

Press release

Successful first nine months of 2014 for United Internet

- Sales up 11.0% to EUR 2.171 billion
- EBITDA grows by 35.4% to EUR 379.8 million, EBIT by 49.0% to EUR 313.7 million
- Free cash flow up 54.4% to EUR 239.8 million
- EPS improves by 56.5% to EUR 1.08

Montabaur, November 18, 2014. Figures published today for the first nine months of 2014 reveal that United Internet AG is continuing its growth trajectory. There were further strong improvements in sales, the number of customer contracts and key earnings ratios. At the same time, the company continued to make heavy investments in new customer acquisition, the expansion of existing customer relationships, and new business fields – thus cementing the basis for future growth. In addition to these operating foundations, the company invested in Rocket Internet AG and ensured further potential with the complete takeover of Versatel as of October 1, 2014 and the access this provides to Germany's second-largest fiber-optic network.

Development of the Group

In the first nine months of 2014, consolidated sales of United Internet AG were increased to the new record level of EUR 2.171 billion – representing growth of 11.0% over the first nine months of 2013.

There was also a further rise in United Internet's customer figures in the reporting period with the addition of 660,000 contracts, taking the total to 14.11 million customer contracts.

This customer growth was mainly driven by the Access segment where the company gained 390,000 Mobile Internet contracts and 170,000 DSL contracts.

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 nine months of 2014 and more on developing and expanding existing customer relationships. Nevertheless, the company also raised the number of customer contracts in this segment by 100,000 and sold 280,000 new top-level domains (nTLDs) to new and existing customers. At the same time, start-up losses in new business fields (De-Mail / 1&1 MyWebsite) and for the "E-Mail made in Germany" initiative were reduced to EUR 34.1 million in the reporting period (prior year: EUR 87.0 million) – thanks to rising contribution margins and reduced advertising spending.

At Group level, earnings in the first nine months of 2014 were affected by one-off income from the contribution of investments held by United Internet in the portfolio companies of the Global Founders Capital Funds to Rocket Internet AG. This one-off, non-cash income accounted for EUR 71.5 million of total earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest and taxes (EBIT) in the third quarter. As a result, earnings per share (EPS) increased by EUR 0.36.

Without this one-off income, EBITDA rose by 35.4% from EUR 280.5 million (prior-year figure) to EUR 379.8 million and EBIT by 49.0% from EUR 210.6 million (prior-year figure) to EUR 313.7 million in the first nine months of 2014. Adjusted EPS improved by 56.5% from EUR 0.69 last year to EUR 1.08.

The entire Group's ability to generate very healthy levels of cash – while at the same time achieving strong qualitative growth – is illustrated by the free cash flow position. At EUR 239.8 million, this figure was also well above the prior-year level (EUR 155.3 million).

Group development (in EUR million)	9M 2013	9M 2014*	Change
Sales	1,955.1	2,170.9	+ 11.0%
EBITDA	280.5	379.8	+ 35.4%
EBIT	210.6	313.7	+ 49.0%
Free cash flow**	155.3	239.8	+ 54.4%
EPS (in EUR)	0.69	1.08	+ 56.5%

* 9M 2014 without one-off income (EBITDA and EBIT effect: EUR +71.5 million; EPS effect: EUR +0.36) from the contribution of Global Founders Capital investments to Rocket Internet AG

** 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 figures for customer contracts, sales, and earnings achieved in the first nine months of 2014 and the investments already made, we are well on track,” commented Ralph Dommermuth, CEO of United Internet, with reference to the figures for the first nine months of 2014.

Against this backdrop, the company continues to expect sales growth of around 10% for its business activities to date. Despite the upgraded contract growth forecast in August 2014 (around 900,000 instead of previously >800,000) and the related increase in costs for customer acquisition, EBITDA is still expected to improve to around EUR 520 million (prior year: EUR 407.2 million).

Moreover, new business activities (initial consolidation of Versatel on October 1, 2014) are expected to contribute revenues of approx. EUR 130 million, EBITDA of approx. EUR 40 million, and approx. 440,000 further customer contracts.

In addition to the stated one-off income of the third quarter (Rocket transaction), the company also expects one-off, non-cash income from the Versatel acquisition in the fourth quarter.

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

About United Internet

With 14.11 million fee-based customer contracts and 31.80 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 7,800 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, affilinet and Versatel), United Internet stands for outstanding operational excellence with around 46 million customer accounts worldwide.

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