

UNITED INTERNET AG

6-Month 2018

Frankfurt/Main,  
August 13, 2018



# AGENDA

---

**Ralph Dommermuth**      Company development

Outlook

---

**Frank Krause**              Results H1 2018

# COMPANY DEVELOPMENT

# KPIs H1 2018

(in € million)

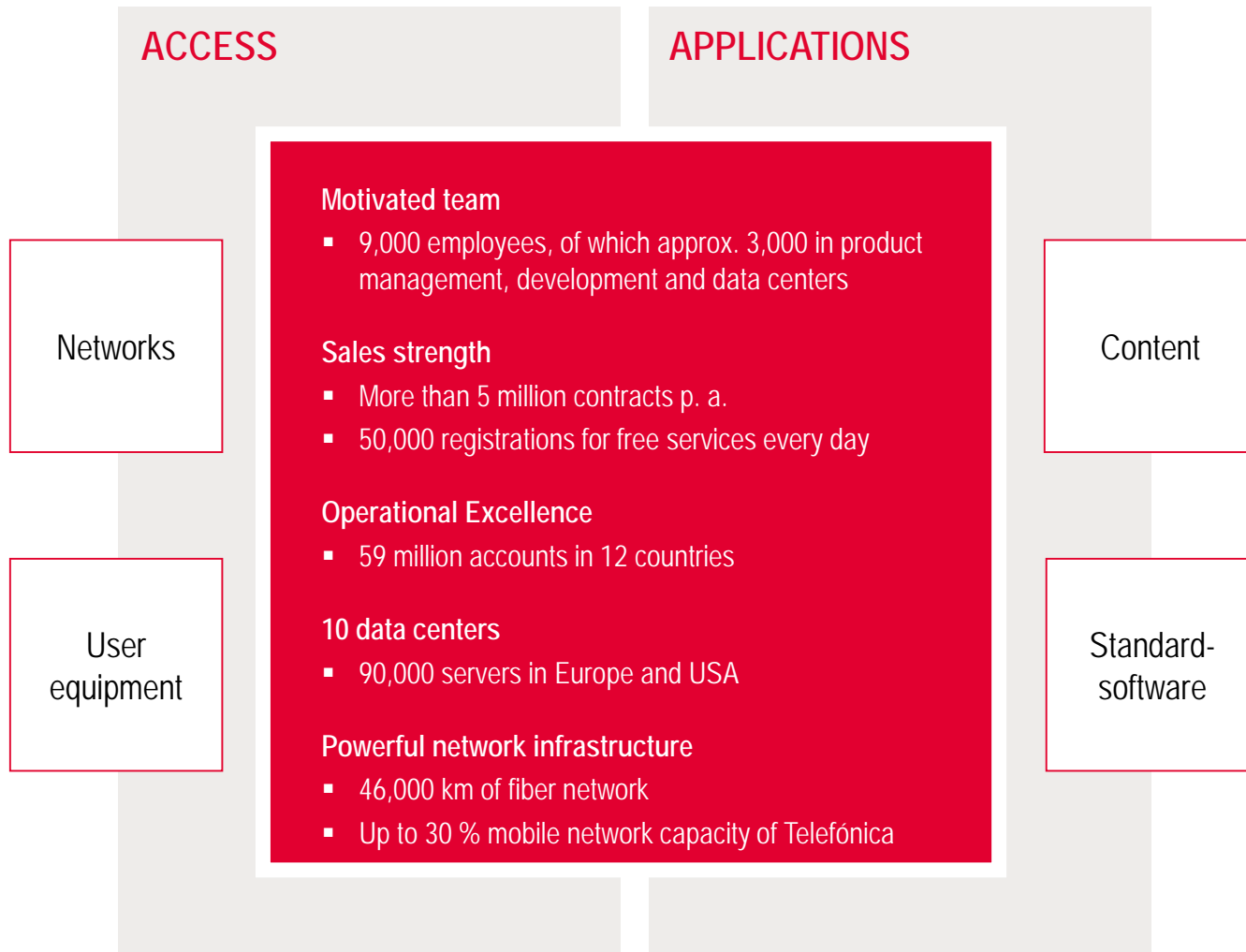
- + 530,000 customer contracts to 23.17m

Sales and earnings figures	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	Change
Sales	1,954.1	2,548.9	+ 30.4 %
Pro-forma sales, incl. Strato and Drillisch in 2017	2,298.2	2,548.9	+ 10.9 %
EBITDA	429.9	565.5	+ 31.5 %
Pro-forma EBITDA, incl. Strato and Drillisch in 2017	510.2	565.5	+ 10.8 %
EBIT	325.3	373.8	+ 14.9 %
EPS* (in €)	0.96	0.91	- 5.2 %
EPS before PPA* (in €)	1.05	1.16	+ 10.5 %

- Sales effect from IFRS 15: € + 160.1m
- EBITDA effect from IFRS 15: € + 169.0m
- Expenses for stronger use of smartphones: € - 158.3m

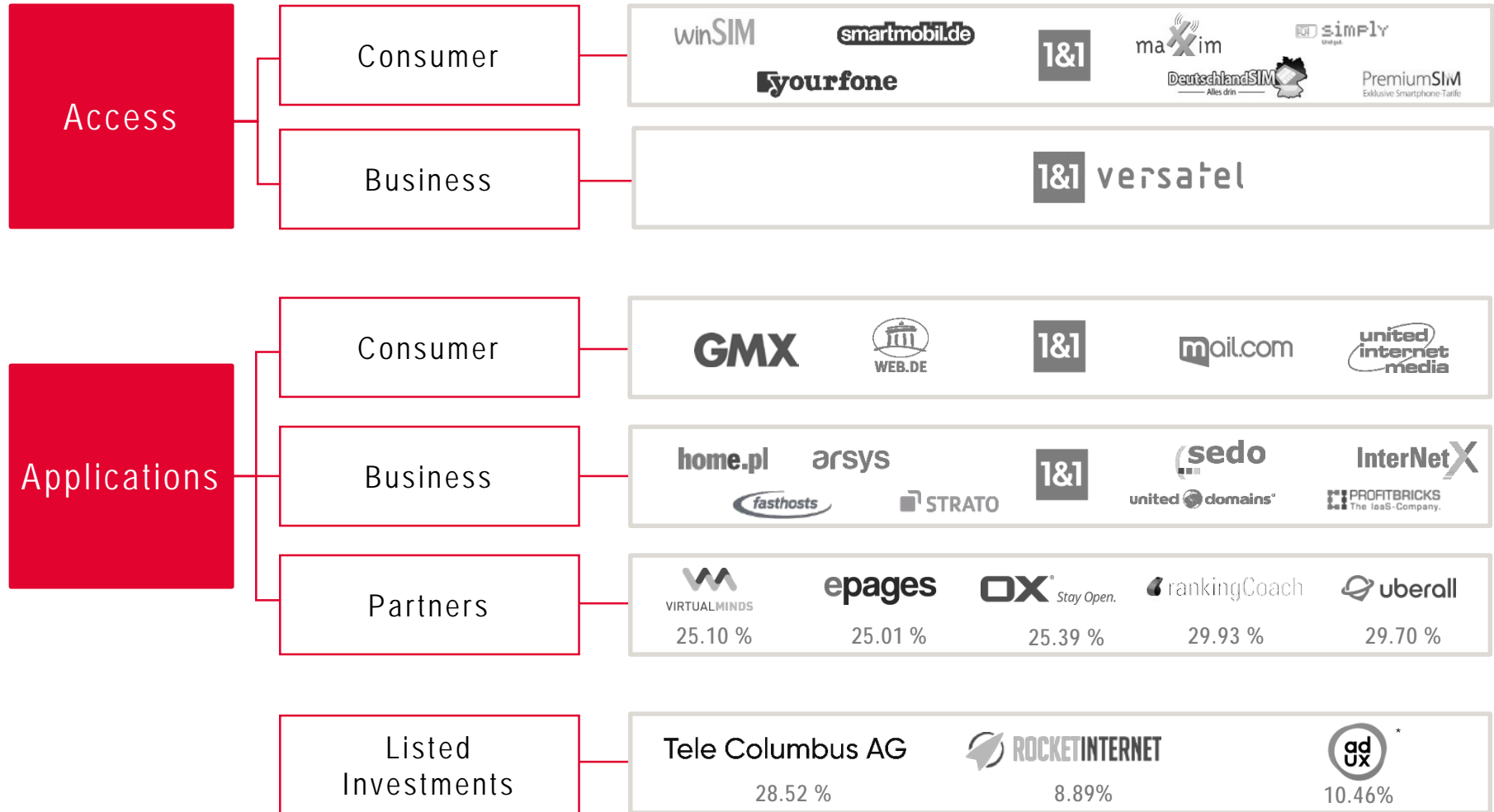
\* H1 2017 without Rocket impairments (EPS effect: € - 0.09)

## 2 SEGMENTS: ACCESS & APPLICATIONS



# BRANDS & INVESTMENTS

(As of: June 30, 2018)



\* Formerly Hi-Media


# „ACCESS“ IN H1 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

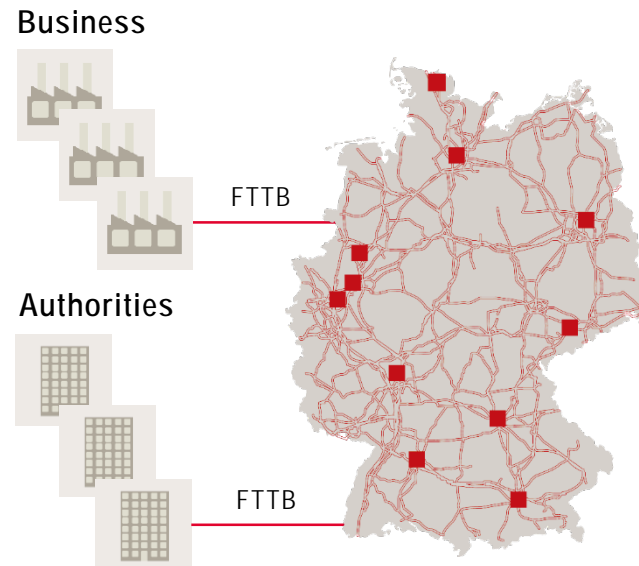
# BUSINESS ACCESS

- Second-largest German fiber-optic network
- Project business and plug-and-play for medium-sized companies



**GLASFASER  
DIREKT**

✓ Glasfaser-Anschluss für Firmen!  
✓ Garantierte Gigabit-Bandbreite!  
✓ Keine Baukosten bis zum Gebäude!

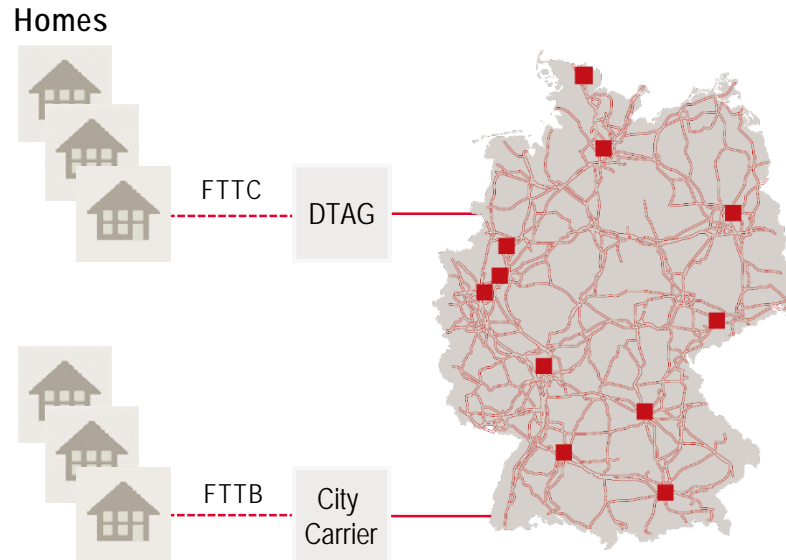


- Fiber-optic network with a length of 45,839 km (Prior year: 42,346 km)
- In 250 German cities, including 19 of the 25 largest cities
- 8,341 locations connected to the network (Prior year: 7,983)



# CONSUMER ACCESS: FIXED-LINE BUSINESS

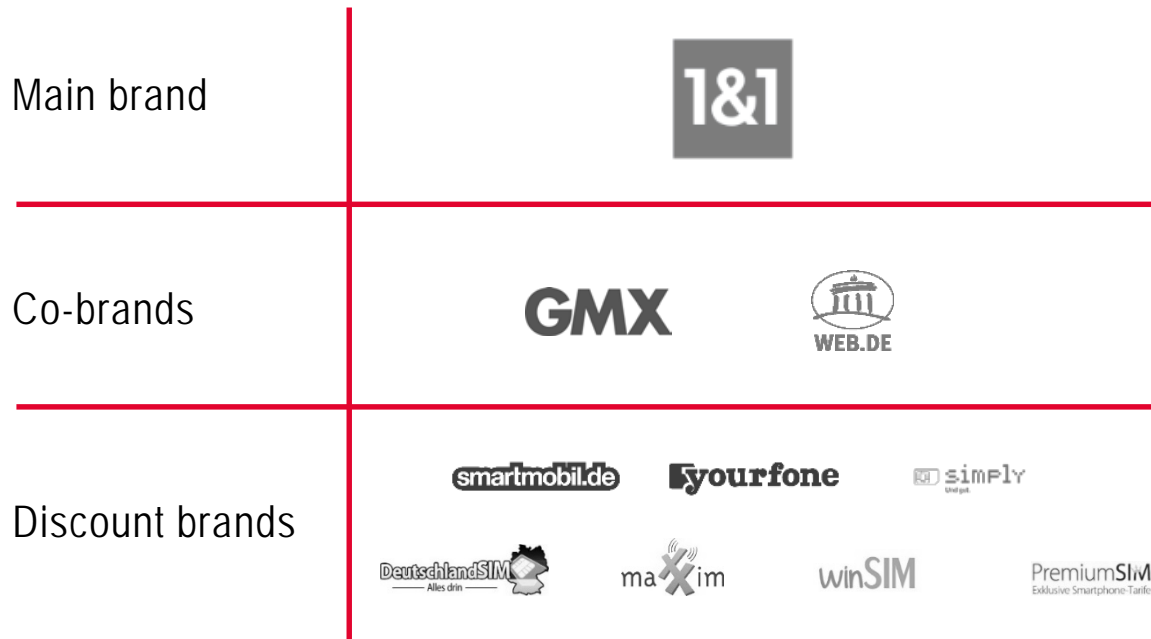
- Largest alternative German DSL provider
- Connect fixed line test: #1 in 2015 (nationwide), #2 in 2016, #1 in 2017, #2 in 2018



- Gradual migration from ADSL to VDSL / Vectoring
- Target infrastructure: Last mile via VDSL/Vectoring from DTAG (Layer 3, in parallel gradual expansion of Layer2 infrastructure) and via fiber-optic connection of regional networks

# CONSUMER ACCESS: MOBILE BUSINESS

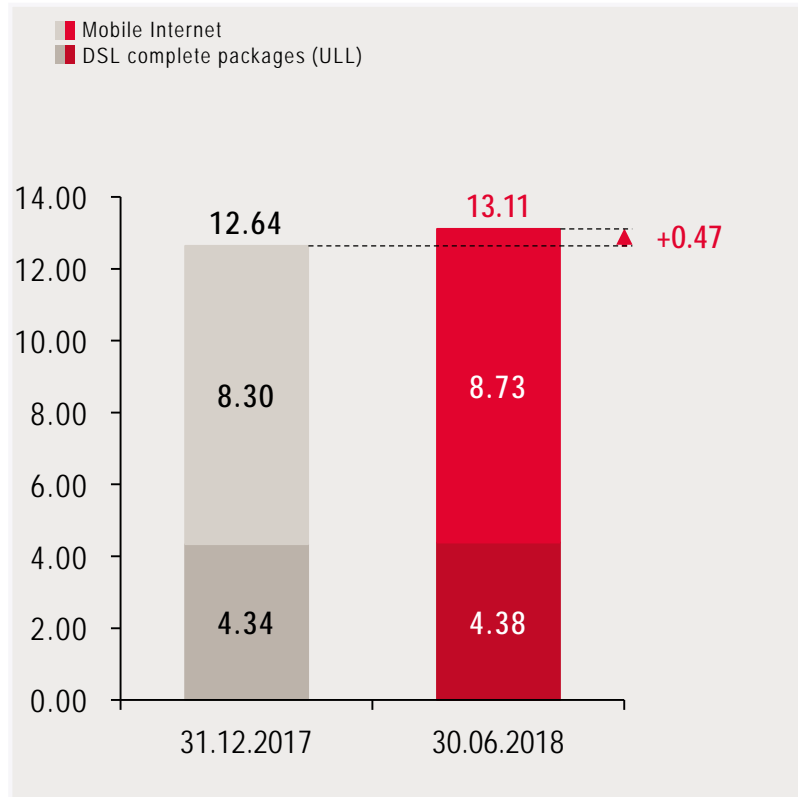
- Germany's leading MVNO
- Broad market coverage



- TEFD remedy partner with long-term guaranteed access on up to 30 % of network capacity and all future technologies
- Additional wholesale contract with Vodafone

# CONSUMER ACCESS: CUSTOMER CONTRACTS

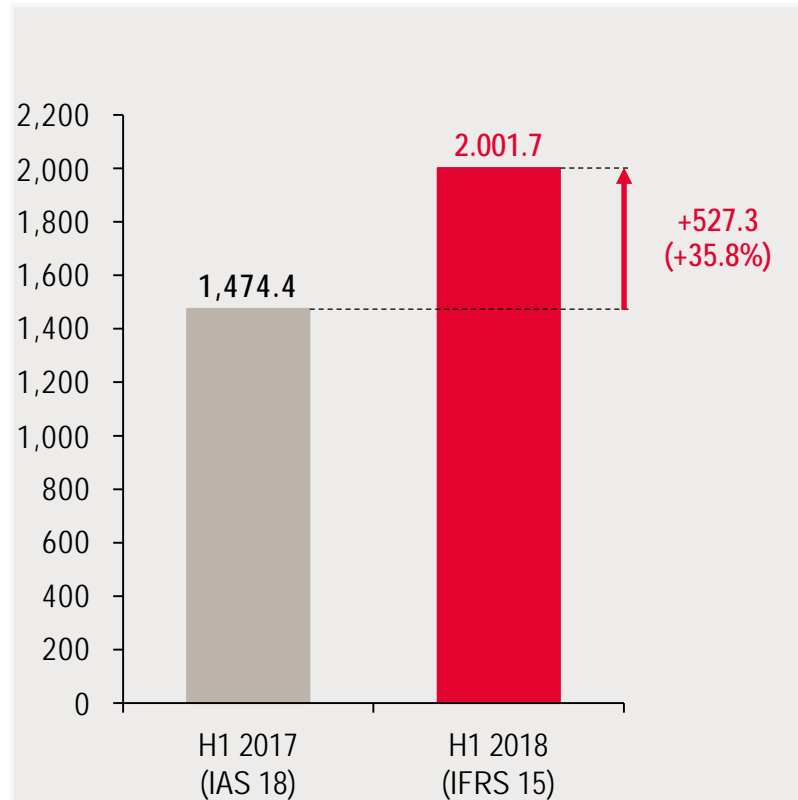
(in million)



- 13.11 million customer contracts (+ 470,000)
  - 8.73 million mobile internet contracts (+ 430,000)
  - 4.38 million DSL complete packages (+ 40,000)

# ACCESS: SALES

(acc. to IFRS in € million)

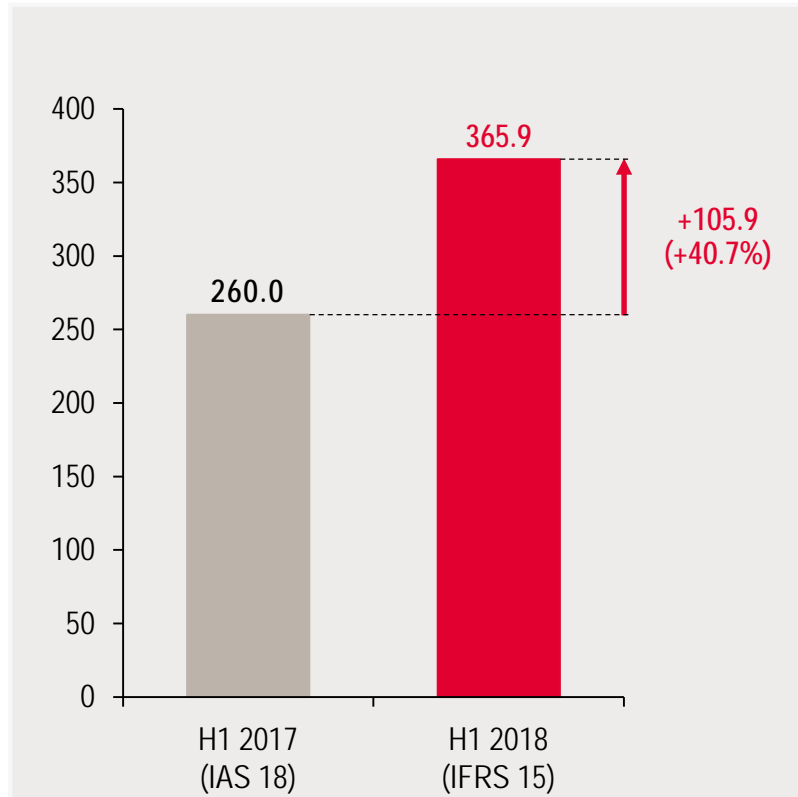


- Sales: € 2.002 billion (+ 35.8 % )
  - Consumer: € 1.806 billion (+ 42.6 %), incl. € + 153.8 million IFRS 15
  - Business: € 222.2 million (- 0.1 %), incl. € - 20.5 million from reallocation of the mass market business\*

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

# ACCESS: EBITDA

(acc. to IFRS in € million)

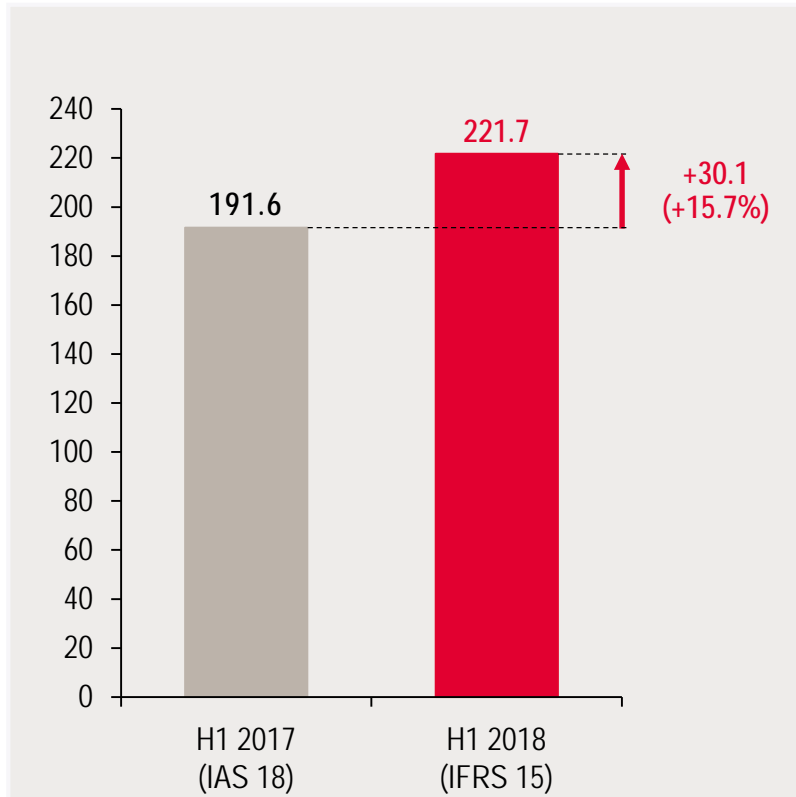


- EBITDA: € 365.9 million (+ 40.7 %)
  - Consumer: € 340.2 million (+ 57.9 %), incl.
    - € + 158.3 million IFRS 15
    - € - 158.3 million increased use of smartphones
    - € - 7.7 million one-offs Drillisch integration
  - Business: € 25.7 million (- 42.2 %), incl.
    - € + 0.4 million IFRS 15
    - € - 18.6 million from reallocation of the mass market business\*
    - € - 2.0 million structural measures
- 18.3 % EBITDA margin (prior year: 17.6 %)

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

# ACCESS: EBIT

(acc. to IFRS in € million)



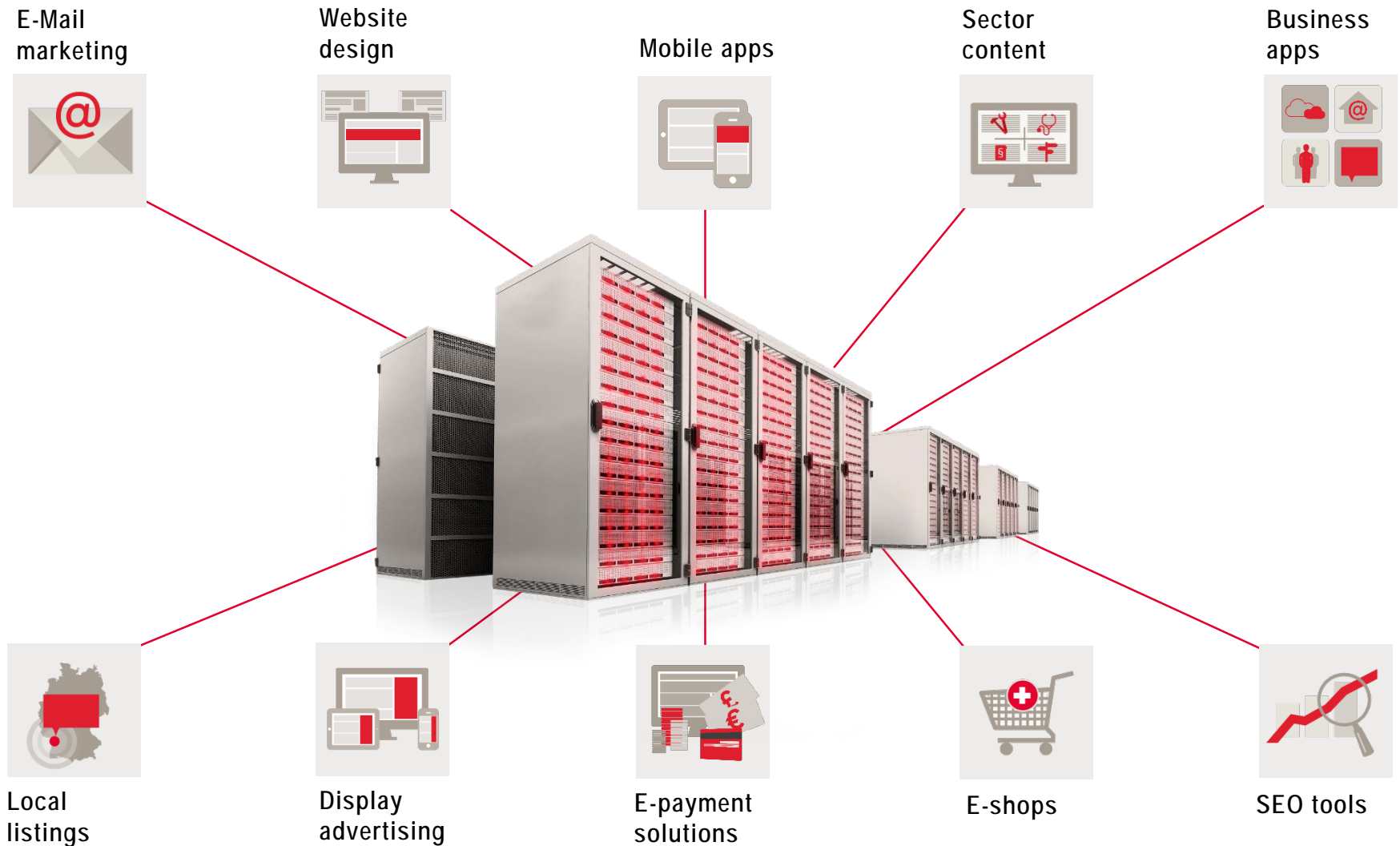
- EBIT: € 221.7 million (+ 15.7 %)
- 11.1 % EBIT margin (Prior year: 13.0 %)
- PPA amortization for Drillisch reducing EBIT growth and EBIT margin

# „APPLICATIONS“ IN H1 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

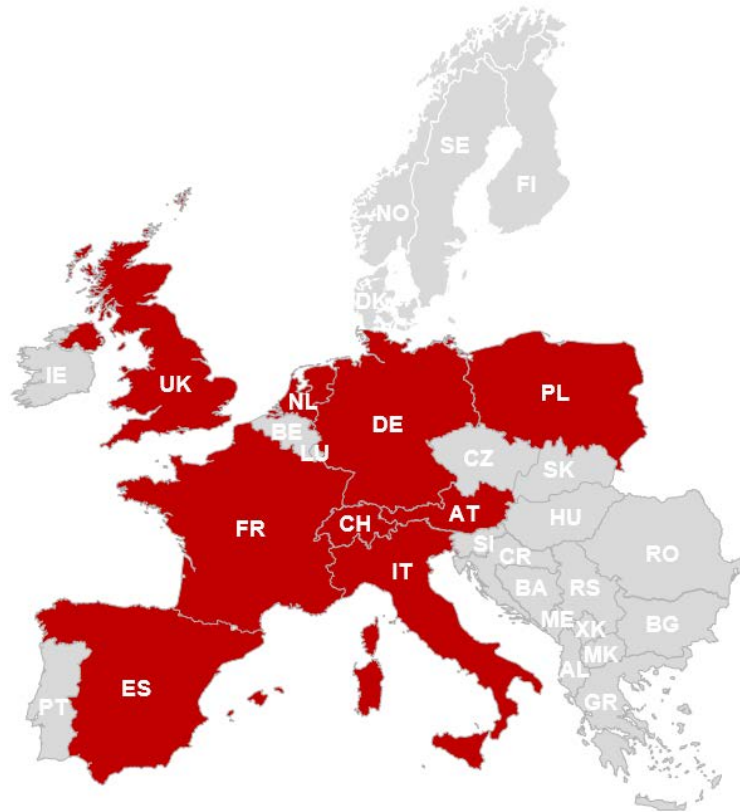
# BUSINESS APPLICATIONS: FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER





# BUSINESS APPLICATIONS: ASSETS

- Leading european provider
- Active in 12 countries: #1 in Germany, Poland and Spain, #2 in UK and France\*

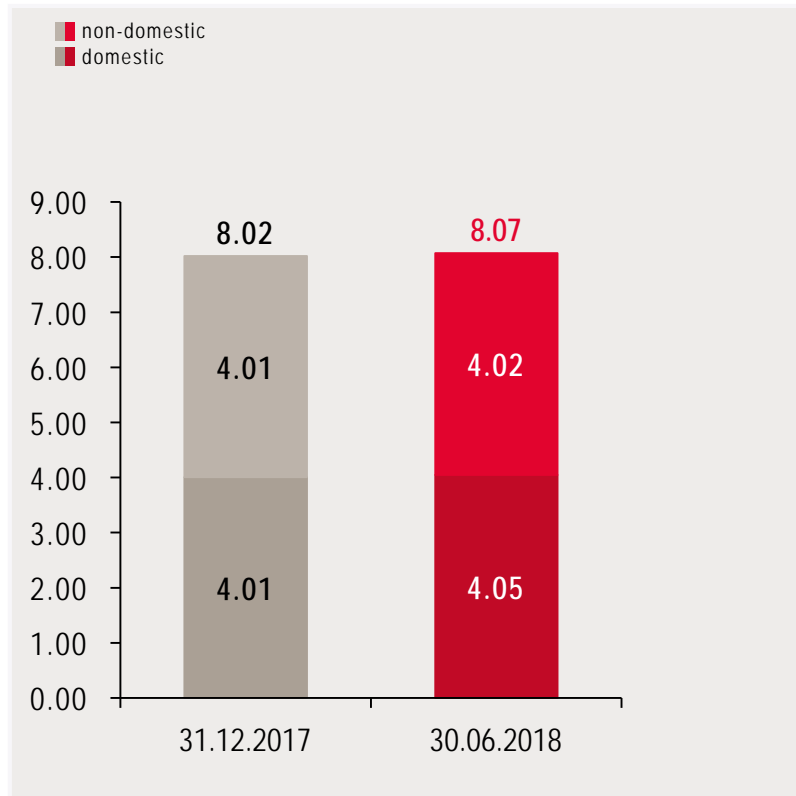


- Broad product portfolio
- In-house developments and cooperations with development partners
- Powerful data centers

\* Based on ccTLDs

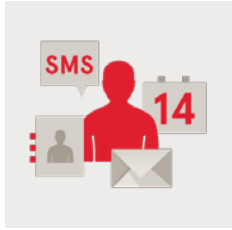
# BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

(in million)



- 8.07 million customer contracts (+ 50,000)
  - 4.05 million domestic
  - 4.02 million non-domestic

# CONSUMER APPLICATIONS: FROM E-MAIL SERVICE TO COMMAND CENTER FOR COMMUNICATION, INFORMATION AND IDENTITY MANAGEMENT



## Communication and organization

E-mail, calendar, contacts, SMS, fax



## Cloud storage

For photos, videos, music and documents



## Online office

Texts, spreadsheets, presentations








## De-Mail

Legally secure communication and identity management



# CONSUMER APPLICATIONS: ASSETS

- One of the leading providers in Consumer Applications
- 30.6 million active user accounts in Germany, more than 50% market share in private emails

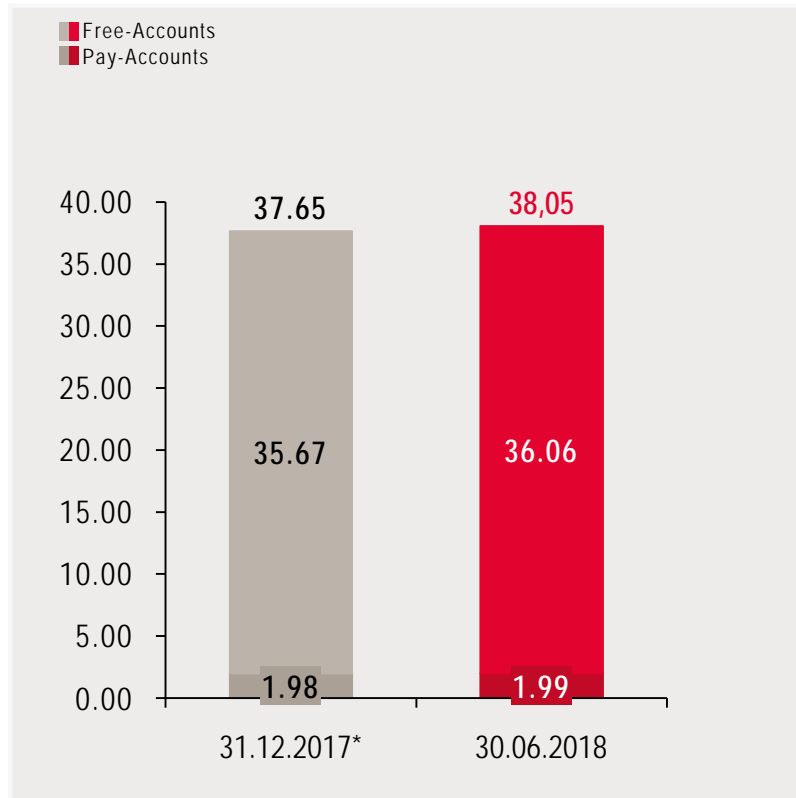
	E-Mail*	Cloud*	Content*	eIDAS/ De-Mail
	#1	#3	#1	#1
	#2	#6	#2	#2
	#3	#2	–	–
	#4	#5	n.a.	–
	#11	#9	n.a.	–

- Differentiation through data protection and data security
- Advertising marketing via United Internet Media

\* E-Mail and Cloud storage: Representative survey of Convios Consulting on behalf of United Internet, 2017 (privately most used e-mail / cloud provider in Germany)  
Content: Reuters Digital News Report, 2016 (most used news provider in Germany)

# CONSUMER APPLICATIONS: ACCOUNTS

(in million)

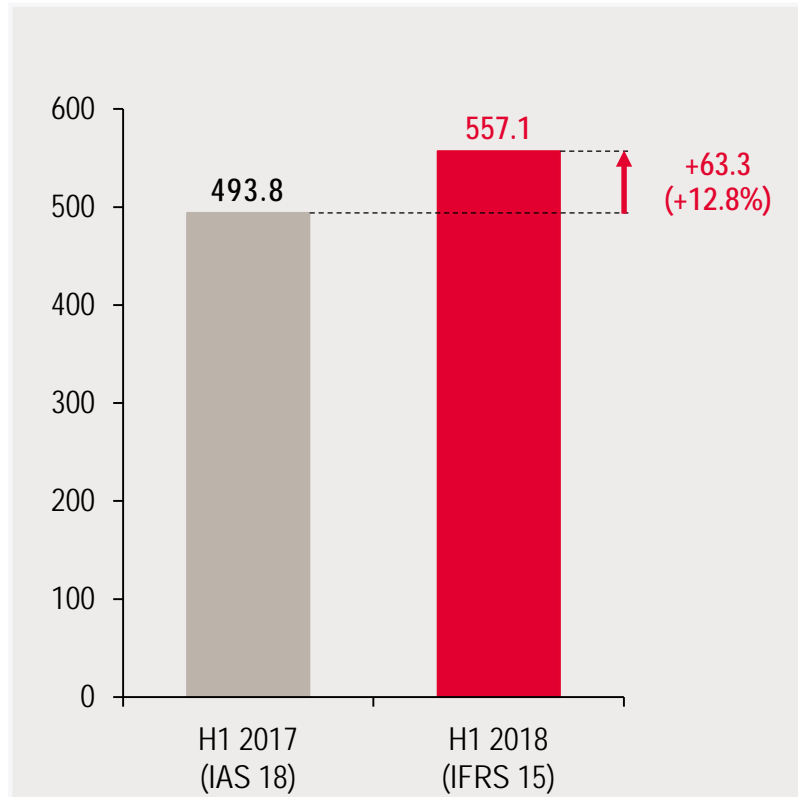


- 38.05 million consumer accounts (+ 400,000), thereof
  - 36.06 million free accounts (+ 390,000)
  - 1.99 million pay products (+ 10,000)
- 21.8 million with mobile usage (+ 1,400,000)
- 18.2 million with cloud storage (+ 100,000)

\* After reclassification of 250,000 customer relationships (110,000 accounts with Premium-Mail-Subscription and 140,000 accounts with Value-Added-Subscription) from the fee based accounts to the free accounts as of March 31, 2018; prior year adjusted

# APPLICATIONS: SALES

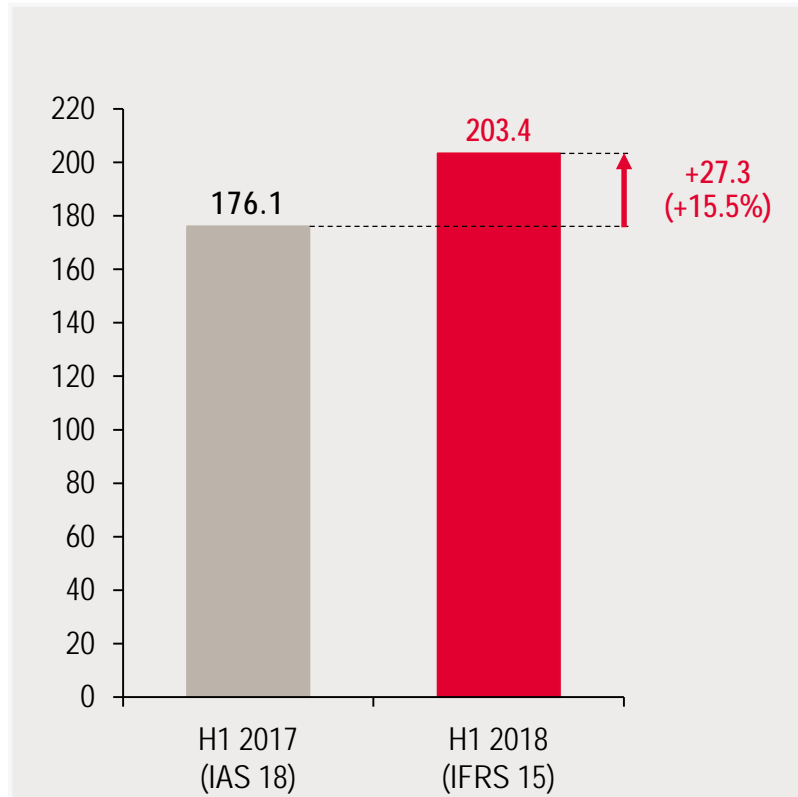
(acc. to IFRS in € million)



- Sales: € 557.1 million (+ 12.8 %)
  - Consumer: € 140.2 million (+ 4.3 %), incl. € + 0.5 million IFRS 15  
€ - 5.1 million due to the reduction in advertising space as part of the transition to data-driven business models
  - Business: € 419.3 million (+ 15.9 %), incl. € + 5.8 million IFRS 15

# APPLICATIONS: EBITDA

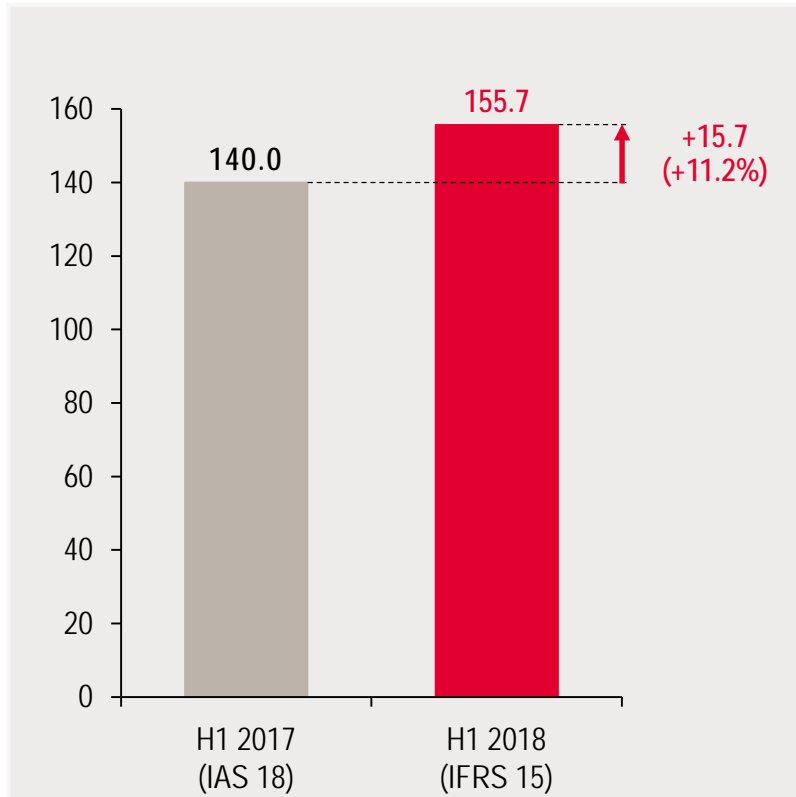
(acc. to IFRS in € million)



- EBITDA: € 203.4 million (+ 15.5 %)
  - Consumer: € 54.5 million (- 5.9 %), incl.  
€ + 0.5 million IFRS 15  
€ - 5.1 million due to reduced advertising space
  - Business: € 148.9 million (+ 26.0 %), incl.  
€ + 5.4 million IFRS 15  
€ - 6.2 million one-offs Strato integration
- 36.5 % EBITDA margin (prior year: 35.7 %)

# APPLICATIONS: EBIT

(acc. to IFRS in € million)



- EBIT: € 155.7 million (+ 11.2 %)
- 27.9 % EBIT margin (Prior year: 28.4 %)
- PPA amortization for Strato reducing EBIT growth and EBIT margin



# PRO-FORMA DEVELOPMENT IN H1 2018

(H1 2017 incl. Strato and Drillisch; in € million)

Access	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	Change	Comments H1 2018	Like-for-like
Sales	1,785.7	2,001.7	+ 12.1 %	<ul style="list-style-type: none"> <li>▪ € + 153.8 million IFRS 15</li> </ul>	» + 3.5 %
EBITDA	332.3	365.9	+ 10.1 %	<ul style="list-style-type: none"> <li>▪ € + 158.7 million IFRS 15 effect</li> <li>▪ € - 158.3 million increased use of smartphones</li> <li>▪ € - 7.7 million one-offs Drillisch integration</li> <li>▪ € - 2.0 million structural measures Business Access</li> </ul>	» + 12.9 %
Applications	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	Change	Comments H1 2018	Like-for-like
Sales	526.5	557.1	+ 5.8 %	<ul style="list-style-type: none"> <li>▪ € + 6.3 million IFRS 15</li> <li>▪ € - 5.1 million due to reduced advertising space</li> </ul>	» + 5.6 %
EBITDA	184.1	203.4	+ 10.5 %	<ul style="list-style-type: none"> <li>▪ € + 5.9 million IFRS 15</li> <li>▪ € - 5.1 million due to reduced advertising space</li> <li>▪ € - 6.2 million one-offs Strato integration</li> </ul>	» + 13.4 %

# OUTLOOK

# OUTLOOK 2018

After a successful first half 2018 we confirm our guidance for the full year 2018

- Sales increase from € 4.21 billion in prior-year (IAS 18) to approx. € 5.2 billion (acc. to IFRS 15)
- EBITDA increase from € 980 million (IAS 18) to approx. € 1.2 billion (acc. to IFRS 15)

# RESULTS H1 2018

# GROUP: CUSTOMER, SALES AND EARNINGS AS OF 30 JUNE 2018

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

	H1 2017 (IAS 18)	H1 2018 (IFRS 15)	Change
Fee-based customer contracts	18.85	23.17	+ 4.32m
Sales	1,954.1	2,548.9	+ 30.4 %
EBITDA	429.9	565.5	+ 31.5 %
EBIT after PPA-amortization on Strato and Drillisch	325.3	373.8	+ 14.9 %
EBT*	311.1	358.3	+ 15.2 %
EPS after minorities* (in €)	0.96	0.91	- 5.2 %
EPS after minorities, before PPA* (in €)	1.05	1.16	+ 10.5 %

\* H1 2017 without Rocket Impairment (EBT effect: € -19.8m; EPS effect: € -0.09)

# GROUP: BALANCE SHEET AS OF 30 JUNE 2018 (I)

(acc. to IFRS in € million)

Assets	31.12.2017 (IAS 18*)	01.01.2018 (IFRS 15**)	30.06.2018 (IFRS 15**)	Comments (Changes to the opening balance)
Property, plant and equipment / intangible assets	2,140.8	2,125.7	2,051.3	▪ Capex: € 119.7m ; D&A: € 191.7m
Goodwill	3,579.8	3,579.8	3,576.9	
Financial assets	751.7	785.8	880.9	▪ Stock exchange values (AdUX, Rocket) and book values (Tele Columbus and other strategic investments) ▪ Increase due to subsequent valuation
Accounts receivable	343.6	343.6	360.8	▪ Increase due to expansion of business
Contract assets	0	348.8	486.5	▪ Increased use of hardware
Inventories, prepaid expenses and other assets	551.4	618.4	705.4	▪ Prepaid expenses: € 503.8m; inventories: € 109.6m; deferred tax assets: € 9.7m; tax refunds: € 33.1m
Cash and cash equivalents	238.5	238.5	111.8	▪ Dividend payments
<b>Total</b>	<b>7,605.8</b>	<b>8,040.6</b>	<b>8,173.6</b>	

# GROUP: BALANCE SHEET AS OF 30 JUNE 2018 (II)

(acc. to IFRS in € million)

Liabilities and equity	31.12.2017 (IAS 18*)	01.01.2018 (IFRS 15**)	30.06.2018 (IFRS 15**)	Comments (Changes to the opening balance)
Equity	4,050.6	4,501.3	4,594.9	<ul style="list-style-type: none"> <li>Equity ratio: 56.2 %</li> <li>Increase due to subsequent valuation</li> </ul>
Liabilities due to banks	1,955.8	1,955.8	2,045.6	<ul style="list-style-type: none"> <li>Bank liabilities (net): € 1,933.8m (12/2017: € 1,717.3m)</li> </ul>
Trade accounts payable	408.9	395.7	427.4	<ul style="list-style-type: none"> <li>Increase due to expansion of business</li> </ul>
Contract liabilities	294.9	202.9	194.1	
Accrued taxes and deferred tax liabilities	520.9	553.7	489.2	<ul style="list-style-type: none"> <li>Decrease due to tax payments</li> </ul>
Other accrued liabilities	82.9	149.5	140.0	
Other liabilities	291.8	281.7	282.4	<ul style="list-style-type: none"> <li>Thereof non-current: € 87.7m (IRUs / network lease from 1&amp;1 Versatel)</li> </ul>
<b>Total</b>	<b>7,605.8</b>	<b>8,040.6</b>	<b>8,173.6</b>	

\* IAS 18 / IAS 11 / IAS 39

\*\* IFRS 15 / IFRS 9

# GROUP: CASH FLOW AS OF 30 JUNE 2018

(acc. to IFRS in € million)

	30.06.2017 (IAS 18)	30.06.2018 (IFRS 15)	comments
Operative cash flow	315.6	418.9	
Cash flow from operating activities	394.5	164.7	<ul style="list-style-type: none"> <li>2017 w/o capital gains tax refund (€70.3m)</li> <li>Decrease due to accounting acc. to IFRS 15 for the first time (Prepayments for services purchased (hardware), which will be amortized in the subsequent periods)</li> </ul>
Cash flow from investing activities	- 741.2	- 128.1	<ul style="list-style-type: none"> <li>Capex: € 119.7m (Prior year: € 98.6m); (Prior year: € 554.5m for Strato; € 89.6m for participations in Tele Columbus, Drillisch, rankingCoach and ProfitBricks)</li> </ul>
Free cash flow*	297.8	84.3	<ul style="list-style-type: none"> <li>2017 w/o capital gains tax payment (€70.3m)</li> <li>2018 w/o capital gains tax refund (€34.7m) from 2016</li> </ul>

\* Free cash flow is defined as cash flow from operating activities, less capital expenditures, plus payments from the disposal of intangible assets and property, plant and equipment



UNITED INTERNET AG

Our success story  
continues!

