

Management presentation

9M / Q3 2023

Christoph Vilanek, CEO
Ingo Arnold, CFO

09.11.2023 Analyst and Investor Conference Call



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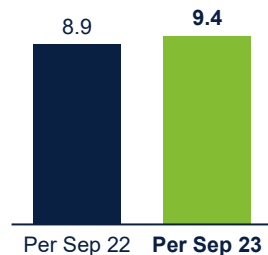
Agenda

- 1 Business update C. Vilanek, CEO
- 2 Financial update I. Arnold, CFO
- 3 Q&A

Strong 9M performance in all financial KPIs

Subscribers

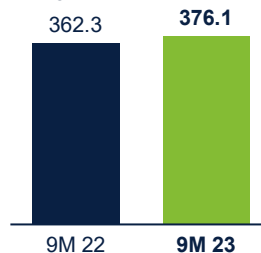
in m



+4.8%

EBITDA

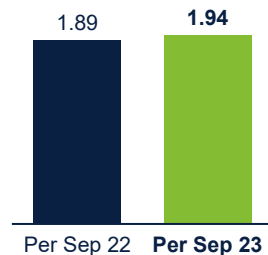
in mEUR



+3.8%

Revenue

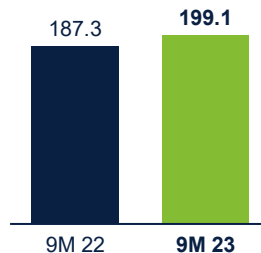
in bnEUR



+2.6%

Free cash flow

in mEUR

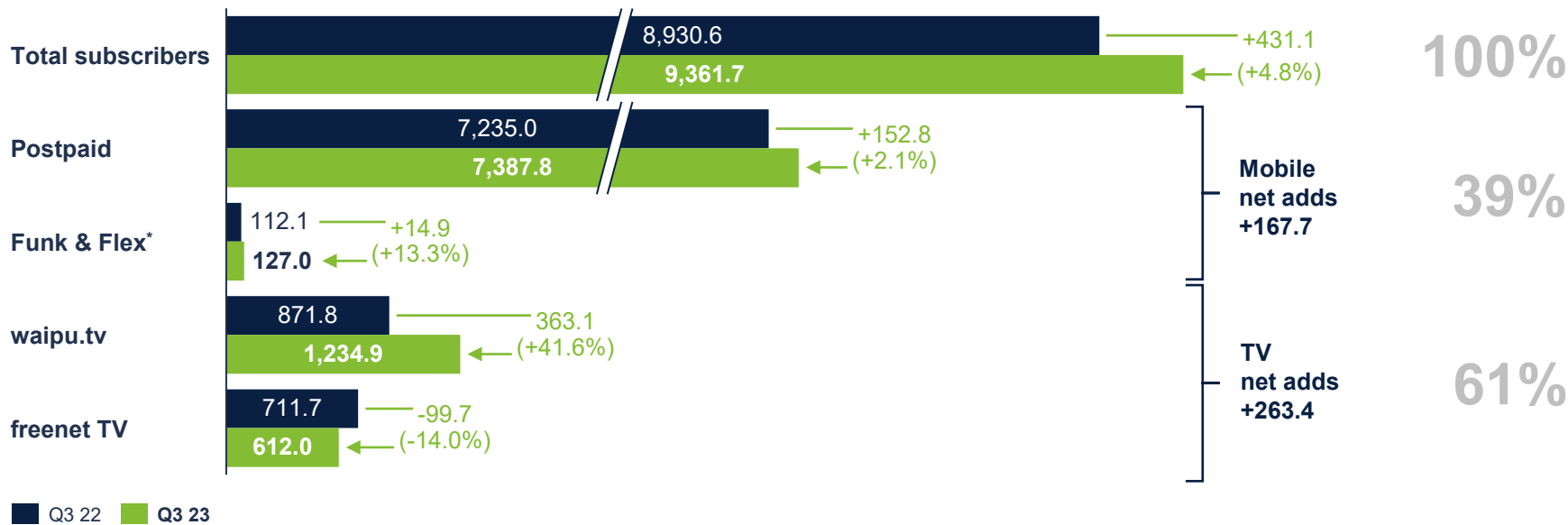


+6.3%

TV growth gains momentum and sustainability

Subscribers LTM

in '000s (end of period)

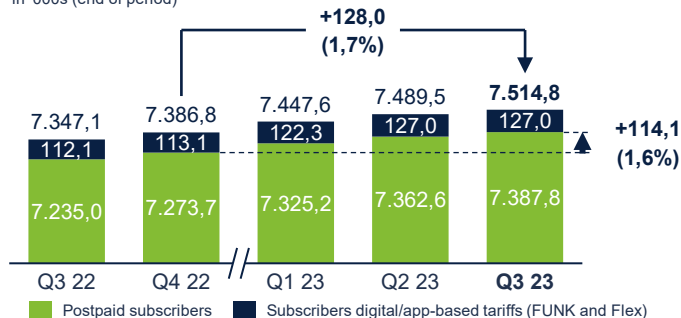


*ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

Postpaid growth expectation reached by Q3

Mobile subscribers

in '000s (end of period)



Highlights in 9M 23

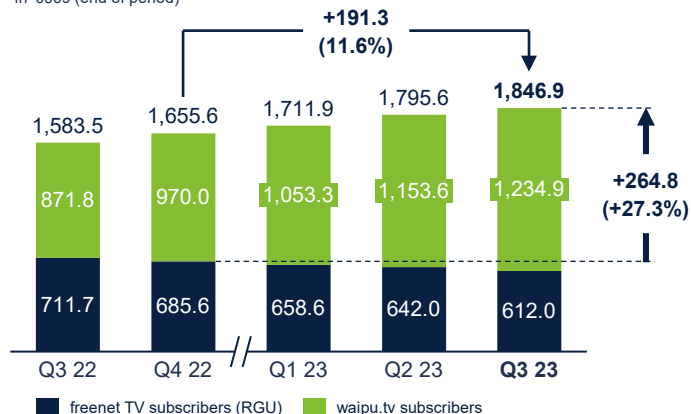
- **Customer base increasing with stable ARPU and good margin**
 - 9M 23 growth on satisfactory level (+128.0k; Q3: +25.2k)
 - External survey confirm high customer service satisfaction (“connect” test)
- **Brand awareness successfully increased by new marketing campaign “freenet, fertig, los!”**
 - Clear, simple messages to reposition freenet brand
 - Increased airtime esp. on TV to raise awareness (main advertising partner at popular events in soccer, handball and entertainment)
 - New strategy executed with roughly the same marketing budget

*Brand awareness indicates % of people who are aware of freenet as a brand for mobile communications, TV or entertainment w/o a prompted selection of brands. Whereas brand recognition indicates % of people who recognize freenet as brand within a prompted selection.

waipu.tv accelerates organic growth

TV subscribers

in '000s (end of period)



Highlights in 9M 23

- **waipu.tv**
 - Net adds: >80k in Q3 23 (Q2 23: ~65k excl. DGF)
 - Structural change in the German TV market gains momentum; new addressable market in general of ~12m households
 - Migration of remaining DGF customers base lagging
- **MB B2C: freenet TV**
 - Customer base has not yet bottomed out (typical Q3 momentum)
 - However: recent survey* implies terrestrial TV is still relevant; 6m TV-households watch linear TV via DVB-T2 HD
- **MB B2B: DAB+, Field Services, etc.**
 - Successful completion of the 2023 DAB+ expansion programme: now 165 locations, covering >90% of the German population

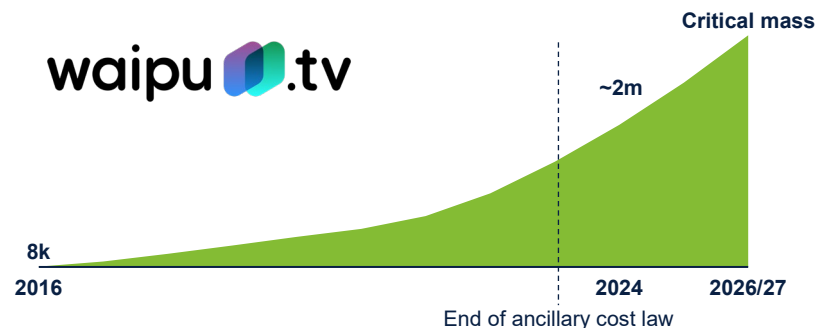
waipu .tv

MEDIA
BROADCAST

*Source: corporate news/ survey ([link](#)); only available in German

waipu.tv now attacking cable market

waipu.tv subscriber development (expected)



waipu.tv with strong market position

- Excellent value-for-money proposition positions waipu.tv as strong competitor to cable TV
- Sales channel extended by 400 MediaMarkt/ Saturn stores
- Partnerships with VoD-Players (Netflix, DAZN, Sky) and TV platforms (Google TV, Roku TV, Samsung, LG, etc.)
- Joint interest with prominent distribution partners (DGF, O2)
- Complementary hardware offers: waipu.tv stick / hybrid stick with DVB-T and DVB-C functionality

Investment into branding and awareness

- TV-Campaign on cord cutting mainly on linear TV (e.g., P7S1)
- Iconic German TV entertainer Dieter Bohlen as testimonial
- Regional marketing campaigns to quantify readiness and key factors for cable customer to switch
- Extra spendings ~10 EURm in H2 23
- Invest pays off: every 2nd cable customer recognizes waipu.tv

Outlook Q4 23

Mobile Communications

- Ongoing marketing campaign (“freenet, fertig, los!”) to reposition the freenet brand by sharpening its profile with simple, clear messages
- Improvement of service quality: enhanced customer experience & satisfaction level by support of technology-based interactions (e.g., AI)
- Omnichannel transformation: realignment of freenet shops under the premise to fully integrate the online world into the retail world (APS)
- freenet expands cooperation with sustainability specialist for smartphone case (DLS revenues)
- Strategic conversations with fibre infrastructure suppliers on double, triple and quadruple play



TV and Media

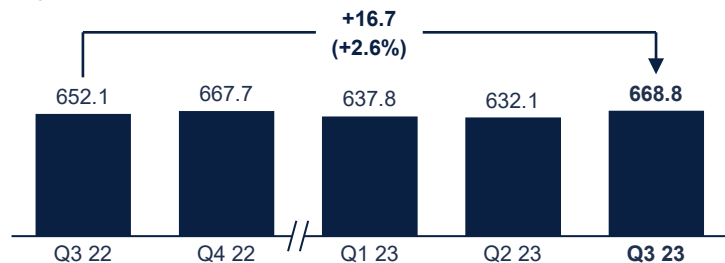
- **waipu.tv**
 - Ongoing ATL campaigning to raise brand recognition to take advantage of end of ancillary cost law
 - Successful positioning of waipu.tv stick in Media Markt/ Saturn stores
 - Expecting even more net adds in Q4 than in Q3
- **freenet TV**
 - Hybrid terrestrial/ cable/ IPTV stick to be launched
 - Intense testing of „drive to waipu.tv“



Group: Constantly strong gross profit translates into strong performance of all businesses

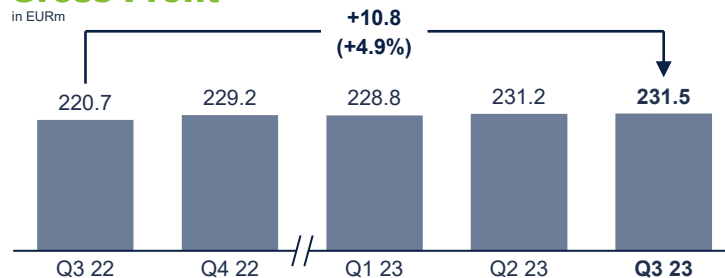
Revenues

in EURm



Gross Profit

in EURm

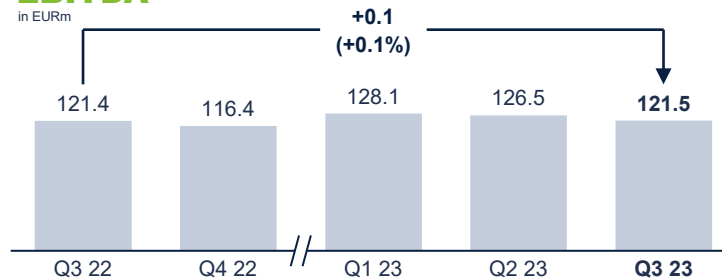


9M 23 VS. 9M 22

- Revenues at 1,938.8 EURm +2.7% yoy (9M 22: 1,889.1 EURm) reflecting subscriber growth in Mobile and TV
- Gross profit development reflects the higher contribution of service revenues; +5.2% yoy to 691.6 EURm (9M 22: 657.5 EURm)
- EBITDA increases +3.8% yoy to 376.1 EURm (9M 22: 362.3 EURm); implies a feasible Q4 to achieve updated guidance (mid-point: 500 EURm)

EBITDA

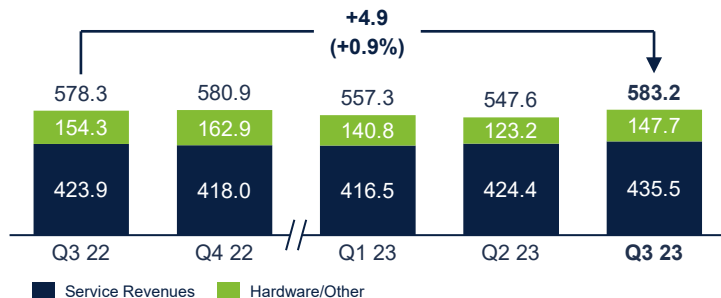
in EURm



Mobile: Very resilient development during 2023

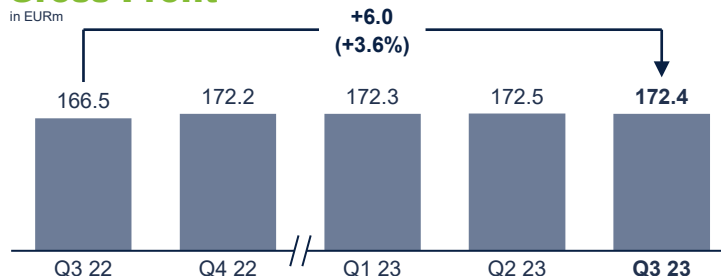
Revenues

in EURm



Gross Profit

in EURm

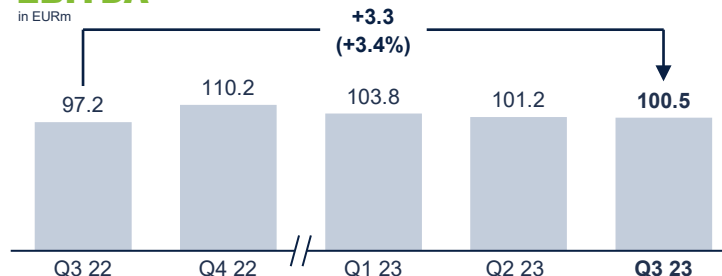


9M 23 VS. 9M 22

- Revenues slightly exceed prior year (+1.1% yoy). Higher service- and DLS revenues offset by hardware sales with low-margin
- Gross profit yet increases +3.7% yoy to 517.2 EURm (9M 22: 498.5 EURm) on smart market penetration (esp. in DLS). Gross profit margin slightly higher; now at 30.6% (9M 22: 29.8%)
- EBITDA up +4.5% yoy to 305.5 EURm (9M 22: 292.4 EURm); reflecting phasing-in of anticipated cost inflation

EBITDA

in EURm

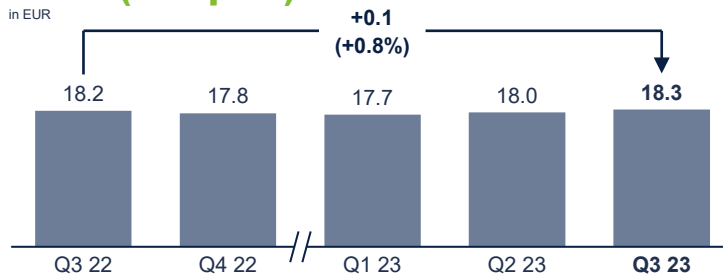


Mobile: Stable ARPU indicates rational market

Digital lifestyle (DLS) revenues



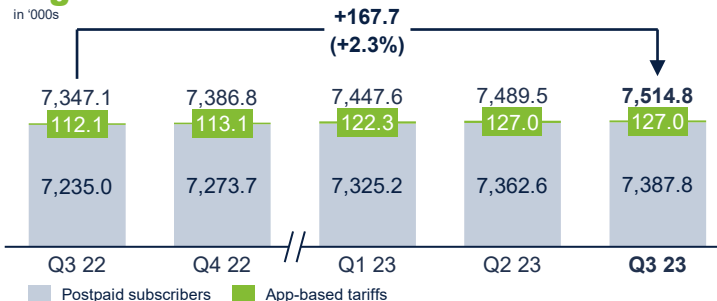
ARPU (Postpaid)



9M 23 VS. 9M 22

- DLS revenues growing significantly; up +12.7% yoy to 163.9 EURm (9M 22: 145.5 EURm); approaching freenet 25 ambition of >220 EURm p.a. in DLS revenues
- Stable Postpaid ARPU (9M 23: 18.0 EUR; 9M 22: 17.9 EUR) and moderate growth of high-value mobile subscribers (+2.3% yoy to 7,514.8 k) explains increase in service revenues

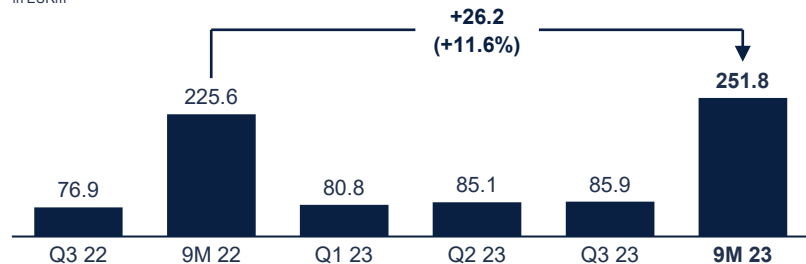
High-value mobile subscribers



TV/ Media: EBITDA up only slightly as waipu.tv invests into marketing

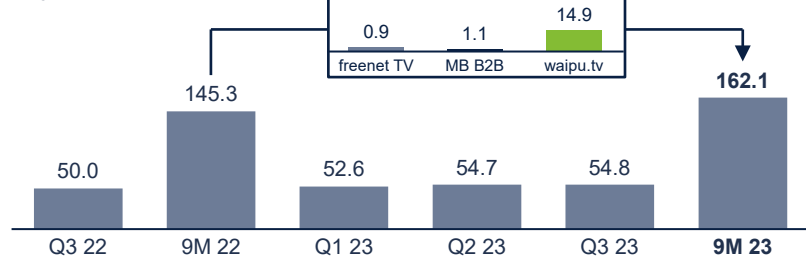
Revenues

in EURm



Gross Profit

in EURm

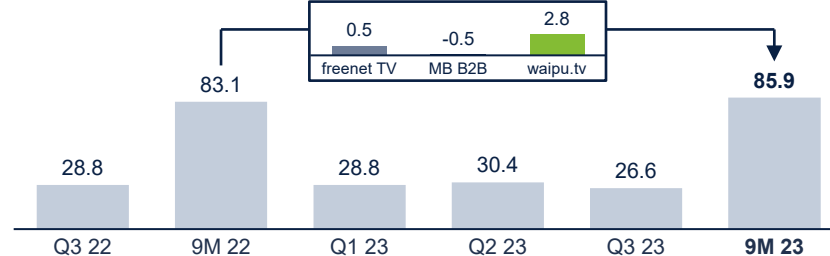


9M 23 VS. 9M 22

- Revenues increase double-digit to 251.8 EURm (9M 22: 225.6 EURm) driven by strong customer growth of waipu.tv; all other stable
- Gross profit up +11.6% yoy to 162.1 EURm (9M 22: 145.3 EURm) reflecting strong customer base growth in recent quarters
- EBITDA only up +3.3% yoy to 85.9 EURm (9M 22: 83.1 EURm); development reflects marketing investments (to be cont. in Q4)

EBITDA

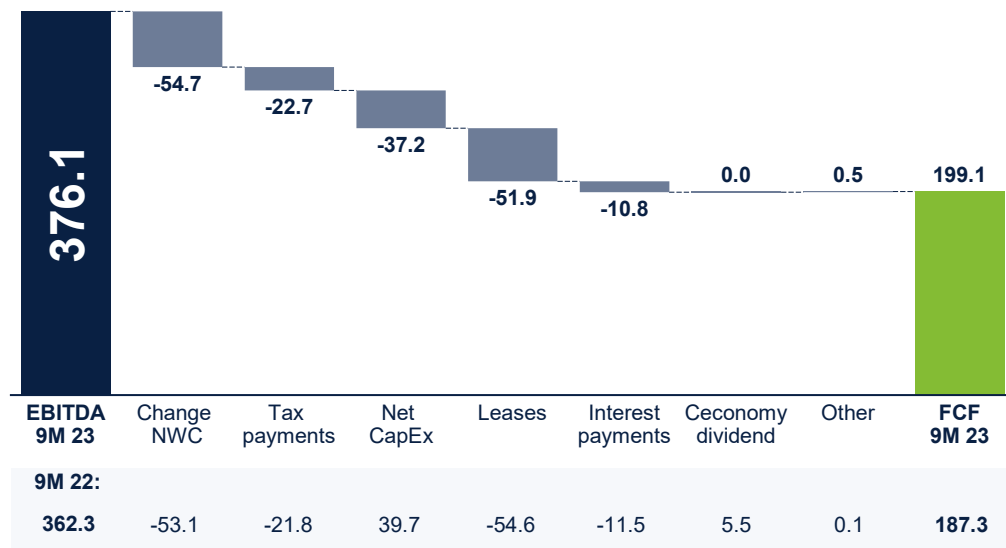
in EURm



EBITDA to FCF conversion remains >50%

EBITDA-to-FCF bridge

in EURm



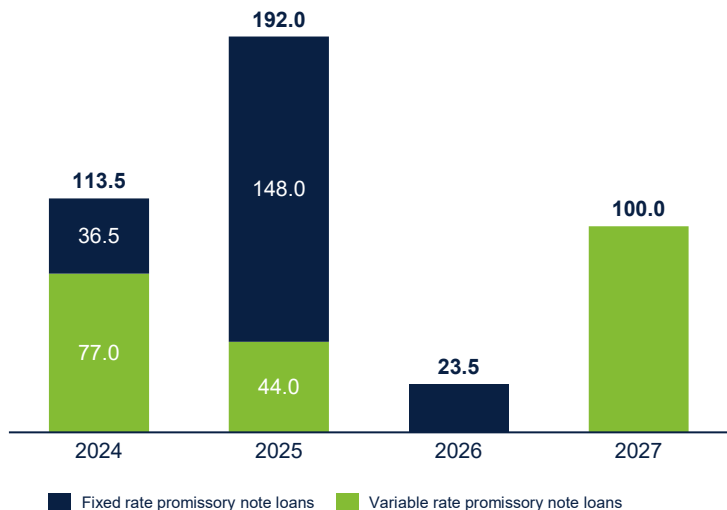
9M 23 vs. 9M 22

- NWC affected by further reduction of factoring programme, inventory optimization, and regular MediaMarkt/ Saturn downpayment
- CapEx at normal run rate incl. investments in digital radio (DAB+) and waipu.tv platform
- Interest payments stable despite high market rates due to significant reduction in debt in the past
- FCF like-for-like (i.e., w/o Ceconomy dividend) up by 9.6% (9M 22: 181.7 EURm)

Balance sheet under control: High equity ratio and low leverage

Target maturity structure

in EURm



KPIs Balance sheet as of 30 Sep 2023

41.7 %

Equity ratio
(lower limit: >25%)

1.3 x

Leverage
(Upper limit: ≤3.0)

0.8 x

Leverage
(Bank debt (only))

97 EURm

Cash

429 EURm

Bank debt
(gross)

332 EURm

Bank debt
(net)

2023 Financial guidance narrowed and increased

Financial guidance

in EURm



	Results 2022	Initial Guidance 2023	Updated Guidance 2023	
<ul style="list-style-type: none"> Revenue 	2,556.7	stable	stable	
<ul style="list-style-type: none"> EBITDA 	478.7	480 - 500	495 - 505	+2% vs. initial mid-point
<ul style="list-style-type: none"> Free cash flow 	249.2	250 - 270	260 - 270	+2% vs. initial mid-point

Subscriber guidance

in '000s



	Results 2022	Initial Guidance 2023	Updated Guidance 2023	
<ul style="list-style-type: none"> Postpaid customers (w/o app-based tariffs) 	7,273.7	moderate growth	moderate growth	
<ul style="list-style-type: none"> waipu.tv subscribers 	970.0	significant growth	significant growth	
<ul style="list-style-type: none"> freenet TV subscribers (RGU) 	685.6	noticeable decrease	noticeable decrease	



freenet

fertig, los!

Management Q&A

Further questions? Please contact:

Investor Relations & ESG Reporting

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[IR events](#)

Upcoming IR events

13.11.2023

Paris

Exane BNP Paribas Midcap CEO Conference

16.11.2023

Virtual

LBBW German Company Day

16.11.2023

Barcelona

Morgan Stanley TMT Conference 2023

22.11.2023

Frankfurt a.M.

DZ Bank Equity Konferenz

28.11.2023

Frankfurt a.M.

Deutsches Eigenkapitalforum

01.12.2023

Virtual

CIC Forum by Market Solutions

05.12.2023

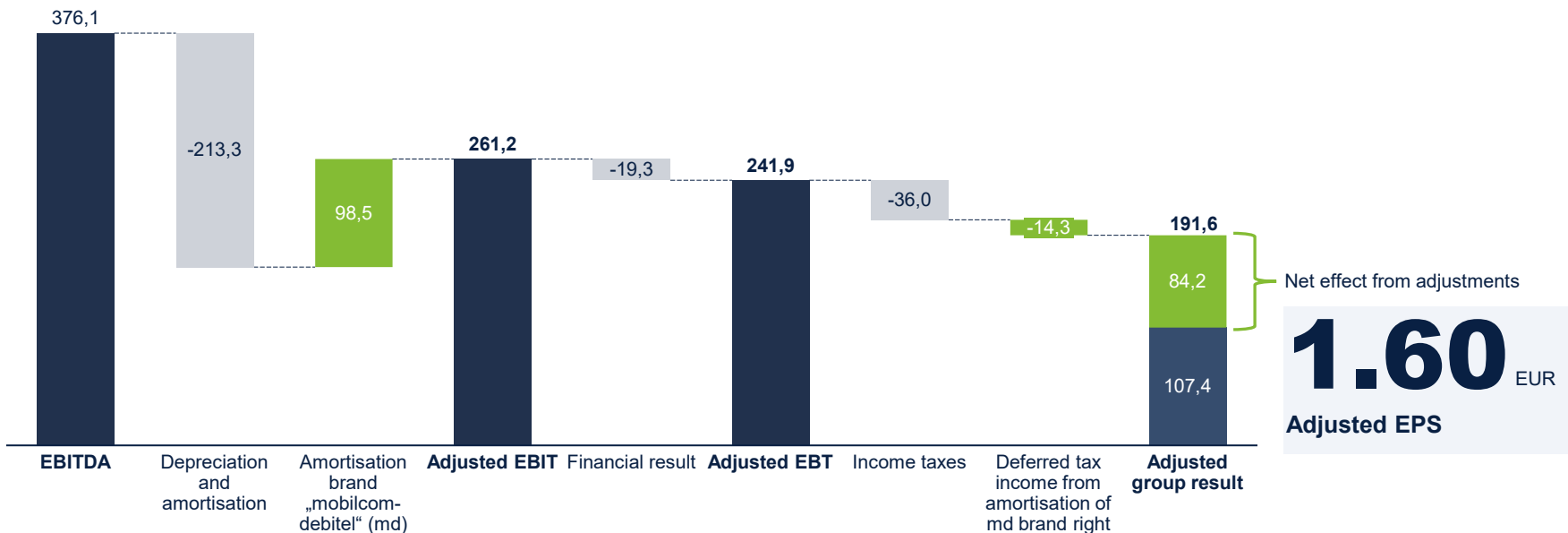
Surrey

Berenberg European Conference 2023

Adjusted earnings figures excluding mobilcom-debitel brand amortisation

Reconciliation for 9M 2023

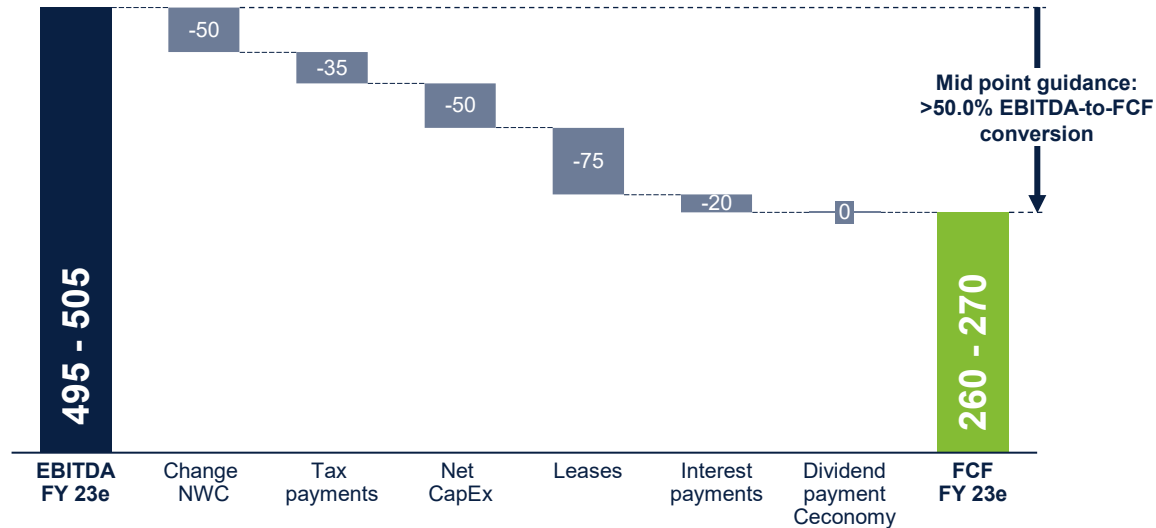
in EURm



EBITDA-to-FCF bridge 2023

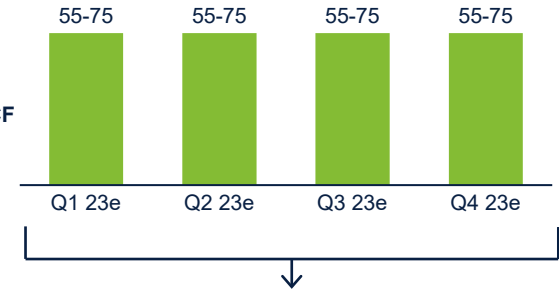
EBITDA-to-FCF bridge 2023

in EURm



FCF quarterly breakdown

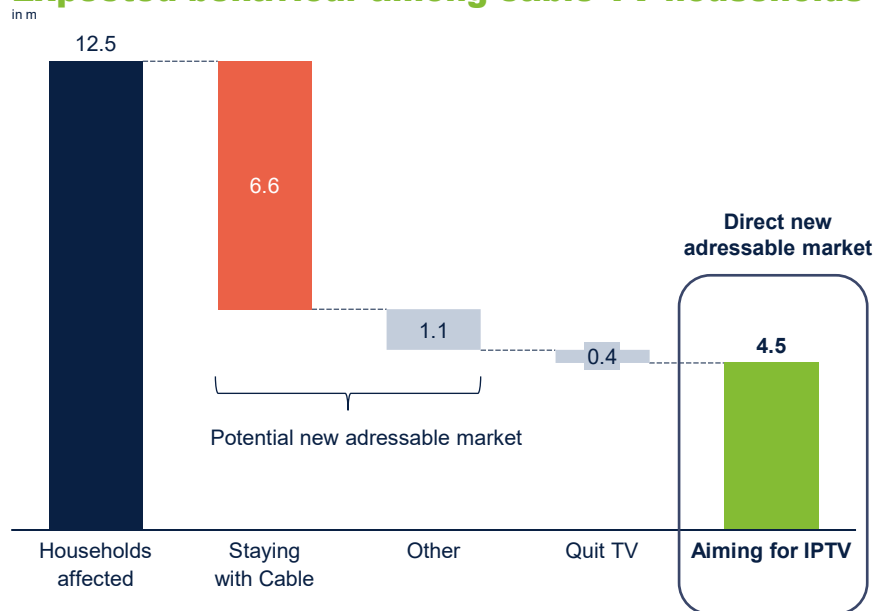
in EURm



Even quarterly distribution without major deviations expected in FY 2023

waipu.tv set to benefit from change in TV law

Expected behaviour among cable TV households



Change in TV law

- From end of July 2024 (at the latest): tenants no longer obliged to pay for cable
- 12.5m households affected in Germany
- Raising media awareness of changes in TV law
- IPTV is expected to be the biggest beneficiary
- Gradual transition to IPTV expected

waipu.tv ready to benefit

- Already strong market position in IPTV
- Further increasing value-for-money leadership (>240 channels; 95% in HD; VoD collabs etc.)
- Initiation of further brand recognition measures



Source: representative survey ([link](#)) of the population by freenet AG (n=1,000); only available in German