

freenet Group meets targets set for 2018 and expects results for 2019 to remain stable

- Revenue without IFRS 15 effects: 3,659.2 million euros (+4.3 per cent)
- EBITDA exclusive of Sunrise: 441.3 million euros (+8.1 per cent), including 39.1 million euros from the sale of analogue radio infrastructure
- Free cashflow exclusive of Sunrise: 289.2 million euros (-6.2 per cent) due to higher inventories year-on-year
- Growth in all relevant customer groups: postpaid customers +2.8 per cent, freenet TV subscribers (RGU) +12.4 per cent and waipu.tv subscribers +146.1 per cent
- Proposed dividend for 2018: 1.65 euros per share
- Stable outlook for 2019 reaffirms the sustainability of the business model

Büdelsdorf, 28 February 2019 – The freenet Group [ISIN DE000A0Z2ZZ5] today announced that based on its preliminary figures it has met all of the targets included in its guidance for financial year 2018. **Revenue without IFRS 15 effects** rose by 152.0 million euros to 3,659.2 million euros during the year under review (2017: 3,507.3 million euros) driven by an increase in hardware revenue. When taking IFRS 15 into account, revenue amounted to 2,897.5 million euros over the same period.

Group: EBITDA/Free cashflow exclusive of Sunrise investment income develops in line with expectations

Key performance indicators for the Group

In EUR million/as indicated	2018	2017	Q4/2018	Q4/2017
Revenue (without IFRS 15 effects)	3,659.2	3,507.3	988.9	949.9
EBITDA	485.5	541.2	128.0	118.2
thereof Sunrise	44.3	133.2	14.7	10.1
EBITDA exclusive of Sunrise	441.3	408.0	113.4	108.1
Free cashflow exclusive of Sunrise	289.2	308.4	72.6	74.4

EBITDA exclusive of Sunrise grew by 33.2 million euros (8.1 per cent) year-on-year to 441.3 million euros (2017: 408.0 million euros), thus exceeding the EBITDA forecast for 2018 (410 to 430 million euros). This increase was primarily due to the positive one-off effect of 39.1 million euros connected with the sale of the Media Broadcast Group's analogue radio infrastructure. **EBITDA** amounted to 485.5 million euros (2017: 541.2 million euros). EBITDA exclusive of Sunrise and without profits of analogue radio sale would have been 402.2 million euros at the end of the year, slightly above the comparable

prior-year figure (2017: EBITDA exclusive of Sunrise and without profits from the sale of analogue radio: 399.6 million euros).

Free cashflow exclusive of Sunrise in contrast to EBITDA was at the lower end of the forecast (290 million euros) at 289.2 million euros, because proceeds from the sale of analogue radio will be distributed over the next eight years. **Free cashflow** amounted to 326.1 million euros (2017: 342.8 million euros). The decline compared to the previous year is attributable to higher inventories.

Mobile Communications segment: postpaid customer group grows by 2.8 per cent

Key performance indicators in the Mobile Communications Segment

In EUR million/as indicated	2018	2017	Q4/2018	Q4/2017
Revenue (without IFRS 15 effects)	3,368.4	3,198.9	909.0	875.3
EBITDA	410.3	513.6	99.1	108.1
thereof Sunrise	44.3	133.2	14.7	10.1
EBITDA exclusive of Sunrise	366.0	380.4	84.4	98.0
EBITDA exclusive of Sunrise and inter-segment allocation	357.0	353.3	88.6	90.0
Postpaid customers (in '000s)	6,896	6,711	6,896	6,711
Postpaid ARPU (in euros)	21.6	21.4	21.7	21.4
Postpaid ARPU without hardware (in euros)	19.0	---	18.9	---

In the saturated German mobile communications market, the freenet Group was able to consolidate its positioning and expanded the strategically important **postpaid customer group** by 2.8 per cent to 6.9 million customers by the end of December 2018. Postpaid ARPU remained stable and in line with expectations at 21.6 euros (2017: 21.4 euros). With the introduction of IFRS 15, it is now also possible to report postpaid ARPU without factoring in the hardware revenue included in the basic fee. Postpaid ARPU excluding hardware thus provides an undistorted view of the service revenue generated by the postpaid business and totalled 19.0 euros in the 2018 financial year.

EBITDA exclusive of Sunrise and inter-segment allocation increased by 1.0 percent to 357.0 million euros, thus remaining stable compared with the previous year (2017: 353.3 million euros). Taking into account inter-segment allocation, which is purely an intra-group process, EBITDA exclusive of Sunrise amounted to 366.0 million euros (2017: 380.4 million euros).

TV and Media segment: customer figures in line with guidance

Key performance indicators in the TV and Media segment

In EUR million/as indicated	2018	2017	Q4/2018	Q4/2017
Revenue	282.6	294.8	71.3	75.6
EBITDA	86.3	40.2	32.8	15.7
thereof profits of analogue radio sale	39.1	8.5	13.4	3.5
EBITDA exclusive of profits of analogue radio sale	47.2	31.7	19.4	12.2
EBITDA exclusive of profits of analogue radio sale and inter-segment allocation	63.6	66.4	15.8	20.8
waipu.tv registered customers (in '000s)	1,263.9	463.6	1,263.9	463.6
waipu.tv subscribers (in '000s)	251.8	102.3	251.8	102.3
freenet TV subscribers (RGU) (in '000s)	1,014.2	902.1	1,014.2	902.1

In the TV and Media segment, **waipu.tv** passed the one million registered users mark in September 2018. At the end of the year, waipu.tv had 1.264 million registered users including approximately 252,000 subscribers. **freenet TV** has also reported rising customer figures since launching its commercial marketing in summer 2017 and had around 1.142 million freenet TV subscribers at the end of 2018. This figure was close to the planned target of more than 1.20 million users. The freenet TV subscribers (RGU) figure, which reflects the number of actual active (revenue-generating) users as opposed to freenet TV subscribers, was introduced during the year. At 1.014 million customers, it increased by around 12 per cent compared to the previous year's figure (2017 around 0.902 million customers), slightly above the subsequently announced RGU target of 1.0 million users.

EBITDA exclusive of profits of analogue radio sale and inter-segment allocation fell by 4.2 percent year-on-year to 63.6 million euros (2017: 66.4 million euros). Taking into account inter-segment allocation, which is purely an intra-group process, EBITDA exclusive of profits of analogue radio sale amounted to 47.2 million euros (2017: 31.7 million euros).

Based on the results achieved, the Executive Board and Supervisory Board will propose a **dividend** of 1.65 euros per share for the financial year 2018 at the Annual General Meeting on 16 May 2019.

2019 outlook: business forecast to remain stable

The Company's aim is to generate stable revenue in the **financial year 2019**. EBITDA based on EBITDA 2018 exclusive of Sunrise and profits of analogue radio sale is expected to come in between 420 and 440 million euros. This figure includes effects from the application of IFRS 16 in the amount of 30 to 40 million euros. Taking the new definition into account, free cashflow is anticipated to be between 240 and 260 million euros. In the Mobile Communications segment, the number of postpaid customers is forecasted to increase moderately in 2019. In the TV and Media segment, waipu.tv subscribers are assumed to grow to more than 350,000 and freenet TV customers (RGU) are expected to stabilise at more than 1 million customers.

The freenet Group expects to publish its **final financial results for 2018** on **25 March 2019**. The Annual Report for the year ended 31 December 2018 will then be available in the Investor Relations section at <https://www.freenet-group.de/investor/publications/index.html>.

Conference call webcast

freenet AG will host an analysts' conference call on 28 February 2019, at 11:00 am. (CET). All those interested in attending can follow the conference call via webcast at

<https://webcast.meetyoo.de/reg/6XLdVJmpgGdy>.

A recording of the conference call will be available following the event.

Disclaimer:

This press release contains forward-looking statements based on the current assumptions and forecasts made by the Executive Board of freenet AG. Known and unknown risks, uncertainties and other factors may lead to a situation where actual developments, particularly the results, financial position and performance of our company, differ significantly from the forward-looking statements made here. The Company assumes no obligation to update these forward-looking statements or revise them to reflect any future events or developments. All figures are based on preliminary calculations prior to final consolidation and completion of the audit. Discrepancies may therefore emerge with the final financial figures published on 25 March 2019.

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