

Press release

Successful first six months of 2014 for United Internet

- Sales up 11.7% to new all-time high of EUR 1.434 billion
- EBITDA grows 35.7% to EUR 237.6 million, EBIT up 49.5% to EUR 193.5 million
- EPS improves 53.5% to EUR 0.66
- Customer figures guidance for full year increased

Montabaur, August 13, 2014. Figures published today for the first six months of 2014 reveal that United Internet AG is continuing its growth trajectory 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 six months of 2014, consolidated sales of United Internet AG were increased to the new record level of EUR 1.434 billion – representing growth of 11.7% over the first half of the previous year.

There was also a further rise in United Internet's customer figures in the first six months with the addition of 420,000 contracts, taking the total to 13.64 million customer contracts.

This customer growth was primarily driven by the Access segment where the company gained 250,000 Mobile Internet contracts and 120,000 DSL contracts. A marketing campaign for 1&1 DSL premium tariffs was conducted in this segment during the first half 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 20.6 million incurred during the campaign were directly expensed in the first six months of 2014. These investments will already have a positive impact on segment earnings in the second half of the year.

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 six months of 2014 (+50,000 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 (+9.8%), due in part to the first-time sales of 170,000 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) and for the "E-Mail made in Germany" initiative were reduced to EUR 23.8 million in the first half of 2014 (prior year: EUR 61.8 million).

At Group level, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 35.7%, from EUR 175.1 million to EUR 237.6 million, and earnings before interest and taxes (EBIT) by 49.5%, from EUR 129.4 million to EUR 193.5 million. Earnings per share (EPS) improved by 53.5%, from EUR 0.43 in the previous year to EUR 0.66.

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 154.2 million, this figure was well above the prior-year level (EUR 85.9 million).

Group development (in EUR million)	HY 2013	HY 2014	Change
Sales	1,283.0	1,433.6	+ 11.7%
EBITDA	175.1	237.6	+ 35.7%
EBIT	129.4	193.5	+ 49.5%
Free cash flow*	85.9	154.2	+ 79.5%
EPS (in EUR)	0.43	0.66	+ 53.5%

* 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

“With the key figures in customer contracts, sales, and earnings we reached in the first six months 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: “Against this backdrop, we are raising our guidance for the full year 2014. We now expect the number of fee-based customer contracts to grow by around 900,000 (previously: >800,000). Despite the related increase in costs for customer acquisition, our earnings guidance remains unchanged: 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). As previously announced, sales are expected to rise by around 10%.”

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

About United Internet

With 13.87 million fee-based customer contracts and 31.44 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 6,700 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