# PRESS RELEASE

## United Internet with successful first nine months 2018

- Sales acc. to IFRS 15: +26.8% to EUR 3.816 billion (pro forma: +10.2%)
- EBITDA acc. to IFRS 15: +27.8% to EUR 874.6 million (pro forma: +10.5%)
- EUR 216.2 million non-cash impairment charges on Tele Columbus shares
- EPS before PPA: EUR 0.69, without Tele Columbus impairment EUR 1.77 (+8.6%)

Montabaur, November 13, 2018. United Internet AG maintained its growth trajectory in the first nine months of 2018. The company once again posted improvements in its customer contract figures, sales revenues, and key earnings ratios.

In the first nine months 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. All in all, the number of fee-based customer contracts was raised by 1.01 million to 23.65 million contracts. In its Access business, the company added 690,000 contracts (630,000 Mobile Internet and 60,000 DSL connections). A further 320,000 contracts were added in its Applications business – 70,000 from organic growth and 250,000 from the takeover of the Austrian company World4You. There was also continued growth in ad-financed free accounts, which rose by 500,000 to 36.17 million.

Sales and earnings figures were shaped by the consolidation of Strato and Drillisch, as well as by positive conversion effects from the initial application of IFRS 15 (prior year: IAS 18). 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 charges for new contracts and refinancing via higher tariff prices over the contractual term). The IFRS 15 effects had a positive impact on sales (EUR 213.0 million), while their impact on earnings was almost fully offset by expenses for the increased use of smartphones.

Specifically, consolidated sales grew by 26.8%, from EUR 3,008.2 million (acc. to IAS 18) in the previous year to EUR 3,815.9 million (acc. to IFRS 15) in the first nine months of 2018. On a pro forma basis (including Strato and Drillisch in the previous year), sales rose by 10.2% from EUR 3,462.5 million (acc. to IAS 18) to EUR 3,815.9 million (acc. to IFRS 15).

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 27.8%, from EUR 684.1 million (comparable prior-year figure acc. to IAS 18 without the extraordinary result) to EUR 874.6 million (acc. to IFRS 15). On a pro forma basis (including Strato and Drillisch in the previous year), EBITDA improved by 10.5% from EUR 791.6 million (comparable prior-year figure acc. to IAS 18) to EUR 874.6 million (acc. to IFRS 15). EBITDA for the first nine months of 2018 includes one-off expenses for current integration projects of EUR 21.2 million.

Earnings before interest and taxes (EBIT) increased by 14.0%, from EUR 325.3 million (comparable prior-year figure acc. to IAS 18) in the previous year to EUR 582.8 million (acc. to IFRS 15). EBIT also includes the above mentioned one-off expenses from integration projects. The difference in percentage growth compared to EBITDA is due to increased amortization of purchase price allocations (PPA), mainly from the Strato and Drillisch takeovers completed in 2017.

Earnings per share (EPS) for the first nine months of 2017 and the first nine months of 2018 were dominated by various special items. In the previous year, non-cash impairment charges of EUR 19.8 million on Rocket Internet shares held (EPS effect: EUR -0.10) and an extraordinary result of EUR 303.9 million from M&A activities (EPS effect: EUR +1.52) had a net positive impact on EPS, while there was a negative impact on EPS in the first nine months of 2018 from a non-cash impairment charges of EUR 216.2 million on Tele Columbus shares held which was conducted in the third quarter of 2018 (EPS effect: EUR -1.08). Adjusted for these special items, EPS fell from EUR 1.46 to EUR 1.37. 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 mainly to the acquisition of Versatel and the Strato and Drillisch takeovers in 2017. Without consideration of these PPA writedowns and the above mentioned special items, EPS rose by 8.6% from EUR 1.63 in the previous year to EUR 1.77.

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

An overview of all key figures and the Quarterly Statement Q3 2018 are available online at www.united-internet.de.

## About United Internet

With over 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 around 60 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 2017 of United Internet AG from page 53 onwards.