

Midyear Report

First half
2000

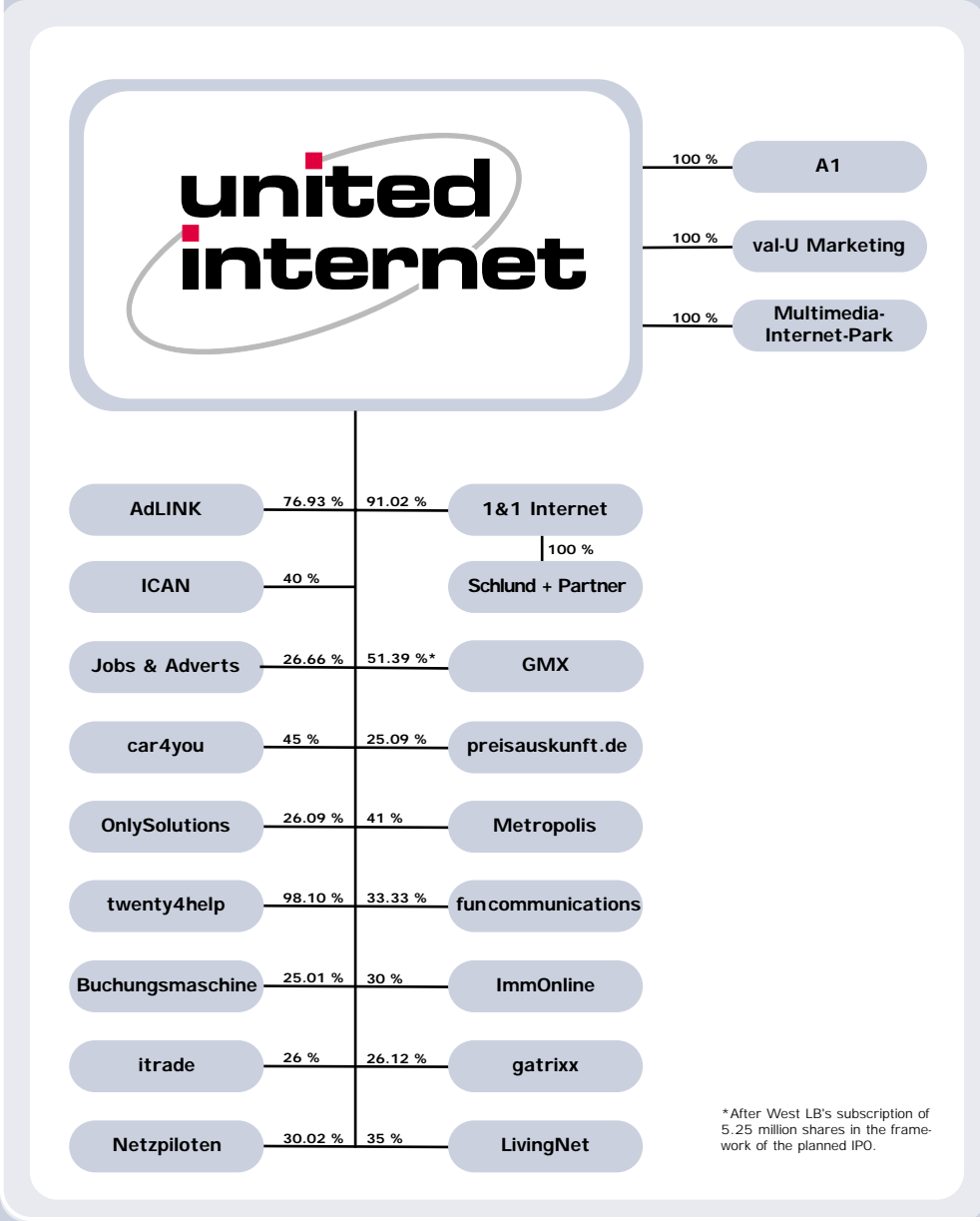


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Overview of Participations

Development



► **Market tendencies**

The Internet's victorious march toward mass medium and virtual marketplace not only continues unabated—the pace and momentum of this megatrend have even increased. In Europe's key markets—Germany, Great Britain, France and Italy—31 percent of the population already use the Internet (GfK Survey 5/2000). And compared with the United States, Europe is now clearly catching up: While the US had a 62-percent share of worldwide e-commerce in 1999, its share is estimated at only 48 percent for 2001 (IDC Survey 2000).

In what seems a contradiction to this continued boom, the worldwide stock markets are currently going through a consolidation phase, especially for technology and Internet shares. Budding Internet companies, which just a short time ago were valued euphorically, are now regarded with skepticism across the board. We regard this phase as normal "teething problems" for the New Economy. For United Internet, it is again opening up opportunities to acquire new participations at favorable

terms and to further expand the Group network. Over the mid-term, we expect that a differentiated, individualized appraisal of the Internet values will prevail. And this will lead to new potentials for United Internet and its participations.

► **The network: Right on track**

United Internet has reached the goals it set for the first half 2000—and in some areas even exceeded them. We're right on track in the areas of revenue growth, operational results, network expansion and internationalization. To drive forward and strengthen our expansion over the long-term, we are widening the scope of our participation management to cover all of Europe. To this end, we will soon be opening dedicated offices in London, Paris and Stockholm. By switching to registered shares and splitting our stock 1:10, we have placed our company's expansion on sound foundations. All initiatives were accepted by almost 100 percent of the votes at our annual general meeting, which took place in Frankfurt on 3 May 2000.

Development

United Internet AG Profit and loss statement according to HGB for the period 1 January 2000 to 30 June 2000

	2000 EUR	1999 EUR
Net sales	1,077,387.74	2,786,347.80
Other operating income	2,542,464.34	54,447.61
Cost of sales		
a.) Cost of goods purchased	0.00	0.00
b.) Cost of services purchased	0.00	0.00
Personnel cost		
a.) Wages and salaries	-1,226,998.39	-1,395,224.96
b.) Social security contributions	-166,869.14	-202,355.71
Depreciation and amortization of intangible and tangible assets	-205,800.33	-663,818.05
Other operational costs	-6,161,738.46	-2,235,925.04
Income from profit transfer and control agreements	0.00	0.00
Income from participations	1,150,874.88	278,682.47
Interest and similar income	838,363.53	950,683.62
Expenses from loss-sharing agreements	0.00	0.00
Interest and similar expenses	-1,123,608.78	-319,234.47
Result of continuing operations	-3,275,924.60	-746,396.75
Extraordinary expenses	0.00	-1,887,950.64
Result before taxes	-3,275,924.60	-2,634,347.40
Taxes on income	-12,067.58	-9,653.19
Other taxes	-5,877.30	-156,834.69
Net loss for the half-year	-3,293,869.48	-2,800,835.28

Participations

► Expansion of the network

In the first half 2000, United Internet strengthened its position as one of the leading Internet networks in Germany and Europe. Our new participations in gatrix, Netzpiloten and livingNet Medien AG cover important target markets or reinforce our market position. In addition, we made our participation in webauto part of the newly-founded car4you Holding AG.

A total of 18 participations give United Internet a presence in nine Internet target markets: application providing, communities, e-care, online advertising, navigation, finance, smart shopping, virtual markets and messaging.

► Initial Public Offerings

Despite difficult market conditions, we succeeded in launching two participations on Germany's Neuer Markt: Jobs & Adverts and AdLINK. The stock market performance of these companies has been disappointing; their shares are currently quoted below the offering price. The planned IPO of GMX had to be

canceled due to the current volatility of the markets. Instead, a stake was disposed of through private placement, which ensures financing over the mid-term for building up the brand and driving forward the company's growth. We remain optimistic about the future development of AdLINK and Jobs & Adverts shares, as both companies are Europe-wide players with profitable business in Germany. We plan to realize the IPO of GMX at a more favorable time. And we maintain our goal of going public with three to five participations in the course of this year.

► Internationalization

Internationalizing United Internet at an accelerated pace is the core element of our growth strategy. We consider Europe, rather than Germany, our home and domestic market. The Europeanization of our participations made great strides forward in the first half 2000. Today, the United Internet companies are active in 16 European countries and maintain 36 subsidiaries.

Participations

► New members in the network



livingNet Medien AG

Application Service Provider in the areas marketing, design and content. livingNet bundles website services for small and medium-sized companies.

Participation: 35 percent
www.livingNet.de

livingNet offers cost-efficient services in the areas of marketing, design and content. In particular, this gives small and medium-sized companies the means to realize a professional Internet presence, provide appealing content and use banner advertising to market their products. Comprehensive cooperations with established partners gives them the opportunity to place their advertising banners on leading websites in Germany, even if their advertising budgets are limited.



car4you Holding AG

European portal for online automobile sales.

Over 4,700 participating car dealers and an inventory of over 150,000 cars.

Participation: 45 percent
www.car4you.com

In May 2000, the German car exchange webauto was integrated into the European portal for online automobile sales. In addition to United Internet AG, shares of car4you are held by PubliGroupe (Switzerland) and Eurotax Schwacke (Switzerland). car4you offers car dealerships customized solutions that open up the Internet as an efficient and cost-effective distribution channel. In addition, it offers manufacturers and importers a broad range of software modules to update their own websites with important information on dealer inventory. car4you is the only European portal for online car sales active in all three German-speaking countries. The company also has a subsidiary in France. Markets in other countries are to be opened up shortly.

► Development of the key participations of United Internet



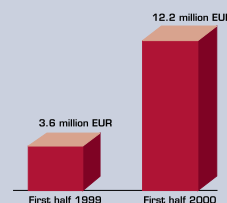
Jobs & Adverts AG

Europe's unlimited career market on the Internet. Represented in 15 European countries, plus the United States and Asia. Over 100,000 job offers. 28 of the 30 DAX companies are customers. Quoted on the stock exchange since 6 April 2000.

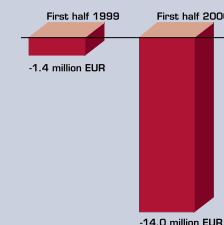
Participation: 26.66 percent
www.jobpilot.de

By going public on 6 April, the company raised 60 million Euro. During the first half 2000, Jobs & Adverts expanded its European presence at a rapid pace and concluded a number of cooperations with international partners. Sales increased by 234 percent to 12.2 million Euro. The operating result for the first half 2000 was -14.0 million Euro (previous year: -1.4 million Euro). While the operating result for the German market was positive, the overall operating loss reflects the high level of investments for the company's expansion abroad. Marketing costs for the first half reached 13.9 million Euro. Above all, this served to build up the Jobs & Adverts brand rapidly in Germany, France, Great Britain, Spain and Italy. First-half highlights were the expansion of the range of services by the new areas of webcam, competence assessment and SMS. Jobs & Adverts is developing from a pure online job exchange to a pan-European career consultancy on the Internet.

Revenues



Operating result



Participations



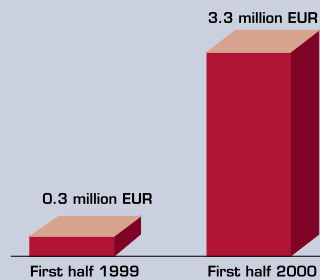
*After West LB's subscription of 5.25 million shares in the framework of the planned IPO.

GMX AG

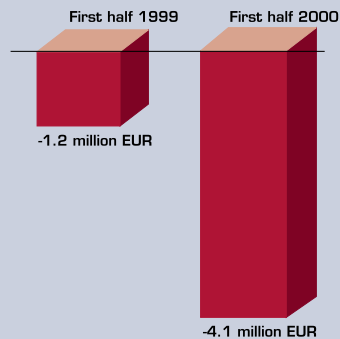
Germany's leading e-mail and messaging service. Over 5.3 million members. Up to 17,000 new users every day. With approximately 250 million daily page impressions, the largest IVW-audited website in Germany. Participation: 51.39 percent * www.gmx.net

In the first half 2000, GMX sales rose ten-fold compared with the previous year to 3.3 million Euro. The operating result was -4.1 million Euro (1999: -1.2 million Euro). This widened loss is mainly due to higher spending related to market positioning, product innovation and investments in technical infrastructure. GMX's FreeMail service is now available in nine languages. Innovative applications in the future markets of unified messaging and WAP technology are being developed. GMX's public offering, initially planned for May 2000, has been postponed. It will take place when stock market conditions have calmed down.

Revenues



Operating result

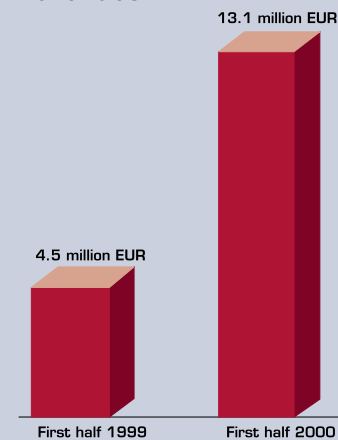


AdLINK Internet Media AG

Pan-European marketer of online advertising space. 475 websites with about 790 million page impressions a month. Subsidiaries in 11 countries. From its public offering on 11 May, the company raised 98 million Euro. Participation: 76.93 percent www.adlink.net

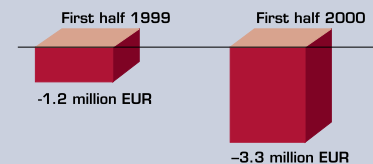
AdLINK increased its sales in the first half 2000 by 194 percent to 13.1 million Euro. Its operating result before goodwill depreciation according to Afa and the effect of the employee participation program was -3.3 million Euro (1999: -1.2 million Euro). This midyear loss is mainly due to expenditure related to building up a European market presence. Highlights of the second quarter were the acquisition of Belgian Internet advertising marketer PubliCast, the launch of the Swiss AdLINK subsidiary and a strategic partnership with Europe Online to develop marketing solutions for broadband Internet.

Revenues



1999 figures on a pro-forma basis.

Operating result



Participations

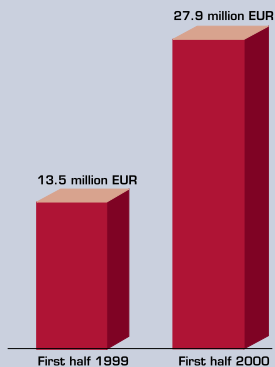


twenty4help Knowledge Service AG

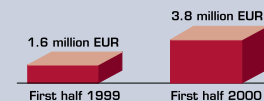
Centralized user help desks and technical hotlines for IT/telecommunications products requiring support. Innovative Internet help portal. Subsidiaries in Germany, Sweden and the Netherlands. Participation: 98.10 percent
www.twenty4help.de

twenty4help increased its sales in the first half 2000 to 27.9 million Euro, thus achieving growth of 106 percent in comparison with the same period 1999. Its operating result before goodwill depreciation according to Afa and the effect of the employee participation program increased by 138 percent to 3.8 million Euro. The Internet Live Services, launched in February, are being expanded. Additional innovative solutions via co-browsing and application sharing are now undergoing operational tests. The Customer Interaction Center, opened in Görlitz in May 2000, now also offers native-language support for callers from Poland and the Czech Republic.

Revenues



Operating result

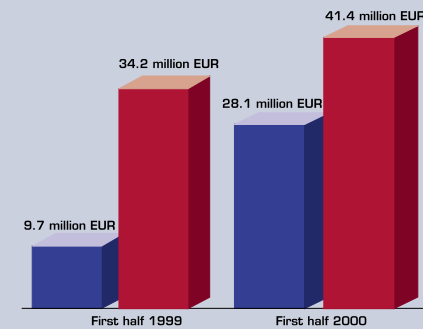


1&1 Internet AG

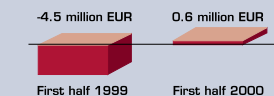
Internet Application provider: domains, websites, shops, mobile Internet, personal storage, comprehensive Internet solutions, 745,000 customer contracts. Participation: 91.02 percent
www.einsundeins.com

During the first half 2000, 1&1 produced sales of 41.4 million Euro (1999: 34.2 million Euro). Sales of the company's own products increased by 190 percent from 9.7 million Euro to 28.1 million Euro. The operating result before goodwill depreciation according to Afa and the effect of the employee participation program was 0.6 million Euro (1999: -4.5 million Euro). When evaluating these results, it is important to bear in mind that 1&1 withdrew from marketing third-party products at the end of last year. In 1999 this business still generated significant revenues. The marketing of third-party products is now restricted to joint-marketing ventures and represents only a 33-percent share of total sales. This revenue share continues to decrease due to the positive development of the contract customer business. Starting in July, 1&1 is now also present in the British and French markets with its webhosting products.

Revenues



Operating result



■ Sales of the company's own products

Developments in the Group

► Sales and results

Consolidated sales increased in the first half 2000 by 63.5 percent compared with the same period 1999 to 91.2 million Euro. When the revenues of all participation companies are taken into account, sales increased by about 83 percent to 109.6 million Euro. In the first half of the year the operating result—adjusted according to US GAAP for expenditures that are reported without having an impact on cash balances from the employee participation program, results from associated companies reported at equity and goodwill depreciation (a total of 12,928,000 Euro)—was -4,114,000 Euro. This figure includes for the first time the full result of GMX at -4,126,000 Euro. The other consolidated companies thus achieved a positive result overall (+12,000 Euro compared with -3,290,000 Euro for the first half 1999). This result includes expenditure of 3.2 million Euro for the repositioning of United Internet and revenues of 2.4 million Euro from acting as greenhoe in the going public of Jobs & Adverts. The DVFA result per share is -0.22 Euro (-2.21 Euro before the stock split), and 0.09 Euro

(-0.88 Euro before the stocksplit) after adjusting for goodwill depreciation.

► Investments and cash flow

The company invested approximately 54.2 million Euro during the first half 2000. Focal points for these investments were acquiring new participations and strengthening the company's data processing infrastructure. The cash flow from operations improved by 2.6 million Euro to -2.9 million Euro in comparison with the previous year.

► Employees

In the first half 2000 the number of employees working for the consolidated companies increased from 1,124 to 2,435, compared with the same period 1999. The number of full-time employees rose from 799 to 1,752, while the number of part-time employees climbed from 325 to 683.

► Share development

Unfavorable market conditions for Internet values also affected the price of the United Internet share. Compared to its position of 148 Euro at the end of 1999, the share price was 128.50 Euro on 30 June 2000.

United Internet AG Consolidated profit and loss statement according to US-GAAP per 30 June 2000 and 30 June 1999

	2000		1999		Change
	EUR	%	EUR	%	%
Net sales	91,196,407	100.0	55,780,548	100.0	63.5
Cost of sales	-79,090,468	-86.7	-54,386,486	-97.5	45.4
Gross margin	12,105,939	13.3	1,394,062	2.5	768.4
Distribution and general administrative costs	-19,729,103	-21.6	-6,743,331	-12.1	192.6
Other income/expenses from operations	2,987,445	3.3	2,170,250	3.9	37.7
Depreciation of goodwill	-5,159,232	-5.7	-996,712	-1.8	
Income/loss from operations	-9,794,952	-10.7	-4,175,731	-7.5	134.6
Interest and similar expenses	-965,428	-1.1	-488,260	-0.9	97.7
Interest and similar income	733,283	0.8	377,744	0.7	94.1
Result of companies reported at equity	-7,014,461	-7.7	-1,402,634	-2.5	
Result of continuing operations	-17,041,558	-18.7	-5,688,880	-10.2	199.6
Extraordinary debits	-3,173,229	-3.5	-86,026	-0.2	
Income before taxes	-20,214,787	-22.2	-5,774,906	-10.4	250.0
Taxes on income	2,981,856	3.3	-42,341	-0.1	
Loss for the half-year	-17,232,931	-18.9	-5,817,247	-10.4	196.2
Minority shares	4,278,140	4.7	814,631	1.5	
Loss for the half-year after minority shares (Previous year: including the share of the general partner)	-12,954,791	-14.2	-5,002,616	-9.0	159.0
Share of the general partner	0	0.0	1,786,649	3.2	
Loss for the half-year	-12,954,791	-14.2	-3,215,968	-5.8	

	2000 EUR	1999 EUR
DVFA result per share	-0.22 (-2.21 before stock split)	-0.58
DVFA result per share (after adjustment for depreciation of goodwill according to Afa)	-0.09 (-0.88 before stock split)	-0.42

Data, Facts and Figures

United Internet AG Consolidated cash flow statement for the period from 1 January 2000 to 30 June 2000

	30.06.2000	30.06.1999	Change
	EUR	EUR	EUR
Income from/expenses for operating activities			
Loss for the half-year after minority shares	-12,954,792	-5,002,616	-7,952,175
Adjustments to reconcile the profit for the year with income/expenses			
Depreciation and amortization of intangible assets	11,316,782	3,141,504	8,175,278
Personnel expenses from employee participation program (Undistributed profits)/not cross-subsidized losses from associated companies	754,178	0	754,178
Increase/(decrease) in currency exchange differences	174,959	0	174,959
Changes in assets and liabilities			
(Increase)/decrease in accounts receivable	-6,041,842	-2,296,263	-3,745,579
(Increase)/decrease in inventory	-111,179	1,031,147	-1,142,326
(Increase)/decrease in prepayments and accrued income	-1,507,352	203,222	-1,710,574
(Increase)/decrease in compensatory item for deferred taxes	-10,008,405	0	-10,008,405
Increase/(decrease) in accounts payable	-3,486,554	1,887,061	-5,373,615
Increase/(decrease) in liabilities to shareholders	-183,169	0	-183,169
Increase/(decrease) in advance payments	-4,817,739	-3,493,429	-1,324,310
Increase/(decrease) in other provisions	8,632,657	-2,885,934	11,518,591
Increase/(decrease) in tax provisions	3,352,299	458	3,351,841
Increase/(decrease) in other liabilities	3,927,160	954,427	2,972,733
Increase/(decrease) in accruals and deferred income	1,010,706	177,905	832,801
Total adjustments	10,026,962	-539,884	10,566,847
Net income from operating activities	-2,927,829	-5,542,501	2,614,671
Cash flow from investments			
Investments in intangible/tangible assets	-19,821,376	-7,934,357	-11,887,019
Loans to associated companies	-9,829,867	-1,234,753	-8,595,114
Asset disposals	340,212	0	340,212
Net assets carried forward to initial consolidation	308,945	0	308,945
Costs of acquisitions exceeding the net assets from initial consolidation	-4,553,515	0	-4,553,515
Acquisition of additional shares in associated companies	-20,630,774	-2,161,767	-18,469,007
Net cash used in investing activities	-54,186,374	-11,330,877	-42,855,497
Cash flow from financing activities			
Capital increase (net, adjusted for costs of capital increase)	0	49,282,441	-49,282,441
General partner's deposit in the context of the conversion	1,013,047	0	1,013,047
Minorities	26,553,147	0	26,553,147
(Repayments to)/borrowings from banks	16,611,541	-12,713,665	29,325,206
Deposits from minorities in the contexts of IPOs	67,749,998	54,566	67,695,432
Issue of convertible bonds	349,472	130,507	218,965
Distribution of profits	0	181,544	-181,544
Net cash provided by/(used in) financing activities	112,277,205	36,935,393	75,341,812
Net increase/(net decrease) of cash and bank balances	55,163,001	20,062,015	35,100,986
Cash and bank balances at the beginning of the half-year	13,685,159	3,728,930	9,956,228
Cash and bank balances at the end of the half-year	68,848,160	23,790,946	45,057,214

Outlook

► Focus firmly on Europe

Fundamental changes never occur without annoyances, setbacks and distortions. One such annoyance is the current state of the financial markets and the exaggerated skepticism now prevailing towards technology and Internet shares. Although the current situation cannot please us, we are keeping calm for two reasons: First, this phase will not slow down the megatrend of the spreading Internet. And second, the companies of the United Internet Group all operate on the basis of sound business models. What's more, our network helps us spread risks.

This is why we will continue to pursue our strategy with determination—namely, to broaden and expand the network. Of particular importance in this context is our growing internationalization. While our participation companies are already European players, we are now also making the switch to international business for the management holding. United Internet locations are being set up in Great Britain, France and Scandinavia—we expect these offices to open before the end of the year. At the same time, we are preparing further IPOs and are looking for new partners to integrate into our network.

Our goals are above all qualitative: Our participation companies should develop into top European players. And United Internet should firmly establish its position as the leading European network of Internet companies. We made a good bit of progress along this path in the first half 2000.



Ralph Dommermuth