6-Month Report

2015

united internet

Selected key figures

	2015 Jan. – June	2014 Jan. – June	Change
Net income (in € million)			
Sales	1,823.4	1,433.6	+ 27.2%
EBITDA	351.3	237.6	+ 47.9%
EBIT	242.3	193.5	+ 25.2%
EBT	238.8	186.9	+ 27.8%
EPS (in €)	0.85	0.66	+ 28.8%
EPS before PPA amortization (in €)	0.93	0.68	+ 36.8%
Balance sheet (in € million)			
Current assets	418.2	332.1	+ 25.9%
Non-current assets	3,299.4	1,010.6	+ 226.5%
Equity	1,112.4	350.3	+ 217.6%
Equity ratio	29.9%	26.1%	
Total assets	3,717.6	1,342.6	+ 176.9%
Cash flow (in € million)			
Operative cash flow	272.5	165.6	+ 64.6%
Cash flow from operating activities	505.4 (2)	175.0	+ 188.8%
Cash flow from investing activities	– 539.5	– 41.6	
Free cash flow (1)	445.8 (2)	154.2	+ 189.1%
Employees			
Total at the end of June	7,875	6,700	+ 17.5%
thereof in Germany	6,329	5,107	+ 23.9%
thereof abroad	1,546	1,593	– 3.0%
Share (in €)			
Share price at the end of June (Xetra)	39.88	32.18	+ 23.9%
Customer contracts (in million)			
Access. total contracts	7.24	5.91	+ 1.33
thereof Mobile Internet	2.99	2.23	+ 0.76
thereof DSL complete (ULL)	3.99	3.34	+ 0.65
thereof T-DSL / R-DSL	0.26	0.34	– 0.08
Business Applications. total contracts	5.81	5.77	+ 0.04
thereof in Germany	2.38	2.41	– 0.03
thereof abroad	3.43	3.36	+ 0.07
Consumer Applications. total accounts	34.11	33.63	+ 0.48
thereof with Premium Mail subscription	1.81	1.85	– 0.04
thereof with Value-Added subscription	0.35	0.34	+ 0.01
thereof free accounts	31.95	31.44	+ 0.51

(1) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

(2) Cash flow from operating activities and free cash flow in the first half of 2015 include the capital gains tax refund of € 326.0 million

Content

4 FOREWORD

6 GROUP MANAGEMENT REPORT FOR THE FIRST SIX MONTHS OF 2015

- 6 Principles of the Group
- 8 General conditions
- 10 Business development of the Group
- 15 Position of the Group
- 20 Personnel report
- 21 Subsequent events
- 22 Risk and opportunity report
- 23 Forecast report

29 FINANCIAL STATEMENTS

- 30 Balance Sheet
- 32 Net Income
- 34 Cash Flow
- 36 Changes in Shareholders' Equity
- 38 Notes on the 6-Month Report 2015

49 INCOME STATEMENT (QUARTERLY DEVELOPMENT)

50 FINANCIAL CALENDAR

51 IMPRINT

Dear shareholders, employees and business associates of United Internet,

United Internet AG can look back on successful first half of its fiscal year 2015. Once again we achieved strong improvements in the number of customer contracts, sales, and key earnings ratios.

We continued to invest heavily in new customer relationships in the first six months of 2015 and raised the number of our contracts by 430,000 to 15.21 million as of June 30, 2015.

This customer growth was driven by our Access business where we gained 450,000 customer contracts in the first half of 2015, of which 390,000 were Mobile Internet contracts and 60,000 DSL contracts. All in all, this is 80,000 contracts more than in the same period last year (370,000) and also more than originally planned.

In the Applications segment, we focused less on new customer acquisition for our Business Applications – as previously announced – and more on expanding our business with existing customers and gaining high-quality customer relations. With this in mind, the number of Business Application contracts remained unchanged at 5.81 million in the first half of 2015.

In the field of Consumer Applications, the number of ad-financed free accounts was up 510,000 on the previous year at 31.95 million as of June 30, 2015. In view of the increasing possibilities for monetizing these accounts via advertising, we have further limited the ad space for our own pay products. As a consequence, the stock of fee-based accounts fell by 20,000 to 2.16 million contracts.

Thanks to further strong year-on-year increase in customer figures – as well as the consolidation of Versatel GmbH, acquired on October 1, 2014 – consolidated sales set a new record figure of € 1.823 billion in the first half of 2015, corresponding to growth of 27.2% over the first six months of 2014.

Our earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 47.9%, from € 237.6 million to € 351.3 million. This figure includes one-off income of € 5.6 million from the sale of our shares in the Goldbach Group.

Earnings before interest and taxes (EBIT) increased by 25.2%, from € 193.5 million to € 242.3 million. Earnings per share (EPS) improved by 28.8%, from € 0.66 last year to € 0.85. Before amortization from purchase price allocations (PPA), which mainly relate to the Versatel acquisition, EPS rose by 36.8%, from € 0.68 to € 0.93.

With the figures achieved for sales and earnings in the first half of 2015, we are well on track to meet our targets. Against the backdrop of strong customer growth in the first six months, we are raising our full-year guidance for 2015 and now expect fee-based customer contracts to grow more strongly than originally planned, i.e. by around 880,000 (previous forecast: approx. 800,000). This additional customer growth is expected to come from our Access segment (Mobile Internet). In our Applications segment, we hope to conclude the acquisition of home.pl in the second half of the year and begin examining the possibility of an IPO for our Business Applications. In addition, we signed an agreement at the end of June to sell shares in virtual minds to ProSiebenSat.1 Group and reduce our stake from 48.65% to 25.10%. Subject to anti-trust approval, we expect proceeds of € 13.4 million (EBITDA-effective: € 8.0 million) from the sale. We are upholding our EBITDA guidance for the full year with growth of around 40% (prior year: € 551.5 million). We continue to expect sales growth of approximately 20%.

We are very well prepared for the next steps in our company's development and upbeat about our prospects for the remaining months of the fiscal year. In view of the company's successful first half-year, we would like to express our particular gratitude to all employees for their dedicated efforts as well as to our shareholders and customers for their continued trust in United Internet AG.

Montabaur, August 13, 2015

Ralph Dommermuth

Group management report for the first 6 months of 2015

Principles of the Group

Business model

Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is Europe's leading internet specialist with 15.21 million fee-based customer contracts and 31.95 million ad-financed free accounts around the world.

The Group's operating activities are divided into the two segments "Access" and "Applications".

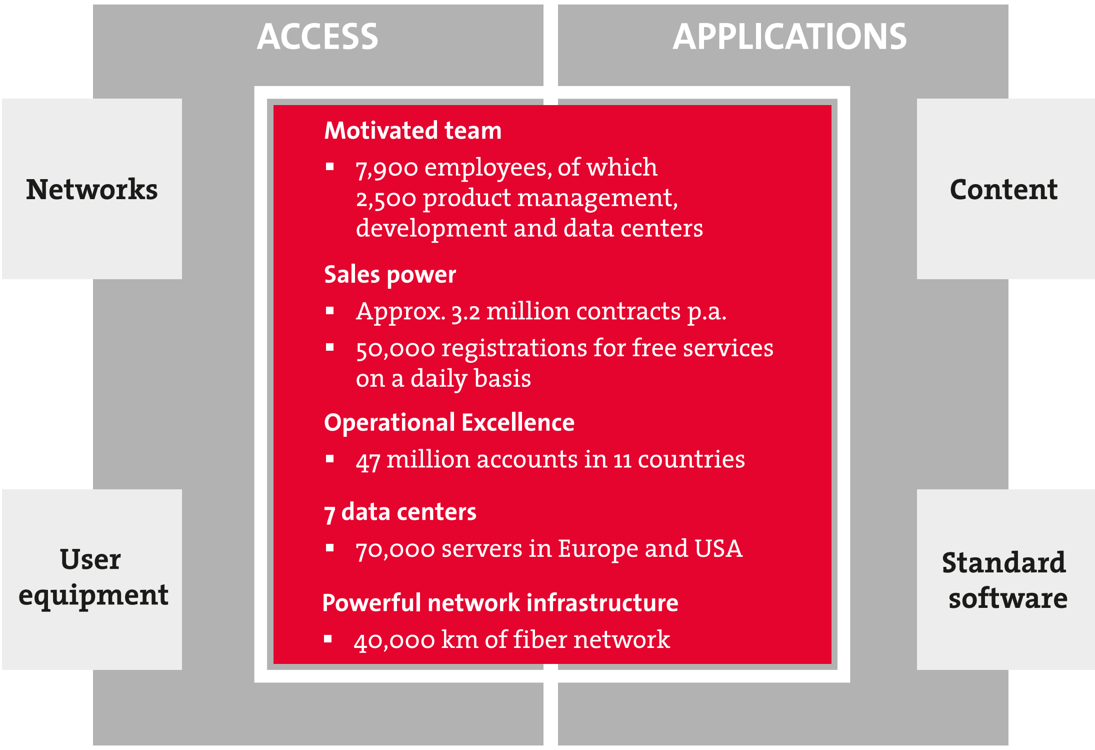
The **Access segment** comprises the Group's fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony, video-on-demand or IPTV). In addition to these products for home users and small firms, the company also offers – since the complete takeover of Versatel on October 1, 2014 – data and network solutions for SMEs, as well as infrastructure services for large corporations. United Internet operates exclusively in Germany in its Access segment, where it is one of the leading providers. The company uses the Versatel network and also purchases standardized network services from various pre-service providers. These are enhanced with end-user devices, self-developed applications and services from the company's own "Internet Factory" in order to differentiate them from the competition. Access products are marketed by the well-known brands GMX, WEB.DE, 1&1, and Versatel which enable the company to offer a comprehensive range of products while also targeting specific customer groups. With a length of over 40,000 km, the Versatel network is Germany's second-largest fiber-optic network. With its own network infrastructure, United Internet also has the opportunity to gradually extend its vertical integration and reduce its purchases of DSL pre-services.

The **Applications segment** comprises the Group's application business – whether ad-financed or via fee-based subscriptions. These applications include domains, home pages, webhosting, servers and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company's "Internet Factory" or in cooperation with partner firms and operated at the company's seven data centers. In its Applications segment, United Internet is also a global player with activities in numerous European countries (Germany, France, the UK, Italy, Austria, Poland, Switzerland and Spain) as well as North America (Canada, Mexico and the USA). Applications are marketed to specific target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1, Arsys, InterNetX, Fasthosts and united-domains. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

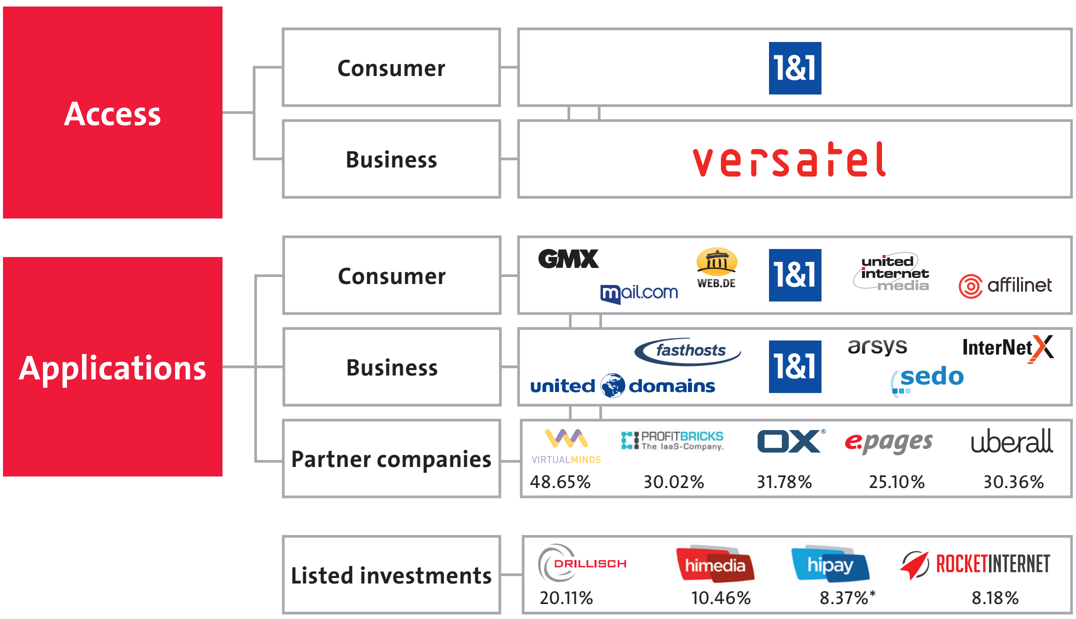
Group structure, strategy and control

With reference to the Group's structure, strategy and control, we refer to the explanations provided in the combined Management Report 2014 (Annual Report 2014, pages 28 et seq.). There have been no significant changes from the Group perspective.

Business model



Brands and investments (as of June 30, 2015)



* Spin-off by Hi-Media S.A.

Research and development

As an internet service provider, the United Internet Group does not engage in research and development (R&D) on a scale comparable with manufacturing companies. For this reason, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for internet access and innovative web-based applications which are mostly developed in-house. The Group's success is rooted in an ability to develop, combine or adapt innovative products and services and launch them on major markets.

In addition to constant improvements and measures to secure the reliable operation of all services offered, the approximately 2,500 developers, product managers and technical administrators at United Internet's domestic and foreign development centers worked in particular on the following projects during the first half of 2015:

- Roll-out of the new 1&1 Cloud Server
- Introduction of end-to-end encryption for De-Mail
- Launch of List Local in the USA
- New version of 1&1 Dedicated Server with A8i processor
- Roll-out of 1&1 Business DSL
- Launch of version 8 of 1&1 MyWebsite

General economic, sector and legal conditions

Macroeconomic development

The crisis in Greece and the unexpectedly strong slowdown of the US economy have been concerning economists and investors for some time now. With the cooling of the Chinese economy and the country's stock market crash, however, a third problem emerged at the end of the second quarter of 2015. In its latest outlook for 2015 (World Economic Outlook, Update July 2015), the International Monetary Fund (IMF) expressed its concerns and downgraded its forecast for the **global economy** in 2015 to 3.3% – 0.2 percentage points less than at the beginning of the year (January forecast).

The IMF paints a varied picture for the United Internet Group's main target markets in the first half of 2015 and has made corresponding adjustments to its forecasts. Whereas the economies of the North American target countries all performed much worse than expected, almost all the European target countries (with the exception of the UK) achieved stronger growth.

Specifically, the IMF has strongly downgraded its growth forecast for the **USA** (compared to the January outlook) by 1.1 percentage points to 2.5%. The IMF's outlook for **Canada** and **Mexico** has also been downgraded by 0.8 percentage points for both countries to 1.5% and 2.4%, respectively.

For the **eurozone**, however, the IMF raised its forecast during the year by 0.3 percentage points to 1.5%. The forecasts were upgraded for **France** by 0.3 percentage points to 1.2%, for **Spain** by 1.1 percentage points to 3.1%, and for **Italy** by 0.3 percentage points to 0.7%. For the non-eurozone nation **UK**, the IMF expects growth of 2.4% – down 0.3 percentage points from the beginning of the year.

For United Internet's most important market, **Germany** (share of sales in 2014: 88.7%), the IMF raised its outlook for 2015 by 0.3 percentage points during the year to 1.6%.

Changes in 2015 growth forecasts for United Internet's key target countries and regions

	January forecast	April forecast	July forecast	Change on January
World	3.5%	3.5%	3.3%	– 0.2 percentage points
USA	3.6%	3.1%	2.5%	– 1.1 percentage points
Canada	2.3%	2.2%	1.5%	– 0.8 percentage points
Mexico	3.2%	3.0%	2.4%	– 0.8 percentage points
Eurozone	1.2%	1.5%	1.5%	+ 0.3 percentage points
France	0.9%	1.2%	1.2%	+ 0.3 percentage points
Spain	2.0%	2.5%	3.1%	+ 1.1 percentage points
Italy	0.4%	0.5%	0.7%	+ 0.3 percentage points
UK	2.7%	2.7%	2.4%	– 0.3 percentage points
Germany	1.3%	1.6%	1.6%	+ 0.3 percentage points

Source: International Monetary Fund, World Economic Outlook (update), July 2015

Germany's strong progress in the first half of 2015 is also illustrated by the sentiment barometer (adjusted for price, seasonal and calendar effects) of the German Institute for Economic Research (DIW Berlin), which calculated GDP growth of 0.3% for the first quarter of 2015 and 0.5% for the second quarter.

Development of gross domestic product (GDP) in Germany compared to previous quarter

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
GDP	+ 0.7%	– 0.2%	+ 0.1%	+ 0.7%	+ 0.3%	+ 0.5%

Source: German Institute for Economic Research (DIW); status: July 29, 2015

Sector development

Following a successful start to 2015, Germany's high-tech companies are also very optimistic on the whole about their prospects for the remaining months of the year. According to the latest survey (June/July 2015) of the German ICT sector, conducted by the country's high-tech sector association BITKOM, 74% of all IT and telecommunication companies interviewed expect sales to rise in the second half of 2015 and only 9% of companies expect sales to fall.

Legal conditions / significant events

In the first half of 2015, the legal parameters for United Internet's business activities remained largely unchanged from fiscal year 2014 and thus had no significant influence on the development of the United Internet Group.

There were also no significant events in the first six months of 2015 which had a material influence on the development of business.

Business development of the Group

Development of the Access segment

As a result of dynamic customer growth and the consolidation of Versatel (acquired on October 1, 2014), sales of the **Access segment** rose by 37.7% in the first half of 2015, from € 972.5 million in the previous year to € 1,338.7 million (thereof € 259.4 million from the Versatel consolidation).

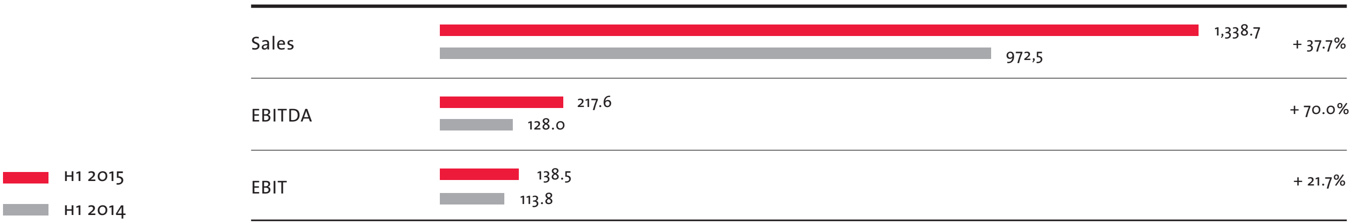
Despite heavy investment in customer growth and the full expensing of smartphone subsidies in the ever faster growing Mobile Internet business (+390,000 contracts in the first half of 2015 compared to +250,000 in the first half of 2014), there was further strong growth in key earnings figures.

Segment EBITDA increased by 70.0%, from € 128.0 million in the previous year to € 217.6 million (thereof € 67.7 million from the Versatel consolidation). **Segment EBIT** improved by 21.7%, from € 113.8 million to € 138.5 million.

All **customer acquisition costs** for DSL and Mobile Internet products, as well as costs for the migration of resale DSL connections to complete DSL packages (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

Due in particular to the complete acquisition of Versatel, the number of **employees** in the Access segment rose by 58.7%, from 1,956 as of June 30, 2014 to 3,105 on June 30, 2015.

Key sales and earnings figures in the Access segment (in € million).



Quarterly development (in € million); change over previous quarter

	Q3 2014	Q4 2014 (1)	Q1 2015 (1)	Q2 2015	Q2 2014	Change
Sales	509.2	653.4	662.2	676.5	495.3	+ 36.6%
EBITDA	85.9	116.9	109.2	108.4	72.7	+ 49.1%
EBIT	79.5	74.5	69.9	68.6	66.2	+ 3.6%

(1) Q4 2014 without one-off income from Versatel acquisition (EBITDA and EBIT effect: € +112.6 million); Q1 2015 segment sales adjusted

Historical development of key sales and earnings figures (in € million)

	H1 2011	H1 2012	H1 2013	H1 2014	H1 2015
Sales	657.2	764.0	863.2	972.5	1,338.7
EBITDA	65.5	88.4	108.8	128.0	217.6
EBITDA margin	10.0%	11.6%	12.6%	13.2%	16.3%
EBIT	51.0	75.0	94.5	113.8	138.5
EBIT margin	7.8%	9.8%	10.9%	11.7%	10.3%

The number of fee-based Access contracts rose by 450,000 to 7.24 million contracts in the first half of 2015. All in all, this is 80,000 contracts more than in the same period last year (370,000) and also more than originally planned. Of this total, the segment added 390,000 new customer contracts in its Mobile Internet business and thus raised the number of customers to 2.99 million. There was also growth in complete DSL contracts with the addition of 100,000 customer contracts to reach a total of 3.99 million. As expected, the number of customer contracts for those business models being phased out (T-DSL and R-DSL) continued to fall (-40,000 customer relationships). The total number of DSL contracts therefore grew by a further 60,000 contracts to 4.25 million.

Development of Access contracts in the first half of 2015 (in million)

	June 30, 2015	Dec. 31, 2014	Change
Access, total contracts	7.24	6.79	+ 0.45
thereof Mobile Internet	2.99	2.60	+ 0.39
thereof DSL complete (ULL)	3.99	3.89	+ 0.10
thereof T-DSL / R-DSL	0.26	0.30	– 0.04

Development of Access contracts in the second quarter of 2015 (in million)

	June 30, 2015	March 31, 2015	Change
Access, total contracts	7.24	7.01	+ 0.23
thereof Mobile Internet	2.99	2.78	+ 0.21
thereof DSL complete (ULL)	3.99	3.95	+ 0.04
thereof T-DSL / R-DSL	0.26	0.28	– 0.02

Development of the Applications segment

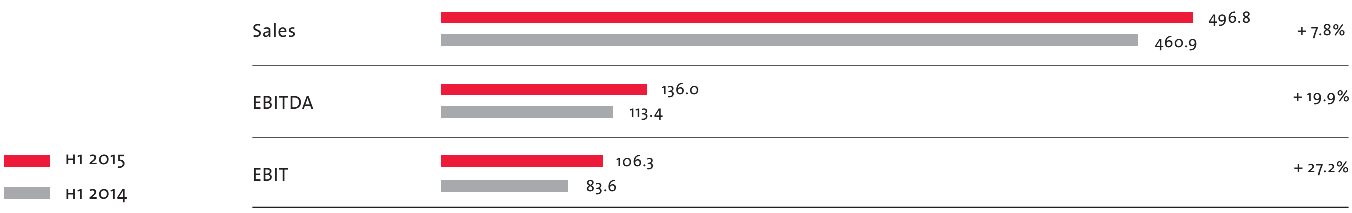
In the first six months of 2015, **sales** of the **Applications segment** rose by 7.8%, from € 460.9 million to € 496.8 million. Of this total, **sales generated abroad** rose by 12.7%, from € 169.9 million to € 191.4 million.

Key earnings figures easily outpaced this growth in sales. **Segment EBITDA** rose by 19.9%, from € 113.4 million in the previous year to € 136.0 million, while **Segment EBIT** increased by 27.2%, from € 83.6 million to € 106.3 million.

Customer acquisition costs were once again charged directly as expenses, also in this segment.

As a result of internal staff transfers, the number of **employees** in the Applications segment changed slightly by 1.3%, from 4,709 as of June 30, 2014 to 4,647 on June 30, 2015.

Key sales and earnings figures in the Applications segment (in € million)



Quarterly development (in € million); change over previous quarter

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q2 2014	Change
Sales	227.8	240.7	247.5	249.3	228.3	9.2%
EBITDA	58.2	57.0	68.2	67.8	54.8	23.7%
EBIT	42.5	44.8	53.3	53.0	39.7	33.5%

Historical development of key sales and earnings figures (in € million)

	H1 2011	H1 2012	H1 2013	H1 2014	H1 2015
Sales	352.0	399.3	419.6	460.9	496.8
EBITDA	111.4	58.6	70.8	113.4	136.0
EBITDA margin	31.6%	14.7%	16.9%	24.6%	27.4%
EBIT	85.1	27.2	39.5	83.6	106.3
EBIT margin	24.2%	6.8%	9.4%	18.1%	21.4%

In the Applications segment, the company already made changes to its sales and marketing measures for **Business Applications** in fiscal year 2014. As part of this change, there is currently less focus on new customer acquisition and more on the sale of additional features to existing customers (e.g. further domains, e-shops and business apps), as well as the acquisition of high-value customer relationships (e.g. De-Mail business or the new 1&1 Cloud Server). The number of fee-based Business Applications contracts therefore remained unchanged at 5.81 million in the first half of 2015.

Development of Business Applications contracts in the first half of 2015 (in million)

	June 30, 2015	Dec. 31, 2014	Change
Business Applications, total contracts	5.81	5.81	+/– 0.00
thereof in Germany	2.38	2.42	– 0.04
thereof abroad	3.43	3.39	+ 0.04

Development of Business Applications contracts in the second quarter of 2015 (in million)

	June 30, 2015	March 31, 2015	Change
Business Applications, total contracts	5.81	5.82	– 0.01
thereof in Germany	2.38	2.40	– 0.02
thereof abroad	3.43	3.42	+ 0.01

In the field of **Consumer Applications**, the number of ad-financed free accounts fell by 170,000 to 31.95 million active accounts in the first half of 2015 – due mainly to the usual seasonal fluctuations – but remained 510,000 above the corresponding prior-year figure. As a result of the continued strong demand for online advertising, United Internet is increasingly succeeding in monetizing these free accounts. In this connection, it was decided to further limit advertising space for the Group's own pay products in the first half of 2015. As a consequence, the stock of fee-based accounts fell by 20,000 to 2.16 million contracts.

Development of Consumer Applications accounts in the first half of 2015 (in million)

	June 30, 2015	Dec. 31, 2014	Change
Consumer Applications, total accounts	34.11	34.30	– 0.19
thereof with Premium Mail subscription	1.81	1.84	– 0.03
thereof with Value-Added subscription	0.35	0.34	+ 0.01
thereof free accounts	31.95	32.12	– 0.17

Development of Consumer Applications accounts in the second quarter of 2015 (in million)

	June 30, 2015	March 31, 2015	Change
Consumer Applications, total accounts	34.11	34.47	– 0.36
thereof with Premium Mail subscription	1.81	1.83	– 0.02
thereof with Value-Added subscription	0.35	0.35	+/– 0.00
thereof free accounts	31.95	32.29	– 0.34

Significant changes in investments

The United Internet investment **Rocket Internet SE** (formerly Rocket Internet AG) conducted a capital increase for cash contribution with partial use of Authorized Capital on February 13, 2015. The capital increase raised the company's capital stock from € 153,130,566 to € 165,140,790. The new shares were offered exclusively to institutional investors by means of a private placement and accelerated bookbuilding process. The 12,010,224 new shares were allocated at a placement price of € 49.00 per share. In the course of this capital increase, United Internet acquired 1,201,000 Rocket shares for a total of around € 58.8 million and now holds 8.31% of shares in Rocket (December 31, 2014: 8.18%).

On April 10, 2015, United Internet sold its 898,970 shares in **Goldbach Group AG** over the counter at a price of CHF 21.00 or € 20.14 per share and thus received total proceeds of CHF 18.9 million or € 18.2 million. (EBITDA-effective: € 5.6 million).

On April 27, 2015, United Internet announced that on that day it had contractually secured – via its subsidiary United Internet Ventures – the purchase of an approx. 9.1% equity stake in **Drillisch AG**. After approval by the relevant anti-trust authorities and closing of the share purchase, United Internet AG had a total indirect holding of 20.7% (currently: 20.11% after capital increase of Drillisch AG). United Internet regards Drillisch AG as a well-positioned company with promising market opportunities. The product portfolio and target groups of Drillisch AG fit well with the Access business of the United Internet Group. As a strategic shareholder, United Internet will accompany the further development of Drillisch AG and profit from its growth. However, United Internet AG does not currently intend to acquire an equity stake of 30% or more in Drillisch AG – which would oblige it to submit a mandatory bid to all other shareholders of Drillisch AG – nor to make a voluntary takeover bid.

In late June 2015, the ProSiebenSat.1 Group announced it would acquire – as the second strategic investor – a 51.00% stake in **virtual minds AG** (subject to approval by the relevant anti-trust authorities). United Internet had already held a stake in this company since 2008 and will continue to hold a stake of 25.10% (previously: 48.65%) even after the investment by ProSiebenSat.1. The founders and management team of virtual minds AG will also continue to hold shares in the company. Following anti-trust approval, United Internet expects proceeds of € 13.4 million from the share sale in the second half of the year (EBITDA-effective: € 8.0 million).

At the end of the first half-year 2015, the listed United Internet investment **HiMedia S.A.** (10.46%) span off its activities in the field of online payment to create the company **HiPay Group,** which it also listed on the Paris stock exchange. Following the transaction, United Internet now also owns an 8.37% stake in HiPay.

Share and dividend

With growth of 6.4% to € 39.88 as of June 30, 2015 (December 31, 2014: € 37.49), United Internet's **share price** continued to rise in the first half of 2015. Compared to June 30, 2014 (€ 32.18), the share's performance reached 23.9%.

Share development

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Closing price (Xetra)	€ 14.50	€ 13.55	€ 21.69	€ 32.18	€ 39.88
Performance	+ 60.6%	– 6.6%	+ 60.1%	+ 48.4%	+ 23.9%
Number of shares	240 million	215 million	194 million	194 million	205 million
Market value	€ 3.48 billion	€ 2.91 billion	€ 4.21 billion	€ 6.24 billion	€ 8.18 billion

United Internet AG continued its shareholder-friendly dividend policy in 2015. At the Annual Shareholders' Meeting held on May 21, 2015, shareholders voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.60 (prior year: € 0.40) per share for the fiscal year 2014. A total dividend payment of € 122.3 million was made on May 22, 2015 – this corresponds to 27.3% of consolidated net income after tax for 2014 or 43.0% of adjusted consolidated net income for 2014. The dividend ratio was thus slightly above the 20-40% of adjusted consolidated net income targeted by the company's dividend policy (unless funds are required for further company development). Based on the closing price of the United Internet share on June 30, 2015, the dividend yield was 1.5%

Dividend development

	For 2010	For 2011	For 2012	For 2013	For 2014
Dividend per share (in €)	0.20	0.30	0.30	0.40	0.60
Dividend payment (in € million)	42.0	58.1	58.0	77.5	122.3
Payout ratio	32.4%	35.8%	53.6%	37.4%	27.3%
Payout ratio without special items[1]	32.4%	35.8%	37.5%	37.4%	43.0%
Dividend yield[2]	1.4%	2.2%	1.4%	1.2%	1.5%

(1) 2012 without Sedo impairments; 2014 without one-off income from Versatel acquisition and optimization of investment portfolio
(2) As of: June 30,

Position of the Group

Earnings position

United Internet AG can look back on a successful first six months of its fiscal year 2015. Thanks to the further strong year-on-year increase in customer figures and the consolidation of Versatel (acquired on October 1, 2014), **consolidated sales** grew by 27.2% in the first half of 2015, from € 1,433.6 million in the previous year to € 1,823.4 million (thereof € 259.4 million from the Versatel consolidation). Sales of the Access segment improved by 37.7%, from € 972.5 million to € 1,338.7 million, while sales of the Applications segment rose by 7.8%, from € 460.9 million to € 496.8 million. **Sales outside Germany** (exclusively in the Applications segment) were increased by 12.7%, from € 169.9 million to € 191.4 million.

United Internet continued to invest heavily in **new customer relationships** in the first six months of 2015 and raised the number of contracts by 430,000 to 15.21 million as of June 30, 2015. This customer growth was driven by the Access segment which added 450,000 customer contracts in the first half of 2015, of which 390,000 were Mobile Internet contracts and 60,000 DSL contracts. All in all, this is 80,000 contracts more than in the same period last year (370,000) and also more than originally planned.

All **customer acquisition costs** for Access and Applications products, as well as costs for the migration of resale DSL connections to complete DSL packages, continue to be charged directly as expenses.

Due to the **consolidation of Versatel**, the following cost items and their relationship to sales (cost ratios) are only comparable with the prior-year figures to a limited extent.

The **cost of sales** rose from € 945.9 million (66.0% of sales) last year to € 1,238.6 million (67.9% of sales) in the first half of 2015. The main reason was the significant increase in the cost of goods for consumer products in the Access segment, as well as the changed product and margin mix caused by Versatel's business products. The increase in cost of goods for consumer products resulted in particular from the recognition of smartphone subsidies for the Mobile Internet business as a result of accelerated customer acquisition activities (+390,000 contracts in the first half of 2015 compared to +250,000 in the first half of 2014) as well as intensified efforts to convert existing customers to higher-value tariffs. **Gross margin** fell accordingly from 34.0% in the previous year to 32.1%. As a result, the 19.9% increase in **gross profit**, from € 487.6 million last year to € 584.8 million, failed to match sales growth.

Sales and marketing expenses grew more slowly than sales, from € 230.5 million (16.1% of sales) in the prior-year period to € 272.9 million (15.0% of sales). The higher selling expenses ratio of the previous year resulted mainly from the marketing campaign at the time for DSL premium tariffs (targeting both new and existing customers).

Administrative expenses rose from € 64.8 million (4.5% of sales) in the previous year to € 85.6 million (4.7% of sales) in the first half of 2015.

Development of key cost items (in € million)

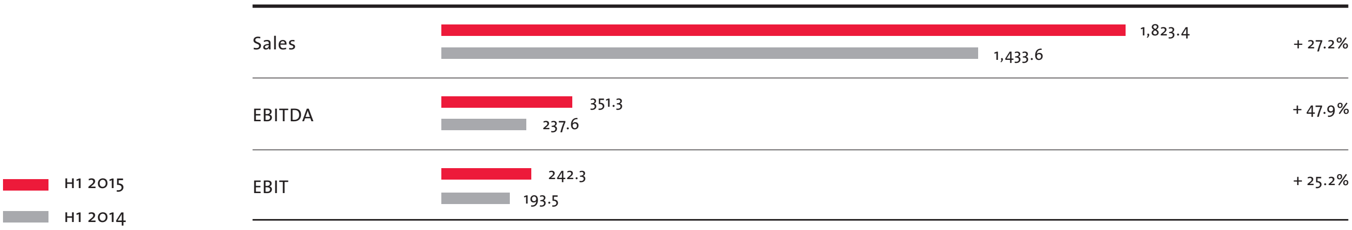
	H1 2011	H1 2012	H1 2013	H1 2014[1]	H1 2015
Cost of sales	674.3	771.9	850.5	945.9	1,238.6
Cost of sales ratio	66.8%	66.3%	66.3%	66.0%	67.9%
Gross margin	33.2%	33.7%	33.7%	34.0%	32.1%
Selling expenses	150.4	232.2	239.8	230.5	272.9
Selling expenses ratio	14.9%	20.0%	18.7%	16.1%	15.0%
Administrative expenses	46.4	52.9	56.2	64.8	85.6
Administrative expenses ratio	4.6%	4.5%	4.4%	4.5%	4.7%

(1) H1 2014 adjusted retrospectively (see Annual Report 2014, 2.2 "Effects of new or amended IFRS", p. 145 et seq.)

Key earnings figures at Group level grew even faster than sales: **EBITDA** rose by 47.9% in the first half of 2015, from € 237.6 million last year to € 351.3 million (thereof € 67.7 million from the Versatel consolidation). This figure includes one-off income of € 5.6 million from the sale of our shares in the Goldbach Group.

EBIT improved by 25.2%, from € 193.5 million to € 242.3 million and **EBT** by 28.8%, from € 186.9 million to € 238.8 million. **EPS** rose by 28.8%, from € 0.66 last year to € 0.85. Before amortization from purchase price allocations (PPA), which mainly relate to the Versatel acquisition, EPS rose by 36.8%, from € 0.68 to € 0.93.

Key sales and earnings figures of the Group (in € million)



Quarterly development (in € million); change over previous quarter

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q2 2014	Change
Sales	737.3	894.1	905.1	918.3	723.7	+ 26.9%
EBITDA	142.2[1]	171.7[2]	173.5	177.8	125.5	+ 41.7%
EBIT	120.2[1]	116.9[2]	119.1	123.2	103.8	+ 18.7%

(1) Q3 2014 without one-off income from contribution of GFC investments to Rocket (EBITDA and EBIT effect: € +71.5 million)
(2) Q4 2014 without one-off income from Versatel acquisition and portfolio optimization (EBITDA and EBIT effect: € +114.6 million)

Historical development of key sales and earnings figures (in € million)

	H1 2011	H1 2012	H1 2013	H1 2014	H1 2015
Sales	1,009.4	1,163.5	1,283.0	1,433.6	1,823.4
EBITDA	200.9	148.6	175.1	237.6	351.3
EBITDA margin	19.9%	12.8%	13.6%	16.6%	19.3%
EBIT	160.0	103.7	129.4	193.5	242.3
EBIT margin	15.9%	8.9%	10.1%	13.5%	13.3%

Financial position

Thanks to the positive development of earnings, **operative cash flow** rose from € 165.6 million in the previous year to € 272.5 million in the first half of 2015.

A capital gains tax payment of € 326.0 million made in late 2014 as a result of corporate restructuring was already refunded at the end of the first quarter of 2015. United Internet used part of this additional liquidity to settle trade accounts payable before their due dates. As a result of the tax refund included in the figures, **net cash inflows from operating activities** rose strongly to € 505.4 million (prior year: € 175.0 million).

Net cash outflows from investing activities amounted to € 539.5 million in the reporting period (prior year: € 41.6 million). This resulted mainly from disbursements of € 70.7 million (prior year: € 24.3 million) for capital expenditures, disbursements of € 58.9 million for investments in other financial assets (especially for the increase in shares held in Rocket Internet SE during this company's capital increase), and disbursements of € 438.6 million for the acquisition of shares in associated companies (especially the stake in Drillisch AG).

Despite the above mentioned premature reduction of trade accounts payable, **free cash flow** (i.e. net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment) rose to € 445.8 million (prior year: € 154.2 million) due to the tax refund.

Net cash flow for financing activities in the first half of 2015 was dominated by the take-up of loans amounting to € 179.0 million (prior year: redemption of € 21.3 million) and the dividend payment of € 122.3 million (prior year: € 77.3 million).

Cash and cash equivalents amounted to € 67.5 million as of June 30, 2015 – compared to € 56.7 million on the same date last year.

Historical development of key cash flow figures (in € million)

	H1 2011	H1 2012	H1 2013	H1 2014	H1 2015
Operative cash flow	127.3	95.2	118.5	165.6	272.5
Cash flow from operating activities	125.0	107.8	109.4	175.0	505.4 (2)
Cash flow from investing activities	– 1.6	– 14.9	– 26.5	– 41.6	– 539.5
Free cash flow (1)	107.4	89.2	85.9	154.2	445.8 (2)
Cash flow from financing activities	– 130.5	– 90.7	– 89.1	– 119.9	48.8
Cash and cash equivalents on June 30	86.8	66.4	35.5	56.7	67.5

(1) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

(2) Including the capital gains tax refund of € 326.0 million

Asset position

The **balance sheet total** increased from € 3.673 billion as of December 31, 2014 to € 3.718 billion as of June 30, 2015.

Non-current assets rose from € 2,929.3 million as of December 31, 2014 to € 3,299.4 million as of June 30, 2015. Within the items **property, plant and equipment and intangible assets**, additions of € 70.7 million (for furniture and fixtures, as well as software), were opposed by depreciation and amortization of € 109.0 million. Due to currency effects, **goodwill** increased from € 977.0 million to € 984.8 million. **Shares in associated companies** rose strongly from € 34.9 million to € 471.3 million (due mainly to the investment in Drillisch). The non-current **other financial assets** fell from € 695.3 million to € 576.9 million – due to the sale of shares in Goldbach and subsequent valuation of listed shares in Rocket, HiMedia and HiPay as of June 30, 2015. **Prepaid expenses**, which mainly result from advance payments made in connection with long-term purchasing agreements, rose from € 37.1 million to € 108.0 million.

Current assets decreased from € 744.1 million as of December 31, 2014 to € 418.2 million on June 30, 2015. **Cash and cash equivalents** disclosed under current assets rose from € 50.8 million to € 67.5 million. Despite the expansion of business, **trade accounts receivable** remained virtually unchanged at € 194.8 million (December 31, 2014: € 193.1 million). In line with the expansion of business, **current prepaid expenses** rose from € 66.6 million to € 79.2 million. **Other non-financial assets** decreased (due in particular to the capital gains tax refund in late March 2015) from € 377.5 million to € 22.3 million.

Non-current liabilities increased from € 1,581.1 million as of December 31, 2014 to € 1,784.3 million on June 30, 2015. Long-term **bank liabilities** rose from € 1,343.9 million to € 1,552.9 million (due mainly to the funding of the Drillisch investment). **Deferred tax liabilities** fell from € 73.6 million to € 68.8 million and **other financial liabilities** from € 99.2 million to € 95.7 million.

Current liabilities were reduced from € 887.6 million as of December 31, 2014 to € 820.9 million on June 30, 2015. Due to closing-date effects and the premature redemption of these liabilities already described, current **trade accounts payable** fell from € 356.1 million to € 319.2 million. Short-term **bank liabilities** were reduced from € 30.1 million to almost € 0. As a result of business expansion, **advance payments received** and **deferred revenue** rose from € 11.8 million to € 14.8 million and from € 210.6 million to € 216.5 million, respectively.

As a result of the dividend payment in May 2015, the Group's **equity capital** decreased from € 1,204.7 million as of December 31, 2014 to € 1,112.4 million on June 30, 2015. There was a corresponding decline in the **equity ratio** from 32.8% to 29.9%. At the end of the reporting period on June 30, 2015, United Internet held 967,018 **treasury shares** (December 31, 2014: 1,232,338).

Net bank liabilities (i.e. bank liabilities netted with cash and cash equivalents) rose from € 1,323.2 million as of December 31, 2014 to € 1,485.5 million on June 30, 2015.

Historical development of key balance sheet figures (in € million)

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	June 30, 2015
Total assets	1,187.0	1,107.7	1,270.3	3,673.4	3,717.6
Cash and cash equivalents	64.9	42.8	42.8	50.8	67.5
Shares in associated companies	33.6	90.9 (1)	115.3	34.9 (1)	471.3 (1)
Other (non-current) financial assets	102.6	70.1 (2)	47.6	695.3 (2)	576.9 (2)
Property, plant and equipment	110.9	109.2	116.2	689.3	675.6
Intangible assets	187.4	151.8	165.1	385.5	364.9
Goodwill	401.3	356.2 (3)	452.8 (3)	977.0 (3)	984.8
Bank liabilities	524.6	300.3 (4)	340.0	1,374.0 (4)	1,553.0
Capital stock	215.0	215.0	194.0 (5)	205.0 (5)	205.0
Treasury stock	270.8	263.6	5.2 (5)	35.3	27.5
Equity	154.8	198.1	307.9	1,204.7	1,112.4
Equity ratio	13.0%	17.9%	24.2%	32.8%	29.9%

(1) Repurchase of Versatel shares via Versatel's holding company (2012); contribution of EFF funds to Rocket (Rocket disclosed under other financial assets (2014); share purchase Drillisch (2015)
(2) Sale of Freenet shares (2012); investment in Rocket (2014); increased stake in Rocket and purchase of Drillisch shares (Q1 2015)
(3) Decrease due to impairment charges for Sedo Holding (2012); increase due to Arsys acquisition (2013); increase due to Versatel acquisition (2014)
(4) Decrease due to repayment of loans (2012); increase due to Rocket investment and Versatel acquisition (2014)
(5) Decrease due to share cancellation (2013); increase due to capital increase (2014)

Management Board's overall statement on the current business situation

United Internet continued to invest heavily in new customer relationships in the first six months of 2015 and raised the number of contracts by 430,000 to 15.21 million as of June 30, 2015. This customer growth was driven by the Access segment which added 450,000 customer contracts in the first half of 2015, of which 390,000 were Mobile Internet contracts and 60,000 DSL contracts. All in all, this is 80,000 contracts more than in the same period last year (370,000) and also more than originally planned. With this strong increase in customer contracts, sales growth of 27.2% to € 1.823 billion and an improvement in EBITDA of 47.9% to € 351.3 million, United Internet continued its very dynamic development in the first half of 2015.

At the same time, further heavy investments were made in new customer retention and the expansion of existing customer relationships – thus laying the basis for future growth.

The company's dynamic development once again highlights the benefits of United Internet's business model based predominantly on electronic subscriptions with fixed monthly payments and contractually fixed terms. This ensures stable and predictable revenues and cash flows, offers protection against cyclical influences and provides the financial scope to grasp opportunities in existing and new business fields and markets – organically or via investments and acquisitions.

With the figures for customer contracts, sales and earnings achieved in the first six months of 2015 and the investments already made, the Management Board believes that the company is well on track to meet its targets and very well positioned for further growth.

Personnel report

As a result of the ongoing expansion of business, there was a further increase in headcount in the first half of 2015. As of June 30, 2015, United Internet employed a total of 7,875 people. Compared to the previous year (6,700 employees), headcount increased by 1,175 staff or 17.5% – due in part to the complete takeover of Versatel on October 1, 2014.

Of this total, 3,105 people were employed in the Access segment (prior year: 1,956), 4,647 in the Applications segment (prior year: 4,709) and 123 at the Group's headquarters (prior year: 35). The strong increase in staff at the Group's headquarters results from the transfer of employees from sub-groups who already performed corporate functions.

Headcount in Germany rose by 1,222 or 23.9%, from 5,107 employees in the previous year to 6,329 on June 30, 2015. At the Group's companies outside Germany, headcount fell to 1,546 (prior year: 1,593).

Headcount development (by segment and domestic/foreign); change on previous year

	June 30, 2011	June 30, 2012	June 30, 2013 (1)	June 30, 2014	June 30, 2015	Change
Employees, total	5,204	5,972	6,329	6,700	7,875	+ 17.5%
thereof in Germany	4,106	4,641	4,954	5,107	6,329	+ 23.9%
thereof abroad	1,098	1,331	1,375	1,593	1,546	– 3.0%
Access segment	1,716	1,888	1,969	1,956	3,105	+ 58.7%
Applications segment	3,459	4,054	4,326	4,709	4,647	– 1.3%
Headquarters	29	30	34	35	123	+ 251.4%

(1) As of June 30, 2013, the headcount statistics no longer include inactive employees

Largely as a result of the Versatel acquisition, personnel expenses increased sharply by 30.4% in the first six months of 2015, from € 165.1 million in the previous year to € 215.3 million. The personnel expense ratio rose year on year by 0.3 percentage points to 11.8%.

Development of personnel expenses (in € million); change over previous year

	H1 2011	H1 2012	H1 2013	H1 2014	H1 2015	Change
Personnel expenses	109.4	132.1	150.4	165.1	215.3	+ 30.4%
Personnel expense ratio	10. 8%	11.4%	11.7%	11.5%	11.8%	

Change in the Management Board

On April 23, 2015, United Internet announced that its long-serving Chief Financial Officer (CFO), Mr. **Norbert Lang**, was to leave the company at his own request on June 30, 2015. After 21 years in the United Internet Group, 13 years of which as CFO, Norbert Lang has decided to create more free time for private matters and new projects.

The company’s Supervisory Board has been able to engage the services of Mr. **Frank Krause** (50) as the new CFO of United Internet AG. After studying business administration, Frank Krause began his career in the Controlling division of Mannesmann Mobilfunk (D2) in 1992. From 1999 to 2007, he was Head of Controlling at the Mannesmann (and later Vodafone) subsidiary Arcor, before serving as Director of Controlling & Regions (Mobile & Fixed-Line) at Vodafone Germany from 2007 to mid 2009. In addition to day-to-day operations, he was responsible there for the financial aspects of Arcor’s integration into the Vodafone Group. From mid 2009 to the end of 2013, Frank Krause worked for Vodafone in Hungary and Turkey. In July 2009, he was appointed CFO of Vodafone Hungary and in September 2012 he took over the CFO position at Vodafone Turkey. Since the beginning of 2014, Frank Krause and his family have been back in Germany, where he served on the Management Board of Vodafone Germany with responsibility for Strategy & Corporate Development focusing on the integration of Kabel Deutschland into the Vodafone Group. Throughout the 23 years or so of his professional career, Frank Krause has also served on the supervisory boards of numerous companies belonging to the Vodafone Group. He has sat on the supervisory boards of Netcom Kassel, Vodafone Hungary, Vodafone Cyprus, Vodafone Germany and Vodafone Operations Center Hungary, as well as Kabel Deutschland.

Subsequent events

There were no significant events subsequent to the reporting date of June 30, 2015 which had a material effect on the company’s financial position and performance or affected the company’s accounting and reporting.

Statements on the economic position of the United Internet Group at the time of preparing this Management Report can be found in the “Forecast Report”.

Acquisition of home.pl and examination of possible IPO in Applications segment
On June 10, 2015, United Internet AG reached an agreement with the owners of home.pl S.A. (Stettin, Poland) – led by the private equity fund V4C Eastern Europe – regarding the acquisition of all shares in **home.pl** by the United Internet subsidiary 1&1 Internet SE.

home.pl employs 240 people and currently has over 300,000 customers. With sales of around € 25 million and EBITDA of around € 10 million expected for 2015, it is the clear market leader in the Polish webhosting market.

The purchase price for 100% of shares in home.pl is € 135 million – subject to adjustments on closing – and will be settled in cash. The interest-bearing liabilities of the company (approx. € 20 million) will be redeemed when the deal is closed. The share purchase is still subject to the usual approval of the relevant anti-trust authorities. It is planned that home.pl will continue to operate as an independent company under the leadership of its current management team. Together with the United Internet brand 1&1, which has already been operating in Poland since 2010, the aim is to gain further ground on the Polish market and strengthen the company’s leading position in Europe.

The Polish webhosting and cloud computing market has developed very favorably over the past few years – as has the Polish economy as a whole. According to figures of the Polish registry NASK, Poland’s top-level domain .pl had 2.5 million registrations at the end of 2014 – ranking 12th worldwide and 6th in Europe among the country domains. At the same time, the market offers a high level of growth potential in the years ahead. The Parallels survey “Odin SMB Cloud Insights 2015 Poland”, for example, forecasts a compound annual market growth rate (CAGR) of around 15% over the next few years.

Now that the European webhosting/cloud computing market has largely been carved up, United Internet plans to focus more on acquisitions in future – in addition to organic growth. With its successful takeovers in the past years of InterNetX, Sedo, Fasthosts, united-domains, Arsys and now home.pl, United Internet has already gained extensive experience in this field.

Against this backdrop, United Internet AG plans to examine the possibility of an IPO for its "Business Applications" division in the coming months, for which it expects sales of around € 600 million in fiscal 2015. Should the result of this examination be positive, an IPO is to be launched in approx. 2 years. Separate access to the capital market and Applications shares as an additional acquisition currency would make it easier to fund takeovers from equity, as sellers often want to retain an investment in the sector with part of their sales proceeds in order to benefit from future growth and the economies of scale offered by the combined company.

Risk and opportunity report

The risk and opportunity policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

Management Board's overall assessment of the Group's risk and opportunity position
The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies.

In the first six months of 2015, the overall risk and opportunity situation remained mostly stable compared with the risk and opportunity report provided in the Annual Financial Statements 2014, although certain risks grew slightly due to the expansion of business. There were no recognizable risks which directly jeopardized the continued existence of the United Internet Group during the reporting period nor at the time of preparing this Management Report, neither from individual risk positions nor from the overall risk situation.

From the current perspective, the main challenges focus on the areas of "potential threats via the internet", "complexity and manipulability of hardware and software used", "political and legal" risks, as well as risks from the fields of "market" and "fraud".

The further expansion of its risk management system enables United Internet to limit such risks to a minimum, where sensible, by implementing specific measures.

Forecast report

Economic prospects

After the first six months of 2015, the International Monetary Fund (IMF) updated its forecasts for the world's economies in its "World Economic Outlook" (July 2015 update). In this update, the IMF downgraded its 2015 growth forecast for the **global economy** (January 2015 update) by 0.2 percentage points to 3.3%.

The IMF paints a varied picture for the United Internet Group's main target markets in the first half of 2015 and has made corresponding adjustments to its forecasts. Whereas the forecasts for all **North American target countries** were downgraded, the IMF upgraded all its forecasts for the **European target countries** with the exception of the UK.

Market forecast: economic development of United Internet's key target countries and regions

	2016e	2015e	2014
World	3.8%	3.3%	3.4%
USA	3.0%	2.5%	2.4%
Canada	2.1%	1.5%	2.4%
Mexico	3.0%	2.4%	2.1%
Eurozone	1.7%	1.5%	0.8%
France	1.5%	1.2%	0.2%
Spain	2.5%	3.1%	1.4%
Italy	1.2%	0.7%	– 0.4%
UK	2.2%	2.4%	2.9%
Germany	1.7%	1.6%	1.6%

Source: International Monetary Fund, World Economic Outlook (Update), July 2015

Sector and market expectations

Further international and national growth is forecast for the IT and telecommunications industry (ICT) in 2015. According to the German industry association BITKOM, the **global ICT market** is likely to grow by 3.8% to €2.89 trillion in 2015. BITKOM expects the ICT market in the **EU** to grow by 0.3% in 2015.

The total market for IT, telecommunications and digital consumer electronics in **Germany** is expected to grow by 1.4% to € 155.5 billion in 2015.

Within the overall market, the IT sector is set to enjoy the strongest growth of 3.2% to € 80.3 billion. According to the BITKOM forecast, the telecommunications market will experience slight growth again of 0.2% to € 65.4 billion, following two years of falling sales. The decline in sales of consumer electronics is expected to continue, albeit at a slower pace. BITKOM forecasts a fall in sales of -2.9% to € 9.9 billion in 2015.

Sector forecast: development of ICT market segments in Germany (in € billion)

	2015e	2014	Change
Total ICT market	155.5	153.3	+ 1.4%
thereof IT sub-market	80.3	77.8	+ 3.2%
thereof telecommunications sub-market	65.4	65.3	+ 0.2%
thereof consumer electronics sub-market	9.9	10.2	– 2.9%

Source: BITKOM

Of particular importance to United Internet are the German broadband and mobile internet market in its subscription-financed Access segment, as well as the global cloud computing market and German online advertising market in its subscription- and ad-financed Applications segment.

German broadband market

In view of the comparatively high level of household coverage of over 80% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based).

According to the survey "German Entertainment and Media Outlook 2014-2018" (December 2014), for example, PricewaterhouseCoopers expects growth of just 1.6% to € 7.86 billion in 2015.

Market forecast: broadband access (fixed-line) in Germany (in € billion)

	2015e	2014	Change
Sales	7.86	7.74	+ 1.6%

Source: PricewaterhouseCoopers

German mobile internet market

All experts predict further growth for the mobile internet market, however. Following market growth of 5.4% to € 9.7 billion in 2014, the industry association BITKOM also expects mobile data services to grow by 6.2% to € 10.3 billion in 2015.

This growth will be driven above all by the boom in smartphones and tablet PCs and the respective applications (or apps). Despite an already high level of market penetration, BITKOM for example forecasts further growth in smartphone sales of 4.2% to 24.6 million units in 2015 (following 23.6 million in 2014).

Market forecast: mobile internet access (cellular) in Germany (in € billion)

	2015e	2014	Change
Sales	10.3	9.7	+ 6.2%

Source: BITKOM / European Information Technology Observatory (EITO)

Cloud computing market

In an update of its study "Forecast Analysis: Public Cloud Services, Worldwide" (November 2014), Gartner forecasts global growth for public cloud services of 16.9%, from $ 152.8 billion to $ 178.6 billion in 2015.

Market forecast: global cloud computing (in $ billion)

	2015e	2014	Change
Global sales of public cloud services	178.6	152.8	+ 16.9%
thereof business process services (BPaaS)	40.7	37.0	+ 10.0%
thereof application services (SaaS)	32.5	26.7	+ 21.7%
thereof application infrastructure services (PaaS)	4.2	3.3	+ 27.3%
thereof system infrastructure services (IaaS)	17.0	12.5	+ 36.0%
thereof management and security services	5.5	4.4	+ 25.0%
thereof cloud advertising	78.8	68.9	+ 14.4%

Source: Gartner

Online advertising market in Germany

Advertisers continued to display a strong willingness to invest in online advertising activities in 2014.

Experts also forecast further growth in 2015. In its study "German Entertainment and Media Outlook 2014–2018" (December 2014), PricewaterhouseCoopers expects an increase of 7.0% to € 5.93 billion. Strong growth is expected once again for mobile online advertising and video advertising with increases of 33.3% and 22.2%, respectively.

Market forecast: online advertising in Germany (in € billion)

	2015e	2014	Change
Online advertising revenues	5.93	5.54	+ 7.0%
thereof search marketing	2.79	2.64	+ 5.7%
thereof display advertising	1.45	1.40	+ 3.6%
thereof affiliate / classifieds	0.97	0.94	+ 3.2%
thereof mobile online advertising	0.40	0.30	+ 33.3%
thereof video advertising	0.33	0.27	+ 22.2%

Source: PricewaterhouseCoopers

Expectations for the company

Focus areas in fiscal year 2015

United Internet AG will maintain its policy of sustainable growth in the future and continue to invest in new customers, new products and new business fields, as well as in its continued internationalization.

In view of its product strategy based on transparency and flexibility, with innovative products offering excellent value for money, United Internet believes it is well positioned in its **Access segment**. In the fiscal year 2015, further contract and revenue growth for consumer products is expected from the marketing of DSL connections and Mobile Internet products. The main focus will be on the further expansion of V-DSL coverage, and the use of the new transmission technology "vectoring" (with speeds of up to 100 Mbit/s). With regard to Versatel's business products, the focus will lie on voice, data and network solutions for SMEs, as well as infrastructure services for large corporations.

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and private users, United Internet is also well positioned in its **Applications segment** to utilize the opportunities offered by cloud computing. In the case of Consumer Applications, the main focus in 2015 will continue to be on the monetization of free accounts via advertising and secure e-mail communication. A further expansion of the "E-Mail made in Germany" initiative launched in August 2013 in cooperation with Deutsche Telekom is targeted. In the field of Business Applications, further exploitation of the existing target markets is planned. The main focus will be placed on expanding business with existing customers through sales of additional products, such as new top-level domains or marketing tools like 1&1 List Local, and gaining new high-quality customer relationships, e.g. via the De-Mail business or the new 1&1 Cloud Server.

In addition to organic growth, United Internet continuously examines the possibility of company acquisitions, investments and alliances. Thanks to its high and plannable level of cash flow, United Internet has a strong source of internal funding and good access to debt financing markets in order to finance its future growth – organically or via acquisitions and investments.

Forecast for fiscal year 2015

With the figures achieved for sales and earnings in the first half of 2015, United Internet AG is well on track to meet its targets. Against the backdrop of strong customer growth in the first six months, the company is raising its full-year guidance for 2015 and now expects fee-based customer contracts to grow more strongly than originally planned, i.e. by around 880,000 (previous forecast: approx. 800,000). This additional customer growth is expected to come from the Access segment (Mobile Internet). In the Applications segment, the company plans to conclude the acquisition of home.pl in the second half of the year and begin examining the possibility of an IPO for its Business Applications. In addition, United Internet signed an agreement at the end of June to sell shares in virtual minds to ProSiebenSat.1 Group and reduce the stake from 48.65% to 25.10%. Subject to anti-trust approval, United Internet expects proceeds of € 13.4 million (EBITDA-effective: € 8.0 million) from the share sale. United Internet can confirm its EBITDA guidance for the full year with growth of around 40% (prior year: € 551.5 million) and continues to expect sales growth of approximately 20%.

United Internet AG plans to maintain its shareholder-friendly dividend policy based on continuity in the coming years. Dividend payouts will continue to represent 20-40% of net income in the future (unless funds are required for further company development).

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG is upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is largely stable enough to withstand cyclical influences. And with the investments made over the past few years in customer relationships, new business fields and internationalization, as well as via acquisitions and investments, the company has laid a broad foundation for its planned future growth.

United Internet will continue to pursue this sustainable business policy in the coming years.

In Access business with consumer products, marketing and sales activities will continue to focus in particular on Mobile Internet products in the second half of 2015. In this business, the market shares in Germany are currently being allocated. United Internet aims to participate in the current market growth and achieve above-average growth. United Internet also plans to leverage the strong positioning of its DSL products to attract new customers. In addition, sales of business products for SMEs and large corporations under the Versatel brand are to be expanded.

In addition to the German access market, international business with cloud applications also promises strong potential for the medium- and long-term growth of the company. In the case of Consumer Applications, the company will again focus on secure e-mail communication and the monetization of free accounts via advertising in the second half of 2015. In the field of Business Applications, the main emphasis will be placed once again on expanding business with existing customers and gaining new high-quality customer relationships. The internet organization ICANN is planning to gradually introduce around 700 new top-level domains (nTLDs) up to the end of 2016. The first new domain endings have been available since the beginning of 2014. By offering such nTLDs, United Internet has accessed new revenue streams for the future. With new products such as 1&1 Cloud Server and the De-Mail business, the Management Board believes the company is well placed to participate in the expected market growth.

Following a successful first six months, the company's Management Board believes that the company is still on track (at the time of preparing this Management Report) to reach its new forecasts (August forecasts) for the full year 2015 – as presented in the table below.

Full-year 2015 forecast for United Internet AG

	12 / 2014 (1)	March forecast 2015	August forecast 2015
Fee-based customer contracts	14.78 million	+ approx. 0.80 million	+ approx. 0.88 million
Sales	€ 3.065 billion	+ approx. 20%	+ approx. 20%
EBITDA	€ 551.5 million	+ approx. 40% €	+ approx. 40% €

(1) As of Dec. 31, 2014 without one-off income from Versatel acquisition and portfolio optimization

Forward-looking statements

This Management Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet AG does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this report.

Financial Statements

30 Balance Sheet

32 Net Income

34 Cash Flow

36 Changes in Shareholder’s Equity

38 Notes on the 6-Month Report 2015

Balance Sheet

as of June 30, 2015 in €k

	June 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	67,497	50,829
Trade accounts receivable	194,783	193,142
Inventories	39,447	42,630
Prepaid expenses	79,222	66,627
Other financial assets	22,316	13,444
Other non-financial assets	14,884	377,474
	418,149	744,146
Non-current assets		
Shares in associated companies	471,321	34,932
Other financial assets	576,864	695,287
Property, plant and equipment	675,611	689,302
Intangible assets	364,882	385,474
Goodwill	984,845	977,043
Trade accounts receivable	26,974	23,506
Prepaid expenses	107,990	37,097
Deferred tax asset	90,930	86,638
	3,299,417	2,929,279
Total assets	**3,717,566**	**3,673,425**

	June 30, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	319,161	356,141
Liabilities due to banks	43	30,061
Advance payments received	14,822	11,766
Accrued taxes	148,034	139,246
Deferred revenue	216,470	210,586
Other accrued liabilities	8,975	12,561
Other financial liabilities	106,937	94,817
Other non-financial liabilities	6,472	32,378
	820,914	887,556
Non-current liabilities		
Liabilities due to banks	1,552,927	1,343,941
Deferred tax liabilities	68,769	73,576
Trade accounts payable	3,976	4,193
Deferred revenue	26,841	24,295
Other accrued liabilities	36,042	35,894
Other financial liabilities	95,742	99,241
	1,784,297	1,581,140
Total liabilities	**2,605,211**	**2,468,696**
Equity		
Capital stock	205,000	205,000
Additional paid-in capital	371,003	369,353
Accumulated profit	504,788	460,671
Treasury stock	–27,547	–35,335
Revaluation reserves	57,696	216,745
Currency translation adjustment	658	–12,446
Equity attributable to shareholders of the parent company	**1,111,598**	**1,203,988**
Minority interests	757	741
Total equity	**1,112,355**	**1,204,729**
Total liabilities and equity	**3,717,566**	**3,673,425**

Net Income

from January 1 to June 30, 2015 in €k

	2015 January – June	2014 January – June
Sales	1,823,355	1,433,551
Cost of sales	–1,238,599	–945,941
Gross profit	**584,756**	**487,610**
Selling expenses	–272,868	–230,482
General and administrative expenses	–85,595	–64,819
Other operating income / expenses	16,029	1,186
Operating result	**242,322**	**193,495**
Financial result	–1,179	–4,276
Results from associated companies	–2,336	–2,292
Pre-tax result	**238,807**	**186,927**
Income taxes	–64,626	–59,112
Net income before non-controlling interests	**174,181**	**127,815**
Attributabel to		
- non-controlling interests	16	33
- shareholders of United Internet AG	174,165	127,782

	2015 January – June	2014 January – June
Result per share of shareholders of United Internet AG (in €)		
- basic	0.85	0.66
- diluted	0.85	0.65
Weighted average shares (in million units)		
- basic	203.80	193.60
- diluted	205.12	195.28
Statement of comprehensive income		
Net income	174,181	127,815
Items that may be reclassified subsequently to profit or loss		
- currency translation adjustment – unrealized	13,104	3,229
- Market value changes of available-for-sale financial instruments before taxes – unrealized	–161,487	5,683
- Tax effect	2,438	–85
- Change in cash flow hedge reserve before taxes – unrealized	0	606
- Tax effect	0	–182
Other comprehensive income	–145,945	9,251
Total comprehensive income	**28,236**	**137,066**
Attributable to		
- minority interests	16	33
- shareholders of United Internet AG	28,220	137,033

Cash Flow

from January 1 to June 30, 2015 in €k

	2015 January – June	**2014** January – June
Cash flow from operating activities		
Net income	174,181	127,815
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	86,114	39,674
Amortization of assets resulting from company acquisitions	22,903	4,397
Compensation expenses from employee stock option plans	1,650	1,484
Results of at-equity companies	2,336	2,292
Change in deferred taxes	–9,099	–11,206
Other non-cash items	–5,569	1,190
Operative cash flow	**272,516**	**165,646**
Change in assets and liabilities		
Change in receivables and other assets	22,596	3,683
Change in inventories	3,183	–17,135
Change in deferred expenses	–83,488	–31,212
Change in trade accounts payable	–37,198	23,620
Change in advance payments received	3,056	–151
Change in other accrued liabilities	–3,438	1,009
Change in accrued taxes	8,788	25,208
Change in other liabilities	–13,827	–2,875
Change in deferred income	7,188	7,246
Change in assets and liabilities, total	**–93,140**	**9,393**
Cash flow from operating activities (before capital gains tax payment)	**179,376**	**175,039**
Capital gains tax payment	326,013	0
Cash flow from operating activities	**505,389**	**175,039**

	2015 January – June	**2014** January – June
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–70,652	–24,288
Payments from disposals of intangible assets and property, plant and equipment	11,015	3,464
Purchase of shares in associated companies	–438,643	–20,187
Refunding from shares in associated companies	0	2,021
Investments in other financial assets	–58,852	–948
Payments of loans granted	–958	–2,510
Payments from loans granted	250	0
Payments from disposal of financial assets	18,165	0
Refunding from other financial assets	179	891
Cash flow from investment activities	**–539,496**	**–41,557**
Cash flow from financing activities		
Purchase of treasury shares	0	–15,297
Repayment of loans	178,968	–21,296
Redemption of finance lease liabilities	–7,885	0
Dividend payments	–122,260	–77,304
Dividend payments to non-controlling interests	0	–1,359
Purchase of further shares in affiliated companies	0	–4,678
Cash flow from financing activities	**48,823**	**–119,934**
Net increase in cash and cash equivalents	14,716	13,548
Cash and cash equivalents at beginning of fiscal year	50,829	42,775
Currency translation adjustments of cash and cash equivalents	1,952	387
Cash and cash equivalents at end of fiscal year	**67,497**	**56,710**

Changes in Shareholders' Equity

from January 1 to Jue 30, 2015 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2014	**194,000,000**	**194,000**	**27,702**	**104,819**	**244,265**	**-5,178**
Net income				127,782		
Other net income						
Total net income				**127,782**		
Purchase of treasury shares					495,735	-15,297
Issue of treasury shares				-5,061	-182,923	5,061
Employee stock ownership program United Internet			1,484			
Dividend payments				-77,304		
Profit distributions						
Change in amount of holdings				-1,435		
Balance as of June 30, 2014	**194,000,000**	**194,000**	**29,186**	**148,801**	**557,077**	**-15,414**
Balance as of January 1, 2015	**205,000,000**	**205,000**	**369,353**	**460,671**	**1,232,338**	**-35,335**
Net income				174,165		
Other net income						
Total net income				**174,165**		
Issue of treasury shares				-7,788	-265,320	7,788
Employee stock ownership program United Internet			1,650			
Dividend payments				-122,260		
Balance as of June 30, 2015	**205,000,000**	**205,000**	**371,003**	**504,788**	**967,018**	**-27,547**

Revaluation reserve	Cash flow hedge reserve	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
9,074	**–5,376**	**–19,698**	**305,343**	**2,510**	**307,853**
			127,782	33	127,815
5,598	424	3,229	9,251		9,251
5,598	**424**	**3,229**	**137,033**	**33**	**137,066**
			–15,297		–15,297
			0		0
			1,484		1,484
			–77,304		–77,304
			0	–168	–168
			–1,435	–1,901	–3,336
14,672	**–4,952**	**–16,469**	**349,824**	**474**	**350,298**
216,745	**0**	**–12,446**	**1,203,988**	**741**	**1,204,729**
			174,165	16	174,181
–159,049		13,104	–145,945		–145,945
–159,049	**0**	**13,104**	**28,220**	**16**	**28,236**
			0		0
			1,650		1,650
			–122,260		–122,260
57,696	**0**	**658**	**1,111,598**	**757**	**1,112,355**

Notes on the 6-Month Report 2014

1. Information on the company

United Internet AG is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

2. Significant accounting, valuation and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2014, the Interim Report of United Internet AG as of June 30, 2015 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Condensed Consolidated Interim Report for the period January 1, 2015 to June 30, 2015 was prepared in accordance with IAS 34 *Interim Financial Reporting*.

A condensed reporting format was chosen for the presentation of this Consolidated Interim Report, as compared with the Consolidated Financial Statements, and is thus to be read in conjunction with the Consolidated Financial Statements as of December 31, 2014. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the Condensed Consolidated Interim Report generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

The amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* and the Annual Improvement Projects 2010-2012 and 2011-2013 had no material impact on the Consolidated Interim Financial Statements of the Company.

Use of estimates and assumptions

The preparation of the Condensed Consolidated Interim Report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Miscellaneous

The Consolidated Interim Report includes all subsidiaries and associated companies.

The following company was acquired and renamed in the reporting period 2015:

- 1&1 Internet SE, Montabaur (formerly Atrium 74. Europäische VV SE, Berlin)

In the reporting period 2015, the following companies were merged with existing Group companies:

- 1&1 Internet Service Holding GmbH, Montabaur
- 1&1 Internet AG, Montabaur
- 1&1 Mail & Media Holding GmbH, Montabaur
- 1&1 Telecommunication AG, Montabaur

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2014.

This Consolidated Interim Report was not audited according to Sec. 317 HGB nor reviewed by an auditor.

3. Investments in companies

On April 10, 2015, United Internet sold its 898,970 shares (14.96%) in Goldbach Group AG, Küsnacht-Zurich / Switzerland, over the counter at a price of CHF 21.00 or € 20.14 per share and thus for a total of CHF 18.9 million or € 18.2 million. The share sale resulted in other operating income of € 5,569k.

On April 27, 2015, United Internet AG announced that on that day it had contractually secured – via its subsidiary United Internet Ventures AG – the purchase of an approx. 9.1% equity stake in Drillisch AG, Maintal. Following approval by the relevant anti-trust authorities and closing of the share purchase transaction, United Internet AG had a total indirect holding of 20.7% (currently: 20.11% after capital increase of Drillisch AG) – including shares already acquired. After the purchase of the 9.1% equity stake the company is included in the consolidated financial statements of United Internet AG as an associated company.

At the end of the first half-year 2015, the listed United Internet investment HiMedia S.A. (10.46%) span off its activities in the field of online payment to create the company HiPay Group, which it also took public. Following the transaction, United Internet also owns an 8.37% stake in HiPay. The investments are carried as other financial assets.

In late June 2015, the ProSiebenSat.1 Group announced it would acquire – as the second strategic investor – a 51.00% stake in virtual minds AG (subject to approval by the relevant anti-trust authorities). United Internet had already held a stake in this company since 2008 and will continue to hold a stake of 25.10% (previously: 48.65%) even after the investment by ProSiebenSat.1. Following anti-trust approval, United Internet expects proceeds of € 13.4 million from the share sale in the second half of the year.

Explanation of items in the statement of comprehensive income

4. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG in the reporting period of 2015 and 2014 was as follows:

January – June 2015	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
External revenues	1,338,698	496,766	4,327	–16,436	1,823,355
- thereof domestic	1,338,698	305,402	4,327	–16,436	1,631,991
- thereof non-domestic	0	191,364	0	0	191,364
EBITDA	217,588	136,041	–2,290	0	351,339
EBIT	138,525	106,331	–2,534	0	242,322
Financial result			6,245	–7,424	–1,179
Result from at-equity companies			–2,518	182	–2,336
EBT			1,193	237,614	238,807
Tax expense				–64,626	–64,626
Net income					**174,181**
Investments in intangible assets, property, plant and equipment	54,912	25,148	119	–	80,179
Amortization/depreciation	79,063	29,710	244	–	109,017
- thereof intangible assets, property, plant and equipment	59,399	26,471	244	–	86,114
- thereof assets capitalized during company acquisitions	19,664	3,239	0	–	22,903
Number of employees	3,105	4,647	123	–	7,875
- thereof domestic	3,079	3,127	123	–	6,329
- thereof non-domestic	26	1,520	0	–	1,546

5. Personnel expenses

Personnel expenses amounted to € 215,277k in the reporting period of 2015 (prior year: € 165,123k). At the end of June 2015, United Internet employed a total of 7,875 people, of which 1,546 were employed outside Germany. The number of employees at the end of June 2014 amounted to 6,700, of which 1,593 were employed outside Germany.

6. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 86,114k (prior year: € 39,674k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 22,903k (prior year: € 4,397k).

Total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 109,017k in the reporting period of 2015 (prior year: € 44,071k).

January – June 2014	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
External revenues	972,521	460,911	2,845	–2,726	1,433,551
- thereof domestic	972,521	290,986	2,845	–	1,266,352
- thereof non-domestic	0	169,925	0	–	169,925
EBITDA	127,958	113,422	–3,814	0	237,566
EBIT	113,774	83,626	–3,905	0	193,495
Financial result			–4,621	345	–4,276
Result from at-equity companies			–2,427	135	–2,292
EBT			–10,953	197,880	186,927
Tax expense				–59,112	–59,112
Net income					**127,815**
Investments in intangible assets, property, plant and equipment	3,943	20,032	313	–	24,288
Amortization/depreciation	14,184	29,796	91	–	44,071
- thereof intangible assets, property, plant and equipment	14,184	25,399	91	–	39,674
- thereof assets capitalized during company acquisitions	0	4,397	0	–	4,397
Number of employees	1,956	4,709	35	–	6,700
- thereof domestic	1,885	3,187	35	–	5,107
- thereof non-domestic	71	1,522	0	–	1,593

Explanations of balance sheet items

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

7. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2015 €k
Carrying amount at the beginning of the fiscal year	34,932
Additions	439,269
Adjustments	
- Dividends	0
- Shares in result	–2,336
- Other	–348
Disposals	–196
	471,321

Additions mainly refer to shares held in Drillisch AG. Please see Note 3 for details.

8. Other financial assets

The development of these shares was as follows:

			Amortization of revaluation reserve not recognized in income					
	Jan. 1, 2015 €k	**Additions €k**	**Recycling €k**	**Change €k**	**Impairment €k**	**Reclassifi-cation €k**	**Disposals €k**	**June 30, 2015 €k**
Goldbach shares	13,449		–854				–12,595	0
HiMedia/ HiPay shares	11,838			–1,042				10,796
Afilias shares	8,720							8,720
Rocket Internet shares	643,343	58,849		–157,926				544,266
Others	17,937	961				–266	–5,550	13,082
	695,287	**59,810**	**–854**	**–158,968**	**0**	**–266**	**–18,145**	**576,864**

Additions mainly refer to the increase in shares held in Rocket Internet SE to 8.18% following a capital increase. The shares in Goldbach Group AG were sold in April 2015. Please see Note 3 for details.

The subsequent valuation of listed shares in Rocket Internet and HiMedia/HiPay at fair value as of the balance sheet date led to a net decrease in the revaluation reserve without recognition in income.

9. Property, plant and equipment, intangible assets and goodwill

A total of € 80,179k (prior year: € 24,288k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on telecommunication equipment and software.

Goodwill of € 984,845k disclosed as of June 30, 2015 includes assets belonging to the Access segment of € 509,654k.

10. Non-current prepaid expenses

Non-current prepaid expenses result from prepayments made in connection with long-term procurement contracts.

11. Liabilities due to banks

Bank liabilities as of June 30, 2015 result mainly from a syndicated loan totaling € 750 million concluded in August 2014, comprising two tranches with terms to 2017 and 2019, and a promissory note loan of € 600 million divided into 4 tranches with varying terms from 2017 to 2022.

In addition, there is a revolving syndicated loan facility of € 600 million with a term until August 19, 2019 which was utilized to the amount of € 160 million as of June 30, 2015.

12. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from finance leases.

13. Other non-current financial liabilities

Non-current financial liabilities result largely from liabilities from finance leases.

14. Capital stock / treasury shares

As of June 30, 2015, the fully paid-in capital stock amounted to € 205,000,000 (unchanged from December 31, 2014) divided into 205,000,000 registered no-par shares with a theoretical share in the capital stock of € 1 each.

As of June 30, 2015, the Company held 967,018 treasury shares.

15. Reserves

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Rocket Internet and HiMedia/HiPay. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 8 for details.

Other items

16. Employee stock ownership plans

The employee stock ownership plans of the United Internet Group employ virtual stock options (so-called Stock Appreciation Rights - SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG	
	Units	Average strike price (€)
Outstanding as of December 31, 2014	**3,860,000**	**20.07**
Issued	200,000	40.00
Exercised	-75,000	18.13
Exercised	-20,000	12.12
Exercised	-125,000	12.03
Exercised	-325,000	16.06
Exercised	-75,000	21.95
Exercised	-100,000	13.43
Expired/forfeited	-100,000	18.13
Expired/forfeited	-100,000	32.79
Outstanding as of June 30, 2015	**3,140,000**	**21.99**

17. Additional details on financial instruments

Die beizulegenden Zeitwerte von finaziellen Vermögenswerten und Verbindlichkeiten entsprechen grundsätzlich den jeweiligen Buchwerten.

The fair values of financial instruments were measured on the basis of market information available on the reporting date.

The fair value of other non-current financial assets differs from the carrying amount as prorated loss assumptions from at-equity accounting were allocated to existing loans.

Fair values of available-for-sale financial assets are derived from quoted market prices in active markets, if available, or otherwise estimated using appropriate valuation techniques. Investments which are categorized as available-for-sale financial assets and whose fair value cannot be estimated using valuation techniques due to uncertainties, are measured at amortized cost.

Compared to December 31, 2014, there were no significant changes in the composition of financial instruments nor the methods and assumptions applied to measure fair value.

The following table presents the carrying values of each category of financial assets and liabilities as of June 30, 2015:

	Valuation category acc. to IAS 39	Carrying value on June 30, 2015	Valuation acc. to IAS 39 Amortized cost	Fair value not through profit or loss	Fair value through profit or loss	Valuation acc. to IAS 17	Fair value on June 30, 2015
	€k	€k	€k	€k	€k	€k	€k
Financial assets							
Cash and cash equivalents	lar	67,497	67,497				67,497
Trade accounts receivable	lar/n/a						
Receivables from finance leases	n/a	30,120				30,120	34,413
Others	lar	191,637	191,637				191,637
Other current financial assets	lar	22,316	22,316				22,316
Other non-current financial assets	lar/afs						
Investments	afs	563,782	8,720	555,062			563,782
Others	lar	13,082	13,082				19,051
Financial liabilities							
Trade accounts payable	flac	–323,137	–323,137				–323,137
Liabilities due to banks	flac	–1,552,970	–1,552,970				–1,552,970
Other financial liabilities	flac/n/a						
Finance leases	n/a	–106,183				–106,183	–107,505
Others	flac	–96,496	–96,496				–96,496
Of which aggregated acc. to valuation categories:							
Loans and receivables (lar)	lar	294,532	294,532	0	0	0	300,501
Available-for-sale (afs)	afs	563,782	8,720	555,062	0	0	563,782
Financial liabilities measured at amortized cost (flac)	flac	–1,972,603	–1,972,603	0	0	0	–1,972,603
Finance leases	n/a	–76,063	0	0	0	–76,063	–73,089

Hierarchy of assets and liabilities measured at fair value:

	As of June 30, 2015	Level 1	Level 2	As of Dec. 31, 2014	Level 1	Level 2
	€k	€k	€k	€k	€k	€k
Available-for-sale financial assets						
Listed shares	555,062	555,062		668,630	668,630	

The hierarchy for determining and disclosing the fair value of financial instruments by valuation technique did not change from that used as of December 31, 2014.

18. Transactions with related parties

IAS 24 defines related parties as those persons and companies that control or can exert a significant influence over the other party. Mr. Ralph Dommermuth, the major shareholder, as well as from the members of the Management Board and Supervisory Board of United Internet AG were classified as related parties.

On June 1, 2015, Mr. Frank Krause was appointed as a further member of the Management Board of United Internet AG. Mr. Norbert Lang was recalled of the Management Board of United Internet AG on June 30, 2015.

There were no other changes to the circle of related parties as compared with the consolidated financial statements as at December 31, 2014.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board as of June 30, 2015 is shown in the following table:

	June 30, 2015 Shares (units)
Management Board	
Ralph Dommermuth	82,000,000
Norbert Lang	453,833
Robert Hoffmann	100,000
Jan Oetjen	3,994
Frank Krause	920
Martin Witt	7,400
Total	**82,566,147**
Supervisory Board	
Kurt Dobitsch (Chairman)	–
Kai-Uwe Ricke	–
Michael Scheeren	300,000
Total	**300,000**

United Internet's premises in Montabaur and Karlsruhe are partly leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 3,732k in the reporting period of 2015 (prior year: € 3,030k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

19. Subsequent events

On June 10, 2015, United Internet AG reached an agreement with the owners of home.pl S.A. (Stettin, Poland) – led by the private equity fund V4C Eastern Europe – regarding the acquisition of all shares in home.pl by United Internet's subsidiary 1&1 Internet SE. The price for 100% of home.pl shares is around € 135 million – subject to adjustments on closing – and will be settled in cash. The company's interest-bearing liabilities (approx. € 20 million) will be redeemed on closing. The share purchase is still subject to the usual approval of the relevant anti-trust authorities.

Montabaur, August 13, 2015

United Internet AG

The Management Board

Ralph Dommermuth Robert Hoffmann Frank Krause Jan Oetjen Martin Witt

Income Statement

Quarterly development in € million

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q2 2014
Sales	737.3	894.1	905.1	918.3	723.7
Cost of sales	-478.9	-609.6	-610.6	-628.0	-481.5
Gross profit	**258.4**	**284.5**	**294.5**	**290.3**	**242.2**
Selling expenses	-110.1	-140.7	-135.5	-137.4	-104.2
General and administrative expenses	-33.4	-38.7	-42.4	-43.2	-32.9
Other operating income / expense	76.8	126.4	2.5	13.5	-1.3
Operating result	**191.7**	**231.5**	**119.1**	**123.2**	**103.8**
Financial result	-2.4	-18.5	-5.7	4.5	-2.1
Amortization of investments	0.0	-0.7	0.0	0.0	0.0
Result from associated companies	-1.3	-8.3	-1.1	-1.2	-1.0
Pre-tax result	**188.0**	**204.0**	**112.3**	**126.5**	**100.7**
Income taxes	-35.7	-36.7	-33.7	-30.9	-32.7
Net income before non-controlling interests	**152.3**	**167.3**	**78.6**	**95.6**	**68.0**
Attributable to					
- non-controlling interests	0.2	0.1	0.0	0.0	0.0
- shareholders of United Internet AG	152.1	167.2	78.6	95.6	68.0
Result per share of shareholders of United Internet AG (in €)					
- basic	0.78	0.84	0.39	0.46	0.35
- diluted	0.78	0.83	0.39	0.46	0.34

Financial calendar

March 26, 2015	Annual financial statements for fiscal year 2014 press and analyst conference
May 19, 2015	3-Month Report 2015
May 21, 2015	Annual Shareholders' Meeting, Alte Oper, Frankfurt/Main
August 13, 2015	6-Month Report 2015 press and analyst conference
November 17, 2015	9-Month Report 2015

Imprint

Publisher and copyright © 2015
United Internet AG
Elgendorfer Straße 57
D-56410 Montabaur
Germany
www.united-internet.com

Contact
Investor Relations
Phone: +49(0) 2602 96-1043 or 1671
Fax: +49(0) 2602 96-1013
E-mail: investor-relations@united-internet.com

August 2015
Registry court: Montabaur HRB 5762

This report is available in German and English. Both versions can be downloaded from www.united-internet.com. In all cases of doubt, the German version shall prevail.

Possible addition differences due to rounding effects.

Disclaimer
This report contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this report are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of United Internet AG. United Internet does not intend to revise or update any forward-looking statements set out in this report.

www.united-internet.com