

**Fiscal Year  
2014  
&  
Outlook  
2015**



## ■ Agenda

Ralph Dommermuth    Company development 2014  
Outlook 2015

Norbert Lang         Results 2014

**Company  
development  
2014**

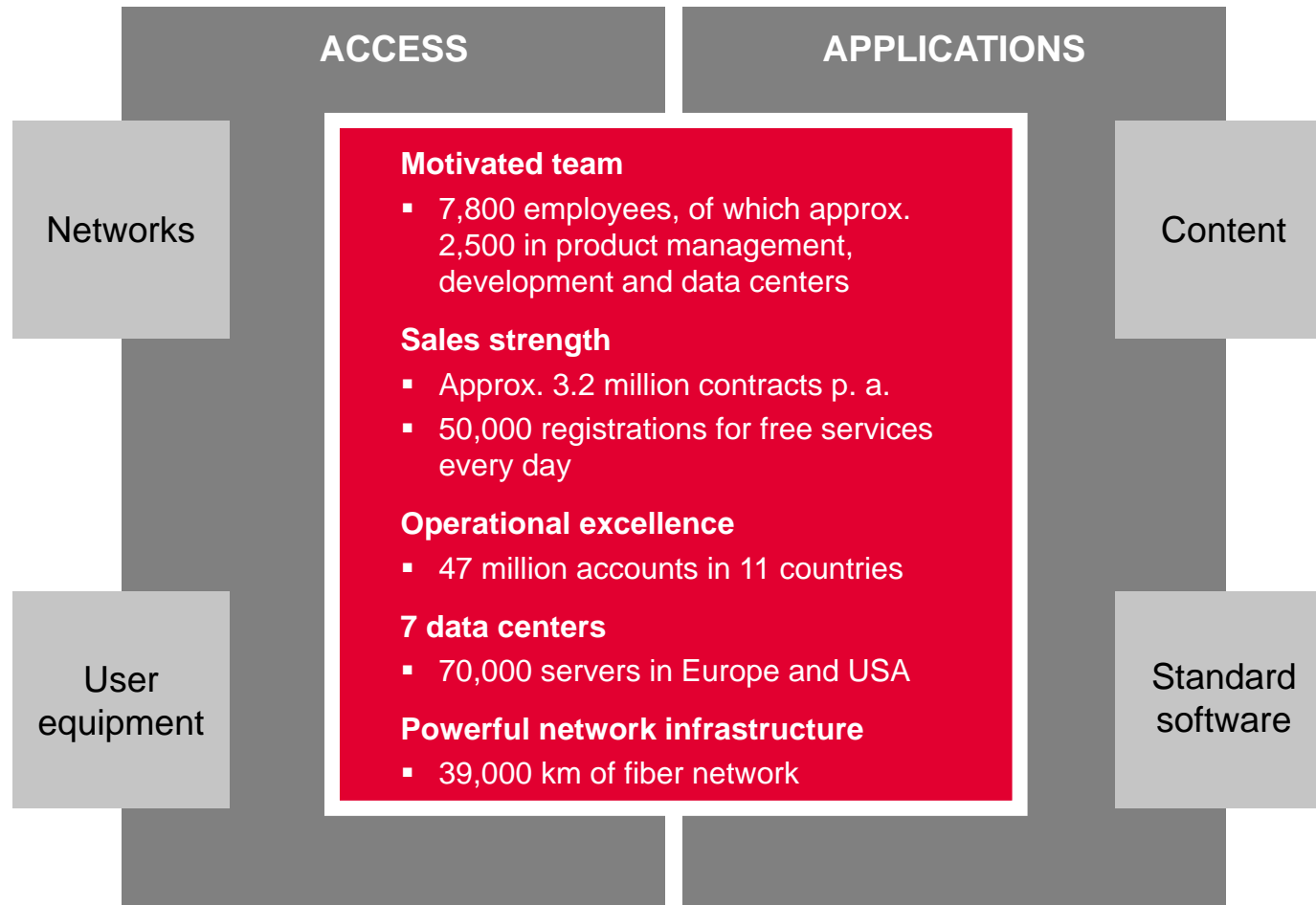
## ■ Highlights 2014

- Strong customer growth: 14.78 million  
(+1.33 m contracts, thereof 0.42 m from the acquisition of Versatel)
- Investment in Rocket Internet (8.18 % as of year-end 2014)
- Strong financial figures

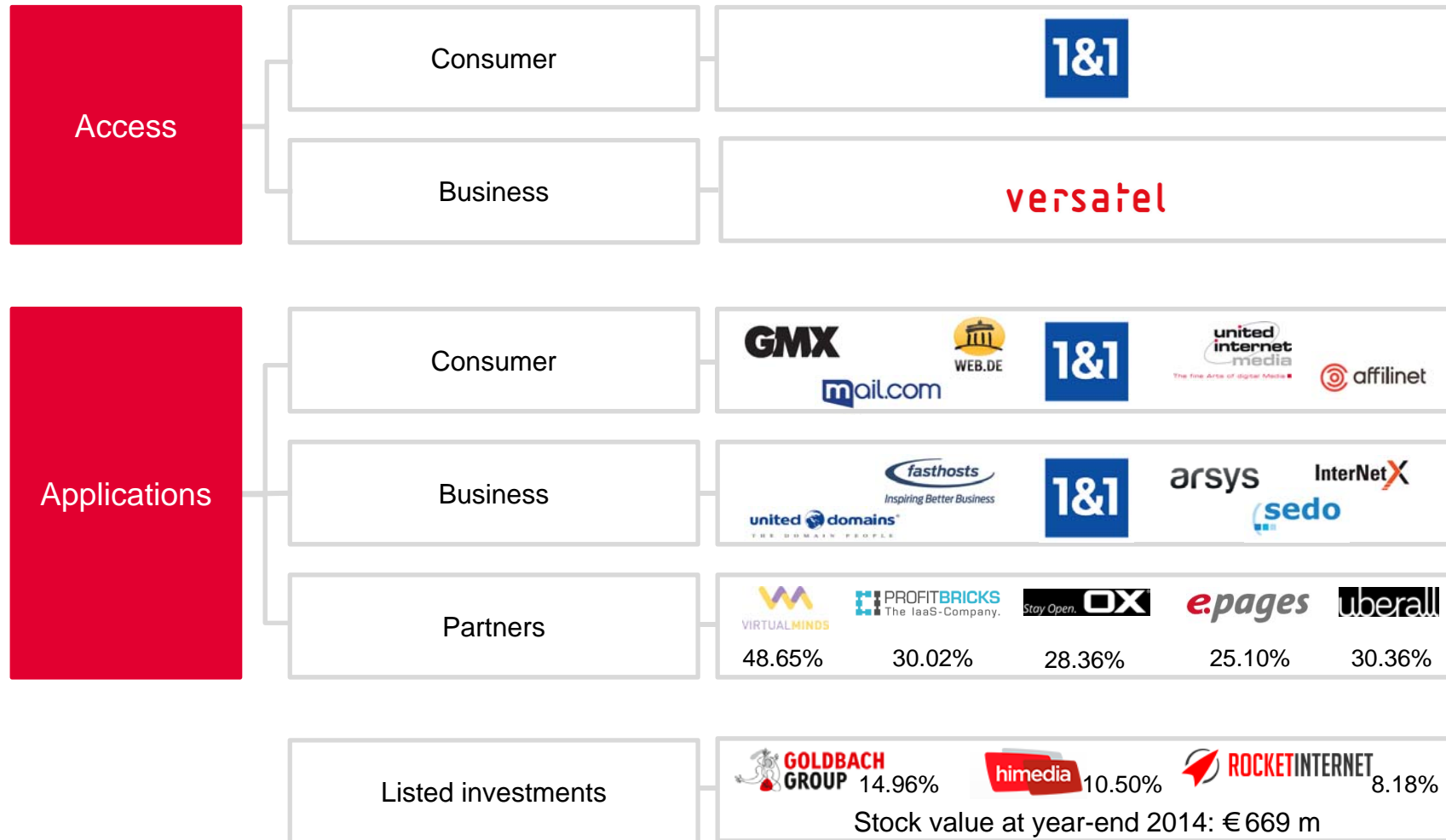
	2013	2014	+ / - vs. 2013
Sales	€ 2.656 bn	€ 3.065 bn	+ 15.4 %
EBITDA	€ 406.9 m	€ 551.5 m	+ 35.5 %
EBIT	€ 312.2 m	€ 430.6 m	+ 38.8 %
EPS	€ 1.07	€ 1.46	+ 36.4 %

- 2014: additional € 186.1 m positive one-off effects from Versatel acquisition and optimization of investment portfolio (EPS effect: +€ 0.82)
- Dividend proposal for fiscal year 2014: € 0.60 per share

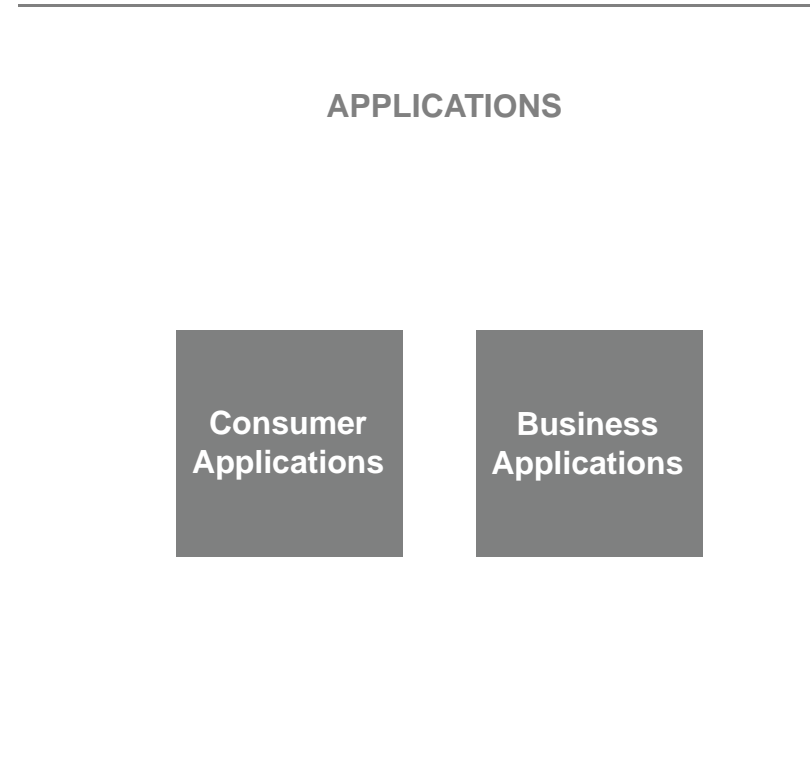
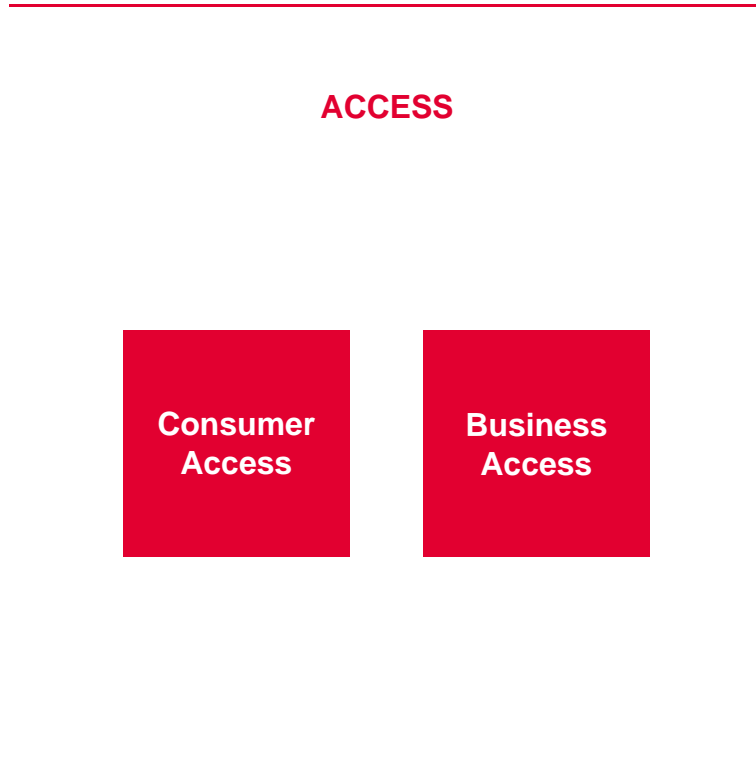
## ■ 2 segments: Access and Applications



## ■ Brands and investments



## ■ “Access” in fiscal year 2014



## ■ Consumer Access: 6.79 million customer contracts

- Largest alternative German DSL provider with 4.19 million DSL connections
- 2.60 million customer contracts for mobile internet

**1&1 DSL**  
TELEFON UND  
INTERNET  
**50.000** kBit/s

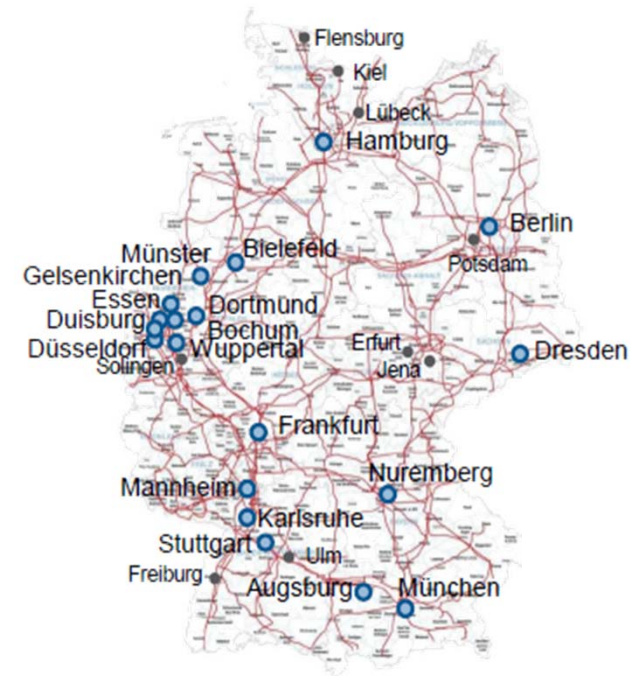
**1&1 ALL-NET-FLAT**  
✓ **FLAT** FESTNETZ  
✓ **FLAT** ALLE HANDY-NETZE  
✓ **FLAT** INTERNET

D-NETZ



## ■ Business Access via Versatel

- Acquisition of Versatel on October 1, 2014
- Purchase price: € 593 m in cash; in addition repayment of net bank liabilities of € 377 m
- Second-largest German fiber network, approx. 39,000 km
  - 226 German cities
  - of which 19 of the 25 largest cities
- 420,000 DSL customers
- 5,400 locations connected to the fiber network

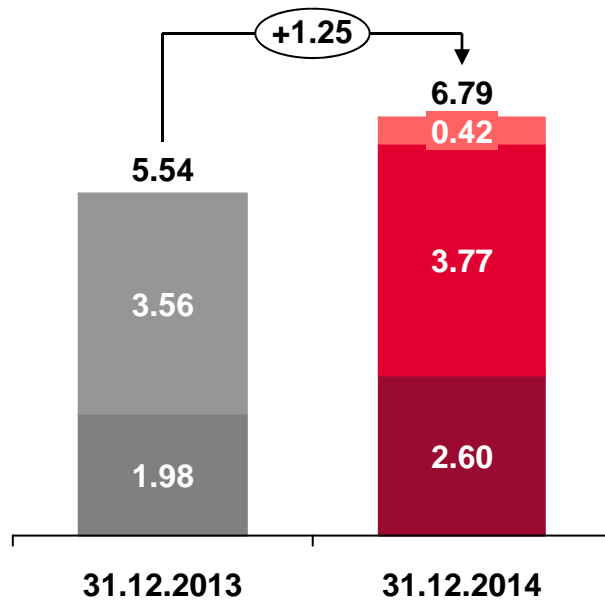


## ■ Access: customer and sales growth

### Customer contracts

(in million)

- Versatel DSL
- 1&1 DSL
- Mobile Internet

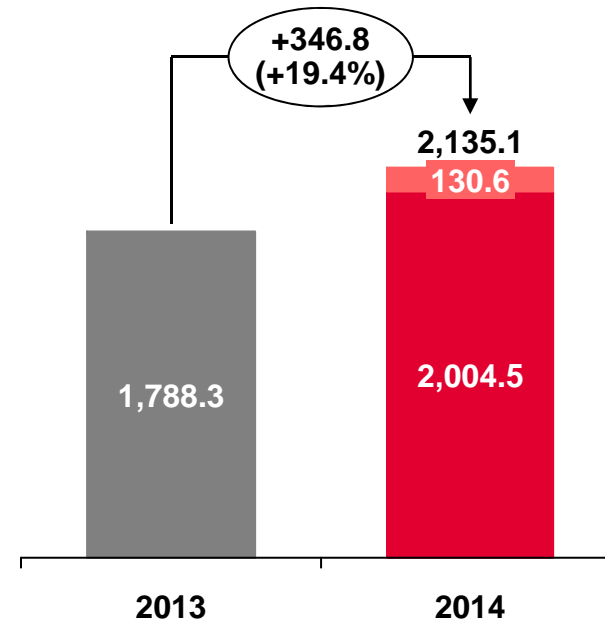


- + 620,000 Mobile Internet contracts
- + 630,000 DSL connections, of which 420,000 from the acquisition of Versatel

### Sales

(acc. to IFRS in € million)

- Versatel
- previous business areas



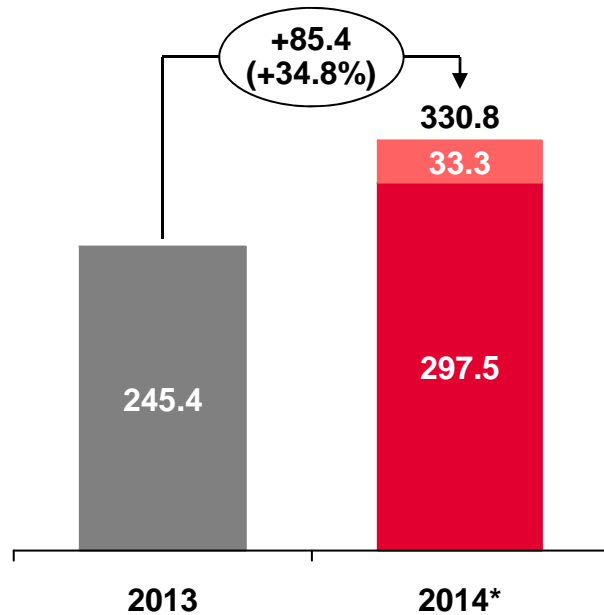
- € 130.6 m sales of Versatel in Q4 2014

## ■ Access: EBITDA and EBIT

### EBITDA

(acc. to IFRS in € million)

■ Versatel  
■ previous business fields

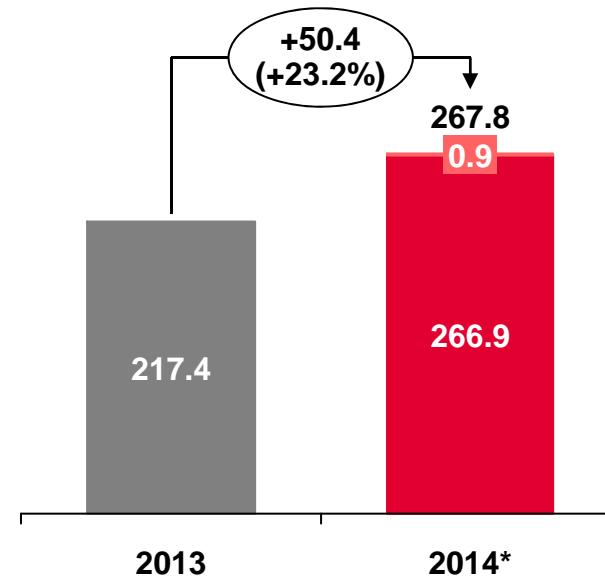


- € 33.3 m Versatel EBITDA in Q4 2014

### EBIT

(acc. to IFRS in € million)

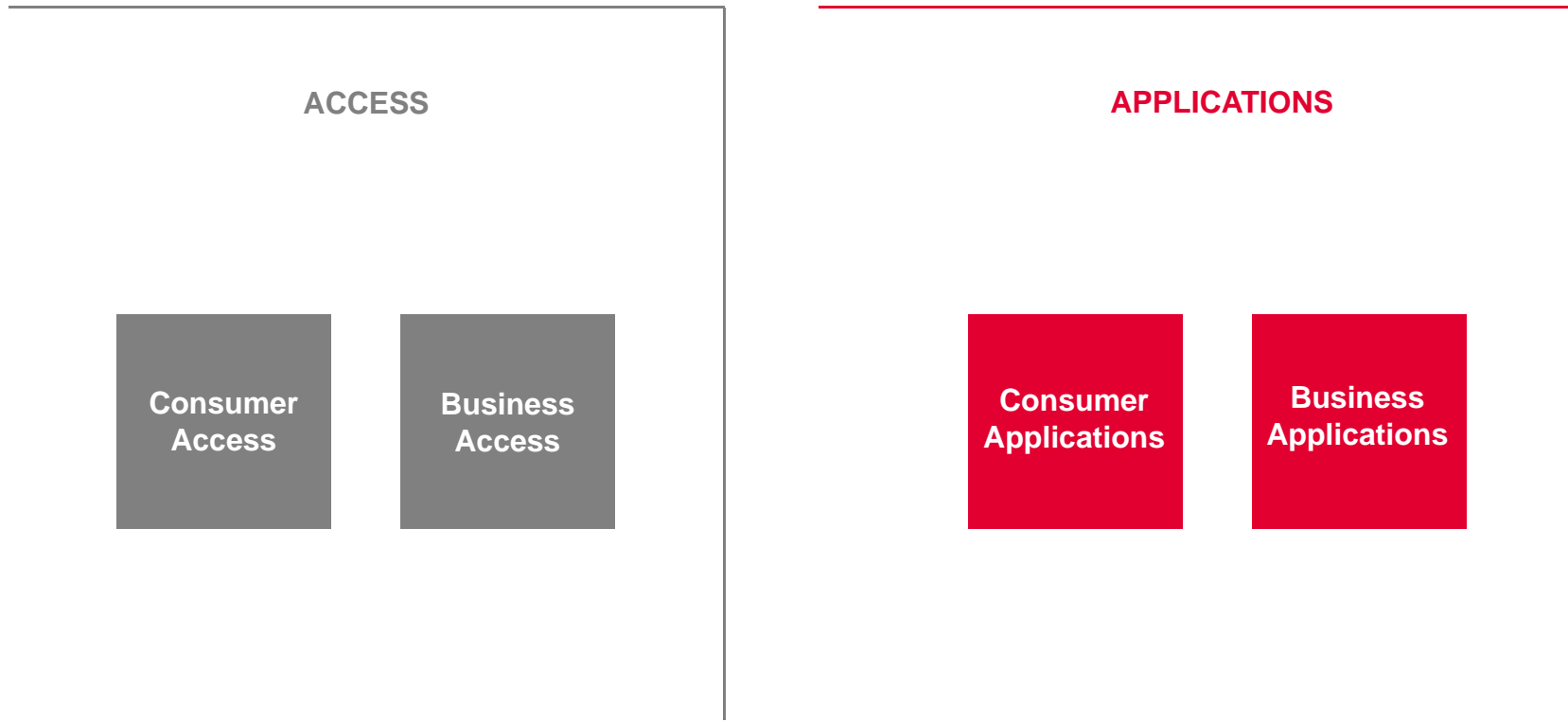
■ Versatel  
■ previous business fields



- € 0.9 m Versatel EBIT in Q4 2014

\* Additional positive one-off effects from Versatel acquisition (EBITDA and EBIT effect for segment: € 112.6 m)

## ■ “Applications” in fiscal year 2014



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

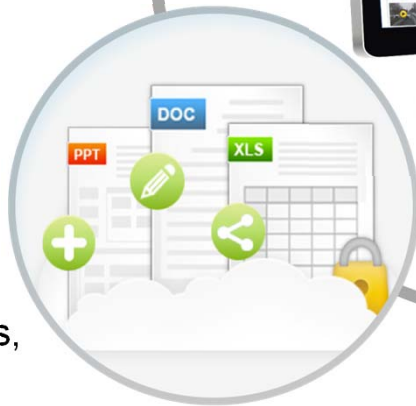
**Communication and organization**  
e-mail, calendar, contacts, SMS, fax



**De-Mail**  
legally secure communication and identity management



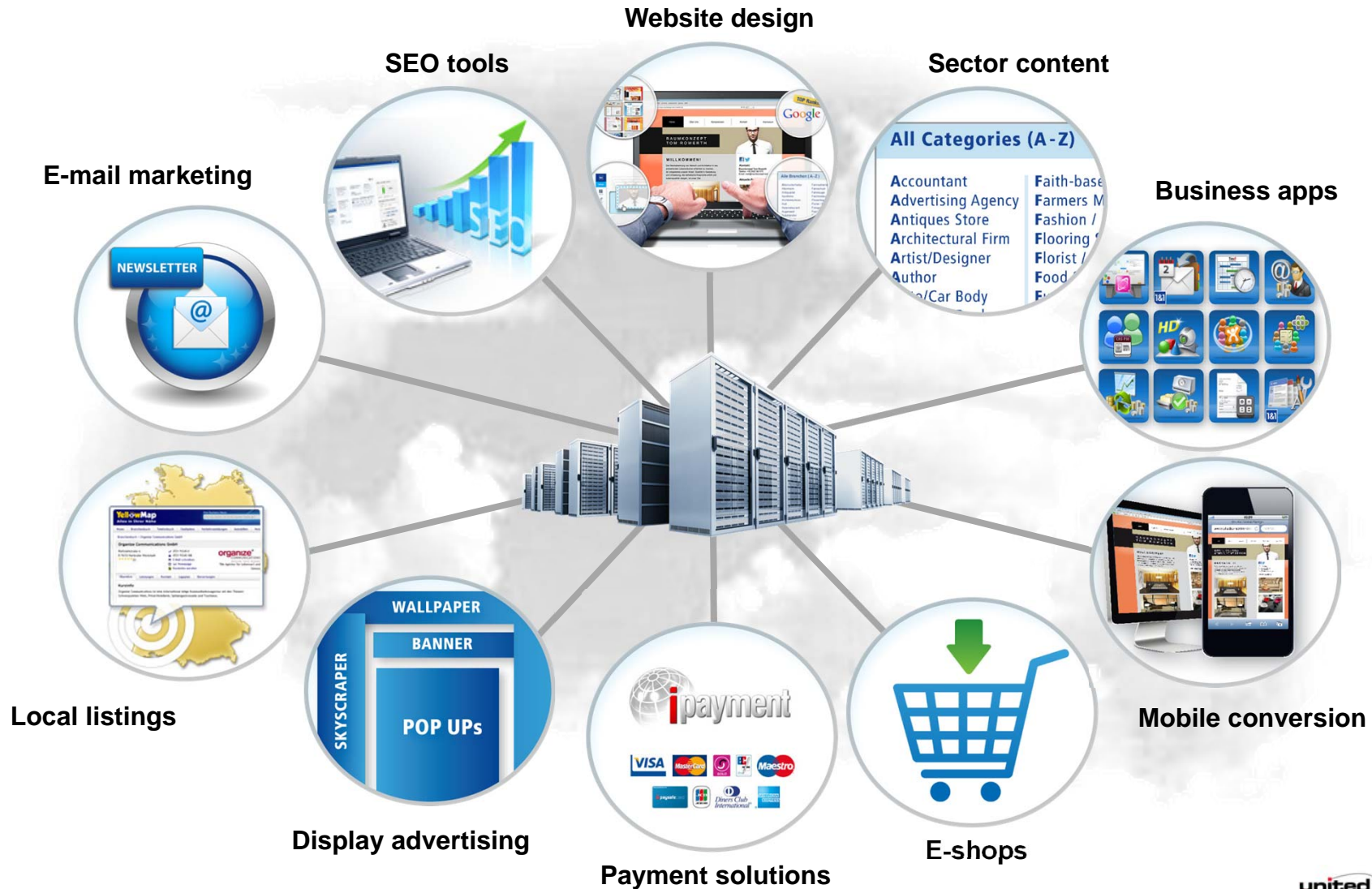
**Online office**  
texts, spreadsheets, presentations



**Online storage**  
for photos, videos, music and documents



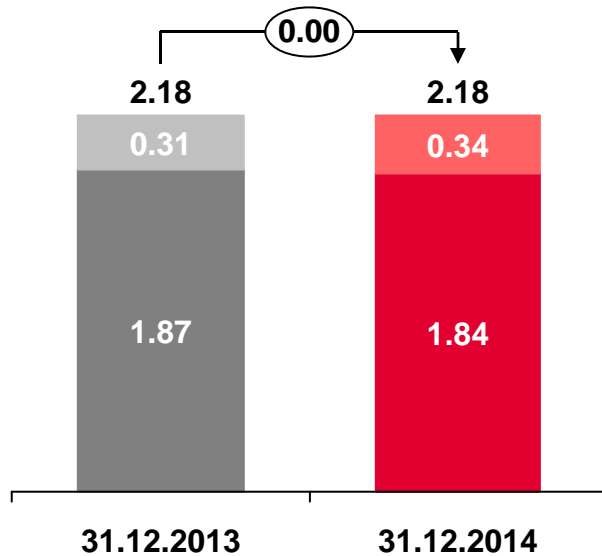
# Business Applications: from webhoster to e-business solutions provider



## ■ Applications: consumer and business contracts

### Consumer Applications (contracts in million)

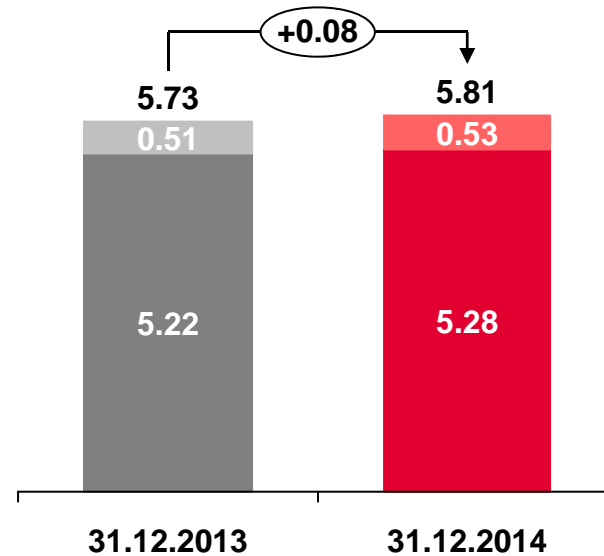
- Accounts with Value Added subscription
- Accounts with Premium Mail subscription



- Additional 0.61 m new free accounts to 32.12 m, thereof 13.55 m with mobile usage and 16.18 m with cloud storage

### Business Applications (contracts in million)

- 1&1 MyWebsite
- Domains, webhosting, servers, eShops, tools

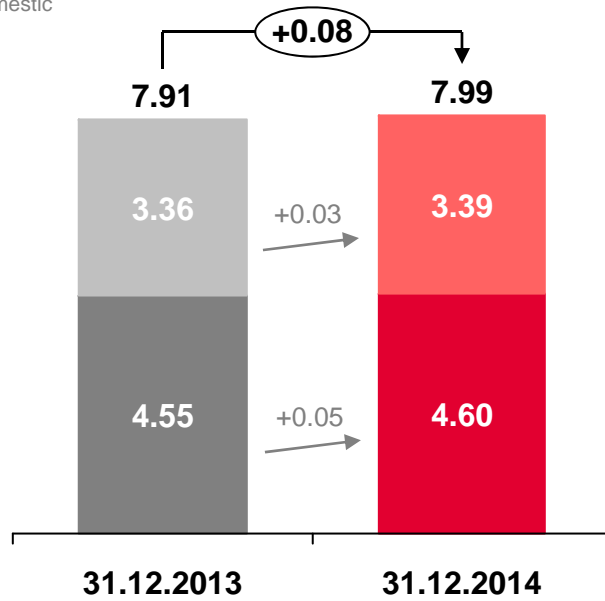


- 340,000 nTLDs for new and existing customers

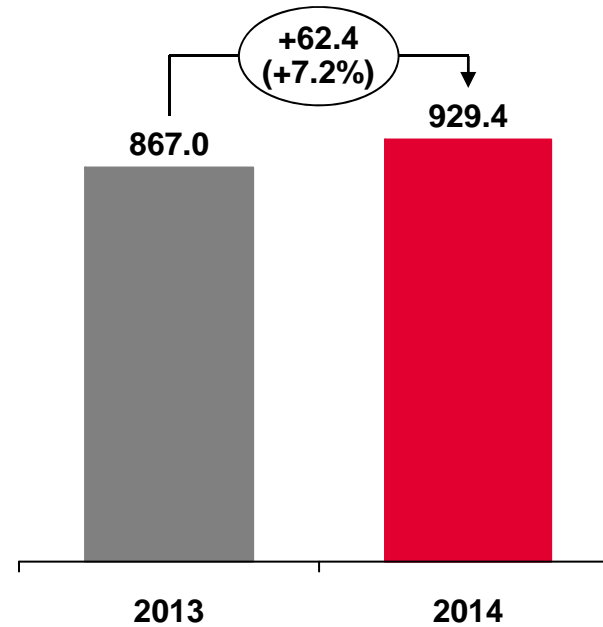
## ■ Applications: contract and sales growth

Customer contracts, total  
(in million)

■ Abroad  
■ Domestic



Sales  
(acc. to IFRS in € million)

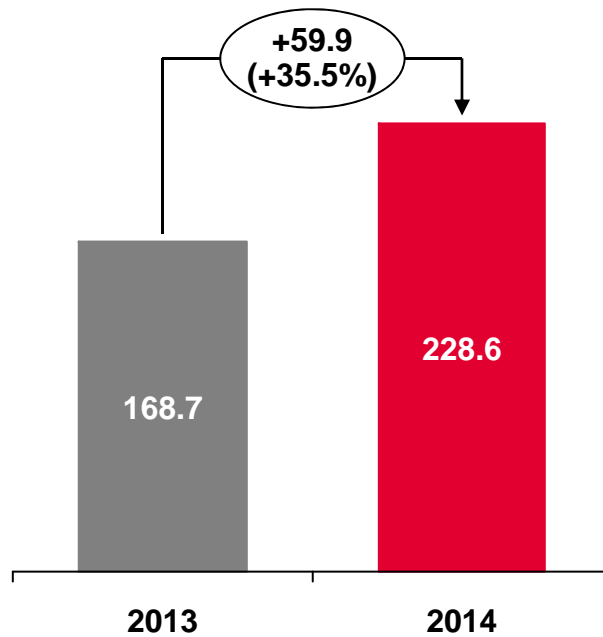




## ■ Applications: EBITDA and EBIT

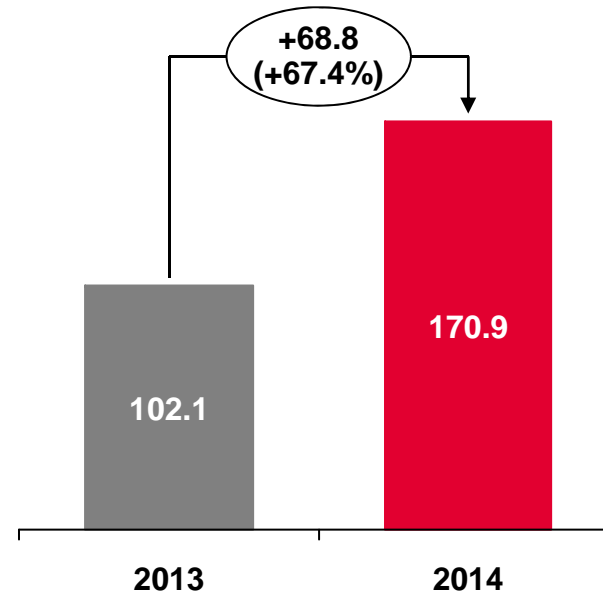
### EBITDA

(acc. to IFRS in € million)



### EBIT

(acc. to IFRS € million)



- Lower start-up costs in the new business fields (MyWebsite, De-Mail) and initiatives (E-mail made in Germany): € 47.6 m in 2014 after € 107.9 m in the previous year

A solid red square is centered on a white background. Inside the square, the text "Outlook 2015" is written in white, bold, sans-serif font.

**Outlook  
2015**

## ■ **Guidance 2015: further growth in customers, sales and earnings**

- approx. 800,000 new contracts
- approx. 20 % sales growth
- approx. 40 % EBITDA growth

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**Results  
2014**

## ■ Consolidated sales and earnings development

(acc. to IFRS in € million)

	2013	2014*	
Sales	2,655.7	3,065.0	■ + 15.4 %
EBITDA from the established business fields	514.8	599.1	■ + 16.4 %
Start-up costs in the new business fields (Opex)	-107.9	-47.6	■ – 56.3 %
EBITDA	406.9	551.5	■ + 35.5 %
EBIT	312.2	430.6	■ + 37.9 %
EBT	296.4	412.9	■ + 39.3 %
EPS (in €)	1.07	1.46	■ + 36.4 %

\* Without positive one-off effects from Versatel acquisition and optimization of investment portfolio

## ■ Group: special items in fiscal year 2014

(acc. to IFRS in € million)

	Consolidation of Versatel	One-off effect from Versatel acquisition	One-off effect from portfolio optimization
Sales effect	+ 130.6	-	-
EBITDA effect	+ 33.3	+ 112.0	+ 74.1
EBIT effect	+ 0.9	+ 112.0	+ 74.1
EBT effect	- 0.7	+ 91.9	+ 74.1
EPS effect (in €)	- 0.01	+ 0.45	+ 0.37

## ■ Group: Reconciliation of organic growth to income statement

(acc. to IFRS)

	2013	2014 organic		2014 organic incl. Versatel		2014 organic incl. Versatel and incl. one-offs	
	€ m	€ m	+ / -	€ m	+ / -	€ m	+ / -
Sales	2,655.7	2,934.4	10.5%	3,065.0	15.4%	3,065.0	15.4%
EBITDA	406.9	518.2	27.4%	551.5	35.5%	737.6	81.3%
EBIT	312.2	429.7	37.6%	430.6	37.9%	616.7	97.5%
EBT	296.4	413.6	39.5%	412.9	39.3%	578.9	95.3%
EPS	€ 1.07	€ 1.47	37.4%	€ 1.46	36.4%	€ 2.28	113.1%

## ■ Consolidated balance sheet as of 31 December 2014 (I)

(acc. to IFRS in €k)

<b>Assets</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>Comments:</b>
Property, plant and equipment / intangible assets	281,253	1,074,776	<ul style="list-style-type: none"> <li>▪ Capex: €72.3m; D&amp;A: €120.9m</li> <li>▪ Increase through Versatel acquisition: €835.8m</li> </ul>
Goodwill	452,812	977,043	<ul style="list-style-type: none"> <li>▪ Increase through Versatel acquisition: €509.7m</li> </ul>
Financial assets	162,866	730,219	<ul style="list-style-type: none"> <li>▪ Stock exchange value Goldbach, Hi-media and Rocket Internet plus seven further strategic investments</li> </ul>
Accounts receivable	135,524	216,648	
Inventories, prepaid expenses and other assets	195,064	623,910	<ul style="list-style-type: none"> <li>▪ Prepaid expenses: €103.7m; inventories: €42.6m; deferred taxes: 86.6m; tax refund claims: €377.5m</li> </ul>
Cash and cash equivalents	42,775	50,829	
<b>Total</b>	<b>1,270,294</b>	<b>3,673,425</b>	



## ■ Consolidated balance sheet as of 31 December 2014 (II)

(acc. to IFRS in €k)

Liabilities and equity	31.12.2013	31.12.2014	Comments:
Equity	307,853	1,204,729	<ul style="list-style-type: none"> <li>Equity ratio: 32.8% (PY 24.2%)</li> <li>treasury shares: €35.3m (PY €5.2m)</li> </ul>
Liabilities due to banks	340,042	1,374,002	<ul style="list-style-type: none"> <li>Bank liabilities (net): €1,323.2m (PY €297.2m)</li> <li>Versatel acquisition: €942.2m</li> <li>Rocket investment: €333.5m</li> </ul>
Trade accounts payable	260,216	360,334	
Accrued taxes and other accrued liabilities	47,672	212,822	<ul style="list-style-type: none"> <li>Initial consolidation Versatel (deferred taxes: €40.0m)</li> <li>Accrued taxes: €139.2m</li> </ul>
Other accrued liabilities	4,672	48,455	<ul style="list-style-type: none"> <li>Initial consolidation Versatel (network restoration: €33.5m)</li> </ul>
Other liabilities	126,142	238,202	<ul style="list-style-type: none"> <li>Thereof non-current: €99.2m (IRUs / leased network of Versatel)</li> </ul>
Deferred revenues	183,697	234,881	
<b>Total</b>	<b>1,270,294</b>	<b>3,673,425</b>	

## ■ Consolidated cash flow as of 31 December 2014

(acc. to IFRS in €k)

	2013	2014	Comments:
Operative cash flow	280,130	380,563	
Cash flow from operating activities	268,255	453,997	<ul style="list-style-type: none"> <li>Without capital gains tax payment due to closing-date effects (€ 335.7m)</li> </ul>
Cash flow from investing activities	-207,810	-1,349,811	<ul style="list-style-type: none"> <li>Capex: €72.3m (PY €59.9m)</li> <li>€942.2m for Versatel acquisition and €357.8m for investments (PY €152.8m for the Arsys acquisition and investments)</li> </ul>
Free cash flow*	211,596	386,573	

\* 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!**