

freenet AG | Q3/9M 2024

Analyst and Investor Presentation

Christoph Vilanek, CEO
Ingo Arnold, CFO



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Remark: Due to the rounding of numbers to one decimal place, arithmetical differences may occur in subtotals and totals.

Business Update

Christoph Vilanek
CEO



Key takeaways for freenet's Q3/9M 24

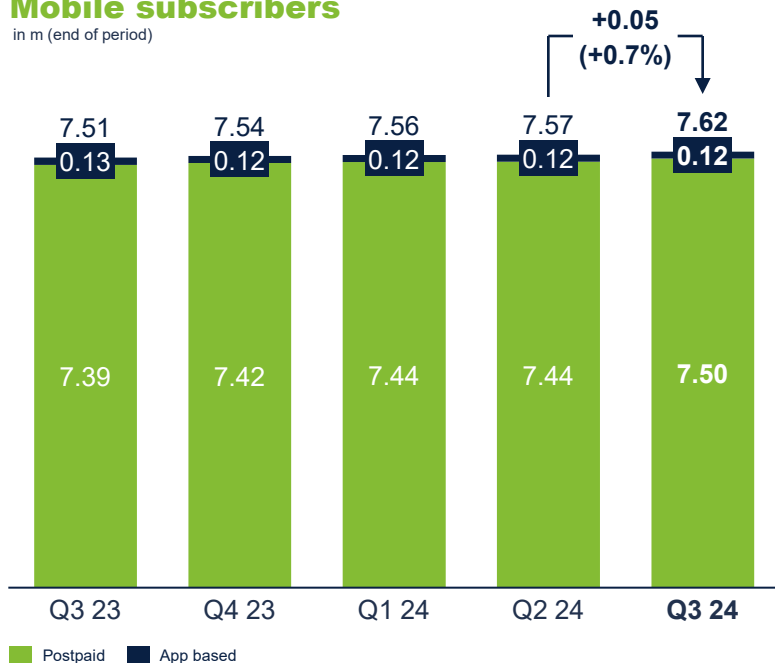
**Q3  9M
2024**

- **New MNO contracts now in operation**
- **Full-fledged 5G tariff portfolio**
- **Strong mobile net adds: YTD +79k; Q3 +54k**
- **Remarkable IPTV net adds: YTD +461k; yoy +48%**
- **2024 financial guidance narrowed and upgraded amid good business performance**
 - **Revenues: moderate growth**
 - **EBITDA: EUR500m - EUR515m**
 - **Free cash flow: EUR270m - EUR285m**

Mobile: Postpaid growth back on track

Mobile subscribers

in m (end of period)



Postpaid subs grew by +54k in Q3 24

Subscriber and ARPU development

- 9M 24 mobile subscriber growth +79k
- FY 24 target of >100k mobile net adds

- Mobile subs growth backed by:
 - New MNO long-term agreements
 - New sport sponsorships
 - Launching plenty of new tariffs (incl. 5G)

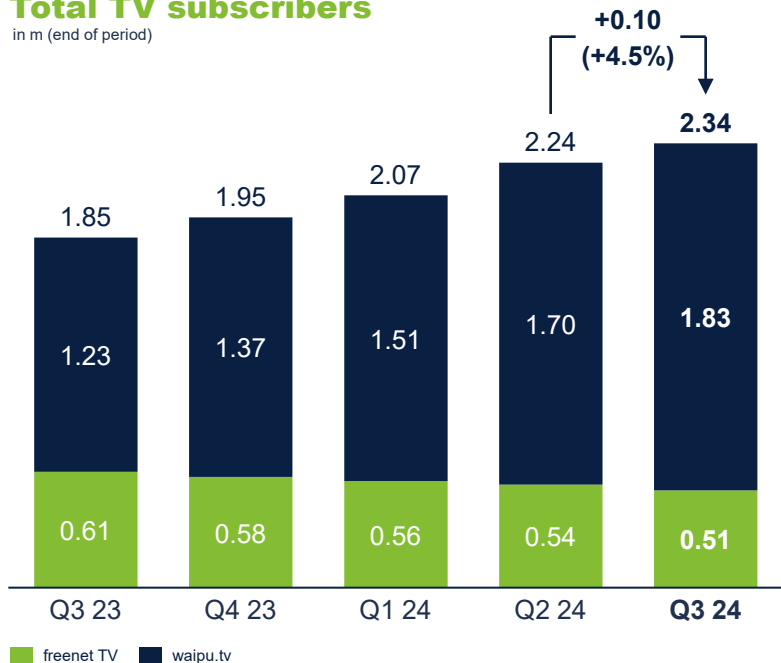
- Stable ARPU expected again for FY 24



TV: Strongest Q3 growth at waipu.tv so far

Total TV subscribers

in m (end of period)



waipu.tv with another Q3 record quarter

waipu.tv



- 132k net adds in Q3 24
 - Strongest Q3 so far
 - Q3 as weakest Q in year due to seasonality
- 461k net adds in 9M 24
- 2m waipu.tv subscribers within reach for YE 24
- Now with Disney+ as official streaming partner
- Dieter Bohlen's testimonial contract extended to 2026

Media Broadcast

- freenet TV customer base -70k in 9M 24
- Expecting ≤500k subs at YE 24
- Stable EBITDA contribution expected in FY 24

Financial Update

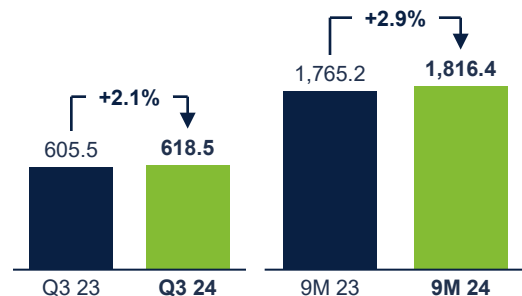
Ingo Arnold
CFO



Group: Narrowing of EBITDA guidance

Revenues

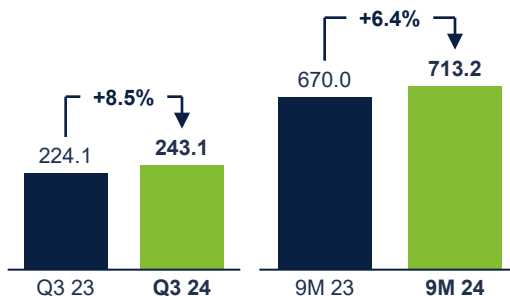
in EURm



- 9M 24 revenue growth reflects high waipu.tv growth supported by stable mobile service revenues
- waipu.tv contributes almost 90% of revenue growth in 9M 24
- Leads to guidance update to moderate growth (from stable performance)

Gross profit

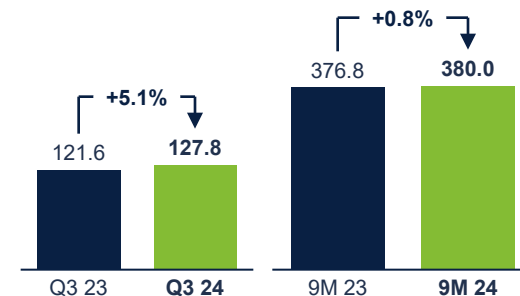
in EURm



- Gross margin improvement (9M 24: 39.3%; 9M 23: 38.0%) reflects growing TV contribution to Group and effect from new MNO-contracts

EBITDA

in EURm

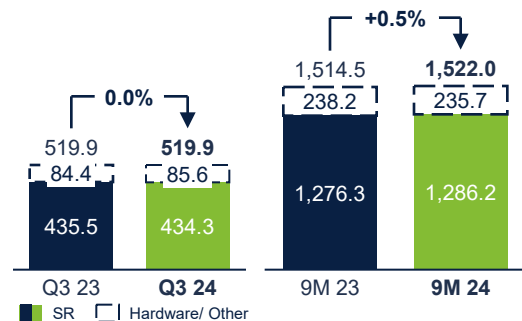


- EBITDA 9M 24 fully on track to reach initial 2024 guidance mid-point (EUR505m)
- Leads to narrowing guidance to EUR500m to EUR515m

Mobile: EBITDA 9M 24 on track to exceed FY 23

Revenues

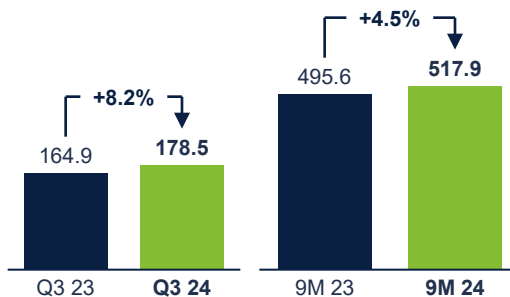
in EURm



- 9m 24: Slight increase in line with moderate customer increase
- Less low margin roaming revenues in Q3 leads to slightly decreasing service revenues

Gross profit

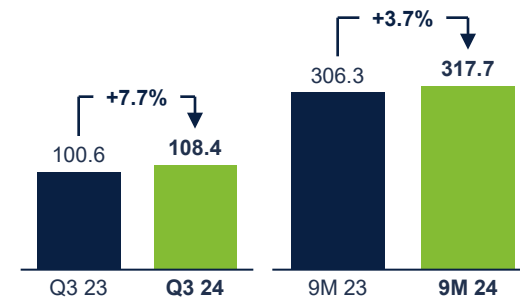
in EURm



- Gross profit development reflects new MNO-contracts
- Gross margin improves to 34.3% in Q3 (Q3 23: 31.7%)

EBITDA

in EURm

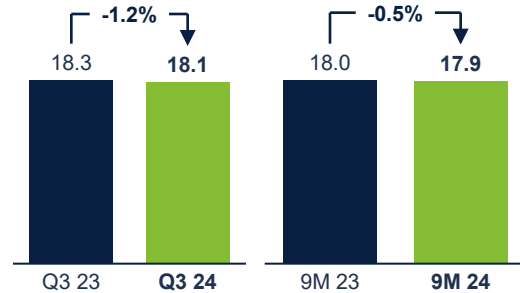


- Mobile EBITDA per 9M 24 on track to exceed FY 23
- Strong gross profit performance results in higher EBITDA despite slightly increasing personnel costs

Mobile: DLS with stable revenues in 9M 24

Postpaid ARPU

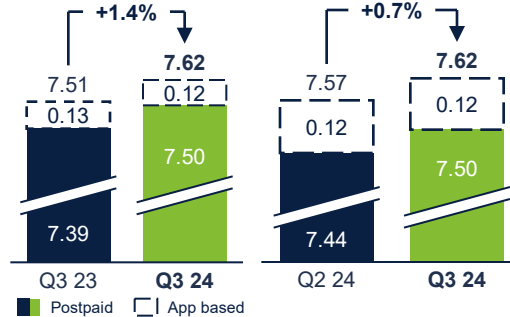
in EUR



- Slight drop in Q3 service revenues due to lower roaming revenues with low profitability

Mobile subs

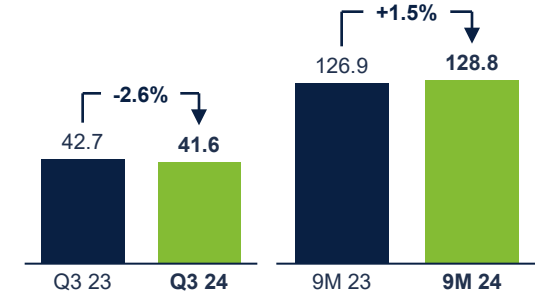
in m



- 9M 24 mobile subscriber growth +79k
- FY 24 target of >100k mobile net adds in reach even without considering Happy SIMs

DLS revenues

in EURm

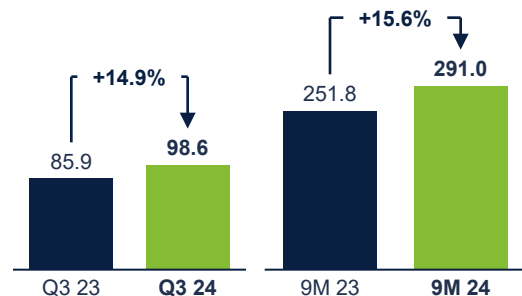


- Change in the reporting of DLS revenues as of Jan 23 to emphasize high-margin share (mobile devices no longer included)

TV: Customer intake leads to gross profit growth

Revenues

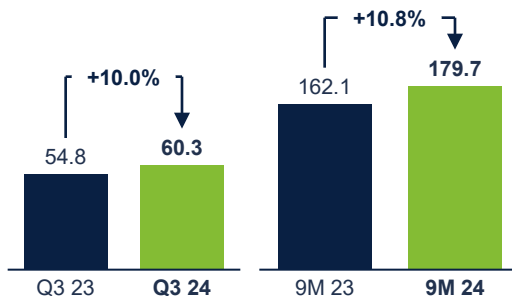
in EURm



- Double digit revenue growth driven by waipu.tv (+50% vs. 9M 23)
- ARPUs at waipu.tv and freenet tv remain stable amidst high promotional activity on German TV market

Gross profit

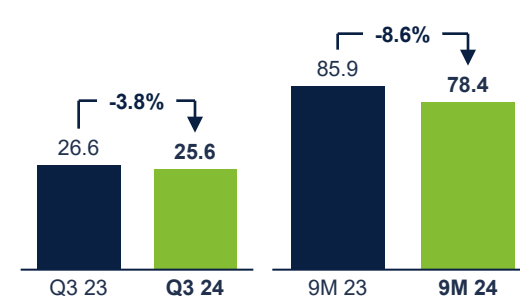
in EURm



- Revenue growth translates into gross profit growth
- Gross margin declines slightly as visibility of waipu.tv increases (waipu.tv GM < MB GM)

EBITDA

in EURm

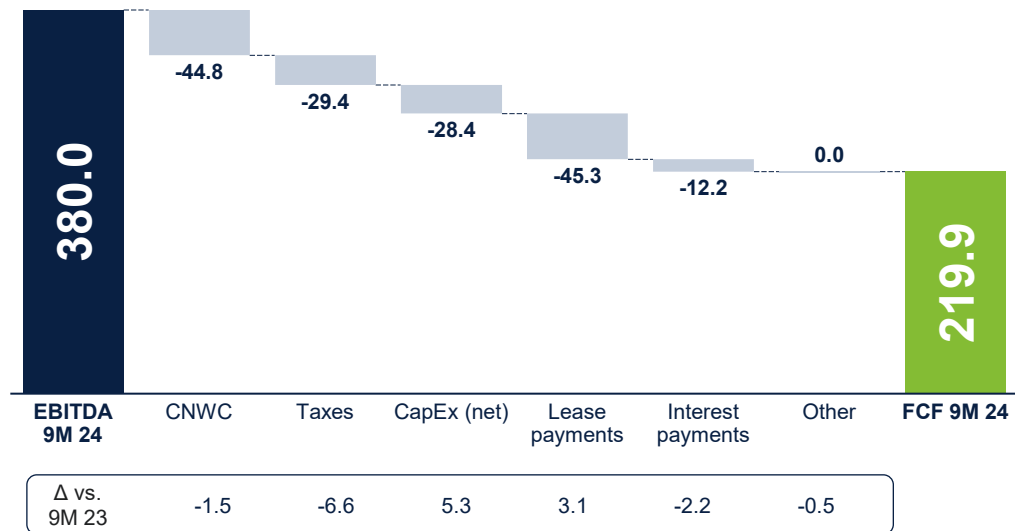


- Amplified marketing activities in 9M at waipu.tv burden EBITDA as expected
- High customer intake justifies higher investments
- Marketing investments to remain at comparable level in Q4

High cash conversion continued in 9M 24

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

in EURm



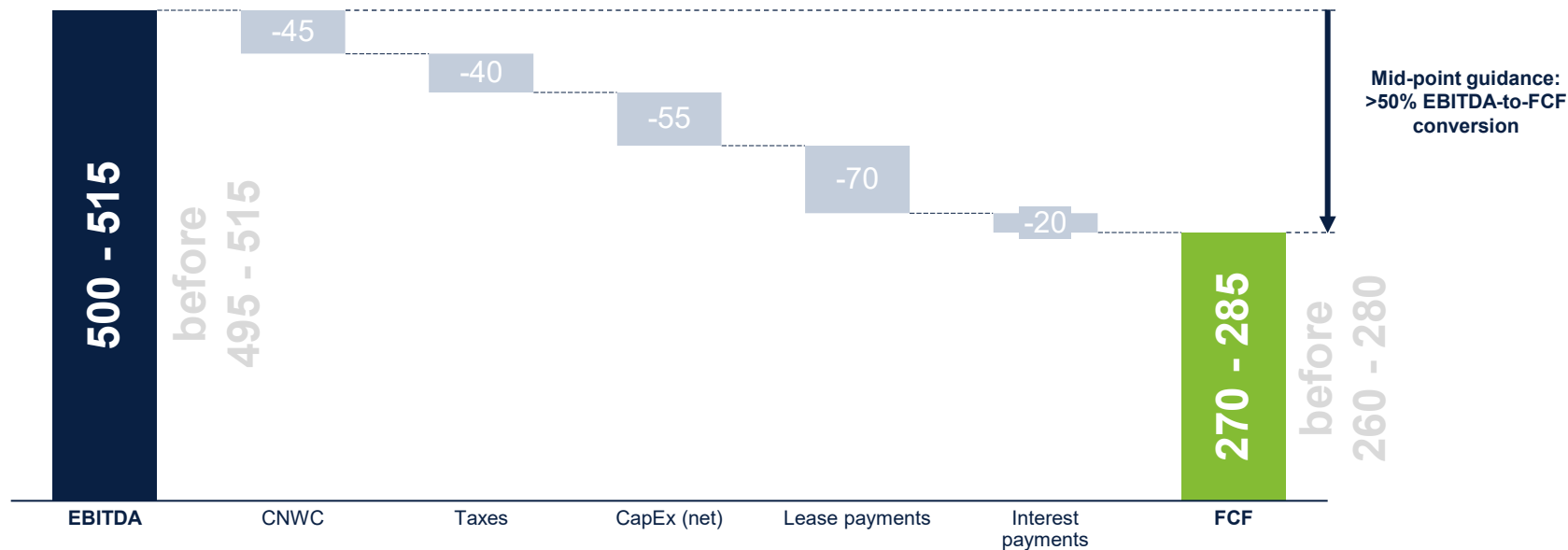
FCF components

- CNWC largely stable
- Higher taxes due to the absence of some one-off refunds received in 9M 23
- CapEx (net) remain below expectations due to lower investments in digital radio
- Lease payments slightly lower due to structural effects at Media Broadcast in 2023
- Interest payments as expected
- Guidance narrowed and raised to EUR270m to EUR285m based on the aforementioned

Detailed 2024 forecasted EBITDA-to-FCF bridge

EBITDA-to-FCF conversion >50%

in EURm



2024 Guidance narrowed and raised

Financial KPIs*

In EURm



Revenue
EBITDA
Free cash flow

**2023
Actuals**

2,383.0
500.9
276.6

**Initial 2024
Guidance**

stable
495 - 515
260 - 280

**Change in
Guidance**



**Updated 2024
Guidance**

moderate
growth
500 - 515
270 - 285

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



moderate
growth
significant
growth
noticeable
decrease

* Solely relating to continuing operations.



freenet

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Further Questions?

Contact

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[IR website](#)

[IR events](#)

Upcoming events

19.11.2024	Frankfurt a. M. (GER)	DZ Bank Equity Konferenz
21.11.2024	Barcelona (ES)	Morgan Stanley TMT Conference
26.11.2024	Frankfurt a. M. (GER)	Deutsches Eigenkapitalforum
02.12.2024	Surrey (UK)	Berenberg European Conference
14.01.2025	New York (USA)	Commerzbank & ODDO BHF German Investment Seminar 2025
21.01.2025	Frankfurt a. M. (GER)	UniCredit/Kepler Cheuvreux 24th German Corporate Conference



freenet

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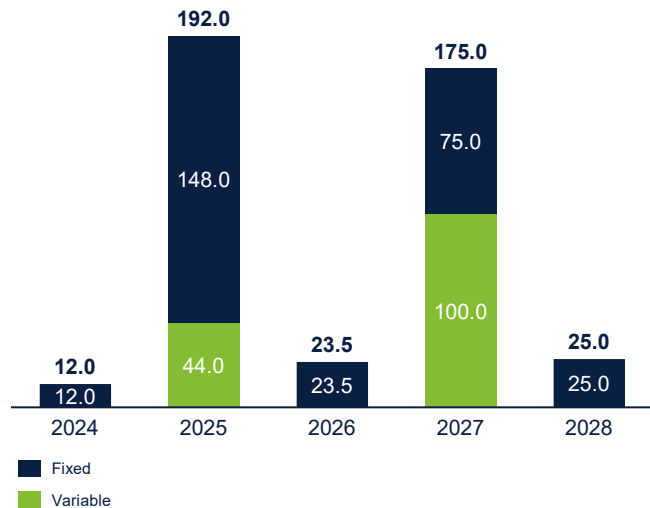
Appendix

- B/S KPIs as of 30 Sep 2024

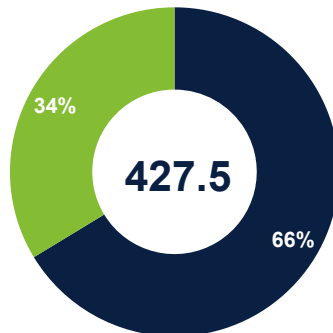
Financial structure as of 30 Sep 2024

Debt maturity structure

in EURm



Debt composition (gross excl. accrued interest)



B/S KPIs

Cash



131.1

Equity ratio



43.7 %

Leverage



1.1

Leverage (bank)



0.6