

# MANAGEMENT PRESENTATION

Results for Q1 2022

CHRISTOPH VILANEK, CEO

INGO ARNOLD, CFO

13 May 2022

Analyst and Investor Conference Call

# CAUTIONARY STATEMENT

This presentation contains forward-looking statements which involve risks and uncertainties. The actual performance, results and timing of the business of freenet AG could differ materially from the expectations regarding performance, results and timing expressed in this presentation.

These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, services or other activities.

This presentation does not constitute an offer to sell or a solicitation to purchase any securities of freenet AG. Any such decision must not be made on the basis of the information provided in this presentation.

freenet AG does not undertake any obligation to publicly update or revise information provided during this presentation.



# AGENDA

**1** BUSINESS

C. VILANEK, CEO

**2** FINANCIALS

I. ARNOLD, CFO

**3** Q&A

# FREENET CARRIES OUT GUIDANCE 2022

**8,811** <sup>000s</sup>

TOTAL SUBSCRIBER BASE

**118.0** <sup>mEUR</sup>

EBITDA

**62.7** <sup>mEUR</sup>

FREE CASH FLOW

**+163.5** <sup>000s</sup>

HIGH CUSTOMER INTAKE

**+9.2** <sup>mEUR</sup>

GROWTH IN BOTH SEGMENTS

**+3.3** <sup>mEUR</sup>

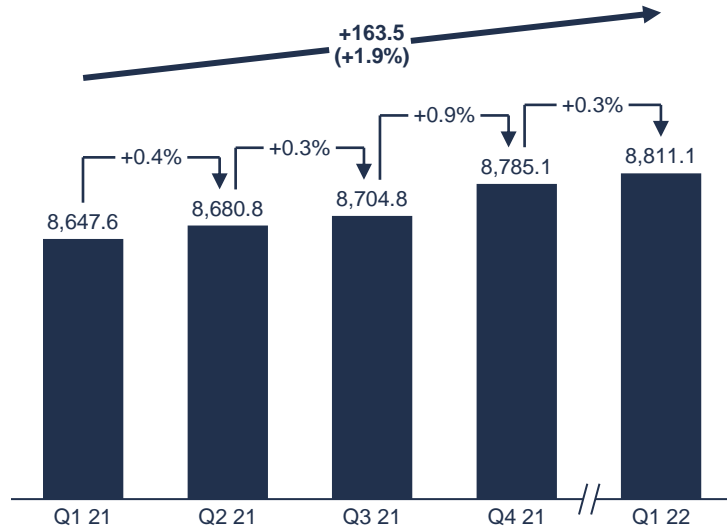
IN LINE WITH QUARTERLY  
EXPECTATION

yoy change

# +163,500 SUBSCRIBERS YOY AND +26,000 NET ADDS IN Q1 SUBSCRIBER BASE

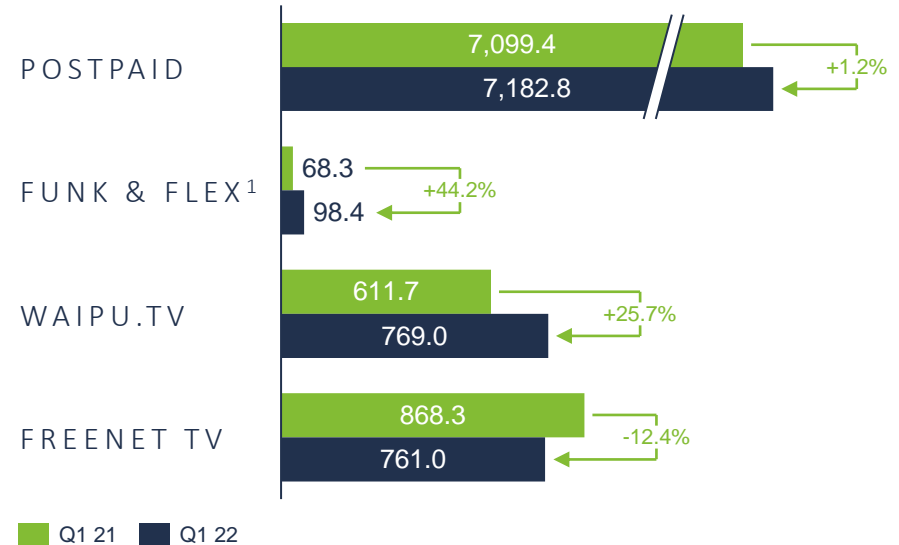
## TOTAL SUBSCRIBER BASE

in '000s



## SUBSCRIBER BASE BREAK-DOWN

in '000s

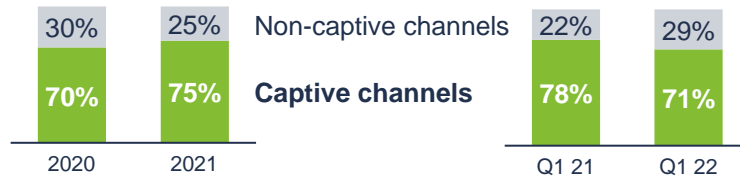


<sup>1</sup> ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

# +15,200 MOBILE NET ADDS AS A FUNCTION OF EECC

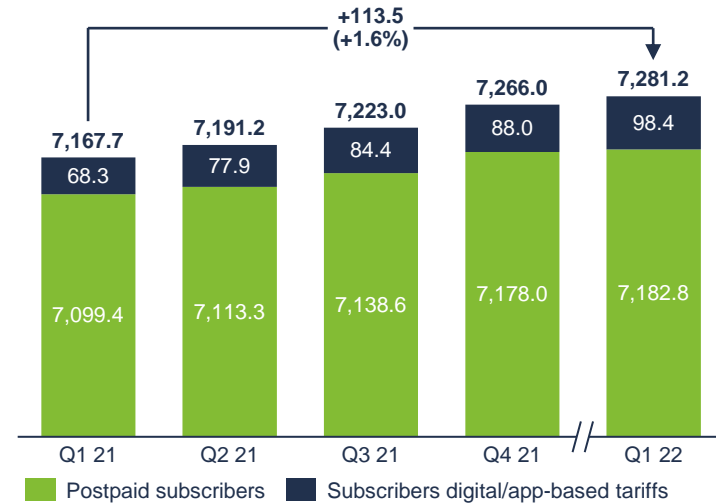
## TARIFF AND SALES CHANNEL PORTFOLIO EXPANDED

- Own 5G tariff offers complement MNO 5G tariffs (T-Mobile + Vodafone) in the portfolio
- Brand transformation and rebranding to 'freenet' ongoing; with positive perception by customers, partners and employees
- Captive channels remain above 70% but impacted from late Corona environment



## MOBILE SUBSCRIBER DEVELOPMENT

in '000s

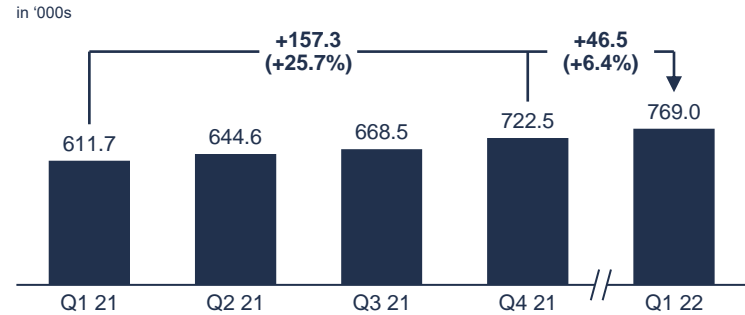


# TV CAMPAIGN WITH DIETER BOHLEN PAYS OFF – STRONGEST Q1 SINCE LAUNCH

## OPERATIONAL HIGHLIGHTS

- Expansion of cooperation with RTL to include RTL's pay-TV offering increases attractiveness of waipu.tv platform further
- Cooperation with Deutsche Glasfaser (DGF):
  - DGF decided to focus on infrastructure and discontinues its own product in favour of waipu.tv
  - waipu.tv available to new customers from Q4; existing customers will be migrated in 2023
  - Cooperation delivers additional future growth bucket; clear upside to linear case included in "freenet 2025" ambition
- High margin advertising revenues slightly lower due to Covid and Ukraine crisis

## WAIPU.TV SUBSCRIBERS

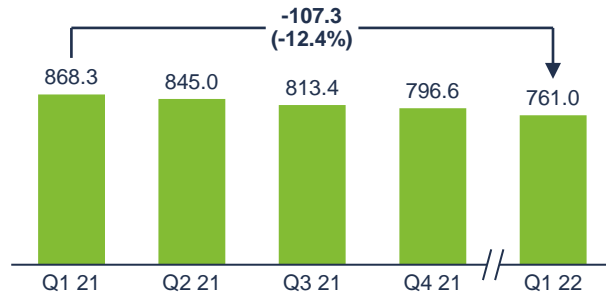


# MEDIA BROADCAST COOPERATES WITH 1&1



## FREENET TV (RGU)

in '000s



## OPERATIONAL HIGHLIGHTS

### freenet TV

- Celebrating 5<sup>th</sup> anniversary, churn continues in Q1, but EBITDA remains stable due to efficiency gains
- Price increase of 1 Euro per month in Q3 to compensate customer attrition

### B2B

- Conclusion of a long-term contract with 1&1 for field service of its new 5G network including four data centres

### DAB+/'Antenne Deutschland'

- Expansion of transmitter network of the first national DAB+ multiplex
- Antenne Deutschland has launched its 5<sup>th</sup> own program
- AGMA (measurement of audience as key metrics for ad revenues) delivered +70% to previous measurement; 157,000 listeners per average hour



# OUTLOOK INTO Q2

## MOBILE COMMUNICATIONS

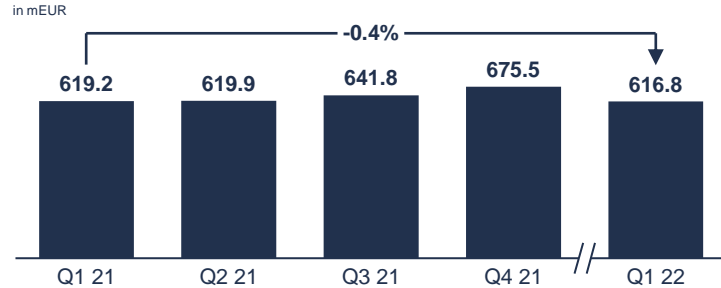
- We expect stronger net adds than in Q1
- Müller Mobile to be launched; 3 tariffs including DLS offers in a cooperation with drugstore chain in Germany
- freenet internet launch as fixed mobile service, app-based product
- Digital Lifestyle: Revenues in Q2 expected stable to slightly increasing
- Brand transformation in execution

## TV AND MEDIA

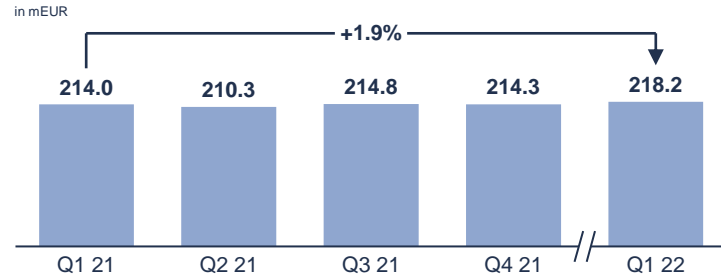
- waipu.tv will start initial transformation campaigns with Deutsche Glasfaser and some other small local fibre providers
- waipu.tv push campaigns still dependent on the availability of remote control from far east
- freenet TV changing to new prices in July and August, but announcement and customer notifications end of Q2

# GROUP – STABLE REVENUES, BUT HIGHER PROFITABILITY

## GROUP REVENUES



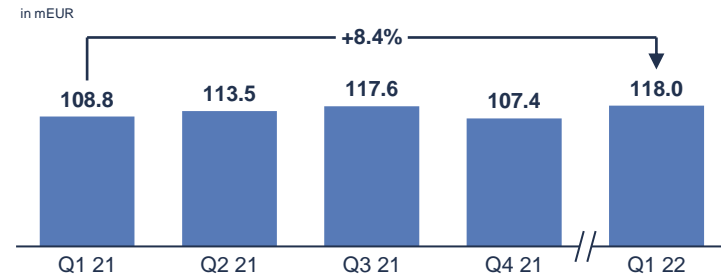
## GROUP GROSS PROFIT



## Q1 22 VS. Q1 21

- Group revenues – as expected – stable (-0.4% yoy)
- Gross profit benefits from operational growth in both segments; up to 218.2 mEUR (+1.9% yoy)
- EBITDA reflects strong operating performance as well as sustainable cost savings; up to 118.0 mEUR (+8.4% yoy)
- Headwind due to the lower effects from the utilisation of short-time work (5.7 mEUR) marginalised

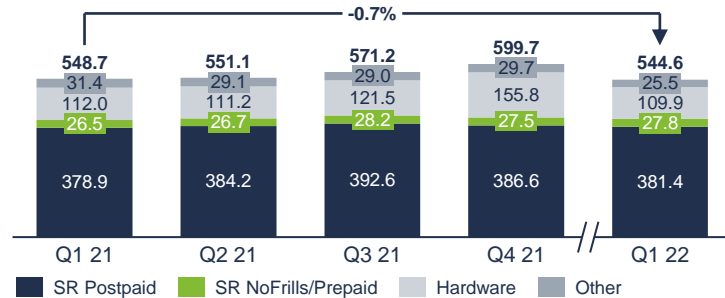
## GROUP EBITDA



# MOBILE – NO SIGNS OF WEAKNESS

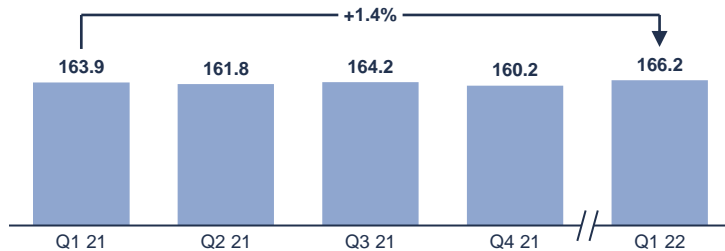
## REVENUES

in mEUR



## GROSS PROFIT

in mEUR

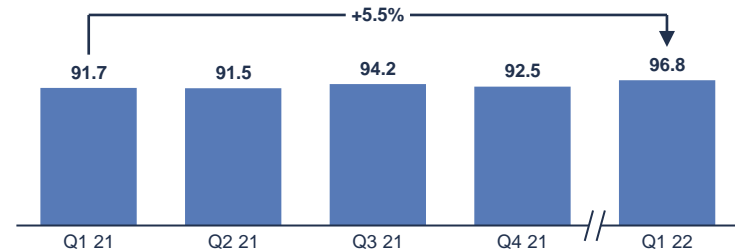


## Q1 22 VS. Q1 21

- Mobile Communications revenues stable (-0.7% yoy) at 544.6 mEUR (Q1 21: 548.7 mEUR), but quality increased
- Share of service revenues up to 75.1% (Q1 21: 73.9%) driving gross profit growth; gross profit up by +1.4% yoy to 166.2 mEUR (Q1 21: 163.9 mEUR)
- Increased profitability unfolds at EBITDA level plus bad debt improved yoy; EBITDA up by +5.5% yoy to 96.8 mEUR (Q1 21: 91.7 mEUR)

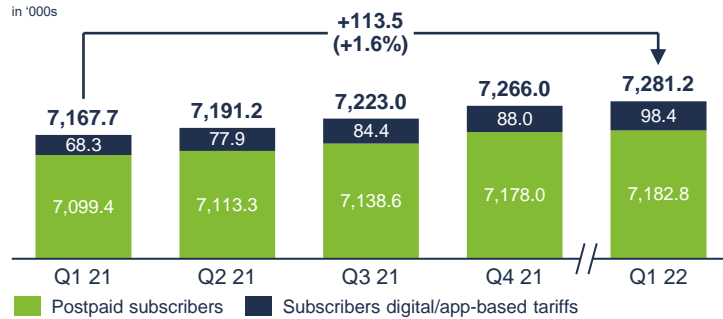
## EBITDA

in mEUR

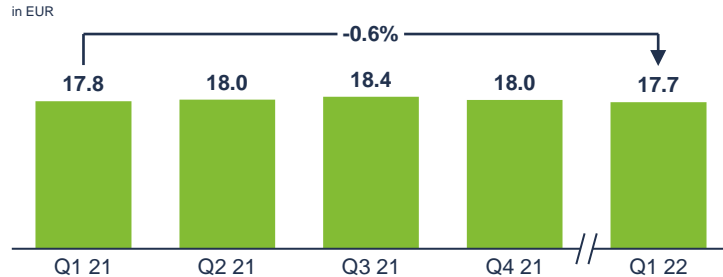


# STABLE ARPU CONTRIBUTES TO SERVICE REVENUE GROWTH

## HIGH-VALUE MOBILE CUSTOMER BASE



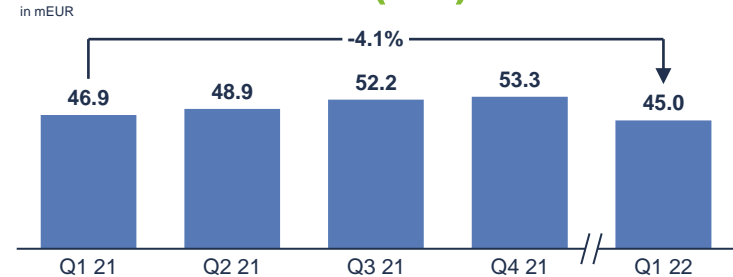
## ARPU POSTPAID



## Q1 22 VS. Q1 21

- Growing mobile customer base with comparably high profitability and loyalty (+1.6% yoy to 7,281.2 k)
- Postpaid ARPU stable at 17.7 EUR (Q1 21: 17.8 EUR)
- Temporary slowdown in Digital Lifestyle revenue growth due to supply chain issues and lower freenet energy revenues

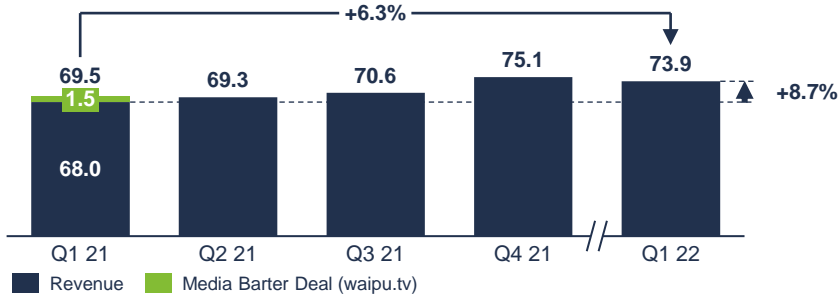
## DIGITAL LIFESTYLE (DLS) REVENUES



# TV AND MEDIA – EBITDA MARGIN IMPROVES TO ABOVE 34 PERCENT

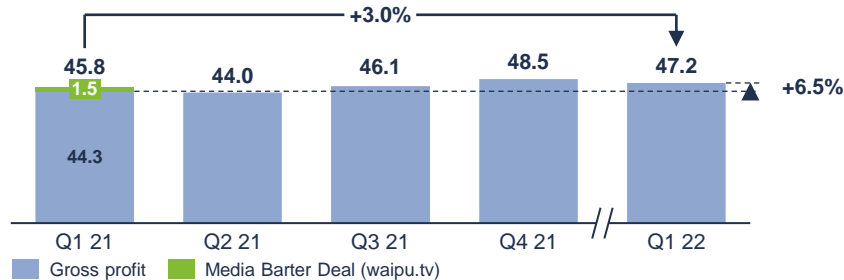
## REVENUES

in mEUR



## GROSS PROFIT

in mEUR

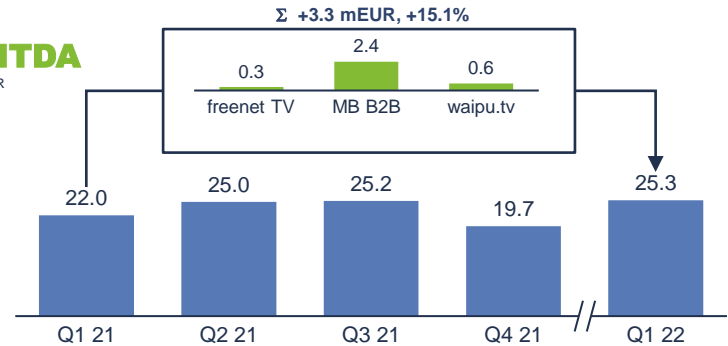


## Q1 22 VS. Q1 21

- Strong revenue growth by +8.7% yoy (w/o Media Barter Deal) to 73.9 mEUR, mainly driven by waipu.tv customer growth
- Remarkable increase of gross profit; up by +6.5% yoy (w/o Media Barter Deal) to 47.2 mEUR
- EBITDA margin improves further (+1.9 PP): EBITDA up by +15.0% yoy at 25.3 mEUR (Q1 21: 22.0 mEUR). waipu.tv with higher marketing expenses (Dieter Bohlen-campaign)

## EBITDA

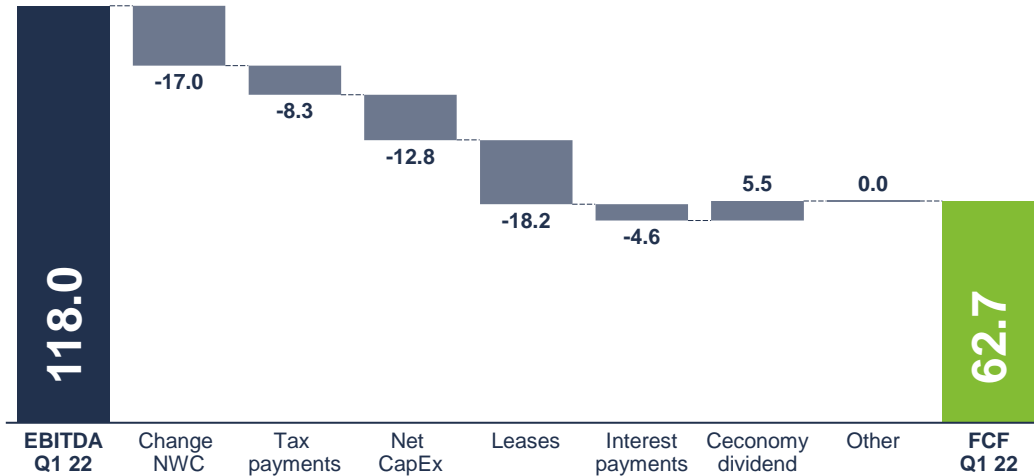
in mEUR



# FREE CASH FLOW IN LINE WITH GUIDANCE

## FROM EBITDA TO FREE CASH FLOW (FCF)

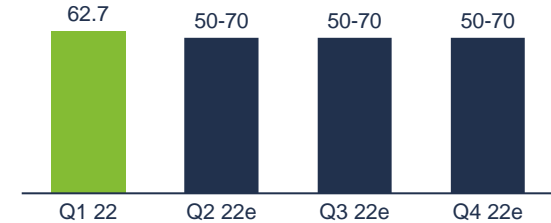
in mEUR



Q1 21: 108.8   -9.0   -6.0   -8.6   -17.2   -8.7   0.0   0.1   59.5

## FCF QUARTERLY BREAKDOWN

in mEUR



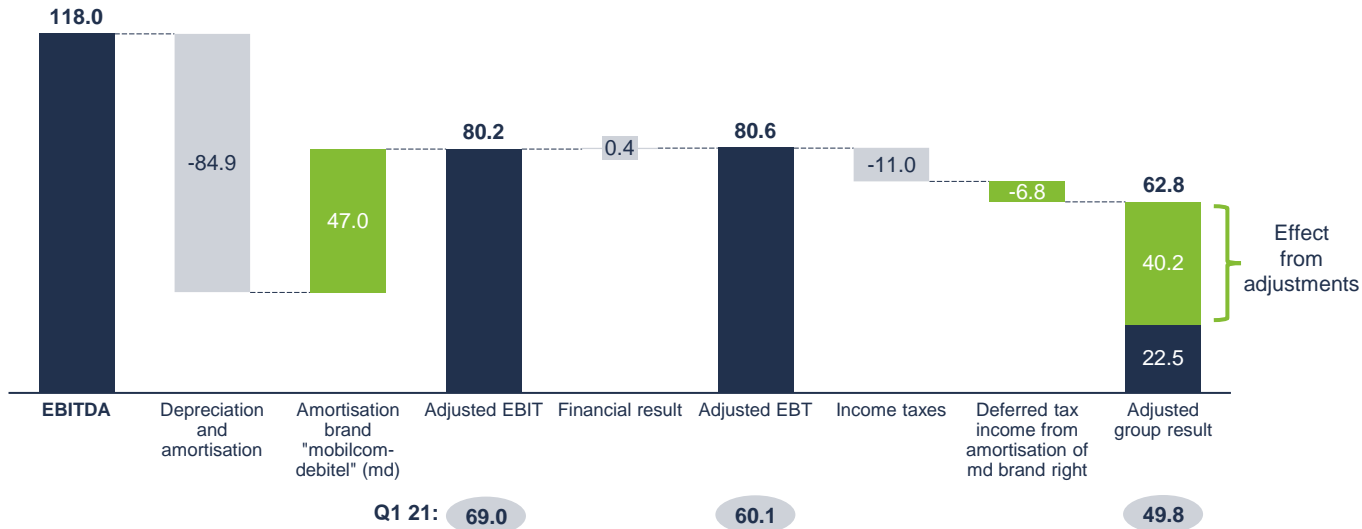
## FURTHER EXPLANATIONS

- CapEx higher due to site renovation in Büdelsdorf (ca. 2.0 mEUR) and regional DAB investment (ca. 1.0 mEUR)
- Change in NWC based on higher contract acquisition costs (non-captive channels); but within expected range

# ADJUSTED EARNINGS FIGURES DUE TO MOBILCOM-DEBITEL BRAND AMORTISATION

## RECONCILIATION OF EBITDA TO ADJUSTED GROUP RESULT

in mEUR

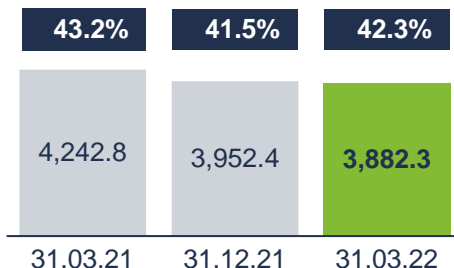


**EPS (ADJ.)  
+0.13 CENT**

# HEALTHY BALANCE SHEET KPIS

TOTAL ASSETS &  
EQUITY RATIO  
(Lower limit: >25%)

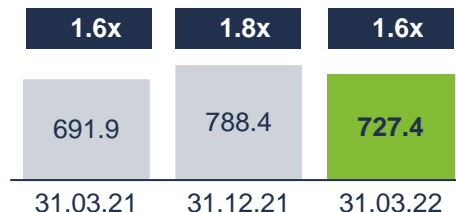
in mEUR/ as indicated



Equity ratio improves compared to year-end 2021 despite the amortisation of the "mobilcom-debitel" brand

NET DEBT &  
LEVERAGE\*  
(Upper limit: ≤3,0x)

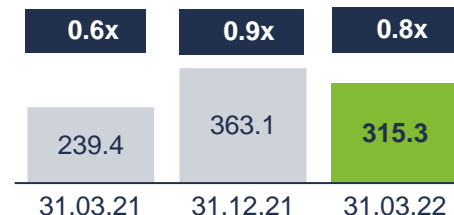
in mEUR/ as indicated



Leverage below year-end 2021 caused by lower net debt due to a higher level of cash and cash equivalents

BANK NET DEBT &  
BANK LEVERAGE\*\*

in mEUR/ as indicated



Bank leverage slightly below year-end 2021 for same reason

\* EBITDA = EBITDA of last twelve months (i.e., April 2021 to March 2022 or rather April 2020 to March 2021 for the previous year)

\*\* Bank leverage = Bank net debt incl. interest accrual divided by lease-adjusted EBITDA of last twelve months



# GUIDANCE 2022 REITERATED

## FINANCIAL GUIDANCE

in mEUR



- Revenue
- EBITDA
- Free cash flow

### RESULTS 2021

2,556.3

447.3

234.4

### GUIDANCE 2022

stable

450 - 470

230 - 250



Mid point guidance approx.  
+4.0% CAGR vs. 2020

Mid point guidance >50.0%  
EBITDA-to-FCF conversion

## SUBSCRIBER GUIDANCE

in '000s



- Postpaid contracts  
(w/o digital/app-based tariffs)
- waipu.tv subscribers
- freenet TV RGU

7,178.0

722.5

796.6

Moderate  
growth

Solid growth

Noticeable  
decrease



# OPEN FOR YOUR QUESTIONS.

FOR FOLLOW-UP QUESTIONS REACH OUT TO:

freenet AG

Investor Relations

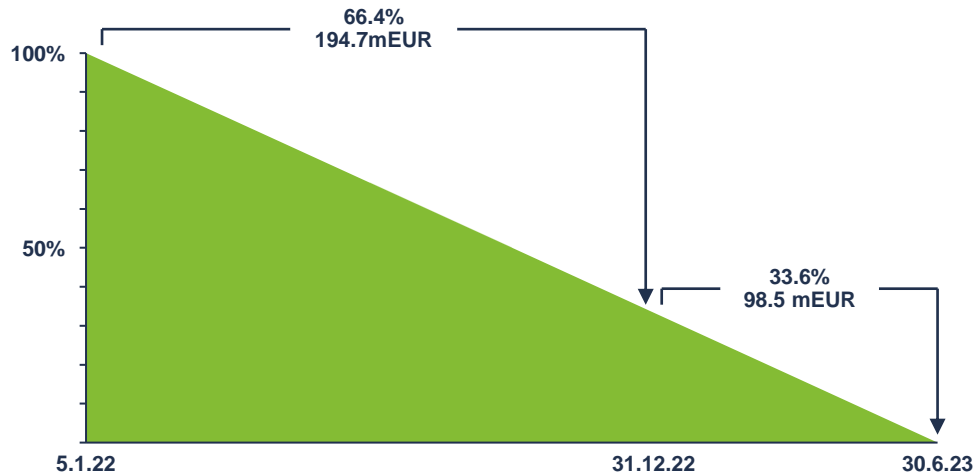
[ir@freenet.ag](mailto:ir@freenet.ag)

[www.freenet-group.de](http://www.freenet-group.de)

Fon: +49 (0)40 513 06 778

# SPECIAL ISSUE: DEPRECIATION OF MOBILCOM-DEBITEL BRAND

## LINEAR MELTDOWN OF BRAND 'MOBILCOM-DEBITEL' DUE TO BRAND TRANSFORMATION



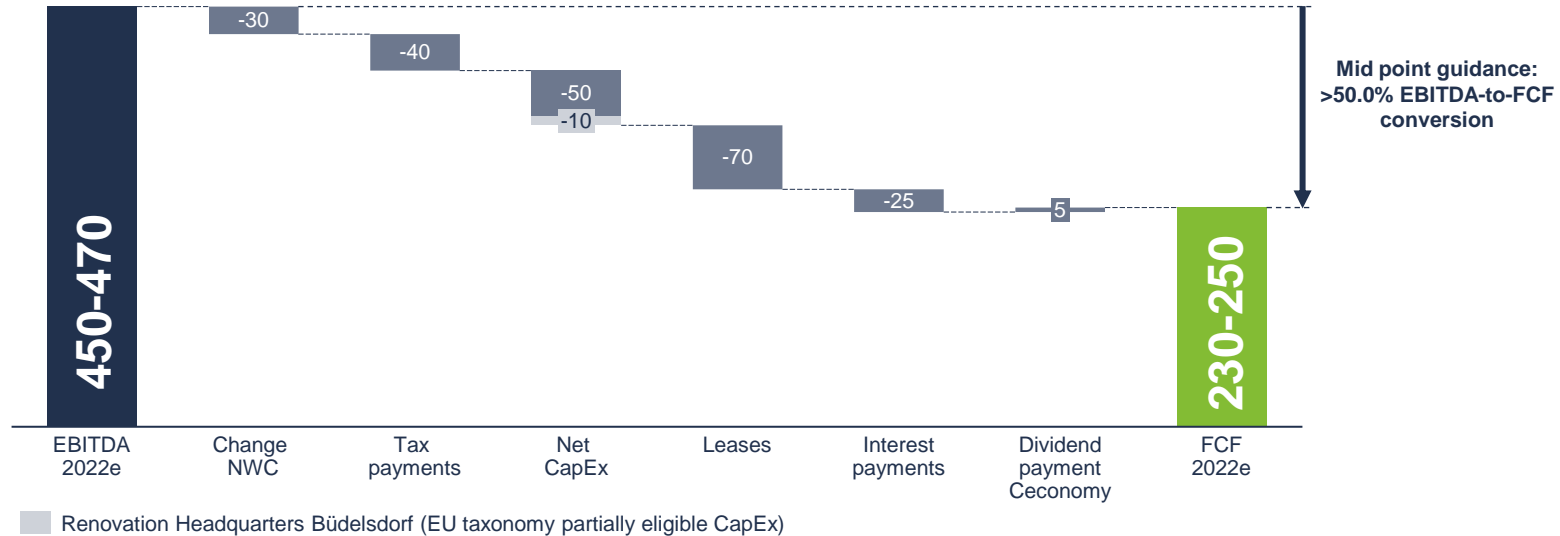
- The mobilcom-debitel brand is used in the Mobile Communications segment and recognised in the balance sheet at 293.2 mEUR as of 31.12.2021
- Linear meltdown of brand over 18 months until end of Q2 23
- Amortisation with in sum negative impact on P/L KPIs (EBIT, EBT, net profit, and EPS) as well as equity ratio; no cash impact!

Introduction of adjusted P/L KPIs (EBIT, EBT, net profit, and EPS) to continue to provide a clear and transparent view of the operating performance of freenet Group

# FREE CASH FLOW BRIDGE 2022

## FROM EBITDA TO FREE CASH FLOW

in mEUR



# EBITDA AMBITION 2025 NOT BACK-END LOADED TOWARDS THE END

ROAD TAKEN IN 2021 TO BE CONTINUED IN 2022, AMBITION 2025 REMAINS UNCHANGED

