

UNITED INTERNET AG

**Fiscal year 2017
and outlook 2018**

**Frankfurt/Main,
March 22, 2018**



AGENDA

- Company development 2017
- Results of the fiscal year 2017
- Outlook 2018

COMPANY DEVELOPMENT 2017

HIGHLIGHTS FISCAL YEAR 2017

- Investment of Warburg Pincus in the „Business Applications“ division
 - United Internet share: 66.7 % / Warburg Pincus: 33.3 %
 - Closing as of Feb. 15, 2017

- Takeover of Strato, #2 in the German hosting market
 - Consolidated since April 2017

- Takeover of ProfitBricks, a technologically leading cloud hosting specialist
 - Consolidated since August 2017

- Merger of 1&1 Telecommunication and Drillisch under the umbrella of United Internet
 - United Internet share in 1&1 Drillisch AG: 73.3 %
 - Consolidated since September 2017

- Merger of affilinet GmbH and AWIN AG to create a leading affiliate marketing provider
 - United Internet share in AWIN: 20.0 % / Axel Springer: 80.0 %
 - Deconsolidation of affilinet as of October 1, 2017

KPIs FISCAL YEAR 2017

- 22.89 million customer contracts: + 6.10 million, thereof 880,000 from organic growth, 1.87 million from Strato takeover, 3.35 million from Drillisch takeover

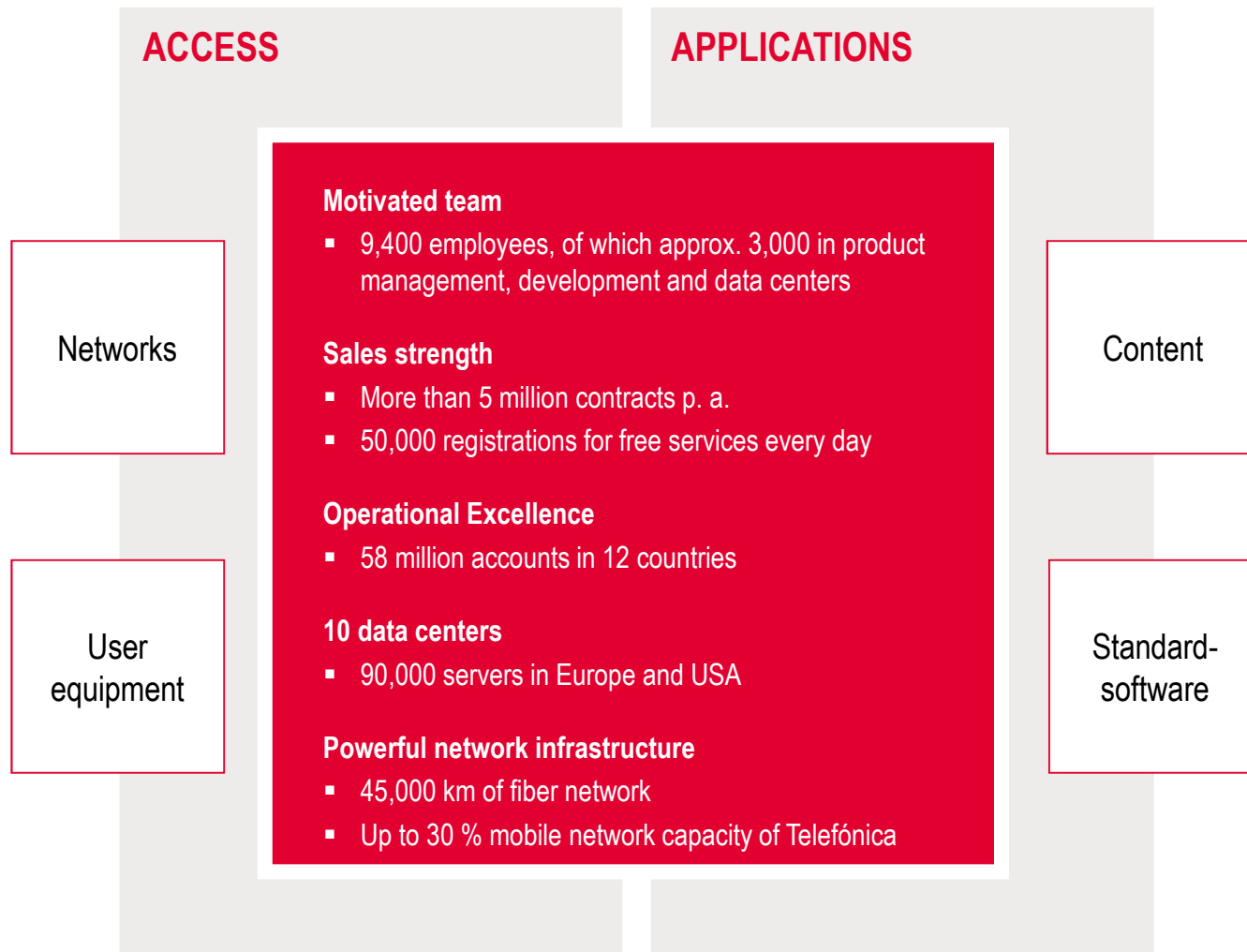
Sales and earnings figures*	2016	2017	Change
Sales	3,808.1	4,206.3	+ 10.5 %
EBITDA, operative**	835.4	979.6	+ 17.3 %
EBITDA	835.4	1,253.3	+ 50.0 %
EBIT, operative**	642.7	705.9	+ 9.8 %
EBIT	642.7	958.9	+ 49.2 %
EPS continued operations, operative before PPA **	2.27	2.34	+ 3.1 %
EPS continued operations	0.86	3.06	+ 255.8 %

- Strato and ProfitBricks consolidation: sales: + €104.0 million / EBITDA: + €39.7 million
- Drillisch consolidation: sales: + €223.0 million / EBITDA: + €56.8 million
- Regulatory effects / TEFD DSL-migration: sales: - €44.5 million / EBITDA: - €17.1 million
- FX effects: sales: - €8.2 million / EBITDA: - €3.5 million

* After deconsolidation of affilinet, prior year adjusted

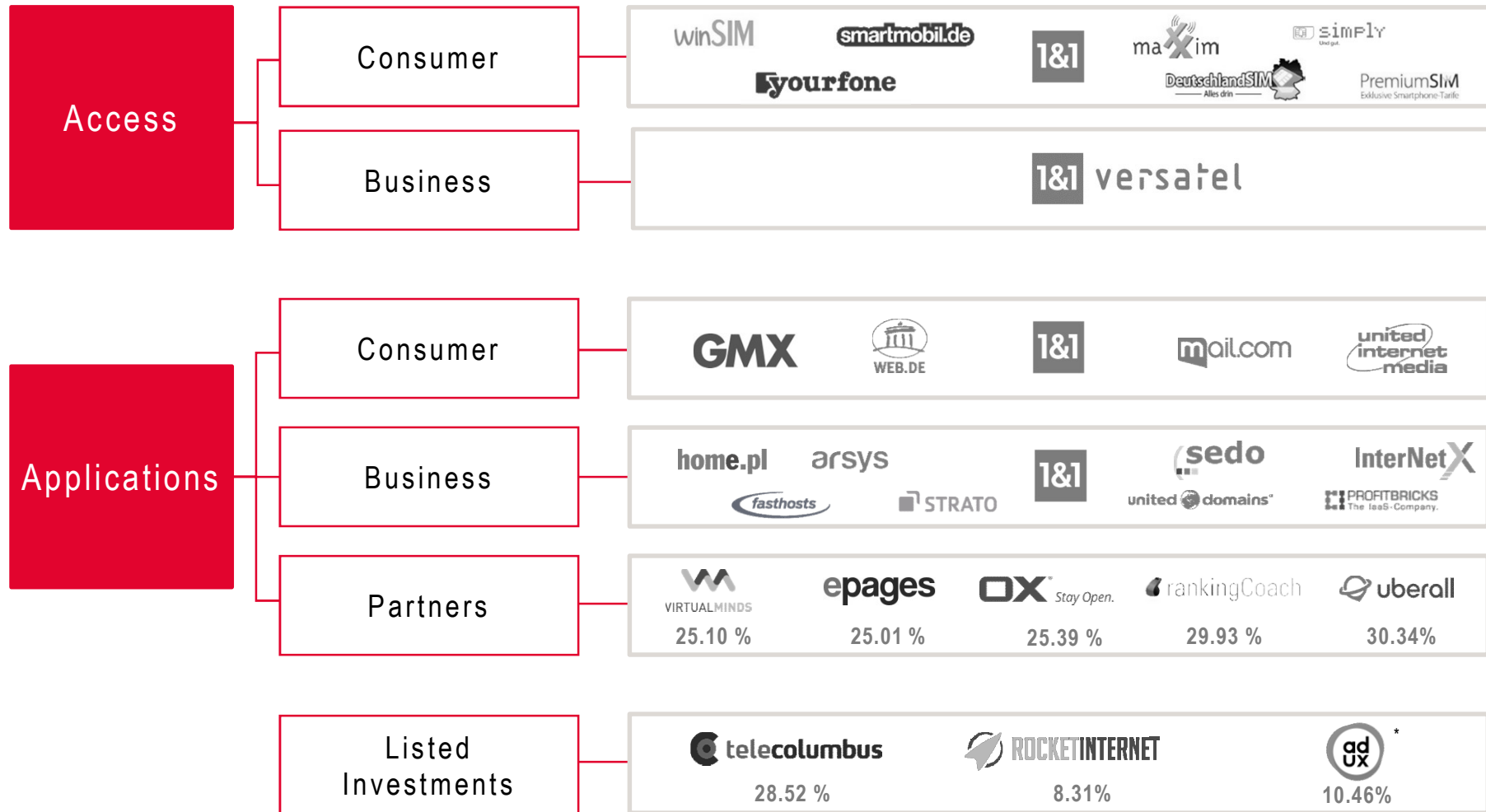
** 2017 without revaluation of Drillisch shares / ProfitBricks shares (EBITDA/EBIT: + €319.1 million ; EPS: + €1.59), M&A transaction costs (EBITDA/EBIT: - €17.1 million; EPS: - €0.06), restructuring costs offline sales (EBITDA/EBIT: - €28.3 million; EPS: - €0.10), trademark writedowns (EBIT: - €20.7 million; EPS: - €0.07), financing costs Drillisch (EPS: - €0.01), writedown on Rocket Internet (EPS: - €0.10) and one-off tax effect from WP investment and Drillisch investment (EPS: - €0.21); 2016 without Rocket Internet writedown (EPS: - €1.25)

2 SEGMENTS: ACCESS & APPLICATIONS



BRANDS & INVESTMENTS

(As of: December 31, 2017)



* Formerly Hi-Media

„ACCESS“ IN FISCAL YEAR 2017

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

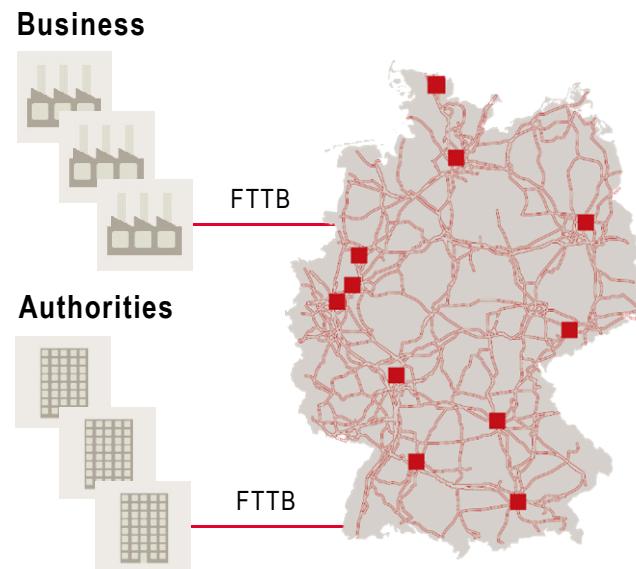
BUSINESS ACCESS

- Second-largest German fiber-optic network
- Project business and plug-and-play solutions for medium-sized companies



**GLASFASER
DIREKT**

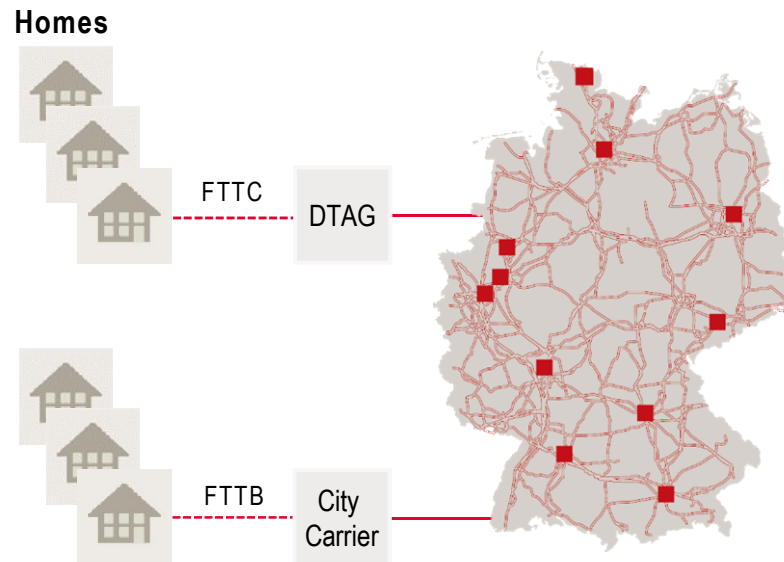
✓ Glasfaser-Anschluss für Firmen!
✓ Garantierte Gigabit-Bandbreite!
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with a length of 44,889 km (prior year: 41,644 km)
- In 250 German cities, including 19 of the 25 largest cities
- 8,188 directly connected locations (prior year: 7,460)

CONSUMER ACCESS: FIXED-LINE BUSINESS

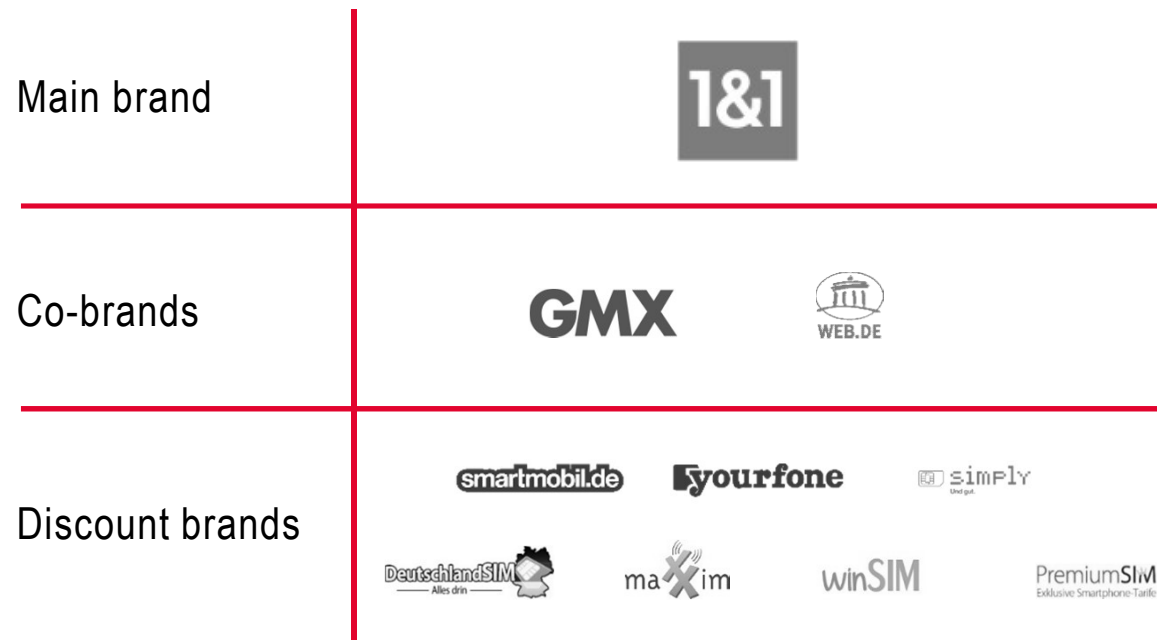
- Largest alternative German DSL provider
- Connect fixed line test: Winner in 2015, #2 in 2016, winner in 2017



- Gradual migration from ADSL to VDSL / Vectoring
- Target infrastructure: Last mile via VDSL/Vectoring from DTAG (Layer 3, in parallel gradual expansion of Layer2 infrastructure) and via fiber-optic connection of regional networks

CONSUMER ACCESS: MOBILE BUSINESS

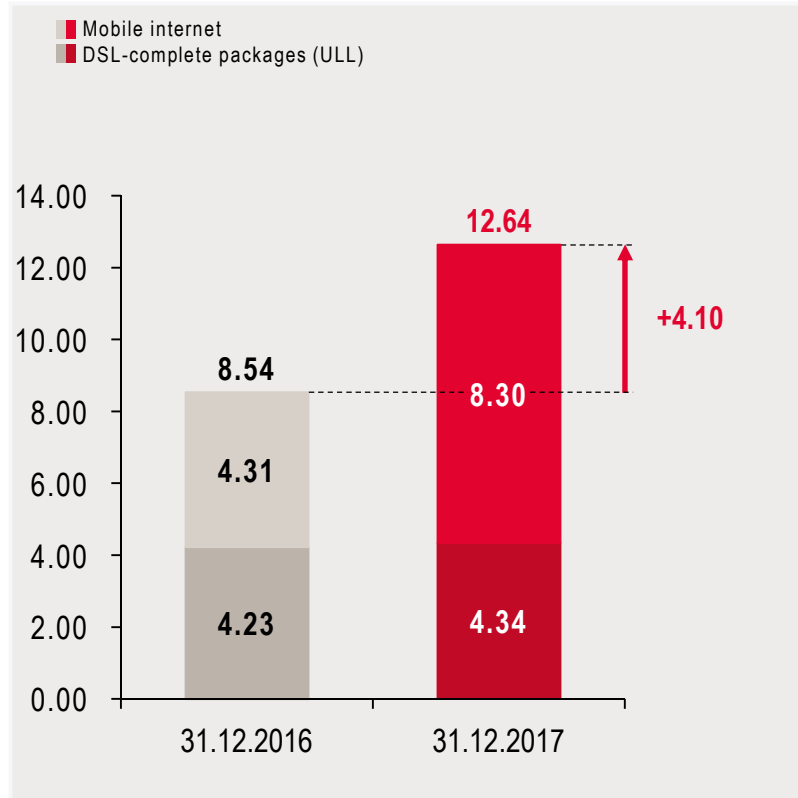
- Germany's leading MVNO
- Broad market coverage



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

CONSUMER ACCESS: CUSTOMER CONTRACTS

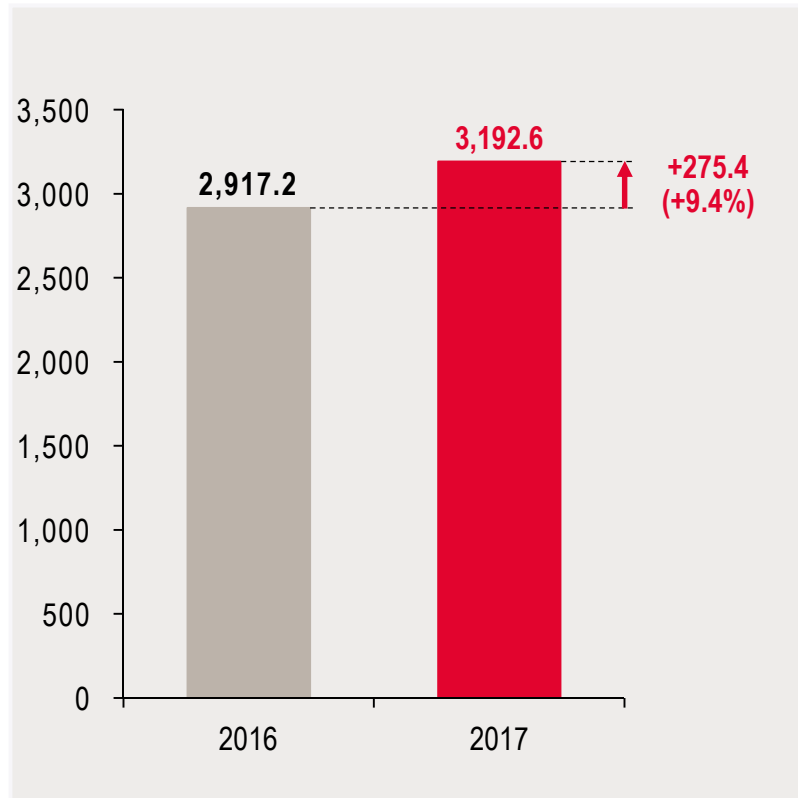
(in million)



- 12.64 million customer contracts with monthly basic fees in current product-lines (+ 4,100,000), thereof 3.35 million from Drillisch transaction
 - 8.30 million mobile internet contracts (+ 3,990,000)
 - 4.34 million DSL-complete packages (+ 110,000)
- Furthermore 0.47 million customer contracts without basic fee and service provider contracts and 0.11 million in expiring product-lines (T-DSL / R-DSL)

ACCESS: SALES

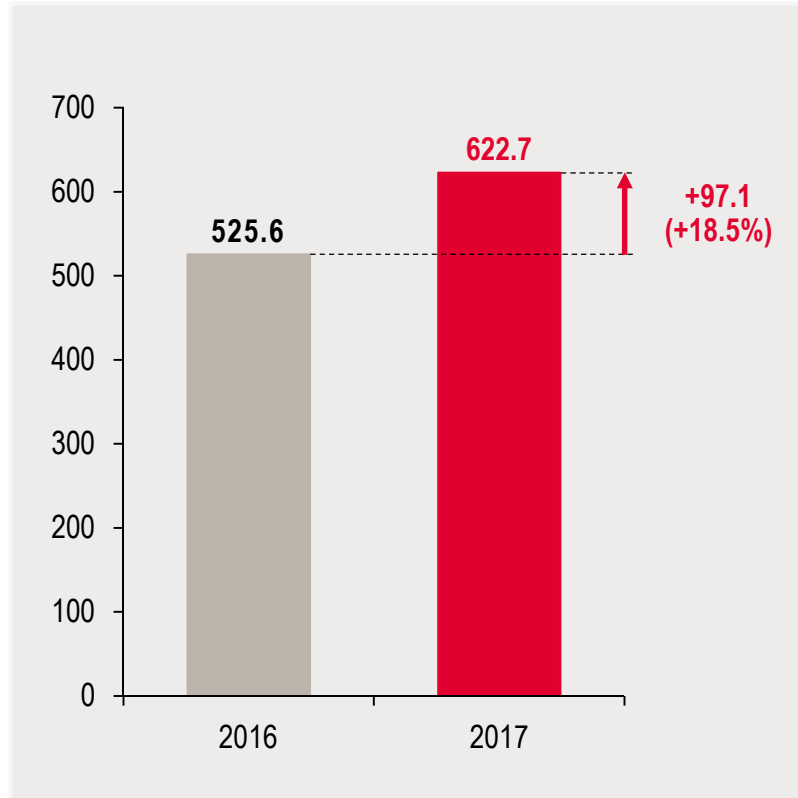
(acc. to IFRS in € million)



- € 3.193 billion sales (+ 9.4 %)
 - Consumer: € 2.782 billion (+ 15.2 %), thereof
 - + € 223.0 million from Drillisch transaction
 - + € 52.1 million from reclassification of the mass market business from Business access
 - € 29.7 million from regulatory effects
 - Business: € 447.9 million (- 12.8 %), thereof
 - € 14.8 million from regulatory effects
 - € 18.8 million one-off rev. from project business
 - € 52.1 million from reclassification of the mass market business to Consumer access

ACCESS: EBITDA

(acc. to IFRS in € million)

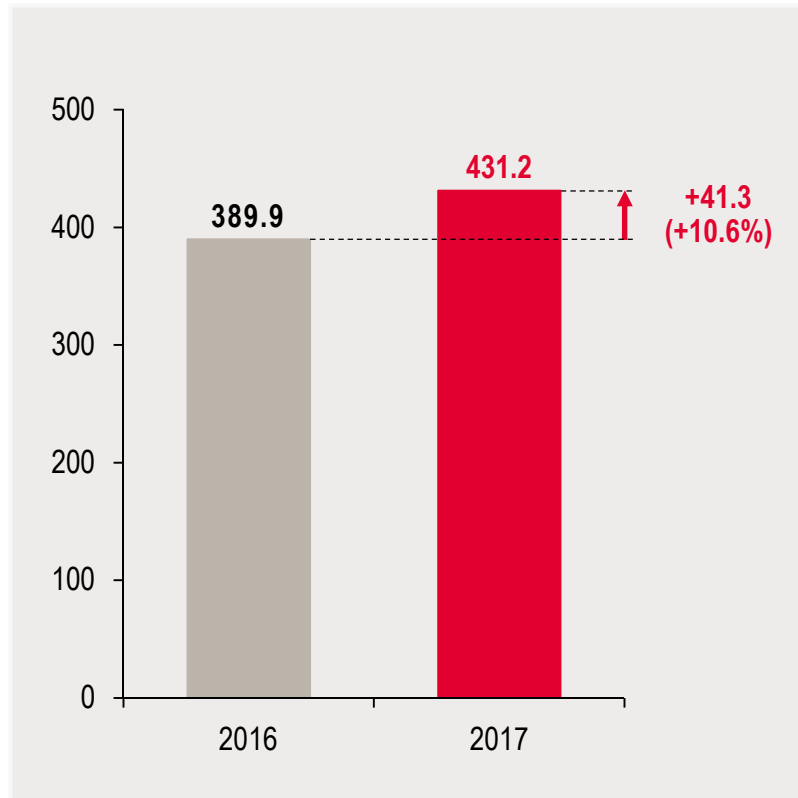


- € 622.7 million* EBITDA (+ 18.5 %)
 - Consumer: € 541.2 million (+ 36.9 %), thereof
 - + € 56.8 million from Drillisch transaction
 - + € 34.1 million from reclassification of the mass market business from Business access
 - € 15.7 million regulatory effects
 - Business: € 81.5 million (- 34.3 %), thereof
 - € 1.4 million from regulatory effects
 - € 7.9 million one-off revenues from project business
 - € 34.1 million from reclassification of the mass-market business to Consumer access
- 19.5 % EBITDA-margin (prior-year: 18.0 %)

* Excl. extraordinary result of € 303.0 million from Drillisch transaction (revaluation of the Drillisch shares already acquired before the conclusion of the overall transaction) and excl. restructuring costs from offline distribution at 1&1 Drillisch of € 28.3 million

ACCESS: EBIT

(acc. to IFRS in € million)



- € 431.2 million* EBIT (+ 10.6 %)
- PPA writedowns on 1&1 Drillisch reducing EBIT growth
- 13.5 % EBIT-margin (prior-year: 13.4 %)

* Excl. extraordinary result of € 303.0 million from Drillisch transaction (revaluation of the Drillisch shares already acquired before the closing of the overall transaction) and excl. restructuring costs from offline sales at Drillisch of € 28.3 million

„APPLICATIONS“ IN FISCAL YEAR 2017

- BUSINESS ACCESS
- CONSUMER ACCESS

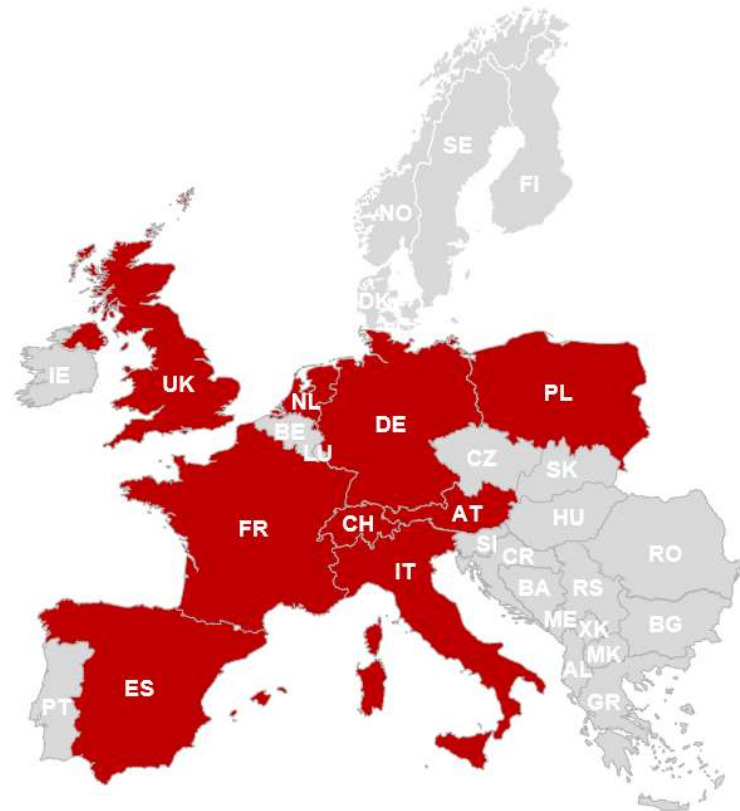
- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

BUSINESS APPLICATIONS: FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER



BUSINESS APPLICATIONS: ASSETS

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

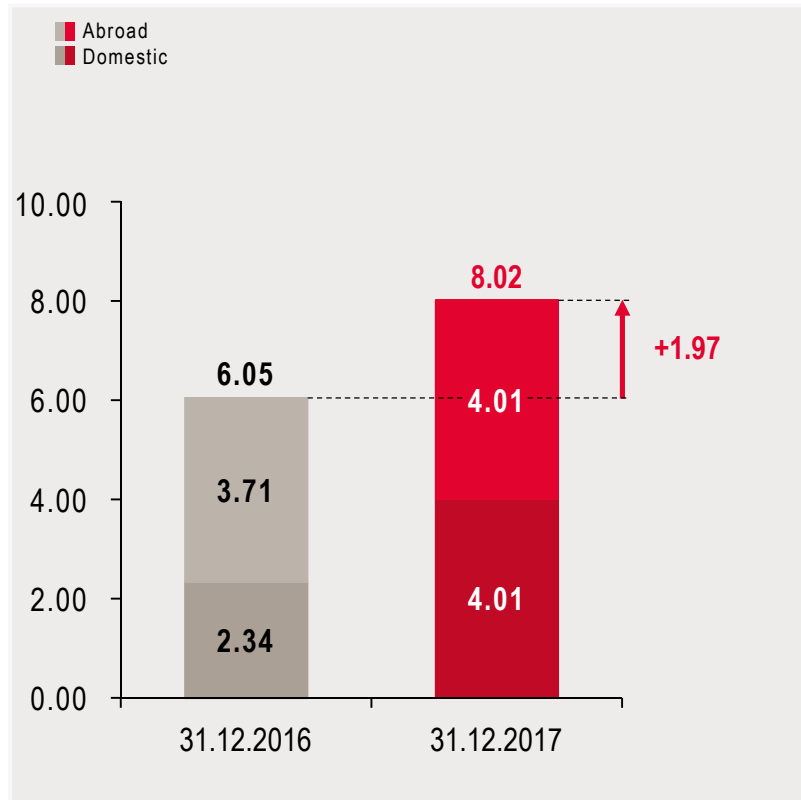


- Broad product range
- In-house developments and cooperations with development partners
- Powerful data centers

* Measured by the number of managed country domains

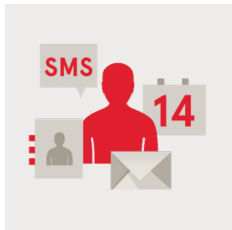
BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

(in million)



- 8.02 million customer contracts (+ 1,970,000), thereof 1.87 million from Strato-takeover
 - 4.01 million domestic
 - 4.01 million abroad

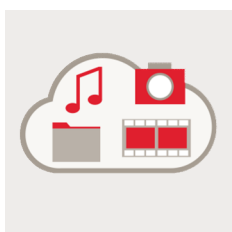
CONSUMER APPLICATIONS: FROM E-MAIL SERVICE TO COMMAND CENTER FOR COMMUNICATION, INFORMATION AND IDENTITY MANAGEMENT



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



Online office
Texts, spreadsheets, presentations








Cloud storage
For photos, videos, music and documents



De-Mail
Legally secure communication and identity management

CONSUMER APPLICATIONS: ASSETS

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

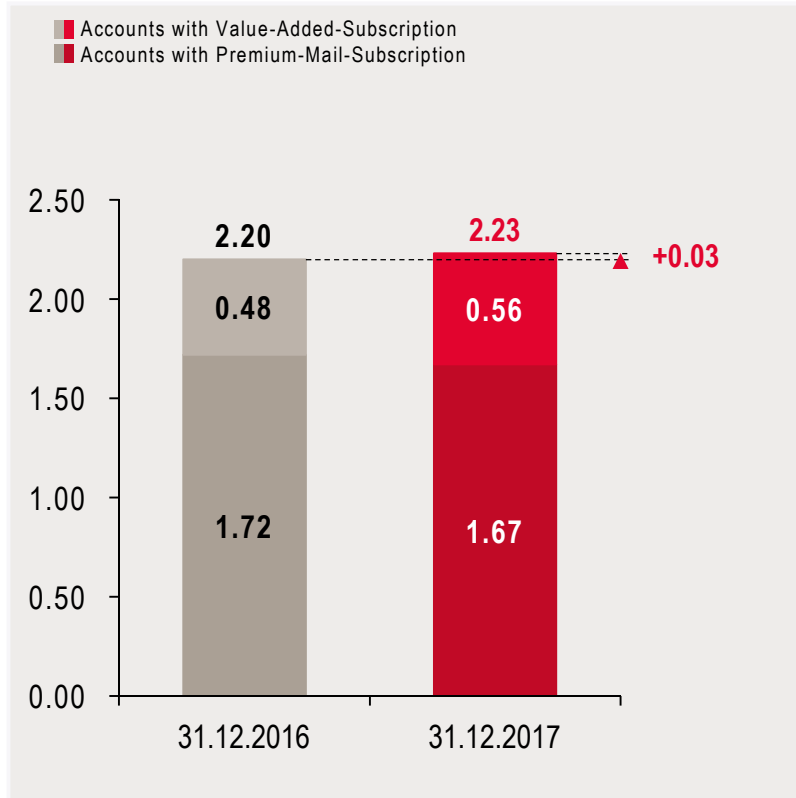
	E-Mail*	Cloud*	Content*	eIDAS/ De-Mail
	#1	#3	#1	#1
	#2	#6	#2	#2
	#3	#2	–	–
	#4	#5	n.a.	–
	#11	#9	n.a.	–

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

* E-Mail and Cloud storage: Representative survey of Convios Consulting on behalf of United Internet, 2017 (privately most used e-mail / cloud provider in Germany)
Content: Reuters Digital News Report, 2016 (most used news provider in Germany)

CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

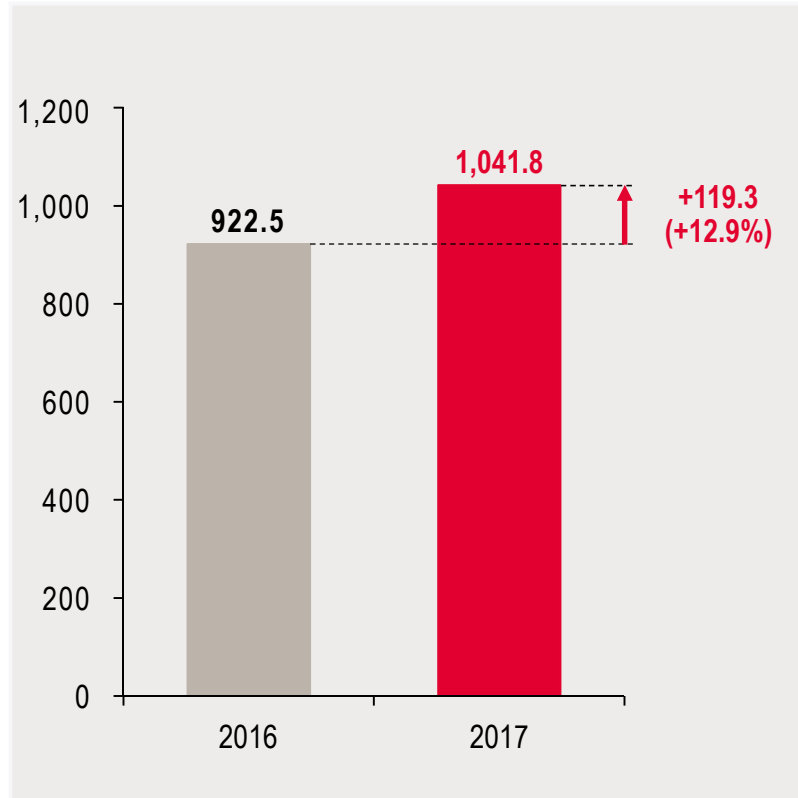
(in million)



- 2.23 million pay products (+ 30,000)
- 35.42 million free accounts (+ 1,130,000), thereof
 - 20.4 million with mobile usage (+ 2,200,000)
 - 18.1 million with cloud storage (+ 600,000)

APPLICATIONS: SALES*

(acc. to IFRS in € million)

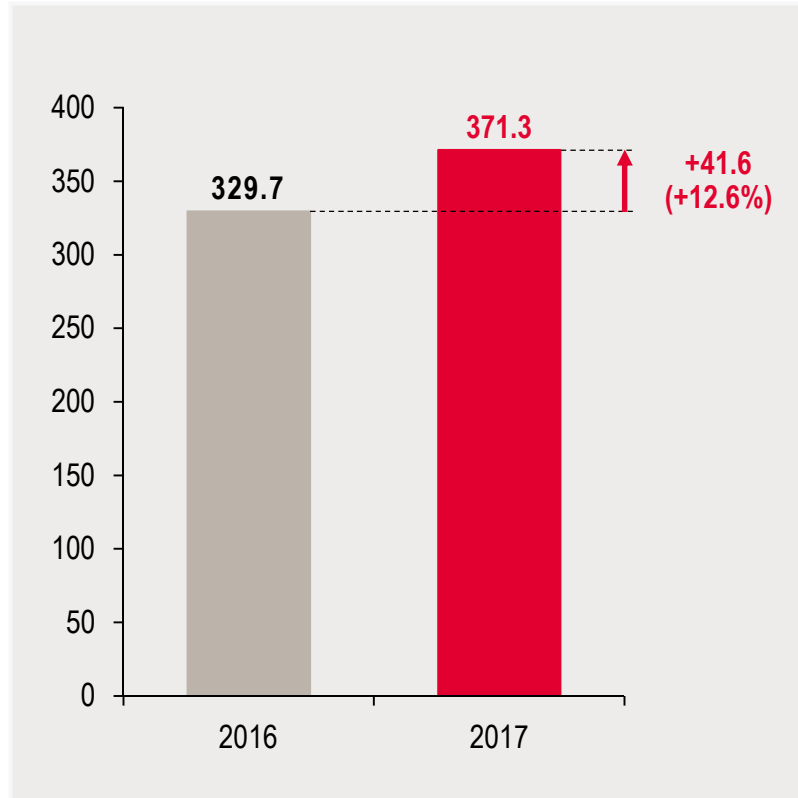


- € 1.042 billion sales (+ 12.9 %)
 - Consumer: € 284.2 million (+ 0.2 %)
 - weak portal advertising business in Q1
 - Business: € 762.1 million (+ 19.3 %), thereof
 - + € 104.0 million Strato-/ProfitBricks takeover
 - € 8.2 million FX effect

* After deconsolidation of affilinet, prior year adjusted

APPLICATIONS: EBITDA*

(acc. to IFRS in € million)



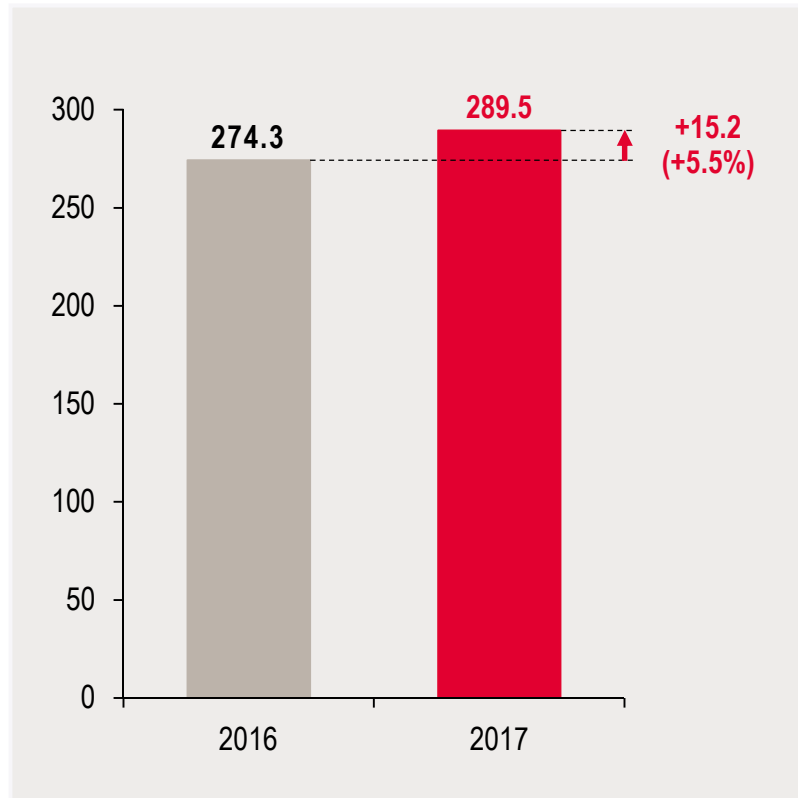
- € 371.3 million** EBITDA (+ 12.6 %)
 - Consumer: € 124.0 million (- 2.7 %)
 - weak portal advertising business in Q1
 - Business: € 247.3** million (+ 22.1 %), thereof
 - + € 39.7 million Strato/ProfitBricks takeover
 - € 3.5 million FX effect
- 35.6 % EBITDA-margin (prior year: 35.7 %)

* After deconsolidation of affilinet; prior year adjusted

** Without extraordinary result of € 16.1 million from ProfitBricks takeover and without € 8.7 million M&A costs

APPLICATIONS: EBIT*

(acc. to IFRS in € million)



- € 289.5 million** EBIT (+ 5.5 %)
 - PPA writedowns on Strato reducing EBIT growth
- 27.8 % EBIT-margin (prior-year: 29.7 %)

* After deconsolidation of affilinet, prior year adjusted

** Without extraordinary result of € 16.1 million from ProfitBricks takeover and without € 8.7 million M&A costs

RESULTS FISCAL YEAR 2017

GROUP: CUSTOMERS, SALES AND RESULTS AS OF DEC. 31, 2017

(contracts in million/ financial figures acc. to IFRS in € million; after deconsolidation affilinet)

	2016*	2017**	Change
Customer contracts in current product-lines	16.79	22.89	+ 6.10 million
Sales	3,808.1	4,206.3	+ 10.5 %
EBITDA, operative**	835.4	979.6	+ 17.3 %
EBITDA	835.4	1,253.3	+ 50.0 %
EBIT, operative**	642.7	705.9	+ 9.8 %
EBIT	642.7	958.9	+ 49.2 %
EBT, operative	617.5	662.1	+ 7.2 %
EBT	362.6	891.0	+ 145.7 %
EPS, from continuing operations,operative before PPA-impairment (in €)	2.27	2.34	+ 3.1 %
EPS, from continued operations,operative (in €)	0.86	3.06	+ 255.8 %

* 2016 without Rocket writedown (EBT:- € 254.9 million; EPS: - €1.25)

** 2017 without revaluation of Drillisch shares / ProfitBricks shares (EBITDA/EBIT: +€319.1 million ; EPS: +€1.59), M&A transaction costs (EBITDA/EBIT: -€17.1 million; EPS: -€0.06), restructuring costs offline-distribution (EBITDA/EBIT: -€28.3 million; EPS: -€0.10), trademark writedown (EBIT: -€20.7 million; EPS: -€0.07), financing costs Drillisch (EBT: € 3.0 million; EPS: -€0.01), writedown Rocket Internet (EBT € 19.8 million; EPS -- €0.10) and one-off tax effect from WP investment and Drillisch investment (EPS € -0.21)

GROUP: BALANCE SHEET AS OF 31 DECEMBER 2017 (I)

(acc. to IFRS in €k)

Assets	31.12.2016	31.12.2017	Comments
Property, plant and equipment / intangible assets	1,024,476	2,140,762	<ul style="list-style-type: none"> Capex: € 233.5m; D&A: € 295.1m Increase due to Strato/Drillisch transaction
Goodwill	1,087,685	3,579,780	<ul style="list-style-type: none"> Increase due to Strato/Drillisch transaction
Financial assets	1,043,234	751,748	<ul style="list-style-type: none"> Stock exchange values of AdUX and Rocket Internet; book values Tele Columbus and other strategic investments Decrease due to ProfitBricks and Drillisch transaction
Accounts receivable	283,866	343,571	<ul style="list-style-type: none"> Slight increase due to expansion of business
Inventories, prepaid expenses and other assets	532,730	551,429	<ul style="list-style-type: none"> Prepaid expenses: €193.2m; inventories: €44.7m; deferred tax assets: €155.2m; tax refund claims: €58.2m
Cash and cash equivalents	101,743	238,522	
Total	4,073,734	7,605,812	

GROUP: BALANCE SHEET AS OF 31 DECEMBER 2017 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2065	31.12.2017	Comments
Equity	1,197,812	4,050,559	▪ Equity ratio: 53.3 % (prior year 29.4 %)
Liabilities due to banks	1,760,653	1,955,781	▪ Bank liabilities (net): €1,713.3m (prior year: €1,658.9m)
Trade accounts payable	383,189	408,921	▪ Increase due to expansion of business
Accrued taxes and deferred tax liabilities	158,356	520,929	▪ Increase due to Strato/Drillisch transaction
Other accrued liabilities	52,908	82,897	
Other liabilities	251,493	291,848	▪ Thereof non-current: €97.5m (IRUs / leased network of Versatel)
Deferred revenues	269,323	294,877	▪ Increase due to expansion of business
Total	4,073,734	7,605,812	

GROUP: BALANCE SHEET AS OF 31 DECEMBER 2017 (III)

(acc. to IFRS in €k)

	31.12.2016	31.12.2017	Comments
Operative cash flow	644,203	656,394	
Cash flow from operating activities	486,983	655,706	▪ 2017 without capital gains tax refund (€70.3m)
Cash flow from investing activities	- 422,687	- 897,688	▪ Capex: €233.5m (prior year: €168.9m); transactions: € 528.1m for Strato, Drillisch, ProfitBricks (prior year: € 0.3m) investments: € 127.9m for Tele Columbus, Drillisch and rankingCoach (prior year : €266.4m Tele Columbus)
Free cash flow*	323,016	424,431	▪ 2017 without capital gains tax refund (€70.3m)

* 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

OUTLOOK 2018

ROADMAP 2018 (I)

- Business Access
 - Further expansion of the fiber optic network – organically and through acquisitions
 - Development of BNGs for VDSL/Vectoring based on Layer-2 (Target 2018: approx. 500 of 897 BNGs)

- Consumer Access
 - Consistent management team
 - Merger of previously separated organizations
 - Streamlining of the brand portfolio
 - Expansion of marketing to existing customers
 - Improved retention process for discount brands
 - Approx. 1.2 million new DSL and mobile internet contracts
 - Increase of the marketing budget
 - Additional smartphone subsidies

ROADMAP 2018 (II)

- Business Applications
 - Technical projects for platform integration
 - Rebranding of 1&1 Hosting division

- Consumer Applications
 - Reduction of advertising space at GMX and WEB.DE
 - Expansion of data-driven business models for better monetization of advertising space
 - Start of net-ID, the Log-in-Allianz with RTL, Pro7Sat1 and Zalando
 - Creation of Europe's largest big data platform with over 40 million user profiles
 - Open for other companies
 - Complete data sovereignty for the user

GUIDANCE 2018

- Sales increase to approx. € 5.2 billion
 - Strong contract growth
 - Consolidation of Strato / ProfitBricks and 1&1 Drillisch for a full year
 - Increased use of subsidized smartphones in connection with the earlier realization of hardware sales in accordance with IFRS 15 (sales effect: approx. € 200 million)
- EBITDA increase to approx. € 1.2 billion, therein included
 - approx. – € 300 million additional smartphone subsidies (return via higher tariff prices)
 - approx. + € 300 million from accounting in accordance with IFRS 15
 - approx. – € 30 million increased marketing budget at Consumer Access
 - approx. – € 20 million adjusted monetisation of advertising at Consumer Applications
 - approx. + € 50 million synergies from the merger with Drillisch
 - Moreover included,
approx. – € 50 million one-offs for integration projects at Consumer Access and Business Applications

UNITED INTERNET AG

**Our success story
continues!**

