

# IONOS

Company Presentation  
November 2023



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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> Leverage 31.12.2022, 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



9M 2023 figures

<sup>1</sup>Total revenue including ~€33mm revenue (=3%) 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 care 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 31 data centers<sup>2</sup>



Broad portfolio



Open-source



Future-oriented design



State-of-the-art



Scalable

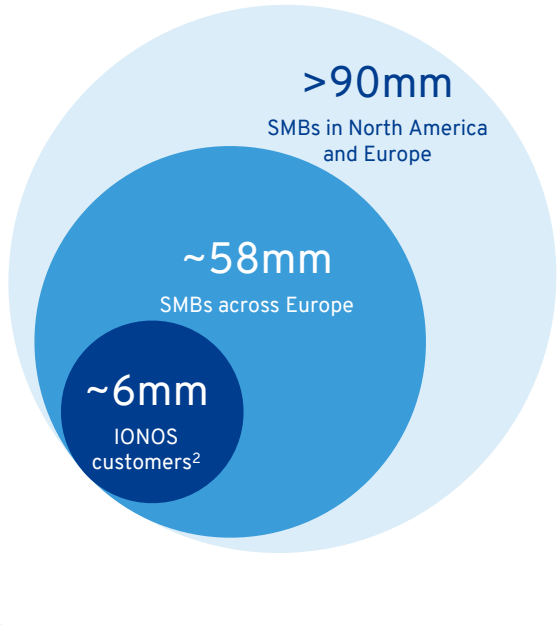
Source: Company information

<sup>1</sup> Refers to revenue from contracts with customers; <sup>2</sup> o/w 11 fully owned and 20 co-location data centers, several of them geo-redundant

# 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

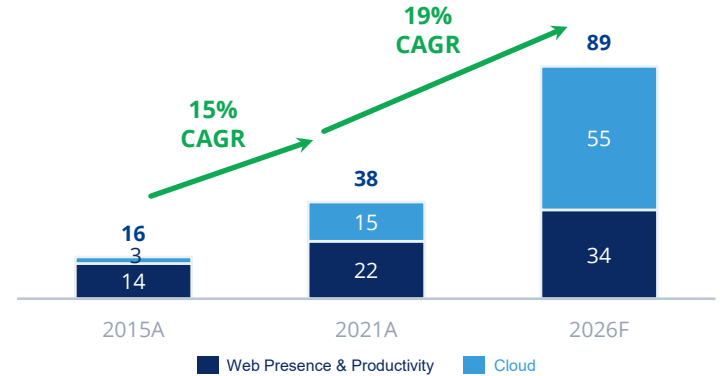
Only **~50%**

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

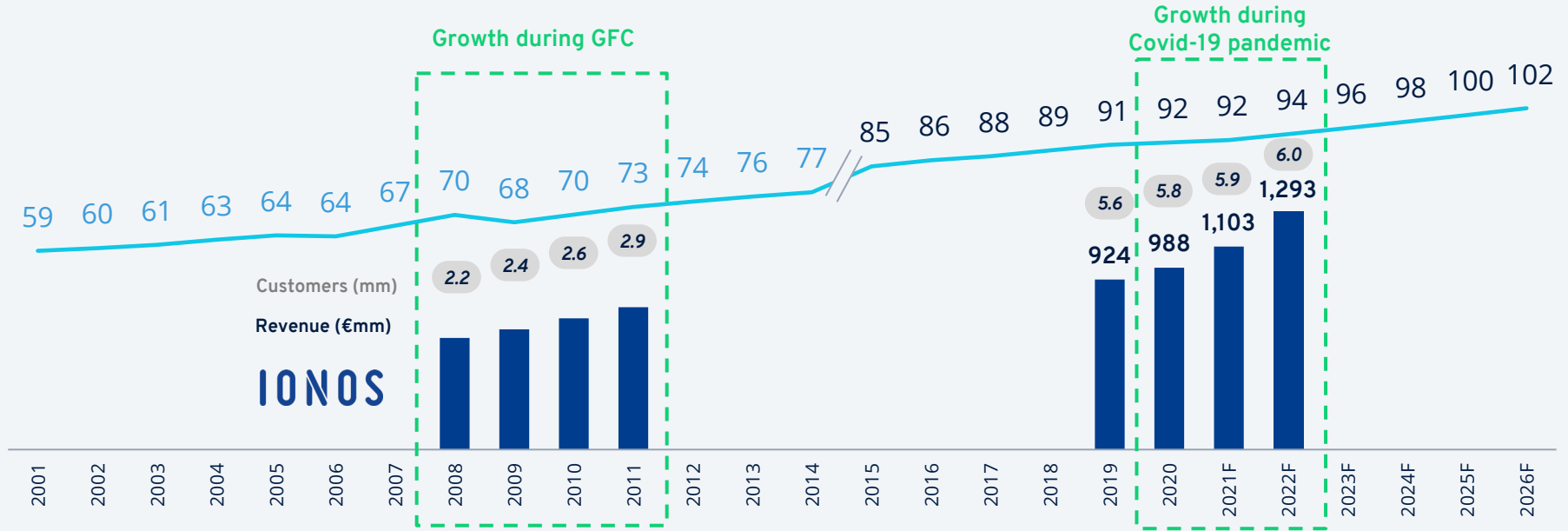


CAGR		'15-21	'21-26
	WEB PRESENCE & PRODUCTIVITY	8%	9%
	CLOUD	35%	29%

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

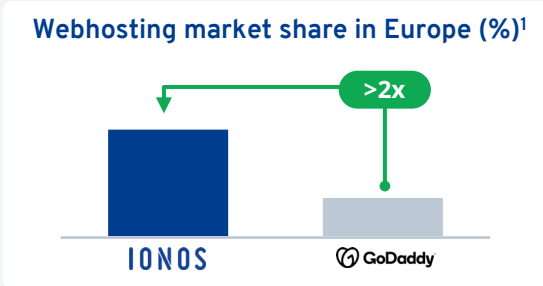


# Web Presence & Productivity: unique competitive advantages reinforce outstanding European market position

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

**Market share**

Germany			51%
Spain			21%
Austria			19%
UK			13%
Poland			11%
France			10%



**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

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



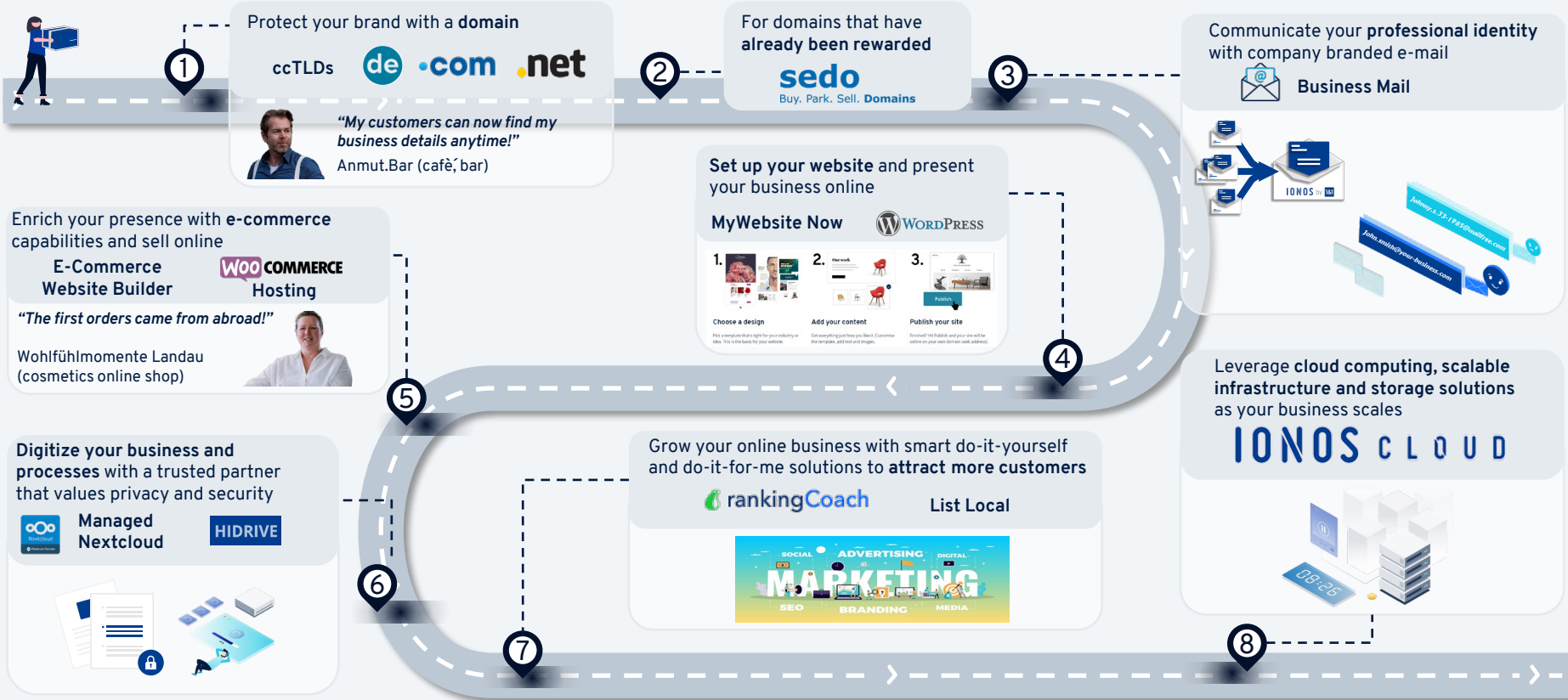
Leader 2022  
Germany



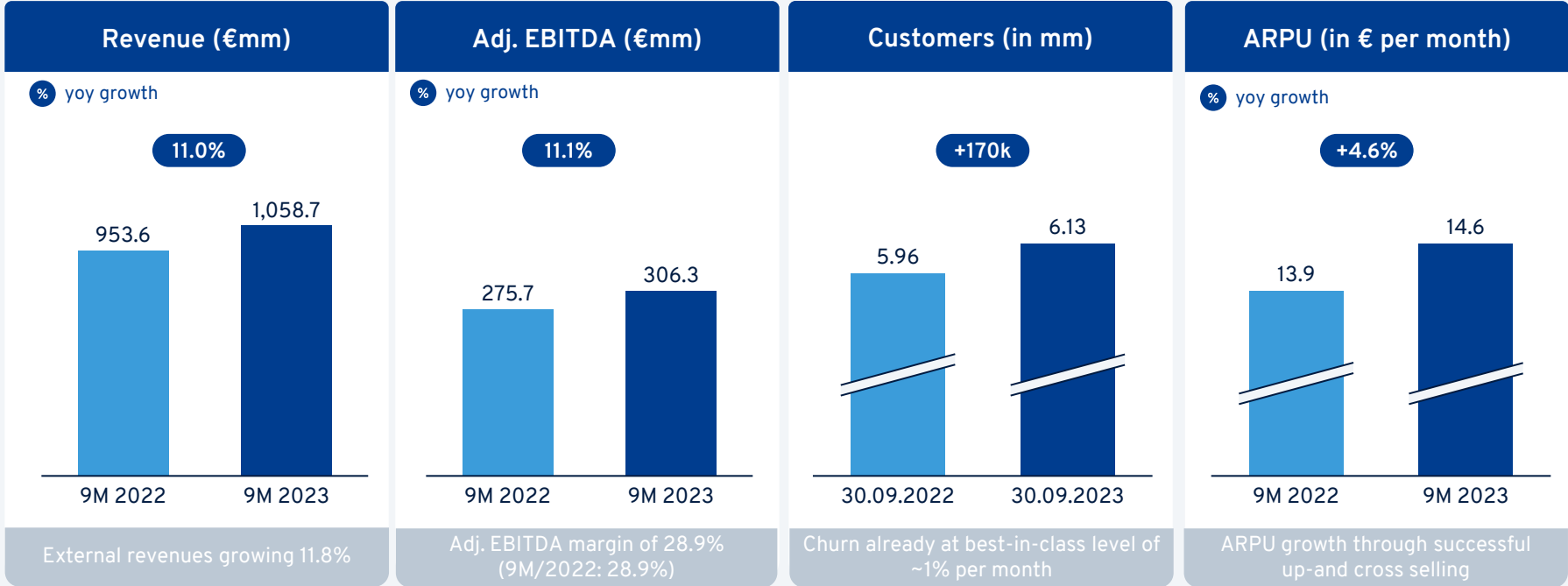
Platinum Award  
Cloud Service Provider

<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



# Successful first 9M 2023



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



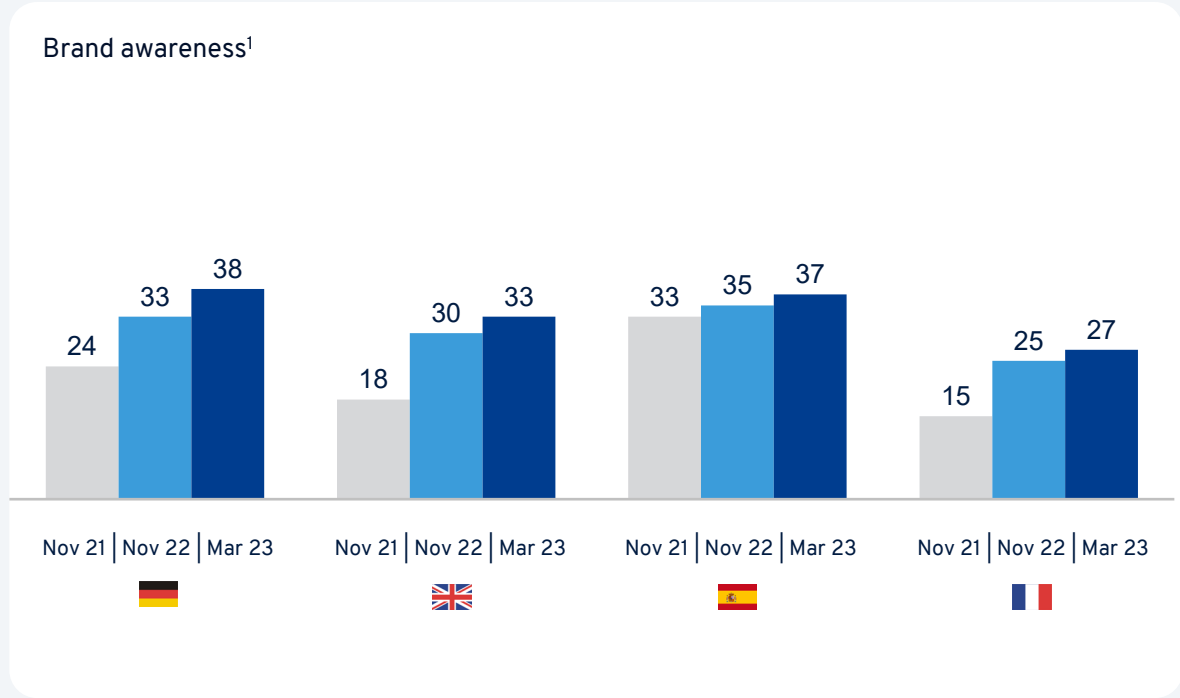
Launch: September 2021...

...2023

- ✓ 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 - brand awareness data for self-employed/SMBs

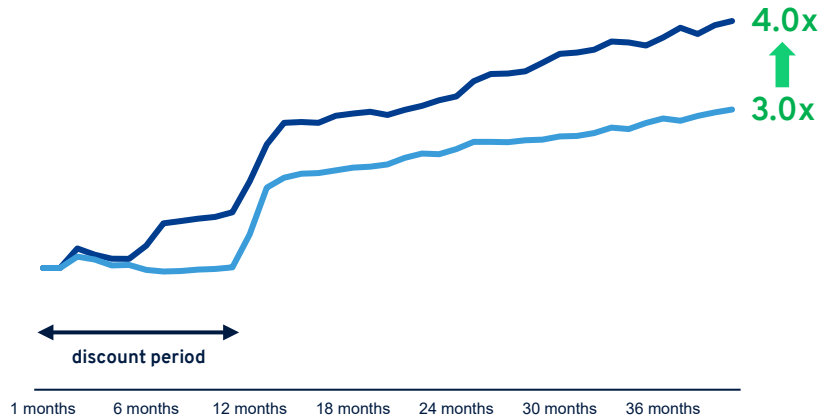
## Commentary

- Brand investments of €35mm in 9M 2023 (prev. year: €27mm)
- Brand investments in FY 2023E of €65mm 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

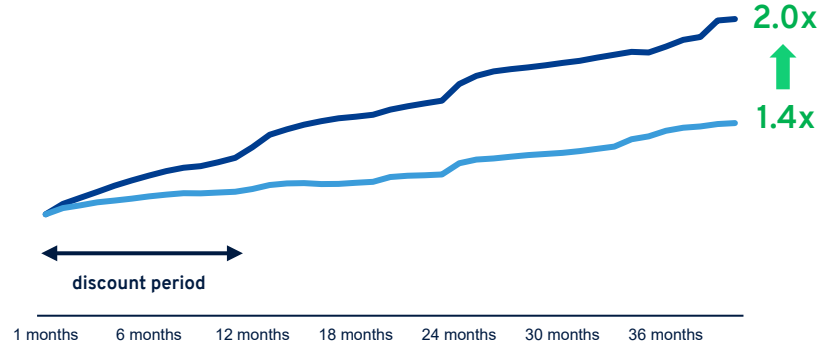
Proven track record of up-selling and cross-selling

ARPU development and number of services of cohorts

ARPU evolution per cohort



Evolution of average number of services used, per cohort



— January 2020 cohort

— January 2018 cohort

## Our new Climate Strategy 2030 - we are highly committed to environmental sustainability

### Data centers

- 100% renewable electricity sourced long-term
- >55% reduction in emissions by 2030 relative to 2019
- 50% data centers with low-carbon energy generation onsite (photovoltaics)
- Offset 100% unavoidable emissions annually whilst committing to reduce further over longer-term
- Commit to measuring our carbon footprint and reducing indirect carbon emissions in areas of most significant impact (Scope 3)
- 90% data center suppliers by spend commit to climate targets by 2030 (Scope 3)

### Offices

- 100% renewable electricity in offices by 2030
- 100% electric vehicles in company carpool by 2030





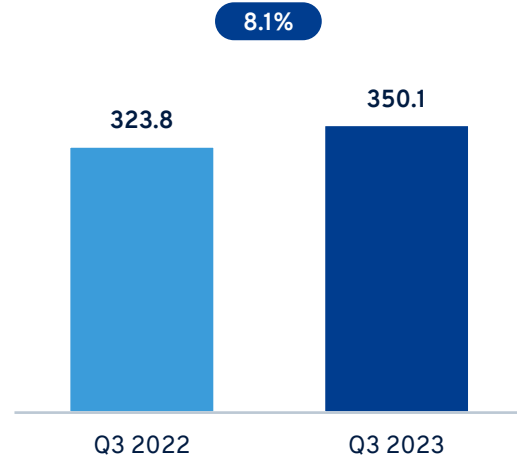
# Financials & guidance

Strong Q3 2023 performance...

Strong revenue growth

Total revenue (€mm)

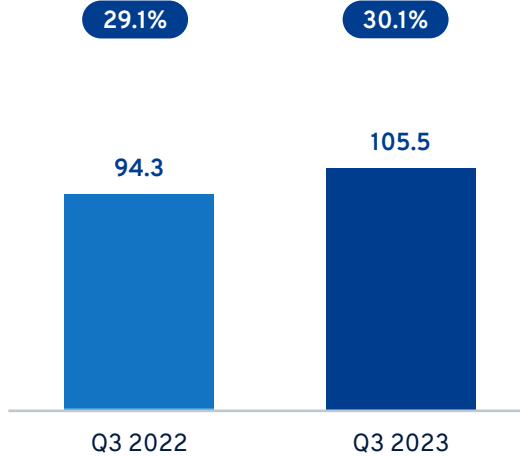
% yoy growth



Attractive profitability

Adj. EBITDA (€mm)

% Adj. EBITDA margin



Commentary

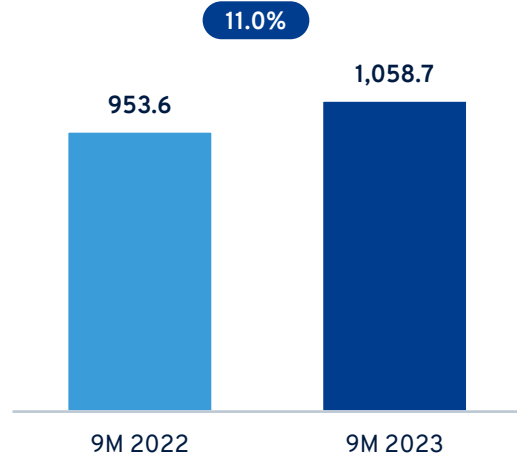
- Revenue growth of 8.1% yoy (revenue growth excl. Aftermarket at 6.6% yoy)
- EBITDA margin increased to 30.1%
- Marketing investments roughly at the same level as in the previous year

...translating into very solid first 9M 2023

Strong revenue growth

Total revenue (€mm)

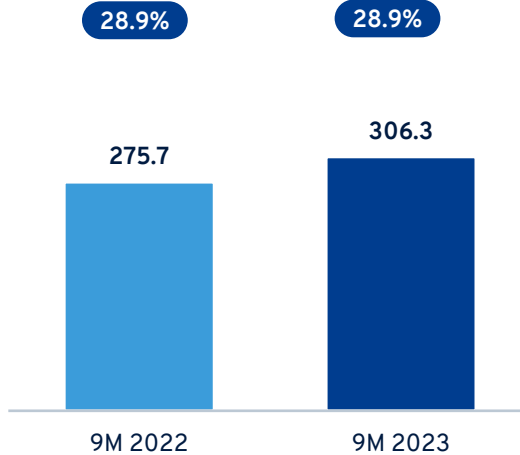
% yoy growth



Attractive profitability

Adj. EBITDA (€mm)

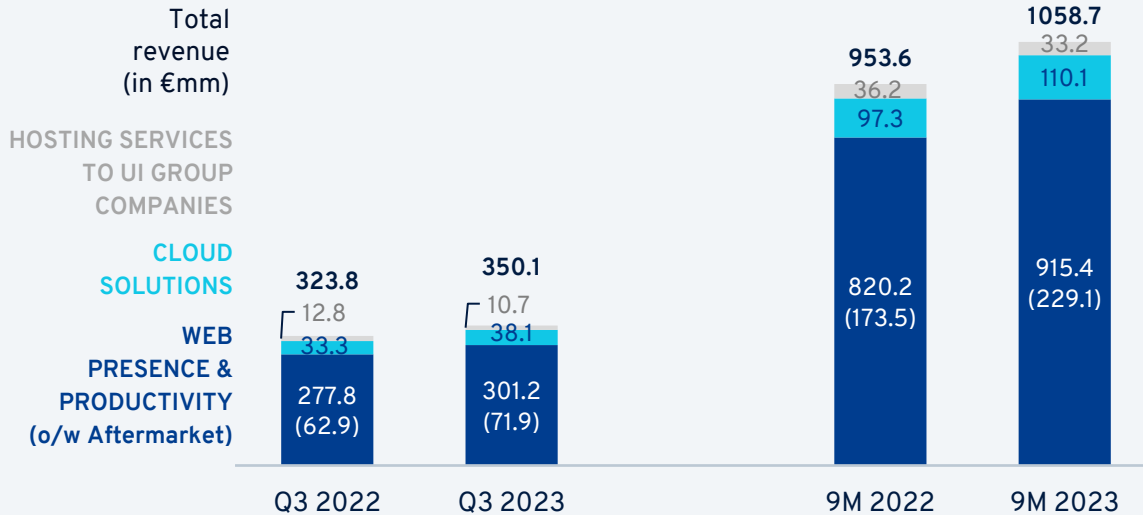
% Adj. EBITDA margin



Commentary

- Revenue growth of 11.0% yoy (revenue growth excl. Aftermarket at 6.3% yoy)
- Brand investments of €35mm (prev. year: €27mm); expected brand investments in FY 2023E of ~€65mm – decreasing as % of total revenue going forward
- Total marketing investments in 9M 2023 at the same level as in the prev. year
- 28.9% EBITDA margin in 9M 2023, despite approx. 0.7pp margin dilution from Aftermarket growth, driven by higher gross margins from product mix effects and economies of scale

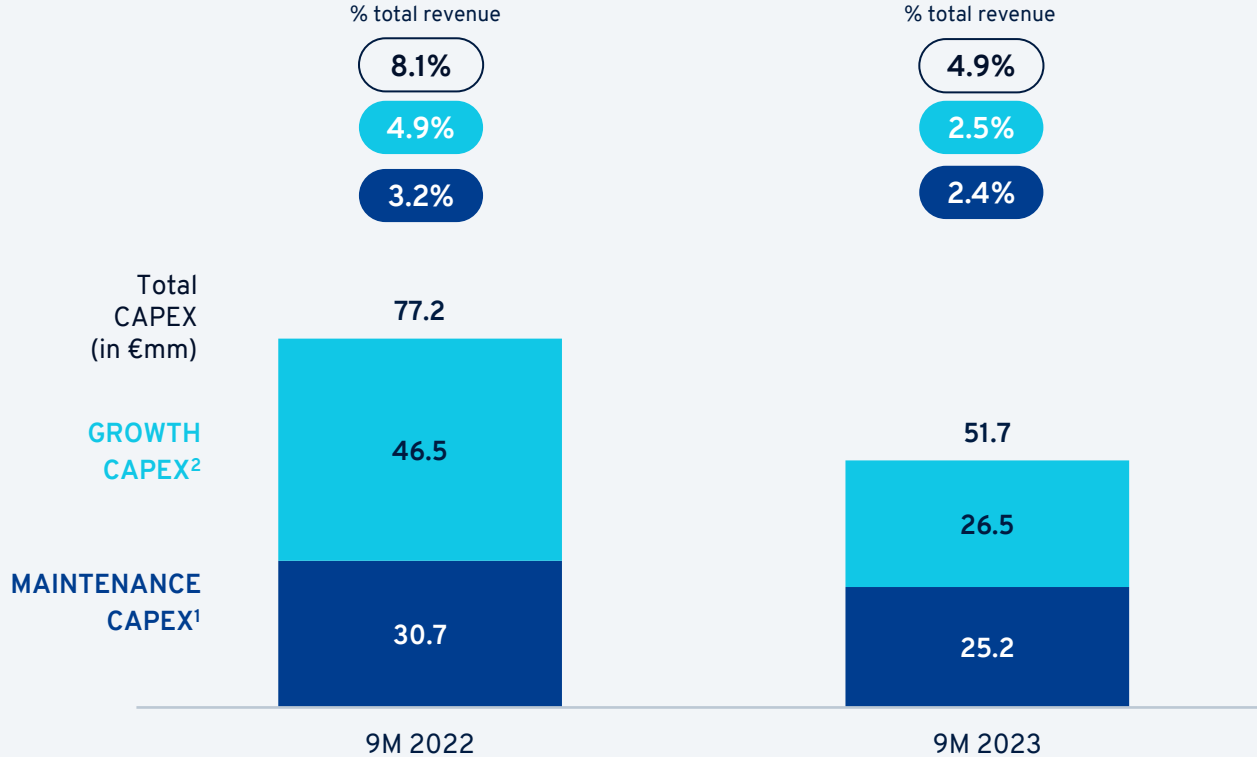
# All business areas contributing to strong and sustainable revenue growth



## Commentary

- **Web Presence & Productivity** with solid growth of 8.4% yoy in Q3 2023 and 10.2% yoy at constant currency (6.7% yoy excl. Aftermarket or 7.5% yoy excl. Aftermarket at constant currency)
- **Cloud Solutions** growing 14.6% yoy in Q3 2023 (16.3% yoy at constant currency)
- FX headwind of 1.7pp on total revenue growth in Q3 2023 and 0.9pp on revenues excl. Aftermarket

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



### Commentary

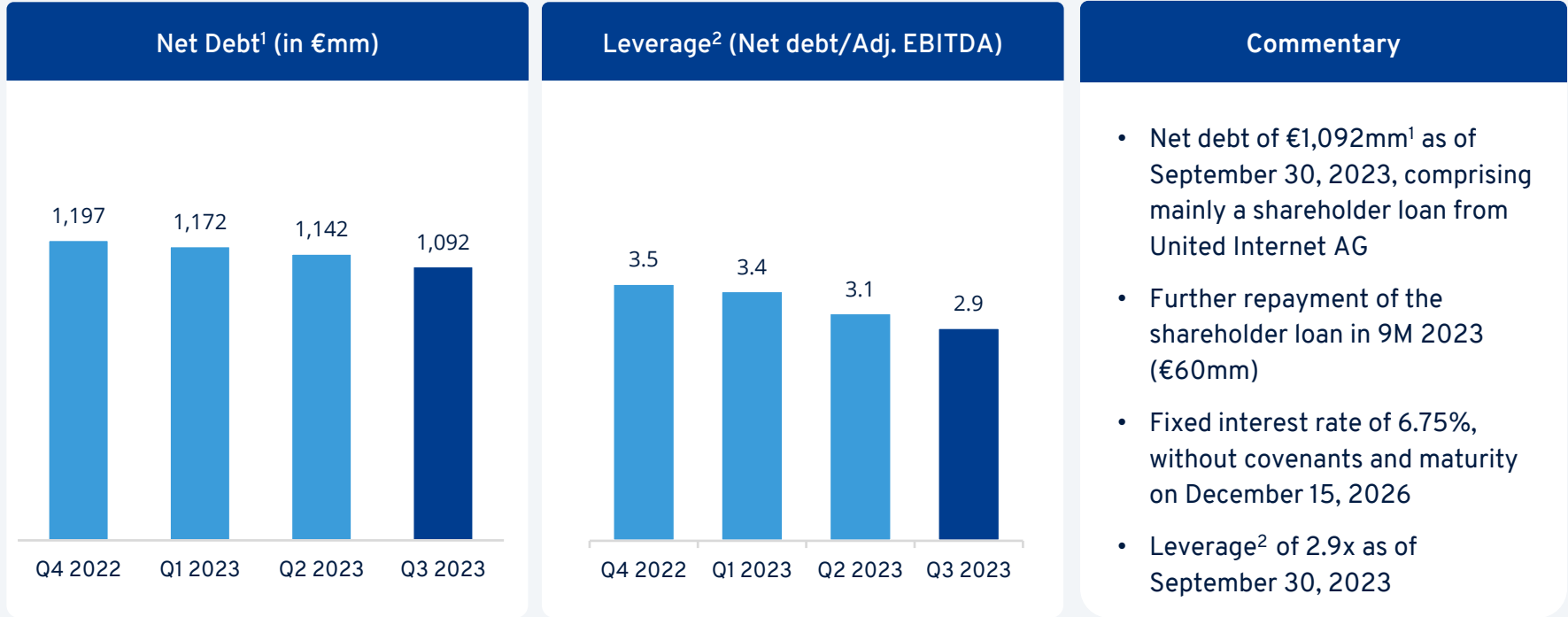
- Total Capex as % of total revenue decreased to 4.9% (prev. year: 8.1%; FY 2022: 7.5%)
- Low and predictable maintenance capex requirements
- Majority of growth capex is related to Cloud Solutions
- Expected CAPEX for FY 2023E: ~€90-100mm (CAPEX/total revenue of ~6-7%)
- Increasing CAPEX in Q4 2023, due to pending deliveries ~€15mm

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

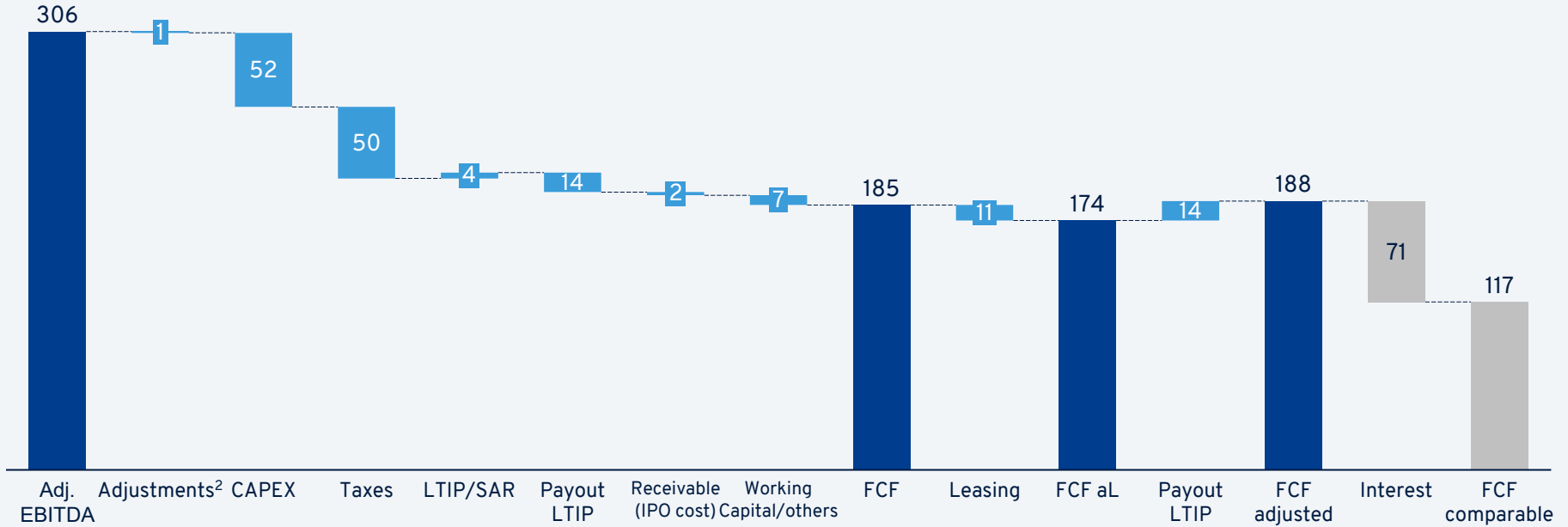


<sup>1</sup> Net Debt is the sum of non-current liabilities to related parties (30.09.2023: €1,185mm) and current liabilities to related parties (30.09.2023: €5mm), less receivables from related parties (30.09.2023: €72mm), less cash and cash equivalents (30.09.2023: €26mm) at the end of the period;

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

# Strong and highly predictable Free Cash Flow generation

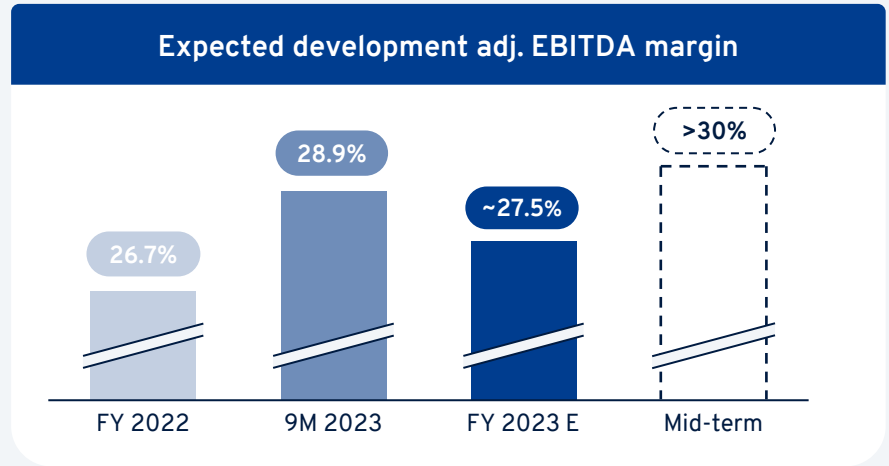
9M 2023 adjusted EBITDA to (adjusted) Free Cash Flow<sup>1</sup>(FCF) bridge (in €mm)



The cash flow statement was changed: Interest payments were reclassified from cash flows from operating activities to cash flows from financing activities. The changes are explained in more detail in the 9-Month Report 2023  
 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)

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

	FY 2023E	
	March guidance	New guidance
<b>Total revenue growth</b>	~10%	~10%
<b>Web Presence &amp; Productivity</b>	8 – 10%	~ 11%
<b>Cloud Solutions</b>	16 – 20 %	~14-15 %
<b>Adj. EBITDA margin</b>	>27%	~27.5%
<b>Leverage EoY (Net debt/Adj. EBITDA)</b>	<3.0x	<3.0x



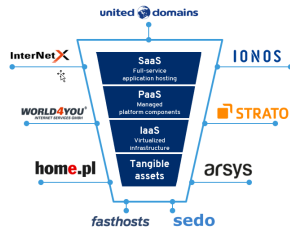
- Adj. EBITDA margin is expected to be lower in Q4 2023, due to higher marketing investments
- Mid-term outlook unchanged

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



## 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






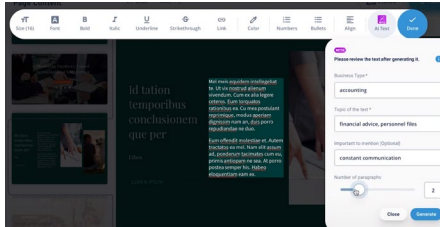
Release of AI  
features through the  
whole product suite





IONOS is already leveraging AI's vast potential - both externally and internally

Products

- MyWebsite Text Generation  available since May 2023
- AI assisted newsletter tool  just launched
- AI-powered website creation 
- AI Model Hosting Beta



Customer Facing

- AI based domain search 
- AI based features 
- Up- and cross selling
- Customer interaction



For IONOS

- Github Copilot 
- Text & image generation 
- Fraud Detection
- Security
- Translation services 
- Financial modelling



# AI-powered website creation

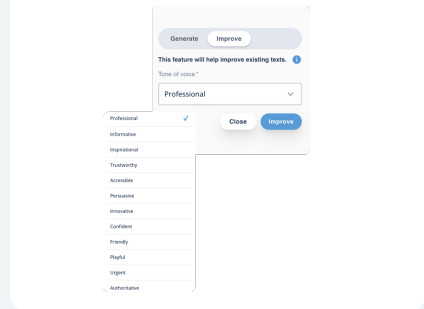
## AI Website Generator



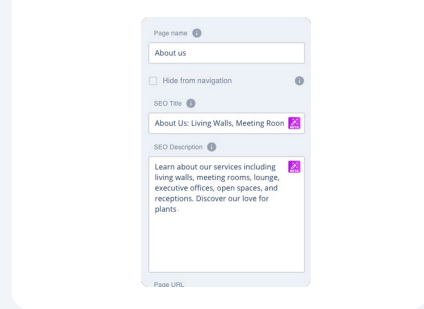
## AI Text Generator



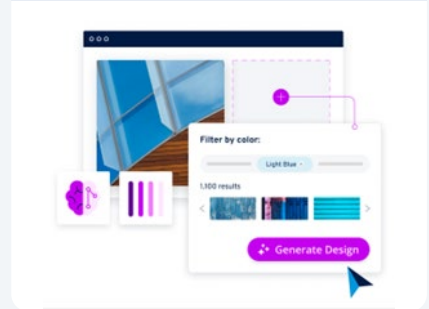
## AI Text Improver








## AI SEO Feature



## AI Image Generator



## AI product features driving customer value

	Starter	Plus	Pro
Monthly standard price <sup>1</sup>	€ 12	€ 18	€ 28
Package	Intuitive editor for beginners who want to get online quickly	Powerful editor with more customisation options and additional storage	Powerful editor with unlimited webspace and SEO
 AI Website Builder	✓	✓	✓
 AI Text Generator		✓	✓
 AI Text Improver		✓	✓
 AI SEO Generator		✓	✓
 AI Image Generator		✓	✓

- Positive customer feedback, around 60% of customers use AI vs. classic templates
- Overall quality of websites created with AI improved (i.e. fewer standard phrases)
- Time to publish decreased by around 30%
- The AI product enhancement came with a price increase by around €3 in all tariffs, for both existing and new customers
- Advanced AI features will help to further drive customers to Plus and Pro plans

<sup>1</sup> Standard plan Germany, incl. VAT

## Summary & conclusion



# Appendix

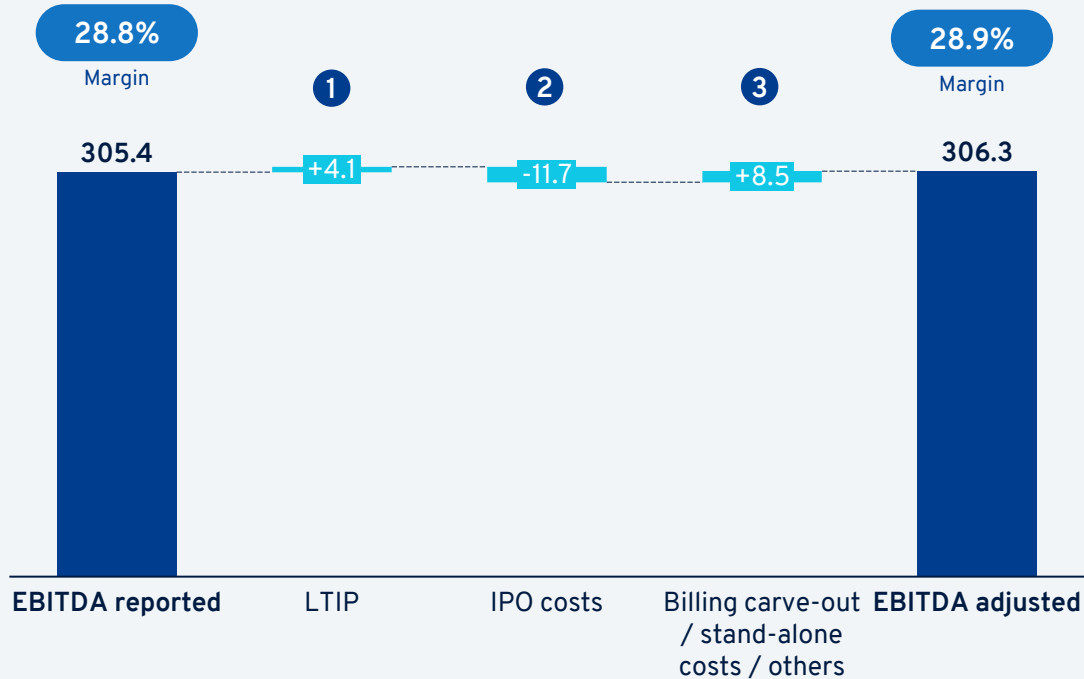
## Financial Overview

In €mm	Q3 2022	Q3 2023	Change yoy	9M 2022	9M 2023	Change yoy
<b>Revenue</b>	<b>323.8</b>	<b>350.1</b>	<b>+8.1%</b>	<b>953.6</b>	<b>1,058.7</b>	<b>+11.0%</b>
<b>Adj. gross profit<sup>1</sup></b>	<b>209.8</b>	<b>232.0</b>	<b>+10.6%</b>	<b>628.3</b>	<b>687.3</b>	<b>+9.4%</b>
<b>Adj. EBITDA</b>	<b>94.3</b>	<b>105.5</b>	<b>+11.8%</b>	<b>275.7</b>	<b>306.3</b>	<b>+11.1%</b>
<b>EBIT</b>	<b>60.8</b>	<b>74.5</b>	<b>+22.6%</b>	<b>174.0</b>	<b>224.9</b>	<b>+29.2%</b>
<b>Adjusted EBT (excl. non-cash valuation effect from a contingent purchase price liability)</b>	<b>38.1</b>	<b>53.1</b>	<b>+39.4%</b>	<b>106.6</b>	<b>160.2</b>	<b>+50.2%</b>
<b>Adjusted EPS in €/share (based on the new share count of 124.1mm as of today, excl. non-cash valuation effect from a contingent purchase price liability)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.59</b>	<b>0.97</b>	<b>+64.4%</b>

<sup>1</sup> Adjusted gross profit is calculated as revenue less cost of sales (excl. T&D and D&A)

## EBITDA to adj. EBITDA bridge

9M 2023 EBITDA, adjustments and adj. EBITDA (in €mm)



### Commentary

- 1 Employee stock ownership program
- 2 Costs in connection with the IPO, which have been charged to the selling shareholders (net effect)
- 3 Costs of the billing carve-out from United Internet Group, the establishment of IONOS as an independent group and others



## Mid-term Outlook (1/2)

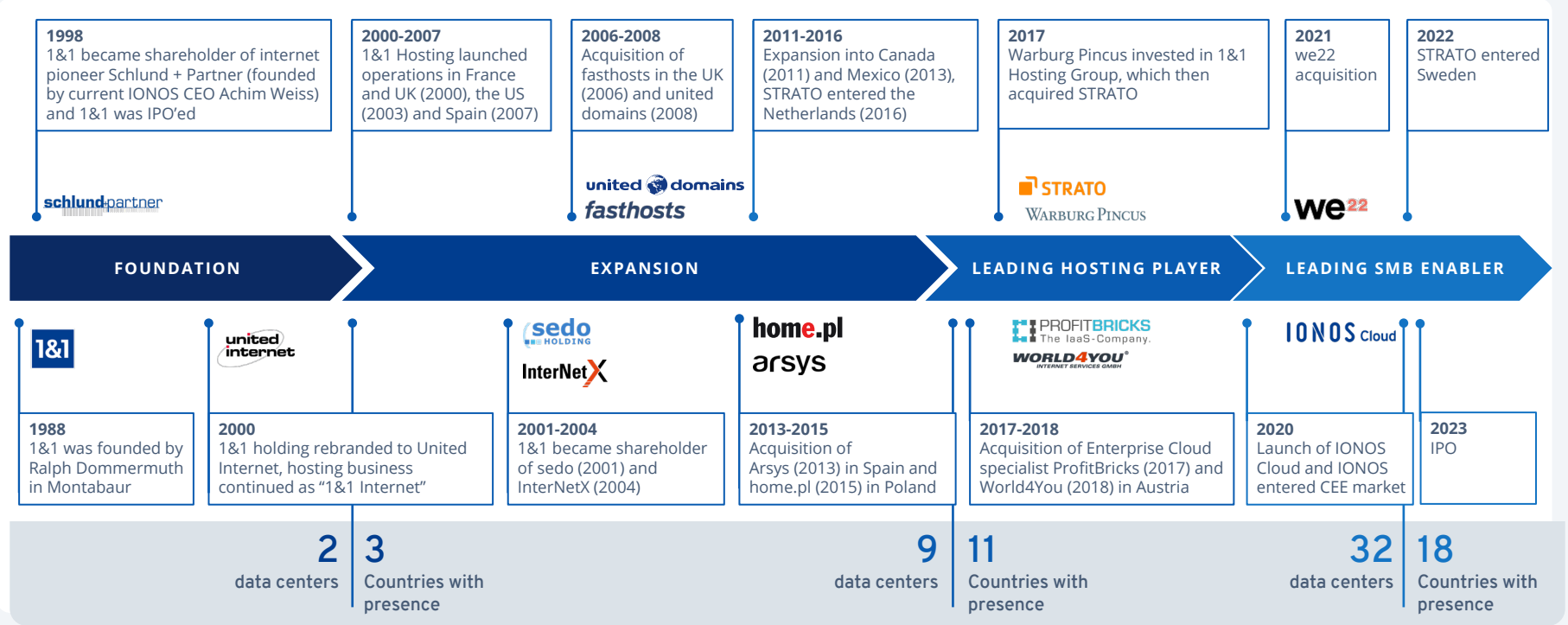
		2022A	2023E	Mid-term target (4-5 years)	Commentary
Total Revenue	Group	€1,293mm (17.2% yoy) 7.6% excl. Aftermarket	~10% yoy	~10% CAGR	<p><b>Mid-term:</b> We expect to grow at ~10% CAGR, driven by</p> <ul style="list-style-type: none"> <li>• <b>WP&amp;P (incl. Aftermarket): High single digit CAGR</b> <ul style="list-style-type: none"> <li>• Continued strength in cross-selling and up-selling</li> <li>• Brand marketing to cement the leadership of our brands</li> <li>• Selective geographical expansion</li> <li>• Aftermarket business growth gradually normalising to be in-line with the rest of WP&amp;P business</li> </ul> </li> <li>• <b>Cloud Solutions: ~20% CAGR</b> <ul style="list-style-type: none"> <li>• Growth acceleration driven by investments in the past years</li> </ul> </li> </ul>
	WP&P (incl. Aftermarket)	€1,113mm (17.1% yoy)	~11% yoy	High single digit CAGR	
	Cloud Solutions	€132mm (20.0% yoy)	14 – 15% yoy	~20% CAGR	
	Hosting Services to UI Group companies	~€50m		Mid single digit CAGR	
Adjusted EBITDA margin	Group	26.7%	~27.5%	Increasing to 30%+	<p><b>Mid-term:</b> We expect to progressively exceed 30% Adj. EBITDA margin, driven by multiple levers becoming effective from 2023 onwards</p> <ul style="list-style-type: none"> <li>• Operating leverage and efficiency initiatives (e.g. internet factory)</li> <li>• Increasing economies of scale at Cloud Solutions</li> <li>• Brand investments in 2023 of ~€65mm; decreasing as % of total revenue going forward</li> <li>• Normalising growth in Aftermarket business, which has lower margins</li> </ul>

## Mid-term Outlook (2/2)

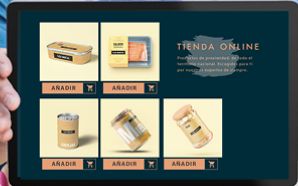
		2022A	2023E	Mid-term target (4-5 years)	Commentary
CAPEX	Maintenance	€38.3mm	~€90-100mm	~8% CAGR	<b>Mid-term:</b> Total revenue outgrowing maintenance capex growth, driven by the mix effect of lower capital-intensive Aftermarket business
	Growth	€58.8mm		Decreasing to ~4% of total revenue	<b>Mid-term:</b> We expect to trend down to ~4% of total revenue, driven by continued efficiencies on our server economics
D&A	Group	€112mm	~100% of total CAPEX		
Effective tax rate	Group	33.6% of EBT	Decreasing to ~30% of EBT		<b>Mid-term:</b> We expect effective tax rate to go down as % of EBT due to deleveraging of our capital structure
Cash flow from operating activities	Group	55% of adj. EBITDA	Increasing to ~65%+ of adj. EBITDA		<b>Mid-term:</b> Driven by increasing adj. EBITDA margin
Capital structure	Group	3.5x	<3.0x by end of 2023 ~2.5x by end of 2024		Shareholder loan at fixed interest rate of 6.75% p.a., maturity on December 15, 2026, and without covenants We intend to continue to focus on deleveraging via debt repayments
Environmental ambitions	Group	Power Usage Effectiveness (PUE) of 1.35 by 2024, down from 1.41 as of 2021 <sup>1</sup> and we will continue to source 100% renewable electricity longer-term Reduction of data centre carbon emissions by 55% from 2019 levels by 2030 and 50% on-site generation of renewable energy (e. g. photovoltaics) Energy optimisation for all IT components included in the Energy Management System (ISO 50001) by 2024			

Note: 2022 on a reported basis, 2023 and onwards on a constant currency basis; <sup>1</sup> Power usage effectiveness (PUE); Defined as total energy consumption per data center, divided by IT energy consumption per data center, calculated as averages of data centers, lower values indicate higher effectiveness

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