

2022

# COMPANY PRESENTATION FREENET AG

# F R E E N E T

# AGENDA

- 1 FREENET GROUP
- 2 BUSINESS MODEL AND SEGMENTS
- 3 REASONS FOR INVESTMENT



FREENET GROUP

# OUR COMPANY AT A GLANCE

## OUR VISION

**ALWAYS  
THE  
RIGHT  
CHOICE.**

As freenet Group we want to be the right choice for all our stakeholders - our employees, our customers, our partners and our shareholders. We are aware of our responsibility to society, and we take this into account through long-term thinking and sustainability in all our corporate decisions.

# OUR MISSION STATEMENT

## GROWTH THROUGH PRODUCTS, SERVICES AND CUSTOMER-CENTRIC INTERACTION



### Customer-centric

- Distribution of selected own products or sourced goods serving individual customer requirements
- Any activity is based on deep understanding of data



### Digital First

- Both for internal business processes and operations and for the interaction and transaction with customers and all other stakeholders



### Demand Driven

- Competent advice addressing customers' needs
- Taking benefit of learnings from customer contacts for product development and innovation



### Close

- Making use of the omni-channel platform to serve captive and non-captive channels
- Providing service at all customer touchpoints seamlessly

# OUR STRATEGY

## GROWTH THROUGH TROUGH DIGITAL LIFESTYLE.

### DIGITAL LIFESTYLE

includes telecommunications, Internet, Energy, TV entertainment, as well as all services, applications and appliances that can be controlled or connected to mobile devices or can be used via an intelligent device. The overall freenet offering is intended to provide customers with a coordinated solution under one umbrella brand.

### GROWTH

through continuous optimisation and expansion of our digital lifestyle product and service portfolio, making consistent use of our established strengths and competencies, existing and new distribution channels and the optimisation over the customer life cycle and all customer contacts.

# CURRENT KPIS OF OUR GROUP AT THE END OF 2021

**2,556** mEUR

REVENUES

**447.3** mEUR

EBITDA

**234.4** mEUR

FREE CASH FLOW

**3,784** EMPLOYEES

**8,785,100**

SUBSCRIPTION CUSTOMERS

**7,223,000**

THEREOF MOBILE COMMUNICATIONS CUSTOMERS

**1,519,100**

THEREOF TV CUSTOMERS

# WE ARE CONSTANTLY EVOLVING

2007

Merger of mobilcom AG and freenet.de AG to form **freenet AG**.

**First listing** on the Frankfurt Stock Exchange

2008

Acquisition of **debitel Group** (100%) by freenet AG and formation of the **largest network-independent service provider** in Germany

2009-2011

freenet Group focuses on its core mobile communications and mobile internet business by **disposing of areas not relevant to the core business** (including web hosting and DSL businesses)

2012

Acquisition of **GRAVIS** (100%) and establishment of digital lifestyle (DLS) as a strategic pillar, in addition to mobile communications

2016

Entry into the TV business with the acquisition of **Media Broadcast** (100%) and **EXARING** (today: 58.6%)

Purchase of 24.56 % in **Sunrise Communications Group AG, Schweiz**

2018

**Expansion of Management Board** to five members by adding the positions of CCO and CCE

Purchase of 9.1% interest in **CECONOMY AG**  
Divestment of analogue radio business (Part of Media Broadcast)

2019

**Strategic sales cooperation** between Telefónica Deutschland and EXARING for waipu.tv

2020

Divestment of shares in **Sunrise Communications Group AG**  
Strategic cooperation with **Netflix**



# EXECUTIVE BOARD

ALL FIVE BOARD MEMBERS  
GREW WITHIN  
THE GROUP



**Christoph Vilanek**

CHIEF  
EXECUTIVE  
OFFICER

**Ingo Arnold**

CHIEF  
FINANCIAL  
OFFICER

**Stephan Esch**

CHIEF  
TECHNICAL  
OFFICER

**Antonius Fromme**

CHIEF  
CUSTOMER  
EXPERIENCE

**Rickmann von Platen**

CHIEF  
COMMERCIAL  
OFFICER

# EMPLOYEE PARTICIPATION ON THE SUPERVISORY BOARD

## SHAREHOLDER REPRESENTATIVES

### **Marc Tüngler (Chair)** <sup>1, 2, 4, 5</sup>

Attorney-at-law and Managing Director of the Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW– German Association of Private Shareholders), Düsseldorf, Germany

### **Sabine Christiansen** <sup>2, 5</sup>

Managing Partner at TV 21 GmbH, Berlin, Germany

### **Prof. Dr. Kerstin Lopatta** <sup>3</sup>

Professor of Accounting, Auditing and Sustainability at the University of Hamburg, Germany  
Proven financial expert in accounting and auditing  
Sustainability officer on the Supervisory Board

### **Miriam Wohlfarth** <sup>4</sup>

CEO of Banxware GmbH, Berlin, Germany

### **Thomas Karlovits** <sup>1</sup>

CEO and CIO of Blackwall Capital Investment AG, Zug, Switzerland

### **Robert Weidinger** <sup>3, 5</sup>

Self-employed auditor, tax advisor and corporate finance consultant, Valley, Germany  
Proven financial expert in accounting and auditing

## EMPLOYEE REPRESENTATIVES

### **Knut Mackeprang (Deputy Chair)** <sup>1, 2, 4</sup>

Corporate lawyer of freenet AG, Büdelsdorf

### **Claudia Anderleit** <sup>2</sup>

Head of Human Resources Management and personnel systems, freenet AG, Hamburg  
Sustainability officer on the Supervisory Board

### **Thomas Reimann** <sup>3</sup>

Division manager "Billing & Backend" at mobilcom debitel GmbH, Büdelsdorf

### **Gerhard Huck** <sup>1</sup>

Works council chairman, MEDIA BROADCAST GmbH, Baden-Baden

### **Theo-Benneke Bretsch** <sup>4</sup>

Team leader eCommerce Core at mobilcom-debitel GmbH, Büdelsdorf

### **Bente Brandt** <sup>3</sup>

Trade Union secretary United Trade Union of Services (ver.di) North.HH  
Department TK.IT, Kiel

Composition of the committees since 05.05.2022: 3 Audit committee

1 Steering committee

4 Mediation committee

2 Personnel committee

5 Nomination committee

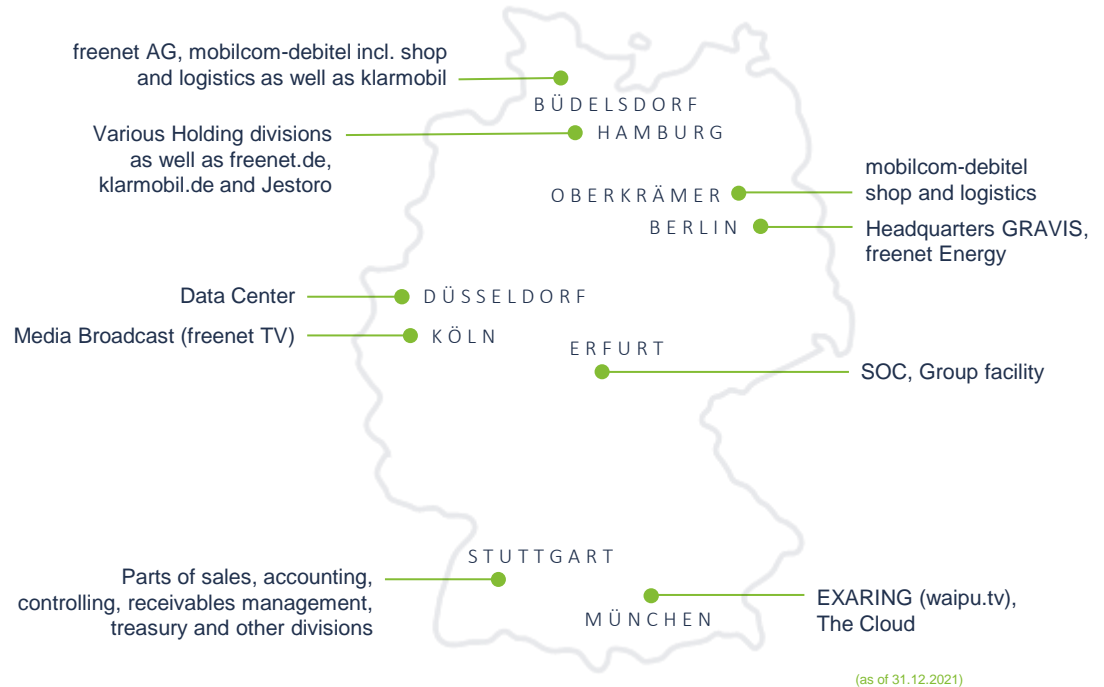
# WE CAN BE FOUND ALL OVER GERMANY

**9** SITES ACROSS GERMANY

**3,784** EMPLOYEES

**120** APPRENTICESHIPS

**56** NATIONALITIES

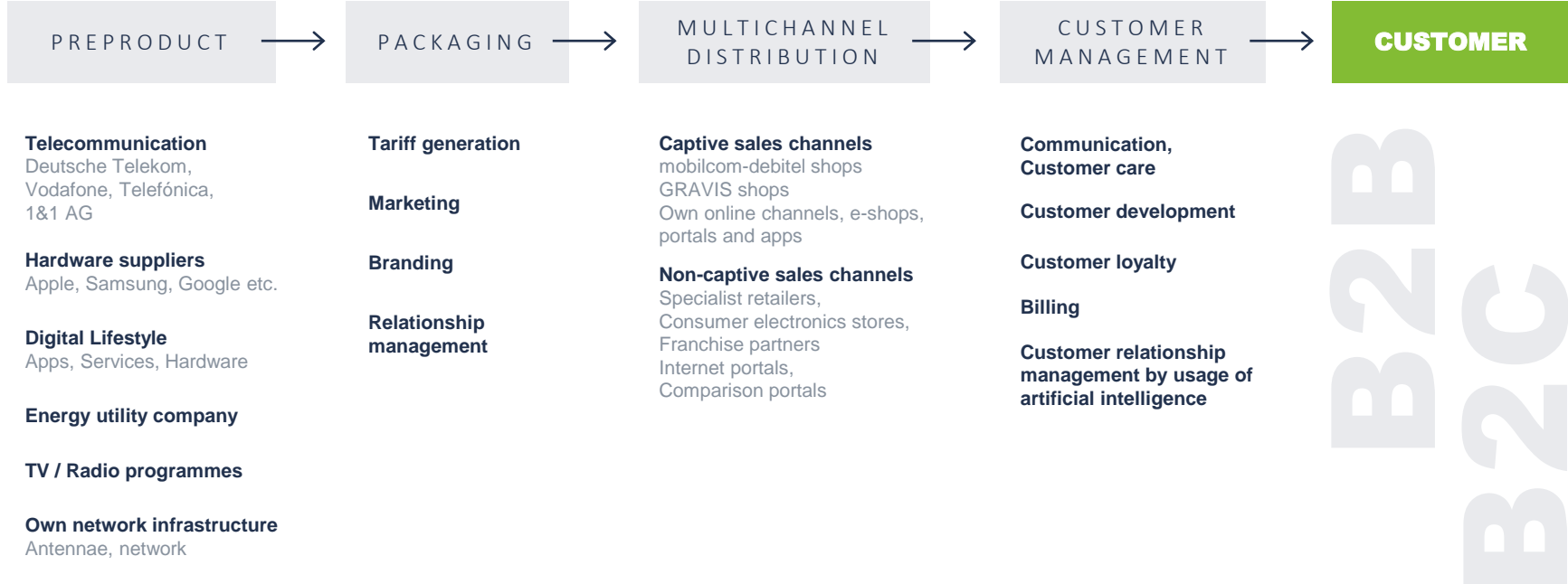


BUSINESS MODEL AND SEGMENTS

# **EXPERIENCE THE DIGITAL LIFESTYLE**



# CONSUMER-ORIENTED VALUE CREATION



# WE ADDRESS OUR CUSTOMERS WITH A TAILORMADE BRAND PORTFOLIO

## RETAIL

### MOBILE COMMUNICATORS & APPS



### TV



### DIGITAL LIFESTYLE



### ENERGY



## WHOLESALE



# TYOLOGY OF BUSINESS MODELS IN THE MOBILE COMMUNICATIONS INDUSTRY

## MNO

Mobile network operators (MNOs) are companies that generally own and/or control all the characteristics of a telecom value chain in order to provide services to customers.

The specific assets of MNOs are the broadcasting license and the network infrastructure on which the license is used.

## MVNO

In comparison to the MNO, virtual network operators (MVNOs) do not have their own wireless network or broadcasting license.

MVNOs generally purchase network capacity from one (or more) MNOs at a wholesale price and offer their own mobile services under the cooperation agreement.

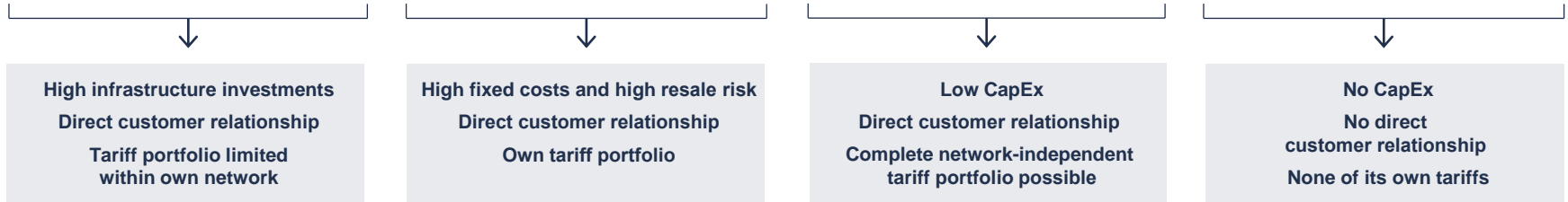
## SERVICE-PROVIDER

Service providers usually enter into a wholesale contract with one (or more) MNOs from whom tariffs are purchased in bulk (retail-minus). Service providers sell both MNO tariffs and their own tariffs. The customer relationship remains with the service provider, who takes over all services (customer management, billing, marketing, etc.).

## RESELLER

Resellers usually have a cooperation agreement with one (or more) MNOs for the distribution of mobile phone tariffs. The tariffs are resold to end customers with or without hardware components and devices.

Resellers receive a commission payment for their sales performance.



# UNIQUE BUSINESS MODEL WITH HIGH BARRIERS TO ENTRY

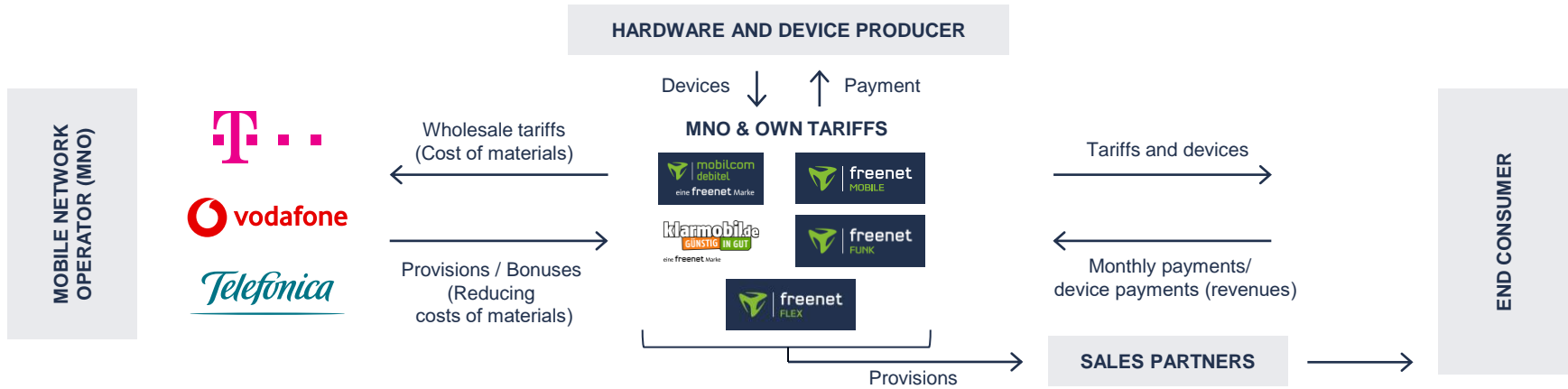
## FREENET IS A...

MNO?	→	NO	→	Doesn't own the infrastructure, complete MNO tariff portfolio available
MVNO?	→	NO	→	No obligation to pay for reserved network capacities
RESELLER?	→	NO	→	Customer relationship remains with freenet/revenues do not only consist of unique provisions
SERVICE PROVIDER?	→	YES	→	High flexibility in the sale of MNO tariffs and the composition of its own tariffs on all MNO networks; direct customer relationship

**FREENET HAS A UNIQUE AND SUSTAINABLE BUSINESS MODEL IN MOBILE PHONE INDUSTRIES**



# MOBIL COMMUNICATIONS IN THE SERVICE PROVIDER MODEL



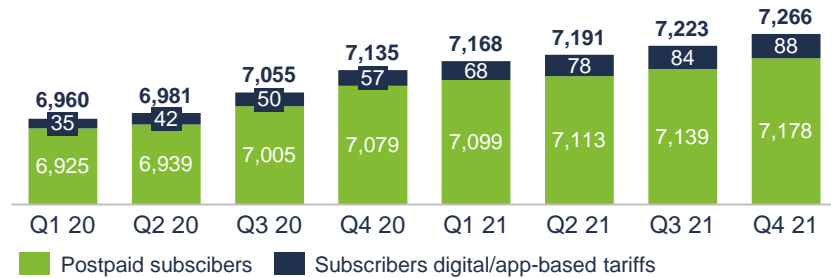
- freenet is the **only mobile service provider** to offer tariffs (data and voice) from all **three German mobile network operators**
- Tariff portfolio includes both **original tariffs of the network operators** as well as its **own tariffs**
- **Customer relationship** (contract, billing, service) takes place in its own name and for its own accounts, opportunity for customer development

- freenet sells **Postpaid-, Prepaid- and No-Frills tariffs with hardware or SIM-only** under premium and discount brands
- **Indirect contribution to the expansion of network infrastructure** in Germany via usage charges to MNOs
- **Strategic focus:** Obtaining long-term and valuable postpaid customers (24-month contracts)

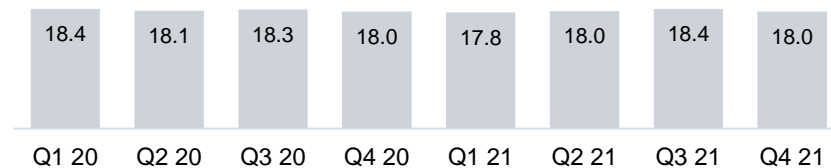
# FOCUSING ON LONG TERM CUSTOMER RELATIONSHIPS

## VALUABLE SUBSCRIBER BASE

in '000s.

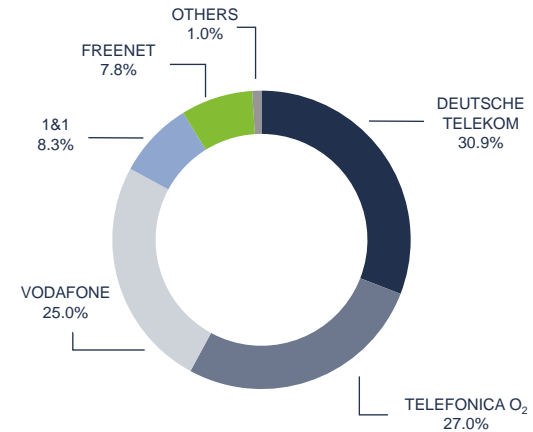


## ARPU POSTPAID in €



## MARKET SHARES MOBILE

(as of 28.10.2021)

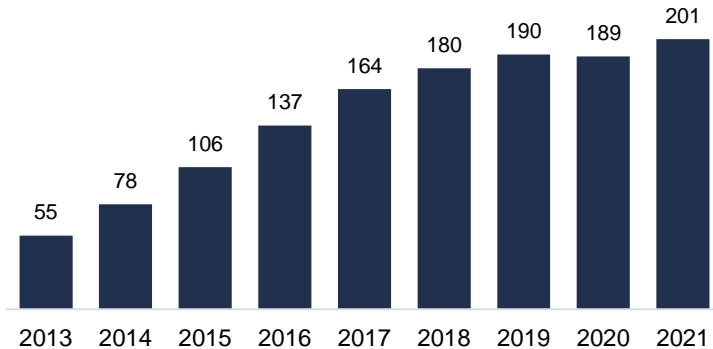


Source: VATM.

# DIGITAL LIFESTYLE PRODUCTS COMPLETE OUR MOBILE COMMUNICATIONS PORTFOLIO

## STRONG SALES GROWTH OF DIGITAL LIFESTYLE PRODUCTS

mEUR



### SECURITY & DATA

- Norton Security & Junior Security
- mobilcom-debitel cloud
- Insurance for mobile devices

### ENTERTAINMENT

- TV & Video on demand products
- Audio books and magazines
- Music streaming

### SMART CARE & SPORTS

- Online fitness
- Fitness tracker

### SMART HOME

- Heating control
- Video monitoring & home security

# TRANSFER OF SUCCESS FACTORS TO THE SEGMENT TV AND MEDIA

WHO?

WHAT?

WHY?

## MEDIA BROADCAST



- Established and respected provider of infrastructure within the broadcasting and media industry
- Offers stationary and mobile TV access anywhere and anytime via DVB-T2-transmitter network
- Operates the digital Radio DAB+ all over Germany
- CapEx-light due to the rental of passive infrastructure
- Long-term B2B-revenues in combination with stable B2C-revenues (freenet TV) – gained through freenet's sales power
- Future proofed platform for DTT- and IP-content
- At home, mobile and on the road

## EXARING AG



- Provider of the first fully-integrated platform for IP entertainment services, based on a dedicated, Germany-wide fibreoptic network
- Customer approach by offering in-home IP entertainment via a fast network, with high quality and an intuitive user interface
- CapEx-light due to the renting of IP- fibreoptics infrastructure
- Popular and expandable platform for aggregations of media content (BILD TV, ADAC TV,...)
- "Dynamic Ad Substitution" and Web-2-TV-Service
- Future-proofed, integrated, CapEx-light B2C TV-solution with 1:1-customer relationships

# CONTROLLING ITS OWN INFRASTRUCTURE

## MEDIA BROADCAST

Sole provider of DVB-T2-HD in Germany



freenet TV RGU\*

Transport of radio- and TV-signals, as well as other broadcasting solutions

DISTRIBUTION

VIA ...

SALES PLATFORM



## EXARING AG

IPTV-provider with dedicated fibreoptic infrastructure and coverage of 23 million households



waipu .tv

waipu.tv subscribers

Dynamic Ad Substitution  
Web-2-TV Service

DISTRIBUTION

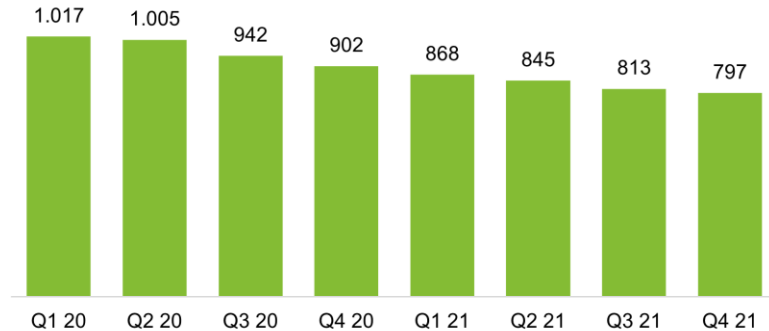
VIA ...

\* Revenue Generating Unit

# CONSISTENT FOCUS ON SUSTAINABLE CUSTOMER RELATIONSHIPS

## FREENET TV SUBSCRIBERS (RGU\*)

in '000s

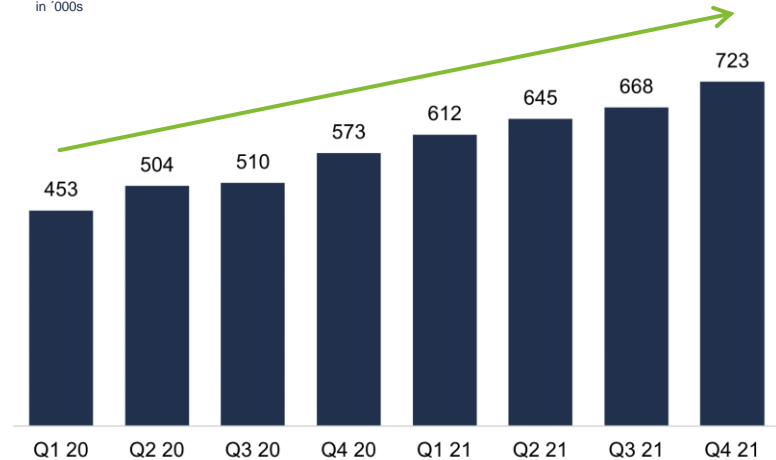


- Mainly prepaid business model (freenet TV vouchers)
- Focus on profitability-oriented management of business, i.e. price adjustments, cost sensitivity and low investments to generate stable EBITDA and cash contributions in the future

\* RGU = revenue generating unit

## WAIPU.TV SUBSCRIBERS

in '000s



- Subscription model
- Steady growth of revenue-generating customer base
- Positive monthly EBITDA contribution since May 2020



EQUITY STORY

# **OUR REASONS FOR INVESTMENT**

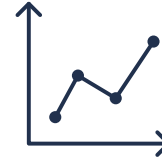
# CLEAR PROFILE ON THE CAPITAL MARKET FOR LONG-TERM ORIENTED INVESTORS



**EXPERIENCED  
MANAGEMENT**



**LONG-TERM AND  
SUSTAINABLE CORE BUSINESS  
WITH SIGNIFICANT MARKET SHARE**



**HIGH CASH CONVERSION RATE  
(EBITDA TO FREE CASH FLOW)**



**ATTRACTIVE FREE CASH FLOW  
ORIENTED DIVIDEND POLICY**



**GROWTH POTENTIAL IN THE  
FIELD OF TV AND MEDIA**



# FREENET GROUP IS AWARE OF ITS RESPONSIBILITY ...

## RESPONSIBILITY TO OUR STAKEHOLDERS

Sustainable and responsible action is part of our corporate culture and the core of our success and its sustainability. Our actions are primarily guided by economic principles, as economic success is a prerequisite for reliable and measurable value creation for all our stakeholders.

## RESPONSIBILITY FOR A DIGITAL LIFE

For us, enabling a digital lifestyle and supporting dialogue also means taking responsibility for transparent and secure handling of sensitive customer data. Data security and data protection are essential for our business and are our focus areas, due to the high degree of digitalisation in our industry.

## RESPONSIBILITY TO OUR ENVIRONMENT

Conserving resources and using energy sparingly are part of ensuring our competitiveness. For us, the digitalisation of processes is an opportunity to reduce resource and energy consumption, in light of the goal of sustainable reduction of CO<sub>2</sub> emissions.



# MULTI-YEAR OVERVIEW OF KEY FINANCIALS (1/2)

In Mio. EUR/ as indicated	2021	2020	2019
<b>Operations</b>			
Revenues	2,556.3	2,576.2	2,932.5
Gross profit	853.4	862.1	896.2
EBITDA	447.3	425.9	426.8
EBIT	250.0	263.0	270.0
EBT	218.1	217.5	223.8
Consolidated profit	191.2	561.0	184.7
Earnings per share (in EUR) <sup>1</sup>	1.62	4.44	1.49
Dividend per share (in EUR)	1.57 <sup>2</sup>	1.65	0.04
<b>Balance Sheet</b>			
Total equity and liabilities	3,952.4	4,505.6	4,839.6
Equity	1,638.9	1,821.1	1,321.6
Equity ratio in %	41.5	40.4	27.3

<sup>1</sup> Diluted and basic.

<sup>2</sup> Dividend proposal – The dividend will be paid subject to a resolution adopted by the Annual General Meeting.

# MULTI-YEAR OVERVIEW OF KEY FINANCIALS (2/2)

In m EUR/ as indicated	2021	2020	2019
<b>Finances and investments</b>			
Free cash flow	234.4	237.3	249.0
Net investments (CapEx) <sup>2</sup>	45.1	46.2	40.6
Net debt	788.4	740.6	2,031.1
Adjusted net debt	664.7	555.8	1,078.0
Debt ratio	1.8	1.7	4.8
Adjusted debt ratio	1.5	1.3	2.0
<b>Customer-related key figures</b>			
Postpaid ARPU in EUR	18.1	18.2	18.7
Postpaid customers in m <sup>2</sup>	7.178	7.079	6.903
freenet TV subscribers (RGU) in m <sup>2</sup>	0.797	0.902	1.021
waipu.tv subscribers in m <sup>2</sup>	0.723	0.573	0.408

<sup>1</sup> Investments in property, plant and equipment and intangible assets, less cash inflows from disposals of intangible assets and property, plant and equipment. .

<sup>2</sup> At the end of the period.

# GUIDANCE 2022 ALIGNS WITH PROMISING MID-TERM FINANCIAL AMBITION

## FINANCIAL GUIDANCE

in mEUR



- Revenue
- EBITDA
- Free cash flow

### RESULTS 2021

2,556.3  
447.3  
234.4

### GUIDANCE 2022

stable

450 - 470

230 - 250



Mid point guidance approx.  
+4.0% CAGR vs. 2020

Mid point guidance >50.0%  
EBITDA-to-FCF conversion

## SUBSCRIBER GUIDANCE

in '000s



- Postpaid contracts  
(w/o digital/app-based tariffs)
- waipu.tv subscribers
- freenet TV RGUs

7,178.0  
722.5  
796.6

Moderate  
growth



Solid growth



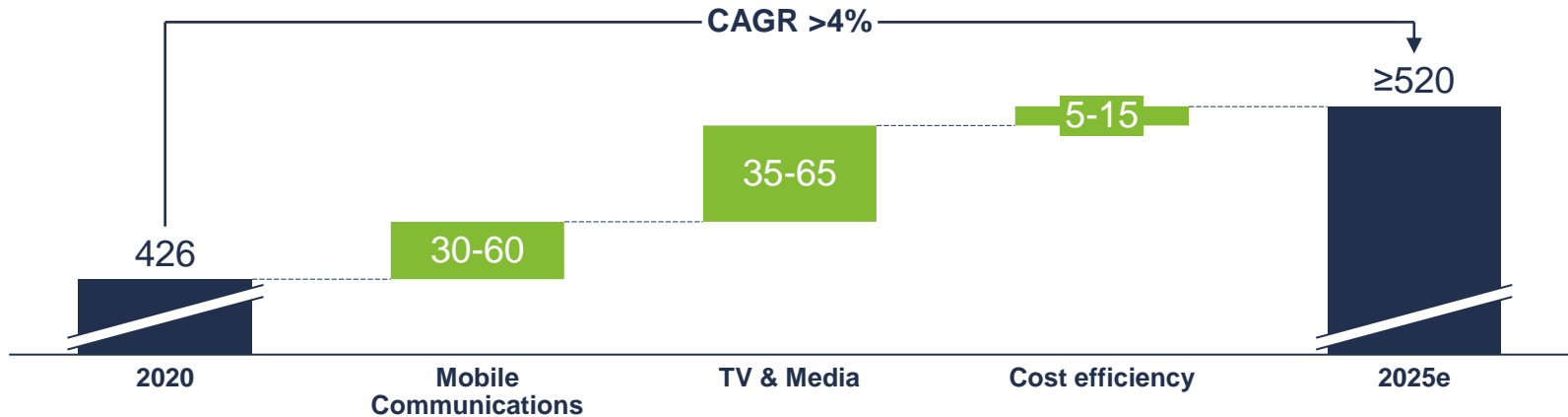
Noticeable  
decrease



# FINANCIAL AMBITION 2025: TV AND MEDIA SEGMENT MAIN CONTRIBUTOR TO GROWTH

## EXPECTED EBITDA CONTRIBUTIONS BY SEGMENT

in mEUR



FREE CASH FLOW EXPECTED TO RISE IN LINE WITH EBITDA

# CLEAR PROMISE TO THE CAPITAL MARKET

Largest network-independent mobile service provider in Germany with a diversified portfolio of complementary digital lifestyle products. For 25 years, the most important core competence of freenet is sophisticated "Customer Experience Management", which was successfully transferred to the TV- and Media Business and also to Media Broadcast (DVB-T2 HD) und EXARING (OTT IPTV).

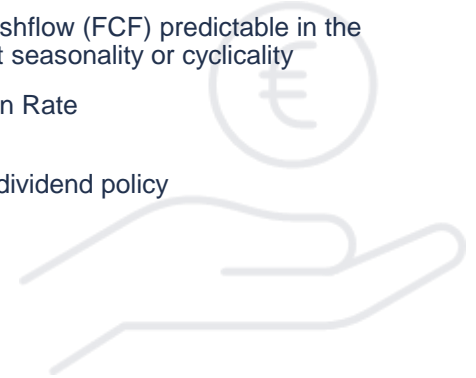
## REASONS TO INVEST

- Long-term contracts and visible and predictable revenues
- Customer ownership, a secure basis for up- and cross-selling activities
- Innovative TV products driving organic growth
- Reliable CapEx-light strategy
- Experienced Management Board



## PROMISES TO INVESTORS

- EBITDA and Free Cashflow (FCF) predictable in the long-term and without seasonality or cyclicity
- High Cash Conversion Rate (FCF vs. EBITDA)
- Shareholder-friendly dividend policy





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**Further information**

[www.freenet-group.de/en/investor-relations/publications](http://www.freenet-group.de/en/investor-relations/publications)