



Strengthening the Capital Base for Tele Columbus' Fiber Champion Strategy

Tele Columbus AG

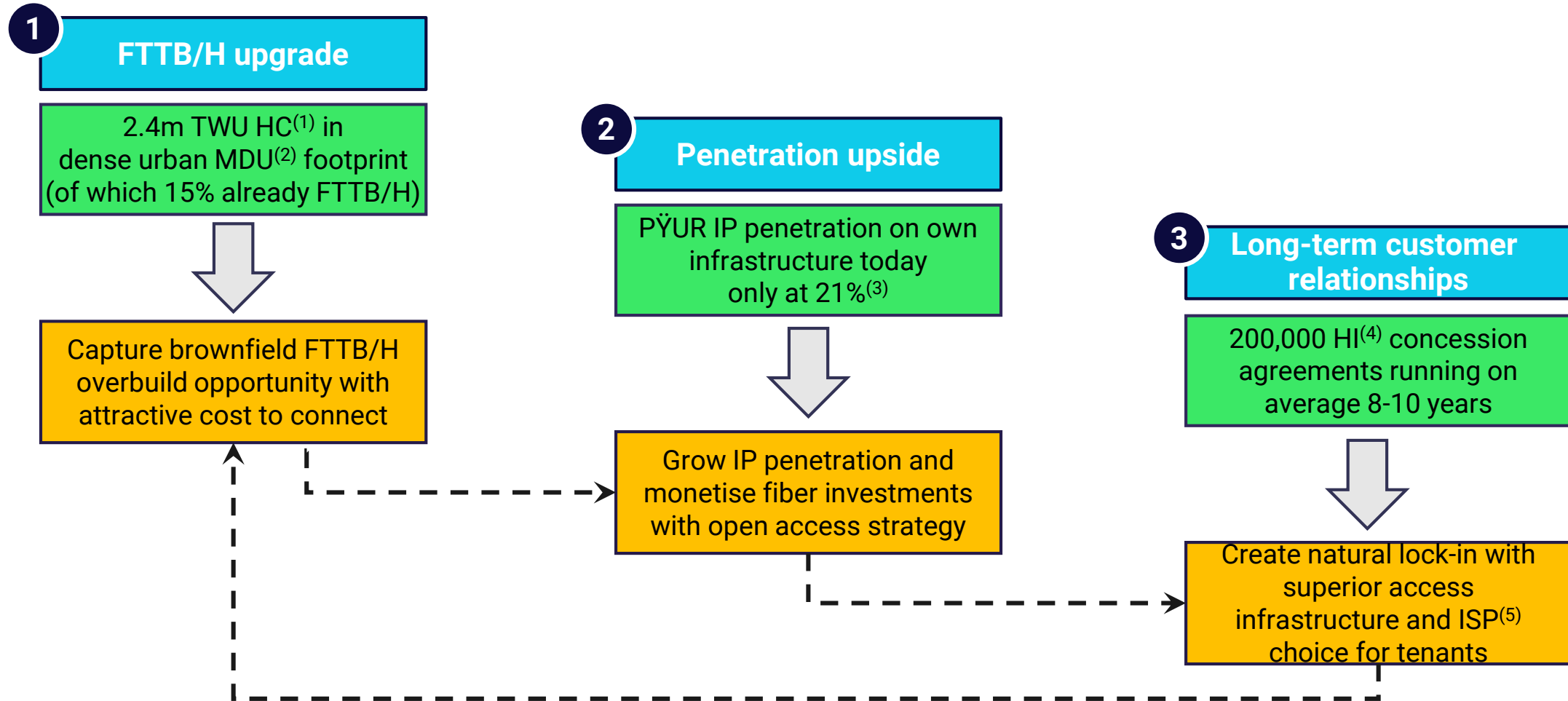
Executive summary

- Tele Columbus (“TC”) developed its **Fiber Champion Strategy** to achieve a long-term **sustainable positioning** in a highly dynamic broadband market
- This strategy **requires significant new capital** with a **total network investment of c.€2bn over the next 10 years**
- Following a thorough evaluation of its funding options and a competitive process, **TC reached an agreement with Morgan Stanley Infrastructure Partners (“MSIP”) and United Internet to finance the implementation and execution of the Fiber Champion Strategy**
- An existing investment vehicle (“BidCo”), owned by MSIP, intends to **launch a public takeover and offer all shareholders an attractive price of €3.25 per share. United Internet AG (“United Internet”) will contribute minority interest of 29.9% to the BidCo** if takeover offer is successful. **MSIP will be majority owner of the BidCo**
- TC will seek to obtain shareholder approval for a **capital increase of €475m in form of a rights issue**, which **BidCo has agreed to backstop up to the full amount**, following closing of the transaction
- The capital increase will lead to a **more sustainable capital structure and enable the implementation and execution of the Fiber Champion Strategy**. Further, the BidCo envisages to inject **additional equity of €75m** to further accelerate the implementation of the Fiber Champion Strategy
- In pursuit of and further validating its **Open Access Strategy** to drive IP penetration on its network, TC has signed a **binding wholesale pre-contract with 1&1 Drillisch**, which is subject to closing of the transaction

Tele Columbus future strategy builds on three interconnected pillars – total network investment of c.€2bn over the next 10 years

Q1

Definition of three pillar strategy



With the strategy defined, we evaluated multiple funding options and ran a competitive process to find the best and most suitable partner

Q2

Long-term financing structure ...

- Working with advisors on a long-term financing structure in order to:
 - De-lever and create a sustainable capital structure
 - Fund growth plan and fiber roll out
- In the process of evaluating multiple funding options

**COMPREHENSIVE FUNDING UPDATE
IN Q4 2020**

Q4

... delivered through a competitive process

- Ran a competitive process with multiple potential investors
- Reached agreement with MSIP and United Internet to de-lever TC's capital structure and finance the implementation and execution of the Fiber Champion Strategy

Morgan Stanley

INVESTMENT MANAGEMENT



Key transaction parameters and structure overview

Key transaction parameters

Public takeover offer to all shareholders of €3.25 per share

- Premium to 3M VWAP pre announcement⁽¹⁾ (18-Dec): **37.5%**
- Premium to share price before day of AGM invitation⁽²⁾ (7-Dec): **41.3%**
- Implied Equity Value: **€415m**
- Implied Enterprise Value⁽³⁾: **€1,834m**
 - EBITDA Multiple (Q3-20 LTM): **8.1x⁽⁴⁾**
 - OpFCF Multiple (Q3-20 LTM): **23.9x⁽⁵⁾**

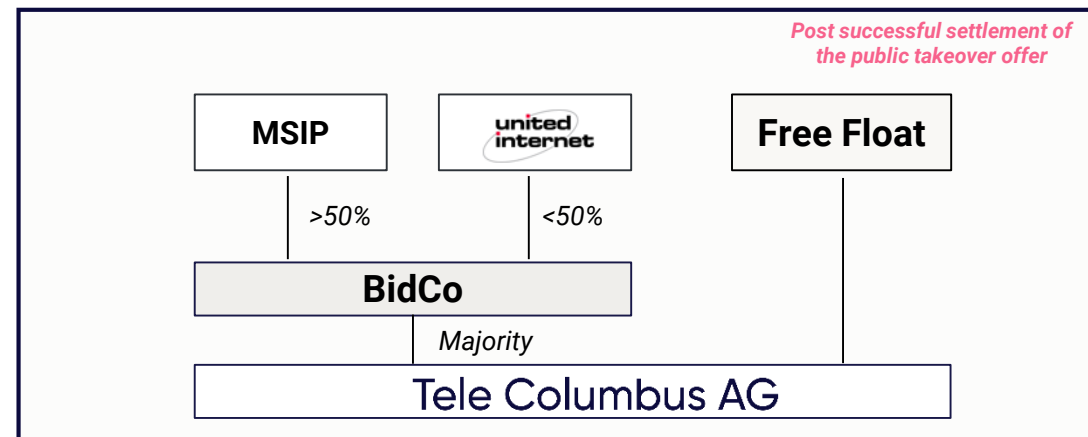
Rocket Internet agreed to tender its shares into the takeover offer through an **irrevocable undertaking**

Key offer conditions: Minimum acceptance threshold of 50%, waivers by bond and loan creditors of termination rights due to change of control in sufficient numbers, regulatory approvals

Rights issue to be launched around May 2021 **to inject equity of €475m followed by an additional equity injection of €75m, both backstopped up to the full amount by the BidCo**

No DPLTA required

Structure overview



BidCo to hold a **majority stake** in Tele Columbus

MSIP to become the **new major shareholder** in Tele Columbus and to be **majority owner of the BidCo**

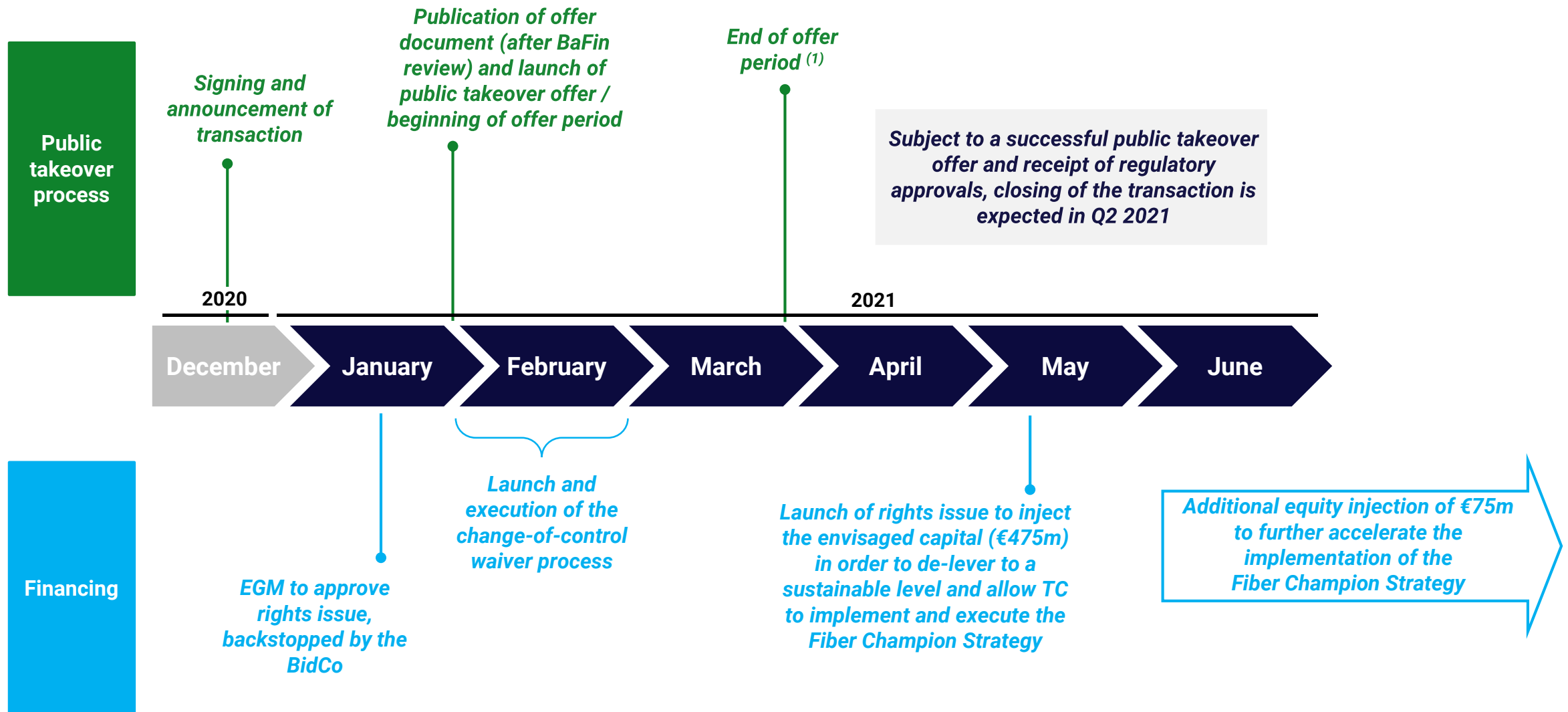
United Internet will contribute **minority interest of 29.9%** to the **BidCo** if takeover offer is successful

1) Source: Bloomberg, 3M VWAP of €2.36 (21-Sep 2020 to 18-Dec 2020);

2) Refers to the share price as of 7-Dec 2020 (€2.30), the day prior to releasing the AGM invitation; 3) Comprises Net Debt of €1,419m (per 30-Sep 2020);

4) Based on a Q3-20 LTM Reported EBITDA of €227m; 5) Operating Free Cash Flow defined as Q3-20 LTM Reported EBITDA minus Capex (€227m-€150m)

Key milestones and currently expected timeline



5 1) Consists of a 6-week acceptance period and legally required additional acceptance period of two weeks

Conclusion: Win-Win transaction for all stakeholders

Shareholders

- Opportunity to sell shares at an attractive price of €3.25 per share
- No need to inject significant capital or be diluted as a result of a capital increase, which is required to implement and execute the Fiber Champion Strategy

Bondholders and Lenders

- Benefit from a de-levered capital structure due to reduction of TC's net debt and partial repayment of outstanding instruments

Customers

- Benefit from accelerated investment in fiber optic network with multiple choices of internet service providers for tenants thanks to open access strategy
- TC plans to invest c.€2bn into its network over the next 10 years

Employees

- Investment and de-leveraging ensures long-term future of the company
- TC to remain a standalone company

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