

Press release

Successful start to fiscal year 2014 for United Internet

- Sales up 12.7% to new all-time high of EUR 709.9 million
- EBITDA grows 22.8% to EUR 112.1 million, EBIT up 31.3% to EUR 89.7 million
- EPS improves 34.8% to EUR 0.31
- Guidance for full year 2014 confirmed

Montabaur, May 20, 2014. Figures published today for the first quarter of 2014 reveal that United Internet AG is continuing its growth course as Europe's leading internet specialist. There were further strong improvements in sales, the number of customer contracts and key earnings ratios. At the same time, the company once again made heavy investments in new customer acquisition, the expansion of existing customer relationships, and new business fields – thus cementing the basis for future growth.

Development of the Group

In the first quarter of 2014, consolidated sales of United Internet AG were increased to the new record level of EUR 709.9 million – representing growth of 12.7% over the first quarter of the previous year.

There was also a further rise in United Internet's customer figures with the addition of 190,000 contracts, taking the total to 13.64 million customer contracts.

This customer growth was driven by the Access segment, where the company gained 110,000 Mobile Internet contracts and 70,000 DSL contracts. A marketing campaign for 1&1 DSL premium tariffs was conducted in this segment during the first quarter of 2014. As part of the campaign, new and existing customers (when changing to a premium tariff) were able to opt for the addition of a heavily subsidized (or even free) brand-name tablet. Costs of approx. EUR 14 million incurred during the campaign were directly expensed in the first quarter of 2014. These investments will already have a positive impact on earnings as of the second quarter of 2014.

In the Applications segment, the company made changes to sales and marketing measures for its Business Applications – as previously announced – during the reporting period. As part of this change, there was less focus on new customer acquisition in the first quarter of 2014 (+10,000 contracts in the entire segment) and more focus on the expansion of business with existing customers. The success of this measure is clearly illustrated by strong year-on-year growth in segment revenue (+11.9%), due for example to the first-time sales of over 90,000 new top-level domains (nTLDs). As a result of increasing contribution margins and reduced advertising spending, start-up losses in new business fields (De-Mail and 1&1 MyWebsite) were reduced to EUR 11.9 million in the first quarter of 2014 (prior year: EUR 28.7 million).

At Group level, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 22.8%, from EUR 91.3 million to EUR 112.1 million, and earnings before interest and taxes (EBIT) by 31.3%, from EUR 68.3 million to EUR 89.7 million. Earnings per share (EPS) improved by 34.8%, from EUR 0.23 in the previous year to EUR 0.31.

The free cash flow position underlines the entire Group's ability to generate very healthy levels of cash – while at the same time achieving strong qualitative growth. At EUR 115.9 million, this figure was well above the prior-year level (EUR 77.8 million).

“With the key figures in customer contracts, sales, and earnings we reached in the first quarter of 2014, as well as the investments already made, we are well on course to meet our targets,” commented Ralph Dommermuth, CEO of United Internet, and added: “The second quarter has started well, we expect approx. 220,000 new customer contracts

(approx. 180,000 Access, 40,000 Applications). Against this backdrop, we can also confirm our forecast for 2014 as a whole and continue to expect an increase in fee-based customer contracts of over 800,000 and sales growth of about 10%. We are also planning a strong rise in earnings: after start-up losses in new business fields and advertising costs for the “E-Mail made in Germany” initiative, EBITDA is expected to improve to around EUR 520 million (prior year: EUR 407.2 million). Earnings per share are likely to be between EUR 1.40 and EUR 1.50 (prior year: EUR 1.07).”

Group development (in EUR million)	Q1 2013	Q1 2014	Change
Sales	629.7	709.9	+ 12.7%
EBITDA	91.3	112.1	+ 22.8%
EBIT	68.3	89.7	+ 31.3%
EPS (in EUR)	0.23	0.31	+ 34.8%

* Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

An overview of all key figures and the report on the first three months of 2014 can be found on the corporate website www.united-internet.de under Investor Relations.

About United Internet

With 13.64 million fee-based customer contracts and 31.65 million ad-financed free accounts, United Internet AG is Europe’s leading internet specialist. At the heart of United Internet is a high-performance “Internet Factory” with 6,900 employees, of which around 2,000 are engaged in product management, development and data centers. In addition to the high sales strength of its established brands (1&1, GMX, WEB.DE, united-domains, Fasthosts, Arsys, InterNetX, Sedo and affilinet), United Internet stands for outstanding operational excellence with around 45 million customer accounts worldwide.

Contact

Marcus Schaps
 Head of Press and Public Relations
 United Internet AG
 Elgendorfer Strasse 57
 56410 Montabaur
 Germany
 Tel: +49 2602/96-1076
 Fax: +49 2602/96-1013
 E-mail: mschaps@united-internet.de
 Internet: www.united-internet.de