

# IONOS

Company Presentation  
June 2023



# Disclaimer

Certain information set forth in this presentation contains “forward-looking information”, including “future-oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) the expected development of the Company’s business, projects, and participations; (iii) execution of the Company’s vision and growth strategy; (iv) completion of the Company’s projects that are currently underway, in development or otherwise under consideration; (v) renewal of the Company’s current supplier and other material agreements; and (vi) future liquidity, working capital, and capital requirements; (vii) currency exchange rates, most notably the EUR/USD exchange rates; (viii) changes in laws and regulations, including tax regulations; (ix) the impact of acquisitions including and related integration issues and reorganization measures, and (x) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level.

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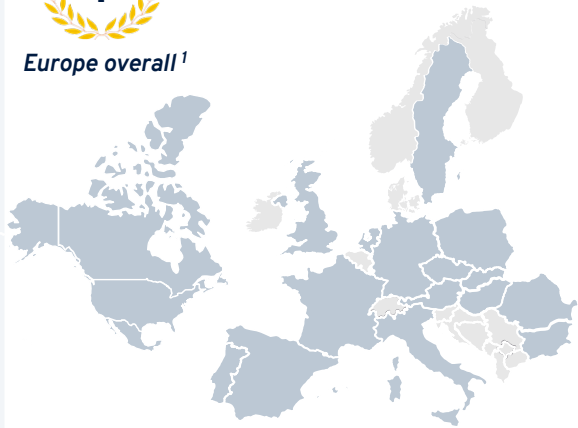
In the interests of clear and transparent reporting, financial presentations, the annual financial statements and interim statements of IONOS Group SE, as well as any ad-hoc announcements pursuant to Art. 17 MAR and other financial information contain additional financial performance indicators to those required under International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, EBIT and free cash flow. Information on the use, definition and calculation of these performance measures is provided in the Annual Consolidated Financial Statements 2022 of IONOS Group SE or is explained in an associated footnote.

# FY 2022 confirmed the strength and sustainability of growth, profitability and cash generation

**Leading partner for digitalization,  
active in 18 markets across Europe and  
North America, accessible worldwide**



*Europe overall<sup>1</sup>*



**€1.3bn total revenue (17% yoy growth)**

High revenue visibility and predictability

**~80% recurring revenue<sup>2</sup>**

Subscription-based business model

**€346mm adj. EBITDA<sup>3</sup> (27% margin)**

Attractive profitability

**~90% cash conversion rate<sup>4</sup>**

Highly cash generative

**~6mm customers**

Unparalleled European SMB customer access

**Leverage 3.5x<sup>5</sup>**

Deleveraging by ~0.5x per year going forward

**€ 14.00 ARPU<sup>6</sup> (5.2% yoy growth)**

Strong cross and up-selling

**NPS of >34<sup>7</sup>**

High customer loyalty

**11x+ CLTV/CAC<sup>8</sup>**

Targeted and efficient customer acquisition

**~12-18 months payback<sup>9</sup>**

Quick and predictable recovery of CAC

<sup>1</sup> Refers to webhosting market share based on company data analysis and HostAdvice; <sup>2</sup> Equivalent to total revenue excl. revenue from Aftermarket business (sedo); <sup>3</sup> FY2022, Adj. EBITDA is defined as the Group's EBITDA adjusted for either non-recurring items or non-operating items; <sup>4</sup> Defined as adj. EBITDA less maintenance capital expenditures divided by adj. EBITDA. Maintenance capital expenditures = capital expenditures for replacements and in the ordinary course of business; <sup>5</sup> Defined as Net Debt / LTM adj. EBITDA; <sup>6</sup> Refers to IONOS Group excl. Aftermarket; <sup>7</sup> NPS as per Q4 2022; <sup>8</sup> Refers to IONOS brand. Customer Acquisition Cost (CAC) calculated as the amount of recurring and variable marketing expenses (in €) divided by the number of customers gained over a period, Customer Lifetime Value (CLTV) calculated as (1/churn)\*Average Revenue Per Customer\*Gross Profit contribution; <sup>9</sup> Incl. discounts.

# The leading European SMB digitalization partner & trusted cloud enabler



Note: High-level figures rounded

<sup>1</sup> Total revenue including ~€50mm revenue from Hosting Services to UI Group companies;; <sup>2</sup> Company Data Analysis based on the number of domains listed for sale on sedo.com;; <sup>3</sup> Refers to revenue from sedo;

# Comprehensive product portfolio, first class customer service and infrastructure

## IONOS

Strong customer support organisation  
(Personal Service Agent & 24/7 multi-channel support)

### WEB PRESENCE & PRODUCTIVITY

One-stop-shop for all digitalization needs of SMBs



Domains



E-mail & Office



Web Hosting & Sitebuilder



E-commerce



Server Hosting



Value Added Services

SMBs typically spending €10-20 per month

FY22 revenue: ~90%<sup>1</sup>

### CLOUD SOLUTIONS

Trusted European Cloud provider for  
SMBs and enterprises



Public Cloud



Private Cloud



Bare Metal Cloud



Managed Services

SMBs, mid-market & public sector, typically  
spending €300-500+ per month

FY22 revenue: ~10%<sup>1</sup>

### Internet factory

Unified product platforms | Joint group developments | Technology stack with >100,000 servers in 32 data centers<sup>2</sup>



Broad portfolio



Open-source



Future-oriented design



State-of-the-art



Scalable

<sup>1</sup> Refers to revenue from contracts with customers; <sup>2</sup> o/w 11 fully owned and 21 co-location data centers, several of them geo-redundant

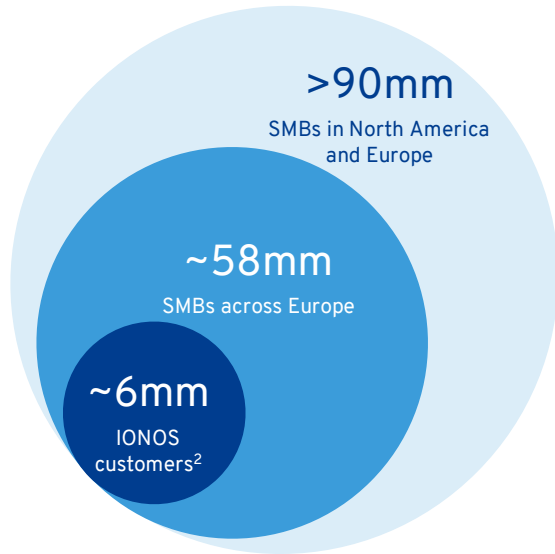
## Summary & conclusion



# IONOS equity story

# Large, attractive and fast-growing market driven by secular trends

Large and untapped SMB core target group<sup>1</sup>



**96%+**

of SMBs in Europe are micro SMBs and solo-preneurs

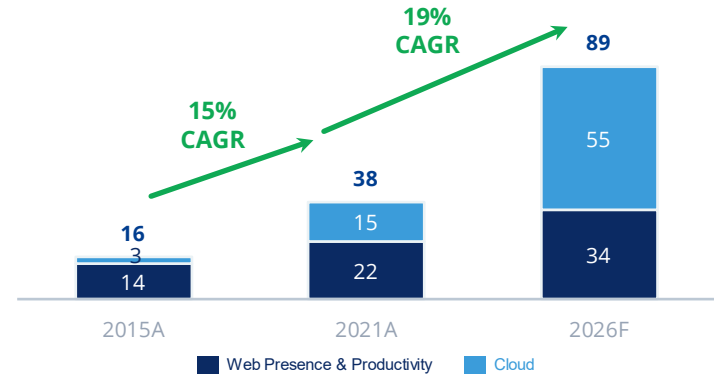
Only **~50%**


of solo-preneurs and micro SMBs have a website

Only **~27%**

of SMBs with websites use an e-commerce solution

IONOS served addressable market '15-26<sup>3</sup>, €bn



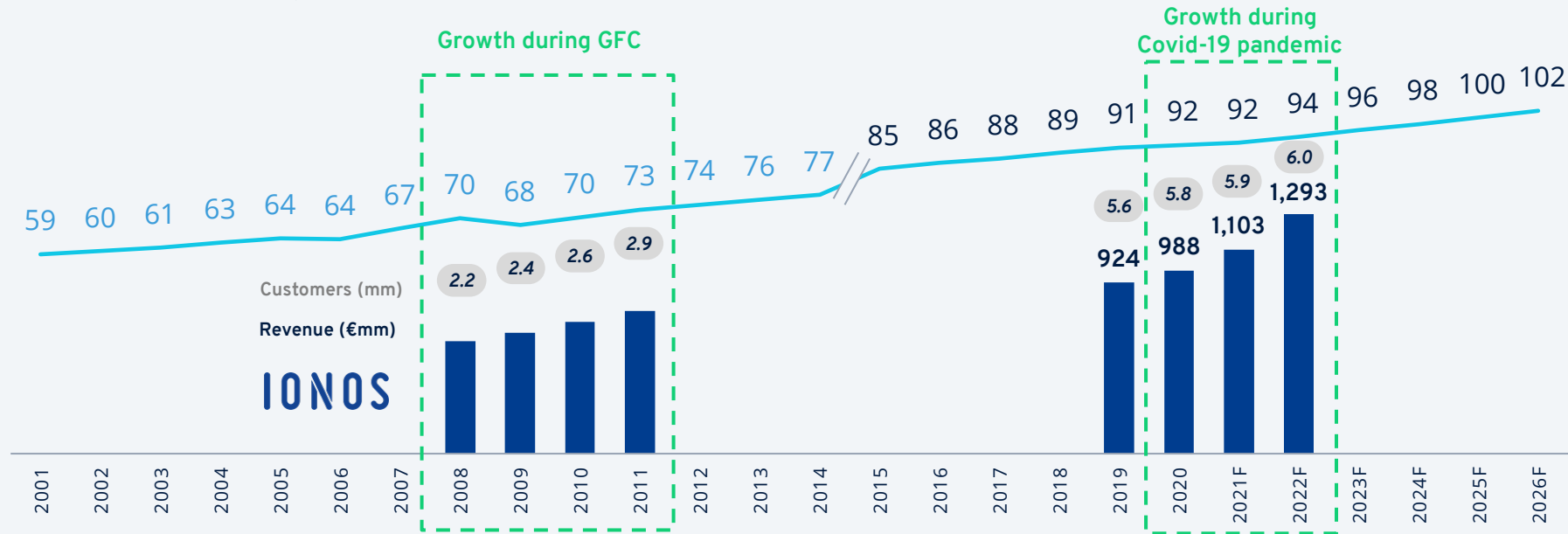
CAGR		'15-21	'21-26
	WEB PRESENCE & PRODUCTIVITY	8%	9%
	CLOUD	35%	29%

Sources: Company Data Analysis, company information, McKinsey: The SMB Market for Digitization and Cloud Solutions, <sup>1</sup> SMB core target group shown in the chart includes companies with <250 FTE in 2020; <sup>2</sup> Total number of IONOS customers (mostly SMBs), as of September 30, 2022; <sup>3</sup> McKinsey: The SMB Market for Digitization and Cloud Solutions, Cloud North America and server hosting North America deducted from total McKinsey figures to align with IONOS current addressability



# Historical pattern underlines strong resilience even in times of market downturn

Number of SMBs in Europe and North America (in millions)



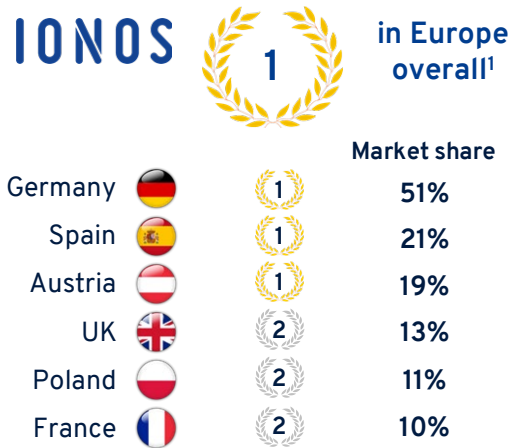
Source: Company Data Analysis based on Statista<sup>1</sup>

Source: Company Data Analysis based on Eurostat, OECD, IMF, US Census<sup>2</sup>

Source: Company Data Analysis; Statista, Eurostat, OECD, IMF, US Census (SMBs and large enterprises)

<sup>1</sup> Company Data Analysis based on Statista, including SMBs (defined as companies with < 250 FTE). Also including freelancers as per Company Data Analysis. Analysis includes Europe, and North America; <sup>2</sup> Company Data Analysis based on Eurostat, OECD, IMF, US Census, Company Data Analysis, extrapolated for 2021-2026F using average GDP forecasts. Includes freelancers, non-employer firms, micro, small and medium SMBs in Europe and North America

# Web Presence & Productivity: unique competitive advantages reinforce outstanding European market position



**Why we see competitive advantages vs digital platform providers**



**1**

Scale

Highly focused product portfolio with an **extensive footprint across Europe**, driving strong network effects

**2**

Service

**Outstanding and award winning personal support** as trusted partner

**3**

Security

Track record of **high data privacy** and **security standards** combined with **strong reliability** across the last 25 years

**4**

Efficiency

**Efficient marketing**, leveraging intra-group synergies

**Why we see competitive advantages vs use case focused players**

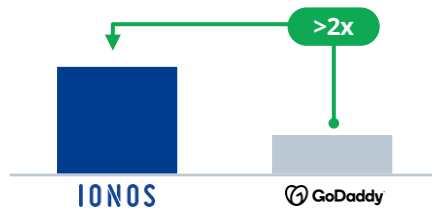


**1**

One-stop shop

**One-stop-shop solution** provider, offering a curated portfolio of products tailored for successful growth of customers of all sizes without changing the provider

## Webhosting market share in Europe (%)<sup>1</sup>

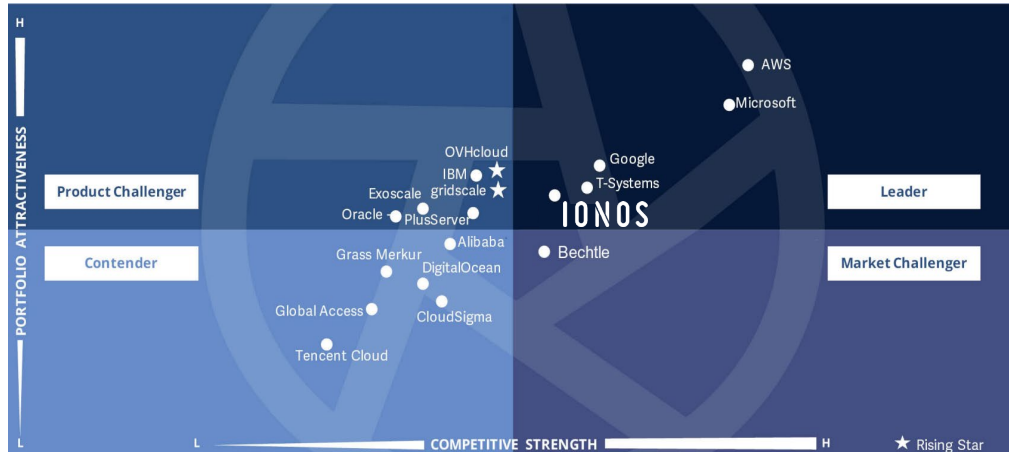


Source: Company information, Company Data Analysis, HostAdvice

<sup>1</sup> Refers to webhosting market shares based on Company Data Analysis and HostAdvice. Europe includes Germany, UK, Spain, France, Poland and Austria. Market size (in €) of the European web hosting market in 2021 by country based on Company Data Analysis. IONOS shares based on Web Presence & Productivity revenue in 2021. OVH France based on estimated revenue in 2021 and Company Data Analysis. Other competitors based on number of domains hosted by web hosting companies as published by HostAdvice as of September 2022. Hyperscalers excluded since not considered part of relevant peer group

## Public Cloud – Services and Solutions Hyperscale Infrastructure and Platform Services

2022  
Germany<sup>1</sup>



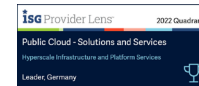
## 2022 ISG Provider Lens Leader<sup>1</sup>

- ✓ IONOS is on a growth trajectory, also adding new services
- ✓ Compared to the hyperscalers, the **attractive Cloud Services** of IONOS have the same quality
- ✓ **Dedicated Infrastructure as a Service**
- ✓ **Flexible and scalable infrastructure**

## Awards



Preferred Vendor  
Cloud Solutions



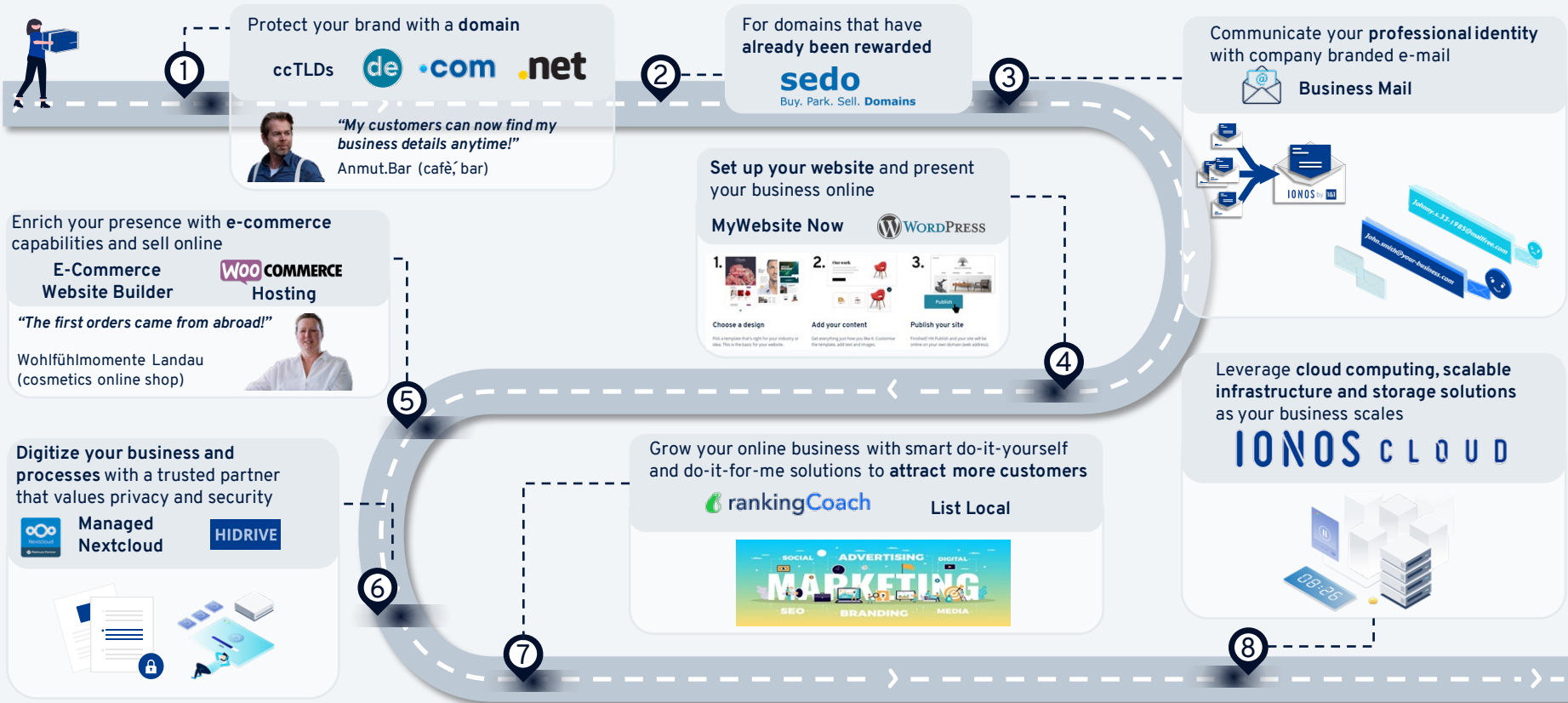
Leader 2022  
Germany



Platinum Award  
Cloud Service Provider

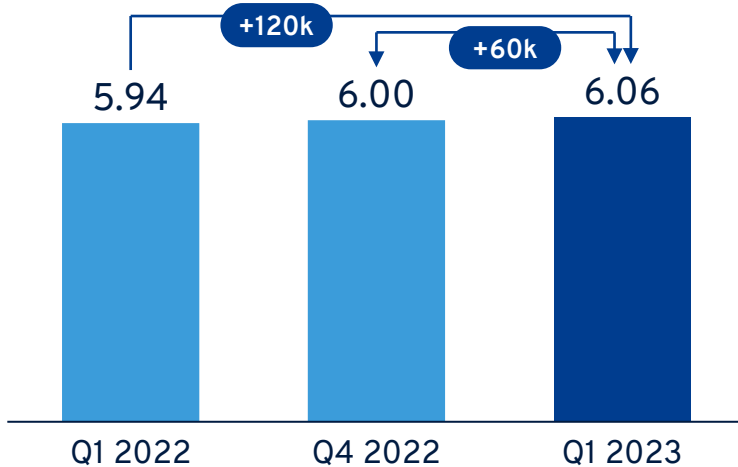
<sup>1</sup> ISG Provider Lens: Public Cloud – Services & Solutions, Hyperscale Infrastructure & Platform Services, Germany 2022

# The IONOS one-stop-shop portfolio enables an end-to-end digitisation journey for our customers



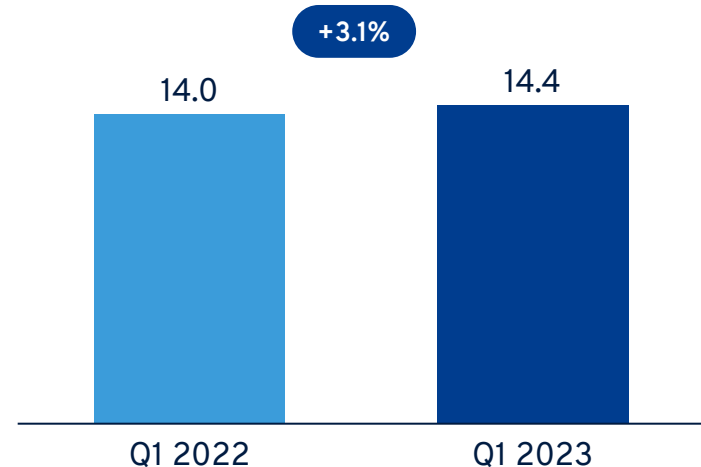
## Growing customer base and ARPU expansion underpinning our predictable growth

Number of customers (EoP in mm)<sup>1</sup>



Churn already at best-in-class level of ~1% per month

Monthly ARPU (€)<sup>1</sup>



ARPU growth through successful up-and cross selling

<sup>1</sup> Refers to IONOS Group excluding Aftermarket

In a consolidating market, the strong brand will be the winner in the long run



Launch: September 2021



Launch: May 2022



Launch: September 2022



Launch: September 2022

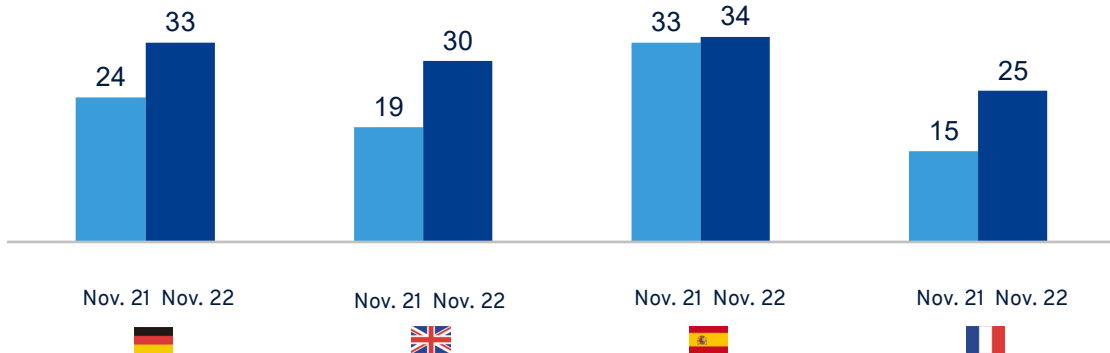
- ✓ Building an “evergreen brand” that is synonymous for Web Presence & Productivity and Cloud Solutions
- ✓ Increase in search demand

- ✓ Increase in target audience brand awareness
- ✓ Building strong employer brand

- ✓ Increase in CLTV and a reduction in CAC
- ✓ Increase in NPS

## Brand investment has already started to pay off

Brand awareness<sup>1</sup>



<sup>1</sup> Brand Awareness (aided) for the IONOS brand, based on Interrogare survey

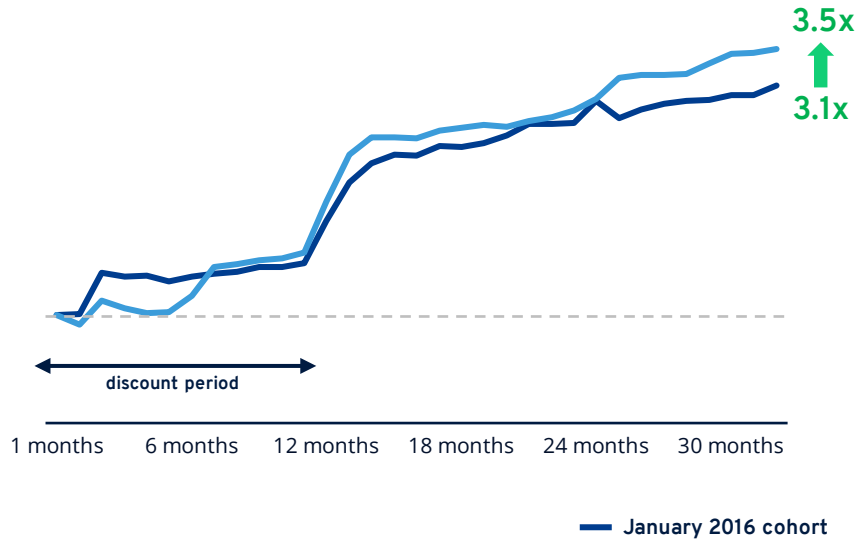
### Commentary

- Incremental marketing investments of €31mm in FY 2022, as planned – mainly for brand marketing
- Brand investments totalling €54mm in FY 2022
- Brand investments in FY 2023E of €65-70mm expected; decreasing as % of total revenue going forward
- Brand investments are already contributing to aided and unaided brand awareness
- Positive impact on all sales channels
- Investments will continue to crystalize value in the coming years

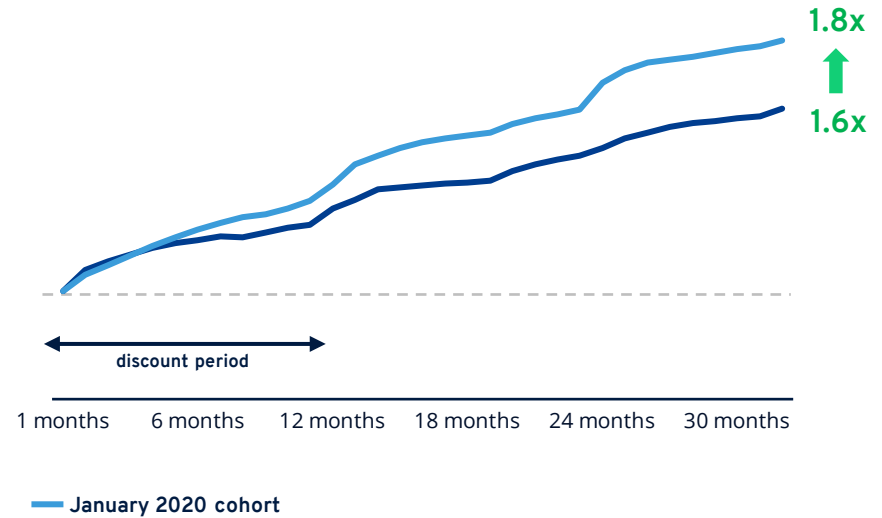
## Proven track record of up-selling and cross-selling

### ARPU development and number of services of cohorts

ARPU evolution per cohort



Evolution of average number of services used, per cohort





# IONOS’ strong commitment to the environment and sustainability is a clear driver of value creation

We focus on energy efficiency measures, our people, culture & sense of community



120

Total Energy Consumption GWh

132 in 2018



1.42

Power Usage Effectiveness

1.52 group average in 2018



100%

Renewable electricity

92% in 2018



24.3%

Female management<sup>2</sup>

18.5% in 2018



100%

Climate neutral data centers (Scope 1 & 2)<sup>1</sup>

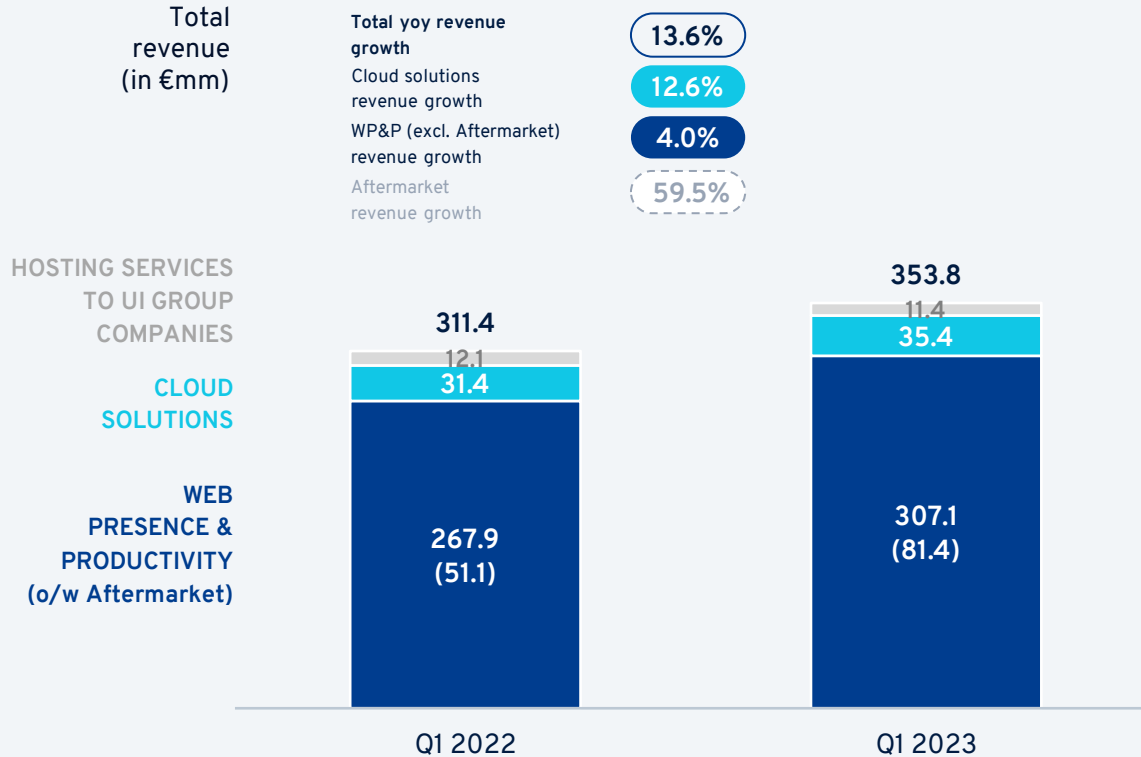
100% since 2018

Strong corporate culture with entrepreneurial founder-led spirit that will take the company to the next level

KPIs refer to FY 2022, unless otherwise stated. KPIs refer to the four key brands IONOS, STRATO, arsys and fasthosts; environmental KPIs refer to own data centers;  
<sup>1</sup> Through directly sourced renewable electricity and offsetting remaining amount; <sup>2</sup> Includes C-1 (Division Managers), C-2 (Department Managers) and C-3 (Teamleads)

# Financials & guidance

## All business areas contributing to strong and sustainable revenue growth



### Commentary

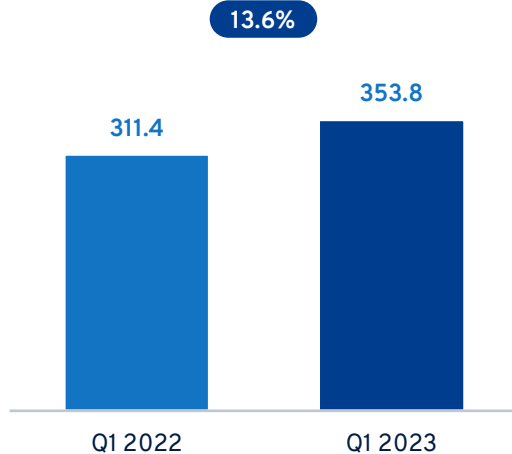
- **Web Presence & Productivity** with strong growth of 14.6% yoy (4.0% yoy excl. Aftermarket or 4.3% yoy excl. Aftermarket at constant currency)
- **Cloud Solutions** growing 12.6% yoy (17.0% yoy excl. initial project with one large customer in H1 2022)
- FX contributing 0.5pp to total revenue growth or -0.3pp excl. Aftermarket

## Strong start into 2023

### Strong revenue growth

Total revenue (€mm)

% yoy growth



### Attractive profitability

Adj. EBITDA (€mm)

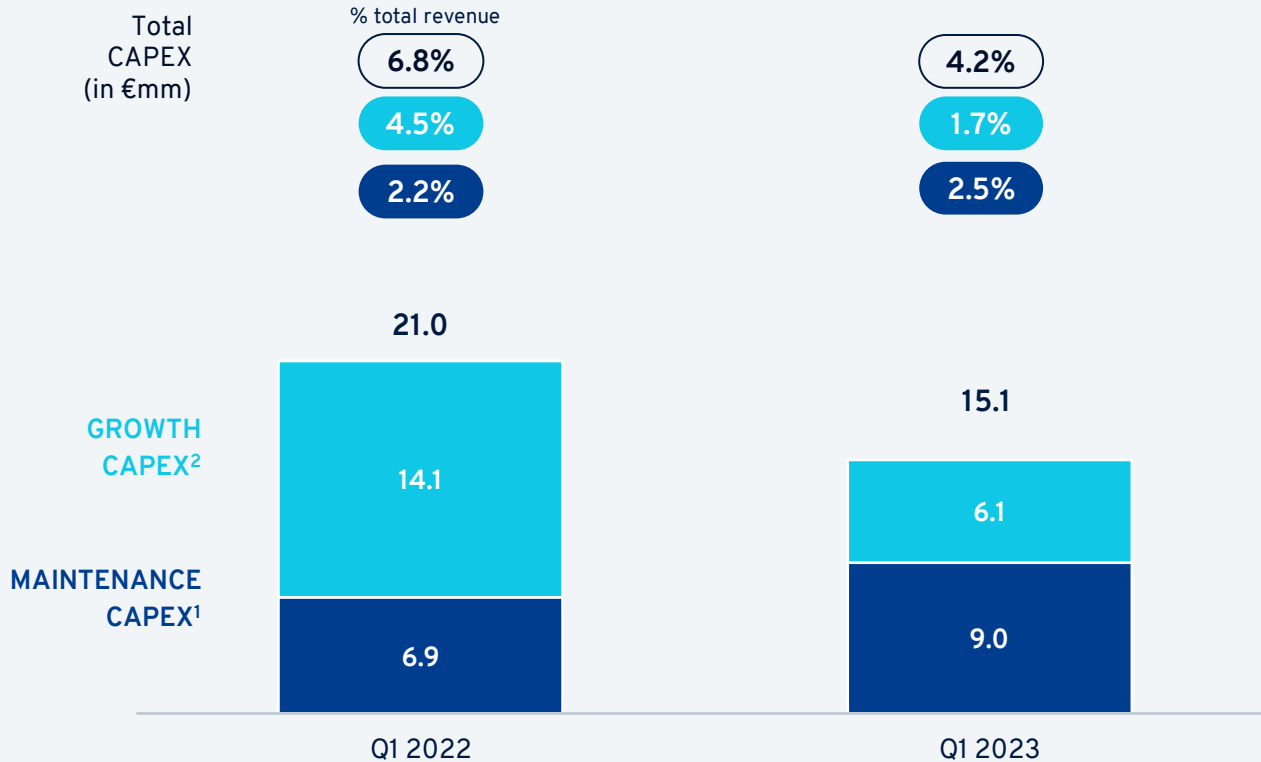
% Adj. EBITDA margin



### Commentary

- Revenue growth of 13.6% yoy (revenue growth excl. Aftermarket at 4.6% yoy)
- Total brand investments of €24mm in Q1 2023 (FY 2023E: ~€65-70mm; decreasing as % of total revenue going forward)
- Brand investments usually peaking in Q1 and especially Q4 with lower spending levels during summer, shifting focus towards performance marketing
- 27.2% EBITDA margin excluding incremental marketing investments
- Approx. 1pp margin dilution from Aftermarket growth

## Well-invested asset base with low and predictable maintenance capex requirements



### Commentary

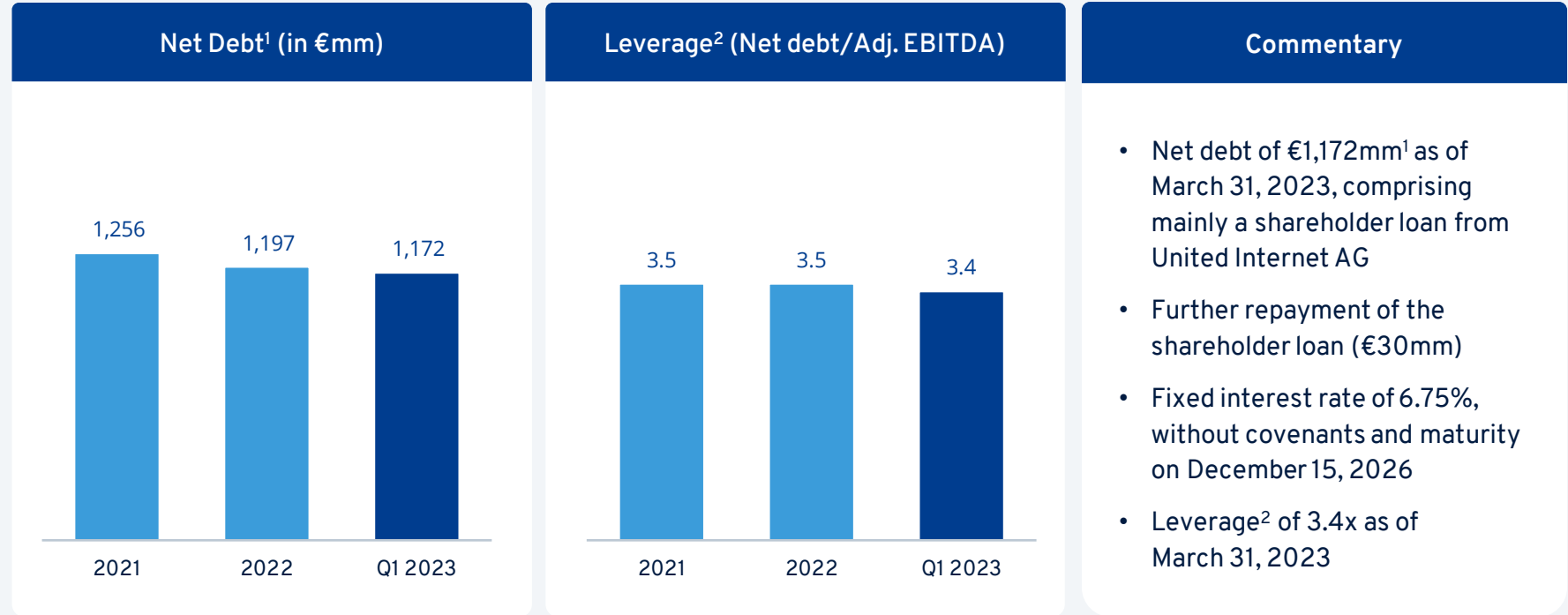
- Total Capex as % of total revenue decreased to 4.2% (prev. year: 6.8%; FY 2022: 7.5%)
- Low and predictable maintenance capex requirements
- Majority of growth capex is related to Cloud Solutions
- Expected CAPEX for FY 2023E: ~€100mm (CAPEX/total revenue of ~7%)

Capex figures refer to capex excl. leasing

<sup>1</sup> Maintenance capital expenditures (excl. additions to right-of-use assets) include capital expenditures for replacements in the ordinary course of business;

<sup>2</sup> Growth capital expenditures defined as total capex, excluding maintenance capex

## Debt at fixed interest rates without refinancing risk



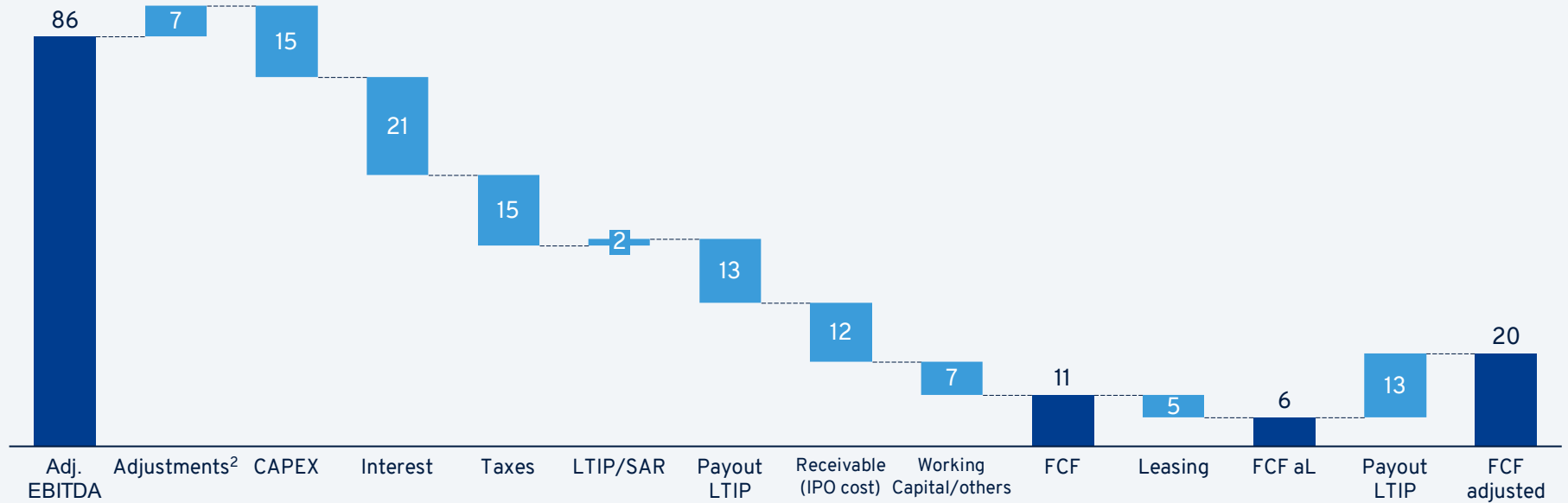
<sup>1</sup> Net Debt is the sum of non-current liabilities to related parties (31.03.2023: €1,215mm) and current liabilities to related parties (31.03.2023: €8mm), less receivables from related parties (31.03.2023: €16mm), less cash and cash equivalents (31.03.2023: €35mm)

<sup>2</sup> Calculated as Net Debt / Adj. EBITDA LTM

# Free Cash Flow generation

## Q1 2023 adj. EBITDA to (adjusted) Free Cash Flow<sup>1</sup>(FCF) bridge

(in €mm)

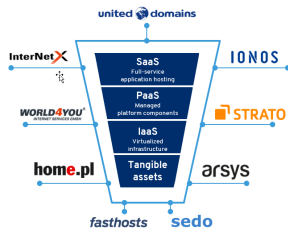


<sup>1</sup> Free cash flow (FCF) is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment;

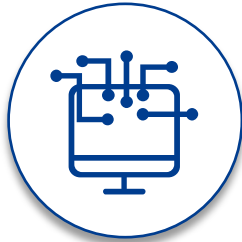
<sup>2</sup> Adjustments for either non-recurring items or non-operating items (i.e. IPO costs, LTIP, stand-alone costs)

## Our major projects and milestones

### Further expansion of our Internet Factory



### Cloud: IaaS has nearly all features in place, focus on PaaS



### Continuous focus on our successful Wordpress strategy



### Release of AI features through the whole product suite



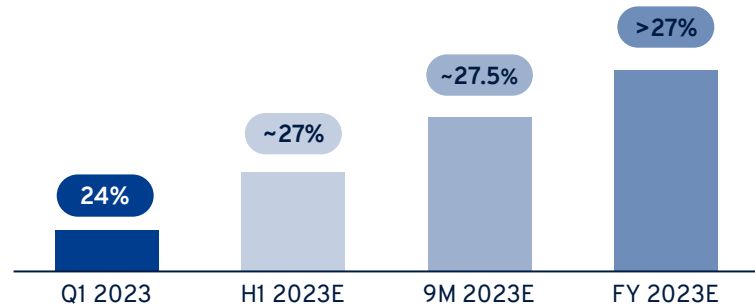


We are confirming our outlook for FY 2023<sup>1</sup>

## FY 2023E

Total revenue growth	~10%
Web Presence & Productivity	8 – 10%
Cloud Solutions	16 – 20 %
Adj. EBITDA margin	>27%
Leverage EoY (Net debt/Adj. EBITDA)	<3.0x

## Expected development adj. EBITDA margin

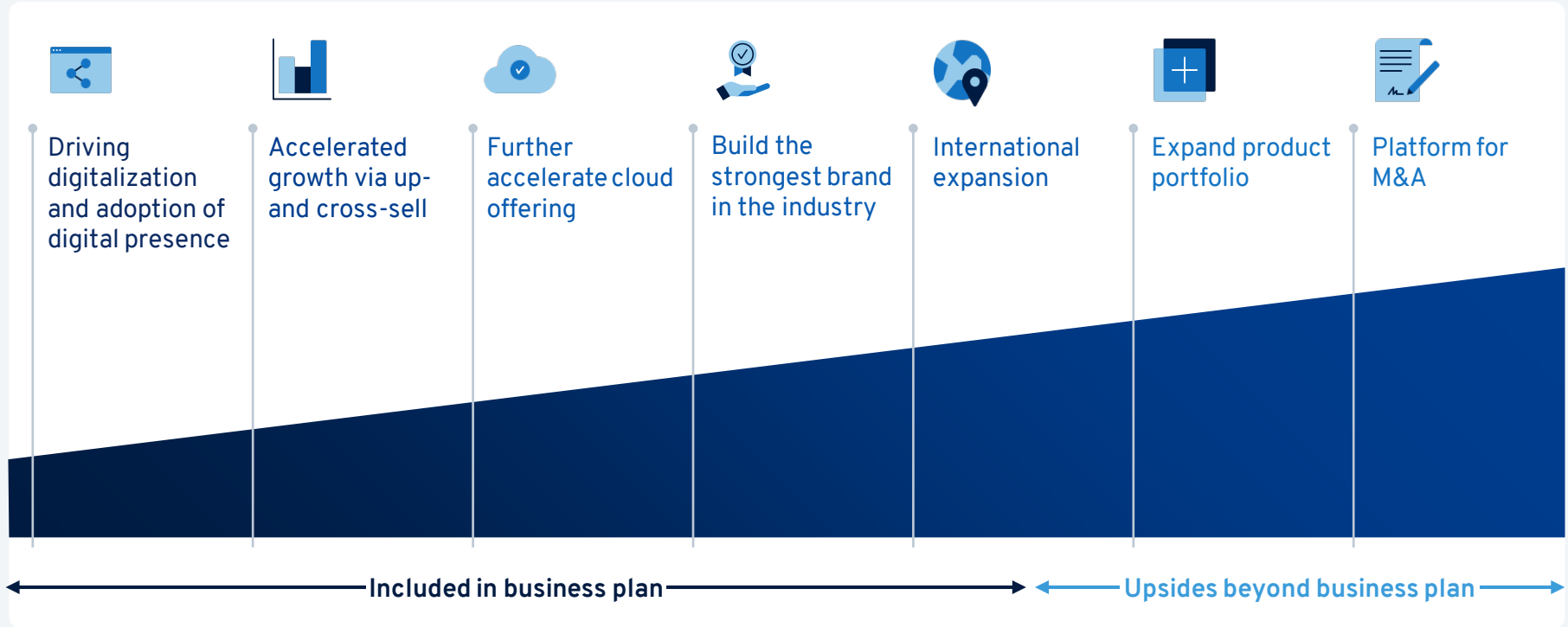


## Commentary

- Expectations for FY 2023 are fully in-line with our previous guidance
- Adj. EBITDA margin in Q1 2023 slightly lower due to different phasing of the brand investments compared to the previous year
- Mid-term outlook unchanged

<sup>1</sup> Outlook is based on constant currency

# IONOS is well positioned to take advantage of multiple growth levers



Note: Order of items does not indicate priority or progress

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.tech  
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# IONOS