

Management Presentation Q3/2011 Results

10 November 2011

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Successful Q3 shows continuity in performance improvement

freenet AG improved all relevant KPIs in Q3/2011 compared to the previous quarter

- Postpaid customer base amounts to 5,796,000 (shrinkage only -45,000)
- Postpaid ARPU increased to 24.6 € or by 3.8%
- No-frills customer base grew by 170,000 or 8.3%
- No-frills ARPU increased by 0.2 € or 4.3%

Based on YTD performance, freenet AG management expects better full year results

- Postpaid customer base will shrink by less than 420,000
- Recurring Group EBITDA will come to 355 m€
- Free cash flow will increase above 230 m€

freenet AG changes its agenda from internal to external focus

Q1 – Q2/2011

- System integration
- Management of limited development resources
- Customer communication addressing contingency around billing and data migration
- Training of internal and external staff on new applications and system architecture

Q3/2011

- Push of new tariff plans (Flat Smart, Flat 4 You, Flat Allnet) with a new customer acquisition share of ~50% in POS sales
- Consequently improvement of postpaid ARPU
- Exploitation of data growth to current share of 15%
- Acquisition volume exceeding 1 million new customers
- Restart of loyalty programmes that had to rest during migration from 3 to one single platform

Q4/2011

- Increase of online / e-commerce activities and consequently share of captive channels
- Expansion of distribution platform into GRAVIS outlets
- Integration of GRAVIS/Apple portfolio into mobilcom-debitel shops
- Strategic analysis of adjacent business capitalizing existing assets such as sales platform, customer base, billing capabilities, customer relationship management (CRM)

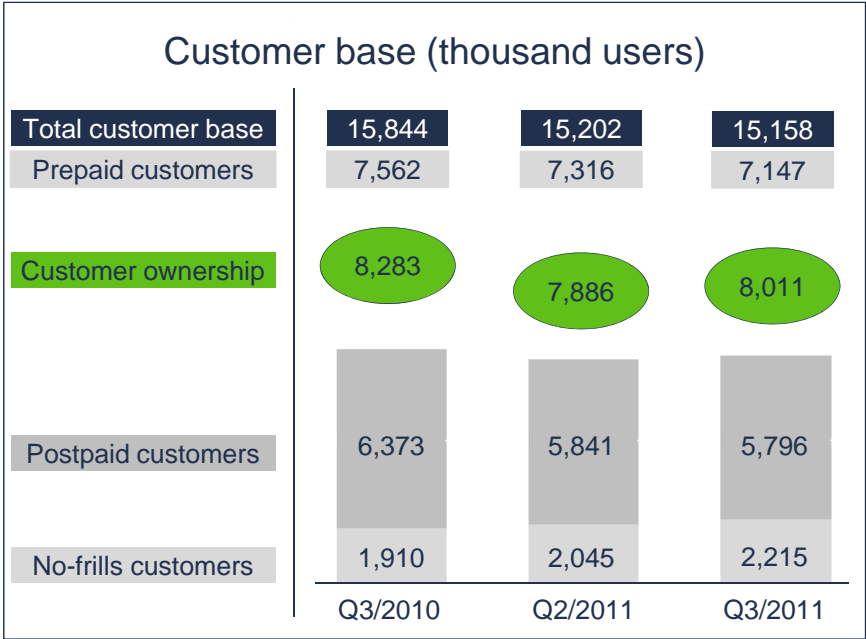
freenet extends retail strength with GRAVIS/Apple cooperation

- freenet AG cut a cooperation deal with Germany's largest independent Apple dealer GRAVIS Computervertriebsgesellschaft mbH
- mobilcom-debitel @ GRAVIS – full mobile tariff portfolio now available in all 28 GRAVIS shops and via www.gravis.de
- GRAVIS @ mobilcom-debitel – Apple portfolio made available sequentially in mobilcom-debitel shops, delivering
 - brand and image transfer
 - access to established service network for Apple devices
 - additional frequency leads to increasing hardware and accessories revenues and, in the medium term, to more postpaid contracts
- All necessary refurbishment and stock is already included in the original financial plans; no relevant additional OPEX or CAPEX



Growth in customer ownership after five quarters of shrinkage

Customer base

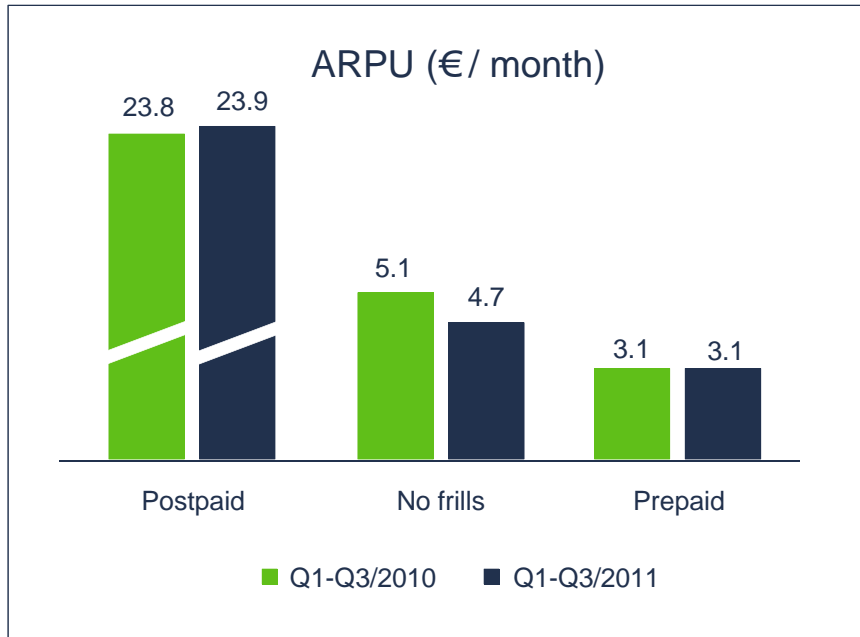


- **Customer ownership** (postpaid and no-frills segment) totals 8.011 million (+125,000 = **+1.6%**) vs. Q2/2011
- Postpaid customer base almost stable within the quarter (-45,000 = -0.8%) vs. Q2/2011
- Growth in no frills +170,000 = +8.3% vs. Q2/2011

FY 2011 customer ownership to shrink by <100,000
Stabilization of customer ownership expected in the course of 2012

Positive development of ARPU in postpaid

ARPU



■ Postpaid:

- YTD accumulation: 23.9 € or +10 cents vs. YTD 2010
- Q3/2011: 24.6 € or +90 cents vs. Q2/2011 (+3.8%)
(seasonal effect Q3/2010 vs. Q2/2010 was +30 cents)
- Q3/2011: 24.6 € or +10 cents vs. Q3/2010 (+0.4%)
- Data revenue share in postpaid growing to 15%

■ No frills:

- YTD accumulation: 4.7 € or -40 cents vs. YTD 2010
- Q3/2011: 4.9 € or +20 cents vs. Q2/2011 (+4.3%)
- Q3/2011: 4.9 € or -60 cents vs. Q3/2010 (-10.9%)

Stable ARPU expected for 2011

Financial statements – income statement (1/2)

In € million	Q1 - Q3/2011	Q1 - Q3/2010 adjusted ¹	Q3/2011	Q3/2010 adjusted ¹
Revenue	2,375.3	2,481.8	829.0	843.4
Gross profit	513.7	532.5	178.0	174.7
EBITDA	246.5	247.0	84.2	86.2
NRI (non recurring items)	17.4	23.6	5.9	10.0
Recurring EBITDA	263.9	270.6	90.1	96.2
Depreciation and amortisation	-135.5	-142.2	-44.0	-46.1
EBIT	111.0	104.8	40.1	40.1
Interest receivable and similar income	3.8	16.3	0.9	2.7
Interest payable and similar expenses	-43.9	-49.5	-12.9	-11.7
EBT	70.9	71.7	28.1	31.1

1) The comparison figures have been adjusted retrospectively due to IFRS 5 (presentation of Next ID as a discontinued operation).

Financial statements – income statement (2/2)

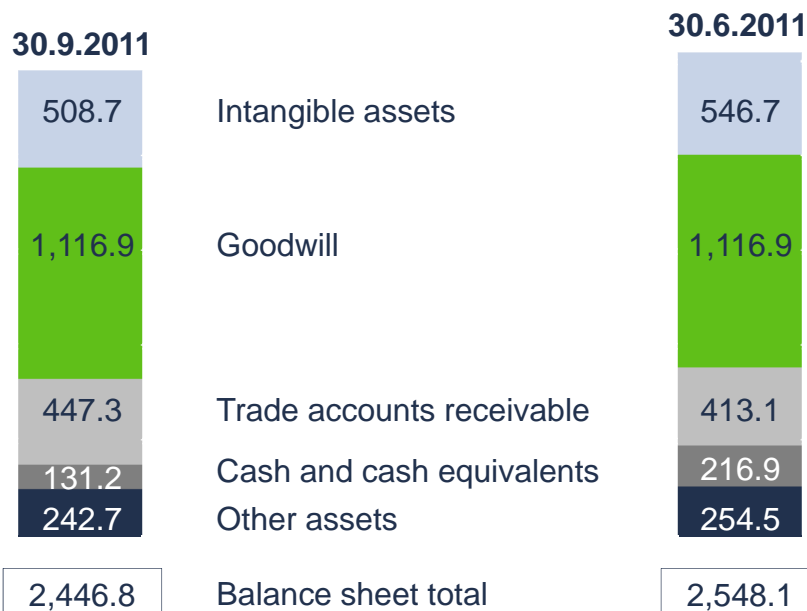
In € million	Q1 - Q3/2011	Q1 - Q3/2010 adjusted ¹	Q3/2011	Q3/2010 adjusted ¹
EBT	70.9	71.7	28.1	31.1
Taxes on income	6.8	3.9	2.8	-1.5
Group result from continued operations	77.7	75.6	30.9	29.7
Group result from discontinued operations	0.1	-2.6	0.0	-1.1
Group result	77.8	73.0	30.9	28.6
Group result attributable to shareholders of freenet AG	77.6	73.0	30.9	28.6
Group result attributable to non-controlling interest	0.2	-0.0	0.0	-0.0
Earnings per share (€)	0.61	0.57	0.24	0.22

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Financial statements – balance sheet

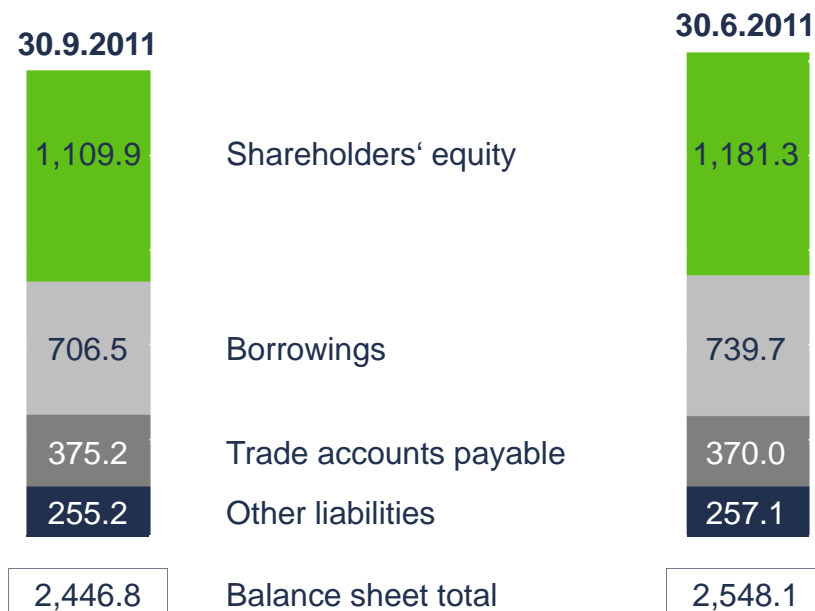
Assets

in € million



Shareholders' equity and liabilities

in € million



Comment

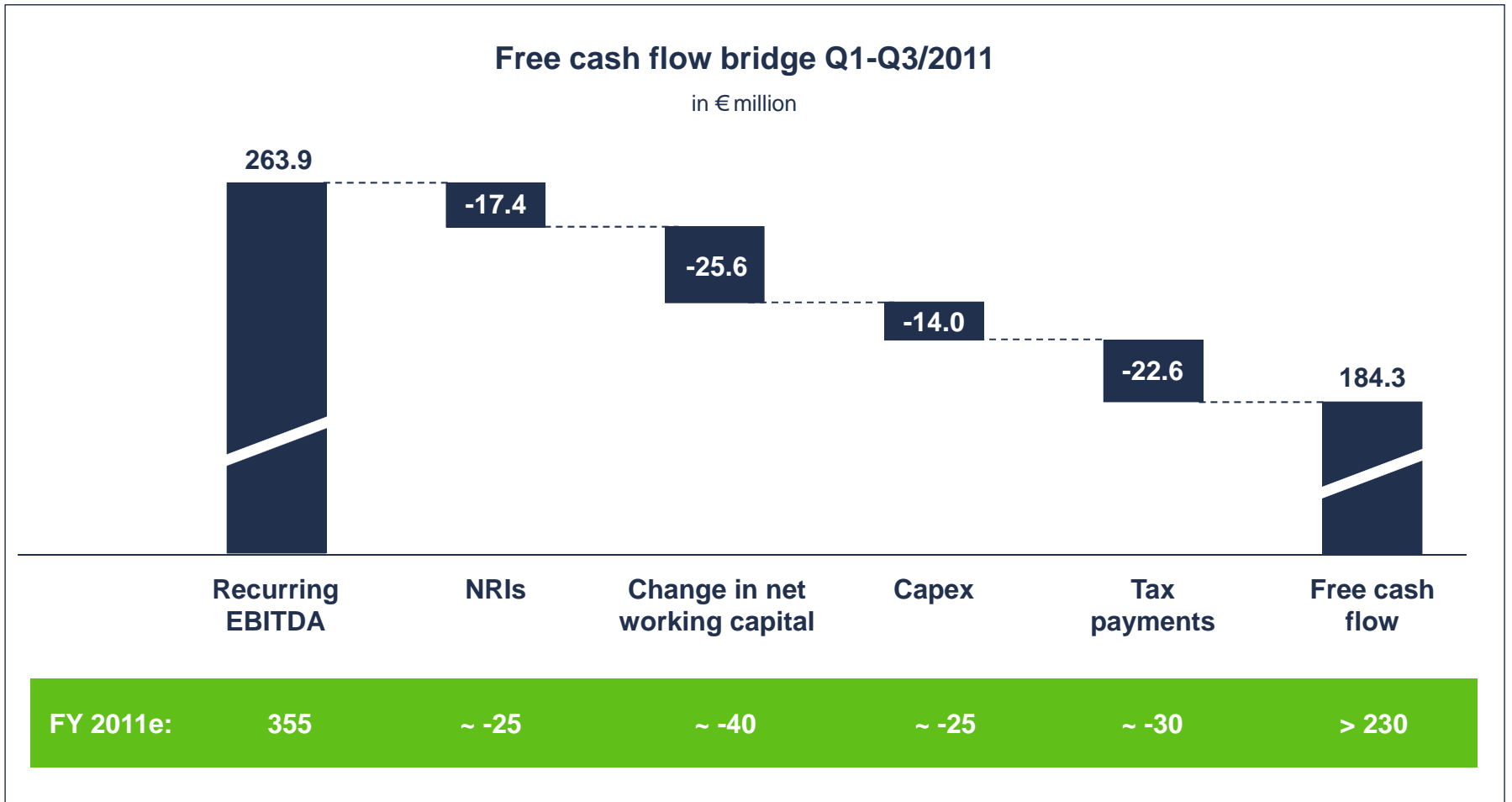
- Equity ratio at 45.4% as of 30 September 2011
- Net debt of 575 m€ as of 30 September 2011 (31 December 2010: 623 m€)

Financial statements – cash flow statement

In € million	Q1 - Q3/2011	Q1 - Q3/2010	Q3/2011	Q3/2010
Cash flow from operating activities	198.2	165.6	64.4	61.5
Cash flow from investing activities	-9.6	4.8	-3.5	-4.9
Cash flow from financing activities	-187.8	-526.8	-146.6	-77.2
Change in cash and cash equivalents	0.9	-356.4	-85.7	-20.6
Free cash flow¹	184.3	148.4	60.1	55.9

1) Free cash flow is defined as cash flow from operating activities, minus investments in property, plant and equipment and intangible assets, plus proceeds from the disposal of property, plant and equipment and intangible assets.

Detailed bridge from recurring EBITDA to free cash flow



Q3 performance leads to guidance adjustments

Guidance development 2011			
	<i>original</i>	Q2 update (9 August 2011)	Q3 update
Rec. Group EBITDA	325 m€	350 m€	355 m€
Free cash flow ¹	>200 m€	>220 m€	>230 m€
Dividend proposal	80 cents	40% - 60% of free cash flow, with a minimum of 80 cents	40% - 60% of free cash flow, with a minimum of 80 cents
Postpaid customer base	<i>Shrinkage</i> < -500,000	Shrinkage < -450,000	Shrinkage < -420,000

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Summary

- Performance in Q3 even better than in the first half of 2011
- Projection/guidance for the full year 2011 further increased
- Company shifts from restructuring and integration towards design of the future

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