

UNITED INTERNET AG

Analyst and investor

Webcast – 9M Results 2020

**Montabaur,
November 10, 2020**



INTRODUCTION OF MARTIN MILDNER



Martin Mildner, CFO since October 2020

- Responsibility: Finance and Controlling, Risk Management/Internal Audit, Legal, Tax, M&A, Investment Management and Human Resources
- Experience: Corporate Transactions, Compliance Management and Corporate and Tax Law
- Last position: Group General Counsel and Group Vice President M&A at Otto Group for 13 years

KPIs 9M 2020

- 25.41 million customer contracts: + 670,000 in the first 9 months 2020

Revenues and earnings figures (in € million)	9M 2019	9M 2020	Change
Revenues	3,855.0	3,984.7	+ 3.4%
EBITDA ⁽¹⁾	944.0	896.4	- 5.0%
EBIT	587.6	541.6	- 7.8%
EPS before impairments ⁽²⁾ (in €)	1.39	1.33	- 4.3 %
EPS before PPA and impairments ⁽²⁾ (in €)	1.76	1.68	- 4.5 %

- EBITDA 9M 2020 impacted by:

- € 13.7 million additional costs from regulatory decisions on EU SMS and last mile (TAL) (prior year: € 1.0 million)
- € 8.4 million initial 5G costs (prior year: € 2.5 million)
- € 0.7 million one-offs from integration projects (prior year: € 3.8 million)
- € 19.7 million Covid-19 impact, mainly due to temporarily changed usage behaviour of customers
- € 35.4 million from excessive MBA MVNO invoicing

➔ Adjusted for the aforementioned effects, the comparable EBITDA increased by 4.8% yoy

⁽¹⁾ EBITDA (2019), w/o sale of investments (virtual minds): € 922.5m; -2.8% yoy / ⁽²⁾ w/o impairment Tele Columbus in 2019 and 2020

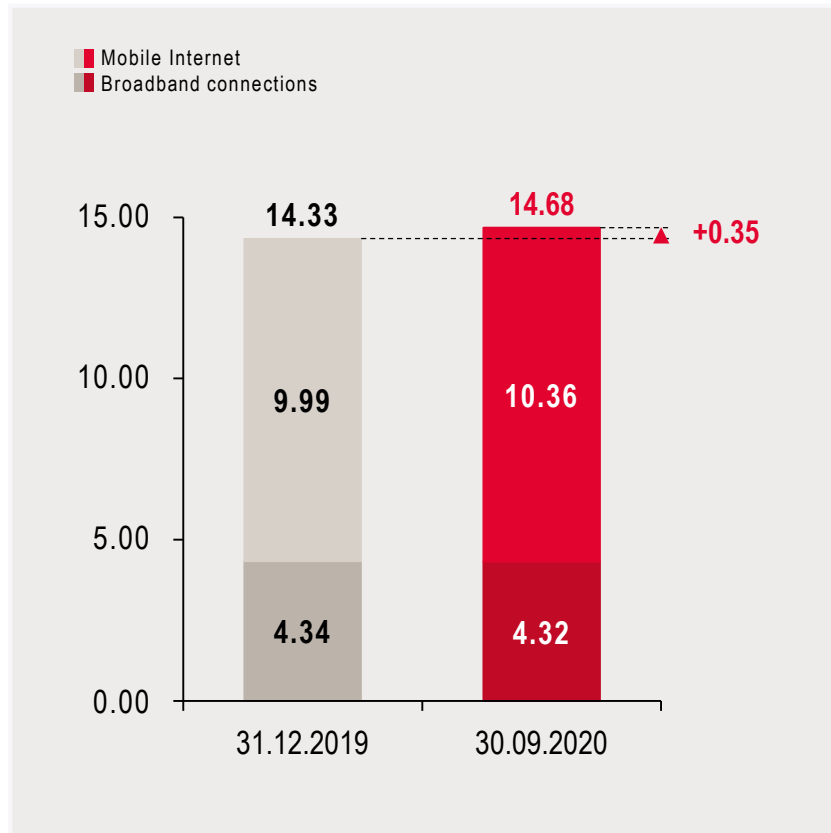
“ACCESS” IN 9M 2020

- CONSUMER ACCESS
- BUSINESS ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

CONSUMER ACCESS SEGMENT: CUSTOMER CONTRACTS

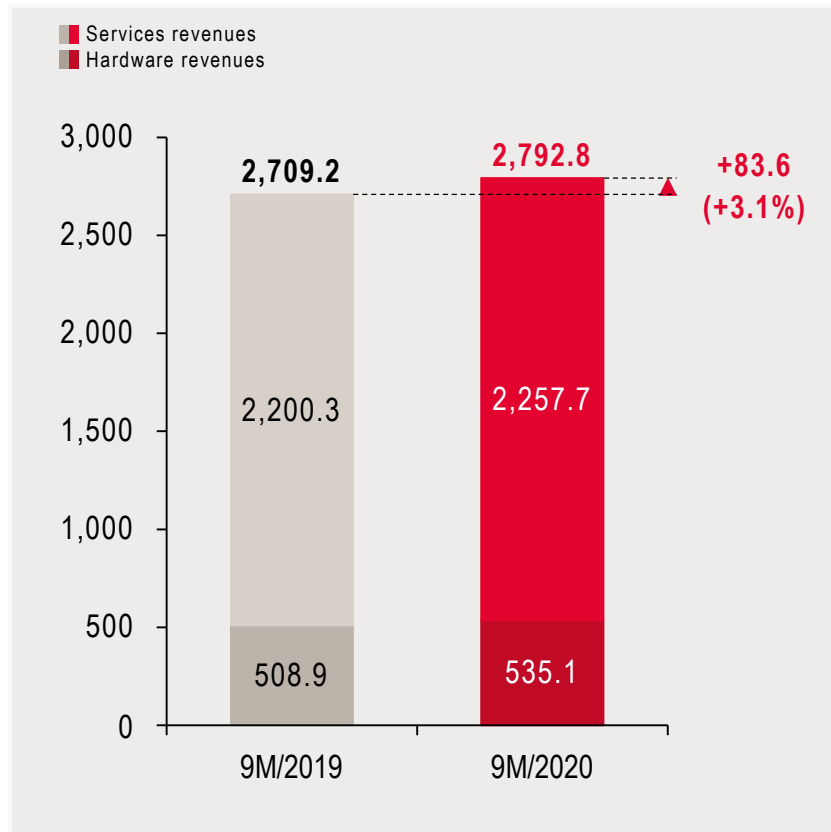
(in million)



- 14.68 million customer contracts (+ 350,000)
- 10.36 million mobile internet contracts (+ 370,000)
- 4.32 million broadband connections (- 20,000)
ADSL / VDSL / FTTH

CONSUMER ACCESS SEGMENT: REVENUES

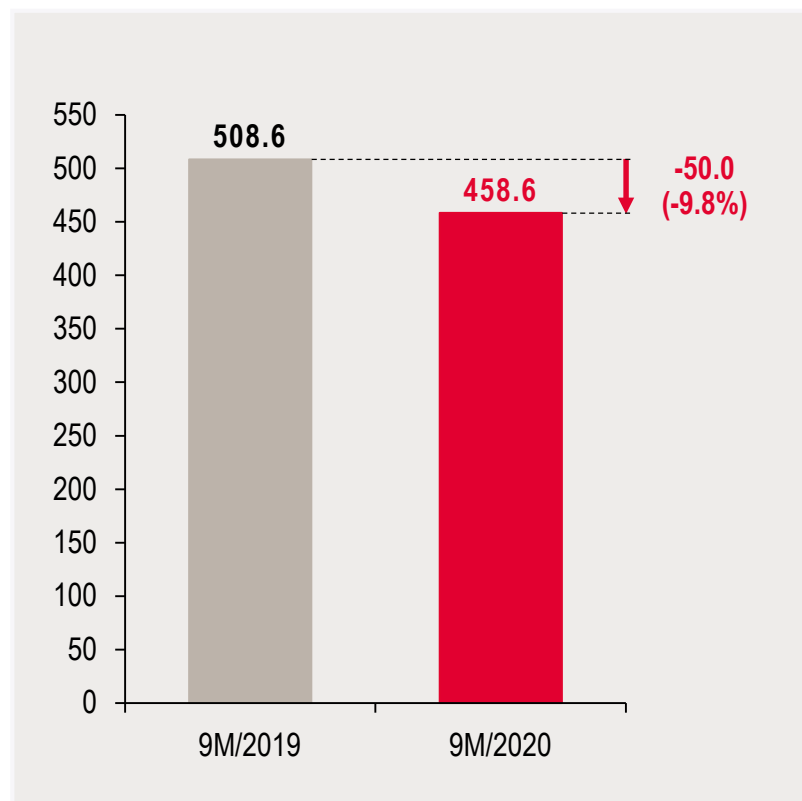
(acc. to IFRS in € million)



- + 3.1 % revenues to € 2.793 billion
 - + 2.6 % service revenues to € 2,257.7 million, despite - € 16.4 million, due to the coronavirus pandemic (in particular missing non-EU roaming)
 - + 5.1 % low-margin hardware revenues to € 535.1 million
- ➔ + 3.7 % comparable revenues – excluding the aforementioned pandemic effect

CONSUMER ACCESS SEGMENT: EBITDA

(acc. to IFRS in € million)



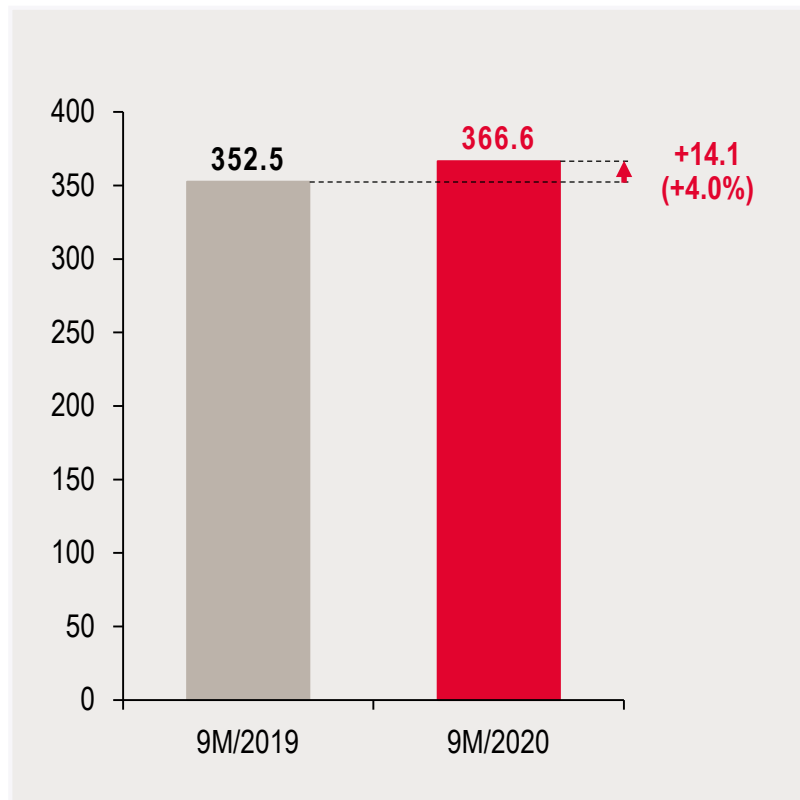
- - 9.8 % EBITDA to € 458.6 million
 - € - 13.7 million from regulation of subscriber line charges (“TAL”) and “SMS EU” (prior year: € - 1.0 million)
 - € - 8.4 million from initial costs for the 5G network (prior year: € - 2.5 million)
 - € - 0.7 million one-offs from Drillisch integration (prior year: € - 3.8 million)
 - € - 17.7 million from temporary change in behaviour caused by the coronavirus pandemic*
 - € - 35.4 million from excessive MBA MVNO invoicing
- 16.4 % EBITDA margin (prior year: 18.8 %)

➔ + 3.6 % comparable EBITDA – excluding the aforementioned effects

* in particular in the field of telephony (voice), inter alia through home office regulations and contact restrictions

BUSINESS ACCESS SEGMENT: REVENUES

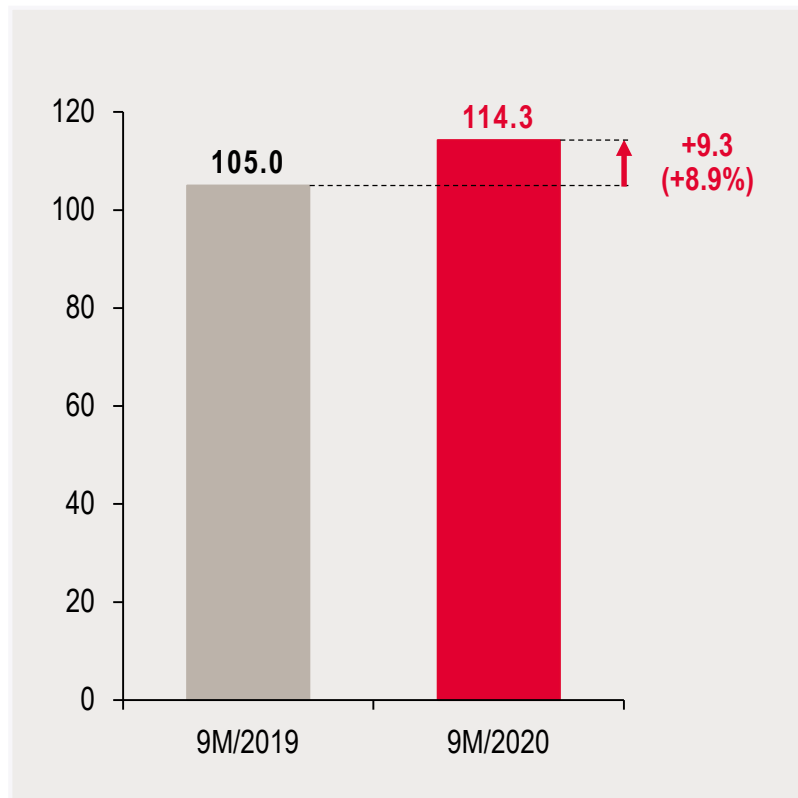
(acc. to IFRS in € million)



- + 4.0 % revenues to € 366.6 million
 - € - 11.1 million from services which expired in 2019 and which were previously provided to broadband customers taken over by 1&1 Drillisch in 2017
 - € + 3.9 million from stronger telephony business due to the coronavirus pandemic
- ➔ + 7.4 % in business areas B2B & Wholesale and + 6.2% without the pandemic effect

BUSINESS ACCESS SEGMENT: EBITDA

(acc. to IFRS in € million)



- + 8.9 % EBITDA to € 114.3 million
 - € - 4.3 million from expiry of services in 2019 for broadband customers taken over by 1&1 Drillisch
 - € + 1.6 million from stronger telephony business due to the coronavirus pandemic
- 31.2 % EBITDA margin (prior year: 29.8 %)
- ➔ + 13.5 % in core business (B2B and wholesale)
and + 11.9 % without the pandemic effect

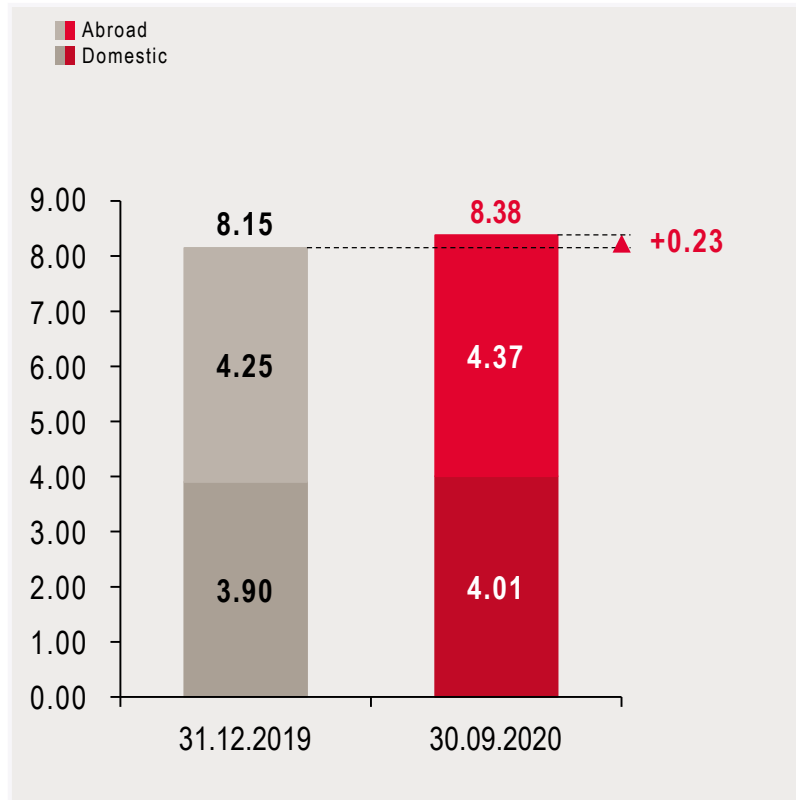
“APPLICATIONS” IN 9M 2020

- CONSUMER ACCESS
- BUSINESS ACCESS

- BUSINESS APPLICATIONS
- CONSUMER APPLICATIONS

BUSINESS APPLICATIONS SEGMENT: CUSTOMER CONTRACTS

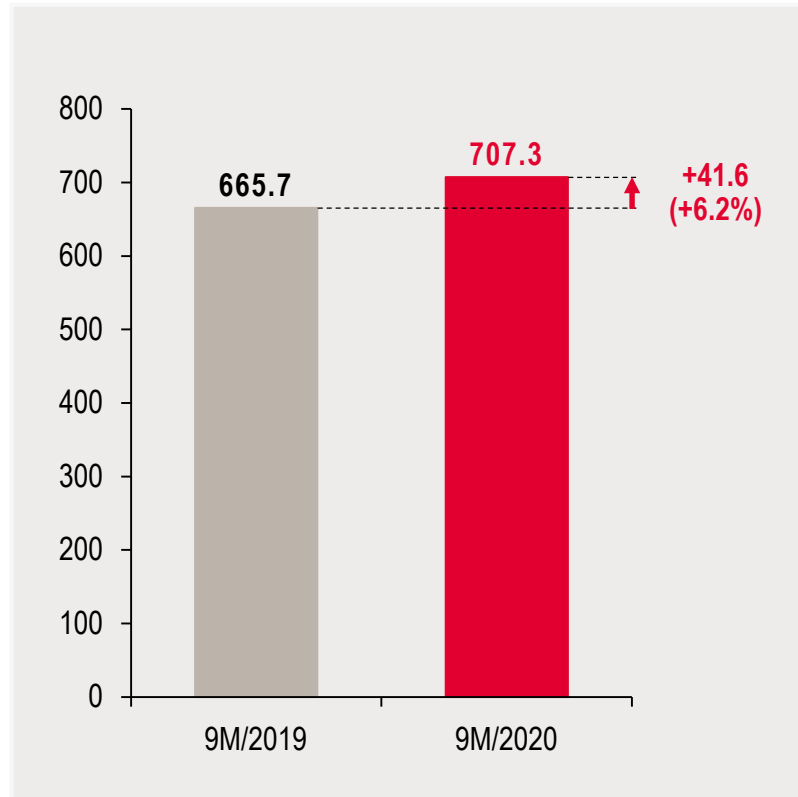
(in million)



- 8.38 million customer contracts (+ 230,000)
- 4.01 million domestic
- 4.37 million abroad

BUSINESS APPLICATIONS SEGMENT: REVENUES

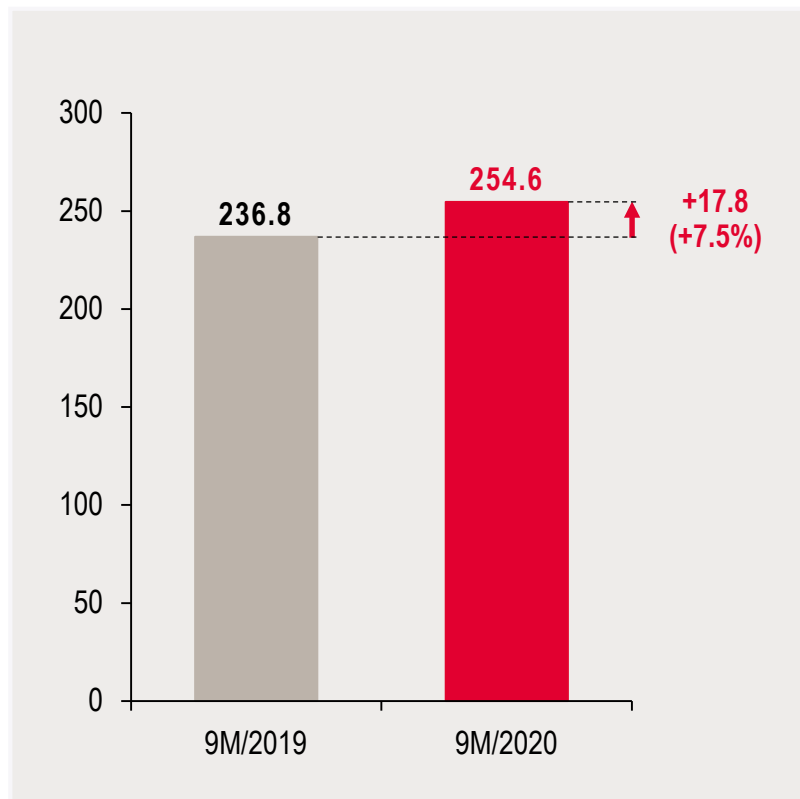
(acc. to IFRS in € million)



- + 6.2 % revenues to € 707.3 million
 - Customer growth
 - Up- und Cross-selling
 - Positive effects from the low-margin and volatile domain parking business of Sedo

BUSINESS APPLICATIONS SEGMENT: EBITDA

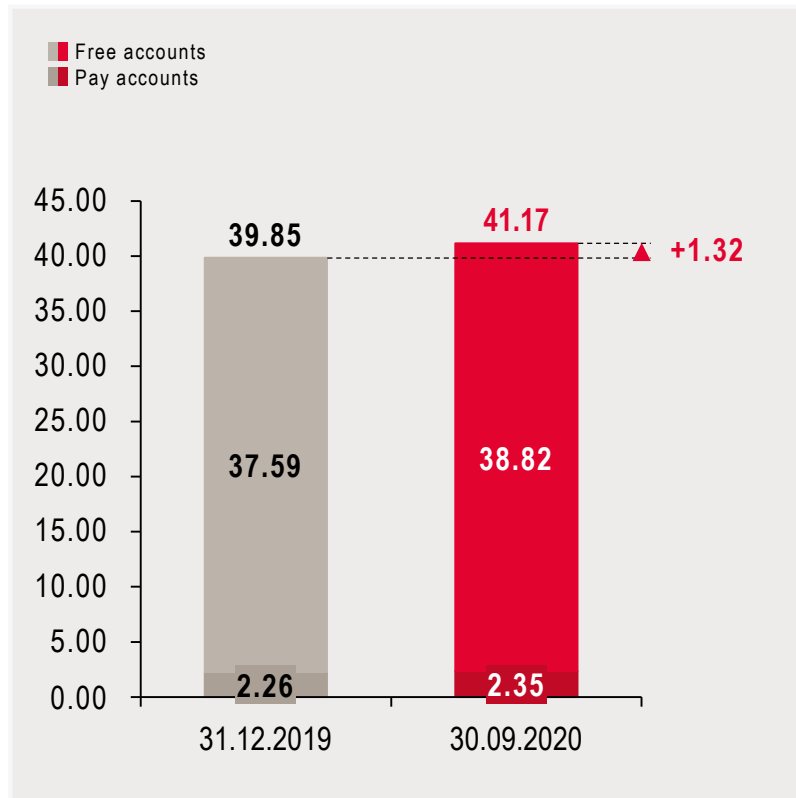
(acc. to IFRS in € million)



- + 7.5 % EBITDA to € 254.6 million
 - incl. € 63.2 million marketing expenses
(prior year: € 70.8 million, thereof
€ 15.1 million rebranding expenses)
- 36.0 % EBITDA margin (prior year: 35.6 %)

CONSUMER APPLICATIONS SEGMENT: ACCOUNTS

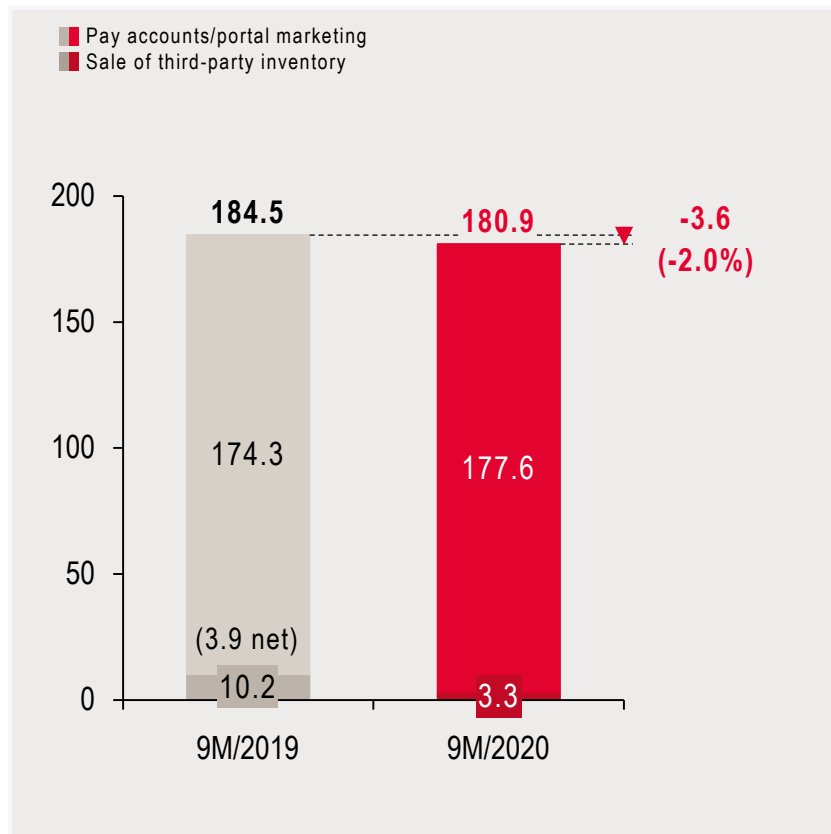
(in million)



- 41.17 million consumer accounts
 - 38.82 million free accounts (+ 1,230,000)
 - 2.35 million pay accounts (+ 90,000)
- thereof 26.2 million with mobile usage (+ 1,500,000)
- thereof 20.3 million with cloud storage (+ 800,000)

CONSUMER APPLICATIONS SEGMENT: REVENUES

(acc. to IFRS in € million)



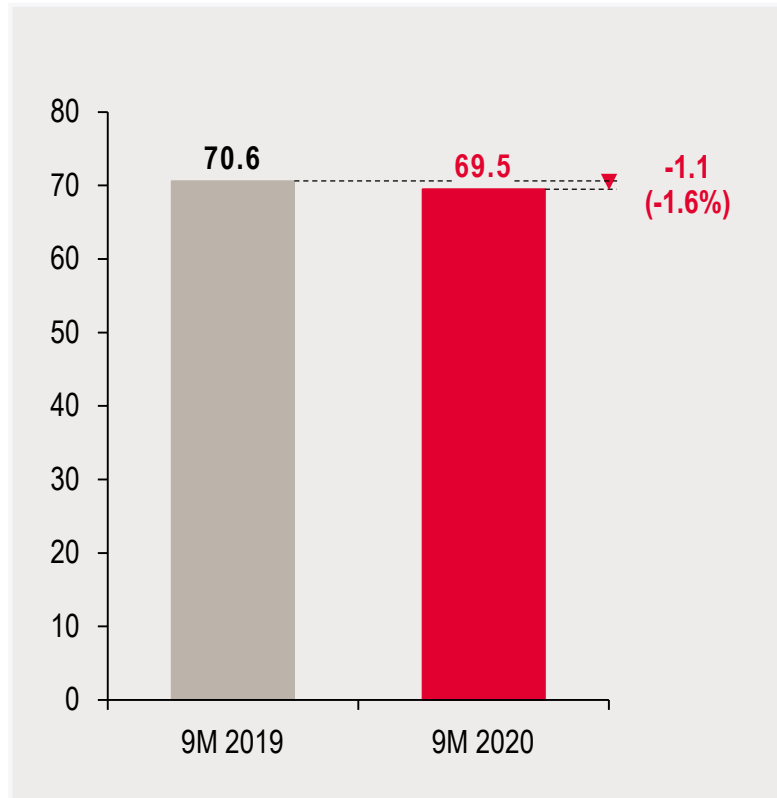
- - 2.0 % revenues* to € 180.9 million
 - + 1.9 % in the core business with pay accounts and portal marketing despite - € 4.8 million pandemic-related revenue losses compared to the previous year**
 - - 15.4 % in the area of low-margin third-party marketing
- ➔ + 4.6 % in core business without the pandemic effect

* Revenues in 2019 after conversion of third-party marketing sales from gross to net disclosure in 2020

** Significant decline in the online advertising market due to the strong restraint of many advertisers during coronavirus pandemic

CONSUMER APPLICATIONS SEGMENT: EBITDA

(acc. to IFRS in € million)



- - 1.6 % EBITDA to € 69.5 million
 - € - 3.6 million pandemic-related burdens on earnings
- 38.4 % EBITDA margin (prior year: 39.6 %)
- ➔ + 3.5 % comparable EBITDA – w/o pandemic effect

KEY FINANCIAL KPIs AS OF 30 SEPTEMBER 2020

(contracts in million / financial KPIs acc. to IFRS in € million)

	9M 2019	9M 2020	Change
Fee-based customer contracts (prev. year as of Dec. 31, 2019)	24.74	25.41	+ 0.67m
Ad-financed free accounts (prev. year as of Dec. 31, 2019)	37.59	38.82	+ 1.23m
Revenues	3,855.0	3,984.7	+ 3.4%
EBITDA	944.0	896.4	- 5.0%
Net debt (prev. year as of Dec. 31, 2019)	1,620.8	1,443.2	- 177.6m
Equity ratio (prev. year as of Dec. 31, 2019)	50.8%	52.8%	+ 2.0 Ppt.
Capex*	165.9	356.9	+ 115.1%
Free cash flow**	323.7	284.3	- 12.2%

* In 2020 incl. the payment of € 165.0 million for the extension phase of the MBA MVNO contract.

** Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus cash inflows from the disposal of intangible assets and property, plant and equipment (excluding aperiodic tax payments); free cash flow in 2019 and 2020 including the repayment portion of lease liabilities that have been reported in cash flow from financing activities since FY 2019. In 2020 incl. the payment of € 165.0 million for the extension phase of the MBA MVNO contract.

OUTLOOK 2020

FORECAST 2020

- Revenue is expected rather with a growth – subject to a similarly restrained demand trend in the hardware business in Q4 – of approx. 3% (than before with approx. 4 %, prior year: € 5,194.1 million).
- EBITDA is expected to reach approx. € 1,180 million after € 1,266 million in the previous year
- This forecast is subject to uncertainties, as it is currently not possible to precisely estimate the further duration and effects of the coronavirus pandemic.

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