

UNITED INTERNET AG

Analyst and Investor Call  
Presentation – 9M 2018

Montabaur,  
November 13, 2018



## KPIs 9M 2018 (AS REPORTED)

- 23.65 million customer contracts: + 0.76 million organically in the first 9 months and 250k from the acquisition of World4You

Sales and earnings figures (in € million)	(IAS 18)	9M 2017	(IFRS 15)	9M 2018	Change
Sales		3,008.2		3,815.9	+ 26.8 %
EBITDA <sup>(1)</sup>		684.1		874.6	+ 27.8 %
EBIT <sup>(1)</sup>		511.2		582.8	+ 14.0 %
EPS (in €) <sup>(2)</sup>		1.46		1.37	- 6.2 %
EPS (in €), operative before PPA / Impairments <sup>(2)</sup>		1.63		1.77	+ 8.6 %

- EBITDA growth by 27.8% to € 874.6m (prev. year: € 684.1m or € 791.6m pro forma)
- Positive conversion effects from IFRS 15 of € 221.2m EBITDA, thereof approx. € 199m in Access offset by additional smartphone investments as expected
- Tele Columbus impairment charges of € - 216.2m (EPS effect of € - 1.08)
- Full-year guidance 2018 confirmed

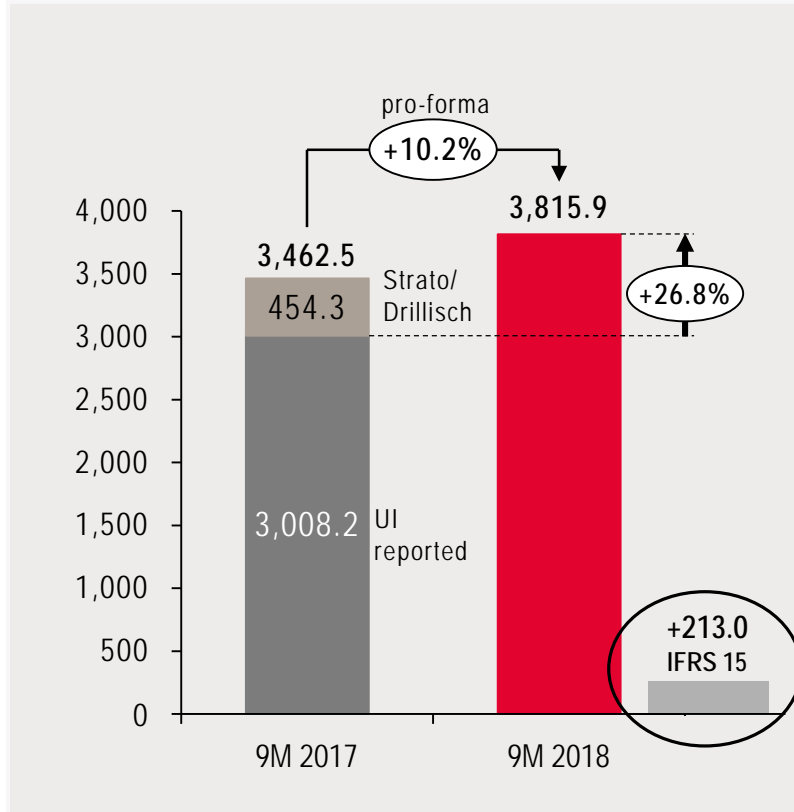
<sup>(1)</sup> EBITDA and EBIT of the first 9 months 2017 without extraordinary result from M&A activities (+ € 303.9m)

<sup>(2)</sup> EPS of the first 9 months 2017 without the overall positive effects from extraordinary result from M&A activities (€ +1.52) and Rocket impairments (€ - 0.10);  
EPS of the first 9 months 2018 without Tele Columbus impairments (€-1.08)

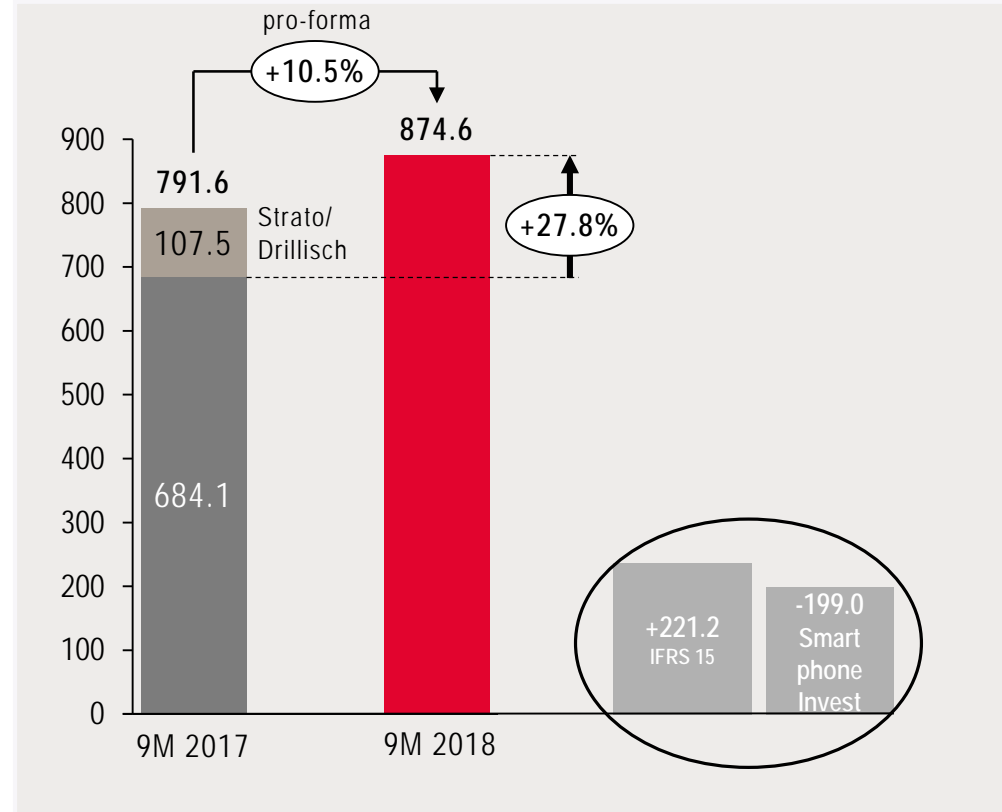
# PRO-FORMA GROWTH 9M 2018

(in million)

## Sales



## EBITDA\*



- EBITDA IFRS 15 impact of € 221.2 million, thereof approx. € 199 million in Access, offset by additional smartphone investments as expected

\* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -21.2m)

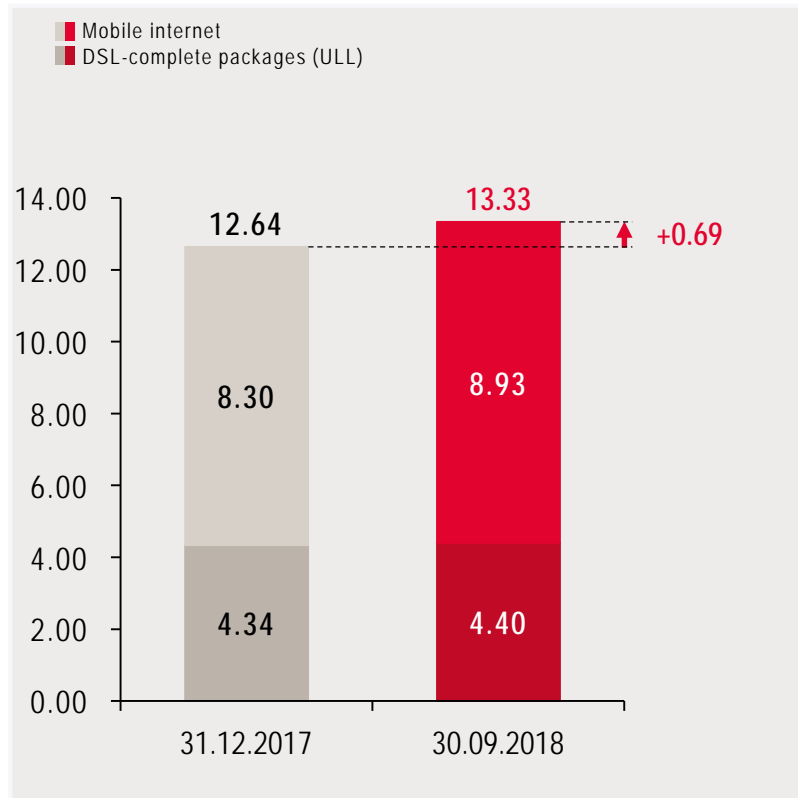
# „ACCESS“ IN 9M 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

# CONSUMER ACCESS: CUSTOMER CONTRACTS

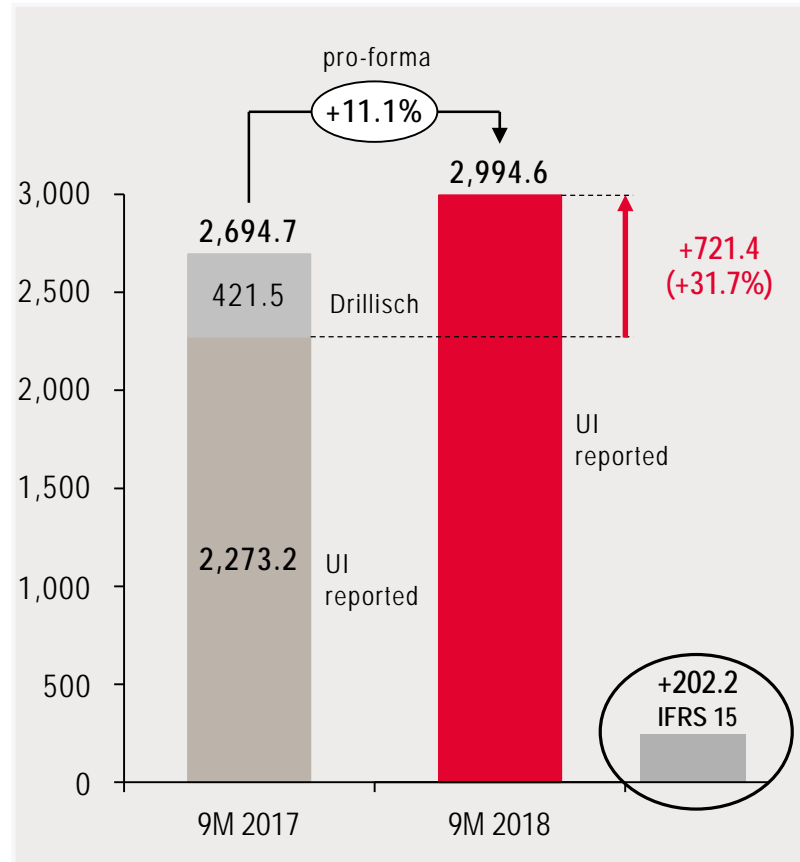
(in million)



- 13.33 million customer contracts with monthly basic fees in current product-lines (+ 690,000),
  - 8.93 million mobile internet contracts (+ 630,000)
  - 4.40 million DSL-complete packages (+ 60,000)

# ACCESS: SALES

(in € million)

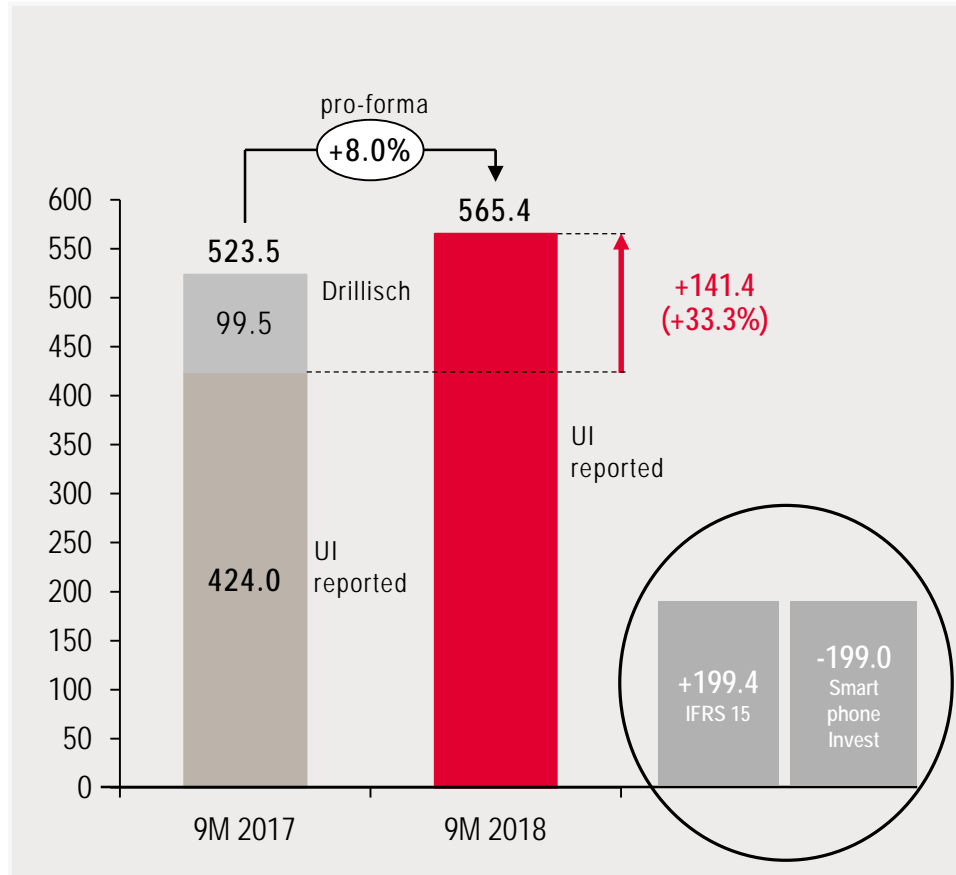


- € 2,994.6 million sales\* (+ 31.7 %)
  - Consumer: € 2,698.9 million (+ 36.6 %)
  - Business: € 334.6 million (+ 2.7 %)
- Pro-forma 9M 2017 (incl. Drillisch): € 2,694.7 million (+11.1 %)
- IFRS 15 effect: € 202.2 million

\* Reallocation of the mass market business from 1&1 Versatel GmbH as of May 1, 2017 in Consumer Access

# ACCESS: EBITDA

(in € million)

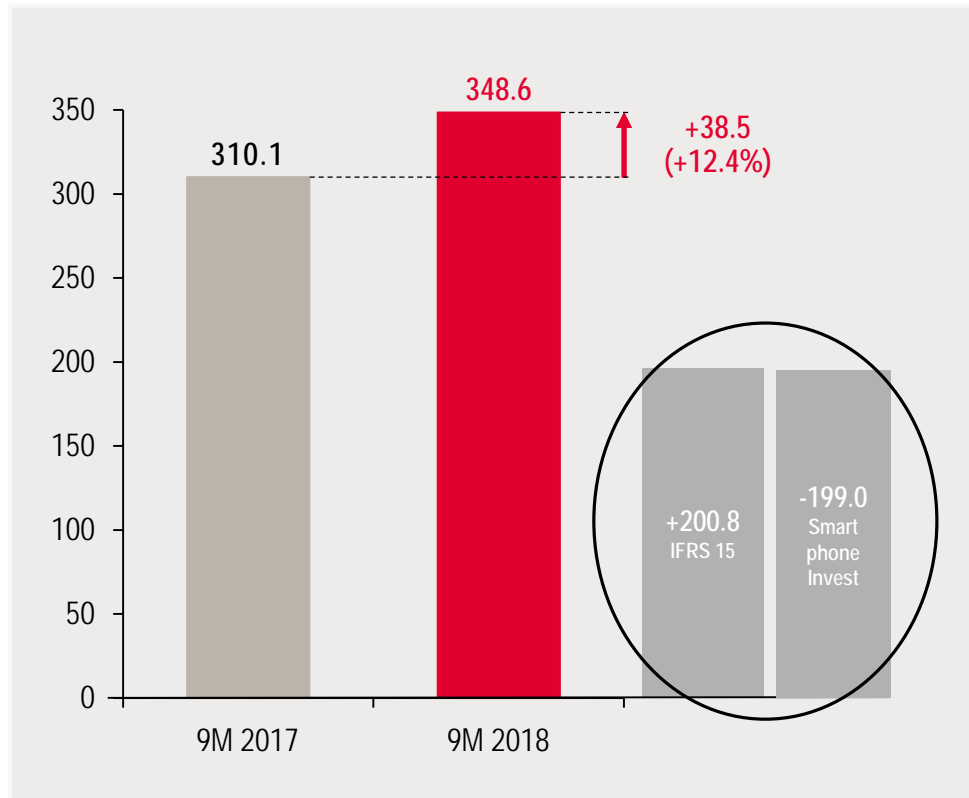


- € 565.4 million EBITDA\* (+ 33.3 %),
  - Consumer: € 521.8 million (+ 44.2 %)
  - Business: € 43.6 million (- 29.8 %)
- Pro-forma 9M 2017 (incl. Drillisch): € 523.5 million (+ 8.0 %)
- IFRS 15 effect: € 199.4 million, which is offset by additional smartphone investments as expected

\* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -12.4m)

# ACCESS: EBIT

(in € million)



- € 348.6 million\* EBIT (+ 12.4 %),
- IFRS 15 effect: € 200.8 million, which is offset by additional smartphone investments as expected

\* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -12.4m)



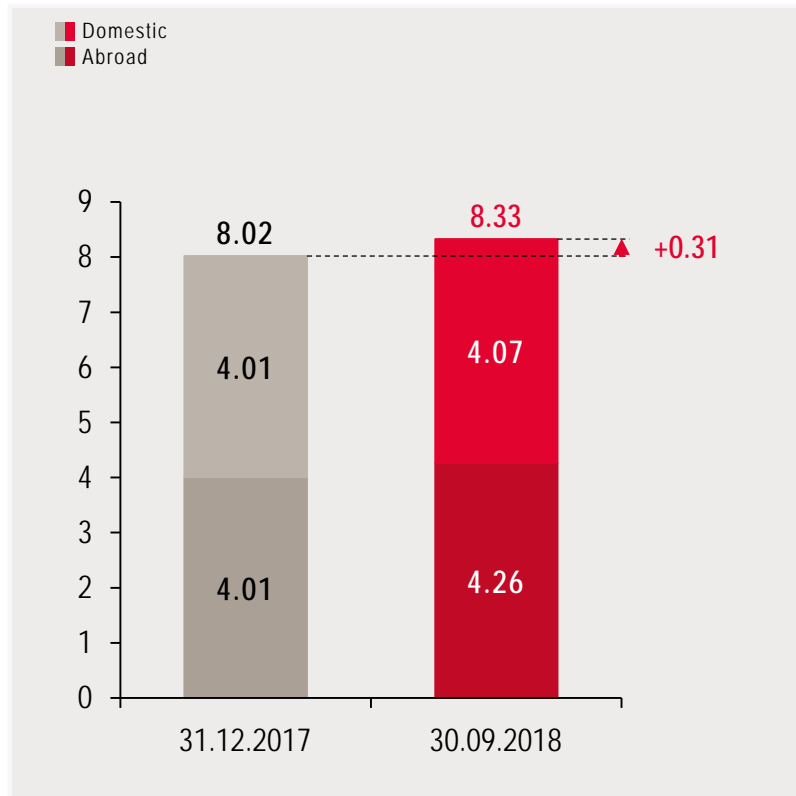
# „APPLICATIONS“ IN 9M 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

# BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

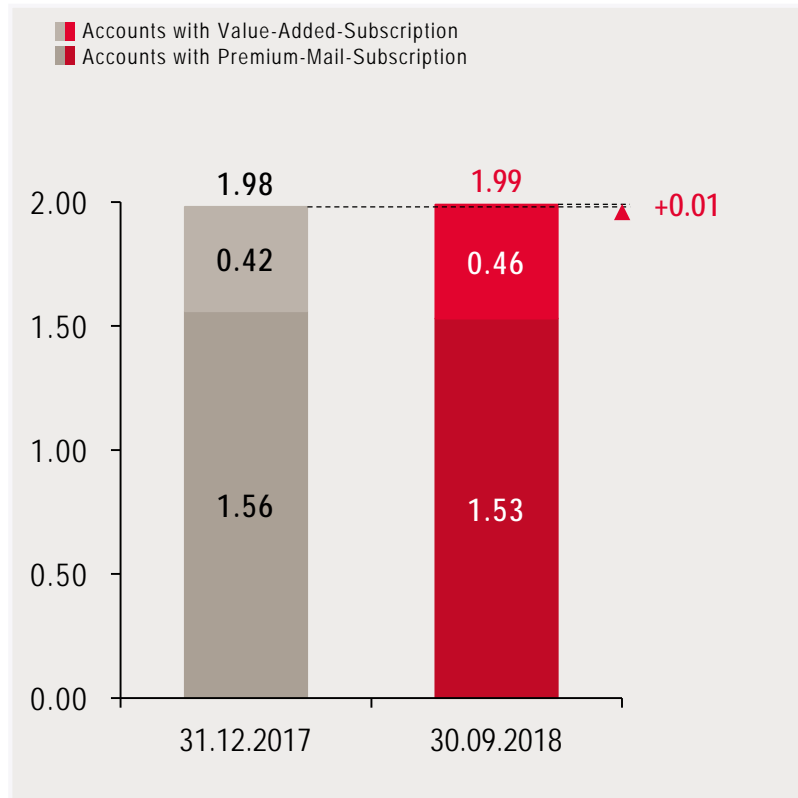
(in million)



- 8.33 million customer contracts (+ 310,000), thereof 250,000 contracts from the World4You acquisition
  - 4.07 million domestic
  - 4.26 million abroad

# CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

(in million)

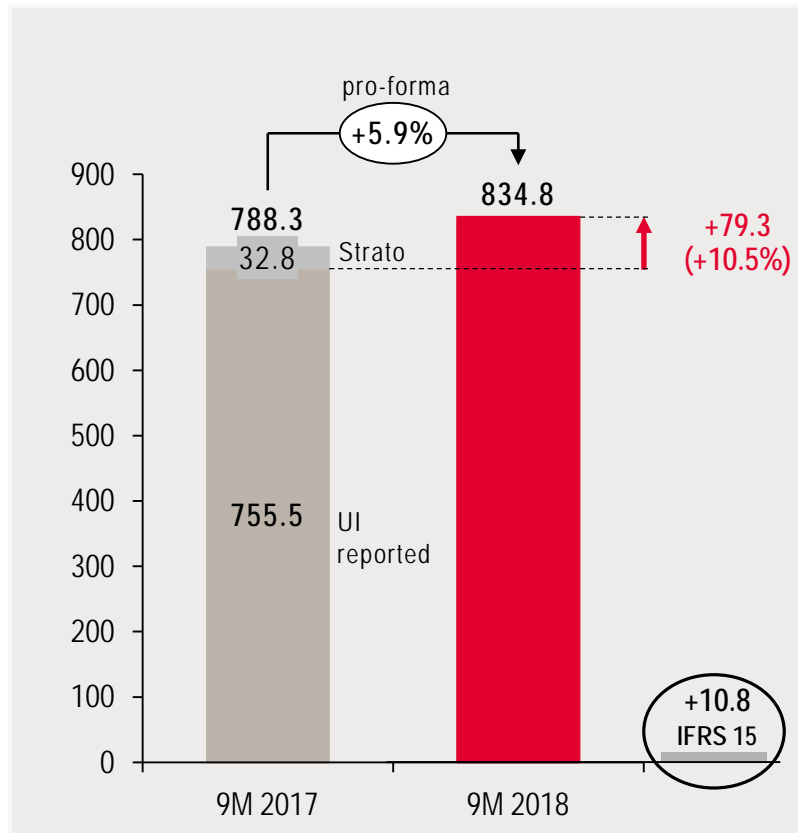


- 1.99 million pay products
- 36.17 million free accounts (+ 500,000)\*, thereof
  - 22.0 million with mobile usage
  - 18.2 million with cloud storage

\* After reclassification of 250,000 customer relationships (110,000 accounts with Premium-Mail-Subscription and 140,000 accounts with Value-Added-Subscription) from the fee based customers to the free accounts ; prior year adjusted

# APPLICATIONS: SALES

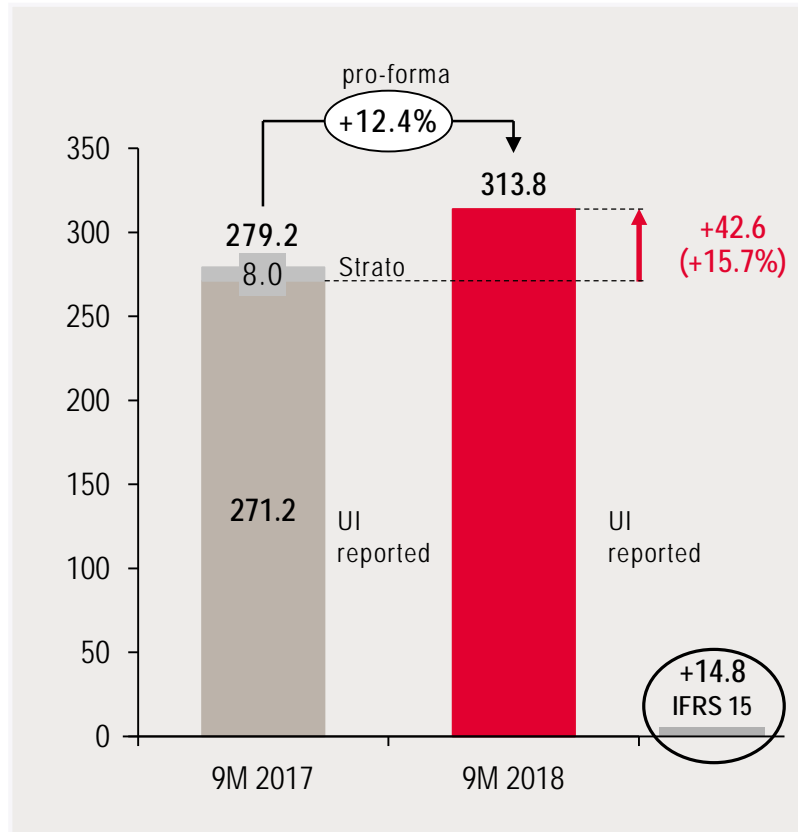
(in € million)



- € 834.8 million sales (+ 10.5 %),
  - Consumer: € 203.9 million (+ 1.0 %)
  - Business: € 634.7 million (+ 13.9 %)
- Pro-forma 9M 2017 (incl. Strato): € 788.3m, (+ 5.9%)
- IFRS 15 effect: € 10.8 million

# APPLICATIONS: EBITDA

(in € million)

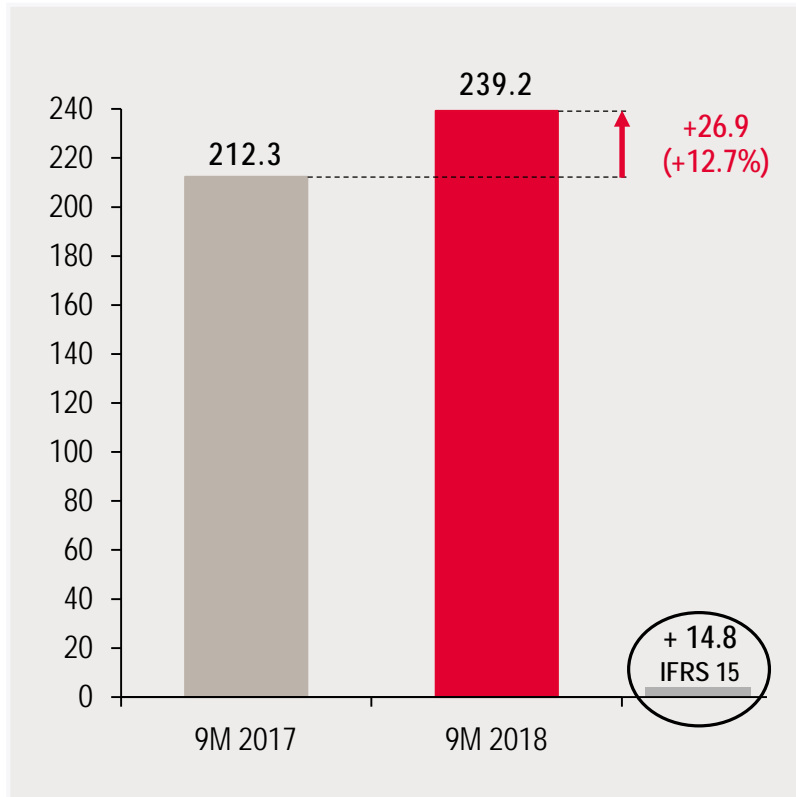


- € 313.8 million EBITDA\* (+ 15.7 %)
  - Consumer: € 79.9 million (- 5.7 %)
    - € - 9.7 million due to reduced advertising space
  - Business: € 233.9 million (+ 25.5 %)
  - 37.6 % EBITDA-margin (prev. year: 35.9 %)
- Pro-forma 9M 2017 (incl. Strato):  
€ 279.2 million (+ 12.4%)
- IFRS 15 effect: € 14.8 million

\* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -8.8m)

# APPLICATIONS: EBIT

(in € million)

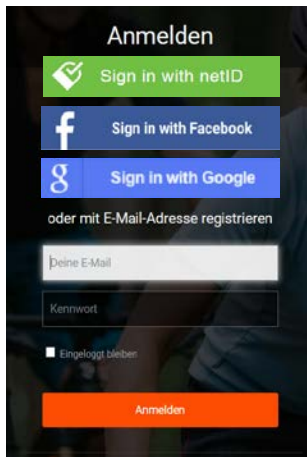


- € 239.2 million EBIT\* (+ 12.7 %)
- IFRS 15 effect: € 14.8 million

\* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -8.8m)

# SUMMARY - BIG DATA OPPORTUNITY FOR CONSUMER APPLICATIONS

## Single-Sign-On process: netID



- Consumer Applications
  - Largest customer base in the attractive DACH market, leveraging two of the strongest and most trusted brands in Germany: GMX and WEB.de
  - 38m customer accounts, of which 36m free accounts and 2m pay products
- netID is a new open standard for user identification, tracking and targeting, founded as a counterpart to the Single Sign On standards of Google and facebook
  - Open eco system for digital players to leverage their existing user accounts under one standard and match user profiles compliant with GDPR / ePR (cookie restriction, cross device tracking)
  - European netID Foundation's uniform login standard for currently 60 digital offerings from netID partners in a range of industries
  - More than 50m unique users out of 55m online users in Germany
  - 35m active netID capable accounts with access to deep data analysis
  - Roll-out started in November 2018



# LIFT OFF TO A NEW WORLD OF HOSTING

## What's new?

- 1&1 Internet SE + ProfitBricks = 1&1 IONOS
- Only European web hosting provider that will be able to guide companies through all of the phases and milestones of their development
- Comprehensive range of solutions, from domains to enterprise clouds
- Free Personal Consultant to every customer
- One-stop-shop provider for SMBs with the ability to grow with SMB customers and cover the needs of professional web users
- Own servers through IONOS' self-developed enterprise cloud Infrastructure



## THE 1&1 IONOS PROMISE

### Promise #1

A personal consultant to support you whenever you need them

### Promise #3

Best-in-class products for professionals, developers and administrators in companies and agencies

### Promise #2

The best products for beginners so that you can start building your own Internet presence

### Promise #4

Efficient cloud applications to lead your company down the road to success

## NEW APPROACH

### Promise #1

- Direct extension to your personal adviser
- Accessibility by phone, mail and chat
- As an exclusive service completely free
- Tailored to the specific needs of the customer



## PRO-FORMA DEVELOPMENT IN 9M 2018

(9M 2017 incl. Strato and Drillisch; in € million)

Access	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	Change	Comments 9M 2018	Like-for-like
Sales	2,694.7	2,994.6	+ 11.1 %	<ul style="list-style-type: none"> <li>▪ € + 202.2 million IFRS 15</li> </ul>	» + 3.6 %
EBITDA	523.5	565.4	+ 8.0 %	<ul style="list-style-type: none"> <li>▪ € + 199.4 million IFRS 15 effect</li> <li>▪ € - 199.0 million increased use of smartphones</li> <li>▪ € - 12.4 million one-offs from ongoing integration projects</li> </ul>	» + 10.3 %

Applications	9M 2017 (IAS 18)	9M 2018 (IFRS 15)	Change	Comments 9M 2018	Like-for-like
Sales	788.3	834.8	+ 5.9 %	<ul style="list-style-type: none"> <li>▪ € + 10.8 million IFRS 15</li> <li>▪ € - 9.7 million due to reduced advertising space</li> </ul>	» + 5.8 %
EBITDA	279.2	313.8	+ 12.4 %	<ul style="list-style-type: none"> <li>▪ € + 14.8 million IFRS 15</li> <li>▪ € - 9.7 million due to reduced advertising space</li> <li>▪ € - 8.8 million one-offs from ongoing integration projects</li> </ul>	» + 13.7 %

# KEY FINANCIAL KPIs AS OF 30 SEPTEMBER 2018

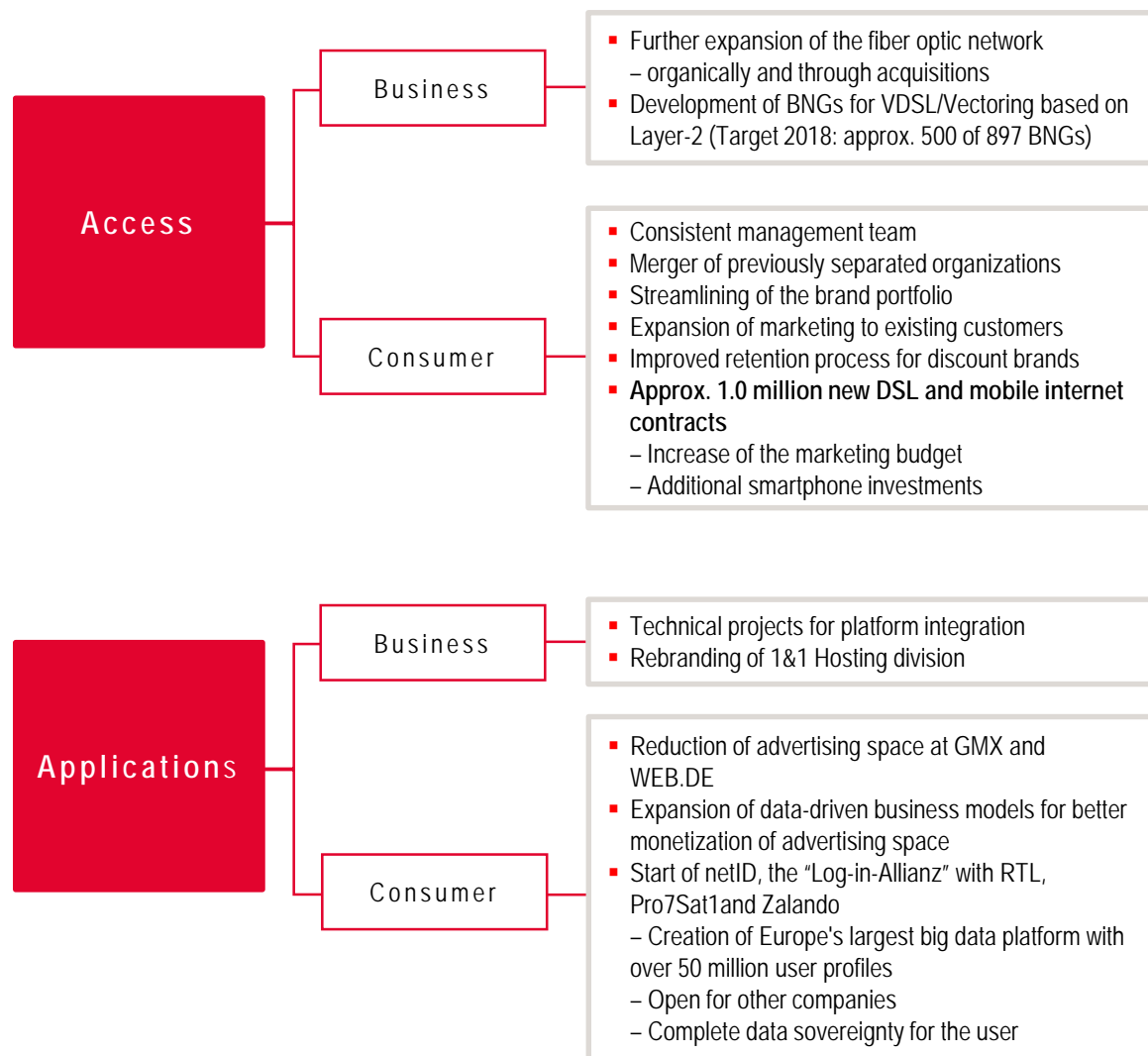
(contracts in million / financial KPIs acc. to IFRS in € million)

	9M/Dec.31, 2017 (IAS 18)	9M 2018 (IFRS 15)	Change
Fee-based customer contracts	22.37	23.65	+ 1.28m
Sales	3,008.2	3,815.9	+ 26.8 %
EBITDA	684.1	874.6	+ 27.8 %
Net debt (prev. year as of Dec. 31, 2017)	1,717.3	1,922.5	+ 11.9 %
Equity ratio (prev. year as of Dec. 31, 2017)	53.2%	55.8%	+ 2.6 Ppt.
Capex	154.3	184.7	+ 19.7 %
Free cash flow*	352.1	181.7	- 48.4 %

\* Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from the disposal of intangible assets and property, plant and equipment; Free cash flow 9M 2017 without Capital gains tax refund of € 70.3 million; Free cash flow 9M 2018 without tax payment of € 34.7 million from fiscal year 2016

# OUTLOOK 2018

# ROADMAP 2018



# GUIDANCE 2018

- Sales increase to approx. € 5.2 billion**
  - Strong contract growth
  - Consolidation of Strato / ProfitBricks and 1&1 Drillisch for a full year
  - Increased use of subsidized smartphones in connection with the earlier realization of hardware sales in accordance with IFRS 15 (sales effect: approx. € 200 million)
- EBITDA increase to approx. € 1.2 billion, therein included**
  - approx. - € 300 million additional smartphone investment (return via higher tariff prices)
  - approx. + € 300 million from accounting in accordance with IFRS 15
  - approx. - € 30 million increased marketing budget at Consumer Access
  - approx. - € 20 million adjusted monetarization of advertising at Consumer Applications
  - approx. + € 50 million synergies from the merger with Drillisch
  - Moreover included, approx. - € 50 million one-offs for integration projects at Consumer Access and Business Applications

- Guidance for FY 2018 confirmed

UNITED INTERNET AG

Our success story  
continues!

