

Ad hoc announcement acc. to Art. 17 MAR

Warburg Pincus acquires stake in United Internet's "Business Applications" division as part of strategic partnership

Montabaur, November 8, 2016. United Internet AG and WP XII Venture Holdings S.a.r.l., an affiliate of private equity funds managed by Warburg Pincus LLC (collectively "Warburg Pincus"), today signed an agreement regarding a 33.33% stake of Warburg Pincus in the United Internet division Business Applications.

The transaction values the business currently pooled by United Internet within the company 1&1 Internet SE at EUR 2.55 billion. This corresponds to approx. 12.5 times the division's planned EBITDA result for fiscal 2016.

The "Business Applications" division pooled under 1&1 Internet SE (part of the overall "Applications" segment of United Internet) comprises the hosting business with domains, home pages, webhosting, servers and e-shops, professional e-mail solutions, online storage and marketing tools. 1&1 Business Applications products are targeted at freelancers and SMEs in numerous European countries (Germany, France, UK, Italy, Austria, Poland, Spain) as well as North America (Canada, Mexico, USA). The "Business Applications" division also comprises the foreign companies belonging to 1&1 Internet SE as well as all subsidiaries (e.g. Fasthosts, Arsys, home.pl, InterNetX, united-domains and Sedo) and the respective service companies.

The investment of Warburg Pincus will be made via a holding company still to be founded. A purchase price of up to EUR 450 million has been agreed for the 33.33% stake of Warburg Pincus. This is based on the division's equity value of EUR 1.35 billion. This corresponds to the division's enterprise value after deducting internal loan receivables of United Internet AG totaling EUR 1.20 billion which arose from United Internet's transfer of the business to the new structure and are subject to standard market interest rates. A partial amount of approx. EUR 334 million is expected in the first half of 2017. A further amount of up to EUR 116 million will be paid at later stages subject to certain performance milestones and foreign exchange rate movements.

After closing the transaction, United Internet AG will remain the majority shareholder with a 66.67% stake in the newly founded holding company and will continue to fully consolidate its Business Applications division in its annual and quarterly financial statements.

As part of its strategic partnership, Warburg Pincus will support the current management team of the "Business Applications" division. To this end, Mr. René Obermann, Managing Director of Warburg Pincus International LLC, will join the Supervisory Board of the Business Applications division.

The common goal of the partnership is to extend the division's market leadership in Europe with top-quality and innovative webhosting products and cloud applications, as well as first-class customer service. Warburg Pincus will contribute its global market expertise and its access to industry experts with regard to the organic growth, the development of new and innovative products and services, as well as potential future acquisitions and mergers.

The transaction offers 1&1 Internet SE flexibility with regard to future strategic options, including a potential IPO in the coming years.

The transaction is subject to approval by the relevant antitrust authorities.

About United Internet

With 16.46 million fee-based customer contracts and 33.36 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 2,700 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 50 million customer accounts worldwide.

Contact

Press

United Internet AG

Elgendorfer Strasse 57

56410 Montabaur

Germany

Tel: +49 2602/96-1616

Fax: +49 2602/96-1013

E-mail: presse@united-internet.de

Internet: www.united-internet.de