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PRESENTATION

Operator

Good afternoon, and welcome to Deutsche Telekom's video call. At our customers' request, this event will be recorded and uploaded to the Internet.

May I now hand over to Mr. Hannes Wittig?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Good afternoon, everyone, and welcome to our live Q4 2020 webcast and conference call. As you can see, with me today are our CEO, Tim Hottges; our CFO, Christian Illek; and our Head of Germany, Srini Gopalan. Tim will first go through a few highlights, as always, and provide our guidance for 2021. Srini will then update you on our German fiber to the home plans and he will also talk about the German segment Q4 performance. Christian will talk about all the other segments and our group financials. After this, we will have time for Q&A.

Before I hand over to Tim, please pay attention to our usual disclaimer, which you will find in the presentation.

And now it's my pleasure to hand over to Tim.

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

Welcome, everybody. I hope you're in good mood despite the COVID-19 crisis, which is still ongoing. But I hope that we can share at least some of the optimism and the transactional dynamic which Deutsche Telekom is carrying forward.

I'm glad that I found a place on the table. I'm sitting at the end of the table, so I'm glad that I'm here. The center of this company is anyhow here in the middle, which is Christian, the CFO, and the finance community. And Srini Gopalan. This is, let's say, the master of disaster. So therefore, I'm very happy that he's with us today, introducing this totally underdressed gentleman there. By the way, Srini, this is the way how you should look as a CEO, yes, not the way like you're going. I really appreciate your presentation. Next time, it will be the other way around, guys.

So I'm very happy, by the way, talking about yesterday's Supervisory Board meeting and the way going forward. We have extended the contract of Thorsten Langheim for another 5 years, and you know how important Thorsten is for us on the group development side for going forward. And as well from Birgit Bohle, our HR director in this community. So therefore, you see that our team is stable and aligned to bring things forward.

And I can tell you one thing, if I look hindsight, we had a lot to do. But looking foresight, I have all hands on deck, there are so many things to do. And one of the topics we're discussing today is the fiber rollout in Germany, which is very important.

I want to share some highlights about our 2020 results, which you see on the first slide, and I will give you even the update about the group financial outlook for 2021, including our guidance. Srini will then go into the fiber to the home deployments and into the performance of Germany.

Despite this acceleration, we will still grow our ex-U.S. free cash flow in the coming years. I think this is the most important message which we are bringing forward today.

2020 was a fantastic year for Deutsche Telekom on both sides of the Atlantic, a year in which we delivered on our promises, even over-delivered on them, where we laid the foundation for the long-term value creation of our group.

Just a few highlights. We are 5G leader in all our major markets where we have already the spectrum available. TMUS is delivering the synergies ahead of plan. The group still beat its initial free cash flow guidance as well as the increased targets. Our adjusted earnings per share was positive. All this despite the dilution from the merger and despite the corona pandemic. Our customer growth was as strong as ever, especially in the fixed-line market. And organically, group revenue grew by 3%. EBITDA AL grew by 8%. And in Germany, we had the highest broadband net add share since a decade. And we strengthened the German fiber business case through wholesale agreements with all major resellers, which is, by the way, very important to get co-funding for our fiber rollout going forward and we talk about that later.

And on top of that, there's a gift for all of you guys. We confirm a stable EUR 0.60 dividend as promised.

We go to next page and we see all segments. On the left side, all segments had a good strong EBITDA AL growth, except for T-Systems. And you see as well that the European segment has grown now its EBITDA AL at 12 consecutive quarters in a row. Germany, by the way, now growing EBITDA AL since 17 quarters in a row. And free cash flow at EUR 6.3 billion beats our midyear post-merger guidance of 5.5% and our raised target of at least EUR 6 billion.

So guys, I just wanted to mention that. Because I have done so many transactions, so many mergers in the past, and we always had this discussion about, first, we have the deep dive in the merger and then we create the value.

By the way, this is the normal story. We were able, despite the fact of EUR 1.5 billion of cost for synergies in the first 9 months, despite that, but to significantly over-deliver on our free cash flow numbers. Despite the 5.5%, we made 6.3%.

Adjusted earnings per share rose by 15% to EUR 1.2. This increase is due to the TMUS option, which we agreed with SoftBank. And by the way, Christian will talk about that a little bit later on as well.

But even without this, our earnings would have been stable despite the merger dilution due to our strong EBITDA AL growth along the major businesses.

Portfolio. 2020, another very busy year. We got approval and delivered the Sprint merger. Okay, that's history. TMUS funded itself. We renegotiated the terms with SoftBank pre close. And in May, we gained ownership of valuable call options.

TMUS is executing on the synergies. You have seen the numbers, better than anyone could have wished for. And churn has remained low, which is, I think, in this corona pandemic situation, it is really outstanding how T-Mobile is performing. That's the lowest industry churn in the U.S. markets. And the benefits of our 5G leadership are yet to come.

On the European side, we agreed to exit our Romanian fixed-line business. So -- and we entered various agreements with Cellnex related to our Dutch towers. And we have another very, very creative instrument to fund outside our balance sheet infrastructure, which is called DIV. And I think in our Q&A later on, you will definitely ask questions around this as well.

Going to the most important thing and the one which I care most about, that is customers. And by the way, that's not just a lip commitment, it's just my personal desire here. And I can tell you, we are not slowing down.

We have gained 7 million new postpaid subscribers customers in 2020. So we say subscriptions, we don't say customers, because these are SIMs, but it's a huge growth which we have seen there.

We have gained 700,000 new broadband customers in Europe, of which almost 400,000 in Germany. Think about 400,000, this is a market share which is beyond our ambition level of 40% in the German market.

And on top of that, we have gained 400,000 new TV customers, and you know that this TV customer business is now a very profitable business for us as well.

On Page 7, you see our commitment to our society and environment and the progress we made here. Our customer satisfaction increased in 2020, and so did our employee satisfaction.

By the way, I just want to mention that if you see an increase of almost 10% points, this is not usual. Normally, 1% point is already a huge improvement. We really used COVID for convincing customers about our social responsiveness, about our sustainability efforts and the stability of our infrastructure and the connectivity which we are providing. And we get a fantastic feedback for our customers. Never in the history, never in the history of this company, we had as close as high customer satisfaction numbers or employee satisfaction as we have seen in 2020. I'm very happy about this. Very happy.

Digital inclusion matters to us a lot. And by the way, we were ahead of that wave. Just think about how this is now politically discussed, but especially when it comes to hate speech, we had a big campaign, and please have a look to our YouTube clips on this one. Very, very emotional spots around that, including Billy Eilish and other content here. So it's very good.

Our fiber and our 5G networks are built for the many, not the few. That is the proposition. We are not exclusive. We are always inclusive. This is what the T-brand stands for.

Across our footprint, we engage massively to help people to deal with the consequences of the pandemic. I do not want to go into all the offers which we have made. Much more than our competition. So we are really in the heart, embedded, as part of our society. And a particular focus for us was connectivity for elderly people, for schools and even for students. By the way, on both sides of the Atlantic. And just mentioned the U.S. at that point, the 10 million campaign, which Mike Sievert started, was very well regarded in the market.

We stepped in and delivered where we were asked to help. And Deutschland has the most regarded, and by the way, the biggest corona warn app, now downloaded 26 million times, working totally smoothly. Now you can argue about the efficiency of a decentralized app, but it's definitely a part of the fight against corona.

We made progress with diversity. By the way, I got the gender personality of the year. Yes, great stuff. But independent from that one, I think you see even here, look at these guys, the 3 gentlemen, if this is not diversity, then I do not know what diversity really is.

So in Germany, we, as example, delivered 100% carbon-free electricity. We call it GreenMagenta. By the way, done. We reduced our energy consumption in absolute terms for the second year in a row. By the way, keep in mind that we are running the biggest cloud infrastructures as a telco. So we have an additional business with T Systems which other telcos don't have. Despite that outsourcing of energy, we were able to reduce energy in absolute terms.

And with Dominique with Birgit and with Claudia, we have 3 women in our Board of Management. And we are in Germany now the most diverse part from a gender perspective. But I think it's only one piece of diversity. It has to do with internationality, it has to do with the backgrounds of people who are coming from and it has to do with gender as well. So I think we are on good track, and we have already a lot of execution around diversity.

Networks. I mentioned that earlier that our networks are built for the many, not for the few. And that's how we are leading 5G. I do not want to celebrate it again. And you know I love that story because nobody of my competition was expecting that we are deploying 2.1 on 5G. We used all our antennas. And today, we have 2/3 of the country covered by 5G services. And all the competition is looking, what the heck happened.

Nobody in Germany, and you can see our press clippings, nobody doubts how far ahead Deutsche Telekom is at that point in time with regard to 5G. And this is just the beginning. By the way, same happened in in the U.S.

Interesting on this page, you see the tower. By the way it's the 5G tower. This is the tower in the center of Düsseldorf. And guess which company sits in Düsseldorf, I hope you know it.

On Page 8, you can see what we mean by FTTH acceleration. And I think even here, we are on a good track. So therefore, this is page -- yes.

We started to accelerate our fiber built in 2020 with 600,000 new homes passed in Germany and 1.6 million passed in Europe. Guys, again, 1 million additional lines only in Europe which we have built last year. So don't always look on to our German footprint, even look to the European businesses. We are making big steps there as well in our fixed-mobile convergence based on the best technologies.

We thought you would now like to hear what we are doing in 2021 and beyond. Whenever we talk about share price, I always hear something about FTTH. So it's very important for us to give clearance and the details around that. That is why the way why Srini is with us today, and he will give you a very detailed update about how we are now scaling up our position on FTTH.

On top of that, we have the Capital Markets Day in May, where we give you more thoughts, more decisions around the acceleration plan beyond as well.

So that's it from my side. And therefore, I'd like to hand it over to Srini. So Srini, the master.

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Thank you, Tim. Thank you, Tim, and especially for your comments on my sartorial elegance or lack thereof. But thank you.

So let me just kick off the session. What I will do is hopefully give you an outline of what we're planning to do from a fiber perspective. We will talk in a lot more detail about this, obviously, at our Capital Markets Day. But a lot of you have been looking for visibility and clarity, and hopefully, the next couple of hours will give you some of that visibility and clarity.

Let's start with the basic numbers on Slide 10. So as of now, we have 2.2 million homes passed with fiber. That number between now and 2024 will grow to 10 million homes passed. And we will be part of and the leader of the overall goal to get Deutschland covered 100% by fiber by 2030. Clearly, other people will build as well. But our commitment and belief is that we will be and continue to be the infrastructure leaders in this game.

Now where do we get that confidence? Why do we feel good about this plan? At a personal level, some of this for me, comes from the fact that I've been there on this journey and done that to some extent in Europe. Now when I started in 2017, we were running at a rate of about 300,000 homes passed per annum in Europe. As Tim just said, in 2020, we moved that to 1 million homes passed per annum. And all of that with CapEx broadly flat. And we kept CapEx flat by driving efficiency, scale, and I'll come and talk about this, is critical to any fiber build-out and reallocation of capital and squeezing efficiency out of several other areas. But that's kind of my personal confidence. I guess, what you're looking for is what are the more rational, believable reasons on why we think we can scale the German machine. And of course, every country is different. But look, I think there are 4 or 5 fundamental reasons why I'm a believer in the German fiber story.

Number one, I think both from an infrastructure and customer perspective, I think Deutsche Telekom is uniquely positioned to be the leader in this fiber rollout. Number two, I think Germany actually provides a highly predictable and stable framework within which to think about fiber. Number three, and I'll come back and talk about all of this in more detail, the reality is, I think, we will monetize fiber through a proven upsell-based strategy. Number four, we will fund fiber through a combination of CapEx reallocation or prioritization; CapEx efficiency; as well as broader efficiency moves to drive more cash.

And when you pull all of that together, I think what you get is a fiber plan that not only delivers return by itself but adds value to the enterprise. So that's the heart of the story from my perspective. And while we will talk about this in a lot more detail at Capital Markets Day, let me skim through the highlights of each of these elements of it.

Let me start with the first piece, which is our unique infrastructure and customer advantages. Let's start with the infrastructure advantages. And I think it's important to understand here that German -- our German copper network, our FTTC network, is one of a kind across the world. It's certainly the densest FTTC network in Europe. What does that mean? On average, it means we are only 200 to 400 meters away from every home with fiber, because our fiber goes right till the cabinet. We typically have about 100 customers per node, which means the average distance from the cabinet to the home is 200 to 400 meters. That structurally gives us a significant infrastructure advantage.

Now you add to that scale. 2020, we rolled out just shy of 600,000 fiber homes passed. That already makes us nearly twice the size of the next largest fiber player. And let's be honest, we're just getting started, right? That scale and the machine functioning at that scale is an impressive advantage.

Put that into numbers, we have close to 13,000 employees now working on the fiber factory. And when you're talking of experience from scale, costs coming down to scale, that and the high level of digitization, enables us to build a genuine world-class fiber factory.

The last element of scale that I think is critical is, in the end, fiber is a regional local business. You have to go talk to the mayors of multiple towns. You have to go talk to the local regional decision-makers to get permission to roll out fiber. Nobody has the regional scale that we have, to make that happen.

And that all of that together, I think, puts us well on track to drive scale and efficiencies into this business, just because of the depth of our fiber network and the quality and scale of organization that we have. And that's what makes me very confident that we are well on track to less than EUR 1,000 per home passed, and that will go down further as we scale.

The second structural advantage that I think leaves us uniquely positioned is our customer base. So we have 14 million broadband customers right now, retail broadband. Add to that 11 million bit stream access wholesale customers. And I'll come back and talk about the upselling story in more detail. But the bottom line here is if you are an over builder, you need to disrupt. We need to evolve. We have successfully taken our customers from ADSL to VDSL, to vectoring to super vectoring. FTTH is a next stage of this journey, and it's a stage which has and offers richer opportunities for monetization. I'll come back to that in a couple of minutes, but I think the infrastructure and the customer base leaves us uniquely advantaged in this market.

Let me talk a bit about the predictable framework. Because obviously when you're looking at long-term investments, the predictability of the framework is key. From a government perspective, the government's is focused on a couple of areas. One, very much in terms of making sure that they support the rollout through looking at ways like better forms of construction, easier permissions, et cetera, et cetera, but it's a fairly forward-looking regulation; but also through doing a way with fundamentally customer unfriendly and retrograde measures like [maven custom tribalik]. So we feel good about the support on that front.

The government is also actively working on subsidies. There is a proposal on further broadening this out in 2023. We have won more than our fair share of subsidies in the last 4 years, and we look forward to the enlarging of that program, and we are broadly supportive of the direction that this is heading in.

So on the one hand, you have the government with subsidies and forward-looking moves to ease up construction. What about the BNetzA, our regulator, whose support is obviously critical to this, right, and the way this progresses. German fixed-line regulation has been stable for a long period of time, and I expect this to continue. And if you look at what we have been able to put together, together with the regulator and our competitors, we have created a framework now for fiber that ensures competition while providing long-term visibility. It also incentivizes investment.

I'm particularly pleased that we've been able to agree 10-year commercial wholesale contracts with all our large infrastructure partners. So Eins&Eins, Drillisch, Vodafone, Telefónica Deutschland and actually as of yesterday, NetCologne as well. And these agreements are a logical and evolutionary extension of our well-established contingent model, while reflecting the higher costs of FTTH. And these agreements protect the well-established more for more logic that has governed German wholesale pricing. Whereas speeds go up, you get commensurate returns for your investment.

These agreements also contain significant volume commitments. And therefore, a large proportion of our future wholesale revenues is effectively committed. And so when we talk about predictable framework, we also, therefore, have revenue visibility, and this is obviously supportive of our fiber investments.

Let me quote the BNetzA press release recently, because I think it's quite exceptional that a regulator's this clear on their view of how they're thinking about fiber and fiber regulation. The press release explicitly states that companies create planning visibility for themselves. This allows them to invest in fiber infrastructure. And customers and the people benefit from this collaboration. And that spirit of allowing the market to find its own level in terms of these wholesale agreements in the construct of a broader framework supporting more for more is what has driven our 10-year agreements with all our partners.

So I've covered off a couple of issues then, which is our unique advantages in terms of infrastructure and customers and the predictable framework. Let me move on to the topic now of monetizing fiber. So on the upper half of the slide, you can see the strong retail broadband growth. So 8% growth over 2018 to 2020. What excites me about this growth, though, is 5% of that 7.8% comes from retail ARPA growth. And that 5% growth from EUR 32 to EUR 33.50 ARPA actually is not driven by price increases. It's driven by customers moving up the speed ladder. So we had 9% of customers in 2018 above 100 MBPS. We have 25 now. We have 4% of our customers on super vectoring today.

As we go through the next few years, the steady ladder or escalator upwards will drive up ARPUs as customers continuously upgrade the speeds that they are on. And there's a myth that somehow fiber has this cliff, where you have a customer sitting on EUR 25 ARPU. Tomorrow morning, you have a gigabit line, and they move to EUR 60 ARPU. The real world doesn't function like that, right? What lands up happening is customers go through a steady progression of needing more speed and upgrading their line. And that's what we have seen happen in Germany consistently certainly over the last 3 to 4 years. And our expectation is that cycle will continue. And FTTH will be the next step in that cycle, giving us a long period of continued ARPU and, therefore, broadband growth.

And the heart of this is, for us, demand for high-speed is growing. It's growing, however, at a steady pace. And that's driving steady ARPA growth. And there's a long, long pipeline to come.

If we look at the wholesale part of this dynamic, where obviously the regulatory framework is critical. We've talked a bit about that regulatory framework already, but you can see here on the bottom left, the stairway of how prices grow as speed grows within the current regulation, again, supportive of the broader, more for more principle, which is why we've seen 4% ARPA growth -- 4% revenue growth and ARPA growth on our wholesale business as well.

This to me is the central driver of the monetization of fiber. Yes, there will be places in which we will overbuild or win back. But at the heart, the core of where we will go is 14 million broadband customers, 11 million bit stream access customers that we will see steady ARPA growth in. And that will be complemented by whatever share gains that we'll end up having as we move to a superior infrastructure.

If I move on to the next slide and begin to address the questions of, so how will we fund fiber? And does fiber create value, right?

So let's talk a bit about how we'll fund fiber first. So funding fiber is going to come from 3 places. Number one, CapEx efficiency. We talked a lot about scale already. And as we -- with each progressive rollout of fiber, we're seeing costs come down. And that curve, and I've seen it now develop in at least 6 or 7 different countries, that's a steep curve, whereas you grow -- as you grow the footprint, you get better and better at becoming more efficient. And it is a scale business. And we will build that scale. Because this year, we did 600 -- last year, we did 600,000. This year, we'll double. The year after that, we'll double again. And we will, by 2024, we had a run rate of 2.5 million households per annum. And that scale will have a telling effect on costs, but also the digitization that we're seeing in our fiber factory. Our increased use of more and more digital technology to be able to predict our costs of rollout and then drive efficiency in them is one big factor.

Reallocation of CapEx, clearly another big driver. We spent EUR 600 million this year on -- sorry, last year 2020 on FTTC. Clearly, we won't spend that money in 2021.

But there are other pockets of CapEx. We spent almost EUR 4 billion of nonfiber CapEx in Germany. So it's a rich hunting ground to look for efficiencies, right? Whether that is in IT, whether that's in buildings, it's in a lot of places.

And last but not least, we've launched an enterprise-wide program called Save for Fiber, which is looking for efficiencies across our business to fund fiber rollout.

So a combination of reprioritization, efficiencies and broader cash savings is what will drive the funding of fiber.

So let me try and wrap this all up with the big question of, how do you create value from fiber? Or what value does fiber look like it's creating? So today, we were largely focused on guiding for EBITDA AL for 2021 and '22, and we'll talk more in terms of the midterm guidance at our Capital Markets Day. But let me give you a few kind of soundbites or clear big picture metrics which give you a sense of the value fiber will create.

So as Tim said earlier, number one, we expect the fiber acceleration to be consistent with our ex U.S. free cash flow growth.

Number two, while fiber will have long paybacks, we are confident that our fiber IRR will exceed our cost of capital.

And number three, as an enterprise as a whole, our ROCE, return on capital employed, will grow in 2021 and will continue growing through until 2024.

So bottom line, when you look at those big picture metrics, it's clear that we will create value with fiber. And the drivers to that, just to recap, will be the fact that we will grow revenues through a proven upsell strategy. And we will fund this through a mixture of CapEx efficiency to -- but also through taking costs out, which means EBITDA AL will grow as well.

And so as I wrap up this section, I come from a belief and confidence that we have a robust plan and a plan that we do not intend coming back to you in the future with significant changes or with another plan, right?

Our -- and why do I believe that it's robust and consistent with that apart from the confidence in executing it? From a political perspective or a societal perspective, it does address some of the central issues that Deutschland is grappling with because it's a significant part of getting to a full-fiber society by 2030. So I think it will receive political and regulatory support in terms of -- and societal support in terms of us getting there.

From a customer demand and a competitive perspective, I think it is very robust. Like I said earlier, our copper network is different from any other that I have seen in terms of closeness to the homes, which is why you will see in Q4 2020, we had our record net ads, because with vectoring and super vectoring, our copper network is already delivering significantly higher speeds of greater than 100 mbps. But what fiber will allow us to do is leapfrog and steadily build continued network superiority over the next 5 to 10 years. And that plan will result in the steady growth of ARPA that we've talked about.

Will there be competition? Yes, there will. But we're used to that. We are used to that in our VDSL and our vectoring rollout. We believe there will be selective areas where other people will land up-building. But our fundamental structural advantages on infrastructure and on our customer base will see us emerge. We're confident as the continued infrastructure leaders.

So that is the plan. And that leaves me just to focus now on the simple task of implementing it and getting it done. But with that, let me hand back to Tim.

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

You will get it done. I'm very convinced on that one.

Now let me focus again a little bit on the free cash flow and on the development on how we see that and to give you a little bit more visibility what our FTTH rollout and the acceleration means to our ex-U.S. CapEx and free cash flow guidance.

We will relocate CapEx and ramp up efficiencies. In 2021, we expect ex-U.S. CapEx to be stable at around EUR 7.7 billion. We expect CapEx to gradually increase until 2024. And by 2024, we will spend about EUR 500 million annual run rate more than in 2021. With this, we will reach our target of EUR 2.5 million annual run rate by 2024, which was laid out by Srini earlier.

Driven by top line and EBITDA AL growth, our ex-U.S. free cash flow will grow. From EUR 3.3 billion, as you see on the slide, in 2020 to around EUR 3.5 billion in 2021. And then going to 2024, up to EUR 4 billion. And that is the free cash flow growth in our ex-U.S. ecosystem.

This brings me to our guidance for 2021 on Page 15. We delivered against our 2020 guidance. At the midyear stage, including Sprint, we guided for EUR 34 billion EBITDA AL. We delivered EUR 1 billion more, EUR 35 billion. EUR 13.9 billion ex-U.S. EBITDA AL, we delivered EUR 14 billion.

And EUR 5.5 billion free cash flow, we delivered EUR 6.3 billion, almost EUR 1 billion more.

Guys, look, I know that you are used to big numbers. I know you're used to all this kind of (expletive), which is going on at the telcos, but I can tell you, in a year where we integrated Sprint, accelerated the synergies, got all these things done, delivering almost EUR 1 billion more in free cash flow without taking it out of the investments, I think this is really something which you should -- which you should at least consider in your evaluation on our asset.

So what's regard 2021? You heard TMUS guide 3 weeks ago. As usual, we take the midpoint of their guidance. We apply the average prior exchange rate, which is EUR 1.14, and we translate into IFRS. So in 2021, the EBITDA AL bridge is expected at around EUR 0.8 billion.

For our ex-U.S. business, I already gave you guidance for around EUR 3.5 billion free cash flow in 2021. And this is based on stable CapEx, as just mentioned, and ex-U.S. EBITDA AL growth from EUR 14 billion to EUR 14.3 billion.

For the consolidated group, this means guidance for around EUR 37 billion EBITDA AL. And for free cash flow, EUR 8 billion, which is a significant step going forward compared to this year on last year.

As always, you'll find a more detailed outlook, including for the individual segments, in our annual report. And let me now go to the most exciting part, going back into 2020, in all the numbers and all the finance. We come back in 2 hours. Srini, we have a drink in the bar. And now I hand it over for Christian, giving us all the details about the balance sheet.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

All right. Thanks, Tim, and welcome from my side, and let me get on Page 17 in the key financials.

So as you can see, the reported revenues grew by 29% to EUR 27.6 billion. Organically, we've grown by 5%, which would have been EUR 1.4 billion in revenue growth.

EBITDA grew by almost 50%, almost EUR 9 billion, and that is an organic growth for the quarter of 9% or for the year of almost 8%. I think these are, given the COVID headwinds which we have to face, really good results.

On the ex-U.S. business, we report an EBITDA growth of 2.8% and on an organic basis on 3.5%. And we talked about that cash flow, the free cash flow in the fourth quarter actually dropped by almost 50%. But to be honest, that is a reflection of the rapid pace of the implementation of the merger in the U.S. being it the network, being it creating the synergies and also higher financing costs.

On the adjusted earnings, they grew in the fourth quarter by EUR 600 million or on a full year basis, by EUR 800 million. Look, this can be fully explained by the appreciation of the fixed price option which we secured with SoftBank. The effect was EUR 630 million in the fourth quarter in terms of value appreciation. And it was EUR 800 million for the full year. So if you take this outside of the equation, the adjusted EPS would have been flat.

Page 18. I think we're seeing a consistent growth on both sides of the Atlantic. You see the 3.5% organic growth in the European footprint and the 12.6% organic growth in the U.S. footprint.

Let me get to the COVID impact and also to the outlook. So let me start with the middle column, which basically explains the impact in the fourth quarter. We had about a EUR 60 million drag on roaming revenues. We had about EUR 100 million revenue drag on ICT revenues. That applies to T-Systems, but also to the very large customers in Germany. We had a tailwind of EUR 25 million coming from the out-of-bundle revenues, which we talked about in the previous quarters. And we haven't seen any significant impact when it comes to bad debt. If I'm translating this, so we had a roughly EUR 100 million impact. And we assume that the full year impact in 2020 on COVID was about EUR 200 million.

When it comes to the outlook, I think the understanding of our teams here is that we see a modest improvement on the roaming, that the other stuff pretty much remains the same and then we expect a negative trend on bad debt, because if you take a look to all the insolvency forecasts, they're all increasing, and ultimately, this has to unfortunately hit also our P&L with regard to bad debt.

So that is basically our assessment for 2021. And since we have Srini with us, I have an easy afternoon. I hand it over to Srini to talk about the German business performance in Q4.

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

I'll be delighted to do that. Thank you so much, Christian. But before I start actually walking through the numbers, it's been, I guess, 3 months since I've taken over from Dirk. Let me start with some general impressions, and then I'll dive into the numbers.

So overall, I think Telekom Deutschland is in robust shape. Great networks, clear infrastructure leadership, a very strong brand, a committed and motivated workforce, as Tim showed earlier, low churn. So it's a business in solid, good, robust shape.

What are my priorities? Well, first and foremost, fiber. Building, funding, monetizing fiber. That, I think, is the single biggest part of the agenda.

In addition to that, I think there are a couple of big opportunities that are still out there for us to harvest. I think our Magenta brand, our core brand, is weaker than I'd like to see in the core consumer business. I think we've done a good job of implementing our multi-brand strategy, but there is softness in Magenta, our core brand in consumer, and that's something I would like to address.

And I think we have a huge opportunity in our enterprise business. We've now pulled together a consolidated enterprise business that deals with enterprise customers from the very small to the very large. I think there's a huge opportunity for us to really emerge as the biggest force driving digitization of German businesses.

So those are kind of the big things on my agenda right now, but we'll talk about that in a lot more detail at our Capital Markets Day.

Let me now walk through the numbers. So 17th consecutive quarter of EBITDA growth. We achieved our guidance despite corona. Revenues were up 0.6% year-on-year. Full year growth, 0.2%. Revenues were -- service revenue was marginally down in Q4. But when you adjust for corona headwinds, they would have grown by about 1%.

Our adjusted EBITDA AL was up 1.1% in Q4, which reflects some expected seasonality. Again, full year, when you look at it, it was 1.6%. In 2021, we expect adjusted EBITDA AL to grow again from EUR 9.2 billion to EUR 9.4 billion. Please note that this guidance is based on the EUR 45 million lower restated 2020 EBITDA based on the transfer of our IoT business from T-Systems to Telekom Deutschland.

So we move on to the next slide. Let's take a look at our service revenue. So our fixed service revenue grew by 0.6%, which is lower than the 1.6% it grew at in Q3. Underlying this is a stellar performance in broadband of 6% plus growth, which is very much in keeping with the story on upgrades and upsells that I was telling earlier. Without corona, the fixed-line business shows an underlying growth rate about 1% including the broadband growth. What's happened here in terms of the corona impacts is on our enterprise business especially, where we do some large MPLS deals, we have seen some of that demand being postponed in quarter 4 because of corona. Now when I look at quarter 1, we are bouncing back, and this business continues to be in strong underlying shape.

On the mobile service revenue perspective, I'm sure there's a question on why did it get worse? So of the sequential worsening from negative 0.5% to negative 1.7%, the biggest driver is the corona impact. Overall, in Q4, we saw a corona impact of negative 2.8%. So underlying mobile service revenue was positive 1.1%. And that negative 2.8 was 0.5% worse than in Q3. So most of the sequential worsening there is coming from the higher corona effect. There's also a bit of the MTR cuts on regulation and some amount of phasing.

But if I pull right back, big picture, we're still very comfortable with the 2% midterm growth that we looked at, at our Capital Markets Day in 2018 for our mobile service revenue. I think in Q4, you've seen some bigger impact on us than some of our competitors on corona. That's simply driven by our significantly higher market share in our B2B business which is obviously more subject to corona factors.

But coming back to the midterm picture, one of the key drivers for my confidence in the mid-term picture and continuing to stay at the 2.2% -- sorry, 2% growth that we've guided towards is this, this is one of my favorite charts, which is our 5G coverage compared to the gentleman in blue and red. You can see that there is a significant difference in what Magenta looks like across Deutschland. And I think it is rare with a new technology for one player to have such a clear head start. And that leaves me excited about the prospects for our mobile business.

So if I come back to some of our KPIs and go to Slide 22. Mobile underlying KPIs continue to be very strong. Strong growth in data usage, strong churn and continued growth in our branded contract net ads.

If I can move on to the next one on our strong commercials in fixed. Again, our highest ever broadband net ads at 121,000.

And I believe these great results are a combination of several things. The strength of our product offerings, you can see that the all IP-related churn or line losses has really come down to hardly anything right now. But also, I think during corona times, you've seen a bit of a flight to quality and reliability, which is really the core of our offering.

And so while we're excited to see this demand, I think, from a long-term guidance perspective and an ambition perspective, our goal continues to be the 40% net add share, the 40% market share, because we believe that's the right place for our business as well as market stability.

So we go to some more metrics on fixed, which is the next slide. And this is very consistent, as I was saying, with our -- with our fiber strategy. So if you look at the right top, 6.4% broadband revenue growth. Again, significant chunk of that being driven by ARPA growth and upselling.

Retail revenues, 0.7%. Single play and other revenues, down 4.4%. Like I said, most of that is a combination of tough comps because of Q4 '19 having seen a lot of project-related revenue from big corporates, things like building out MPLS networks, and corona causing a softer Q4 2020. And we're seeing a bunch of that come back already in Q1 2021.

So if I wrap up this quick overview of our Q4 results by saying that, as I said, I think this business overall is in a healthy, stable position and as you can see from our positive guidance for 2021. And I look forward to talking through more of our midterm plans and our priorities at the Capital Markets Day.

With that, I will hand back to Christian.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Thanks, Srini. And let's continue with Page 25 and the U.S. What you see is obviously impressive revenue and EBITDA growth, obviously, driven by the inclusion of Sprint. We had $14 billion, again, $14 billion of service revenues in the fourth quarter. And as I said earlier on, the organic growth on EBITDA was 12.6%.

Moving to the next chart. You see the strong net additions coming out of the U.S., 1.6 million in the fourth quarter, which basically split into 50% was postpaid phone and the other one was [mint]. And in total, it's almost a net addition of 5.5 million new net ads.

Also the churn remains low. And I think that is remarkable, from my point of view, given that we included Sprint, which had a significant higher churn rate and obviously is currently vulnerable also to competitors as we are in the early phase of the merger process.

Moving over to Europe. You see that the organic revenues in the European segments were almost stable despite meaningful drags from roaming, the organic EBITDA growth was up by 1.9%, and that's the 12th consecutive quarter on continuous EBITDA growth coming out of Europe.

What you also see on the commercial side is strong commercial figures in -- especially in the fourth quarter, both on the mobile side on the net add side, but also on the broadband net add side, you see year-over-year in the fourth quarter, it was higher than in '19.

Obviously, we also had a very good result on TV, because usually we have somewhere a run rate of about 20. And in the fourth quarter it was 70 and it was very much driven by Croatia and Hungary.

Moving over to the next chart, which is T-Systems. As we said earlier on, T-Systems is most impacted by the cohort crisis. In the fourth quarter, we had a pretty good increase in order entry, but this was very much driven by existing contracts coming from Shell, DPDHL and Heineken.

On the revenue side, we had a negative growth of 7.4%. And also that translated into a negative EBITDA of EUR 62 million coming from EUR 74 million in the last year. So the outlook for this business is that we expect a stabilization of the business and potentially a notch up. But we're still facing kind of restrictions in interacting with customers given the lockdown situation which we're having there.

Okay. Let's move over to GD. And what you see is on the Netherlands, I think we're going to start with Netherlands on Page 31, please. Netherlands performed well again. Contract net ads were down to 22,000. That is also very much driven due to the lockdown because all the shops are closed. But a stable broadband performance with 21,000 despite the fact that we have difficulties in getting into the homes given the lockdown. The adjusted EBITDA growth was 2.1% in the fourth quarter, so I think stable results.

Next chart is towers. We added about 1,400 towers to the portfolio here in Germany. And we said it, I think, already in Q1 that we will miss the 2,000 tower addition target. But at least we kept the second prediction, which was 1,400. You see that the recurring revenues are growing by 4%. EBITDA is at a healthy growth of 2%. So another year of steady performance.

Okay. Let's get into the key financials. And we talked about the free cash flow, which was coming down by 46%. We also talked about the adjusted net income which grew by EUR 600 million in the fourth quarter. Again, can be fully explained by the value accretion of the fixed price option.

Let me move over to net debt. That is actually -- can we go back, please? That is actually coming down from -- by EUR 4.3 billion. And what you see is it's very much driven by the weak dollar. So that helped us quite a bit. But there was also an EUR 0.8 million deleveraging effect coming from the purchase price allocation out of the U.S. So that brings us down to EUR 120 million.

And if we're moving over to the leverage ratios, what you see is in the fourth quarter, if you include on the right-hand side the leases, we're close to the corridor which we intend to be in. And if you exclude the leases, we had 2.4. So my prediction is, obviously, that trend will not continue in this year because there is quite a bit of spend coming also from the U.S. But we're still committed to get back into the quarter after 3 years.

And with that, I'll leave it open for questions, and we're going into a Q&A. Thanks, Hannes.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Well, thank you, Christian, and thank you, all. We will start with the Q&A part. Sorry for the long speeches, but the good news is we will not come back to you with a new fiber plan for the foreseeable future. So therefore, as painful as it is on a Friday afternoon, we got it out.

QUESTIONS AND ANSWERS

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

And so for now, I'm happy to take your questions. I think the first question is actually from Akhil at JPMorgan.

Akhil Dattani - *JPMorgan Chase & Co, Research Division - MD and European Telecoms Analyst*

Maybe I'll start with the fiber topic, if I can, to start with. And it's just a couple of clarifications from Srini's presentation.

So firstly, you talked about the run rate defy that you're targeting, and you said you wouldn't expect to give us an update and obviously you're confident on these plans. I guess one of the questions we get a lot from investors is how to define and dictate the run rate that you feel is appropriate. In Europe, lot of operators have tended to ramp up their plans as things go. So just some broad comments on kind of comfort levels that this is a level that is sufficient for what you need to do for the coming years.

The second thing is you talked a lot about scaling the fiber factory. Again, if we benchmark across other markets, we have seen costs come down a lot. So what are the specific things that you think of the bottlenecks and the differentiators when we think about why Germany is a lot more expensive than other markets and that could come down?

And then the final thing is you said the IRR would be above the WACC. Just any comments on what you take as the WACC for this final project, just so we understand what your benchmarking returns to.

And then the last thing was just a separate one on Germany. I think, Srini, you talked about service revenues bouncing back. I just wanted to be maybe following on to understand. Is that already in Q1? So do we think Q1 already comes back to normalized levels?

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Okay. Thanks, Akhil. I'll pick that up. So starting with fiber run rate. So here's -- so we've looked across the ramp-up of a lot of European countries. And our ramp-up between '21 and '24 is pretty consistent with those ramp-ups that we saw happen in France or in the U.K.

Why am I comfortable with that level of ramp-up? Well, a few different pieces right now. The way we are seeing the demand for high speeds growth is at a steady rather than a hugely disruptive rate.

Secondly, if you look at 2020 already, where we're very much in the early stages of a ramp, we're already twice as large as any other fiber builder.

And so in many ways, I think we will end up dictating the pace of this build of fiber. And our judgment based on the rate at which demand is growing, and this is where I think the fact that we have such a deep vector network does mean the rate at which demand is growing exists, but it's at a fairly steady, specific rate that it's growing at, right? So that's what leaves me comfortable that getting to 10 million by 2024, both in terms of ramp, is very, very feasible, but also in terms of ramp is the right level for us to continue to remain clear infrastructure leaders.

We come to your second question on scaling fiber factory. So there are multiple areas where you get economies of scale, right? So there are 3 or 4 that I'd like to highlight.

First is construction contracts. The more scale you have, the more you can go in for turnkey end-to-end contracts. And having done this in Europe, there is a fundamental difference in both cost and complexity when you start looking at turnkey projects.

Also, the larger and the more you roll out across the country, the more you're able to swap demand, depending on where you get quicker building permissions. So let me just explain that couple of minutes. One of the biggest constraints to scaling fiber quickly is getting all the building and construction permissions. Now the more areas you're rolling out in, the more easily you can go to a bunch of authorities and say, look, I have 5 areas I need to build out at. And depending on who gives me permission, I will go there first and start building. There, again, the scale helps because if you're only building in one area, it's hard to have those conversations at the extreme.

And so combination of things like the way you can purchase the material you use, the nature of contracts, but also your ability to get permissions means scale does create a step function difference in your cost curve.

The last one was the WACC, which is -- we're currently using 7.5% of WACC pretax, which I think is 5.8% post-tax order of magnitude.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

And for those who remember, this is also the WACC assumption we outlined at the Capital Markets Day 2018. So it's consistent with that WACC.

(Operator Instructions)

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

So I needed to come, there's just one other question Akhil had on the bounce back of mobile service revenues and overall service revenue.

So let me separate out a few pieces here. So firstly, our overall fixed and mobile service revenue, underlying in quarter 4, ex-COVID, were growing at 1% and 1.1%, respectively, so above 1%.

Second, my bounce back comment in Q1 was specifically linked to a lot of the project revenue that we're seeing -- that we saw a sharp decline of in Q4 that we are seeing a bounce back of in Q1 on the fixed side.

Overall, on the mobile side, we are not factoring in a significant bounce back of the loss of roaming revenue. I think order of magnitude, we're assuming 20% to 25% of what went away will come back. So if 100% went away, we're assuming 20% or 25% will come back.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Excellent. So the next question now is from Polo at UBS.

Polo Tang - *UBS Investment Bank, Research Division - MD & Head of Telecom Research*

I have two. The first one is really on towers. So there's obviously been a lot of M&A activity in the European tariff space in recent months. So what's your view in terms of how the European (inaudible) will evolve in the coming years? And what role Deutsche Telekom has played in this?

And then my second question is really just on German mobile, because you talked a lot about leadership in terms of 5G in Germany, but I'm just interested in terms of, are you seeing this translate into better postpaid net ads or ARPU, is it still too early?

And then just also on German mobile, [one-on-one relations so to speak] pressing ahead with their plans for fourth mobile network build. So I'm just interested in your thoughts in terms of how this will impact the German mobile market in DT?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Okay. Let me start with the towers question. Look, first of all, happy with the re-rating in the market. And whether we are doing something with DFMG or not doesn't mean that the value of this business is not there. And if you take a look what we have seen with the American Tower deal here in Germany, where basically a multiple of 30 was paid, that also underpins our argument that Germany is a truly attractive market when it comes to the tower business.

Look, we haven't taken a decision yet. Again, we have different options. We're going to see how the IPO of Vantage will work out at the end of March. Obviously, there's also an argument to be made to partner up with other players in the market to become an even larger tower co-company or basically do nothing. So there's numerous options. We haven't done anything. But what we've seen is we have a very good price point for the German market, and therefore, also a very good price point for the DFMG business independent of what we're doing.

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Okay. So if I can pick up the questions on 5G as well as Eins&Eins Drillisch. So firstly, on 5G. Some things are clear. We've clearly got perception leadership in terms of the first players being into 5G. That's how we've seen across the board. We are now at the stage of the cycle where we're seeding the market with 5G devices. So our share of gross adds with 5G-capable phones, I think, is now running at higher than 50% in Q4. And so we've got the perception, you're beginning to get devices into people's hands.

We included 5G in our more for more tariff update in September 2019. And that started now flowing through in terms of the ARPU upgrades that we're seeing happen.

The -- separately, on -- from a branded net add perspective, this quarter was 206,000, which is -- which is our strongest quarter for the year, despite the fact that with the shutdown, a lot of our shops were -- couldn't function.

So on the whole, I'd say, 5G, early stages, we're seeing strong perception benefits. We're seeing some of that translate into net ads. Too early to call the extent to which we're seeing ARPU upgrades on this.

And separately, on monetization, I think this thing will go through a few cycles. The earliest wave of monetization in my mind will actually come from B2B. And we're seeing some quite strong interest in things like local networks, especially in factories, for example, that we're able to build out with 5G. We're seeing quite a bit of interest in the B2B space on the broader users of 5G. I think with time, it will roll through in B2C in terms of consumers being monetizing -- being monetized through a more for more play. And then there'll be a third wave when you actually get a new core and the new core capability with things like latency coming in. So early doors, but those are the 2 or 3 waves in which I see the monetization happening.

On Eins&Eins Drillisch, I think all of you have seen the news that they have now accepted the Telefónica's national roaming offer, which converts the MBNA, MBA, MVNO contract into a national roaming agreement. From our point of view, this should conclude the national roaming negotiations with other partners. And just like you, we're eagerly awaiting the start of the build-out of the Eins&Eins Drillisch network.

The one caveat that I'd like to make here is when -- and having had some experience with disruptors like Jio, back in the days when I worked in India, there is a big difference when someone with a 10 million customer base begins to build out a network, because that is fundamentally a change from an MVNO to a network, rather than someone approaching a market without having a back book. Eins&Eins has a pretty large back book from that perspective. And therefore, that does restrict the degrees of freedom.

So my view on this, from a German market structure perspective, is you will see some improved economics, but I think the current segmentation that we're seeing of this market will hold at least for some time into the midterm.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thank you, Srini. And with that, I hand over to Jakob (Operator Instructions) Jakob from Crédit Suisse, please.

Jakob Bluestone - *Crédit Suisse AG, Research Division - Research Analyst*

And I promise I'll keep it to 2. Firstly, Srini, you made a comment that you thought the Magenta brand was weaker than it should be in consumer. And I guess particularly for those of us not sitting in Germany, could you maybe provide a little bit more context around that? What is it that's driving it? And I guess we'll hear more about it at the CMD, but what are some of the things you're doing to change that perception?

And then just secondly on fiber, you obviously had a number of different business models for deploying fiber yourselves or sometimes through JV. So just interested in hearing what are your thoughts around any co-builds, co-financing type investments? Or do you basically envisage doing all of this on your own?

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Okay. So I'll pick up both of those. So the Magenta brand in consumer. So Germany is a highly segmented market in terms of kind of having a discount level, a more value for money or smart shopper and then a more premium. And I think that market structure is a good thing.

I think we have a big opportunity with Magenta in consumer to go further than where we are right now, especially through driving convergence harder. So if you look at our convergence today, about 30% of our broadband customers actually have a mobile SIM from us. When you look at more evolved markets, that number looks more like 50% to 60%. And I think one of the successes we've seen in our European portfolio is we've got to 50% to 60% without discounting. We've got to 50% to 60% by making the core brand available to for second and third SIMs to other members of the family. And that's really the opportunity here to grow the Magenta franchise, which is going from a place, and I'll kind of stereotype this almost in extreme terms, where the chief wage earner, the father has a Magenta SIM, but the kid has an MVNO SIM, is kind of the way the German market lands are getting structured. I think there is a big opportunity for us to drive more of the family into convergent bundles across fixed line and Magenta in all its shapes and sizes, and therefore strengthen further the equity of the Magenta brand and make it appeal to broader than purely the premium segment, right?

So that's the opportunity I see, which is not kind of taking Magenta down market, but taking Magenta into more of a converged household play in consumer. And I think there's substantial upside for us as a business, both in terms of churn, but also in terms of the value of the brand and the depth of the franchise from doing that.

On fiber, to your question of JVs and co-builds and things like that, I think -- so firstly, I think the vast majority of our build will be ourselves. That said, I think there are a few key areas that I will be very open to and actively driving collaborations. So I would think that, in our mind, 80% to 90% of the build will be ourselves, but there will be places where we will look for collaborations.

A couple of thoughts on that, partnerships, especially with local authorities. Partnerships with local authorities, like we have done in Stuttgart or Münster or partnerships with players like EWE TEL, which we're executing on through Glasfaser Nordwest. So we believe these partnerships with local players are critical to us tapping into the local community.

The second area where I'm very open is exploring the whole idea of off-balance sheet structures to add further firepower to our rollout and looking at context and structures that actually enabled us to work, especially when they involve building off passive infrastructure.

And so on the off-balance sheet side, I'm biased towards looking at passive investments rather than the active investments, but very open to considering those. But big picture, vast majority own and then supplemented by these.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. I think that's an important point, right? So anything that we do off-balance sheet would be on top and would be separately transparent. So this is not a way to get around parameters that we have already disclosed earlier today.

I also had a question related to the wholesale agreements from Robert at Deutsche Bank. And he asks whether they include wholesale volume commitments. They do. They do this in different ways and according to different agreements. Sometimes it's a strong on cost logics. Sometimes it's an explicit commitment and so on. But by and large, these contain significant volume commitments, right?

I also had a question on the ex-U.S. free cash flow, right? I have 2 questions in fact. So the first question was, do they -- do we assume significant changes in cash special factors in this time series that we laid out? No, you should think of those as constant, maybe to slightly declining over this period.

And there was a question from Josh at Exane, he will be on later, but he sent me one per e-mail already, whether there is lumpiness in the free cash flow guidance. No. I mean, we provide you with 2021 and 2024, but the idea is not to have like big discontinuities in the intermediate years, okay?

So with that, I hand over to Andrew at Goldman for the next question.

Andrew J. Lee - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

Yes, afternoon, everyone, and thanks, Srini, for your very clear presentation of fiber to the home and also for your clear defense as to why you don't need to come back on that fibers to home CapEx envelope. And so bad just challenge the statement once again that you think this CapEx plan won't require you coming back. So just wanted to ask, just given lots of other operators have said that and ended up raising again. Are there any other CapEx risks or uncertainties outside of fibers to home in that CapEx envelope that make you -- would make you in any way concerned that you may need to raise that envelope over time?

And then the second question is also a follow-up on your comments earlier on the maximizing the value of your towers. It sounds like quite a few options are open. But I just wanted to dig in on a comment -- on some comments you made a few months ago where you said that you're generating more EBITDA and gearing up for the main ways to create value from towers which may require relinquishing majority control as you did with DT Netherlands. And so just in relation to what your DIV vehicle provides, so any kind of further color on what your latest thoughts on those factors is would be helpful.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Well, I could maybe start with the CapEx risk question. I think I would highlight that we gave you a promise at the Capital Markets Day 2018, the CapEx in that period for the time of the guidance period, and we stuck to our promise. This year, we guide for 7.7, and that's pretty much the number where we were on average over this period and also in 2018.

So you can trust us that this is a well-thought through plan. And we have confidence that the framework we have given ourselves is the right one. Christian, do you want to add something to that?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

No. I think we have proven that our CapEx guidance was in line with our predictions and we continue to do so. This is the reason why we are very transparent with what we are planning until 2024. And there's no story behind that story here, and there is no risk which we're seeing right now.

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

Look, I think let me elaborate a bit on the tower situation in the Netherlands. And what we did is we transferred the towers in the Netherlands and the ownership of this one in the vehicle. We merged that with the Cellnex towers, creating synergies. And now we are creating, let's say, a fund out of this, which is enabling us up to EUR 1.5 billion and beyond to raise money outside of the balance sheet for infrastructure investments within Deutsche Telekom.

This is a classy DT deal. We create out of assets optionalities for the future. So it's a strategic components, not just selling something and then getting the money. We can raise money at any time because it's very cheap this day. We create optionalities for value-enhancing businesses, outside out of our strategic envelope which we have.

So this is for us a strategic opportunity to do something. And you see that we are now, from different angles, approaching the FTTH market, especially in the German environment. So I'm very happy that we were able, because it's an unorthodox saying, no other telco has even considered this as a structure. So therefore, this is exactly like we always think creating optionalities.

Now looking to the towers. And by the way, because everybody does something, this is exactly why I'm not doing it. Because this is something that you have to warn yourself of saying, why is everybody running into this direction? It might be right that you have to monetize your towers to deleverage your balance sheet. As Christian laid out, we don't need that today. We keep the value on our hand.

The second opportunity is we might have a partner where we have synergies and a value-enhancing story. It always takes 2 to tango. We might IPO the story as others are doing it, might be a good idea, let's see how it is working. But we are looking into the market, which is happening there. We have carved out or carving out all the towers into entities. We have more towers than Vodafone and American Towers here in Germany together. And therefore, we know about the value which we have. So it's a kind of kingmaker.

And so therefore, let's keep it on the hand and play our joker when we want to play the joker. It's, again, thinking about optionalities. And therefore, we'll let you know when we are moving forward in this regard.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thanks, Tim. And now I pass on to George at Citi, please.

Georgios Ierodiaconou - *Citigroup Inc. Exchange Research - Research Analyst*

Both on fiber. And I appreciate your strategy of trying to not interfering each other's territories to maximize returns on investment. So what I was trying to maybe understand is the level of penetration that you have in mind for these 10 million homes in the long term, if you perhaps give us a pro forma market share of your retail class wholesale business in those homes, just to give us an idea of the kind of returns you are targeting in the very long term.

And then maybe a question, which is more for Christian around the need to look at financial options. I appreciate the strong balance sheet, but one of the problems maybe we'll have in the market is fiber assets are not appreciated that much by equity investors. So I was wondering, from your perspective, a lot of your peers with good balance sheets, like Orange and Orange Poland, have looked at doing some of these partnerships approximately as well. So I was wondering if it's something that you are considering or you may consider beyond the 10 million homes that you already highlighted.

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Okay. Thanks, George. So let me start with the first one, which is the penetration. Now the danger with anything in fiber is it's an average that is precisely wrong. Because there are at least 5 different types of fiber markets in Germany, whether you think of subsidized areas or whether you think of the (inaudible) workshop in the heart of urban Germany. I will cover off these segments and kind of our strategies on each of these segments at the Capital Markets Day in a lot more detail.

Suffice to say at this point that there is nothing heroic about our assumptions. They're pretty consistent with pretty much any fiber build-out case you look across the world, whether that's France or the levels of penetration that DT has got to. But I would rather give you a more nuanced answer of what that looks like by each segment. And you'll see some of that when we talk about our stuff at the Capital Markets Day.

The important piece, and I think you picked on this, George, rightly early in, is that this is -- that because this is less of a overbuild or a land grab strategy, the critical piece is what increase you get in your ARPUs as you go through this penetration curve. So -- but there's -- if you look at any standard case of what 5- and 8-year and 10-year cohort penetrations look like in pretty much any fiber build out, we're not assuming something totally different, and it does vary substantially by the segment you're looking at.

On the financial options, I'll make one point and then hand off to Christian on additional pieces. I think the way we have looked at financial options is -- firstly, I think it's important to realize that there is no silver bullet. So taking something off-balance sheet from a funding perspective also means you take it off-balance sheet from an EBITDA perspective, right? Fundamentally, if you're going to leverage largely external funding to make sure that you build your financial assets, then with time, your wholesale and retail margins do come under pressure, which is -- and which is why our belief is the way we think about external funding is, first, we want to build as much as we can with our own resources and push ourselves to be as efficient as we can with our own resources. Next, we look at what is the least dilutive way of external funding, which is why we have a bias towards passive and how we build out passive. And that's the context in which we've thought about the funding plan. And you're right, any external funding comes on top with a bias towards passive first.

But I'll hand off to Christian for other comments on it.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

But you gave a pretty good explanation already. So as we said, there's mix of investment tools which we're having. Obviously, the first one is we're building ourselves. The second one is we're building joint ventures as we've done with EWE TEL in building together. The third one is we're teaming up with a financial investor and creating something.

I think this is where IFRS 16 holds you honest, because if you take it off-balance sheet and you have a long-term contract, obviously you have the lease liabilities as a flip side. And if you take a look at my balance sheet, I have now I think EUR 32 billion of lease liabilities on the balance sheet, and this is going to be kind of the flip side of that argument.

But you can actually argue that the transaction in the Netherlands, well, the starting point of this, because we used the asset, sold it to Cellnex because there are in-country synergies, then we basically created an infrastructure fund with an anchor investment and with an anchor partner. And now we're going for more investors to actually spend money in the infrastructure sector. So this is why we have built the DIV. Obviously, there are other external sources of financing, but it's always basically the balancing out between, am I taking the CapEx or am I taking the lease liabilities? And I think this is the equation which we have to resolve, but we're open to it.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Excellent. As we say in German, the better is the enemy of the good. So if we have a good plan, and then let's see if we can make it even better, but we think it's pretty good for the time being.

So I pass on the next question.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

I do have one comment because Srini and I will discuss this for quite a bit. I think you've got to be a little bit flexible in the build-out strategy. So this is not a plan where you basically have now laid out all the areas which you're going to build out. So it depends on the local negotiations you're having and so forth. And this is reciprocity, as you mentioned. And this is how we treat it. So we have a clear target, and we're trying to go on for the best possible mix and there will be cost corrections over the time. But we're committed to that 10 million.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thanks, Christian. And with that, I pass on to Josh at Exane, please.

Joshua Andrew Mills - *Exane BNP Paribas, Research Division - Research Analyst*

2 for me on the free cash flow. So if we go back to your CMD guidance, which you reiterated again at the first quarter for the EUR 4 billion of ex-free cash flow in Europe this year, in 2021 rather. Net guidance obviously come down now to EUR 3.5 billion despite the fact you've had good commercial performance, doesn't have any big change in CapEx. So what are the line items in the cash flow have changed to bring your expectations down? Is it working capital cash taxes? It'd be great if you could just help build us a bridge for that 2021 free cash flow number.

And then I think the second question has already partly been answered by Hannes earlier. But when we think about the projection of the EUR 3.5 billion free cash flow in '21 towards the EUR 4 billion target in 2024, is this expected to be quite a linear progression? Or would we expect it to be more back-end loaded?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Okay. So I give you the breakdown from the EUR 3.5 billion to the EUR 4 billion, and Hannes actually recommended to me to not do it. But I think it's actually 3 arguments.

The one is in our CMD targets, we build in a dividend from BT, obviously, which has been suspended, which were worth EUR 200 million. The second one was that we obviously had an interest income coming from the U.S. because we were taking some of their financing. Given that we have closed with Sprint, this is gone. And the third one was there's an IFRS 16 translation effect, which costed us EUR 200 million in free cash flow.

So that explains the EUR 500 million. But I think the more important thing is that we're going to increase the build-out of fiber at the same time we're increasing free cash flow. I think that, that is for us the main message and not that we have lost, for structural reasons, EUR 500 million relative to the EUR 4 billion. At least this is how I see it.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. And as before, the progression will be quite -- there will be a steady progression. But you do understand that we are not outlining a fully fleshed 4-year plan. In any case, we give a lot of guidance, and we will give a lot more guidance at the Capital Markets Day. But today was about giving you, let's say, the broad parameters. And it's clear that the free cash flow growth is driven by EBITDA going forward. And the gap between the EUR 3.5 billion and EUR 4 billion is nonoperational factors, which we have tried to outline ahead of time. That's what Christian referred to.

So -- but with that, let's go to the next question, and it's from Christian at HSBC, please.

Christian Fangmann - *HSBC, Research Division - Analyst of Telecoms*

I have also 2. One is on the ex-U.S. CapEx. So you're guiding it to go up by EUR 500 million. So is that entirely coming from the German segment? Or how do you have to think about structurally about the movement until 2024? So with the other segments, the tower business, Europe. So any color there would be helpful, at least broadly speaking.

And then the other question is maybe a follow-up on the DIV or DIY strategy that you are created-- that you created in the Netherlands. Is it -- will you exclude doing something in Germany with that vehicle? Or is it more focused on Eastern Europe? So I'm just trying to understand kind of what the strategy of that vehicle really is all about.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Okay. So let me start with the DIV, I think there is -- and I'm not sure whether we've gone transparent with this to the market, but there is a clear commitment to what extent they are basically investing into the DT footprint. And there is no exclusion of any country. So therefore, it very much depends on the deal, whether it makes sense for the DIV to invest in that. And at least there is a commitment in terms of the minimum share they're willing to invest into our footprint.

On the ex-U.S. guidance, this is very much focused around Germany. You've heard Srini saying that he has basically increased the rollout of fiber by the factor of 3 without increasing the CapEx envelope. I think we're talking about EUR 8 billion CapEx envelope for DT ex-U.S. once we get into '24, 8.2, if you add it up. I think there is a lot of reprioritization possibilities, but the extra spend is very much dedicated to Germany.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. I hope that answers the question. And then we move on to Fred at Bank of America.

Frederic Emile Alfred Boulan - *BofA Securities, Research Division - Senior Analyst*

Firstly, on the FTTH wholesale discussion and the commitment that you've secured with some of the other players. How do you think that in the long run this piece of business will evolve? Do you think that the growth in ARPA will offset any potential shift in share to other builders? How comfortable are you with this? And considering other deals out there, including the (inaudible) cable deal with Vodafone?

And secondly, maybe a question for Christian around leverage. So you guide for a leverage above 2.75 in '21 and '22. You expect this to be consistent with your BBB rating. So considering the C-band auction outcome, how comfortable are you with your kind of organic deleveraging path? Is there any additional steps you need to take to tick the box with agencies considering asset sales? Or do you think the organic plan that you have is sufficient to stay at an appropriate level?

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

Okay. I can pick up the wholesale, but first, thank you for the question, Fred. So look, today, we're not giving long-term guidance on our wholesale specifics, but let me make a couple of comments.

The last 2 or 3 years, the framework that our wholesale agreements existed under was the contingent model, which is very similar to the new deals we have. And the 10-year agreements protect the vast majority of our wholesale access revenue going forward. And therefore, they're a big part of the fiber investment plans. So I feel pretty comfortable with the wholesale business as a whole across both volume and value.

Let me just pick up one point you made on over builders, and maybe this will tie back to a bit of the earlier conversation on this whole how real is this CapEx? Are we going to come back and say we're going to need to build a bit more? I think there's a few pieces we need to keep in context. One, consumer demand, right? We have 11 million lines in our base that are capable of more than 100 MBPS. So this isn't fiber, this is copper.

Currently, we have 3 million customers who have taken them up, right? And this, we're talking about 100 mbps, right? So there's a long way to go still in the upgrade cycle. When an over builder builds into one of those areas, the likelihood that these customers will on mass switch to a fiber line when they've had the opportunity with an existing copper line of just upgrading speeds, I think, is slim. And I think that will constrain the level of overbuild.

I think there will be opportunities for overbuild. For example, there will be sweet pockets where it costs less than EUR 2,000 to build, where you do get -- where there is no cable and there are poor speeds.

But when you look at the proportion and the size of this market, it's small. And if anything, I believe we are taking an aggressive step forward with the pace of our build, which is quicker than the pace at which some of the demand is likely to evolve, which is why I think what you will see is a steady upshift in the ARPUs rather than a dramatic cliff effect in terms of what happens to ARPUs. But hopefully, that addresses the question that you started with. Christian?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

On the deleveraging question, there is no way that we're going to get into the quarter in '21 and '22 and we never said this, we said after 3 years. So you will see in '23 a significant deleveraging. But right now, given also the massive buildout plans in the U.S. and also that we invested into fiber, we will be out of the corridor in the years '21 and '22. This is why I was giving you a cautious outlook into '21, because 2.78 by the end of Q4 looks really close to getting back into the corridor. But obviously, there is more spend to come in 2021.

But still, I think it's good news because we have absorbed both the ATC deal with the lease liabilities and the C-band auction, and we're still committed after 3 years to come back into the corridor. So it very much remains very stable, the financial framework, which we are planning for.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

And we have done it just now. 2.4 ex-leases is pretty much -- the ex-lease is a very good proxy for the old corridor. That was 2 to 2.5, right? So it's not to say that's where we're going to stay. But what it is showing you, that time after time, we have been able to come back into the corridor quite quickly. And I think that's good news.

So now let's move on to Ulrich at Jefferies for your questions. Ulrich.

Ulrich Rathe - *Jefferies LLC, Research Division - Senior European Telecommunications Analyst*

Yes. Try to get into your good books, Hannes, by asking only one here. Coming back to the tower sort of situation. You're discussing this very much from the point of view of having a prime asset in Germany and as you joke that you can sort of pull. But is it fair to say, if I were sort of describe the overall position, that if you were to do something other than running the asset as you are and creating as much value industrially as you can, if you were to do something, it would be ultimately with an aim towards a pan-European Telekom with Deutsche Telekom in a role of material influence. Is that your preferred vision? And sort of the question is how to get there? Or is it really more the German assets and how they develop and potentially strategically?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

So Ulrich, we will not make a forced ranking on the options which we have at hand, whether what's going to be the preferred one, what's going to be the less preferred one. Obviously, we're rolling in towers into GD towers. So we're in the process of rolling in the Austrian towers. And obviously, we have internal debates on whether there's additional portfolio which can be captured in that business. But please be patient with us and wait until we have taken a final decision instead of asking me what's our preferred or what's our forced ranking in terms of options when it comes to monetizing towers.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

I think we have a clear priority, which is to create value for shareholders, and that's what we have tried to do with how we have thought about the subject.

And next is James at New Street. And then we take 2 more.

James Edmund Ratzer - *New Street Research LLP - Europe Team Head of Communications Services & Analyst*

So I had a couple of questions yet coming back on topic on fiber in clear place. The first one really just around the future of your copper network as you roll out fiber. I was wondering what you can say about that. Specifically, I'm interested in the deal you just signed with NetCologne. So in the areas where you're now going to have a mutual partnership with them and they're investing, will you be shutting down your copper network in that area? And similarly, as you build out FTTH across your own footprint, will you be able to shut down the copper network and do a forced migration over to the fiber network?

And then secondly, are you able to give any indication, please, on how you see FTTH wholesale fees developing? I mean you showed a really interesting chart that, that's stepping up as you move up the speed curve. How much further does that step up, please, as we move towards full fiber?

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

So can I start with the second one. Look, this is it's very difficult to say anything other than it steps up and it steps up quite a bit because we -- it's hard for me to comment on FTTH wholesale pricing right now because that's still in regulatory discussions and BNetzA could choose to announce. But it's really BNetzA's discretion on where and when they choose to announce. So you'll appreciate, it's hard for me to comment on that. But the -- I think an extrapolation of that graph is not a bad thing to do. It's one of the few extrapolations that might actually be accurate.

The -- on the -- on your -- on the other question of the future of the copper network. Look, it's a great question. Right now, our economics still do not build in the complete shutdown of copper. And that would be a further significant positive improvement at least from 2 or 3 different perspectives.

One is the -- just the migration of customers on to fiber, which is much less active network, results in a significantly higher meantime between failures. It almost doubles our mean time between failures and, therefore, lower service costs. And then obviously, the cost of running the copper network. That's a conversation which has, in many ways, just begun. You have to remember, Germany is 3 to 4 years behind in terms of a lot of the cycle of these conversations on copper shutdown and the regulation around copper shutdowns. But I'm very encouraged by the direction in which we're looking at countries like the U.K. or Belgium head towards looking at copper shutdown scenarios. So too early to comment on that, but will be a substantial positive that's not yet built-in into the way we thought about fiber.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. As I said 2 more. So the next is Emmet at Morgan Stanley.

Emmet Bryan Kelly - *Morgan Stanley, Research Division - Head of European Telecoms Research*

Yes. Thank you very much, Hannes, and good afternoon, everybody. Yes, like Christian, I'll keep it to one question as well, please, in the interest of time.

My question is on potential technology disruption. I saw just before Christmas the Bundesnetzagentur approved Starlink as a broadband provider in Germany. And it appears that a must and satellite network really want to target rural broadband across Europe. And clearly, Telekom Deutschland is very strong in the rural areas. I'm just wondering if you had any kind of early thoughts on any potential disruption here. Is there a real risk here? Or do you see them as a marginal provider? Or maybe is it just another iridium (inaudible) in the future?

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

By the way, Emmet, I was very surprised how much press coverage this statement from myself raised. But I was referring to my people and saying, by the way, guys, we should be never biased on our technologies alone. In this dynamic world, there might be substitution technologies and we should be aware. And I'm believing anyhow in the network of networks. It is driving our partnership model in the ecosystems which we are strategically executing already. And therefore, we should be open to other technologies as well.

Interesting wise, Starlink, and we have discussions to Starlinks and we had elaborated on the technologies, is, I think, at that point in time, not ready for the coverage for the -- for very, let's say, dense -- sorry, for very highly digitized markets because it's a shared medium. It requires more bandwidth.

And on top of that, I think the market penetration for the services in the western world is limited because the areas where we have no coverage at all is very small. And you anyhow need another ecosystem of a dish, which is recline for the technology.

On top of that, I think the service with 499 plus EUR 99 on a monthly basis is compared to our offers, which we have in our fixed-line markets, very expensive.

So a shared medium only for a few customers in a very, let's say, low piece of country is something which I would say is not a big option. But nevertheless, it can be an adjacency for the world which is not connected, for every kind of other things, I think this is definitely a viable option. And for IoT services, it might be as well an option to be -- to be considered, but it requires another technology department.

For us, it's very important to have adjacent technologies. And on the hub side, this high altitude platforms, we have delivered a unique patent for payloads on a drone which will enable mobile services in areas without any kind of additional spectrum, without an additional hardware requirement which we can use. So this is something which we are working on. This is even something where we are looking for partners. So we are open for new technologies which will help us to fulfill our promise of ubiquitous data access everywhere. This is, let's say, what we are driving. And that is why we are talking to others as well.

But it's not an exclusive nor it's the only one. I think it's an option, but not market viable yet.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. Thanks, Tim. And now I hand over to Charlotte at Arete, please.

Unidentified Analyst

I'm very happy to hear some diversity to your call today. I'll get 2 questions, please.

Firstly, on your U.S. guidance for 2022. This implies -- the revenue guidance implies equipment revenues are stable or even down actually in '22, which seems quite conservative given the state's increased market share. Would you provide some color behind that, please, in terms of your thinking on market share and pricing and what's driving the conservative guide there?

And then secondly, on Germany, you mentioned that the proposal to broaden the public funding port in 2023. Could you provide the latest on the update on the public funding pot available, please, and the thoughts around that? And what's the estimate in terms of proportion of the country that would apply to?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. So in terms of the first question, T-Mobile U.S. has inherited a very significant lease answer lease business from Sprint, as you may be aware. And they will migrate the mix of their approach to the market more towards EIP, equipment installment plans, this year. And as a consequence, there will be a decline in lease revenues and lease EBITDA and that impacts some of the headline guidance that you will see. T-Mobile has also disclosed guidance, of course, related to their cash EBITDAs. And we have now embraced new disclosure on service revenues, even also at the group level, which will give you transparency as to how the, let's say, relevant revenues are developing. So this is how we want to provide you with transparency during this commercial migration of T-Mobile, which makes a lot of sense because it is churn reducing, we think, and commercially beneficial.

Second question, I'll pass on to Srini.

Srinivasan Gopalan - *Deutsche Telekom AG - Management Board Member - Germany*

So on the subsidies program, we have a history of successful participation in these programs, and our share ranges from 60% to 70%. Where we are in the new program that is scheduled to start in 2023 is expanding of coverage from white spots to gray spots. What exactly that means in terms of households covered is unclear right now. I think we have until May 2021 when the directive will be discussed to get the clarity on this. We think, directionally, the subsidy program makes sense because it's addressing areas that are uneconomical to cover and providing them with coverage.

However, the devil in some of this is in the detail. And we, along with Braco, the association that represents all cable and fiber providers, have submitted our questions, concerns as well as areas of support. And we're in discussions. By May '21, we will finalize that and will be possible then to get a better sense of how many households will be impacted by this.

Timotheus Hottges - *Deutsche Telekom AG - Chairman of Management Board, CEO & Member of the Data Privacy Advisory Board*

Wrap it up. Yes. Look, first, thank you for all the good questions, and thank you for this deep dive on the fiber side.

I think looking hindsight, 2020 was a great year for us. If you look to what we overdelivered with regard to our promises, we grew strongly. And if we compare ourselves with all the telcos that we did that this morning, we outperformed our competition again. So we are happy about that one. And by the way, the success is the foundation for all the activities which we're going to see towards growth. Now we got the U.S. merger done. Therefore, our obligation this year is to strongly deliver on the synergies. I think we are on a good track in this regard.

We make a commitment to grow above our plans. So this despite the corona environment and on both sides of the Atlantic. So I think this is a strong commitment, which we're giving. We will give you further details on the growth on our Capital Markets Day.

With regard to the EBITDA, 8% growth in 2020. I think a very strong performance despite the merger and despite the pandemic. So even here, I'm happy about how we delivered on this one. And we have the same commitment for 2021. I think our guidance is very ambitious when it comes to free cash flow and others. We are increasing our CapEx envelope, and we're increasing our free cash flow going forward. So I think these are all strong commitments. And we have a clear committed German fixed-line plan.

By the way, the plan on our fiber plan is not a challenge from a financial perspective. The challenge which we have is now doubling and doubling up the build-out. So therefore, if Srini said 80% of, let's say, the rollout is on our hand, 20% with partner, guys, don't ask me about money. Ask me how we get it spent in the right way. This is, I think, the focus of our discussion going forward. And therefore, I do not see a limitation on cash. I see, let's say, limitation of resources, and therefore, this is something which we have done.

Our 10-year wholesale deals, guys, and just look into the numbers, give us not only a big commitment from our partners, they will give us even a big co-funding, double-digit billion co-funding, which we have negotiated in the last quarter. This is a super number. And I'm very happy that we were able to do this without any regulatory invention. It shows our partnership approach, our openness. We are open to partner with somebody.

Our tools are available with regard to hold buy. And we wholesale our services. So everybody can use our infrastructure. At the same time, this makes it a plan. So -- and there is a fair chance for monetizing this infrastructure going forward.

I think we even take a big uncertainty out of the market, which is the national roaming. So this is something we haven't mentioned in our call this afternoon. I'm very happy about, let's say, that there is now end of the discussion and there is a conclusion being found with Telefónica Germany here. So now I'm expecting and we're looking on the rollout on the infrastructure which is going to be built from United Internet Eins&Eins in the days.

What's next? I think execution is key. Get things done. So therefore, we are looking now very much forward to our T-Mobile Analyst Day. By the way, that's the next thing coming. T-Mobile is giving you an update about the plan of integration, synergies, shareholder remuneration and going forward.

And then we are following with the Americans on a Capital Markets Day in May. I think the days, beginning of May, the 20th of May, which we are planning. So we are looking very optimistic towards this one. I think we will talk not only about growth and about infrastructure investments. Then we will even talk about all the efficiency gains which we were able to achieve in 2020 and going forward and the digitization of our company, which is very important as well.

I think you find ourselves very optimistic. If you have more questions, please see us soon. I'm on roadshow next week. And I hope to see you soon. Stay healthy, guys. And with this optimistic out view, keep on fighting. A nice weekend. Bye-bye.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thank you, all. And now we are closing this conference call for today. For any further questions, please contact us at the Investor Relations department. Also from my side, have a great weekend. And yes, stay healthy. Okay. All the best.

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