Interim Statement
Q3 2018

SELECTED KEY FIGURES

	Sept. 30, 2018 (IFRS 15)	Sept. 30, 2017 (IAS 18)	Change
NET INCOME (IN € MILLION)			
Sales	3,815.9	3,008.2	+ 26.8%
EBITDA[1]	874.6	684.1	+ 27.8%
EBIT[1]	582.8	511.2	+ 14.0%
EBT[2]	548.0	479.1	+ 14.4%
EPS (in €)[3]	1.37	1.46	- 6.2%
EPS before PPA writedowns (in €)[3]	1.77	1.63	+ 8.6%
BALANCE SHEET (IN € MILLION)			
Current assets	1,172.2	792.6	+ 47.9%
Non-current assets	6,897.1	6,733.7	+ 2.4%
Equity	4,500.9	3,976.4	+ 13.2%
Equity ratio	55.8%	52.8%	
Total assets	8,069.3	7,526.3	+ 7.2%
CUSTOMER CONTRACTS IN CURRENT PRODUCT LINES (IN MILLION)			
Fee-based customer contracts, total[4]	23.65	22.37	+1.28
Access, total contracts	13.33	12.39	+0.94
thereof Mobile Internet	8.93	8.06	+0.87
thereof DSL complete (ULL)	4.40	4.33	+0.07
Business Applications, total contracts	8.33	8.00	+0.33
thereof Germany	4.07	3.99	+0.08
thereof abroad	4.26	4.01	+0.25
Consumer Applications, total accounts	38.16	36.90	+1.26
thereof with Premium Mail subscription (contracts)[4]	1.53	1.58	-0.05
thereof with Value-Added subscription (contracts)[4]	0.46	0.40	+0.06
thereof free accounts	36.17	34.92	+1.25
CASH FLOW (IN € MILLION)			
Operative cash flow	659.3	461.1	+43.0%
Cash flow from operating activities[5]	326.7	503.5	-35.1%
Cash flow from investing activities	- 268.9	- 805.0	
Free cash flow adjusted[5]	181.7	352.1	-48.4%
EMPLOYEES (HEADCOUNT)			
Total as of September 30	9,032	9,426	-4.2%
thereof in Germany	7,526	7,879	-4.5%
thereof abroad	1,506	1,547	-2.7%
SHARE (IN €)			
Share price as of September 30 (Xetra)	40.75	52.67	- 22.6%

(1) EBITDA and EBIT for the first nine months of 2017 without extraordinary result from M&A activities (€ +303.9 million)
(2) EBT for the first nine months of 2017 without extraordinary result from M&A activities (€ +303.9 million) and without Rocket impairment charges (€ -19.8 million); EBT for the first nine months of 2018 without Tele Columbus impairment charge (€ -216.2 million)
(3) EPS for the first nine months of 2017 without net positive special items from the extraordinary result from M&A activities (€ +1.52) and Rocket impairment charges (€ -0.10); EPS for the first nine months of 2018 without Tele Columbus impairment charge (€ -1.08)
(4) After reclassification of 250,000 customer relationships (110,000 accounts with Premium Mail subscription and 140,000 accounts with Value-Added subscription) from contract inventory to free accounts; prior-year figure adjusted
(5) Cash flow from operating activities and free cash flow in the first nine months of 2017 without capital gains tax refund of € 70.3 million; free cash flow in the first nine months of 2018 without tax payment of € 34.7 million from fiscal year 2016

CONTENT

Dear shareholders, employees, customers and business associates,

United Internet AG has maintained its growth trajectory. Once again, we were able to raise the number of customer contracts, sales revenues, and key earnings ratios.

In the first nine months of 2018, we made further strong investments in new customer contracts and the expansion of our existing customer relationships, and thus in sustainable growth. All in all, we succeeded in raising the number of fee-based customer contracts by 1.01 million to 23.65 million contracts. In our Access segment, we added 690,000 contracts (630,000 Mobile Internet and 60,000 DSL connections). The Applications segment contributed a further 320,000 contracts – 70,000 from organic growth and 250,000 from the takeover of the Austrian company World4You. There was also continued growth in our ad-financed free accounts, which rose by 500,000 to 36.17 million.

Our sales and earnings figures are shaped by the consolidation of Strato and Drillisch, as well as by positive conversion effects from the initial application of IFRS 15 (prior year: IAS 18). There were opposing and expected burdens on earnings from increased contract growth and stronger use of smartphones for new and existing customers (no or only small one-off customer charges for new contracts and refinancing via higher tariff prices over the contractual term). The resulting IFRS 15 effects had a positive impact on sales (€ 213.0 million), while their impact on earnings was almost fully offset by expenses for the increased use of smartphones.

Specifically, consolidated sales grew by 26.8%, from € 3,008.2 million (acc. to IAS 18) in the previous year to € 3,815.9 million (acc. to IFRS 15) in the first nine months of 2018. On a pro forma basis (including Strato and Drillisch in the previous year), sales rose by 10.2% from € 3,462.5 million (acc. to IAS 18) to € 3,815.9 million (acc. to IFRS 15).

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 27.8%, from € 684.1 million (comparable prior-year figure acc. to IAS 18 without the extraordinary result) to € 874.6 million (acc. to IFRS 15). On a pro forma basis (including Strato and Drillisch in the previous year), EBITDA improved by 10.5% from € 791.6 million (comparable prior-year figure acc. to IAS 18) to € 874.6 million (acc. to IFRS 15). EBITDA for the first nine months of 2018 includes one-off expenses for current integration projects of € 21.2 million.

Earnings before interest and taxes (EBIT) increased by 14.0%, from € 325.3 million (comparable prior-year figure acc. to IAS 18) in the previous year to € 582.8 million (acc. to IFRS 15). EBIT also includes the above mentioned one-off expenses from integration projects. The difference in percentage growth compared to EBITDA (27.8%) is due to increased amortization of purchase price allocations (PPA) from the Strato and Drillisch takeovers completed in 2017.

Earnings per share (EPS) for the first nine months of 2017 and the first nine months of 2018 were dominated by various special items. In the previous year, non-cash impairment charges on our Rocket Internet shares of € 19.8 million (EPS effect: € -0.10) and an extraordinary result from M&A activities of € 303.9 million (EPS effect: € +1.52) had a net positive impact on EPS, while there was a negative impact on EPS in the first nine months of 2018 from a non-cash impairment charge on our Tele Columbus shares of € 216.2 million conducted in the third quarter of 2018 (EPS effect: € -1.08). Adjusted for these special items, EPS fell from € 1.46 to € 1.37. This was due to the strong increase in minority interests as a result of the 33% stake of Warburg Pincus in the Business Applications division and the 27% stake of minority shareholders in 1&1 Drillisch AG, and thus in our Consumer Access business. In addition, there were increased PPA writedowns relating in particular to the acquisition of Versatel and the Strato and Drillisch takeovers in 2017. Without consideration of these PPA writedowns, EPS rose by 8.6% from € 1.63 in the previous year to € 1.77.

Following the successful first nine months of 2018, we can confirm our full-year sales and earnings guidance and continue to expect growth in sales to approx. € 5.2 billion (prior year acc. to IAS 18: € 4.21 billion) with growth in EBITDA to approx. € 1.2 billion (prior year acc. to IAS 18: € 980 million).

We are very well prepared for the next steps in our company’s development and upbeat about our prospects for the remaining weeks of the fiscal year. In view of our 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 13, 2018

Ralph Dommermuth

INTERIM STATEMENT ON THE THIRD QUARTER OF 2018

Business development

Initial application of IFRS 15

In May 2014, the International Accounting Standards Board (IASB) published the standard IFRS 15 "Revenue from Contracts with Customers". Application is mandatory in reporting periods beginning on or after January 1, 2018 – and thus also for the current interim statement on the third quarter of 2018. The new standard provides a single, principles-based, five-step model for the determination and recognition of revenue to be applied to all contracts with customers. In particular, it replaces the previous standards IAS 18 "Revenue" and IAS 11 "Construction Contracts".

United Internet has exercised its right to use the modified retrospective transitional method, i.e. the prior-year figures have not been adjusted in this quarterly statement. The conversion effects were recognized directly in equity as of January 1, 2018.

The application of IFRS 15 has a significant impact on the financial position and performance of United Internet. The new regulations mainly concern the following aspects:

- Whereas under the previous regulations, revenue from sales of hardware (e.g. cellphones) as part of a multiple-element arrangement (e.g. mobile contract and cellphone) was only recognized in the amount billed to the customer, IFRS 15 requires a separation of the total price for the customer contract based on the relative standalone selling prices of the individual elements. The resulting revenue share allocated to hardware is recognized in total on delivery to the customer. As the allocated revenue share generally exceeds the amount charged to the customer in the first month, the new regulations lead to accelerated revenue recognition and the corresponding recognition of a contract asset.

- Moreover, IFRS 15 requires the capitalization of contract costs. Provided that certain conditions are met, the costs of contract acquisition (e.g. sales commissions) and the costs of contract fulfillment (e.g. customer activation fees) must be capitalized and amortized over the estimated period of use.

In addition to conversion effects from the first-time application of IFRS 15, sales and earnings figures were impacted by the increased use of smartphones to attract new and retain existing customers (no or only small one-off customer charges for new contracts and refinancing via higher tariff prices over the contractual term). In order to provide comparability between sales and earnings figures according to IFRS 15 for the first nine months of 2018 and sales and earnings figures according to IAS 18 for the first nine months of 2017, the most important effects are reported in the form of additional comments on the development of business and the Group's position.

Development of the Access segment

The number of **fee-based contracts** of the Access segment rose by 690,000 contracts to 13.33 million in the first nine months of 2018. A total of 630,000 customer contracts were added in the company's mobile internet business, thus raising the total number of contracts to 8.93 million. The number of complete DSL contracts (ULL = Unbundled Local Loop) was increased by 60,000 to a total of 4.40 million contracts.

Development of Access contracts in the first nine months of 2018 (in million)

	Sept. 30, 2018	Dec. 31, 2017	Change
Access, total contracts	13.33	12.64	+0.69
thereof Mobile Internet	8.93	8.30	+0.63
thereof DSL complete (ULL)	4.40	4.34	+0.06

Development of Access contracts in the third quarter of 2018 (in million)

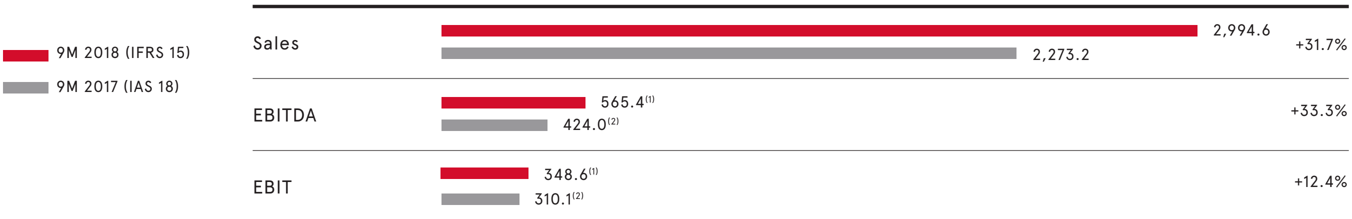
	Sept. 30, 2018	June 30, 2018	Change
Access, total contracts	13.33	13.11	+0.22
thereof Mobile Internet	8.93	8.73	+0.20
thereof DSL complete (ULL)	4.40	4.38	+0.02

Due in part to the merger with Drillisch in September 2017, **sales of the Access** segment rose by 31.7% in the first nine months of 2018, from € 2,273.2 million in the previous year to € 2,994.6 million (sales effect from IFRS 15: € +202.2 million). Sales in the Consumer Access business increased by 36.6%, from € 1,975.8 million to € 2,698.9 million (sales effect from IFRS 15: € +202.2 million). Business Access sales rose by 2.7% from € 325.8 million to € 334.6 million. Growth was only moderate as a result of the mass market business of 1&1 Versatel, which was still largely disclosed under Business Access in the previous year (as of May 1, 2017 under Consumer Access). Without consideration of mass market business, there was significant growth in this division (+11.8%). On a pro forma basis (including Drillisch in the previous year), sales of the Access segment as a whole rose by 11.1% from € 2,694.7 million to € 2,994.6 million (sales effect from IFRS 15: € +202.2 million).

Due in part to the merger with Drillisch in September 2017, **segment EBITDA** in the first nine months of 2018 improved by 33.3%, from € 424.0 million (comparable prior-year figure without extraordinary income from the revaluation of Drillisch shares) to € 565.4 million (earnings effect from IFRS 15: € +199.4 million; earnings effect from increased smartphone use: € -199.0 million). EBITDA in the Consumer Access business increased by 44.2%, from € 361.9 million (comparable prior-year figure) to € 521.8 million (earnings effect from IFRS 15: € +199.0 million; earnings effect from increased smartphone use: € -199.0 million). EBITDA for the Business Access division of € 43.6 million (earnings effect from IFRS 15: € +0.4 million) was below the prior-year figure (€ 62.1 million). This decline was due to the mass market business of 1&1 Versatel, which was still largely disclosed under Business Access in the previous year (as of May 1, 2017 under Consumer Access). Without consideration of this mass market business, EBITDA grew strongly (+15.5%). On a pro forma basis (including Drillisch in the previous year), total segment EBITDA improved by 8.0% from € 523.5 million (comparable prior-year figure) to € 565.4 million (earnings effect from IFRS 15: € +199.4 million; earnings effect from increased smartphone use: € -199.0 million). EBITDA includes **one-off expenses** for current integration projects of € 12.4 million.

Segment EBIT grew by 12.4% in the first nine months of 2018, from € 310.1 million (comparable prior-year figure) to € 348.6 million (earnings effect from IFRS 15: € +200.8 million; earnings effect from increased smartphone use: € -199.0 million). EBIT also includes the above mentioned one-off expenses. The difference in percentage growth compared to EBITDA (33.3%) is due to increased amortization of purchase price allocations (PPA) from the Drillisch takeover.

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



(1) Including one-off expenses for current integration projects (EBITDA and EBIT effect:€ -12.4 million)
(2) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million)

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

	Q4 2017 (IAS 18)	Q1 2018 (IFRS 15)	Q2 2018 (IFRS 15)	Q3 2018 (IFRS 15)	Q3 2017 (IAS 18)	Change
Sales	919.4	995.6	1,006.2	992.8	798.8	+24.3%
EBITDA	198.7(1)	177.3(2)	188.6(3)	199.5(4)	164.0(5)	+21.6%
EBIT	121.1(1)	105.6(2)	116.1(3)	126.9(4)	118.5(5)	+7.1%

(1) Without restructuring charges in offline sales (EBITDA and EBIT effect: € -28.3 million)
(2) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -5.0 million)
(3) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -2.7 million)
(4) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -4.7 million)
(5) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million)

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

	9M 2014 (IAS 18)	9M 2015 (IAS 18)	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)
Sales	1,481.7	2,035.2	2,167.2	2,273.2	2,994.6
EBITDA	213.9	344.6	384.5	424.0(1)	565.4(2)
EBITDA margin	14.4%	16.9%	17.7%	18.7%	18.9%
EBIT	193.3	226.9	282.5	310.1(1)	348.6(2)
EBIT margin	13.0%	11.1%	13.0%	13.6%	11.6%

(1) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million)
(2) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -12.4 million)

Development of the Applications segment

The main focus of the **Business Applications** division in 2018 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 also raised organically by 60,000 in the first nine months of 2018. Including approx. 250,000 contracts from the acquisition of World4You (consolidated since mid-August 2018), the number of fee-based contracts rose to a total of 8.33 million.

Development of Business Applications contracts in the first nine months of 2018 (in million)

	Sept. 30, 2018	Dec. 31, 2017	Change
Business Applications, total contracts	8.33	8.02	+0.31
thereof in Germany	4.07	4.01	+0.06
thereof abroad	4.26	4.01	+0.25

Development of Business Applications contracts in the third quarter of 2018 (in million)

	Sept. 30, 2018	June 30, 2018	Change
Business Applications, total contracts	8.33	8.07	+0.26
thereof in Germany	4.07	4.05	+0.02
thereof abroad	4.26	4.02	+0.24

Also as announced in the Annual Financial Statements 2017, the key topic in the **Consumer Applications** division for fiscal year 2018 is the repositioning of GMX and WEB.DE. As part of this repositioning, the division is reducing advertising space while at the same time driving the expansion of data-driven business models for monetizing advertising. The number of ad-financed free accounts rose by 500,000 to 36.17 million. The number of fee-based Consumer Application accounts (contracts) increased in total by 10,000 to 1.99 million in the reporting period. As a result, the total number of Consumer Accounts rose by 510,000 to 38.16 million accounts.

Development of Consumer Applications accounts in the first nine months of 2018 (in million)

	Sept. 30, 2018	Dec. 31, 2017	Change
Consumer Applications, total accounts	38.16	37.65	+0.51
thereof with Premium Mail subscription	1.53	1.56(1)	-0.03
thereof with Value-Added subscription	0.46	0.42(1)	+0.04
thereof free accounts	36.17	35.67(1)	+0.50

(1) After reclassification of 250,000 customer relationships (110,000 accounts with Premium Mail subscription and 140,000 accounts with Value-Added subscription) from contract inventory to free accounts as of March 31, 2018; prior-year figure adjusted

Development of Consumer Applications accounts in the third quarter of 2018 (in million)

	Sept. 30, 2018	June 30, 2018	Change
Consumer Applications, total accounts	38.16	38.05	+0.11
thereof with Premium Mail subscription	1.53	1.54	-0.01
thereof with Value-Added subscription	0.46	0.45	+0.01
thereof free accounts	36.17	36.06	+0.11

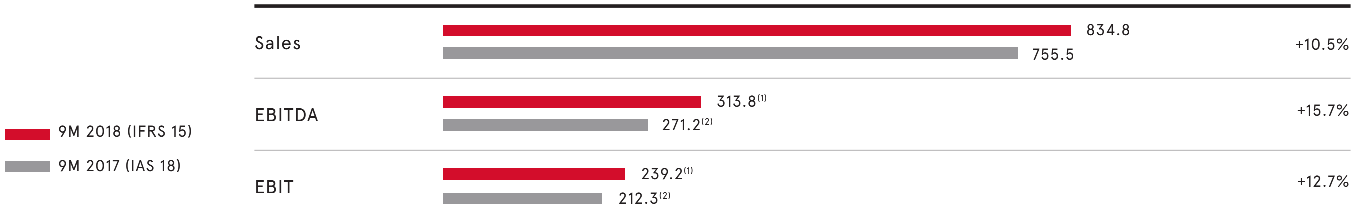
Due in part to the consolidation of Strato acquired on April 1, 2017, **sales of the Applications segment** increased by 10.5% in the first nine months of 2018, from € 755.5 million in the previous year to € 834.8 million (sales effect from IFRS 15: € +10.8 million). Despite the above mentioned repositioning of GMX and WEB.DE, sales of Consumer Applications rose slightly by 1.0% from € 201.8 million to € 203.9 million (sales effect from IFRS 15: € +0.3 million). Business Applications sales increased by 13.9% from € 557.2 million to € 634.7 million (sales effect from IFRS 15: € +10.5 million). On a pro forma basis (including Strato in the previous year), sales of the Applications segment as a whole rose by 5.9% from € 788.3 million to € 834.8 million (sales effect from IFRS 15: € +10.8 million).

Influenced in part by the year-on-year devaluation of the British pound, **sales abroad** increased by 5.0%, from € 284.9 million to € 299.2 million. Adjusted for currency effects, sales generated abroad were up 6.5%.

Also due to the consolidation of Strato acquired on April 1, 2017, **segment EBITDA** improved by 15.7% in the first nine months of 2018, from € 271.2 million (comparable prior-year figure without extraordinary income from the revaluation of ProfitBricks shares and without M&A costs) to € 313.8 million (earnings effect from IFRS 15: € +14.8 million). EBITDA for Consumer Applications of € 79.9 million (earnings effect from IFRS 15: € +0.4 million) was below the prior-year figure (€ 84.7 million). This decline was due to the repositioning of GMX and WEB.DE. EBITDA for Business Applications increased by 25.5%, from € 186.4 million (comparable prior-year figure) to € 233.9 million (earnings effect from IFRS 15: € +14.4 million). On a pro forma basis (including Strato in the previous year), total segment EBITDA rose by 12.4% from € 279.2 million (comparable prior-year figure) to € 313.8 million (earnings effect from IFRS 15: € +14.8 million). EBITDA includes **one-off expenses** for current integration projects of € 8.8 million.

Segment EBIT rose by 12.7% from € 212.3 million (comparable prior-year figure) to € 239.2 million (earnings effect from IFRS 15: € 14.8 million). EBIT also includes the above mentioned one-off expenses. The difference in percentage growth compared to EBITDA (15.7%) results from increased PPA amortization from the Strato takeover.

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



(1) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -8.8 million)
(2) Without extraordinary income from revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without internally allocated M&A costs (EBITDA and EBIT effect: € -8.7 million)

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

	Q4 2017 (IAS 18)	Q1 2018 (IFRS 15)	Q2 2018 (IFRS 15)	Q3 2018 (IFRS 15)	Q3 2017 (IAS 18)	Change
Sales	286.3	280.1	277.0	277.7	261.7	+6.1%
EBITDA	100.1	102.2 (2)	101.2 (3)	110.4 (4)	95.2 (5)	+16.0%
EBIT	77.2 (1)	78.6 (2)	77.1 (3)	83.5 (4)	72.3 (5)	+15.5%

(1) Without trademark writedowns Strato (EBIT effect: € -20.7 million)
(2) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -3.1 million)
(3) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -3.1 million)
(4) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -2.6 million)
(5) Without extraordinary income from revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without internally allocated M&A costs (EBITDA and EBIT effect: € -8.7 million)

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

	9M 2014 (IAS 18)	9M 2015 (IAS 18)	9M 2016 (1) (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)
Sales	688.7	741.7	685.0	755.5	834.8
EBITDA	171.6	208.6	233.9	271.2 (2)	313.8 (3)
EBITDA margin	24.9%	28.1%	34.1%	35.9%	37.6%
EBIT	126.1	163.6	192.3	212.3 (2)	239.2 (3)
EBIT margin	18.3%	22.1%	28.1%	28.1%	28.7%

(1) After deconsolidation of affilinet in 2017; prior-year figures for 2016 were adjusted retroactively
(2) Without extraordinary income from revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without internally allocated M&A costs (EBITDA and EBIT effect: € -8.7 million)
(3) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -8.8 million)

Significant changes in investments

Takeover of World4You

In mid-August 2018, United Internet AG reached an agreement with the owners of Austrian webhoster World4You concerning the 100% acquisition of the company by United Internet subsidiary 1&1 Internet SE.

Based in Linz, Austria, World4You Internet Services GmbH was founded in 1998. The company is the market leader for webhosting in Austria. The product range of World4You (www.world4you.com) comprises domains, e-mail solutions, websites, webhosting and servers, as well as security solutions. It is planned that World4You will remain an independent company and continue to develop the Austrian market.

The Austrian webhosting and cloud applications market has made good progress over the past few years. The market is heavily fragmented and dominated by competition between national companies and a few international players.

The acquisition of World4You will strengthen United Internet AG's international activities in the field of Business Applications and continues its strategy of complementing organic growth with targeted acquisitions.

Position of the Group

Earnings position

In the first nine months of 2018, the number of **fee-based customer contracts** rose by 1.01 million in total – of which 760,000 from organic growth and 250,000 from the takeover of World4You – to 23.65 million contracts. Ad-financed free accounts increased by 500,000 to 38.16 million.

The sales and earnings figures for the first nine months of 2018 are shaped by the consolidation of Strato and Drillisch, as well as by positive conversion effects from the initial application of IFRS 15 (prior year: IAS 18). There were opposing and expected burdens on earnings from increased contract growth and stronger use of smartphones for new and existing customers (no or only small one-off customer payment for new contracts and refinancing via higher tariff prices over the contractual term). Earnings in the first nine months of 2017 were dominated by a net positive extraordinary result (€ 303.9 million) from last year's M&A activities.

Due in part to the consolidation of Strato and Drillisch, **consolidated sales** grew by 26.8% from € 3,008.2 million in the previous year to € 3,815.9 million in the first nine months of 2018 (sales effect from IFRS 15: € +213.0 million). On a pro forma basis (including Strato and Drillisch in the previous year), sales rose by 10.2% from € 3,462.5 million to € 3,815.9 million. Influenced in part by the year-on-year decline in the value of the British pound, **sales outside Germany** increased by 5.0%, from € 284.9 million to € 299.2 million. Adjusted for currency effects, foreign sales rose by 6.5%.

Owing to the increased use of smartphones for new and existing customers, the **cost of sales** increased faster than revenues from € 1,924.5 million (64.0% of sales) in the previous year to € 2,521.9 million (66.1% of sales) in the first nine months of 2018. There was a corresponding decline in the **gross margin** from 36.0% auf 33.9%. At the same time, **gross profit** rose by 19.4% from € 1,083.8 million to € 1,294.0 million.

Sales and marketing expenses increased more slowly than sales (due in part to IFRS 15 accounting) from € 433.8 million (14.4% of sales) in the previous year to € 510.6 million (13.4% of sales). **Administrative expenses** also rose more slowly than sales from € 131.8 million in the previous year (4.4% of sales) to € 163.1 million (4.3% of sales).

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

	9M 2014 (IAS 18)	9M 2015 (IAS 18)	9M 2016(1) (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)
Cost of sales	1,424.9	1,834.6	1,847.0	1,924.5	2,521.9
Cost of sales ratio	65.6%	66.6%	65.3%	64.0%	66.1%
Gross margin	34.4%	33.4%	34.7%	36.0%	33.9%
Selling expenses	340.6	423.0	392.5	433.8	510.6
Selling expenses ratio	15.7%	15.4%	13.9%	14.4%	13.4%
Administrative expenses	98.2	129.5	135.8	131.8	163.1
Administrative expenses ratio	4.5%	4.7%	4.8%	4.4%	4.3%

(1) After deconsolidation of affilinet in 2017; prior-year figures for 2016 were adjusted retroactively

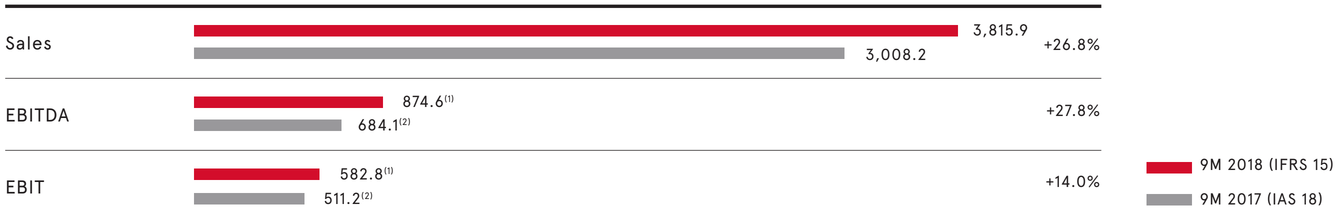
Consolidated EBITDA rose by 27.8% from € 684.1 million (comparable prior-year figure without extraordinary income from the revaluation of Drillisch shares and ProfitBricks shares, as well as without M&A costs) to € 874.6 million (earnings effect from IFRS 15: € +221.2 million; earnings effect from increased smartphone use: € -199.0 million). On a pro forma basis (including Strato and Drillisch in the previous year), EBITDA improved by 10.5% from € 791.6 million (comparable prior-year figure) to € 874.6 million (earnings effect from IFRS 15: € +221.4 million; earnings effect from increased smartphone use: € -199.0 million). EBITDA for the first nine months of 2018 includes total **one-off expenses** for current integration projects of € 21.2 million.

EBIT increased by 14.0% from € 511.2 million (comparable prior-year figure) to € 582.8 million (earnings effect from IFRS 15: € +222.6 million; earnings effect from increased smartphone use: € -199.0 million). EBIT also includes the above mentioned one-off expenses. The difference in percentage growth compared to EBITDA (27.8%) is due to increased amortization of purchase price allocations (PPA) from the Strato and Drillisch takeovers.

Earnings before taxes (EBT) and earnings per share (EPS) for the first nine months of 2017, as well as for the first nine months of 2018, were dominated by various special items. In the previous year, non-cash impairment charges on Rocket Internet shares (EBT effect: € -19.8 million; EPS effect: € -0.10) and the above mentioned extraordinary result from M&A activities (EBT effect: € + 303.9 million; EPS effect: € +1.52) had a net positive impact on EBT and EPS, while there was a negative impact on EBT and EPS in the first nine months of 2018 from a non-cash impairment charge on Tele Columbus shares (EBT effect: € -216.2 million; EPS effect: € -1.08) conducted in the third quarter of 2018.

Adjusted for these opposing special items, **earnings before taxes (EBT)** rose by 14.4% from € 479.1 million to € 548.0 million. Despite the increase in pre-tax earnings, **earnings per share (EPS)** fell from € 1.46 to € 1.37. This was due to the strong increase in minority interests as a result of the 33% stake of Warburg Pincus in the Business Applications division and the 27% stake of minority shareholders in 1&1 Drillisch AG and thus in the Consumer Access division. In addition, there were increased PPA writedowns resulting in particular from the acquisition of Versatel and the Strato and Drillisch takeovers completed in 2017. Without consideration of PPA writedowns, EPS rose by 8.6% from € 1.63 to € 1.77.

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



(1) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -21.2 million)
(2) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without M&A transaction costs (EBITDA and EBIT effect: € -15.2 million)

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

	Q4 2017 (IAS 18)	Q1 2018 (IFRS 15)	Q2 2018 (IFRS 15)	Q3 2018 (IFRS 15)	Q3 2017 (IAS 18)	Change
Sales	1,198.1	1,270.7	1,278.2	1,267.0	1,054.1	+20.2 %
EBITDA	295.5(1)	278.3(2)	287.2(3)	309.1(4)	254.2(5)	+21.6 %
EBIT	194.7(1)	182.9(2)	190.9(3)	209.0(4)	185.9(5)	+12.4 %

(1) Without M&A transaction costs (EBITDA and EBIT effect: € -1.9 million), without restructuring costs for offline sales (EBITDA and EBIT effect: € -28.3 million), and without trademark writedowns Strato (EBIT effect: € -20.7 million)
(2) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -8.1 million)
(3) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -5.8 million)
(4) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -7.3 million)
(5) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without M&A transaction costs (EBITDA and EBIT effect: € -15.2 million)

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

	9M 2014 (IAS 18)	9M 2015 (IAS 18)	9M 2016(1) (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)
Sales	2,170.9	2,754.8	2,828.1	3,008.2	3,815.9
EBITDA	280.5(2)	541.0(3)	610.6	684.1(4)	874.6(5)
EBITDA margin	14.3%	19.6%	21.6%	22.7%	22.9%
EBIT	210.6(2)	378.0(3)	466.0	511.2(4)	582.8(5)
EBIT margin	10.8%	13.7%	16.5%	17.0%	15.3%

(1) After deconsolidation of affilinet in 2017; prior-year figures for 2016 were adjusted retroactively
(2) Without one-off income from the contribution of GFC investments to Rocket Internet (EBITDA and EBIT effect: € +71.5 million)
(3) 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) Without extraordinary income from revaluation of Drillisch shares (EBITDA and EBIT effect: € +303.0 million) and revaluation of ProfitBricks shares (EBITDA and EBIT effect: € +16.1 million) and without M&A transaction costs (EBITDA and EBIT effect: € -15.2 million)
(5) Including one-off expenses for current integration projects (EBITDA and EBIT effect: € -21.2 million)

Financial position

Thanks to the positive trend in operating earnings, **operative cash flow** rose from € 461.1 million in the previous year to € 659.3 million in the first nine months of 2018.

Cash flow from operating activities in the first nine months of 2018 decreased from € 503.5 million in the previous year (without consideration of a capital gains tax refund of € 70.3 million) to € 326.7 million. This was mainly due to prepayments for services received which will not be recognized until the following periods, increased hardware use, and a short-term increase in inventories which led to corresponding cash outflows and will not be amortized until subsequent periods.

Cash flow from investing activities amounted to € 268.9 million in the first nine months of 2018 (prior year: € 805.0 million). This resulted mainly from disbursements of € 184.7 million for capital expenditures (prior year: € 154.3 million), from disbursements of € 72.0 million (less cash received) for the purchase of shares in affiliated companies (World4You takeover), and from a subsequent cash outflow from the Drillisch integration. In addition to the aforementioned capital expenditures, cash flow from investing activities in the previous year was dominated by payments of € 534.7 million (less cash received) for the purchase of shares in affiliated companies (Strato, ProfitBricks und Drillisch takeovers), and payments for the purchase of shares in associated companies totaling € 118.5 million (mainly from the increase of stakes in Tele Columbus and Drillisch – prior to the closing of the overall transaction – as well as the investment in rankingCoach).

As a result of the investments made in operating activities (increased use of smartphones for new and existing customers) which will not be amortized until subsequent periods, **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) fell from € 352.1 million (comparable prior-year figure without above mentioned capital gains tax refund) to € 147.0 million or € 181.7 million (without consideration of a tax payment of € 34.7 million from the fiscal year 2016).

Cash flow from financing activities in the first nine months of 2018 was dominated by the net assumption of loans totaling € 21.7 million (prior year: € 132.8 million), the dividend payment of € 170.0 million (prior year: € 159.7 million), and the dividend payment to minority shareholders (mostly 1&1 Drillisch shareholders) of € 75.4 million (prior year: € 0). Apart from the assumption of loans and dividend payment, cash flow from financing activities in the previous year was dominated by the purchase of treasury shares (€ 77.2 million), and contributions from minority shareholders (€ 386.3 million from the investment of Warburg Pincus in the Business Applications division).

Cash and cash equivalents amounted to € 61.3 million as of September 30, 2018 – compared to € 131.1 million on the same date last year.

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

	9M 2014 (IAS 18)	9M 2015 (IAS 18)	9M 2016 (IAS 18)	9M 2017 (IAS 18)	9M 2018 (IFRS 15)
Operative cash flow	285.2	394.2	461.8	461.1	659.3
Cash flow from operating activities	274.0	394.7(2)	433.2(3)	503.5(4)	326.7
Cash flow from investing activities	-384.5	-535.2	-370.7	-805.0	-268.9
Free cash flow(1)	239.8	305.2(2)	320.1(3)	352.1(4)	181.7(5)
Cash flow from financing activities	235.6	-152.1	49.3	269.5	-235.5
Cash and cash equivalents on September 30	169.5	85.2	87.7	134.7	61.3

(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 income tax payment of around € 100.0 million
(4) Without capital gains tax refund of € 70.3 million
(5) Without tax payment of € 34.7 million from fiscal year 2016

Asset position

The **balance sheet total** rose from € 7.605 billion as of December 31, 2017 to € 8.069 billion on September 30, 2018.

The **initial application of IFRS 15** in the first nine months of 2018 resulted in current and non-current assets, as well as current and non-current liabilities, which comprise items from previous periods recognized directly in equity as of January 1, 2018 and adjustments of the current reporting period carried in profit or loss.

Current assets increased from € 823.9 million as of December 31, 2017 to € 1,172.2 million on September 30, 2018. **Cash and cash equivalents** disclosed under current assets decreased from € 238.5 million to € 61.3 million due to investments made in connection with the increased use of smartphones for new and existing customers. **Trade accounts receivable** rose from € 290.0 million to € 334.9 million due to closing-date effects and the expansion of business. There was also an increase in **inventories** for coming campaigns from € 44.7 million to € 65.0 million resulting from closing-date effects. The item **contract assets** amounting to € 380.7 million (December 31, 2017: € 0) includes claims against customers due to accelerated revenue recognition from the application of IFRS 15 in the first nine months of 2018, which were recognized directly in equity at the beginning of the year and since this time amortized at cost. **Current prepaid expenses** rose from €92.3 million to € 228.2 million and mainly comprise the short-term portion of expenses relating to contract acquisition and contract fulfillment according to IFRS 15. **Other financial assets** fell from € 100.3 million (including a refund claim against a pre-service provider) to € 47.2 million. **Other non-financial assets** decreased from € 58.2 million to € 54.9 million and mainly comprise receivables from the tax authorities.

Non-current assets increased from € 6,781.3 million as of December 31, 2017 to € 6,897.1 million on September 30, 2018. **Shares in associated companies** decreased from € 418.0 million to € 193.7 million as a result of Tele Columbus impairment charges. Due in particular to the subsequent valuation of United Internet's investments, **other financial assets** rose from € 333.7 million to € 453.2 million. **Property, plant and equipment** increased from € 747.4 million to € 784.5 million, while **intangible assets** fell from € 1,408.4 million to € 1,249.0 million. Mainly as a result of the World4You takeover, **goodwill** rose from € 3,564.1 million to € 3,636.0 million. The item **contract assets** amounting to € 151.1 million (December 31, 2017: € 0) includes claims against customers due to accelerated revenue recognition from the application of IFRS 15 in the first nine months of 2018. **Prepaid expenses** increased from € 100.9 million to € 349.5 million and mainly include the long-term portion of expenses relating to contract acquisition and contract fulfillment, as well as prepayments in connection with long-term purchasing agreements. As a result of IFRS 15 accounting, **deferred tax assets** fell from € 155.2 million to € 30.0 million.

Current liabilities rose from € 1,284.5 million as of December 31, 2017 to € 1,425.2 million on September 30, 2018. Due to the expansion of business, current **trade accounts payable** increased from € 399.9 million to € 450.2 million. Short-term **bank liabilities** rose from € 248.2 million to € 471.3 million owing to a scheduled reclassification from long-term bank liabilities. **Income tax liabilities** fell from € 130.2 million to € 123.7 million. **Contract liabilities** of € 162.8 million mainly include payments received from customer contracts for which the performance has not yet been completely rendered. On initial application of IFRS 15 at the beginning of the year, deferred revenue as of December 31, 2017 was recognized as a contract liability where applicable.

Non-current liabilities decreased from € 2,272.0 million as of December 31, 2017 to € 2,143.2 million on September 30, 2018. Due in particular to the above mentioned reclassification, long-term **bank liabilities** fell from € 1,707.6 million to € 1,512.5 million. **Contract liabilities** of € 33.7 million mainly include payments received from customer contracts for which the performance has not yet been completely rendered. On initial application of IFRS 15 at the beginning of the year, deferred revenue as of December 31, 2017 was recognized as a contract liability where applicable. The increase in other **accrued liabilities** from € 33.5 million to € 96.2 million resulted in particular from initial recognition of accruals for termination fees as part of IFRS 15 accounting.

The Group's **equity capital** rose from € 4,048.7 million as of December 31, 2017 to € 4,500.9 million on September 30, 2018. The change mainly reflects the adjustments recognized directly in equity from using the modified retrospective transition method on initial application of IFRS 15 as of January 31, 2018. There was a corresponding rise in the **equity ratio** from 53.2% to 55.8%. At the end of the reporting period on September 30, 2018, United Internet held 4,702,202 **treasury shares** (December 31, 2017: 5,093,289).

Net bank liabilities (i.e. the balance of bank liabilities and cash and cash equivalents) increased from € 1,717.3 million as of December 31, 2017 to € 1,922.5 million on September 30, 2018. As in previous years, this temporary increase is due to the dividend payment made in May and the takeover of World4You in August.

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

	Dec. 31, 2014 (IAS 18)	Dec. 31, 2015 (IAS 18)	Dec. 31, 2016 (IAS 18)	Dec. 31, 2017 (IAS 18)	Sept. 30, 2018 (IFRS 15)
Total assets	3,673.4	3,885,4	4,073.7	7,605.2	8,069.3
Cash and cash equivalents	50.8	84.3	101.7	238.5	61.3
Shares in associated companies	34.9	468.4(1)	755.5(1)	418.0(1)	193.7(1)
Other financial assets	695.3	449.0(2)	287.7(2)	333.7(2)	453.2(2)
Property, plant and equipment	689.3	665.2	655.0	747.4(3)	784.5
Intangible assets	385.5	389.5	369.5	1,408.4(3)	1,249.0
Goodwill	977.0	1,100.1(4)	1,087.7	3,564.1(4)	3,636.0(4)
Liabilities due to banks	1,374.0	1,536.5(5)	1,760.7(5)	1,955.8(5)	1,983.8
Capital stock	205.0	205.0	205.0	205.0	205.0
Treasury stock	35.3	26.3	122.5	189.4	174.8
Equity	1,204.7	1,149.8	1,197.8	4,048.7(6)	4,500.9(6)
Equity ratio	32.8%	29.6%	29.4%	53.2%	55.8%

(1) 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); decrease due to Tele Columbus impairment charge (2018)
(2) 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); increase due to subsequent valuation of shares in listed companies (2018)
(3) Increase due to Strato, ProfitBricks and Drillisch takeovers (2017)
(4) Increase due to acquisition of home.pl (2015); increase due to Strato, ProfitBricks and Drillisch takeovers (2017); increase due to World4You takeover (2018)
(5) 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 consolidation effects in connection with the investment of Warburg Pincus in the Business Applications division and takeovers of Strato and Drillisch (2017); transitional effects from initial application of IFRS 15 (2018)

Subsequent events

There were no significant events subsequent to the reporting date of September 30, 2018 which had a material effect on the financial position and performance of the company or the Group nor affected its accounting and reporting.

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.

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 quarterly 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" (slight increase), "political and legal" (slight increase due to regulatory and data privacy topics), as well as risks from the fields of "market" (slight decrease) and "fraud" (slight increase). The further expansion of its risk management system enables United Internet to limit such risks to a minimum, where sensible, by implementing specific measures.

A positive contribution to earnings is expected from price adjustment talks currently being held between Group subsidiary 1&1 Drillisch and a wholesale supplier.

In the first nine months of 2018, the overall risk and opportunity situation remained otherwise largely unchanged compared with the risk and opportunity report provided in the Annual Financial Statements 2017.

Forecast report

Forecast for the fiscal year 2018

Following the successful first nine months of 2018, United Internet AG can confirm its full-year sales and earnings guidance for 2018 and continues to expect growth in sales to approx. € 5.2 billion (prior year acc. to IAS 18: € 4.21 billion) and an increase in EBITDA to approx. € 1.2 billion (prior year acc. to IAS 18: € 980 million).

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 HRB 5762.

Significant accounting, valuation and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2017, the Interim Statement of United Internet AG as of September 30, 2018 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Interim Statement does not constitute interim reporting as defined by IAS 34. With the exception of the mandatory new standards, the accounting and valuation principles applied in this 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, 2017.

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, 2018:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IFRS 1, IAS 28	Annual Improvements 2014-2016	Jan. 1, 2018	Yes
IFRS 2	Amendments to Classification and Measurement of Share-based Payment Transactions	Jan. 1, 2018	Yes
IFRS 9	Financial Instruments	Jan. 1, 2018	Yes
IFRS 15	Revenue from Contracts with Customers	Jan. 1, 2018	Yes
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan. 1, 2018	Yes

This Interim Statement already includes effects from the application of the new standards. The most significant effects result from the initial application of IFRS 9 and IFRS 15.

The main impact from the initial application of IFRS 9 results from the classification and measurement of financial assets previously classified as "available-for-sale". For the investments in Rocket Internet SE, Berlin, AdUX S.A., Paris / France, and Afilias Ltd., Dublin / Ireland, it was decided to recognize the changes in fair value from subsequent valuation in other comprehensive income.

For the initial application of IFRS 15, United Internet exercised its right to use the modified retrospective transitional method. As a result, the prior-year figures in this Interim Statement have not been adjusted. The conversion effects were recognized in equity as of January 1, 2018.

Use of estimates and assumptions

The preparation of this Interim Statement 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 2017 of United Internet AG starting on page 53.

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

This Interim Statement includes all subsidiaries and associated companies.

The following companies were acquired in the reporting period:
- CA BG AlphaRho AG, Vienna / Austria
- World4You Internet Services GmbH, Linz / Austria

The following companies were renamed in the reporting period:
- 1&1 Drillisch AG, Maintal (formerly: Drillisch AG, Maintal)
- United Internet Corporate Holding SE, Montabaur (formerly: Atrium 121. Europäische VV SE, Berlin)
- United Internet Management Holding SE, Düsseldorf (formerly: Atrium 113. Europäische VV SE, Düsseldorf)

The following company was formed as the result of a change in legal status during the reporting period:

- United Internet Investments Holding AG & Co. KG, Montabaur
  (formerly: United Internet Investments Holding GmbH, Montabaur)

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2017.

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, 2018 in €k

	September 30, 2018	December 31, 2017[1]
ASSETS		
Current assets		
Cash and cash equivalents	61,286	238,522
Trade accounts receivable	334,884	289,995
Inventories	65,007	44,672
Contract assets	380,697	0
Prepaid expenses	228,178	92,291
Other financial assets	47,172	100,270
Other non-financial assets	54,931	58,166
	1,172,155	823,916
Non-current assets		
Shares in associated companies	193,689	418,048
Other financial assets	453,234	333,699
Property, plant and equipment	784,495	747,423
Intangible assets	1,248,970	1,408,436
Goodwill	3,636,028	3,564,056
Trade accounts receivable	50,208	53,576
Contract assets	151,060	0
Prepaid expenses	349,471	100,880
Deferred tax assets	29,988	155,151
	6,897,145	6,781,269
Total assets	**8,069,300**	**7,605,185**

	September 30, 2018	December 31, 2017[1]
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	450,230	399,898
Liabilities due to banks	471,291	248,185
Advance payments received	0	10,901
Income taxes liabilities	123,671	130,195
Deferred revenues	0	262,480
Contract liabilities	162,809	0
Other accrued liabilities	37,410	49,412
Other financial liabilities	148,743	135,658
Other non-financial liabilities	31,032	47,753
	1,425,187	1,284,482
Non-current liabilities		
Liabilities due to banks	1,512,516	1,707,596
Deferred tax liabilities	405,843	391,952
Trade accounts payable	7,895	9,023
Deferred revenues	0	32,397
Contract liabilities	33,662	0
Other accrued liabilities	96,228	33,485
Other financial liabilities	87,098	97,537
	2,143,242	2,271,990
Total liabilities	**3,568,429**	**3,556,472**
Equity		
Capital stock	205,000	205,000
Capital reserves	2,713,894	2,709,203
Accumulated profit	1,374,306	1,202,758
Treasury stock	-174,842	-189,384
Revaluation reserves	180,178	74,923
Currency translation adjustment	-12,489	-13,120
Equity attributable to shareholders of the parent company	**4,286,048**	**3,989,381**
Non-controlling interests	214,823	59,332
Total equity	**4,500,870**	**4,048,714**
Total liabilities and equity	**8,069,300**	**7,605,185**

(1) Prior year figures adjusted in connection with the final purchase price allocation for an acquisition in the previous year.

GROUP NET INCOME

from January 1 to September 30, 2018 in €k

	2018 January – Sept.	2017 January – Sept.
Sales	3,815,859	3,008,224
Cost of sales	-2,521,886	-1,924,473
Gross profit	**1,293,974**	**1,083,752**
Selling expenses	-510,584	-433,826
General and administrative expenses	-163,112	-131,829
Other operating expenses / income	-37,431	296,978
Operating result	**582,847**	**815,074**
Financial result	-18,587	-27,638
Amortization of financial assets	0	-19,768
Result from associated companies	-232,430	-4,433
Pre-tax result	**331,829**	**763,235**
Income taxes	-176,648	-165,435
Net income from continuing operations	**155,181**	**597,800**
Net income from dicountinued operations	0	2,308
Net income before non-controlling Interests	**155,181**	**600,108**
Attributable to		
non-controlling interests	98,099	21,911
shareholders of United Internet AG	57,082	578,197

	2018 January – Sept.	2017 January – Sept.
Result per share of shareholders of United Internet AG (in €)		
- basic	0.29	2.89
- diluted	0.28	2.88
Result per share for continuing operations (in €)		
- basic	0.29	2.88
- diluted	0.28	2.87
Result per share for discontinued operations (in €)		
- basic	0.00	0.01
- diluted	0.00	0.01
Weighted average shares (in million units)		
- basic	200.12	199.97
- diluted	200.34	200.43
Statement of comprehensive income		
Net income	155,181	600,108
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	460	-3,687
Categories that are not reclassified subsequently to profit or loss		
Market value changes of assets measured at fair value in other comprehensive income	84,609	55,605
Tax effect	-72	0
Share in other comprehensive income of associated companies	150	267
Other comprehensive income	85,147	52,185
Total comprehensive income	**240,328**	**652,293**
Attributable to		
non-controlling interests	99,683	20,695
shareholders of United Internet AG	140,646	631,599

GROUP CASH FLOW

from January 1 to September 30, 2018 in €k

	2018 January – Sept.	2017 January – Sept.
Cash flow from operating activities		
Net income	155,181	600,108
Net income (from discontinued operations)	0	2,308
Net income (from continuing operations)	155,181	597,800
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	142,167	121,373
Amortization of intangible assets resulting from company acquisitions	149,591	51,560
Amortization of financial assets	0	19,768
Share-based payment expense	6,445	2,819
Result from equity accounted investments	232,430	4,433
Share of profit of associated companies	0	19,823
Change in deferred taxes	-32,673	-37,324
Other non-cash positions	6,176	-319,149
Operative cash flow	**659,317**	**461,103**
Change in assets and liabilities		
Change in receivables and other assets	17,525	-8,378
Change in inventories	-20,334	-3,812
Change in contract assets	-182,932	0
Change in deferred expenses	-180,715	-37,435
Change in trade accounts payable	62,051	-25,117
Change in advance payments received	0	-706
Change in other accrued liabilities	-7,567	-4,987
Change in liabilities income taxes	-6,524	93,577
Change in other liabilities	-6,448	26,664
Change in deferred income	-7,652	2,605
Change in assets and liabilities, total	**-332,597**	**42,411**
Cash flow from operating activities (before capital gains tax refund)	**326,720**	**503,514**
Capital gains tax refund	0	70,293
Cash flow from operating activities for continuing operations	**326,720**	**573,807**
Cash flow from operating activities for discontinued operations	**0**	**-1,393**
Cash flow from operating activities	**326,720**	**572,414**

	2018 January – Sept.	2017 January – Sept.
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-184,739	-154,314
Payments from disposals of intangible assets and property, plant and equipment	5,029	2,948
Payments for company acquisitions less cash received	-72,045	-526,794
Purchase of shares in associated companies	-7,910	-126,432
Payments in connection with corporate transactions	-8,300	0
Payments from loans granted	-944	-525
Refunding from other financial assets	0	137
Cash flow from investing activities for continuing operations	**-268,910**	**-804,980**
Cash flow from investing activities for discontinued operations	**0**	**-501**
Cash flow from investing activities	**-268,910**	**-805,481**
Cash flow from financing activities		
Sale of treasury shares	0	-77,214
Taking out / repayment of loans	21,700	132,779
Redemption of finance lease liabilities	-11,872	-12,621
Dividend payments	-170,006	-159,703
Profit distributions to non-controlling interests	-75,360	0
Payments from minority shareholders	0	386,293
Cash flow from financial activities for continuing operations	**-235,538**	**269,534**
Cash flow from financial activities for discontinued operations	**0**	**51**
Cash flow from financing activities	**-235,538**	**269,585**
Net increase in cash and cash equivalents	-177,728	36,517
Cash and cash equivalents at beginning of fiscal year	238,522	101,743
Currency translation adjustments of cash and cash equivalents	492	-3,532
Cash and cash equivalents at end of reporting period	**61,286**	**134,728**
Less cash and cash equivalents of discontinued operations at the end of the reporting period	0	-3,593
Cash and cash equivalents of continued operations at the end of the reporting period	**61,286**	**131,135**

GROUP CHANGES IN SHAREHOLDERS' EQUITY

from January 1 to September 30, 2018 in €k

	Capital stock		Capital reserves	Accumulated profit	Treasury stock	
	Share	€k	€k	€k	Share	€k
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 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**
Balance as of December 31, 2017	**205,000,000**	**205,000**	**2,709,203**	**1,202,758**	**5,093,289**	**-189,384**
Equity impacts due to new IFRS standards				299,014		
Balance as of January 1, 2018	**205,000,000**	**205,000**	**2,709,203**	**1,501,772**	**5,093,289**	**-189,384**
Net income				57,082		
Other comprehensive income						
Total comprehensive income				**57,082**		
Purchase of treasury shares						
Issue of treasury stock				-14,542	-391,087	14,542
Employee stock ownership program			4,691			
Dividend payments				-170,006		
Profit distributions						
Balance as of September 30, 2018	**205,000,000**	**205,000**	**2,713,894**	**1,374,306**	**4,702,202**	**-174,842**

Revaluation reserves	Currency translation adjustments	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k
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**
74,923	**-13,120**	**3,989,381**	**59,332**	**4,048,714**
22,321		321,335	129,414	450,749
97,244	**-13,120**	**4,310,716**	**188,746**	**4,499,462**
		57,082	98,099	155,181
82,933	631	83,564	1,584	85,147
82,933	**630**	**140,646**	**99,683**	**240,328**
		0		0
		0		0
		4,691	1,754	6,445
		-170,006		-170,006
		0	-75,360	-75,360
180,178	**-12,489**	**4,286,048**	**214,823**	**4,500,870**

SEGMENT REPORTING

from January 1 to September 30, 2018 in €k

January - September 2018	Access segment €k	Applications segment €k	Corporate segment €k	Recon-ciliation €k	United Internet Group €k
Segment revenues	2,994,614	834,832	149	-13,736	3,815,859
- thereof domestic	2,994,614	535,598		-13,736	3,516,476
- thereof non-domestic	0	299,234		0	299,234
EBITDA	565,424	313,799	-4,618	0	874,605
EBIT	348,606	239,234	-4,993	0	582,847
Financial result					-18,587
Amortization of financial assets					0
Result from at-equity companies					-232,430
EBT					331,829
Tax expense					-176,648
Net income (from continued operations)					**155,181**
Net income after taxes from discontinued operations					0
Net income (after discontinued operations)					**155,181**
Investments in intangible assets, property, plant and equipment (without goodwill)	130,175	50,461	7,325	-	187,961
Amortization/depreciation (from continued operations)	216,818	74,565	375	-	291,758
- thereof intangible assets and property, plant and equipment	97,822	43,970	375	-	142,167
- thereof assets capitalized during company acquisitions	118,996	30,595	0	-	149,591
Number of employees (from continued operations)	4,242	4,259	531	-	9,032
- thereof domestic	4,242	2,753	531	-	7,526
- thereof non-domestic	0	1,506	0	-	1,506

January - September 2017	Segment Access T€	Segment Applications T€	Corporate T€	Überleitung T€	United Internet Gruppe T€
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
Amortization of financial assets					-19,768
Result from at-equity companies					-4,433
EBT					763,235
Tax expense					-165,435
Net income (from continued operations)					**597,800**
Net income after taxes from discontinued operations					2,308
Net income (after discontinued operations)					**600,108**
Investments in intangible assets, property, plant and equipment (without goodwill)	128,275	38,164	202	-	166,641
Amortization/depreciation (from continued operations)	113,904	58,905	124	-	172,933
- thereof intangible assets and property, plant and equipment	82,989	38,260	124	-	121,373
- thereof assets capitalized during company acquisitions	30,915	20,645	0	-	51,560
Number of employees (from continued 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

FINANCIAL CALENDAR

March 22, 2018	Annual financial statements for fiscal year 2017 press and analyst conference
May 9, 2018	Interim Statement for the first quarter 2018
May 24, 2018	Annual Shareholders' Meeting, Alte Oper, Frankfurt/Main
August 13, 2018	6-Month Report 2018 press and analyst conference
November 13, 2018	Interim Statement for the first 9 months 2018

IMPRINT

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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 Statement 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.

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