

UNITED INTERNET AG

6-Month 2016

Frankfurt/Main,  
August 11, 2016



# AGENDA

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**Ralph Dommermuth**

Company development  
Outlook

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**Frank Krause**

Results H1 2016

# COMPANY DEVELOPMENT

## HIGHLIGHTS H1 2016

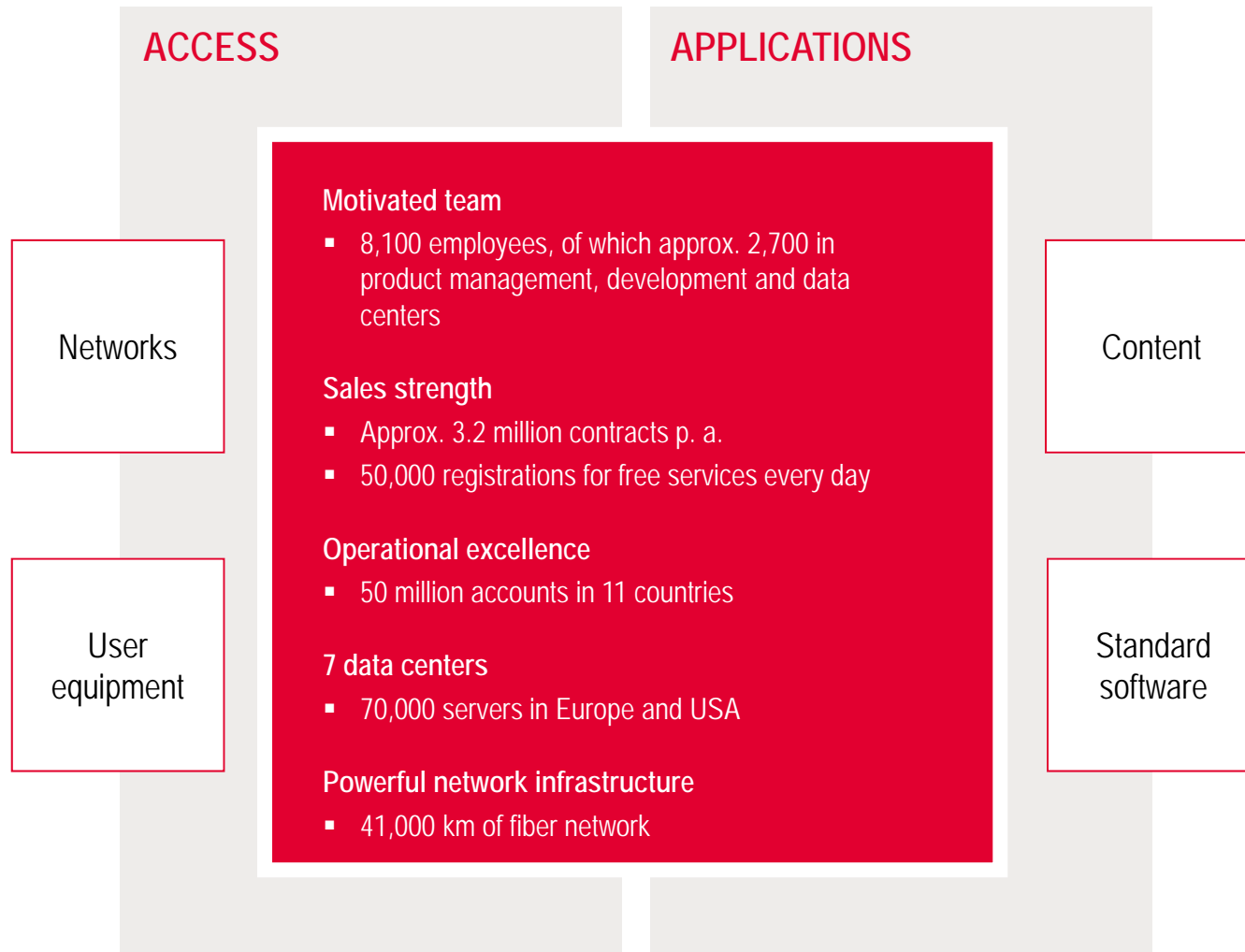
- + 490,000 customer contracts to 16.46 million
- Strong growth in sales and earnings

	H1 2015*	H1 2016	Change
Sales	€ 1.823 billion	€ 1.951 billion	+ 7.0 %
EBITDA	€ 345.7 million	€ 400.3 million	+ 15.8 %
EBIT	€ 236.7 million	€ 303.4 million	+ 28.2 %
EPS, operative	€ 0.82	€ 1.00	+ 22.0 %
EPS before PPA, operative	€ 0.90	€ 1.08	+ 20.0 %
EPS, incl. Rocket impairment	€ 0.82	€ - 0.25	
EPS before PPA, incl. Rocket impairment	€ 0.90	€ - 0.17	

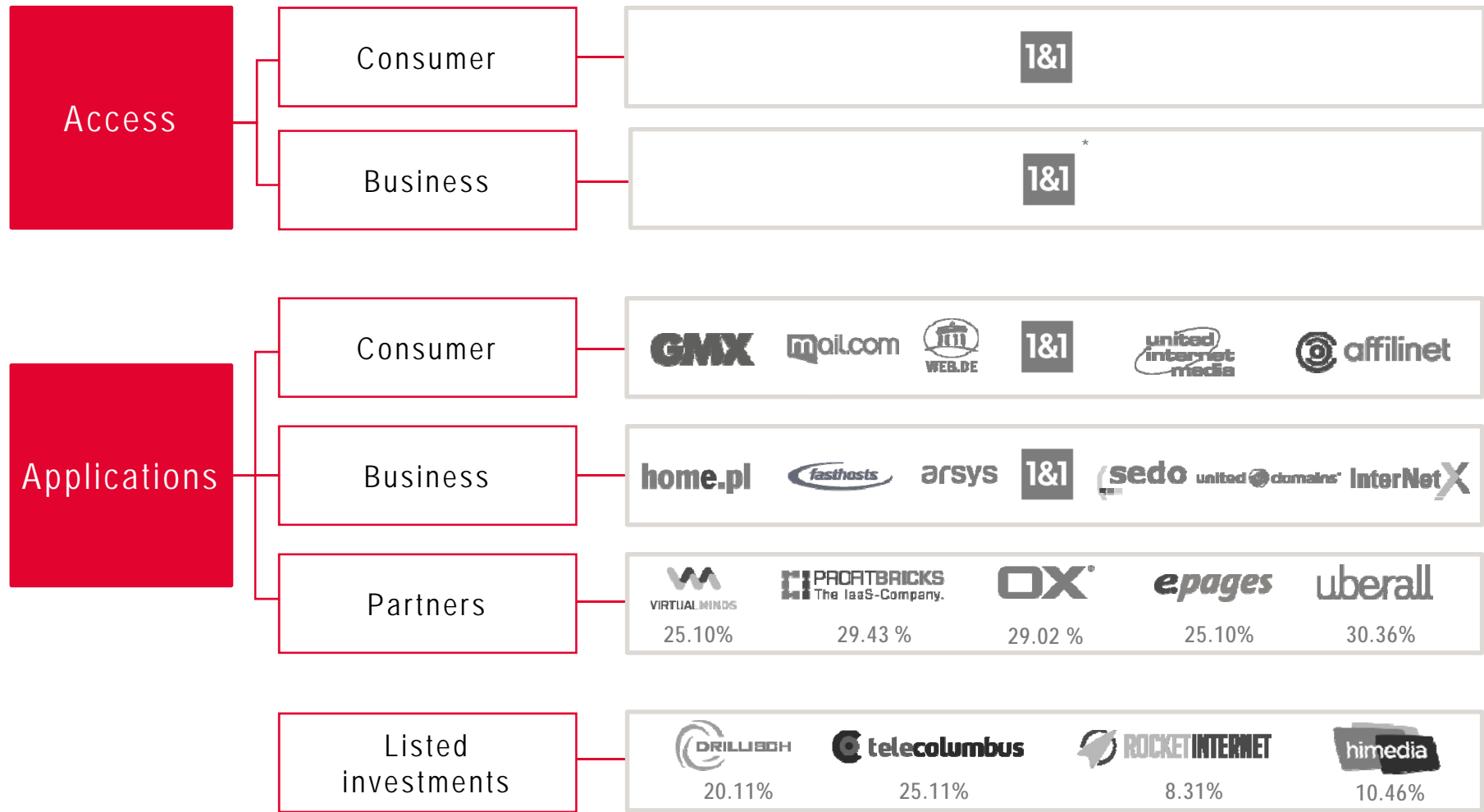
- € 254.6 million non-cash-effective writedown on Rocket Internet shares
- Acquisition of 25.11% stake in Tele Columbus AG for a total of € 295.4 million

\* H1 2015 without special items from the sale of shares in Goldbach (EBITDA/EBIT effect: € +5.6m; EPS effect: € +0.03)

## 2 SEGMENTS: ACCESS & APPLICATIONS



# BRANDS & INVESTMENTS



\* Rebranding of Versatel GmbH effective from July 1, 2016

## "ACCESS" IN H1 2016

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

## BUSINESS ACCESS

- Second-largest German fiber-optic network
- Project business and plug-and-play solutions (since July 1, 2016) for medium-sized companies



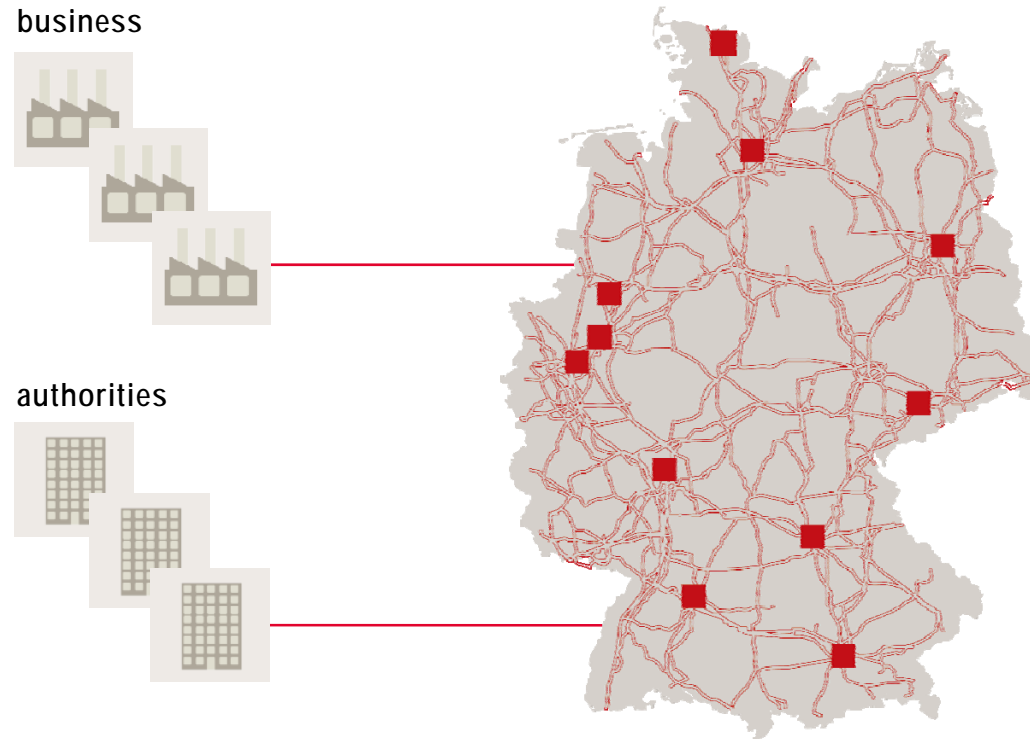
**GLASFASER DIREKT**

**1 GBit/s**  
IN 250 STÄDTEN

- ✓ Für Firmen
- ✓ Garantierte Bandbreite
- ✓ Direkt ins Gebäude



# POWERFUL FIBER INFRASTRUCTURE FOR BUSINESS CUSTOMERS



- Fiber-optic network with a length of 41,373 km (prior year: 40,036 km)
- In 250 German cities, including 19 of the 25 largest cities
- Near-net coverage: 30% of German business premises > 10 employees
- 6,401 locations connected to the network (prior year: 5,927)

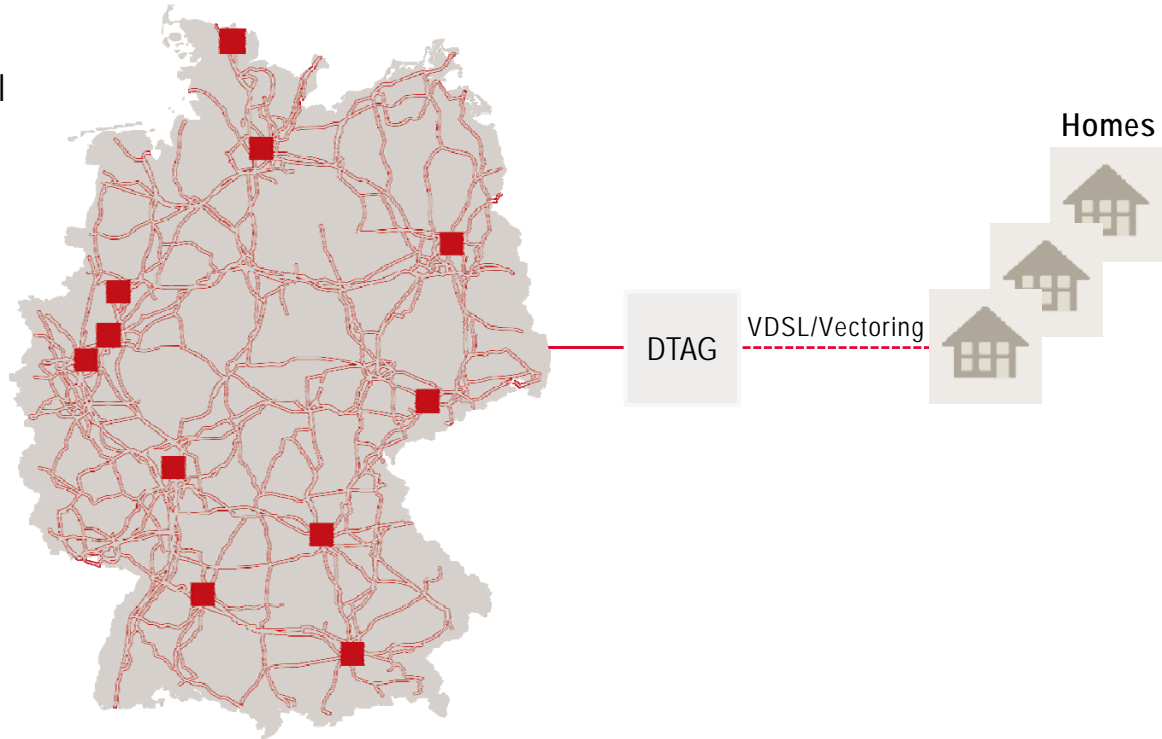
## CONSUMER ACCESS

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

The advertisement is split into two main sections. The left section features a dark blue background with white and yellow text. It reads '1&1 DSL' in large white letters, followed by '100.000 kBit/s' in yellow on a black background, and 'INTERNET UND TELEFON' in white. The price '19,99' is prominently displayed in large yellow numbers, with '€/Monat\*' in smaller white text below it. A black DSL router is shown in the foreground. The right section has a blue background with the title '1&1 ALL-NET-FLAT' in large white letters. Below the title are three yellow checkmarks, each followed by the word 'FLAT' in large yellow letters and a network type in white: 'FESTNETZ', 'ALLE HANDY-NETZE', and 'INTERNET'. In the foreground, there are several smartphones: one displaying 'D-NETZ' with a bar chart, and others showing various lock screens.

# AFTER LAYER 2 REGULATION\*: NETWORK EXPANSION FOR HOME USERS

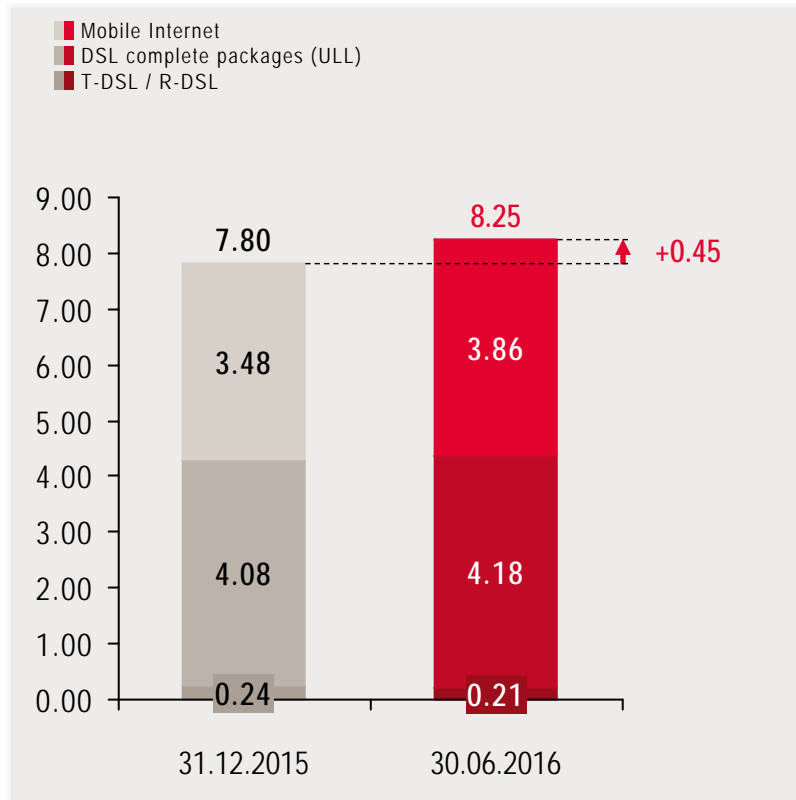
- Successive and cost-effective connection of approx. 500 of the total 900 BNGs of Deutsche Telekom for VDSL/Vectoring (Layer 2) in the coming years
- Medium-term: connection of approx. 70% of approx. 32 million VDSL households (2018), connection of remaining VDSL households via Layer 3
- Gradual substitution of the current ADSL wholesale services in the coming years



\* Fees proposed by the German Federal Network Agency (Bundesnetzagentur) on June 29, 2016

# CONSUMER ACCESS: CUSTOMER CONTRACTS

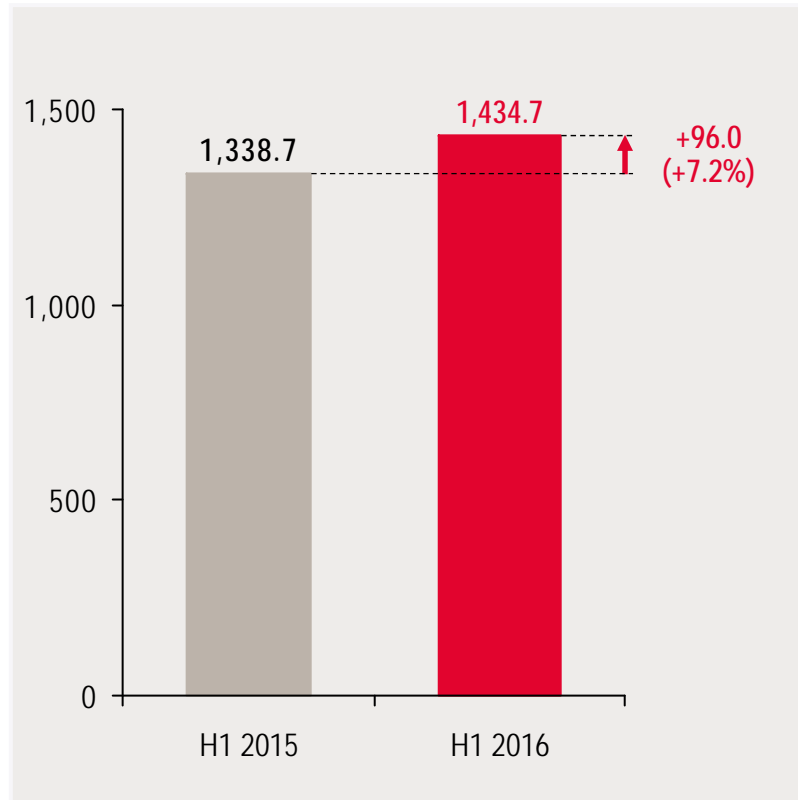
(in million)



- 8.25 million customer contracts (+ 450,000), of which
  - 3.86 million mobile internet contracts (+ 380,000)
  - 4.18 million DSL complete packages (+ 100,000)
  - 0.21 million T-DSL/R-DSL connections
    - old business being phased out (- 30,000)

## ACCESS: SALES

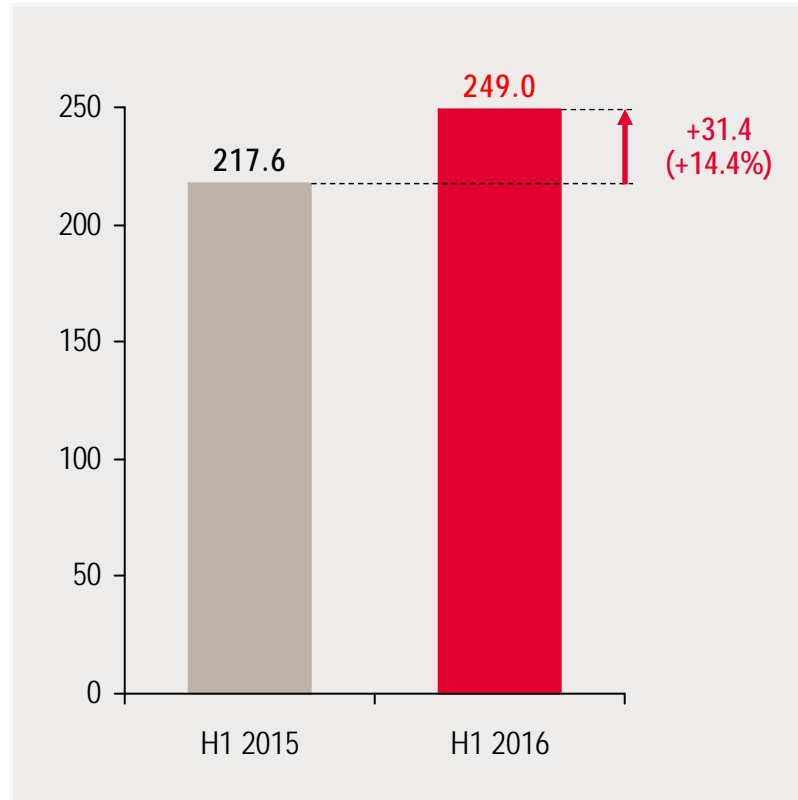
(acc. to IFRS in € million)



- € 1.438 billion sales (+ 7.2%)

## ACCESS: EBITDA

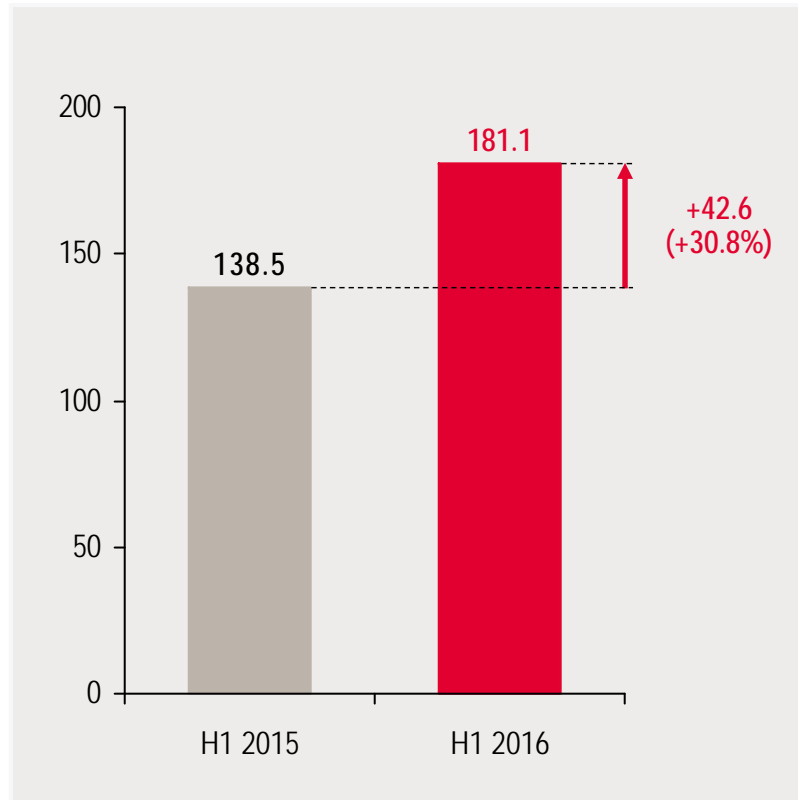
(acc. to IFRS in € million)



- € 249.0 million EBITDA (+ 14.4%)
- 17.4% EBITDA margin (prior year: 16.3%)

## ACCESS: EBIT

(acc. to IFRS in € million)



- € 181.1 million EBIT (+ 30.8%)
- 12.6% EBIT margin (prior year: 10.3%)

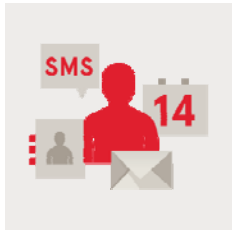
## "APPLICATIONS" IN H1 2016

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS



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



**Communication and organization**  
E-mail, calendar, contacts, SMS, fax



**Online office**  
Texts, spreadsheets, presentations



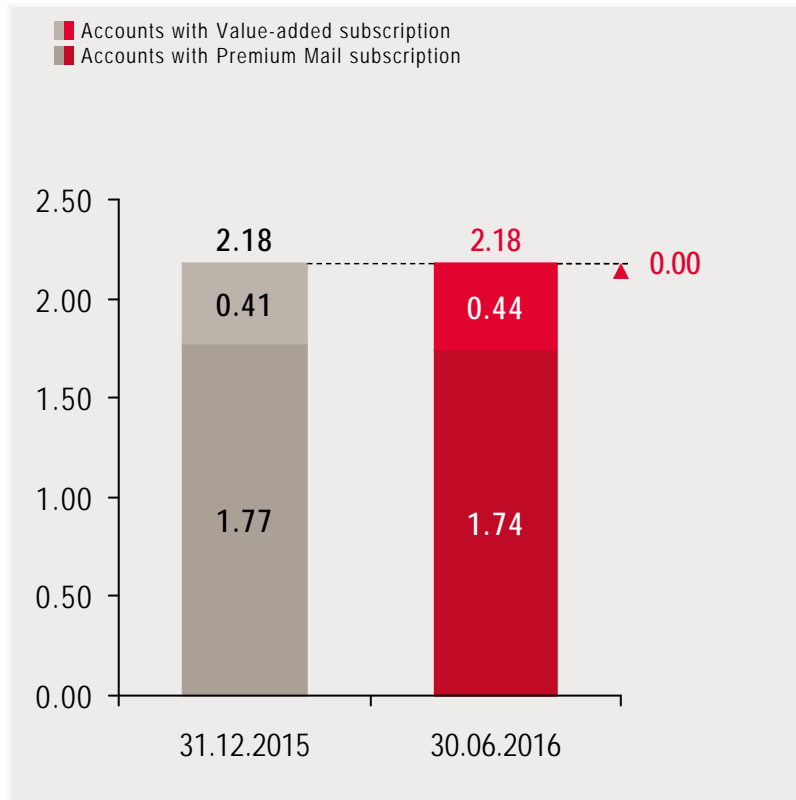
**Cloud storage**  
For photos, videos, music and documents



**De-Mail**  
Legally secure communication and identity management

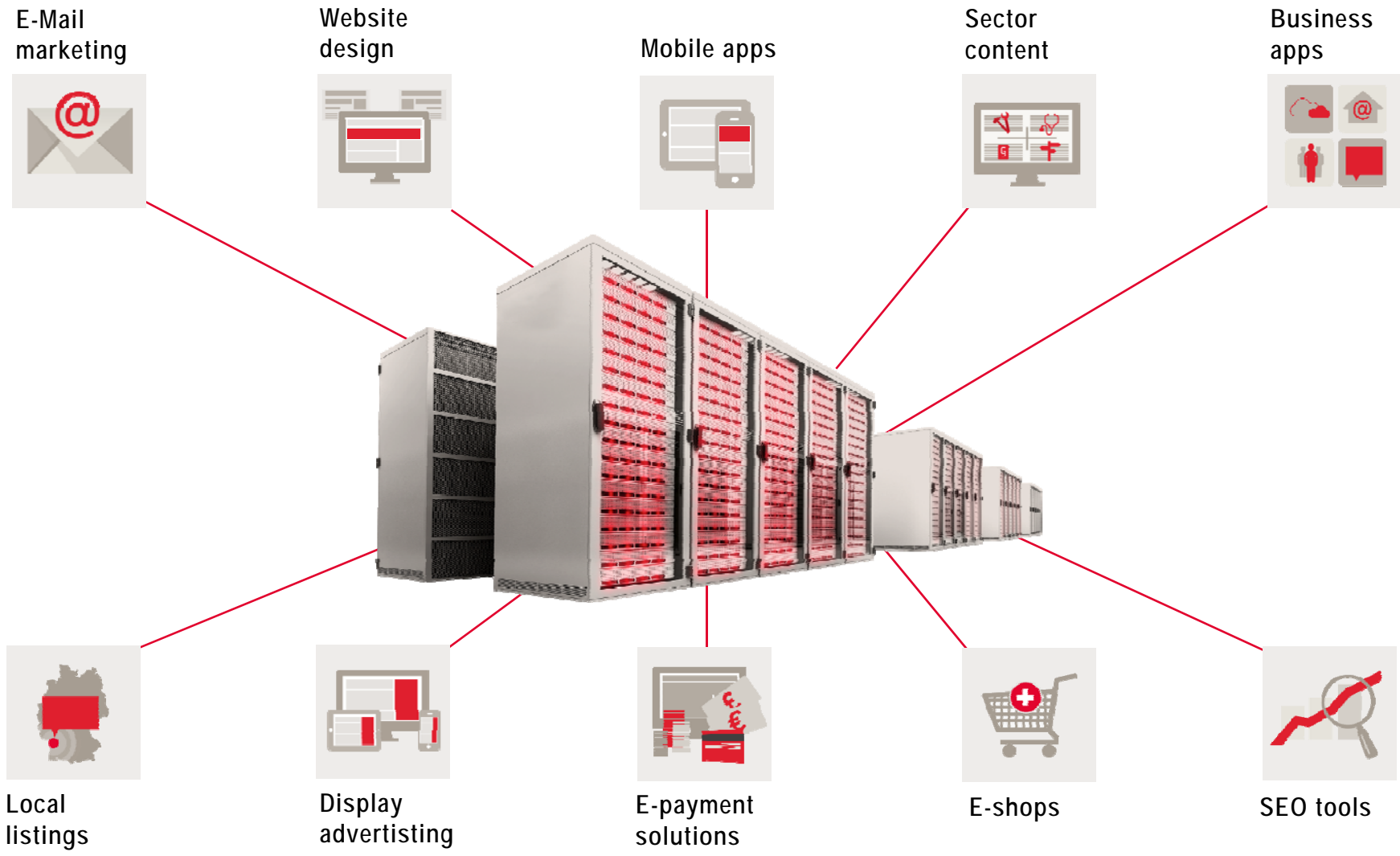
# CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

(in million)



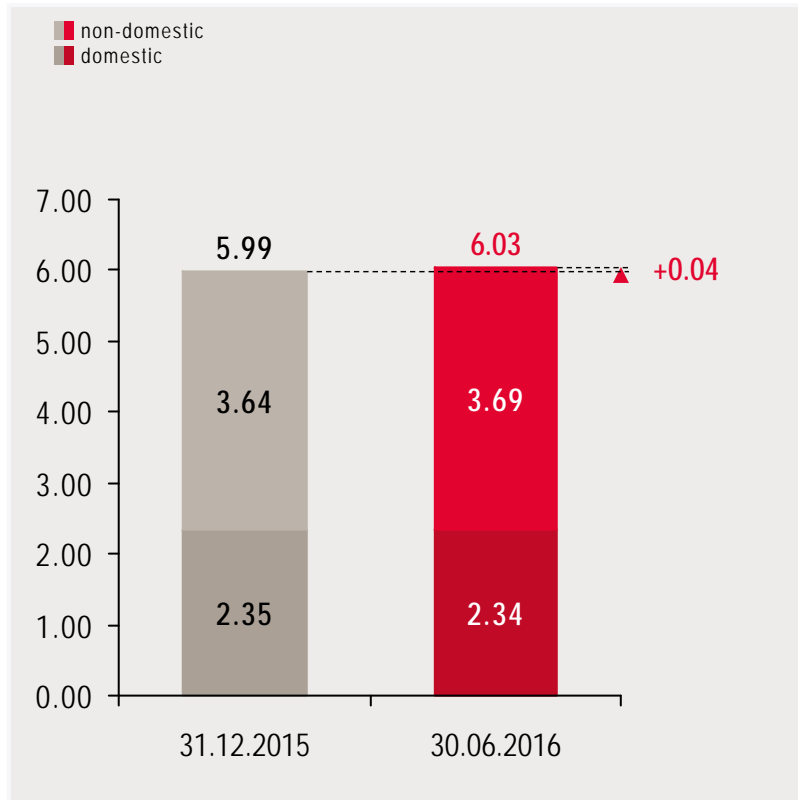
- Pay products stable at 2.18 million contracts
- Additional 33.36 million free accounts (+ 210,000), of which
  - 16.7 million with mobile usage (+ 800,000)
  - 17.4 million with cloud storage (+ 200,000)

# BUSINESS APPLICATIONS: FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER



# BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

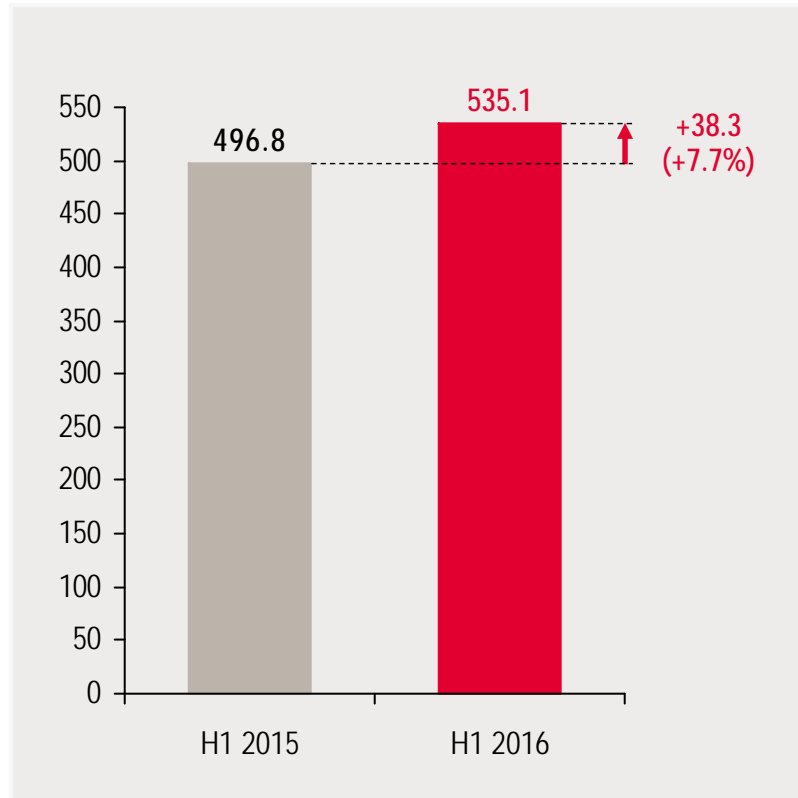
(in million)



- 6.03 million customer contracts (+ 40,000)

## APPLICATIONS: SALES

(acc. to IFRS in € million)

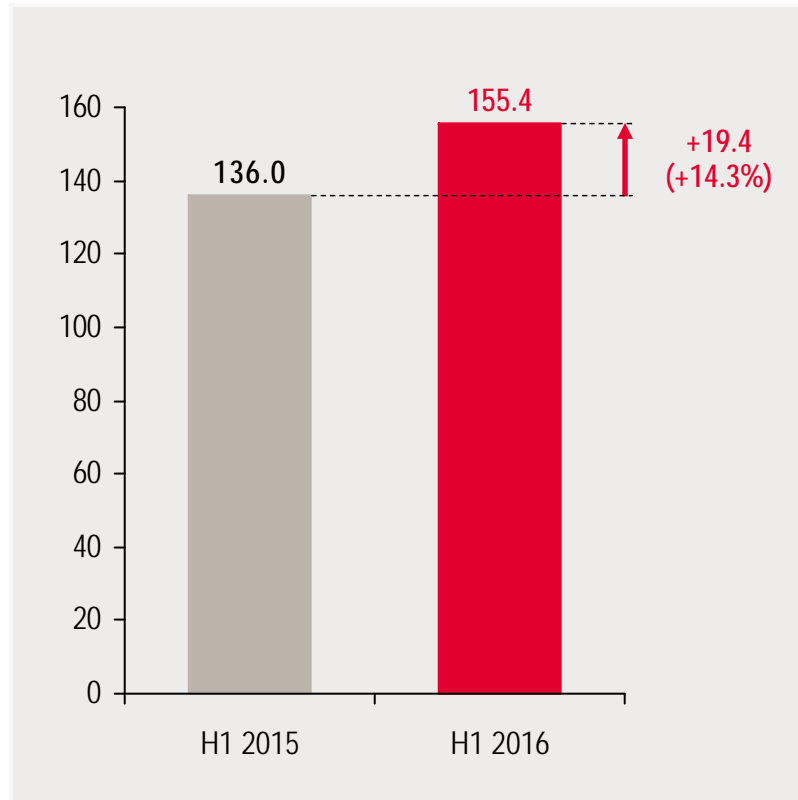


- € 535.1 million sales  
(+ 7.7%; adjusted for currency effects + 8.8%)\*
- Focus on high-quality customers
- Expansion of business with existing customers
- Good monetization of free accounts

\* Currency-adjusted: sales for H1 2016 adjusted due to the high volatility of the British pound (GBP) in the run-up to the Brexit vote.

## APPLICATIONS: EBITDA

(acc. to IFRS in € million)

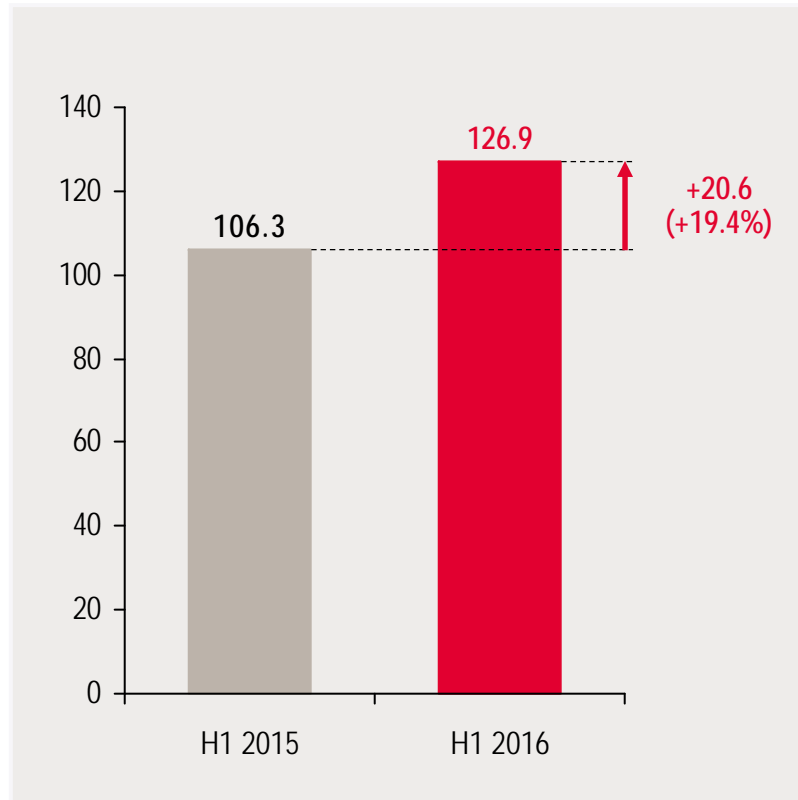


- € 155.4 million EBITDA  
(+ 14.3%; adjusted for currency effects + 15.7%)\*
- 29.0 % EBITDA margin (prior year: 27.4 %)

\* Currency-adjusted: EBITDA for H1 2016 adjusted due to the high volatility of the British pound (GBP) in the run-up to the Brexit vote.

## APPLICATIONS: EBIT

(acc. to IFRS in € million)



- € 126.9 million EBIT (+ 19.4%)
- 23.7% EBIT margin (prior year: 21.4%)

# OUTLOOK



## OUTLOOK FOR FISCAL YEAR 2016

- Due to the good performance of operating business in the first half-year, we are upholding our guidance; acquisition of new customers made better progress than expected
  - approx. 900,000 new contracts (+ 100,000)
  - approx. € 4 billion sales
  - approx. € 850 million EBITDA

# RESULTS H1 2016

## GROUP: CUSTOMER, SALES AND EARNINGS AS OF 30 JUNE 2016

(contracts in million / financial KPIs acc. to IFRS in € million)

	H1 2015*	H1 2016**	Change
Mobile Internet contracts	2.99	3.86	+ 0.87 m
DSL contracts	4.25	4.39	+ 0.14 m
Business Applications contracts	5.81	6.03	+ 0.22 m
Consumer Applications contracts	2.16	2.18	+ 0.02 m
Free accounts	31.95	33.36	+ 1.41 m
Sales	1,823.1	1,951.2	+ 7.0 %
EBITDA	345.7	400.3	+ 15.8 %
EBIT	236.7	303.4	+ 28.2 %
EBT, operative	233.2	291.9	+ 25.2 %
EPS, operative (in €)	0.82	1.00	+ 22.0 %
EPS, operative before PPA amortization (in €)	0.90	1.08	+ 20.0 %

\* Earnings figures H1 2015 without special items from the sale of Goldbach shares (EBITDA , EBIT and EBT effect: € +5.6m; EPS effect: € +0.03)

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

## GROUP: BALANCE SHEET AS OF 30 JUNE 2016 (I)

(acc. to IFRS in €k)

Assets	31.12.2015	30.06.2016	Comments
Property, plant and equipment / intangible assets	1,009,228	980,572	▪ Capex: € 72.2m; D&A: € 96.9m
Goodwill	1,137,795	1,127,806	▪ Slight decrease due to currency effects
Financial assets	917,325	1,014,224	▪ Stock exchange values of Hi-Media and Rocket Internet; book values of Drillisch and Tele Columbus, plus 5 further strategic investments
Accounts receivable	255,505	267,394	▪ Slight increase due to expansion of business
Inventories, prepaid expenses and other assets	473,507	558,823	▪ Prepaid expenses: € 255.1m; inventories: € 49.5m; deferred tax assets: € 114.5m; tax refund claims: € 119.6m
Cash and cash equivalents	84,261	88,094	
<b>Total</b>	<b>3,877,621</b>	<b>4,036,913</b>	

## GROUP: BALANCE SHEET AS OF 30 JUNE 2016 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2015	30.06.2016	Comments
Equity	1,149,758	1,049,537	▪ Equity ratio: 26.0% (prior year 29.7%)
Liabilities due to banks	1,536,502	1,869,462	▪ Bank liabilities (net): € 1,781.4m (prior year € 1,452.2m)
Trade accounts payable	399,904	404,931	▪ Slight increase due to expansion of business
Accrued taxes and deferred tax liabilities	218,666	139,577	
Other accrued liabilities	60,044	59,452	
Other liabilities	252,855	257,777	▪ Thereof non-current: € 90.4m (IRUs / leased network of Versatel)
Deferred revenues	259,892	256,177	
<b>Total</b>	<b>3,877,621</b>	<b>4,036,913</b>	

## GROUP: CASH FLOW AS OF 30 JUNE 2016

(acc. to IFRS in €k)

	30.06.2015	30.06.2016	Comments
Operative cash flow	251,646	305,889	
Cash flow from operating activities	158,506	245,599	▪ 2015 without capital gains tax refund (€ 326.0m); 2016 without payment of capital gains tax (€ 100.0m)
Cash flow from investing activities	- 518,626	- 328,544	▪ Capex: € 72.2m (prior year: € 70.7m); investments: € 264.2m (Tele Columbus) (prior year: € 417.8m (Drillisch and Rocket))
Free cash flow*	98,869	174,914	▪ 2015 without capital gains tax refund (€ 326.0m); 2016 without payment of capital gains tax (€ 100.0m)

\* Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from the disposal of intangible assets and property, plant and equipment

UNITED INTERNET AG

Our success story  
continues!

