



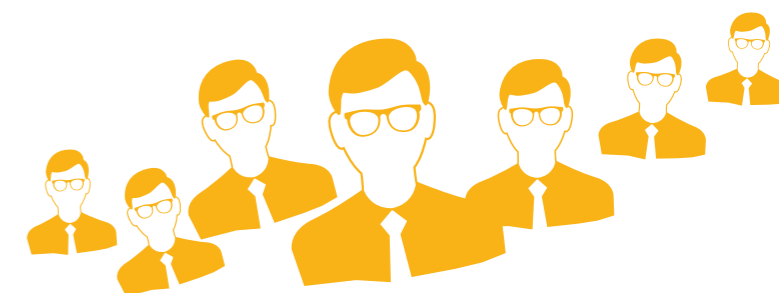
# HOST EUROPE GROUP

Interim Review  
January to June 2014

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# HOST EUROPE GROUP – HALF YEAR REVIEW

## Our business

Host Europe Group founded in 1997



## Who we are



Founded in 1997, Host Europe Group (HEG) provides domain registration, mass hosting, customised managed hosting, cloud hosting and has an emerging software-as-a-service offering.

HEG is the largest domain registrar in the UK and is the leading hosting provider for consumers and businesses seeking high quality service combined with an excellent price / performance ratio.

With its brands 123-reg, domainFACTORY, Domainmonster, Heart Internet, and Host Europe, HEG has a strong market presence in the UK, Germany, Austria, Switzerland and Spain.

HEG is the largest privately owned hosting company in Europe.

# HOST EUROPE GROUP



# HOST EUROPE GROUP – HALF YEAR REVIEW

## Group highlights

- Launch of new generic Top Level Domains (new gTLDs)
- Market leader in launch of new .uk domain name
- Launch of new UK Data Centre
- Award Winning re-seller (Heart Internet)
- Host Europe recognised in Experton Group's Cloud Vendor Benchmark
- domainFACTORY enhancing Hosted Exchange offering
- Formulation of new organisation structure
- New vision, mission and values launched



## Update

# HOST EUROPE GROUP

I am delighted to present the HEG 2014 half year review. The first half of this year has been an exceptionally busy and productive time for HEG - a period which has seen us invest heavily in our existing infrastructure together with our internal processes to continue our focus on both customers and staff.

### On target

HEG is growing, competing and succeeding in a competitive market. At a time when scores of businesses are tightening their belts, we have been able to invest in key areas to ensure that we are established as the number one supplier for businesses looking to set up a web presence. As a result, we have seen our customer base grow 11% annually, we have increased our own revenues by 8.4% year on year and we have experienced a 14.5% increase in EBITDA, year on year.

I recognise that these figures are unachievable without a dedicated and motivated workforce that believes in our overarching vision to "web enable small business like no other." Ensuring this continues will be one of the Executive Board's strategic targets for the future.

Continuing the investment in our infrastructure is vital to our continued success. In May 2014 we completed our multi-million pound UK data centre re-fit. The project has seen our infrastructure completely transformed, and with a Power Usage

Effectiveness (PUE) measurement of eventually less than 1.2, the facility is one of the most energy efficient and resilient data centres in the UK.

### New TLDs

The first half of the year has been dominated by domain names. In January 2014, The Internet Corporation for Assigned Name and Numbers (ICANN), introduced its new gTLD program which will eventually see 2,000 new domain name extensions launched into the market. The programme, which has been embraced by HEG and our associated brands, will provide businesses and individuals with greater opportunities to obtain a domain name which better suits their business.

So far this year we have been heavily involved in the successful launches of .london, .koln, .xyz and .club to name a few, and we will continue to inform our customers as to how these new domains can help their businesses grow.

But it hasn't been just about ICANN. Nominet, the registry responsible for the UK domain space, launched the shorter .uk domain name extension in June 2014. We have led the market, and in the first 24 hours post the launch of .uk, we secured 75% of all registrations.

# HOST EUROPE GROUP – HALF YEAR REVIEW

## Update

### The SME Opportunity

Those who follow the news regularly could be forgiven for thinking that the European landscape is purely made up of large corporations. Today, there are more than 20 million small to medium sized businesses in the European Union, representing 99 per cent of all businesses.

This is where our focus will lie in the future so it is vital that we continue to provide a service suite that drives growth within this key market.

### Looking Forward

Considering that 2013 was a year of significant change for the business, the start of 2014 saw the HEG Board support the decision to begin a new strategy and organisational review. This has brought about the implementation of a new organisation structure, and the launch of our vision, mission and values, giving us the platform to continue to lead the European hosting market for many years to come.

As we look to the future we will continue to take significant steps to meet and exceed our strategic priorities. We will continue to advance our customer service delivery and expand our technology offerings to ensure that we go the extra mile for all of our customers, whatever their needs. I see this as a clear differentiation for HEG.

Finally, I would like to thank everybody at HEG for

their enormous contribution this half-year. There is still a long way in the year to go but I am confident that with our new strategy and organisational structure in place, we will continue to help support millions of small businesses realise their potential online.

**Patrick Pulvermüller**  
Group Chief Executive Officer

“As we look to the future we will continue to take significant steps to meet and exceed our strategic priorities.”

## Vision, mission and values

# HOST EUROPE GROUP

The launch of HEGs' new 'vision, mission and values' represents an essential step in defining what we as an organisation stand for and in what direction we want to go. These new values will shape the way we connect with our customers, shareholders and colleagues.

### Our vision is:

**'To web enable businesses like no other.'**  
We want to be the first choice for companies looking to make the most of the web.

### Our mission is:

'We understand our customers, solve their problems, and deliver the best possible support.'

### Our values are:

- Helpful** – If we can we do
- Open** – We are honest and transparent with each other and our customers
- We talk** – We prefer talking to typing
- We can** – We embrace new ideas and act on them
- Excellence** – Good isn't good enough, the best is better, for both our customers and our company.

→ Our values: "How we"

**Helpful**  
If we can, we do

**Open**  
We are honest and transparent with each other and our customers

**We talk**  
We prefer talking to typing

**We can**  
We embrace new ideas and act on them

**Excellence**  
Good isn't good enough, the best is better, for both our customers and our company

Customer service

As competition within our market increases, it is imperative that we are able to differentiate from the growing number of providers that offer similar solutions to HEG.

From our review consultations, we have put customer service at the heart of everything that we do and we are dedicated to going above and beyond what our customers may expect. Maintaining a fair and transparent support service for those of all levels of technical understanding is fundamental to this.

Our primary aim is to fuel growth through brand advocacy. Significantly, we are committed to the Net Promoter Score (NPS), something that every brand will now focus on. This is founded on the fundamental perspective that every company's customers can be divided into three categories: Promoters, Passives and Detractors:

- Promoters:** loyal enthusiasts who will keep buying and refers others
- Passives:** are satisfied but unenthusiastic
- Detractors:** unhappy customers who can damage brands impeding growth through negative word of mouth.

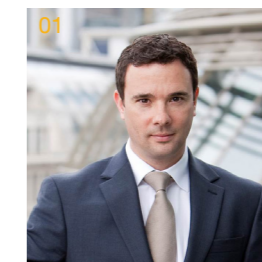
Service excellence and support will be measured throughout the Group in this one consistent metric. Our aim is to increase our NPS by 10% on all brands where NPS is below 65% and maintain it on all brands where NPS is about 65%.

To achieve this we have put a structure in place to ensure that all brands communicate with each other and share their expertise so that we have the maximum amount of promoters across the whole of our business.

In addition to this, 123-reg was nominated in the category of Customer Commitment at the 2014 Institute of Customer Service awards. The nomination commended 123-reg in its well communicated customer commitment and its commitment to customer service excellence.



As the business shaped its new vision, mission and values, we recognised the importance of hiring key personnel for the overall development of the Group. Since January, we have identified a number of key positions in our Technology, Human Resources and Product teams.



- 01. Paul Caris
- 02. Tamara Besson
- 03. Matt Barry

**Paul Caris** has joined the company as Chief Technology Officer and will oversee all technological matters which relate both to employees and customers. Paul's experience and progressive thinking will be exactly the right fit internally, as well as executing technological advancements to better serve our customers.

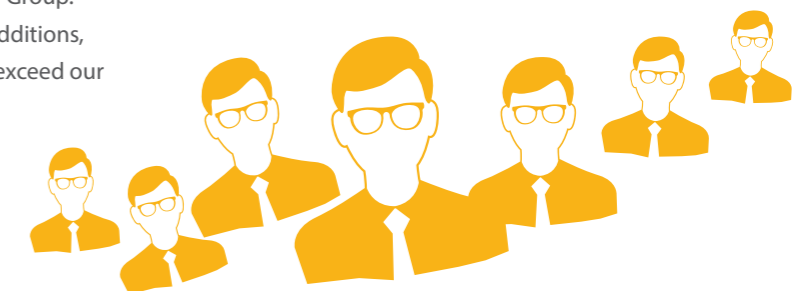


**Tamara Besson** has taken the role of Vice President of Human Resources. Tamara brings a wealth of HR experience to the business and will lead our Human Resource teams across the Group to develop new employee initiatives.



Finally, **Matt Barry** has returned to HEG as Vice President of Product Management. Matt will be responsible for the overall strategic direction of all products under all brands for our Mass Hosting division.

We are at the beginning of this process and we expect to make significant hires across the Group. We firmly believe that these, and further additions, will ensure that we continue to meet and exceed our goals.



# HOST EUROPE GROUP – HALF YEAR REVIEW

## Technology advancements

Across our business we have an extremely diverse customer base and it is vital that we continue to offer technology that assists our customers. We are acutely aware that the success of the businesses we support hinges on our ability to provide a best in class service in a way that is both pleasing and easy to use.

In May, we completed the first of three stages of our Leeds data centre re-fit. The new state-of-the-art facility will be one of the most energy efficient data centres in the UK. The facility will allow us to continue to offer the scale of product solutions to our customers, whilst at the same time reducing our environmental footprint.

Host Europe was once again recognised in the fifth edition of Experton Group's Cloud Vendor Benchmark. Host Europe is the only German hosting provider that is represented in the Leader's Quadrant in the Public Cloud Services category.

We have also been able to invest significantly in new products across the Group. domainFACTORY has enhanced its Hosted Exchange offering, providing customers a new flexible update to Microsoft Exchange 2013 and Outlook 2013, at close to the same price.

This greater focus on our products and how they serve each segment of our customer base will allow the business to continue to be successful in not just meeting but exceeding customer demand and delivering service excellence.



## Board of directors and management team

# HOST EUROPE GROUP



- 01. Lord Birt
- 02. Patrick Pulvermüller
- 03. Tobias Mohr
- 04. David Barker
- 05. Florian Luther
- 06. Thomas Railhac

# HOST EUROPE GROUP – HALF YEAR REVIEW

## Board of directors and management team



### 01. Lord Birt

#### Chairman

After a successful career in ITV, Lord Birt was the BBC's Director-General from 1992 until 2000. During his tenure, Birt won plaudits for equipping the corporation for the digital age.

Following his time at the BBC, Birt has held a number of high profile positions, including Chairman of PayPal Europe. Birt became a crossbencher in the House of Lords in 2000, and was Strategy Adviser to the Prime Minister from 2000-2005.

In 2013, Lord Birt was appointed non-executive Chairman of Host Europe Group.

### 03. Tobias Mohr

#### CFO – Host Europe Group

Tobias Mohr joined the Host Europe Group in April 2008, and since then he has been responsible for the set-up and streamlining of the Group's financial systems. Tobias is also involved in the improvement of controlling and reporting processes within the Group and has been heavily involved in repositioning the Host Europe Group's product offering in the UK.

Prior to joining the Host Europe Group, Tobias worked for five years for United Internet / 1&1 Internet AG as the Head of Financial Controlling for the Webhosting Division in Germany and internationally. Tobias has also held various financial positions within the private banking and asset management sectors.

### 02. Patrick Pulvermüller

#### CEO – Host Europe Group

Patrick Pulvermüller is the CEO at Host Europe Group – Europe's largest privately owned hosting provider. Patrick joined the Group in 2001 as a sales manager. From 2003 he was the Head of Operations.

With the establishment and development of new business areas such as managed hosting and cloud hosting he has been instrumental in driving the Group's success and growth. Thanks to Patrick's dedication, Host Europe today is the largest virtualisation provider in Europe and the leading Managed Hosting player in Germany.

Patrick Pulvermüller has an MBA from the Open University Business School and is an expert in operational management and strategic financial planning.

### 04. David Barker

#### Executive Director

David joined Cinven in 1996 and is a member of the Industrials and TMT sector teams. He has since been involved in numerous transactions including Aprovia, CPA Global, Eutelsat, Host Europe Group, MediMedia, Springer, Ufinet and Ziggo.

David has a BA in Natural Sciences from Cambridge University and is a Chartered Accountant.

### 06. Thomas Railhac

#### Executive Director

Thomas joined Cinven in 2008 and is a member of the TMT sector team. He has been involved in a number of transactions including Host Europe Group, Numericable Group and Ufinet.

Prior to joining Cinven, Thomas spent over four years in the private equity division of Goldman Sachs (GS Principal Investment Area) in London.

Thomas has a MSc in Engineering from the Ecole Centrale Paris.

### 05. Florian Luther

#### Executive Director

Florian joined Cinven in 2007 and is a member of the TMT sector team. He has worked on a number of transactions including Host Europe Group, JOST and SLV.

Prior to joining Cinven, Florian worked in corporate finance at UBS, advising companies within the metals and mining sector. Previously, he was at Hewlett-Packard.

Florian has a joint MA in Business Administration and Computer Engineering and an MA in Computer Science, from the Technical University of Berlin.



## HOST EUROPE GROUP – HALF YEAR REVIEW

### About Cinven

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Cinven is a leading European private equity firm, founded in 1977, with offices in Guernsey, London, Frankfurt, Paris, Milan, Luxembourg and Hong Kong. It acquires Europe-based companies that require an equity investment of €100 million or more.

The Cinven logo consists of the word "Cinven" in white, bold, sans-serif font, centered within a solid teal rectangular background.

Its European focus and expertise are complemented by an ability to capitalise on global growth opportunities through its Asian Portfolio team.

It focuses on six sectors: Healthcare, Business Services, Consumer, Financial Services, Industrials and Technology, Media and Telecommunications (TMT).

Cinven acquires successful, high-quality companies and works with them to help them grow and develop, using its proven value creation strategies. It takes a responsible approach towards its portfolio companies, their employees, suppliers and local communities, the environment and society.

[www.cinven.com](http://www.cinven.com)

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