

MANAGEMENT PRESENTATION

Results for Q1 2021

CHRISTOPH VILANEK, CEO

INGO ARNOLD, CFO

6 May 2021

Analyst and Investor Conference Call

CAUTIONARY STATEMENT

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AGENDA

1 BUSINESS

C. VILANEK, CEO

2 FINANCIALS

I. ARNOLD, CFO

3 Q&A

2021 STARTS WITH GROWTH AT ALL LEVELS

8,648 ^{000's}

SUBSCRIBER BASE

108.8 ^{mEUR}

EBITDA

59.5 ^{mEUR}

FREE CASH FLOW

+218.0 ^{000's}

STRONG CUSTOMER INTAKE

+4.6 ^{mEUR}

GROWTH THROUGH TV & MEDIA

+9.6 ^{mEUR}

INCL. WORKING CAPITAL PHASING Q4/20

yoy change

HIGHLIGHTS Q1 2021

MOBILE COMMUNICATIONS

- Targeted promotions and upgrades for pure digital/app-based tariffs (e.g. data volume, VoLTE, speed)
- Customer-oriented product offerings at mobilcom-debitel with termination on monthly basis and attractive bundles
- Gravis introduced subscription model for Apple hardware

TV AND MEDIA

- waipu.tv cooperation with Germany's biggest sports portal 'kicker': launch of 'kicker TV' sports channel
- Media Broadcast signed long-term maintenance and service contracts with two public broadcasters
- Launch of 4 more DAB radio channels, start of own media sales for DAB

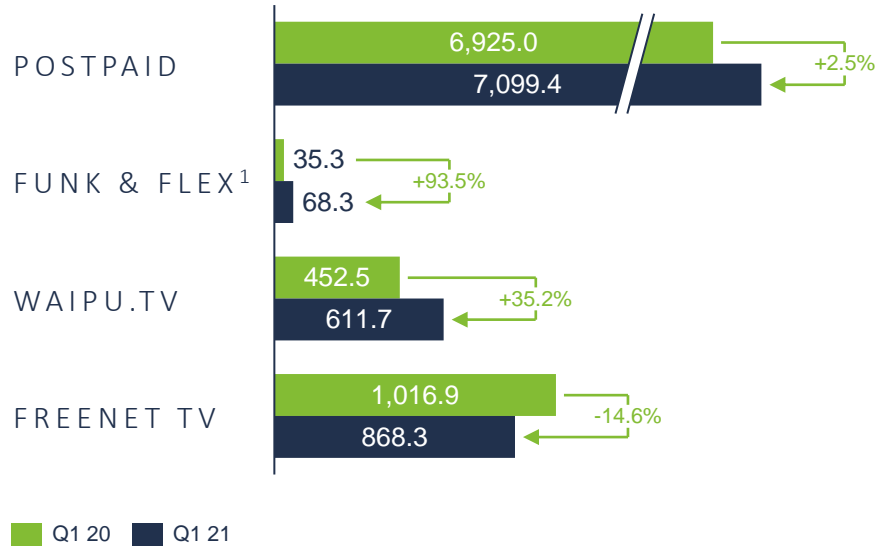
GROUP

- Share buyback program 2021 started end of February with more than 1.5 million shares bought back for around 30.0 million euros
- Repayment of promissory note (nominal 200 mEUR) in the beginning of March 2021
- Corona protections enhanced by comprehensive Group-wide testing strategy

GROWTH IN SUBSCRIBER BASE CONTINUED

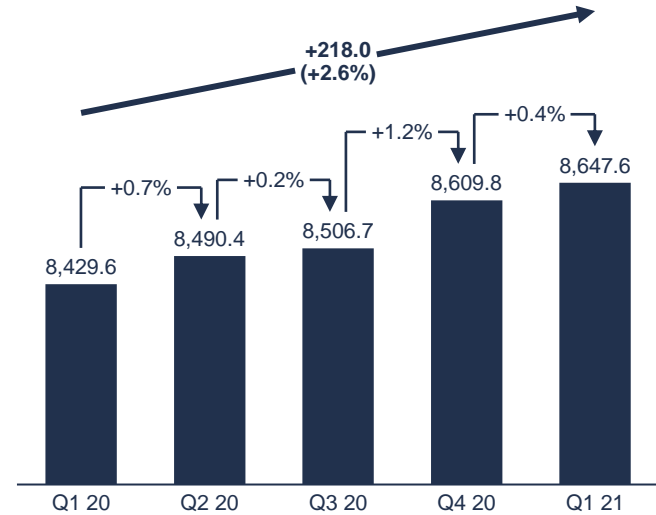
DEVELOPMENT PER SUBSCRIBER BASE

in '000s



TOTAL SUBSCRIBER BASE

in '000s

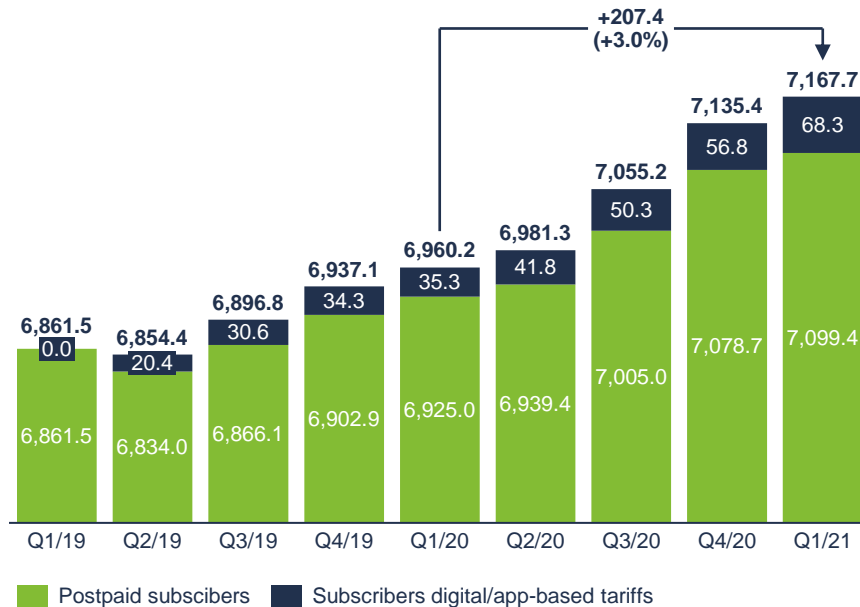


¹ ARPU and profitability comparable to postpaid contracts, but not yet counted within postpaid base

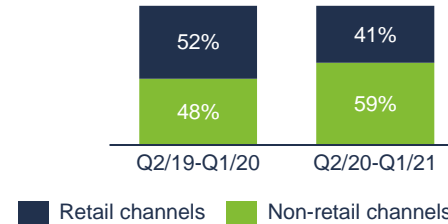
APP-BASED TARIFFS ADDING ADDITIONAL GROWTH TO HIGH MARGIN CUSTOMER BASE

HIGH-VALUE MOBILE CUSTOMER BASE

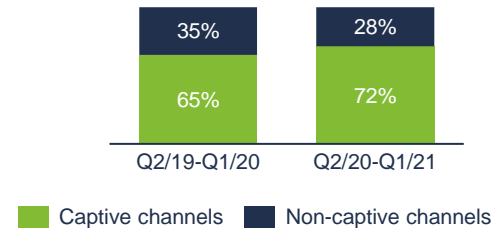
in '000s



APPROX. 60% OF GROSS ADDS VIA NON-RETAIL CHANNELS (L4Q)



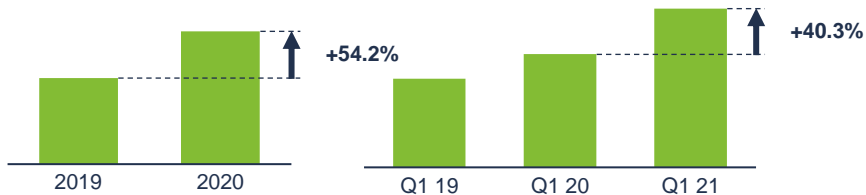
>70% OF CONTRACT CONCLUSIONS VIA CAPTIVE CHANNELS (L4Q)



MEDIA BROADCAST: FREENET TV PRICING STRATEGY ADDS PROFITABILITY

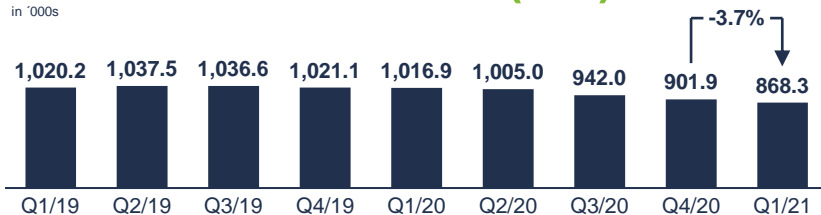
FREENET TV EBITDA DEVELOPMENT

Indexed



FREENET TV SUBSCRIBERS (RGU)

in '000s



- Price increase of 20% remains profitable despite further decline in RGUs
- Stabilization of customer churn expected after H2/21

B2B DEVELOPMENTS

- Media Broadcast expands infrastructure expertise to 5G by offering turnkey, provider-independent communications infrastructure for your entire premises.
- First project realized - research center in Julich supported with planning, implementing and operating a 5G campus network
- 5G Blue Box enables event organizers and producers to have a provider-independent and ubiquitous mobile 5G solution



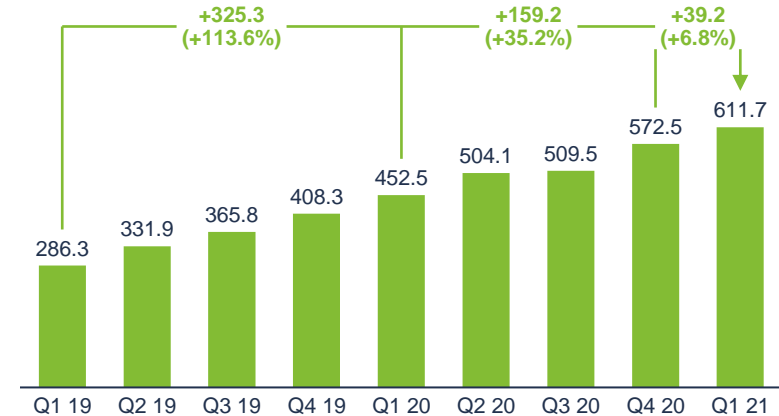
WAIPU.TV AGAIN WITH HIGH CUSTOMER INTAKE (+39,200)

FOCUS ON QUALITY AND EBITDA

- Strong subscriber growth despite 30% retail price increase of flagship product Perfect Plus effective January 2021
- Continued increase in usage time per subscriber and percentage of usage on 'big screen', both a strong indicator of subscriber loyalty and acceptance among cord-cutters
- Ongoing monthly growth in positive EBITDA

SUBSCRIBER BASE DEVELOPMENT

in '000s



OUTLOOK

MOBILE COMMUNICATIONS

- At least stable development in terms of customer base
- Further focus on margin and customer lifetime value
- Omni-channel strategy robust even during pandemic shop closures:
e.g. >10.000 click and meet events in March
- Retail back to normal expected for Q3 21

STABLE DEVELOPMENT EXPECTED



TV & MEDIA

Media Broadcast

- Q3 21 with relevant sports events
- Reopening of retail key for freenet TV
- All 15 DAB channels sold and live, advertising income to start flowing in; DAB platform license for NRW

waipu.tv

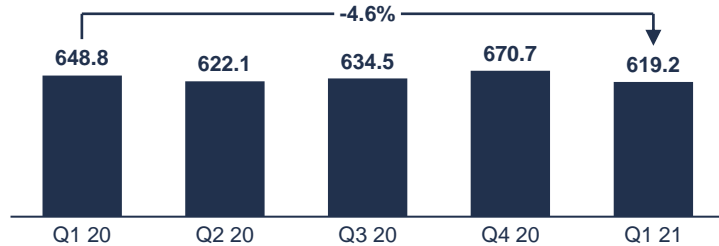
- Summer sports events also driving interest
- Launch of own Android TV stick with owned remote control (waipu.tv and Netflix)

FURTHER GROWTH EXPECTED

SHARP INCREASE IN CONSOLIDATED EBITDA

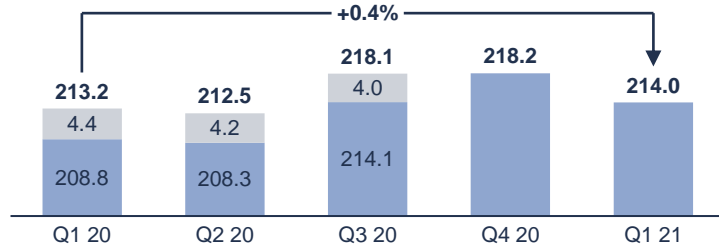
REVENUES

in mEUR



GROSS PROFIT

in mEUR



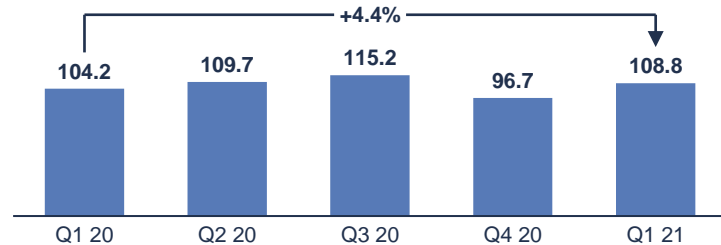
■ Gross profit w/o freenet digital ■ freenet digital decons 30/09/2020 (Revenue & EBITDA contribution not material)

Q1 21 VS. Q1 20

- Revenue down 4.6% yoy, mainly due to decline in low-margin hardware sales as a result of pandemic-related store closures
- Gross profit on previous year's level despite missing freenet digital contribution (deconsolidation Sep. 2020); like-for-like: +2.5% yoy
- EBITDA up 4.4% yoy, mainly because waipu.tv remains break-even and due to (partly sustainable) cost savings (e.g., personnel expenses and bad debt)

EBITDA

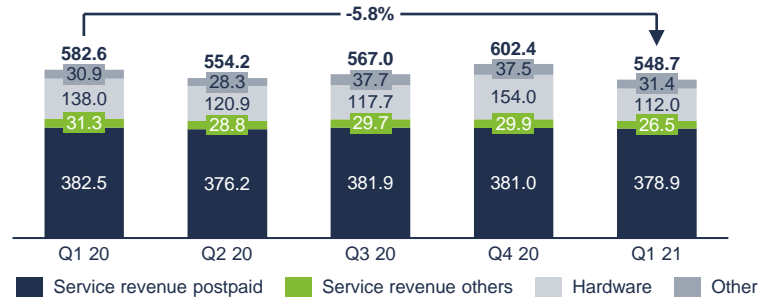
in mEUR



MOBILE DEMONSTRATES ITS RESILIENCE

REVENUES

in mEUR

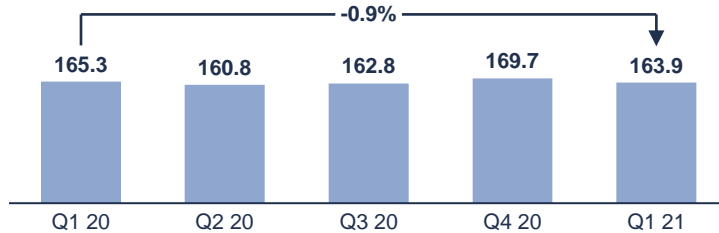


Q1 21 VS. Q1 20

- Revenue down 5.8% yoy, mainly resulting from decline of low-margin hardware and variable service revenue; both pandemic-related
- Revenue decline with no impact on gross profit and EBITDA; both stable yoy
- No change in mobile customers' payment behavior visible (bad debt remains on low level)

GROSS PROFIT

in mEUR



EBITDA

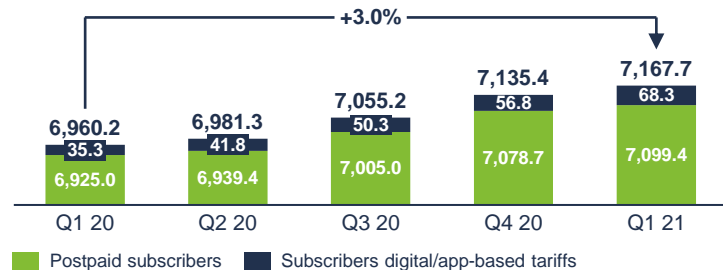
in mEUR



MOBILE CUSTOMER BASE GROWING DESPITE LOCKDOWN

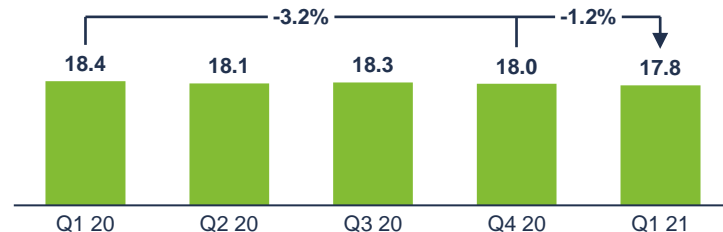
HIGH-VALUE MOBILE CUSTOMER BASE

in '000s



ARPU POSTPAID

in EUR

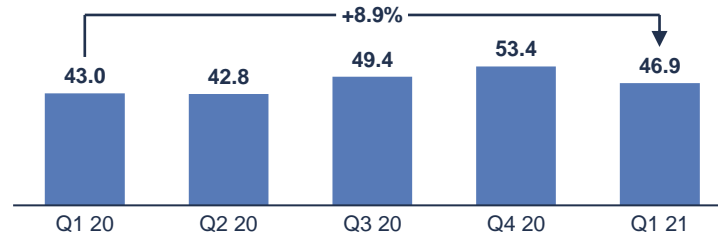


Q1 21 VS. Q1 20

- Mobile customer base continuously increasing despite challenging environment due to Covid-19
- ARPU stable compared to Q4 20; yoy decrease reflecting headwinds from Covid-19 restrictions on roaming as well as lower usage of other variable ARPU components (e.g., data volume upload)
- Digital lifestyle revenue improves by 8.9%, benefiting from higher subscription share within digital lifestyle services

DIGITAL LIFESTYLE REVENUE

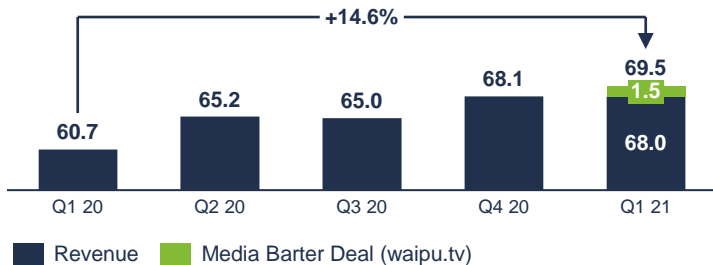
in mEUR



WAIPU.TV DRIVES GROWTH

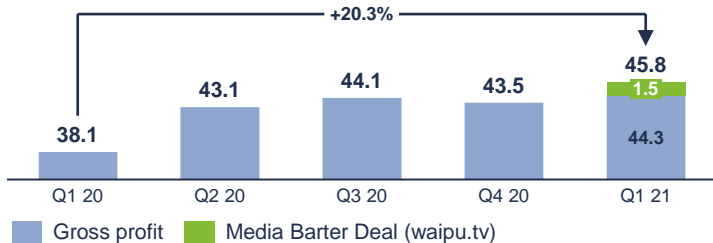
REVENUE

in mEUR



GROSS PROFIT

in mEUR

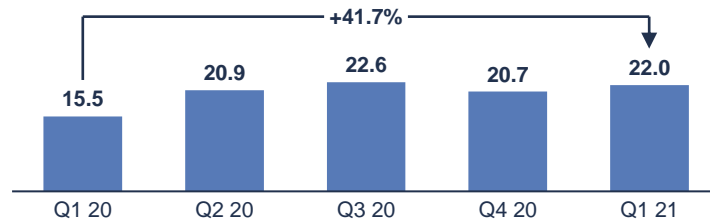


Q1 21 VS. Q1 20

- Revenue up 14.6% yoy, mainly based on solid waipu.tv subscriber/ARPU growth and positive effect from 20% price increase at freenet TV in May 2020
- Significant increase of gross profit (+20.3% yoy) and EBITDA (+41.7% yoy) primarily related to strong waipu.tv contribution and marketing with a sense of proportion
- waipu.tv expected to remain break-even through out the year

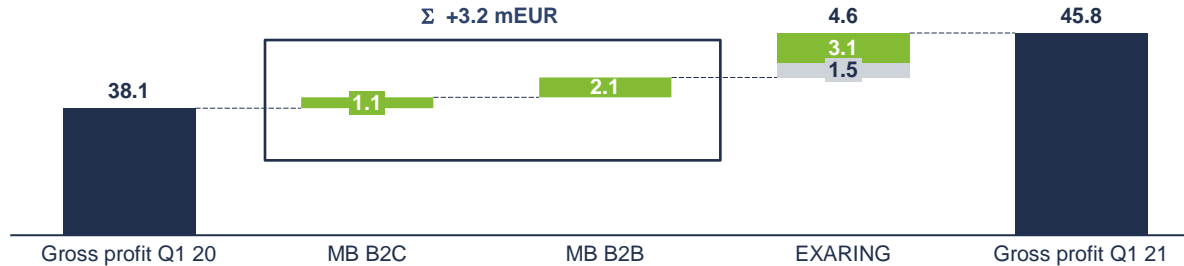
EBITDA

in mEUR



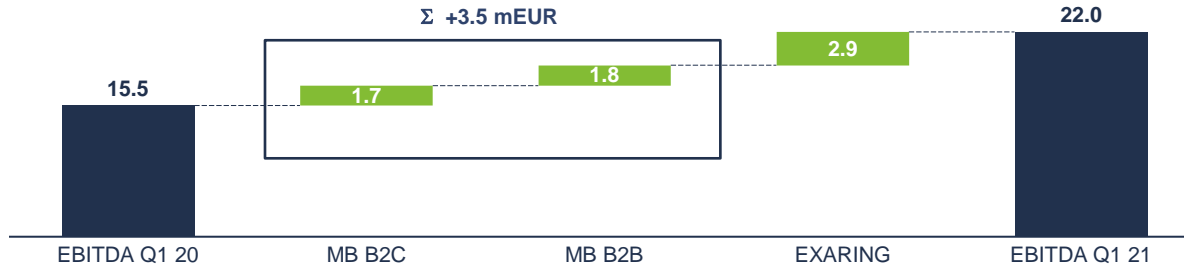
EACH TV AND MEDIA DIVISION IMPROVES

GROSS PROFIT Q1 21 VS. Q1 20



EBITDA Q1 21 VS. Q1 20

in mEUR



Media Barter Deal (waipu.tv)

EXPLANATION

- MB B2C:** Gross profit improvement due to effect from price increase vs. average freenet TV customer base; at EBITDA level, further cost measures become visible
- MB B2B:** Gross profit and EBITDA improvement mainly due to DAB+ (2nd Bundesmux) ramping up
- waipu.tv:** Benefits from further customer acquisition above break-even threshold and ARPU improvement measures

FREE CASH FLOW ON UPPER END OF QUARTERLY GUIDANCE

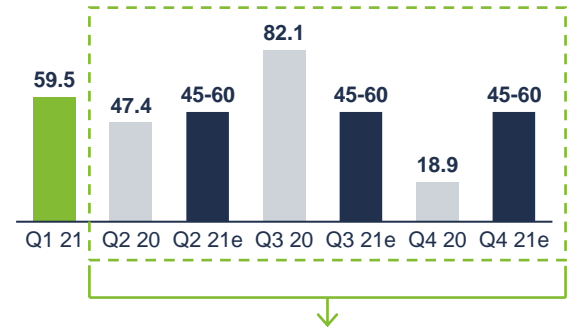
EBITDA TO SUSTAINABLE FREE CASH FLOW (FCF)

in mEUR



QUARTERLY BREAKDOWN 2021

in mEUR (2020 excl. Sunrise dividend and interest payments syndicated bank loan)



FCF Guidance: 200-220 mEUR

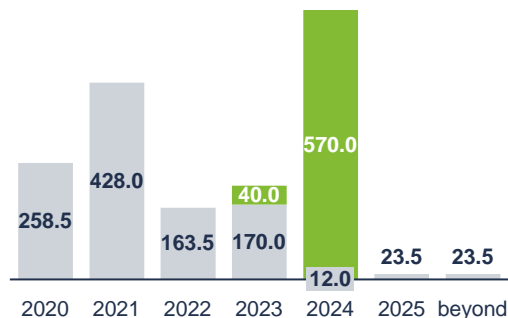
Smoothing quarterly distribution to 45-60 mEUR in 2021 intended

- Free cash flow up 19.2%, mainly due to operational and debt structure-related improvements
- Also partly included: reversal of negative GRAVIS Q4 20 working capital effect

FURTHER DEBT RELIEF AND MATURITY STRUCTURE OPTIMIZATION IN Q1 21

SITUATION YEAR-END 2019

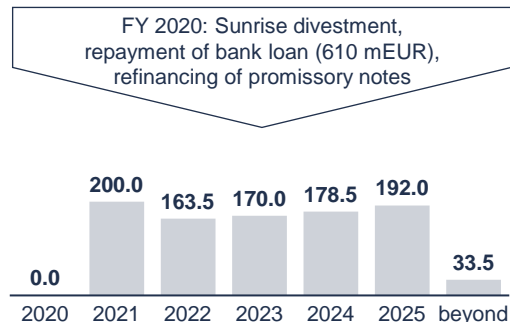
In mEUR



■ Promissory notes ■ Syndicated bank loan (excl. 300 mEUR RCF)

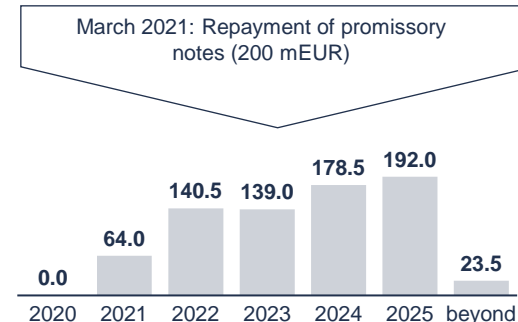
SITUATION YEAR-END 2020

In mEUR



SITUATION AS OF 31.03.2021

In mEUR

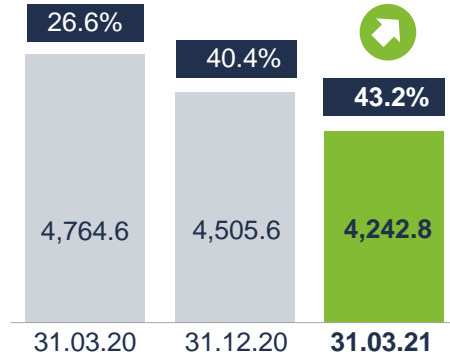


	in mEUR	Situation year-end 2019	Situation year-end 2020	Situation as of 31.03.2021
	Bank gross debt (nominal)	1,689.0	937.5	737.5
+	Interest Accrual	4.6	3.3	2.4
-	Cash	133.7	666.9	500.5
=	Bank net debt	1,559.9	274.0	239.4

KEY FINANCIAL KPI'S

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

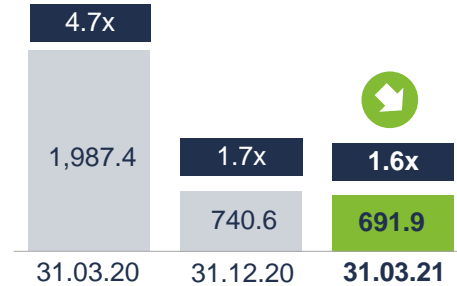
in mEUR/ as indicated



Equity ratio improves further due to further debt reduction in March 2021 (Balance sheet total reduction)

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

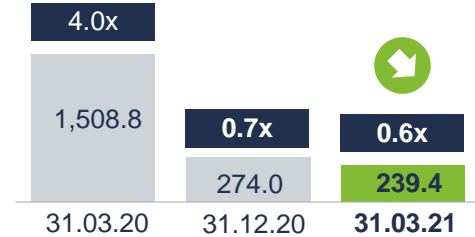
in mEUR/ as indicated



Leverage improves slightly due to positive free cash flow and EBITDA development

BANK NET DEBT & BANK LEVERAGE**

in mEUR/ as indicated



Bank leverage also improves slightly as a result of the effects mentioned

* EBITDA = EBITDA of last twelve months (i.e., April 2020 to March 2021 or rather April 2019 to March 2020 for the previous year)

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

FINANCIAL GUIDANCE FOR FY 2021 CONFIRMED

SUBSCRIBER GUIDANCE

in '000s



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

**ACTUAL
2020**

**GUIDANCE
2021**

7,078.7	Moderate increase	▲
901.9	Moderate decrease	▼
572.5	Solid growth	▲▲

FINANCIAL GUIDANCE

in mEUR/ as indicated



- Revenue
- EBITDA
- Free cash flow (w/o Sunrise)
- Financial policy for equity ratio (>25%) and leverage (≤3.0x) reiterated

**ACTUAL
2020**

**GUIDANCE
2021**

2,576.2	stable	▬
425.9	415-435	▬
201.3	200-220	▬

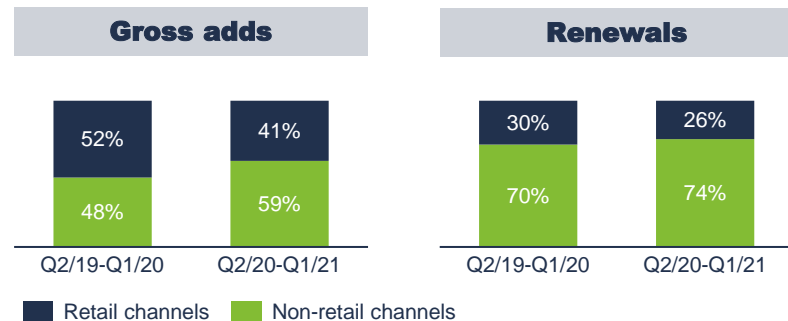
OPEN FOR YOUR QUESTIONS.

FOR FOLLOW-UP QUESTIONS REACH OUT TO:

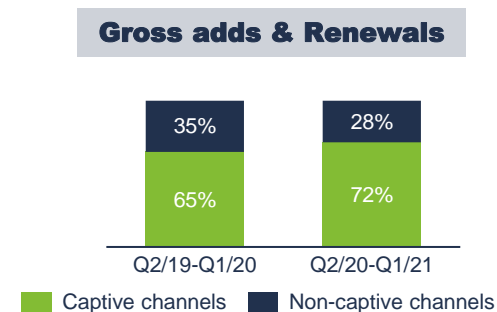
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www.freenet-group.de
Fon: +49 (0)40 513 06 778

BALANCE OF RETAIL AND NON-RETAIL ADJUSTED TO COVID-19-SITUATION

IMMEDIATE ADAPTION TO NEW SITUATION



CAPTIVE CHANNEL EXPANSION



NON-RETAIL

- Solution-oriented, demand-driven
- Daily optimization BI/AI based
- Immediate implementation of new prices/tariffs/campaigns
- Combination of online/social media/app/phone
- High competition

RETAIL

- Strongly relationship-based
- Upselling (e.g. warranty/insurance)
- Cross-Selling (e.g. DLS options)
- Attachment rate (accessories/hardware)
- Conversion high two-digit percentage still better than online

ADVANTAGES OF CAPTIVE SALES CHANNELS

- Direct customer access and advertising permission
- Improved up-selling potential in the lifecycle
- Higher LCEs and retention rates
- Lower distribution costs