UNITED INTERNET

Business Applications – Strategic Partnership with Warburg Pincus

November 8, 2016
1&1 INTERNET SE WITHIN UNITED INTERNET GROUP

Access
- Consumer
- Business

Applications
- Consumer (1&1 Internet SE)

Listed investments
- Warburg Pincus
  WP XII Venture Holdings S.a.r.l.

1&1
1&1 versatel

GMX
1&1
WEB.DE

InterNetX
arsys
sedo

UI Ventures

listed investments
- todocolumbus 25.11%
- DRILLISC 20.11%
- himedia 10.46%
- Rocket Internet 8.31%
KEY TRANSACTION HIGHLIGHTS

- United Internet announced today the formation of a strategic partnership with WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC (collectively “Warburg Pincus” and “WP”) in its Business Applications segment (“1&1 Internet SE”), as part of which WP will acquire a 33.33% stake in 1&1 Internet SE
  
  - Enterprise value of €2.55bn represents a premium multiple of ~12.5x FV / EBITDA 2016E
  - As part of the transaction structure United Internet is granting an intercompany loan of €1.2bn on terms in line with market conditions for a standalone loan for comparable assets
  - The agreed equity purchase price is up to €450m for the 33.33% stake
  - An initial amount of €334m is expected to be paid in the first half of 2017
  - Up to a further €116m will be paid at later stages subject to certain performance milestones and foreign exchange rate movements
  - René Obermann (Managing Director, Warburg Pincus International LLC) will become a member of the Supervisory Board of 1&1 Internet SE post closing of the transaction
  - The transaction is subject to anti-trust approval by the relevant bodies

- 1&1 Internet will benefit from Warburg Pincus’s strong sector experience in the technology and internet space and its access to senior industry experts

- 1&1 Internet has a clear strategy to build its position as the leading European web hosting company and to strengthen its position amongst the leading players globally through accelerating organic growth and M&A

- The transaction provides 1&1 Internet SE with the flexibility for future strategic options including a potential IPO within the next years
TRANSACTION RATIONALE

1. **WP experience**
   - Benefit from WP’s deep and global sector experience in hosting, online and relevant software sectors
   - Active supervisory board & committee members
   - Access to senior industry experts

2. **Expand leading product offering for customers in Europe**
   - Jointly expand 1&1 Internet’s leading product offering across its footprint
   - #1 in Germany, Spain and Poland
   - #2 in France and the UK
   - Good market positions in Mexico, Austria, Italy and the US

3. **Investment in future growth**
   - Further invest in product portfolio to drive acceleration of organic growth momentum
   - Jointly assess efficiency improvements and consolidate existing technology platforms
   - Further roll-out and ramp-up of cloud-based infrastructure and products

4. **M&A consolidation platform**
   - Leverage M&A platform to participate in consolidation of the highly fragmented European web hosting market
   - Ongoing market monitoring and evaluation of potential acquisition targets

5. **Jointly assess potential IPO**
   - The transaction provides 1&1 Internet SE with the flexibility for future strategic options including a potential IPO within the next years
1&1 AS EUROPEAN MARKET LEADER

Complementary brands

- arsys
- fasthosts
- home.pl
- InterNetX
- 1&1
- sedo
- united domains

Assets

- Leading webhosting brands in Europe including international operations in the US, Canada and Mexico
- Broad product portfolio
- 7 data centres and 70,000 servers
- Approximately 6m customers

Product portfolio

- Webhosting
- Website builder
- eCommerce
- VPS
- Dedicated server
- Cloud server
- Domains
- Productivity
- Online marketing

International footprint

Additional presence in the US, Mexico and Canada

1 Austria served via Germany
ATTRACTIONE ORGANIC AND INORGANIC GROWTH OPPORTUNITIES IN THE EUROPEAN WEBHOSTING MARKET

- 33 million SMBs (< 20 FTE) need a trusted partner

- Supporting of digital transformation of SMBs: from digital marketing to back-office applications

- Increase customer base and value through expansion of service offering, demand-based up- and cross-selling and continuous improvements of customer satisfaction

- Further market consolidation in the highly fragmented European webhosting market via M&A

*Companies with less than 20 FTEs*
<table>
<thead>
<tr>
<th>SUMMARY TERMS OF THE TRANSACTION</th>
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<tr>
<td><strong>Perimeter</strong></td>
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<tr>
<td>▪ Divestment of 33.33% stake in 1&amp;1 Internet SE to WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC</td>
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<td>▪ Participation will be implemented through newly founded holding structure</td>
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<td><strong>Enterprise value</strong></td>
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<td>▪ Enterprise value of €2.55bn represents premium multiple of c.12.5x EBITDA 16E</td>
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<td><strong>Intercompany leverage</strong></td>
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<td>▪ As part of the transaction structure United Internet is granting an intercompany loan of €1.2bn at closing</td>
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<td>▪ Both quantum and interest rate are in line with market standards for comparable assets</td>
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<td><strong>Governance</strong></td>
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<td>▪ Warburg Pincus will have representation on Supervisory Board of 1&amp;1 Internet SE in proportion to its ownership</td>
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<td><strong>Conditions &amp; closing</strong></td>
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<td>▪ Subject to regulatory approval by relevant anti-trust authorities</td>
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<td><strong>Impact on United Internet</strong></td>
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<td>▪ United Internet will continue to fully consolidate 1&amp;1 Internet post transaction in its quarterly and annual accounts</td>
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Our success story continues!