

# Deutsche Telekom Q1 2021 results



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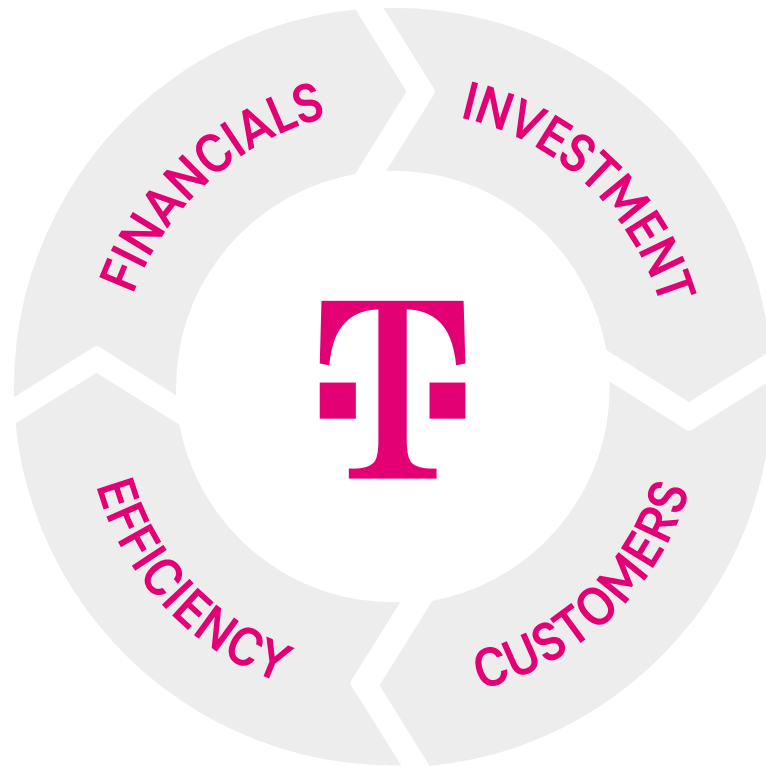
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# Q1 2021 results

## sector leading growth



### T-Mobile

- Strong growth with customers and EBITDA. FY guidance raised
- 40 MHz of C-band spectrum acquired
- Sprint integration ahead of plan and synergy guidance raised
- Analyst Day lays out FCF and buyback targets

### Ex US

- 4.6% adj. EBITDA AL growth, FY guidance raised
- Progress with 5G and FTTH
- New wholesale agreements approved by BNetzA

### Group

- Organic total service revenue growth 2.4%
- Performance better than anticipated. Guidance raised across the board
- Climate ambitions raised
- 60 cents dividend for 2020 paid (in April)

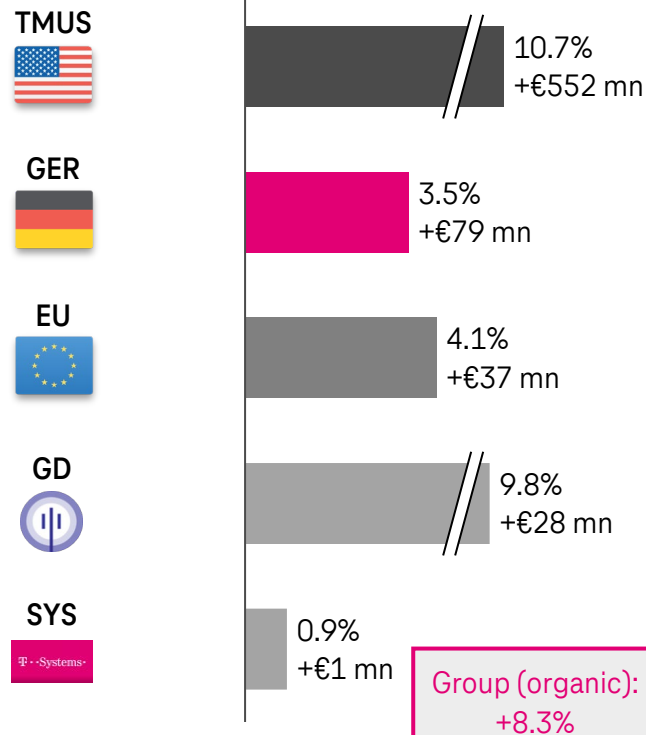


# Q1 2021

## adj. EBITDA AL up 8% organic



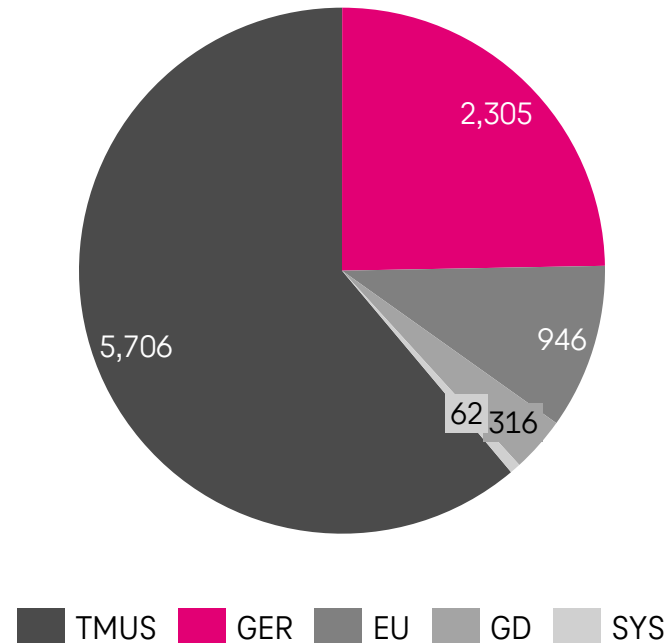
### Adj. EBITDA AL (Organic growth)



### Adj. EBITDA AL<sup>1</sup>

€ mn

Total:  
€9,245 mn



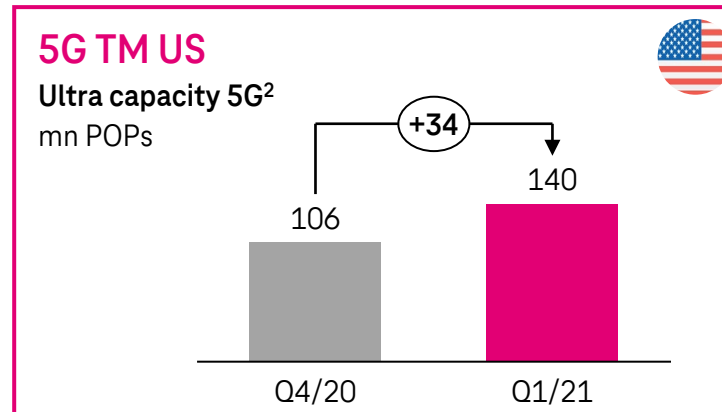
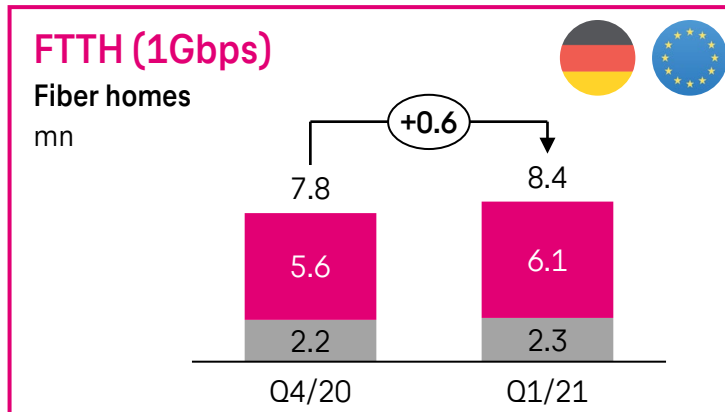
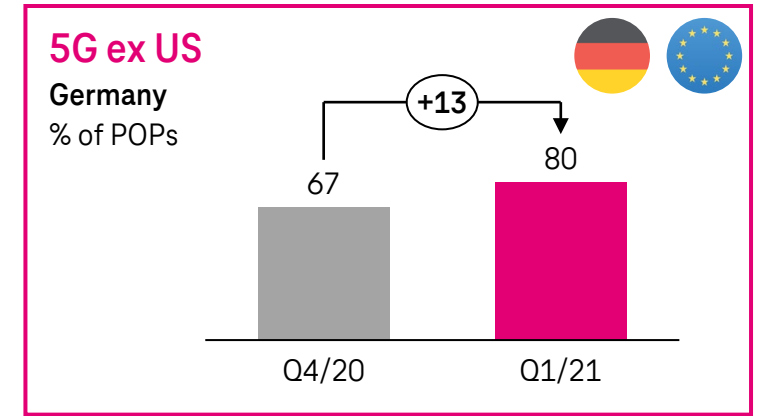
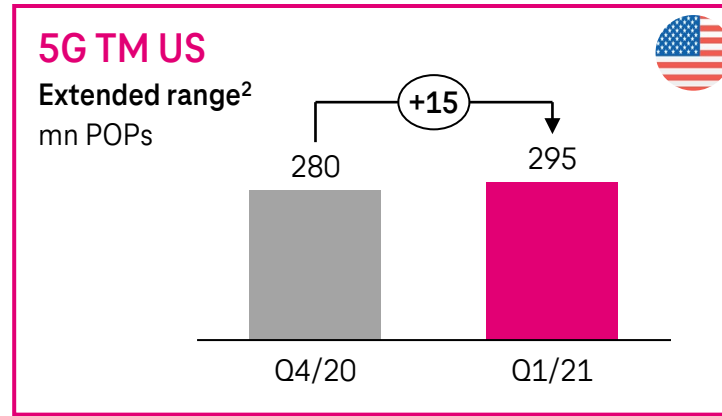
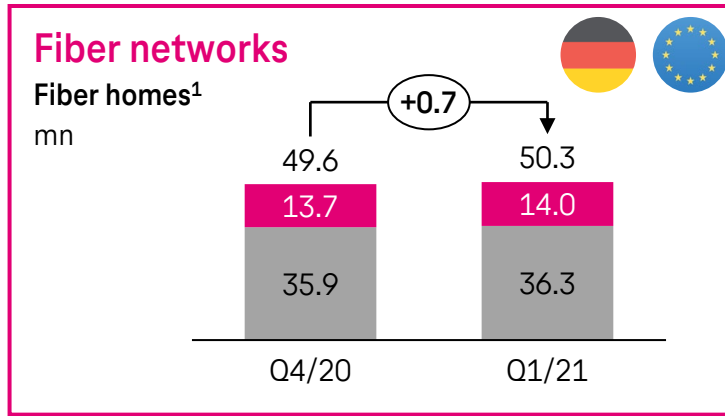
### Q1 2021 Reported growth

Revenue	+32.3%
Adj. EBITDA AL	+41.3%
Adj. EBITDA AL (excl. US)	+4.6%
Adj. Net profit	-6.5%
Net profit	+2.2%
Adj. EPS (in €)	-7.4%
Free cash flow AL	+100.8%
Cash capex (excl. spectrum)	+27.7%
Net debt AL	+64.6%

<sup>1</sup> Excl. GHS, as reported

# Networks

## leading with 5G, FTTH on track



■ EU ■ GER

### GER

- YE target raised to > 90% of population

### EU

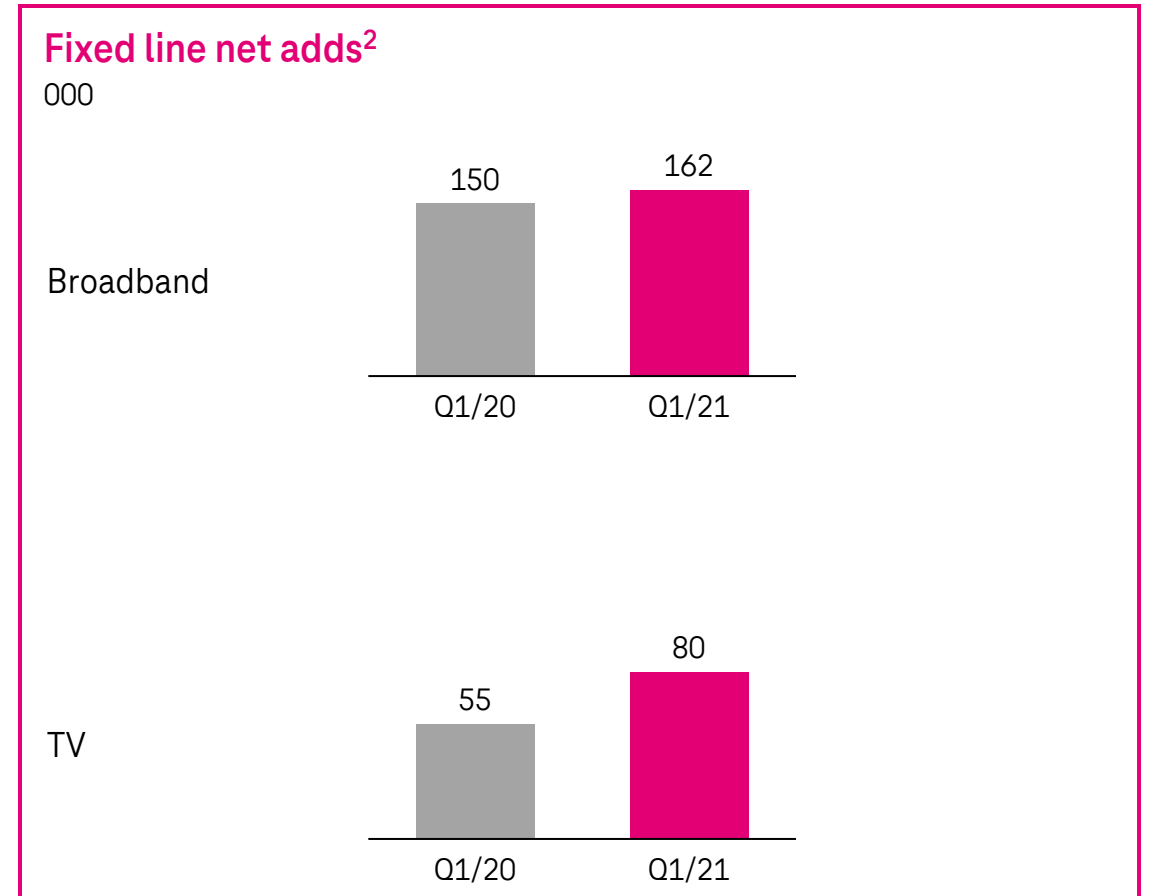
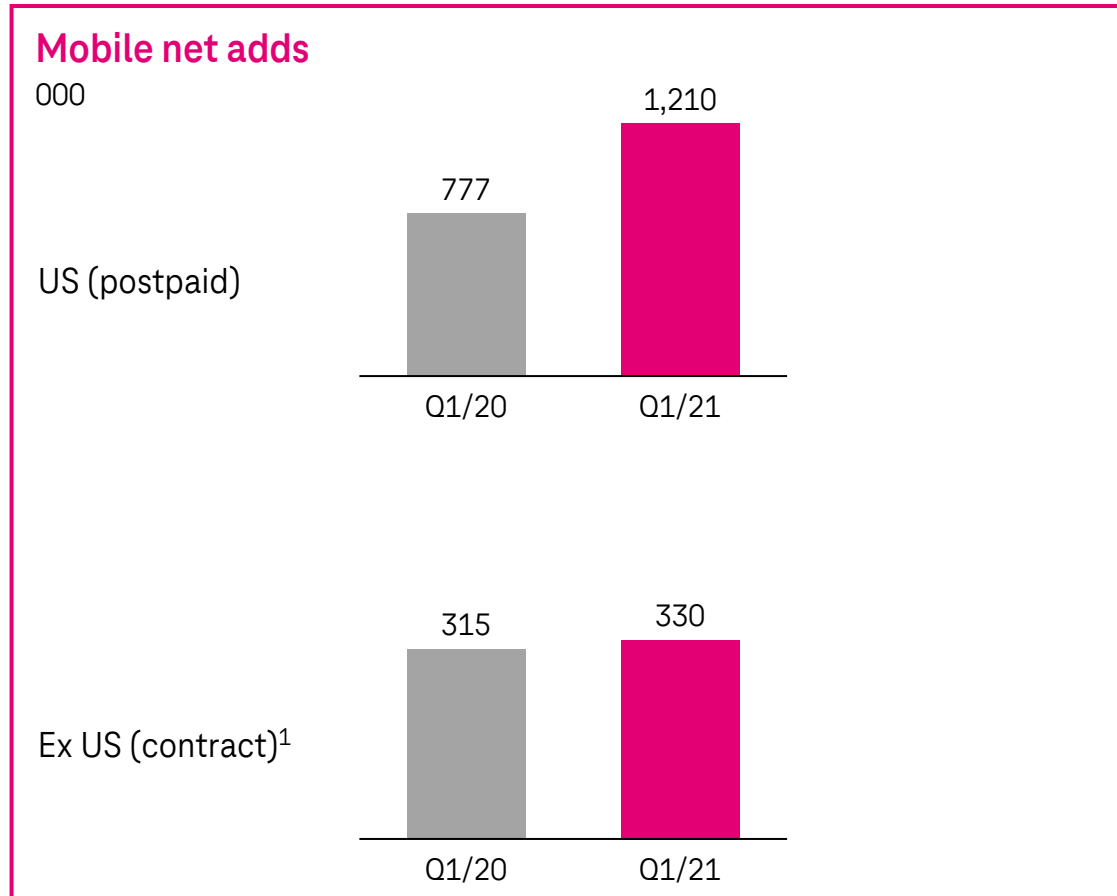
- 5G coverage at 19%
- NL: "Umlaut" network test shows T-Mobile's 5G network has best coverage in all categories (urban, rural, road, rail)

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



# Customers

growing strongly

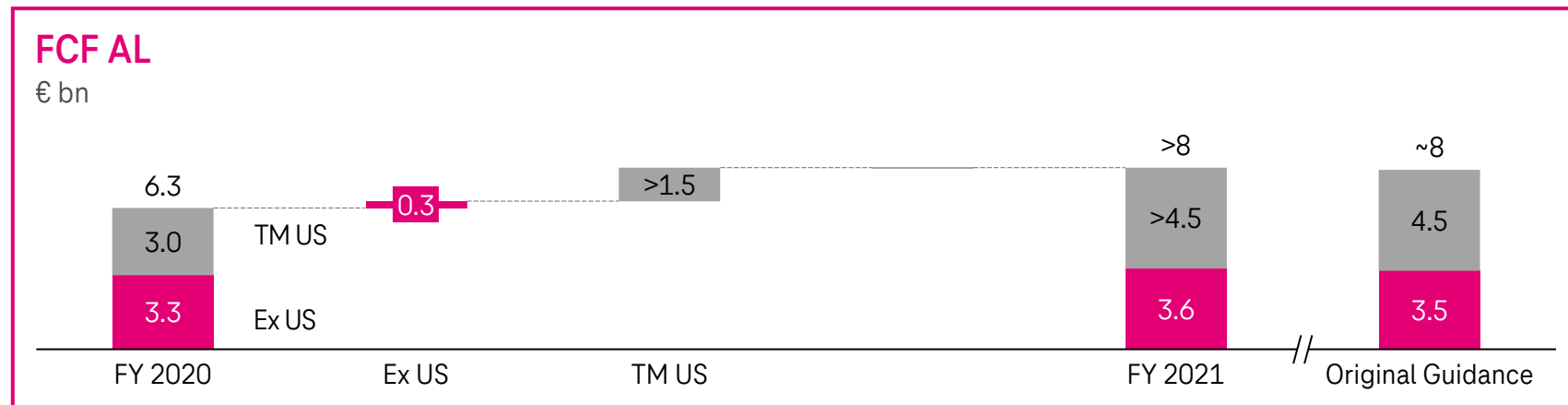
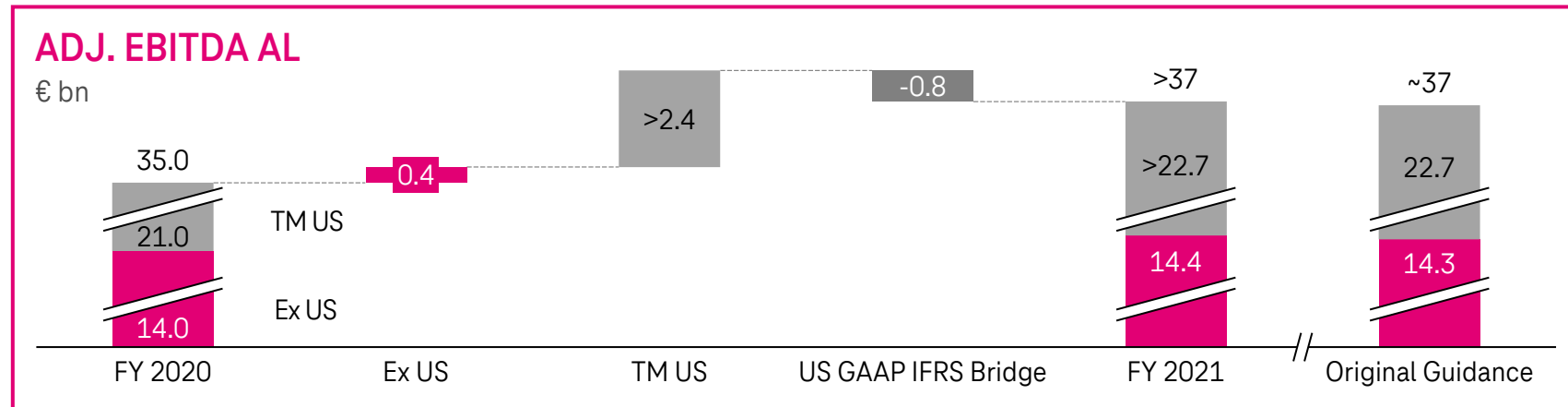


<sup>1</sup> GER + EU + NL. GER: own brand only    <sup>2</sup> GER + EU + NL



# Guidance 2021

## outlook improved for the group



We now expect adj. EBITDA after leases of more than 37bn and FCF of more than €8bn reflecting improved Q1 outlook for TM US and DT ex US. Previous statement was around 37bn and around 8bn.

TM US EBITDA included at midpoint of US GAAP guidance of US\$ 26.5bn to 27.1bn, adjusted for estimated bridge of € 0.8bn.

US FCF included at midpoint of US GAAP guidance of US\$ 5.1bn to 5.5bn.

Based on 1 € = US\$ 1.14

# Review Q1 2021



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# Financials

## strong growth

€ mn

Q1

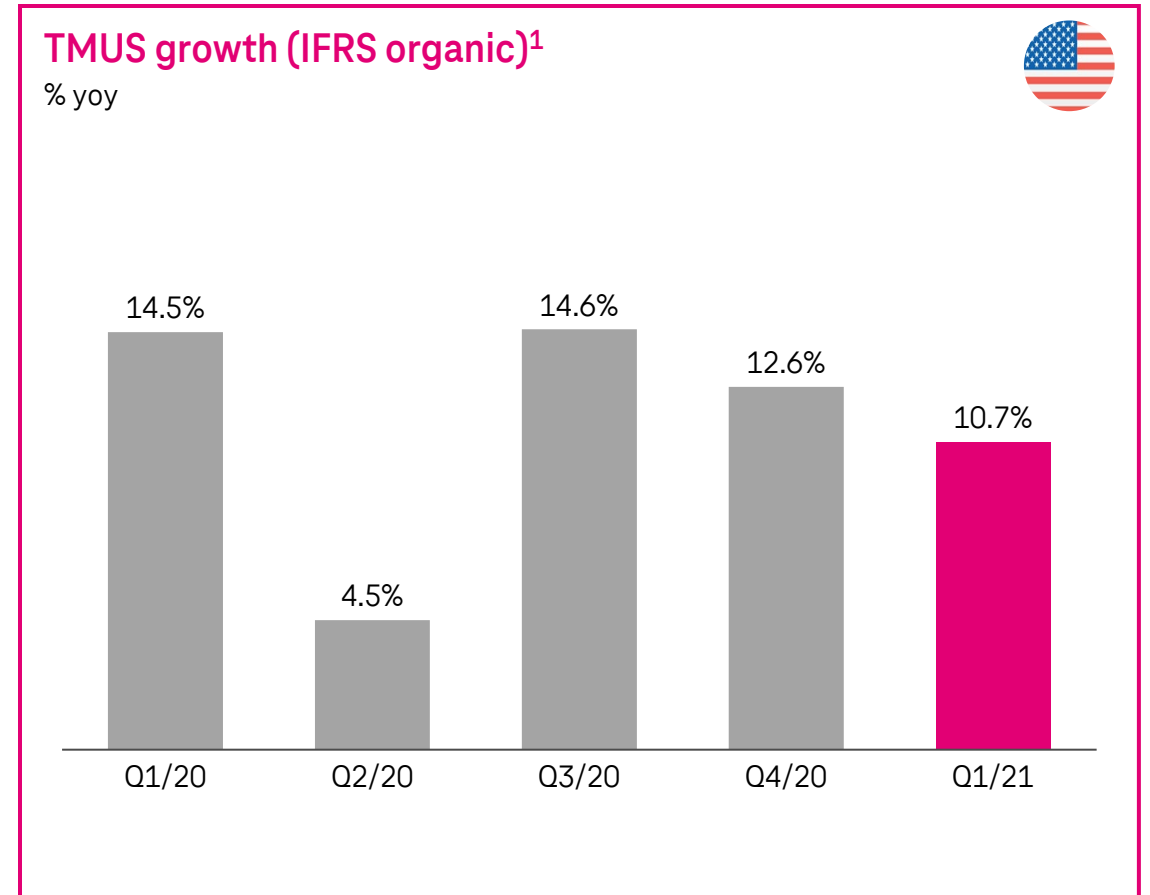
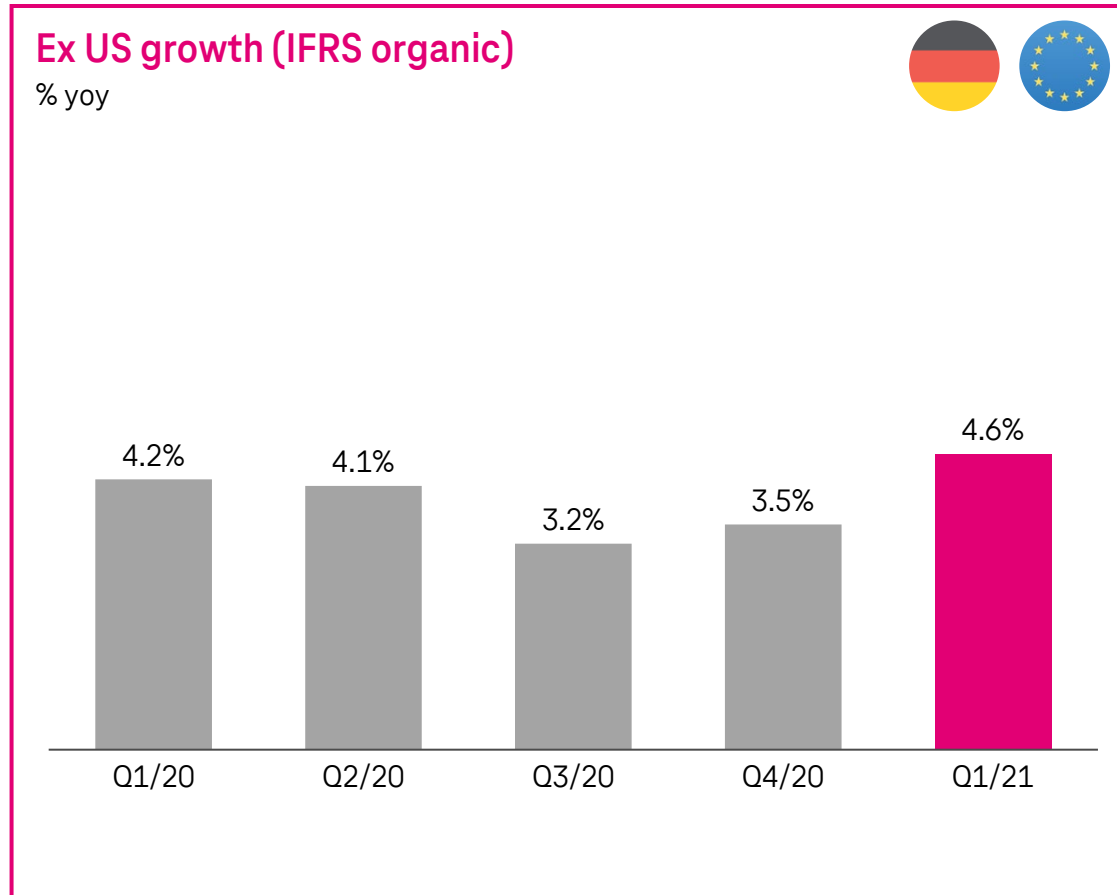
	2020	2021	Change
Revenue	19,943	26,390	+32.3%
Adj. EBITDA AL	6,544	9,245	+41.3%
Adj. EBITDA AL (excl. US)	3,384	3,538	+4.6%
Adj. Net profit	1,284	1,201	-6.5%
Net profit	916	936	+2.2%
Adj. EPS (in €)	0.27	0.25	-7.4%
Free cash flow AL <sup>1,2</sup>	1,287	2,585	+100.8%
Cash capex <sup>2</sup>	3,353	4,283	+27.7%
Net debt	77,394	129,530	+67.4%
Net debt AL	59,698	98,292	+64.6%

<sup>1</sup> Q1/20 before €1,600 mn zero bond redemption

<sup>2</sup> Free cash flow AL before dividend payments and cash capex before spectrum investment. Spectrum: Q1/20: €217 mn; Q1/21: €7,989 mn

# Adj. EBITDA AL

growth on both sides of the Atlantic



<sup>1</sup> Sprint included since Q2/20

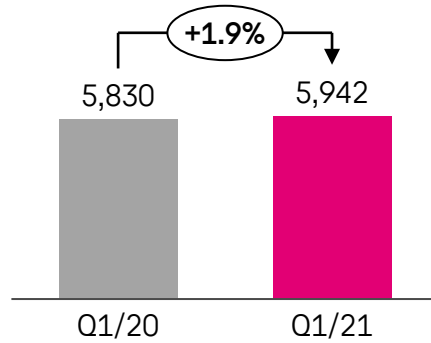
# Germany

## 18<sup>th</sup> consecutive quarter of EBITDA growth



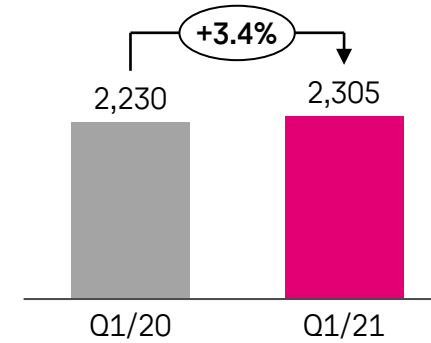
### Revenues (as reported)

€ mn



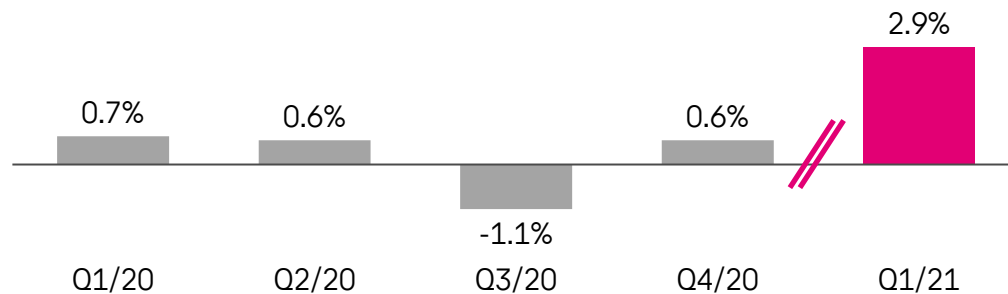
### Adj. EBITDA AL (as reported)

€ mn



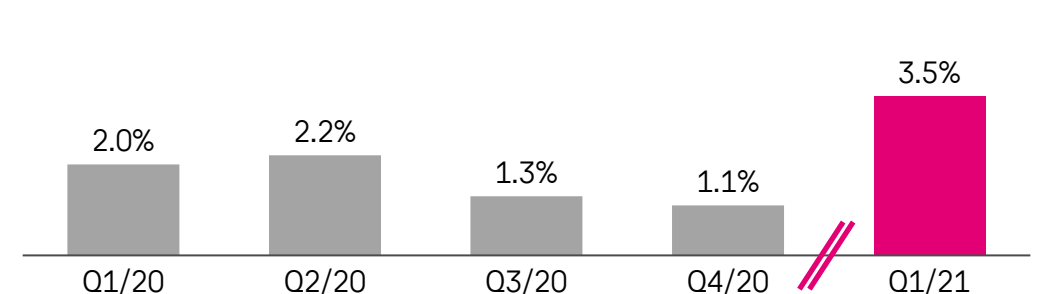
### Revenue growth (organic)<sup>1</sup>

% yoy



### Adj. EBITDA AL growth (organic)<sup>1</sup>

% yoy



<sup>1</sup> 2021 quarterly trends in new reporting structure. Organic view reflects transfer of certain business units into GHS as of 01.01.2021, currency and the accounting change to certain principal agent transactions. Impact -54 mn Revenue and -4 mn on adj. EBITDA AL

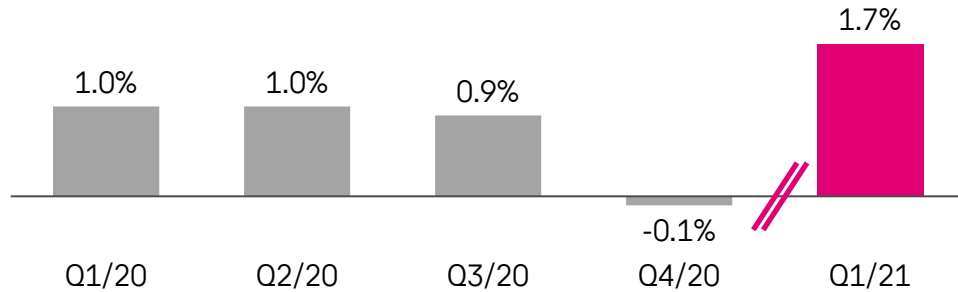
# Germany

## service revenues driven by strong fixed



### Total service revenue growth (organic)<sup>1,2</sup>

% yoy

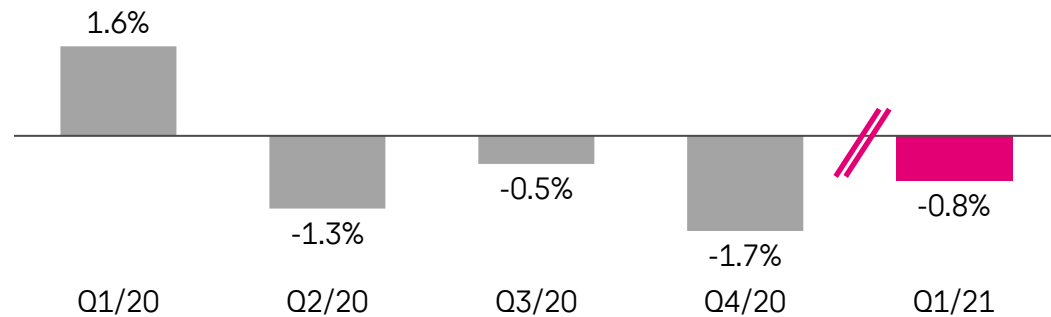


Reported Total Service revenue growth: +1.3%.  
Reported Fixed Service revenue growth: +2.2%

Covid-19 Headwind to mobile service revenue 2.0 pp after 2.8 pp in Q4.  
Ex Covid-19 growth +1.2%

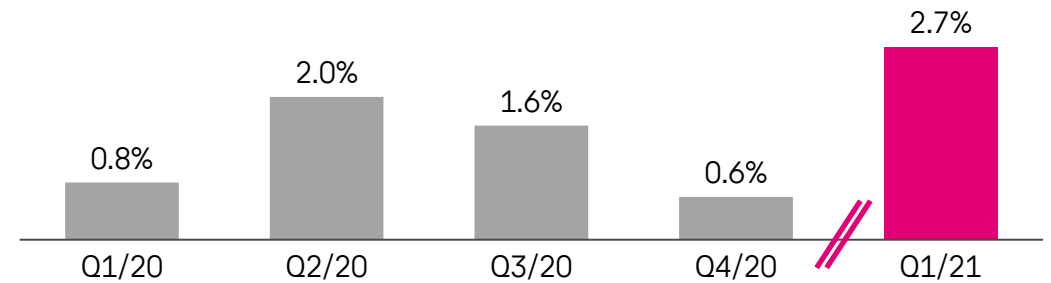
### Mobile service revenue growth<sup>1</sup>

% yoy



### Fixed service revenue growth (organic)<sup>1,2</sup>

% yoy



<sup>1</sup> 2021 quarterly trends in new reporting structure

<sup>2</sup> Organic view reflects accounting change to certain principal agent transactions and f/x. No impact on mobile service, broadband or wholesale revenues

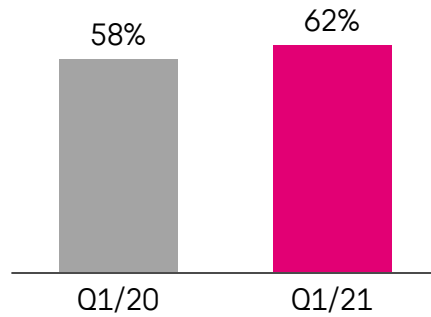
# Germany

## positive mobile KPIs



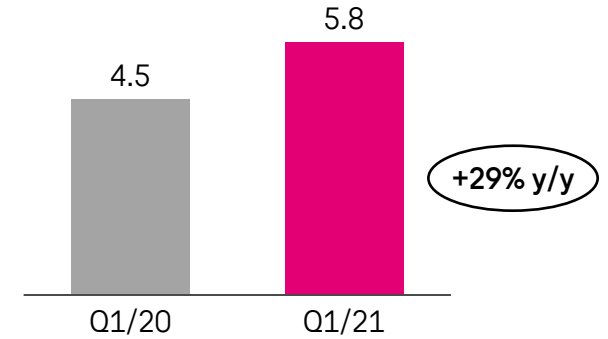
### Magenta EINS share (mobile)<sup>1</sup>

%



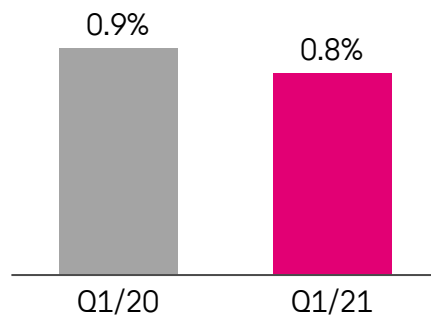
### Data usage<sup>2</sup>

GB



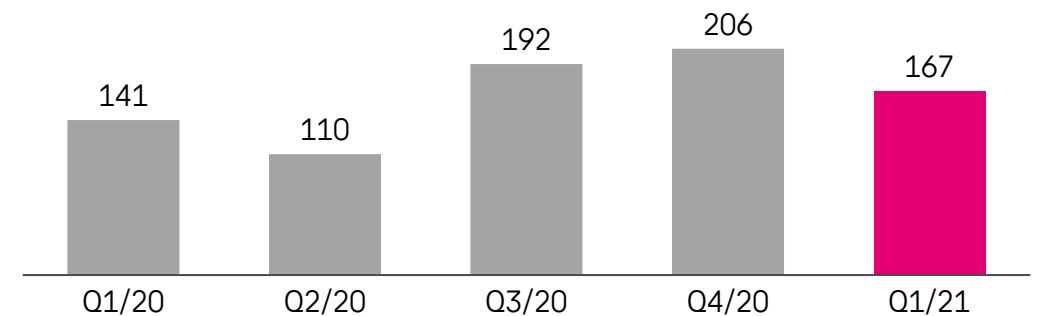
### Churn<sup>2</sup>

%



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

000



<sup>1</sup> As % of B2C T-branded contract customers    <sup>2</sup> Per month of B2C T-branded contract customers    <sup>3</sup> Of own branded retail customers excl. multibrand



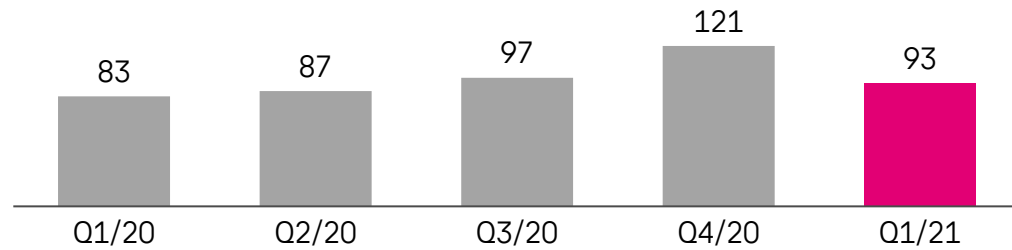
# Germany

## strong commercials in fixed



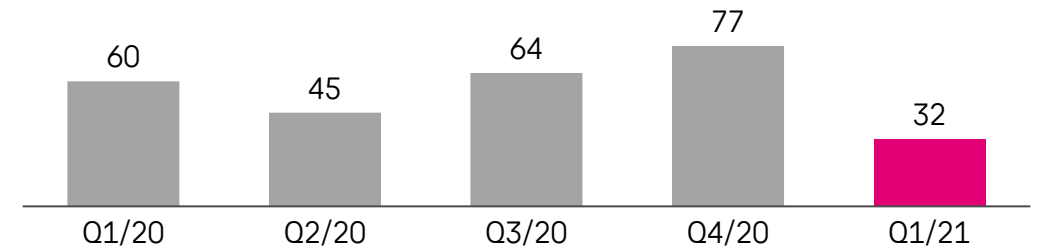
### Broadband net adds

000



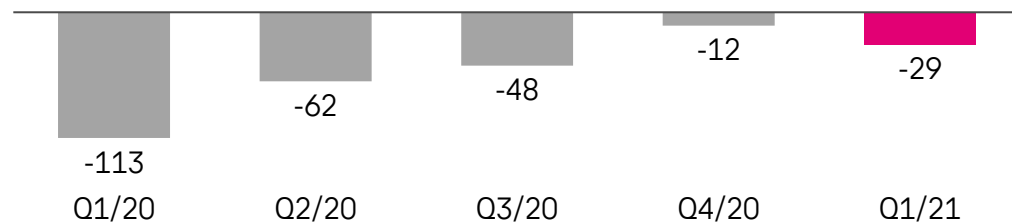
### TV net adds

000



### Line losses

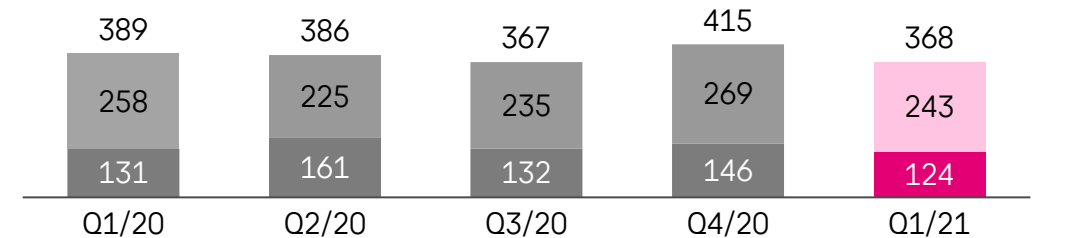
000



### Fiber net adds

000

• 0.8 mn super vectoring customers (+0.1 mn q/q)



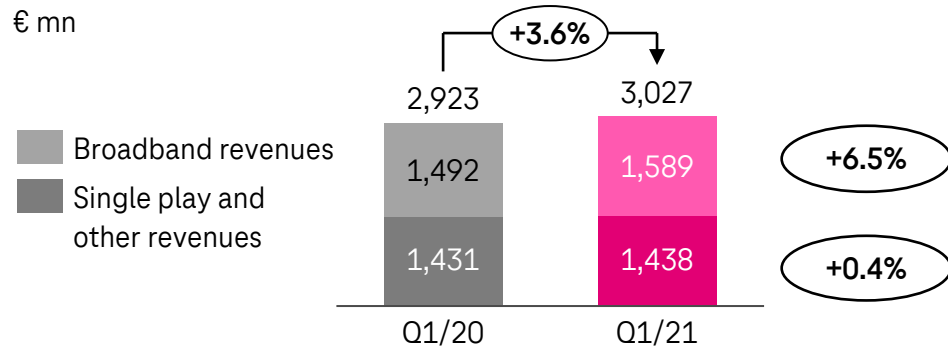
# Germany

## growth in retail fixed



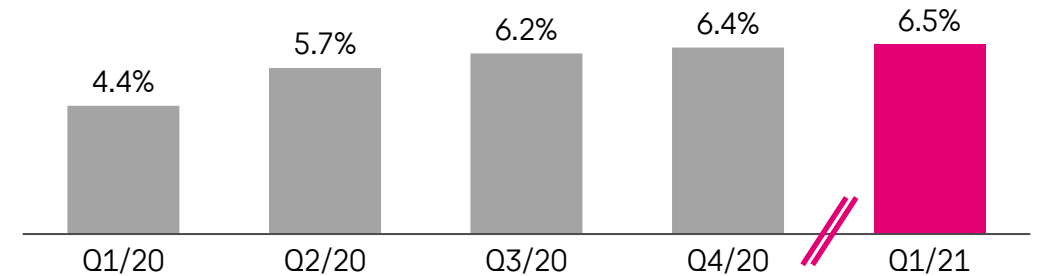
### Retail fixed revenues (reported)<sup>1,2</sup>

€ mn



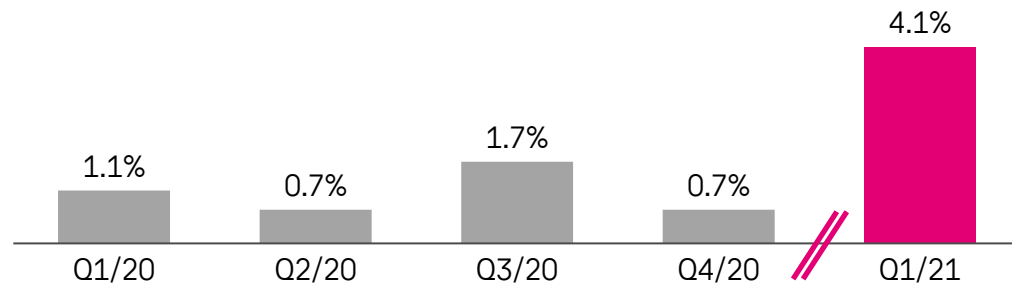
### Broadband revenue growth<sup>1</sup>

% yoy



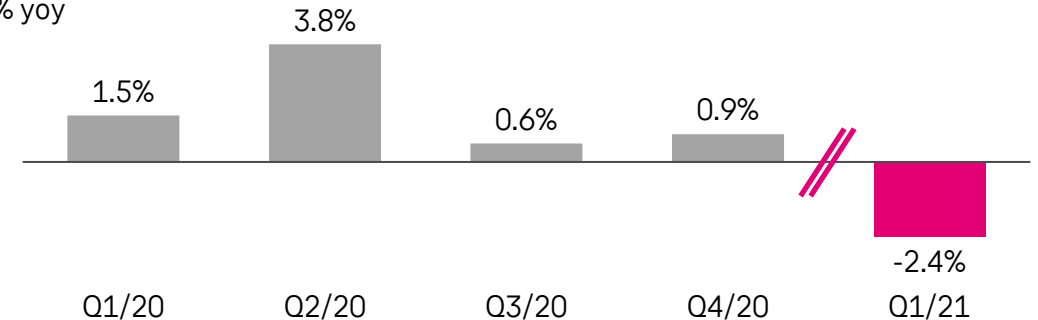
### Retail fixed revenue growth (organic)<sup>1,2</sup>

% yoy



### Wholesale revenue growth<sup>1</sup>

% yoy



<sup>1</sup> 2021 quarterly trends in new reporting structure    <sup>2</sup> Organic view reflects accounting change to certain principal agent transactions and f/x. No impact on mobile service, broadband or wholesale revenues

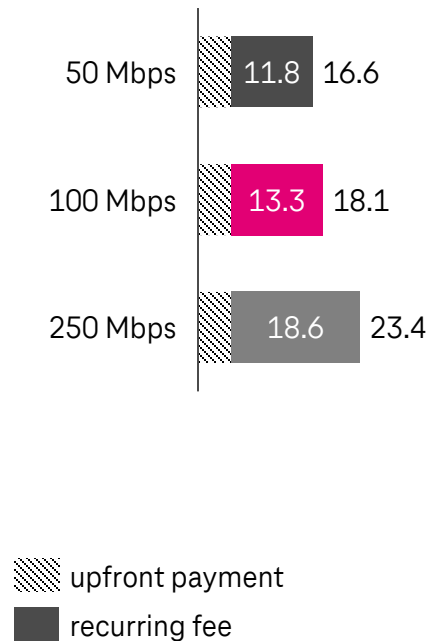
# Germany

## new fiber commitment model



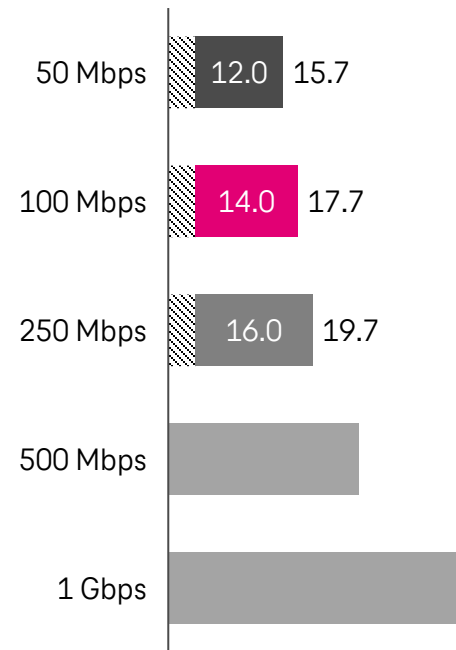
### Old "Kontingent" model<sup>1</sup>

€ per month



### New "Commitment" model<sup>1</sup>

€ per month



- 10-year commitments (plus 3- year extension)
- Layer2 bitstream no longer (ex ante) price-regulated
- FTTH charges agreed; clear more-for-more logic
- FTTH wholesale premium agreed for rural areas
- Recurring bitstream charges increased
- 50 & 100 Mbps effectively billed tariffs lower in 2021/22 and higher from 2023
- 250 Mbps effectively billed tariffs to remain slightly below 2020 level
- Large percentage of wholesale revenues assured

<sup>1</sup> Calculatory fees for Layer2 bitstream access incl. upfront investment (as calculated by the BNetzA)



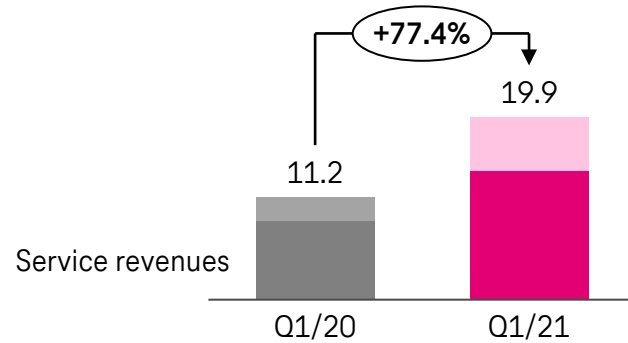
# T-Mobile

## continued strong performance



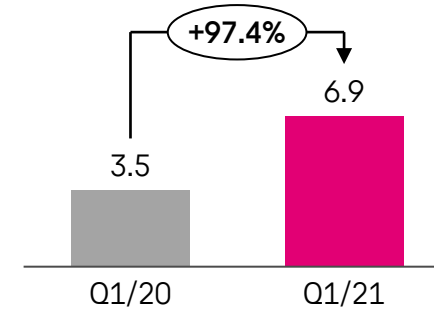
### Revenues (IFRS)

US\$ bn



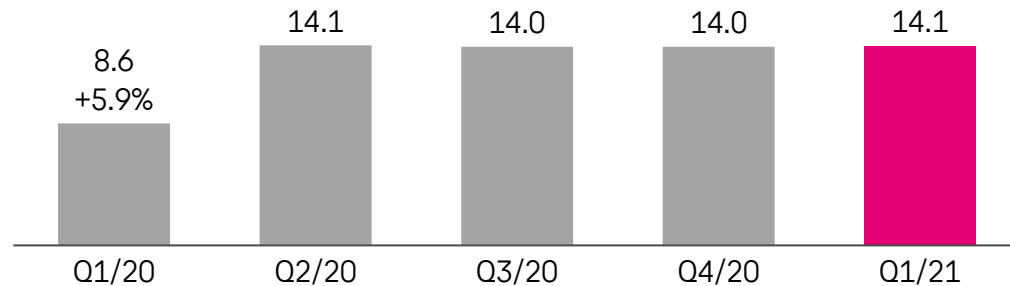
### Adj. EBITDA AL (IFRS)

US\$ bn



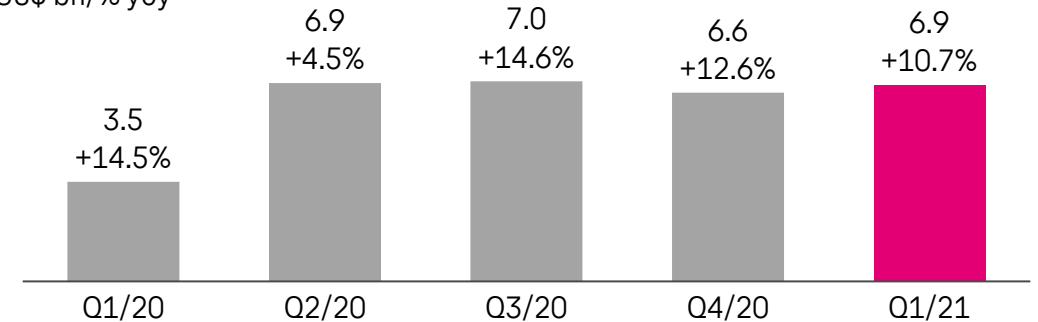
### Service revenue (IFRS)<sup>1</sup>

US\$ bn/% yoy



### Adj. EBITDA AL growth (IFRS) organic

US\$ bn/% yoy



<sup>1</sup> No restated historic service revenues available for Q1 2021 and previous quarters. Revenues attributed to wireline operations and handset insurance services acquired in the Sprint Merger were classified as service revenue in Q4/20. Q2/20 and Q3/20 have been adjusted accordingly



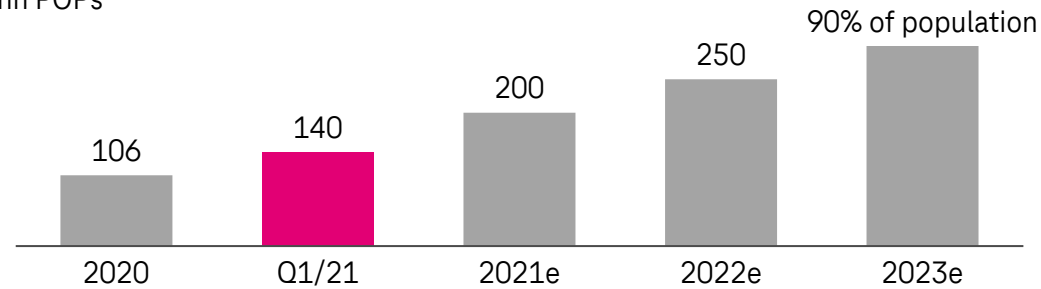
# T-Mobile

## industry leading network and strong customer KPIs



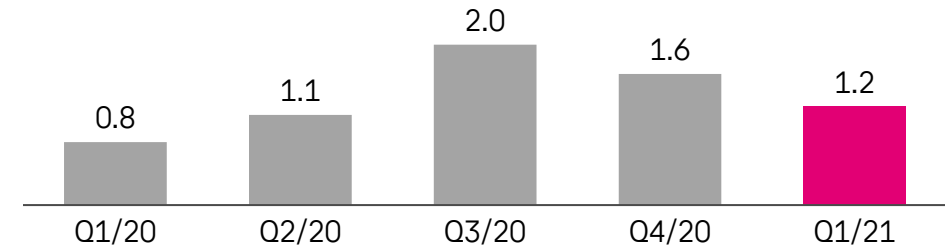
### Ultra Capacity 5G coverage<sup>1</sup>

mn POPs



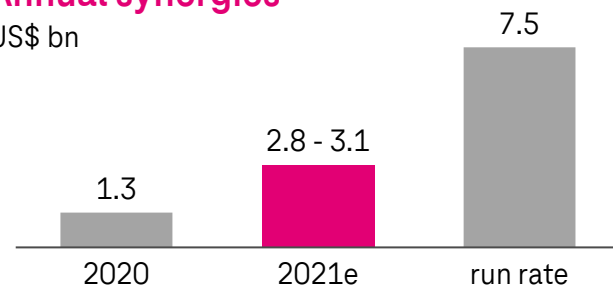
### Total postpaid net additions<sup>2</sup>

mn



### Annual synergies

US\$ bn



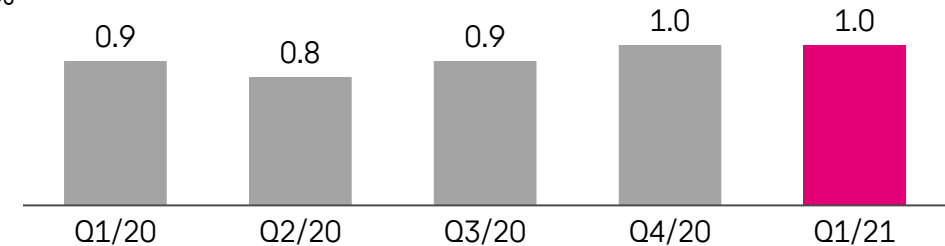
End of March:

~50% of Sprint customer traffic migrated

~20% of Sprint customer network migration completed

### Postpaid phone churn<sup>2</sup>

%



<sup>1</sup> Ultra capacity on 2.5 GHz    <sup>2</sup> Q1/20 excluding Sprint



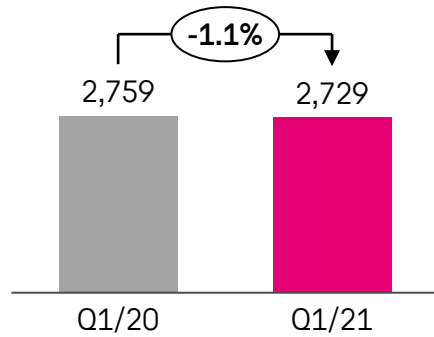
# Europe

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



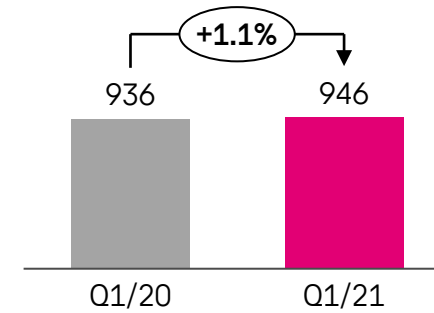
### Revenues

€ mn



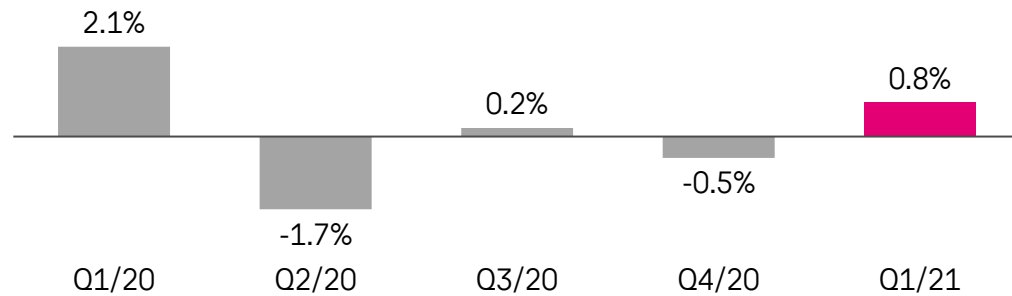
### Adj. EBITDA AL

€ mn



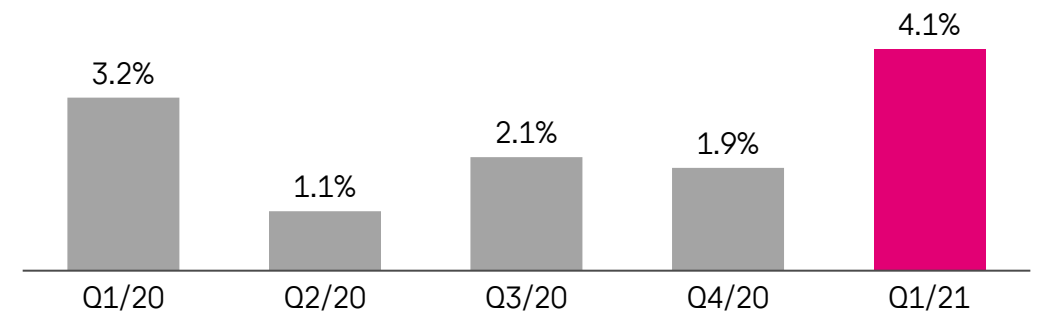
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL growth (organic)

% yoy



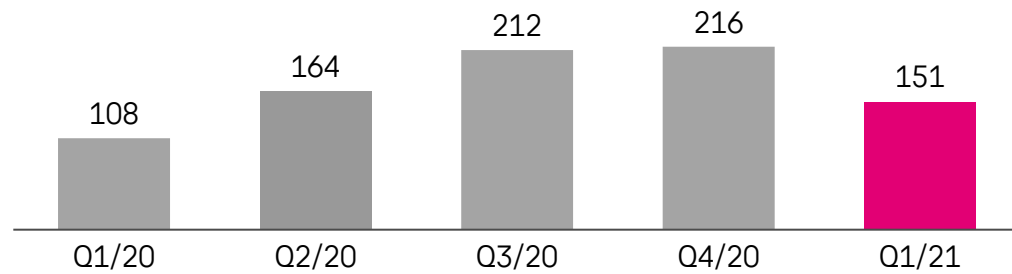
# Europe

strong net adds in all categories



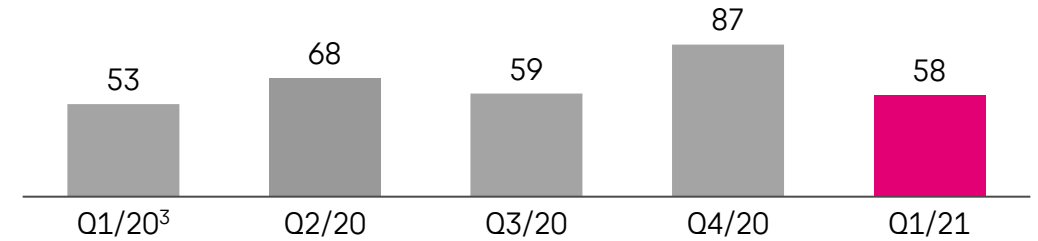
## Mobile contract net adds<sup>1</sup>

000



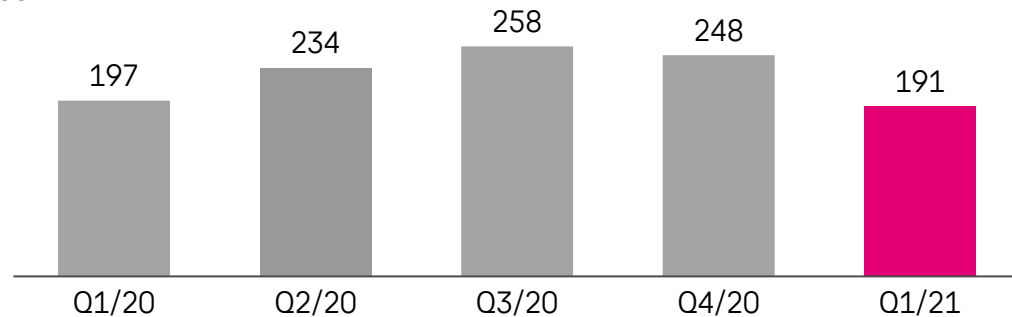
## Broadband net adds<sup>2</sup>

000



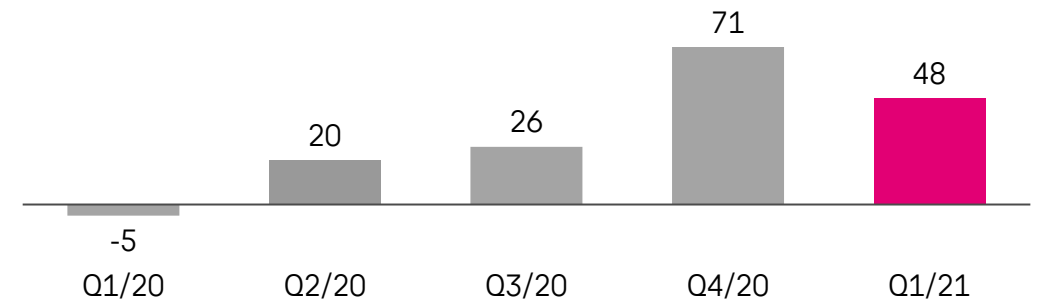
## FMC net adds

000



## TV net adds

000



<sup>1</sup> M2M customers have been re-allocated to prepay as of Q1/20. Historic figures have been adjusted <sup>2</sup> Definition alignment in Q1/21. Historic numbers are adjusted

<sup>3</sup> Organic view. Excludes 15k subs acquired in the Czech Republic

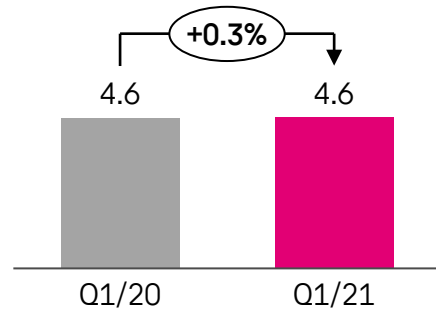


# T-Systems

## profitability stabilized

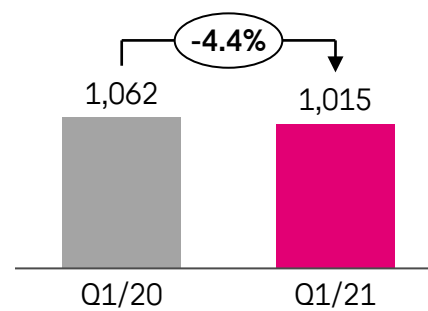
### Order entry (LTM)

€ bn



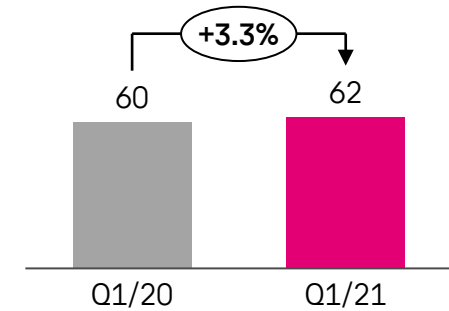
### Revenues

€ mn



### Adj. EBITDA AL

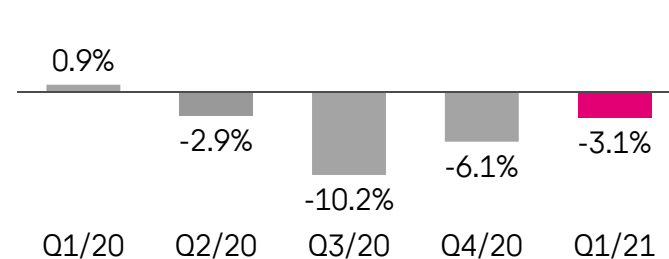
€ mn



- Growth in Public Cloud offset by decline in mature businesses.
- EBITDA AL outlook for 2021 stable.

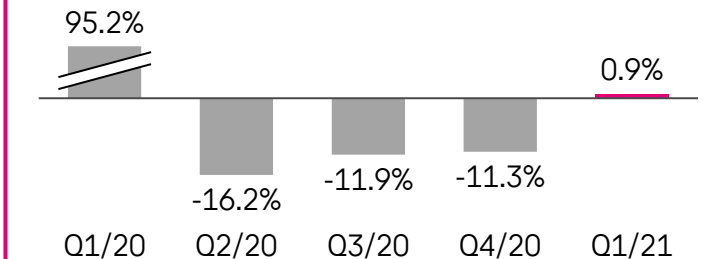
### Revenue growth (organic)<sup>1</sup>

% yoy



### Adj. EBITDA AL growth (organic)<sup>1</sup>

% yoy



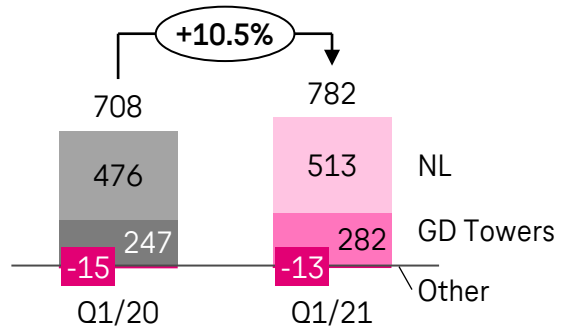
<sup>1</sup> 2021 quarterly trends in new reporting structure

# Group Development

## ongoing strong performance

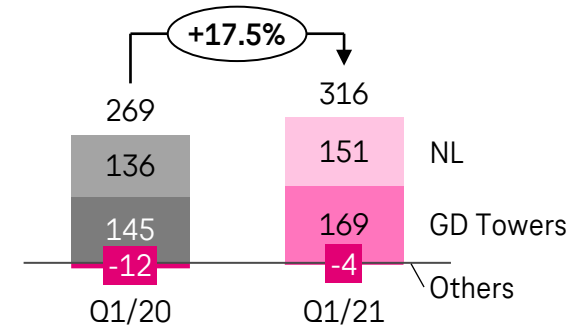
### Revenues

€ mn



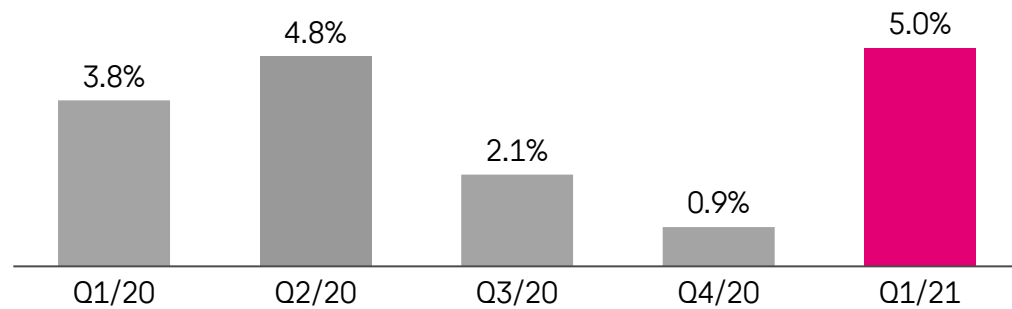
### Adj. EBITDA AL

€ mn



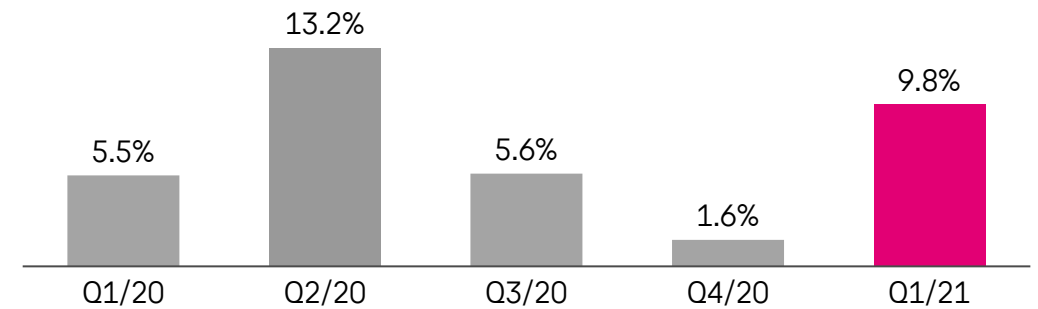
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL growth (organic)

% yoy

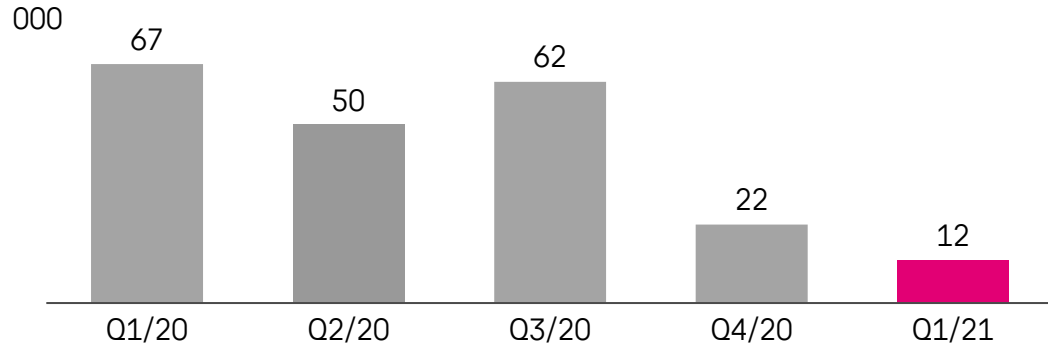


# GD/TMNL

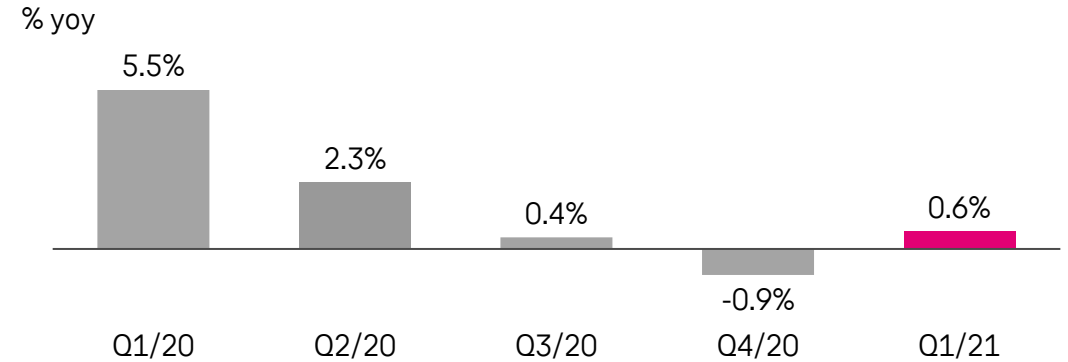
## EBITDA growth continues



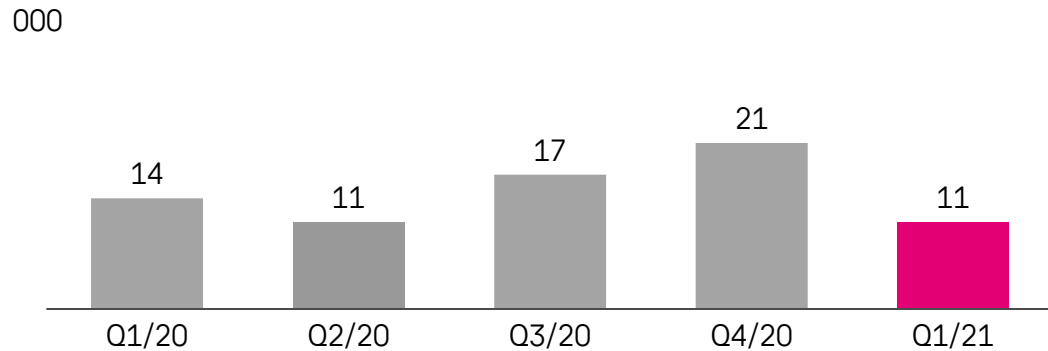
### Contract net adds



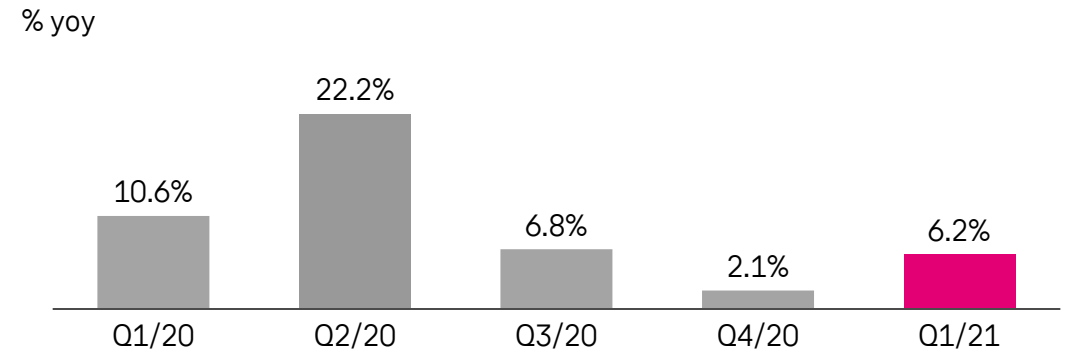
### Mobile service revenue growth (organic)



### Broadband net adds



### Adj. EBITDA AL growth (organic)



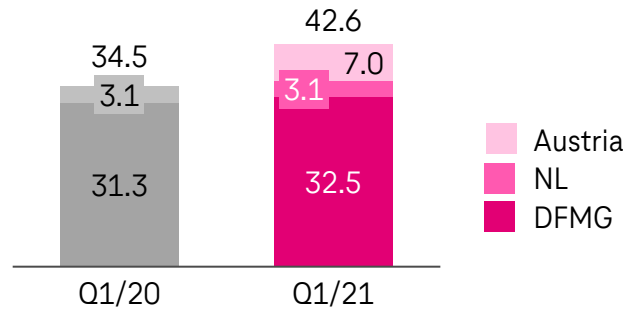
# GD Towers

## ongoing expansion



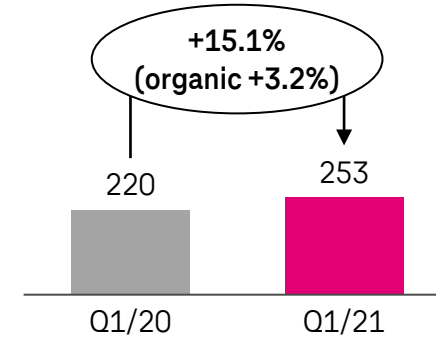
### Total sites

000



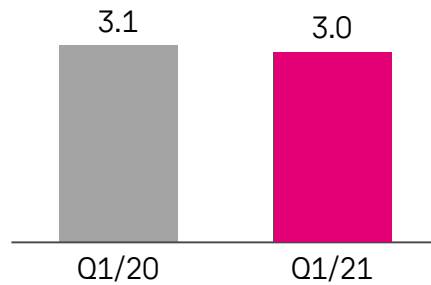
### Recurring rental revenues

€ mn



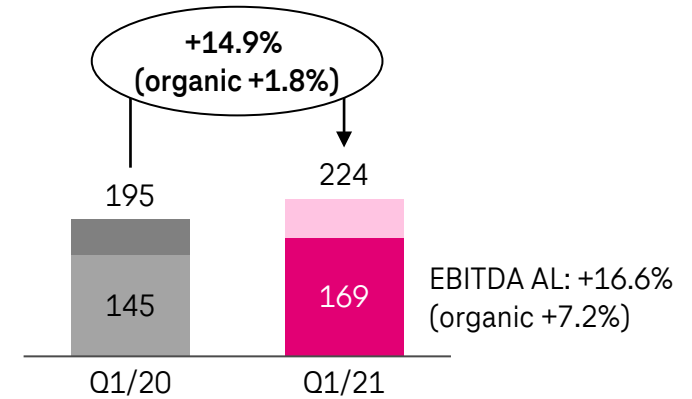
### Opex AL per site

€ 000



### Adj. EBITDA

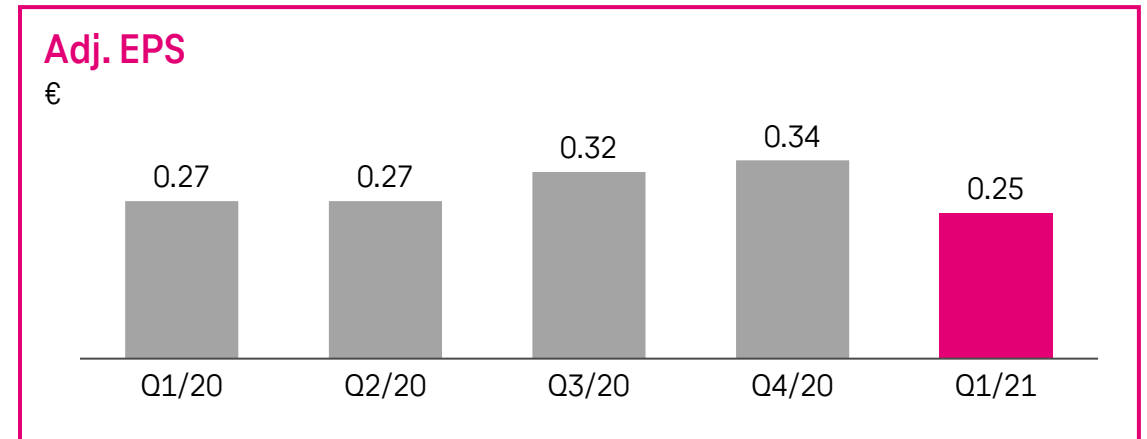
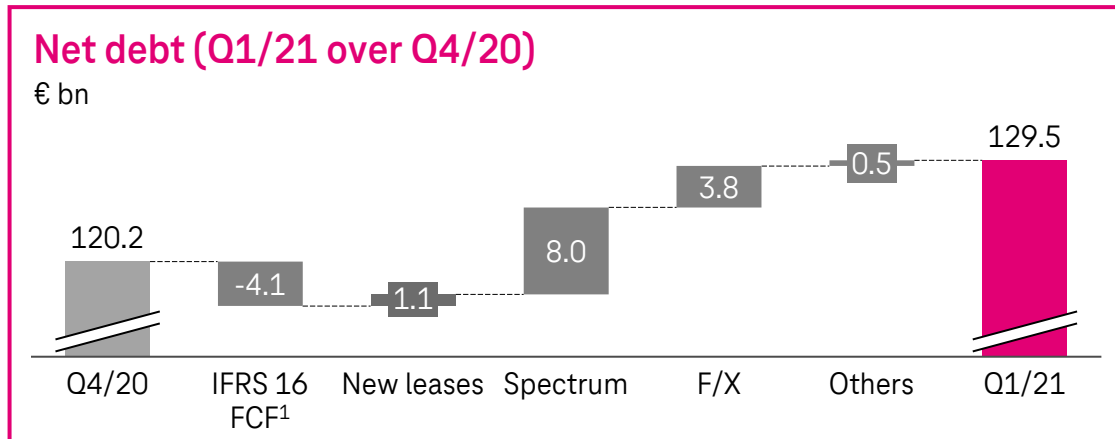
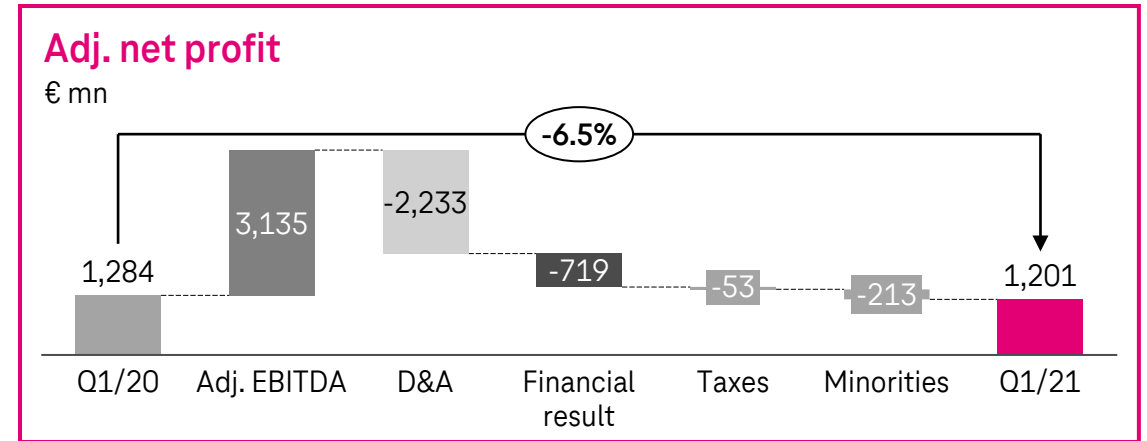
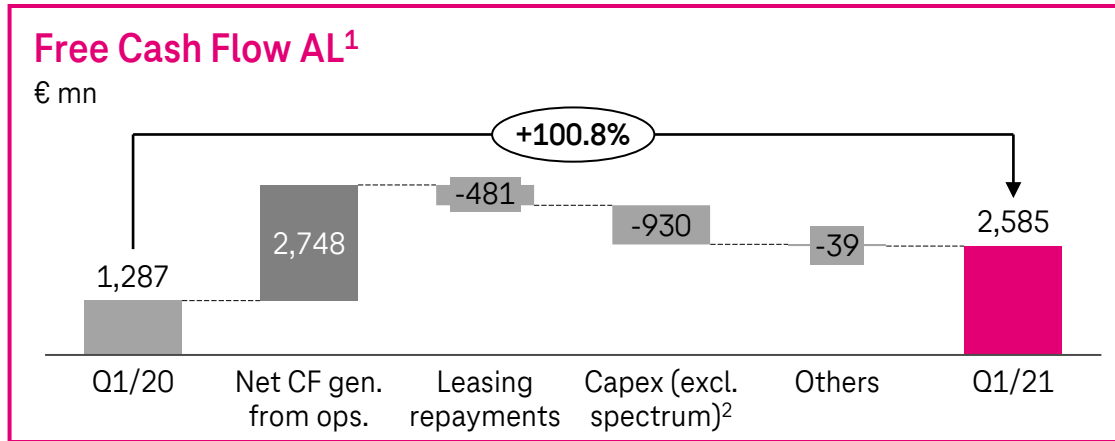
€ mn





# Financials

## strong FCF run rate in Q1



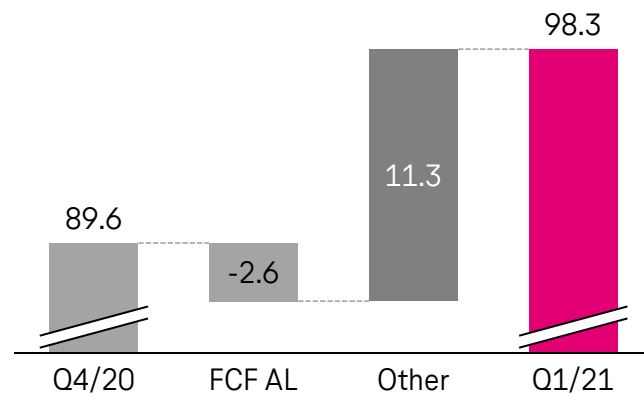
<sup>1</sup> Free cash flow and FCF AL before dividend payments and spectrum investment. Q1/20 FCF AL excluding 1,600 mn for zero-bond redemption. Net CF generated from ops according to IFRS 16. Leasing repayments defined as difference between FCF (IFRS 16) and FCF AL <sup>2</sup> Excl. Spectrum: Q1/20: €217 mn; Q1/21: €7,989 mn

# Net debt analysis

## US spectrum auction and currency drive leverage

### Q1/21 net debt w/o leases<sup>1</sup>

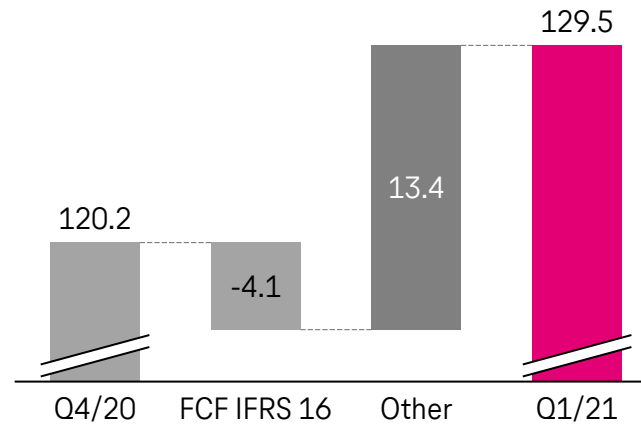
€ bn



Other includes spectrum (+8.0), currency (+2.8) and miscellaneous (+0.5) primarily driven by derivatives

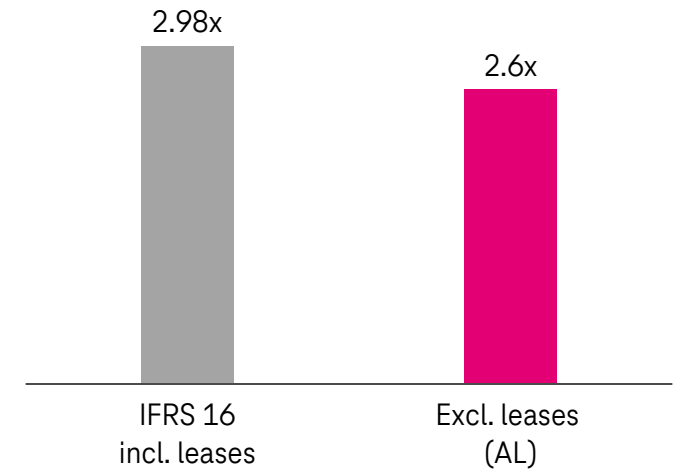
### Q1/21 net debt incl. leases

€ bn



Other includes currency (+3.8), acquisition of spectrum (+8.0), and miscellaneous (+0.5) primarily driven by derivatives.

### Leverage ratios<sup>2</sup>



Ratios reflect recent C-band auction

<sup>1</sup> Net debt w/o leases includes finance leases of TM US

<sup>2</sup> Based on the previous four quarters

# Balance sheet

## net debt ratio outside of IFRS 16 comfort zone

€ bn	31/03/2020	30/06/2020	30/09/2020	31/12/2020	31/03/2021
Balance sheet total	173.6	270.0	265.3	264.9	273.9
Shareholders' equity	45.9	73.5	72.0	72.6	77.5
Net debt	77.4	120.9	124.5	120.2	129.5
Net debt/Adj. EBITDA <sup>1</sup>	2.64	2.90	2.90	2.78	2.98
Net debt w/o leases/adj. EBITDA AL <sup>1</sup>	2.4	2.7	2.5	2.4	2.6
Equity ratio	26.4%	27.2%	27.2%	27.4%	28.3%

### Comfort zone ratios

Rating: A-/BBB	
2.25–2.75 net debt/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>	negative outlook
S&P: <sup>2</sup>	<b>BBB</b>	stable outlook

<sup>1</sup> Ratios for the interim quarters calculated on the basis of previous 4 quarters. Since Q2 including historic pro formas for Sprint

<sup>2</sup> S&P changed rating from BBB+ credit watch negative to BBB stable outlook following the closing of the US transaction in April 2020

# Appendix



LIFE IS FOR SHARING.

# FCF AL excl. US

€ bn

	FY 2020	Q1 2020	Q1 2021
Adj. EBITDA AL	14.0	3.4	3.5
Cash Capex	-7.7	-1.9	-1.7
Proceeds from sale of fixed assets	+0.2	+0.1	+0.0
Special Factors Cash	-1.4	-0.4	-0.4
Interest ex leasing	-0.6	-0.1	-0.2
Cash Taxes	-0.6	-0.1	-0.2
Other (working capital etc.)	-0.4	-0.4	+0.4
<b>FCF AL</b>	<b>3.3</b>	<b>0.6</b>	<b>1.4</b>

# Outlook 2021/22 as per annual report 2020 (1/2)<sup>1</sup>

€ bn

	2020 pro forma	2021e	2022e
<b>Revenue Group</b>	<b>106.7</b>	<b>Slight increase</b>	<b>Stable</b>
Germany	23.6	Slight increase	Slight increase
US (in USD)	76.4	Slight increase	Stable
Europe	11.3	Stable	Stable
Systems Solutions	4.2	Slight decrease	Stable
Group Development	3.0	Slight increase	Increase
<b>Service Revs Group</b>	<b>83.3</b>	<b>Increase</b>	<b>Increase</b>
US (in USD)	55.4	Increase	Increase
<b>Adj. EBITDA AL Group</b>	<b>37.6</b>	<b>37.0</b>	<b>Increase</b>
Germany	9.2	9.4	Increase
US (in USD)	26.8	25.8	Increase
Europe	3.9	3.9	Slight increase
Systems Solutions	0.3	0.3	Slight increase
Group Development	1.2	1.2	Increase



<sup>1</sup> See annual report 2020 for additional details

# Outlook 2021/22 as per annual report 2020 (2/2)<sup>1</sup>

€ bn

	2020 pro forma	2021e	2022e
<b>Cash Capex Group</b>	<b>17.8</b>	<b>18.4</b>	<b>Stable</b>
Germany	4.2	Stable	Increase
US (in USD)	11.7	Increase	Stable
Europe	1.8	Slight decrease	Stable
Systems Solutions	0.2	Stable	Stable
Group Development	0.5	Strong increase	Increase
<b>FCF AL Group</b>	<b>6.6</b>	<b>around 8.0</b>	<b>Strong increase</b>
<b>Adj. EPS</b>	<b>1.20</b>	<b>Slight decrease</b>	<b>Strong increase</b>
<b>Net debt/adj. EBITDA</b>	<b>2.78x</b>	<b>&gt;2.75x</b>	<b>&gt;2.75x</b>

1) See annual report 2020 for additional details

# Conference call with Q&A session

The conference call will be held on May 12 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.

DT Participants: Christian Illek (CFO), 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/21Q1>
- 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 2021 resultsDTAG>



# Further questions

please contact the IR department

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