

# Deutsche Glasfaser @ BITS

Company presentation

Christof Sommerberg

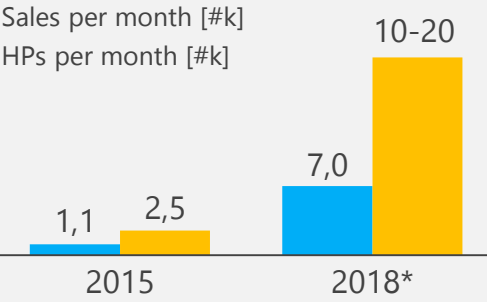
Brussels, December 12<sup>th</sup>, 2018


# TRACK RECORD

## Progress in Scaling Business Model

HIGHLIGHT	OCT'15	TODAY	OVERVIEW
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<p><b>1. DG has more than tripled in size</b></p>	<ul style="list-style-type: none"> <li>93k HPs</li> <li>42k customers</li> </ul>	<ul style="list-style-type: none"> <li>~450k HPs constructed</li> <li>~200k customers</li> </ul>	<ul style="list-style-type: none"> <li>National expansion of footprint</li> <li>Top in industry ARPU for FTTH with &gt;20% of new customers ≥500 Mbp/s</li> </ul>
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<p><b>2. Enhanced platform capabilities</b></p>	<ul style="list-style-type: none"> <li>2.5k HPs per month</li> <li>Sales mostly door-to-door / telesales</li> </ul>	<ul style="list-style-type: none"> <li>10-20k HPs per month</li> <li>SAP reporting standard</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing organisational ramp-up:               <ul style="list-style-type: none"> <li>Construction volume 7x</li> <li>Bolstered marketing delivers 7x sales</li> </ul> </li> </ul>	 <p>Legend: Sales per month [#k] (blue), HPs per month [#k] (yellow)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Sales per month [#k]</th> <th>HPs per month [#k]</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1,1</td> <td>2,5</td> </tr> <tr> <td>2018*</td> <td>7,0</td> <td>10-20</td> </tr> </tbody> </table>	Year	Sales per month [#k]	HPs per month [#k]	2015	1,1	2,5	2018*	7,0	10-20
Year	Sales per month [#k]	HPs per month [#k]											
2015	1,1	2,5											
2018*	7,0	10-20											

<p><b>3. DG's service offering streamlined and broadened</b></p>	<ul style="list-style-type: none"> <li>5 residential ISPs</li> <li>Business focussed on FttH w/ ancillary B2B division</li> <li>Double-play only</li> </ul>	<ul style="list-style-type: none"> <li>Single brand approach</li> <li>Independent B2B division with separate operations and capital structure</li> <li>Established IPTV product</li> </ul>	<ul style="list-style-type: none"> <li>Increased brand recognition across both B2C and B2B business lines</li> <li>Rationalised organisational structure</li> <li>Expanded customer product offering</li> </ul>	
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\* As of May 2018

# COMPANY PROFILE & BUSINESS MODEL

Thinking fibre roll-out end-to-end

## COMPANY OVERVIEW

- **Entire fibre-optic value chain**
  - Planning and construction of passive infrastructure
  - Operation of active network
  - Retail ISP
- Innovative and unchallenged business model:
  - **FttH in rural German B2C and B2B market**
  - **De-risked approach** by requiring at least 40% participation (retail+wholesale) before construction
  - **Limited CAPEX spend** by highly standardized construction approach and cost-efficient roll-out

## DIVISIONAL SETUP

- B2C**
  - High-speed broadband (up to 1,000 Mbp/s) to ~120k customers, 200k sales
  - Open-access with currently 3 regional wholesale partners
- B2B**
  - 4 segments: (i) standard, (ii) wholesale (iii) municipalities and (iv) mobile towers
  - Framework contract w/ Vodafone to connect business parks

## BUSINESS MODEL APPROACH

Area development & network planning

Demand aggregation

Construction



Mönchengladbach  
Deutsche Glasfaser  
beginnt in Kürze mit dem  
Netzausbau

Düsseldorf/Borken  
Deutsche Glasfaser  
beschleunigt Ausbau



# OUR CURRENT PRODUCT PORTFOLIO

200 Mbit/s as entry point is market-leading within the German B2C market

DGbasic 200	DGclassic 400	DGpremium 600	DGgiga 1000
<b>Internet Flatrate</b> 200Mbit/s Download 100Mbit/s Upload	<b>Internet Flatrate</b> 400Mbit/s Download 200Mbit/s Upload	<b>Internet Flatrate</b> 600Mbit/s Download 300Mbit/s Upload	<b>Internet Flatrate</b> 1000Mbit/s Download 500Mbit/s Upload
<b>Festnetz Telefonie</b> ab 2,9 Ct./Min ins dt. Festnetz telefonieren	<b>Festnetz Flatrate</b> Gespräche ins deutsche Festnetz inklusive	<b>Allnet Flatrate</b> Gespräche ins deutsche Festnetz und alle dt. Mobilfunknetze inklusive	<b>Allnet Flatrate</b> Gespräche ins deutsche Festnetz und alle dt. Mobilfunknetze inklusive
✓ 30 € Online Bonus	✓ 30 € Online Bonus	✓ 30 € Online Bonus	✓ 30 € Online Bonus
<b>24<sup>99</sup> €</b> monatlich ab dem 13. Monat 44,99 €	<b>24<sup>99</sup> €</b> monatlich ab dem 13. Monat 49,99 €	<b>24<sup>99</sup> €</b> monatlich ab dem 13. Monat 79,99 €	<b>89<sup>99</sup> €</b> monatlich ab dem 13. Monat 119,99 €

- **200 Mbit/s as entry point** is market-leading within the German B2C market
- **Our offering:** FTTH only with internet, telephone and TV
- **Stream ratio:** upload  $\geq$  50% of download
- Prices as of month 13:
  - 200: 44,99 €
  - 400: 49,99 €
  - 600: 79,99 €
  - 1.000: 119,99 €

### DEUTSCHE GLASFASER REACTIONS

- **Stronger competitive retailing** of true FTTH
  - To build FTTH product awareness
  - To push A-brand retailers towards FTTH
- True Open Access (Day One) to **local / regional carriers** with FTTH experience
- **Whitelabel solutions for utilities / energy suppliers** to foster local ties and support
- **Increase participation of civic initiatives** to support local penetration targets



### MARKET POSITIONING

- **Own ISP to secure utilization**; drive FTTH market forward
  - Can be scaled down with big retailers entering FTTH en masse
- **Size of FTTH footprint matters** – in Germany around 500K to be significant for A retailers
- Wholesale will then gradually replace own retail as utilization and construction driver
- **We have successfully built a hybrid business model**