2015 FCF driven by outflow of funds (acquisitions + payment to TEF D of for expansion of LTE network and future technologies)

FCF Development in 2015 Impacted by One-off Effect (Capex) in 2015

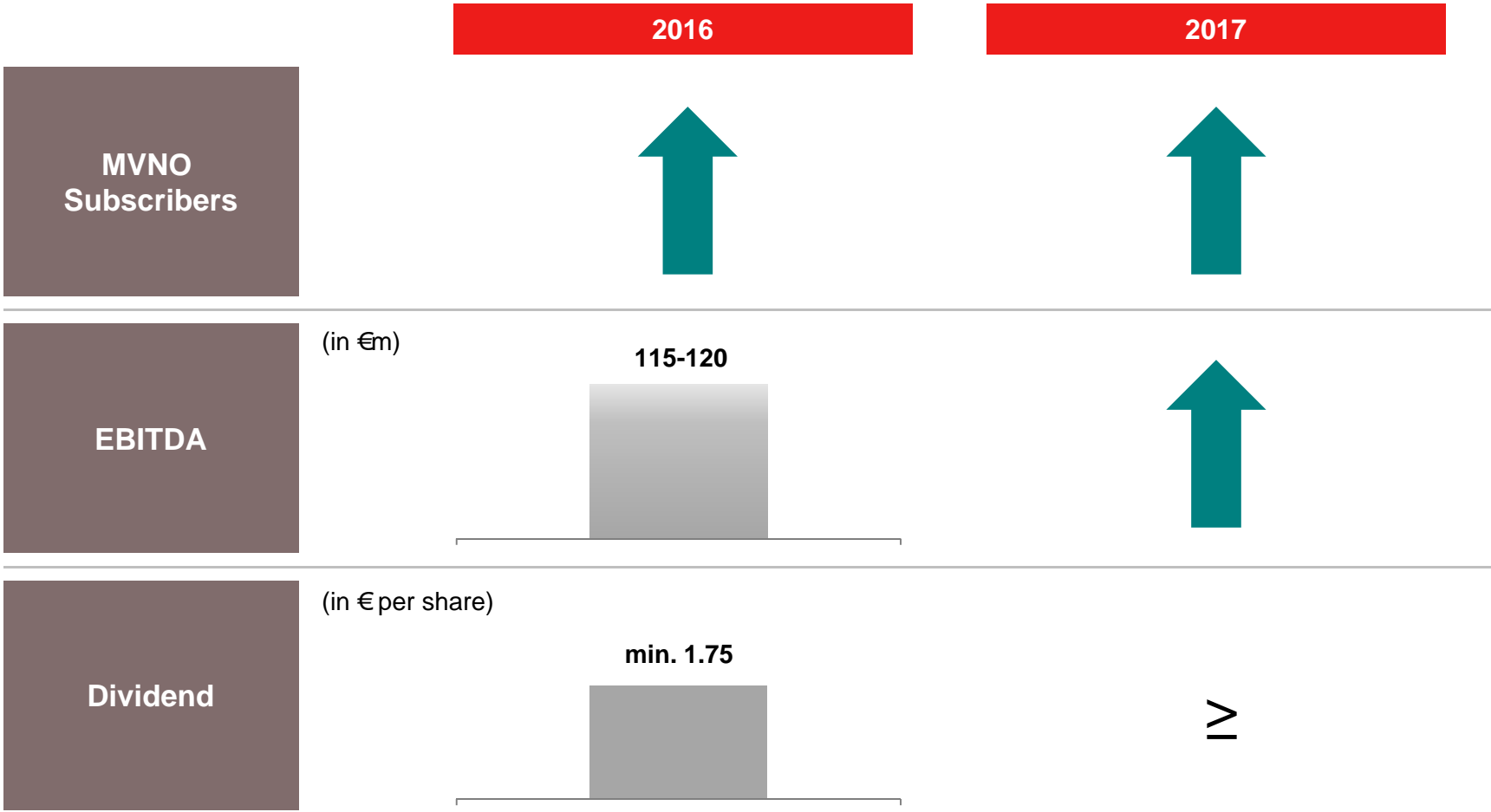
(1) Definition of free cash flow: cash flow from current business activities less capex

Bridge EBITDA to FCF

Free Cash Flow Bridge January – December 2015 in €m



FCF 2015 Influenced by One-off Investment



Success Story Continues — Profitable Growth Planned for 2016

Outlook and Takeaways

Drillisch has Posted Major Accomplishments in 2015...

- ✓ Build-up of offline distribution channel to facilitate subscriber growth
- ✓ Increased initial EBITDA⁽¹⁾ guidance of €95m-€100m⁽²⁾ for 2015 to €105m
- ✓ Complete financial flexibility and liquidity make continued growth possible
- ✓ Investments to and positioning of yourphone and smartmobil as premium brands

...and Confirms the Positive Outlook

- Drillisch is able to provide best value for money to customers
- Subscriber growth in online and offline channels
- Rise in EBITDA planned for 2016 as well (15th year in succession)
- Attractive dividend policy — proposal of min. of €1.75 per share and at least the same for 2016

(1) Reported EBITDA

(2) Guidance announced 12 May 2014 and increased 15 December 2015