

FY 2016 figures set new records in customer contracts, sales and earnings

- Increase in customer contracts of 1.00 million to 16.97 million
- Sales up 6.3% to EUR 3.949 billion
- EBITDA grows by 11.0% to EUR 840.6 million and EBIT by 19.5% to EUR 647.2 million
- Operating EPS up 23.1% to EUR 2.13
- EPS after Rocket Internet value adjustment: EUR 0.88
- Dividend increased to EUR 0.80 per share
- Guidance 2017: increase of approx. 800,000 in customer contracts, sales growth of approx. 7%, EBITDA increase of approx. 12%

Montabaur, March 23, 2017. United Internet AG enjoyed further growth in its fiscal year 2016. The company once again posted strong improvements in customer contracts, sales, and operating earnings in 2016 and reached its targets.

At the same time, further heavy investments were made in the expansion of existing customer relationships and new customer acquisition. This enabled the company to raise the number of fee-based contracts organically by one million contracts (comparable prior-year figure: 930,000) and thus exceed its guidance (940,000 – 960,000 contracts). This customer growth was driven in particular by the Access segment, in which United Internet generated 920,000 new contracts (830,000 Mobile Internet contracts and 90,000 DSL contracts). In the Applications segment, a further 80,000 fee-based contracts and 1.14 million ad-financed free accounts were added.

Despite currency effects – especially from the British pound following the Brexit decision – consolidated sales rose by 6.3% (currency-adjusted: 6.8%) from EUR 3.716 billion to the new record amount of EUR 3.949 billion. This figure was thus within the guidance range (EUR 3.94 – EUR 3.96 billion).

In spite of stronger than planned customer growth and the related increase in customer acquisition costs, earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 11.0% (currency-adjusted: 11.8%), from EUR 757.2 million (comparable prior-year figure) to EUR 840.6 million. This figure was also within the expected range (EUR 835 – EUR 845 million). Earnings before interest and taxes (EBIT) increased by 19.5% (currency-adjusted: 20.5%), from EUR 541.7 million (comparable prior-year figure) to EUR 647.2 million. The key earnings figures stated above include one-off costs for major M&A projects in fiscal year 2016, especially the investment of Warburg Pincus in the Business Applications division and the takeover of Strato AG.

Group development (in EUR million)	2015*	2016	Change
Sales	3,715.7	3,948.9	+ 6.3% (currency-adjusted: + 6.8%)
EBITDA	757.2	840.6	+ 11.0% (currency-adjusted: + 11.8%)
EBIT	541.7	647.2	+ 19.5% (currency-adjusted: + 20.5%)

* Key earnings figures 2015 without special items from sale of Goldbach shares and partial stake in virtual minds (EBITDA, EBIT effect = EUR +14.0 million)

EPS / special items

Operating earnings per share (operating EPS) improved by 23.1%, from EUR 1.73 (comparable prior-year figure) to EUR 2.13. Before amortization from purchase price allocations (PPA), EPS rose by 21.2% from EUR 1.89 to EUR 2.29.

As already stated in the Half-Yearly Financial Report 2016, United Internet wrote down the value of shares it holds in Rocket Internet SE in its non-operating business by EUR 254.6 million (EPS effect: EUR -1.25). As a result, EPS fell in total to EUR 0.88 while EPS before PPA decreased to EUR 1.04. United Internet is still convinced that Rocket Internet has significant market opportunities. The above mentioned impairment charges do not impact United Internet's dividend policy nor its guidance, as these are based on earnings from operating activities.

Dividend

At the Annual Shareholders' Meeting on May 18, 2017, the Management Board and Supervisory Board will propose an increased dividend of EUR 0.80 per share (prior year: EUR 0.70).

Outlook 2017

United Internet will include Strato AG (acquired in December 2016) in its consolidated financial statements for the first time as of April 1, 2017. United Internet expects opposing special burdens in 2017 from regulatory topics and the scaling down of the DSL network of pre-service provider Telefónica.

Taking account of these effects, United Internet plans to achieve sales growth of approx. 7% in 2017. EBITDA is expected to improve by approx. 12%. The number of fee-based customer contracts is likely to grow organically by approx. 800,000 contracts. With the takeover of Strato, approx. 1.8 million further fee-based customer contracts will be added.

At the same time, the company aims to lay the foundation in 2017 for a successful anniversary year in 2018 – in March of next year, United Internet will have been a listed company for 20 years. In 2018, the company expects over 20 million customer contracts in total. EBITDA is expected to grow by approx. 10% and thus exceed EUR 1 billion for the first time.

An overview of the key figures and Annual Financial Statements 2016 can be found at www.united-internet.de.

About United Internet

With 16.97 million fee-based customer contracts and 34.29 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. 8,100 employees, of which around 2,600 are engaged in product management, development and data centers. In addition to the high sales strength of its established brands (1&1, GMX, WEB.DE, united-domains, Fasthosts, Arsys, home.pl, InterNetX, Sedo, affilinet and 1&1 Versatel), United Internet stands for outstanding operational excellence with around 51 million customer accounts worldwide.

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