

**UNITED INTERNET AG**

**Fiscal year 2019  
and outlook 2020**

**Montabaur,  
March 26, 2020**

# AGENDA

---

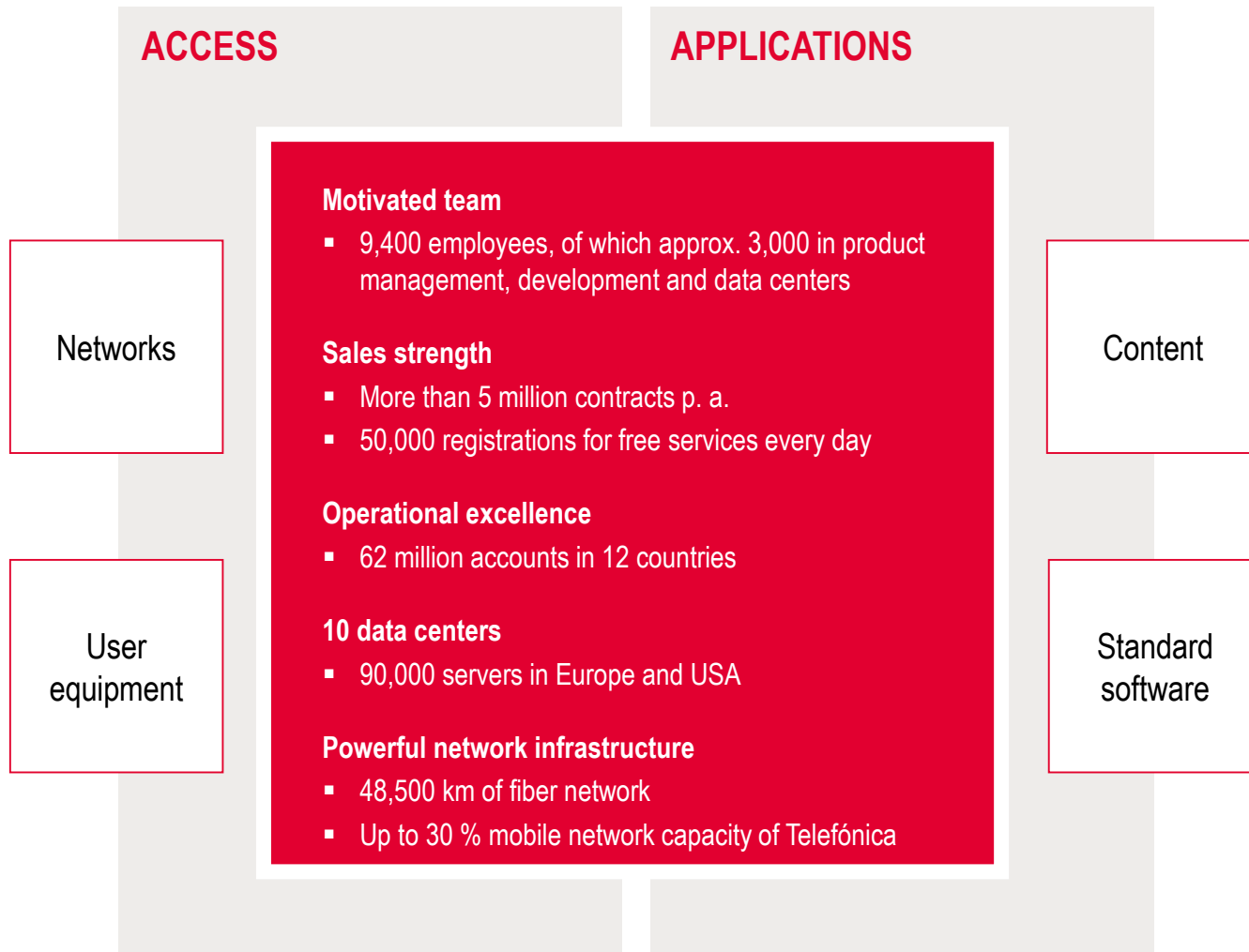
**Ralph Dommermuth**      Company development 2019  
Outlook 2020

---

**Frank Krause**              Results for fiscal year 2019

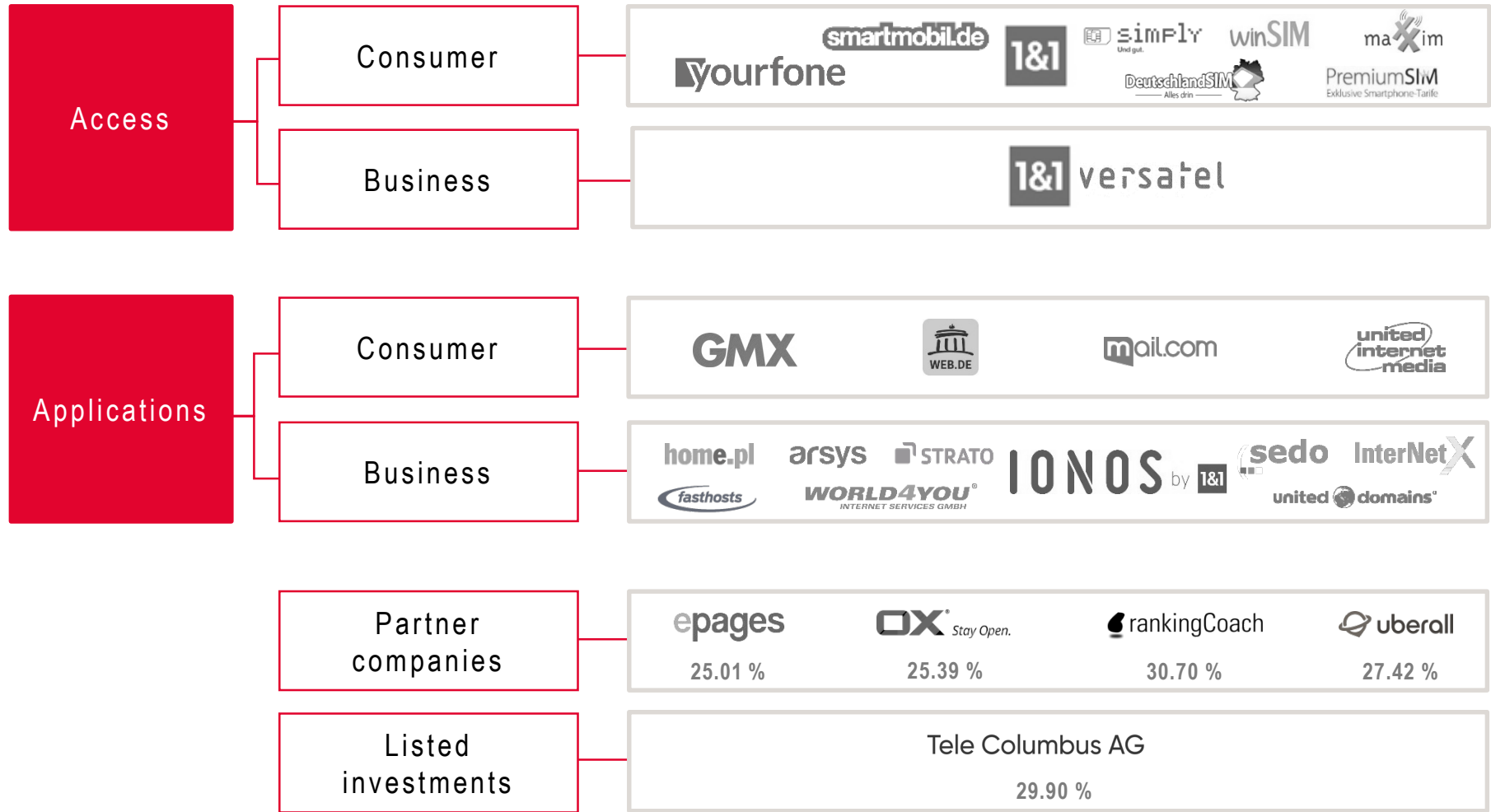
# COMPANY DEVELOPMENT 2019

## 2 BUSINESS AREAS: ACCESS & APPLICATIONS



# BUSINESS AREAS & INVESTMENTS

(as of: December 31, 2019)



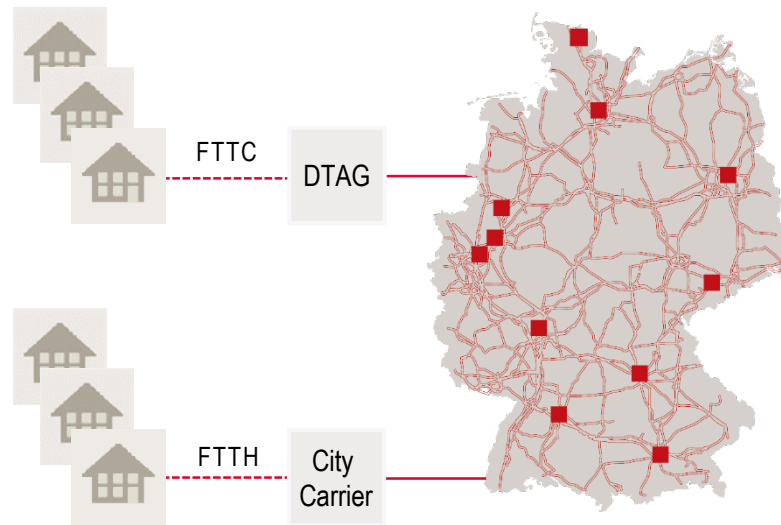
# “ACCESS” IN FISCAL YEAR 2019

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

# “CONSUMER ACCESS”: FIXED-LINE BUSINESS

- Largest alternative German DSL provider
- Connect fixed-line test: #1 in 2015 (nationwide), #2 in 2016, #1 in 2017, #2 in 2018, #3 in 2019

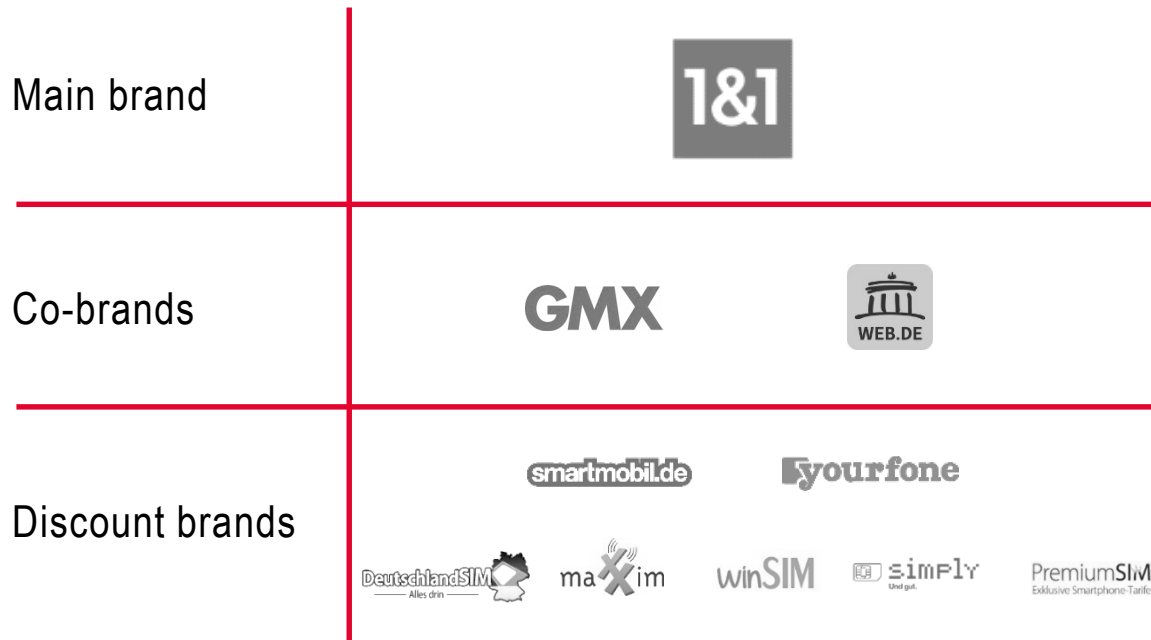


Last mile:

- 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

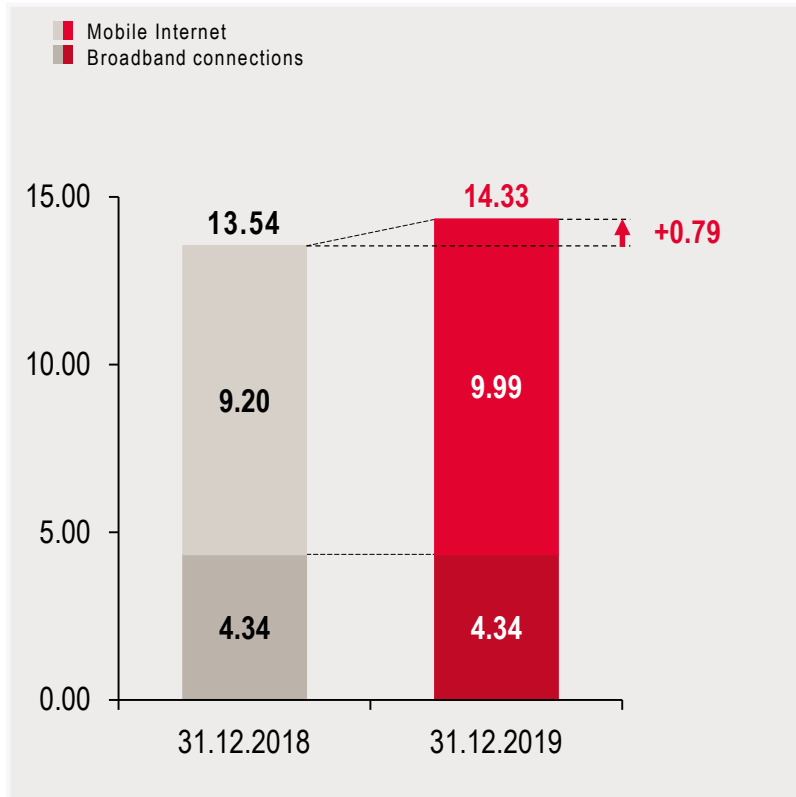


- TEFD remedy partner with long-term guaranteed access to up to 30% of network capacity and all future technologies, incl. 5G
- Additional wholesale contract with Vodafone



# “CONSUMER ACCESS”: CUSTOMER CONTRACTS

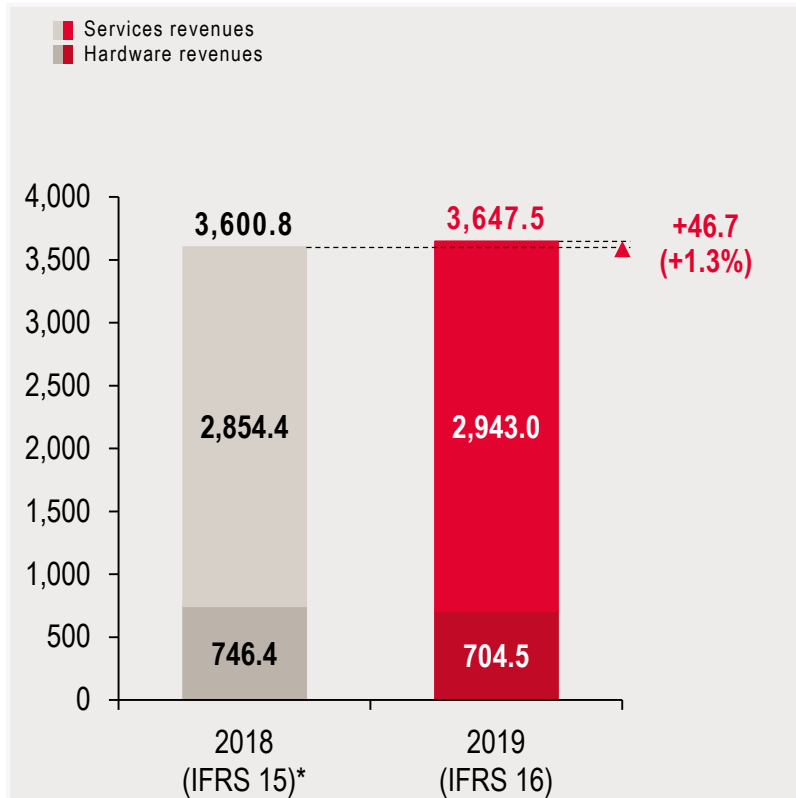
(in million)



- 14.33 million customer contracts (+ 580,000)
  - 9.99 million mobile internet contracts (+ 790,000)
  - 4.34 million broadband connections  
ADSL / VDSL / FTTH

# “CONSUMER ACCESS”: REVENUES

(acc. to IFRS in € million)

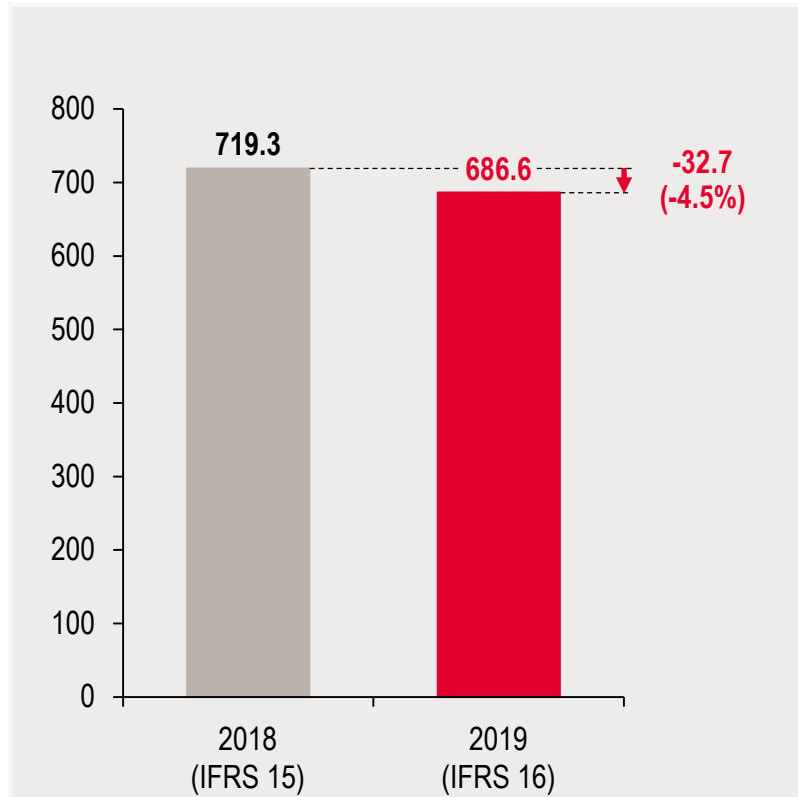


- + 1.3 % revenues to € 3,647.5 million
- + 3.1 % service revenues to € 2,943.0 million
- - 5.6 % (€ - 41.9 million) low-margin hardware revenue to € 704.5 million

\* After adjustment of the 2018 revenue statement in the "Consumer Access" segment and thus also in the Group as a whole

# “CONSUMER ACCESS”: EBITDA

(acc. to IFRS in € million)



- - 4.5 % EBITDA to € 686.6 million
  - € - 3.2 million one-offs from Drillisch integration (prior year: € - 25.1 million)
  - € - 5.7 million initial 5G costs
  - € - 8.8 million regul. subs. line costs “TAL” (07/19)
  - € - 5.6 million regulation “SMS EU” (05/19)
  - € - 83.1 million additional costs from a time-limited adjustment mechanism of a wholesale contract, which expired at the end of 2018\*
  - € + 8.2 million IFRS 16 effect
- 18.8 % EBITDA margin (prior year: 20.0 %)

➔ + 5.4 % comparable EBITDA – like-for-like w/o effects from IFRS 16

\* Contrary to our original expectations, the expired agreement was not compensated by a price reduction in the reporting period

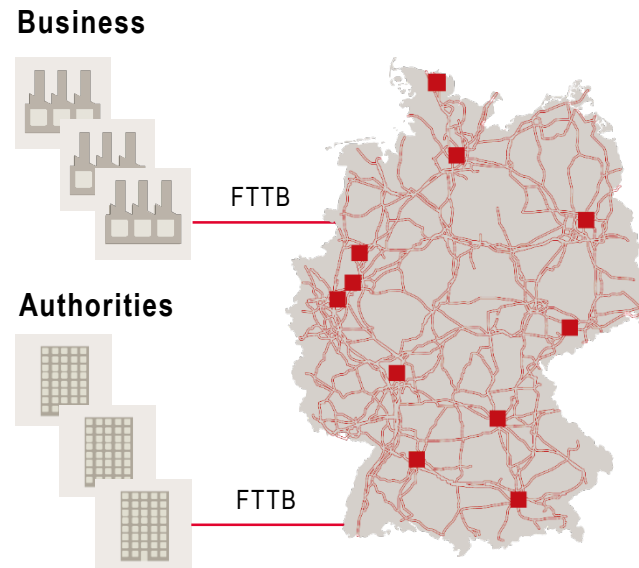
# “BUSINESS ACCESS” SEGMENT

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



**GLASFASER  
DIREKT**

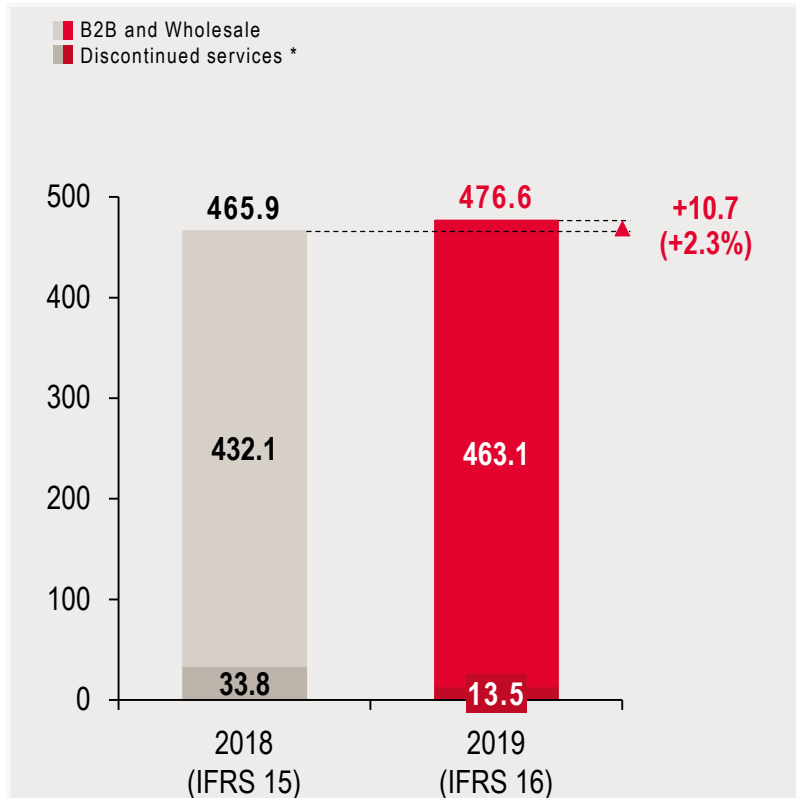
✓ Glasfaser-Anschluss für Firmen!  
✓ Garantierte Gigabit-Bandbreite!  
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with 48,489 km (Prior year: 47,013 km)
- In 250 German cities, including 19 of the 25 largest cities
- 17,145 directly connected locations (Prior year: 13,998)

# “BUSINESS ACCESS”: REVENUES

(acc. to IFRS in € million)

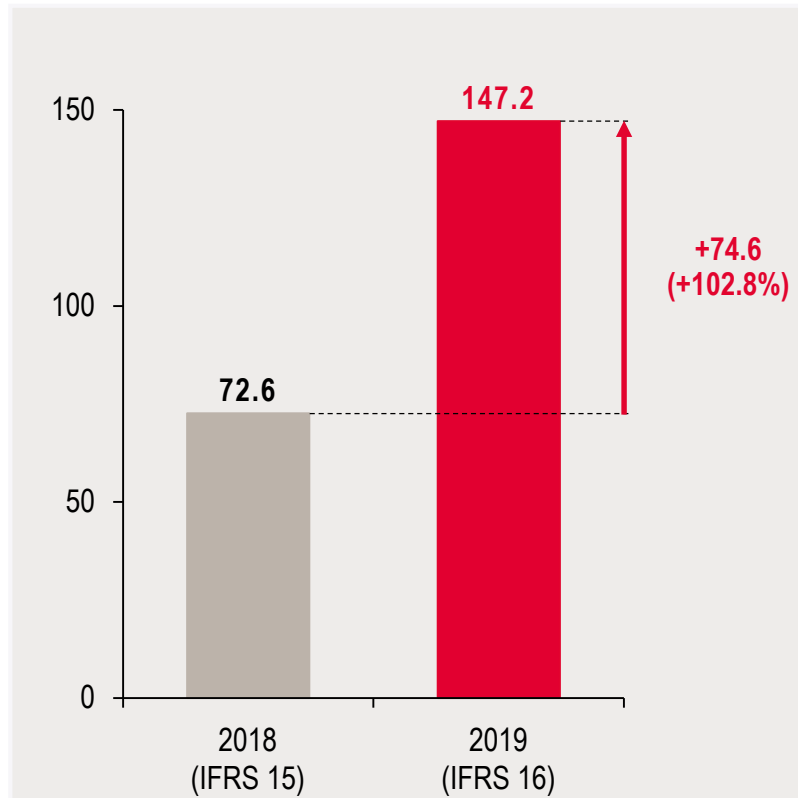


- + 2.3 % revenues to € 476.6 million
- Positive development in the core business for both B2B and Wholesale (+ 7.2 %)

\* Discontinued services for the broadband customers acquired from Consumer Access (1&1 Drillisch) in 2017

## “BUSINESS ACCESS”: EBITDA

(acc. to IFRS in € million)



- + 102.8 % EBITDA to € 147.2 million
  - € + 59.6 million IFRS 16 effect
- 30.9 % EBITDA margin (prior year: 15.6 %)
- ➔ + 20.7 % comparable EBITDA – w/o IFRS 16 effects

# “APPLICATIONS” IN FISCAL YEAR 2019

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

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



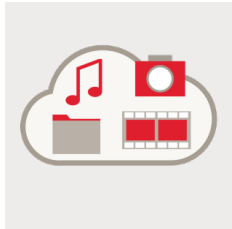
## Communication and organization

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”: ASSETS

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

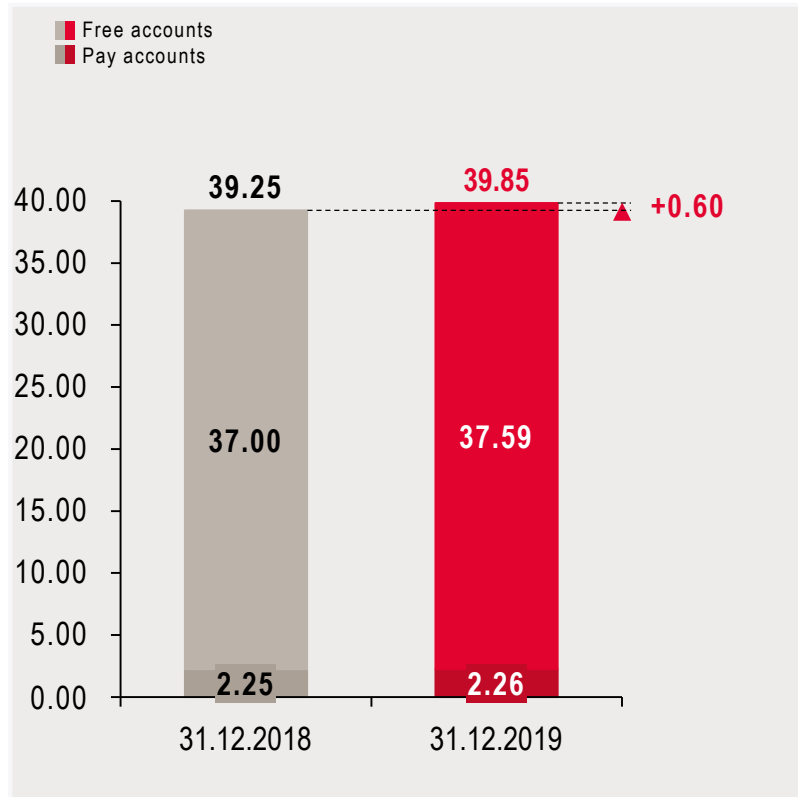
	email*	eIDAS/ De-Mail	Cloud storage*	Content*	ID
	#1	#1	#3	#1	#3
	#2	–	#1	–	#1
	#3	–	#5	#4	n.a.
	#4	#2	#7	#2	n.a.
	n.a.	–	–	n.a.	#2

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

\* Email and Cloud storage: Representative survey of Convios Consulting on behalf of United Internet, 2019 (privately most used e-mail / cloud provider in Germany)  
Content: die medienanstalten, MedienVielfaltsMonitor 2019-I, market share online media

# “CONSUMER APPLICATIONS”: ACCOUNTS

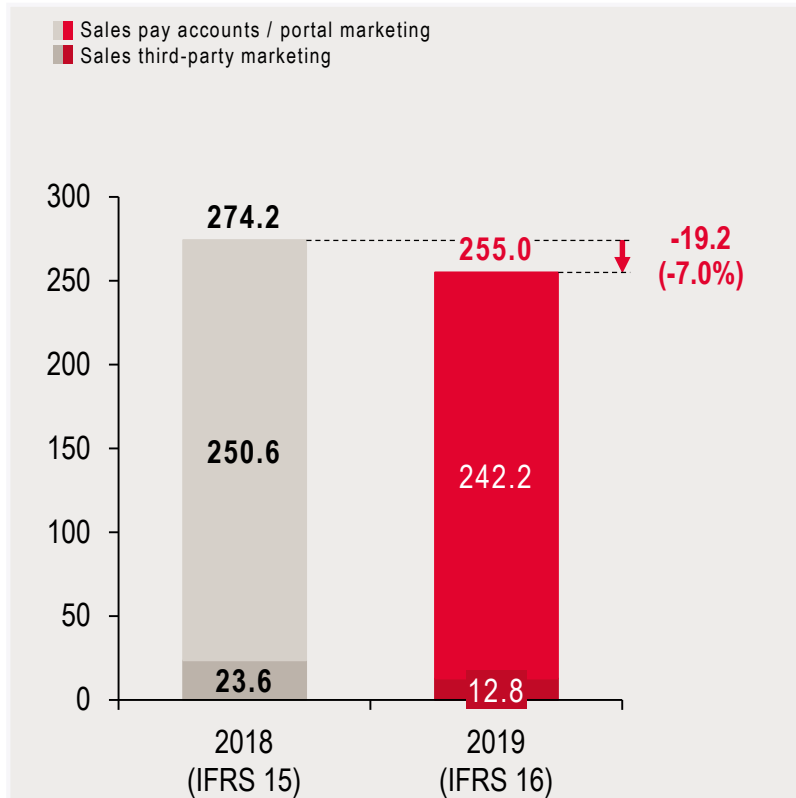
(in million)



- 39.85 million consumer accounts (+ 600,000), thereof
  - 37.59 million free accounts (+ 590,000)
  - 2.26 million pay accounts (+ 10,000)
- 24.6 million with mobile usage (+ 1,900,000)
- 19.4 million with cloud storage (+ 900,000)

# “CONSUMER APPLICATIONS”: REVENUES

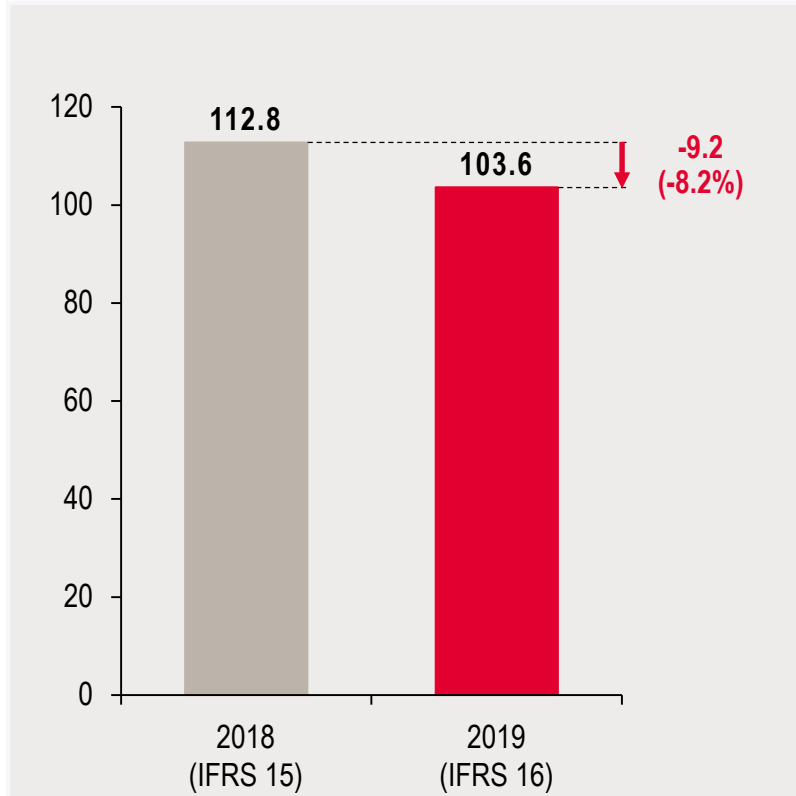
(acc. to IFRS in € million)



- - 7.0 % revenues to € 255.0 million
  - € - 25.4 million from reduction of advertising space (prior year: € - 17.0 million) in the core business
  - € - 10.8 million from low-margin third-party marketing
- ➔ Stable revenues – w/o effects from increased reduction of advertising space and third-party marketing

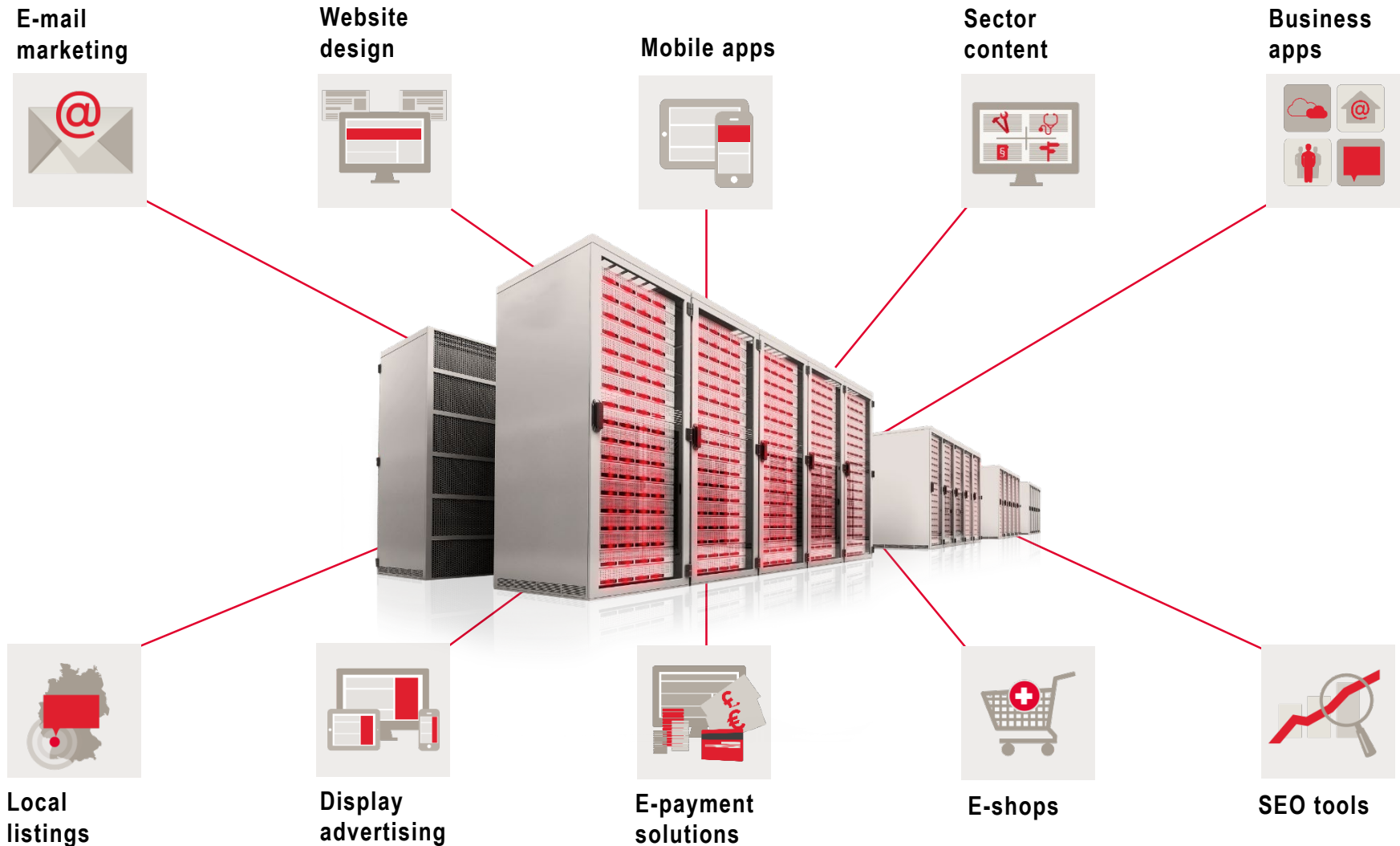
# “CONSUMER APPLICATIONS”: EBITDA

(acc. to IFRS in € million)



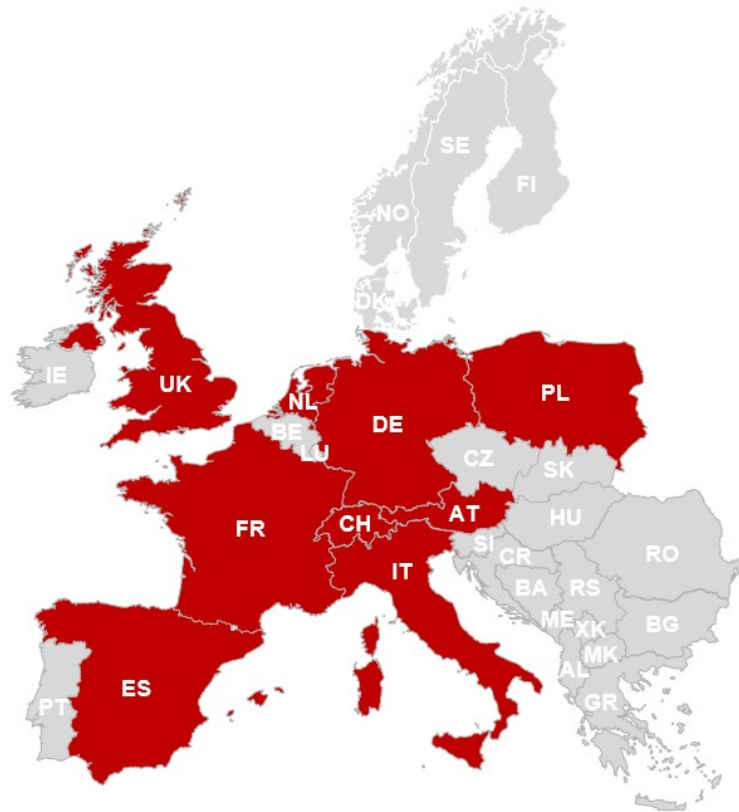
- - 8.2 % EBITDA to € 103.6 million
  - € - 24.3 million from reduction of advertising space and transition to data-driven business models (prior year: € - 15.9 million)
  - € + 4.1 million from IFRS 16
- 40.6 % EBITDA margin (prior year: 41.1 %)
- ➔ - 3.8 % comparable EBITDA – w/o effects from increased advertising space reduction and IFRS 16

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



# “BUSINESS APPLICATIONS”: ASSETS

- Leading European provider
- Active in 12 countries: #1 in Germany, Spain, Poland and Austria, #2 in UK and France\*

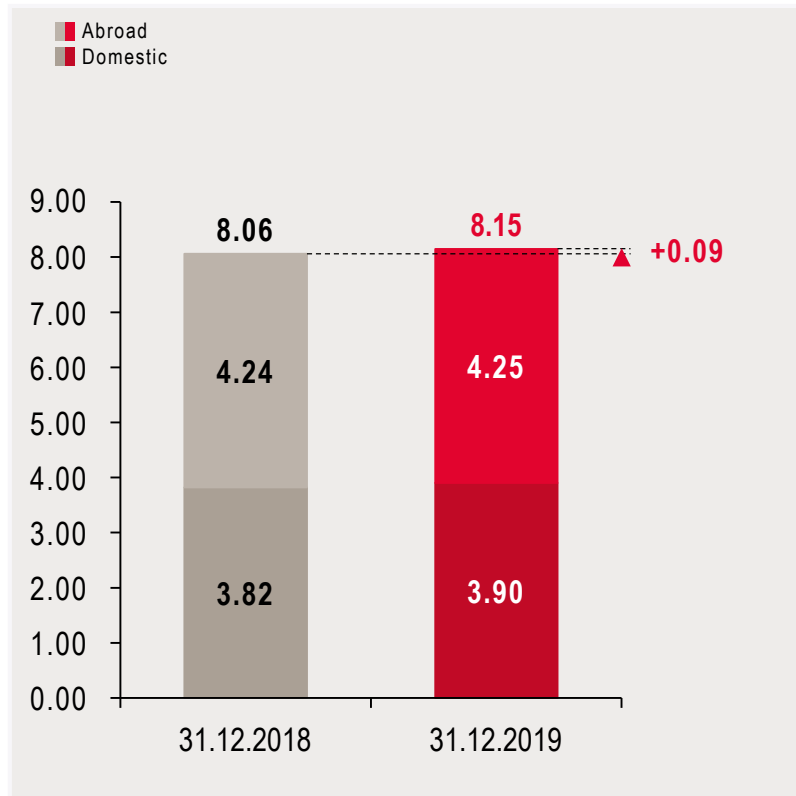


- Broad product portfolio
- In-house developments and cooperation with development partners
- Powerful data centers

\* Based on managed ccTLDs

# “BUSINESS APPLICATIONS”: CUSTOMER CONTRACTS

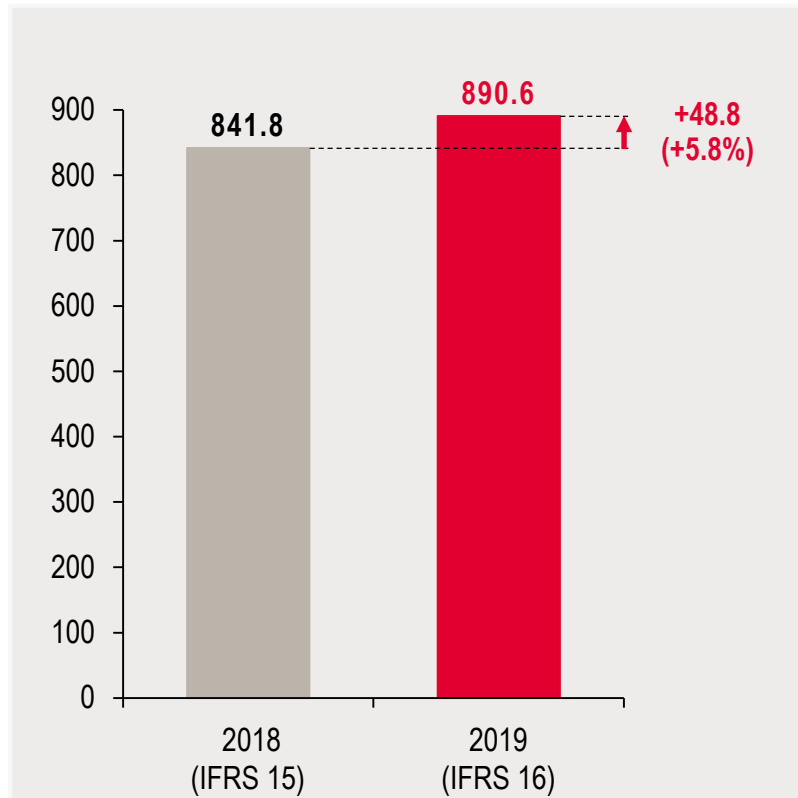
(in million)



- 8.15 million customer contracts (+ 90,000)
  - 4.25 million abroad (+ 10,000)
  - 3.90 million domestic (+ 80,000)

# “BUSINESS APPLICATIONS”: REVENUES

(acc. to IFRS in € million)

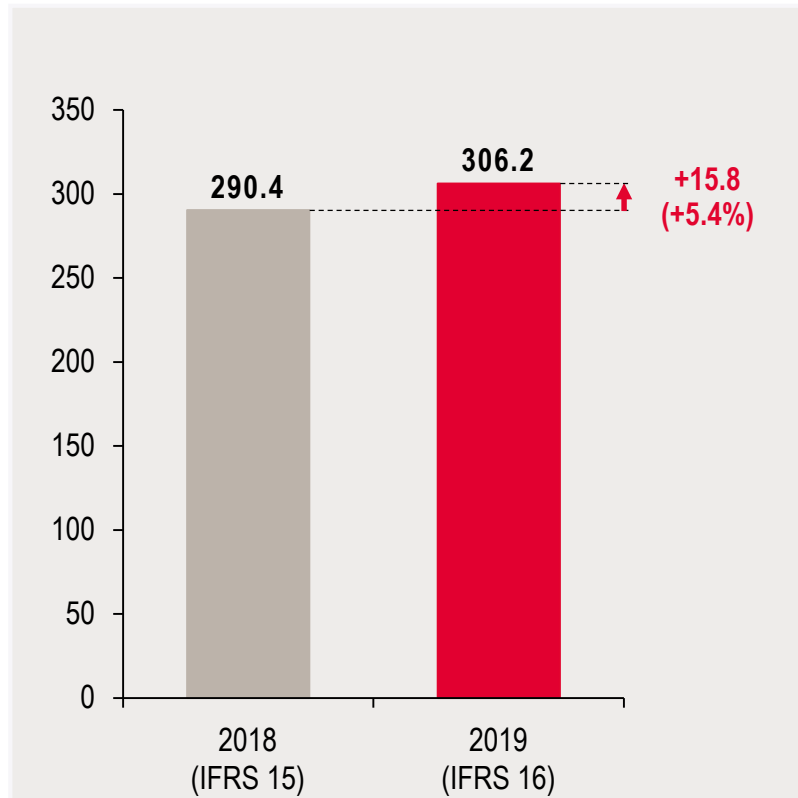


- + 5.8 % revenues to € 890.6 million
- Customer growth
- Up- und Cross-Selling



## “BUSINESS APPLICATIONS”: EBITDA

(acc. to IFRS in € million)



- + 5.4 % EBITDA to € 306.2 million
  - € - 26.7 million increased marketing expenses, thereof € - 19.2 million one-offs (prior year: € - 16.6 million)
  - € + 13.7 million IFRS 16 effect
  - 33.4 % EBITDA margin (prior year: 34.5 %)
- ➔ + 4.0 % comparable EBITDA – w/o effects from increased marketing expenses and IFRS 16

## KPIs FY 2019

- Solid customer growth (24.74 million customer contracts: + 890,000 in FY 2019)
- Revenue and operating earnings per share increase slightly

Revenue and earnings figures (in € million)	2018 (IFRS 15)	2019 (IFRS 16)	Change
Revenue	5,102.9	5,194.1	+ 1.8 %
EBITDA	1,201.3	1,265.7	+ 5.4 %
EBIT	811.0	811.1	+ 0.0 %
EPS in €	0.94	2.13	+ 126.6 %
EPS before special items (in €)	1.96	1.99	+ 1.5 %

- EBITDA effect from IFRS 16: € + 87.0 million (comparable growth acc. IFRS 15: - 1.9 %)
- Special items
  - Impairment Tele Columbus 2018 : € - 1.02 EPS
  - Reversals of impairment losses Tele Columbus 2019: € + 0.09 EPS
  - Brand value write-up Strato 2019: € + 19.4 million EBIT; € + 0.05 EPS

# OUTLOOK 2020

# OUTLOOK 2020

- Revenues and EBITDA at previous year's level

# FINANCIAL FIGURES FOR FY 2019

## GROUP: BALANCE SHEET AS OF DEC 31, 2019 (II)

(acc. to IFRS in € million)

Assets	31.12.2018 (IFRS 15)	01.01.2019 (IFRS 16)	31.12.2019 (IFRS 16)	Comments (Changes to the opening balance)
Property, plant and equipment / intangible assets	2,062.6	2,346.8	3,285.6	▪ Capex: € 252.8m plus income from IFRS 16: € 96.9m ; D&A: € 474.1m; 5G frequencies: € 1,070.2m
Goodwill	3,612.6	3,612.6	3,616.5	▪ Mainly unchanged
Financial assets	554.9	554.9	286.5	▪ Decline due to sale of Rocket shares
Accounts receivable	409.7	409.7	403.7	▪ Mainly unchanged
Contract assets	595.8	595.8	682.1	▪ Updating contract assets
Inventories and deferred expenses	655.7	645.7	600.6	
Income tax assets and other assets	224.4	224.4	93.8	▪ Decrease in tax claims and receivables from a wholesale partner
Cash and cash equivalents	58.1	58.1	117.6	
<b>Total</b>	<b>8,173.8</b>	<b>8,448.0</b>	<b>9,086.4</b>	

## GROUP: BALANCE SHEET AS OF DEC 31, 2019 (II)

(acc. to IFRS in € million)

Liabilities and equity	31.12.2018 (IFRS 15)	01.01.2019 (IFRS 16)	31.12.2019 (IFRS 16)	Comments (Changes to the opening balance)
Equity	4,521.5	4,521.5	4,614.7	▪ Equity ratio: 50.8 %
Liabilities due to banks	1,939.1	1,939.1	1,738.4	▪ Bank liabilities (net): € 1,620.8m (12/2018: € 1,881.1m)
Trade accounts payable	566.8	562.7	481.6	▪ Decline after business-related increase in the second half of 2018
Contract liabilities	188.1	188.1	184.8	▪ Mainly unchanged
Accrued taxes and deferred tax liabilities	577.8	577.8	443.5	▪ Decline after tax payments ▪ Reduction in deferred taxes due to PPA depreciation
Other accrued liabilities / Other liabilities	380.5	658.8	1,623.4	▪ 5G frequencies: € 1,008.9m
<b>Total</b>	<b>8,173.8</b>	<b>8,448.0</b>	<b>9,086.4</b>	

## GROUP: KEY FIGURES 2019

Contracts in million / financial KPIs acc. to IFRS in € million	2018 (IFRS 15)	2019 (IFRS 16)	Change
Fee-based customer contracts	23.85	24.75	+ 0.89m
Ad-financed free accounts	37.00	37.59	+ 0.59m
Revenue	5,102.9	5,194.1	+ 1.8 %
EBITDA	1,201.3	1,265.7	+ 5.4 %
EBIT	811.0	811.1	+ 0.0 %
EPS <sup>(1)</sup> (in €)	1.96	1.99	+ 1.5 %
Net Debt	- 1,881.1	- 1,620.8	+ 260.3m
Capex	- 271.8	- 252.8	
Free Cashflow <sup>(2)</sup>	254.6	496.0	+ 241.4m

<sup>(1)</sup> EPS without special items: impairment losses Tele Columbus 2018 (€ - 1.02); reversal of impairment losses Tele Columbus 2019 (€ + 0.09); brand value write-ups Strato 2019 (€ + 0.05)

<sup>(2)</sup> Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant, and equipment (w/o aperiodic tax payments); Free cash flow 2019 based on IFRS 15, therefore excl. effects from IFRS 16 "leasing" (+ € 111.0 million)



**UNITED INTERNET AG**

**Fiscal year 2019  
and outlook 2020**

**Montabaur,  
March 26, 2020**