9-Month Report

2012

united internet

Selected key figures acc. to IFRS

(Without special items)

	2012 January – Sept.	2011 January – Sept.
Established business fields		
Sales in € million	1.738.7	1.528.4
EBITDA* (Earnings before interest, taxes, depreciation and amortization) in € million	334.5	277.4
EBIT* (Earnings before interest and taxes) in € million	267.8	215.8
New business fields		
Sales in € million	27.9	8.7
EBITDA in € million	–96.8	–16.3
EBIT in € million	–98.6	–17.0
Total		
Sales in € million	1,766.6	1,537.1
EBITDA* in € million	237.7	261.1
EBIT* in € million	169.2	198.8
EBT* (Earnings before taxes) in € million	157.5	193.9
EPS (Earnings per share) in €	0.55	0.62
Employees at end of September	6,110	5,407
Share price at end of September (Xetra) in €	15.87	12.73

Quarterly development in € million (key figures including new business fields, without special items*)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Sales	557.0	576.9	586.6	603.1	527.7
EBITDA	78.9	70.5	78.1	89.1	85.0
EBIT	52.4	48.3	55.4	65.4	63.6
EBT	40.4	44.4	51.4	61.7	66.0
EPS in €	0.10	0.15	0.17	0.23	0.21

* Positive special items Q2 2011 (Versatel): EBITDA and EBIT effect: € 24.8 million; EBT effect: € 16.3 million; EPS effect: € 0.07
Negative special items Q2 2012 (Sedo impairment): EBIT, EBT effect: € 46.3 million; EPS effect: € 0.24
(Possible addition differences due to rounding effects)

Development of customer contracts in million

	Sept. 30, 2012	Sept. 30, 2011
Customer contracts, total	11.53	10.37
Access contracts, total	4.54	3.91
of which DSL complete (ULL)	2.71	2.45
of which Mobile Internet	1.18	0.61
of which narrowband / T-DSL / R-DSL	0.65	0.85
Applications contracts, total	6.99	6.46
of which “domestic”	4.03	3.83
of which “foreign”	2.96	2.63
Ad-financed accounts, total	30.6	30.4

Content

Dear shareholders, employees and business associates of United Internet,

The first nine months of fiscal year 2012 were a very successful period for us. We succeeded in raising sales and customer contract figures to new all-time highs and significantly increased earnings in our established business fields (after adjustment for special items). At the same time, we invested – as planned – large sums in the development of our new business fields in order to tap new growth potential for the future. With the interim results achieved so far this year, we are well on course to meeting the targets we set for 2012 as a whole.

Specifically, we raised consolidated sales to the new record level of € 1,766.6 million in the first nine months of 2012 – representing a year-on-year increase of 14.9%. Sales in our established business fields rose by 13.8% to € 1,738.7 million. In addition, there were sales in our new business fields of € 27.9 million (prior year: € 8.7 million).

There was also strong growth in customer contracts: with the addition of 860,000 new contracts to 11.53 million, we easily exceeded the corresponding growth figure for the first nine months of 2011 (610,000 new contracts).

As in the first nine months of 2011, key earnings figures in the first nine months of 2012 were influenced by various special items. Whereas in the second quarter of 2011, there was a positive effect on earnings from the sale of our Versatel shares, we had to disclose a negative effect on earnings in the second quarter of 2012 from impairment charges – albeit without any impact on cash. This resulted from writedowns on goodwill which Group subsidiary Sedo Holding AG recognized in its half-year figures.

In our operating business, i.e. without consideration of special items, we succeeded in raising earnings significantly in our established business fields during the first nine months of 2012. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 20.6%, from € 277.4 million last year to € 334.5 million, while earnings before interest and taxes (EBIT) improved by 24.1%, from € 215.8 million last year to € 267.8 million.

As previously announced, we used this positive earnings development in established business fields for the strong development of new business fields. In the first nine months of 2012, we focused on the international marketing campaign for the 1&1 MyWebsite, and the development of De-Mail applications. In line with planning, we expensed EBIT-effective start-up losses of € 98.6 million (prior year: € 17.0 million) for these activities in the first nine months of 2012.

As a result of these start-up losses, there was an expected overall decline in key earnings figures compared to the same period last year. Without consideration of special items, EBITDA amounted to € 237.7 million (prior year: € 261.1 million) and EBIT to € 169.2 million (prior year: € 198.8 million).

Our consistently strong free cash flow position underlines the entire Group's ability to generate high levels of cash – while at the same time achieving strong qualitative growth. Despite the above mentioned start-up costs in new business fields, this figure was just slightly down on the previous year at € 145.0 million (prior year: € 149.3 million).

On November 14, 2012, we decided to exercise our option to purchase 25.1% of shares in the parent company of Versatel AG. By exercising this option, we will be securing a significant investment in one of the leading infrastructure suppliers with Germany's second-largest fiber-optic network.

With the exception of Sedo Holding AG, all other business divisions of United Internet AG developed in line with planning. Against this backdrop, we can confirm the guidance stated in our half-yearly report and expect full-year sales of approx. € 2.4 billion, growth in customer contracts of approx. 1.2 million, EBIT from established business fields of approx. € 367 million, start-up losses in new business fields of approx. € 120 million, and thus total EBIT from operating business of approx. € 250 million in our fiscal year 2012. Due to extraordinary non-cash-effective goodwill impairment of € 46.3 million for Sedo Holding AG, the anticipated EBIT result will be reduced to approx. € 200 million. EPS 2012 is expected to reach around € 0.58 (after approx. € 0.42 start-up losses in new business fields and after approx. € 0.24 Sedo impairments).

For 2013, we expect further strong earnings growth with an EPS of around € 1.00 – € 1.10 (after approx. € 0.30 – € 0.40 start-up losses in new business fields).

We are well placed for the next steps of our corporate development and optimistic about the remaining months of our current fiscal year. In view of the success already achieved in the first nine months of 2012, we would like to express our gratitude to all employees for their dedicated efforts, and thank our shareholders for their continued faith in the United Internet Group.

Montabaur, November 22, 2012

Ralph Dommermuth

Group management report for the first nine months of 2012

Economic environment

IMF lowers its growth forecasts

In its World Economic Outlook of October 2012, the International Monetary Fund (IMF) once again lowered its growth forecasts for the global economy. The IMF now anticipates global economic growth of just 3.3% this year – 0.2 percentage points down from its July forecast.

In the Euro zone, the IMF believes that economic output will fall by 0.4% – 0.1 percentage point more than previously assumed.

The Fund's reduced expectations are due to Europe's sovereign debt crisis and the ailing US economy. The IMF has therefore urged both the European Union and the USA to take action against these considerable risks and resolve the remaining uncertainties.

In their fall forecast 2012, Germany's leading economic research institutes also predict weaker growth for Germany in the coming months. The institutes also blame the Euro crisis as well as the downward trend of the global economy as a whole. The danger of recession was also confirmed for Germany, as the risks pointing to a further slide outweighed. This assessment is based on more cautious capital spending and no more than modest growth in exports over the past few months.

Business climate in German high-tech industry still good

High-tech SMEs appear largely unaffected by the Euro debt crisis and weak global economy. Over two thirds (69%) of small and mid-size IT companies reported year-on-year sales growth in the third quarter of 2012. This was the finding of a recent economic survey conducted by industry association BITKOM among high-tech SMEs.

Business was particularly encouraging for mid-size suppliers of software and IT services: more than three quarters of them (76%) achieved year-on-year revenue growth in the third quarter of 2012. For manufacturers of IT hardware, the figure was over two thirds (67%).

Expectations for the year as a whole remain very positive. More than three quarters (76%) of mid-size IT companies expect revenue growth in 2012, while just 17% expect falling sales.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with over 11.5 million fee-based customer contracts and over 30 million ad-financed free accounts. The operating activities of United Internet AG are divided into the segments “Access” and “Applications”.

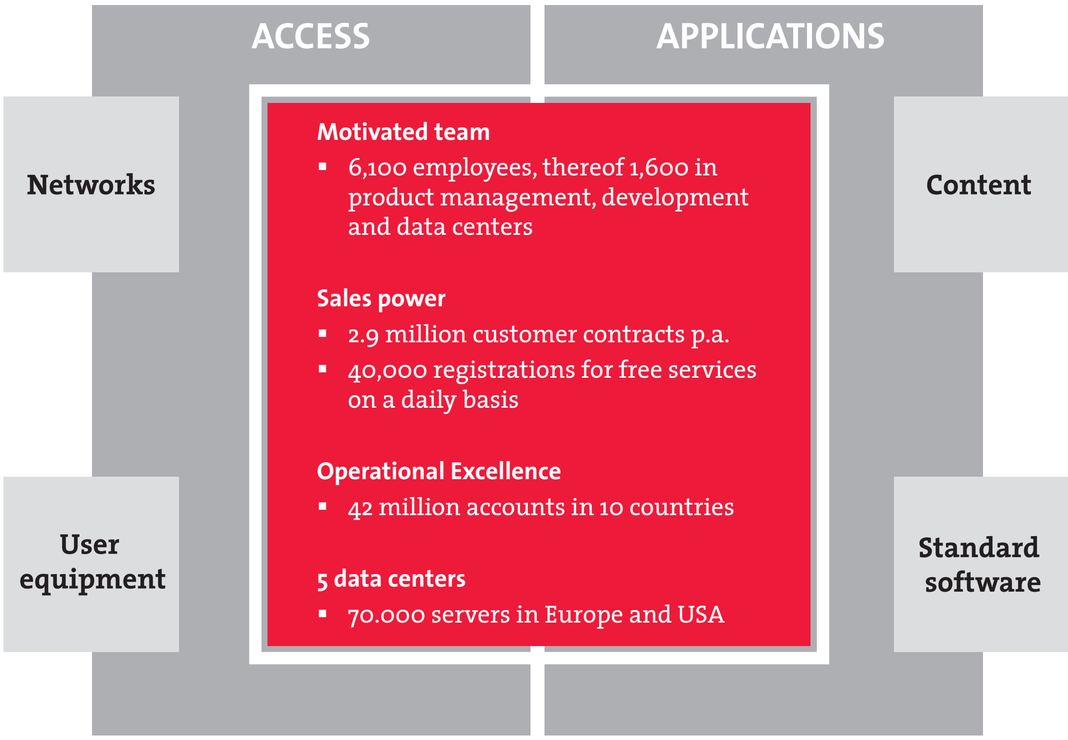
The “Access” segment comprises the company’s fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony or entertainment). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains independent of network providers by purchasing standardized network services from various pre-service providers. These are then enhanced with end-user devices, self-developed applications and services from the company’s own “Internet Factory” in order to differentiate them from the competition. Access products are marketed by the strong brands GMX, WEB.DE and 1&1, which enable the company to offer a comprehensive range of products to a mass market while also targeting specific customer groups.

The “Applications” segment comprises United Internet’s application business – whether ad-financed or via fee-based subscriptions. These applications include home pages and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company’s “Internet Factory” or in cooperation with partner firms and operated at the company’s data centers. In its “Applications” segment, United Internet is active on the international market and enjoys leading positions in Germany, France, the UK, Spain, Austria, Switzerland and the USA. In late 2010 / early 2011, the company also launched operations in Poland and Canada and entered the Italian market in May 2012. Applications are marketed to specific target groups via the differently positioned brands GMX, WEB.DE, 1&1, united-domains, Fasthosts and InterNetX. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

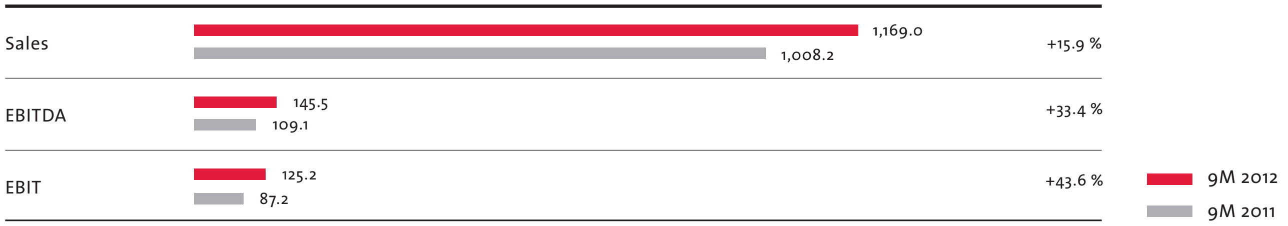
Development of “Access” segment

As a result of its dynamic customer growth, “Access” segment sales grew strongly by 15.9% to € 1,169.0 million in the first nine months of 2012. Despite greatly increased costs for new customer acquisition (+460,000 contracts in the first three quarters of 2012 compared to +280,000 in the same period last year), there was year-on-year growth in EBITDA of 33.4% to € 145.5 million (prior year: € 109.1 million), while EBIT rose by 43.6% to € 125.2 million (prior year: € 87.2 million). All customer acquisition costs, as well as costs for the migration of resale DSL connections to complete packages (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

UNITED INTERNET – THE "INTERNET FACTORY"



Financial figures for "Access" segment in € million



Quarterly development in € million

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Sales	359.8	375.6	388.4	405.0	351.0
EBITDA	43.2	41.3	47.1	57.1	43.6
EBIT	35.0	34.8	40.2	50.2	36.2

The number of fee-based contracts in this segment grew by 460,000 in the first nine months of 2012 to reach a total of 4.54 million. In its Mobile Internet business, the segment activated 390,000 new customer contracts and thus raised the total number of contracts to 1.18 million. There was also growth in complete DSL contracts (of particular importance for the segment) with the addition of a further 200,000 contracts to reach a total of 2.71 million. As expected, the number of customer contracts for those business models gradually being phased out (narrowband, T-DSL and R-DSL) continued to fall in the first nine months of 2012 (-130,000 customer relationships). For the third consecutive quarter, the total number of fixed-line contracts thus increased and has now grown by 70,000 contracts in the fiscal year so far.

Development of customer contracts in the first nine months of 2012

"Access" customer contracts	Dec. 31, 2011	Sept. 30, 2012	Change
Access, total	4.08 million	4.54 million	+ 460,000
of which Mobile Internet	0.79 million	1.18 million	+ 390,000
of which DSL complete (ULL)	2.51 million	2.71 million	+ 200,000
of which narrowband / T-DSL / R-DSL	0.78 million	0.65 million	– 130,000

Development of customer contracts in the third quarter of 2012

"Access" customer contracts	June 30, 2012	Sept. 30, 2012	Change
Access, total	4.38 million	4.54 million	+ 160,000
of which Mobile Internet	1.06 million	1.18 million	+ 120,000
of which DSL complete (ULL)	2.61 million	2.71 million	+ 100,000
of which narrowband / T-DSL / R-DSL	0.71 million	0.65 million	–60,000

Product highlights in the first nine months of 2012

In the period under review, the main focus was on implementing the 1&1 Principle launched in late 2011 (as a further extensive development of the DSL quality drive) and launching the "1&1 Tablet Flat" tariff in the Mobile Internet business:

- **The 1&1 Principle:** The 1&1 Principle is the logical continuation of the quality drive already introduced in Germany in 2009. With the 1&1 Principle, customers are given clear performance promises. The most important new features are the overnight delivery of hardware, a one-month test phase for all products, and on-site, next-day replacement of faulty equipment. This enables United Internet's 1&1 brand to clearly differentiate itself from the competition, strengthens the benefits of online business over bricks-and-mortar operations, and setting new standards in service quality and customer satisfaction. Implementing the 1&1 Principle involved optimizing a number of internal processes, investing in customer care services and improving other procedures.
- **1&1 Tablet Flat:** Tablet PCs are the latest trend. According to sector association BITKOM, approx. 2.1 million units were sold in Germany alone during 2011 – corresponding to year-on-year sales growth of 162%. To enable customers to get maximum use of their tablets, also while on the road, 1&1 launched its "1&1 Tablet Flat" tariff. The "1&1 Tablet Flat" offers unlimited mobile surfing with bandwidth of up to 14,400 kBit/s together with a new tablet device starting from € 0.
- **3 new All-Net-Flats:** In August 2012, the United Internet brand 1&1 greatly expanded its product range in the Mobile Internet segment. Customers can now choose from three new 1&1 All-Net-Flat tariffs (flat-rate fees for all networks). „1&1 All-Net-Flat Basic" offers unlimited phoning in all German mobile and fixed-line networks as well as unlimited surfing at HSDPA speeds of up to 7,200 kBit/s (high-speed volume 300 MB). „1&1 All-Net-Flat Plus" not only includes unlimited phoning in all German mobile and fixed-line networks and unlimited surfing at HSDPA speeds of up to 7,200 kBit/s (high-speed volume 500 MB), but also unlimited text messaging. The high-end "1&1 All-Net-Flat Pro" tariff comprises unlimited phoning in all fixed-line and German mobile networks, unlimited text messaging, and even faster unlimited surfing at an HSDPA speed of up to 14,400 kBit/s as well as a high-speed volume of 1 gigabyte. In addition, the plan includes international data usage of 100 MB per month in 36 countries.

Outlook

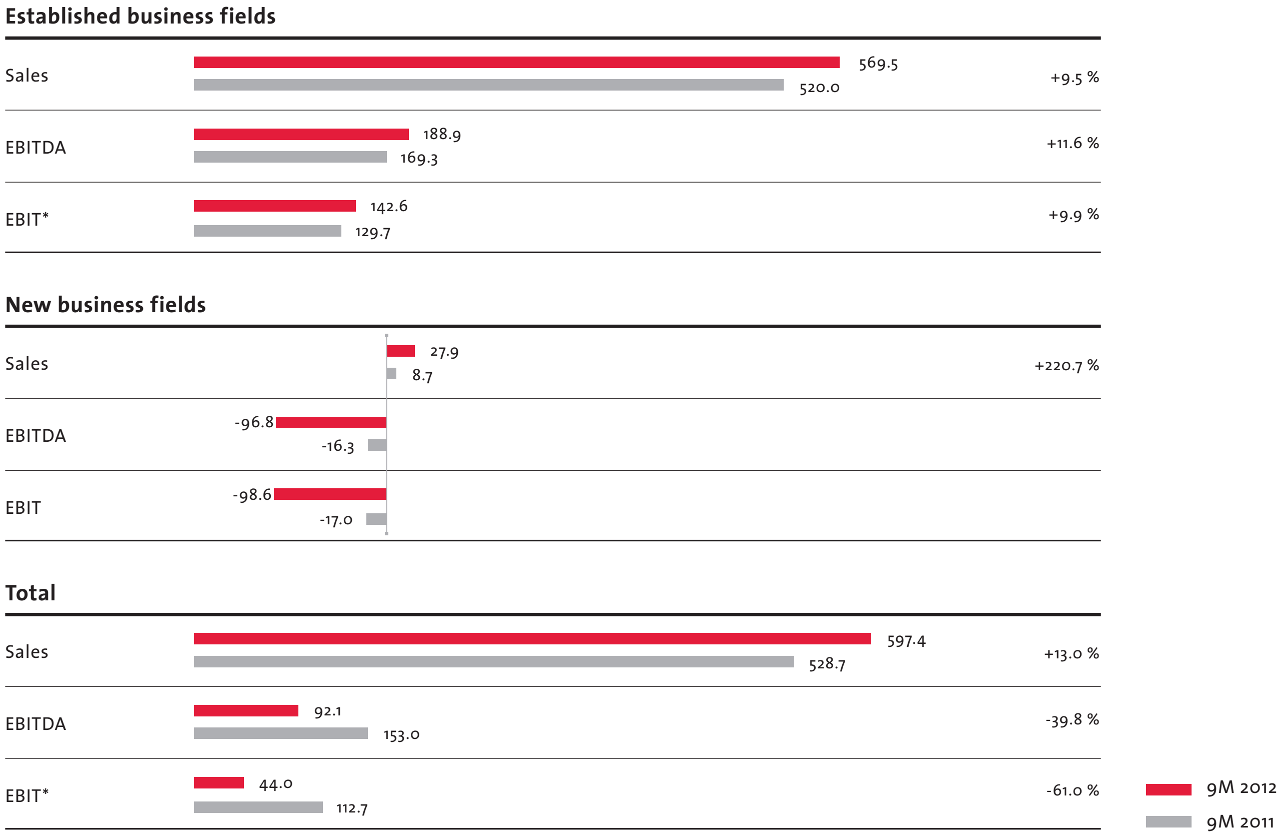
Thanks to its transparent and flexible product strategy offering excellent value for money and a variety of optional applications, United Internet sees good opportunities to enhance customer retention and achieve a further increase in average revenue per contract in its Access business. In particular, contract growth in this segment is expected to result from the marketing of Mobile Internet products as well as from the migration of customers to complete DSL packages (ULL) – regarded as essential for improving customer retention.

Development of "Applications" segment

Thanks to strong customer growth, sales in the "Applications" segment also rose by 13.0% to € 597.4 million in the first nine months of 2012. In the segment's established business fields, sales grew by 9.5% to € 569.5 million. In addition, there was revenue from new business fields of € 27.9 million (prior year: € 8.7 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the established business fields – without consideration of non-cash-effective extraordinary goodwill impairment of Sedo Holding AG – rose by 11.6% from € 169.3 million last year to € 188.9 million, while earnings before interest and taxes (EBIT) improved by 9.9% from € 129.7 million last year to € 142.6 million. These strong earnings in established business fields enabled United Internet to make planned investments in new business fields (especially in the international marketing campaign for the 1&1 MyWebsite and the development of De-Mail applications) and bear EBIT-effective start-up losses of € 98.6 million (prior year: € 17.0 million). As a result of these start-up losses, there was an expected year-on-year decline in segment EBITDA to € 92.1 million (prior year: € 153.0 million) and in segment EBIT to € 44.0 million (prior year: € 112.7 million).

Financial figures for "Applications" segment in € million (without special items)



Quarterly development in € million (key figures including new business fields, without special items*)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Sales	197.1	201.2	198.1	198.1	176.7
EBITDA	30.4	30.7	27.9	33.5	41.6
EBIT	12.3	14.9	12.3	16.8	27.6

* Negative special items Q2 2012 (Sedo impairment charges): EBIT effect: € 46.3 million

In addition to high investments for the establishment of new business fields, the "Applications" segment also invested heavily in customer growth during the period under review. As a result, the number of fee-based contracts world-wide grew by 400,000 to 6.99 million. The success of the international expansion campaign is documented by the contribution to contract growth from abroad: 230,000 new contracts were added to reach a total of 2.96 million. The segment continued to drive international expansion during the reporting period with its launch in Italy in May 2012. Broken down into target groups, 290,000 Business Application contracts were added (of which 170,000 contracts for the 1&1 MyWebsite, compared to 70,000 last year) to reach a total of 4.96 million, while the number of Consumer Application contracts grew by 110,000 to 2.03 million. At 30.6 million, the number of ad-financed accounts (accounts used within the last 30 days) remained just below the year-end 2011 level (30.8 million) due to seasonal reasons.

Development of customer contracts in the first nine months of 2012

"Applications" customer contracts	Dec. 31, 2011	Sept. 30, 2012	Change
Total fee-based contracts	6.59 million	6.99 million	+ 400,000
of which "domestic"	3.86 million	4.03 million	+ 170,000
of which "foreign"	2.73 million	2.96 million	+ 230,000
Ad-financed accounts	30.8 million	30.6 million	- 200,000

Development of customer contracts in the third quarter of 2012

"Applications" customer contracts	June 30, 2012	Sept. 30, 2012	Change
Total fee-based contracts	6.90 million	6.99 million	+ 90,000
of which "domestic"	3.98 million	4.03 million	+ 50,000
of which "foreign"	2.92 million	2.96 million	+ 40,000
Ad-financed accounts	31.1 million	30.6 million	- 500,000

Product highlights in the first nine months of 2012

In the period under review, activities focused on the migration of some 15 million active users to the new WEB.DE mailboxes – in the field of Consumer Applications – and the roll-out of new Dynamic Cloud Servers in the field of Business Applications:

- **New WEB.DE mailboxes:** In January 2012, WEB.DE conducted one of the biggest migrations in German internet history. Around 15 million users received a new home for their e-mails: the new WEB.DE mailbox. It features a clear design and simple navigation, while the WEB.DE online storage facility offers secure space in the cloud for personal data. Important documents, photos or other files can be safely stored here. They can subsequently also be accessed on the move via any internet-capable PC or dedicated app. The WEB.DE MailCheck, a browser extension for Internet Explorer and Mozilla Firefox, also offers users fast mailbox log-in, secure encryption and immediate notification of new e-mails received. With its integrated phishing filter, MailCheck also provides added security while surfing outside the mailbox.
- **1&1 Dynamic Cloud Server:** In March 2012, 1&1 made its Dynamic Cloud Server significantly more flexible. All relevant features, such as the CPU (processor) and RAM (memory) can be booked exactly according to the number of hours required. For small and mid-size companies, the change means they can administer their IT needs even more efficiently. That reduces costs – and strengthens their competitive standing. The 1&1 Dynamic Cloud Server offers users a virtual server environment with full root access. This allows users to adapt the basic settings according to their specific requirements. It is also possible to swap between Linux and Windows operating systems.
- **1&1 launches De-Mail for business clients:** As of late April, 1&1 business clients can register their desired name for the use of De-Mail. They have the possibility to reserve a De-Mail address based on their current .de domain – i.e. "MyFirm.de" will be joined by "MyFirm.de-mail.de". De-Mail enables private and business users to send or receive messages and documents in a secure, confidential and verifiable way. Easy and convenient via De-Mail's integration into existing e-mail environments.
- **WEB.DE offers German data security and entry-level tariffs for online storage:** Skydrive from Microsoft, iCloud from Apple, Google Drive or newcomer Dropbox – many of these so-called cloud products for Internet data storage originate in the USA. However, over 68% of all German Internet users are wary of storing their private data with US companies. This was the finding of a survey conducted by Convios Consulting GmbH. As of June 2012, WEB.DE offers such users a variety of tariff alternatives which comply with Germany's strict data protection laws.

- **Features of 1&1 MyWebsite greatly expanded:** As of October 2012, business customers can access up to 100 useful apps free of charge and simply integrate them into their websites. These business apps offer numerous sector-specific functions for e-commerce, communication, social media and everyday business processes. The web apps can be easily integrated into the user's website by simply dragging and dropping the chosen application to any place on the page. As a result, visitors no longer have to be redirected to external websites.

Outlook

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and private users, United Internet is well positioned to utilize the opportunities offered by cloud computing. In 2012, the company is focusing mainly on entering new foreign markets with its Business Applications (especially the international rollout of the 1&1 MyWebsite). In the field of Consumer Applications, we are expecting the launch of regular De-Mail operations. The new form of legally secure email communication is awaiting the completion of its certification process by the German Federal Office for Information Security (BSI).

Result of operations, financial position and net assets of the Group

Consolidated earnings

United Internet can look back on a successful first nine months of 2012. Consolidated sales of United Internet AG grew by 14.9% in the period under review, from € 1,537.1 million in the previous year to € 1,766.6 million. In its "Access" segment, sales rose by 15.9% from € 1,008.2 million to € 1,169.0 million, and in the "Applications" segment sales increased by 13.0% from € 528.7 million to € 597.4 million.

Despite greatly increased purchases of pre-services in the Access segment as a result of strong customer growth (+460,000 contracts in the period under review compared to +280,000 in the previous year) and the complete recognition of smartphone subsidies for the fast growing Mobile Internet business with a corresponding effect on earnings (+390,000 contracts in the period under review compared to +340,000 in the previous year), consolidated gross margin rose from 33.7% in the previous year to 34.0%.

Due in particular to the international advertising campaign for the 1&1 MyWebsite, sales and marketing expenses rose from € 240.3 million (15.6% of sales) last year to € 340.5 million (19.3% of sales) in the period under review. There was a less than proportionate increase in administrative expenses from € 71.3 million (4.6% of sales) last year to € 79.7 million (4.5% of sales).

Earnings in the first nine months of 2011 and 2012 were influenced by various special items. Whereas in the previous year, there was a positive effect on consolidated earnings from the sale of Versatel shares in the second quarter of € 24.8 million (EBITDA and EBIT effect), € 16.3 million (EBT effect), and € 0.07 (EPS effect), there was a negative effect on earnings in the second quarter of 2012 from impairment charges, as the United Internet subsidiary Sedo Holding AG recognized impairment on goodwill in its half-year figures 2012. United Internet included the impairment in its consolidated financial statements on the level of the Applications segment. There was a non-cash-effective extraordinary impairment charge of € 46.3 million (EBIT, EBT effect) and € 0.24 per share (EPS effect).

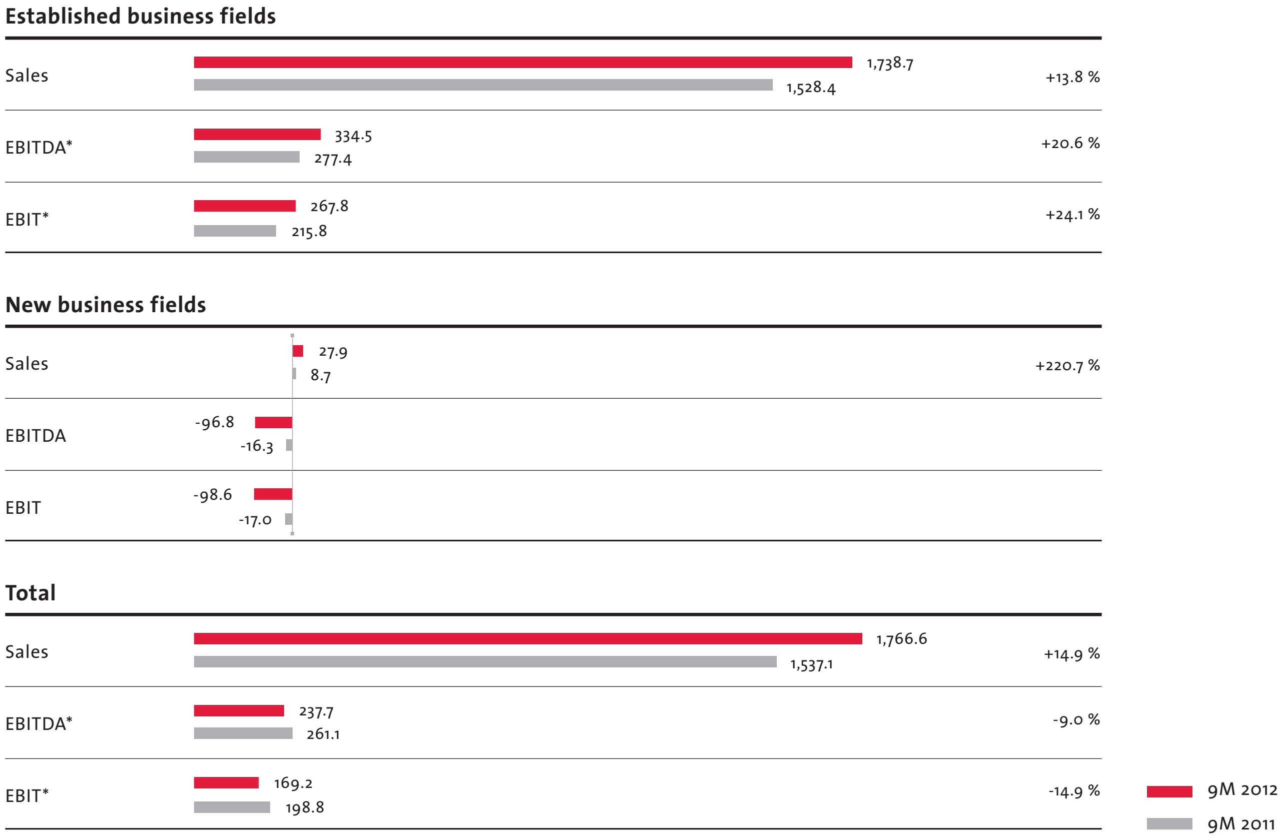
In its existing business fields, United Internet succeeded in raising earnings significantly during the first nine months of 2012. Without consideration of the special items stated above, earnings before interest, taxes, depreciation and amortization (EBITDA) grew by 20.6%, from € 277.4 million last year to € 334.5 million, while earnings before interest and taxes (EBIT) improved by 24.1%, from € 215.8 million last year to € 267.8 million.

As previously announced, this positive earnings development in established business fields was used to invest heavily in the development of new business fields. In the first nine months of 2012, the main focus was on the international marketing campaign for the 1&1 MyWebsite, and the development of De-Mail applications. In line with planning, United Internet AG expensed EBIT-effective start-up losses of € 98.6 million (prior year: € 17.0 million) for these activities in the first nine months of 2012.

As a result of these start-up losses, there was an expected overall decline in key earnings figures (adjusted for special items) compared to the same period last year. EBITDA amounted to € 237.7 million (prior year: € 261.1 million) and EBIT to € 169.2 million (prior year: € 198.8 million).

Including start-up losses in new business fields and all special items, the key earnings figures were all down significantly on the previous year: EBITDA totaled € 237.7 million (prior year: € 285.9 million), EBIT € 122.9 million (prior year: € 223.6 million), EBT € 111.2 million (prior year: € 210.2 million) and EPS € 0.31 (prior year: € 0.69).

Group financial figures in € million (without special items)



Quarterly development in € million (key figures including new business fields, without special items*)

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Sales	557.0	576.9	586.6	603.1	527.7
EBITDA	78.9	70.5	78.1	89.1	85.0
EBIT	52.4	48.3	55.4	65.4	63.6

* Positive special items Q2 2011 (Versatel): EBITDA and EBIT effect: € 24.8 million
Negative special items Q2 2012 (Sedo impairment): EBIT effect: € 46.3 million

Cash flow, investment and finance

Despite the recognition in earnings of start-up losses in new business fields (€ 98.6 million compared to € 17.0 million in the previous year), operative cash flow only fell from € 189.4 million to € 168.4 million.

Net cash inflows from operating activities even rose from € 152.9 million to € 184.9 million, in spite of strong sales growth (+14.9%) and the recognition in earnings of start-up losses in the new business fields.

Net cash outflows from investing activities amounted to € 39.9 million in the period under review (prior year: € 3.6 million). This resulted mainly from expenses of € 44.9 million for investments in intangible assets and property, plant and equipment as well as payments of € 8.6 million for loans issued. These outflows were offset by inflows of € 10.3 million from the disposal of associated companies (sale of investments belonging to the EFF funds). In the previous year, investments in intangible assets and property, plant and equipment amounted to € 31.9 million. These outflows were offset by inflows of € 16.4 million from the disposal of financial assets (sale of investments belonging to the EFF funds) and of € 12.2 million from the disposal of companies (repayment of vendor loan by Hi-media).

Free cash flow, i.e. the balance of net cash inflows from operating activities and net cash outflows from investing activities, fell only slightly from € 149.3 million to € 145.0 million – despite the high start-up costs in new business fields. This demonstrates the Group's ability to consistently generate high levels of cash while at the same time achieving strong qualitative growth.

Net cash flow for financing activities in the first nine months of 2012 was dominated by an outflow for the redemption of loans totaling € 105.7 million and the dividend payment of € 58.1 million. In the previous year, net cash flow for financing activities was heavily influenced by a cash outflow of € 276.0 million for the purchase of treasury shares and of € 42.0 million for the dividend payment, as well as an opposing cash inflow of € 156.4 million from the assumption of loans.

Assets and equity

The Group's balance sheet total fell from € 1.187 billion as of December 31, 2011 to € 1.127 billion as of September 30, 2012.

Non-current assets fell from € 868.7 million as of December 31, 2011 to € 766.3 million, while goodwill included in this item was reduced from € 401.3 million to € 359.4 million. The main reason for this decline were extraordinary impairment charges of Sedo Holding AG totaling € 46.3 million, stated in the consolidated financial statements of United Internet AG in the second quarter of 2012.

In the period under review, bank liabilities were reduced from € 524.6 million to € 418.9 million. Due to the repayment of loans, cash and cash equivalents fell from € 64.9 million as of December 31, 2011 to € 45.5 million on September 30, 2012. Net bank liabilities (the balance of bank liabilities and cash and cash equivalents) fell in the same period from € 459.7 million to € 373.4 million.

The number of treasury shares held by United Internet AG as of September 30, 2012 amounted to 21,014,663.

After deduction of these treasury shares, the Group's equity ratio amounted to 14.7% as of September 30, 2012 (compared to 13.0% as of December 31, 2011).

Share and dividend

The Annual Shareholders' Meeting of United Internet AG on May 31, 2012 voted to accept the proposal of the Management Board and Supervisory Board to pay a dividend of € 0.30 per share. The total dividend payment of € 58.1 million was made on June 1, 2012.

The United Internet AG share closed on September 30, 2012 at € 15.87 and was thus 15.0% above its closing price on December 31, 2011 (€ 13.80).

Employees

At the end of September 2012, United Internet employed a total of 6,110 people (December 31, 2011: 5,593), of which 1,343 were employed outside Germany (December 31, 2011: 1,218). In the first nine months of 2012, total headcount therefore rose by 517 employees or 9.2%.

Risk report

The risk policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk management system of United Internet AG regulates the responsible handling of those uncertainties which are involved with economic activity. This is achieved by establishing group-wide risk management, systematically dealing with potential risks, and promoting a risk-oriented approach throughout the entire organization.

In the first nine months of 2012, the overall risk situation remained mostly stable compared with the risk report provided in the annual financial statements 2011. From the current perspective, the Group's main risks are in the field of market, legislation and government policy as well as the rendering of services, and here particularly technical risks such as unauthorized data access, or the infecting and compromising of systems. With the further expansion of its risk management system, United Internet counters these risks and seeks to limit them to a minimum by implementing specific measures, wherever sensible.

There were no risks which directly jeopardized the continued existence of United Internet in the period under review, neither from individual risk positions nor from the aggregated overall risk situation.

Due in particular to the European debt crisis, the global economic climate deteriorated further in the first nine months of 2012. This debt crisis has gradually developed into a banking crisis and a general loss of trust which is being felt more and more in the real economy. The Euro zone is severely affected by this crisis. The so-called "Euro crisis" represents a significant risk for the development of the European and global economies and is thus also a considerable risk factor with regard to consumer behavior, bank lending and state fiscal policy. The Management Board and Supervisory Board are continually monitoring the risks arising from this economic environment with the aid of scenario analyses in order to take counter-measures where possible at an early stage. From the current perspective, there are no significant risks for United Internet from this situation.

Subsequent events

In early October, United Internet sold 3,814,371 shares in freenet AG (corresponding to 2.98% of the company's capital stock). The sales proceeds amounted to around € 48.1 million (corresponding to € 12.60 per share).

On November 14, 2012, the Management Board and Supervisory Board of United Internet AG decided to exercise the call option to purchase 25.1% of shares in the parent company of Versatel AG, VictorianFibre Holding & Co. S.C.A., a company belonging to funds managed by Kohlberg Kravis Roberts & Co. L.P. (KKR). This option was granted to United Internet when selling its Versatel shares to KKR in May 2011. At the time, United Internet's sale paved the way for a delisting of the company. Following its successful delisting and restructuring measures since completed, the key earnings figures and free cash flow of Versatel have improved. The shares are to be purchased in December 2012 by exercising the option and converting the vendor loan granted at the time to KKR as part of the sale (amounting to € 59.8 million) into shares in Versatel's parent company.

There were no other significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings or affected the company's accounting and reporting.

Forecast report

Economic prospects

In its World Economic Outlook of October 2012, the International Monetary Fund (IMF) once again lowered its growth forecasts for the global economy. This was mainly due to uncertainty surrounding the ongoing European debt crisis and the development of the US economy. According to the October forecast, the global economy will grow by just 3.3% this year and by 3.6% in the coming year. This is 0.2 and 0.3 percentage points less than the IMF predicted in summer.

The IMF believes that the Euro zone will only slowly begin to pull out of recession in mid 2013. In 2012, the Fund expects a decline of 0.4% and in 2013 slight growth of 0.2%. The IMF has once again strongly downgraded its forecasts for Spain and above all Italy.

In Germany, the Fund forecasts growth of 0.9% in this and the coming year. However, the IMF assumes that the core Euro nations will slowly become infected by the crisis in Europe's peripheral countries and that the global economic slowdown will also hamper German exports.

Market / sector expectations

Despite the Euro debt crisis and the weakness of global economic growth, the German high-tech association BITKOM strongly upgraded its forecast for the German ICT market in October 2012. Sales of products and services in the field of IT, telecommunications and entertainment electronics are expected to rise by 2.8% this year to € 152 billion. In spring, the growth forecast was just 1.6%. According to the association, the strong demand for ICT products is being driven by innovations such as tablet computers and smart grids. BITKOM expects the German ICT market to grow by 1.6% to € 154.3 billion in 2013.

This market assessment is based on the current forecasts of the European Information Technology Observatory (EITO). It appears that all market segments can expect strong growth. According to the BITKOM forecast, Information Technology will grow by 2.3% to € 72.8 billion in 2012. Entertainment Electronics will also develop more strongly than expected with revenue growth of 2.3% to € 12.9 billion. This positive trend results above all from the strong demand for TV sets in the sporting year 2012 and the ongoing favorable climate for consumption in Germany – despite Euro crisis. BITKOM also expects growth in the Telecommunications segment, with a strong increase in revenue of 3.4% to € 66.4 billion. The association believes this demand will be led by the boom in smartphone sales. Seven out of ten mobile phones sold in Germany are now smartphones.

Of particular importance to United Internet are the German broadband and mobile internet market in the subscription-financed segment “Access” and the cloud computing market and online advertising market in the subscription- and ad-financed segment “Applications”.

Growth in German broadband market primarily qualitative

In view of the comparatively high level of household coverage of almost 70% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based). The sector association BITKOM, for example, forecasts revenue growth of 2.2% to € 13.9 billion in 2012 for broadband internet connections.

Revenue growth for broadband internet connections (fixed-line) in Germany

	2011	2012e	Growth
Sales in € billion	13.6	13.9	2.2 %

Source: BITKOM

Dynamic growth in German mobile internet market

All experts continue to predict dynamic growth for the mobile internet market. Following market growth of 16.0% to € 7.5 billion in 2011, BITKOM also expects growth of 12.0% to € 8.4 billion in 2012 according to its CeBIT forecast. This growth will be driven above all by low – and thus for the consumer attractive – prices, as well as by the boom in smartphones and tablet PCs, as well as their respective applications. BITKOM forecasts sales growth of 35% to 15.9 million sold smartphones in 2012, as well as increased sales of 29% to 2.7 million sold tablets.

Revenue growth for mobile internet market in Germany

	2011	2012e	Growth
Sales in € billion	7.5	8.4	12.0 %

Source: BITKOM

Megatrend cloud computing

For many experts and the press in general, cloud computing is currently the most hyped topic in the business. In a survey published in June 2010, IDC (International Data Corporation) forecasts that the cloud market will triple in volume from 2009 to 2013 to a total of USD 44.9 billion. Based on a study of the Experton Group, the sector association BITKOM expects consumer and business cloud sales in Germany to grow by around 47% to € 5.3 billion in 2012 and reach € 17.1 billion by 2016. Average annual growth of 37% is predicted.

Revenue growth for cloud computing in Germany (B2B and B2C)

	2011	2012e	Growth
Sales in € billion	3.6	5.3	47.2 %

Source: BITKOM

Growth in German online advertising market

Online advertising activities continued to be dominated by a marked propensity to invest in 2011. As a result, the internet was able to maintain its position as the second most important medium in the media mix. In spite of the difficult economic environment and the uncertain development of the Euro crisis, the Online Marketing Group (Online-Vermarkterkreis - OVK) forecasts gross growth in 2012 of over 12% to € 6.44 billion in its Online Report 2012/02.

Growth of German online advertising market

	2011	2012e	Growth
Gross advertising spend in € billion	5.74	6.44	12.2 %

Source: BVDW / OVK

Expectations for the company

Forecasts for 2012 and 2013

With the exception of Sedo Holding AG, all other business divisions of United Internet AG developed in line with planning. Against this backdrop, United Internet AG can confirm the guidance stated in its half-yearly report and expects full-year sales of approx. € 2.4 billion, growth in customer contracts of approx. 1.2 million, EBIT from established business fields of approx. € 367 million, start-up losses in new business fields of approx. € 120 million, and thus total EBIT from operating business of approx. € 250 million in our fiscal year 2012. Due to extraordinary non-cash-effective goodwill impairment of € 46.3 million for Sedo Holding AG, expected EBIT will be reduced to approx. € 200 million. EPS 2012 is expected to reach around € 0.58 (after approx. € 0.42 start-up losses in new business fields and after approx. € 0.24 Sedo impairments).

For 2013, United Internet expects further strong earnings growth with an EPS of around € 1.00 – € 1.10 (after approx. € 0.30 – € 0.40 start-up losses in new business fields).

Forward-looking statements and forecasts

This Management Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this report.

Financial Statements

Balance Sheet

as of September 30, 2012 in €k

	September 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	45,468	64,867
Assets held for sale	48,443	0
Accounts receivable and other assets	115,611	106,702
Inventories	25,283	16,720
Prepaid expenses	49,385	43,094
Other financial assets	73,839	83,287
Other non-financial assets	3,128	3,632
	361,157	318,302
Non-current assets		
Shares in associated companies	23,130	33,559
Other financial assets	68,536	102,594
Property, plant and equipment	111,118	110,922
Intangible assets	162,077	187,377
Goodwill	359,407	401,295
Deferred tax asset	42,030	32,962
	766,298	868,709
Total assets	**1,127,455**	**1,187,011**

	September 30, 2012	December 31, 2011
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	191,943	228,981
Liabilities due to banks	120,844	125,152
Advance payments received	10,585	9,077
Accrued taxes	27,827	21,914
Deferred revenue	152,089	138,789
Other accrued liabilities	1,937	1,874
Other financial liabilities	94,244	51,748
Other non-financial liabilities	28,869	19,843
	628,338	597,378
Non-current liabilities		
Liabilities due to banks	298,021	399,441
Deferred tax liabilities	9,868	9,262
Other liabilities	24,946	26,177
	332,835	434,880
Total liabilities	**961,173**	**1,032,258**
Equity		
Capital stock	215,000	215,000
Additional paid-in capital	23,131	21,199
Accumulated profit	184,000	185,065
Treasury stock	–268,066	–270,751
Revaluation reserves	25,894	18,276
Hedging reserves	–7,947	–4,380
Currency translation adjustment	–15,425	–19,287
Equity attributable to shareholders of the parent company	**156,587**	**145,122**
Non-controlling interests	9,695	9,631
Total equity	**166,282**	**154,753**
Total liabilities and equity	**1,127,455**	**1,187,011**

Income Statement

from January 1 to September 30, 2012 in €k

	2012 January – Sept.	2011 January – Sept.
Sales	1,766,587	1,537,135
Cost of sales	–1,166,544	–1,018,525
Gross profit	**600,043**	**518,610**
Selling expenses	–340,516	–240,299
General administrative expenses	–79,689	–71,267
Other operating income / expenses	158	27,515
Amortization of intangible assets resulting from company acquisitions	–10,851	–10,925
Amortization of goodwill	–46,268	0
Operating result	**122,877**	**223,634**
Financial result	–6,647	–3,735
Results from associated companies	–4,990	–9,687
Pre-tax result	**111,240**	**210,212**
Income taxes	–51,226	–63,948
Net income	**60,014**	**146,264**
Attributable to		
- non-controlling interests	262	633
- shareholders of United Internet AG	59,752	145,631

	2012 January – Sept.	2011 January – Sept.
Result per share of shareholders of United Internet AG (in €)		
- basic	0.31	0.69
- diluted	0.31	0.69
Weighted average shares (in million units)		
- basic	193,85	210,13
- diluted	195,45	211,84
Statement of comprehensive income		
Net income	60,014	146,264
Results directly included in equity		
- currency translation adjustment	3,841	–1,751
- Market value changes of available-for-sale financial instruments after taxes financial instruments after taxes	7,691	–10,280
- Market value of hedging instruments after taxes	–3,567	0
- Change in associated companies after taxes not affecting net income	–73	–303
	7,892	–12,334
Total net income	**67,906**	**133,930**
Attributable to		
- non-controlling interests	241	635
- shareholders of United Internet AG	**67,665**	**133,295**

Cash Flow

from January 1 to September 30, 2012 in €k

	2012 January – Sept.	2011* January – Sept.
Cash flow from operating activities		
Net income	60,014	146,264
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization		
Depreciation and amortization of intangible assets and property, plant and equipment	57,744	51,367
Amortization of intangible assets resulting from company acquisitions	10,851	10,925
Amortization of goodwill	46,268	0
Compensation expenses from employee stock option plans	1,932	2,145
Results of at-equity companies	4,990	9,687
Distributed profit of associated companies	0	730
Income from deconsolidation of affiliated companies	0	–1,995
Income from deconsolidation of associated companies	–4,105	–16,964
Change in deferred taxes	–8,550	–4,745
Non-cash expenses / income	–764	–7,983
Operative cash flow	**168,380**	**189,431**
Change in assets and liabilities		
Change in receivables and other assets	1,242	7,742
Change in inventories	–8,563	39
Change in deferred expenses	–6,290	–16,046
Change in trade accounts payable	–37,353	–30,242
Change in advance payments received	1,294	924
Change in other accrued liabilities	63	–1,017
Change in accrued taxes	5,913	–22,672
Change in other liabilities	48,611	13,135
Change in deferred income	11,576	11,625
Change in assets and liabilities, total	**16,493**	**–36,512**
Cash flow from operating activities	**184,873**	**152,919**

	2012 January – Sept.	2011* January – Sept.
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–44,931	–31,924
Purchase of further shares in affiliated companies	–607	0
Purchase of shares in affiliated companies less cash received	–104	0
Purchase of shares in associated companies	0	–2,284
Payments from deconsolidation of financial assets	960	16,360
Investments in other financial assets	–1,259	–906
Payments of loans granted	–8,559	–1,000
Payments from deconsolidation of assets	3,233	1,769
Payments from deconsolidation of companies	10,260	12,195
Refunding from shares in associated companies	413	2,200
Refunding from other financial assets	709	0
Cash flow from investment activities	**–39,885**	**–3,590**
Cash flow from financing activities		
Purchase of treasury stock	0	–276,018
Repayment / taking out of loans	–105,728	156,429
Dividend payments	–58,132	–42,000
Dividend payments to non-controlling interests	–1,139	–907
Cash flow from financing activities	**–164,999**	**–162,496**
Net decrease in cash and cash equivalents	–20,011	–13,167
Cash and cash equivalents at beginning of fiscal year	64,867	96,091
Currency translation adjustments of cash and cash equivalents	612	–249
Cash and cash equivalents at end of period	**45,468**	**82,675**

* Adjusted

Changes in Shareholders' Equity

from January 1 to September 30, 2012 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Capital stock	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2011	**240,000,000**	**240,000**	**41,649**	**326,663**	**20,563,522**	**–240,977**
Net income				145,631		
Other net income						
Total net income				**145,631**		
Issue of treasury shares				–3,771	–305,616	3,771
Cancellation of treasury shares	–25,000,000	–25,000	–23,565	–254,728	–25,000,000	303,293
Purchase of treasury shares					21,489,026	–276,018
Employee stock ownership programme Sedo Holding			–235			
Employee stock ownership programme United Internet			2,443			
Dividend payments				–42,000		
Balance as of September 30, 2011	**215,000,000**	**215,000**	**20,292**	**171,795**	**16,746,932**	**–209,931**
Balance as of January 1, 2012	**215,000,000**	**215,000**	**21,199**	**185,065**	**21,225,158**	**–270,751**
Net income				59,752		
Other net income						
Total net income				**59,752**		
Ausgabe von eigenen Anteilen				–2,685	–210,495	2,685
Employee stock ownership programme Sedo Holding			1			
Employee stock ownership programme United Internet			1,931			
Dividend payments				–58,132		
Distribution of profits						
Balance as of September 30, 2012	**215,000,000**	**215,000**	**23,131**	**184,000**	**21,014,663**	**–268,066**

Revaluation reserve	Hedging-reserve	Currency translation	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
25,442	**0**	**–20,038**	**372,739**	**9,684**	**382,423**
			145,631	633	146,264
–10,585		–1,751	–12,336	2	–12,334
–10,585	**0**	**–1,751**	**133,295**	**635**	**133,930**
			0		0
			0		0
			–276,018		–276,018
			–235	–63	–298
			2,443		2,443
			–42,000		–42,000
14,857	**0**	**–21,789**	**190,224**	**10,256**	**200,480**
18,276	**–4,380**	**–19,287**	**145,122**	**9,631**	**154,753**
			59,752	262	60,014
7,618	–3,567	3,862	7,913	–21	7,892
7,618	**–3,567**	**3,862**	**67,665**	**241**	**67,906**
			0		0
			1		1
			1,931		1,931
			–58,132		–58,132
			0	–177	–177
25,894	**–7,947**	**–15,425**	**156,587**	**9,695**	**166,282**

Notes

1. Information on the company

United Internet AG is a service company operating in the telecommunication and in-formation technology sector with registered offices at Elgendorfer Straße 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

2. Significant accounting, valuation and consolidation principles

As was the case with the consolidated financial statements as of December 31, 2011, the interim report of United Internet AG as of September 30, 2012 complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The condensed consolidated interim report for the period from January 1, 2012 to September 30, 2012 was prepared in accordance with IAS 34 *Interim Financial Reporting*.

A condensed reporting format was chosen for the presentation of this consolidated interim report, as compared with the consolidated financial statements, and is thus to be read in conjunction with the consolidated financial statements as of December 31, 2011. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the condensed consolidated interim report generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

Initial application of the amended standard IAS 12 *"Income Taxes" – Deferred Tax: Recovery of Underlying Assets* issued by the IASB in December 2010 (January 1, 2012) as well as the amendments to IFRS 1 *"First-time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (July 1, 2011) had no impact on the accounting and valuation methods applied in the consolidated financial statements. The two amendments have not yet been endorsed by the EU.

The Group will implement any amendments to its disclosures on transfers of financial assets necessitated by the amendment to IFRS 7 *"Financial Instruments: Disclosures" – Disclosures – Transfers of Financial Assets* as published by the IASB on October 7, 2010 (July 1, 2011) in its consolidated financial statements as of December 31, 2012.

Use of estimates and assumptions

The preparation of the condensed consolidated interim report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Miscellaneous

The consolidated interim report includes all subsidiaries and associated companies.

The following companies were formed in the reporting period 2012:

- 1&1 Access Holding GmbH, Montabaur
- 1&1 Corporate Services GmbH, Montabaur
- 1&1 Internet Service Holding GmbH, Montabaur
- 1&1 Telecom Holding GmbH, Montabaur

The following company was acquired in the reporting period 2012:

- Cleafs B.V., Groningen (Netherlands)

United Internet Beteiligungen GmbH retired from the shareholder group of associated company internetstores AG, Stuttgart.

Otherwise, the consolidated group remained largely unchanged from that stated in the consolidated financial statements as of December 31, 2011.

This consolidated interim report was not audited according to Sec. 317 HGB nor reviewed by an auditor.

3. Company transactions

100% of shares in Cleafs B.V., Groningen (Netherlands), a company operating in the field of Affiliate Marketing, were acquired on July 3, 2012.

In accordance with IFRS 3 Business Combinations, the initial consolidation of Cleafs B.V. was made using the purchase method. The results of the acquired company were included in the Group's consolidated financial statements as of the acquisition date.

The market value of the compensation (purchase price) amounted to € 550k, of which € 375k was settled in cash. A conditional amount of € 125k and an outstanding payment based on a contractually agreed purchase price adjustment of € 50k are carried as financial liabilities. The conditional amount is subject to the achievement of agreed operating targets. Ancillary acquisition costs amounted to € 97k. Of this total, € 77k were expensed in fiscal year 2012 and € 20 in fiscal year 2011.

The transaction results in goodwill of € 300k, which mainly reflects the synergy effects.

The contribution of Cleafs B.V. to earnings – from the initial consolidation date to September 30, 2012 – amounted to € 46k, while revenue generated in the same period reached € 603k. If Cleafs B.V. had already been consolidated as of January 1, 2012, sales revenue in the reporting period 2012 would have increased by € 1,145k and consolidated net income by € 25k.

Explanations of items in the statement of comprehensive income

4. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

January – September 2012	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	1,169,873	599,372	3,212	-	-
- thereof internal revenues	832	2,024	3,014	-	-
External revenues	1,169,041	597,348	198	-	1,766,587
- thereof domestic	1,169,041	400,932	198	-	1,570,171
- thereof non-domestic	0	196,416	0	-	196,416
EBITDA	145,526	92,099	115	0	237,740
EBIT	125,178	–2,318	17	0	122,877
Financial result			–4,590	–2,057	–6,647
Result from at-equity companies			–4,577	–413	–4,990
EBT			–9,150	120,390	111,240
Tax expense				–51,226	–51,226
Net income					**60,014**
Investments in intangible assets, property, plant and equipment	3,047	41,712	172	-	44,931
Amortization/depreciation	20,348	94,417	98	-	114,863
- thereof intangible assets, property, plant and equipment	20,348	37,298	98	-	57,744
- thereof intangible assets capitalized during company acquisitions	0	10,851	0	-	10,851
- thereof amortization of goodwill	0	46,268	0	-	46,268
Number of employees	1,905	4,174	31	-	6,110
- thereof domestic	1,822	2,914	31	-	4,767
- thereof non-domestic	83	1,260	0	-	1,343

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG in the reporting period of 2012 and 2011 was as shown in the following tables:

January – September 2011	**Access segment €k**	**Applications segment €k**	**Head Office / Investments €k**	**Reconciliation €k**	**United Internet Group €k**
Total revenues	1,008,982	530,189	2,613	-	-
- thereof internal revenues	743	1,506	2,400	-	-
External revenues	1,008,239	528,683	213	-	1,537,135
- thereof domestic	1,008,239	366,817	213	-	1,375,269
- thereof non-domestic	0	161,866	0	-	161,866
EBITDA	109,089	153,009	23,828	0	285,926
EBIT	87,185	112,743	23,706	0	223,634
Financial result			–2,234	–1,501	–3,735
Result from at-equity companies			–9,739	52	–9,687
EBT			11,733	198,479	210,212
Tax expense				–63,948	–63,948
Net income					**146,264**
Investments in intangible assets, property, plant and equipment	4,150	27,737	37	-	31,924
Amortization/depreciation	21,904	40,266	122	-	62,292
- thereof intangible assets, property, plant and equipment	21,904	29,341	122	-	51,367
- thereof intangible assets capitalized during company acquisitions	0	10,925	0	-	10,925
Number of employees	1,773	3,605	29	-	5,407
- thereof domestic	1,698	2,532	29	-	4,259
- thereof non-domestic	75	1,073	0	-	1,148

5. Personnel expenses

Personnel expenses amounted to € 202,576k in the reporting period of 2012 (prior year: € 167,631k). At the end of September 2012, United Internet employed a total of 6,110 people, of which 1,343 were employed outside Germany. The number of employees at the end of September 2011 amounted to 5,407, of which 1,148 were employed outside Germany.

6. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 57,744k (prior year: € 51,367k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 10,851k (prior year: € 10,925k).

Total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 68,595k in the reporting period of 2012 (prior year: € 62,292k).

7. Goodwill amortization

Contrary to original expectations, the trend toward a downturn in the Domain Parking business became firmer in the first half of fiscal year 2012 – and especially the second quarter. As a consequence, the earnings forecast of the Sedo sub-group was downgraded for fiscal year 2012. In this connection, a non-scheduled impairment test was conducted on June 30, 2012 for the cash-generating unit “Domain Marketing”. This impairment test concluded that goodwill was to be written down by € 43,114k (prior year: € 0k).

In addition, the Sedo sub-group detected a need to write down an amount of € 3,154k (prior year: € 0k) for affilinet France. The main reason for this impairment was a further deterioration in earnings of the cash-generating unit “Affiliate Marketing”.

The entire goodwill write-downs of the reporting period 2012 amounted to € 46,268k (prior year: € 0k). Please refer to Note 11.

8. Other operating expenses / income

In the previous year, other operating income was significantly affected by the disposal of shares held in Versatel AG amounting to € 17,525k (disposal proceeds without call option) and € 7,280k (fair value of call options granted).

Explanations of balance sheet items

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

9. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2012 €k
Carrying amount at the beginning of fiscal year	33,559
Additions	0
Adjustments	
- Dividends	0
- Shares in result	–1,311
- Impairments	–3,679
- Other	1,498
Disposals	-6,937
	23,130

Impairments relate to shares held in associated companies by EFF No. 2.

Other adjustments totaling € 1,498k resulted from profit contributions to associated companies with an investment value of € 0k (€ 1,571k) and profit contributions recognized directly in equity of associated companies (€ -73k). The negative profit contributions of associated companies with an investment value of € 0k were only considered if the associated companies were provided with long-term loans or if there were credit / liability commitments.

Disposals mainly result from the sale of shares in internetstores AG (€ 6,525k) and from capital repayments of the investment EFF No. 1 (€ 412k).

10. Other financial assets

The development of these shares was as follows:

			Amortization of revaluation reserve not recognized in income				
	Jan. 1, 2012	Additions	Recycling	Addition	Reclassifi-cation	Disposals	Sept. 30, 2012
	€k	€k	€k	€k	€k	€k	€k
Goldbach shares	14,957			–1,451		530	12,976
Hi-media shares	10,464			–1,041			9,423
Afilias shares	7,936						7,936
freenet shares	38,143			10,300	–48,443		0
Portfolio companies of EFF No. 3	11,205					–960	10,245
Purchase price receivable	9,519					–179	9,340
Others	10,370	9,913			–1,572	–95	18,616
	102,594	**9,913**	**0**	**7,808**	**–50,015**	**–1,764**	**68,536**

Additions to other financial assets refer mainly to loans for which the market value coincides with the carrying value.

The subsequent valuation of listed shares in Goldbach, Hi-media and freenet to fair value as of the balance sheet date led to a net increase in the revaluation reserve without recognition in income.

Shares in freenet were reclassified as “held-for-sale assets”. Please refer to Note 19.

11. Property, plant and equipment, intangible assets and goodwill

A total of € 44,931k (prior year: € 31,924k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments continued to focus mainly on the expansion of infrastructure and the data centers.

Goodwill of € 359,407k disclosed as of September 30, 2012 consists solely of assets belonging to the “Applications” segment.

Contrary to original expectations, the trend toward a downturn in the Domain Parking business became firmer in the first half of fiscal year 2012 – and especially the second quarter. In this connection, a non-scheduled impairment test was conducted on June 30, 2012 for the goodwill relating to the Sedo sub-group.

In order to test impairment of goodwill, the recoverable amounts of the cash-generating units are measured on the basis of a value-in-use calculation using cash flow forecasts. The value-in-use calculation was based on the respective three-year planning (2012 to 2014) of each cash-generating unit, as approved by management and revised as of the end of the first six months of 2012, as well as a management forecast for 2015. Cash flows of the cash-generating unit Affiliate Marketing expected after the planning period were extrapolated on the basis of a growth rate of 1.0% (balance sheet date December 31, 2011: 1.0%), while in the cash-generating unit Domain Marketing a growth rate of 0% was applied (balance sheet date December 31, 2011: 1.0%). Revenue growth in the planning period 2012 to 2015 was estimated to be within a range of -9% to 20% (balance sheet date December 31, 2011: 6% to 20%). Value-in-use was calculated using a discounted cash flow valuation. The pre-tax discount rates lay between 10% and 14% (balance sheet date December 31, 2011: 10% to 12%). Calculation of the discount rate takes into account the Group's specific circumstances and is based on its weighted average cost of capital (WACC). WACC considers the cost of both debt and equity finance. The company-specific risk is included by using individual beta factors calculated annually on the basis of freely available market data.

Domain Marketing
The Sedo sub-group reported a further decline in the revenues and margins of its Domain Parking business. An acceleration of this development in the second quarter of 2012 led Sedo Holding AG to review its parking business, resulting in a significantly more pessimistic assessment of its prospects. The company does not expect any turnaround in future and intends to continue the business on a profitable basis by adapting its structures and using any remaining opportunities. In consideration of this development, planning for the subsequent years was downgraded accordingly. The carrying value of the cash-generating unit thus exceeded the recoverable amount and resulted in an impairment charge of € 43,114k.

Affiliate Marketing
Contrary to original planning, affilinet France failed to achieve a turnaround in the first half of 2012. The results fell short of both planning and the prior-year figures. Revenues were down and there was a decline in the gross margin ratio. In consideration of the first half-year 2012 results and the uncertain market situation due to deteriorating economic conditions in France, planning needed to be revised for the subsequent years. The carrying value of the cash-generating unit affilinet France exceeded the recoverable amount and resulted in an impairment charge of € 3,154k. As on December 31, 2011, there was no impairment need for goodwill of affilinet Germany.

Non-controlling interests
Non-controlling interests represent the additional goodwill of the Sedo sub-group carried on the level of United Internet AG. This goodwill was tested for impairment at sub-group level. Following the write-downs already made, the recoverable amount of the group of cash-generating units "Non-controlling interests" exceeded the carrying value and there is thus no further impairment need. The management of United Internet AG believes that, on the basis of reasonable judgment, no generally possible change in one of the basic assumptions used to determine the value-in-use of the cash-generating unit "non-controlling interests" could cause the carrying value to significantly exceed its recoverable value.

Goodwill of the Sedo sub-group is allocated to the following cash-generating units or groups of cash-generating units as shown below:

	Before recognition of **impairments** **€k**	**Impairments** **€k**	After recognition of **impairments** **€k**
Domain Marketing	43,114	–43,114	0
Affiliate Marketing	6,054	–3,154	2,900
Non-controlling interests	25,254	0	25,254
Total	**74,422**	**–46,268**	**28,154**

As the figures used in planning are based on numerous assumptions, the calculation of value-in-use depends on discretionary factors.

The impairment test conducted in the first half-year 2012 resulted in total impairment charges of € 46,268k. This item is disclosed separately in the statement of comprehensive income.

12. Liabilities due to banks

Bank liabilities result mainly from a syndicated loan.

This syndicated loan was concluded on June 7, 2011. The credit line is divided into a Tranche A amounting to € 120 million and a Tranche B of € 360 million. Tranche A is a bullet loan with a term of five years. As of September 30, 2012, € 120 million have been used from Tranche A and € 180 million from Tranche B.

The syndicated loan of September 14, 2007 had a term of five years and expired on September 13, 2012. It was divided into a Tranche A amounting to € 300 million and a Tranche B of originally € 200 million.

A promissory note loan ("Schuldscheindarlehen") of € 150.0 million was negotiated on July 23, 2008. The loan was redeemable on maturity and divided into a Tranche A of € 78.0 million with a term until July 23, 2011 and a Tranche B of € 72.0 million with a term until July 23, 2013. Tranche A was redeemed in the third quarter of 2011.

13. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from interest hedging transactions.

14. Other non-current financial liabilities

Non-current financial liabilities result largely from non-controlling interests of the partnerships European Founders Fund No. 2 and European Founders Fund No. 3, liabilities from interest hedging transactions, and the option agreement (put option) for the remaining shares in united-domains AG.

15. Capital stock / Treasury shares

As of September 30, 2012, fully paid capital stock amounted to € 215,000,000 divided into 215,000,000 registered shares each having a theoretical share in the capital stock of € 1.

In the period under review, a total of 210,495 treasury shares were issued to employees as part of United Internet AG's employee stock ownership plans.

As of September 30, 2012, the Company held a total of 21,014,663 treasury shares or 9.77% of current capital stock. Treasury shares reduce equity capital and are not entitled to dividend payments.

16. Reserves

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Goldbach, Hi-media and freenet. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 10 for details.

Changes in the fair value of interest swaps concluded as part of cash flow hedges, as well as the opposing deferred taxes on these fair value changes, were recognized in the hedging reserve.

Other items

17. Employee stock ownership plans

The employee stock ownership plans of the United Internet Group employ virtual stock options (so-called Stock Appreciation Rights - SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG		Sedo Holding AG	
	SAR	Average strike price (€)	SAR	Average strike price (€)
Outstanding as of December 31, 2011	6,997,250	9.77	90,000	10.49
issued	10,000	13.65	–	–
issued	150,000	13.96	–	–
issued	60,000	13.30	–	–
expired	–	–	–10,000	15.51
exercised	–539,350	5.52	–	–
Outstanding as of September 30, 2012	6,667,900	10.24	80,000	9.86

18. Transactions with related parties

United Internet AG is subject to significant influence, as defined by IAS 24, from Mr. Ralph Dommermuth, the major shareholder, as well as from the members of the Management Board and Supervisory Board.

There is no change in the circle of related parties as compared with the consolidated financial statements as at December 31, 2011.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board is shown in the following table:

	September 30, 2012	
	Shares (number)	Subscription rights (number)
Management Board		
Ralph Dommermuth	88,000,000	–
Norbert Lang	524,232	1,200,000
Total	**88,524,232**	**1,200,000**
Supervisory Board		
Kurt Dobitsch (Chairman)	–	–
Kai-Uwe Ricke	–	–
Michael Scheeren	700,000	–
Total	**700,000**	**–**

In the 3rd quarter of 2012, Mr. Ralph Dommermuth sold 2.0 million shares in United Internet AG (last tranche of shares acquired via the market in 2008). This corresponds to 0.93% of the current capital stock of 215.0 million shares.

In connection with the employee stock ownership plan of United Internet AG, Mr. Norbert Lang exercised 200,000 subscription rights in the reporting period 2012. The number of shares held directly or indirectly by Mr. Norbert Lang increased by 81,355 compared to December 31, 2011.

United Internet's premises in Montabaur are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 2,149k in the reporting period of 2012 (prior year: € 1,802k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

19. Subsequent events

In early October 2012, all 3,814,371 shares (2.98% of capital stock) held in freenet AG were sold. The sales proceeds amounted to € 48,061k, corresponding to € 12.60 per share.

There were no other significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings.

Montabaur, November 22, 2012

The Management Board

Ralph Dommermuth

Norbert Lang

Income Statement

Quarterly development in € million

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q3 2011
Sales	557.0	576.9	586.6	603.1	527.7
Cost of sales	-357.2	-380.6	-391.2	-394.8	-344.2
Gross profit	**199.8**	**196.3**	**195.4**	**208.3**	**183.5**
Selling expenses	-116.5	-119.4	-112.8	-108.3	-90.0
General administrative expenses	-31.5	-24.6	-27.9	-27.1	-24.9
Other operating income / expense	7.8	-0.3	4.4	-3.9	-1.4
Amortization of intangible assets resulting from company acquisitions	-3.7	-3.7	-3.6	-3.6	-3.6
Amortization of goodwill	-3.5	0.0	-46.3	0.0	0.0
Operating result	**52.4**	**48.3**	**9.2**	**65.4**	**63.6**
Financial result	-8.8	-3.9	0.4	-3.2	1.6
Amortization of investments	-6.3	0.0	0.0	0.0	0.0
Result from at-equity companies	3.1	0.0	-4.5	-0.5	0.8
Pre-tax result	**40.4**	**44.4**	**5.1**	**61.7**	**66.0**
Income taxes	-24.4	-15.2	-18.8	-17.2	-21.9
Net income	**16.0**	**29.2**	**-13.7**	**44.5**	**44.1**
Attributable to					
- minority interests	-0.7	0.3	0.0	0.0	0.3
- shareholders of United Internet AG	16.7	28.9	-13.7	44.5	43.8
Result per share of shareholders of United Internet AG (in €)					
- basic	0.10	0.15	-0.07	0.23	0.21
- diluted	0.09	0.15	-0.07	0.23	0.21

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Possible addition differences due to rounding effects.

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