



## **United Internet AG: Release according to Article 111c of the AktG (German Stock Corporation Act) with the objective of Europe-wide distribution**

### ***United Internet subsidiary 1&1 Telecom expands fibre optic offering and strengthens cooperation with 1&1 Versatel and Deutsche Telekom***

**Montabaur, 16 February 2021.** On 15 February 2021 1&1 Telecom GmbH ("**1&1**") and 1&1 Versatel Deutschland GmbH ("**1&1 Versatel**") agreed an agreement on the long-term use of fibre optic connections for households (fibre to the home – "**FTTH**") and VDSL/vectoring connections ("**Intercompany Agreement**"). United Internet AG indirectly holds 100% of the shares in 1&1 Versatel. 1&1 Drillisch AG indirectly holds 100% of the shares in 1&1. Approximately 75% of the 1&1 Drillisch AG's shares are held by United Internet AG. Beginning on 1 April 2021, 1&1 will not only expand its fibre optic offering but will also procure all VDSL and FTTH access services within the group from its affiliate 1&1 Versatel.

To this end, 1&1 Versatel and 1&1 entered into a framework agreement with Telekom Deutschland GmbH ("**Deutsche Telekom**") on 15 February 2021 ("**Framework Agreement**"). According to the Framework Agreement, 1&1 will no longer use its VDSL agreement previously directly concluded with Deutsche Telekom, the term of which ends on 31 March 2021. Instead, Deutsche Telekom will provide 1&1 Versatel with FTTH and VDSL connections starting on 1 April 2021.

The new Framework Agreement replaces the previously existing VDSL agreement between Deutsche Telekom and 1&1 Versatel (layer 2) and the previously existing VDSL agreement between Deutsche Telekom and 1&1 (layer 3) and substitutes these agreements with a contingent agreement layer 2, layer 3/WIA and FTTH. By combining these contingent agreements, both technical and process synergies may be managed in an optimized manner, thus avoiding idle capacities. Since 2017, internal value creation has also been generated through the direct use of 1&1 Versatel's own transport network. Against this background, 1&1 will continue to obtain bundled wholesale products from 1&1 Versatel in the future.

As a result of the Intercompany Agreement between 1&1 Versatel and 1&1, 1&1 now has access to 750,000 FTTH connections from Deutsche Telekom in addition to access to FTTH connections from leading city carriers. The number of marketable FTTH connections of Deutsche Telekom is expected to increase by an average of 2 million households per year. This additional access will ensure that 1&1 can offer its customers greater FTTH coverage than before. The FTTH connection enables internet speeds with bandwidths of up to 1 Gbit/s. VDSL/vectoring will be offered until FTTH coverage is achieved nationwide. The term of the Intercompany Agreement is aligned with the term of the agreement with Deutsche Telekom.

1&1 Versatel will pass on the combined services purchased from Deutsche Telekom via the Framework Agreement to 1&1 via the Intercompany Agreement essentially at (in large parts regulated) prices agreed with Deutsche Telekom. For the required network services (layer 2) provided by 1&1 Versatel to 1&1 since 2017, 1&1 pays intercompany transfer prices (cost reimbursement including a markup at market rates),

which, however, represents an overall saving for 1&1 compared to a direct purchase of bundled wholesale products from Deutsche Telekom. 1&1 will furthermore bear the market administrative costs incurred on the part of 1&1 Versatel due to the administration of the Intercompany Agreement and the forwarding of the services purchased from Deutsche Telekom under the Framework Agreement (cost reimbursement including a markup at market rates). It is expected that the network performance and market administrative costs payable by 1&1 to 1&1 Versatel under the Intercompany Agreement plus the intercompany transfer prices will amount to approximately EUR 50 million per year. In addition, there are the other rates agreed with Deutsche Telekom in the Framework Agreement, which 1&1 Versatel will pass on to 1&1 without any markup.

1&1 Drillisch AG assumes joint and several liability for the respective payment obligations of 1&1 vis-à-vis 1&1 Versatel. 1&1 Versatel is required to assert due payment claims first with 1&1 and only secondarily to collect due payment claims from 1&1 Drillisch AG.

All board approvals required for the conclusion of the Framework Agreement and the Intercompany Agreement on the part of United Internet AG and its subsidiaries were granted.

The Framework Agreement is subject to the approval by the Federal Network Agency as the competent regulatory authority.

Montabaur, 16 February 2021

United Internet AG  
The Management Board

## **Further Information:**

### **About United Internet AG**

With over 25 million fee-based customer contracts and more than 39 million ad-financed free accounts, United Internet AG is a leading European internet specialist. At the heart of United Internet is a high-performance "Internet Factory" with over 9,600 employees, of which around 3,000 are engaged in product management, development, and data centers. In addition to the high sales strength of its established brands (such as 1&1, GMX, WEB.DE, IONOS, STRATO, 1&1 Versatel, and the brands of Drillisch Online), United Internet stands for outstanding operational excellence with around 65 million customer accounts worldwide.

### **Contact**

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