

PRESS RELEASE

United Internet with successful Q1 2018

- Customer contracts: + 300,000 to 22.94 million contracts
- Sales acc. to IFRS 15: + 33.4% to EUR 1.271 billion (pro forma: + 11.6%)
- EBITDA acc. to IFRS 15: + 30.7% to EUR 278.3 million (pro forma: + 8.7%)
- 2018 guidance confirmed

Montabaur, May 9, 2018. United Internet AG maintained its growth trajectory in the first quarter of 2018. The company once again posted improvements in its customer contract figures, sales revenues, and key earnings ratios.

In the first quarter of 2018, United Internet made further strong investments in new customer contracts and the expansion of its existing customer relationships, and thus in sustainable growth. In the current product lines of its Access segment, the company added a total of 270,000 contracts (240,000 mobile internet and 30,000 DSL complete). In the Applications segment, a further 30,000 fee-based contracts and 600,000 ad-financed free accounts were added.

The following 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. 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). The IFRS 15 effects had a positive impact on sales (EUR 85.7 million), while their impact on earnings was almost fully offset by expenses for the increased use of smartphones.

Specifically, consolidated sales grew by 33.4%, from EUR 952.7 million (old accounting method acc. to IAS 18) in the previous year to EUR 1,270.7 million according to IFRS 15 in the first quarter of 2018. On a pro forma basis (including Strato and Drillisch in the previous year), sales rose by 11.6% from EUR 1,138.4 million (old accounting method acc. to IAS 18) to € 1,270.7 million according to IFRS 15.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 30.7%, from EUR 213.0 million (old accounting method acc. to IAS 18) to EUR 278.3 million according to IFRS 15. On a pro forma basis (including Strato and Drillisch in the previous year), EBITDA improved by 8.7% from EUR 256.1 million (old accounting method acc. to IAS 18) to EUR 278.3 million according to IFRS 15. EBITDA for the first quarter of 2018 includes one-off expenses for current integration projects of EUR 8.1 million.

Earnings before interest and taxes (EBIT) increased by 10.2%, from EUR 165.9 million (old accounting method acc. to IAS 18) to EUR 182.9 million according to IFRS 15. EBIT also

includes the above mentioned one-off expenses. The lower percentage growth compared to EBITDA is due to increased amortization of purchase price allocations (PPA) from the Strato and Drillisch takeovers completed in 2017.

Earnings per share (EPS) fell from EUR 0.46 to EUR 0.42. 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 business. In addition, there were increased PPA writedowns relating to the acquisition of Versatel, and in particular to the Strato and Drillisch takeovers in 2017. Without consideration of these PPA writedowns, EPS amounted to EUR 0.55 (prior year: EUR 0.50 or EUR 0.59 excluding Rocket impairments).

“Our key performance figures for sales and earnings continued to make good progress in the first quarter of 2018. We are well on course to meet our full-year targets for 2018,” states Ralph Dommermuth, CEO of United Internet, in his summary of the first few months of fiscal year 2018.

Outlook 2018

Following a successful first quarter of 2018, United Internet AG can confirm its full-year guidance for 2018 and continues to expect growth in sales to approx. EUR 5.2 billion (prior year acc. to IAS 18: EUR 4.21 billion). Consolidated EBITDA of approx. EUR 1.2 billion is still anticipated for 2018 (prior year acc. to IAS 18: EUR 980 million). The EBITDA forecast for 2018 includes approx. EUR 50 million one-off expenses for integration projects.

An overview of all key figures and the quarterly statement for the first three months of 2018 are available online at www.united-internet.de.

About United Internet

With around 23 million fee-based customer contracts and over 36 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 approx. 9,000 employees, of which around 3,000 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, STRATO, 1&1 Versatel and the brands of Drillisch Online), United Internet stands for outstanding operational excellence with over 59 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 2018 of United Internet AG from page 53 onwards.