

# Deutsche Telekom

## Q1 2022 results



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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, Core EBITDA, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

# Q1 2022 results

## sector leading growth

### T-Mobile US<sup>1</sup>

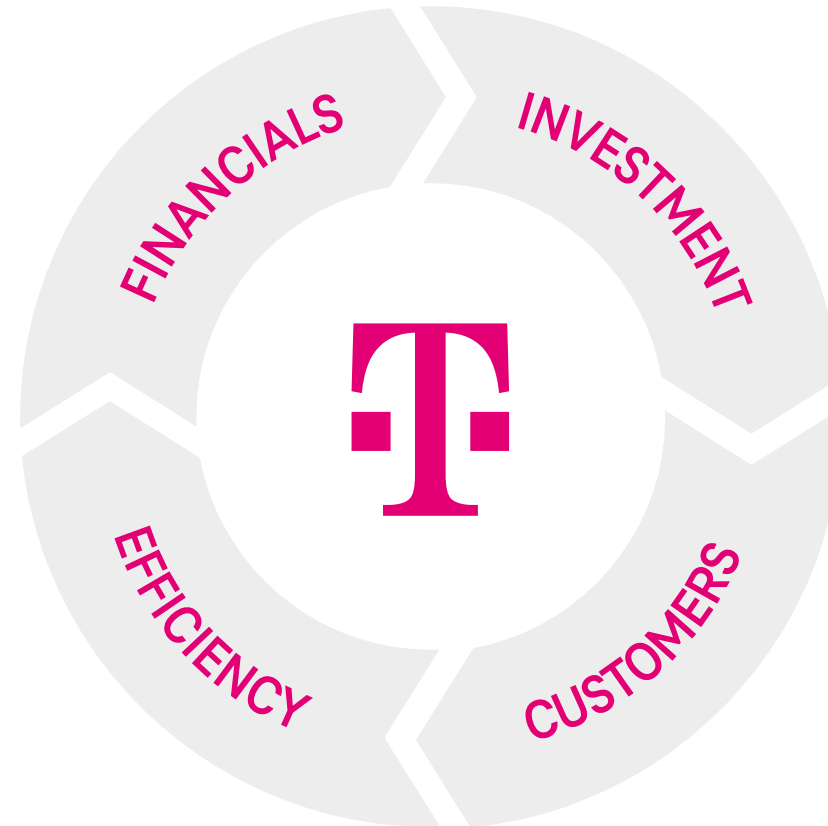
- Service revenues up 6.6%, adj. Core EBITDA +10.2%
- FCF at US\$ 1,649 mn (+26.5%)
- Strong customer intake, accelerated integration progress
- FY Guidance raised across the board

### Ex US

- Service revenues +1.6% organically
- Adj. EBITDA AL +6.1% organically
- FCF AL at € 2,255 mn (+62.0%)
- TM NL transaction closed, JV Glasfaser+ up and running
- Guidance re-iterated

### Group

- Strong organic revenue, adj. EBITDA AL, FCF and EPS growth
- Financial debt down € 2.5 bn sequentially. Debt incl. leases impacted by Crown Castle transaction. S&P raises rating outlook to positive
- Stake in TM US raised to 48.4% in April



<sup>1</sup> Financials according to US GAAP



# Financials

## Q1 2022

# Financials Q1 2022 reported

## strong growth

€ mn

Q1

	2021	2022	Change
Revenue	26,390	28,023	+6.2%
Adj. EBITDA AL	9,245	9,873	+6.8%
Adj. EBITDA AL (excl. US)	3,538	3,701	+4.6%
Adj. Net profit	1,201	2,238	+86.3%
Net profit	936	3,949	+321.9%
Adj. EPS (in €)	0.25	0.45	+80.0%
Free cash flow AL <sup>1</sup>	2,585	3,781	+46.3%
Cash capex <sup>1</sup>	4,283	4,658	+8.8%
Net debt excl. leases (AL)	98,292	98,129	-0.1%
Net debt incl. leases (IFRS 16)	129,530	135,947	+5.0%

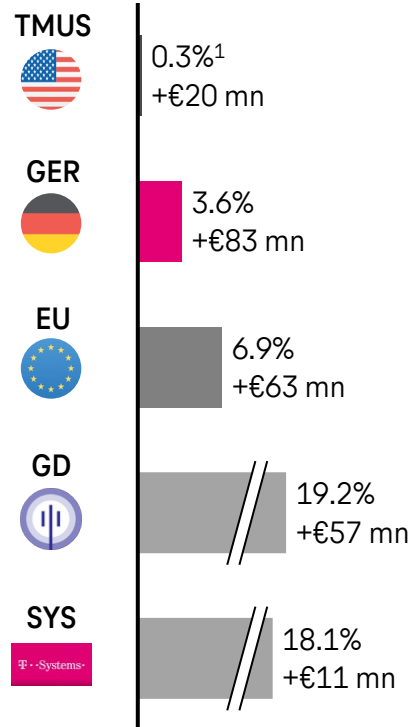
<sup>1</sup> Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/21: €7,989 mn; Q1/22: €2,514 mn

# Financials Q1 2022 organic

## strong organic growth

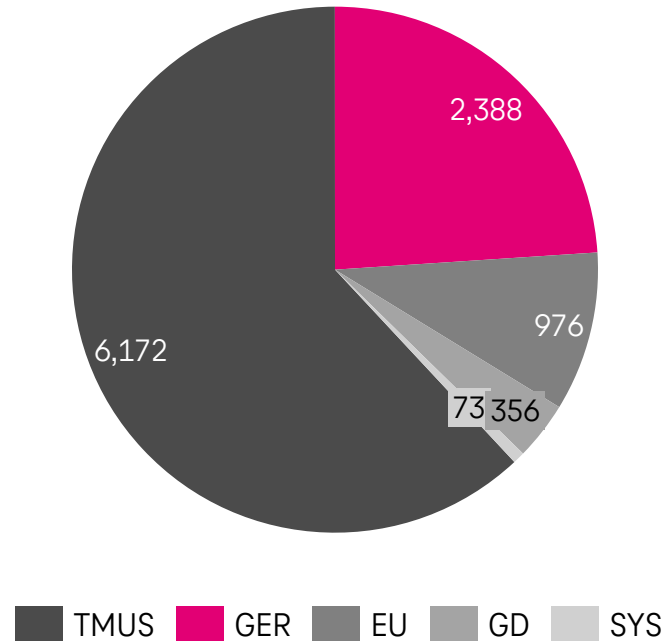
### Q1/22 Adj. EBITDA AL

growth yoy, organic



### Q1/22 Adj. EBITDA AL<sup>2</sup>

€ mn



### Q1/22 Key Financials

% growth yoy, organic

Revenue	+1.7%
Service Revenues	+4.7%
Service Revenues (excl. US)	+1.6%
Adj. EBITDA AL	+2.4%
Adj. Core EBITDA AL	+8.5%
Adj. EBITDA AL (excl. US)	+6.1%

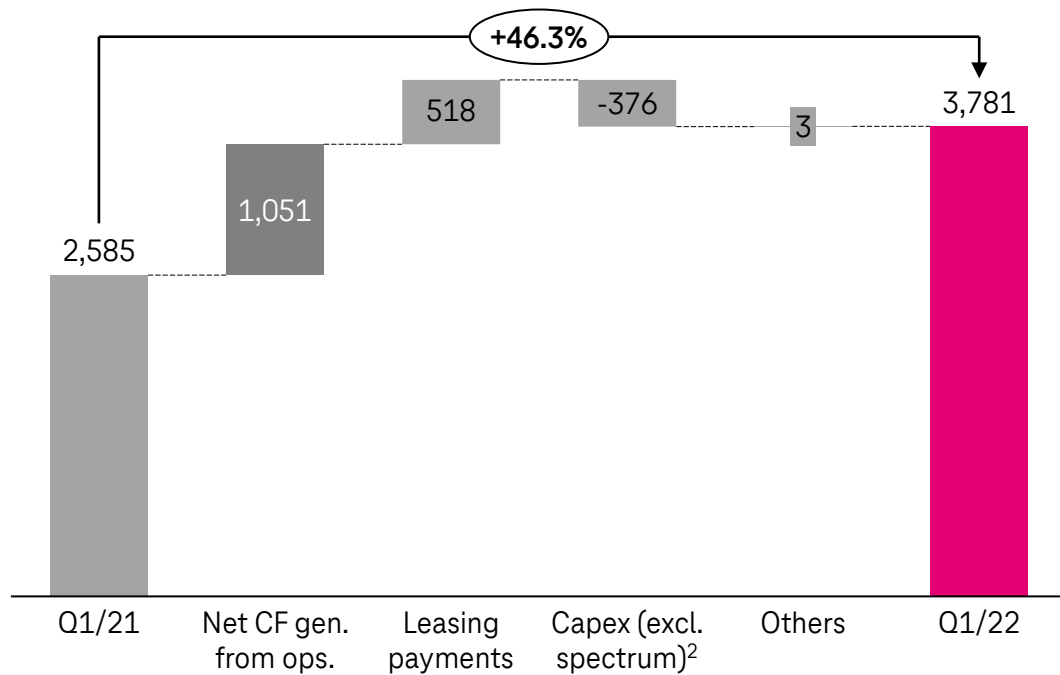
<sup>1</sup>Trend impacted by decreasing handset leases: Excl. handset leases: Adj. Core EBITDA AL growth of +10.2% <sup>2</sup> Excl. GHS; reported EBITDA AL €9,873 mn

# Financials Q1 2022

strong growth in FCF AL and net income

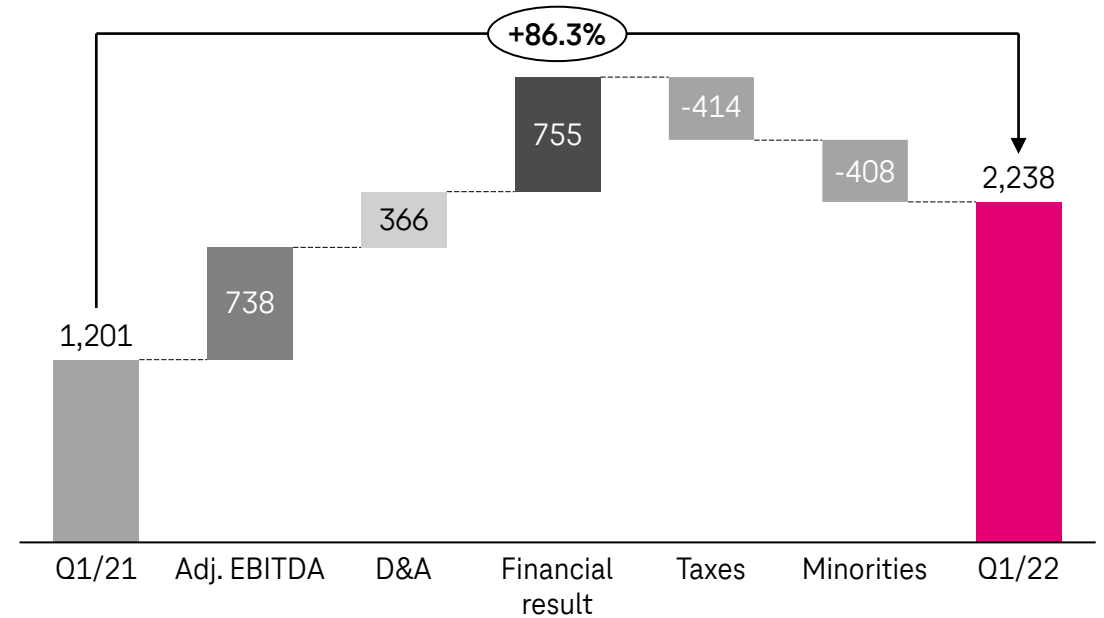
## Free Cash Flow AL<sup>1</sup>

€ mn



## Adj. net profit

€ mn



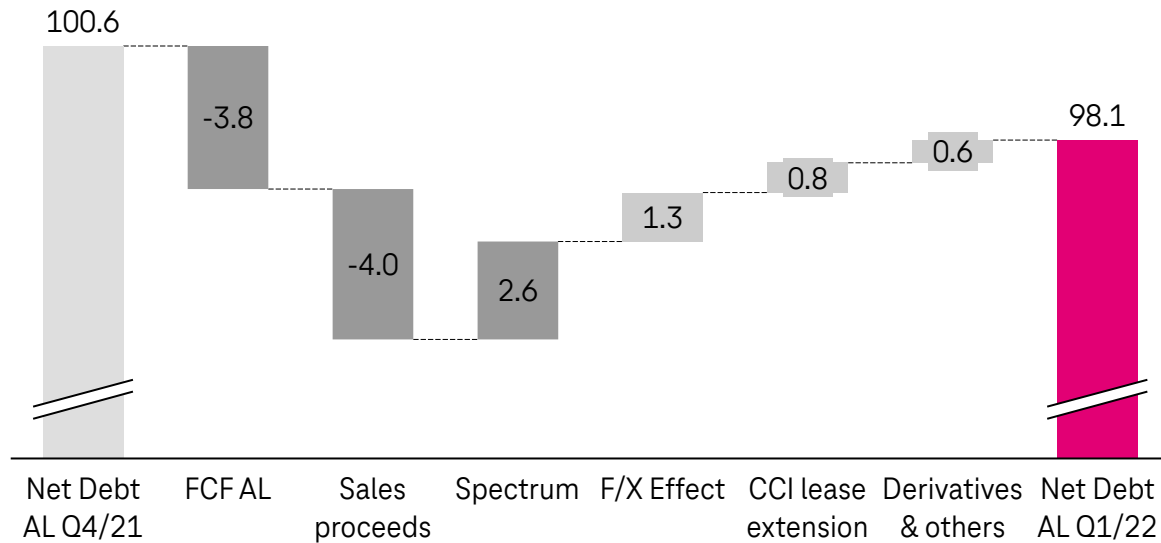
<sup>1</sup> Free cash flow and FCF AL before dividend payments and spectrum investment. <sup>2</sup> Spectrum: Q1/21: €7,989 mn; Q1/22: €2,514 mn

# Financials Q1 2022

## decline in net financial debt

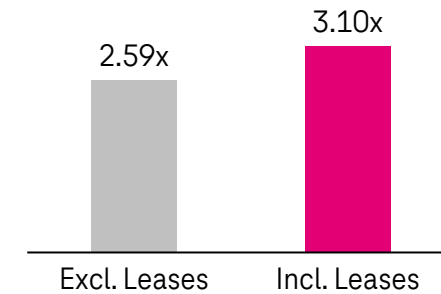
### Net debt excl. leases (AL) (Q1/22 over Q4/21)

€ bn



### Leverage ratios

CMD: back in 2.25x–2.75x range YE 24



Increased by 0.04x due to CCI contract extension (€7.4 bn)



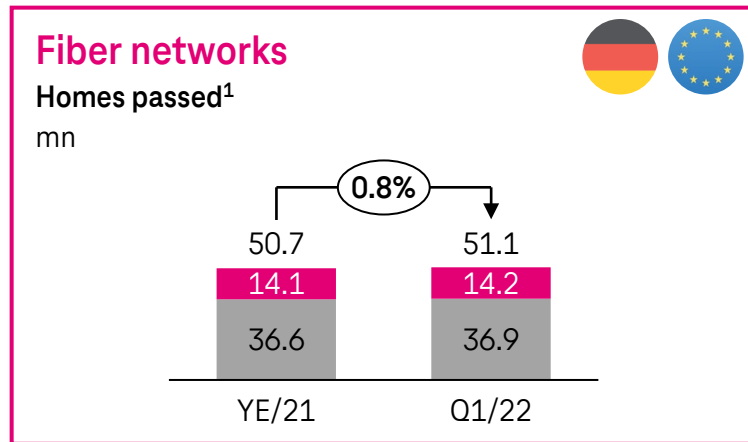
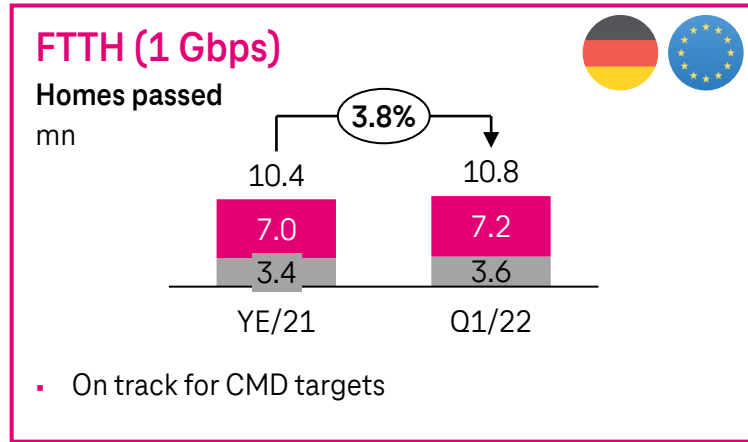


# Operations

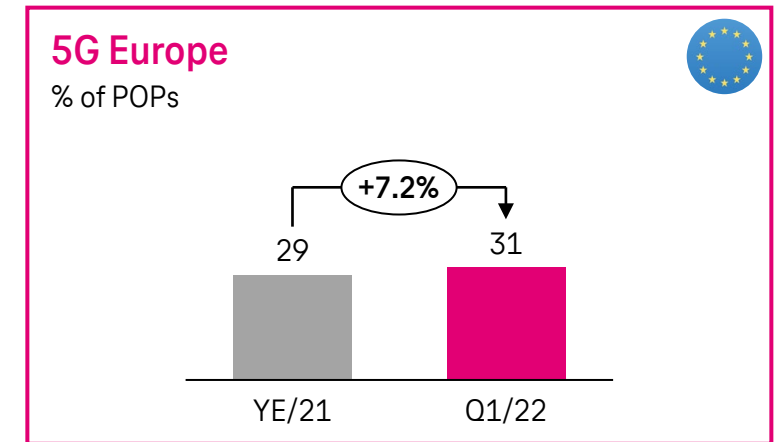
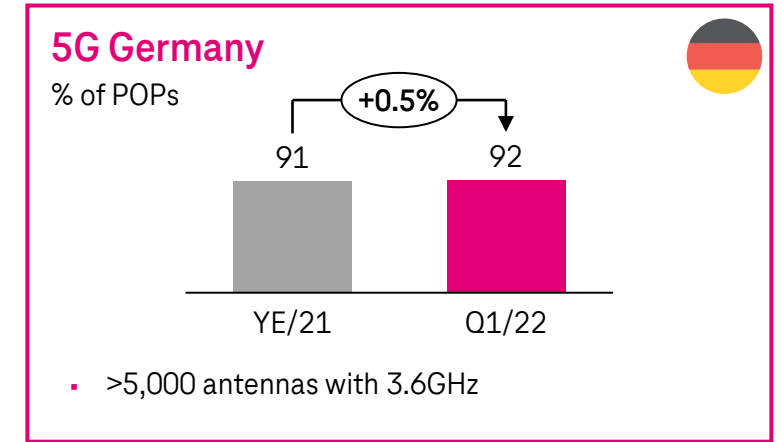
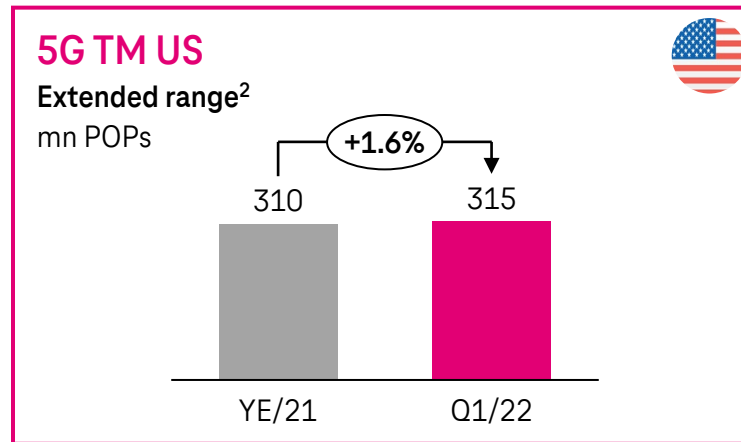
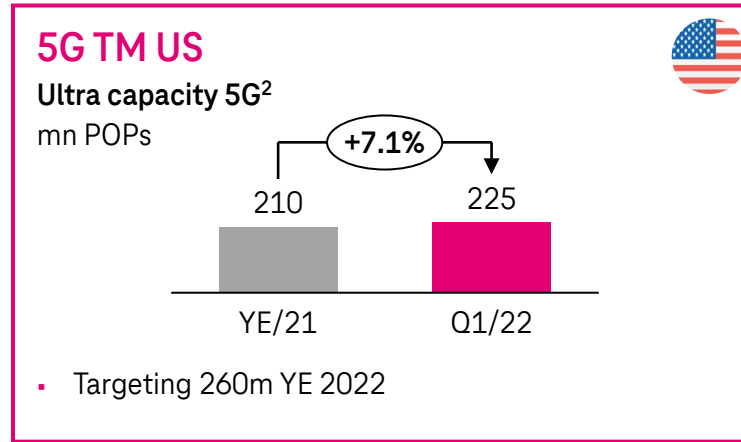
## Review Q1/2022

# Networks

## leading with 5G, FTTH well on track



■ EU ■ GER



<sup>1</sup> EU8: FTTC, FTTH/B lines and cable/ED3. GER: FTTC and FTTH/B lines incl. co-operations and cable <sup>2</sup> Extended range on 600 MHz, Ultra capacity on 2.5 GHz

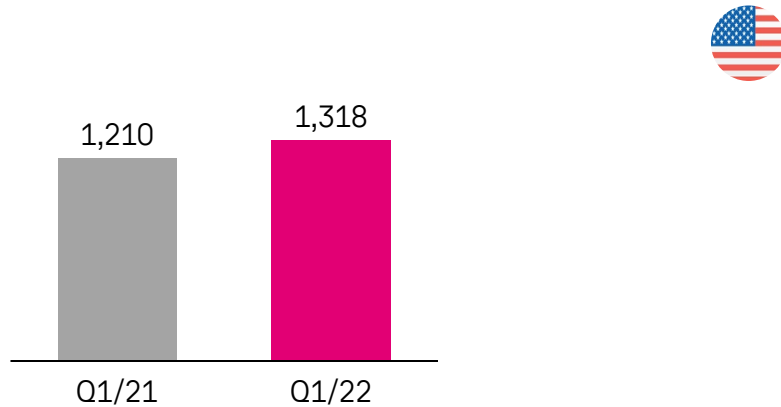
# Customers

## growing strongly

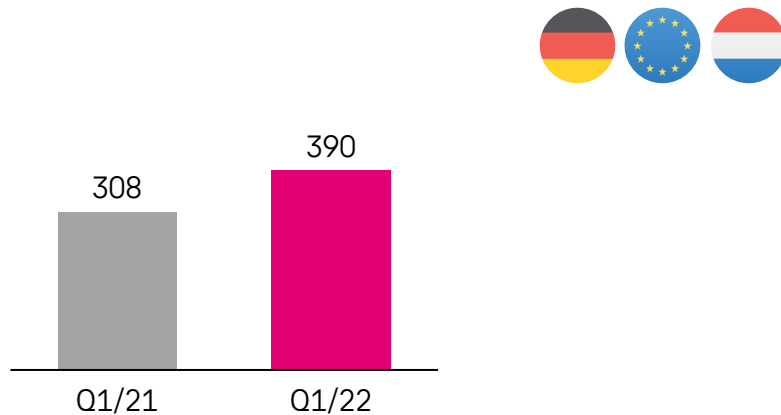
### Mobile net adds

'000

US (postpaid)



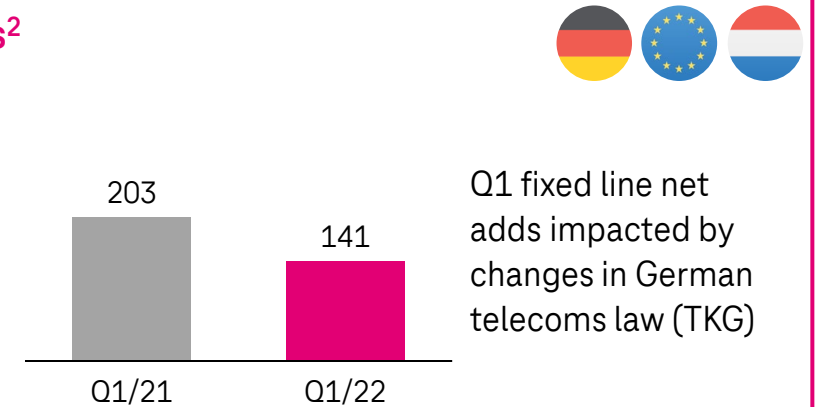
Ex US (contract)<sup>1</sup>



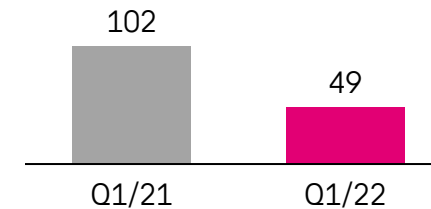
### Fixed line net adds<sup>2</sup>

'000

Broadband



TV



<sup>1</sup> GER + EU + NL. GER: Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter" <sup>2</sup> GER + EU + NL



# Germany

## Review Q1/2022

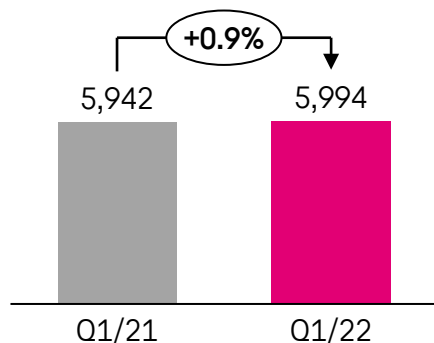
# Germany

## 22<sup>nd</sup> consecutive quarter of EBITDA growth



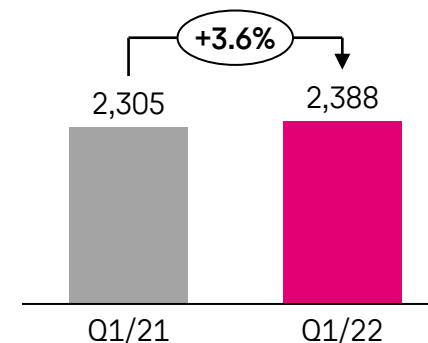
### Revenues (as reported)

€ mn



### Adj. EBITDA AL (as reported)

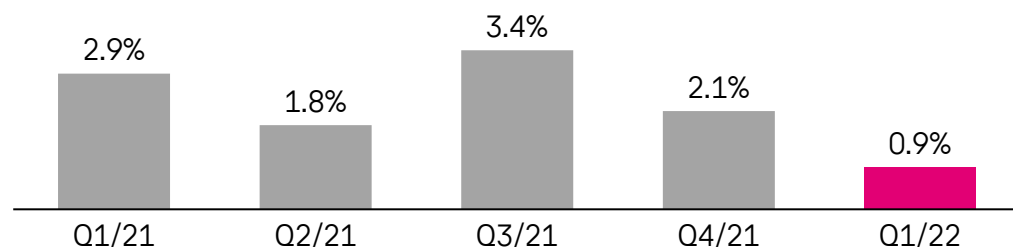
€ mn



### Revenue growth (organic)

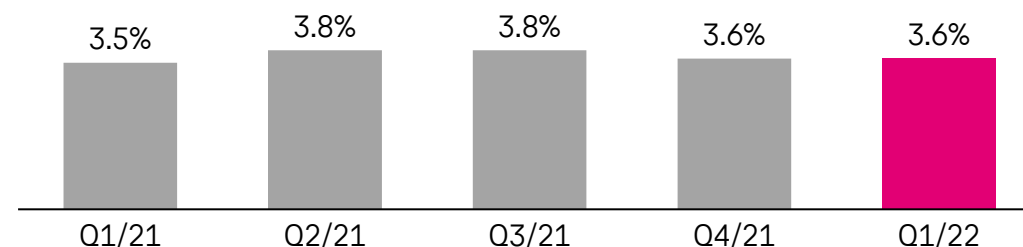
% yoy

Q1/22 growth rate impacted by various non-recurring factors, including 2021 public sector one-timers (0.5pp) and lockdown boost to FSR (0.4pp)



### Adj. EBITDA AL (organic)

% yoy



# Germany

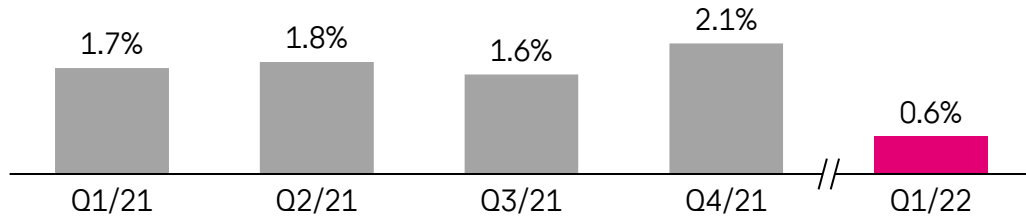
## service revenues: mobile growing, fixed impacted by one-offs



### Total service revenue growth (organic)<sup>1</sup>

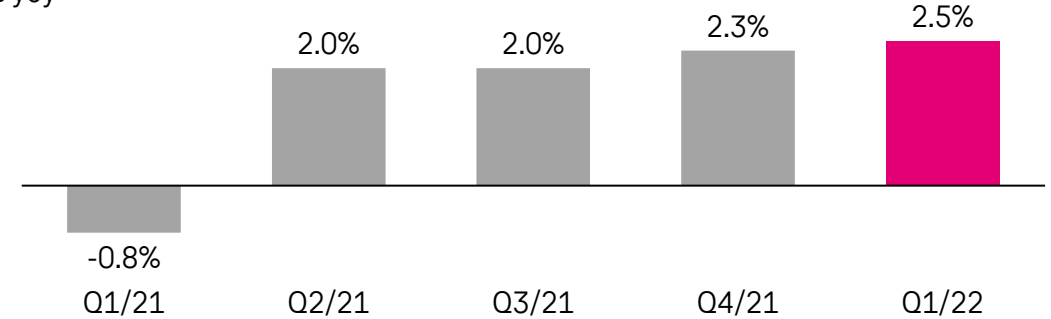
% yoy

Public sector one-timer  
0.6pp, lockdown boost 0.5pp



### Mobile service revenue growth (organic)

% yoy

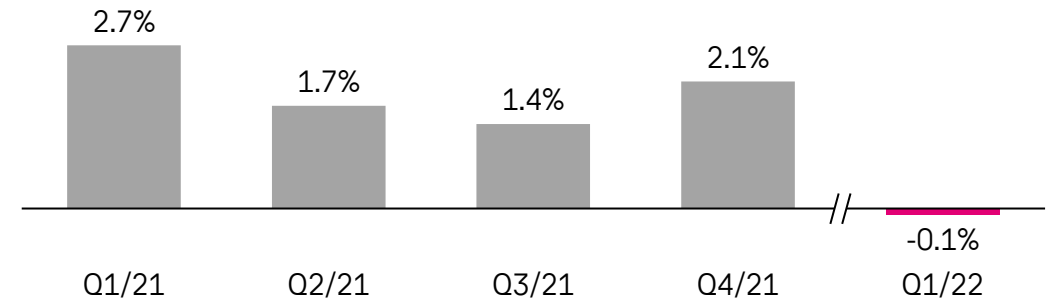


- Growth rates impacted by various non-recurring effects
- Growth rates also impacted by changes in definition
- Reported Total service revenue growth +1.0%
- Reported Fixed Service revenue growth +0.4%

### Fixed service revenue growth (organic)<sup>1</sup>

% yoy

Public sector one-timer  
0.8pp, lockdown boost 0.7pp



<sup>1</sup> As of Q1/22 Removal of revenues from construction services delivered to 3rd parties from Wholesale Revenues (and consequently from Fixed and Total Service Revenues) to other Revenues (not included in Service Revenues). Moreover, B2B retail revenue reclassification.

# Germany

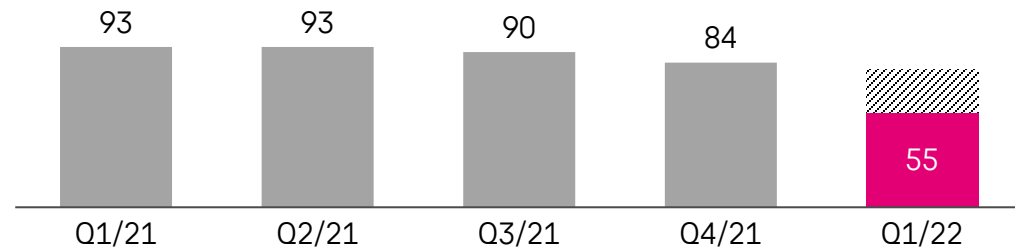
fixed: commercials temporarily impacted by TKG



## Broadband net adds

'000

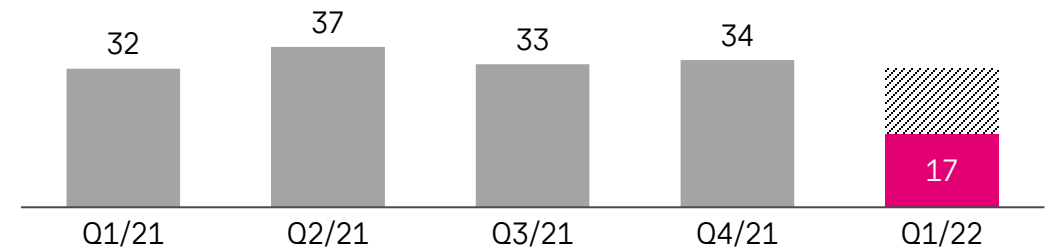
▨ Q1/22 impact of TKG



## TV net adds

'000

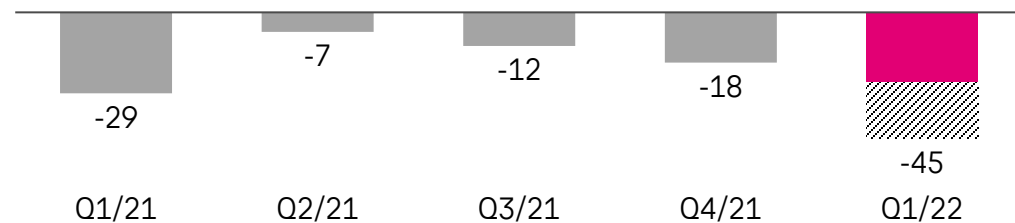
▨ Q1/22 impact of TKG



## Line losses

'000

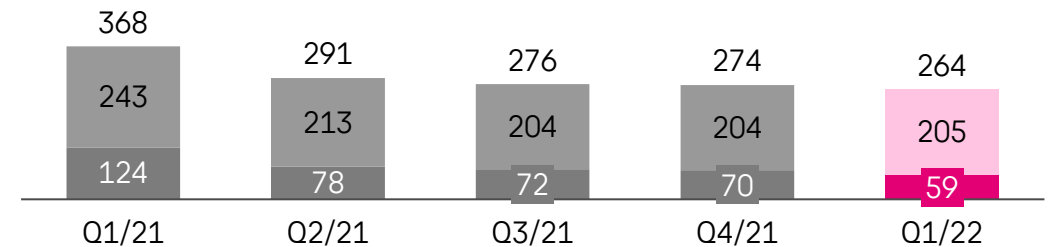
▨ Q1/22 impact of TKG



## Fiber net adds

'000

■ Retail  
■ Wholesale



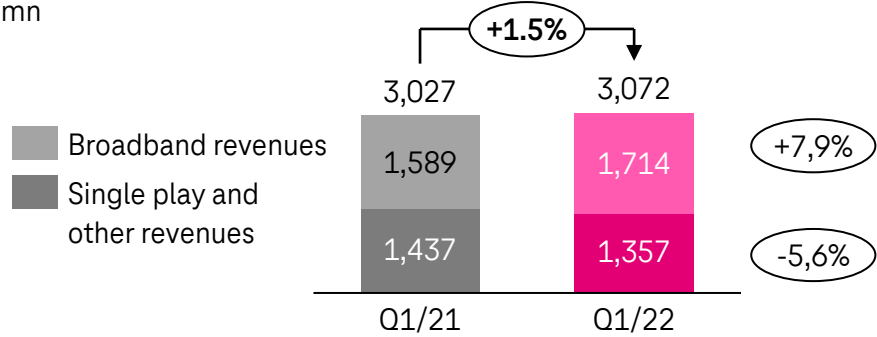
# Germany

## retail fixed: impacted by one-offs



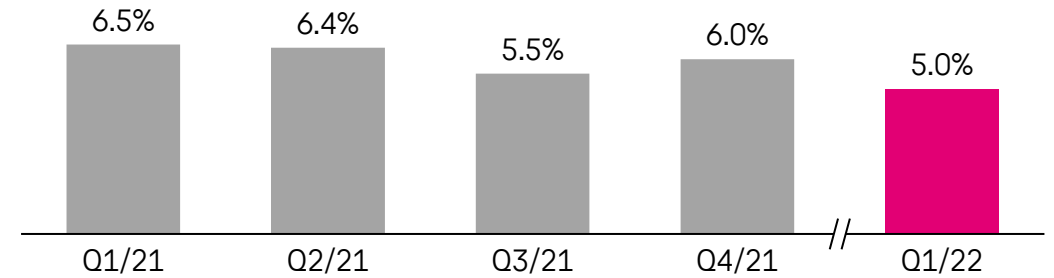
### Retail fixed revenues (reported)

€ mn



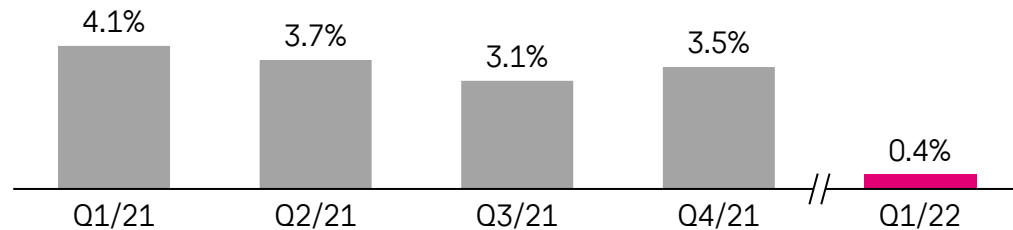
### Broadband revenue growth (organic)<sup>2</sup>

% yoy



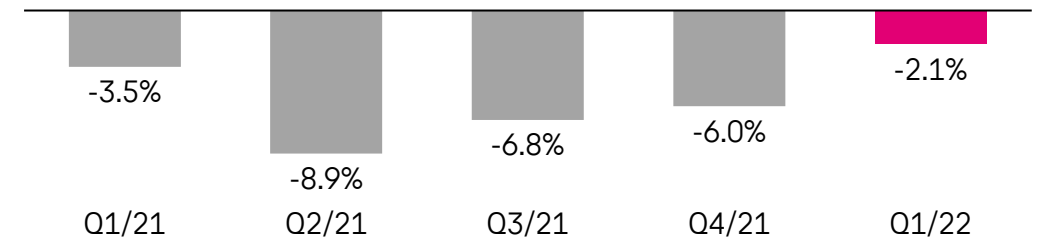
### Retail fixed revenue growth (organic)<sup>1,2</sup>

% yoy



### Wholesale access revenues (organic)<sup>3</sup>

% growth yoy



<sup>1</sup> As of Q1/22 Removal of revenues from construction services delivered to 3rd parties from Wholesale Revenues (and consequently from Fixed and Total Service Revenues) to other Revenues (not included in Service Revenues).

<sup>2</sup> As of Q1/22 B2B retail revenue reclassification

<sup>3</sup> Reclassified view, previous quarters adjusted for view without construction services



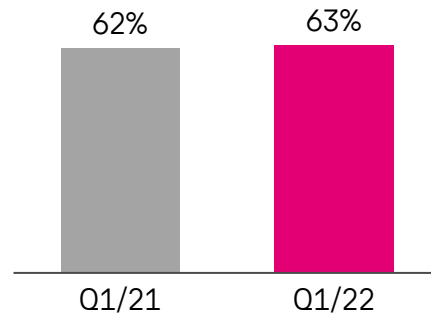
# Germany

## mobile: healthy customer intake despite TKG headwind



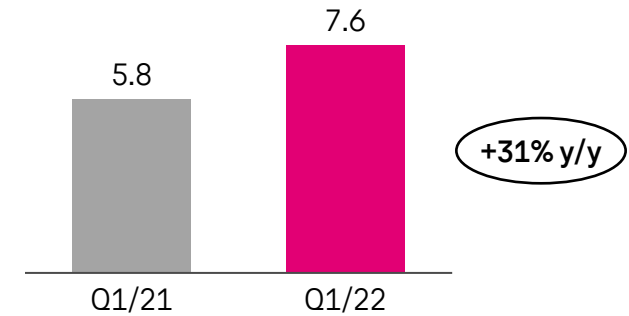
### Magenta EINS share (mobile)<sup>1</sup>

%



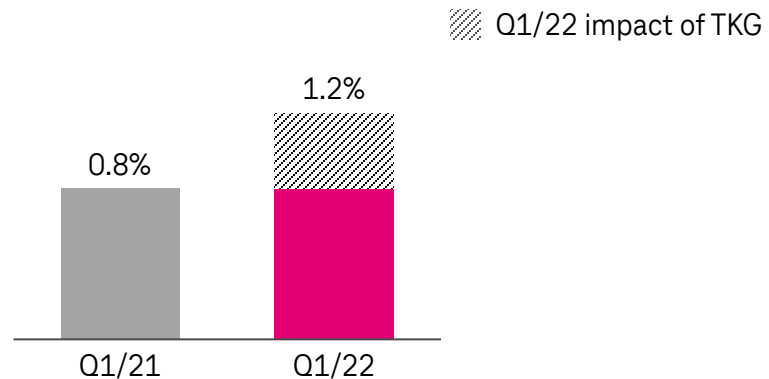
### Data usage<sup>2</sup>

GB per month



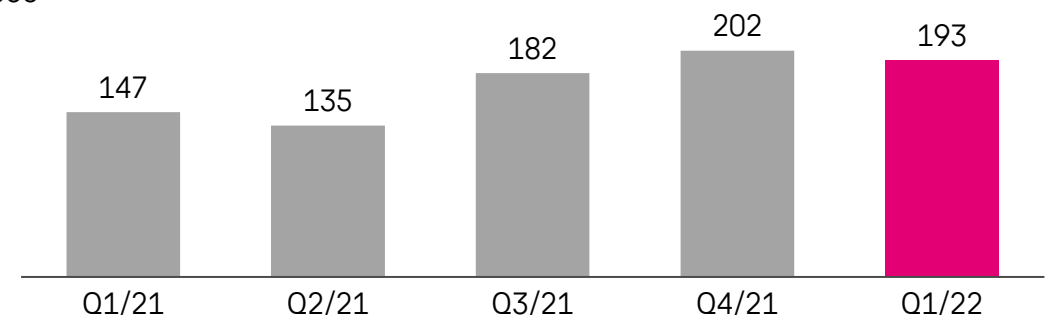
### Churn<sup>2</sup>

%



### Branded contract net adds<sup>3</sup>

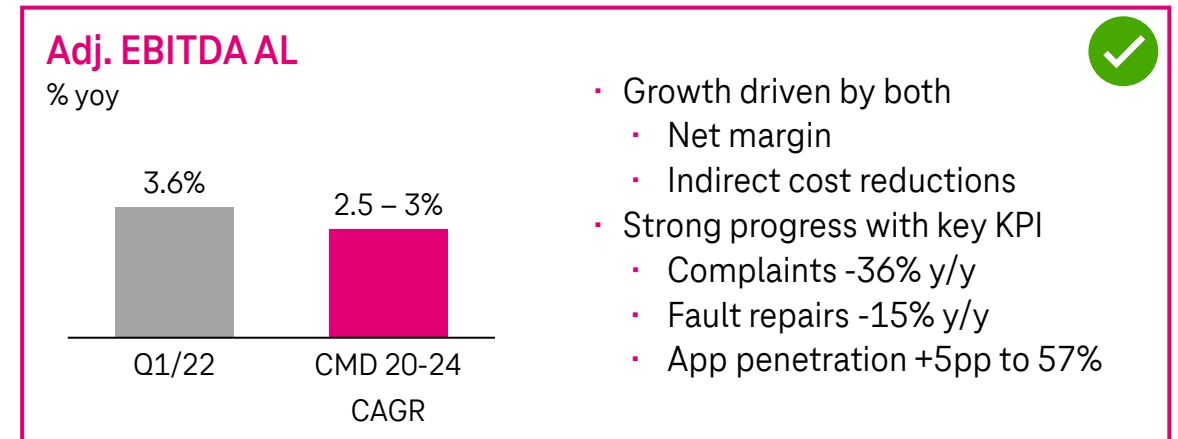
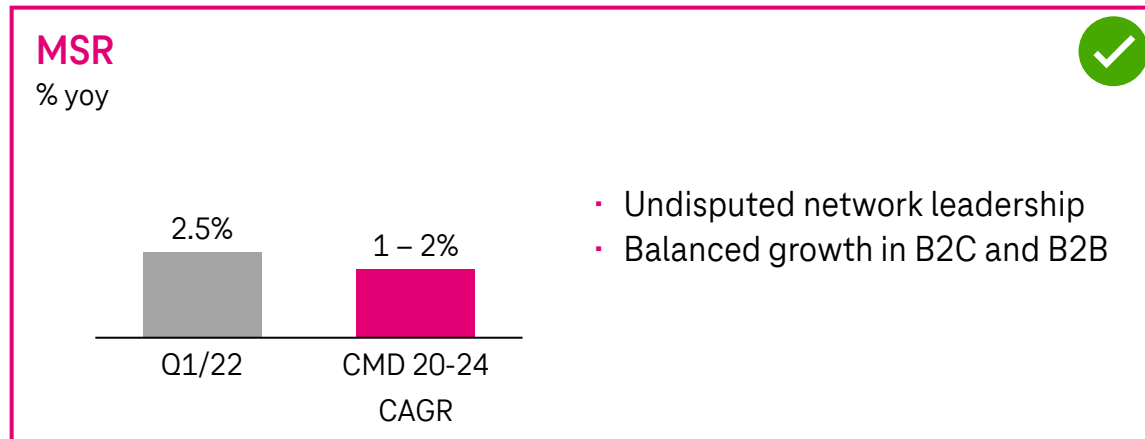
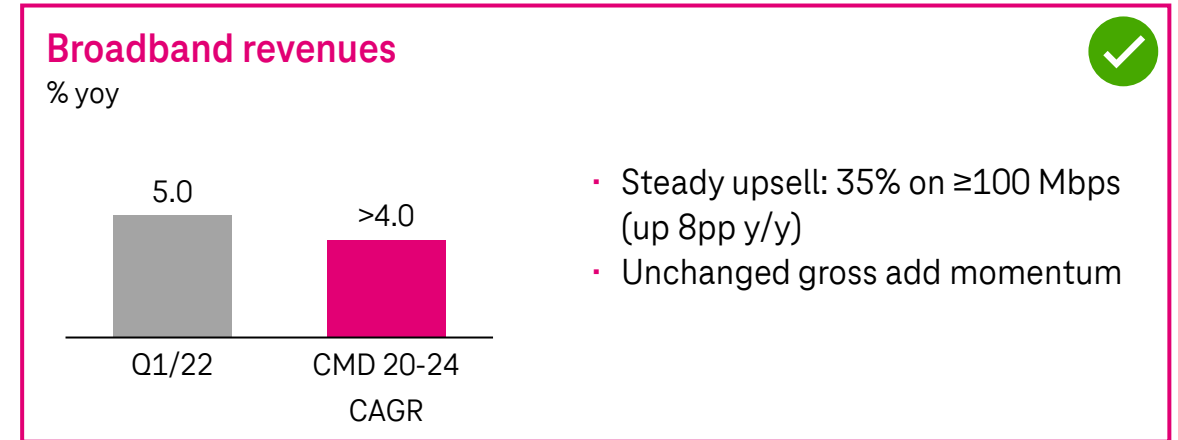
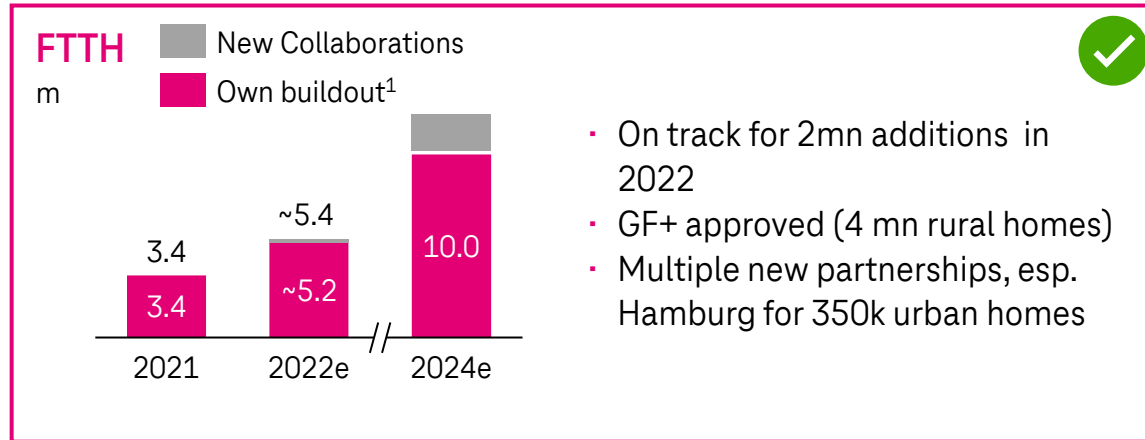
'000



<sup>1</sup> B2C T-branded contract customers    <sup>2</sup> B2C T-branded contract customers    <sup>3</sup> Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"

# Germany

## well on track vs CMD targets



<sup>1</sup> Incl. collaborations agreed prior to CMD 2021



# Other operations

## Review Q1/2022

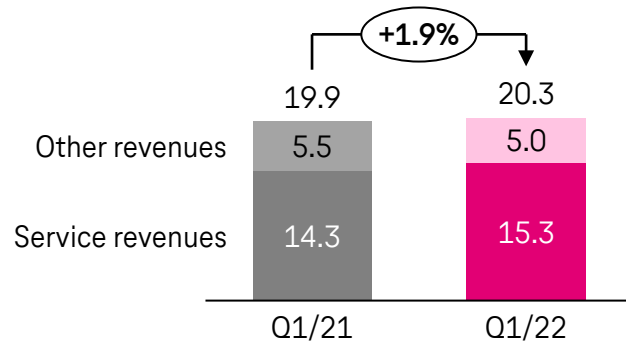
# T-Mobile US

## continued strong performance



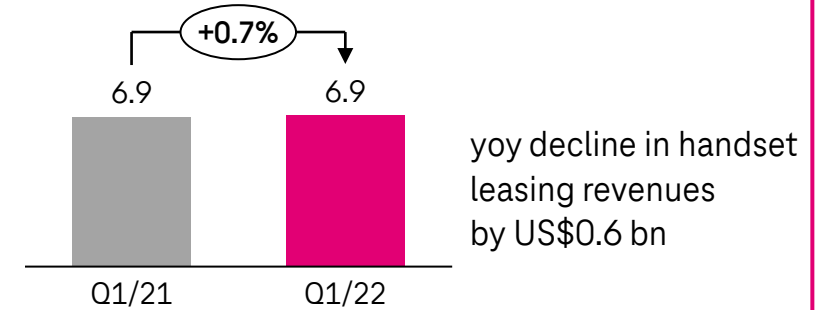
### Revenues (IFRS)

US\$ bn



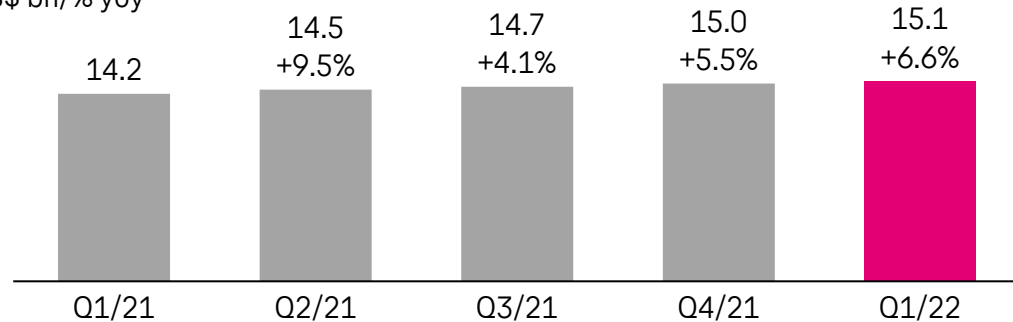
### Adj. EBITDA AL (IFRS)

US\$ bn



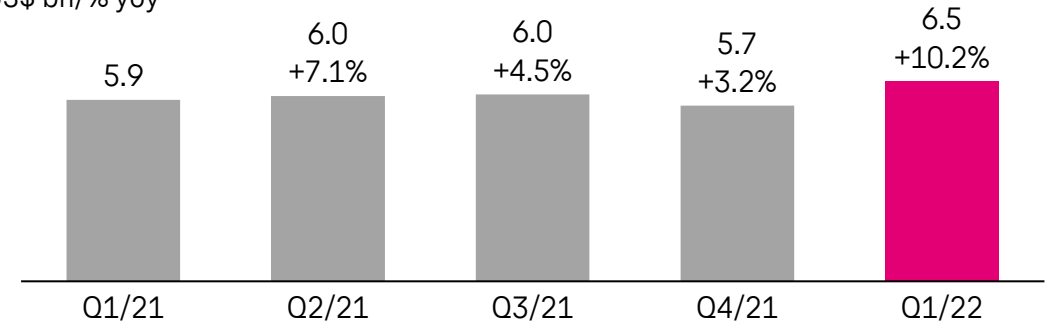
### Service revenue (US GAAP)

US\$ bn/% yoy



### Core adj. EBITDA (US GAAP)

US\$ bn/% yoy



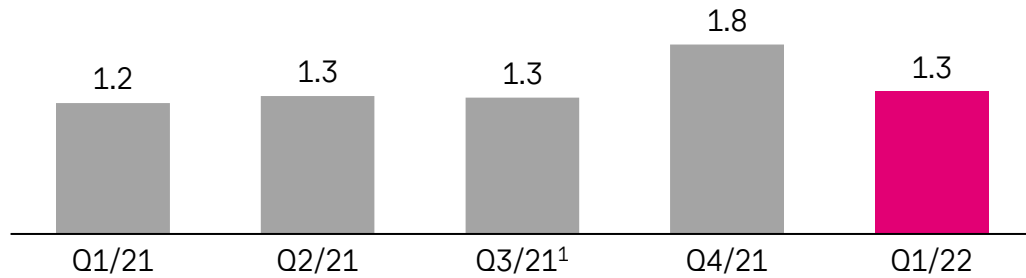
# T-Mobile US

## strong growth in postpaid



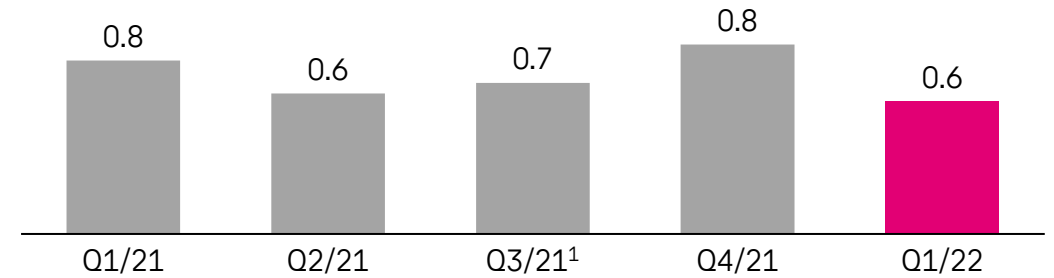
### Total postpaid net additions

mn



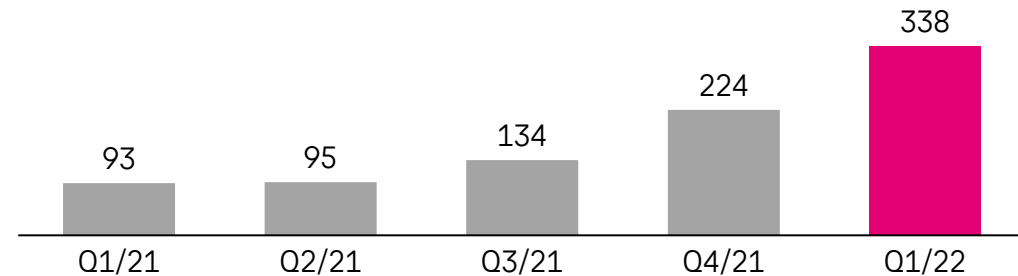
### Postpaid phone net additions

mn



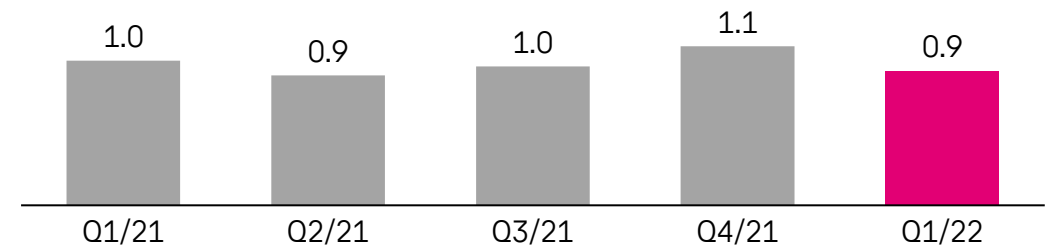
### High Speed Internet net additions

'000



### Postpaid phone churn

%



<sup>1</sup> excl. 806k postpaid customers acquired with Shentel

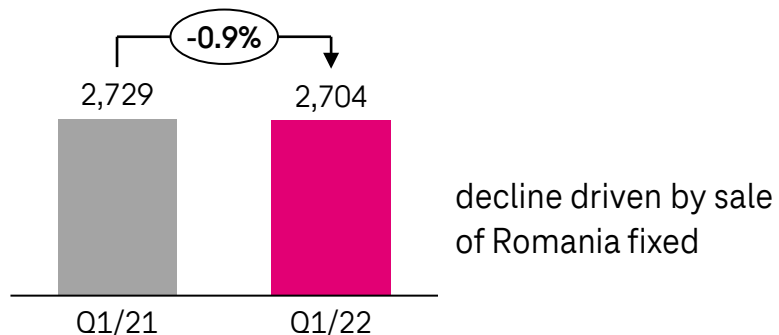
# Europe

## 17<sup>th</sup> consecutive quarter of organic EBITDA growth



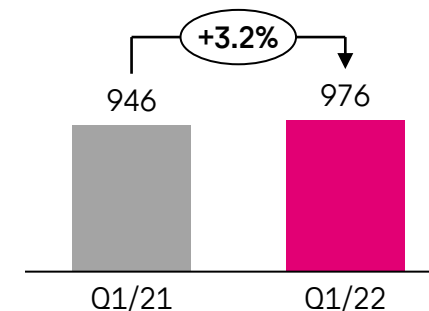
### Revenues (Reported)

€ mn



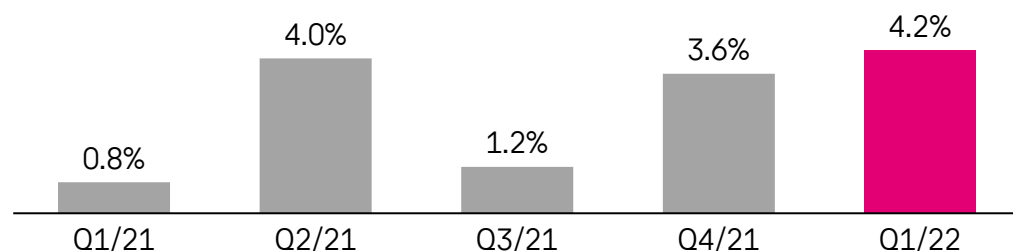
### Adj. EBITDA AL (Reported)

€ mn



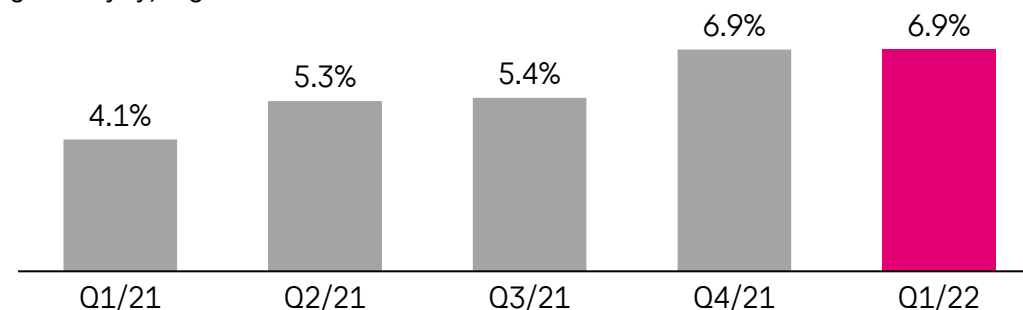
### Revenues

% growth yoy, organic



### Adj. EBITDA AL

% growth yoy, organic



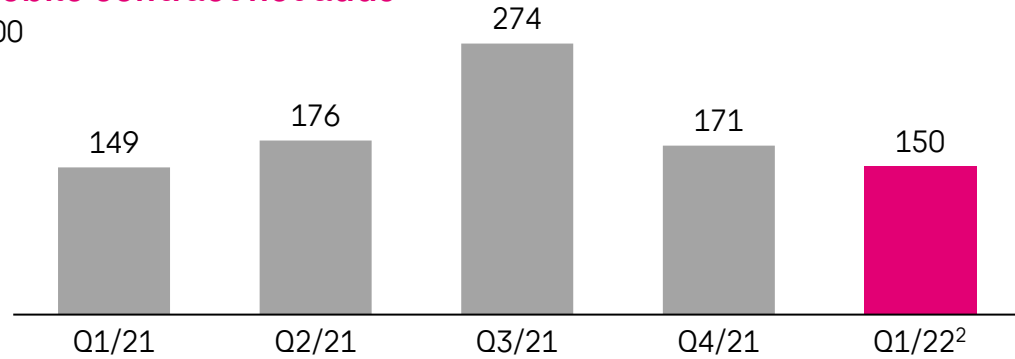
# Europe

## strong commercial performance<sup>1</sup>



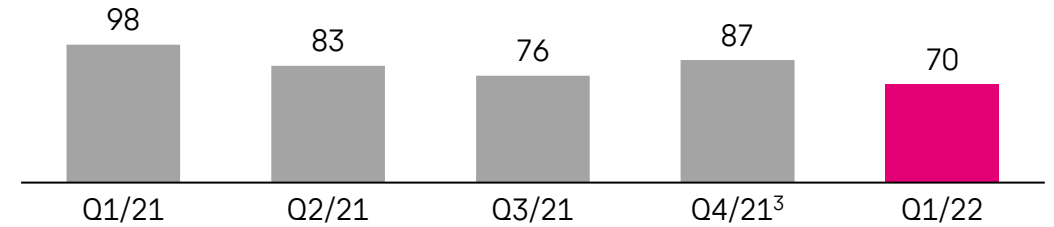
### Mobile contract net adds

'000



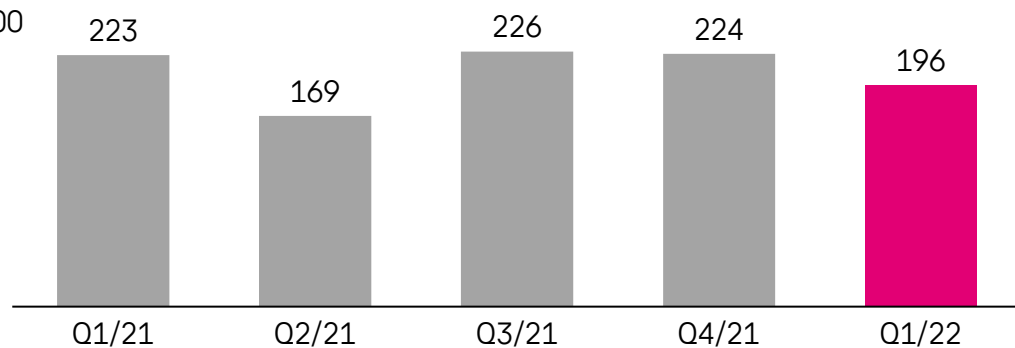
### Broadband net adds

'000



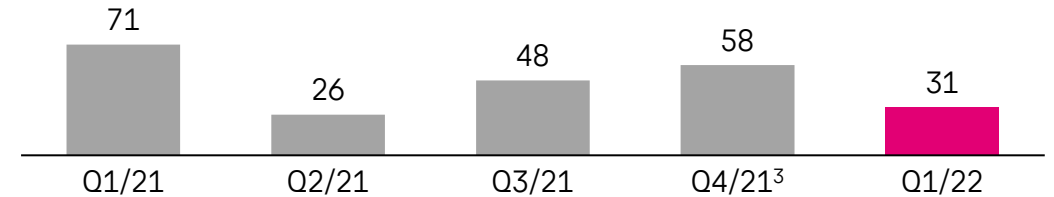
### FMC net adds<sup>4</sup>

'000



### TV net adds

'000



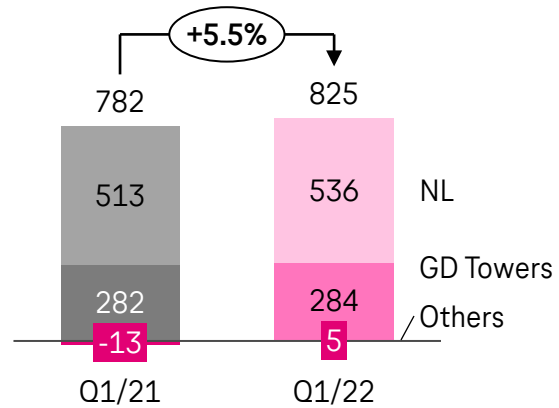
<sup>1</sup> Net adds retrospectively adjusted for sale of Romania fixed <sup>2</sup> Excl. Ventocom net-adds. <sup>3</sup> Q4/21 adjusted for 6k customers acquired in Hungary. <sup>4</sup> Alignment of definition for Poland in Q4/21. Figures are retrospectively adjusted.

# Group Development

## ongoing strong performance

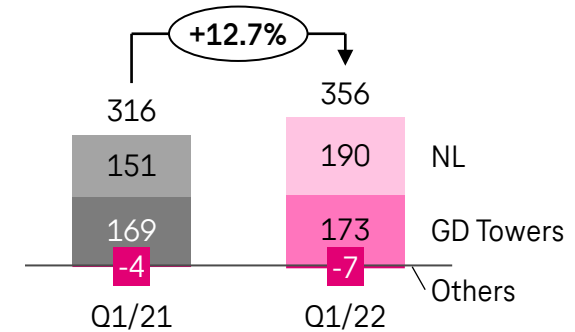
### Revenues

€ mn



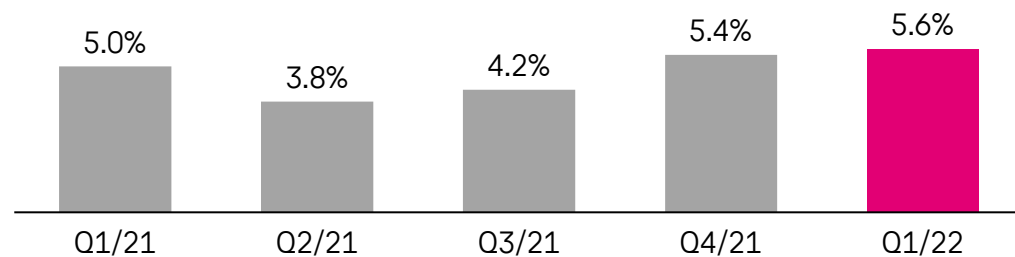
### Adj. EBITDA AL

€ mn



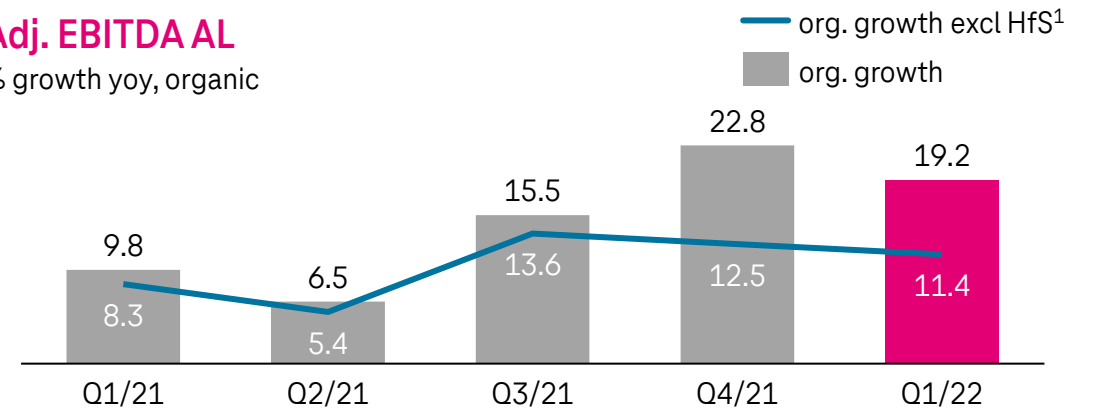
### Revenues

% growth yoy, organic



### Adj. EBITDA AL

% growth yoy, organic



<sup>1</sup> HfS = Held for sale accounting: T-Infra B.V. and T-Mobile NL



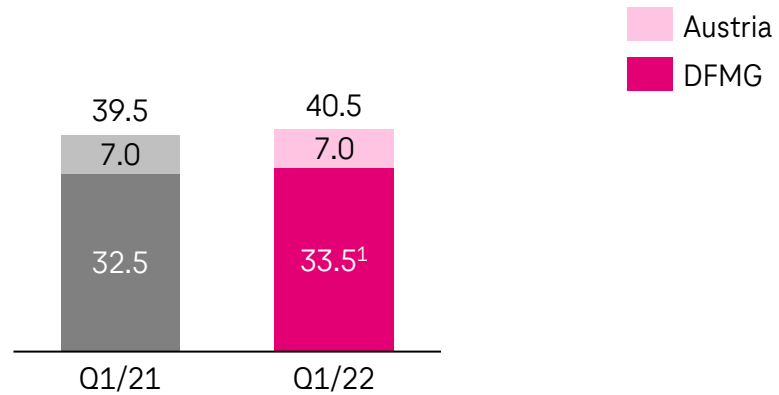
# GD/Towers

## strong growth



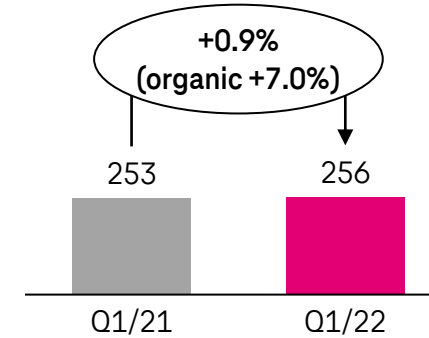
### Total sites

'000



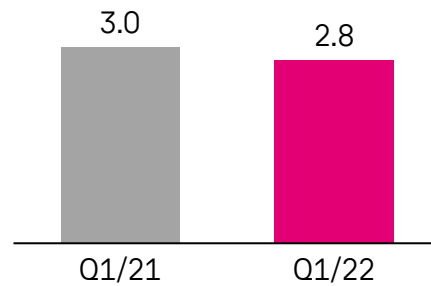
### Recurring rental revenues

€ mn



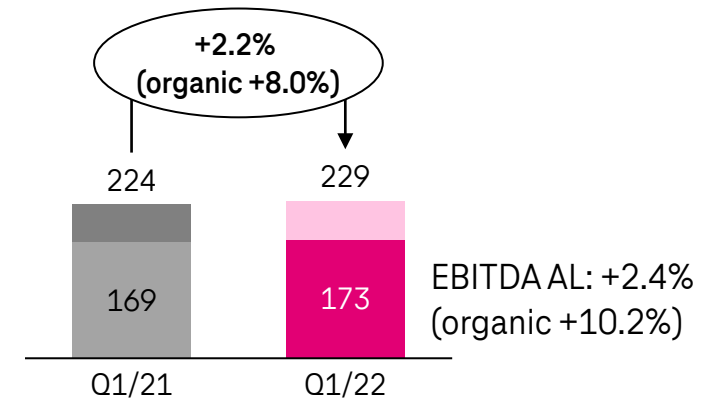
### Opex AL per site

€ '000



### Adj. EBITDA

€ mn



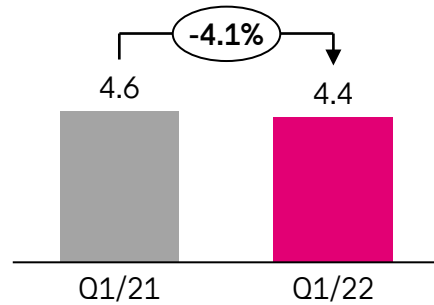
<sup>1</sup> Change in sites of 1.0k due to 1.3k new build and -0.3k de-commissioning of redundant sites

# Systems Solutions

## recovery as expected

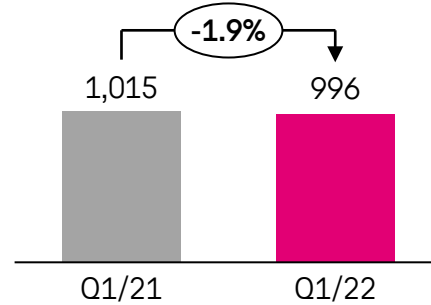
### Order entry (LTM)

€ bn



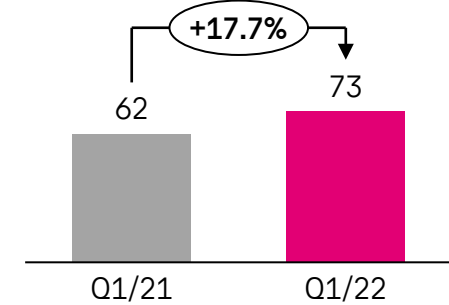
### Revenues

€ mn



### Adj. EBITDA AL

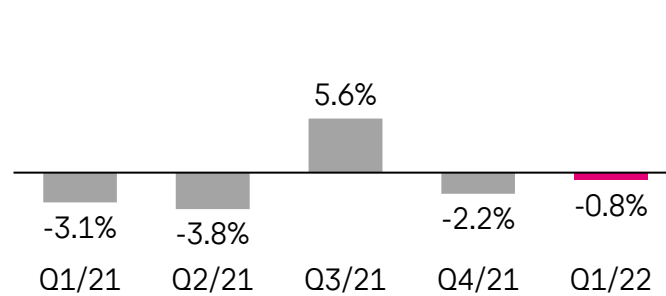
€ mn



- Strong growth in Public Cloud and Digital Solutions
- Ongoing attrition of classic IT business

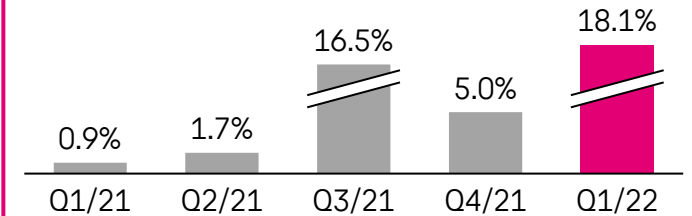
### Revenues

% growth yoy, organic



### Adj. EBITDA AL

% growth yoy, organic





# Outlook 2022 and beyond

# Inflation exposure challenges being addressed

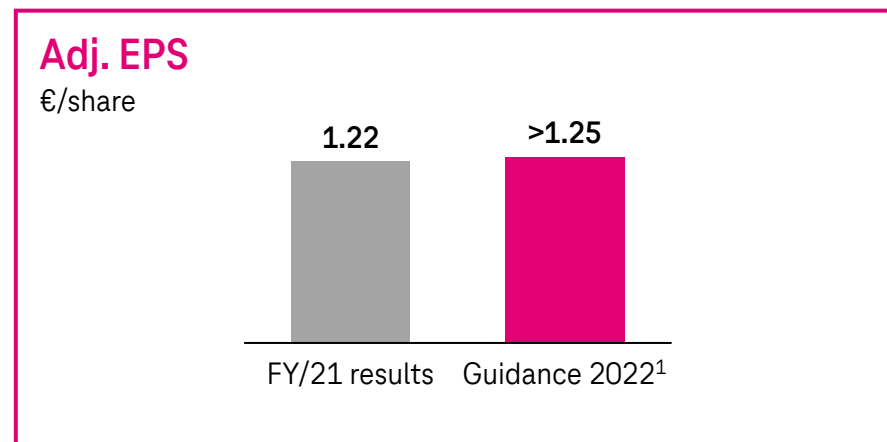
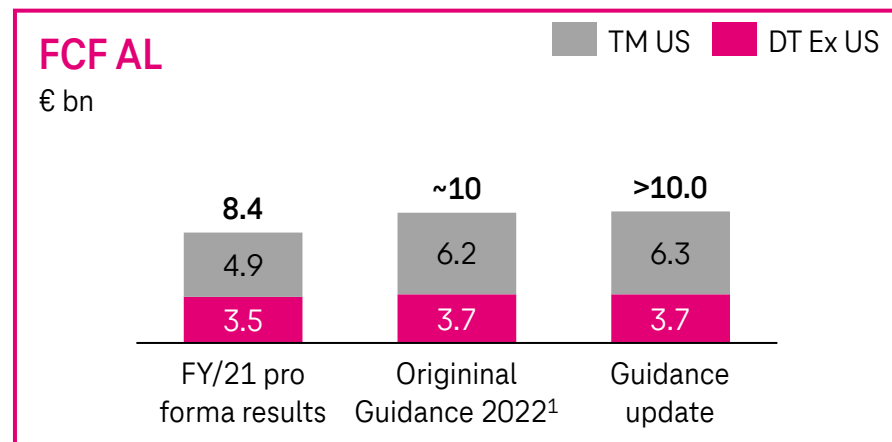
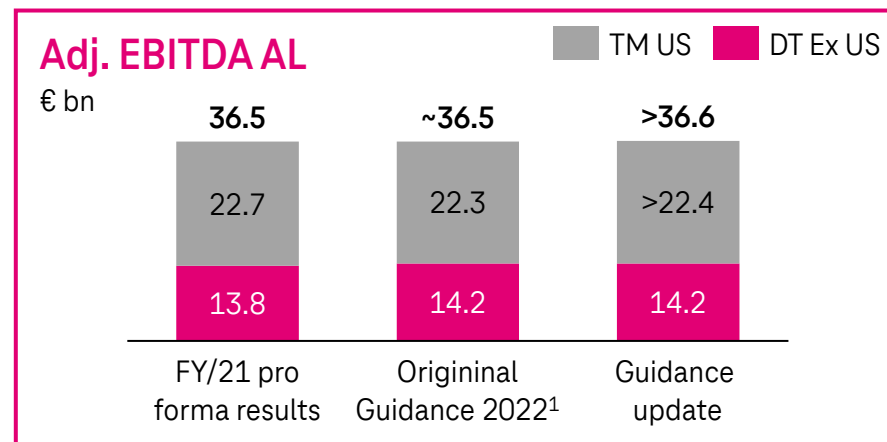
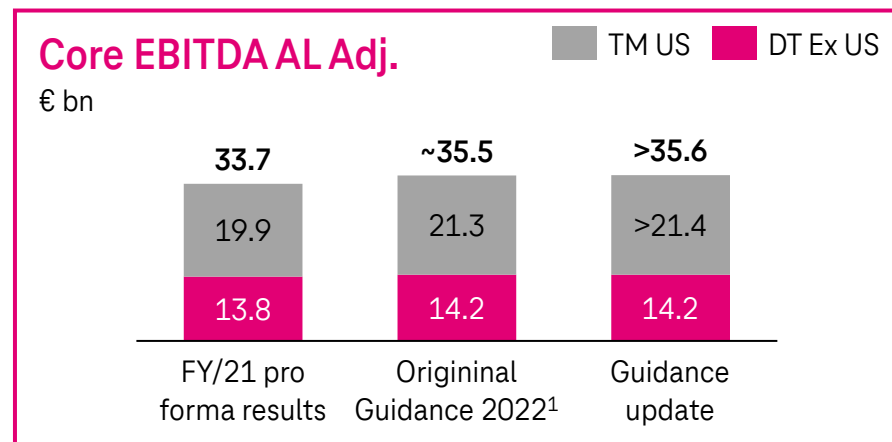
€ bn in 2021

	Group	as % of Rev.	Mitigations
Energy costs	1.5	1.4%	<ul style="list-style-type: none"> <li>US: 2/3 secured via PPAs</li> <li>GER: Comprehensive multi-year hedging and removal of renewable energy surcharge create stable outlook for costs</li> <li>Scope to reduce volumes, establish PPAs</li> </ul>
Personnel expenses (adj.)	17.6	16.1%	<ul style="list-style-type: none"> <li>Scope to accelerate cost savings/digitization</li> </ul>
Leases (expenses)	5.8	5.3%	<ul style="list-style-type: none"> <li>Ex US: towers still fully owned</li> <li>US: long duration contracts with fixed terms</li> </ul>
Investments	18.0	16.5%	<ul style="list-style-type: none"> <li>GER: Long duration fiber contracts</li> <li>US: Long duration vendor contracts</li> </ul>
Net interest payments (excl. leases)	3.9	3.6%	<ul style="list-style-type: none"> <li>TM US represents 85% of net interest payments</li> <li>US: 100% fixed, average tenor 10y</li> <li>Ex US: 55% fixed, average tenor 7y</li> </ul>

- Multiple safeguards in place, both US and Ex US
- Challenges being actively addressed
- Confirming CMD mid-term outlook

# Guidance 2022

## outlook improved



Guidance update reflects new guidance of T-Mobile US

- TM US adj. Core EBITDA AL included at mid-point of US\$ 25.8bn – 26.2bn US GAAP guidance, adjusted for bridge of US\$ -0.6bn
- TM US adj. EBITDA AL included at mid-point of US\$ 26.9bn – 27.6bn US GAAP guidance, adjusted for bridge of US\$ -0.6bn
- TM US FCF included at midpoint of US\$ 7.2bn - 7.6bn US GAAP guidance
- **Q1/22 results of T-Mobile NL not included in guidance**

<sup>1</sup> Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 bn decrease in handset leasing revenues in the US. TM US adj. EBITDA and Core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$26.7 bn to 27.5 bn and US\$25.6 bn to 26.1 bn, adjusted for estimated bridge of US\$0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$7.1 bn to 7.6 bn. Based on € 1 = US\$ 1.18

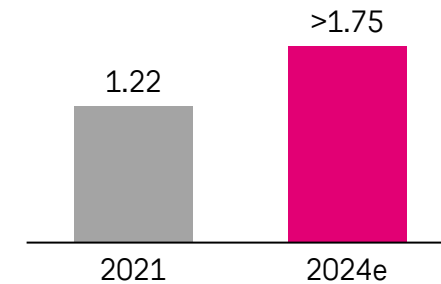
# Q1 2022

## main takeaways

- TM US: strong merger execution, EBITDA and customer growth, guidance raised
- Ex US: 6% organic EBITDA AL growth; Germany with 22 and EU with 17 successive quarters of organic EBITDA AL growth
- Dip in German fixed line KPIs will largely revert in Q2
- Long-term energy cost hedges in Germany and the US, inflation overall manageable
- Confirming CMD mid-term outlook, 2022 guidance raised

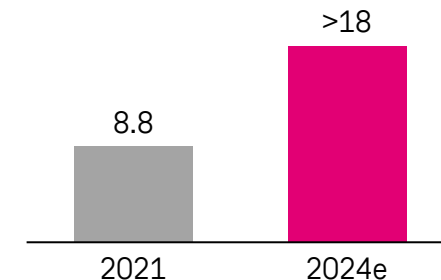
### Adj. EPS (CMD target 2024)

€/share



### FCF AL (CMD target 2024)

€ bn





# Appendix

# FCF AL excl. US

€ bn

	Q1 2022	Q1 2021
Adj. EBITDA AL	3.7	3.5
Cash Capex	-1.6	-1.7
Proceeds from sale of fixed assets	+0.0	+0.0
Special Factors Cash	-0.4	-0.4
Interest ex leasing	-0.1	-0.2
Cash Taxes	-0.1	-0.2
Other (working capital etc.)	+0.8	+0.4
FCF AL	<b>2.3</b>	<b>1.4</b>



# Organic growth rates

In %	Q1/22 over Q1/21	FY/21 over FY/20
Group revenue	+1.7	+4.5
Group service revenue	+4.7	+3.5
Service revenue excl. US	+1.6	+2.0
Group Adj. EBITDA AL	+2.4	+1.9
Adj. EBITDA AL excl. US	+6.1	+4.8
Group adj. core EBITDA AL <sup>1</sup>	+8.5	+7.8

<sup>1</sup> adj. EBITDA AL excl. TM US handset leases

# Outlook 2022/23 as per annual report 2021 (1/2)<sup>1</sup>

€ bn

	2021 pro forma	2022e	2023e
<b>Revenue Group</b>	<b>106.5</b>	<b>Stable</b>	<b>Slight increase</b>
Germany	24.2	Slight increase	Increase
US (in US\$)	81.0	Stable	Slight increase
Europe	11.0	Slight increase	Stable
Systems Solutions	4.2	Stable	Slight increase
Group Development	1.1	Increase	Increase
<b>Service Revs Group</b>	<b>82.1</b>	<b>Slight increase</b>	<b>Slight increase</b>
US (in US\$)	57.8	Increase	Slight Increase
<b>Adj. EBITDA AL Group</b>	<b>36.5</b>	<b>~36.5</b>	<b>Increase</b>
Germany	9.5	9.8	Slight Increase
US (in US\$)	26.9	26.4	Increase
Europe	3.9	4.0	Stable
Systems Solutions	0.3	0.3	Increase
Group Development	0.6	0.6	Increase

<sup>1</sup> See annual report 2021 for additional details

# Outlook 2022/23 as per annual report 2021 (2/2)<sup>1</sup>

€ bn

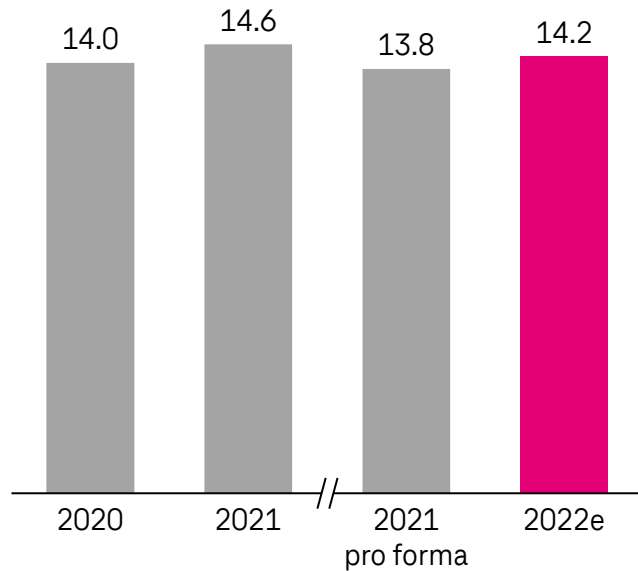
	2021 pro forma	2022e	2023e
<b>Cash Capex Group</b>	<b>17.7</b>	<b>19.3</b>	<b>Strong decrease</b>
Germany	4.1	Increase	Increase
US (in US\$)	12.2	Strong increase	Strong decrease
Europe	1.7	Stable	Stable
Systems Solutions	0.2	Stable	Stable
Group Development	0.3	Strong increase	Stable
<b>FCF AL Group</b>	<b>8.4</b>	<b>around 10</b>	<b>Strong increase</b>
<b>Adj. EPS</b>	<b>1.22</b>	<b>Slight increase</b>	<b>Strong increase</b>
<b>Net debt/adj. EBITDA</b>	<b>3.06x</b>	<b>&gt;2.75x</b>	<b>&gt;2.75x</b>

<sup>1</sup> See annual report 2021 for additional details. Adj. EPS and Net debt/adj. EBITDA as reported

# Financials excl. TM US

## Adj. EBITDA AL

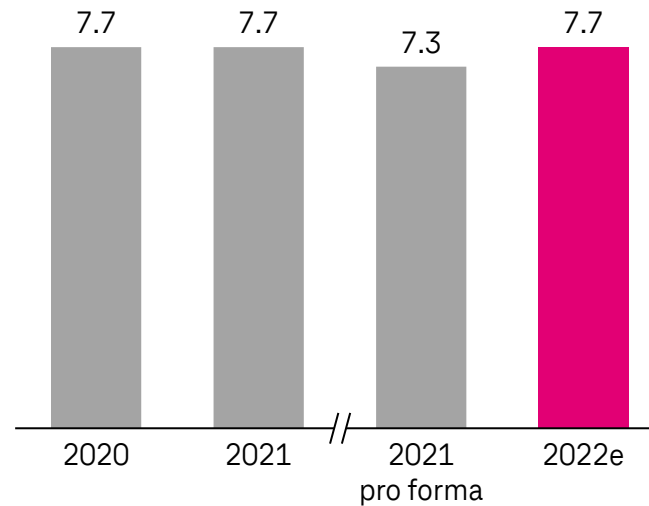
€ bn



**CMD targets<sup>1</sup>** · 2–3% CAGR in 2020–24

## Cash capex

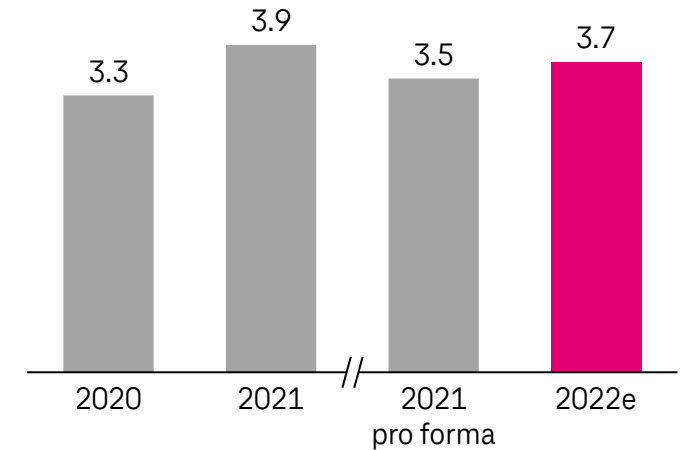
€ bn



· Increase for FTTH of ~€ 0.5 bn from 2020 through 2024

## FCF AL

€ bn



· ~€ 4.0 bn in 2024

<sup>1</sup> CMD targets are based on an organic view.





# Balance sheet

## rating outlook improved by S&P

€ bn

	31/03/2021	30/06/2021	30/09/2021	31/12/2021	31/03/2022
Balance sheet total	273.9	270.5	273.4	281.6	292.4
Shareholders' equity	77.5	77.0	78.9	81.5	87.7
Net debt excl. leases (AL)	98.3	96.8	99.3	100.6	98.1
Net debt excl. leases (AL)/adj. EBITDA AL <sup>1</sup>	2.61	2.59	2.66	2.70	2.59
Net debt incl. leases (IFRS 16)	129.5	128.0	130.4	132.1	135.9
Net debt incl. leases IFRS 16/adj. EBITDA <sup>1</sup>	2.98	2.97	3.02	3.06	3.10
Equity ratio	28.3%	28.5%	28.8%	28.9%	30.0%

### Comfort zone ratios

Rating: A-/BBB	
2.25–2.75 Net debt IFRS 16/Adj. EBITDA	
25–35% equity ratio	
Liquidity reserve covers redemptions of the next 24 months	

### Current rating

Fitch:	<b>BBB+</b>	stable outlook
Moody's:	<b>Baa1</b>	stable outlook
S&P:	<b>BBB</b>	positive outlook

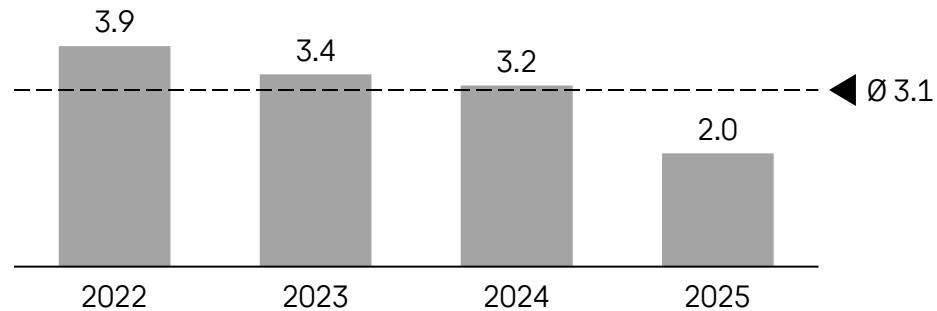
<sup>1</sup> Ratios for the interim quarters calculated on the basis of previous 4 quarters.

# Financials

well balanced maturity profile with strong liquidity reserve

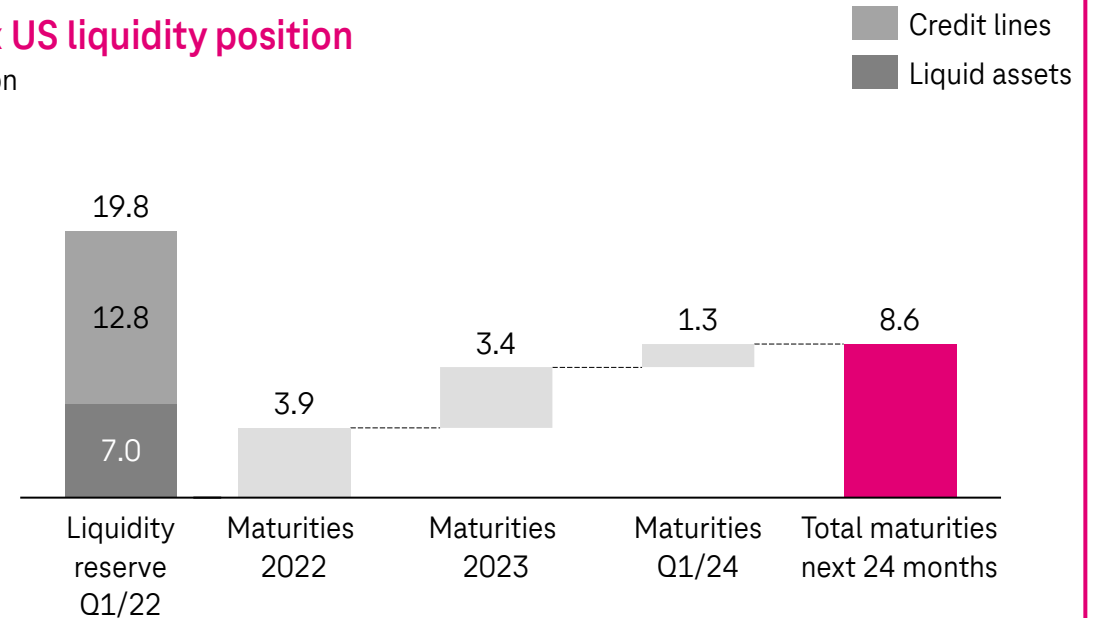
## DT (ex US) bonds maturing

€ bn



## Ex US liquidity position

€ bn



- Additional \$2.75 bn of outstanding TM US shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024

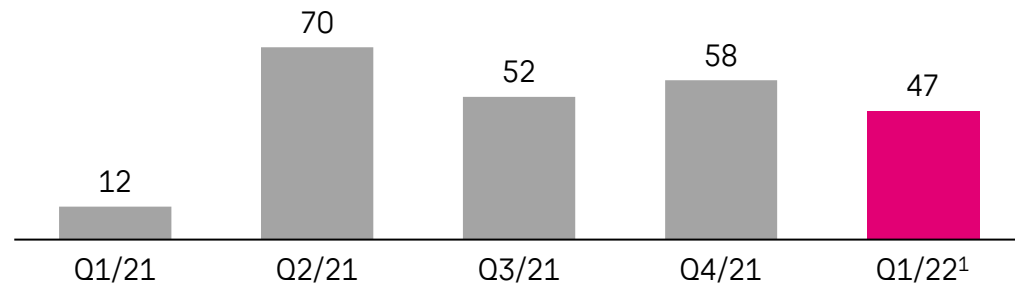
# GD/TMNL

## strong performance continues



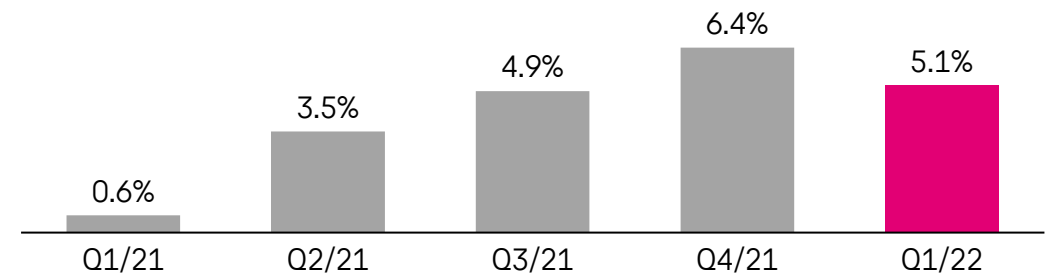
### Contract net adds

'000



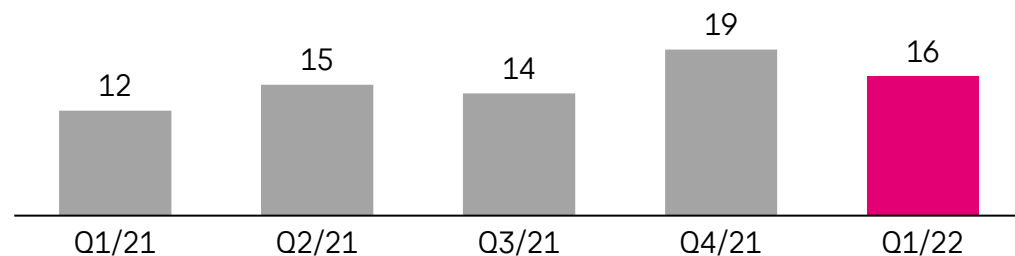
### Mobile service revenue growth

% growth yoy, organic



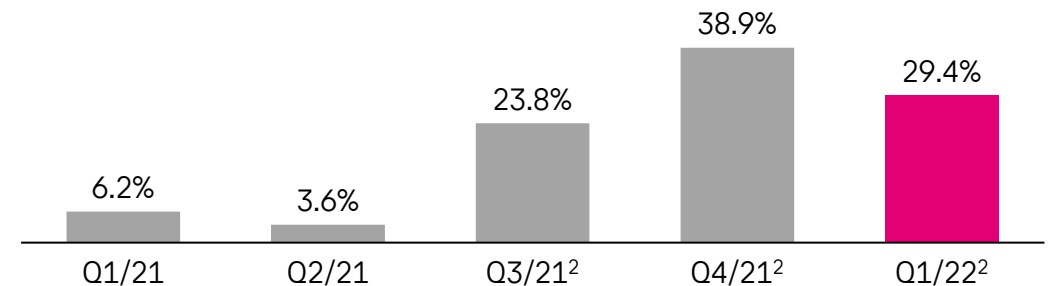
### Broadband net adds

'000



### Adj. EBITDA AL growth

% growth yoy, organic

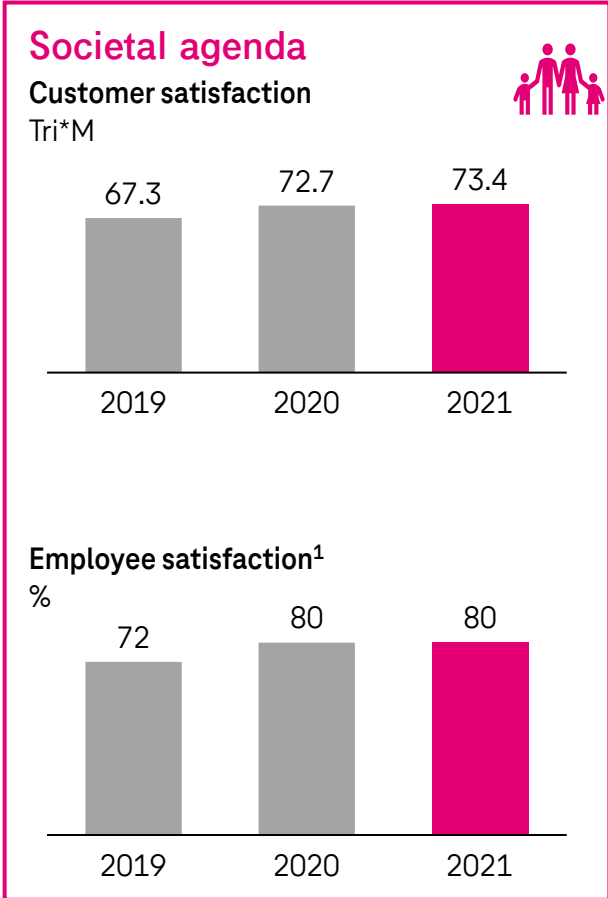


<sup>1</sup> Organic view. Adjusted for 29k base correction. Reported change in base of 17k.

<sup>2</sup> Also supported by held for sale accounting

# Society and Environment

## strong ESG Performance in all dimensions



**#GREEN MAGENTA**

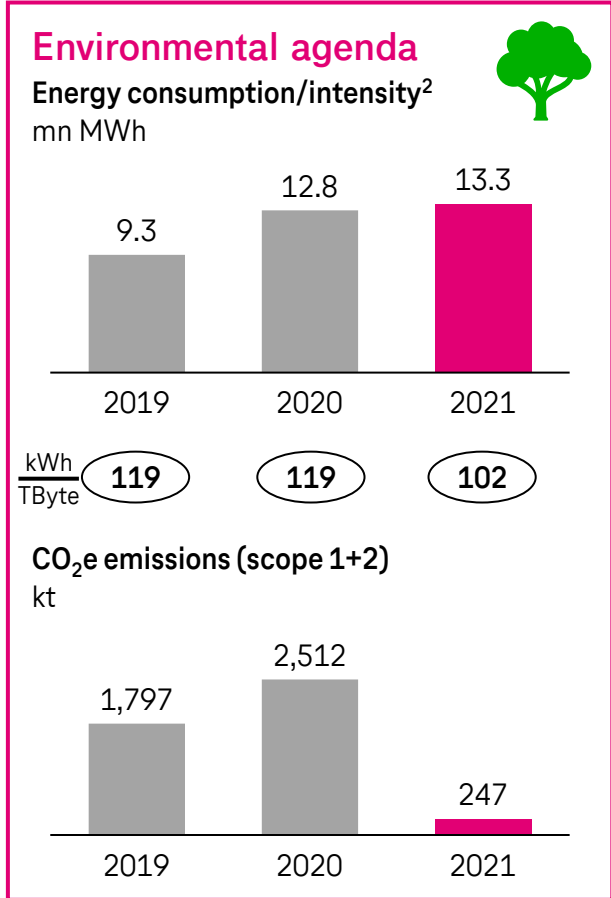
- Switch to 100% electricity from renewables accomplished
- Eco Rating: Successful launch of industrywide initiative

**#GOOD MAGENTA**

- Support for flood victims

**Governance**

- Move of corporate responsibility department to CEO
- Environmental targets in remuneration for board from 2021, for all executives from 2022
- Reporting in line with new EU Taxonomy regulation requirements
- Ongoing success in ESG Ratings



<sup>1</sup>positive answer on employee/pulse survey question: “How do you feel at our company”

<sup>2</sup>energy intensity includes only fixed and mobile services at DT Group



# Conference call with Q&A session

The conference call will be held on May 13 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.

DT Participants: Christian Illek (CFO), Srini Gopalan (CEO GER), Hannes Wittig (Head of IR)

## Webcast

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- The **link to the webcast** will be provided 20 minutes before the call starts: <https://www.telekom.com/22Q1>
- To ask a question, **just type your question into the box below the stream**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call

## Dial-in

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DE	0800 5889185	+	code 1265248#
UK	0808 2380676	+	code 1265248#
US	+1 866 2201433	+	code 1265248#
Other	+49 69 22222624	+	code 1265248#

**NEW:** to participate in the dial-in conference please register via the following link:

<https://registration Q1 2022 Call DTAG>

# Further questions

please contact the IR department

## Investor Relations Contact details

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Contact details for all  
IR representatives:



[www.telekom.com/ircontacts](http://www.telekom.com/ircontacts)

## IR Webpage

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[www.twitter.com/DT\\_IR](http://www.twitter.com/DT_IR)



## IR YouTube Channel

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[http://www.telekom.com/youtube\\_ir](http://www.telekom.com/youtube_ir)

