

PRESS RELEASE

United Internet with successful first nine months of 2023

- Customer contracts: + 730,000 to 28.19 million contracts
- Sales: + 4.7% to EUR 4.589 billion
- EBITDA: + 1.0% to EUR 995.9 million, despite planned increase in start-up costs for construction of 1&1 mobile network
- EBITDA guidance 2023 raised slightly

Montabaur, November 10, 2023. United Internet AG can look back on a successful first nine months of 2023. In the latest reporting period, the company continued to make investments in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. The total number of fee-based customer contracts was raised by 730,000 to 28.19 million contracts. Of this amount, 330,000 contracts were added in the Consumer Access segment and 260,000 contracts in the Business Applications segment. A further 140,000 contracts were gained in the Consumer Applications segment. Ad-financed free accounts were 540,000 down on December 31, 2022, due mainly to seasonal effects, and 170,000 down on September 30, 2022, due in particular to the conversion to fee-based customer relationships (170,000 new contracts since September 30, 2022).

Sales grew by 4.7% in the first nine months of 2023, from EUR 4,384.3 million in the prior-year period to EUR 4,588.9 million.

Earnings in both the first nine months of 2022 and the first nine months of 2023 were impacted by special items in the form of non-cash valuation effects from derivatives and the IPO costs of IONOS Group SE. Valuation effects from derivatives amounted to EUR +12.2 million in the prior-year period and EUR -5.3 million in the first nine months of 2023. For the IONOS IPO, costs of EUR -3.2 million were incurred in the prior-year period and EUR -1.6 million in the first nine months of 2023. At Group level, these IPO costs in 2023 include an opposing income amount from the contractually agreed prorated assumption of IPO costs by IONOS co-owner Warburg Pincus.

Without consideration of the aforementioned special items, earnings developed as follows in the first nine months of 2023: EBITDA amounted to EUR 995.9 million and was thus 1.0% above the prior-year level (EUR 986.5 million). This figure includes the planned increase in start-up costs for the rollout of 1&1's mobile communications network (EUR -47.0 million higher than in the first nine months of 2022). In addition, EBIT was burdened by an increase of EUR -48.8 million in depreciation, especially on investments in the expansion of 1&1 Versatel's fiber-optic network and 1&1's mobile network. As a result, it fell by EUR -25.7 million (-4.1%) from EUR 625.2 million to EUR 599.5 million. This increase in depreciation – mainly due to the operational launch of 1&1's mobile network – is expected to be offset by steadily increasing cost savings on advance services as of 2024.

In the first nine months of 2023, operating EPS declined from EUR 1.59 in the prior-year period to EUR 1.23. In addition to the decrease in EBIT (EPS effect: EUR -0.10), this was due to a lower result from associated companies (EPS effect: EUR -0.08), as well as the impact of increased interest rates on the financial result (EPS effect: EUR -0.18).

Due to the high level of investment, especially in the expansion of the fiber-optic network and the mobile network, capital expenditures (excluding M&A transactions) rose year on year by EUR 112.9 million to EUR 461.5 million in the first nine months of 2023 (prior year: EUR 348.6 million).

Outlook 2023

On completion of the first nine months, United Internet has updated its EBITDA guidance and now expects a slight year-on-year increase for the full year 2023 (EBITDA 2022: EUR 1.272 billion) – the previous EBITDA guidance was “on a par with the previous year”. This updated guidance continues to include start-up costs of approx. EUR -120 million (prior year: EUR -52 million) for the rollout of 1&1’s mobile network. Consolidated sales are still expected to increase to approx. EUR 6.2 billion (prior year: EUR 5.915 billion). The company continues to anticipate capital expenditures (excluding M&A transactions) of approx. EUR 800 million (prior year: EUR 681 million).

An overview of all key figures and the Interim Statement Q3 2023 are available online at www.united-internet.de.

About United Internet

With over 28 million fee-based customer contracts and more than 39 million ad-financed free accounts, United Internet AG is a leading European internet specialist. At the heart of United Internet is a high-performance “Internet Factory” with 10,800 employees, of which around 3,800 are engaged in product management, development and data centers. In addition to the high sales strength of its established brands (such as 1&1, GMX, WEB.DE, IONOS, STRATO, and 1&1 Versatel), United Internet stands for outstanding operational excellence with over 67 million customer accounts worldwide.

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Note

In the interests of clear and transparent reporting, the annual financial statements and interim statements of United Internet AG, as well as its ad-hoc announcements pursuant to Art. 17 MAR, contain additional financial performance indicators to those required under International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, EBIT, EBIT margin and free cash flow. Information on the use, definition and calculation of these performance measures is provided in the Annual Report 2022 of United Internet AG on page 59.