

freenet Group confirms guidance for 2019 based on stable first-quarter results

- **Steady subscriber base¹ (8.168 million customers) keeps revenue at previous year's level**
- **EBITDA without accounting for IFRS 16 stable in Q1/2019 (96.5 million euros) compared to prior-year quarter (96.8 million euros)**
- **Free cash flow above expectations at 45.3 million euros due to lower levels of investment**
- **Full-year guidance unchanged**
- **Sales cooperation between waipu.tv and Telefónica Deutschland (TEFD) started in early May 2019**

Büdelndorf, 8 May 2019 – freenet AG [ISIN DE000A0Z2ZZ5] today announced its results for the first quarter of 2019.

Group: 2019 financial year starts according to plan

Key performance indicators for the Group at a glance

| In EUR million | Q1/2019 | Q1/2018 adjusted ² | Change |
|--|---------|-------------------------------|--------|
| Revenue | 689.9 | 689.6 | 0.3 |
| EBITDA | 107.9 | 96.8 | 11.1 |
| thereof IFRS 16 | 11.4 | --- | 11.4 |
| Free cash flow | 45.3 | 38.3 | 7.0 |
| Subscribers base ¹ (in million) | 8.168 | 7.848 | 0.320 |

At 689.9 million euros, **revenue** for the first quarter of 2019 was in line with the prior-year quarter (Q1/2018: 689.6 million euros). **EBITDA** amounted to 107.9 million euros during the reporting period, up 11.1 million euros year-on-year (Q1/2018: 96.8 million euros). This increase was primarily associated with the first-time application of the IFRS 16 financial reporting standard effective 1 January 2019 (Q1/2019 effect: 11.4 million euros). EBITDA without accounting for IFRS 16 would have been at the same level as the prior-year quarter at 96.5 million euros. **Free cash flow** rose by 7.0 million euros year-on-year to 45.3 million euros (Q1/2018: 38.3 million euros), primarily as a result of lower investments made by the Media Broadcast Group. The **subscriber base¹** grew by 4.1 per cent year-on-year to 8.168 million customers (Q1/2018: 7.848 million customers), remaining steady compared to the end of 2018.

Mobile Communications segment: focus on quality and profitability

Key performance indicators for the Mobile Communications segment

| In EUR million | Q1/2019 | Q1/2018 adjusted ² | Change |
|---|---------|----------------------------------|--------|
| Revenue | 624.7 | 621.0 | 3.7 |
| EBITDA | 96.5 | 90.3 | 6.2 |
| thereof IFRS 16 | 6.2 | --- | 6.2 |
| thereof inter-segment allocation | -1.8 | 6.9 | -8.7 |
| EBITDA excl. IFRS 16 and inter-segment allocation | 92.1 | 83.4 | 8.7 |
| Postpaid customers (in million) | 6.862 | 6.770 | 0.092 |
| Postpaid ARPU without hardware (in euros) | 18.77 | 18.95 | -0.18 |

The saturated German mobile communications market remained highly competitive and promotion-driven in the first quarter of 2019. Although the number of strategically important **postpaid customers** rose by 92,000 year-on-year to 6.892 million, this figure fell slightly by 34,000 customers compared to the end of 2018. This latest development reflects the earnings-driven and quality-related strategy which the company actively pursued in the first quarter and on which it will continue to focus going forward. The effectiveness of this strategy is also reflected in postpaid service revenue, which remained almost unchanged (Q1/2019: 387.2 million euros) compared to both the previous quarter (Q4/2018: 389.5 million euros) and the prior-year quarter (Q1/2018: 382.8 million euros). **Postpaid ARPU** without hardware remained stable.

The increasingly profit-driven focus of the customer portfolio is also reflected in the development of **EBITDA**, which rose by 6.2 million euros to 96.5 million euros (Q1/2018: 90.3 million euros). Without taking into account IFRS 16 effects and inter-segment allocation, the key drivers of this development were lower customer acquisition costs resulting from the company's focus on more profitable postpaid customers and the associated reduction in the number of gross adds. Another lasting effect of the improvement in customer quality is evident from the comparatively low rate of bad debt losses.

TV and Media segment: waipu.tv already on track ahead of cooperation with TEFD

Key performance indicators for the TV and Media segment

| In EUR million | Q1/2019 | Q1/2018 adjusted ² | Change |
|---|---------|----------------------------------|--------|
| Revenue | 61.0 | 71.5 | -10.5 |
| EBITDA | 14.3 | 7.8 | 6.6 |
| thereof IFRS 16 | 4.8 | --- | 4.8 |
| thereof inter-segment allocation | -1.7 | -9.7 | 8.0 |
| EBITDA excl. IFRS 16 and inter-segment allocation | 11.3 | 17.4 | -6.1 |
| waipu.tv registered customers (in '000s) | 1,515.2 | 608.8 | 753.1 |
| waipu.tv subscribers (in '000s) | 286.3 | 133.1 | 153.3 |
| freenet TV subscribers (RGU) (in '000s) | 1,020.2 | 945.1 | 75.0 |

In the TV and Media segment, **waipu.tv** continued to grow in the first quarter of 2019. Around 1.5 million customers registered for the service by the end of March 2019 (Q1/2018: 0.6 million registered customers); 286,300 customers use one of the subscription models on offer. This corresponds to a year-on-year rise in subscribers of around 153,300 customers and an increase of around 34,600 subscribers compared to the end of 2018. waipu.tv is thus on track to reach its target of 350,000 subscribers by the end of the year.

freenet TV remained stable as expected: By the end of March 2019 there were 1.020 million freenet TV subscribers (RGU), a figure that was almost unchanged from the end of 2018 (Q4/2018: 1.014 million subscribers (RGU)). The number of revenue-generating freenet TV customers rose by around 75,000 customers year-on-year (Q1/2018: 0.945 million subscribers (RGU)).

EBITDA in the TV and Media segment increased by 6.6 million euros to 14.3 million euros (Q1/2018: 7.8 million euros), particularly due to the effects of the first-time application of IFRS 16 (+4.8 million euros) and lower charges resulting from inter-segment allocation (+8.0 million euros). These positive effects were primarily offset by the planned increase in content costs in the freenet TV business (B2C) as well as the loss of contributions from the Media Broadcast Group's analogue radio business (B2B).

Guidance unchanged for full-year 2019

Overall, the freenet Group anticipates stable revenue, EBITDA of between 420 and 440 million euros and free cash flow of between 240 and 260 million euros for the full year.

Conference call webcast

freenet AG will host an **analysts' conference call** at **11:00 CEST** on **09 May 2019**. All those interested in attending can follow the conference call via webcast at <https://webcast.meetyoo.de/reg/pTTrmkYC1KGA>. A recording of the conference call will be available following the event.

The **interim statement** for the quarter ended **31 March 2019** is available in the Investor Relations section at <https://www.freenet-group.de/investor/publications/index.html>.

¹ Sum total of postpaid customers, freenet TV subscribers (RGU) and waipu.tv subscribers.

² The comparative figures were adjusted due to the refocusing of the internal management system effective from 2019 and the associated redefinition of various performance measures. For information on the changes, see the sections "Internal management system" and "Alternative performance measures" in the 2018 Annual Report.

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| <p>Investor Relations Contact: freenet Aktiengesellschaft Investor Relations Deelbögenkamp 4c 22297 Hamburg Tel.: +49 (0) 40 / 513 06 778 Fax: + 49 (0) 40 / 513 06 970 Email: ir@freenet.ag www.freenet-group.de</p> | <p>Public Relations Contact: freenet Aktiengesellschaft Public Relations Deelbögenkamp 4c 22297 Hamburg Tel.: +49 (0) 40 / 513 06 777 Fax: + 49 (0) 40 / 513 06 977 Email: pr@freenet.ag www.freenet-group.de</p> |
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