



Presentation Q1 2018
with Outlook

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1&1 Drillisch AG

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- Business development Q1 2018
- Outlook

Business development Q1 2018

Germany's leading MVNO and largest alternative DSL provider

(in €m)	Q4 2017 (IAS 18)	Q1 2018 (IFRS 15)	Change
Subscribers (total)	12.64	12.91	+0.27 million
Thereof subscribers in Mobile Internet	8.30	8.54	+0.24 million
Thereof DSL / VDSL	4.34	4.37	+0.03 million
Revenue	820.3	904.3	+10.2%
EBITDA adjusted	151.3	165.5	+9.4%
<i>Margin</i>	18.4%	18.3%	
EBIT adjusted	111.0	127.0	+14.4%
<i>Margin</i>	13.5%	14.0%	

Strong investment in new customer relationship:

+240k new mobile internet contracts to 8.54m customer contracts

+ 30k new DSL contracts to 4.37m customer contracts

- positive effect from IFRS 15 on revenue in the amount of €79.8 million from the increased use of smartphones
- Positive effect from IFRS 15 in EBITDA in the amount of €89.8 million was virtually offset by lessening of profits resulting from heightened growth in contracts and increased smartphone use.

(in €m)	Q4 2017 (IAS 18)	Q1 2018 (IFRS 15)	Change
Revenues	820.3	904.3	+10.2%
Cost of sales	-527.5	-648.1	-22.8%
Gross profit from turnover	292.8	256.2	-12.5%
Distribution costs	-144.0	-97.3	+32.4%
Administration costs	-22.2	-21.8	+1.8%
Other operating expenses	-27.9	-20.8	+25.5%
Other operating income	12.3	10.6	-13.8%
Profit/loss from operating activities	111.0	127.0	+14.4%
Financial result	-0.9	0.0	
Profit before taxes	110.1	127.0	+15.4%
Tax expenses	-46.0	-42.3	+8.0%
Consolidated results from continued operation	64.1	84.7	+32.1%

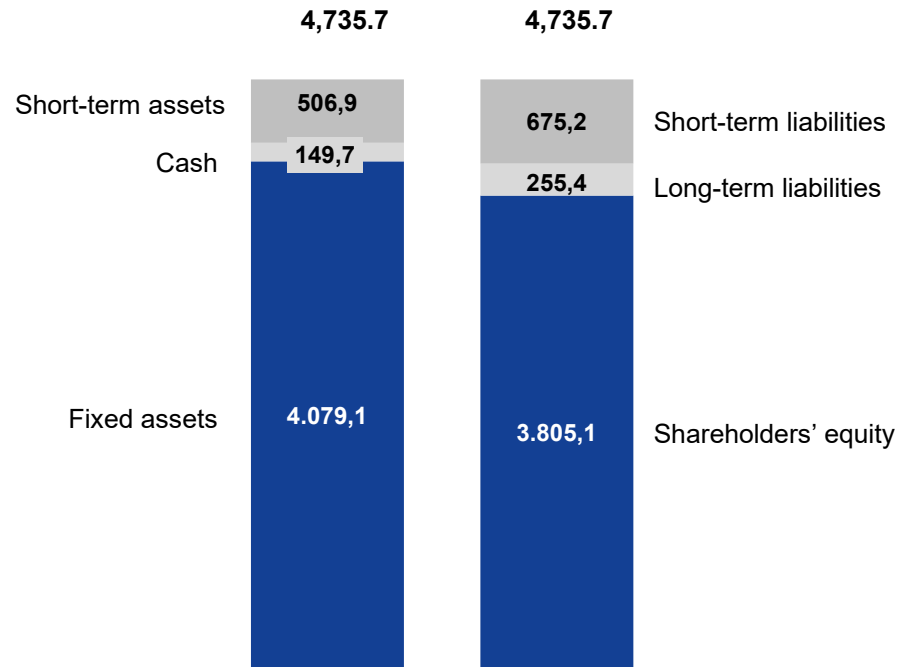
Balance Sheet

31 December 2017

31 March 2018

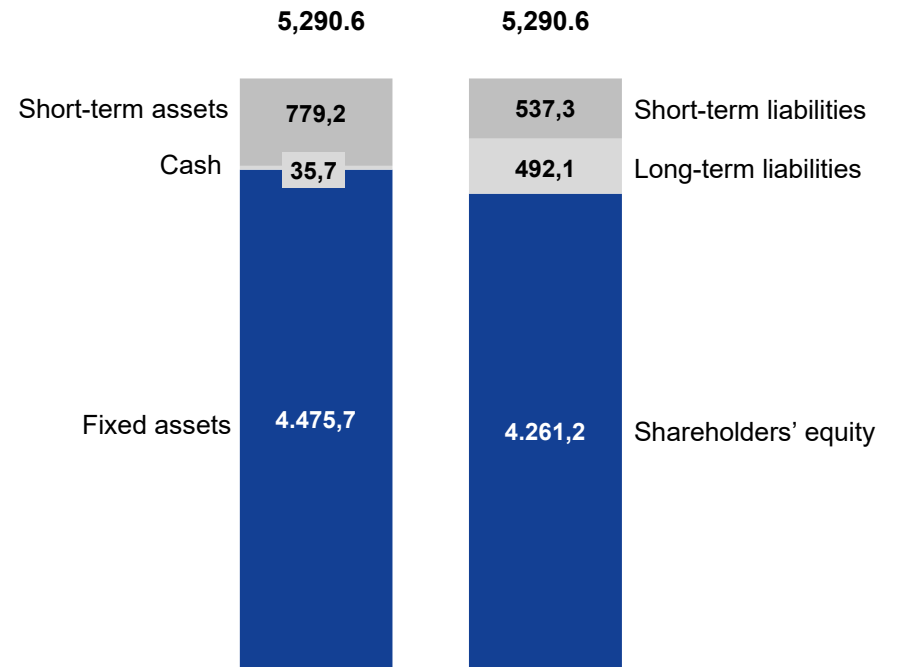
(in €m)

ASSETS EQUITY AND LIABILITIES



(in €m)

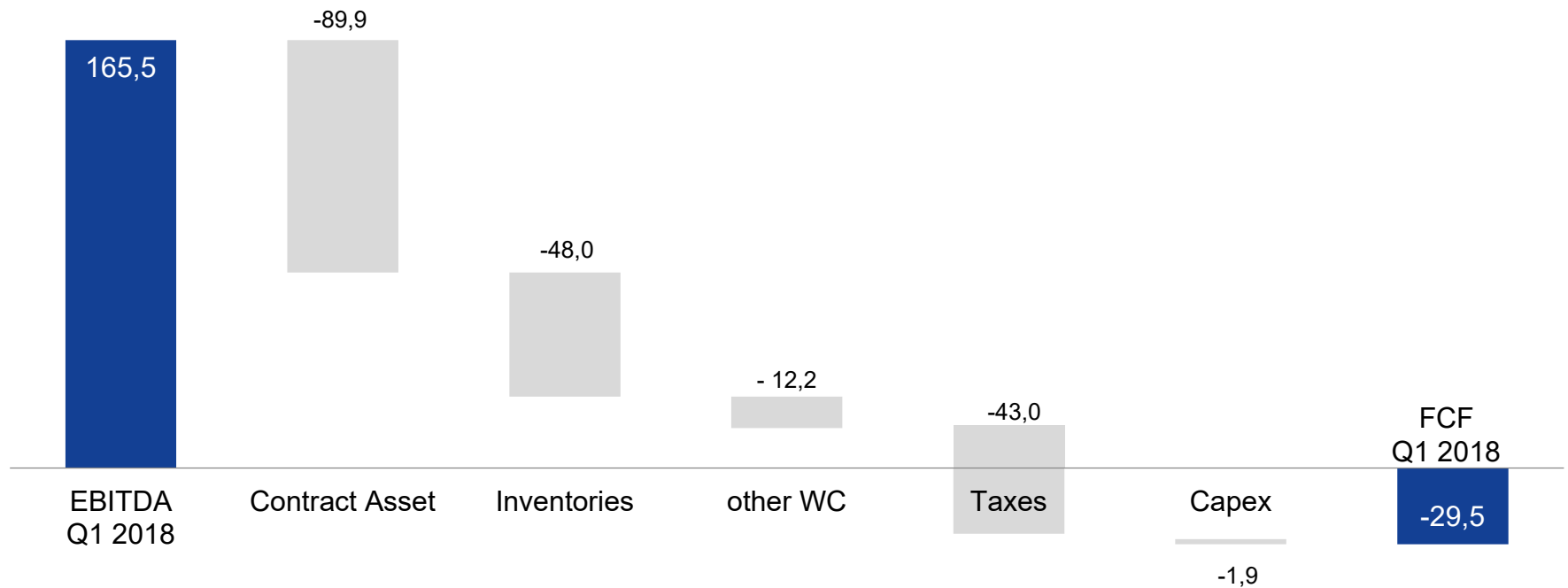
ASSETS EQUITY AND LIABILITIES



(in €m)	Q4 2017	Q1 2018	Change	Comment
Net inflow of funds from operating activity	-5,4	-27,6	-22.2	<ul style="list-style-type: none"> -89.9m Increase of Contract Assets -48.0m Increase in inventories
Cash flow from investment activities	-15,9	-10,2	+5.7	<ul style="list-style-type: none"> -1.9m Capex -8.3m Outflow of funds (yourfone) from sale of yourfone Shop GmbH
Cash flow from financing activities	39.9	-76.1	-116.0	<ul style="list-style-type: none"> -76.0m Investment of free cash at United Internet
Free cash flow ⁽¹⁾	-12,3	-29,5	-17.2	

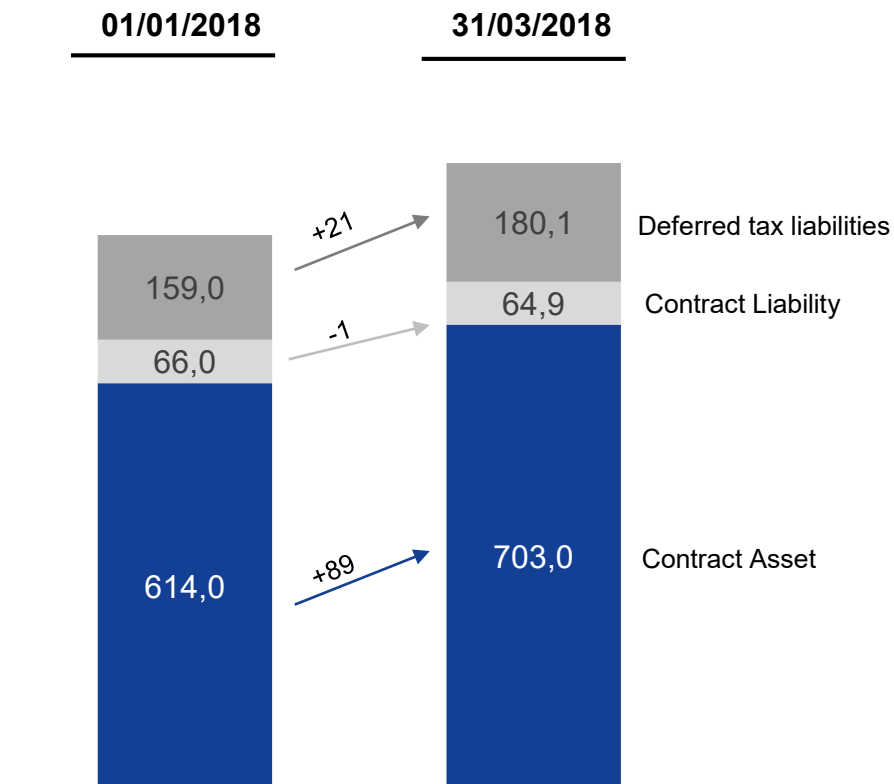
(1) Definition of free cash flow: Free cash flow is calculated as the net inflow of funds from operating activities from continued operation less the investments in intangible and tangible assets plus inflow of funds from disposals of intangible and tangible assets.

Bridge EBITDA to FCF



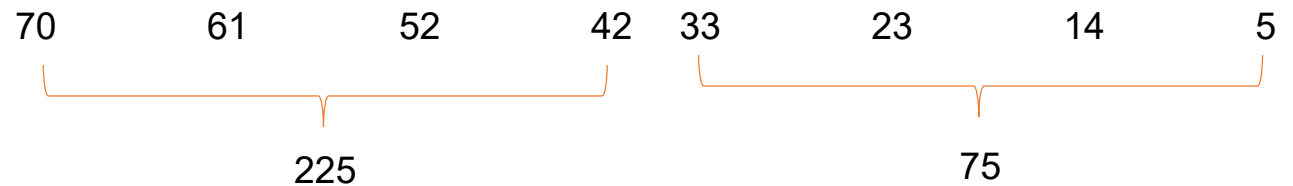
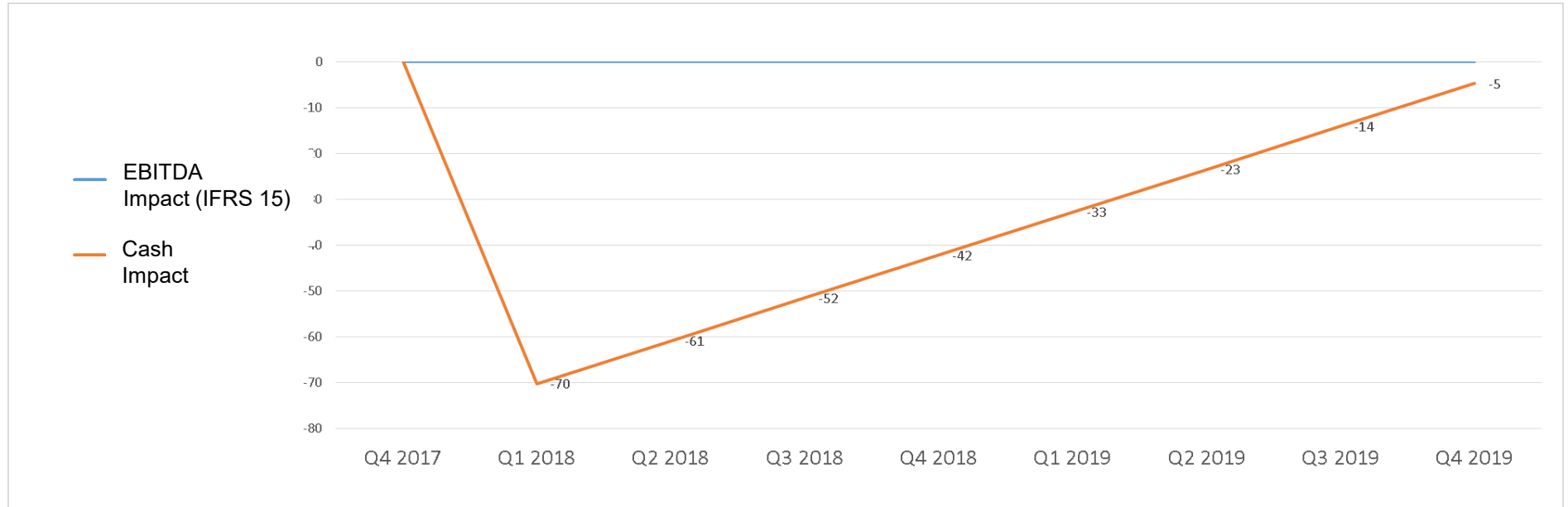
Contract Asset: Negative effect from additional investments in growth and customer loyalty. The burden on cash flow is greatest at the beginning and declines during the following quarters because of the increased package prices. Cf. also Slide 11.

Inventories: One-time effects that are reversed again in the following quarters.



- Growth in contract assets results primarily from the investment in subscriber growth and retention of subscribers
- Hardware investment and other customer acquisition costs as well as non recurring income in connection with the conclusion of a contract are allocated over the term of the minimum contract period

Example: EBITDA- / Cash-Impact of Hardware Investment



Asumption: Increase of Hardware Investment to approximately €600 million (€150m a quarter) as from 2018 from approximately €300 million p.a. (€75m a quarter) in 2017

Outlook

Focal points of 2018

- Increased smartphone use for new and current customers (returns from higher rate plan prices)
- Unified management team
- Merger of the organisations previously operating separately
- Tightening of the trademark portfolio
- Expansion of current clientele marketing
- New retention process for discount brands

Forecats 2018

- Approx. 1.2 million customer contracts
- Approx. €3.7 billion revenues
 - Includes: approx. +€200 million balance in accordance with IFRS 15
- Approx. €750 million EBITDA
 - Includes: approx. -€300 million additional smartphone-investment and approx. +€300 million in accordance with IFRS 15

**Our Success Story
Continues!**

Germany's leading MVNO and largest alternative DSL provider

	Q1 2018 (IFRS 15)	Q1 2017 (IAS 18)	Change	Q1 2017 (IAS 18) Proforma *	Change
Subscribers (total)	12.91	8.72	+4.19 million	11.79	+1.12 million
Thereof subscribers in Mobile Internet	8.54	4.45	+4.09 million	7.52	+1.02 million
Thereof DSL / VDSL	4.37	4.27	+0.10 million	4.27	+0,10 million
Revenue	904.3	624.2	+44.9%	777.1	+16.4%
EBITDA adjusted	165.5	106.7	+55.1%	141.8	+16.7%
<i>Margin</i>	18.3%	17.1%		18.3%	
EBIT adjusted	127.0	103.6	+22.5%	124.2	+2.3%
<i>Margin</i>	14.0%	16.6%		16.0%	

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