

AD-HOC DISCLOSURE ACC. TO ART. 17 MAR

On completion of the first nine months, United Internet is confirming its EBITDA guidance 2020 and updating its sales growth guidance from approx. 4% to approx. 3%

9-month figures 2020

- Customer contracts: + 670,000 to 25.41 million
- Sales: + 3.4% to EUR 3.985 billion; like-for-like adjusted sales + 3.8%
- EBITDA: - 5.0% to EUR 896.4 million; like-for-like adjusted EBITDA + 4.8%
- EBIT: - 7.8% to EUR 541.6 million; like-for-like adjusted EBIT + 8.0%

Montabaur, November 5, 2020. In the first nine months of 2020, United Internet invested heavily in new customer contracts and the expansion of existing customer relationships, and thus in sustainable growth. As a result, the total number of fee-based customer contracts grew organically by 670,000 to 25.41 million contracts. Of this total, 350,000 contracts were added in the Consumer Access segment and 230,000 contracts in the Business Applications segment. A further 90,000 contracts and 1.23 million ad-financed free accounts were gained in the Consumer Applications segment.

Consolidated sales grew by 3.4% in the first nine months of 2020, from EUR 3,855.0 million in the previous year to EUR 3,984.7 million.

Sales growth was slowed by the effects of the coronavirus pandemic. These effects had a particularly negative impact on the Consumer Access and Consumer Applications segments. There were opposing positive effects in the Business Access segment. Adjusted for these pandemic effects, like-for-like sales rose by 3.8% on the previous year.

There was a significant 5.0% decline in consolidated EBITDA to EUR 896.4 million in the first nine months of 2020 compared to the prior-year figure (EUR 944.0 million).

This decrease resulted from the Consumer Access segment. In this segment, Telefónica Germany presented 1&1 Drillisch AG with a price increase as of July 1, 2020 for network capacities within the framework of the MBA MVNO agreement. 1&1 Drillisch AG regards the invoiced wholesale prices as excessive and not in compliance with the voluntary commitments of Telefónica as part of the European Commission's clearance of its merger with E-Plus, as well as the MBA MVNO agreement. 1&1 Drillisch will take the necessary steps to safeguard its rights (including possible claims for damages) in order to seek a review of the unjustified portion of the invoiced price increase ("excessive MBA invoicing").

In addition to this excessive MBA invoicing, the earnings figures of 1&1 Drillisch were mainly burdened by initial costs for the construction of the 5G network as well as regulatory decisions. In addition, the coronavirus pandemic had a negative impact on key earnings figures ("special items").

Similarly influenced by excessive MBA invoicing and the special items, consolidated EBIT of EUR 541.6 million also fell well short of the prior-year figure (EUR 587.6 million).

Adjusted for (i) extraordinary income in the previous year (EUR 21.5 million from the sale of shares in virtual minds), (ii) the excessive MBA invoicing, and (iii) the special items, like-for-like EBITDA for the first nine months of 2020 was 4.8% and like-for-like EBIT 8.0% above the respective prior-year figures.

Earnings per share (EPS) for the first nine months fell from EUR 1.35 in the previous year to EUR 1.33. The prior-year EPS figure included positive extraordinary income from the sale of shares in virtual minds (EPS effect: EUR +0.11) as well as an opposing effect from non-cash impairment charges on Tele Columbus shares (EPS effect: EUR -0.15). Adjusted for these effects, operating EPS decreased by 4.3% from EUR 1.39 to EUR 1.33 and operating EPS before PPA amortization by 4.5% from EUR 1.76 to EUR 1.68.

Outlook 2020

The United Internet subsidiary 1&1 Drillisch anticipates lower sales of smartphones and tablets due to a reduced willingness among its existing customers to change tariffs. Consequently, United Internet is also updating its sales growth guidance for 2020 from approx. 4% to approx. 3% (prior-year sales EUR 5,194.1 million).

As the sale of devices is a low-margin business – due to no or only low one-off payments by customers when they sign a contract or change tariffs and the refinancing of equipment costs via higher tariff prices – the update of sales growth guidance has no impact on the company's EBITDA forecast, which remains unchanged at EUR 1.180 billion.

This forecast is still subject to uncertainty, as an exact assessment of the duration and further effects of the coronavirus pandemic is not currently possible and the outcome of the current negotiations with Telefónica cannot be predicted.

An overview of all key figures for the first nine months is available at <https://www.united-internet.de/en/investor-relations/publications/presentations.html>

The detailed Interim Statement Q3 2020 will be available on November 10, 2020: <https://www.united-internet.de/en/investor-relations/publications/reports.html>

About United Internet

With over 25 million fee-based customer contracts and around 39 million ad-financed free accounts, United Internet AG is a leading European internet specialist. At the heart of United Internet is a high-performance "Internet Factory" with approx. 9,550 employees, of which around 3,000 are engaged in product management, development, and data centers. In addition to the high sales strength of its established brands (such as 1&1, GMX, WEB.DE, IONOS, STRATO, 1&1 Versatel, and the brands of



Drillisch Online), United Internet stands for outstanding operational excellence with over 64 million customer accounts worldwide.

Contact partner

United Internet AG

Mathias Brandes

Phone +49 2602 96-1616

presse@united-internet.de

Note

In the interests of clear and transparent reporting, the annual financial statements and interim statements of United Internet AG, as well as its ad-hoc announcements pursuant to Art. 17 MAR, contain additional financial performance indicators to those required under International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, EBIT, EBIT margin, and free cash flow. Information on the use, definition and calculation of these performance measures is provided in the Annual Report 2019 of United Internet AG from page 49 onwards.