

Quarterly Report
January to March 2003



Foreword

United Internet is “on track” in all its operating divisions! In the first three months of 2003 we maintained the excellent momentum from last year and raised our key business figures to new record levels. With revenues of € 100.8 million and pre-tax earnings of € 12.8 million, we even surpassed our outstanding results of Q4 2002.

The fastest growing division is still our Product segment, whose core brands GMX, 1&1 and Schlund+Partner, succeeded in strengthening their positions on all target markets. We expect this momentum to continue and aim to raise customer contracts to 2.8 million by the end of the year.

In the field of web hosting, we have made strong progress exporting our products. United Internet has already successfully established itself in Great Britain, for example, where over 100,000 co.uk domains are now registered with us.

At the same time, we are benefiting increasingly from one of the key growth levers of our business model: the economies of scale resulting from rising customer numbers and improved utilization of our “Internet Factory”. We aim to use this lever to raise the profitability of our Product segment even more in future.



Ralph Dommermuth

Our Outsourcing segment, and its core brand twenty4help, developed in line with expectations during the first three months of 2003. Despite this segment's greater dependence on the general economic climate, we succeeded in raising sales by 10 % over the same period last year.

Earnings also benefited from the lower losses incurred by our investment in AdLINK and from cost savings achieved at our head office.

We are optimistic that we can continue growing and reach our ambitious sales and earnings targets. The sector trend toward broadband data transfer and higher-value internet applications will add further impetus to our development. In addition, we expect considerable growth potential from the further expansion of our international business.

A handwritten signature in dark ink, appearing to read 'Ralph Dommermuth', written in a cursive style.

Montabaur, May 14, 2003

Selected key figures (US-GAAP)

Results*	2002	2003
	Jan.–March	Jan.–March
Sales	70.9 € million	100.8 € million
Earnings before interest, taxes, depreciation and amortization (EBITDA)	13.1 € million	18.6 € million
Earnings before taxes (EBT)	8.1 € million	12.8 € million
Employees	2,902	3,369
Share price at end of march (XETRA)	5.77 €	9.30 €
Earnings per share	0.09 €	0.13 €

Quarterly development of selected key figures*

	Q2/2002	Q3/2002	Q4/2002	Q1/2003
Sales	74.8 € million	77.1 € million	97.2 € million	100.8 € million
EBITDA	14.2 € million	16.5 € million	18.2 € million	18.6 € million
EBT	9.4 € million	10.1 € million	11.2 € million	12.8 € million

Results including extraordinary terms	2002	2003
	Jan.–March	Jan.–March
EBITDA	18.4 € million	18.6 € million
EBT	13.4 € million	12.8 € million
Earnings per share	0.23 €	0.13 €

Stock ownership and subscription rights (units)	Q4/2002	Q1/2003
Executive Board		
Ralph Dommermuth	25,239,905	25,239,905
Norbert Lang	226,000	226,000
Supervisory Board		
Kurt Dobitsch	—	—
Bernhard Dorn	—	—
Michael Scheeren	470,000	470,000
Subscription Rights		
Norbert Lang	112,000	112,000

* The comparative figures of fiscal year 2002 do not include non-recurring and, on balance, positive special items from the sale of investments, as well as restructuring charges incurred by AdLINK for the integration of DoubleClick's European media business.

Development of the Group

In the first quarter of 2003, United Internet succeeded in maintaining the positive development of the past fiscal year. Sales and earnings even surpassed the extremely healthy results of the previous quarters to reach new record levels.

Once again, we succeeded in growing against the general trend of a depressed economy. Even in our Outsourcing segment, which is generally more dependent on the overall economic climate, we are well on the way to achieving our ambitious targets.

Record sales and earnings

In comparison with the same period last year, consolidated revenues of the United Internet Group grew by some 42 % to € 100.8 million in the first three months of the current fiscal year. Pre-tax earnings (EBT) were up 58 % to € 12.8 million (2002: € 8.1 million).

This stable development in both sales and earnings resulted mainly from the steady growth of our Product business. The segment, and its core brands GMX, 1&1 and Schlund+Partner, benefited from a number of positive and mutually beneficial factors: in addition to the continuing, dynamic growth in customer figures, prices on the internet market remained stable throughout the period. This was due mainly to increased market consolidation and the trend to higher-value, fee-based services. The strong demand for web hosting and growth in our access business—especially DSL connections—added further momentum. The economies of scale in this segment achieved by our “Internet Factory” had a strong impact on the Group’s overall earnings.

United Internet’s Outsourcing segment is also heading for growth again. This development is due mainly to the stability of the company’s business with existing customers.

Earnings also benefited from the lower losses incurred by our investment in AdLINK and from cost savings achieved at our head office.

Further increase in bank balances

United Internet’s net bank balances amounted to € 34.3 million as of March 31, 2003. The balances are invested on the money market.

Cash flow / capital expenditures

The major share of total capital expenditures amounting to € 6.8 million resulted from the completion of our new data center in Karlsruhe and the expansion of server capacities. The move to the new data center was completed in April. In our Outsourcing segment we made considerable investments for the establishment of a new location in Newcastle.

Employees

At the end of the first quarter 2003, United Internet employed a total of 3,369 people (31.12.2002: 3,195). Of this total, 1,044 were employed by the Group’s international subsidiaries (31.12.2002: 892).

Parent company results

Pre-tax earnings (EBT) of the parent company, United Internet AG, in the first three months of 2003 totaled € –1.3 million. As of March 31, 2003 the company had a positive bank balance of € 25.7 million. The equity ratio rose to 87.0 %.

Affiliates

United Internet's minority shareholdings once again made a positive contribution to the Group's pre-tax earnings in the first quarter of 2003. Despite adverse market conditions, the internet advertising specialist AdLINK made strong progress in earnings. Sales grew to € 9.5 million (prior-year: € 8.5 million), while EBITDA remained slightly negative at € -0.6 million (prior-year: € -1.2 million).

Tec-Dax listing

United Internet celebrated two special occasions on March 24: our five-year anniversary on the stock exchange and our selection for the premium Tec-Dax index. The German stock exchange's new Tec-Dax index comprises the 30 largest technology stocks below the DAX. The advertising campaign we ran in Germany's major business publications on the day of our first listing was well received by the financial community. As of the first day in the new index, United Internet was among the top ten Tec-Dax stocks with regard to market capitalization of our free-float shares. Since its initial listing, the United Internet share has easily outperformed the index. We expect our Tec-Dax listing to raise awareness for United Internet among private and institutional investors.

Dividend

At the annual shareholders' meeting on May 16, 2003, the Management Board and Supervisory Board of United Internet AG will recommend the payment of a 50-cent dividend (10 cent basic dividend + 40 cent bonus) per share for the fiscal year 2002. This corresponds to an average of 10 cents per year since our IPO in 1998.

Outlook

With regard to the sustained growth in customer contracts, United Internet is well on the way to achieving its ambitious targets. We can look optimistically into the future. This optimism is rooted in the general trend toward greater data transfer and broadband connections as well as to higher-value internet services, which our high-performance "Internet Factory" can offer. These trends are not only lifting sales and earnings in Germany: our capacities and financial strength provide an excellent basis for further international expansion, either through acquisitions or organic growth.

We have ambitious targets: in 2003 we expect sales of € 402 million and pre-tax earnings of € 55 million. The development of the first quarter proves that we can reach these targets.

Product business

Our Product segment—represented by the brands GMX, 1&1 and Schlund+Partner—continued its strong development of the past year in the first quarter of 2003. We strengthened our position as one of the leading suppliers in all target markets. As of March 31, 2003 we had 2.25 million customer accounts.

Sales revenues climbed over 60 % to € 71.2 million (prior-year: € 44.3 million). Meanwhile, EBITDA improved to € 15.8 million (prior-year: € 11.9 million). There was also strong growth in pre-tax earnings (EBT), which grew from € 9.2 million to € 11.8 million.

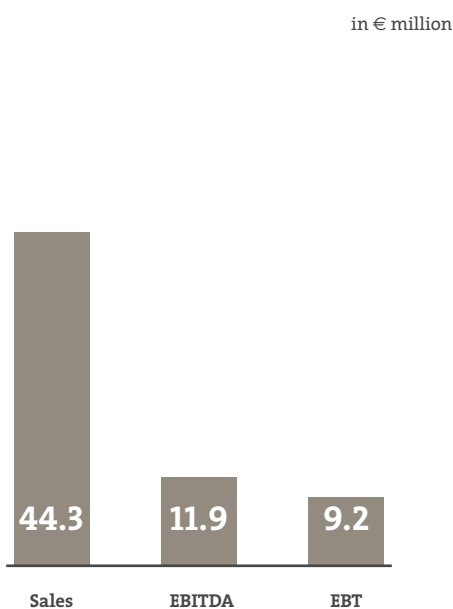
These excellent figures reflect both the steady growth in customer accounts, as well as a number of other favorable factors: firstly, prices on the internet market remained firm due to increased market consolidation and the trend to higher-value, fee-based services. Secondly, we are benefiting increasingly

from economies of scale through greater utilization of our “Internet Factory”. The segment also profited from consistently high demand for web hosting services and dynamic growth in our access business—driven mainly by the rising number of DSL connections.

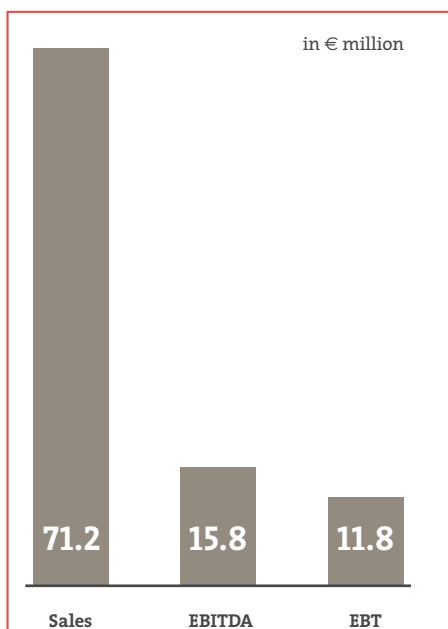
In our web hosting business, strong growth in dedicated hosting helped confirm our position as market leader. At the end of March, United Internet had over 13,000 dedicated servers, adding an average of over 1,000 new servers per month.

GMX

GMX strengthened its position as the leading e-mail and messaging specialist and now administers over 15 million e-mail accounts. With its product campaign launched in the fourth quarter of 2002 (“GMX Next Generation”), GMX added a number of new functions and fee-based services to its core e-mail and



2002
Jan.-March



2003
Jan.-March

messaging business. An increasing number of consumers have been attracted to the new fee-based services. GMX currently generates approximately 50,000 new customer contracts per quarter. As of March 31, 2003 the number of fee-based subscriptions stood at 180,000.

1&1

1&1 held over 2 million active customer accounts as of March 31, 2003. In order to generate new contracts, 1&1 has established a highly efficient sales channel with its 1&1 ProfiSellers—one of Europe's largest direct sales networks with over 170,000 freelance agents. 1&1 also utilizes direct marketing, magazine supplements, adverts, cooperative sales agreements and online advertising.

The number of DSL customers has now risen to 400,000. 1&1 has thus established itself as one of the leading market players in this segment.

1&1 successfully continued its international expansion with further growth on the UK market. As of March 31, 2003 the company held over 80,000 customer accounts. With almost 100,000 domains, 1&1 Internet Ltd. has established itself as the number 2 company for the registration of new .co.uk addresses.

Schlund+Partner

United Internet's premium brand, Schlund+Partner, offers small to mid-size companies one-stop shopping for all relevant internet solutions. An extensive partner network of over 5,000 agencies ensures fast, on-site service for customers. The number of contracts rose to 60,000.

Quarterly development in € million

	Q2/2002	Q3/2002	Q4/2002	Q1/2003
Sales	47.4	52.0	67.2	71.2
EBITDA	13.9	14.7	13.9	15.8
EBT	10.9	10.9	9.9	11.8

Outsourcing business

In its Outsourcing segment, United Internet leverages its expertise in product management, software development and data center operation for third parties, in order to fully utilize spare capacity. The “Schlund Technologies” brand is used to market our core competencies as white-label products for other Internet Service Providers. twenty4help offers a wide range of services in the field of customer relationship management.

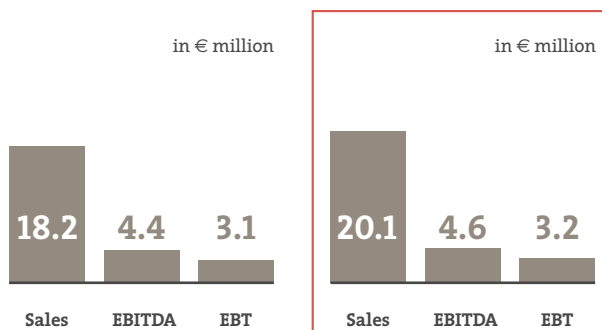
Year-on-year sales in the Outsourcing segment rose by 10 % from € 18.2 million to € 20.1 million in the first quarter of 2003. EBITDA and EBT both grew slightly to € 4.6 million (prior-year: € 4.4 million) and € 3.2 million (prior-year: € 3.1 million), respectively.

twenty4help

The weak economy, coupled with cost pressure and sales problems, led many major customers to reduce their use of our outsourcing services in 2002. The sector now appears to be pulling out of this slump.

Schlund Technologies

Over 4,000 smaller ISPs and multimedia agencies have now been gained as resellers for Schlund Technologies. They provide their customers with some 200,000 domains via Schlund Technologies.



2002
Jan.-March

2003
Jan.-March

Quarterly development in € million

	Q2/2002	Q3/2002	Q4/2002	Q1/2003
Sales	16.9	16.4	18.3	20.1
EBITDA	3.0	3.6	4.5	4.6
EBT	2.2	2.3	2.9	3.2

United Internet AG – Consolidated Income Statement according to US-GAAP
for January 1, 2003 to March 31, 2003 in €k

	2003 January–March	2002 January–March
Sales	100,838	70,939
Cost of sales	-60,598	-44,127
Gross profit	40,240	26,812
Selling expenses	-18,622	-10,635
General and administrative expenses	-9,642	-8,963
Restructuring charges	0	-5,501
Other operating income / expenses	712	11,981
Operating result	12,688	13,694
Interest and similar expenses	-301	-774
Interest and similar income	369	442
Result from associated companies	45	81
Pre-tax result	12,801	13,443
Income taxes	-5,370	-3,990
Net profit	7,431	9,453
Minority interests	258	3,993
Profit after minority interests	7,689	13,446
Result per share (in €)*		
– basic	0.13	0.23
– diluted	0.13	0.23
Weighted average shares (in million units)*		
– basic	57.18	57.18
– diluted	57.20	57.20
* Adjusted shares after capital increase in the previous year.		

United Internet AG – Consolidated Balance Sheet according to US-GAAP in €k

ASSETS

	March 31, 2003	December 31, 2002
Current assets		
Cash and cash equivalents	38,256	32,379
Accounts receivable and other assets	66,054	65,990
Inventories	4,728	3,984
Prepaid expenses	8,660	9,029
Deferred tax asset	6,058	6,420
Current assets, total	123,756	117,802
Non-current assets		
Equity investments	12,588	12,543
Other financial assets	1,803	1,801
Property, plant and equipment	37,758	35,575
Intangible assets	6,952	8,312
Goodwill	61,938	61,787
Non-current assets, total	121,039	120,018
Assets, total	244,795	237,820
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Accounts payable, trade	27,030	29,452
Liabilities due to banks	441	373
Advance payments received	18,836	19,624
Accrued taxes	10,069	5,795
Other accrued liabilities	15,610	18,574
Deferred revenue	27,527	24,888
Current liabilities, total	99,513	98,706
Non-current liabilities		
Convertible bonds	2,089	2,037
Liabilities due to banks	3,492	3,577
Deferred revenue	1,779	3,396
Non-current liabilities, total	7,360	9,010
Liabilities, total	106,873	107,716
Minority interests	12,797	13,018
Equity		
Capital stock	57,182	56,882
Subscribed capital	0	865
Additional paid-in capital	118,393	117,515
Accumulated deficit	-58,210	-95,515
Profit	7,689	37,305
Outstanding, unrealized compensation for employee stock ownership programme	-272	-156
Currency translation adjustment	343	190
Equity, total	125,125	117,086
Equity and liabilities, total	244,795	237,820

United Internet AG – Development of Consolidated Equity from January 1, 2003 to March 31, 2003 in €k

	January–March 2003	January–March 2002
Consolidated Equity		
Start of period	117,086	77,980
Capital stock	300	0
Subscribed capital	-865	0
Additional paid-in capital	878	566
Profit after minority interests	7,689	13,446
Outstanding, unrealized compensation for employee stock ownership programme	-116	-161
Changes in currency translation adjustments	153	-3
End of period	125,125	91,828

United Internet AG – Consolidated Statement of Cash Flows according to US-GAAP

from January 1, 2003 to March 31, 2003 in €k

	2003 January–March	2002 January–March
Cash flow from operating activities		
Profit after minority interests	7,689	13,446
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	5,941	4,667
Compensation expenses from employee stock option plans	197	405
Not distributed profits of associated companies	-45	-81
Minority interests	-258	-3,993
Change in currency translation adjustments	153	-3
Change in deferred taxes	364	3,646
Gain from the sale of shares in affiliated companies	0	-10,790
Operative cash flow	14,041	7,297
Changes in assets and liabilities		
Change in receivables and other assets	-63	5,626
Change in inventories	-744	-431
Change in deferred expenses	369	-387
Change in accounts payable, trade	-2,422	-4,693
Change in other accrued liabilities	-2,964	6,260
Change in accrued taxes	4,274	93
Change in other liabilities	-789	-1,890
Change in deferred income	1,022	-3,626
Changes in assets and liabilities	-1,317	952
Cash flow from operating activities	12,724	8,249
Cash flow from investment activities		
Capital expenditure for intangible assets and property, plant and equipment	-6,825	-2,242
Repayments/payments of loans granted	-2	1
Disposal of assets, net book value	61	407
Acquisitions, net of acquired cash	-151	-6,959
Cash flow from investment activities	-6,917	-8,793
Cash flow from financing activities		
Change in bank loans	-17	-32,528
Minority interests	35	0
Payment / repayment of convertible bonds	52	-15
Cash flow from financing activities	70	-32,543
Net increase / net decrease in cash	5,877	-33,087
Cash on hand and bank balances at the beginning of the fiscal year	32,379	69,765
Cash on hand and bank balances as of March 31, 2003	38,256	36,678

United Internet AG – Balance Sheet according to German Commercial Code (HGB)
as of March 31, 2003 in €k

ASSETS

	March 31, 2003	December 31, 2002
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights, and assets and licenses in such rights and assets	42	48
	42	48
Property, plant and equipment		
Other equipment, operational and office equipment	243	292
	243	292
Financial assets		
Shares in affiliated companies	79,718	79,718
Investments	33,037	33,037
Other loans	576	580
	113,331	113,335
	113,616	113,675
Current assets		
Accounts receivable and other assets		
Accounts receivable, trade	16	17
Receivables due from affiliated companies	15,406	28,383
Receivables due from companies in which an investment is held	815	700
Other assets	2,792	2,416
	19,029	31,516
Cash in hand and bank balances	25,668	16,796
	44,697	48,312
Prepaid expenses	6	0
Balance sheet, total	158,319	161,987

EQUITY AND LIABILITIES

Equity	March 31, 2003	December 31, 2002
Capital stock	57,182	56,882
Additional paid-in capital	38,918	38,354
Revenue reserves	898	898
Accumulated revenue / deficit	42,081	-39,973
Profit / loss	-1,274	82,054
	137,805	138,215
Subscribed capital	0	865
Accruals		
Accrued taxes	3,583	4,106
Other reserves and accrued liabilities	6,897	7,026
	10,480	11,132
Liabilities		
Bonds	1,309	1,257
Accounts payable, trade	197	118
Liabilities due to affiliated companies	6,559	7,756
Other liabilities	1,969	2,644
	10,034	11,775
Balance sheet, total	158,319	161,987

United Internet AG – Income Statement according to German Commercial Code (HGB)
 from January 1, 2003 to March 31, 2003 in €k

	2003	2002
	January–March	January–March
Net sales	935	667
Other operating income	11	25,788
Cost of material		
Cost of purchased services	-819	-456
Personnel expenses		
a. wages and salaries	-262	-463
b. social security contributions	-20	-24
Depreciation of intangible and tangible assets	-38	-57
Other operating expenses	-903	-1,367
Interest and similar income	245	193
Interest and similar expenses	-407	-996
Result from ordinary activities	-1,258	23,285
Result before taxes	-1,258	23,285
Income taxes	-15	-5
Other taxes	-1	0
Profit / loss	-1,274	23,280

The accounting and valuation principles used in this report on the first three months correspond to those applied in the annual financial statements for fiscal 2002.



Products

**GMX GmbH
GMX Internet Services GmbH**

**1&1 Internet AG
1&1 Internet Ltd.
1&1 Internet S.A.R.L.
1&1 Internet Service GmbH**

Schlund + Partner AG

A1 GmbH

CONVIGATE GmbH

Outsourcing

Schlund Technologies GmbH

**twenty4help Knowledge Service AG (D)
twenty4help Knowledge Service B.V. (NL)
twenty4help Knowledge Service A.B. (S)
twenty4help Knowledge Service Ltd. (UK)**

MIP Multimedia Internet Park GmbH

Shareholdings:

AdLINK Internet Media AG	67.62 % *
fun communications GmbH	33.33 %
imedia - Gesellschaft für neue Medien mbH	40.00 %
Metropolis AG	43.96 %
NT Plus AG	40.23 %
Sedo GmbH	41.04 %

* 21 % deposited with trustee for call option held by
DoubleClick Inc.

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