

UNITED INTERNET AG

**Fiscal year 2016
and outlook 2017 / 2018**

**Frankfurt/Main,
March 23, 2017**



AGENDA

Ralph Dommermuth

Company development 2016

Outlook 2017 / 2018

Frank Krause

Results of the fiscal year 2016

COMPANY DEVELOPMENT

HIGHLIGHTS FISCAL YEAR 2016

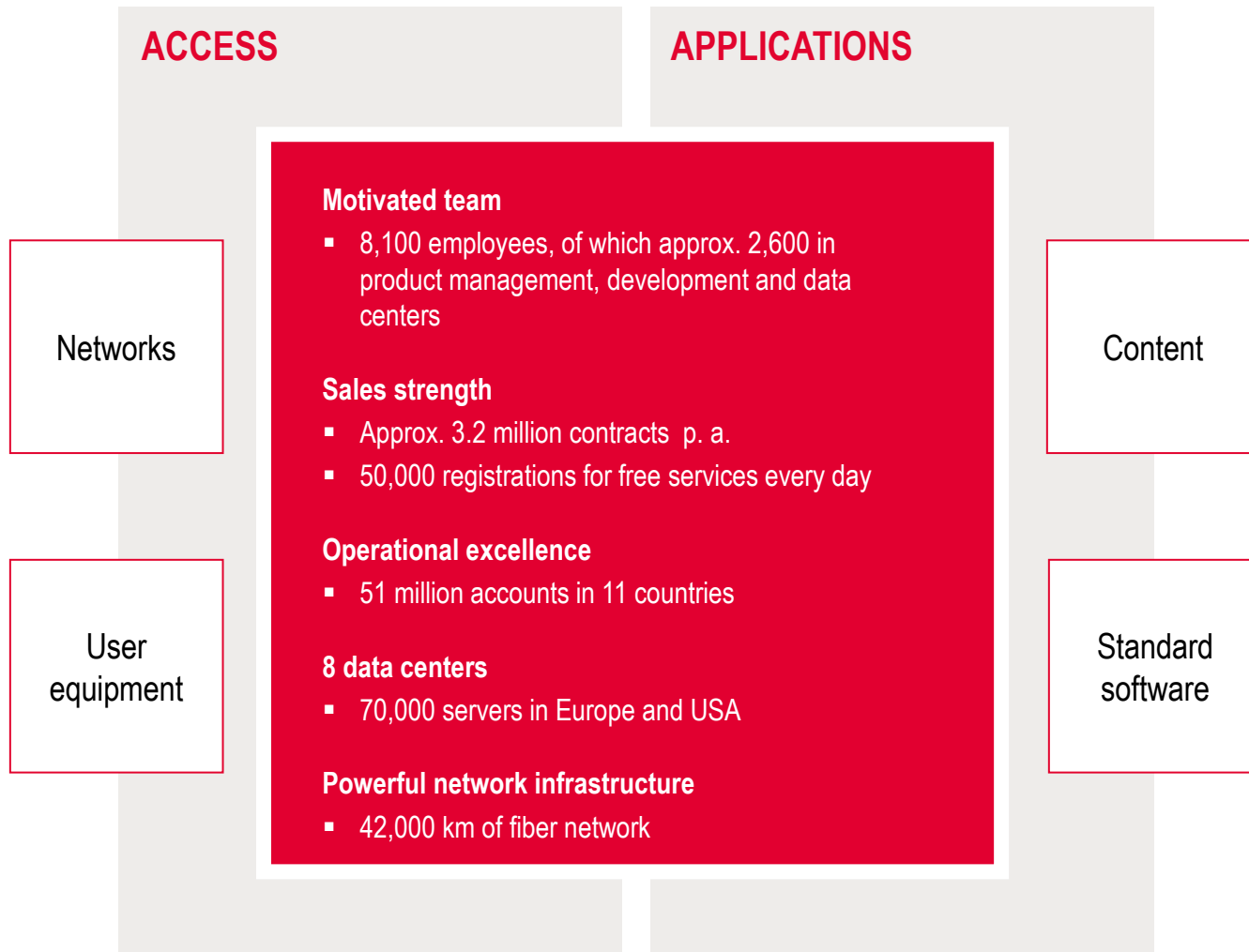
- 1 million additional customer contracts to 16.97 million
- Strong growth in sales and earnings

	2015*	2016	Change
Sales	€ 3.716 billion	€ 3.949 billion	+ 6.3 %
EBITDA	€ 757.2 million	€ 840.6 million	+ 11.0 %
EBIT	€ 541.7 million	€ 647.2 million	+ 19.5 %
EPS, operative	€ 1.73	€ 2.13	+ 23.1 %
EPS before PPA, operative	€ 1.89	€ 2.29	+ 21.2 %
EPS, incl. Rocket impairment	€ 1.73	€ 0.88	- 49.1 %
EPS before PPA, incl. Rocket impairment	€ 1.89	€ 1.04	- 45.0 %

- € 254.6 million non-cash-effective impairment of Rocket Internet shares
- Acquisition of 25.11 % stake in Tele Columbus AG for a total of € 295.4 million
- 33.33% stake of Warburg Pincus in Business Applications division, based on an enterprise value of € 2.55 billion (closing Q1 2017)
- Acquisition of Strato AG together with Warburg Pincus for a total of approx. € 600 million (closing Q1 2017; consolidation from April 1, 2017)

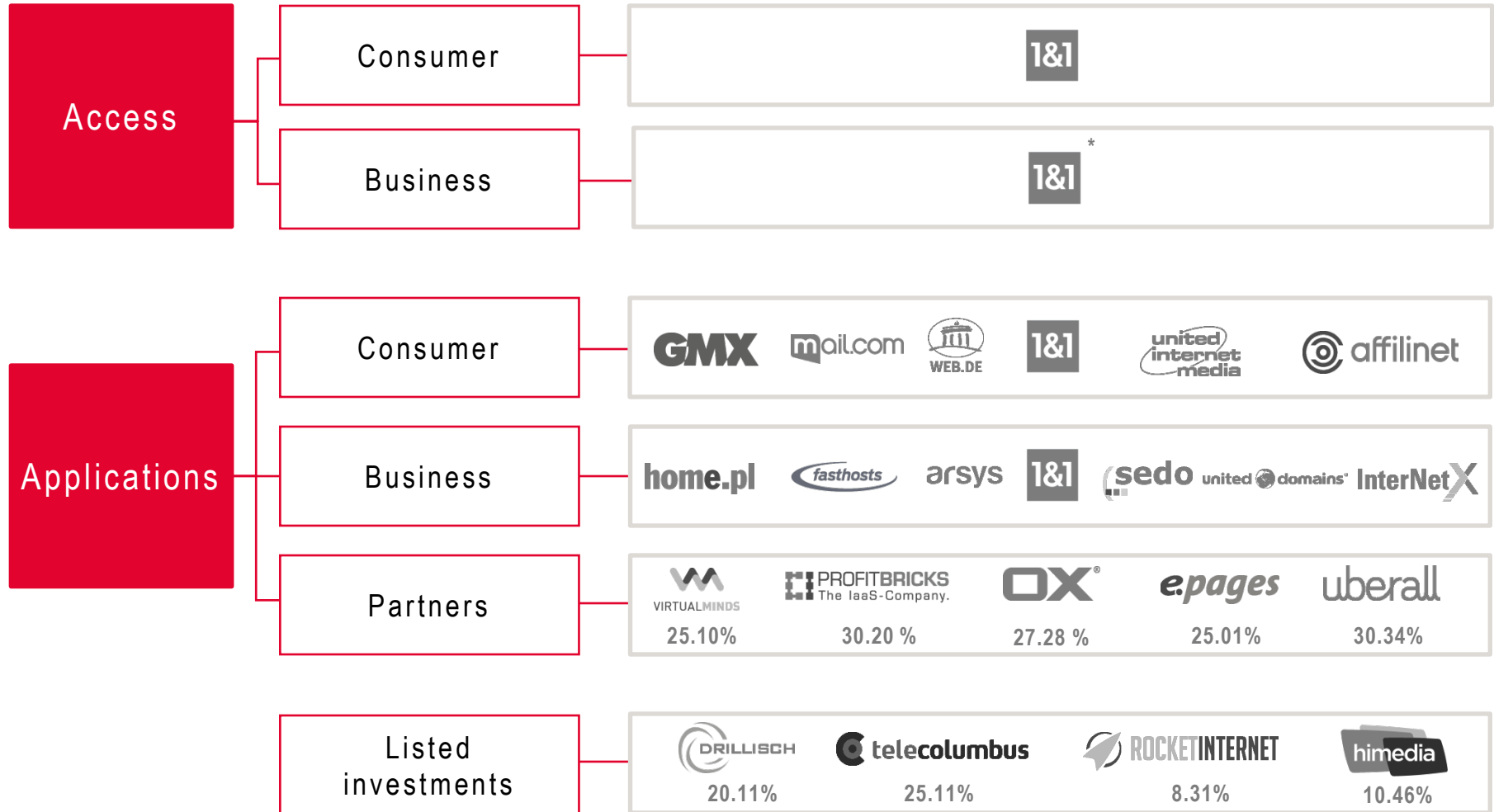
* 2015 without special items from the sale of shares in Goldbach and partial stake in virtual minds (EBITDA/EBIT effect: € +14m; EPS effect: € +0.07)

2 SEGMENTS: ACCESS & APPLICATIONS



BRANDS & INVESTMENTS

(as of: December 31, 2016)



* Rebranding of Versatel GmbH effective from July 1, 2016

“ACCESS” IN FISCAL YEAR 2016

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

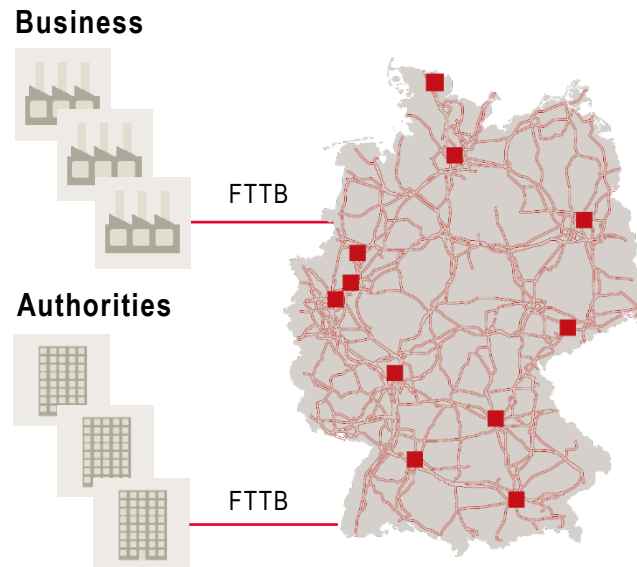
BUSINESS ACCESS

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



**GLASFASER
DIREKT**

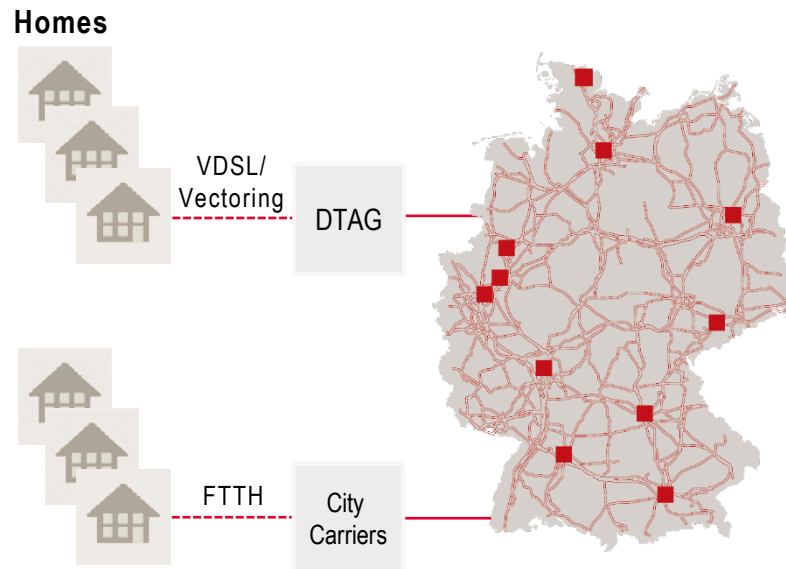
✓ Glasfaser-Anschluss für Firmen!
✓ Garantierte Gigabit-Bandbreite!
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with a length of 41,644 km (prior year: 40,825 km)
- In 250 German cities, including 19 of the 25 largest cities

CONSUMER ACCESS

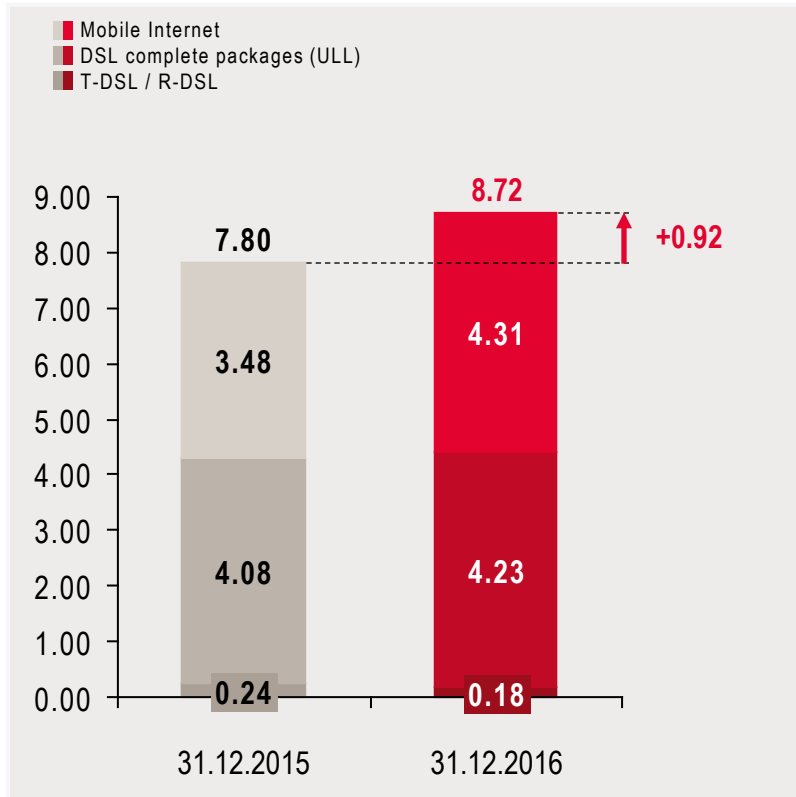
- Largest alternative German DSL provider
- “Inventor” of All-Net-Flat tariff



- Use of DTAG's VDSL/vectoring connections (successive expansion of Layer 2 infrastructure)
- FTTH connections of well-known city carriers

CONSUMER ACCESS: CUSTOMER CONTRACTS

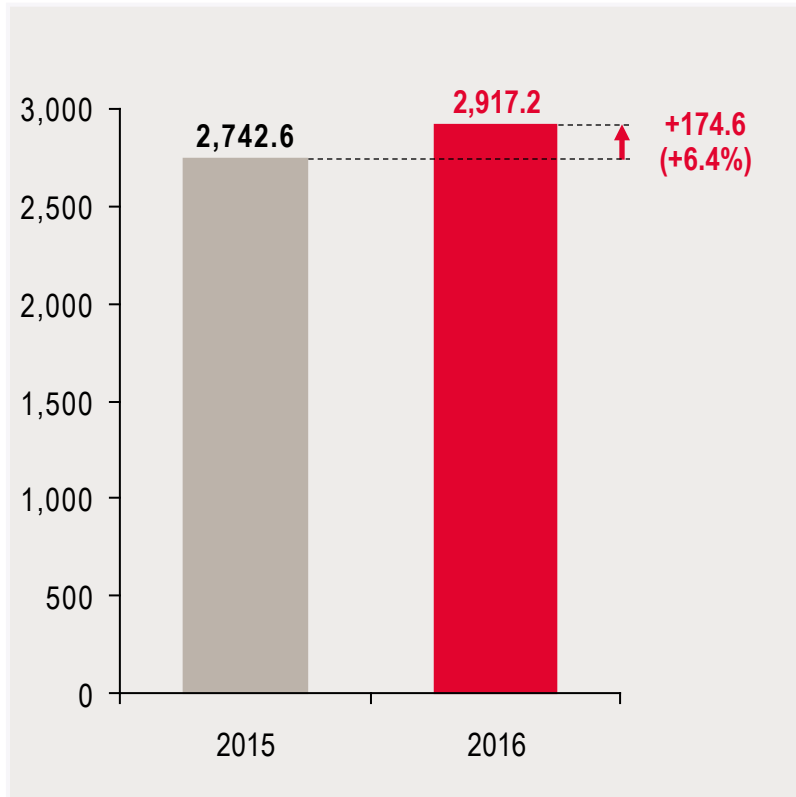
(in million)



- 8.72 million customer contracts (+920,000), of which
 - 4.31 million mobile internet contracts (+830,000)
 - 4.23 million DSL complete packages (+150,000)
 - 0.18 million T-DSL/R-DSL-connections
 - old business being phased out (-60,000)

ACCESS: SALES

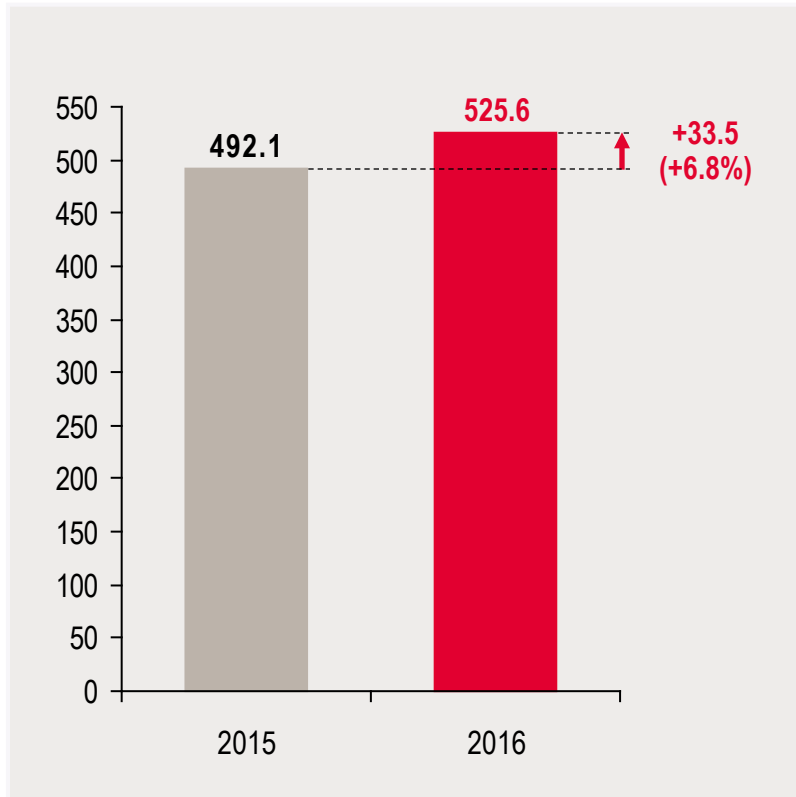
(acc. to IFRS in € million)



- € 2.917 billion sales (+ 6.4 %)

ACCESS: EBITDA

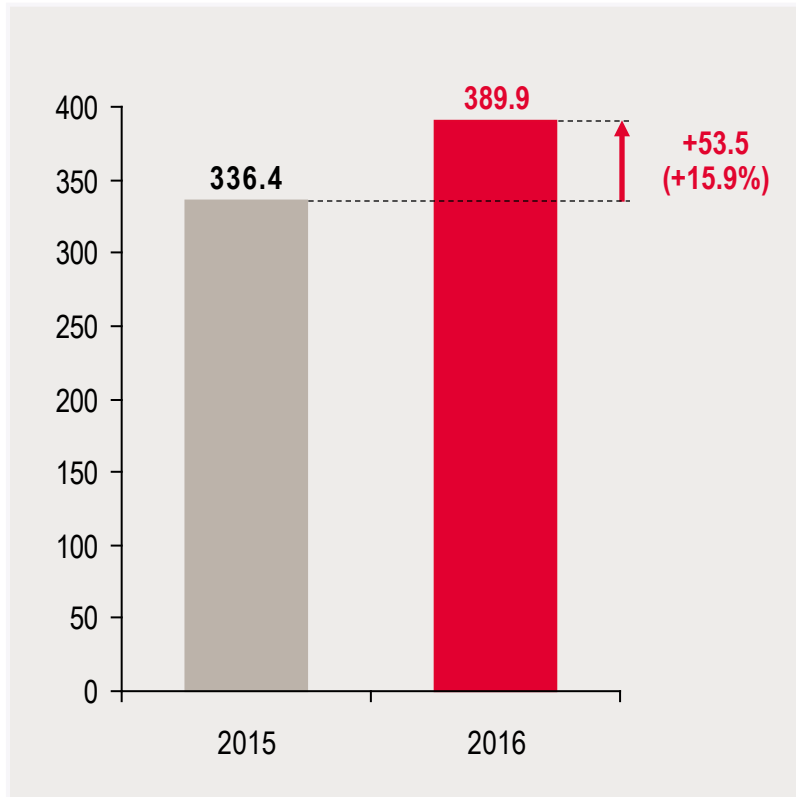
(acc. to IFRS in € million)



- € 525.6 million EBITDA (+ 6.8 %)
- 18.0 % EBITDA margin (prior year: 17.9 %)

ACCESS: EBIT

(acc. to IFRS in € million)



- € 389.9 million EBIT (+ 15.9 %)
- 13.4 % EBIT margin (prior year: 12.3 %)

“APPLICATIONS” IN FISCAL YEAR 2016

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

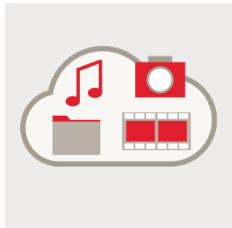
CONSUMER APPLICATIONS: FROM E-MAIL SERVICE TO COMMAND CENTER FOR COMMUNICATION, INFORMATION AND IDENTITY MANAGEMENT



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



Online office
Texts, spreadsheets, presentations



Cloud storage
For photos, videos, music and documents

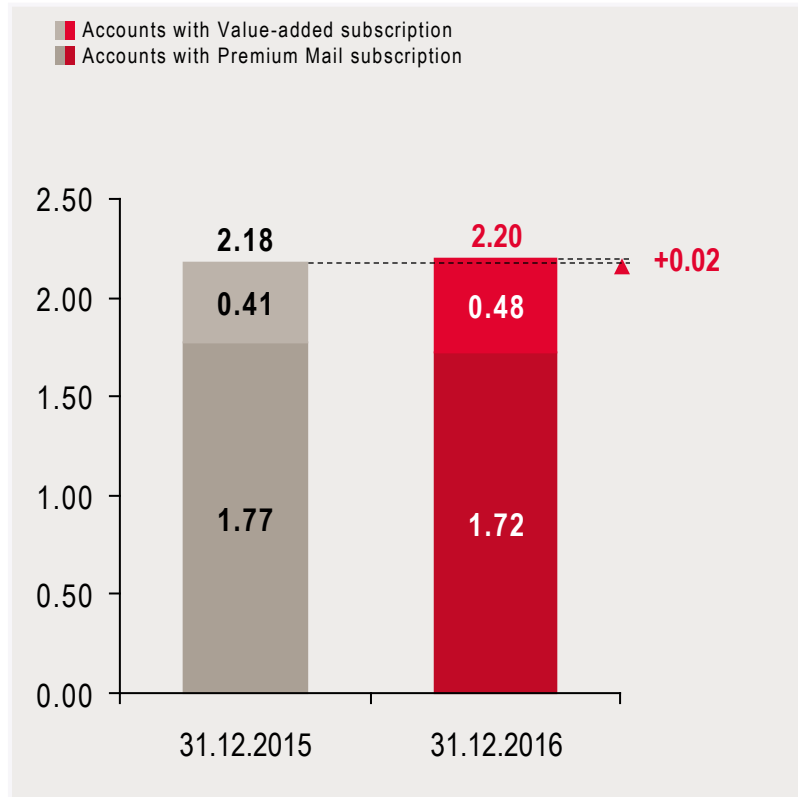


De-Mail
Legally secure communication and identity management



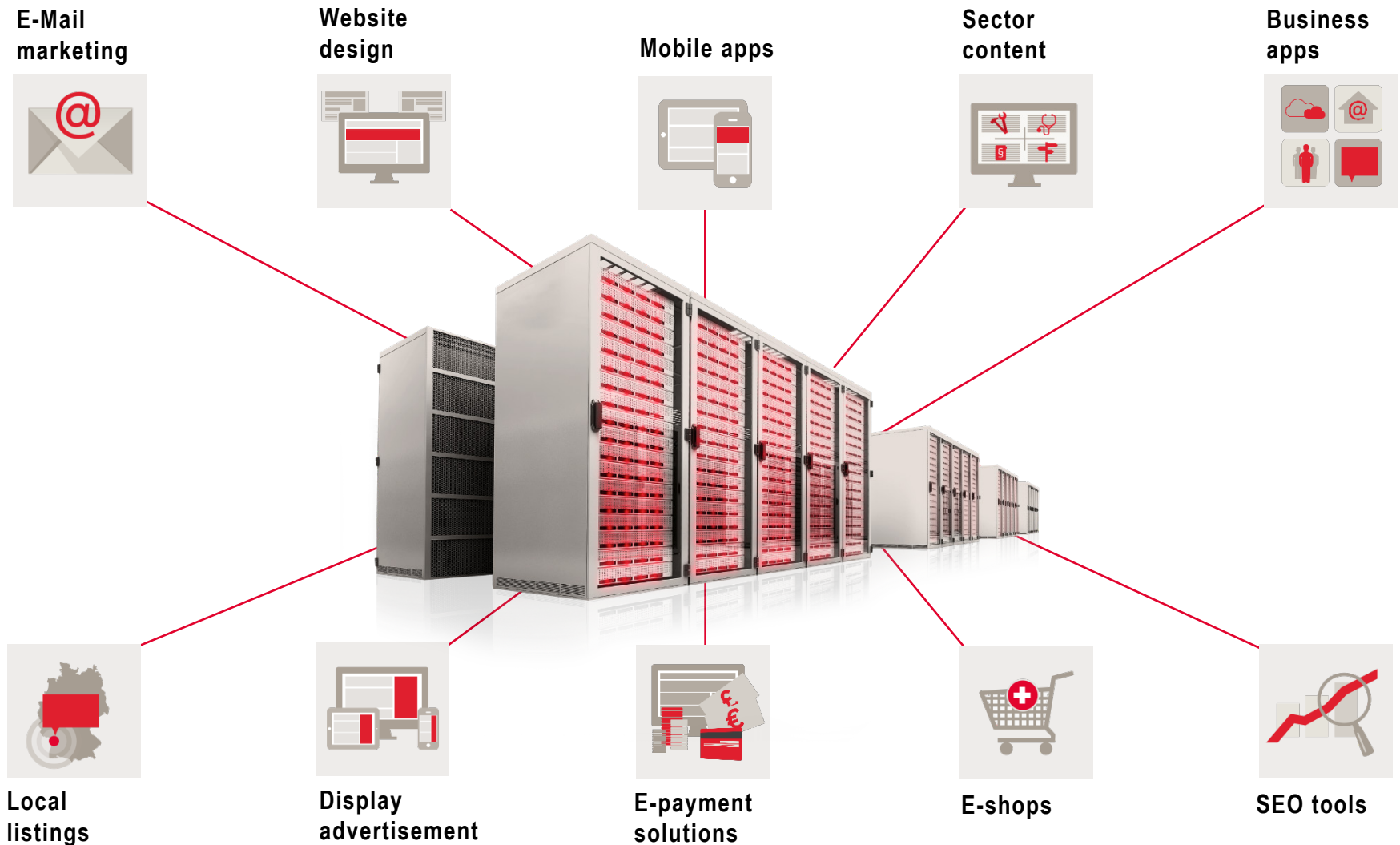
CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

(in million)



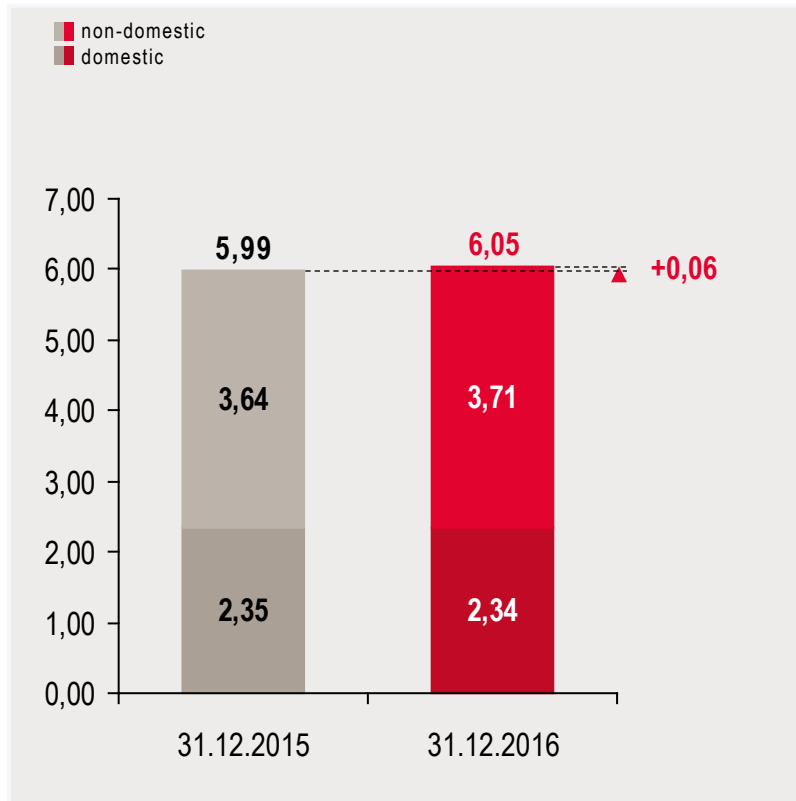
- 2.2 million fee-based contracts (+ 20,000)
- 34.29 million free accounts (+ 1,140,000), of which
 - 18.2 million with mobile usage (+ 2,300,000)
 - 17.5 million with cloud storage (+ 300,000)

BUSINESS APPLICATIONS: FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER



BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

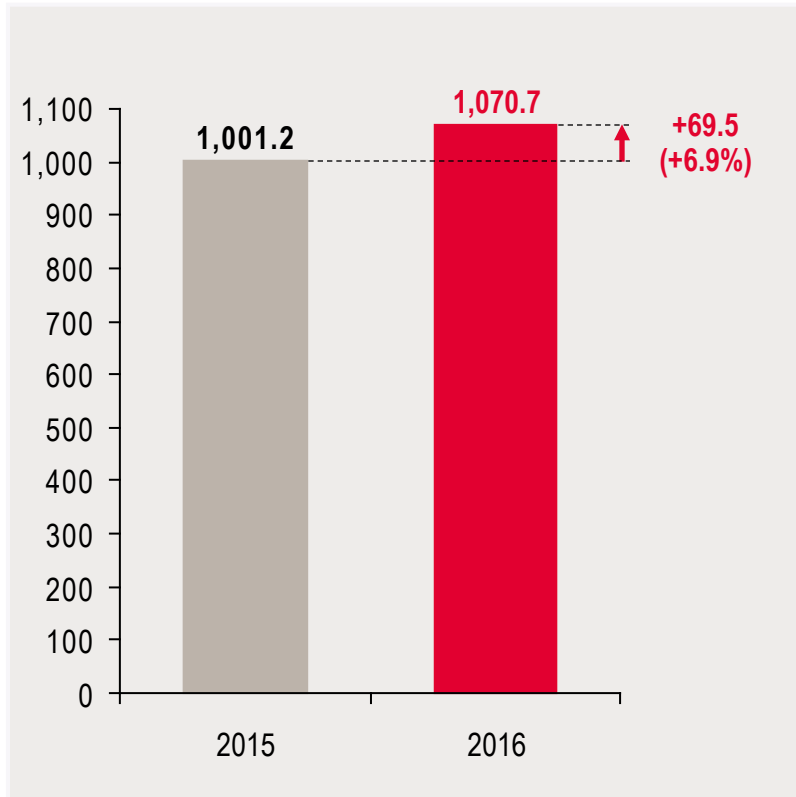
(in million)



- 6.05 million customer contracts (+ 60,000)

APPLICATIONS: SALES

(acc. to IFRS in € million)

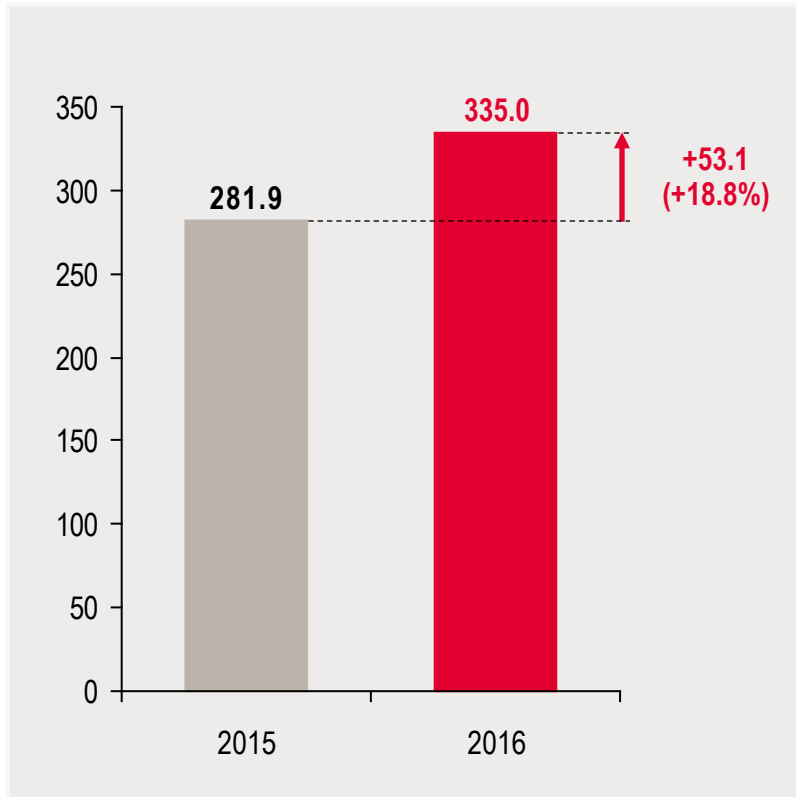


- € 1.071 billion sales
(+ 6.9 %; adjusted for currency effects: + 8.8 %*)
- Focus on high-quality customers
- Expansion of business with existing customers
- Good monetization of free accounts

* Currency-adjusted for exchange rate fluctuations, in particular of the British pound (GBP)

APPLICATIONS: EBITDA

(acc. to IFRS in € million)

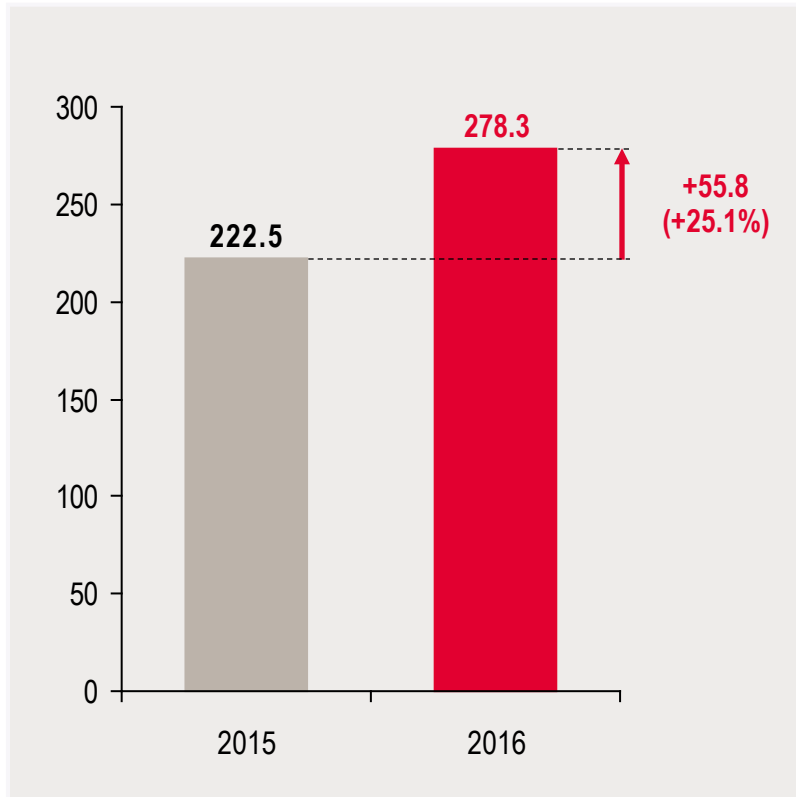


- € 335.0 million EBITDA
(+ 18.8 %; currency-adjusted: + 21.0 %*)
- 31.3 % EBITDA margin (prior year: 28.2 %)

* Currency-adjusted for exchange rate fluctuations, in particular of the British pound (GBP).

APPLICATIONS: EBIT

(acc. to IFRS in € million)



- € 278.3 million EBIT (+ 25.1 %)
- 26.0 % EBIT margin (prior year: 22.2 %)

OUTLOOK

2017 WILL BE A SUCCESSFUL YEAR ...

- Forecast for the fiscal year 2017*
 - approx. 800,000 new contracts; additional 1.8 million contracts from Strato acquisition
 - approx. + 7 % sales
 - approx. + 12 % EBITDA

* Incl. approx. € 95 million from the first-time consolidation of Strato, as well as an opposing burden of approx. € 60 million on sales from regulatory topics (roaming / termination fees).

Incl. approx. € 36 million EBITDA from the first-time consolidation of Strato, as well as an opposing net burden of approx. € 30 million on EBITDA from regulatory topics (roaming / termination fees) and one-time costs for the migration of DSL wholesale connections of Telefónica.

... AND WE'RE LAYING THE FOUNDATION FOR A SUCCESSFULL ANNIVERSARY YEAR 2018

- In March 2018, we are 20 years at the stock exchange
- Targets 2018
 - > 20 million customer contracts
 - approx. 10 % EBITDA growth (for the first time > € 1 billion EBITDA)

RESULTS OF THE FISCAL YEAR 2016

GROUP: CUSTOMER, SALES AND EARNINGS AS OF 31 DECEMBER 2016

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

	2015*	2016**	Change
Mobile internet contracts	3.48	4.31	+ 0.83 million
DSL contracts	4.32	4.41	+ 0.09 million
Business Applications contracts	5.99	6.05	+ 0.06 million
Consumer Applications contracts	2.18	2.20	+ 0.02 million
Free accounts	33.15	34.29	+ 1.14 million
Sales	€ 3.716 billion	€ 3.949 billion	+ 6.3 %
EBITDA	€ 757.2 million	€ 840.6 million	+ 11.0 %
EBIT	€ 541.7 million	€ 647.2 million	+ 19.5 %
EBT, operative	€ 521.1 million	€ 622.0 million	+ 19.4 %
EPS, operative (in €)	€ 1.73	€ 2.13	+ 23.1 %
EPS, operative before PPA amortization (in €)	€ 1.89	€ 2.29	+ 21.2 %

* Earnings figures 2015 without special items from the sale of Goldbach shares and partial stake in virtual minds (EBITDA , EBIT and EBT effect: € +14m; EPS effect: € +0.07)

** Earnings figures 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 31 DECEMBER 2016 (I)

(acc. to IFRS in €k)

Assets	31.12.2015	31.12.2016	Comments
Property, plant and equipment / intangible assets	1,054,709	1,024,476	▪ Capex: €168.9m; D&A: €193.5m
Goodwill	1,100,123	1,087,685	▪ Slight decrease due to currency effects
Financial assets	917,325	1,043,234	▪ 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	283,866	▪ Slight increase due to expansion of business
Inventories, prepaid expenses and other assets	473,507	532,730	▪ Prepaid expenses: €239.1m; inventories: €39.5m; deferred tax assets: €103.1m; tax refund claims: €129.4m
Cash and cash equivalents	84,261	101,743	
Total	3,885,430	4,073,734	

GROUP: BALANCE SHEET AS OF 31 DECEMBER 2016(II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2015	31.12.2016	Comments
Equity	1,149,758	1,197,812	▪ Equity ratio: 29.4 % (prior year: 29.6 %)
Liabilities due to banks	1,536,502	1,760,653	▪ Bank liabilities (net): €1,658.9m (prior year: €1,452.2m)
Trade accounts payable	399,904	383,189	▪ Slight increase due to expansion of business
Accrued taxes and deferred tax liabilities	227,532	158,356	
Other accrued liabilities	60,044	52,908	
Other liabilities	252,855	251,493	▪ Thereof non-current: €90.9m (IRUs / leased network of Versatel)
Deferred revenues	258,835	269,323	
Total	3,885,430	4,073,734	

GROUP: CASH FLOW AS OF 31 DECEMBER 2016

(acc. to IFRS in €k)

	31.12.2015	31.12.2016	Comments
Operative cash flow	554,464	644,203	
Cash flow from operating activities	533,204	486,983	<ul style="list-style-type: none"> 2015 without capital gains tax refund (€242.7m); 2016 incl. payment of capital gains tax (€100.0m)
Cash flow from investing activities	- 766,039	- 422,687	<ul style="list-style-type: none"> Capex: €168,9m (prior year: €140.4m); investments: €266.4m (Tele Columbus) (prior year: €417.8m (Drillisch und Rocket))
Free cash flow*	400,494	323,016	<ul style="list-style-type: none"> 2015 without capital gains tax refund (€242.7m); 2016 incl. 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

SUMMARY 2017/2018

- Forecast for fiscal year 2017*
 - approx. 800,000 new contracts; additional 1.8 million contracts expected from Strato acquisition
 - approx. + 7 % sales
 - approx. + 12 % EBITDA
 - EPS 2017 expected to be almost unchanged from the previous year (operative EPS: € 2.13); EPS before PPA: approx. € 2.35
 - EPS contribution from Strato offset by PPA impairment
 - EPS burden from strong rise in minority interests due to Warburg Pincus investment and one-off tax effect resulting from this transaction

- Targets 2018
 - > 20 million customer contracts
 - approx. 10 % EBITDA growth (for the first time > € 1 billion EBITDA)
 - EPS approx. € 2.50 (EPS before PPA: approx. € 2.75)

* Incl. approx. € 95 million from the first-time consolidation of Strato, as well as an opposing burden of approx. € 60 million on sales from regulatory topics (roaming / termination fees).

Incl. approx. € 36 million EBITDA from the first-time consolidation of Strato, as well as an opposing net burden of approx. € 30 million on EBITDA from regulatory topics (roaming / termination fees) and one-time costs for the migration of DSL wholesale connections of Telefónica.

UNITED INTERNET AG

**Our success story
continues!**

