

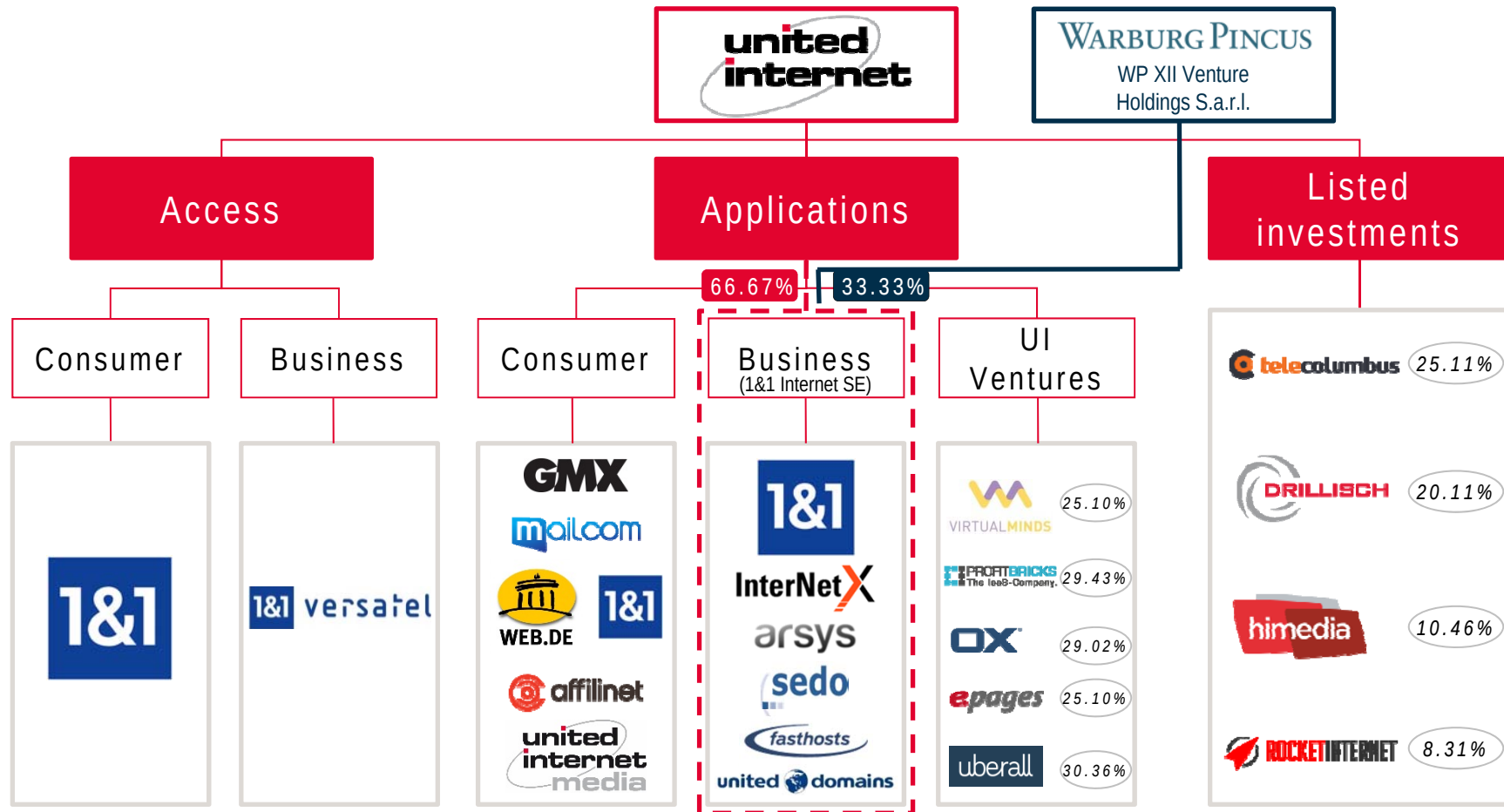
UNITED INTERNET

Business Applications –
Strategic Partnership with
Warburg Pincus

November 8, 2016



1&1 INTERNET SE WITHIN UNITED INTERNET GROUP



KEY TRANSACTION HIGHLIGHTS

- United Internet announced today the formation of a strategic partnership with WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC (collectively “Warburg Pincus” and “WP”) in its Business Applications segment (“1&1 Internet SE”), as part of which WP will acquire a 33.33% stake in 1&1 Internet SE
 - Enterprise value of €2.55bn represents a premium multiple of ~12.5x FV / EBITDA 2016E
 - As part of the transaction structure United Internet is granting an intercompany loan of €1.2bn on terms in line with market conditions for a standalone loan for comparable assets
 - The agreed equity purchase price is up to €450m for the 33.33% stake
 - An initial amount of €334m is expected to be paid in the first half of 2017
 - Up to a further €116m will be paid at later stages subject to certain performance milestones and foreign exchange rate movements
 - René Obermann (Managing Director, Warburg Pincus International LLC) will become a member of the Supervisory Board of 1&1 Internet SE post closing of the transaction
 - The transaction is subject to anti-trust approval by the relevant bodies
- 1&1 Internet will benefit from Warburg Pincus’s strong sector experience in the technology and internet space and its access to senior industry experts
- 1&1 Internet has a clear strategy to build its position as the leading European web hosting company and to strengthen its position amongst the leading players globally through accelerating organic growth and M&A
- The transaction provides 1&1 Internet SE with the flexibility for future strategic options including a potential IPO within the next years

TRANSACTION RATIONALE

1

WP experience

- Benefit from WP's deep and global sector experience in hosting, online and relevant software sectors
 - Active supervisory board & committee members
 - Access to senior industry experts

2

Expand leading product offering for customers in Europe

- Jointly expand 1&1 Internet's leading product offering across its footprint
 - #1 in Germany, Spain and Poland
 - #2 in France and the UK
 - Good market positions in Mexico, Austria, Italy and the US

3

Investment in future growth

- Further invest in product portfolio to drive acceleration of organic growth momentum
- Jointly assess efficiency improvements and consolidate existing technology platforms
- Further roll-out and ramp-up of cloud-based infrastructure and products

4

M&A consolidation platform

- Leverage M&A platform to participate in consolidation of the highly fragmented European web hosting market
- Ongoing market monitoring and evaluation of potential acquisition targets

5

Jointly assess potential IPO

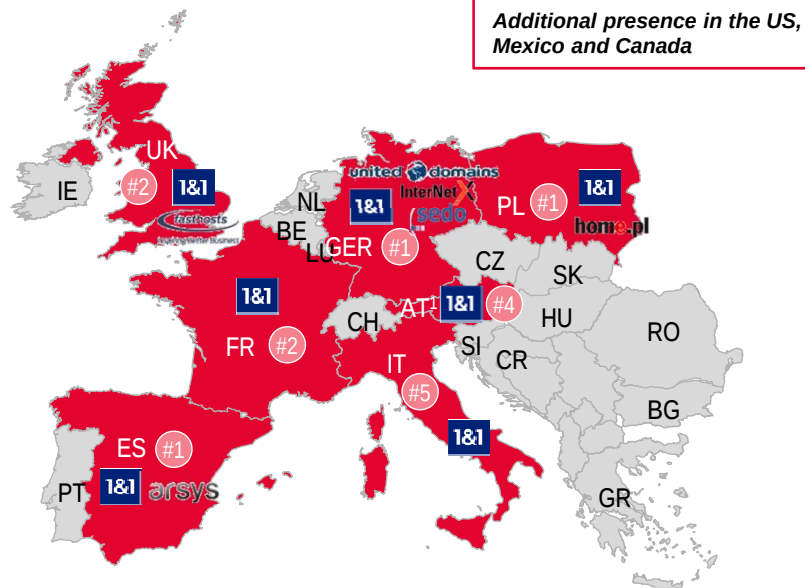
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1&1 AS EUROPEAN MARKET LEADER

Complementary brands



International footprint



¹ Austria served via Germany

■ 1&1 Internet footprint
Market position

Assets

Leading webhosting brands in Europe including international operations in the US, Canada and Mexico

Broad product portfolio

7 data centres and 70,000 servers

Approximately 6m customers

Product portfolio

Webhosting



Website builder



eCommerce



VPS



Dedicated server



Cloud server



Domains



Productivity



Online marketing



November 8, 2016

united
internet

ATTRACTIVE ORGANIC AND INORGANIC GROWTH OPPORTUNITIES IN THE EUROPEAN WEBHOSTING MARKET



- 33 million SMBs (< 20 FTE) need a trusted partner



- Supporting of digital transformation of SMBs: from digital marketing to back-office applications



- Increase customer base and value through expansion of service offering, demand-based up- and cross-selling and continuous improvements of customer satisfaction



- Further market consolidation in the highly fragmented European webhosting market via M&A



¹ Companies with less than 20 FTEs

SUMMARY TERMS OF THE TRANSACTION

Perimeter	▪ Divestment of 33.33% stake in 1&1 Internet SE to WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC ▪ Participation will be implemented through newly founded holding structure
Enterprise value	▪ Enterprise value of €2.55bn represents premium multiple of c.12.5x EBITDA 16E
Intercompany leverage	▪ As part of the transaction structure United Internet is granting an intercompany loan of €1.2bn at closing ▪ Both quantum and interest rate are in line with market standards for comparable assets
Equity purchase price	▪ Equity purchase price of up to €450m for the 33.33% stake
Transaction structure	▪ An initial amount of €334m is expected to be paid in the first half of 2017 ▪ Up to a further €116m will be paid at later stages subject to certain performance milestones and foreign exchange rate movements
Governance	▪ Warburg Pincus will have representation on Supervisory Board of 1&1 Internet SE in proportion to its ownership
Conditions & closing	▪ Subject to regulatory approval by relevant anti-trust authorities
Impact on United Internet	▪ United Internet will continue to fully consolidate 1&1 Internet post transaction in its quarterly and annual accounts

Our success story
continues!

