AGENDA

- Company Development and Results Q1 2018
- Outlook 2018
HIGHLIGHTS OF THE FIRST QUARTER 2018

- First steps of smartphone initiative well perceived
  (+270k net adds in Q1 2018 in Access – in-line with 1.2m new subs for FY2018e)

- Revenue & EBITDA Q1 2018 on track with FY2018 guidance
KPIs Q1 2018 (AS REPORTED)

- 22.94 million customer contracts: + 0.3 million

<table>
<thead>
<tr>
<th>Sales and earnings figures**</th>
<th>(IAS 18)</th>
<th>Q1 2017</th>
<th>(IFRS 15)</th>
<th>Q1 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>952.7</td>
<td>1,270.7</td>
<td></td>
<td>+ 33.4 %</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>213.0</td>
<td>278.3</td>
<td></td>
<td>+ 30.7 %</td>
</tr>
<tr>
<td>EBIT</td>
<td></td>
<td>165.9</td>
<td>182.9</td>
<td></td>
<td>+ 10.2 %</td>
</tr>
<tr>
<td>EPS, operative before PPA / Impairment***</td>
<td></td>
<td>0.59</td>
<td>0.55</td>
<td></td>
<td>- 6.8 %</td>
</tr>
<tr>
<td>EPS</td>
<td></td>
<td>0.55</td>
<td>0.42</td>
<td></td>
<td>- 23.6 %</td>
</tr>
</tbody>
</table>

- Sales increase by 33.4% to € 1,270.7m (prev. year: € 952,7m or € 1,138.4m pro forma*)
- EBITDA growth by 30.7% to € 278.3m (prev. year: € 213.0m or € 256.0m pro forma*)
- Positive conversion effects from IFRS 15 of € 98.7m, thereof approx. € 90m in Access offset by additional smartphone investments as expected
- Guidance FY 2018 confirmed

* Incl. Strato and Drillisch
** Incl. one-offs for ongoing integration projects (Q1 2018: EBITDA and EBIT effect: € -8.1m)
*** Impairment of shares in Rocket Internet
**PRO-FORMA GROWTH Q1 2018**
(in million)

- Strongest IFRS 15 effect in Q1 2018, increasing paybacks from new customer contracts in the upcoming quarters
- IFRS 15 impact of € 98.7m, thereof approx. € 90m in Access, offset by additional smartphone investments as expected

* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -8.1m)
** w/o consideration of the one-offs EBITDA growth amounted to 34.5% or 11.8% pro-forma
„ACCESS“ IN Q1 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS
CONSUMER ACCESS: CUSTOMER CONTRACTS
(in million)

- 12.91 million customer contracts with monthly basic fees in current product-lines (+ 270,000),
- 8.54 million mobile internet contracts (+ 240,000)
- 4.37 million DSL-complete packages (+ 30,000)
ACCESS: SALES
(in € million)

- € 995.6 million sales* (+ 36.3 %)
  - Consumer: € 898.3 million (+ 39.7 %)
  - Business: € 110.1 million (+ 20.6 %)
- Pro-forma Q1 2017 (incl. Drillisch): € 883.5m (+12.7 %)
- IFRS 15 effect: € 79.8m

* Consumer and Business sales adjusted for 1&1 Versatel mass market
- € 177.3 million EBITDA* (+ 32.6 %),
- Consumer: € 165.3 million (+ 34.7 %)
- Business: € 12.1 million (+ 10.0 %)
- Pro-forma Q1 2017
  (incl. Drillisch): € 168.8m (+ 5.0 %)
- IFRS 15 effect: € 90.4m, which is offset by additional smartphone investments as expected
ACCESS: EBIT
(in € million)

- € 105.6 million* EBIT (+ 5.7 %),
- IFRS 15 effect: € 90.4m, which is offset by additional smartphone investments as expected

* Incl. one-offs for ongoing integration projects (EBITDA and EBIT effect: € -5.0m)
"APPLICATIONS" IN Q1 2018

- BUSINESS ACCESS
- CONSUMER ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS
BUSINESS APPLICATIONS: CUSTOMER CONTRACTS

(in million)

- 8.05 million customer contracts (+ 30,000),
- 4.04 million domestic
- 4.01 million abroad
CONSUMER APPLICATIONS: CUSTOMER CONTRACTS

(in million)

- 1.98 million pay products
- 36.27 million free accounts (+ 600,000)*, thereof
  - 21.3 million with mobile usage (+ 940,000)
  - 18.0 million with cloud storage

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

- € 280.1 million sales (+22.0%),
- Consumer: € 72.0 million (+8.9%)
- Business: € 209.4 million (+27.3%)
- Pro-forma Q1 2017 (incl. Strato): € 262.4m, (+6.7%)
- IFRS 15 effect: € 5.9m
APPLICATIONS: EBITDA
(in € million)

- € 102.2 million EBITDA* (+ 25.1 %)
  - Consumer: € 27.5 million (- 4.8 %)
    → Incl. 1.2m set-up costs for log-in alliance
  - Business: € 74.7 million (+ 41.3 %)
  - 36.5 % EBITDA-margin (prev. year: 35.6 %)
- Pro-forma Q1 2017 (incl. Strato): € 89.7m, (+ 13.9%)
- IFRS 15 effect: € 6.5m

* Incl. one-offs for ongong integration projects (EBITDA and EBIT effect: € -3.1m)
APPLICATIONS: EBIT
(in € million)

- € 78.6 million EBIT* (+ 14.7 %)
- IFRS 15 effect: € 6.5m

* Incl. one-offs for onging integration projects (EBITDA and EBIT effect: € -3.1m)
## CASH FLOW OVERVIEW Q1 2018

(in €k)

<table>
<thead>
<tr>
<th></th>
<th>31.03.2017</th>
<th>31.03.2018</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative cash flow</td>
<td>157,469</td>
<td>205,833</td>
<td>▪ Business expansion</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>113,371</td>
<td>51,702</td>
<td>▪ Decrease due to higher inventories and seasonal payments related to Layer2</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>- 75,224</td>
<td>- 60,306</td>
<td>▪ Capex: €53.8m (prior year: €41.9m);</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>73,214</td>
<td>530</td>
<td>▪ Decrease due to higher inventories and seasonal payments related to Layer2 (in total approx. &gt; € 80m), already taking into account the enlarged smartphone sales</td>
</tr>
</tbody>
</table>

* 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
ROADMAP 2018

**Access**
- **Business**
  - Further expansion of the fiber optic network
    - organically and through acquisitions
  - Development of BNGs for VDSL/Vectoring based on Layer-2 (Target 2018: approx. 500 of 897 BNGs)
- **Consumer**
  - Consistent management team
  - Merger of previously separated organizations
  - Streamlining of the brand portfolio
  - Expansion of marketing to existing customers
  - Improved retention process for discount brands
  - Approx. 1.2 million new DSL and mobile internet contracts
    - Increase of the marketing budget
    - Additional smartphone investments

**Consumer Applications**
- **Business**
  - Technical projects for platform integration
  - Rebranding of 1&1 Hosting division
- **Consumer**
  - Reduction of advertising space at GMX and WEB.DE
  - Expansion of data-driven business models for better monetization of advertising space
  - Start of net-ID, the Log-in-Allianz with RTL, Pro7Sat1, and Zalando
    - Creation of Europe's largest big data platform with over 40 million user profiles
    - Open for other companies
    - Complete data sovereignty for the user

**Guidance for FY 2018 confirmed**

**GUIDANCE 2018**

- **Sales increase to approx. € 5.2 billion**
  - Strong contract growth
  - Consolidation of Strato / ProfitBricks and 1&1 Drillisch for a full year
  - Increased use of subsidized smartphones in connection with the earlier realization of hardware sales in accordance with IFRS 15 (sales effect: approx. € 200 million)

- **EBITDA increase to approx. € 1.2 billion**, therein included
  - approx. - € 300 million additional smartphone investment (return via higher tariff prices)
  - approx. + € 300 million from accounting in accordance with IFRS 15
  - approx. - € 30 million increased marketing budget at Consumer Access
  - approx. - € 20 million adjusted monetarization of advertising at Consumer Applications
  - approx. + € 50 million synergies from the merger with Drillisch
  - Moreover included,
    - approx. - € 50 million one-offs for integration projects at Consumer Access and Business Applications
UNITED INTERNET AG

Our success story continues!