Interim Statement
Q3 2017

SELECTED KEY FIGURES

	Sept. 30, 2017[1]	Sept. 30, 2016[1]	Change
NET INCOME (IN € MILLION)			
Sales	3,008.2	2,828.1	+ 6.4%
EBITDA[2]	684.1	610.6	+ 12.0%
EBIT[2]	511.2	466.0	+ 9.7%
EBT[3]	479.1	446.3	+ 7.3%
EPS (in €)[4]	1.53	1.53	+/- 0%
BALANCE SHEET (IN € MILLION)			
Current assets	792.6	631.4	+ 25.5%
Non-current assets	6,684.9	3,442.3	+ 94.2%
Equity	3,976.4	1,197.8	+ 232.0%
Equity ratio	52.8%	29.4%	
Total assets	7,526.3	4,073.7	+ 84.8%
CASH FLOW (IN € MILLION)			
Operative cash flow	461.1	461.8	- 0.2%
Cash flow from operating activities[5]	503.5	433.2	+ 16.2%
Cash flow from investing activities	- 805.0	- 370.7	
Free cash flow[5]	352.1	320.1	+ 10.0%
EMPLOYEES (HEADCOUNT)			
Total at the end of September	9,426	7,846	+ 20.1%
thereof in Germany	7,879	6,260	+ 25.9%
thereof abroad	1,547	1,586	- 2.5%
SHARE (IN €)			
Share price at end of September (Xetra)	52.67	39.39	+ 33.7%

CUSTOMER CONTRACTS IN CURRENT PRODUCT LINES (IN MILLION)	Sept. 30, 2017	Sept. 30, 2016	Change
Access, total contracts	12.39	8.30	+ 4.09
thereof Mobile Internet	8.06	4.10	+ 3.96
thereof DSL complete (ULL)	4.33	4.20	+ 0.13
Business Applications, total contracts	8.00	6.05	+ 1.95
thereof in Germany	3.99	2.34	+ 1.65
thereof abroad	4.01	3.71	+ 0.30
Consumer Applications, total accounts	36.90	35.64	+ 1.26
thereof with Premium Mail subscription (contracts)	1.69	1.73	- 0.04
thereof with Value-Added subscription (contracts)	0.54	0.47	+ 0.07
thereof free accounts	34.67	33.44	+ 1.23
Fee-based customer contracts, total	22.62	16.55	+ 6.07

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figure adjusted

(2) EBITDA and EBIT 9M 2017 without extraordinary result from M&A activities (€ +303.9 million)

(3) EBT 9M 2017 without extraordinary result from M&A activities (€ +303.9 million) and without writedowns on financial assets, especially Rocket impairment charges (€ -19.8 million); EBT 9M 2016 without writedowns on financial assets, especially Rocket impairment charges (€ -254.9 million)

(4) EPS 9M 2017 after strong increase in minority interests due to investment of Warburg Pincus in Business Applications division and stake held by Drillisch shareholders in Consumer Access business, and without net positive special items from Rocket impairment charges (€ -0.10), one-off tax effects from Warburg Pincus investment and Drillisch takeover (€ -0.07), as well as extraordinary result from M&A activities (€ +1.52); EPS 9M 2016 without writedowns on financial assets, especially Rocket impairment charges (€ -1.25)

(5) Cash flow from operating activities and free cash flow without tax effects (9M 2017 without capital gains tax refund originally planned for the fourth quarter of 2016 (€ +70.3 million); 9M 2016 without income tax payment (€ -100.0 million) originally planned for the fourth quarter of 2015

CONTENT

Dear shareholders, employees and business associates of United Internet,

United Internet AG maintained its growth trajectory in the first nine months of 2017. Once again, we achieved significant improvements in customer contract figures, sales revenues, and key earnings ratios. Moreover, we successfully closed the investment of Warburg Pincus in the Business Applications division (as of February 14, 2017), the complete acquisitions of Strato (consolidated since April 2017) and ProfitBricks (consolidated since August 2017), and the merger with Drillisch (consolidated since September 2017) during the reporting period. In addition, we contributed our affiliate marketing business operated by affilinet GmbH to AWIN AG – controlled by Axel Springer – in exchange for 20% of Awin shares. As a result, affilinet is no longer included in the sales and earnings figures of United Internet AG but disclosed separately as a discontinued operation.

In the first nine months of 2017, we raised the number of our fee-based customer contracts in the current product lines organically by 0.61 million (prior year: 0.82 million). In addition, there were a further 5.22 million customer contracts from the above mentioned transactions, of which 3.35 million from the initial consolidation of Drillisch and 1.87 million from the initial consolidation of Strato. As a result, there were a total of 22.62 million contracts as of September 30, 2017.

Apart from these customer contracts in the current product lines, the Access segment includes a further 0.49 million contracts without basic monthly fees and service provider contracts (volume-based tariffs / MSP tariffs) from the Drillisch acquisition as well as 0.13 million DSL contracts in the phased-out T-DSL / R-DSL product lines.

In the first nine months of 2017, consolidated sales grew by 6.4% to € 3.008 billion (comparable prior-year figure: € 2.828 billion). Revenue contributions from Strato and ProfitBricks (€ + 64.5 million) as well as Drillisch (€ + 54.6 million) were offset in part by burdens on sales from regulatory effects (€ - 33.2 million) and negative currency effects (€ - 6.0 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 12.0% to € 684.1 million in the first nine months of 2017 (comparable prior-year figure: € 610.6 million). EBITDA was impacted by the earnings contribution from Strato and ProfitBricks (€ + 25.4 million) as well as from Drillisch (€ + 13.0 million), and – with an opposing effect – from regulation effects and costs for the Telefónica DSL migration (€ - 12.9 million), as well as negative currency effects (€ - 2.7 million).

At the same time, earnings before interest and taxes (EBIT) rose by 9.7% to € 511.2 million in the first nine months of 2017 (comparable prior-year figure: € 466.0 million).

In addition, EBITDA and EBIT were dominated by a positive net extraordinary result of € 303.9 million. This resulted from one-off, non-cash-effective extraordinary income from the Drillisch acquisition (due to the revaluation of Drillisch shares acquired before the complete transaction was closed) and the complete takeover of ProfitBricks (due to the revaluation of previously held ProfitBricks shares) totaling € 319.1 million. There were opposing effects from M&A costs for the above mentioned transactions of € 15.2 million.

Including the aforementioned extraordinary result, EBITDA rose to € 988.0 million and EBIT to € 815.1 million.

Despite the strong increase in minority interests as a result of the investment made by Warburg Pincus in our Business Applications division and the stake held by Drillisch shareholders in our Consumer Access business held by Drillisch shareholders, operating EPS was unchanged from the prior-year figure at € 1.53. Moreover, there was a net positive impact on EPS from Rocket impairment charges in the first quarter (EPS effect: € - 0.10), from one-off tax effects relating to the Warburg Pincus investment and Drillisch takeover (EPS effect: € - 0.07), and from the above mentioned M&A activities (EPS effect: € + 1.52). In total, EPS therefore rose from € 1.53 to € 2.88 or – before amortization of purchase price allocations (PPA), especially from the Versatel, Strato and Drillisch takeovers – to € 3.05.

Due to the merger of 1&1 Telecommunication SE and Drillisch AG under the umbrella of United Internet (United Internet stake: 73.29%), 1&1 / Drillisch have been operating with a coordinated procurement strategy for mobile telecommunications pre-services since November 2017. The next steps are to synchronize branding and customer targeting.

Following the consolidation of Drillisch, United Internet has updated its guidance. With regard to fee-based customer contracts, we now expect an increase of approx. 6.1 million contracts in the current product lines for the year as a whole (of which 1.87 million from the initial consolidation of Strato and 3.35 million from the initial consolidation of Drillisch). Consolidated sales will be approx. € 4.2 billion. EBITDA (including regulation effects, costs for the Telefónica DSL migration, and currency effects) is expected to be between € 970 million to € 1 billion. In addition, there will be the net extraordinary result.

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 successful first nine months, we would like to express our particular gratitude to all employees for their dedicated efforts as well as to our shareholders, and customers for the trust they continue to place in United Internet AG.

Montabaur, November 14, 2017

Ralph Dommermuth

INTERIM STATEMENT ON THE THIRD QUARTER OF 2017

Business development

Development of the Access segment

Following the initial consolidation of Drillisch (since September 2017), United Internet's reporting of fee-based contracts is based on the current product lines with basic monthly fees. These include the Mobile Internet contracts of 1&1 and the MVNO budget contracts of Drillisch (grouped together under Mobile Internet), as well as the DSL / VDSL contracts (complete DSL contracts) of 1&1. Mobile tariffs without basic monthly fees and old mobile/DSL tariffs will only be reported for a transitional period. These include the volume-based and MSP tariffs of Drillisch and the phased-out T-DSL / R-DSL product lines of 1&1.

The number of fee-based contracts for current product lines of the Access segment rose by 3.85 million contracts to 12.39 million in the first nine months of 2017 – due in part to the consolidation of Drillisch. A total of 3.75 million customer contracts were added in the company's Mobile Internet business (of which 3.35 million from the Drillisch acquisition), thus raising the total number of contracts to 8.06 million. There was growth in complete DSL contracts (ULL = Unbundled Local Loop) with the addition of 100,000 customer contracts, taking the total to 4.33 million.

Development of Access contracts in the first nine months of 2017 (in million)

	Sept. 30, 2017	Dec. 31, 2016	Change
Access, total contracts	12.39	8.54	+ 3.85
thereof Mobile Internet	8.06	4.31	+ 3.75
thereof DSL complete (ULL)	4.33	4.23	+ 0.10

Development of Access contracts in the third quarter of 2017 (in million)

	Sept. 30, 2017	June 30, 2017	Change
Access, total contracts	12.39	8.88	+ 3.51
thereof Mobile Internet	8.06	4.57	+ 3.49
thereof DSL complete (ULL)	4.33	4.31	+ 0.02

In addition to the above mentioned customer contracts in the current product lines, United Internet's Access segment includes a further 0.49 million contracts without basic monthly fees and service provider contracts (volume-based tariffs / MSP tariffs) from the Drillisch acquisition as well as 0.13 million DSL contracts in the phased-out T-DSL / R-DSL product lines.

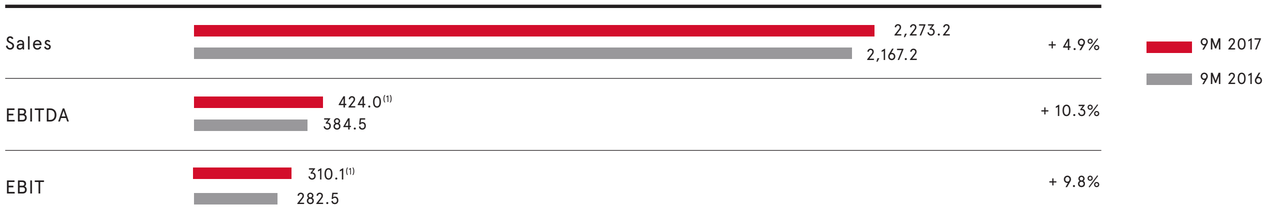
Despite burdens from regulation effects, **sales of the Access segment** grew by 4.9% from € 2,167.2 million in the previous year to € 2,273.2 million in the first nine months of 2017. Revenue in the home-user business grew by 10.3%, from € 1,790.7 million to € 1,975.8 million (including the reclassification of 1&1 Versatel's mass market business as of May 1, 2017). This figure includes a revenue contribution from Drillisch of € 54.6 million as well as opposing burdens on sales from regulation effects (international roaming / termination charges) amounting to € 21.5 million. At € 325.8 million, sales to business users of 1&1 Versatel were down on the first nine months of the previous year (€ 383.8 million). As already reported in the half-yearly financial report 2017 – this was due to negative regulation effects (€ - 11.7 million), a decline in one-off revenue from project business (€ - 15.6 million), and the reclassification of mass market business (€ - 42.0 million). Without these effects, sales rose by € 11.3 million.

In the reporting period, **segment EBITDA** increased by 10.3%, from € 384.5 million in the previous year to € 424.0 million. EBITDA in the home-user business grew by 25.5%, from € 288.3 million to € 361.9 million (including the reclassification of 1&1 Versatel's mass market business as of May 1, 2017). This figure includes an earnings contribution from Drillisch of € 13.0 million, as well as an opposing burden from regulation effects and costs for the Telefónica DSL migration of € 11.7 million. At € 62.1 million, EBITDA in 1&1 Versatel's business-user segment was down on the first nine months of the previous year (€ 89.8 million). This was due to negative regulation effects (€ - 1.2 million), a decline in one-off revenue from project business (€ - 7.8 million), and the reclassification of mass market business (€ - 19.2 million). Without these effects, EBITDA rose by € 0.5 million. **Segment EBIT** rose by 9.8%, from € 282.5 million in the previous year to € 310.1 million.

In addition, segment EBITDA and segment EBIT were dominated by one-off, non-cash-effective, extraordinary income of € 303.0 million from the Drillisch acquisition (due to the revaluation of Drillisch shares acquired before the complete transaction was closed). Including this extraordinary income, segment EBITDA rose to € 727.0 million and segment EBIT to € 613.1 million.

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

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



(1) Without extraordinary income from Drillisch acquisition (€ +303.0 million)

Quarterly development (in € million); change over prior-year quarter

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change
Sales	750.0	730.6	743.8	798.8	732.5	+ 9.1%
EBITDA	141.1	133.7	126.3	164.0[1]	135.5	+ 21.0%
EBIT	107.4	99.9	91.7	118.5[1]	101.4	+ 16.9%

(1) Without extraordinary income from Drillisch acquisition (€ +303.0 million)

Multi-period overview: Development of key sales and earnings figures (in € million)

	9M 2013	9M 2014	9M 2015	9M 2016	9M 2017
Sales	1,321.9	1,481.7	2,035.2	2,167.2	2,273.2
EBITDA	175.9	213.9	344.6	384.5	424.0[1]
EBITDA margin	13.3%	14.4%	16.9%	17.7%	18.7%
EBIT	154.7	193.3	226.9	282.5	310.1[1]
EBIT margin	11.7%	13.0%	11.1%	13.0%	13.6%

(1) Without extraordinary income from Drillisch acquisition (€ +303.0 million)

Development of the Applications segment

With regard to Business Applications, the main focus in fiscal year 2017 is still 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. Nevertheless, the number of fee-based **Business Applications contracts** was raised organically by 80,000 contracts in the first nine months of 2017. Moreover, the first-time consolidation of Strato as of April 1, 2017 resulted in the addition of 1.87 million contracts. The total number of Business Applications contracts as of September 30, 2017 therefore amounted to 8.00 million.

Development of Business Applications contracts in the first nine months of 2017 (in million)

	Sept. 30, 2017	Dec. 31, 2016	Change
Business Applications, total contracts	8.00	6.05	+ 1.95
thereof in Germany	3.99	2.34	+ 1.65
thereof abroad	4.01	3.71	+ 0.30

Development of Business Applications contracts in the third quarter of 2017 (in million)

	Sept. 30, 2017	June 30, 2017	Change
Business Applications, total contracts	8.00	7.98	+ 0.02
thereof in Germany	3.99	3.98	+ 0.01
thereof abroad	4.01	4.00	+ 0.01

In the case of Consumer Applications, United Internet raised the number of pay accounts by 30,000 contracts to 2.23 million in the first nine months of 2017. At the same time, the number of free accounts increased by 380,000 to 34.67 million in the reporting period. Consequently, the number of **Consumer Accounts** increased by 410,000 in total to 36.90 million accounts in the first nine months of 2017.

Development of Consumer Applications accounts in the first nine months of 2017 (in million)

	Sept. 30, 2017	Dec. 31, 2016	Change
Consumer Applications, total accounts	36.90	36.49	+ 0.41
thereof with Premium Mail subscription	1.69	1.72	- 0.03
thereof with Value-Added subscription	0.54	0.48	+ 0.06
thereof free accounts	34.67	34.29	+ 0.38

Development of Consumer Applications accounts in the third quarter of 2017 (in million)

	Sept. 30, 2017	June 30, 2017	Change
Consumer Applications, total accounts	36.90	36.53	+ 0.37
thereof with Premium Mail subscription	1.69	1.72	- 0.03
thereof with Value-Added subscription	0.54	0.52	+ 0.02
thereof free accounts	34.67	34.29	+ 0.38

Following the **contribution of Group subsidiary affilinet GmbH to Awin AG** completed on October 1, 2017, affilinet is carried in accordance with IFRS 5 in the consolidated financial statements as of September 30, 2017 and no longer included in the sales and earnings figures of the Applications segment but disclosed separately under discontinued operations. The sales and earnings figures of the previous year were adjusted accordingly.

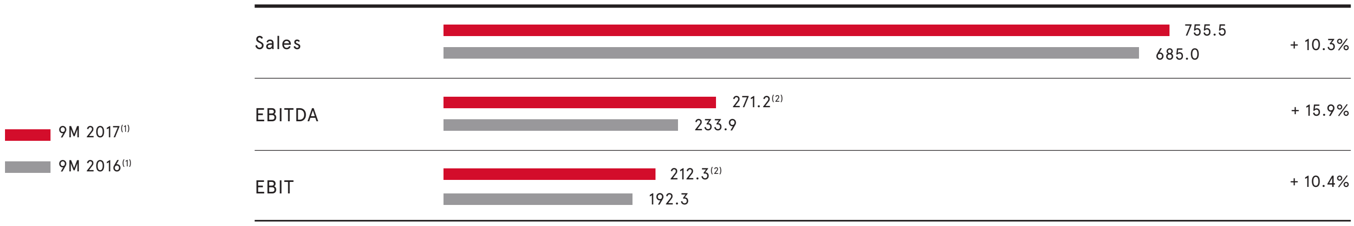
Despite burdens from currency effects, **sales of the Applications segment** rose by 10.3% from € 685.0 million (comparable prior-year figure after carrying affilinet acc. to IFRS 5) to € 755.5 million in the first nine months of 2017. With regard to subscriptions for Business Applications, sales rose by 16.3% from € 479.2 million to € 557.2 million. This figure includes a total contribution to sales from Strato AG (consolidated since April 1, 2017) and ProfitBricks GmbH (consolidated since August 7, 2017) of € 64.5 million, as well as burdens from currency effects of € 6.0 million. Following weak portal advertising revenues in the first quarter, total sales of Consumer Applications fell slightly by 1.9%, from € 205.8 million to € 201.8 million – whereby the second quarter was on a par with the previous year and the third quarter above the prior-year figure. Due in particular to the year-on-year devaluation of the British pound, segment sales generated abroad increased only moderately by 2.5% in the first nine months of 2017, from € 278.0 million (comparable prior-year figure) to € 284.9 million. Adjusted for currency effects, sales generated abroad were up 4.6%

Despite the burdens from currency effects, **segment EBITDA** rose by 15.9%, from € 233.9 million (comparable prior-year figure) to € 271.2 million. EBITDA for Business Applications was up 28.2%, from € 145.4 million to € 186.4 million. This figure includes a total EBITDA contribution from Strato and ProfitBricks of € 25.4 million as well as an opposing burden from currency effects of € 2.7 million. Following weak portal advertising business in the first quarter, EBITDA for Consumer Applications as a whole fell by 4.3%, from € 88.5 million to € 84.7 million – whereby the second and the third quarter was above the prior-year figure once again. **Segment EBIT** improved by 10.4%, from € 192.3 million (comparable prior-year figure) to € 212.3 million.

In addition, segment EBITDA and segment EBIT were dominated by one-off, non-cash-effective, extraordinary income of € 16.1 million from the complete takeover of ProfitBricks (due to the revaluation of previously held ProfitBricks shares). There was an opposing effect of € 8.7 million for M&A costs from the previous year (Warburg Pincus transaction) which were reallocated within the Group from United Internet Holding to the Business Applications segment in the third quarter of 2017. Including the extraordinary income from the ProfitBricks acquisition and the allocation of M&A costs, segment EBITDA rose to € 278.6 million and segment EBIT to € 219.7 million.

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

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



(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figures adjusted
(2) Without extraordinary income from ProfitBricks acquisition (€ +16.1 million) and without M&A costs (€- 8.7 million)

Quarterly development (in € million); change over prior-year quarter

	Q4 2016[1]	Q1 2017[1]	Q2 2017[1]	Q3 2017[1]	Q3 2016[1]	Change
Sales	237.5	229.6	264.2	261.7	223.4	+ 17.2%
EBITDA	96.3	81.7	94.3	95.2[2]	80.8	+ 17.8%
EBIT	82.0	68.5	71.5	72.3[2]	67.3	+ 7.4%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-quarter figures adjusted
(2) Without extraordinary income from ProfitBricks acquisition (€ +16.1 million) and without M&A costs (€ -8.7 million)

Multi-period overview: Development of key sales and earnings figures (in € million)

	9M 2013	9M 2014	9M 2015	9M 2016[1]	9M 2017[1]
Sales	633.0	688.7	741.7	685.0	755.5
EBITDA	111.8	171.6	208.6	233.9	271.2[2]
EBITDA margin	17.7%	24.9%	28.1%	34.1%	35.9%
EBIT	63.2	126.1	163.6	192.3	212.3[2]
EBIT margin	10.0%	18.3%	22.1%	28.1%	28.1%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figures adjusted
(2) Without extraordinary income from ProfitBricks acquisition (€ +16.1 million) and without M&A costs (€ -8.7 million)

Significant changes in investments

Takeover of Strato AG completed

On December 15, 2016, United Internet announced its intention to acquire Strato AG. The takeover was initially subject to approval by the German Federal Cartel Office ("Bundeskartellamt"). This approval was granted on February 10, 2017 and United Internet closed the transaction as planned in the first quarter of 2017. Strato has been included in the consolidated financial statements since April 1, 2017.

Investment of Warburg Pincus closed

The acquisition of a 33.33% stake in the Business Applications division by Warburg Pincus, announced on November 8, 2016, was successfully closed on February 15, 2017 with effect from January 1, 2017.

United Internet acquires stake in rankingCoach

On March 28, 2017, United Internet AG announced that it had acquired – via United Internet Investments Holding GmbH (formerly: United Internet Ventures AG) – a stake of 29.93% in rankingCoach GmbH in the course of a capital increase. Based in Cologne, rankingCoach was founded in 2014 by the company's managers Daniel Wette, Marius Gerdan and Thomas Meierkord as a spin-off of a major online marketing agency. Today, an international team of over 60 specialists supports small and mid-size enterprises (SMEs) in 11 languages and 24 countries. rankingCoach markets its products both directly to end-users and agencies, as well as indirectly via international partners, such as hosting providers, telecommunications companies and publishers. Online visibility and online reputation have a major impact on the business success of SMEs. rankingCoach offers affordable, web-based solutions in the field of search engine marketing (SEM), search engine optimization (SEO) and social media which are tailored to the needs of its various target groups. The capital increase is aimed in particular at driving technical product development, the expansion of services, and the company's further internationalization. In addition to the equity stake, rankingCoach and the United Internet subsidiary 1&1 Internet SE have signed a long-term cooperation agreement for 1&1 to use the online marketing solutions of rankingCoach as part of its hosting and cloud products marketed in Europe and North America. At the time of its announcement, the transaction was still subject to approval by the relevant anti-trust authorities. This approval was granted on April 13, 2017.

Investment in Tele Columbus increased

In the first quarter of 2017, United Internet increased its stake in Tele Columbus AG from 25.11% as of December 31, 2016 and held around 28.52% of shares as of September 30, 2017. A total of € 34.9 million was paid for the purchase of additional shares.

United Internet and Drillisch create a strong fourth player in the German telecommunications market

On May 12, 2017, the Management Boards of United Internet AG and Drillisch AG (each with the approval of their respective Supervisory Boards) entered into a business combination agreement governing the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch under the umbrella of United Internet.

The aim of the overall transaction (now completed) was to contribute 1&1 Telecommunication to Drillisch and thus create a more powerful full-service telecommunications provider under the umbrella of United Internet with considerable potential for synergies and growth. The combination of the two companies has now created a strong fourth player in the German telecommunications market alongside the three major full-service providers (Deutsche Telekom, Vodafone and Telefónica).

The merger of 1&1 Telecommunication and Drillisch was completed in two steps:

- In the first step, United Internet contributed 9,372 shares of 1&1 Telecommunication SE (corresponding to around 7.75% of the share capital of 1&1 Telecommunication) to Drillisch in the course of a capital increase for non-cash contribution from approved capital under the exclusion of subscription rights conducted by Drillisch. In return, United Internet received 9,062,169 new Drillisch shares.

- In a second step, the remaining 111,628 1&1 Telecommunication SE shares held by United Internet (corresponding to around 92.25% of the share capital of 1&1 Telecommunication) were contributed to Drillisch in return for the issue of 107,937,831 new Drillisch shares in total. This step required the approval of an Extraordinary General Meeting of Drillisch AG, which was held on July 25, 2017. At this general meeting, 97.85% of share capital represented voted in favor of the proposed capital increase for non-cash contribution. The majority of 75% required for approval was thus reached.

The transaction was accompanied by a voluntary public tender offer submitted by United Internet AG for all outstanding shares of Drillisch AG. United Internet offered to purchase the no-par value bearer shares, each representing a proportionate amount of Drillisch AG share capital of €1.10, from the current Drillisch shareholders. As compensation, United Internet offered to pay € 50 per no-par share – which is 8.2% more than the volume-weighted average domestic share price of Drillisch shares over the past three months as of May 11, 2017 (€ 46.20). The cash offer was made in accordance with the condition specified in the offer document published on May 26, 2017 regarding anti-trust approval. This condition was met with the approval of the German Federal Cartel Office ("Bundeskartellamt"). There was no minimum acceptance threshold for the tender offer. United Internet used bank loans to finance the Drillisch shares tendered as part of the tender offer. The financing banks confirmed that they would grant a maximum of € 2.5 billion (if all outstanding Drillisch shares were tendered). As at the expiry of the additional acceptance period on July 12, 2017, the tender offer had been accepted for a total of 1,224,157 Drillisch shares. After the acceptance period for the voluntary tender offer had expired, the related loan was canceled by United Internet as the acquired Drillisch shares were purchased from liquid funds.

With the registration of the capital increase for non-cash contribution in the Commercial Register on September 8, 2017, Drillisch acquired the remaining stake of approx. 92.25% in 1&1 Telecommunication. The capital increase had been approved by the Extraordinary General Meeting of Drillisch on July 25, 2017. 1&1 Telecommunication is thus a wholly-owned subsidiary of Drillisch. In return, United Internet received 107,937,831 new Drillisch shares, increasing United Internet's stake in Drillisch to more than 73%. As a result, Drillisch has been consolidated in the financial statements of United Internet since September 8, 2017.

The contribution of 1&1 Telecommunication to Drillisch under the United Internet umbrella offers extensive synergies and growth opportunities for both United Internet and Drillisch. These jointly-identified synergies are expected to arise at the level of their combined business starting in 2018. An annual volume of € 150 million is anticipated as early as 2020, rising to approx. € 250 million annually by 2025. Synergies will result in particular from joint purchasing of hardware and services, more efficient use of network capacity available to Drillisch, the expansion of the 1&1 product portfolio to include future technologies, and the availability of a larger product portfolio in Drillisch's stores. To achieve these synergies, the companies expect one-off implementation costs of around € 50 million at the combined business level.

Complete takeover of ProfitBricks

In late July 2017, United Internet reached an agreement with the other shareholders of ProfitBricks GmbH, a technologically leading cloud hosting specialist, regarding the complete acquisition of the company. United Internet has held a stake in ProfitBricks since 2010 (previous shareholding 44.42%) and acquired the remaining 55.58% of shares from the other shareholders. The complete takeover has strengthened United Internet's activities with Business Applications, which are pooled with its subsidiary 1&1 Internet SE – in which Warburg Pincus holds a stake. 1&1 has thus expanded its leading position in Europe for cloud hosting and added an innovative enterprise cloud platform to its product range.

Based in Berlin, ProfitBricks was founded in 2010 and employs over 100 people from more than 20 nations. The company is the first and only specialized cloud computing provider of Infrastructure-as-a-Service (IaaS) in Germany and offers professional public and hybrid cloud solutions which comply with the strict German and European data privacy guidelines. ProfitBricks operates four data centers in Frankfurt am Main, Karlsruhe, Las Vegas and New Jersey.

The share purchase was approved by the German Federal Cartel Office ("Bundeskartellamt") on August 7, 2017. As a result, ProfitBricks has been included in the consolidated financial statements of United Internet since August 7, 2017.

Merger of affilinet and Awin

United Internet and Axel Springer plan to create a joint affiliate network by merging their companies affilinet and Awin. A corresponding agreement was signed on August 1, 2017.

As part of the transaction, United Internet contributed its affiliate marketing business operated by its subsidiary affilinet GmbH to AWIN AG in return for 20% of Awin shares. 80% of AWIN shares are held by Axel Springer.

The merger enables United Internet and Axel Springer to significantly strengthen their competitive standing in affiliate marketing and thus lay the foundation for accelerated growth in Germany and abroad. By pooling the expertise, skills and respective reach of Awin and affilinet, the companies also plan to drive new revenue models. In addition, the business combination will lay the foundation for the targeted IPO of AWIN AG.

The merger was approved by the relevant anti-trust authorities in Austria and Germany on September 12 and 15, 2017 and closed as of October 1, 2017.

Share buybacks and funding

Share buyback program fully exhausted

United Internet purchased treasury shares once again in the first half of 2017. The share buyback was based on a resolution of the Management Board of June 30, 2016 to launch a new share buyback program. In the course of this new share buyback program, up to 5,000,000 shares in the company (corresponding to approx. 2.44% of capital stock) could be bought back via the stock exchange. The buyback followed the authorization of the Annual Shareholders' Meeting of May 22, 2014 to purchase treasury shares representing up to 10% of capital stock. The authorization was issued for the period up to September 22, 2017. In the period January 1 to February 3, 2017, a total of 2,000,000 treasury shares were purchased at an average price of € 38.58 and with a total volume of € 77.2 million. Together with the 3,000,000 treasury shares already purchased in fiscal year 2016, the share buyback program of June 30, 2016 has thus been fully exhausted. Following the issue of treasury shares as part of employee stock ownership plans, United Internet held 5,223,467 treasury shares as of September 30, 2017 (December 31, 2016: 3,370,943). This corresponds to 2.55% of the current capital stock of € 205,000,000 (December 31, 2016: 1.64%).

New promissory note loan

In an agreement dated March 13, 2017, United Internet placed a new promissory note loan with a total amount of € 500 million for general company funding. The tranches of the new promissory note loan have terms of 5 to 8 years and are repayable at the issuance amount on the respective due dates. The average interest rate is 1.14% p.a. The new promissory note loan is not tied to any covenants.

Harmonization of bank borrowing

On May 5, 2017, United Internet signed an agreement with its core banks regarding a consolidation and adjustment of its existing bank borrowing. The syndicated loan of € 750 million arranged in August 2014 and syndicated loan of € 810 million arranged in July 2015 were consolidated into a single loan arrangement. At the same time, the Company renegotiated significant components of the loan agreements and in particular achieved a relaxation of certain covenants, optimized borrowing costs, and prolonged some of the terms in order to harmonize the current maturity profile.

Position of the Group

Following the disposal of affilinet GmbH on October 1, 2017, affilinet must be carried in the consolidated financial statements as of September 30, 2017 in accordance with IFRS 5 and the statement of comprehensive income (income statement) for the first nine months of 2017 and preceding periods must be adjusted accordingly. The revenues and expenses of affilinet are thus no longer included in the respective income statement items nor the sales and earnings figures stated below. The net income of affilinet after taxes is disclosed separately as a discontinued operation. However, the balance sheet of the previous year is to be disclosed unchanged.

Earnings position

In the first nine months of 2017, the number of fee-based customer contracts in current product lines rose organically and via the Strato and Drillisch takeovers by 5.83 million to a total of 22.62 million contracts. In addition to these customer contracts in the current product lines, the company holds a further 0.49 million contracts without basic monthly fees and service provider contracts (volume-based tariffs / MSP tariffs) from the Drillisch acquisition, as well as 0.13 million DSL contracts in the phased-out T-DSL / R-DSL product lines.

Consolidated sales grew by 6.4% to € 3.008 billion in the first nine months of 2017 (comparable prior-year figure: € 2.828 billion). Revenue contributions from Strato and ProfitBricks (€ 64.5 million) as well as Drillisch (€ 54.6 million) were offset in part by burdens on sales from regulatory effects (€ - 33.2 million) and negative currency effects (€ - 6.0 million). Due in particular to the year-on-year decline in the value of the British pound, there was only a modest 2.5% increase in **sales outside Germany**, from € 278.0 million in the previous year to € 284.9 million in the first nine months of 2017. Adjusted for currency effects, foreign sales rose by 4.6%.

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

Due to economies of scale and improved conditions for the purchase of pre-services, the **cost of sales** increased more slowly than revenues in the first nine months of 2017, from € 1,847.0 million (65.3% of sales) in the previous year to € 1,924.5 million (64.0% of sales). Consequently, the **gross margin** rose from 34.7% in the previous year to 36.0%. As a result, the 10.5% increase in **gross profit** from € 981.2 million in the previous year to € 1,083.8 million easily surpassed sales growth (6.4%).

Sales and marketing expenses rose from € 392.5 million (13.9% of sales) in the previous year to € 433.8 million (14.4% of sales). **Administrative expenses** fell from € 135.8 million (4.8% of sales) in the previous year to € 131.8 million (4.4% of sales).

Other operating income relates primarily to the extraordinary result from M&A activities totaling € 303.9 million, as described below.

Multi-period overview: Development of key cost items (in € million)

	9M 2013	9M 2014	9M 2015	9M 2016[1]	9M 2017[1]
Cost of sales	1,292.7	1,424.9	1,834.6	1,847.0	1,924.5
Cost of sales ratio	66.1%	65.6%	66.6%	65.3%	64.0%
Gross margin	33.9%	34.4%	33.4%	34.7%	36.0%
Selling expenses	351.6	340.6	423.0	392.5	433.8
Selling expenses ratio	18.0%	15.7%	15.4%	13.9%	14.4%
Administrative expenses	87.2	98.2	129.5	135.8	131.8
Administrative expenses ratio	4.5%	4.5%	4.7%	4.8%	4.4%

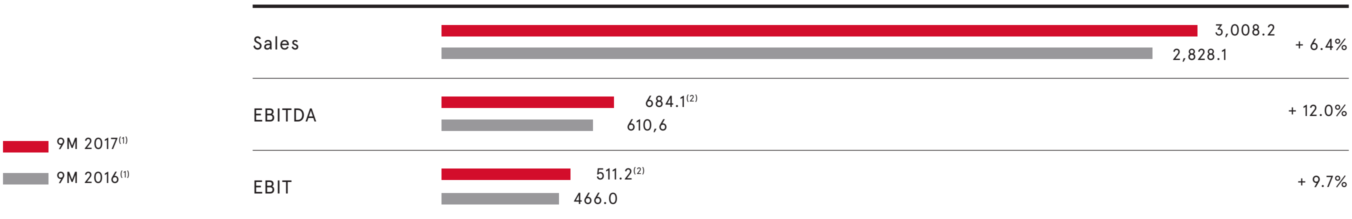
(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figure adjusted

Operating EBITDA increased by 12.0% to € 684.1 million in the first nine months of 2017 (comparable prior-year figure: € 610.6 million). EBITDA was impacted by the earnings contribution from Strato and ProfitBricks (€ + 25.4 million) as well as from Drillisch (€ + 13.0 million), and – with an opposing effect – from regulation effects and costs for the Telefónica DSL migration (€ - 12.9 million), as well as negative currency effects (€ - 2.7 million). **Operating EBIT** rose by 9.7% to € 511.2 million in the first nine months of 2017 (comparable prior-year figure: € 466.0 million). In addition, EBITDA and EBIT were dominated by a net **positive extraordinary result** from M&A activities of an additional € 303.9 million. This resulted from one-off, non-cash-effective, extraordinary income from the Drillisch acquisition (due to the revaluation of Drillisch shares acquired before the complete transaction was closed) and the complete takeover of ProfitBricks (due to the revaluation of previously held ProfitBricks shares) totaling € 319.1 million. There were opposing effects from M&A costs for the above mentioned transactions of € 15.2 million. Including the extraordinary result, EBITDA rose to € 988.0 million and EBIT to € 815.1 million.

Operating EBT grew by 7.3% to € 479.1 million in the first nine months of 2017 (comparable prior-year figure without Rocket impairment charges: € 446.3 million). In addition, EBT in the reporting period was positively influenced in total by the non-cash-effective writedowns on Rocket shares in the first quarter of 2017 (€ - 19.8 million) and the above mentioned extraordinary result from M&A activities (€ + 303.9 million). Including these special items, EBT increased to € 763.2 million.

Despite the strong increase in minority interests as a result of the investment made by Warburg Pincus in our Business Applications division and the stake held by Drillisch shareholders in the Consumer Access business, **operating EPS** was unchanged from the comparable prior-year figure at € 1.53. Moreover, there was a net positive impact on EPS from the aforementioned Rocket impairment charges (EPS effect: € - 0.10), from one-off tax effects relating to the Warburg Pincus investment and Drillisch takeover (EPS effect: € - 0.07), and from the above mentioned M&A activities (EPS effect: € + 1.52). In total, EPS therefore rose from € 1.53 to € 2.88 or – before amortization of purchase price allocations (PPA), especially from the Versatel, Strato and Drillisch takeovers – to € 3.05.

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



(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figure adjusted
(2) 9M 2017 without extraordinary result from Drillisch/ProfitBricks acquisitions (€ +319.1 million) and without M&A costs (€ -15.2 million)

Quarterly development (in € million); change over prior-year quarter

	Q4 2016(1)	Q1 2017(1)	Q2 2017(1)	Q3 2017(1)	Q3 2016(1)	Change
Sales	980.0	952.7	1,001.4	1,054.1	947.5	+ 11.3%
EBITDA	225.2	213.0	216.9	254.2(2)	212.5	+ 19.6%
EBIT	177.0	165.9	159.4	185.9(2)	164.5	+ 13.0%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-quarter figures adjusted
(2) Q3 2017 without extraordinary result from Drillisch/ProfitBricks acquisitions (€ +319.1 million) and without M&A costs (€ -15.2 million)

Multi-period overview: Development of key sales and earnings figures (in € million)

	9M 2013	9M 2014	9M 2015	9M 2016[1]	9M 2017[1]
Sales	1,955.1	2,170.9	2,754.8	2,828.1	3,008.2
EBITDA	237.7	280.5[2]	541.0[3]	610.6	684.1[4]
EBITDA margin	13.5%	14.3%	19.6%	21.6%	22.7%
EBIT	169.2	210.6[2]	378.0[3]	466.0	511.2[4]
EBIT margin	9.6%	10.8%	13.7%	16.5%	17.0%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5; prior-year figure adjusted
(2) 9M 2014 without one-off income from the contribution of GFC investments to Rocket Internet (EBITDA and EBIT effect: € +71.5 million)
(3) 9M 2015 without one-off income from the sale of Goldbach shares and partial sale of virtual minds shares (EBITDA and EBIT effect: € +14.0 million)
(4) 9M 2017 without extraordinary result from Drillisch/ProfitBricks acquisitions (€ +319.1 million) and without M&A costs (€ -15.2 million)

Financial position

At € 461.1 million, **operative cash flow** in the first nine months of 2017 was virtually unchanged compared to the previous year (€ 461.8 million).

Cash flow from operating activities in the first nine months of 2016 and the first nine months of 2017 were dominated by various tax effects. Whereas in the first nine months of 2016 (in Q1), an income tax payment of around € 100.0 million was made (originally planned for the fourth quarter of 2015), there was a capital gains tax refund of € 70.3 million in the first nine months of 2017 (in Q1; originally planned for the fourth quarter of 2016) in connection with an internal dividend payment in fiscal year 2015. Without consideration of these opposing tax effects, **cash flow from operating activities** rose from € 433.2 million (comparable prior-year figure) to € 503.5 million in the first nine months of 2017. Including the opposing tax effects, cash flow from operating activities increased from € 333.2 million to € 573.8 million.

Cash flow from investing activities amounted to € 805.0 million in the reporting period (prior year: € 370.7 million). This resulted mainly from disbursements of € 154.3 million (prior year: € 116.6 million) for capital expenditures, payments for the purchase of shares in affiliated companies (less cash received) of € 534.7 million (Strato, ProfitBricks and Drillisch takeovers), and payments for the purchase of shares in associated companies totaling € 118.5 million (mainly for the increased stakes in Tele Columbus and Drillisch (before the complete transaction was closed) and the investment in rankingCoach). In addition to the aforementioned capital expenditures, cash flow from investing activities in the previous year was also dominated by payments of € 264.2 million for the purchase of shares in associated companies (stake in Tele Columbus).

Without consideration of the above mentioned opposing tax effects, **free cash flow** (i.e. cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment) rose from € 320.1 million (comparable prior-year figure) to € 352.1 million in the first nine months of 2017.

Cash flow from financing activities in the first nine months of 2017 was dominated by the purchase of treasury shares amounting to € 77.2 million (prior year: € 112.2 million), the assumption of loans with a net total of € 132.8 million (prior year: € 311.6 million), the dividend payment of € 159.7 million (prior year: € 142.9 million), and contributions from minority shareholders (investment of Warburg Pincus in the Business Applications division) amounting to € 386.3 million (prior year: € 0).

As of September 30, 2017, **cash and cash equivalents** amounted to € 134.7 million– compared to € 87.7 million on the same date last year.

Multi-period overview: Development of key cash flow figures (in € million)

	9M 2013	9M 2014	9M 2015	9M 2016	9M 2017
Operative cash flow	185.2	285.2	394.2	461.8	461.1
Cash flow from operating activities	196.9	274.0	394.7(2)	433.2(3)	503.5(4)
Cash flow from investing activities	-192.4	-384.5	-535.2	- 370.7	- 805.0
Free cash flow(1)	155.3	239.8	305.2(2)	320.1(3)	352.1(4)
Cash flow from financing activities	6.8	235.6	-152.1	49.3	269.5
Cash and cash equivalents on September 30	53.8	169.5	85.2	87.7	134.7

(1) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment
(2) Without capital gains tax refund of € 326.0 million
(3) Without the income tax payment of around € 100.0 million originally planned for the fourth quarter of 2015
(4) Without the capital gains tax refund of € 70.3 million originally planned for the fourth quarter of 2016

Asset position

The **balance sheet total** rose from € 4.074 billion as of December 31, 2016 to € 7.526 billion on September 30, 2017.

Current assets increased from € 631.4 million as of December 31, 2016 to € 792.6 million on September 30, 2017. **Cash and cash equivalents** disclosed under current assets rose from € 101.7 million to € 131.1 million. **Receivables from minority shareholders** (resulting from a further planned purchase price payment of Warburg Pincus for its stake in the Business Applications division due in late 2017) amounted to € 41.0 million (prior year: € 0). As a result of closing-date effects and the expansion of business, **trade accounts receivable** increased from € 228.0 million to € 319.2 million. **Inventories** rose from € 39.5 million to € 49.7 million. Due also to closing-date effects and the expansion of business, **current prepaid expenses** rose from € 111.2 million to € 156.5 million. **Other non-financial assets** decreased from € 129.4 million to € 51.8 million as a result of the above mentioned capital gains tax refund.

Non-current assets increased from € 3,442.3 million as of December 31, 2016 to € 6,684.9 million on September 30, 2017. Despite the increased stake in Tele Columbus and the investment in rankingCoach, **shares in associated companies** decreased from € 755.5 million to € 359.4 million. This was due to the acquisition and consolidation of ProfitBricks and Drillisch. Mainly as a result of the subsequent valuation of listed shares in Rocket Internet as of September 30, 2017, **other financial assets** rose from € 287.7 million to € 341.1 million. **Property, plant and equipment and intangible assets** rose from € 655.0 million to € 732.0 million, and from € 369.5 million to € 1,310.8 million, due to the Strato, ProfitBricks and Drillisch acquisitions. **Goodwill** also increased as a result of the Strato, ProfitBricks and Drillisch acquisitions from € 1,087.7 million to € 3,634.8 million.

Assets of discontinued operations (affilinet) amounted to € 48.9 million (prior year: € 0).

Current liabilities rose from € 1,269.4 million as of December 31, 2016 to € 1,592.9 million on September 30, 2017. Due to closing-date effects and the expansion of business, current **trade accounts payable** increased from € 373.7 million to € 412.0 million. Short-term **bank liabilities** rose from € 422.2 million to € 516.6 million. **Income tax liabilities** increased from € 64.1 million to € 177.2 million and **other financial liabilities** from € 114.7 million to € 170.5 million.

Non-current liabilities increased from € 1,606.5 million as of December 31, 2016 to € 1,932.6 million on September 30, 2017. In addition to the rise in **long-term bank liabilities** from € 1,338.4 million to € 1,429.9 million, this was mainly due to the increase in **deferred tax liabilities** from € 94.2 million to € 311.6 million – mainly as a result of the initial consolidation of Drillisch AG.

The Group's **equity capital** rose from € 1,197.8 million as of December 31, 2016 to € 3,976.4 million on September 30, 2017. The increase was due mainly to consolidation effects in connection with the investment of Warburg Pincus in the Business Applications division, as well as consolidation effects from the acquisition of Drillisch AG by means of contribution of 1&1 Telecommunication to Drillisch. There was a corresponding rise in the **equity ratio** from 29.4% to 52.8%. At the end of the reporting period on September 30, 2017, United Internet held 5,223,467 **treasury shares** (December 31, 2016: 3,370,943).

Net bank liabilities (i.e. the balance of bank liabilities and cash and cash equivalents) increased from € 1,658.9 million as of December 31, 2016 to € 1,815.4 million on September 30, 2017.

Multi-period overview: Development of key balance sheet items (in € million)

	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Sept. 30, 2017
Total assets	1,270.3	3,673.4	3,885.4	4,073.7	7,526.3
Cash and cash equivalents	42.8	50.8	84.3	101.7	131.1
Shares in associated companies	115.3	34.9(1)	468.4(1)	755.5(1)	359.4
Other financial assets	47.6	695.3(2)	449.0(2)	287.7(2)	341.4(2)
Property, plant and equipment	116.2	689.3(3)	665.2	655.0	732.0(3)
Intangible assets	165.1	385.5(3)	389.5	369.5	1,310.8(3)
Goodwill	452.8	977.0(4)	1,100.1(4)	1,087.7	3,634.8(4)
Liabilities due to banks	340.0	1,374.0(5)	1,536.5(5)	1,760.7(5)	1,946.5(5)
Capital stock	194.0	205.0(6)	205.0	205.0	205.0
Treasury stock	5.2	35.3	26.3	122.5	194.2
Equity	307.9	1,204.7(6)	1,149.8	1,197.8	3,976.4(6
Equity ratio	24.2%	32.8%	29.6%	29.4%	52.8%

(1) Decrease due to contribution of the GFC and EFF funds to Rocket and complete takeover of Versatel (2014); increase due to investment in Drillisch (2015); increase due to investment in Tele Columbus (2016); decrease due to takeover and consolidation of Profitbricks and Drillisch (2017)
(2) Increase due to investment in Rocket (2014), decrease due to sale of Goldbach shares and subsequent valuation of shares in listed companies (2015); decrease due to subsequent valuation of shares in listed companies (2016); increase due to subsequent valuation of shares in listed companies (2017)
(3) Increase due to complete takeover of Versatel (2014); increase due to Strato, ProfitBricks and Drillisch takeovers (2017)
(4) Increase due to complete takeover of Versatel (2014); increase due to acquisition of home.pl (2015); increase due to to Strato, ProfitBricks and Drillisch takeovers (2017)
(5) Increase due to Rocket investment and takeover of Versatel (2014); increase due to increased stake in Rocket, Drillisch investment, and acquisition of home.pl (2015); increase due to Tele Columbus investment (2016); increase due to Strato takeover and increased stake in Drillisch and Tele Columbus (2017)
(6) Increase due to capital increase (2014); increase due to consolidation effects in connection with the investment of Warburg Pincus in the Business Applications division and Strato takeover (2017)

Subsequent events

There were no significant events subsequent to the reporting date of September 30, 2017 which had a material effect on the financial position and performance of the Group or affected its accounting and reporting.

Changes in the Management Board and Supervisory Board

The overall transaction with Drillisch completed on September 8, 2017 has since resulted in changes to the Management Board and Supervisory Board of Drillisch. United Internet and Drillisch agreed these changes in their Business Combination Agreement of May 12, 2017.

In a meeting of the Supervisory Board of Drillisch AG held on September 29, 2017, Mr. Martin Witt was appointed to the Management Board of Drillisch AG with effect from October 1, 2017. At the same time, Mr. Witt stepped down from his position as a member of the Management Board of United Internet AG, as agreed. Mr. Witt will continue to hold his office as CEO of 1&1 Telecommunication SE. At the same Supervisory Board meeting, Mr. Ralph Dommermuth was appointed as the new CEO of Drillisch AG. Mr. Dommermuth will hold this position until January 1, 2018. His position as CEO of United Internet AG is not affected by this appointment.

The former Speaker of the Management Board of Drillisch AG, Mr. Vlasios Choulidis, will step down from his position as planned on December 31, 2017 and stand as a candidate for one of the six Supervisory Board seats of Drillisch AG at the next Annual Shareholders` Meeting. The Supervisory Board members of United Internet AG, Mr. Kurt Dobitsch, Mr. Michael Scheeren and Mr. Kai-Uwe Ricke were also appointed by the District Court of Hanau to the Supervisory Board of Drillisch AG on October 16, 2017. At the Supervisory Board meeting of November 13, 2017, Mr. Michael Scheeren was elected as Chairman of the Supervisory Board of Drillisch AG.

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.

As a result of organic growth and the acquisitions made in the first nine months of 2017, there has been a corresponding increase in the overall risk and opportunity position compared with reporting on risks and opportunities in the Annual Financial Statements 2016. 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 Interim Statement, 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", as well as risks from the fields of "market", "political and legal", 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.

In United Internet's non-operating business, non-cash burdens from impairment may arise – as in the first half of 2016 and the first quarter of 2017 – depending on the further performance of the company's listed investments.

Forecast report

Forecast for fiscal year 2017

After the completed takeover of 1&1 Telecommunication SE by Drillisch AG under the umbrella of United Internet (United Internet stake: 73.29%), 1&1 / Drillisch have been operating with a coordinated procurement strategy for mobile telecommunications pre-services since November 2017. The next steps are to synchronize branding and customer targeting.

Following the consolidation of Drillisch, United Internet has updated its guidance. With regard to fee-based customer contracts, an increase of approx. 6.1 million contracts in the current product lines is now expected for the year as a whole (of which 1.87 million from the initial consolidation of Strato and 3.35 million from the initial consolidation of Drillisch). Consolidated sales will be approx. € 4.2 billion. EBITDA (including regulation effects, costs for the Telefónica DSL migration, and currency effects) is expected to be between € 970 million and € 1 billion. In addition, there will be the net extraordinary result.

At the time of preparing this Interim Statement, the Management Board of United Internet AG believes that the company is still well on track to reach its updated guidance for the full year 2017 – as summarized in the table below.

FY 2017 guidance of United Internet AG

	Forecast FY 2017	Actual FY 2016(3)
Fee-based customer contracts	+ approx. 6.1 million(1)	16.79 million
Sales	+ approx. € 4.20 billion	€ 3.81 billion
EBITDA	€ 970 million - € 1 billion(2)	€ 836 million

(1) In current product lines; of which € 1.87 million from the initial consolidation of Strato and € 3.35 million from the initial consolidation of Drillisch
(2) Including regulation effects, costs for the Telefónica DSL migration, and currency effects; without extraordinary results
(3) Customer contracts 2016 acc. to current product lines; sales / EBITDA 2016 acc. to IFRS 5 after sale of affilinet

Forward-looking statements

This Interim Statement 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 interim report.

EXPLANATIONS FOR THE INTERIM STATEMENT

Information on the company

United Internet AG ("United Internet") 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.

Significant accounting, valuation and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2016, the Interim Statement of United Internet AG as of September 30, 2017 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Interim Statement does not constitute an interim report as defined by IAS 34. With the exception of the mandatory new standards, the accounting and valuation principles applied in the Interim Statement comply with the methods applied in the previous year and should be read in conjunction with the Consolidated Financial Statements as of December 31, 2016.

Mandatory adoption of new accounting standards

The following standards were mandatory in the EU for the first time in the fiscal year beginning January 1, 2017:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	Jan. 1, 2017	No
IAS 7	Disclosure Initiative	Jan. 1, 2017	No

As the amendments have not yet been endorsed by the EU Commission, they were not taken into account in this Interim Statement.

Use of estimates and assumptions

The preparation of condensed interim consolidated financial statements 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.

Use of business-relevant key financial performance indicators

In order to ensure the clear and transparent presentation of United Internet's business trend, the company's annual and interim financial statements include key performance indicators (KPIs) – in addition to the disclosures required by International Financial Reporting Standards (IFRS) – such as EBITDA, the EBITDA margin, EBIT, the EBIT margin and free cash flow. Information on the use, definition and calculation of these KPIs is provided in the Annual Report 2016 of United Internet AG starting on page 46.

Insofar as required for clear and transparent presentation, the KPIs used by United Internet are adjusted for special items. Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance indicators with regard to the company's financial and earnings performance – due to their nature, frequency and/or magnitude. All special items are presented and explained for the purpose of reconciliation with the unadjusted financial figures in the relevant section of the financial statements.

Miscellaneous

The Consolidated Interim Financial Statements include all subsidiaries and associated companies.

The following companies were acquired in the reporting period 2017:
- ProfitBricks GmbH, Berlin
- Strato AG, Berlin
  - Cronon AG, Berlin

In the reporting period 2017, the following company was acquired by means of a capital increase:
- 1&1 Internet TopCo SE, Montabaur (formerly: Blitz 16-612 SE, Montabaur)
- Drillisch AG, Maintal
  - Drillisch Logistik GmbH, Münster
  - Drillisch Netz AG, Maintal
  - Drillisch Online AG, Düsseldorf
    - Mobile Ventures GmbH, Maintal
    - yourfone Retail AG, Düsseldorf
    - yourfone Shop GmbH, Düsseldorf
  - IQ-optimize Software AG, Maintal

The following company was renamed in the reporting period 2017:
- United Internet Investments Holding GmbH, Montabaur (formerly: United Internet Ventures AG, Montabaur)

In the reporting period 2017, shares were acquired in the following associated company:
- rankingCoach GmbH, Cologne

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2016.

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

INTERIM FINANCIAL STATEMENTS

GROUP BALANCE SHEET

as of September 30, 2017 in €k

	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	131,134	101,743
Accounts receivable from minority shareholders	41,044	0
Trade accounts receivable	319,178	228,025
Inventories	49,729	39,490
Prepaid expenses	156,509	111,172
Other financial assets	43,209	21,536
Other non-financial assets	51,800	129,427
	792,604	631,393
Non-current assets		
Shares in associated companies	359,359	755,546
Other financial assets	341,359	287,688
Property, plant and equipment	731,963	655,006
Intangible assets	1,310,795	369,470
Goodwill	3,634,787	1,087,685
Trade accounts receivable	53,235	55,841
Prepaid expenses	127,042	127,974
Deferred tax assets	126,314	103,131
	6,684,854	3,442,341
Assets associated with discontinued operations	48,887	0
Total assets	**7,526,345**	**4,073,734**

	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	412,021	373,710
Liabilities due to banks	516,629	422,236
Advance payments received	10,363	12,326
Income taxes liabilities	177,239	64,145
Deferred revenue	256,706	235,503
Other accrued liabilities	22,147	13,237
Other financial liabilities	170,533	114,748
Other non-financial liabilities	27,304	33,528
	1,592,941	1,269,433
Non-current liabilities		
Liabilities due to banks	1,429,918	1,338,417
Deferred tax liabilities	311,644	94,211
Trade accounts payable	8,950	9,479
Deferred revenue	32,683	33,820
Other accrued liabilities	41,505	39,671
Other financial liabilities	107,902	90,891
	1,932,603	1,606,489
Total liabilities	**3,525,544**	**2,875,922**
Equity		
Capital stock	205,000	205,000
Capital reserves	2,717,551	377,550
Accumulated profit	1,142,707	724,213
Treasury stock	-194,210	-122,493
Revaluation reserves	84,109	30,988
Currency translation adjustment	-14,843	-17,794
Equity attributable to shareholders of the parent company	**3,940,314**	**1,197,464**
Non-controlling interests	36,068	348
Total equity	**3,976,382**	**1,197,812**
Liabilities directly associated with discontinued operations	24,419	0
Total liabilities and equity	**7,526,345**	**4,073,734**

GROUP NET INCOME

from January 1 to September 30, 2017 in €k

	2017 Jan. – Sept.	2016 Jan. – Sept.
Sales	3,008,224	2,828,119
Cost of sales	-1,924,473	-1,846,969
Gross profit	**1,083,752**	**981,150**
Selling expenses	-433,826	-392,497
General and administrative expenses	-131,829	-135,812
Other operating expenses / income	296,978	13,168
Operating result	**815,074**	**466,008**
Financial result	-27,638	-20,778
Amortization of financial assets	-19,768	-254,905
Result from associated companies	-4,433	1,081
Pre-tax result	**763,235**	**191,406**
Income taxes	-165,435	-134,611
Net income from continuing operations	**597,800**	**56,795**
Net income from discountinued operations	2,308	1,774
Net income before non-controlling Interests	**600,108**	**58,569**
Attributable to		
non-controlling interests	21,911	148
shareholders of United Internet AG	578,197	58,421

	2017 Jan. – Sept.	2016 Jan. – Sept.
Result per share of shareholders of United Internet AG (in €)		
- basic	2.89	0.29
- diluted	2.88	0.29
Thereof result per share for continuing operations		
- basic	2.88	0.28
- diluted	2.87	0.28
Thereof result per share for discontinued operations		
- basic	0.01	0.01
- diluted	0.01	0.01
Weighted average shares (in million units)		
- basic	199.97	203.82
- diluted	200.43	204.59
Statement of comprehensive income		
Net income	600,108	58,569
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	-3,687	-14,253
Market value changes of available-for-sale financial instruments before taxes - unrealized	55,605	20,319
Tax effect	0	34
Market value changes of available-for-sale financial instruments before taxes - realized	0	106,873
Tax effect	0	0
Categories that are not reclassified subsequently to profit or loss		
Share in other comprehensive income of associated companies	267	0
Other comprehensive income	52,185	112,973
Total comprehensive income	**652,293**	**171,542**
Attributable to		
non-controlling interests	20,695	148
shareholders of United Internet AG	631,599	171,394

GROUP CASH FLOW

from January 1 to September 30, 2017 in €k

	2017 Jan. – Sept.	2016 Jan. – Sept.
Cash flow from operating activities		
Net income	600,108	58,569
Net income (from discountinued operations)	2,308	1,774
Net income (from continuing operations)	597,800	56,795
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	121,373	110,458
Amortization of intangible assets resulting from company acquisitions	51,560	34,135
Amortization of financial assets	19,768	254,905
Share-based payment expense	2,819	3,303
Result from equity accounted investments	4,433	-1,081
Share of profit of associated companies	19,823	19,272
Change in deferred taxes	-37,324	-8,417
Other non-cash positions	-319,149	-7,589
Operative cash flow	**461,103**	**461,781**
Change in assets and liabilities		
Change in receivables and other assets	-8,378	-15,124
Change in inventories	-3,812	1,271
Change in deferred expenses	-37,435	-60,057
Change in trade accounts payable	-25,117	15,760
Change in advance payments received	-706	-2,465
Change in other accrued liabilities	-4,987	-1,683
Change in liabilities income taxes	93,577	-82,662
Change in other liabilities	26,664	11,711
Change in deferred income	2,605	4,651
Change in assets and liabilities, total	**42,411**	**-128,598**
Cash flow from operating activities (before capital gains tax refund)	**503,514**	**333,183**
Capital gains tax refund	70,293	0
Cash flow from operating activities for continuing operations	**573,807**	**333,183**
Cash flow from operating activities for discontinued operations	**-1,393**	**-3,575**
Cash flow from operating activities	**572,414**	**329,608**

	2017 Jan. – Sept.	2016 Jan. – Sept.
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-154,314	-116,607
Payments from disposals of intangible assets and property, plant and equipment	2,948	3,480
Payments for company acquisitions less cash received	-526,794	-238
Purchase of shares in associated companies	-126,432	-264,226
Payments for loans granted	-525	-472
Payments from loans granted	0	2,874
Proceeds from sale of financial assets	0	4,464
Refunding from other financial assets	137	0
Cash flow from investing activities for continuing operations	**-804,980**	**-370,725**
Cash flow from investing activities for discontinued operations	**-501**	**-532**
Cash flow from investing activities	**-805,481**	**-371,257**
Cash flow from financing activities		
Purchase of treasury shares	-77,214	-112,167
Sales of treasury shares in connection with an employee stock ownership program	0	6,983
Taking out of loans	132,779	311,597
Redemption of finance lease liabilities	-12,621	-13,980
Dividend payments	-159,703	-142,857
Profit distributions to non-controlling interests	0	-329
Payments from minority shareholders	386,293	0
Cash flow from financial activities for continuing operations	**269,534**	**49,247**
Cash flow from financial activities for discontinued operations	**51**	**35**
Cash flow from financing activities	**269,585**	**49,282**
Net increase in cash and cash equivalents	36,517	7,633
Cash and cash equivalents at beginning of fiscal year	101,743	84,261
Currency translation adjustments of cash and cash equivalents	-3,532	-4,189
Cash and cash equivalents at end of reporting period	**134,728**	**87,705**
Cash and cash equivalents at end of reporting period associated with discontinued operations	-3,593	0
Cash and cash equivalents at end of reporting period	**131,135**	**87,705**

GROUP CHANGES IN SHAREHOLDERS' EQUITY

from January 1 to September 30, 2017 in €k

	Capital stock		Capital reserves	Accumulated profit	Treasury stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2016	**205,000,000**	**205,000**	**372,203**	**695,799**	**917,859**	**-26,318**
Net income				58,421		
Other comprehensive income						
Total comprehensive income				**58,421**		
Issue of treasury stock			914	-8,409	-504,941	14,478
Employee stock ownership program			3,303			
Dividend payments				-142,857		
Profit distributions						
Balance as of September 30, 2016	**205,000,000**	**205,000**	**376,420**	**602,954**	**3,412,918**	**-124,007**
Balance as of January 1, 2017	**205,000,000**	**205,000**	**377,550**	**724,213**	**3,370,943**	**-122,493**
Net income				578,197		
Other comprehensive income						
Total comprehensive income				**578,197**		
Purchase of treasury shares					2,000,000	-77,214
Issue of treasury stock			-5,497		-147,476	5,497
Employee stock ownership program			2,819			
Dividend payments				-159,703		
Transactions with minority shareholders			2,342,679			
Balance as of September 30, 2017	**205,000,000**	**205,000**	**2,717,551**	**1,142,707**	**5,223,467**	**-194,210**

	Revaluation reserves	Currency translation adjustments	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
	€k	€k	€k	€k	€k
	-96,021	**-1,443**	**1,149,220**	**538**	**1,149,758**
			58,421	148	58,569
	127,226	-14,253	112,973		112,973
	127,226	**-14,253**	**171,394**	**148**	**171,542**
			6,982		6,982
			3,303		3,303
			-142,857		-142,857
			0	-356	-356
	31,205	**-15,696**	**1,075,875**	**330**	**1,076,205**
	30,988	**-17,794**	**1,197,464**	**348**	**1,197,812**
			578,197	21,911	600,108
	55,871	-2,470	53,401	-1,217	52,185
	55,871	**-2,470**	**631,598**	**20,695**	**652,293**
			-77,214		-77,214
			0		0
			2,819		2,819
			-159,703		-159,703
	-2,750	5,421	2,345,350	15,025	2,360,375
	84,109	**-14,843**	**3,940,314**	**36,068**	**3,976,382**

SEGMENT REPORTING

from January 1 to September 30, 2017 in €k

January – September 2017	Access segment €k	Applications segment €k	Corporate €k	Recon-ciliation €k	United Internet Group €k
Segment revenues	2,273,167	755,503	157	-20,603	3,008,224
- thereof domestic	2,273,167	470,619	157	-20,603	2,723,340
- thereof non-domestic	0	284,884	0	0	284,884
EBITDA	727,022	278,574	-17,589	0	988,007
EBIT	613,118	219,669	-17,713	0	815,074
Financial result				-27,638	-27,638
Writedowns on investments				-19,768	-19,768
Result from at-equity companies				-4,433	-4,433
EBT				763,235	763,235
Tax expense				-165,435	-165,435
Net income (from continued operations					**597,800**
Net income from discountinued operations				2,308	2,308
Net income before non-controlling Interests					**600,108**
Investments in intangible assets, property, plant and equipment (without goodwill)	128,275	38,164	202	–	166,641
Amortization/depreciation from continuing operations	113,904	58,905	124	–	172,933
- thereof intangible assets and property, plant and equipment	82,989	39,260	124	–	121,373
- thereof assets capitalized during company acquisitions	30,915	20,645	0	–	51,560
Number of employees from continuing operations	4,527	4,561	338	–	9,426
- thereof domestic	4,527	3,014	338	–	7,879
- thereof non-domestic	0	1,547	0	–	1,547

January – September 2016	Access segment €k	Applications segment €k	Corporate €k	Recon-ciliation €k	United Internet Group €k
Segment revenues	2,167,230	684,965	136	-24,212	2,828,119
- thereof domestic	2,167,230	406,927	136	-24,212	2,550,081
- thereof non-domestic	0	278,038	0	0	278,038
EBITDA	384,517	233,843	-7,789	0	610,601
EBIT	282,498	192,213	-8,703	0	466,008
Financial result				-20,778	-20,778
Writedowns on investments				-254,905	-254,905
Result from at-equity companies				1,081	1,081
EBT				191,406	191,406
Tax expense				-134,611	-134,611
Net income (from continued operations					**56,795**
Net income from discountinued operations				1,774	1,774
Net income before non-controlling Interests					**58,569**
Investments in intangible assets, property, plant and equipment (without goodwill)	95,833	29,150	569	–	125,552
Amortization/depreciation from continuing operations	102,019	41,660	914	–	144,593
- thereof intangible assets and property, plant and equipment	72,302	37,242	914	–	110,458
- thereof assets capitalized during company acquisitions	29,717	4,418	0	–	34,135
Number of employees from continuing operations	3,420	4,230	196	–	7,846
- thereof domestic	3,420	2,644	196	–	6,260
- thereof non-domestic	0	1,586	0	–	1,586

FINANCIAL CALENDAR

March 3, 2017	Annual financial statements for fiscal year 2016 press and analyst conference
May 15, 2017	Interim Statement for the first quarter 2017
May 18, 2017	Annual Shareholders´ Meeting, Alte Oper, Frankfurt/Main
August 10, 2017	6-Month Report 2017 press and analyst conference
November 14, 2017	Interim Statement for the first 9 months 2017

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Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

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

Disclaimer
This Interim 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 6-Month 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 Interim Report.

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