

UNITED INTERNET AG

Analyst and investor

Webcast – 9M-Results 2019

Montabaur,

November 12, 2019



KPIs 9M 2019

- 24.51 million customer contracts: + 660,000 in the first 9 months 2019

Revenues and earnings figures <small>(in € million)</small>	(IFRS 15) 9M 2018	(IFRS 16) 9M 2019	Change
Revenues	3,815.9	3,880.8	+ 1.7%
Revenues excl. hardware	3,268.9	3,371.9	+ 3.2%
EBITDA	874.6	944.0	+ 7.9%
EBIT	582.8	587.6	+ 0.8%
EPS before impairments ⁽¹⁾ (in €)	1.37	1.50	+ 9.5 %
EPS before PPA and impairments ⁽¹⁾ (in €)	1.77	1.87	+ 5.5 %

- EBITDA 9M 2019 impacted by:
 - € - 59.0 million additional wholesale service costs from an expired discount mechanism at the end of 2018
 - € + 65.3 million IFRS 16 effect

⁽¹⁾ 9M 2018/2019 without impairment Tele Columbus

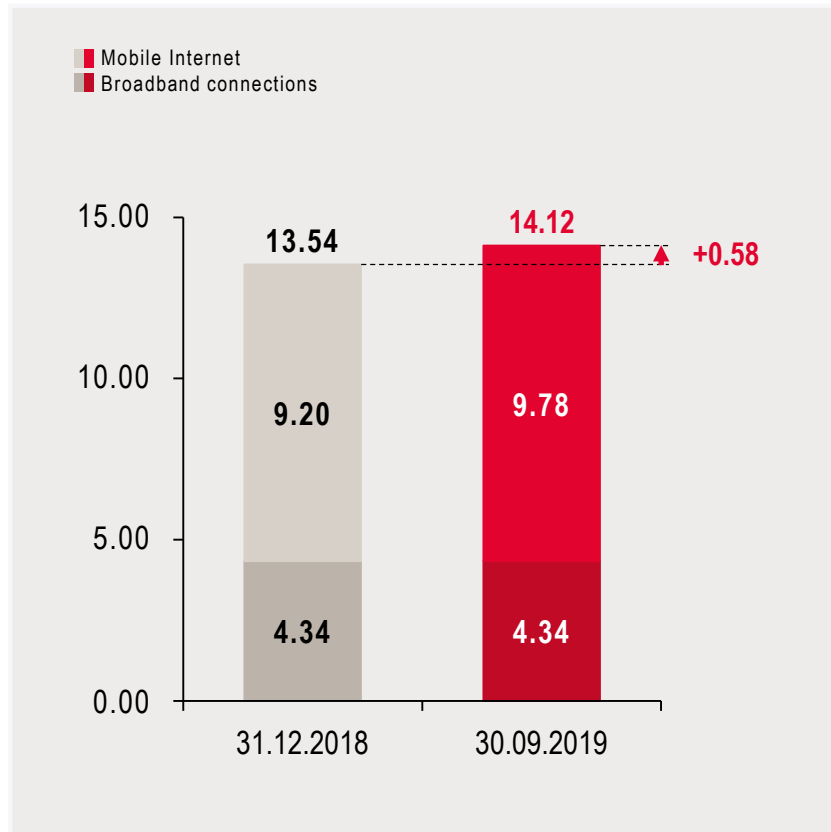
“ACCESS” IN 9M 2019

- CONSUMER ACCESS
- BUSINESS ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

CONSUMER ACCESS SEGMENT: CUSTOMER CONTRACTS

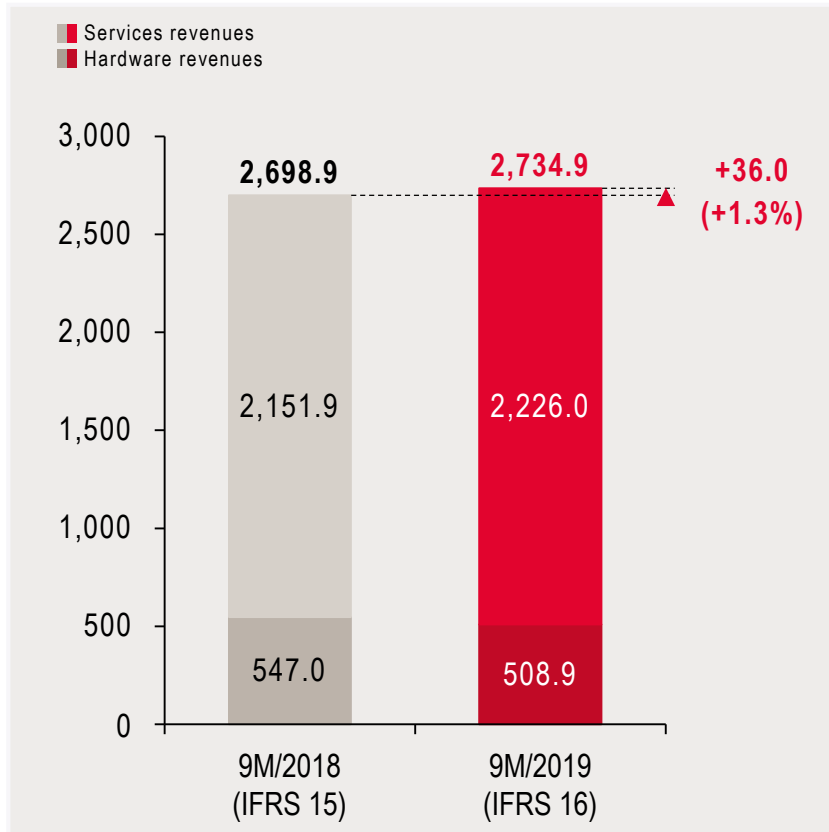
(in million)



- 14.12 million customer contracts (+ 580,000)
 - 9.78 million mobile internet contracts (+ 580,000)
 - 4.34 million broadband connections (+/- 0)
ADSL / VDSL / FTTH

CONSUMER ACCESS SEGMENT: REVENUES

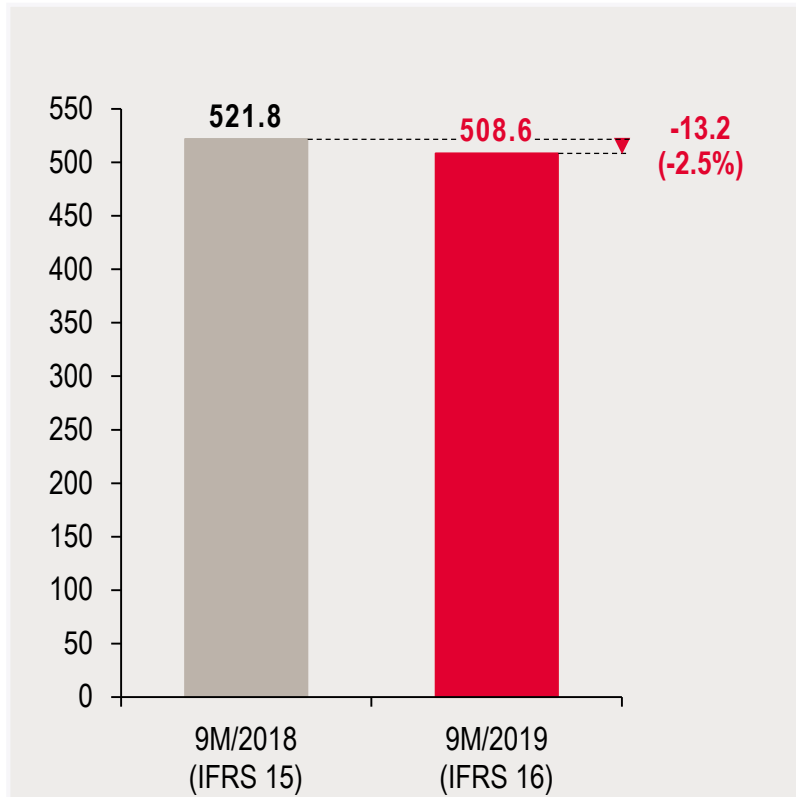
(acc. to IFRS in € million)



- + 1.3 % revenues to € 2,734.9 million
 - + 3.4 % service revenues to € 2,226.0 million
 - - 7.0 % (€ - 38.1 million) low-margin hardware revenues to € 508.9 million
- ➔ + 4.7 % comparable service revenue – excl. effects from increased demand for LTE tariffs from existing customers

CONSUMER ACCESS SEGMENT: EBITDA

(acc. to IFRS in € million)

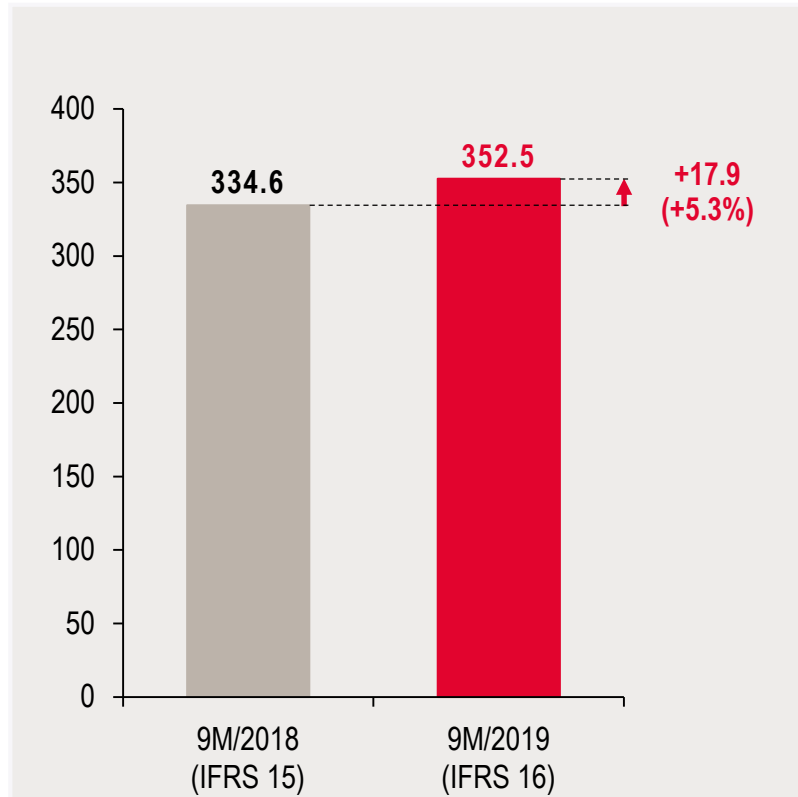


- - 2.5 % EBITDA to € 508.6 million
 - € - 3.8 million one-offs from Drillisch integration (prior year: € - 12.4 million), increase of € - 4.4 million subscriber line costs since July 19 (TAL) and initial 5G costs € - 2.5 million
 - € - 59.0 million additional costs from a time-limited adjustment mechanism of a wholesale contract expired at the end of 2018*
 - € + 4.3 million IFRS 16 effect
- 18.6 % EBITDA margin (prior year: 19.3 %)
- ➔ + 7.5 % comparable EBITDA – like-for-like w/o effects from IFRS 16, additional costs from purchase of wholesale services* and special items (integration costs, subscriber line costs (TAL), initial 5G costs)

* Contrary to our original expectations, the expired agreement was not compensated by a price reduction in the reporting period. However, the corresponding wholesale prices are the subject of several arbitration proceedings initiated by 1&1 Drillisch, in the course of which we expect binding decisions on the required permanent price adjustments. On 24 October 2019, 1&1 Drillisch received the draft of the arbitrator's report in the first price review procedure initiated with effect from September 2017 (Price Review 1). It did not approve the request by 1&1 Drillisch for a retroactive reduction in wholesale prices from this date. The final report in Price Review 1 is expected to be issued in mid-November.

BUSINESS ACCESS SEGMENT: REVENUES

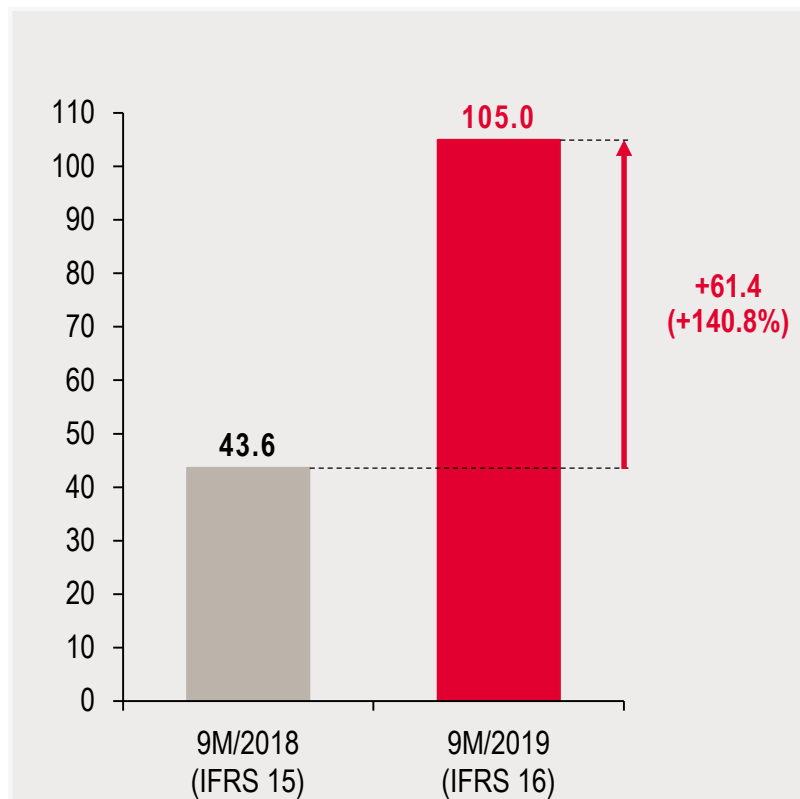
(acc. to IFRS in € million)



- + 5.3 % revenues to € 352.5 million
- Positive development of the core business areas B2B & Wholesale

BUSINESS ACCESS SEGMENT: EBITDA

(acc. to IFRS in € million)



- + 140.8 % EBITDA to € 105.0 million
 - Positive business development
 - € + 44.6 million IFRS 16 effect
- 29.8 % EBITDA margin (prior year: 13.0 %)
- ➔ + 38.5 % comparable EBITDA – w/o IFRS 16 effects

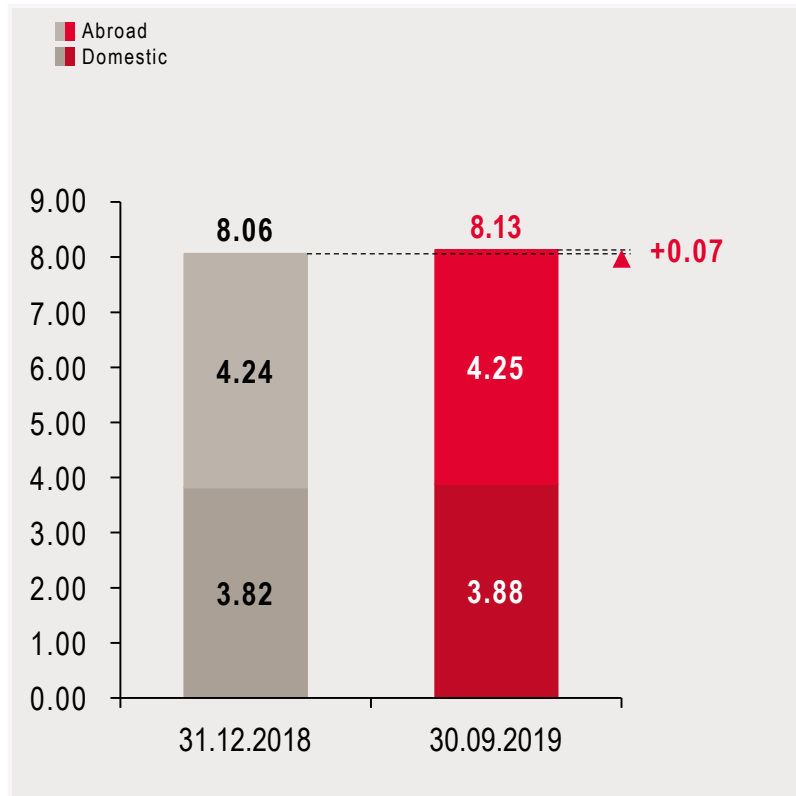
„APPLICATIONS“ IN 9M 2019

- CONSUMER ACCESS
- BUSINESS ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

BUSINESS APPLICATIONS SEGMENT: CUSTOMER CONTRACTS

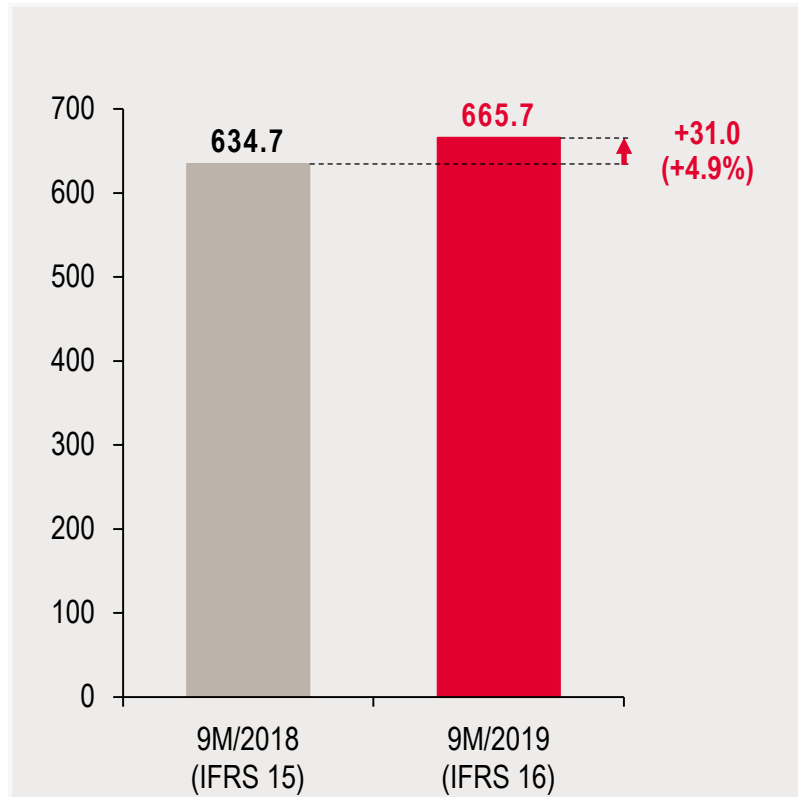
(in million)



- 8.13 million customer contracts (+ 70,000)
 - 3.88 million domestic
 - 4.25 million abroad

BUSINESS APPLICATIONS SEGMENT: REVENUES

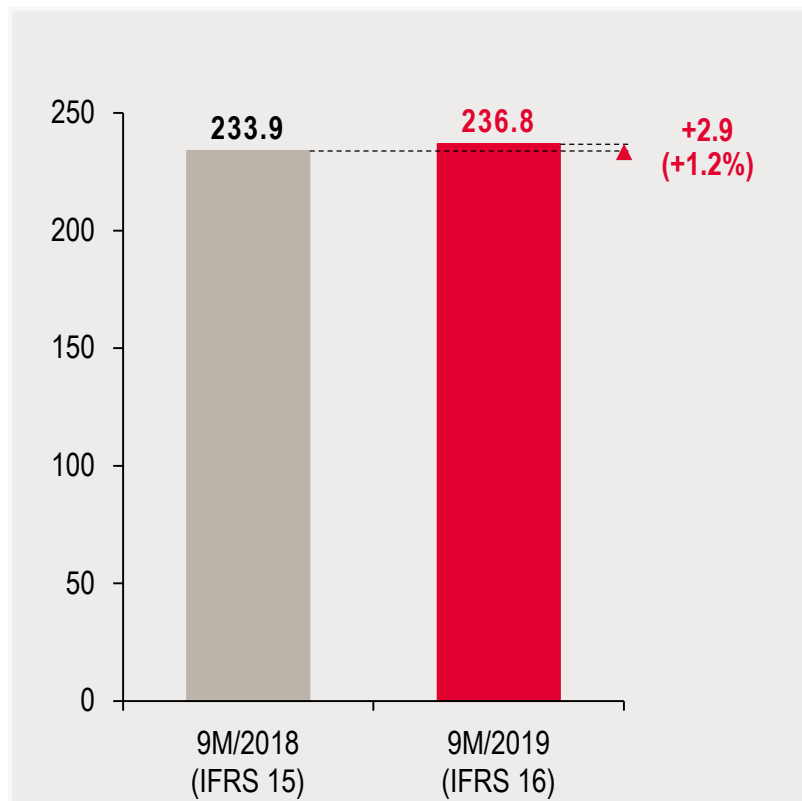
(acc. to IFRS in € million)



- + 4.9 % revenues to € 665.7 million
- Customer growth
- Up- und Cross-Selling

BUSINESS APPLICATIONS SEGMENT: EBITDA

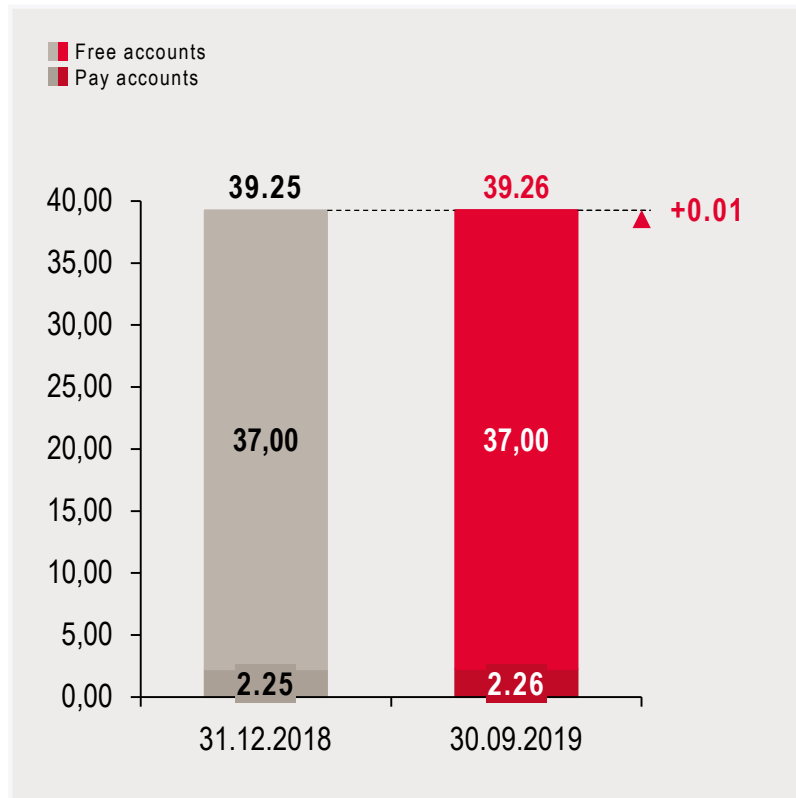
(acc. to IFRS in € million)



- + 1.2 % EBITDA to € 236.8 million
 - € - 26.7 million increased marketing expenses, thereof € - 15.1 million one-offs (prior year: € -8.8 million one-offs for integration projects)
 - € + 10.5 million IFRS 16 effect
 - 35.6 % EBITDA margin (prior year: 36.9 %)
- ➔ + 4.2 % comparable EBITDA – w/o effects from increased marketing expenses and IFRS 16

CONSUMER APPLICATIONS SEGMENT: ACCOUNTS

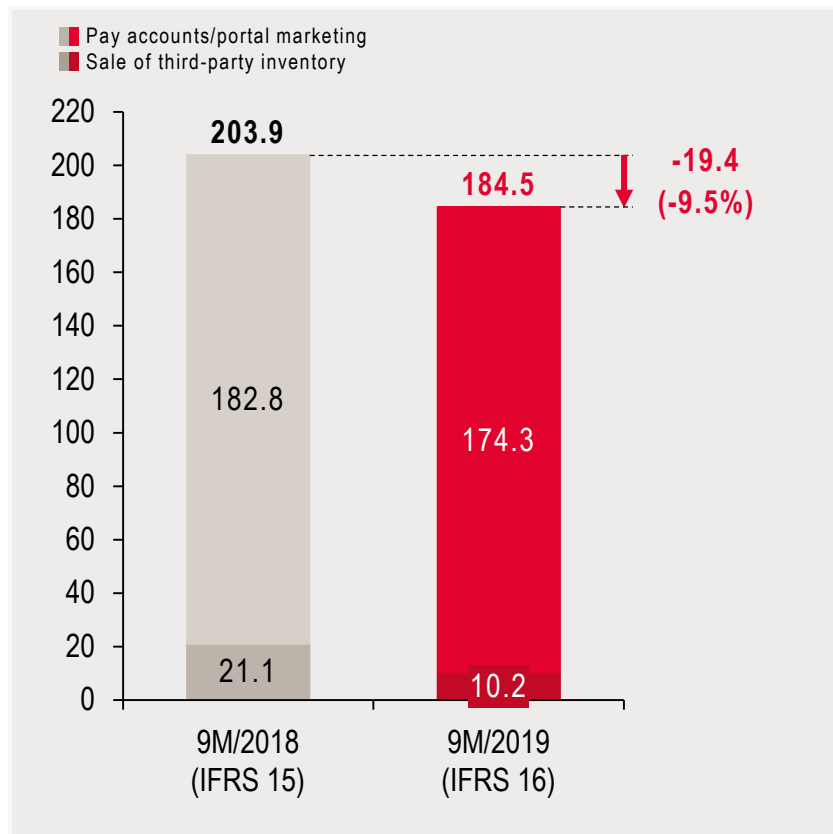
(in million)



- 39.26 million consumer accounts
 - 37.00 million free accounts (+/- 0)
 - 2.26 million pay accounts (+ 10,000)
- thereof 23.9 million with mobile usage (+ 1,900,000)
- thereof 19.2 million with cloud storage (+ 1,000,000)

CONSUMER APPLICATIONS SEGMENT: REVENUES

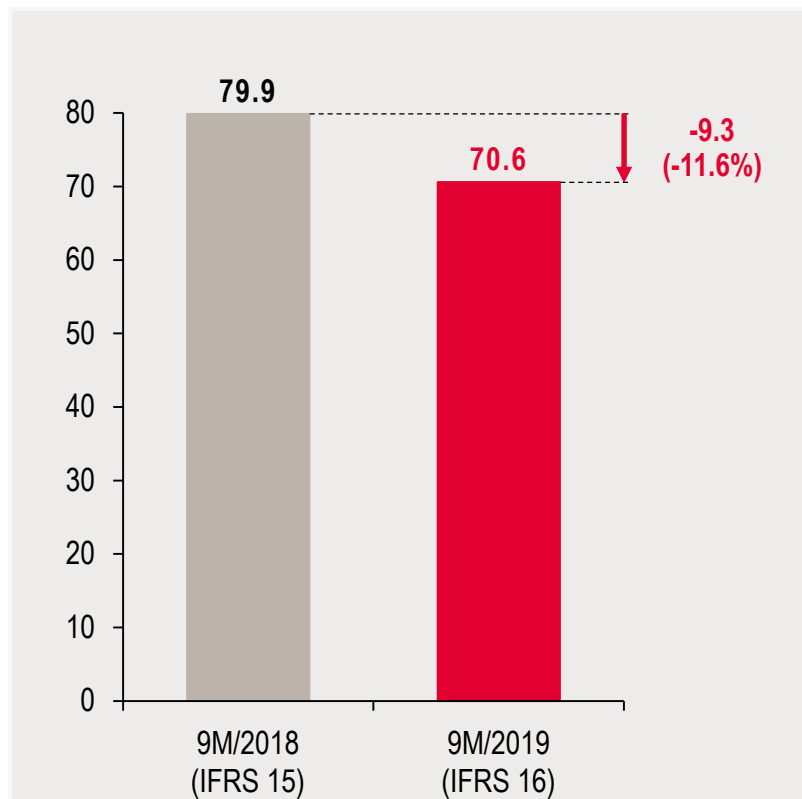
(acc. to IFRS in € million)



- - 9.5 % revenues to € 184.5 million
 - € - 17.2 million from reduction of advertising space in the core business (prior year: € - 9.7 million)
 - € - 10.9 million from lower margin third-party inventory business
- ➔ - 0.5 % comparable revenues – w/o effects from increased advertising space reduction and sale of third party inventory

CONSUMER APPLICATIONS SEGMENT: EBITDA

(acc. to IFRS in € million)



- - 11.6 % EBITDA to € 70.6 million
 - € - 16.8 million from reduction of advertising space and transition to data-driven business models (prior year: € - 9.9 million)
 - € + 3.2 million from IFRS 16
- 38.3 % EBITDA margin (prior year: 39.2 %)
- ➔ - 6.2 % comparable EBITDA – w/o effects from increased advertising space reduction and IFRS 16 (H1/2019: - 7.6 % yoy; Q3/2019: - 3.3 % yoy)

KEY FINANCIAL KPIs AS OF 30 SEPTEMBER 2019

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

	9M 2018 (IFRS 15)	9M 2019 (IFRS 16)	Change
Fee-based customer contracts (prev. year as of Dec. 31, 2018)	23.85	24.51	+ 0.66m
Ad-financed free accounts (prev. year as of Dec. 31, 2018)	37.00	37.00	+/-0
Revenues	3,815.9	3,880.8	+ 1.7%
Revenues excl. hardware	3,268.9	3,371.9	+ 3.2%
EBITDA	874.6	944.0	+ 7.9%
Net debt (prev. year as of Dec. 31, 2018)	1,881.1	1,690.5	- 190.6m
Equity ratio (prev. year as of Dec. 31, 2018)	55.3%	51.6%	- 3.7 Ppt.
Capex	184.7	165.9	- 10.2 %
Free cash flow*	181.7	398.7	+119.4%

* 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 2018 excluding a tax payment from fiscal year 2016 (free cash flow effect: € -34.7 million). Free cash flow 2019 excluding a capital gains tax payment (free cash flow effect: € -56.2 million) and with the initial application of the accounting standard IFRS 16, the redemption share of lease liabilities is disclosed in cash flow from financing activities as of fiscal year 2019.

OUTLOOK 2019

OUTLOOK 2019

- Revenues: excl. hardware + approx. 3 %; incl. hardware + approx. 2 %
- EBITDA: approx. EUR 1,250 million (incl. increase of subscriber line costs since July 19 (TAL) and initial project costs 5G)

One-offs included in EBITDA:

approx. € 30 million for integration projects in Consumer Access and Business Applications

UNITED INTERNET AG

**Our success story
continues!**

