

freenet AG

FY/Q4 2023

Preliminary results

Christoph Vilanek, CEO
Ingo Arnold, CFO

29.02.2024



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Business update
Christoph Vilanek
CEO



Highlights of the 2023 financial year



freenet meets all targets along financial and operational KPIs and generates half a billion euros in EBITDA for the first time



IPTV is the winning category in TV access and waipu.tv is the fastest growing linear IPTV platform in the German market

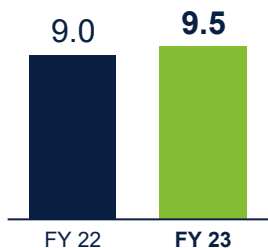


ESG becomes part of freenet's corporate strategy and culture

2023 KPIs meet expectations and guidance

Subscribers

in m (end of period)



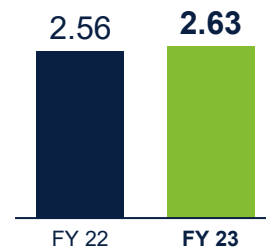
+5.0%

2023 Guidance:
Overall customer
growth



Revenue

in EURbn



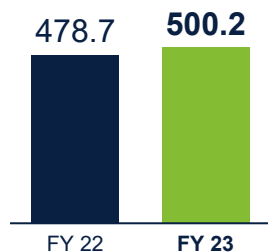
+2.8%

2023 Guidance:
Stable
development



EBITDA

in EURm



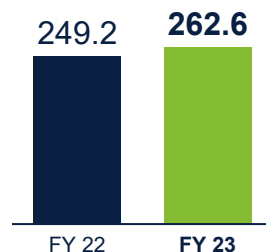
+4.5%

2023 Guidance:
495-505 EURm



Free cash flow

in EURm



+5.3%

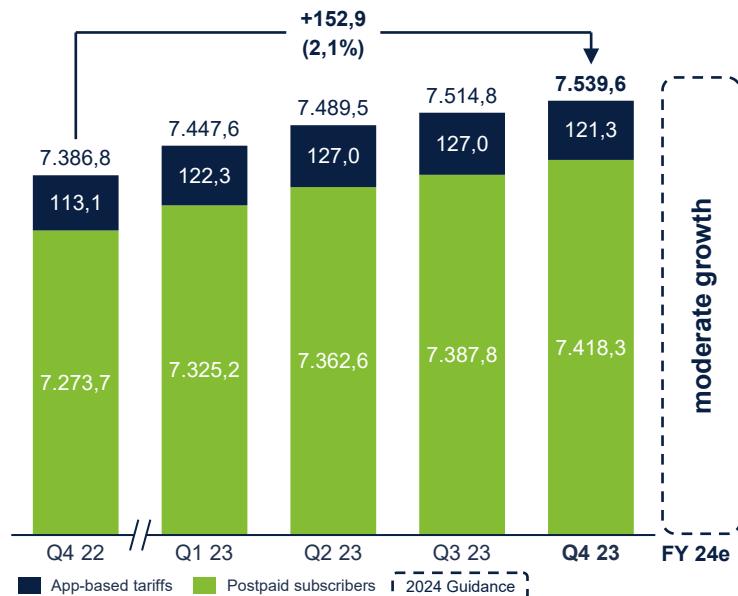
2023 Guidance:
260-270 EURm



2023 postpaid growth 50% higher than in 2022

Mobile subscribers

in k (end of period)



Mobile customer base grew with stable ARPU, brand awareness doubled in 2023

Subscriber development

- 2023 postpaid growth (+145k) higher than in 2022 (+96k)
- Focus on online channels in Q4, all channels contributed to growth
- Moderate growth and stable ARPU expected again in 2024

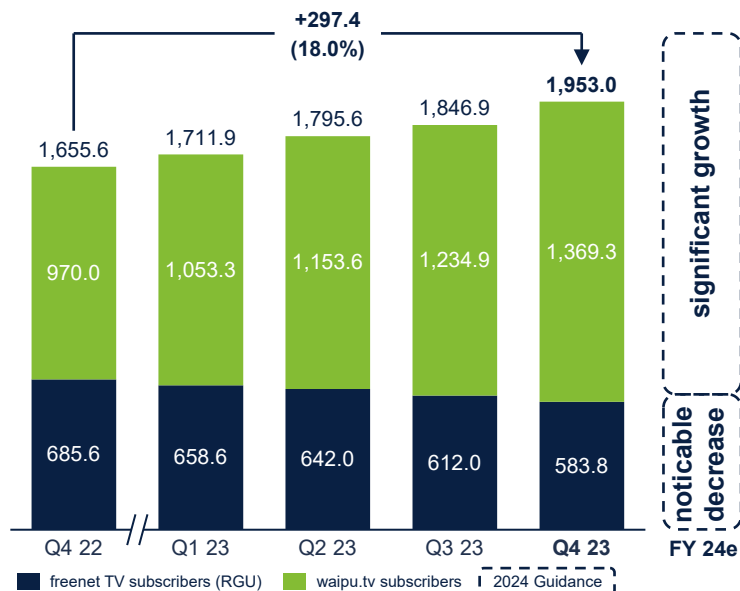
New marketing campaign

- New claim “freenet, fertig, los!” (“freenet, ready, go!”)
- Focus on brand awareness through (among others) sport sponsorships (Men’s EHF EURO 24, perimeter adds in 9 Bundesliga stadiums)
- As a result, freenet brand awareness almost doubled

400k net adds at waipu.tv drive growth in TV

TV subscribers

in k (end of period)



Media Broadcast provides stable EBITDA basis, waipu.tv offers future growth potential

MB: freenet TV and B2B

- freenet TV customer base shrinking within expectation
- TV hybrid stick (terrestrial, cable and IPTV in one device launched in Jan 24) supporting both TV products of freenet
- B2B business reorganized now starting to win public tenders
- EBITDA contribution >100 EURm expected for 2024

waipu.tv

- 400k net adds in FY 23; Q4 23: +134.4k strongest Q ever
- Attractive partner for VoD-Players (new: Paramount+, WOW)
- Programmatic advertising further gaining momentum
- Q1 24 expected to be stronger than Q4 23
- 2024 total customer growth expected ~600k net adds

What is shaping our strategic agenda 2024?



**Implementing ESG
as mindset**



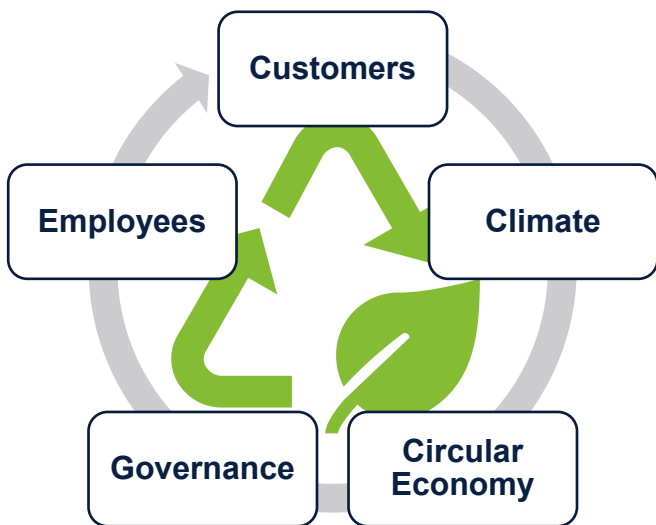
**Transforming
retail**



**Scaling
IPTV business**

ESG strategy puts people at the centre

Fields of action



2023 achievements

- **ESG strategy:** adopted as part of corporate strategy
- **ESG ratings:** MSCI ESG rating improved to „AA“
- **Employer of Choice:** Overall satisfaction remains high (67%), ~80% recommend freenet as employer
- **„Year of Learning“:** Formal learning time per employee increase by +30%
- **Supply chain:** Systematic risk analyses for environmental and human rights-related risks introduced

2024 ambitions and beyond

- Increase **customer satisfaction** and implementation of **e-mobility strategy**
- **freenet zero 2030:** Starting the construction of at least one PV installation (freenet invest < 250 EURk)

APS unifying captive on- and offline channels

Assisted Personalized Shopping (APS)

Future focus of our captive channels

- Same offer no matter which contact point – Shop, Call Center, Online, App, Outbound telemarketing
- Any user can be sent to retail stores because the offer is the same
- Hardware is either shipped to home or to shops to be picked up
- One single “shopping cart” with all data and information

More efficient, more effective

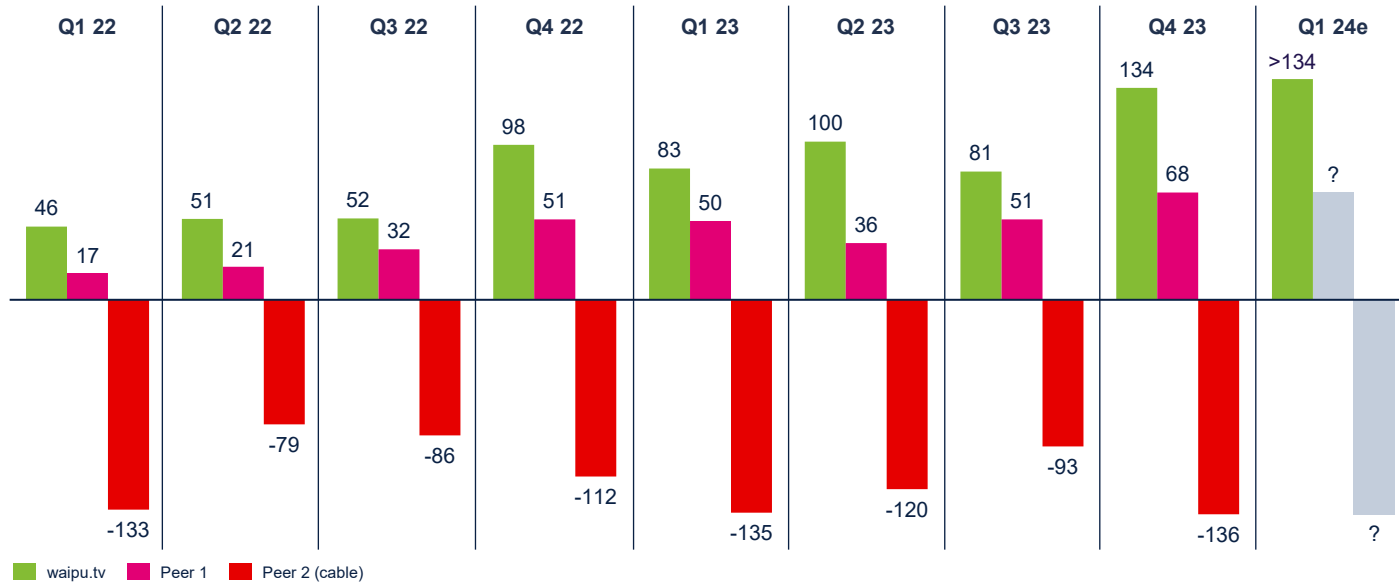
- Less paperwork, more time spent serving customers
- Less inventory, but more demo devices, selling based on needs
- Simplifying customer journey, no competition among channels
- No cash payment



waipu.tv is the fastest growing linear IPTV platform in Germany

Net adds per quarter

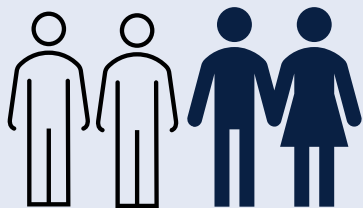
in k



Investments in waipu.tv brand pay back

waipu.tv will benefit from high willingness to switch among cable customers

Change in TV cable law on the horizon



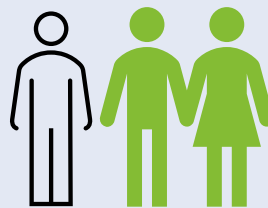
2 of 4

Cable TV customers with high willingness to switch

Source: own survey

Brand recognition among cable TV customers growing

Cable TV customers primary target group



2 of 3

Cable TV customers know waipu.tv

Source: own survey

Survey also confirms perception of waipu.tv as a price-performance leader

Financial update

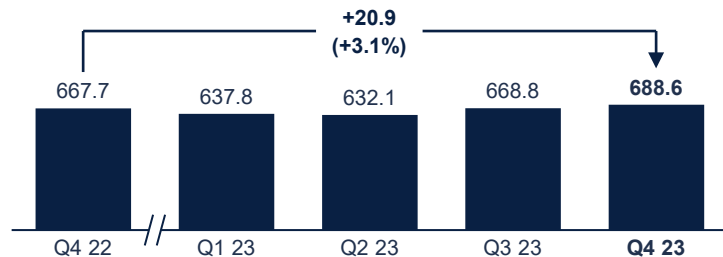
Ingo Arnold
CFO



Group: freenet generates EBITDA of half a billion euros for the first time

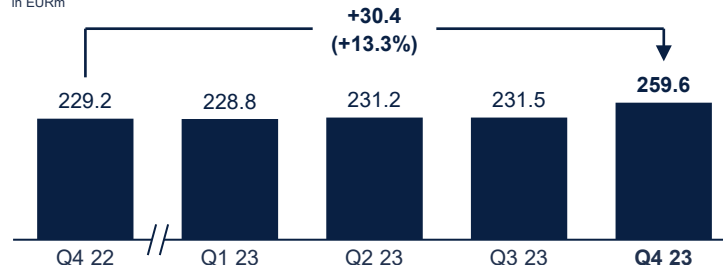
Revenues

in EURm



Gross profit

in EURm

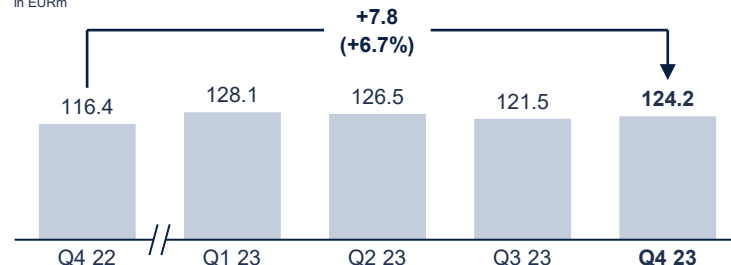


FY 23 vs. FY 22

- Revenues at 2.627,3 EURm +2.8% yoy (FY 22: 2.556,7 EURm) with focus on high valuable revenues
- Gross profit reflects the higher contribution from service revenues in particular; up +7.3% yoy to 951.2 EURm (FY 22: 886.7 EURm)
- EBITDA increases +4.5% yoy to 500.2 EURm (FY 22: 478.7 EURm); in line with the CAGR assumption (>4%) in relation to our ambition “freenet 2025”

EBITDA

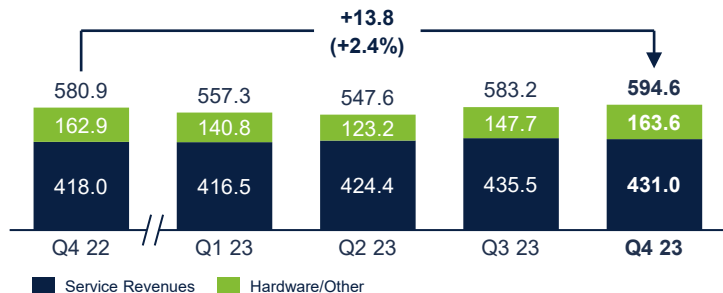
in EURm



Mobile: Continuously strong during 2023

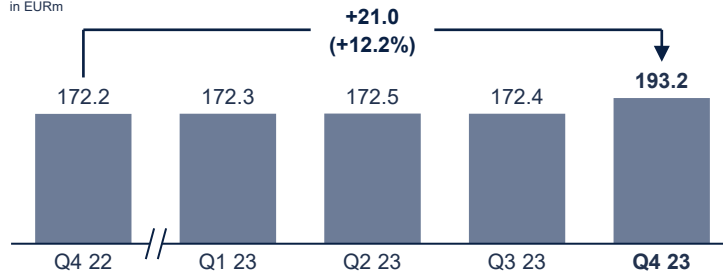
Revenues

in EURm



Gross profit

in EURm

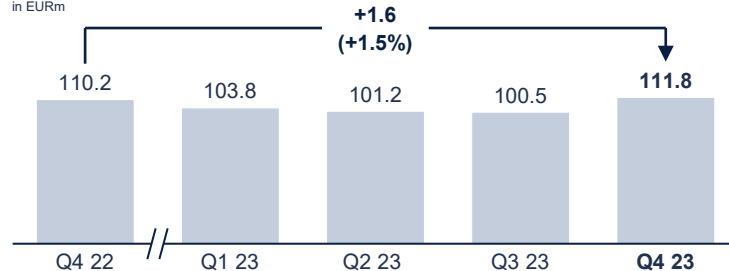


FY 23 vs. FY 22

- Revenues slightly exceed prior year (+1.4% yoy); main driver: mobile service revenue growth (+2.5% yoy)
- Gross profit nevertheless up +5.9% yoy to 710.4 EURm (FY 22: 670.8 EURm) due to performance related bonuses and channel mix related shift of SACs (gross profit) to marketing costs in Q4
- Gross profit margin increases to 31.1% (FY 22: 29.8%)
- EBITDA up +3.7% yoy to 417.4 EURm (FY 22: 402.7 EURm) including a relevant increase of customer care cost as budgeted

EBITDA

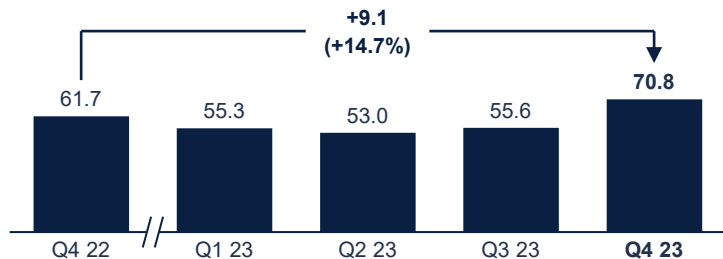
in EURm



Mobile: Stable ARPU indicates rational market

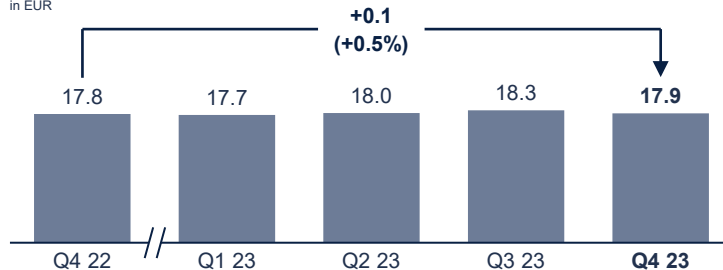
Digital lifestyle (DLS) revenues

in EURm



ARPU (postpaid)

in EUR

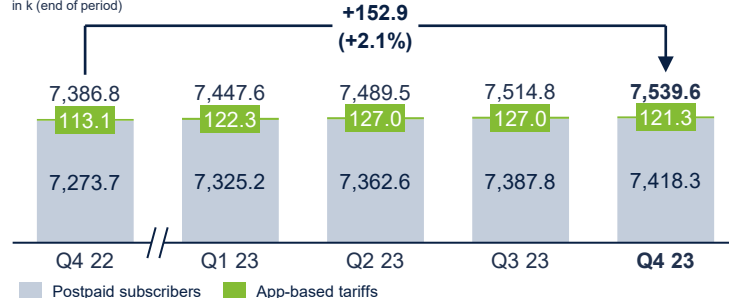


FY 23 vs. FY 22

- DLS revenues growing significantly; up +13.3% yoy to 234.7 EURm (FY 22: 207.2 EURm) driven by an equal good performance of both, subscription and hardware-related revenues
- Share of subscription related revenues remains >70%
- Stable Postpaid ARPU (FY 23: 18.0 EUR; FY 22: 17.9 EUR) and moderate growth of high-value mobile subscribers (+2.1% yoy to 7,539.6k) explain increase in mobile service revenues

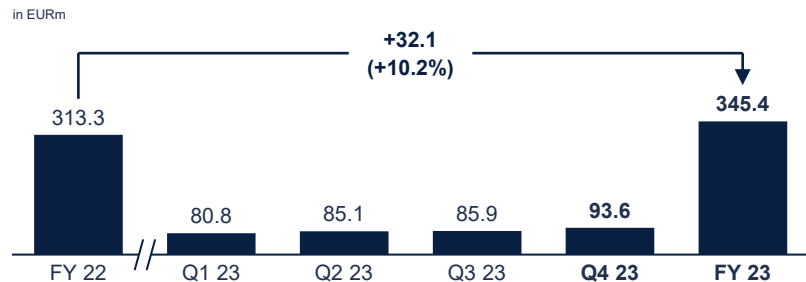
High-value mobile subscribers

in k (end of period)

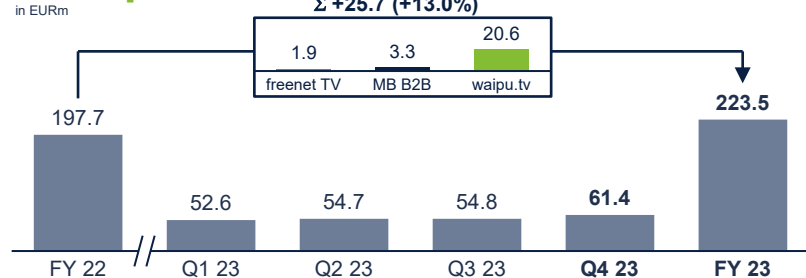


TV: Impressive increase of IPTV-customers accompanied by EBITDA-growth

Revenues



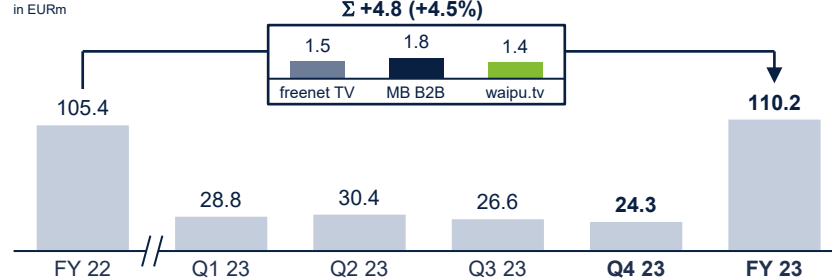
Gross profit



FY 23 vs. FY 22

- Revenues increase double-digit to 345.4 EURm (FY 22: 313.3 EURm) mainly driven by waipu.tv, whose revenues are up >30%
- Gross profit up +13% yoy to 223.5 EURm (FY 22: 197,7 EURm) reflecting continued strong customer base growth
- EBITDA up +4.5% yoy to 110.2 EURm (FY 22: 105.4 EURm); reflecting waipu.tv's increased marketing investments (H2/23: ~10 EURm)

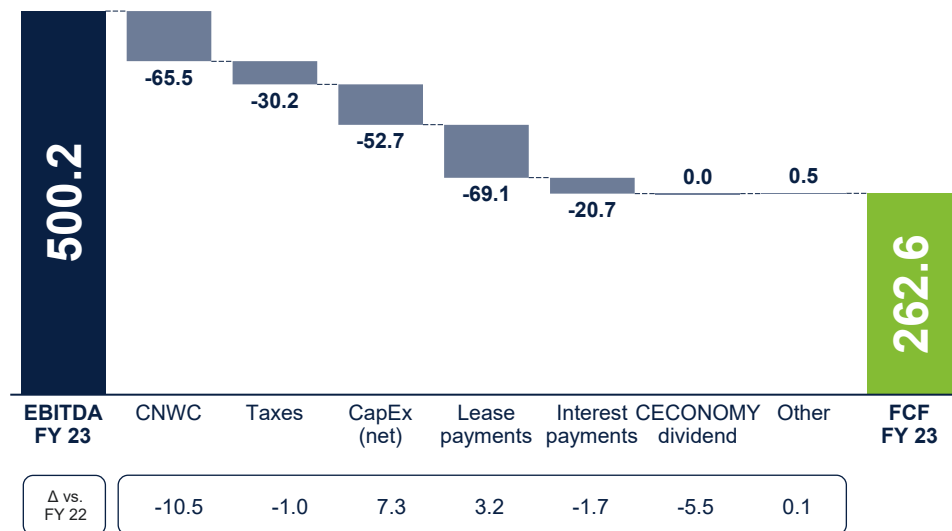
EBITDA



DPS proposal 5.4% above previous year

EBITDA-to-FCF bridge: Cash conversion >50%

in EURm



Dividend proposal for FY 23 according to dividend policy

80

% of FCF distributed

210.0

EURm total amount

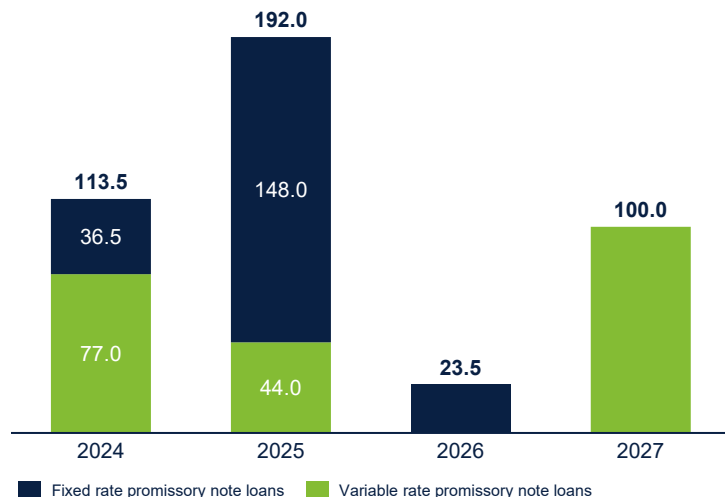
1.77

EUR dividend per share (DPS)

Strong B/S: High equity ratio and low leverage

Target maturity structure

in EURm



KPIs Balance sheet as of 31 Dec 2023

42 %

Equity ratio
(lower limit: >25%)

1.2 x

Leverage
(Upper limit: ≤3.0)

0.6 x

Leverage
(Bank debt (only))

160

Cash
EURm

431

Bank debt (gross)
EURm

271

Bank debt (net)
EURm

2024 Guidance

Financial KPIs

in EURm



Revenue

**2023
Actuals**

2,627.3

**2024
Guidance**

stable

EBITDA

500.2

495 - 515

Free cash flow

262.6

260 - 280

Subscriber KPIs

in k (end of period)



Postpaid customers (w/o app-based tariffs)

7,418.3

moderate
growth

waipu.tv subscribers

1,369.3

significant
growth

freenet TV subscribers (RGU)

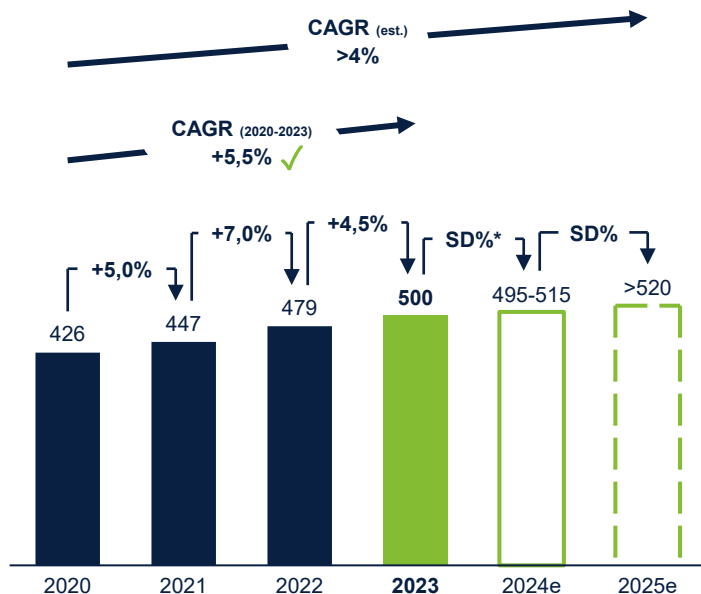
583.8

noticeable
decrease

2024 is set to be a transition year for freenet

EBITDA development based on “freenet 2025”

in EURm



* SD% = single-digit percentage

freenet’s growth trajectory remains intact despite temporary investments in 2024...

- ...investments in waipu.tv brand awareness
- ...investments in waipu.tv performance marketing
- ...investments in the expansion of the waipu.tv platform to ensure future viability for strong customer growth
- ...small investments in the rollout of “APS”

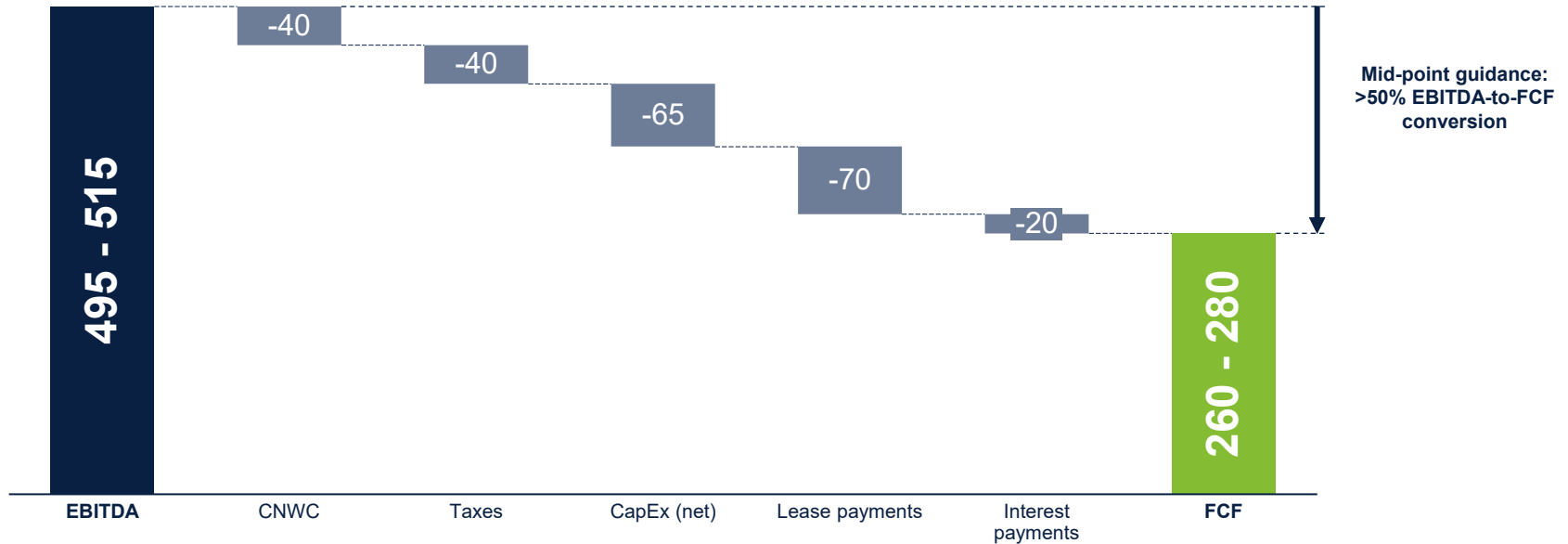
...and we confirm our financial ambition “freenet 2025”

- a general update of the mid-term financial ambition will follow during the year (probably in H2/24); update will go beyond 2025

Detailed EBITDA-to-FCF bridge 2024

EBITDA-to-FCF conversion > 50%

in EURm





Q

&

A





freenet

fertig, los!

Further questions?

Contact

Investor Relations & ESG Reporting

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[IR website](#)

[IR events](#)

Upcoming events

01.03.2024	Frankfurt (GER)	Roadshow DZ Bank
07.03.2024	Virtual	ODDO BHF TMT Forum
13.03.2024	London (UK)	Citi TMT Conference
15.03.2024	Virtual	Swiss Roadshow Hauck & Aufhäuser
22.05.2024	New York (US)	Berenberg Conference
28.05.2024	Nice (FR)	The Nice Conference
07.06.2024	Hamburg (GER)	Warburg Highlights
12.06.2024	London (UK)	BofA C-Suite SMID Conference

Adjusted earnings figures excluding mobilcom-debitel brand amortisation

Reconciliation for FY 23

in EURm

