

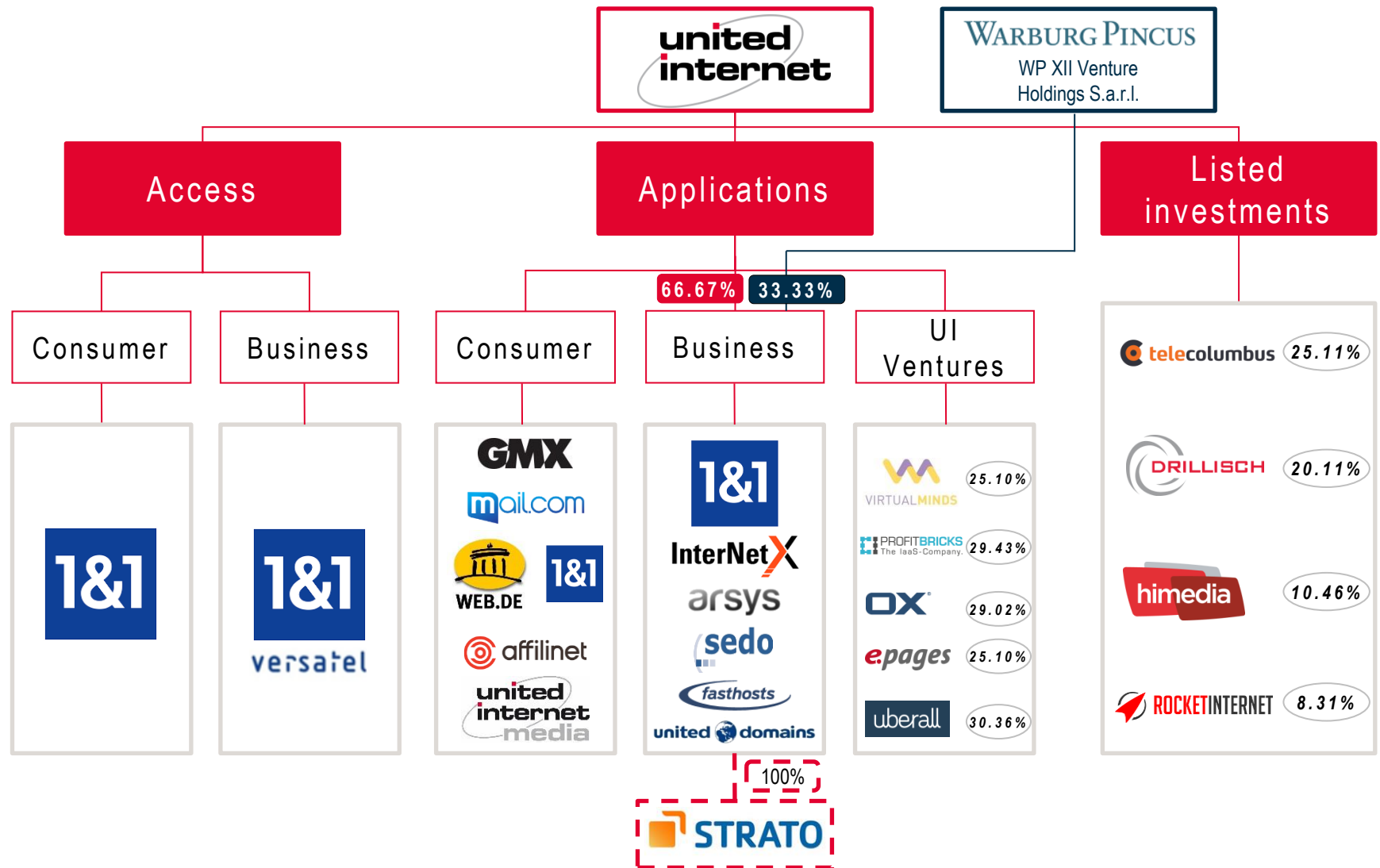
UNITED INTERNET

**Business Applications –
Acquisition of Strato AG**

December 15, 2016



SNAPSHOT OVERVIEW – STRATO WITHIN UNITED INTERNET GROUP



KEY TRANSACTION HIGHLIGHTS

- **United Internet (“UI”) announced today that UI will acquire 100% of the shares of Strato AG (“Strato”) from Deutsche Telekom AG (“DTAG”)**
- **Warburg Pincus* will also participate pro rata to their partnership with 33%**
- **Strato is a leading domain and hosting provider in Germany**
- **Headline valuation of Strato of €600m represents a multiple of ~12.4x EV / EBITDA 2016E pre synergies**
 - €566m of the purchase price will be paid upfront
 - A deferred amount of up to €34m will be paid at a later stage, subject to certain performance milestones
- **The initial amount of €566m to be paid in 2017 will be financed on the level of the holding structure through a mix of an intercompany loan from United Internet AG of €350m (on terms in line with market conditions for a standalone loan for comparable assets) and equity contributions by United Internet and Warburg Pincus in proportion to their shareholdings in the Business Applications segment**
 - UI will fund the intercompany loan as well as its equity contribution with cash on balance sheet and bank facilities
- **The transaction is subject to anti-trust approval by German Federal Cartel Office (“Bundeskartellamt”); closing is expected in H1 2017**
- **The acquisition supports the United Internet strategy to build its position as a leading European hosting company and to strengthen its position amongst the leading players globally**
- **The customers will benefit from a more comprehensive product and service offering and the enhanced innovation power**

* WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC (collectively: “Warburg Pincus”)

TRANSACTION RATIONALE

1

Innovation power and strong brand proposition

- Enhanced value propositions for customers
- Higher innovation power through enlarged development and product management capacities
- Strato as an established and well-known brand added to the United Internet group

2

Benefits from joint scale and best practice sharing

- Additional scale effects within the United Internet group
- United Internet will drive the growth of the Strato business and ensure that best practices are applied

3

Synergy potential

- UI's hosting subsidiaries and Strato will initially be run as separate companies in order to focus on their existing projects
- The focus of synergies in the UI group mainly consists of pooling procurement activities as product licenses and other services
- Expected run rate synergies within the UI group of up to €20m

4




Platform for further growth

- Benefits from Strato's strong position and brand awareness in Germany
- Strato's current geographical footprint allows UI to expand into the Netherlands where Strato has already built a strong presence

Key highlights

- Strato is a leading domain and hosting service provider in Germany
- The company is headquartered in Berlin and employs c.500 FTEs with over 2m customer contracts
- Expected revenue for 2016 amounts to €127m and EBITDA to €48.5m
- Large customer base offers further monetization potential
- Strong track record in generating organic growth and expanding brand recognition
- In 2009, DTAG acquired Strato from freenet AG

Product offering

Brands	 & 				
Segments	Shared Webhosting ("SWH")	Dedicated Webhosting ("DWH")	HiDrive	CRONON	
Products	<ul style="list-style-type: none"> ▪ Domain & Mail ▪ Shared Hosting ▪ Site Builder ▪ E-Commerce 	<ul style="list-style-type: none"> ▪ Dedicated Server ▪ Virtual Server 	<ul style="list-style-type: none"> ▪ HiDrive Core ▪ HiDrive white-label: Magenta Cloud 	<ul style="list-style-type: none"> ▪ ISP-Hosting solutions ▪ ERP Consulting 	

1

Leading provider of mass hosting in a large and structurally growing market

- Large and highly fragmented European hosting market
- Established player in Germany
- Strong presence in the Netherlands

2

Efficient platform supporting scalable and data-driven Go-to-Market

- Highly efficient customer acquisition engine underpinned by strong brand and data-driven operations
- Well invested, low cost and flexible platform supported by a scalable datacentre architecture
- Qualified and efficient customer care operations

3

Excellent unit economics underpin a highly attractive business model

- Positive top line trajectory and scalable cost base drive EBITDA margin and growth
- High earnings visibility driven by low churn and long customer lifetimes
- Excellent unit economics with low acquisition cost and quick payback

4

Multiple avenues for innovation and value creation

- Broad product portfolio enables product up-selling
- Proprietary and innovative storage product (HiDrive) to benefit from growth in cloud storage demand
- New product launches and innovation support increasing share of wallet

SUMMARY TERMS OF THE TRANSACTION

Perimeter	<ul style="list-style-type: none">▪ Acquisition of 100% of the share capital in Strato AG
Enterprise value	<ul style="list-style-type: none">▪ Headline valuation of Strato of €600m represents a multiple of ~12.4x EV / EBITDA 2016E pre synergies
Financing	<ul style="list-style-type: none">▪ Increase of the intercompany loan from United Internet AG by €350m and equity contributions by UI and Warburg Pincus in proportion to their shareholdings in the Business Applications segment
Transaction structure	<ul style="list-style-type: none">▪ €566m of the purchase price will be paid upfront▪ A deferred amount of up to €34m will be paid at a later stage, subject to certain performance milestones
Conditions & closing	<ul style="list-style-type: none">▪ Subject to anti-trust approval by German Federal Cartel Office (“Bundeskartellamt”)▪ Closing is expected in H1 2017
Impact on United Internet	<ul style="list-style-type: none">▪ United Internet will continue to fully consolidate the Business Applications segment post transaction in its quarterly and annual accounts following the closing of the transaction. Strato will be fully consolidated from the day of closing

**Our success story
continues!**

