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freenet AG continues to increase revenue and profit and reports significant customer numbers for the new segment TV and Media

- **Group revenue rises to 839.2 million euros in the second quarter (previous year: 807.7 million euros)**
- **Customer Ownership increases by about 2 percent to 9.59 million (previous year: 9.42 million)**
- **Gross profit increases by around 6 percent to 231.6 million euros (previous year: 219.4 million euros)**
- **Group EBITDA of 108.4 million euros, up by around 4 percent on the comparative quarter (previous year: 104.3 million euros)**
- **Segment TV and Media has reached the first milestone in terms of given targets with more than 550,000 paying customers**

Büdelndorf, 8 August 2017 – Today, freenet AG [ISIN DE000A0Z2ZZ5] has published its interim report for the second quarter of 2017 and confirmed the outlook for the 2017 and 2018 financial years.

In the second quarter, the company generated a Group revenue of 839.2 million euros (previous year: 807.7 million euros). Thus, the segment TV and Media contributed with 74.7 million euros (previous year: 67.6 million euros) to the quarterly revenue. With revenue of 756.9 million euros (previous year: 737.8 million euros) the business segment Mobile Communications continued to dominate within the Group. Consequently, in the first half of the current financial year, Group revenue increased to 1,677.2 million euros (previous year: 1,556.9 million euros).

Customer Ownership consistently continues to grow – as it has done in every single quarter over the last five years. The number of customers in the postpaid and no-frills sector rose by around 175,000 compared to the same quarter of the previous year, to now 9.59 million. The number of particularly valuable customers included in this figures, with a two-year contractual relationship increased by 169,000 or 2.6 percent compared to previous year's level, to 6.56 million. The corresponding average monthly revenue per customer (ARPU) remained stable at 21.4 euros in the second quarter. Approximately 6,000 new customers account for the no-frills sector by requiring less personal consultation. In the reporting quarter, the no-frills ARPU rose by 0.3 euros to 2.7 euros.

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At 231.6 million euros the gross profit rose sharply compared to the second quarter of 2016 (219.4 million euros) – essentially due to the contribution from the segment TV and Media. The gross profit margin increased by 0.4 percentage points to 27.6 percent.

Group EBITDA increased slightly in the second quarter to 108.4 million euros (previous year: 104.3 million euros) and was thus in line with expectations. Without including the profit share from the Sunrise Communications Group AG holding of 9.7 million euros, an EBITDA of 98.6 million euros is shown (previous year: 98.4 million euros). The contribution of the segment TV and Media, newly created in the second quarter of 2016, amounted to 10.5 million euros in the second quarter of 2017 (previous year: 9.0 million euros). For the first six months of 2017, freenet AG generated a Group EBITDA of 209.3 million euros (previous year: 193.5 million euros), an increase of 8.1 percent.

Depreciation and amortisation decreased by 0.8 million euros to 34.9 million euros (previous year: 35.7 million euros) in the second quarter of 2017, essentially as a result of the reduced holdings of other distribution and usage rights with slightly increased depreciation on tangible assets.

At 50.2 million euros, the group result was 2.8 million euros less than in the second quarter of 2016 (previous year: 53.0 million euros), resulting solely from continued business operations, as in the same period of the previous year. Earnings per share in the reporting quarter is at 0.41 euros (previous year: 0.43 euros).

In the reporting quarter, free cash flow¹ amounted to 124.7 million euros (previous year: 125.1 million euros). The stable performance results from various effects. A reduction of working capital by +11.8 million euros (previous year: +21.8 million euros) and higher tax payments of -11.7 million euros (previous year: -7.5 million euros) compares with the reduced net investments by 9.2 million euros in the quarterly comparison (Q2/2017: -8.5 million euros, Q2/2016: -17.7 million euros). Furthermore, the Sunrise dividend distribution rose by 4.3 million euros compared to the second quarter 2016 (Q2/2017: 34.4 million euros, Q2/2016: 30.1 million euros).

In early July 2017, Media Broadcast GmbH in Cologne and EXARING AG in Munich communicated the latest customer numbers of the new segment TV and Media via press releases. According to this, freenet AG was able to win more than 550,000 paying customers in the TV business by 30 June 2017. Of these, more than 500,000 DVB-T2 customers subscribed to the service of the now approximately 2 million households that meet the reception requirements for freenet TV. Due to a 3-month free trial period from the start of sales of the TV product freenet TV, freenet Group will not generate revenue or earnings contributions from the private customer business of the Media Broadcast Group² before the

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third quarter of 2017. The IPTV product waipu.tv has recorded over 250,000 registered users since its launch at the end of September 2016. Thereof, over 50,000 households have chosen one of the payment packages for this product.

"In the first half of 2017 we have very successfully marketed the products of the segment TV and Media. On this basis, our targets for the TV business at the end of 2017, particularly the number of 800,000 users in the area of antenna services and 100,000 in the sector of IPTV, appear very realistic. Therefore, we are confident to achieve at least these goals," says Christoph Vilanek, CEO of freenet AG.

Also in other key areas, the Executive Board confirms the guidance for the year 2017. Hence, freenet AG is forecasting a slight increase in Group revenue with regard to the development of the Group's major performance indicators for the financial year 2017 as well as perspective for 2018, respectively compared to the previous year. Furthermore, Group EBITDA of around 410 million euros or slightly increasing is expected for the current and subsequent year, as well as a free cash flow of around 310 million euros or slightly increasing in 2018. However, the current forecast neither includes the expected EBITDA contribution nor the dividend received by the Group from the holding of Sunrise Communications Group AG³.

"Despite the investment in the development of a TV customer base, both EBITDA and free cash flow are progressing very satisfactorily and fully within our expectations", states Joachim Preisig, CFO of freenet AG.

Finally, for the financial years 2017 and 2018 the Executive Board furthermore expects a slight increase of the customer base in the company's key Customer Ownership (postpaid and no-frills customer base) while stabilising the postpaid ARPUs in the range of 21.4 euros.

1) Free cash flow is defined as the cash flow from operating activities less the investments in property, plant and equipment and intangible assets plus inflows from disposals of intangible assets and property, plant and equipment.

2) The initial consolidation of the Media Broadcast Group occurred on 18 March 2016.

3) Sunrise Communications Group AG has been included as an associated company in the Group financial statements of freenet AG since 24 March 2016.

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