

UNITED INTERNET AG

6-Month 2017

Frankfurt/Main,
August 10, 2017



AGENDA

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Company development

Outlook

Frank Krause

Results H1 2017

COMPANY DEVELOPMENT

HIGHLIGHTS H1 2017

- 19.24 million customer contracts: + 400,000 organic growth, + 1.87 million from Strato takeover
- Sales and earnings figures*

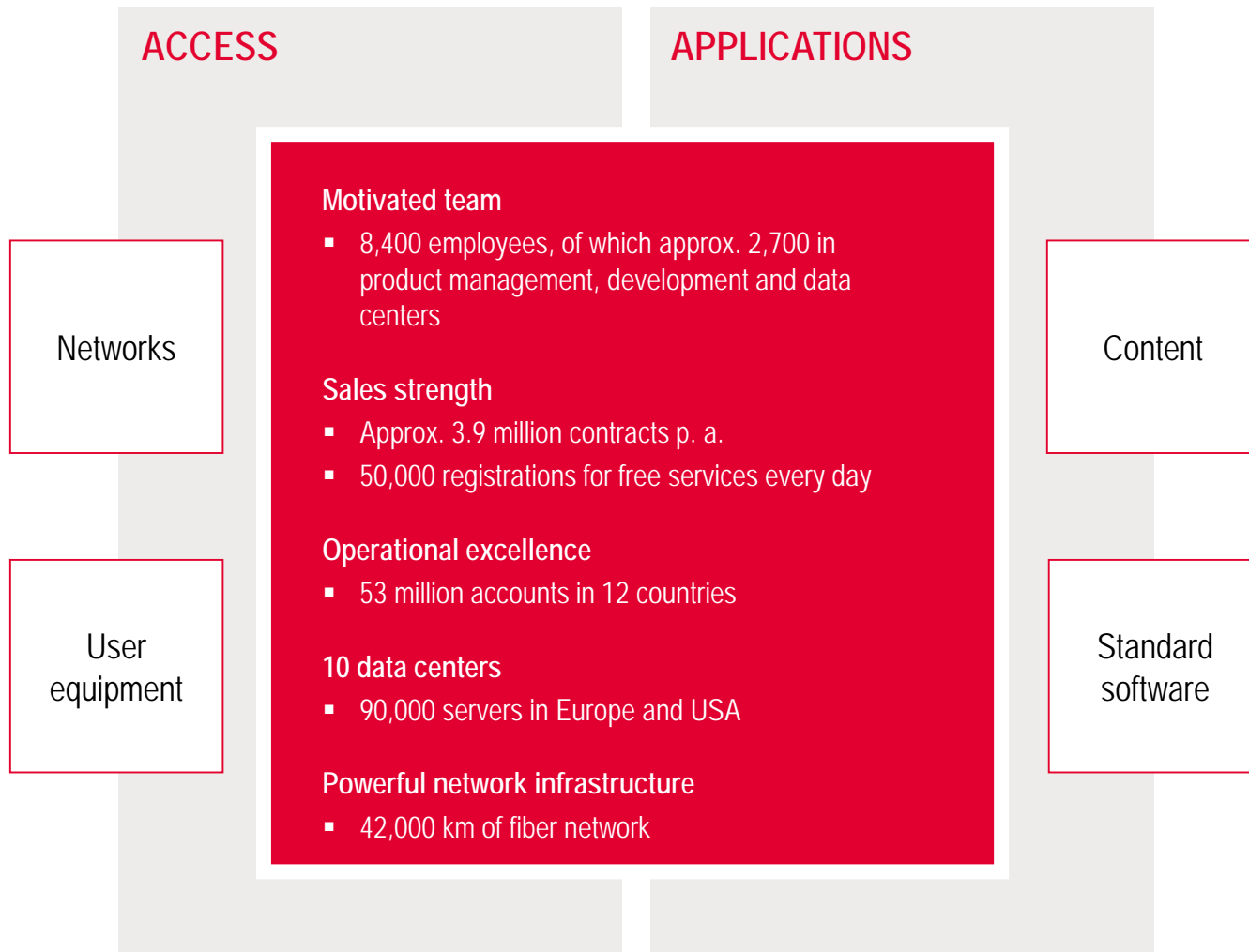
	H1 2016	H1 2017	Change
Sales	€ 1,880.6 million	€ 1,954.1 million	+ 3.9 %
EBITDA	€ 398.0 million	€ 429.9 million	+ 8.0 %
EBIT	€ 301.5 million	€ 325.3 million	+ 7.9 %
EPS before PPA, operative	€ 1.07	€ 1.14	+ 6.5 %
EPS, operative	€ 0.99	€ 1.05	+ 6.1 %
EPS**	€ - 0.26	€ 0.87	

- Also included:
 - Strato consolidation as of April 1, 2017: Sales: € + 31.7 million / EBITDA: € + 13.2 million
 - Regulation and TEFD DSL-migration: Sales: € - 23.7 million / EBITDA: € - 1.5 million
 - FX effects: Sales: € - 3.4 million / EBITDA: € - 1.6 Mio. million

* affilinet carried in accordance with IFRS 5 as discontinued operation as of June 30, 2017; Prior year adjusted

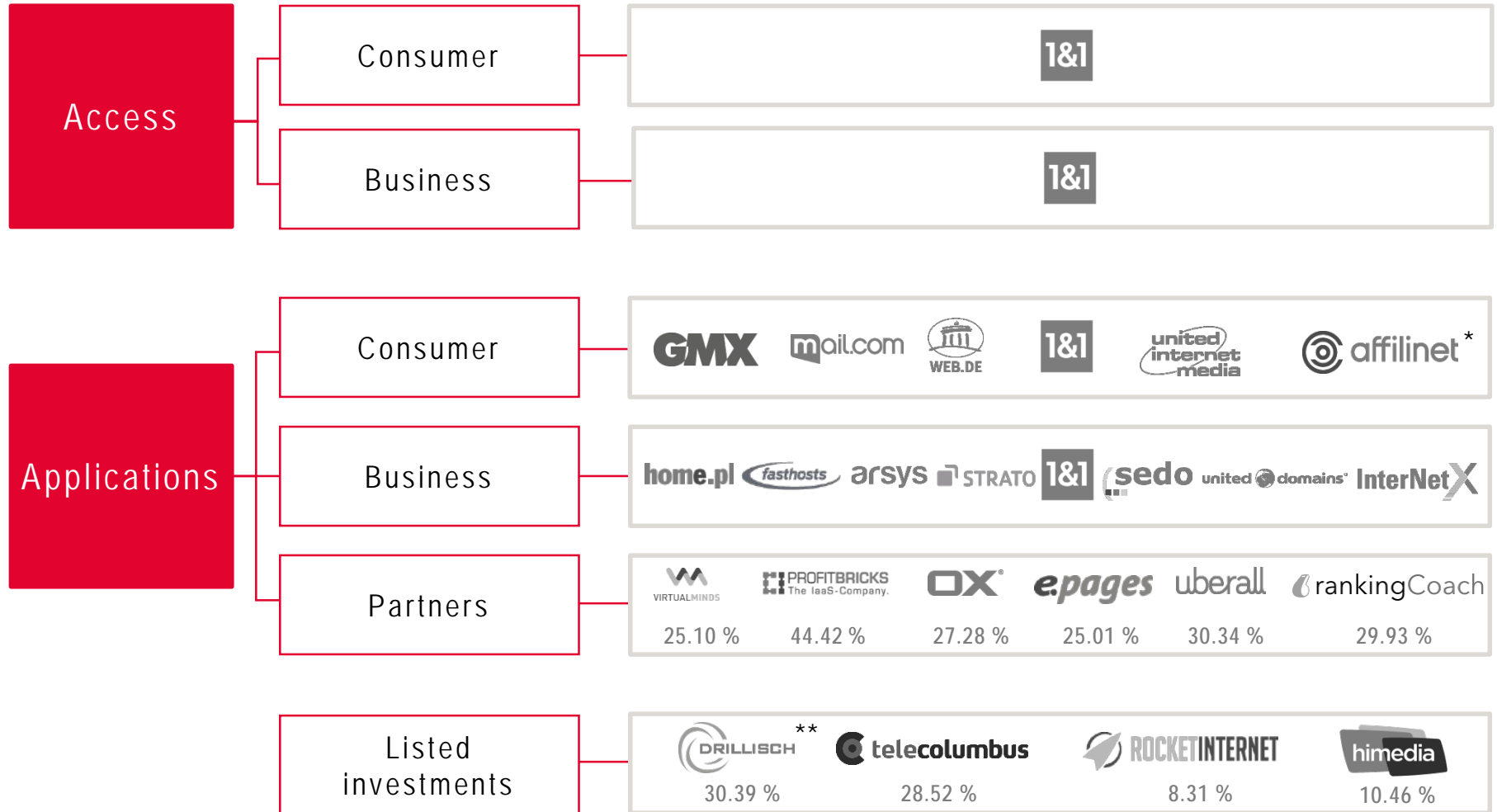
** Incl. writedown on Rocket Internet (€ -1.25 in 2016 and € -0.09 in 2017) and one-off tax effect from WP investment and Drillisch investment (€ -0.09 in 2017)

2 SEGMENTS: ACCESS & APPLICATIONS



BRANDS & INVESTMENTS

(as of: June 30, 2017)



* Contribution of affilinet in Awin for a 20% stake (newly issued shares), subject to approval by the relevant anti-trust authorities

** Increase to over 73% after registration of Drillisch's capital increase approved by the EGM on July 25, 2017

„ACCESS“ IN H1 2017

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

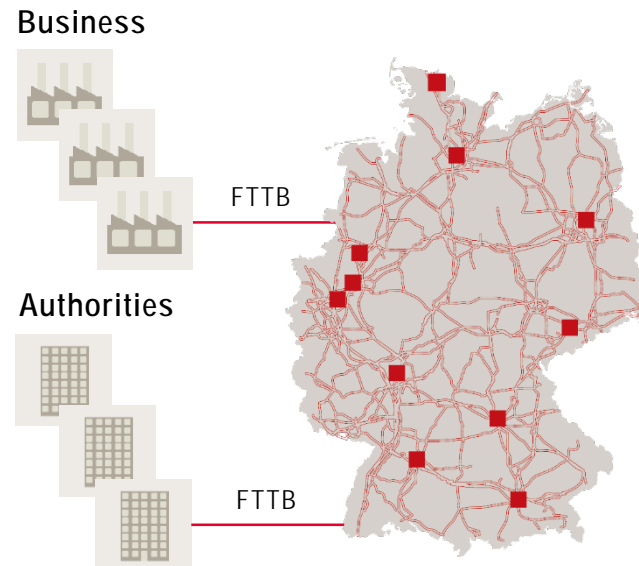
BUSINESS ACCESS

- Second-largest German fiber-optic network
- Project business and plug-and-play for medium-sized companies



**GLASFASER
DIREKT**

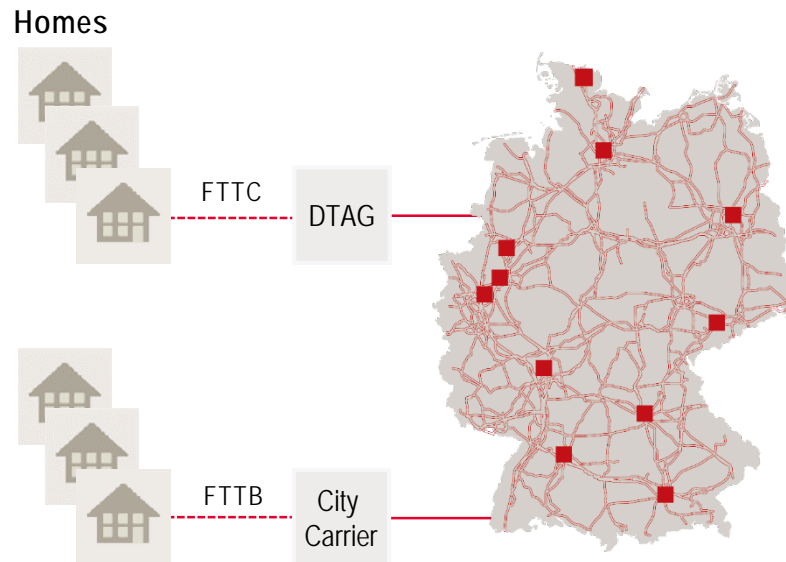
✓ Glasfaser-Anschluss für Firmen!
✓ Garantierte Gigabit-Bandbreite!
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with a length of 42,346 km (Prior year: 41,373 km)
- In 250 German cities, including 19 of the 25 largest cities
- 7,983 locations connected to the network (Prior year: 6,401)

CONSUMER ACCESS

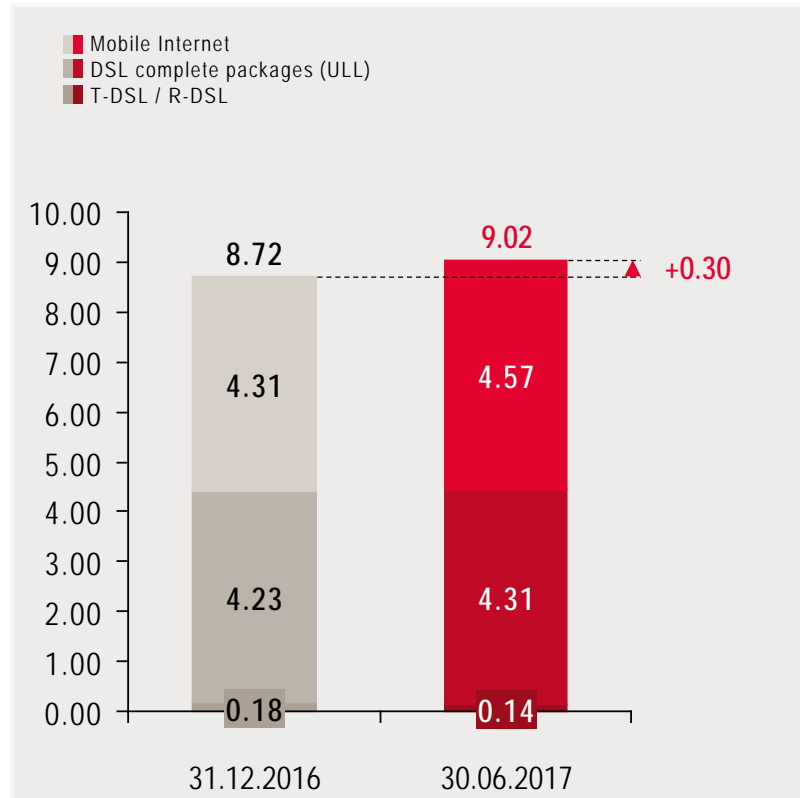
- Largest alternative German DSL provider
- “Inventor” of All-Net-Flat tariff



- Use of DTAG's VDSL/vectoring connections (successive expansion of Layer 2 infrastructure)
- FTTH connections of city carriers wilhelm.tel, M-net, NetCologne and R-KOM in Hamburg, Munich, Augsburg, Erlangen, Cologne, Bonn, Aachen, Regensburg ...

CONSUMER ACCESS: CUSTOMER CONTRACTS

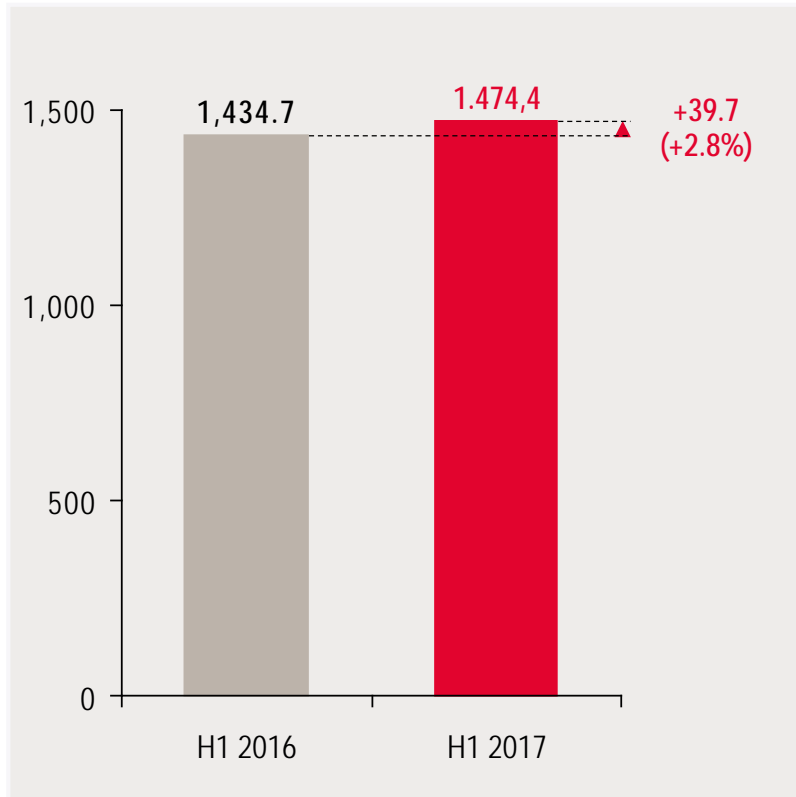
(in million)



- 9.02 million customer contracts (+ 300,000), of which
 - 4.57 million mobile internet contracts (+ 260,000)
 - 4.31 million DSL complete packages (+ 80,000)
 - 0.14 million T-DSL/R-DSL connections
 - old business being phased out (- 40,000)

ACCESS: SALES

(acc. to IFRS in € million)

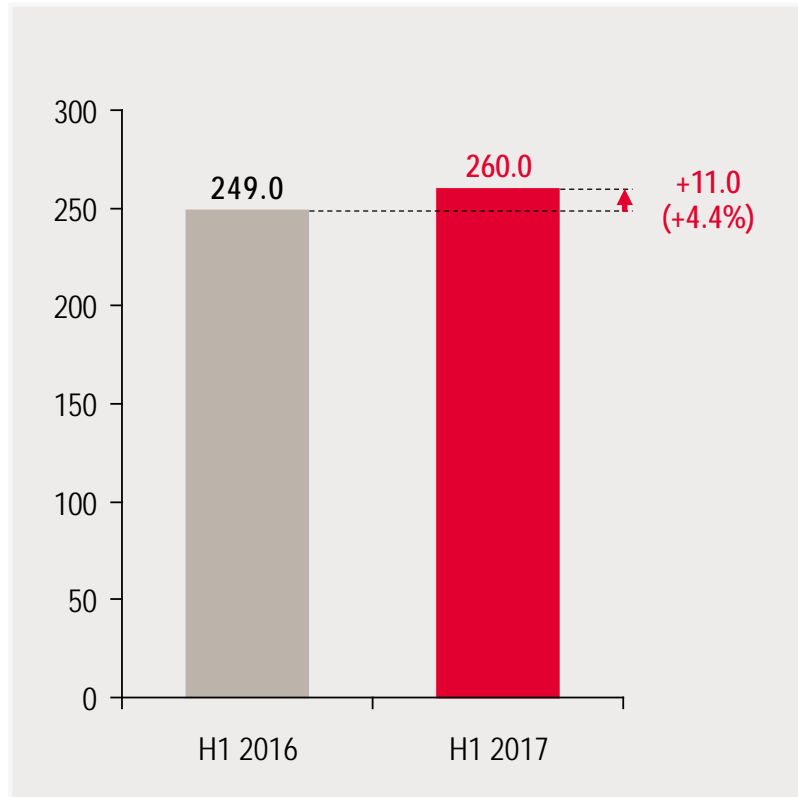


- € 1.474 billion sales (+ 2.8 %), adjusted for regulation effects + 4.4 %
 - 1&1 Telecommunication: Agreement for the contribution into the Drillisch AG with € 1,266.4 million* sales (+ 7.4 %), adjusted for regulation effects + 8.7 %
 - 1&1 Versatel: Lower one-off revenues from project business

* Incl. reclassification of the mass market business of 1&1 Versatel from May 1, 2017

ACCESS: EBITDA

(acc. to IFRS in € million)

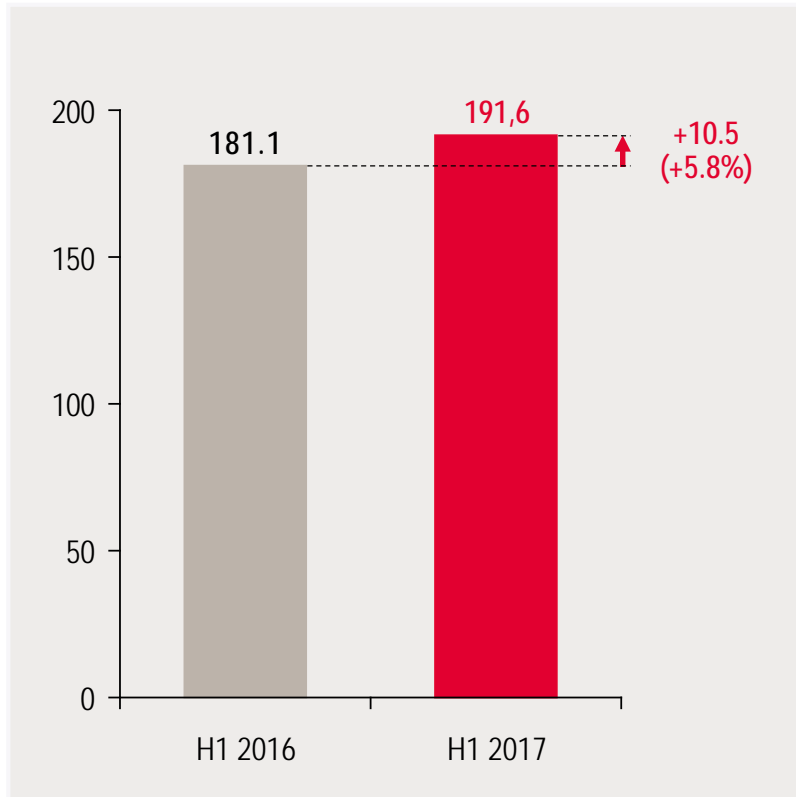


- € 260.0 million EBITDA (+ 4.4 %), adjusted for regulation and TEFD DSL migration + 5.0 %
 - 1&1 Telecommunication: Agreement for the contribution into the Drillisch AG with € 215.5 million* EBITDA (+ 16.9 %), adjusted for regulation and migration effects + 17.7 %
 - 1&1 Versatel: Lower one-off earnings from project business
- 17.6 % EBITDA margin (Prior year: 17.4 %)

* Incl. reclassification of the mass market business of 1&1 Versatel from May 1, 2017

ACCESS: EBIT

(acc. to IFRS in € million)



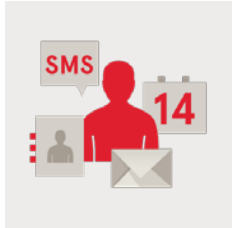
- € 191.6 million EBIT (+ 5.8 %), adjusted for regulation and migration effects + 6.6 %
- 13.0 % EBIT margin (Prior year: 12.6 %)

„APPLICATIONS“ IN H1 2017

- CONSUMER ACCESS
- BUSINESS ACCESS

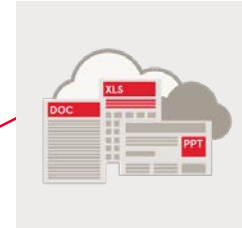
- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

CONSUMER APPLICATIONS: FROM E-MAIL SERVICE TO COMMAND CENTER FOR COMMUNICATION, INFORMATION AND IDENTITY MANAGEMENT



Communication and organization

E-mail, calendar, contacts, SMS, fax



Online office

Texts, spreadsheets, presentations



Cloud storage

For photos, videos, music and documents

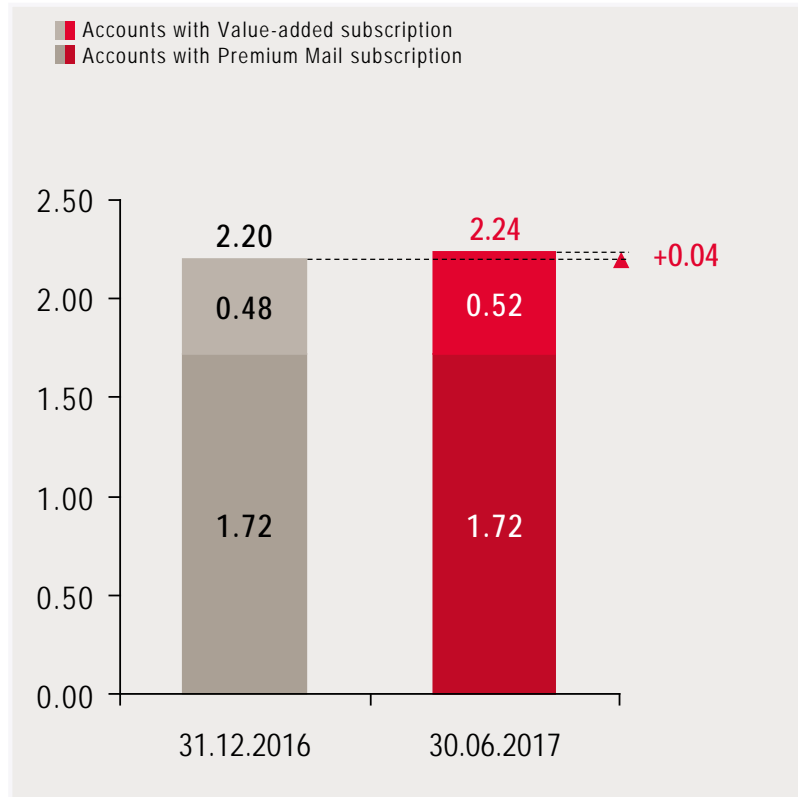


De-Mail

Legally secure communication and identity management

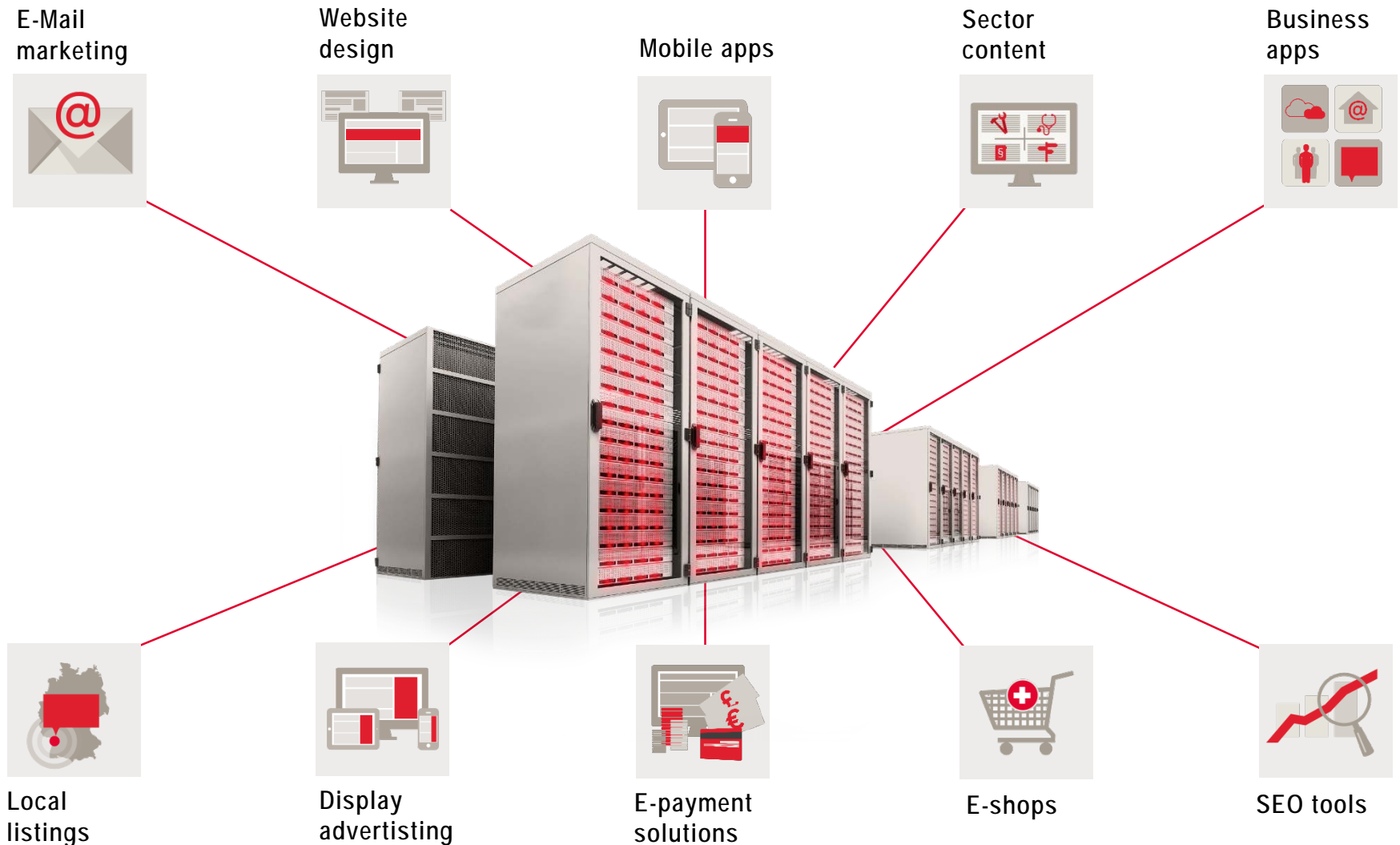
CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

(in million)



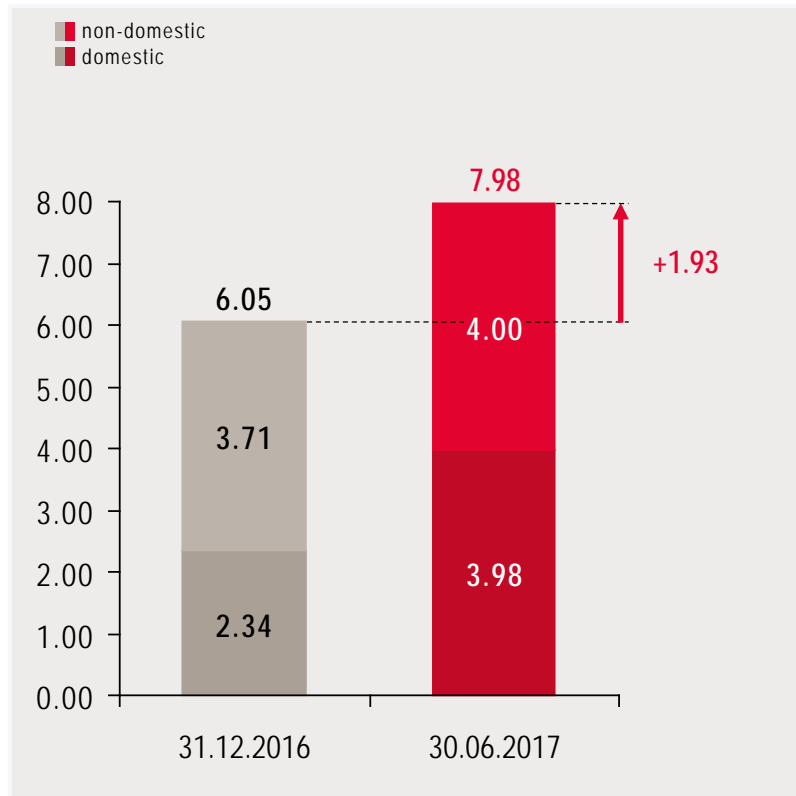
- 2.24 million pay products (+ 40,000)
- 34.29 million free accounts, of which
 - 19.0 million with mobile usage (+ 800,000)
 - 17.9 million with cloud storage (+ 400,000)

BUSINESS APPLICATIONS: FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER



BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

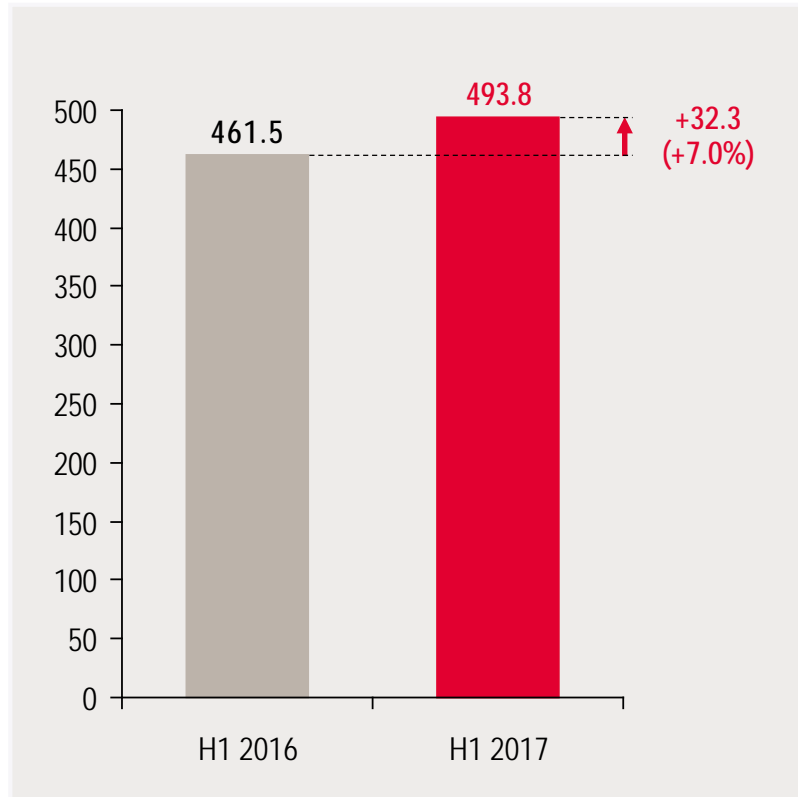
(in million)



- 7.98 million customer contracts (+ 60,000 organic growth and 1.87 million from Strato takeover)
 - 4.00 million non-domestic
 - 3.98 million domestic

APPLICATIONS: SALES*

(acc. to IFRS in € million)

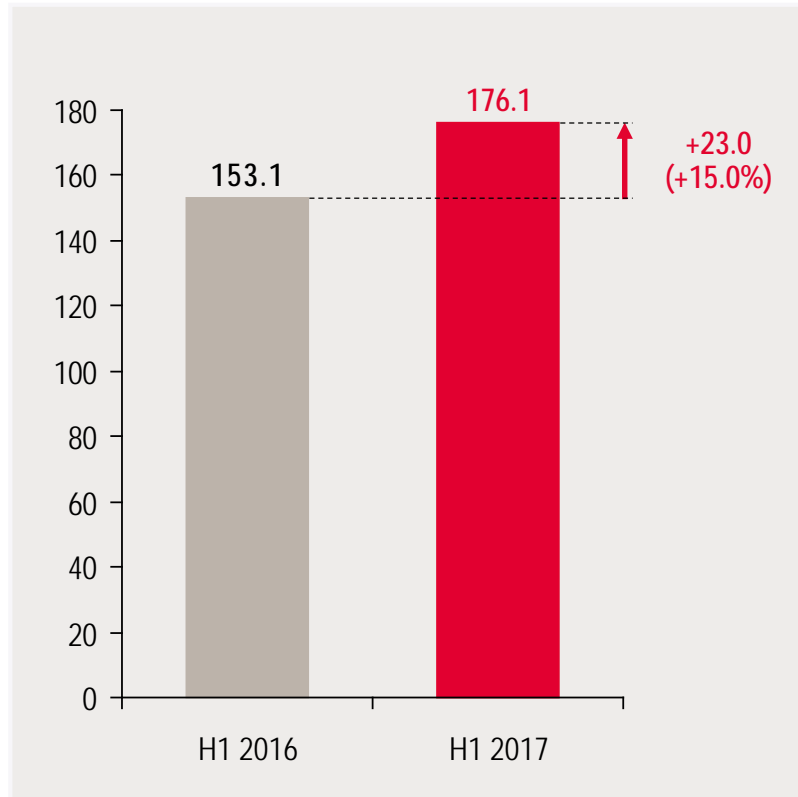


- € 493.8 million sales (+ 7.0 %),
adjusted for FX effects 7.7 %
 - Business Applications: € 361.7 million (+ 13.4 %),
of which Strato: € + 31.7 million
 - Consumer Applications: € 134.4 million (- 5.7 %)
 - lower portal advertising business in Q1,
Q2 again at the prior year's level
 - Outlook: Growth in Q3 and Q4

* affilinet carried in accordance with IFRS 5 as discontinued operation; Prior year adjusted

APPLICATIONS: EBITDA*

(acc. to IFRS in € million)

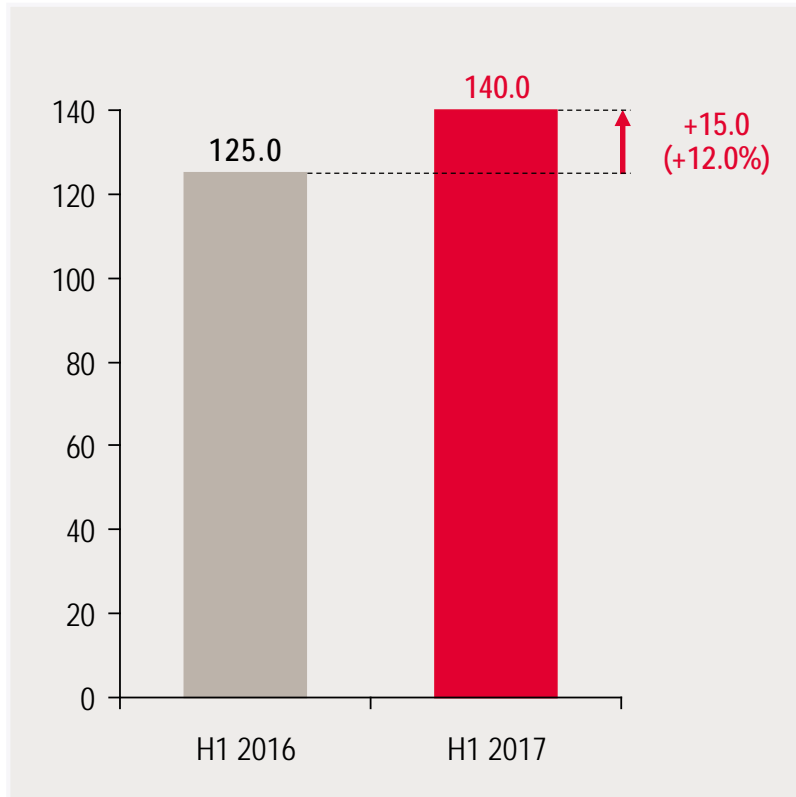


- € 176.1 million EBITDA (+ 15.0 %), adjusted for FX effects 16.1 %
 - Business Applications: € 118.2 million (+ 29.6 %), of which Strato: € + 13.1 million
 - Consumer Applications: € 57.9 million (- 6.5 %)
 - lower portal advertising business in Q1, Q2 again at the prior year's level
 - Outlook: Growth in Q3 and Q4
- 35.7 % EBITDA margin (Prior year: 33.2 %)

* affilinet carried in accordance with IFRS 5 as discontinued operation; Prior year adjusted

APPLICATIONS: EBIT*

(acc. to IFRS in € million)



- € 140.0 million EBIT (+ 12.0 %), adjusted for FX effects 13.3 %
- 28.4 % EBIT margin (Prior year: 27.1 %)

* affilinet carried in accordance with IFRS 5 as discontinued operation; Prior year adjusted

OUTLOOK

OUTLOOK

- After the end of the first half and deconsolidation of affilinet we concretise our guidance for FY 2017:

	FY Guidance March 2017	FY Guidance August 2017
Customer contracts	approx. + 800,000	approx. + 800,000
Sales	approx. + 7 %	+ 5 – 6 %
EBITDA	approx. + 12 %	approx. + 12 %

RESULTS H1 2017

GROUP: CUSTOMER, SALES AND EARNINGS AS OF 30 JUNE 2017

(contracts in million / financial KPIs acc. to IFRS in € million; Accounting affilinet in terms of IFRS 5)

	H1 2016*	H1 2017*	Change
Mobile Internet contracts	3.86	4.57	+ 0.71 m
DSL contracts	4.39	4.45	+ 0.06 m
Business Applications contracts	6.03	7.98	+ 1.95 m
Consumer Applications contracts	2.18	2.24	+ 0.06 m
Free accounts	33.36	34.29	+ 0.93 m
Sales	1,880.6	1,954.1	+ 3.9 %
EBITDA	398.0	429.9	+ 8.0 %
EBIT	301.5	325.3	+ 7.9 %
EBT, operative	289.9	311.1	+ 7.3 %
EPS, operative (in €)	0.99	1.05	+ 6.1 %
EPS, operative before PPA amortization (in €)	1.07	1.14	+ 6.5 %

* Earnings figures without special items from the writedown on financial assets, in particular an impairment of shares in Rocket Internet
(H1 2016: EBT effect: € -254.9 m; EPS effect: € -1.25; H1 2017: EBT effect: € -19.8 m; EPS effect: € -0.09)

GROUP: BALANCE SHEET AS OF 30 JUNE 2017 (I)

(acc. to IFRS in €k)

Assets	31.12.2016	30.06.2017	Comments
Property, plant and equipment / intangible assets	1,024,476	1,237,771	<ul style="list-style-type: none"> ▪ Capex: € 98.6m; D&A: € 104.6m ▪ Increase due to Strato takeover
Goodwill	1,087,685	1,495,566	<ul style="list-style-type: none"> ▪ Increase due to Strato takeover
Financial assets	1,043,234	1,586,617	<ul style="list-style-type: none"> ▪ Stock exchange values of Hi-Media and Rocket Internet; book values of DRI and TC, plus 6 further strategic investments
Accounts receivable	283,866	287,933	<ul style="list-style-type: none"> ▪ Slight increase due to expansion of business
Inventories, prepaid expenses	278,636	311,597	<ul style="list-style-type: none"> ▪ Prepaid expenses: € 246.6m; Inventories: € 65.0m
Other assets, deferred tax liabilities	254,094	183,283	<ul style="list-style-type: none"> ▪ Tax refund: € 51.3m; deferred tax liabilities: € 104.0m
Assets held for sale from discontinued operations	0	47,830	<ul style="list-style-type: none"> ▪ affilinet
Receivables to minority shareholders	0	122,123	<ul style="list-style-type: none"> ▪ Warburg Pincus
Cash and cash equivalents	101,743	336,582	<ul style="list-style-type: none"> ▪ Balance sheet date related increase
Total	4,073,734	5,609,302	

GROUP: BALANCE SHEET AS OF 30 JUNE 2017 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2016	30.06.2017	Comments
Equity	1,197,812	2,065,440	▪ Equity ratio: 36.6 % (Prior year: 29.4 %)
Liabilities due to banks	1,760,653	2,210,776	▪ Bank liabilities (net): € 1,874.2m (Prior year: € 1,658.9m)
Trade accounts payable	383,189	394,581	▪ Increase due to expansion of business
Accrued taxes and deferred tax liabilities	158,356	259,291	
Other accrued liabilities	52,908	53,510	
Other liabilities	251,493	313,349	▪ Thereof non-current: € 92.2m (IRUs / leased network of Versatel)
Liabilities from discontinued operations	0	27,120	
Deferred revenues	269,323	285,235	
Total	4,073,734	5,609,302	

GROUP: CASH FLOW AS OF 30 JUNE 2017

(acc. to IFRS in €k)

	30.06.2016	30.06.2017	Comments
Operative cash flow	303,241	315,608	
Cash flow from operating activities	242,951	394,531	<ul style="list-style-type: none"> ▪ 2016 without capital gains tax payment (€ 100.0m) ▪ 2017 without of capital gains tax refund (€ 70.3m)
Cash flow from investing activities	- 328,067	- 741,182	<ul style="list-style-type: none"> ▪ Capex: € 98.6m (Prior year: 71.8); ▪ Investments: € 89.6m (TC and DRI) (Prior year: € 264.2m (TC) ▪ Takeovers: € 554.5m (Strato)
Free cash flow*	172,743	297,820	<ul style="list-style-type: none"> ▪ 2016 without capital gains tax payment (€ 100.0m) ▪ 2017 without capital gains tax refund (€ 70.3m)

* 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

UNITED INTERNET AG

Our success story
continues!

