

**Fiscal Year  
2013  
&  
Outlook  
2014**



## ■ Agenda

Ralph Dommermuth    Company development 2013  
Outlook 2014

Norbert Lang        Results 2013

**Company  
development  
2013**

## ■ Highlights 2013

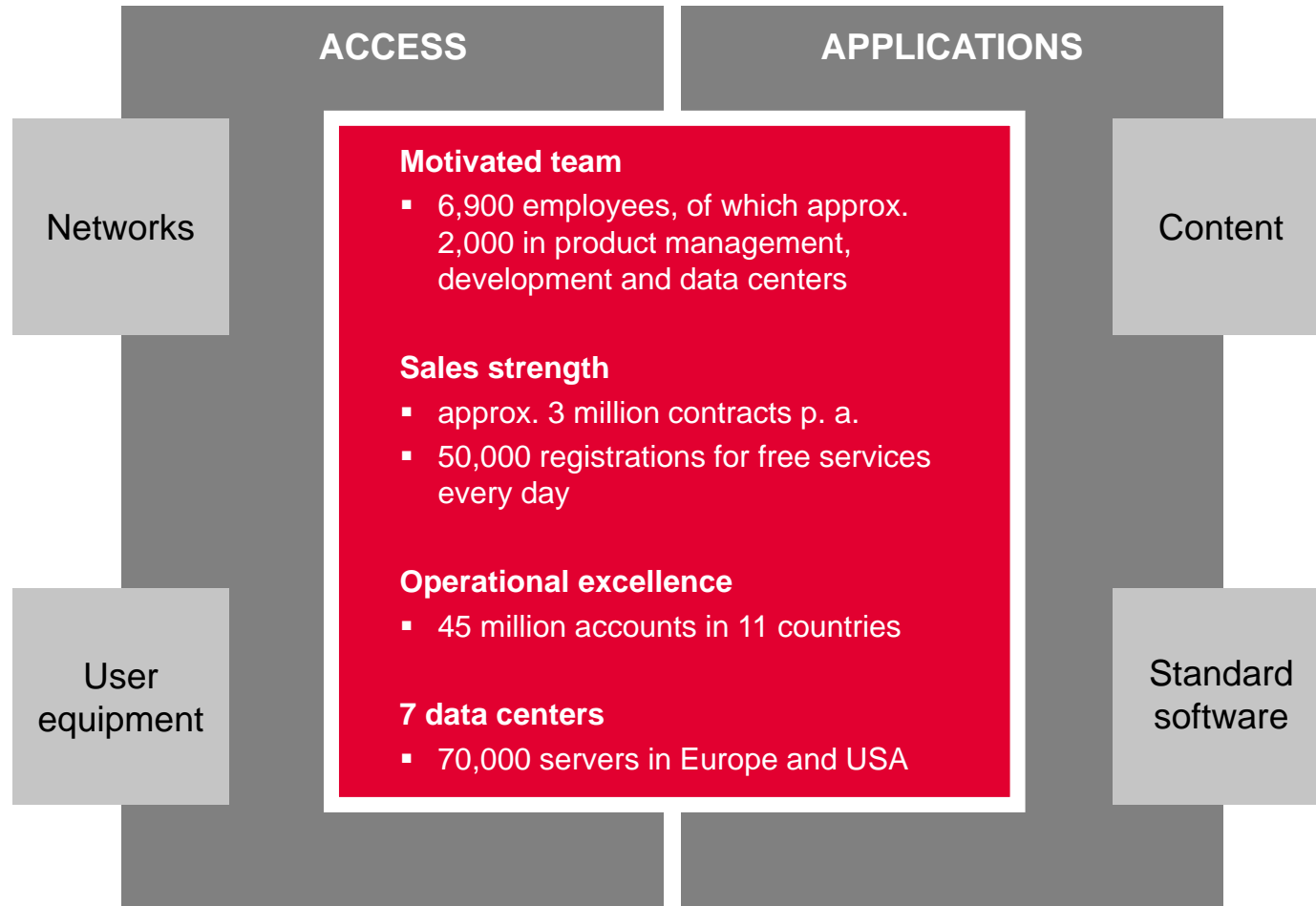
- Strong customer growth: 1.08 million new contracts plus 0.33 million from the acquisition of Arsys, total of 13.45 million contracts
- Financial figures

	2012*	2013	+ / - vs. 2012
Sales	€ 2.397 billion	€ 2.656 billion	+ 10.8 %
EBITDA	€ 325.9 million	€ 407.2 million	+ 24.9 %
EBIT	€ 232.7 million	€ 312.5 million	+ 34.3 %
EPS	€ 0.71	€ 1.07	+ 50.7 %

- Dividend proposal for fiscal year 2013: € 0.40 per share

\* 2012 without positive effects from the sale for freenet shares and negative effects from Sedo impairments

## ■ 2 segments: Access and Applications



**GMX**

  
WEB.DE

**1&1**

**arsys**

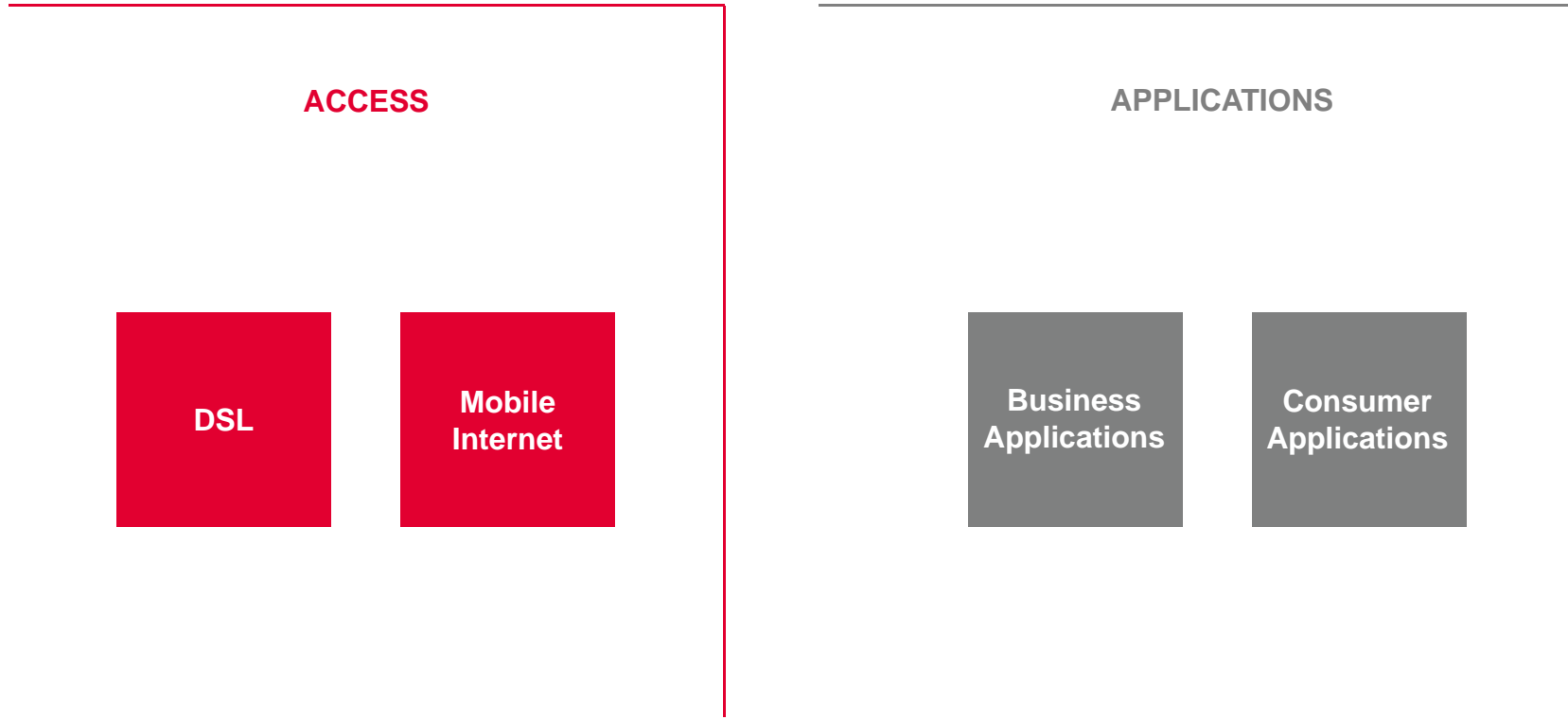


**InterNetX**

**united domains**  
THE DOMAIN PEOPLE

**sedo**  
HOLDING

## ■ “Access” in fiscal year 2013



## ■ Access: more than 5.5 million customer contracts

- Largest German alternative broadband supplier with 3.56 million contracts
- 1.98 million contract customers for mobile internet

**1&1 DSL**  
TELEFON UND  
INTERNET  
**50.000** kBit/s

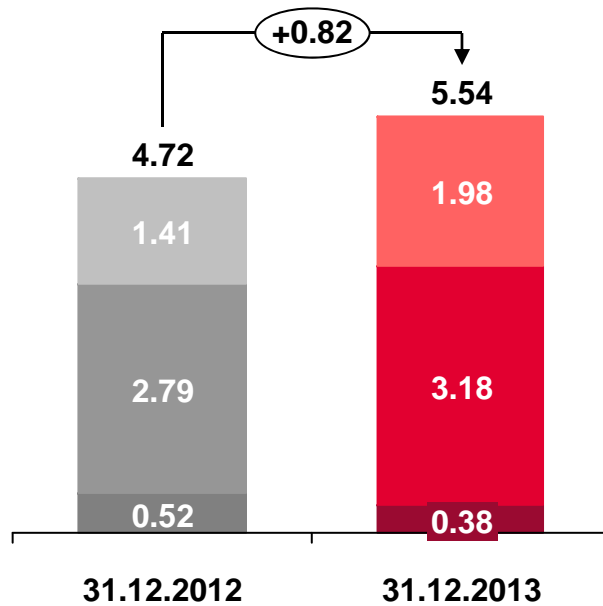
**1&1 ALL-NET-FLAT**  
✓ **FLAT** FESTNETZ  
✓ **FLAT** ALLE HANDY-NETZE  
✓ **FLAT** INTERNET

D-NETZ

## ■ Access: 820,000 new contracts

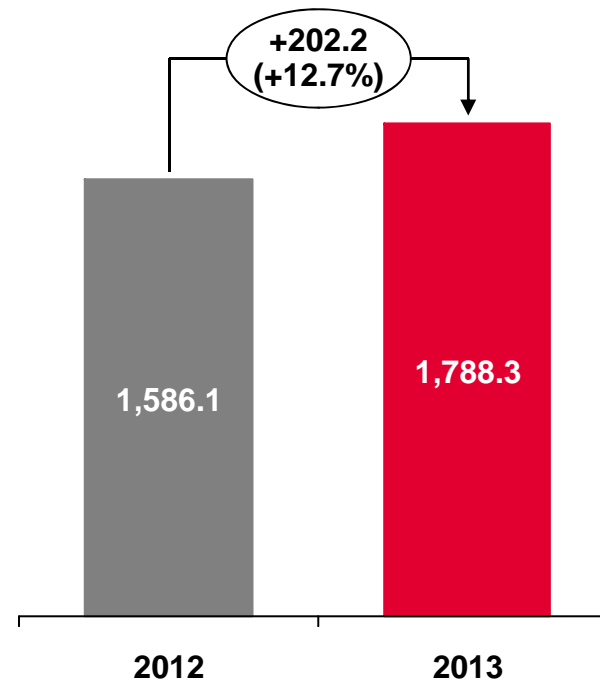
### Customer contracts (in million)

- Mobile Internet
- DSL Complete packages (ULL)
- T-DSL / R-DSL



- + 570,000 Mobile Internet contracts
- + 250,000 DSL contracts

### Sales (acc. to IFRS in € million)

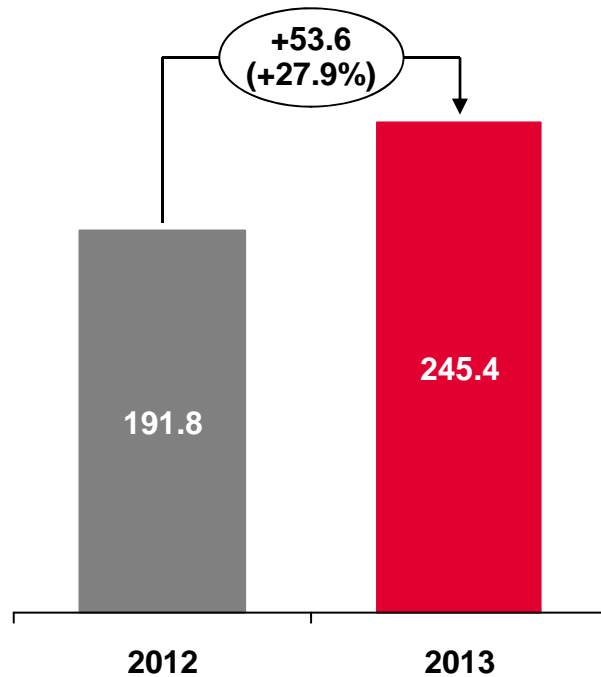




## ■ Access: EBITDA and EBIT

### EBITDA

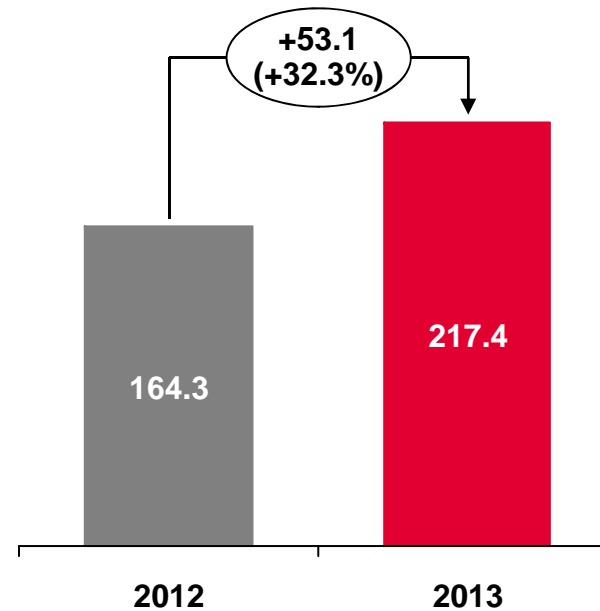
(acc. to IFRS in € million)



- 13.7 % EBITDA margin (2012: 12.1 %)

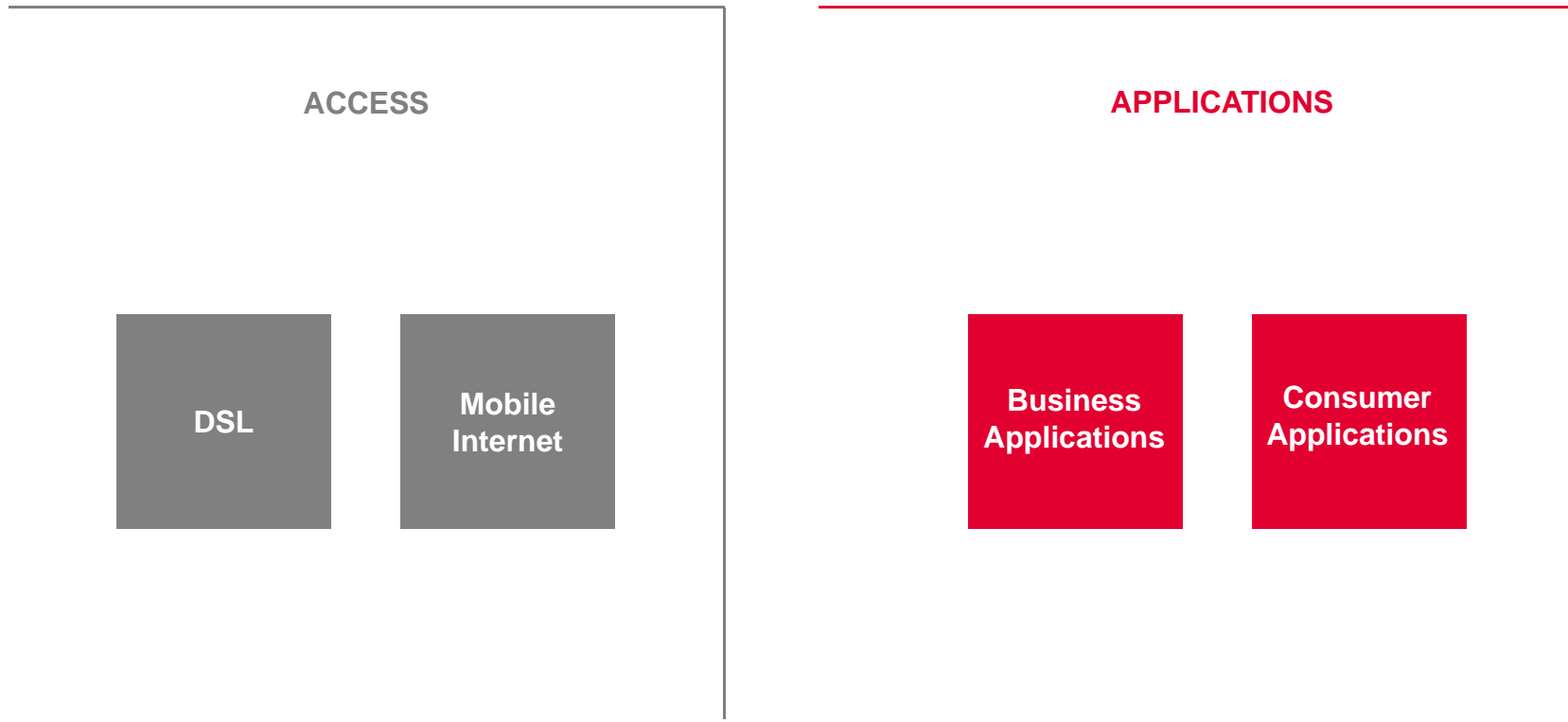
### EBIT

(acc. to IFRS in € million)

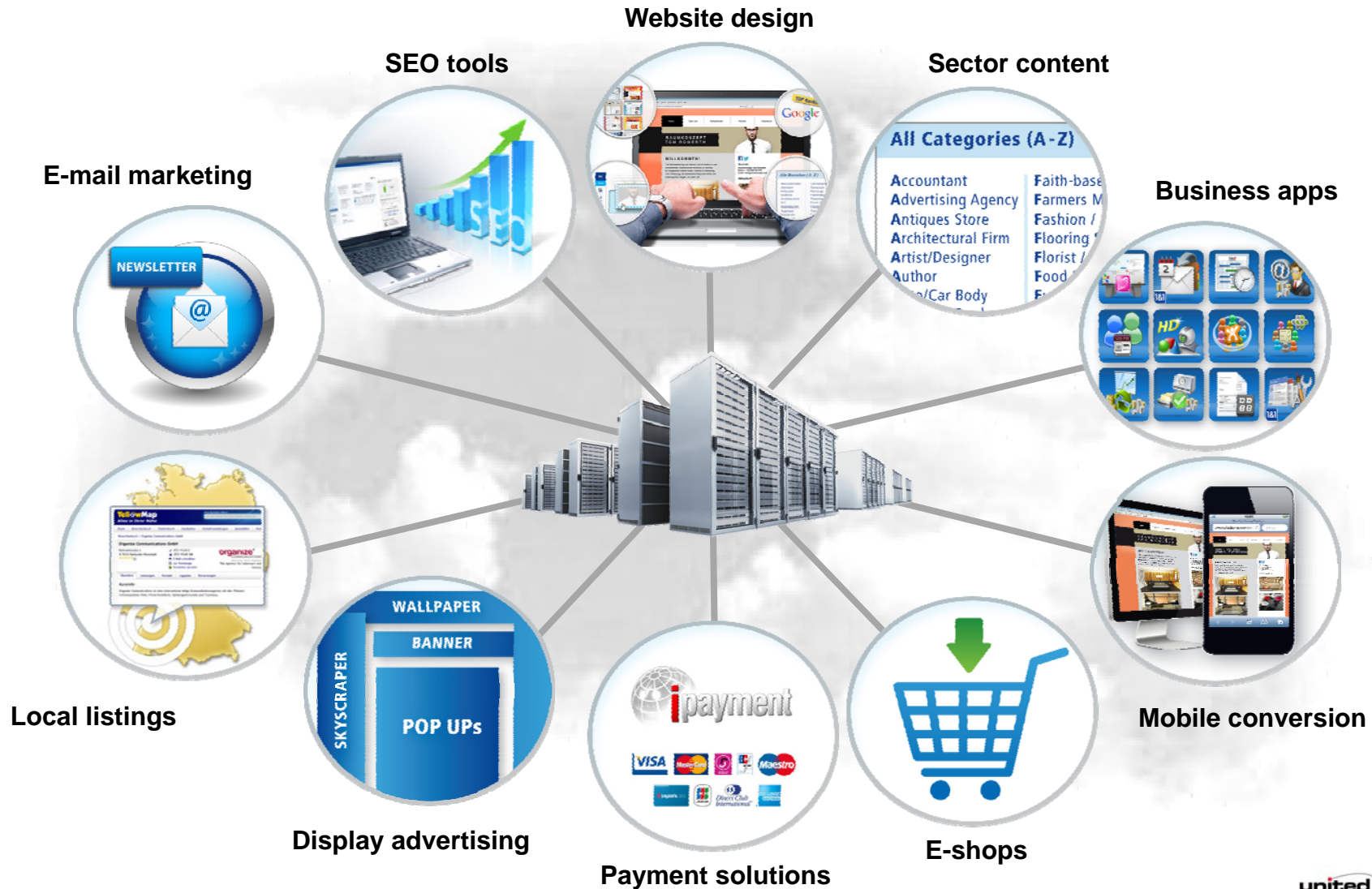


- 12.2 % EBIT margin (2012: 10.4 %)

## ■ “Applications” in fiscal year 2013



# ■ Business Applications: from webhoster to e-business solutions provider



## ■ Business Applications: new business fields

### 1&1 MyWebsite (DIY)

- Marketing in seven European countries, USA, Canada and Mexico
- Broad marketing campaign in 1<sup>st</sup> HY 2013
- 110,000 new contracts, thereof 20,000 in the 2<sup>nd</sup> HY (target: 60,000)
- 510,000 contracts as of December 31, 2013



### nTLDs

- Market launch in 2nd HY 2013
- Marketing funded by the transfer of marketing budget from 1&1 MyWebsite
- 5.9 million pre-registrations (target: 5.0 million) for future approx. 700 new TLDs



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

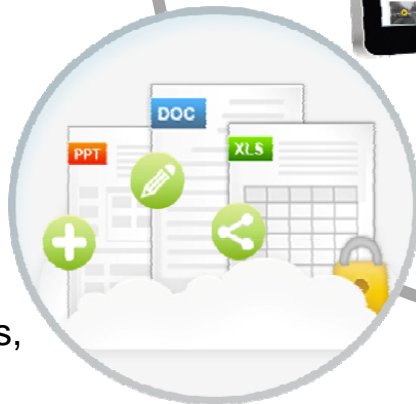
**Communication and organization**  
e-mail, calendar, contacts, SMS, fax



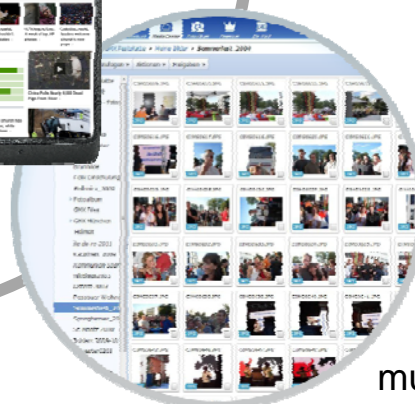
**De-Mail**  
legally secure communication and identity management



**Online office**  
texts, spreadsheets, presentations



**Online storage**  
for photos, videos, music and documents



## ■ Consumer Applications: new business field / initiative

### De-Mail

- Fully operational since March 5, 2013
- 490,000 usage contracts, of which 210,000 fully registered



### E-Mail made in Germany

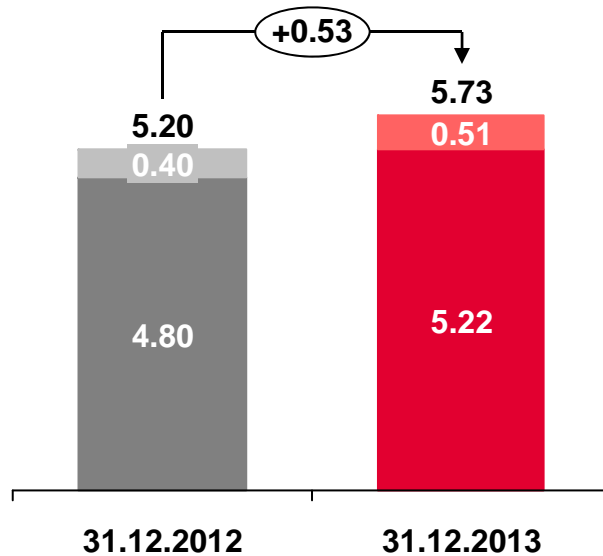
- Initiative of GMX, WEB.DE, T-Online and freenet.de
- SSL-encrypted communication
- Processing/storage of all data acc. to German data protection laws
- State access only allowed acc. to German laws



## ■ Applications: 590,000 new contracts

### Business Applications (contracts in million)

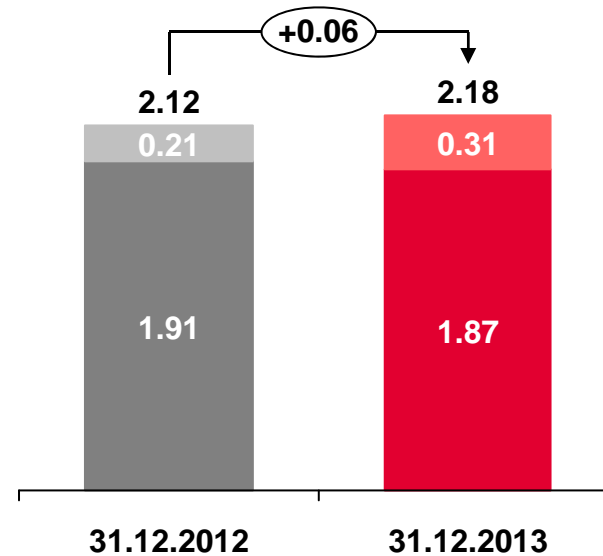
- 1&1 MyWebsite (DIY)
- Domains, webhosting, server, eshops, tools



- 330,000 contracts from the acquisition of Arsys

### Consumer Applications (contracts in million)

- Accounts with Value-Added subscriptions
- Accounts with Premium Mail subscriptions

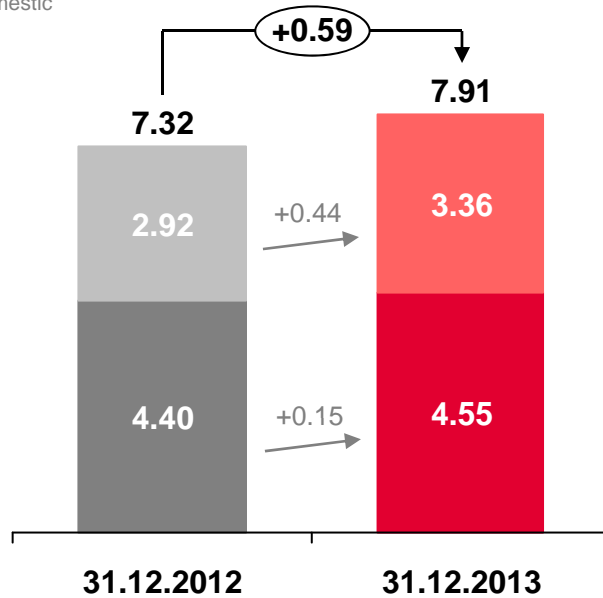


- Additional 31.51 million free accounts, thereof 10.4 million with mobile usage and 14.5 million with cloud storage

## ■ Applications: increasing internationalization

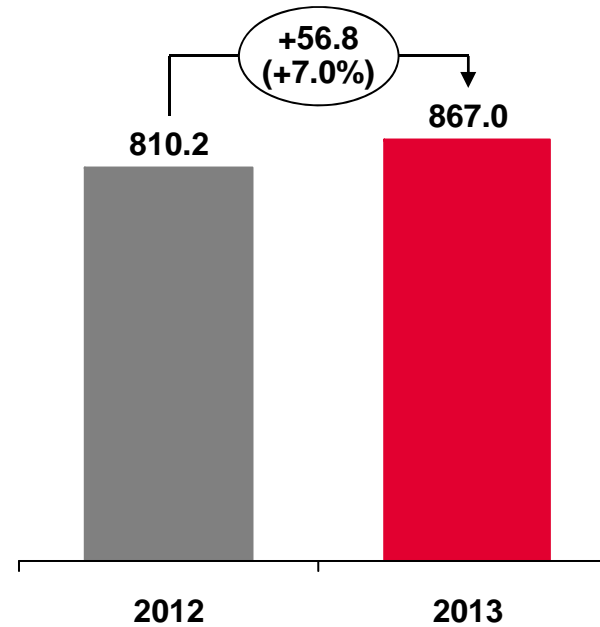
Total customer contracts  
(in million)

Foreign  
Domestic



- 330,000 contracts from the acquisition of Arsys

Sales  
(acc. to IFRS in € million)

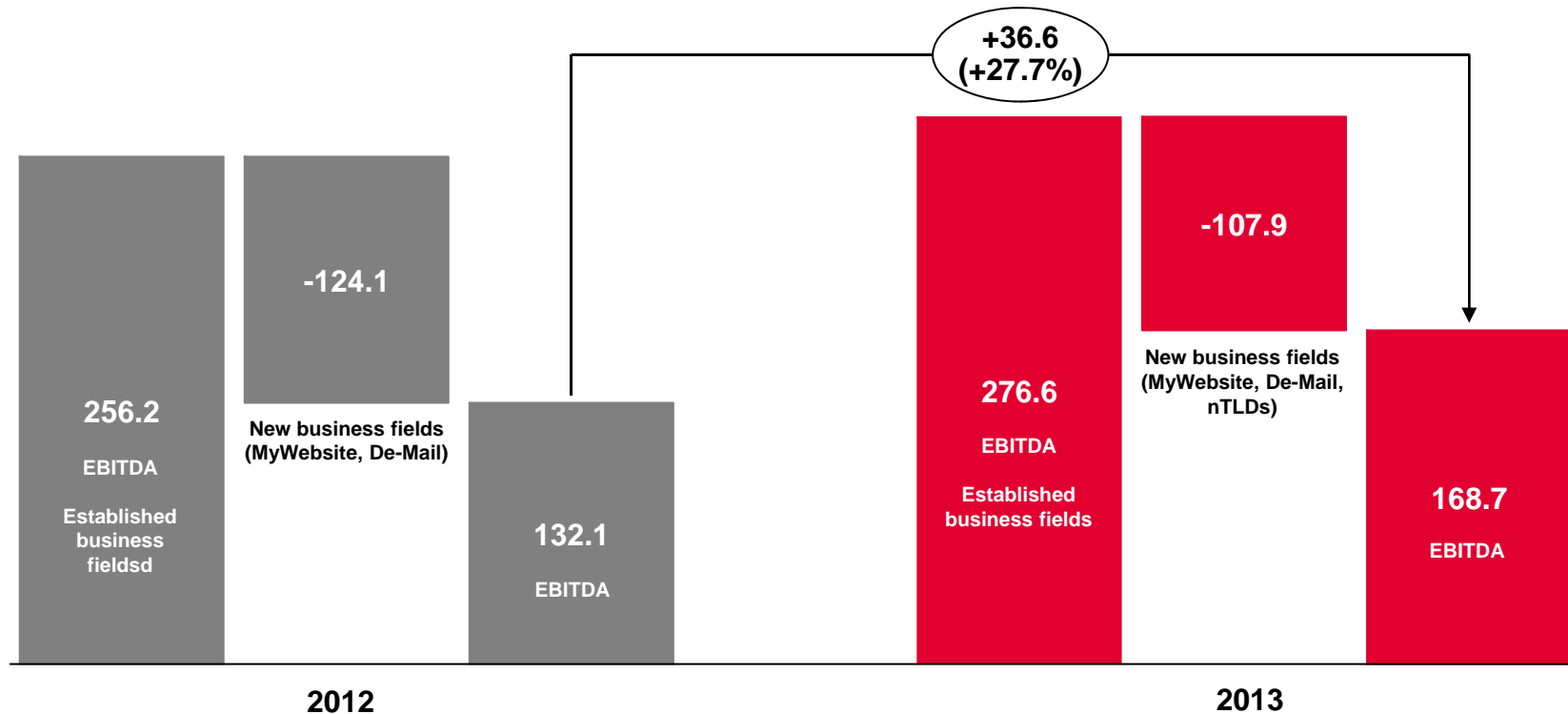


- € 56.8 million revenue growth, despite € 6.4 million lower advertising revenues on the portals in Q1/2013



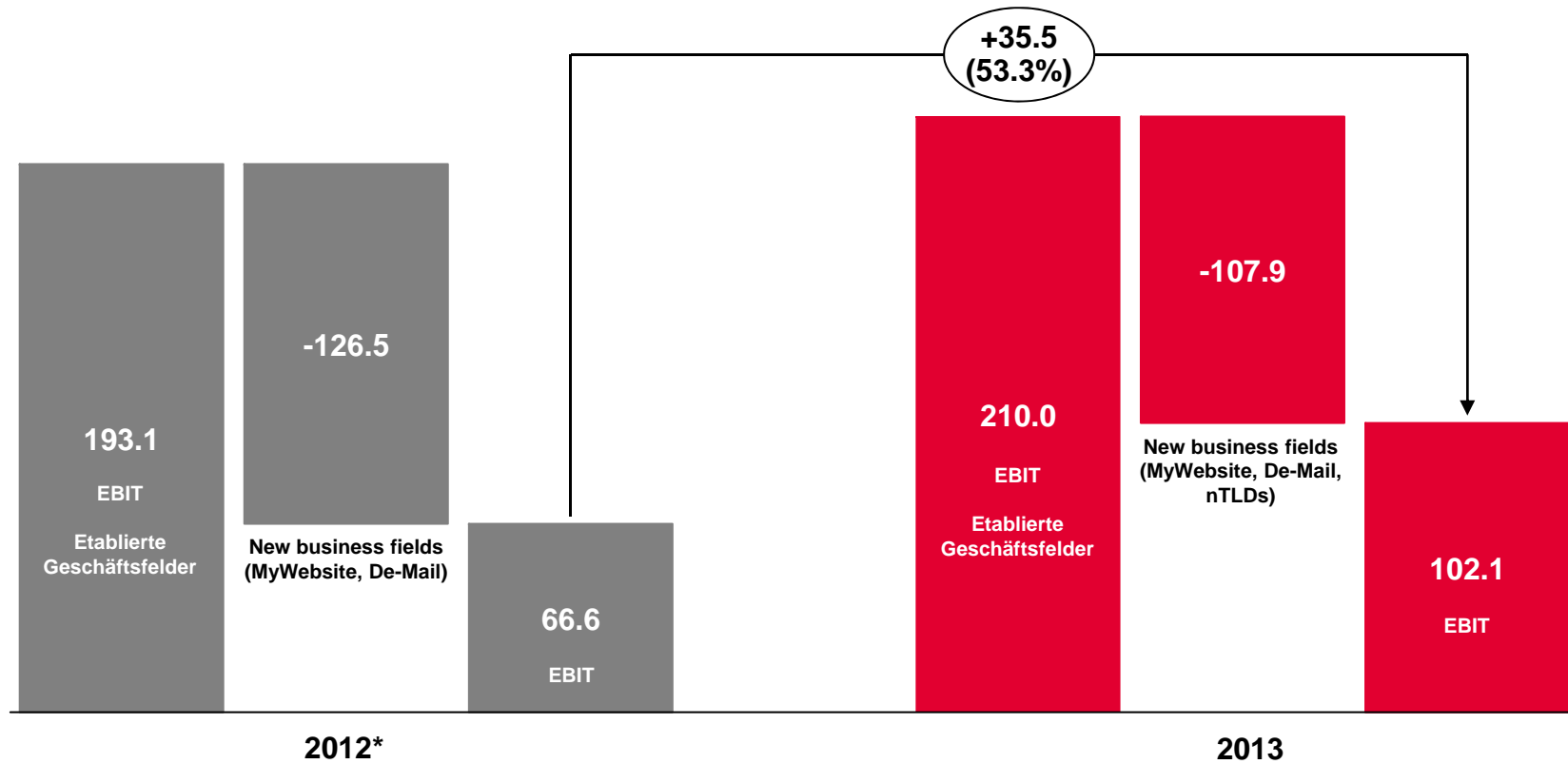
## ■ Applications: EBITDA

(acc. to IFRS in € million)



- Lower start-up losses for 1&1 MyWebsite: € 60.8m, compared to € 111.0m in 2012 (growing customer base; lower marketing budget)
- Marketing campaign nTLDs: € 20.5m
- Higher start-up losses for De-Mail: € 26.6m, compared to € 13.1m in 2012 (TV campaign and identification of De-Mail users)

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



\* 2012 without negative effects from Sedo impairments of € 46.3 million

A solid red square is centered on a white background. Inside the square, the text "Outlook 2014" is written in white, bold, sans-serif font.

**Outlook  
2014**

## ■ 2014: Focus

### Mobile Internet

- New tariffs based on E-Plus services

### DSL

- Extended V-DSL coverage: approx. 20 million households by year-end (2012: 14.8m)
- Vectoring (up to 100 Mbit/s)

### Business Applications

- Start of more than 250 nTLDs (of 700 in total by year-end 2016)
  - approx. 500,000 new domains for new/existing customers
- New marketing approach for MyWebsite
  - Increased product attractiveness through larger scope of services and lower entry-level prices
  - Reduction of marketing spendings

### Consumer Applications

- Free of charge integration of De-Mail into e-mail services at WEB.DE and GMX
- TV campaign for “E-Mail made in Germany”

## ■ 2014: Guidance

### Customers

- More than 800,000 new contracts (prev. year: 1.08 million)

### Sales and earnings

- Sales growth of approx. 10 % to more than € 2.9 billion (prev. year: € 2.656 billion)
- Approx. € 520 million EBITDA (prev. year: € 407.2 million), incl. approx. € 40 million start-up losses in the new business fields (MyWebsite and De-Mail) and approx. € 10 million advertising expenses for “E-Mail made in Germany”
- Earnings per share between € 1.40 and € 1.50 (prev. year: €1.07)

A solid red square is centered on a white background. Inside the square, the text "Results 2013" is written in white, bold, sans-serif font.

**Results  
2013**

## ■ Consolidated sales and earnings performance

(acc. to IFRS in € million)

	2012*	2013	Comments
Sales	2,396.6	2,655.7	■ + 10.8 %
EBITDA from established business fields	450.0	515.1	■ + 14.5 %
Start-up losses for new business fields (Opex)	124.1	107.9	■ – 13.1 %
EBITDA	325.9	407.2	■ + 24.9 %
EBIT	232.7	312.5	■ + 34.3 %
EBT	221.4	296.3	■ + 33.8 %
EPS	0.71	1.07	■ + 50.7 %

\* without negative effects from Sedo impairments: EBIT, EBT effect: €-46.3m; EPS effect: €-0.24  
 without positive effects from sale of freenet shares: EBITDA, EBIT and EBT effect: € 17.9m; EPS effect: € 0.09;  
 EPS incl. special items: € 0.56

## ■ Consolidated balance sheet as of December 31, 2013 (I)

(acc. to IFRS in €k)

<b>Assets</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>Comments:</b>
Property, plant and equipment / intangible assets	261,014	281,253	<ul style="list-style-type: none"> <li>▪ Capex: € 59.9m; D&amp;A: € 94.4m</li> <li>▪ Increase through acquisition of Arsys: € 60.1m</li> </ul>
Goodwill	356,248	452,812	<ul style="list-style-type: none"> <li>▪ Increase through acquisition of Arsys: € 100.6m</li> </ul>
Financial assets	161,014	166,619	<ul style="list-style-type: none"> <li>▪ Stock exchange values of Goldbach, Hi-media and 59 other investments – directly or indirectly via EFF funds</li> </ul>
Accounts receivable	148,766	135,524	
Inventories, prepaid expenses and other assets	137,838	195,151	<ul style="list-style-type: none"> <li>▪ Prepaid expenses: € 60.5m; inventories: € 44.4m; deferred taxes: € 66.8m</li> </ul>
Cash and cash equivalents	42,828	43,311	
<b>Total</b>	<b>1,107,708</b>	<b>1,274,670</b>	



## ■ Consolidated balance sheet as of December 31, 2013 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2012	31.12.2013	Comments:
Equity	198,143	307,853	<ul style="list-style-type: none"> <li>Equity ratio: 24.2% (prev. year: 17.9%); treasury shares: €5.2m</li> </ul>
Liabilities due to banks	300,276	340,042	<ul style="list-style-type: none"> <li>Bank liabilities (net): €296.7m (prev. year: €257.5m)</li> <li>Acquisition of Arsys: €130.1m</li> <li>Investments: €22.7m</li> <li>Share buy-backs: €27.7m</li> <li>Dividend payments: €58.0m</li> </ul>
Trade accounts payable	268,668	260,222	
Accrued taxes and other accrued liabilities	59,026	52,344	
Other liabilities	115,565	130,512	<ul style="list-style-type: none"> <li>Thereof non-current: €20.6m (i.a. purchase price obligation UDAG)</li> </ul>
Deferred revenue	166,030	183,697	
<b>Total</b>	<b>1,107,708</b>	<b>1,274,670</b>	

## ■ Consolidated cash flow as of December 31, 2013

(acc. to IFRS in €k)

	2012	2013	Comments:
Operative cash flow	214,087	280,440	<ul style="list-style-type: none"> <li>▪ Increase incl. € 107.9m (2012: € 126.5m) start-up losses in the new business fields</li> </ul>
Cash flow from operating activities	260,528	268,611	<ul style="list-style-type: none"> <li>▪ Inventories: € 44.4m (2012: € 25.7)</li> </ul>
Cash flow from investing activities	1,850	-207,810	<ul style="list-style-type: none"> <li>▪ Capex: € 59.9m (prev. year € 63.6m)</li> <li>▪ € 130.1m for the acquisition of Arsys and € 22.7m for investments (2012: € 10.3m from the sale of EFF participations as well as € 48.1m from the sale of freenet shares)</li> </ul>
Free cash flow*	204,686	211,952	

\* Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from the disposal of intangible assets and property, plant and equipment

**Our success story  
continues!**