

freenet AG | Q2/H1 2024

Analyst and Investor Conference Call

Christoph Vilanek, CEO
Ingo Arnold, CFO

08.08.2024



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Business update
Christoph Vilanek
CEO



Main achievements up to now in 2024

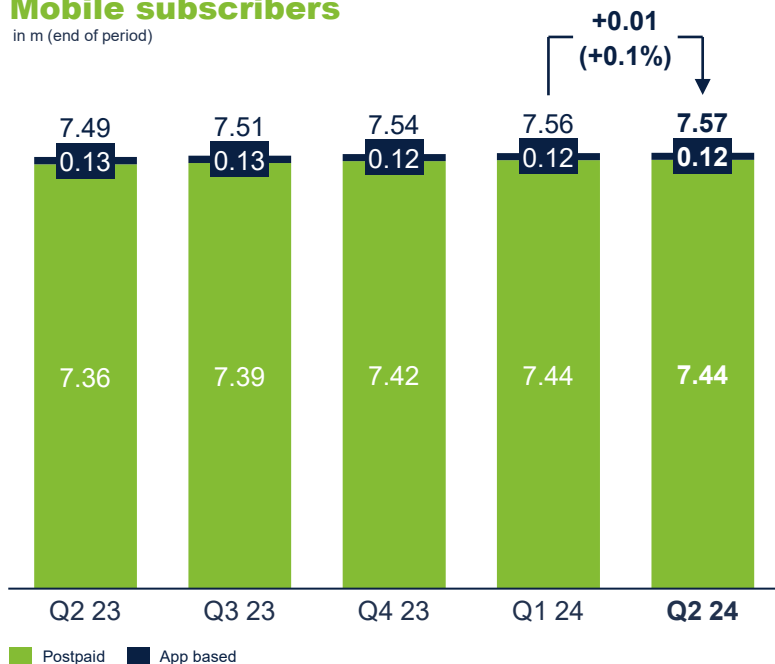
Q2  H1
2024

- **Long-term agreements** concluded with all three network operators (DT, VOD, TEFD)
- **Expansion of 5G mobile tariff portfolio** prepared and launched in Q3
- **+330k IPTV net adds** - on the road to 2m customers by year-end
- **Gravis business closed** at the end of Jun 24 and classified as “discontinued operation” – **guidance confirmed**

Mobile: Moderate growth with upside

Mobile subscribers

in m (end of period)



Mobile subs grew with stable ARPU

Subscriber and ARPU development

- H1 24 mobile subscriber growth +26k
- FY 24 target of ~100k mobile net adds remains
- Selected measures:
 - GenZ customer acquisition by Icon League sponsoring
 - Family tariff plans with additional SIMs
- Telefonica 5G tariff portfolio leaves room for upside
- Stable ARPU expected again for FY 24



Mobile: New agreements expand scope of sales

MNO relationships secured long-term



New tariffs launched and more to come...

Launch of Happy SIM

- New freenet discount brand launched
- 5G discount tariffs based on *Blau* portfolio (TEFD)
- Starting from EUR 4.99 (5GB) up to EUR 9.99 (25 GB)
- More white label shop brands to come, targeting specific market segments



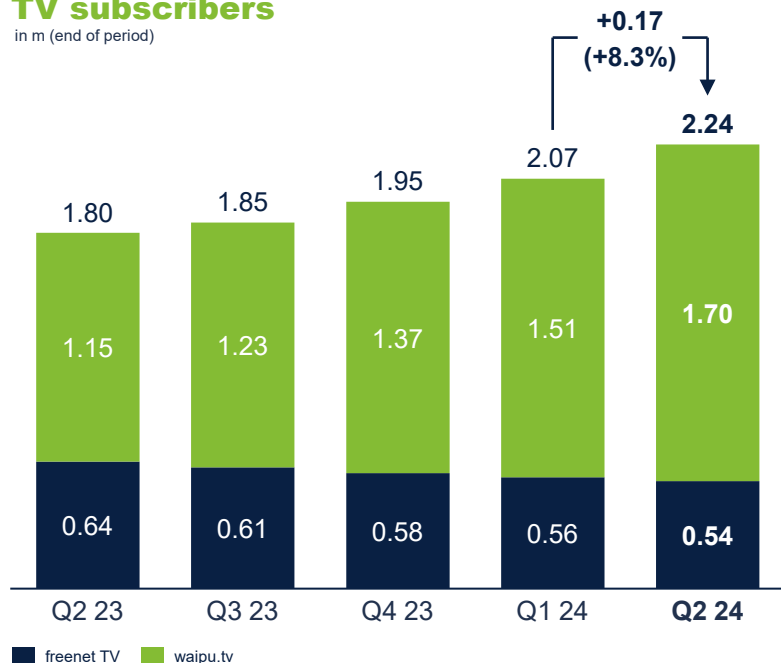
5G up-selling campaigns

- 5G now available on all three networks at freenet
- Migrate monthly 4G to 24-month 5G customers (same price)
- Migrate monthly 4G to monthly 5G customers (higher price)

TV: Significant IPTV growth continued

TV subscribers

in m (end of period)



waipu.tv with another record quarter

waipu.tv

- 191k net adds in Q2 24
- 330k net adds in H1 24
- 2m waipu.tv subscribers within reach for YE 24
- 100% service level maintained even at peak times during the European Football championship
- New campaign coming up – Wow Sports (incl. Bundesliga) channels in one package with the waipu.tv offer

Media Broadcast

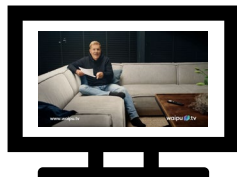
- freenet TV customer base -40k (<10%) in H1 24
- Testing 5G broadcasting regionally
- Stable EBITDA contribution expected

TV: Marketing invest with high impact

Marketing measures convert into ...

ATL Media with Dieter Bohlen

- TV commercials (linear TV)
- TV sponsoring (e.g., Sports)
- Online ads (e.g., Youtube)



Advertorials & Ads

- „Paid“ articles in newspapers (e.g., SPIEGEL)
- Ads in relevant listings magazines (e.g., TV spiefilm.de, tvmovie.de)



Euro-Championship campaigns

- Fastest goal on TV
- Special offer for 12 months commitment



... graspable output

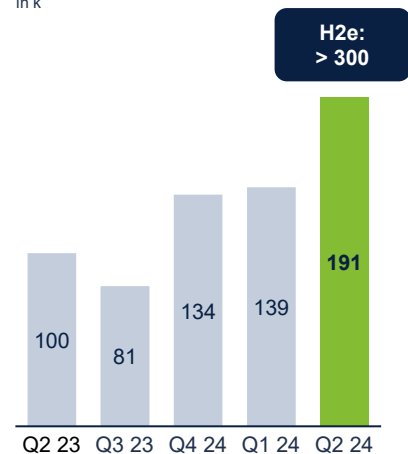
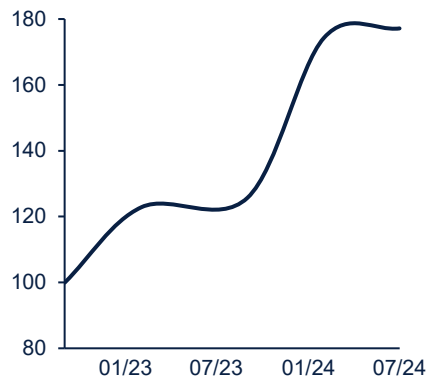
Brand recognition (indexed to Sep 22)

in % (end of period)



Converting into high net adds numbers

in k



Financial update

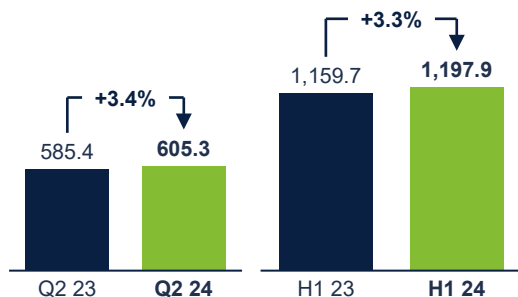
Ingo Arnold
CFO



Group: EBITDA on track – gross profit promising

Revenues

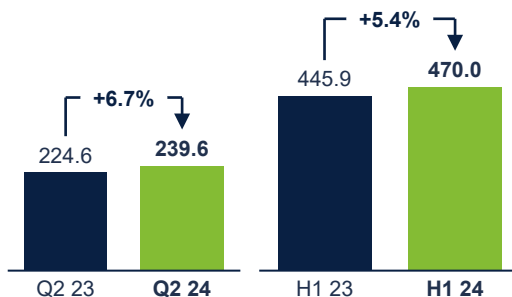
in EURm



- Satisfying revenue development as SR in both segments grow
- TV/Media as revenue driver in H1 (+EUR26m; Mobile: +EUR7m)
- waipu.tv main contributor (>50% revenue growth in H1)

Gross Profit

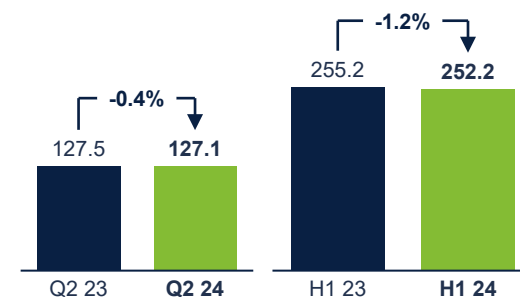
in EURm



- Gross profit development reflects higher SR contribution (Mobile & TV/Media)
- Gross margin improves to 39.2% (H1 23: 38.5%)

EBITDA

in EURm

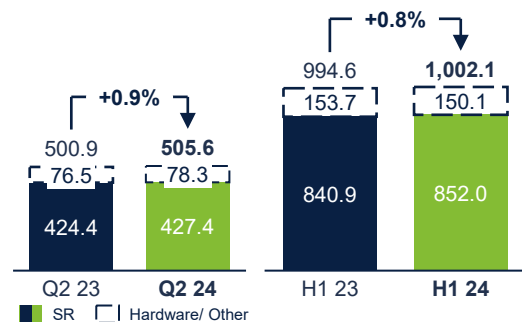


- Q2 on previous year level
- H1 EBITDA slightly below mainly due to growth investments (waipu.tv)
- Achieving EBITDA-guidance for FY 24 is realistic

Mobile: EBITDA exhibits a healthy growth

Revenues

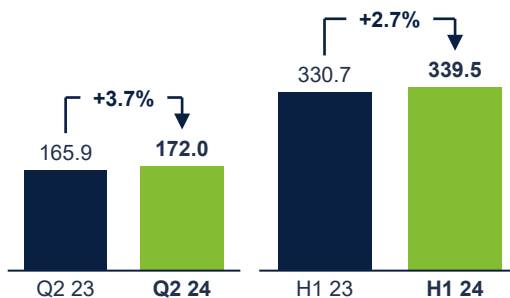
in EURm



- Slight increase in SR in line with moderate customer increase
- Pure hardware sales decreasing as not pushed because of low margin

Gross Profit

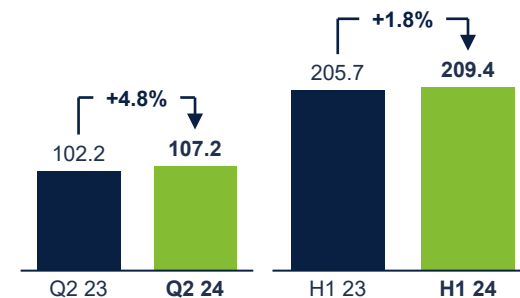
in EURm



- Gross profit development reflects increasing SR contribution
- Gross margin improves to 33.9% in H1 (H1 23: 33.2%)

EBITDA

in EURm

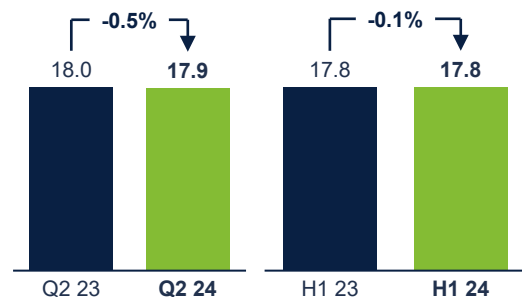


- Mobile EBITDA recovers and returns to growth c/p to Q1 24
- Rise in salaries still weighs on EBITDA; effect expected to phase-out during the year

Mobile: ARPU stable, DLS revenues up 3.6% yoy

Postpaid ARPU

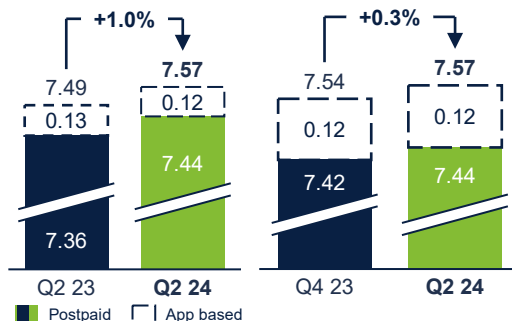
in EUR



- Stable ARPU development expected to be continued during 2024

Mobile Subs

in m

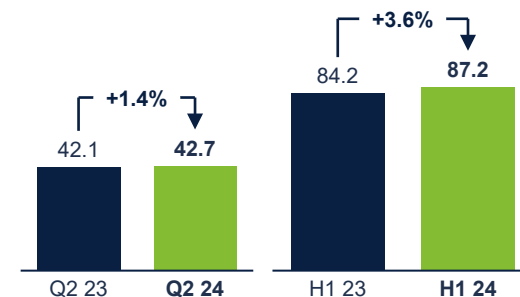


■ Postpaid □ App based

- H1 24 mobile subscriber growth +26k
- FY 24 target of ~100k mobile net adds remains in place

DLS Revenues

in EURm

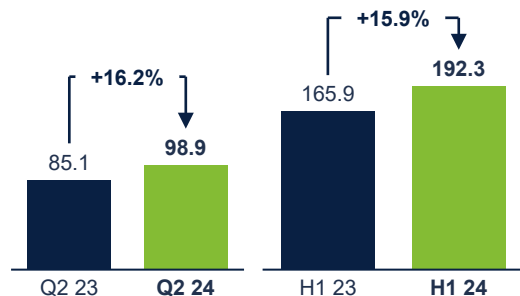


- Change in the reporting of DLS revenues as of Jan 23 to emphasize high-margin share (mobile devices no longer included)
- Mainly subscription-based DLS revenues up 3.6%

TV/Media: Strong revenue growth driven by IPTV

Revenues

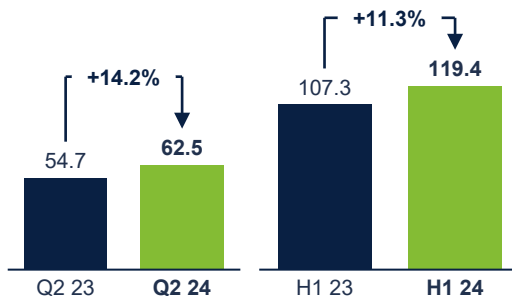
in EURm



- Subscriptions grew by 290k in H1 24; thereof +330k from waipu.tv
- ARPU at waipu.tv and freenet tv remain stable amidst high promotional activity on German TV market

Gross Profit

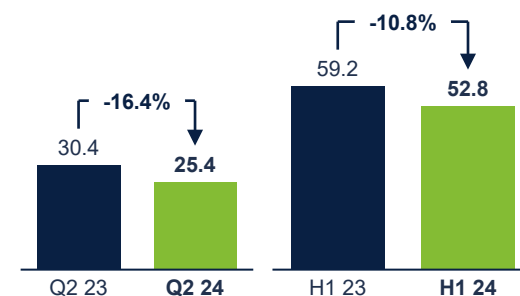
in EURm



- Revenue growth transmits into gross profit
- Impact from subscription and programmatic ads is growing significantly at waipu.tv

EBITDA

in EURm

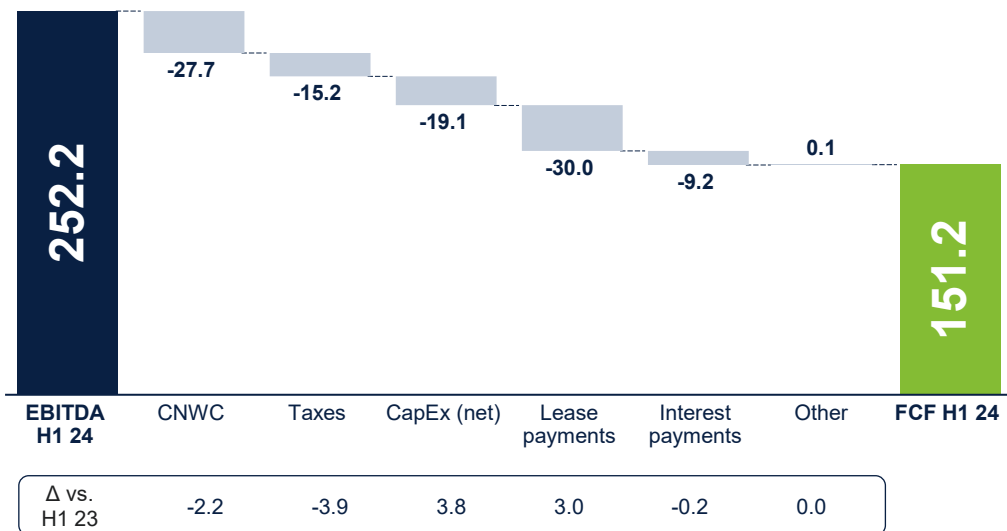


- Amplified marketing activities in H1 (~EUR 12m) at waipu.tv burden EBITDA
- High customer intake justifies higher investments
- Marketing investments to remain at reasonable level in H2

Free cash flow in line with expectations

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

in EURm



- CNWC largely stable
- Higher taxes due to the absence of some one-off refunds received in H1 23
- CapEx (net) remain below expectations due to lower investments in digital radio c/p to H1 23
- Lease payments slightly lower due to structural effects at Media Broadcast in 2023

2024 Guidance confirmed

Financial KPIs*

in EURm



Revenue

**2023
Actuals**

2,383.0

EBITDA

500.9

Free cash flow

276.6

**2024
Guidance**

stable

495 - 515

260 - 280

Non-financial KPIs

in k (end of period)



Postpaid customers (w/o app-based tariffs)

7,418.3

waipu.tv subscribers

1,369.3

freenet TV subscribers (RGU)

583.8

**moderate
growth**

**significant
growth**

**noticeable
decrease**

* Solely relating to continuing operations.



Q

&

A





freenet

fertig, los!

Further questions?

Contact

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[IR website](#)

[IR events](#)

Upcoming events

21.08.2024	Hamburg (GER)	Montega HIT
03.09.2024	Frankfurt a. M. (GER)	Commerzbank/ Oddo Corporate Conference
05.09.2024	London (UK)	dbAccess European TMT Conference
17.09.2024	London (UK)	European Communacopia Conference
23.09.2024	Munich (GER)	Berenberg German Corporate Conference
24.09.2024	Munich (GER)	Baader Investment Conference



freenet

fertig, los!

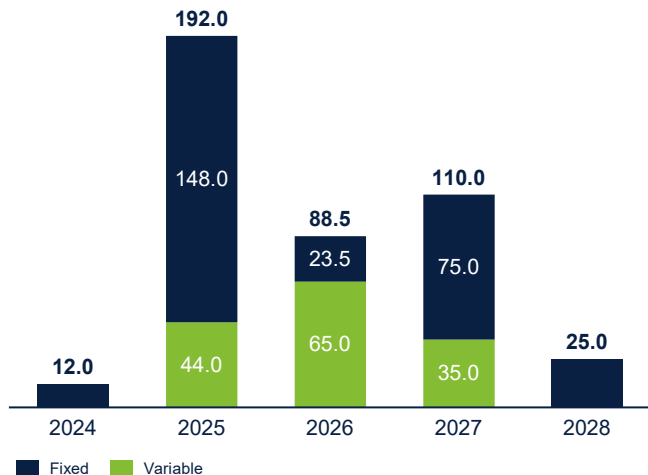
Appendix

- B/S KPIs as of 30 Jun 2024
- Detailed 2024 Guidance EBITDA-to-FCF bridge

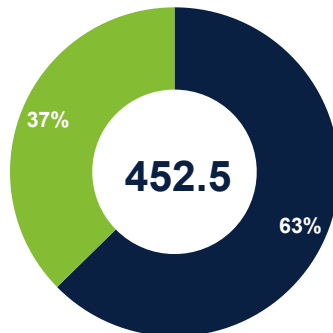
Financial structure as of 30 Jun 2024

Debt maturity structure

in EURm



Debt composition (gross excl. accrued interest)



B/S KPIs

Cash



Equity ratio



Leverage



Leverage (Bank)



Detailed 2024 Guidance EBITDA-to-FCF bridge

(published 28 February 2024)

EBITDA-to-FCF conversion > 50%

in EURm

