

6-Month 2014



■ Agenda

Ralph Dommermuth Company development
 Outlook

Norbert Lang Results 6-Month 2014

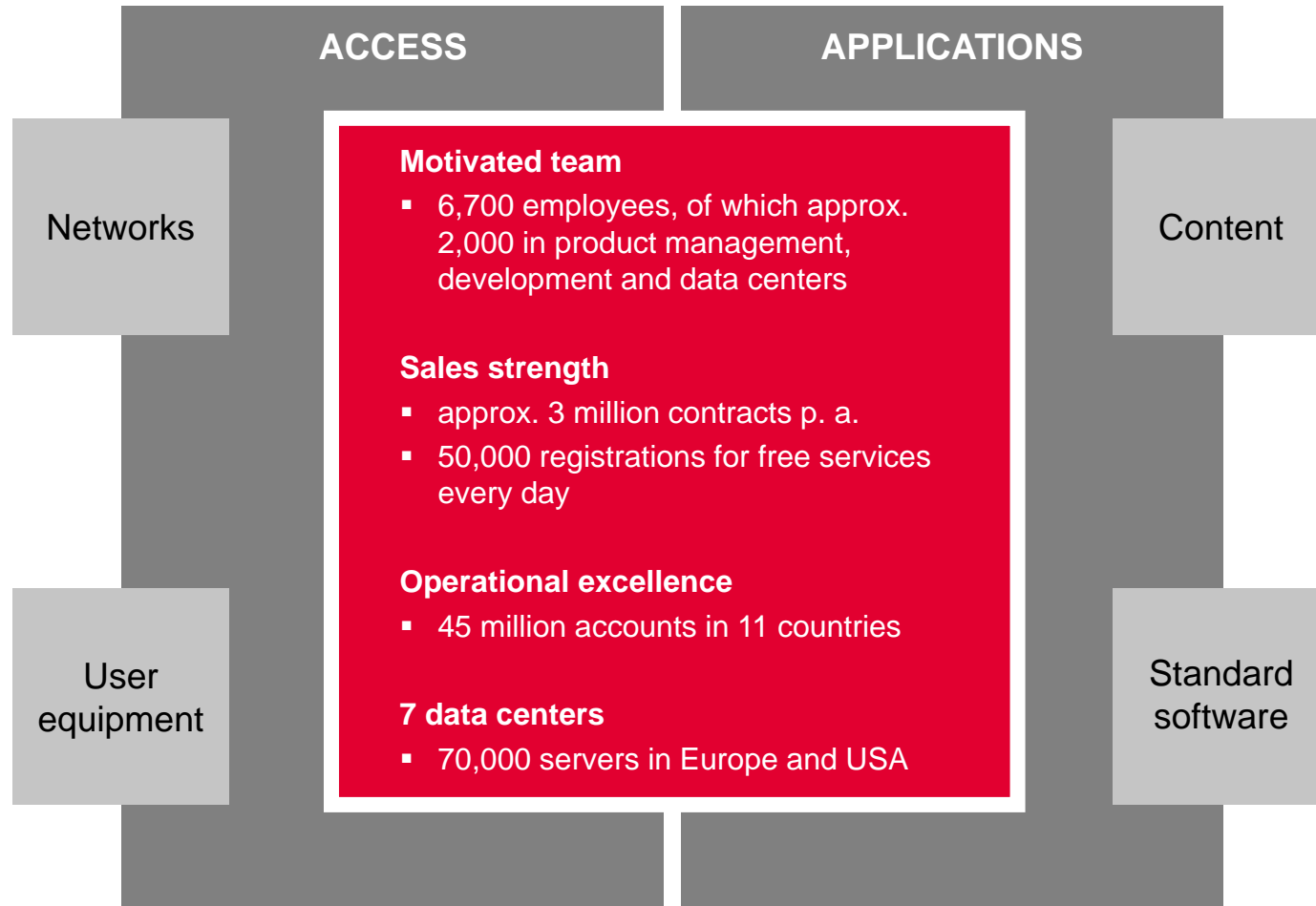
**Company
development**

■ Highlights first half-year 2014

	1st HY 2013	1st HY 2014	Change
Sales	€ 1.283 billion	€ 1.434 billion	+ 11.7 %
EBITDA	€ 175.1 million	€ 237.6 million	+ 35.7 %
EBIT	€ 129.4 million	€ 193.5 million	+ 49.5 %
Free Cashflow	€ 85.9 million	€ 154.2 million	+ 79.5 %
EPS	€ 0.43	€ 0.66	+ 53.5 %

- Strong customer growth: 420,000 new contracts to 13.87 million contracts

■ 2 segments: Access and Applications



GMX


WEB.DE

1&1

arsys

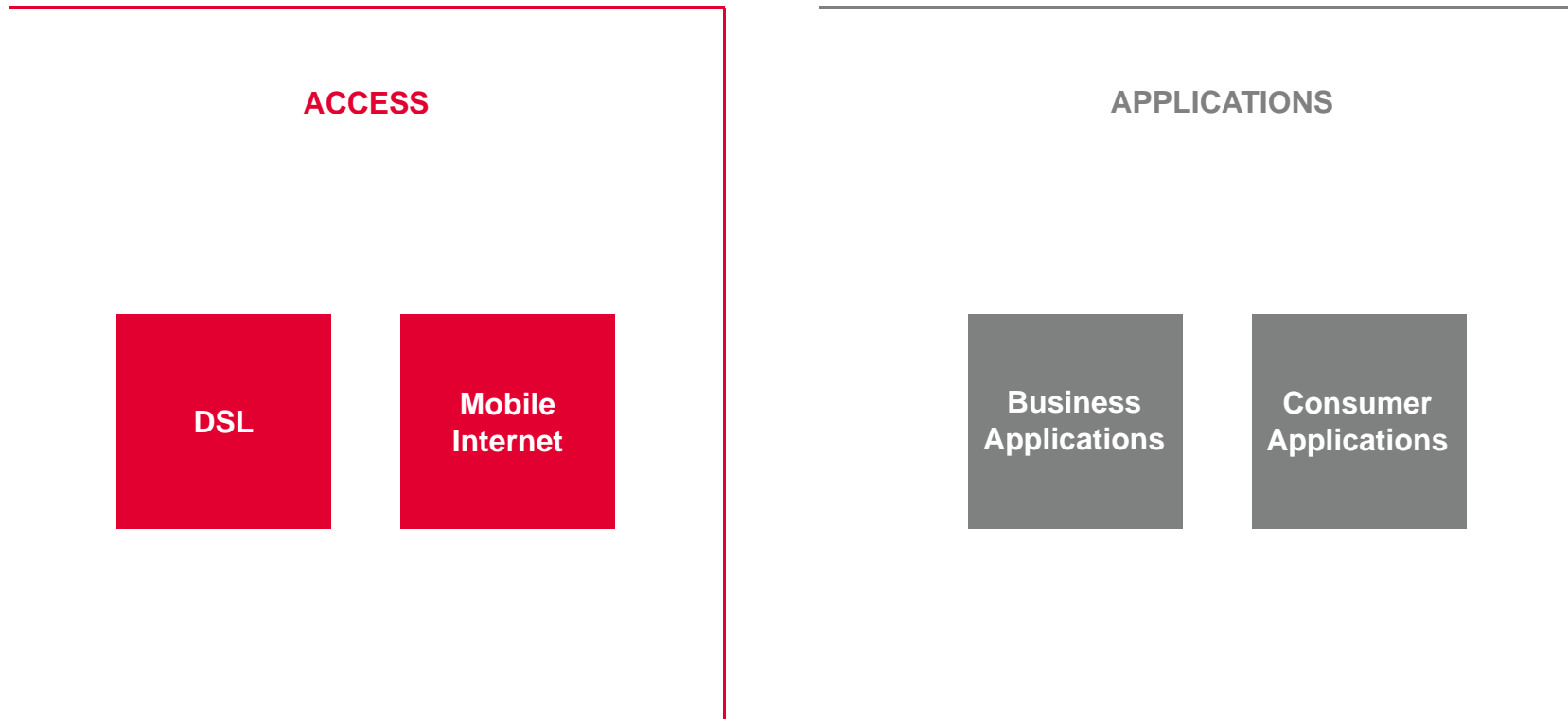


InterNetX

united domains
THE DOMAIN PEOPLE

sedo
HOLDING

■ „Access“ in the first half-year 2014



■ Access: more than 5.9 million customer contracts

- Largest German alternative DSL provider with 3.68 million contracts
- 2.23 million customers for mobile internet

1&1 DSL
TELEFON UND
INTERNET
50.000 kBit/s

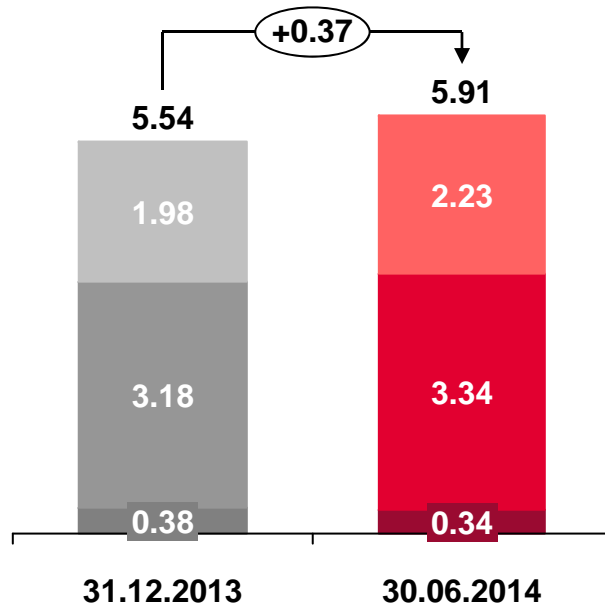
1&1 ALL-NET-FLAT
✓ **FLAT** FESTNETZ
✓ **FLAT** ALLE HANDY-NETZE
✓ **FLAT** INTERNET

D-NETZ

■ Access: growth in sales and customer contracts

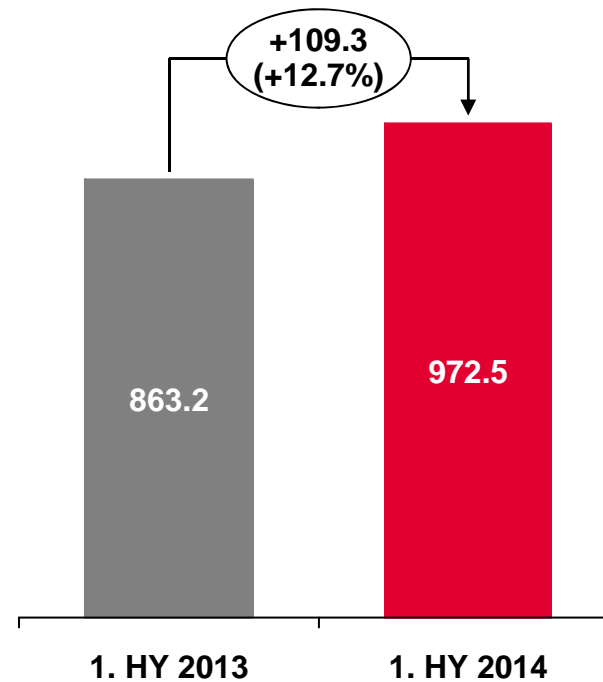
Customer contracts (in million)

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



- + 250,000 Mobile Internet contracts
- + 120,000 DSL contracts

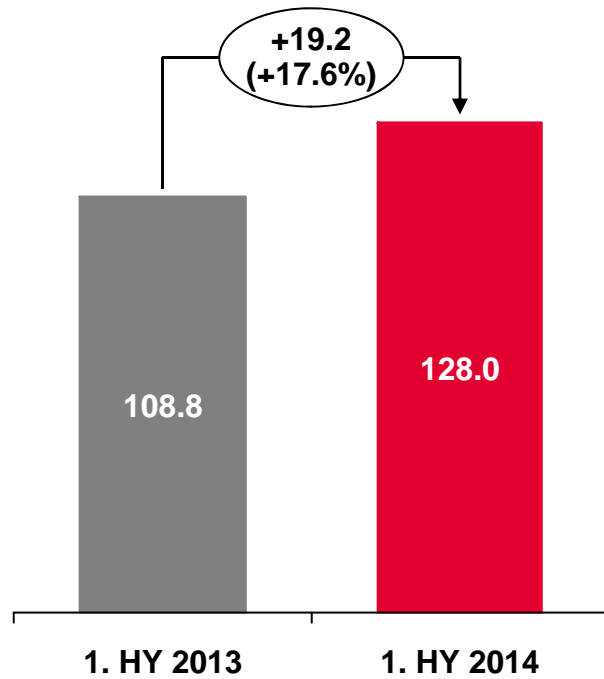
Sales (acc. to IFRS in € million)



■ Access: EBITDA and EBIT

EBITDA

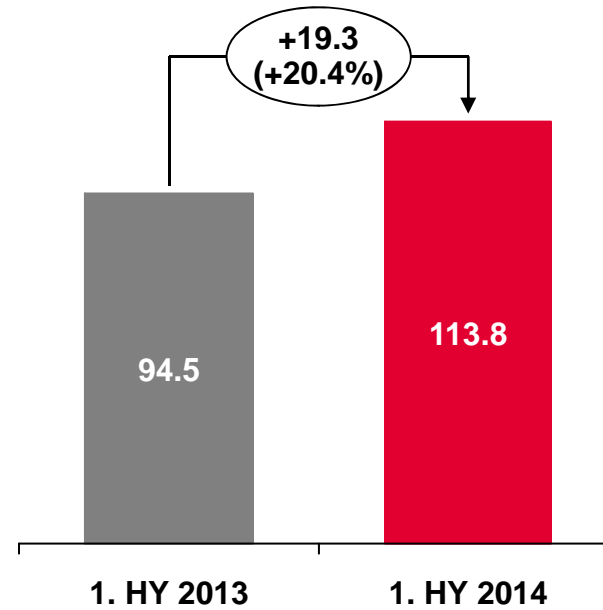
(acc. to IFRS in € million)



- 13.2 % EBITDA margin (prev. year: 12.6 %)

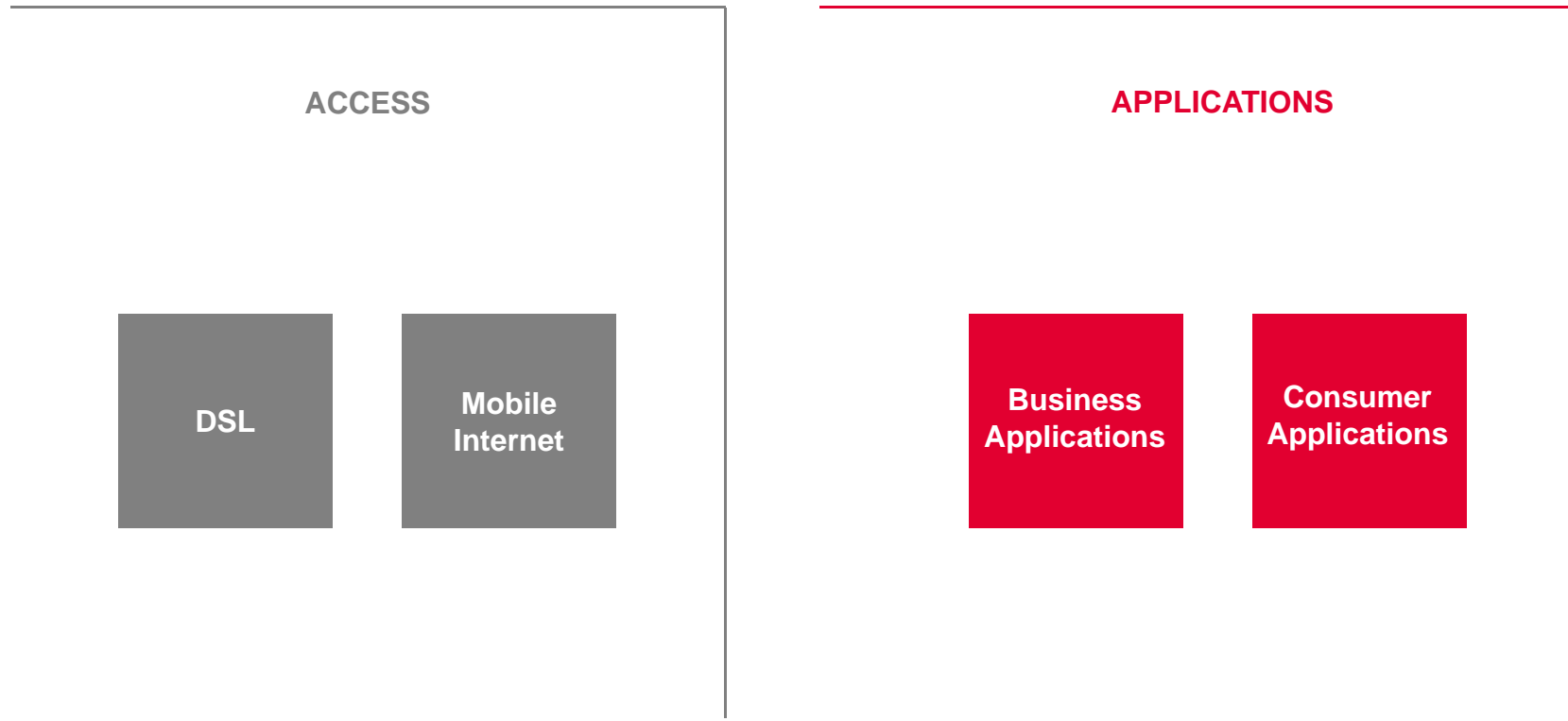
EBIT

(acc. to IFRS in € million)

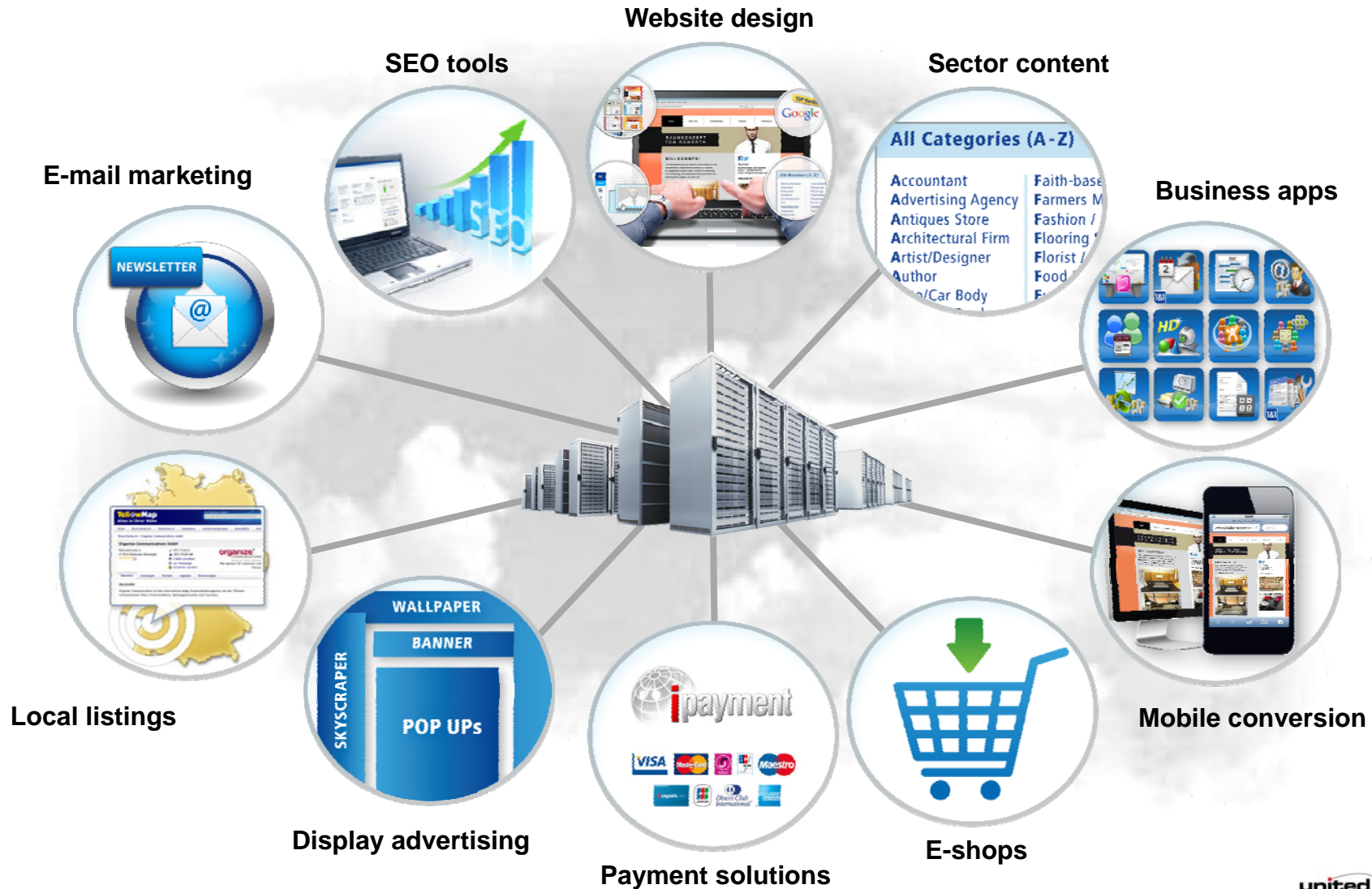


- 11.7 % EBIT margin (prev. year: 10.9 %)

■ „Applications“ in the first half-year 2014



Business Applications: from webhoster to e-business solutions provider



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

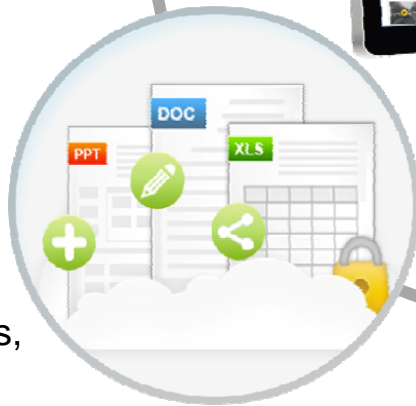
Communication and organization
e-mail, calendar, contacts, SMS, fax



De-Mail
legally secure communication and identity management



Online office
texts, spreadsheets, presentations

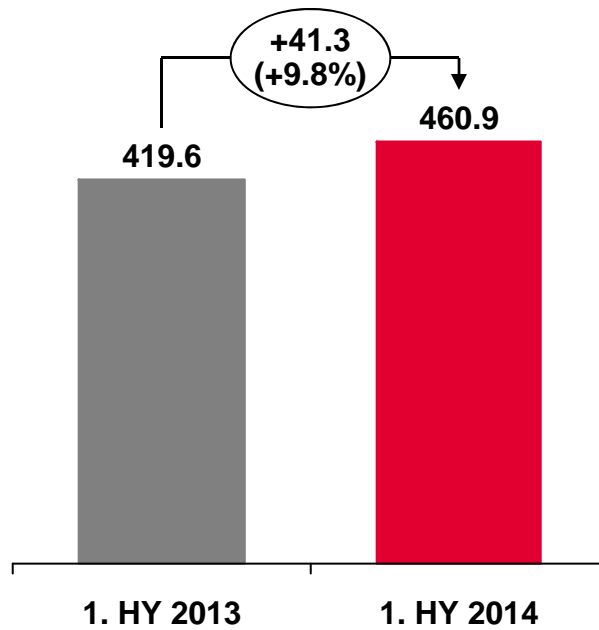


Online storage
for photos, videos, music and documents

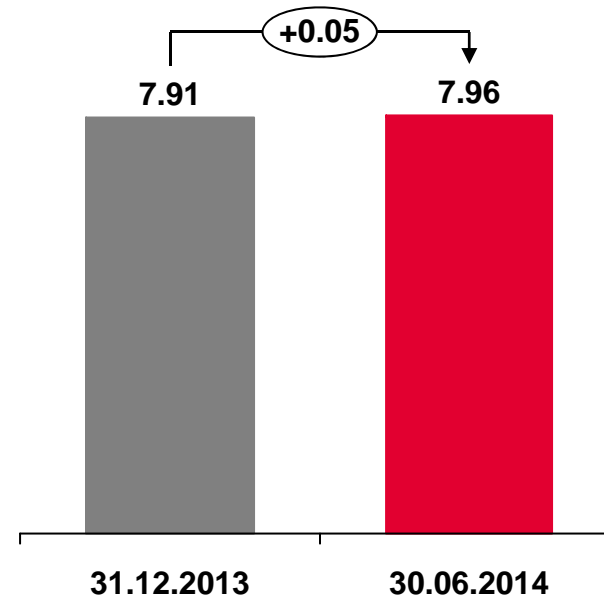


■ Applications: growth in sales and contracts

Sales
(acc. to IFRS in € million)



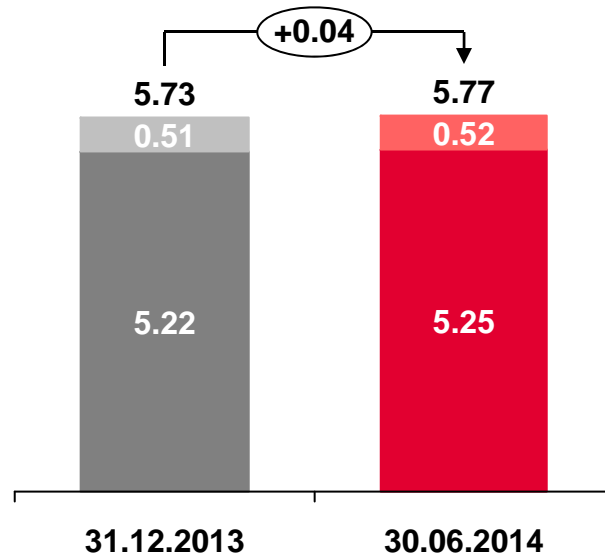
Total customer contracts
(in million)



■ Applications: business and consumer contracts

Business Applications (contracts in million)

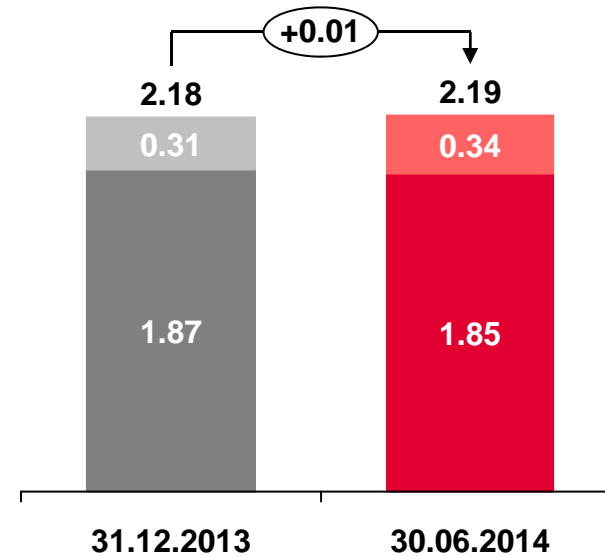
- 1&1 MyWebsite
- Domains, webhosting, server, eshops, tools



- 170,000 nTLDs
(new full-year target of approx. 350,000 due to delays in the allocations by ICANN)

Consumer Applications (contracts in million)

- Accounts with Value-Added subscription
- Accounts with Premium Mail subscription

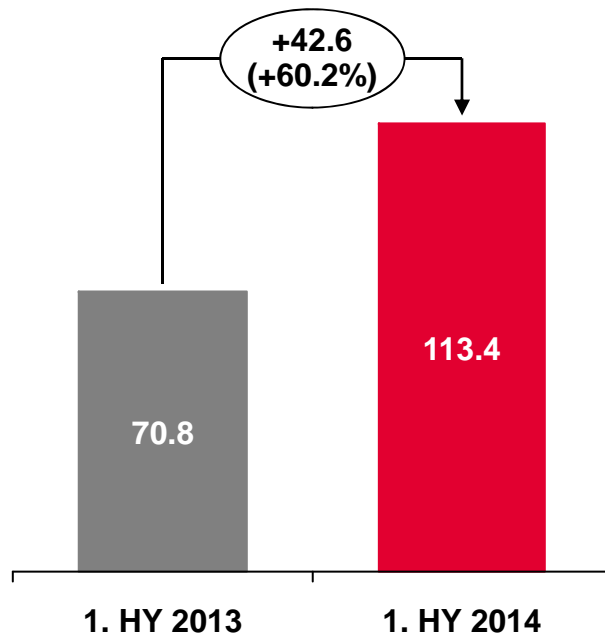


- Additional 31.44 million free accounts (+0.41 million vs. 30.06.2013), thereof:
 - 12.2 million with mobile usage (+3.1m)
 - 15.1 million with cloud storage (+1.6m)
 - 0.3 million with De-Mail address (+0.2m)

■ Applications: EBITDA and EBIT

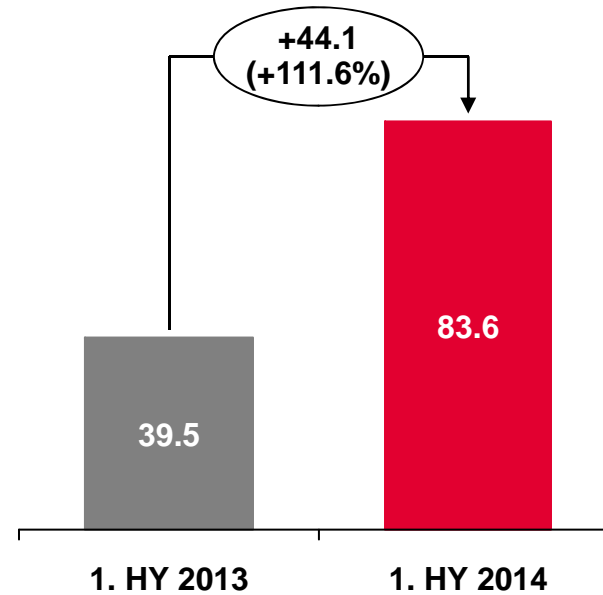
EBITDA

(acc. to IFRS in € million)



EBIT

(acc. to IFRS in € million)



- Lower start-up losses in the new business fields / initiatives:
€ 23.8 million in the first half-year 2014, compared to € 61.8 million in the first half 2013

Outlook

■ Outlook

Based on the good development of business, we are increasing our customer guidance and can confirm the earnings guidance provided at the beginning of the year.

Customers

- Approx. 900,000 new contracts (previously: >800,000)

Sales and earnings

- Sales approx. +10 % to more than € 2.9 billion (prev. year: € 2.656 billion)
- EBITDA approx. +28 % to approx. € 520 million (prev. year: € 407.2 million)
- Earnings per share between € 1.40 and € 1.50 (prev. year: € 1.07)

Results
6-Month 2014

■ Consolidated sales and earnings performance (June 30, 2014)

(acc. to IFRS in € million)

	1. HY 2013	1. HY 2014	Comments
Sales	1,283.0	1,433.6	■ + 11.7 %
EBITDA from established business fields	236.9	261.4	■ + 10.3 %
Start-up losses for new business fields / initiatives	- 61.8	- 23.8	■ – 61.5 %
EBITDA	175.1	237.6	■ + 35.7 %
EBIT	129.4	193.5	■ + 49.5 %
EBT	121.4	186.9	■ + 54.0 %
EPS	0.43	0.66	■ + 53.5 %

■ Consolidated balance sheet as of June 30, 2014 (I)

(acc. to IFRS in €k)

Assets	31.12.2013	30.06.2014	Comments:
Property, plant and equipment / intangible assets	281,253	258,867	▪ Capex: € 24.3m; D&A: € 44.1m
Goodwill	452,812	455,607	
Financial assets	162,866	187,163	▪ Stock exchange values of Goldbach, Hi-media and 64 other investments – directly or indirectly via GFC funds
Accounts receivable	135,524	130,128	
Inventories, prepaid expenses and other assets	195,064	254,176	▪ Prepaid expenses: € 91.7m; inventories: € 61.5m; deferred taxes: € 77.8m
Cash and cash equivalents	42,775	56,710	
Total	1,270,294	1,342,651	

■ Consolidated balance sheet as of June 30, 2014 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2013	30.06.2014	Comments:
Equity	307,853	350,298	▪ Equity ratio: 26.1% (prev. year: 24.2%) ; treasury shares: € 15.4m
Liabilities due to banks	340,042	318,746	▪ Bank liabilities (net): € 262.0m (prev. year: € 297.3m)
Trade accounts payable	260,216	283,837	
Accrued taxes and other accrued liabilities	52,344	78,364	
Other liabilities	126,142	119,652	▪ Thereof non-current: € 14.0m (i. a. purchase price obligation united-domains)
Deferred revenue	183,697	191,754	
Total	1,270,294	1,342,651	

■ Consolidated cash flow as of June 30, 2014

(acc. to IFRS in €k)

	1. HY 2013	1. HY 2014	Comments:
Operative cash flow	118,515	165,646	
Cash flow from operating activities	109,416	175,039	<ul style="list-style-type: none"> ▪ Inventories: € 61.5m (prev. year: € 44.4m)
Cash flow from investing activities	-26,498	-41,557	<ul style="list-style-type: none"> ▪ Capex: € 24.3m (prev. year: € 24.0m) ▪ € 20.2m for ePages, uberall (favor.it labs) and GFC participations
Free cash flow*	85,907	154,215	

* 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!**