

PRESS RELEASE

Successful first nine months of 2017 for United Internet

- Sales: + 6.4% to EUR 3.008 billion
- EBITDA: + 12.0% to EUR 684.1 million
- Additionally: EUR 303.9 million extraordinary result from M&A activities
- Earnings guidance for 2017 after Drillisch consolidation:
EBITDA of EUR 970 million to EUR 1 billion, plus extraordinary result

Montabaur, November 13, 2017. United Internet AG continued its growth trajectory in the first nine months of 2017. The company once again posted improvements in its customer contract figures, sales revenues, and key earnings ratios. Moreover, the investment of Warburg Pincus in the Business Applications division (as of February 15, 2017), the complete acquisitions of Strato (consolidated since April 2017) and ProfitBricks (consolidated since August 2017), and the merger with Drillisch (consolidated since September 2017) were successfully closed during the reporting period. In addition, the affiliate marketing business operated by affilinet GmbH was contributed to AWIN AG – controlled by Axel Springer – in exchange for 20% of Awin shares. As a result, affilinet is no longer included in the sales and earnings figures of United Internet AG.

The number of fee-based customer contracts in current product lines was raised organically by 0.61 million in the first nine months of 2017 (prior year: 0.82 million). In addition, there were a further 5.22 million customer contracts from the initial consolidation of Drillisch and Strato.

Fee-based customer contracts in current product lines (in million)	Dec. 31, 2016	Sept. 30, 2017	Change
Customer contracts, total	16.79	22.62	+ 5.83
thereof organic			+ 0.61
thereof from initial consolidation of Drillisch			+ 3.35
thereof from initial consolidation of Strato			+ 1.87

Apart from these customer contracts in the current product lines, the company holds a further 0.49 million contracts without basic monthly fees and service provider contracts (volume-based tariffs / MSP tariffs) from the Drillisch acquisition as well as 0.13 million DSL contracts in the phased-out T-DSL / R-DSL product lines.

Consolidated sales grew by 6.4% to EUR 3.008 billion in the first nine months of 2017 (comparable prior-year figure: EUR 2.828 billion). Revenue contributions from Strato, ProfitBricks and Drillisch were offset in part by burdens on sales from regulation effects (international roaming / termination fees) and negative currency effects.

Development of consolidated sales (in EUR million)	9M 2016	9M 2017	Change
Sales	2,828.1	3,008.2	+ 6.4%
thereof from Strato/ProfitBricks consolidation		64.5	
thereof from Drillisch consolidation		54.6	
thereof negative regulation effects		- 33.2	
thereof negative currency effects		- 6.0	

Development of consolidated sales (in EUR million)	Q3 2016	Q3 2017	Change
Sales	947.5	1,054.1	+ 11.3%
thereof from Strato/ProfitBricks consolidation		32.8	
thereof from Drillisch consolidation		54.6	
thereof negative regulation effects		- 12.7	
thereof negative currency effects		- 2.6	

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 12.0% to EUR 684.1 million in the first nine months of 2017 (comparable prior-year figure: EUR 610.6 million). This figure was impacted by earnings contributions from Strato, ProfitBricks and Drillisch, as well as – with an opposing effect – by regulation effects and costs for the Telefónica DSL migration, and negative currency effects.

Development of consolidated EBITDA (in EUR million)	9M 2016	9M 2017	Change
EBITDA	610.6	684.1	+ 12.0%
thereof from Strato/ProfitBricks consolidation		25.4	
thereof from Drillisch consolidation		13.0	
thereof negative regulation effects / costs for Telefónica DSL migration		- 12.9	
thereof negative currency effects		- 2.7	

Development of consolidated EBITDA (in EUR million)	Q3 2016	Q3 2017	Change
EBITDA	212.5	254.2	+ 19.6%
thereof from Strato/ProfitBricks consolidation		12.3	
thereof from Drillisch consolidation		13.0	
thereof negative regulation effects / costs for Telefónica DSL migration		- 9.3	
thereof negative currency effects		- 1.1	

At the same time, earnings before interest and taxes (EBIT) rose by 9.7% to EUR 511.2 million in the first nine months of 2017 (comparable prior-year figure: EUR 466.0 million).

In addition, EBITDA and EBIT were dominated by a positive net extraordinary result of EUR 303.9 million. This resulted from one-off, non-cash-effective extraordinary income from the Drillisch acquisition (due to the revaluation of Drillisch shares acquired before the complete transaction was closed) and the complete takeover of ProfitBricks (due to the revaluation of previously held ProfitBricks shares) totaling EUR 319.1 million. There were opposing effects from M&A costs for the above mentioned transactions of EUR 15.2 million.

Including the aforementioned extraordinary result, EBITDA rose to EUR 988.0 million and EBIT to EUR 815.1 million.

Despite the strong increase in minority interests as a result of the investment made by Warburg Pincus in the Business Applications division and the stake held by Drillisch shareholders in the Consumer Access division, operating EPS of EUR 1.53 was unchanged from the comparable prior-year figure. Moreover, there was a net positive impact on EPS from Rocket impairment charges in the first quarter (EPS effect: EUR -0.10), from one-off tax effects relating to the Warburg Pincus investment and Drillisch takeover (EPS effect: EUR -0.07), and from the above mentioned M&A activities (EPS effect: EUR 1.52). In total, EPS therefore rose from EUR 1.53 to EUR 2.88 or – before amortization of purchase price allocations (PPA), especially from the Versatel, Strato and Drillisch takeovers – to EUR 3.05.

“The third quarter was dominated by the successful closing of the overall transaction with Drillisch. Thanks to the overwhelming approval of the Drillisch shareholders, we were able to consolidate the combined telecommunications business of Drillisch AG and 1&1 Telecommunication SE in September 2017 already and document the growth in value with the figures achieved. All in all, we have made tremendous progress in developing our group this year with a focus on strengthening the individual divisions,” states Ralph Dommermuth, CEO of United Internet.



Guidance 2017

Due to the merger of 1&1 Telecommunication SE and Drillisch AG under the umbrella of United Internet (United Internet stake: 73.29%), the companies have been operating with a coordinated procurement strategy for mobile telecommunications pre-services since November 2017. The next steps are to synchronize branding and customer targeting.

Following the consolidation of Drillisch, United Internet has updated its guidance: an increase of approx. 6.1 million contracts in the current product lines is now expected for the year as a whole (of which 1.87 million from the initial consolidation of Strato and 3.35 million from the initial consolidation of Drillisch). Consolidated sales will be approx. EUR 4.2 billion. EBITDA (including regulation effects, costs for the Telefónica DSL migration, and currency effects) is expected to be between EUR 970 million and EUR 1 billion. In addition, there will be the net extraordinary result.

An overview of all key figures and the 9-Month Report 2017 (on November 14, 2017) are available at www.united-internet.de.

About United Internet

With around 22.62 million fee-based customer contracts and 34.67 million ad-financed free accounts, United Internet AG is Europe's leading internet specialist. At the heart of United Internet is a high-performance "Internet Factory" with approx. 9,400 employees, of which around 2,900 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, STRATO, 1&1 Versatel and Drillisch), United Internet stands for outstanding operational excellence with over 57 million customer accounts worldwide.

Media contact:

United Internet AG

Mathias Brandes / Andreas Maurer

Phone +49 2602 96-1616
presse@united-internet.de