9-Month Report

2015

united internet

Selected key figures

	2015 Jan. – Sept.	2014 Jan. – Sept.	Change
Net income (in € million)			
Sales	2,754.8	2,170.9	+ 26.9%
EBITDA	555.0	379.8	+ 46.1%
EBIT	392.0	313.7	+ 25.0%
EBT	382.9	303.4	+ 26.2%
EPS (in €)	1.34	1.08	+ 24.1%
EPS before PPA amortization (in €)	1.46	1.11	+ 31.5%
Balance sheet (in € million)			
Current assets	447.9	460.1	– 2.7%
Non-current assets	3,119.4	1,388.9	+ 124.6%
Equity	1,053.2	837.2	+ 25.8%
Equity ratio	29.5%	45.3%	
Total assets	3,567.3	1,849.0	+ 92.9%
Cash flow (in € million)			
Operative cash flow	394.2	285.2	+ 38.2%
Cash flow from operating activities	720.7[2]	274.0	+ 163.0%
Cash flow from investing activities	–535.2	–348.5	
Free cash flow[1]	631.2[2]	239.8	+ 163.2%
Employees			
Total at the end of September	7,873	6,834	+ 15.2%
thereof in Germany	6,377	5,175	+ 23.2%
thereof abroad	1,496	1,659	– 9.8%
Share (in €)			
Share price at the end of September (Xetra)	45.27	33.70	+ 34.3%
Customer contracts (in million)			
Access, total contracts	7.52	6.10	+ 1.42
thereof Mobile Internet	3.25	2.37	+ 0.88
thereof DSL complete (ULL)	4.02	3.41	+ 0.61
thereof T-DSL / R-DSL	0.25	0.32	– 0.07
Business Applications, total contracts	5.77	5.82	– 0.05
thereof in Germany	2.37	2.43	– 0.06
thereof abroad	3.40	3.39	+ 0.01
Consumer Applications, total accounts	34.75	33.99	+ 0.76
thereof with Premium Mail subscription	1.78	1.85	– 0.07
thereof with Value-Added subscription	0.36	0.34	+ 0.02
thereof free accounts	32.61	31.80	+ 0.81

(1) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

(2) Cash flow from operating activities and free cash flow in the first nine months of 2015 include the capital gains tax refund of € 326.0 million

Content

Dear shareholders, employees and business associates of United Internet,

United Internet AG can look back on a successful first nine months of its fiscal year 2015. Once again we achieved strong improvements in the number of customer contracts, sales, and key earnings ratios.

We continued to invest heavily in new customer relationships in the first nine months of 2015 and raised the number of our contracts by 650,000 to 15.43 million as of 30 September 2015.

This customer growth was driven by our Access segment where we gained 730,000 customer contracts in the first nine months of 2015, of which 650,000 were Mobile Internet contracts and 80,000 DSL contracts. All in all, this is 170,000 contracts more than in the same period last year (560,000). The number of customers in this segment has thus grown to a total of 7.52 million.

As a result of dynamic customer growth and the consolidation of Versatel (acquired on October 1, 2014), sales of the Access segment rose by 37.4% in the first nine months of 2015, from € 1,481.7 million in the previous year to € 2,035.2 million (thereof € 387.5 million from the Versatel consolidation). Despite heavy investments in customer growth and the full expensing of smartphone subsidies in the even faster growing Mobile Internet business (+650,000 contracts in the first nine months of 2015 compared to +390,000 in the first nine months of 2014), there was also further strong growth in the key earnings figures of the Access segment. Specifically, segment EBITDA increased by 61.1%, from € 213.9 million in the previous year to € 344.6 million (thereof € 101.6 million from the Versatel consolidation) and segment EBIT improved by 17.4%, from € 193.3 million to € 226.9 million.

In the Applications segment, we focused on expanding our business with existing customers and gaining high-quality customer relationships in the first nine months of 2015. With this in mind, we raised domain prices in our non-European markets as planned in the third quarter of 2015 and initiated a streamlining of our contracts – especially in the low-margin “domainer” client group. This measure led to fewer new domain contracts and a higher churn rate among existing domain contracts, thereby reducing our stock of contracts by 40,000 to 5.77 million contracts. As these domain contracts generally have a minimum term of 12 months, we also expect an impact on the number of our domain contracts in the fourth quarter of 2015 and in the first two quarters of 2016. At the same time, less aggressive promotion prices will have a positive effect on earnings in future.

In the field of Consumer Applications, we continued to focus on monetizing our accounts via advertising in the first nine months of 2015 – in view of further strong demand for online advertising. As in the previous year, we therefore limited the ad space for our own pay products in the reporting period. Consequently, our stock of fee-based accounts fell by 40,000 to 2.14 million, while at the same time the number of ad-financed free accounts rose by 810,000 year on year to 32.61 million active accounts. In the seasonally strong fourth quarter, we expect further growth in free accounts and a renewed increase in the number of pay accounts, which is likely to offset the above mentioned decline in fee-based accounts.

The successful expansion of our business with existing customers, our focus on high-quality customer relationships and the encouraging monetization of our free accounts via advertising are illustrated by the sales and earnings figures of our Applications segment. In the first nine months of 2015, sales rose by 7.7%, from € 688.7 million last year to € 741.7 million. Key earnings figures easily outpaced this growth in sales. Segment EBITDA rose by 21.6%, from € 171.6 million in the previous year to € 208.6 million, while Segment EBIT increased by 29.7%, from € 126.1 million to € 163.6 million.

The strong development of our two segments is also apparent in sales and earnings at Group level. Consolidated sales in the first nine months of 2015 set a new record of € 2.755 billion – corresponding to year-on-year growth of 26.9%.

Our EBITDA result increased by 46.1%, from € 379.8 million to € 555.0 million. This figure includes two special items affecting EBITDA: one-off income of € 5.6 million from the sale of our shares in the Goldbach Group AG and – as already mentioned in the half-yearly financial report 2015 – an amount of € 8.1 million from selling part of our shareholding in virtual minds AG.

EBIT increased by 25.0%, from € 313.7 million to € 392.0 million. Earnings per share (EPS) improved by 24.1%, from € 1.08 last year to € 1.34. Before amortization from purchase price allocations (PPA), which mainly relate to the Versatel acquisition, EPS rose by 31.5%, from € 1.11 to € 1.46.

With the figures achieved for customer contracts, sales and earnings in the first nine months of 2015, we are well on track to meet our targets once again in 2015.

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 company's successful first nine months, we would like to express our particular gratitude to all employees for their dedicated efforts as well as to our shareholders and customers for their continued trust in United Internet AG.

Montabaur, November 17, 2015

Ralph Dommermuth

Group management report for the first 9 months of 2015

Principles of the Group

Business model

Founded in 1988 and headquartered in Montabaur, Germany, United Internet AG is Europe's leading internet specialist with 15.43 million fee-based customer contracts and 32.61 million ad-financed free accounts around the world.

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

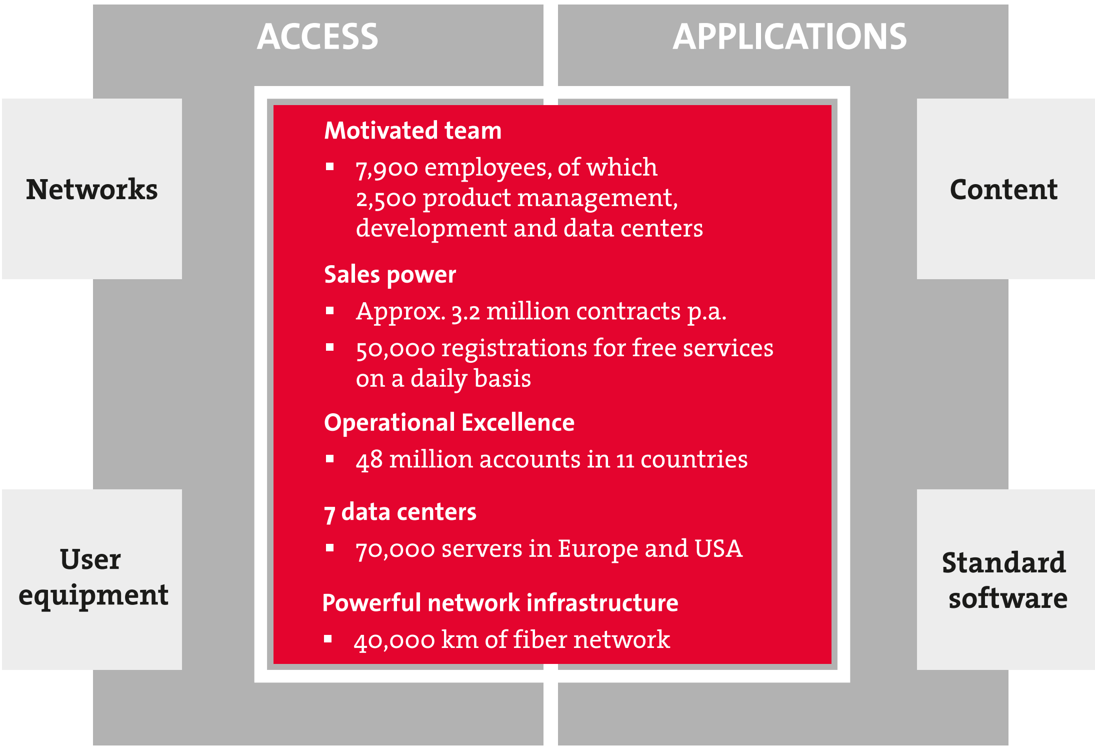
The **Access segment** comprises the Group's fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony, video-on-demand or IPTV). In addition to these products for home users and small firms, the company also offers – since the complete takeover of Versatel on October 1, 2014 – data and network solutions for SMEs, as well as infrastructure services for large corporations. United Internet operates exclusively in Germany in its Access segment, where it is one of the leading providers. The company uses the Versatel 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, 1&1, and Versatel which enable the company to offer a comprehensive range of products while also targeting specific customer groups. With a current length of 40,287 km (31 December 2014: 39,318 km), the Versatel network is Germany's second-largest fiber-optic network. With its own network infrastructure, United Internet also has the opportunity to gradually extend its vertical integration and reduce its purchases of DSL pre-services.

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 seven data centers. In its Applications segment, United Internet is also a leading player with activities in European countries (Germany, France, the UK, Italy, Austria, Poland, Switzerland and Spain) as well as North America (Canada, Mexico and the USA). Applications are marketed to specific target groups via the differently positioned brands GMX, mail.com, WEB.DE, 1&1, Arsys, InterNetX, Fasthosts and united-domains. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

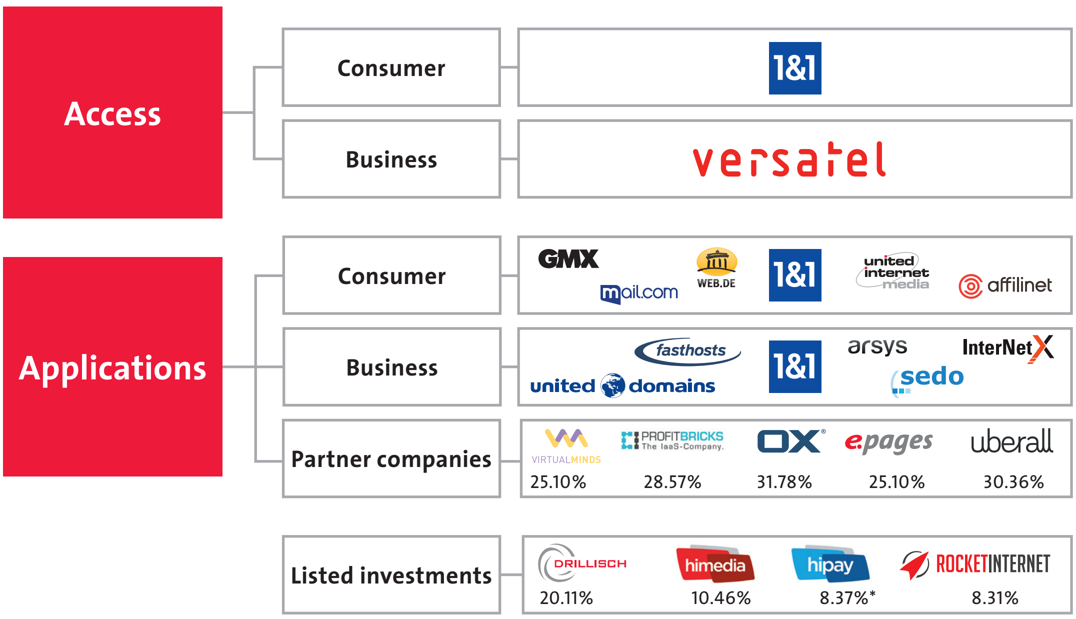
Group structure, strategy and control

With reference to the Group's structure, strategy and control, we refer to the explanations provided in the combined Management Report 2014 (Annual Report 2014, pages 28 et seq.). There have been no significant changes from the Group perspective.

Business model



Brands and investments (as of September 30, 2015)



* Spin-off by Hi-Media S.A.

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 2,500 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 nine months of 2015:

- Roll-out of 1&1 Business DSL
- Expansion of digital service platform (Self Center)
- Roll-out of the new 1&1 Cloud Server
- Launch of List Local in the USA
- New version of 1&1 Dedicated Server
- Launch of version 8 of 1&1 MyWebsite
- Roll-out of end-to-end encryption for WEB.DE and GMX email as well as for De-Mail

General economic, sector and legal conditions

Macroeconomic development

The International Monetary Fund (IMF) is becoming increasingly downbeat in its assessment of growth prospects for the **global economy** in 2015. In its latest projection for 2015 (World Economic Outlook, Update October 2015), the Fund downgraded its forecast by a further 0.2 percentage points to 3.1% – 0.4 percentage points less than in its January forecast. The IMF believes that the risks for growth are greater than at the beginning of the year and cites in particular the problematic economic transformation of China, the strong fall in commodity prices, and the anticipated change in US interest rate policy.

The IMF paints a varied picture for the United Internet Group's main target markets in the first nine months and has made corresponding adjustments to its forecasts. Whereas the economies of the North American target countries all performed much worse than expected, almost all the European target countries (with the exception of the UK) achieved stronger growth.

Specifically, the IMF has downgraded its growth forecast for the **USA** (compared to the January outlook) by 1.0 percentage points to 2.6%. The IMF's outlook for **Canada** and **Mexico** has also been downgraded by 1.3 percentage points to 1.0% and by 0.9 percentage points to 2.3%, respectively.

For the **eurozone**, however, the IMF raised its forecast during the year by 0.3 percentage points to 1.5%. The forecasts were upgraded for **France** by 0.3 percentage points to 1.2%, for **Spain** by 1.1 percentage points to 3.1%, and for **Italy** by 0.4 percentage points to 0.8%. For the non-eurozone nation **UK**, the IMF expects growth of 2.5% – down 0.2 percentage points from the beginning of the year. For United Internet's most important market, **Germany** (share of sales in 2014: 88.7%), the IMF downgraded its outlook slightly by 0.1 percentage points to 1.5% in October. However, this is still 0.2 percentage points more than it forecast at the beginning of the year.

	January forecast	April forecast	July forecast	October forecast	Change on January
World	3.5%	3.5%	3.3%	3.1%	– 0.4 percentage points
USA	3.6%	3.1%	2.5%	2.6%	– 1.0 percentage points
Canada	2.3%	2.2%	1.5%	1.0%	– 1.3 percentage points
Mexico	3.2%	3.0%	2.4%	2.3%	– 0.9 percentage points
Eurozone	1.2%	1.5%	1.5%	1.5%	+ 0.3 percentage points
France	0.9%	1.2%	1.2%	1.2%	+ 0.3 percentage points
Spain	2.0%	2.5%	3.1%	3.1%	+ 1.1 percentage points
Italy	0.4%	0.5%	0.7%	0.8%	+ 0.4 percentage points
UK	2.7%	2.7%	2.4%	2.5%	– 0.2 percentage points
Germany	1.3%	1.6%	1.6%	1.5%	+ 0.2 percentage points

Source: International Monetary Fund, World Economic Outlook (update), October 2015

Germany's strong progress in the first nine months of 2015 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 gross domestic product (GDP) growth of 0.3% for the first quarter of 2015 and 0.4% growth in both the second and third quarters of 2015.

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

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
BIP	+ 0.7%	– 0.2%	+ 0.1%	+ 0.7%	+ 0.3%	+ 0.4%	+ 0.4%

Source: German Institute for Economic Research (DIW); status: October 28, 2015

Sector development

Following a successful first six months of 2015, Germany's high-tech companies are also very optimistic on the whole about their prospects for the remaining months of the year. According to the latest survey (June/July 2015) of the German ICT sector, conducted by the country's high-tech sector association BITKOM, 74% of all IT and telecommunication companies interviewed expect sales to rise in the second half of 2015 and only 9% of companies expect sales to fall.

Legal conditions / significant events

In the first nine months of 2015, the legal parameters for United Internet's business activities remained largely unchanged from fiscal year 2014 and thus had no significant influence on the development of the United Internet Group.

Business development of the Group

Development of the Access segment

As a result of dynamic customer growth and the consolidation of Versatel (acquired on October 1, 2014), **sales** of the **Access segment** rose by 37.4% in the first nine months of 2015, from € 1,481.7 million in the previous year to € 2,035.2 million (thereof € 387.5 million from the Versatel consolidation).

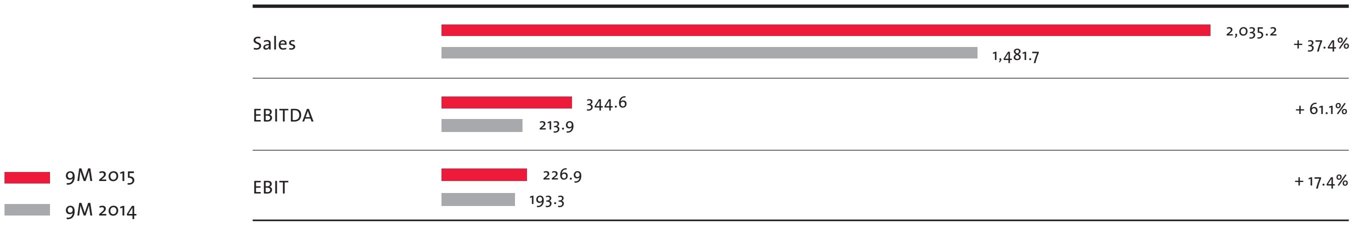
Despite heavy investment in customer growth and the full expensing of smartphone subsidies in the ever faster growing Mobile Internet business (+650,000 contracts in the first nine months of 2015 compared to +390,000 in the first nine months of 2014), there was also further strong growth in key earnings figures.

Specifically, **segment EBITDA** increased by 61.1%, from € 213.9 million in the previous year to € 344.6 million (thereof € 101.6 million from the Versatel consolidation) and **segment EBIT** improved by 17.4%, from € 193.3 million to € 226.9 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 (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

Due in particular to the complete acquisition of Versatel and transfers from the Applications segment, the number of **employees** in the Access segment rose by 65.7%, from 1,989 as of September 30, 2014 to 3,295 on September 30, 2015.

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



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

	Q4 2014 [1]	Q1 2015 [2]	Q2 2015	Q3 2015	Q3 2014	Change
Sales	653.4	662.2	676.5	696.5	509.2	+ 36.8%
EBITDA	116.9	109.2	108.4	127.0	85.9	+ 47.8%
EBIT	74.5	69.9	68.6	88.4	79.5	+ 11.2%

(1) Q4 2014 without one-off income from Versatel acquisition (EBITDA and EBIT effect: €+112.6 million)
(2) Q1 2015 segment sales adjusted

Historical development of key sales and earnings figures (in € million)

	9M 2011	9M 2012	9M 2013	9M 2014	9M 2015
Sales	1,008.2	1,169.0	1,321.9	1,481.7	2,035.2
EBITDA	109.1	145.5	175.9	213.9	344.6
EBITDA margin	10.8%	12.4%	13.3%	14.4%	16.9%
EBIT	87.2	125.2	154.7	193.3	226.9
EBIT margin	8.6%	10.7%	11.7%	13.0%	11.1%

The number of fee-based **Access contracts** rose by 730,000 contracts in the first nine months of 2015. All in all, this is 170,000 contracts more than in the same period last year (560,000). Of this total, the segment added 650,000 new customer contracts in its Mobile Internet business and thus raised the number of customers to 3.25 million. There was also growth in complete DSL contracts with the addition of 130,000 customer contracts to reach a total of 4.02 million. As expected, the number of customer contracts for those business models being phased out (T-DSL and R-DSL) continued to fall (-50,000 customer relationships). The total number of DSL contracts therefore grew by a further 80,000 contracts to 4.27 million. The number of customers in this segment rose to a total of 7.52 million.

Development of Access contracts in the first nine months of 2015 (in million)

	Sept. 30, 2015	Dec. 31, 2014	Change
Access, total contracts	7.52	6.79	+ 0.73
thereof Mobile Internet	3.25	2.60	+ 0.65
thereof DSL complete (ULL)	4.02	3.89	+ 0.13
thereof T-DSL / R-DSL	0.25	0.30	– 0.05

Development of Access contracts in the third quarter of 2015 (in million)

	Sept. 30, 2015	June 30, 2015	Change
Access, total contracts	7.52	7.24	+ 0.28
thereof Mobile Internet	3.25	2.99	+ 0.26
thereof DSL complete (ULL)	4.02	3.99	+ 0.03
thereof T-DSL / R-DSL	0.25	0.26	– 0.01

Development of the Applications segment

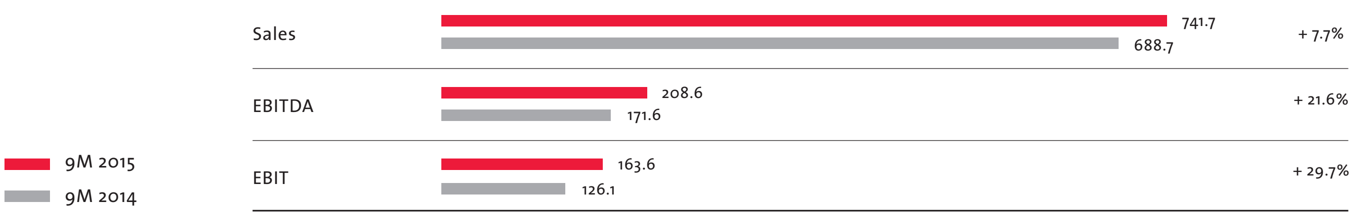
By successfully expanding our business with existing customers, focusing on high-quality customer relationships, and increasingly monetizing our free accounts via advertising, **sales** of the **Applications segment** rose by 7.7% in the first nine months of 2015, from € 688.7 million in the previous year to € 741.7 million. Of this total, **sales generated abroad** increased by 10.4%, from € 258.4 million to € 285.3 million.

Key earnings figures easily outpaced this growth in sales. **Segment EBITDA** rose by 21.6%, from € 171.6 million in the previous year to € 208.6 million, while **Segment EBIT** increased by 29.7% from € 126.1 million to € 163.6 million.

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

Due in particular to internal staff transfers, the number of **employees** in the Applications segment changed by 7.4%, from 4,809 as of 30 September 2014 to 4,451 as of 30 September 2015.

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



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

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change
Sales	240.7	247.5	249.3	244.9	227.8	+ 7.5%
EBITDA	57.0	68.2	67.8	72.6	58.2	+ 24.7%
EBIT	44.8	53.3	53.0	57.3	42.5	+ 34.8%

Historical development of key sales and earnings figures (in € million)

	9M 2011	9M 2012	9M 2013	9M 2014	9M 2015
Sales	528.7	597.4	633.0	688.7	741.7
EBITDA	153.0	92.1	111.8	171.6	208.6
EBITDA margin	28.9%	15.4%	17.7%	24.9%	28.1%
EBIT	112.7	44.0	63.2	126.1	163.6
EBIT margin	21.3%	7.4%	10.0%	18.3%	22.1%

In the Applications segment, the company already made changes to its sales and marketing measures for **Business Applications** in fiscal year 2014. As part of this change, there is currently more focus 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 (e.g. De-Mail business or the new 1&1 Cloud Server). With this in mind, United Internet raised domain prices in its non-European markets as planned in the third quarter of 2015 and initiated a streamlining of contracts – especially in the low-margin "domainer" client group. This measure led to fewer new domain contracts and a higher churn rate among existing domain contracts, thereby reducing the stock of contracts by 40,000 to 5.77 million contracts.

As these domain contracts generally have a minimum term of 12 months, the company also expects an impact on the number of domain contracts in the fourth quarter of 2015 and in the first two quarters of 2016. At the same time, less aggressive promotion prices will have a positive effect on earnings in future.

Development of Business Applications contracts in the first nine months of 2015 (in million)

	Sept. 30, 2015	Dec. 31, 2014	Change
Business Applications, total contracts	5.77	5.81	– 0.04
thereof in Germany	2.37	2.42	– 0.05
thereof abroad	3.40	3.39	+ 0.01

Development of Business Applications contracts in the third quarter of 2015 (in million)

	Sept. 30, 2015	June 30, 2015	Change
Business Applications, total contracts	5.77	5.81	– 0.04
thereof in Germany	2.37	2.38	– 0.01
thereof abroad	3.40	3.43	– 0.03

In the field of **Consumer Applications**, the main focus in the first nine months of 2015 was on monetizing accounts via advertising – in view of further strong demand for online advertising. As in the previous year, the ad space for the company's own pay products was therefore limited in the reporting period. Consequently, the stock of fee-based accounts fell by 40,000 to 2.14 million, while at the same time the number of active free accounts rose by 490,000 in the period under review to 32.61 million. This also represents an increase in active free accounts of 810,000 over the comparable figure on 30 September 2014.

In the seasonally strong fourth quarter, the company expects further growth in free accounts and a renewed increase in the number of pay accounts, which is likely to offset the above mentioned decline in fee-based accounts.

Development of Consumer Applications accounts in the first nine months of 2015 (in million)

	Sept. 30, 2015	Dec. 31, 2014	Change
Consumer Applications, total accounts	34.75	34.30	+ 0.45
thereof with Premium Mail subscription	1.78	1.84	- 0.06
thereof with Value-Added subscription	0.36	0.34	+ 0.02
thereof free accounts	32.61	32.12	+ 0.49

Development of Consumer Applications accounts in the third quarter of 2015 (in million)

	Sept. 30, 2015	June 30, 2015	Change
Consumer Applications, total accounts	34.75	34.11	+ 0.64
thereof with Premium Mail subscription	1.78	1.81	- 0.03
thereof with Value-Added subscription	0.36	0.35	+ 0.01
thereof free accounts	32.61	31.95	+ 0.66

Significant changes in investments

The United Internet investment **Rocket Internet SE** (formerly Rocket Internet AG) conducted a capital increase for cash contribution with partial use of Authorized Capital on February 13, 2015. The capital increase raised the company's capital stock from € 153,130,566 to € 165,140,790. The new shares were offered exclusively to institutional investors by means of a private placement and accelerated bookbuilding process. The 12,010,224 new shares were allocated at a placement price of € 49.00 per share. In the course of this capital increase, United Internet acquired 1,201,000 Rocket shares for a total of around € 58.8 million and now holds 8.31% of shares in Rocket (December 31, 2014: 8.18%).

On April 10, 2015, United Internet sold its 898,970 shares in **Goldbach Group AG** over the counter at a price of CHF 21.00 or € 20.14 per share and thus received total proceeds of CHF 18.9 million or € 18.2 million (EBITDA-effective: € 5.6 million).

On April 27, 2015, United Internet announced that on that day it had contractually secured – via its subsidiary United Internet Ventures – the purchase of an approx. 9.1% equity stake in **Drillisch AG**. After approval by the relevant anti-trust authorities and closing of the share purchase, United Internet AG had a total indirect holding of 20.7% (currently: 20.11% after capital increase of Drillisch AG). United Internet regards Drillisch AG as a well-positioned company with promising market opportunities. The product portfolio and target groups of Drillisch AG fit well with the Access business of the United Internet Group. As a strategic shareholder, United Internet will accompany the further development of Drillisch AG and profit from its growth. However, United Internet AG does not currently intend to acquire an equity stake of 30% or more in Drillisch AG – which would oblige it to submit a mandatory bid to all other shareholders of Drillisch AG – nor to make a voluntary takeover bid.

In late June 2015, the ProSiebenSat.1 Group announced it would acquire – as the second strategic investor – a 51.00% stake in **virtual minds AG** (subject to approval by the relevant anti-trust authorities). United Internet had already held a stake in this company since 2008 and will continue to hold a stake of 25.10% (previously: 48.65%) even after the investment by ProSiebenSat.1. The company's founders and management team will also continue to hold shares in the company. Following anti-trust approval, United Internet received proceeds of € 13.4 million from the share sale on September 4, 2015 (EBITDA-effective: € 8.1 million).

At the end of the first half-year 2015, the listed United Internet investment **Hi-Media S.A.** (10.46%) span off its activities in the field of online payment to create the company **HiPay Group**, which it also listed on the Paris stock exchange. Following the transaction, United Internet now also owns an 8.37% stake in HiPay.

On July 10, 2015, United Internet reached an agreement with the owners of home.pl S.A. (Stettin, Poland) – led by the private equity fund V4C Eastern Europe – regarding the acquisition of all shares in **home.pl** by the United Internet subsidiary 1&1 Internet SE. home.pl employs 240 people and currently has over 300,000 customers. With sales of around € 25 million and EBITDA of around € 10 million expected for 2015, it is the market leader in the Polish webhosting market. The purchase price for 100% of shares in home.pl is around € 135 million – subject to adjustments on closing – and will be settled in cash. The interest-bearing liabilities of the company (approx. € 20 million) will be redeemed when the deal is closed. The share purchase is still subject to the usual approval of the relevant anti-trust authorities. It is planned that home.pl will continue to operate as an independent company under the leadership of its current management team. Together with the United Internet brand 1&1, which has already been operating in Poland since 2010, the aim is to gain further ground on the Polish market.

Now that the European webhosting market has largely been carved up, United Internet plans to focus more on acquisitions in future – in addition to organic growth. With its successful takeovers in the past years of InterNetX, Sedo, Fasthosts, united-domains, Arsys and now home.pl, United Internet has already gained extensive experience in this field. Against this backdrop, United Internet AG has decided to **examine the possibility of an IPO for its "Business Applications" division**, for which it expects sales of around € 600 million in fiscal 2015. Should the result of this examination be positive, an IPO is to be launched in mid-2017. Separate access to the capital market and Applications shares as an additional acquisition currency would make it easier to fund takeovers from equity, as sellers often want to retain an investment in the sector with part of their sales proceeds in order to benefit from future growth and the economies of scale offered by the combined company.

Share and dividend

With growth of 20.8% to € 45.27 as of September 30, 2015 (December 31, 2014: € 37.49), United Internet's **share price** continued to rise in the first nine months of 2015. Compared to September 30, 2014 (€ 33.70), the share's performance reached 34.3%.

Share development

	Sept. 30, 2011	Sept. 30, 2012	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2015
Closing price (Xetra)	12.73 €	15.87 €	28.00 €	33.70 €	45.27 €
Performance	+ 7.3%	+ 24.7%	+ 76.4%	+ 20.4%	34.3%
Number of shares	215 million	215 million	194 million	205 million	205 million
Market value	2.74 billion €	3.41 billion €	5.43 billion €	6.91 billion €	9.28 billion €

United Internet AG continued its shareholder-friendly dividend policy in 2015. At the Annual Shareholders' Meeting held on May 21, 2015, shareholders voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.60 (prior year: € 0.40) per share for the fiscal year 2014. A total dividend payment of € 122.3 million was made on May 22, 2015 – this corresponds to 27.3% of consolidated net income after tax for 2014 or 43.0% of adjusted consolidated net income for 2014. The dividend ratio was thus slightly above the 20-40% of adjusted consolidated net income targeted by the company's dividend policy (unless funds are required for further company development). Based on the closing price of the United Internet share on September 30, 2015, the dividend yield was 1.3%.

Dividend development

	For 2010	For 2011	For 2012	For 2013	For 2014
Dividend per share	0.20 €	0.30 €	0.30 €	0.40 €	0.60 €
Dividend payment	42.0 million €	58.1 million €	58.0 million €	77.5 million €	122.3 million €
Payout ratio	32.4%	35.8%	53.6%	37.4%	27.3%
Adjusted payout ratio (1)	32.4%	35.8%	37.5%	37.4%	43.0%
Dividend yield (2)	1.6%	1.9%	1.1%	1.2%	1.3%

(1) Without special items: Sedo impairments 2012; one-off income from Versatel acquisition and optimization of investment portfolio 2014
(2) As of: 30 September

Position of the Group

Earnings position

United Internet AG can look back on a successful first nine months of its fiscal year 2015. Thanks to the further strong year-on-year increase in customer figures and the consolidation of Versatel (acquired on October 1, 2014), **consolidated sales** grew by 26.9% in the first nine months of 2015, from € 2,170.9 million in the previous year to € 2,754.8 million (thereof € 387.5 million from the Versatel consolidation). Sales of the Access segment improved by 37.4%, from € 1,481.7 million to € 2,035.2 million, while sales of the Applications segment rose by 7.7%, from € 688.7 million to € 741.7 million. **Sales outside Germany** (exclusively in the Applications segment) were increased by 10.4%, from € 258.4 million to € 285.3 million.

United Internet continued to invest heavily in **new customer relationships** in the first nine months of 2015 and raised the number of contracts to 15.43 million as of September 30, 2015 (September 30, 2014: 14.11 million). This customer growth was driven by the Access segment which added 730,000 customer contracts in the first nine months of 2015, of which 650,000 were Mobile Internet contracts and 80,000 DSL contracts. All in all, this is 170,000 contracts more than in the same period last year (560,000).

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

Due to the **consolidation of Versatel**, the following cost items and their relationship to sales (cost ratios) are only comparable with the prior-year figures to a limited extent.

The **cost of sales** rose from € 1,424.9 million (65.6% of sales) last year to € 1,855.9 million (67.4% of sales) in the first nine months of 2015. The main reason was the significant increase in the cost of goods for consumer products in the Access segment, as well as the changed product and margin mix caused by Versatel's business products. The increase in cost of goods for consumer products resulted in particular from the recognition of smartphone subsidies for the Mobile Internet business as a result of accelerated customer acquisition activities (+650,000 contracts in the first nine months of 2015 compared to +390,000 in the first nine months of 2014) as well as intensified efforts to convert existing customers to higher-value tariffs. **Gross margin** fell accordingly from 34.4% in the previous year to 32.6%. As a result, the 20.5% increase in **gross profit**, from € 746.0 million last year to € 898.9 million, lagged behind the sales growth.

Sales and marketing expenses grew more slowly than sales, from € 340.6 million (15.7% of sales) in the prior-year period to € 401.7 million (14.6% of sales). The higher selling expenses ratio of the previous year resulted mainly from the marketing campaign in the first half of 2014 for DSL premium tariffs.

Administrative expenses rose from € 98.2 million (4.5% of sales) in the previous year to € 129.5 million (4.7% of sales) in the first nine months of 2015.

Development of key cost items (in € million)

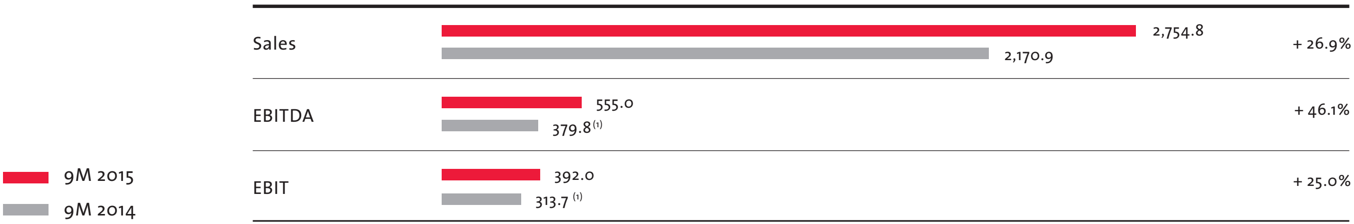
	9M 2011	9M 2012	9M 2013	9M 2014 (1)	9M 2015
Cost of sales	1,018.5	1,166.5	1,292.7	1,424.9	1,855.9
Cost of sales ratio	66.3%	66.0%	66.1%	65.6%	67.4%
Gross margin	33.7%	34.0%	33.9%	34.4%	32.6%
Selling expenses	240.3	340.5	351.6	340.6	401.7
Selling expenses ratio	15.6%	19.3%	18.0%	15.7%	14.6%
Administrative expenses	71.3	79.7	87.2	98.2	129.5
Administrative expenses ratio	4.6%	4.5%	4.5%	4.5%	4.7%

(1) 9M 2014 adjusted retrospectively (see Annual Report 2014, 2.2 "Effects of new or amended IFRS", p. 145 et seq.)

Key earnings figures at Group level grew even faster than sales: **EBITDA** increased by 46.1% in the first nine months of 2015, from € 379.8 million to € 555.0 million (thereof € 101.6 million from the Versatel consolidation). This figure includes two special items affecting EBITDA: one-off income of € 5.6 million from the sale of shares in Goldbach Group AG and an amount of € 8.1 million from selling part of the shareholding in virtual minds AG.

EBIT improved by 25.0%, from € 313.7 million to € 392.0 million and **EBT** by 26.2%, from € 303.4 million to € 382.9 million. **EPS** rose by 24.1%, from € 1.08 to € 1.34. Before amortization from purchase price allocations (PPA), which mainly relate to the Versatel acquisition, EPS grew by 31.5%, from € 1.11 to € 1.46.

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



(1) 9M 2014 without one-off income from contribution of GFC investments to Rocket (EBITDA and EBIT effect: € +71.5 million)

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

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change
Sales	894.1	905.1	918.3	931.4	737.3	+ 26.3%
EBITDA	171.7 (2)	173.5	177.8	203.7	142.2 (1)	+ 43.2%
EBIT	116.9 (2)	119.1	123.2	149.7	120.2 (1)	+ 24.5%

(1) Q3 2014 without one-off income from contribution of GFC investments to Rocket (EBITDA and EBIT effect: € +71.5 million)
(2) Q4 2014 without one-off income from Versatel acquisition and portfolio optimization (EBITDA and EBIT effect: € +114.6 million)

Historical development of key sales and earnings figures (in € million)

	9M 2011	9M 2012	9M 2013	9M 2014	9M 2015
Sales	1,537.1	1,766.6	1,955.1	2,170.9	2,754.8
EBITDA	270.8 (1)	261.1	237.7	280.5 (3)	555.0
EBITDA margin	19.2%	17.0%	13.5%	14.3%	20.1%
EBIT	210.6 (1)	198.8 (2)	169.2	210.6 (3)	392.0
EBIT margin	14.9%	12.9%	9.6%	10.8%	14.2%

(1) 9M 2011 without sale of Versatel shares (EBITDA and EBIT effect: € +24.8 million)
(2) 9M 2012 without Sedo impairments (EBIT effect: € -46.3 million)
(3) 9M without one-off income from contribution of GFC investments to Rocket (EBITDA and EBIT effect: € +71.5 million)

Financial position

Thanks to the positive development of earnings, **operative cash flow** rose strongly from € 285.2 million in the previous year to € 394.2 million in the first nine months of 2015.

Due in part to a tax refund of € 326.0 million at the end of the first quarter of 2015, following a capital gains tax payment made in late 2014 in connection with corporate restructuring, **net cash inflows from operating activities** also rose strongly to € 720.7 million (prior year: € 274.0 million).

Net cash outflows from investing activities amounted to € 535.2 million in the reporting period (prior year: € 384.5 million). This resulted mainly from disbursements for capital expenditures amounting to € 98.7 million (prior year: € 38.5 million), disbursements for investments in other financial assets of € 58.9 million (especially for the increase in shares held in Rocket Internet during this company's capital increase), and disbursements for the acquisition of shares in associated companies of € 417.8 million (especially for the stake in Drillisch). There was an opposing effect from payments received for the sale of associated companies amounting to € 13.3 million (part of the shareholding in virtual minds), and proceeds from the sale of financial assets totaling € 18.2 million (especially the sale of shares in Goldbach). Apart from capital expenditures, net cash outflows from investing activities in the previous year were dominated by disbursements for the acquisition of shares in associated companies of € 21.5 million (investments in ePages and favor.it labs, as well as investments via Global Founders Capital No. 1), and investments in other financial assets of € 334.5 million (mainly the investment in Rocket Internet).

Free cash flow (i.e. net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment) rose to € 631.2 million (prior year: 239.8 million) due in part to the tax refund. Adjusted for capital gains tax, free cash flow rose from € 239.8 million to € 305.2 million. Due to planned tax payments in the fourth quarter, adjusted free cash flow for the full year is expected to be clearly above € 300 million.

Net cash flow for financing activities in the first nine months of 2015 was dominated by the redemption of loans amounting to € 18.0 million (prior year: take-up of € 3.0 million), the redemption of finance lease liabilities of € 11.9 million (prior year: € 0), and the dividend payment of € 122.3 million (prior year: € 7.3 million). In addition to dividend payments, net cash flow for financing activities in the previous year was dominated in particular by the purchase of treasury shares amounting to € 32.5 million as well as – with an opposing effect – the net proceeds from the capital increase amounting to € 348.4 million.

Cash and cash equivalents amounted to € 85.2 million as of September 30, 2015 – compared to € 169.5 million on the same date last year.

Historical development of key cash flow figures (in € million)

	9M 2011	9M 2012	9M 2013	9M 2014	9M 2015
Operative cash flow	189.4	168.4	185.2	285.2	394.2
Cash flow from operating activities	152.9	184.9	196.9	274.0	720.7 (2)
Cash flow from investing activities	–3.6	–39.3	–192.4	–384.5	–535.2
Free cash flow (1)	122.8	143.2	155.3	239.8	631.2 (2)
Cash flow from financing activities	–162.5	–165.6	6.8	235.6	–152.1
Cash and cash equivalents on September 30	82.7	45.5	53.8	169.5	85.2

(1) Free cash flow is defined as net cash inflows from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment

(2) Including the capital gains tax refund of € 326.0 million

Asset position

The **balance sheet total** increased from € 3.673 billion as of December 31, 2014 to € 3.567 billion as of September 30, 2015.

Current assets decreased from € 744.1 million as of December 31, 2014 to € 447.9 million on September 30, 2015. **Cash and cash equivalents** disclosed under current assets rose from € 50.8 million to € 85.2 million. Due to the expansion of business, **trade accounts receivable** increased to € 213.9 million (December 31, 2014: € 193.1 million). The same applies to **current prepaid expenses**, which rose from € 66.6 million to € 77.6 million. **Other non-financial assets** decreased (due in particular to the capital gains tax refund in late March) from € 377.5 million to € 24.1 million.

Non-current assets rose from € 2,929.3 million as of December 31, 2014 to € 3,119.4 million as of September 30, 2015. Within the items **property, plant and equipment and intangible assets**, additions of € 98.7 million (for furniture and fixtures, as well as software), were opposed by depreciation and amortization of € 163.0 million. **Goodwill** was largely unchanged at € 978.0 million. **Shares in associated companies** rose strongly from € 34.9 million to € 467.2 million (due mainly to the investment in Drillisch). The non-current **other financial assets** fell from € 695.3 million to € 420.8 million – due to the sale of shares in Goldbach and subsequent valuation of listed shares in Rocket, HiMedia and HiPay as of September 30, 2015. **Prepaid expenses**, which mainly result from advance payments made in connection with long-term purchasing agreements, rose from € 37.1 million to € 105.2 million.

Current liabilities rose from € 887.6 million as of December 31, 2014 to € 929.0 million on September 30, 2015. Due to closing-date effects, current **trade accounts payable** fell from € 356.1 million to € 350.8 million. Short-term **bank liabilities** were reduced from € 30.1 million to almost € 0. **Accrued taxes** rose from € 139.2 million to € 185.5 million. As a result of business expansion, **advance payments received** and **deferred revenue** rose from € 11.8 million to € 15.1 million and from € 210.6 million to € 218.3 million, respectively.

Non-current liabilities increased from € 1,581.1 million as of December 31, 2014 to € 1,585.1 million on September 30, 2015. Long-term **bank liabilities** rose only slightly from € 1,343.9 million to € 1,355.8 million (despite increased shareholdings in Rocket and Drillisch). **Deferred tax liabilities** fell from € 73.6 million to € 70.4 million and other **financial liabilities** from € 99.2 million to € 92.9 million.

As a result of the dividend payment in May 2015, the Group's **equity capital** decreased from € 1,204.7 million as of December 31, 2014 to € 1,053.2 million on September 30, 2015. There was a corresponding decline in the **equity ratio** from 32.8% to 29.5%. At the end of the reporting period on September 30, 2015, United Internet held 967,018 **treasury shares** (December 31, 2014: 1,232,338).

Net bank liabilities (i.e. bank liabilities netted with cash and cash equivalents) fell from € 1,323.2 million as of December 31, 2014 to € 1,270.6 million on September 30, 2015.

Historical development of key balance sheet figures (in € million)

	31.12.2011	31.12.2012	31.12.2013	31.12.2014	30.09.2015
Total assets	1,187.0	1,107.7	1,270.3	3,673.4	3,567.3
Cash and cash equivalents	64.9	42.8	42.8	50.8	85.2
Shares in associated companies	33.6	90.9 (1)	115.3	34.9 (1)	467.2
Other (non-current) financial assets	102.6	70.1 (2)	47.6	695.3 (2)	420.8
Property, plant and equipment	110.9	109.2	116.2	689.3	666.0
Intangible assets	187.4	151.8	165.1	385.5	350.3
Goodwill	401.3	356.2 (3)	452.8 (3)	977.0 (3)	978.0
Bank liabilities	524.6	300.3 (4)	340.0	1,374.0 (4)	1,355.8
Capital stock	215.0	215.0	194.0 (5)	205.0 (5)	205.0
Treasury stock	270.8	263.6	5.2 (6)	35.3	27.5
Equity	154.8	198.1	307.9	1,204.7	1,053.2
Equity ratio	13.0%	17.9%	24.2%	32.8%	29.5%

(1) Repurchase of Versatel shares via Versatel's holding company (2012); contribution of EFF funds to Rocket (Rocket disclosed under other financial assets (2014); share purchase Drillisch (2015)
(2) Sale of Freenet shares (2012); investment in Rocket (2014); increased stake in Rocket and purchase of Drillisch shares (Q1 2015)
(3) Decrease due to impairment charges for Sedo Holding (2012); increase due to Arsys acquisition (2013); increase due to Versatel acquisition (2014)
(4) Decrease due to repayment of loans (2012); increase due to Rocket investment and Versatel acquisition (2014)
(5) Decrease due to share cancellation (2013)
(6) Increase due to capital increase (2014)

Management Board's overall statement on the current business situation

United Internet continued to invest heavily in new customer relationships in the first nine months of 2015 and raised the number of contracts to 15.43 million as of September 30, 2015 (September 30, 2014: 14.11 million). This customer growth was driven by the Access segment which added 730,000 customer contracts in the first nine months of 2015, of which 650,000 were Mobile Internet contracts and 80,000 DSL contracts. All in all, this is 170,000 contracts more than in the same period last year (560,000). With this strong increase in customer contracts, sales growth of 26.9% to € 2.755 billion, and an improvement in EBITDA of 46.1% to € 555 million, United Internet continued its very dynamic development in the first nine months of 2015.

At the same time, further heavy investments were made in new 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 nine months of 2015 and the investments already made, the Management Board believes that the company is well on track to meet its targets and very well positioned for further growth.

Personnel report

As a result of the ongoing expansion of business, there was a further increase in headcount in the first nine months of 2015. As of September 30, 2015, United Internet employed a total of 7,873 people. Compared to the previous year (6,834 employees), headcount increased by 1,039 staff or 15.2% – due in part to the complete takeover of Versatel on October 1, 2014.

Of this total, 3,295 people were employed in the Access segment (prior year: 1,989), 4,451 in the Applications segment (prior year: 4,809) and 127 at the Group's headquarters (prior year: 36). The strong increase in staff at the Group's headquarters results from the transfer of employees from sub-groups who already performed corporate functions.

Headcount in Germany rose by 1,202 or 23.2%, from 5,175 employees in the previous year to 6,377 on September 30, 2015. At the Group's companies outside Germany, headcount fell to 1,496 (prior year: 1,659).

Headcount development (by segment and domestic/foreign); change over previous year

	30.09.2011	30.09.2012	30.09.2013 (1)	30.09.2014	30.09.2015	Change
Employees, total	5,407	6,110	6,670	6,834	7,873	+ 15.2%
thereof in Germany	4,259	4,767	5,019	5,175	6,377	+ 23.2%
thereof abroad	1,148	1,343	1,651	1,659	1,496	– 9.2%
Access segment	1,773	1,905	1,984	1,989	3,295	+ 65.7%
Applications segment	3,605	4,174	4,653	4,809	4,451	– 7.4%
Headquarters	29	31	33	36	127	+ 252.7%

(1) As of June 30, 2013, the headcount statistics no longer include inactive employees

Largely as a result of the Versatel acquisition, personnel expenses increased sharply by 29.0% in the first nine months of 2015, from € 250.0 million in the previous year to € 322.6 million. The personnel expense ratio rose year on year by 0.2 percentage points to 11.7%.

Development of personnel expenses (in € million); change over previous year

	9M 2011	9M 2012	9M 2013	9M 2014	9M 2015	Change
Personnel expenses	167.6	202.6	228.6	250.0	322.6	29.0%
Personnel expense ratio	10.9%	11.5%	11.7%	11.5%	11.7%	

Change in the Management Board

On April 23, 2015, United Internet announced that its long-serving Chief Financial Officer (CFO), **Mr. Norbert Lang**, was to leave the company at his own request on June 30, 2015. After 21 years in the United Internet Group, 13 years of which as CFO, Norbert Lang has decided to create more free time for private matters and new projects.

The company's Supervisory Board has been able to engage the services of **Mr. Frank Krause** (50) as the new CFO of United Internet AG. After studying business administration, Frank Krause began his career in the Controlling division of Mannesmann Mobilfunk (D2) in 1992. From 1999 to 2007, he was Head of Controlling at the Mannesmann (and later Vodafone) subsidiary Arcor, before serving as Director of Controlling & Regions (Mobile & Fixed-Line) at Vodafone Germany from 2007 to mid 2009. In addition to day-to-day operations, he was responsible there for the financial aspects of Arcor's integration into the Vodafone Group. From mid 2009 to the end of 2013, Frank Krause worked for Vodafone in Hungary and Turkey. In July 2009, he was appointed CFO of Vodafone Hungary and in September 2012 he took over the CFO position at Vodafone Turkey. Since the beginning of 2014, Frank Krause and his family have been back in Germany, where he served on the Management Board of Vodafone Germany with responsibility for Strategy & Corporate Development focusing on the integration of Kabel Deutschland into the Vodafone Group. Throughout the 23 years or so of his professional career, Frank Krause has also served on the supervisory boards of numerous companies belonging to the Vodafone Group. He has sat on the supervisory boards of Netcom Kassel, Vodafone Hungary, Vodafone Cyprus, Vodafone Germany and Vodafone Operations Center Hungary, as well as Kabel Deutschland.

Subsequent events

There were no significant events subsequent to the reporting date of September 30, 2015 which had a material effect on the company's financial position and performance or affected the company's accounting and reporting.

Statements on the economic position of the United Internet Group at the time of preparing this Management Report can be found in the "Forecast Report".

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 nine months of 2015, the overall risk and opportunity situation remained mostly stable compared with the risk and opportunity report provided in the Annual Financial Statements 2014, although certain risks grew slightly due to the expansion of business. 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 Management Report, 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", "complexity and manipulability of hardware and software used", "political and legal" risks, as well as risks from the fields of "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.

Forecast report

Economic prospects

After the first nine months of 2015, the International Monetary Fund (IMF) updated its forecasts for the world's economies in its "World Economic Outlook" (October 2015 update). In this update, the IMF downgraded its 2015 growth forecast for the **global economy** by 0.2 percentage points to 3.1%. This is 0.4 percentage points less than in the Fund's January outlook.

The IMF paints a varied picture for the United Internet Group's main target markets in the first nine months of 2015 and has made corresponding adjustments to its forecasts. Whereas the forecasts for all **North American target countries** were downgraded, the IMF upgraded all its forecasts for the **European target countries** with the exception of the UK.

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

	2016e	2015e	2014
World	3.6%	3.1%	3.4%
USA	2.8%	2.6%	2.4%
Canada	1.7%	1.0%	2.4%
Mexico	2.8%	2.3%	2.1%
Eurozone	1.6%	1.5%	0.9%
France	1.5%	1.2%	0.2%
Spain	2.5%	3.1%	1.4%
Italy	1.3%	0.8%	– 0.4%
UK	2.2%	2.5%	3.0%
Germany	1.6%	1.5%	1.6%

Source: International Monetary Fund, World Economic Outlook (Update), October 2015

Sector and market expectations

Further international and national growth is forecast for the IT and telecommunications industry (ICT) in 2015. According to the German industry association BITKOM (annual CeBIT press conference 2015), the global ICT market is likely to grow by 3.8% to € 2.89 trillion in 2015. BITKOM expects the ICT market in the EU to grow by 0.3% in 2015.

The total market for IT, telecommunications and digital consumer electronics in Germany is expected to grow by 1.4% to € 155.5 billion in 2015.

Within the overall market, the IT sector is set to enjoy the strongest growth of 3.2% to € 80.3 billion. According to the BITKOM forecast, the telecommunications market will experience slight growth again of 0.2% to € 65.4 billion, following two years of falling sales. The decline in sales of consumer electronics is expected to continue, albeit at a slower pace. BITKOM forecasts a fall in sales of -2.9% to € 9.9 billion in 2015.

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

	2015e	2014	Change
Total ICT market	155.5	153.3	+ 1.4%
thereof IT sub-market	80.3	77.8	+ 3.2%
thereof telecommunications sub-market	65.4	65.3	+ 0.2%
thereof consumer electronics sub-market	9.9	10.2	– 2.9%

Source: BITKOM

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

German broadband market

In view of the comparatively high level of household coverage of over 80% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based). According to the survey "German Entertainment and Media Outlook 2014-2018" (December 2014), for example, PricewaterhouseCoopers expects growth of just 1.6% to € 7.86 billion in 2015.

Market forecast: broadband access (fixed-line) in Germany (in € billion)

	2015e	2014	Change
Sales	7.86	7.74	+ 1.6%

Source: PricewaterhouseCoopers

German mobile internet market

All experts predict further growth for the mobile internet market, however. Following market growth of 5.4% to € 9.7 billion in 2014, the industry association BITKOM also expects mobile data services to grow by 6.2% to € 10.3 billion in 2015.

This growth will be driven above all by the boom in smartphones and tablet PCs and the respective applications (or apps). Despite an already high level of market penetration, BITKOM for example forecasts further growth in smartphone sales of 4.2% to 24.6 million units in 2015 (following 23.6 million in 2014).

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

	2015e	2014	Change
Sales	10.3	9.7	+ 6.2%

Source: BITKOM / European Information Technology Observatory (EITO)

Cloud computing market

In an update of its study "Forecast Analysis: Public Cloud Services, Worldwide" (November 2014), Gartner forecasts global growth for public cloud services of 16.9%, from $ 152.8 billion to $ 178.6 billion in 2015.

Market forecast: global cloud computing (in $ billion)

	2015e	2014	Change
Global sales of public cloud services	178.6	152.8	+ 16.9%
thereof business process services (BPaaS)	40.7	37.0	+ 10.0%
thereof application services (SaaS)	32.5	26.7	+ 21.7%
thereof application infrastructure services (PaaS)	4.2	3.3	+ 27.3%
thereof system infrastructure services (IaaS)	17.0	12.5	+ 36.0%
thereof management and security services	5.5	4.4	+ 25.0%
thereof cloud advertising	78.8	68.9	+ 14.4%

Source: Gartner

Online advertising market in Germany

Advertisers continued to display a strong willingness to invest in online advertising activities in 2014.

Experts also forecast further growth in 2015. In its study "German Entertainment and Media Outlook 2014–2018" (December 2014), PricewaterhouseCoopers expects an increase of 7.0% to € 5.93 billion. Strong growth is expected once again for mobile online advertising and video advertising with increases of 33.3% and 22.2%, respectively.

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

	2015e	2014	Change
Online advertising revenues	5.93	5.54	+ 7.0%
thereof search marketing	2.79	2.64	+ 5.7%
thereof display advertising	1.45	1.40	+ 3.6%
thereof affiliate / classifieds	0.97	0.94	+ 3.2%
thereof mobile online advertising	0.40	0.30	+ 33.3%
thereof video advertising	0.33	0.27	+ 22.2%

Source: PricewaterhouseCoopers

Expectations for the company

Focus areas in fiscal year 2015

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

In view of its product strategy based on transparency and flexibility, with innovative products offering excellent value for money, United Internet believes it is well positioned in its **Access segment**. In the fiscal year 2015, further contract and revenue growth for consumer products is expected from the marketing of DSL connections and Mobile Internet products. 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). With regard to Versatel’s business products, the focus will lie on voice, data and network solutions for SMEs, 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 private 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 2015 will continue to be on the monetization of free accounts via advertising and secure e-mail communication. A further expansion of the “E-Mail made in Germany” initiative launched in August 2013 in cooperation with Deutsche Telekom is targeted. In the field of Business Applications, further exploitation of the existing target markets is planned. 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 De-Mail business or the new 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 – organically or via acquisitions and investments.

Forecast for fiscal year 2015

With the figures achieved for customer contracts, sales and earnings in the first nine months of 2015, United Internet AG is well on track to meet its targets once again in 2015.

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 net income 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 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. And with the investments made over the past few years in customer relationships, new business fields and internationalization, as well as via acquisitions and investments, the company has laid a broad foundation for its planned future growth.

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

After coming first in the "connect" fixed-line network test, United Internet has restructured its advertising budget for year-end business with a slight shift from Mobile Internet products to DSL products. Against this backdrop, somewhat slower growth is now expected for Mobile Internet products and slightly stronger growth for DSL products in the Access segment during the fourth quarter. Moreover, sales of business products for SMEs and large corporations under the Versatel brand are to be expanded.

In addition to the German access market, international business with cloud applications also promises strong potential for the medium- and long-term growth of the company. In the case of Consumer Applications, the company will again focus on secure e-mail communication and the monetization of free accounts via advertising in the fourth quarter of 2015. In the field of Business Applications, the main emphasis will be placed once again on expanding business with existing customers and gaining new high-quality customer relationships. In view of the existing broad product portfolio, as well as new products such as the 1&1 Cloud Server and De-Mail business, the Management Board believes the company is well placed to participate in the expected market growth.

Following a successful first nine months, the company's Management Board believes that the company is well on track (at the time of preparing this Management Report) to reach its forecasts (August forecasts) for the full year 2015 – as presented in the table below.

Full-year 2015 forecast for United Internet AG

	12 / 2014 (1)	March forecast 2015	August forecast 2015
Fee-based customer contracts	14.78 million	+ approx. 0.80 million	+ approx. 0.88 million
Sales	€ 3.065 billion	+ approx. 20%	+ approx. 20%
EBITDA	€ 551.5 million	+ approx. 40% €	+ approx. 40% €

(1) As of Dec. 31, 2014 without one-off income from Versatel acquisition and portfolio optimization

Forward-looking statements
This Management 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 report.

Financial Statements

Balance Sheet

as of September 30, 2015 in €k

	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	85,208	50,829
Trade accounts receivable	213,883	193,142
Inventories	32,214	42,630
Prepaid expenses	77,639	66,627
Other financial assets	14,913	13,444
Other non-financial assets	24,079	377,474
	447,936	744,146
Non-current assets		
Shares in associated companies	467,187	34,932
Other financial assets	420,794	695,287
Property, plant and equipment	665,997	689,302
Intangible assets	350,296	385,474
Goodwill	977,962	977,043
Trade accounts receivable	35,090	23,506
Prepaid expenses	105,246	37,097
Deferred tax asset	96,836	86,638
	3,119,408	2,929,279
Total assets	**3,567,344**	**3,673,425**

	September 30, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	350,827	356,141
Liabilities due to banks	6	30,061
Advance payments received	15,103	11,766
Accrued taxes	185,475	139,246
Deferred revenue	218,334	210,586
Other accrued liabilities	10,906	12,561
Other financial liabilities	131,738	94,817
Other non-financial liabilities	16,619	32,378
	929,008	887,556
Non-current liabilities		
Liabilities due to banks	1,355,819	1,343,941
Deferred tax liabilities	70,389	73,576
Trade accounts payable	3,864	4,193
Deferred revenue	27,078	24,295
Other accrued liabilities	35,041	35,894
Other financial liabilities	92,911	99,241
	1,585,102	1,581,140
Total liabilities	**2,514,110**	**2,468,696**
Equity		
Capital stock	205,000	205,000
Additional paid-in capital	371,928	369,353
Accumulated profit	604,556	460,671
Treasury stock	–27,547	–35,335
Revaluation reserves	–96,479	216,745
Currency translation adjustment	–5,038	–12,446
Equity attributable to shareholders of the parent company	**1,052,420**	**1,203,988**
Minority interests	814	741
Total equity	**1,053,234**	**1,204,729**
Total liabilities and equity	**3,567,344**	**3,673,425**

Net Income

from January 1 to September 30, 2015 in €k

	2015 January – September	2014 January – September
Sales	2,754,822	2,170,859
Cost of sales	–1,855,882	–1,424,873
Gross profit	**898,940**	**745,986**
Selling expenses	–401,748	–340,563
General and administrative expenses	–129,501	–98,243
Other operating income / expenses	24,354	77,984
Operating result	**392,045**	**385,164**
Financial result	–7,913	–6,710
Results from associated companies	–1,267	–3,566
Pre-tax result	**382,865**	**374,888**
Income taxes	–108,859	–94,772
Net income before non-controlling interests	**274,006**	**280,116**
Attributabel to		
- non-controlling interests	73	182
- shareholders of United Internet AG	273,933	279,934

	2015 January – September	2014 January – September
Result per share of shareholders of United Internet AG (in €)		
- basic	1.34	1.44
- diluted	1.33	1.43
Weighted average shares (in million units)		
- basic	203.88	193.99
- diluted	205.21	195.64
Statement of comprehensive income		
Net income	274,006	280,116
Items that may be reclassified subsequently to profit or loss		
- currency translation adjustment – unrealized	7,408	6,790
- Market value changes of available-for-sale financial instruments before taxes – unrealized	–318,004	4,221
- Tax effect	4,780	–63
- Change in cash flow hedge reserve before taxes – unrealized	0	1,154
- Tax effect	0	–346
Other comprehensive income	–305,816	11,756
Total comprehensive income	**–31,810**	**291,872**
Attributable to		
- minority interests	73	182
- shareholders of United Internet AG	–31,883	291,690

Cash Flow

from January 1 to September 30, 2015 in €k

	2015 January – September	2014 January – September
Cash flow from operating activities		
Net income	274,006	280,116
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	127,866	59,754
Amortization of assets resulting from company acquisitions	35,112	6,393
Compensation expenses from employee stock option plans	2,575	2,300
Results of at-equity companies	1,267	3,566
Distributed profit from associated companies	0	84
Income from disposal of associated companies	0	–71,466
Change in deferred taxes	–12,140	3,297
Other non-cash items	–34,532	1,190
Operative cash flow	**394,154**	**285,234**
Change in assets and liabilities		
Change in receivables and other assets	–1,791	–30,305
Change in inventories	10,416	3,915
Change in deferred expenses	–79,160	–30,167
Change in trade accounts payable	–5,657	–9,262
Change in advance payments received	3,337	–284
Change in other accrued liabilities	–2,507	2,052
Change in accrued taxes	46,228	23,895
Change in other liabilities	20,811	15,419
Change in deferred income	8,825	13,511
Change in assets and liabilities, total	**502**	**–11,226**
Cash flow from operating activities (before capital gains tax payment)	**394,656**	**274,008**
Capital gains tax payment	326,013	0
Cash flow from operating activities	**720,669**	**274,008**

	2015 January – September	2014 January – September
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–98,697	–38,513
Payments from disposals of intangible assets and property, plant and equipment	9,227	4,333
Purchase of shares in associated companies	–417,781	–21,528
Refunding from shares in associated companies	0	6,553
Investments in other financial assets	–58,852	–334,469
Payments of loans granted	–953	–2,184
Payments from loans granted	250	0
Payments of disposal of associated companies	13,303	0
Payments from disposal of financial assets	18,165	0
Refunding from other financial assets	159	1,290
Cash flow from investment activities	**–535,179**	**–384,518**
Cash flow from financing activities		
Capital increase	0	348,399
Purchase of treasury shares	0	–32,452
Repayment / Taking out of loans	–17,968	2,954
Redemption of finance lease liabilities	–11,861	0
Dividend payments	–122,260	–77,304
Dividend payments to non-controlling interests	0	–1,359
Purchase of further shares in affiliated companies	0	–4,678
Cash flow from financing activities	**–152,089**	**235,560**
Net increase in cash and cash equivalents	33,401	125,050
Cash and cash equivalents at beginning of fiscal year	50,829	42,775
Currency translation adjustments of cash and cash equivalents	978	1,724
Cash and cash equivalents at end of fiscal year	**85,208**	**169,549**

Changes in Shareholders’ Equity

from January 1 to September 30, 2015 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2014	**194,000,000**	**194,000**	**27,702**	**104,819**	**244,265**	**–5,178**
Net income				279,934		
Other net income						
Total net income				**279,934**		
Capital increase	11,000,000	11,000	337,399			
Purchase of treasury shares					1,083,424	–32,452
Issue of treasury shares				–5,061	–182,923	5,061
Employee stock ownership program United Internet			2,300			
Dividend payments				–77,304		
Profit distributions						
Change in amount of holdings				–1,435		
Balance as of September 30, 2014	**205,000,000**	**205,000**	**367,401**	**300,953**	**1,144,766**	**–32,569**
Balance as of January 1, 2015	**205,000,000**	**205,000**	**369,353**	**460,671**	**1,232,338**	**–35,335**
Net income				273,933		
Other net income						
Total net income				**273,933**		
Issue of treasury shares				–7,788	–265,320	7,788
Employee stock ownership program United Internet			2,575			
Dividend payments				–122,260		
Balance as of September 30, 2015	**205,000,000**	**205,000**	**371,928**	**604,556**	**967,018**	**–27,547**

Revaluation reserve	Cash flow hedge reserve	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
9,074	**–5,376**	**–19,698**	**305,343**	**2,510**	**307,853**
			279,934	182	280,116
4,158	808	6,790	11,756		11,756
4,158	**808**	**6,790**	**291,690**	**182**	**291,872**
			348,399		348,399
			–32,452		–32,452
			0		0
			2,300		2,300
			–77,304		–77,304
			0	–168	–168
			–1,435	–1,901	–3,336
13,232	**–4,568**	**–12,908**	**836,541**	**623**	**837,164**
216,745	**0**	**–12,446**	**1,203,988**	**741**	**1,204,729**
			273,933	73	274,006
–313,224		7,408	–305,816		–305,816
–313,224	**0**	**7,408**	**–31,883**	**73**	**–31,810**
			0		0
			2,575		2,575
			–122,260		–122,260
–96,479	**0**	**–5,038**	**1,052,420**	**814**	**1,053,234**

Explanations for the 9-month report

1. Information on the company

United Internet AG 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, 2014, the Interim Report of United Internet AG as of September 30, 2015 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, 2015 to September 30, 2015 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, 2014. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the Condensed Consolidated Interim Report generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

The Annual Improvement Project 2011–2013 had no material impact on the Consolidated Interim Financial Statements of the Company.

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.

Miscellaneous

The Consolidated Interim Report includes all subsidiaries and associated companies.

The following company was acquired and renamed in the reporting period 2015:
- 1&1 Internet SE, Montabaur (100.0%)
(formerly Atrium 74. Europäische VV SE, Berlin)

The following company was founded in the reporting period 2015:
- United Internet Service Holding GmbH, Montabaur (100.0%)

The following companies were renamed in the reporting period:
- 1&1 Telecommunication SE, Montabaur (100.0%)
(formerly 1&1 Telecommunication Holding SE, Montabaur)
- 1&1 Mail & Media Applications SE, Montabaur (100.0%)
(formerly United Internet Mail & Media SE, Montabaur)

The following companies were merged with existing Group companies in the reporting period 2015:
- 1&1 Internet Service Holding GmbH, Montabaur (100.0%)
- 1&1 Internet AG, Montabaur (100.0%)
- 1&1 Mail & Media Holding GmbH, Montabaur (100.0%)
- 1&1 Telecommunication AG, Montabaur (100.0%)
- GMX & WEB.DE Mail & Media SE, Montabaur (100.0%)
- United Internet Dialog GmbH, Montabaur (100.0%)
- mySRL GmbH, Regensburg (100.0%)
- TLDDOT GmbH, Regensburg (53.5%)
- Versatel Hanse GmbH, Munich (100.0%)
- Versatel Service Nord GmbH & Co. KG, Düsseldorf (100.0%)
- Versatel Service BreisNet GmbH & Co. KG, Düsseldorf (100.0%)
- Versatel Service West GmbH & Co. KG, Düsseldorf (100.0%)
- Versatel Service Ost GmbH & Co. KG, Düsseldorf (100.0%)

Otherwise, the consolidated group remained largely unchanged from that stated in the Consolidated Financial Statements as at December 31, 2014.

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

3. Investments in companies

On April 10, 2015, United Internet sold its 898,970 shares (14.96%) in Goldbach Group AG, Küsnacht-Zurich / Switzerland, over the counter at a price of CHF 21.00 or € 20.14 per share and thus for a total of CHF 18.9 million or € 18.2 million. The share sale resulted in other operating income of € 5,569k.

On April 27, 2015, United Internet AG announced that on that day it had contractually secured – via its subsidiary United Internet Ventures AG – the purchase of an approx. 9.1% equity stake in Drillisch AG, Maintal. Following approval by the relevant anti-trust authorities and closing of the share purchase transaction, United Internet AG had a total indirect holding of 20.7% in Drillisch AG – including shares already acquired. The company has been included in the consolidated financial statements of United Internet AG as an associated company since the purchase of the 9.1% stake in Drillisch AG.

At the end of the first half-year 2015, the listed United Internet investment HiMedia S.A. (10.46%) span off its activities in the field of online payment to create the company HiPay Group, which it also took public. Following the transaction, United Internet also owns an 8.37% stake in HiPay. The investments are carried as other financial assets.

At the end of June 2015, the ProSiebenSat.1 Group announced that it had acquired – as the second strategic investor – a 51.00% stake in virtual minds AG (subject to the approval of the relevant anti-trust authorities). United Internet had already held a stake in this company since 2008 and will continue to hold a stake of 25.10% (previously: 48.65%) even after the investment by ProSiebenSat.1. Following approval by the anti-trust authorities, United Internet received proceeds of € 13.4 million.

On July 10, 2015, United Internet AG reached an agreement with the owners of home.pl S.A. (Stettin, Poland) – led by the private equity fund V4C Eastern Europe – regarding the acquisition of all shares in home.pl by United Internet's subsidiary 1&1 Internet SE. The price for 100% of home.pl shares is around € 135 million – subject to adjustments on closing – and will be settled in cash. The company's interest-bearing liabilities (approx. € 20 million) will be redeemed on closing. The share purchase is still subject to the usual approval of the relevant anti-trust authorities. Because of the not occurred approval there are no further IFRS 3 statements.

Explanation of items in the statement of comprehensive income

4. 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 in the reporting period of 2015 and 2014 was as follows:

January – September 2015	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
External revenues	2,035,245	741,678	6,858	–28,959	2,754,822
- thereof domestic	2,035,245	456,372	6,858	–28,959	2,469,516
- thereof non-domestic	0	285,306	0	0	285,306
EBITDA	344,647	208,608	1,768	0	555,023
EBIT	226,857	163,643	1,545	0	392,045
Financial result			7,845	–15,758	–7,913
Result from at-equity companies			–3,332	2,065	–1,267
EBT			6,058	376,807	382,865
Tax expense				–108,859	–108,859
Net income					**274,006**
Investments in intangible assets, property, plant and equipment	73,308	36,248	121	–	109,677
Amortization/depreciation	117,790	44,965	223	–	162,978
- thereof intangible assets, property, plant and equipment	88,295	39,348	290	–	127,933
- thereof assets capitalized during company acquisitions	29,495	5,617	0	–	35,112
Number of employees	3,295	4,451	127	–	7,873
- thereof domestic	3,264	2,986	127	–	6,377
- thereof non-domestic	31	1,465	0	–	1,496

January – September 2014	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
External revenues	1,481,717	688,656	4,043	–3,557	2,170,859
- thereof domestic	1,481,717	430,298	4,043	–	1,916,058
- thereof non-domestic	0	258,358	0	–	258,358
EBITDA	213,851	171,564	65,896	0	451,311
EBIT	193,255	126,147	65,762	0	385,164
Financial result			–7,448	738	–6,710
Result from at-equity companies			–3,729	163	–3,566
EBT			54,585	320,303	374,888
Tax expense				–94,772	–94,772
Net income					**280,116**
Investments in intangible assets, property, plant and equipment	5,455	32,586	472	–	38,513
Amortization/depreciation	20,596	45,417	134	–	66,147
- thereof intangible assets, property, plant and equipment	20,596	39,024	134	–	59,754
- thereof assets capitalized during company acquisitions	0	6,393	0	–	6,393
Number of employees	1,989	4,809	36	–	6,834
- thereof domestic	1,919	3,220	36	–	5,175
- thereof non-domestic	70	1,589	0	–	1,659

5. Personnel expenses

Personnel expenses amounted to € 322,563k in the reporting period of 2015 (prior year: € 250,012k). At the end of September 2015, United Internet employed a total of 7,873 people, of which 1,496 were employed outside Germany. The number of employees at the end of September 2014 amounted to 6,834, of which 1,659 were employed outside Germany.

6. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 127,866k (prior year: € 59,754k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 35,112k (prior year: € 6,393k).

Total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 162,978k in the reporting period of 2015 (prior year: € 66,147k).

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.

7. Shares in associated companies

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

	2015 €k
Carrying amount at the beginning of the fiscal year	34,932
Additions	439,276
Adjustments	
- Dividends	0
- Shares in result	–1,267
- Other	–348
Disposals	–5,406
	467,187

Additions mainly refer to shares held in Drillisch AG. Disposals mainly refer to the sale of shares held in virtual minds AG. Please see Note 3 for details.

8. Other financial assets

The development of these shares was as follows:

			Amortization of revaluation reserve not recognized in income				
	Jan. 1, 2015 €k	Additions €k	Recycling €k	Change €k	Reclassification €k	Disposals €k	Sept. 30, 2015 €k
Goldbach shares	13,449		–854			–12,595	0
HiMedia/ HiPay shares	11,838			–7,454			4,384
Afilias shares	8,720						8,720
Rocket Internet shares	643,343	58,849		–307,610			394,582
Others	17,937	956			–266	–5,519	13,108
	695,287	**59,805**	**–854**	**–315,064**	**–266**	**–18,114**	**420,794**

Additions mainly refer to the increase in shares held in Rocket Internet SE to 8.31% following a capital increase. The shares in Goldbach Group AG were sold in April 2015. Please see Note 3 for details.

The subsequent valuation of listed shares in Rocket Internet and Hi-Media/HiPay at fair value as of the balance sheet date led to a net decrease in the revaluation reserve without recognition in income.

9. Property, plant and equipment, intangible assets and goodwill

A total of € 109,677k (prior year: € 38,513k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on telecommunications equipment and software.

Goodwill of € 977,962k disclosed as of September 30, 2015 includes assets belonging to the Access segment of € 506,482k. Purchase price allocation for the Versatel Group acquired on October 1, 2014 was completed in the reporting period. As a result of the finalized purchase price allocation, goodwill was reduced by € 3,172k to € 506,482k.

10. Non-current prepaid expenses

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

11. Liabilities due to banks

Bank liabilities as of September 30, 2015 result mainly from a syndicated loan totaling € 750 million concluded in August 2014, comprising two tranches with terms to 2017 and 2019, and a promissory note loan of € 600 million divided into 4 tranches with varying terms from 2017 to 2022.

In addition, there is a revolving syndicated loan facility of € 810 million with a term until July 10, 2020 which was not utilized as of September 30, 2015.

12. Other current financial liabilities

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

13. Other non-current financial liabilities

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

14. Capital stock / treasury shares

As of September 30, 2015, the fully paid-in capital stock amounted to € 205,000,000 (unchanged from December 31, 2014) divided into 205,000,000 registered no-par shares with a theoretical share in the capital stock of € 1 each.

As of September 30, 2015, the Company held 967,018 treasury shares.

15. Reserves

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Rocket Internet and Hi-Media/HiPay. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 8 for details.

Other items

16. Employee stock ownership plans

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	
	Units	Average strike price (€)
Outstanding as of December 31, 2014	**3,860,000**	**20.07**
Issued	200,000	40.00
Exercised	-75,000	18.13
Exercised	-20,000	12.12
Exercised	-125,000	12.03
Exercised	-325,000	16.06
Exercised	-75,000	21.95
Exercised	-100,000	13.43
Expired/forfeited	-100,000	18.13
Expired/forfeited	-100,000	32.79
Expired/forfeited	-75,000	16.24
Outstanding as of September 30, 2015	**3,065,000**	**22.13**

17. Additional details on financial instruments

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

The fair values of financial instruments were measured on the basis of market information available on the reporting date.

The fair value of other non-current financial assets differs from the carrying amount as prorated loss assumptions from at-equity accounting were allocated to existing loans.

Fair values of available-for-sale financial assets are derived from quoted market prices in active markets, if available, or otherwise estimated using appropriate valuation techniques. Investments which are categorized as available-for-sale financial assets and whose fair value cannot be estimated using valuation techniques due to uncertainties, are measured at amortized cost.

Compared to December 31, 2014, there were no significant changes in the composition of financial instruments nor the methods and assumptions applied to measure fair value.

The following table presents the carrying values of each category of financial assets and liabilities as of September 30, 2015:

	Valuation category acc. to IAS 39	Carrying value on Sept. 30, 2015 €k	Valuation acc. to IAS 39: Amortized cost €k	Valuation acc. to IAS 39: Fair value not through profit or loss €k	Valuation acc. to IAS 39: Fair value through profit or loss €k	Valuation acc. to IAS 17 €k	Fair value on Sept. 30, 2015 €k
Financial assets							
Cash and cash equivalents	lar	85,208	85,208				85,208
Trade accounts receivable	lar/n/a						
Receivables from finance leases	n/a	39,088				39,088	39,134
Others	lar	209,885	209,885				209,885
Other current financial assets	lar	14,913	14,913				14,913
Other non-current financial assets	lar/afs						
Investments	afs	407,686	8,720	398,966			407,686
Others	lar	13,108	13,108				19,077
Financial liabilities							
Trade accounts payable	flac	–354,691	–354,691				–354,691
Liabilities due to banks	flac	–1,355,825	–1,355,825				–1,355,825
Other financial liabilities	flac/n/a						
Finance leases	n/a	–104,646				–104,646	–105,957
Others	flac	–120,003	–120,003				–120,003
Of which aggregated acc. to valuation categories:							
Loans and receivables (lar)	lar	323,114	323,114	0	0	0	329,083
Available-for-sale (afs)	afs	407,686	8,720	398,966	0	0	407,686
Financial liabilities measured at amortized cost (flac)	flac	–1,830,519	–1,830,519	0	0	0	–1,830,519
Finance leases	n/a	–65,558	0	0	0	–65,558	–66,823

Hierarchy of assets and liabilities measured at fair value:

	As of Sept. 30, 2015 €k	**Level 1** €k	**Level 2** €k	**As of Dec. 31, 2014** €k	**Level 1** €k	**Level 2** €k
Available-for-sale financial assets						
Listed shares	398,966	398,966		668,630	668,630	

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, 2014.

18. 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.

On June 1, 2015, Mr. Frank Krause was appointed as a further member of the Management Board of United Internet AG. As of June 30, 2015, Mr. Norbert Lang retired from the Management Board of United Internet AG.

There were no other changes to the circle of related parties as compared with the consolidated financial statements as at December 31, 2014.

The number of shares in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board as of September 30, 2015 is shown in the following table:

	September 30, 2015 Shares (units)
Management Board	
Ralph Dommermuth	82,000,000
Robert Hoffmann	100,000
Jan Oetjen	3,994
Frank Krause	920
Martin Witt	7,400
Total	**82,112,314**
Supervisory Board	
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 € 5,637k in the reporting period of 2015 (prior year: € 5,435k).

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

No significant transactions took place.

19. Subsequent events

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

Montabaur, November 17, 2015

United Internet AG

Der Vorstand

Ralph Dommermuth Robert Hoffmann Frank Krause

Jan Oetjen Martin Witt

Income Statement

Quarterly development in € million

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q3 2014
Sales	894.1	905.1	918.3	931.4	737.3
Cost of sales	-609.6	-610.6	-628.0	-617.3	-478.9
Gross profit	**284.5**	**294.5**	**290.3**	**314.1**	**258.4**
Selling expenses	-140.7	-135.5	-137.4	-128.8	-110.1
General and administrative expenses	-38.7	-42.4	-43.2	-43.9	-33.4
Other operating income / expense	126.4	2.5	13.5	8.3	76.8
Operating result	**231.5**	**119.1**	**123.2**	**149.7**	**191.7**
Financial result	-18.5	-5.7	4.5	-6.6	-2.4
Amortization of investments	-0.7	0.0	0.0	0.0	0.0
Results from associated companies	-8.3	-1.1	-1.2	1.0	-1.3
Pre-tax result	**204.0**	**112.3**	**126.5**	**144.1**	**188.0**
Income taxes	-36.7	-33.7	-30.9	-44.3	-35.7
Net income before non-controlling interests	**167.3**	**78.6**	**95.6**	**99.8**	**152.3**
Attributable to					
- non-controlling interests	0.1	0.0	0.0	0.1	0.2
- shareholders of United Internet AG	167.2	78.6	95.6	99.7	152.1
Result per share of shareholders of United Internet AG (in €)					
- basic	0.84	0.39	0.46	0.49	0.78
- diluted	0.83	0.39	0.46	0.48	0.78

Financial calendar

March 26, 2015	Annual financial statements for fiscal year 2014 press and analyst conference
May 19, 2015	3-Month Report 2015
May 21, 2015	Annual Shareholders' Meeting, Alte Oper, Frankfurt/Main
August 13, 2015	6-Month Report 2015 press and analyst conference
November 17, 2015	9-Month Report 2015

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Possible addition differences due to rounding effects.

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