

Drillisch AG

Creating a Strong #4 Player in the
German Telco Market

June 2017

Disclaimer

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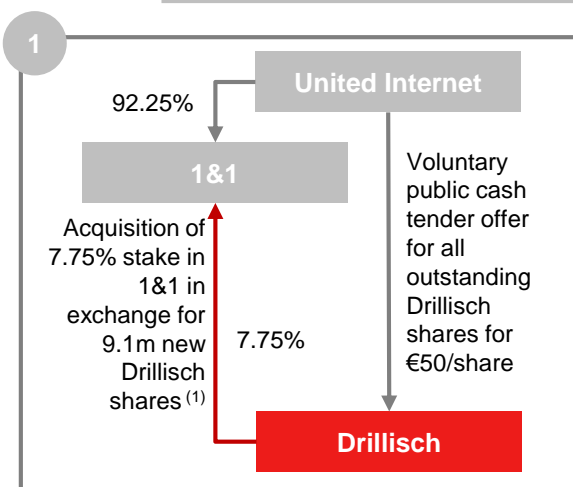
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Combination of Drillisch and 1&1

Step 1:

Acquisition of 7.75% stake in 1&1 / Tender offer

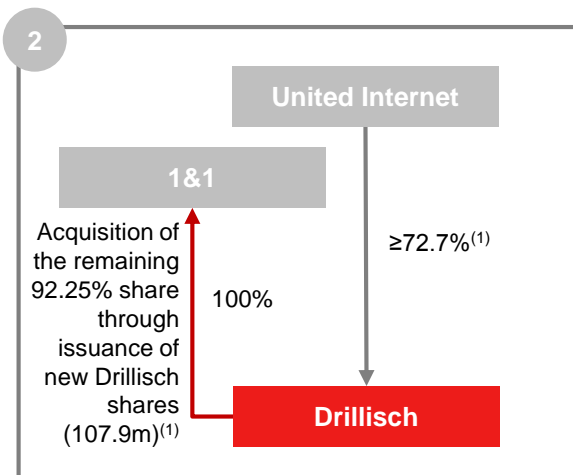


■ Drillisch acquires a 7.75% stake in 1&1 from United Internet by way of a contribution-in-kind issuing 9.1m new Drillisch shares at a €50/share (equivalent to a cash- and debt-free 1&1 EV of €5.85bn) from authorized capital to United Internet, enabling

- Distribution cooperations (sale of DSL products in yourfone shops)
- Improved purchasing conditions for hardware

Step 2:

Acquisition of remaining 92.25% stake in 1&1



■ Contribution-in-kind of the remaining 92.25% stake in 1&1 from United Internet into Drillisch in exchange for 107.9m new Drillisch shares at a €50/share valuation

- Creation of a strong #4 player in the German telco market – full integration of 1&1 into Drillisch
- Acquisition of 1&1 exclusively financed via equity
- Full realisation of synergies through combination

Drillisch finances the transaction with equity, low leverage ratio of combined company as 1&1 will be integrated on a debt-free basis

(1) Based on a valuation of 1&1 of €5,850m equity value (on a cash and debt free basis).

Creation of Strong Operational Business Profile

Drillisch + 1&1

Well-known Brand Portfolio

smartmobil.de

1&1

yourfone

Improved Product and Price Proposition

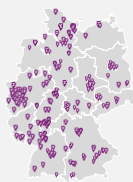
- Flexible and contractual secured access to all current and future technologies (LTE, 5G, VDSL) until 2034
- Enhanced product offering (DSL + Mobile + IPTV) with strong brands

Diversified Distribution Channels

Company Website



Shops



Online Portals

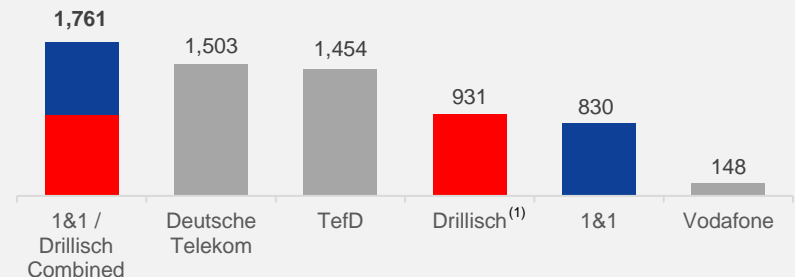


Distribution Cooperations



Strongest Growth Prospects

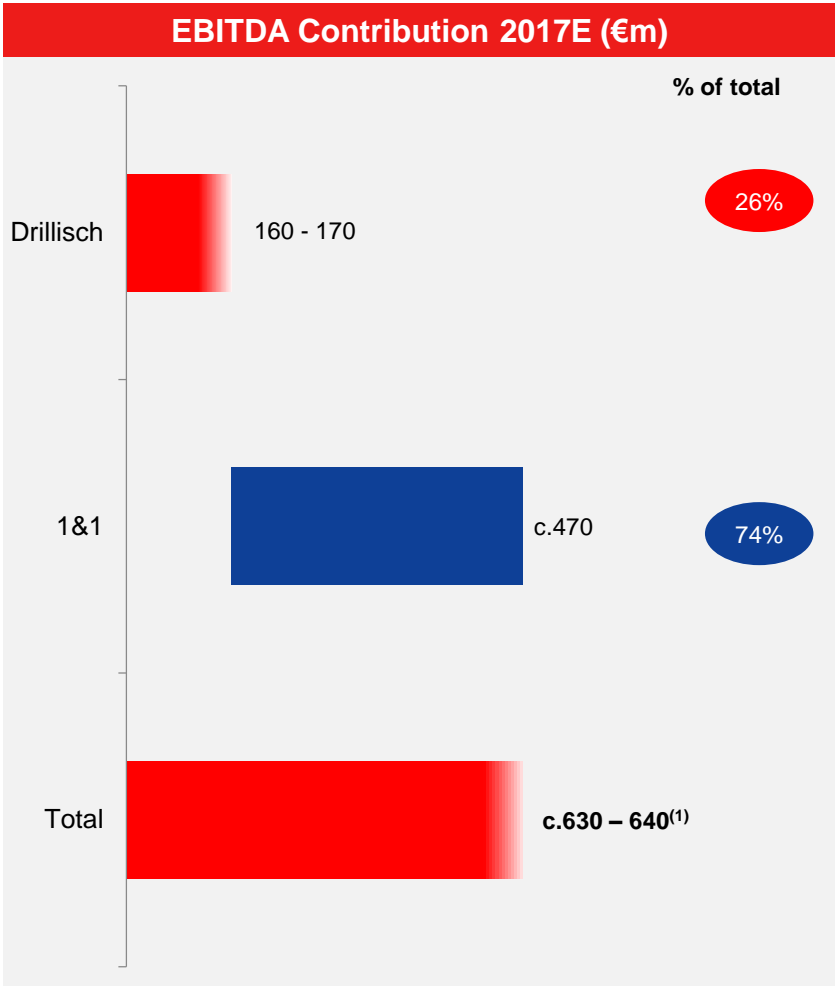
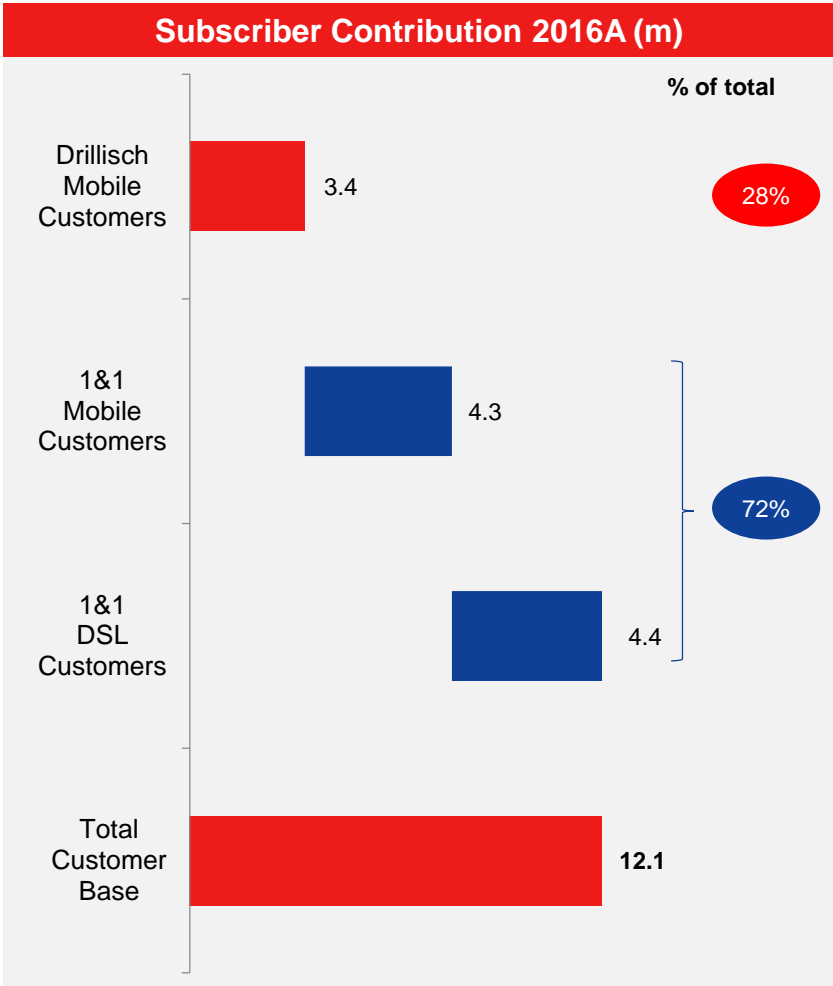
2016 Mobile Postpaid Net Adds ('000)



Realization of significant synergy potential through combination of Drillisch and 1&1

(1) Referring to budget subscribers only.

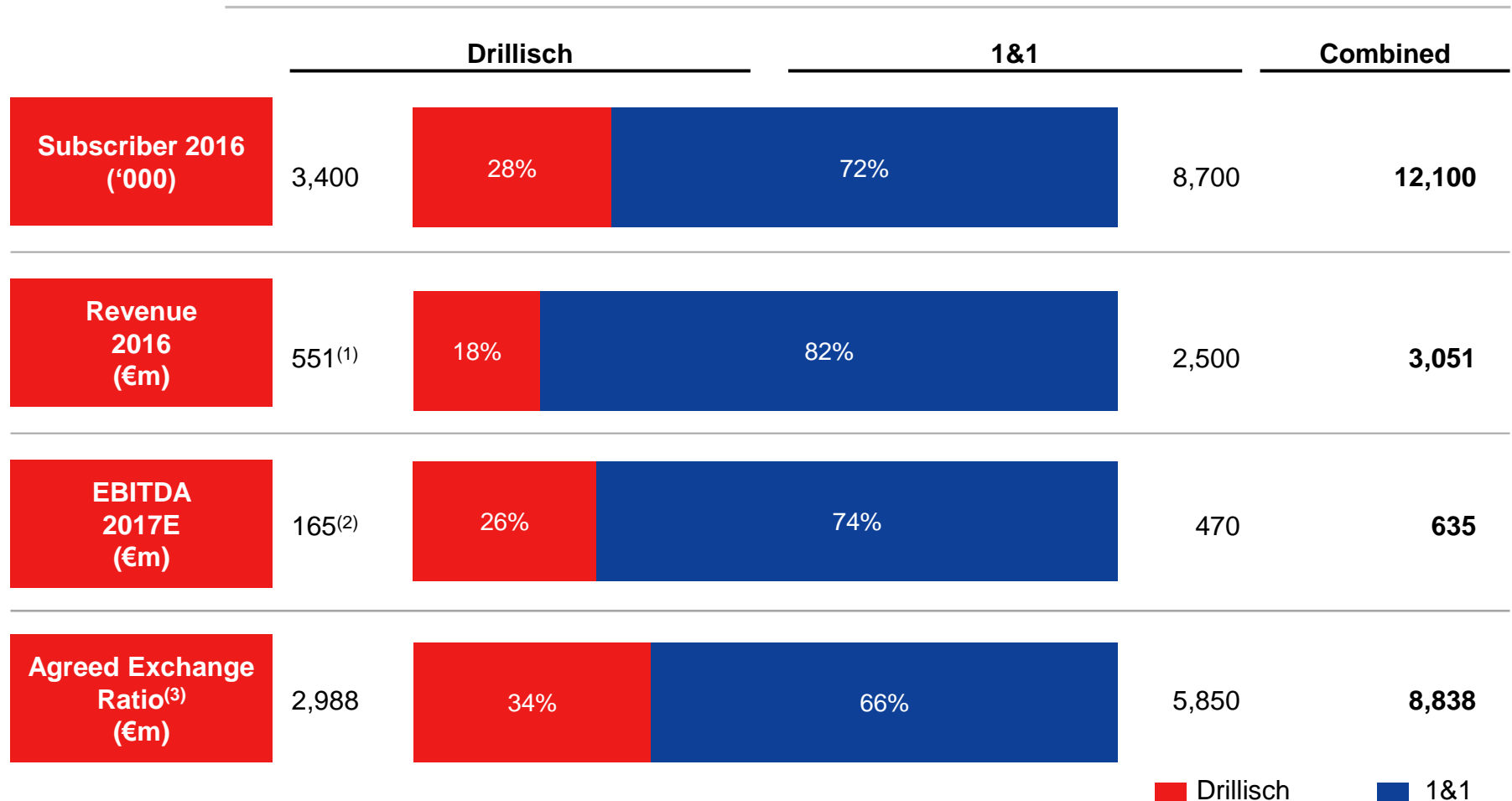
Significant Subscriber Base and Financial Scale



Combined company with increased market relevance can actively shape the German telco market

Note: Numbers including Versatel mass market business.
 (1) Aggregated EBITDA based on full year 2017 forecasts from Drillisch and United Internet.

Side-by-side Comparison Drillisch and 1&1



Drillisch valued at a EV/EBITDA 2017 multiple of 18.3x and 1&1 valued at a EV/EBITDA 2017 multiple of 12.4x

Source: Company Information.

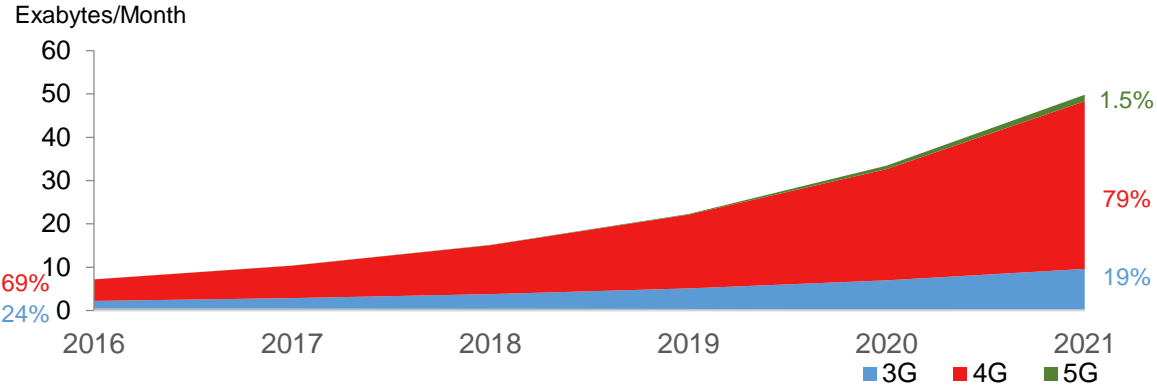
(1) Service Revenue only.

(2) 2017 EBITDA Guidance midpoint.

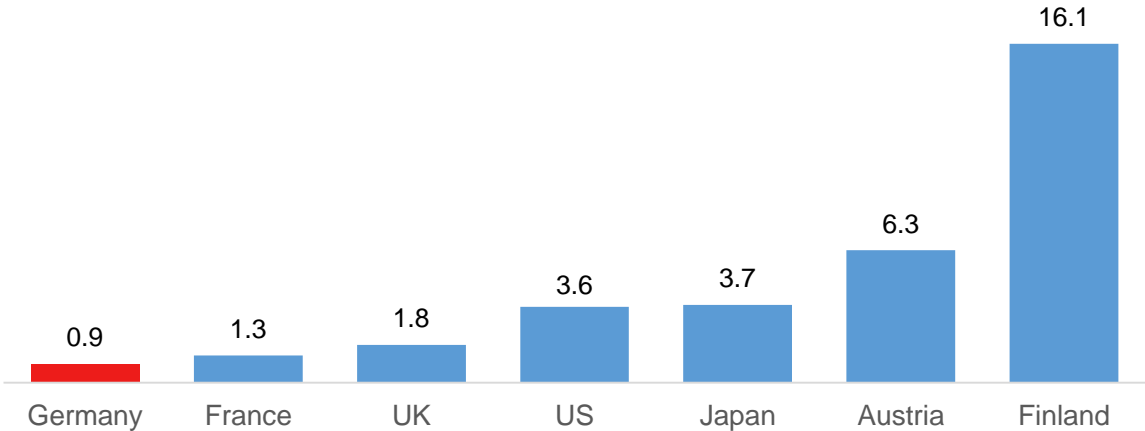
(3) Based on €50 per Drillisch share considering dilution in shares from conversion of convertible bond.

Ability to Benefit from Future Industry Trends

Global Mobile Traffic by Connection Type⁽¹⁾



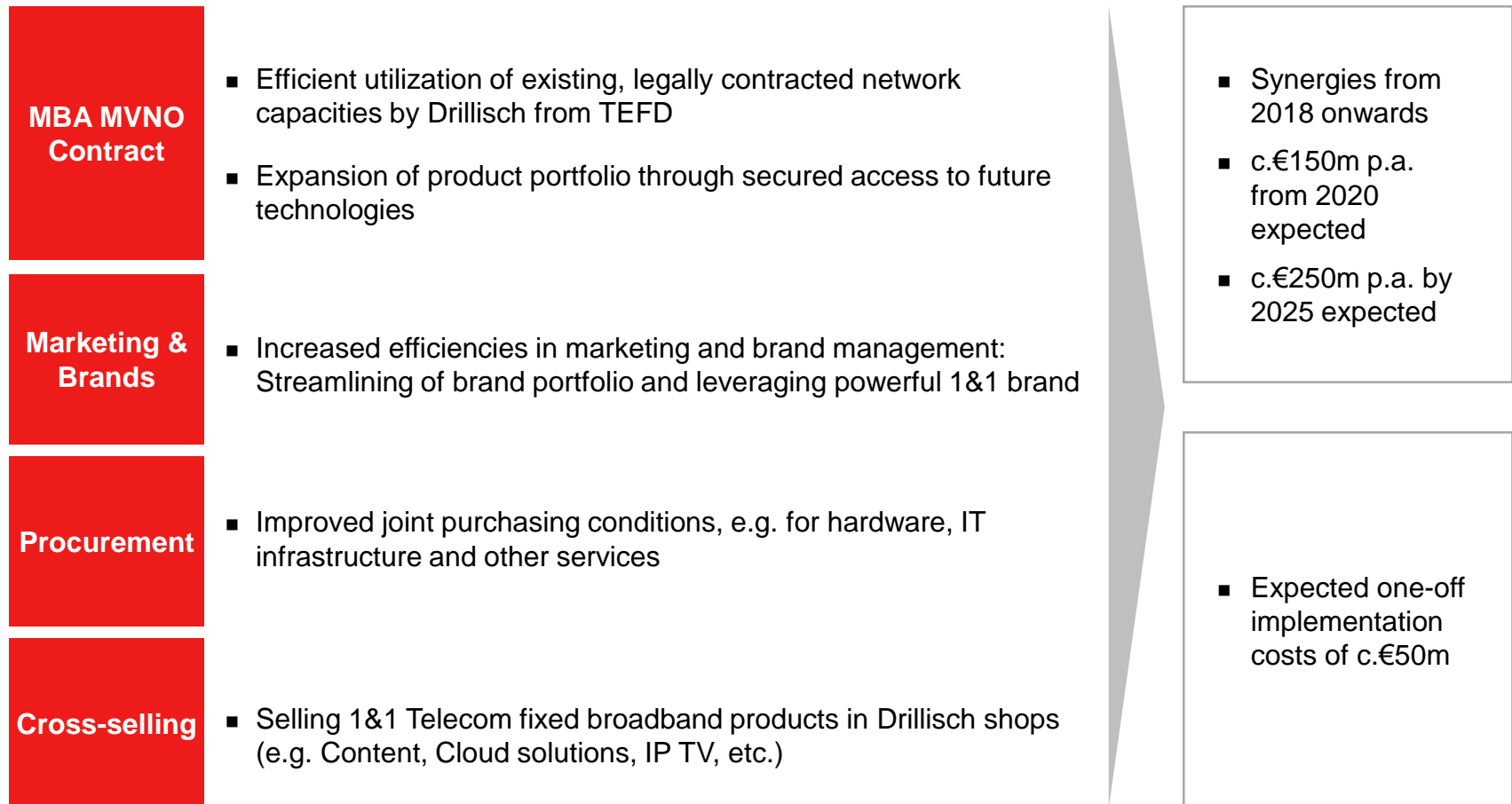
Mobile data usage per subscriber per month in 2016⁽²⁾ (in GB)



- Drillisch can effectively capture future growth prospects through
 - Long term access to all current and future technologies at attractive conditions
 - Drillisch and 1&1 will jointly buildup full MVNO model providing independence and securing asset light business model

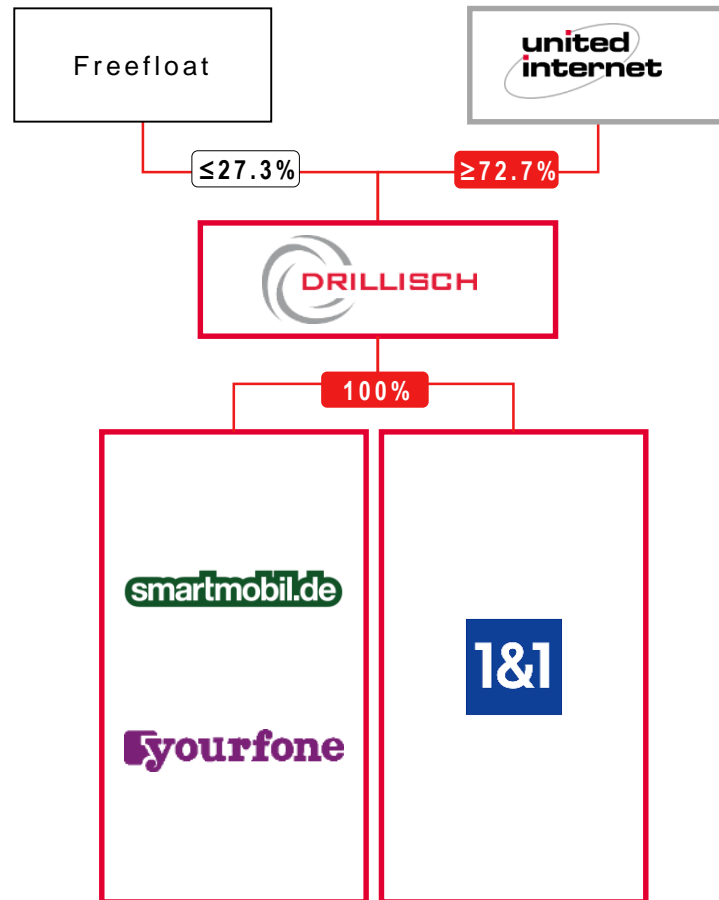
(1) Source: Cisco VNI Mobile 2017
 (2) Source: DF Monitor

Significant Synergy Potential



Realization of synergies only possible through combination of Drillisch and 1&1 – synergies will materialize on Drillisch level and will be directly available to all Drillisch shareholders

Drillisch Will Remain an Independent and Listed Company



- Drillisch will stay an independent and listed company with significant freefloat
- No DPLTA⁽¹⁾ for the next 3 years
- Consistently attractive dividend policy, which will be beneficial for all shareholders

Experienced Management Team with Strong Leadership Skills



André Driesen



Ralph Dommermuth (CEO)

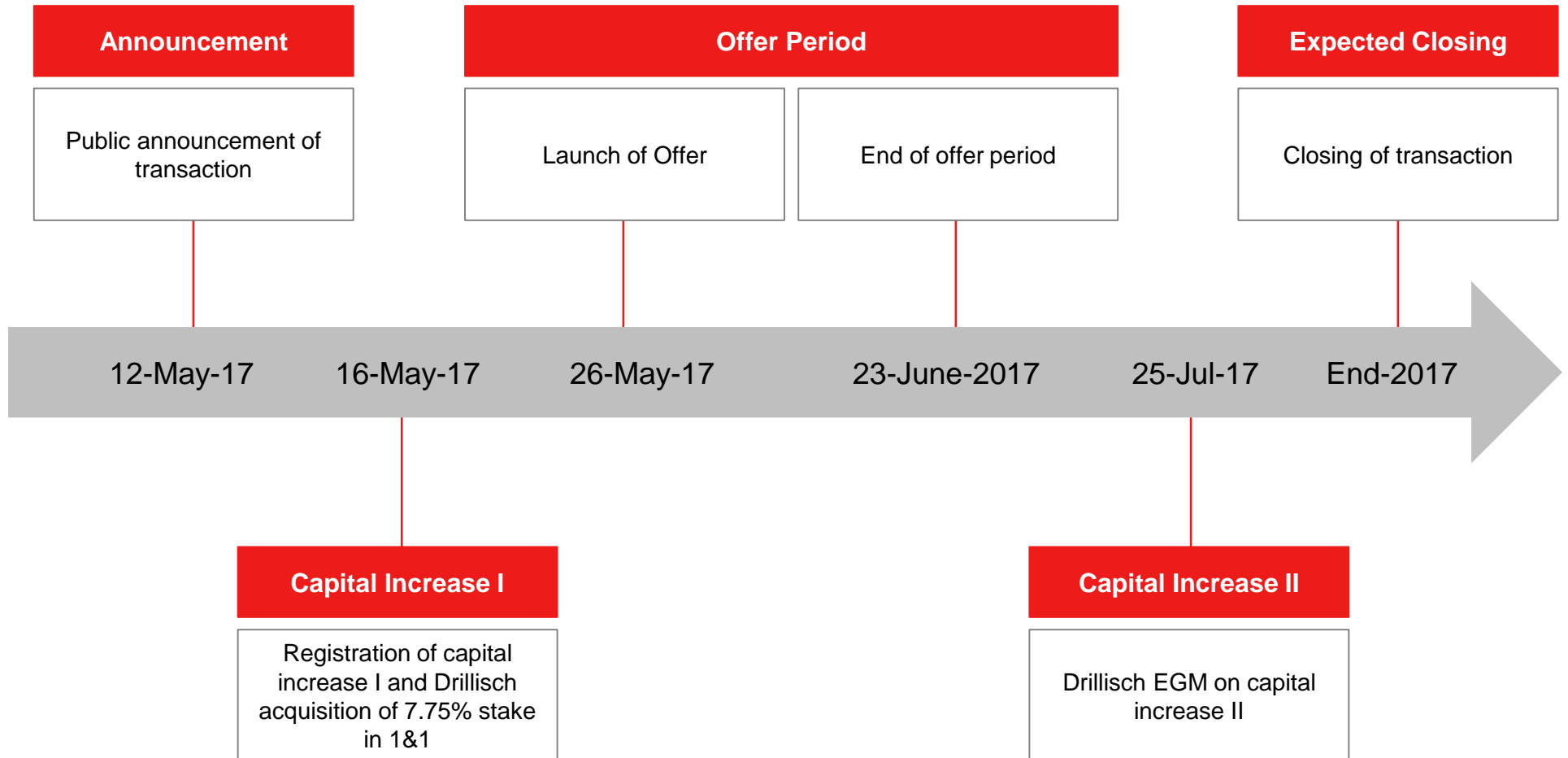


Martin Witt

- Post closing of the full transaction (capital increase II) and subject to Supervisory Board approval, the management team of the combined company is planned to consist of Ralph Dommermuth, Martin Witt and André Driesen
- Vlasios Choulidis is expected to leave Drillisch's Management Board post full transaction and join Drillisch's Supervisory Board

Continuity of Drillisch leadership with Vlasios Choulidis as Supervisory Board Member and André Driesen as CFO

Roadmap to Completion of a Successful Transaction





Appendix

Detailed Overview of United Internet Stake after Planned Transaction

	Total	Thereof United Internet	UI Stake in %	UI Stake as % of Total Shares after CI II (incl. Dilution)
Outstanding Shares	54,845,648	11,012,730	20.1%	6.2%
Capital Increase I	9,062,169	9,062,169		5.1%
Shares after CI I	63,907,817	20,074,899	31.4%	
Minimum Number of Tendered Shares ⁽¹⁾		575,000		0.3%
Outstanding Shares after CI I	63,907,817	20,649,899	32.3%	
Additional Shares from Convertible	4,919,001	0		
Outstanding Shares after CI I after Convertible	68,826,818	20,649,899	30.0%	
Capital Increase II	107,937,831	107,937,831		61.1%
Outstanding Shares after CI II (incl. Dilution)	176,764,649	128,587,730	72.7%	72.7%

66.2%

(1) To be tendered by Drillisch insiders, if acceptance rate is not sufficient for United Internet to obtain at least 30% on Drillisch (after capital increase I and conversion of outstanding convertible bonds).