

UNITED INTERNET AG

Fiscal year 2018
and outlook 2019

Frankfurt/Main,
March 28, 2019



AGENDA

Ralph Dommermuth Company development 2018
Outlook 2019

Frank Krause Results for fiscal year 2018

COMPANY DEVELOPMENT 2018

KPIs FOR FISCAL YEAR 2018

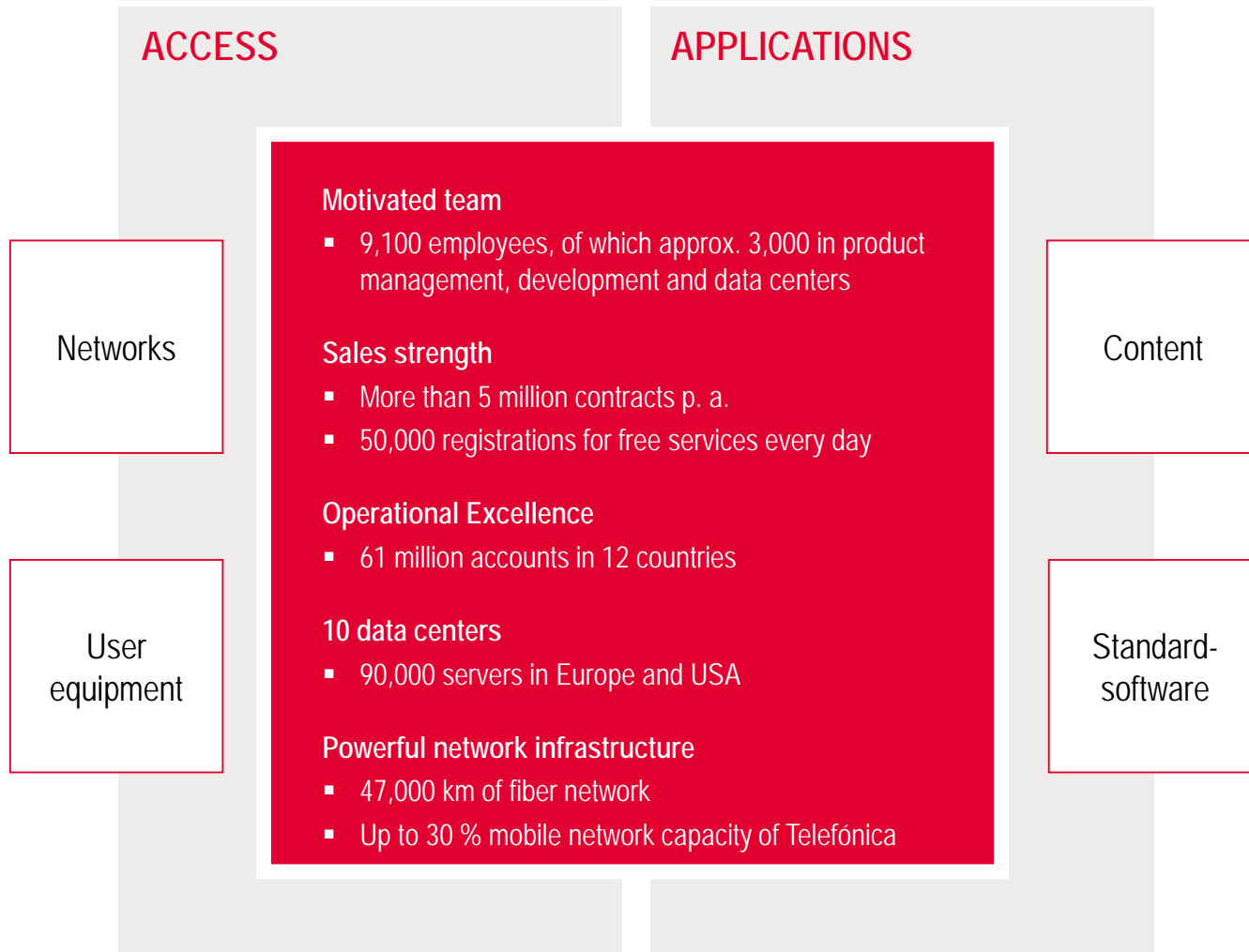
- 23.85 million customers contracts: + 1.28 million, thereof 250,000 from World4You takeover

Sales and earning figures (in € million)	2017 (IAS 18)	2018 (IFRS 15)	Change
Sales	4,206.3	5,130.8	+ 22.0 %
Pro-forma sales incl. Strato and Drillisch in 2017	4,660.6	5,130.8	+ 10.1 %
EBITDA*	979.6	1,201.3	+ 22.6 %
Pro-forma EBITDA incl. Strato and Drillisch in 2017	1,087.1	1,201.3	+ 10.5 %
EBIT*	704.0	811.0	+ 15.2 %
EPS* (in €)	2.02	1.96	- 3.0 %
EPS* vor PPA (in €)	2.34	2.48	+ 6.0 %

- Sales effect from IFRS 15: € +283.2m
- EBITDA effect from IFRS 15: € +286.9m
- Expenses for increased use of smartphones: € -268.1m
- One-offs from integration projects: € -41.7m
- Dividend proposal depending on the outcome of the current 5G spectrum auction: € 0.90 / share (prior year: € 0.85) or € 0.05 / share (minimum dividend)

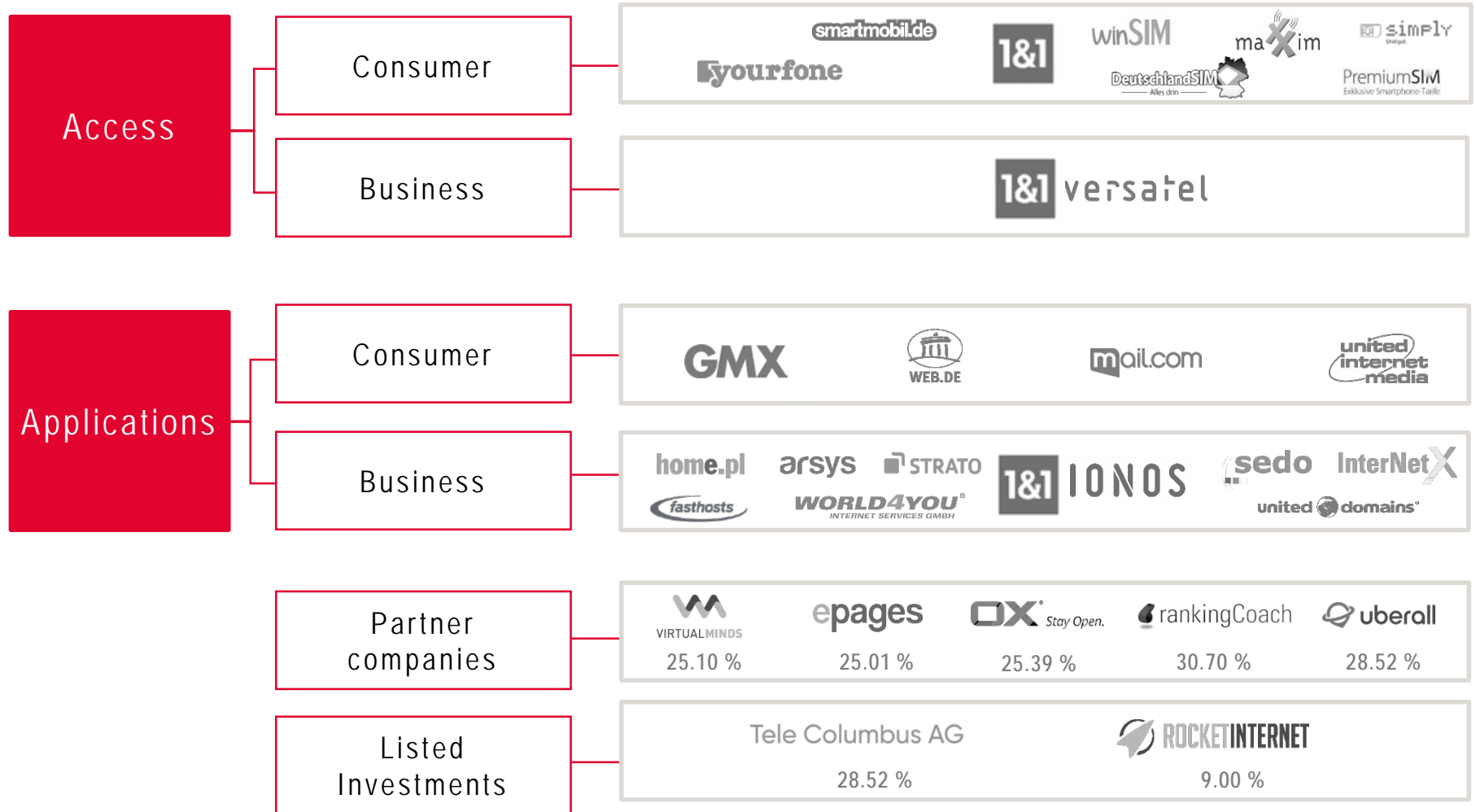
* 2017 without revaluation of Drillisch shares / ProfitBricks shares (EBITDA/EBIT: € +319.1 million ; EPS: + €1.59), M&A transaction costs (EBITDA/EBIT: € -17.1 million; EPS: € -0.06), restructuring costs offline sales (EBITDA/EBIT: € -28.3 million; EPS: € -0.10), trademark writedowns (EBIT: € -20.7 million; EPS: € -0.07), financing costs Drillisch takeover (EPS: € -0.01), writedown on Rocket Internet (EPS: € -0.10) and one-off tax effects from WP investment and Drillisch investment (EPS: € -0.21); 2018 without writedown on Tele Columbus (EPS: € -1.02)

2 BUSINESS AREAS: ACCESS & APPLICATIONS



BUSINESS AREAS & INVESTMENTS

(As of: December 31, 2018)



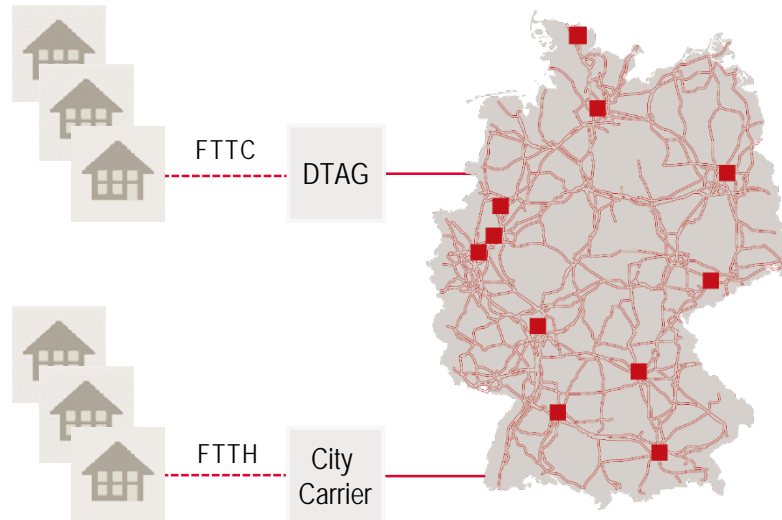
"ACCESS" IN FISCAL YEAR 2018

- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

SEGMENT "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

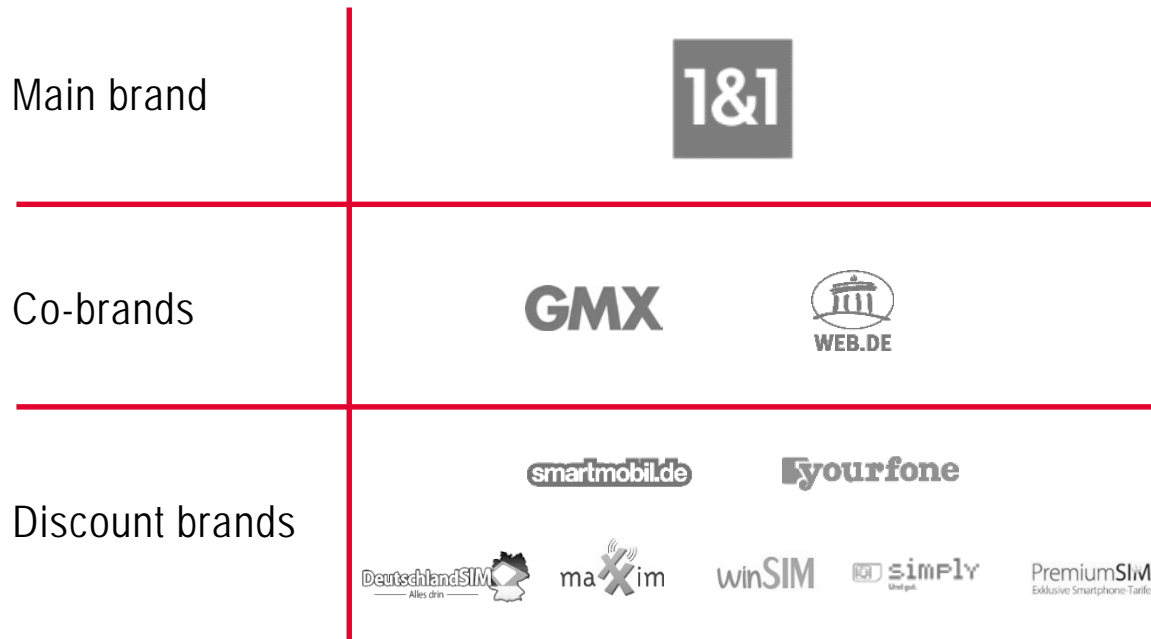


Last mile:

- VDSL-Vectoring (FTTC) primarily via Layer 2 infrastructure of Deutsche Telekom, beside Layer 3
- Fiber-optic connections (FTTH) via city carriers
- ADSL via further network operators

SEGMENT "CONSUMER ACCESS": MOBILE BUSINESS

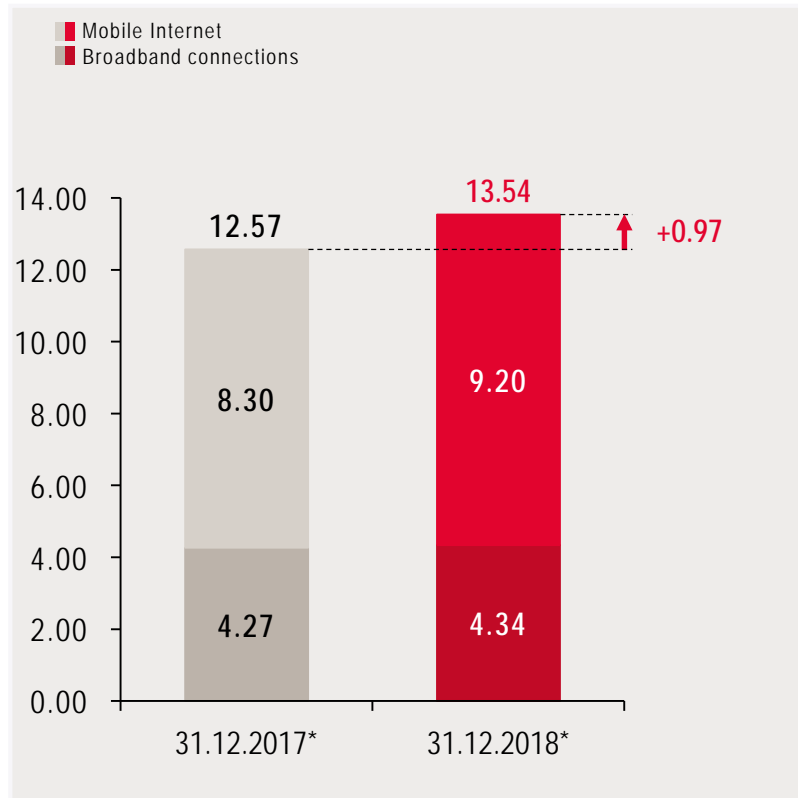
- Germany's leading MVNO
- Broad market coverage



- TEFD remedy partner with long-term guaranteed access on up to 30 % of network capacity and all future technologies, incl. 5G
- Additional wholesale contract with Vodafone

SEGMENT "CONSUMER ACCESS": CUSTOMER CONTRACTS

(in million)

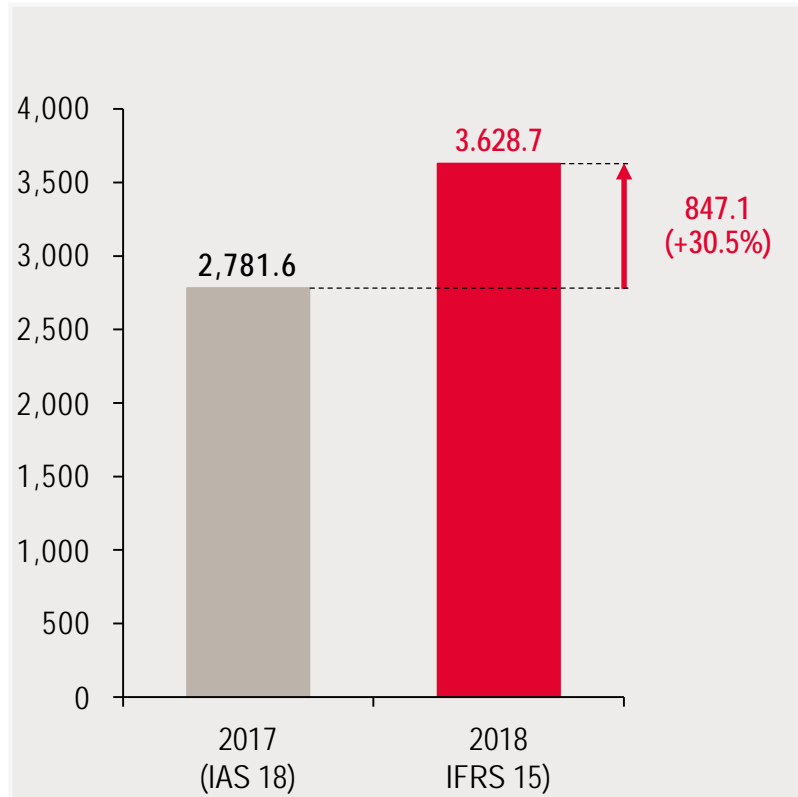


- 13.54 million customer contracts (+ 970,000)
 - 9.20 Mio. mobile internet contracts (+ 900,000)
 - 4.34 Mio. broadband connections
ADSL / VDSL / FTTH (+ 70,000)

* After an inventory adjustment as of December 31, 2018 by 0.07 million broadband connections from two phased-out businesses; the comparative figures for the previous period have been restated accordingly so that the adjustment has no impact on the net change

SEGMENT "CONSUMER ACCESS": SALES

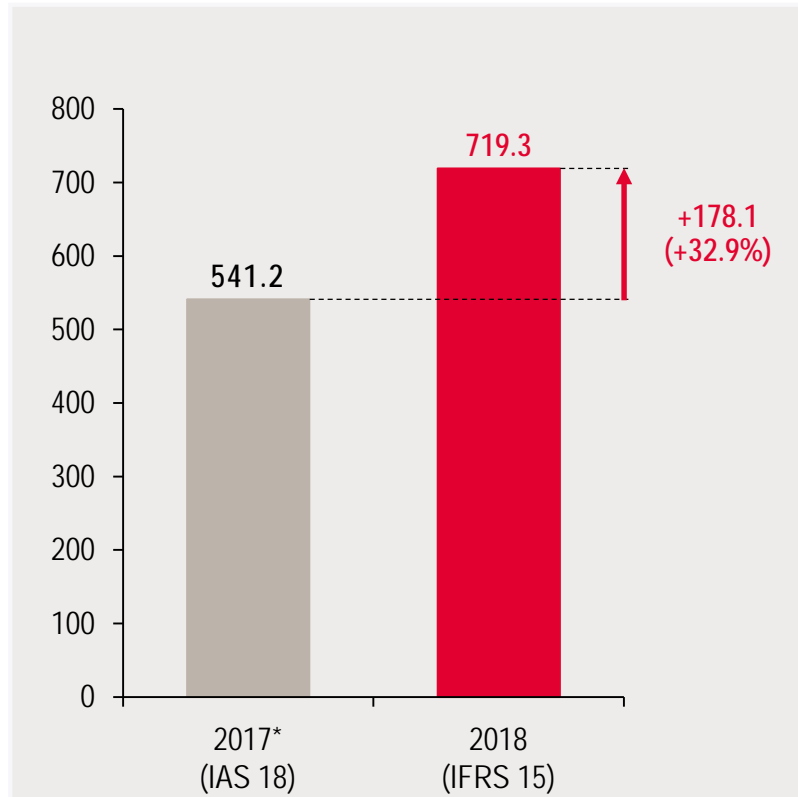
(acc. to IFRS in € million)



- Sales: € 3.629 billion (+ 30.5 %), incl. € + 277.6 million from IFRS 15
- + 13.3 % pro-forma sales incl. Drillisch for 12 month in the prior year

SEGMENT "CONSUMER ACCESS": EBITDA

(acc. to IFRS in € million)



- EBITDA: 719.3 million (+ 32.9 %), incl.
€ + 268.1 million from IFRS 15 as well as
€ - 268.1 million from inc. use of smartphones and
€ - 25.1 million from one-offs Drillisch integration
- 19.8 % EBITDA margin (Prior year: 19.5 %)
- + 12.3 % pro-forma EBITDA incl. Drillisch for 12 month in the prior year

* 2017 excl. extraordinary result from revaluation of Drillisch shares (EBITDA: € 303.0 million) and excl restructuring costs from offline distribution (EBITDA: € -28.3 million)

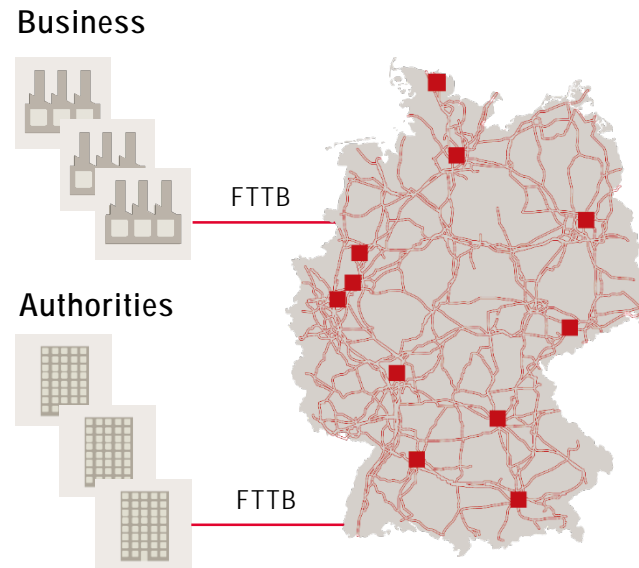
SEGMENT "BUSINESS ACCESS"

- One of the largest German fiber-optic networks
- Project business and plug-and-play solutions for medium-sized companies



**GLASFASER
DIREKT**

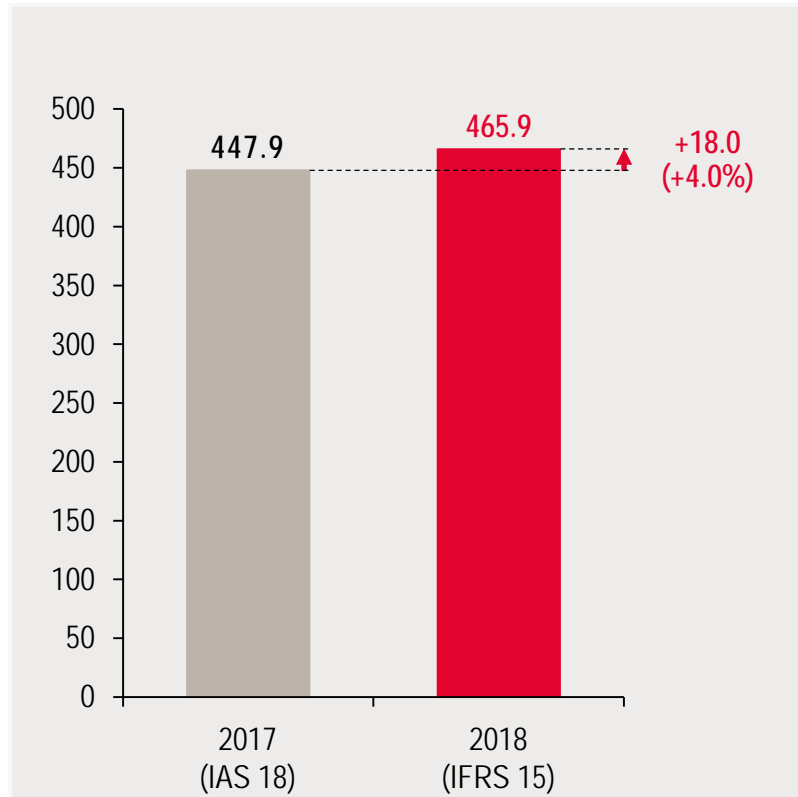
✓ Glasfaser-Anschluss für Firmen!
✓ Garantierte Gigabit-Bandbreite!
✓ Keine Baukosten bis zum Gebäude!



- Fiber-optic network with 47,013 km (prior year: 44,889 km)
- In 250 German cities, including 19 of the 25 largest cities
- 13,998 directly connected locations

SEGMENT "BUSINESS ACCESS": SALES

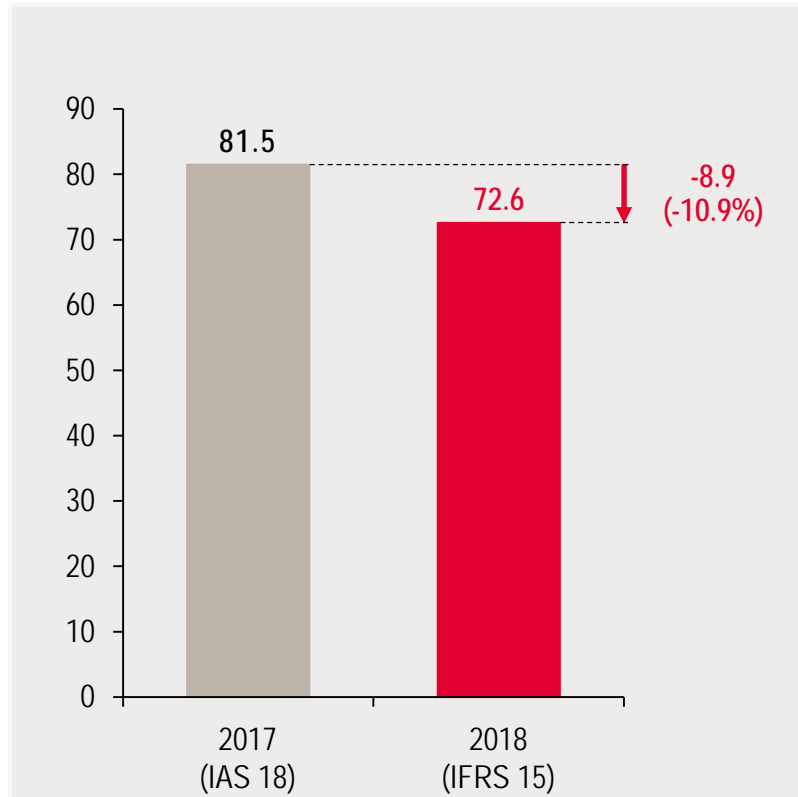
(acc. to IFRS in € million)



- Sales: € 465.9 million (+ 4.0 %)
- + 13.9 % sales w/o mass market business, which was reallocated to Consumer Access as of May 1, 2017

SEGMENT "BUSINESS ACCESS": EBITDA

(acc. to IFRS in € million)



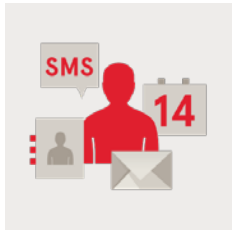
- EBITDA: € 72.6 million (-10.9 %), incl. € 1.6 million from IFRS 15
- EBITDA margin: 15.6 % (Prior year: 18.2 %)
- + 27.9 % EBITDA w/o mass market business, which was reallocated to Consumer Access as of May 1, 2017

"APPLICATIONS" IN FISCAL YEAR 2018

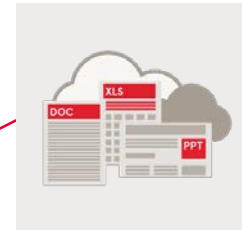
- CONSUMER ACCESS
- BUSINESS ACCESS

- CONSUMER APPLICATIONS
- BUSINESS APPLICATIONS

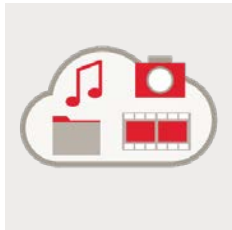
SEGMENT "CONSUMER APPLICATIONS": FROM E-MAIL SERVICE TO COMMAND CENTER FOR COMMUNICATION, INFORMATION AND IDENTITY MANAGEMENT



Communication and organization
E-mail, calendar, contacts, SMS, fax



Online office
Texts, spreadsheets, presentations



Cloud storage
For photos, videos, music and documents








De-Mail
Legally secure communication and identity management



CONSUMER APPLICATIONS: ASSETS

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

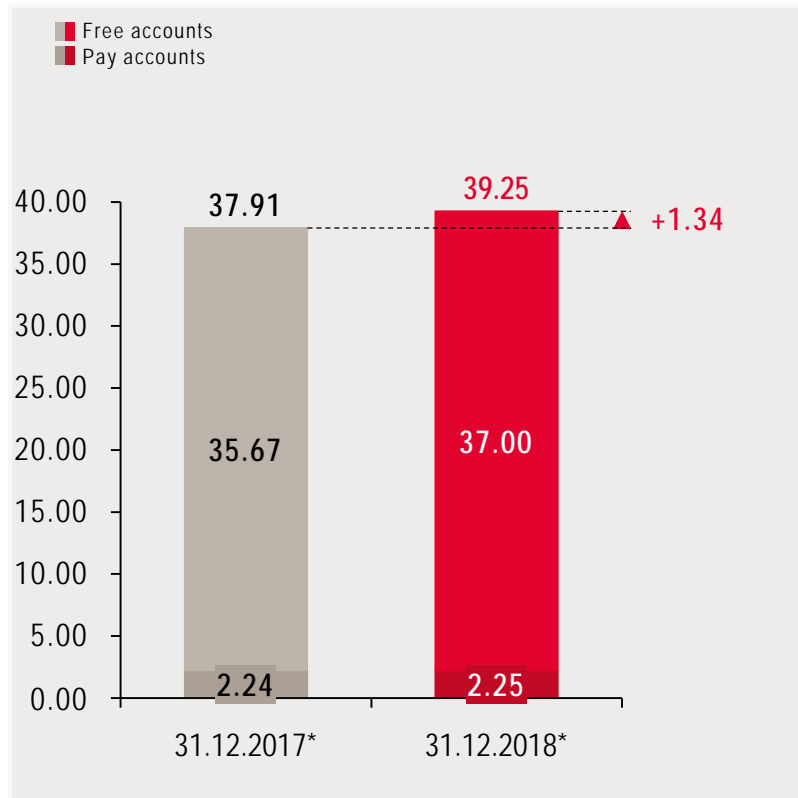
	E-Mail*	Cloud-Speicher*	Content*	eIDAS/De-Mail
	#1	#3	#1	#1
	#2	#2	–	–
	#3	#8	#2	#2
	#4	#5	n.a.	–
	#8	#9	n.a.	–

- 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, 2018 (privately most used e-mail / cloud provider in Germany)
Content: Reuters Digital News Report, 2018 (most used news provider in Germany)

SEGMENT "CONSUMER APPLICATIONS": ACCOUNTS

(in million)

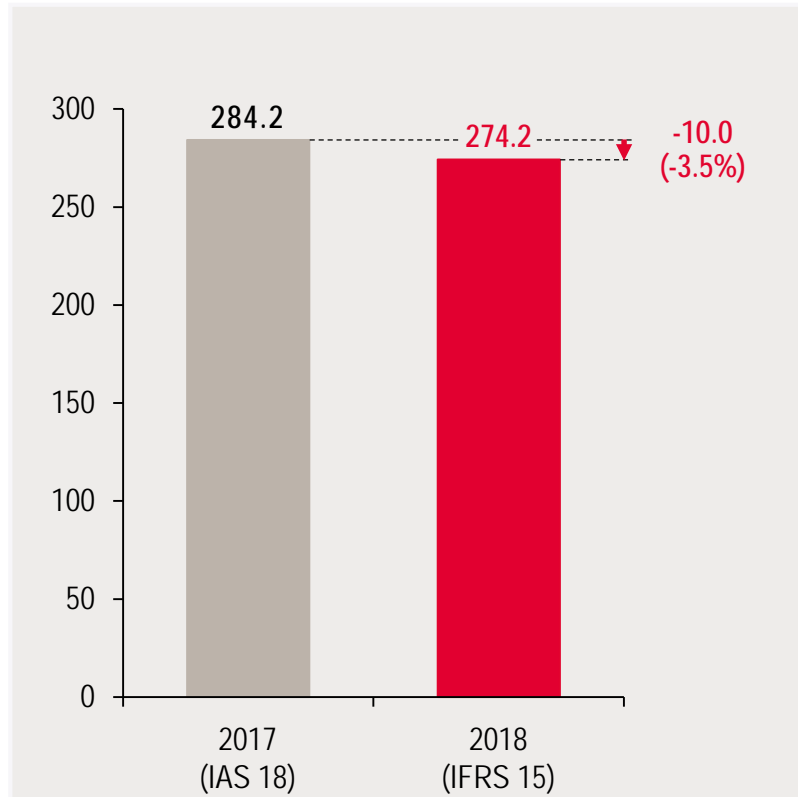


- 39.25 million consumer accounts (+ 1.34m), thereof
 - 37.00 million free accounts (+ 1,330,000)
 - 2.25 million pay accounts (+ 10,000)
- 22.7 million with mobile usage (+ 2,300,000)
- 18.5 million with cloud storage (+ 400,000)

* After a inter-segment reclassification during the year, as of March 31, 2018, of 250,000 customer relationships from contract inventory (pay accounts) to free accounts as well as a reclassification of 260,000 customer relationships from the Business Applications contract inventory (domestic) to the Consumer Applications contract inventory (Value-Added subscription) as of December 31, 2018; the comparative figures of previous periods have been restated accordingly so that the adjustment has no impact on the net change

SEGMENT "CONSUMER APPLICATIONS": SALES

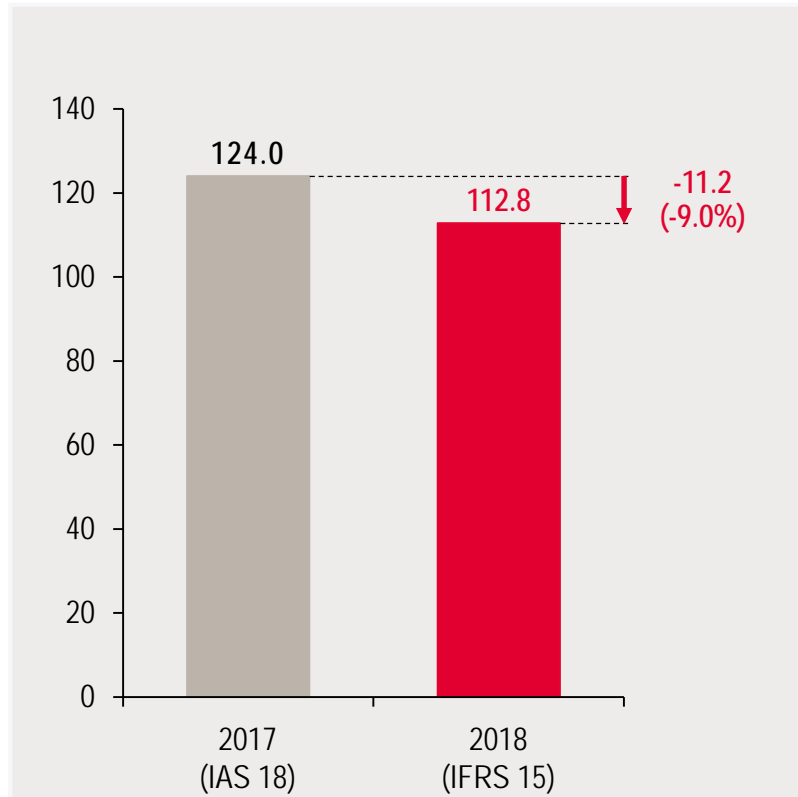
(acc. to IFRS in € million)



- Sales: € 274.2 million (-3.5 %), incl.
€ + 2.8 million from IFRS 15 and
€ - 17.0 million due to the planned reduction in
advertising space as part of the transition to
data-driven business models

SEGMENT "CONSUMER APPLICATIONS": EBITDA

(acc. to IFRS in € million)



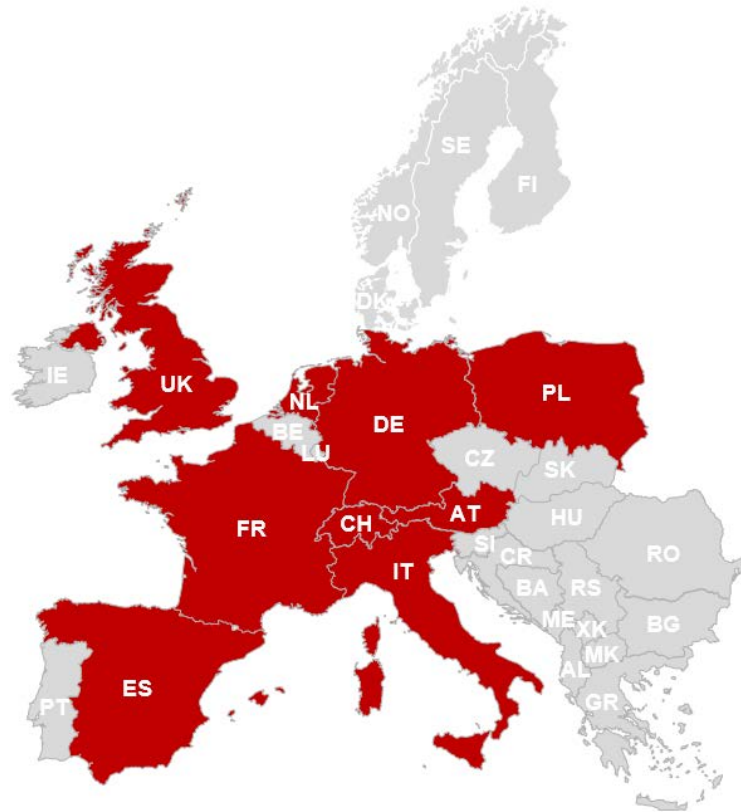
- EBITDA € 112.8 million (-9.0 %), incl.
€ + 0.2 million from IFRS 15 and
€ - 15.9 million from the planned reduction in
advertising space 2018
- EBITDA margin: 41.1 % (Prior year: 43.6 %)

SEGMENT "BUSINESS APPLICATIONS": FROM WEBHOSTER TO E-BUSINESS SOLUTIONS PROVIDER



SEGMENT "BUSINESS APPLICATIONS": ASSETS

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

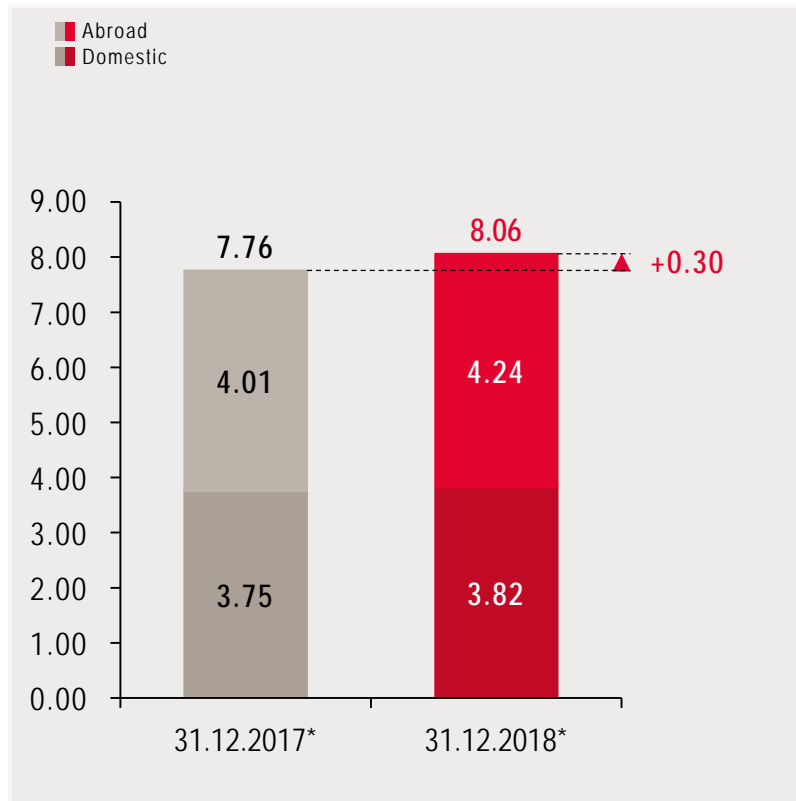


- Broad product portfolio
- In-house developments and cooperations with development partners
- Powerful data centers

* Based on managed ccTLDs

SEGMENT "BUSINESS APPLICATIONS": CUSTOMER CONTRACTS

(in million)

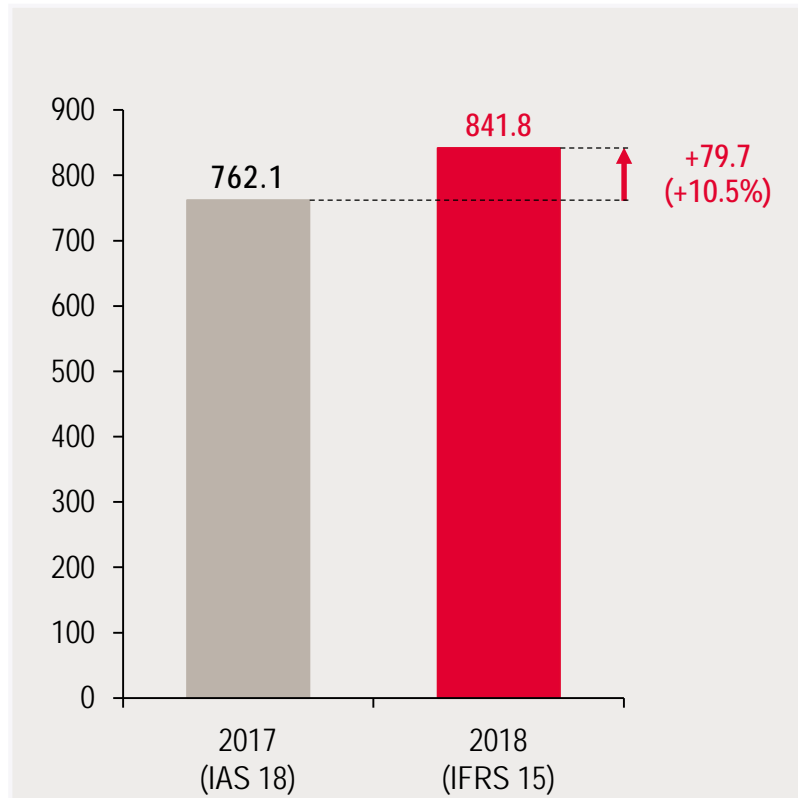


- 8.06 million customer contracts (+ 300,000, thereof 250,000 from World4You takeover)
 - 3.82 million domestic
 - 4.24 million abroad

* After reclassification of 260,000 customer relationships from the Business Applications contract inventory (domestic) to the Consumer Applications contract inventory (Value-Added subscription) as of December 31, 2018; the comparative figures of previous periods have been restated accordingly so that the adjustment has no impact on the net change

SEGMENT "BUSINESS APPLICATIONS": SALES

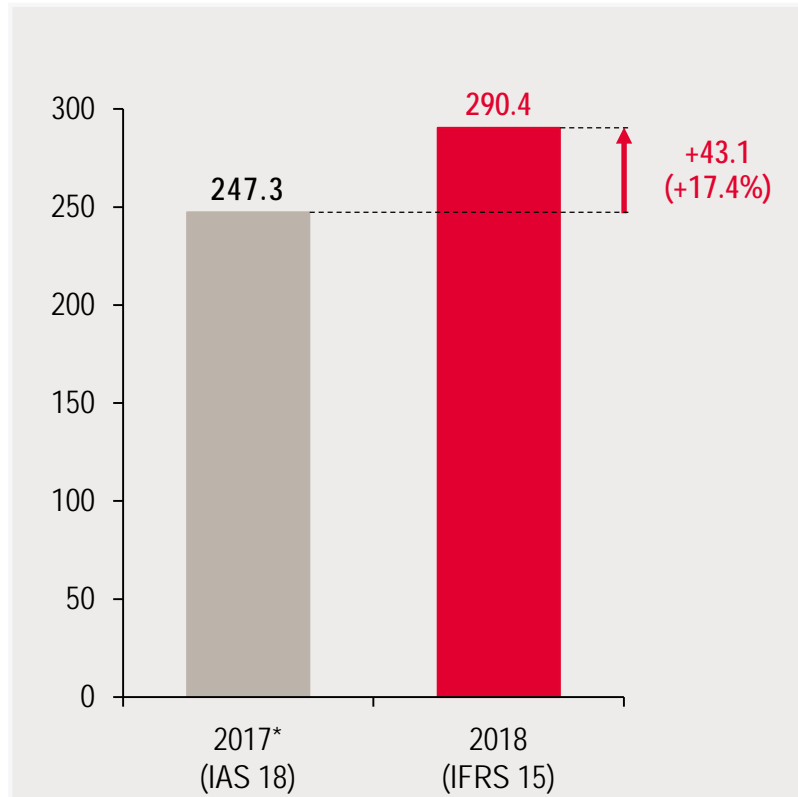
(acc. to IFRS in € million)



- Sales: € 841.8 million (+ 10.5 %), incl. € + 2.8 million from IFRS 15
- Pro-forma sales: + 5.9 % including Strato for 12 month in the prior year

SEGMENT "BUSINESS APPLICATIONS": EBITDA

(acc. to IFRS in € million)



- EBITDA: € 290.4 million (+17.4 %), incl. € + 7.0 million from IFRS 15 and € - 16.6 million one-offs from Strato integration / Rebranding
- EBITDA margin: 34.5 % (Prior year: 32.4 %)
- Pro-forma-EBITDA: + 13.7 % incl. Strato for 12 month in the prior year

* Excl. extraordinary result from revaluation of ProfitBricks shares (EBITDA: € +16.1 million), w/o internally recharged M&A costs (EBITDA: € -8.7 million)

OUTLOOK 2019

OUTLOOK 2019

Continuation of profitable growth path

- Sales: + approx. 4 % (to approx. € 5.34 billion)
- EBITDA: + approx. 8 % (to approx. € 1.30 billion) respectively
+ approx. 12 % incl. IFRS16 effects (to approx. € 1.35 billion)

Included in EBITDA:

approx. € 30 million one-offs for integration projects Consumer Access / Business Applications

RESULTS FISCAL YEAR 2018

GROUP: CUSTOMER, SALES AND EARNINGS AS OF 31. DEC. 2018

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

	31.12.2017 (IAS 18)	31.12.2018 (IFRS 15)	Change
Fee-based customer contracts	22.57	23.85	+ 1.28m
Sales	4,206.3	5,130.8	+ 22.0 %
EBITDA*	979.6	1,201.3	+ 22.6 %
EBIT*	704.0	811.0	+ 15.2 %
EBT*	660.1	765.7	+ 16.0 %
EPS after minorities* (in €)	2.02	1.96	- 3.0 %
EPS after minorities, before PPA* (in €)	2.34	2.48	+ 6.0%

* 2018 w/o write downs on Tele Columbus (EBT: € 203.8 million; EPS: € -1.02)
 2017 w/o revaluation of Drillisch shares / ProfitBricks shares (EBITDA/EBT: € +319.1 million ; EPS: € +1.59), M&A transaction costs (EBITDA/EBT: € -17.1 million; EPS: € -0.06), restructuring costs offline-distribution (EBITDA/EBT: € -28.3 million; EPS: € -0.10), trademark writedown (EBT: € -20.7 million; EPS: € -0.07), financing costs Drillisch (EBT: € 4.3 million; EPS: € -0.01), writedown Rocket Internet (EBT: € 19.8 million; EPS: € -0.10) and one-off tax effect from WP investment and Drillisch investment (EPS: € -0.21)

GROUP: BALANCE SHEET AS OF 31. DEC. 2018 (I)

(acc. to IFRS in € million)

Assets	31.12.2017 (IAS 18*)	01.01.2018 (IFRS 15**)	31.12.2018 (IFRS 15**)	Comments (Changes to the opening balance)
Property, plant and equipment / intangible assets	2,155.9	2,140.8	2,062.6	▪ Capex: € 271.8m; D&A: € 390.3m
Goodwill	3,564.1	3,564.1	3,612.6	▪ World4You takeover
Financial assets	751.7	785.7	554.9	▪ Stock exchange values (Rocket) and book values (strategic investments) ▪ Write-down Tele Columbus
Accounts receivable	343.6	333.0	409.7	▪ Increase due to expansion of business
Contract assets	0	351.0	595.8	▪ Increased use of hardware
Inventories, prepaid expenses and other assets	551.4	610.7	880.1	▪ Inventories: € 89.6m (PY: € 44.7m) ▪ Prepaid expenses: € 566.1m (PY: € 193.2m) ▪ Tax assets: € 129.6m (PY: € 75.3m)
Cash and cash equivalents	238.5	238.5	58.1	▪ Increased use of hardware
Total	7,605.2	8,023.8	8,173.8	

* IAS 18 / IAS 11 / IAS 39

** IFRS 15 / IFRS 9

GROUP: BALANCE SHEET AS OF 31. DEC. 2018 (II)

(acc. to IFRS in € million)

Liabilities and equity	31.12.2017 (IAS 18*)	01.01.2018 (IFRS 15**)	31.12.2018 (IFRS 15**)	Comments (Changes to the opening balance)
Equity	4,048.7	4.486.5	4,521.5	▪ Equity ratio: 55.3 %
Liabilities due to banks	1,955.8	1.955.8	1,939.1	▪ Bank liabilities (net): € 1,881.1m (12/2017: € 1,717.3m) ▪ Increased use of hardware & World4You
Trade accounts payable	408.9	405.6	566.8	▪ Increase due to expansion of business
Contract liabilities	294.9	197.6	188.1	
Accrued taxes and deferred tax liabilities	522.1	544.0	577.8	
Other accrued liabilities	82.9	149.2	124.4	
Other liabilities	291.9	285.1	256.1	▪ Thereof non-current: € 87.0m (IRUs / network lease from 1&1 Versatel)
Total	7,605.2	8,023.8	8,173.8	

* IAS 18 / IAS 11 / IAS 39

** IFRS 15 / IFRS 9

GROUP: CASH FLOW AS OF 31. DEC. 2018

(acc. to IFRS in € million)

	31.12.2017 (IAS 18)	31.12.2018 (IFRS 15)	Erläuterungen
Operative cash flow	656.4	889.5	
Cash flow from operating activities	655.7	482.3	<ul style="list-style-type: none"> ▪ 2017 w/o capital gains tax refund (€70.3m) ▪ Decrease due to higher cash outflows from increased use of hardware
Cash flow from investing activities	- 897.7	- 350.9	<ul style="list-style-type: none"> ▪ Capex & takeover World4You: €343.8m (PY: Takeover of € 656.1m)
Free cash flow*	424.5	254.6	<ul style="list-style-type: none"> ▪ 2017 w/o capital gains tax payment (€70.3m) ▪ 2018 w/o capital gains tax refund (€34.7m) from 2016

* 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!

