3-Month-Report

2013

united internet

Selected key figures acc. to IFRS

	2013 January – March	2012 January – March
Result (in € million)		
Sales	629.7	576.9
EBITDA	91.3	70.5
EBIT	68.3	48.3
EBT	64.1	44.4
EPS (in €)	0.23	0.15
Cash flow (in € million)		
Operative cash flow	69.5	44.9
Net cash inflows from operating activities	86.5	19.4
Net cash inflows from investing activities	−9.7	−8.4
Free cash flow	76.9	11.0
Employees		
Germany	4,997	4,514
Abroad	1,364	1,261
Total	6,361	5,775
Share (in €)		
Share price at end of March (Xetra)	18.97	14.13

	March 31, 2013	December 31, 2012*
Access, total contracts (in million)	4.93	4.72
of which Mobile Internet	1.57	1.41
of which DSL complete (ULL)	2.89	2.79
of which T-DSL / R-DSL	0.47	0.52
Business Applications, total contracts (in million)	5.28	5.20
of which “domestic”	2.30	2.28
of which “foreign”	2.98	2.92
Consumer Applications, total accounts (in million)	33.85	33.68
of which with Premium Mail subscription	1.93	1.91
of which with Value-Added subscription	0.23	0.21
of which with De-Mail address	0.06	–

* Figures adjusted to aid comparison (see page 9 and 11: customer and contract inventory)

Content

Dear shareholders, employees and business associates of United Internet,

We got off to a successful start in our current fiscal year 2013. There were strong improvements in sales, the number of customer contracts and our key earnings ratios. At the same time, we once again invested heavily in the establishment and development of new business fields in order to tap sustainable growth potential for the future. With the interim results achieved in the first quarter of 2013, we are well on course to meet the targets we set ourselves for 2013 as a whole.

Specifically, we raised consolidated sales to € 629.7 million in the first quarter of 2013 – representing year-on-year growth of 9.2%.

There was also a strong increase in our customer figures during the first quarter of 2013: with the addition of 330.000 contracts to 12.37 million customer contracts, we even surpassed growth in the first quarter of 2012 slightly (+320,000 contracts). The number of ad-financed free accounts rose to 31.69 million.

Despite further heavy investments in new business fields – albeit at a lower level thanks to rising customer figures (EBITDA-effective start-up losses of € 28.7 million in the first quarter of 2013 compared to € 36.4 million in the previous year) – we succeeded in significantly improving our earnings figures: earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 29.5%, from € 70.5 million last year to € 91.3 million. Earnings before interest and taxes (EBIT) climbed 41.4%, from € 48.3 million in the previous year to € 68.3 million. Earnings per share (EPS) improved by 53.3%, from € 0.15 to € 0.23.

Our strong free cash flow position underlines the entire Group's ability to generate high levels of cash – while at the same time achieving strong qualitative growth. Despite consistently high start-up losses in our new business fields, this figure was well above the prior-year figure of € 11.0 million at € 76.9 million – due also to effects as at the reporting date.

With the figures for customer contracts, sales and earnings reached in the first quarter of 2013, we are well on course to meet our targets. Against this backdrop, we can confirm our forecast for 2013 as a whole and continue to expect an increase in fee-based customer contracts of around one million and sales growth of about 10%. We also forecast a strong rise in earnings: EBITDA from established business fields is expected to reach around € 500 million in 2013. We shall use around 20% of this amount (approx. € 100 million) to finance start-up losses from the further expansion of our new business fields (1&1 My Website and De-Mail). Our EPS figure is expected to rise strongly to € 1.00 - € 1.10.

We are well placed for the next steps of our corporate development and optimistic about the year ahead. In view of the successful start to 2013, we would like to express our gratitude to all employees for their dedicated efforts, and thank our shareholders for their continued faith in the United Internet Group.

Montabaur, May 21, 2013

Ralph Dommermuth

Group management report for the first three months of 2013

Economic environment

IMF downgrades its growth forecasts

According to the International Monetary Fund (IMF), the eurozone debt crisis currently poses the greatest danger for the **global economy**. Whereas the emerging economies enjoyed strong growth in the first few months of 2013 and the US economy has at least proved stable, the eurozone is still mired in recession. This was the IMF's summary of the current global economic situation in its "World Economic Outlook" of April 2013. In view of the eurozone's persistent problems, the IMF has downgraded its forecast and now expects the global economy to grow by just 3.3% in 2013 – 0.2 percentage points less than forecast in its January outlook.

Due in particular to the weak economic development of France in the first months of 2013, the IMF now expects the **eurozone** to suffer a recession of 0.3% in the current year – and thus 0.2 percentage points more than previously feared.

By contrast, the IMF believes that the development in **Germany** so far in 2013 is proof of an upturn and has thus upgraded its forecast – compared to January – by 0.1 percentage point to growth of 0.6%. The German Institute for Economic Research (DIW) sees a slight improvement in Germany's economic environment compared to year-end 2012. According to the DIW's economic barometer, the German economy grew slightly by around 0.3% in the first quarter of 2013. Although economic growth in the first three months fell somewhat short of expectations, it was still well ahead of the weak final quarter of 2012 during which it shrank by 0.6%.

Business climate in German high-tech industry still good

Germany's high-tech sector appears largely unaffected by the eurozone debt crisis and downgraded economic forecasts for certain regions. Following a successful start to the current year, 75% of IT and telecommunication companies interviewed forecast rising sales in the first half-year. A further 14% expect sales to remain at the prior-year level and only 11% predict falling demand. These figures were published by the German ICT industry association BITKOM in its latest economic survey (February 2013). There was a correspondingly strong improvement in the BITKOM index from 41 to 64 points.

Confidence is particularly high among software firms (87% expect rising sales) and IT service providers (82%). They expect growth to be driven primarily by the rising demand for mobile solutions (due to the unbroken boom in smartphones and tablets) as well as by consistently high interest in cloud computing.

Business development of the Group

Overview of United Internet

United Internet AG is the leading European internet specialist with 12.37 million fee-based customer contracts and 31.69 million ad-financed free accounts.

The operating activities of United Internet AG are divided into the two segments “Access” and “Applications”.

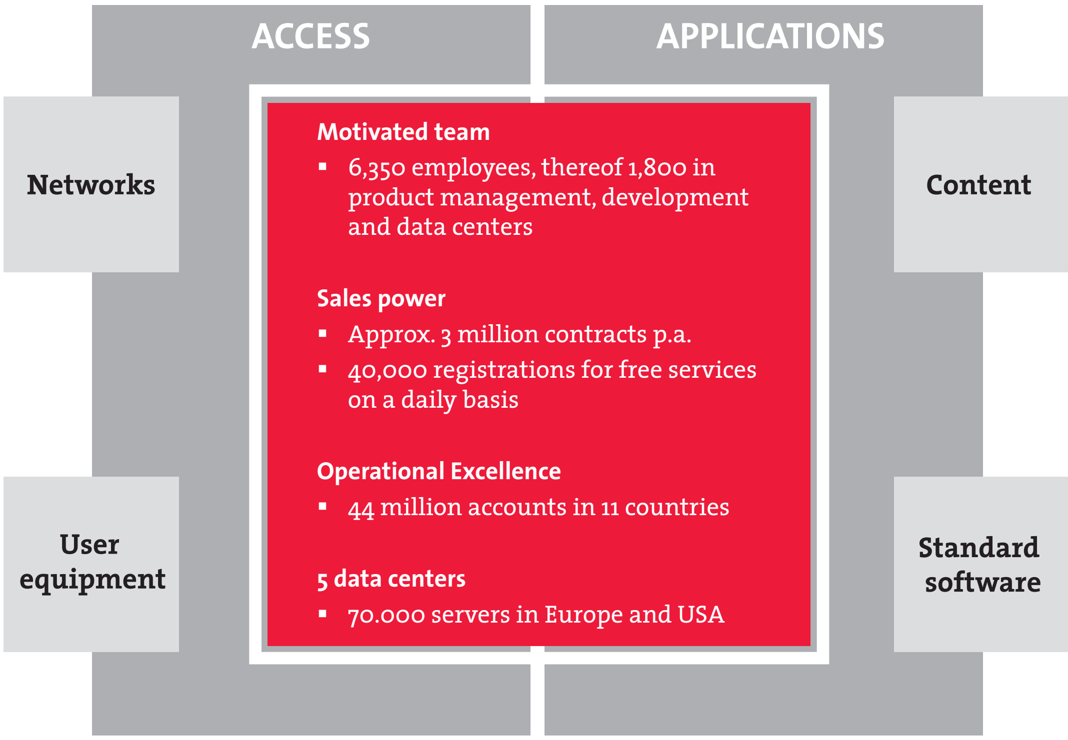
The **Access segment** comprises the company’s fee-based landline and mobile access products, including the respective applications (such as home networks, online storage, telephony or video-on-demand). United Internet operates exclusively in Germany in this segment, where it is one of the leading providers. The company remains independent of network providers by purchasing standardized network services from various pre-service providers. These are enhanced with end-user devices, self-developed applications and services from the company’s own “Internet Factory” in order to differentiate them from the competition. Access products are marketed by the well-known brands GMX, WEB.DE and 1&1, which enable the company to offer a comprehensive range of products to a mass market while also targeting specific customer groups.

The **Applications segment** comprises United Internet’s application business – whether ad-financed or via fee-based subscriptions. These applications include domains, home pages, webhosting and e-shops, Personal Information Management applications (e-mail, to-do lists, appointments, addresses), group work, online storage and office software. The applications are developed by the company’s “Internet Factory” or in cooperation with partner firms and operated at the company’s data centers. In its Applications segment, United Internet is internationally aligned and among the leading companies in Germany, France, the UK, Italy, Canada, Austria, Poland, Switzerland, Spain and the USA. In January 2013, United Internet began operations in Mexico. Applications are marketed to specific target groups via the differently positioned brands GMX, WEB.DE, 1&1, united-domains, Fasthosts and InterNetX. United Internet also offers its customers performance-based advertising and sales platforms on the internet via Sedo and affilinet.

Development of Access segment

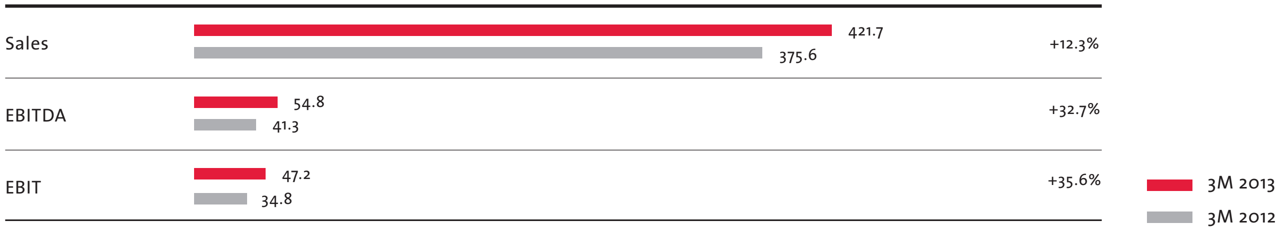
As a result of dynamic customer growth, **sales** of the Access segment rose by 12.3% to € 421.7 million in the first quarter of 2013. There was also a further strong improvement in earnings. **EBITDA** increased by 32.7%, from € 41.3 million in the previous year to € 54.8 million, while **EBIT** was up 35.6%, from € 34.8 million to € 47.2 million.

UNITED INTERNET – „INTERNET FACTORY“



All customer acquisition costs for DSL and Mobile Internet products, as well as costs for the migration of resale DSL connections to complete packages (ULL = Unbundled Local Loop), continue to be charged directly as expenses.

Financial figures for Access segment in € million



Quarterly development in € million

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q1 2012
Sales	388.4	405.0	417.1	421.7	375.6
EBITDA	47.1	57.1	46.3	54.8	41.3
EBIT	40.2	50.2	39.1	47.2	34.8

On the basis of a **customer and contract inventory** conducted at the end of the first quarter of 2013, the company's Management Board has decided to implement the following changes to the disclosure of customer contract figures:

- The company's approx. 90,000 narrowband contracts will no longer be reported as part of the customer base.
- Around 60,000 independent Mobile Internet contracts (from DSL bundling contracts since broken up) hitherto not counted have been added to the existing contract figures.
- The changes are effective as of March 31, 2013. The prior-year figures will be adjusted accordingly in order to aid comparison.

Following the implementation of these changes, customer figures developed as follows in the first quarter of 2013: the number of fee-based Access contracts rose by 210,000 to 4.93 million contracts in the first quarter of 2013. Of this figure, the segment added 160,000 new customer contracts in its Mobile Internet business and thus raised the number of customers to 1.57 million. There was also growth in the important complete DSL contract business (ULL = Unbundled Local Loop) with the addition of 100,000 customers to reach a total of 2.89 million. As expected, however, the number of customer contracts for those business models being phased out (T-DSL and R-DSL) continued to fall in the first three months of 2013 (-50,000 customer relationships). The total number of DSL contracts therefore grew by 50,000 contracts to 3.36 million.

„Access“	Mar. 31, 2013	Dec. 31, 2012*	Change
Access, total contracts	4.93 million	4.72 million	+ 210,000
of which Mobile Internet	1.57 million	1.41 million	+ 160,000
of which DSL complete (ULL)	2.89 million	2.79 million	+ 100,000
of which narrowband / T-DSL / R-DSL	0.47 million	0.52 million	– 50,000

* Figures as of Dec. 31, 2012 adjusted; see above: customer and contract inventory

Product highlights in the first three months of 2013

In the period under review, the main focus was on expanding the performance of the 1&1 All-Net-Flat product family and raising the flexibility of all 1&1 Mobile Internet products:

- **Increased surfing speeds and data volumes for all 1&1 All-Net-Flats:** In January 2013, the 1&1 All-Net-Flat product family was enhanced with greater surfing speeds and increased high-speed data volumes. The 1&1 All-Net-Flat Basic now boasts 500 MB high-speed data volume (instead of 300 MB) and speeds of up to 7.2 Mbit/s; the 1&1 All-Net-Flat Plus has 1,000 MB (instead of 500 MB) high-speed data volume with up to 14.4 Mbit/s (instead of up to 7.2 Mbit/s); while the 1&1 All-Net-Flat Pro offers 2,000 MB (instead of 1,000 MB) high-speed data volume and speeds of up to 14.4 Mbit/s.
- **Flexible data packages for all 1&1 Mobile Internet tariffs:** As of February 2013, 1&1 offers its Mobile Internet users optional high-speed data packages. As soon as 75% or 100% of the included high-speed volume has been used, 1&1 All-Net-Flat users (as well as 1&1 Notebook-Flat and Tablet-Flat users) receive a text message providing information and the possibility to book top-up packages.

Outlook

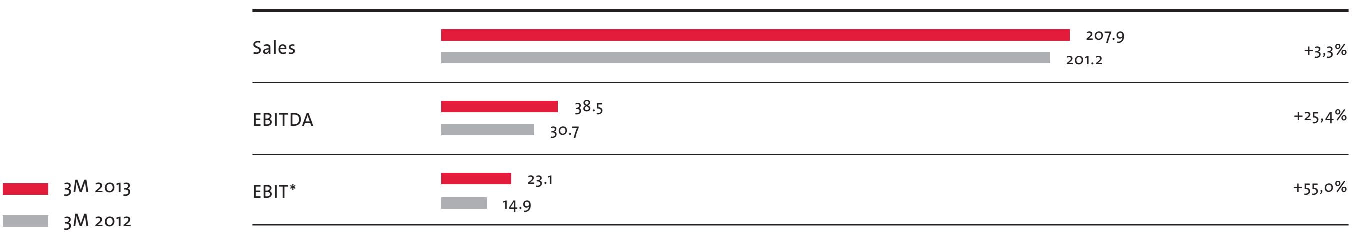
Thanks to a product strategy based on transparency and flexibility, with innovative products offering excellent value for money and a variety of optional applications, United Internet sees good opportunities to enhance customer retention and achieve a further increase in average revenue per contract in its Access business. In particular, contract growth in this segment is expected to result from the ongoing migration of customers to complete DSL packages (ULL = Unbundled Local Loop) – regarded as essential for improving customer retention – as well as from the marketing of Mobile Internet products.

Development of Applications segment

In the first quarter of 2013, **sales** of the Applications segment rose by 3.3% to € 207.9 million. The main reason for this merely moderate growth rate was the year-on-year revenue decline of approx. € 6.4 million from the marketing of United Internet's portals. **Sales abroad** were raised by 10.7%, from € 62.7 million to € 69.4 million.

There was far stronger growth in the segment's key earnings figures. Despite further heavy investments in new business fields – albeit at a lower level thanks to rising contribution margins from new customers (EBITDA-effective **start-up losses** of € 28.7 million in the first quarter of 2013 compared to € 36.4 million in the previous year) – **EBITDA** was increased by 25.4%, from € 30.7 million last year to € 38.5 million. **EBIT** improved by 55.0%, from € 14.9 million in the previous year to € 23.1 million.

Financial figures for Applications segment in € million €



Quarterly development in € million

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q1 2012
Sales	198.1	198.1	212.8	207.9	201.2
EBITDA	27.9	33.5	40.0	38.5	30.7
EBIT	12.3*	16.8	22.6	23.1	14.9

* Q2 2012 without negative special items (Sedo impairment charges): EBIT effect: € 46.3 million

On the basis of a **customer and contract inventory** conducted at the end of the first quarter of 2013, the company's Management Board has decided to implement the following changes to the disclosure of customer contract figures:

- All Maildomain & Hosting contracts are to be reclassified from Consumer Applications to Business Applications – as they are mainly used for commercial purposes. At the same time, general domain contracts without any current stock of domains, as well as 1&1 MyWebsite contracts from a start-up campaign (with 12 free months), are to be eliminated from the contract figures of Business Applications abroad. The two changes result in a net positive effect of about 140,000 Business Applications contracts.
- Consumer accounts with additional functions – minus the Maildomain & Hosting contracts – will be reported in future according to three product lines: accounts with Premium Mail subscriptions (contracts for fee-based e-mail products), accounts with Value-Added subscriptions (contracts with added value e.g. fee-based security software), and accounts with De-Mail addresses first offered in the first quarter of 2013. The reclassification of the Maildomain & Hosting contracts and addition of Value-Added subscriptions result in a net addition to the contract stock of about 90,000 contracts. The changes are effective as of March 31, 2013. The prior-year figures will be adjusted accordingly in order to aid comparison.

Following the implementation of these changes, customer figures developed as follows in the first quarter of 2013:

The number of fee-based **Business Applications contracts** rose worldwide by 80,000 to 5.28 million (of which +40,000 1&1 MyWebsite contracts to 440,000). Of this total, there was an increase in domestic contracts of 20,000 to 2.30 million, while contracts abroad rose by 60,000 to 2.98 million.

The number of **Consumer Accounts** climbed by 170,000 to 33.85 million. Of this total, accounts with Premium Mail subscriptions rose by 20,000 to 1.93 million, while the newly added accounts with Value-Added subscription increased by 20,000 to 230,000. Following the accreditation received from the Federal Office for Information Security (BSI) on March 5, 2013, a total of 60,000 De-Mail accounts were also activated in the first quarter of 2013.

„Business Applications“	March 31, 2013	Dec. 31, 2012*	Change
Business Applications, total contracts	5.28 million	5.20 million	+ 80,000
of which "domestic"	2.30 million	2.28 million	+ 20,000
of which "foreign"	2.98 million	2.92 million	+ 60,000

„Consumer Applications“	March 31, 2013	Dec. 31, 2012*	Change
Consumer Applications, total accounts	33.85 million	33.68 million	+ 170,000
of which with Premium Mail subscription	1.93 million	1.91 million	+ 20,000
of which with Value-Added subscription	0.23 million	0.21 million	+ 20,000
of which with De-Mail address	0.06 million	–	+ 60,000

* Figures as of Dec. 31, 2012 adjusted; see above: customer and contract inventory

The international expansion of the segment's Business Application business was continued in January 2013 with a roll-out in Mexico.

Product highlights in the first three months of 2013

In the period under review, activities in the field of Consumer Applications focused on the roll-out of new GMX mailboxes and the De-Mail accreditation of WEB.DE and GMX, while Business Application activities centered on expanding the features of the 1&1 MyWebsite product:

- **16 million new mailboxes with cloud storage for GMX:** In late January 2013, GMX introduced one of the largest software updates in its history. Almost 16 million active mailboxes in Germany, Austria and Switzerland received a greatly enhanced user interface with improved ease-of-use. A whole host of new features and two gigabytes of cloud storage were conveniently integrated. The transition was made in several steps and successfully completed in late March 2013.
- **WEB.DE and GMX accredited for De-Mail:** WEB.DE and GMX were able to announce the receipt of their De-Mail accreditation at the CeBIT 2013 trade show. This represents the most important milestone so far for this project. Over one million users of WEB.DE and GMX had already pre-registered for De-Mail by the end of March – of which 60,000 had also completed full registration. These will be gradually activated for live operation. The De-Mail launch of WEB.DE and GMX has also been accompanied by an extensive TV campaign since March 6.
- **1&1 MyWebsite with new, additional features:** In March 2013, 1&1 integrated a series of new tools into its 1&1 MyWebsite product which help companies and freelancers optimize both the appearance and performance of their websites. The new "Multimedia Show", for example, enables users to easily design audio-visual material for a more compelling customer experience, while the new "Sheet Catalogue" makes it easy to produce online brochures, and the "Online Survey Tool" offers an easy way of collecting customer feedback.

Outlook

With its strong and specialized brands, a steadily growing portfolio of cloud applications, and existing relations with millions of small businesses, freelancers and private users, United Internet is well positioned to utilize the opportunities offered by cloud computing. In 2013, the company aims to exploit the potential from its ongoing roll-out of Business Applications (especially 1&1 MyWebsite) in new foreign markets. In the case of Consumer Applications, the main focus will be on legally secure e-mail communication via De-Mail.

Result of operations, financial position and net assets of the Group

Consolidated earnings

United Internet can look back on a successful first three months of 2013. Consolidated **sales** of United Internet AG grew by 9.2% in the period under review, from € 576.9 million in the previous year to € 629.7 million. Sales of the Access segment rose by 12.3%, from € 375.6 million to € 421.7 million, while in the Applications segment sales increased by 3.3%, from € 201.2 million to € 207.9 million. **Foreign sales** of the Applications segment were increased by 10.7%, from € 62.7 million to € 69.4 million.

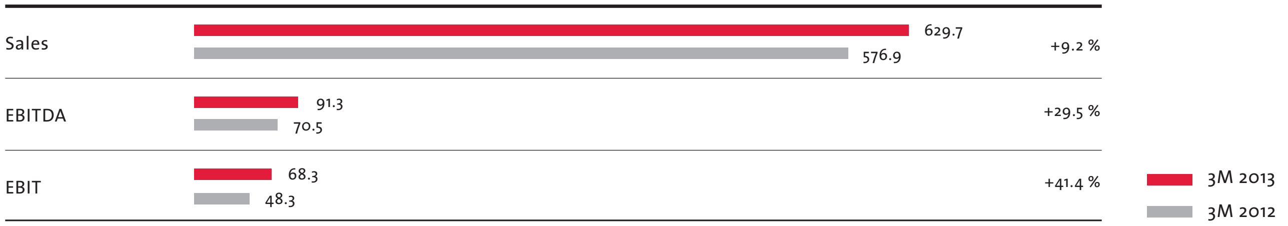
The **gross margin** improved from 34.0% last year to 34.4% in the first quarter of 2013. As a result, there was an increase in gross profit of 10.3%, from € 196.3 million in the previous year to € 216.6 million.

Sales and marketing expenses were reduced from € 119.5 million (20.7% of sales) last year to € 115.9 million (18.4% of sales). **Administrative expenses** rose from € 24.6 million (4.3% of sales) last year to € 28.5 million (4.5% of sales) in the reporting period.

Despite further heavy investments in new business fields – albeit at a lower level thanks to rising contribution margins from new customers (EBITDA-effective **start-up losses** of € 28.7 million in the first quarter of 2013 compared to € 36.4 million in the previous year) – earnings improved strongly: **EBITDA** (earnings before interest, taxes, depreciation and amortization) rose by 29.5%, from € 70.5 million last year to € 91.3 million, while **EBIT** (earnings before interest and taxes) climbed 41.4%, from € 48.3 million in the previous year to € 68.3 million.

EBT (earnings before taxes) improved by 44.4%, from € 44.4 million last year to € 64.1 million, and **EPS** (earnings per share) by 53.3%, from € 0.15 to € 0.23.

Group financial figures in € million



Quarterly development in € million

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q1 2012
Sales	586.6	603.1	630.0	629.7	576.9
EBITDA	78.1	89.1	88.2*	91.3	70.5
EBIT	55.5*	65.4	63.5*	68.3	48.3

* Q2 2012 without negative special items (Sedo impairment charges): EBIT effect: € 46.3 million
Q4 2012 without positive special items (sale of freenet shares): EBITDA and EBIT effect: € 17.9 million

Cash flow, investment and finance

Operative cash flow rose from € 44.9 million in the previous year to € 69.5 million in the first quarter of 2013.

Despite an increase in business (sales growth of 9.2%), **net cash inflows from operating activities** were increased by as much as € 19.4 million to € 86.5 million.

Net cash outflows from investing activities amounted to € 9.7 million in the reporting period (prior year: € 8.4 million). This resulted mainly from disbursements of € 9.0 million (prior year: € 8.3 million) for investments in intangible assets and property, plant and equipment.

Free cash flow (i.e. the balance of net cash inflows from operating activities and net cash outflows from investing activities) improved from € 11.0 million to € 76.9 million due to the good development of business, as well as effects as at the reporting date. This demonstrates the Group's ability to consistently generate high levels of cash while at the same time achieving strong qualitative growth.

Net cash flow for financing activities in the first quarter of 2013 was dominated by an outflow for the redemption of loans totaling € 21.2 million (prior year: € 3.3 million) and the purchase of treasury shares amounting to € 5.7 million (337,798 shares).

Assets and equity

The Group's **balance sheet total** rose from € 1,108 million as of December 31, 2012 to € 1,123 million as of March 31, 2013.

Non-current assets fell from € 821.3 million as of December 31, 2012 to € 803.1 million as of March 31, 2013. Within this item, additions to property, plant and equipment and intangible assets of € 9.0 million were opposed by depreciation and amortization of € 22.9 million. Goodwill remained virtually unchanged at € 354.2 million.

Current assets increased from € 286.5 million as of December 31, 2012 to € 319.4 million as of March 31, 2013. Cash and cash equivalents disclosed under current assets rose from € 42.8 million to € 92.3 million in the reporting period. Trade accounts receivable fell from € 148.8 million to € 132.3 million, partly due to the closing date. As a result of the forthcoming Mobile Internet campaigns with new smartphones, inventories were increased from € 25.7 million to € 38.7 million as of the balance sheet date.

In the first quarter of 2013, bank liabilities were reduced from € 300.3 million to € 279.1 million. **Net bank liabilities** (the balance of bank liabilities and cash and cash equivalents) fell in the same period from € 257.5 million to € 186.8 million.

Following the two share cancellations in the first quarter of 2013, United Internet no longer held any **treasury shares** as of March 31, 2013 (December 31, 2012: 20,662,202 shares).

The Group's **equity ratio** improved from 17.9% as of December 31, 2012 to 21.0% as of March 31, 2013.

Cancellation of treasury shares

Based on the authorization granted by the Annual Shareholders' Meeting of United Internet AG on May 31, 2012 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Management Board reduced the company's capital stock in two stages from € 215 million to € 194 million in the first quarter of 2013. To this end, an initial amount of 15 million shares (resolution and ad-hoc announcement of January 7, 2013) and in a second stage 6 million shares (resolution and ad-hoc announcement of February 1, 2013) were cancelled from the company's stock of treasury shares which had been purchased in the course of share buyback programs. The number of shares issued decreased correspondingly from 215 million shares to 194 million shares. Issued shares continued to represent a notional share of capital stock of € 1.00 each.

As of March 31, 2013, United Internet no longer held any treasury shares.

Share price and dividend

With growth of 16.3% to € 18.97 as of March 31, 2013 (December 31, 2012: € 16.31), the United Internet **share** easily outperformed the DAX (+2.4%) and TecDAX (+12.5%) indices in the first quarter of 2013.

For fiscal year 2012, the Management Board and Supervisory Board of United Internet AG will propose a **dividend** of € 0.30 per share (prior year: € 0.30). The Annual Shareholders' Meeting scheduled for May 23, 2013 will vote on the joint proposal of the Management Board and Supervisory Board.

Personnel change in the Management Board

Robert Hoffmann (43) was appointed as an additional member of the Management Board of United Internet AG as of January 1, 2013. In this new position, he will support the CEO with the strategic development of the company and stand in for him whenever necessary. Robert Hoffmann has already held various Management Board positions at 1&1 Internet AG since June 2006.

Employees

At the end of March 2013, United Internet employed a total of 6,361 people (December 31, 2012: 6,254), of which 1,364 were employed outside Germany (December 31, 2012: 1,350). In the first three months of 2013, total headcount therefore rose by 107 employees or 1.7%.

Risk and opportunity report

The risk and opportunity policy of United Internet AG is based on the objective of maintaining and sustainably enhancing the company's value by utilizing opportunities while at the same time recognizing and managing risks from an early stage in their development. The risk and opportunity management system regulates the responsible handling of those uncertainties which are always involved with economic activity.

In the first three months of 2013, the overall risk and opportunity situation remained mostly stable compared with the risk and opportunity report provided in the annual financial statements 2012.

From the current perspective, the main risks focus on the areas of potential threats via the internet, the use of hardware and software, political and legal risks, as well as risks from the market and fraud. The further expansion of its risk management system enables United Internet to limit such risks to a minimum, where sensible, by implementing specific measures.

At the time of reporting, there were no recognizable risks within the risk management system nor from the point of view of management which might jeopardize the continued existence of the company.

Subsequent events

According to leading market analysts, the predominantly positive conditions for those target markets of relevance to United Internet remain unchanged.

There were no significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings or affected the company's accounting and reporting.

Forecast report

Economic prospects

In its updated global economic outlook published in April 2013, the International Monetary Fund (IMF) downgraded its forecasts slightly for the **global economy**. Due in particular to the weak development of the eurozone, the IMF now expects global growth of just 3.3% in 2013 – 0.2 percentage points below its January forecast. The IMF continues to forecast growth of 4.0% for 2014.

For the **eurozone** itself, the IMF now expects the recession to be even stronger and expects a decline in economic output of 0.3% – and thus 0.2 percentage points more than previously feared. This is mainly due to the weak economic development of France. The eurozone is not expected to return to growth (1.1%) until 2014.

Based on the progress made in the first few months of 2013, the IMF forecasts moderate growth of 0.6% for **Germany** – and thus 0.1 percentage point more than in its January outlook. For 2014, the IMF still expects economic growth of 1.5%.

Market / sector expectations

Further international and national growth is forecast for IT and telecommunications companies in 2013: according to the German industry association BITKOM, the **global** ICT market will grow by 5.1% to € 2.7 trillion in 2012.

BITKOM expects the ICT market in the **EU** to grow by 0.9% in 2013.

The overall market for IT, telecommunications and digital entertainment electronics in **Germany** is expected to grow by 1.4% to € 153 billion in 2013. The IT sector is likely to lead the overall market with expected growth of 2.2% to € 75.0 billion. The telecommunications sector is also likely to grow by a further 1.4% to € 66.3 billion. According to BITKOM's calculations, however, the entertainment electronics market is expected to decline by 3.2% to € 12.0 billion.

Of particular importance to United Internet are the German broadband and mobile internet market in the Access segment and the cloud computing market and online advertising market in the Applications segment.

Growth in German broadband market primarily qualitative
In view of the comparatively high level of household coverage of over 80% already achieved – and the trend toward mobile internet – experts continue to forecast only moderate growth for the German broadband market (fixed line-based). According to the survey "German Entertainment and Media Outlook 2012-2016" of October 2012, PricewaterhouseCoopers expects sales of fixed-line broadband connections to increase by 4.0% to € 7.28 billion in 2013.

Market forecast: broadband access (fixed-line) in Germany

	2013e	2012	Change
Sales in € billion	7.28	7.00	+ 4.0%

Source: PricewaterhouseCoopers

Dynamic growth in German mobile internet market

All experts continue to predict dynamic growth for the mobile internet market, however. Following market growth of 14.7% to € 8.6 billion in 2012, BITKOM also expects growth of 7.0% to € 9.2 billion in 2013. This growth will be driven above all by favorable – and thus for the consumer attractive – tariffs, as well as by the boom in smartphones and tablet PCs, as well as their respective applications (or apps). BITKOM forecasts sales growth of 29% to 28.0 million sold smartphones in 2013 (following 21.7 million in 2012).

Market forecast: mobile internet access in Germany

	2013e	2012	Change
Sales in € billion	9.2	8.6	+ 7.0%

Source: BITKOM

Further growth in German online advertising market

Online advertising activities continued to be dominated by a strong willingness to invest in 2012. As a result, the internet was able to expand its position as the second most important medium in the media mix by 2.2 percentage points. The Online Marketing Group (Online-Vermarkterkreis - OVK) forecasts a further positive development for the online advertising market in 2013 with growth in gross advertising spend of up to 11% to € 7.18 billion.

Market forecast: online advertising in Germany

	2013e	2012	Change
Gross advertising spend in € billion	7.18	6.47	+ 11.0%

Source: BVDW / OVKM

Megatrend cloud computing

In its study "Forecast Overview: Public Cloud Services, Worldwide" of August 2012, Gartner forecasts global growth for Public Cloud Services of 18.8%, from $ 109.3 billion to $ 129.9 billion for 2013. Based on a study of the Experton Group, the sector association BITKOM expects business cloud sales in Germany to grow by 53.3% to € 4.6 billion in 2013.

Market forecast: cloud computing worldwide and in Germany (B2B)

	2013e	2012	Change
Sales worldwide (in $ billion)	129.9	109.3	+ 18.8%
Sales in Germany (in € billion)	4.6	3.0	+ 53.3%

Source: Gartner, BITKOM / Experton Group

Expectations for the company

United Internet AG will continue to pursue its policy of sustainable growth in future.

United Internet believes it is well on course to meet the targets it set itself for 2013 as a whole. All in all, the company's progress in the first quarter of 2013 was very positive and the second quarter has begun well in all areas of business. This also applies to revenues from the marketing of portals to advertising customers, where United Internet expects a return to growth compared with the second quarter of last year.

Specifically, United Internet expects that the number of fee-based customer contracts will grow by approx. 1 million in 2013. Sales growth of approx. 10% is forecast. EBITDA from established business fields is expected to improve to around € 500 million. Around 20% of this amount (approx. € 100 million) will be used to finance start-up losses from the further expansion of new business fields (1&1 MyWebsite and De-Mail). Free cash flow (after investment in intangible assets and property, plant and equipment) is expected to exceed € 200 million in fiscal year 2013. EPS is expected to increase from € 0.56 to € 1.00 – € 1.10.

Forward-looking statements and forecasts
This Management Report contains forward-looking statements based on current expectations, assumptions, and projections of the Management Board of United Internet AG and currently available information. These forward-looking statements are subject to various risks and uncertainties and are based upon expectations, assumptions, and projections that may not prove to be accurate. United Internet does not guarantee that these forward-looking statements will prove to be accurate and does not accept any obligation, nor have the intention, to adjust or update the forward-looking statements contained in this report.

Financial Statements

Balance Sheet

as of March 31, 2013 in €k

	March 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	92,300	42,828
Trade accounts receivable	132,338	148,766
Inventories	38,658	25,678
Prepaid expenses	48,351	45,177
Other financial assets	6,116	19,531
Other non-financial assets	1,637	4,473
	319,400	286,453
Non-current assets		
Shares in associated companies	90,338	90,881
Other financial assets	69,640	70,133
Property, plant and equipment	105,673	109,187
Intangible assets	142,033	151,827
Goodwill	354,243	356,248
Deferred tax asset	41,194	42,979
	803,121	821,255
Total assets	**1,122,521**	**1,107,708**

	March 31, 2013	December 31, 2012
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade accounts payable	243,918	268,668
Liabilities due to banks	90,764	87,113
Advance payments received	11,405	10,943
Accrued taxes	52,113	49,312
Deferred revenue	173,131	166,030
Other accrued liabilities	2,209	2,145
Other financial liabilities	65,550	51,464
Other non-financial liabilities	29,595	29,944
	668,685	665,619
Non-current liabilities		
Liabilities due to banks	188,305	213,163
Deferred tax liabilities	7,082	7,569
Other liabilities	22,883	23,214
	218,270	243,946
Total liabilities	**886,955**	**909,565**
Equity		
Capital stock	194,000	215,000
Additional paid-in capital	26,231	25,468
Accumulated profit	23,066	227,012
Treasury stock	0	–263,570
Revaluation reserves	9,032	9,621
Cash flow hedge reserve	–7,111	–7,942
Currency translation adjustment	–19,870	–17,301
Equity attributable to shareholders of the parent company	**225,348**	**188,288**
Non-controlling interests	10,218	9,855
Total equity	**235,566**	**198,143**
Total liabilities and equity	**1,122,521**	**1,107,708**

Income Statement

from January 1 to March 31, 2013 in €k

	2013 January – March	2012 January – March
Sales	629,704	576,936
Cost of sales	–413,155	–380,678
Gross profit	**216,549**	**196,258**
Selling expenses	–115,927	–119,451
General administrative expenses	–28,495	–24,564
Other operating income / expenses	–255	–317
Amortization of intangible assets resulting from company acquisitions	–3,523	–3,667
Operating result	**68,349**	**48,259**
Financial result	–2,730	–3,903
Results from associated companies	–1,503	25
Pre-tax result	**64,116**	**44,381**
Income taxes	–19,615	–15,240
Net income	**44,501**	**29,141**
Attributable to		
- non-controlling interests	192	298
- shareholders of United Internet AG	44,309	28,843

	2013 January – March	2012 January – March
Result per share of shareholders of United Internet AG (in €)		
- basic	0.23	0.15
- diluted	0.23	0.15
Weighted average shares (in million units)		
- basic	194.10	193.78
- diluted	196.01	195.65
Statement of comprehensive income		
Net income	44,501	29,141
Results directly included in equity		
- currency translation adjustment	–2,569	473
- Market value changes of available-for-sale financial instruments after taxes	–589	13,004
- Change in cash flow hedge reserve after taxes	831	–1,031
	–2,327	12,446
Total net income	**42,174**	**41,587**
Attributable to		
- non-controlling interests	192	302
- shareholders of United Internet AG	**41,982**	**41,285**

Cash Flow Statement

from January 1 to March 31, 2013 in €k

	2013 January – March	2012 January – March
Cash flow from operating activities		
Net income	44,501	29,141
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	19,449	18,622
Amortization of intangible assets resulting from company acquisitions	3,523	3,667
Compensation expenses from employee stock option plans	763	620
Results of at-equity companies	1,503	–25
Distributed profit of associated companies	110	0
Change in deferred taxes	1,306	–6,774
Non-cash expenses / income	–1,672	–357
Operative cash flow	**69,483**	**44,894**
Change in assets and liabilities		
Change in receivables and other assets	32,392	14,352
Change in inventories	–12,980	–3,999
Change in deferred expenses	–3,174	–6,556
Change in trade accounts payable	–24,741	–74,274
Change in advance payments received	462	737
Change in other accrued liabilities	65	–140
Change in accrued taxes	2,801	584
Change in other liabilities	16,081	20,363
Change in deferred income	6,154	23,460
Change in assets and liabilities, total	**17,060**	**–25,473**
Cash flow from operating activities	**86,543**	**19,421**

	2013 January – March	2012 January – March
Cash flow from investing activities		
Capital expenditure for intangible assets and property, plant and equipment	–8,989	–8,254
Payments from disposal of intangible assets and property, plant and equipment	251	2,757
Reduction from disposal of deconsolidated companies	–193	0
Refunding from shares in associated companies	172	413
Investments in other financial assets	–47	–385
Payments of loans granted	–900	–3,886
Payments from deconsolidation of assets	0	960
Refunding from other financial assets	19	0
Cash flow from investment activities	**–9,687**	**–8,395**
Cash flow from financing activities		
Purchase of treasury stock	–5,685	0
Repayment of loans	–21,207	–3,267
Purchase of further shares in affiliated companies	0	–492
Cash flow from financing activities	**–26,892**	**–3,759**
Net increase in cash and cash equivalents	49,964	7,267
Cash and cash equivalents at beginning of fiscal year	42,828	64,867
Currency translation adjustments of cash and cash equivalents	–492	–52
Cash and cash equivalents at end of period	**92,300**	**72,082**

Changes in Shareholders' Equity

from January 1 to March 31, 2013 in €k

	Capital stock		Additional paid-in capital	Accumulated profit	Treasury shares	
	Share	€k	€k	€k	Share	€k
Balance as of January 1, 2012	**215,000,000**	**215,000**	**21,199**	**185,065**	**21,225,158**	**-270,751**
Net income				28,843		
Other net income						
Total net income				**28,843**		
Employee stock ownership program Sedo Holding			3			
Employee stock ownership program United Internet			617			
Balance as of March 31, 2012	**215,000,000**	**215,000**	**21,819**	**213,908**	**21,225,158**	**-270,751**
Balance as of January 1, 2013	**215,000,000**	**215,000**	**25,468**	**227,012**	**20,662,202**	**-263,570**
Net income				44,309		
Other net income						
Total net income				**44,309**		
Purchase of treasury shares					337,798	-5,685
Cancellation of treasury shares	-21,000,000	-21,000		-248,255	-21,000,000	269,255
Employee stock ownership program Sedo Holding			-8			
Employee stock ownership program United Internet			771			
Change in amount of holdings						
Balance as of March 31, 2013	**194,000,000**	**194,000**	**26,231**	**23,066**	**0**	**0**

Revaluation reserve	Cash flow hedge reserve	Currency translation difference	Equity attributable to shareholders of United Internet AG	Non-controlling interests	Total equity
€k	€k	€k	€k	€k	€k
18,276	**–4,380**	**–19,287**	**145,122**	**9,631**	**154,753**
			28,843	298	29,141
13,004	–1,031	469	12,442	4	12,446
13,004	**–1,031**	**469**	**41,285**	**302**	**41,587**
			3		3
			617		617
31,280	**–5,411**	**–18,818**	**187,027**	**9,933**	**196,960**
9,621	**–7,942**	**–17,301**	**188,288**	**9,855**	**198,143**
			44,309	192	44,501
–589	831	–2,569	–2,327	0	–2,327
–589	**831**	**–2,569**	**41,982**	**192**	**42,174**
			–5,685		–5,685
			0		0
			–8		–8
			771		771
			0	171	171
9,032	**–7,111**	**–19,870**	**225,348**	**10,218**	**235,566**

Notes

1. Information on the company

United Internet AG is a service company operating in the telecommunication and information technology sector with registered offices at Elgendorfer Strasse 57, 56410 Montabaur, Germany. The company is registered at the district court of Montabaur under HR B 5762.

2. Significant accounting, valuation and consolidation principles

As was the case with the consolidated financial statements as of December 31, 2012, the interim report of United Internet AG as of March 31, 2013 was prepared in compliance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB).

The condensed consolidated interim report for the period from January 1, 2013 to March 31, 2013 was prepared in accordance with IAS 34 – *Interim Financial Reporting*.

A condensed reporting format was chosen for the presentation of this consolidated interim report, as compared with the consolidated financial statements, and is thus to be read in conjunction with the consolidated financial statements as of December 31, 2012. With the exception of the mandatory new standards described below, the accounting and valuation principles applied in the condensed consolidated interim report generally comply with the methods applied in the previous year.

Mandatory adoption of new accounting standards

Initial application of the amendments to IAS 1 – *Presentation of Financial Statements / Other Comprehensive Income* published in June 2011 had no impact on the consolidated interim financial statements of the Company.

Due to a lack of application, the amendments to IAS 19 – *Post-Employment Benefits* had no impact on the consolidated interim financial statements of the Company.

The Group will implement any amendments to its disclosures on offsetting financial assets and liabilities necessitated by the amendment to IFRS 7 / IAS 32 published in December 2011 in its consolidated financial statements as of December 31, 2013.

The amendments to IFRS 13 – *Fair Value Measurement* and the extended disclosures on fair value, as appropriate for interim financial statements, were implemented in the consolidated interim financial statements.

The Annual Improvements to IFRS 2009-2011, and specifically to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34, as appropriate for interim financial statements, were implemented in the consolidated interim financial statements.

Use of estimates and assumptions

The preparation of the condensed consolidated interim report requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods.

Miscellaneous

The consolidated interim report includes all subsidiaries and associated companies.

The following companies were formed in the reporting period 2013:
- United Internet Media Software GmbH, Montabaur
- 1&1 Telecom Service Holding Montabaur GmbH, Montabaur

Intellectual Property Management Company Inc., domiciled in Dover, Delaware, USA ("IPMC"), was deconsolidated as of January 1, 2013 and has since been disclosed in the consolidated financial statements as an associated company again. Sedo GmbH holds 49% of shares in IPMC. An option to purchase a further 32% of shares, which could have been exercised in the years 2010 to 2012, led to its full consolidation during this period.

Sedo London Ltd., London, UK, was dissolved as of March 19, 2013. The company had been in liquidation since mid 2012.

Otherwise, the consolidated group remained largely unchanged from that stated in the consolidated financial statements as of December 31, 2012.

This consolidated interim report was not audited according to Sec. 317 HGB nor reviewed by an auditor.

Explanations of items in the statement of comprehensive income

3. Segment reporting

According to IFRS 8, the identification of operating segments to be included in the reporting process is based on the so-called management approach. External reporting should therefore be based on the Group's internal organization and management structure, as well as internal financial reporting to the "Chief Operating Decision Maker". In the United Internet Group, the Management Board is responsible for assessing and controlling the success of the various segments.

January – March 2013

	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	421,956	208,908	1,415	–	–
- thereof internal revenues	233	992	1,350	–	–
External revenues	421,723	207,916	65	–	629,704
- thereof domestic	421,723	138,520	65	–	560,308
- thereof non-domestic	0	69,396	0	–	69,396
EBITDA	54,795	38,501	–1,975	0	91,321
EBIT	47,159	23,203	–2,013	0	68,349
Financial result			–2,553	–177	–2,730
Result from at-equity companies			–1,588	85	–1,503
EBT			–6,154	70,270	64,116
Tax expense				–19,615	–19,615
Net income					**44,501**
Investments in intangible assets, property, plant and equipment	534	8,447	8	–	8,989
Amortization/depreciation	7,636	15,298	38	–	22,972
- thereof intangible assets, property, plant and equipment	7,636	11,775	38	–	19,449
- thereof intangible assets capitalized during company acquisitions	0	3,523	0	–	3,523
Number of employees	2,233	4,100	28	–	6,361
- thereof domestic	2,158	2,811	28	–	4,997
- thereof non-domestic	75	1,289	0	–	1,364

The Management Board of United Internet AG mainly controls operations on the basis of key earnings figures. The Management Board of United Internet AG measures segment success primarily on the basis of sales revenues, earnings before interest, taxes, depreciation and amortization (EBITDA) and the result of ordinary operations (EBIT). Transactions between segments are charged at market prices. Sales revenues outside Germany stated for information purposes are allocated to the country in which the company is domiciled.

The reconciliation of earnings before taxes (EBT) represents the corresponding EBT contribution of the "Access" and "Applications" segments.

Segment reporting of United Internet AG in the reporting period of 2013 and 2012 was as shown in the tables below:

January – March 2012	Access segment €k	Applications segment €k	Head Office / Investments €k	Reconciliation €k	United Internet Group €k
Total revenues	375,851	202,035	954	–	–
- thereof internal revenues	211	803	890	–	–
External revenues	375,640	201,232	64	–	576,936
- thereof domestic	375,640	138,522	64	–	514,226
- thereof non-domestic	0	62,710	0	–	62,710
EBITDA	41,254	30,697	–1,403	0	70,548
EBIT	34,777	14,918	–1,436	0	48,259
Financial result			–2,596	–1,307	–3,903
Result from at-equity companies			12	13	25
EBT			–4,020	48,401	44,381
Tax expense				–15,240	–15,240
Net income					**29,141**
Investments in intangible assets, property, plant and equipment	967	7,219	68	–	8,254
Amortization/depreciation	6,477	15,779	33	–	22,289
- thereof intangible assets, property, plant and equipment	6,477	12,112	33	–	18,622
- thereof intangible assets capitalized during company acquisitions	0	3,667	0	–	3,667
Number of employees	1,862	3,884	29	–	5,775
- thereof domestic	1,784	2,701	29	–	4,514
- thereof non-domestic	78	1,183	0	–	1,261

4. Personnel expenses

Personnel expenses amounted to € 74,121k in the reporting period of 2013 (prior year: € 63,324k). At the end of March 2013, United Internet employed a total of 6,361 people, of which 1,364 were employed outside Germany. The number of employees at the end of March 2012 amounted to 5,775, of which 1,261 were employed outside Germany.

5. Depreciation and amortization

Depreciation and amortization of intangible assets and property, plant and equipment amounted to € 19.449k (prior year: € 18,622k).

Amortization of capitalized intangible assets resulting from business combinations amounted to € 3,523k (prior year: € 3,667k).

Total depreciation and amortization of intangible assets and property, plant and equipment thus amounted to € 22,972k in the reporting period of 2013 (prior year: € 22,289k).

Explanations of balance sheet items

Explanations are only given for those items which display notable changes in the amounts presented as compared with the last consolidated financial statements.

6. Shares in associated companies

The following table gives an overview of the development of shares in associated companies:

	2013 €k
Carrying amount at the beginning of the fiscal year	90,881
Additions	388
Adjustments	
- Dividends	–110
- Shares in result	–1,503
- Other	854
Disposals	-172
	90,338

Other adjustments of € 854k refer to profit contributions to associated companies with an investment value of € 0k. The negative profit contributions of associated companies with an investment value of € 0k are only considered if the associated companies were provided with long-term loans or if there are credit / liability commitments. In calculating the profit contributions of the investment in the holding company of Versatel GmbH, VictorianFibre Holding & Co. S.C.A., Luxemburg, added in December 2012, a preliminary price allocation was employed.

7. Other financial assets

The development of these shares was as follows:

			Amortization of revaluation reserve not recognized in income				
	Jan. 1, 2013 €k	**Additions €k**	**Recycling €k**	**Additions €k**	**Reclassification €k**	**Disposals €k**	**March 31, 2013 €k**
Goldbach shares	13,770			870			14,640
Hi-media shares	9,754			–1,468			8,286
Afilias shares	8,720						8,720
Portfolio companies of EFF No. 3	10,683						10,683
Purchase price receivable	9,816						9,816
Others	17,390	978			–854	–19	17,495
	70,133	**978**	**0**	**–598**	**–854**	**–19**	**69,640**

Additions to other financial assets refer mainly to loans for which the market value coincides with the carrying value.

The subsequent valuation of listed shares in Goldbach and Hi-media at fair value as of the balance sheet date led to a net decrease in the revaluation reserve without recognition in income.

8. Property, plant and equipment, intangible assets and goodwill

A total of € 8,989k (prior year: € 8,254k) was invested in property, plant and equipment and intangible assets during the interim reporting period. Investments focused mainly on equipment and software.

Goodwill of € 354,243k disclosed as of March 31, 2013 consists solely of assets belonging to the "Applications" segment.

9. Liabilities due to banks

Bank liabilities result mainly from a syndicated loan.

This syndicated loan was concluded on June 7, 2011. The credit line is divided into a Tranche A amounting to € 120 million and a Tranche B of € 360 million. Tranche A is a bullet loan with a term of five years. As of March 31, 2013, € 120 million have been used from Tranche A and € 70 million from Tranche B.

A promissory note loan ("Schuldscheindarlehen") of € 150.0 million was negotiated on July 23, 2008. The loan was redeemable on maturity and divided into a Tranche A of € 78.0 million with a term until July 23, 2011 and a Tranche B of € 72.0 million with a term until July 23, 2013. Tranche A was redeemed in the third quarter of 2011.

10. Other current financial liabilities

Current financial liabilities consist mainly of marketing and selling expenses, salary liabilities, and liabilities resulting from interest hedging transactions.

11. Other non-current financial liabilities

Non-current financial liabilities result largely from non-controlling interests of the partnerships European Founders Fund No. 2 and European Founders Fund No. 3, liabilities from interest hedging transactions, and the option agreement (put option) for the remaining shares in united-domains AG.

12. Capital stock / treasury shares

Based on the authorization granted by the Annual Shareholders' Meeting of United Internet AG on May 31, 2012 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Management Board resolved on January 7, 2013 to cancel a total of 15,000,000 shares from the company's stock of treasury shares, purchased in the course of share buyback programs, and thus reduce the capital stock of United Internet AG by € 15,000,000 from € 215,000,000 to € 200,000,000. The number of shares issued decreased correspondingly from 215,000,000 shares to 200,000,000 shares. Issued shares continued to represent a notional share of capital stock of € 1 each.

At the same time, the Management Board also resolved to launch a new share buyback program, which began once the cancellation and capital reduction became effective. In the course of this new share buyback program, up to 5,000,000 company shares were to be bought back via the stock exchange. The buyback followed an authorization of the Annual Shareholders' Meeting of May 31, 2012 to buy back shares representing up to 10% of the Company's capital stock. The authorization was issued for the period up to November 30, 2013. As part of this share buyback program, 337,798 treasury shares were purchased. Together with 5,662,202 treasury shares from earlier share buyback programs, United Internet thus held a total of 6,000,000 treasury shares.

Based on the authorization granted by the Annual Shareholders' Meeting of United Internet AG on May 31, 2012 regarding the acquisition and use of treasury shares, and with the approval of the Supervisory Board, the Management Board resolved on February 1, 2013 to cancel these 6,000,000 treasury shares and to reduce the capital stock of United Internet AG by € 6,000,000 million, from € 200,000,000 to € 194,000,000. The number of shares issued decreased correspondingly from 200,000,000 shares to 194,000,000 shares. Issued shares continued to represent a notional share of capital stock of 1 euro each.

As of March 31, 2013, fully paid capital stock amounted to € 194,000,000 divided into 194,000,000 registered shares each having a theoretical share in the capital stock of € 1.

As of March 31, 2013, the Company held no treasury shares.

13. Reserves

The change in revaluation reserves resulted mainly from the subsequent valuation of shares in Goldbach and Hi-media. Profits and losses from subsequent valuation to fair value are recognized directly in equity capital at net value, i.e. less deferred taxes. Please see Note 7 for details.

Changes in the fair value of interest swaps concluded as part of cash flow hedges, as well as the opposing deferred taxes on these fair value changes, were recognized in the cash flow hedge reserve.

Other items

14. Employee stock ownership plans

The employee stock ownership plans of the United Internet Group employ virtual stock options (so-called Stock Appreciation Rights – SARs). The changes in the virtual stock options granted and outstanding are shown in the following table:

	United Internet AG		Sedo Holding AG	
	SAR	Average strike price (€)	**SAR**	Average strike price (€)
Outstanding as of December 31, 2012	6,268,375	10.84	80,000	9.86
Issued	1,000,000	16.06	–	–
Issued	400,000	18.13	–	–
Expired / forfeited	-400,000	13.74	-40,000	4.21
Expired / forfeited	-400,000	15.77	–	–
Expired / forfeited	-50,000	6.07	–	–
Expired / forfeited	-100,000	8.96	–	–
Expired / forfeited	-10,000	13.65	–	–
Outstanding as of March 31, 2013	6,708,375	11.88	40,000	15.51

15. Additional details on financial instruments

The fair values of financial assets and liabilities correspond generally to their respective carrying values.

The following table shows the carrying values for each category of financial assets and liabilities on March 31, 2013:

	Valuation category acc. to IAS 39 €k	Carrying value on March 31, 2013 €k	Amortized cost €k	Fair value not through profit or loss €k	Fair value through profit or loss €k	Fair Value on March 31, 2013 €k
Financial assets						
Cash and cash equivalents	lar	92,300	92,300			92,300
Trade accounts receivable	lar	132,338	132,338			132,338
Other current financial assets	lar	6,116	6,116			6,116
Other non-current financial assets	lar/afs					
Purchase price receivable	lar	9,816	9,816			9,816
Investments	afs	42,329	19,403	22,926		42,329
Others	lar	17,495	17,495			17,495
Financial liabilities						
Trade accounts payable	flac	243,918	243,918			243,918
Liabilities due to bank	flac	279,069	279,069			279,069
Other financial liabilities	flac/hft/hd					
Interest swaps – not hedge accounting	hft	5,253			5,253	5,253
Interest swaps – hedge accounting	hd	10,167		10,167		10,167
Others	flac	73,013	73,013			73,013
Of which aggregated acc. to valuation categories:						
Loans and receivables (lar)	lar	258,065	258,065	0	0	258,065
Available-for-sale (afs)	afs	42,329	19,403	22,926	0	42,329
Financial liabilities measured at amortised cost (flac)	flac	596,000	596,000	0	0	596,000
Held-for-trading (hft)	hft	–5,253	0	0	–5,253	5,253
Hedging derivatives (hd) (negative market value)	hd	10,167	0	10,167	0	10,167

The fair values of financial instruments were measured on the basis of market information available on the reporting date.

Fair values of available-for-sale financial assets are derived from quoted market prices in active markets, if available, or otherwise estimated using appropriate valuation techniques. Investments which are categorized as available-for-sale financial assets and whose fair value cannot be estimated using valuation techniques due to uncertainties, are measured at amortized cost.

The Group enters into derivative financial instruments principally with financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. These models use mainly interest rate curves as the valuation parameters.

The composition of financial instruments and the methods and assumptions used to determine fair values did not change largely from that used as of December 31, 2012.

Hierarchy of assets and liabilities measured at fair value:

	As of March 31, 2013 €k	Level 1 €k	Level 2 €k	As of Dec. 31, 2012 €k	Level 1 €k	Level 2 €k
Available-for-sale financial assets						
Listed shares	22,926	22,926		23,524	23,524	
Financial liabilities at fair value through profit or loss						
Interest rate swap	5,253		5,253	7,100		7,100
Financial liabilities at fair value not through profit or loss						
Interest rate swap	10,167		10,167	11,356		11,356

The hierarchy for determining and disclosing the fair value of financial instruments by valuation technique did not change from that used as of December 31, 2012.

16. Transactions with related parties

United Internet AG is subject to significant influence, as defined by IAS 24, from Mr. Ralph Dommermuth, the major shareholder, as well as from the members of the Management Board and Supervisory Board.

As of January 1, 2013, Mr. Robert Hoffmann was appointed to the Management Board of United Internet AG as an additional member. Otherwise, there were no changes to the circle of related parties as compared with the consolidated financial statements as at December 31, 2012.

The number of shares and subscription rights in United Internet AG held directly or indirectly by members of the Management Board and Supervisory Board is shown in the following table:

	March 31, 2013	
	Shares (units)	Subscription rights (units)
Management Board		
Ralph Dommermuth	88,000,000	-
Norbert Lang	524,232	1,200,000
Robert Hoffmann	60,000	1,750,000
Total	**88,584,232**	**2,950,000**
Supervisory Board		
Kurt Dobitsch	–	–
Kai-Uwe Ricke	–	–
Michael Scheeren	600,000	–
Total	**600,000**	**–**

United Internet's premises in Montabaur and Karlsruhe are leased from Mr. Ralph Dommermuth. The resulting rent expenses are customary and amounted to € 1,424k in the reporting period of 2013 (prior year: € 1,702k).

The United Internet Group can also exert a material influence on its associated companies.

No significant transactions took place.

17. Subsequent events

There were no significant events subsequent to the balance sheet date which may have resulted in a different representation of the Company's assets, financial position and earnings.

Montabaur, May 21, 2013

The Management Board

Ralph Dommermuth Robert Hoffmann Norbert Lang

Income Statement

Quarterly development in € million

	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q1 2012
Sales	586.6	603.1	630.0	629.7	576.9
Cost of sales	–391.2	–394.8	–408.0	–413.2	–380.6
Gross profit	**195.4**	**208.3**	**222.0**	**216.5**	**196.3**
Selling expenses	–112.8	–108.3	–121.2	–115.9	–119.4
General administrative expenses	–27.9	–27.1	–32.4	–28.5	–24.6
Other operating income / expense	4.4	–3.9	16.5	–0.3	–0.3
Amortization of intangible assets resulting from company acquisitions	–3.6	–3.6	–3.5	–3.5	–3.7
Amortization of goodwill	–46.3	0.0	0.0	0.0	0.0
Operating result	**9.2**	**65.4**	**81.4**	**68.3**	**48.3**
Financial result	0.4	–3.2	–3.0	–2.7	–3.9
Amortization of investments	0.0	0.0	0.0	0.0	0.0
Result from at-equity companies	–4.5	–0.5	3.4	–1.5	0.0
Pre-tax result	**5.1**	**61.7**	**81.8**	**64.1**	**44.4**
Income taxes	–18.8	–17.2	–33.5	–19.6	–15.2
Net income	**–13.7**	**44.5**	**48.3**	**44.5**	**29.2**
Attributable to					
- minority interests	0.0	0.0	0.2	0.2	0.3
- shareholders of United Internet AG	–13.7	44.5	48.1	44.3	28.9
Result per share of shareholders of United Internet AG (in €)					
- basic	–0.07	0.23	0.25	0.23	0.15
- diluted	–0.07	0.23	0.24	0.23	0.15

Imprint

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United Internet AG
Elgendorfer Straße 57
D-56410 Montabaur
Germany
www.united-internet.com

Contact
Investor Relations
Phone: +49(0) 2602 96-1043 or 1671
Fax: +49(0) 2602 96-1013
E-mail: investor-relations@united-internet.com

May 2013
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This report is available in German and English. Both versions can be downloaded from www.united-internet.com. In all cases of doubt, the German version shall prevail.

Possible addition differences due to rounding effects.

Disclaimer
This report contains certain forward-looking statements which reflect the current views of United Internet AG's management with regard to future events. These forward looking statements are based on our currently valid plans, estimates and expectations. The forward-looking statements made in this report are only based on those facts valid at the time when the statements were made. Such statements are subject to certain risks and uncertainties, as well as other factors which United Internet often cannot influence but which might cause our actual results to be materially different from any future results expressed or implied by these statements. Such risks, uncertainties and other factors are described in detail in the Risk Report section of the Annual Reports of United Internet AG. United Internet does not intend to revise or update any forward-looking statements set out in this report.

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