

# freenet AG | Q1 2024

Quarterly results

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**Business update**  
**Christoph Vilanek**  
**CEO**



# freenet successfully starts “year of transition”



**2024 kicks off with very dynamic growth at waipu.tv**



**Q1 EBITDA 3% below previous year b/c of investments as planned**



**Discontinuation of Gravis business at end of H1 24**

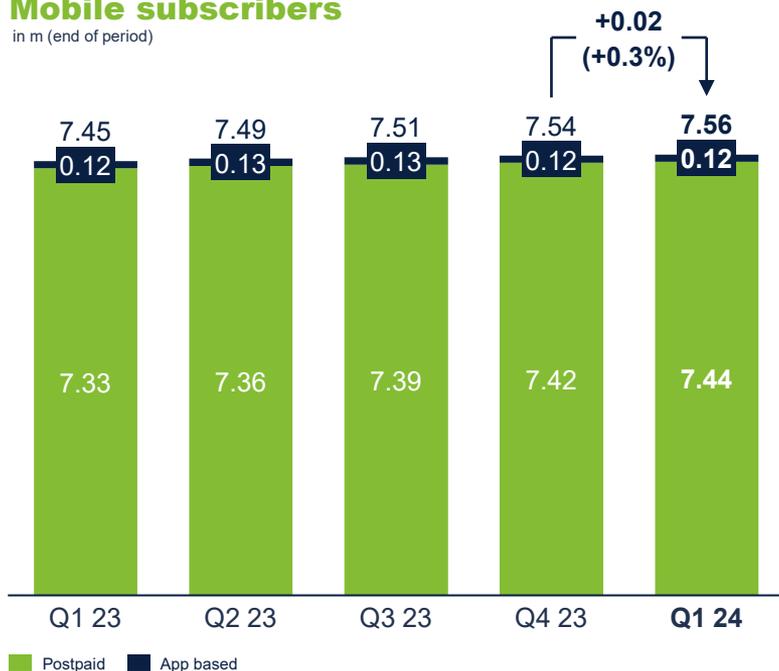


**freenet management confirms 2024 Guidance**

# Moderate growth and stable ARPU in Mobile

## Mobile subscribers

in m (end of period)



## Mobile subs grew with stable ARPU, launch of “freenet travel” on May 24

### Subscriber development

- Q1 24 mobile subscriber growth (+20k) in line with expectation
- FY 24 target of ~100k mobile net adds
- Moderate subscribers growth and stable ARPU expected again in 2024

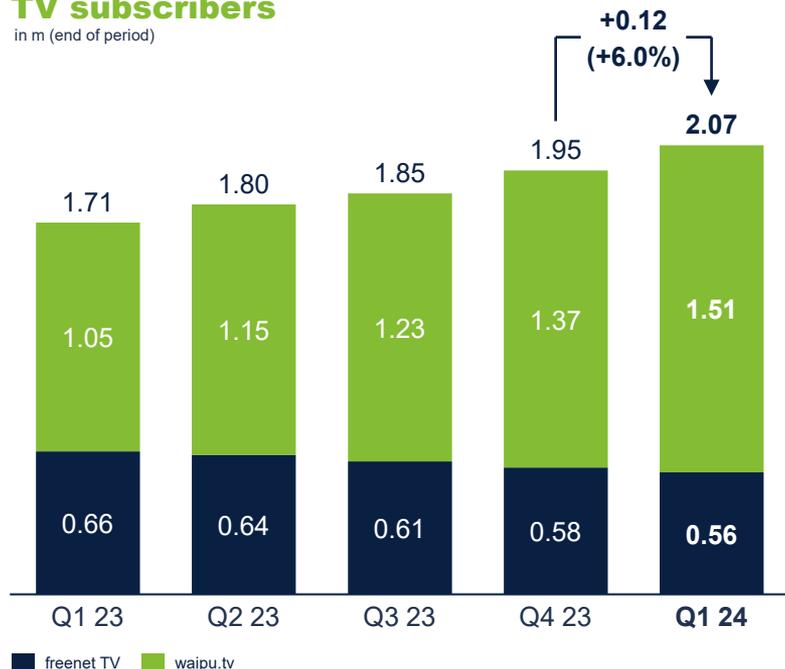
### Launch of “freenet travel”

- Cooperation with 1Global
- Low-price data roaming in Non-EU countries
- e-SIM via QR-Code
- Market-ready ahead of 2024 travel season

# 2024 kicks off with very dynamic TV growth

## TV subscribers

in m (end of period)



## Marketing investments paying off, waipu.tv with record growth again

### waipu.tv

- Record growth: 138.6k net adds in Q1 24
- Marketing investments in waipu.tv paying off
- Programmatic advertising further gaining momentum
- 2m customer base within reach for YE 24

### Media Broadcast

- freenet TV customer base shrinking within expectation
- Stable EBITDA contribution >EUR100m expected

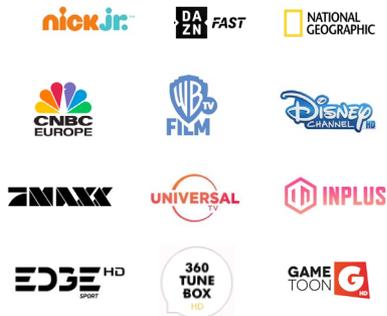
# waipu.tv expands its relevance in the TV industry

## Expanding streaming partnerships



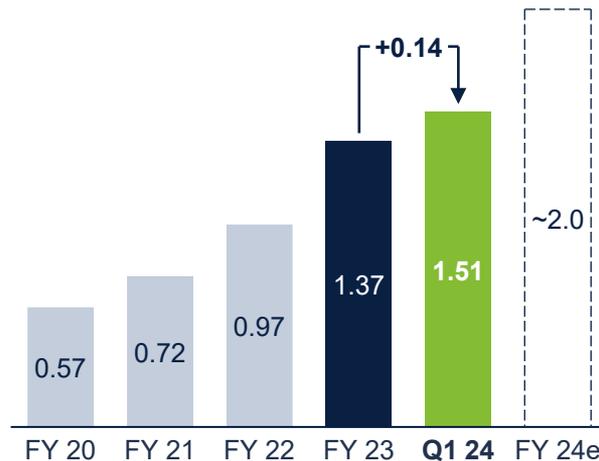
## Expanding number of channels

**+270** Channels  
95% in HD



## Expanding subscriber base

**waipu.tv**  
in m (end of period)



# Discontinuation of Gravis at the end of H1 24



- **FY 23: revenues of ~EUR 250m; no positive EBITDA or FCF contribution**
- **Continuation of business examined – w/o any success**
- **Too low margin in single-brand Apple business**
- **Discontinuation of business activities from 2024 mid-June**

# Financial update

**Ingo Arnold**  
**CFO**



# Group: Strong gross profit reinvested into growth

## Revenues

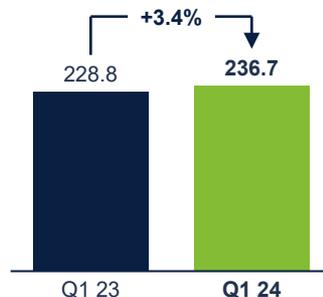
in EURm



- Stable revenue development despite decreasing Gravis revenues
- Included service revenues (SR) increase noticeably

## Gross Profit

in EURm



- Gross profit development reflects higher SR contribution (Mobile + TV)
- Gross margin improves to 37.0% (+1.2 PP)

## EBITDA

in EURm

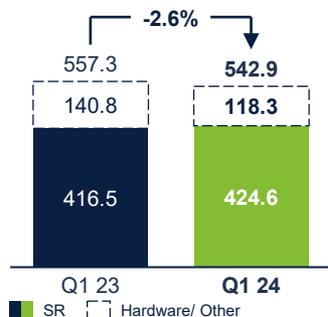


- Q1 24 EBITDA below previous year due to growth investments (waipu.tv) and expected increase in personnel expenses

# Mobile: Service revenues grow by 2.0%

## Revenues

in EURm



- SR grew by 2.0% yoy based on customer growth and a stable ARPU
- Low-margin hardware revenues continue to fall due to announced closure of Gravis

## Gross Profit

in EURm



- SR effect within gross profit mitigated by effect of lower hardware revenues at Gravis (albeit low margin)

## EBITDA

in EURm

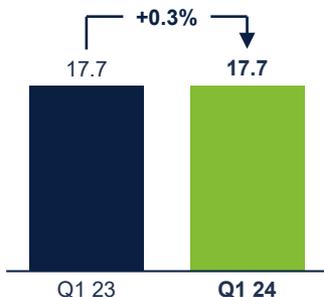


- Mobile EBITDA reflects higher personnel expenses and debt collection one-off
- Mobile EBITDA to rebound in upcoming quarters (expecting >EUR 410m)

# Mobile: ARPU stable, DLS revenues up 5.3% yoy

## ARPU

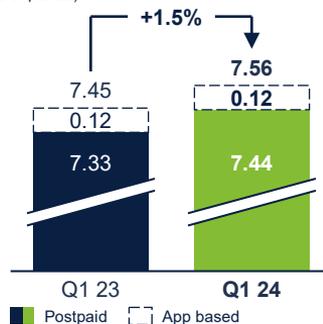
in EUR



- Stable ARPU reflects a German mobile market, which still looks rational

## Mobile subscribers

in m (end of period)



- Mobile subscriber growth yoy (+1.5%) and ARPU stability explains 2.0% growth in SR
- Q1 24 mobile subscriber growth (+20k) in line with expectation

## DLS revenues

in EURm



- Change in the reporting of DLS revenues to emphasize high-margin share (mobile devices no longer included)
- Mainly subscription-based DLS revenues up 5.3% to EUR45m (Q1 23: EUR43m)

# TV/ Media: Growth investments weigh on EBITDA

## Revenues

in EURm



- Revenues reflect significant growth of waipu.tv subscribers
- Price increase from YE 22 continues to stabilize freenet TV revenues

## Gross Profit

in EURm



- Gross profit increases in line with revenue growth
- Gross margin remains at >60%

## EBITDA

in EURm

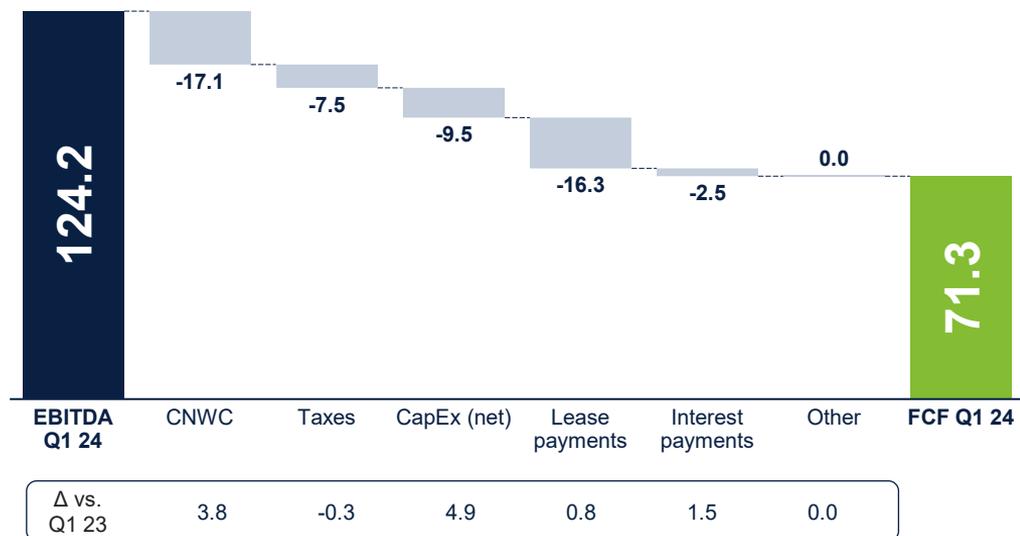


- Growth investments at waipu.tv expectedly weigh on EBITDA
- Additional marketing investments into brand and sales planned to reach EUR 20m in 2024

# Free cash flow elevated by 10.3% yoy

## EBITDA-to-FCF bridge: Cash conversion remains >50%

in EURm

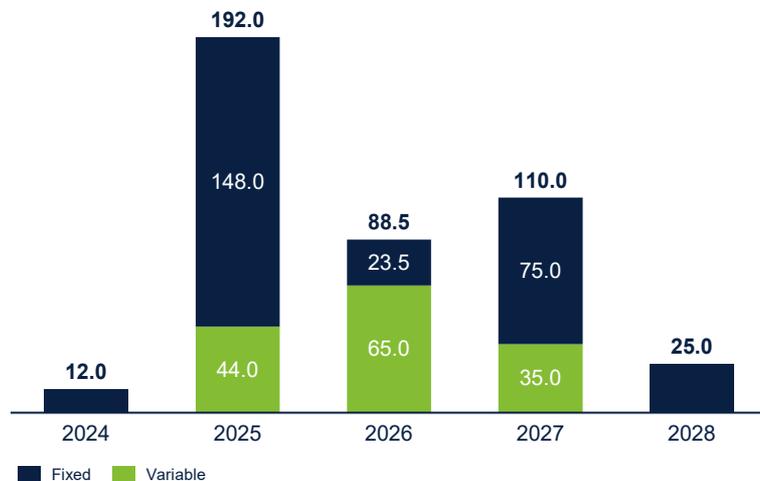


- Positive CNWC development (as flagged in Q4 23) offsets temporary decrease in EBITDA
- CapEx and interest payments lower due to phasing effects
- All other items as expected

# Strong B/S: High equity ratio and low leverage

## Target maturity structure

in EURm



## B/S KPIs (31 Mar 2024)

as indicated

**44%**

**Equity ratio**  
(lower limit: >25%)

**1.0**<sub>x</sub>

**Leverage**  
(Upper limit: ≤3.0)

**0.5**<sub>x</sub>

**Leverage**  
(Bank debt (only))

**221**

**Cash**  
EURm

**434**

**Bank debt (gross)**  
EURm

**213**

**Bank debt (net)**  
EURm

# 2024 Guidance confirmed unchanged

## Financial KPIs

in EURm



Revenue

**2023  
Actuals**

2,627.3

**2024  
Guidance**

**stable**

EBITDA

500.2

**495 - 515**

Free cash flow

262.6

**260 - 280**

## Non-financial KPIs

in k (end of period)



Postpaid customers (w/o app-based tariffs)

7,418.3

**moderate  
growth**

waipu.tv subscribers

1,369.3

**significant  
growth**

freenet TV subscribers (RGU)

583.8

**noticeable  
decrease**



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freenet

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# Further questions?

## Contact

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[IR website](#)

[IR events](#)

## Upcoming events

07.06.2024	Hamburg (GER)	Warburg Highlights
12.06.2024	London (UK)	BofA C-Suite SMID Conference
21.08.2024	Hamburg (GER)	Montega HIT
03.09.2024	Frankfurt a. M. (GER)	Commerzbank/ Oddo Corporate Conference
05.09.2024	London (UK)	dbAccess European TMT Conference

# Detailed 2024 EBITDA-to-FCF bridge

**EBITDA-to-FCF conversion > 50%**

in EURm

