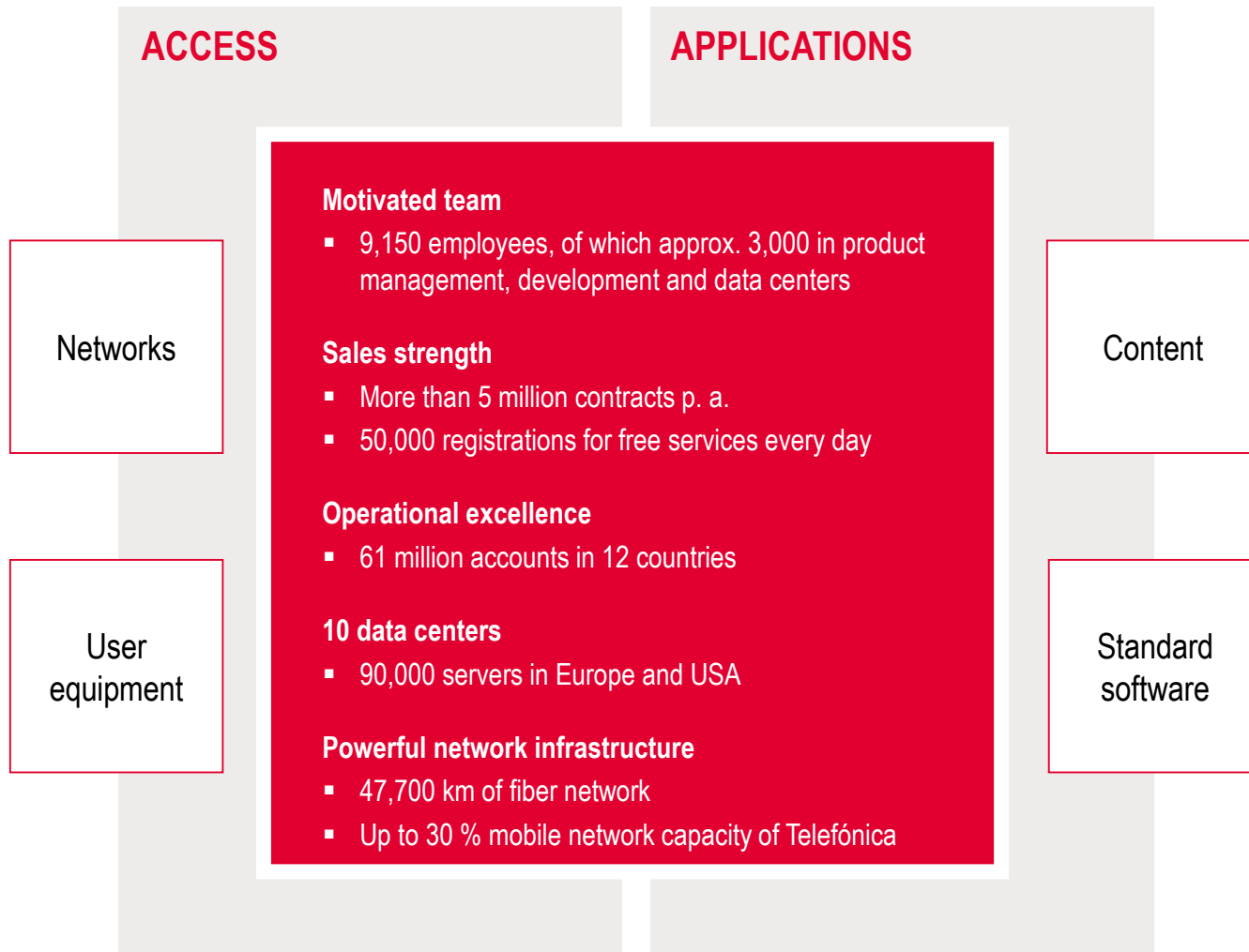


**UNITED INTERNET AG**

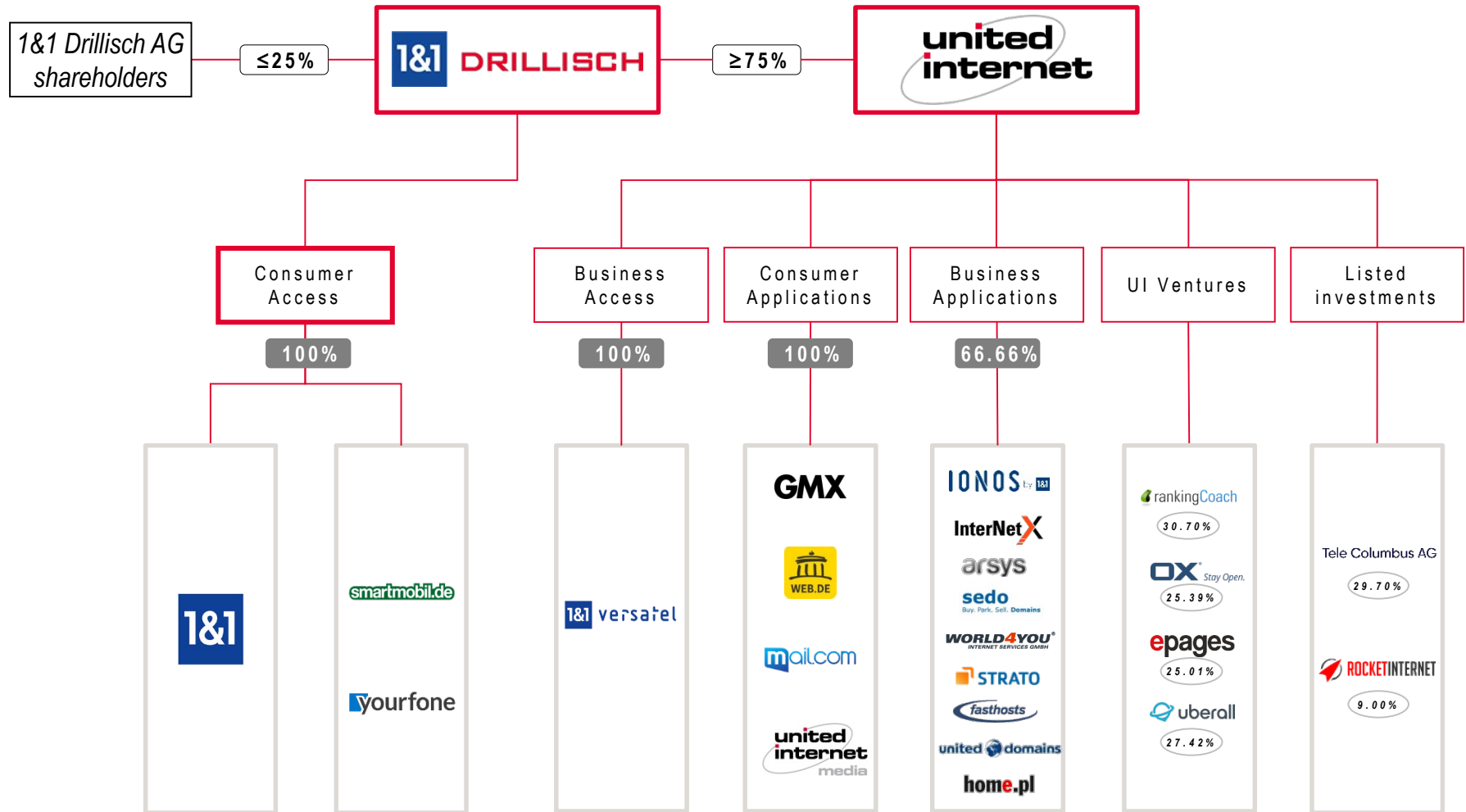
**Corporate presentation**

**October 2019**

## 2 BUSINESS AREAS: ACCESS & APPLICATIONS



# CURRENT GROUP STRUCTURE



# „ACCESS“ IN H1 2019

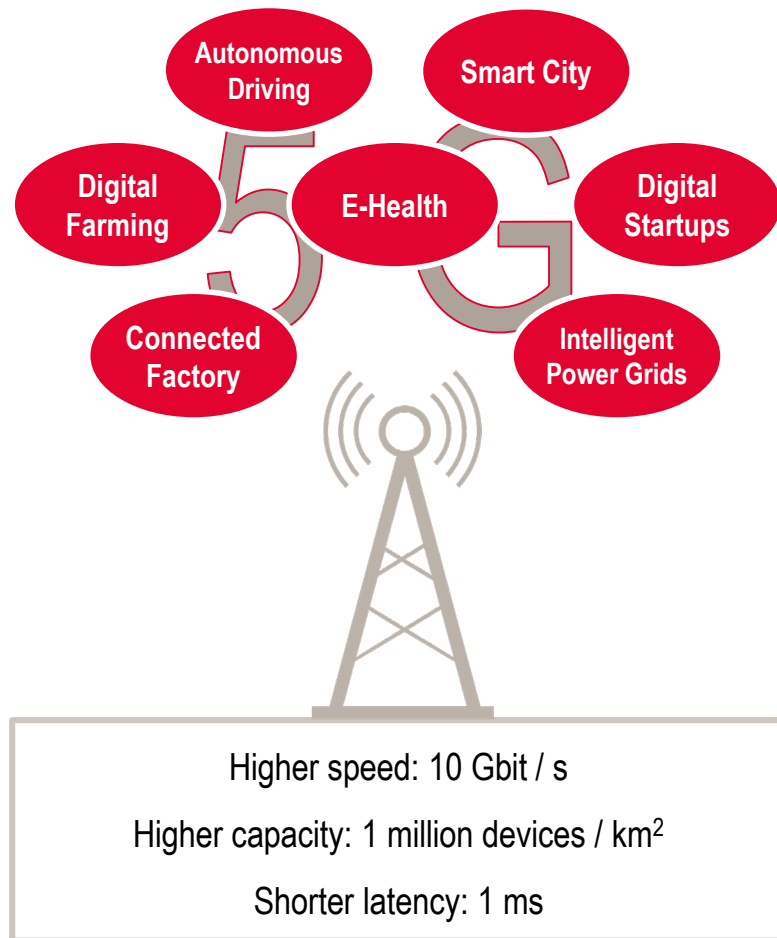
- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

# ACCESS DIVISION: PORTFOLIO AND TARGET GROUPS

	Consumer	Business
Target countries	Germany	Germany
Target groups	Home users, freelancers, small businesses	SMBs, large corporations
Solutions	Own network and own applications in combination with standardized network solutions and third-party devices	Solutions based on our own 47,700 km fiber network
Products	<p>Fixed-line and mobile products</p>  <p>1&amp;1 DSL – Internet &amp; Telefon</p> <ul style="list-style-type: none"> <li>✓ Leistungsstarke Tarife für Privat &amp; Firmen</li> <li>✓ Sensationell günstige Preise</li> <li>✓ Top Service-Qualität</li> </ul> <p>PC Magazin Kundenzufriedenheit 2016 Beste Internet-Provider 1&amp;1</p>  <p>1&amp;1 ALL-NET-FLAT</p> <p>Qualität zum besten Preis</p> <ul style="list-style-type: none"> <li>✓ Kostenlos telefonieren, surfen und SMS senden</li> <li>✓ Die neuesten Smartphones als einer der Ersten erhalten</li> <li>✓ Freie Netzwahl: D-Netz oder E-Netz</li> </ul> <p>NUR NOCH BIS 3.10.2015</p> <p>100 € BONUS Bei der Bestellung eines SAMSUNG Galaxy S6 oder S6 edge erhalten Sie 100 Euro in bar. Details ▶</p> <p>100 € Bonus Nur bis 03.10.2015</p>	<p>Data and network solutions as well as infrastructure</p>  <p>Unser Starter-Tarif</p> <h3>Glasfaser Direkt</h3> <ul style="list-style-type: none"> <li>▪ Glasfaser-Anschluss für kleine und mittlere Unternehmen</li> <li>▪ Garantierte Gigabit-Bandbreite mit bis zu 1.000 Mbits/s</li> <li>▪ Anschluss direkt ins Gebäude</li> </ul>  <p>Vernetzung, Internet und Telefonie</p> <h3>Multiservice: Alle Dienste über einen Glasfaseranschluss</h3> <ul style="list-style-type: none"> <li>▪ Glasfaser Gebäude-Anschluss für Ihre Firma</li> <li>▪ Ein Anschluss – alle Dienste: Voice, Internet, VPN</li> <li>▪ Volle Dienste-Flexibilität, qualitätsgesicherter Datenverkehr</li> <li>▪ Professionelle Betreuung und Business Services</li> </ul>  <p>Deutschlands zweitgrößtes Netz</p> <h3>Unser Glasfasernetz ist Ihr Erfolgsfaktor</h3> <p>Schnell, zuverlässig und bundesweit – das Highspeed-Datenetz für Ihre Anforderungen.</p>

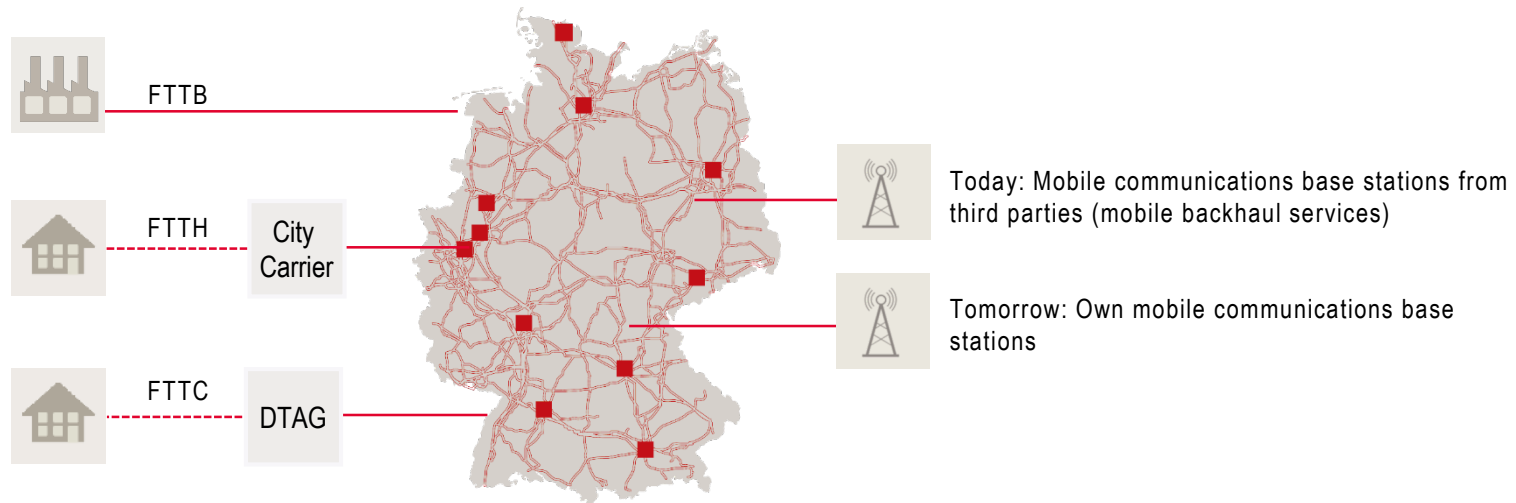
# 5G RATIONALE – 5G CONNECTS PEOPLE, APPLICATIONS AND MACHINES



- 5G is the basis for a new economic eco-system
- Networks, applications and billions of devices that are not yet internet-enabled are growing together
- In addition to telecommunications know-how, network operators increasingly require online and application know-how with 5G
- As part of the United Internet Group, 1&1 Drillisch has these skills at its disposal

# 5G RATIONALE – ADVANTAGES OF OPERATING OUR OWN 5G NETWORK

- “Tailor-made” network with highest quality
- New business fields and customer groups (B2B, FWA)
- Increased vertical integration
- Internalization of network costs (rents)
- Stronger sustainability of our mobile communications business



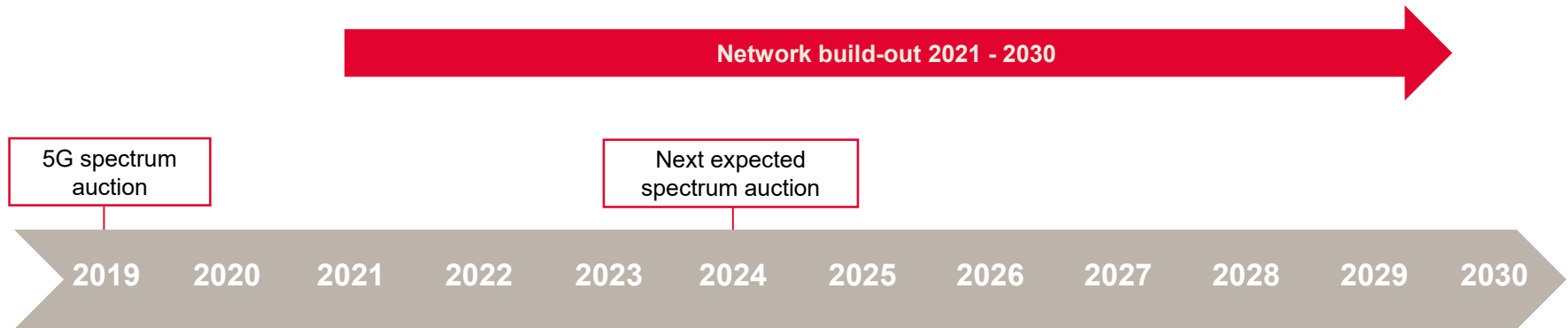
# SUCCESSFUL PARTICIPATION IN THE 5G AUCTION

- Acquisition of frequencies (5x10 MHz in 3.6 GHz), available from 1 January 2021 at the latest
  - € 735 million (installment payments over 12 years)
- Acquisition of frequencies (2x10 MHz<sup>1</sup> in 2 GHz), available from 1 January 2026
  - € 335 million (installment payments over 5 years from 2026)
- Further: Possibility to lease of 2x10 MHz in 2.6 GHz until 31 December 2025
  - On the basis of a voluntary commitment of Telefónica Deutschland, which comes along as part of the EU merger release with E-Plus



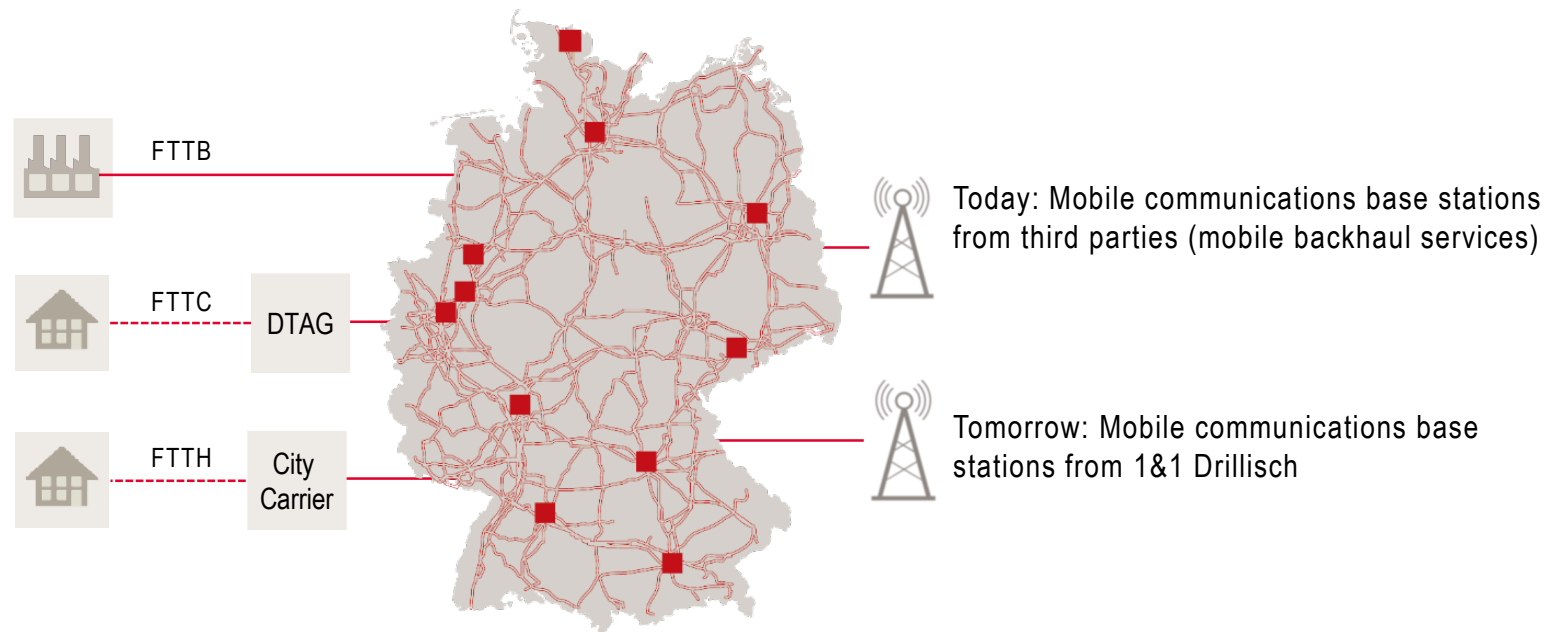
# ROADMAP FOR NETWORK BUILD

- 1st step: Acquisition of spectrum ✓
- 2nd step: Negotiations about national roaming and infrastructure sharing
- 3rd step: Cooperation agreement with one or more technology partner(s) and their respective services
- 4th step: Network build-out based on the 1&1 Versatel network
- 5th step: Further participation in the next spectrum bid (800MHz), expected for 2024



# USING 1&1 VERSATEL'S FIBER NETWORK

- 1&1 Versatel runs one of the largest fiber networks in Germany, which can be used as 5G backhaul
- In 250 German cities, including 19 of the 25 largest cities
- 47,693 km (previous year: 45,839 km)

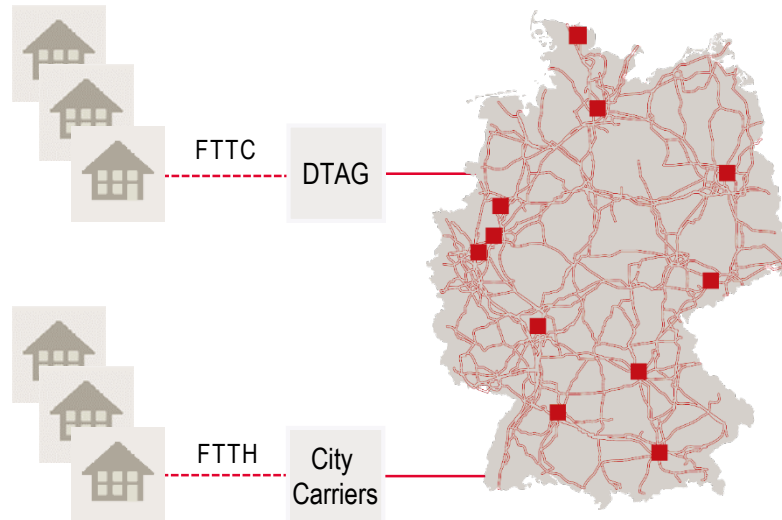


# ROLL-OUT OBLIGATIONS

- End of 2022
  - 1,000 active 5G base stations
  
- End of 2025
  - 25 % household coverage – corresponding to up to 40 biggest cities
  
- End of 2030
  - 50 % household coverage – corresponding to up to 390 biggest cities
  
- End of 2021
  - Further construction of antenna sites in “white spots”, as part the of the agreement in regard to the “Mobile Summit 2018”. At the same time, 1&1 Drillisch will benefit from the agreement on installment payments for the costs of the 5G frequencies.

# CONSUMER ACCESS: FIXED-LINE BUSINESS

- Largest alternative German DSL provider
- Connect fixed-line test: #1 in 2015, #2 in 2016, #1 in 2017, #2 in 2018, #3 in 2019 – since 2015 always rated “very good”

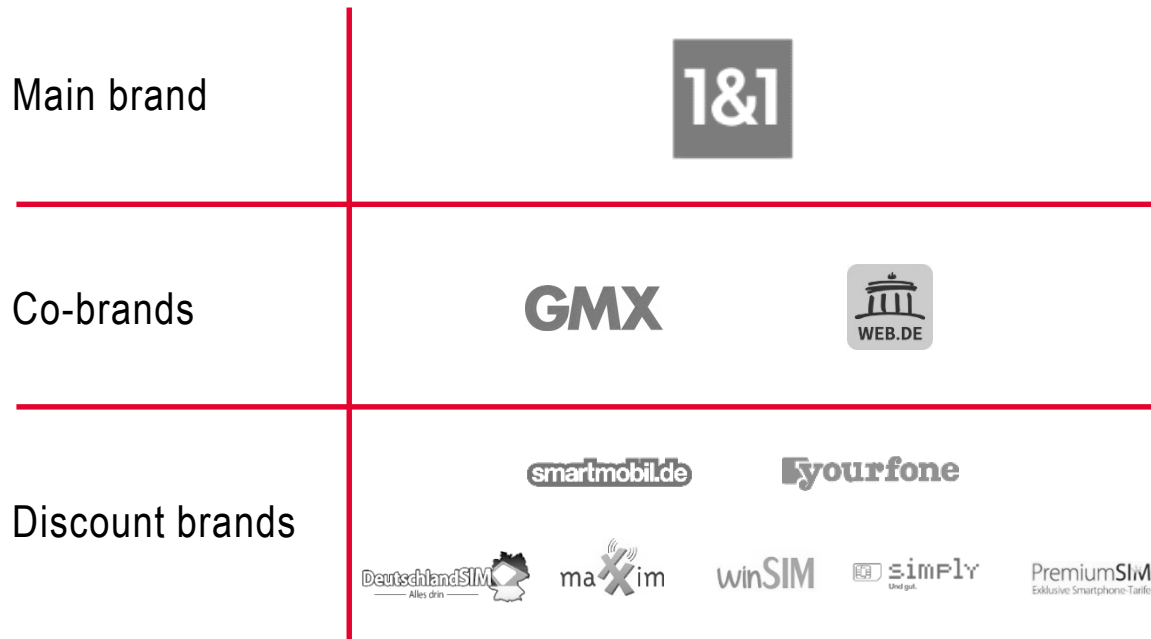


Last mile:

- VDSL vectoring (FTTC) primarily via Layer 2 infrastructure of Deutsche Telekom, beside Layer 3
- Fiber-optic connections (FTTH) via city carriers
- ADSL via further network operators

# CONSUMER ACCESS: MOBILE BUSINESS

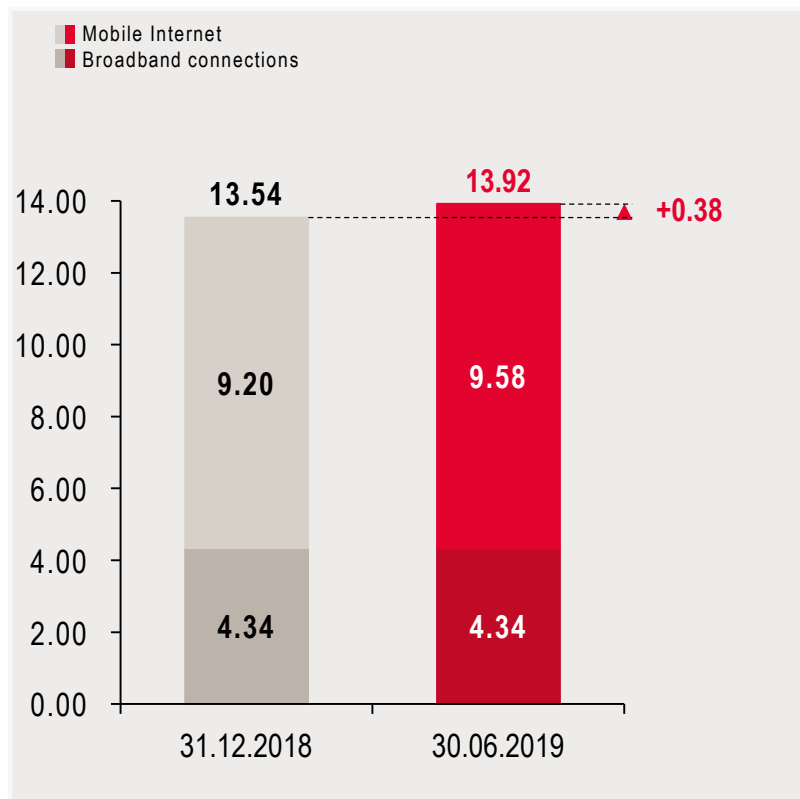
- Germany's leading MVNO
- Broad market coverage



- TEFD remedy partner with long-term guaranteed access to up to 30% of network capacity and all future technologies, incl. 5G
- Additional wholesale contract with Vodafone

# CONSUMER ACCESS: CUSTOMER CONTRACTS

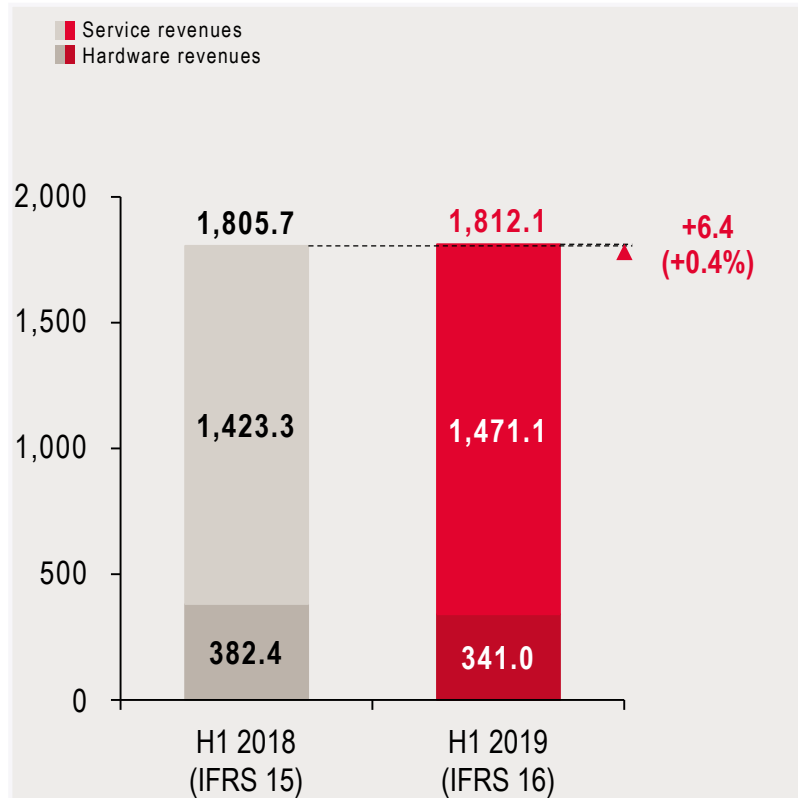
(in million)



- 13.92 million customer contracts (+ 380,000)
  - 9.58 million mobile internet contracts (+ 380,000)
  - 4.34 million broadband connections  
ADSL / VDSL / FTTH

# CONSUMER ACCESS: REVENUES

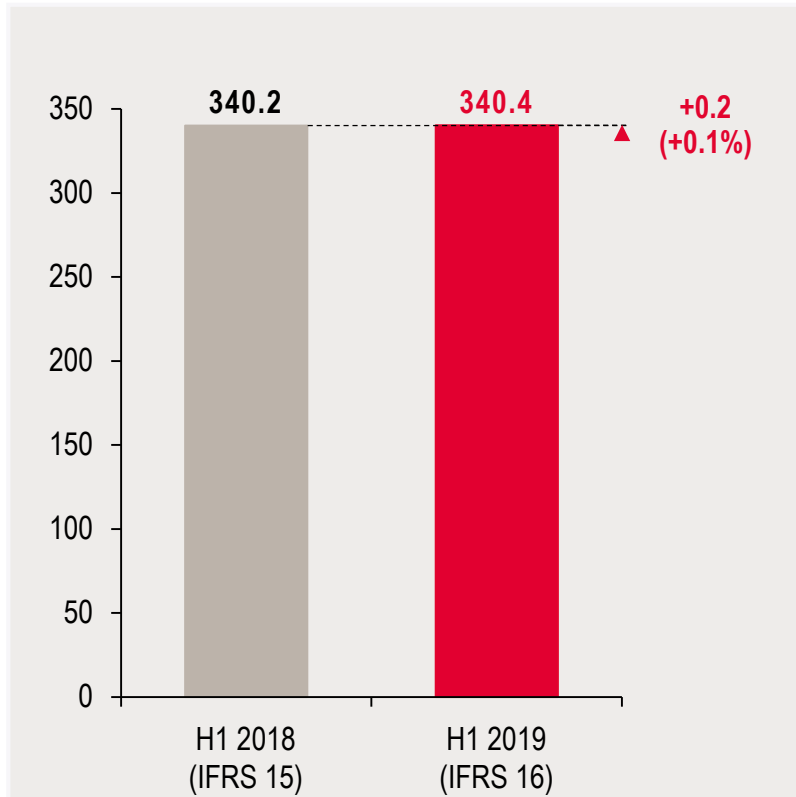
(acc. to IFRS in € million)



- + 0.4 % revenues to € 1,812 million
  - + 3.4 % service revenues to € 1,471.1 million
  - - 10.8 % (€ - 41.4 million) low-margin hardware revenues to € 341.0 million
- ➔ + 4.7 % comparable service revenue – excluding effects from increased demand for LTE tariffs from existing customers (€ - 18.6 million higher yoy revenue reductions due to reduced base prices in the first contract year)

# CONSUMER ACCESS: EBITDA

(acc. to IFRS in € million)



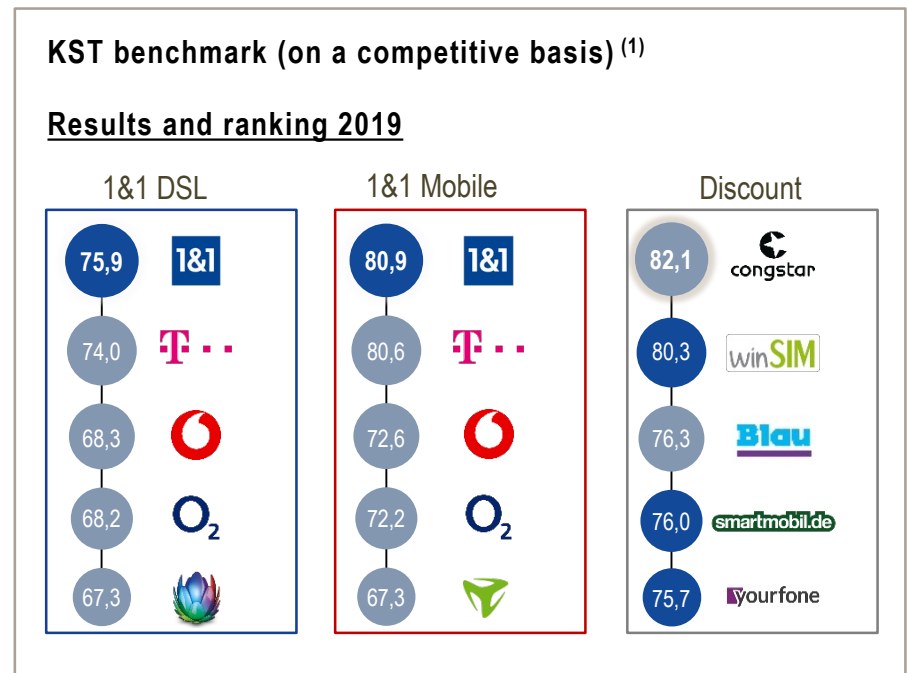
- + 0.1 % EBITDA to € 340.4 million
  - € - 2.3 million one-offs from Drillisch integration (prior year: € - 7.7 million)
  - € - 37.1 Mio. € million additional costs from a time-limited adjustment mechanism of a wholesale contract expired at the end of 2018\*
  - € + 2.3 million IFRS 16 effect
- 18.8 % EBITDA margin (prior year : 18,8 %)
- ➔ + 8.5 % comparable EBITDA – w/o effects from IFRS 16, additional costs from purchase of wholesale services\* and one-offs from integration

\* Contrary to original expectations, no decision has yet been taken on a replacement or compensation for the expired arrangement. However, the corresponding wholesale prices are currently the subject of arbitration proceedings, according to which a binding decision on the type and amount of a permanent price adjustment will be made by October.



# FOCUS 2019

- Further consolidation of the organizations of 1&1 and Drillisch
- Continuous increase in customer satisfaction through new service offerings
- Continued strong growth in number of contracts
- Operating own 5G network



(1) KST= Customer sentiment; Institute: Respondi AG, Cologne - Method: Ad hoc Online Study (Panel) - Survey period: 01.-15.03.2019 - Participants: n = 300 per provider

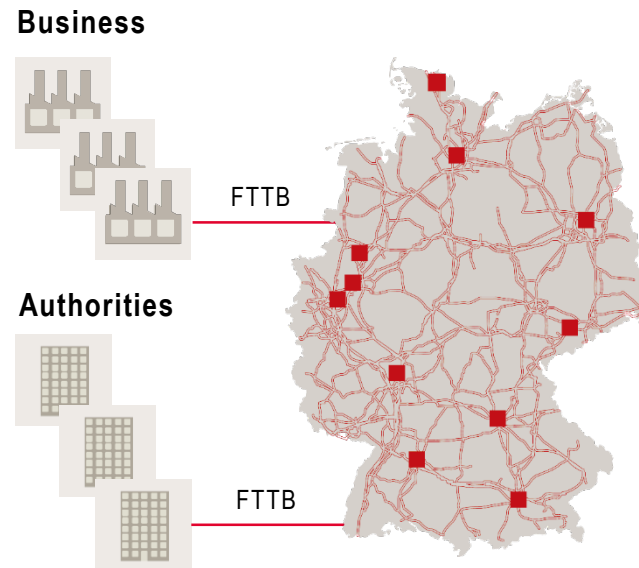
# BUSINESS ACCESS

- One of the largest German fiber-optic networks
- Project business and plug-and-play solutions for medium-sized companies



**GLASFASER  
DIREKT**

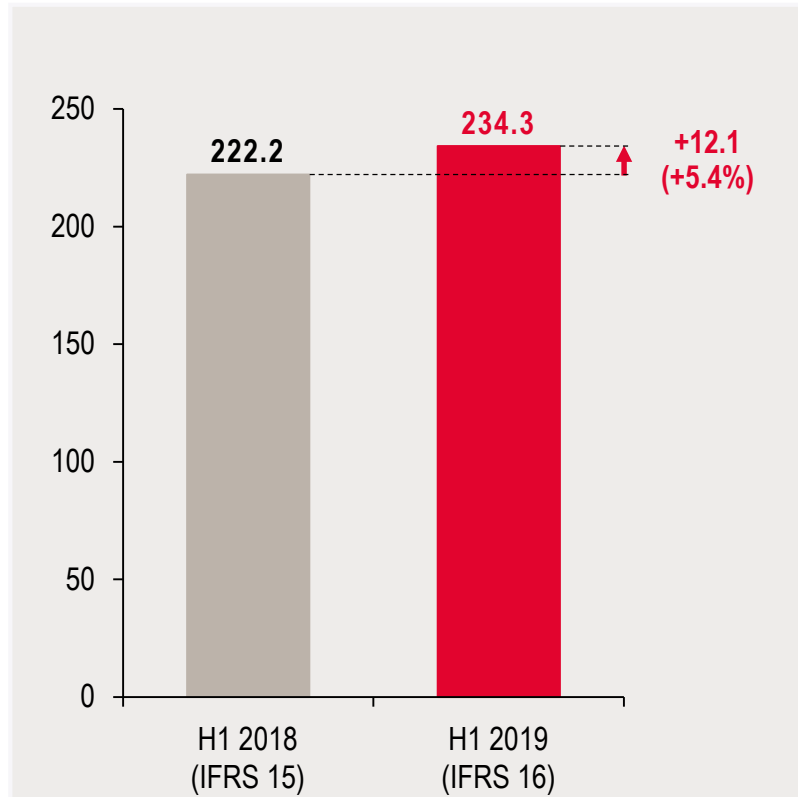
✓ Glasfaser-Anschluss für Firmen!  
✓ Garantierte Gigabit-Bandbreite!  
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with 47,693 km (30.06.18: 45,839 km)
- In 250 German cities, including 19 of the 25 largest cities
- 16,315 directly connected locations

# BUSINESS ACCESS: REVENUES

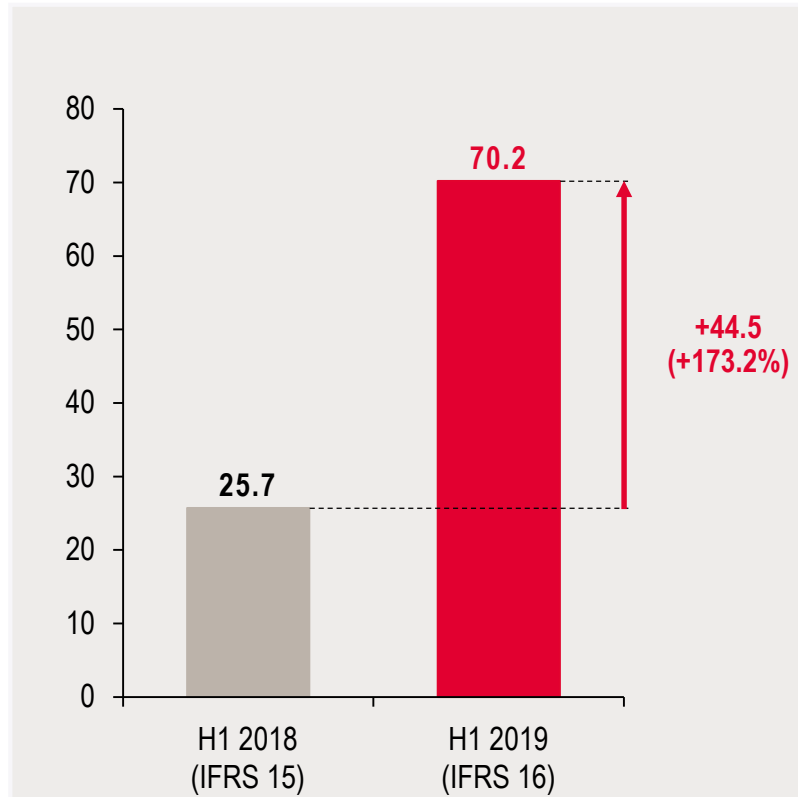
(acc. to IFRS in € million)



- + 5.4 % revenues to € 234.3 million
- Positive development for B2B and wholesale

# BUSINESS ACCESS: EBITDA

(acc. to IFRS in € million)



- + 173.2 % EBITDA to € 70.2 million
  - Positive business development
  - € + 30.5 million IFRS 16 effect
- 30.0 % EBITDA margin (prior year: 11.6 %)
- ➔ + 54.5 % comparable EBITDA – w/o IFRS 16 effects

# „APPLICATIONS“ IN H1 2019

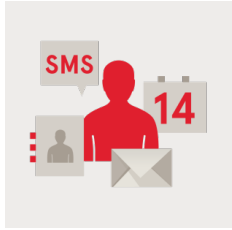
- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

# APPLICATIONS DIVISION: PORTFOLIO AND TARGET GROUPS

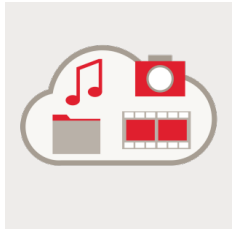
	Consumer	Business
Target countries	Germany, Austria, Switzerland, UK, USA, France, Spain, India	Germany, Austria, France, Netherlands, UK, Italy, Poland, Portugal, Spain, Canada, Mexico, USA
Target groups	Home users	Freelancers, SMBs, Web Professionals, Enterprises
Solutions	Product development and operation on 90,000 servers at 10 data centers	Product development and operation on 90,000 servers at 10 data centers
Products	Personal Information Management (email, to-do lists, appointments, addresses), cloud storage and online office	Domains, websites, webhosting, e-business (e-shops, SEM, List Local, Online Office), Dedicated and Cloud Infrastructure

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



## Communication and organization

E-mail, calendar, contacts, SMS, fax



## Cloud storage

For photos, videos, music and documents



## Online office

Texts, spreadsheets, presentations










## De-Mail

Legally secure communication and identity management



# CONSUMER APPLICATIONS: ASSETS

- One of the leading providers in Consumer Applications
- 31.4 million active user accounts in Germany – more than 50% market share in private emails

	E-Mail*	Cloud-Speicher*	Content*	eIDAS/De-Mail
  	#1	#3	#1	#1
	#2	#2	–	–
	#3	#8	#2	#2
	#4	#5	n.a.	–
	#8	#9	n.a.	–

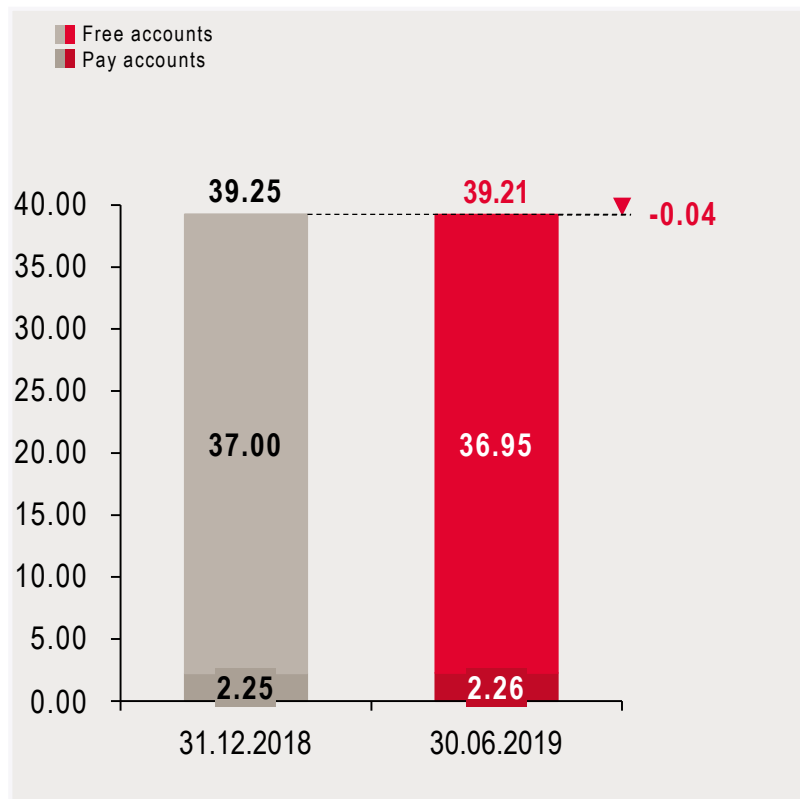
- Differentiation through data protection and data security
- Advertising marketing via United Internet Media

\* E-Mail and Cloud storage: Representative survey of Convios Consulting on behalf of United Internet, 2018 (privately most used e-mail / cloud provider in Germany)  
Content: Reuters Digital News Report, 2018 (most used news provider in Germany)



# CONSUMER APPLICATIONS: ACCOUNTS

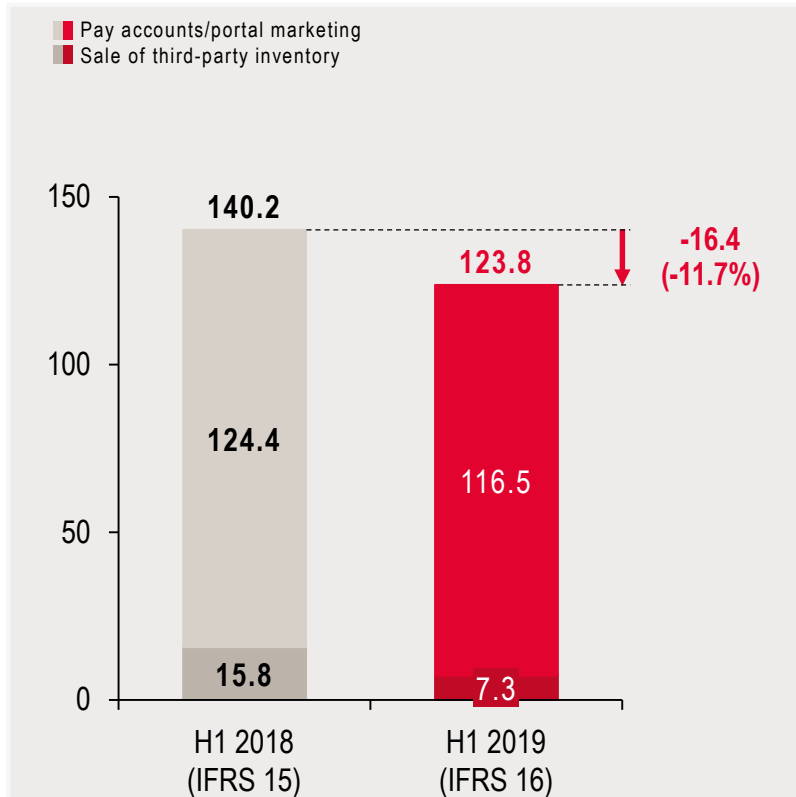
(in million)



- 39.21 million consumer accounts  
(- 40,000 due to seasonal effects), thereof
  - 36.95 million free accounts (- 50,000)
  - 2.26 million pay accounts (+ 10,000)
- 23.6 million with mobile usage (+ 900,000)
- 18.7 million with cloud storage (+ 200,000)

# CONSUMER APPLICATIONS: REVENUES

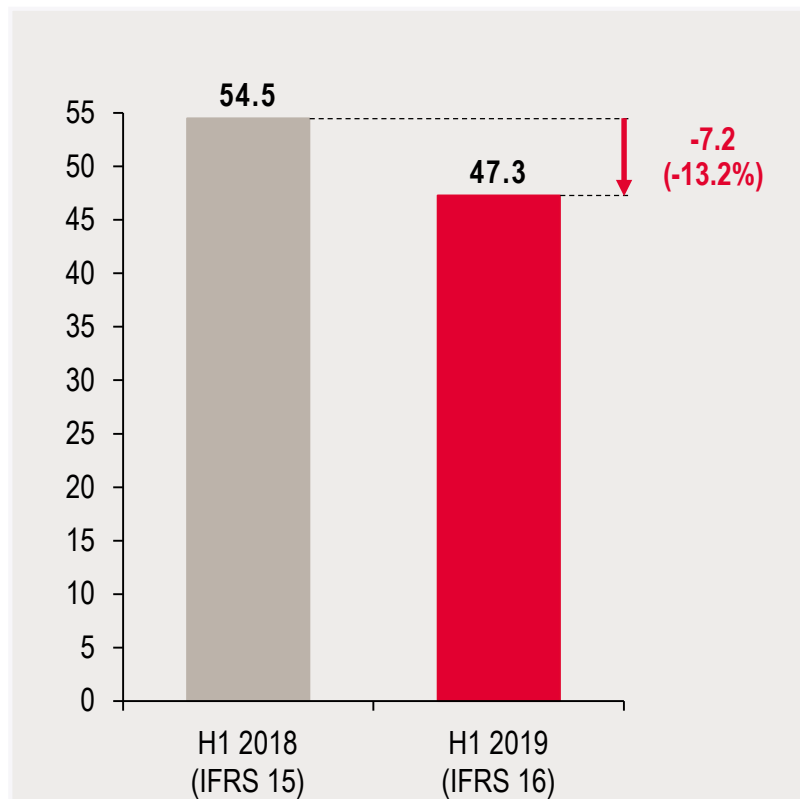
(acc. to IFRS in € million)



- - 11.7 % revenues to € 123.8 million
  - € - 11.2 million from reduction of advertising space (prior year: € - 4.7 million) in the core business
  - € - 8.5 million from lower margin third-party inventory business
- ➔ - 1.0 % comparable revenues – w/o effects from increased advertising space reduction and sale of third party inventory
- Growth in comparable revenues expected in H2/2019

# CONSUMER APPLICATIONS: EBITDA

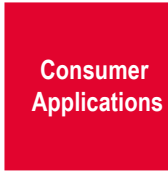
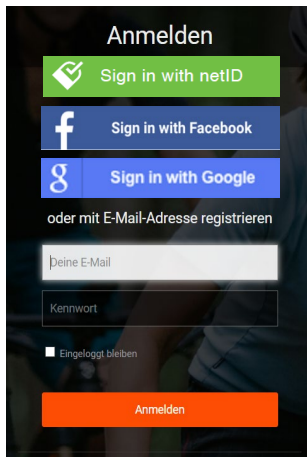
(acc. to IFRS in € million)



- - 13.2 % EBITDA to € 47.3 million
  - € - 9.9 million from reduction of advertising space and transition to data-driven business models (prior year: € - 5.1 million)
  - € + 2.1 million from IFRS 16
- 38.2 % EBITDA margin (prior year: 38.9 %)
- ➔ - 7.6 % comparable EBITDA – w/o effects from increased advertising space reduction and IFRS 16
- Growth in comparable EBITDA expected in H2/2019

# SUMMARY - BIG DATA OPPORTUNITY FOR CONSUMER APPLICATIONS

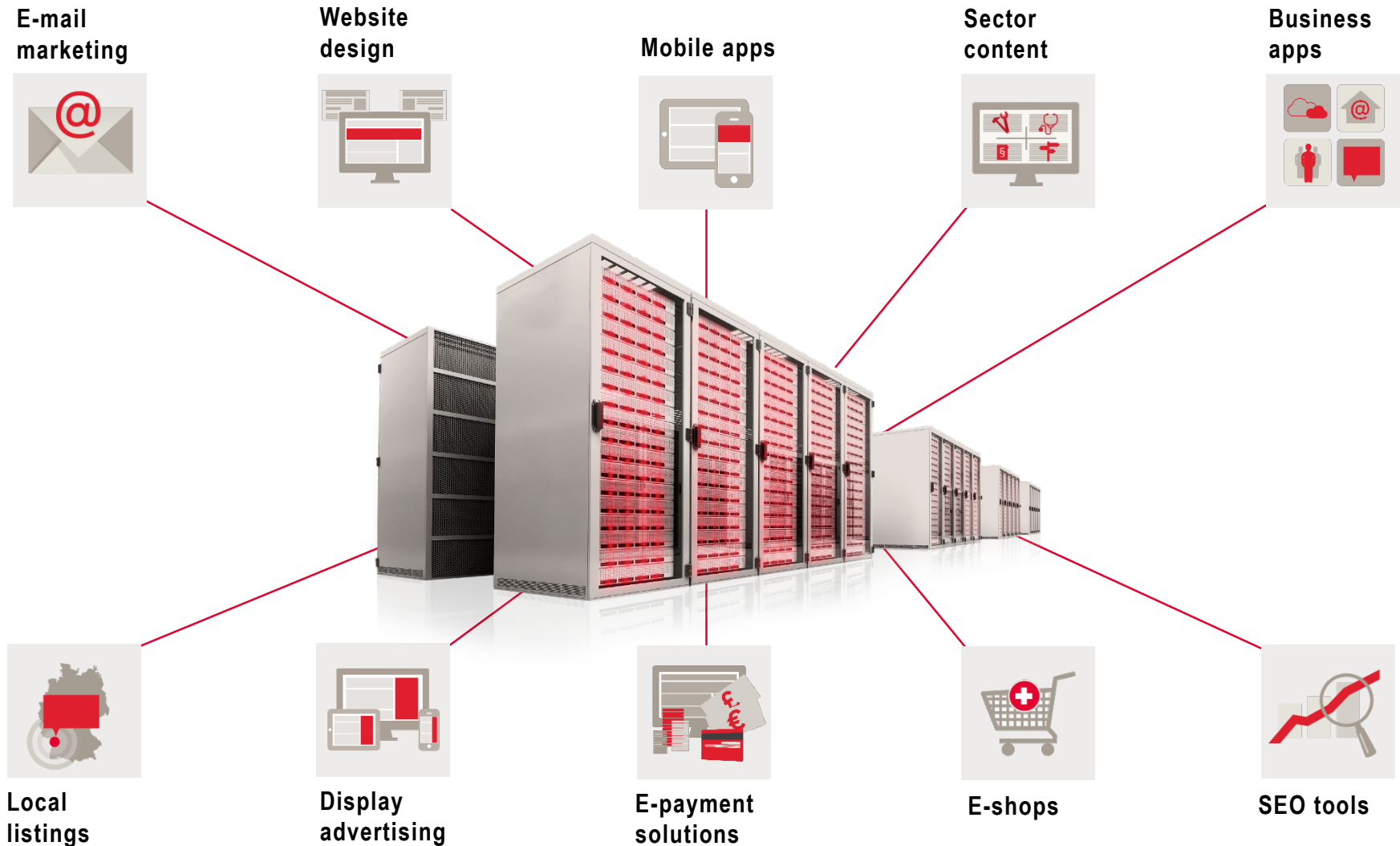
## Single-Sign-On process: netID



- Largest customer base in the attractive DACH market, leveraging two of the strongest and most trusted brands in Germany: GMX and WEB.de
- 39m customer accounts, of which 37m free accounts and 2m pay products
- netID is a new open standard for user identification, tracking and targeting, founded as a counterpart to the Single Sign On standards of Google and facebook
- Open eco system for digital players to leverage their existing user accounts under one standard and match user profiles compliant with GDPR / ePR (cookie restriction, cross device tracking)
- European netID Foundation's uniform login standard for currently 60 digital offerings from netID partners in a range of industries
- More than 50m unique users out of 55m online users in Germany
- 35m active netID capable accounts with access to deep data analysis
- Roll-out started in November 2018



# BUSINESS APPLICATIONS: FROM WEB HOST TO E-BUSINESS SOLUTIONS PROVIDER



# LIFT OFF TO A NEW WORLD OF HOSTING

## What's new?

- 1&1 Internet SE + ProfitBricks = 1&1 IONOS → IONOS by 1&1
- Only European web hosting provider that will be able to guide companies through all of the phases and milestones of their development
- Comprehensive range of solutions, from domains to enterprise clouds
- Free personal consultant for every customer
- One-stop-shop provider for SMBs with the ability to grow with SMB customers and cover the needs of professional web users
- Own servers through IONOS' self-developed enterprise cloud infrastructure

The logo for IONOS by 1&1. The word "IONOS" is written in a large, bold, blue sans-serif font. To its right, the word "by" is written in a smaller, blue, lowercase sans-serif font. Further right is the 1&1 logo, which consists of the numbers "1&1" in white inside a blue square.

## THE IONOS PROMISE

### Promise #1

A personal consultant to support you whenever you need them

### Promise #3

Best-in-class products for professionals, developers and administrators in companies and agencies

### Promise #2

The best products for beginners so that you can start building your own internet presence

### Promise #4

Efficient cloud applications to lead your company down the road to success

## NEW APPROACH

### Promise #1

- Direct line to your personal consultant
- Accessibility by phone, mail and chat
- As an exclusive service completely free
- Tailored to the specific needs of the customer

# 1&1 IONOS IS THE UNDISPUTED #1 WEB HOST IN EUROPE AND ONE OF THE LEADING HOSTING PLAYERS GLOBALLY



We operate in a **global, underserved market** driving digitalization of small and medium-sized businesses



Largest European web host with more than **8m customers** and over **25m domains** under management



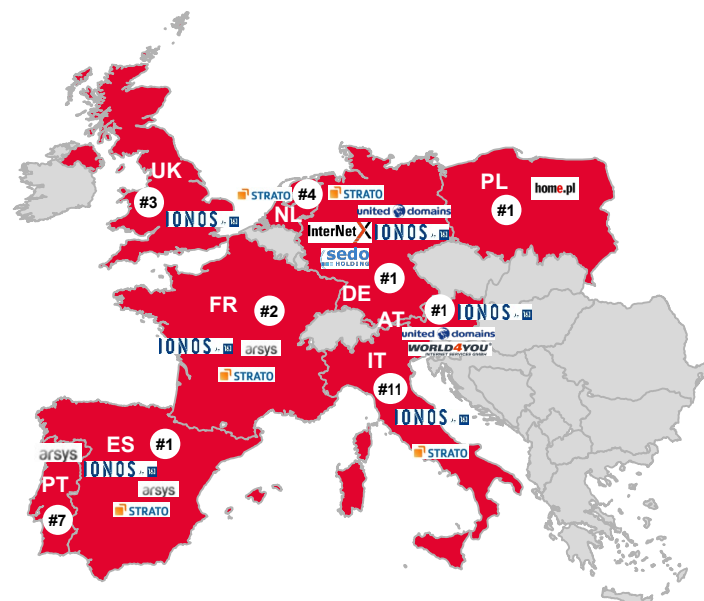
Over **3m small businesses** trust us as their partner-of-choice for online success



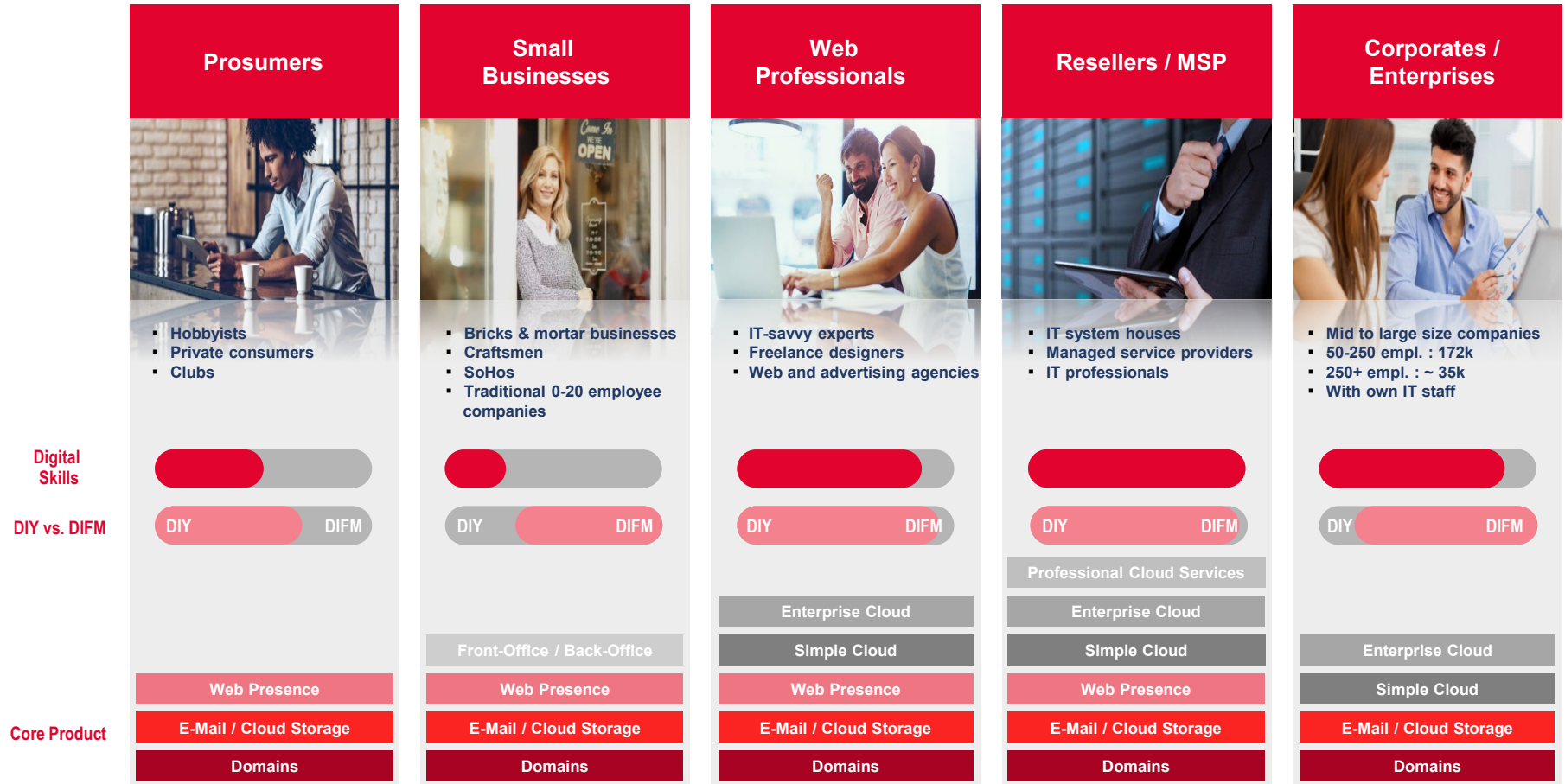
**Best-known hosting brands** in Europe operating in 12 markets



Highly skilled and motivated workforce of **3,345 employees** making the difference



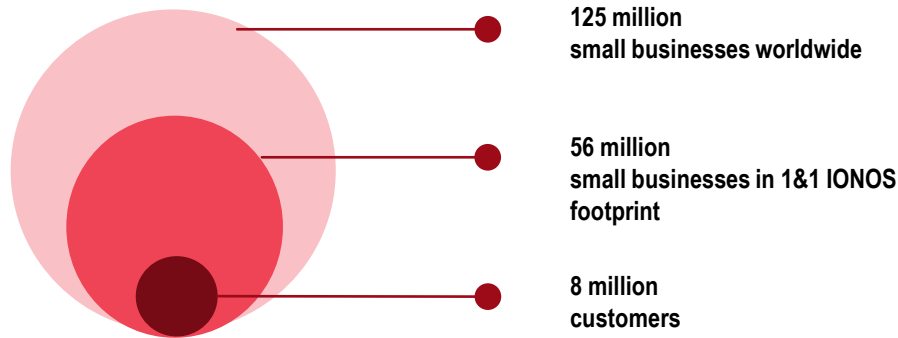
# DIVERSE CUSTOMER SEGMENTS OFFERING GREAT MARKET POTENTIAL



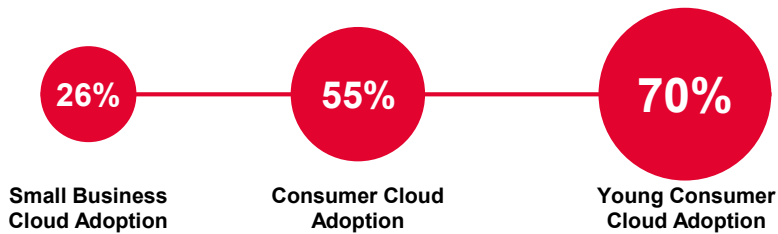


# SMALL BUSINESSES WITH THE GREATEST MARKET POTENTIAL FOR FUTURE GROWTH

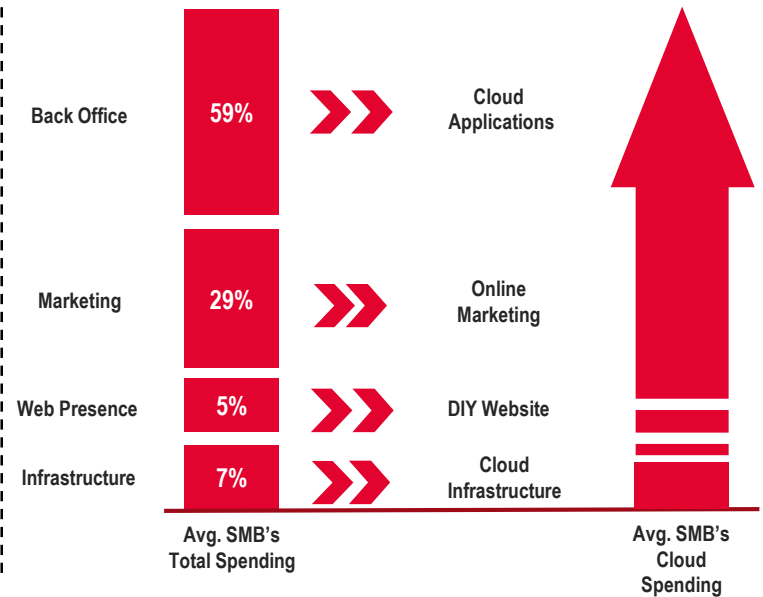
There is still a lot of untapped small business potential



Small business adoption of cloud products with tremendous catch-up potential

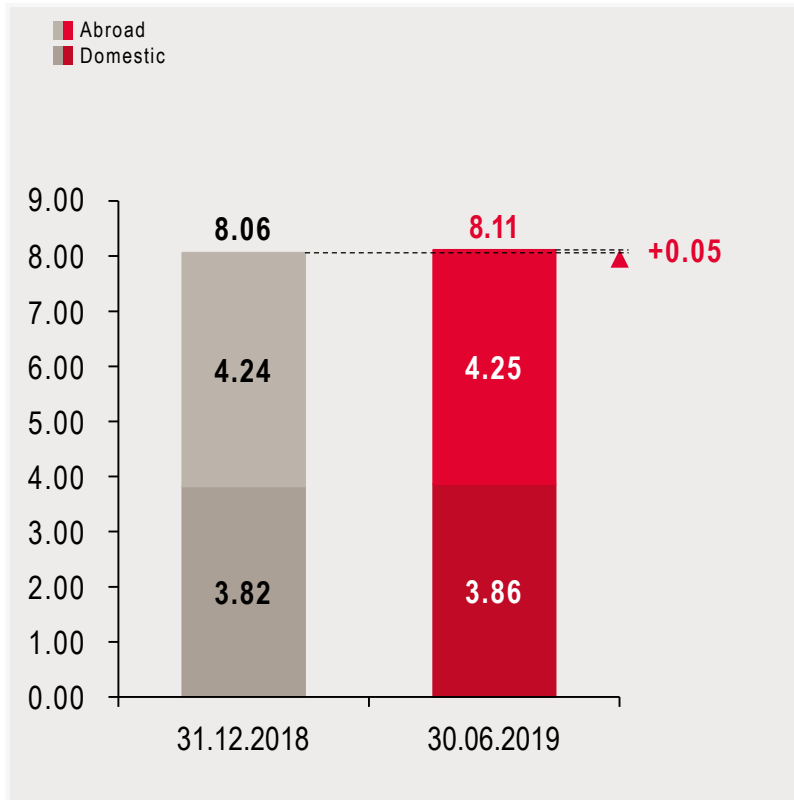


Digitalization of small business market is our great opportunity



# BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

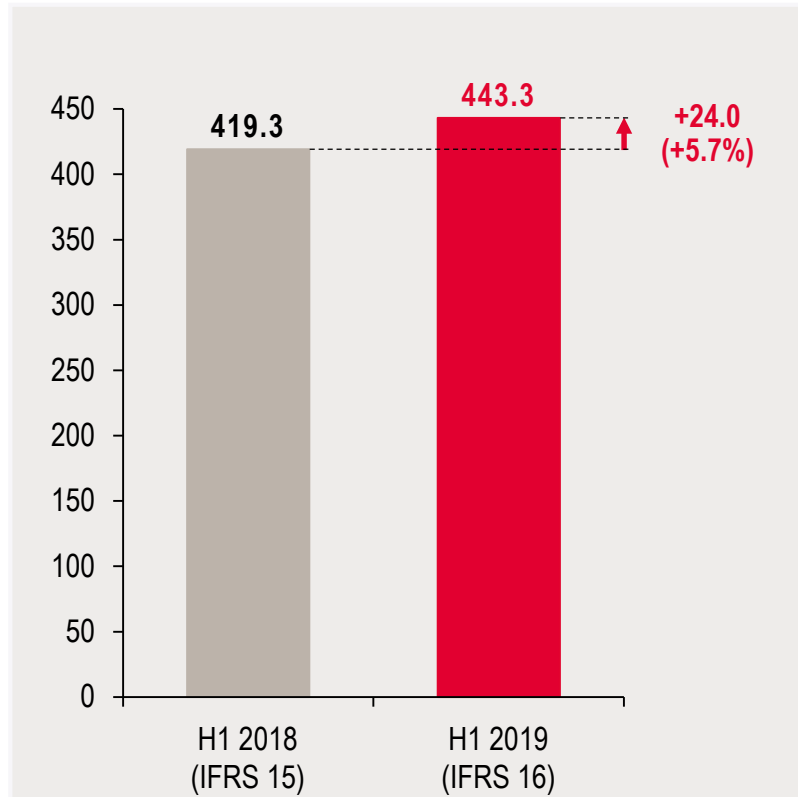
(in million)



- 8.11 million customer contracts (+ 50,000)
  - 3.86 million domestic
  - 4.25 million abroad

# BUSINESS APPLICATIONS: REVENUES

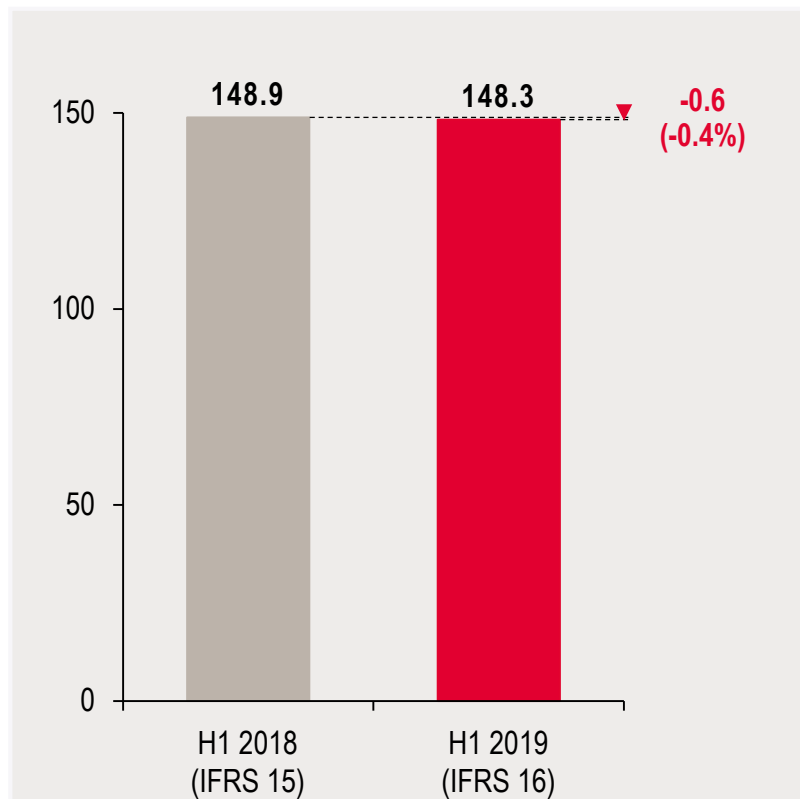
(acc. to IFRS in € million)



- + 5.7 % revenues to € 443.3 million
- Customer growth
- Up- und Cross-Selling

## BUSINESS APPLICATIONS: EBITDA

(acc. to IFRS in € million)



- - 0.4 % EBITDA to € 148.3 million
  - € - 26.8 million increased marketing expenses (thereof € - 13.7 million one-offs (prior year: € - 6.2 million))
  - € + 6.5 million IFRS 16 effect
  - 33.5 % EBITDA margin (prior year: 35.5 %)
- ➔ + 8.7 % comparable EBITDA – w/o effects from increased marketing expenses and IFRS 16

# FINANCIAL FIGURES FOR THE GROUP AND OUTLOOK 2019

# KPIs H1 2019

- 24.29m customer contracts: + 440,000 in H1 2019

Revenues and earnings figures (in € million)	H1 2018 (IFRS 15)	H1 2019 (IFRS 16)	Change
Revenues	2,548.9	2,575.8	+ 1.1 %
EBITDA	565.5	630.0	+ 11.4 %
EBIT	373.8	390.8	+ 4.5 %
EPS in €	0.91	0.84	- 7.7 %
EPS before impairments <sup>(1)</sup> (in €)	0.91	1.01	+ 11.0 %
EPS before PPA and impairments <sup>(1)</sup> (in €)	1.16	1.25	+ 7.8 %

- EBITDA effect from IFRS 16: € + 44.3m (comparable growth after IFRS 15: + 3.6 %)
- Tele Columbus impairment: € - 34.2m (EPS effect: € - 0.17)

<sup>(1)</sup> H1 2019 without impairment Tele Columbus

# FOCUS H1 2019

- Consumer Access
  - Acquisition of 5G spectrum
- Business Access
  - Expansion of the fiber optic network
- Consumer Applications
  - Further transformation to data-driven business models
- Business Applications
  - Completion of the rebranding measures on the way to the intended IPO under "IONOS"

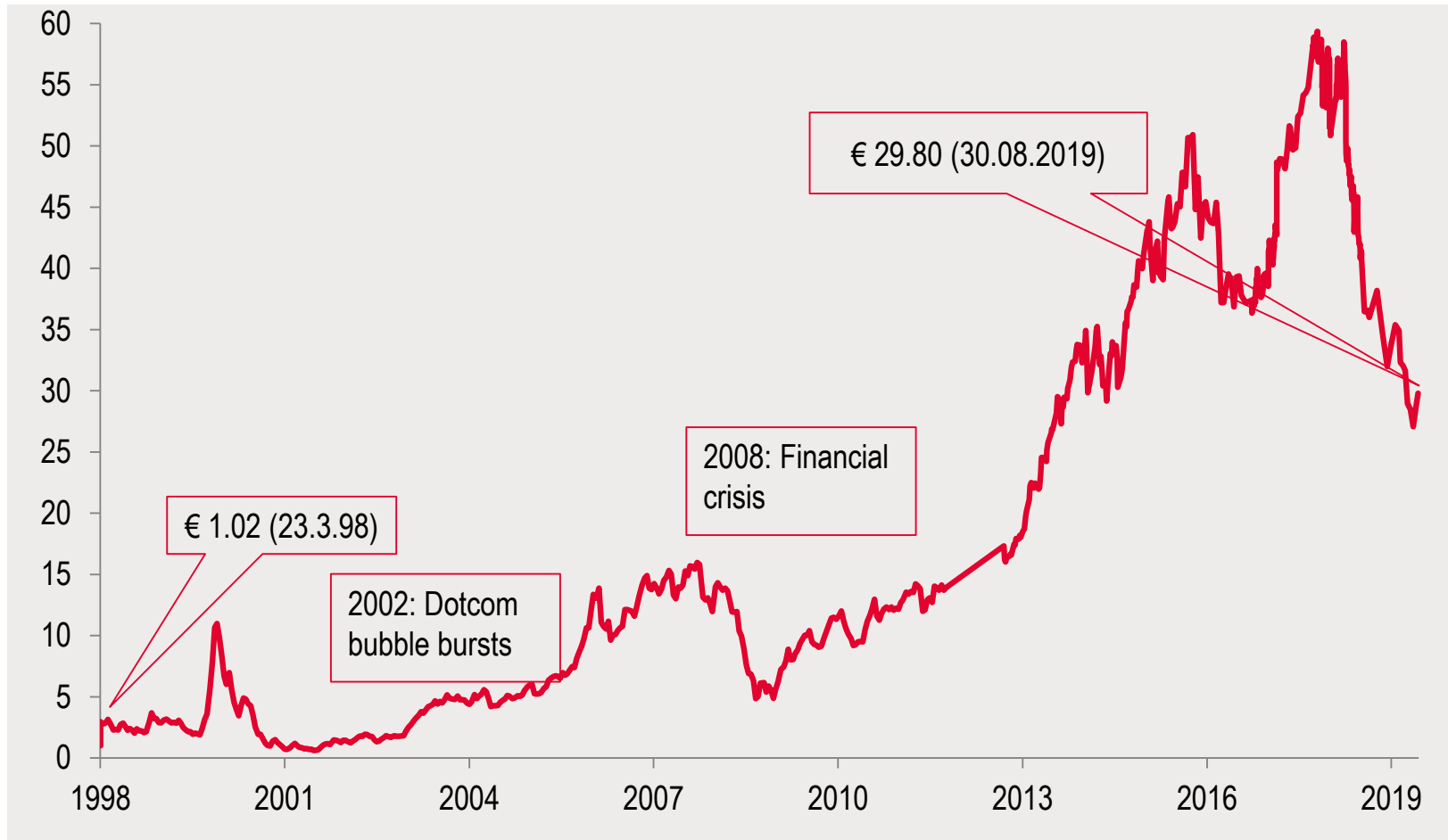
## OUTLOOK 2019

- We are concretizing our revenue forecast in particular due to the weaker hardware business and the increased demand from existing customers for LTE mobile tariffs during the year
  - Revenues excl. hardware + approx. 3 %; incl. hardware + approx. 2 % (previously: + approx. 4 %)
  - Due to the low earnings contribution of the hardware business and the advantageous LTE purchasing model, this has no significant impact on EBITDA.
  
- As a result of the new local loop (TAL) regulation (fee increase from July 2019: approx. € - 10 million) and initial 5G investments (preparation / planning: approx. € - 5 million), we are concretizing our EBITDA forecast
  - EBITDA according to IFRS 15: + approx. 7 % (previously: + approx. 8 %)
  - EBITDA according to IFRS 16: + approx. 11 % (previously: + approx. 12 %)

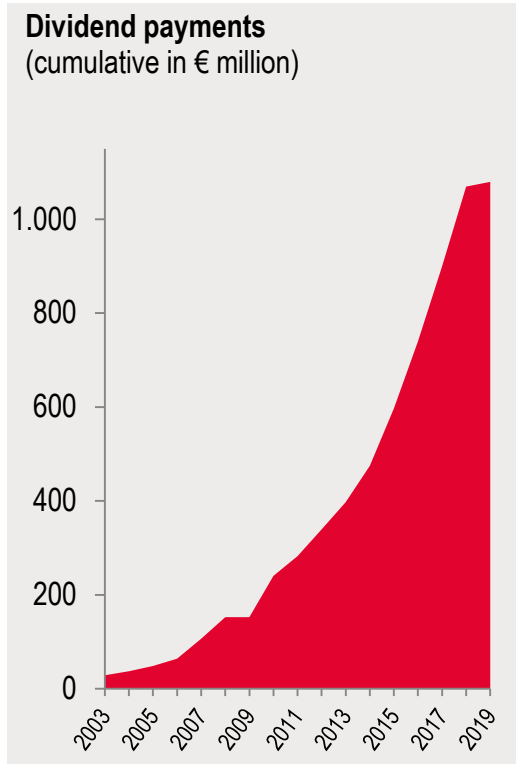


# SHARE AND DIVIDEND

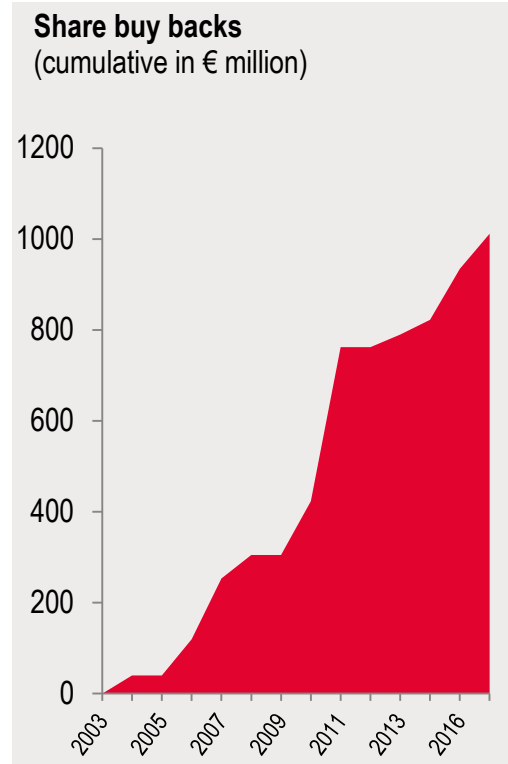
# SHARE PRICE DEVELOPMENT



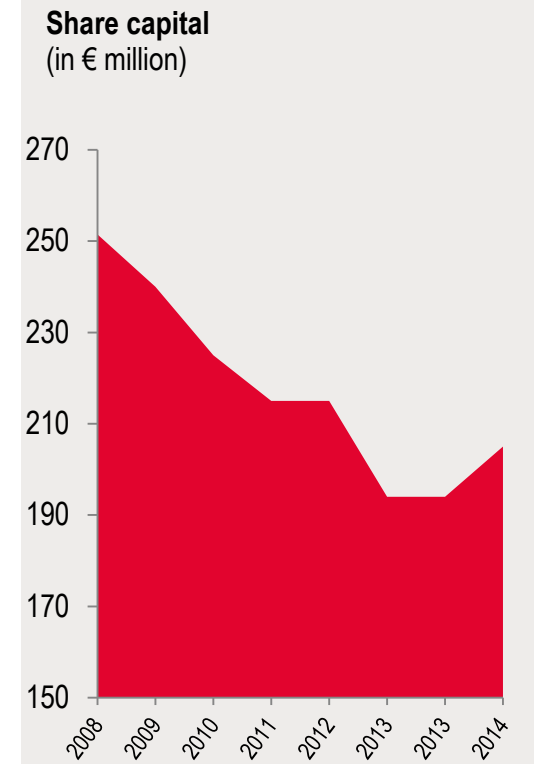
# SHAREHOLDER RETURN



- Total dividend payments of approx. € 1,079 million
- Dividend per share for fiscal year 2018: € 0.05



- Total of € 1.012 billion for share buy backs (March 31, 2017)
- New buy-back program started on 16 August 2019 for 6 million shares and/or a buy-back volume of € 192 million



- Capital increase after Versatel transaction in 2014: 11 million new shares - Gross proceeds: 352 million euros

**UNITED INTERNET AG**

**Our success story  
continues!**