

PRESS RELEASE

United Internet with successful Q1 2019

- Customer contracts: + 210,000 to 24.06 million contracts
- Sales: + 1.2% to EUR 1.286 billion
- EBITDA: + 7.7% to EUR 299.7 million acc. to IFRS 16
(prior year: EUR 278.3 million acc. to IFRS 15)
- EUR 43.1 million non-cash impairment charge on Tele Columbus shares
- EPS: EUR 0.24, without Tele Columbus impairment EUR 0.46 (+ 9.5%)
- 2019 guidance confirmed

Montabaur, May 15, 2019. United Internet AG got off to a good start in its fiscal year 2019. The company met its performance targets in the first quarter of 2019 and continued to drive forward its future-oriented topics, such as the repositioning in the Consumer Applications segment and the rebranding in the Business Applications segment.

In the first quarter of 2019, United Internet made further 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 210,000 to 24.06 million contracts. In its Consumer Access segment, the company added 180,000 contracts (170,000 mobile internet and 10,000 broadband connections). The Business Applications segment contributed a further 30,000 contracts. The number of pay accounts in the Consumer Applications segment remained unchanged, while ad-financed free accounts grew by 340,000 accounts.

Consolidated sales grew by 1.2% in the first quarter of 2019, from EUR 1,270.7 million in the previous year to EUR 1,286.1 million. This at first glance only moderate growth was due in particular to fluctuations during the year in (low-margin) hardware sales (EUR -18.0 million) in the Consumer Access segment and to the ad space reduction started in April 2018 (EUR -5.1 million) as part of a repositioning in the Consumer Applications segment.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were positively influenced by the initial application of IFRS 16 (EUR +22.8 million) in the first quarter of 2019. In addition to one-off expenses already announced (EUR -2.1 million), there were opposing effects in the Consumer Access segment from preliminary additional costs of EUR -17.5 million after a time-limited adjustment mechanism of a wholesale contract expired at the end of 2018. Contrary to original expectations, no decision has yet been taken regarding a replacement or compensation for the expired arrangement. However, the corresponding wholesale prices are currently the subject of arbitration proceedings, in the course of which there will be a binding decision on the type and amount of a permanent price adjustment within a few months of the end of the 5G spectrum auction. The company expects this expert decision to result in lower wholesale prices with a retrospective effect. Furthermore, investments in the future (implemented as planned), such as the above mentioned repositioning in the Consumer

Applications segment (EUR -4.1 million) and an increase in marketing expenses in the Business Applications segment (EUR -14.6 million) had an initial negative effect on earnings in the first quarter of 2019. A share of EUR -7.0 million of the increased marketing expenses is related to one-offs from rebranding measures.

All in all, EBITDA of the United Internet Group rose by 7.7% in the first quarter of 2019, from EUR 278.3 million (acc. to IFRS 15) to EUR 299.7 million (acc. to IFRS 16).

Earnings before interest and taxes (EBIT) were virtually unaffected by IFRS 16 accounting and fell by 1.0%, from EUR 182.9 million to EUR 181.1 million. EBIT also includes the above mentioned burdens on earnings and one-offs.

Earnings per share (EPS) fell from EUR 0.42 to EUR 0.24. This was due to non-cash impairment charges on shares held in Tele Columbus of EUR -43.1 million (EPS effect: EUR -0.22). Without consideration of impairment charges, EPS would amount to EUR 0.46 – corresponding to year-on-year growth of 9.5%.

“We got off to a good start in fiscal 2019 and are on course to meet our full-year targets for 2019,” states Ralph Dommermuth, CEO of United Internet AG, in his summary of the first three months of 2019.

Outlook 2019

For the fiscal year 2019, the company's Management Board continues to expect consolidated sales to grow by approx. 4% (2018: EUR 5.13 billion). An increase of approx. 8% is anticipated for EBITDA (2018: EUR 1.20 billion) or approx. 12% including effects from the initial application of IFRS 16.

An overview of all key figures and the quarterly statement for the first three months of 2019 are available online at www.united-internet.de.

About United Internet

With around 24 million fee-based customer contracts and around 37 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. 9,100 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 61 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 52 onwards.