Preliminary Q4 2019 Results

27 March 2020

Tele Columbus AG

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All figures in this presentation are calculated based on exact numbers and results are rounded to appropriate accuracy.

Agenda

1. Summary 2019	***Timm Degenhardt (Mgmt Board)***
2. Operational Update & KPIs	***Timm Degenhardt (Mgmt Board)***
3. Financial Performance	***Eike Walters (CFO)***
4. First Impressions, Priorities and Guidance	***Dr Daniel Ritz (CEO)***
5. Q&A	

FY 2019 – Key Messages – 1/2

1 **Overall performance**	• FY 2019 guidance met on all metrics, FY Reported EBITDA* up 9% YoY and Q4* up 21% YoY • Strong operational improvements year on year in all areas of the business • Cash outflow reduced significantly YoY
2 **B2C**	• Acceleration of organic growth of IP & Telephony RGUs in Q4 • Q4 with further strong NPS improvements across all contact channels • Connect broadband test: PŸUR ranked „good“ • PŸUR #1 Regional Triple Play provider in latest ntv/DISQ ranking • Expansion of distribution channels by partnering with mobilcom-debitel
3 **HI & B2B**	• B2B: Strong revenue growth of ~30% YoY in Q4 and 17% YoY in FY2019 • HI: significant churn reduction contributing to HC growth YoY • HI: Build out of ~40k fibre-based high-speed internet connections to a total of ~360k
4 **Transformation**	• Open Access Strategy defined and first wholesale agreement in execution • New supervisory board elected at AGM in August 2019 • Dr Daniel Ritz appointed as new CEO per 1 February 2020 followed by smooth handover

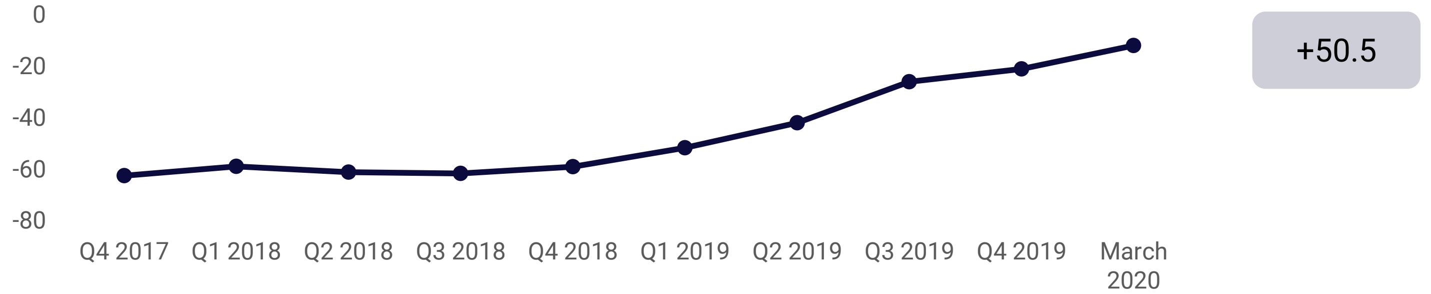
*) *Excluding IFRS 16*

FY 2019 – Key Messages – 2/2

1 **NPS**

NPS across all contact channels

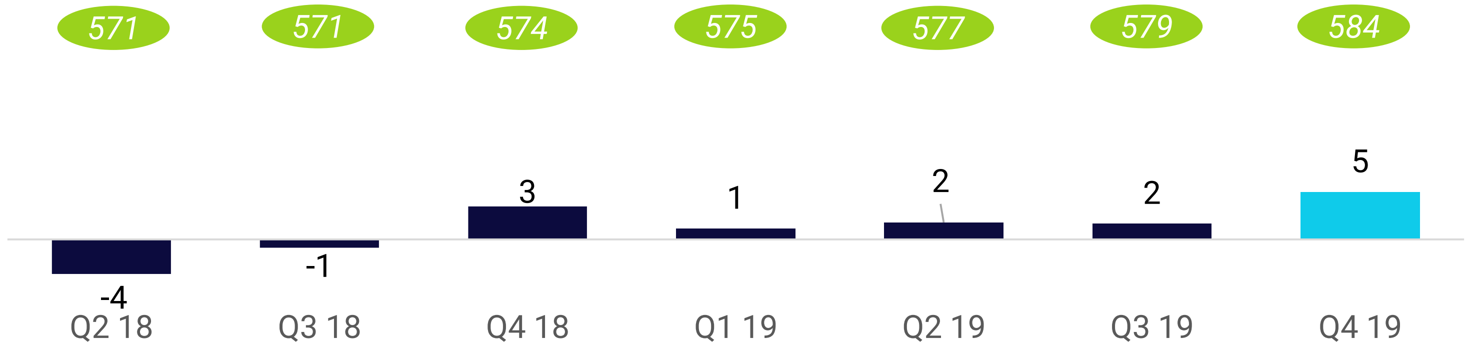
Q4 '17 - Mar '20



2 **RGU**

Internet[1] RGU net change

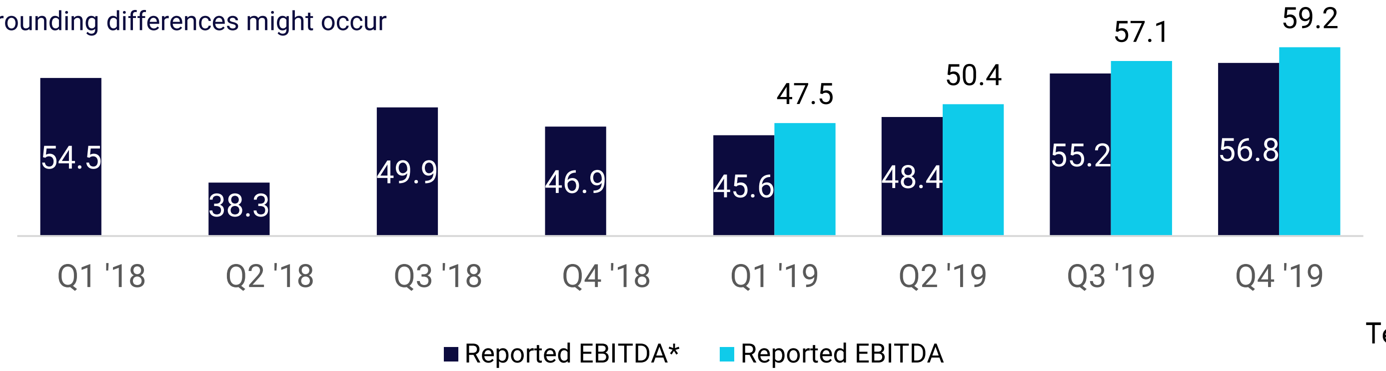
Thousands, rounding differences might occur



3 **Reported EBITDA**

Reported EBITDA

EUR millions, rounding differences might occur



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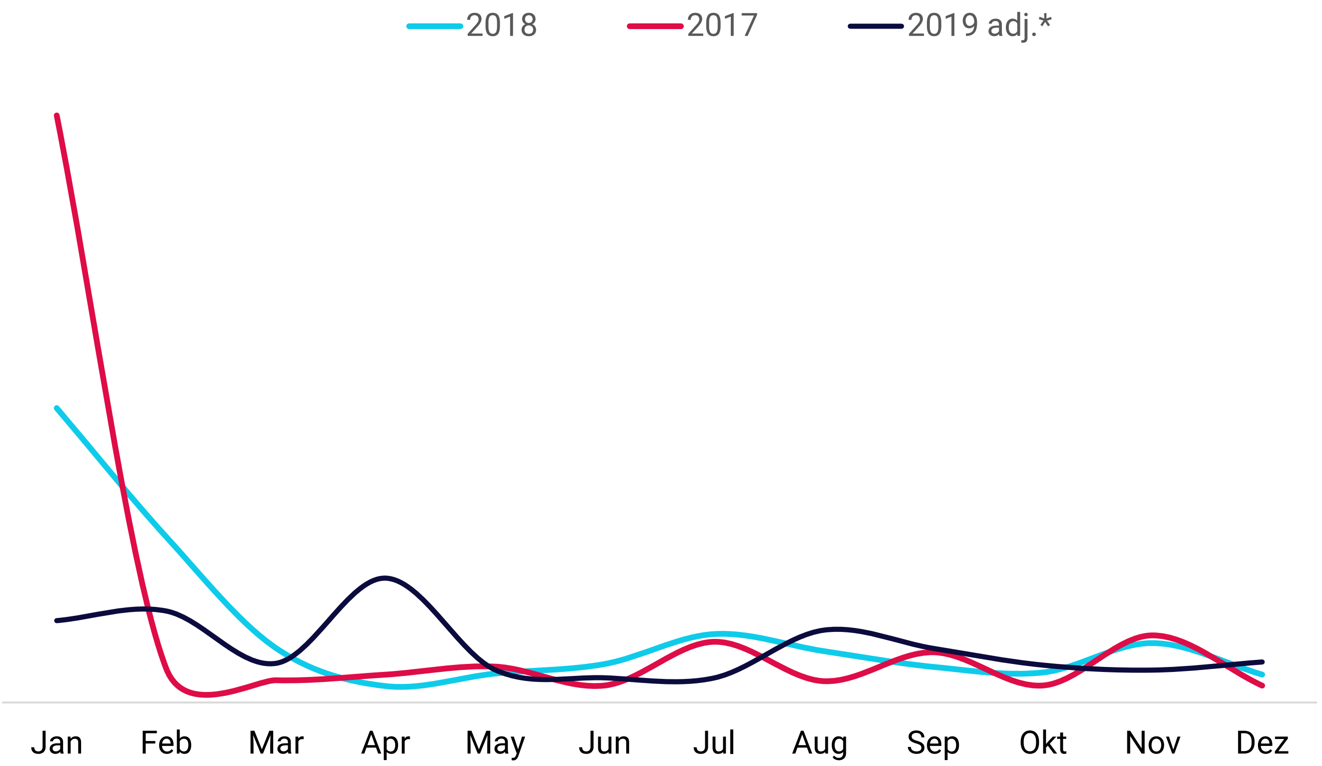
Operational Update & KPIs: Successful Churn Management

Homes Connected Churn Rate

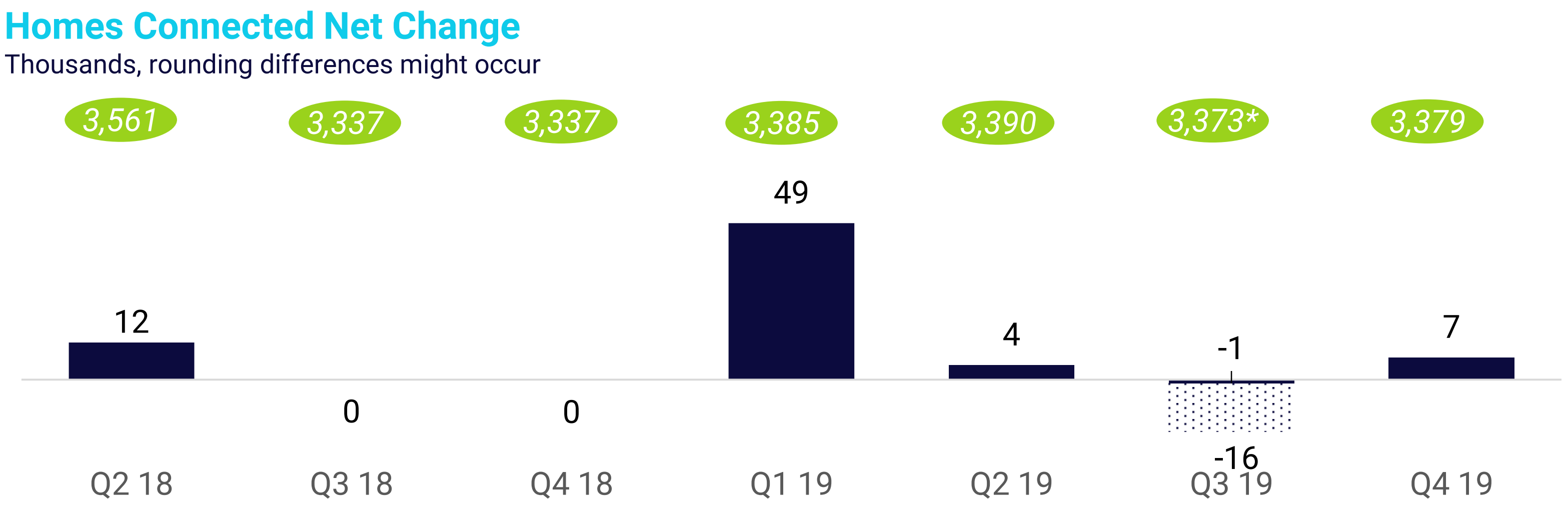
Monthly



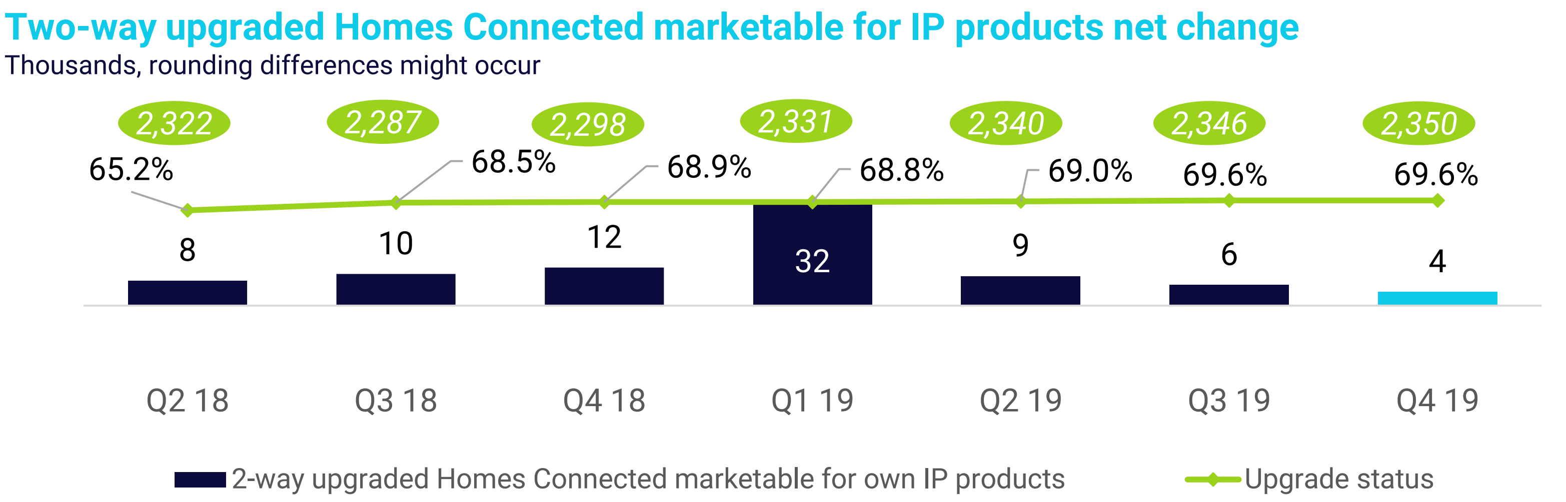
- Significant decrease in HC churn rate from 2017 to 2019
- Cumulative FY 2019 churn rate 24% lower y-o-y*
- FY 2019 guidance overachieved in terms of HC

* Excluding churn from the cancellation of unprofitable Homes Connected

Operational Update & KPIs: Homes Connected stabilized



- Positive organic development

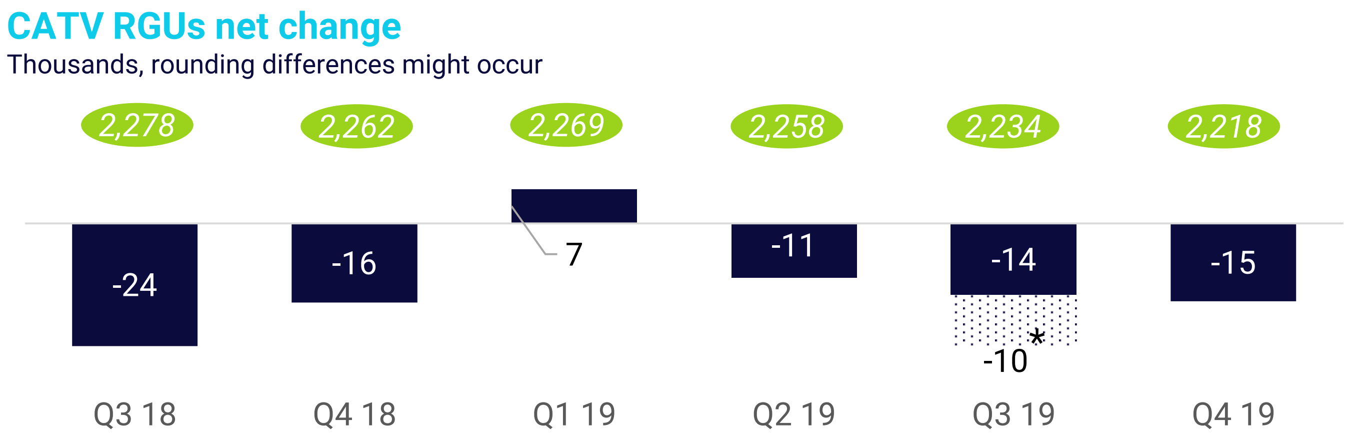


- Ongoing growth in TWU Homes Connected
  - Expanding potential for PŸUR-branded IP sales and wholesale

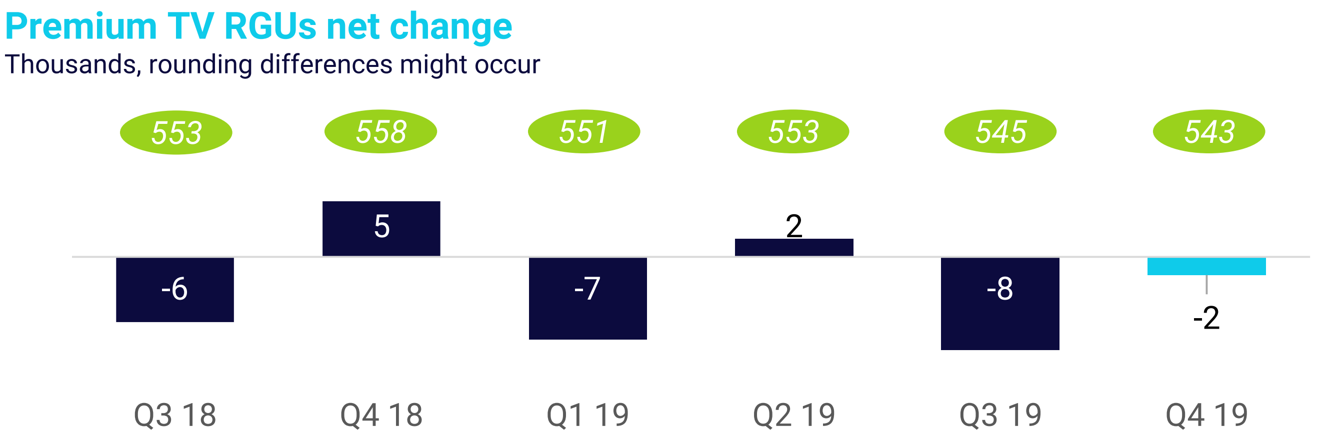
#,### *Absolute Homes Connected, thousands*

**) incl 16k unprofitable Homes Connected that were cancelled per Q3 2019; organic change was -1k qoq*

Operational Update & KPIs: Lowest CATV RGU Churn since 2016



- Structural headwinds continue
- Stable trends compared to recent quarters



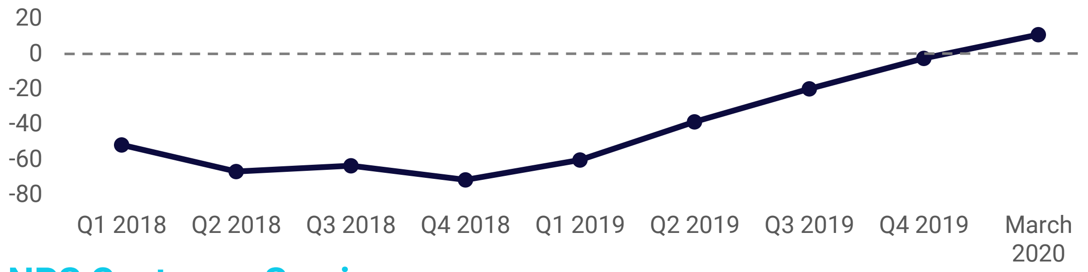
- Improving trend, but still behind potential

#,### *Absolute RGUs, thousands*

**these 10k RGUs were part of the disconnection of unprofitable and cancelled Homes Connected as well as legacy HI contract adjustments, thousands*

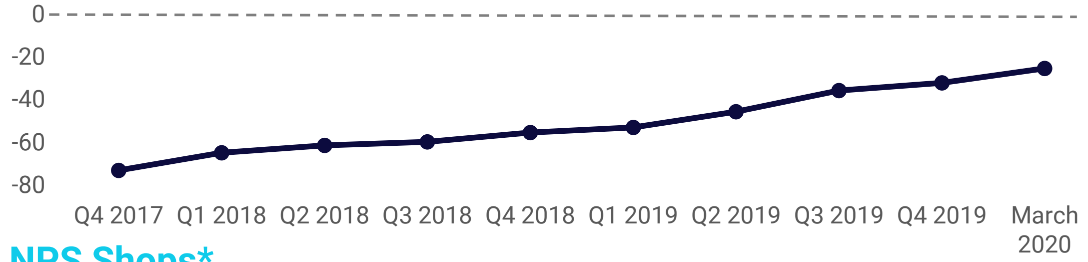
Operational Update & KPIs: Ongoing strong NPS improvements into 2020

NPS Field Service



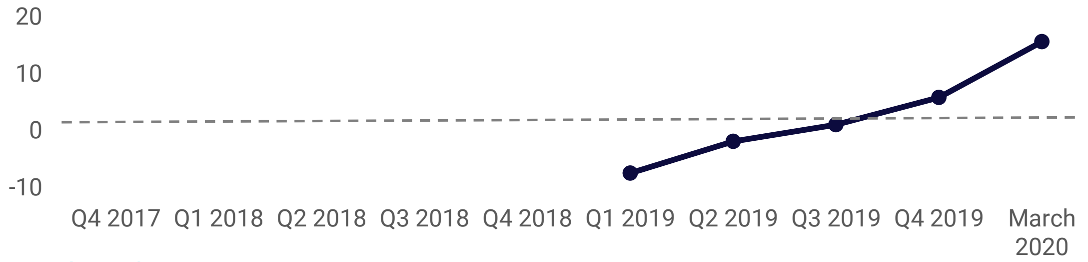
+71.0

NPS Customer Service



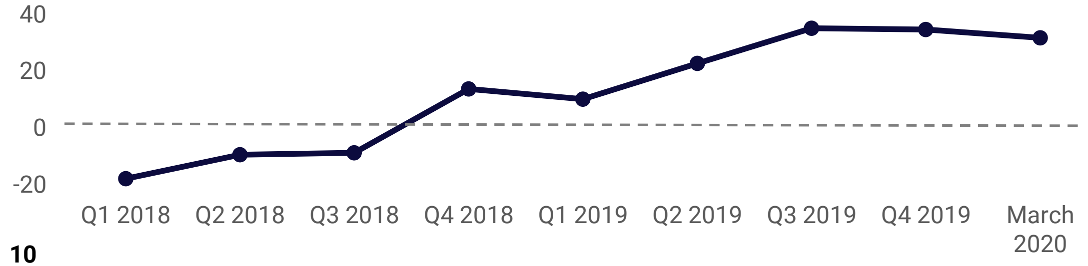
+47.9

NPS Shops*



+23.1

NPS e-Commerce

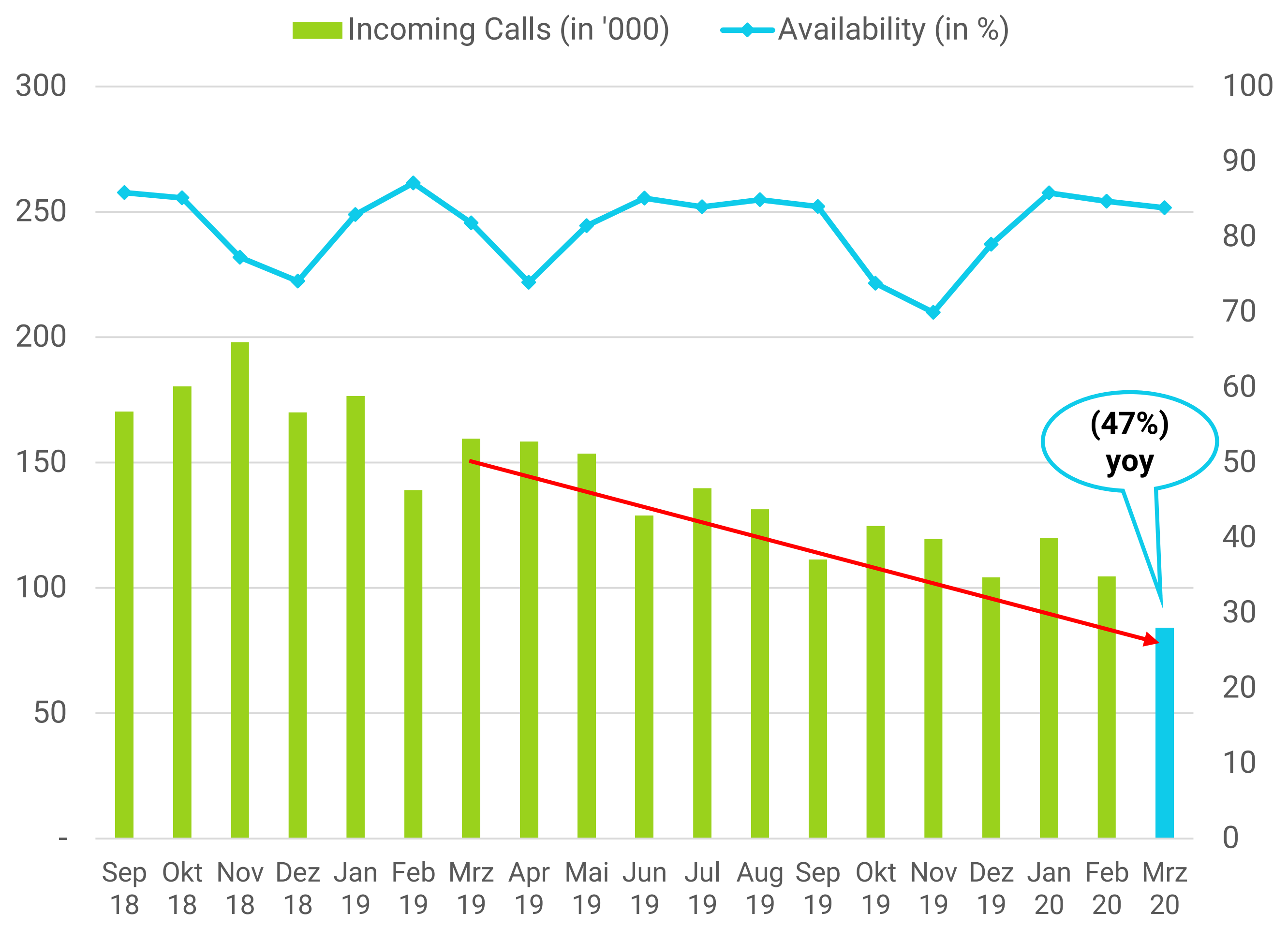


+49.7

- Overall Touchpoint NPS with both strong increases in Q4 and FY2020
- Customer Service NPS continues to be on a sustainable improvement path
- Positive NPS scores reached for Field Service, Shops and e-Commerce

*) Measuring Shop NPS only started per Q1 2019

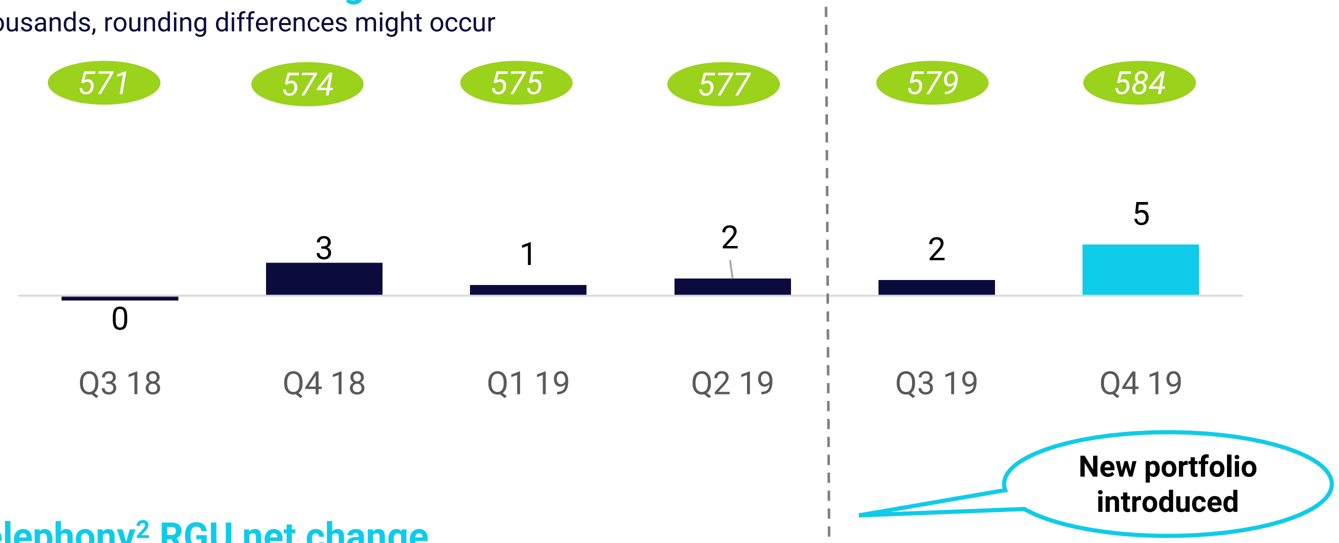
Operational Update & KPIs: Continuous customer service improvement



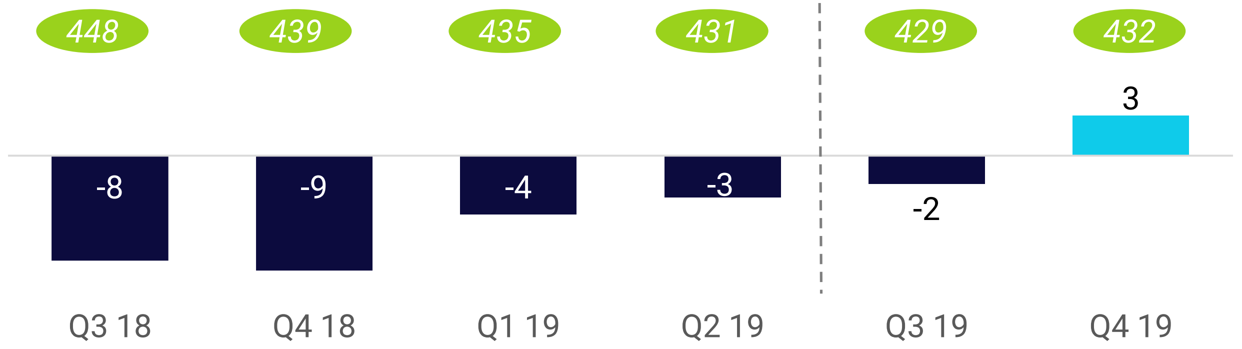
- Call Centre availability steadily above target rate of 80% in Q1 2020
- >20% of customer interactions handled digitally in December, share doubled since April

Operational Update & KPIs: Return to Organic Internet RGU Growth in H2

Internet[1] RGU net change
Thousands, rounding differences might occur



Telephony[2] RGU net change
Thousands, rounding differences might occur



- Monthly broadband net-adds positive since Q4 2018
- 5k net adds in Q4 purely organic
- Continuing improvement of fixed-line trend

Absolute RGUs, thousands

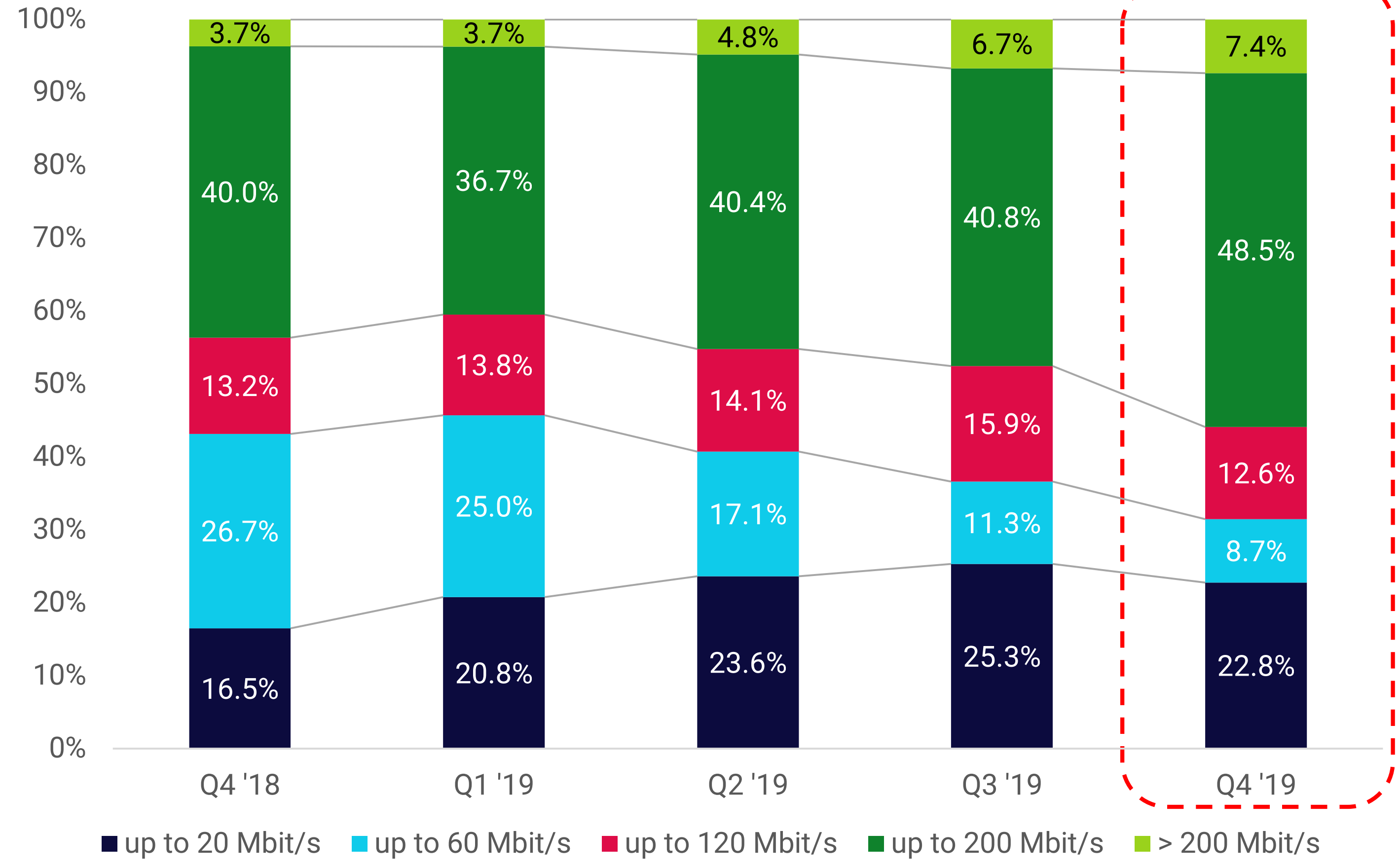
1) Internet RGUs include individually billed B2C, B2B and 93k bulk RGUs as of Q4'19

2) Telephony RGUs include individually billed B2C, B2B and exclude 93k bulk RGUs as of Q4'19, post adjustment

Operational Update & KPIs: Trend Towards Higher Bandwidth Tariffs Continues

Quarterly gross adds[1]

Ordered bandwidth as % of total gross adds



1) *Excluding bulk internet RGUs*

- Overall IP gross additions volume up yoy
- Bandwidth development drives ARPU
  - Strongest selling tariff: 200 Mbit/s
  - Entry level tariff of 20 Mbit/s is expanding addressable market without any cannibalisation effect
  - High-speed products make up >50% of gross adds
- >75% New customers opt for 24 month tariffs, higher bandwidth overcompensate discount

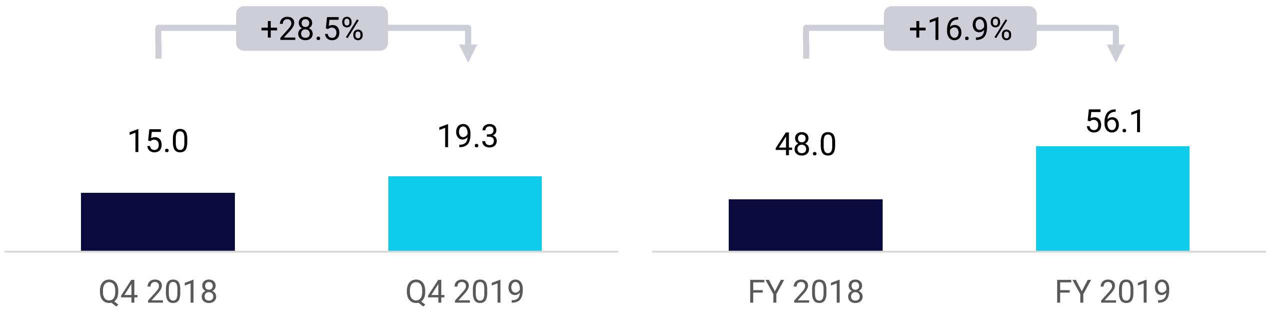
Operational Update & KPIs: Resilient ARPU Development

- TV
  - Sequentially stable ARPU since Q2
  - ARPU year on year slightly down in light of a structurally challenging market environment
- Internet & Telephony
  - ARPU up year on year reflecting customers choosing increasingly higher bandwidth tariffs

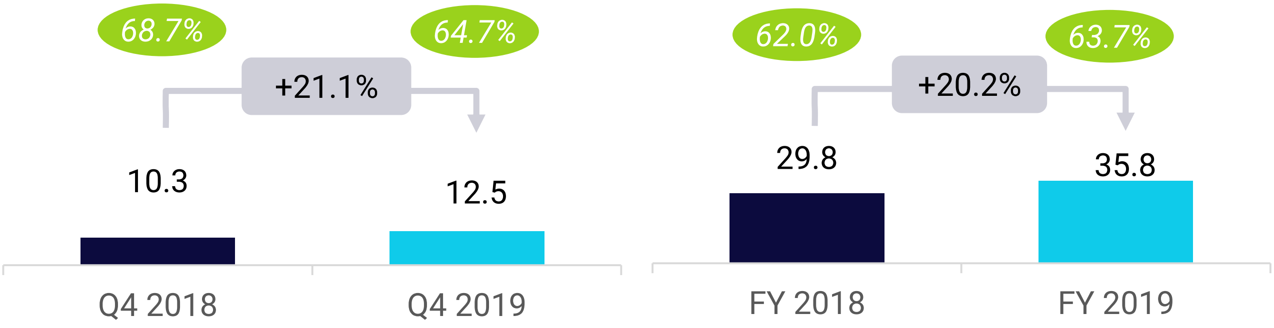
1) The Internet and telephony ARPU is based on individually billed B2C internet RGUs, excluding B2B and 93k bulk RGUs as of Q4'19

Financial Performance: PŸUR Business continues Success

Net sales
EUR millions



Contribution Margin
EUR millions



- Infrastructure project wins in the cities of Heidelberg and Halle
- B2B carrier business continues to benefit from unbroken demand and attractive growth drivers including cloud computing, outsourcing and digitalisation as well as focus on SME customers
- Contribution margin remains at attractive level driven by favourable product mix

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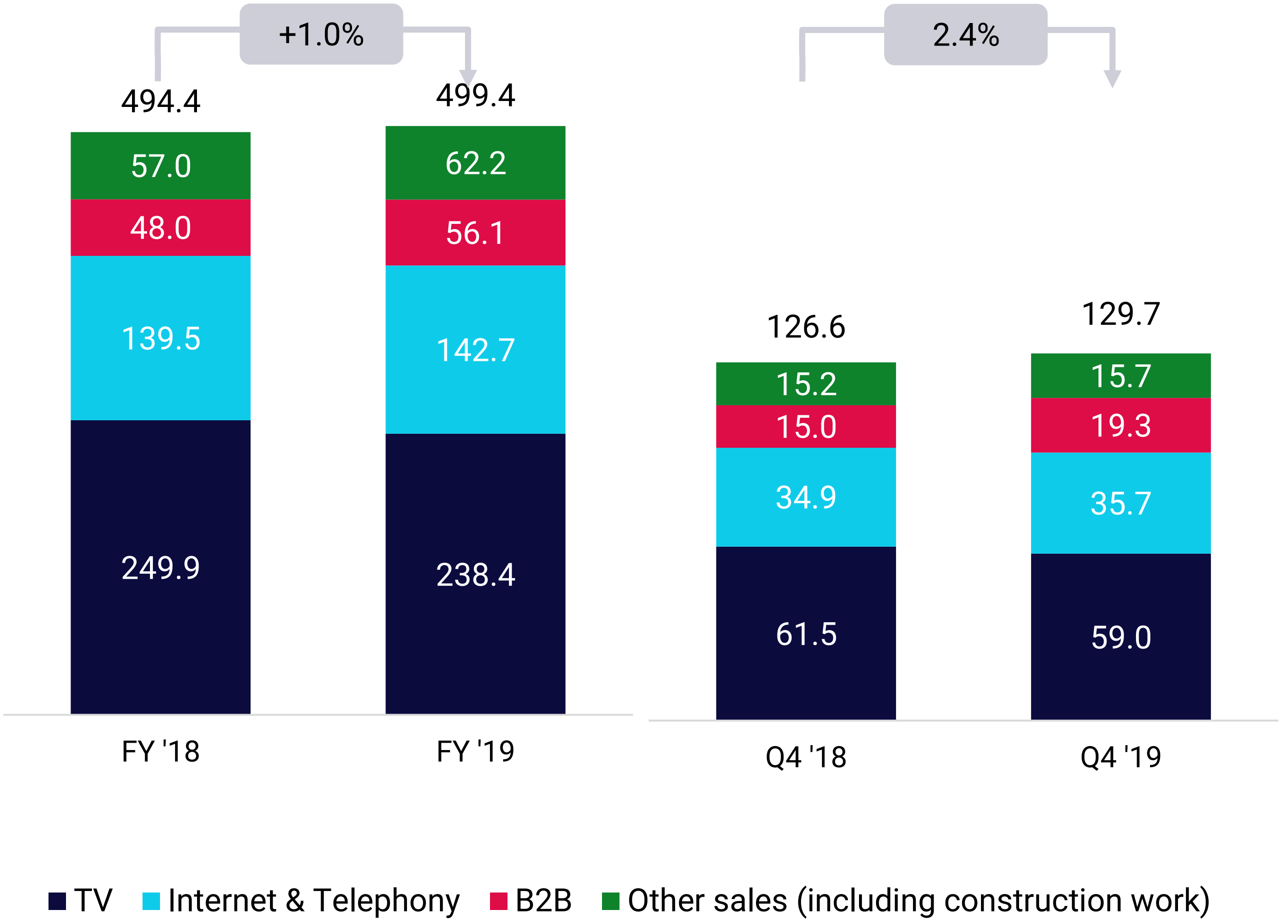
Financial Performance: 2019 Revenues Broadly Stable Year-on-Year

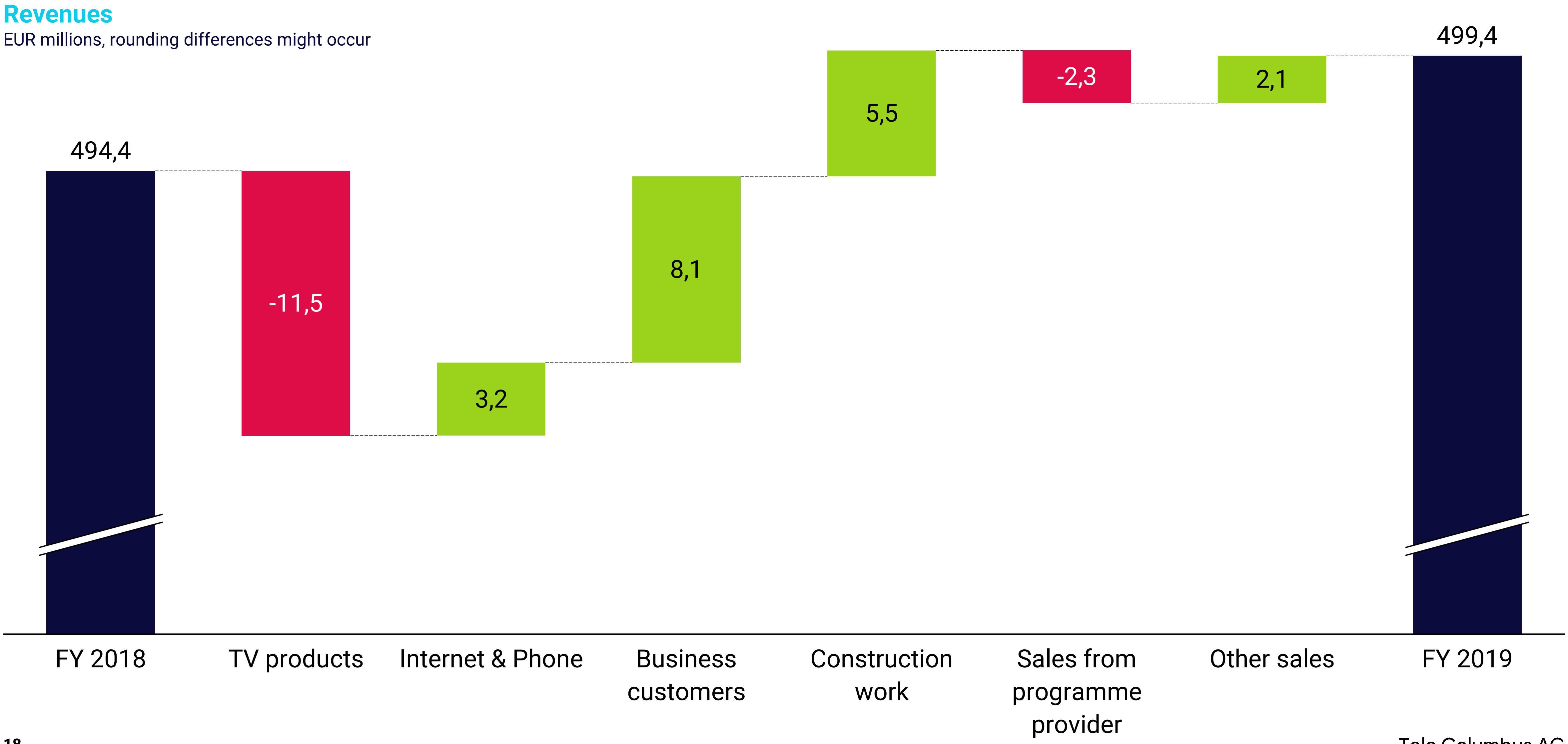
Revenues

EUR millions, rounding differences might occur



- TV: ongoing challenges
- Internet & Telephony: return to growth driven by volume and price
- B2B: strong YoY growth in Q4 of ~30%
- Others: driven by low-margin construction work (to be largely phased out in 2020)

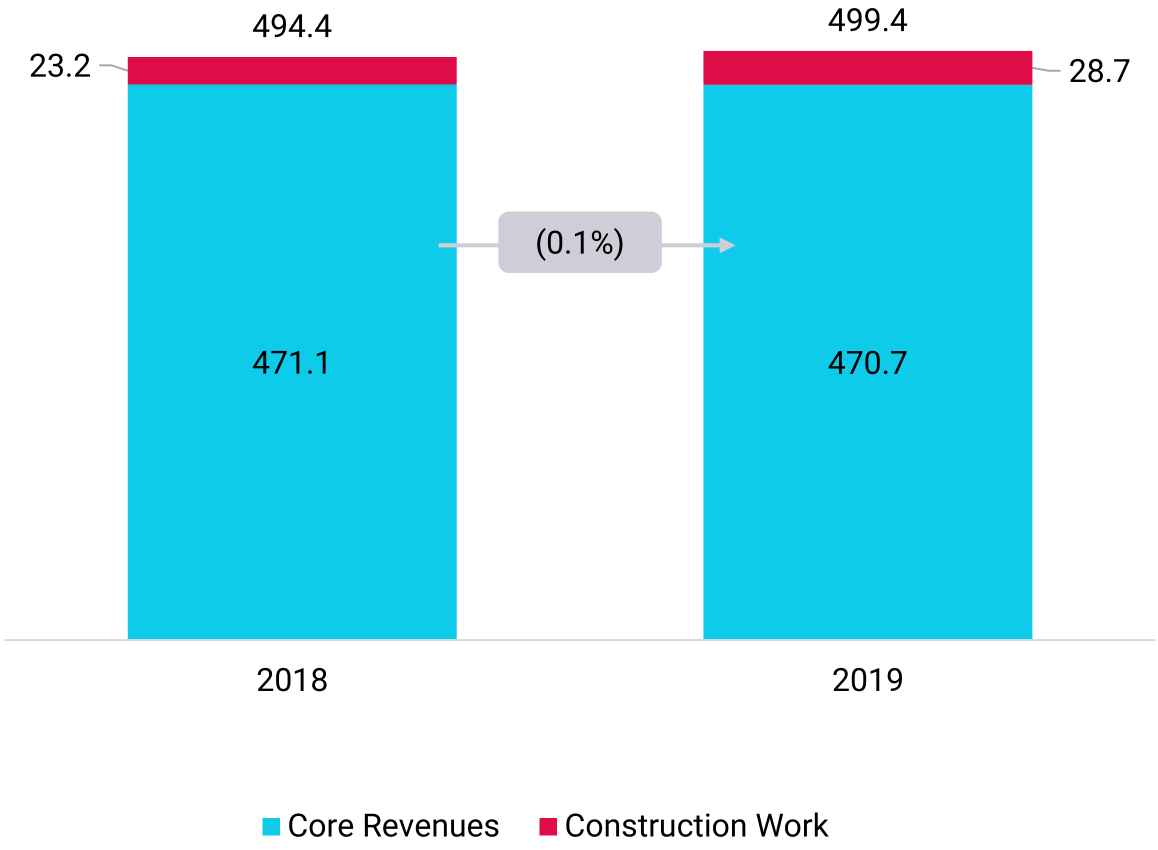
Financial Performance: 2019 Revenues supported by IP & B2B

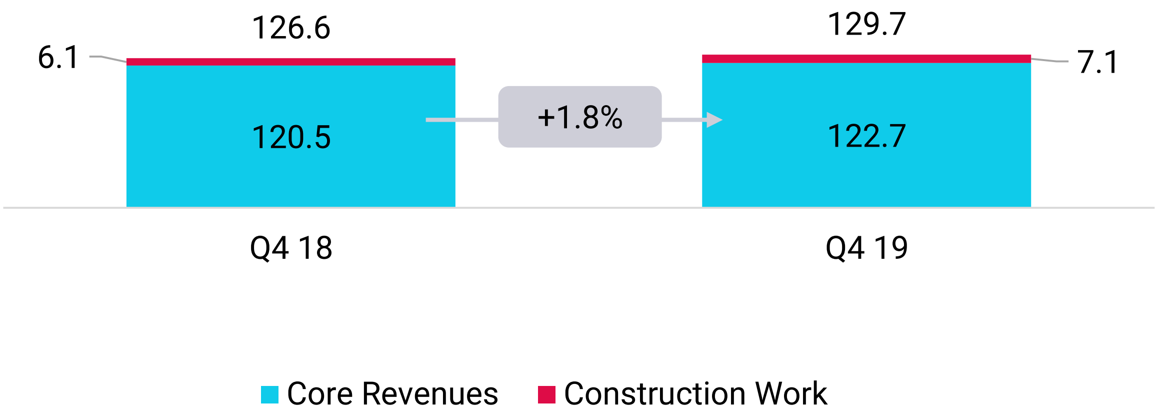


Financial Performance: Core Revenues on Track

Core Revenues (excl construction work)

EUR millions, rounding differences might occur

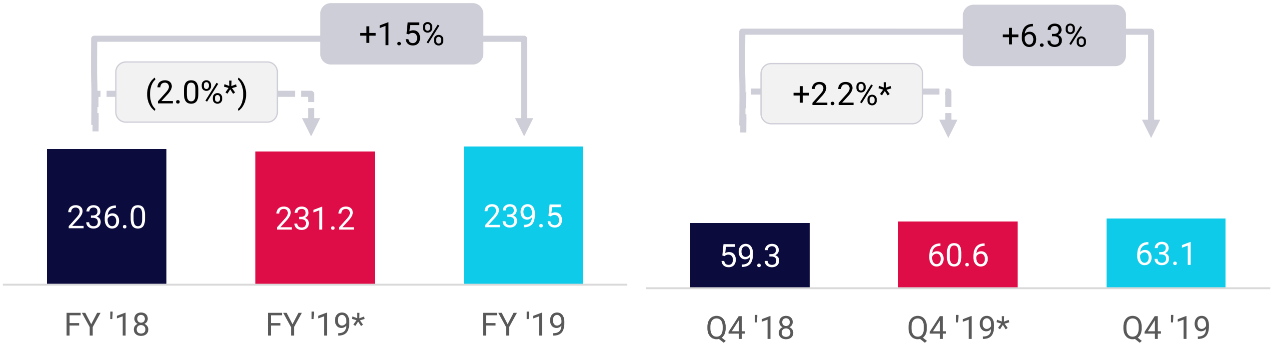




Financial Performance: Significant Growth in Reported EBITDA year-on-year

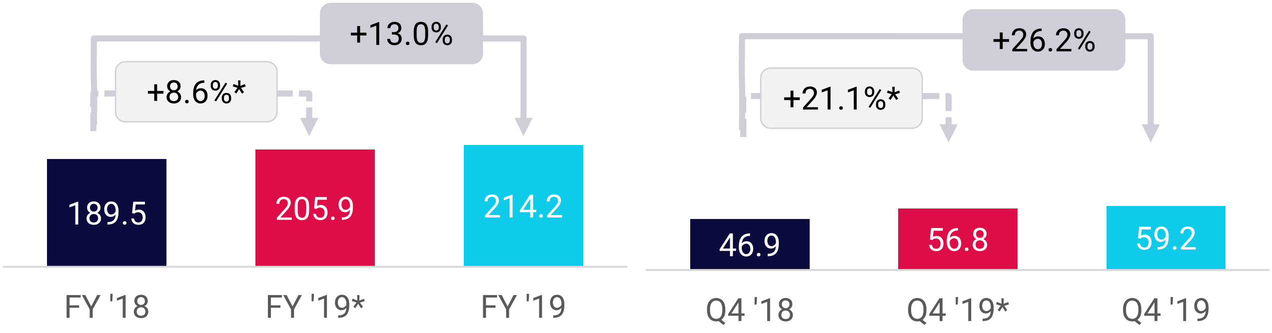
Normalised EBITDA

EUR millions, rounding differences might occur



Reported EBITDA

EUR millions, rounding differences might occur



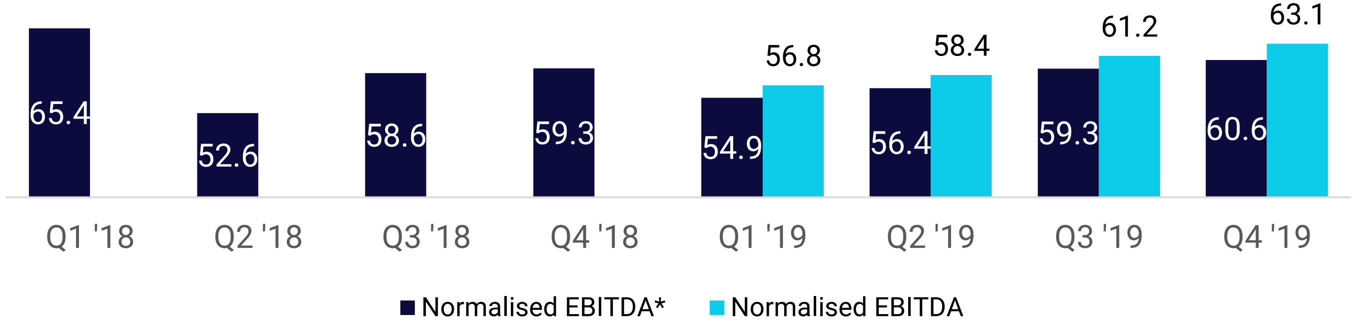
- Q4 Normalized EBITDA* with ongoing sequential improvement
- Non-recurring items at €25m year-to-date, ie down €21m year-on-year
  - Q4 2019 at €3.9m
- Double-digit growth in Reported EBITDA year-on-year

*) Excluding IFRS 16

…as well as continuous sequential EBITDA growth

Normalised EBITDA

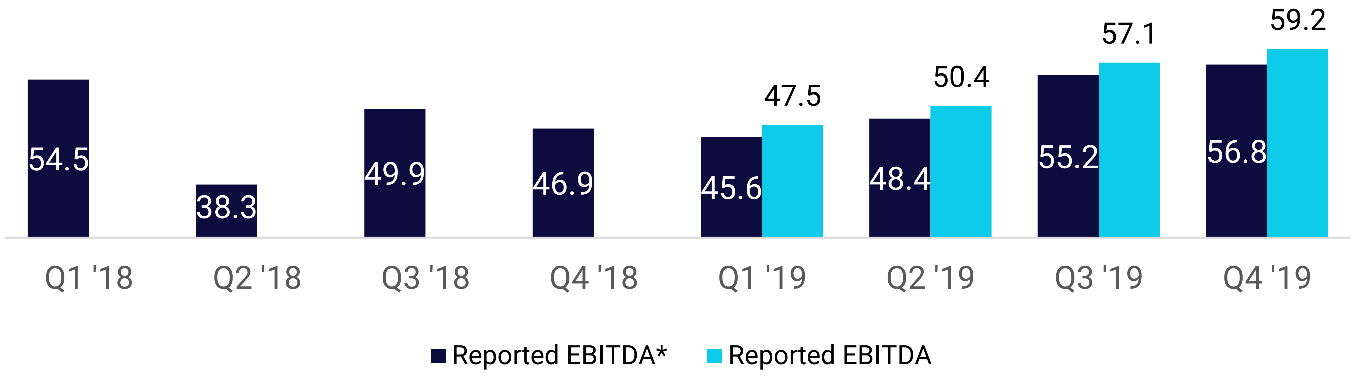
EUR millions, rounding differences might occur



- Third consecutive quarter of sequential growth in Normalised EBITDA

Reported EBITDA

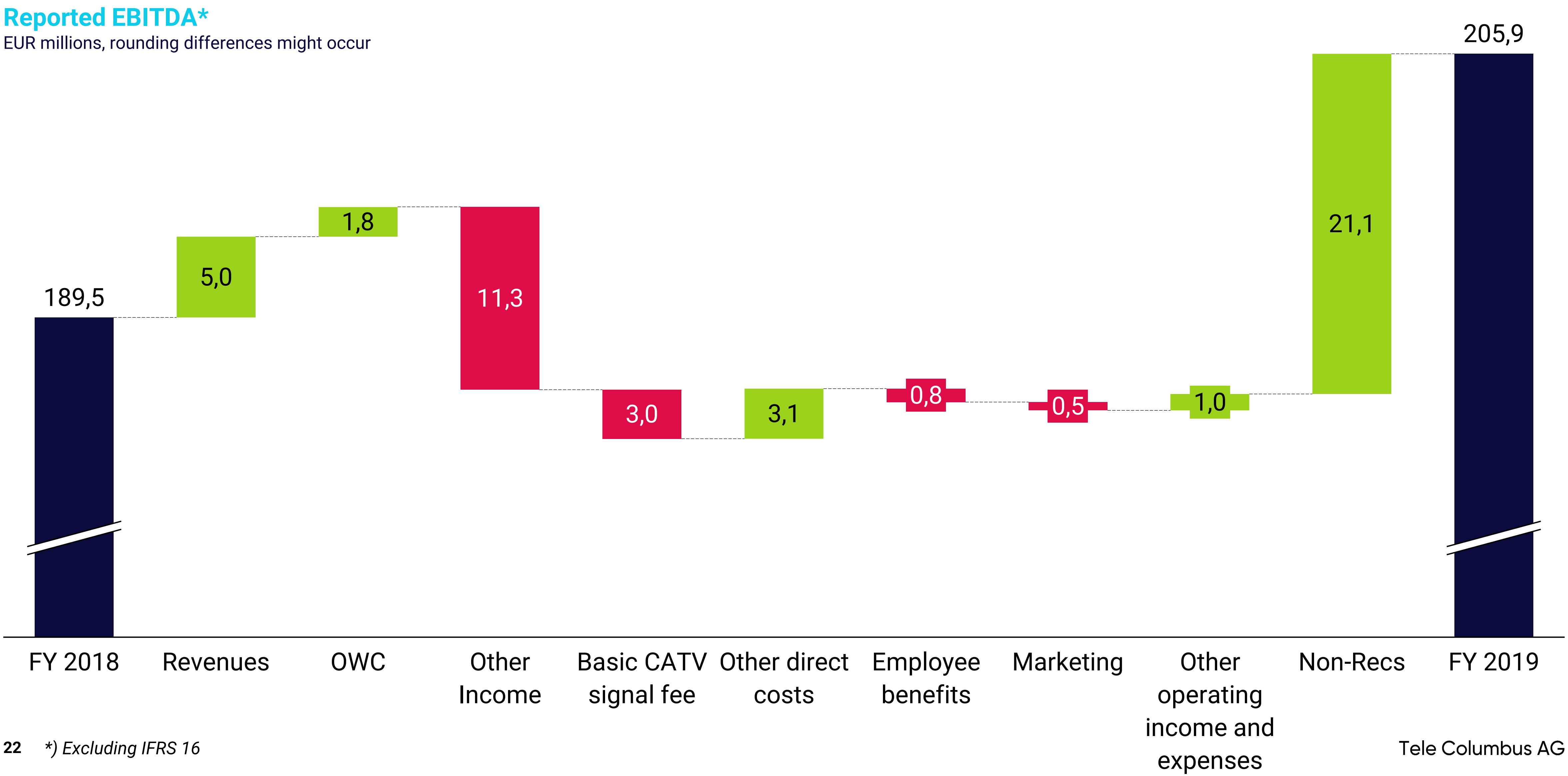
EUR millions, rounding differences might occur



- Reported EBITDA on highest level since the integration began in Q1 2017
  - Key requirement on path towards becoming cash flow neutral

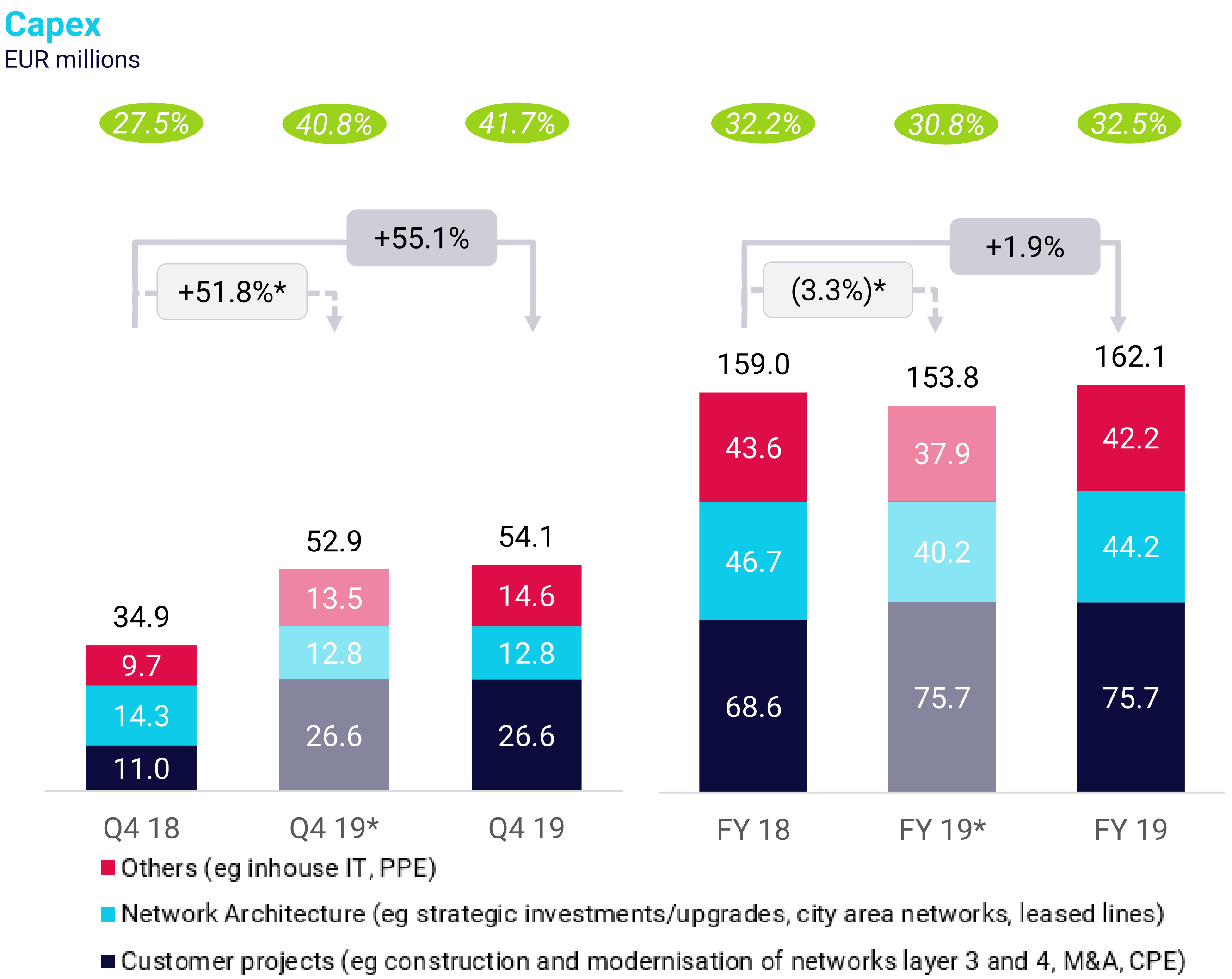
*) *Excluding IFRS 16*

Financial Performance: Non-recurring items decrease significantly



*) Excluding IFRS 16

Financial Performance: Conscious Capex Spend in 2019



- Overall FY 2019 capex lower year-on-year as guided for in November, despite increase in „Customer Projects“ with positive revenue impact

- Q4 Capex (excluding IFRS16) up ~50% year-on year-due to:
  - pent-up demand for broadband capacity initiatives
  - Bringing forward certain 2020 investments

% — *% of sales*

**) Excluding IFRS 16*

Leverage and liquidity

Pro Forma Capitalisation table

	Terms[1]	Maturity	Per 31.12.2019 EURm[2,3]	Per 31.12.2019 Leverage[4]	Per 13.03.2020 EURm[2,3]	Per 13.03.2020 Leverage[4]
Cash			(11)	(0.05x)	(25)	(0.11x)
RCF (€50m)	E+375bps	Jan 2021	13	0,06x	-	-
New Term Loan	E+425bps	Oct 2023	75	0.32x	75	0.32x
First Lien Term Loan	E+300bps	Oct 2024	707	3.06x	707	3.06x
Senior Secured Notes	3.875%	May 2025	650	2.81x	650	2.81x
Other			4	0.02x	4	0.02x
Net debt			**1,438**	**6.22x**	**1,411**	**6.10x**

- Q4 2019 free cash flow slightly negative at €4 million
  - Lowest cash burn in 2019 and clear improvment to previous quarters
- Available Cash at €48 million per year-end 2019, improving to €75 million per March 13, 2020

Clear improvement in cash generation visible

[1] Lower terms apply in case of deleveraging; ticking fee applies on undrawn amount; [2] Excluding non-controlling interest , finance leases and restricted cash; [3] €1.1bn are hedged long term until December 2020 since February 2016 – the variable underlying interest rate base (EURIBOR) is capped at 75bp; [4] Leverage based on LTM Normalised EBITDA of €231.2m (Excluding IFRS 16); Rounding differences might occur

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First impressions after 7 weeks as CEO of Tele Columbus

Business Model	**TC has an attractive business model:** long running concession agreements provide steady revenue stream, ability to upsell IP services within footprint, DOCSIS 3.1 enables Gigabit speeds, well positioned B2B business
Housing Industry	**Company´s biggest asset is its footprint**: long established/strong position with housing associations, IP penetration still underdeveloped, existing network and MDU focus support FTTB/H economics
Turnaround	**Turnaround is under way & beginning to deliver results:** positive Internet/Telephony net adds, NPS improving materially from very low levels, homes connected churn improving, brand awareness up
TO DOs	**Still a lot to be done & no quick fixes:** NPS still well below competition, legacy systems and processes hamper business progress and work efficiency, complex legal structure drives effort and cost
Financial Constraints	**Progress being delayed by cash situation:** running a very tight ship, e.g. underspending on advertising compared to competition – could grow faster with more funds available
Strategy	**Need to clarify strategic direction and funding of it:** lots of movement in the infrastructure market, window of opportunity for TC to leverage its position/key asset

Priorities 2020

Operational

- Further grow **Internet & Telephony RGUs** by increasing IP penetration within footprint
- Manage **CATV RGU** base, address Premium TV opportunity
- Improve **NPS** by addressing key detractors
- Develop further **Wholesale** partnerships
- Take advantage of growth opportunities in **carrier business**, leverage own **data center**

Financial

- Drive profitable **top line growth** in B2C and B2B/Carrier segments
- Deliver on 2020 **guidance**
- Generate **positive free cash flow**

Strategic

- **Clarify strategic direction** of the Company
- **Identify source(s) of funding** to implement chosen strategy
- **Execute** on both strategy and funding initiatives

Anticipate and manage possible impact of COVID-19

COVID-19 Situation Update per 26 March 2020

Germany

- Public life has largely been shut down
- Social-distancing measures have been put into place nationwide
- Shops are closed with exceptions for supermarkets, pharmacies, banks, doctors, etc
- Construction sites remain open for now
- Federal government is preparing a Corona relief programme of EUR 156 billion in aid
- Federal government is enacting a payables moratorium for households on basic services incl telcommunication per 1 April until 30 June

Tele Columbus

- Shops: 6 shops in Berlin were allowed to re-open, 44 shops in other states remain closed
- Retail partners: 400 POS across Germany of which 16 remain active in CW13
- ~80% of our employees are working from home, transition went smoothly
- Field technicians remain active for now on both service activation and assurance
- IP traffic has increased by >20% over the past two weeks, call minutes up 60%
- Network construction and upgrade projects continue as usual for the moment
- An inhouse emergency team has been formed and contingency plans are put in place

We are monitoring the possible impact of COVID-19 via a set of early indicators

Network

- Critical modems
- IP traffic

B2C

- Sales channels closed/open
- Total RGUs
- IP RGUs

B2B

- Sales funnel
- Receivables outstanding

Housing Industry

- Sales funnel
- Construction projects
- Receivables outstanding

Operations

- Incoming calls
- Case backlog
- VPN utilisation

Finance

- Cash situation
- Receivables outstanding
- Invoice backlog

HR

- # of staff ill
- # of staff infected

Tele Columbus has a very resilient Business Model, despite COVID-19

Strengths

✓ **Low concentration risk**

- Top 25 HI customers only account for ~20% of Homes Connected

✓ **Highly diversified**

- 3.3 million Homes Connected spread via ~150k concession agreements

✓ **Long-term visibility**

- Concession agreements with average durations of 8-10 years
- c70% of TV RGUs under bulk agreements

✓ **High degree of recurring revenues**

- c80% of FY 2020 revenues contractually agreed
- Very large majority of B2C customers under direct debit agreements

✓ **High refurbishment quota for CPE**

- c70% of returned customer premise equipment (CPE) is refurbished & reused

Guidance pro-forma for any COVID-19 impacts

Metric	FY 2019	Guidance FY 2020[1]	Mid-Term (unchanged)[1]
Financials (m EUR)			
Total revenues	499[2]	465-475	Low to mid-single digit % growth yoy
Reported EBITDA	214[3]	225-230	Mid-single digit % growth yoy
Capex	162[3] (32% of total revenues)	140-150	Decreasing as a % of revenues

Guidance to be revisited for any COVID-19 impact with Q1 results due in May

1) Excluding any potential negative impact due to COVID-19 ; 2) incl around EUR 30 million of construction work; 3) incl IFRS16 impact