6-Month Report
2017

SELECTED KEY FIGURES

	June 30, 2017[1]	June 30, 2016[1]	Change
NET INCOME (IN € MILLION)			
Sales	1,954.1	1,880.6	+ 3.9%
EBITDA	429.9	398.0	+ 8.0%
EBIT	325.3	301.5	+ 7.9%
EBT[2]	311.1	289.9	+ 7.3%
EBT after impairment	291.3	35.0	+ 732.3%
EPS (in €)[2]	0.95	0.99	- 4.0%
EPS after impairment (in €)	0.86	- 0.26	
BALANCE SHEET (IN € MILLION)			
Current assets	965.1	614.9	+ 57.0%
Non-current assets	4,596.4	3,422.0	+ 43.3%
Equity	2,065.4	1,049.2	+ 96.9%
Equity ratio	36.8 %	26.0 %	
Total assets	5,609.3	4,036.9	+ 39.0%
CASH FLOW (IN € MILLION)			
Operative cash flow	315.6	303.2	+ 4.1%
Cash flow from operating activities[3]	394.5	243.0	+ 62.3%
Cash flow from investing activities	- 741.2	- 328.1	
Adjusted free cash flow[3]	297.8	172.7	+ 72.4%
EMPLOYEES AT THE END OF JUNE			
Total	8,387	7,883	+ 6.4%
thereof in Germany	6,859	6,302	+ 8.8%
thereof abroad	1,528	1,581	- 3.4%
SHARE (IN €)			
Share price at end of June (Xetra)	48.15	37.20	+ 29.4%

CUSTOMER CONTRACTS (IN MILLION)	June 30, 2017	June 30, 2016	Change
Access, total contracts	9.02	8.25	+ 0.77
thereof Mobile Internet	4.57	3.86	+ 0.71
thereof DSL complete (ULL)	4.31	4.18	+ 0.13
thereof T-DSL / R-DSL	0.14	0.21	- 0.07
Business Applications, total contracts	7.98	6.03	+ 1.95
thereof in Germany	3.98	2.34	+ 1.64
thereof abroad	4.00	3.69	+ 0.31
Consumer Applications, total accounts	36.53	35.54	+ 0.99
thereof with Premium Mail subscription (contracts)	1.72	1.74	- 0.02
thereof with Value-Added subscription (contracts)	0.52	0.44	+ 0.08
thereof free accounts	34.29	33.36	+ 0.93
Fee-based customer contracts, total	19.24	16.46	+ 2.78

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted
(2) Without effects from writedowns on financial assets, especially Rocket impairment (H1 2016: EBT effect = € -254.9 million; EPS effect = € -1.25; H1 2017: EBT effect = € -19.8 million; EPS effect = € -0.09); after first-time consideration of minority interest of Warburg Pincus in Business Applications division as well as Drillisch investment in 1&1 Telecommunication SE
(3) Cash flow from operating activities and free cash flow without tax effects (H1 2016 without income tax payment of around € 100.0 million originally planned for the fourth quarter of 2015; H1 2017 without capital gains tax refund of € 70.3 million originally planned for the fourth quarter of 2016)

CONTENT

Dear shareholders, employees, customers and business associates,

United Internet AG maintained its growth trajectory in the first half of 2017. Once again, we achieved improvements in customer contract figures, sales revenues, and key earnings ratios based on operating activities. Moreover, we successfully closed the investment of Warburg Pincus in our Business Applications division and the complete takeover of Strato, as well as agreeing a merger with Drillisch AG during the reporting period.

In addition, we decided to contribute the affiliate marketing business of our Group subsidiary affilinet GmbH – following anti-trust approval – to Awin in exchange for 20% of shares in AWIN AG, a subsidiary of Axel Springer SE. In view of the pending disposal, affilinet is to be carried according to IFRS 5 and no longer included in United Internet's sales and earnings figures but disclosed separately under discontinued operations. The prior-year figures have been adjusted accordingly.

In the first six months of 2017, growth was mainly driven by our subscription business. We succeeded in raising the number of fee-based customer contracts organically by 400,000 contracts. Our Access segment grew by 260,000 Mobile Internet contracts and 40,000 DSL connections. In the Applications segment, we added 100,000 fee-based customer contracts during the reporting period. The initial consolidation of Strato as of April 1, 2017, resulted in the addition of a further 1.87 million contracts. As a result, the total stock as of June 30, 2017 amounted to 19.24 million contracts.

In the first half of 2017, consolidated sales grew by 3.9% to € 1,954.1 million (comparable prior-year figure without affilinet: € 1,880.7 million). The first-time sales contribution of Strato (€ 31.7 million) was offset in part by the expected regulation effects (€ -23.7 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved by 8.0% to € 429.9 million (comparable prior-year figure: € 398.0 million). The first-time EBITDA contribution of Strato (€ 13.1 million) was opposed by regulation, migration and currency effects (€ -3.1 million). Earnings before interest and taxes (EBIT) rose by 7.9% to € 325.3 million (comparable prior-year figure: € 301.5 million).

Despite the strong increase in minority interests, especially as a result of the now completed 33.33% stake of Warburg Pincus in our Business Applications division, earnings per share from operating activities (operating EPS) rose by 6.1%, from € 0.99 (comparable prior-year figure) to € 1.05. Before amortization of purchase price allocations (PPA), especially from the Versatel and Strato takeovers, operating EPS rose by 6.5% from € 1.07 to € 1.14.

Due to the writedowns on shares held in Rocket Internet SE in our non-operating business during the first quarter of 2017 (EPS effect: € -0.09), as well as one-off tax effects from the Warburg Pincus investment in our Business Applications division and the investment of Drillisch in 1&1 Telecommunication SE (EPS effect: € -0.09), EPS fell in total to € 0.87.

At the end of the first six months of 2017, and after the planned contribution of affilinet to Awin, we are updating our guidance for the fiscal year 2017 and now expect sales growth of 5-6% (previously: approx. 7%). EBITDA is still expected to grow by approx. 12%. Organic contract growth is also still expected to reach approx. 800,000 new contracts for the year as whole.

We are very well prepared for the next steps in our company's development and upbeat about our prospects for the remaining months of the fiscal year. In view of the successful first half of the year, we would like to express our particular gratitude to all employees for their dedicated efforts as well as to our shareholders, customers and business associates for the trust they continue to place in United Internet AG.

Montabaur, August 10, 2017

Ralph Dommermuth

INTERIM GROUP MANAGEMENT REPORT FOR THE FIRST HALF OF 2017

Principles of the Group

Business model

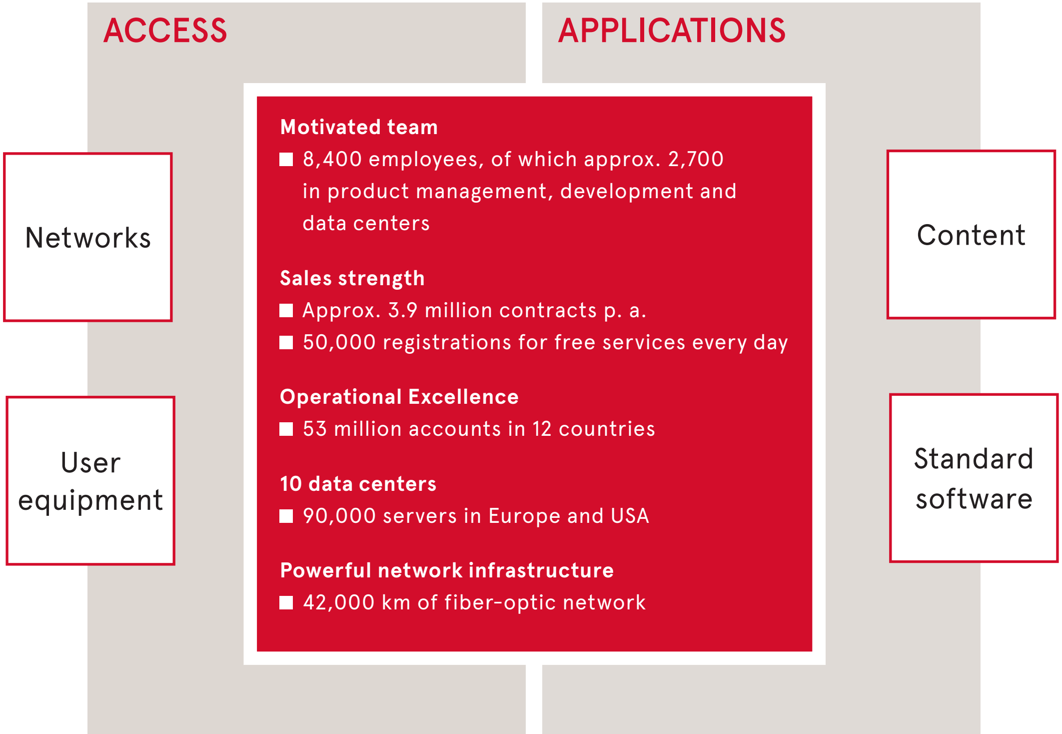
Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is a leading European internet specialist with 19.24 million fee-based customer contracts and 34.29 million ad-financed free accounts around the world.

The Group's operating activities are divided into the two reporting segments "Access" and "Applications".

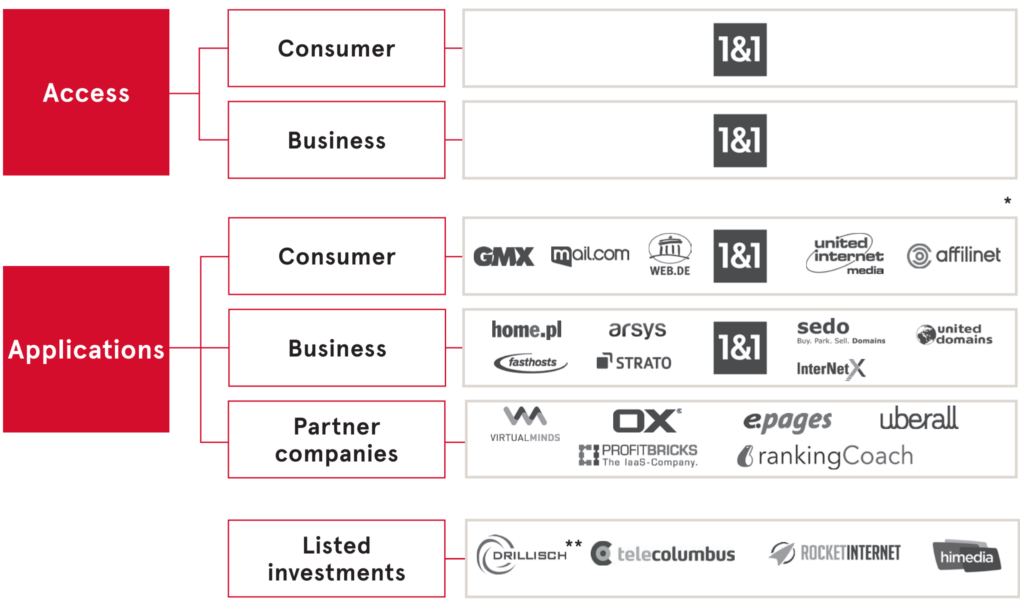
The **Access segment** comprises the Group's fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony, video-on-demand or IPTV). In addition to these products for home users and small firms, United Internet also offers data and network solutions for SMEs, as well as infrastructure services for large corporations. With a current length of 42,346 km (prior year: 41,373 km), United Internet owns Germany's second-largest fiber-optic network. It is being constantly expanded. In its Access segment, United Internet operates exclusively in Germany where it is one of the leading providers. The company uses its network and also purchases standardized network services from various pre-service providers. These are enhanced with end-user devices, self-developed applications and services from the company's own "Internet Factory" in order to differentiate them from the competition. Access products are marketed by the well-known brands GMX, WEB.DE, and 1&1 which enable the company to offer a comprehensive range of products while also targeting specific customer groups.

The **Applications segment** comprises the Group's application business – whether ad-financed or via fee-based subscriptions. These applications include domains, home pages, webhosting, servers and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company's "Internet Factory" or in cooperation with partner firms and operated at the company's data centers. In its Applications segment, United Internet is also a leading global player with activities in European countries (Germany, France, the UK, Italy, the Netherlands, Austria, Poland, Switzerland and Spain) as well as North America (Canada, Mexico and the USA). Applications are marketed to specific home-user and business-user target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1, Arsys, Fasthosts, home.pl, InterNetX, Strato, and united-domains. United Internet also offers its customers professional services in the field of domains via the Sedo brand.

Business model



Brands and investments (as of June 30, 2017)



* Contribution of affilinet to Awin (Axel Springer SE) after approval by anti-trust authorities

** Increase of investment in Drillisch to over 73% after entry of Capital Increase II

Group structure, strategy and control

With regard to the Group's structure, strategy and control, we refer to the explanations provided in the combined Management Report 2016 (Annual Report 2016, pages 30 et seq.). There have been no significant changes in Group strategy and control.

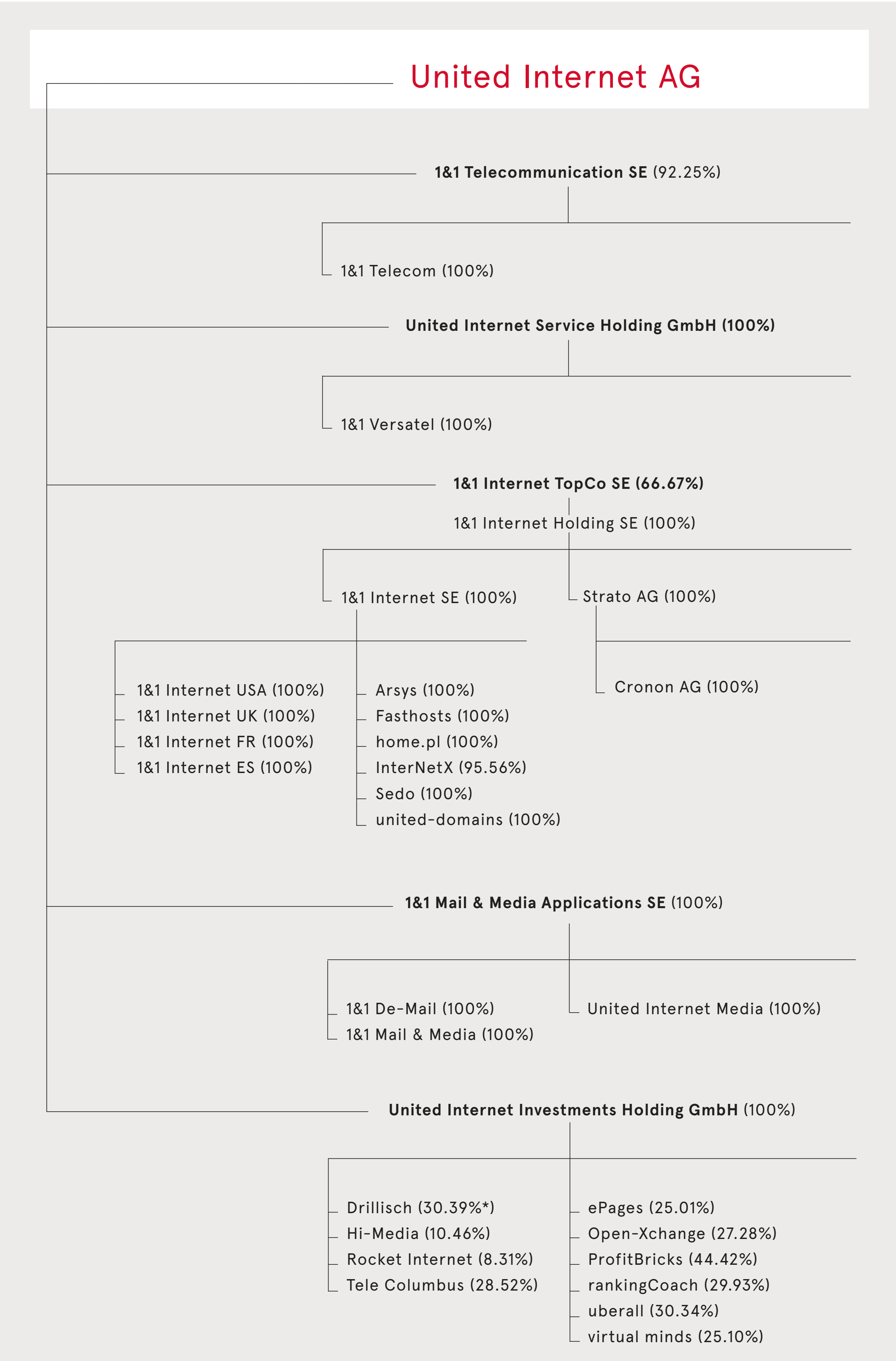
With regard to Group structure, however, the following significant changes resulted from the investment of Warburg Pincus in the Business Applications division, the takeover of Strato AG, and the planned merger of 1&1 Telecommunication SE and Drillisch AG under the umbrella of United Internet AG:

- As part of the strategic partnership with United Internet already announced in November 2016, Warburg Pincus (via Warburg Pincus WP XII Venture Holdings S.à r.l.) acquired an indirect 33.33% stake in our Business Applications division (via a newly created holding structure) in the first quarter of 2017. The entire Business Applications activities of the United Internet Group are pooled in the newly created holding structure, in which United Internet continues to hold an indirect stake of 66.67%.

- On April 1, 2017, the complete acquisition of Strato AG from Deutsche Telekom AG, as announced in December 2016, was closed and Strato integrated into the above mentioned holding structure.

- On May 12, 2017, the Management Boards of United Internet AG and Drillisch AG (each with the approval of their respective Supervisory Boards) entered into a business combination agreement governing the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch. The aim of the overall transaction is to contribute 1&1 Telecommunication to Drillisch (in return for Drillisch shares) and thus create a powerful full-service telecommunications provider under the umbrella of United Internet with considerable potential for synergies and growth. To this end, the complete telecommunications business with home users (DSL and Mobile Internet) of United Internet was pooled in 1&1 Telecommunication SE. On May 1, 2017, the home-user business (DSL) previously pursued by 1&1 Versatel was also integrated into 1&1 Telecom GmbH, a subsidiary of 1&1 Telecommunication SE. Activities with business users and other telecommunications providers (wholesale) were not part of this transaction. This business will continue to be operated by 1&1 Versatel and was transferred to United Internet Service Holding GmbH by means of a carve out (from 1&1 Telecommunication SE). Further details on the total transaction are provided in the sections "Significant changes in investments" and "Subsequent events".

On the basis of the implementation status for the above mentioned structuring measures, the Group structure of United Internet AG at the end of the reporting period (June 30, 2017) is as shown on the right (simplified illustration with significant operating subsidiaries and investments; without affilinet).



* The shares in Drillisch are held indirectly via United Internet Investments Holding and directly via United Internet.

Research and development

As an internet service provider, the United Internet Group does not engage in research and development (R&D) on a scale comparable with manufacturing companies. For this reason, United Internet does not disclose key figures for R&D.

At the same time, the United Internet brands stand for internet access, solutions and innovative web-based applications which are mostly developed in-house. The Group's success is rooted in an ability to develop, combine or adapt innovative products and services and launch them on major markets.

In addition to constant improvements and measures to secure the reliable operation of all services offered, the approximately 2,700 developers, product managers and technical administrators at United Internet's domestic and foreign development centers worked in particular on the following projects during the first half of 2017:

- Roll-out of Layer 2 Bitstream Access via the Group's own fiber-optic network
- Launch of webhosting products with different performance levels which users can tailor to their needs
- Launch of cloud-based online book-keeping
- Launch of 1&1 Microsoft Office 365
- Launch of rankingCoach (search engine marketing and optimizing

General economic, sector and legal conditions

Macroeconomic development

After the first six months of 2017, the International Monetary Fund (IMF) upgraded its forecast for the **global economy** and in its updated economic outlook for 2017 (World Economic Outlook, Update July 2017) now anticipates global growth of 3.5% – 0.1 percentage point more than at the beginning of the year (January forecast).

Despite the uncertainties surrounding US fiscal policy, the IMF expects global growth to accelerate and has thus raised its growth forecasts slightly for almost all regions of the world.

During the course of the year, the IMF has now also upgraded all its forecasts for the United Internet Group's main target markets (with the exception of the USA).

Whereas the IMF downgraded its outlook for the **USA** by 0.2 percentage points to 2.1%, the forecasts for **Canada** and **Mexico** were raised by 0.6 and 0.2 percentage points, to 2.5% and 1.9%, respectively.

The IMF also upgraded its expectations for the **eurozone** during the first six months by 0.3 percentage points to 1.9% – whereby the outlook for **France** was raised by 0.2 percentage points to 1.5%, for **Spain** by 0.8 percentage points to 3.1%, and for **Italy** by 0.6 percentage points to 1.3%.

The IMF forecasts growth of 1.7% for the **UK** (down 0.2 percentage points on the beginning of the year).

For United Internet's most important market, Germany (share of sales in 2016: around 89%), the IMF has raised its outlook during the year so far by 0.3 percentage points to 1.8%.

Changes in 2017 growth forecasts for United Internet's key target countries and regions

	January forecast	April forecast	July forecast	Change on January
World	3.4%	3.5%	3.5%	+ 0.1 percentage points
USA	2.3%	2.3%	2.1%	- 0.2 percentage points
Canada	1.9%	1.9%	2.5%	+ 0.6 percentage points
Mexico	1.7%	1.7%	1.9%	+ 0.2 percentage points
Eurozone	1.6%	1.7%	1.9%	+ 0.3 percentage points
France	1.3%	1.4%	1.5%	+ 0.2 percentage points
Spain	2.3%	2.6%	3.1%	+ 0.8 percentage points
Italy	0.7%	0.8%	1.3%	+ 0.6 percentage points
UK	1.5%	2.0%	1.7%	+ 0.2 percentage points
Germany	1.5%	1.6%	1.8%	+ 0.3 percentage points

Source: International Monetary Fund, World Economic Outlook (Update), July 2017

Germany's stable economic development in the first half of 2017 is also illustrated by the sentiment barometer (adjusted for price, seasonal and calendar effects) of the German Institute for Economic Research (DIW Berlin), which calculated GDP growth of 0.6% for both the first and second quarters of 2017.

Development of gross domestic product (GDP) in Germany compared to previous quarter

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
GDP	+ 0.7%	+ 0.3%	+ 0.2%	+ 0.4%	+ 0.6%	+ 0.6%

Source: German Institute for Economic Research (DIW); status: July 27, 2017

Legal conditions / significant events

In the first half of 2017, the legal parameters for United Internet's business activities remained largely unchanged from fiscal year 2016 and thus had no significant influence on the development of the United Internet Group.

There were also no significant events in the first six months of 2017 which had a material influence on the development of business.

Business development of the Group

Development of the Access segment

United Internet continued to invest heavily in new customer relationships in its Access segment during the first six months of 2017. As a result, the number of **fee-based contracts** rose by 300,000 contracts to 9.02 million during the reporting period. A total of 260,000 customer contracts were added in the company's Mobile Internet business, thus raising the total number of customers to 4.57 million. There was also growth in the important complete DSL contracts (ULL = Unbundled Local Loop) with the addition of 80,000 customer contracts. As expected, the number of customer contracts for those business models being phased out (T-DSL and R-DSL) continued to fall slightly (-40,000 customer relationships). The total number of DSL contracts therefore grew by a further 40,000 contracts to 4.45 million.

Development of Access contracts in the first half of 2017 (in million)

	June 30, 2017	Dec. 31, 2016	Change
Access, total contracts	9.02	8.72	+ 0.30
thereof Mobile Internet	4.57	4.31	+ 0.26
thereof DSL complete (ULL)	4.31	4.23	+ 0.08
thereof T-DSL / R-DSL	0.14	0.18	- 0.04

Development of Access contracts in the second quarter of 2017 (in million)

	June 30, 2017	March 31, 2017	Change
Access, total contracts	9.02	8.87	+ 0.15
thereof Mobile Internet	4.57	4.45	+ 0.12
thereof DSL complete (ULL)	4.31	4.27	+ 0.04
thereof T-DSL / R-DSL	0.14	0.15	- 0.01

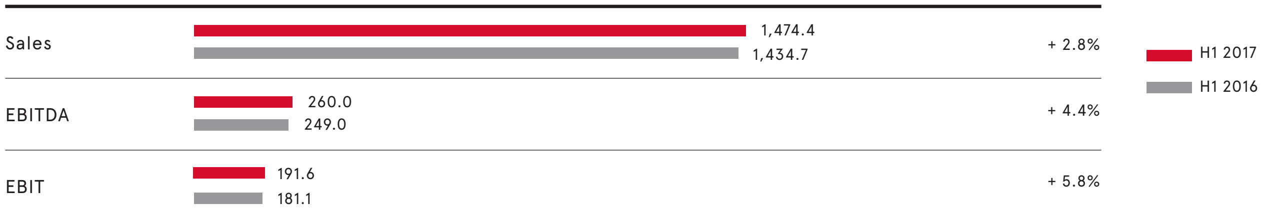
Despite burdens from regulation issues, **sales of the Access segment** increased by 2.8%, from € 1,434.7 million last year to € 1,474.4 million for the first half of 2017. Adjusted for regulation effects, sales growth amounted to 4.4%. The home-user business of 1&1 Telecommunication SE grew by 7.4% to € 1,266.4 million (including the reclassification of 1&1 Versatel's mass market business as of May 1, 2017). Adjusted for regulation effects, 1&1 Telecommunication SE increased sales by 8.7%. By contrast, there was a year-on-year fall in sales of 1&1 Versatel due to a decline in one-off revenues from project business.

Segment EBITDA increased by 4.4%, from € 249.0 million in the previous year to € 260.0 million. Adjusted for regulation/migration effects, EBITDA growth was 5.0%. The EBITDA result of 1&1 Telecommunication rose by 16.9% to € 215.5 million (including the reclassification of 1&1 Versatel's mass market business as of May 1, 2017). Adjusted for regulation/migration effects, the growth of 1&1 Telecommunication amounted to 17.7%. 1&1 Versatel's EBITDA result was also down on the previous year due to the decline in one-off earnings from project business.

Segment EBIT rose by 5.8%, from € 181.1 million in the previous year to € 191.6 million.

All **customer acquisition costs** for DSL and Mobile Internet products, as well as costs for the migration of resale DSL connections to complete DSL packages and upgrades to VDSL connections, continue to be charged directly as expenses.

Key sales and earnings figures in the Access segment (in € million)



Quarterly development (in € million); change over previous quarter

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q2 2016	Change
Sales	732.5	750.0	730.6	743.8	725.0	+ 2.6%
EBITDA	135.5	141.1	133.7	126.3	124.7	+ 1.3%
EBIT	101.4	107.4	99.9	91.7	90.6	+ 1.2%

Multi-period overview: Development of key sales and earnings figures (in € million)

	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017
Sales	863.2	972.5	1,338.7	1,434.7	1,474.4
EBITDA	108.8	128.0	217.6	249.0	260.0
EBITDA margin	12.6%	13.2%	16.3%	17.4%	17.6%
EBIT	94.5	113.8	138.5	181.1	191.6
EBIT margin	10.9%	11.7%	10.3%	12.6%	13.0%

Development of the Applications segment

In the Applications segment, the main focus for Business Applications in fiscal year 2017 is still on the sale of additional features to existing customers (e.g. further domains, e-shops and business apps), as well as the acquisition of high-value customer relationships. Nevertheless, the number of fee-based contracts for Business Applications was raised organically by 60,000 contracts in the first half of 2017. Moreover, the first-time consolidation of Strato as of April 1, 2017 resulted in the addition of 1.87 million contracts. The total number of Business Applications contracts as of June 30, 2017 therefore amounted to 7.98 million.

Development of Business Applications contracts in the first half of 2017 (in million)

	June 30, 2017	Dec. 31, 2016	Change
Business Applications, total contracts	7.98	6.05	+ 1.93
thereof in Germany	3.98	2.34	+ 1.64
thereof abroad	4.00	3.71	+ 0.29

Development of Business Applications contracts in the second quarter of 2017 (in million)

	June 30, 2017	March 31, 2017	Change
Business Applications, total contracts	7.98	6.07	+ 1.91
thereof in Germany	3.98	2.34	+ 1.64
thereof abroad	4.00	3.73	+ 0.27

In the Consumer Applications business, revenues from online advertising were weaker than expected in the first half of 2017. The company therefore increased advertising for its own pay products. As a result, the number of pay accounts was raised by 40,000 contracts to 2.24 million in the reporting period. At the same time, the number of free accounts remained constant at 34.29 million in the reporting period. Consequently, the number of **Consumer Accounts** increased by 40,000 in total to 36.53 million accounts in the first half of 2017.

Development of Consumer Applications accounts in the first half of 2017 (in million)

	June 30, 2017	Dec. 31, 2016	Change
Consumer Applications, total accounts	36.53	36.49	+ 0.04
thereof with Premium Mail subscription	1.72	1.72	+/- 0.00
thereof with Value-Added subscription	0.52	0.48	+ 0.04
thereof free accounts	34.29	34.29	+/- 0.00

Development of Consumer Applications accounts in the second quarter of 2017 (in million)

	June 30, 2017	March 31, 2017	Change
Consumer Applications, total accounts	36.53	36.78	- 0.25
thereof with Premium Mail subscription	1.72	1.71	+ 0.01
thereof with Value-Added subscription	0.52	0.51	+ 0.01
thereof free accounts	34.29	34.56	- 0.27

Following the planned **contribution of Group subsidiary affilinet GmbH to AWIN AG**, affilinet is carried in accordance with IFRS 5 and no longer included in the sales and earnings figures of the Applications segment but disclosed separately under discontinued operations. The sales and earnings figures of the previous year were adjusted accordingly.

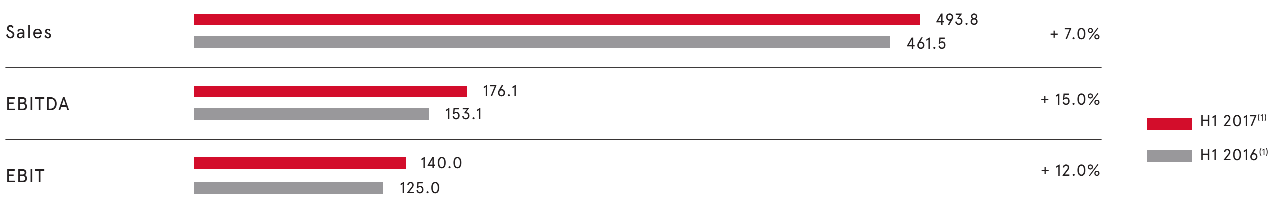
Despite burdens from currency effects, **sales of the Applications segment** rose by 7.0% from € 461.5 million (comparable prior-year figure after carrying affilinet acc. to IFRS 5) to € 493.8 million in the first half of 2017. Adjusted for currency effects, sales growth was 7.7%. In the segment's subscription business, sales of Business Applications rose by 13.4% to € 361.7 million. This figure includes a contribution to sales (€ 31.7 million) from Strato AG, which has been consolidated since April 1, 2017. Following weak portal advertising revenues in the first six months, sales of Consumer Applications declined by 5.7% to € 134.4 million. A return to growth is expected for the third and fourth quarters. Due in particular to the year-on-year devaluation of the British pound, segment sales generated abroad increased only moderately by 2.7%, from € 186.3 million (comparable prior-year figure) to € 191.3 million.

Segment EBITDA rose by 15.0% from € 153.1 million (comparable prior-year figure) to € 176.1 million. Adjusted for currency effects, EBITDA growth amounted to 16.1%. EBITDA for Business Applications was up 29.6% to € 118.2 million. This figure includes the EBITDA contribution (€ 13.1 million) of Strato AG, which has been consolidated since April 1, 2017. Following weak portal advertising business in the first half of the year, EBITDA for Consumer Applications fell by 6.5% to € 57.9 million. A return to growth is also expected for EBITDA in the third and fourth quarters.

Segment EBIT improved by 12.0%, from € 125.0 million (comparable prior-year figure) to € 140.0 million.

Customer acquisition costs were once again charged directly as expenses, also in this segment.

Key sales and earnings figures in the Applications segment (in € million)



(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Quarterly development (in € million); change over previous quarter

	Q3 2016(1)	Q4 2016(1)	Q1 2017(1)	Q2 2017(1)	Q2 2016(1)	Change
Sales	223.4	237.5	229.6	264.2	229.2	+ 15.3%
EBITDA	80.8	96.3	81.7	94.3	74.1	+ 27.3%
EBIT	67.3	82.0	68.5	71.5	60.4	+ 18.4%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-quarter figures adjusted

Multi-period overview: Development of key sales and earnings figures (in € million)

	H1 2013	H1 2014	H1 2015	H1 2016(1)	H1 2017(1)
Sales	419.6	460.9	496.8	461.5	493.8
EBITDA	70.8	113.4	136.0	153.1	176.1
EBITDA margin	16.9%	24.6%	27.4%	33.2%	35.7%
EBIT	39.5	83.6	106.3	125.0	140.0
EBIT margin	9.4%	18.1%	21.4%	27.1%	28.4%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Significant changes in investments

Takeover of Strato AG completed

On December 15, 2016, United Internet announced its intention to acquire Strato AG. The takeover was initially subject to approval by the German Federal Cartel Office ("Bundeskartellamt"). This approval was granted on February 10, 2017 and United Internet closed the transaction as planned in the first quarter of 2017. Strato has been included in the consolidated financial statements since April 1, 2017.

Investment of Warburg Pincus closed

The acquisition of a 33.33% stake in the Business Applications division by Warburg Pincus, announced on November 8, 2016, was successfully closed on February 15, 2017 with effect from January 1, 2017.

United Internet acquires stake in rankingCoach

On March 28, 2017, United Internet AG announced that it had acquired – via United Internet Investments Holding GmbH (formerly: United Internet Ventures AG) – a stake of 29.93% in rankingCoach GmbH in the course of a capital increase. Based in Cologne, rankingCoach was founded in 2014 by the company's managers Daniel Wette, Marius Gerdan and Thomas Meierkord as a spin-off of a major online marketing agency. Today, an international team of over 60 specialists supports small and mid-size enterprises (SMEs) in 11 languages and 24 countries. rankingCoach markets its products both directly to end-users and agencies, as well as indirectly via international partners, such as hosting providers, telecommunications companies and publishers. Online visibility and online reputation have a major impact on the business success of SMEs. rankingCoach offers affordable, web-based solutions in the field of search engine marketing (SEM), search engine optimization (SEO) and social media which are tailored to the needs of its various target groups. The imminent launch of the "rankingCoach Suite" will bring together the company's various offerings on a central cloud platform. The capital increase is aimed in particular at driving technical product development, the expansion of services, and the company's further internationalization. In addition to the equity stake, rankingCoach and the United Internet subsidiary 1&1 Internet SE have signed a long-term cooperation agreement for 1&1 to use the online marketing solutions of rankingCoach as part of its hosting and cloud products marketed in Europe and North America. At the time of its announcement, the transaction was still subject to approval by the relevant anti-trust authorities. This approval was granted on April 13, 2017.

Investment in Tele Columbus increased

In the first quarter of 2017, United Internet increased its stake in Tele Columbus AG from 25.11% as of December 31, 2016 and held around 28.52% of shares as of June 30, 2017. A total of € 34.9 million was paid for the purchase of additional shares.

United Internet and Drillisch create a strong fourth player in the German telecommunications market

On May 12, 2017, the Management Boards of United Internet AG and Drillisch AG (each with the approval of their respective Supervisory Boards) entered into a business combination agreement governing the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch under the umbrella of United Internet.

The aim of the overall transaction is to contribute 1&1 Telecommunication to Drillisch and thus create a more powerful full-service telecommunications provider under the umbrella of United Internet with considerable potential for synergies and growth. The combination of the two companies is intended to create a strong fourth player in the German telecommunications market alongside the three major full-service providers (Deutsche Telekom, Vodafone and Telefónica). 1&1 Telecommunication (including 1&1 Versatel's home-user business) and Drillisch together have more than 12 million customer contracts according to the 2016 business figures, and had combined sales of over € 3.2 billion.

United Internet's telecommunications business with home users (DSL and Mobile Internet) is pooled in 1&1 Telecommunication SE, a wholly-owned subsidiary of United Internet AG. The home-user business (DSL) previously pursued by 1&1 Versatel has also since been contributed to 1&1 Telecommunication SE (on May 1, 2017). Activities with business users and other telecommunications providers (wholesale) will continue to be operated by 1&1 Versatel and is not part of this transaction. However, 1&1 Versatel will continue to provide services for the combined business on the basis of its fiber-optic network. In the course of this transaction, 1&1 Telecommunication SE was valued at € 5.85 billion.

The merger of 1&1 Telecommunication and Drillisch is to be completed in two steps. In the first step, United Internet already contributed 9,372 shares of 1&1 Telecommunication SE (corresponding to around 7.75% of the share capital of 1&1 Telecommunication) to Drillisch in the course of a capital increase for non-cash contribution from approved capital under the exclusion of subscription rights conducted by Drillisch. In return, United Internet received 9,062,169 new Drillisch shares. As a result, United Internet's stake in Drillisch increased to just over 30%.

In a second step, the remaining 111,628 1&1 Telecommunication SE shares held by United Internet (corresponding to around 92.25% of the share capital of 1&1 Telecommunication) are to be contributed to Drillisch in return for the issue of 107,937,831 new Drillisch shares in total. An additional capital increase for non-cash contribution under the exclusion of subscription rights is planned for this purpose. This step required the approval of an Extraordinary General Meeting of Drillisch AG, called for July 25, 2017. A majority of 75% of share capital represented at this Extraordinary General Meeting was required for approval.

Upon registration of this additional capital increase for non-cash contribution, United Internet's interest in Drillisch would rise to approximately 72.7% – excluding any Drillisch shares tendered in the voluntary public tender offer. As a result, United Internet AG would fully consolidate the combined business of Drillisch and 1&1 Telecommunication in its annual and quarterly financial statements.

The transaction is accompanied by a voluntary public tender offer submitted by United Internet AG for all outstanding shares of Drillisch AG. United Internet offers to purchase the no-par value bearer shares, each representing a proportionate amount of Drillisch AG share capital of €1.10, from the current Drillisch shareholders. As compensation, United Internet offers to pay € 50 per no-par share – which is 8.2% more than the volume-weighted average domestic share price of Drillisch shares over the past three months as of May 11, 2017 (€ 46.20). The cash offer was made in accordance with the condition specified in the offer document published on May 26, 2017 regarding anti-trust approval. This condition was met with the approval of the German Federal Cartel Office ("Bundeskartellamt"). There is no minimum acceptance threshold for the tender offer. United Internet will use bank loans to finance the Drillisch shares tendered as part of the tender offer. The financing banks have confirmed that they will grant a maximum of around € 2.5 billion (if all outstanding Drillisch shares are tendered). Further details on the voluntary public tender offer are provided in the Subsequent Events section of this 6-Month Report 2017.

The contribution of 1&1 Telecommunication to Drillisch offers extensive synergies and growth opportunities for United Internet and for Drillisch shareholders. These jointly-identified synergies are expected to arise at the level of their combined business starting in 2018. An annual volume of € 150 million is anticipated as early as 2020, rising to approx. € 250 million annually by 2025. These figures assume the successful completion of the overall transaction. Synergies will result in particular from joint purchasing of hardware and services, more efficient use of network capacity available to Drillisch, the expansion of the 1&1 product portfolio to include future technologies, and the availability of a larger product portfolio in Drillisch's stores. To achieve these synergies, the companies expect one-off implementation costs of around € 50 million at the combined business level. All shareholders of Drillisch and United Internet will benefit from these synergies and pooled potential through value increases and dividends in the long term.

Following the completion of the overall transaction, the parties intend that the CEO of Drillisch, Mr. Vlasios Choulidis, should change from operational management to the Supervisory Board of Drillisch. It is also planned that the combined company should be led by André Driesen, Director of Finances of Drillisch AG, as well as Martin Witt, CEO of 1&1 Telecommunication SE, and United Internet CEO Ralph Dommermuth as CEO, following the conclusion of the overall transaction.

At the time of publication on May 12, 2017, the overall transaction was subject to anti-trust approval by the German Federal Cartel Office ("Bundeskartellamt"). The "Bundeskartellamt" issued this approval without conditions on June 8, 2017. As a result, the complete acquisition of 1&1 Telecommunication SE by Drillisch and the closing of the overall transaction – as of the balance sheet date June 30, 2017 – was only subject to the effective approval of the Drillisch shareholders at the Extraordinary General Meeting of July 25, 2017. Further details on the Extraordinary General Meeting of Drillisch are provided in the Subsequent Events section of this 6-Month Report 2017.

The offer document and other information on the tender offer were published in accordance with the requirements of the German Securities Acquisition and Takeover Act (WpÜG) on the following website: www.united-internet-bid.de.

Share buybacks and funding

Share buyback program fully exhausted

United Internet purchased treasury shares once again in the first half of 2017. The share buyback was based on a resolution of the Management Board of June 30, 2016 to launch a new share buyback program. In the course of this new share buyback program, up to 5,000,000 shares in the company (corresponding to approx. 2.44% of capital stock) could be bought back via the stock exchange. The buyback followed the authorization of the Annual Shareholders' Meeting of May 22, 2014 to purchase treasury shares representing up to 10% of capital stock. The authorization was issued for the period up to September 22, 2017. In the period January 1 to February 3, 2017, a total of 2,000,000 treasury shares were purchased at an average price of € 38.58 and with a total volume of € 77.2 million. Together with the 3,000,000 treasury shares already purchased in fiscal year 2016, the share buyback program of June 30, 2016 has thus been fully exhausted. Following the issue of treasury shares as part of employee stock ownership plans, United Internet held 5,223,467 treasury shares as of June 30, 2017 (December 31, 2016: 3,370,943). This corresponds to 2.55% of the current capital stock of € 205,000,000 (December 31, 2016: 1.64%).

New promissory note loan

In an agreement dated March 13, 2017, United Internet placed a new promissory note loan with a total amount of € 500 million for general company funding. The tranches of the new promissory note loan have terms of 5 to 8 years and are repayable at the issuance amount on the respective due dates. The average interest rate is 1.14% p.a.. The new promissory note loan is not tied to any covenants.

Harmonization of bank borrowing

On May 5, 2017, United Internet signed an agreement with its core banks regarding a consolidation and adjustment of its existing bank borrowing. The syndicated loan of € 750 million arranged in August 2014 and syndicated loan of € 810 million arranged in July 2015 were consolidated into a single loan arrangement. At the same time, the Company renegotiated significant components of the loan agreements and in particular achieved a relaxation of certain covenants, optimized borrowing costs, and prolonged some of the terms in order to harmonize the current maturity profile.

Syndicated loan to finance voluntary public tender offer

In addition, the Company agreed a syndicated loan of € 2,500 million with its core banks to cover the maximum transaction amount for the voluntary public tender offer to shareholders of Drillisch AG. The loan is divided into several tranches and was agreed between the parties on May 12, 2017. A partial amount of the loan totaling € 1,500 million has a term of one year and also contains an option to extend the term twice by 6 months each time. A second agreed partial amount of € 1,000 million is divided into 3 tranches of 2, 4 and 5 years. The syndicated loan had not been drawn as of the reporting date on June 30, 2017.

Share and dividend

With growth of 29.8% to € 48.15 as of June 30, 2017 (December 31, 2016: € 37.10), the United Internet AG **share** performed particularly well in the first half of 2017. Compared to the previous year (June 30, 2016: € 37.20), the share price was up by 29.4%.

Multi-period overview: Share development

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Closing price (Xetra)	€ 21.69	€ 32.18	€ 39.88	€ 37.20	€ 48.15
Performance	+ 60.1%	+ 48.4%	+ 23.9%	- 6.7%	+ 29.4%
Number of shares	194 million	194 million	205 million	205 million	205 million
Market value	€ 4.21 billion	€ 6.24 billion	€ 8.18 billion	€ 7.63 billion	€ 9.87 billion

United Internet AG continued its shareholder-friendly dividend policy in 2017. At the Annual Shareholders` Meeting held on May 18, 2017, shareholders voted to accept the proposal of the Management Board and Supervisory Board to pay a **dividend** of € 0.80 (prior year: € 0.70) per share for the fiscal year 2016. A total dividend payment of € 159.7 million (prior year: € 142.9 million) was made on May 23, 2017. The payout ratio was 36.8% of the adjusted consolidated net income after minority interests for 2016 (€ 433.9 million) and at the upper end of the range targeted by the company's dividend policy (20-40% of adjusted consolidated net income, unless funds are required for further company development). Based on the closing price of the United Internet share on June 30, 2017, the dividend yield was 1.7%.

Multi-period overview: Dividend development

	For 2012	For 2013	For 2014	For 2015	For 2016
Dividend per share (in €)	0.30	0.40	0.60	0.70	0.80
Dividend payment (in € million)	58.0	77.5	122.3	142.9	159.7
Payout ratio	53.6%	37.4%	27.3%	39.0%	89.2%
Payout ratio without special items(1)	37.5%	37.4%	43.0%	39.0%	36.8%
Dividend yield(2)	1.4%	1.2%	1.5%	1.9%	1.7%

(1) Without special items: Sedo impairments (2012); one-off income from Versatel acquisition and optimization of investment portfolio (2014); writedowns on financial assets, especially Rocket impairment (2016)
(2) As of: June 30

Position of the Group

In view of the pending disposal of affilinet GmbH, the statement of comprehensive income (income statement) of United Internet for the first half of 2017 and the preceding periods is to be adjusted in accordance with IFRS 5. The revenues and expenses of affilinet are thus no longer included in the respective income statement items nor the sales and earnings figures stated below. The net income of affilinet after taxes is disclosed separately as a discontinued operation. The balance sheet of the previous year is to be disclosed unchanged.

Earnings position

In the first half of 2017, growth was mainly driven by the subscription business of the two segments. In this core business, the number of **fee-based customer contracts** was raised organically by 400,000 contracts in total. Moreover, the initial consolidation of Strato as of April 1, 2017, resulted in the addition of 1.87 million contracts. As a result, the total stock as of June 30, 2017 amounted to 19.24 million contracts.

Consolidated sales rose by 3.9% in the first half of 2017, from € 1,880.6 million in the previous year to € 1.954.1 million. The first-time sales contribution of Strato (€ 31.7 million) was offset in part by the burdens from regulation effects already explained in our annual financial statements 2016 (€ -23.7 million). As explained in segment reporting above, sales growth was also influenced by a decline in one-off revenues from the project business of 1&1 Versatel in the Access segment, weak portal advertising revenues, and currency effects in the Applications segment. Due in particular to the year-on-year decline in the value of the British pound, there was only a correspondingly modest 2.7% increase in **sales outside Germany** (exclusively in the Application segment), from € 186.3 million (comparable prior-year figure) to € 191.3 million.

All **customer acquisition costs** for Access and Applications products, as well as costs for the migration of resale DSL connections to complete DSL packages and upgrades to VDSL connections, continue to be charged directly as expenses.

Due to economies of scale and improved conditions for the purchase of pre-services, the **cost of sales** increased more slowly than revenues in the first half of 2017, from € 1,231.3 million (65.5% of sales) in the previous year to € 1,272.9 million (65.1% of sales). Consequently, the **gross margin** rose from 34.5% in the previous year to 34.9%. As a result, the 4.9% increase in **gross profit** from € 649.3 million in the previous year to € 681.2 million surpassed sales growth (3.9%).

Sales and marketing expenses rose almost in proportion to sales, from € 263.3 million (14.0% of sales) in the previous year to € 270.9 million (13.9% of sales). **Administrative expenses** fell from € 92.0 million (4.9% of sales) in the previous year to € 85.2 million (4.4% of sales).

Multi-period overview: Development of key cost items (in € million)

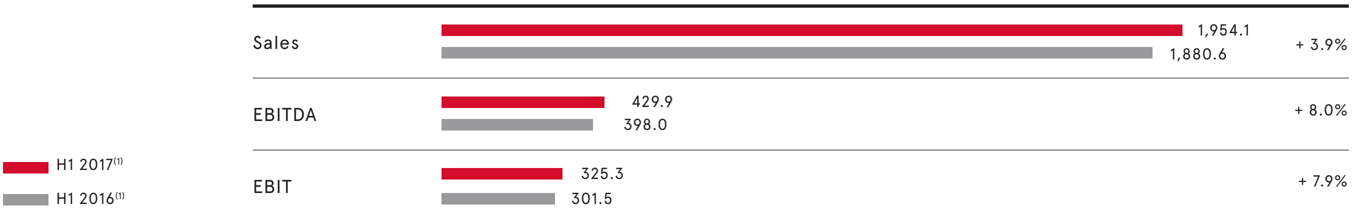
	H1 2013	H1 2014	H1 2015	H1 2016[1]	H1 2017[1]
Cost of sales	850.5	945.9	1,216.2	1,231.3	1,272.9
Cost of sales ratio	66.3%	66.0%	66.7%	65.5%	65.1%
Gross margin	33.7%	34.0%	33.3%	34.5%	34.9%
Selling expenses	239.8	230.5	293.9	263.3	270.9
Selling expenses ratio	18.7%	16.1%	16.1%	14.0%	13.9%
Administrative expenses	56.2	64.8	84.3	92.0	85.2
Administrative expenses ratio	4.4%	4.5%	4.6%	4.9%	4.4%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Consolidated **EBITDA** increased by 8.0% to € 429.9 million (comparable prior-year figure: € 398.0 million). The first-time EBITDA contribution of Strato (€ 13.2 million) was opposed by regulation, migration and currency effects (€ -3.1 million). **EBIT** rose by 7.9% to € 325.3 million (comparable prior-year figure: € 301.5 million). **EBIT from operating activities** improved by 7.3% from € 289.9 million to € 311.1 million. Despite the strong increase in minority interests, especially as a result of the now completed 33.33% stake of Warburg Pincus in the Business Applications division, **operating EPS** rose by 6.1%, from € 0.99 (comparable prior-year figure) to € 1.05. Before amortization of purchase price allocations (PPA), especially from the Versatel and Strato takeovers, operating EPS rose by 6.5% from € 1.07 to € 1.14.

As in the first half of the previous year, the value of shares held by United Internet in Rocket Internet SE in its non-operating business was written down without affecting cash flow in the first quarter of 2017 (EBT effect: € -19.8 million). As a result, EBT for the first half of 2017 was reduced in total to € 291.3 million. At the same time, the above mentioned impairment (EPS effect: € -0.09), and the one-off tax effects from the Warburg Pincus investment in the Business Applications division and investment of Drillisch in 1&1 Telecommunication SE (EPS effect: € -0.09), reduced EPS in total to € 0.87.

Key sales and earnings figures of the Group (in € million)



(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Quarterly development (in € million); change over prior-year quarter

	Q3 2016[1]	Q4 2016[1]	Q1 2017[1]	Q2 2017[1]	Q2 2016[1]	Veränderung
Sales	947.5	980.0	952.7	1,001.4	947.1	+ 5.7%
EBITDA	212.5	225.2	213.0	216.9	196.6	+ 10.3%
EBIT	164.5	177.0	165.9	159.4	148.6	+ 7.3%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Multi-period overview: Development of key sales and earnings figures (in € million)

	H1 2013	H1 2014	H1 2015	H1 2016[2]	H1 2017[2]
Sales	1,283.0	1,433.6	1,823.4	1,880.6	1,954.1
EBITDA	175.1	237.6	345.7[1]	398.0	429.9
EBITDA margin	13.6%	16.6%	19.0%	21.2%	22.0%
EBIT	129.4	193.5	236.7[1]	301.5	325.3
EBIT margin	10.1%	13.5%	13.0%	16.0%	16.6%

(1) H1 2015 without effects from sale of Goldbach shares (EBITDA and EBIT effect: € +5.6 million)
(2) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Financial position

Thanks to the positive development of earnings, **operative cash flow** rose from € 303.2 million in the previous year to € 315.6 million in the first half of 2017.

Cash flow from operating activities in the first half of 2016 and the first half of 2017 were dominated by various tax effects. Whereas in the first half of 2016 (in Q1), an income tax payment of around € 100.0 million was made (originally planned for the fourth quarter of 2015), there was a capital gains tax refund of € 70.3 million in the first half of 2017 (in Q1; originally planned for the fourth quarter of 2016) in connection with an internal dividend payment in fiscal year 2015. Without consideration of these opposing tax effects, **cash flow from operating activities** rose from € 243.0 million (comparable prior-year figure) to € 394.5 million in the first half of 2017. Including the opposing tax effects, cash flow from operating activities increased from € 143.0 million to € 464.8 million.

Cash flow from investing activities amounted to € 741.2 million in the reporting period (prior year: € 328.1 million). This resulted mainly from disbursements of € 98.6 million (prior year: € 71.8 million) for capital expenditures, payments for the purchase of shares in affiliated companies of € 554.5 million (Strato takeover), and payments for the purchase of shares in associated companies totaling € 89.6 million (mainly: increase of stakes in Tele Columbus and Drillisch, as well as investment in rankingCoach). In addition to the aforementioned capital expenditures, cash flow from investing activities in the previous year was also dominated by payments of € 264.2 million for the purchase of shares in associated companies (stake in Tele Columbus).

Without consideration of the above mentioned opposing tax effects, **free cash flow** (i.e. cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment) rose from € 172.7 million (comparable prior-year figure) to € 297.8 million in the first half of 2017.

Cash flow from financing activities in the first half of 2017 was dominated by the purchase of treasury shares amounting to € 77.2 million (prior year: € 7.7 million), the assumption of loans with a net total of € 450.1 million (prior year: € 333.0 million), the dividend payment of € 159.7 million (prior year: € 142.9 million), and contributions from minority shareholders (investment of Warburg Pincus in the Business Applications division) amounting to € 305.2 million (prior year: € 0).

As a result of closing-date effects, **cash and cash equivalents** amounted to € 336.6 million as of June 30, 2017 – compared to € 88.1 million on the same date last year.

Multi-period overview: Development of key cash flow figures (in € million)

	H1 2013	H1 2014	H1 2015	H1 2016	H1 2017
Operative cash flow	118.5	165.6	251.6	303.2	315.6
Cash flow from operating activities	109.4	175.0	158.5(2)	243.0(3)	394.5(4)
Cash flow from investing activities	-26.5	-41.6	-518.6	-328.1	-741.2
Free cash flow(1)	85.9	154.2	98.9(2)	172.7(3)	297.8(4)
Cash flow from financing activities	-89.1	-119.9	48.8	189.6	509.9
Cash and cash equivalents on June 30	35.5	56.7	67.5	88.1	336.6

(1) Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment
(2) Without capital gains tax refund of € 326.0 million
(3) Without the income tax payment of around € 100.0 million originally due in the fourth quarter of 2015
(4) Without the capital gains tax refund of € 70.3 million originally planned for the fourth quarter of 2016

Asset position

The **balance sheet total** rose from € 4.074 billion as of December 31, 2016 to € 5.609 billion on June 30, 2017.

Current assets increased strongly from € 631.4 million as of December 31, 2016 to € 965.1 million on June 30, 2017. **Cash and cash equivalents** disclosed under current assets rose from € 101.7 million to € 336.6 million. **Receivables from minority shareholders** (resulting from a further planned purchase price payment of Warburg Pincus for its stake in the Business Applications division due in the course of 2017) amounted to € 122.1 million million (prior year: € 0). **Trade accounts receivable** increased slightly from € 228.0 million to € 232.7 million. **Inventories** rose from € 39.5 million to € 65.0 million. Due to closing-date effects and the expansion of business, **current prepaid expenses** rose from € 111.2 million to € 129.4 million. **Other non-financial assets** decreased from € 129.4 million to € 51.3 million as a result of the above mentioned capital gains tax refund.

Non-current assets increased from € 3,442.3 million as of December 31, 2016 to € 4,596.4 million on June 30, 2017. Due to the increased stakes in Tele Columbus and Drillisch, and the investment in rankingCoach, **shares in associated companies** rose from € 755.5 million to € 1,278.5 million. **Other financial assets** rose from € 287.7 million to € 308.1 million. **Property, plant and equipment and intangible assets** rose from € 655.0 million to € 706.7 million, and from € 369.5 million to € 531.1 million, due to the Strato acquisition. **Goodwill** also increased as a result of the Strato acquisition from € 1,087.7 million to € 1,495.6 million.

Current liabilities rose from € 1,269.4 million as of December 31, 2016 to € 1,413.8 million on June 30, 2017. Due to closing-date effects, current **trade accounts payable** increased slightly from € 373.7 million to € 384.6 million. Short-term **bank liabilities** remained almost unchanged at € 423.1 million, compared to € 422.2 million on December 31, 2016. **Income tax liabilities** rose from € 64.1 million to € 120.3 million. The increase in **other financial liabilities** from € 114.7 million to € 170.8 million was mainly due to liabilities owing at the end of the reporting period in connection with the voluntary takeover bid made to Drillisch shareholders.

Non-current liabilities increased from € 1,606.5 million as of December 31, 2016 to € 2,102.9 million on June 30, 2017. This was mainly due to the rise in **long-term bank liabilities** from € 1,338.4 million to € 1,787.7 million.

The Group's **equity capital** rose from € 1,197.8 million as of December 31, 2016 to € 2,065.4 million on June 30, 2017. The main reason for this increase were consolidation effects in connection with the investment of Warburg Pincus in the Business Applications division. There was a corresponding rise in the **equity ratio** from 29.4% to 36.8%. At the end of the reporting period on June 30, 2017, United Internet held 5,223,467 **treasury shares** (December 31, 2016: 3,370,943).

Net bank liabilities (i.e. the balance of bank liabilities and cash and cash equivalents) increased from € 1,658.9 million as of December 31, 2016 to € 1,874.2 million on June 30, 2017.

Multi-period overview: Development of key balance sheet items (in € million)

	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	June 30, 2017
Total assets	1,270.3	3,673.4	3,885.4	4,073.7	5,609.3
Cash and cash equivalents	42.8	50.8	84.3	101.7	336.6
Shares in associated companies	115.3	34.9(1)	468.4(1)	755.5(1)	1,278.5(1)
Other financial assets	47.6	695.3(2)	449.0(2)	287.7(2)	308.1
Property, plant and equipment	116.2	689.3(3)	665.2	655.0	706.7(3)
Intangible assets	165.1	385.5(3)	389.5	369.5	531.1(3)
Goodwill	452.8	977.0(4)	1,100.1(4)	1,087.7	1,495.6(4)
Liabilities due to banks	340.0	1,374.0(5)	1,536.5(5)	1,760.7(5)	2,210.8(5)
Capital stock	194.0	205.0(6)	205.0	205.0	205.0
Treasury stock	5.2	35.3	26.3	122.5	194.2
Equity	307.9	1,204.7(6)	1,149.8	1,197.8	2,065.4(6)
Equity ratio	24.2%	32.8%	29.6%	29.4%	36.8%

(1) Decrease due to contribution of the GFC and EFF funds to Rocket and complete takeover of Versatel (2014); increase due to investment in Drillisch (2015); increase due to investment in Tele Columbus (2016); increase due to Strato takeover (2017)
(2) Increase due to investment in Rocket (2014), decrease due to sale of Goldbach shares and subsequent valuation of shares in listed companies (2015); decrease due to subsequent valuation of shares in listed companies (2016)
(3) Increase due to complete takeover of Versatel (2014); increase due to Strato takeover (2017)
(4) Increase due to complete takeover of Versatel (2014); increase due to acquisition of home.pl (2015); increase due to Strato takeover (2017)
(5) Increase due to Rocket investment and takeover of Versatel (2014); increase due to increased stake in Rocket, Drillisch investment, and acquisition of home.pl (2015); increase due to Tele Columbus investment (2016); increase due to Strato takeover and increased stake in Drillisch and Tele Columbus (2017)
(6) Increase due to capital increase (2014); increase due to consolidation effects in connection with the investment of Warburg Pincus in the Business Applications division and Strato takeover (2017)

Management Board's overall statement on the current business situation

United Internet once again invested heavily in new customer relationships in the first half of 2017. As a result, the number of fee-based contracts rose organically by 400,000 contracts during the reporting period. This customer growth was driven in particular by the Access segment, where the company was able to add 260,000 Mobile Internet contracts and 40,000 DSL contracts. In the Applications segment, 100,000 contracts were added in the period under review. Moreover, the initial consolidation of Strato as of April 1, 2017 resulted in the addition of 1.87 million contracts. As a result, the total stock as of June 30, 2017 amounted to 19.24 million contracts.

With this strong increase in customer contracts, sales growth of 3.9% to € 1.954 billion and an improvement in EBITDA of 8.0% to € 429.9 million, United Internet continued its dynamic development in the first half of 2017.

At the same time, further heavy investments were made in customer retention and the expansion of existing customer relationships – thus laying the basis for future growth.

The company's dynamic development once again highlights the benefits of United Internet's business model based predominantly on electronic subscriptions with fixed monthly payments and contractually fixed terms. This ensures stable and predictable revenues and cash flows, offers protection against cyclical influences and provides the financial scope to grasp opportunities in existing and new business fields and markets – organically or via investments and acquisitions.

With the figures for customer contracts, sales and earnings achieved in the first six months of 2016 and the investments already made, the Management Board believes that the company is well on track to meeting its targets and very well positioned for further growth.

Personnel report

As of June 30, 2017, the United Internet Group employed a total of 8,387 people. Compared to the previous year (7,883 employees), headcount increased by 504 staff or 6.4% – due in particular to the complete takeover of Strato as of April 1, 2017.

Of this total, 3,578 people were employed in the Access segment (prior year: 3,411), 4,485 in the Applications segment (prior year: 4,281) and 324 at the Group's headquarters (prior year: 191). The strong increase in staff at the Group's headquarters resulted from the transfer of employees from the segments (especially from the Applications segment) who already performed corporate functions in the past.

Headcount in Germany rose by 557 employees or 8.9%, from 6,302 in the previous year to 6,859 on June 30, 2017. At the Group's companies outside Germany, headcount decreased by 53 or 3.4%, from 1,581 in the previous year to 1,528.

Multi-period overview: Headcount development (by segment and domestic/foreign)

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016(1)	June 30, 2017(1)	Change
Employees, total	6,329	6,700	7,875	7,883	8,387	+ 6.4%
thereof in Germany	4,954	5,107	6,329	6,302	6,859	+ 8.8%
thereof abroad	1,375	1,593	1,546	1,581	1,528	- 3.4%
Access segment	1,969	1,956	3,105	3,411	3,578	+ 4.9%
Applications segment	4,326	4,709	4,647	4,281	4,485	+ 4.8%
Headquarters	34	35	123	191	324	+ 69.6%

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Personnel expenses increased by 5.3% in the first six months of 2017, from € 218.9 million in the previous year to € 230.5 million. The personnel expense ratio rose year on year by 0.2 percentage points to 11.8%.

Multi-period overview: Development of personnel expenses (in € million); change over previous year

	H1 2013	H1 2014	H1 2015	H1 2016(1)	H1 2017(1)	Change
Personnel expenses	150.4	165.1	215.3	218.9	230.5	+ 5.3%
Personnel expense ratio	11.7%	11.5%	11.8%	11.6%	11.8%	

(1) After carrying affilinet as a discontinued operation acc. to IFRS 5 as of June 30, 2017; prior-year figure adjusted

Subsequent events

The following significant events for United Internet AG occurred after the reporting date of June 30, 2017:

Result of the voluntary tender offer submitted to Drillisch shareholders

As part of the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch AG under the umbrella of United Internet AG, United Internet submitted a voluntary tender offer on May 26, 2017 with an acceptance period ending on June 23, 2017. This was followed by a further acceptance deadline. The tender offer gave Drillisch shareholders the opportunity to tender their no-par value bearer shares in Drillisch AG (ISIN DE 0005545503), each representing a proportionate amount of € 1.10 of the share capital, at a price of € 50.00 per share.

As at the expiry of the additional acceptance period on July 12, 2017, the tender offer had been accepted for a total of 1,224,157 Drillisch shares. This corresponds to a stake of approximately 1.78% in Drillisch, based on a total number of 68,826,818 million Drillisch shares issued (as of: June 30, 2017).

After the acceptance period for the voluntary tender offer had expired, the related syndicated loan was canceled by United Internet. The acquired Drillisch shares were purchased from liquid funds.

Clear approval of Drillisch shareholders for capital increase

As part of the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch AG under the umbrella of United Internet AG, 97.85% of the represented share capital at the Extraordinary General Meeting of Drillisch on July 25, 2017 voted in favor of the proposed capital increase by way of non-cash contribution. The majority of 75% required for approval was therefore achieved.

On May 12, 2017, United Internet and Drillisch had announced the signing of an agreement in principle concerning the step-by-step contribution of 1&1 Telecommunication to Drillisch via two capital increases. The first capital increase by way of a non-cash contribution was already completed in May. As a result, Drillisch acquired around 7.75% of shares in 1&1 Telecommunication and in return issued around nine million new Drillisch shares to United Internet. The second capital increase was subject to the approval of the above mentioned Extraordinary General Meeting.

The capital increase approved on July 25, 2017 will take effect on entry in the Commercial Register, which is expected by the end of the year. Once this has been completed, Drillisch will hold all shares in 1&1 Telecommunication. In return, United Internet’s stake in Drillisch will increase to over 73%.

Complete takeover of ProfitBricks

In late July 2017, United Internet AG reached an agreement with the other shareholders of ProfitBricks GmbH, a technologically leading cloud hosting specialist, regarding the complete acquisition of the company. United Internet has held a stake in ProfitBricks since 2010 (previous shareholding 44.42%) and is now acquiring the remaining 55.58% of shares from the other shareholders. The complete takeover will strengthen United Internet's activities with Business Applications, which are pooled with its subsidiary 1&1 Internet SE – in which Warburg Pincus holds a stake. This will expand 1&1's leading position in Europe for cloud hosting and enable it to add an innovative enterprise cloud platform to its product range.

Based in Berlin, ProfitBricks was founded in 2010 and employs over 120 people from more than 20 nations. The company is the first and only specialized cloud computing provider of Infrastructure-as-a-Service (IaaS) in Germany and offers professional public and hybrid cloud solutions which comply with the strict German and European data privacy guidelines. ProfitBricks operates four data centers in Frankfurt am Main, Karlsruhe, Las Vegas and New Jersey.

The share purchase was approved by the German Federal Cartel Office ("Bundeskartellamt") on August 7, 2017.

Merger of affilinet and Awin

United Internet and Axel Springer plan to create a joint affiliate network by merging their companies affilinet and Awin. A corresponding agreement was signed on August 2, 2017.

As part of the transaction, United Internet will contribute its affiliate marketing business operated by subsidiary affilinet GmbH to AWIN AG in return for 20% of Awin shares. Prior to closing the transaction, Axel Springer will acquire the shares in AWIN AG currently still held by Swisscom and thus hold 80% of AWIN shares after the transaction. The combined company will be headed by Mark Walters, CEO of AWIN AG.

The merger will enable United Internet and Axel Springer to significantly strengthen their competitive standing in affiliate marketing and thus lay the foundation for accelerated growth in Germany and abroad. By pooling the expertise, skills and respective reach of Awin and affilinet, the companies also plan to drive new revenue models, such as the influencer marketing business. In addition, the business combination will lay the foundation for the targeted IPO of AWIN AG.

The transaction is subject to approval by the relevant anti-trust authorities.

There were no other significant events subsequent to the reporting date of June 30, 2017 which had a material effect on the financial position and performance of United Internet or affected its accounting and reporting.

Risk and opportunity report

The risk and opportunity policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

Management Board's overall assessment of the Group's risk and opportunity position

The assessment of the overall level of risk is based on a consolidated view of all significant risk fields and individual risks, also taking account of their interdependencies.

In the first six months of 2017, the overall risk and opportunity situation remained mostly stable compared with the risk and opportunity report provided in the Annual Financial Statements 2016. There were no recognizable risks which directly jeopardized the continued existence of the United Internet Group during the reporting period nor at the time of preparing this Interim Statement, neither from individual risk positions nor from the overall risk situation.

From the current perspective, the main challenges focus on the areas of "potential threats via the internet", as well as risks from the fields of "political and legal", "market" and "fraud".

The further expansion of its risk management system enables United Internet to limit such risks to a minimum, where sensible, by implementing specific measures.

In United Internet's non-operating business, non-cash burdens from impairment may arise – as in the first half of 2016 and the first quarter of 2017 – depending on the further performance of the company's listed investments.

Forecast report

Economic prospects

After the first six months of 2017, the International Monetary Fund (IMF) upgraded its forecast for the **global economy** and in its updated economic outlook for 2017 (World Economic Outlook, Update July 2017) now anticipates global growth of 3.5% – 0.1 percentage point more than at the beginning of the year (January forecast).

Despite the uncertainties surrounding US fiscal policy, the IMF expects global growth to accelerate and has thus raised its growth forecasts slightly for almost all regions of the world.

During the course of the year, the IMF has now also upgraded all its forecasts for the United Internet Group's main target markets (with the exception of the USA).

Economy forecast: economic development of United Internet's key target countries and regions

	2018e	2017e	2015
World	3.6%	3.5%	3.2%
USA	2.1%	2.1%	1.6%
Canada	1.9%	2.5%	1.5%
Mexico	2.0%	1.9%	2.3%
Eurozone	1.7%	1.9%	1.8%
France	1.7%	1.5%	1.2%
Spain	2.4%	3.1%	3.2%
Italy	1.0%	1.3%	0.9%
UK	1.5%	1.7%	1.8%
Germany	1.6%	1.8%	1.8%

Source: International Monetary Fund, World Economic Outlook (Update), July 2017

Sector and market expectations

According to the industry association BITKOM / EITO (forecast of March 7, 2017), **global** ICT sales will rise by 2.5% to € 3.182 trillion in 2017. Growth in the EU is expected to reach 0.5%.

Following market growth of 1.0% in 2016, the industry association BITKOM also forecasts further growth for the IT and telecommunications industry (ICT) in **Germany**. BITKOM forecasts that the total market for IT, telecommunications and digital consumer electronics in Germany will grow by 1.3% to € 161.4 billion in 2017.

Within the overall market, the IT sector leads the way with expected growth of 2.7% to € 86.0 billion. According to the BITKOM forecast, the telecommunications market will decline slightly by 0.3% to € 66.2 billion. Following several years of decline, sales of consumer electronics look set to stabilize at € 9.2 billion.

Sector forecast: development of ICT market segments in Germany (in € billion)

	2017e	2016	Change
Total ICT market	161.4	159.3	+ 1.3%
thereof IT sub-market	86.0	83.7	+ 2.7%
thereof telecommunications sub-market	66.2	66.4	- 0.3%
thereof consumer electronics sub-market	9.2	9.2	+/- 0.0%

Source: BITKOM

Of particular importance to United Internet are the German broadband and mobile internet market in its subscription-financed Access segment and the global cloud computing market and German online advertising market in its subscription- and ad-financed Applications segment.

(Stationary) German broadband market

In view of the comparatively high level of household coverage already achieved and the trend toward mobile internet, experts continue to forecast only moderate growth for the German broadband market (landline).

According to the survey "German Entertainment and Media Outlook 2016-2020", PricewaterhouseCoopers expects sales of landline-based broadband connections to increase by just 0.6% to € 8.02 billion in 2017.

Market forecast: broadband access (landline) in Germany (in € billion)

	2017e	2016	Change
Sales	8.02	7.97	+ 0.6%

Source: PricewaterhouseCoopers

Mobile internet market in Germany

By contrast, all experts continue to forecast further strong growth for the mobile internet market. Following market growth of 7.9% to € 7.36 billion in 2016, PricewaterhouseCoopers also expects mobile data services to grow by 6.8% to € 7.86 billion in 2017.

This growth will be driven above all by favorable – and thus for the consumer attractive – prices, as well as by the boom in smartphones and tablet PCs and the respective applications (apps).

Market forecast: mobile internet access (cellular) in Germany (in € billion)

	2017e	2016	Change
Sales	7.86	7.36	+ 6.8%

Source: PricewaterhouseCoopers

Cloud computing market

In an update of its study "Forecast Analysis: Public Cloud Services, Worldwide" Gartner forecasts global growth for public cloud services of 18.2%, from $ 208.2 billion to $ 246.0 billion in 2017.

Market forecast: global cloud computing (in $ billion)

	2017e	2016	Change
Global sales of public cloud services	246.0	208.2	+ 18.2%
thereof business process services (BPaaS)	44.2	40.9	+ 8.1%
thereof application infrastructure services (PaaS)	8.9	7.2	+ 23.6%
thereof application services (SaaS)	46.5	38.6	+ 20.5%
thereof management and security services	7.7	6.3	+ 22.2%
thereof system infrastructure services (IaaS)	34.2	24.9	+ 37.3%
thereof cloud advertising	104.5	90.3	+ 15.7%

Source: Gartner

Online advertising market in Germany

Despite the uncertainties surrounding Brexit, advertisers continued to display a strong willingness to invest in online advertising activities in 2016.

Experts also forecast further growth in 2017. PricewaterhouseCoopers expects an increase of 6.6% to € 6.98 billion. The strongest growth is expected once again for mobile online advertising and video advertising with increases of 16.0% and 17.9%, respectively.

Market forecast: online advertising in Germany (in € billion)

	2017e	2016	Change
Online advertising revenues	6.98	6.55	+ 6.6%
thereof search marketing	3.48	3.24	+ 7.4%
thereof display advertising	1.46	1.44	+ 1.4%
thereof affiliate / classifieds	1.00	0.98	+ 2.0%
thereof mobile online advertising	0.58	0.50	+ 16.0%
thereof video advertising	0.46	0.39	+ 17.9%

Source: PricewaterhouseCoopers

Expectations for the company

Focus areas in fiscal year 2017

United Internet AG will maintain its policy of sustainable growth in the future and continue to invest in new customers, in new products and business fields, as well as in its continued internationalization.

In view of its strong brands, product strategy based on flexibility, customer-oriented services, innovative products and excellent value for money, United Internet believes it is very well positioned in its **Access segment.**

In the fiscal year 2017, contract and revenue growth for consumer products is likely to result once again from the marketing of Mobile Internet products and DSL connections. The main focus will be on the further expansion of V-DSL coverage, and the use of the new transmission technology "vectoring" (with speeds of up to 100 Mbit/s).

In the field of Business solutions under the 1&1 Versatel brand, the focus will lie on voice, data and network solutions for small and medium-sized companies, as well as infrastructure services for large corporations.

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and home users, United Internet is also well positioned in its **Applications segment** to utilize the opportunities offered by cloud computing.

In the case of Consumer Applications, the main focus in 2017 will continue to be on monetizing free accounts via advertising, and on secure e-mail communication.

In the field of Business Applications, Strato AG and ProfitBricks GmbH are to be gradually integrated into the United Internet Group following its acquisition. In addition, the existing target markets are to be exploited further. The main focus will be placed on expanding business with existing customers through sales of additional products, such as new top-level domains or marketing tools like 1&1 List Local, and gaining new high-quality customer relationships, e.g. via the 1&1 Cloud Server.

In addition to organic growth, United Internet continuously examines the possibility of **company acquisitions, investments and alliances**. Thanks to its high and plannable level of cash flow, United Internet has a strong source of internal funding and good access to debt financing markets in order to finance its future growth – whether organic or via acquisitions and investments.

Forecast for fiscal year 2017

At the end of the first six months of 2017, and after the planned contribution of affilinet to Awin, United Internet is updating its guidance for the full year 2017 and now expects sales growth of 5-6% (previously: approx. 7%). EBITDA is still expected to grow by approx. 12%. Similarly, organic contract growth is still expected to reach approx. 800,000 new contracts for the year as whole.

United Internet AG plans to maintain its shareholder-friendly dividend policy based on continuity in the coming years. Dividend payouts will continue to represent 20-40% of adjusted net income after minority interests (net income attributable to "shareholders of United Internet AG" – according to the income statement) in the future, unless funds are required for further company development.

Management Board's overall statement on the anticipated development

The Management Board of United Internet AG is still upbeat about its prospects for the future. Thanks to a business model based predominantly on electronic subscriptions, United Internet believes it is largely stable enough to withstand cyclical influences. Moreover, with the investments made over the past few years in customer relationships, new business fields and internationalization, as well as via acquisitions and investments, United Internet has laid a broad and stable foundation for future growth.

United Internet will continue to pursue its sustainable business policy in the coming years.

In the case of Access products, marketing and sales activities will still focus mainly on mobile internet products in the second half of the year. In this business, the market shares in Germany are currently being allocated. United Internet aims to participate in market growth and achieve above-average growth. The company also plans to leverage the strong positioning of its DSL products to generate further growth. In addition to marketing Access products to consumers, the company will continue to expand its business with Access solutions for business clients via the 1&1 Versatel brand.

In addition to the German market, international business with cloud applications also promises strong potential for the medium- and long-term growth of the company. Moreover, the key topics of "monetization of free accounts via advertising" (Consumer Applications), "expanding business with existing customers", and "gaining new high-quality customer relationships" (Business Applications) will remain relevant in the second half of the year.

Following a successful start to the second half of 2017 (at the time of preparing this Management Report), the company's Management Board believes that the company is on track to reaching the guidance presented above in the section "Forecast for the fiscal year 2017" and summarized again in the table below.

FY 2017 forecast for United Internet AG

	Forecast March 2017	Forecast August 2017
Contracts	+ approx. 800,000	+ approx. 800,000
Sales	+ approx. 7%	+ 5 - 6%
EBITDA	+ approx. 12%	+ approx. 12%

Forward-looking statements

This half-yearly financial report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet AG does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this interim report.

Use of business-relevant key financial performance indicators

In order to ensure the clear and transparent presentation of United Internet's business trend, the Group's annual financial statements and interim financial statements include key financial performance measures – in addition to the disclosures required by International Financial Reporting Standards (IFRS) – such as EBITDA, the EBITDA margin, EBIT, the EBIT margin and free cash flow. Information on the use, definition, and calculation of these key figures is provided in the Annual Report 2016 of United Internet AG on page 46.

Insofar as necessary for a clear and transparent presentation, the indicators used by United Internet are adjusted for special items. Such special items usually refer solely to those effects capable of restricting the validity of the key financial performance measures with regard to the Group's financial and earnings performance – due to their nature, frequency and/or magnitude. All special items are presented and explained for the purpose of reconciliation with the unadjusted financial figures in the relevant section of the financial statements.

INTERIM FINANCIAL STATEMENTS

GROUP BALANCE SHEET

as of June 30, 2017 in €k

	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	336,582	101,743
Accounts receivable from minority shareholders	122,123	0
Trade accounts receivable	232,656	228,025
Inventories	65,028	39,490
Prepaid expenses	129,413	111,172
Other financial assets	27,978	21,536
Other non-financial assets	51,338	129,427
	965,118	631,393
Non-current assets		
Shares in associated companies	1,278,549	755,546
Other financial assets	308,068	287,688
Property, plant and equipment	706,668	655,006
Intangible assets	531,103	369,470
Goodwill	1,495,566	1,087,685
Trade accounts receivable	55,277	55,841
Prepaid expenses	117,156	127,974
Deferred tax assets	103,967	103,131
	4,596,354	3,442,341
Assets associated with discontinued operations	47,830	0
Total assets	**5,609,302**	**4,073,734**

	June 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	384,630	373,710
Liabilities due to banks	423,114	422,236
Advance payments received	7,478	12,326
Income taxes liabilities	120,326	64,145
Deferred revenue	251,947	235,503
Other accrued liabilities	12,599	13,237
Other financial liabilities	170,764	114,748
Other non-financial liabilities	42,949	33,528
	1,413,807	1,269,433
Non-current liabilities		
Liabilities due to banks	1,787,662	1,338,417
Deferred tax liabilities	138,965	94,211
Trade accounts payable	9,951	9,479
Deferred revenue	33,288	33,820
Other accrued liabilities	40,911	39,671
Other financial liabilities	92,158	90,891
	2,102,935	1,606,489
Total liabilities	**3,516,742**	**2,875,922**
Equity		
Capital stock	205,000	205,000
Capital reserves	1,467,439	377,550
Accumulated profit	739,745	724,213
Treasury stock	-194,210	-122,493
Revaluation reserves	43,676	30,988
Currency translation adjustment	-12,572	-17,794
Equity attributable to shareholders of the parent company	**2,249,078**	**1,197,464**
Non-controlling interests	-183,638	348
Total equity	**2,065,440**	**1,197,812**
Liabilities directly associated with discontinued operations	27,120	0
Total liabilities and equity	**5,609,302**	**4,073,734**

GROUP NET INCOME

from January 1 to June 30, 2017 in €k

	2017 January – June	2016 January – June
Sales	1,954,064	1,880,609
Cost of sales	-1,272,905	-1,231,309
Gross profit	**681,159**	**649,300**
Selling expenses	-270,922	-263,299
General and administrative expenses	-85,173	-91,993
Other operating expenses / income	251	7,491
Operating result	**325,315**	**301,499**
Financial result	-15,341	-13,445
Amortization of financial assets	-19,757	-254,905
Result from associated companies	1,130	1,885
Pre-tax result	**291,347**	**35,034**
Income taxes	-109,299	-87,996
Net income from continuing operations	**182,048**	**-52,962**
Net income from dicountinued operations	2,598	1,950
Net income before non-controlling Interests	**184,646**	**-51,012**
Attributable to		
non-controlling interests	9,411	90
shareholders of United Internet AG	175,235	-51,102

	2017 January – June	2016 January – June
Result per share of shareholders of United Internet AG (in €)		
- basic	0.88	-0.25
- diluted	0.87	-0.25
Result per share for continuing operations		
- basic	0.87	-0.26
- diluted	0.86	-0.26
Result per share for discontinued operations		
- basic	0.01	0.01
- diluted	0.01	0.01
Weighted average shares (in million units)		
- basic	200.02	204.12
- diluted	200.47	204.90
Statement of comprehensive income		
Net income	184,646	-51,012
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	-242	-11,818
Market value changes of available-for-sale financial instruments before taxes - unrealized	16,072	-2,521
Tax effect	0	36
Market value changes of available-for-sale financial instruments before taxes - realized	0	106,873
Tax effect	0	0
Categories that are not reclassified subsequently to profit or loss		
Share in other comprehensive income of associated companies	-633	–
Other comprehensive income	15,197	92,570
Total comprehensive income	**199,842**	**41,558**
Attributable to		
non-controlling interests	9,368	90
shareholders of United Internet AG	190,474	41,468

GROUP CASH FLOW

from January 1 to June 30, 2017 in €k

	2017 January – June	2016 January – June
Cash flow from operating activities		
Net income	182,048	-52,962
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	77,939	73,751
Amortization of intangible assets resulting from company acquisitions	26,640	22,804
Amortization of financial assets	19,757	254,905
Share-based payment expense	2,672	1,407
Result from equity accounted investments	-1,130	-1,885
Share of profit of associated companies	19,823	19,272
Change in deferred taxes	-11,594	-6,410
Other non-cash positions	-547	-7,641
Operative cash flow	**315,608**	**303,241**
Change in assets and liabilities		
Change in receivables and other assets	4,796	-18,412
Change in inventories	-25,538	-7,033
Change in deferred expenses	-190	-70,033
Change in trade accounts payable	6,319	1,543
Change in advance payments received	-4,848	-3,383
Change in other accrued liabilities	-544	-592
Change in liabilities income taxes	56,181	-78,627
Change in other liabilities	45,869	16,347
Change in deferred income	-3,121	-100
Change in assets and liabilities, total	**78,923**	**-160,290**
Cash flow from operating activities (before capital gains tax refund)	**394,531**	**142,951**
Capital gains tax refund	70,293	0
Cash flow from operating activities for continuing operations	**464,824**	**142,951**
Cash flow from operating activities for discontinued operations	**5,445**	**2,625**
Cash flow from operating activities	**470,269**	**145,576**

	2017 Januar – Juni	2016 Januar – Juni
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	-98,592	-71,754
Payments from disposals of intangible assets and property, plant and equipment	1,881	1,546
Payments for company acquisitions less cash received	-554,510	-238
Purchase of shares in associated companies	-89,573	-264,226
Investments in other financial assets	0	-104
Payments for loans granted	-525	-572
Payments from loans granted	0	2,817
Proceeds from sale of financial assets	0	4,464
Refunding from other financial assets	137	0
Cash flow from investing activities for continuing operations	**-741,182**	**-328,067**
Cash flow from investing activities for discontinued operations	**-334**	**-477**
Cash flow from investing activities	**-741,516**	**-328,544**
Cash flow from financing activities		
Sale of treasury shares	-77,214	7,721
Taking out / repayment of loans	450,123	332,958
Redemption of finance lease liabilities	-8,483	-7,859
Dividend payments	-159,703	-142,857
Profit distributions to non-controlling interests	0	-329
Payments from minority shareholders	305,214	0
Cash flow from financial activities for continuing operations	**509,937**	**189,634**
Cash flow from financial activities for discontinued operations	**34**	**23**
Cash flow from financing activities	**509,971**	**189,657**
Net increase in cash and cash equivalents	238,724	6,689
Cash and cash equivalents at beginning of fiscal year	101,743	84,261
Currency translation adjustments of cash and cash equivalents	-3,884	-2,856
Cash and cash equivalents at end of reporting period	**336,582**	**88,094**
Cash and cash equivalents at end of reporting period associated with discontinued operations	0	-3,439
Cash and cash equivalents at end of reporting period	**336,582**	**84,655**

GROUP CHANGES IN SHAREHOLDERS' EQUITY

from January 1 to June 30, 2017 in €k

	Capital stock		Capital reserves	Accumulated profit	Treasury stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2016	**205,000,000**	**205,000**	**372,203**	**695,799**	**917,859**	**-26,318**
Net income				-51,102		
Other comprehensive income						
Total comprehensive income				**-51,102**		
Issue of treasury stock				-14,524	-506,401	14,524
Employee stock ownership program			1,407			
Dividend payments				-142,857		
Profit distributions						
Balance as of June 30, 2016	**205,000,000**	**205,000**	**373,610**	**487,316**	**411,458**	**-11,794**
Balance as of January 1, 2017	**205,000,000**	**205,000**	**377,550**	**724,213**	**3,370,943**	**-122,493**
Net income				175,235		
Other comprehensive income						
Total comprehensive income				**175,235**		
Purchase of treasury shares					2,000,000	-77,214
Issue of treasury stock			-5,497		-147,476	5,497
Employee stock ownership program			2,672			
Dividend payments				-159,703		
Transactions with minority shareholders			1,092,714			
Balance as of June 30, 2017	**205,000,000**	**205,000**	**1,467,439**	**739,745**	**5,223,467**	**-194,210**

	Revaluation reserves	Currency translation adjustments	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
	€k	€k	€k	€k	€k
	-96,021	**-1,443**	**1,149,220**	**538**	**1,149,758**
			-51,102	90	-51,012
	104,388	-11,818	92,570		92,570
	104,388	**-11,818**	**41,468**	**90**	**41,558**
			0		0
			1,407		1,407
			-142,857		-142,857
			0	-329	-329
	8,367	**-13,261**	**1,049,238**	**299**	**1,049,537**
	30,988	**-17,794**	**1,197,464**	**348**	**1,197,812**
			175,235	9,411	184,646
	15,438	-199	15,239	-43	15,196
	15,438	**-199**	**190,474**	**9,368**	**199,842**
			-77,214		-77,214
			0		0
			2,672		2,672
			-159,703		-159,703
	-2,750	5,421	1,095,385	-193,354	902,031
	43,676	**-12,572**	**2,249,078**	**-183,638**	**2,065,440**

EXPLANATIONS FOR THE HALF-YEARLY FINANCIAL REPORT

1. Information on the company

United Internet AG ("United Internet") is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

2. Significant accounting, valuation and consolidation principles

As was the case with the Consolidated Financial Statements as of December 31, 2016, the Interim Report of United Internet AG as of June 30, 2017 was prepared in compliance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU).

The Condensed Consolidated Interim Report for the period January 1, 2017 to June 30, 2017 was prepared in accordance with IAS 34 ***Interim Financial Reporting***.

A condensed reporting format was chosen for the presentation of this Consolidated Interim Report, as compared with the Consolidated Financial Statements, and is thus to be read in conjunction with the Consolidated Financial Statements as of December 31, 2016. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the Condensed Consolidated Interim Report comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

Für das Geschäftsjahr ab dem 1. Januar 2017 sind die folgenden Standards erstmals verpflichtend in der EU anzuwenden:

Standard		Mandatory for fiscal years beginning on or after	Endorsed by EU Commission
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	Jan. 1, 2017	No
IAS 7	Disclosure Initiative	Jan. 1, 2017	No

As the amendments have not yet been endorsed by the EU Commission, they were not taken into account in this half-yearly report.

Use of estimates and assumptions

The preparation of the Condensed Consolidated Interim Report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Retroactive adjustments

In view of the pending sale of affilinet GmbH, Munich, IFRS 5 requires that the current half-yearly figures and prior-year figures of the statement of comprehensive already be adjusted. The revenues and expenses of the discontinued operation are thus no longer included in the respective items. The discontinued operation and its net income after taxes is disclosed separately. The effects on the balance sheet as of June 30, 2017 and on the cash flow statement as of June 30, 2017 and June 30, 2016 were disclosed separately. The balance sheet as of December 31, 2016 is to be disclosed unchanged.

Miscellaneous

The Consolidated Interim Report includes all subsidiaries and associated companies.

The following companies were acquired in the reporting period 2017:
- Strato AG, Berlin
- Cronon AG, Berlin

In the reporting period 2017, the following company was acquired by means of a capital increase for non-cash contribution:
- 1&1 Internet TopCo SE, Montabaur
  (formerly: Blitz 16-612 SE, Montabaur)

The following company was renamed in the reporting period 2017:
- United Internet Investments Holding GmbH, Montabaur
  (formerly: United Internet Ventures AG, Montabaur)

In the reporting period 2017, shares were acquired in the following associated company:
- rankingCoach GmbH, Cologne

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2016.

This Consolidated Interim Report was not audited according to Sec. 317 HGB nor reviewed by an auditor.

3. Investments in companies of the United Internet Group

Investment of Warburg Pincus

On November 8, 2016, United Internet AG and WP XII Venture Holdings S.a.r.l., Luxembourg, an affiliate of private equity funds managed by Warburg Pincus LLC (Warburg Pincus), signed an agreement regarding a 33.33% stake of Warburg Pincus in the United Internet division Business Applications.

Following approval by the German Federal Cartel Office ("Bundeskartellamt"), the transaction was closed over several stages in February 2017. United Internet AG contributed its shares in 1&1 Internet SE, Montabaur, initially to its subsidiary 1&1 Internet Holding SE, Montabaur, in the form of a mixed capital increase against the issue of new common shares and one preferred share, as well as a long-term vendor loan.

In a second step, United Internet AG contributed all common shares in 1&1 Internet Holding SE to a newly founded 1&1 Internet TopCo SE, Montabaur, against the issue of 66.67% of capital stock. The remaining 33.33% of shares in 1&1 Internet TopCo SE are held by Warburg Pincus. A purchase price of up to € 450 million was agreed for the 33.33% of shares held by Warburg Pincus.

Merger of affilinet and Awin

On August 2, 2017, United Internet and Axel Springer agreed that the United Internet Group would contribute its affiliate marketing business – subject to approval by the relevant anti-trust authorities – to Awin in return for 20% of shares in AWIN AG, a subsidiary of Axel Springer SE. In view of the pending sale, affilinet was included in the interim financial statements in accordance with IFRS 5 and correspondingly disclosed as a discontinued operation in the balance sheet, statement of comprehensive income, and cash flow statement. The prior-year figures of the statement of comprehensive income and cash flow statement were also adjusted according to IFRS 5.

4. Business combinations and investments

Acquisition of Strato AG

On December 15, 2016, United Internet AG signed an agreement with the owner of Strato AG, Deutsche Telekom AG, regarding the acquisition of Strato AG. Based in Berlin, Strato AG employs over 500 people with operations mainly in Germany and the Netherlands. With over 1.8 million customer contracts, Strato's annual revenue for fiscal year 2016 was around € 127 million with EBITDA in 2016 of around € 48.5 million. The German Federal Cartel Office ("Bundeskartellamt") granted approval in February 2017.

The share purchase was made via 1&1 Internet Holding SE. The Company paid € 558.8 million in cash for the purchase of the shares in Strato AG. An earn-out component of up to € 34 million is due at a later point subject to reaching certain performance goals. After deduction of assumed cash amounting to € 4.2 million, the Group's net cash outflow was € 554.5 million.

With effect from April 1, 2017 (date of acquisition), 1&1 Internet Holding SE assumed control over Strato AG.

The purchase price tranche of € 558.8 million due in 2017 at the holding structure level is financed by an internal loan from United Internet AG of € 350 million, as well as by prorated equity capital contributions of United Internet AG and Warburg Pincus. In the course of the acquisition of Strato AG, Warburg Pincus will retain its 33.33% stake in the "Business Applications" division in accordance with the partnership agreement.

In the course of the business combination, total transaction costs of € 5,422k were expensed.

Strato AG was first included in the consolidated financial statements of United Internet AG as of the date of acquisition. Initial consolidation of Strato AG was made in accordance with IFRS 3 – Business Combinations using the acquisition method.

The transferred consideration and net cash outflow were as follows:

Transferred consideration for the acquisition of Strato AG	**€k**
Cash purchase price	558,759
Fair value of earn-out component	4,580
Transferred consideration	**563,339**

Cash flow from investing activities	**€k**
Cash purchase price	558,759
Less assumed cash	-4,249
Net cash outflow	**554,510**

Due to the short period between the acquisition and the half-yearly reporting date, the assets and liabilities of Strato AG were recognized on the basis of a preliminary purchase price allocation. The preliminary purchase price allocation resulted in goodwill of € 430 million. The fair value of other intangible assets amounts to € 182 million. The table on the next page, prepared on the basis of the preliminary purchase price allocation, presents an overview of the recognized assets and liabilities:

If Strato AG had already been consolidated in the United Internet Group on January 1, 2017, sales revenues as of June 30, 2017 would have increased by € 32.4 million and EBITDA by approx. € 12.1 million.

Drillisch AG

On May 12, 2017, the Management Boards of United Internet AG and Drillisch AG, Maintal, (each with the approval of their respective Supervisory Boards) entered into a Business Combination Agreement governing the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch AG. The aim of the overall transaction is to contribute 1&1 Telecommunication SE to Drillisch AG (in return for Drillisch shares) and thus create a powerful full-service telecommunications provider under the umbrella of United Internet AG with considerable potential for synergies and growth.

ASSETS	T€
Current	
Cash and cash equivalents	4,249
Trade accounts receivable	3,535
Prepaid expenses	7,233
Other financial assets	1,348
Other non-financial assets	0
Non-current	
Trade accounts receivable	0
Other financial assets	2,625
Prepaid expenses	0
Property, plant and equipment	33,967
Intangible assets	181,797
Deferred tax assets	0
	234,754
LIABILITIES	
Current	
Trade accounts payable	5,073
Advance payments received	0
Income tax liabilities	0
Deferred revenue	21,595
Other accrued liabilities	67
Other financial liabilities	14,738
Other non-financial liabilities	2,543
Non-current	
Trade accounts payable	0
Deferred tax liabilities	55,512
Deferred revenue	0
Other accrued liabilities	1,146
Other financial liabilities	69
	100,743
Total identifiable net assets	**134,011**
Non-controlling interests	0
Preliminary goodwill from company acquisition before purchase price allocation	**429,328**
Transferred consideration	**563,339**

The merger of 1&1 Telecommunication SE and Drillisch AG is to be completed in two steps. In the first step, United Internet already contributed 9,372 shares of 1&1 Telecommunication SE (7.75% of the share capital of 1&1 Telecommunication SE) to Drillisch AG in the course of a capital increase for non-cash contribution of Drillisch AG. In return, United Internet received 9,062,169 new shares of Drillisch AG. As a result of this transaction and the accompanying voluntary public tender offer submitted to all outstanding shareholders of Drillisch AG, United Internet's stake in Drillisch AG increased to 30.39% as of June 30, 2017.

In a second step, the remaining 111,628 1&1 Telecommunication SE shares held by United Internet (approx. 92.25% of the share capital of 1&1 Telecommunication) are to be contributed to Drillisch AG in return for the issue of 107,937,831 new Drillisch shares in total. An additional capital increase for non-cash contribution under the exclusion of subscription rights is planned for this purpose. This step requires the approval of an Extraordinary General Meeting of Drillisch AG, called for July 25, 2017.

Activities with business users and other telecommunications providers (wholesale) are not part of the above transaction. This business will continue to be operated by 1&1 Versatel and was transferred to United Internet Service Holding GmbH, Montabaur, by means of a carve out (from 1&1 Telecommunication SE).

The transaction is accompanied by a voluntary public tender offer submitted by United Internet AG for all outstanding shares of Drillisch AG. United Internet offers to purchase the no-par value bearer shares, each representing a proportionate amount of Drillisch AG share capital of €1.10, from the current Drillisch shareholders. United Internet offers to pay € 50.00 per share, which is 8.2% more than the volume-weighted average domestic share price of Drillisch shares over the past three months as on the reporting day May 11, 2017 (€ 46.20).

As of June 30, 2017, the takeover offer made with the first acceptance period from May 26 to June 23, 2017 was accepted for a total of 839,170 Drillisch shares. This corresponds to a stake in Drillisch AG of 1.22% based on a total of 68,826,818 issued Drillisch shares (as of: June 30, 2017).

Investment in Tele Columbus AG increased

In the first half of 2017, United Internet increased its stake in Tele Columbus AG, Berlin, ("Tele Columbus") from 25.11% as of December 31, 2016 and held around 28.52% of shares as of June 30, 2017. A total of € 34.9 million was paid for the purchase of additional shares in the first half of 2017.

Acquisition of shares in rankingCoach GmbH

On March 28, 2017, United Internet AG acquired – via its subsidiary United Internet Investments Holding GmbH, Montabaur – a stake of 29.93% in rankingCoach GmbH, Cologne. At this time, the transaction was still subject to approval by the relevant anti-trust authorities. This approval was granted on April 13, 2017.

EXPLANATION OF ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

5. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG for the reporting period January 1 to June 30, 2017 and January 1 to June 30, 2016 was as shown in the tables on the next page.

6. Personnel expenses

Personnel expenses amounted to € 230,513k in the reporting period of 2017 (prior year: € 218,898k). At the end of June 2017, United Internet employed a total of 8,387 people, of which 1,528 were employed outside Germany. The number of employees at the end of June 2016 amounted to 7,893, of which 1,581 were employed outside Germany.

7. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 77,939k (prior year: € 73,751k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 26,640k (prior year: € 22,804k).

Total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 104,579k (prior year: € 96,555k).

January – June 2017	Access segment €k	Applications segment €k	Corporate €k	Recon-ciliation €k	United Internet Group €k
Segment revenues	1,474,434	493,757	98	-14,225	1,954,064
- thereof domestic	1,474,434	302,423	98	-14,225	1,762,730
- thereof non-domestic	0	191,334	0	0	191,334
EBITDA	259,972	176,088	-6,166	0	429,894
EBIT	191,562	140,037	-6,284	0	325,315
Financial result			35,054	-50,395	-15,341
Writedowns on investments			-19,757	0	-19,757
Result from at-equity companies			-2,839	3,969	1,130
EBT			6,174	285,173	291,347
Tax expense				-109,299	-109,299
Net income from continuing operations					**182,048**
Net income from dicountinued operations				2,598	2,598
Net income before non-controlling Interests					**184,646**
Investments in intangible assets, property, plant and equipment (without goodwill)	83,624	23,313	105	–	107,042
Amortization/depreciation from continuing operations	68,410	36,051	118	–	104,579
- thereof intangible assets and property, plant and equipment	52,232	25,589	118	–	77,939
- thereof assets capitalized during company acquisitions	16,178	10,462	0	–	26,640
Number of employees from continuing operations	3,578	4,485	324	–	8,387
- thereof domestic	3,578	2,957	324	–	6,859
- thereof non-domestic	0	1,528	0	–	1,528

January – June 2016					
Segment revenues	1,434,721	461,539	91	-15,742	1,880,609
- thereof domestic	1,434,721	275,198	91	-15,742	1,694,268
- thereof non-domestic	0	186,341	0	0	186,341
EBITDA	248,995	153,114	-4,056	0	398,053
EBIT	181,093	125,014	-4,609	0	301,498
Financial result			388	-13,833	-13,445
Writedowns on investments			-254,905	0	-254,905
Result from at-equity companies			61	1,824	1,885
EBT			-259,065	294,098	35,033
Tax expense				-87,995	-87,995
Net income from continuing operations					**-52,962**
Net income from dicountinued operations				1,950	1,950
Net income before non-controlling Interests					**-51,012**
Investments in intangible assets, property, plant and equipment (without goodwill)	53,830	17,241	500	–	71,571
Amortization/depreciation from continuing operations	67,902	28,100	553	–	96,555
- thereof intangible assets and property, plant and equipment	48,091	25,107	553	–	73,751
- thereof assets capitalized during company acquisitions	19,811	2,993	0	–	22,804
Number of employees from continuing operations	3,411	4,281	191	–	7,883
- thereof domestic	3,411	2,700	191	–	6,302
- thereof non-domestic	0	1,581	0	–	1,581

EXPLANATIONS OF BALANCE SHEET ITEMS

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

8. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2017 €k
Carrying amount at the beginning of the fiscal year	755,546
Additions	542,681
Adjustments	
- Dividends	-19,823
- Shares in result	1,130
- Other	-985
Disposals	0
Carrying amount on June 30, 2017	**1,278,549**

DAdditions mainly refer to shares held in Drillisch AG, Tele Columbus AG, and rankingCoach GmbH. Please see Note 4 for details.

9. Other financial assets

The development of these shares was as follows:

	Jan. 1, 2017 €k	Additions €k	Amortization of revaluation reserve not recognized in income Recycling €k	 Change €k	Impair-ment €k	Reclassifi-cation €k	Disposals €k	June 30, 2017 €k
Hi-media shares	2,242			568				2,810
Afilias shares	8,720							8,720
Rocket Internet shares	262,597			15,504	-19,757			258,344
Others	14,129	23,787				415	-137	38,194
	287,688	**23,787**	**0**	**16,072**	**-19,757**	**415**	**-137**	**308,068**

A non-cash-effective writedown of listed shares in Rocket Internet SE, Berlin, was already made in fiscal year 2016. After initial recognition of impairment for an available-for-sale financial asset, all further declines in the fair value in subsequent periods must also be recognized as impairments. In this connection, a further non-cash-effective writedown of shares in Rocket Internet of € 19.8 million was made in the first quarter. The share price of Rocket Internet increased again as of June 30, 2017. The impairment reversal of € 15.5 million was added to the revaluation reserve through other comprehensive income.

10. Property, plant and equipment

A total of € 107,042k (prior year: € 71,571k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on telecommunication equipment and software.

Goodwill of € 1,495,566k disclosed as of June 30, 2017 includes assets belonging to the Access segment of € 506,482k.

11. Non-current prepaid expenses

Non-current prepaid expenses result from prepayments made in connection with long-term procurement contracts.

12. Liabilities due to banks

On May 5, 2017, the Company signed an agreement with its core banks regarding a consolidation and adjustment of its existing bank borrowing. The syndicated loan of € 750 million arranged in August 2014 and the revolving syndicated loan of € 810 million arranged in July 2015 were consolidated into a single loan arrangement. At the same time, the Company renegotiated significant components of the loan agreements and in particular achieved a relaxation of certain covenants, optimized borrowing costs, and prolonged some of the terms in order to harmonize the current maturity profile.

Bank liabilities as of June 30, 2017 result mainly from a syndicated loan totaling € 750 million concluded in August 2014, comprising three tranches with terms to 2017, 2019, and 2021, and two promissory note loans. The promissory note loan of € 600 million placed in 2014 is divided into 4 tranches with varying terms from 2017 to 2022. A further promissory note loan with a total amount of € 500 million was placed on March 13, 2017. It is divided into 5 tranches with terms of 5 to 8 years.

In addition, there is a revolving syndicated loan facility of € 810 million with a term until July 9, 2020 which was utilized to the amount of € 350 million as of June 30, 2017. Consequently, the proportion of the revolving syndicated loan facility not yet drawn amounts to € 460 million.

13. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from finance leases.

14. Other non-current financial liabilities

Non-current financial liabilities result largely from liabilities from finance leases.

15. Capital stock / treasury shares

As of June 30, 2017, the fully paid-in capital stock amounted to € 205,000,000 (unchanged from December 31, 2016) divided into 205,000,000 registered no-par shares with a theoretical share in the capital stock of € 1 each.

On June 30, 2016, the Management Board of United Internet AG resolved to launch a new share buyback program. In the course of this new share buyback program, up to 5,000,000 shares in the company (corresponding to approx. 2.44% of capital stock) are to be bought back via the stock exchange. The buyback follows the authorization of the Annual Shareholders' Meeting of May 22, 2014 to purchase treasury shares representing up to 10% of capital stock. The authorization was issued for the period up to September 22, 2017.

In the course of this share buyback program, a total of 2,000,000 treasury shares were repurchased in the first half of 2017. Together with the 3,000,000 treasury shares already purchased in fiscal year 2016, the share buyback program adopted on June 30, 2016 was fully exhausted. As of June 30, 2017, United Internet holds 5,223,467 treasury shares. This corresponds to around 2.55% of the capital stock of € 205,000,000.

Treasury shares can be used for all purposes permitted under the regulations of Germany's Stock Corporation Law and stated in the authorization of the Annual Shareholders` Meeting of May 22, 2014, in particular for current and future employee stock ownership plans and / or as an acquisition currency, but may also be cancelled.

16. Reserves

The change in capital reserves is mainly due to the investment of Warburg Pincus in the Business Applications division and the investment of Drillisch AG in 1&1 Telecommunications SE in the course of the Capital Increase by way of non-cash contribution.

The change in revaluation reserves results mainly from the subsequent valuation of shares in Rocket Internet SE and Hi-Media S.A., France. Please see Note 9 for details.

OTHER ITEMS

17. Employee stock ownership plans

Stock Appreciation Rights (SAR)

The employee stock ownership plans of the United Internet Group employ virtual stock options (so-called Stock Appreciation Rights - SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG	
	SAR	**Average strike price (€)**
Outstanding as of December 31, 2016	2,560,000	29.46
expired / forfeited	-75,000	31.02
expired / forfeited	-75,000	18.13
expired / forfeited	-75,000	43.51
expired / forfeited	-100,000	44.06
expired / forfeited	-30,000	43.45
exercised	-75,000	21.95
exercised	-75,000	18.13
exercised	-15,000	30.11
exercised	-160,000	31.15
exercised	-50,000	16.06
exercised	-25,000	32.79
issued	100,000	41.26
Outstanding as of June 30, 2017	**1,905,000**	**29.83**

18. Additional details on financial instruments

The fair values of financial assets and liabilities correspond to their respective carrying values.

The following table presents the carrying values of each category of financial assets and liabilities as of June 30, 2017:

			Valuation acc. to IAS 39				
	Valuation category acc. to IAS 39	Carrying value on June 30, 2017 €k	Amortized cost €k	Fair value not through profit or loss €k	Fair value through profit or loss €k	Valuation acc. to IAS 17 €k	Carrying value on June 30, 2017 €k
Financial assets							
Cash and cash equivalents	lar	336,582	336,582				336,582
Trade accounts receivable	lar/n/a						
Receivables from finance leases	n/a	60,964				60,964	63,550
Others	lar	226,969	226,969				226,969
Other current financial assets	lar	27,978	27,978				27,978
Other non-current financial assets	lar/afs/fahft						
Investments	afs	269,874	8,720	261,154			269,874
Purchase price receivable	fahft	23,180			23,180		23,180
Others	lar	15,014	15,014				15,014
Financial liabilities							
Trade accounts payable	flac	-394,581	-394,581				-394,581
Liabilities due to banks	flac	-2,210,776	-2,210,776				-2,217,305
Other financial liabilities	flhft/flac/n/a						
Finance leases	n/a	-95,529				-95,529	-99,635
Purchase price payable	flhft	-4,605			-4,605		-4,605
Others	flac	-162,788	-162,788				-162,788
Of which aggregated acc. to valuation categories:							
Loans and receivables (lar)	lar	606,543	606,543	0	0	0	606,543
Available-for-sale (afs)	afs	269,874	8,720	261,154	0	0	269,874
Financial assets held for trading (fahft)	fahft	23,180			23,180		23,180
Financial liabilities measured at amortized cost (flac)	flac	-2,768,145	-2,768,145	0	0	0	-2,774,674
Financial liabilities held for trading (flhft)	flhft	-4,605	0	0	-4,605	0	-4,605
Finance leases	n/a	-34,565	0	0	0	-34,565	-36,084

With the exception of trade accounts receivable in connection with finance leases, cash and cash equivalents, trade accounts receivable, and other current financial assets mostly have short remaining terms. Their carrying values on the balance sheet date are thus similar to fair value.

In the case of the remaining other non-current assets carried at amortized cost, it is assumed that their carrying values correspond to fair value.

Trade accounts payable mostly have short remaining terms. Their carrying amounts on the balance sheet date are thus similar to fair value. The same applies to current liabilities due to banks.

The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Due to changed interest rates, there are slight deviations between the carrying amount and fair value of receivables and liabilities in connection with finance leases.

In the case of the remaining other non-current financial liabilities carried at amortized cost, it is assumed that their carrying values correspond to fair value.

Hierarchy of assets and liabilities measured at fair value:

	As of June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**As of Dec. 31, 2016**	**Level 1**	**Level 2**	**Level 3**
	€k	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**	**€k**
Available-for-sale financial assets								
Listed shares	261,154	261,154			264,839	264,839		
Financial assets held for trading								
Purchase price receivable				23,180				
Financial liabilities held for trading								
Purchase price payable				-4,605				

The hierarchy for determining and disclosing the fair value of financial instruments by valuation technique did not change from that used as of December 31, 2016.

19. Transactions with related parties

IAS 24 defines related parties as those persons and companies that control or can exert a significant influence over the other party. Mr. Ralph Dommermuth, the major shareholder, as well as the members of the Management Board and Supervisory Board of United Internet AG, were classified as related parties.

There were no changes to the circle of related parties as compared with the consolidated financial statements as at December 31, 2016.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board as of June 30, 2017 is shown in the following table:

Management Board	**Shares (units)**
Ralph Dommermuth	82,000,000
Robert Hoffmann	211,907
Jan Oetjen	63,721
Frank Krause	920
Martin Witt	21,195
Total	**82,297,743**

Supervisory Board	**Shares (units)**
Kurt Dobitsch	-
Kai-Uwe Ricke	-
Michael Scheeren	300,000
Total	**300,000**

United Internet´s premises in Montabaur and Karlsruhe are leased in part from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 4,370k in the reporting period (prior year: € 4,095k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

20. Subsequent events

Drillisch AG

As part of the step-by-step acquisition of 1&1 Telecommunication SE by Drillisch AG under the umbrella of United Internet AG, 97.85% of the represented share capital at the Extraordinary General Meeting of Drillisch on July 25, 2017 voted in favor of the proposed capital increase by way of non-cash contribution.

On May 12, 2017, United Internet AG and Drillisch AG had announced the signing of an agreement in principle concerning the step-by-step contribution of 1&1 Telecommunication SE to Drillisch via two capital increases. The first capital increase by way of a non-cash contribution was already completed in May 2017. As a result, Drillisch acquired around 7.75% of shares in 1&1 Telecommunication SE and in return issued around nine million new shares of Drillisch AG to United Internet. The second capital increase was subject to the approval of the above mentioned Extraordinary General Meeting.

The capital increase approved on July 25, 2017 will take effect on entry in the Commercial Register, which is expected by the end of the year. Once this has been completed, Drillisch will hold all shares in 1&1 Telecommunication SE. In return, United Internet's stake in Drillisch AG will increase to over 73% – including shares tendered in the course of the takeover offer.

ProfitBricks GmbH

In late July 2017, United Internet AG reached an agreement with the other shareholders of ProfitBricks GmbH, a technologically leading cloud hosting specialist, regarding the complete acquisition of the company. United Internet has held a stake in ProfitBricks since 2010 (previous shareholding 44.42%) and is now acquiring the remaining 55.58% of shares from the other shareholders. The complete takeover will strengthen United Internet's activities with Business Applications and expand its leading position in Europe for cloud hosting.

Based in Berlin, ProfitBricks was founded in 2010 and employs over 120 people from more than 20 nations. The company is the first and only specialized cloud computing provider of Infrastructure-as-a-Service (IaaS) in Germany and offers professional public and hybrid cloud solutions which comply with the strict German and European data privacy guidelines. ProfitBricks GmbH operates four data centers in Frankfurt am Main, Karlsruhe, Las Vegas, USA, and New Jersey, USA.

The share purchase was approved by the German Federal Cartel Office ("Bundeskartellamt") on August 7, 2017.

Merger of affilinet GmbH and Awin AG

United Internet and Axel Springer plan to create a joint affiliate network by merging their companies affilinet and Awin. A corresponding agreement was signed on August 2, 2017.

As part of the transaction, United Internet will contribute its affiliate marketing business operated by subsidiary affilinet GmbH to AWIN AG in return for 20% of Awin shares. Prior to closing the transaction, Axel Springer SE will acquire the shares in AWIN AG currently still held by Swisscom and thus hold 80% of AWIN AG shares after the transaction.

The merger will enable United Internet and Axel Springer SE to significantly strengthen their competitive standing in affiliate marketing and thus lay the foundation for accelerated growth in Germany and abroad.

The transaction is subject to approval by the relevant anti-trust authorities.

There were no other significant events subsequent to the reporting period which may have resulted in a different representation of the Company's financial position and performance.

Montabaur, 10. August 2017

United Internet AG

Ralph Dommermuth   Robert Hoffmann   Frank Krause

Jan Oetjen   Martin Witt

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give, in compliance with generally accepted accounting principles, a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Montabaur, August 10, 2017

The Management Board

Ralph Dommermuth Robert Hoffmann Frank Krause

Jan Oetjen Martin Witt

NET INCOME

Quarterly development in € million

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q2 2016
Sales	947.5	980.0	952.7	1,001.4	947.1
Cost of sales	-622.1	-618.1	-611.2	-661.7	-626.0
Gross profit	**325.4**	**361.9**	**341.5**	**339.7**	**321.0**
Selling expenses	-122.2	-125.1	-135.7	-135.3	-132.9
General and administrative expenses	-44.4	-46.5	-42.8	-42.4	-46.1
Other operating expenses / income	5.7	-13.3	2.9	-2.6	6.5
Operating result	**164.5**	**177.0**	**165.9**	**159.4**	**148.6**
Financial result	-7.3	-5.6	-7.4	-8.0	-4.6
Amortization of financial assets	0.0	0.0	-19.8	0.0	-98.0
Result from associated companies	-0.8	0.2	0.7	0.5	1.0
Pre-tax result	**156.4**	**171.6**	**139.4**	**151.9**	**47.0**
Income taxes	-47.0	-52.9	-48.5	-60.8	-43.2
Net income before non-controlling interests	**109.4**	**118.7**	**90.9**	**91.1**	**3.9**
Net income from dicountinued operations	0.2	1.9	1.8	0.8	0.7
Net income before non-controlling Interests	**109.6**	**120.6**	**92.7**	**91.9**	**4.6**
Attributable to					
non-controlling interests	0.1	0.0	1.6	7.9	0.1
shareholders of United Internet AG	109.5	120.6	91.2	84.1	4.5
Result per share of shareholders of United Internet AG (in €)					
- basic	0.54	0.59	0.46	0.42	0.46
- diluted	0.54	0.59	0.45	0.42	0.46
Result per share for continuing operations (in€)					
- basic	0.54	0.58	0.45	0.42	0.02
- diluted	0.54	0.58	0.44	0.42	0.02
Result per share for discontinued operations (in €)					
- basic	0.00	0.01	0.01	0.00	0.00
- diluted	0.00	0.01	0.01	0.00	0.00

FINANCIAL CALENDAR

March 3, 2017	Annual financial statements for fiscal year 2016 press and analyst conference
May 15, 2017	Interim Statement for the first quarter 2017
May 18, 2017	Annual Shareholders´ Meeting, Alte Oper, Frankfurt/Main
August 10, 2017	6-Month Report 2017 press and analyst conference
November 14, 2017	Interim Statement for the first 9 months 2017

IMPRINT

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Registry court: Montabaur HRB 5762

Due to calculation processes, tables and references may produce rounding differences from the mathematically exact values (monetary units, percentage statements, etc.).

This 6-Month Report is available in German and English. Both versions can also be downloaded from www.united-internet.de. In all cases of doubt, the German version shall prevail.

United Internet AG

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