Fiscal Year 2013 & Outlook 2014

united internet

Agenda

Ralph Dommermuth	Company development 2013
	Outlook 2014
Norbert Lang	Results 2013

Company development 2013

Highlights 2013

- Strong customer growth: 1.08 million new contracts plus 0.33 million from the acquisition of Arsys, total of 13.45 million contracts
- Financial figures

	2012*	2013	+ / - vs. 2012
Sales	€ 2.397 billion	€ 2.656 billion	+ 10.8 %
EBITDA	€ 325.9 million	€ 407.2 million	+ 24.9 %
EBIT	€ 232.7 million	€ 312.5 million	+ 34.3 %
EPS	€ 0.71	€ 1.07	+ 50.7 %

- Dividend proposal for fiscal year 2013: € 0.40 per share

* 2012 without positive effects from the sale for freenet shares and negative effects from Sedo impairments

2 segments: Access and Applications

ACCESS | **APPLICATIONS**

Networks

User equipment

Motivated team
- 6,900 employees, of which approx. 2,000 in product management, development and data centers

Sales strength
- approx. 3 million contracts p. a.
- 50,000 registrations for free services every day

Operational excellence
- 45 million accounts in 11 countries

7 data centers
- 70,000 servers in Europe and USA

Content

Standard software

“Access” in fiscal year 2013

ACCESS

- DSL
- Mobile Internet

APPLICATIONS

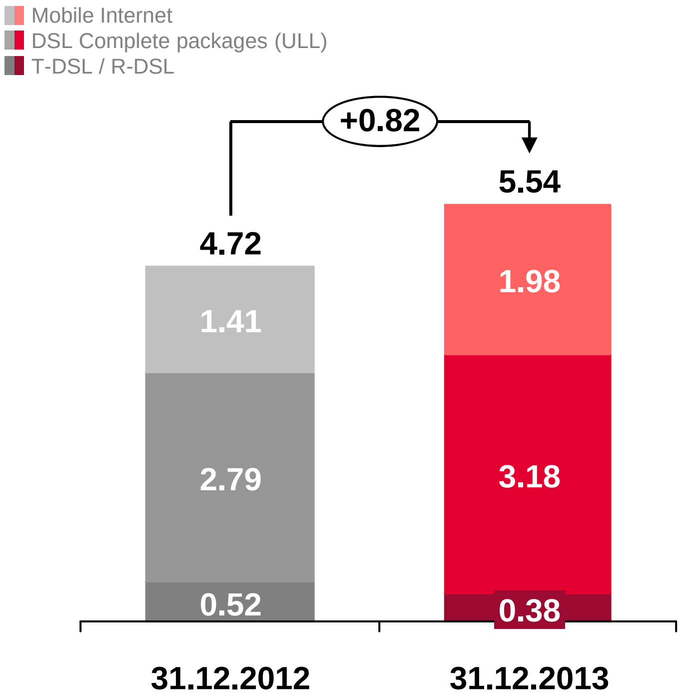
- Business Applications
- Consumer Applications

Access: more than 5.5 million customer contracts

- Largest German alternative broadband supplier with 3.56 million contracts
- 1.98 million contract customers for mobile internet

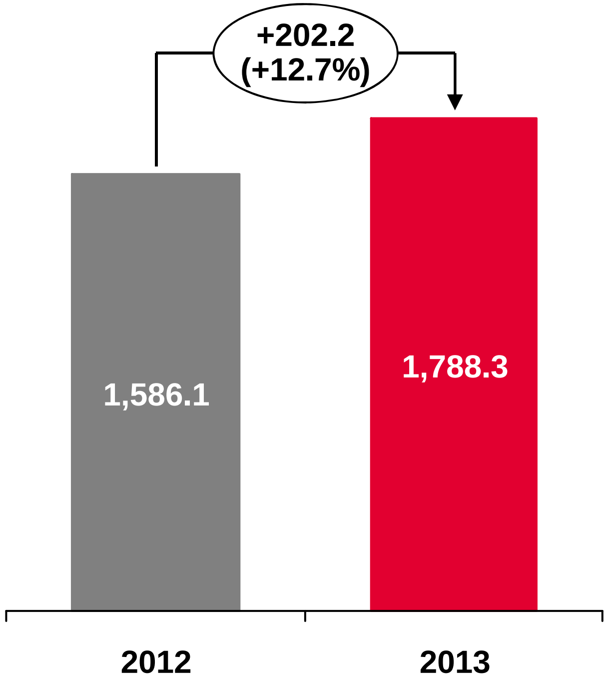
Access: 820,000 new contracts

Customer contracts
(in million)



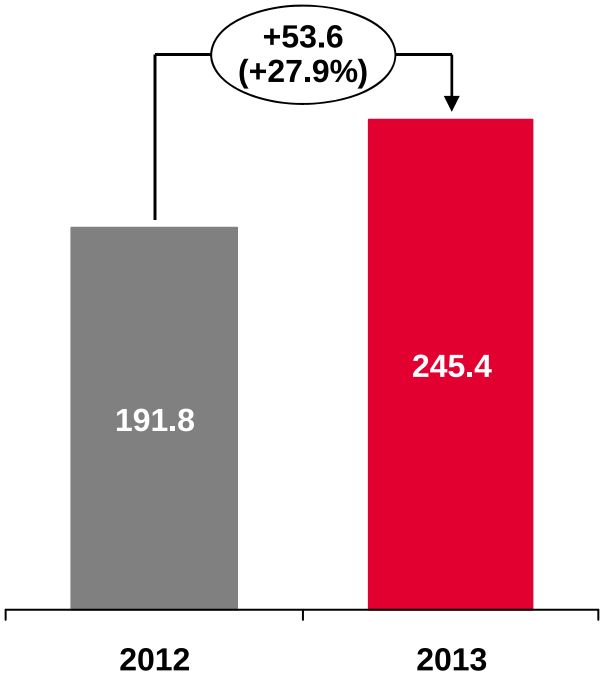
- + 570,000 Mobile Internet contracts
- + 250,000 DSL contracts

Sales
(acc. to IFRS in € million)



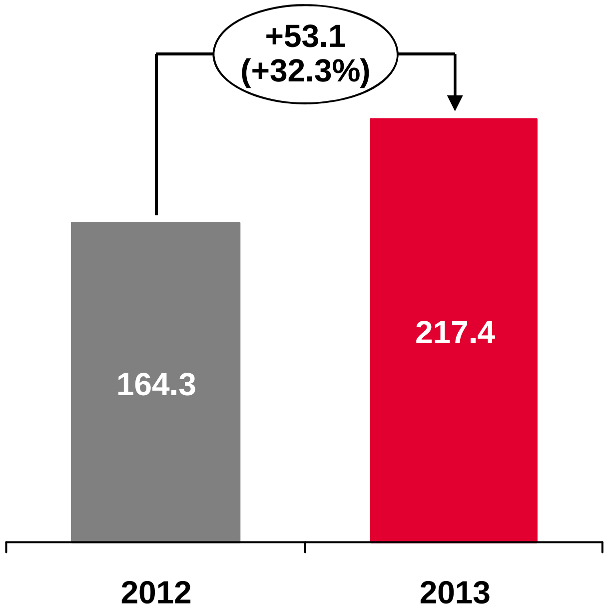
Access: EBITDA and EBIT

EBITDA
(acc. to IFRS in € million)



- 13.7 % EBITDA margin (2012: 12.1 %)

EBIT
(acc. to IFRS in € million)



- 12.2 % EBIT margin (2012: 10.4 %)

“Applications” in fiscal year 2013

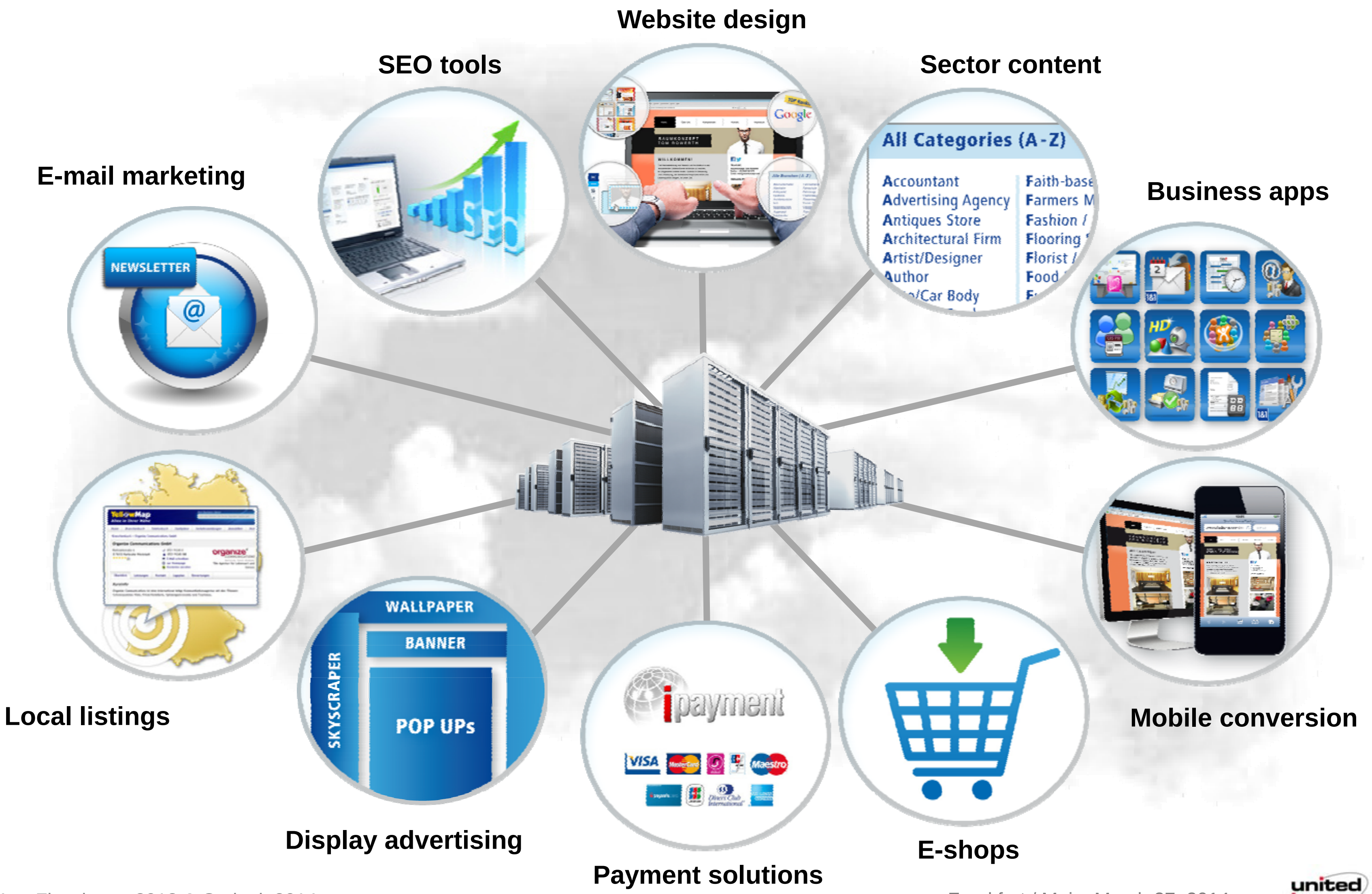
ACCESS

- DSL
- Mobile Internet

APPLICATIONS

- Business Applications
- Consumer Applications

Business Applications: from webhoster to e-business solutions provider



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Business Applications: new business fields

1&1 MyWebsite (DIY)

- Marketing in seven European countries, USA, Canada and Mexico
- Broad marketing campaign in 1st HY 2013
- 110,000 new contracts, thereof 20,000 in the 2nd HY (target: 60,000)
- 510,000 contracts as of December 31, 2013

nTLDs

- Market launch in 2nd HY 2013
- Marketing funded by the transfer of marketing budget from 1&1 MyWebsite
- 5.9 million pre-registrations (target: 5.0 million) for future approx. 700 new TLDs

Consumer Applications: from e-mail service to command center for communication, information and identity management

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

De-Mail
legally secure communication and identity management

Online office
texts, spreadsheets, presentations

Online storage
for photos, videos, music and documents

Consumer Applications: new business field / initiative

De-Mail

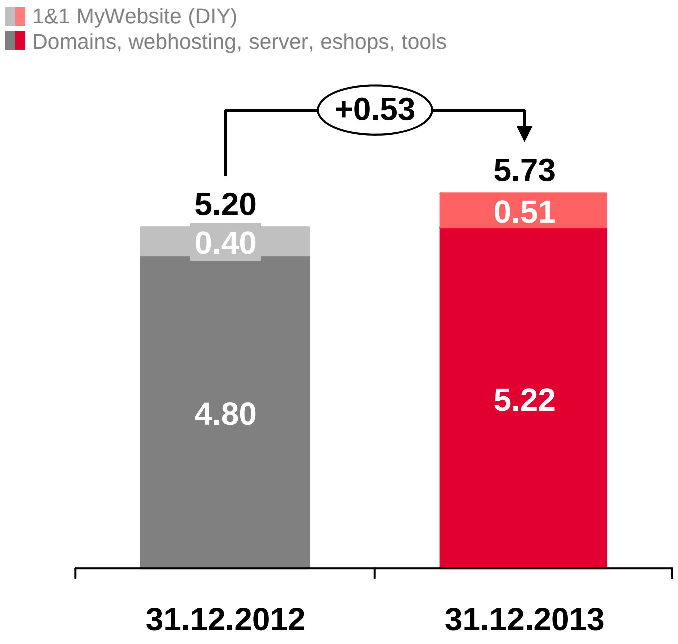
- Fully operational since March 5, 2013
- 490,000 usage contracts, of which 210,000 fully registered

E-Mail made in Germany

- Initiative of GMX, WEB.DE, T-Online and freenet.de
- SSL-encrypted communication
- Processing/storage of all data acc. to German data protection laws
- State access only allowed acc. to German laws

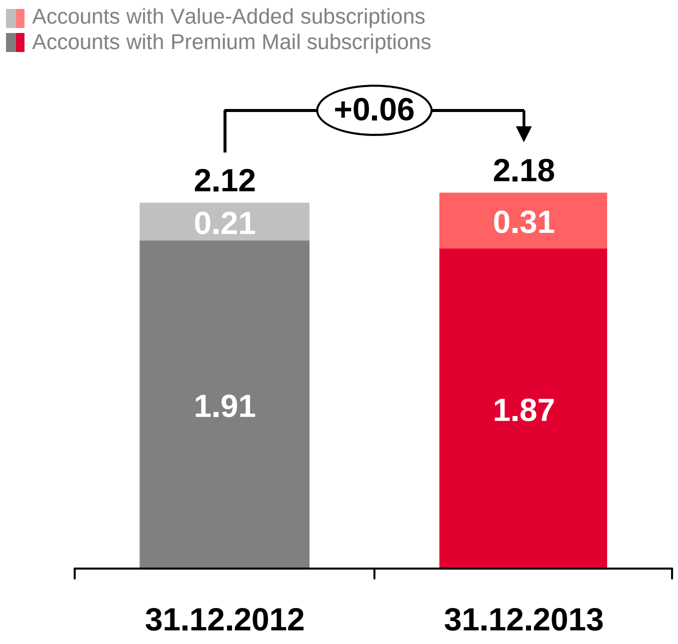
Applications: 590,000 new contracts

Business Applications
(contracts in million)



- 330,000 contracts from the acquisition of Arsys

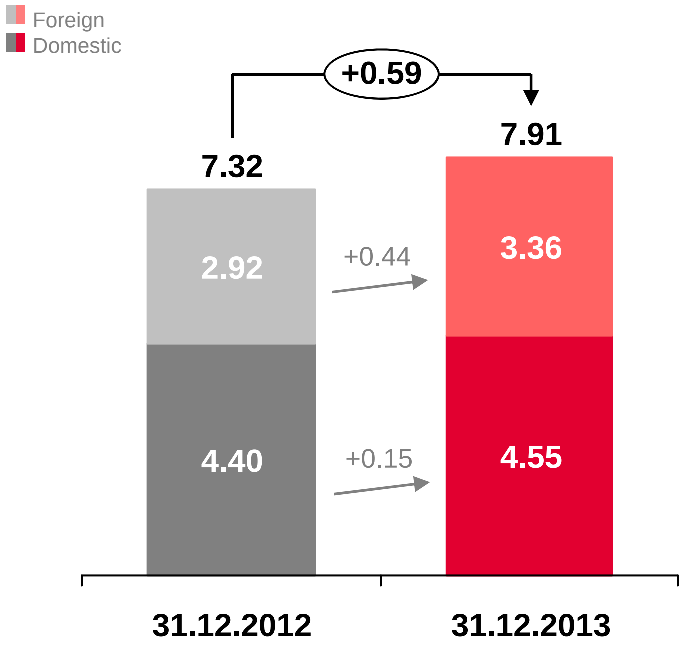
Consumer Applications
(contracts in million)



- Additional 31.51 million free accounts, thereof 10.4 million with mobile usage and 14.5 million with cloud storage

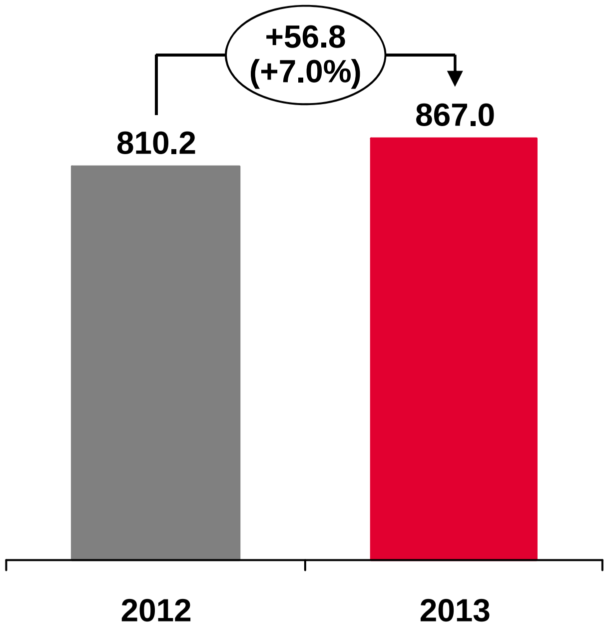
Applications: increasing internationalization

Total customer contracts
(in million)



- 330,000 contracts from the acquisition of Arsys

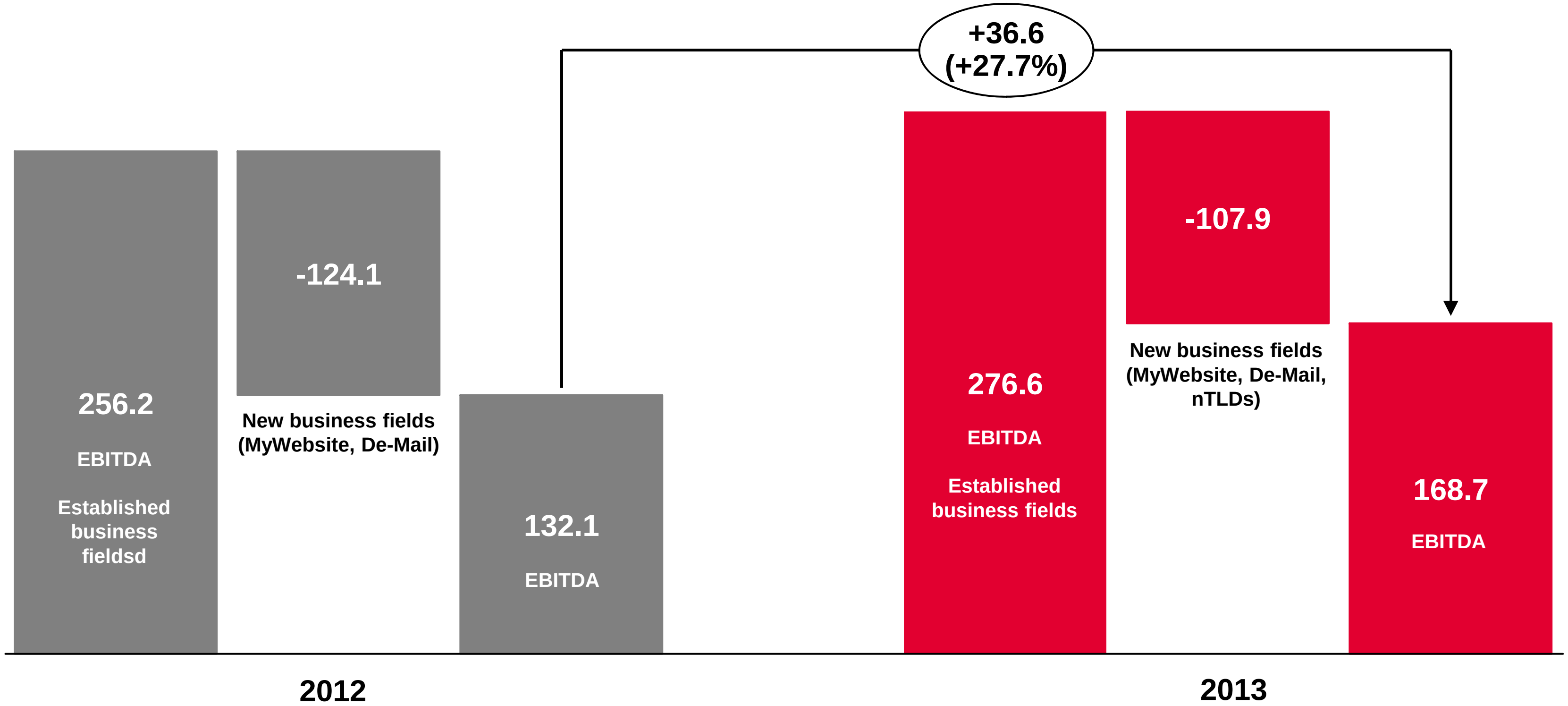
Sales
(acc. to IFRS in € million)



- € 56.8 million revenue growth, despite € 6.4 million lower advertising revenues on the portals in Q1/2013

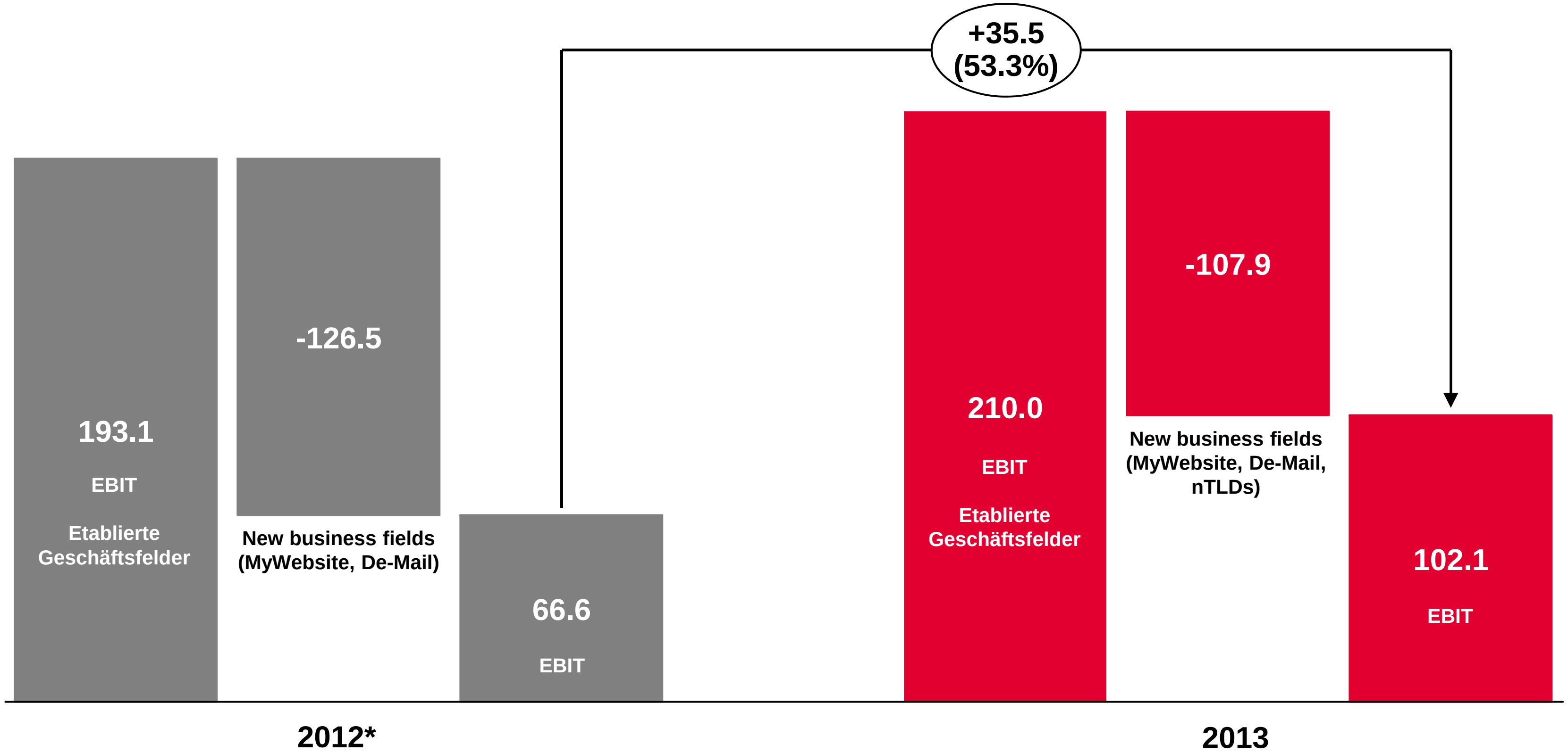
Applications: EBITDA

(acc. to IFRS in € million)



- Lower start-up losses for 1&1 MyWebsite: € 60.8m, compared to € 111.0m in 2012 (growing customer base; lower marketing budget)
- Marketing campaign nTLDs: € 20.5m
- Higher start-up losses for De-Mail: € 26.6m, compared to € 13.1m in 2012 (TV campaign and identification of De-Mail users)

Applications: EBIT
(acc. to IFRS in € million)



* 2012 without negative effects from Sedo impairments of € 46.3 million

Outlook
2014

2014: Focus

Mobile Internet

- New tariffs based on E-Plus services

DSL

- Extended V-DSL coverage: approx. 20 million households by year-end (2012: 14.8m)
- Vectoring (up to 100 Mbit/s)

Business Applications

- Start of more than 250 nTLDs (of 700 in total by year-end 2016)
  - approx. 500,000 new domains for new/existing customers
- New marketing approach for MyWebsite
  - Increased product attractiveness through larger scope of services and lower entry-level prices
  - Reduction of marketing spendings

Consumer Applications

- Free of charge integration of De-Mail into e-mail services at WEB.DE and GMX
- TV campaign for “E-Mail made in Germany”

2014: Guidance

Customers

- More than 800,000 new contracts (prev. year: 1.08 million)

Sales and earnings

- Sales growth of approx. 10 % to more than € 2.9 billion (prev. year: € 2.656 billion)

- Approx. € 520 million EBITDA (prev. year: € 407.2 million), incl. approx. € 40 million start-up losses in the new business fields (MyWebsite and De-Mail) and approx. € 10 million advertising expenses for “E-Mail made in Germany”

- Earnings per share between € 1.40 and € 1.50 (prev. year: €1.07)

Results 2013

Consolidated sales and earnings performance

(acc. to IFRS in € million)

	2012*	2013	Comments
Sales	2,396.6	2,655.7	▪ + 10.8 %
EBITDA from established business fields	450.0	515.1	▪ + 14.5 %
Start-up losses for new business fields (Opex)	124.1	107.9	▪ – 13.1 %
EBITDA	325.9	407.2	▪ + 24.9 %
EBIT	232.7	312.5	▪ + 34.3 %
EBT	221.4	296.3	▪ + 33.8 %
EPS	0.71	1.07	▪ + 50.7 %

* without negative effects from Sedo impairments: EBIT, EBT effect: € -46.3m; EPS effect: € -0.24
without positive effects from sale of freenet shares: EBITDA, EBIT and EBT effect: € 17.9m; EPS effect: € 0.09;
EPS incl. special items: € 0.56

Consolidated balance sheet as of December 31, 2013 (I)

(acc. to IFRS in €k)

Assets	31.12.2012	31.12.2013	Comments:
Property, plant and equipment / intangible assets	261,014	281,253	▪ Capex: € 59.9m; D&A: € 94.4m ▪ Increase through acquisition of Arsys: € 60.1m
Goodwill	356,248	452,812	▪ Increase through acquisition of Arsys: € 100.6m
Financial assets	161,014	166,619	▪ Stock exchange values of Goldbach, Hi-media and 59 other investments – directly or indirectly via EFF funds
Accounts receivable	148,766	135,524	
Inventories, prepaid expenses and other assets	137,838	195,151	▪ Prepaid expenses: € 60.5m; inventories: € 44.4m; deferred taxes: € 66.8m
Cash and cash equivalents	42,828	43,311	
Total	**1,107,708**	**1,274,670**	

Consolidated balance sheet as of December 31, 2013 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2012	31.12.2013	Comments:
Equity	198,143	307,853	▪ Equity ratio: 24.2% (prev. year: 17.9%); treasury shares: € 5.2m
Liabilities due to banks	300,276	340,042	▪ Bank liabilities (net): € 296.7m (prev. year: € 257.5m) ▪ Acquisition of Arsys: € 130.1m Investments: € 22.7m Share buy-backs: € 27.7m Dividend payments: € 58.0m
Trade accounts payable	268,668	260,222	
Accrued taxes and other accrued liabilities	59,026	52,344	
Other liabilities	115,565	130,512	▪ Thereof non-current: € 20.6m (i.a. purchase price obligation UDAG)
Deferred revenue	166,030	183,697	
Total	**1,107,708**	**1,274,670**	

Consolidated cash flow as of December 31, 2013

(acc. to IFRS in €k)

	2012	2013	Comments:
Operative cash flow	214,087	280,440	▪ Increase incl. € 107.9m (2012: € 126.5m) start-up losses in the new business fields
Cash flow from operating activities	260,528	268,611	▪ Inventories: € 44.4m (2012: € 25.7)
Cash flow from investing activities	1,850	-207,810	▪ Capex: € 59.9m (prev. year € 63.6m) ▪ € 130.1m for the acquisition of Arsys and € 22.7m for investments (2012: € 10.3m from the sale of EFF participations as well as € 48.1m from the sale of freenet shares
Free cash flow*	204,686	211,952	

* 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

Our success story continues!