

6-Month 2013



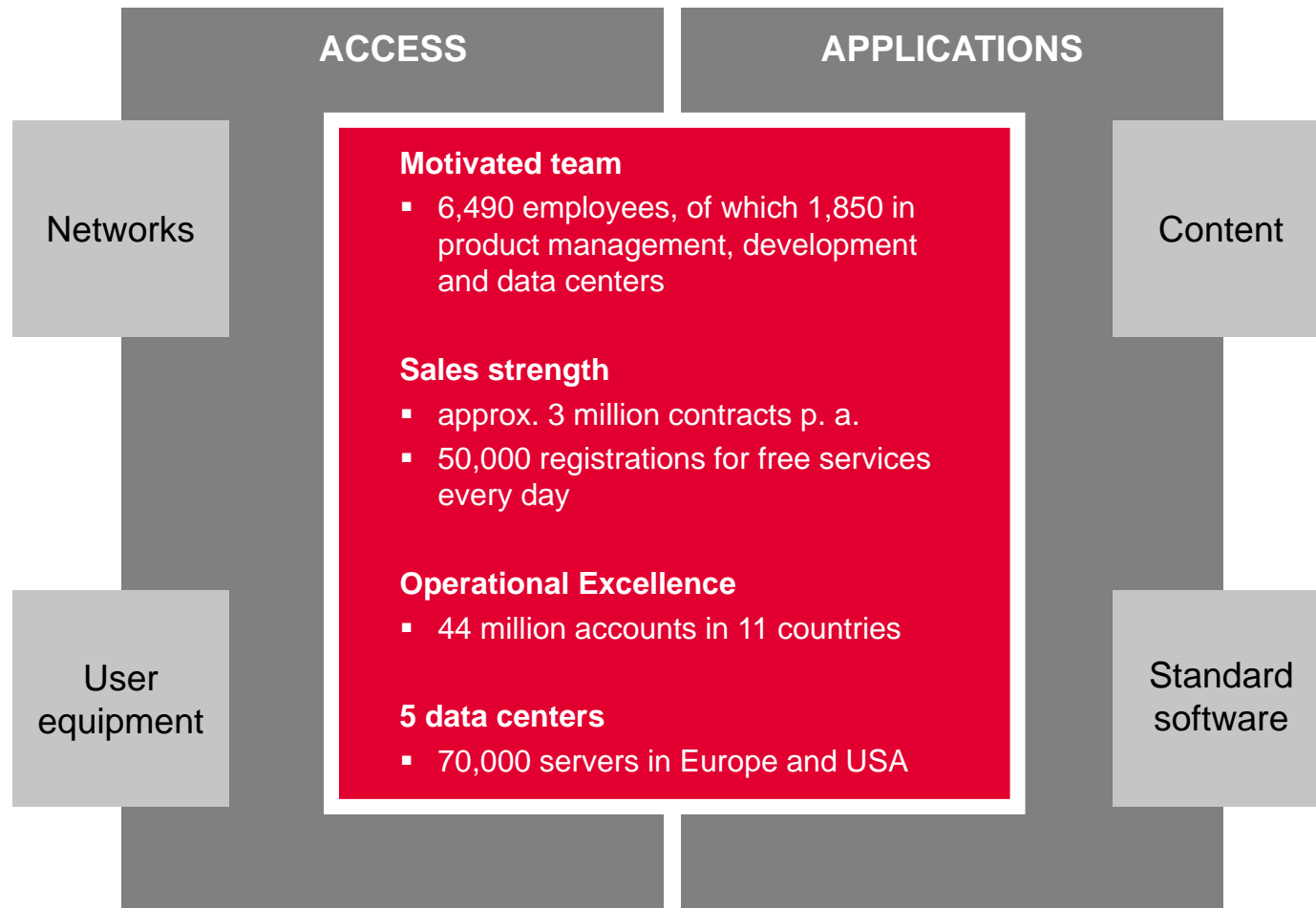
■ Agenda

Ralph Dommermuth Company development
 Outlook

Norbert Lang Results first half-year 2013

**Company
development**

■ United Internet



GMX



1&1

fasthosts

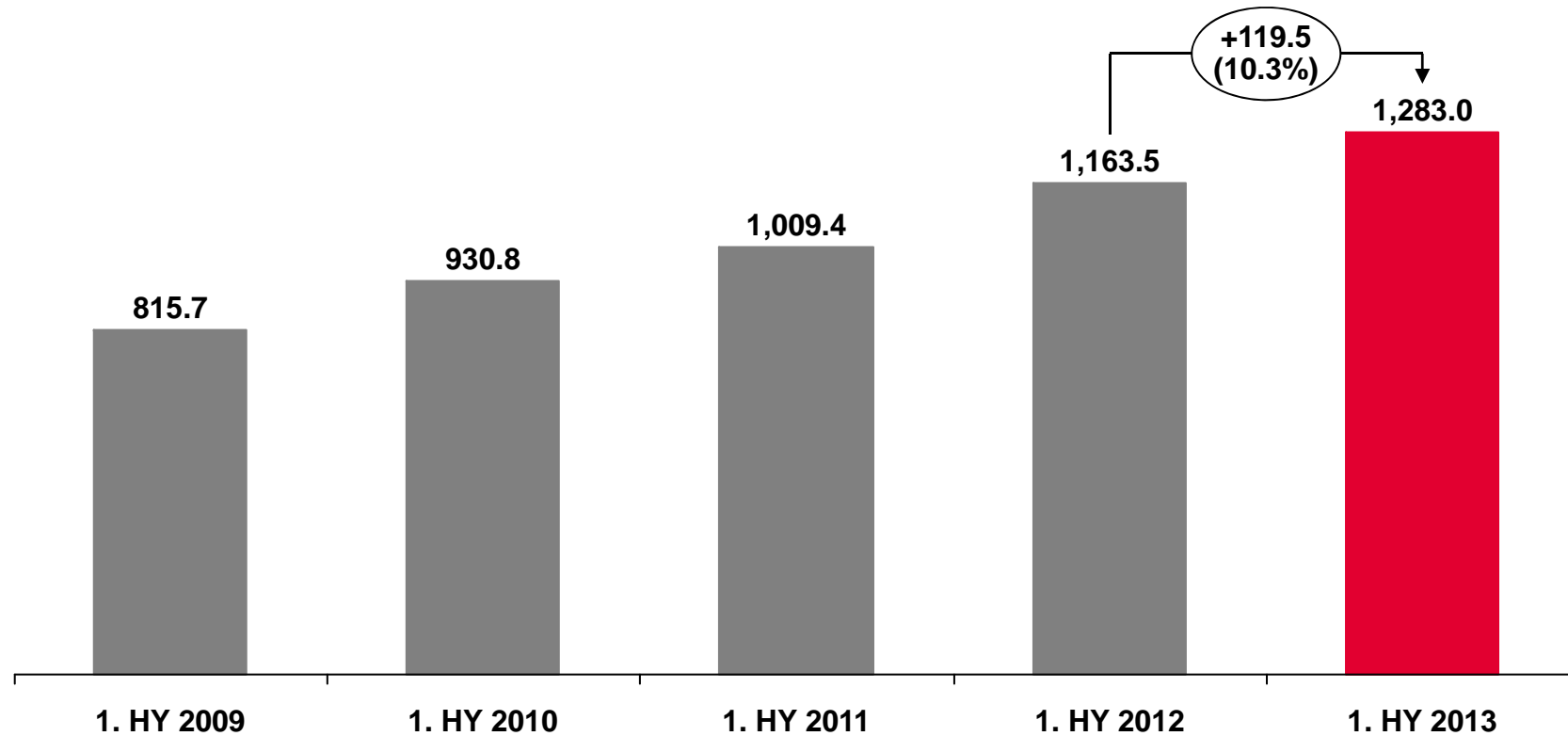
InterNetX

united domains
THE DOMAIN PEOPLE

sedo
HOLDING

■ Dynamic sales growth in the first half-year 2013

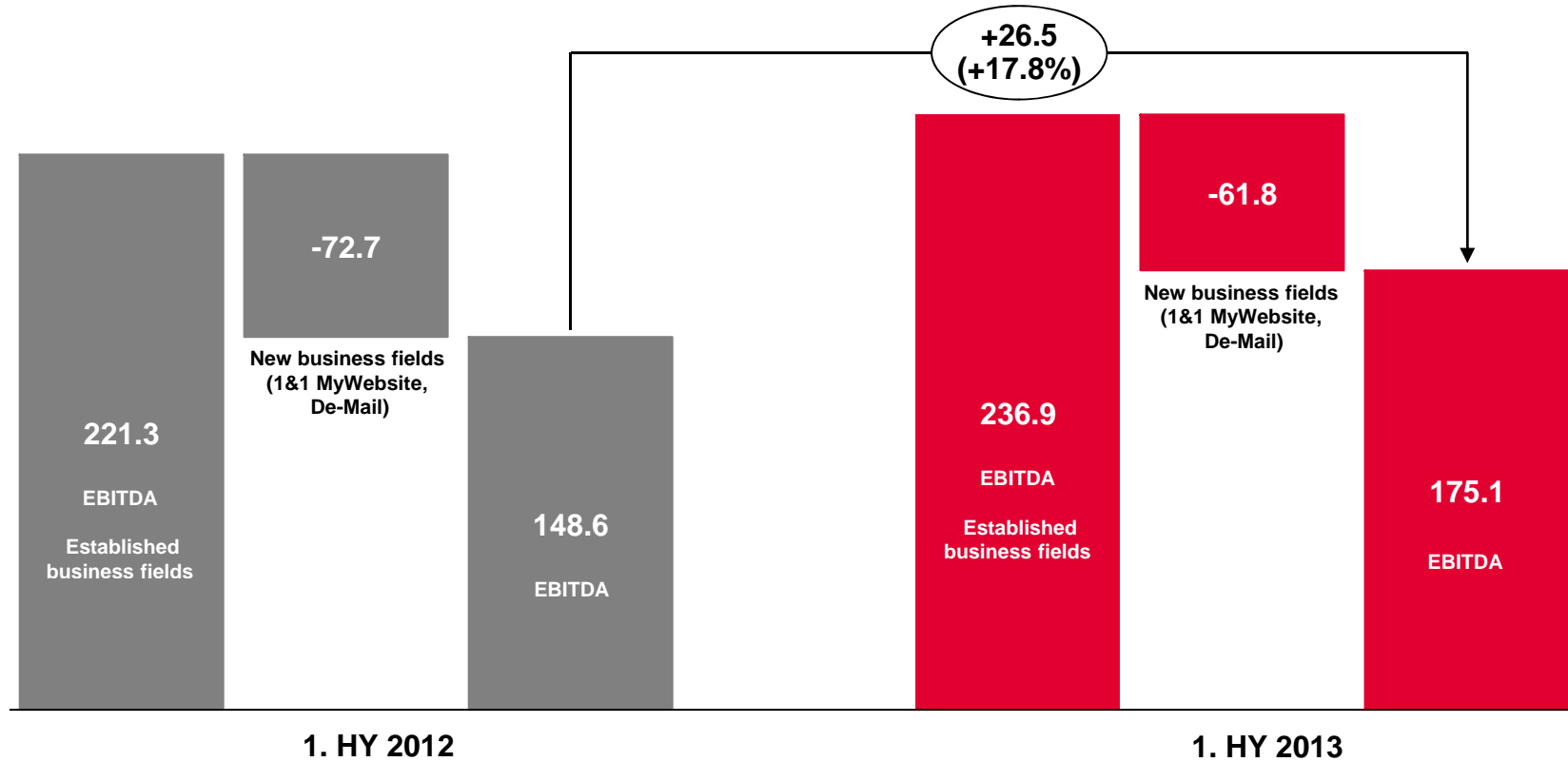
in € million



- 10.3 % revenue growth to € 1.283 billion in the first half-year 2013

Strong EBITDA with heavy investments in new business fields

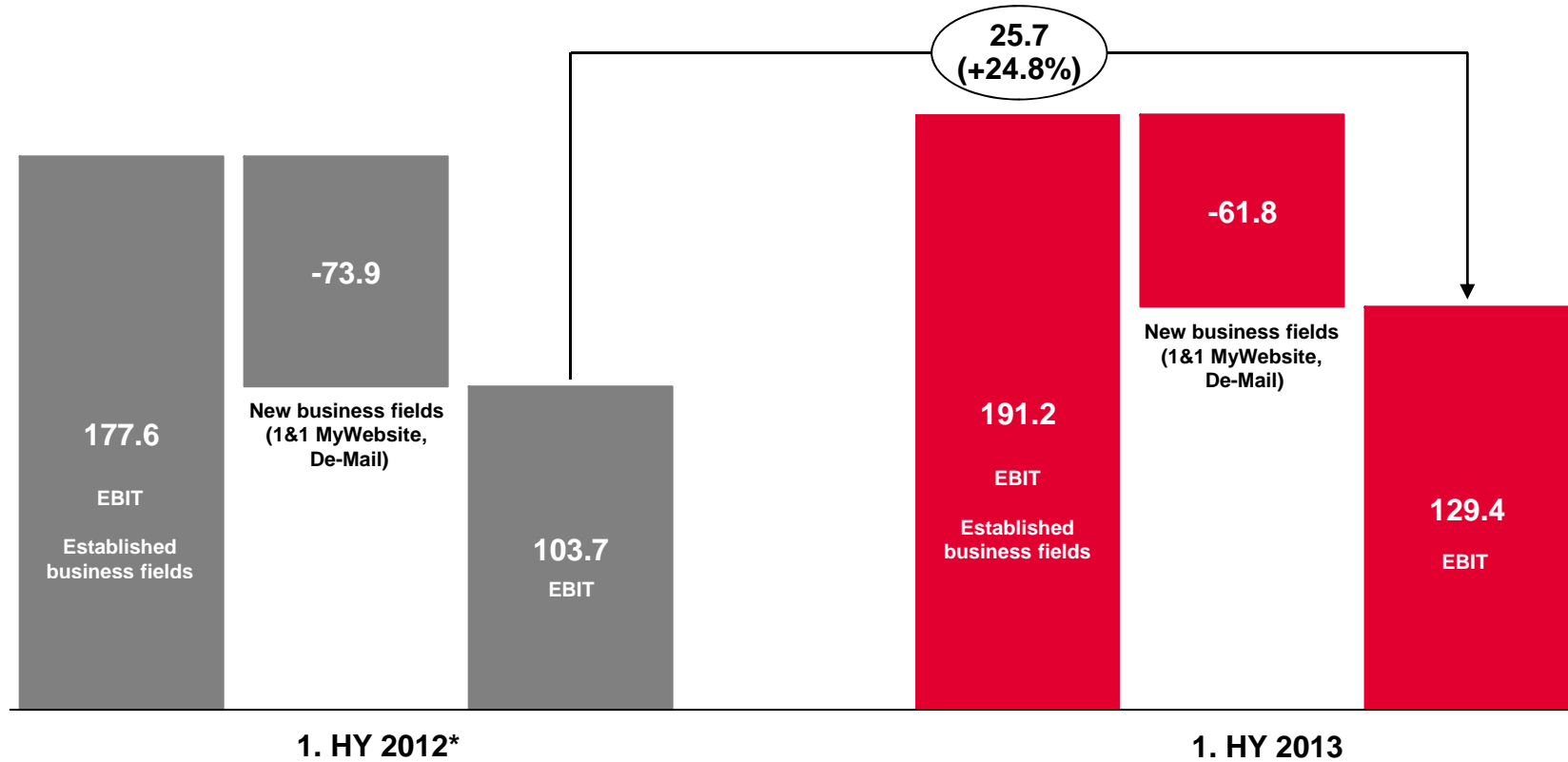
(acc. to IFRS in € million)



■ € 10.9 million lower start-up losses in the new business fields

■ Strong EBIT development

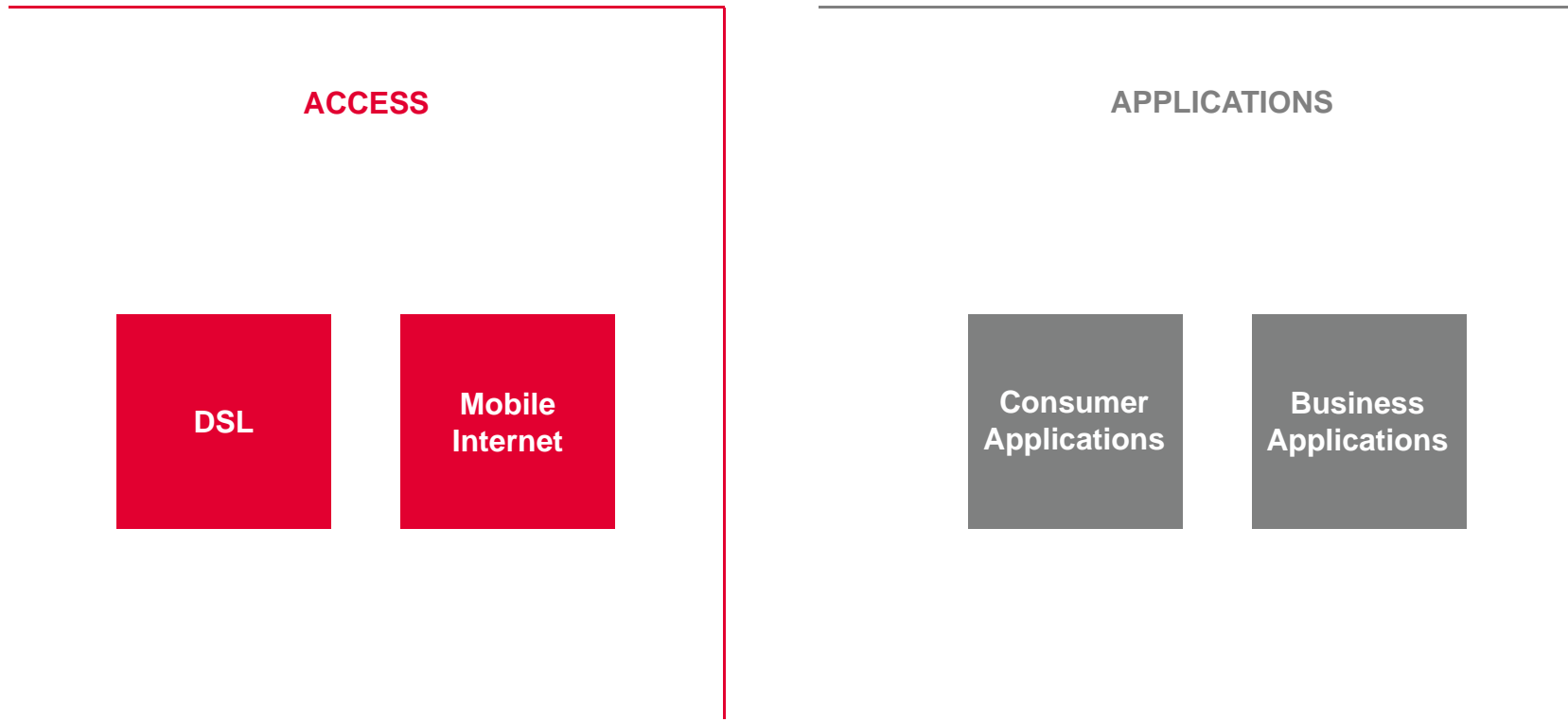
(acc. to IFRS in € million)



* 1. HY 2012 without negative special items (Sedo impairments) of € 46.3 million

**Segment
results**

■ „Access“ in the 1. half-year 2013



■ Access: Over 5 million customer contracts

- Largest alternative broadband supplier with 3.43 million contracts
- 1.74 million contract customers for mobile internet

1&1 DSL
TELEFON UND
INTERNET
50.000 kBit/s

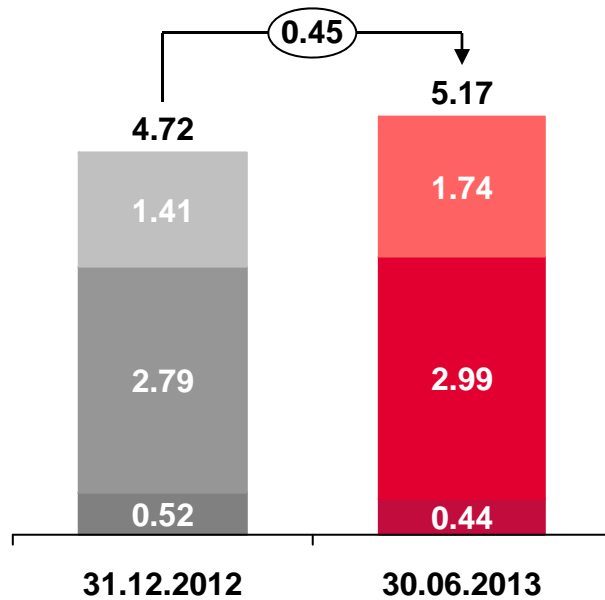
1&1 ALL-NET-FLAT
✓ **FLAT** FESTNETZ
✓ **FLAT** ALLE HANDY-NETZE
✓ **FLAT** INTERNET

D-NETZ

■ Access: Good growth in customers and sales

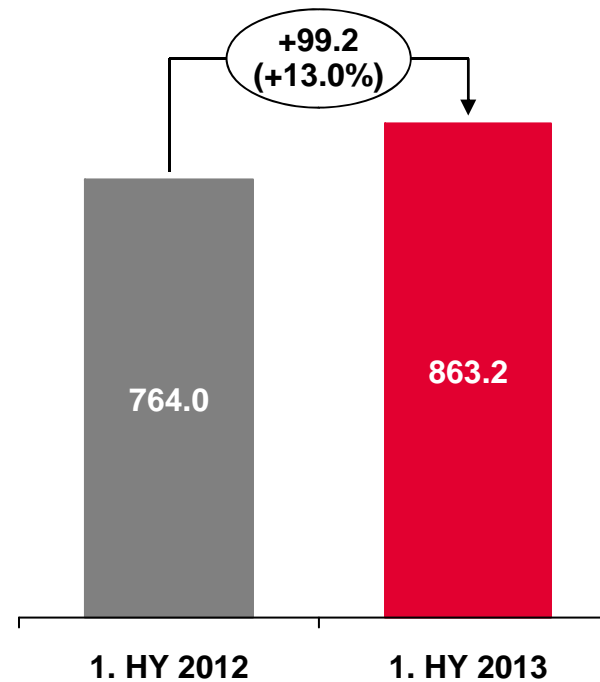
Customer contracts (in million)

- Mobile Internet
- DSL complete (ULL)
- T-DSL / R-DSL



- + 330,000 Mobile Internet contracts
- + 120,000 DSL contracts

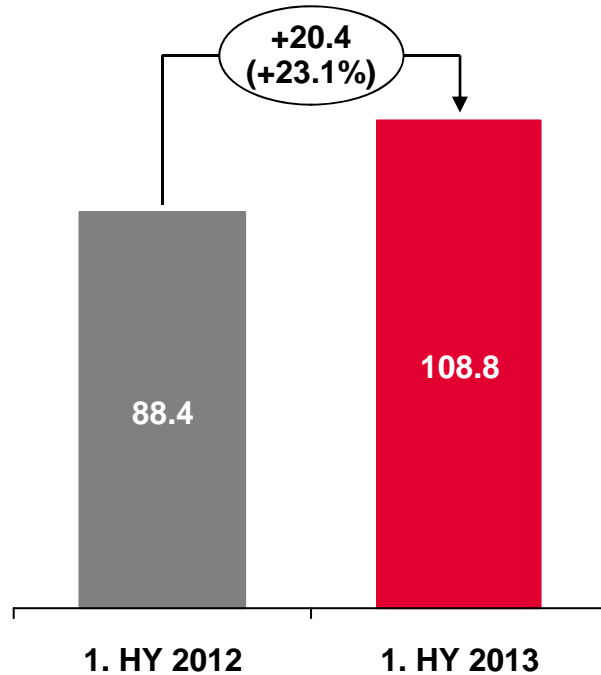
Sales (acc. to IFRS in € million)



■ Access: Strong increase in earnings

EBITDA

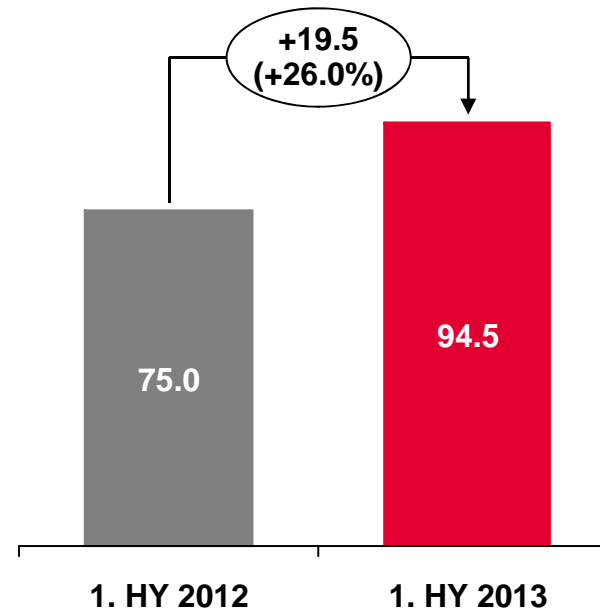
(acc. to IFRS in € million)



- EBITDA margin increased from 11.6 % to 12.6 %

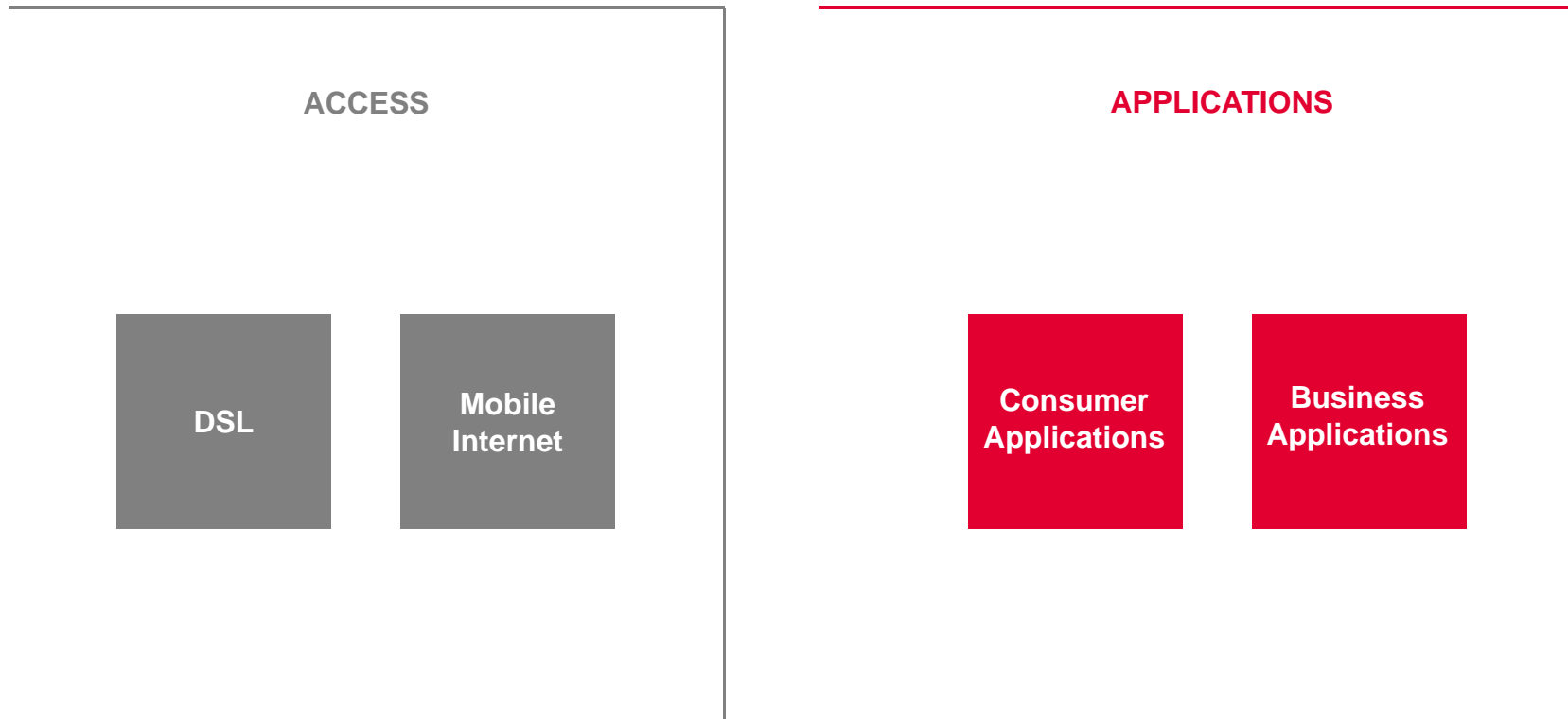
EBIT

(acc. to IFRS in € million)



- EBIT margin increased from 9.8 % to 10.9 %

■ „Applications“ in the first half-year 2013



■ **Consumer Applications: from e-mail service to command center for communication, information and identity management**

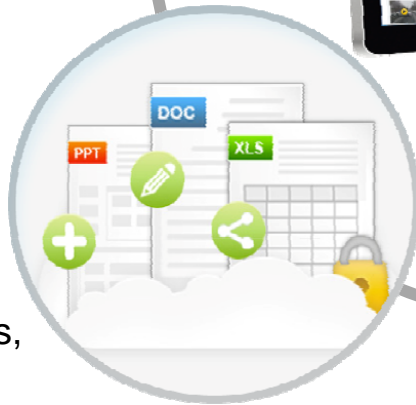
Communication and organization
e-mail, calendar, contacts, SMS, fax



De-Mail
legally secure communication and identity management



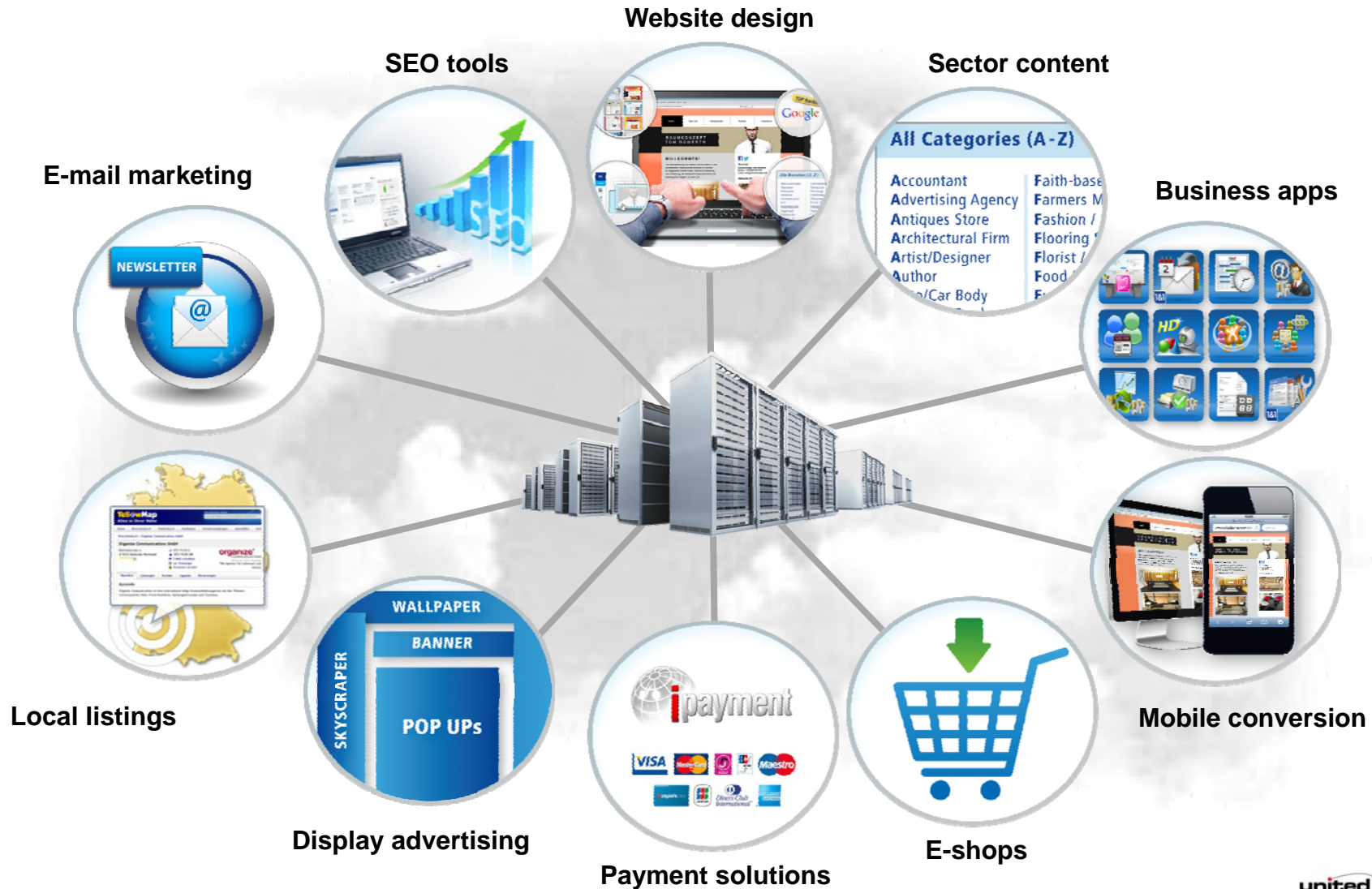
Online office
texts, spreadsheets, presentations



Online storage
for photos, videos, music and documents



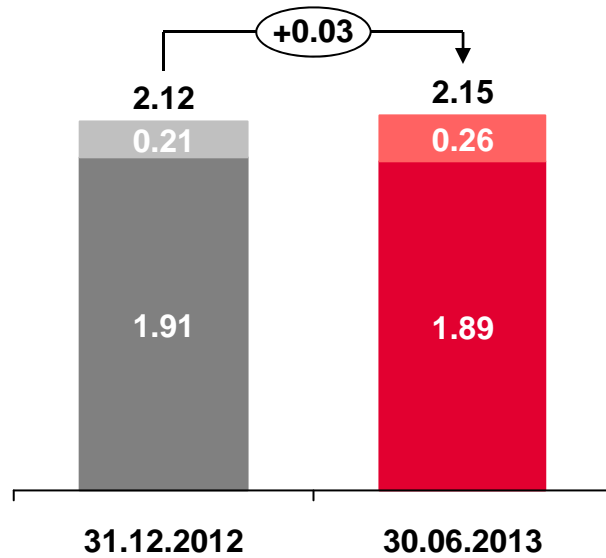
Business Applications: from webhoster to e-business solutions provider



■ Applications: 210,000 new contracts

Consumer Applications (contracts in million)

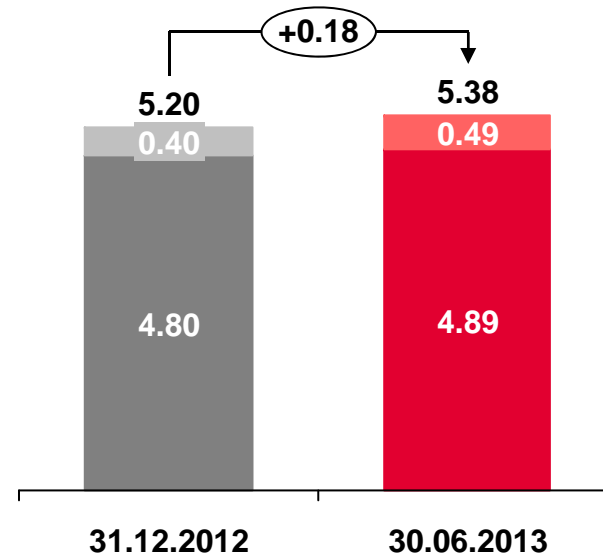
- Accounts with Value-added subscription
- Accounts with Premium Mail subscription



- Additional 31.03 million free accounts, of which 9.1 million mobile users and 13.5 million with cloud storage

Business Applications (contracts in million)

- 1&1 MyWebsite
- Business Applications

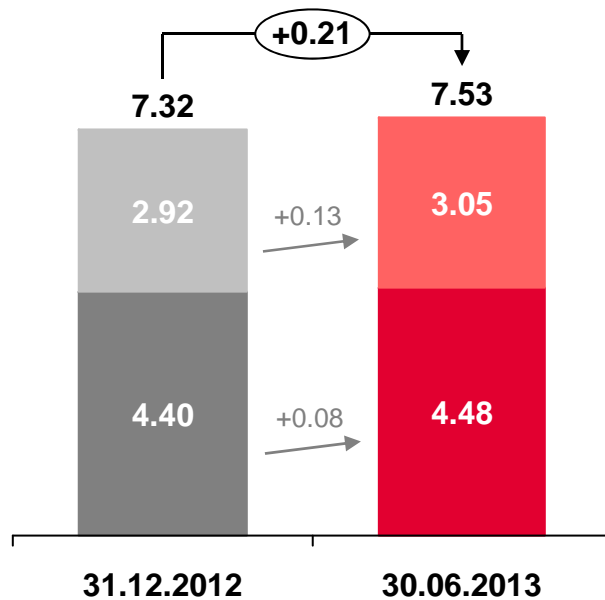


- 90,000 new 1&1 MyWebsites

■ Applications: Growth in customers and sales

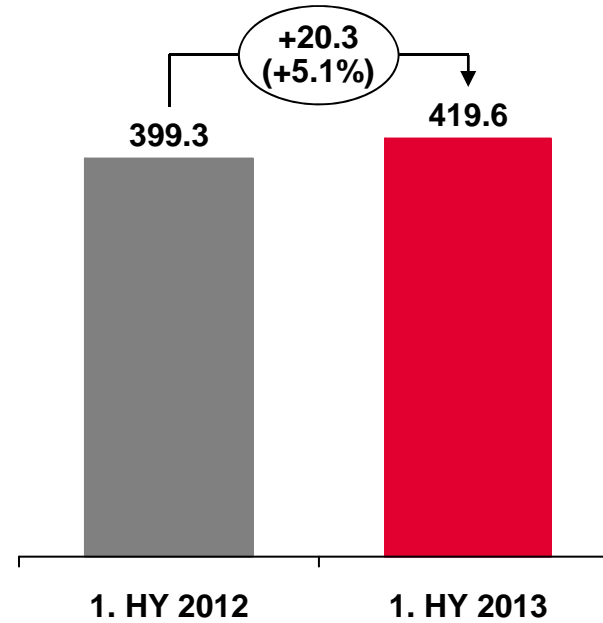
Total customer contracts (in million)

■ Foreign
■ Domestic



- Ongoing internationalization

Sales (acc. to IFRS in € million)



- Q2: Advertising revenues higher than in the previous year again, approx. 7 % growth in the total segment

■ Applications: Approx €62 million investments in the new business fields

1&1 MyWebsite

- Marketing in seven European countries, the USA, Canada and Mexico
- Strong growth in international brand awareness
- 90,000 new contracts in the first half-year (Full year guidance: 200,000)
- 490,000 customers (> 500,000 as of today)



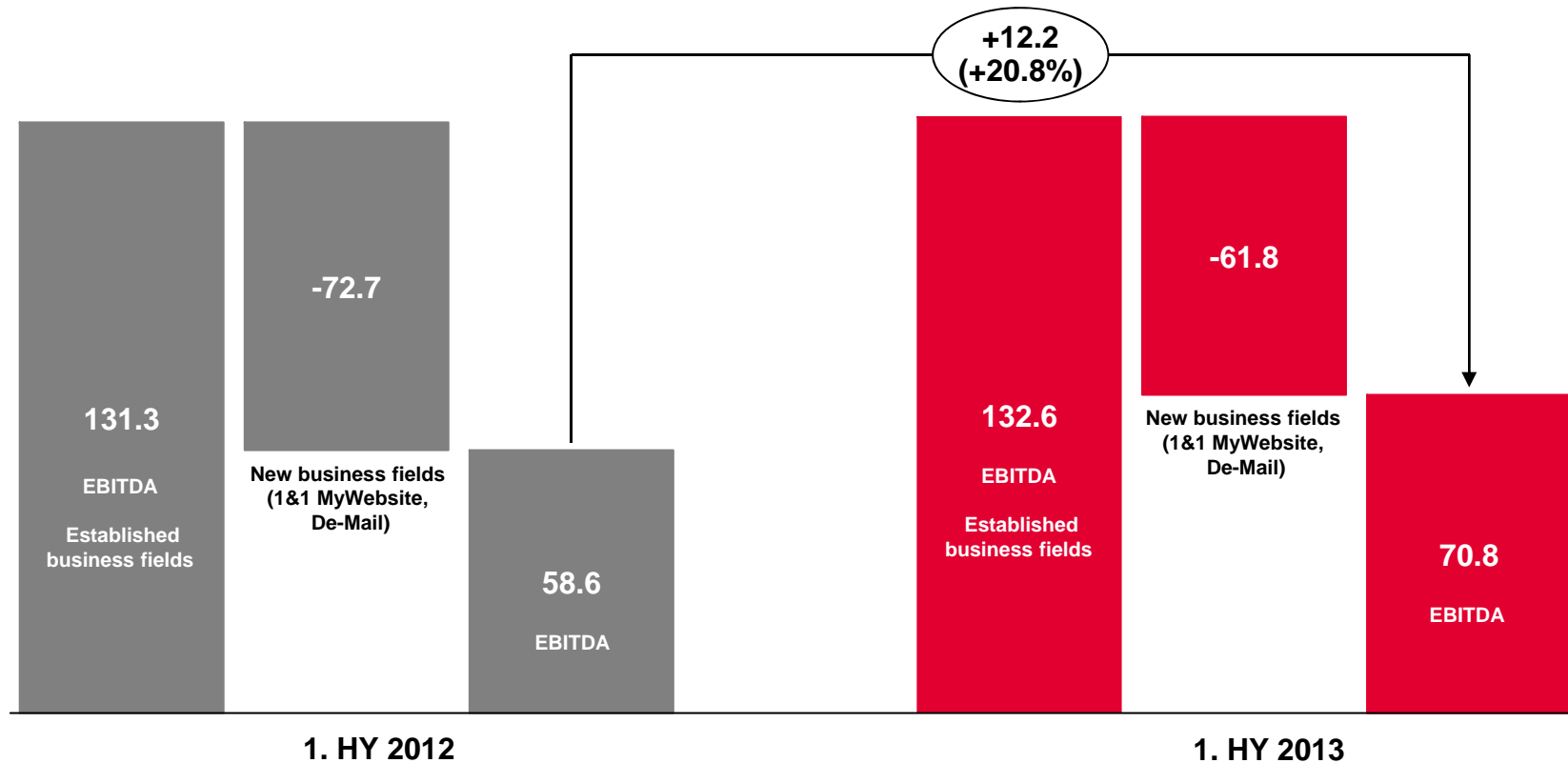
De-Mail

- Full operations since March 5, 2013
- 280,000 usage contracts in the first half-year (Full year guidance: 500,000), of which 100,000 fully registered users



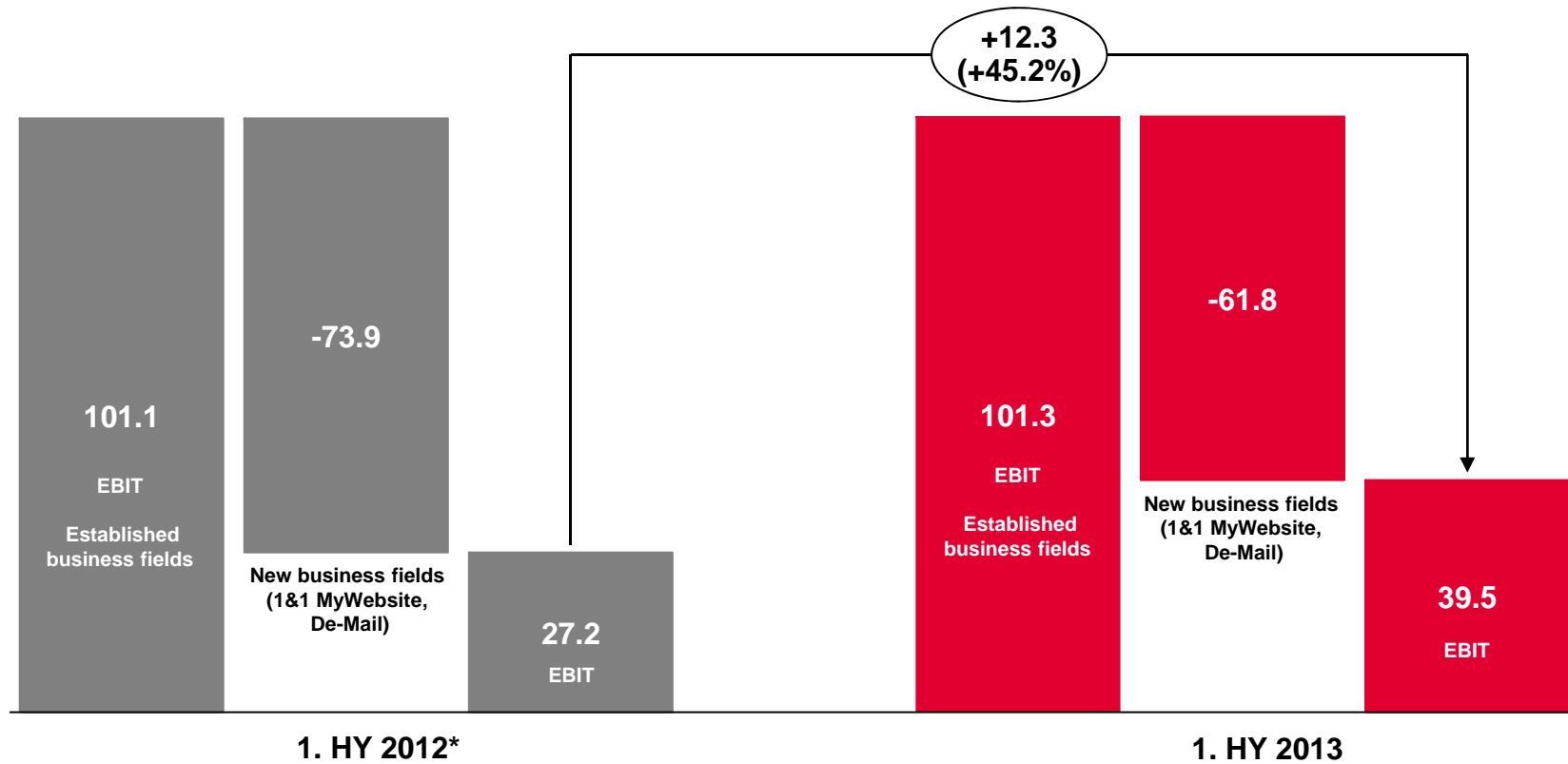
■ Applications: EBITDA

(acc. to IFRS in € million)



- Higher start-up losses for De-Mail: € 12.6 million compared to € 5.9 million in 1. HY 2012 (marketing start with TV campaign and costs for the user identification)
- Positive development for MyWebsite: € 49.2 million compared to € 66.8 million in 1. HY 2012 (growing customer base)

■ **Applications: EBIT**
 (acc. to IFRS in € million)



* 1. HY 2012 without negative special items (Sedo impairments) of € 46.3 million

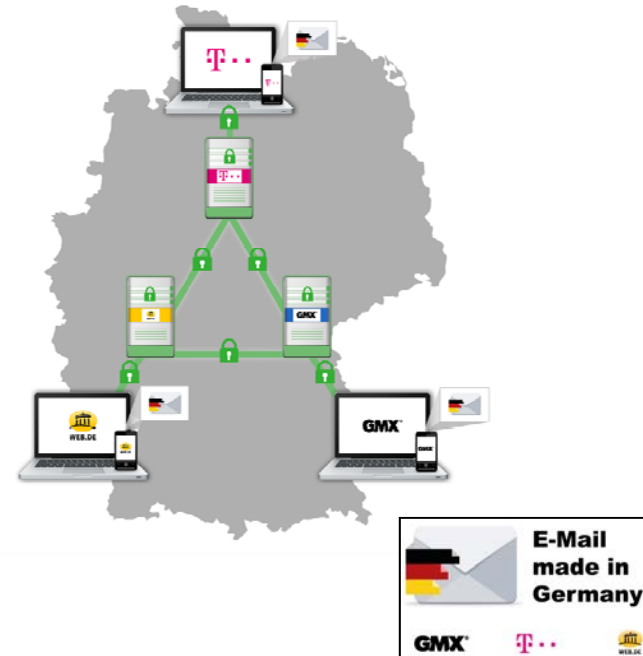
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**Outlook
2013**

■ Highlights H2 2013: Secure E-Mail

E-mail made in Germany

- As of August 9: GMX, T-Online and WEB.DE alliance with approx. two thirds of primarily used private e-mail accounts in Germany
- Encryption of server-server transmission
- Automatic encryption of client-server transmission
- Processing/storage of all data acc. to German data protection laws
- State access only allowed acc. to German laws, no storage with foreign authorities
- Identified by security seal
- Open for further participants



De-Mail

- Marketing start of De-Mail Business in September 2013



■ Highlights H2 2013: New Top Level Domains

New top level domains (nTLDs)

- Over 700 new domains to provide huge market potential in coming years
 - Upselling in existing client segment
 - New customer acquisition, provider-independent due to integrated redirecting function
- Extensive international ad campaign launched on July 1; target: 5 million pre-registrations by year-end
- No impact on earnings from marketing expenditure due to transfer of TV budgets from international MyWebsite ad budget



■ Highlights H2 2013: MyWebsite and New Webhosting

1&1 MyWebsite

- Approx. 550,000 customers by year-end, as ad budget was transferred, instead of approx. 600,000 customers as originally planned



New Webhosting

- From September: New webhosting product line
- New sector benchmark with maximum functionality and performance
- Improved customer service with new 1&1 Principle for Hosting and E-Business



■ 2013: Forecast

Based on the good development of the business, we increase our customer forecast. At the same time, we confirm our earnings guidance.

Customer contracts

- Approx. 1.1 million new contracts (+ 100,000)

Sales

- Approx. 10 % growth in sales

Profit

- Approx. € 500 million EBITDA in the established business fields
- Thereof, we will use approx. 20 % (approx. € 100 million) to finance the planned start-up losses in the new business fields:
 - De-Mail
 - Internationalization 1&1 MyWebsite
 - Advertising campaign new Top Level Domains

EPS

- Earning per share between €1.00 and € 1.10

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**Results
6-Month 2013**

■ Consolidated sales and earnings performance

(acc. to IFRS in € million)

	1. HY 2012*	1. HY 2013	Comments
Sales	1,163.5	1,283.0	■ + 10.3 %
EBITDA in the established business fields	221.3	236.9	■ + 7.0 %
Start-up losses in the new business fields (Opex)	72.7	61.8	
EBITDA	148.6	175.1	■ + 17.8 %
EBIT	103.7	129.4	■ + 24.8 %
EBT	95.8	121.4	■ + 26.7 %
EPS	0.32	0.43	■ + 34.4 %

* 1. Half-year 2012 without negative special items (Sedo impairments): EBIT-, EBT-effect: - €46.3 million; EPS-effect: - €0.24

■ Consolidated balance sheet as of June 30, 2013 (I)

(acc. to IFRS in €k)

Assets	31.12.2012	30.06.2013	Comments:
Property, plant and equipment / intangible assets	261,014	238,782	<ul style="list-style-type: none"> ▪ € 24.0 mn additions compared to € 45.8 mn depreciation and amortization
Goodwill	356,248	353,335	
Financial assets	161,014	160,349	<ul style="list-style-type: none"> ▪ Stock exchange values of Goldbach, Hi-media and 50 other investments – directly or via EFF funds
Accounts receivable	148,766	144,729	
Inventories, prepaid expenses and other assets	137,838	167,271	<ul style="list-style-type: none"> ▪ Prepaid expenses: € 62.2 mn; inventories: € 40.3 mn; deferred taxes: € 54.2 mn
Cash and cash equivalents	42,828	35,702	
Total	1,107,708	1,100,168	

■ Consolidated balance sheet as of June 30, 2013 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2012	30.06.2013	Comments:
Equity	198,143	194,284	<ul style="list-style-type: none"> Equity ratio: 17.7 % (prior year 17.9 %) Treasury shares: €10.3 mn
Liabilities due to banks	300,276	297,081	<ul style="list-style-type: none"> Bank liabilities (net): € 261.4 mn; share buy-backs: € 27.7 mn; Dividend payments: € 58.0 mn
Trade accounts payable	268,668	226,073	
Accrued taxes and other accrued liabilities	59,026	72,592	
Other liabilities	115,565	140,634	<ul style="list-style-type: none"> Thereof non-current: € 21.9 mn
Deferred revenue	166,030	169,504	
Total	1,107,708	1,100,168	

■ Consolidated cash flow as of June 30, 2013

(acc. to IFRS in €k)

	2012	2013	Comments:
Operative cash flow	95,242	118,515	<ul style="list-style-type: none"> ▪ Increase despite € 61.8 mn (prior year € 72.7 mn) start-up losses in the new business fields
Cash flow from operating activities	107,830	109,416	<ul style="list-style-type: none"> ▪ Stable despite strong expansion of business
Cash flow from investing activities	-14,948	-26,498	<ul style="list-style-type: none"> ▪ € 24.0 mn (prior year € 20.9 mn) capex ▪ Prior year: € 10.3 mn from the sale of EFF participations
Free cash flow	92,882	82,918	

**Our success story
continues!**